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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Friday, September 26, 1975*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Behold, God is my salvation; I will trust and not be afraid.—Isaiah 12: 2.

Our Father God, who art in heaven, in the Earth, and in the hearts of Thy children, hallowed be Thy name. May Thy kingdom come and Thy will be done in us. Without Thee all our striving is in vain. With Thee we are given strength equal to our tasks, and wisdom to make wise decisions for the good of all. Undergird us with Thy Spirit that we may face this day with courage and humbly seek to walk in Thy way for the good of our country and our world.

In the mood of the Master we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate disagrees to the amendments of the House to the bill (S. 622) entitled "An act to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement U.S. obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery," agrees to the conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JACKSON, Mr. JOHNSTON, Mr. ABOUREZK, Mr. HASKELL, Mr. GLENN, Mr. STONE, Mr. BUMPERS, Mr. FANNIN, Mr. HANSEN, Mr. MCCLURE, Mr. BARTLETT, Mr. MAGNUSON, Mr. HOLLINGS, Mr. STEVENSON, Mr. PASTORE, Mr. HARTKE, Mr. PHILIP A. HART, Mr. CANNON, Mr. GRIFFIN, Mr. STEVENS, Mr. BEALL, and Mr. WEICKER to be the conferees on the part of the Senate.

FOOD, HUNGER IN THE WORLD, AND HIGH PRICES

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURKE of Massachusetts. Mr. Speaker, I would like to speak this morning about food, hunger in the world, high prices, and a bill that I have before the Committee on Agriculture calling for the Department of Agriculture to distribute seeds amongst the American populace during the bicentennial year.

The bill is known as the Bicentennial seed bill. It will allow any American who would like to participate in the Bicentennial celebration next year to apply for up to three packages of seeds to grow vegetables in their garden. It is more or less a back-to-the-soil movement.

As the Members know, having read about the lives of John Adams, John Quincy Adams, and the other great Americans like Thomas Jefferson and the rest of them, they all had gardens. It seems to me we are losing something here in America when the American Government does not pay attention to this back-to-the-soil movement.

In fact, the people of America seem to be far ahead of our legislative branch and far ahead of the Government and far ahead of the news services. When I filed the bill, a lot of people took it rather lightly, but I read columns in the newspapers every weekend about the hunger in the world and how many of our underdeveloped nations are expecting this Nation of ours to provide food for them, and we should do that. But at the same time, we should make it possible for the American people to produce food for themselves and particularly in the urban areas of the country.

Mr. Speaker, I remember when I was a little boy a Congressman from our district distributed seeds to the people of his district, and it was the most popular thing he did.

In fact, there was a great Congressman here years ago by the name of George Holden Tinkham.

Mr. Speaker, George Holden Tinkham represented the Roxbury section of Boston. That section was 90 percent Democratic, and even though he was a Republican Congressman, those people loved him. He used to send every family in the teeming tenement districts of Roxbury a package of seeds, and those people loved him. They would go out in their back yards where they might have 10 or 20 square feet of land, and they would develop a little garden and grow a few string beans and tomatoes and squash and other vegetable items. It showed them the value of the land, and it was of great interest to the youngsters.

Having a garden is probably the greatest tranquilizer there is. I have a great many housing projects in my district where the elderly live, and they have developed these home gardens, and, in fact, many of the middle-aged groups are included.

I was talking to one fellow, and he said, "You know, I have been taking tranquilizers for the last 2 years until I started this garden, and now that I have got this garden going, I go out there and I spend an hour or 2 hours every evening just as the hot sun is going down, and," he said, "I do a little weeding and take care of the ground there."

He said, "Then at night I go to bed, and I don't have to take any tranquilizers." It is a great thing to promote good health, and gardening is healthy activity for our youngsters.

Mr. Speaker, our youngsters today go into these big supermarkets, and they think the vegetables are grown out in the back room.

It would be nice for the people in the urban areas of America to find out the problems our farmers have in the country and find out what they have to deal with as far as insects and weather and other problems are concerned. There is no better way of doing that than to get my bill acted upon.

I believe I have 50 cosponsors of this back-to-the-soil Bicentennial seed bill, and I am urging all of my friends in the House, particularly those who are present this morning, to cosponsor this bill and let everybody in America participate in the Bicentennial year in this fashion.

Mr. Speaker, in what better way can they do that than by participating in a back-to-the-soil movement?

FURTHER EXPLANATION OF THE BICENTENNIAL BACK TO THE SOIL SEED BILL

(Mr. BERGLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BERGLAND. Mr. Speaker, I have taken this time in order to direct a question to the gentleman from Massachusetts (Mr. BURKE).

First, I would like to say to the gentleman from Massachusetts, concerning this bill to which he referred dealing with the question of providing garden seeds, it is a matter that the Committee on Agriculture has taken under consideration, and we think it has much merit. However, we have not been able to generate or arouse much public interest in the proposition at this juncture.

I wonder if the gentleman from Massachusetts might advise us as to what might be done to distribute more information on the proposition so that the public might be aware of the enormous benefits that would accrue to the general public if the bill became law.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BERGLAND. I would be glad to yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Speaker, I think if the Committee on Agriculture would study the history of the Department of Agriculture, it will find out that the Department of Agriculture was originally set up for the purpose of the distribution of seeds throughout America. In fact, in those days they distributed seeds all over the country, and the people developed small gardens and then larger gardens. The people who had the larger gardens later became the small farmers.

Today we are losing those small farmers; there is no input for their purpose as far as agriculture is concerned. Today it is all the big corporate farm, and things have gotten so dramatically big that the people have lost touch with the soil.

When we go down to the grocery store and buy vegetables today, we find things have changed. Take a tomato. It looks like a tomato, it is red like a tomato, it slices like a tomato, but when it bounces, it is like a baseball. It does not have the taste of a tomato. Garden-grown vegetables have a real home taste.

This bill would get the little farmer back in the picture. We should develop more small farms and more truck gardens in America.

I remember when I was a youngster, the gardeners around Boston used to come in on Saturdays and sell their vegetables off the back of their trucks. We could get a peck of tomatoes at that time for about 12 cents. For 50 cents one could get enough vegetables to feed a family of six or seven for a week.

What I am trying to do is to get the people to understand the problems of the farmer.

The trouble is that our good Secretary of Agriculture, Mr. Butz, I do not think understands this. He thinks we are trying to compete with the farmer. We are not trying to compete with him. We are trying to get more people into the farming business.

Too many people are leaving the farm areas of this country and are converging on the urban areas of the country. Everybody is therefore dependent on these large corporate farms.

I think that what we ought to do is have some input on the small end of it and get people starting small gardens. Out of those small gardens develop the small farms of the future, and that is what we need to do today.

Mr. BERGLAND. Our committee has already undertaken a study of the food stamp program, and as the gentleman from Massachusetts (Mr. Burke) knows, this has become a very expensive public program.

Mr. BURKE of Massachusetts. That is right.

Mr. BERGLAND. Could the gentleman tell me whether or not, if we had the program he is advocating as a matter of the law of the land, would this likely reduce the burden on the food stamp program?

Mr. BURKE of Massachusetts. Definitely.

Mr. BERGLAND. By virtue of the people of the United States producing gardens?

Mr. BURKE of Massachusetts. It would definitely reduce the food stamp program.

My bill only calls for $6 million. They waste that much down in the Pentagon in 5 minutes.

As I say to the gentleman, we want to see whether we can get people to help themselves. There is talk about getting a little seed money out to get business going. If we get a few seeds out, the people will produce more food.

If the program under my bill was operated for 3 years, it would more than likely produce $1 billion of additional food in this country. There is going to be a great shortage of food in this country. We are living in a fantasy world where we think everything is going to continue the way it is.

During the energy crisis, as the gentleman will recall, many of our big supermarkets only had a supply of food for 2 weeks. Had the conditions gotten worse, we could have faced a real emergency in this country.

Just imagine youngsters being able to go out into the backyard, with a 20-by-30-foot lot, which would produce enough food to take care of a family of four for 6 months.

This program would not interfere with the present business. Food can be sold all over the world. It is not going to interfere with anyone.

U.S. POSTAL SERVICE HELPS JAPANESE AUTO INDUSTRY

(Mr. MADDEN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. MADDEN. Mr. Speaker, this morning, I received a letter from an old-time friend of mine, Jack Cohn, now a retired merchant and former businessman of Gary, Ind. He is now living in Florida and is very much distressed about our economic situation throughout the Nation.

Along with thousands of other Americans, he is amazed at why our Federal Government is patronizing Japanese industry when our local automobile factories are laying off a large percentage of their employees.

I include with my remarks Mr. Cohn's letter for the information of our Members, as follows:

MIAMI BEACH, FLA.

DEAR RAY: My blood boils every time I see the Postal Department deliver mail to our apartment building. They use Datsun trucks made by the Japanese government. Surely the money saved by the department (if any) is lost through less taxes paid by our corporations and labor. At this particular time this country needs all the production it can get. This is only one item and I know a little investigating will uncover many more items that can be produced in this country.

Regards,

JACK.

CONSUMER PRODUCT SAFETY COMMISSION IMPROVEMENTS ACT OF 1975

Mr. VAN DEERLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6844) to amend the Consumer Product Safety Act, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. Van Deerlin).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 6844, with Mr. Bergland in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Wednesday, September 24, 1975, section II of the committee amendment in the nature of a substitute had been amended in its entirety.

The Clerk will read section 12.

The Clerk read as follows:

CIVIL LITIGATION

SEC. 12. (a) Section 11(a) of the Consumer Product Safety Act (15 U.S.C. 2060(a)) is amended by (1) striking out "and to the Attorney General" in the second sentence; and (2) striking out "transmit to the Attorney General, who shall file in the court," in the third sentence and inserting in lieu thereof "file in the court".

(b) The second sentence of section 22(a) of such Act (15 U.S.C. 2071(a)) is amended by striking out "(with the concurrence of the Attorney General)".

(c) Section 27(b)(7) of such Act (15 U.S.C. 2076(b)(7)) is amended to read as follows:

"(7) to (A) initiate, prosecute, defend, or appeal (other than to the United States Supreme Court), through its own legal representative, any civil action in the name of the Commission for the purpose of enforcing the laws subject to its jurisdiction, and (B) initiate, prosecute, defend, or appeal any criminal action in the name of the Commission for the purpose of enforcing the laws subject to its jurisdiction, through its own legal representative with the concurrence of the Attorney General or through the Attorney General;".

(d) Section 27(c) of such Act (15 U.S.C. 2076(c)) is amended by striking out "with the concurrence of the Attorney General".

Mr. VAN DEERLIN (during the reading). Mr. Chairman, I ask unanimous consent that section 12 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McCOLLISTER. Mr. Chairman, I make this point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 550]

Abzug
Alexander
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Badillo
Bafalis
Barrett
Bauman
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Burgener
Burke, Calif.
Burke, Fla.
Burton, Phillip
Byron
Clausen, Don H.
Clay
Conyers
Crane
Dickinson
Diggs
Dingell
Dodd
Drinan
Duncan, Oreg.
du Pont
Edwards, Ala.
Edwards, Calif.
Erlenborn
Eshleman
Fary
Fenwick
Fish
Ford, Mich.
Forsythe
Fraser
Giaimo
Gibbons
Harrington
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Henderson
Hillis
Hinshaw
Hutchinson
Ichord
Jacobs
Jordan
Karth
Keys
Leggett
Lehman
Lent
Litton
Lott
McDade
McFall
Macdonald
Madigan
Mathis
Matsunaga
Metcalfe
Mezvinsky
Milford
Mills
Mitchell, Md.
Mitchell, N.Y.
Montgomery
Moorhead, Pa.
Murphy, N.Y.
Nedzi
O'Neill
Pepper
Peyser
Pike
Quillen
Rangel
Reuss
Risenhoover
Rodino
Rogers
Rose
Rousselot
Ruppe
Ryan
Scheuer
Shipley
Sikes
Sisk
Spellman
Stephens
Sullivan
Symms
Talcott
Teague
Thompson
Thornton
Treen
Udall
Vander Jagt
Waxman
Wilson, Bob
Wilson, C. H.
Yatron
Young, Alaska
Young, Ga.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6844, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 317 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair will remind the Members that section 12 of the committee amendment in the nature of a substitute had been considered as read and open to amendment at any point.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BUTLER: Page 20, strike out line 23 and all that follows down through and including line 22 on page 21.
>
> Redesignate the succeeding sections accordingly.

Mr. BUTLER. Mr. Chairman, section 12 concerns the power of the CPSC to initiate litigation. Under existing law, the Attorney General has control of civil and criminal litigation of the CPSC. The Commission may institute and prosecute civil and criminal matters only with the concurrence of the Attorney General. Section 12 would change that and my amendment would strike section 12 of the bill which would expand the power of the Commission to initiate civil litigation.

The basic and traditional policy with respect to Government litigation is set forth in title 28 of the Code:

> § 516. Conduct of litigation reserved to Department of Justice.
>
> Except as otherwise authorized by law, the conduct of litigation in which the United States, an agency, or officer thereof is a party, or is interested, and securing evidence therefor, is reserved to officers of the Department of Justice, under the direction of the Attorney General. (Added Pub. L. 89–554, § 4(c), Sept. 6, 1966, 80 Stat. 613.)
>
> * * * * *
>
> § 518. Conduct and argument of cases.
>
> (a) Except when the Attorney General in a particular case directs otherwise, the Attorney General and the Solicitor General shall conduct and argue suits and appeals in the Supreme Court and suits in the Court of Claims in which the United States is interested.
>
> (b) When the Attorney General considers it in the interests of the United States, he may personally conduct and argue any case in a court of the United States in which the United States is interested, or he may direct the Solicitor General or any officer of the Department of Justice to do so. (Added Pub. L. 89–554, § 4(c), Sept. 6, 1966, 80 Stat. 613).
>
> * * * * *
>
> § 519. Supervision of litigation.
>
> Except as otherwise authorized by law, the Attorney General shall supervise all litigation to which the United States, an agency, or officer thereof is a party, and shall direct all United States attorneys, assistant United States attorneys, and special attorneys appointed under section 543 of this title in the discharge of their respective duties. (Added Pub. L. 89–554, § 4(c), Sept. 6, 1966, 80 Stat. 614).

The policies underlying this rule include the desirability of the Government speaking with one voice on common issues of law and policy arising under diverse statutes; the necessity for consistency and fairness in law enforcement; the ability to exercise selectivity in the filing or presentation of cases in order to maximize the likelihood of a successful result, since court determinations frequently have impacts beyond the particular agency involved; and the importance to success for the Government's cases against local defendants in local courts that they be presented by local attorneys from the U.S. attorney's offices. It also encourages a sensible division of responsibilities under which agency lawyers concentrate on the intricacies of administrative activities under statutes with which they are intimately familiar, while Department attorneys concentrate on the area of their familiarity and expertise—Federal court litigation.

Unfortunately, from time to time, Congress has made exceptions to the salutary principle of centralized control of Government litigation. Indeed, the Consumer Product Safety Act itself is such an exception, insofar as the Attorney General can authorize the agency to represent itself in civil enforcement matters; but control of the litigation is still retained in the Attorney General. Section 12 would change that policy by giving the Commission control over its civil litigation except upon appeal to the Supreme Court.

Bear in mind the Department of Justice and the Commission have a working arrangement whereby the Department has agreed to permit the Commission to represent itself in any civil enforcement matter which the Department declines to file. This agreement, which has been extended to any suit in district or appellate court in which the agency is named as defendant, insures that the agency's interest in any civil litigation, whether it appears as plaintiff or defendant, will be fully and fairly presented to the court. Interestingly, this agreement has never been utilized for the simple reason that every Commission recommendation for a civil enforcement action has been duly filed and prosecuted by the Department with the advice and cooperation of the Commission's General Counsel. Every request from the Commission that the Department represent the agency as defendant in suits filed in Federal court has been honored by the Department.

Clearly, section 12 is unnecessary. I strongly oppose this provision. The Department of Justice is the agency charged with the responsibility of supervising Federal litigation. It is the one agency which, because of its broad overview of all Federal litigation, can determine when an issue involving one agency will impact on others. Only by vesting litigating authority in the Attorney General is it possible to avoid inconsistencies in the positions taken by the Federal Government and incompatible or conflicting decisions on important Federal issues: It is vitally important that the positions to be taken by a single agency on a question of general concern to the Federal Government and all of its agencies reflect the overall best interests of the entire Federal Government, and not just the interest of a particular agency in winning a particular case.

No agency, including the Consumer Product Safety Commission, can hope to duplicate the litigation expertise and experience of the Department of Justice without a significant allocation of resources. The Justice Department has established a national network of U.S. attorneys, all skilled litigators. It is illogical at best to unnecessarily duplicate these existing resources without compelling reasons to do so.

Finally, the inclusion of such a provision will encourage other agencies to ask for similar authority. There is no reason why some agencies should have this authority and some should not. I doubt the wisdom of vesting in the various regulatory agencies authority to bring their own cases. This question is too important to be addressed on a piecemeal basis. This question should be resolved in comprehensive legislation.

Section 12 represents a basic policy change which ought not to be effected—especially in this fashion.

It is absolutely unnecessary—and serves no useful purpose.

I urge the adoption of this amendment which would strike section 12 and retains the reasonable policy which presently prevails.

I yield back the balance of my time.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I thank the gentleman from Virginia for yielding to me and I want to commend the gentleman for offering this amendment. I think it points out something that we are finding in more and more bills being presented by these agencies where they want more and more authority, where they are setting up their own little domain, and where they can make all of the decisions as to whether or not to prosecute this case or that case, and it seems to me that we have got to put a stop to this.

I would like to ask the gentleman a question pertaining to the matter of leasing. I note that there is a new section on leasing and I would ask the gentleman from Virginia are they also going to bypass the GSA and lease property at will?

Mr. BUTLER. Mr. Chairman, I am sorry but I cannot speak with authority on that subject. But if we know the tendency of these agencies we can anticipate that this will be the direction in which they would endeavor to go.

Mr. LATTA. I am sorry, Mr. Chairman, perhaps I should not have asked the gentleman that question since the gentleman is not on the committee. But on page 4 of the report, just below the matter the gentleman was discussing, it says:

> (8) to lease, with regard to the Act of March 3, 1877 (40 U.S.C. 34), buildings or parts of buildings in the District of Columbia for the use of the Commission;

It would seem to me, Mr. Chairman, that they want to bypass the GSA. I do not think we ought to permit them to do so or to give the agency such authority to do these things. Perhaps we ought to cut back on the power they have and, certainly, we should not expand this power. They already have kingdom enough under their present power and I think we ought to start to clip their wings.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOSS. Mr. Chairman, I rise in opposition to the motion to strike offered in the amendment presented by the gentleman from Virginia (Mr. BUTLER).

Mr. Chairman, the distinguished gentleman who just preceded me in the well has stated that unfortunately the Congress has made exceptions in other instances and most fortunately the Congress has shown the rare good judgment to make exceptions in the case of the FTC and the Securities and Exchange Commission and the NLRB.

The Securities and Exchange Commission probably is the most effectively operated regulatory agency in the National Government. It is a model if I know a model when I see one. It has undertaken its functions with minimal controversy.

As chairman of the Subcommittee on Oversight and Investigations, let me say that we attempted to avoid duplication of effort on the matter of this agency, in order to support—and I will use the words of the gentleman from Virginia—the expertise and experience of the string of U.S. attorneys across the Nation. In order to utilize that, "the attorneys employed by the Commission are relied upon by the assistant U.S. attorneys when the latter are asked questions by the court during oral arguments, and similarly, during the conduct of an enforcement trial these attorneys must oftentimes guide and assist the U.S. attorneys upon cross-examining witnesses and to supply them with appropriate questions to ask the witnesses." In other words, they do the work and the U.S. attorney appears to be representing the Government. Now a conservative best estimate on the cost of this duplication in the instance of the Commission on Consumer Product Safety is $405,000.

I will read the exact language in response to the question.

> . . . a conservative best estimate of $405,000 is currently spent on duplication and coordination of effort.

I want to point out that we are dealing here with an independent regulatory commission. The Department of Justice has had some interesting experiences over the years. We have had a succession of Attorneys General in both political parties who have been far more expert politicians than attorneys. I think in these commissions, regulating the vital commerce of this country by partisan commissions, we should have a minimum of political interference, and we should rely upon those who in fact possess experience and expertise.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I will yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding.

I did not want to interrupt the gentleman's chain of thought.

Mr. MOSS. I can always resume.

Mr. BUTLER. Could the gentleman tell us where the information is with respect to costs that he mentioned? Was that in the record of the proceedings? I searched the hearing records and found no evidence.

Mr. MOSS. No, it was not; I will tell the gentleman. I have had prepared a 99-question questionnaire addressed to each of the regulatory commissions over which the Committee on Interstate and Foreign Commerce exercises legislative jurisdiction. It is part of our effort to undertake a reform of these commissions, to make them more effective and efficient in the performance of the functions delegated to them by the Congress. Those responses were returned in office to the Subcommittee on Oversight and Investigations, of which I have the privilege of being chairman.

It is in response to questions 93 and 94 on that questionnaire from the Commission on Consumer Product Safety that I have just read in reference to the utilization of their staff attorneys in assisting the U.S. attorney in preparing and presenting cases.

In response to the question for the cost, the estimated cost of duplicative effort, it is from the Commission's own figures in response to the questionnaire that I have cited.

Mr. BUTLER. Will the gentleman yield further?

Mr. MOSS. I do yield.

Mr. BUTLER. I thank the gentleman.

This is, of course, a self-serving estimate that was not scrutinized by the usual hearing process by the subcommittee; is that a fair statement?

Mr. MOSS. I would be reluctant to concur in the characterization of "self-serving" because of the high estimates of costs for duplicative effort by a commission.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Moss was allowed to proceed for 2 additional minutes.)

Mr. MOSS. I think they would rather show that they are not spending anything in duplicative costs, so that they could say, "We are really very efficient."

I might add that they have the authority under section 12, in dealing with imminent hazards, to proceed without going to the U.S. attorney.

Mr. BUTLER. If the gentleman will yield further, that is under a section of the existing act?

Mr. MOSS. That is under a section of the existing act.

Mr. BUTLER. So this proposed section 12 of this legislation does not disturb that one way or the other?

Mr. MOSS. This does not.

Mr. BUTLER. The gentleman is aware, is he not, that this amendment, section 12, only deals with civil litigation, and yet they have before the subcommittee dealt with criminal litigation, and there is no testimony in the hearings dealing with the real point that is in issue in section 12 before us? Is that a fair statement?

Mr. MOSS. As a matter of fact, we are dealing only with civil litigation here in this section of the bill. The language to be stricken deals with civil litigation.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. LATTA. Mr. Chairman, will the gentleman yield just for clarification at that point?

Mr. MOSS. First I will yield to the gentleman from Texas and then I will yield to the gentleman from Ohio.

Mr. ECKHARDT. Mr. Chairman, I think it must be made clear that this amendment does absolutely nothing to remove criminal litigation from the complete control of the Attorney General. It deals totally with civil litigation.

Mr. MOSS. The gentleman from Texas

is most correct in that statement. This does not deal with criminal litigation. It involves only the matter of civil litigation.

Now I yield to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I thank the gentleman for yielding. I think the gentleman from Virginia has already answered my question.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, it is my understanding half of all the Federal independent agencies already have this authority so this is not an unprecedented action. It is one in line with what Congress has already done.

Mr. MOSS. That is approximately correct. Yes, half of them do have that authority. Let me see if we can proceed with this.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. Moss was allowed to proceed for 3 additional minutes.)

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, may we explore the point raised by the gentleman from Ohio (Mr. SEIBERLING) wherein he suggested half the regulatory agencies now have this authority. I wonder if the gentleman from California or the gentleman from Ohio could tell us which agencies. The FTC and FCC already have it.

Mr. MOSS. The National Labor Relations Board, the Federal Trade Commission, and the Securities and Exchange Commission have that authority.

Mr. McCOLLISTER. That is three.

Mr. MOSS. My response was approximately half.

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield further, I understand also the Interstate Commerce Commission and the Federal Power Commission have that authority.

Mr. MOSS. Yes. And of course the Home Loan Bank Board, and there are several other agencies which have similar authority.

I think it makes good sense that all of these regulatory agencies have this authority because it is important. A perusal of the replies to the questionnaire of the committee would indicate that it is a duplicative effort always to go through the U.S. attorney. That is not a criminal but a civil matter. We are talking about only civil.

Mr. SEIBERLING. Is it not peculiarly appropriate in talking about product safety to remember that it is necessary to act quickly in case of a dangerous defect which may arise and obviously the agency is in a position to act more quickly if it does not have to go through the Attorney General?

Mr. MOSS. Under section 12 we give them authority to act where an imminent danger is involved, but I think it is appropriate to insure against any kind of political tampering and actually develop a body of experience and expertise which, with all due deference to the Department of Justice, the average U.S. attorney does not have.

Mr. SEIBERLING. I thank the gentleman.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I think I heard the gentleman from Virginia earlier say there was a duplication between the costs of the U.S. attorney and the Commission attorney in the amount of $400,000 revealed by the gentleman.

Mr. MOSS. It is $405,000.

Mr. McCOLLISTER. Can the gentleman tell me how many cases have been referred for civil litigation?

Mr. MOSS. I cannot at this moment tell the gentleman. I could supply that material to the gentleman. There have been 29 criminal referrals, of which 5 have been filed by U.S. attorneys. Of the civil, I do not have that at the moment.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield further?

Mr. MOSS. I yield to the gentleman from Nebraska.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. McCOLLISTER, and by unanimous consent, Mr. Moss was allowed to proceed for 2 additional minutes.)

Mr. McCOLLISTER. Mr. Chairman, if the information I have is correct, and I believe it is, there has been only one civil case referred and that was the so-called AKE electrical trouble light case. It is the only one, the one under the Consumer Product Safety Act.

That is under the Consumer Product Safety Act. I find it difficult to believe that the $405,000 figure of duplication cost is reasonable or reliable when there has only been one case.

Mr. MOSS. Mr. Chairman, I can only say, the gentleman knows the members of the Commission as well as I do and the Commission in response to the questionnaire has stated a conservative best estimate of $405,000 is currently spent on duplication and coordination of effort.

Mr. McCOLLISTER. Would not the gentleman agree if the Commission has spent $405,000 on one case, that to give them the right to do this without going through the Department of Justice and the Attorney General is likely to get far out or reach?

Mr. MOSS. I have here now a summation indicating there have been several seizures in 135 cases under the Consumer Product Safety Act.

Under injunctions, there are four. Civil penalties, zero, is the record I have here from the record of Commission litigation.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I think it is easy to explain that figure with respect to one case. The cases that are ultimately tried or referred constitute the tip of the iceberg in any administrative agency. For instance, the National Labor Relations Board settles many, many times more cases than it ever tries. Of course, fortunately, it has the authority to conduct its cases through its own counsel, but if it could not, it would have to engage in considerable consultation with the lawyer who was to try the case, even before a final decision to go to court was made, because practically speaking, if the agency lawyer and the Department of Justice's lawyer must be involved in the case, they must obviously be in the case at an early stage, or else they will not be sufficiently advised; so I think that the figure the gentleman gives is easily understandable under the circumstances that several cases may have got virtually to the court house door before settlement.

Mr. VAN DEERLIN. Mr. Chairman, I know we want to press forward with this business today. It is extremely important, but we do not want to go the rest of the day on this bill alone, because there is another important bill coming up afterwards.

I was wondering if we might consider thinking in terms of a time limit on this amendment of say 20 minutes. I ask unanimous consent to limit debate on this amendment to 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. DANIELSON. Objection, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Mr. VAN DEERLIN. Mr. Chairman, I was kind of feeling my way and I see it is too early to ask unanimous consent.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. VAN DEERLIN. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, we have several who want to speak. I think the gentleman's unanimous-consent request would be more likely agreed to if the gentleman made it 30 minutes.

Mr. VAN DEERLIN. Mr. Chairman, I move that all debate on the Butler amendment and all amendments thereto close at 11:45.

Mr. DANIELSON. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. VAN DEERLIN. Mr. Chairman, I withhold my motion at this time.

Mr. DANIELSON. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The point of order has been withdrawn.

Mr. DANIELSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. DANIELSON. Mr. Chairman, my distinguished colleagues, I rise to support the motion to strike offered by the gentleman from Virginia (Mr. BUTLER). While I support this bill very strongly, and I support the Agency whose function is being amended by this bill, I think we make a fundamental error if we are to confer upon that Agency a function which properly and traditionally belongs to the Department of Justice.

The United States does not need two or three or four or five or six law officers, particularly in matters as simple as the enforcement of the provisions of this bill and the functions of this Commission. I do not like to disagree with my distinguished dean, the gentleman from California (Mr. Moss), but I would like to point out that while he has demonstrated, I think very clearly, that the SEC is one of the most efficient organizations within the Government and has very few problems, the credit for that does not go to the fact that they have their own power of litigation. It is directly attributable to the fact that my dean, who exercises oversight over that Agency, does so in such an exemplary manner that they toe the line and they do perform their job, and their mission is well carried out.

I would like to point out that if those committees of this Congress which have jurisdiction over the other regulatory agencies would do a job as good as that of my dean, we would not have any problems with the enforcement activities of our regulatory agencies. I smile to recall that someone once said that humility in the face of genius can be termed "hypocrisy."

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I am delighted to yield to the gentleman from California.

Mr. MOSS. Mr. Chairman, I want to be humble and say that with the help of the gentleman last year, we included this precise provision in the Federal Trade Commission Consumer Warranty Act, which the gentleman supported; and that the exercise of oversight over SEC and the Federal Trade Commission is the very thing that caused me to be convinced. I must admit that I am not an attorney, nor have I served as a U.S. attorney, so I have not that experience, but I do know that, looking over the shoulders of those who perform these services, I detect some pretty wasteful duplication.

I thank the gentleman for yielding to me.

Mr. DANIELSON. I thank the gentleman for his comments, which simply illustrate my point. When we have a den of snakes, as then, we must, of course, have someone with special expertise to oversee and be in charge of cleaning out that mess. We did so, and what do we have? We have fine enforcement of our laws thanks to our dean, the gentleman from California (Mr. Moss).

But, to get back to the issues of the pending amendment to strike, I would like to point out that there is nothing novel about the fact that an attorney confers with his client. For heaven's sake, what Member here has ever tried a lawsuit who did not have his client sitting beside him so that he could have access to that client's vast store of intimate knowledge concerning the facts of the case? I have tried cases like that. I have had Food and Drug people sitting beside me or Internal Revenue Service people, and when I come to a sticky point, I nudge him and say, "Hey, Joe, how about that? Is it true that there are that many rat hairs in this porridge?"

He says, "Not quite that many, but there were some rat hairs."

But, that does not mean that the U.S. attorney is not competent and is not the best person to do the job.

I submit, my colleagues, that we must not indulge in an overproliferation of our litigating agencies. Let us not balkanize our fine Department of Justice. Every Member here goes home to campaign and says, "I am going to hold down on creating new Government agencies. I am going to cut back on duplication of effort."

So, what do we do? We come here and provide one new such agency after the other, like a bunch of rabbits multiplying. That is not the way to structure our Government today. Let us bring things together. Let us have the Department of Justice perform its function, which it can do so very, very well, and let us vote for this motion to strike.

Mr. Chairman, I took the floor because I thought that it was essential that, although I deeply revere my colleague from Virginia (Mr. BUTLER) and my colleague from Ohio (Mr. LATTA) and others on their side of the aisle, who are more conservative than I, I want my colleagues to know that many of us liberals also favor this course of action.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, if the gentleman was a capable U.S. attorney who was handling a technical case in which I was involved as an attorney for an agency, I would have no worries. But in most cases, as the gentleman, I think, will confirm to me, the U.S. attorney himself does not handle the case, but some young man, who may have general experience, does.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. BROYHILL, and by unanimous consent, Mr. DANIELSON was allowed to proceed for 2 additional minutes.)

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield further?

Mr. DANIELSON. I will yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I thank the gentleman for yielding.

I was suggesting that the U.S. attorney himself is most frequently a highly competent man, although he may be somewhat young, he may have a little connection, perhaps, with the Senator from the State; but those I have known have been competent men in my area. The assistant U.S. attorneys are quite a different group of people. Some are qualified; some are not. Generally, they are learning to be good lawyers in a fairly broad field. But when called upon to deal with a question like, say, a National Labor Relations Board question, if they were called upon to do that, they would find themselves completely out of their sphere. And, of course, we have not permitted them to handle those cases.

The same thing exists here.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I will yield to the gentleman, but I will ask him to make it short. I want to answer both questions that have been put to me.

Mr. BROYHILL. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to comment very briefly on the remarks made by the gentleman from California (Mr. Moss) in reference to this same provision finding its way into the law. And that may be true. But there were those of us who were opposing it then and we are opposing it now.

Second, the gentleman made the point that this same provision was in the law which granted this authority to the Federal Trade Commission. This was not exactly accurate. The law, as I recall, says that the Federal Trade Commission must submit it to the Justice Department for at least 45 days. In this bill this is an outright grant of authority to the Commission to try a civil case.

Mr. DANIELSON. Mr. Chairman, I thank the gentleman for his comment.

In response to the remarks made by the gentleman from Texas (Mr. ECKHARDT) I would like to point out that it is true that most U.S. attorneys do not actually try their cases, nor did General Eisenhower actually pull the trigger at Bastogne. The fact of the matter is that these assistant U.S. attorneys to which the gentleman referred become great experts in their fields, and one of the biggest personnel problems in the office of the U.S. attorney is to retain these experts, because private law firms gobble them up as fast as they can.

The most knowledgeable people in these fields are the assistant U.S. attorneys who work in these specialized fields, who try these cases one after another.

The CHAIRMAN. The time of the gentleman from California (Mr. DANIELSON) has again expired.

(On request of Mr. Moss, and by unanimous consent, Mr. DANIELSON was allowed to proceed for 2 additional minutes.)

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from California (Mr. Moss).

Mr. MOSS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman from North Carolina said that the gentleman from California was in error.

I would like to read from section 16 of the Federal Trade Commission Act:

> The Commission shall have exclusive authority to commence or defend, and supervise the litigation of, such action and any appeal of such action in its own name by any of its attorneys designated by it for such purpose, unless the Commission authorizes the Attorney General to do so.

I submit the gentleman from California correctly stated the law.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I will yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, what are we talking about? What is the scope of this? Are we talking about 1,000 cases? Two hundred cases?

Mr. DANIELSON. I do not know the exact number, if I may respond to the gentleman. I know it is only a few cases, a very few. There is no burden of litigation on the Consumer Product Safety Commission. Their caseload is something that the average U.S. attorney's office could absorb without even taking a deep breath.

Mr. PATTEN. It is better for me, if I am in New Jersey, to use the structure of the U.S. district court in the area, rather than to have some Commission tell me to have people in Utah travel to Washington over a $40 case.

Mr. DANIELSON. That is absolutely correct. It is better for the gentleman, and it is better for his constituents.

Mr. Chairman, I urge a vote in favor of the motion to strike as proposed in the Butler amendment.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, there are three reasons why the provision in this bill permitting the attorney for the agency to handle litigation is a salutary provision. The first is based on precedent. The gentleman from California (Mr. Moss) has adequately covered that point in pointing out the agencies that do have the authority to control their civil litigation.

The second is based on practicability, and the third is based upon sound philosophical concept. I should like only to deal with the last two, since I think the first has been very well covered.

The point that was raised a moment ago by the gentleman from New Jersey (Mr. PATTEN) in his discussion with the gentleman from California (Mr. DANIELSON) illustrates exactly what I mean. There are but few cases in this highly technical field, this field in which attorneys for the agency have gone through the rulemaking process, where the attorneys understand the rule and its application and understand the concept of the bill, and they ultimately are the best persons to try the case. Since there are but few cases of this nature, it is almost impossible to train a person in the Justice Department in a given geographic area in that specialized technical field.

Mr. Chairman, I am not speaking from a lack of experience. Most of my practice for about 18 years before I came to Congress was in the administrative law field. My experience was not as an agency lawyer but as a lawyer who sat in for a client and tried cases and participated in cases along with the agency lawyer. I was representing one of the parties in unfair labor practices in the National Labor Relations Board's procedures.

There, of course, the Board, with highly competent specialized attorneys in that field, did, I think, an excellent job on both sides of the docket, and in order to assure that they did so, the NLRA provided the attorney for the union or the attorney for the company, depending on which was being tried, against whom the action was brought, could participate actively.

So I have seen what, agency lawyers do, and I have seen that the man who knows the field of that particular statute is the man best qualified to try the case.

I have also seen cases in which the lawyer for one of the parties was not at all experienced in the field of law in which he was dealing.

I want to urge upon all of the Members that the objective of a lawsuit is not solely to come out as victor in the litigation; it is to keep from breaking one's client, to keep him viable, and to keep him operating. If we assign to the litigation in a case of this nature, a man who is not knowledgeable in the entire field of law in which he is dealing and not aware of its sometimes subtle implication, he may cause havoc for both sides.

When I was trying labor law cases, I felt the most desirable opponent was the most competent lawyer in the specialized field, because otherwise the lawyer could pull the temple down on the heads of both parties.

Mr. Chairman, I suggest to the Members that this is also true of an attorney who is representing the Government. He ought to be highly competent in the field in which he is called upon to operate.

I would like to tell the Members a little story, to illustrate the point, and I will have to give a little background first. There is a little town south of Dallas called Ennis. The story is that two lawyers, one the scholar and the other the mouthpiece, were both trying a case together. The man sitting behind the man doing the talking really understood the case, and he was the one who was best qualified on the law and on the arguments in support of it.

The mouthpiece quoted Shakespeare and made a very eloquent presentation.

The court said: "Who said that"

The gentleman leans his ear down to the scholarly lawyer, who whispers to him, "Merchant of Venice."

The first lawyer then confidently answers the court: "Some merchant down there at Ennis."

This is the situation that may exist if one man is trying the case and another man is the man who knows the law, knows the background of the case, and is best qualified to present it.

Let me touch upon one other thing, and I think this is even more important.

The CHAIRMAN. The time of the gentleman from Texas (Mr. ECKHARDT) has expired.

(By unanimous consent, Mr. ECKHARDT was allowed to proceed for 3 additional minutes.)

Mr. ECKHARDT. Mr. Chairman, I think if the history of Watergate should have taught us anything, it should be that all regulatory process should not be run through the Attorney General's office. There should be, when a regulatory agency is involved, absolute independence on the part of that agency to try its civil litigation. If that is not true, then in any case the Justice Department may choose either to proceed against the party allegedly in violation or not to do so. An independent regulatory agency ought to be what the name implies. It should be the impartial regulator and the judge of whether or not the action should proceed.

We have provided in this original law one of the best means of process of making and enforcing regulations. Incidentally, we included a considerable measure of cross examination by parties affected, even in the rulemaking process in this bill. I say to the Members that the best way to make a regulatory agency fair and honest is to make it independent, not to require that it go through the Justice Department for enforcement.

We have had a long history of close association between the Presidency and the Attorney General in the cases of both the parties.

We should not have a situation in which the prosecution of a case may be called off by an appointive official of the Government, like the Attorney General.

We argued a related point in connection with the creation of this agency, and ultimately my colleagues across the aisle wisely agreed that this agency should be an independent regulatory agency and not a part of one of the divisions of the executive department. However, we would make it subservient to an appointed official, an appointed department head, if we permitted the Attorney General to decide in every case whether the matter would be tried or not.

The CHAIRMAN. The time of the gentleman from Texas (Mr. ECKHARDT) has again expired.

(On request of Mr. DANIELSON and by unanimous consent, Mr. ECKHARDT was allowed to proceed for 1 additional minute.)

Mr. DANIELSON. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes, I yield to the gentleman from California.

Mr. DANIELSON. Mr. Chairman, in his very fine argument, the gentleman from Texas (Mr. ECKHARDT) said a few minutes ago that the prosecution of a case may or may not be called off by an appointed official.

Mr. ECKHARDT. I should not have said "prosecution" because we do permit prosecution to be handled altogether by the Justice Department.

Mr. DANIELSON. The gentleman does recognize that even this section which I support being stricken still leaves criminal prosecution with the Department of Justice?

Mr. ECKHARDT. That is correct. I did not use the word "prosecution" in the technical sense.

Mr. DANIELSON. I did not think the gentleman did, but I think the record should be eminently clear.

Mr. ECKHARDT. I thank the gentleman.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Virginia.

Mr. BUTLER. Mr. Chairman, the gentleman from Texas will agree, will he not, that every one of the Commission's recommendations for a similar course of action has been prosecuted by the Department to date so that there has been no instance in which the desire of the Consumer Product Safety Commission to prosecute a civil action has been denied because of the rejection by the Department of Justice? Will the gentleman agree that that is true?

Mr. ECKHARDT. Yes, but this is a relatively young agency and our action here will affect it over a long period of time.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. VAN DEERLIN. Mr. Chairman, I ask unanimous consent that all debate on the Butler amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The Chair will recognize the Members who were standing at the time the unanimous consent request was made for approximately 2½ minutes each.

The Chair recognizes the gentleman from California (Mr. Wiggins).

(By unanimous consent, Mr. Broyhill yielded his time to Mr. Wiggins.)

Mr. WIGGINS. Mr. Chairman, I rise in support of the Butler amendment. In support of that position, I should like to make a few observations relevant to the issue before us.

The gentleman who preceded me in the well, the distinguished gentleman from Texas (Mr. Eckhardt) spoke of "practicability," and I too want to address myself to the subject of practicability and the practical consequences of section 12 if not deleted.

It has been asserted that the basis for giving jurisdiction to this agency to conduct its own civil litigation is that its counsel is more apt to be competent. Counsel, it is argued, will participate in the rulemaking authority and counsel for the agency can, therefore, better conduct litigation in its name than the U.S. attorneys and the Department of Justice.

But, Mr. Chairman, if that is true, the logic of the argument would require that the Civil Division of the Department of Justice be abandoned entirely. The same argument can be made with regard to the fact that office attorneys exist at HEW writing regulations and surely they must have special competence in their field. But we do not hold to the logic of the argument in the case of the Department of HEW, the Treasury, or the IRS, or Commerce, or Defense; rather, we consistently follow a policy of long standing in this country that the Department of Justice should conduct the Nation's litigation.

Mr. ECKHARDT. Mr. Chairman, if the gentleman will yield, all of the agencies the gentleman has mentioned are departments and not what are called independent regulatory agencies.

Mr. WIGGINS. I accept the semantic difference but the principle remains, I would suggest to my friend the gentleman from Texas.

Mr. Chairman, I would like to comment upon some very real practical consequences of proposed section 12.

This legislation gives to the Consumer Product Protection Agency the authority to conduct its civil litigation. Is there any doubt that if the authority is given, the agency will develop an inhouse capability to discharge that responsibility? Is there any doubt at all that it will hire sufficient attorneys to conduct its own civil litigation? And is there any doubt that it will be a rather expensive exercise, the dimensions of which have not yet been exposed to this body?

It is also true that the jurisdiction of the Consumer Product Agency is national in scope. It is contemplated that it may file actions in any of the U.S. districts throughout this broad country. If it is going to perform this responsibility nationally, it has a choice. It can either establish regional offices to conduct litigation, or it can conduct its operation from Washington, D.C. If it is the former, the expense again becomes enormous. We will have duplicate law offices side by side with U.S. attorneys offices throughout this country. If it adopts the latter course, consider the practical consequences. Many of us have attempted to deal with Washington counsel from a distant city. It poses very difficult and expensive problems. It raises a great many administrative problems in trying a lawsuit, especially in all of the pretrial procedures before one actually enters the courtroom. It is much more convenient, much more practical, it serves the interests of justice for local counsel to be dealing with the local U.S. attorney rather than some distant attorney perhaps back here in Washington, D.C.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield briefly to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding.

The gentleman understands, of course, that this provision in the present act does not prohibit the agency from utilizing the Department of Justice?

Mr. WIGGINS. I agree. I understand that. But I think the gentleman, too, understands that under the proposed amendment the agency need not go to the Department of Justice. I know enough about bureaucracy around this town to know that it will develop its own inhouse capability, and will bypass the Department of Justice so long as it need not go to the Department of Justice.

I have one final observation. The practical consequences which I have described—the cost of hiring an uncertain number of new attorneys—is substantial. The cost of placing those attorneys out in the field is substantial. The difficulty for local counsel in dealing with a Washington-based firm is a real problem.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Butler yielded his time to Mr. Wiggins.)

Mr. WIGGINS. If we balance these very real problems, Mr. Chairman, not myths, but very real problems, against the rationale for making a change, where are we? What is the justification for deviating from a principle which is longstanding? The principle dates from the founding of Department of Justice itself. Why do we change? What is the justification for heaping these difficulties upon the system? They have not been articulated here.

I think that this is not a case where change for the sake of change is warranted, and I strongly urge the adoption of the amendment offered by the gentleman from Virginia which preserves a long-standing policy in the country.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman for yielding.

I commend the gentleman on his statement, and I wish to associate myself with his statement. I support the amendment offered by the gentleman from Virginia. I think that I have not heard, either, a reason for making such a profound change, and I would support continuing the policy we have.

Mr. WIGGINS. I appreciate the support of my colleague on the Committee on the Judiciary, the gentleman from Kentucky.

Mr. BELL. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from California.

Mr. BELL. I thank the gentleman for yielding.

I commend the gentleman in the well for his stand. Would it not be true that this would tend to proliferate or increase cases, that would come out of the Commission by the method that the gentleman from Virginia (Mr. Butler) is opposing.

Mr. WIGGINS. My guess is that if this agency hires its own attorneys, it is going to keep them busy.

Mr. KREBS. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from California.

Mr. KREBS. I thank the gentleman for yielding.

Is it not a fact that under the proposal by the gentleman from Virginia, we could also in fact have specialists within the Department of Justice to do exactly what has to be done and what is being proposed on the basis of some individual agency?

Mr. WIGGINS. Yes, indeed, The relationship between the Department of Justice and this agency thus far has been a very harmonious one. The record does not show that the Department of Justice has been insensitive to this agency at all.

Mr. KREBS. I thank the gentleman.

Mr. WIGGINS. Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The Chair now recognizes the gentleman from Michigan (Mr. BRODHEAD).

Mr. BRODHEAD. Mr. Chairman, I think the unspoken issue here is whether or not we want this agency to be effective. Those of us who want a very strong and very effective agency support allowing the agency to have its own independent civil litigation power. Those who are opposed to our agency having that power do not want the agency to be strong and effective in exercising its statutory mandate.

We know that under the present situation there are a number of severe obstacles to the agency exercising its statutory mandate and we feel that giving that, should the agency continue power to engage in civil litigation, will remove some of those obstacles. We are cognizant of the fact that, for example, three of the last five Presidents of the United States have named as Attorney General of the United States their campaign managers. When we see this kind of thing happening we know the Justice Department is and has been and continues to be a very political department.

We want to be fair to the businessmen and consumers of this country and take politics out of this operation. We also want to be fair to the businessmen of this country and provide for statutory consistency instead of having a different practice in each of the 94 U.S. attorneys offices. We also want to save the taxpayers' dollars in getting this job done as quickly as possible.

It has been pointed out the Commission already has a staff of attorneys, because the Justice Department cannot do the job, so the Commission attorneys have to prepare the cases and take them to the Justice Department people and sit alongside the Justice Department people as these cases are tried. This needless duplication slows down the process.

There is also need for uniformity in statutory interpretation. We feel with the agency having its own staff the likelihood of uniformity would be enhanced. We think it is best for consumers, fairest for businessmen, and most likely to provide consistency and effectiveness to give the Commission attorneys the right to engage in civil litigation.

It is especially important and it is not possible to overstress the need to take this agency out of politics and follow this tradition we have had in this agency and the independent regulatory agencies, take them out of politics, and not treat this agency differently from other independent agencies.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska (Mr. MCCOLLISTER).

Mr. McCOLLISTER. Mr. Chairman, I think the gentleman from Michigan has made a very unfair statement in stating that those of us who favor giving this to the Attorney General do so to make it less effective. I am willing to refer to the record the gentleman from Nebraska has made as rebuttal for what I characterize as an unfair statement. I think the gentleman from Michigan unfairly labels all U.S. attorneys across this land in his characterization and remarks he has made.

Mr. DANIELSON. Mr. Chairman, will the gentleman yield?

Mr. McCOLLISTER. I yield to the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. I thank the gentleman for yielding. Mr. Chairman, I would like to state that the gentleman's comments that those of us who favor this amendment are in opposition to the agency is inaccurate and also probably stated in an excess of zeal. I have always supported the agency and still do. Yet I very strongly support the amendment offered by the gentleman from Virginia.

Mr. McCOLLISTER. I thank the gentleman from California for his contribution.

I think the question is, by the way, as we try to resolve all the debate we have heard on this subject, if this is good for the Consumer Product Safety Commission should it not be extended to all agencies of the Government with the proliferation of all the different lawsuits that would result, all bearing on the central issue of the Department of Justice litigation? I think we clearly do not want to do that.

I think the question is: Has it worked the way it has been and what is the argument for change? It has worked so well that the Department of Justice has agreed with the Commission in every instance. There has not been one instance where the Department of Justice has refused to agree with this Commission's recommendations.

The gentleman from Texas (Mr. ECKHARDT) again characterizing the Commission's attorneys as being unusually competent there I think goes to the other side of that argument, that it is more likely to be the U.S. attorneys who are cognizant of all the different issues involves in all the agencies of the Government than is the group of attorneys from the Consumer Product Safety Commission.

So I think on the basis of all the arguments the amendment offered by the gentleman from Virginia to strike section 12 ought to be agreed to, and I urge the Members to do so.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. VAN DEERLIN) to close debate.

Mr. VAN DEERLIN. Mr. Chairman, the sponsors of the amendment have brought in some of the biggest guns from the Committee on the Judiciary to carry the case for them. The proposition has been made by these eminents that to handle civil litigation will add greatly to the costs of the Consumer Product Safety Commission.

Well, now, these lawyer types do come high. We do not hire them for peanuts; but fortunately, in addition to the Committee on the Judiciary, we also have a Committee on Appropriations. The Consumer Product Safety Commission is unlikely—in the presence of a reasonably efficient Committee on Appropriations and a House which exercises unrelenting watchdog functions—is not likely to run away by establishing a staff that cannot be held to reasonable size.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield for a second?

Is the gentleman saying we are going to give authority and then not fund it?

Mr. VAN DEERLIN. Mr. Chairman, I was not aware that I yielded.

Mr. Chairman, I would like to direct the attention of the committee to page 20 of the committee report, which succinctly sets forth reasons for giving the Consumer Product Safety Commission the right to take its cases directly to court in civil matters. There is no question that in matters before the Supreme Court, or cases on appeal, the Justice Department will continue to be used. All we are talking about is giving the Consumer Product Safety Commission—one of the newest and most important of our regulatory commissions—the same right that half a dozen other agencies have to take civil cases quickly into court.

We are told there has been no demonstration of reluctance by the Department of Justice. Well, every case they have accepted in the civil field has been directed toward seizures. There has been none involving penalties, the kind of gut cases that do lend themselves to political pressure.

Fear was expressed about venue by the gentleman from New Jersey (Mr. PATTEN). This bill would not change the matter of venue. Cases would still be brought in district courts where the alleged offense has occurred.

Mr. Chairman, I ask for a "no" vote on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. BUTLER).

The question was taken, and the Chairman announced that the ayes appeared to have it.

Mr. ECKHARDT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-eight Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred one Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand by the gentleman from Texas (Mr. Eckhardt) for a recorded vote on the amendment offered by the gentleman from Virginia (Mr. Butler).

A recorded vote was refused.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

JURISDICTION UNDER CONSUMER PRODUCT SAFETY ACT

Sec. 13. Section 30(d) of the Consumer Product Safety Act (15 U.S.C. 2079(d)) is amended to read as follows:

"(d) In the case of a risk of injury—

"(1) which is associated with a consumer product and

"(2) which may be regulated under—

"(A) this Act, and

"(B) the Federal Hazardous Substance Act, the Poison Prevention Packaging Act of 1970, or the Flammable Fabrics Act.

the Commission may take action under this Act to regulate such risk of injury if the Commission, by order published in the Federal Register, finds that it is in the public interest to regulate such risk of injury under this Act.".

Mr. VAN DEERLIN (during the reading). Mr. Chairman, I ask unanimous consent that section 13 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. BROYHILL

Mr. BROYHILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Broyhill: Page 21 strike line 23 through line 12 on page 22.

Redesignate the succeeding sections accordingly.

Mr. BROYHILL. Mr. Chairman, first, let me talk about what the present law provides. When the Consumer Product Safety Act was first considered and passed back in the 91st Congress, we decided at that time that we would give jurisdiction over certain other safety laws that the Congress had passed in recent years to the Consumer Product Safety Commission, and that if a potential hazard related to a product could be regulated under those old acts, then the Commission had to use the authorities in those old acts to regulate that potential hazard.

We thought that was a fair provision and that the law should be written that way.

The language in the committee bill would reverse that. It would reverse the procedure, and it would say that the Consumer Product Safety Commission could pick and choose the act under which it wants to regulate a potential hazard.

Mr. Chairman, my amendment would strike the committee language. It would strike section 13 from the act and retain the language of the law as originally enacted. It is our strong feeling that this should be done for several reasons.

No. 1, of course, we really do not know what effect the committee language would have. There have been no hearings this year on this particular point, so there is no current body of information available to us concerning the effect this provision would have on consumers or would have on regulated industries. We have not had an opportunity to investigate thoroughly all of the potential ramifications that such a change in the law might have.

A large body of law has been developed under each of these transferred acts. There are a large number of court decisions and a body of regulations under which the regulated industries live.

So how could businessses be aware of what requirements would be made of them? How could they conduct their affairs in accordance with law if they do not know which law they are going to come under, assuming the Commission is allowed to pick and choose the authorities under which they want to regulate a potential hazard?

Mr. Chairman, let me give the Members one example. A good example would come from the Flammable Fabrics Act. The Flammable Fabrics Act requires the Commission to make certain findings before promulgating regulations to protect against the potential hazards of fabrics which may be flammable.

This is fine. But which act would the Commission use to regulate that?

Under the Flammable Fabrics Act the Commission is required to make certain findings, and the rules and regulations would have to be based on those findings.

For example, some of the findings would be that the regulation "is needed to adequately protect the public against unreasonable risk of the occurrence of fire leading to death, injury, or significant property damage," that the regulation "is reasonable, technologically practicable, and appropriate," and that it "is limited to such fabrics, related materials, or products which have been determined to present such unreasonable risks, and shall be stated in objective terms."

There are no similar requirements in the Consumer Product Safety Act. Therefore, what our concern is, of course, is that there is no way or no assurance which act would be used, not only in the enforcement side, but in the writing of regulations as well.

Consequently, it is for these reasons, because of the uncertainty, that we feel that this language should be stricken and that the Commission continue to enforce the transferred acts as they have in the past.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. Yes, I yield to the gentleman from Texas.

Mr. ECKHARDT. Did I understand the gentleman in the well to say that there are no provisions under the Consumer Product Safety Act that would require a finding that there is unreasonable risk of injury?

Mr. BROYHILL. My point is that in reading the findings, that must be made from the Flammable Fabrics Act itself, there are no specific provisions just like that in the Consumer Product Safety Act.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. Broyhill) has expired.

(On request of Mr. McCollister and by unanimous consent, Mr. Broyhill was allowed to proceed for 2 additional minutes.)

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. Yes, I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. As I understood the gentleman, what he said was that the findings under each of the transferred acts have different ground rules, and the difficulty in allowing the agency to pick and choose is that one never knows for sure which set of findings the agency is going to use in order to know on what basis the agency is going to base its reason for action.

The basic act itself has one set of findings. The Hazardous Substances Act has another set of findings. The Flammable Fabrics Act has different requirements for findings, and one cannot predict with any degree of certainty, on the basis of that, as to how an agency is going to proceed. It is almost impossible for anybody covered under the act, therefore, to know what is required of him.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield briefly?

Mr. BROYHILL. Yes, I yield to the gentleman from Texas.

Mr. ECKHARDT. I think that is, of course, an argument for the amendment. However, I think we all agree that there are provisions with respect to prevention of unreasonable risk under both acts.

The standards, as the gentleman says, are different; but there are standards in both acts. It is not simply the subjective judgment of the Commission in either case.

Mr. BROYHILL. Yes, I agree.

I have in my hand a compilation of the laws that are administered by the Commission.

As I have already pointed out, the Commission has jurisdiction over several laws, and what the committee language would permit would be to allow the Commission to pick and choose the authority that it wanted, such as if it wanted to write a rule or regulation affecting a particular hazard relating to a consumer product. We are saying that there should be more certainty than that.

We in the Congress have been speaking loudly and strongly on the need for regulatory reform. We proclaim our desire to reassert our authority over the agencies we have created to resolve or regulate various problems. We stoutly defend our prerogative as elected officials to make decisions which affect business, industry, and the public. And yet, with the language contained in section 13, we are, in effect, giving to unelected officials in the Consumer Product Safety Commission the right to make the decisions we so piously proclaim are ours.

If the Congress is to maintain any semblance of control over the Consumer Product Safety Commission, or any other regulatory agency for that matter, we must be very specific as to how we want it to operate. Without the benefit of public hearings on this "pick and choose" issue, I firmly believe it would be wrong, even irresponsible, for us to permit the Commission to determine which authorities it will use to regulate safety hazards of consumer products.

I urge the House to adopt my amendment to strike section 13. And I would hope that the Interstate and Foreign Commerce Committee will take a closer look at this particular issue and make its decision only after public hearings have been held.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, both acts, of course, have standards; but what we have attempted to do in the Consumer Product Safety Act is to provide the fairest, most complete procedural due process that I think was extant at that time in any agency act.

I know that the gentleman from Nebraska (Mr. McCOLLISTER) is one who contributed to formulating that process.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes, I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Would we not be better off if we want to accomplish what the gentleman wants to accomplish to rewrite the act, repealing the Flammable Fabrics Act and the Hazardous Substances Act and to incorporate all of those provisions in one act, incorporating all of the varying provisions, in order to bring some uniformity to it? Unfortunately, however, we did not have the opportunity at this point. Maybe if we could get the bill recommitted to the committee, we would have the opportunity. We do not have the opportunity to do that at this point.

Mr. ECKHARDT. If the gentleman had ceased before the word "maybe," I would say that the gentleman is anticipating much which I have to say here at this time.

Mr. McCOLLISTER. Is the gentleman saying he is for recommitting the bill to the committee?

Mr. ECKHARDT. No. I think that was after the word "maybe," and I do not agree with that proposition.

The gentleman is saying, and I think that he is correct on such point, that the ultimate result that we desire is to have a uniform act in which all consumer product safety is enveloped. In order to move toward such a uniform act we did two things:

One, we provided a process by which the manufacturer himself could participate in the making of the rule and, indeed, if a safety rule was properly promulgated by the manufacturer, such rule could ultimately be the rule established by the agency to control the question of safety respecting that product.

We also provided in this act, for one of the first times in the history of acts establishing agencies, the right of the person affected by the regulation, in the normal case, to participate in the hearings of the Commission with respect to the promulgation of the rule through cross examination of agency witnesses.

No such provision is contained in the Flammable Fabrics Act.

We provided for a standard of review that calls for the first time, for evidence on the record as a whole rather than on the basis of an arbitrary or capricious standard. We also set forth standards which permit many more factors for consideration in promulgating, or refusing to promulgate a rule than are contained in the Flammable Fabrics Act.

The Commission must make findings with respect to:

First. The degree and nature of the risk of injury the rule is designed to eliminate or reduce;

Second. The approximate number of consumer products, or classes thereof, subject to the rule; and

Third. The need of the public for the rule, and the probable effect of the rule upon the utility, cost, or availability of such products to meet such need.

Mr. MOSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 551]

Alexander
Anderson, Ill.
Andrews, N.C.
Annunzio
Armstrong
Badillo
Barrett
Bauman
Bingham
Breaux
Breckinridge
Brooks
Broomfield
Burton, John
Burton, Phillip
Chisholm
Clausen, Don H.
Conyers
Daniel, Dan
Dellums
Derwinski
Dickinson
Diggs
Dingell
Downing, Va.
Drinan
Duncan, Oreg.
du Pont
Edwards, Ala.
English
Esch
Eshleman
Fary
Fenwick
Ford, Mich.
Fraser
Fuqua
Gibbons
Harrington
Hawkins
Hays, Ohio
Hébert
Helstoski
Henderson
Jacobs
Jarman
Jones, Okla.
Jordan
Karth
Leggett
Lehman
Lott
McFall
Macdonald
Madigan
Mathis
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Mitchell, Md.
Moorhead, Pa.
Murphy, N.Y.
Neal
Oberstar
Patterson, Calif.
Peyser
Quillen
Reuss
Riegle
Risenhoover
Rodino
Rose
Rousselot
St Germain
Satterfield
Schneebeli
Shipley
Shuster
Sisk
Spellman
Stanton, James V.
Symms
Talcott
Teague
Thornton
Traxler
Udall
Vander Jagt
Wilson, Bob
Wilson, C. H.
Wirth
Yatron
Young, Ga.
Young, Tex.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6844, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 335 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The committee resumed its sitting.

The CHAIRMAN. When the committee rose the gentleman from Texas (Mr. ECKHARDT) had 1 minute remaining.

The Chair recognizes the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, at the time the quorum was announced, I was about to say that the commission must find: First, under the Consumer Product Safety Act that the rule is reasonably necessary to eliminate or reduce an unreasonable risk of injury associated with a product; and second, that the promulgation of the rule is in the public interest.

Under the Flammable Fabric Act, the standard provided is that it is necessary: First, to protect the public against unreasonable risk of occurrence of fire leading to death, injury or significant property damage; and second, the standard is reasonable.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent Mr. ECKHARDT was allowed to proceed for 4 additional minutes.)

Mr. ECKHARDT. Mr. Chairman, it must be shown that the standard is reasonable, technologically practicable and appropriate, and that it is limited to such fabrics, related materials or products which have been determined to prevent such unreasonable risks.

One immediately recognizes that the Product Safety Act, of course, is the broader standard to cover the whole area of risks. What we are attempting to do in this act is to create a single standard ultimately, and a single process to cover all such risks.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from North Carolina.

Mr. BROYHILL. Mr. Chairman, in effect what the gentleman is saying is that we are repealing the Flammable Fabrics Act, repealing the Hazardous Substances Act and repealing the Poison Prevention Packaging Act, and doing that without benefit of hearings and what effect that would have. Is that what the gentleman says?

Mr. ECKHARDT. No, I am not saying that. If the gentleman will permit me to continue, I will yield to him in a moment.

What we are doing is attempting to keep a degree of flexibility. We are not repealing the old acts. We are attempting to permit the envelopment of the hazards of the old acts in the new, but let me attempt to refute everything that the gentleman from North Carolina has said about the manufacturer not knowing what the standard that he must comply with is.

What the Commission has to do under either standard is promulgate a rule, and the rule is the important notice to the manufacturer of what he has to perform in order to be in compliance. The only thing the Product Safety Act does in alteration of the Flammable Fabrics Act is give the person governed by the rule more participation in the process of the making of the rule, the right to cross-examination in the normal instance, and a better provision with respect to review from the standpoint of the manufacture. In other words, if the agency merely shows that it was not acting arbitrarily or capriciously under the Flammable Fabrics Act, its rule would stand.

But if the agency chooses the Product Safety Act, the agency must show that there was substantial evidence in the record as a whole, or, to put it another way and perhaps more accurately, the person complaining must show that there was not substantial evidence in the record as a whole to sustain the rule.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Nebraska (Mr. McCOLLISTER).

Mr. McCOLLISTER. I thank the gentleman for yielding.

Mr. Chairman, the gentleman has talked about the scope of review. Is that not determined by what the Commission says it is, the standards they use among the acts?

Mr. ECKHARDT. That is correct. But the only manner in which the Commission would have flexibility, if this provision is kept in the act and the Broyhill amendment fails, is that the Commission would have the opportunity to select an act which is more favorable, gives wider scope of review, and more adequately protects the manufacturer instead of, say, the Flammable Fabrics Act.

Under the Broyhill amendment, if the matter is a flammable fabrics question, the Commission would be forced to act under the Flammable Fabrics Act and, therefore, the standard of review would be the arbitrary and capricious standard.

Mr. RINALDO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Broyhill amendment to strike section 13.

I am opposed to this section for two reasons.

First, to allow the Commission to jump back and forth between the transferred acts and the Consumer Products Safety Act would be completely unfair to manufacturers and consumers alike.

Business, especially small business, is by now aware of the requirements of the transferred acts and can conduct its affairs in accordance with those requirements.

If section 13 remains in this bill, companies will have no way of knowing the regulatory scheme under which they would have to operate.

The result would be confusion, increased costs, and more unwarranted bureaucratic dicta.

During its testimony before our subcommittee, the Commission was unable to give one valid, concrete reason for this extension of its authority.

Until it can show that this type of flexibility is essential to its operation, the resultant burden on private industry should not be imposed.

Second, the power delegated to the Commission to decide whether it will proceed under the transferred acts or under the Consumer Product Safety Act is properly a function of the Congress and should be retained.

The catchall phrase, "The public interest," is perhaps the most misused, and undoubtedly the most overused, of any phrase which appears in our laws.

In this case, the phrase implies that the transferred acts, as this Congress enacted them, are not good enough.

Section 13 would allow the Commission to ignore them, on public-interest grounds, as if we in Congress had enacted them without the public interest in mind at all.

Mr. Chairman, we are emasculating our own laws for no reason at all. We did not pass these acts in haste and without thought. We enacted regulatory schemes suitable to the risks.

Congress, too, is concerned with the "public interest," and we were protecting that interest when we passed the transferred acts.

It is up to us to decide whether the laws we have passed still validly protect the public interest.

If they do, then the Commission should proceed under them the way we intended.

If they do not, then we should amend them or repeal them in an orderly, legislative fashion.

In short, I find section 13 a mindless and unwarranted delegation of our duty, and I vehemently oppose it.

Mr. VAN DEERLIN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, if I may, first I would like to ingratiate myself with the assemblage by advising Members that in response to a request by the Speaker, we are going to permit the insecticide bill to come to the floor this afternoon. It deals with a September 30 deadline on expiration of a law. We shall put over the further consideration of consumer product safety when we have finished the consideration of this amendment. This may give the legislation before us the longest run since "Abie's Irish Rose," today being the 4th day in some 7 weeks we have been on the floor with this bill. We will be back again in the fullness of time.

Mr. Chairman, I do want to make a point or two, however, in regard to this amendment. The gentleman from North Carolina (Mr. BROYHILL) knows of my high regard for him, and of my respect for the contributions he has made in the past, during his service on this subcommittee, to legislation that created the Consumer Product Safety Commission.

I think, however, that one of his statements should not go unchallenged. He has twice made the point that there were no hearings on the matters with which his amendment deals. While I do not like to be carping in my response, it is possible that if I do not call him on this assertion, he may himself come to believe it.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield on that point?

Mr. VAN DEERLIN. Of course. Mr. Chairman, since I have used the gentleman's name, I yield to him.

Mr. BROYHILL. Mr. Chairman, on the amendment that was adopted in the committee, none of the members knew such an amendment would be adopted. None of the members had an opportunity to comment on it when it came before the committee.

Mr. VAN DEERLIN. Mr. Chairman, I will say to the gentleman from North Carolina (Mr. BROYHILL) that Members who attended the committee hearings and who helped compile a record of some 271 pages knew all about it. Indeed the Members will find a full reference to the subject on pages 180 and 181, on page 208, page 234, and at numerous other points in this fat transcript of hearings.

But more than that, Mr. Chairman, there is no question that the Commission must be given the opportunity for making a choice as to which laws it will proceed under, as our bill provides.

The Commission recently promulgated bicycle safety under the Federal Hazardous Substances Act. The industry wanted the standards promulgated under the Consumer Product Safety Act because this law contained a preemption provision, whereas the Federal Hazardous Substances Act had no preemption provision. Because of the requirement that the Commission use the CPSA only if it cannot adequately regulate or eliminate a hazard under the Hazardous Substances Act, the Commission felt it had to promulgate its standard under Hazardous Substances. As a result, the bicycle industry did not get the preemption provision under the CPSA, and now faces having to comply with numerous conflicting State standards on bicycles, as well as the Federal standard.

Another example which the gentleman from North Carolina (Mr. BROYHILL) and any other Members who consult the hearing record will find, is a description of the Commission's efforts to ban fireworks under the Hazardous Substances Act. The hearing procedure under the Hazardous Substances Act requires both formal rulemaking and informal rulemaking on the record, thus subjecting the ban to a two-stage procedure. The ban has been proposed for more than a year, and because of the procedural intricacies of the Hazardous Substances Act, the Commission has yet to issue a final ban. However, under the CPSA it would have been much more expeditious while at the same time protecting the due process rights of those subject to the ban.

Mr. Chairman, although these are very complicated questions, I do ask that the Members show some faith in the committee which has brought this legislation to the floor. I ask the Members, with a resounding vote, to defeat this amendment.

Mr. McCOLLISTER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I hope that I can complete this in much less than 5 minutes and not impose further on the Committee. But because this bill has been brought forth on various occasions and because the whole debate has been disjointed and unconnected at times, maybe it might be well to state exactly where we are or where this Member thinks we are in this legislation.

Let me cite a bit of history: When the Congress created the Consumer Product Safety Commission some 3 years ago, we transferred to the Commission the responsibility under various other laws that had been passed over the years relating to the same general subject. They were the Hazardous Substances Act, the Flammable Fabrics Act, and others.

Each of those acts has slightly differing requirements as to a number of things. What the bill now says that we want to do is to let the Commission pick and choose from all these other acts as to how they are going to go about regulating unsafe products.

The difficulty with that, as the gentleman from New Jersey (Mr. RINALDO) said so very well, is that nobody will ever know what is required of him to conform to the act.

The way we adopted the law originally 3 years ago was to make certain that the Commission, in its implementation of the act, lived within the confines of each of the transferred acts.

What is the remedy to this? The remedy is to rewrite the whole Consumer Product Safety Act; and instead of doing it piecemeal here and there, to do it with certainty, to do it with clarity, so that people are going to know what it is that is required of them.

What we ought to do is to have hearings, as the gentleman from North Carolina (Mr. BROYHILL) has suggested, and deal with the differing questions of flammable fabrics and hazardous substances and with all the other acts as to which the Commission has regulatory authority. That is the way we ought to handle it; but for us to simply allow the Commission to pick here and choose there as the basis for their action, I think produces a quagmire of uncertainty that is going to confound the very purpose of the act, which is to provide for consumer protection against unreasonable product hazard.

Mr. Chairman, I think the Broyhill amendment striking section 13 should be agreed to. Then if we want to give that certainty, if we want to change the act, let us do it through the regular process, with hearings and with a bill coming before the Congress whereby we can know what we are doing.

We all know, I think, that the biggest difficulty with OSHA is not its goals of providing a safe and healthy work place. The biggest difficulty with OSHA is that nobody knows precisely what is required of him.

Mr. Chairman, we are going to create exactly the same kind of situation in regard with this section in it. I say that we should strike section 12, as the gentleman from North Carolina (Mr. BROYHILL) urges us to do.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. McCOLLISTER. Yes, I yield to the gentleman from Texas.

Mr. ECKHARDT. The gentleman is, I think, correct.

Mr. McCOLLISTER. I thank the gentleman. Perhaps I should yield back the balance of my time.

Mr. ECKHARDT. If the gentleman will hear me through, the gentleman is correct that ultimately we should do what he says. However, in the meantime, how do we handle situations such as those that the distinguished chairman of the subcommittee pointed out?

Mr. McCOLLISTER. If I may interrupt the gentleman, if it relates to what the gentleman from California (Mr. VAN DEERLIN) pointed out with respect to bicycles. We changed the pre-emption provisions to allow for a greater uniformity among the transferred acts.

Mr. ECKHARDT. But if we adopt the Broyhill amendment, there would be no choice. We would be stuck with the Hazardous Substances Act with respect to this question. We would have no choice, no chance to choose between the acts.

Mr. McCOLLISTER. As far as preemption is concerned, that is not the case.

Mr. ECKHART. No. Preemption is different in the two acts. The preemption in this act would have been much more favorable to the manufacturer if the agency could have a choice under this act.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. McCOLLISTER. Yes, I yield to the gentleman from North Carolina.

Mr. BROYHILL. Mr. Chairman, I just want to make this point: Many different consumer products are regulated under all of these acts. The regulated industries live not under the law; they live, No. 1, under the rules and regulations written by the agency over the years. Second, they live under the case law developed by the courts.

If the agency is given permission to pick and choose, how do they know which law or which regulation should be applied?

Mr. VAN DEERLIN. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion.

The question was taken; and on a division (demanded by Mr. BROYHILL) there were—ayes 28, noes 34.

RECORDED VOTE

Mr. MOSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 240, noes 133, not voting 60, as follows:

[Roll No. 552]

AYES—240

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Andrews, N.C.
Ashley
Aspin
AuCoin
Baldus
Baucus
Beard, R.I.
Bennett
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bowen
Brademas
Brinkley
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burton, John
Byron
Carney
Carr
Casey
Chappell
Chisholm
Clay
Collins, Ill.
Corman
Cornell
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fuqua
Gaydos
Giaimo
Ginn
Goldwater
Gonzalez
Green
Gude
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Helstoski
Hicks
Hightower
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Landrum
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McCormack
McEwen
McHugh
McKay
Madden
Maguire
Mahon
Mann
Matsunaga
Meeds
Meyner
Mikva
Miller, Calif.
Mineta
Mink
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Preyer
Price
Randall
Rangel
Richmond
Riegle
Roberts
Roe
Rogers
Roncalio
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Stokes
Studds
Sullivan
Symington
Taylor, N.C.
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waxman
Weaver
White
Whitten
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOES—133

Abdnor
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Beard, Tenn.
Bedell
Bell
Biester
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burlison, Mo.
Butler
Carter
Cederberg
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Conyers
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Devine
Duncan, Tenn.
Emery
Erlenborn
Esch
Fish
Forsythe
Frenzel
Frey
Gilman
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hammerschmidt
Hansen
Hastings
Heckler, Mass.
Heinz
Hillis
Hinshaw
Holt
Horton
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Kasten
Kelly
Kemp
Kindness
Lagomarsino
Latta
Lent
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McKinney
Martin
Mazzoli
Michel
Miller, Ohio
Minish
Mitchell, N.Y.
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
O'Brien
Patman, Tex.
Pettis
Pressler
Pritchard
Quie
Railsback
Regula
Rhodes
Rinaldo
Robinson
Rooney
Runnels
Ruppe
Sarasin
Satterfield
Schulze
Sebelius
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Stuckey
Taylor, Mo.
Thone
Treen
Walsh
Wampler
Whalen
Whitehurst
Wiggins
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—60

Alexander
Anderson, Ill.
Annunzio
Badillo
Barrett
Bauman
Bonker
Breaux
Breckinridge
Brooks
Broomfield
Burton, Phillip
Clausen, Don H.
Dickinson
Duncan, Oreg.
du Pont
Edwards, Ala.
Eshleman
Fary
Fenwick

Fraser
Gibbons
Harrington
Hays, Ohio
Hébert
Henderson
Jordan
Lott
McFall
Macdonald
Madigan
Mathis
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Mitchell, Md.
Murphy, N.Y.
Peyser
Quillen
Rees
Reuss
Risenhoover
Rodino
Rose
Rousselot
Schneebeli
Shipley
Sikes
Sisk
Symms
Talcott
Teague
Thompson
Thornton
Traxler
Udall
Vander Jagt
Wilson, Bob

Mr. AuCOIN changed his vote from "no" to "aye."

So the motion was agreed to.

The result of the vote was announced as above recorded.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6844) to amend the Consumer Product Safety Act, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the subject of the bill (H.R. 6844) just considered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 9524. An act to extend the Emergency Petroleum Allocation Act of 1973.

The message also announced that the Secretary was directed to request the House of Representatives to return to the Senate the bill (S. 622) entitled "An act to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement United States obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery," together with all accompanying papers.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 90. Joint resolution to authorize the President of the United States to designate "National Ski Week."

PERMISSION FOR PERMANENT SELECT COMMITTEE ON SMALL BUSINESS TO FILE A REPORT

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that the Permanent Select Committee on Small Business may have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

JAPAN-UNITED STATES FRIENDSHIP ACT

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 9667) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. FINDLEY. Mr. Speaker, reserving the right to object, and I certainly will not object, I have reserved the objection to enable the gentleman from Wisconsin to explain the bill and perhaps the gentleman from Alabama, the ranking Republican Member on the subcommittee that handled this can explain it. I am gratified to see it taken up, because it is very timely, in view of the forthcoming visit of the Emperor of Japan.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, the title of H.R. 9667 is to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States. It would be more descriptive to state that these "certain sums" are derived from moneys owed and paid to the United States by Japan. I make this point only to stress that this bill will not constitute a drain upon the Treasury.

Members are aware that we have a Fulbright-Hays exchange program with Japan as we have with many other countries. The principal purpose of this bill is to go beyond exchange of persons and encourage Japanese studies in all fields and at many levels in the United States. While colleges and universities in the United States will be among the beneficiaries of this bill, other institutions will also benefit. Libraries may enlarge their collections of Japanese books and publications. Civic centers such as the Kennedy Center and the Lincoln Center may be assisted in presenting Japanese productions of the performing arts. It is anticipated that the teaching of the Japanese language in the United States will be encouraged.

Let me say that the Japanese Government on its part has taken a series of steps to improve relations in these fields. The Japan Foundation enjoys an initial endowment of $100 million for the dissemination of knowledge about Japan, much of it directed toward the United States. The Japanese Government has also made substantial grants to American institutions to strengthen their Japanese programs.

I turn now to the financing involved in H.R. 9667. This bill provides that a separate trust fund be set up in the Treasury to be known as the Japan-United States Friendship Trust Fund. The capital of the fund will come from two sources. First, Japan is paying to the United States $320 million for the reversion of Okinawa to Japan. Five percent of that amount—$16 million—will go into this fund. Second, during the occupation of Japan immediately after the war, the United States provided relief and assistance to that country. The Japanese have paid us $490 million in yen for that assistance. As part of the final settlement of that assistance, the two governments agreed that $25 million would be set aside to strengthen programs of mutual understanding. Of that original $25 million, about $12 million—in yen—remains. That amount would also go into the fund. Thus, the total capital of the fund will be $28 million in dollars and yen. All funds are subject to the appropriation process.

The fund will earn interest from these deposits. It may also accept gifts and donations.

To assure that the capital will not be drawn down too quickly the bill provides that not more than 5 percent may be expended in any 1 year—that is, $1.4 million in a combination of dollars and yen.

The committee determined that the administration of the fund should be handled by an existing body that already has some expertise in this field, namely, the U.S. Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation. This is a group of 12 distinguished Americans drawn from government and private life who have been working with a Japanese panel to promote ties between the two countries. The committee was of the opinion that this will prevent competition, promote coordination, and minimize administrative expenses.

Mr. Speaker, considering the wide range of objectives sought by this bill, it is modest but I believe practical and merits the support of the Members. Its enactment upon the occasion of the first visit to the United States by a reigning Japanese ruler will not go unnoticed in Japan and its passage should do much to convey to the Japanese the seriousness with which we regard our relations with that country.

Mr. FINDLEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the bill, as follows:

H.R. 9667

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Japan-United States Friendship Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) the post-World War II evolution of the relationship betwen Japan and the United States to peacetime friendship and partnership is one of the most significant developments of the post-war period;

(2) the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands,

signed at Washington and Tokyo on June 17, 1971, is a major achievement and symbol of the new relationship between the United States and Japan;

(3) the Government of the United States in 1962, by setting aside a special fund for educational and cultural exchange with Japan from moneys paid to the United States in compensation for United States assistance during the occupation of Japan, showed clear evidence of the importance it places on strengthening intercultural communications between the two nations; and

(4) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.

(b) It is therefore the purpose of this Act to provide for the use of moneys paid to the United States in compensation for post-World War II assistance to Japan and of an amount equal to a part of the sums to be paid by Japan to the United States in connection with the reversion of Okinawa to Japanese administration to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including—

(1) support for studies, including language studies, in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan;

(3) support for programs in the arts in association with appropriate institutions in Japan and the United States;

(4) support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professors and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States cultural and educational activities consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 5 per centum of the funds to be paid to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 17, 1971.

(e) (1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T. 1957; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection shall not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976 may be appropriated in any subsequent fiscal year.

THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereafter referred to as the "Commission"). The Commission shall be composed of—

(1) the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation;

(2) one Member of the House of Representatives, to be appointed by the Speaker of the House of Representatives, who shall have no vote;

(3) one Member of the Senate, to be appointed by the President pro tempore of the Senate, who shall have no vote;

(4) the Chairman of the National Endowment for the Arts, who shall have no vote; and

(5) the Chairman of the National Endowment for the Humanities, who shall have no vote.

(b) Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) The Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

FUNCTIONS OF THE COMMISSION

SEC. 5. (a) The Commission is authorized to—

(1) develop and carry out programs at public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3 (b) of this Act; and

(2) make grants to carry out such programs.

(b) The Commission shall submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt from any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commssion for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct the Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum annually of the principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e) (1) of this Act shall be expended in Japan;

(5) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code;

(6) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(7) enter into contracts, grants, or other arrangements, or modifications thereof, notwithstanding any provisions of law relating to competitive bidding; and

(8) obtain from the Secretary of State, on a reimbursable basis, such administrative support services and personnel as the Commission deems necessary.

MANAGEMENT OF THE FUND

SEC. 7. (a) The Fund shall consist of—

(1) amounts appropriated under sections 3 (d) and (e) (1) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act; except that amounts in the Fund, other than amounts which have been appropriated, shall be subject to the appropriation process.

Mr. MATSUNAGA. Mr. Speaker, I am pleased to lend my unqualified support to H.R. 9667, the proposed Japan-United States Friendship Act. The gentleman from Wisconsin (Mr. Zablocki), the gentleman from Ohio (Mr. Hays), the gentleman from Pennsylvania (Mr. Morgan) and the other members of the International Relations Committee are to be commended for their thoughtful and timely action in bringing this measure to the floor of the House today.

As most of my colleagues are aware, this is a bill that I have long supported; indeed, I have sponsored almost identical legislation in past Congresses. The principal thrust of the bill is to strive toward mutual understanding between the United States and our firm friend in Asia, Japan. The bill establishes a fund to promote scholarly, cultural, and artistic activities between the two countries.

Funding for the program will come from two separate sources: 5 percent of the money Japan is paying the United States in connection with the reversion of Okinawa to Japan in 1971, and the balance of money due from Japan for postwar assistance from the United States. Together, these sources could amount to as much as $44 million, of which up to 5 percent could be used in any 1 year.

Mr. Speaker, Japan is the largest economic power in the free world besides America. The ingenuity, technology, and productivity of the Japanese people are unsurpassed—indeed, Japan's gross national product exceeds that of the rest of Asia combined.

Our present relationship with Japan is a close one but, unfortunately, one which the United States has tended to take for granted. Moreover, the post-war environment which nourished that special relationship has profoundly changed in many ways—strategically, politically, economically, and culturally.

One of the most tangible symbols of the new situation is the Okinawa Reversion Agreement, executed and approved in 1971, which was a clear example of cooperation, mutual respect, and trust between partners. To reimburse this country for public utilities and other facilities turned over as part of the agreement, Japan has been paying, over 5 years, some $320 million to this country.

It is particularly appropriate, then, that H.R. 9667 earmarks 5 percent of that sum to promote a broader and healthier interchange of people and ideas between us. Japanese studies are presently available at only 1 percent of America's colleges and Universities. I should add, with some pride, that one of the finest programs is that offered at the University of Hawaii, under the general guidance of Prof. Yasumasa Kuroda. But on most campuses, Japanese art and literature, some of the most important in the world today, need much fuller exploration.

Three years ago, Mr. Speaker, the Japanese Government established the Japan Foundation, which has already made substantial grants to a number of American academic institutions. The fund established under H.R. 9667, therefore, will complement an already-existing counterpart in Japan.

It is particularly fitting, Mr. Speaker, that the House should consider this important bill at this time. The visit, from their Majesties the Emperor and Empress of Japan—the first such visit in history—is imminent. What more appropriate gesture can Congress take to welcome the occasion than to enact this legislation? It will certainly be a signal that Congress is desirous of cementing the bond of friendship and understanding between our two great Nations.

Mr. Speaker, I urge the unanimous approval of H.R. 9667 by the House.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the Senate bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 824

An act to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Japan-United States Friendship Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) the evolution of the relationship between Japan and the United States from wartime bitterness to peacetime friendship and partnership is one of the most significant developments of the postwar period.

(2) the agreement between Japan and the United States of America concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo on June 19, 1970, is a major achievement and symbol of the new relationship between the United States and Japan; and

(3) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.

(b) It is therefore the purpose of this Act to provide for the use of an amount equal to a part of the sums to be paid by Japan to the United States in connection with the reversion of Okinawa to Japanese administration to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including—

(1) support for studies, including language studies in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and libraries at United States colleges and universities located throughout the United States;

(3) support for programs in the arts in association with institutions of higher education in Japan and these United States;

(4) support for fellowships and scholarships at the undergraduate, graduate, and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professors and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States exchanges consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 10 per centum of the funds paid to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 19, 1970. Any unappropriated portion of the amount authorized to be appropriated for such fiscal year may be appropriated in any subsequent fiscal year.

(e)(1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T.; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection shall not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976

may be appropriated in any subsequent fiscal year.

THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereafter referred to as the "Commission"). The Commission shall be composed of—

(1) the Secretary of State;

(2) the Secretary of Health, Education, and Welfare;

(3) six members appointed by the President from among individuals who are (A) conversant with Japan-United States relations; (B) expert in the field of education, the arts, or the humanities; or (C) representative of the general public;

(4) the Chairman of the National Endowment for the Arts, who shall have no vote; and

(5) the Chairman of the National Endowment for the Humanities, who shall have no vote.

(b) The term of office of each of the six public members of the Commission appointed under clause (3) of subsection (a) of this section shall be three years, except that (1) such members first appointed shall serve as designated by the President, two for terms of three years, two for terms of two years, and two for terms of one year, and (2) any member appointed under such clause to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed.

(c) Members of the Commission who are not regular, full-time employees of the United States shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, they may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(d) The President shall appoint the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

FUNCTIONS OF THE COMMISSION

SEC. 5. The Commission is authorized to—

(1) develop and carry out programs of public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3(b) of this Act;

(2) make grants to carry out such programs; and

(3) submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt from any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commission for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum of the annual principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e)(1) of this Act shall be expended in Japan;

(5) appoint an Executive Director, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, who shall be compensated at the rate provided for a GS-18 of the General Schedule of such title;

(6) appoint and fix compensation of such additional personnel as may be necessary to carry out the provisions of this Act;

(7) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code;

(8) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code.

(9) enter into contracts, grants, or other arrangements, or modifications thereof to carry out the provisions of this Act, or any other provisions of law relating to competitive bidding; and

(10) make advance, progress, and other payments which the Commission deems necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes, as amended (31 U.S.C. 529).

MANAGEMENT OF THE FUND

SEC. 7. (a) The Fund shall consist of—

(1) amounts appropriated under section 3(d) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act.

MOTION OFFERED BY MR. ZABLOCKI

Mr. ZABLOCKI. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ZABLOCKI moves to strike out all after the enacting clause of S. 824 and insert in lieu thereof the text of H.R. 9667, as passed.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 9667) was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

WELCOMING THEIR MAJESTIES, THE EMPEROR AND EMPRESS OF JAPAN

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 402) welcoming Their Majesties, the Emperor and Empress of Japan.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. BUCHANAN. Mr. Speaker, reserving the right to object, will the gentleman from Wisconsin explain this concurrent resolution?

Mr. ZABLOCKI. Mr. Speaker, as the gentleman from Alabama knows, the Emperor and Empress are arriving in the United States next Tuesday. This concurrent resolution (H. Con. Res. 402) is purely an expression of welcome to the Emperor and Empress. There was no objection to the resolution in committee. I think this is a proper gesture on the part of the House, and I hope there will be no objection to the resolution.

Mr. BUCHANAN. Mr. Speaker, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 402

Whereas Their Majesties, the Emperor and Empress of Japan will soon be visiting the United States of America, and

Whereas their visit will be the first state visit to the United States of America by a reigning Emperor of Japan in the more than one-hundred-and-twenty-year history of American-Japanese relations, and

Whereas our two countries, though coming from diverse cultural backgrounds, have created from this diversity an active and dynamic relationship beneficial to both peoples, and

Whereas the exchange of ideas, cultural and artistic innovation, technological and scientific knowledge, productive enterprise, and trade have through the years enhanced mutual understanding and respect between the United States of America and Japan, and

Whereas during the first visit to Japan by an incumbent American President in November of 1974, Their Majesties and the Japanese Government and people extended a warm and enthusiastic reception to President Gerald R. Ford, and

Whereas the coming visit by Their Majesties will vividly symbolize the ties of friendship and common values to which the American and Japanese people are dedicated: Therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress hereby extends to Their Majesties, the Emperor and Empress of Japan, a warm welcome and sincere good wishes from the American people on the occasion of their historic first visit to the United States of America.

Mr. MATSUNAGA. Mr. Speaker, it is indeed a great honor and privilege for me to join my colleagues in welcoming Their Imperial Majesties, the Emperor and Empress of Japan, on their first visit to the United States. As Hawaii's Representative in the U.S. Congress, I am especially pleased to do this. Hawaii's ties with the people of Japan have traditionally been of the strongest and most meaningful nature, not only because of our relative geographic proximity, but also because in Japan lie the ancestral roots of many of Hawaii's citizens, including myself. By their visit to the United States, the Emperor and Empress will no doubt strengthen the very special relationship which exists between our two countries. As Hawaii's Representative to Congress, I wish them a most pleasurable stay, with the sincere hope that they will experience first hand the Aloha spirit for which Hawaii is so well known and which I know the people of the entire United States will hold out to them.

I urge the unanimous approval of the pending resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just agreed to.

The **SPEAKER.** Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

REQUEST BY SENATE FOR RETURN OF S. 622

The SPEAKER laid before the House the following communication from the Senate of the United States:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 622) entitled "An Act to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement United States obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery", together with all accompanying papers.

The SPEAKER. Without objection, the request is agreed to.

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 8841, EXTENSION AND AMENDMENT OF THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT, AS AMENDED

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 734 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 734

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8841) to extend the Federal Insecticide, and Rodenticide Act, as amended, for one year. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Agriculture now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Texas (Mr. YOUNG) is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes for the minority to the distinguished gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 734 provides for an open rule with 2 hours of general debate on H.R. 8841, a bill to amend and extend the Federal Insecticide, Fungicide and Rodenticide Act for 1 year.

House Resolution 734 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Agriculture now printed in the bill as an original bill for the purpose of amendment.

H.R. 8341 extends the FIFRA Act for 12 months to September 30, 1976, at a level of $47,868,000, which is the amount requested by the Environmental Protection Agency.

H.R. 8841 provides that in issuing notices of intent of proposed action regarding cancellation of registration or changes in classification, EPA must consider among other factors the impact of the proposed action on the agricultural economy. The bill also provides that certification standards for a private applicator of insecticides, fungicides, or rodenticides may be fulfilled by his signing a self-certification form which would include information and an affirmation prescribed by the Administrator.

Mr. Speaker, I urge the adoption of House Resolution 734 in order that we may debate and discuss H.R. 8841.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is an important piece of legislation which this rule makes in order, especially for the farmers of this Nation and the people they feed not only in this country but around the world.

Everybody knows that agriculture in this country has expanded tremendously and it has done so with the help of many things, including pesticides.

Mr. Speaker, I am sorry to see this legislation come to the floor without the amendment offered in committee by the gentleman from Texas (Mr. POAGE) and the gentleman from Virginia (Mr. WAMPLER), which would have given the Secretary of Agriculture the right to overrule actions taken by EPA on farm pesticides. This amendment was defeated and an amendment was adopted which more or less says that EPA has 30 days to consider protests brought by the Department of Agriculture against EPA's proposed banning of certain pesticides before it does as it chooses.

Mr. Speaker, in view of the fact that this whole matter of banning the use of certain farm pesticides is so important to the farmers and the consumers of this Nation and the world, I hope that during debate under the 5-minute rule the gentleman from Virginia or the gentleman from Texas will reintroduce their amendment and that it will be fully debated and decided by the House.

Mr. Speaker, I was somewhat dumbfounded to read just recently where EPA was proposing to ban a couple more pesticides, and one of them controls the cutworm and termites. I have reference to chlordane. It is essential that both the cutworm and termites be controlled. Even EPA has admitted that they should not ban it entirely so they made an exception to its total banning, an exception for the city people. Why, because they did not want all of the buildings in New York City or homes throughout the country subjected to termites and falling down. This means they are going to permit the use of chlordane for termite control but not for cutworm control.

If this particular pesticide is bad for the health of the Nation in one instance, it is bad in the other. This shows us how ridiculous some of these agency rulings have become.

I think this House has got to rein some of these agencies in, so to speak, and let them know that the use of a little plain, commonsense is not out of line and contrary to congressional intent.

I might say, Mr. Speaker, there are many States, including Ohio, now having an outbreak of encephalitis. I am wondering whether or not EPA should be doing something to combat this problem rather than using its resources in attempting to come up with ways to eliminate more and more pesticides designed to control deadly insects.

I was amazed to read on the wire yesterday that the EPA had not received any requests to use DDT in order to destroy the mosquitos which carry this deadly disease. If the use of this pesticide is the best way to kill these mosquitos and I do not know whether or not it is, EPA should be taking the lead in advocating its use or the use of some other effective pesticide. It has a responsibility to act—not just react.

Who knows, we may have people whose lives could be spared by some aggressive action by EPA. In any event, I think the agency should take another look at the direction it is going and perhaps start lighting the way in our search for answers.

Mr. Speaker, I am not going to object to this rule, because I think these amendments to which I have referred should be inserted in this legislation. I think we ought to have a full and complete debate on this important matter and it is an important matter, not only to the farmers of the Nation but to the consumers and to every homeowner.

Mr. Speaker, I have no requests for time, and I reserve the balance of my time.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 369, nays 0, not voting 65, as follows:

[Roll No. 553]

YEAS—369

Abdnor
Abzug
Adams
Addabbo
Albert
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Brinkley
Brodhead
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Butler
Byron
Carney
Carr
Carter
Casey
Cederberg
Chappell
Chisholm
Clancy
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Hicks
Hightower
Hillis
Hinshaw
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madden
Maguire
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Meyner
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Randall
Rangel
Regula
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—65

Alexander
Anderson, Ill.
Annunzio
Badillo
Barrett
Bauman
Breaux
Breckinridge
Brooks
Broomfield
Burton, Phillip
Clausen, Don H.
Derrick
Dickinson
Duncan, Oreg.
du Pont
Edwards, Ala.
Esch
Eshleman
Fary
Fenwick
Fraser
Gaydos
Gibbons
Harkin
Harrington
Hastings
Hays, Ohio
Hébert
Henderson
Holt
Jordan
Lott
McFall
Macdonald
Madigan
Mathis
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Murphy, N.Y.
Peyser
Quillen
Railsback
Rees
Reuss
Risenhoover
Rodino
Rose
Rousselot
Schneebeli
Shipley
Sikes
Sisk
Steed
Stephens
Talcott
Teague
Thornton
Traxler
Udall
Vander Jagt
Wilson, Bob

The Clerk announced the following pairs:

Mr. Annunzio with Mr.. Edwards of Alabama.

Mr. Hébert with Mr. Broomfield.

Mr. Hays of Ohio with Mr. Esch.

Mr. Shipley with Mrs. Fenwick.

Mr. Sikes with Mr. Anderson of Illinois.

Mr. Teague with Mr. Don H. Clausen.

Mr. Phillip Burton with Mr. Fary.

Mr. Sisk with Mr. Bauman.

Mr. Barrett with Mr. Hastings.

Mr. Badillo with Mr. Duncan of Oregon.

Mr. Gaydos with Mrs. Holt.

Mr. Metcalfe with Mr. Dickinson.

Mr. Rose with Mr. Madigan.

Mr. Rodino with Mr. Eshleman.

Ms. Jordan with Mr. Mathis.

Mr. Macdonald of Massachusetts with Mr. Peyser.

Mr. Risenhoover with Mr. du Pont.

Mr. Alexander with Mr. Quillen.

Mr. Brooks with Mr. Traxler.

Mr. Breckinridge with Mr. Schneebeli.

Mr. McFall with Mr. Steed.

Mr. Breaux with Mr. Railsback.

Mr. Derrick with Mr. Vander Jagt.

Mr. Hardin with Mr. Rousselot.

Mr. Gibbons with Mr. Stephens.

Mr. Henderson with Mr. Bob Wilson.

Mr. Mezvinsky with Mr. Harrington.

Mr. Murphy of New York with Mr. Mills.

Mr. Milford with Mr. Rees.

Mr. Reuss with Mr. Talcott.

Mr. Thornton with Mr. Udall.

Mr. Melcher with Mr. Fraser.

Messrs. BONKER and GUDE changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REQUEST FOR CONSIDERATION OF SENATE AMENDMENT ON H.R. 9524, EXTENDING THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9524) to extend the Emergency Petroleum Allocation Act of 1973, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Strike out all after the enacting clause and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Petroleum Allocation Act of 1975".

EXTENSION OF MANDATORY ALLOCATION PROGRAM

SEC. 2. Section 4(g)(1) of the Emergency Petroleum Allocation Act of 1973 is amended by striking out "August 31, 1975," wherever it appears and inserting in lieu thereof "November 15, 1975,".

SEC. 3. It is the intent of the Congress that the regulations promulgated under the Emergency Petroleum Allocation Act of 1973 shall be effective for the period between August 31, 1975, and the date of enactment of this Act.

SEC. 4. The purpose of this limited extension of the Emergency Petroleum Allocation Act is to provide Congress and the Executive adequate time and opportunity to reach mutual agreement on a long-term petroleum pricing policy. During the period of this extension it is the intent of the Congress that the status quo shall be maintained and the President shall institute no major change in petroleum pricing under section 4(g)(2) of the Act prior to November 1, 1975. Any adjustment the President may make in price shall be in accord with his policy on inflation impact statements and economic justification set forth in Executive Order Numbered 11821 and in Circular Numbered A-107, January 28, 1975, Office of Management and Budget.

SEC. 5. Any Senate resolution to disapprove a Presidential decontrol proposal submitted under section 4(g)(2) shall be immediately placed upon the Senate legislative calendar and any motion by the Majority Leader or his designee thereafter to proceed to the consideration of such disapproval resolution shall be decided without debate and by majority vote; and within forty-eight hours after the disapproval resolution is made the pending business or sooner if otherwise ordered by the Senate, the Chair shall direct the clerk to call the roll on the final disposition of the disapproval resolution without any further debate or intervening motion, any other rule or provision of law notwithstanding.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. BROWN of Ohio. Reserving the right to object, and, I rise today in support of H.R. 9524 as amended by the Senate. The language of this extension has come out of an agreement between the Senate leadership and the President, and calls for the extension of EPAA until November 15, 1975.

This compromise on the extension is just one more indication of the President's willingness to work with Congress in obtaining a reasonable compromise on the issue of gradual decontrol of oil prices. As was pointed out in the Republican congressional leadership meeting with the President on energy this Wednesday, the President has held 50 meetings with Members of Congress since January where energy was the topic of consideration, and has met at least once with 51 of the 99 Senators and 304 of the 435 Members of the House. He has also modified his formal pricing proposals four times to meet the various criticisms of the Members of Congress. The burden is now clearly on the Congress to come up with an agreement on price and tax policy that is acceptable to both bodies and the President. The deadline for such action is November 1. After that the President will propose a decontrol plan under the 462 provisions of the EPAA. Under that provision, either House may veto the plan by simple majority vote.

If it so desires, the Congress can continue to shun compromise and present the President with price rollbacks in the conference legislation from H.R. 7014 and S. 622. But a rollback is clearly unacceptable to the President, and without the votes to override a veto, the result of such congressional disdain of compromise will be immediate decontrol. And Congress must bear the responsibility for failing to compromise and deal realistically and directly with the energy pricing issue. Another way to demonstrate and assure no compromise would be to tie unacceptable provisions now in H.R. 7014 and S. 622, such as the mandated gasoline shortage, the GAO supersnoop and the mandatory curtailment of "economically nonvital" transportation, to otherwise acceptable pricing provisions.

There are 29 conferees on S. 622/H.R. 7014—22 of these coming from the other body. Nevertheless, I am hopeful that partisan politics can be laid aside and that we can sit down and come to a reasonable agreement on pricing policy without all the horrors of the other provisions in the House and Senate legislation. Unless we do so, or accept a Presidential plan for gradual decontrol after November 1, the result will be immediate decontrol on November 15. While I am not at all sure that the President can escape some political bruises in such an eventuality, the Congress will surely receive its share of political consequences, too. This extension assures that the Congress has a very real opportunity to make a reasoned, if difficult, decision to work with the President toward achieving energy independence. Such cooperation would go a long way to restore the Nation's faith in our ability to govern with a President of one party and a Congress of another.

Should an agreement not be reached before November 1—just 17 working days from now—the President will offer a plan which the Congress will have the choice to pass or veto. That plan will, in all likelihood be similar to H.R. 9777, the legislation to cushion the impact of immediate decontrol which was introduced by the minority leader and others in House minority leadership, Mr. SCHNEEBELI, and myself. That bill includes an acceptable windfall tax and plowback program, legislation to assist independent refiners and retail marketers, and standby legislation to control propane supplies during the upcoming winter and the natural gas shortages. Furthermore, the administration has asked that the Congress concurrently move on the natural gas legislation, as the time is already late with the winter months nearly upon us.

The time for compromise and agreement is now. The country can only be the loser if Congress continues on the path of confrontation, playing politics with an issue where the very future of our Nation my be at stake.

PARLIAMENTARY INQUIRY

Mr. ARMSTRONG. Mr. Speaker, reserving the right to object, I wonder if I could propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ARMSTRONG. Mr. Speaker, the effect of granting this unanimous-consent request will be not only that the bill will be considered, but it will be by granting the request adopted?

The SPEAKER. There will be an agreement by the House to the Senate amendment.

Mr. ARMSTRONG. And to adopt the bill?

The SPEAKER. It is simply an amendment to the House bill, which would automatically be agreed to if there is no objection.

Mr. ARMSTRONG. Well, Mr. Speaker, if I may ask, is there a way to divide that question? My interest does not preclude the consideration of this matter. My interest is to have a vote on the issue.

The SPEAKER. This is not a divisible question. This is a unanimous-consent request.

Mr. ARMSTRONG. Mr. Speaker, reserving the right to object, I wonder if I could inquire of the gentleman if he would have any willingness to restate the request, so that it be divided, so we can proceed with its consideration and have a vote on the main question?

Mr. STAGGERS. Mr. Speaker, will the gentleman yield?

Mr. ARMSTRONG. Yes. I will be pleased to yield.

Mr. STAGGERS. Mr. Speaker, I think that the statement is very clear. It came over from the Senate. I do not think it needs debate. The only thing we were trying to do is get some kind of agreement between the Senate and the House now and the President. We have finally all gotten to an agreement that we extend this time and I had asked unanimous consent that we accept the Senate amendment and that was the request of the gentleman from West Virginia.

Mr. Speaker, approximately 2 weeks ago the House by unanimous consent approved legislation proposing to extend the price and allocation controls contained in the Emergency Petroleum Allocation Act of 1973. At that time, we believed that an extension to October 31 would allow sufficient time to permit the Congress to complete its deliberations on the bill H.R. 7014 so as to present to the President a final congressional national energy program. The Senate has returned this bill to us with an amendment which would extend the provisions of the act an additional 15 days to November 15. It is my understanding that the President has agreed to sign this legislation.

It is with a note of optimism, therefore, that I call up the bill H.R. 9524 and request unanimous consent to agree to the Senate amendment thereto. Let me comment briefly on one aspect of this proposal. Both the original House bill and the Senate amendment would make extension of the Allocation Act effective on September 1. It is the intent of both bodies of the Congress that the pricing and allocation controls contained in Federal Energy Administration regulations which were promulgated under that act continue in effect as if there had been no hiatus. Both the administration and leaders of the Congress have repeatedly stated that any extension of the Allocation Act finally agreed to would be retroactive in character. The industry has had ample notice of this matter.

Accordingly the Federal Energy Administration is called upon to enforce their regulations as if they had remained in full effect in the period it has taken for the Congress and the President to agree upon the terms of an extension of the act. In this regard the FEA will be expected to order a rollback and refunding of any price increases which may have occurred on or after September 1 and take other appropriate action to assure the continuity and integrity of the distribution system for petroleum products.

I might take this opportunity to note also that, should the Allocation Act terminate on November 15 and not be renewed, the FEA's important "housecleaning" authority to remedy any violations that may have occurred prior to that date and to enforce liabilities which may have accrued under the terms of regulations under the act will not expire but continue in effect.

Mr. Speaker, I have heard it said that even with the savings clause in section 4(g) (1) of the act and with the familiar general savings statute contained in title I, United States Code, section 109, some members of the industry have questioned FEA's authority to enforce the act beyond the expiration date. This and similar contentions are unfounded. It was the specific intent of the Congress in passing the original act—and is the intent of the Congress in extending the act—that the enforcement powers of the Federal Energy Administration continue to protect the consumers' interests and to assure that no person may be able to avoid obligations and liabilities incurred while the act was in effect. In this respect we intend a broad reading of the savings clause contained both in the act and in title I, United States Code, section 109.

Mr. ARMSTRONG. Mr. Speaker, further reserving the right to object, do I understand the gentleman's explanation that if the unanimous consent request is agreed to, the effect is final action by the House; there would be no debate?

The SPEAKER. That would be final action by the House.

Mr. ARMSTRONG. Well, then, Mr. Speaker, reluctantly and not because I desire to delay consideration of this issue, but because I think a matter of this importance deserves the effort, I will, therefore, object to the unanimous-consent request.

The SPEAKER. Objection is heard.

CONSIDERATION IN THE HOUSE OF SENATE AMENDMENT ON H.R. 9524, EXTENDING THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9524) to extend the Emergency Petroleum Allocation Act of 1973, with a Senate amendment thereto, and consider the Senate amendment in the House.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Petroleum Allocation Act of 1975".

EXTENSION OF MANDATORY ALLOCATION PROGRAM

SEC. 2. Section 4(g) (1) of the Emergency Petroleum Allocation Act of 1973 is amended by striking out "August 31, 1975," wherever it appears and inserting in lieu thereof "November 15, 1975,".

SEC. 3. It is the intent of the Congress that the regulations promulgated under the Emergency Petroleum Allocation Act of 1973 shall be effective for the period between August 31, 1975, and the date of enactment of this Act.

SEC. 4. The purpose of this limited extension of the Emergency Petroleum Allocation Act is to provide Congress and the Executive adequate time and opportunity to reach mutual agreement on a long-term petroleum pricing policy. During the period of this extension it is the intent of the Congress that the status quo shall be maintained and the President shall institute no major change in petroleum pricing policy under section 4(g) (2) of the Act prior to November 1, 1975. Any adjustment the President may make in price shall be in accord with his policy on inflation impact statements and economic justification set forth in Executive Order Numbered 11821 and in Circular Numbered A-107, January 28, 1975, Office of Management and Budget.

SEC. 5. Any Senate resolution to disapprove a Presidential decontrol proposal submitted under section 4(g) (2) shall be immediately placed upon the Senate legislative calendar and any motion by the Majority Leader or his designee thereafter to proceed to the consideration of such disapproval resolution shall be decided without debate and by majority vote; and within forty-eight hours after the disapproval resolution is made the pending business or sooner if otherwise ordered by the Senate, the Chair shall direct the Clerk to call the roll on the final disposition of the disapproval resolution without any further debate or intervening motion, any other rule or provision of law notwithstanding.

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the Senate amendment.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The SPEAKER. Is there objection to consideration of the Senate amendment in the House?

Mr. ARMSTRONG. Mr. Speaker, reserving the right to object, perhaps I am in doubt of our status. The information just given me is that upon the adoption of this amendment the bill will then be before the House in the Committee of the Whole.

The SPEAKER. No.

Mr. ARMSTRONG. Then I have been given the wrong information. I thank the Speaker for helping me. I withdraw my reservation of objection.

The SPEAKER. Is there objection to consideration of the Senate amendment? The Chair hears none. The question is on the adoption of the Senate amendment.

Mr. ARMSTRONG. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 342, nays 16, not voting 75, as follows:

[Roll No. 554]

YEAS—342

Abdnor
Abzug
Adams
Addabbo
Ambro
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Brinkley
Brodhead
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Butler
Byron
Carney
Carr
Carter
Casey
Cederberg
Chappell
Clancy
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gilman
Ginn
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harris
Harsha
Hastings
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kastenmeier
Kazen
Kelly
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Maguire
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Meyner

Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Randall
Rangel
Regula
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—16

Anderson, Calif.
Archer
Armstrong
Burleson, Tex.
Collins, Tex.
Crane
Goldwater
Hansen
Kemp
McDonald
Passman
Runnels
Steelman
Steiger, Ariz.
Symms
Waggonner

NOT VOTING—75

Alexander
Anderson, Ill.
Annunzio
Badillo
Barrett
Bauman
Breaux
Breckinridge
Brooks
Broomfield
Burton, Phillip
Chisholm
Clausen, Don H.
Conyers
D'Amours
Derrick
Dickinson
Duncan, Oreg.
du Pont
Edwards, Ala.
Edwards, Calif.
Eshleman
Evins, Tenn.
Fary
Fenwick
Flowers
Fraser
Gaydos
Gibbons
Harkin
Harrington
Hawkins
Hays, Ohio
Hébert
Henderson
Jordan
Ketchum
Lott
McCloskey
Macdonald
Madden
Madigan
Mathis
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Moakley
Murphy, N.Y.
Nichols
O'Hara
Peyser
Quillen
Railsback
Rees
Reuss
Risenhoover
Rodino
Rose
Rousselot
Santini
Schneebeli
Shipley
Sikes
Sisk
Steed
Talcott
Thornton
Traxler
Udall
Vander Jagt
Whitehurst
Wilson, Bob
Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Hébert against.

Until further notice:

Mr. Hays of Ohio with Mr. Anderson of Illinois.

Mr. Murphy of New York with Mr. Bauman.

Mr. Rodino with Mr. Dickinson.

Mr. Sikes with Mr. Eshleman.

Mr. Shipley with Mr. Fary.

Ms. Jordan with Mr. Edwards of Alabama.

Mr. Phillip Burton with Mr. Gibbons.

Mrs. Chisholm with Mr. Duncan of Oregon.

Mr. Reuss with Mr. Broomfield.

Mr. Rose with Mr. Harrington.

Mr. Sisk with Mr. Ketchum.

Mr. Charles H. Wilson with Mr. Macdonald of Massachusetts.

Mr. Hawkins with Mr. Madden.

Mr. Gaydos with Mr. McCloskey.

Mr. Flowers with Mr. du Pont.

Mr. Badillo with Mr. Mezvinsky.

Mr. Barrett with Mrs. Fenwick.

Mr. Brooks with Mr. Milford.

Mr. Conyers with Mr. Thornton.

Mr. Evins of Tennessee with Mr. Mills.

Mr. Breaux with Mr. Nichols.

Mr. Santini with Mr. O'Hara.

Mr. Steed with Mr. Peyser.

Mr. Udall with Mr. Rees.

Mr. Metcalfe with Mr. Edwards of California.

Mr. Melcher with Mr. Bob Wilson.

Mr. Mathis with Mr. Whitehurst.

Mr. Harkin with Mr. Quillen.

Mr. Alexander with Mr. Talcott.

Mr. Breckinridge with Mr. Risenhoover.

Mr. D'Amours with Mr. Railsback.

Mr. Derrick with Mr. Rousselot.

Mr. Henderson with Mr. Vander Jagt.

Mr. Fraser with Mr. Traxler.

Mr. Moakley with Mr. Schneebeli.

Mr. EVANS of Indiana changed his vote from "nay" to "yea."

Mr. STEELMAN changed his vote from "yea" to "nay."

So the Senate amendment was concurred in.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ADJOURNMENT TO MONDAY, SEPTEMBER 29, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule on Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION AND AMENDMENT OF THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT, AS AMENDED

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8841) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year.

The SPEAKER. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Does the gentleman insist on his point of no quorum?

Mr. BELL. I do insist on it, Mr. Speaker.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 325, nays 2, not voting 106, as follows:

[Roll No. 555]

YEAS—325

Abdnor
Abzug
Adams
Anderson, Calif.
Andrews, N.C.
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Brinkley
Brodhead
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Byron
Carr
Carter
Casey
Cederberg
Chappell
Clancy
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derwinski
Devine
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Fascell
Fish
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hastings
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hillis
Hinshaw
Holland
Holt
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
Maguire
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Meyner
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Randall
Rangel
Regula
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Roe
Rogers
Roncalio
Rooney

Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Studds
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—2

Brown, Calif.
Brown, Mich.

NOT VOTING—106

Addabbo
Alexander
Ambro
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Aspin
AuCoin
Badillo
Barrett
Bauman
Beard, Tenn.
Breaux
Breckinridge
Brooks
Broomfield
Burgener
Burton, Phillip
Butler
Carney
Chisholm
Clausen, Don H.
Conyers
Corman
D'Amours
Derrick
Dickinson
Diggs
Duncan, Oreg.
du Pont
Edwards, Ala.
Edwards, Calif.
Eshleman
Evins, Tenn.
Fary
Fenwick
Findley
Flowers
Fraser
Gaydos
Gibbons
Gude
Hamilton
Harkin
Harrington
Hawkins
Hays, Ohio
Hébert
Hefner
Henderson
Hicks
Hightower
Horton
Jones, Ala.
Jordan
Koch
Landrum
Leggett
Lott
McCloskey
McKinney
Macdonald
Madden
Madigan
Mathis
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Moakley
Mottl
Murphy, N.Y.
Nowak
Passman
Pepper
Peyser
Poage
Quillen
Railsback
Rees
Reuss
Risenhoover
Rodino
Rose
Rousselot
Runnels
Ruppe
Schneebeli
Shipley
Sikes
Sisk
Stanton, James V.
Steed
Stokes
Stuckey
Symington
Talcott
Thompson
Thornton
Traxler
Udall
Vander Jagt
Whitehurst
Wilson, Bob
Wilson, C. H.

Mr. ROBINSON changed his vote from "nay" to "yea."

Mr. GINN changed his vote from "present" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8841 to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year, with Mr. HUNGATE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Washington (Mr. FOLEY) will be recognized for 1 hour, and the gentleman from Virginia (Mr. WAMPLER) will be recognized for 1 hour.

The Chair now recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I yield to the distinguished majority whip, the gentleman from California (Mr. McFALL).

(By unanimous consent, Mr. McFALL was allowed to speak out of order.)

LEGISLATIVE PROGRAM

Mr. McFALL. Mr. Chairman, I have asked for unanimous consent to speak out of order in order that I may announce the program for next week.

The program for the House of Representatives for the week of September 29, 1975, is as follows:

On Monday, we will consider the following bills:

H.R. 9803, day care center regulations postponement. This will be by unanimous consent.

H.R. 8603, Postal Reorganization Act amendments, with an open rule and 1 hour of debate.

H.R. 5665, postal supervisors' arbitration, with an open rule and 1 hour of debate.

On Tuesday we will consider H.R. 9861, Defense Department appropriations for fiscal year 1976. I should announce in this connection that it is the intent to request to come in at 10 o'clock on Tuesday, so that we would have plenty of time to complete the Defense Department appropriations bill.

On Wednesday we will consider the following legislation:

H. Res. 688, disapproval of President's pay plan.

S. 2230, Board for International Broadcasting, which is the bill on which the Senate put the Greek-Turkey provision; with an open rule, and 3 hours of debate.

S. 584, retirement credit for National Guard technician service, with votes on amendments and bill.

On Thursday and the balance of the week, we will consider the following bills:

H.R. 7656, beef research and information; with an open rule, and 1 hour of debate, with the rule previously adopted.

H.R. 8841, Federal Insecticide, Fungicide, and Rodenticide Act amendments, with votes on amendments and the bill.

H.R. 9500, Construction Industry Stabilization Act, subject to a rule being granted.

H.R. 6227, right to representation during questioning, with votes on amendments and bill.

H.R. 7222, Federal employees' group life insurance, with votes on amendments and bill.

H.R. 8672, emergency rail transportation improvement and employment, subject to a rule being granted.

H.R. 7988, heart, lung, and blood research, research training, and genetic diseases amendments, subject to a rule being granted.

There is the usual admonition that conference reports may be brought up at any time and any further program will be announced later.

Mr. RHODES. Mr. Chairman, will the distinguished majority whip yield?

Mr. McFALL. I yield to the distinguished minority leader.

Mr. RHODES. I thank the distinguished majority whip for yielding. Can the distinguished gentleman inform the House whether there are plans for a session on Friday next?

Mr. McFALL. I would have to give an educated guess to my friend, the gentleman from Arizona, that with the considerable program that is on the schedule, that there is every chance that we would work on Friday next week.

Mr. RHODES. Is it the intent of the gentleman, if the gentleman will yield further, is it the intent to complete every bill which is here, subject to a rule being granted on several of them?

Mr. McFALL. Yes. There are a number here that would have to have rules; but it is the intention at this time to take all that legislation that is on the calendar for the week.

Now, sometimes, as the gentleman knows, committees desire not to take up legislation; but at this time there is every indication that all this legislation will be considered by the House next week.

Mr. RHODES. Mr. Chairman, if the gentleman will yield further, there does not appear to be any reference to completion of the consumer product safety legislation which, as we know, has been put off several days. Is it intended to complete that legislation next week?

Mr. McFALL. I am advised that that is on the calendar for the following week.

Mr. RHODES. Mr. Chairman, I thank the gentleman.

Mr. McFALL. Mr. Chairman, I thank the gentleman from Washington for yielding.

Mr. FOLEY. Mr. Chairman, for the information of members of the committee, it is my intention to move that the committee rise at 4 o'clock this afternoon, or at the conclusion of general debate on this bill, whichever first occurs. It is not the intention to proceed to any reading of the bill under the 5-minute rule or any amendment process this afternoon.

Mr. Chairman, I rise in support of the committee amendment to H.R. 8841.

H.R. 8841, as amended, is the result of extensive hearings by the committee held over several months. A large number of witnesses representing diverse interests appeared before the committee. Many were highly critical of EPA's administering of the act and a number of controversial issues raised by these witnesses were aired by the committee. The amendments are an attempt to meet these criticisms. In H.R. 8841 the committee has steered a middle course, and has taken a conscientious effort not to hamstring the agency while requiring it to maintain a proper balance in the decisionmaking process.

I would like first to summarize the various provisions of the committee amendment.

First, the funding authorization of FIFRA is extended to September 30, 1976, at a level of $47,868,000.

Second, in issuing notices of intent of proposed action regarding cancellation of registration or changes in classification, EPA must consider, among other factors, the impact of the proposed action on the agricultural economy. Prior to issuance, the proposed notice must be submitted to the Secretary of Agriculture for comment and the Secretary's comments and the Administrator of

EPA's response must be published in the Federal Register.

Third, proposed regulations and the final form of regulations must be submitted to the Secretary of Agriculture for comment within prescribed time limits prior to signature, and the Secretary's comments and the Administrator of EPA's response published in the Federal Register together with the regulations.

Fourth, proposed and the final form of regulations must be provided to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry within prescribed time limits prior to signature.

Fifth, the Administrator must submit to a scientific advisory panel for comment as to the impact on health and the environment of action proposed in notices of intent regarding cancellation of registration and changes in classification and proposed and final forms of regulations. The comments of the panel and the Administrator of EPA's response must be published in the Federal Register along with the notices of action proposed.

Sixth, the deadline dates on actions remaining to be taken under FIFRA are extended for 1 year.

Seventh, certification standards for private applicator would be deemed fulfilled by his signing a self-certification form which would include information and affirmations prescribed by the Administrator to carry out the intent of the act.

Eighth, each lot of an agricultural commodity or product arriving in the United States must be examined if produced in a country which permits the use on such product of a pesticide which was banned in the United States because of possible health hazards of residues on such product. The commodity or product must be refused entry unless it is determined not to contain pesticide residues in excess of allowable tolerances.

Ninth, in determining if emergency conditions exist for exempting Federal or State agencies, EPA must consult with the Secretary of Agriculture and the Governor of the State.

Tenth, pesticides covered by FIFRA are defined to exclude animal drugs and animal feeds regulated by the Food and Drug Administration.

Eleventh, experimental use permits may be issued to an agricultural research agency or educational institution for experimentation on pesticides whose registration has been canceled or suspended, subject to terms and conditions and time limitations prescribed by the Administrator.

H.R. 8841, as amended, would extend the funding authorization for FIFRA for another 12 months to September 30, 1976, at a level of $47,868,000, the level requested by EPA for that period. Unless action is taken to extend the authorization, it will terminate on September 30, 1975—the date provided recently by Congress in the interim extension enacted in Public Law 94-51.

The committee has limited the extension of the authorization to 1 year, rather than the 2-year period originally sought by EPA, to give it an opportunity to continue to exercise effective oversight activities over its operations, particularly in view of the controversies that have been generated in many of its activities.

The amount authorized to be appropriated by H.R. 8841 covers all activities under FIFRA including research activities. Another bill, H.R. 7108, was recently adopted by the House and is now before the Senate for consideration. H.R. 7108 provides authorization for the conduct of all research activities of EPA including an authorization in the amount of $14,047,000 for research under FIFRA during the period October 1, 1975, to September 30, 1976. At such time as Congress has completed action on H.R. 7108 the portion of the amount authorized under H.R. 8841 which is available for research is intended to be that provided for under H.R. 7108.

H.R. 7108, as adopted by the House, sets forth a dollar authorization for research through September 30, 1976, but provides that no part of any amount appropriated under that provision may be obligated or expended after September 30, 1975, except to the extent hereafter specifically authorized by law. H.R. 8841 provides the authorization referred to in the other act.

The first series of the committee amendments to H.R. 8841 relate to the decisionmaking process of EPA.

In the committee consideration of the proposal to extend the funding authorization for FIFRA, there was strong criticism directed toward EPA for its not taking sufficient account of the impact of its decisions on the agricultural economy. This criticism was directed both at the adjudications made by EPA and the regulations issued by EPA in implementation of the act. The concern under the act is with unreasonable adverse effects on the environment which is defined to mean "unreasonable risks to man or the environment, taking into account the economic, social, and environmental costs and benefits of the use of any pesticide." This requires balancing of costs and benefits—including the effects on health and the environment but also importantly the effect on the agricultural economy. The committee believes that the statutory test is a sound one and that changes are not needed in the formula. There was, however, a strong belief among many witnesses that the impact on the agricultural economy of decisions in EPA was not fully developed by EPA and was not given sufficient recognition.

The committee amendment meets this concern. It seeks to involve the Department of Agriculture in important phases of the decisionmaking process, in rulemaking and adjudication, and tighten the degree of cooperation between the agencies.

By requiring EPA to seek Agriculture's comments, the substitute proposal assures that the impact on the agricultural economy of actions taken by EPA will be fully developed.

Second, the substitute assures that EPA takes cognizance of the effect of its actions on the agricultural economy at virtually every step in the decisionmaking process and induces agreement between the two agencies by providing for the Department of Agriculture's comments and EPA's response to be published.

This represents a real change from present procedures. If the agencies could not agree, the amendment would afford an opportunity for public debate to be centered around any arguments offered by the Secretary of Agriculture for his objections to any change in classification of a pesticide or regulations issued under the act. It would have much the same effect as the public exposure of an environmental impact statement but in this case on the advisability of action taken by EPA with respect to the other side of the equation in the cost-benefit assessment.

This provision does in reverse what the present law does in regard to small watersheds under Public Law 566. The EPA can file objections to determinations of the USDA to approve certain small watersheds. The USDA does not have to accept the objections and in fact can provide approval in spite of EPA's objection. However, the procedure provides real leverage to the objections that may be voiced by the Secretary and strong inducement to EPA to take full account of the impact of its decisions on the agricultural economy.

In making the decisionmaking process much more open it is in keeping with recommendations of the National Academy of Sciences study, commissioned by EPA, entitled "Decisionmaking for Regulating Chemicals in the Environment."

The Committee amendment, unlike a previous proposal does not fragment jurisdiction over pesticide programs by requiring approval of two agency heads before any decision is reached. Under the original proposal there was no structural provision to resolve these differences—either agency head had authority to veto—neither had the authority to decide. This type of arrangement would seriously impair the ability of Government to function and might well disadvantage the agricultural interests in the country. It was believed more prudent by the committee to make certain that the consultation process worked and that the concerns of USDA were expressed fully and taken into account seriously and openly.

Another action taken by the committee that is designed to make EPA more aware of the impact of its proposals on the economy is the requirement included in H.R. 8841 that the Agricultural Committees of the Congress be given the same advance notice of proposed and final forms of regulations as the Secretary of Agriculture. This will give the committees an opportunity to bring any concerns they may have regarding regulations to the EPA Administrator prior to issuance—particularly in the light of information that comes to their attention, such as the comments of the Secretary of Agriculture and the scientific advisory panel.

Section 8 of the bill as reported is designed to strengthen along the same lines of sections 1 and 2, the input of the scientific community into the decisionmaking processes of the Environmental Protection Agency. These provisions are designed in such a way as to require the Administrator of EPA to select from a field of 12 nominees a panel of seven scientists to serve in an advisory capacity regarding pesticide actions. The nominations would be made by the National Institutes of Health and the National Science Foundation, and the panel selected would be provided with advance copies of EPA notices of proposed rulemaking, final regulations, and notices of intent to cancel or change registration at the same time they are provided to the Department of Agriculture as set forth by sections 1 and 2 of the reported bill.

The purpose of this provision is to involve persons nominated by the bona fide scientific community in a consultative capacity at the time when it is most meaningful so that we might benefit from their experience and insight. The amendment should insure a better working relationship between EPA and the scientific community across the country and strengthen the impact of scientific personnel at EPA.

The committee has included in H.R. 8841, an extension for 1 year of time deadlines for actions remaining to be taken under the act. The committee action was taken because of the delays encountered to date in implementing various provisions of the law which make it unlikely that the original target dates can be realized. For example, reregistration and classification of currently registered pesticides are dependent on the regulations which provide the procedures for this purpose. The regulations were required to be promulgated by October 21, 1974, but because of complexities involved were only published in the Federal Register July 3, 1975.

The State programs for certification of applicators are dependent on information concerning the pesticides likely to be classified for restricted use—the greater the number, the greater the workload on the States. Information as to this issue was only provided the States in July 1975. In addition, regulations prescribing standards for certification of applicators which were required to be issued by October 21, 1973, were not promulgated until October 9, 1974. The committee is also of the view that there is a need for extending the dates covered by the amendment because of the complexities of the issues that remain. This will allow thorough and deliberate consideration to be given the matter through the procedures provided in H.R. 8841, as amended.

Section 5 of H.R. 8841, as amended, provides for the certification standards for a private applicator to be fulfilled by signing a self-certification form. The Administrator is given authority to assure that the form contains adequate information and affirmations to carry out the intent of the act.

FIFRA provides that any pesticide classified for restricted use by certified applicators must be applied by or under the direct supervision of a certified applicator. A certified applicator may be either a private applicator or commercial applicator. The committee amendment applies only to a private applicator; namely a person who is certified to use or supervise use of a restricted use pesticide for purposes of producing any agricultural commodity on property owned or rented by him or his employer. EPA has the obligation under the act of prescribing standards for certification of applicators to assure that they are competent in the use and handling of the restricted use pesticides.

The committee heard much testimony highly critical of the manner in which EPA had begun to administer the provision regarding certification of private applicators and the burden and the time-consuming process it would place on farmers to become certified. It was believed that the farmer would be more aware of the dangers of restricted use pesticide if each time he makes a purchase he is given a self-certification form to read and sign. As currently administered in many States the producer is required to read a book and pass a test that deals with many compounds—only a few of which he has any intention of using. The self-certification form would focus on the very pesticide the applicator plans to use.

The committee amendment would eliminate increasing the bureaucracy and redtape needlessly. It should provide substantial dollar savings in the Federal and State levels that would otherwise be involved in conducting training programs for hundreds of thousands of farmers throughout the country. Farmers have a self-interest in the safe and proper use of pesticides. It is their own safety that is at stake. They are responsible people and with the certification form can be relied on to use pesticides in a manner that will protect themselves, their land, and the environment.

Under the committee amendment there is broad authority for the Administrator to assure that the form contains adequate information and affirmation to describe fully the properties and limitations on use of the pesticide. The affirmation could require in detail statements by the applicant to assure that he fully comprehended the information on the form and that he understood that he would be subject to criminal penalties if he falsely certified to the accuracy of the statements. The Administrator could also provide in the statement that the person had never been convicted or otherwise found guilty of making a false affirmation as a condition for being authorized to make use of the form.

The committee amendment also contains provisions designed to refuse entry to any agricultural commodity or product produced in a country or area which permits the use on such commodity or product of pesticides which the Environmental Protection Agency has either refused to register or suspended or canceled because of possible health hazards resulting from residues of the product if, after inspection by the appropriate agency of the government, residues are found in excess of established U.S. tolerances.

Under existing law, the various agencies of the Government having responsibility in this area conduct sampling of agricultural commodities and prohibit entry to any commodity containing excessive residues. The language contained in the committee amendment differs from existing law in requiring the inspection of all lots of any commodity exposed to a pesticide which has been banned in this country or which the Environmental Protection Agency has refused registration because of a possible health hazard.

The final sections of the bill were included to correct other specific problems brought to the committee's attention in the hearings.

Section 9 of the committee bill as reported amends section 18 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, to require the Administrator to consult with the Secretary of Agriculture of the United States and the Governor of any State concerned if they request a determination of the existence of emergency conditions.

This language is intended to increase the coordination between the Department of Agriculture and the Governor of the State involved and the administrator of EPA in determining if emergency conditions do in fact exist which justify a specific exemption from existing pesticide regulations.

Section 10 of the bill as reported is designed to correct a problem in jurisdiction between the Environmental Protection Agency and the Food and Drug Administration. Its provisions are an outgrowth of the testimony before the Committee by representatives of the Animal Health Institute and later testimony before the committee by the Honorable Sam Fine of the Food and Drug Administration.

The last section of the bill as reported by the committee deals with issuance of experimental use permits by the administrator of EPA and is designed to clarify his ability to issue such a permit subject to terms and conditions which he may establish to a public or private agricultural research agency or educational institution. This provision would make clear that the administrator has authority to permit bona fide experiments to be conducted by such organizations on pesticides which have been suspended or canceled.

In summary, H.R. 8841, as amended, is a bill which represents a series of compromises between those who would strip EPA of its authority over pesticides and those who would leave the current situation untouched.

It is a moderate measure. It continues to pay heed to the congressional concern for health and the environment. However, it brings into focus other concerns in the cost-benefit equation. In the final analysis, it leaves untouched the decision-making authority of the administrator of EPA where it currently lies and where it should continue to lie.

It deserves your support. I urge that you join in support of the committee amendment to H.R. 8841.

Mr. BELL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 556]

Addabbo
Alexander
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Aspin
Badillo
Barrett
Bauman
Boggs
Breaux
Breckinridge
Brooks
Broomfield
Burke, Calif.
Burton, John
Burton, Phillip
Carney
Casey
Chisholm
Clancy
Clausen, Don H.
Clay
Conyers
D'Amours
Daniels, N.J.
Danielson
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dingell
Dodd
Downing, Va.
Drinan
du Pont
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fary

Fenwick
Fish
Flowers
Forsythe
Fraser
Gaydos
Gibbons
Ginn
Goldwater
Goodling
Hamilton
Hanley
Harkin
Harrington
Harsha
Hawkins
Hays, Ohio
Hébert
Helstoski
Henderson
Holtzman
Horton
Jones, Ala.
Jordan
Kastenmeier
Koch
Landrum
Lehman
Lott
McCormack
McDonald
McKinney
Macdonald
Madden
Madigan
Maguire
Martin
Mathis
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Mitchell, Md.
Moakley
Morgan
Mottl
Murphy, N.Y.

Patman, Tex.
Patterson, Calif.
Pepper
Peyser
Poage
Quillen
Railsback
Rangel
Rees
Reuss
Riegle
Risenhoover
Rodino
Rooney
Rose
Rosenthal
Rousselot
Ruppe
Satterfield
Scheuer
Schneebeli
Shipley
Sikes
Sisk
Skubitz
Stokes
Stuckey
Talcott
Taylor, Mo.
Thompson
Thornton
Traxler
Udall
Ullman
Vander Jagt
Waxman
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wright
Wydler
Young, Alaska
Young, Ga.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Hungate, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 8841, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 294 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. Foley).

Mr. FOLEY. Mr. Chairman, at this juncture, it seems to me that further attempts to proceed with general debate on this bill would only inconvenience Members without purpose and disrupt the orderly consideration of this legislation.

I think it is clear that the interruptions we have had are not directed against the particular legislation on the floor, but I do not want to unnecessarily complicate either the schedule of this legislation or its proper and orderly consideration; so, Mr. Chairman, at this point, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Washington (Mr. Foley).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 239, noes 66, not voting 129, as follows:

[Roll No. 557]

AYES—239

Abzug
Adams
Albert
Armstrong
Ashbrook
Ashley
AuCoin
Baldus
Baucus
Beard, R.I.
Bell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boland
Bonker
Bowen
Brademas
Brinkley
Brodhead
Brown, Calif.
Broyhill
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Byron
Carr
Carter
Casey
Cederberg
Chappell
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conlan
Corman
Cornell
Cotter
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Devine
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Eilberg
English
Erlenborn
Evans, Colo.

Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Forsythe
Frenzel
Frey
Fuqua
Giaimo
Gilman
Goldwater
Gonzalez
Guyer
Haley
Hall
Hannaford
Harris
Harsha
Hastings
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Ichord
Jacobs
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kastenmeier
Kazen
Ketchum
Keys
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lehman
Lent
Levitas

Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Meyner
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Mink
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Preyer
Price
Pritchard
Randall
Rangel
Rhodes
Richmond
Riegle
Roberts
Roe
Rogers
Roncalio
Rosenthal

Rostenkowski
Roush
Roybal
Russo
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Schulze
Seiberling
Sharp
Shriver
Simon
Smith, Iowa
Smith, Nebr.
Snyder

Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steiger, Ariz.
Stephens
Stratton
Stuckey
Studds
Symington
Teague
Thone
Treen

Tsongas
Van Deerlin
Vander Veen
Vigorito
Waggonner
White
Wiggins
Wirth
Wolff
Wright
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOES—66

Abdnor
Anderson, Calif.
Archer
Bafalis
Beard, Tenn.
Bedell
Biaggi
Biester
Blouin
Brown, Mich.
Brown, Ohio
Buchanan
Burke, Fla.
Burlison, Mo.
Butler
Conable
Conte
Coughlin
Crane
Emery
Findley
Fish

Ford, Tenn.
Fountain
Gradison
Grassley
Green
Gude
Hagedorn
Hammerschmidt
Hansen
Heinz
Jeffords
Jenrette
Johnson, Colo.
Kelly
Kemp
Latta
Litton
Lujan
McDonald
Moore
Moorhead, Calif.

Mosher
Moss
Ottinger
Patman, Tex.
Pressler
Quie
Rees
Regula
Rinaldo
Robinson
Rooney
Runnels
Sarasin
Sebelius
Steelman
Steiger, Wis.
Sullivan
Symms
Taylor, N.C.
Vanik
Wampler
Weaver
Winn

NOT VOTING—129

Addabbo
Alexander
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Aspin
Badillo
Barrett
Bauman
Boggs
Bolling
Breaux
Breckinridge
Brooks
Broomfield
Burton, John
Burton, Phillip
Carney
Chisholm
Clancy
Clausen, Don H.
Conyers
D'Amours
Daniels, N.J.
Dellums
Dent
Derrick
Derwinski
Dickinson
Diggs
Dingell
Downing, Va.
du Pont
Edwards, Ala.
Edwards, Calif.
Esch
Eshleman
Evins, Tenn.
Fary
Fenwick

Flowers
Fraser
Gaydos
Gibbons
Ginn
Goodling
Hamilton
Hanley
Harkin
Harrington
Hawkins
Hays, Ohio
Hébert
Helstoski
Henderson
Horton
Hutchinson
Jordan
Kindness
Koch
Landrum
Lott
McCollister
Macdonald
Madden
Madigan
Maguire
Martin
Mathis
Melcher
Metcalfe
Mezvinsky
Milford
Mills
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Morgan
Mottl
Murphy, N.Y.
Murtha
Nix
Nolan

Pepper
Peyser
Poage
Quillen
Railsback
Reuss
Risenhoover
Rodino
Rose
Rousselot
Ruppe
Ryan
Satterfield
Schneebeli
Shipley
Shuster
Sikes
Sisk
Skubitz
Slack
Stanton, James V.
Stokes
Talcott
Taylor, Mo.
Thompson
Thornton
Traxler
Udall
Ullman
Vander Jagt
Walsh
Waxman
Whalen
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wydler
Wylie
Yates
Yatron
Young, Fla.

So the motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Hungate, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8841) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year, had come to no resolution thereon.

AUTHORIZING CLERK TO RECEIVE MESSAGES FROM THE SENATE AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. McFALL. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

STIFFER PENALTIES FOR PRESIDENTIAL ASSASSINS

The **SPEAKER** pro tempore (Mr. **McFALL**). Under a previous order of the House, the gentleman from Ohio (Mr. **MILLER**) is recognized for 10 minutes.

Mr. **MILLER** of Ohio. Mr. Speaker, I am introducing legislation today that will require the death penalty for Presidential assassins. We have all been shocked by the two recent attempts on the President's life. In my opinion, stronger penalties are needed to create an additional deterrent for any potential assassin. Requiring the death penalty for an assassin will, of course, not eliminate the chance that some unstable individual will kill or attempt to kill the President. What this measure can accomplish is to reduce the number of people who would seriously consider making the attempt. Even if this succeeds in reducing the class of potential assassins by only 10 percent it will protect the life of the President that much more.

Mr. Speaker, I hope that my colleagues will join me in seeing that this legislation is enacted quickly.

THE CONGRESS MUST NOT MISS THE OPPORTUNITY TO REALLY HELP AMERICA GET BACK TO WORK

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. **KEMP**) is recognized for 30 minutes.

Mr. **KEMP**. Mr. Speaker, the Congress must not miss the opportunity to help America's unemployed men and women get back to work.

We will miss this opportunity unless we insist the Committee on Ways and Means address the issue of capital formation more fully and constructively. I dislike being critical of any committee, but the committee has given only 1 day—Tuesday, October 7—on its weeks-long markup agenda to the subject of capital formation.

This is the case, even though all of the major issues of public policy—such as jobs creation and higher real wages, environmental protection, attaining energy self-sufficiency, expanding and improving mass transit systems, raising housing standards, maintaining a credible defense, maintaining the level of social security benefits and the solvency of pension funds, and all other public and private economic goals—directly or ultimately are dependent upon adequate capital.

This is the case, even though public opinion increasingly recognizes the central role of investment capital in creating and in sustaining jobs and supports free enterprise solutions to inflation and recession.

This is the case, even though Government-funded solutions to the recession—most notably public service jobs programs—have failed to turn the economy around sufficiently.

This is the case, even though reliable evidence is brought to our attention every day on the extent of the capital shortage—which is a real one—and on the likelihood that even an economic turnaround will not create all the capital which is needed.

This is the case, even though more and more Members support legislation to adopt the tax reforms needed to accelerate the formation of capital.

A capital crisis—and thereby crisis in all areas of public policy—is not foreordained. It is not an act of God. It does not have to occur, if the makers of public policy—including the Congress and the administration—have sufficient foresight to see accurately the potentially adverse consequences of their actions. A worsened capital crisis—which could in turn cause a worse economic, social, and then political crisis—can still be avoided by enlightened leadership on the committee.

There is no reason why the majority leadership of the committee should persist in arguing that proposals to accelerate capital formation are designed to give special treatment, preferences and incentives to business, when they are designed to remove existing disincentives—some of which are virtually punitive—found in the laws now on the books. This is not favoritism. It is the removal of provisions of law harmful to our economy.

There is no reason why the committee should persist in legislating from the fallacious theory that consumption generates an economic recovery, when history and economic law shows that it is production which creates demand and generates recovery in the only real and lasting way.

There is no reason why the committee should penalize American business for trying to pay dividends to its shareholders—which in turn expand the savings and investments which form the capital pool—and provide jobs for the labor force.

There is no reason why the committee should penalize the American worker by insisting on disincentives to capital formation—which then drive American jobs oversees or which force the sale of American-owned companies here to those foreigners who have the cash and who have laws which do not penalize capital—which are neutral in application, thereby allowing investment capital to seek its safest and highest return potentials. Our laws distort the economy, and we suffer for it. Their laws do not, and they benefit from it. We cannot change their laws, but we can certainly change ours.

Let me say, parenthetically and to this last point, that the removal of incentives to oil and gas exploration—carried into law in the tax law passed earlier this session—has already caused a major influx of foreign dollars in oil and gas exploration in this country in return for a share of ownership and profits. American businesses do not have sufficient funds, so foreign cash has come in to fill the vacuum. Let me also say that the changes in tax policies respecting real estate have had very much the same effect in housing. Planned transactions are already being canceled, and millions in potential revenue to the Treasury had they gone through will now be lost. The intent of the Housing Act of 1974 may be frustrated by what the committee is doing. That will, in turn, probably create more demands for Government housing subsidies. Another consequence has been a major influx of German marks into our economy, buying in on threatened U.S. projects for substantial ownership, which they can do because German law permits a 100-percent writeoff over 3 years time. Again, American businesses and jobs are being needlessly threatened.

If the Committee on Ways and Means continues in the direction in which it has said it is going, our economy will not recover quickly, American jobs will continue to be lost to foreigners, American firms will be sold to foreign interests, tax revenues which could offset record high levels of Federal spending will be foregone—thereby making inflation worse, and the Federal Government's role will continue to expand in our daily lives—at the risk of further jeopardizing our freedoms.

As a Member who is deeply moved by the plight of a jobless worker whose labor cannot be employed because there is no capital to employ it, and by the plight of a family whose needs are growing but whose real income is stagnated by capital investment insufficient to raise the productivity of labor, I am concerned that many Members of Congress believe that their election was a mandate for punitive action toward business.

Capital and labor work together. Any punitive action toward one falls equally on the other. It makes no sense to me to undertake measures which are antilabor in their effects. To punish capital is to decimate labor.

There is a great deal of hard-heartedness in those who deprecate the benefits to labor of more capital. One economics professor was quoted in the September 22, 1975, edition of Business Week as saying that if people do not want to save enough to meet capital requirements, "that's just tough."

It is tough all right, but not on tenured professors. It falls on the heads of the laid-off worker, the college graduate who cannot find a job, the retired person dependent on a pension fund that is dependent on the profitability of large businesses.

Not only is this hard-hearted talk, it is misinformed talk. If people do not want to save enough, it is because their preferences have been biased against saving and in favor of consuming by tax policy. If the committee will remove the tax biases against saving, the American people will save enough to meet our capital needs.

It is more misinformed talk that a reduction in the corporation income tax is a tax break for the "fat cats." Pension funds already own 30 percent of large businesses and will soon own 50 percent. Since the "fat cats" are in a higher personal income tax bracket than the 48-percent corporate tax rate and the retired pensioner is in a lower one, the corporation income tax is the most regressive tax in our system. The corporation income tax places the retired worker who is a beneficiary of a pension fund dependent on corporate earnings in a 50-percent tax bracket.

Yet, there are too many who stand up and say that there can be no reduction in taxes on corporations because that would be "tax breaks for fat cats" at the expense of "the little man." These people are badly misinformed, and many deserving Americans are suffering as a result.

Unless our constituents are all "fat cats"—and they are not—we would do well to learn that 60 percent of the total amount of future pension claims is held by wage earners in the $9,000 to $20,000 bracket. These pension claims comprise their largest asset.

And it is precisely this asset of the little man that Congress is destroying by its policies which cause inflation and reduce capital formation. And it is the same Members advocating these destructive policies who claim to have at heart the interest of the little man.

I am not about to defend some of the loopholes in the tax laws, but we must not forget that every loophole and shelter on the books today is the result of committee action in prior tax reform bills.

I will point out, however, that when we talk about eliminating tax loopholes, we had better know exactly what we are doing. One of the largest loopholes is the deduction for real estate taxes paid and mortgage interest paid by homeowners—the total dollar figure on that far transcends any loophole for millionaires, for this is primarily a middle-class loophole. Another of the largest loopholes is the deduction for State and local taxes paid by taxpayers.

I, for one, have no interest in eliminating those two loopholes, for to do so would put an enormous burden on the taxpayers—especially the middle class.

Instead of calling these items loopholes—with some evil, pernicious connotation—I would prefer to think of them as a recognition that those who earn their wages—the taxpayers—ought to be able to keep more of what is their own hard-earned income, rather than having to fork it over to the Federal Treasury. Government should not have a claim being on all your income, with whatever it decides to leave with us—our take-home pay—being considered to be through the largess of government. We should look at it from the perspective that all of it is ours, and that what we give to government is by our consent through the democratic process. That is a great part of what the American Revolution was about.

There is also no guarantee that the revenue gains the committee anticipates will materialize. It is easy to predict revenue gains when the only change introduced into the calculation is higher effective tax rates. But when the adverse effects of the tax changes on the general level of economic activity in the sectors affected are taken into account, the net result may well be no revenue gains and even revenue declines. The committee looks at a chart, for example, showing a certain credit, or exclusion, or deduction means the Treasury does not receive, for example, $500 million. It then votes to close up that loophole and chalks up a $500 million gain to the Treasury. That is not how economic behavior occurs. To the contrary, that change in law may so detrimentally affect business transactions, that an entire segment of the economy goes into decline. Sales contemplated are canceled. Plants which were to be built do not go up. The consequence? The loss of billions to the Treasury.

The committee's priorities should be established by the serious economic problems which the country faces and by a reality as to what economic consequences are likely to flow from their actions.

In case any Member has been lulled by false assurances of sufficient capital, let me present some important facts.

To maintain through 1985 the postwar rate of increase in employment and real wages, with no change in the rate of capital depreciation, requires $2.37 trillion—in constant 1974 dollars—to be added to total capital expenditures by private businesses.

To this figure must be added the capital expenditures necessary to satisfy government mandated environmental and safety standards, and public housing, energy, and mass transit goals.

A distinctive feature of much of the Government-mandated capital expenditures is that they generate no return on the capital investment. The total fixed cost of the business increases, but the productivity of the Government-mandated capital expenditures takes the form of cleaner air and water which—although certainly worthwhile and the fulfillment of an important goal—the firm cannot capture in the price of its product. Since consumers do not see cleaner air and water as an improvement in the quality of the firm's product they are buying, the firm cannot earn a rate of return on its capital expenditures to improve air and water. The firm's rate of return on total fixed investment declines—that is, the firm's profitability declines.

In addition, the firm's costs go up the amount of the capital expenditures necessary to meet the Government-mandated requirements. The increased cost is not matched by any increase in the value of the firm's product to the consumers, so the quantity of units sold falls. As every economist knows, the higher the price, the less the quantity demanded. Economists are so certain of this relationship that they call it the law of demand. The fall in the rate of return to the firm's investment and the rise in the cost of producing its product, mean that the firm cannot finance the Government-mandated capital expenditures out of revenues or profits. The firm, then can finance the Government-mandated capital expenditures only out of capital the firm would otherwise have used to produce the goods and services people buy.

On the basis of very conservative assumptions, the Government-mandated capital expenditures will total $1.06 trillion through 1985.

Next we must compute the contribution Government deficits make to the capital shortfall. In real terms, Government deficits must be financed out of private savings. The Government cannot purchase through deficit expenditures any real goods and services unless the private sector releases them by not purchasing them, that is, by saving. If we make the conservative, optimistic assumption that Government deficits will not exceed $10 billion per year through 1985, this adds another $110 billion claim on savings.

To meet the capital needs and finance the Government's deficits, total private savings through 1985 will have to aggregate $3.54 trillion in constant 1974 dollars. This assumes no inflation. If we make the optimistic assumption that Congress spending proclivities will only inflict a 5-percent inflation rate on the people, the saving necessary to meet the capital requirements increases to $4.9 trillion.

If we are fortunate enough to have the gross private saving rate continue over the next decade at the postwar average rate of 15.7 percent, an inflation rate of only 5 percent per year, and deficits of only $10 billion per year, we will have a cumulative capital shortage of $575 billion.

I want to emphasize that if there is anything irresponsible about this figure, it is because it is an understatement based on optimistic assumptions. Hysteria is in the eye of the beholder. To me it is hysteria to be concerned with shelters and loopholes that let 24 millionaires escape taxes when the Nation faces a minimum capital shortage of $575 billion. That sum will certainly not be raised by curbing tax shelters and closing tax loopholes.

To close the gap between saving and capital requirements requires that the private saving rate increase by 2 percent, at a minimum, to 17.75 percent of GNP. At no time in the postwar years has the saving rate reached this figure. Only major changes in the tax system that will reduce the disincentives to save can produce the required increase in the saving necessary to meet our capital needs.

There is a disincentive to save in our economy because there is a tax bias against saving in our tax system. As a result the tax on the portion of income saved is at a higher effective rate than on the portion of income used for current consumption. The bias results because no deduction is allowed for the initial saving or the return to saving. Let me illustrate the tax bias against saving in the following example.

In the absence of a tax, $1,000 of current income might be used to buy a given amount of consumption goods or a 5-percent bond paying $50 a year. The cost of $1,000 of current consumption is the foregone alternative of $50 of additional income in each future year. In the same way, the cost of $50 of additional income in each future year may be expressed as $1,000 of foregone current consumption.

If an income tax is now imposed at, for the ease of example, 50 percent, and there is no deduction for the amount currently saved or the return to saving, the effect of the tax will be to double the cost of future income relative to the cost of current consumption. Once the tax is imposed, it takes $2,000 of pretax income to be left with enough money to buy the $1,000 of consumption goods. The tax, then, doubled the cost of consumption in terms of the amount of current pretax income required for the given amount of consumption goods.

But once the tax is imposed, $50 per year of additional income from the bond purchase requires $100 of pretax interest. At the same rate of interest this requires two $1,000 bonds or savings of $2,000, but in order to save $2,000 there must be $4,000 of pretax income. Thus, the tax quadrupled the cost of saving in terms of the amount of current pretax income required to buy the same amount of future after-tax income.

Looked at from another point of view, if prior to the imposition of the tax the person was trying to decide between buying an additional $1,000 of consumption goods or a 5-percent bond, to remain confronted with the same choice after the tax is imposed requires the interest rate to increase from 5 to 10 percent. Thus, the tax doubled the rate of interest which must be earned if the person is to continue to regard the investment choice as an alternative to the choice of more current consumption.

Tax incentives to encourage saving, hence investment, are opposed by some on the basis of arguments that do not relate to their economic effect, but which are grounded in what they allege to be violations of equity. But there is no equity in the absence of neutrality. The existing tax biases against saving violate neutrality and equity. A neutral tax system is one which least biases the choice between saving and consuming.

In the context of tax neutrality, a liberalization of existing capital recovery allowances, a tax deduction for households for savings from current income, a reduction of the income tax rate graduation, elimination of the double taxation of dividends, elimination of capital gains and losses from the tax base, and a reduction in the maximum estate and gift tax rates, would not create loopholes that distort the tax structure, but would be measures to remove existing distortions and thereby achieve neutral tax treatment of private saving and investment.

Many of the existing tax biases against saving and investment developed 30 or 40 years ago under the influence of the long depression, which provided a rationale for taxation based on the mistaken Keynesian belief that there was a tendency in modern economies to have an excess of savings. Many features of current tax policy exist as relics of this old fallacy. To save ourselves from being victimized by a tax code that embodies an ancient fallacy, the social importance of minimizing the tax discouragement to saving and investment must receive wide recognition.

As I indicated a moment ago, we cannot succumb to glib reassurances that if savings are inadequate to meet capital needs, the market rate of interest will rise and induce more savings. This glibness falls to pieces in the face of Government-mandated capital requirements. The private market cannot raise capital to meet unprofitable Government-mandated expenditures unless the savings pool increases sufficiently in size to drop the average cost of capital to the firm. Only changes in tax policy to reduce the tax bias against saving can increase the savings pool.

An important measure to make these changes in tax policy has been introduced. It is the Jobs Creation Act. And, it is cosponsored by nearly 90 Members of the House, and is being introduced in the next few days in the Senate.

This legislation contains tax reforms which would remove present disincentives to—or biases against—the formation of the investment capital needed to create jobs and boost productivity.

The bill will be reintroduced in slightly amended form on Thursday, October 2, with additional cosponsors.

The new bill will—

Inflationproof various aspects of individual and corporate income taxes;

Provide tax credits for increases in qualified savings and investments;

Enlarge the scope and dollar amount for individual retirement accounts—IRA's;

Exclude from gross income the dividends received from domestic corporations;

Exclude the first $1,000 of capital gains, to draw smaller money earners into investments;

Extend the time for payment of estate tax where the estate consists largely of interest in closely held—small family—businesses;

Help preserve family farming operations;

Reduce the normal corporate tax from 22 to 20 percent on a permanent basis;

Reduce the corporate surtax from 26 to 22 percent on a permanent basis;

Increase the investment tax credit to 15 percent and make it permanent at that level;

Increase the ADR range from 20 to 40;

Provide for a new alternative system of capital recovery allowances;

Provide for a 1-year write-off of mandated pollution control facilities.

I urge Members to join with us in this momentous effort to help restore the economy without further reliances on Federal grant and loan programs.

We already have nearly 90 cosponsors, and when this many Members actually sponsor legislation, everyone knows there are many, many more that would support it and vote for it, if it reached the floor.

Those interested in joining with me in this reintroduction on October 2 should contact me at their earliest convenience and should also make their views known immediately to the committee.

The Congress cannot let meaningful tax reform be stymied. The central challenge which we face is to insure that the rate of saving and investment will be adequate to meet the present and future capital requirements of our economy.

CONCURRENT RESOLUTION CALLING FOR THE EXPULSION OF BYELORUSSIA AND THE UKRAINE FROM THE UNITED NATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. BURKE) is recognized for 15 minutes.

Mr. BURKE of Florida. Mr. Speaker, in past years I have tried to secure passage of a sense of Congress resolution urging the expulsion of Byelorussia and the Ukraine from the United Nations. During the first sessions of the 92d and 93d Congresses, I introduced such resolutions, the first with considerable bipartisan cosponsorship, but for various reasons neither of them was passed.

The 1971 resolution was especially timely in view of the flagrant hypocrisy of the U.N. General Assembly in expelling Nationalist China, one of the U.N.'s founding member states, while welcoming Communist China, an aggressor nation under the U.N. Charter, to full membership despite the brutal record of Communist China as a perpetrator of the most barbarous atrocities imaginable both in Tibet and within her own borders, to say nothing of the savagery with which the Communist Chinese treated American prisoners of war during the Korean conflict.

Mr. Speaker, it may interest my colleagues that reliable estimates of the number of people killed during the communization of Mainland China range from 34 million to a possible 64 million, while since 1950 it is estimated that some 300,000 of Tibet's 1,300,000 people have been murdered by the Chinese Communists in a campaign that has been officially characterized as genocide by the prestigious International Commission of Jurists.

Recently there was controversy when the United States exercised the veto power to exclude North and South Vietnam from U.N. membership, but it must be remembered that we did this solely because the Communists tried to block the admission of South Korea. We were simply trying to maintain equity as to membership, something the Communist block certainly cannot be accused of doing.

Today, I am again reintroducing my original proposal in the hope that this Congress—and this should have been accomplished years ago—can bring meaningful pressure to bear on responsible executive branch officials to work for the removal of Byelorussia and the Ukraine from the United Nations instead of appeasing the Soviet Union in the name of statesmanship.

Neither Byelorussia nor the Ukraine under international law can be said to be a nation-state. Neither has, since the revolution of 1917, had any of the attributes of sovereignty and independence that are the criteria of nation-states for U.N. membership. Neither has carried on its own international relations, independently of the Soviet Union. Why? Simply because neither is permitted to do so, because both are, and have been since the Russian revolution and the time of Lenin, merely subdivisions of the Union of Soviet Socialist Republics, incorporated into the U.S.S.R. at a truly horrendous cost in human life.

Byelorussia was in fact one of the first victims of aggression by Moscow in its drive to create a Russian Communist empire. An effort begun in December 1917 soon after the Russian Revolution led on December 10, 1918, to the takeover of Minsk, the capital of Byelorussia, by the Russian Red Army. It is significant that the Communist apparatus during the early period of revolution in Byelorussia was almost entirely unrelated to the indigenous population. It began as a band of people principally from the non-Byelorussian urban proletariat spurred on by agitators sent in from Russia and was officially known as the northwest branch of the Russian Communist Party. The designation "Communist Party of Byelorussia" did not come until the end of 1918, and even then the primary leadership of the Party was not Byelorussian.

To incorporate Byelorussia into the U.S.S.R., the Russians systematically liquidated Byelorussian culture and replaced it with specifically Russian culture. But more tragically, the Russians annihilated vast numbers of native Byelorussians. The House Select Committee on Communist Aggression reported in 1954 that "Moscow's campaign was launched in 1928, and gradually increasing in force became an open terror." There were mass arrests, show trials, and wholsale executions. One former teacher in Byelorussia personally helped uncover mass graves in which bodies were buried four deep. Collectivization in Byelorussia during 1929–31 probably cost more than 1.5 million lives, with many millions more lost during the entire period of Russian Communist rule.

As the select committee summarized it:

> In reality, from the first days of the existence of the B.S.S.R. [Byelorussian Soviet Socialist Republic] to the present time, the entire Government of this Republic has rested in the hands of the Russian Communist Party and to the last detail of public life has been controlled and directed by Moscow. Its application to the Byelorussian people has depended almost exclusively on the international position and internal situation of Soviet Russia. * * *

Perhaps the outstanding example among all the 15 "republics" of the U.S.S.R. is the Ukraine, in which an estimated 5 to 8 million people were killed under Russian Communist direction during the collectivization of agriculture. Possibly the best known of all Russian Communist atrocities, the starvation of the Ukrainian villages to break peasant opposition to collective farms was a policy decided upon by Stalin himself. People talk of the "efficiency" with which the Nazis carried out their extermination programs, but the Russian Communists were just as efficient in starving the Ukrainian peasantry. In the words of the select committee, this genocidal policy "was carefully planned and worked out in the greatest detail."

Another example of Ukrainian "independence" was the massacre by the Soviets of an estimated 10,000 people during 1937 and 1938 in the Vinnitsa region. The chilling fact is that this was only 1 of 19 similar episodes of Soviet Russian terror carried out in various regions of the Ukraine during the same period. The 10,000 were buried in mass graves in typical Communist fashion, just as were the 15,000 Polish officers butchered by the Soviets in the Katyn Forest massacre during World War II. It has been estimated that in the Ukraine as a whole, more than 200,000 people were executed in a single year simply because they balked at accepting Soviet Communist rule. One witness before the Select Committee on Communist Aggression "testified to 5,000 executions in 3 days, including 400 high school children averaging 14 years of age."

Independence? Sovereignty? I hardly think so, and I do not believe for one moment that any other rational person would think so, either.

It has been so long since the founding of the United Nations that many people may not realize just why membership is held by two nonexistent "states" like Byelorussia and the Ukraine. One might well ask how the U.N. came to include two so-called countries whose sole function was clearly to weight the voting strength of the Soviet Union in the General Assembly.

It is very simple.

At the close of World War II, Josef Stalin proposed the admission of the U.S.S.R. and each of its constituent "republics" to full membership in the United Nations. This was so outrageous that even President Roosevelt felt obliged not to go along with it, so Stalin, always cagey and fully capable of taking the measure of the opposition, scaled down his demand to include only Byelorussia and the Ukraine. It worked, of course, given the almost frantic desire to placate our supposedly noble wartime ally, and Stalin entered the U.N. with three votes to our one.

It is a nice irony of history that when Nationalist China was expelled from the General Assembly in 1971, both Byelorussia and the Ukraine dutifully cast their votes in favor of expulsion. What a spectacle: one of the founding sovereign states of the United Nations being expelled from membership, to the delight of the Communists and assorted anti-American "third world" entities, with two Soviet puppet nonstates gleefully acting according to Soviet dictates by casting their votes in favor of expulsion. It is like Alice in Wonderland.

Mr. Speaker, we should correct this gross inequity in the U.N., and we should do so without further delay. We are constantly reminded that the U.N. is supposed to represent as many nations of the world as possible. Fair enough, but this is not by any stretch of the imagination the same as saying that the U.N. is supposed to represent as many integral parts of these nations, mere administrative units, on a fraudulently "independent" basis as possible.

No sane person would, I assume, argue that California, Florida, or New York should be allowed independent membership in the United Nations. They are constituent parts of one nation. Similarly, Byelorussia and the Ukraine, despite their historic sense of identity and fierce nationalism, are not entitled to independent membership in the United Nations. They have been transformed into constituent parts of one vast slave state created from the blood of countless millions of murdered people who believed in their independence and who lost their lives because of that basic belief that we take for granted.

Mr. Speaker, I ask for the active support of my colleagues from both sides of the aisle and all parts of the ideological spectrum in securing passage of this House concurrent resolution. I hope we have all seen enough of the realities of international power and what the Communists called the "relationship of forces" within the United Nations to realize that this resolution embodies a fundamental principle to which we should reaffirm our adherence.

REPRESENTATIVES KOCH AND EARLY REPORT ON THEIR VISIT TO THE MIDEAST

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Koch) is recognized for 15 minutes.

Mr. **KOCH**. Mr. Speaker, our colleagues David R. Obey and Joseph D. Early, and I—all members of the Foreign Operations Subcommittee of the Appropriations Committee—visited the Mideast on a trip which began on August 21 and ended on August 30. The first 2 days of that trip were spent in Portugal and we already have reported on our observations in that country. The balance of our time was spent in four countries: Egypt, Syria, Jordan, and Israel.

It was our purpose to obtain first hand insight into the political situation in that area and be in a position to adequately appraise administration requests for economic and military support to any of those countries.

We are submitting the following as part of our report to the Foreign Operations Subcommittee, but we think it may also be of interest to our colleagues. The report is the product of the notes we took during our conversations with various people.

We reached the Middle East on August 23. In three of the countries, the exception being Syria, we met with the President, the King, and the Prime Minister. Unfortunately, in Syria, President Hafez-Al-Assad was conducting a state visit with the President of Yemen, Al-Hamdi, and did not see us. But, in Syria, we talked with other government and non-government persons to get the views of the Syrians.

The report follows:

THE REPORT

EGYPT

We were very impressed with the candor and position espoused by President Anwar Sadat. His single most important statement to us which reflected a change in the Arab point of view was his assertion that "the major change (in Arab thinking) relates to an acceptance of Israel as a state with which we must live." He added "the basic responsibility of Egypt is to come out with a creative move which Syria and Jordan can follow—Egypt is the older brother." Significantly President Sadat also said that he would not join Syria if Syria attacked Israel but would if Israel attacked Syria and then went on to say "Syria cannot attack without Egypt and if they did they would be liquidated within 48 hours. The Russians wouldn't let them attack. They (the Russians) don't want a confrontation with the United States." He also said, "I will be giving a one year mandate (to a renewal of the UN forces) not 6 months and one year thereafter to October 1977." He went on to say, "I will be asking in the summer of 1977 that you start your efforts again."

Our question when we left President Sadat was how much of what he said was rhetoric and how much was meaningful. Was he the most successful con man since Barnum or the genuine article? We concluded that he is genuine in his desire to move toward ultimate total peace with Israel and should be encouraged by the United States.

We should like to note our feeling that United States Ambassador Hermann Eiltz struck us as an exceptional individual with great insight and ability to analyze the situation superbly.

SYRIA

Our visit in Syria was not reassuring. We were told by our Ambassador Richard W. Murphy that President Assad could not see us. The Ambassador arranged a meeting with Dr. Mohammed Al-Imadi, Minister of Economics and Foreign Trade at his office and dinner with leading government and civic figures at the Ambassador's home.

We regret to report that the conversations that we had with the various persons involved left us with the impression that Syria does not accept the existence of the State of Israel. We also regret to report that Ambassador Murphy when asked whether he had ever visited any of the synagogues in Damascus to indicate United States concern for the plight of the Syrian Jewish community, said that were he to do that it would be "grounds for Syria demanding his recall." The Ambassador also said that President Assad has promised immunity to any Syrian Jew who had immigrated to America and returns as a tourist for the purposes of visiting with relatives. We made the point in our conversations with Syrian officials that without commenting on the validity of any of the allegations made concerning alleged brutality vis-a-vis the Syrian Jewish community by the Syrian government, it would be in the interest of the Syrian government in courting world opinion to allow those Syrian Jews wishing to emigrate to do so. That proposal did not meet with favor.

JORDAN

Our next stopover was Jordan which we entered on August 26th. We met with Crown Prince Hassan, youngest brother of King Hussein, Mr. Rifai Tal the Prime Minister of Jordan and King Hussein. King Hussein complained bitterly of the then protracted negotiations that he was having in the purchase of Hawk missiles. It was clear from the conversation that we had with the Prime Minister and the King that of all those we had met, they were the most tractable from the point of view of being willing to enter into a total peace agreement with Israel now. That of course has to be viewed knowing that Jordan has the least to negotiate with. Indeed, as a result of the Rabat Conference, Jordan has been stopped by the other Arab countries from even negotiating with Israel on the fate of the West Bank and Gaza. The King commented on the pending Egypt-Israel agreement saying, "The feeling is that Egypt has come further than a military agreement and it (the agreement) includes a political agreement."

Later in discussing the pending Israel-Egypt agreement with United States Ambassador Thomas R. Pickering, and the objections that might be raised against the use of American technicians, the Ambassador stated that there are already American technicians in the Golan and we have, he said, technicians in the Arab oil fields. One of the reasons offered against using American technicians as prescribed in the Egypt-Israel Agreement is the danger posed by terrorists. The Ambassador answered this criticism by saying "terrorists would much prefer killing an American Ambassador rather than American technicians." We responded, "we hope that Members of Congress in this particular area are not equated with Ambassadors." We left Jordan by going to Israel directly over the Allenby Bridge also known as the King Hussein bridge.

ISRAEL

In Israel on August 27 we met with Arnon Gafni, Minister of Finance who described Israel's economic condition. He said that Israel's deficit is $3.5 billion and is expected to be $4 billion next year. Prior to the 1973 war, it was $1 billion. The increase is the result of oil costs, inflation, and defense costs. The Israelis have attempted to cope with this problem through internal restraints so that every three months since 1973 there have been tax increases, subsidies cancellations, budget reductions and compulsary loan impositions. Minister Gafni pointed out that the original military assistance request of the United States was $1.8 billion, and that had been increased as a result of inflation to $2.2 billion. We asked how long budgetary assistance to Israel would be needed. His response was "apart from defense, our deficit goes down each year. We have a tough economic policy. If we were to have peace, we could manage. We have an $800 million civil deficit annually and that could be substantially reduced in six or seven years."

On that afternoon we met with Prime Minister Yitzak Rabin. He gave us the following history. In 1956 the Straits of Tiran were closed and Israel went to war with Egypt. As a result of American and Russian pressure, the Israelis retreated from the Suez Canal and went back to the international borders. They had received a letter from President Eisenhower guaranteeing access for their shipping through the Suez Canal and the Straits of Tiran. In 1967, Egypt expelled the United Nations force and declared a blockade against Israel. President Johnson tried to arrange an international conference to protect international shipping but no country would help. The Jordanians shelled Jerusalem in 1967. The PLO and Yasir Arafat have pressed for the expulsion of Jews who came after 1917.

Rabin put it this way, "Arafat wants to make peace with an Israel that doesn't exist." His goal is first a Palestine state on the West Bank and Gaza and then to include all of Israel. Arafat has what he calls a practical plan which includes the West Bank and Gaza and then a vision to which he is committed which is the Palestine covenant (the destruction of the State of Israel)." Prime Minister Rabin said, "Israel will not negotiate with the PLO which denies Israel's right to exist." The Prime Minister also said, "for the Arabs the word peace means an end to the state of war. To Israel, peace means normalizing relations." He went on, "we have to have defensible borders. The 1967 borders were not." And, "the future of the West Bank must be decided between Jordan and Israel." And finally, "the purpose of an interim agreement is to begin to get a change of attitude. Without Egypt there will be no war. Without Egypt taking the first step, there will be no peace."

One final moving statement to us as Americans, came from Defense Minister Perez with whom we subsequently met. He said, "we want to thank you (the United States) no matter what you do. We may argue and disagree but we don't have the right to forget."

CONCLUSION

We believe that we are now at an historic moment with respect to the Mid-East and what happens there. The two most important belligerants, Egypt and Israel, with the assistance of the United States have negotiated an interim agreement which provides a three year period within which those parties can use their creative energies to achieve a final settlement. That settlement must provide secure and defensible borders for Israel; Arab sovereignty over the West Bank and Gaza leaving the form of that government to be determined by the residents in those areas; providing for secure and defensible borders for Israel; United States economic assistance to all of the nations involved provided that they accept each others right to exist and engage in bonafide efforts to achieve a full and lasting peace; and to make certain that Israel's military capability is maintained so as to place her in a position to defend against all Arab efforts to destroy her, and deter such attempts on their part.

We see in the conflict taking place, the following perceptions on the part of the participants. On the one hand Arab nations perceive Israel as an aggressor bent on expanding its borders. Israel on the other hand sees the Arab states intent on its destruction. Fact and fantasy are interwoven and the United States' constructive role to date has been to separate the fact from the fantasy and to seek to insure that the Arab states will not be the victims of Israeli aggression, and provide Israel with the assurances that it needs to accept and premise that it is safe to withdraw to secure and defensible borders, and not thereby bring Arab aggressor nations closer to their cities from which to launch their drive to destroy it.

We think that the interim settlement between Egypt and Israel is an excellent beginning on that path. We want to commend Secretary of State Kissinger for the role that he played in bringing the parties together. We support the United States' efforts in bringing about this accord.

Respectfully,

EDWARD I. KOCH.
JOSEPH D. EARLY.

SPEAKER ALBERT, MAJORITY LEADER O'NEILL, MAJORITY WHIP McFALL, CHAIRMEN STAGGERS AND DINGELL REPORT ON CONGRESSIONAL ENERGY PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, the 94th Congress has been working hard to develop a program to meet the Nation's needs for energy.

Earlier today, September 26, 1975, leaders of the House of Representatives—Speaker ALBERT; Majority Leader O'NEILL; House Interstate and Foreign Commerce Committee Chairman STAGGERS; and Energy and Power Subcommittee Chairman DINGELL—held a news conference at which they reported on the Energy Conservation and Oil Policy of 1975, which the House passed this week, as well as on other legislative measures the House has approved in the shaping by Congress of an effective energy program.

I believe that Members of the House will read with great interest the statements that were made on this subject today as well as a summary of S. 622, the Energy Conservation and Oil Policy Act, and a summary, prepared by the distinguished majority whip, the Honorable JOHN J. McFALL, of "Energy Legislation in the 93d and 94th Congress."

Mr. Speaker, I insert the materials to which I have referred at this point in the RECORD:

Energy Conservation and Oil Policy Act H.R. 7014

(Statement by Speaker CARL ALBERT)

I am pleased that the House has acted to complete yet another phase of the Congressional solution to the very complex and difficult energy problem by passing the Energy Conservation and Oil Policy Act of 1975.

Chairman Staggers, Chairman Dingell and all the members of their Committees deserve the thanks of every American for their hard work in developing this energy bill. The House passed this legislation after long and concentrated debate in an effort to balance the many varied views involved, and it provides a good vehicle for consultation with the Senate.

This measure, together with other legislation passed by the House in the last several months, constitutes a comprehensive program designed to conserve energy use, provide adequate supplies, and encourage technological innovation. The House has a significant energy research and development authorization bill providing more funds than the Administration requested. We have passed important legislation from the Ways and Means Committee reducing dependence on unstable foreign sources and encouraging solar and other energy supply innovations. We have funded development of an efficient electric vehicle; provided funds for insulation of homes; and opened the naval petroleum reserves for exploration. And, we have a special committee working on the problems of obtaining oil and gas from the outer-continental shelf.

In short, the House has continued its effective work to assure the American people of adequate supplies of energy at prices they can afford. Chairman Staggers, Chairman Dingell and their Committee have contributed greatly to this effort.

Remarks of Majority Leader Thomas P. O'Neill, Jr., Sept. 26, 1975

Congress is putting this issue squarely up to the President.

We are coming to him with the most comprehensive and far reaching energy bill ever passed by Congress. This bill protects the interests of the people; it promotes economic recovery; and it establishes a comprehensive oil policy for this nation.

The President has been giving us a lot of talk about energy.

But all he has done is veto energy bills. Three of his ten vetoes this year have been energy bills. He has already vetoed price controls twice.

The President wants high energy prices. The Congress wants reasonable prices for the people and a fair profit for the producer.

The President wants rich man's rationing. The Congress wants a fair share of energy for everyone.

The President's plan would fire up inflation and bring on recession and unemployment. The Congress wants to promote recovery and put people back to work.

This bill lays it on the line. Either the President is for the people and he signs the bill, or he's for big oil and big business and he slaps on another veto. The choice is very clear.

If he vetoes oil price controls for the third time, the oil companies will take it for what it is—a green light to go sky high on energy prices—everything the traffic will bear.

The President's action on this bill will show us where he really stands on energy.

Excerpts From Remarks by Majority Leader Thomas P. "Tip" O'Neill Made During the Press Briefing on Energy (H.R. 7014), September 26, 1975

The Congress has acted on H.R. 7014 which protects the interests of the people, promotes economic recovery and establishes comprehensive oil policy for this nation.

We've previously passed 3 bills which the President vetoed this year. The President's plan we believe would fire up inflation and bring on recession and unemployment. He has made a statement already that he is not in agreement with this plan but this bill really lays it on the line as to what is in the best interests of the American people. I wish that he would take another look at the energy crisis in America other than continuing to follow the line of big oil.

This isn't a Democratic bill, this isn't a Republican bill, this is an American piece of legislation. It will satisfy in my opinion and be accepted by the House and the Senate and will be sent down to the President of the United States for his signature or his veto. I have been bitterly opposed to the President's plan. I hope that he can see a light. I hope that he just doesn't follow the rigid policy that he has been following but will accept the will of the majority of the Congress and sign this legislation. I think it is in the best interests of the country.

If the President does not sign this bill he will have to suffer the consequences of decontrol—76¢ gas next year and 80¢ gas later on down the line. It's going to be on the shoulders of the President of the United States.

Energy was one of the issues in New Hampshire and the people of that area have said loudly and clearly that they don't want the President's plan which would substantially increase the price of gasoline and home heating oil.

I think there was a reaction in the Congress of the United States the other day on the Brown amendment. Any other year the Brown amendment (to strike all pricing provisions from the bill) would have been very close in the House. It lost by ninety votes. There is no question that the President's position of lowering consumption of oil and gas by higher prices is not accepted by the American people.

At the White House yesterday, I said, "Mr. President you follow a hard line; you only follow the line of Frank Zarb. Why don't you give the conferees an opportunity to sit down with you and hear the other side of the story. You know we have experts on our side. You've only been listening to experts on your side." I think it would be in the best interest of the President to sit down with the conferees and discuss this bill. There is no way that we can justify the high prices he wants for oil.

Remarks of Chairman Harley O. Staggers, Chairman, Interstate and Foreign Commerce Committee, September 26, 1975

I would like to sound a note of optimism concerning the upcoming conference with the Senate on H.R. 7014, and the Senate companion bill, S. 622. It is my belief that a truly comprehensive national energy program will evolve from our deliberations. It will be a program which balances energy policy against this nation's economic goals. As our deliberations have demonstrated, the two are inextricably linked and must be considered together.

Certainly oil pricing policy will be the most difficult matter to confront the conferees. Clearly, an abrupt removal of price controls as was originally proposed by the President would greatly damage chances for economic recovery. The Administration has now abandoned this approach in favor of a phased program for price increases. I suggest that the Administration has backed down not merely in an attempt to compromise with the Congress but because they have finally realized that the original policy involved intolerable economic and social consequences.

It is ironic that the Administration has repeatedly urged the Congress to remove price controls as a means of reducing this nation's vulnerability to the OPEC nations. But by removing price controls the Administration would subject our entire economy to the whim and caprice of the OPEC pricing cartel. The Administration's cure is worse than the disease of import dependency.

The Committee and the House have worked very hard to define an agreed upon Congressional policy. This effort will ultimately involve an attempt to meld sharply differing views of 435 elected Representatives and 100 Senators. The decision-making process in which we are engaged is infinitely more difficult—and less efficient—than that available to a President. He has only himself to convince of the wisdom of a particular course of action.

Yet, the Constitution wisely entrusted the law-making power of this country to the legislative branch—not to the Executive. Energy policy decisions by their very nature have important social, economic and regional implications. It is of fundamental importance, therefore, that national energy policy issues be developed in the context of the legislative processes by the elected Representatives of the people. In this regard, I want to emphasize that our task will be to work out a Congressionally defined policy. We hope, of course, it will be one that the President can and will accede to. But it should be kept in mind that we are conferring with the Senate not with the President.

I would hope that the President will abandon his policy of using the veto as a means of expressing disagreement with the policies of the Congress. The veto should not be used merely to cast a negative vote as if the President were still the Minority Leader of the House. He now has overriding responsibilities to the people of this country to assure that a national energy program will be enacted. Undoubtedly, any final conference agreement will not satisfy his every desire, but I doubt that it will reflect entirely my point of view, nor will it likely reflect entirely the point of view of any single member of this Congress.

Remarks of Honorable John D. Dingell, Chairman, Subcommittee on Energy and Power, September 26

This morning I feel a sense of accomplishment in having finally secured House passage of H.R. 7014. As I have stated on several occasions, I am not personally satisfied with every aspect of this legislation but I do believe it to be a comprehensive product which provides a vehicle for the development of a congressional energy policy which is responsive to the needs of this nation.

When we began this task seven months ago there was a great deal of pressure on the Congress for instant decision-making. Efforts were made to stampede my subcommittee and the House in general to do the impossible. The legislative process simply does not permit instantaneous action on matters of great controversy such as energy policy—nor should it. I believe that every member of the press who has witnessed our deliberations will agree that the Committee has worked with great diligence. We have been in almost continuous session since February.

As we approach a conference with the Senate I can assure you that I intend to devote my full capacities to the task of reaching agreement on a congressional energy program at the earliest possible date.

I might note parenthetically that the subcommittee is simultaneously engaged in an effort to develop a legislative response to the emergency natural gas supply situation which confronts this nation in the coming winter. And it is my hope that legislation of an emergency character can be developed on this front, as well, in the next thirty days.

As those who have followed H.R. 7014 from the beginning know full well, there are deep divisions among Members of the Congress on energy policy issues. The views of the majority in the Congress and the Executive reflect differing (and sometimes polar) convictions on energy policy issues. But our goals are the same: to manage energy demand while additions to supply are obtained and to reduce dependency upon insecure imports. I am confident that the Congress and the President can and will work together to find a compromise program designed to meet these objectives. I believe the American people are tired of confrontation and rightly expect and demand cooperation.

In this regard I note with some optimism that the President has agreed to an extension of the price and allocation controls contained in the Emergency Petroleum Allocation Act of 1973. It is hoped that that signals abandonment of an Administration policy of economic brinksmanship and that a realistic opportunity for compromise is at hand.

I have for distribution today a summary of the bill as it passed the House. I will not attempt here to review its terms in any great detail. But I will be pleased to respond to any questions which you may have.

Remarks of Majority Whip John J. McFall September 26, 1975

The overwhelming 255–148 House vote for the Energy Conservation and Oil Policy Act this week has moved us a long way toward a solution to our energy problems.

Just two days after the House vote, the President has belatedly agreed to the reimposition of oil price controls, retroactive to September 1 and extending to November 15.

The message is clear. The American people support the approach of the Congress which is to flatly reject the President's plan to force crushing oil price increases on the people.

Now the House and Senate bills go to conference and we are hopeful that a responsible compromise measure will be ready for House and Senate consideration well before November 15.

It will then be time for the President to sign the measure and end his efforts to rule by veto.

A veto, if not overridden, would mean no control on fuel prices. The Congressional Budget Office projects these economic consequences:

A seven-cent a gallon increase in the cost of gasoline by the second quarter of next year.

An increase of nearly four per cent in the wholesale price index by the end of 1977.

An increase in unemployment of 450,000 by the end of next year and 600,000 more by the end of 1977.

A loss of more than $12 billion in Gross National Product (in constant dollars) next year and more than $17 billion in 1977.

Projections by the Joint Economic Committee are equally gloomy. The committee's analysis says the reverberations of uncontrolled and rising fuel prices could again bring double-digit inflation.

Gasoline prices could rise to as high as 70 cents or more a gallon over the next several years and diesel prices paid by truckers could be pushed up to nearly 50 cents per gallon, increasing the cost of agricultural production, which would translate into higher food prices.

The JEC cites econometric studies concluding that uncontrolled oil prices could boost the energy and energy-related costs of the average American family of four by $400 to $800 over the next year.

I urge the President to heed the message in those statistics. I urge him to heed the voice of the people, the Congress and leading economists and sign this important energy bill into law.

Energy Conservation and Oil Policy Act
(S. 622)

Following is a summary of the energy bill, formerly H.R. 7014, passed yesterday by the House 255–148 and sent to conference with the Senate.

Oil pricing: Title III would re-establish the $5.25 a barrel ceiling on domestic old oil and roll back the price of new oil (now selling at about $13 a barrel) to $7.50 a barrel. New oil is about 40 percent of domestic production. The title would authorize higher prices up to $10 a barrel for high-cost oil, such as that from the Arctic Circle, Outer Continental Shelf and marginal wells. Title XIII would exempt independent producers from the price rollback on stripper wells and on the first 3,000 barrels a day of new oil. The ceiling for such oil would be $11.50 plus five cents a month. Title XIV would make the price controls retroactive to September 1, 1975, the day controls expired after President Ford vetoed an extension.

Gasoline consumption: Title IV would limit gasoline consumption by motorists to the amount they used for a corresponding period in 1973 or 1974, whichever was greater. The President would enforce this provision by limiting the amounts of gasoline which may be refined, imported or stored and by allocating gasoline supplies down to the retail level.

Auto efficiency: Title V would require auto manufacturers to produce cars that get better gasoline mileage. Companies would be required to achieve a fleet average of 18.5 miles per gallon beginning with the 1978 model year and rising to 28 miles per gallon for the 1985 model year. Manufacturers who fail to meet the fleet standards would be subject to a cash penalty.

Appliance efficiency: The bill requires energy efficiency labeling and authorizes energy efficiency standards. Standards would have to be imposed where manufacturers of air conditioners, refrigerators, freezers, dishwashers and other major appliances failed to improve their energy efficiency by 25 percent in 1980 over 1972 energy usage levels.

Petroleum reserve: Title II would establish a national petroleum reserve of one billion barrels with an authorization of more than $3.3 billion. This would be used in the event of an Arab boycott or other emergency.

Standby authorities: Title II would also authorize the President to develop energy conservation contingency plans and a gasoline rationing contingency plan. These contingency plans would be subject to congressional veto. The President would also have emergency authority to allocate energy related materials and equipment and to carry out international oil allocation in accord with international agreements.

Coal mine loans: Title VI also would authorize the Federal Energy Administration to guarantee up to $750 million in loans to small coal operators to develop new coal mines. Guarantees may not exceed $30 million and 80 percent of the loan for any producer of low-sulfur coal or 40 percent for other coal.

Audits of oil industry: Title IX would authorize the General Accounting Office to conduct verification audits of energy information or financial statements submitted by oil companies to federal agencies.

Busing: Title VIII prohibits the use of gasoline and diesel fuel for busing public school students beyond the nearest school in the district.

Passthrough: Title X provides that increased crude oil costs incurred by refiners must be passed on to consumers within 60 days. The provision prevents the excessive build-up of such costs and reduces the potential for price gouging during periods of peak demand.

Joint ventures: Title XII prohibits leases for development of crude oil, natural gas, coal or oil shale on federal lands to any joint venture which includes more than one of the major oil companies.

Energy Legislation in the 93rd and 94th Congresses

A SUMMARY PREPARED BY JOHN J. M'FALL, MAJORITY WHIP, SEPTEMBER 26, 1975

Congress has spent more time on energy and produced more legislation on that critical matter than on any other single subject in the past two years. The high priority that Congress gives to energy legislation reflects its concern for the needs of the nation and the lack of energy leadership from the Administration.

Congress is working on a wide range of energy legislation. The following listing for the 93rd and 94th Congresses includes 16 bills now in process, 20 public laws and resolutions and five vetoed bills.

CURRENTLY UNDER CONSIDERATION

Energy Conservation and Oil Policy Act (H.R. 7014) * (S. 622); in conference.

Energy Conservation and Conversion Act (H.R. 6860); passed House June 19; in Senate.

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*Also included as part of S. 622 are the following measures, previously separate bills: S. 1883, Auto Fuel Economy Act; S. 349, Energy Labeling and Disclosure Act, S. 2337, Energy Supply and Environmental Coordination Act Extension to December 31, 1975; and S. 677, establishing a National Civilian Energy Reserve Office.

Develop Petroleum Reserves on Public Lands (H.R. 49); in conference.

Establishing National Military Energy Reserve Office in the FEA (S. 677); passed Senate July 8; in House Armed Services Subcommittee.

Emergency Rail Transport Improvement and Employment Act (S. 1730) (H.R. 8672); passed Senate May 16; reported by House Commerce Committee.

National Mass Transit Assistance Act (S. 662); passed Senate September 15; in House Public Works Subcommittee hearings.

Building Energy Conversion Standards (H.R. 8650); passed House September 8; in Senate.

Electric Vehicle Research, Development and Demonstration (H.R. 8800); passed House September 5; in Senate.

Natural Gas Production and Conservation Act of 1975 (S. 692); reported in Senate.

Outer Continental Shelf Development (S. 521) (H.R. 9724); passed Senate July 30; in House Science and Technology Subcommittee, markup.

Amend Mineral Leasing Act of 1920 (S. 834) (H.R. 3439); passed Senate April 22; in House Interior Subcommittee.

Coastal Zone Management Act Amendments (S. 586) (H.R. 3981); passed Senate July 16; in House Merchant Marine Subcommittee—markup to begin September 29.

Protect franchised dealers in petroleum products (S. 323); passed Senate June 20; referred to House Commerce Committee.

ERDA Authorizations for fiscal 1976 (H.R. 3474); in conference.

Public Works and Energy Research appropriations for fiscal 1976 (H.R. 8122); passed House June 24; in Senate.

Coal leasing amendments (S. 391) (H.R. 3155); passed Senate July 31; in House Interior full committee hearings.

PUBLIC LAWS AND RESOLUTIONS

Disapproving President's proposed decontrol of price of old oil (H. Res. 605); adopted July 22, 1975.

Disapproving President's proposed decontrol of price of old oil (H. Res. 605); adopted July 30, 1975.

Create a Select Committee on the Outer Continental Shelf (H. Res. 412); adopted.

Funding for study of OCS by Select Committee (H. Res. 427); adopted.

Emergency Petroleum Allocation Act; PL 93–159; November 27, 1973.

Extension of the Emergency Petroleum Allocation Act; PL 93–511; December 5, 1974.

Federal Energy Administration; PL 93–275; May 7, 1974.

Energy Supply and Environmental Coordination Act; PL 93–319; June 22, 1974.

Energy Research and Development Administration; PL 93–348; October 11, 1974.

Special Energy Research and Development Appropriation; PL 93–322; June 30, 1974.

Solar Heating and Cooling Demonstration Act; PL 93–409; September 3, 1974.

Solar Energy Research, Development and Demonstration Act; PL 93–473; October 26, 1974.

Geothermal Energy Research, Development and Demonstration Act; PL 93–410; September 3, 1974.

Alaska Pipeline; PL 93–153; November 16, 1973.

Emergency National Maximum Highway Speed Limit; PL 93–239; January 2, 1974.

Daylight Savings Time; PL 93–182; December 15, 1973.

Daylight Savings Time; PL 93–434; October 5, 1974.

Federal Nonnuclear Research and Development Act; PL 93–577; December 31, 1974.

Deepwater Port Act of 1974; PL 93–627; January 3, 1975.

VETOES

Suspend President's authority to impose oil import fees for 90 days (H.R. 1767); vetoed March 4, 1975.

Emergency Petroleum Allocation Extension to March 1, 1976 (S. 1849); vetoed September 9, 1975.

Petroleum Pricing (H.R. 4035); vetoed July 21, 1975.

National Emergency Energy Act; vetoed March 6, 1974.

Energy Transportation Security Act of 1974; pocket vetoed December 20, 1974.

COMPUTERIZED CHECKOUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. Ford) is recognized for 5 minutes.

Mr. FORD of Tennessee. Mr. Speaker, as the sponsor of legislation which mandates that prices be retained on all individual products in the face of the approaching universal product code system, I have received many supportive letters.

Yesterday, however, I received that one special letter. Mr. Frank Montesi operates one of the largest grocery store chains in Memphis. His industry, as a whole, has been opposed to my bill. Mr. Montesi, however, feels differently. In a letter he recently sent to the President and to the Tennessee delegation he expresses with great sincerity and deep conviction why his years in the grocery industry and his concern for the rights of his consumers have led him to support my legislation. I think my fellow colleagues will find this testimonial from someone who has chosen to look beyond his own special interests quite persuasive and insert Mr. Montesi's letter in the Record:

Liberty Cash Grocers Inc.,
Memphis, Tenn., September 22, 1975.
President Gerald R. Ford,
The White House,
Washington, D.C.

Dear Mr. President: I have been in the retail super market business all my life, both with national chains and, presently, as an independent in a family owned business, operating eight stores of approximately 75,000 sq. ft. per unit. We operate from Birmingham, Alabama, to Memphis, Tennessee, to St. Louis, Missouri. With all my heart, I am writing you with integrity, sincerity, and love of country.

To the point, it is not in the best interest of the consuming public of this country to purchase merchandise in a super market, or any other place, without the price being marked on each and every can, or item. The so-called U.P.C. (Universal Product Code) which is to be used in conjunction with a laser-scanner, in order to speed up the checking out of groceries and reduce the cost of pricing merchandise, would be a true disservice to the American public. Even though I am a grocer, I believe that no real long range savings will be effected by leaving the price off the merchandise, because traditionally, the Labor Unions gobbled up most of the savings in a short while, and I have seen this happen time and time again.

When Mrs. Ford, as wife of a member of the House of Representatives, used to buy her own groceries, she could see the price on every item and she could have the checker slow down and observe every item transaction, to be sure that the merchandise was being rung up at the proper price. In 1981, after you all have left the White House and Mrs. Ford again does back to doing her own shopping, under the present planned U.P.C. system, Mrs. Ford would see a shelf tag that would tell her the cost of the item, but the item would have no price stamped on it, and when she checks out her groceries, she will have no way of knowing if the shelf tag price is the price programmed into the scanner. When Mrs. Ford goes home, she can take the cash register receipt supplied by the scanner and check her groceries out in your kitchen, thus using more of her time than ever in order to buy food. In other words, the service to the consumer is going to be reduced and the only way the consumer can verify the accuracy of those items charged to her is to re-check them at home.

(The scanner people will show you that the new receipt will not only have the price, but will also have the word "beans, chili, bread, etc.".) What the scanner people do not tell you is that they are able to render to my wife and your wife that same type of receipt now, if they wanted to. But they have hundreds of millions of dollars invested in the equipment and they want the scanners in the super markets, one way or another. I have spoken with some NCR officials and their jobs are at stake and they cannot make any comment one way or another, but they know and will admit privately that the use of the scanner and UPC, as now proposed, is detrimental to the wellbeing of the citizenry of this country in a good many ways, and I will enumerate some:

(1). We have many instances of the F.T.C. levying fines against Chain Stores for advertising merchandise at one price as a "special" and then not reducing the price on the shelf. With the UPC scanner as proposed, the opportunity to proliferate this practice increases by leaps and bounds because of the speed with which the merchandise is checked out and the lack of price markings on the can.

(2). There are seven million hyperkinetic and dyslexic children and adults in this country whose ability to read is marginal. There are many millions of others who are poor and uneducated, and together these people comprise such a sizable portion of the purchasing public that it would be a tragedy for them to be burdened with having to go home and verify the accuracy of their charges. Most would be discouraged from doing this because these people are bewildered by the over-electronification taking place.

(3). It took over forty years to get the retail price for automobiles put on the window of the car itself, and cars are not purchased every week, every month, every year. Food is purchased every week and it is the right of the citizen to know the price of every item at the time that person completes his or her purchase, and it is also the obligation of the merchant, whether he sells gasoline, clothes, sporting goods, or food, to price every darn time.

Mr. President, the scanner will be in use in super markets one way or another. That's fine, but the price of the item should be stamped on the item itself so that in 1981, when Mrs. Ford goes back to buying groceries, she can tell the checker in the super market to slow down so that she can keep up with what's going on and be certain that she is getting her money's worth. Without the price on the item, the entire burden is on the consumer and the prospects of things to come stink, if you examine past history.

I am enclosing a bunch of "gobbledygook" sent to me by NCR. They claim there is misunderstanding. There is no misunderstanding. They wish to sell their equipment, and I agree that they should sell their equipment, but not at the expense of the rights of the American people.

I strongly urge, beg, and recommend that Federal legislation be passed requiring the price to be put on everything when purchased at the consumer level. It would be tragic to have it on gasoline and automobiles, etc., and not have it on the goods that sustain life. Why don't you send some folks down here to talk to some merchants who have two or three generations involved in family business who work hard to do business honorably, and let us show you just what would happen.

Offering you my best wishes and continued prayers in your awesome job, I am,

Respectfully,

FRANK MONTESI,
Executive Vice President and Secretary.

DELINQUENT TRUST FUND TAX ACCOUNTS UP DRAMATICALLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, on July 1, 1975, the interest rate for late payment of taxes was increased from 6 to 9 percent. This increase was desperately needed in order to stop the practice of using the IRS as a "soft loan window." With only a 6-percent interest charge, it was cheaper for many companies to "borrow" from the Treasury by withholding taxes due than it was to borrow cash from banks.

There has been a very serious increase in the level of delinquent accounts, particularly in the transfer of employee withholding or trust fund accounts. This practice when it occurs is a violation of trust by the employer to his employees. While there have been enormous pressures on businesses during this recession, the practice of "borrowing" at 6 percent from the IRS cannot be permitted.

The Congress will be watching to see whether the change in interest rates will reduce the abuses in this area.

On December 12, 1974, Senator PROXMIRE reported that as of the end of 1973, trust fund delinquencies were $803,478,000.

If this situation does not improve, the Congress will need to consider additional changes in the interest rate.

Following is data from the IRS on trust fund delinquencies as of August 9, 1975. This shows a 38-percent increase in trust fund delinquencies over a 19-month period:

> Question to IRS Assistant Commissioner Robert Terry:
>
> *What are the dollars in inventory for withholding taxes only?*
>
> I.R.S. Answer: Dollar amount of unpaid withholding taxes only (i.e., withheld income tax) is not available. We do, however, have a total dollar amount for trust fund taxes which includes withheld income and employment taxes on Forms 941, 942, 943, and CT-1 and excise taxes on Form 720. There were three categories of these taxes in accounts receivable status on IDRS as of cycle 7530.

Category:	
Notice status	$96,413,000
TDA	743,184,000
Suspended status	270,244,000
Total	1,109,841,000

> Two categories of trust fund taxes in accounts receivable status are carried on the master file (MF). There is an MF deferred status and as of cycle 7532, $5,222,000 were in this category. No breakout of employment or trust fund taxes is made from this amount which includes total BMF dollars in deferred status on the MF. Accounts in uncollectible status on the MF for Forms 941 and 943 amounted to $885,313,000 and for Form 720, excise taxes amounted to $21,018,000 as of cycle 7527.

REAL ESTATE SETTLEMENT LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. FITHIAN) is recognized for 15 minutes.

Mr. FITHIAN. Mr. Speaker, in the past few weeks an increasing number of my constituents have been contacting me regarding the provisions of the Real Estate Settlement and Procedures Act, passed by Congress and signed into law last year. Homebuyers, home sellers, realtors, and banking officials alike have expressed their concern over the adverse effects of the law.

I recently conducted a survey of realtors and banking officials in my district to find out more about how the law is affecting the real estate business and how the individuals charged with compliance feel about it. Although the survey was limited to individuals in my district, I believe that the results, listed below, are representative of attitudes concerning RESPA nationwide.

Indiana realtors and lending agency officials object, by an overwhelming margin, to Federal regulations imposed by the Real Estate Settlement and Procedures Act of 1974. Over 160 realtors and banking officials recently expressed their views on RESPA in response to a mail survey taken in early September by Congressman FLOYD FITHIAN's office.

Second District realtors and banking officials were asked the following questions concerning RESPA:

> (1) Do you support or oppose RESPA regulations?
>
> (2) Has RESPA regulation increased or decreased interest in home ownership?
>
> (3) What are the three most important problems you see with RESPA?
>
> (4) What specific changes would you like to see made in RESPA?
>
> (5) I urge that Congressman Fithian oppose (cosponsor) the Ichord bill, H.R. 5352 (to repeal RESPA).

The results of the survey show overwhelming opposition to RESPA regulations by those individuals charged with their compliance; 162 out of 162 respondents to the survey indicated their opposition to RESPA regulations.

Respondents also indicated, by a 7-to-1 margin, that RESPA regulations have decreased interest in homeownership. Only three respondents to the survey indicated that interest in homeownership had increased as a result of RESPA. Fourteen indicated that interest has remained unchanged while 13 said that it was too early to tell what effect RESPA would have on homeownership.

The most frequently mentioned complaints regarding RESPA included:

First. Added costs in closing. One realtor, Steven Pauler, said:

> The additional paperwork generated by RESPA will virtually guarantee higher closing costs—costs which the banks will be unwilling to absorb. As operating costs go up, somebody's going to have to pay for them. That somebody is going to turn out to be the homebuyer.

Second. Duplication of existing paperwork: Florence Smith, a realtor from Chesterton, Ind., summarized the problems presented by the RESPA regulations:

> The problem seems to be overcomplication, application to too many types of transactions, and difficulty of getting together nonessential information such as the former price of the property.

Third. Invasion of privacy. A Lafayette attorney, Joseph Bumbleburg, explained:

> It (RESPA) has accomplished nothing except piling up unneeded paper and in some instances it constitutes a violation of the right to privacy of the people involved.

James Causey from Plymouth, Ind., had this to say about RESPA:

> Many individuals, including those in the real estate business, make periodic and legitimate investments in this type of property for profit. Admittedly, much of this is speculative. RESPA tends to discourage this type of investment, which, in my opinion, strikes a serious blow at one of the cornerstones of our economic system. Namely, the profit motive.

Third. The volume of paperwork discourages smaller banks from offering mortgages since they do not have the capacity to handle the paperwork required by the law. T. P. Axton, chairman of the board of Lafayette Savings Bank reported that—

> The burdensome and unnecessary additional mortgage forms required by RESPA are jeopardizing our real estate mortgage operation to such an extent that serious consideration is being given to alternate types of investments. This is a serious problem for this bank as our principal investment is locally created conventional type real estate mortgages (noninsured type mortgages).

Fourth. Delays in owner occupancy. Realtors cited examples of 3- to 4-week delays in owner occupancy due to RESPA paperwork.

Fifth. Abuses in computing closing charges very seldom occur in cases where closing fees are under $200 or less than 3 percent.

Although most realtors favored outright repeal of RESPA to keep government out of the real estate business, the most frequently mentioned suggestions for improving the existing RESPA law included:

First. Changing RESPA to apply only to VA or FHA approved loans.

Second. Simplifying the forms and cutting down on the paperwork involved.

One hundred and forty-two respondents urged Congressman FITHIAN to cosponsor or support the Ichord bill, H.R. 5352, to repeal the Real Estate Settlement and Procedures Act of 1974, while 16 felt that he should oppose the bill. Only four respondents failed to express their opinion on this issue.

NO SUBSTITUTE FOR RHODESIAN CHROME

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 10 minutes.

Mr. RANDALL. Mr. Speaker, those Members who favor a measure usually begin their remarks by stating that they rise in enthusiastic support of a certain numbered House or Senate bill. Those of us who are against H.R. 1287 try to express ourselves as forcibly as possible when we say we are strongly, adamantly, and irrevocably opposed to the passage of a bill to halt the further importation of Rhodesian chrome, which since the enactment of the so-called Byrd amendment in 1971 has permitted our importation of this vitally needed raw material.

To start off with, H.R. 1287 has a misleading description when it describes this effort to repeal the Byrd amendment under such a false and sneaking description as "The United Nations Participation Act." Who among us would question our participation in the United Nations to millions and millions of dollars annually. Maybe we have participated too much financially in comparison with some of the other nations of the world, as we look around and find that the Soviet Union has not participated very much, but so frequently seems to win out over the United States in the United Nations.

Mr. Speaker, I regret that I did not find it possible to participate in the debate on H.R. 1287. When the roll was called, the record will show that I opposed the enactment of this ill-timed, ill-advised proposal which had it succeeded, would have been of untold damage and detriment to this country and our citizens.

I have found it unavoidable that I be in the office during portions of the debate, but I did hear some of it. I recall the good presentation of the gentleman from Florida (Mr. BENNETT) who dwelt upon one aspect of the matter by saying our country should not stick its nose into the internal affairs of another country, whether it was Rhodesia, or the Soviet Union, or whatever country it might be. Then I was privileged to hear the very masterful presentation of the gentleman from Pennsylvania (Mr. DENT) who proceeded to develop the point that our country is almost entirely dependent upon Rhodesia for chrome, unless our country wants to buy chrome from the Soviet Union, which purchased it in Rhodesia and then have its purchase price enhanced by the Russians, which still means we would be receiving Rhodesian chrome indirectly if not directly.

The gentleman from Pennsylvania also very eloquently pointed out that this is not alone a matter of race, and those who oppose this are not racists. He very well, in my judgment, proved his point when he said that he represented about 41,000 steelworkers and that a substantial portion of those who would be thrown out of employment were just as black as any of the blacks in Rhodesia.

One of the few other speakers whom I happened to hear express themselves on this bill was the gentlelady from Colorado (Mrs. SCHROEDER). As I recall the reasons for her support of H.R. 1287 were that after all was said and done, chrome was simply not as important as it has been said to be. To emphasize her point, as I recall it, she said that after all chrome was used on motor car bumpers, and these either could or should be replaced by rubber bumpers, and that chrome was used on bedpans and these either could or should be replaced by porcelain or some other substance. Well, of course such an argument as this is disappointing from a lady who is ordinarily better informed. Surely she knows and understands that chrome is a vital metal used in almost any kind of plating, whether it goes under the title of nickel plate or stainless steel or just about any other of the wide variety of metal products that must be made usable by some kind of plating over the raw metal itself. Moreover, the gentlelady should not have stopped when she discussed the point of bedpans, which are used in hospitals and nursing homes and wherever there are those who are ill or infirm. She should have gone on and mentioned the importance of chrome in the manufacture of surgical instruments and even the use of chrome in such every day, prosaic items as needles used in the clothing industry and in all of the households in America.

Well, it was with regret that I missed the presentation of the gentleman from Missouri (Mr. ICHORD) and the gentleman from New Mexico (Mr. RUNNELS) and those others who argued so eloquently against the passage of this bill. Before I list what I regard as the paramount reasons why we should defeat this effort to halt the importation of chrome, I will take a moment to share with my colleagues the benefit of some information which I received by telephone just before the vote on final passage.

The works manager of the only steel mill which is located in our congressional district, the Sheffield works of the American Rolling Mill Co., which is always known as Armco, called to inquire about the progress of the bill and what appeared to be the prognosis on the defeat of the bill. I had to frankly tell him that I thought it would be a very close vote and that I was not certain of the outcome. But, while I was on the phone, I took the time to inquire of his appraisal of the importance of chrome. He went on to tell me that it was vital to the steel industry of America, and that, if in some way this flow of chrome were stopped from Rhodesia, it would result in widespread unemployment in the steel industry and would arrest the good trend out of the depths of recession and interrupt what gains we had made or seemed to be making to move out of the economic doldrums. My following question to Mr. RHODES was whether or not it would make much difference whether the chrome came directly from Rhodesia to the United States, or whether it came to the United States from Rhodesia by way of the Soviet Union. I told him that I was under the impression that the Soviet Union simply doubled the price of the Rhodesian chrome which it sold to us in the past, before the passage of the Byrd amendment. His response was:

> Bill, I wish things were that good. Rather than that, the Russians have sold small quantities of chrome at five times the Rhodesian price, and our best estimate is that if this ban on importation is again imposed, they would charge us about seven times what we can get it for in Rhodesia.

With an answer of this kind from a man knowledgeable of the facts, how can it be that just any Member of this body who is concerned with perhaps the greatest enemy that we all have in this country today, rampant inflation, can support a bill like H.R. 1287 that would shovel more fuel on the fires of inflation?

Mr. Speaker, I am going to conclude my remarks by listing what I believe to be the best reasons to oppose H.R. 1287:

First. We should not and we cannot rely upon the Soviet Union as our sole supplier of chrome. Who can forget that the Soviets cut us off during the Korean war, and did not resume shipments of chrome until 1959? Those of us who believe in a strong defense for this country certainly cannot take the risk to see the same thing happen again.

Second. No matter how well the proponents of this bill may try to argue their cause, and say that there is not much use for chrome or that other metals may be substituted, the truth and the fact of the matter is that no other metal can be substituted for chrome, and it is a metal which is vital to the preponderance of the products of metallurgy in this country today.

Third. No matter how hard the proponents may try, they cannot point to any other dependable supply of chrome and/or ferrochrome as they have alleged. Why the good Lord and Mother Nature chose a small country near the southern tip of Africa to be rich in this vital metal, may be one of the mysteries that we shall never be able to know the reason for, but it is a fact that just about all of the chrome ore in the world is concentrated in this one country.

Fourth. Those who argue that United Nations sanctions are mandatory upon the members of the United Nations really know better than to propose such an argument. They should know that the Federal courts have upheld the validity of the Byrd amendment since its passage here a few years ago.

Fifth. Even if this bill were to be passed, and our country were to be stopped from the importation of any more chrome from Rhodesia, it would not achieve its objectives to bring Rhodesia to its knees. The record will show that this country has prospered throughout the entire tenure of the United Nations sanctions. And because the sanctions are not effective, if the purpose of this bill is to in some way coerce Rhodesia into some kind of action desired by the United Nations, then the objective of the bill is futile and it should not be passed for that reason.

Sixth. One of the arguments proposed by the proponents is that Rhodesia will soon come under the government of a black majority, and after that happens will not sell us any chrome. The fallacy of this kind of argument should become apparent, if we take time to look at the long list of nations which on the one hand are trading with Rhodesia openly and overtly, and then at the same time there are others who because of the necessity to have chrome ore are trading with Rhodebia covertly. While we are on this subject, I must take a strike against the argument that Rhodesia as a country is about to go out of existence; and in the very short time, if Zimbabwe does come to power, he would have little recourse if he is concerned about the economic interests of Rhodesia but to sell chrome ore to the United States. Mr. Speaker, all of this talk about Rhodesia going down the drain is not only conjectural, but it is premature. Such predictions have been made for the past 10 years, and it seems that today Rhodesia is more prosperous than ever before.

Chrome is vital to the well-being of our economy today. Rhodesia is the only place we can be supplied with chrome, unless we are willing to see the price inflated from two to seven times the normal Rhodesian price, by the Soviet Union, which in the past has taken the course of choosing when and how much chrome they prefer to sell us, whatever the price may be. H.R. 1287 must be defeated not only in the interest of our national security, but for our own economic well-being.

A REPORT ON THE SHOCKING DAMAGE FROM HURRICANE ELOISE

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SIKES. Mr. Speaker, I have seen heartrending, even shocking, storm damage left by Hurricane Eloise in my northwest Florida district. We must be thankful that deaths and injuries were minimal, but property damage will run into many millions of dollars. A conservative estimate is $150 million to $200 million. The scenes of destruction are appalling, particularly along the beaches. The sustained pounding of the waves during long hours of high winds reduced many fine beach structures to shambles. Bay County beaches, which attract the largest summer tourist population in Florida, must be rebuilt almost completely. There is also very considerable damage on the Okaloosa and Walton County beaches and, to some extent, on the beaches in other counties.

The beaches, naturally, took the brunt of the force of the 130-mile-per-hour hurricane winds. However, there was widespread damage and destruction in the northern areas of the panhandle, where farming is extensive. The loss of power, which continued for days, produced crisis on the dairy farms and poultry farms. Cattle could not be milked and poultry could not be fed and watered. The strong trend toward machine farming, to compensate for shortage of labor, has made farmers more and more dependent upon electricity.

Crops, such as soybeans and pecans, were especially hard hit. Many pecan orchards were destroyed. Other crops suffered serious damage. There was also widespread destruction of timber.

Eglin Air Force Base was actually in the eye of the storm as it moved inland. The buildup of air pressure inside the huge hangars caused one after another of these to be deroofed. Estimates of damage to hangars, housing and other facilities at Eglin are estimated at $8 million.

It is very tragic to witness the aftermath of a storm, even when injuries and deaths have been almost nonexistent. People had the good sense to move out ahead of the storm in the areas of greatest damage. However, it is heartening to note the spirit and enterprise and determination of those, who immediately after the passage of the storm, were busy cleaning up, starting to repair the damage and attempting to reestablish a normal pattern of life. There was excellent cooperation between officials, State and local. Governor Askew and I both visited the storm area immediately after the hurricane passed. Our offices have cooperated, as have the offices of our U.S. Senators, in assisting where we could.

There now remains the problem of providing assistance to those who suffered damage. A prompt request by Governor Askew to the President for a major disaster declaration has been honored by the President and a disaster area declared. I am confident that an understanding and generous Congress will join in providing the type of emergency assistance that has been given to other victims of natural disasters. I am exploring the need for legislation to accomplish this and if it is required, I sincerely request prompt and affirmative action on this matter.

COL. JOHN T. CARLTON'S 30 YEARS ON CAPITOL HILL

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, I wish to report to this body the retirement as executive director of the Reserve Officers Association of a man who is known to virtually every Member of this House, and who, in 30 years' service on Capitol Hill, has helped, as a citizen in several roles, to write the history of this generation. He is Col. John T. "Jake" Carlton, who I am confident has many years of service yet to give to the country whose traditions and institutions he loves and has honored so faithfully.

Colonel Carlton is the son of a Georgia farm couple, who lived during the War Between the States and who grew up during the Reconstruction days when industry and sacrifice were a requirement and high moral character and dedication to ideas were byproducts. Colonel Carlton graduated from the University of Georgia with honors and became an outstanding Reserve officer, serving with distinction in many assignments, and during World War II on the staff of the late Lt. Gen. Simon Bolivar Buckner, where he was given official commendation, including that implied by the award of the Legion of Merit.

Colonel Carlton was known to many of us during the post-World War II period as a news correspondent here on Capitol Hill. His accurate, fair, and talented work, especially in covering the Florida and Georgia delegations in the Congress, earned for him the respect and affection of the men and women with whom he was associated. His standing among his colleagues was exemplified by the fact that he was elected by heavy majority to the five-man group of newspapermen comprising the Standing Committee of Correspondents, with supervisory responsibility over the Press Galleries.

In 1951, Colonel Carlton was named administrative assistant to Senator George Smathers, of Florida, whom he served with skill, imagination, and effectiveness, 5 years, until he was chosen to be assistant to the late great statesman, Senator Walter F. George, of Georgia, who was chairman of the Senate Committee on Foreign Relations and the President pro tempore of the Senate. At the conclusion of this service, in 1956, he was named a staff member of the special congressional committee studying the foreign aid program, and his observations and report on conditions in six countries in Southeast Asia constitute a document which was outstanding both in its literary style and its perceptive content.

In 1957, after the passing of Senator George, Colonel Carlton accepted the position of executive director of the Reserve Officers Association of the United States. He has served in this post for the past 18 years and 3 months, during which he has represented the cause of national security in a particularly outstanding manner. Colonel Carlton is known by the Members of both bodies of the Congress as a man of integrity and truth, and in his scores of appearances before congressional committees he has delivered important information and valuable facts and concepts regarding the military services, both Regular and Reserve. His service has gone far beyond the requirements of his duties to his association; indeed, he has earned the respect and admiration of all of us because he has put the interests of the nation first and his own patriotic conscience has motivated him far beyond any other consideration.

I believe I speak for many Members of this body when I express the wish for a continued fruitful, productive, and happy career for Jake Carlton. He is a man of youthful vigor, who still will give much to his country and whose friendship assistance will continue to aid many of us. Colonel Carlton has always believed in a strong Congress, and his counsel has always been accepted with gratitude by the leadership of the Congress. I believe Capitol Hill has been a better and a finer place for the past 30 years because Jake Carlton has been a part of us.

WHO SAYS MOBILE IS SUBSTANDARD?

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the Mobile Press Register on Sunday, September 21, reported that a federally sponsored survey considers life in the Mobile metropolitan area substandard. The survey ranked Mobile as the worst of 83 medium-size areas in which to live. Each metropolitan area was rated in a number of categories from "outstanding" to "substandard". Mobile flunked in all, according to the Midwest Research Institute of Kansas City, which is financed by the U.S. Environmental Protection Agency.

I do not believe it. More likely this is another instance of a waste of Federal funds by mixed-up workers who may have had their minds made up for them before the survey started.

Anyone who knows Mobile and knows its people fully understands it is a delightful area of hospitable people. Mobile is a progressive city with major industrial activities; it has a strong educational system; it offers great historic interests. It is one of the most historic cities in the Nation; its colorful history carefully portrayed through a meaningful restoration program.

Through the years Mobile has contributed many outstanding leaders to Alabama and to the Nation. Anyone who downgrades Mobile has missed the boat, literally and figuratively.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Jeffords) to revise and extend their remarks and include extraneous material:)

Mr. Miller of Ohio, for 10 minutes, today.

Mr. Kemp, for 30 minutes, today.

Mr. Burke of Florida, for 15 minutes, today.

(The following Members (at the request of Mr. Downey of New York) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Koch, for 15 minutes, today.

Mr. Brademas, for 5 minutes, today.

Mr. Ford of Tennessee, for 5 minutes, today.

Mr. Vanik, for 5 minutes, today.

Mr. Fithian, for 15 minutes, today.

Mr. Randall, for 10 minutes, today.

Mr. Roberts, for 60 minutes, October 1, 1975.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Bennett, and to include extraneous matter.

(The following Members (at the request of Mr. Jeffords) and to include extraneous material:)

Mr. Steelman in two instances.
Mr. Miller of Ohio in six instances.
Mr. Regula.
Mr. Derwinski in two instances.
Mr. McCloskey.
Mr. Findley in two instances.
Mr. Sarasin.
Mr. Heinz.
Mr. Young of Florida.
Mr. Burke of Florida in two instances.
Mr. Crane.
Mr. Hyde.
Mr. Shuster.
Mr. Moore.
Mr. Symms.
Mr. Kemp in three instances.
Mr. Shriver.
Mr. Coughlin.
Mr. McClory.

(The following Members (at the request of Mr. Downey of New York) and to include extraneous material:)

Mr. Solarz.
Mr. Anderson of California in three instances.
Mr. Gonzalez in three instances.
Mrs. Keys in four instances.
Mr. Gaydos.
Mr. Ottinger in two instances.
Mr. Helstoski.
Mr. Ford of Tennessee.
Mr. Jones of Oklahoma.
Mr. Ginn.
Mr. Conyers.
Mr. Brown of California.

SENATE JOINT RESOLUTION REFERRED

Joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 90. Joint resolution to authorize the President of the United States to designate "National Ski Week"; to the Committee on Post Office and Civil Service.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7715. An act to extend until the close of June 30, 1978, the period during which certain dyeing and tanning materials may be imported free of duty.

ADJOURNMENT

Mr. DOWNEY of New York. Mr. Speaker, I move that the House do now adjourn.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. PRESSLER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 209, nays 83, answered "present" 1, not voting 140, as follows:

[Roll No. 558]

YEAS—209

Abzug
Adams
Armstrong
Ashley
Baldus
Baucus
Beard, R.I.
Bennett
Bergland
Bevill
Biaggi
Bingham
Bolling
Bowen
Brademas
Brinkley
Brodhead
Broyhill
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Byron
Carr
Carter
Casey
Cederberg
Chappell
Clawson, Del
Clay
Cleveland
Cochran
Conable
Conlan
Corman
Cornell
Cotter
Daniel, Dan
Daniel, R. W.
Danielson
Davis
Delaney
Dellums
Dingell
Dodd
Downey, N.Y.
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Eilberg
English
Erlenborn
Evans, Colo.
Fascell
Findley
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Forsythe
Frenzel
Fuqua
Giaimo
Gilman
Goldwater
Gonzalez
Haley
Hansen
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Hillis
Hinshaw
Holland
Holt
Holtzman
Howard
Howe
Hughes
Hungate
Hyde
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kastenmeier
Kemp
Keys
Krebs
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mikva
Miller, Calif.
Mineta
Minish
Mink
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Mosher
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nolan
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Preyer
Price
Pritchard
Quie
Randall
Rangel
Rees
Rhodes
Richmond
Riegle
Roberts
Roe
Roncalio
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
Santini
Sarbanes
Seiberling
Sharp
Shriver
Simon
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Ariz.
Stephens
Stratton
Stuckey
Studds
Symington
Symms
Taylor, N.C.
Teague
Tsongas
Van Deerlin
Vander Veen
Vigorito
Waxman
White
Wiggins
Wilson, Tex.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—83

Abdnor
Anderson, Calif.
Archer
Bafalis
Beard, Tenn.
Bedell
Bell
Biester
Blanchard
Blouin
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Burlison, Mo.
Butler
Cohen
Collins, Ill.
Collins, Tex.
Conte
Coughlin
Crane
de la Garza
Drinan
Emery
Ford, Tenn.
Fountain
Frey
Gradison
Grassley
Green
Gude
Guyer
Hall
Hammerschmidt
Harris
Hayes, Ind.
Heinz
Hicks
Hubbard
Jeffords
Jenrette
Johnson, Colo.
Kazen
Kelly
Ketchum
Krueger
Lent
Litton
McCloskey
McDade
McDonald
Michel
Miller, Ohio
Moore
Moorhead, Calif.
Moss
Neal
Nix
Nowak
Ottinger
Pressler
Regula
Rinaldo
Robinson
Rooney
Runnels
Sarasin
Schulze
Sebelius
Skubitz
Stanton, James V.
Steiger, Wis.
Sullivan
Thone
Treen
Vanik
Wampler
Weaver
Winn
Wirth
Young, Alaska

ANSWERED "PRESENT"—1

Jacobs

NOT VOTING—140

Addabbo
Alexander
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashbrook
Aspin
AuCoin
Badillo
Barrett
Bauman
Boggs
Boland
Bonker
Breaux
Breckinridge
Brooks
Broomfield
Brown, Calif.
Burton, John
Burton, Phillip
Carney
Chisholm
Clancy
Clausen, Don H.
Conyers
D'Amours
Daniels, N.J.
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Downing, Va.
du Pont
Edwards, Ala.
Edwards, Calif.
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fary
Fenwick
Fish
Flowers
Flynt
Fraser
Gaydos
Gibbons
Ginn
Goodling
Hagedorn
Hamilton
Hanley
Hannaford
Harkin
Harrington
Hawkins

Hays, Ohio
Hébert
Hefner
Helstoski
Henderson
Hightower
Horton
Hutchinson
Jordan
Karth
Kindness
Koch
Landrum
Lott
McCollister
Macdonald
Madden
Madigan
Maguire
Martin
Mathis
Melcher
Mezvinsky
Milford
Mills
Mitchell, Md.
Mitchell, N.Y.

Moakley
Morgan
Mottl
Murphy, N.Y.
Murtha
Patman, Tex.
Pepper
Peyser
Poage
Quillen
Railsback
Reuss
Risenhoover
Rodino
Rogers
Rose
Rousselot
Ruppe
St Germain
Satterfield
Scheuer
Schneebeli
Schroeder
Shipley
Shuster
Sikes
Sisk

Snyder
Spence
Stokes
Talcott
Taylor, Mo.
Thompson
Thornton
Traxler
Udall
Ullman
Vander Jagt
Waggonner
Walsh
Whalen
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.

Messrs. **GUYER, HAYES** of Indiana, and **BROWN** of Ohio changed their vote from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Accordingly (at 3 o'clock and 52 minutes p.m.), under its previous order, the House adjourned until Monday, September 29, 1975, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and references to the proper calendar, as follows:

Mr. HALEY: Committee on Interior and Insular Affairs. Supplemental report on H.R. 9460. A bill to provide for the establishment of a constitution for the Virgin Islands; with amendment (Rept. No. 94–507, Pt. II). Ordered to be printed.

Mr. HALEY: Committee on Interior and Insular Affairs. Supplemental report on H.R. 9491. A bill to provide for the establishment of a constitution for Guam; with amendment (Rept. No. 94–508, Pt. II). Ordered to be printed.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 9019. A bill to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations; with amendment (Rept. No. 94–518). Referred to the Committee of the Whole House on the state of the Union.

Mr. EVINS of Tennessee: Committee on Small Business. H.R. 9056. A bill to amend the Small Business Act and Small Business Investment Act of 1958 to provide additional assistance under such acts, to create a pollution control financing program for small business, and for other purposes; with amendment (Rept. No. 94–519). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H.R. 9862. A bill to amend title 38 of the United States Code in order to require the payment of aid and attendance allowances to veterans who, as a result of service-connected disability, have suffered the loss, or the loss of use of, two extremities; to the Committee on Veterans' Affairs.

By Mr. BEDELL:

H.R. 9863. A bill to require committee reports on proposed legislation to contain statements of the reporting and recordkeeping requirements which will be imposed on private business as a result of the enactment of such proposed legislation; to the Committee on Rules.

By Mr. BIAGGI (for himself, Mr. Studds, Mr. Leggett, Mr. Emery, and Mr. Cohen):

H.R. 9864. A bill to increase the subsistence payments to students at State maritime academies; to the Committee on Merchant Marine and Fisheries.

By Mr. DELANEY:

H.R. 9865. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for amounts paid by a taxpayer for tuition to provide an education for himself or for his dependents; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee:

H.R. 9866. A bill to amend the Federal Coal Mine Health and Safety Act of 1969; to the Committee on Education and Labor.

H.R. 9867. A bill to correct inequities in certain franchise practices, to provide franchisors and franchisees with even-handed protection from unfair practices, to provide consumers with the benefits which accrue from a competitive and open market economy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FASCELL (for himself and Ms. Abzug):

H.R. 9868. A bill to provide that meetings of Government agencies shall be open to the public, and for other purposes; to the Committee on Government Operations.

By Mr. FLORIO (for himself, Mr. Hughes, Mr. Helstoski, and Mr. Rodino):

H.R. 9869. A bill to amend the Regional Rail Reorganization Act of 1973 to permit the analysis of light density railroad lines on the basis of their costs and benefits, to aid in the transition to the final system plan by assuring the continuation of local freight services and rail passenger and commuter services, to provide assistance and additional time for the States to prepare their State rail plans, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FRASER:

H.R. 9870. A bill to amend title 38, United States Code, to provide measurement criteria for courses offered by independent study; to the Committee on Veterans Affairs.

By Mr. HYDE:

H.R. 9871. A bill to reform the Food Stamp Act of 1964 by improving and making more realistic various provisions relating to eligibility for food stamps and administrative responsibility for the food stamp program, and for other purposes; to the Committee on Agriculture.

By Mr. JACOBS:

H.R. 9872. A bill to extend benefits under section 8191 of title 5, United States Code, to law enforcement officers and firemen not employed by the United States who are killed or totally disabled in the line of duty; to the Committee on Post Office and Civil Service.

By Mr. JONES of Oklahoma:

H.R. 9873. A bill to amend the Natural Gas Act to provide for a 5-year suspension of regulation of the sale for resale of natural gas in the interstate market, and to provide that intrastate pipelines and producers may negotiate short-term sales of natural gas to interstate pipelines for a period not to exceed 180 days; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG of Maryland:

H.R. 9874. A bill to amend the Internal Revenue Code of 1954 to allow an individual to exclude from gross income the gain from the sale of exchange of the individual's principal residence; to the Committee on Ways and Means.

H.R. 9875. A bill to amend the Internal Revenue Code of 1954 to raise additional revenues by tax reform; to the Committee on Ways and Means.

By Mr. MANN (for himself, Mr. Henderson, and Mr. Kemp):

H.R. 9876. A bill to amend the Natural Gas Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MELCHER (for himself, Mr. Roncalio, Mr. Seiberling, Mr. Eckhardt, Mr. Weaver, and Mr. Steelman):

H.R. 9877. A bill to amend the Mineral Leasing Act of 1920, to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MILLER of Ohio:

H.R. 9878. A bill to amend title 18 of the United States Code to increase the penalties for certain criminal acts against the person of the President; to the Committee on the Judiciary.

By Mr. PATTISON of New York:

H.R. 9879. A bill to amend title 28, United States Code, to provide that Columbia and Greene Counties, N.Y., shall be included in the northern judicial district of New York; to the Committee on the Judiciary.

By Mr. ROONEY:

H.R. 9880. A bill making appropriations for section 103 of the Housing and Community Development Act of 1974 for the fiscal year ending June 30, 1976; to the Committee on Appropriations.

H.R. 9881. A bill to amend section 103 of the Housing and Community Development Act of 1974; to the Committee on Banking, Currency and Housing.

By Mr. TREEN:

H.R. 9882. A bill to amend section 163 of the Federal-Aid Highway Act of 1973 relating to railroad-highway crossings and section 130 of title 23 of the United States Code relating to railway-highway crossings; to the Committee on Public Works and Transportation.

By Mr. WRIGHT (for himself, Mr. Roberts, and Mr. Milford):

H.R. 9883. A bill to amend the joint resolution approved December 28, 1973, providing for the establishment of the Lyndon Baines Johnson Memorial Grove on the Potomac and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WYLIE:

H.R. 9884. A bill to assure the availability of adequate supplies of natural gas during the period ending April 30, 1976; to the Committee on Interstate and Foreign Commerce.

By Mr. ASHLEY:

H.J. Res. 672. Joint resolution to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months; to the Committee on Banking, Currency and Housing.

By Mr. BURKE of Florida:

H. Con. Res. 408. Concurrent resolution expressing the sense of the House of Representatives objecting to the eligibility of the Byelorussian Soviet Socialist Republic and the Ukranian Soviet Socialist Republic for membership in the United Nations; to the Committee on International Relations.

By Mr. JOHN L. BURTON (for himself, Mr. Santini, Mr. Badillo, and Mrs. Schroeder):

H. Res. 741. Resolution to amend the Rules of the House of Representatives to provide that the House may not consider any report of a committee, bill, resolution, or a report of a committee of conference unless copies or reproductions have been available to Members on the floor at least 2 hours before such consideration; to the Committee on Rules.

By Mr. DOWNING of Virginia (for himself, Mr. Biaggi, Mr. Brown of California, Mrs. Burke of California, Mr. Byron, Mr. Chappell, Mrs. Chisholm, Mr. Eckhardt, Mr. Ginn, Mr. Hawkins, Mr. Helstoski, Mr. Holland, Mr. Jacobs, Mr. Koch, Mr. Leggett, Mr. Long of Maryland, Mr. McDonald of Georgia, Mr. Melcher, Mr. Metcalfe, Mr. Mitchell of Maryland, Mr. Murphy of New York, Mr. Ottinger, Mr. Rogers, Mr. Symms, and Mr. Charles Wilson of Texas):

H. Res. 742. Resolution creating a select committee to conduct an investigation and study of the circumstances surrounding the death of John F. Kennedy; to the Committee on Rules.

By Mr. DOWNING of Virginia (for himself, Mrs. Mink, and Mr. Roybal):

H. Res. 743. Resolution creating a select committee to conduct an investigation and study of the circumstances surrounding the death of John F. Kennedy; to the Committee on Rules.

By Mr. MONTGOMERY:

H. Res. 744. Resolution to provide funds for the expenses of investigations, hearings and studies to be conducted by the Select Committee on Missing Persons in Southeast Asia; to the Committee on House Administration.

By Mr. O'HARA:

H. Res. 745. Resolution to disapprove certain regulations submitted to the House by the Commissioner of Education in accordance with section 411 of the Higher Education Act of 1965, as amended, relating to the family contribution schedule under the basic educational opportunity grant program; to the Committee on Education and Labor.

By Mr. PATMAN:

H. Res. 746. Resolution providing for the consideration of H.R. 7590, a bill to authorize and direct the General Accounting Office to audit the Federal Reserve Board, the Federal Advisory Council, and Federal Open Market Committee, and Federal Reserve Banks and their branches; to the Committee on Rules.

H. Res. 747. Resolution expressing the sense of the House that optometric services be provided for in medical assistance programs; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. WEAVER (for himself, Mr. AuCoin, Mr. Duncan of Oregon, and Mr. Ullman):

H. Res. 748. Resolution to express the sense of the House that the Secretary of the Interior should assist the State of Oregon in the preservation and protection of the home of Senator Wayne Morse; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. OTTINGER:

H.R. 9885. A bill for the relief of Alberto de la Vega-Ripol; to the Committee on the Judiciary.

H.R. 9886. A bill for the relief of Christopher Swinton; to the Committee on the Judiciary.

By Mr. SCHEUER:

H.R. 9887. A bill for the relief of Dina Elizabeth Guzman; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 9861

By Mr. YATES:

On page 16, strike line 11 and all that follows down through and including line 25; and

On page 49, strike line 4 and all that follows down through and including line 16.

SENATE—*Friday, September 26, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. Sam Nunn, a Senator from the State of Georgia.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father who hast given unto us the rest of the night and brought us to a new day of service, guide us and guard us through all the duties laid upon us in this place.

Help us to work ever aware of Thy searching eye and Thy righteous judgment. Spare us from ill-considered speech and from cowardly silence. Preserve our hearts, our minds and our lips from bitterness or resentment. Keep us close to Thee that we may be kind and just and pure. Bind us together in common endeavor for the Nation's highest welfare. Make this place a beacon of goodness and truth, our service a credit to the Nation and our lives an honor to the Master, in whose name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The second assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., September 26, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Sam Nunn, a Senator from the State of Georgia, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. NUNN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Thursday, September 25, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from North Carolina wish to be recognized under the standing order?

Mr. HELMS. No, thank you, Mr. President.

I yield back the time.

The ACTING PRESIDENT pro tempore. Under the previous order the Senator from North Carolina is recognized for not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, will the distinguished Senator from North Carolina yield to me briefly?

Mr. HELMS. I yield.

Mr. MANSFIELD. Mr. President, I have been informed that the distinguished Senator from Missouri (Mr. Eagleton) will not use his time today. Therefore, I ask that the order for the recognition of the Senator from Missouri be vitiated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1976

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the yeas and nays on amendment No. 914 be vitiated.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, I am not going to object. I think the Senator is doing a wise thing. I congratulate the Senator.

What does the Senator mean by asking only that the order for the yeas and nays be vitiated? Does he mean that the amendment shall remain pending before the Senate?

Mr. HELMS. No, I do not.

Mr. President, I ask unanimous consent that I may withdraw the amendment.

The ACTING PRESIDENT pro tempore. Is there objection to the withdrawal of the amendment? If not, the unanimous-consent request is agreed to.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the Senator further on behalf of those of us who want to establish a strong position in opposition to forced busing and who believe that forced busing to create an arbitrary racial balance in the schools is foolish, wasteful, and unconstitutional.

I think we have written strong language in the bill, and I consider it to represent the viewpoint of the majority of the American people, black and white. It is well that we now get on with the other provisions of the bill.

Again, I congratulate the Senator on his decision and I thank him.

Mr. HELMS. I thank the able Senator for his comments.

Last evening I wished to protect my options in the matter. That is why I wanted to preserve the right to have amendment No. 914 considered by the Senate if necessary to make clear—both to HEW and Federal judges—that the legislative intent of the Senate is to put an absolute end to forced busing. After reviewing the debate of yesterday and the preceding days, but particularly yesterday, I think it is crystal clear that the Senate has spoken on the busing issue, principally and primarily through the amendment offered by the able and distinguished Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, will the able Senator yield?

Mr. HELMS. I yield, gladly.

Mr. ROBERT C. BYRD. I am pleased that the Senate adopted my amendment, which prohibits the Department of HEW from using funds to require busing of students beyond the school nearest their homes.

Busing students to achieve an arbitrary racial balance in the schools has done nothing to improve the quality of education at a time when our public school system is near ruin. In fact, quality education has suffered.

The overwhelming majority of black and white parents oppose busing. And busing has only added to racial tensions, and created unnecessary hostility among the students and communities affected.

I hope my amendment helps to stop the foolish, wasteful practice of arbitrary busing—and sends a loud message to HEW that it had better get back to improving the quality of education for all of our students, black and white.

I wish to add that my amendment was cosponsored by the distinguished Senator from North Carolina (Mr. HELMS), the distinguished Senator from Delaware (Mr. BIDEN), the distinguished senior Senator from Kentucky (Mr. HUDDLESTON), the distinguished junior Senator from Kentucky (Mr. FORD), the distinguished junior Senator from Georgia (Mr. NUNN), the distinguished senior Senator from Georgia (Mr. TALMADGE), the distinguished senior Senator from Florida (Mr. CHILES), the distinguished junior Senator from Florida (Mr. STONE), my distinguished colleague from West Virginia (Mr. RANDOLPH), and the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.)—have I left out anyone—and it was supported by a majority of Senators, to their great credit.

Mr. HELMS. Mr. President, I thank the Senator and I commend him for his effective work. It is my prayer that both HEW and the Federal courts will heed and abide by the clear intent of the Senate, and discard the wasteful, destructive practice of imposing forced busing upon the schoolchildren of America.

Mr. President, I yield back the remainder of my time.

(Later in the day the following proceedings occurred:)

Mr. HUDDLESTON. Mr. President, I reluctantly again raise the subject of enforced busing. I recognize that we are moving along now with this legislation and that this issue has been laid to rest so far as this particular bill is concerned, and there has been dialog already this morning.

However, during the course of debate on the issues relating to busing, there have been some references to the real objectives of and the real motives behind those who are opposed to and protest enforced busing.

A very significant article has appeared today in the Louisville Courier Journal relating to the situation in Jefferson County, Ky. This article appears under the headline "Black Visitor Finds Louisville Protestors 'Color Blind.'" It was written by a black journalist from Chicago, Ill., who went to Louisville and attended a large antibusing protest rally in that city.

In the opening paragraphs of this article, the journalist, Francis Ward, expresses the apprehension and concern that he felt as he went into this large delegation, seeing that emotions were high and that these people were expressing very strong sentiments relating to busing. I shall read two paragraphs and then submit this article for the RECORD. Francis Ward, the journalist, says:

> As it turned out, the only feelings directed toward me as an individual were ones of courtesy, not resentment. In retrospect, I consider this attitude as the key to understanding the busing protesters of Louisville.
>
> The antibusing forces held strong convictions to be sure. And, too, they were emotional. Yet they never seemed willing to resort to the kind of violence that characterized much of Boston's demonstrations last year.

The article goes on to cite several instances in which this journalist appeared in person and witnessed the happenings in Louisville, in Jefferson County. He reached two significant conclusions. One was that the violence there was not nearly as intense and as great as much of the country may have been led to believe by press reports emanating from Jefferson County.

The second conclusion, I think the most significant, was that the protestors, according to this journalist, were expressing resentment and concern and protest not against the black race but against the institution of enforced busing of schoolchildren.

It is important to keep in perspective the situation that obtains in Jefferson County, Ky., and, in my judgment, in many other places where there has been direct protest against enforced busing.

Mr. President, I ask unanimous consent to have this article—which also was distributed nationally by the Washington Post Service and the Los Angeles Times Service and was carried in the Louisville Courier Journal on this date—be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BLACK VISITOR FINDS LOUISVILLE PROTESTERS "COLOR BLIND"

(By Francis Ward)

(NOTE.—This article, which was distributed nationally by The Los Angeles Times-Washington Post Service, differs in some respects from accounts of antibusing demonstrations by Courier-Journal writers. It is being published on part of a continuing effort to show how the Louisville-Jefferson County busing situation is being reported by the national news media.)

LOUISVILLE.—As antibusing rallies go, the one Wednesday night three weeks ago at the Kentucky State Fairgrounds just south of here was as noisy and as fiery as any I have seen.

The meeting hall—a long rectangular affair with a low ceiling—was packed with people angry over the court-ordered busing that was to start along with school the next morning.

When I walked into the hall, a reporter just off a plane from Chicago, mine was the only black face to be seen. Warily, I looked around me for evidence of adverse reaction to my presence, whether passive indifference or incipient resentment. In such a volatile atmosphere, any newsman might become the target of the crowd's wrath, especially since the Louisville newspapers (and journalists for them) had come to be regarded as probusing and thus directly opposed to the aims of the crowd that night at the fairgrounds.

As it turned out, the only feelings directed toward me as an individual were ones of courtesy, not resentment. In retrospect, I consider this attitude as the key to understanding the busing protesters of Louisville.

The antibusing forces held strong convictions to be sure. And, too, they were emotional. Yet they never seemed willing to resort to the kind of violence that characterized much of Boston's demonstrations last year—I had been on hand for those, also—and which has occurred in other cities where antibusing sentiment has run high.

I was uneasy throughout the rally Wednesday night but, as it was breaking up, something happened to allay my apprehension. Sensing that I was a newsman, several whites approached me to apologize for an incident that, they said, they had witnessed earlier. According to their account, four blacks had been forced to leave the rally after being menaced by some of the protesters.

The friendly whites apparently wanted to relay through me the fact that, at the least, some protesters were sorry about the incident. "This isn't a racial thing," they said. "We're opposed to busing, but not to colored people."

Perhaps they were extending me special difference as a black newsman. But the same sentiments were expressed to me—and others—on a number of occasions in the days that followed.

On Thursday school opened, and about 2,500 whites gathered to protest in downtown Louisville, in clear violation of an order by U.S. Judge James F. Gordon limiting such demonstrations downtown to no more than 100 people.

Trouble seemed imminent. The leaderless bands of men and women—some carrying children—screamed their defiance of Judge Gordon and his busing plan, and roamed aimlessly. One group of several hundred even sat down in the middle of Broadway, blocking traffic at a busy intersection.

Police, who had carefully refrained from interfering up to that point, swiftly moved in and made about 10 arrests. This seemed to break the back of the protest that day. The crucial moment of confrontation had ended without so much as a nightstick being raised. Louisville's police had won the first major test.

Walking away from the demonstration, however, two white men told me, "We know what you colored people mean now about police brutality." Earlier that day, according to what I was told, they had seen a policeman clubbing a woman—who was later arrested—without sufficient cause. I had not seen the incident, but from their description and from comments of other protesters, police conduct seemed to have been no more excessive than what routinely takes place in most black communities every night.

Indeed, I believe that some representatives of the news media—both print and electronic—have exaggerated the extent and intensity of the violence in Louisville. It was not wholly quiet here—buses were burned, two of them on the campus of Southern High School. But the damage was not so extensive as to prevent the same buses from being back in service the next week.

Other buses were hit with stones while carrying white and black students. But this happened at no more than two or three schools. These were the only places where the trouble amounted to much. In each instance, no serious injuries were reported.

To keep Louisville's troubles in perspective, one should remember that:

The worst injury inflicted on anyone—policeman, National Guardsman, student, protester—was a serious eye injury suffered by a policeman hit by a fishing weight.

Nearly all the violence was confined to one night: Friday, Sept. 8. Beyond the burning of two buses, the only significant damage was the smashing of windows in a number of businesses in Okolona, a suburb south of Louisville. Other buses had windows broken and tires slashed, but all were ready for service the following Monday.

No stores or businesses were reported burned or looted. There was only one report of sniper fire, with no injuries. Most important, there was a marked absence of physical conflict between protesters and police. Confrontation was, for the most part, totally absent. Police brutality was a common complaint, but few protesters were actually led away to police vans—heads bloodied, teeth smashed, eyes blackened—as in earlier battles in other cities.

The vandalism of Friday night did not recur, even though Saturday and Sunday nights were marked by a great deal of public unrest. On both nights, hundreds—perhaps thousands—of people drove the two main south suburban thoroughfares, honking their horns and waving antibusing signs.

I mingled with the demonstrators several times over that weekend, but never was any hostility aimed directly toward me. At one point—amid a din of honking and screaming—one white offered to help if any of his pals tried to molest me. They never did.

One newsman—a white—was beaten at the fairgrounds the day after I had felt so conspicuous as a black reporter. Richard Walker, a UPI correspondent in Louisville, was slugged by a tough who accused him and a fellow reporter of working for the "Commie press."

Walker was not seriously hurt, although he later filed a police report. Then, on Sunday night, as Walker and I were watching the street disorders, a young man who had seen the slugging incident came up to Walker and offered to testify against the goon who had hit him.

Again, on the part of highly motivated opponent of busing, a sign of civility that seemed to transcend emotion.

Perhaps I, too, would have been attacked if I had been at the fairgrounds at the same time as Walker. But all that would have proved was that the animosity toward newsmen in Louisville was colorblind—not a bad message for our time.

Mr. FORD. Mr. President, I congratulate my colleague for bringing this article to the attention of the Senate, and I concur in his sentiments wholeheartedly.

EXTENSION OF THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

The ACTING PRESIDENT pro tempore. Under the previous order the Senate will now proceed to the consideration of H.R. 9524, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 9524) to extend the Emergency Petroleum Allocation Act of 1973.

The Senate proceeded to consider the bill.

The ACTING PRESIDENT pro tempore. The time for debate on the bill, the Mansfield substitute, and the Muskie amendment to the Mansfield substitute, shall not exceed 1 hour total, with the vote to occur on the bill, as amended, and if amended, not to extend beyond 10:30 a.m.

PENDING BUSINESS TEMPORARILY LAID ASIDE

Mr. MANSFIELD. Mr. President, I ask unamimous consent that the pending business be laid aside temporarily.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, with a 3-minute time limitation attached thereto, and the time not to extend beyond 9:25 a.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, am I correct that once the emergency natural gas bill has been laid before the Senate, as I believe the previous order provides, upon the disposition of the HEW appropriation bill the Senate will then proceed to the consideration of the Talmadge-Glenn-Hollings emergency natural gas bill, S. 2310.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent that immediately, upon the Chair's laying before the Senate the emergency natural gas bill, S. 2310, the Senate then lay aside that bill temporarily and go to the consideration of the conference report on H.R. 6674, military procurement.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the conference report on H.R. 6674, military procurement, the Senate then return to the natural gas legislation, S. 2310.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GARY W. HART). Without objection it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that morning business be extended for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 266—RESOLUTION FOR THE PRESERVATION AND PROTECTION OF THE HOME OF SENATOR WAYNE MORSE

Mr. JACKSON. Mr. President, on behalf of myself and Senator MAGNUSON, Senator HATFIELD, and Senator PACKWOOD, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 266) to express the sense of the Senate that the Secretary of the Interior should assist the State of Oregon in the preservation and protection of the home of Senator Wayne Morse.

Mr. JACKSON. Mr. President, on July 22, 1974, our former colleague, the late Senator Wayne Morse died. Since that time a number of citizens of Oregon, the State which Wayne Morse so ably represented, with the support of the Oregon State Legislature have been working to preserve the Wayne Morse ranch in Eugene, Oreg.

I am today submitting a resolution calling upon the Secretary of the Interior to assist these efforts through the use of the various grant authorities which the Congress has provided him to assist States and localities in the preservation of historic and recreational sites.

The Wayne Morse ranch is located in the heart of Eugene, in an area which is increasingly being subdivided. It is a 26-acre retreat from the press of development where one of our most able colleagues sought comfort and time to contemplate. Preservation of the wooded groves of oak and fir, the quiet pastures, and the ranch itself will be a fitting tribute to a man remembered for his deep and abiding principles in his vigorous pursuit of public service—a man who loved the land and who contributed mightily to the conservation and preservation of our natural heritage.

In the Senate we remember this courageous statesman who served with distinction for 24 years. He was a tireless and fearless legislator, voting his conscience regardless of the consequences, and in doing so has earned our respect and emulation. His steadfast convictions and his independence of spirit are in the best traditions of this body.

Americans, living in a time of rapidly changing attitudes, with drastic affects on our physical surroundings, need places to recall the people and events which have forever altered our lives—places to remember people of courage and conscience—places which call upon us to reexamine our present actions in the light of the knowledge from our past, and places for children to learn of the significance of these people and the contributions they made. The Wayne Morse ranch is such a place.

This spring, the Oregon State legislature appropriated $100,000 toward the purchase of this property, and the city of Eugene has agreed to maintain the property for the benefit of the citizens of the State and the Nation. However, more funds are needed, and it seems likely that unless Federal funds are made available soon, this place of great natural beauty and deep historical meaning will be turned into one more subdivision of suburbia. Lost would be the home of one of this century's great statesmen.

Mr. President, I move the adoption of the resolution.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. HELMS. I realize that it is a rather sensitive thing for the Senator from North Carolina to question this resolution, and I do so reluctantly but I feel obliged to do so, not with reference to the late distinguished Senator from Oregon, Mr. Morse, but as to the precedent we may be setting. Does the Senator have no concern about that?

Mr. JACKSON. Yes, there is ample precedent for this. We are not asking for any appropriation here, as the Senator knows; this is simply a sense of the Senate resolution, suggesting to the Secretary of the Interior——

Mr. HELMS. Can the Senator assure me, then, that this is not a prelude to an appropriation that would indeed set a precedent for the expenditure of the taxpayers' funds for similar purposes involving, potentially, literally hundreds of homes of former Senators?

Mr. JACKSON. No, this is not a prelude to appropriation. I would point out, being the author of the Land and Water Conservation Act, that the Secretary of the Interior administers funds that are made available to the States for purposes of recreation and purposes of preservation, assisting the States in a grant-in-aid program.

The last paragraph of the resolution speaks for itself. Leaving out all the whereases, I shall read it. Does the Senator have a copy?

Mr. HELMS. I have just received a copy a moment ago.

Mr. JACKSON. It reads:

> Now, therefore be it resolved by the Senate of the United States that the Secretary of the Interior is requested to assist the State of Oregon, and, through the State, its local subdivisions and citizens in the preservation and protection of the home of Senator Wayne Morse by making available to the State of Oregon such assistance as may be available through programs under the administration of the Secretary.

That relates to his regular allotment of funds under the Land and Water Conservation Act, and that comes out of a special fund from the sale of Federal properties, including funds from the Outer Continental Shelf.

Oregon will not get any more money, but it is a suggestion that the Secretary use his good offices to see to it that between the Secretary's office and the State office out there, some funds be made available out of that general item, and nothing else. It is a unilateral, sense of the Senate action.

I might say there was some corncern earlier on the part of Senator FANNIN and Senator HANSEN. Senator MAGNUSON, as well as, of course, the Oregon Senators, are cosponsors.

Mr. HELMS. The Senator knows of my high regard for him but I must confess, Mr. President, that I would have concern about this resolution if I had not been assured that it does not set a precedent, and that it is not a prelude to an appropriation request. I must say, in all candor, that I yet have some apprehension that we may be setting a precedent for future requests of this sort. However, I will accept the Senator's assurances in the same good faith in which he offered them.

Mr. JACKSON. But we are not calling—I am not introducing any authorization legislation.

Mr. HELMS. I understand perfectly what the Senator is doing.

Mr. JACKSON. It is a sense of the Senate resolution.

Mr. HELMS. As I say, it is a sensitive matter, to me, to question the Senator's resolution, since it addresses itself to a deceased Senator.

Mr. JACKSON. Well, I would hope the Senator would not object.

Mr. HELMS. I am not going to object. As I say, I accept the Senator's assurances.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

The preamble was agreed to.

The resolution (S. Res. 266), with its preamble, is as follows:

> Whereas, Senator Wayne Morse was a man of deep and abiding principles and a tireless and fearless legislator in the best traditions of the U.S. Senate;
>
> Whereas, he continued his vigorous pursuit of public service throughout his life whether in public office or as a private citizen;
>
> Whereas, in his service to the United States as a member of the Senate he championed the cause of home rule for the Nation's Capital, led the fight for an elected school board for the District of Columbia and was the prime mover to establish Washington's Higher Education System, the Federal City College and the Washington Technical Institute;
>
> Whereas, he was properly renowned for his great knowledge and expertise in the area of labor law serving as Chairman of the President's Railway Emergency Board in 1941, as an alternate public member of the National Defense Mediation Board in 1941 and as a public defender of the National War Labor Board from 1942 to 1944, and throughout his life dedicated to the rule of fairness in labor matters and to the protection of the rights of every working man and woman;
>
> Whereas, his long chairmanship of the Senate Subcommittee on Education carved out a special place for him in history with much of the enduring education legislation bearing his imprint and remaining as a memorial to his vision on behalf of the young people of America;
>
> Whereas, on the broader stage of world and national affairs, he left an immensely impressive legacy, serving as a delegate to the United Nations in 1960 and as a member of the Foreign Relations Committee during his Senate career, in which he voted his conscience against the tide of the time and which was characteristic of his determination to do what he believed to be right, regardless of the consequences; and
>
> Whereas, the Congress of the United States has established the Land and Water Conservation Fund and enacted the Historic Preservation Act and other similar measures to provide the various states of the union and, through the states, local subdivisions, with Federal assistance to set aside and preserve for future generations areas of recreational and inspirational value; Now, therefore be it
>
> *Resolved by the Senate of the United States* That the Secretary of the Interior is requested to assist the State of Oregon, and, through the State, its local subdivisions and citizens in the preservation and protection of the home of Senator Wayne Morse by making available to the State of Oregon such assistance as may be available through programs under the administration of the Secretary.

MESSAGES FROM THE HOUSE

At 2:30 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 9524) to extend the Emergency Petroleum Allocation Act of 1973.

The message also announced that pursuant to a request of the Senate, the bill (S. 622) to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement U.S. obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery, together with all accompanying papers, is hereby returned to the Senate.

ENROLLED BILLS SIGNED

At 4:25 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 7715. An act to extend until the close of June 30, 1978, the period during which certain dyeing and tanning materials may be imported free of duty; and

H.R. 9524. An act to extend the Emergency Petroleum Allocation Act of 1973.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. Nunn).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Nunn) laid before the Senate the following letters, which were referred as indicated:

Final Award in the Mohave Tribe of Indians of Arizona, California, and Nevada Versus The United States

A letter from the Chairman, Indian Claims Commission, transmitting, pursuant to law, a report of final award in docket No. 295–A, the Mohave Tribe of Indians of Arizona, California, and Nevada, plaintiff versus the United States of America, defendant (with an accompanying report); to the Committee on Appropriations.

Report of Contracts by the Department of Defense

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, a report of contract awards made for the period September 15 to December 15, 1975 (with an accompanying report); to the Committee on Armed Services.

Report of Project Applications

A letter from the Acting Director, Defense Civil Preparedness Agency, transmitting, pursuant to law, a report of project applications of the States, territories, and possessions approved during the fiscal year ending June 30, 1975 (with an accompanying report); to the Committee on Armed Services.

Report of the Advisory Commission on Intergovernmental Relations

A letter from the Chairman, Commission on Intergovernmental Relations, transmitting, pursuant to law, chapters 2 through 5 of the report of the Advisory Commission on Intergovernmental Relations concerning certain problems associated with multistate taxation of commercial banks, mutual savings banks, and savings and loan associations (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

Proposed Amendments to the Financial Institutions Act of 1975

A letter from the General Counsel, Federal Home Loan Bank Board, transmitting a draft of proposed amendments to S. 1267, the "Financial Institutions Act of 1975," for the purpose of amending proposed amendments to section 5(c) of the Homeowners' Loan Act of 1933, as amended (with accompanying papers); to the Committee on Banking, Housing and Urban Affairs.

Report on Alaskan Natural Gas Transportation Systems

A letter from the Assistant Secretary of the Interior, transmitting, for the information of the Senate, a study of the benefits and costs of transporting natural gas from the north slope of Alaska to markets in the lower 48 States (with an accompanying report); to the Committee on Commerce.

Proposed Legislation Relating to Disclosures of Federal Tax Returns and Return Information

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of returns and the disclosure of information with respect thereto, and for other purposes (with accompanying papers); to the Committee on Finance.

Report of the Comptroller General

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on problems in licensing hydroelectric projects, Federal Power Commission (with an accompanying report); to the Committee on Government Operations.

Report on the Alaska Native Claims Settlement Act

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report on the implementation of the Alaska Native Claims Settlement Act during the period July 1, 1974, through June 30, 1975 (with an accompanying report); to the Committee on Interior and Insular Affairs.

Report on the Navajo Nation: An American Colony

A letter from the U.S. Commission on Civil Rights, transmitting, pursuant to law, a report entitled "The Navajo Nation: An American Colony" (with an accompanying report); to the Committee on Interior and Insular Affairs.

Proposed Legislation To Amend the Immigration and Nationality Act

A letter from the Assistant Secretary for Congressional Relations, Department of State, transmitting a draft of proposed legislation to amend the Immigration and Nationality Act, and for other purposes (with accompanying papers); to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BURDICK, from the Committee on the Judiciary, without amendment:

S. 539. A bill to amend the Jury Selection and Service Act of 1968, as amended (28 U.S.C. 1861 et seq.), by revising the section on fees, section 1871, and by adding a new section 1875, and for other purposes (Rept. No. 94–400).

By Mr. JAVITS, from the Committee on Foreign Relations, without amendment:

S. Con. Res. 65. A concurrent resolution welcoming Their Majesties the Emperor and Empress of Japan (Rept. No. 94–401).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. JOHNSTON:

S. 2422. A bill to amend the Merchant Marine Act, 1920, in order to provide that the coastwise laws shall extend to the Virgin Islands with respect to the transportation of crude oil, residual fuel oil, and refined petroleum products. Referred to the Committee on Commerce.

By Mr. STENNIS (for himself and Mr. Thurmond) (by request):

S. 2423. A bill to authorize the sale and shipment incident to such sale of the chemical substance carbonyl chloride by the Department of Defense. Referred to the Committee on Armed Services.

By Mr. STENNIS (for himself and Mr. Thurmond) (by request):

S. 2424. A bill to amend titles 10 and 37, United States Code, relating to the appointment, promotion, separation, and retirement of members of the Armed Forces, and for other purposes. Referred to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JOHNSTON:

S. 2422. A bill to amend the Merchant Marine Act, 1920, in order to provide that the coastwise laws shall extend to the Virgin Islands with respect to the transportation of crude oil, residual fuel oil, and refined petroleum products. Referred to the Committee on Commerce.

Mr. JOHNSTON. Mr. President, I introduce for appropriate reference an amendment to the Shipping Act of 1920, which will remove the unfair advantage now granted to certain oil refinery facilities in the Caribbean area. This amendment would require that the coastwise shipping laws, the Jones Act provisions, which require the carriage of cargoes on U.S.-flag ships between U.S. ports, be applicable to the U.S. Virgin Islands.

At present the Virgin Islands are exempt from this law. Under the existing statute the President could, by simple proclamation, make the law applicable to shipments from this island territory. Despite repeated requests, despite clear evidence that this unfair exemption is costing U.S. jobs and discouraging the achievement of energy independence, the President has refused to act.

It is, therefore, time for the Congress to do so, and I hope that the amendment being introduced today can be considered and adopted by the present Congress, as part of our development of a sound, sensible U.S. energy policy.

The removal of the special privileges enjoyed by the Virgin Islands refining facilities is essential for two major reasons:

First, this action will mean more jobs for U.S. workers, particularly U.S. merchant seamen, and a much needed boost to the U.S.-flag tanker fleet. At the present time nearly 500,000 b/d of petroleum products are shipped between the U.S. Virgin Islands and the U.S. mainland. This volume is moving on foreign ships. If it were carried on U.S. ships, this could mean the employment of about 50 vessels of T–2 capacity, that is 16,000 deadweight tons. Obviously this would add greatly to employment of U.S. workers in an industry which is currently bearing a heavy burden of unemployment. Further, it would strengthen the U.S. tanker fleet and provide added insurance against the threat of supply disruption, thus contributing to our energy independence.

Second, this amendment will encourage the construction of more refining capacity in the United States—and reduce our dependence on imported petroleum products, particularly residual fuel oil. At the present time we import about 75 percent of all our heavy, industrial fuel oil. I believe we should reduce this dependence on offshore refineries as soon as possible. I believe we should build refineries here, not only because it is essential to our security, but because it will mean more jobs for U.S. construction and refinery workers.

In summary, there are two compelling

reasons for prompt action to remove this exemption—the need to provide more jobs for our seamen and more work for our tanker fleet and the need to build more refining capacity.

Mr. President, I hope that my amendment will be given prompt and favorable consideration by the Senate and the Congress. It will provide clear evidence of our commitment toward providing more jobs for American workers and toward achieving true energy independence in years ahead.

By Mr. STENNIS (for himself and Mr. Thurmond) (by request):

S. 2423. A bill to authorize the sale and shipment incident to such sale of the chemical substance carbonyl chloride by the Department of Defense. Referred to the Committee on Armed Services.

Mr. STENNIS. Mr. President, by request, for myself and the senior Senator from South Carolina (Mr. Thurmond), I introduce, for appropriate reference, a bill to authorize the sale and shipment incident to such sale of the chemical substance carbonyl chloride by the Department of Defense.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of the Army,
Washington, D.C., August 4, 1975.

Hon. Nelson A. Rockefeller,
President of the Senate.

Dear Mr. President: I am transmitting herewith on behalf of the Department of Defense a draft of proposed legislation which would authorize the Secretary of Defense to dispose by sale within the United States the Defense Department's entire inventory of the chemical substance carbonyl chloride and to arrange such transportation as may be necessary incident to such sale. Enactment of this legislation is requested by the Department of Defense as a part of its program to dispose of all chemical warfare agents and munitions presently stored at Rocky Mountain Arsenal.

Carbonyl chloride is a chemical substance widely used commercially in the manufacture of urethane plastics and other products. Currently there are 18 domestic industrial producers of carbonyl chloride with a projected production of over 1.4 billion pounds per year. The present market value of carbonyl chloride is $0.20 per pound.

The Department of the Army has stored at the Rocky Mountain Arsenal, just outside Denver, Colorado, 1,294 one-tone containers (2,078,000 pounds) of carbonyl chloride. These stocks were acquired many years ago to serve as a part of the United States chemical warfare capability, under the name phosgene. This phosgene has for several years been considered obsolete insofar as possible use for purposes of chemical warfare is concerned.

In 1967, the Defense Supply Agency contracted to sell to two private companies approximately 3,850 tons of carbonyl chloride. About three-fourths of the phosgene containers had been shipped by rail and delivered to the purchasers before the Department of Transportation cancelled the special permits which had been granted to the purchasers for transportation of the containers. The subsequent enactment of Public Laws 91–121 and 91–441 placed severe restrictions on the movement and disposal of toxic chemical and biological agents. The Defense Supply Agency studied the sale of phosgene to industry with respect to these laws and determined that such sale would be inconsistent with Section 506(d) of Public Law 91–441 (84 Stat. 913), which requires that any chemical warfare agent be detoxified prior to disposal. Therefore, plans to detoxify the remaining 1,039 tons of phosgene at Rocky Mountain Arsenal were approved by the Deputy Secretary of Defense on June 8, 1970. Detoxification of these stocks was scheduled to begin in the spring of 1977.

The plans of the City of Denver to expand the Stapleton International Airport created a need to accelerate the removal of obsolete stocks of chemicals from Rocky Mountain Arsenal. The disposition of phosgene was reprogrammed for accomplishment concurrent with the disposal of the other chemical stocks at the Rocky Mountain Arsenal, which is to be completed in 1977. This bill, which authorizes the sale of carbonyl chloride by the Department of Defense, notwithstanding the provisions of Public Laws 91–121 and 91–441, would reduce significantly the cost to the taxpayer of disposal of carbonyl chloride. The savings as a result of the sale which would be authorized by this bill, apart from any payments to the government from the purchasers of the carbonyl chloride would be between $2.0 and $3.0 million.

An alternative to sale of the carbonyl chloride in its present form would be conversation by the Army of the Carbonyl chloride into one of its common commercial derivatives, such as hydrochloric acid, and the sale of that derivative. Such conversion and sale would also be exempted by this bill from the restrictions of P.L. 91–121 and P.L. 91–441.

This proposed legislation would not exempt the proposed sale of carbonyl chloride by the Department of Defense from the provisions of any applicable laws other than Public Laws 91–121 and 91–441. Thus, for example, any transportation incident to such sale would have to comply with the applicable standards of the Department of Transportation for commercial shipment of carbonyl chloride. This legislation would, therefore, not expose the public to any greater risk of injury than that to which it is routinely exposed incident to the commercial production, shipment, and use of carbonyl chloride. An environmental assessment of the proposed sale has been prepared by the Department of the Army. This assessment concludes that the proposed sale would not significantly affect the quality of the human environment and that a detailed environmental impact statement is not required.

For the foregoing reasons, the Department of Defense requests expeditious enactment of this proposed legislation.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposed legislation for the consideration of the Congress.

Sincerely,

Norman R. Augustine,
Acting Secretary of the Army.

By Mr. STENNIS (for himself and Mr. Thurmond) (by request):

S. 2424. A bill to amend titles 10 and 37, United States Code, relating to the appointment, promotion, separation, and retirement of members of the Armed Forces, and for other purposes. Referred to the Committee on Armed Services.

DEFENSE OFFICER PERSONNEL MANAGEMENT ACT

Mr. STENNIS. Mr. President, by request, for myself and the senior Senator from South Carolina (Mr. Thurmond), I introduce, for appropriate reference, a bill to amend titles 10 and 37, United States Code, relating to the appointment, promotion, separation, and retirement of members of the Armed Forces, and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

General Counsel of
the Department of Defense,
Washington, D.C., July 22, 1975.

Hon. Nelson A. Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is forwarded herewith a draft of proposed legislation "To amend titles 10 and 37, United States Code, relating to the appointment, promotion, separation, and retirement of members of the armed forces, and for other purposes."

This proposal is a part of the Department of Defense Legislative Program for the 94th Congress. It is identical to the legislation introduced as H.R. 7486 in the House of Representatives on May 22, 1975, except for minor technical and typographical variations. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress.

This proposal represents a major change to and modernization of the officer personnel laws, largely unchanged since the Officer Personnel Act of 1947. Enactment of this legislation will provide for implementation of the grade limitations and other officer management system changes proposed in the Secretary of Defense's Report to Congress on Officer Grade Limitations, submitted on 30 May 1973 in compliance with Public Law 92–561.

It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to revise the laws which govern the management of commissioned officers serving on active duty in the Army, Navy, Air Force, and Marine Corps below the grade of brigadier general or rear admiral to: (1) establish new permanent statutory limitations on the numbers of these officers who may serve in certain grades; (2) provide common provisions of law for the appointment of regular officers and for the active-duty service of reserve officers; (3) provide uniform provisions of law for their promotion, eliminating the existing temporary promotion systems; and (4) establish common, uniform provisions of law governing their tenure and mandatory separation or retirement, for reasons other than physical disability.

The laws governing the appointment, promotion, retirement, separation, and the numbers in grade of commissioned officers are now separate for the officers of each military department and contain many differences in substance and effect. These differences have resulted from the respective historic origins of the statutes and generally do not reflect differences in actual management needs as they exist today. This proposal would provide common statutes to eliminate unwarranted differences. Alternately, it would be possible to amend existing statutes, however, common statutes will simplify title 10, United States Code, and encourage a more uniform interpretation and application of these laws. With respect to those existing statutes which include provisions governing officers serving in the grade of brigadier general or rear admiral and above, only those technical amendments needed to continue the present operation of the law for these officers have been made.

In recognition of the existing need to review the officer promotion system the Secretary of Defense, on August 9, 1972, directed that a Department of Defense Study Group be convened to (1) provide recommendations for an improved officer personnel management system, and (2) identify actions necessary to implement these recommendations. The membership of the study group included the Assistant Secretaries (Manpower and Reserve Affairs) for the military departments, the Deputy Chiefs of Staff for Personnel, and appropriate representation from the offices of the Joint Chiefs of Staff and the Secretary of Defense.

The findings and conclusions of this Study Group formed the basis for the Secretary of Defense's report to Congress, the Officer Grade Limitation Report cited above, as well as this proposed legislation. The primary objectives of the officer personnel management system which has been formulated are not markedly different from those of the Officer Personnel Act of 1947 and the Officer Grade Limitation Act of 1954. Specifically, the system objectives are:

First, to allow the services to meet requirements for officers in the various grades at ages conducive to effective performance.

Second, to provide career opportunity that will attract and retain the number of high caliber officers needed.

Third, to provide career opportunity which is reasonably consistent among the four services.

Consistent with these objectives the major changes that will be brought about by this legislative proposal are as follows:

New statutory grade limitations for major/lieutenant commander, lieutenant colonel/commander, and colonel/captain will replace both the permanent regular limits of the Officer Personnel Act of 1947 and the temporary promotion grade ceilings of the Officer Grade Limitation Act of 1954. These new limitations are structured to meet Defense requirements, provide viable career opportunity within each service, and accomplish reasonably consistent career opportunity among the services. At the same time, the limitations provide sufficient flexibility to accommodate service differences and to respond to changing manpower level situations. Another significant change reflected in these new limitations is that reserve officers recalled to active duty in emergency situations will not be included in grade limitations for two years following the initial recall. Finally, the grade limitations represent a particularly significant change for the Navy. Currently, Navy restricted line and staff corps officers are not subject to direct grade limitations but are controlled indirectly by their relationship to officers of the unrestricted line. This proposal will place restricted line and staff corps officers (with exception of physicians and dentists) under direct grade control. A more detailed discussion of the considerations involved in development of the new limitations and the specific numerical changes which will occur in the grade authorizations for each service are contained in the Officer Grade Limitation Report.

The adoption of a single promotion system by each service is proposed to replace the dual temporary/permanent systems presently in effect. Present law provides for a two-step promotion system; temporary promotions are administered within the ceilings of the Officer Grade Limitation Act of 1954, while permanent promotions are made under the permanent regular limits prescribed by the Officer Personnel Act of 1947. In the Army and Air Force, the law and policy provide for two separate selections, one for temporary or insignia-change promotion, and a second for permanent (regular) promotion, which governs tenure. In the Navy and Marine Corps, law and policy provide for a single selection for advancement to both temporary grade and permanent grade as vacancies occur under the respective statutory limitations. Under this system, the single selection and temporary promotion governs tenure. The existing systems are archaic and administratively cumbersome for promotion to grades below brigadier general or rear admiral. For example, there is no need for Army and Air Force officers to undergo two separate selections for promotion to a given grade. This proposal provides for only one standardized promotion system for each service, with promotion on a permanent basis as vacancies occur under a single set of statutory grade limitations.

A discussion of the assumptions and considerations involved in establishing proposed promotion points and promotion opportunity is contained in the Officer Grade Limitation Report. In general, the proposed grade authorizations have been developed to provide the Grade Limitation Act of 1954. These new limitations are structured to meet Defense requirements, provide viable career opportunity within each service, and accomplish reasonably consistent career opportunity among the services. At the same time, the limitations provide sufficient flexibility to accommodate service differences and to respond to changing manpower level situations. Another significant change reflected in these new limitations is that reserve officers recalled to active duty in emergency situations will not be included in grade limitations for two years following the initial recall. Finally, the grade limitations represent a particularly significant change for the Navy. Currently, Navy restricted line and staff corps officers are not subject to direct grade limitations but are controlled indirectly by their relationship to officers of the unrestricted line. This proposal will place restricted line and staff corps officers (with exception of physicians and dentists) under direct grade control. A more detailed discussion of the considerations involved in development of the new limitations and the specific numerical changes which will occur in the grade authorizations for each service are contained in the Officer Grade Limitation Report.

The adoption of a single promotion system by each service is proposed to replace the dual temporary/permanent systems presently in effect. Present law provides for a two-step promotion system; temporary promotions are administered within the ceilings of the Officer Grade Limitation Act of 1954, while permanent promotions are made under the permanent regular limits prescribed by the Officer Personnel Act of 1947. In the Army and Air Force, the law and policy provide for two separate selections, one for temporary or insignia-change promotion, and a second for permanent (regular) promotion, which governs tenure. In the Navy and Marine Corps, law and policy provide for a single selection for advancement to both temporary grade and permanent grade as vacancies occur under the respective statutory limitations. Under this system, the single selection and temporary promotion governs tenure. The existing systems are archaic and administratively cumbersome for promotion to grades below brigadier general or rear admiral. For example, there is no need for Army and Air Force officers to undergo two separate selections for promotion to a given grade. This proposal provides for only one standardized promotion system for each service, with promotion on a permanent basis as vacancies occur under a single set of statutory grade limitations.

A discussion of the assumptions and considerations involved in establishing proposed promotion points and promotion opportunity is contained in the Officer Grade Limitation Report. In general, the proposed grade authorizations have been developed to provide for normal operation of the promotion systems within promotion timing guidelines and minimum promotion opportunities as follows:

Grade	Time of promotion (years of commissioned service)	Promotion opportunity
To first lieutenant/lieutenant (j.g.)	2	(1)
To captain/lieutenant	4	95
To major/lieutenant commander	10±1	80
To lieutenant colonel/commander	16±1	70
To colonel/captain	22±1	50

[1] Fully qualified.

The combined impact of the foregoing promotion phrase points and promotion opportunities is shown below for 100 career officers:

Commissioned service in year, grade achieved, and survivors:

0	Second Lieutenant/Ensign	100
2	First Lieutenant/Lieutenant (j.g.)	96
4	Captain/Lieutenant	87
10	Major/Lieutenant Commander	65
16	Lieutenant Colonel/Commander	41
22	Colonel/Captain	18

The progressively decreasing number of survivors shown above is attributed to a combination of normal attrition due to death and disability and the greater forced attrition due to failure of selection with the letter playing the major role. Voluntary separations and retirement have not been considered.

The career force, consisting of those officers with more than 11 years of commissioned service, will be regular officers, with few exceptions. Presently, most Navy and Marine Corps officers on active duty with more than 11 years commissioned service are regulars. However, this is not the case in the Army and the Air Force which retain some reserve officers until they attain 20 years of service and retirement eligibility. Greater individual equity will be achieved if all non-regular officers (except those involved in organizing, training and administering the reserve components) are released from active duty or commissioned as regular officers not later than the competition of 11 years of active commissioned service. Removal or alteration of existing statutory tenure guarantees is fundamental to an all-regular career structure if the services are to remain within prescribed grade limitations, particularly during periods of declining officer strength. These changes are embodied in new tenure provisions.

There will be standardization of the career expectation of officers among the services and the elimination of maximum length of service guarantees, in favor of greater service discretion in the involuntary separation and retirement of officers. Existing law provides for the mandatory separation or retirement of regular officers after specified periods of commissioned service, depending upon the grade attained. These periods of service for Army and Air Force officers are different from that of Navy and Marine officers. For example, a Navy commander or Marine lieutenant colonel who has twice failed selection to captain or colonel is involuntarily retired after 26 years of commissioned service; an Army or Air Force lieutenant colonel who has likewise twice failed of selection is not involuntarily retired until 28 years of commissioned service. These differences are unwarranted under conditions today. The bill provides maximum length of service for all Services as follows: officers in the grade of captain or Navy lieutenant and below, involuntary separation or retirement on second failure of selection to the next higher grade; major/lieutenant commander, 20 years total active service; lieutenant colonel/commander, 26 years commissioned service; and colonel/captain 30 years commissioned service.

Since guaranteed tenure limits the Services' ability to manage the force either in terms of grade structure or quality, the Secretaries of the Military Departments would have authority to convene selective continuation boards whenever the needs of the Service require, to recommend certain officers for continuation on active duty.

Majors and lieutenant commanders who have failed of selection for promotion twice will be separated, or retired if eligible, unless they are recommended for continuation on active duty by a board. They can be considered by a board only once and if recommended for continuation, they will be permitted to remain on active duty until 20 years of service.

Lieutenant colonels and commanders who have failed of selection for promotion at least twice and colonels and captains with more than four years in grade are eligible to be considered by a continuation board. At least 70% of the officers considered in these grades must be continued and those continued cannot be considered again in the same grade for at least five years. Those officers not recommended for continuation would be retired and if not eligible for retirement would be permitted to serve until they are eligible. These officers could not be continued beyond their respective mandatory retirement points.

Significant changes affecting women officers are incorporated in the enclosed bill which provide equal career progression opportunity for women. As a result, the basic provisions of this bill relating to appointment, promotion, accountability and retirement will apply equally to both male and female officers.

The total legislative package has been developed in concern with the proposed Uniformed Services Retirement Modernization Act submitted to the Congress on June 10, 1975. For example, it has been assumed that the improved severance pay provided in this Act will appropriately compensate individuals separated due to failure of selection for promotion prior to attaining retirement eligibility.

Enactment of the proposed legislation would require marked changes in administrative procedures which, if abruptly made, could adversely affect the status of many officers. Temporary provisions are included to provide for the transition to the new system in all four services.

In this connection, it should be noted that the existing Officer Grade Limitation Act specifies lower limitations in the grades of lieutenant colonel and colonel for the Air Force than for the similar grades in the Army and Navy. These lower limitations reflect the fact that the Air Force, in 1954, had a relatively young officer force in terms of years of active duty. Congress recognized that as the Air Force matured, the tables would have to be adjusted and has subsequently granted temporary relief seven times since 1959. These relief measures have allowed Air Force officers to achieve comparable promotion flow with their contemporaries in the other services. The new grade limitations in this proposal will correct the existing inconsistencies; however, the current temporary increase expires on September 30, 1976, at which time the original Officer Grade Limitation Act takes effect. A return to permanent grade limitations would produce severe debilitating effects on Air Force career officers. The attraction and retention of younger officers to that Service would be inhibited for many years. Recognizing this situation, separate action to extend the current Air Force temporary grade limitation authority will be necessary if the new grade limitations proposed are not enacted during the 94th Congress.

COST AND BUDGET DATA

This legislation, implementing the proposed officer personnel management system, is designed to operate with the proposed Uniform Services Retirement Modernization Act. The legislation, viewed in isolation, is not expected to produce substantial near-term reductions in the costs of military manpower.

The table below reflects the potential cost savings officer pay and allowances of operating at the maximum of the proposed grade limitations as compared to operating at the maximum of the current statutory limitations.

Five year cumulative cost savings

Fiscal year:	*Millions of dollars*
1976	11.1
197T (Transition)	2.2
1977	11.8
1978	12.9
1979	12.6
1980	13.0
Total	63.6

Since the actual and planned structures are below both limitations, the actual cost differential of this legislation will depend on the relationship between the authorized and actual grade structures in future years. For example, if the Service would be authorized to maximize the senior officers authorized under the proposed limitations in FY 76, additional costs of $22.6 million would be incurred that year; however, if the Services were permitted to maximize the number of senior officers under the existing law, the additional costs for pay and allowances would be $33.7 million.

Sincerely,

MARTIN R. HOFFMANN.

Enclosure.

Sectional Analysis

Section 1 provides that the Act may be cited as the "Defense Officer Personnel Management Act".

Section 2 amends part II of subtitle A of title 10, United States Code, as follows:

Clause (1) of the bill is a technical amendment to the chapter analysis of subtitle A and the chapter analysis of part II of subtitle A to reflect the addition of proposed new chapter 30 entitled "Strength and Distribution in Grade".

Clause (2) of the bill amends part II of subtitle A by inserting proposed new chapter 30, consisting of sections 451, 452, and 453, before chapter 31, as follows:

Section 451 relates to the total authorized strength of the armed forces (other than the Coast Guard when it is not operating as a service of the Navy), as follows:

Subsection (a) provides that the total strength of an armed force is as authorized annually by law. It provides that the strength authorized shall not include Reserves on active duty for training; those paid from appropriations for the Reserves; Reserves ordered to active duty during a war, or national emergency declared after January 1, 1975; members of ROTC programs; and officers on duty with the Selective Service System.

Subsection (b) provides that (1) the Secretary of Defense may prescribe the total strength in officers on active duty for any armed force governed by the provisions of the section; (2) that the Secretary concerned may prescribe numbers for any other category of members of an armed force on active duty under his jurisdiction; and (3) that the total strength of the Navy shall be increased by the authorized total strength and officer strength of the Coast Guard when the Coast Guard is operating as a service of the Navy.

Section 452 relates to the total number of officers which may serve in certain specified grades, as follows:

Subsection (a) establishes the maximum number of officers in the grades of major through colonel for the Army, Air Force, and Marine Corps, and lieutenant commander through captain for the Navy. The maximum number which may be authorized to serve on active duty is based on the total number of commissioned officers who are on active duty in the named armed forces. It also provides that, when the strength in officers is more than the numbers listed in the tables or when the numbers on active duty fall between the numbers listed in the tables, that the maximum number is to be determined by interpolation between the respective numbers.

Subsection (b) requires the Secretary concerned whenever the needs of the service require but at least once each fiscal year to compute the number of officers who are authorized to serve on active duty in each grade above captain (Army, Air Force, or Marine Corps) or lieutenant (Navy).

Subsection (c) provides that should the total number of officers upon which the grade computation is based be reduced by more than 7% in any one year, the Secretary concerned may delay the computation required by subsection (b) for not more than one year after the year in which the reduction occurs.

Subsection (d) provides that officers in the following categories shall not be counted in determining strengths under the section:

(1) Reserve commissioned officers who:

(A) are on active duty for training;

(B) are on active duty under section 265 (service at the seat of government and at headquarters responsible for reserve affairs and participation in preparing and administering policies and regulations affecting the reserve components); 678 (ordered to active duty in conjunction with organizing, administering, recruiting, instructing, or training the Reserves generally); 3033 (service on Army Reserve Policy Committee); 3496 (service in National Guard Bureau); 5251 (service on Navy Reserve Policy Board); 5252 (service on Marine Corps Reserve Policy Board); 8033 (service on Air Force Reserve Forces Policy Committee); or 8496 (service in National Guard Bureau) of title 10; or section 708 (service as the Property and Fiscal officer of the Army or Air National Guard appointed for each State and territory, Puerto Rico, the Canal Zone, and the District of Columbia) of title 32;

(C) are on active duty to pursue special work or otherwise ordered to active duty in connection with organizing, administering, recruiting, training, instructing, or drilling the Reserves; or

(D) are ordered to active duty in a time of war or national emergency under current section 672, 673, or 674 of title 10. However, Reserves on active duty (other than for training) for more than 24 consecutive months after the first unit or member of that armed force enters upon that active duty must be counted in determining authorized strength.

(2) Officers on active duty in a grade above colonel or captain (Navy).

(3) Medical and Dental officers.

(4) Warrant officers.

(5) Retired officers.

(6) Officers on duty with the Selective Service System.

Subsection (e) provides that no officer may be reduced in grade or suffer a reduction in pay or allowances because of a reduction in the number of officers authorized for the grade in which he is serving.

Subsection (f) provides that the number prescribed for a grade may be increased during the period between computations by the number of officers originally appointed to that grade and by the number of officers of that grade for whom a vacancy exits but whose promotion has been delayed for any reason.

Subsection (g) provides that in time of war, or national emergency declared by the President or Congress after January 1, 1975, the President may suspend the operation of any provision of section 452. Section 453 sets forth the ground rules for determining "prescribed number" and "vacancies", as follows:

Subsection (a) requires the Secretary concerned, whenever the needs of the service require, to prescribe the numbers of officers, other than those officers excluded by proposed new section 452, that shall be maintained in each of the grades O-4 through O-6. If the number prescribed is less than the number authorized under section 452, the reduction may be applied as an increase to the authorized number in a lower grade.

Subsection (b) provides that the actual number of officers in a grade, other than those officers excluded by proposed new section 452 may not exceed the prescribed number. Vacancies occur when the actual number falls below the prescribed number.

Subsection (c) provides that the prescribed number for a grade is temporarily increased during the period between one computation and the next succeeding computation by—

(1) the number of officers originally appointed during that period; and

(2) the number of officers for whom a vacancy exists in the higher grade but whose promotion has been delayed for any reason.

Subsection (d) provides that at the time of making the computations required, or whenever the needs of the service require, the Secretary concerned shall also determine the number of officers that will be required to meet the needs of the service in the grades of O-1 through O-3 in each of the services.

Clause (3) of the bill amends chapter 33 by inserting proposed new sections 542-544 and inserting corresponding new items for those sections in the chapter analysis, as follows:

Section 542 prescribes the manner by which original appointments are to be made, as follows:

Subsection (a) provides that, unless provided otherwise in title 10, appointments in the regular commissioned grades of the Army, Navy, Air Force, or Marine Corps are to be made by the President, by and with the advice and consent of the Senate.

Subsection (b) provides that original appointments under the provisions of this chapter may not be made in warrant officer grades or above colonel or captain (Navy).

Section 543 states the basic qualifications of persons who are originally appointed to the active-duty list of the Regular Army, Regular Navy, Regular Air Force, and Regular Marine Corps, as follows:

Subsection (a) provides that original appointments may be made from persons who:

(1) are citizens of the United States;

(2) are at least 18 years old;

(3) are able to complete 20 years of active commissioned service before their 55th birthday;

(4) are of good moral character;

(5) are physically qualified for active service; and

(6) have such other qualifications as the Secretary concerned may prescribe by regulation.

Subsection (b) excludes from this section original appointments of medical or dental officers or those designated as officers for limited duty.

Subsection (c) excludes chaplains from the provisions of subsection (a) (3).

Section 544 contains provisions governing the service credit which may be awarded to a person originally appointed in the Regular Army, Regular Navy, Regular Air Force, or Regular Marine Corps, as follows:

Subsection (a) provides that for purposes of determining grade, position on an active-duty list, seniority in grade, and eligibility for promotion, a person originally appointed as a regular commissioned officer shall be credited with the active commissioned service, other than service as a commissioned warrant officer, which he performed before his appointment after becoming 18 years old.

Subsection (b) provides that in addition to the credit to which a person may be entitled under subsection (a), the Secretary of the military department concerned shall credit an officer with periods of constructive service under regulations which shall be prescribed by the Secretary of Defense, as follows:

Clause (1) provides that one year of credit may be awarded for each year of advanced education beyond the normal baccalaureate level, if the degree was necessary to qualify for an appointment as a commissioned officer in a particular category which requires advanced education in order to qualify for appointment as a commissioned officer. The years of service awarded may only be the number of years required to obtain the advanced degree.

Clause (2) provides credit for advanced education in a health profession, other than medicine and dentistry, beyond the baccalaureate degree which exceeds the basic educational criteria for appointment when such advanced education will be directly used by the armed force concerned.

Clause (3) provides that constructive service credit may be awarded for periods during which the person was receiving internship or other similar training.

Clause (4) provides that credit may also be based on a person's experience or national prominence in a particular field.

Subsection (c) provides that constructive service credit authorized in subsection (b) shall be used only for determining (1) entry grade; (2) position on the active-duty list; (3) seniority in grade; and (4) time in grade for promotion eligibility.

Subsection (d) provides that, except for officers governed by section 205(a) (7) and (8) of title 37 (medical and dental officers), constructive service credit may not be used to compute years of service for—

(1) active-duty pay and allowances;

(2) eligibility for voluntary retirement;

(3) involuntary retirement;

(4) involuntary separation;

(5) retired pay for transition payments; or

(6) involuntary separation readjustment compensation.

The amount of service credited to a medical or dental officer under subsection (b) shall be applied in determining the amount of monthly basic pay and allowances while on active duty up to the limits specified in section 205(a) (7) and (8) of title 37. Monthly basic pay shall be used as a compensation base for retired pay for medical and dental officers. However, constructive service credited under subsection (b) may not be used in computing the years of service used as a multiplier in computing monthly retired pay.

Subsection (e) provides that constructive service credit, normally required to be awarded under subsection (b) for advanced education, may not be awarded if the education was obtained while a person was on active duty, except for board certification of medical and dental officers.

Subsection (f) provides that graduates of the United States Military, Naval, or Air Force Academies are not entitled to service credit computed under the section for service performed, or education, training, or experience obtained, prior to graduation.

Clause (4) of the bill is a technical amendment which amends the chapter analysis of subtitle A and the chapter analysis of part II of subtitle A to reflect the addition of new chapters 35A and 36.

Clause (5) of the bill amends part II of subtitle A by inserting two new chapters, 35A (relating to temporary appointments) and 36 (relating to promotion, separation, and involuntary retirement of regular officers in grades below general and flag), after chapter 35.

Chapter 35A consists of one section, 605, as follows:

Section 605 provides for temporary appointments in time of war, or national emergency declared after January 1, 1975, as follows:

Subsection (a) provides that the President may appoint any qualified person who does not hold an appointment in a commissioned grade below O-7, except warrant grades, as a commissioned officer in one of those grades.

Subsection (b) provides that an officer appointed under proposed new section 605 is entitled to the service credit prescribed in proposed new section 544.

Subsection (c) provides that a person appointed as a temporary commissioned officer may be ordered to active duty for any period prescribed by the President.

Subsection (d) provides that appointments may be made by the President alone.

Subsection (e) provides that the President may terminate an appointment as a temporary commissioned officer at any time.

Subsection (f) states that a member of an armed force who is appointed as a temporary commissioned officer will retain his permanent status in the armed forces and that he may not suffer a reduction in pay and allowances to which he was entitled because of his permanent status at the time of his appointment.

Subsection (g) provides that temporary appointments, if not sooner terminated, will expire not later than—

(1) six months after the end of the war or national emergency; or

(2) the date the appointee is released from active duty; whichever is earlier.

Chapter 36 consists of sections 611-643, as follows:

Section 611 requires the Secretary of each military department to convene selection boards at least once a year, and at such other times as the needs of the service require, to recommend officers in grades O-2 through O-5 for promotion to the next higher grades. The Secretary may convene separate selection boards for each competitive category. When no officers are in the promotion zone for promotion to a particular grade, the Secretary need not convene a board.

Section 612 relates to composition of selection boards, as follows:

Subsection (a) states that the boards convened under proposed new section 611 must be composed of five or more officers serving in grades O-4 or above.

Subsection (b) requires that members of boards convened under that section be serving in grades equal to or higher than the grade to which they are selecting officers.

Subsection (c) provides that the members of boards convened under that section must be officers on the active-duty list of the armed force in which the officers under consideration are serving. Qualified retired officers of the same armed force may be appointed to the board if active duty officers are not available.

Subsection (d) provides that when reserve officers are eligible for consideration the board must include an appropriate number of reserve officers if they are available.

Subsection (e) provides that no officer may sit on two successive boards convened under that section for consideration of officers in the same competitive category and grade.

Subsection (f) provides that the Secretary concerned may determine the number of officers to sit on a board, subject to subsections (a)-(e), and that when possible boards shall include at least one officer of the competitive category under consideration. This subsection also contains an exception for the Navy and Marine Corps and provides that selection boards shall be composed as prescribed under existing Navy and Marine Corps law, namely sections 5701, 5702, and 5703 of title 10.

Section 613 relates to notice of convening, and communication with, selection boards, as follows:

Subsection (a) requires notice of the convening date and the zone to be provided to officers eligible for consideration by a board convened under proposed new section 611, or to the armed force concerned at large.

Subsection (b) provides that each officer in or above a promotion zone is entitled to send a communication through official channels to the board. The communication must arrive not later than the date the board convenes and may call attention to any matter concerning the officer that he considers important to his case. If proper notice of the convening date was not given at least 10 days before the convening date, communications from eligible officers in or above the promotion zone may arrive not later than 10 days after the convening date of the board. A communication under this section may not criticize any other officer or reflect upon the character, conduct, or motive of another officer.

Section 614 relates to the oath of members of selection boards and provides that officers sitting on boards convened under this chapter will swear to perform their duties without prejudice or partiality considering both the fitness of the officers and the efficiency of the service.

Section 615 relates to information to be furnished selection boards and requires the Secretary concerned to supply boards convened under proposed new section 611 with—

(1) the number of officers in each competitive category it shall recommend for promotion;

(2) the names of all officers to be considered who are eligible for consideration for promotion with identification of those who are in the promotion zone;

(3) the pertinent records of the officers whose names are supplied; and

(4) other guidelines necessary for the board to fulfill its functions.

Section 616 relates to recommendations for promotion by selection boards, as follows:

Subsection (a) establishes the "best qualified" criterion for promotion.

Subsection (b) provides for below-the-zone selection. It provides that from among those eligible officers on the active-duty list whose position on the active-duty list is below the junior officer in the appropriate promotion zone in any grade below an O-6, a board may, unless the Secretary prescribes a lesser number, recommend as best qualified for promotion in each competitive category a number of officers that does not exceed 15% of the total number of officers in each competitive category authorized unless that number is less than one in which case it may recommend one. Selection under this subsection shall not increase the total number authorized to be selected. Procedure for establishing the officers who would be considered for below-the-zone selection is set forth for each of the services in their respective subtitles.

Subsection (c) provides that no officer may be recommended for promotion unless—

(1) he receives the recommendation of at least a majority of the board; and

(2) a majority of the board finds he is also fully qualified for promotion.

Subsection (d) provides that if the board finds that the number of officers who are best qualified for promotion and who are also fully qualified for promotion is less than the total number authorized for promotion, the board shall recommend the lesser number.

Section 617 relates to reports of selection boards, as follows:

Subsection (a) requires selection boards to submit written reports, signed by the boards' members, and containing the names of officers selected. The board must certify that it has considered the record of each officer whose name was furnished under proposed new section 615.

Subsection (b) provides that the board shall certify that at least a majority of the members finds that those officers who are recommended for promotion are best qualified.

Subsection (c) provides that a board may be required to report the name of each officer whom the board believes should be required, under proposed new chapter 60, to show cause for retention on active duty.

Subsection (d) retains, for the Navy and Marine Corps, the authority contained in current section 6384 of title 10 to require reporting of the name of an officer with less than 20 years' service whose record, in the opinion of the board indicates—

(1) his unsatisfactory performance of duty in his present grade; and

(2) that he would not satisfactorily perform the duties of a higher grade.

Section 618 relates to submission of the reports by selection boards, as follows:

Subsection (a) provides that the report of a broad convened under proposed new section 611 shall be submitted to the Secretary concerned who shall return the report to the board for proceedings in revision and resubmission, if he finds that the board acted contrary to law.

Subsection (b) requires that a report of a selection board be forwarded by the Secretary concerned, with recommendations for action, to the Secretary of Defense. The Secretary of Defense, in turn, forwards it to the President for the latter's approval, modification, or disapproval.

Subsection (c) recognizes the authority in the President to remove the name of an officer from the report of a selection board.

Subsection (d) provides that when the President has approved the names of officers selected for promotion, they must be disseminated within the appropriate armed force.

Subsection (e) provides that the proceedings of a selection board may not be disclosed to anyone not sitting on the board, except as otherwise provided in this section.

Section 619 relates to eligibility for consideration for promotion, as follows:

Subsection (a) sets forth the basic criteria for eligibility for promotion to the next higher grade. Although the minimum period of service in grade is prescribed, the subsection provides that when the needs of the service require, the Secretary concerned may increase the minimum period. Officers may not be considered by a selection board for promotion to the next higher grade unless they will complete the stated minimum length of service during the time period which is used, in accordance with proposed new section 623, to estimate the vacancies which it is anticipated will be filled by the officers recommended by the board.

Subsection (b) stipulates that for purposes of the section, service in a grade is computed from date of rank except where the officer's position has been adjusted on the active-duty list. Service is not counted if it was under a temporary appointment limited in duration by its own terms.

Subsection (c) provides that, in addition to time-in-grade requirements, an officer cannot be eligible for promotion until all officers senior to him on the active-duty list in his grade and competitive category are eligible.

Subsection (d) provides for continued eligibility for selection for promotion as long as an officer remains on active duty in other than a retired status.

Subsection (e) states that once an officer's name is on a promotion list to a grade, he is no longer eligible for consideration for selection for promotion to that grade.

Section 620 relates to active-day lists, as follows:

Subsection (a) provides that a single active-duty list of officers for each armed force shall be maintained for officers on active duty in grades of O-1, and above.

Subsection (b) governs the position which officers shall have on the active-duty list. The position shall be based upon their grade and, as among officers of the same grade, by their seniority in that grade.

Subsection (c) provides that the Secretary concerned shall prescribe regulations for the placement of officers on the active-duty list.

Clause (1) prescribes the method for placement of officers with no prior commissioned service. Generally they shall be placed at the bottom of the active-duty list in the grade of second lieutenant or ensign unless they have received constructive service credit under proposed new section 544(b) or except as provided in current section 2106(b) which, in effect, directs that officers commissioned from ROTC during May or June of any year will be assigned the same date of rank as Service academy graduates of that year for the purpose of placement on the active-duty list.

Clause (2) governs the placement on the active-duty list of officers generally who have had broken service of less than one year and, in the case of reserve officers, have remained in an active-duty status and have participated as commissioned officers in reserve programs under current law. They shall be placed on the active-duty list in the same position they would have held as due-course officers as defined in proposed new clause (41) of current section 101 of title 10.

Clause (3) governs the placement of an officer on the active-duty list in relation to the due-course officer, when he has not been on continuous active duty since commissioning and has been in an active status in the Reserves but failed to maintain retirement eligibility.

Clause (4) provides that an officer who has not been on continuous active duty and who has either been in an active status in the Reserves or was separated from the service shall be placed on the active-duty list in a position which will be based on the years of service credited to him.

Clause (5) provides a method for determining the position of officers who would have the same position on the active-duty list. In such cases, their position shall be determined under regulations prescribed by the Secretary concerned.

Subsection (d) provides that the Secretary of Defense shall prescribe regulations for crediting prior commissioned service for officers placed on the active-duty list in a competitive category for officers in the health professions.

Subsection (e) provides that officers who have received a temporary appointment to a general or flag officer grade shall have, if that appointment is terminated, the same grade and position on the active-duty list as if they had not received the temporary appointment. Officers occupying a temporary grade of general or lieutenant general or admiral or vice admiral under section 3066, 5231, 5232, or 8066 (generally relating to officers occupying a position of trust and responsibility) shall not be subject to the provisions of the subsection.

Subsection (f) provides that if the position of an officer on the active-duty list is not correct, because of administrative error, it may be corrected by the Secretary concerned. It also provides the authorized number of officers in any grade may be temporarily exceeded, until the next succeeding computation, by the number of officers whose grades were changed under this section.

Section 621 relates to competitive categories for promotion. Subsections (a), (b), (c), and (d) establish the competitive categories in which officers will compete for promotion in the Army, Navy, Air Force, and Marine Corps, respectively, and subsection (e) permits the Secretary concerned to establish additional competitive categories.

Section 622 relates to promotion zones, as follows:

Subsection (a) requires the Secretary of the military department concerned to establish a promotion zone in grades above O–2, and below O–7, before he convenes each selection board.

Subsection (b) designates those officers who will be in the promotion zone. The promotion zone will consist of the junior officer in the zone and those officers senior to him who have not previously failed of selection for promotion.

Subsection (c) prescribes the manner in which the Secretary concerned determines the number of officers in each promotion zone from among the officers eligible for promotion. He shall establish the zone from among officers eligible by considering (1) the number of vacancies estimated for the next higher grade in each of the next five years; and (2) the number of officers who will be placed in the promotion zone in those years to assure to individuals in succeeding years equality of opportunity for promotion.

Section 623 relates to numbers to be selected for promotion, as follows:

Subsection (a) prescribes the manner in which the Secretary concerned determines the number of officers below O–7 to be selected for promotion. He shall determine the total number of officers who may be selected for promotion to the grade. The number of officers who may be promoted is equal to the number of vacancies in the grade, plus the number of additional vacancies estimated for the promotion period minus the number of officers already on the selection list for promotion for the grade.

Subsection (b) requires the Secretary concerned to determine the number of selections to be made in each competitive category. It also authorizes the Secretary concerned to adjust the number of selections to be made in each competitive category on the basis of the estimated needs of a service, and the number of losses and officers in the zone in each competitive category, anticipated over the next five years.

Section 624 relates to promotions, as follows:

Subsection (a) provides that promotions to the grades of first lieutenant and captain in the Army, Air Force, and Marine Corps and to lieutenant (junior grade) and lieutenant in the Navy, are to be accomplished subject to regulations prescribed by the Secretary concerned. All aspects of promotion to the grades of first lieutenant and lieutenant (junior grade) will be subject to the regulations. Promotions to the grades of captain and lieutenant will be subject to selection board action, but the date of promotion and other aspects of the promotion will be subject to the regulations of the Secretary.

Subsection (b) requires the Secretary concerned to place the names of all officers recommended for promotion under proposed new chapter 36 on a single promotion list in the order of their seniority on the active-duty list. Except as to grades where promotions are made under secretarial regulation, as set forth in subsection (a) of the section or where the promotion has been delayed under the provisions of subsection (e) of the section, promotions from the single promotion list shall be made to fill vacancies as they occur in the authorized active-duty strength. Promotions are to be made in the order the officers' names appear on the list and after officers previously selected have been promoted.

Subsection (c) gives an officer the date of rank and a date of promotion which is the first day of the month following the date of occurrence of the vacancy he was appointed to fill, except that where promotions are made under subsection (a) the date of rank is the date the appointment is made.

Subsection (d) provides that all appointments, except for appointments to the grade of first lieutenant or lieutenant (junior grade) (Navy), are to be made by the President, by and with the advice and consent of the Senate. Appointments to the grade of first lieutenant or lieutenant (junior grade) (Navy) are to be made by the President alone with the exception of original appointments as a regular officer to those grades which will require the consent of the Senate as specified in proposed new section 542. The subsection further provides that an appointment of a reserve officer will be retained after his release from active duty for purposes of promotion under any other provision of title 10.

Subsection (e) specifies the circumstances under which a promotion may be delayed, the procedures for accomplishing such delay, and the date of rank, pay, and allowances for an officer who may be subsequently promoted.

Section 625 relates to acceptance of promotions, oath of office, as follows:

Subsection (a) states that an officer appointed under proposed new section 624 is considered to have accepted the appointment on its effective date, unless he expressly declines it.

Subsection (b) provides that an officer who has served continuously since he took his oath of office is not required to take a new oath each time he is appointed to a higher grade.

Section 626 relates to failure of selection for promotion, as follows:

This section defines an officer who has failed of selection as one who had been in, or above, the promotion zone established for his grade, and who has considered, but not selected, for promotion.

Section 627 relates to special selection boards, as follows:

Subsection (a) provides for the establishment of special selection boards to consider an officer who was in or above the zone, but who was (1) not considered by a selection board due to administrative error; or (2) who was considered by a selection board and not selected due to action contrary to law, or involving material error of fact, material administrative error, or when material new evidence is discovered.

Section (b) requires the special board to consider the officer's record as it would have appeared to the board which should have considered or did consider, him, and to compare his record with officers considered by that board.

Subsection (c) prescribes the date of rank, pay, allowances, and position on the active-duty list of an officer who is selected by a special board, and provides that an officer (1) who was not considered by a selection board because of administrative error, and who is not recommended for promotion by the special selection board, shall be considered as having failed of selection; or (2) who was considered by a selection board and not selected due to a circumstance described in (a)(2), above, and who is also not selected by the special selection board, shall not incur an additional failure of selection.

Section 628 relates to removal from selection list. It (1) permits the President to remove the name of any officer from a list of selectees; (2) provides for the removal from the promotion list of the name of any officer not confirmed by the Senate; and (3) provides that an officer who has been removed from a selection list, and who is later promoted, shall be entitled to the same benefits of promotion he would have had if he had been promoted originally. Should he fail to be selected subsequently, or if his name is removed from the list a second time, he will be considered to have failed of selection two times.

Section 629 relates to the discharge of regular commissioned officers with less than five years of service or who fail of promotion to first lieutenant or lieutenant (junior grade). It provides a five-year probationary period for regular officers during which they are subject to discharge under regulations prescribed by the Secretary concerned. The Secretary is required to discharge any regular second lieutenant or ensign on the active-duty list, except one who is a limited-duty officer covered by section 6383(e) of this title, who is found not qualified for promotion to the next higher grade.

Section 630 relates to the discharge of regular first lieutenants and captains (Army, Air Force, Marine Corps), and lieutenants (junior grade) and lieutenants (Navy) for failure of selection for promotion. It provides for the separation or retirement of a first lieutenant or captain in the Army, Air Force, or Marine Corps, or a lieutenant (junior grade) or lieutenant in the Navy, upon failure of selection for promotion to the next higher grade for the second time. If he is within two years of qualifying for retirement, he shall be retained on active duty until he is qualified for retirement and then be retired. It also provides that such an officer, who requests to be discharged on a date earlier than the date he would be required to be discharged under this section, shall be considered to have been involuntarily separated.

Section 631 relates to the discharge of regular majors and lieutenant commanders (Navy) for failure of selection for promotion. This section (1) authorizes the discharge or retirement of majors and lieutenant commanders who have twice failed of selection; (2) provides that notwithstanding a second failure under subsection (a), an officer may be continued on active duty if selected by a continuation board; and (3) sets forth the years of service for a major or lieutenant commander (Navy) who has been continued under subsection (b). Unless such an officer is later promoted, or recommended for promotion to a higher grade, he is to be retired upon completion for 20 years of service, unless he retires at an earlier date under another provision of law. It also provides that such an officer, who requests to be discharged on a date earlier than the date he would be required to be discharged under this section, shall be considered to have been involuntarily separated.

Section 632 relates to the retirement of regular lieutenant colonels and commanders (Navy) for failure of selection for promotion. This section states the circumstances under which a lieutenant colonel or commander (Navy), other than a limited-duty officer, is retired. It provides that he will be retired on the first day of the month following the month that he completes 26 years of service, and only if he has twice failed of selection for promotion to the grade of colonel or captain (Navy) and his name is not on a list of officers recommended for promotion to those grades. An exception to the 26-year retirement date is made for an officer whose second failure of selection occurred after he had completed 25 years and six months of service. Such an officer will be permitted to continue on active duty until the first day of the seventh month following his second failure. In no case shall an officer be retired earlier than the date which would qualify him for retirement under current section 3911, 6323, or 8911 of title 10.

Section 633 relates to the retirement of regular colonels and captains (Navy) for years of service, as follows:

Subsection (a) provides that a captain in the Navy, or a colonel in the Marine Corps, other than a limited-duty officer, will be retired on the first day of the month he completes 30 years of service, as computed under proposed new section 637 of title 10, and will be retired only if he is not on a list of officers recommended for promotion to a higher grade. It also provides that an officer in a grade below O–7, who has the rank of an

O–7 while serving in a statutory office, may have his date of retirement deferred by the Secretary of the Navy during the time he serves in the statutory office.

Subsection (b) provides that an officer of the Army or Air Force who is serving in the grade of colonel or higher will be retired under the same circumstances as described in subsection (a) of this section.

Subsection (c) provides that an officer may not be retired earlier than the date which would qualify him for retirement under current section 3911, 6323, or 8911 of title 10.

Section 634 relates to continuation on the active-duty list, as follows:

Subsection (a) deals with the selective continuation of lieutenant colonels and commanders who have been passed over twice and colonels and captains (Navy) who have served at least four years in grade. The Secretary is permitted to authorize the continuation of not less than 70 percent of the number of officers in each grade under consideration in each competitive category.

Subsection (b) provides for the retirement of officers not continued under subsection (a).

Subsection (c) provides that an officer who is continued under section 634 cannot be considered again by a continuation board until at least five years after the report of the first board was approved by the Secretary concerned.

Subsection (d) provides that an officer who is continued is still subject to the involuntary retirement provisions of proposed new sections 632 and 633.

Section 635 relates to the authority to convene selection boards to recommend certain officers for continuation on the active-duty list. This section authorizes the Secretary concerned to convene selection boards to recommend certain officers for continuation under proposed new sections 631 and 634, and to prescribe regulations for administration of those sections.

Section 636 relates to continuation on active duty for disciplinary action. This section provides authority in certain cases to delay the otherwise involuntary separation of an officer when he is subject to disciplinary or adverse administrative procedures, and sets forth procedures for extension of such delay.

Section 637 relates to computation of creditable service for involuntary retirement and other purposes. This section provides the basis for computing years of service for purposes of involuntary retirement under proposed new sections 632 and 633, release from active duty under proposed new section 687a, and the disability retired formula under current section 1208(a)(1), as follows:

Clause (1) states that the years of service for an officer who has served continuously on active duty since commissioning are his years of active commissioned service in any armed force.

Clause (2) provides that an officer, other than one described in clause (1), shall have his service computed by adding (a) his commissioned service in his latest period of continuous active duty, and (b) a period of service determined under secretarial regulation when the officer is placed on the active-duty list. The period determined under (b) is to reflect the position that the officer obtains when he is placed on the active-duty list under proposed new section 620. Thus, the period determined under (b) may not be greater than that of the next senior due-course officer nor less than that of the next junior due-course officer on the list, except that for medical and dental officers the period determined under (b) is to be fixed in relation only to other officers of the medical or dental competitive categories, as the case may be. Constructive service is to be subtracted from the computation otherwise resulting under clauses (1) and (2).

Section 638 relates to deferment of retirement or separation. This section states that where hospitalization or medical observation are required, with reference to determination of entitlement to retirement or separation for physical disability of any commissioned officer, retirement or separation can be deferred by the Secretary concerned.

Section 639 relates to promotion, separation, and involuntary retirement of medical and dental officers. This section provides that the Secretary of Defense shall establish by regulation the selection and promotion of medical and dental officers, and that such regulations must conform as nearly as practicable with the promotion sections of proposed new chapter 36. The provisions of proposed new chapter 36 concerning involuntary retirement, separation, or selective continuation of such officers, however, apply to medical and dental officers.

Section 640 defines officers performing professional functions and provides for their separation upon loss of qualifications, as follows:

Subsection (a) provides that a commissioned officer who is appointed or designated as a medical officer, dental officer, medical service officer, nurse, medical specialist, judge advocate, chaplain, or veterinarian is an officer performing a professional function.

Subsection (b) provides that an officer performing a professional function may, if he loses those qualifications needed to perform his professional function, be separated, or if eligible under any provision of law, be retired.

Section 641 relates to the exclusion of certain officers from the provisions of proposed new chapter 36, as follows:

Subsection (a) provides that those officers excluded from accountability under proposed new section 452 will also be excluded from the provisions of proposed new chapter 36. Also excluded are the registrar and permanent professors at the United States Military Academy and the Air Force Academy. These officers are excluded because they are governed by other provisions of title 10, which are retained.

Subsection (b) provides that officers serving in grades above 0–6 are excluded from proposed new chapter 36, except proposed new sections 620 (active-duty lists), 633 (retirement of colonels), 637 (computation of years of service), 638 (deferment of retirement for physical disability evaluation), and 643 (readjustment and retired pay entitlement).

Subsection (c) provides that limited-duty officers who fail of selection for promotion a second time are governed by current section 6383 of title 10.

Section 642 relates to the suspension of proposed new sections 611–641. It provides for the suspension of those sections in time of war, or of national emergency declared by the President or Congress after January 1, 1975

Section 643 relates to entitlement to readjustment pay or retired pay. It makes clear that officers discharged under proposed new chapter 36 are entitled to benefits under proposed new sections 1173a and 1174(b), and to retired pay under current chapter 71, as amended by the proposed new "Uniformed Services Retirement Modernization Act" (DoD 94–5).

Clause (6) of the bill amends current chapter 39 (relating to active duty) by inserting a proposed new section 687a and a corresponding new item in the chapter analysis, as follows:

Section 687a relates to active duty limitations and readjustment pay, as follows:

Subsection (a) provides that a reserve commissioned officer who has completed 11 years of service computed under proposed new section 637 of this title and who is not recommended for, or who declines, an appointment as a regular officer, may not be placed on, or continue on, the active-duty list as a Reserve.

Subsection (b) provides that an officer released from active duty under this section is entitled, if eligible therefor, to readjustment pay under proposed new section 1173a, and either deferred retired pay or a lump-sum payment in place thereof under proposed new section 1174(b)(1) or (2), as added by the proposed new "Uniformed Services Retirement Modernization Act" (DoD 94–5).

Subsection (c) provides that in time of war, or of national emergency declared by Congress or the President after January 1, 1975, the President may suspend the operation of this section.

Clause (7) of the bill is a technical amendment to the chapter analysis of subtitle A and the chapter analysis of part II of subtitle A to reflect the addition of a proposed new chapter 60 entitled "Separation of Regular Officers for Various Reasons".

Clause (8) of the bill amends part II of subtitle A by inserting proposed new chapter 60, consisting of sections 1181–1188, as follows:

Section 1181 authorizes the Secretary concerned to appoint boards to determine whether a regular commissioned officer, other than a commissioned warrant officer or a retired officer, should be separated from the service for performance of duty that has fallen below standards.

Section 1182 authorizes the Secretary concerned to appoint boards to determine whether a regular commissioned officer, other than a warrant officer or a retired officer, should be required to show cause for his retention on active duty because of misconduct, moral dereliction, professional dereliction, or for reasons involving national security.

Section 1183 provides for the convening of boards of inquiry, the composition of such boards, and their duties, as follows:

Subsection (a) provides that the boards are to be composed of three or more officers who will receive evidence, and make findings and recommendations whether an officer should be retained on active duty.

Subsection (b) provides that an officer required to show cause shall be given a fair and impartial hearing by the board.

Subsection (c) provides that if the board determines that the officer should be removed it shall forward the record of proceedings to a board of review which will be constituted and will function as prescribed in proposed new section 1184.

Subsection (d) provides that if an officer has established that he should be retained his case is closed. If the basis for the proceedings is substandard performance of duty, he may be again required to show cause for that retention at any time after one year after it was determined that he should be retained on active duty. If he was required to show cause because of the reasons specified in proposed new section 1182, he may not be required to show cause at any time after a determination was made that he should be retained if the basis for a subsequent show-cause action is the same conduct which was the basis of the first proceeding. An exception is made in cases where the recommendation of the first board was obtained by fraud or collusion.

Section 1184 provides that boards of review will review the records of all proceedings forwarded under proposed new section 1183. If a board of review determines that an officer has failed to establish that he should be retained, the board's recommendation will be forwarded to the Secretary concerned for appropriate action. If the board of review determines that the officer should be retained, the case is closed. This section contains the same limitations on subsequent proceedings as those specified in proposed new section 1183(d).

Section 1185 authorizes the Secretary concerned to remove an officer if removal is recommended by a board of review. The Secretary's action in such a case is final.

Section 1186 contains certain rules safeguarding the rights of a respondent, as follows:

(1) Written notification is required.

(2) Reasonable time for preparation of a defense is guaranteed.

(3) A respondent is allowed to appear in person and be represented by counsel.

(4) A respondent is allowed access to all relevant records, with the exception of classified documents that may be given to the respondent in summary.

Section 1187 governs the voluntary retirement or discharge and severance benefits for officers considered for removal, as follows:

Subsection (a) provides that at any time during the proceedings and before the removal of an officer, the Secretary concerned may grant his request for voluntary retirement, if the officer is eligible for retirement. If he is not eligible for retirement, he may be (1) honorably discharged if he is required to show cause under proposed new section 1181; or (2) discharged if he is required to show cause under proposed new section 1182. A distinction in the type of discharge which may be given is made to permit the issuance of a discharge, under less than honorable conditions, for an officer who is discharged for the reasons set forth in proposed new section 1182.

Subsection (b) provides that an officer who is removed as a result of action under this chapter shall be retired or discharged under the same conditions as those specified in subsection (a).

Subsection (c) provides that an officer who is discharged under this chapter is entitled to readjustment pay, or deferred retired pay or a lump-sum payment in place thereof, under the provisions of section 1173a or 1174(b)(1) or (2), as appropriate, which provide for such payments. It also provides that an officer who is retired under this chapter shall have his retired pay computed under current chapter 71, as amended by the proposed new "Uniformed Services Retirement Modernization Act" (DoD 94–5).

Section 1188 prescribes the membership of boards convened under this chapter, as follows:

Subsection (a) provides that boards are to be composed of officers of the same armed force as the officer being considered, and must be (1) serving on active duty in a grade above lieutenant colonel or commander (Navy); (2) senior in regular grade; and (3) outrank the officer being considered. If there are not sufficient officers on active duty to comprise a board, retired officers may be members of the boards.

Subsection (b) provides that no officer may be a member of more than one board convened under this chapter for the same respondent.

Clause (9) of the bill amends current section 101 of chapter 1 (relating to definitions), as follows:

Clause (A) amends current clause (22), which defines "active duty" for the purpose of title 10, by amending that clause to reflect the use of "active-duty list" in place of "active list" in the proposed new law.

Clause (B) repeals current clause (36), which defines "dependent" with respect to female members of an armed force, and excludes her husband unless he is in fact dependent on her for his chief support, or her child unless his father is dead or the child is in fact dependent on her for his chief support. Repeal of this section is in conformity with the equalization of the treatment of women in the bill.

Clause (C) adds several new definitions to current section 101, as follows:

(1) Proposed new clause (37) defines the "active-duty list" as the list on which all regular officers will be carried while they are on active duty. It will take the place of the active list, the promotion list, and the lineal list which are currently maintained under the provisions of sections of title 10 that are repealed by the bill. The "active-duty list" is defined as also including the list on which all reserve, and certain temporary, officers will be carried while they are on active duty, unless they are excluded from the provisions of proposed new chapter 36 (relating to promotion of officers).

(2) Proposed new clause (38) defines "competitive category" as a community of officers in which officers who are appointed, or designated, in that community will compete among themselves. It takes the place of the separate promotion-list officer categories of the Army and Air Force and the specialist communities in the Navy and Marine Corps.

(3) Proposed new clause (39) defines "medical officer" as an officer who is appointed in the Medical Corps of the Army or Navy, or an officer designated as a medical officer in the Air Force, since that service has no medical corps.

(4) Proposed new clause (40) defines "dental officer" as an officer who is appointed in the Dental Corps of the Army or Navy, or an officer designated as a dental officer in the Air Force, since that service has no dental corps.

(5) Proposed new clause (41) defines "due-course officer" as an officer on the active-duty list who has been on continuous active duty since the date he was commissioned; has not been awarded service credit under proposed new section 544(b); has not failed to be promoted for any reason; has never been selected for promotion below the zone; with respect to the Navy and Marine Corps, has not lost numbers of precedence; and is serving a grade below brigadier general or rear admiral, except a warrant officer.

Cause (10) of the bill is a technical amendment which amends current chapter 3 (relating to general powers) by amending current section 123 (relating to suspension of provisions relating to reserve officers) by striking out "3571", "5867", "6397", and "8571", since these sections are repealed by the bill.

Clause (11) of the bill amends current chapter 43 (relating to rank and command), as follows:

Clause (A) adds proposed new section 741a which provides general rules for the determination of rank of officers in an armed force.

Clause (B) amends current section 743 (relating to the rank of Chiefs of Staff and Naval Operations) to reflect the use of the term "active-duty list" in the bill.

Clause (12) of the bill amends current chapter 49 (relating to miscellaneous prohibitions and penalties) by amending current section 973 to reflect the use of "active-duty list" in the bill.

Clause (13) of the bill amends current chapter 51 (relating to retention of Reserves) by amending current section 1006(e) by striking out "6397", since that section is repealed by the bill.

Clause (14) of the bill amends current chapter 55 (relating to entitlement to medical and dental care) by amending current section 1072, which contains definitions pertaining to entitlement to medical care for certain dependents, to remove the discrimination against female members, as follows:

Clause (A) amends current clause (2)(A) by striking out the reference to wife and substituting spouse therefor to conform with the equalization of treatment of women in the bill.

Clause (B) repeals current clause (2)(C), which states that a husband is entitled to medical benefits if he is in fact dependent on his wife for over one-half of his support, to conform with the amendment to clause (2)(A), above.

Clause (C) strikes out the words in current clause (2)(D) which currently require an unremarried widower to show actual dependency on his wife prior to her death. This amendment conforms with the other amendments to current section 1072, described above.

Clause (15) of the bill, amends current chapter 61 (relating to retirement or separation for physical disability) by (1) amending section 1208(a) to conform to amendments made by the bill concerning the active-duty list; and (2) amending section 1211 to conform to the use of "active-duty list" in the bill.

Clause (16) of the bill amends current chapter 65 (relating to retirement for length of service) by adding a proposed new section 1316 which requires a regular commissioned officer to serve at least six months in the grade in which he is to be retired.

Clause (17) of the bill amends current chapter 71 (relating to computation of retired pay) by amending current section 1405 by striking out the references to current sections 6396(c)(2), 6398(b)(2), and 6400(b)(2), since these sections are repealed by the bill. Section 3 amends subtitles B and D of title 10, United States Code (relating to the Army and Air Force), as follows:

Clause (1) of the bill repeals current chapters 359 and 859 (relating to separation of regular officers of the Army and Air Force for substandard performance of duty), and chapters 360 and 860 (relating to separation of regular officers of the Army and Air Force for moral or professional dereliction or in the interests of national security). The provisions of these chapters are replaced by proposed new chapter 60, added by the bill.

Clause (2) of the bill is a technical amendment to the chapter analyses of part II of subtitles B and D reflecting the repeal of chapters 359, 360, 859, and 860 by the bill.

Clause (3) of the bill amends current chapters 307 and 807 (relating to the Army and the Air Force, respectively), as follows:

Clause (A) amends current sections 3066(c) and 8600(c) (relating to generals and lieutenant generals) by substituting "active-duty list" for "active list" to conform with the new sections of proposed new chapter 36, added by the bill, which places all regular officers on active duty (other than retired officers) on the active-duty list rather than on the active list.

Clause (B) amends current section 8062(e) (relating to composition of the Air Force) to insert a reference to proposed new chapter 30, the new strength provisions added by the bill.

Clause (C) amends current section 8067(a) (relating to designation of officers to perform professional functions) by striking out the reference to current section 8289, which is repealed by the bill.

Clause (D) amends current section 8067(e) (relating to nursing functions) by deleting the reference to section 8291 which was not stricken when that section was repealed by Pub. L. 85–155, August 21, 1957 (57 Stat. 390).

Clause (4) of the bill amends current chapter 331 (relating to strength), as follows:

Clause (A) amends the catchline of current section 3202 (relating to strength), and the chapter analysis of current chapter 331, to reflect the inclusion of strength-in-grade provisions for officers in grades below brigadier general in the grade tables of proposed new section 452, added by the bill.

Clause (B) amends current section 3202 by (1) amending subsection (a) to indicate that it applies only to general officer grades of the Army and to restate existing law concerning the number of officers who may serve in general officer grades; and (2) repealing subsection (e) which provides that the authorized strengths of the Army in grades below brigadier general in officers in the Medical and Dental Corps are to be prescribed by the Secretary of the Army under regulations to be prescribed by the Secretary of Defense. This authority is contained in proposed new section 451, added by the bill.

Clause (C) amends current section 3209 (relating to the authorized strength of the Army in officers on the active list in certain categories) by restating the provisions of current law relating to the minimum strength of the Corps of Engineers. The provisions of current law relating to the minimum strength in commissioned officers in the Judge Advocate General's Corps, and the provisions which give the Secretary of the Army authority to prescribe the strength of the Women's Army Corps, have been repealed. Authority to prescribe these strengths is contained in proposed new section 451, added by the bill.

Clause (D) amends the chapter analysis of current chapter 331 to reflect the amendment to the catchline of current section 3209.

Clause (E) amends current section 3210 by striking out the references to the "active list" and substituting the term "active-duty list" to conform with the amendments contained in proposed new chapter 36 and the definition of the term "active-duty list" in proposed new clause (37) of section 101, added by the bill.

Clause (F) amends current section 3212 (relating to strength in grade, temporary increases) by restating the first sentence to conform with the provisions of the bill which restrict the existing provisions of current chapter 331 (concerning regular officers serving in regular grades) to the general officer grades.

Clause (G) amends current sections 3222 and 3225 (relating to the authorized strength, respectively, of the Army Reserve, the Army National Guard, and the Army National Guard of the United States) to make those sections correspond to the provisions of proposed new section 451, added by the bill, and strikes out the references to the numerical restrictions, contained in current section 3201(a), in the category of members excluded from the strengths authorized by current sections 3222 and 3225.

Clause (H) amends current section 3230 (relating to personnel of the Army detailed outside the Department of Defense on a reimbursable basis) to provide that they will be counted in computing strengths in determining the number of officers in specified grades who may serve on active duty under proposed new section 452, added by the bill, and restates, for all other purposes, existing law by providing that they will not be counted in determining strengths under any other law.

Clause (I) repeals several sections of current chapter 331 to conform with the general purpose of the bill, and strikes out the corresponding items for those sections from the chapter analysis, as follows:

Section 3201 (relating to the total strength of the Army in members on active duty) is repealed because its provisions are replaced by proposed new section 451, added by the bill.

Section 3203 (relating to the total number of members of the Regular Army on active duty); section 3204 (relating to the total number of commissioned officers on the active list); section 3205(a) (relating to commissioned officers of the Regular Army on the active list, exclusive of certain categories); section 3213 (relating to the number of warrant officers of the Regular Army on the active list); and section 3214 (relating to the number of enlisted members of the Regular Army on active duty); are repealed in view of the provisions of proposed new section 451, added by the bill.

Section 3205(b) (relating to estimates by the Secretary of Defense for the strength of the Army in commissioned officers on the active list, exclusive of certain officers in certain categories) is repealed because the estimate no longer serves a useful purpose in view of Pub. L. 91-441 and 92-436 which provide that Congress will authorize the strength of the armed forces, by component.

Section 3206 (relating to commissioned officers of the Regular Army on the active list in the Army Nurse Corps); section 3207 (relating to commissioned officers of the Regular Army on the active list in the Army Medical Specialist Corps); and section 3215 (relating to the Women's Army Corps, warrant officers on the active list, and enlisted members on active duty); are repealed because the substance of these sections is covered by the provisions of proposed new section 451, added by the bill.

Section 3211 (relating to the strength in grade of promotion-list officers of the Regular Army in the grades of second lieutenant through colonel), which provides that the Secretary of the Army shall prescribe the strengths in grade for officers in those grades, is repealed because the substance of that section is contained in proposed new section 452, added by the bill.

Clause (5) of the bill amends chapter 831 (relating to strength), as follows:

Clause (A) amends the catchline of current section 8202 (relating to strength) and the chapter analysis of current chapter 831 to reflect the inclusion of strength-in-grade provisions for officers in grades below brigadier general in the grade tables of proposed new section 452, added by the bill.

Clause (B) amends current section 8202 by (1) amending subsection (a) to indicate that it applies only to general officer grades of the Air Force, and to restate law concerning the number of officers who may serve in general officer grades; and (2) repealing subsection (e) which provides that the authorized strengths of the Air Force in officers designated as medical and dental officers in grades below brigadier general are to be prescribed by the Secretary of the Air Force, under regulations to be prescribed by the Secretary of Defense. This authority is contained in proposed new section 451, added by the bill.

Clause (C) amends current section 8210 (relating to the strength in grade in general officers) by striking out the references to the "active list" and inserting the "active-duty list" in its place to conform with the amendments to title 10 contained in proposed new chapter 36, and the definition of the "active-duty list" in proposed new clause (37) of section 101, added by the bill.

Clause (D) amends section 8212 (relating to strength in grade, temporary increases) by restating the first sentence to conform with the provisions of the bill which restrict the existing provisions of current chapter 831 (concerning regular officers serving in regular grades) to the general officer grades.

Clause (E) amends current sections 8222 and 8225 (relating to the authorized strength, respectively, of the Air Force Reserve, Air National Guard, and Air National Guard of the United States) to make those sections correspond to the provisions of proposed new section 451, added by the bill, and strikes out the references to the numerical restrictions contained in current section 8201(a) in the category of members excluded from the strengths authorized by current sections 8222 and 8225.

Clause (F) amends current section 8230 (relating to personnel of the Air Force detailed outside of the Department of Defense on a reimbursable basis) to provide that they will be counted in computing strengths in determining the number of officers in specified grades who may serve on active duty under proposed new section 452, added by the bill, and restates, for all other purposes, existing law by providing that they will not be counted in determining strengths under any other law.

Clause (G) repeals several sections of current chapter 831 to conform with the general purpose of the bill, and strikes out the corresponding items for those sections from the chapter analysis, as follows:

Section 8201 (relating to the total number of officers of the Air Force who may serve on active duty) is repealed because its provisions are replaced by proposed new section 451, added by the bill.

Section 8203 (relating to the total number of members of the Regular Air Force on active duty); section 8204 (relating to the total number of commissioned officers on the active list); section 8205(a) (relating to commissioned officers of the Regular Air Force on the active list, exclusive of certain categories); section 8208 (relating to Regular Air Force female commissioned officers on the active list); section 8213 (relating to the number of warrant officers of the Regular Air Force on the active list); and section 8214 (relating to the number of enlisted members of the Regular Air Force on active duty); are repealed in view of the provisions of proposed new section 451, added by the bill.

Section 8205(b) (relating to estimates by the Secretary of Defense for the strength of the Air Force in commissioned officers on the active list, exclusive of certain officers in certain categories) is repealed because the estimate no longer serves a useful purpose in view of Pub. L. 91-441 and 92-436 which provide that Congress will authorize the strength of the armed forces, by component.

Section 8206 (relating to commissioned officers of the Regular Air Force on the active list designated as nurses); section 8207 (relating to commissioned officers of the Regular Air Force on the active list designated as medical specialists); section 8209 (relating to commissioned officers of the Air Force on the active list in special categories); and section 8215 (relating to the female warrant officers on the active list); are repealed since the substance of these sections is covered by the provisions of proposed new section 451, added by the bill.

Section 8211 (relating to the strength in grade of promotion list officers of the Regular Air Force in the grades of second lieutenant through colonel), which provides that the Secretary of the Air Force shall prescribe the strengths in grade for officers in those grades, is repealed because the substance of that section is contained in proposed new section 452, added by the bill.

Clause (6) of the bill amends current chapters 335, 833, and 835, respectively (relating to the appointment of regular officers), as follows:

Clause (A) amends section 8257 (relating to appointment of aviation cadets) by striking "male" to conform with the equalization of the treatment of women in the bill.

Clause (B) amends current section 3290 (relating to the appointment of officers in the Medical Service Corps) to insert a reference to proposed new section 544, in place of the current reference to section 3287(c), which is repealed by the bill. Proposed new section 544 (relating to constructive service credit) replaces current section 3287. Current chapter 835 is amended to add a new section 8290 which restates the professional qualifications needed to be eligible for original appointment as a regular officer with a view toward designation as an Air Force nurse that are now contained in current section 8285 which is repealed by the bill.

Clause (C) amends current section 3291 (relating to the appointment of officers in the Army Nurse Corps and Medical Specialist Corps) by repealing subsections (a) and (c), which relate to grade determination and service credit for promotion purposes of persons originally appointed in the Regular Army in the Nurse Corps or in the Medical Specialist Corps. The provisions of these subsections are replaced by the provisions of proposed new section 544, added by the bill. Subsection (b) is amended to conform to the new law. It is not repealed because it prescribes additional qualifications for appointment as a nurse.

Clause (D) amends current sections 3294 and 8294 (relating to the appointment of doctors and dentists) by repealing subsection

(b) which relates to constructive service credit to be awarded to those originally appointed in the Medical and Dental Corps in the Army, or to those designated as medical or dental officers in the Air Force. The award of constructive service to such persons will be governed by proposed new section 544, added by the bill. Subsection (a) is retained since it prescribes additional qualifications for appointment as a medical or dental officer.

Clause (E) makes several technical amendments to current sections 3297 and 8297 (relating to section boards for promotion of officers in all commissioned grades in the Regular Army and the Regular Air Force) which are necessary because the promotion of officers to the grades below the grade of brigadier general is governed by the provisions of proposed new chapter 36, added by the bill. The amendments are as follows:

Clause (i) amends sections 3297(a) and 8297(a) by striking out the reference to "promotion list officers" and substituting "colonel". This change (1) restricts the coverage of the section to the promotion of regular colonels to the grade of brigadier general and regular brigadier general to major general; (2) amends the second sentence of subsection (a) to conform with the amendments to chapters 335 and 835 which limit boards convened under those chapters to the consideration of regular officers for promotion to the general officer grades and requires that officers serving on selection boards under the section must be above the grade of colonel; and (3) strikes out the last sentence of subsection (a) which applies to promotion of officers of the Women's Army Corps, Army Nurse Corps, and Army Medical Specialist Corps, and female officers, nurses, and medical specialists in the Air Force to the grades of captain, major, and lieutenant colonel under the provisions of current sections 3300 and 8300, which are repealed by the bill.

Clause (ii) amends current sections 3297 (d) and 8297(d), which now apply to the promotion of officers in all the regular commissioned officer grades, to restrict the coverage of the sections to the promotion of officers to the grades of brigadier general and major general.

Clause (iii) adds a proposed new subsection (f) to current sections 3297 and 8297 to provide that all officers of the Army or Air Force in, or above, the promotion zone shall be considered for promotion by a selection board convened under proposed new chapter 36. For those officers who are below the zone, the Secretary may establish, by regulation, the officers to be considered for promotion by a selection board.

Clause (F) amends current sections 3306 (d) and 8306(d) (relating to promotion to brigadier general) to conform with the new terminology contained in the bill. The term "on any promotion-list" which currently refers to different promotion-lists maintained for separate officer categories, is deleted. since all officers on active duty will be carried on a single active-duty list which replaces the promotion lists maintained under current sections 3296 and 8296, which are repealed by the bill.

Clause (G) amends current sections 3307 and 8307 (relating to promotion to major general) in the same manner, and for the same purpose, as the amendment of sections 3306 and 8306, above.

Clause (H) amends current sections 3308 and 8308 (relating to the effect of removal of an officer from a recommended list or failure of confirmation by the Senate after he has been recommended for promotion) by inserting a reference which limits the applicability of those sections to an officer recommended for promotion to any grade above colonel, to conform with the limitation of the provisions of current chapters 335 and 835, as amended by the bill, to the promotion of regular officers to the grades above colonel. The amendments are as follows:

Clause (i) deletes the term "promotion-list officer" and substitutes "colonel" to conform with the amendments in the bill which make the two sections applicable only to promotions to the general officer grades.

Clause (ii) deletes "promotion list" and substitutes "active-duty list" to conform with the definition contained in proposed new clause (37) of section 101, added by the bill.

Clause (iii) strikes out the last sentence of current sections 3308 and 8308, since that sentence refers to elimination of officers not recommended for promotion to the grades of captain, major, or lieutenant colonel, under current sections 3303 and 8303, which are repealed by the bill and are replaced by the provisions of proposed new chapter 36, added by the bill.

Clause (I) amends current sections 3312(a) and 8312(a) (relating to officers' acceptance of promotion) by inserting a reference to promotion to a grade above colonel to reflect that the provisions governing promotion to grades below brigadier general are governed by proposed new chapter 36, added by the bill.

Clause (J) amends current sections 3314 and 8314 (which provide that the promotion of an officer to a higher grade is not to be delayed by the original appointment of another person to a commissioned grade) to limit their applicability to promotions to grades above colonel.

Clause (K) repeals several sections of current chapters 335 and 835 to conform with the general purposes of the bill, and strikes out the corresponding items for those sections from the chapter analyses for those chapters, as follows:

Sections 3285 and 8285 (relating to the qualifications for original appointment); sections 3286 and 8286 (relating to the age limitations for appointment); sections 3287 and 8287 (relating to service credit to be awarded upon original appointment); sections 3288 and 8288 (relating to determination of grade upon original appointment); and sections 3289 and 8289 (relating to professional examinations of medical officers prior to appointment as first lieutenants in the Regular Army or Regular Air Force); are repealed, since the substance of these sections is contained in proposed new sections 543 and 544, added by the bill.

Sections 3295 and 8295 (relating to determination of position on a promotion list); sections 3296 and 8296 (relating to definition of a promotion-list officer); sections 3298 and 8298 (relating to promotion to first lieutenant and effect of failure of promotion to first lieutenant); sections 3299 and 8299 (relating to promotion to the regular grades of captain, major, or lieutenant colonel); sections 3300 and 8300 (relating to selection board procedures for promotion to the regular grades of captain, major, or lieutenant colonel); sections 3302 and 8302 (relating to professional examinations for promotions of officers in the Medical and Dental Corps in the Army, and of officers designated as medical and dental officers in the Air Force); sections 3303 and 8303 (relating to the effect of failure of promotion to the regular grades of captain, major, or lieutenant colonel); sections 3305 and 8305 (relating to promotion to colonel); and sections 3309 and 8309 (relating to physical examination for promotion) are repealed since the substance of these provisions is contained in the sections of proposed new chapter 36, added by the bill, as it relates to eligibility, promotion, and the effect of failure for promotion to the grades concerned.

Section 3311 (which restricts the appointment of women to the Women's Army Corps with exception of women appointed in the Medical Corps, Dental Corps, Medical Service Corps, Veterinary Corps, Army Nurse Corps, and Army Medical Specialist Corps) is repealed to conform with the equalization of treatment of women contained in the bill.

Section 8301 (relating to the promotion of officers in the Air Force with special qualifications to the regular grades of captain, major, or lieutenant colonel) is repealed to conform with the consolidation of the provisions governing promotion to those grades contained in proposed new chapter 36, added by the bill.

Clause (7) of the bill amends current chapters 337 and 837 (relating to the promotion of reserve officers of the Army and Air Force), as follows:

Clause (A) adds proposed new section 3396, which provides that reserve officers of the Army who are governed by the provisions of proposed new chapter 36 will not be governed by the provisions of current chapter 337, to conform with the provisions of proposed new chapter 36, which provide that the promotion of all officers on active duty, other than those specifically excluded (such as reserve officers on active duty for training), will be governed by a single promotion system without regard to their membership in a regular or reserve component. An exception is made in the case of current section 3353 which contains provisions governing service credit to be awarded to reserve officers who are not subject to proposed new section 544, added by the bill, which pertains only to regular officers. This clause also amends the chapter analysis of current chapter 337 to reflect the addition of the new section.

Clause (B) adds proposed new section 8396 to current chapter 837, which contains provisions similar to those contained in proposed new section 3396, and is added for the same reasons as section 3396 was added to chapter 337. This clause also amends the chapter analysis of current chapter 837 to reflect the addition of the new section.

Clause (8) of the bill amends chapters 339 and 839 (relating to temporary appointments in the Army and Air Force), as follows:

Clause (A) amends current section 3442 (relating to appointments in higher grades), as follows:

Clause (i) amends current section 3442(a) by inserting "colonel" in place of "second lieutenant" to limit temporary appointments to grades above colonel.

Clause (ii) amends current section 3442 (b) to conform with the amendment to section 3442(a), and provides that the determination of the necessity for making temporary appointments to grades above colonel is based on the strength of the Army in officers on the active-duty list.

Clause (B) amends current section 8442 (relating to temporary appointments in the Air Force) in the same manner and for the same reasons as the amendments to section 3442, above.

Clause (C) amends current sections 3444 and 8444 (relating to temporary appointments in the Army and Air Force, respectively, during war or national emergency), as follows:

Clause (i) amends current sections 3444 (a) and 8444(a) to provide that appointments under those sections may be made only in grades above colonel.

Clause (ii) amends current section 3444 (d) by (1) substituting the term "active-duty list" for "a promotion-list" to conform with the definition contained in proposed new clause (37) of section 101, added by the bill; and (2) deleting the reference to current section 3294(b) (relating to constructive service credit) which is repealed by the bill and inserting in place thereof a reference to proposed new section 544, added by the bill, which contains the new constructive service provisions.

Clause (iii) amends current section 8444 (d) in the same manner and for the same reasons as the amendments to current section 3444(d), above.

Clause (D) amends current sections 3445

and 8445 (relating to additional appointments during war or emergency in the Army or Air Force), as follows:

Clause (i) amends current section 3445(a) and 8445(a) to provide that temporary appointments under those sections shall be made only from officers in the grade of colonel, or above.

Clause (ii) amends current sections 3445 (b) and 8445(b) to provide that, in addition to the appointments made under subsection (a) of those sections, sections 3442 and 3444, and sections 8442 and 8444, appointments may be made only in grades above colonel. Temporary appointments in grades below colonel are governed by the provisions of proposed new section 545, added by the bill.

Clause (E) amends current sections 3447 (b) and 8447(b) (relating to the making and termination of appointments in commissioned grades) to provide that appointments shall be made by the President, by and with the advice and consent of the Senate, in general officer grades. This change reflects the amendments to title 10 made by the bill which limit appointments under amended chapters 339 and 839 to grades above colonel. The second sentence of subsection (b) of those sections (relating to temporary appointments of members of the Reserves) is not restated, since temporary appointments of Reserves will not be made under the provisions of the bill or chapters 339 or 839, as amended.

Clause (F) amends current sections 3448 (b) and 8448(b) (relating to the appointment of warrant officers) to strike out the reference to the active list, and to show that the need for temporary appointments in the warrant officer grades is to be based on the number of offices on the active-duty list.

Clause (G) amends current sections 3451 and 8451 (relating to acceptance of temporary appointments in the Army and Air Force, respectively) to reflect that temporary appointments in regular officer grades will be made under the provisions of current chapters 339 and 839, as amended by the bill, only in the grades above colonel.

Clause (H) repeals current sections 3446 and 8446 (relating to retention of a disabled officer on active duty until he will no longer be benefited by treatments on active duty or until he is processed for physical disability). These sections have been replaced by proposed new section 638, added by the bill. It also repeals sections 3452 and 8452 (relating to temporary promotion to captain of members of the Medical and Dental Corps in the Army and of officers designated as medical and dental officers in the Air Force) to conform with the general provisions of the bill which abolish temporary promotions in commissioned grades below brigadier general. This also conforms with the provisions of proposed new section 639 of chapter 36, added by the bill, which provides that the promotion of medical and dental officers below the grades of brigadier general are to be governed by regulations to be prescribed by the Secretary of Defense. It also strikes out the items for the repealed sections from the analyses of chapters 339 and 839.

Clause (9) of the bill amends current chapters 341 and 841 (relating to active duty), as follows:

Clause (A) amends current section 3494 (relating to the grade in which a reserve officer is ordered to active duty). This section currently provides that a Reserve will be ordered to active duty in his reserve grade unless the Secretary of the Army, in his discretion, orders him to active duty in a higher temporary grade. The authority to order a reserve officer to active duty in a grade that is higher than his reserve grade is retained by the bill with respect to a reserve officer who is ordered to active duty and who is not placed on the active-duty list. A reserve officer who is ordered to active duty and placed on the active-duty list will have a grade, as determined under proposed new section 620, as added by the bill, which governs the placement of all officers on the active-duty list, and is designed to provide that all officers who are carried, or placed, on the active-duty list will be treated equally.

Clause (B) amends current section 8494 in the same manner and for the same reasons as the amendment to current section 3494, above.

Clause (10) of the bill amends current section 3532 of chapter 343 (relating to the detail of a colonel in the Regular Army as Special Assistant to the Comptroller of the Department of Defense) by substituting the term "active-duty list" for "active list" to conform with the definition of "active-duty list" contained in proposed new clause (37) of section 101, added by the bill.

Clause (11) of the bill amends current chapters 345 and 845 (relating to rank and command), as follows:

Clause (A) repeals current sections 3574 (a) and (b) and 8574(a) and (b) (relating to determination of rank among officers on the promotion list and those not on the promotion list or not on the same promotion list). Determination of rank of officers similarly situated with respect to the new "active-duty list" is to be governed by proposed new section 741a, added by the bill.

Clause (B) amends current section 3579 (relating to authority of Army Medical Department officers to command) by deleting provisions which restrict the authority of members of the Army Nurse Corps and Army Medical Specialist Corps to exercise command within the Army Medical Department. Under current law, they may exercise command only within their own corps. When originally enacted, these provisions were designed to restrict the authority of women to exercise command within the other corps of the Army Medical Department. Such a distinction is no longer necessary or desired in view of the equalization of treatment of women in the bill.

Clause (C) amends current section 8579 (restricting the authority of Air Force nurses and medical specialists to exercise command only within their categories) for the same reason as that stated in clause (B), above, with respect to the Army.

Clause (D) repeals current sections 3571 and 8571 (relating to determination of rank of officers on active duty), since these sections are replaced by proposed new section 741a, added by the bill; and current section 3580 (relating to the authority of the Secretary of the Army to prescribe the authority of officers of the Women's Army Corps) in view of the equalization of treatment of women in the bill. It also strikes the corresponding items for those sections from the chapter analyses of chapters 345 and 845, respectively.

Clause (12) of the bill repeals current sections 3814 and 8814 (relating to the discharge of regular commissioned officers of the Army and Air Force during their three-year probationary period). These sections have been replaced by proposed new section 629, added by the bill, which increases the probationary period from three to five years. It strikes out the item for current section 3814 from the chapter analysis of current chapter 361, and the item for current section 8814 from the chapter analysis of chapter 861.

Clause (13) of the bill amends current chapters 365 and 865 (relating to retirement for age), as follows:

Clause (A) amends current section 3888(2) by striking out the reference to section 3287(3) (2) (A) or (B) which is repealed by the bill.

Clause (B) amends current section 8888 of chapter 865 which relates to computation of years of service for regular officers for purposes of mandatory retirement. The amendments are made to provide that officers currently serving on active duty will retain their years of service as computed prior to the effective date of the bill. For an officer appointed after the effective date of the bill, his years of service will be based on his years of active commissioned service.

Clause (14) of the bill amends current chapters 367 and 867 (relating to retirement for length of service), as follows:

Clause (A) amends current sections 3919 and 8919 (relating to retirement of regular officers who have at least 30 years of service, whenever there are an excessive number of officers on the active list). The amendments, while retaining the substance of existing law, substitute "active-duty list" in place of "active list" to conform with the definition in proposed new clause (37) of section 101, added by the bill.

Clause (B) amends current sections 3922(a) and 8922(a) (relating to the retirement of regular officers serving in the grade of brigadier general). It restates existing law and substitutes "active-duty list" in place of "active list" to conform with the definition contained in proposed new clause (37) of section 101, added by the bill.

Clause (C) amends current section 3927 (relating to computation of years of service for mandatory retirement (Army)), as follows:

Clause (i) deletes references to current sections 3913, 3915, 3916, and 3921, which are repealed by the bill, and retains the references to current sections 3919, 3922, and 3923, which govern the retirement and retention on active duty of officers serving in the regular grades of brigadier general and major general and the retirement of officers with more than 30 years of service.

Clause (ii) inserts a reference to proposed new section 544(b), added by the bill, which applies to the award of constructive service credit upon original appointment, and contains a technical amendment to the section which enables officers appointed prior to the effective date of this bill to retain the constructive service credit awarded them, if they were appointed prior to the effective date of this bill.

Clause (D) amends current section 8927 (relating to computation of years of service for mandatory retirement (Air Force)), as follows:

Clause (i) deletes references to current sections 8913, 8915, 8916, and 8921, which are repealed by the bill, and retains the references to current sections 8919, 8922, and 8923, which govern the retirement and retention on active duty of officers serving in the regular grades of brigadier general and major general and the retirement of officers with more than 30 years of service.

Clause (ii) amends current section 8927(a) (relating to constructive service credit awarded to officers of the Air Force) by amending clauses (4) and (8)(C) which refer to current section 8287 which will not be effective after the effective date of this bill because provisions governing the award of constructive service credit after that date will be governed by proposed new section 547(b), added by the bill. The amendment enables officers in the regular grade of brigadier general or major general in the Air Force to retain the constructive service credit awarded them at the time of their original appointment, prior to the effective date of this bill. It also amends current section 8927(a) by adding a new clause (9) which provides that officers retired under current section 8919, 8922, or 8923, who are appointed after the effective date of the bill, will have their years of service computed on the basis of their active commissioned service.

Clause (iii) amends current section 8927 (b)(2) to reflect the addition of proposed new clause (9) to subsections (a).

Clause E repeals certain current sections of chapters 367 and 867 (relating to retirement for length of service) to conform with the general purposes of the bill, and strikes out the corresponding items for those sections from the chapter analyses, as follows:

Sections 3913 and 8913 (relating to the separation of officers not promoted to the grades of captain, major, or lieutenant colonel in the Regular Army or Regular Air Force under current sections 3303 or 8303) are repealed because the separation and promotion of such officers, and the separation of officers not promoted to those grades, will be governed by the provisions of proposed new chapter 36, added by the bill.

Section 8915 (relating to the deferred retirement of officers of the Air Force designated as nurses or medical specialists) is repealed because the provisions governing retirement of those officers are contained in proposed new chapter 36, added by the bill.

Sections 3916 and 8916 (relating to the separation of promotion list colonels of the Regular Army and Air Force who are not recommended for promotion to colonel before completion of 28 years of service) are repealed because the provisions governing the promotion and retirement of officers in the grade of lieutenant colonel not recommended for promotion will be governed by the provisions of proposed new chapter 36, added by the bill.

Sections 3921 and 8921 (relating to the retirement of promotion-list officers serving in the regular grade of colonel who have not been recommended for promotion to the grade of brigadier general before the completion of 30 years of service) are repealed because the provisions governing the promotion and retirement of officers in the grade of colonel who are not recommended for promotion will be governed by the provisions of proposed new chapter 36, added by the bill.

Clause (15) of the bill is a technical amendment to current chapters 369 and 869 (relating to retired grade (Army and Air Force)) which adds a reference to the active-duty list in current sections 3962(a) and 8962 (a) relating to retirement of officers in the highest grade in which they served on the active list.

Clause (16) of the bill is a technical amendment to current chapters 401 and 901 (relating to training generally) which strikes out the term "active list" and substitutes in its place the term "active-duty list" in current sections 4301(b) and 9301(b) relating to the detail of members of the Army and Air Force as students at educational institutions, industrial plants, and hospitals. This amendment conforms with the terminology of the definition contained in proposed new clause (37) of section 101, added by the bill.

Clause (17) of the bill contains technical amendments to current chapters 403 and 903 (relating to the United States Military Academy and Air Force Academy), as follows:

Clause (A) amends current section 4433(d) (relating to regular officers detailed to perform the duties of registrar at the Academy), as follows:

Clause (i) strikes out "applicable promotion list" and inserts "active-duty list" to conform with the new terminology used in the bill.

Clause (ii) removes the differentiation between regular and temporary grades to conform with the use of a single active-duty grade system in the bill.

Clause (B) amends current sections 4336 and 9336 (relating to the grade held or assumed by permanent professors and the registrar at the United States Military Academy and Air Force Academy), as follows:

Clause (i) strikes out "promotion list officer" and substitutes in place thereof "an officer" to conform with the placement of all officers on a single active-duty list which takes the place of the separate promotion lists maintained under the provisions of current sections 3296 and 8296 which are repealed by the bill.

Clause (ii) inserts the term "active-duty list" in place of "promotion list" to conform with the new terminology used in the bill.

Clause (iii) deletes the reference to the temporary grade of an officer detailed, but not appointed, as registrar at the Academies. Provisions are added to current sections 4336(c) and 9336(c) which provide that an officer, detailed as registrar and appointed to the grade of lieutenant colonel or colonel, will be considered, for promotion purposes, to be serving in the grade he held before his detail as registrar. Should his detail terminate, he is entitled to resume any grade he may be entitled to hold.

Section 4 amends subtitle C of title 10, United States Code, (relating to the Navy and Marine Corps), as follows:

Clause (1) of the bill repeals current section 5001(a)(9) and (10) (relating to the definition of "active list" for the Navy and Marine Corps). Officers formerly on the active list will be carried on the active-duty list under proposed new section 620, added by the bill.

Clause (2) of the bill amends current chapter 507 (relating to the Office of the Comptroller of the Navy) by amending current section 5064 (relating to appointment of the Director of Budget and Reports) to make it refer to the term "active-duty list" instead of the "active list."

Clause (3) of the bill amends current chapter 509 (relating to the Office of the Chief of Naval Operations) to make it refer to the term "active-duty list" instead of the "active list."

Clause (4) of the bill amends current chapter 513 (relating to Bureaus; Office of the Judge Advocate General and the Office of Naval Research) to make it refer to the term "active-duty list" instead of the "active list". It also amends current section 5139(a) (relating to the Chief, Medical Service Corps in the Bureau of Medicine and Surgery) to authorize the Chief, Medical Service Corps the grade of captain unless otherwise to a higher grade. It also repeals current section 5143 (relating to the Assistant Chief for Women in the Bureau of Naval Personnel) to conform with a purpose of the bill eliminating separate provisions for women.

Clause (5) of the bill amends current chapter 515 (relating to the Commandant and Headquarters of the Marine Corps) to make if refer to the term "active-duty list" instead of the "active list". It also repeals current section 5206 (relating to the detail of the Director of the Women Marines) to conform with a purpose of the bill eliminating separate provisions for women.

Clause (6) of the bill amends current chapter 517 (relating to fleet commands and other high positions in the Navy and Marine Corps) to make it refer to the term "active-duty list" instead of the "active list".

Clause (7) of the bill amends current chapter 531 (relating to the strength of the Navy and Marine Corps), as follows:

Clause (A) amends current section 5416 (relating to personnel detailed outside the Department of Defense) to provide that they will be counted in computing strengths in determining the number of officers in specified grades who may serve on active duty under proposed new section 452, added by the bill, and restates existing law for all other purposes by providing that they will not be counted in determining strengths under any other law.

Clause (B) repeals current sections 5401, 5402, 5403, 5404, 5405, 5406, 5407, 5408, 5409, 5412, 5415, and 5417 and strikes the corresponding items for those sections from the chapter analysis, as follows:

Section 5401 (relating to authorized strength of the Regular Navy in enlisted members); section 5402 (relating to the authorized strength of the Regular Marine Corps in enlisted members); section 5403 (relating to authorized strength of officers of the line on the active list); section 5404 (relating to the authorized strength of staff corps officers on the active list); section 5405 (relating to the authorized strength of officers on the active list of the Marine Corps); section 5406 (relating to the number of officers designated for engineering duty on the active list); section 5407 (relating to the number of officers designated for aeronautical engineering duty); section 5408 (relating to the number of officers designated for special duty); section 5409 (relating to the number of Navy and Marine Corps officers designated for limited duty); section 5412 (relating to the authorized strength of the Regular Navy in enlisted members in the Hospital Corps); and section 5415 (relating to exclusion from strengths of enlisted members serving as cadets at the service academies); are repealed to conform with the provisions of proposed new section 451, added by the bill, which gives the Secretary of the military department concerned the authority to prescribe the number of officers in any category on active duty. Section 5417 (relating to estimates of future regular commissioned officer strength) is repealed because the estimate no longer serves a useful purpose in view of Pub. L. 91–441 and 92–436 which provide that Congress will authorize the strength of the armed forces, by component.

Clause (8) of the bill amends current 533 (relating to distribution in grade), as follows:

Clause (A) amends current section 5441 (relating to the terms "prescribed number" and "vacancies") by deleting the reference to a "combination of grades."

Clause (B) amends the catchline of current section 5442 (relating to Navy line officers on active duty) and the corresponding item for that section in the chapter analysis to conform with the amendments made to that section by the bill which limit the provisions of that section to rear admirals.

Clause (C) amends current section 5442 (relating to Navy line officers on active duty) by deleting the provisions which authorize numbers in grades below rear admiral in the Navy, since those provisions are contained in proposed new section 452, added by the bill.

Clause (D) amends the catchline of current section 5443 (relating to Marine Corps officers on active duty) and the corresponding item for that section in the chapter analysis to conform with the amendments made to that section by the bill which limit the provisions of that section to brigadier generals and major generals.

Clause (E) amends current section 5443 (relating to Marine Corps officers on active duty) by deleting the provisions which authorize numbers in grades below brigadier general in the Marine Corps, since those provisions are contained in proposed new section 452, added by the bill.

Clause (F) amends current section 5444 (f) (relating to Navy staff corps officers on active duty) to make its provisions inapplicable to grades below rear admiral.

Clause (G) amends current section 5446 (relating to the applicability of current sections 5442–5444) to reflect the use of the term "active-duty list" and to insure inclusion of women officers in strength determinations under current sections 5442, 5443, and 5444.

Clause (H) amends section 5447 (relating to numbers of regular officers on the active list in the line of the Navy) to make it apply only to rear admirals.

Clause (I) amends current section 5448 (relating to distribution of officers on the active list of the Marine Corps) to make it apply only to brigadier generals.

Clause (J) amends current section 5449 (relating to Navy staff corps officers) to reflect (1) the substitution of the term "active-duty list" for "active list"; and (2) the repeal of current section 5590 (relating to the appointment of women) by the bill.

Clause (K) amends current section 5451 (relating to suspension of preceding sections) to reflect the fact that, as amended by the bill, the preceding sections govern only flag and general officers.

Clause (L) amends current section 5455 (relating to the effect of computations on status) to reflect the repeal of current section 5432 (relating to women) by the bill, and the substitution of the term "active-duty list" for "active list".

Clause (M) repeals current section 5445 (relating to the suspension of current sections 5442, 5443, and 5444), since its provisions applied only to grades below rear admiral and those sections, as amended by the bill, will not apply to those grades. It also repeals current section 5452 (relating to Navy and Marine Corps women officers) to conform with a purpose of the bill eliminating separate provisions for women.

Clause (9) of the bill amends current chapter 535 (relating to grade and rank of officers), as follows:

Clause (A) amends current section 5504 (relating to maintenance of lineal lists) by (1) repealing subsections relating to lineal lists, since the lineal list is replaced by the active-duty list maintained under proposed new section 620, added by the bill; (2) substituting the term "active-duty list" for the term "lineal list"; and (3) amending the section to provide that a reserve officer who is ordered to active duty and not placed on the active-duty list will retain his reserve grade. The grade of a Reserve who is ordered to active duty and placed on the active-duty list will be determined under proposed new section 620, added by the bill.

Clause (B) repeals current section 5505 (relating to the change of the lineal position of reserve officers) because such officers will be covered by the provisions of proposed new section 620, added by the bill.

Clause (C) amends current section 5506 (relating to rank of officers of the Naval Reserve and Marine Corps Reserve) by providing that its provisions will apply only when proposed new section 741a, added by the bill which prescribes the general order of rank, does not apply to those officers.

Clause (D) amends current section 5508 (relating to rank) to reflect the substitution of the term "active-duty list" for the term "lineal list", and reflect that it will apply only when proposed new section 741a, added by the bill, is not applicable.

Clause (10) of the bill amends current chapter 539 (relating to original appointments), as follows:

Clause (A) repeals sections 5571 (relating to citizenship of officers) and section 5572 (relating to appointing power). The substance of these sections is included in proposed new sections 542 and 543, added by the bill.

Clause (B) amends section 5573 (relating to graduates of the Naval Academy) to reflect substitution of the term "active-duty list" for the "active list".

Clause (C) amends section 5573a (relating to appointments of regular officers from temporary and reserve officers) to provide for appointments to the active-duty list in grades not above captain in the Navy or colonel in the Marine Corps. Subsection (b) is repealed, since the provisions of clauses (1) and (2) (relating to appointments and lineal-list position) are replaced by proposed new sections 543 and 620, added by the bill, and clause (3) (relating to running mates) is repealed, since the bill abolishes the running-mate system for regular officers.

Clause (D) amends current section 5574 (relating to appointments of medical officers) to reflect the substitution of the term "active-duty list" for the "active list". Provisions of subsections (a) and (b) (relating to grade determination) are repealed, since this is governed by proposed new sections 542, 544, and 620, added by the bill. Subsection (d) (relating to constructive service credit) is repealed, since constructive credit is governed by proposed new section 544, added by the bill.

Clause (E) amends current section 5575 (relating to appointment of Supply Corps officers) to reflect the substitution of the term "active-duty list" for "active list". Section 5575(1) (relating to age limitations) is repealed because that qualification for appointment is governed by proposed new section 543, added by the bill.

Clause (F) amends current section 5576 (relating to appointment of chaplains). See analysis explanation for section 5575, above.

Clause (G) amends current section 5577 (relating to appointment in the Civil Engineer Corps). See analysis explanation for section 5575, above.

Clause (H) amends current section 5578 (relating to appointment of dental officers). See analysis explanation for section 5574, above.

Clause (I) amends current section 5578a (relating to appointment of Judge Advocate General Corps officers). See analysis explanation for section 5574, above.

Clause (J) amends current section 5579 (relating to appointment of Medical Service Corps officers). See analysis explanation for section 5574, above.

Clause (K) amends current section 5580 (relating to the Nurse Corps) to give the Secretary of the Navy authority to determine the qualifications for appointment in the Nurse Corps, and repeals section 5580 (b) and (c) (relating to the grade in which nurses may be appointed).

Clause (L) amends current section 5582 (relating to transfers between line and staff corps) to reflect the provisions of the bill, which place all officers, whether of line or staff and whether male or female, on a single active-duty list.

Clause (M) amends current section 5587 (relating to officers designed for engineering, aeronautical engineering, and special duty) to (1) reflect the substitution of the term "active-duty list" for the "active list"; (2) add certain new types of special duty; and (3) delete the provision which allows officers appointed under the section to be counted as additional numbers in grade.

Clause (N) amends current section 5587a (relating to appointment of Marine Corps judge advocates). See analysis explanation for section 5574, above.

Clause (O) amends current section 5589 (relating to limited-duty officers) to (1) reflect the use of the term "active-duty list"; (2) permit a limited-duty officer to be originally appointed in the grade of lieutenant in the Navy and captain in the Marine Corps; (3) reflect the elimination of separate provisions, with respect to appointment, for men and women; and (4) reduce, from 10 years to five years, the years of active service required for eligibility for appointment.

Clause (P) amends current section 5596 (relating to temporary appointments to permit (1) appointments under the section only as limited-duty officers or warrant officers; and (2) women to be appointed under the section.

Clause (Q) amends current section 5597 (relating to temporary appointments) to limit the section to flag officer grades.

Clause (R) repeals certain current sections of chapter 539, as follows:

Section 5581 (relating to appointment of women as medical, dental, and medical service corps officers); section 5583 (relating to appointment of officers from noncommissioned officers in the Marine Corps); section 5584) (relating to appointment of Marine Corps officers from former officers); section 5586 (relating to appointment of officers from among warrant officers and enlisted members); and section 5590 (relating to appointment of women); are repealed to reflect the elimination of separate provisions of current law for men and women, and to reflect that, with the exception of certain professional officers, proposed new section 543, added by the bill, contains all criteria for qualification for appointment. Section 5585 (relating to the order of filling vacancies in the grade of second lieutenant in the Marine Corps) is repealed. (Sections 5591, 5592, 5593, and 5594 (relating to the maximum number of ensigns appointed annually in certain staff corps) are repealed to conform to one of the purposes of the bill which delegates such management authority to the Secretary concerned. Section 5595 (relating to restriction on appointments of former midshipmen and cadets) is repealed. Section 5599 (relating to emergency temporary appointments in the Medical Corps) is repealed, since it is anticipated that such appointments will not be necessary because Reserves will be mobilized in emergencies.

Clause (11) of the bill amends current chapter 541 (relating to running mates), as follows:

Clause (A) amends current section 5665 (relating to running mates for reserve officers) to (1) reflect the use of the term "active-duty list", and (2) delegate certain new authority to the Secretary of the Navy regarding assignment of running mates.

Clause (B) repeals current sections 5651, 5652, 5652a, 5652b, 5652c, 5653, 5654, 5655, 5656, 5657, 5658, 5659, 5660, 5661, 5662, 5663, 5664, and 5666 (relating to running mates), and strikes out the corresponding items for those sections from the chapter analysis, to conform to the provisions of the bill which place staff corps officers on a single active-duty list with line officers. Clause (12) of the bill amends current chapter 543 (relating to selection boards), as follows:

Clause (A) amends section 5701 (relating to convening of selection boards) by (1) increasing the number of officers who may serve on certain boards, (2) permitting more junior officers to serve on boards considering officers for promotion to commander, and (3) deleting references to continuation boards for grades below rear admiral.

Clause (B) amends current section 5702 (relating to selection boards for staff corps officers) by rewording it to reflect that the selective continuation provisions of the section are governed by proposed new chapter 36, added by the bill. The amendments permit an increased number of officers to serve on staff corps selection boards and reduce the seniority requirements for service on a board in certain instances. The section requires that each board convened to consider members of specified staff corps for promotion shall consist only of officers of the corps concerned, and that limited-duty officers shall be considered for promotion by officers not designated for limited duty. The section also provides that, in the case of Medical Service Corps officers, if a sufficient number of officers of that corps qualified to serve on a board is not available, the board membership may be completed from officers of either the Medical or Dental Corps. Where a similar situation exists for Nurse Corps officers, the board membership may be completed from Medical Corps officers.

Clause (C) amends current section 5703 (relating to selection boards for the Marine Corps) to (1) limit its provisions to grades above colonel, (2) reflect the elimination from the law of distinctions between men and women, and (3) provide that officers designated for limited duty shall be considered for promotion by officers who are designated for limited duty.

Clause (D) repeals current section 5704 (relating to promotion of women) to conform with a purpose of the bill eliminating separate provisions for women.

Clause (E) amends current section 5706 (relating to information furnished selection boards) to make the section apply to boards convened under proposed new chapter 36, added by the bill.

Clause (F) amends current section 5707 (relating to officers to be recommended for promotion or continuation) to limit the provisions of the section to rear admirals and brigadier generals, and to conform with a purpose of the bill eliminating separate provisions for women.

Clause (G) amends current section 5708 (relating to certification of selection board reports) to conform with a purpose of the bill eliminating separate provisions for women, and to insure that the provisions of subsections (b) and (e) will apply only to promotions to grades above captain (Navy) and colonel.

Clause (H) amends current section 5709 (relating to retention of rear admirals of the Navy and brigadier generals and major generals in the Marine Corps on the active list) to reflect the use of the term "active-duty list".

Clause (I) amends current section 5710 (relating to submission of reports to the President or Secretary of the Navy) to conform to a purpose of the bill eliminating separate provisions for women, and to limit the requirement for submission of reports under the section to rear admirals and brigadier generals.

Clause (J) amends current section 5711 (relating to suspension and exceptions in the preceding sections of the chapter) to conform to a purpose of the bill eliminating separate provisions for women.

Clause (13) of the bill amends current chapter 545 (relating to promotions), as follows:

Clause (A) amends section 5751 (relating to eligibility for consideration by selection board of Navy line officers and Marine Corps officers) to limit the provisions of the section to promotions to rear admiral and brigadier general, and to repeal eligibility criteria for promotions which have been suspended by executive order.

Clause (B) amends current section 5756 (relating to numbers of unrestricted Navy line and Marine Corps officers that may be recommended for promotion) to conform with a purpose of the bill eliminating separate provisions for women.

Clause (C) amends current section 5758 (relating to numbers that may be recommended for promotion (engineering duty, aeronautical engineering duty, special duty)) to conform with a purpose of the bill eliminating separate provisions for women, and to reflect that promotion of officers in grades below rear admiral is governed by the provisions of proposed new chapter 36, added by the bill.

Clause (D) amends current section 5764 (relating to promotion zones) to conform to a purpose of the bill eliminating separate provisions for women, and to reflect the fact that promotion of officers in grades below rear admiral is governed by the provisions of proposed new chapter 36, added by the bill.

Clause (E) amends current section 5765 (relating to promotion zones) to conform to a purpose of the bill eliminating separate provisions for women, and to reflect the fact that promotion of officers below the grade of brigadier general is governed by the provisions of proposed new chapter 36, added by the bill.

Clause (F) amends current section 5766 (relating to promotion zones of staff corps officers) to reflect the elimination of the running-mate system for regular officers, while maintaining the provisions of the section as it applies to flag grades.

Clause (G) amends current section 5767 (relating to flag or general officers with special duties) by (1) deleting references to running mates, and (2) amending subsection (c) to permit the appointment of officers to flag and general officer grades in the Navy and Marine Corps when no officers are authorized to serve in those grades for the competitive category concerned.

Clause (H) amends current section 5769 (relating to eligibility for promotion) to conform to a purpose of the bill eliminating separate provisions for women, and to reflect the fact that promotion of officers in grades below rear admiral and brigadier general is governed by the provisions of proposed new chapter 36, added by the bill. Although the running-mate system for regular officers is eliminated by the bill, proposed new provisions are added to the section with respect to date of rank of flag officers which are designed to preserve, with minor modification, the provisions of current law.

Clause (I) amends current section 5776 (relating to failure of selection) so it will apply to women as well as men.

Clause (J) amends section 5778 (relating to temporary and permanent appointments) so it will apply to women as well as men.

Clause (K) amends section 5780 (relating to permanent promotions) so it will apply to women as well as men, and to reflect that promotion of officers in grades below rear admiral and brigadier general is governed by the provisions of proposed new chapter 36, added by the bill.

Clause (L) amends current section 5781 (relating to permanent promotion of staff corps officers to rear admiral) to reflect the substitution of the term "active-duty list" for "lineal list", and to delete the reference to running mates.

Clause (M) amends current section 5783 (relating to permanent promotion of Reserves) to reflect that promotion of officers in grades below rear admiral and brigadier general is governed by the provisions of proposed new chapter 36, added by the bill, and to delete references to running mates.

Clause (N) amends current section 5785 (relating to suspension of preceding sections) to conform with a purpose of the bill eliminating separate provisions for men and women, and to reflect that promotion of officers in grades below rear admiral and brigadier general is governed by proposed new chapter 36, added by the bill.

Clause (O) amends current section 5786 (b) (relating to exclusion of certain officers from active duty strength) to reflect the repeal of current section 5784 by the bill.

Clause (P) amends current section 5787 (relating to temporary promotions) to make it apply only to flag officers, and strikes out the reference to current section 6395 to reflect the repeal of that section by the bill.

Clause (Q) amends current section 5787c (relating to temporary promotion of warrant officers) to make it apply to officers designated for limited duty.

Clause (R) amends current section 5791 (b) (relating to appointing power) to reflect the repeal of current section 5790 by the bill.

Clause (S) repeals current sections 5752 (relating to eligibility of women officers for consideration by a selection board); 5753 (relating to eligibility of staff corps officers for consideration by a selection board); 5757 (relating to numbers of limited duty officers that may be recommended for promotion); 5760 (relating to numbers of women officers that may be recommended for promotion); 5762 (relating to the numbers of staff corps officers below rear admiral that may be recommended for promotion); 5763 (relating to numbers of women staff corps officers appointed under section 5590 that may be recommended for promotion); 5771 (relating to eligibility for promotion of women regular officers); 5772 (relating to eligibility for promotion of staff corps officers to the grade of rear admiral); and 5773 (relating to eligibility for promotion to grades below rear admiral); to reflect the fact that the subject matter contained in those sections is governed by provisions of law added by the bill. Current section 5768 (relating to normal terms of service in grade and total commissioned service), and current section 5770 (relating to requirement for sea or foreign service), are repealed since prescription of these matters by statute is no longer deemed necessary. Current section 5782 (relating to promotions of staff corps officers) is repealed to reflect the utilization of a single active-duty list, and current sections 5784, 5787a and 5787b (relating to temporary promotions) are repealed since temporary promotions will no longer exist for grades below flag grades. Current section 5788 (relating to eligibility for promotion to 0–2) is repealed because it is replaced by proposed new section 624(a), added by the bill. Current sections 5789 and 5790 (relating to officers receiving thanks of Congress or advanced in rank) are no longer considered necessary and are therefore repealed. Current section 5793 (relating to strength and promotion of medical and dental officers) is repealed because the substance of this section is contained in proposed new sections 451 and 639, added by the bill.

Clause (14) of the bill repeals current chapter 547 (relating to examinations for promotion) since the purpose of this chapter is fulfilled by other current sections and proposed new sections, added by the bill.

Clause (15) of the bill amends current chapter 549 (relating to reserve promotions) to conform to the substitution of the "active-duty list" for the "lineal list", and to provide reference to proposed new sections of the bill which parallel existing references to provisions of current law.

Clause (16) of the bill amends current chapter 553 (relating to special assignment and details) by striking out "active list" and inserting "active-duty list" in section 5982 (relating to the detail of retired officers to command ships and squadrons).

Clause (17) of the bill amends current chapter 555 (relating to administration) by repealing current section 6018 (relating to assignment to shore duty).

Clause (18) of the bill amends current chapter 573 (relating to involuntary retirement, separation, and furlough), as follows:

Clause (A) amends current section 6373 (relating to involuntary retirement) to delete references to law which replaces total commissioned service, and to reflect the substitution of the term "active-duty list" for the "active list".

Clause (B) amends current section 6383 (relating to retirement of limited-duty officers) to (1) conform with proposed new provisions of the bill authorizing limited-duty officers to be promoted to grades as high as captain in the Navy and colonel in the Marine Corps; (2) conform with the use of the new term "active-duty list"; (3) refer to pertinent provisions of the proposed "Uniformed Services Retirement Modernization Act" (DoD 94–5); and (4) delete, for officers subject to retirement, the option of reverting to a former grade.

Clause (C) amends current section 6384 (relating to the discharge of certain officers) in the same manner and for the same purpose as described in (3) of clause (B), above.

Clause (D) amends current section 6386 (relating to suspension of preceding sections) to reflect the fact that officers in grades below O–7 will no longer be retired under chapter 573.

Clause (E) amends current section 6387 (relating to total commissioned service) to conform to proposed new sections of the bill which replace "total commissioned service" with a computation based on the addition of active service while a flag officer to service computed under proposed new section 637, added by the bill.

Clause (F) amends current section 6389 (relating to elimination of reserve officers) to refer to the use of a new means of computing years of service for mandatory retirement for officers on the active-duty list, and to reflect the repeal of current section 5581 by the bill.

Clause (G) amends current section 6390 (relating to retirement of officers at age 62) to reflect the substitution of "active-duty list" for the "active list".

Clause (H) amends current section 6374 and 6394 (relating to retirement of certain flag and general officers) to reflect the substitution of "active-duty list" for the "active list".

Clause (I) amends current section 6397 (relating to elimination from active status of Nurse Corps officers) to reflect the substitution of the "active-duty list" for the "active list".

Clause (J) amends current section 6403 (relating to elimination of women officers of the Naval Reserve and Marine Corps Reserve from an active status) by inserting a reference to proposed new chapter 36, added by the bill, which will also govern the elimination of such officers in certain cases. It also amends the section so that the section will conform to the use of the term "active-duty list".

Clause (K) amends current section 6407 (relating to communications with selective continuation boards) so that the section will conform to the use of the term "active-duty list".

Clause (L) repeals current sections 6376 (relating to retirement of officers in the grade of captain in the Navy or colonel in the Marine Corps); 6377 (relating to retirement of captains in the Navy and colonels in the Marine Corps in certain specialty categories); 6378 (relating to retirement of Navy captains in the staff corps and nurse corps commanders); 6379 (relating to retirement of commanders and lieutenant colonels); 6380 (relating to retirement of lieutenant commanders and majors); 6382 (relating to discharge of lieutenants (junior grade) and first lieutenants, and lieutenants in the Navy and captains in the Marine Corps); 6388 (relating to total commissioned service in the staff corps); 6392 (relating to the probationary period for regular officers); 6395 (relating to discharge during war for unsatisfactory performance); 6396 (relating to retirement of nurses); 6398 (relating to retirement of women commanders and lieutenant colonels); 6400 (relating to retirement of women lieutenant commanders and majors); 6401 (relating to discharge of women lieutenants in the Navy and captains in the Marine Corps); and 6402 (relating to discharge of women lieutenants (junior grade) and first lieutenants); to conform with a purpose of the bill eliminating separate provisions from the law for women, and to reflect that provisions regarding retirement and discharge of officers in grades below rear admiral and brigadier general are governed by the provisions of proposed new chapter 36, added by the bill.

Clause (19) of the bill amends current chapter 601 (relating to officer procurement programs), as follows:

Clause (A) amends current section 6909 (relating to retention or the transfer to Reserve) to reflect the substitution of "active-duty list" for the "active list".

Clause (B) amends current section 6911 (relating to the grade of aviation cadets) by striking out the word "male" to conform to the purpose of the bill eliminating separate provisions from the law for women.

Clause (C) repeals current section 6914 (relating to appointment of reserve naval aviators as regular officers).

Clause (20) of the bill amends current chapter 605 by amending current section 7042 (relating to the Superintendent of the Naval Postgraduate School) to reflect the substitution of the "active-duty list" for the "active list".

Section 5 amends current clause (12) of section 101 of title 32, United States Code, which defines "active duty" for the purposes of that title, by amending the clause to reflect the use of "active-duty list" instead of "active list" in the bill.

Section 6 amends title 37, United States Code, as follows:

Clause (1) of the bill amends current clause (18) of section 101, which defines "active duty" for the purposes of that title, by amending the clause to reflect the use of "active-duty list" instead of "active list" in the bill.

Clause (2) of the bill amends current section 202, as follows:

Clause (A) substitutes "active-duty list" for "active list" wherever it appears to conform to the language of the bill.

Clause (B) substitutes "active-duty list" for "lineal list" wherever it appears to conform to the language of the bill.

Clause (C) amends subsection (b) by inserting "not restricted in the performance of duty" so that the provisions of this subsection which apply to limited-duty officers will equate with those provisions of subsection (a) which apply to officers not restricted in the performance of duty.

Clause (D) amends subsection (c) by striking out "his running mate" and inserting in its place "the officer not restricted in the performance of duty next senior to him on the active-duty list". This will permit a staff corps officer receiving the pay of a rear admiral (lower half) to receive the pay of a rear admiral of the upper half at the same time his contemporary in the line becomes entitled to the pay of a read admiral of the upper half.

Clause (E) amends subsection (k) by striking out "woman". This subsection, which relates to entitlement to pay and allowances of officers appointed under section 5767(c) of title 10, United States Code, to the grade of rear admiral in the Navy to fill positions of importance and responsibility, currently applies only to women. It is amended by the bill to apply to all officers in the Navy.

Clause (3) of the bill amends current section 904, as follows:

Clause (A) strikes out "male" wherever it appears so that the section will apply equally to women.

Clause (B) inserts "above the grade of colonel or captain (Navy)" after "an officer" in subsection (a), since all other officers are covered by proposed new section 908, added by the bill.

Clause (C) inserts "above the grade of captain" after "line officer" in subsection (b), since all other engineering duty, aeronautical engineering duty, and special duty officers of the Navy are covered by proposed new section 908, added by the bill.

Clause (D) repeals clauses (3), (4), (5), (9), and (10) of subsection (a), since all of the officers covered by those clauses are covered by proposed new section 908, added by the bill.

Clause (E) repeals subsection (d), since all staff corps officers below the grade of rear admiral of the Navy will be governed by proposed new section 908 of title 37, added by the bill.

Clause (4) of the bill amends current section 905 by repealing subsections (d), (e), and (g) (relating to entitlement to pay upon promotion), since all of the officers covered by those sections are subject to proposed new section 908 of title 37, added by the bill, and repeals the last sentence of subsection (b) which refers to current section 5867 of title 10, repealed by the bill.

Clause (5) of the bill inserts a proposed new section 908 in title 37 and inserts a corresponding item in the chapter analysis. It has the effect of providing that an officer of the Army, Navy, Air Force, or Marine Corps who is promoted to first lieutenant or lieutenant (junior grade), or to captain (Army, Air Force, or Marine Corps) or lieutenant (Navy), under the provisions of proposed new section 624(a), added by the bill, will be entitled to the pay and allowances of the grade to which promoted from the date the promotion is made. Officers promoted to grades of major and above or lieutenant commander and above will be entitled to the pay and allowances of the grade to which promoted from the first day of the month following the date of the occurrence of the vacancy that he was promoted to fill. These provisions reflect that officers may be promoted to first lieutenant or lieutenant (junior grade), and captain (Army, Air Force, or Marine Corps) and lieutenant (Navy), without regard to vacancies in those grades.

Section 7 amends current section 6 of the Act of March 31, 1947 (50 U.S.C. App. 326(d)) (relating to the detail of officers to the Selective Service System) by amending that section to reflect the substitution of the "active-duty list" for "active list".

Section 8 amends current section 10(b)(4) of the Act of June 24, 1948, chapter 625 (50 U.S.C. App. 460(b)(4)) (relating to the detail of officers to the Selective Service System) by amending that section to reflect the substitution of the "active-duty list" for "active list".

Section 9 provides that unless reserve officers with over nine years of active commissioned service are appointed as regular officers within two years from the effective date of the bill (or by June 30, 1977) they must be released. Certain Reserves are excepted. Those within two years of retirement under 10 U.S.C. 3911, 6323, or 8911 are retained until qualified to retire.

Section 10 is a transition provision concerning the status of officers on active duty on the effective day of the bill, as follows:

Clause (1) provides that with certain exceptions officers of the Army and Air Force who have been recommended for promotion under prior laws, if not earlier promoted to the grade for which they were recommended, shall be placed on a promotion list in order of their seniority on the active-duty list established by this bill, and shall be considered to have been so recommended for promotion in an approved report of a selection board under the bill.

Clause (2) provides that an officer of the Army or Air Force holding the regular grade of first lieutenant, captain, or major who was considered once but not recommended for promotion to the next higher regular grade by a selection board convened under prior laws shall, within one year from the effective date of the bill, be considered again for promotion to the next higher grade. The clause provides for retirement or discharge in the event of failure of selection.

If discharged, he is entitled to elect to receive severance pay under laws in effect prior to the effective date of the bill, or, if qualified, readjustment payment under proposed new section 1173a of title 10 which is contained in the "Uniformed Services Retirement Modernization Act" (DoD 94–5). If the officer does not fail, he is considered to have been recommended under new law. Officers serving in temporary grades higher than their regular grades who are recommended by the board are treated in clause (5).

(Clause (3) provides that with certain exceptions, officers of the Army or Air Force who were considered under prior law but not recommended for promotion to a temporary grade below brigadier general that is higher than the grade in which they are serving, shall be considered to have once failed of selection.

Clause (4) provides that an officer of the Army or Air Force holding the regular grade of first lieutenant, captain, or major, who has twice failed of selection for promotion to the next higher regular grade under prior laws shall be retired and entitled to retired pay, or honorably discharged, as the case may be, under the laws in effect on the day before the effective date of the bill. An officer discharged under this clause is entitled to elect to receive severance pay under laws in effect prior to the effective date of the bill or, if qualified, readjustment payment under proposed new section 1173a of title 10 which is contained in the "Uniformed Services Retirement Modernization Act" (DoD 94-5).

Clause (5) provides that an officer of the Army or Air Force who was serving in a temporary grade below brigadier general which is higher than his regular grade shall be deemed to have been recommended for promotion to that grade under proposed new chapter 36 except that he shall be retired or discharged, as appropriate, if he is not recommended for promotion under clause (2) of this section.

Clause (6) provides that an officer on the active-duty list of the Navy or Marine Corps who is recommended for or is serving under a temporary appointment in a grade below brigadier general or rear admiral which is higher than his permanent grade, shall be considered to have been so recommended for or promoted to the higher grade under proposed new chapter 36. This is consistent with the abolition of temporary appointments for promotion purposes to grades below rear admiral and brigadier general under the bill. It will enable an officer to continue to serve in the higher grade held by virtue of a temporary appointment and will have the effect of converting his temporary grade to a permanent grade subject to confirmation by the Senate under chapter 36 of the bill. The clause does not change the status of officers serving under temporary appointments which, by their own terms, are limited in duration; and officers designated for limited duty under current section 5596 recommended for promotion or promoted under current section 5787 of title 10, United States Code.

Clause (7) provides that an officer of the Navy or Marine Corps who was considered to have failed of selection for promotion to a grade below rear admiral or brigadier general one or more times shall be subject to the provisions of the bill relating to officers who have not been recommended for promotion. This provision will enable promotion failures prior to the effective date of the bill to be considered in evaluating an officer's fitness for continued active duty under the provisions of chapter 36 of the bill.

Clause (8) provides that an officer of the Army, Navy, Marine Corps, or Air Force recommended for continuation on the active list under the Act of August 11, 1959, Pub. L. 86-155 (73 Stat. 333), as amended (74 Stat. 395), shall be considered to have been recommended for continuation on the active-duty list under chapter 36 of the bill. The cited provisions of law permitted the selective continuation of certain officers. Having once been continued on active duty, these officers should be permitted to remain on active duty as if selected for continuation under chapter 36.

Clause (9) provides that an officer of the Army or Air Force who is serving in a temporary general officer grade who holds a regular grade below colonel shall be considered to have been recommended for promotion to colonel under the provisions of proposed new chapter 36, added by the bill to title 10, United States Code. Some officers holding temporary general officer grades have a permanent grade below colonel. A large number, however, hold the permanent grade of colonel. This provision would equalize the permanent status of all officers holding temporary general officer grades if they do not also have a permanent general officer grade.

Clause (10) authorizes a lump-sum transition payment in the amount of $4,000 to be paid to an officer who (1) on the effective date of the bill, is either serving in the grade of lieutenant colonel or commander or colonel or captain (Navy), or is on a promotion list to one of those grades; (2) is not recommended for promotion to a higher grade after the effective date of the bill; and (3) is considered but not selected for continuation on active duty under the proposed new section 634 of the bill.

Clause (11) is a savings provision which provides that the enactment of the bill does not terminate the appointment of any officer and permits him to retain the grade and years of service that he had before the effective date of the bill which will be added to his years of service after the date of the bill. For the purpose of determining the amount of service that an officer has in a particular grade, there shall be counted all service in that grade before, on, and after the effective date of the bill that would be creditable under the provisions of the bill.

Section 11 is a transition provision which provides a period of six months during which officers are to be placed on the active-duty list. Because of the administrative requirements involved in placing officers on the active-duty list, such a provision is essential in order to assure an orderly transition period. In order to preserve the relative seniority of officers, it provides that they shall be placed on the active-duty list in the seniority held before the effective date of the bill.

Section 12 is a transition provision relating to tenure of officers. The section is limited in its application only to Army and Air Force officers who do not hold temporary grades, and to those officers who are not subsequently promoted under the provisions of the bill or who do not retire under another provision of law prior to the time they reach the years of tenure under the section. The purpose of the section is to permit the officers to retain the years of guaranteed tenure which existed before enactment of the bill as follows:

Army—Air Force:

Major—21 years (Clause (1)).

Lieutenant Colonel—28 years (Clause (2)).

Colonel—30 years (Clause (3)).

Navy—Marine Corps:

Lieutenant Commander—Major—20 years (Clause (4)).

Commander—Lieutenant Colonel—26 years (Clause (5)).

Captain—Colonel—30 years (Clause (5)).

The section also contains a savings provision which will enable the officers covered by it to retain the years of service with which they were credited for purposes of mandatory retirement or discharge prior to the effective date of the bill which will then be added to the years of service as computed under the provisions of the bill applicable to them following enactment of the bill. Army and Air Force officers who also hold temporary grades will be governed by the provisions of transitional section 10 which provides generally that they will be deemed to have been recommended for promotion under the provisions of chapter 36 of the bill to a permanent grade equivalent to their temporary grade. Consequently, they will be governed by the tenure provisions of new chapter 36 of the bill. The section also provides that officers in the grades of lieutenant colonel, commander, colonel and captain covered by it will be subject to the selective continuation provisions of section 634 which is added by the bill. It also corrects an anomaly which exists concerning certain Navy staff corps officers by providing for the computation of service creditable for involuntary retirement or discharge in the case of an officer for whom no means of computing such service existed under law in effect before the effective date of the bill.

Section 13 is a transition provision. Clauses (1)-(6) concern female officers of the Navy and Marine Corps who are currently governed by different provisions of law relating to appointment, promotion, separation and retirement. Under the provisions of the bill they will be integrated with male officers of the Navy and Marine Corps. This section is designed to insure that the integration will be accomplished in an orderly fashion. It also provides that female officers will not lose any rights that may have accrued under existing law. Clause (7) provides that a limited duty officer of the Navy or Marine Corps who fails of selection for promotion a second time, or is not promoted to a higher grade at any time, after the effective date of the Act shall be governed by current section 6383 of title 10, United States Code, as it existed prior to the effective date of the bill.

Section 14 is a savings provision concerning service credit. It provides that enactment of the bill will not affect the years of service credited to an officer either at the time of his appointment or which would be credited to a person at the time of his original appointment if he is participating in a program (such as that pertaining to doctors) which will lead to a commission or an appointment.

Section 15 is a transition provision which provides that a reserve officer of the Army or Air Force on active duty who is promoted under the provisions of proposed new chapter 36 does not vacate any higher reserve grade to which he was entitled under any law in effect on the day before the effective date of the bill so long as he remains a reserve officer. This will permit an officer who is serving on active duty in a grade lower than the reserve grade which he holds in the Reserves to retain that grade for promotion and other purposes.

Section 16 is a transition provision which provides that a reserve officer of the Army or Air Force who is serving on active duty will be subject to the provisions of proposed new chapter 36, added by the bill to title 10, United States Code, as long as he continues to serve on active duty. Such an officer is presently subject to the provisions of current chapter 337 or 837 of title 10, United States Code, as appropriate, so far as his promotion in the Reserve is concerned.

Section 17 provides that a reserve commissioned officer serving on active duty in the Army or Air Force (other than one excluded from the provisions of chapter 36 under the proposed new section 641, added by the bill) who holds a temporary grade will be considered to have been recommended for promotion under the bill in the temporary grade he held on the effective date of the bill.

Section 18. Current sections 3366 and 8366 of title 10, United States Code, provide for the promotion of reserve commissioned officers of the Army and Air Force, respectively, to the reserve grades of captain, major, and lieutenant colonel. Reserve commissioned officers on the active-duty list of each service are excluded from the cited sections by appropriate amendments in the bill. Existing law requires that an officer considered for promotion under either section, and not selected, must be considered again. If the officer is not selected after his next consideration, existing law requires his transfer to the Retired Reserve or discharge under current section 3846 (Army) or 8846 (Air Force) of title 10, United States Code. This section of the bill provides that a reserve commissioned officer on the active-duty list of the Army or Air Force, as appropriate, who on the effective date of the bill had been considered once for promotion under existing law, and not selected, must be considered again for such promotion, along with other eligible reserve commissioned officers, under the same provisions of law that formerly applied to him before the effective date of the bill. If after his next consideration, the officer is selected for promotion, he may remain on active duty. If he is not selected, he will be released from active duty and be subject to transfer to the Retired Reserve or discharge.

Section 19 is a savings provision which provides that a reserve commissioned officer on the active-duty list of the Army or Air Force, as appropriate, who has been considered twice for promotion to the reserve grade of captain, major, or lieutenant colonel and not selected prior to the effective date of the bill will continue to be subject to existing law with respect to his being transferred to the Retired Reserve or discharged, as appropriate.

Section 20 is a transition provision which provides that an officer whose retirement was deferred under current section 3313 or 8313 of title 10, United States Code, will be permitted to remain on active duty in a deferred status for the period of his deferment. These sections provide for the suspension of laws relating to mandatory retirement or separation of regular officers during a time of war or emergency, and they have been used to defer the retirement of officers who were in a prisoner-of-war status. The continued retention of such officers on active duty should be permitted.

Section 21 is a transition provision which will permit certain officers of the Navy who are, on the effective date of the Act, serving in the grade of captain or commander to retain the tenure they had under current section 6377 of title 10, United States Code. However, these officers are subject to the selective continuation provisions of the bill contained in proposed new section 634, added by the bill to title 10, United States Code.

Section 22 is a transition provision which states that the active-duty list established by proposed new section 620, added by the bill to title 10, United States Code, replaces the promotion lists or lineal lists which were maintained under the provisions of title 10, United States Code, prior to the effective date of the bill (10 U.S.C. 3296 (Army), 5504 (Navy, Marine Corps), and 8296 (Air Force)).

Section 23 is a transition provision which provides that, unless provided elsewhere in the bill, the provisions of the bill do not affect any rights, duties, penalties, or proceedings that existed or were begun prior to the effective date of the bill. In addition to providing general "savings" provisions, this provision will permit actions, such as officer elimination actions, commenced under current chapters 359, 360, 859, and 860 of title 10, United States Code, which are repealed by the bill, to continue until the actions are completed.

Section 24 is a severability provision which provides that if any part of the Act is invalid, the other provisions will retain their validity. It also provides that if a part of the bill which has more than one application is declared to be invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

Section 25 is a general provision which provides that no inference of a legislative construction is to be drawn from the catchline of any of the sections or from the part of title 10, United States Code, in which any of the sections are placed.

Section 26 is a general provision which provides that any amendment to a section of law which is in a suspended status shall not affect the suspended status of that section.

Section 27 prescribes the effective date of the bill.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2020

At the request of Mr. RIBICOFF, the Senator from North Dakota (Mr. BURDICK), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Wyoming (Mr. MCGEE), the Senator from North Carolina (Mr. MORGAN), the Senator from Hawaii (Mr. INOUYE), the Senator from New Mexico (Mr. DOMENICI), and the Senator from North Dakota (Mr. YOUNG) were added as cosponsors of S. 2020, a bill to provide basic vision care services to older Americans under part B medicare payments.

S. 2327

At the request of Mr. MORGAN, the Senator from Nebraska (Mr. HRUSKA) was added as a cosponsor of S. 2327, a bill to amend the Real Estate Settlement Procedures Act of 1974.

S. 2336

At the request of Mr. BUCKLEY, the Senator from Tennessee (Mr. BAKER) was added as a cosponsor of the bill (S. 2336) to amend the Internal Revenue Code of 1954 to allow a deduction for amounts paid by a taxpayer to provide an education for himself or for another individual.

S. 2350

At the request of Mr. SYMINGTON, the Senator from Ohio (Mr. TAFT) and the Senator from Georgia (Mr. NUNN) were added as cosponsors of the bill (S. 2350) to amend the National Security Act of 1947, as amended, to provide that the Secretary of the Treasury become a statutory member of the National Security Council.

SENATE RESOLUTION 142

At the request of Mr. THURMOND, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of the resolution (S. Res. 142) to establish a temporary Select Committee on MIA's.

SENATE JOINT RESOLUTION 121

At the request of Mr. HUMPHREY, the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Maine (Mr. MUSKIE) were added as cosponsors of the joint resolution (S.J. Res. 121) to provide for quarterly adjustments of milk price support levels.

SENATE RESOLUTION 267—SUBMISSION OF A RESOLUTION DISAPPROVING THE DEFERRAL OF CERTAIN BUDGET AUTHORITY RELATING TO EMERGENCY ENERGY CONSERVATION SERVICES

(Referred to the Committee on Appropriations, the Committee on the Budget, and the Committee on Labor and Public Welfare.)

Mr. MAGNUSON (for himself and Mr. BROOKE) submitted the following resolution:

S. RES. 267

Resolved, That the Senate disapproves the proposed deferral of budget authority for emergency energy conservation services, which deferral (D76–49) was set forth in the special message transmitted by the President to the Congress on July 26, 1975, under section 1013 of the Impoundment Control Act of 1974.

SENATE CONCURRENT RESOLUTION 67—SUBMISSION OF A CONCURRENT RESOLUTION DISAPPROVING THE DISTRICT OF COLUMBIA REVENUE ACT OF 1975

(Referred to the Committee on the District of Columbia.)

Mr. MATHIAS (for himself and Mr. BEALL) submitted the following concurrent resolution:

S. CON. RES. 67

Resolved by the Senate (the House of Representatives concurring), That the Congress disapproves of the action of the District of Columbia Council described as follows: The District of Columbia Revenue Act of 1975 passed by the Council of the District of Columbia on July 18, 1975, signed by the Mayor of the District of Columbia on July 23, 1975, and transmitted to the Congress on July 29, 1975, pursuant to section 602 (c) (1) of the District of Columbia Self-Government and Governmental Reorganization Act.

Mr. MATHIAS. Mr. President, today I am reluctantly submitting a resolution to disapprove the District of Columbia Revenue Act of 1975. My reluctance stems from the fact that I am a strong supporter of self-government for the citizens of the District of Columbia. As one of the principal sponsors of the Home Rule Act, I had hoped that this step could be avoided. At this stage, it is obvious that the Congress has no choice but to act.

Action available to the Senate is limited by the fact that the initiation of tax measures is limited by the Constitution to the other body. It is my conviction that if we do not act the courts will be forced to do so by invalidating the District of Columbia Revenue Act. That probability does not, however, relieve the Senate of its constitutional duty in so clear a case.

I ask unanimous consent that a letter which I sent to the chairman of the Senate Committee on the District of Columbia and members of both the Senate and House District Committees, as well as a memorandum outlining my reasons for opposing the Revenue Act be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON
THE DISTRICT OF COLUMBIA,
Washington, D.C., September 24, 1975.

Hon. THOMAS F. EAGLETON,
Chairman, Senate Committee on the District of Columbia, Washington, D.C.

DEAR MR. CHAIRMAN: I thought you might be interested in reviewing the attached memorandum which reflects my views on the proposed D.C. Revenue Act as it affects unincorporated businesses.

While many of those who would be expected to bear the burden have expressed the view that non-resident professionals doing business in the District of Columbia should pay their fair share of taxes to the city, I strongly believe that P.L. 93–198 prohibits the D.C. City Council from enacting such a measure. Our hearings only underscored this point. The proposal contained in our joint statement of September 22, 1975 which suggests that the Congress might enact such a tax in behalf of the District of Columbia would avoid the certain, and probably successful court challenge which the Council's action will provoke.

With best wishes.

Sincerely,

CHARLES MCC. MATHIAS, Jr.,
Ranking member, Senate Committee on the District of Columbia.

Responsibility for the day-to-day government of the Nation's Capital now falls on the shoulders of men and women who are elected by the citizens of the District of Columbia. This is as it should be. The delegation of legislative powers to the government of the District of Columbia was, of course, subject to the reservation by the Congress of full, residual, ultimate and exclusive jurisdiction over the District of Columbia in conformity with the Constitution of the United States. It is the Constitution, therefore, and not this or any other Congress which confers legislative power to the National Legislature over the affairs of the National Capital. Additionally, the powers conferred upon the District are not rights which are vested in the city as against the trust reposed in the Congress. In granting a large measure of self-government to the citizens of the District, the Congress could not divest itself of either the duty to enact necessary legislation for the city or the duty to review all local enactments.

Our review of City Council enactments should seek to determine whether the legislation in question conforms to the Constitution limitations as all lawmaking must. We should also make certain that legislative enactments by the Council strictly observe the prohibitions expressed in P.L. 93–198, the D.C. Self-Government and Governmental Reorganization Act. As members of Congress, we have no right to ignore during the period of Congressional review either the Constitution or the law delegating legislative authority to the District of Columbia.

Public Law 93–198, the District of Columbia Home Rule Law, was enacted by the Congress in 1973. That law gave the City Council of the District of Columbia broad powers over their government. It also contained a number of prohibitions; denials of power in certain, limited areas of the law. One of these denials of power to the City Council was a prohibition against the levy of a tax on the income of those not residing within the District of Columbia. Section 602 of the Home Rule Law states:

"(a) The Council shall have no authority to pass any act contrary to the provisions of this Act except as specifically provided in this Act, or to—

"(5) impose any tax on the whole or any portion of the personal income, either directly or at the source thereof, of any individual not a resident of the District." Section 602 (a) (5) (1973).

The proposed unincorporated professionals tax which the City Council has passed most clearly comes within this prohibition. The Congress should not ratify it.

The prohibition in the Home Rule Law must be examined closely in order to be fully understood. It is not merely a prohibition against what is generally referred to as a "nonresident income tax," a tax on the local income of nonresidents, although this limited form of tax is also prohibited by Section 602(a) (5). Rather, the prohibition in the Home Rule Law is much broader than merely forbidding a single class or type of tax. It prohibits, as it plainly states, "any tax on . . . income of any individual not a resident." Each element of the Law's prohibition should be individually examined.

First, the prohibition extends to "any tax." Section 602(a) (5). In interpreting the tax law passed by the District of Columbia City Council, the use of the broad phrase "any tax" must be kept in mind. It is not so narrow as to prohibit only a commonly recognized category of tax, but any tax charged on the income of nonresidents, and emphatically such a tax that discriminates against nonresidents. As stated by the United States Supreme Court:

"The name by which the tax is described in the statute is, of course, immaterial. Its character must be determined by its incidents." 255 U.S. at 292 (1921).

Second, the prohibition extends to taxes which are on "the whole or any portion of the personal income, either directly or at the source." Clearly, again, this is broader than merely a tax which is popularly (or unpopularly) called a nonresident income tax or commuter tax. It is also broad enough to cover the instance where only part of the income of an individual is taxed, such as where only business income is taxed. The unincorporated business tax is admittedly a tax on income, as it provides it is levied "on the taxable income of every unincorporated business. . . ." D.C. Code, Section 47–1574(b). Looking to the substance of the law, rather than the form, the District's unincorporated professional's tax law is a tax on income, and even looking to the form of the law it is a tax on income.

The contention should also be rejected that the proposed law is valid because it taxes only the business, rather than the individual who operates the business. This contention is invalid because to distinguish between an individual professional and the unincorporated office where he offers his services is specious at best. The prohibition in the Home Rule Law is against taxing "either directly or at the source . . . any portion of the personal income . . . of any individual." The City Council's professional tax clearly taxes a portion of the income of the professional doing business within the District. Furthermore, it clearly taxes it under the test of "directly or at the source," because if it is not a direct tax on his income but rather a tax on a "privilege" measured by his income, a difficult and disturbing distinction to be applied to so broad a prohibition, it still is a tax "on the source" of the income—the business.

The tax may not be levied on "any individual not a resident of the District." This is defined in terms of "individual" and "resident" for purposes of the 1974 Franchise Tax Act. That provision defines "individual" to mean "all natural persons (other than fiduciaries)," D.C. Code, Sec. 47–1551c(f), and "resident" is defined to mean "every individual domiciled within the District on the last day of the taxable year and every other individual who maintains a place of abode within the District for more than seven months of the taxable year . . ." D.C. Code, Sec. 47–1551c(s). The individual who is self-employed, residing in one of the fifty states and practicing a profession in the District of Columbia would clearly not be a resident, and would clearly fall within the provisions of the Home Rule Law. Furthermore, any distinction which may be alleged that the self-employed individual is not an "individual" for purposes of the Home Rule Law prohibition. As was stated in the Senate District Committee hearings by John Noland, Esquire, former Deputy Assistant Secretary for Tax Policy in the U.S. Treasury Department:

"The tax is still essentially a discriminatory tax levied on self-employed nonresidents and is subject to a tax as a violation of the Home Rule Act for that reason.

"It is an income tax, it makes no difference what salary allowance you make. It is an income tax. It falls on personal earnings of individuals in the District whether or not residents of the District. That is essentially a violation of the Home Rule Act. You cannot cure that by increasing the salary allowance in my judgment.

"The Council's action may well be unconstitutional, is probably a violation of the Home Rule Act, and in all events will result in extensive litigation and non-compliance."

The proposed tax on professionals in the District of Columbia is a tax on individuals, on their income earned within the District, although the individuals reside outside the District. It would seem difficult indeed, to construe this proposed tax as not violative of the broad prohibition contained in Section 602(a) (5) of the District of Columbia Home Rule Law.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

(Ordered to be printed and to lie on the table.)

AMENDMENT NO. 937

Mr. STEVENSON (for himself and Mr. Hollings) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2310) to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes.

AMENDMENT NO. 938

(Ordered to be printed and to lie on the table.)

Mr. FANNIN (for himself, Mr. Bartlett, Mr. Bellmon, Mr. Tower, Mr. Hansen, Mr. Stevens, Mr. Helms, and Mr. Garn) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2310), supra.

Mr. FANNIN. Mr. President, I submit an amendment, for myself and others, to S. 2310, and I ask unanimous consent that it be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 938

Strike all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the Natural Gas Act Amendments of 1975."

Section 1. Subsection 1(b) of the Natural Gas Act is amended by inserting before the period at the end thereof the following: "or to the sale or delivery by a producer to a natural gas company of natural gas in interstate commerce (i) commenced on or after July 1, 1975, (ii) continued in interstate commerce after the expiration of a contract for the sale or delivery of such natural gas existing as of such date, or (iii) produced from wells commenced after such date: *Provided, however,* That with respect to all sales or deliveries of natural gas in interstate commerce which are not exempt under subsection 1(b) herein amended, the Federal Power Commission shall continue to exercise its regulatory jurisdiction over all such sales and deliveries".

Sec. 2. Section 1 of the Natural Gas Act is amended by adding the following new subsections 1(d), 1(e), and 1(f):

"(d) The Commission shall have no power to disallow, in whole or in part, in the rates and charges made, demanded, or received by any natural gas company the amounts actually paid for natural gas exempt from the Act pursuant to subsection 1(b) as amended herein, except as otherwise provided in subsection 1(e).

"(e) In any case where a natural gas company purchases natural gas from an affiliate or produces natural gas from its own properties, the Commission may not disallow any portion of the cost thereof in the rate or charges made by such company which is not in excess of current prices paid for comparable gas to nonaffiliates.

"(f) Once a sale or delivery of natural gas in interstate commerce shall have been previously determined by the Commission to be just and reasonable and such determination has become final and no longer subject to judicial review, the Commission shall have no power to order thereafter a decrease in the rate or charges made.".

Sec. 3. Section 2 of the Natural Gas Act is amended by adding at the end thereof the following:

"(10) 'Affiliate' of another person means any person directly or indirectly controlling, controlled by, or under common control with such other person.

"(11) 'Producer' means a person who is engaged in the production, gathering, or processing of natural gas from wells or reserves in the United States and whose annual gross revenue from the operation of a pipeline for the transportation and sale for resale of natural gas in interstate commerce do not exceed 10 per centum of its total annual gross revenues.".

SEC. 4. Section 7(c) of the Natural Gas Act is amended by designating the two unnumbered paragraphs thereof as paragraphs (1) and (2) and by adding the following new paragraphs:

"(3) That within fifteen days after the passage of this amendment, the Commission shall by regulation exempt from the provisions of the Act any activities, operations, facilities, and/or services relating to the transportation, sale, transfer, or exchange of natural gas by a producer, an interstate natural gas pipeline company, intrastate natural gas pipeline company, or natural gas distributing company to or with an interstate natural gas pipeline company (a) which does not have or which under reasonably foreseeable circumstances may not have a sufficient supply of natural gas to fulfill the requirements of its high priority consumers, as determined by the Commission, of natural gas, and (b) which is curtailing deliveries pursuant to a curtailment plan on file with the Commission. No exemption granted under this provision shall exceed one hundred and eighty days in duration. Persons who are exempt under subsections 1(b) or 1(c) of the Act shall not have their exempt status affected in any way by making the sales or deliveries contemplated by this paragraph.

"(4) The Commission shall have no power to disallow, in whole or in part, in the rates and charges made, demanded, or received by any natural gas company, the amounts actually paid for natural gas exempt from the Act pursuant to paragraph 7(c)(3) as amended herein, except as otherwise provided in paragraph 7(c)(5).

"(5) In any case where a natural gas company purchases natural gas from an affiliate or produces natural gas from its own properties pursuant to paragraph 7(c)(3), the Commission shall not disallow any portion of the cost thereof in the rate or charges made by such company which is not in excess of current prices paid for comparable gas to nonaffiliate.".

NOTICE OF BUDGET COMMITTEE HEARING ON OVERSIGHT OF CONGRESSIONAL BUDGET OFFICE

Mr. **MUSKIE**. Mr. President, the Committee on the Budget will hold an oversight hearing on the Congressional Budget Office on Monday, October 6, 1975, at 10 a.m. in room 357 of the Russell Senate Office Building.

This hearing is being held in connection with the budget committee's responsibility for oversight of the CBO as stated in section 102(a) of the Congressional Budget Act of 1974. Testifying at the hearing will be Dr. Alice Rivlin, Director of the CBO, and other staff from the CBO.

The hearing will be open to the public.

ANNOUNCEMENT OF HEARINGS ON FINANCIAL ASSISTANCE PROGRAMS OF THE SMALL BUSINESS ADMINISTRATION AND THE FARMERS HOME ADMINISTRATION

Mr. NELSON. Mr. President, I wish to announce that the Select Committee on Small Business will hold public hearings on Economic Problems of Small Business in the Midwest. The hearings are scheduled for Milwaukee, Wis., on October 14, 1975, in the courtroom of Federal Judge Robert Tehan, room 382, the Federal Building, 517 East Wisconsin Avenue, and in LaCrosse in the council chambers, city hall, 505 North Sixth Street, on October 15. Hearings will begin at 9 a.m. each day.

Further information on the hearings can be obtained from the committee offices, 424 Russell Office Building, telephone 224–5175.

NOTICE OF HEARINGS ON ACT TO ESTABLISH A UNIFORM LAW ON THE SUBJECT OF BANKRUPTCIES

Mr. BURDICK. Mr. President, I wish to announce that open public hearings will continue for the Subcommittee on Improvements in Judicial Machinery on S. 235 and S. 236, two acts to revise the bankruptcy laws of the United States. Hearings will be held on October 1 and 2 in room 6202 Dirksen Senate Office Building, commencing at 10 a.m.

The Commission on Bankruptcy Laws of the United States has recommended sweeping changes in the bankruptcy law. These recommendations are reflected in the provisions of S. 236. The National Conference of Bankruptcy Judges has also recommended substantial changes in the present bankruptcy law. These changes are reflected in the provisions of S. 235.

Those who wish to testify or submit a statement for inclusion in the record should communicate as soon as possible with the Subcommittee on Improvements in Judiciary Machinery, 6306 Dirksen Senate Office Building; telephone 224–3618.

NOTICE OF RESCHEDULING OF HEARING DATE

Mr. NELSON. Mr. President, I wish to announce a rescheduling of the date for the public hearing by the Select Committee on Small Business in Presque Isle, Maine, on the current economic problems of small businesses, farms, lumbermen, and fisheries. Instead of the September 13 date originally scheduled and subsequently cancelled, the hearing will now be held on November 8, 1975, in the Weiden Auditorium, University of Maine, Presque Isle, and will begin at 10 a.m. Cochairing the hearing will be the Senator from Maine (Mr. HATHAWAY) and the Senator from Oregon (Mr. PACKWOOD).

Further information on the hearing can be obtained from the committee offices, 424 Russell Office Building; telephone 224–5175.

ADDITIONAL STATEMENTS

GUN CONTROL—WRONG TARGET

Mr. McCLURE. Mr. President, there have now been filed in both the House and the Senate over a score of antigun bills. They range from measures calling for outright confiscation—to Federal registration—to severe cutbacks on Federal firearms licenses—to the administration's bill which embraces a little of each of these. In none of these is there really any answer to crime. None of these proposals—if they ever became law—will make a dent in street crime. Many of us know this and so do a lot of Americans.

The criminal is the real instrument of violent crime. And the tide of crime—the terrible threat of violence to our people would not end until the prevailing attitude of those who refuse to reckon with that simple fact is changed. We are all, and we must all be concerned about criminal use of firearms and we must support legislation that will deal harshly with the criminal use of firearms—legislation that deals harshly with criminals. Mandatory sentencing is a step in the right direction, for the answer to the criminal use of firearms is not in prohibition but in changing the way in which we deal with the people who commit crime.

While those proposals that are getting the greatest attention are the most radical measures, the so-called moderate compromise proposals such as the President's "Saturday night special" bill are just as dangerous to our second amendment right. Such a bill is dangerous because it embraces the principle that it is the gun that is the cause of crime. The acceptance of this in any part is to succumb to faulty arguments, for plainly firearms are not the cause of crime, only an instrument of it.

Many argue that acceptance of a "Saturday night special" bill such as the President's should be a line of compromise. For me it is not. Congress has been giving away power at an alarming rate. Almost every law it enacts it instructs some Secretary or some agency head to write all the rules and regulations he might think are needed to implement that law. It is carte blanche power. That power give-away is especially threatening to the 40 or 50 million law-abiding American gun owners. If any such "Saturday night special" ban is enacted into law, I guarantee that it would not stop there. The bureaucracy will have the principle. No matter how well drafted the formula or the definition—no matter how artfully or carefully the legislation is written to protect the so-called sporting arms, the shooters, the hunters, the gun owners will have lost everything. They will lose because that law will give some agency authority to write the rules and regulations to carry it out. It doesn't matter which Secretary gets it—Treasury, Commerce, the Attorney General. The second amendment rights of all of us will hang on the whims, convictions and personal politics of one man. And if he believes as our present Attorney General does that the second amendment can indeed be infringed—then an army of youthful regulation writers will begin work—and by quantum leaps, we will see all rights to private firearms ownership lost. And they will be lost within the bureaucracy—and they will be lost on a "Saturday night special" bill such as that the President has proposed.

Mr. Neil Knox recently wrote an editorial which appears in the September-October issue of Handloader Magazine in which he takes a revealing look at the President's bill (S. 2186, H.R. 9022) on "Saturday Night Specials." I ask unanimous consent that this editorial, together with a brief analysis of S. 2186 be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Ford Goofs on Gun Bill

President Ford apparently doesn't yet realize it, but he was politically sandbagged when he was talked into introducing his handgun bill. From the time in 1968 when President Lyndon Johnson introduced an impossible-to-pass registration and licensing bill in a deliberate, and successful, effort to draw attention away from his Administration's lack of tough anti-crime measures, "gun control" proposals by party leaders have been motivated primarily by pure politics, not any realistic belief that the proposals would have any effect upon crime rates. It's true in spades for "Saturday Night Special" legislation, for no one has any love for cheap, junk handguns; that would seemingly be the type of compromise gun bill that any politician could support without making anyone too mad. But "Saturday Night Special" bills also have been used as a second type of smokescreen, by defining the SNS in a manner to prohibit handguns that are neither cheap, small, nor short-barreled. And that's the type of definition written into the President's bill, although the odds are that he doesn't know it.

But he wasn't sandbagged by his advisors, except possibly those from the Justice and Treasury Departments; he was sandbagged by his enemies in the press, who hammered the Administration for a gun bill, knowing full well that Ford wouldn't endorse any measure strong enough for them to editorially support. The object was to pressure the President into introducing a bill severe enough to raise the hackles of the gun lobby (that's you and me), yet so mild compared to their demands for prohibition or near-prohibition that they could crucify him for introducing a "milquetoast measure" (as the Washington Post called the Administration bill). And the President fell for it.

As the opposition correctly claims, the Administration bill is a political compromise, a mish-mash of features reflecting the disagreement among the President's advisors and his background in the Congress, where compromise is the name of the game. But a property drafted compromise offers something for everyone; a satisfactory compromise is impossible on this issue for the two sides are too far apart. So all President Ford accomplished was to make everyone mad, thereby weakening his support in the 1976 election, and enhancing the prospects for his (probably virulently anti-gun) opponent. Which is precisely what Mr. Ford's friends in the press had in mind.

If the President didn't see the boobytrap, it's obvious that the Republicans in Congress did, for he couldn't find a sponsor for his bill for almost two weeks. Then, instead of someone with a reputation as a "moderate" on gun legislation, he had to settle for Rep. Robert McClory (Ill.) and Sen. Hiram Fong (Hawaii), both of whom are on record in favor of more restrictive legislation (McClory has introduced a registration bill) and both of whom immediately stated that they would offer their own amendments to the Administration bill (S. 2186/H.R. 9022) in order to "strengthen" it.

Congress won't soon forget the tremendous outpouring of opposition to the Consumer Product Safety Commission's handgun ammo ban proposal, and quite correctly assessed the gun fraternity's reaction to the President's "compromise" measure—which has long, scarcely concealed fangs.

The bill prohibits the manufacture, importation, sale or *private transfer* of any handgun falling into the Saturday Night Special category, as defined in the bill. In addition to a point system based on largely meaningless features such as "target" grips, sights and triggers, pistols (single-shots or autos) must be at least six inches long, four inches high, and have a *manually* operated safety; revolvers must have a 4-inch barrel and a 4½-inch frame, with a hammer-blocking system that will allow it to pass a 30-inch drop test.

So if the bill became law, and you owned a two-inch barrel S&W Chief's Special, or a Single Action Colt .45 (which doesn't have a hammer block), or a Thompson/Center Contender .30-30 (which doesn't have a manual safety), or any of an estimated 150 popular, well-made models, *that gun would have to be buried with you when you die*. It would be unlawful for you to transfer it to anyone else, even a dealer or member of your immediate family.

While the President has said that he would not support a gun registration or owner licensing bill, this bill misses that status in name only, for it requires that dealers notify police of all potential handgun purchases, and provides 14 days for police to run a check through the FBI's computer to determine if you're a felon or otherwise prohibited from purchasing a firearm. The kicker is: with certain exceptions, no one could legally purchase more than one gun within 30 days. The only feasible way to enforce that provision would be for the handgun purchaser check to be noted by the FBI's computer, and once a handgun purchase were recorded in the computer, it would be unlikely to ever be removed.

In describing the bill, Attorney General Levi made some nonsensical statements about the ease with which anyone may become a gun dealer. He pointed out that there has been about a 50 percent increase in the number of dealers since enactment of the 1968 Gun Control Act but failed to note the reason: under that law, not only gun dealers but ammunition dealers must be licensed. The problem of too many dealers would be solved by establishing a new set of license fees ranging up to $500 per year, and by investigating each applicant's business experience, his capitalization and "other relevant factors" to determine whether the firm should be granted a license or renewal.

Much has been made of the mandatory punishment for federal crimes committed with a firearm, which is reportedly in the bill. Actually, that is already in federal law, but judges may give probation—and they do. So the Administration has proposed an amendment to S. 1, the criminal code reform bill, to eliminate this discretionary authority.

The Attorney General claimed that local restrictive gun laws are not working because dealers in other jurisdictions are selling guns to residents of "tight control" areas, adding that "the 1968 provision prohibiting such sales has not been enforced." But who has failed to enforce it? His own Justice Department. U.S. Attorneys usually refuse to prosecute individuals making illegal purchases, for they say they're "not going to make the federal courts into a police court." Levi indicated that attitude exists in explaining that his earlier proposal to ban handguns in high crime rates wasn't feasible because "U.S. Attorneys would have become involved in prosecuting what are essentially street crimes. . . ."

Levi said that two to seven percent of handgun purchases checked in random sampling involved apparent violations of federal law, and 58 percent of multiple handgun purchases involved apparent violations. It would certainly be interesting to know what percentage of those unlawful purchases by felons were prosecuted.

The bill provides for 500 additional BATF agents based in ten cities. But if the problems with the law are stated correctly, they could do more good in outlying areas where guns are being illegally purchased. It would be far more effective to hire 500 U.S. attorneys willing to prosecute violence-related gun crimes.

While there are several other specific sections of the Administration bill to which we object, they aren't too important, for that bill—as written—isn't going anywhere. But the Ford Administration is now on record as being opposed to private ownership of certain classes of handguns, not all of them cheap, small, or short-barreled. Therefore, Administration opposition to more-restrictive measures has been weakened. It's like the old story of the girl who would go to bed for $1 million, but not for $2; the fact that she's a prostitute has been established, all that remains is to haggle about the price.

In proposing a law that is strictly a political compromise, a half-way measure that cannot be effective when more-restrictive measures have proved ineffective, the Ford Administration has prostituted itself in the hope of political gain. On this issue, the President would have been far better off to have gone "whole hog or none," for then he might have gained votes from one side or the other. But the course he chose cost him votes from both sides—particularly our side, for we are the ones most affected. And in the process, his support for half a loaf makes it easier for the other side to push for the whole loaf. It means we'll have to push harder. And we will.—Neal Knox.

Analysis of Administration Gun Bill, S. 2186, by Senator Fong

(House version, H.R. 9022 by Representative McClory, is identical)

HANDGUNS

1. S. 2186 is not, contrary to assertions, a "Saturday Night Special" bill. It would ban the manufacture, importation, assembly, sale or transfer, by *any* person, of *any* model of handgun, new or used, unless the model has been approved by the Secretary of the Treasury.

2. The Secretary would have broad discretion to ban virtually any handgun model he pleased *without regard to its specifications*, simply by *not* making an affirmative finding that the model was "particularly suitable for sporting or valid defensive purposes."

3. In addition, no handguns of a model currently in production (including those already privately owned) could be manufactured, imported, *or transferred* after 90 days from the date of enactment, unless the Secretary has tested and approved that model. It should be noted that nothing in the bill *requires* the Secretary to conduct any test. (Handguns of models no longer in production would be considered approved until tested and disapproved.)

4. The "test" would involve rating a handgun model on a "point system" in which many expensive, high-quality handgun models would be *automatically* disapproved: i.e., revolvers with barrels less than 4" long, and pistols less than 6" long or 4" high, or without manually applied safety. But passing the "point test" does not assure approval of the model; the Secretary might decide *no* handgun is particularly suitable for sport or "valid" defense (whatever that means).

5. If the Secretary of the Treasury simply does nothing, handgun production will cease in 90 days, and all handguns of any model which was then in production will be outlawed.

6. Although handguns of a banned model would not be confiscated immediately from their present owners, no such handgun could be sold or even given away ever again. They would be "buried with their owners", i.e., eventually collected by the government.

7. The bill would make it a felony, punishable by a maximum five years imprisonment and $5,000 fine, for a citizen to sell or give away a handgun knowing it is not an approved model. The fact that the government has the burden of proof to show such knowledge can scarcely be much consolation for the citizen who is arrested and subjected to the infamy and expense of defending against a felony prosecution, even if he is utlimately found innocent.

8. Retailers licensed to sell guns also would be subject to felony prosecution for selling an "unapproved" handgun, and *no* knowledge need be shown. The "point system" would hold dealers accountable for correctly interpreting complex mechanical and metallurgical criteria, even though most dealers are not even gun identification experts, let alone technicians or metallurgists. Dealers could go to prison for an innocent failure to detect nonsensical distinctions—such as selling a revolver with fixed sights that might rate 59 points (a felony), as opposed to selling the same revolver with a drift adjustable rear sight rating 61 points (legal).

DEALERS

1. The Treasury Department's Bureau of Alcohol, Tobacco & Firearms (BATF) has publicly acknowledged its intention to use the Administration bill, if enacted, to put three of every four firearms dealers out of business, on the ground that there are "too many to manage."

2. The bill includes provisions aimed at driving out small dealers generally, and greatly reducing those among the survivors who sell handguns. License fees for dealers who sell handguns would be raised to $200 per year, for dealers selling rifles or shotguns only, $100 per year, and for ammunition only, $25 per year.

3. The bill would permit BATF to resume denying federal licenses for alleged violations of local zoning ordinances and the like. For many years, totally beyond its statutory authority, BATF zealously pursued the role of a surrogate enforcer of local laws on the misguided premise that small or part-time dealers were to be discouraged; it required a congressional challenge in 1972 to finally put a stop to it.

4. The Secretary would have broad discretion to consider a dealer's "business experience, financial standing, and trade connections," and renew licenses only to those he thinks are "likely to maintain business" in conformity with Federal law and with State and relevant local law." Literally, this includes everything from federal OSHA regulations to local health ordinances, and would grant to the Secretary an extraordinary and grotesque power to deny licenses or renewals on the basis of anticipated infractions which may never occur. Such a scheme to deprive a licensee of his business because he *might* violate some regulation in the future raises serious Constitutional due process questions.

5. Also, for the first time, the Secretary would have power to levy civil penalties of up to $10,000 for any violation of any provision of the Gun Control Act, or *any regulation thereunder*. The inability of small businessmen to contest such fines, even when the government clearly is wrong, renders this a powerful tool to drive dealers out of business.

6. The risk of prosecution for innocently selling handguns of an "unapproved" model would deter many dealers from marketing *any* handguns, thus further reducing the number of retail outlets, even for "approved" models.

OTHER PROVISIONS

1. Private individuals would be prohibited from purchasing more than one handgun from a dealer in any 30-day period, without prior approval of the Secretary. An individual could buy more than one handgun from another unlicensed individual; however, the Secretary must be notified within 30 days thereafter. A failure to give such notice in whatever form the Secretary requires by regulation would be a felony.

2. A dangerous new twist: it would become a felony for any person to sell or dispose of any firearm or ammunition unless he "knows or has a reasonable call to believe" that the "buyer is *not* prohibited from possessing, shipping, transporting or receiving firearms". Such a requirement means that virtually any sale between individuals of firearms or ammunition in which the seller fails to take the same measures as a dealer under the present GCA 1968 (signing of a Form 4473 by the buyer under penalty of perjury, and checking the printed compendium of laws published by ATF) would subject the seller to a felony charge.

THE SPRUCE BUDWORM AND ITS CONTROL

Mr. MUSKIE. Mr. President, one of our chief concerns should be the effect of man's activities on the environment. At the same time, we need to achieve control of certain pest populations which threaten our economic, social, and physical well-being. While the entire question of using pest control agents and simultaneously protecting the environment is highly complex, I would like to draw to your attention a situation in Maine where these issues are being successfully resolved.

The spruce budworm, as its name suggests, feeds on the needles of spruce and fir trees, eventually defoliating the entire tree. In Maine this year 3,500,000 acres were infested, posing a serious threat to the woods themselves and the thousands of jobs dependent on them. However, prompt work and cooperation between the Maine Forest Service and the Environmental Protection Agency resulted in early registration of pesticide, Sumithion, to combat the spruce budworm in the most severely affected areas and expanded experimental use of a biological control agent, Bacillus thuringiensis. Without EPA's approval of this pesticide there would have been little or no opportunity to combat this pest.

Recently the Smithsonian published an article highlighting the problem of the spruce budworm and the actions taken to effectively control it while still preserving the quality of our environment. So that all Senators can be aware of the successful cooperation possible between States and EPA, I ask unanimous consent, Mr. President, that this article, "Maine, Canada test a magic bullet on the budworm," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Maine, Canada Test a Magic Bullet on the Budworm

(By John P. Wiley, Jr.)

Every 40 years or so, a smallish caterpillar makes a serious attempt at eating every needle off every spruce and balsam fir tree on millions of acres in Maine and Canada. It has been doing this for thousands of years; for the last few hundred, men have been recording its efforts as they record the economic losses to themselves. This crocodile of caterpillars is the spruce budworm; as the name suggests, the emerging larvae feed first on the new needles inside the buds of spruce and fir trees. They then move on, however, to the old needles as well, lowering themselves on silken threads to another branch when they have denuded the one above. A tree can survive one such experience, but after two or three years of defoliation, the tree dies.

The spruce budworm is no imported menace like the gypsy moth that is eating its way out of the Northeast; it is native to North America. In most years the budworm population is too small to cause catastrophic damage. But when the spring is warm and dry, three or four years in a row, the population explodes, particularly in stands of trees 30 to 40 years old. After the larvae wipe out the stand where they started, they molt into clouds of moths that may stretch for miles and be carried by the wind into virgin areas. With the right weather, the effect snowballs each year until thousands of square miles are threatened, as they were this year. In the woods of Maine and Quebec, the spruce budworm has eaten and bred itself into a disaster.

It may be that before man began to manage the forests, periodic explosions of budworms served some ecological purpose such as, we are now learning, forest fires do. But today the woods are owned and managed, and thousands of jobs depend on them. The question in Maine and Canada is not whether to fight the budworms, but how best to do it.

In Maine, the controversy centered in part on who would benefit and who should pay. The use of public money to protect private assets was questioned. Some went further and said it was possible that logging practices such as clear-cutting may abet budworm population explosion by insuring that all the trees in a stand reach the optimal state, from a budworm's point of view, at exactly the same time. Thus, to use tax money for spraying was in effect to subsidize bad management.

The paper companies argued that the trees are a living trust and that their continued good health is essential to the state's two largest industries—wood and its products and tourism. They also pointed out that if millions of trees are allowed to die, then millions of cords of wood will glut the market and dry it up for the farmer and small landowner.

The controversy also involved the issue of how best to fight the budworms. In years past, the solution was simple: Load up the old bombers and spray the hell out of the woods with DDT. Now that's forbidden and, even in the present emergency, few have suggested that an exception be made. So in 1975 the state used more expensive insecticides, and even so could not obtain enough to spray all the acres it wanted to. Marine officials had wanted to spray 3,500,000; they had to settle for 2,333,000.

At the same time, however, Maine expanded its experiments with bacteriological warfare, using a short-lived bacillus that is death on caterpillars and a relatively few other insects, but harmless to everything else. This year the bacillus was sprayed on about 11,000 acres west of Presque Isle. (The Quebec government tried the same magic bullet on 275,000 acres out of a total seven million sprayed.)

The weapon is *Bacillus thuringiensis*, known universally as B.t. Like a singer who worked professionally for years before being "discovered," B.t. has been around a long time, not only in the laboratories but as a commercial product. It may now be coming into its own, however, because B.t. itself has been steadily improved, and because of the increasing pressure for rifle rather than shotgun approaches to pest control. (Most of the B.t. used in Maine was Dipel, a formulation made by Abbott Laboratories. Other manufacturers market it under the names Thuricide and Biotrol.)

A full-grown B.t. bacterium contains two elements that make it a superb enemy of defoliators. The first is a diamond-shaped crystal of a toxic protein. When eaten by a caterpillar, the toxin attacks the gut wall, making the victim too sick to eat much and unable to digest what it does eat, so it starves to death. The toxin is specific to caterpillars: Only they have the enzymes and the properly alkaline digestive system to break the crystal down. The second feature is the reproductive spore which slips through the weakened gut wall into the insect's blood stream, a perfect growth medium for it, where it multiplies until it consumes the insect from the inside, also causing death.

Application is complicated. The bacterium is alive, and itself subject to death from a variety of causes, including the ultraviolet component of sunlight. So commercial preparations include added ingredients designed to protect the bacterium.

Does the stuff really work? Yes, with qualifications. It was found to kill silkworm larvae as early as 1901. Fifty years later serious commercial development began, and B.t. was found an excellent weapon against cabbage loopers, imported cabbage worms and other caterpillars that attack certain row crops. Later it was found effective against some tree defoliators, including the tent caterpillar, cankerworm, bagworm and spanworm. B.t. also works, but not as well, against the Douglas fir tussock moth currently ravaging the Pacific Northwest. The gypsy moth and the spruce budworm are also susceptible to B.t., but both are more difficult to control. The addition of the enzyme chitinase may increase gut permeability in the budworm. So far ground application has worked very well, while, until now, aerial spraying has produced erratic results.

DAMAGE ASSESSMENT TAKES TIME

Because millions of acres are involved, the results of this year's experiments will not be known for another month or two. In Maine, Robley Nash, the state entomologist, said they would have a handle on the situation by mid-October. In Quebec, Gérald Paquet, director of entomological services for the province's department of lands and forests, said they hoped to have some results by the end of August.

In both areas budworm egg cases will be counted while the damage is assessed, and the insecticides rated on the foliage protection they provided. The number of egg cases is crucial to forecasting the severity of next year's infestation, which could be still worse.

The end of the current outbreak may be in sight, however. Epidemics move generally from west to east, as the moths are carried by the prevailing winds. Paquet said in July that the epidemic appeared to be slackening in the western part of the province. But the movement of the moths is slow. New Brunswick is still fighting the tail end of an outbreak that began in 1952.

Budworm outbreaks are not new. The use of microbial insecticides on a massive scale is new. Many people are hoping that, when the results are in, they will show that a rifle works better than a shotgun.

WORLD FOOD CRISIS DEMANDS MORE OF U.S. FARMER

Mr. TOWER. Mr. President, as one who has long been concerned about the disparity between world food needs and the ability of the world's farmers to meet those needs, I must admit that it is easy to lose sight of the many factors which contribute either to the problem or its solution.

Take population trends, for instance. The world's population increases by more than 200,000 daily—74 million new human beings each year. It is not necessary to accept the alarmist predictions that mankind will propagate itself out of existence. One still must be concerned that such population increases at least render more severe the existing suffering in the lesser-developed countries.

Or take the influence of our Government on farmers. I have talked to a number of farmers—and my staff has talked to many more—who feel betrayed by their Government over the issue of export quotas and restrictions on their marketing. I believe it is up to us to live up to the commitment which we made to the American farmers to provide them free access to world markets. If we do not live up to this commitment, who can blame farmers for reducing production, and thus increasing the likelihood that more people will go hungry without our food?

Mr. President, I need not address each and every aspect of this problem to point out that it is truly a multifaceted dilemma which grows more serious daily. But I would like to share with my colleagues an article which I recently read in the Cross Section, a monthly publication of the High Plains Underground Water Conservation District No. 1 in Lubbock, Tex.

This article entitled "World Food Crisis Demands More of U.S. Farmer," highlights many of the issues involved in the relationship between food needs and our ability to fill those needs. I do not think the article exhaustively treats the subject—entire books cannot do so. But as I said, sometimes it is difficult to keep track of the many factors which are relevant. I think this article may assist us in doing so, and ask unanimous consent that this article be printed in full at the conclusion of my remarks in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TOWER. Mr. President, before leaving this subject, I would like to point out one facet of the problem which is modestly overlooked by the Cross Section, namely the contribution of adequate conservation measures to insure that our natural resources are maintained at the maximum level.

Earlier this year, during our consideration of the agricultural appropriations bill, I proposed an amendment to that bill which would allow the county conservation committee to have a greater say in the types of projects which could be funded through the Department of Agriculture. For the past several years, this discretion has been moving from the local to the Federal level, to the point that many farmers and ranchers in my State have felt hamstrung in their efforts to devise ways of protecting the water and soil of their land.

This body accepted my amendment, which differed from the House version of the bill, and I understand that this difference is being worked out in conference at this time.

I sincerely hope that we will insist on this amendment to insure that the people who know best about protecting the land are given a larger say in the methods of conservation.

I would also hope, Mr. President, that we would all keep in mind that protection of the land is the most basic requirement in ultimately meeting the food needs of the ever-larger world population.

In doing so, Mr. President, we ought to be grateful to the dedicated efforts of our citizens who manage the conservation efforts of the various counties, regions, and States, such as Mr. Frank Rayner and his staff at the High Plains Conservation District No. 1. Their work affects the ongoing conservation efforts of farmers and ranchers in at least 15 counties in the Texas Panhandle. Along with the county committee people, the district staff at Lubbock faces the grave responsibility of planning and programing the future of our natural resources.

We ought to insist that these people be given a greater role in the conservation program, as called for in my amendment. If we are to provide the food the world needs, we have to deal first with the most basic item—the land on which our food must grow.

EXHIBIT I

WORLD FOOD CRISIS DEMANDS MORE OF U.S. FARMER

Food production, for several years, has been losing the race with population growth. And, for years, the world's food producers have been developing and practicing new techniques to help harvest more food per acre, while world leaders have been urging, and even demanding, the practice of birth control in order to slow down the rising worldwide birth rate.

Even with all the technical data available today, the discrepancies of uneven distribution of population and natural resources, and changing weather patterns reveal some startling facts, some of which are mentioned below.

Today, there are 3.9 billion mouths to feed; in 24 hours, there will be 203,000 new births and 74 million more next year. Two-thirds of the world's population (living in 33 of the poorest nations comprising the tropical area known as "the hunger belt" and designated by the United Nations as "most seriously affected") account for four of every five births, but produce only one-fifth of the world's food.

At present, all the world's land economical to cultivate—3.6 billion acres—is already in production. And, climatologists have predicted changing weather patterns will likely bring colder weather and drought to the most populous regions.

The United States, where affluence and high living standards create an appetite for meats and dairy products (not generally consumed in other parts of the world), places four times as much demand on the food supply as the poorest nations combined.

Oceans cover 71 percent of the land surface, but only produce one percent of man's food.

United States farmers, aided by superb machinery, fertilizers and the results of agricultural research, only make up one percent of the world's total of farmers, but raise 15 percent of all food.

The United States farmer produces enough food in a year to feed 50 people, while his Russian counterpart only feeds six others besides himself.

The United States farmer spends only five minutes to harvest 100 pounds of grain, while an Asian farmer must spend five days in the field.

In 1974, United States farmers' crops (soybeans, wheat and corn at the top of the list), brought in $20 billion from abroad—enough to pay for four-fifths of the country's oil imports.

Each year, the world consumes 1.2 billion metric tons of cereal grains. Eating the cereals directly, people of the poorer nations consume about 400 pounds per year per person, while the most affluent nations consume approximately one ton per person in the converted form of meat, eggs and dairy products.

One of every three pounds of grain goes into the production of animal feed. Because of this, some argricultural experts feel that the livestock of the rich world are competing for grain with the people of the poor world.

India grows only 100 million tons of cereal on the same acreage that supports 250 million tons in the U.S. The quadrupling of oil prices has meant essentially that agricultural progress has stopped in some of the poorer nations.

Americans feed their pet cats and dogs enough protein to satisfy the daily requirements of 122 million people.

India supports more cattle than any nation on earth, and most of them die of old age, useless as food because of the Hindu belief that cattle are sacred.

Rats eat or spoil eight million tons of grain each year in India.

United States farmers made up more than 90 percent of the population of the colonies, while less than five percent of the nation's population today farms the land.

Agriculture employs four out of ten nonfarm workers in the United States, while one acre out of four produces crops to be sold to foreign customers.

DEMANDS ON FARMER INCREASING

At a time when demands on the farmer are increasing as quickly as the birth rate, the farmer's tasks are becoming more difficult because of the following complications.

(1) *Shortages and uneven distribution of water.* Most of the world's rivers, which are not dammed, are located where the need is least. About one-third of the earth's rivers flow through South America, which only covers one-eighth of the land. Approximately six million cubic miles of water is located underground, but most of it is economically inaccessible. Actually, only about one-eighth of the total available water can be developed for beneficial use. One alternative, desalting some of the 317 million cubic miles of available sea water, is still economically infeasible on a large scale.

(2) *Changing weather patterns.* The cooling trend may result in shortened growing seasons in producing countries such as Canada and Iceland. Droughts may also be attributed to the cooler weather.

(3) *Scarcity of fertilizer.* The $8 to $10 billion necessary to build a fertilizer plant makes the total number of fertilizer-producing plants small. Enough gas is uselessly flared off in the principal oil-exporting countries to produce twice as much nitrogen fertilizer as the world now uses.

(4) *Limitation of available land.* Farmlands in most industrial nations are shrinking. In the United States more than one million acres are removed each year. However, some experts say that the earth's arable land area, if properly developed, could produce edible plant material for between 38 and 48 billion people—ten times today's population.

(5) *Dependence on energy.* The equivalent of 80 gallons of fuel is used to produce a single acre of corn. Because of its high yield, it returns about four calories of food for each calorie of energy used to produce it. However, some plants create a deficit in energy. As we know, the U.S. farmer has been hard hit by the energy shortage and many farmers have gone out of business or seriously cut their operations. On the other hand, developing countries, facing the same abrupt increase in import costs for fuel, cannot pay the price and, thus, cannot produce their own food.

WHY DOES THE FARMER FARM?

With these thoughts in mind, one wonders why the farmer stays in business, for his life-style definitely *is* a business. American farmers have always been better at farming than any of their counterparts because of the assurance that they will earn a living from their profession. A farmer cannot be *forced* to farm, with or without a profit.

The farmer cannot feed the world until his problems are alleviated, and the problems of the world will not be solved on an empty stomach. This vicious cycle must be solved, but only with sincere efforts of *every* person, no matter to what extent he may or may not suffer from the problems of feeding the world.

SENATOR CULVER ADDRESSES FUTURES CONFERENCE

Mr. KENNEDY. Mr. President, on September 11, Senator John Culver of Iowa, Representative Charles Rose of North Carolina, and Representative John Heinz of Pennsylvania, joined by 24 of their colleagues from the House and Senate, sponsored a presentation entitled "Outsmarting Crises: Futures Thinking in Congress." Organized by the Committee on Anticipatory Democracy, this conference included a general session with speeches by leading thinkers in futures research, as well as workshops for an exchange of ideas between "futurists" and congressional staff members.

I had the pleasure of attending some of these sessions and found them both informative and stimulating. Senator Culver has long been one of the leaders in Congress in encouraging ways to deal with problems by anticipating them before they grow into crises.

Mr. President, I believe that the remarks of Senator Culver, Representative Rose, Representative Heinz, and Alvin Toffler of the Committee on Anticipatory Democracy provide some important thoughts for all of us, and I ask unanimous consent that they be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Statement of the Honorable John C. Culver

This conference is not an effort to suggest arcane ways by which we can reform Congress. Congress will not be remade in a day—or in many days. This day is an effort to break out of some of the normal confinements and rigidities of the legislative process; it does seek to expand horizons and enlarge perspectives. But our dominant interest is a very practical one—to identify and analyze ways in which we can better mesh the growing body of futures research and planning efforts with the actual work of Congress. To do this is not to suggest a magic solvent of the malfunctionings and archaisms of the Congressional process. Futurists for the most part are the first to admit that their energies and their work programs have often had a free form character, that many of them are suggestive and experimental rather than definitive, that many have a grass roots and citizen derivation without application to Federal government, and that a part of it is either highly technocratic or esoteric.

But in its main impulses and broad sweep the futurists, represented here by the Committee on Anticipatory Democracy, do present for us propositions and imaginative techniques which are adaptable to and meaningful for those who attempt to make public policy.

Congress itself has begun in small ways to grope toward some of the objectives of futurists—in outsmarting and anticipating crisis and in trying to get better depth perception of the future implications of its enactments. These are at best embryonic, but they do represent expressions of legislative will. In part this has been the product of institutional strengthening and innovation—the creation of the Office of Technology Assessment, and the Congressional Budget Office, and a strengthening of the capacities of the Congressional Research Service.

But it also has begun to have some effect on process and the way Congress performs. The Congressional Budget Act, particularly in the Senate, has widened the terms of debate and given members a stronger sense of alternative choices and priorities. In the House the foresight provision, a corollary of oversight responsibility, has begun to take some hold, however unevenly and shallowly up until now. The workshops today will be one means to sharpen these tools and to find new potentialities for anticipatory action.

In making this search, I think that we can detect real possibilities, not just frivolous or marginal embellishments on the legislative process. Every day—whether on energy, food policy, defense authorizations, or environmental protection—we are encountering legislative tasks whose outcomes will affect our lives and the quality of our existence over a long cycle of years.

We must find new ways of doing things to accommodate the velocity and intensity of all around us. But we have an equal responsibility to use those tools already at hand and to exploit them to the fullest. That is why this gathering can also be a voyage of self-discovery. Most legislators and most staff members work in compartmentalized and often very specialized fashion. There are all kinds of fences and walls, visible and invisible, on Capitol Hill. A heavy share of our work is done within committees or subcommittees and sometimes in offices which do not even know their neighbors. Much of the best work in Congress is of a highly specialized nature. But the channels of communication between committees and across committees are often constricted or closed. The common resources and the open avenues available to all members and staff are sometimes obscured from view and underutilized.

One purpose today is to set a spotlight on those avenues of opportunity which already exist and which can be improved upon. In seeking to do better we should not lose sight of the array of potentials that are already in place. Some of these, such as the Congressional Budget Office, are making a wide and clear mark. But others—often in the steady work of subcommittees or in nascent activities within the Congressional Research Service or the General Accounting Office—have not yet reached either public or professional prominence. Hopefully today the light will shine on some of these submerged and quiet efforts and that a greater cross-fertilization among the various sectors of Congressional activity will result.

I welcome you to this common enterprise—within Congress and among the many new centers of creativity and activity outside Congress. Today can be only a beginning. But I have confidence that it is a beginning of a continuing and active enterprise. I welcome your participation and express again my gratitude for the program you are presenting.

Statement of the Honorable Charles Rose

As a member of Congress, I spend most of my time searching for information. That search becomes so frantic sometimes that I often feel like Chicken Little madly running around shouting, "The sky is falling!" And in moments of relative quiet, when I have time to reflect, I look around and wonder if she may be right.

However, I hope not, and what we want to do today is outline ways to avoid the catastrophes and dilemmas that could befall us if we do not cope more realistically and perceptively with what lies ahead.

The issues facing us today are critical—the Middle East agreement; the survival of democracy in Portugal, India, Pakistan, Thailand, Greece, Angola, Argentina; the rising costs of food and fuel in this country; the changing roles between men and women and the emergence of new and varied life styles; the power of the multinationals to control world policy.

Years have become months; months have become days; days have become minutes in this accelerated, spasmodic world of ours. Today's front page characters are tomorrow's forgotten cast. I must force myself to think in terms of 1980 rather than of 1976; toward the year 2000, rather than toward a bicentennial celebration.

But the daily duties of a Member of Congress seem to undermine this very process and blind us to the here and now.

I have to know what legislation is being considered by the Agriculture Committee and the Committee on House Administration, on which I serve.

I have to know what farm issues are going to require investigation by my Subcommittee on Family Farms and Rural Development.

I have to know what computer services will be helpful to Members and their staffs so my Ad Hoc Subcommittee on Computers can supply the information for the Congress.

I have to know what issues are due for floor action each day so that I can find out what I need to know about each one in order to vote intelligently.

I have to know what is going on in the 7th District of North Carolina so that I can be a just and fair representative of the people who sent me here.

The compounded problem for Members of Congress is that we must attend to our constituents' needs as well as to those of the country. In the Congress we are finally developing some methods to help Members deal with these pressing problems though we are light-years behind the Executive Branch and the multinational companies.

Recently, the House Administration Committee voted to permit Members to allocate $1,000 a month out of their clerk-hire expenses for computer services.

A computer terminal, either a CRT type with a TV screen or a typewriter terminal, can be leased for under $200 a month. This includes the terminal, a phone pickup and a printer which is optional.

There are numerous sources of information available to Members. The Library of Congress' SCORPIO system has five data bases on-line and a sixth one will be added soon. They include legislative information on the 93rd and 94th Congress, a major issues file, bibliographic citations, a science and technology file, and the national referral file. The Bill Status system which operates within the House will eventually have its information available on-line. All of these data bases are free of charge to the Member.

Other services are available at cost to the Congressional office, and our new Committee Print lists 80 of these commercial data bases. The subjects include information on finance, environment, engineering, energy, education, economy, population, medical information, law and many more. Each Member's office will receive two copies of the Committee Print before the end of September.

Members have to decide what information they need, contract with the commercial firm to hook up with that particular data base and use it whenever it is needed. And, in most cases, charges for the services are incurred only when the system is used.

Of course, a terminal in your office, however sophisticated, connected with various data bases, however comprehensive, won't help much if nobody knows how to use them. There are special techniques required to do computer searches. Our Subcommittee will coordinate with any Member's office to help train an operator. An inexperienced operator is like an inexperienced typist, except that with computer time costing about $50 an hour, not many of us can afford a hunt-and-peck approach.

With about $200 you can rent a terminal and access to the Library of Congress data bases. With additional expenditure, you can acquire access to other data bases. With our assistance, you can train somebody in your office to use the information. And you've got a monthly allowance of $1,000 to aid you in improving the efficiency of your total office operation.

The Office of Technology Assessment and The Congressional Budget Office are two new aids in our legislative process. The OTA can tell us what impact our legislation will have on our society, and the CBO is analyzing the Federal budget so that we can study its far-reaching effects more quickly. Lester Jayson will have more to say about CRS's role later this morning, and you can see for yourselves the wealth of resources he and his staff have to offer us.

We are slowly building a system within the Congress that will help us be more efficient legislators. But if we don't take advantage of these tools, we will continue to lurch from crisis to crisis—reacting instead of acting.

Computers don't have the answers. We do. But we need to spend considerably more time posing the questions so that we will be able to use all of the resources necessary for a wiser decision.

We can continue to run about, acquiring information that is ill-advised until the sky does come down on our heads. Or we can examine the services and systems that are available to us now, throw in the ingredients of human good sense and wisdom, and start coming to terms with our future in a rational and responsive way. Our lives depend on it—Chicken Little and all.

Statement of the Honorable H. John Heinz III

My interest in the world of today and tomorrow goes back to when I was a non-public servant working as a lecturer at Carnegie Mellon University, teaching in the Graduate School of Industrial Administration. The course was called "Long Range Planning and Business Policy." It was there that I first tried to find ways of dealing with the increasing number of very difficult problems—I think I called them variables then, in the language of the trade—and the tremendous number of growing constraints that abound. Here we would call them constraints, ranging from such diverse questions as the amount of money, or capital flow, to such rather intangible constraints as human satisfaction and human liberty. And indeed, many of the questions that I hope we can confront, as a nation and as a world, as citizens and as Members of Congress, involve finding a way to interface what you might call physical problems with questions reaching into the human spirit.

I will be brief this morning, but I want to tell you that I hope our conference achieves three things. First, I hope it achieves a basic linking of individuals and personalities and minds from all over Washington, D.C. and all over the United States and beyond.

How many people think about the future, and futures, and the way to prepare for the future? We don't know. Everybody cares, but let us hope that one of the things we achieve is a linking of individuals and a fruitful exchange.

Secondly, I hope that we would begin to have some understanding of the various thought processes—the conceptualizations that we all go through—when we try to deal with the question of the world in the decades to come, and the several roles that we play in it. How does each of us think and what questions does that raise about the way I or you think?

And finally, I would hope that today's conference will be of great encouragement to us all. There are many people in this room dedicated and interested, and many more I'm sure who can't attend. This is not only encouraging, but I think it stimulates the belief which we must carry with us that we do care about the undertaking that we are embarking on here today.

Thank you very much.

Statement of Alvin Toffler

I speak as an outsider, not an expert on legislative procedure or on Congress. But I don't think one needs to be an expert to recognize that one of the worst kept secrets in America today is that Congress is in trouble.

Attacked by the President, ridiculed by the press, criticized by ordinary citizens who complain about what they see as legislative paralysis on the one hand and Congressional pay hikes on the other.

The United States Congress needs some help.

Senator Culver spoke of rigidities and constraints; Congressman Rose spoke of some of the steps being taken to deal with those. I want to talk a bit about the context in which the problems of this Congress arise, and why I personally feel strongly about the absolute necessity to develop a Congress that can function effectively in the midst of high-speed change and a complex set of forces unlike any of those previously experienced on the planet.

In the past few years, I've travelled incessantly around the world, and I've talked with parliamentarians in England, in Holland, in Australia, in New Zealand, in Japan, in Israel—and a funny thing happened to my perception on the way. I discovered that the crisis or the problem of the United States Congress is by no means an unusual one. The problem that we face is a crisis of parliamentary democracy. And this is true in all of the countries.

I've spoken with members of the House and Senate here, who privately lament the sense of frustration they feel in trying to accomplish change. And I've heard exactly the same stories, couched in almost exactly the same phrases, from members of the House of Commons in London, and from the other parliaments that I visited around the world.

Arrigo Levi is the managing editor of the Italian newspaper *La Stampa*. And not long ago he wrote, "too many democratic countries are simultaneously a prey to political instability." Britain and Italy, the United States and Belgium, France, and Israel, and he says . . . all of these countries, he says, see the political fragmentation of parties, corruption and scandals, inflation and the spreading of anti-social behavior, the decadence of traditional work ethics, the slowing down of economic growth. All of these, he says, make a very explosive mixture.

In Japan, the Prime Minister not long ago said, "We face the most difficult situation in post-war years. The mission of the moment is to restore the people's confidence in politics. Unless it has the people's confidence, I believe the government cannot carry on."

And then, according to the reporter from the New York *Times*, he seemed to touch the deeper issue of whether representative government can survive here, and we are reminded in the article that the potential for chaos is evident . . . chaos breeds the temptation for a coup from either the far right or the far left. That was unthinkable not long ago, but it is speculated on today by those who recall that a Japanese experiment in representative government failed once before, in the 1920's.

In Australia, Prime Minister Whitlame complained of the Australian parliament, and precisely about the problem of the length of its time horizon. He complained that given the present parliament and parliamentary procedures, it was difficult to plan ahead, difficult to look ahead. And he said to an audience of businessmen, "Would you businessmen like to conduct your affairs on such a basis? Could you continue, if you could plan ahead for no more than six months at a time?" Six months is pretty good, these days.

This week, in *Time* magazine, the theme is picked up again, and in the column on the Presidency, the statement appears, "Our political process, while it has adapted some of the new machines to its purposes, remains a stone-age device."

I believe that this pattern, this questioning of parliamentary democracy, representational democracy, mass democracy, is likely to spread throughout all of the industrial countries. And I think it is more deeply rooted than most people suspect. It has to do with this phenomenal transition or transformation that all industrial societies are now making to a more complex, more fast-changing and, in the process, more unstable, form. A movement out of industrial society, and into what could be called a superindustrial stage of development.

Although the political forms that we have, including this institution in which we're sitting today, have origins which can be traced back beyond the last two or three hundred years, if we go back into British parliamentary history and so forth; the fact of the matter is that the institution of Parliament, the institution of Congress is basically a reflection of the industrial society. It spread all over the world with the coming of the industrial revolution. And we are now moving out of the stage of industrial society and into a new stage of history, and with it will have to come new political forms.

There is, in this country today, I think, a new mood. There is the beginning of a new awareness of the future. Ordinary people are asking questions that a few years ago one didn't hear so often.

How did we get caught in an energy squeeze? How did we build more schools than we can use? Why are there economic oscillations that the economists couldn't forecast?

Questions about the future: Why were we not anticipating, and if we were, what was happening to those forecasts, those suggestions, those scenarios—why weren't they taken into account?

There are also, I believe, new attitudes toward planning in the country. The word "planning" itself is no longer quite so dirty a word as it has historically been in this country—and perhaps only in this country.

And in addition, if we look around the country, we see the development of new state and local organizations devoted to anticipatory democracy, to developing a long-term look at the future of this or that state or region. The Congressional Research Service handed out this morning a report, "The States Look to the Future: A Survey of Tomorrow or Year 2000 Goals Organizations" around the country.

To me that's a very significant political indicator. It means that the future is becoming a political question, out there as well as in here.

Simultaneously with this demand for a greater concern and a longer time horizon, one hears increasing demands for participation—demands that we "take the government back" from bureaucrats, from intellectuals, from politicians.

The Wallace movement, and rising populist movements in this country are not, I think, accidental. They represent a very clear message—a very clear message is being sent to this building. And what that message says, I think, is first, we cannot trust our institutions any longer, they do not work very well; and second, we have no say over the future, and we want one.

I believe it would be very unwise to ignore that message.

It's in this context that I see our meeting today. It's in this context that I see the development of the Office of Technology Assessment, the Congressional Budget Office, the foresight provision, the passage of the bill providing for a Senate Commission—all of these are the beginning steps toward a renewal of Congress and of parliamentary forms in this country.

They are, however, very small, very modest, beginning steps. I believe that if we are to pull through this period, the problems of Congress cannot be solved just by Congress alone. And I spoke before about a strong personal conviction on the matter.

Congress is my branch of the government. Congress is your branch of the government. It is that part of the government which presumes to represent us, and which draws its legitimacy from those of us who are outside Congress—more so than the Judiciary and more so than the Executive. And I believe that if we're to have a democracy, we have got to somehow make this institution work.

To do that I think that we're going to have to begin to draw on a growing body of work that Senator Culver referred to. There are now people working on futures research, there are futures institutes and individuals, there is the beginning of a massive information base—not just in this country, but world wide.

I would urge those of you here who are on Congressional staffs or Members of House and Senate to maintain more than your usual, more than your customary skepticism. Don't be sold a bill of goods by any of us. You have deep problems, we have some idea that may be of some help to you. But anybody who says they know what's going to happen, or they can "predict", perhaps should be with Jeane Dixon and not here.

Straight line extrapolation can be dangerous. Nevertheless, with all of those cavils, and many more, I think we need to recognize that we will have to begin from here on in to examine many more legislative alternatives than usually receive attention. We're going to need more imaginative far-out "blue-sky" proposals about how to deal with energy or welfare or the economy. We are going to have to avoid the mistakes that come from an over-reliance on a narrow base of experts—a narrow pool of experts, a narrow data base, fragmented information, over-quantified information.

We're going to need to draw on specialists, of course, but not on technocrats alone. We are also going to need to tap into the ideas, demands, and fears about the future held by an extremely wide range of citizens groups and individuals in this country who are, as I said, increasingly concerned with long-range issues.

Maybe we need to study not just the computer system, which sounds like an innovation worth studying in the state of Washington, but also the methods used by Alternatives for Washington, where I understand some fifty or sixty thousand citizens participated in designing, or developing, a set of goals for the state, and that now, I believe, the state legislature has essentially a matrix in which every new item of legislation is analyzed, provision by provision, to see how it relates to the explicit goals suggested by the citizens of the State.

No one knows how to do these things well. But we do know that the old ways are creaky, obsolete, and dangerous. And that's why I think our job is to begin to re-invent parliamentary democracy.

I think that the people on Capitol Hill ought to create an unofficial commission on the future of Congress—not to take the place of all the work that necessarily goes on here, but to consider some of the further out alternatives. Such a commission should be composed of both Congressional staff and Members of House and Senate, and that they ought to take for themselves the question of what would a Congress of the future look like. What would a Congress that would make sense in the year 2000 look like?

It's very difficult to make even very modest changes in the existing structure, and there are people sitting on both sides of me who have worked long and hard to bring about even the modest changes that we've had. But the time may come in a moment of profound crisis in this country when somebody better have some new ideas ready about how Congress can function.

And while we may not be able to bring about substantial improvements today, we need to have a bank of alternatives ready for us if and when such a crisis comes. And such a crisis could come in five years, in ten years, who knows when.

In short, I think we're going to need somebody doing some really imaginative thinking about parliamentary forms—the parliamentary forms of tomorrow.

Today we're here to discuss much more immediate, practical measures that Congress can employ right now, given the existing constraints, to help us all regain some control over the present, let alone the future.

I hope that our sessions are rich in suggestions that are instantly applicable. But it is important, I think, to see the larger canvas of history, as well as the future, and to start now preparing for that tomorrow.

What we do today I hope can be the first take, the first few modest exploratory steps toward inventing the parliamentary forms of tomorrow.

U.S. CIVIL RIGHTS COMMISSION AND HEALTH CARE ON THE NAVAJO RESERVATION

Mr. FANNIN. Mr. President, the U.S. Commission on Civil Rights recently released a report, "The Navajo Nation: An American Colony," which contained a stunning indictment of the quality of health care on the Navajo Reservation. The portrait which the Commission describes concerning the capacity of the Indian Health Service to meet the health needs of Navajos should convince even the skeptics that legislation is needed to eliminate the problems which this report so clearly reveals. Because of the continuing interest by the Senate in Indian health care and its support for the Indian Health Care Improvement Act which the Senate has twice approved by unanimous consent, I ask unanimous consent to have printed in the Record, chapter 5 of the report dealing with health care, its conclusions, and the recommendations by the Commission on health.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From U.S. Commission on Civil Rights Report: "The Navajo Nation: An American Colony," Chapter 5, Health Care, Sept. 5, 1975]

5. Health Care

"To provide the people served by the Navajo Indian Health Service with the highest quality health services possible within available resources . . ."—Goal of the Navajo Area IHS

"A number of tragic events have occurred simply because we have not had the nursing personnel to adequately staff the hospital . . . We have documented about three cases where infants . . . have died because there was nobody to take care of them."—Dr. Taylor McKenzie, IHS Surgeon [378]

The average life expectancy among the Navajo is 63.2 years, about 7 years less than the general U.S. population.[379] The infant mortality rate among the tribe is more than double the U.S. rate;[380] and for infants 1 through 11 months of age who return to their home environment after hospital birth, the death rate is about three times that of infants in the general population.[381] Poor nutrition, lack of basic sanitary facilities, the effects of poverty, cultural clash, geographic isolation, unemployment, and lack of education are the obvious foundations for these bleak statistics. But another factor, well documented at the Window Rock hearing, is that throughout the Navajo's life, from the very hour of birth, the health care delivered under law by the Federal Government is not only inadequate, it is unsafe.

Footnotes at end of article.

This conclusion is not the criticism of outside observers. It is the frank admission of the people who deliver those health services—the doctors, nurses, and administrators of the Indian Health Service (IHS) for the Navajo Area. At the hearing a panel of IHS personnel described from firsthand experience the frustrations—and the deadly dangers—of an inadequate health care program.

AN INADEQUATE STAFF

The IHS operates six hospitals in the Navajo Area.[382] All are critically understaffed. The areawide ratio of IHS hospital staff to patients averages 1.6 to 1,[383] as opposed to a national acceptance average of 2.8 to 1.[384] Many American hospitals have a ratio of three staff members to each patient.[385] The Navajo facilities, in short, fail by almost 50 percent to meet national standards for adequate patient care. That failure in itself, in several instances, has been the documented cause of needless loss of life—including that of a healthy newborn baby who choked to death on his milk in an unattended nursery.[386]

At Shiprock, which is typical of the IHS hospitals, a 1969 study showed that 90 nurses were needed for proper staffing.[387] Despite this documented need, in fiscal year 1974 the hospital still had only 56 nursing positions. Director of Nurses Beverly Smith told the Commission that, as a result of this shortage, the nursing staff feels it is "giving inadequate care, not even safe care." [388] Mr. Smith cited as an example the obstetrics unit, which has 12 beds for women who have delivered babies, 12 bassinets, and four isolettes for premature infants. Each 8-hour shift on that unit typically consists of two nurses—a registered nurse assigned to the new mothers and a licensed practical nurse (LPN) assigned to the nursery.[389]

National standards state that, for a high risk or premature baby, the nurse to baby ratio should be 1 to 1.[390] According to Ms. Smith, "our ratio has been as high as one LPN to 18 babies, 8 of them prematures." [391] Even worse, the babies at Shiprock very frequently are left unattended.[392] When there is a delivery, one LPN in the obstetrics unit must assist in the delivery room, leaving the newborn and premature nursery unstaffed. Ms. Smith told the Commission that this is just one example of situations occurring in all the units because there are inadequacies in all.[393]

Dr. Taylor McKenzie, Chief Surgeon at the Shiprock Indian Hospital, had more to say about the seriousness of the situation there.[394] Three babies, he testified, are known to have died in the unit due to inadequate monitoring. One of these infants, lying on its back with a bottle propped up to its mouth, aspirated—that is, inhaled the liquid—and died before it was noticed. Because of the shortage of personnel, babies are fed with a bottle propped in their mouths and left alone.[395]

In another case, a patient with a fractured skull was receiving fluid intravenously on a stretcher in a hospital hallway. Unattended, he fell to he floor, pulling the intravenous setup with him. His death, as a result of this accident, Dr. McKenzie testified, was directly attributable to inadequate nursing coverage.[396] It was also, he added, "inexcusable." [397]

The nursing shortage is not limited to the Shiprock Hospital. The study completed in 1969 covered all six Navajo area IHS hospitals and showed a total deficit of 273 nurses.[398]

Dr. George Bock, Medical Director of the Navajo Area IHS at the time of the Window Rock hearing, explained to the Commission that for a time IHS staffing tried to keep pace with the growing numbers of Navajos seeking hospital care. When the IHS first took over the area from the BIA in 1955, staffing was "unbelievably terrible," with a mere 436 employees, compared with the current personnel figure of about 1,500.[399] At that time, the staff included only 7 doctors and 1 dentist, compared with today's total of 108 doctors and 46 dentists.[400] In the last few years, "staffing has plateaued off, but the increase in outpatients and admissions has gone up." [401]

The current staff, according to the panel, has tried to stem the developing crisis at considerable personal sacrifice. Dr. Bock told the Commission:

> . . . we have nurses that work two shifts. We have physicians that work 18 hours a day. We have many of our professionals that put in almost a 16- to 18-hour day every day to meet this deficit.[402]

The "frustrating part," Dr. Bock continued, is that trained people are available to augment the overburdened staff, but the IHS budget has proved an insurmountable obstacle.[403]

THE BUDGET: TOO SMALL AND TOO RIGID

The IHS itself has trained an abundance of people to fill medical and paramedical positions, but the Navajo Area budget has consistently failed to provide the slots—the allocations for hiring more personnel. As described by Dr. Bock, who was responsible for submitting the Navajo Area's annual budget requests to Washington, the result has been inefficiency as well as frustration.

For example, Dr. Bock told the Commission that, in 1972, 15 Indian medics completed 2 years of training. "We were supposed to get 15 new positions in our budget to hire these people. We did not get these positions so we had to hire them with vacated positions, lapsed positions that we had in the area." [404]

In his fiscal year 1974 budget, Dr. Bock had documented the need for 166 new positions in hospitals and 179.5 in field health. He told the Commission, "We got none of them." [405]

IHS budget requests are addressed to the Health Services Administration of the Department of Health, Education, and Welfare in Washington. In fiscal year 1973, Congress, "in its knowledge of our problem," as Dr. Bock put it, added $2.208 million to the IHS budget, but the President's Office of Management and Budget refused to allocate the funds until June 13, a few days before the end of that fiscal year. Since the appropriation was nonrecurring, the money was not available for the next year's base.[406]

In the meantime, as Shiprock's Director of Nursing told the Commission, trained nurse's aides and LPN's—the type of personnel needed for such jobs as monitoring premature babies—were waiting to be hired.[407] The countdown on the fiscal year in Washington was a countdown of life on the Navajo Reservation.

Dr. Bock told the Commission he appealed to HEW about six times a year for more help for the Navajo Area.[408] Only once in his 11 years on the reservation, he testified, has an HSA administrator even visited the area and that was the then current administrator, Harold Buzzell.

> And he was very impressed with the program and made a commitment that his first priority would be to get us the kinds of support that we need. And as I say, this was a new experience for us.[409]

In the supporting data that accompanied his fiscal year 1974 budget request, Dr. Bock pointed out that, despite an inpatient and admission workload equaling 24 percent of total IHS figures, and a hospital outpatient workload equaling 23 percent, the Navajo Area receives only 14 percent of IHS resources for direct patient care.[410]

Aside from this, however, the irony of the Navajo Area's budget problems is that HEW's rigid maintenance of inadequate staff position ceilings and the executive branch's impounding of appropriated funds have caused waste and inefficiency in most of the other budget categories, including utilization of beds, expenditure of contract medical care (CMC) funds, and training programs.

TRAINING: BUT NO JOBS

The Navajo Area training programs graduate two social worker associates every 1 to 2 years, as well as nutrition, laboratory, X-ray, and other technicians and community health medics.[411] Dr. Bock, in his last budget request before the Window Rock hearing, suggested that future training funds might be better allocated by providing positions for the people who have already been trained:

> All of these programs train Indian people in health professions, but if positions are not going to be available to hire these people upon completion of training, then other steps should be taken to assure them of positions or decrease the volume of people being trained . . . In addition, the Navajo [tribal] Health Authority with its $5,000,000, 5-year grant to train Indian people in health careers, will promote additional pressure on IHS to supply jobs. . . . Can we then use the funds for training programs to provide additional positions, and allow the Navajo Health Authority and other agencies to provide the training? [412]

In the Navajo Area alone, Dr. Bock estimated, funds in excess of $200,000 could be transferred to the operating program from training programs.[413]

BEDS, SPACE, AND EQUIPMENT

Because of the shortage of nursing positions allocated by the IHS budget, the Shiprock Hospital found it necessary to close down 12 adult beds to reduce the nurse-patient ratio. While the reduction meant better care for hospital patients, it also meant that fewer Navajo patients could get care. Since the hospital practices what is called "acute care medicine," removing the 12 beds, as Dr. McKenzie put it, meant the IHS had "removed effectively the ability to take care of 12 more acutely ill patients." [414]

At the Gallup Indian Medical Center, where a higher level of expertise in certaian medical fields is available, 26 beds had to be closed down because of inadequate supportive staff for safe care. At the Ft. Defiance Hospital, 34 beds were closed for the same reason, while the Winslow Hospital was forced to give up 10.[415]

Eliminating the beds obviously had not eliminated the need or the demand for hospital care. At the 75-bed Shiprock facility, there have been as many as 10 to 12 patients lying in the hall, either in beds or on stretchers.[416]

When beds are closed down, patients who would ordinarily be treated in an IHS hospital are sent elsewhere, for care paid for at greater cost out of the IHS contract medical care authorization.[417] As Dr. Bock explained the situation:

> If we had supporting staff with the bed capacity we now have, we could be providing care in our own facilities which we are now obligated to go out and buy. And we buy that at two to three times what it costs us in our facilities to provide it.[418]

Even where there is a demonstrated, pressing need, the Area Director may not use contract medical care money to fund staff positions.[419] Again, the inflexibility of the budget is restrictive.

Besides personnel shortages, the Navajo Area suffers from an acute shortage of laboratory and other technical equipment. Shiprock Hospital Administrator Gerald Conley described the shortages at that facility:

> For example, the National Radiological Society recommends [a maximum of] 5,000 procedures per technician per year. At Shiprock, we have one machine, X-ray machine, and two technicians doing 15,000 procedures a year, which is three times what the National Society recommends.[420]

As a result, people who come to the hospital for X-rays "wait long hours; they become disgusted; they leave. . . ." without being X-rayed. And this, Mr. Conley added, creates more problems.[421]

The Shiprock Hospital laboratory is short

Footnotes at end of article.

on space, staff, and equipment. Mr. Conley testified, for example:

> . . . we're authorized four laboratory technicians to perform some 123,000 procedures a year, which if you break that down per technician and by day, it's an astronomical number.
>
> The National Laboratory Technologists Association recommends 850 to 1,000 procedures a month per technician. So here again, without adequate equipment and with the tremendous demand by the medical staff we are forced to send some 13,000 to 15,000 procedures out to contract laboratories because we don't have the equipment or the staff to do it, and neither do we have the room to perform these.[422]

The laboratory is one area where quantity can easily take its toll on quality. The shortages, Mr. Conley told the Commission, are a very important factor:

> . . . it does lower the quality because when you work a laboratory technician doing two or three thousand procedures a month, that person is more apt to make a mistake in a procedure than if we had adequate staff and equipment to lower the number of procedures down to the national recommended number, 850 to 1,000.[423]

Because of the shortage of equipment and personnel, and the limits on both overtime and contract medical care funds, the Shiprock Hospital in FY 1973 had to restrict both the kinds and number of lab procedures staff physicians were permitted to order.[424] As a result, according to Dr. McKenzie:

> . . . the doctors felt that there were times when patients who required extremely necessary laboratory procedures, that with this restriction, that they were not able to conduct the proper kind of diagnostic workup that the patient required.[425]

On the outpatient side, the shortages are equally serious and, to the patient, all the more apparent. The Shiprock Hospital Administrator testified that the facility is handling 60,000 outpatient visits per year, with only five examing rooms. As Mr. Conley summed it up:

> We need more examining rooms. We need more room for X-ray. We need additional room for educational purposes. . . . We need additional waiting room area.[426]

CENSUS ERRORS: PART OF THE PROBLEM

Justification for more Navajo Area clinics, hospital space, staff, etc., must be based on population figures; and on this subject there is a major conflict between the U.S. Bureau of the Census and independent census takers.

Mr. Conley testified that in 1970 the Census Bureau issued a population figure of 22,000 for the Shiprock Service Unit.[427] The tribal government challenged this figure, as well as the total Census figures for on- and off-reservation Navajos.

In the Shiprock area, three separate counts found 6,000 to 10,000 more Navajos than the Census Bureau.[428] Census Bureau figures are one part of the data that IHS headquarters uses to determine the size of a facility; this deficiency in the Census figures, Mr. Conley testified, is one reason why the Shiprock Hospital is not large enough for the region's needs.[429]

HEW is not the only Federal agency using Census data as guidelines for allocations. Because of the Census undercount, the tribe must continually justify its fair allocation of everything from dental chairs to revenue sharing funds.[430]

THE CONTEXT OF NAVAJO HEALTH

Health care on the Navajo Reservation is not an isolated problem that might be solved on a solely medical plane. The problem of Indian health, as the Area's Medical Director pointed out, exists in the total context of an impoverished, underdeveloped society:

> There's no doubt that the economic level of a country or a nation, like the Navajo Nation, is directly related to the health of that nation, and that when we . . . give [a mother] good instructions as to how to feed her child and how to prepare formula and how to store the formula, when that mother goes home to a hogan where there is no electricity, no refrigeration, no running water and a possible contaminated water supply, it makes it very difficult because of the economic overtones to have the effect you could have with the health delivery system. So until the economic improvement takes place, the impact of the health system is going to be impaired.[431]

Poverty on the vast Navajo Reservation means a land where diphtheria, a disease preventable by innoculation, is still endemic.[432] It means the need to refer people to clinics 70 or more miles from their homes, difficulty in arranging transportation, a lack of qualified followup, and long waiting lines for appointments.[433] It means children with severe nutritional deficiencies causing marasmus and kwashiorkor—[434]diseases common in developing nations of the world but shameful and unnecessary in the midst of a land of affluence and industry. And this, as Dr. Bock concluded, should not be.[435]

TABLE 4.—*Health and medical care indicators: Navajo and United States—1970*

	Navajo	United States
Infant death rate, per live births	42.3	20.7
Incidence of certain infectious diseases, per 100,000 population:		
Tuberculosis	270	19
Rheumatic fever	90	1.6
Hepatitis	1,120	223
Life expectancy at birth (years)	63.2	70.5
Hospital beds per 1,000 population	4.4	7.8
Physicians per 1,000 population	92	163

SOURCE: Navajo Area Office, U.S. Public Health Service. Reprinted from Navajo Ten Year Plan, Exhibit No. 4, p. 517.

FOOTNOTES

[378] Testimony of Dr. McKenzie, p. 192.

[379] *See* Table 4, p. 106.

[380] *Ibid.*

[381] *Navajo Ten Year Plan,* Exhibit No. 4, p. 518.

[382] By treaty, statute, and administrative regulation, reservation Indians are entitled to free, comprehensive medical care. The Indian Health Service (IHS) was established July 1, 1955, when responsibility for the maintenance and operation of hospital and health facilities for Indians, and for the conservation of Indian health, was transferred from the Department of the Interior, Bureau of Indian Affairs, to the U.S. Public Health Service, which operates under the supervision of the Secretary of Health, Education, and Welfare. 42 U.S.C. § 2001(a) (Supp. 1973). Three IHS hospitals are on the reservation, in Shiprock, Tuba City, and Ft. Defiance; the others are in Gallup and Crownpoint, New Mexico, and Winslow, Arizona. The IHS also operates nine health centers, eight school health centers, and 18 health clinics in the remote areas of the reservation.

[383] Testimony of Dr. George Bock, Medical Director of Navajo Area IHS, p. 197.

[384] This is the 1973 average for non-Federal, short term, general, and other special (e.g., orthopedic and children's) hospitals (profit and nonprofit). American Hospital Association, *Hospital Statistics* (1974 ed.), p. 20.

[385] Testimony of Dr. Bock, p. 197.

[386] Testimony of Dr. Taylor McKenzie, p. 192.

[387] Testimony of Beverly Smith, pp. 190–91. The study was conducted by the Commission on Administrative Services in Hospitals (CASH), whose standards for hospital staffing are accepted nationally.

[388] *Ibid*, p. 191.

[389] *Ibid.*, pp. 191–92.

[390] American Academy of Pediatricians, *Standards and Recommendations for Hospital Care of Newborn Infants* (Rev. 1974), p. 71.

[391] Testimony of Beverly Smith, p. 191.

[392] *Ibid.*, p. 192.

[393] *Ibid.*

[394] Dr. McKenzie is the only Navajo physician on the reservation. Only one other Navajo is known to have completed medical school.

[395] Testimony of Dr. McKenzie, p. 192.

[396] *Ibid.*, p. 192.

[397] *Ibid.*

[398] Testimony of Dr. Bock, p. 193.

[399] *Ibid.*, p. 198.

[400] *Ibid.*

[401] *Ibid.*

[402] *Ibid.*

[403] *Ibid.*, p. 199.

[404] *Ibid.*

[405] *Ibid.*

[406] *Ibid.* The Navajo Area has suffered a shortfall of some $1 million in its base budget over the last 3-year period.

[407] Testimony of Beverly Smith, p. 200.

[408] Testimony of Dr. Bock, p. 200.

[409] *Ibid.*, p. 202. Assistant Secretary for Health, Dr. Charles Edwards, later visited the Navajo Reservation on Jan. 8–9, 1974.

[410] Navajo Area Indian Health Service, *Information and Data Supporting F.Y. 1974 Indian Health Service Budget,* December 1972, p. 5 (hereinafter cited as *FY 1974 Budget Request*).

[411] *FY 1974 Budget Request,* p. 5.

[412] *Ibid.*

[413] *Ibid.*

[414] Testimony of Dr. McKenzie, pp. 192–93.

[415] Testimony of Dr. Bock, pp. 195–96.

[416] Testimony of Gerald Conley, Administrator, Shiprock IHS Hospital, p. 195.

[417] The IHS has a limited budget for medical services which for one reason or another it cannot directly provide. 42 U.S.C. 20001(b) (Supp. 1973).

[418] Testimony of Dr. Bock, p. 196.

[419] *Ibid.*

[420] Testimony of Gerald Conley, p. 193.

[421] *Ibid.*, pp. 193–94.

[422] *Ibid.*, p. 194.

[423] *Ibid.*

[424] Testimony of Dr. McKenzie, p. 195.

[425] *Ibid.*

[426] Testimony of Gerald Conley, p. 194.

[427] *Ibid.*, p. 209.

[428] Testimony of Gerald Conley, p. 209.

[429] *Ibid.*

[430] *See generally,* Transcript, pp. 209–10. The tribe successfully challenged, for example, the 1970 population figure (89,086) that was used to determine the revenue sharing allocations for the Navajo Tribe for entitlement periods 1–3, 4, and 5. With the assistance of the BIA, the Office of Revenue Sharing determined that the approximate April 1, 1970, population was 119,070. Letter from Arthur L. Hansen, Office of Revenue Sharing, to the Navajo Tribal Council Chairman, Feb. 26, 1975.

[431] Testimony of Dr. Bock, p. 208.

[432] *FY 1974 Budget Request,* p. 100.

[433] *Ibid.*, pp. 113–14.

[434] Testimony of Dr. Bock, p. 208.

[435] *Ibid.*

CIVIL RIGHTS COMMISSION CONCLUSIONS ON HEALTH CARE

HEALTH CARE

Health care on the reservation is not only inadequate, it is unsafe. Patients are left unattended; doctors are limited in the kinds and numbers of diagnostic tests they can request; laboratories are cramped, unequipped, understaffed, and overworked—and mistakes, serious mistakes, are common. All six IHS hospitals in the Navajo area are critically understaffed. While the average national ratio of hospital staff to patients is

2.8 to 1, the IHS hospitals is 1.6 staff members to each patient. These staff shortages have been the documented cause of needless loss of life in several instances. For high risk or premature babies, the recommended nurse to patient ratio is 1 to 1, but in a typical IHS Navajo hospital that ratio has been as lopsided as one nurse to 18 babies, 8 of them premature. At Shiprock IHS Hospital, where newborns are frequently left unattended, three infants are known to have died as a result of inadequate monitoring. Because of budget limitations, the hospitals have had no choice but to close down beds to avoid more such incidents. But, even before the beds were closed, the hospitals were already too small to meet the needs of the reservation population, badly undercounted in the census on which the IHS relies for its need estimates.

The Area Medical Director is not free to make necessary adjustments in a too tight budget. The Director can only suggest (and in the past has done so as often as six times a year) that some of the money used to train people for nonexistent staff positions might more practically be used to provide positions for people already trained, and that some of the money for expensive, outside contract medical care might be better used providing nurses and aides to attend available beds, so they will not have to be closed down in order to avoid "accidents" such as a healthy baby choking to death while unattended.

The injustice committed on the Navajo people by the Department of Health, Education, and Welfare, the IHS parent agency, is one of both nonfeasance and misfeasance—of not doing what is necessary and of doing inadequately what it does at all. As a result, the IHS has failed to measure up to its own professed goal: "to provide . . . the highest quality health services possible within available resources" because substantial portions of those resources have been wasted through inefficiency and misadministration at the highest level. The Office of Management and Budget, by impounding congressionally-appropriated funds for reservation health care, has shown a callous disregard for the dire needs of the poorest of America's poor. Finally, it must be recognized that health problems of the Navajo Reservation cannot be solved on a solely medical plane. Health care, nutrition, and sanitation are an integral part of economic development and must be improved simultaneously and in conjunction with improvement of the education and livelihood of the Navajo people.

CIVIL RIGHTS COMMISSION'S RECOMMENDATIONS ON HEALTH CARE

V. ACTION NEEDED TO IMPROVE NAVAJO HEALTH CARE

1. Congress should appropriate sufficient funds for the Indian Health Service to bring the standard for Navajo health care up to par with that of the general U.S. population.

The figures on the poor status of Navajo health on the reservation demand the conclusion that the meager funds allocated the Navajo Area IHS are inadequate to meet the need or to satisfy the Federal commitment under statute and treaty to provide comprehensive medical care to reservation Indians. When Congress in fiscal year 1973 added $2.208 million to the IHS budget, an economy-minded administration impounded the funds.

2. (a) The Indian Health Service should increase allowable flexibility within its area budgets from 5 percent to 20 percent to allow for discrepancies between predicted and actual needs.

(b) IHS area directors should be permitted to use up to 20 percent of contract medical care funds for other budget items, such as staff positions in IHS facilities.

Epidemics and other unforeseen problems often cause great discrepancies between needs projected in the Navajo Area IHS budget requests and the needs that actually materialize. The Commission found that the current 5 percent allowable flexibility between some budget items is unrealistic. By the same token, it is inefficient to close down hospital beds for lack of funds to staff nursing positions, with the result that patients are channeled to more expensive, non-IHS facilities for treatment paid for out of contract medical care funds, a budget item currently lacking any flexibility at all. Laboratory tests and other services now contracted out because of insufficient staff and equipment similarly increase waste and inefficiency in the area budget. And that waste takes its toll in lives and general health among the Navajo people.

3. For the use of Federal agencies which rely on Bureau of the Census figures to determine population needs in a particular area of the reservation:

(a) Census data should be run from Census tapes for each enumeration district of the reservation.

(b) The BIA head count of school children should be broken out by school district.

(c) Based on the data from these two pieces of information, an extrapolated count for each area of the reservation should be developed.

Census undercounts on the reservation were well-documented in the Window Rock hearing. The tribe does not have sufficient funds to finance an independent census for each area of the reservation where a suspected discrepancy might result in a deficient Federal program or a hospital too small for local needs.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, some have argued that schoolbusing, birth control, lynchings, police actions with respect to the Black Panthers, and the incidents at My Lai constitute genocide and that, therefore, the Genocide Convention would seriously interfere with our system of domestic laws. The convention, in article II, defines genocide to include "the intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such." The Foreign Relations Committee has recommended that this be understood to mean the intent to destroy one of these groups by the acts specified in article II in such a manner as to affect a substantial part of the group concerned. Such an understanding with its stiff intent requirement would not include action leveled at members of a race or religion which was unaccompanied by the intent to destroy the entire group. As Dean Rusk stated in 1950:

> This convention does not aim at the violent expression of prejudice which is directed against individual members of groups.

Mr. President, the act of genocide as defined in article II of the convention and understood by the Foreign Relations Committee must be the concern of the community of nations and not merely that of domestic laws of nations. This was dramatically demonstrated by the atrocities that took place in World War II where the intent to destroy the entire group would most certainly have been found. I urge the Senate to ratify the convention.

FREE ENTERPRISE SOLUTION TO THE NORTHEAST RAIL PROBLEM

Mr. TAFT. Mr. President, the clock is now running on the Congress, as far as the northeast rail problem is concerned. In less than 2 months, unless the Congress votes to the contrary, the USRA's final system plan will have been adopted. In my opinion, the United States will at that point be almost irrevocably on the road to the biggest, most costly, and all-around messiest interference of the Government in the free market that this country has ever seen—the nationalization of the railroads.

ConRail will, in fact, be Fedrail. It will be a corporation in name only, because it will never earn a profit, never become part of the free market. It will be what a renamed Penn-Central has to be: a colossal flop. Since we cannot let it flop to the point of ceasing operations, ConRail will go on the dole, permanently. Call it what you will, at that point you have a nationalized rail system, with all the attendent privileges: staggering deficiency judgments from creditors, mounting yearly deficits, and the high quality of service we have come to expect from other Government operations, such as the Post Office.

This does not have to happen. There is an alternative: letting the free market work, through controlled transfer of the bankrupt railroads. I have already introduced a bill, the Omnibus Rail Act of 1975 (S. 1801), which directs the solution of controlled transfer instead of ConRail.

Yesterday I received from the Public Interest Economics Center a letter, along with a copy of a statement, which gives a coherent and persuasive description of the advantages of controlled transfer. This letter is signed by some of the most noted transportation economists in the country.

I strongly urge my colleagues to read this material. It is not too late to prevent ConRail, and to prevent nationalization of one of our most basic industries. It is not too late to get the Government out of, not further into, the railroad business, and let private industry pay taxes on railroad income, rather than having taxpayers pay for railroad deficits. It is not too late, but it soon will be.

I ask unanimous consent that the letter from the Public Interest Economic Center, with the supporting statements, be printed in the RECORD.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

PUBLIC INTEREST ECNOMICS CENTER,
Washington, D.C., September 18, 1975.

TO MEMBERS OF CONGRESS:

DEAR MEMBER: The economists signing this letter strongly support continuation of the policy of controlled transfer as the key ingredient in the reorganization of the rail system in the Midwest and Northeast. All of the signators of this letter are transportation economists with no personal interest in the decisions currently before Congress in its considerations of the Final System Plan. We express our views out of our concern for the interest of the general public in an equitable and efficient solution to the railroad problem.

The concept of controlled transfer is by no means radical: the Norfolk and Western has recently apparently reversed its position and expressed interest in buying parts of the bankrupt lines. In his testimony on September 10, 1975, Mr. Fishwick, President of the Norfolk and Western, made it clear that under appropriate conditions, offered appropriate packages, the N&W would be interested.

As indicated by Mr. Fishwick's testimony, we can expect that competitive drive will induce many solvent roads to try to buy parts of the system as soon as it is well established that mutually satisfactory agreements can be worked out.

USRA has made a major beginning in the Final System Plan. The C&O/B&O has agreed in principle to acquire a significant parcel of bankrupt lines. The Southern Railway is expected to acquire the important link between Wilmington, Delaware, and Norfolk, Virginia, via the Delmarva Peninsula. The Illinois Central and the Milwaukee Road are reported to have expressed interest in acquisitions.

Controlled transfer is a simple, effective concept, the designation by the appropriate agency of major parcels of the bankrupt railroads in the ConRail area, to be sold under suitable constraints to acceptable bidders. The "parcels" should be so structured as to assure that they could provide through rail service over long distances within the region and between it and the South and West; shippers at major points should have an effective choice of rail carriers. The "constraints" could include continued operation of branch line service, rehabilitation with or without federal aid. "Acceptable bidders" should probably be defined as solvent railroads in a position to form end-to-end consolidations by acquiring the proffered "parcels."

Implementation of this concept would reduce the probability of nationalization of the railroads and of large tax burdens—continued indefinitely—to support an inefficient system, a system that reduces the economic potential of the nation.

The advantages of a program of controlled transfer as a method of restructuring the rail system in the Northeast include:

It is a solution to the problem in the Northeast which, in its impact, is a national solution.

It could be expected to increase the quality of service.

It should greatly reduce the divisions problem.

Especially in conjunction with either H.R. 7681 or H.R. 6351, it would reduce the monopoly power of the rate bureaus.

It would reduce the present very extensive traffic.

It could be expected to improve freight car utilization at no cost to the Government or shippers.

Congressional approval of the ConRail structure as proposed in the Final System Plan, as a purportedly permanent structure, would be incompatible with an adequate program of controlled transfer. To assure that such a program be undertaken, four major legislative changes appear to be required:

USRA should be continued as an agency responsible to Congress with a mandate to devise, with the advice of DOT and the ICC, packages of rail assets to be sold within a reasonably short period, pay two to four years, at the highest price obtainable from qualified bidders.

The ICC's authority to approve or disapprove mergers, acquisitions and transfers should be eliminated during the life of ConRail.

The approval of proposed purchases of USRA parcels should rest solely with the Anti-Trust Division.

ConRail should cease to exist as a major operating entity at the end of some short period, such as two to four years.

The idea appears to be entirely practical. Much of the necessary data gathering and analysis have already been performed by USRA and by the Productivity Commission. So a period of as little as two years should be adequate. Contrary to widely held belief and as already mentioned, the solvent railroads are interested, and their interest can be expected to grow rapidly. In the end, the costs to the Government and the people should be less than a "permanent" ConRail.

Although implementing a policy of controlled transfer will not solve all the rail problems, doing so, unlike accepting the Final System Plan as it stands, will eliminate some of the underlying causes of the financial demise of the railroads in the Northeast.

The rationale underlying the content of this letter is more fully developed in the attached copy of testimony delivered by Allen R. Ferguson, President of Public Interest Economics Center, on September 10, 1975, before the Subcommittee on Transportation and Commerce of the House of Representatives.

Sincerely,

Allen R. Ferguson,
President.

LIST OF COSIGNERS

Aaron Gellman, President, Gellman Research Associates.

George Hilton, Professor of Economics, University of California at Los Angeles.

Hendrick Houthakker, Professor of Economics, Harvard University; former member of President Nixon's Council of Economic Advisors.

Norman H. Jones, Jr., independent economic consultant.

Alan McAdams, Professor, Graduate School, Business and Public Administration, Cornell University, Senior Staff Economist, Council of Economic Advisors.

John Meyer, Chairman of Task Force on Railroad Productivity, Executive Office of the President, 1972–74; Professor of Economics, Harvard University.

George Wilson, Professor of Economics, University of Indiana.

Merton J. Peck, Professor of Economics, Yale University; former member of President Johnson's Council of Economic Advisors.

James R. Nelson, Charles E. Merrill Professor of Economics, Amherst College.

[Public Interest Economics Center statement prepared for the House of Representatives, Subcommittee on Transportation and Commerce, Committee on Interstate and Foreign Commerce, delivered on September 10, 1975]

Statement by Allen P. Ferguson

INTRODUCTION

Mr. Chairman, members of the Committee, I appreciate your invitation to appear before this subcommittee to discuss some aspects of the proposed Final System Plan.

My name is Allen R. Ferguson. I am president of the Public Interest Economics Center (PIE–C), which is located at 1714 Massachusetts Avenue, N.W., Washington, D.C. 20036. For about 25 years my professional life has been concerned predominantly with policy economics. During that period more of my effort has been devoted to transportation problems than to any other field. Since I received my Ph.D. in economics from Harvard University in 1949, I have been affiliated with the University of Virginia and with Northwestern University; the federal government, including serving as the Coordinator for International Aviation in the Department of State from spring 1963 to summer 1965; the RAND Corporation in Santa Monica, California, and Planning Research Corporation in McLean, Virginia. During my service in the State Department I had the privilege of reporting to Governor W. Averill Harriman, who was then Under Secretary of State for Political Affairs, and I served as a member of President Johnson's Transportation Task Force in 1964. In addition I have acted as an independent economic consultant.

The Public Interest Economics Center is a not-for-profit public interest corporation. Its purpose is to involve economists systematically in various aspects of public policy decisions to advance the public interest. The main activities of PIE–C are performing, interpreting and disseminating economic research and participation in judicial, legislative and administrative processes at all levels of government on matters of economic policy or the economic aspects of social, environmental and political policy. Its affiliated organization, the Public Interest Economic Foundation provides a communications link between professional economists and public-interest advocacy groups and carries out formal and informal educational programs. I am appearing here today under PIE–C's legislative program. Other activities under that program have included sponsoring other economists in presenting Congressional testimony and developing and distributing statements on legislative issues on which a substantial number of professional, disinterested economists have reached consensus.

PIE–C policies are set by a nine-member board of directors with the advice and assistance of two boards of advisors. The board of economic advisors consists of 44 members who represent a full spectrum of political opinion in the discipline, including some very prominent economists, such as three Nobel laureates and several past presidents of the American Economic Association. The board of public interest advisors is composed of 16 members, including nationally known advocates of the public interest and representatives of "grass-roots" organizations. A list of the members of the Advisory Boards is appended.

Whereas it is obvious that there is no unanimity about where the public interest lies, the purpose of the legislative program of PIE–C is to provide legislators with the views of competent economists who have no financial interest in the outcome of the issue at hand but who, through experience or study, are well versed in the subject. Although, as I have said, there is no universal consensus as to what precisely the public interest is, PIE–C takes it to include:

Avoidance or reduction of economic waste, including the waste of energy;

Reduction of the concentration of economic power, wealth, and income;

Increasing the influence of consumers over economic activity;

Decreasing the discrimination against minorities, women and other disadvantaged groups;

Reducing unnecesary contamination of the environment.

The question of railroad reorganization is deeply concerned with the public interest as I have just defined it.

In this statement, I shall restrict my comments to some of the structural aspects of the final system plan. The basis for the conclusions and recommendations that I shall make are developed somewhat more fully in the attachment to this statement.

It is important to emphasize that no paper reorganization of the bankrupt railroads in the northeast and midwest and no new financing can solve the problems of the railroads in the region unless something is done to remove the causes of their economic and financial collapse. Those causes can be categorized in a number of ways. The following policy factors appears to be of major significance:

The rigid, inequitable, and inefficient regulation of rates by the Interstate Commerce Commission.

The protected cartel status of the rate bureaus;

Institutionalized inefficiency in the use of manpower;

Subsidization of competing modes;

The fragmented nature of the rail system, in part a consequence of ICC regulation of mergers.

The only one of these causes that can be affected directly by the structural changes in railroad network is, of course, the fragmentation, "Balkanization," of the rail system. Other contributors to the demise of the railroads in the industrial heartland of the country can, however, be importantly influenced by appropriate restructuring of the rail system. In particular, some aspects of rate rigidity and some aspects of rate inefficiency and inequity. There is, as you know, a rather timid Administration bill pending before Congress designed to take some small steps in the direction of rational reform of ICC regulatory practice. In combination that bill, if strengthened, and a sound reorganization policy could make significant inroads into the railroad problem.

The basis for sound restructuring of the rail system was extensively discussed in Improving Railroad Productivity, the final report of the Task Force on Railroad Productivity. The ConRail plan, despite some real accomplishments, falls far short of implementing the recommendations of the Productivity Commission.

It creates a predominantly east-west system embracing an estimated 37 per cent of the region's traffic (in ton-miles). The system terminates in the west, essentially at Chicago and St. Louis and on its southern flank along the Ohio and the Mason-Dixon line with an extension to Washington. It preserves the bulk of the ill-fated Penn-Central merger, in that it is largely a perpetuation of the historical consolidation of parallel lines, rather than an effort to develop large competitive end-to-end consolidations providing the region with single carrier service to the rest of the country.

The ConRail system, as outlined in the Final System Plan, offers essentially no long-run solution to the problem. There is no reason to expect that, even with substantial infusions of federal funds, ConRail can provide the quality and amount of rail service needed to facilitate economic efficiency in the region without indefinitely continuing federal subsidies, as a perpetual burden to the taxpayer—a burden to provide continued economic inefficiency.

What is needed—the best of the available options—is end-to-end mergers that would link the midwest and northeast with other parts of the nation, especially the west, over competing routes. USRA has made a good start in its proposed arrangement with the Chessie system to acquire CNJ and Reading properties, providing the C&O/B&O with access to the New York Area. Similarly, the prospect of selling the Delmarva line to the Southern Railway to provide it a link at Wilmington is promising. What is needed is more development along such lines.

To implement such a program there are a number of legislative steps that are necessary:

USRA should be continued as a planning agency responsible to Congress with a mandate to devise, with the advice of the Department of Transportation, packages of rail facilities, and, probably, other assets and to sell them within a reasonably short period, say two years, at the highest price obtainable from qualified bidders, persumably solvent railroads.

The Interstate Commerce Commission's authority to approve or disapprove rail mergers, at least those relating to the ConRail area, should be eliminated, during the life of ConRail. The ICC should comment, as it has on the Final System Plan.

Approval or disapproval of proposed purchases of USRA packages should rest solely with the Antitrust Division of the Department of Justice.

ConRail should cease to exist as a major operating rail agency at the end of the same short period, say two years. Provision should perhaps be made for its continuing some residual operations during the second, brief transitional period.

As already mentioned, the major rationale for these recommendations is included in the attachments. I shall only highlight some of the main features here.

In light of the fact that USRA has in fact completed very extensive analyses of the railroad system in the northeast, and the midwest, and the fact that the Productivity Commission has done extensive complementary work, the task of developing suitable plans should not take a great deal of additional time. Two years should be ample—but three or even four would be acceptable—to complete the staff plans, to obtain and absorb responsible public commentary, to permit review by Congress of the proposed packages, and to permit negotiation with major solvent railroads for the purchase of portions of the system.

The packages prepared for transfer to solvent railroads could be structured to protect particular interests. For example, they could require the operation of branch lines. In any event, there could be a prohibition on abandonment of branch lines during the life of ConRail.

The history of the ICC in merger activities, not only its own inadequacies but the ability of the parties to delay action, is amply demonstrated in the Rock Island and Penn-Central merger cases. It is mandatory that the ICC be excluded from the merger process if any progress is to be made in a reasonable period of time. There is, incidently, much to be said for Professor Houthakker's recommendation that all bankrupt railroads be relieved of ICC regulation, in general.

The record clearly demonstrates that the Antitrust Division is a better guardian of consumer interests and the interests of overall economic efficiency through the prevention of monopoly than is the ICC.

These are the highlights of what could be in my judgment a legislative package that would meet the major needs of restructuring the railroads in the northeast and midwest.

CONTROLLED TRANSFER

[Edited excerpt from "The Economics of the Railroad Problem," prepared for the Sierra Club by the Public Interest Economics Foundation, August 26, 1975]

(By Leonard Lee Lane and Allen R. Ferguson)

Controlled transfer is basically an extremely simple idea. It consists of developing packages of rail facilities (essentially rail lines and terminals, but possibly other properties) and putting them up for sale under appropriate constraints to the highest bidder. One of the key conditions might be that eligible bidders would be restricted to other railroads that could, in acquiring the packages of line, effect end-to-end mergers that would increase the efficiency of long haul rail transportation throughout the United States. A second condition could be that for some specified periods, say two years, no branch lines could be abandoned. These are only examples of the kinds of conditions that could be imposed to make the *controlled* transfer compatible with the best interests of the taxpayers, workers in the region, and rail users. More than one, perhaps as many as three or four interregional routes, could be packaged in this fashion.

Controlled transfer cannot, in itself, solve all the railroads problems created by misguided policies and long term economic trends. It can, however, serve to minimize some of the problems associated with ICC regulation. It could make a major contribution to curing the fragmented industry structure. It would tend to enhance the over-all quality of rail management. Because of the significantly increased operating efficiency that would accrue from these improvements, the size of the public subsidies for rehabilitation and the maintenance of branch line service would be substantially diminished and the economic health of the entire region would be enhanced. In addition to ameliorating these transportation problems controlled transfer has the further advantage of saving the federal taxpayer large quantities of money.

What are the major problems with controlled transfer? Four are often cited: (1) It is claimed that the solvent railroads are either unwilling or financially unable to acquire the properties of the bankrupts. (2) Concern is expressed that low density lines, particularly branch lines, will not be acquired in a controlled liquidation process. (3) Doubts have been raised about whether there is sufficient time to conduct controlled liquidation. (4) There is an underlying suspicion that the increased competition from the structure produced by controlled transfer will undermine the profitability of the rail system as a whole.

As already mentioned, controlled transfer has the advantage of attenuating the ill-effects of several of the basic causes of the railroad crisis. One way in which it would do so would be the diminution of the adverse impacts of regulation. In a certain sense controlled transfer assumes that one of the worst aspects of regulation, the ICC's control over rail mergers, has been negated. The statutory authorization for controlled transfer would have to abrogate, or at least suspend, the Commission's authority to block the conveyance of properties to the solvent railroads. The efficiency and equity arguments for such a step have been made dramatically clear by the ICC itself in its handling of the Rock Island case and the Penn-Central merger.

Moreover, controlled transfer would greatly reduce the influence of the Interstate Commerce Commission in the practice of determining divisions. Controlled transfer would facilitate the development of traffic patterns in which a single carrier handled the shipment from origin to destination. The proportion of the traffic moving over single railroads would be substantially increased, reducing the divisions problem because in many more movements only one, not two or more, railroads would be involved. It would be a matter of management decision, not arbitrary and decades-old rules of the regulatory bureaucracy, that would determine how the revenues received would be spent along the line of movement.

Another advantage of the end-to-end merger approach would be the improved service quality and reduced costs attendant upon the increase in single line shipments. This advantage would be further reinforced by the preservation, or even the increase, in competition that can be achieved with this pattern of industry organization. Access to several rail carriers can be preserved in each region at the same time that it becomes possible to increase the percentage of single line inter-regional shipments.

Controlled transfer has a third advantage. It should result in better rail management in the region. There are several reasons. One is that it would be much easier for solvent railroad management teams to add the expertise necessary to operate in the Northeast region than it would be for ConRail—public or privately owned—to build an all new management team. Furthermore ConRail management would begin operations in a crisis atmosphere and would have to continue to operate in such an atmosphere for the foreseeable future. With controlled transfer the managements of the acquiring railroads would be able to take the longer time perspective which is much more conducive to the eventual restoration of financial viability. Not least important, some of the enormous amounts of management time and energy now squandered on internicine conflicts over divisions and other inter-railroad issues could be redirected toward the effecting of marketing and technological changes necessary to retrieve the industry's fortunes.

What, though, is the validity of the objections to a controlled transfer, end-to-end merger strategy? The first of these objections is the easiest to deal with. Solvent roads appear to be financially able to acquire the core system in the Midwest and East if they are given some federal assistance, primarily in the form of loan guarantees. Based on both cash flow and debt equity ratios the solvent railroads do have the financial capacity to acquire the Northeastern core system assuming that these lines are realistically priced, i.e. priced according to their actual earning potential. A recent study done for DOT by an independent consulting firm indicated that the solvent railroads have the capacity to finance $1.2 and $2.2 billion in additional debt as a minimum. Moreover, in 1973 twelve solvent railroads channelled $330 million from railroading into non-railroad investments. The capitalized value of this annual surplus cash flow at 12 percent is $2.75 billion. This figure reinforces the impression of financial capacity for acquiring the properties of the bankrupts.

The willingness of the solvent roads to make such acquisitions is somewhat more complicated. There is much more interest among the solvents than has, so far, been manifested. USRA has interpreted the RRR Act as requiring it to discourage negotiations by the solvents to acquire properties of the bankrupts. Furthermore, the prospective buyers have a strong incentive to not appear too interested. After all, if they do purchase northeastern lines they would like the most favorable possible terms.

Despite these factors there has already been some interest expressed. The Chessie, the Illinois Central, the Milwaukee Road, and the Southern have all indicated some inclination to acquire properties ranging in significance between major lines to substantial but limited key segments. If a controlled transfer strategy were adopted, competitive pressures could produce a domino effect greatly accelerating and expanding the bidding for midwestern and northeastern routes.

The second problem, assuring the acquisition and continuation of service on light density lines, particularly branch lines, can be dealt with by imposing governmental controls on the liquidation process. Proper packaging of routes can obviate this problem, especially since it can be supplemented by binding agreements to maintain service for a stipulated period of time.

Nor is there much reason to fear that such packaging will dissuade prospective buyers from bidding on properties. First the USRA report has conclusively shown that the cumulative losses from unprofitable branch line operations are extremely small. Even by ICC accounting methods, which appear to overstate such losses, they are only about $45 million a year. At worst this would be a very minor factor in the over-all profitability of midwestern and northeastern system. Second, these operations are eligible for public subsidies large enough to cover any losses.

Further, many of them could be self-supporting under better regulatory and operating conditions and with a more rational industry structure. A recent State of New York study determined that, because of interlining, railroads providing branch line service sometimes derived only a fraction of the line haul revenues of traffic that originated or terminated on the branch line. Hence, branch lines that may be compensatory for the system as a whole may generate losses for the railroad that operates them. By reducing interlining controlled transfer can lessen the incidence of this kind of artificial branch line unprofitability. Finally, it should be noted, solvent railroads are much more likely than ConRail would be to possess the managerial creativity, longer time horizons, and economic resources needed to restore service quality and profitability to these light density lines.

The third problem, that of time, is wholly artificial. The current deadline is legislative and could be extended by an Act of Congress. Because so much of preliminary work of USRA is applicable to the controlled transfer option, it might be feasible to complete the transfer process within about six months to a year of the point at which the necessary legislative and administrative decisions were taken to begin controlled transfer. This extension would admittedly require the unpopular step of securing one more round of interim federal financing for the bankrupts. However unpalatable to legislators such a step may be, it is important to remember that the amounts of money involved are very small in comparison with the eventual savings to the taxpayer of inducing substantial private financial contributions to the task of railroad rehabilitation.

If, despite the logic and prudence of deferring final reorganization until controlled transfer can be effected, Congress determines to proceed with ConRail, action to assure continuation of the transfer option could still accompany the decision. USRA has already expressed the intention of seeking to keep this option open. Governmental review of future property transfers out of ConRail could be vested in the Department of Transportation rather than with the ICC, and ConRail itself could be directed to continue to pursue the option of conveyance of properties to the solvents.

Also, ConRail—if it must be created—might be transformed into a purely temporary entity. It would be necessary to take action to assure that ConRail management's normal instincts to preserve the corporation intact did not frustrate this intent. One manner in which controlled transfer could be assured would be to arrange ConRail's financing so that some significant percentage of its securities come due in two years. Such a provision could be linked to a legal termination date for ConRail itself or at a somewhat later date. These limitations would not preclude the possibility of continuing a greatly scaled down quasi-governmental successor to ConRail. This corporation might be structured to operate the lines in the dense eastern industrial corridor and at least one east-west line to provide access into the region for those western and midwestern railroads that did not gain direct access to the eastern region in the controlled transfer.

Nevertheless, no arrangements for transferring rail properties out of ConRail is as attractive as the option of not creating it in the first place. One reason this is so, is that the opportunities and current earnings of the non-rail properties of the bankrupts constitute a major inducement for acquisition and renovation of rail properties. If ownership of these properties is separated from ownership of the rail lines, the attractiveness of acquisition and investment by solvent roads is reduced though perhaps not eliminated. Thus, even should transfer to ConRail be designated as temporary, if it entails disaggregating rail and non-rail properties, it will greatly decrease the extent of feasible controlled transfer.

Finally there is a most fundamental question. Reduced to its most basic form can privately owned moderately competitive railroads make a profit in the Northeast under any reorganization scheme? The possibility that acquiring the eastern extremities of the potential transcontinental system is not financially sound raises some extraordinary questions. Is it possible to imagine that access to the most densely populated, most highly industrialized concentrations in the nation and the economically richest region in the world is not economically sound? Is it possible that access to the ports of New York, Philadelphia, Baltimore and even Boston from the vast western regions of this country is not economically sound? It is patent on the face of it that in fundamental economic terms, such an access must be of tremendous value. If, in fact, under present conditions it is not financially sound, then it is clear that it is institutional absurdities that are responsible for such a bizarre anomaly.

These institutional absurdities, in labor relations, regulation and subsidy, have already been enumerated. Controlled transfer could diminish the effects of several of them. But no reorganization plan can, in itself, solve the problems that have been created by the nation's largely obsolete and wrongheaded transportation policies. Nothing short of a comprehensive program of institutional reform can restore the vitality of the rail system.

THE CONTINUING PROBLEM OF THE LACK OF STANDARDIZATION IN NATO

Mr. CULVER. Mr. President, today's New York Times draws our attention once again to the difficulties facing NATO because of the lack of standardization of military equipment. The Times mentions radio equipment as only "one of hundreds of standardization problems, ranging from planes and tanks to stretchers and tire pumps."

Another recent article, from the National Inquirer of August 26, quotes retired NATO Supreme Commander Andrew Goodpaster as saying that 30 percent of the U.S. expenditures for NATO, some $5.5 billion, "will be wasted because of the lack of standardized military equipment."

Mr. President, such waste is intolerable. The consequences of such waste are not only a loss of resources, but also the creation of a delusion that NATO forces can fight effectively together in case of war.

For example, another article in the BBC's magazine, the Listener, last June noted that because of a lack of standardization "only one-third to one-half of the 2,800 tactical aircraft NATO maintains in Western Europe could be brought to bear in a conflict."

Mr. President, these problems have been recognized, but only halting steps have been taken to solve them. NATO members do plan to establish a joint arms purchasing agency this December, and discussions are continuing on other measures to improve standardization and interoperability.

The military procurement conference report contains a modified version of an amendment originally proposed by the distinguished Senator from Georgia (Mr. NUNN) and myself, which declares the sense of Congress that military equipment for U.S. forces in NATO be standardized "to the maximum extent feasible" and requiring a report on any major procurements which are not in compliance with this policy.

Mr. President, these are first steps but important ones. Unless and until NATO achieves substantial standardization, it is in danger of being largely a paper force.

I ask unanimous consent that the three articles from which I quoted be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 26, 1975]

NATO Forces Are Seeking To Standardize Equipment

(By Paul Kemezis)

BERGEN-HOHNE, WEST GERMANY.—In early September a battalion of American paratroopers jumped into an area just south of the Moselle River near Trier to set up a bridgehead in a training exercise. A Belgium army officer jumped with them, and they carried Belgian radio equipment besides their own.

During the next two days the United States troops, who had been lent to a Belgian brigade for the exercise, talked with their Belgian commander through the liaison officer, using his equipment.

This was not for reasons of language or protocol but a matter of technology. Despite 26 years of partnership in the North Atlantic alliance, units from the different armies stationed in West Germany do not have a common communications system with which they can talk to each other over a secure line that the enemy cannot intercept.

It has proved too expensive to procure such a system, so the procedure of exchanging signal units is used instead.

Not only do small units that are attached to others in the field have this problem. According to an officer at the training base here, the commander of, for example, all the Belgian troops in West Germany has similar difficulties talking directly with the British, Dutch or West Germany commanders on his flanks.

This is one of hundreds of standardization problems, ranging from planes and tanks to stretchers and tire pumps, that bedevil the North Atlantic forces in West Germany, made up of units from six national armies.

Planners believe that with a better communications system the problems raised by other standardization problems could be overcome in part.

"It can be a help if we have lots of different weapon systems to throw at the enemy and keep him guessing," according to a Canadian Air Force officer at the Ramstein air base, "but we have to have the command and control system to use this flexibility."

Staff officers complain that the procedures needed to get around problems are usually cumbersome and in many cases would add to the already confused situation in battle. The expense of the lack of standardization estimated to raise the cost of operations by as much as $10-billion a year, is also a problem for the alliance, which faces budget squeezes in many member countries.

SOME GAINS RECORDED

At the alliance's headquarters in Brussels the standardization problem has received increased attention in recent years. There have been successes in individual programs like the F-16 fighter plane, but the recession and an effort by national companies to keep a part of the arms business have been a hindrance.

At an alliance defense ministers' meeting last June, the European members blamed the Americans for not buying enough weapons from other allies, thus hurting standardization efforts. They asked for agreements to make arms purchases a "two-way street," in the words of Roy Mason, the British minister.

Defense Secretary James R. Schlesinger is expected to discuss this proposal during talks in London, Paris and Bonn so that some form of cooperation can be decided on by the end of the year.

In the field most officers shrug their shoulders when the reasons behind the poor standardization are brought up. For them the main priority is clearly on finding procedures to get around the worst difficulties and fight effectively despite them.

In the northern sector a key worry is heavy artillery and tank ammunition. The various national armies tend to use different shell sizes, and this means that they must depend on their own supply links.

This problem is serious because planners, after studying the results of the last Middle East war, believe that the rate of ammunition consumption in a European conflict would be tremendous and resupply would be a main factor in victory.

Britain, West Germany and the United States are now cooperating on a common 155-mm. shell, but Belgium and the Netherlands are not in the program so that compatibility among troops in the northern sector will be 50 per cent. The various nations are also developing different tow vehicles for the guns.

Similar confusion in tank guns may eventually be resolved because the allies have agreed to find a common gun for their next generation of tanks. Various candidate weapons were recently tested and the results are under study.

A classic example of poor standardization was the American switch to a smaller type of light ammunition after the alliance had finally settled on a common 7.26-mm. rifle cartridge in the middle nineteen-sixties. The Americans had found that the ammunition was not suited to short-range jungle warfare in Vietnam and switched to a lighter type.

According to a logistics staff officer, "this problem is not so grave since you can send out more rifle ammunition quickly by helicopter—it's the heavy stuff that causes problems."

In the northern sector, where West German, Dutch, Belgian and British troops must work together, staff officers complain that there are few types of equipment that are common to even two of the four armies. The arrival of a new United States brigade, expected later this year, will help the strategic situation but add to the standardization chaos.

In the southern sector, the standardization problems are smaller because there are only two large national contingents, American and West German. But things are not satisfactory and planners hope the new United States commander in the south, Gen. George S. Blanchard Jr., will push common exercises and even common stationing of American and West German troops so the units will become more used to each others' operations and equipment differences.

This concept of moving units into new areas and into contact with different national troops has assumed more of a role lately, especially during exercises. It has also spread to the air forces, where previously the alliance's two tactical air groups in northern and southern Germany led virtually independent lives.

This fall, for example, an extensive effort is being made to put different groups together and then collect information on exactly where difficulties arose so that ways to eliminate them can be devised in the future.

Familiarity with operations is as important as equipment since the national armies still tend to use different procedures.

"While most armies here use the terms G-1, G-2, etc., to define staff operations, we British still have our own terms, a British staff officer at Bergen Hohne said. "Thus a Belgian officer who comes looking for the liaison section has to know it's not G-5 but something else."

For the six air forces that defend the German front standardization is not such a big problem as for the land forces since jet fighter squadrons are less likely to be attached to other units in a battle situation.

But staff officers at the joint air command at Ramstein concede that supplying common bombs and ammunition so that fighters can rearm during battle at air bases of other air forces is still a major problem.

[From the National Inquirer, Aug. 16, 1975]

5.5 Billion of Your Tax $$ Will Be Wasted This Year Because NATO Nations Won't Standardize Military Equipment

America picks up a third of the bill for NATO—the military alliance of the U.S., Canada and Western Europe—but we have little to say about the billions it wastes because of equipment that is not standardized for use by all member nations.

Arms experts say more than $10 billion of the total NATO budget is wasted annually because of incompatible military hardware—most of which is American-made and was compatible until it was modified by the various NATO nations.

"The estimated U.S. expenditure for NATO in 1975 is $19 billion," said Gen. Andrew Goodpaster, recently retired NATO supreme commander. "And I estimate about 30 percent of that—some $5.5 billion—will be wasted because of the lack of standardized military equipment."

Thomas Callaghan Jr., an arms consultant who recently completed a 2-year hush-hush study of NATO for the U.S. State Dept., agrees with Goodpaster.

"The waste is collossal," Callaghan said. "Each of the 15 NATO nations is doing its own thing armaments-wise. The result is a duplication of effort manpower and resources.

"The NATO nations are wasting about $10 billion a year because of non-standardized equipment. And because of the fantastic number of different systems, weapons and communications, NATO is grossly inefficient compared to the Warsaw Pact countries—Russia and her allies. Something has to be done . . . and fast."

During exclusive interviews with Callaghan and Dr. Gardner L. Tucker, NATO's assistant secretary general, The Enquirer learned:

NATO has a crack unit called the Ace Mobile Force (AMF). It consists of units from seven member stations and has about 5,000 men on the ground complemented by an air arm. The units train together, operate together and—in a crisis—would be deployed to an area to fight together.

But they use seven different types of recoilless rifles, seven different types of combat aircraft, four different types of antitank weapons and three different types of mortars, rifles and machine guns.

During a recent maneuver, it took the AMF 12 days to get into position because of the vast supply of different types of ammunition and backup equipment needed to support each unit. They should have been in position in 2 days and up to full combat readiness within 5 days.

During another recent maneuver, more than 50 percent of the NATO aircraft participating would have been shot down by their own NATO defenses in the mock attack had been real. Why? Because of a lack of common radio frequencies and codes for communicating and absence of standard systems for telling friend from foe.

NATO has 31 different types of antitank weapons and 18 more are under development.

But a military analysis of all the different possible situations in which antitank weapons could be applied showed that five was probably the optimum number.

The navies have 100 different types of ships of destroyer size and larger. They're equipped with 36 different types of radar, eight different types of surface-to-air missile systems, two different communications systems and 40 different types of large guns.

A task force of minesweepers operating together were all fitted with the same type of gun but each navy had modified the guns on its ships and each navy was using different ammunition.

"Overall there are 24 basic types of aircraft being used by NATO," Callaghan said. "But many of the planes have been modified, so there are in effect 39 different types in use. Since each country has modified its planes, they can't be rearmed, refueled or serviced by airbases of other NATO countries."—Donald J. McLachlan.

[From the (Britain) Listener, June 19, 1975]

NATO AND THE PRICE OF PEACE

(By Robert MacNeil)

Britain and the other members of NATO are wasting ten billion dollars a year because of competition among themselves in the research, development and procurement of weapons.

That is the startling conclusion of a private report commissioned by the American Government. The author is Thomas A. Callaghan Jr., an American consultant who has been associated for 20 years with defence-related industries. His report, circulating privately among NATO officials and governments since last winter, has helped to spark an urgent reappraisal among Western governments of a situation which is not only economically absurd but militarily dangerous.

The basic facts have been known for years by NATO officials and military analysts, but have never before been authoritatively expressed in terms of the financial loss. For Britain alone, the figure of ten billion dollars' waste is staggering and ironic. Its sterling equivalent (roughly £4,300 million) is almost precisely the total of Britain's defence budget this year, a figure achieved only by the most stringent cuts.

Callaghan told *Panorama*: "I estimate the waste of allied defence resources exceeds ten billion dollars per year. This begins with the duplication of development effort. It continues into the production phase with the loss of economies of scale with much higher unit costs than should be. It then continues with 14 defence ministries and 39 armed forces into the logistic support with incalculable waste of structures, of spares, of overheads, and particularly of manpower."

There is a glaring example offered by Dr. Gardiner Tucker, Assistant Secretary-General of NATO: "In the inventories of the NATO nations today, you will find 31 different types of anti-tank weapons. Our best analysis indicates that five different types are needed. The fact that, instead of five we have 31, means that we have been producing many different types of weapons, we have had parallel developments where one or two developments would have sufficed; we have dissipated, therefore, our armament resources. We have produced these weapons in small quantities, thereby making the cost of production excessive."

And Tucker added: "The situation moreover is not improving, has not been improving, because, when we examined this one or two years ago, we found 18 different developments going on to replace some of the 31 now in existence. That means we've been doing something like five or six times the development that we need."

When *Panorama* visited a small part of NATO's Northern Army Group in Germany, we found anti-tank units from four countries—Britain, West Germany, Belgium and the Netherlands exercising together. One small convoy carried six different types of anti-tank guided missile, four different makes of rocket-launcher and two different recoilless rifles.

That kind of duplication and competitive effort stretches right through the NATO armies. There are four different main battle tanks in service with eight allied armies.

NATO navies have 100 different types of ships of destroyer size or larger. They are equipped with 36 different types of radar, eight different types of SAM missile system; 40 different types of guns of 30mm or larger. The US and British navies have developed two different naval communications systems, one used by five navies, the other by three. Ships fitted with different systems cannot communicate effectively with each other or with shore stations.

The 2nd Tactical Air Force (Belgian, British, Dutch and German) has 11 different types of combat aircraft, equipped with five different bombs, six different napalm containers and 16 different drop tanks.

Apart from the cost, the loss in military effectiveness is severe. General Andrew Goodpaster, NATO Supreme Commander for five years until last autumn, told us: "Over the months and years of my service in NATO, I came to the conclusion that we were losing between 30 and 50 per cent of the military effectiveness that we should be gaining from our land, our naval, our air units, because of failure to standardise."

There are, for example, 24 different types of combat aircraft used in NATO and, including modifications introduced by some nations, the number, in effect, is 39. Dr. Tucker says: "The result is that, if you should land an aircraft from one member of this alliance on an airfield belonging to another member who does not have that type of aircraft in his inventory, you couldn't service it or rearm it."

Dr. Tucker estimates that only one-third to one-half of the 2,800 tactical aircraft NATO maintains in Western Europe could be brought to bear in a conflict.

The Russians and their Warsaw Pact allies are, on the other hand, thoroughly standardised. According to Roy Mason, British Defence Minister: "The Warsaw Pact are armed with a family of similar weaponry, Russian-based, Russian-produced, the same family throughout."

But, in addition to the built-in standardisation enjoyed by the Warsaw Pact, the strength of their forces has also increased enormously vis-á-vis NATO forces. In the past five years, it is estimated that the Soviet Union has doubled the combat strength of its armed forces facing ours. They have two and a half times as many tanks as NATO, and more than twice the number of tactical aircraft; and its Northern Fleet now outnumbers NATO surface ships and submarines in the area.

NATO does not expect the Soviet Union to launch a war in Europe. It is the current wisdom in NATO that Warsaw Pact preparations would be highly visible and give NATO time to mobilise. NATO's raison d'être is both to deter such an attack, and to stop it if the Russians are not deterred. But if it came, many Western experts and officials in NATO believe we would lose, unless we resorted quickly to tactical nuclear weapons.

The situation tends to make an absurdity of the new NATO strategy adopted in 1967, to switch from the "massive retaliation" of the Cold War years to the current doctrine of "flexible response". The logic of that was that NATO ground forces would no longer be a "trip-wire", setting off the nuclear response, but a force capable of holding a Soviet attack by conventional means until reserves could be mobilised, or a political solution reached. The purpose was to raise the nuclear threshold. But the present weakness lowers that threshold by forcing us to lean again on the nuclear crutch.

No Western government today contemplates any large increase in its defence budget. Politically, the pressures are all to reduce them. If the posture of NATO conventional forces is to be improved, it will have to come about by other means, not involving significant new expenditure. Many in NATO now believe that a cooperative effort in weapons development and an end to the competitive economic nationalism is the only solution.

Dr. Tucker says: "I believe that time is running out for NATO to preserve its credible non-nuclear defence, that we must establish much more effective co-operation in conventional armaments, otherwise our choice will be to yield or to rely on nuclear weapons, should the Warsaw Pact threaten a conventional attack on NATO."

In the United States, the increased Soviet threat, economic pressures and a desire to restore cohesion and confidence to the alliance are producing a historic change in American thinking.

Democratic Senator Sam Nunn, one of those leading this change in the Armed Services Committee, says: "The US, for a long time, has taken the position, without saying it specifically, that the allies and their military forces are additions, but really luxuries, and that we need to do everything ourselves . . . We can't afford that luxury any more. The United States is reaching a point that we must look at the alliance as a collective security mechanism, and we must begin to take a leadership role in changing this erroneous policy that is, I think, costing the alliance an awful lot of military effectiveness."

Senator Nunn has sponsored a series of amendments to US law, the latest requiring the Pentagon to standardise any weapons system for use in NATO, and to buy European when desirable. Hitherto, the US forces have felt blocked by the so-called "Buy American Act" from shopping for European military hardware.

As an earnest of this change of heart, two European weapons systems have been purchased this year for American forces: the British Harrier vertical take-off fighter and the Franco-German Roland missile for attacking low-flying aircraft.

President Ford went to the recent NATO summit with the word "standardisation" fixed in his vocabulary and, for the first time in many years, the concept was placed high on the agenda of the alliance. That leaves a great deal to be accomplished in Europe. No European nation, even France or Britain with the two largest defense industries, can alone match the United States in the whole range of advanced technology, or in money for research and development. Thomas Callaghan and many others believe NATO nations must so integrate their defence industries that they together form an entity capable of dealing on more equal terms with the American giant. Ideally, the result would be a two-way street in weapons procurement across the Atlantic. But Europe still has a long way to go.

Since 1967, the Defense Ministers of ten European members have been meeting as the "Eurogroup" to co-ordinate information and policies and to encourage common projects between small groups of countries. The current development of the new MRCA tactical combat aircraft between Britain, Germany and Italy is an example. But the Eurogroup still lacks France and, without her, it probably cannot grow into the European procurement agency many think is necessary.

But unless genuine co-operation is achieved, the outlook for NATO is not pleasant. In Thomas Callaghan's view: "If the alliance does not take these steps, I see the gradual unilateral disarmament of NATO, political disunity between the United States and Europe, and the gradual encroachment of Soviet power upon Europe and elsewhere in the world."

PRIMARY CARE MEDICAL TRAINING

Mr. JAVITS. Mr. President, for some time I have been concerned about the lack of primary health care services in this country—a problem which is becoming increasingly apparent.

This growing concern led me to instruct Jay Cutler, minority counsel to the Committee on Labor and Public Welfare—of which I am ranking minority member—to have Dr. David Banta, a Robert Wood Johnson Health Policy Fellow with the Institute of Medicine—who served the minority professional staff of the committee, to survey medical schools in the United States respect to programs of primary care.

It is my belief that medical schools must make a special effort in the development of the primary care physician—the doctor who initially assesses and seeks to solve—with the patient's best interests in mind—as many of the patient's health problems as possible, refers the patient to physician specialists and consultants as necessary, and assume ongoing responsibility for the patient's health care. The complexity and scope of the problems in this area have only recently been explored by those concerned with health manpower education. Solutions will require vigorous action on many levels—particularly from our Nation's medical schools as they train our future physicians.

The initial results of the survey focused on New York medical schools and were entered in the CONGRESSIONAL RECORD March 26, 1975.

The survey was then extended at my direction so that each Member of the Senate can compare the programs in the medical schools in his State to the universe of medical schools.

I ask unanimous consent that the results of the survey be printed in the RECORD.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

Primary Care Training Programs in Schools of Medicine and Osteopathy

(Prepared by staff for the use of the Committee on Labor and Public Welfare, U.S. Senate)

First off, let us define a primary care physician as one who: a) is the physician of first contact for the patient; b) makes the initial assessment and attempts to solve as many of the patient's problems as possible; c) coordinates the remainder of the health care team, including ancillary health personnel as well as consultants, that are necessary to impinge on the patient's problem; d) provides continued contact with the patient, and often his family; 3) acts as the patient's adviser and confidant; and f) assumes continued responsibility for his care.

If we accept this definition, it is apparent that the average academic medical center has few training programs that produce this type of physician and few role models after which the trainee can pattern himself. It also assumes that the Schools of Medicine, particularly their major clinical departments, need to consider making major radical changes in their training programs at the graduate level.

ROBERT G. PETERSDORF, M.D.,
Professor and chairman, Department of Medicine, University of Washington School of Medicine.

While there has been a significant increase in the supply of physicians—first year medical school places went from 8759 in 1965 to 13790 in 1973—the absolute number of primary care physicians has decreased. In 1966 primary care physicians accounted for 46% of all active physicians, but by 1972 this percentage had fallen to 44.9%. Furthermore in 1972 family practice physicians accounted for only 1.4% of all active physicians. The most drastic change has been in the percentage of physicians in general practice, from 22.4% in 1966 to 15.8% in 1972. On the other hand, by 1970, 80% of practicing physicians were specialists.

The type of training medical students and residents receive has contributed to this problem. Since the Flexnerian reforms in medical education earlier in this century, the typical medical school in the United States has been based in a large teaching hospital in an urban area and has had a large associated research program and a faculty of researchers and clinical investigators. Even the faculty of the clinical departments tend to see themselves as researchers first, and clinicians second. The opening quotation by Dr. Petersdorf points out that few role models for a primary care-oriented physician or medical student are available in the classical medical school in this country.

The clinical curriculum deals almost entirely with the hospitalized patient: a patient with an acute illness, often with a rare or "interesting" disease and confined to bed. This is not the typical person seeking medical care. Yet student contact services to non-acute illness or preventive services is limited, and usually occur in a specialty-oriented out-patient department which is often considered "Siberia" by the clinical faculty.

The solution to the training of primary care physicians must include a reorientation of medical student and residency education in medical schools.

Admittedly, considerable change has occurred. In the 1960's many schools developed departments of community medicine, to, among other things, introduce students to the more realistic problems of people in their homes, places of work, and even in physicians' offices. That movement, not yet completed, has been accompanied by the rapid development of family medicine departments, dedicated to the production of physicians such as those described by Dr. Petersdorf.

The report attempts to describe the progress which has been made, the degree to which medical schools are implementing programs to solve the problems of specialty and geographic maldistribution and the work which remains to be done.

Osteopathic schools, whose traditions are quite different, are also described in this report.

SURVEY METHODS

In general, the Chairman of the Family Medicine or Family Practice Department was contacted by telephone by Committee staff. If the school did not have a Department of Family Medicine, the Chairman of the Department of Community or Preventive Medicine was contacted, a person recommended by the Chairman's office. In schools having neither type of Department, the contact was directly to the Dean's Office.

The Departments of Family Medicine were chosen as the contact point on the basis that persons involved in this area would be most knowledgeable about primary care programs at each school.

All schools were contacted during February and March, 1975.

Each person contacted was told the purposes of the survey, and the name and identification of the staff person calling. No one refused to answer, and most were extremely eager to help the Committee obtain information.

The individual contacted was asked 7 specific questions:

1. "How many medical students in your first year class?"
2. "Does your school have required primary care clerkship?" (The definition of a primary care physician was read aloud if the informant was not sure of the meaning of "primary care.")
3. "Does your school have a remote-site clerkship required of all students?" (Remote site was defined as any clinical experience away from the main teaching hospital or hospitals.)
4. "Does your school have a required ambulatory care experience within the teaching medical center?" (Although this probably does not represent "good" primary care, schools were given every possible opportunity to discuss the area concerned.)
5. "Is there anything else in your school related to primary care teaching to medical students?" (The answers, listed under "Other" in the table, were varied.)
6. "Does your school have a Department of Family Medicine?" If so, does the Department have a residency program?" "How many residents?"
7. "Does your school have any other primary care program for residents?" (If this was not clear, it was explained that some schools are developing multi-specialty service programs and primary care curricula for residents based in the traditional departments of medicine or pediatrics.)

If the informant was uncertain about his facts, or recommended contacting someone else, further contact was made. Most of these additional contacts were with the Dean's office of the school, and often were to check facts.

The information received was then tabulated in much the form it appears in the report.

The information on numbers of residency positions in medical schools was obtained from the AMA Directory *of Approved Residencies* 1974–75. The total number of residents were generally those listed under the name of that particular medical school, as were the numbers of types of residents. The total of medicine, pediatrics and obstetrics-gynecology residents was taken as the upper limit of possible primary care training slots, since the schools contend that these specialists are indeed primary core practitioners. In a few cases, new family medicine programs were not listed in the book, and these were included in the figures. In some cases, the school's program was not listed by the name of the school. In these instances, the programs of the one or two most closely affiliated programs were used. This minimum total number of residents was used so as not to understate the percentage of family medicine residents. The numbers given are not actually residents, but positions offered, which generally coincide closely.

GENERAL RESULTS FOR MEDICAL SCHOOLS

The total numbers of positions offered in medical-school affiliated hospitals are as follows, according to the Director of Approved Residencies.

Family medicine, 1,993 positions, 4% of total.

Internal Medicine, 9,188 positions, 18.8% of total.

Obstetrics/Gynecology, 3,090 positions, 6.3% of total.

Pediatrics, 4,126 positions, 8.4% of total.

Total positions, 48,703.

These figures allow comparison school by school. Officials of the Association of American Medical Colleges have recently predicted that the percentage of positions in general internal, pediatrics, obstetrics/gynecology and family practice, which now totals 38%, will reach 50% by 1980.

There are notable variations between schools. 28 schools have no departments of family medicine and no residents, and are not planning such a program. Only 1% of medical school positions in Georgia are offered in the area of family medicine, and only 2% in Tennessee, Connecticut and Massachusetts. On the other hand, 15% of the positions in Virginia are in family medicine, and 31% of those in Nebraska.

The geographic concentration of schools without departments of family practice is unique also. Of the 29 schools without departments of family medicine, 17 are in East Coast urban areas (including 6 in New York City). Also, there is a marked difference between private and public schools. Using the designation of the Association of American Medical Colleges of schools "privately endowed", and counting the three University of Illinois schools separately, there are 46 private schools and 67 public schools. Only five public schools have no department of family medicine (and are not developing one), and one of those is a two year school. Fully one-half of the private schools have no department and are not developing one.

Despite this marked difference in graduate (residency) training, medical student programs do not vary greatly between public and private institutions. Of the 55 schools which have essentially no primary care program for students, 22 are private and 33 are public.

Other findings emerged in staff discussions with the informants. It appears that there are three general groups of academic medical centers: (1) Schools resisting changes, and at most making cosmetic changes; (2) Traditional schools, which recognize the need for change, and are attempting to make innovations (a considerable number) and (3) New schools, which have rejected the old model, and are trying exciting new experiments. Examples of the last category include: (1) Michigan State University which has no university hospital, and carries out its clinical teaching through corporations for undergraduate education in 5 different communities, taking true responsibility within given areas; (2) the University of Missouri, Kansas City, which is training physicians in a six-year program from high school, and does it on the basis of small group clinical teaching in tutorials, beginnings very early in the student's educational experience; (3) the University of Illinois, Rockford, where the university has set up clinics in 5 under-served areas, staffs these clinics, and requires a continuous experience for all medical students from the second through the fourth year, to familiarize one group of patients and the entire spectrum of their problems.

Another area of interest is State activity. New York and Ohio (and perhaps others) now have laws requiring family practice departments in state-supported medical schools. In Texas, the state schools are seeking state funding for all the University of Texas schools, which are experiencing financial difficulty in supporting new family medicine programs from existing funds. Despite state activity, at least half of the informants in family medicine departments stated that federal funding was critical for their particular programs and they expressed considerable anxiety about the future of such funding.

The results of the survey establish that much more is happening than was expected.

Many schools are seriously examining their roles in the community, and are providing service and teaching models which address real problems. Unfortunately, there are still a significant number of schools which resist change, and continue to train specialists and clinical researchers and ignore the proposition that this nation may already have an excess of such medical personnel, or that each medical school should bear its part of the burden of training a new kind of physician.

GENERAL RESULTS FROM THE SCHOOLS OF OSTEOPATHY

Schools of osteopathy have a tradition of training primary care specialists. If there is doubt that the medical student curriculum affects the career goals of a physician one of the schools of osteopathy offer a significant avenue of investigation. Informants in these schools stated that 60–85% of their graduates go into general or family practice.

Doctors of Osteopathy are licensed as practitioners by almost all states, and may carry out essentially all functions which physicians consider their domain.

Internships are required of all graduates of schools of osteopathy, but residencies are not common. Therefore, residencies have not been tabulated for these schools. Residencies in family medicine are beginning to develop in response to societal pressures, especially Congressional mandate. This change is not being received entirely happily. Some informants feel that an Osteopathic Physician may be a perfectly adequate practitioner without a residency. Furthermore, schools of osteopathy have traditionally had departments of general practice, which are now changing their names to conform to the family practice trend.

The important point is the amount of primary and ambulatory care in the clinical curricula of schools of osteopathy. The Philadelphia College of Osteopathic Medicine, for example, requires 42 weeks of such clinical experiences of all students. This is far beyond what the average medical school would require, and considerably more ambulatory experience than required by even the newest, most revolutionary medical school.

While the staff expresses its confidence that the facts and figures presented do have a general validity, whose importance can only be appreciated in the comparison of individual medical schools, the staff recognizes it is undoubtedly flawed as social research.

[From the CONGRESSIONAL RECORD, Mar. 26, 1975]

PRIMARY CARE MEDICAL TRAINING

Mr. JAVITS. Mr. President, one of the most critical health care issues confronting our Nation is the documented shortage of physician primary care services for the American people.

In 1949, 50 percent of all physicians considered themselves to be general practitioners. However, by 1970 that percentage had dropped to 22 percent. At the same time physician specialists increased from 37 percent in 1949 to 80 percent in 1970.

Utilizing the definition of primary care set forth by Dr. Robert G. Petersdorf at the Primary Care Conference organized by the Association of American Medical Colleges—the physician of first contact for the patient, who solves as many of the patient's health problems as possible, and who coordinates the remainder of the patient's health care through an ongoing and continuing relationship with the patient—to determine the extent to which the medical schools are in fact carrying out programs to achieve that goal, I have had Dr. David Banta, a Robert Wood Johnson Health Policy Fellow with the Institute of Medicine, who is serving as a fellow on behalf of the minority professional staff of the committee, survey medical schools regarding the programs they are conducting with respect to primary care.

The initial survey conducted by Dr. Banta was of the twelve New York medical colleges. I ask unanimous consent that his findings be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JAVITS. Mr. President, upon reviewing Dr. Banta's survey, which indicates that only 1 of the 12 medical schools have a required clinical experience of any duration in primary care and only 3 others have remote site training. I have asked Dr. Banta to expand the scope of the survey to all medical schools and report on his findings.

I believe this information will be of great value to the Committee on Labor and Public Welfare, as it considers various legislative proposals which seek to insure that Federal funding for medical education will provide the requisite incentives to medical schools to contribute to the solution of the problems of shortages of primary care physicians.

While the percentage of residents training in primary care is almost 40 percent, if residents in internal medicine, pediatrics, and obstetrics/gynecology are included, only 4 percent of the total are in family medicine residences. Thus, while all would appear to qualify under the definition utilized, we must continue to be concerned about the issue of whether other than family medicine "specialists" will provide care in medically underserved areas—for we know there is a tendency for the internal medicine, pediatrics, and obstetrics/gynecology specialists to practice in urban areas.

EXHIBIT 1.—NEW YORK STATE MEDICAL SCHOOLS

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
Albany Medical College of Union University.	112	None	None	4th yr. 1 morning per week for a year.	Strong family practice program in department of community medicine, various electives.	Begins, 1975.	Train nurse clinicians.	312	0	0	128	41

MEDICAL SCHOOLS OF THE UNITED STATES

(By Public Health Service Region and State)

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION I												
Connecticut:												
The University of Connecticut Health Center, School of Medicine.	70	Being planned.	None	Being planned.	Limited specialty focus.	Yes—Division in department of community medicine.	None	148	10	7	64	43
Yale University School of Medicine.	102	None	None	4th year, 6 weeks full-time or 18 weeks part time; HMO option.	Primary care center being built; specialty focus.	None	Primary care center being developed—New general medicine program for residents.	375	0	0	99	26
Total for Connecticut								523	10	2	163	31
Massachusetts:												
Boston University School of Medicine.	165	Option in community medicine; 3d year, 2 weeks during Pediatrics clerkship, full-time.	4th year, 4 weeks full-time home medical service or M.D. offices.	None	Community medicine course, 1st year—field visits.	None	Elective tracks for residents in medicine and pediatrics.	203	0	0	133	65
Harvard Medical School	160	None	None	None	Very elective program—20 students per year do family care program—3d year 1 afternoon per week.	Being considered in affiliated hospital.	Being planned—expect to to take in 7 percent of medical residents eventually.	903	0	0	262	29
Tufts University School of Medicine.	145	None	None	None	AHEC program; very elective program—40 students per year do remote site or ambulatory elective.	None	Community placements in pediatric residency.	286	0		85	29
The University of Massachusetts Medical School, Worcester.	64	1st year, 3 weeks full-time, physicians offices; 3d year, 6 weeks clinical clerkship.	2d year, 2 weeks full-time, community diagnosis.	None—but entire curriculum focused on primary care.	Primary care planned—Medicine, pediatrics, and community and family medicine cooperatively active electives.	Yes—Department of community and family medicine.	Being planned—Departments of medicine, pediatrics, and family medicines.	36	36	100	(1)	(1)
Total for Massachusetts								1,428	36	2	480	34
New Hampshire: Dartmouth Medical School, Hanover.	64	None	3d year, 4 weeks full-time, community-based ambulatory clerkship.	See "Remote site."	Electives in GP offices; 3 year school.	None	New interdepartmental residency coordinated by department of community medicine.	138	0	0	42	35
Rhode Island: Brown University, Division of Biological and Medical Sciences.	60	Being planned.	3d year, 6 weeks full-time, clinical work emphasizing chronic illness.	None	Ambulatory care center in main hospital—emphasis on primary care.	Yes—Section of family medicine in department of community health.	Primary care center, active in resident teaching, especially internal medicine.	259	(2)	(2)	146	56
Vermont: The University of Vermont, College of Medicine.	83	None	None	None	Some emphasis on primary care in clinical teaching.	Yes	Comprehensive care center at medical center—little used for teaching.	133	5	4	46	35
REGION II												
New Jersey:												
College of Medicine and Dentistry of New Jersey, New Jersey Medical School.	120	None	None	None	Some electives; student interest.	Being discussed.	None	321	0	0	148	46
College of Medicine and Dentistry of New Jersey, Rutgers Medical School.	115	4th year, 4 weeks full-time, physicians offices.	Under "primary care."	None	Electives—Home care program, well-baby clinic.	Yes	HMO planning	80	0		34	42
Total for New Jersey								401	0	0	182	45

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total) Number	Percent	Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total) Number	Percent
REGION II—Continued												
New York:												
Albany Medical College of Union University.	112	None	None	4th year, 1 morning per week for a year.	Strong family practice program in department of community medicine—various electives.	Begins, 1975	Train nurse clinicians.	312	6	0	128	41
Albert Einstein College of Medicine of Yeshiva University.	175	None	None	4th year, 10 weeks full-time.	Field visits in 1st year—Community health course.	None	None	427	0	0	136	31
Columbia University College of Physicians and Surgeons.	150	None	None	None	Field visits in 2d year—Public health course.	None	None	376	0	0	97	25
Cornell University Medical College.	105	None*	None	3d year, 1 day per week for 12 weeks.	Electives in family medicine.	None	Being planned	340	0	0	120	35
Mount Sinai School of Medicine of C.U.N.Y.	85	None	3d year, 6 weeks full-time.	None	Community medicine requires field visits and offers.	None	Being considered.	431	0	0	128	29
New York Medical College	180	None	None	None	Field visits in 2d year—Community and preventive medicine course.	None	None	396	0	0	144	36
New York University	177	None	None	None	Field visits in 1st year—Urban affairs course.	None	None	454	0	0	178	39
The University of Rochester School of Medicine and Dentistry.	90	None	None	4th year, ½ day per week.	4th year, 4 week rehabilitation medicine course.	Yes	Being planned	419	32	8	136	32
State University of New York at Buffalo.	135	None*	None	None	2d year, ½ day per week for 9 weeks—Family medicine course.	Yes	None	254	41	16	142	55
State University of New York—Downstate Medical Center, College of Medicine.	218	None	2d year, 4 weeks full-time—Family study.	None	Strong elective program in family medicine.	Yes	Being considered.	551	18	3	157	28
State University of New York—Upstate Medical Center (Syracuse).	120	None	None	None	Very elective curriculum.	Yes	None	327	36	11	98	29
State University of New York—Stony Brook Health Sciences Center College of Medicine.	48	2d year, 4 weeks full-time.	1st year, 3 weeks full-time.	None	Many outside affiliates—electives in family and community medicine.	Yes	None	528	54	10	252	48
Total for New York								4,815	181	4	1,716	36
REGION III												
District of Columbia:												
Georgetown University School of Medicine.	205	See "remote site."	3d year, 3 weeks of pediatric clerkship—⅔ of class required to work in offices of practitioners.	4th year, 4 weeks full-time, emergency room rotation.	2d year—Course in community medicine—10 hours' field work HMO electives.	None	Being planned—Track in medicine residency.	305	0	0	241	79
The George Washington University School of Medicine.	150	3d year, 8 weeks full-time-HMO site, private practitioners.	See "primary care."	None	HMO electives	None	Being planned—Multispecialty model.	294	0	0	148	50
Howard University School of Medicine.	135	4th year, 4 weeks full-time-family practice rotation.	2d year, 15 weeks, 1 afternoon per week in physicians' offices.	None	Electives—4th year preceptorships; primary care emphasis.	Yes	Being discussed.	231	28	12	98	41
Total for District of Columbia								830	28	3	484	58
Maryland:												
The Johns Hopkins University School of Medicine.	120	None	None	None	Electives—HMO available.	None	Being discussed.	408	0	0	123	30
University of Maryland School of Medicine.	169	3d year, 8 weeks full-time-different clinics, "primary responsibility."	None	3d year, 8 weeks options of different clinics.	1st and 2d year site visits to different system.	Yes	Primary care clinic—New primary care residency (small).	395	49	12	111	28
Total for Maryland								803	49	6	234	29

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
									Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number	Percent	Number	Percent
REGION III—Continued												
Pennsylvania:												
Hahnemann Medical College and Hospital.	160	3d year, 12 weeks.	None	None	Electives—40 students a year.	Yes—Division in department of medicine—Family medical clinic.	Division of general medicine in department of medicine—General medicine.	245	12	5	83	34
Jefferson Medical College of of Thomas Jefferson University.	223	3d year, 6 weeks full-time.	None	None	Electives—4th year preceptorships with practitioners.	Yes	Being discussed.	301	30	10	161	53
The Medical College of Pennsylvania.	88	None	None	None	Primary care center being planned; fellow in emergency medicine, good elective.	None	Being planned; strong emergency room program.	139	0	0	63	45
The Pennsylvania State University College of Medicine, Hershey.	91	3d year—20 days full-time—in medicine, pediatrics or family medicine.	None	None	Electives—70 percent take 4th year preceptorship; 1st year course, some family visits.	Yes—Department of family and community medicine.	Primary care clinic—Medicine, pediatric, and family medicine.	126	18	14	42	33
Temple University of the Commonwealth System of Higher Education, School of Medicine.	180	Being planned.	None	None	Electives—30 students a year take senior preceptorship; 2d year course; same field visit.	Yes—Program being planned.	None—Accept family medicine model.	288	0	0	131	45
The University of Pennsylvania School of Medicine.	160	None	None	None	HMO electives	None	Being discussed.	434	0	0	100	23
The University of Pittsburgh School of Medicine.	130	None*	None	None	Electives—50 percent take primary care apprenticeship in 2d year.	None	Being planned—Medicine and pediatrics cooperatively.	359	0	0	194	54
Total for Pennsylvania								2,137	60	3	674	32
Virginia:												
Eastern Virginia Medical School, Norfolk.	36	3d year, 8 weeks full-time—outside offices and public health projects used; 1st year, 1 morning per week, preceptorship with practicing physicians.	See "primary care."	None	Committed to primary care; 3-year school.	Yes	General medicine track in medical residency; program being developed.	90	7	8	44	50
The Medical College of Virginia, Richmond.	165	3d year, 6 weeks full-time—community hospital rotation, strong ambulatory focus; some public health.	See "primary care."	None	25-teaching practices associated; 60 seniors chose family practice as a career.	Yes	Remodeling ambulatory services—discussions of teaching program.	380	94	25	152	40
The University of Virginia, School of Medicine, Charlottesville.	133	Being planned.	None	None	Electives—15 students took health center elective, 45 chose rural practice elective.	Yes—Division of family practice—will become department soon.	Primary care center being built—Department of medicine developing general program.	309	18	6	107	34
Total for Virginia								779	119	15	303	39
West Virginia:												
West Virginia University School of Medicine, Morgantown.	84	None	None	None	Electives—39 graduates had had 4 or more weeks in a family practice office; community medicine has field visits relating to occupational health.	Yes	Being discussed—Conflict with family practice.	206	12	6	63	30

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION IV												
Alabama:												
University of Alabama School of Medicine.	125	(Self-selected clinical tracks to 3 sites.)				Yes	Being discussed.	256	43	17	91	42
Birmingham	(65)	None	None	None	Limited.							
Huntsville [3]	(30)	See "remote site."	3d year, 4 weeks community medicine-practitioner-based.	None	Limited.							
Tuscaloosa	(30)	See "remote site."	3d year, 8 weeks community medicine—practitioner-based.	None	Limited.							
The University of South Alabama College of Medicine Mobile. (Students only as far as 3d year).	64	Being planned—family medicine clerkship.	Being planned—senior preceptorship in family medicine.	None	Limited—new school.	Being developed.	Yes—Good clinic model, ambulatory emphasis, community orientation.	67	0	0	41	61
Total for Alabama								323	43	13	132	41
Florida:												
University of Florida College of Medicine.	120	See "remote site."	2d-3d yr—community health clerkship of 6 weeks—⅔ rural; extensive use of community hospitals for clinical clerkships.	None	Service project in 4 rural counties—med., pediatrics and family medicine cooperatively—used for student and resident teaching.	Yes—Community health and family medicine.	4 rural counties—community governance; medicine and family med. residents go to rural projects.	238	18	8	90	37
University of Miami School of Medicine.	140	None	None	None	Elective preceptorship in family medicine—40 students per year: family med. teaches courses.	Yes	Being discussed.	462	40	9	222	48
University of South Florida College of Medicine, Tampa.	64	Being planned.	None	3d yr, 6 weeks.	Ambulatory care center opens in 1975; 3 yr school; new department of family medicine.	Yes, new	New ambulatory care center.	202	0	0	83	41
Total for Florida								902	58	6	395	44
Georgia:												
Emory University, School of Medicine.	105	None	None	None	2d-yr course, longitudinal patient experience of 6 mo.; primary care electives through preventive medicine and community health.	None	None	520	0	0	191	36
Medical College of Georgia School of Medicine.	170	Being planned.	None	None	Model clinic for department of family practice opens 1975; ambulatory care center being discussed.	Yes	None	171	10	6	80	46
Total for Georgia								691	10	1	271	38
Kentucky:												
University of Kentucky College of Medicine.	115	None*	4th yr, 6 week community medicine—practioner-based, many rural.	None	Constructing model practice involving medicine, pediatrics, and family medicine cooperatively.	Yes	None	277	16	6	91	32
University of Louisville School Medicine.	145	None*	None	None	Electives in family medicine—hope for ¼ of students.	Yes	Emergency room program.	321	18	6	113	35
Total for Kentucky								598	34	6	204	34

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION IV—Continued												
Mississippi: University of Mississippi School of Medicine.	126	None*	None	None	Elective 4th-yr preceptorship, 35 students take; summer rural program, 20 students take.	Yes	Being discussed.	273	28	10	101	36
North Carolina:												
The Bowman Gray School of Medicine of Wake Forest University, Winston-Salem.	89	4th yr., 10 weeks physicians offices full-time.	See "Primary care".	None	1st yr—Team of students study a family; 2 rural clinics using physician extenders; AHEC contract from University of North Carolina.	Yes, new	Primary care curriculum after 1st yr.; strong primary care council in medical center.	253	0	0	90	35
Duke University School of Medicine.	114	None	None	None	1st yr—Community health course, some site visits.	Yes	None	461	24	5	120	26
The University of North Carolina School of Medicine.	125	4th year 4 weeks full-time, family medicine in physicians offices.	See "Primary care".	None	Electives; AHEC program; nurse practitioner program.	Yes	Yes, pediatrics, residents work in primary care clinics; medical residents work in community hospitals.	269	20	7	93	34
Total for North Carolina								983	44	4	303	31
South Carolina: Medical University of South Carolina College of Medicine.	165	None	None	None	Electives-either clerkship or preceptorship—25 seniors a year take preceptorship.		None	310	45	15	104	33
Tennessee:												
Meharry Medical College School of Medicine.	102	3d yr, 6 weeks full-time, 4½ weeks clinical work in practices.	See "Primary care".	None	Family assignment in 1st yr, student follows for 4 yr; 2d yr site visits.	Yes	Yes, comprehensive care center used for resident teaching.	92	12	13	38	1
The University of Tennessee College of Medicine.	230	None	None	None	1st yr, 2 site visits; 2d year, course in primary health care, patient assignment, visit to physician office.	Yes, new	None	336	6	2	129	38
Vanderbilt University School of Medicine.	83	None	None	None	Electives, 20 students per year take preceptorship; 20 students per year take senior elective in family clinic.	None	Being developed, departments of medicine and preventive medicine.	306	0	0	130	42
Total for Tennessee								734	18	2	297	40
REGION V												
Illinois:												
Loyola University of Chicago-Stritch School of Medicine.	128	None *	None	None	Electives, primary care center being planned.	Yes, department of community and family medicine.	Being planned some conflict with family medicine.	154	0	0+	46	30
Northwestern University Medical School.	170	None	None	None	Electives in physicians offices and in community medicine.	None	Being discussed.	520	0	0	192	36
Rush Medical College	80	None	None	None	Elective clerkship in preventive medicine with ambulator care; Developing family practice center at main hospital.	Yes	Being discussed.	234		0+	96	41
The University of Chicago, The Pritzker School of Medicine.	104	None	None	None	Developing electives in remote sites; developing affiliations with community hospitals.	None	Being discussed.	300	0	0	126	42
Southern Illinois University School of Medicine	55	3d yr, 1 afternoon per week for 6 mo.	None	None	4 weeks full-time, In-hospital family medicine electives; 1/3 of graduates choose family practice.	Yes	Being discussed.	95	16	17	46	48
University of Health Sciences-The Chicago Medical School.	100	4th yr, 12 weeks full-time, in family practice clinic or physicians' offices.	See "Primary care".	None	1st yr, 30 hr of family practice with patient concontact; 50 percent of graduates choose family practice; 3-yr school.	Being developed.	Being developed.	(4)	(4)	(4)	(4)	(4)

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION V—Continued												
Illinois—Continued												
University of Illinois College of Medicine	(3 clinical schools are included in this complex)											
The Abraham Lincoln School of Medicine Chicago.	230	Track system-25 do family practice.	Family practice track includes strong community hospital orientation	3d yr, 10 weeks full-time, alternatives allowed.	Many electives; 3-yr school; active community involvement.	Yes	None, some conflict with family practice.	437	0	0+	129	29
Peoria School of Medicine	110	Being considered as full-time experience; 2d yr, ½ day per week in physicians' Offices.	See "Primary care" 2d yr.	None	Active family practice electives still developing.	Yes	Affiliated multi-specialty clinic.	22	18	80	0	0
Rockford School for Medicine	60	2d, 3d, and 4th yr, continuous experience in community health center with same group of patients, ½ to 2 days/week.	See "Primary care."	None	Active electives, including public health programs; 5 university clinics in underserved areas, with faculty assigned and student rotations.	Yes	Being discussed.	27	27	100	0	0
Total for Illinois								1,789	51	3	635	35
Indiana: Indiana University School of Medicine.	307	See "Remote site."	1st yr, 1 afternoon per week for 3 mo, early clinical experience, 1 mo with practitioner 1 mo. with community hospital 1 mo in teaching hospital.	None	Strong family practice electives 25 percent of students take an elective; community medicine has a nurse practitioner program.	Yes	Good general medicine program.	409	16	4	10	24
Michigan:												
Michigan State University College of Human Medicine.	100	Being planned.	All clinical teaching in community hospitals—½ to 1 day per week in family practice, some in physicians' offices, during the 2 clinical yr.	Strong focus in clinical teaching.	Defined objective for all courses; self-learning track offered with no lectures; strong self-learning emphasis corporations for undergraduate (medical students teaching in 5 communities) (similar to AHEC).	Yes	Yes, emphasis of entire program.	45	0	0+	19	42
The University of Michigan Medical School.	270	None in standard curriculum; 35 students in 6 yr program including a 4 week required preceptorship in the 1st yr.	See "Primary care", none except for special program.	None	Electives, especially a summer preceptorship run jointly with the other Michigan schools, 145 students from University of Michigan took it, plus about 300 from the other 2 schools.	None	Department of primary care and community medicine, developing service and teaching program.	544	0	0	200	36
Wayne State University School of Medicine.	270	4 weeks full-time in 3d yr, using physicians' offices.	See "Primary care"; 2d yr, family study with family practice preceptors for entire year, 2 hr per week.	None	Electives, university clinic being built, placed to concentrate on primary care, no university hospital.	Yes	Being planned	370	(5)	(5)	193	52
Total for Michigan								959	0	0	412	43

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION V—Continued												
Minnesota:												
Mayo Medical School, Rochester (students only as far as 3d yr).	40	Track system, 12 in family medicine track, required to take 6 week full-time clinical preceptorship.	See "Primary care"; 2d yr, 2 weeks full-time with-rural practitioner.	None	Other tracks include required ambulatory experiences.	Yes, planning residency.	Yes, division of community medicine with 22 clinicians, required of all 1st yr residents, residency offered in primary care medicine.	661		0	262	39
University of Minnesota, Duluth School of Medicine (2-yr school—clinical students all go to to University of Minnesota, Minneapolis).	36	See "Remote site".	1st yr, 2 hr per week in physician offices; 2d yr, a day per month in physician offices.		14 communities involved in program.	Yes, department.	None	16	16	100	0	0
University of Minnesota, Minneapolis Medical School.	239	Track system, 114 stuents per year in family medicine—6 weeks full-time preceptorship required of those.	See "Primary care"; 2d yr, 18½ days spent with urban family practitioner.	None	Student option for 3 or 4 yr curriculum; 1 yr rural M.D. program offered, student paid for combined education and service—37 students per year.	Yes, Department of family practice and community health.	Affiliated hospitals, emphasis on general medicine.	759	109	14	290	38
Total for Minnesota								1,436	125	9	552	39
Ohio:												
Case Western Reserve University School of Medicine.	120	Being planned.	None	None	Electives, family clinic, student follows pregnant woman and then baby for 1st 2 yrs, 1 visit per month.	Yes, new department.	None	347	0	0	219	63
Medical College of Ohio at Toledo.	86	None	None	3d yr, 4 weeks full-time, option for medicine, pediatrics or community medicine.	Electives	Yes, new department.	Primary care clinic, residents rotate through it.	111	0	0	32	28
The Ohio State University College of Medicine.	240	3d yr, 4 weeks full-time, community medicine—30 percent with family practitioners.	See "Primary care."	3d yr, 16 weeks full-time.	Visits to practitioners offices in 1st year behavioral science course; electives.	Yes, new department.	Planning primary care center.	291	0	0	106	36
University of Cincinnati College of Medicine.	192	None	None	None	Electives, 60 percent take clinical opportunities course, 1st yr family care elective, 2d yr, 20 students per year.	Yes, new department	None except emergency medicine residency.	445	0	0	163	36
Total for Ohio								1,194	0	0	520	44
Wisconsin:												
The Medical College of Wisconsin, Milwaukee.	125	None	None	4th yr, 4 weeks ½ time, some M.D. offices	Health center administered by preventive medicine, medicine and pediatrics cooperate, available to students, electives.	Yes	Being planned by departments of medicine and pediatrics.	334	6	2	116	35
University of Wisconsin Medical School, Madison.	160	None	None	None	Electives, summer rural preceptorship.	Yes	Multispecialty group practice elective for residents.	338	48	14	112	33
Total for Wisconsin								672	54	8	228	34

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION VI												
Arkansas: The University of Arkansas School of Medicine.	120	None*	None	None	Electives, 20 students per year take 2d yr preceptorship.	Yes	Being planned, new ambulatory care center, cooperative relationships between departments.	286	60	21	70	24
Louisiana:												
Louisiana State University School of Medicine in New Orleans.	149	None	None	None	Electives, 20 students per year take 2d yr preceptorship; 20 to 30 4th yr students take family medicine elective.	Yes	Primary care retreat planned to discuss.	335	30	9	138	41
Louisiana State University School of Medicine in Shreveport (new school).	44	3d and 4th yr—1 day per week in comprehensive care clinic under family medicine (except during electives).	None	None	Electives, ⅓ of class takes rural preceptorship; 1st and 2d yr family medicine courses with some patient contact and visists to physicians' offices.	Yes	Being discussed.	163	(6)	(6)	60	37
Tulane University School of Medicine.	151	See "Remote site."	3d yr, 4 weeks in private physician office.	None	Limited, some electives.	No, being planned.	Being discussed, residents rotate through community service programs.	285	0	0	103	36
Total for Lousiana								783	30	4	301	34
New Mexico: The University of New Mexico School of Medicine.	75	None	None	None	Electives, some preceptorships; emergency medical course in 1st, yr.	Yes, department of family and community medicine.	Good service model in outpatient department, being discussed.	162	12	7	66	40
Oklahoma: The University of Oklahoma College of Medicine.	135	4th yr, 5 week full-time preceptorship with practitioners.	See "Primary care."	4th yr, 10 weeks full-time, ¼ go to family medicine clinic.	1st yr, 1 afternoon per week with practitioner, extensive electives.	Yes	Being planned in department of medicine.	358	36	11	90	25
Texas:												
Baylor College of Medicine	166	See "Ambulatory medicine".	See "Ambulatory medicine."	3d yr, 8 weeks, including 2 weeks in neighborhood health center, remainder specialty-oriented.	Electives, 63 took preceptorship with a practitioner; 3-yr school.	Yes, division of family medicine in department of community medicine.	Primary care track in departments of medicine and pediatrics, 4 residents in each neighborhood health center.	584	12	2	223	38
Texas Tech University School of Medicine.	45	4th yr, 12 weeks full-time in family medicine—4 weeks in preceptorship, remainder clinic and hospital-based.	See "Primary care."	None	Primary care oriented, planning additional curriculum time.	Yes	Being planned, limited full-time faculty.	31	21	68	[7]10	[7]32
The University of Texas Health Science Center at Dallas, Southwestern Medical School.	200	None	None	None	New program, planning electives.	Yes, division of family medicine in department of community medicine.	Being discussed, some conflict.	279	48	17	131	47
The University of Texas Health Science Center at San Antonio Medical School.	123	Being planned—Begins 1975 in 4th yr; 2d yr, 7 weeks half-time in family practice clinic.	None	None	1st yr, family study visits; elective preceptorship, 24 students per year.	Yes	Being discussed, changes in pediatrics and obstetrics.	199			117	58

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION VI—Continued												
Texas—Continued												
The University of Texas Medical Branch at Galveston.	200	Being planned.	None	None	4th yr family medicine track, 20 to 20 students take.	Yes	Discussions, satellite service program in preventive medicine department.	302	12	4	96	32
The University of Texas Medical School at Houston.	56	1st yr, ½ day per week for 18 weeks in physicians' offices; 3d yr. ½ day per week for one year, in family medical clinic.	See "Primary care."	None	3d yr elective preceptorship in rural area, ⅓ of class takes ⅓ of graduates chose family practice training 3-yr school.	Yes, will become a division of department of community medicine.	Discussing medical-pediatric-obstetrics-gynecology model, small primary care track in those 3 departments.	241	20	8	78	35
Total for Texas								1,636	123	8	655	40
REGION VII												
Iowa: The University of Iowa College of Medicine.	175	3d yr, 2 weeks full-time, preceptorship-internists, pediatricians and family practitioners—60 percent choose family practitioner.	See "Primary care."	None	Electives, 80 students take senior elective.	Yes	Emphasis in medicine and pediatric residencies, some conflict with family practice.	385	30	8	109	28
Kansas: University of Kansas School of Medicine.	270	3d yr, 4 weeks full-time rural preceptorship.	See "Primary care."	None	Electives, 36 per year take senior elective; 1st-yr course with field visits, including some to physician offices.	Yes	Being discussed.	345	18	5	133	38
Missouri:												
Saint Louis University School of Medicine.	155	4th yr, ½ day per week preceptorship.	1st yr, course with 4 days of visits to physicians' offices, community project.	4th yr, 6 weeks full-time, in outpatient department.	Electives, student interest in family practice.	None	Being discussed.	270	0	0	109	49
University of Missouri, Columbia School of Medicine.	70	3d yr, 8 weeks full-time, preceptorship, usually rural.	See "Primary care."	None	Electives, 15 per year take senior elective in family practice; 1st and 2d yr courses include field visits.	Yes, department of community health and medical practice, section of family practice.	Being planned, institutional commitment.	260	20	8	83	31
University of Missouri, Kansas City School of Medicine.	70	2d yr, 4 weeks full-time with family practitioner.	See "Primary care."	None	"Docent" tutorial system for the 6 yrs of the program strong ambulatory focus throughout, electives, 6th yr preceptorship 90 percent of students take strong rural focus in electives.	Yes	Small primary care residency in department of medicine; adolescent program, active primary care electives.	77	0	0+	33	43
Washington University School of Medicine.	120	None	None	None	Electices in social medicine 10 to 12 students per year do preceptorship.	None	Primary care option in department of medicine and pediatrics, 3 residents this year, growth expected.	457	0	0	102	22
Total for Missouri								1,064	20	2	327	31

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of familiy medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION VII—Continued												
Nebraska:												
Creighton University School of Medicine.	104	Being planned.	None	None	1st and 2d yr, some clinical center in physician office. electives, 25 percent take 4th yr rural preceptorship.	Yes	No good cooperation with family practice department.	94	26	28	40	42
The University of Nebraska Medical Center.	130	3d or 4th yr, 4 weeks full-time, preceptorship.	See "Primary care."	None	2d yr ½ do physical diagnosis in family medicine center; electives.	Yes	Ambulatory care center with departments of medicine and pediatrics cooperating, good acceptance of family medicine.	182	60	33	90	49
Total for Nebraska								276	86	31	130	47
REGION VIII												
Colorado: The University of Colorado School of Medicine.	130	None	None	None	Electives, department of pediatrics trains nurse practitioners and physician-assistants.	Yes	Emphasizing nonphysician providers.	540	18	3	154	28
North Dakota: University of North Dakota School of Medicine (students only as far as 3d yr).	65	Being planned—12 weeks 4th yr, preceptorship.	See "Primary care."	None	Strong primary care orientation expect clinical curriculum to emphasize.	Yes	Being planned, community-based.		(6)	(6)	(6)	(6)
South Dakota: University of South Dakota School of Medicine (students only as far as 2d yr).	52	Being planned—3d yr., 1 afternoon per week; 4th yr, 6 week full-time preceptorship rural area.	See "Primary care."	None	Strong primary care orientation expect clinical curriculum to emphasize.	Yes	Being planned, community-based.	15	15	100		
Utah: University of Utah College of Medicine.	100	None	None	None	Electives, clerkships and preceptorships in family medicine	Yes, department of family and community medical.	Ambulatory care facility being planned, ambulatory electives in medicine and pediatrics.	149	36	24	76	51
REGION IX												
Arizona: The University of Arizona College of Medicine.	70	None	None	None	1st yr course—some field visits, electives, 3d-yr family practice, ½ class takes, 4th yr preceptorship, ½ class takes.	Yes, department of family and community medicine.	None, no interest.	219	24	11	95	43
California:												
Loma Linda University School of Medicine.	160	None	None	None	Electives, 4th yr, 12 weeks, urge students to take community electives; mission hospitals available for electives, tradition of service.	Yes	No, other departments cooperate.	205	0	0+	77	37
Stanford University School of Medicine.	85	None	None	None	Very elective curriculum, limited numbers of students do primary care electives, 30 students per year do remote site electives.	None	None	381	0	0	104	27
University of California, Davis School of Medicine.	100	None	None	None	Electives in family practice, including preceptorships.	Yes	None	285	36	13	87	30
University of California, Irvine California College of Medicine.	70	Being planned for 1st and 2d yr.	None	3d yr, 4 weeks out-patient psychiatry.	No teaching hospital, use community clinics and hospitals.	Yes, new department.	Being discussed.	217	(6)	(6)	208	95

Footnotes at end of table.

MEDICAL SCHOOLS OF THE UNITED STATES—Continued

(By Public Health Service Region and State)—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
REGION IX—Continued												
California—Continued												
University of California, San Diego, School of Medicine.	90	Family medicine track—30 to 40 students do preceptorship in 2d yr; 3d and 4th yr, 2 to 4 students at 1 time.	See "Primary care."	None	Electives in community medicine.	Yes, new department.	Some interest being discussed.	570	8	1	114	20
University of California, San Francisco School of Medicine.	146	3d yr, 12 weeks, based in health centers, clinics, maternal-child health centers.	See "Primary care."	None	Community medicine course 1st yr; some primary care.	Yes	None	522	60	11	146	27
UCLA School of Medicine	146	None	None	None	Some students rotate to the Drew Postgraduate Center, which has a strong ambulatory care focus.	None	None	408	0	0	140	34
University of Southern California School of Medicine.	128	None	None	None	Elective summer clerkship and preceptorships in 4th yr, good student demand.	Yes, family practice unit in department of community medicine, will become department.	Being discussed	775	(6)	(6)	320	41
Total for California								3,363	128	4	1,291	38
Hawaii:												
University of Hawaii School of Medicine.	66	4th yr, 6 weeks full-time, preceptorship both rural and urban.	See "Primary care."	4th yr, 6 weeks full-time, emergency room.	Strong commitment to primary care, many ambulatory care possibilities, no university hospital.	Yes, department of family practice and community medicine; residency being planned.	Strong commitment, focus on ambulatory care.	72	0	0	[7] 22	[7] 30
Nevada:												
University of Nevada, Reno School of Medical Sciences (2 yr school).	48	See "Remote site."	1st yr, 4 weeks full-time preceptorship with general physician.	1st yr, 1 week full-time emergency room.	6 weeks summer preceptorship, 32 students take behavioral science course, some field visits.	None	Strong commitment; clinical faculty all practitioners.					
REGION X												
Oregon:												
University of Oregon Medical School.	114	None	None	Being planned, 3 weeks full-time.	Electives in family practice, 4th yr preceptorships, 20 students take, 1st yr, 1 afternoon per week in practitioner's office, 50 percent of class take; summer preceptorship, 35 students take.	Yes	Internal medicine planning general program.	341	22	6	105	30
Washington:												
The University of Washington School of Medicine.	135	Track system, 45 percent do family medicine track which includes 6 weeks full-time with a rural practitioner.	"WAMI" program—all students go to remote area at least once.	Clinical specialist track requires 4 weeks full-time.	Active primary care electives—2d yr preceptorship, 1 day per week, 24 students take.	Yes	Comprehensive clinic in department of medicine; medicine-pediatrics model being discussed.	472	18	4+	147	31

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[1] In process of development.
[2] New residency approved.
[3] Family medicine residents only.
[4] Recent disaffiliation—all programs in development.
[5] New program.
[6] Begins in 1975.
[7] Only obstetricians-gynecologists.
[8] No medical residents yet.

SCHOOLS OF OSTEOPATHY OF THE UNITED STATES (BY PUBLIC HEALTH SERVICE REGION)

	Number of students per class	Department of family medicine	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other
PRIMARY CARE TEACHING OF STUDENTS						
Region I: None.						
Region II: None.						
Region III:						
Philadelphia College of Osteopathic Medicine.	200	Yes; Department of General Practica.	3d yr, 12 weeks full time, general practice clinics; 3d yr, 6 weeks full time, preceptorship in offices.	3d yr, 6 weeks full time, general practice clerkship in community hospital or GP's office; 4th yr, 6 weeks full time, in community hospitals (many rural).	3d yr, 6 weeks full time, emergency room.	4th yr, 6 weeks full time, inpatient general practice in teaching hospital; beginning general practice residency.
West Virginia College of Osteopathic Medicine, Lewisberg (students only in 1st yr).	36	Being developed	Will be extensive in clinical years.	2d yr, 1 day per week in physicians' offices planned; will be extensive in clinical years.	Will be extensive	Primary care emphasis.
Region IV: None.						
PRIMARY CARE TEACHING OF OSTEOPATHIC STUDENTS						
Region V:						
Chicago College of Osteopathic Medicine.	96	Yes	3d yr, 35 weeks full time in family medicine clinic; 4th yr, 15 weeks full-time, in family medicine clinic.	None	4th yr, 5 weeks full time in emergency room.	Elective preceptorships in offices, in rural areas.
Michigan State University College of Osteopathic Medicine.	85	Yes	2d yr, 1 afternoon per week in family medicine clinic for 6 quarters; 4th yr, 6 weeks full time in practitioners' offices.	See "Primary care"; 2d yr, 1 afternoon per week in different community programs for 6 quarters.	Strong focus—will increase.	3 yr school; 1st year family medicine teaches physical diagnosis as introduction to family medicine.
Region VI:						
Oklahoma College of Osteopathic Medicine, Tulsa (students only in 1st yr).	36	Yes	Plan 6 mo of primary ambulatory care full time; 1st yr, ½ day per week in physician offices—will continue during 2d yr.	Plan an additional 6 mo in community hospitals, stress on follow-up.	See other columns	
Texas College of Osteopathic Medicine, Fort Worth.	60	Yes—Department of General Practice.	3d yr, 4 weeks full time, preceptorship in urban and rural areas.	See "Primary care"	3d or 4th yr, 12 weeks full-time in clinics; 3d yr, 2 weeks rehabilitation medicine.	Extensive electives emphasize primary care.
Region VII:						
College of Osteopathic Medicine and Surgery, Des Moines, Iowa.	175	Yes	3d yr, 4 weeks full time preceptorship; 3d yr, 12 weeks full time in satellite clinics.	See "Primary care"; 3d yr, 12 weeks full time community medicine, in public health programs.	Emphasized	3 yr school.
Kansas City College of Osteopathic Medicine, Kansas City, Kans.	120	Yes	3d yr, ½ day per week in GP's offices; 4th yr, 12 weeks full time in GP offices.	See "Primary care"; 4th yr, 3 weeks in clinics, many rural.	4th yr, 6 weeks emergency room full time.	Electives—50 percent do more general practice electives.
Kirkville College of Osteopathic Medicine, Kirkville, Mo.	122	Yes	4th yr, 4 weeks full time in GP offices; 4th yr, 16 weeks full time in rural extension clinics.	See "Primary care"	Emphasized	Nursing home requirement in 2d and 3d yr, 6 hrs per week of service responsibility.

FREE ENTERPRISE—IS THIS ANY WAY TO LIVE?

Mr. FANNIN. Mr. President, nowadays it is fashionable in certain circles—even among a few Members of Congress, I regret to say—to tear down our free enterprise system. These liberal critics are trying to convince themselves and us that capitalism actually destroys private initiative and individual liberty. Free enterprise, they argue, causes depressions, exploits humanity, devastates the environment, concentrates economic power and wealth in the hands of big corporations, and so on, ad nauseam.

A good many of these "gloomy Guses" are themselves nonproducers, dependent on some Government program or job to keep them in the style to which they are accustomed. So perhaps, having never worked in private enterprise, they simply do not understand how the system works.

The truth of the matter is that not only does the free market economy work, but it works well, as America's experience has clearly demonstrated to the world. What does cause problems for our system, however, is the massive Federal bureaucracy and complicated system of Government controls that have been foisted upon American businessmen and consumers.

With all the confusing, complex, and costly regulations and endless redtape and paperwork, it is a wonder that our free enterprise system works as smoothly as it does. Government regulation makes industry less efficient and raises the costs of goods and services people need. Government regulators make reporting requirements excessive and stifle competition by protecting businesses they are supposed to regulate. Yet, these same professional critics of capitalism do not support deregulation and regulatory reform. In fact, they advocate more centralized control, even government ownership.

By so doing, they ignore not only the lessons of history, but the economic facts of life around them, most importantly, the highest standard of living in the world today, the highest the world has ever seen, shared and enjoyed by free men in a free society.

Mr. President, the Business Roundtable and the editors of Reader's Digest have been presenting a series of advertisements on our country's economic system. One of their recent articles examines the criticisms leveled against free enterprise. I ask unanimous consent that the article entitled "Free Enterprise—Is This Way to Live?" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FREE ENTERPRISE—IS THIS ANY WAY TO LIVE?

Every time you pick up a paycheck, buy a gallon of gas or make a bank deposit, you renew your active membership in the American free market. Our economic system's almost infinite freedom of choice—between house and condominium, one supermarket and another, large car and small—is the "humdrum" reality of the highest standard of living in the world.

And yet a vocal group of economists, social reformers, "consumer advocates" and other self-proclaimed critics are trying to convince us that our system is evil, that we should feel guilty about the way we live. Indeed, one of them says that our system "has issued a death sentence against the individual human spirit" and "plunged our country into its present economic chaos, destroyed the lives of millions of families and threatened the very survival of the republic."

Strong stuff. But is it even partially true? Maybe it's time to remind ourselves of a few facts as we consider the following charges against our way of life:

Free enterprise exploits people. The critics say that the system degrades man, making him a cog in the industrial machine, repressing his individualism. Yet how can they reconcile this darkly tinted 19th-century view with the Pittsburgh steelworker who hitches his motorboat to his new car and heads for his cottage on Deep Creek Lake, Md., on summer weekends, or the machine operator in Dayton who rises to plant manager? The view is hardly compatible with the fact that median family real income (figured in constant dollars) has nearly trebled since 1939. Nor does it jibe with polls showing that Americans 8 to 1 like their jobs.

The free enterprise system makes us selfish and materialistic. No one doubts that our economic system has produced an extraordinary abundance of material goods. And it is true that "average Americans" spend nearly half their total income on what they want (the other half takes care of necessities—food, clothing, housing). No people have ever lived so comfortably. But the record indisputably shows that, even as they have enjoyed and insisted upon material benefits, they have poured out much of their material wealth unselfishly. In 1965, for example, we gave $12.2 billion to churches, hospitals, schools and a dizzying variety of charitable causes. Last year, despite recession, we gave $25.2 billion, a seven-percent jump over 1973.

And we give of our time, too—much of that time free because of material things that shorten our working hours at home and on the job. We compose an army of 37 million volunteers—hospital workers, Little League coaches, den mothers, helping hands for the elderly and the retarded. The world's most materially wealthy society has brought a peculiarly vital effectiveness of the concept of volunteerism.

Our way of life debases our taste. The critics picture us as helpless slaves to manufacturers, addicted to a stream of frivolous products put out purely for profit. But if we don't want such products, we don't buy them. The choice is ours.

Critics also blame the system for the fact that some of us persist in eating "junk food" or listening to "awful noise" on the radio. They're afraid that we'll make the "wrong" choice between wool and nylon, pretzels and carrot cookies. Yet the very genius of the market enables us to make such choices freely and in abundance. "Indeed," notes economist Milton Friedman, "a major source of objection to a free economy is precisely that it does this task so well. It gives people what they want instead of what a particular group thinks they ought to want. Underlying most arguments against a free market is a lack of belief in freedom itself."

Free enterprise concentrates wealth and power in the hands of a few. In no other society is wealth so obviously in reach of its people. The Bureau of Census reports 59.2 percent of national income goes to the 103 million people in families making $10,000 to $25,000. More significant, in 1962 there were 464,000 households making over $25,000. By 1973, there were 5.4 million such households—a more than tenfold increase—astounding even when inflation is taken into account. One indicator of how wealth is distributed in America: two out of every three families own or are purchasing the dwelling in which they live.

Well, then, say the critics, wealth and power must be in the hands of big corporations. But who are these corporations? They are more than 31 million Americans who own corporate stock, plus more than 100 million others who indirectly share in ownership through stock owned by life-insurance companies, pension funds, etc.

Says economist Charls Walker, "I know it's fashionable to say that the big interests run the government. But if that's true, how in the world were the taxes of 'big interests' raised by $6.5 billion in the 1969 Tax Reform Act? And why haven't those 'big interests' prevented the passage of inimical regulatory acts?" Because the people—who run the marketplace—still run the country.

Perhaps you've noticed that the case against the free market is seldom made on hard economic grounds, but rather on hard-to-pin-down philosophical issues. That's because the facts of performance are so overwhelmingly in its favor.

Here are some figures: With seven percent of the world's land area and six percent of the population, we produce 33 percent of the world's goods and services (about equal to the total output of Western Europe and Japan combined). Although our labor force is approximately two-thirds the size of the Soviet Union's, we produce twice as much as the Russians do each year. In 1940, one American farm worker fed about ten people. Today, a single American farm worker feeds 54 people here and abroad.

But all the evidence of the system's well-known efficiency and productivity is ultimately not as important as a certain intangible that looms larger than mere economics. This is the subtle blend of freedom and order inherent to the marketplace. You are free to decide how best your skills can be applied, where you will work, what you will buy with your earnings. Can you imagine some central authority deciding who will be a tool-and-die maker in Latrobe, Pa., or a vacuum-cleaner repairman in Keokuk? The free market monitors an incredibly complex assortment of prices, wages, resources, skills, needs, desires—and yet it leaves you in control.

MINING IN THE NATIONAL PARKS

Mr. METCALF. Mr. President, as I have previously announced, on October 7 the Committee on Interior and Insular Affairs will hold a hearing on S. 2371, a bill to prevent mining in certain units of the national park system. Mining is currently permitted in six units of the National Park Service under seven acts of Congress passed many years ago.

As an aid to the committee in its consideration of S. 2371, I asked the Congressional Research Service to review the background of these specific laws. For the benefit of Senators and interested parties, I ask unanimous consent that CRS's excellent report prepared by George H. Siehl be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

[The Library of Congress, Congressional Research Service]

A Legislative Review of Mining in the Units of the National Park System

(By George H. Siehl, Environmental Policy Division)

CRATER LAKE NATIONAL PARK, OREGON

Crater Lake National Park was authorized by Act of the 57th Congress in 1902, for the purpose of protecting the unusual geological formation and aesthetically pleasing vista which Crater Lake affords.

In the legislation reported from the House Public Lands Committee, H.R. 4393, mining was designated an unlawful activity within the proposed Park. The report, in fact, noted with regard to minerals within the Crater Lake area that "Its rocks are all fresh lavas and contain nothing whatever of value to the miner." This comment from a Geological Survey report of 1898 on an earlier proposal to establish the Crater Lake National Park led proponents to believe there was little to be concerned with regarding mineral development.

The prohibition against mining in Crater Lake was reversed in a most casual manner during House floor debate on the bill on April 19, 1902. As the following colloquy indicates, the matter of mining in the Park had been discussed when Park proposals had been offered in earlier Congresses, Representative Tongue of Oregon was serving as floor manager of H.R. 4393 when this exchange took place:

"Mr. Stephens of Texas. Does this contain any mineral lands?

"Mr. Tongue. No mineral lands. Nothing of any value. It will simply preserve the curiosity of the scenery and of the growth of animals and vegetation, trees, flowers, and so forth, for scientific purposes.

"Mr. Stephens of Texas. Is there any provision for the lease of mineral lands?

"Mr. Loud. It prohibits that.

"Mr. Tongue. There is none.

"Mr. Shafroth. Did the clause remain in this bill that permits prospecting? We had that matter up when the bill was considered once, I know, and I offered an amendment allowing prospecting.

"Mr. Loud. If you think it is there, you had better find it."

The discussion of preservation versus mineral exploitation in National Parks continued as follows:

"Mr. Stephens of Texas. Do you not think this reservation ought to be thrown open for the location of mining claims under the mineral laws of the United States?

"Mr. Tongue. There is no mining in that vicinity or in that range of mountains or near that locality.

"Mr. Stephens of Texas. Suppose there should be. We do not want to lock it up perpetually.

"Mr. Tongue. If there should be, I have no doubt there would be means and methods found to get it mined. At the same time, if it is thrown open indiscriminately for prospectors, then it will be of little use to undertake to preserve the natural conditions.

"Mr. Stephens of Texas. It would be impossible to ascertain whether there are any minerals there or not unless prospecting is allowed.

"Mr. Tongue. This is close to one of the oldest settled sections of Oregon. It is in one of the counties where the first mines in that State were discovered and where the most prospecting has been done; but the mining is in the other range of mountains opposite from this. None has ever been discovered here, so far as I ever heard of.

"Mr. Loud. Why do you prohibit mining if there is no mining there?

"Mr. Tongue. The object is to prohibit people from coming in under the name of prospecting and destroying the natural conditions of the park and the natural objects of beauty and interest."

The debate was not without its inaccuracies, as in the persistent but erring comments of Representative Loud:

"Mr. Loud. The gentleman will admit the prohibition in regard to mining should not be in that bill. The gentleman from Colorado [Mr. Shafroth] seemed to think that there was an amendment in the bill allowing prospecting. He has evidently had to do with the bill before. There is not a park in this country set aside in this way that you can not go into for mining purposes. Now, it will not do to say that there is no mining land there, because if this provision is put in the bill they never will be able to enter this park to find out whether there is or not.

"Mr. Tongue. So far as mining is concerned, I am just informed by a gentleman at my right that mining is prohibited in all the national parks, including the Yellowstone.

"Mr. Loud. The gentleman is mistaken; that is all. I had occasion to read this law yesterday, in response to an inquiry of one of my constituents. If I did not know, I would not say anything about it."

Representative Tongue readily agreed to the major amendments proposed to the bill, as follows:

"Mr. Shafroth. Would the gentleman from

Oregon object to inserting after the word "seekers." in line 3 page 3, the words "and for the development and location of mining claims?"

"Mr. Tongue. I have no objection.

"Mr. Shafroth. And also strike out the words in line 16, page 2. "or to engage in any mining."

"Mr. Tongue. I have no objection to the amendment the gentleman proposes.

"Mr. Shafroth. I have no objection to the bill if that is done. I have no doubt this is a meritorious bill if these amendments are included. I think we ought to have considerable to say as to what shall be done with these lands."

The effect of the amendment was to place prospecting in the park on an equal footing with use for scientific and pleasure purposes.

Representative McRae suggested delaying consideration of the bill until the following week, noting that, in his opinion, "it is unusual and unprecedented to open national parks to free mining."

To this suggestion Rep. Tongue replied: "I will say to the gentleman from Arkansas that I am so well satisfied that there is no mining there that I regard any provision on that subject as of no importance one way or the other, and in order to avoid objection to the bill, I am perfectly willing to submit to the amendment."

McRae countered, however, saying:

"The creation of a national park is a very different thing from the making of a public reserve, and we should see to it that the parks are established for public and not private purposes. To set these public lands aside as a national park, and then to allow miners to go into and work it freely and at pleasure may result in dedicating it to mining, if there is mineral there. If there is mineral in the land, it ought not to be a park. The two are inconsistent."

The House later approved the Crater Lake National Park bill containing the provisions allowing mineral development. The following month, the Senate passed the House bill without floor debate.

MOUNT M'KINLEY NATIONAL PARK, ALASKA

Approximately 2,200 square miles of public land in Alaska was authorized to be dedicated to National Park purposes in 1917. The House and Senate reports on the legislation which authorized the park, S. 5716 of the 64th Congress, both commented at length upon the impressive nature of Mt. McKinley and the value of the surrounding area as habitat for wildlife.

The economic potential of the area was not to be ignored, however, as both reports, [Senate Report No. 440 and House Report No. 1273] in identical language declared:

"As mining is recognized as the chief industry in Alaska, the mineral laws of the United States are extended to the area within the park, also all existing claims, locations, or entries under the land or mineral laws of the United States are recognized and will be protected. The right-of-way laws of the United States for irrigation and other purposes are also extended to the park.

Mining in Mt. McKinley National Park was again a matter of legislative interest to the Congress in 1930, when S. 196 of the 71st Congress sought to make management policies uniform throughout the Park System. Among the seven proposals of S. 196 was one which would have prohibited the location of further mining claims in Mt. McKinley National Park.

Senate Report No. 545 set out the report of the Interior Department which was accompanied by a memorandum by National Park Service Director Horace Albright. In the portion of his memorandum relating to the McKinley mining situation, Albright wrote:

"Section 2 would prohibit further locations of mining claims in Mount McKinley National Park, Alaska. The desirability of taking this action with reference to the whole of this park at this time has been carefully considered by this service and discussed with officials of the Geological Survey. It is felt that until more opportunity has been had to exploit the mineral possibilities on the west side of the park, the objects of this provision might be satisfactorily accomplished, from the standpoint of the administration of this area as a national park, by simply prohibiting the location of mining claims on the east side. The use of mining locations for purposes other than to extract the minerals, however, is undesirable and should not be permitted anywhere in the park. A satisfactory amendment of this section along the lines of the above may be accomplished as follows:

"(1) Striking out the language beginning with "the area of," page 2, line 1, down through and including line 6.

"(2) Inserting the following in lieu thereof: 'that part of Mount McKinley National Park, in the Territory of Alaska, lying east of Stony Creek, Anderson Pass, the West Fork C Glacier and the West Fork of the Chulitna River: *Provided, however,* That mineral locations in the park shall entitle the locator only to the minerals in the land and no surface rights, except such as are reasonably necessary to extract the same, may be acquired by virtue of such location.' "

The Albright proposed language was further amended by the Senate Public Lands Committee which in its report presented this as the suggested policy for Mt. McKinley National Park:

"That hereafter the Secretary of the Interior shall have authority to prescribe regulations for the surface use of any mineral-land locations already made or that may hereafter be made within the boundaries of Mount McKinley National Park, in the Territory of Alaska, and he may require registration of all prospectors and miners who enter the park: *Provided,* That no resident of the United States who is qualified under the mining laws of the United States applicable to Alaska shall be denied entrance to the park for the purpose of prospecting or mining."

The Senate passed S. 196 with the above amendment on May 7, 1930, without debate.

The House Public Lands Committee favorably reported the Senate passed version of the bill on January 13, 1931. The bill was discussed in some detail by the House on January 21, 1931 and passed without further amendment. The treatment of prospecting and mining in Mt. McKinley National Park was not one of the points critically examined by the House, however.

DEATH VALLEY NATIONAL MONUMENT, CALIFORNIA

Death Valley National Monument was established by presidential proclamation of Herbert Hoover on February 11, 1933. By May 3, 1933 the chairman of the House Public Lands Committee had written to the Interior Secretary for a report on H.R. 3659, a bill to extend the mining laws to the Death Valley National Monument.

The administration of the Executive Branch had shifted from that of Herbert Hoover to Franklin Roosevelt's in the interim, however, so the reply from the newly appointed Interior Secretary, Harold Ickes may have been presumptuous in stating the intent of the executive order as follows:

"In recommending the establishment of this area as a national monument, however, it was not the desire to prevent prospecting and mining within the area, as such activities would in no way interfere with the preservation of the characteristics of the area sought to be preserved. In fact the picturesque miner is one of the characteristics which give the area the color of the early pioneer days, and his continuance there would be a very desirable feature of the area under national-monument status. It is desirable, however, that mining locations be subject to regulation as to the surface use of claims established, and it is recommended that the following amendment be made to the bill:

"Strike out the period at the end thereof and insert after the word "extended" in line 6, 'subject, however, to the surface use of locations, entries, or patents under general regulations to be prescribed by the Secretary of the Interior.' "

Ickes' proposed amendment was accepted by the House Public Lands Committee, and the amended bill was passed without discussion by the House.

The Senate Public Lands Committee reported the House passed bill without further amendment on June 7, 1933 and the bill was passed by the Senate with no debate.

GLACIER BAY NATIONAL MONUMENT, ALASKA

Glacier Bay National Monument was established by executive order of President Coolidge in 1925. This action removed the lands from the operation of the mining laws.

In the 74th Congress, H.R. 9275 proposed to allow mineral prospecting and mining in Glacier Bay National Monument. House Report No. 3005 from the Public Lands Committee stated the intent of the bill as follows:

"It is now desired that prospecting and mining should be permitted in this region. Apparently reliable reports indicate the existence of valuable minerals. The working of the mineral lands within the boundaries of the monument, under proper restriction and regulation, will in nowise impair the natural beauties of the monument or make the monument less attractive to visitors."

The bill underwent some changes as noted by the report:

"The bill as introduced sought to apply the mining laws to all of the lands within the monument. The Acting Secretary of the Interior, as above indicated, submits instead draft of a bill which would permit mining within the monument under such general regulations as may be prescribed by the Secretary of the Interior."

The House report also made this important comment in regard to the regulations which the Secretary might prescribe:

"It is anticipated that these regulations will be sufficiently liberal to permit development of the mineral lands within the boundaries of the monument, and at the same time be of such nature as to preserve intact the natural beauties of the monument and prevent the destruction therein of anything of real value."

The Senate Report (No. 2408) which followed the House report by two days, expounded upon the reason for opening Glacier Bay to mining activity, as follows:

"Reliable reports indicate that deposits of ore and valuable minerals are known to exist within the monument, and geologic conditions throughout most of the accessible portions of the area are favorable for their occurrence. The accuracy of this view is indicated in a letter, dated February 6, 1924, written by the late Dr. Alfred H. Brooks, then chief Alaska geologist of the United States Geological Survey. Very strong evidence of the probable existence of minerals in paying quantities within the monument is contained in a telegram from the Commissioner of Mines for Alaska who advises that he has specific information of discovery of several deposits of gold and copper on which development work would be done if permitted by law and that he also knows from personal observation during 1 week spent in field examination within the area embraced in the monument that gold and copper mineralizations occur there and geologic conditions favorable for such mineralization prevail throughout much of the area; that the entire area embraced in the monument is almost wholly devoid of wild life of any kind and that the extensive glacier fields and denuded surface render the area unfit for animal habitation and that the other natural features are of such type that they cannot be defaced or destroyed by human agencies."

The report expressed no hesitation concerning the compatibility of mining and landscape preservation, stating:

"It is evident that the working of the mineral lands within the boundaries of the monument under reasonable regulations will in nowise impair the natural beauties of the monument or make it less attractive to visitors."

The operating experience at Mount McKinley National Park was cited as proof of this compatibility:

"In this conneciton it is worthy of note that the act creating Mount McKinley National Park, Alaska, expressly permits mineral development and operation within the park region, and the experience of years has shown that the natural beauties of the park have not been impaired nor has the wildlife therein been endangered by the provisions of the law permitting mining and prospecting within the park area."

John Ise, in his scholarly review of the history of the Park System, *Our National Park Policy* has written of the efforts to open the parks to mining in the mid to late 1930's, as follows:

"*Mining Interests and Park Areas.* Mining interests were always scheming to get into some of the parks. Mining had been allowed in Death Valley in Albright's administration and on June 13, 1933, and in 1934, Representative Floyd of Washington tried to get all the parks opened to prospecting. In June 1936 President Roosevelt issued a proclamation validating land claims in Katmai National Monument that were in force when the monument was proclaimed, claims that had since been maintained; but this did not seem to add appreciably to the rights of claimants. In the same year, however, Congress opened Glacier Bay to mining, in spite of a chorus of opposition from conservation organizations and a strong editorial in the *Saturday Evening Post.* This spoliation was partly due to efforts of the novelist Rex Beach and of Delegate Dimond of Alaska, who was never friendly to Alaska parks and monuments and national forests; but the bill to exploit Glacier Bay was pushed by Senator Schwellenback of Washington, and it passed with practically no discussion. President Roosevelt at first agreed with Rex Beach and approved the bill, later backed off from this position and suggested a survey first, then still later swung back to approval. The exploiters argued that mining would not injure the glaciers but there was no doubt that it would injure the plant and animal life."

During the Senate floor consideration of S. 4784, which had been substituted for the House bill, H.R. 9275, Senator Pittman offered this background on the pending legislation:

"Mr. PITTMAN. From the Committee on Public Lands and Surveys, I report back favorably, with an amendment, Senate bill 4784, to permit mining within the Glacier Bay National Monument. The report is unanimous, and I desire to ask for the present consideration of the bill. The reason why I am doing so is that it is an emergency matter.

"It seems that about 10 years ago, by proclamation, 50 square miles of land up in Alaska was set aside as a monument. At that time no provision was made for prospecting or mining in that area. For about 10 years an effort has been made to open it. At last the Secretary of the Interior has approved the proposal in the form of a bill which he himself prepared, which allows mining under regulations. The measure has been unanimously reported from the Committee of the House, and a similar measure has been unanimously reported from the Senate committee."

The bill was approved by the Senate without amendment of the Committee reported measure on June 18, 1936, and by the House the following day.

CORONADO NATIONAL MONUMENT, ARIZONA

The proposal to establish the Coronado International Memorial was advanced by the United States Coronado Exposition Commission, a group formed to commemorate jointly with Mexico the 400th anniversary of the explorations of the Francisco Vasquez de Coronado. The proposal was before the 76th Congress and was again presented in the 77th Congress as S. 752. The lands designated for inclusion in the Memorial were a part of the Coronado National Forest, at the time, and thus available for mineral development.

The provision to allow prospecting and mining to continue was a part of the earlier, 76th Congress bill, S. 4130, and was contained in the new legislation, as well. The Agriculture departmental report on the first bill had noted, that "grazing, prospecting, and mining will be permitted within the monument, when not in conflict with recreational and other public uses, and that existing rights will be fully protected and continued."

The Ise book credits Senator Hayden and Representative Murdock with the mining provision in the Coronado legislation.

The bill passed the Senate without discussion. In the House, Representative Murdock spoke in support of the measure but did not mention the substantive issues such as inclusion of the prospecting and mining provision.

ORGAN PIPE CACTUS NATIONAL MONUMENT, ARIZONA

Organ Pipe Cactus National Monument was established by President Franklin Roosevelt by proclamation on April 13, 1937 to protect the "historic and scientific" objects located there.

In the Congress, however, there was soon an effort to open the monument to prospecting and mining, primarily because of the location of a large copper deposit which was being mined at Ajo, Arizona, a few miles north of the monument.

The reports submitted by the Interior Department on proposals in the 76th and 77th Congresses to allow mining in the monument stated:

"There are mineralized zones within the Organ Pipe Cactus National Monument, but it is not an important mineralized area. One of the large producing copper mines in the West is situated at Ajo, a few miles north of the monument. Geologists of this Department have made a careful study of the monument and they report that no mineralization was found that resembled in any respect the type of copper deposit found at Ajo. The area now within the monument has been prospected since the Spanish era of southwestern occupation. No important mines have been produced within the area and no mines are being operated therein today."

Senate Report No. 329 of the 77th Congress contained the Interior Department reports from both Congresses. These reports while down-playing the potential of economic deposits of minerals in Organ Pipe Cactus National Monument, offered several proposed amendments should the Congress desire to move the pending bills.

In 1940, Interior Secretary Ickes wrote:

"If, however, the Congress wishes to make this national monument a less restrictive type of reservation by opening it to additional prospecting and mining, I recommend that the classification of the area also be changed to that of a national recreational area."

In 1941, with reference to the then pending bills, S. 260 and H.R. 2675, Acting Interior Secretary A. J. Wirtz suggested these changes:

"In line 4, after the word "Arizona", insert the words "for a period of 7 years".

"At the end of the bill, add the following sentence: "Any location made after 7 years from the effective date of this act shall be void."

"The 7-year period would allow ample time for all persons interested in prospecting the area to file such claims as may be justified under the mining laws."

Neither departmental suggestion was accepted by the Committees, however, although these ideas were raised again during House floor consideration of H.R. 2675.

Mr. Murdock reported the bill from the Public Lands Committee on April 29, 1941 with the unusual language that the Committee was authorizing "the use of all parliamentary means to bring the bill before the House."

Murdock, when he included that phrase, may have been looking ahead to the opposition which the bill was to face. He first brought his bill to the floor on June 2, 1941, only to find Representative Cole of New York requesting an explanation of the intent of the legislation in these words:

"Mr. Speaker, reserving the right to object, I understand this bill opens up some 300,000 acres of a national monument, located in the State of Arizona, to mining prospecting and, unless there is some further explanation in justification of the bill, I must object to it."

Murdock cited the action of the Congress in 1936 in opening Glacier Bay National Monument in Alaska to mining and asked the same consideration for mining interests in Arizona. He attempted to assure his colleagues that the scenic attributes of the monument would be protected, stating:

"I know that others are saying it would mar the beauty of a natural feature. It would not. I want to say to you that this bill was drawn originally by the Senator from Arizona [Mr. Hayden], a native son of Arizona, and whose father might rightfully be called Father of Arizona. There is no man alive who knows more about our part of the West or cares more about it than the Senator himself. I think I stand high in my regard for all pertaining to Arizona. I do not want to do anything that would mar the beauty of the great natural feature."

Cole was unswayed by this and similar florid rhetoric on Murdock's part, and the bill was passed over without prejudice.

The Senate, by contrast, had passed its version of the bill, S. 260, without debate on May 23, 1941.

The bill was next brought before the House on October 15, 1941 when it was debated at length. Once again, Cole raised the matter of intent on the part of the bill's sponsor Murdock, asking him:

"If he will tell the House the real reason for this bill. If it is true that this territory has been prospected for the last 400 years and nothing has been found, what is the reason for going in there and prospecting now?"

To which Murdock replied:

"We want this bill passed because we believe there is mineral wealth there which ought to be found. I want to call the gentleman's attention to the fact that the region around Ajo, which is just to the north of this monument, was also prospected by Spaniards for about 400 years, but it remained for Arizona prospectors to find the second largest copper mine in our State."

Representative White of Idaho opposed the locking up of natural resources, and drew this comparison based on the developments in the World War which the United States had yet to enter:

"The Government's liberal mining policy is what has made this country great. Developing our mineral resources in this country is why the European powers are now on their knees begging us to come with the things we have dug from the soil and fabricated into weapons and munitions of war for their rescue. If we had the kind of program the lady advocates, they would not be asking us for anything. We would be like the backward countries of Ethiopia and Manchuria, where they had conservation to the *nth* degree. The Japs moved in on Manchuria and the Italians moved in on Ethiopia to develop the resources that they have left locked up."

Mr. Case of South Dakota opposed the bill and spoke of the growing uncertainty as to how public lands were to be managed if the pending bill and others like it were approved. He said:

"Mr. Speaker, the problem that is sought to be met by this bill is one that crops up in practically every one of the public land States where there are national monuments containing mineral deposits. It crops up in national monuments, in recreational areas, in grazing areas, in forest areas, where wildlife or game refuges have been established. We had a problem similar to this in the Harney National Forest in connection with a wildlife sanctuary.

"The question that seems to me to be fundamental here is whether or not we are destroying a category which has been established for the maintenance of public monuments or parks in their native state."

Mining advocates belittled the possibility of damage to the biota and landscape of the monument. Murdock needled his colleague, saying:

"Prospecting will not interfere with the area, for the prospector naturally wants to keep as far away from a cactus as possible."

Representative Robinson of Utah emphasized that the area would be well protected because of the regulations which would be issued by the Interior Secretary. He said:

"All this bill does is to give a right to occupy or use the surface for the extraction of minerals, and this must be done under such general regulations as may be prescribed by the Secretary of the Interior. The Secretary of the Interior has complete supervision and jurisdiction over these areas. As long as this is in his hands and under his regulation the committee took the position that there need be no fear of any injury to this monument."

These assurances were apparently persuasive, as the bill passed on a vote of 44 to 8.

THE WILLIAMSBURG MEETINGS

Mr. HUGH SCOTT. Mr. President, recently I had the pleasure of attending a conference in Vancouver, British Columbia, the fifth of a series which has come to be known as the "Williamsburg" meetings.

Meetings were held from Wednesday afternoon, September 10, through Saturday midday, September 13.

The general topic was the economic and strategic challenges to leadership within and among the countries of the Pacific region.

Subtopics included the dynamic of current national priorities, political, economic and strategic; the interplay of economic and strategic considerations in shaping national policy priorities; diagnosis of the limits of leadership in specific countries, including the United States.

I was asked to lead the discussion on this latter topic as regards the capacity and will of the United States to continue to exercise superpower responsibilities.

All discussions were off the record in order to encourage complete candor in the exchange of views. The sessions were fully attended, the contributions of participants were thoughtful and literate with good intermixture of pragmatism and idealism. There were lively interchanges of divergent views, as well as interesting agreement on a number of items covered.

Comment after the close of the conference was enthusiastic and there was unanimous agreement that Williamsburg VI should be held next year in Penang, Malaysia.

Not enough can be said in praise of the conduct of the proceedings by the Co-conveners Soedjatmoko of Indonesia and Saburo Okita of Japan.

These conferences are made possible by the generosity of the Asia Society, whose president is Mr. Phillips Talbot, at the instance of Mr. John D. Rockefeller 3d, whose wise guidance has been invaluable.

The work of planning for these conferences has been ably orchestrated by Mr. Robert Barnett, vice president of the Asia Society and by Miss Jane Burrows.

A list of participants follows: Rosihan Anwar, Indonesia, journalist; George Ball, United States, Lehman Brothers, former Undersecretary of State; Robert W. Barnett, United States, director, Washington Center, Asia Society; Fred Bergsten, United States, economist, Brookings Institution; James Billington, United States, director, Woodrow Wilson International Center for Scholars; Robert Bonner, Canada, attorney, Trilateral Commission; Amitabha Chowdhury, India, journalist and editor; O. D. Corpuz, Philippines, president, University of the Philippines; Derek Davies, Hong Kong, editor, Far Eastern Economic Review; Osborn Elliott, United States, editor, Newsweek; Morihisa Emori, Japan, director of research, Mitsubishi; Shinkichi Eto, Japan, adviser to Foreign Office and professor; John D. Fey, United States, president, National Life Assurance Society; Clifton C. Garvin, Jr., United States, chairman, EXXON; Bruce Hutchison, Canada, journalist; Allen Lambert, Canada, chairman, Dominion Bank, Toronto; Hahn Been Lee, Korea, president of Soong Jun University; Hongkoo Lee, Korea, professor, Seoul National University.

Also Li Chan-Ming, Hong Kong, vice-chancellor of the Chinese University of Hong Kong; Malcolm MacNaughton, United States, chairman, Castle and Cooke, Inc.; Max Makagiansar, Indonesia, ministry of education and culture; Yukio Matsuyama, Japan, journalist; Alejandro Melchor, Philippines, senior executive officer of the President; Yoshihiro Nakayama, Japan, former Ambassador; Saburo Okita, Japan, former president of Japanese Economic Research Center and aid administrator; Choong Hoon Park, Korea, president of the Korea Traders' Association; Alan Renouf, Australia, Permanent Undersecretary, Department of External Affairs; Ronald Ritchie, Canada, Imperial Oil and principal assistant to the Leader of the Opposition; John D. Rockefeller 3d, United States, philanthropist; Hugh Scott, United States, U.S. Senator; Hamzah Sendut, Malaysia vice-chancellor of University of Malaysia.

And also T. B. Simatupang, Indonesia, former Chief of Staff of Indonesian Armed Forces; Soedjatmoko, Indonesia, former Ambassador; Kazuro Sonoda, Japan, Bank of Tokyo, Ltd.; Ranuwihardjo Sukadji, Indonesia, rector, Gadjah Mada University; Phillips Talbot, United States, president, Asia Society; Ross Terrill, Australia, author and professor, Harvard University; Thanat Khoman, Thailand, former Foreign Minister; Tun Thin, Burma, Director, Asian Affairs, International Monetary Fund; Masaru Uchida, Japan, senior executive managing director of Mitsui and Company; Nobuhiko Ushiba, Japan, former Ambassador to Washington; and Toru Yano, Japan, professor.

ADMINISTRATION CASE AGAINST TURKISH ARMS BAN "DUBIOUS"

Mr. EAGLETON. Mr. President, next week the House of Representatives again considers the question of whether to ignore American law and give arms to Turkey. The Kansas City Star has analyzed the administration's position on this controversial matter and, in an excellent editorial, has declared the administration case to be dubious.

As the Star points out, many of the countries in which we have U.S. military installations are "backward and unstable and erratic nations—some of which—are going to pursue outrageous and indefensible policies, to which the U.S. might be obligated to react * * *." The question then becomes whether the United States will "cling" to these bases "at any cost of pride or principle."

Mr. President, this editorial goes to the heart of the issue which will confront the House next Wednesday. Will the Congress sacrifice an important principle of American law to allow the administration to pursue what the Star calls "a dazzling proposition": That the Turks will behave more humanely if they receive more American arms?

Mr. President, there has been no movement whatsoever on the part of the Turkish Government to settle the Cyprus problem. The Turkish Cypriot representative to the recent U.N. negotiations, Mr. Denktash, has candidly admitted that Turkey is preventing him from presenting a proposal to resolve the crisis. As I have said previously, Mr. Denktash is not the master of his own house. If the Cyprus problem were left to Cypriots of both Turkish and Greek descent, a quick resolution would be possible.

Mr. President, I ask unanimous consent that this excellent Kansas City Star editorial of September 25, 1975, be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

"Case" Against Arms Ban

The Ford administration's arguments for resumption of arms sales to Turkey are two: First, that the nearly 9-month embargo poses an unacceptable threat to Western security and, second, that it is a "major impediment" to the negotiation of a humane Cyprus peace. The first of those contentions is alarming. The second appears about to be tested.

The House International Relations Committee has given 10-to-7 approval to ending the arms ban. That suggests a significant swing of opinion since midsummer, when the bill was approved 16 to 12 in committee and only narrowly defeated on the House floor. The Senate, by a single vote, favored lifting the embargo. The new House floor vote is expected soon.

It is true that the Turks, in their resentment of the ban, have taken over all but one of the U.S. military installations in that country. It is also true that this a worrisome inconvenience. But a threat to the security of the West? That is another matter. For the U.S. has base rights in quite a number of countries. And some of them—like Turkey—are backward and unstable and erratic nations. Some of them are going to pursue outrageous and indefensible policies, to which the U.S. might be obligated to react as it has reacted to the continuing stubborn Turkish occupation of nearly half of the island of Cyprus.

Now, if the proposition is that the bases in those countries must be clung to at any cost of pride or principle or else our defense posture stands to be critically harmed, we should ask ourselves how under heaven we got ourselves in such a predicament. And what we might begin doing to get out of it.

The administration's second argument is, on its face, dubious at best. The Turks invaded Cyprus with American-made arms and have shown themselves totally uninterested in bringing any influence to bear for a political settlement on the island. Mr. Ford's and Dr. Kissinger's contention is somehow that receiving more arms will cause the Turks to behave more humanely.

That is, when you think about it, a rather dazzling proposition. And since there is growing likelihood that the U.S. House will yield to the administration's persuasion to lift the embargo, we should rather shortly have an opportunity to see just how the thesis works out in practice.

THE NEWS, ACCORDING TO THE FCC

Mr. PROXMIRE. Mr. President, up until yesterday, press conferences of and debates between political candidates were not bona fide news events. Today they are.

It was not the news media that decided that question. It was a governmental agency.

The Federal Communications Commission in a 5-to-2 decision ruled, with the force of law, about what may be considered news and what may not be considered news. As a matter of fact, the FCC reversed its 1964 decision about the news value of political candidates' press conferences and a 1962 decision about debates between candidates.

Government has, once again, made a news judgment—first amendment or no first amendment.

Under the circumstances, the FCC's latest decision at least makes more sense than its previous ones on the equal-time rule that governs broadcasting. For that it deserves praise—qualified praise.

But it should never be forgotten that the free-press guarantee of the Constitution is still being ignored. And who is hurt? Not the electronic press. The voters of the United States are being hurt.

Already there are charges of politics about yesterday's decision.

In the sixties, it has been pointed out, FCC Commissioners appointed by Democratic Presidents protected President Johnson from having to make a decision about entering into debates. Now, when the commissioners are all either appointed or reappointed by President Nixon, it is to the advantage of Mr. Nixon's handpicked successor to hold televised press conferences without fear of automatic equal time for the other announced Republican candidate for the presidency.

So no matter how the first amendment is sliced up, partisan politics is involved and, thus the Government is involved. These are decisions that rightly belong to a free press.

Regardless of the FCC's decision yesterday, there was bound to be interference by the Government in matters beyond its constitutional limits.

But it is not the fault of the FCC.

It is the fault of the Congress and the Executive in enacting section 315 of the Communications Act.

It was just such machinations and controls that the authors of the first amendment sought to avoid—for the benefit of an informed citizenry.

It should be made clear that the immediate result of yesterday's decision is that one John J. Gordon of Worcester, Mass., will not be able to use section 315 to demand equal time the next time President Ford holds a press conference that is broadcast on radio and television.

Mr. Gordon is, as of now, the only announced Republican candidate for President.

Mr. Gordon's lawsuit against one of the broadcasting networks may have been made moot. He had claimed that the network was not promulgating the news that he was a candidate.

Even had the FCC not ruled the way it did yesterday, the equal-time rule would have meant nothing for the numerous Democratic Presidential candidates as far as press conferences by President Ford was concerned. Had the rule remained unchanged, any of the Democratic candidates still would have been unable to demand equal air time for a Presidential press conference.

After next August's national political conventions, the successful Democratic nominee would have been able to demand equal time for a press conference held by the Republican nominee. In that event, Presidential press conferences would be an issue only should President Ford be the nominee. But, there can be no demands because of yesterday's decision.

Thus the legal complexities resulting from a law passed in the face of the first amendment mandate:

> Congress shall make no law . . . abridging the freedom of speech, or of the press . . .

Because of yesterday's interpretation of that law—the law that never should have been made—it is possible that the American public will be able to watch on TV a debate between the Democratic and Republican candidates for President a year from now. Remember, that happened in 1960, because Congress temporarily suspended a part of section 315 to permit John Kennedy and Richard Nixon to debate on television and radio.

But, the FCC's ruling yesterday said such debates in order to be shown on TV or heard on radio may not be arranged by a broadcasting station or network and it may not be arranged by the candidates or their political organizations.

Rather, someone else must arrange the debates for them to be broadcast without the equal-time rule applying.

So what we have is this: A debate between candidates for the same political office (or nomination) is not a bona fide news event to be judged on its face. No; it is a bona fide news event only if the arrangements were made by a neutral party.

Form, therefore, is more important than substance.

That is ridiculous. That is silly. That is not commonsense.

How is the first amendment served by such a ruling?

The American public will not be served until all governmental controls over the electronic press are removed.

Perhaps, yesterday's ruling by the FCC will force the people of this country to take another lock at the first amendment. I hope so.

I introduced my bill, S. 2, the First Amendment Clarification Act of 1975, for that purpose. It is a bill to abolish all governmental controls over the content of broadcasting.

Public debate over the FCC's new ruling just might bring to light the problem I have been talking about for more than a year.

THE PRIVACY ACT OF 1974 AND THE NEW AGENDA FOR PRIVACY

Mr. TUNNEY. Mr. President, on Saturday, September 27, 1975, Sam Ervin will celebrate his 79th birthday. By happy coincidence, our former colleague's anniversary falls this year on the very day on which the Privacy Act of 1974 goes into effect.

It is difficult to imagine a more appropriate gift. Senator Ervin, as we all know, was the chief sponsor of the Privacy Act of 1974. In some respects, it was the culmination of Sam's extraordinary career—virtually an entire lifetime devoted to the defense of our constitutional rights and our personal privacy.

But Senator Ervin would be the first to say that the Privacy Act of 1974, when viewed in perspective, is, itself, only one aspect of the growing congressional concern over the concentration of enormous powers in anonymous and unresponsive bureaucracies that compile and use vast information resources to monitor and control the private behavior of individual citizens. In other manifestations of this concern, Congress has initiated and passed the Freedom of Information Act and its amendments, the Fair Credit Reporting Act, and the Family Educational Rights and Privacy Act.

These congressional initiatives, and others still pending, reflect the old axioms that information is power and that power, left unchecked, tends to corrupt. The common denominator underlying our efforts is the search for ways to democratize the power inherent in the monopoly of personal information resources.

In the Privacy Act of 1974, which addresses only the Federal agencies, we enacted mechanisms by which the individual can participate in the governmental processes that use personal information in reaching decisions that may effect one's life and reputation:

> All Federal agencies, including those in the intelligence and investigative communities, must publicly report the existence of any and all systems of records maintained on individuals.
>
> The individual must grant his consent to the transfer of information about himself from one agency to another, unless the transfer has been formerly defined as a "routine use", is required by the Freedom of Information Act, or involves a law enforcement activity and is accompanied by a specific written request.
>
> The subject of an agency's records can inspect his records and can request a timely correction or deletion of information that is inaccurate, irrelevant or outdated—with the notable exception of records maintained by the CIA, FBI, and other agencies having intelligence, investigatory or "national security" files.
>
> An individual has a civil cause of action to sue in Federal court if an agency refuses access to files or refuses to amend an incorrect file and he may be awarded damages and court costs.
>
> Agency officials who knowingly and willfully violate the Act by revealing an individual's personal data or by failing to report a system of records may be vulnerable to stiff sanctions.
>
> Federal agencies cannot sell or rent mailing lists of individuals unless authorized by law, and these agencies must notify Congress before proposing a new system of records or modifying an old system and they must include with the notice an "impact statement" assessing the effect of the proposal on individual privacy.
>
> Federal, state and local government agencies may not require an individual to disclose his Social Security Number unless such a requirement was authorized by law or regulation before January 1, 1975.

The provisions of the Privacy Act of 1974 are succinct and easy to understand. Unfortunately, there are already indications that the Federal bureaucracies wish to undermine the spirit, if not the letter, of the new law that goes into effect on Saturday. Some are carrying the reporting requirements to an extreme, unintended by the authors of the legislation; others are providing minimal information about sensitive files; and all are complaining about costs and administrative burdens.

We should remain skeptical of these typical manifestations of bureaucractic behavior, for the fact is that the Federal agencies will almost always try to resist any sharing of their power with the Congress and the public or any scrutinizing of their sometimes bizarre and secretive activities. Above all else, we in Congress must resist any attempt to invoke the Privacy Act of 1974 to thwart the recent improvements in the ability of the press, the public, and the Congress to observe the Government's decisionmaking processes. Certainly, Watergate and the revelations concerning the intelligence community compel us to resist any such retreat.

The Privacy Act of 1974 is only a beginning. Still pending are a number of congressional innovations that promise to expand the individual's privacy rights in the face of persistent bureaucratic and technological threats. Some of these measures are designed to secure credit, banking, telephone, employee, medical, law enforcement, and a variety of other personal records. Other measures are designed to limit intrusions into areas protected by the fourth amendment by recent developments in the technology of surveillance.

In the Subcommittee on Constitutional Rights, where I succeeded Senator Ervin, we are moving three bills that: First, will prohibit the military from spying on civilians; second, will provide a framework for controlling criminal records; and third, will secure more privacy rights for Government employees. Early in the second session of this Congress, I will hold hearings and introduce legislation to regulate the new techniques of behavior control that have been developed by the social and psychiatric sciences and that are now appearing in our schools and other institutions. Meanwhile, we are continuing our series of hearings on surveillance technology—how and why it is researched and developed, who uses it, where and how it is disseminated, and how we can control it and thereby avoid an Orwellian disaster.

I hope that we in Congress will be able to translate what we have all learned from the revelations of the past few years into significant protections for individual privacy. To do so, we will have to address specific problems, but we will also have to uncover the political, bureaucratic, and technological processes that continually pose new and more sophisticated threats. We will have to devise new structures that will anticipate these threats and thereby neutralize harmful effects. In looking beneath the external manifestations to examine the underlying causes of our problems, we will also be learning more generally about the nature and destiny of our society.

QUESTIONS FOR GEOLOGICAL SURVEY OVERSIGHT HEARINGS

Mr. METCALF. Mr. President, the Subcommittee on Minerals, Materials, and Fuels has scheduled the first of a series of legislative oversight hearings on the programs of the Geological Survey for Tuesday, October 22.

This hearing will focus on the activities of the USGS carried out by its Conservation Division. These activities include supervision of development and production on Federal mineral leases, both onshore and on the Outer Continental Shelf and evaluation of Federal mineral resources prior to leasing. The only witnesses will be representatives of the Geological Survey. The subcommittee has asked them to address a number of specific questions concerning current operations.

For the information of Senators and other interested parties, I ask unaimous consent that these questions be printed in the RECORD.

There being no objection, the questions were ordered to be printed in the RECORD, as follows:

QUESTION FOR GEOLOGICAL SURVEY OVERSIGHT HEARINGS

A. EMPLOYEES' CONFLICT OF INTEREST

A GAO report of March 3, 1975, entitled "Effectiveness of the Financial Disclosure System for Employees of the U.S. Geological Survey", arrived at the following conclusion:

"Many USGS employees have financial interests which appear to conflict with their Government duties. Many of these holdings violate the Organic Act of 1879. We believe that the ownership of these conflicting interests is due to deficiencies in the Department's financial disclosure system and that they will have to be corrected to prevent the situation that now exists from continuing."

In response to the findings of this report, Vincent E. McKelvey, Director of the Survey, wrote Chairman Henry M. Jackson of the Senate Interior Committee on March 10, 1975, itemizing the specific steps which he had ordered taken in order to rectify the various conflicts of interest disclosed by GAO. Included in the letter is a copy of the certificate sent to all employees of the Survey to verify compliance with the prohibition against "owning or obtaining interest or holding in oil or mining enterprises or land with mineral wealth "on the part of employees, their spouses, minor children and household relatives.

Among the nine specific actions listed by the Director are several which call for further disclosure as to what has transpired since the actions were taken. Please respond to the following queries:

1. Have certificates been received from all employees indicating that interests in oil or mining enterprises have been divested where held? Is there an administrative appeal procedure to which employees have recourse in cases of hardship or doubt? What action has been taken where there is a clearcut refusal to comply?

2. What response has been received to the January 27 memorandum addressed to the Departmental Counselor, requesting clarification from the Solicitor on five questionable areas relating to the interpretation of the Survey's Organic Act?

3. What has been the result of your request to the Departmental Counselor to have the Solicitor review each case that was identified in the GAO report for a determination of conflict of interest?

4. Has the Civil Service Commission agreed with your request for authority to require employees in certain key positions below the GS–13 level to submit a Confidential Statement of Employment and Financial Interest?

5. What has been the outcome of your exploration of the possibility of retaining outside experts on conflict of interest to make a study of the Survey's Organic Act to determine if changes in the Survey's conflict of interest regulations are required?

6. Have you completed rewriting the Survey's Financial Disclosure System so as to provide more specific guidelines and higher level review? If so, please furnish them to the Committee.

7. In your consideration of a system for recording oral communications between Survey officials and outside persons (similar to that used by the Federal Energy Administration) what have you concluded? If you have decided against adoption of such a system, please give your reasons for doing so. Otherwise, please describe the system and indicate when it will be in effect.

8. GAO made several recommendations which were designed to ensure ongoing monitoring and supervision of possible conflicts

of interest. Some of these recommendations do not appear to have been covered in the Director's letter to Senator Jackson. They are as follows:

Require the Bureau Counselor to strictly adhere to the restrictions imposed on USGS employees by the Organic Act.

Insure that adequately trained and experienced personnel, who are knowledgeable of employees' duties and potential conflicts of interests, are appointed to counsel employees and review financial disclosure statements.

Require reviewing officers to sign and date the financial disclosure statements to indicate they have reviewed them and have determined that the financial interests do not violate the Organic Act or raise conflict of interest possibilities.

Require the USGS Counselor to report the results of the annual financial disclosure review to the Department and to note any financial interests questioned and any remedial action taken.

Establish procedures for periodically reviewing financial disclosure statements to insure that Bureau Counselors adequately enforce conflict of interest regulations.

What actions have been taken to carry out these recommendations? Please state reasons for disagreement, if any. If you agree, but have not implemented them, please indicate why not.

B. ROYALTY ACCOUNTING SYSTEM FOR ONSHORE OIL AND GAS LEASES

Deficiencies in methods of determining the amount of royalties due the Federal Government from the production of oil and gas on leased public lands, and in the system for collecting those royalties have brought about criticism of the Survey's Conservation Division, which discharges these responsibilities. On February 17, 1972, GAO issued a report entitled "More Specific Policies and Procedures Needed for Determining Royalties on Oil from Leased Federal Lands". This report was followed by an internal bureau audit report dated June 9, 1975, entitled "Review of Royalty Accounting System for Onshore Oil and Gas Leases". The two reports together reveal gross inadequacies within the Conservation Division which have resulted in the loss of million of dollars in revenue to the Federal Government.

The GAO report concludes that:

"Survey needs to strengthen its policies and procedures for determining whether proper royalty payments are made to the Federal Government for oil sold or removed from leased Federal lands. Survey's regional officials have not evaluated adequately the reasonableness of many royalty payments because of the lack of adequate definitive criteria for determining the value of oil, including allowances for the cost of transporting the oil to the nearest sales market."

GAO recommended that the Survey should establish more definitive policies and procedures for use by its regional oil and gas supervisors in establishing the value of the oil sold or removed from leased Federal lands, in determining the amount of transportation allowances to be deducted from the value of the oil, and in verifying the amount of oil sold or removed from leased Federal lands.

9. What changes have been made by the Survey as a result of its review and revision of its operating manual in response to the GAO recommendations, so as to ensure that no procedural question can remain on the proper computation of royalty payments due the Government?

10. What changes in royalty revenues from oil and gas leases, if any, can be said to have followed on revisions in the operating manual? In other words, has there been any discernable increase in revenues attributable to the new procedures?

11. What corrective actions were taken by the Survey affecting specific cases arising out of the audit findings of GAO?

12. What impact did the GAO study have on the systems analysis of lease management procedures for oil and gas operations on the Outer Continental Shelf, which was to include (according to Department of Interior comments in the GAO report) various aspects of lease supervision such as revenue accountability?

Regarding the more recently completed internal audit of Conservation Division's royalty accounting system, this report concludes that "the Conservation Division has never come to grips with the issues of establishing fair product value and verifying production volume reported." It is noteworthy that some four years after issuance of the GAO report which emphasizes the failure of the Conservation Division to determine fair market value for oil and gas production with consequent loss of revenue to the Federal Government, this new audit has arrived at similar findings.

Specific accounting objectives which the audit report pointedly suggests are that:

Lease terms are there to be enforced.

Royalty payments are to be maximized within the legal constraints that apply.

Amounts due are to be collected promptly.

Any accommodation to lessees must result in no less than equal benefit to the Government.

Management of Indian leases is an exercise of the Secretary's trust responsibility and particular diligence must be applied.

More particularly, the audit charges that royalties due are not being collected in full, incur added interest costs, and accommodation to lessees in meeting reporting requirements burden the Government and create added workload. "The dollars involved cannot be measured with any degree of precision but they are believed to be significant", it adds.

13. In comments on the audit's findings and recommendations the Conservation Division, while agreeing with nearly all the points raised, pleads insufficient manpower and an outmoded organizational structure. Various options to alleviate difficulties are seen as desirable. However, reference to specific action by the Division in keeping with the recommendations is frequently lacking. What specific actions have been taken since issuance of the audit?

14. In the instance of the audit's recommendation for establishment of a "product valuation team" to evaluate oil and gas production for royalty computation purposes, the Division indicates it intends to explore the possibility of arranging with private contractors to "fully define the necessary system and bring it to operational status" in order to enable Division personnel to carry out a product valuation program. What has been done about this possibility and what is planned?

15. With reference to another key suggestion, that the Division make trial verifications of production quantities through a survey of lessees' internal accounting systems and controls, to determine their adequacy in computing production quantities and reporting thereon, the Division reviewed several options open to it. What has been decided and what has been done in this area?

16. Regarding manpower needs, the Division comments that there is not enough manpower to implement requirements of the existing manual releases (a situation which will worsen with addition of new releases) and that procedural improvements in the system depend upon increase of staff. How many additional staff does the Division require in order to implement necessary changes in the accounting procedures?

C. LEASE VALUATION PROGRAM FOR OUTER CONTINENTAL SHELF GAS AND OIL

In investigating the impacts of the accelerated goals for offshore leasing (10 million acres in 1974), GAO issued a report dated March 19, 1975, entitled, "Outlook for Federal Goals to Accelerate Leasing of Oil and Gas Resources on the Outer Continental Shelf", which reviewed the Survey's role in the lease valuation. In general, GAO found that the lease valuation program will be "seriously jeopardized" if projected leasing schedules are miantained. Even at the much slower leasing rates of 3 million acres per year, GAO concludes that the Survey's tract selection and valuation practices are inadequate.

Because the Survey is competing with industry for quality personnel, the demand for petroleum specialists, particularly engineers and geophysicists, reportedly exceeded the supply at the time of the report. Industry is offering salaries which the Government cannot match.

17. Please comment on the present staffing situation with respect to the tract selection and evaluation program. Are there continuing problems in trying to evaluate acreage being prepared for offering to bid? Is it true, as GAO indicated, that it would require twice as many geophysicists as the Survey then had to maintain the 1974 level of tract evaluation work? Which positions remain unfilled today?

18. GAO mentioned short-cuts which might be available to the Survey. These include use of contractors to carry out some tract valuation activities and concentration on the best available acreage, leaving lower quality lands for later.

Have any such alternatives been utilized? Please describe what options are open to the Survey in the absence of adequate manpower for tract valuation and list the problems associated with these options.

19. GAO mentioned that the Survey has experienced delays in receiving data interpretations from contractors. The objectivity of work done by contractors who are in day-to-day contact with the industry is also reportedly open to question. Are these problems which generally prevent the Survey from having recourse to contractors to carry out tract valuation activities? If not, please explain.

20. In the development of the accelerated lease program announced by President Nixon on January 24, 1974, the Survey provided crucial information which reportedly indicated that the accelerated program would prove most unwise. According to GAO, the Survey believed that analysis of relationship between acreage and production was inadequate, that the Beaufort sea region of Alaska should not be included in the lease areas, and that the leasing schedule, to be feasible, would require the virtual elimination of minimum bids.

Please comment on these observations and describe the role of the Survey in preparation of the accelerated leasing program for the Outer Continental Shelf.

21. The subsequent retreat of the Administration from the 10 million acre goal and its replacement with lower acreage, comprising 6 proposed offers for 1975, while no doubt a step toward reality, is still predicated on premises which are not clear.

Please describe the tract valuation efforts upon which this reduced leasing goal is based. Have precautions reputedly urged by the Survey in the preparation of the accelerated leasing program been given due consideration in the development of this modification? Please elaborate.

22. In your opinion, is the revised leasing program feasible and realistic in terms of the reserves and the industry's interest and

capability and in light of current manpower and funding levels of USGS?

23. GAO has made further recommendations to the Secretary of Interior regarding steps to improve the Federal Government's programs for deciding where to lease potential offshore oil resources and at what dollar value, according to the June 30, 1975, report of the Comptroller General to the Congress. Please comment on the following recommendations in terms of whether or not the Survey would find them feasible or advisable and the reasons for your conclusions:

(a) Interior should direct a geological exploration program which would provide for the development and implementation of a systematic plan for appraising Outer Continental Shelf oil and gas resources, including selective stratigraphic test drilling in Shelf areas, before leasing and which would insure implementation of planned exploration through Federally financed activities. Data produced through Federally financed activities should be made available to the public as soon as practicable.

(b) Interior should issue prelease geological exploration permits under which exploratory work could be done and financed by industrial groups with Government approval. All geotechnical data, including interpreted data, should be available to the Government. The raw and processed data should be made available to the public at large at a time certain when determined by the Secretary of the Interior that it would not be detrimental to the competitive position of the permittees. A clear distinction should be made among raw, processed, and interpreted data, to avoid disputes at some later date as to which specific data should be made available for public inspection.

(c) Interior should improve the economic factors used in the valuation program by establishing procedures requiring periodic assessment and adjustment in such factors on the basis of the most current information available.

(d) Interior should pace lease offers at a frequency which will permit the Survey to adequately consider geotechnical data in its Shelf valuation program.

(e) Interior should (1) establish a test program to evaluate, offer, and lease entire geological structures, (2) have the program provide for unitization of exploration and development activities, and (3) seek a change in the law if, in defining a test program, it finds that the acreage limitation would preclude conducting the test in the most effective and practical manner.

24. GAO found that the Survey was seriously handicapped in its preparation of structure maps needed to insure a reasonably accurate profile of the subsurface structure, due to the lack of skilled manpower. Where the companies would prepare as many as 10 maps at different horizons for some tracts in the Gulf Coast region, the Survey was preparing only one or two maps. As a result, the Survey failed on occasion to identify potential oil and gas accumulations.

Would the results of stratigraphic drilling favored by GAO alleviate the mapping weaknesses by delineating potential petroleum accumulations at various subsurface levels thus assisting in the mapping process? If not, why?

25. Industry sources are quoted as stating that unit operations encompassing an entire structure is the ultimate in efficient operation and recovery of the greatest volume of petroleum from any reservoir. Please explain the advantages and disadvantages of this approach.

26. Interior Department is reportedly planning a study analyzing the benefits and costs of both structure leasing and mandatory unitization before any test is conducted. What is the status of that analysis and what are its results, if any?

27. What is the existing division of responsibility for oil and gas leasing, as between the Survey and the Bureau of Land Management?

28. Under what circumstances is public disclosure of geological and geophysical data presently prohibited? Please explain the application of relevant statutes, regulations and policies.

29. Please detail the types of seismic and other data purchased by the Survey, costs to the Government, and availability to the public.

30. The Department of Interior on May 16, 1975, published proposed amendments to regulations issued pursuant to the Outer Continental Shelf Lands Act. Please explain the nature of these amendments and their present status.

31. Is there summary information available on the number of shut-in wells on public lands and on the reasons for being shut-in? If so, please include this information.

32. On June 20, 1975, the Director of the Survey issued Geological Circular 725, "Geological Estimates of Undiscovered Recoverable Oil and Gas Resources in the United States". This report drastically revised downward previous estimates by the Survey. Please explain how the new estimates were reached and why they are lower than previous estimates.

D. INSPECTION AND REGULATION OF OCS OIL AND GAS LEASES

Three interrelated studies of improved safety and pollution control procedures for OCS production were initiated by the Department of Interior and completed by December, 1972. There were:

"OCS Lease Management Study", May, 1972, by a team of systems analysts from the Survey, defining and recommending a combination of regulation, inspection, enforcement and other related policies and programs.

A National Aeronautics and Space Administration study done in November, 1971, examining the feasibility of applying advanced engineering techniques to offshore oil and gas operations.

"Outer Continental Shelf Resource Development Safety: A view of technology and regulation for the systematic minimization of environmental intrusion from petroleum products," published by a panel of the Marine Board of the National Academy of Engineering in December, 1972.

The Director of the Survey appointed a work group to review the findings of these three studies. Its final report issued in May, 1973, contained the following recommendations:

Failure reporting and corrective action program should be required of every operator, covering circumstances of an incident and the remedial measures taken.

Accident investigation reports should routinely be made available to the public.

Information exchange system should be established among operators to inform them of equipment failures and accidents.

Research and development program with industry cooperation should be organized to develop safety and anti-pollution equipment.

Standards and specifications, again in cooperation with industry, should be developed as needed for incorporation into the Survey's OCS orders.

Hazards analysis should be required of lessees prior to granting approval of platforms, equipment and programs, to be applied also to existing platforms.

Engineering documentation should be required by OCS orders to enable Survey personnel to review adequacy of structural and equipment design.

Wearout prevention R&D programs should develop reliable sand erosion detection systems, testing and inspection procedures to prevent pipe failures due to sand erosion.

Training and certification should be established in cooperation with industry, covering safety and pollution control and compliance with all Federal regulations and orders, to be required of industry personnel with participation of field supervisors and inspectors.

Motivation program to promote safety and anti-pollution should be set up for industry personnel.

Lease management program modeled on quality management procedures used by NASA and staffed with experienced personnel should be instituted.

Inspection procedures should be improved by providing uniform guidance to all personnel, expanding scope of inspections, and modifying inspection strategies in response to changes in level of lessee activity.

OCS order development should be geared to specifying objectives and incorporating standards by reference.

Standardization of forms in order to include more detailed information on cause, corrective action and prevention of recurrence as required of operators.

Safety advisory committees set up by both industry and the Survey should be established for reviewing accidents and the adequacy of regulations and inspections.

33. Please comment on each of these suggestions. What action, if any, has been taken to carry each out? If no action has been taken, indicate why.

34. In June 29, 1973, GAO issued a report, "Improved Inspection and Regulation Could Reduce the Possibility of Oil Spills on the Outer Continental Shelf", which contained a number of additional recommendations based on investigation of 26 spills of more than 10 barrels including one spill of about 7,900 barrels from March, 1971, through February, 1972, in the Gulf area.

In recognition of the fact that expert opinion seemed to be divided on the matter of environmental effects of oil spills in the Gulf Coast region, in 1972 the Bureau of Land Management undertook a project carried out by a team of marine biologists, oceanographers, pipeline engineers, and support personnel compiling data on the short- and long-term impact of oil spills on marine life as well as the environmental effects of pipeline construction resulting from OCS operations. Similar studies were reportedly under way for the Alaska, Pacific Coast and Atlantic Coast areas.

What is the status of these investigations? If they have been completed, please summarize the findings and conclusions.

35. GAO reported that "the Survey determined that in the case of the 26 spills, enforcement proceedings under section 5 of the OCS Lands Act, were not warranted. Survey officials informed us that, since inception of the OCS lease program, no leases had been canceled for violating OCS orders and the authority to fine lessees had been used only once in 1970 when nine oil companies were fined a total of $2,358,00 for failing to install required subsurface safety devices".

Was the full amount of this fine ever collected? What was the basis for the decisions not to proceed under Section 5?

36. Noting that inspectors in the Gulf Coast region did not always follow prescribed regional enforcement actions and that the Pacific region's enforcement actions consisted of only written warnings and were not always effective in obtaining prompt correction of deficiencies, GAO advised the Secretary to re-examine the Pacific region's policy of not halting operations for violations of OCS orders and to consider the advisability of shutting down individual wells to encourage the operator to promptly correct deficiencies.

Has this policy review been undertaken? If not, why not? If it has been undertaken, what policies and procedures are now in effect? What enforcement actions have been taken in the last two years? What operations, if any, have been shut down?

37. GAO further recommended that the Survey "establish a realistic policy on how frequently each type of OCS operation must be inspected, considering the resources available and the risks of oil spills involved".

Has this recommendation been adopted? What is the current policy?

38. Another GAO suggestion is for establishment of a formal training program for the inspection staff, emphasizing the need for inspection personnel in the Gulf Coast region to apply prescribed enforcement actions for violations of OCS orders, unless deviations are authorized and properly documented in each case.

Please explain whether these recommendations have been acted upon and, if so, how implemented. If not, why not?

39. Special regulatory orders to control erosion, workover and wireline operations and concurrent drilling, production and wireline operations were also included in the recommendations of the GAO, in terms of activities which are specially apt to bring about hazardous or polluting effects.

Has the Survey adopted this recommendation? Please elaborate on the reasons for or against its adoption and explain any action which may have been taken.

40. Subsequently, in a report to Congressman Henry S. Reuss, dated February 26, 1974, GAO reviewed the then existing status of actions taken by the Survey in response to its investigation. Mention was made of the adoption by the Survey of a proposal from EPA concerning improved preventive maintenance by lessees, which was to have been implemented by June of 1974.

Has this proposal been carried out and, if so, please explain the nature of the EPA suggestion.

41. Also mentioned was a study of optimum inspection frequency, which the Survey was carrying out, and upon which a determination of its staffing needs for the Gulf Coast region depended.

What is the status of that study, and have the regional staffing requirements been determined? If so, please explain.

42. GAO reported that "at the request of the Director of the Survey, the National Academy of Engineering established a committee to review OCS operations on a continuing basis to identify weaknesses and recommend corrective actions. The committee will meet at least twice annually to review the work of its own panel studies of OCS operations and to develop findings which we were advised will be made available to the public."

Is this committee continuing to function? What has it recommended? Have the recommendations been adopted?

43. Royalty losses of about $3 million in 1968 and $1.6 million in 1969 in the Gulf Coast region from the flaring of nearly 8 billion and 4.5 billion cubic feet of gas respectively were estimated by the OCS Lease Management Study report, according to GAO.

What is the necessity for allowing the wasting of this vital energy resource? What is the current situation with respect to the flaring of gas on the OCS?

44. GAO reports that the standard lease form used by Interior Department provides that royalties cannot be collected on oil or gas which is unavoidably lost, and that oil and gas lost in spills, blowouts or fires have in the past generally been judged to be unavoidable losses and not subject to royalty collection.

Is this policy still in effect? Is gas which is flared also considered to be unavoidably lost? Please explain the effect of proposed OCS Order No. 11 which would allow the flaring of uneconomical gas under certain conditions.

45. GAO cited a study underway by the Office of the Solicitor looking into the circumstances under which royalties may be assessed on oil and gas lost in spills, blowouts and fires, including flared gas.

What is the situation with reference to this study? Has it resulted in any substantive changes in policy and procedures?

46. GAO reported that on February 1, 1974, the Associate Director of the Survey ordered a study to be made of the feasibility of the Survey establishing its own transportation services to OCS structures.

What is the status of this study?

E. FEDERAL COAL LEASING

47. What is the division of responsibility between the Survey and the Bureau of Land Management regarding the leasing of Federal coal lands?

48. In an April 28, 1975, report entitled "Further Action Needed on Recommendations for Improving the Administration of Federal Coal Leasing Program", GAO observed that the Survey in 1972 had issued reclamation guidelines to its mining supervisors to implement recommendations made by GAO in a 1972 report. The guidelines require all lessees who are planning to mine or who are mining as of the date of the guidelines, to submit surface protection plans before beginning any earth-disturbing operations.

These required plans cover requirements for topographic maps, water and air pollution prevention measures, land reclamation, revegetation, abandonment and treatment of waste and spoil dumps. Consultation between the mining supervisors and the land management agency involved is necessary before approval of the plans.

GAO found that out of 69 mines subject to the Survey's guidelines issued on May 19, 1972, only 43 had submitted surface protection plans by October, 1974. "Because in 25 instances the Survey did not require lessees to submit surface protection plans, it does not know what reclamation actions the lessee intends to take, it does not know whether the planned actions are adequate, and it does not have a plan against which reclamation actions can be measured", GAO notes, adding that the guidelines do not provide any exceptions to the requirement that such plans be submitted.

What is the policy of the Survey with respect to allowing deviations from its guidelines? Are such deviations left entirely to the discretion of the mining supervisor? Are there criteria available to mining supervisors for determining when to allow deviations?

49. GAO was particularly concerned about the possibility of surface subsidence occurring above some 20 underground mines which had submitted no plans, and was given to understand that the Survey is preparing guidelines dealing with surface subsidence. Are these guidelines part of the proposed regulations to expand environmental protection in mining of Federal coal which were released for comment on September 3, 1975? If not, please discuss their status and composition.

50. GAO points out that present policy on mine development requires development to begin within three years of the issuance of the lease, and the payment of advance royalties on the sixth year after issuance, but without any requirement for actual coal production within a specified time, nor any requirement for justifying deferment or suspension of operations.

In view of the large proportion of leases which the Interior Department's own investigations reveal to be non-productive and in many cases held for speculative purposes with no return to the Government, how is this policy likely to bring about diligent development of coal leases?

51. Has the Survey computed the ability of lessees to withstand advance royalty payments in lieu of coal production, in cases where it may serve the interests of lessees to postpone production indefinitely? If so, please provide that information.

52. Is written justification for the deferment of production or continuous operation of the mine now required from the lessee? Are there guidelines covering such deferment? If not, please explain why such regulations or change in the law would not be advisable.

53. Would adjustment of lease terms at the end of each 10-year period, rather than at the end of each 20-year period as provided under present statutes, allow greater flexibility to the Department in bringing about improved enforcement of environmental and diligence provisions?

54. GAO found that 44 percent of the 533 coal leases which were outstanding as of December 31, 1974, could not be adjusted within a period of 11 to 15 years under the present 20-year provisions of the Mineral Lands Leasing Act of 1920. Is the Survey satisfied with present environmental protection requirements and return to the public on these leases?

55. Thirteen coal leases which have come due for term adjustments since adoption of the short-term phase of the coal leasing policy on February 17, 1973, according to GAO have been continued by BLM under their original terms pending development of the long-term policy, with resulting loss in revenues to the Federal Treasury. Please explain this situation and the position taken by the Survey.

56. GAO reports that nine of the thirteen leases were non-producing, but provisions allowing suspension of development work or mining operations upon payment of a minimum royalty one year in advance were not eliminated from the lease terms, and the leases were continued past their 20-year periods. Does Survey agree with this policy as protective of the public interest? Please elaborate.

THE FEDERAL GOVERNMENT AND YOUR RIGHT TO PRIVACY

Mr. MUSKIE. Mr. President, a senior citizen receiving social security assistance receives a questionnaire from the Federal Government. It asks not only if she has sought outside work recently, but also what kinds of dreams she has and detailed questions about her religious beliefs.

A businessman in Maine with a growing family and new responsibilities applies for a new life insurance policy. Even though he is not required to undergo a physical examination, he is rejected on the basis of medical information obtained from a central data bank maintained on insurance applicants from all parts of the country.

An Army veteran is denied a job because his potential employer obtained erroneous information about him from a government file.

To one degree or another, the privacy of each of these Americans has been violated.

Beginning tomorrow, September 27, such incidents will hopefully become a thing of the past. That is the day the new Privacy Act, passed by Congress in late 1974, goes into effect.

That landmark law, which I sponsored with former Senator Sam Ervin, is the first major legislation adopted by Congress which is aimed at the protection of personal privacy. It has been described by U.S. News & World Report as a "new weapon to fight the growing trend of government to pry into people's private affairs."

That trend is awesome indeed. It has been estimated that all Federal agencies combined have accumulated more than 1.3 billion records on American citizens—that is nearly six records for every person in this country. Thus we all have a stake in the success of the new law in reversing this dangerous trend.

Under the provisions of the new law, Federal agencies will have to list publicly all records systems on individuals—no longer will even the existence of such files be kept a secret.

By listing every system of records and by setting standards for the use and protection of personal information, hopefully we can for the first time get a handle on the massive paperwork bureaucracy which has sprung up around these records systems.

The law is further designed to reduce the amount of data which is being collected, and to restrict its use to official personnel only in the course of their duties.

In order to enforce this new law, most Americans will be able to obtain copies of their personal files which are held by Government agencies. If they find that the information in them is incorrect or outdated, they can ask that it be changed or removed. And there is an appeals process for resolving disagreements, which ultimately can go to the Federal courts.

Even if a citizen and an agency disagree about the information in his file, he may submit a statement giving his version of the information which the agency has objected to changing.

The Privacy Act is only a beginning. For one thing, its present provisions apply only to Government. Threats to personal privacy from the private sector—the credit, health care and banking industries just to name a few—will be the subject of study by the Privacy Protection Study Commission, established by the new law. Its recommendations will ultimately become the basis for an expanded law protecting the privacy of all of us, in every aspect of our daily lives.

Advances in the use of computers and other technological tools present unlimited opportunities for a better and more comfortable life for every American. They can be risky business, however. We must never allow our zeal for new information and new technology to outrun our ability to control their use, or we will have invited erosion of one of our most precious individual liberties.

Mr. President. I ask that a recent editorial from the Washington Post entitled "Focusing on Federal Files," an article from the September 22, 1975 Washington Star entitled, "Americans Worry over Growing Loss of Privacy," and an article in the September 22, 1975 U.S. News and World Report, "Government Snooping—How to Fight Back," be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, September 1975]

Focusing on Federal Files

A new era in federal record-keeping will officially begin Sept. 27 when the Privacy Act of 1974 goes into effect. The law gives citizens the right to inspect many kinds of government files about themselves, and sets down strict rules for the collection, use and exchange of information about individuals. The principles involved—accuracy, relevance, fairness and need-to-know—are elementary. But applying them to the great volume and variety of federal records has proved to be, as expected, quite a monumental task.

The part of the law that has generated the most work and grumbling in many agencies is the requirement for full disclosure of the nature of all files involving individuals. This provision, in effect an annual public inventory of the government's information stock, was enacted because Congress found that nobody knew the full extent of federal record-keeping about citizens. Some agencies were maintaining secret files and concealing some abusive practices from Congress and the public. The broader difficulty, however, was simply that the government's data demands had grown so fast, and had been answered in so many uncoordinated ways, that not even the agencies themselves had a firm grasp of all their information practices.

The inventory is now nearing completion. The results are staggering, to put it mildly, even to those who have long suspected that the government has a file on everything. So far, over 8,000 records systems have been summarized in fat volumes of the Federal Register totaling 3,100 pages and more. The entries range from the controversial to the commonplace. There are listings for the sensitive files of the Defense Investigative Service; for records of the participants in National Security Council meetings since Jan. 20, 1969 (classified "SECRET"); for HEW's roster of licensed dental hygienists; for the Agriculture Department's list of people interested in forestry news, and for the Export-Import Bank's roster of employees who want parking spaces. There are outlines of huge computerized networks such as the Air Force's Advanced Personnel Data System, summarized in 11 columns of small print; there are earnest entries for little lists such as the key personnel telephone directory of the Administrative Office, Assistant Secretary of Defense (Intelligence)—a roster kept, according to the Aug. 18 Federal Register (Part II, section 1, page 35379), on "8 x 10½ Xerox plain bond sheets."

The huge pile of records of records and lists of lists may seem to reach new heights of regulatory overkill. Indeed, there are bound to be jokes and complaints about the agencies that keep so many files—and about the Congress that required such detailed, indiscriminate reports. But such an inventory, however tedious to prepare—and however trivial parts of it may be—is a useful and necessary step. For the first time, the awesome range of government records has been catalogued. For the first time, all agencies have been compelled to define what they collect on individuals, how the materials are used, who has responsibility for what, and which records, primarily in law enforcement fields, are so sensitive that they should be withheld from inspection by the citizens involved.

The catalogs and related agency regulations merit scrutiny on a number of grounds. Many citizens will no doubt want to inspect various records on themselves. Congressional committees and interested groups in many fields may wish to challenge some uses of data and some exceptions from disclosure, notably the extensive withholding proposed by the Justice Department on law enforcement grounds. Congress may now be able to sharpen the focus of the Privacy Act and modify the reporting requirements for mundane records systems such as internal telephone lists. And federal administrators, given some time to review their reports, may well start questioning some of their offices' data-collecting practices and weeding out their files. Indeed, it is quite possible that some bureaucrats, faced with the choice of cataloguing marginal or redundant files, may have already employed a very unbureaucratic strategy: throwing some records out. If that has happened even in one agency, the Privacy Act has already done some good.

[From the Washington Star, Sept. 22, 1975]

Americans Worry Over Growing Loss of Privacy

(By Mary Ann Kuhn)

To a mother in the Washington suburbs, privacy is the right to be left alone when her baby is quiet. Several months ago, a neighbor called police when she didn't hear the woman's baby crying as usual. Two officers came to the woman's door, checked the baby for possible child abuse, found none, and left. But the woman worries there may be a record of the incident stored somewhere, questioning her fitness as a parent.

To a 28-year-old Reston man, privacy is the right to register to vote without having to disclose his Social Security number, a requirement in Virginia.

To a Montgomery County woman, privacy is the right to go through a pregnancy without diaper companies phoning daily to inquire if she's interested in their services. "How do you know I'm pregnant," she asked one such caller. "I haven't even announced it yet. My doctor just told me yesterday."

To a Falls Church man, privacy is the right to buy a home without representatives from homeowners' insurance companies bombarding him with calls and letters and salesmen at the door trying to sell storm windows.

Americans frequently complain that they have about as much privacy as a goldfish in a glass bowl. And although that expression has been around since at least 1904 when a Scottish writer named Hector Hugh Munro wrote it in a short story, it is even more apropos today.

A growing number of persons in this country feel they are losing their grip on personal privacy and are seeking ways to protect whatever is left of it in a record-keeping, number-oriented, increasingly computerized, plastic-card society that has been called by one Harvard University professor, "a nation of datamaniacs."

There is the worry expressed by some about information being a source of power, of an individual being made something by the information collected about him rather than what he is.

Concern over actual and potential invasions of privacy gathered momentum on Capitol Hill and elsewhere during the past 10 years. More than 200 privacy bills were introduced in the last Congress, more than 60 in this one. Five years ago, Congress enacted the Fair Credit Reporting Act giving an individual the right to be informed of the nature and substance of information in his credit file. Last year, Congress passed legislation giving college students and the parents of younger students the right to inspect their school records.

There was a growing public awareness of the increasing use of data collecting and the use of the computer as a record-keeping tool, both in the public and private sector. Suspicion and fear grew, too, over the computer's potential for abuse—for example, of linking information about an individual from one data bank to another.

Agencies and organizations became involved—ranging from the National Bureau of Standards, which has sponsored workshops on privacy protection in the private sector, to the American Medical Association, which devoted most of an entire issue of its monthly Prism magazine last year to privacy, data collecting and medicine.

Other countries saw the need for privacy protection. In Sweden, where a National Data Protection Act was passed in 1973—setting up a board of nine members—no data bank can operate without a license.

While this concern was growing over what happens to records kept on individuals, who has access to them and what purposes they are used for, two things happened.

The Privacy Act of 1974 was passed by Congress in December and hailed by Rep. William S. Moorhead, D-Pa., as the first "comprehensive federal privacy law since the adoption of the 4th Amendment" and by Rep. Edward I. Koch, D-N.Y., an original sponsor of the legislation, as a "monumental breakthrough in the field of personal privacy," although it was still "far from perfect."

The law takes effect this Saturday and is designed to protect persons from invasions of privacy by the federal government. Under the law, individuals will be allowed for the first time to inspect information about themselves contained in agency files and to challenge, correct or amend the material. However, such records as law enforcement, CIA, Secret Service and certain other government records are exempt from disclosure.

Where the Privacy Act stops—in the government sector—the Privacy Protection Study Commission picks up—in the private sector. That was the second move toward protecting individual privacy rights—the creation, under the act, of a seven-member commission, equipped with subpoena power and a budget of $1.5 million to examine for two years privacy issues not included in the act. It is the first commission of its kind to focus primarily on possible invasions of privacy in the private sector although it has authority to look into invasions of privacy by government, too.

David F. Linowes, chairman of the commission, said its purpose is "to find out whether there is a justified concern that privacy is invaded and, if so, take it at this timely point in history and install safeguards. Our investigation is not limited to just computer invasion of privacy but manual (record-keeping) too."

"Computers have reached the sophistication today that the major thrust of the computer industry—the fastest selling part—is the data-bank-to-data-bank linkage or core-to-core linkage which means you can tie together information in various data banks and retrieve it in a matter of seconds," said Linowes in a recent interview.

"This can impose the kind of erosion of a person's privacy which tracks him through life, from the time he is born, where he goes to school, where he travels. This, in the wrong hands can give us a 1984 society—a society where blackmail can be used to dominate the lives of individuals.

"We know it's possible to have this kind of universal linkage from computer to computer," said Linowes, an international management consultant, certified public accountant and author. "Our hearings will bring out whether they are in effect now."

The commission is gearing up now for hearings they plan to hold here and across the country beginning in the next several weeks on topics ranging from credit cards to use of the Social Security number as a so-called universal identifier.

The commission plans to call to the hearings representatives of large companies, for instance, who maintain dossiers on indidividuals who seek credit through credit cards, said Linowes.

"We'll be calling representatives of hotel reservation units. How long do they keep their information? The same with airlines. For example, who do they make it available to when asked if a person is on a particular flight?"

Linowes said the commission "is very anxious to have representatives of the general public" come to the hearings. He said he wants to hear from "anybody who feels his rights of privacy have been invaded.

"I think it is very important for us to hear from individuals and industry and the American Civil Liberties Union as well as any other public interest groups," he said.

The law says that the commission is to study data banks, automated data-processing programs, and information systems of governmental, regional and private organizations to determine the standards and procedures in force for the protection of personal information and make whatever recommendations to Congress and the President that are necessary to "protect the privacy of individuals while meeting the legitimate needs of government and society for information."

Specifically, the commission has authority to examine many areas, including the following, according to commission chairman Linowes:

Employment and personnel records. Is all the information necessary? What happens to information in these files? Is it sold to others without permission?

Credit cards. Is the information requested by credit card companies from prospective card holders necessary? Again, is this information sold? Can the data be corrected by an individual?

Medical records. Do hospitals and physicians violate privacy when they pass along the medical history of a patient? When they allow interns to examine individual records, without knowledge of a patient?

Newspapers. What happens to material accumulated in newspaper "morgues?" Who has access? When does freedom of the press and the right of privacy conflict?

Hotel reservations. How long do hotels keep reservation records? Who has access to them?

Mailing lists. Should companies have a right to sell lists of individuals? Should an individual have a right to have his name removed?

Insurance companies. What do they do with their information? Do their salesmen have access to it? Do they verify information furnished them by third persons? How?

Unions records. Why should they maintain personal files?

The commission, which began its two-year term on June 10, also has the authority to analyze the use of Social Security numbers, license plate numbers, universal identifiers, and other symbols to identify individuals in data banks.

At a recent meeting, the commission members agreed on four areas it would hold hearings on first: credit cards, travel and hotel reservation systems; mailing lists; the use of the Social Security number as a universal identifier, and the transfer of Internal Revenue Service data to state and local governments.

Three of the commission members were appointed by the President, two by the president pro tempore of the Senate and two by the speaker of the House. The members decided to give first priority to the private sector "because very little has been done—practically no hearings have been undertaken in the private sector," said Linowes.

In addition to Linowes, the six other commission members are: Willis H. Ware, a member of the corporate research staff at the Rand Corporation; William O. Bailey, executive vice-president of Aetna Life and Casualty Co.; William B. Dickinson, retired managing and executive editor of the Philadelphia Bulletin; Rep. Barry Goldwater Jr., R-Calif.; Rep. Edward I. Koch, D-N.Y., and Minnesota State Sen. Robert J. Tennessen. Carole W. Parsons is the commission's executive director and Ronald L. Plesser is the general counsel to the commission.

Privacy means different things to different people at different times in their lives. It can be elusive and at the same time obvious.

To Justice Louis D. Brandeis, who defined it in a 1928 opinion, privacy is "the right to be alone—the most comprehensive of rights, and the right most valued by civilized men."

Actress Katherine Hepburn wrote in the Virginia Law Weekly 10 years ago: "The greatest 'bugaboo' against privacy is insurance—You can be protected against anything, but for it you must sacrifice your privacy. Privacy in the sense that it was used 30 years ago has almost ceased to exist—the individual has become a pretty well documented punch card."

Columbia University Professor Alan Westin defines privacy as "the claim of individuals, groups or institutions to determine for themselves when, how, and to what extent information about them is communicated to others."

And Robert Ellis Smith, a lawyer and publisher of the newsletter "Privacy Journal"—an independent monthly on privacy in a computer age—says privacy is "the right to control one's own destiny and in this modern world, that means controlling information about oneself.

"People sometimes think they have nothing to hide. That is true. But through the use of computers, perfectly innocuous personal information can be used for another purpose without your knowledge and to your detriment."

[From the U.S. News and World Report, Sept. 22, 1975]

Government Snooping—How to Fight Back

DOES THE GOVERNMENT HAVE A SECRET FILE ON YOU? THE NEW PRIVACY ACT LETS YOU FIND OUT—AND GIVES YOU WEAPONS TO PROTECT YOUR PERSONAL AFFAIRS

Americans are now being armed with a new weapon to fight the growing trend of government to pry into their private affairs.

And it is the Federal Government itself—prodded by a rising chorus of public concern over the issue—that is supplying the weapon.

The Privacy Act of 1974, signed by President Ford last December, goes into effect September 27—with many details still to be worked out.

Millions of words have been printed in the Federal Register as the various Government departments and agencies set out the procedures they will follow to make a private citizen's life more private than it has been.

U.S. News & World Report went to numerous experts to compile the following facts on the rules that will touch practically every American.

What is the aim of the new law?

One authority puts it this way:

"The Federal Government has gone too far in collecting personal data, data that goes beyond what is absolutely necessary, and this creates the danger of misuse or the potential of building up dossiers. The object of the law is to reduce the amount of information to be collected and to reduce the flow of information between agencies."

How much information has been collected?

No one knows precisely. The 100 or so federal departments and agencies are estimated to have substantially more than 1.3 billion records that focus on the lives of nearly every citizen.

All the big agencies, such as the Departments of Defense and of Health, Education and Welfare, have "multitudinous" systems. The Defense Department has at least 2,000 separate filing systems. Some reports once put them at 5,000, or even more. No one, not even the President, knows exactly how many filing systems there have been in the Federal Government.

Is one object of the Act to cut down on the number of these filing systems?

Yes. The aim is to "junk" as many systems—some secret—as possible. But the Act has other objectives, too.

For one thing, it's the intention of the Act to ban all secret filing systems throughout the Government.

The law also calls for a halt in collecting personal information that has no relevance to the job that a department or agency is set up to do.

In collecting new data, there will be more emphasis on getting it directly from the individual rather than depending on outside sources.

Further, departments and agencies must restrict the information on individual Americans that they pass out to each other, and records of such transfers of data must be maintained.

As a rule, only specific answers to specific questions will be forwarded from a person's file—not, as sometimes occurs at present—the entire file.

On occasion, even the individual's permission will have to be obtained before personal information can be transferred from one agency to another. Thus, if a Government hospital wishes to use some personal data for research, it will have to contact the person involved.

How can a citizen be sure that this law is being carried out?

Most Americans will be permitted to secure copies of their personal files that the various Government agencies will continue to maintain. The Federal Government will print a booklet in December, for public sale, listing where citizens can write to obtain information on file.

Some officials feel the Government will be deluged by millions of requests from those who want to see what Washington has to say about them.

Are there no restrictions on what an individual will be permitted to see in his or her personal files?

There are some restrictions. For example, material that concerns other individuals will not be released.

Files used for law-enforcement purposes are generally exempt from release to an individual. Among other restrictions is one prohibiting release of files evaluating the work of members of the military. Also, if the Federal Government is preparing a lawsuit against an individual, there will be restrictions.

But generally a citizen will be able to secure copies of files that pertain directly to him.

How about the files maintained by the Central Intelligence Agency, the Federal Bureau of Investigation, the Secret Service and other agencies handling intelligence matters?

The law leaves it up to those agencies to determine what information and how much of it can be released to individuals. For example, information that would compromise the security of the President would not be released.

But final decisions on what data can be given to citizens have not been determined. Experts on the law report that there seems to be a conflict, or at least significant differences, between the access provisions of the Privacy Act and the Freedom of Information Law, which also provides for access to Government information.

Will Americans be able to read what others—such as bosses, friends, neighbors—say about them in personal files?

Yes. Even the names of informants will be revealed if the data was not given to the Government in confidence. Experts foresee the possibility, however, that even if the information was given in confidence, an individual sometimes will be able to recognize informants by reading his files.

What if an individual comes across material he or she feels is incorrect or extraneous?

He may petition the agency to have it removed from his files. If the agency objects, he can take his demands to higher authority—and if that fails he or his lawyer can write an amended version of the information he considers faulty and have that also placed as a permanent part of all his files.

Can an individual go to the courts to have disputed material removed from his files?

Yes. If the person is turned down by the agency, he can sue. The burden of proof that the data is correct and necessary will be borne by the agency. If the agency loses the case, the material under question will be destroyed. Should it be proved that the agency was "willfully maintaining" false material to the detriment of a person, the plaintiff will be awarded at least $1,000, plus court costs.

In the future, can people refuse to answer questions, claiming that the Government does not need the information?

Many do that now, but the new law gives them additional legal weapons. In the future, an agency asking questions must make sure that the individual knows what information is mandatory and what information is voluntary. Any data elicited that an agency considers mandatory must be backed up by law.

What's the practical effect?

Government questionnaires are now likely to be shorter and more to the point. Some of the questions on passport applications may be deleted. There will be less frequent use of Social Security numbers on Government documents.

Are there any inherent dangers in the new law?

Some authorities fear that criminals may be able to get critical information expunged from their federal files. There is also concern that, as agencies will be subject to lawsuits if they trespass on personal rights of individuals in gathering information, some people will find it easier to qualify for welfare and other Government services.

How will the new law affect States, localities and private institutions that gather information?

The new law is generally restricted to the Federal Government. State and local governments, however, will be subject to restrictions on the use of Social Security numbers.

Private organizations that maintain personal records for the Federal Government under grant or contact will be expected to follow the new standards in dealing with the public. If this is not done, the federal agency contracting with the private organization could have a flock of lawsuits on its hands.

Authorities also make this point:

After the Federal Government has had some experience with the new law, a pattern will be set which will have an impact on informational requirements by all those outside Government.

In other words: States, localities and firms that seek information from the public are expected to follow the lead of the Federal Government in requiring less information from individuals.

How does the new law affect a businessman who contracts to do business with the Federal Government?

The emphasis of the law is based on what authorities refer to as "personal rights." Consequently, should a businessman feel that the Government is going too far in securing information about his business in order to arrange a contract, he can—if he believes the questions are of a personal nature—challenge the Government.

Experts on the law point out, however, that the Act is specifically aimed at protecting personal rights, not corporate rights.

Again the ultimate test is the Government's "need to know" in order to serve an individual or the public.

Any information-gathering that does not fall within that category—whether it concerns businessmen, farmers, professionals—can be challenged unless it is secured on a voluntary basis.

Is there any part of Government that still will be able to collect any information it chooses and maintain what files it cares to?

Yes—the U.S. Congress. In writing the law, Congress permitted its committees those rights—and rendered itself immune to lawsuits.

SENATOR McGOVERN'S RECENT TRIP TO PORTUGAL

Mr. ABOUREZK. Mr. President, Senator McGovern returned Tuesday from a trip to Portugal on behalf of the Foreign Relations Committee. I understand that he will introduce legislation tomorrow which will enable the Congress to set a constructive American policy toward Portugal. The spirit of that policy was expressed by Senator McGovern in his statement to the people of Portugal at the conclusion of his trip. It is this spirit of respect for Portuguese independence rather than this morning's revelation of CIA covert actions in Portugal which will best serve the interests of the United States and the rights of the Portuguese people.

Senator McGovern's statement was well received in Portugal. I hope its principles will now be heard in the White House and the State Department. I ask unanimous consent that the statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement of Senator George McGovern

Lisbon, Portugal,
September 23, 1975.

I came to Portugal to see and learn about the revolution.

I leave Portugal with a firm belief that this nation and my nation should be close friends.

For many years our countries have been united in the common defense of Europe. Now the Portuguese Revolution can make that alliance more secure, because it can be based on mutual values as well as mutual security.

America was born in the oldest revolution of the new world. Portugal is being reborn in the newest revolution of the old world. Our revolutions are separated in time, but not in spirit. On April 25th, 1974, the Portuguese people asserted the same revolutionary principles which the first Americans declared on July 4th, 1776—that all people are created equal; that they are endowed with inalienable rights of life, liberty, and the pursuit of happiness; and that whenever any government fails to secure these rights, the people have a right to overthrow it.

A respect for those revolutionary principles must shape future relations between Portugal and the United States.

My country has no right or way to impose a particular economic system upon Portugal. Some economic difficulties predate the revolution, or where predestined by the policies of the past. Others are the inevitable result of change after a half century of repression. The waves of revolution are bound to disturb a stagnant economy. Now it is for Portugal to set its own priorities, to decide its social destiny and develop practical means to achieve it.

In that endeavor the United States can provide assistance, and so can other nations, especially Portugal's neighbors in Europe. That assistance, which is critically needed, need not interfere with Portuguese self-determination. The test of aid should not be subservience to any other nation or any corporation, but that it will help Portugal realize its hope for economic justice and political liberty.

In my discussions with President Costa Gomes and other officials and political leaders, men of many differing viewpoints, I found a unanimity of view that the economic events of the coming months may determine the political fate of Portugal for years into the future. Problems of unemployment, inflation, and the balance of payments could be exacerbated and exploited to restore another version of the old regime or to impose an equal oppression from the other side. Only the forces which oppose freedom have a stake in the economic failure of the new provisional government.

Therefore, I shall recommend urgently upon my return to Washington that the United States join with European nations to offer Portugal substantial financial and technical assistance on reasonable terms. To the maximum possible extent, this assistance should be provided under multilateral auspices and administration. An Atlantic Consortium for Portugal, which I will propose, would demonstrate that the purpose of aid is not domination, but development—not manipulation by one country, but the friendship of many. This consortium would facilitate Portuguese development not only by the amount of its assistance, but by its method of operation. A concerted source of aid would mean more efficient planning and the most productive use of available resources.

Such a consortium would not involve extended processing of each project. Rather it would function as a clearinghouse to prevent project redundancy and provide compatibility, and to make recommendations to both donor countries and Portuguese authorities. It would not be another bureaucracy, but a small, select, international team of experts to direct and coordinate existing national bureaucracies. Its aid patterns should reffect Portugal's preference for labor intensive development—which has been stressed repeatedly in my meetings here.

The ultimate aim must be to enable Portugal to establish a just and prosperous economy. The first priority must be to enable Portugal to overcome the immediate crisis.

The doing of this task cannot be delayed even for expedited negotiation of a multilateral approach. As an adviser to an American President once said, "People don't eat in the long run." The plight of the Angolan refugees represents a particularly serious, potentially explosive problem. Without sufficient food or adequate shelter, embittered by the losses they have already endured, they could upset the delicate stability of the new government.

Therefore, I will also recommend emergency American assistance for the Portuguese nationals who are coming home from Africa. Upon the request of Portugal, the United States should assign the required number of additional planes to the refugee airlift and supply basic necessities of life for refugee families, who are being forced to leave nearly everything behind them. Their homeland has too little to give them enough, even though their pressing needs are for simple, essential things. Major Food for Peace allocations to Portugal now would be not only a direct response to the refugee crisis, but an indirect means of restraining Portuguese inflation.

Yet no amount of foreign assistance can help a nation which does not help itself. Happily, Portugal now seems intent on self-help and self-determination at the same time. Portuguese leaders, in my conversations with them, emphasized that revolutionary principles must be pursued at a pragmatic level. They recognize that decent wages require high productivity and that social progress must be financed by stable economic growth. As their new government undertakes the hard work of economic reform, Portugal's friends must be generous and understanding.

In turn Portugal can be a unique example to the Third World, for it stands between two worlds. In terms of economic development, Portugal is behind other European nations. At the same time, Portugal is by geography and history a member of the European family. Its revolution has inspired the increasing respect of Europe. As I learned in my recent discussions with European leaders, their nations welcome the new Portugal and want its fuller participation in Europe—at a pace which the Portuguese people choose for themselves through democratic means. In the course of such an evolution, the Portuguese can become citizens of the two different worlds, the industrial and the developing, a nation from which all others can learn.

In closing, let me speak as a free American to a Portugal which is free at last.

We Americans rejoice at your revolution just as we revere our own. We admire your decision to withdraw from the colonies just as we were relieved by the decision to withdraw from the colonies just as we were relieved by the decision of our own Congress to withdraw from Vietnam. We congratulate you for the April elections, which were a model of civic responsibility and democratic participation. We share your happiness that the new provisional government reflects the results of that election.

Above all else, we look back to history so that with you we may look forward in hope.

To those who complain that the Portuguese revolution has brought some turmoil and instability, we reply that it was not until six years after American independence was won that we wrote and ratified the permanent form of our own Constitutional government.

To those here, or in my own country, who insist that American aid must or should be a means of domination, we reply that it is possible to give the Portuguese a tiller, but no one can tell this nation of navigators where to sail.

And to any who cynically ask why should America care, we reply that Portugal's voyages of discovery opened a way to the new world which we Americans inhabit; that in part we trace our origins to these shores; and that now we are ready to do our part to help the Portuguese as they continue a world revolution which their explorers helped to begin more than five centuries ago.

I spent time this weekend in the Portuguese countryside, visiting religious shrines and villages, talking with shopkeepers and workers. This is a breathtaking and beautiful land. The Portuguese are a brave and good people. As a member of the United States Senate, I pledge my best effort to help them keep their bright promise. As a visitor who has come to know the Portuguese as gracious friends, I say: "Obrigado."

EPA BEVERAGE CONTAINER GUIDELINES FOR FEDERAL AGENCIES

Mr. PACKWOOD. Mr. President, today I have joined with 10 of my colleagues in sending a letter to the Administrator of the Environmental Protection Agency, Russell Train, calling for the "immediate publication" of the proposed guidelines requiring a 5-cent deposit on beer and soft drink cointainers sold in Federal facilities and on Federal property.

I believe the undue delay in publishing these guidelines can be attributed to the heavy lobbying efforts of the can and bottle manufacturers over the past 4 months. Their lobbying efforts have done nothing but hold up open and honest debate on this issue. I am not asking for an immediate ban on nonreturnable cans and bottles, all I am saying is that the EPA's proposed guidelines should be published now, so that the public is given an equal chance to comment on this issue.

Unfortunately, the lobbying efforts thus far have already resulted in the deletion of a recommendation to State and local governments to initiate similar programs.

The Nation's solid waste problems are too important to be shoved aside, and I hope the letter which we have sent today makes the point clear that a debate should begin after the proposed guidelines are published.

I ask unanimous consent that a copy of the letter which we sent today to Russell Train be printed in the RECORD, together with a summary of the guidelines themselves and EPA's actions to date.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
September 26, 1975.

Hon. RUSSELL E. TRAIN,
Administrator, Environmental Protection Agency, Washington, D.C.

DEAR MR. ADMINISTRATOR: We are very concerned that the publication of the Environmental Protection Agency's proposed Guidelines, requiring a five-cent deposit on beverage containers sold in Federal facilities or on Federal property, take place as soon as possible.

The draft proposed Guidelines were circulated for comments from Federal Agencies in June, 1975, and you have received their comments, as well as legal opinions from the Department of Justice and EPA's Counsel, affirming the authority for this action under the Solid Waste Disposal Act, Public Law 89-272.

There is no doubt a controversy over the Guidelines themselves at the present time. However, we feel that immediate publication should take place in the Federal Register, as required in the Solid Waste Disposal Act, Section 209, to assure that full public participation is provided. As you are aware, a number of us have contacted you in the past few weeks concerning the procedures followed during the formulation of these proposed Guidelines.

We shall look forward to prompt publication of the proposed Guidelines as Congress intended when giving the Environmental Protection Agency the authority to address the nation's solid waste problems.

Many thanks for your immediate consideration of this matter.

Cordially,

EDWARD M. KENNEDY,
EDWARD W. BROOKE,
HOWARD H. BAKER, Jr.,
PATRICK J. LEAHY,
GEORGE S. MCGOVERN,
BOB PACKWOOD,
JAMES L. BUCKLEY,
ROBERT T. STAFFORD,
JAMES ABOUREZK,
PHILIP A. HART,
GARY HART,
U.S. Senators.

U.S. Environmental Protection Agency's Beverage Container Guidelines for Federal Agencies

The U.S. Environmental Protection Agency is preparing guidelines to require a five-cent deposit on all beverage containers sold on Federal lands or in the facilities of Federal Agencies. The proposed guidelines were planned for publication in the Federal Register for comment by Federal Agencies and the public, sometime late in September, but publication has been unduly delayed.

Under the amended Solid Waste Disposal Act, Section 209, the Administrator of the EPA, ". . , shall, in cooperation with appropriate State, Federal, interstate, regional, and local agencies, allowing for public comment by other interested parties, recommend to appropriate agencies and publish in the Federal Register guidelines for solid waste recovery collection, separation, and disposal systems (including systems for private use), which shall be consistent with public health and welfare, and air and water quality standards and adaptable to appropriate land-use plans."

Furthermore, Executive Order No. 11752 prescribes regulations to carry out the requirements of the Solid Waste Disposal Act and others, to assure that the Federal Government,

"Shall provide leadership in the nationwide effort to protect and enhance the quality of our air, water and land resources through compliance with applicable standards for the prevention, control, and abatement of environmental pollution in full cooperation with State and local governments." (December 17, 1975).

In proposed form, the Guidelines will require Federal Agencies to place a five-cent refundable deposit on each beverage container (except cups) when carbonated beverages are sold at an Agency's facility or on Federal land in general, such as National Parks and Monuments, and military stations.

Following promulgation of the final Guidelines, during February, 1976, each Agency will have up to one year to provide the EPA Administrator with schedules of the actions being taken to implement the Guidelines. In addition, the EPA does not have enforcement authority for the Guidelines. A Federal Agency will have the right to determine if returnable beverage containers are available so that the Guidelines can be complied with. If returnable containers are not in adequate supply in a particular location, it will not be necessary for that Federal Agency to begin a returnable beverage container system there.

The EPA has fully supported a returnable beverage container system in testimony before the Congress, and in a recent letter to Senator Bob Packwood from Russell Train, EPA Administrator,

"The Environmental Protection Agency continues to support a nationwide mandatory deposit program for soft drinks and beer . . . We believe strongly that a workable waste reduction program is an integral part of the total effort to bring our productive and consumptive functions into harmony with environmental preservation, to help eliminate pollution and to facilitate resource recovery." (Russell Train, July 23, 1975.)

Needless to say, returnable beverage container systems, to be distinguished from merely re-cycling systems, produce tremendous benefits in the areas of energy/materials conservation, litter and solid waste reductions, and air and water pollution "savings".

During the spring and summer of 1975, the EPA circulated a draft of the proposed Guidelines to twelve Federal Agencies for comment. Of the total agencies contacted only the Department of Commerce has continued to levy opposition to the proposed Guidelines and is vigorously working to have them withdrawn from consideration. The Office of Management and Budget has also objected to the publication of the proposed Guidelines, with the Department of Commerce, although each would have an opportunity to determine themselves unable to comply, as they are written.

The issue stressed by the OMB and Commerce Department is that the EPA has no legal authority to promulgate regulations requiring a nickel deposit on beverage containers. In a letter from the Department of Commerce to EPA, which is heavily laden with the arguments made by the can and bottle manufacturing lobbies, Commerce states,

"Section 209(a) of the Solid Waste Disposal Act directs EPA to publish guidelines for '. . . solid waste recovery, collection, separation, and disposal systems. . . .' No mention is made here of guidelines which would permit EPA to determine the composition of the solid waste or permit EPA either to order the means reducing the volume of solid waste or to order the reuse of materials which would otherwise become solid waste."

Both EPA Council and the Department of Justice rebutted these arguments:

"The legal arguments contained in the Commerce letter are not persuasive. Commerce indicates that EPA is ordering certain means of reducing the volume of solid waste and argues that EPA may not do this. One of the findings of Congress set forth in . . . the Act was that the problems of disposal necessitate Federal leadership in the application of methods to 'reduce the amount of waste'."

In addition, the reuse or re-cycling which will result from the imposition of a five-cent deposit is . . . "wholly consistent with the Act, mandating guidelines for 'recovery systems . . . defining resource recovery systems to include re-cycling and recovery' of solid wastes, as well as 'collection and separation systems'." (EPA Council, September 4, 1975).

"The statutory authority for the EPA's action is established in Sections 209(a) of the Solid Waste Disposal Act. . . . A guideline contemplating a monetary deposit on beverage containers, which would encourage the return of those containers, is a system for the management of the beverage container input into the solid waste stream. *It is most certainly a method of 'recovery, collection, separation and disposal'* of the waste generated by beverage use, and therefore, publication of a guideline is authorized by law."

"It is our conclusion that *the Environmental Protection Agency's action rests upon firm legal ground.*" (Department of Justice, August 21, 1975; emphasis added).

Despite the approval of the Guidelines by the following Federal Agencies, and the legal opinions affirming EPA's authority to do so, it appears that publication of the guidelines may be jeopardized.

FEDERAL AGENCIES IN THE AFFIRMATIVE

Department of the Interior.
Department of Agriculture.
Department of Labor.
General Services Administration.
Tennessee Valley Authority.
Postal Service.
Energy Research and Development Administration.
Department of Health, Education, and Welfare.
Veterans Administration.

Since early in June, the EPA has had their efforts to promulgate the proposed guidelines lobbied against heavily by the can and bottle manufacturers. First, on June 2, 1975, the draft form of the guidelines was transmitted to the can and bottle lobbies. Secondly, after Agency comments on the draft version of the Guidelines were received by the EPA, they were given to the bottle and can manufacturing lobbies.

As a result of these two incidents, the EPA has now been persuaded to delete a section of the proposed guidelines which would have recommended that state and local governments consider programs of beverage container recovery.

Obviously, the whole decision making process concerning these Guidelines, to date, has not been made public by having the proposed Guidelines published for comments from the public at large.

The industry has been intimately involved at all stages of the Guidelines' development, but the public has been kept in the dark. The public has not even had the benefit of a proposed form of the Guidelines to comment on, while industry has maintained its contacts with government officials.

Prompt publication of the Guidelines in the Federal Register, as is required by the Solid Waste Disposal Act, and determined legally sound by the Department of Justice and EPA Council, is needed now. An open debate on the proposed Guidelines should begin, a debate which can only commence after publication, not before. There is no reason to delay longer than EPA already has in moving the Guidelines ahead.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

EXTENSION OF THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 9524, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 9524) to extend the Emergency Petroleum Act of 1973.

The PRESIDING OFFICER. Time for debate on the bill, on the Mansfield substitute, and on the Muskie amendment to the Mansfield substitute, shall not exceed 1 hour in total, the vote to occur on the bill as amended, if amended, at not later than 10:30 a.m.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time start running as of the hour of 9:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The time to be charged equally against both sides?

Mr. MANSFIELD. Against each side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GARY HART). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, if the Senator will yield, I ask unanimous consent that at the conclusion of the statement by the distinguished Senator from Washington (Mr. JACKSON) the distinguished Senator from Oklahoma (Mr. BARTLETT) be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I commend President Ford for accepting the offer of Congress to extend the price control and allocation authorities of the Emergency Petroleum Allocation Act.

The extension now before the Senate, which we can anticipate will be quickly acted upon by the House and signed by the President, will achieve these important objectives. First, the extension restores petroleum price controls, on a retroactive basis to September 1, until November 15. Second, it provides that no decontrol plan shall be submitted to the Congress by the President before November 1. Third, as a result of action taken by the Democratic Caucus, the extension provides procedural safeguards to guarantee the Senate an opportunity to address the merits of, and vote upon, any decontrol plan the President may submit thereafter.

Mr. President, when this issue last arose in the Senate on September 11, no agreement was possible. President Ford, who was contacted in New Hampshire at that time, was unwilling to sign a bill extending price controls beyond October 31 and would not agree to forgo, for a reasonable period, use of the extension as a vehicle to short circuit negotiations by submitting another oil price decontrol program. As the distinguished Senator from Maine (Mr. MUSKIE) pointed out during the debate on September 11, the President's position seriously undermined efforts to obtain a legislative resolution of this issue and a reasonable compromise with the White House.

Whether President Ford has been reading the economic indicators or only the results of the New Hampshire election, he should be congratulated for agreeing to this extension.

Mr. Ford and the Congress have been eyeball-to-eyeball for months. Fortunately for the people of this Nation, the President blinked first.

The important element of the extension legislation is that it gives the President time to rethink his ideas about price control and time for the House and Senate to write a final overall energy policy for the Nation.

For the first time in months, we can begin to deal with the substantive issues without the overt threat of a Presidential veto hanging over our heads.

The House and Senate will shortly open conference on a major legislative effort to deal with energy supply, energy conservation and petroleum pricing: H.R. 7014 and S. 622. Both the House and Senate bills are the result of literally hours and hours of hearings, debate, and negotiation. This legislation can serve as the basis for an equitable solution to the current impasse over energy prices.

The agreement with the administration on an extension of the Allocation Act which the distinguished majority leader (Mr. MANSFIELD) has obtained, will permit a fair and rational process to function and produce a number of important elements of a national energy policy in addition to a policy for petroleum pricing. Standby energy authority, strategic reserves, fuel efficiency standards and mandatory energy conservation are among the subjects to be considered.

No one can predict the outcome of this conference. The House and Senate versions differ widely in a number of respects. There are literally hundreds of items which must be dealt with.

I would be far more confident of success if the President would signal to us his intention to abandon his alliance with the major oil companies and their determination to raise gasoline prices.

I do not believe Congress or the American people will permit a new surge of inflation simply to reach a paper agreement.

It is clear that the problems associated with energy conservation and energy supply are much more complicated than has been evident in the administration's rhetoric about the need to raise energy prices. A solution to the energy pricing issue will not be easy to devise, but I am sure that we all will dedicate our utmost efforts to reaching an equitable proposal. These efforts, for the first time this year, will be permitted to proceed in the context of legislation.

Swift passage of the extension legislation proposed today will protect consumers and set the stage for good-faith negotiation on the fundamental and highly important issues of energy policy. I urge support of this compromise proposal.

Mr. President, I congratulate the majority leader again, and I congratulate and commend the distinguished Senator from Maine (Mr. MUSKIE) who has worked long and hard in trying to hammer out a compromise solution. I think we have achieved, Mr. President, the two main objectives here. One is that we have extended the time for 75 days, beginning September 1, to November 15; and, second, we provide the procedural safeguards so that the Senate, within a 5-day period, under the substitute proposal or the amendment which will be offered to the House-passed bill, will, in fact, be able to take final action on any proposal the President may submit between November 1 and November 15. Previously we could not do that. We tried and we failed. The House was successful under their procedures.

Both Houses, or at least the Senate, in any event, will have the means by which it can work its will within that 5-day period. The amendment as proposed will provide for a final vote within the 5-day period, one way or the other.

I think that overcomes some of the basic problems, Mr. President, that we faced when this matter was being last considered. Both hurdles have been overcome; namely, we have provided the extension to November 15 which is consistent with the effort that will be going on to hammer out an agreement between the House and Senate, the conferees having been appointed on both sides to hammer out a pricing policy; and second, we have the legislative safeguards which we did not have when this matter was last before this body.

Having achieved both, I pay tribute to the majority leader for his effort and the distinguished Senator from Maine for putting this all together in what I hope will be a unanimous vote of approval here so we can get on with the larger problem, Mr. President, of working out a solution.

I yield the floor.

Mr. FANNIN. Mr. President, I yield to the distinguished Senator from Connecticut if the Senator from Oklahoma will yield for a unanimous-consent request.

Mr. BARTLETT. Yes, I will yield.

Mr. WEICKER. Mr. President, I ask unanimous consent that Fred Mann of my staff be granted privilege of the floor during the debate on this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, if the Senator will yield, I ask unanimous consent that Stephen Entin of my staff be granted privilege of the floor during debate on this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, I ask unanimous consent that David Stang be granted privilege of the floor during debate and vote on this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Will the Senator yield for just a moment?

Mr. BARTLETT. I yield to the Senator.

Mr. FANNIN. I thank the distinguished Senator from Oklahoma.

I wish, Mr. President, to join the distinguished chairman of the Interior Committee in his praise of our very capable and cooperative leadership in the Senate.

The majority leader has done a commendable service in assisting in bringing this matter to a successful conclusion with the President. The minority leader, of course, also has been working with the President. The Senator from West Virginia has given his full cooperation. He has worked diligently along with other members of the leadership.

I feel that we are starting on a path which could, in the next month, 6 weeks, or even sooner, bring us closer to some of the goals we all have as related to energy policy. That is a compromise plan acceptable to all, which would phase out price controls on petroleum.

Indeed, the only purpose of this limited extension of the Emergency Petroleum Allocation Act is to provide Congress and the Executive adequate time and opportunity to reach mutual agreement on a long-term petroleum pricing policy.

The majority leader has been working, cooperating, coordinating the efforts, for many weeks and months in an attempt to achieve this goal.

I feel that work has been done and is very important to solving some of the very serious energy problems of this Nation.

Mr. President, I thank the distinguished Senator from Oklahoma for yielding at this time.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I am opposed to any further extension of EPAA.

As long as price controls and other

controls are in place, it is not going to be possible to increase supplies enough to solve our energy problems.

If there is to be a compromise, and if that is the will of this body and the will of the Congress, then I think it would make much more sense to compromise from the position we now have of no price controls at all and move from that position. This will certainly bring on additional supplies if any way will. I have real confidence in the uncontrolled market and the free enterprise system. It does not make sense to retroactively adopt controls that have not done the job.

Retroactively adopting a program that has in it criminal penalties may very definitely be an illegal procedure. I think it would be unconstitutional and illegal because the criminal penalties would be adopted retroactively.

But as far as the shortage itself is concerned, it seems that the Democratic leadership—and I am not referring just to the majority leader, but to the entire leadership that formulates and prepares a position on the other side—has asked for more time. They have not yet developed a program and continually have had policies that I would consider to be no solution for the energy problem.

I certainly am willing to walk in a cooperative way to solve this problem, but I think we need to know in which direction we are walking. Are we walking toward a solution or are we continuing to walk away from a solution?

I am afraid that there really is not any commitment. If there is, I certainly would like to hear of it from the Democratic leadership. Are they going to find a solution to the problem, to provide more domestic reserves, to move toward a free market, to decrease the leverage of price setting that the OPEC nations now enjoy?

The uncontrolled market is the only solution and we must let it work.

We could look at the natural gas situation over the last 21 years and it is a classical example of a nonworking, no win policy, and yet we continue to follow it.

We have a number of States which have, Mr. President an uncontrolled intrastate. It is rather interesting in the State of Oklahoma that the supplies of natural gas, the gas reserves, have increased but the increase in utility payments of the citizens of our State in this uncontrolled market averages, over the recent years, about 4.8 percent per year, a rather modest increase considering the rate of inflation.

I am opposed to price controls because they limit the amount of capital that is available to industry for reinvesting in energy projects. The amount of money that must be invested is tremendous. The Chase Manhattan Bank estimates the total requirement for the period 1970 to 1985 to be some $2.2 trillion with a 10 percent inflation rate.

I think this has been recognized by Chairman JACKSON and others.

Mr. JACKSON. Will the Senator yield for a unanimous-consent request for staff?

Mr. BARTLETT. Yes.

Mr. JACKSON. Mr. President, I ask unanimous consent that Bill Van Ness, Tom Platt, Grenville Garside, Ben Cooper, Pat Berry, Jackie Lovelace and David Johnson, the last gentleman from Senator MUSKIE's staff, be granted privilege of the floor in connection with the consideration of the pending matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. I thank the Senator.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Tom Biery of my staff be granted privilege of the floor during this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARTLETT. Mr. President, I was just saying that the chairman (Mr. JACKSON) recognizes the shortage of capital for the drilling of wells in the hostile areas of the Outer Continental Shelf, Alaska, the North Slope, but instead of wanting to enable the companies engaged in this effort to have a chance for more profit and more capital, he is talking about making available money from the Federal Government for national oil companies, which would be partly and probably mainly funded by Federal moneys.

It is interesting when we talk about making Federal money available that this money comes from the private sector, and it is money that if funneled through the Federal Government deprives the private sector of that much funding for its own operations.

The petroleum industry earnings have been bandied about for a long time. The profits of the 25 leading oil companies in the second quarter of 1975 totaled $2.3 billion, down 35 percent, from profits of nearly $3.6 billion in the second quarter of 1974. For the first half of 1975, profits of the 25 companies were $4.5 billion, down $2.5 billion, or 36 percent, from the $7 billion in the first 6 months of 1974.

If we even take a long look at profits, from the second quarter of 1973 until the second quarter of 1975, and we discount these profits for the rate of inflation that has taken place in that period, we find that the profits of these companies in real terms actually fell by at least 16 percent. This was during the period of 1974 in which the profits were called "obscene" by some people.

So I am opposed to the extension of the EPAA because it will eventually lead, I believe, to less energy being found and an inadequate compromise or perhaps no solution at all, like the oil pricing provisions currently incorporated in H.R. 7014.

I believe a lot of people should realize that the 39-month plan that is advanced by the President will require 33 of these months for the oil companies to regain the $2.5 billion that was taken from them in the form of additional taxes when the depletion allowance was passed.

It makes no sense to continue to pay our producers less for their energy than we pay foreign producers. Price controls are self-defeating. For as long as they are in effect, we are giving more leverage to OPEC because we are not maximizing our efforts to increase domestic supplies.

The marginal cost of producing oil and gas in the United States is many times higher than in the Mideast. To require our producers to sell some of their commodities at less than replacement cost, even for a short period of time while price controls are being phased out, forces our producers into self-liquidation. They are not able to earn enough on existing production to replace that production with new discoveries.

With such a system, it is no wonder that our production continues to decline. Our exploration and development efforts are not yet adequate enough to obtain the degree of energy self-sufficiency we require.

We are currently operating only one-third the number of rigs which would be required for self-sufficiency. Last week, there were 1,706 rigs actively drilling. But there were 2,028 rigs available and 151 of these were stacked because of lack of demand. The oil industry does not have even enough capital to operate all the rigs available let alone to increase the number to the 5,400 required to find and develop enough oil and gas to meet current demand.

I do not support any further extension of the EPAA. It is unfair to oil producers and land owners in Oklahoma and in other States; and it mandates policies which are exactly counter to our Nation's energy goals.

The entitlements program results in a subsidy of imports by our own producers. It encourages greater imports at a time when we want to reduce them.

Because of the price controls, demand is stimulated and domestic supply is reduced.

Competition is stifled because the act tends to protect inefficient businesses; because it tends to protect profit margins in certain segments of the industry; because it fixes supplier/purchaser arrangements and does not allow consumers any flexibility in acquiring petroleum products; and because it tends to protect competitors at the expense of consumers.

I do not support an extension of the EPAA because the economic consequences will not be nearly as severe as some are predicting. Once the tariff is removed the price increase resulting from decontrol will be 2 to 3 cents per gallon perhaps less. Consumers would again be permitted to receive the advantages of competition. This will hold prices down even more.

Those who favor an extension of the EPAA because some independents might be forced out of business without it seem to be saying to the oil industry: We do not want you to raise prices because of the effect on the economy and consumers, but if you keep prices low we will accuse you of predatory pricing practices and of overt collusion to run the independent sector out of business.

This is wanting it both ways, and in my mind is only an attempt to play both ends against the middle for the purpose of political gain. The energy problem is too serious for our Nation's elected representatives to play politics with it.

I do not believe either the economy or the independent sector will be unduly disadvantaged without petroleum price and allocation controls. Independent refiners and marketeers flourished prior to the embargo when there were adequate world petroleum supplies available. The situation is not much different now. Furthermore, even the integrated oil companies are deficient in domestic crude and the profit margins on foreign production are not sufficient to permit any subsidy of domestic prices. I favor the idea of phased out support programs to take care of the independents and the traditional propane markets. But an all-encompassing, permanent control program is not necessary to handle these problems during the adjustment period from controls to no controls.

There have only been controls like the controls on the petroleum industry is the normal situation in this country. It is not. There have only been controls like the EPAA for the last several years. The EPAA was passed because of an embargo, which created an abnormal petroleum shortage which no longer exists. The sooner we get rid of this act, the sooner industry will be able to get on with the job of finding and producing energy for this Nation.

By extending this act, we are kidding the American people. No agreement on a solution or compromise has been made. This is just another attempt at no-win, no-solution politics, a charade to be performed by the majority of the Congress of the United States.

The PRESIDING OFFICER (Mr. MORGAN). The Senator from Maine.

AMENDMENT NO. 878

Mr. MUSKIE. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. How much time will the Senator yield himself?

Mr. MUSKIE. I yield myself 5 minutes.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed by Mr. MANSFIELD to H.R. 9524, an Act to extend the Emergency Petroleum Allocation Act of 1973, strike all after the enacting clause and insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Petroleum Allocation Act of 1975".

EXTENSION OF MANDATORY ALLOCATION PROGRAM

SEC. 2. Section 4(g)(1) of the Emergency Petroleum Allocation Act of 1973 is amended by striking out "August 31, 1975," wherever it appears and inserting in lieu thereof November 15, 1975".

SEC. 3. It is the intent of the Congress that the regulations promulgated under the Emergency Petroleum Allocation Act of 1973 shall be effective for the period between August 31, 1975, and the date of enactment of this Act.

SEC. 4. The purpose of this limited extension of the Emergency Petroleum Allocation Act is to provide Congress and the Executive adequate time and opportunity to reach mutual agreement on a long-term petroleum pricing policy. During the period of this extension it is the intent of the Congress that the status quo shall be maintained and the President shall institute no major change in petroleum pricing policy under section 4(g)(2) of the Act prior to November 1, 1975. Any adjustment the President may make in price shall be in accord with his policy on inflation impact statements and economic justification set forth in Executive Order Numbered 11821 and in Circular Numbered A-107, January 28, 1975, Office of Management and Budget.

Any Senate resolution to disapprove a Presidential decontrol proposal submitted under 4(g)(2) shall be immediately placed upon the Senate legislative calendar and any motion by The Majority Leader on his designer. Thereafter to proceed to the consideration of such disapproval resolution shall be decided without debate and by majority vote; and within 48 hours after the disapproval resolution is made the pending business or sooner if otherwise ordered by the Senate, the Chair shall direct the Clerk to call the roll on the fund disposition of the disapproval resolution without any further debate on intervening motion, any other rule or provision of law notwithstanding.

Mr. MUSKIE. Mr. President, I do not think it is necessary for me to prolong discussion of this amendment. It is the product of negotiations involving the administration and the Republican leadership of the Senate as well as the Democratic leadership.

As Members will recall, a week before last Senator MANSFIELD introduced an amendment in the nature of a substitute to the House bill which would have provided for an extension of the Allocation Act until 60 days after enactment, which, in effect, would have extended it until about mid-November. There was considerable discussion of the substitute at that time and we were unable to reach agreement on going to a vote on it. On both sides there appears to be some difference of opinion as to whether or not the Allocation Act ought to be extended for the purpose of giving both sides an opportunity to respond to the situation created by the veto and the failure to override the veto.

My own feeling has been that we need to keep the lid on prices as much as we can while we are trying to work out an agreement and hopefully a compromise of some sort.

There is restraint at the present time in the marketplace. The administration, at the time of the veto, indicated that restraint had been promised.

We have no indication as to how long that restraint might be effective or when it might begin to break down.

For that reason, I felt it was very important to continue the restraints imposed under the Allocation Act for the last year and more so that we could respond to the new situation created by the veto and the failure to override. It was in that spirit that I offered a resolution in the Democratic caucus providing for this kind of an extension, and Senator MANSFIELD introduced it, reflecting the response of the caucus to that proposal.

Now, since that time, there has been considerable discussion of this kind of an extension. The amendment which I have called up reflects the results of that discussion. What it would do is this:

First. It would provide for extension until November 15 of this year.

Second. It would provide that the President would suspend use of the so-called section 4(g)(2) authority until November 1. That authority, as Members will recall, gives the President the prerogative of sending up a plan to the Congress, that plan to take effect, unless rejected by either House, within 5 days. It was my feeling and the feeling of the caucus that that 4(g)(2) authority ought not to be used for some time in the extension period so that we could have a meaningful, uninterrupted effort to reach a pricing policy on which agreement might be reached.

There was not really a serious challenge to that idea on either side. But the argument was as to how much time ought to be provided for the suspension of that authority.

The administration, as I understand it, has now agreed that authority be suspended until November 1. The amendment reflects that agreement.

The final point that is covered by the amendment is this one: Senator JACKSON several times in the discussion of this proposal has, I believe, identified another problem. At the time the 5-day provision was written into the law, adequate consideration was given to the fact that 5 days was not long enough as a practical matter to permit the Senate to act, if any Senator or Senators desired to prolong discussion.

So it was felt that there ought to be written into this amendment safeguards that would insure a Senate vote within that 5-day period, if that was the desire of the Senate.

This, then, is what the amendment proposes:

First. An extension of the Allocation Act until November 15.

Second. Suspension of the President's 4(g)(2) authority until November 1.

Third. In the event the President uses that authority after November 1, procedural safeguards which will insure that the Senate can come to a vote on any plan the President might send up within the 5-day period given for congressional action.

I think that is a pretty clear description of the amendment.

As I said, I applaud the efforts of the minority leadership in resolving this matter—especially the work done by the Senator from Delaware (Mr. ROTH) who introduced the first price extension amendment immediately after the President's veto.

I might add just one further observation. There is, of course, no assurance in my amendment that there will ultimately be an agreement on the substantive issues involved, that there will ultimately be an agreement on a pricing policy, for example. All there is in this amendment is an effort to insure that there is free and unrestricted time, not prolonged, reasonably short, for both sides to pursue their own substantive directions in the hope that maybe at the end of the line, there can be an agreement, a result, and a policy.

I think the country wants a result. I think the country wants a policy. I think it is incumbent upon all of us, in the administration and in Congress, to work toward that end. But as far as I, personally, am concerned, I have not come hard down on a substantive pricing policy as yet. I feel very strongly that prices ought to be held at the present level, in the present economic circumstances. I have said so and I have said so vigorously.

At the same time, I do not think the country can afford to have this continued, prolonged disagreement without a resolution of that disagreement at some point. It is in that spirit that I offer this amendment.

It is in that spirit that I have discussed it with representatives of the administration and the Republican leadership. It is in that spirit that I urge the Senate to support this amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MUSKIE. Mr. President, I yield myself 5 more minutes for the purpose of answering questions that may come up. If there are no questions at this time, I shall withhold that time.

Mr. ALLEN. If the Senator will yield, there is one question I would like to ask.

Mr. MUSKIE. I yield myself 2 minutes.

Mr. ALLEN. I should like to comment on the amendment at a later time.

The Senator has spoken of the compromise. Has the compromise been agreed to, more or less, in the other body as well?

Mr. MUSKIE. I understand that the leadership has agreed to it and has agreed to push this compromise.

Mr. ALLEN. And probably it can be enacted within the next few days.

Mr. MUSKIE. I should hope that no conference will be needed. I should hope that it might be adopted today.

Mr. ALLEN. If the Senator will yield——

Mr. MUSKIE. I yield the floor for the moment.

Mr. ALLEN. Will the Senator yield time to me if he is in control of the time, 5 minutes?

Mr. MUSKIE. I yield 5 minutes to the distinguished Senator from Alabama.

Mr. ALLEN. I thank the Senator from Maine. I commend him for his leadership in his amendment, the majority leader's amendment, which was submitted, I believe, back in September. This amendment is not dissimilar to the majority leader's amendment which was offered——

Mr. MUSKIE. Will the Senator yield for a request for the yeas and nays?

Mr. ALLEN. Yes.

Mr. MUSKIE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ALLEN. This amendment is not too dissimilar to the amendment of the distinguished majority leader when the bill was offered before the Senate on September 11, I believe. The House bill, of course, extends the Allocation Act for 2 months from its expiration, which would carry it, then, to the 1st of November. It did not have a provision preventing the President from immediately sending up a decontrol plan under the provisions of 4(g) (2). The majority leader's amendment, which was the product of the distinguished Senator from Maine (Mr. MUSKIE), provided for a 60-day extension from date of enactment. The present amendment would be for a somewhat lesser period, because it would only be a little over—it would be less than 50 days' actual extension.

The majority leader's amendment had the feature that the President could not send up a plan, a decontrol plan. He could send up all the proposed legislation he wanted to, but he cannot send up a decontrol plan under provision 4(g) (2) of the act until the expiration of 45 days. Then he would have the last 15 days. This gives Congress a somewhat lesser period than the original Mansfield amendment gave, so the President would be precluded from sending up such a take-it-or-leave-it plan until the 1st of November. Then, between the period of November 1 and November 15, he would have authority, under the present amendment, to submit such a decontrol plan.

In conference, when this matter was under consideration, I suggested this 15-day period, because I did not want and I do not want to see controls extended more than this one time. If Congress is unable to come up with a pricing system or a control plan, or whatever it wants to offer, in the allotted time, the President would have a 2-week period or a period of 15 days in which to submit a plan. I am going to serve fair warning that if Congress cannot come up with a plan that can be agreed to in Congress and approved by the President, or else passed over his veto, then I am going to give very serious consideration to the President's gradual decontrol plan. If he would submit the 39-month period again, then I would be inclined to support that. But I do favor Congress having the untrammeled right, or the right that would not be interfered with by the President, having the right solely to consider such a plan or a policy without having to look over its shoulder, so to speak, to see if the President is going to submit an additional decontrol plan.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MUSKIE. I yield him 2 more minutes.

Mr. ALLEN. I thank the Senator.

I do favor the amendment of the distinguished Senator from Maine, which is not too different from the original plan.

It has the added feature that there would be a mandatory vote on a gradual decontrol plan which the President might submit under the provisions of 4(g) (2). There is that approval.

I spoke in favor of the majority leader's amendment 2 weeks ago. I would still be for it if that were submitted. I think that, very likely, the present amendment is an improvement and I do plan to support it.

I hope Congress can come up with a policy or a plan in this allotted time. We go out for a recess, it seems, in a week or 10 days, right in the midst of this plan. I question our ability to act in this time. But if we do not act, I think we ought to give very serious consideration to the President's gradual decontrol plan.

Mr. MUSKIE. Mr. President, I appreciate the comments of the distinguished Senator from Alabama and I especially would like to express my appreciation for his contribution in the form of this amendment. The idea of giving the President some time at the end of the period to submit a plan for the purpose of crystalizing the issues, I think, was a constructive contribution. I think that that contribution has made possible this agreement on a time extension. I wish to express my appreciation to the Senator.

Mr. ALLEN. I thank the Senator.

Mr. MUSKIE. I yield to the distinguished Senator from Washington.

UNANIMOUS-CONSENT AGREEMENT—S. 622

Mr. JACKSON. Mr. President, I ask unanimous consent that the Secretary of the Senate be directed to request that the House return to the Senate the message on S. 622. The reason for this unanimous-consent request is that I had neglected yesterday, after agreement with the minority, to add three amendments which, in effect, are the three bills passed by the Senate relating to the subject matter of the upcoming conference.

The PRESIDING OFFICER. Without objection, it is so ordered.

The time of the Senator from Maine has expired.

Mr. MUSKIE. I yield myself 2 more minutes.

The PRESIDING OFFICER. The Senator has no time remaining.

Mr. FANNIN. Mr. President, we just have 12 minutes remaining, if the Senator can withhold.

Mr. JACKSON. The unanimous-consent request was agreed to.

Mr. FANNIN. Fine.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. JACKSON. It is moot.

Mr. FANNIN. I thank the distinguished Senator.

EXTENSION OF THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

The Senate continued with the consideration of the bill (H.R. 9524) to extend the Emergency Petroleum Act of 1973.

Mr. FANNIN. I yield 5 minutes to the distinguished Senator from Connecticut.

Mr. WEICKER. I thank the distinguished Senator from Arizona.

Mr. President, I rise to very reluctantly support the amendment of the distinguished Senator from Maine.

At the outset, I believe it is important to note that the Senate has had this matter before it for 2 years, and for 2 years we have been unable to come up with a national energy policy.

It is very well to criticize the President, and I disagree with many of the specifics that he has proposed. The fact is he has had the plan; we have not.

I wonder whether or not within an additional 30 or 45 days we are going to be able to accomplish what we have not been able to do within a period of 2 years.

On the other hand, there is a major conference of which I am a member coming up as between the House of Representatives and the Senate. I am sure there will be input also from the administration. In one last attempt to arrive at an energy plan for the United States of America, rather than any particular political party or Presidential candiate, I feel that this amendment should receive our approval.

I also very much support the comments of the distinguished Senator from Alabama. If the Congress is unable to do the job by November 15, then I certainly intend to support the President's plan. This country needs a national energy program. The energy crisis is not a northeast crisis, or a southern crisis; it is not a crisis of poor or a crisis of rich; it is a national crisis that demands national attention. It is incumbent upon the Congress and the executive branch to develop a national energy plan, which is so essential to our economic recovery.

Before we begin these important negotiations, I want to point out one thing. Price, as far as I know, is going to be determined by the law of supply and demand. We can fudge or hedge that point if we want but the fact remains that price is going to be determined by that law.

On the demand side, no one apparently has been willing, politically, to do what is necessary, specifically, to impose mandatory fuel conservation.

Oh, we can talk about more fuel efficient cars, mass transit, and alternate sources of fuel. Those are easy solutions. However, the impact of these long-range programs will not be felt for 5 years or more.

The only thing we can do today is to conserve. Therefore, we have two choices. We can either thrust that burden on the poor, elderly, and fixed income people, if we ration by price, or we can go ahead and devise a plan and distribute the solution over all Americans.

Congress and the President have both determined that the imposition of a tough enemy conservation program is politically not the wise thing to do. I think it is the right thing to do. By dampening demand, we will take an important step toward reducing price.

We now come over to supply—that is the other part of the equation—to get enough of the commodity onstream so that, in effect, it will bring the price down.

That is why I have supported and continue to support decontrol.

Mr. President, we cannot continue this present course of inaction. To date, we have done nothing to encourage conservation or to spur domestic oil production. What we have ended up with is scarce and high-price energy.

That is exactly what we have today, because we insist, as politicians, to ignore that very basic law of supply and demand.

It is very interesting to note that many of the Democratic Governors have been making statements of late that indicate they might favor some decontrol of natural gas because they realize what the crisis is going to be this winter in that area. They realize that, again, the law of supply and demand has to come into operation if indeed they are going to have enough of that commodity in their States.

Why have decontrol? Having voted for decontrol and having been accused of being anticonsumer, what is it that all of a sudden makes decontrol all right in the area of natural gas but not all right in the area of fuel?

Mr. President, the unemployment rate in my State of Connecticut continues to rise. As I have often stated, the gasoline lines of 1973 were replaced by the unemployment lines today.

The sudden boost in fuel prices in 1973 raised havoc with our economy. We are still feeling the effects today—until we begin to resolve this energy crisis, the United States will remain economic prisoners of war to an oil cartel.

We must face up to some tough decisions and recognize the simple economic facts of life. The most basic truth of all—the law of supply and demand must be followed. Never mind how tough it may be on the Congress politically. Mandatory conservation means lower demand. Price decontrol means greater supply. The combination means a way out of the economic hell that has wracked this country, in my State of Connecticut in particular.

I am hopeful that the House-Senate conference committee will agree on an energy policy that puts this Nation on the road to energy self-sufficiency.

The PRESIDING OFFICER. The Senator from Arizona has 6 minutes remaining.

Mr. FANNIN. Mr. President, I yield 4 minutes to the distinguished Senator from Ohio.

Mr. TAFT. Mr. President, I thank the distinguished Senator for yielding.

Mr. President, this is a welcome development. Indeed, it removes our energy policy, however briefly, from the realm of confrontation and at the same time, we are making a promise, I trust, to take action without undue delay.

The energy problem, it seems to me, is not merely one of price, which has been mentioned a good deal here this morning, but one of energy, supply, conservation, and capital necessary to make the investments produce the additional energy supply that is needed in all of the various fields.

I find I am very much in agreement with the approach taken to a temporary answer to this problem. In fact, last Friday I wrote to the President and delivered a letter to the White House advocating almost exactly the step that has been taken in this amendment, that is now proposed, and I welcome it.

I heard almost immediately the next morning from Mr. Zarb, and he commenced by agreeing with the general position I took, and he then came to the Hill and, working with the Democratic leadership, was able to work out this compromise solution.

Mr. President, I ask unanimous consent to have printed in the RECORD at the end of my remarks a copy of my letter to the President of last Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TAFT. Mr. President, there is clearly a need for a long-range solution to this problem. As the Senator from Connecticut has said, we have taken some 2 years of worrying around this problem without ever really getting down to the brass tacks of doing something about it. In spite of my welcoming this temporary emergency extension, which I think is necessary and eliminates some risks that might be involved, I must say I am not sanguine at all about the prospects of our being able to work out a solution to the problem in the period that is involved here.

If it does not work out, I must say I think there is little alternative but to go to decontrol and take the risks that are involved. The lack of any response of the market to the brief period that just occurred in the past few weeks is some indication of what might happen.

I think also this morning we should all look at the developments in the Arab oil world very carefully because apparently there was a major breakup in OPEC yesterday over the proposed increase in pricing that is involved.

I also suggest to those who are working on committees that they take a look at another suggestion that came up recently that seems to me to have merit of being considered fully by Professor Adelman, a great expert in this area, advocating that we turn to looking at import licenses to the nations desiring to import oil into the United States with those import licenses bid on a secret bid basis and kept on a secret bid basis.

I believe firmly this might have an impact on OPEC where we already see, I think, some tendency to see division and breakup with market factors beginning to be taken into consideration.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. TAFT. I note the distinguished Senator from Oklahoma mentioned that, and I am glad to yield to him.

Mr. BARTLETT. I ask the Senator from Ohio a question because he mentioned the OPEC meeting that is going on now.

Does the Senator believe that the action taken here today presumably by Congress and the President extending price controls will encourage the OPEC nations to reduce the increase or have a larger increase in price?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TAFT. I do not know which way, but, for any prolonged period, I am inclined to think the impact could be adverse insofar as we are concerned. The temporary extension, my inclination is, is not going to be of any significant moment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BARTLETT. I thank the Senator.

EXHIBIT 1

SEPTEMBER 19, 1975.

DEAR MR. PRESIDENT: As one who has supported your efforts to develop a national energy policy, including the support I gave to your veto of the six-month postponement of action by the Democratic leadership in Congress, I am today urging you to agree to a 60-day extension of the Emergency Petroleum Act. I am also urging you to agree not to use section 4(g)(2) of the emergency bill during the 45-day period requested.

I believe that this action will place the energy bill squarely in the court of the Congressional leadership.

During the long debate over oil pricing policy I have advocated phased deregulation. I have written to you in the past that I do not feel that immediate deregulation is in the best interest of our economy, as we come out of the recession and try to combat inflation.

In candor, I have severe doubts that the Congress can agree on a phased deregulation in 45 days. As you know, the record of the Congress is not good on the issue.

The Democratic Policy Committee has asked for a 60-day extension with no use of section 4(g)(2). This section permits you to submit a deregulation plan subject to Congressional disapproval. I would urge you to accept their proposal, to go the extra mile, and to agree not to use the 4(g)(2) power for the 45 days, and to have the 60-day period begin on day of enactment, if enactment comes before September 26, next Friday.

After spending time recently traveling in many parts of Ohio, I am convinced that the people are tired of confrontation and want compromise on the issue.

While I am not convinced that this good faith effort on your part will be accepted, it can do no harm and might resolve the issue.

I look forward to continuing to work with you on the passage of a national energy program.

Sincerely,

BOB TAFT, Jr.

Mr. FANNIN. Mr. President, I yield time to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, how much time do I have?

The PRESIDING OFFICER. Less than 2 minutes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent there be an additional 5 minutes, time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, the Senator from Connecticut well put the problem with which the Senate and this Congress has been involved for at least 2 years, generally, and at least since last February, specifically, trying to solve the energy crisis.

We all remember the debates we had here in the middle of February when the President had imposed his $1, then $2, and it was to be $3 tariff. Congress overruled his power to do it. He vetoed it. We asked for 60 more days in order to have an energy policy. We did not complete one.

I am not here to blame anyone, but we did not have one, or certainly we did not have one that was acceptable to the President.

We now have an additional roughly 45 days from the time this will go into effect, and that is time enough to come up with an energy policy. I think it is time enough to come up with an energy policy that will be acceptable to the President, but it means more than just decontrol of oil, whether it is immediate or over 2 or 3 or 4 years, and the deregulation of natural gas. That is not an energy policy. That is part of an overall policy. That is not conservation of resources. That is not production of additional energy.

I hope that we do not bog down in the next 45 days as to whether we should decontrol oil over 1 year or 2 years or 3 years or 4 years and whether we should deregulate gas, or that just the Outer Continental Shelf should be regulated and the internal gas be unregulated, because that will not solve our problem. That may get us through part of it temporarily. I hope we look at the broader picture in the next 45 days—less the 10-day recess—the next 45 days that Congress has.

Mr. President, I yield the floor.

Mr. FANNIN. Mr. President, the cooperation of the President has been outstanding during the months of negotiation and energy legislation. Time after time he has demonstrated his sincere interest in reaching a compromise with the Congress on energy policy. He has not let partisan politics cloud his judgment on the need for reaching a fair compromise.

I have previously praised the majority leader and the other leaders on the Democratic side, including the Senator from Maine and the Senator from Washington, for their work in bringing this matter to a conclusion so that we have a chance to go forward on this legislation.

In agreeing to this extension, the President has agreed not only to accept an extension of the act until November 15, 1975, but also has agreed, as the distinguished Senator from Maine has brought out, not to submit a plan for administrative decontrol prior to November 1, 1975.

Mr. President, I emphasize that the President has continually met Congress more than halfway on this very difficult pricing issue. It should be clear that this extension places a burden on Congress to legislate an acceptable program to phase out price controls during the extension period.

Should an agreement not be reached during the period of extension the Congress will also have an obligation to pass the legislation requested by the President in order to insure an orderly transition to complete an abrupt decontrol. This includes an acceptable windfall tax program, legislation to assist independent refiners and retail marketers, and standby legislation to control propane marketers during periods of natural gas shortages.

The last matter is of very great importance from the standpoint of shortages. The shortage of propane may be the most serious of all. Of course, a shortage of natural gas results in a shortage of propane.

It goes without saying that Congress must simultaneously move to pass the natural gas legislation to both avoid serious disruption this winter and begin a long-term solution to our declining natural gas supplies.

Mr. President, this morning we are taking the first step in what I hope will be a solution of our energy problems. I assure the majority leader and the Senator from Maine—both of whom will be very active in the decisions that are going to be made—of our cooperation. I know that Senator SCOTT has expressed his full cooperation. We want to work together in taking this necessary step, which will help us greatly in solving the problems we have had in the past.

The PRESIDING OFFICER. The time of the Senator from Arizona has expired. The Senator from Maine has 2½ minutes.

Mr. MUSKIE. Mr. President, I will not use the 2½ minutes.

We all have had a great deal to say in the past months about our differences of opinion with respect to energy policy. I am not going to try to review that; I do not think it would be useful. Under this amendment, we will have 45 days to continue to express our differences.

The point I should like to emphasize is that what we are trying to create here is a period of accommodation. I emphasize that if we are to have an energy policy, accommodation is going to be essential. That is going to require movement—movement on both sides. If either side takes this period as a period of bringing pressure on the other to achieve a unilateral movement, it is not going to work.

So what we are trying to create here is a period of accommodation. I hope that all Senators understand that: that it does not inhibit us from pressing our points of view; but I hope that prior to November 15—and earlier than that, if possible—we will have achieved that accommodation. It is for that purpose that I have offered this amendment.

I yield back the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the agreement of the Senate as to a rollcall vote on the Mansfield amendment be vitiated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Maine. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. TOWER (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Delaware (Mr. Roth). If he were present and voting, he would vote "Yea." If I were at liberty to vote, I would vote "Nay." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers), the Senator from New Hampshire (Mr. Durkin), the Senator from Idaho (Mr. Church), the Senator from Louisiana (Mr. Long), the Senator from Arkansas (Mr. McClellan), the Senator from New Mexico (Mr. Montoya), the Senator from Iowa (Mr. Culver), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Minnesota (Mr. Mondale), and the Senator from Alabama (Mr. Sparkman) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Philip A. Hart) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. Culver) and the Senator from New Hampshire (Mr. Durkin) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. Brock), the Senator from New York (Mr. Buckley), the Senator from New Jersey (Mr. Case), the Senator from New Mexico (Mr. Domenici), the Senator from Arizona (Mr. Goldwater), the Senator from Wyoming (Mr. Hansen), the Senator from Oregon (Mr. Hatfield), the Senator from Nebraska (Mr. Hruska), and the Senator from Delaware (Mr. Roth) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Griffin) is absent on official business.

I further announce that, if present and voting, the Senator from New Jersey (Mr. Case), the Senator from New Mexico (Mr. Domenici), the Senator from Arizona (Mr. Goldwater), and the Senator from Oregon (Mr. Hatfield) would each vote "yea."

The result was announced—yeas 72, nays 5, as follows:

[Rollcall Vote No. 420 Leg.]

YEAS—72

Abourezk
Allen
Baker
Bayh
Beall
Bentsen
Biden
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Curtis
Dole
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Hart, Gary W.
Hartke
Haskell
Hathaway
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tunney
Weicker
Williams
Young

NAYS—5

Bartlett
Bellmon
Helms
Hollings
Stevens

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Tower, against.

NOT VOTING—22

Brock
Buckley
Bumpers
Case
Church
Culver
Domenici
Durkin
Eastland
Goldwater
Gravel
Griffin
Hansen
Hart, Philip A.
Hatfield
Hruska
Long
McClellan
Mondale
Montoya
Roth
Sparkman

So Mr. Muskie's amendment was agreed to.

The PRESIDING OFFICER. The Senate will be in order.

The question is on agreeing to the amendment of the Senator from Montana, as amended.

The amendment, as amended, was agreed to.

ADDITIONAL STATEMENTS SUBMITTED ON H.R. 9524

OIL CONTROL EXTENSION

Mr. DOLE. Mr. President, I support this legislation to extend the oil allocation program temporarily in the hopes that the Congress can work out a reasonable energy program.

I supported this temporary extension 2 weeks ago. For the Senator from Kansas is concerned about the possible adverse impact immediate decontrol could have on consumers, industry, agriculture, and even on some parts of the oil industry. Such as the independent marketers and refiners.

So consumers should applaud this compromise. Except for one thing—we have gone 2 more weeks without a comprehensive program to achieve energy independence.

But what is 2 weeks? It is a miniscule amount of time that could surely be of no harm to anybody as long as something in the way of a clearcut policy comes out of it. By the same token, what is 2 months? Or 6 months? Or 2 years—since the time it first became obvious that we had better come up with a policy to achieve independence from foreign produced oil.

COST TO CONSUMERS

The harm is very simple to explain. Every time we delay, it costs consumers. Some of the costs are hard to see because they are remote and not apparent to consumers. For instance, consumers may not know it but they ultimately bear the costs of inefficient practices and businesses that are kept in existence by Federal controls and bureaucracy.

Some of the costs are not so hard to see. You can read about them in the newspaper. According to my very rough calculation, our lack of a clear-cut energy independence program is probably going to cost consumers something over $2.5 billion. That is 10 percent of our annual oil bill, except that our oil imports are going up all the time—about 40 percent now—so the extra tab consumers pick up will be a little higher.

Ten percent is the increase that it appears the OPEC nations are going to impose on us as a result of the meeting they are having right now. Yet 10 percent is down from the 30 percent that was advocated earlier.

OPEC DISARRAY

And we can see that from the newspaper account that the OPEC nations are in considerable disarray. Moderate members are advocating only a 5-percent increase. The reason is obvious.

There has been a very substantial softening of world demand for OPEC oil and the age-old force of competition and supply and demand is coming to bear. OPEC nations are beginning to recognize that their price increases are having repercussions on them and other nations that are supposed to be their friends around the world.

Mr. President, I am firmly convinced that if we had a clear and firm policy that would lead us to energy independence, the OPEC nations would not be talking about a 30-percent increase, or a 10-percent, or any increase. In fact, they would be talking about lowering their prices to something closer to the cost of production.

And if we had adopted that policy 2 weeks ago, or 2 months ago, or 2 years ago, the cost to consumers in the end would have been less.

CONSERVATION AND PRODUCTION

This is not to say we have not made some progress. We have passed some legislation to improve our conservation efforts. We have passed some legislation to increase our energy research efforts. So we are making some progress toward a comprehensive policy.

But I repeat, Mr. President, that the first premise of my support for this temporary extension and compromise is that during the next 6 weeks, a reasonable and comprehensive energy policy will be worked out and agreed to.

Such a policy, if it is to be both reasonable and comprehensive, must pursue two complimentary goals—conservation and increased production.

So far, those few halting legislative steps we have taken since the end of the embargo have done quite the opposite. By holding down the price of oil, we have encouraged its consumption rather than decreased it. And by holding down the price of oil, we have also discouraged domestic production, rather than increased it.

Neither result moves us in the direction of energy independence, which is our ultimate goal. Only a comprehensive policy that takes the factors of production—which must be increased—and conservation—which must be encouraged—can achieve that goal.

The PRESIDING OFFICER. If there are no further amendment, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read the third time. The bill was read the third time.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Idaho (Mr. CHURCH), the Senator from New Hampshire (Mr. DURKIN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART) is absent because of illness.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. DURKIN) would vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from New Jersey (Mr. CASE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nebraska (Mr. HRUSKA), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

I also announce that the Senator from Michigan (Mr. GRIFFIN) is absent on official business.

I further announce that, if present and voting, the Senator from New Jersey (Mr. CASE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Delaware (Mr. ROTH) would each vote "yea."

The result was announced—yeas 75, nays 5, as follows:

[Rollcall Vote No. 421 Leg.]

YEAS—75

Abourezk
Allen
Baker
Bayh
Beall
Bentsen
Biden
Brooke
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Culver
Curtis
Dole
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Hart, Gary W.
Hartke
Haskell
Hathaway
Helms
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tunney
Weicker
Williams
Young

NAYS—5

Bartlett
Bellmon
Hollings
Stevens
Tower

NOT VOTING—20

Brock
Bumpers
Griffin
Hansen
Hart, Philip A.
Hatfield
Hruska
Case
Church
Domenici
Durkin
Eastland
Goldwater
Gravel
Long
McClellan
McIntyre
Montoya
Roth
Sparkman

So the bill (H.R. 9524), as amended, was passed.

SURVEY OF STATE ENERGY OFFICIALS

Mr. MUSKIE. Mr. President, in recent weeks the Congress and the President have had several confrontations over the issue of petroleum price decontrol. Unfortunately, these confrontations have produced few positive results for American consumers. Controls are off and it looks as though domestic oil prices will be allowed to rise to world prices—consumers will be forced to pay even more for the energy they need. In my own State of Maine, for example, State officials estimate that increased costs for energy could run as high as $72 million if prices are decontrolled.

And yet, the administration has told Congress repeatedly that decontrol is necessary to prompt conservation and encourage domestic production. We have heard time and time again that, in fact, the only way to cause consumers to decrease their energy usage is to allow prices to go up.

I maintain that the situation is less clear than the administration would lead us to believe. I am convinced that the only sure result of decontrol is hardship—unnecessary hardship for many people in this country who are unable to pay more for the energy they need to live.

In an effort to determine how others read the possible effects of decontrol, my Intergovernmental Relations Subcommittee surveyed the directors of State energy offices. These important State officials were asked to respond to several questions related to domestic price decontrol. I found few surprises in their answers.

First of all, nearly all the 44 State officials surveyed saw little or no value in trying to promote conservation of energy through the price mechanism. Twenty-one State officials estimated the effects of higher prices on consumption as negligible, 18 foresaw a small decline in usage if prices were to rise dramatically. Only five thought that moderate price increases might curb consumption but only if coupled with other voluntary and legislative actions.

These figures indicate that those on the front line, the officials charged with the responsibility of dealing with the day-to-day energy problems of citizens in their States see little hope for reducing consumption price mechanism. Further, of those 18 State officials who saw some reduction in usage with dramatic price increases, 11 found that inequities would follow for low-income families and individuals. Clearly, the price mechanism is regarded as a very imperfect means of promoting conservation.

The second major conclusion of the study reflects the intricate interrelationships between energy sources that so complicate the process of developing a rational energy policy for the Nation. Thirty-two of the State officials surveyed projected the natural gas shortage as the worst energy problem they fear this winter. These officials represent both States where natural gas is an important fuel and those States where little natural gas is used. Energy officials from high natural gas consumption States are concerned about the lack of alternative sources of energy. In other States, like Maine, where little natural gas is used, State officials fear that the use of other fossil fuels to replace natural gas may cause shortages of needed fuel oil for home heating and industrial use and drive prices for those fuels even higher.

Clearly the natural gas supply situation must be dealt with quickly to insure that adequate supplies will be available this winter. Our search for a policy must not ignore, however, the delicate balance that exists between the various forms of energy and the economic consequences of major changes in availability.

For those of us who live in Washington, it is easy to view our policy decisions in terms of projected results. Unfortunately, we often forget to consult the people who must implement these policies on a day-to-day basis. For that reason, I think the opinions expressed in this survey should be considered as we continue this debate over price controls.

ORDER TO POSTPONE S. 2299 INDEFINITELY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that calendar No. 359, S. 2299, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—H.R. 6674

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the military procurement conference report is taken up under the agreement, there be a time limitation agreement of 1 hour attached thereto, the time to be equally divided between the manager of the bill, the distinguished Senator from Mississippi (Mr. STENNIS) and the distinguished Senator from South Carolina (Mr. THURMOND).

The PRESIDING OFFICER. Without objection, it is so ordered. May we have order? Will the Senators please take their seats?

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, H.R. 8069, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 8069) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1976, and for the period ending September 30, 1976, and for other purposes.

The PRESIDING OFFICER. May we have order in the Senate, please?

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. Mr. President, are we at long last down to the amendments on the money portion of the bill?

The PRESIDING OFFICER. The bill is open to future amendment.

Mr. BROOKE. Will the Senator yield for a parliamentary inquiry?

Mr. MAGNUSON. I yield.

The PRESIDING OFFICER. The Senator will state the parliamentary inquiry.

Mr. BROOKE. Mr. President, are we still working under a 40-minute time limitation on amendments to this bill?

The PRESIDING OFFICER. We are not. We are working under the cloture rule.

Mr. BROOKE. But no further limitations?

The PRESIDING OFFICER. No further limitations.

AMENDMENT NO. 890

Mr. CRANSTON. Mr. President, I call up amendment No. 890, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an amendment No. 890.

The amendment is as follows:

On page 23, between lines 19 and 20, insert the following:

ALLOCATION

None of the funds appropriated in this Act shall be used for the National Cancer Institute in excess of $703,564,000, none of the funds appropriated in this Act shall be used for the National Heart and Lung Institute in excess of $329,059,000, and $50,000,000 shall be available for the following specified Institutes and activities of the National Institutes of Health in the following specified amounts in addition to the amounts appropriated under this title:

National Institute of Dental Research, $3,000,000.

National Institute of Arthritis, Metabolism, and Digestive Diseases, $6,000,000.

National Institute of Neurological and Communicative Disorders and Stroke, $8,000,000.

National Institute of Allergy and Infectious Diseases, $9,000,000.

National Institute of General Medical Sciences, $9,000,000.

National Institute of Child Health and Human Development, $5,000,000.

National Institute of Environmental Health Sciences, $6,000,000.

Research Resources, $1,000,000.

John E. Fogarty International Center for Advanced Study in the Health Sciences, $1,000,000.

Office of the Director, $2,000,000.

Mr. ROBERT C. BYRD. Mr. President, may I ask the distinguished Senator, does this amendment qualify under the reading requirement?

Mr. CRANSTON. Yes; it does.

Mr. President, this amendment is offered by myself and Senator NELSON, and cosponsored by our colleagues on the Budget Committee, the chairman, Mr. MUSKIE, and the ranking minority member, Mr. BELLMON.

I want to say to the distinguished chairman of the committee who is handling this bill, I understand his long and very great accomplishments in the field of cancer, starting with his creating the Institute in 1938. I know of all that he has accomplished. I offer this amendment with some reluctance because of his great knowledge and experience, but it is my feeling that an imbalance has developed in the allocation of funds to the various Institutes and the fields that they represent. I wanted to offer an opportunity to bring about a reallocation which, in the long run, I believe, might well help in the field of cancer and heart disease as well as in other fields.

Mr. President, I ask unanimous consent that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Maine (Mr. MUSKIE) be included as cosponsors of amendment No. 890.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, the purposes of this amendment are fourfold:

First. To restore some balance to appropriations for the various activities of the National Institutes of Health; and to stimulate a focus on the need to achieve qualitative and constructive changes in the research emphasis of NIH toward support of basic research—that is the fundamental underpinning of the scientific endeavor;

Second. To give the Cancer and Heart and Lung Institutes a period to consolidate their programs and assess and reassess, in terms of both short- and long-range goals, their progress and directions in using the tremendous amounts of funds they have been receiving over the past several years;

Third. To provide for increases in the appropriations for other institutes and activities of the National Institutes of Health, especially in those areas, such as general medical sciences, where much basic research is supported and where breakthroughs in cancer and heart research can also be expected; and

Fourth. To reduce the overall level of appropriations in the bill by $100 million.

I also believe the effect of the amendment would be to bring spending in the health function more into line with the best estimates of the application of the first concurrent budget resolution targets.

Mr. President, I have been concerned since the enactment of the National Cancer Act of 1971 that the extraordinary budgetary emphasis placed on cancer research would, in light of the growing concern over Federal spending and deficits, result in damaging decreases in the amounts made available to other vital research efforts of the National Institutes of Health. This concern was intensified in the following year with the enactment of the National Heart, Blood Vessel, Lung, and Blood Act of 1972, authorizing appropriation of substantial funds for programs of the National Heart and Lung Institute.

My fears have been substantiated since that time by the steadily decreasing amounts in real dollars made available to all the institutes other than the National Cancer Institute and the National Heart and Lung Institute.

Mr. President, the data indicate very clearly the enormous increases, both in total dollars and percentages, in funding for cancer and heart research as compared with the other NIH Institutes. Starting with the fiscal year 1970 appropriation and ending with the fiscal year 1975 appropriation, we find that appropriations to the Cancer Institute have grown by 280 percent and to the Heart Institute by 104 percent as compared with 11 percent for the other institutes. Looking at the increases for fiscal year 1970 in constant dollars—that is correcting for increases in the consumer price index—we see that the Cancer Institute has gotten an increase of 186 percent and the Heart Institute an increase of 52 percent in constant dollars as compared with a minus 13 percent for the rest of NIH.

Mr. President, the result has been that the proportion of total NIH appropriations devoted to the Cancer and Heart Institutes in fiscal year 1975 has risen to 51 percent—$972 million out of $1.937 billion. By contrast, in fiscal year 1970, the Cancer and Heart Institutes received 31 percent of total NIH funds—$341 million out of $1.092 billion.

Mr. President, the amounts recommended in the committee bill aggravate this imbalance still further. As recommended by the committee, the Cancer and Heart Institutes would receive $1,182,623,000 out of a total NIH appropriation of $2,267,000,000—that is 52 percent of the total NIH appropriation.

Mr. President, still another measure of the imbalance which has resulted in the funding of various NIH activities since the advent of the push against cancer and heart disease is found in the percentage of new grant applications which are approved and which can be funded under the appropriation level in each of the institutes. In fiscal year 1975, the appropriations permitted the National Cancer Institute to fund 62 percent of approved new grants as compared to a funding level permitting approved grant approval of 53 percent for the other National Institutes of Health. And under the figures in the committee bill, the Cancer and Heart Institutes would be able to fund 82 percent and 85 percent, respectively, of approved new grant applications as compared to 50 percent for the other institutes.

In contrast, our reallocation would bring into substantial parity—at approximately 60 percent—the percentage of approved new grants which could be funded throughout the NIH.

Mr. President, I ask unanimous consent that tables setting forth these figures be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

PERCENTAGE CHANGE (CURRENT AND CONSTANT DOLLARS) IN FUNDING LEVELS OF NATIONAL INSTITUTES OF HEALTH, 1970–75

	1970 appropriation (includes training)	1975 appropriation (does not include training, authority not yet enacted)	Percent increase	
			Current dollars	Constant dollars
NCI	182	669	280	186
Heart	159	303	164	52
Dental	29	44	71	28
Arthritis	134	161	29	−4
Neurology	97	129	47	10
Allergy	94	110	27	−5
GMS	151	[1] 135	24	−7
NICHD	72	116	97	47
Eye	24	39	83	38
NIEHS	17	32	97	52
Aging	0	14		
Research	132	[2] 128	−4	−28
Resources				
Total NIH	1,092	1,887	85	40
Total (excluding cancer and heart)	750	908	11	−13

[1] (—) (With training, 187).

[2] (—) (Actual reduction).

EVIDENCE THAT OTHER INSTITUTES HAVE NOT GROWN AT THE SAME LEVEL AS NATIONAL CANCER INSTITUTE. ABILITY TO FUND NEW APPROVED RESEARCH GRANT APPLICATIONS (ESTIMATED)

[In percent]

	1975 funding of new grants	1976 budget request	House approved	Senate recommendations	Cranston-Nelson amendment
NCI	62	32	61	82	61
Heart	46	13	60	85	60
Dental	65	29	57	57	65
Arthritis	53	30	45	48	52
Neurology	70	19	58	58	68
Allergy	44	21	52	52	64
GMS	59	13	51	51	65
NICHD	46	32	32	32	36
Eye	49	14	44	70	70
NIEHS	53	10	34	34	55
Aging	46	17	24	50	50
Total NIH	55	20	47	56	60
Total (excluding cancer)	53	20	46	54	61
Total (excluding cancer and heart)	54	21	44	50	61

Mr. CRANSTON. Mr. President, H.R. 8069 as reported by the Senate Appropriations Committee, provides an increase of $100 million over the amount included in the House-passed fiscal year 1976 appropriations act for the National Cancer Institute as well as a $50 million increase for the National Heart and Lung Institute and modest increases for several of the other institutes. Under the committee's action, $134.4 million would be appropriated over the amount available in fiscal year 1975 for the National Cancer Institute, and $25.8 million additional for the National Heart and Lung Institute over the amount available in fiscal year 1975.

I recognize these are vital programs which must receive very substantial support, and I support very substantial appropriations for them. However, I believe that the appropriation of substantial additional funds for cancer research—and to a lesser degree heart and lung research—is, and has been, at the expense of adequate support for research in other areas, especially basic biomedical research.

In addition, I think there is much evidence that the benefits of expanded basic research programs at the other NIH Institutes will also accrue to the understanding and conquest of cancer and heart disease.

I, therefore, urge the Senate to adopt the following alternative approach for NIH funding proposed by our amendment: Retain the House-passed levels for the Cancer and Heart Institutes—amounts already cumulating $174 million over the—admittedly inadequate—budget estimate—and increase funds for other NIH activities and other institutes by $50 million for basic research. The net effect would be a reduction of $100 million in the total NIH appropriation in the bill as reported.

Mr. President, I wish to read to my colleagues a number of statements from leaders in the biomedical research and health communities regarding the approach we are taking in this amendment. Plainly, I am not doing this just on my own initiative. I do not make any claim to be an expert in this field. I know that there are some, including the distinguished Senator from Washington, who feel that there is primarily, at the bottom of all this, a feud over funding or over priorities among the various institutes. So I want to cite some experts in the field outside of that orbit who support what we are seeking to accomplish by this amendment. I read a letter to me from Dr. James Shannon, the Director of the National Institutes of Health for 13 years—from 1955 to 1968—and former professor of the biomedical sciences at Rockefeller University. Dr. Shannon, who last week received the National Medal of Science from President Ford, has advised me as follows. I shall read excerpts from the letter. The whole letter will go in the RECORD.

Dr. Shannon says:

> It is increasingly clear, that an increase in funding alone will not solve the problems of NIH, however large this may be. These problems are too deep for solution by such a simplistic action. Nor will a simple increase in the funding of selected activities bring reality, the aspirations of our people for better health, so dependent on the clarification of the nature of a number of serious diseases. Unfortunately, overemphasis on the short-term gain, and the publicity which accompanies small incremental successes have raised the expectations of the people to an unreasonable extent. Yet, this has not been associated with program decisions that provide the NIH with the best opportunity to deliver on such expectations. . . . . .
>
> One can consider the urgencies that must be resolved within the appropriations process. These urgencies have the advantages and disadvantages of being actions in the real world with a high degree of specificity. I would hold the desiderata for these are:
>
> 1. A set of appropriations which have as their direct purpose, the strengthening of the entire NIH set of programs.
>
> 2. An appreciation that all the programs of NIH, particularly those of Heart and Cancer, have been through a turbulent five year period. In consequence, there is merit, indeed high merit, in a pause in program expansion in order to reassess the basic strategy of these endeavors, to inquire into the reasonableness of attaining their objectives and in these regards the real needs for further program diversification.
>
> 3. The beginning implementation of the conclusion that these programs, i.e. those for Heart and Cancer will benefit more at this time by a restoration of the integrity of the broad biomedical science base than by an explicit increase in selected activities of a more clear Heart and Cancer nature.
>
> 4. But, and this is important, little will be gained by the reduction of $150 *million* in the combined Heart and Cancer activities even though balanced by additions to parallel activities in the other institutes. The strategic problem is one of how such additional funds are used. In my belief, no benefit will be gained by shifting funds from one strictly applied area to another strictly applied area. The science base does not benefit by such maneuver.

Mr. President, I stress in this connection the clear purpose of our amendment to put the funds we are adding to the other Institutes into basic research, as Dr. Shannon urges in his letter.

One more paragraph from his letter:

> In short, I believe your amendment has much potential for good but will only have the desired effect if it precipitates constructive action within the House-Senate conference. This *can* be a first step in the more rational management of NIH by the Congress. Actually, discussions within the con-

ference group could have a salutary effect on the entire appropriation process for NIH, as well as for the internal management of its programs.

Mr. President, I ask unanimous consent that the full text of Dr. Shannon's very thoughtful and constructive letter be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Chevy Chase, Md.,
September 25, 1975.

Hon. Alan Cranston,
U.S. Senate,
Washington, D.C.

Dear Senator Cranston: First, may I wish you well for your continuing interest in the health and vigor of the biomedical sciences and their Federal extension through the programs of the National Institutes of Health. They are truly going through a period of uncertainty in Federal purpose due to serious controversy between the executive and legislative branches, to the imposition on them of too great emphasis on short-term goals, and to serious shifts in administrative doctrine within OMB and DHEW. All this takes place during a period of extraordinary excitement within the biomedical sciences. Yet this cannot be taken advantage of, due to the instability of the institutions which house the nation's biomedical activities.

It is increasingly clear, that an increase in funding alone will not solve the problems of NIH, however large this may be. These problems are too deep for solution by such a simplistic action. Nor will a simple increase in the funding of selected activities bring reality, the aspirations of our people for better health, so dependent on the clarification of the nature of a number of serious diseases. Unfortunately, overemphasis on the short-term gain, and the publicity which accompanies small incremental successes have raised the expectations of the people to an unreasonable extent. Yet, this has not been associated with program decisions that provide the NIH with the best opportunity to deliver on such expectations.

Although this is in comment on the validity of the philosophy which underlies your amendment to the Senate appropriation committee's proposals, I cannot simply say that the amendment is right or it is wrong without more general comment. I must conclude that "nothing is right" that simply provides additional funds without addressing the expenditure of such funds to a correction of some of the basic problems of NIH which impair its productivity and which confuses the definition of reasonable goals.

In this sense the imperatives for the program of NIH appear to be:

1. The restoration of the administrative integrity for the programs of NIH.

2. The return to program planning of a set of circumstances that emphasize the limitations on program planning imposed by the mechanics of science.

3. The resulting focus from within NIH programs of a suitable mix of short and long-term goals, of fundamental and applied activities, and an appreciation of the interactive nature of research. The latter underpins the validity of sets of categorical goals rather than that of a single goal in isolation from the others (e.g. for Heart or for Cancer).

These are general characteristics which are desirable and, yet, are not simply achievable within the appropriation process. However, this process can be based upon a philosophy which clearly expounds the nature of these three program characteristics. These same characteristics might well be the base for eventual legislative-executive compromise. The opportunity for this hopefully will be furthered in The Report to the President of his Biomedical Research Advisory Panel, established on the initiative of the Senate, and due to report in May 1976.

In the meanwhile, one can consider the urgencies that must be resolved within the appropriations process. These urgencies have the advantages and disadvantages of being actions in the real world with a high degree of specificity. I would hold the desiderata for these are:

1. A set of appropriations which have as their direct purpose the strengthening of the entire NIH set of programs.

2. An appreciation that all the programs of NIH, particularly those of Heart and Cancer, have been through a turbulent five year period. In consequence, there is merit, indeed high merit, in a pause in program expansion in order to reassess the basic strategy of these endeavors, to enquire into the reasonableness of attaining their objectives and in these regards the real needs for further program diversification.

3. The beginning implementation of the conclusion that these programs, i.e. those for Heart and Cancer will benefit more at this time by a restoration of the integrity of the broad biomedical science base than by an explicit increase in selected activities of a more clear Heart and Cancer nature.

4. But, and this is important, little will be gained by the reduction of $150 million in the combined Heart and Cancer activities even though balanced by additions to parallel activities in the other institutes. The strategic problem is one of how such additional funds are used. In my belief, no benefit will be gained by shifting funds from one strictly applied area to another strictly applied area. The science base does not benefit by such a maneuver.

In short, I believe your amendment has much potential for good but will only have the desired effect if it precipitates constructive action within the House-Senate conference. This *can* be a first step in the more rational management of NIH by the Congress. Actually, discussions within the conference group could have a salutary effect on the entire appropriation process for NIH, as well as for the internal management of its programs.

If, on the other hand, the amendment simply lowers the figures on appropriations to be considered by the conference group; and if, as so frequently happens, this group arrives at a simple compromise by halving the differences between the Senate and House figures; then, I believe the overall losses to NIH are more than the gains and I would have to oppose the spirit and the detailed intent of the amendment. It, then, only becomes another mindless attempt to curtail the support of the biomedical sciences.

So, my support of your amendment is strong, or none at all, depending less on the actual budget proposals, than what they mean, or can mean, in giving sound attention to qualitative aspects of the NIH activities by the conference group. I might add, incidentally, that if you can take such an approach, you may well find some support from Senator Magnuson rather than his simple opposition. I am also sure this would go a long way to secure support of Congressmen Flood and Rogers.

I am afraid that this letter may give little quotable material for your floor presentations, but it does reflect my considered views and my serious concerns on these important matters.

Sincerely,

James A. Shannon, M.D.

Mr. CRANSTON. Mr. President, Dr. Robert Marston, former Director of the NIH from 1968 to 1973, now president of the University of Florida at Gainesville, told me the following:

I support the need to restore balance to funding among N.I.H. institutes and activities and to redistribute proposed increases from the Cancer and Heart Institutes to other institutes.

The basis for the optimism regarding cancer research has been developments in virology and immunology as well as basic biomedical research, and, therefore, increases in other institutes could well lead to important advances in our knowledge of cancer and heart disease.

It is important to remember that dollars spent in support of science must be spent for sound science. Support of bad science can be very harmful because someone has to eventually undo the bad science and this can be a very costly and wasteful process.

At the time of the enactment of the Cancer Conquest Act, I expressed great concern that the push in the cancer program not be at the expense of support for other institutes; I feared that the push on cancer would lead to over-promises and unjustified hopes and misunderstanding of what a crash program can in fact achieve. I think much of my apprehension has now been justified, and my concerns continue today.

Mr. President, Dr. Philip Lee, former Assistant Secretary of HEW, from 1965 to 1968, former chancellor of the University of California Medical Center at San Francisco, and now director of the health policy program at the University of California at San Francisco's School of Medicine, advises:

I support the Cranston amendment to restore funding balance to N.I.H. activities. Additional money for N.I.H. could be more effectively used in areas other than the cancer and heart institutes where it would contribute more effectively ultimately to general health. Higher and higher spending for cancer and heart research does not automatically lead to great scientific breakthroughs. Further support for basic research balanced among the other institutes may well produce greater advances in the fight against cancer and heart disease, and in biomedical science generally. I also firmly believe that all reasonable efforts should be made to keep appropriations for health within the overall health function target on which the first concurrent budget resolution was based.

Mr. President, Dr. Daniel E. Koshland, Jr., chairman, department of biochemistry at University of California at Berkeley, president, Society of Biological Chemists, and member, National Academy of Sciences, states as follows:

Between 1971 and 1974, research funds for cancer increased by more than two fold. Research on heart and lung by 60 percent and research on other diseases by approximately 30 percent. Research in other areas, therefore, barely kept up with inflation and in many cases did not. These institutes support research on diseases of infection, arthritis, diabetes, and so forth which protects millions of Americans. Moreover, they support work on mechanisms of immunity, genetic damage, cellular aging, and other fundamental processes which provide information which is indirectly fundamental to the cancer program. Proportionately larger increases to these less well funded areas in this fiscal year would bring the whole program into better balance while not altering the fundamental priorities on cancer and heart and lung research.

Mr. President, Dr. William Rutter, chairman, department of biochemistry and biophysics, University of California Medical Center, San Francisco, has given the following brief statement:

> The proposal for an increase in the funding for cancer and heart is out of balance with the much lower increases proposed for the other Institutes, so a redistribution to provide more balance in the support of research would be useful to the biomedical community. I would strongly support the reallocation of some of the increase currently proposed for cancer and heart to the other Institutes.
>
> I also believe it is a matter of record that currently high level of funding for research in cancer and heart allows the support of research in those areas of somewhat lower priority.

Mr. President, I would also like to read from a letter to me from HEW in support of our amendment:

> While we do not favor further increases for NIH over the President's budget, Amendment #890 would have the effect of substantially reducing the Senate Committee bill and also providing a more balanced distribution of medical research funds. As you know, Secretary Mathews stressed both of these points in his letter to Minority Leader Scott on September 17, 1975, a copy of which I am enclosing. While I am sure that you understand that passage of this amendment would not by itself make the bill acceptable to the Administration, we would still urge its adoption by the Senate.

Mr. President, in his September 17, 1975, letter from Minority Leader SCOTT which the Senator from Alabama inserted into the RECORD on Wednesday, HEW Secretary Mathews stated:

> I recognize that some of the increases over the budget would, on their merits, be money well spent. We must, however, view the work of this department in the context of the many other legitimate demands on Federal, State, and local funds.
>
> In some instances, moreover, the merits of the additional spending are questionable. For example, I think that there is a consensus among medical researchers that the expenditure of more than $800 million for cancer research is not justified if we are to maintain a balanced biomedical research program. The Senate has added $100 million more for cancer research than is contained in the House bill which is already more than $100 million over the proposed budget.

Mr. President, I ask unanimous consent that the full text of today's letter to me from HEW Assistant Secretary Stephen Kurzman be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., September 25, 1975.
Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: The purpose of this letter is to indicate the Department's support for Amendment No. 890, to the pending FY 1976 appropriations bill for the Departments of Labor, Health, Education, and Welfare, and related agencies, H.R. 8069.

Our understanding of the amendment is that it would reduce the total appropriations contained in the bill for the National Institutes of Health by $150 million but provide the following increases for the National Institutes of Health over the House bill:

	Millions
National Institute of Dental Research	$3
National Institute of Arthritis, Metabolism and Digestive Diseases	6
National Institute of Neurological and Communicative Disorders and Stroke	8
National Institute of Allergy and Infectious Diseases	9
National Institute of General Medical Sciences	9
National Institute of Child Health and Human Development	5
National Institute of Environmental Health Sciences	6
Research Resources	1
John E. Fogarty International Center	1
Office of the Director	2

While we do not favor further increases for NIH over the President's budget, Amendment #890 would have the effect of substantially reducing the Senate Committee bill and also providing a more balanced distribution of medical research funds. As you know, Secretary Mathews stressed both of these points in his letter to Minority Leader Scott on September 17, 1975, a copy of which I am enclosing.

While I am sure that you understand that passage of this amendment would not by itself make the bill acceptable to the Administration, we would still urge its adoption by the Senate.

Sincerely,

STEPHEN KURZMAN,
Assistant Secretary, Legislation.

HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., September 17, 1975.
Hon. HUGH SCOTT,
Minority Leader,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SCOTT: I want briefly to provide you with my views on H.R. 8069, the FY 1976 appropriations bill for the Departments of Labor, Health, Education, and Welfare and related agencies. I believe the amount of money in that bill is excessive in today's difficult fiscal times.

The total bill exceeds the President's January budget by more than $1 billion. For HEW, it is more than $900 million over the budget.

These expenditures are proposed at a time when the overall fiscal picture of the nation demands an even greater restraint on spending than in those prior years when the Congress appropriated more for health and welfare than requested by the President.

The President has drawn the line on the budget deficit for FY 1976 at $60 billion.

On May 14, Congress drew its own line at $69 billion.

Congress' own July 21 budget scorekeeping report estimates a possible deficit of over $83 billion.

I recognize that some of the increases over the budget would, on their merits, be money well spent. We must, however, view the work of this Department in the context of the many other legitimate demands on Federal, State, and local funds.

In some instances, moreover, the merits of the additional spending are questionable. For example, I think that there is a consensus among medical researchers that the expenditure of more than $800 million for cancer research is not justified if we are to maintain a balanced biomedical research program. The Senate has added $100 million more for cancer research than is contained in the House bill which is already more than $100 million over the proposed budget.

We are at a point where we believe the fight against inflation can be won. Increased Federal spending such as is contained in H.R. 8069 could well tip the balance in the wrong direction. To do so will hurt the beneficiaries of this Department's programs far more than they will be helped by the additional money in this bill.

It is our view, therefore, that the best course of action would be for the Senate to return the bill to the Appropriations Committee with instructions to make significant reductions.

Cordially,

——— ———,
Secretary.

Mr. CRANSTON. Mr. President, I ask unanimous consent that a chart indicating the reallocation of this $50 million we are proposing be inserted in the RECORD at this point.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

REALLOCATIONS PROPOSED BY AMENDMENT NO. 890 AMONG THE NATIONAL INSTITUTES OF HEALTH ($50,000,000)

	1975 comparable	1976 President's budget	1976 House allowance	Senate subcommittee recommended	Cranston-Nelson recommendation	Plus or minus compared to Senate bill
Research institutes and division:						
Cancer	$669,198	$586,837	$703,564	$803,564	$703.5	−100
Heart	303,269	271,840	329,059	379,059	329.1	−50
Dental	44,233	38,039	45,794	45,794	48.8	+3
Arthritis	160,899	144,065	173,972	176,972	183.0	+6
Neurology	129,011	107,055	136,546	136,546	144.5	+8
Allergy	110,409	100,777	118,918	118,918	127.9	+9
General medical sciences	135,423	120,779	146,461	146,461	155.5	+9
Child health	116,679	96,547	126,889	126,889	131.9	+5
Aging	13,905	14,428	15,526	20,526	20.5	
Eye	39,393	34,554	42,608	50,608	50.6	
Environmental health	31,884	29,368	35,915	35,915	42.0	+6
Research resources	127,816	80,724	128,731	131,731	132.7	+1
Fogarty International Center	5,406	4,540	5,345	5,345	*6.4	+1
Total research	1,887,525	1,629,553	2,009,328	2,173,328	2,076.0	−100
Research training lacking authority	155,401	123,646				
National Library of Medicine	28,848	28,815	28,815	29,815	29.8	
Buildings and facilities	3,000	3,000	93,000	41,000	41.0	
Office of the Director	17,986	19,986	19,612	17,612	19.6	+2
Total, NIH	1,937,359	1,681,354	2,150,755	2,266,755	2,166.8	−100

Mr. CRANSTON. Mr. President, these reallocations will mean that expanded basic biomedical research in urgently needed areas can be supported by these institutes.

In many of these institutes basic research will benefit cancer research. For instance the expanded research which could be supported by the $6,000,000 additionally allocated to the National Institute of Environmental Health Sciences by our amendment would support research to identify substances in the environment which have carcinogenic effects on humans, with special emphasis on hazardous agents associated with new methods of energy production. Research in this area, Mr. President, needless to say can prevent unnecessary tragedies in the future—tragedies which our generation is now suffering as a result of general use of dangerous substances such as asbestos and poly-vinyl chlorides in so many products with which thousands come into contact in the manufacturing process. The possibility of toxic effect on the individual who comes into contact with the finished product is a cause for very grave concern.

This institute is a relatively young institute. It was established at about the time a severe reduction in financial support for biomedical research was begun. As a result, its growth has been severely stunted. To me it is particularly unfortunate that research in these environmental matters which can have such a profound effect on future generations is not supported at a higher level.

Another of the NIH institutes which has suffered a major loss over the past years in constant dollars is the National Institute of Allergy and Infectious Diseases. The mandate of this institute covers some of the most prevalent diseases affecting man, including, of course, cancer.

The amendment we are proposing would allocate an additional $9,000,000 to this institute. This increase would support expanded research in allergic and immunologic diseases—an area showing great promise in control of cancer. In addition the increased support for this institute would support research in infectious diseases, including viral infections. Mr. President, according to the experts I have quoted, this is also an area which can open new roads to discovery in conquering cancer.

Other expanded research areas which would benefit from the reallocation which our amendment provides are kidney disease, multiple sclerosis, epilepsy, Huntington's disease, and pediatric pharmacology. Mr. President, I ask unanimous consent that a detailed breakdown of how the funds we propose could be spent for expanded research efforts in these areas, as well as others, be included in the RECORD at the end of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Following is an Institute by Institute indication of the increases recommended in Amendment No. 890 with a brief summary of the justification for such increase:

NATIONAL INSTITUTE OF DENTAL RESEARCH

The recommended increase of $3,000,000 would support expanded research in three major areas—caries, topical fluorides, and anti plaques, where research and demonstration tests are needed to find new agents.

NATIONAL INSTITUTE OF ARTHRITIS, METABOLISM AND DIGESTIVE DISEASES

The total recommended increase of $6 million would be used primarily to support expanded research programs in arthritis and diabetes. This increase would strengthen the existing programs in these important areas and would enable the Institute to start immediately in implementing the recommendations of the Arthritis and Diabetes Commissions established by legislation enacted in the last Congress.

A portion of the recommended increase would be utilized for support of research grants in gastro-intestinal disease and nutrition, and for support of research in kidney disease and hematology.

NATIONAL INSTITUTE OF NEUROLOGICAL AND COMMUNICATIVE DISORDERS AND STROKE

The recommended increase of $8 million would be utilized to increment the Institute's efforts in the following areas:

1. to support research in communicative disorders, primarily in new ways to improve hearing in the deaf;

2. for increased emphasis on neurological disorders including an increased effort in epilepsy, particularly the development of several more epilepsy centers, and increased efforts in multiple sclerosis, brain tumors and neuropathies—which to some extent are associated with diabetes—as well as peripheral nerve disorders;

3. to support two to four new centers in stroke and/or spinal cord injury;

4. to support expanded programs in the fundamental neurosciences—i.e. basic research in the nervous system;

5. to expand the intramural program by establishing three new viral sections—in hearing, in neuroimmunology (the viral disorders of the nervous system such as encephalitis, and the pursuit of the possibility of a virus as the cause of multiple sclerosis) and in pharmacology as it relates to the nervous system; and

6. for research management and program services to cover increased costs as well as to provide needed support to the two new Commissions mandated by Congress—one on epilepsy and one on Huntington's disease.

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

This Institute has suffered a real loss over the past years in constant dollars, and its mandate covers some of the most prevalent diseases affecting man.

The recommended increase of $9 million would support expanded programs in the following areas—

1. Research in allergic and immunologic diseases. Research in this area can have a vast effect on many disease categories since new developments in immunology have such broad applications.

2. Support is needed for increased laboratory, epidemiologic, and behavioral studies in the infectious diseases such as veneral diseases, herpes virus, and viral infections. Research is well underway to deveop a hepatitis b vaccine. The area of infectious diseases is the area in which there are probably more viable research projects needing support than any other area.

3. An increase of support for intramural efforts is needed to cover the increased costs of volunteer facilities for studies of viral and infectious diseases due to the termination of this type of research at penal institutions. In addition this increase would support expansion of the asthma center and provide better biohazard containment facilities.

NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES

This institute is the most compromised Institute in terms of constant dollars being made available to it.

The recommended increase of $9 million would be allocated among the following priorities:

1. Increased research in genetics, with a primary emphasis on polygenic diseases which science indicates cause such inherited traits as high cholesterol and an alpha one anti tripsin deficiency, apparently connected with the development of emphysema. Research, of course, would be continued in the monogenic diseases, such as sickle cell and Tay Sachs.

2. Research in the cellular and molecular basis of disease, with particular emphasis on macro molecules which promise a whole new frontier of research possibilities, leading to basic knowledge in cell reactions to external influences.

3. Research in biomedical engineering such as polymers or other prosthesis needed to assist bodily functions.

4. A portion of the increase could be utilized by the clinical and physiological sciences program in two areas—development of trauma and burn research centers, and an increase in research grants in anesthesia including basic research in pain and how to combat it.

5. Research in pharmacology and toxicology. One major area to be emphasized will be research in pediatric clinical pharmacology.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

The recommended increase of $5 million would be utilized to support expanded research in the following priority areas—

1. Population research. Mr. President, this research area is one which has been underfunded for years. Research on better contraceptives is needed to reduce the incidence of side effects, such as blood clots, which some women have suffered.

2. Maternal and infant health programs. An increase in these areas would be utilized to support research programs in the important areas of perinatal biology and infant mortality, the low birthweight infant, and sudden infant death. High priority would also be given to studies in the causes of dyslexia.

3. Intramural programs could readily utilize an increase to carry out programs at the recently opened perinatal biology center, established to give necessary attention to the study of the mother and the child in the period immediately preceding and immediately following birth. The allocation of new staff positions in this area is particularly important.

NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES

This is a relatively young Institute which has been severely stunted in its growth by the precipitous rate of decline in funding support over the last six years.

The recommended increase of $6 million would be allocated as follows:

1. A modest increase for the center grants program.

2. Several important areas included in the environmental mutagenesis program would receive increased support—etiologic studies to identify environmental substances which may have a mutagenic and perhaps carcinogenic effect on man; studies to identify the chemicals most likely to have such effects on man; programs to support increased research in environmental pharmacology and toxicology, particularly to identify hazardous agents associated with new methods of energy production; and environmental pathogenesis research, i.e. the study of the early effects of toxic agents on organs.

3. The intramural research program has been severely restricted by a shortage of funds and positions. A portion of the increase would be allocated to intramural research primarily to increase the Institute's capability to conduct epidemiologic studies. The program has requested 48 additional positions to carry out such programs.

DIVISION OF RESEARCH RESOURCES

The modest increase of $1 million recommended for this Division would support the following expansions in research efforts:

1. additional research in the development of instrumentation;
2. to carry out primate research plans to increase and maintain breeding contracts and establish primate resources; and
3. modest amounts would be allocated for the general research support formula program and the Minority Biomedical Support Program.

JOHN E. FOGARTY INTERNATIONAL CENTER FOR ADVANCED STUDIES IN THE HEALTH SCIENCES

The $1 million increase recommended includes a $500,000 increase for the Gorgas Memorial Laboratory, a $300,000 increase for the scholarship program to support a greater number of exchange scholars, and $200,000 for increased costs in management and services.

OFFICE OF THE DIRECTOR

The recommended increase to $19.6 million will enable the office to meet the $1,626,000 cost of the mandatory pay increases for existing staff, as well as $400,000 owed the GSA for rent. In addition, the increase will enable that office to meet the greater demands made on the Director's office as a result of his new responsibilities under the Human Experimentation Act, the Freedom of Information Act, and the Privacy Act.

Mr. CRANSTON. Mr. President, this data offers strong support not only for the reallocation of funds we suggest, but also for the benefit that increased research activity in the other institutes can have on our national goal of conquering cancer and heart disease.

Finally, Mr. President, I believe the $100 million reduction and reallocation we propose would be far more in keeping with the $30.7 billion outlay target agreed to by the conference report on the first concurrent budget resolution. According to the Congressional Budget Office Senate budget scorekeeping report of September 22, 1975—page 35—it is estimated that fiscal year 1976 outlays based on three factors—existing programs, Senate action underway, and unfunded requests in the President's budget—already will be $2.6 billion over the target amount.

Reducing the cancer and heart institute appropriations by $100 million now, offers a meaningful start toward meeting our commitment to stay within the targets on which the concurrent budget resolution was based.

I urge my colleagues to support this amendment.

I urge my colleagues to support the amendment. I suggest the absence of a quorum, briefly, to confer with Senator Nelson at his request.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, this amendment was offered by the senior Senator from California and myself some time ago. It proposes to reduce by $150 million the Senate Appropriations Committee recommended appropriations for the Cancer Institute of NIH and the Heart and Lung Institute, taking $100 million from cancer and $50 million from heart. Then it allocates an additional $50 million to the other institutes of the National Institutes of Health. The Senator from California has enumerated the allocations by dollars to those other institutes in his remarks preceding mine.

Everyone, of course, is concerned about and supports appropriations for research in the cure of the numerous forms of cancer and heart and lung diseases. But I think the Senator from California spelled out the problem quite clearly when he pointed out the imbalance that is occurring, and that has occurred particularly since 1970, in the allocation of funds to the various institutes. I would be happy to add another $100 million to the Heart and Lung Institute, the Cancer Institute, and a good many millions more to all the other institutes, if we had the money to appropriate for that purpose and if, in fact, we do have an adequate number of scientific researchers qualified to utilize profitably the research money that is being spent now in this field. A good number of our distinguished scientists around the country are concerned about the quality of the research that is being done with the money that has been appropriated—additional money since 1970—in the field of cancer.

For example, a distinguished scientist, who reviews scientific abstracts locally for a wide variety of biomedical research projects told us recently:

> I am struck by how much junk is being done in the highly funded research areas, heart and cancer, much of which is scientifically poor, imprecise, and inadequate; and by how much good quality basic research in other areas is not being funded.

Innumerable quotations such as this from distinguished scientists all over the United States could be introduced into the record.

I think it is time that we pause and evaluate how we are spending our money and how rapidly we can increase budgets for certain purposes and expect them to be absorbed into the scientific community in useful projects. My main concern, however, is the imbalance that is occurring in funding among the NIH Institutes.

Between 1970 and 1975, the increase in current dollars, for cancer over 1970, has been 280 percent.

In real, constant dollars, it is 186 percent. For the Heart-Lung Institute, it is 52 percent in constant dollars.

Let us see what has happened to some of the other institutes. Dental, a 28-percent increase in real dollars. Arthritis, minus 4 percent in real dollars. Neurology, an increase of 10 percent in real dollars. Allergy, a decrease of 5 percent in real dollars. General Medicine, a decrease of 7 percent in real dollars.

I think the scientists who say and have been saying for several years now that we are creating an imbalance within the institutes, and that we should be supporting more equally basic research in all of the institutes, are correct, because it is out of basic research from which cures for all diseases, or whatever cures we discover, are going to come. And a good many discoveries, cures or treatments for numerous kinds of cancers are not going to come out of the National Cancer Institute, they are going to come out of basic research in other institutes and hospitals around the country. Many cures or treatments in heart and lung diseases, as they have in the past, are going to come from other places other than within the Heart Institute itself. That is true for all diseases.

So I think it is very important that these other institutes get additional support. The whole biomedical community endorses the concept that it is better, and that we would definitely sooner devise a better prospect for cures or treatments of all diseases, including heart-lung and cancer, if we have good, balanced basic science research in all areas of science and medicine.

So, Mr. President, I would hope that we would adopt this amendment, which would allocate an additional $50 million to these institutes.

I have no desire to cut research in any kind of medicine or any other place, but the fact of the matter is that we have budget constraints that we have to meet. There is no avoiding them. And whereas it might be nice to add another half billion dollars to all the institutes, we do not have the money, we cannot afford it, the President will not accept it, and we are not going to do it.

So I think, overall, considering that the Heart and Lung Institute and the Cancer Institute have received generous appropriations for many years, and increasingly generous in the past 5 years, to the detriment—there is no way to avoid facing it—of the other Institutes, the best thing we can do is remove the $150 million that was added by the Senate committee to the already adequate and generous appropriations on the House side, and take $50 million of that and add it as prescribed in the amendment to the other Institutes of NIH, making a saving of $100 million in the total appropriation, to the benefit of general basic scientific research.

Mr. MAGNUSON. Mr. President, I do not wish to take up too much of the Senate's time on this matter. As a matter of fact, I doubt that I should.

But it is a little hard for me to be quite objective about the matter of cancer, for many reasons.

The reason for the figures cited by the Senator from California and the Senator from Wisconsin that there has been more appropriated for cancer and heart research over the years than in the other Institutes is that cancer and heart disease account for more than 71 percent of all the deaths in the United States. That is why the Institutes have been raised.

When I established the National Cancer Institute, we started with $400,000. The point was made on the floor that we increased it to $2 million in the next supplemental appropriation, and that that was a great percentage rise.

Of course it was. But I want to tell you something. Senators may listen to those feuds going on out at NIH. I know about them pretty well; I have been handling this appropriation account for many years. I do not blame them for sticking up for their own organizations; but we have to allocate, we have to develop priorities. Believe me, 20 million people in the United States who have been affected either directly or indirectly care about cancer. And if we could poll the American people right now, and ask them, "What headline would you like to see in your morning paper when you wake up tomorrow?" most or all of them would answer four words: "Cure for Cancer Found."

Maybe this is too much, but I could get 500 doctors for the ones the Senator could get who would talk the other way in support of cancer and heart programs. In the medical profession, they have these confrontations. That is good. The only thing I can compare them to is fishermen, who sometimes get into arguments no matter what you do.

We spent weeks downstairs on this measure. Did any of those people show up? Not a one. I can tell you about Dr. Shannon, if Senators want me to, but I will not burden the Senate with that. He opposed some of this a long time ago. I understand, of course, that all of these other institutes deal with the whole problem of cancer. Take general medicine, and many others—they all fit in; I understand that. But I am perfectly willing to accept some money to add to those institutions the Senator is talking about. However, the parliamentary situation got to be such that it cannot be done except by unanimous consent, and the Senator from Oklahoma, I believe, objected to the amendment of the Senator from Wisconsin the other day.

I know something about some of the people who come down there and want to argue about the priorities within the NIH, but they are usually people who applied for grants and did not get them. But good constructive criticism is good and we encourage it.

We do not determine the grants. Every institute has a broad advisory group, composed of what we hoped would be the best members of that particular form of research, and they make recommendations on the grants.

Of course, we always go over the budget in this sensitive field. I have been vetoed five times on this bill. I am the most vetoed Senator, I will say to the majority leader, in the U.S. Senate over this bill.

This is a bill to meet human needs. We should not—it would be unconscionable—to trade off one institute against another.

We will have a supplemental appropriation bill sent up here soon, and there may be some NIH items in it. Let us get down and talk about those at that time, and, if we think there should be additions to the other institutes, tell all these people to come down here and tell us about it. Have them testify.

I do not particularly care about hearing Shannon again. I have listened to him for 15 years. Maybe the rest of the committee would like to, and some of the rest of them from California, and if they want more money for the institutes, do not take it away from the most dread disease in the United States.

Twenty million people. I will bet half of the Senate has brushed shoulders with some form, indirectly or directly, with cancer. Even if it is a little too much I am not going to be one who is going to stand here and provide too little when we are making some progress. The momentum is growing.

This cannot be done between July 1 and July 1. Basic research is a difficult thing to explain to an Appropriations Committee. A fellow might find out something on August 15 or 10 days after this bill is passed, and there ought to be money available. That is the field in cancer.

I can get just as many doctors as the Senator from Massachusetts. We could have a parade of them come down here and talk about this. I know what this is all about. I have had to listen to it for a long, long time.

I suppose we have to be kind of in the nature of a referee and use our best judgment. But cancer has gone up because the deaths have gone up and the disease is a dread disease.

The big jump with cancer is, when we had the task force, President Nixon established it, we had sort of a task force on cancer, and moved on it in a way like we moved on going to the moon or the Manhattan Project, and things of that kind, to see if we could not get someplace.

Has this money been worthwhile? In 1938 four out of five people who had cancer died, no hope. All through these years we have not gotten results like we would wish, and there has been a lot of money spent, but we have got it down now to 2½ out of 5. Is that worthwhile? Is that worth arguing about $50 or $100 million? It is down to 2½.

If all the women in this country would take a Pap test we would have it down to two out of five. Is that worthwhile? So we are also moving in the field of breast cancer—I do not want to go into all these, they are all in the record, and we have testimony, weeks of it, down there—in the field of breast cancer we are making progress; as well as in leukemia, and the whole field of environmental cancer and viruses. There are many doctors and researchers who are not so sure but that it is a virus that causes cancer. We are going into that. Let us not stop or slow down this research now.

If the other institutes need some money the Senator from Massachusets and I will welcome their testimony; we will welcome it.

This is a pretty bad way to go about it. I know that the Senator from California and the Senator from Wisconsin are not against cancer research. What they are against is that there is a lot of feuding going on out there and feuding in the medical profession with who gets this and who gets that out of the pie. But they do not come downstairs and talk about it. We accept the advice of some pretty high-class people in the field, and they disagree among themselves. That is good. It shows they are active and alive.

So come on down in about 30 days, and we will take a look at the other institutes for you. Come down and see us. You did not the last time when we were there. You did not show up, did you? We had 2 days, two half-days rather, of asking Senators to come down. We opened it only for Senators.

The Senator from Massachusetts and I cut it down. We had requests from several Senators to add more, and we thought this was a pretty good balance. Come on down and we will take a look at it.

I would like to put some more money into the other institutes. I have been living with them for a long time. I am very fond of them and what they do. They come down. One day, one fellow will come down and see me and say, "I did not get as much as the other guy." The next day the other guy will show up and say, "I did not get my grant."

There is fierce competition with schools and all these people like Northwestern or these other places. Your man was down there for these grants, Senator, but we did not decide that. We are not competent to decide that, that is up to their peers at NIH. But I think I am pretty competent to talk to you about cancer and what we have been doing.

It has also been brought to my attention, that there is still confusion over where this bill stands when compared to the budget ceilings. This matter was discussed at great length several days ago. But I would think that taken together, the education and the Labor-HEW bills are under the budget ceiling by about $800 million. Let there be no misunderstanding—we took this very seriously when we marked up this bill. The problem, however, has been that the Budget Committee ceiling are based on broad functional categories. We do not appropriate on that basis.

Above all, I hope the Congress will not tie its own hands with confusion and redtape. I hope this can be worked out before next year's appropriation process.

The **PRESIDING OFFICER**. The Senator from Massachusetts.

Mr. **BROOKE**. Mr. President, the distinguished Senator from Washington (Mr. MAGNUSON) speaks with great emotion, but he speaks also with great knowledge and with great authority. He has been working in this field for many years. He has headed up our subcommittee with great distinction and he, perhaps more than anyone else, has done more for cancer and heart research. But he also has been generous with all of the research groups at NIH.

When he speaks emotionally it is because he knows exactly what the deliberations have covered, including the establishment of priorities and the commitment of money for important basic research.

As we all know, the President's budget was sent to Congress in January. Since that time we have had 3 months of hearings with the Department of HEW, including the Secretary of HEW. We also had a month of hearings with public witnesses, and just a half-day of congressional testimony, though it may have been a bit more. But I do not think very many came to testify except perhaps those who wanted to increase cancer research primarily.

Now, without benefit of hearings some Senators want to cut and add and make changes to the biomedical research part of this bill. Just yesterday the HEW assistant secretary for legislation supported a cutback, presumably in the Secretary's name. But the Secretary had his chance, he had his chance first in the House action and then in his appeal to the Senate to express his opinion.

Mr. President, Congress should be permitted to work its will, and the Senate should be permitted to work its will. The Senators have had since January to submit amendments, first, to the subcommittee and then to the full committee, and they were not submitted.

Now, the distinguished chairman, Mr. MAGNUSON, and I and several members of the committee sat through all those long days of hearings, through the hard work of several markup sessions, and we learned a lot about this bill during that time, and the final committee recommendation before the Senate is the result of all that intensive work.

The various funding levels are our committee's priorities and are the places where we think tax dollars can be used in the best possible way. Committee action recognizes that cancer, along with heart disease and stroke, causes, as the chairman has said, almost 73 percent of the deaths in this country.

The committee has, with ample justification, placed a great deal of emphasis on those areas. The cancer program for fiscal 1976 is authorized at $898 million, and we are $95 million below that authorization.

These programs have shown results. Heart and stroke deaths declined last year for the first time in years. Breast cancer programs will save approximately 2,000 lives this year. By 1978 this program will save nearly 25,000 lives.

Now, Mr. President, what would this amendment take out? Pap test screening programs or breast cancer or cancer prevention programs? The pending amendment would also delete all blood centers across the Nation and close down many community hypertension projects.

The distinguished Senator from Wisconsin implied that applied research at NIH is getting more funding than basic research, but the scientists' own weekly journal, Science, has published facts showing more basic research is being done by NIH than ever before. The ratio of basic to applied research at the National Cancer Institute is within a few percentage points of where it has always been, we are told. There is not 5 percent difference.

I want to give time to the distinguished member of the subcommittee from Pennsylvania (Mr. SCHWEIKER), who has done a tremendous amount of work in this field, he is very knowledgeable about it; he wants to speak in opposition to this amendment.

But let me say, not only are we spending money for research, but we are spending money for prevention of cancer, and every dollar we spend for prevention we do not have to spend on research. If we can stop people from having cancer by preventive methods, then I am sure no one can disagree with the priorities that we have established in this committee.

I want to assure the distinguished Senator from California (Mr. CRANSTON) and the distinguished Senator from Wisconsin (Mr. NELSON) that we all know that they want money for cancer and for heart, they want to sort of rearrange the priorities, but let us assure them that the committee has taken into consideration all of these institutes and we have increased all of these institutes. I would just point out the Environmental Health Institute where they ask $4 million additional; from 1970 to 1975 funding for this institute was increased by 90 percent, from $18.3 million to $34.9 million.

I just want the record to be clear. We have not been concentrating only on cancer and lung, or heart and lung, but in this bill we increase the budget for dental research, arthritis, allergies, general medical sciences, Child Health Institute, environmental health and research resources.

So I hope that our colleagues will support the committee and vote down this amendment.

I yield to the distinguished Senator from Pennsylvania.

Mr. SCHWEIKER. Mr. President, I want to join with my distinguished chairman of the Labor-HEW Subcommittee on Appropriations, the Senator from Washington, and my distinguished ranking member of the Labor-HEW Appropriations Subcommittee, the Senator from Massachusetts, in opposing this amendment.

It is not very often that I oppose amendments of the Senator from California or the Senator from Wisconsin, who are also my good friends, but as a member of the Appropriations Subcommittee and also as the ranking Republican on the Health Subcommittee I can do no less.

I think it is important, Mr. President, to keep a few basic facts in mind. The number of dollars we are talking about, $100 million for cancer and $50 million for heart, really reflects what we would lose in inflation in biomedical research. We kept the same budget for this coming year in real dollars as we spent last year.

The figures will show that in biomedical research there is a 15 percent inflation rate now, higher than the cost of living at the present time, which was some 9 or 10 percent this past year. Biomedical research inflation has been around 15 percent this year. If we take the money we spent for cancer this past year and for heart this past year and add 15 percent for inflation, we would come to almost exactly the amount of money that the committee approved. This amendment would cut out of the bill any allowance for inflation.

So this bill does not represent a great big new rush in heart and cancer funding; it is simply treading water to keep our chin above water, to stay even.

So let us not be confused by $100 million and $50 million in these respective programs. These amounts simply mean we will be able to do the same things this coming year in heart and cancer in terms of resources, manpower and research, that we did last year.

If we do not have this money, we will, in essence, be giving ourselves a 15-percent cutback from what we could do in service, centers, and research this coming year.

I agree with the Senator from California when he says that perhaps funding for the Institutes should be better balanced, and his amendment does restore balance.

That is the real issue here, though, because we can restore balance in a couple of ways. They have elected to rob Peter to pay Paul. They have elected to take money from heart and cancer and give it to other institutes.

If we are really concerned about balance among the medical institutes at NIH, then we should simply add additional money to the other institutes. This would restore balance.

So while balance is an interesting point, and I recognize its importance, I do not think that it is the crucial question because balance can be restored in other ways.

I was in the White House on December 23, 1971, when President Nixon signed the law beginning the war on cancer. That is what that bill was all about. The war on cancer went through this body overwhelmingly—overwhelmingly. There was not one dissenting vote. Now, I ask the body today——

Mr. NELSON. Will the Senator yield?

Mr. SCHWEIKER. Are we saying that the war on cancer is over? Are we saying that we won it? Or are we going to say we surrender? Because if we are going to cut back 15 or 10 percent, in essence, which is what this amendment——

Mr. NELSON. Will the Senator yield?

Mr. SCHWEIKER. We have either said we have won or that we have surrendered the war.

Mr. NELSON. Will the Senator yield for a correction?

Mr. SCHWEIKER. I am glad to yield to the Senator.

Mr. NELSON. The Senator said that the war on cancer bill passed without one dissenting vote. I was the one dissenting vote, just so the record will be clear.

Mr. SCHWEIKER. I was trying to remember whether there was one vote or not. I am glad the Senator reminded me that there was, in fact, one negative vote. I certainly will give the Senator full credit for being a dissenting vote in declaring war on cancer.

With that correction, that there was near-unanimous support, I want to state that this amendment says we are going to gut the war. We are going to say there is no war. In essence, we do not want to fight that battle any more.

I think exactly the same point can be made on heart research, because our committee approved an approach on heart last year.

Why are we putting all these things in heart and cancer? I think the Senator from Washington and the Senator from Massachusetts made the very simple point that next year most of the medical deaths in this country will be caused by heart and cancer. Why should the largest proportion not be here?

I think it is very logical to put money into cancer and heart research, because that is where the money will get its most use in saving lives, in the areas where 72 percent of the medical deaths lie. Seven hundred and fifty thousand deaths from heart problems; 350,000 from cancer a year. That is where the need is.

Now, just one or two other points. If we do go ahead with this amendment, not only do we reduce our community cancer prevention programs, but the breast cancer and Pap test screening programs would level off from their present accelerated rate. About 60 percent of all grants and contracts for cancer research can be funded now; this amendment would force us to fund only 40 percent. Chemicals and environmental hazards could not be tested because of these cutbacks. We would postpone development of highly promising treatment methods for surgery, radiation, and drugs.

By approving this amendment, we would delay research on the role of diets and cancer. As a member of the Nutrition Committee, I think this is one of the most productive avenues of research.

This amendment would slow down the cancer control activities which inform and educate. It would also reduce the new cancer centers program in the communities.

In the area of heart and lung research, all blood research centers would have to be stopped, and community heart and hypertension programs would be greatly reduced. The Institute would only be able to fund 25 percent of grants and research contract applications, as opposed to about 50 percent under the bill as we have written it. There would be no new initiative in some of the areas, such as diabetes research, stroke prevention, that had been targeted.

I do not quarrel with the motives, which are very high, of the gentlemen proposing this amendment. I have the utmost respect for them and I agree with their point about the need for balanced research. I think that problem can be solved by putting more money in other programs which need it.

But let us not say that the war on cancer and the war on heart problems are going to end in a surrender.

Mr. BAYH. Mr. President, to be totally honest and aboveboard with my colleagues, I have to confess that I come into this debate with a decided conflict of interest. On two occasions in my life, members of my immediate family have been taken by one of the diseases which are presently being discussed. My mother was taken when I was 12. Fortunately—primarily because of the advances which have been developed through research and expertise similar to that being funded in this bill—my wife, who was confronted with this same kind of affliction 4 years ago, has recovered.

Perhaps, Mr. President, that gives me a conflict of interest. But it also gives me a better understanding of what is possible if we do not back away, if we do not try to determine this matter on a cost-benefit ratio.

And, even if we look at the cost-benefit ratio, which is a very cold and calculated way to approach this discussion, there is good reason to return these funds.

I certainly want to add my opinion to those previously expressed relative to the amendment of the distinguished Senator from Wisconsin and the distinguished Senator from California, who happen to be two of the most compassionate Members of this body. I know of no two Senators who have fought more against sickness and diseases, so I certainly do not impugn their motives. But I will say that whoever is advising them should look at the record.

I consider it a real privilege to have been given the opportunity to serve on the Appropriations Subcommittee of Health, Education, and Welfare. In that capacity I have had a chance to watch the Senator from Washington and the Senator from Massachusetts study this problem, and to listen to the evidence.

It was almost unbelievable, this year, to see the budget that was sent here from the executive branch which, under the auspices of fighting inflation, called for an across the board retreat in biomedical research. There might have been a couple of incidental increases. But most budgets had been cut. Considering the fact that we have had about a 10 or 12 percent inflation rate, each dollar spent is really buying that much less this year than last.

It is to the credit of the subcommittee, and credit to the chairman of the subcommittee, that this effort to cut biomedical research was resisted.

I am in sympathy with the view of my two colleagues who present this amendment, that there should be a balanced approach to medical research. As evidence of my commitment, I suggest that they examine the record over the past 3 years, when the Senator from Indiana introduced some 32 different amendments to increase funding for the very institutes which they are concerned about. Because of the efforts of the Senator from Washington and the Senator from Massachusetts the majority of these were accepted. If it had not been for that, we would be in a worse situation than we are in.

I will not enumerate those amendments. But I want to say that I do share the view that other institutes are underfunded. They should have more.

Anybody who sat in on a conference with the House in this area has a little better understanding, I believe, of the folly of asserting that if you cut cancer and heart and lung research funds you are automatically going to get more for other areas. In watching our brothers and sisters in the House operate, I predict that what will happen is that research will be cut in all areas. So we are not going to be able to get the additional moneys suggested by the Senator from Wisconsin and the Senator from California.

I would enthusiastically support an effort to put additional money in these areas. To try to cut cancer funds, in the belief that you can spread that cut across the other agencies, is well intentioned but not based on reality. It will result in further retreat across the board.

The Senator from Indiana tried to get even more funding for cancer, heart, and lung. Some people feel that we should accept a cut because the Institutes of Heart, Lung, and Cancer cannot use these moneys. That simply is not accurate. They could use more.

It was the wisdom of the committee, because we tried to be fiscally prudent, not to give these institutes full funding.

One reason we are able to get more money in these areas than in others is because basically, there is more public support.

I would be the first to say that public support is not a good enough reason to put more money in, unless that public support is well founded. A study of the record will show that that public support is well founded.

The figures have been cited here which indicate the size of the problem. The reason there is more money in heart, lung, and cancer is because more than 70 percent of our loved ones who are taken from us prematurely by disease die from these types of diseases. That is why we should make a bigger investment in these areas.

It is very difficult for the Senator from Indiana to translate this into dollars and cents. But, since the battle here is whether we put more money in or cut money, I suggest that we look at some tragic figures. Not only do about 1,400,000 people die from heart, lung, and cancer diseases each year. It is also costing the country about $50 billion annually in terms of cancer and $20 billion in terms of heart and lung diseases. This extra money that the committee is trying to put in these areas is a pretty good investment, I would say.

Let me suggest, Mr. President, that the reasoning of the Senator from Indiana and some of my colleagues goes beyond lives lost and beyond the cost to society.

It goes to the fact that if you look at the record, the money that has been spent in these areas has produced results.

It is rather heartening to see that, for the first time, heart and lung deaths have recently declined by 5 percent, primarily because of HLI's information program about high blood pressure. The money that we have invested in this area has saved lives.

On cancer, we have had some rather dramatic breakthroughs.

In talking to Dr. Striker and other experts who appeared before the subcommittee, I was further convinced of the need to fund contracts which will allow even greater breakthroughs.

Statistics cannot really tell the tale: the loss of lives, loved ones, and suffering. But just for the record, I want to read three dramatic evidences of the progress which has been made by putting researchers to work.

In childhood leukemia the 5-year survival rate was 4 percent in 1969. In a new program that is now in the process of development, the survival rate is as high as 75 percent.

On breast cancer, a malady with which I am personally familiar, the 2-year recurrence rate historically has been 30 percent. A National Cancer Institute program shows a recurrence rate that is down to 3 percent.

One does not have to have a loved one in the family who has been afflicted to be impressed. I am impressed. I would think most people would be.

Non-Hodgkins lymphoma had a historical 5-year survival rate of 14 percent in 1969. A 37-percent rate under a National Cancer Institute program has been obtained. That is reticulum cell sarcoma.

Regarding lymphosarcoma, the historical 5-year survival rate was 26 percent. A Cancer Institute research program has obtained a 66-percent survival rate.

We have doubled the rate of saving lives by investing these resources.

Mr. President, there is no way we can cut this money and expect it to remain in this budget for other institutes.

I wish we could put more in for other programs. But this amendment is folly—well intentioned as it is.

First, the net effect of this amendment is to cut across the board.

Second, this money goes to fight the diseases which kill the most people.

Third, this money goes into areas of biomedical research where we have had the best results.

I urge my colleagues to resist this well-intentioned but poorly founded amendment.

Mr. KENNEDY. Mr. President, I oppose the amendment of my colleagues, the Senator from California, and the Senators from Wisconsin and Maine and Oklahoma. I want to make just a very brief comment to try at least to establish what I think are the essential elements that we are considering here today.

First of all, as the floor manager of the war on cancer bill, I want to make the point that there was not a statement or a comment by any of us who supported that legislation to the effect that, just by adding additional resources, we were going to end cancer. Those of us who support this effort do believe, however, that with the kind of program that has been developed in the Cancer Institute and stimulated by the committee chaired by Benno Schmidt, we can move the day closer when we can relieve the pain and suffering and anguish of millions of Americans and millions of people over the length and breadth of this globe.

Although in many instances we have been accused of it, we do not believe that just adding money is going to do the job.

I think we have been responsible and serious about recognizing the awsome challenge that cancer and heart disease represent in terms of research, in terms of need for prevention and education. Nonetheless, we also recognize, in the instance of the war on cancer, that this is a disease which will afflict one out of four in our population, and close to half of those ultimately are going to die of the disease. Taking cancer and heart disease together, as I believe the chairman has pointed out, anywhere from half to two-thirds of all Americans are going to be afflicted.

Mr. President, there have been important initiatives in the war on cancer which I think are at a very important juncture in their own development. One of these is in the area of screening and early detection. These programs can make a very substantial difference in terms of mortality, and in terms of anxiety and suffering. This program is being expanded and is really just taking hold across the country. Of course, it is due not only to the efforts of the Cancer Institute, but also to the American Cancer Society. The cancer society's work is one of the extraordinary efforts of the voluntary sector of our society. They are working closely with the public programs—and I believe in the areas of education and prevention, they are making extraordinary progress which can have enormous implications in the future.

It will take the best efforts of both the public and private sectors over a period of many years before cancer is beaten. None of us should expect easy victories in this area—but we are committed to win this battle ultimately.

A second point I want to discuss involves development of cancer clinical centers in different parts of the country. This amendment would slow down development of these centers. I think one of the real challenges that we face in our society is how we are going to convert the best of our research findings into applications that benefit the American people. Prior to the last 2 or 3 years, there were only a handful, of these clinical centers in which the American people could really benefit from the progress that has resulted from research. Now these centers are springing up, as they should, all over the country—in the North and South and East and West—to try to insure that we are going to be able to develop expertise, knowledge, and awareness of the best ways to combat cancer—and develop understanding of the problems of cancer in areas of our communities which have not faced these issues. I think this is a very important effort in the whole struggle against cancer.

Further, Mr. President, I think the President's Cancer Panel, that has evaluated the cancer program, responds to many of the criticisms of the program which, I understand, have been made earlier here today—regarding, for example, the quality of the biomedical research. I have studied that panel report and I think it is a very responsive document to many of these criticisms.

I ask unanimous consent that that report, in the form of a letter sent to the President of the United States, signed by Mr. Benno Schmidt, be made a part of the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KENNEDY. I am hopeful that this amendment will be defeated. Let me finally make this comment.

I have listened to my colleagues, two of whom are members of the Health Subcommittee. I understand their concern about the whole question of biomedical research. I, for one, would have supported the increases in various NIH biomedical research that they have talked about here today. But I regret, and regret deeply, that we are at the point of trying to pit one research area against another research area, because I think all of us—those of us who are sponsors of the amendment as well as those who are arguing against it—believe that perhaps there is no better cause for the allocation of resources than all of these NIH programs.

I want to remind my colleagues of two important efforts which are taking place at the present time, and which I think will be enormously valuable in restoring some balance to the programs of the National Institutes of Health. At the present time, there has been appointed a President's Biomedical Research Panel made up of really extraordinary men and women, some of the top researchers of this country, who will be reporting back to the Health Subcommittee their review of the whole biomedical research program at the National Institutes.

I have been a strong supporter of NIH—but I do think that there are no sacred cows today. As one who demands a very careful review of our military budget to insure that we have enough to insure the adequacy of our defense, we certainly should review funds that are being allocated in the biomedical research area to insure that those moneys are being appropriately expended, that we are getting the best in terms of assessment of those efforts, and that those of us who believe in such a program are better equipped to come back to the Chamber of the Senate, or to go to the Committee on Appropriations, to encourage additional resources for the various Institutes of Health for the biomedical research area.

So, I assure all parties to the debate here today that the President's Panel will be reporting to the Health Subcommittee and that we, in turn, will report to the Senate on the progress that is being made in the biomedical research area at the Institutes of Health. We will be better equipped to consider both additions and perhaps some revisions when we have the benefit of their study.

Also, the National Commission on the Protection of Subjects of Biomedical and Behavioral Research is reviewing the use of human subjects in research being done at the National Institutes. We will know more in the spring of next year in this very important area also.

I will make sure that the results of these studies are available to the Committee on Appropriations so that we will be able to work together to expand those aspects of research which offer the greater hope of impact in terms of American health needs.

But I do not believe we are prepared to take a responsible position in meeting the challenges of either cancer or heart, and still make the cuts this amendment proposes.

I intend to oppose it, but I do give the assurances to those who will support it, who are anxious about the allocations of resources in the whole areas of biomedical research, that I consider this a subject of great importance. It is of great importance to me personally, because I recognize the obvious interrelationship between research that is done in one area to progress in others. No one is naive enough to believe that the progress that is being made in biomedical research in these other institutes is isolated from general progress in the war on cancer.

But it does seem to me that expressing that concern does not justify the amendment which is before us, so I intend to oppose that amendment and urge our colleagues to do likewise.

EXHIBIT 1

J. H. WHITNEY & CO.,
New York, N.Y., August 12, 1975.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: As Chairman of the President's Cancer Panel I am pleased to set forth in this letter the Panel's annual evaluation of the efficacy of the National Cancer Program as required by Sec. 407(c) (4) of the National Cancer Act of 1971.

The Director of the National Cancer Institute and the National Cancer Advisory Board have already reported to you on the progress of the Program during the past year, and this letter will not undertake to duplicate the material contained in those reports. Instead, I will attempt to give you the Panel's evaluation of the Program and to deal briefly with some of the important issues which we feel should be brought to your attention.

OVERALL EVALUATION

The National Cancer Act of 1971 reflected a desire by the Congress and the Administration to give cancer research a higher priority. In the implementation of this policy, the funds which have been made available to the National Cancer Institute have been increased in successive steps from $180 million in 1970 to $699 million in 1975. These increases have permitted the Cancer Institute to support more and better cancer research than has ever heretofore been possible. Despite the rapid growth of the Program, a high order of excellence has been achieved in the work supported, and a good balance has been maintained between the various types of research involved and the varying research objectives.

The National Cancer Program is involved in four principal areas:

(1) Fundamental Research. Fundamental research in basic biomedical science is essential in order to provide the science base upon which to build improved technologies for prevention, diagnosis and treatment. Because of the vast areas of ignorance that still exist in our understanding of the cancer problem, research in basic cell biology, molecular biology, virology, immunology, enzymes, cell surface phenomena, cellular kinetics and other like areas of basic research are essential to the cancer research program today. This basic science must be supported at an adequate level if we are to have a continuing and increasing fundamental science base upon which to build in the area of cancer. Accordingly, over one-half of the resources of the National Cancer Institute go to fundamental research. It is often pointed out by critics of the Program that we do not have in cancer the fundamental science base that was present in both the Manhattan Project and the Space Program. This distinction is correct and is well recognized by those responsible for the Cancer Program. That is the reason that the largest area of expenditure in the Cancer Program is fundamental research designed to broaden our science base.

(2) Applied Research. In those areas where an adequate science base exists, it is appropriate to support applied research which is designed to produce improved technologies for prevention, diagnosis, or treatment. It should be emphasized that applied research cannot be fruitful unless an adequate fundamental science base exists, so the opportunities for highly productive applied research in cancer are limited today. Hence, the emphasis on basic biomedical research rather than upon applied research.

One of the worries about the Cancer Program has been that an effort would be made to do applied research without an adequate science base; that there would be an attempt to target research where targeting was not feasible and not likely to be productive. The Panel finds very little evidence in the Program itself for this concern. The Program has recognized that targeted or applied research is only appropriate and proper where an adequate science base exists, and that it is likely to be wasteful and unproductive if the science base does not exist. The National Cancer Institute administrators are well aware of this distinction.

A closely related but clearly distinguishable problem is the problem of centralized prescription for basic research. There is no question that there is a temptation on the part of administrators, particularly if those administrators are active intramural scientists or ex-scientists, to want to prescribe areas of fundamental research to be undertaken. However, experience has proved that fundamental basic research is likely to be most productive when it is conceived by the investigator. Therefore, the Panel and the Board have both encouraged a very high emphasis upon investigator-initiated, peer-reviewed, grant-supported basic research.

(3) Application of the Results of Applied Research to Human Subjects ("Technology Transfer"). The next stage in the research process is the investigation of the efficacy of the results of the applied research on human subjects. After the science base has been developed and the applied research has been done so that a technology exists, it is necessary to determine whether the technology works. This determination is usually made first with respect to animal models and then with respect to humans. This latter phase of the research effort is being conducted in the Cancer Program by the Clinical Cooperative Groups, the various treatment programs, the Comprehensive and other treatment Centers, the Organ Site Task Forces and other researchers engaged in the initial application of new technology to the prevention, diagnosis or treatment of human cancer.

(4) Widespread Dissemination of the Best Technologies. Once the technology has been developed and has been found to represent an improved technology for the treatment of human subjects, it is desirable that as large a portion of the population as possible have the benefit of the new technology. This is not a research function per se and would normally be a part of the Health Care Delivery System and not a responsibility of an Institute whose mission is research. However, in the control provisions of the National Cancer Act, the Congress has made it the responsibility of the National Cancer Institute through education, communication, and in other ways, to obtain the widest possible application of the best technologies of cancer treatment. For example, once it was discovered that acute lymphocytic leukemia in children could be cured in a large percentage of cases provided the right treatment was applied, it was necessary to get this treatment to as high a percentage of infants with acute lymphocytic leukemia as possible. An extensive education program to this end was undertaken, with the result that now a much higher percentage of the infants with acute lymphocytic leukemia are being provided the best treatment that our present knowledge permits.

Obviously, the National Cancer Institute cannot begin to take on the cancer treatment responsibilities of the nation. However, it does undertake programs which are designed to attempt to see that the best treatment technologies are widely dispersed.

These four steps can be clearly envisaged if we look backward upon our progress in polio. Basic science over many years ultimately came up with the fundamental science base necessary to solve this problem. That science base consisted of the knowledge that three identifiable viruses and no others caused polio, and that these viruses could be grown in tissue culture. With this fundamental science base in hand, it was inevitable that the applied research accomplished so skillfully by Salk, Sabin, and others would produce technologies (in this case a vaccine) capable of preventing polio. Once the vaccine had been developed it was necessary to test it first on animal models and then on human models. When it had been determined beyond question that the vaccine worked, the three stages of the research were complete. The next step was general dissemination of the technology among the population. In the case of a relatively simple and inexpensive technology such as the polio vaccine, it was a comparatively simple task to gain widespread dissemination promptly and the job was done—or was it? Unfortunately not, for now we are beginning to be lax in our application of this technology and some polio is beginning needlessly to reappear because of our failure to utilize the great scientific knowledge which we have in hand. Unfortunately, in cancer the fundamental science base will in all probability never be quite so clear-cut and limited as it was in polio, but one by one scientific bases will be developed, will provide the impetus for the applied research, and in turn the technology which will permit us to deal more effectively and more satisfactorily with cancer.

The advances of the past few years in the fundamental science of cancer have added so much to the scientific base that there is little question that we have more to build on in the way of fundamental science than has ever before been the case. By the same token, there remains an almost limitless amount of basic science to be done. The fact is that we are at the stage in our fundamental science where discoveries very often present at least as many new questions as they answer. However, the continued building of this base is essential, not only for the understanding of cancer but for the understandings which are necessary to deal adequately with many other diseases, such as multiple sclerosis, diabetes, arthritis, and neurological diseases.

Recent research in the area of treatment has also been very productive. Important progress has been made in the past few years, not only in acute lymphocytic leukemia and other childhood tumors and Hodgkin's disease and other lymphomas, but also important progress has been made in connection with breast cancer, ovarian cancer, and lung cancer. Fortunately, it is possible to make progress in the treatment of certain specific cancers without having all of the fundamental knowledge that undoubtedly will be necessary before we can produce the ultimate answers.

MECHANISMS OF SUPPORT

During fiscal 1975 the National Cancer Institute spent a total of $699 million. Of this amount, $540 million was spent directly on research. Of this $540 million, $50 million was spent on the exceptionally excellent intramural program of the N.C.I., and $490 million was spent in the extramural support of research in our best institutions throughout the country.

An additional $34 million went to centers' support, $28 million to manpower support, and $46 million was spent on construction, all of which are in support of the extramural programs. The balance of $51 million was spent on cancer control. If we break the $699 million total down another way, we find that $331 million was spent on investigator-initiated, peer-reviewed, extramural grants, $108 million on experimental research contracts, $137 million on support, construction, and cancer control contracts, $15 million on inter-agency agreements, $50 million on in-house research, and $58 million on administration.

GRANTS VERSUS CONTRACTS

In many quarters it is thought that the Cancer Institute spends too much on contracts and too little on grants. The fact is that grant support has increased far more rapidly with the increased funding than contract support. We were able to fund in 1975 over fifty percent of the approved applications for investigator-initiated, peer-reviewed, grant supported basic research. Only $108 million in research was supported by contract. The Panel and the Board are far more interested in the quality of the research and the excellence of the researchers than in the mechanism of support. Moreover, a number of those supported by contract, including some of the outstanding scientists in the country such as Drs. Sol Spiegelman, Frank Dixon and Howard Skipper, have advised me that they find no disadvantages by way of unwarranted direction or interference in their contract-supported research. However, in the scientific community generally, contract-supported research tends to be associated with targeting and direction. Therefore, the Board, the Panel, and the Director have moved consistently in the direction of grant-supported research and away from contract-supported research. We have just introduced a new mechanism of support (Cancer Research Emphasis Grants) which will permit the seeking of investigator-initiated research in broad areas which it is necessary or desirable to emphasize. This new mechanism will permit a further movement away from contract-supported research in the direction of grant-supported research.

CENTERS' GRANTS

Another worry that we often hear expressed is to the effect that the research supported by centers' grants is not of the same high quality as that supported by traditional research grants. We find absolutely no evidence to support this assertion. Some of the finest institutions in the country are supported by centers' grants. These include not only the Comprehensive Cancer Centers such as Memorial Sloan-Kettering, Johns Hopkins, Mayo Clinic, Duke, Wisconsin, M.D. Anderson and others, where some of the best cancer research in the world is being conducted, but centers' grants also go to many institutions such as Harvard, M.I.T., Yale (before it was a Comprehensive Cancer Center), Stanford, and others who were supported by centers' grants in order to encourage them to do cancer research at a time when such research was not as popular as it is today. Ironically, this criticism of centers' grants has been most loudly voiced by Nobel Laureate, Dr. James Watson, whose Cold Spring Harbor Laboratories are themselves supported under the centers' program. The support of Cold Spring Harbor Laboratories has increased from $435,000 in 1970 to $1,795,000 in 1975. It is a mark of the fairness and objectivity with which the Cancer Program is conducted that neither criticism nor soft-soap affects favorably or adversely the support which is received. The decisions are made strictly on the merits, largely on the best peer advice available.

There is a legitimate worry about the Comprehensive Cancer Centers which relates to future funding in the event of the recognition of too many such centers. This has been a concern of O.M.B., many members of the scientific community, and is very much on the minds of the Board, the Panel, and the Director. Comprehensive Cancer Centers must compete on the merits with all other institutions for the cancer research dollar. Therefore, if too many centers are recognized and we have centers which cannot compete on the merits, we will then be in a position of having centers which we are unable to support. The fear is that, under those circumstances, political pressures would be brought to bear which would force the support of the Comprehensive Centers at the expense of other institutions capable of better cancer research. The answer to this perceived future problem is strictly to limit the recognition of Comprehensive Centers and to recognize them only at institutions that are established academic and scientific leaders clearly capable of competing on the merits.

CANCER CONTROL

One of the most difficult mandates in the National Cancer Act is that relating to cancer control. Obviously the National Cancer Institute cannot and should not take responsibility for the care of the nation's cancer patients. That is part of the General Health Care Delivery System and should so remain. However, the Control Program is designed to extend the efforts of the National Cancer Institute to identify, field test, evaluate, demonstrate and promote the best techniques emerging from research trials in order to extend the use of such techniques by the health professions so that the public may benefit from the best technology available. The Control Program has demonstration projects in the fields of breast cancer, cervical cancer, lung cancer, certain high risk groups such as asbestos and other industrial workers and persons exposed prenatally to stilbestrol, and is engaged in extensive programs of professional and lay education. The Control Division also has a program in rehabilitation and a number of programs designed to bring about the widest possible use of the best technologies of treatment. The activities of the Control Division in this area get very close to health care delivery, so that their activities must be watched very closely in order to be sure that the objectives sought are reasonably attainable and that the programs do not cross the line into outright health care delivery.

TRAINING

In my letter to the President of May 24, 1973, as well as my letters of January 25, 1973, and June 12, 1974, I have set forth in some detail my views with respect to training. I will not repeat those arguments in this letter. However, I do wish to state once again that, so long as we are going to support programs in biomedical research, we must, in my opinion, also support strong programs in training. This is the way the work gets done. Fellows and trainees are indispensable to the current research programs and they provide far more in current value to those programs than they cost or can be provided for the same dollars by any alternative device. The O.M.B. must get rid of the notion that these programs are government handouts designed to provide education to already educated and potentially high income groups. These trainees and fellows are a part of the operating personnel at the institutions to whom the research grants are being made, and their presence is fundamental to the receipt of maximum results from the research grants. It is true, as O.M.B. and others have argued, that we run the risk of training more people than can ultimately be used directly in these professions. But in any human endeavor, it is necessary for more people to enter the pipeline than the ultimate number of excellent performers required. No one has yet developed a system which enables us to pick our Nobel Laureates at the predoctoral or postdoctoral level. But those receiving training and fellowship grants are working on the current problems and are contributing far greater current value than their current costs. The ones who do not make it in the ultimate competition will move on into other areas which are of value to themselves and to society.

It is also argued that, since we have approved unfunded grants, we clearly have enough scientists and therefore we should not be training more. But we must not forego our best young minds because we have older scientists whose grants are not being funded. The best young minds must be brought into the process not only for the future but for our current success.

This whole training matter has been so confused in recent years that it is deserving of a Presidential directive. The needed directive is quite simple: to the extent that we provide Federal support for biomedical research, we should support related training and fellowship grants at an appropriate level.

INTERNATIONAL ASPECTS OF THE PROGRAM

Our international programs are proceeding satisfactorily. We have close cooperation with almost all of the Western European countries, and very close cooperation with those Western European countries which are leaders in cancer research. Our cooperation with the Soviet Union has been enormously expanded during the past three years and these interchanges are also proceeding very satisfactorily. We have good relationships with Japan, and several other Asian Countries, and we have some limited programs with some of the Iron Curtain countries. It is our policy to make our knowledge known to the greatest possible extent to all parts of the world and to cooperate and work jointly with other nations wherever such cooperation can benefit the total cause.

ORGANIZATION

The National Cancer Institute has done an exceptional job in the administration of this rapidly expanding program. I have dealt with a great many government agencies, and I have never seen any government agency that works with such industry, dedication, and commitment as the Director of the National Cancer Institute and the members of his staff. However, we have suffered badly from inadequate allocations of personnel in this expanding program. This was the subject of my letter to you of April 25, 1975, and we are grateful for the relief which we received as a result of that letter. However, we still need some reasonable increases in personnel in order properly to administer this vast program.

Another very disturbing organizational problem is the salary ceiling. Most of our exceptional people are people who have been with the Institute for a number of years and who continue to serve out of loyalty and commitment in spite of offers of higher salary levels in other places. However, the long-term freeze on salaries that has been in existence for five years now has caused us to lose a number of our top people and, with the salary ceiling of $36,000, it is almost impossible to obtain from the outside replacements of equal calibre. The $36,000 salary ceiling also works a serious hardship on the Director and his senior deputies. There are over one hundred people in the N.C.I. who now make the same salary as the Director.

It seems ridiculous for the government to economize by having a $700 million program administered by a $36,000 administrator. Fortunately, we have not yet suffered at the Director level, because it would be hard to find a better man than Dr. Rauscher at any salary. However, we have been able to keep him only by appealing to his loyalty and patriotism and he has stayed on at enormous personal sacrifice. I do not know how much longer we can expect this sacrifice and there would be no hope of bringing in anyone of comparable ability from the outside at the $36,000 salary. Government has never been competitive with private industry and it probably should not be. However, it is no longer even close to competitive with academic and philanthropic institutions and this eliminates what has been the principal source of talent for scientific organizations such as the N.C.I.

The long-range health of these programs clearly requires higher salary ceilings and flexibility to grant salary increases. In a time of unparalleled inflation, most of the senior staff at N.C.I. have had no increase in salary for the past five years.

We have people of outstanding ability on the National Cancer Advisory Board, and without exception, they expend enormous time and effort on this program. We also make tremendous use of a great number of the ablest members of the scientific community. Without this help, which costs us only a small fraction of its value, we could not get the job done. I continue to be amazed by the extent of the willingness of members of the scientific and medical community to give freely and generously enormous amounts of their time to this cause.

CONCLUSION

While it is not possible to prepare meaningful cost benefit analyses for basic biomedical research in the sense in which we prepare profit or cash flow projections in business, I have no hesitancy in urging as a sound proposition for the American people the continued support of cancer research at levels necessary to maintain the momentum of this Program as a priority program. In a free enterprise system, basic biomedical research of this type cannot be carried forward on the scale that is required without Federal support. Profit incentives are not there to support adequate basic research in this area, and philanthropic institutions, while providing the bulk of the facilities and personnel needed for this enterprise, must have government help in order to stimulate their activities and to sustain them at the level which the public interest requires. It is this mix of public support and private sector initiative that has made our biomedical research establishment the envy of the world. Not only cancer research but other biomedical research supported by the other Institutes of the N.I.H. should continue to receive strong Federal encouragement. These are among the best of the Federal programs.

If any well-run business were spending $100 billion per year on medical care, it would be spending at least 5% of that amount on research to reduce those costs. While I do not advocate that level under today's circumstances, I do believe that sound business judgment requires that we not cut back on the present effort. Biomedical research is now at a point where our research dollars will be very rewarding, and the Federal expenditures in this field are leveraged dollars which mobilize an effort much larger than the Federal dollars themselves support. The continuance of our biomedical research effort is essential to our well-being as a Nation.

We must continue to regard the Cancer Program as a long-term commitment by the Administration, the Congress, and the American people. We will make progress as we go and there is no doubt that the benefits of this program will be increasingly available to the American people as time goes by. However, neither the Congress nor the public must expect too much too fast. These are profoundly intricate scientific problems and they will take years of basic and applied research before we reap the harvests which are our ultimate goal. However, this research must be done and we must not forsake this task because of its difficulty. We are making extremely important progress and our effort must be sustained.

Mr. President, I would like to express the sincere appreciation of the Panel, the Board, the staff of the Institute and, I am sure, the American people for your strong support of the Cancer Program. Much of your support is a matter of public record, but much of it has taken place unseen in the councils of O.M.B. and the White House. For all of your help, we are most grateful.

Respectfully yours,
BENNO C. SCHMIDT,
Chairman, President's Cancer Panel.

Mr. HUMPHREY. Mr. President, I rise to join our colleague from Massachusetts (Mr. KENNEDY), our colleague from Indiana (Mr. BAYH), and, of course, the distinguished chairman of the Subcommittee on Appropriations for Health, Education, and Welfare (Mr. MAGNUSON), and the minority ranking member (Mr. BROOKE) in asking the Senate to defeat the amendment which has been proposed.

The arguments for the amendment are essentially based on two points:

First, that the amounts of money appropriated or recommended in this appropriations bill for the National Cancer Institute and its programs are excessive and cannot be adequately and efficiently expended; second, that other funds, for example, the $50 million that could be taken out over and above the $100 million on the cancer funds would be redistributed for basic research to a number of the health institutes.

Let me just say, very quickly, that the Cancer Institute has not allowed any money that has been appropriated to it go unused or lapse. The Institute has fought for permission by the Office of Management and Budget to hire needed people, and the Commitee on Appropriations has earmarked money for such hiring this year in the amount that is in the appropriations bill. The funding now in the fiscal 1976 bill that is before us is still below the national cancer plan design level; it is still below the authorized level of the legislation that has set up our national cancer program, and it will leave projects that are ready to go at this moment without funds.

I might also add that the recommendation of the Committee on Appropriations on this matter of the Cancer Institute is within the concurrent budget resolution target level.

Those are some arguments to be made, but to me they are not the most important ones.

The fact of the matter is that Congress a few years ago declared war on cancer, and this is no time to retreat. This is not any time to put up the flag of either surrender or truce, and it surely is not any time to just mark time and stop our forward progress.

The time now is to put on additional efforts because there is some momentum and, as has been said here by other Senators and as is known in the medical field, there are significant developments and breakthrough that have already been made, and others that are ready to come to the forefront.

We must not stop this forward progress. I cannot imagine why we should be concerned about overspending on research and treatment of a disease that is responsible for 71 percent of the deaths of this country. Cancer is a pervasive disease. It hardly leaves a family untouched.

Mr. BROOKE. Mr. President, will the Senator yield for the yeas and nays request?

Mr. HUMPHREY. Yes.

Mr. BROOKE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BROOKE. I thank the Senator.

Mr. HUMPHREY. As I said, this is the disease that touches practically every family. What we ought to be doing is not arguing about the budget levels; we ought to be arguing about just one thing: Are we making progress? The answer is "we are." Not rapidly enough, because cancer is one of the most difficult diseases to detect, understand, diagnose, and treat because it has a host of varieties. There is no such thing as one cancer disease.

For Congress to move backwards at a time when there is a plan of action laid out by the best medical minds in America, a plan that has extended over the years, that has stages of development within it, I think that for us to abandon that plan or to in any way retreat from it would be a serious mistake.

What would be the effect of the reduction for cancer programs if the pending amendment is adopted?

First of all, many community cancer prevention programs would be reduced—that is obvious—when we take away $100 million.

Second, breast cancer and Pap test screening programs would level off rather than expand; frankly, we ought to have a Pap test program and a breast cancer testing program for every woman in America.

It ought to be available, frankly, free of charge. We ought to have a massive education program to encourage these tests.

I say that there is not too much attention being given to the cancer program; but rather, too little. Only 40 percent, as the committee indicated, of all grants and contracts could be funded if this reduction takes place. But, more important, hundreds and hundreds of chemicals and environmental hazards which we now know something about could not be tested adequately. It is estimated that on five key drugs that are being looked at presently and tested, it will take $100 million to complete those tests.

Cancer patients know the importance of chemotherapy, as it is called. Those who have been afflicted know the dangers of what we call the offshoots or the side effects of drugs that have not been tested properly.

To slow down this testing program now would be a very serious mistake.

The committee studied a host of other matters. We are all indebted to the Senator from Washington (Mr. MAGNUSON) and the Senator from Massachusetts (Mr. BROOKE) for their attention to this vital program. They have listened to dozens of witnesses, hours of testimony, and they have presented us with a program that in their judgment and in my judgment continues the forward progress and the hopeful effort we are making in the battle against cancer.

There are a number of matters we can mention here. The environmental center has just been dedicated, the Cancer Prevention Study Center. We not only need one; we need more.

Different types of cancer are found in larger degree in different parts of the world. In some parts of the world, it may be primarily cancer of the colon. In another part of the world, it may be cancer of the bladder. In another part of the world, it may be cancer of the throat. We do not know why. But we do know that in certain geographical area there is a preponderance of a particular kind of cancer. We need to know much more.

The suffering and the agony that cancer brings, together with the cost in treatment and in disability, is almost beyond human comprehension. I could not possibly support the effort to reduce this program.

I realize that money alone is not the answer. I am not going to say that every dollar of the $803 million that is provided in this bill is going to be expended in the most efficient and productive manner. The reason why I cannot say that is that research is always a process of discovery. You never know whether you are going to find an answer. But you do know this—that without the research you are not going to make any progress.

We also know that there have been remarkable achievements in recent years, the last 5 years, in the treatment of bladder cancer. It is estimated that this disease alone will kill approximately 9,000 or 10,000 people this year. It never before was responsive to drug treatment. About 6 or 7 months ago, I received in my office a splendid article, with documentary evidence, concerning the development of two new drugs—cytoxan and adriamycin. These are powerful drugs. They have been used singularly, and they have been used in combination. They require meticulous testing, because the side effects of these drugs can be devastating. Nevertheless, these drugs have produced remarkable results. We have had initial studies, and we definitely need a followup.

The Senator from Indiana spoke movingly about what has happened in the battle against breast cancer, and what has taken place is remarkable. The possibilities of greater advance are testified to by eminent physicians from all over the world.

Lung cancer takes one person after another. I think it is important to note that considerable effort is being made now in a national screening program for lung cancer. We need more of that, not less of it.

There is a whole new combination of drugs that is proving effective against certain types of colon cancer. I might add that most doctors will tell you that it is the early detection that makes the difference, frequently.

What we need in this cancer program is not just the research in drugs and what we call the radiology—the types of X-ray that we can use; we also need a tremendous program of education, of early diagnosis, of cancer prevention.

Mr. President, cancer is the No. 2 killer of Americans every year. It touches every family, and knows no favorites. Young children, men and women in the prime of their lives, and older Americans are equally touched by it.

Fifty years ago, it was considered a hopeless disease—we might be able to prolong the life of a cancer victim for a while, but a permanent cure seemed out of the question in most cases. Because of the advances in medicine and treatment, the picture has changed. And the picture looks brighter every day, in no small part because of the dedication of our researchers at the National Cancer Institute and other facilities throughout the country whose work is supported by the Institute.

We have before us today an appropriations bill which allocates a little over $803.5 million for research by and operation of the National Cancer Institute.

Mr. President, in my opinion this is the minimum amount of money which we should allocate to the conquest of cancer. To allocate less at a time when the documented unmet needs for cancer research exceed $99 million, would be to retreat from the war against cancer.

The great advances we have made to date in conquering cancer can be directly related to the commitment we have made to fund cancer research.

The results of this commitment have been phenomenal.

Thanks to a combination of detection centers and new treatments which combine surgery and drug treatment, the recurrence rate from breast cancer 2 years after surgery has decreased from 29.7 to 3.3 percent.

For the first time, it has been possible to effectively treat cancer of the colon.

The 5-year survival rate on acute childhood leukemia has pushed beyond the 50-percent level. In 1969 it was only 4 percent.

But much more needs to be done. We are only now beginning to make breakthroughs in some areas. In others, initial studies, while promising, need follow up.

New therapies for cancer that will result in improved survival rates must be evaluated by clinical research. Basic research which will unlock the secrets of fundamental cell processes must be carried forward; it has direct and practical implications for controlling cancer in humans either by prevention, diagnosis, or treatment.

We are now on the threshold of making a decision of whether we are going to maintain our commitment to carry on the needed research to conquer cancer or whether we are going to back off.

To follow the lead of Senators Nelson and Cranston and cut $100 million from the appropriation for the National Cancer Institute would be to back off.

I fully understand and sympathize with the Senators' concern for the other Institutes which make up the National Institutes of Health. But, to speak bluntly, we have a national commitment, embodied in the national cancer law, to conquering cancer.

Furthermore, we are spending—and increasing our spending—for the other Institutes in NIH.

The bill before us today increases the funding for the 10 offices which would receive more money under the Senators' amendment, by a total of over $193 million.

The $50 million which the amendment by Senators Nelson and Cranston would redistribute to these Institutes might have some slight positive impact on their work. But I can say with complete confidence that it would have a highly deleterious effect on the work of both the National Cancer Institute and the National Heart and Lung Institute. The end result might be some advances in some fields, but retreat or stagnation in our battles to conquer the No. 1 and No. 2 killers of America—heart disease and cancer.

What is at issue here is not simply the redistribution of money from one Institute of NIH to other industries, but the health and well-being of the American people. The Appropriations Committee very carefully considered this, and on the basis of the requirements of the Institutes and the health needs of the American people, made its recommendations for allocations.

I commend the committee for its wisdom in making these difficult judgments and urge my colleagues to follow the committee's guidance.

What purposes would the redistribution of funds, as proposed under this amendment, serve?

I am told that the redistributed funds would be used primarily for basic research.

Basic research is, of course, important. Significant advances occur as a result of basic research. But, such research is not carried out solely by the institutes which would benefit from the Nelson-Cranston amendment. The National Cancer Institute and the National Heart and Lung Institute are strong supporters of basic research.

Furthermore, this year's committee appropriations will support a greater dollar volume of basic research than ever before in the history of NIH.

You know, advocates of a shift of funds from the disposition made by the committee cannot argue both ways. If they really think there is something important and distinctive about basic, investigator-initiated research, and I think there is, then the distinction must be that the research is not categorical, not related to one disease, particularly. If it is not categorical in the Allergy or Neurology Institute then it is not categorical in the Cancer Institute.

What is the sense of shifting money from one institute to another if the aim is to protect basic research? The National Cancer Institute and the Heart and Lung Institute are doing their share of basic research. If it is truly basic, the scientists can get their grants from cancer as well as from other institutes. As a matter of fact, the Cancer Institute has a policy of taking on some of the funding of applications originally directed to other institutes. Testimony on this has gone to both appropriations committees.

Commonsense tells us that changing times call for planning in biomedical research. Certainly we do not want to put creativity in a harness and cut back basic research. But just as certainly we cannot allow demonstratively productive research plans to be changed in midstream.

We are getting excellent results from the national cancer plan and from the heart plan. Heart disease has shown a downturn in recent years for the first time in the lives of those now in this Chamber. That is not happenstance. Much of it appears to be related to fine results from clinical trials proving the efficiency of drugs for hypertension.

The committee's support for adequate biomedical planning while basic research is fully protected is sound and I am for it. I oppose amendment of the committee's bill.

Mr. President, I urge upon the Senate that it reject the amendment. If there is a feeling that we need more funds in other Institutes, I am for giving them more funds. This country is not going bankrupt by taking care of its health. The cost of disease in 1 week is a great deal more than the budget of HEW will be in a year. If we can find any way to combat effectively these great killers—cancer and heart disease—this Congress will have earned for itself the plaudits and the commendations of the people.

Mr. BROOKE. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

Mr. NELSON. Mr. President, will the Senator withhold that motion, in order to permit me to make a 2-minute statement?

Mr. BROOKE. Yes.

Mr. CRANSTON. I would like the same opportunity, for 2 minutes.

The PRESIDING OFFICER. Without objection, the Senate from Wisconsin has 2 minutes and the Senator from California has 2 minutes.

Mr. NELSON. Mr. President, so that the record will be clear, none of the sponsors of the amendment are for cutting back on programs to cure cancer.

Much of the argument has been couched in terms of retreating or giving up the so-called war on cancer. The record should show accurately, in dollar amounts what has happened, what has been spent, what has been appropriated in this war on cancer.

In 1970, the appropriation for the Cancer Institute was $182 million. By 1975, it jumped from $182 million to $669,198,000. This year the House appropriated $703,564,000. The Senate committee appropriation recommendation is $803,564,000. So, since 1970, the appropriations for the National Cancer Institute have gone from $182 million to $669 million for the 1975 fiscal year, just ended. If we accept the House figure, it goes up to $703 million-plus, and the Senate figure would bring it to over $803 million.

So the war on cancer has not by any means been starved.

I think everyone is prepared to support whatever amount of appropriation to cure disease, whether it be cancer, heart disease, lung disease, allergies, or any other diseases, that can be economically spent in a scientific and fruitful way.

I ask unanimous consent to proceed for 2 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. We would all support that. But what is happening is that in the competition for money, we are dramatically expanding support for cancer, heart, and lung at the expense of the other Institutes.

We cannot ignore the fact that if we do not include the Cancer and Heart and Lung Institutes in the figures, all other Institutes are now receiving 13 percent less money in real dollars than they were in 1975. That is creating the imbalance which, in my judgment, is damaging the National Institutes of Health and its capacity for basic research.

As I said previously, everyone knows in the scientific community that you may very well discover the most important cures or treatments for cancers in research supported by other Institutes, rather than the Cancer Institute. If we could have our druthers, and have all the money we needed, I would not go for $803 million. I would say, "Let us give a billion to cancer and another billion to the other Institutes."

That does not happen to be our choice.

The PRESIDING OFFICER. The Senator from California has 2 minutes.

Mr. CRANSTON. Mr. President, first let me say briefly that I fully understand the objection of those who have spoken against the amendment. I fully share their concern about cancer, and I appreciate what the Senator from Washington (Mr. MAGNUSON) and others have done in tremendously advancing the war on cancer.

I further say, however, that this amendment does not constitute any surrender or retreat in the war on cancer. It cuts back only on gigantic increases over what is being spent now on that effort. It does not cut back on what is presently available; it would only forestall disproportionately large increases in what is available. In short, it would retain the House-passed figures for the Cancer and Heart and Lung Instiutes.

Increases in general biomedical basic research are very important, and I believe that those we seek to bring about would contribute to the war on cancer if it is adequately supported. I regret very much that the parliamentary situation, the fact that we are operating under cloture, has made it impossible for us to take account of the opposition and to modify our amendment as we would like to, to make it at least somewhat more palatable to those who oppose it.

Finally, I deeply appreciate the statement of the Senator from Washington and others in recognition of the need for greater support for the other Institutes, and I look forward to working with the committee soon, at the time of the supplemental appropriation, to see if we can make some advances on that front.

I thank the Senator and all who have spoken very much.

ADDITIONAL STATEMENTS SUBMITTED ON CRANSTON AMENDMENT NO. 890

Mr. STEVENS. Mr. President, the funding recommendations of the Appropriations Committee which are contained in this bill represent the priorities we have developed through months of hearings and several markup sessions. Almost three-quarters of all deaths in this country are linked to cancer and heart disease. Last year, for the first time, the number of deaths from stroke and heart disease actually declined. I think we are all aware of the dramatic strides research has made in saving the lives of women with breast cancer.

While I realize that the funding for the Allergy Institute and for general medical sciences has increased by only 75 percent in the last 5 years, I do not think that we should increase funding for these programs at the expense of the Cancer and Heart and Lung Institutes. The Senator from Wisconsin seemed to be of the same opinion the other day when he sought to modify the original amendment by providing an add-on to NIH rather than cutting and redistributing the funds approved by our committee.

As we know, the success of cancer treatment is early diagnosis and treatment. A cut of $100 million would reduce all community cancer prevention programs; it would allow for no increase in the level of breast cancer and pap test screening programs; and it would postpone the development of highly promising treatment methods for surgery, radiation, and drugs.

The $50 million proposed reduction for heart and lung efforts would force the closing of all blood research and blood centers across the country. Additionally, community heart and hypertension programs would be greatly reduced and there would be no new initiatives in diabetes research and stroke prevention.

If there is, indeed, a good case to be made for increasing the funding level for the three Institutes which would receive a total of $48 million under this amendment, I request that the committee be allowed to consider this during our hearings on supplemental requests rather than at the expense of the Cancer Institute and the Heart and Lung Institute.

Mr. MUSKIE. Mr. President, I regret to have to sponsor an amendment which will reduce the funds available in the health area. I think that it is an injustice to the Congress that we are forced to make reductions in the controllable portions of the budget because of the increased costs of mandatory spending programs.

However, as chairman of the Budget Committee I must look to places where reductions can be made and support those reductions. This amendment will lower the pressure on the health target by $100 million.

As you can see on page 35 of the Senate budget scorekeeping report the health target for outlays is over by $2.1 billion or $.9 billion if we deduct $1.2 billion for pending legislation for health insurance for the unemployed.

Furthermore, Mr. President, Secretary Lynn of OMB, and Alice Rivlin of the Congressional Budget Office both testified before the Budget Committee this week that additional reestimates for medicaid and medicare will total approximately $.8 billion more for fiscal year 1976.

I will conclude my remarks by restating the clear fact that this additional $.8 billion in reestimates on top of $.7 billion which the Congress has already received from OMB—is the reason for the problems we face now in staying within the health target.

Mr. DOLE. Mr. President, with regard to the suggestions made by the proponents of this amendment that we commence trimming down H.R. 8069 by making major expenditure cuts in such programs as those conducted by the National Cancer Institute and reallocating a portion to other areas—I would like to emphasize that we can keep the funding provisions of this bill completely within the limits established by the Budget Committee without disregarding critical priority considerations. In the case of cancer research and treatment, that is, I believe we have an obligation to devote the special degree of attention which Americans expect them to receive.

I am not opposed at all to making fair and equitable reductions for cancer consistent with those made in other areas in an effort to get our total spending down. However, I could not condone any drastic cuts which would disrupt the remarkable progress being made toward finding cures in this area.

I am particularly interested in this portion of the appropriation bill because of its importance to the Mid-America Cancer Center at the University of Kansas. This center is seeking designation as one of the comprehensive cancer research facilities in the country, and continued funding is essential to its achieving that goal.

Under the guidance of Dr. James T. Lowman, its director, the Mid-America Center has developed research and outreach capacities to assist health care providers throughout Kansas and major portions of Nebraska, Iowa, Missouri, Oklahoma, and Arkansas—utilizing the latest methods of cancer treatment and early recognition. I would urge my colleagues from these States to familiarize themselves with the outstanding services which are available to their constituents in Kansas City.

In the near future, the State of Kansas will be making a determination on its commitment to funding a radiotherapy facility for the Mid-America Center—hopefully the final hurdle to its selection as a comprehensive cancer unit. Certainly, the Midwest deserves to have a center to serve its special needs in this area, and I am optimistic that designation of the Kansas City center will soon be forthcoming.

I think it is significant to note that there are many strains of cancer, several of which are particularly endemic to the Midwest. Therefore, the location of a comprehensive center in this region will assure that these problems receive appropriate attention, and that cancer patients of the Midwest receive the best care possible.

I would also urge that—assuming some version of this bill will pass either now or later—the Senate conferees insist on House acceptance of its provisions allocating construction funds for the coming year. I am aware of the Office of Management and Budget's position on overbuilding and excessive construction; however, I wish to point out that in many instances no existing structures are available to house the type of highly specialized activities undertaken by cancer centers.

If OMB wants to assure maximum utilization of existing facilities, it should, I suggest, review each proposal on a case by case basis to determine whether new construction is needed for a particular cancer program to proceed. In Kansas City, for example—it can be shown that most of the construction is not for overbuilt in-patient facilities, but rather for out-patient services or research activities that require highly technical specifications.

Mr. President, again I feel we have come a long way toward the conquest of cancer. We are close to the breakthrough point whereby thousand of victims will be able to benefit from the substantial efforts of the past several years and thousands of friends and family members of cancer patients will be granted the peace of mind that comes from knowing their loved ones are being given the best cancer treatment possible.

It would be most unfortunate to relent in this effort, so regardless of the disposition made of the Labor-HEW appropriation bill itself during the coming weeks, I am hopeful we will not allow our priorities to be overlooked. I am all in favor of making reductions in Federal spending, but we must do so in a manner which will not seriously impair the effectiveness of any one activity.

Mr. President, I urge that we defeat this amendment and thereby demonstrate our determination to likewise defeat the dread cancer, heart and lung diseases which so affect our American families today.

Mr. JAVITS. Mr. President, I rise in opposition to the amendment proposed by the Senator from California.

I agree there is a need for increased appropriations for the important research activity of all the institutes of the National Institutes of Health. However, I think the method the Senator has chosen to accomplish this goal is faulty because he proposes that we take from Peter and pay Paul, and Paul in this case is fully as worthy and should not be cut down for this purpose.

At the same time it is important that the public and the scientific community realize the amount of major biomedical research that is being funded under the cancer program was over $300 million last year.

I share the concern that the other Institutes which have traditionally supported basic biomedical research have not had their budget increased at anything approaching the rate of increase for the cancer budget. However, the scientific community should come to realize the extent of support by the Cancer Institute of basic, fundamental research.

With respect to basic research, the actual expenditures of grant funds for good basic science program subjected to peer review and given high ratings have actually increased remarkably during the past 3 years. Those responsible for the cancer program have always recognized the absolute necessity for strong fundamental science and for the increased funding of noncategorical basic research, both by the Cancer Institute and the other Institutes of NIH; and the fact is that the Federal Government is funding more excellent basic research today than at any time in the past.

Mr. BROOKE. Mr. President, I withdraw the motion to lay on the table, and ask for an up-or-down vote on the amendment. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered on the motion to lay on the table.

Mr. BROOKE. Have the yeas and nays already been obtained on the amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment.

Mr. BENTSEN. Question.

The PRESIDING OFFICER. The question is on agreeing to the Nelson-Cranston amendment (No. 890). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. Church,) the Senator from New Hampshire (Mr. Durkin), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Louisiana (Mr. Long), the Senator from Arkansas (Mr. McClellan), the Senator from New Hampshire (Mr. McIntyre), the Senator from New Mexico (Mr. Montoya), and the Senator from Alabama (Mr. Sparkman) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Hart) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. Brock), the Senator from New Jersey (Mr. Case), the Senator from New Mexico (Mr. Domenici), the Senator from Arizona (Mr. Goldwater), the Senator from Wyoming (Mr. Hansen), the Senator from Oregon (Mr. Hatfield), the Senator from Nebraska (Mr. Hruska) and the Senator from Delaware (Mr. Roth) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Griffin) is absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "nay."

The result was announced—yeas 19, nays 62, as follows:

[Rollcall Vote No. 422 Leg.]

YEAS—19

Abourezk
Allen
Bartlett
Bellmon
Biden
Cannon
Cranston
Curtis
Fannin
Haskell
Helms
Laxalt
McClure
Muskie
Nelson
Packwood
Proxmire
Scott, William L.
Thurmond

NAYS—62

Baker
Bayh
Beall
Bentsen
Brooke
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Clark
Culver
Dole
Eagleton
Fong
Ford
Garn
Glenn
Hart, Gary W.
Hartke
Hathaway
Hollings

Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
Metcalf
Mondale
Morgan
Moss
Nunn
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Tower
Tunney
Weicker
Williams
Young

NOT VOTING—19

Brock
Case
Church
Domenici
Durkin
Eastland
Goldwater
Gravel
Griffin
Hansen
Hart, Philip A.
Hatfield
Hruska
Long
McClellan
McIntyre
Montoya
Roth
Sparkman

So the Nelson-Cranston amendment (No. 890) was rejected.

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BROOKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, while there are many Senators here we have two other amendments which should not take too much time. We will then be ready for final passage, I hope, on the bill.

There are no other amendments we know of and I will ask for the yeas and nays on final passage.

The PRESIDING OFFICER (Mr. GARY W. HART). The yeas and nays have already been ordered.

Mr. MAGNUSON. All right.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I have an amendment—coauthored by Mr. MANSFIELD and myself—which does not meet the reading requirements under Senate rule XXII. It will require unanimous consent for me to offer it. I will first make a very brief explanation of it.

The PRESIDING OFFICER. May we have order in the Senate?

Mr. ROBERT C. BYRD. I will make a very brief explanation of the amendment and then I will seek unanimous consent that I may be permitted to offer it.

Mr. President, I have been among those Senators who have proposed amendments in the Senate calculated to prevent HEW from using funds either directly or indirectly to require the forced busing of students to public schools beyond the nearest school. So I am on record and have been on record for years as being opposed to so-called busing to bring about an arbitrary racial balance in the schools.

In taking that position, I think it was consistent with the feeling of a majority of people in this country, both black and white. Now we have discussed that aspect of the matter for several days.

At the same time, I have stated that I favor the opportunity for quality education for all students, black and white, and I think it is obvious that if that opportunity is going to be provided we ought to be willing to appropriate funds which will be spent in the inner-cities in such a way as to improve the facilities, the equipment, and the opportunity for the securing of a quality education.

I happen to feel that there is considerable waste in the spending of Federal moneys for education. I am very much a supporter of spending every dollar that can be feasibly and wisely spent for education, but I say that I think there is some waste—I cannot pinpoint it at the moment—and the same thing can be said for all departments, for that matter, of the Federal Government.

But consistent with my viewpoint that those of us who oppose forced busing should be willing to provide the funds for quality education in the inner-cities and to disadvantaged children everywhere, I have asked the staff to prepare an amendment which would not increase the overall appropriation in this bill and which would not make a broad meat-ax cut, in which case uncontrollable items would be touched, as would controllable items, but which would deal rather with selective areas of the bill and make a reduction of something like $300 million in the bill and transfer that $300 million to title I, Elementary and Secondary Education.

In making selective cuts, obviously there would be areas that would be reduced that would be close to the hearts of many Senators, and some areas that I, too, rather strongly support. But in the effort at this time to provide additional money—it would not need a new authorization—but additional moneys for quality education in the inner-cities, especially where there are educationally disadvantaged children, this amendment would propose that $300 million be put into title I—Mr. MANSFIELD, the distinguished majority leader, joins me in this amendment—but at the same time selective cuts would be made so as not to increase the overall funding amount.

I recognize that I do have to have unanimous consent to offer this amendment, because it does not meet the reading requirement of the cloture rule. If I am allowed to offer it we can describe it further and get into greater detail.

Briefly, this amount, $300 million, would be in addition to $2 billion included in the recently enacted education bill, Public Law 94–94.

Under this program, grants are made to local school districts to supplement State and local outlays. The funds are used to provide special services to disadvantaged children in areas where there is a high concentration of low-income families. It is estimated that more than 6 million children in over 14,000 school districts benefit from this program. Approximately 64 percent of the funds will be used for basic skills and 37 percent for supporting services. The additional funds proposed would allow for a greater concentration of services of children presently served and would allow for an expansion of services.

Mr. President, without impinging upon the time of the Senate further—I have shown this amendment to various Senators—I shall ask unanimous consent that, even though the amendment was not printed at the desk at the time the cloture was invoked, the amendment meet the reading requirements under the rule, and, if there is no objection, then I shall be willing to describe the amendment further. If there is an objection, I will not seek to impinge upon the time of the Senate further, because I shall have exhausted my legitimate course of action.

The PRESIDING OFFICER. Is there objection?

Mr. BROOKE. Reserving the right to object——

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROOKE. Reserving the right to object, Mr. President, I think I understand what the Senator from West Virginia is attempting to do, but I really feel that, in effect, this amounts to a separate but equal amendment.

We have passed legislation which would prohibit HEW from busing schoolchildren to desegregate public school systems that have been segregated by official actions. That is what the Senate has done. The issue was never racial balance; the issue was the desegregation of public schools that had been segregated by official act. That is what we have been talking about all the time, Mr. President.

The Senate has acted. I wish the Senate had not acted as it had. I wish we had options open to us to undo that which we have done. I think we have taken a backward step as a result of the acceptance of the amendment of the Senator from West Virginia to this appropriations bill. I think we have taken a backward step in the acceptance of another amendment which was offered and finally acted upon favorably by the Senate, the amendment of the Senator from Delaware (Mr. BIDEN).

I believe that although we have not gone back prior to the 1954 Brown decision, and we have not totally emasculated title VI of the Civil Rights Act of 1964, we have taken a backward step so far as equal opportunity and equal justice under the law in this country are concerned.

I believe that anyone who would vote for this amendment, and I hope that it will be objected to, would be voting for it only to appease his conscience, Mr. President.

I am glad to see people appease their conscience. That is wonderful, but what they are saying to that black child is, "We are not going to let you be educated in an integrated school, children, but we are going to give you some money to stay where you are."

That is constitutionally and morally wrong. I cannot sit here and listen to the introduction of an amendment such as this. It is only for the appeasement of the conscience of a few. I do not believe that the Senate wants to put itself on record as favoring such an amendment.

There was a similar amendment offered yesterday, I think in good faith—I know in good faith—by my distinguished colleague from Massachusetts to——

Mr. ROBERT C. BYRD. Does the Senator imply this amendment is not being offered in good faith?

Mr. BROOKE. No; I do not say that at all. I do not imply. When I say something, I say it. I do not imply.

I merely said the Senator from Massachusetts offered in good faith an amendment to place $1 billion into the schools of the cities. Of course, that was objected to so that it could never be brought up. In this new amendment we are taking some $300 million out of health, labor and unemployment programs, which are so sorely needed, and putting the money into title I education programs for urban schools.

They need money. I do not disagree with that. We in the committee have tried to give them all the money we could within fiscal constraints. But, Mr. President, it is a sad day if, after the Senate acted as it did yesterday, it comes back now and tries to salve its conscience by adopting amendments such as this one which has been introduced by my friend and colleague, the distinguished Senator from West Virginia.

I yield to the Senator from Connecticut.

Mr. WEICKER. Mr. President, reserving the right to object, and I have not made up my mind what I shall do in this instance. I think it is important to understand what it is that is being done here. The Senate is on record as to its views of equal educational opportunity in this country. The Senate is on record as to what kind of leadership it wants to provide in order to achieve equal educational opportunity. I am not going to be part of a charade. I do not think, if we are going to have equal educational opportunity in this country that we can have our prejudices and wallets intact. I do not think we can do it.

There are those who feel the proper systems are not being employed. Fine; but, as I stated in my floor speech, what is the positive alternative? Everybody knows what the President, the Senators, and all the rest of the spokesmen do not want. Who is it who will stand up and say what it is we do want, what it is we are going to have to achieve to insure equal educational opportunity?

The Senator from Massachusetts has certainly spoken in a positive and eloquent way. Yesterday his colleague from Massachusetts submitted an amendment almost identical to the Weicker amendment of a year ago. I think the Weicker amendment of a year ago added $3 billion to achieve that equality of opportunity in the way of facilities, personnel, and programs. The Senator from Massachusetts tried to achieve that yesterday and was cut off in a parliamentary maneuver.

No, I think it is only fair that what is done stays out there to be viewed all by itself, not diluted by any charade or sleight of hand. And this is sleight of hand. It adds no new money to achieve. We have systems to achieve that. In effect, we are just saying let everything go back and take care of itself, when we know that cannot be done.

This is cruel. I am not going to be part and parcel of that kind of a charade.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. RIBICOFF. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. RIBICOFF. I have listened to this dialog with a sense of great dismay. I do not have to think about my conscience. I have voted with the Senator from Massachusetts on every procedural and substantive issue in this bill. But it is this type of dialog that will prevent the Congress and the country from addressing ourselves to one of the greatest social and economic problems facing us.

I do not call into question any man's sincerity on the floor of the Senate. I do not call into question the sincerity of the Senator from Massachusetts. Neither do I question the sincerity of the Senator from West Virginia.

We have to recognize that with the great social turmoil going on in Boston, Louisville, and across the Nation, this body is going to have to get together, as men of intelligence and good will, to try and work out a practical approach to what faces this Nation.

I have watched the votes in this body and have seen the shift in the sentiment of Senators, whose sincerity and ability I do not question. I would predict that with each succeeding Congress there will be more and more votes on the side of the Biden-Byrd approach.

At the same time, I think we should recognize the great deterioration in the cities of America, whether it is Hartford, Bridgeport, Boston, or New York. One of the greatest problems we face is the problems of education. As the cities lose the middle class and as the white middle class moves out of our central cities, our cities across the Nation more and more are going to become black and minority.

Through the present approaches, we are not going to be able to achieve a racial balance or integration.

Some 5 years ago I presented to this body an approach, trying to integrate education across district lines. I was defeated.

As a nation, with our cities becoming more and more black, and no matter what men of good will may try to achieve, it is impossible to get racial balance if we have 93 or 94 percent of the school population of a city like Washington composed of black students. Yet we are faced with the obligation of doing something for these children in black cities from which the whites have fled.

We can do no greater injustice to the minorities or to the cause of education or the social-economic fabric of America than to fail to look at this realistically. Therefore, I reject completely the attack upon the Senator from West Virginia on the statement that he is trying to salve his conscience. I would prefer to take the proposal of the Senator from West Virginia at its face value.

Let us try to address ourselves to the question of housing, to the question of jobs, to the question of economic opportunity, and the question of integrated education. But pending this, let us not stand for our country going to hell. Let us not be the advocates of not trying to bind up whatever wounds there are.

I hope that we will listen to what the Senator from West Virginia is proposing. I am at a disadvantage, because I do not know where the Senator from West Virginia wants to take the $300 million. This I should want to see. Pending the working out of this great problem we have in this country, let us try to get together—the distinguished Senator from Massachusetts, myself, the Senator from West Virginia—and try to work with the fabric we have in the United States of America.

I have sat through this debate during the last few days, thinking to myself, "I wonder how many men there are in the Senate of the United States who would want to address themselves to the difficult task of working this great problem out that we face." We had the 1954 decision. That was a correct decision. We should try to live up to it to the best of our ability in the laws that we pass and the decisions that we make. But what I am seeking are enough U.S. Senators who are willing now to say that, while we address ourselves to correct this racial imbalance, what do we do with conditions in America as they now exist?

We are seeing the erosion of the American society as we have known it these 200 years. We face our 200th anniversary with loud hosannas, but, at the same time, we see all over America what takes place. In the process of the debate on the Stennis amendment some years ago, I pointed out the question of unfairness in trying to have a dual standard. At that time, over bitter and emotional debate, I pointed out that the problems that we have in the South would be going North and that the day would come, not too far in the distance, when the problems of race and education would be great and serious in the North.

I did not want that to be a self-fulfilling prophecy. Yet we see, in the city of Boston, the bastion of American democracy, where our Nation had its beginnings. On our 200th anniversary, the disintegration of one of our great cities, the City on the Hill, Boston, Mass.

Let us not today, on the floor of the Senate, 100 thoughtful and intelligent men, call into question each other's sincerity. Rather, in the months and years ahead, because it is tough and difficult to put out a call for men of goodwill—men from the North, South, East, and West, who love this Nation, who might have different approaches—let us try to come to a conclusion and try to find a solution to save our Nation, to save our cities, and save our schoolchildren.

No matter what we do, as in the city of Washington, if we have 94 percent and 6 percent, no mathematical genius is ever going to be able to make it 50:50.

I hope we will look at the amendment of the Senator from West Virginia realistically and on its merits, without questioning the sincerity of the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Connecticut (Mr. RIBICOFF).

Mr. STONE. Will the Senator yield?

The PRESIDING OFFICER (Mr. GARY W. HART). Is there objection?

Mr. WEICKER. Reserving the right to object.

The PRESIDING OFFICER. Does the Senator address the Chair?

Mr. WEICKER. Yes; Mr. President, through the Chair of the distinguished Reserving the right to object, I ask

Senator from West Virginia whether he would so amend his amendment as to provide that the $300 million would not be transferred money, but, rather, would be new money to achieve the purpose which he has stated?

Mr. ROBERT C. BYRD. Mr. President, I have the floor, I believe, except for the Senator's reserving the right to object.

The PRESIDING OFFICER. The Senator from West Virginia is correct.

Mr. ROBERT C. BYRD. Mr. President, yes, I would have done that from the beginning had it not been for the fact that the distinguished senior Senator from Massachusetts (Mr. Kennedy), I believe yesterday or the day before yesterday, sought to bring in an amendment which had not been read and which would have added $1 billion for title I. That amendment was objected to, so it was my thought that if I could devise an amendment that did not add money over the bill, I might stand a better chance of getting consent that the amendment at least be permitted to come in. I stated a while ago that there are areas in my reductions that I am sure would certainly be close to the heart of many Senators. Some are close to my own. But, rather than add money, I thought this would be one way of accomplishing some good and, at the same time, perhaps reduce the possibility of an objection being raised.

So, my answer is yes to the Senator.

Mr. WEICKER. The Senator would be willing to amend the amendment to add $300 million?

Mr. ROBERT C. BYRD. Yes; my answer is yes, if allowed to offer it.

As a matter of fact, Mr. President, I would be willing to support an increase over the bill of more than that. But I must say, in all fairness, that I did not appear before the subcommittee, of which I am a member, and advocate this measure. I realize that to come in here at this late hour and attempt to make selective cuts creates a problem for the chairman. I recognize that.

Mr. President, I do not need to say any more about Mr. Weicker's reference to "charades" and "sleight of hand." Such unfounded comments are made around here often and they are so cheap as to go at bargain basement prices; one can have a handful for nothing.

Mr. STONE. Will the Senator yield?

Mr. MAGNUSON. Will the Senator yield a minute?

Mr. ROBERT C. BYRD. I wish to finish my statement.

I must say, however, and I say this with all kindness to the distinguished Senator from Massachusetts, nobody else is the keeper of my conscience.

Mr. BROOKE. I say to the Senator I did not say "his conscience."

Mr. ROBERT C. BYRD. I understand the Senator did not say "his conscience." But I am the person who is offering the amendment and it is not being offered to salve my conscience.

Mr. BROOKE. He offers a vehicle by which consciences can be salved.

Mr. ROBERT C. BYRD. I would not attempt, ever, to imply or to state that the Senator from Massachusetts is doing something to "salve" his conscience. I have no reason or right or power to know what his conscience directs him to do. I hope that he would accord me the same respect and courtesy.

The distinguished senior Senator from Massachusetts (Mr. Kennedy) who offered an amendment to add $1 billion for title 1, was not offering it to "salve" his conscience. He was on the side of the junior Senator from Massachusetts. The distinguished majority leader, Mr. Mansfield, who coauthors this amendment, does not coauthor it to "salve" or salvage his conscience.

I need say nothing more. The distinguished Senator from Connecticut (Mr. Ribicoff) has spoken with wisdom and reason, and I appreciate his kindness. I thank the distinguished Senator from Connecticut (Mr. Ribicoff). He states the truth, that all men of good will are going to have to work together in solving this complex problem. I do not know what the answer is, but all of us working together, hopefully, can reach some workable and reasonable solution eventually.

Mr. RIBICOFF. If the Senator will yield, I think that today, hard as it is, we are just going to have to do it—men from the North, South, East, and West, and both sides of the controversy. This controversy has been before us for many years. The solution is farther away than it has ever been, and the change of the structure of American society is going to call upon us to exercise some wisdom.

It is going to have to be done thoughtfully and carefully. I do not think we are going to be able to do it in the Chamber of the Senate.

What the Senator from West Virginia trying to achieve is a step in the right direction.

I ask unanimous consent that I be allowed to be a cosponsor of the Byrd-Mansfield proposal.

Mr. WEICKER. Mr. President, reserving the right to object, I through the Chair asked the distinguished Senator from West Virginia a question, and I received a response, but maybe I did not make myself clear.

Mr. ROBERT C. BYRD. Mr. President, the senior Senator from Connecticut (Mr. Ribicoff) does not need unanimous consent to add his name as a cosponsor to my amendment. I will add his name and if consent is given to the offering of the amendment, Mr. Ribicoff's name will be included, and I thank him.

Mr. President, may I ask unanimous consent that I be limited to not more than 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, will the Senator yield to me for 10 seconds?

Mr. ROBERT C. BYRD. Yes.

Mr. MAGNUSON. I understand what the Senator proposes to do, but I do not believe this is the right way to do it. The Senator from West Virginia has been a stickler for Senate rules and propriety. Would he not agree that this should be given full consideration through the normal procedure of hearings and careful deliberation.

Mr. ROBERT C. BYRD. Yes.

Mr. MAGNUSON. Title I is not in this bill.

Mr. ROBERT C. BYRD. Exactly.

Mr. MAGNUSON. We have finished the education bill.

Mr. ROBERT C. BYRD. Right.

Mr. MAGNUSON. No one came up with this kind of amendment when the Education bill was being considered.

Mr. ROBERT C. BYRD. Exactly.

Mr. MAGNUSON. I had hoped, 8 days ago, that this bill would not be used as a vehicle for attacking problems which are legislative in nature. I wish the Senator from West Virginia had brought this up during the time of the education bill.

Mr. ROBERT C. BYRD. I said I did not. I said that already.

Mr. MAGNUSON. This type of amendment is far-reaching. The size alone merits full consideration through the proper legislative channels.

Mr. ROBERT C. BYRD. I think I have stated my reasons.

Mr. RIBICOFF. Mr. President, if the Senator will yield, I have the highest respect for the distinguished Senator from Washington. I understand his concern. But the issue that the Senator from West Virginia is addressing himself to has developed during the past week, and it has been heated, it has been full of passion, emotion, and deep controversy. I think it is always timely to try to correct a situation that needs our attention at this moment.

Mr. BROOKE. Mr. President, will the Senator yield on that point?

Mr. RIBICOFF. I never talked to the Senator from West Virginia. I happened to be in the Chamber and listened.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. RIBICOFF. I do not have the floor. The Senator from West Virginia has the floor.

Mr. ROBERT C. BYRD. Mr. President, will the Senator continue his statement?

Mr. RIBICOFF. Consequently, I do not know of anything more timely in the social field and the fabric of our society than the problems of the city today and education.

The other day before Senator Humphrey's committee some 14 mayors came before us pleading the cause of the American cities, the tragedy that has taken place with its deterioration.

I would guess that if we looked to one of the bases of the entire problem, it is the cost of education and what is happening in the city, whether it is in New York, Boston, Hartford or Bridgeport, or any city in America.

So the timeliness of the debate, I would imagine, caused—as the Senator said, the Senator is a stickler for propriety—him to bring the amendment in at this time and not in any way to impinge upon the authority of our distinguished chairman from Washington.

Mr. MAGNUSON. No one objects to discussion in this Chamber. I have listened for 8 days now to this matter, and I voted my conscience. But we have more than $2 billion in the education bill for this purpose.

We will consider supplementals for title I, I am sure, and we will be down there in the salt mine waiting for people to come down and present arguments at the proper time and through the proper legislative channels.

As to the discussion in the Chamber, of course, that is what the Senate is for, but I am sure the Senator from West Virginia realizes that we are in an unusual legislative situation.

Mr. ROBERT C. BYRD. I do so realize.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. ROBERT C. BYRD. Mr. President, may I yield to the Senator from Florida?

The PRESIDING OFFICER. The Senator from West Virginia has no additional time.

Mr. ROBERT C. BYRD. I yield to the Senator from Florida briefly. He has been on his feet.

Mr. BROOKE. Mr. President, I think his 3 minutes were up.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STONE. Mr. President, is it in order for the Senator from Florida, reserving the right to object, to gain recognition for 2 minutes?

The PRESIDING OFFICER. A unanimous-consent request is not debatable under the rules of the Senate, but Senators may reserve time by reserving the right to object.

Mr. STONE. Mr. President, reserving the right to object, and briefly——

Mr. BROOKE. A parliamentary inquiry, Mr. President.

I had the right to object some time ago, and the Chair ruled the Senator from West Virginia had the floor. I had reserved the right to object originally.

The PRESIDING OFFICER. The question raised at that point was who had the right to yield.

Mr. BROOKE. The question was raised.

The PRESIDING OFFICER. It is only according to the practices of the Senate that Senators may reserve the right to object. A call for the regular order would force the Chair to put the question.

Mr. BROOKE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that before final passage of the bill—and I appreciate the fact that the distinguished Senator from Massachusetts exercised his right to object, just as I exercised my right to attempt to get unanimous consent, so that ends the matter—I ask unanimous consent that before final passage of the bill the distinguished Senator from Florida (Mr. STONE) be allowed to proceed for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STONE. Mr. President, I particularly thank the distinguished Senator from West Virginia for making that request.

Mr. President, before I got to this Senate, one of the examples of courage and leadership that I had noted over the years was that of the distinguished Senator from Connecticut (Mr. RIBICOFF) in repeated debates and disputes regarding busing and school problems, in which not once but repeatedly Senator RIBICOFF stood up for the uniformity and equality of treatment of schools and school children north and south. In effect, he went to the heart of the problem.

In his remarks today I believe that he went to the heart of the problem in associating himself with the amendment of the distinguished Senator from West Virginia, because a great majority of Senators in this body, to the detection of the Senator from Florida, as a beginner, is not in any way to deprive any school child of every educational advantage available to any other school child. It is to find a better way for granting and extending those advantages, without tearing the social fabric, without creating the social unrest that we have day after day.

Of course, the people of this country are going to follow the law, after the initial rock throwings, and the rest, yes; the citizens of this country are going to settle down and allow their children to be bused across town and across counties.

But the question before the Senate has been for years and is today. Is there not a better way that we can extend these equal opportunities and necessities, and they are necessities, without ripping the social fabric?

My distinguished senior colleague from Florida (Mr. CHILES) has in the last Congress, and will again in this Congress, offered the prize school amendment, which goes to the improving and upgrading of disadvantaged schools wherever those schools exist.

The distinguished Senator from West Virginia seeks to hit that target squarely by attacking the deprivations in the inner cities and by attacking the deprivations where they exist the worse.

The Senator from Florida completely associates himself, not only with that amendment, but even more particularly with the philosophy, approach, thinking, and heart of the Senator from Connecticut in his approach.

Mr. WEICKER, Mr. MORGAN, and Mr. STEVENS addressed the Chair.

Mr. WEICKER. Mr. President, I associate myself with the amendment that the distinguished Senator from Massachusetts (Mr. KENNEDY) presented yesterday and which was cut off at the pass by a parliamentary maneuver.

I think nothing frames the problem in a clearer fashion than the amendment of the distinguished Senator from Massachusetts, that was offered yesterday, and the amendment of the Senator from West Virginia that was offered today.

The amendment yesterday, which never came to a vote, would have gone ahead and supplied an alternative means toward achieving equality of educational opportunity.

I have to accept the decision of this body, voted in the majority, as to the various systems being used that were not acceptable. I do not agree, but I will abide by the vote.

But when I hear words from the distinguished Senator from Florida to the effect that this is attacking the problem, exactly how have we attacked the problem?

We have said we do not like busing. All right, fine; I will abide by that. But we have also said we are not going to try any alternative means. That is what we did when we rejected the amendment of the Senator from Massachusetts.

Let no one be misled as to what has happened in the Senate. It is not that we are trying anything new. It is just that we are going to stand still and not do anything. That is what is wrong with the amendment as it was proposed by the distinguished Senator from West Virginia. It has nothing to do with his good faith or his intentions or anything of that nature. The fact was that it was taking money from one pocket and putting it into another pocket. What about the areas from which the money was going to be taken?

If we are going to make statements to the effect that we are attacking the problem, that we are devising new solutions, let us tell the American people that there is a price. If they do not like the busing price, there is going to be a monetary price, and you cannot achieve equality by just shifting money. That is not a solution. So I have to make it clear where I stand. I am willing to abide by the guidelines as set forth by this body, but the American people should know, loud and clear, that if we are going to have equality in this country, some sort of price has to be paid.

If you do not want your children paying for it by going across lines and across town, then you will have to pay for it—and I am talking about the American people—out of your pocket. "Laissez faire" will not do the trick. It will not accomplish the equality that all of us desire.

It is not a question of taking existing funds and remedying this problem. We are talking about billions. Even the $1 billion suggested by the Senator from Massachusetts is the minimum.

Last year, I suggested closer to $3 billion—based upon consultation with the NEA—$300 million is absolutely nothing. It cannot do anything.

I want that point made clear—not to go ahead and say that because the decision of the Senate against HEW involving itself in busing is wrong, or is ill faith, or we should not get together. I think we should. But let us lay it out that there is going to be a cost.

There is another way of paying the bill. If we do not want to pay it through the effort of our children or through the effort of our pocket, we can allow the inequality to take place. We can allow the minorities to suffer. That is fine; that is another price. It is unconstitutional, but that is another way of paying it. But there is a price.

The reason why I would have objected to the amendment of the Senator from West Virginia is that it gives the impression to the American people that you can do all this and do it painlessly. No way.

Mr. STEVENS. Mr. President, as one who sat through many of the hearings on this bill and participated in the markup of the Appropriations Committee, I want to register—before we end the debate on the bill—my objections to the concepts involved here.

All the amendments we have been debating for more than a week apply only to the funds in this bill. There is no long-term solution in the amendments that were offered. All these problems will be back again next year, when we bring up an appropriation bill to fund programs that Congress already has authorized.

One of these days we are going to have to challenge the Parliamentarian's concept that these amendments, such as the amendment of the distinguished Senator from Delaware (Mr. BIDEN), are not legislation on an appropriations bill. It is a very strained interpretation, in my opinion, that they are not legislation on an appropriation bill.

We have spent all this time of the Senate, when we have many other problems involved, discussing things that were not brought before the committee, over which we had no jurisdiction, even had they been brought to our committee. As a matter of fact, if we had reported them in the bill, they would have been subject to a point of order; because they come up by a desire of people to limit the authorizations under existing law.

I register this plea to the Senate: If Members have questions such as this, I hope they will take them to the legislative committees and let the Appropriations Committee do its work. The attempt to shift funds around after we have tried our best to allocate the funds available to keep within the budget restrictions, to keep within the Budget Committee's restrictions, to keep within the concepts of our colleagues in the House not to disagree with our recommendations but to achieve other objectives.

I would agree with the statement of the Senator from Connecticut but for the fact that this is not a legislative bill. I wish we would have a special committee of the Senate appointed to deal with busing, so that next year we will not get into this hassle.

Again I call attention of the Members of the Senate to the fact that busing does not appear in this bill. The word is "transportation."

Native students in my State are transported from Point Barrow or other villages, at times down to Oregon or Oklahoma or to Sitka, Alaska, or Fairbanks, or Anchorage, so that they can, in fact, be integrated into existing school systems. They are liable to be affected by these amendments. I have objected to such amendments in the past because they are not busing amendments. They are amendments pertaining to the transportation of students with regard to race, and that is exactly what we do with the Indian and Native students in the West, particularly in Alaska.

This entire subject should be explored in hearings, in a legislative committee, through debates, with a legislative bill on the floor to change the law, if that is what the Members of the Senate want to do.

To put it in a position where our bill is held hostage every year for this busing question is improper. I express my admiration to the Senator from Washington, for he keeps insisting that this is not our business. The business of the Senate right now is how much money we should put into existing programs to carry out existing law. In this bill, we were not trying to change the law with regard to busing, as the bill came from the committee. To do so on the floor, under the guise that this is not legislation in an appropriations bill, is, in my opinion, improper.

Mr. MORGAN. Mr. President, will the Senator from Washington yield for a question, if I assure him it has nothing to do with schools?

Mr. MAGNUSON. I yield.

Mr. MORGAN. As I understand it, the committee bill had $2.5 million in it for rehabilitation construction in the areas of greatest need. I note that an amendment was added to the bill providing for $400,000 for the construction of a facility for the Columbia Lighthouse for the Blind.

I wonder whether the Senator can assure me that the $400,000 will not conflict with the purposes of the original $2.5 million appropriation.

Mr. MAGNUSON. No, it will not. It will not conflict and it will not overlap with the funds already in the bill for the construction of facilities in which the Senator from North Carolina is interested. This was a separate matter. The $400,000 is intended to assist the Lighthouse for the Blind in the District of Columbia. The remainder, $2.5 million, is for the construction of rehabilitation facilities. We had some good testimony from Goodwill on this subject—the committee was very impressed by what they said and with the support shown by the Senator from North Carolina and the Senator from Florida, Senator CHILES. I assure the Senator that it will not conflict.

Mr. MORGAN. I thank the distinguished Senator.

Mr. HARRY F. BYRD, JR. Mr. President, the $36 billion bill before the Senate calls for an 11 percent increase in spending by the Department of HEW during a period of unequaled deficits.

The result would be a 129 percent increase in HEW spending as compared with 1970.

The bill calls for greater Federal consumption of resources while the average taxpayer is tightening his belt.

It provides for programs, the goals of which are to relieve hardship. But, the fiscal excess it represents is the cause of the current recession—this recession that has resulted in the greatest economic hardships and losses our Nation's citizens have suffered since the 1930 Depression.

The worthwhile goals of these programs are to be supported. But this must be done within the means of the taxpayers, within the means of the wage-earners who pay the taxes.

Let us look at what the bill proposes.

It calls for welfare expenditures of $15 billion including, $4.6 billion for Aid to Families with Dependent Children, a program greatly in need of reform. In addition, it includes expenditures of close to $8 billion for medical payments for welfare recipients, a program in which there is a reported $1.5 billion of cheating and abuse per year.

This legislation contains important health programs which I would like to support. But in the health area alone, the bill is $895 million over the budget.

The bill provides for funds for the old Office of Economic Opportunity, now called the Community Services Administration. It would provide more funds for local community action agencies than even the present authorizing legislation calls for.

The bill also includes appropriations for expansion of HEW's Office of Civil Rights. This year that appropriation is increased by almost 10 percent over the fiscal 1975 level, and provides for 60 new enforcement positions.

I am troubled by the increase in funding to this office and the further bloating of its bureaucratic ranks. It has consistently shown a deliberate disregard for the duly-enacted laws of the Commonwealth of Virginia in its harassment-type dealings with Virginia officials.

Most recently, the Office of Civil Rights has presented the Governor of Virginia with a list of demands, complete with arbitrary deadlines, in absolute disregard of Virginia's good faith in the implementation of its HEW-approved higher education plan.

Another area of the unwarranted intervention by the Office of Civil Rights in the affairs of localities involves its interference in school disciplinary actions. To permit the Federal Government to seize this most basic and important of functions in the operation of local schools is a giant step toward nationalization of public education.

HEW operates upon the premise that local school boards are guilty until they prove themselves innocent. And yet the accusatorial system they employ—charging violations of law without firm justification, relying upon innuendos unsupported by the facts, and demanding concessions of local officials before a full and fair hearing has been held—is absolutely foreign to the values of justice and fair play which form the philosophical basis of our Constitution.

I submit that this office is run without adequate direction from top officials in the Department of Health, Education, and Welfare. It receives too little supervision from the Congress. And its continual harrassing and arrogant practices would suggest to me that it deserves more oversight rather than more money and more bureaucrats.

Indeed, this office is in many ways a microcosm of what the Federal Government has become in all too many regrettable cases: arrogant, distrustful, power-hungry and constantly expanding, existing not to serve the people of America by implementation of the enactments of the Congress, but to implement its own distorted notions of social planning through the imposition of quotas.

Though the bill is massive, and most programs are listed in the billions, the committee report even recommends up to $250,000 for what appears to be boat rides for inner-city children.

That may not seem like a lot of money in this chamber, but it is a lot of money to a housewife buying groceries in the face of Government-caused inflation.

It is a lot of money to a man laid off because of Government-caused recession.

Boat rides are nice but boat rides have

a lower priority in the household hit by inflation and unemployment. They should have a lower priority here.

The Nation is on a different kind of boat ride.

This bill is a full-steam-ahead bill; and we are heading toward a reef. Unless the Congress says, "We've gone too far, lets come about," we will have accelerated inflation. We will have continued stagnation. We will have economic disaster.

While there are many worthwhile programs in the bill, no program should be exempt from fiscal discipline—the kind of discipline this recession has imposed on the average citizen.

At the end of every month, many Americans find themselves without resources to buy something important. So, its purchase is put off. Congress must now look at its shopping list and decide what must be put off for another day.

This bill is 11.4 percent over fiscal 1975 appropriations.

But even this does not tell the complete story. The Senate already has been informed that the pending legislation does not include at least $2 billion of additional HEW spending.

Although I favor many of the programs in the pending legislation, I must vote against the bill in protest to this huge spending total.

Mr. MAGNUSON. Mr. President, we have a technical amendment which will add no money to the bill. It is simply an insertion of bill language which allows the Child Health Institute to continue the population research program under new legislative authority. These programs were authorized under the new Nurse Training Act.

I ask unanimous consent that I may be allowed to offer this technical amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. MAGNUSON) proposes a technical amendment:

On page 20, line 10, after "part E" insert the following: "and title X"

Mr. MAGNUSON. Mr. President, the technical amendment to include title X, section 1004, of the Public Health Service Act as authorizing legislation was necessitated by the passage of the Health Services and Nurse Training Act of 1975, Public Law 93-64, which amended title X. Section 1004 as amended requires the National Institute of Child Health and Human Development to fund its population research programs from title X authorizations, instead of the more general title III, section 301 or title IV, parts E and I which were used formerly.

Without the title X, section 1004 amendment to the pending appropriations bill, the NICHD's population research activities will not be able to legally continue since funds for population research must be appropriated under the title X authorization. The 1976 budget request for all population research activities within the National Institute of Child Health and Human Development's appropriation account is $41,885,000. Under the 1976 House allowance, the figure is $50,810,000.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

ADDITIONAL STATEMENTS SUBMITTED ON H.R. 8059

HEALTH PROGRAMS

Mr. CRANSTON. Mr. President, the Appropriations Committee members' strong commitment to supporting effective social services programs is nowhere more evident than in its action on appropriating funds for the health activities of the Department of Health, Education, and Welfare. In light of current budget constraints, the committee had to make some very difficult decisions and it generally has made them very well.

The committee members were particularly constrained in adopting priorities in the health area by the vast proportion of the funds in that category which are expended for medicare and medicaid programs—fully 90 percent of the Department of Health, Education, and Welfare's expenditures for health are made for these two programs. The committee wisely expressed its concern at the apparently large amount of funds wasted in these programs due to inefficient administration and the possibility of a significant waste of funds due to suspected cases of fraud and abuse. I am delighted that the Finance Committee will be having oversight hearings this fall to examine various allegations that have been made. Hopefully, substantial savings can be made through better administration of the programs and through corrective action to prevent abuse.

Until that time comes, however, Mr. President, the members of the Appropriations Committee are given the task of setting funding allocations among the remaining 20 percent of the Department's health budget for programs having great potential for improving the quality of life.

Thus, the supporters of specific health programs will be disappointed that there is not substantial expansion of support for those programs. However, in general, the bill as reported from committee allows at least for maintaining existing programs at current levels by adding sufficient funds for the unusually high cost-of-living increase over the year; and in some cases the bill as reported allows for a real dollar increase over the cost of living.

Mr. President, I congratulate the members of the committee for the responsible way in which they addressed the tough issues involved in setting these priorities. The distinguished Senator from Washington (Mr. MAGNUSON) and the distinguished Senator from Massachusetts (Mr. BROOKE) deserve our gratitude for their leadership in developing these funding priorities.

Mr. President, I would like to comment on actions taken by the committee in several areas in which I have a very keen interest. These are emergency medical services; arthritis research; aging research; and maternal and child health programs.

I had communicated my specific recommendations in these areas to the Subcommittee on Labor-HEW Appropriations and am pleased at the subcommittee's responsiveness. I am particularly grateful to the distinguished Senator from South Carolina (Mr. HOLLINGS) who offered an amendment supporting my recommendations for emergency medical services, and to the distinguished Senator from Missouri (Mr. EAGLETON) who offered amendments for expanded efforts in arthritis and aging research. I was most grateful too for the support given these recommendations by the distinguished Senator from Pennsylvania (Mr. SCHWEIKER).

Mr. President, I have already spoken at length today regarding my strong conviction that there is an urgent need to restore balance to our funding of biomedical research in the various Institutes and activities in the National Institutes of Health, in urging adoption of amendment No. 890. I intend to continue to work to restore this balance in the pursuit of basic biomedical research which has been so skewed by the push on cancer and heart disease—certainly vital efforts—over the last several years.

EMERGENCY MEDICAL SERVICES

Mr. President, I was gratified that the committee increased the recommendation included in the budget request for emergency medical services by $13,425,000; the total of $35,125,000 recommended is $3,000,000 over both the House recommended figure and the comparable appropriation for fiscal year 1975.

I would like to point out, Mr. President, that the appropriations authority for grants for planning for emergency medical services systems has expired. For fiscal year 1975 the Emergency Medical Services Systems Act earmarked 15 percent of the amount appropriated for planning grants. I will be introducing very shortly legislation extending this authority and again will recommend that in fiscal year 1976 15 percent of the amount appropriated be earmarked for planning grants. Thus, when the legislation extending the authority is enacted—which I hope will be quickly—an appropriation to supplement the amount being appropriated in this appropriations act can be considered.

In the meantime, Mr. President, the $35.1 million in the Senate committee bill offers a reasonable increase in light of the fiscal restraints under which health, and indeed all social, programs are operating.

MATERNAL AND CHILD HEALTH SERVICES

Last June, Mr. President, I joined with a number of my colleagues in writing the Labor-HEW Appropriations Subcommittee to urge that the committee appropriate sufficient funds for maternal and child health programs so that these programs—which have such significant long term rewards—could be maintained at least at existing levels with some allowance for expansion in selected programs. I am pleased that the bill as reported from committee would provide $324,617,000 for Maternal and Child Health Services. This amount will insure that no State will receive less funds in 1976 than in 1973, the year of the transition to a formula grant program, and will in addition provide increases in the crippled children's program, as well as maintain research and training programs at the 1975 level.

NATIONAL INSTITUTE OF ARTHRITIS, METABOLISM, AND DIGESTIVE DISEASES—ARTHRITIS

Mr. President, I am fully in accord with the action of the committee on recommending that the NIAMDD Institute set aside $700,000 for the work of the National Arthritis Commission. This Commission, Mr. President, is charged with developing a program to mount a national attack on arthritis by the National Arthritis Act of 1974, Public Law 93–640, which I authored with Senator WILLIAMS and Senator JAVITS.

The Commission is holding a series of meetings throughout the country and is hearing from a broad range of medical researchers, from leading specialists in rheumatology and orthopedics, and from individuals suffering from arthritis, on the issues involved in research, treatment, rehabilitation, and prevention of arthritis. I am confident that these broadly representative hearings will enable the Commission to assess and address thoroughly the 15 areas the act specifies, and produce firm recommendations on carrying out the purpose of the National Arthritis Act.

I also support the committee's recommended increase in the arthritis research program as well as in the diabetes research program.

NATIONAL INSTITUTE ON AGING

Mr. President, I strongly support the committee's recommendation of an appropriation of $20,526,000 for the new Institute on Aging. This new Institute was established as a result of legislation with which I was very actively involved, and since then I have been following the action—or more accurately, the inaction—with respect to implementation of the provisions of that legislation, the Research on Aging Act, Public Law 93–296.

The action of the committee in recommending some $6 million over the amount in the budget request should enable the Institute to serve the interests of the aged by carrying out a comprehensive program of research and training related to the aging process and the diseases and other special problems and needs of the aged.

The Senator from Missouri (Mr. EAGLETON), the chairman of the Aging Subcommittee on the Labor and Public Welfare Committee, and the Senator from Pennslvania (Mr. SCHWEIKER) were both staunch defenders of the increase for this Institute. Their support was crucial in the committee's deliberations of the bill.

HEALTH CONCLUSION

Mr. President, in testimony before the subcommittee I had made recommendations in each of these health areas. I am grateful for the committee's consideration of these recommendations and for the increases provided for by the committee in the programs I supported.

Mr. President, I ask unanimous consent that that segment of my testimony before the Appropriations Committee dealing with appropriations for health programs be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEGMENT OF SENATOR CRANSTON'S TESTIMONY

HEALTH

In view of your Subcommittee's history of dedication to the principle that health services, health training, and biomedical research deserve high priorities in the Federal budget, I will restrict my comments this morning to only a few areas in which I have a special interest and for which there are current appropriations authorizations. These are emergency medical services, arthritis, and aging.

Emergency medical services

Emergency Medical Services Systems

Mr. Chairman, your Committee has been consistently very cooperative and supportive in providing funding for programs authorized by the Emergency Medical Services Systems Act of 1973, which you joined me in cosponsoring. Your action last year in appropriating $37 million for implementation of the Act, an increase of $10 million over the Administration's budget request, has been of immense value in the implementation of the Act. Just recently, these funds have been obligated, and as a result of the FY 1974 and 75 appropriations, 89 regions have begun planning for an emergency medical services system, 93 regions are now able to take the first steps towards establishing and operating a system, and 27 regions are in the process of expanding and improving existing systems.

This means 209 regions are being assisted in developing comprehensive systems for providing emergency medical services to their residents and to visitors to their community. I would like to point out that the Act requires that no less than 20 percent of the sums appropriated for the support of emergency medical services systems must be used for the development of such systems in rural areas. In implementing the Act, well over 20 percent of the grant support has been made available to rural areas.

One special bonus which has been derived from the development of systems for providing emergency medical services is that this effort has served as a catalyst for organizing the community's health facilities and other resources in a system whereby essential services will always be available and unnecessary duplication can be avoided.

Mr. Chairman, HEW has determined that optimally, four hundred EMS systems could be established in the United States. Using that figure as the goal, there remain 191 regions needing support for the establishment of an emergency medical services system.

An approximate rule-of-thumb estimate of average support is that most communities require a planning grant (usually $45,000) two years of establishment and operational grant support (totalling $700,000), and two years of expansion and improvement support (totalling $500,000), for total federal funding support of $1,245,000 per system.

HEW has developed measures to distinguish those systems which are prepared to enter the expansion and improvement phase of support-termed systems capable of providing advanced life support. The distinction made is the degree of sophistication of equipment and trained paramedical personnel in the pre-hospital period. The advanced life-support system will have a highly trained paramedic and sophisticated communications systems, including telemetry capability, which enables the community to bring the benefit of highly specialized supervision to the scene of the emergency and begin the life-support systems at the earliest possible moment.

As you will recall, the Act requires 50 percent matching on the part of the community except in cases of exceptional need. To date I understand only two communities have pleaded inability to match at 50 percent. This willingness to provide matching support at a time when local government is facing severe budgetary problems is an indication of the high priority emergency medical services are given in communities across the nation.

At the moment, many of these communities are not prepared to submit applications, but there are sufficient numbers of them ready now, and already in the process, to warrant the appropriation of the full amount authorized—$70 million for fiscal year 1976, for grants for the development of emergency medical services systems.

Mr. Chairman, of this amount, approximately $18,800,000 will be needed to provide second-year funding to 47 regions which received the first year of support for the establishment and initial operation of a system; $26,700,000 will be required to fund the first-year establishment and development of a system for the 89 regions receiving planning grants currently; $21 million will be needed to support 70 regions to expand and improve their systems (forty six of these regions will have progressed from the establishment and initial operation phase of the cycle to the expansion and improvement phase); and the remainder—about $3.5 million—will be needed to provide planning grants for regions prepared to take the first steps toward the development of an emergency medical services system.

These are rough approximations, but I believe they indicate that there has been a great deal of activity throughout the nation in response to the Emergency Medical Services Systems Act. My close oversight of the program indicates that quality programs are being developed. I believe they should be encouraged to complete the strong beginnings that have been made. Thus, Mr. Chairman, I urge that the Committee include $70 million for the development of EMS systems.

Emergency Medical Services Research

In addition to the amount appropriated for services, Mr. Chairman, I recommend that $5,000,000 be appropriated for research in emergency medical techniques as authorized by the Act. This is an increase of $500,000 over the amount appropriated in fiscal year 1975, and an increase of $2,500,000 over the amount included in the Administration's request.

I would like to point out that the House Appropriations Committee report is in error in stating that the authorization of appropriations for research grants has expired. PHS Act section 1207(b) as added by P.L. 93–154, authorizes the appropriation of $5,000,000 for this purpose in FY 1976. HEW requires $3.75 million in fiscal year 1976 to continue research projects which received initial support in previous years. These research programs have been in such important fields as evaluating the various emergency medical devices and related rescue and extrication equipment; studying the barriers which may arise in a large urban system in serving the needs of a small population group with limited English-speaking ability and differing cultural values; and developing diagnostic and prognostic methods in treating critically ill emergency victims; as well as several other areas of comparable importance.

The quality and quantity of research grant applications received indicate that $1,250,000 of the $5 million, if made available for new grants in fiscal year 1976, would be effectively utilized. These new grants would support research focussed on developing measures and indices for effective treatment procedures for emergency medical victims, for the most effective utilization of resources—both equipment and personnel—in emergency medical services systems, and for evaluating training programs.

Another important area supported by these research grants is applying the findings from such research to the special needs of rural areas.

Mr. Chairman, these research programs will provide important information which can serve as guides to communities in measuring the effectiveness of their systems and determining where improvements should be made to ensure that the EMS system will provide comprehensive and high quality care in the most effective manner to all emergency victims.

Thus, Mr. Chairman, I recommend appropriation of $75 million, the full amount authorized, for EMS systems and research. I am convinced this amount of funding can be fully and effectively used.

Summary of Cranston EMS Recommendation

Appropriation, FY 75	$37,000,000
Budget Request, FY 76	21,700,000
House	32,125,000
Recommend	75,000,000
Systems development	70,000,000
Research	5,000,000

NATIONAL INSTITUTES OF HEALTH

National Institute of Arthritis, Metabolism, and Digestive Diseases: Arthritis

Arthritis Commission

Mr. Chairman, I was very grateful for the Committee's action in including $300,000 in the Second Supplemental Appropriations Act for FY 1975 to support the work of the National Commission on Arthritis established by Public Law 93-640, the National Arthritis Act of 1974. This Commission has held several organizational meetings and has named several working groups to delve deeply into 15 specified areas. Mr. Chairman, the Commission will require an additional $500,000 to carry out its mandate ($1.5 million is authorized to be available until expended), and I recommend that your Committee appropriate that amount for this purpose.

Arthritis Screening and Detection Projects and Arthritis Centers

The National Arthritis Act added two new authorizations of appropriations for the National Institute of Arthritis, Metabolism, and Digestive Diseases, one for the support of screening and detection projects as well as the establishment of the Arthritis Data Bank, and another for the development and operation of comprehensive arthritis centers. Until the recommendations of the Commission have been made, I do not believe major investments should be made in building up our resources to counter arthritis. For that reason I do not believe funds should be appropriated at this time to support the comprehensive arthritis centers, nor the screening and detection programs. The Administration has recommended no funding for these two purposes.

The Commission's Report should be completed by January, and I am hopeful that the Administration will seek, and the Committee favorably entertain, a supplemental appropriation at that time to carry out the Commission's recommendations.

Arthritis Screening and Detection Data Bank

In contrast, I do not believe the establishment of an Arthritis Screening and Detection Data Bank needs to wait upon the findings of the Commission, and, Mr. Chairman, I recommend that $1,000,000 be appropriated in the FY 1976 Appropriations Act to support the development of that Data Bank. There is authorized to be appropriated in fiscal 1976 $3 million for establishing a data bank and supporting screening and detection projects.

Arthritis Research

With the enactment of the National Arthritis Act, substantial enthusiasm has been generated among medical researchers in the field of arthritis. The result has been an increase in the number of highly qualified applications received by NIAMDD seeking to conduct research in this area. As you know, arthritis is probably one of the more pervasive of the diseases affecting humans. It is also one of the most destructive in terms of long-term chronicity and disabilities. I believe the potential return on an investment in research in arthritis is excellent in terms of benefits to the 20 million individuals with arthritis in reduction of pain and an increased mobility and ability to live a normal life. Mr. Chairman, I recommend that the amount appropriated for arthritis research be increased ten percent over the House figure—to $19,440,000—to permit a modest increase in NIAMDD's ability to support arthritis research.

Thus, I recommend a total appropriation of $20,944,000 for arthritis, under the National Arthritis Act of 1974.

Summary of Cranston Arthritis Recommendations

Appropriation FY 75	$16,200,000
Budget request FY 76	13,921,000
House recommendation FY 76 (est.)	17,820,000
Recommend	20,944,000
Basic research	19,440,000
Data bank	1,000,000
Commission	500,000

National Institute on Aging

Mr. Chairman, the Research on Aging Act was enacted into law as Public Law 93-296 over a year ago. The law mandates the establishment of a new Institute on Aging to carry out a comprehensive program of research and training related to the aging process and the diseases and other special problems and needs of the aged.

We know through testimony we heard when the Congress was considering the Research on Aging legislation that there is a marvelous potential for enriching and lengthening the human lifespan in order to make it possible for each of us to live more creative, productive, and healthful lives. And it is long past time for us to begin to realize that potential.

Senior citizens are the fastest growing segment of our population—the total population of the United States has tripled in size since 1900, while the older population has increased more than twice as fast, multiplying sevenfold. We must do much more to enable older Americans, to enable all ages in our population, to make the most of their later years.

Mr. Chairman, I am pleased to note that the President's budget request removes aging research from the National Institute for Child Health and Human Development budget and establishes a separate category for the new Institute. However, I am deeply concerned about the minimum support recommended by the Administration—a miniscule $523,000 increase over the FY 1975 appropriation—and the inadequate House recommendation for an FY 1976 increase of $1.62 million. These sums are hardly adequate to meet the costs of setting up the Institute and beginning a comprehensive program of reseach on aging as mandated by the Public Law.

The low priority assigned to the Institute by the Administration is also apparent in the failure of the Secretary of the Department of Health, Education, and Welfare to appoint a Director for the Institute and the delay in submitting to the Congress a plan for a research program on aging designed to coordinate and promote research into the relevant aspects of aging.

The inadequacy of funding support, the lack of leadership, and the delay in planning activity signal serious impediments to the development of a program that has had the backing and commitment of the Congress for three years now and which has been recognized by authorities and experts from numerous fields as having great import to the economic, social and psychological well being of all our citizens.

Mr. Chairman, I urge the Subcommittee to take these factors into consideration and support the amendment which Senator Eagleton is offering in behalf of myself and Senators Church, Chiles, and Schweiker. This amendment would increase the House-passed funding level to $20.526 million in order to initiate this significant new program.

Summary of Cranston Aging Research Recommendation

Appropriation FY 75	$13,905,000
Budget request FY 76	14,428,000
House bill	15,526,000
Recommendation	20,526,000

SUMMARY SHEET.—RECOMMENDATIONS OF SENATOR ALAN CRANSTON TO THE LABOR AND HEW AND RELATED AGENCIES SUBCOMMITTEE OF THE SENATE APPROPRIATIONS COMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH, EDUCATION AND WELFARE AND RELATED AGENCIES APPROPRIATIONS ACT, 1976 (H.R. 8069)

	Appropriations fiscal year 1975	Request fiscal year 1976	House bill	Cranston's recommendation	Difference from the House
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
Health:					
Health services delivery:					
Emergency medical services	$32,500,000	$21,700,000	$32,125,000	$70,000,000	+$37,875,000
Emergency medical services research	4,500,000	3,400,000		5,000,000	+5,000,000
Total	37,000,000	24,100,000	32,125,000	75,000,000	+42,875,000
National Institute of Arthritis, Metabolism, and Digestive Diseases:					
Arthritis research	16,200,000	13,921,000	17,820,000	19,440,000	+1,620,000
Arthritis screening detection data bank				1,000,000	+1,000,000
National Commission on Arthritis	300,000			500,000	+500,000
Total	16,500,000	13,921,000	17,820,000	20,940,000	+3,120,000
National Institute on Aging	13,905,000	14,428,000	15,526,000	20,526,000	+5,000,000
Office of Human Development: Human development: Headstart	441,000,000	434,300,000	450,000,000	488,000,000	+38,000,000

ACTION AGENCY

Mr. CRANSTON. Mr. President, I was particularly pleased that the Appropriations Committee, in its reported bill and in the accompanying Committee Report (No. 94–366), included a number of the recommendations I had made in my testimony on H.R. 8069. As chairman of the Special Subcommittee on Human Resources of the Labor and Public Welfare Committee, which has responsibility for the domestic volunteer programs of the ACTION Agency, and as author of Public Law 93–113, the Domestic Volunteer Service Act of 1973, which provides the Agency with its statutory authority, I offered recommendations to the Appropriations Committee on the fiscal year 1976 and transition period budget for the ACTION Agency which were based on the subcommittee's close oversight of the Agency's activities. Mr. President, I ask unanimous consent that the full text of my testimony relating to the ACTION Agency be printed in the RECORD at the conclusion of my remarks on ACTION Agency appropriations.

OLDER AMERICAN VOLUNTEER PROGRAMS—OAVP

I was extremely pleased that the committee singled out the senior companions program as an activity which merits increased funding above the present minimal level of support. Modeled after the successful foster grandparent effort, the senior companions program was included as a new statutory program in the Domestic Volunteer Service Act of 1973, at the authorized funding level of $6 million for the fiscal year ending June 30, 1974, and of $8 million for the 2 succeeding fiscal years. Last year the ACTION Agency spent $2,560,000 on senior companions, and this year it had requested a budget level of $1,640,000. I strongly urged in my testimony to the Appropriations Committee that an appropriation of $4 million be set aside for senior companions during fiscal year 1976—a figure which would have represented only 50 percent of the authorized level. While the committee did not specify exactly how much more it expects the Agency to spend on senior companions out of the $6 million it added over the budget request for the OAVP programs, it is clear that it is the committee's intention that the program be expanded.

Mr. President, the committee has proposed an appropriation of $31,927,000 for expenditure on both the foster grandparent program and the senior companions program. The ACTION Agency had requested $25,930,000 for foster grandparents. The House-passed bill proposed $28,287,000—the same amount expended during fiscal year 1975 on the foster grandparent program. The committee has specified as to the almost $6 million it has added over the President's budget request that, as I suggested in my testimony, the increase may be expended either for expansion of the volunteer strength of both senior companions and foster grandparents, or for increasing the stipend to these senior citizen participants.

Mr. President, this proposed increased appropriation for the title II, part B, programs under the Domestic Volunteer Service Act will also enable the ACTION Agency to deal with a sensitive matter now before it. We have recently learned that as many as 10 percent—perhaps more—of the foster grandparents, who are authorized by law to work only with children, have been assigned to work with developmentally disabled adults as well. Legislation has been introduced in both the other body and in the Senate to remove this age restriction so that the foster grandparents can continue to work with their adult charges.

The Labor and Public Welfare Committee considered this situation last month when it took up the Older Americans Act Amendments, and upon my recommendation, included language in the committee report (No. 94–255) which addressed the problem and set forth the committee's view as to the best way to deal with it.

Mr. President, for purposes of legislative history, I ask unanimous consent to include at the end of my remarks on ACTION Agency appropriations the full text of the section from Senate Report No. 94–255 dealing with this matter; briefly, however, the authorizing Committee recommended that generally those over 18 be assigned a senior companion, and those under 18 be assigned a foster grandparent.

I would like to point out too, that the ACTION Agency has cooperated with the subcommittee to remedy this situation. The Agency has already recinded its previous policy restricting 80 percent of senior companions to working with those over 60 years of age, and it is currently revising other policies relating to the programs so that in the future a single Director can administer both a foster grandparent and a senior companions program.

This is exactly as it should be, Mr. President—with these two programs complementing each other. Now, if the proposals of the Appropriations Committee are approved and enacted, the ACTION Agency will have sufficient flexibility to follow the directives of the authorizing committee without interrupting any of the existing relationships between the individuals participating in the part B programs and those they serve.

NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS

Mr. President, other recommendations I made to the Appropriations Committee were not included in the reported bill, but I would like to make mention of them at this time. The Appropriations Committee proposed $22.3 million for the Volunteers in Service to America VISTA program. This is the same amount requested by the administration and passed by the House of Representatives. I had recommended that the Senate approve an additional $950,000 to restore the VISTA budget to the level expended in fiscal year 1975 and to provide for an increase in the VISTA living allowance and food and lodging allowance. I regret that the committee did not act on my recommendation. I feel that these increases in allowances are necessary, however, and I will continue my efforts to try to convince my colleagues of this fact during the next fiscal year.

In addition, Mr. President, I recommended that the committee reduce—as the House of Representatives did—the amount requested by the administration for the title I, part C experimental programs and direct that existing experimental programs not be expanded until evaluations are complete. I regret that the Senate Committee did not follow the action of the other body in this respect.

NATIONAL VOLUNTEER PROGRAMS TO ASSIST SMALL BUSINESSES AND PROMOTE VOLUNTEER SERVICE BY PERSONS WITH BUSINESS EXPERIENCE

Mr. President, the SCORE and ACE Programs—Service Corps of Retired Executives and Active Corps of Executives—were given statutory recognition with the enactment of the Domestic Volunter Service Act of 1973. This past July, the programs were returned to the sole sponsorship of the Small Business Administration after 86 percent of the participants of the programs voted in favor of such a transfer.

In its fiscal year 1976 budget request, Mr. President, the ACTION Agency requested $400,000 for the SCORE/ACE program—the same figure as for fiscal year 1975—yet at the time of the transfer, the ACTION Agency proposed that only a portion of this amount be transferred with the program—$320,000 to be exact. I felt, and I communicated this to the Appropriations Committee, that the $400,000 was a bare-bones budget for SCORE/ACE as it was, and that at the very least, this entire amount should be transferred with the programs to the Small Business Administration. In addition, I recommended that Title IV administration monies which would have contributed to the SCORE/ACE effort also be transferred. I recommended that the committee include report language to this effect.

I regret that the committee did not choose to take advantage of this opportunity to express congressional intent with respect to what should be the future of the SCORE/ACE program, particularly since the Office of Management and Budget, acting on a delegation of authority from the President, issued a document on July 31, 1975, authorizing less than the bare minimum for transfer to SBA. Unfortunately, OMB has designated that $485,000 be transferred to SBA, an amount that includes the salaries of the six individuals being transferred from ACTION to SBA. Thus, SCORE and ACE are receiving far less than the $400,000 the Congress intended these programs to receive, and, in addition, they are being deprived of the administrative support monies included in ACTION Agency's title IV administrative budget request which otherwise would have been diverted to them.

Mr. President, in view of this OMB action, I urge the Senate conferees to deal with the SCORE/ACE transfer of funds and property questions in the joint explanatory statement accompanying the conference report, and I again stress the recommendations I made in my testimoney and ask unanimous consent that this material be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY OF U.S. SENATOR ALAN CRANSTON

Mr. Chairman, your strong commitment to placing a high priority in Federal budgetary policy on programs that will serve people's needs is well known. I am confident you and the members of the Subcommittee will fairly and equitably judge the proper allocation of funding for programs in social areas, while taking into account the overall Federal budget and the Congressional desire to maintain Federal spending at a reasonable level.

However, there are a number of areas on which I have placed special legislative emphasis as a member of the Committee on Labor and Public Welfare, and for which I would like to recommend specific appropriations.

ACTION AGENCY

Introduction

Mr. Chairman, I appreciate this opportunity to make recommendations to you concerning the ACTION Agency fiscal year 1976 budget. I am privileged to serve as Chairman of the Special Subcommittee on Human Resources of the Labor and Public Welfare Committee. This Subcommittee has oversight responsibility for the domestic volunteer programs of the ACTION Agency. As the author of P.L. 93–113, the Domestic Volunteer Service Act of 1973, which provides the Agency with its statutory authority, I am quite familiar with its programs, its strengths, and its shortcomings.

I have thoroughly reviewed the ACTION Agency's Fiscal Year 1976 budget and transition budget estimate to the Congress. I have requested and received further clarifying information on this submission from the Agency. Based on this information and our on-going oversight of the Agency and its programs, I would like to present to you areas where I believe certain changes should be made by your Subcommittee in making up the appropriation for the ACTION Agency for fiscal year 1976 and the transition budget period.

Title I, Part A—The VISTA Program

Mr. Chairman, the ACTION Agency has submitted for the VISTA program a budget request of $22,300,000. While this appears to be a decrease of $500,000 from the FY 1975 estimate, the decrease is actually more, since VISTA received an additional $450,000 in reprogramming actions during FY 1975. Thus, it actually expended during FY 1975 a total of $23,250,000 for VISTA. The Agency FY 1976 budget request, then represents a decrease of $950,000 from the previous year's level.

Mr. Chairman, I urge you to restore these funds so that VISTA can operate on the same level during FY 1976 as it did last fiscal year. I recognize that the Agency intends to cut its volunteer man years by 350 from last year's level, but let me suggest the areas in which restored funds could be utilized even if volunteer strength is cut.

First, Mr. Chairman, you should know that the Agency has set aside $231,000 from expected support monies which would ordinarily be used for on-the-job transportation costs and supervisory costs, so that it will have this money available to provide volunteers with a five percent increase next January in the food and lodging allowance—which is intended to cover only the costs of meals and rent as contrasted with the living allowance which covers other subsistence expenses and is discussed below—to keep this allowance in pace with the rise in the cost of living. Mr. Chairman, this is just robbing Peter to pay Paul. I am sure that you have heard from as many volunteers as I have complaining about the inadequacy of transportation support necessary for them to function effectively in their jobs. These funds should not be reduced. Given the $950,000 decrease in the VISTA budget requested by the Agency, I would recommend that you restore a portion of those funds—$231,000—to cover this five percent increase, so that monies needed for transportation costs and supervision will not be depleted.

In addition, Mr. Chairman, I recommend that the remaining portion of the $950,000—$721,000—be restored for the purpose of providing an increase in the VISTA Volunteer living allowance. This allowance, which is intended for volunteers' non-job related travel, i.e., to and from work assignment locations, and for incidentals such as clothing, cleaning, and personal items, has remained at $75 per month since the inception of the VISTA program over ten years ago. These additional funds would provide a modest 8%, $15 a month increase in the VISTA living allowance, amounting to an additional $180 per year per volunteer, for 4,230 VISTA Volunteers, including the amount the Agency would pay in FICA taxes. (The annualized cost would be $800,000.) Such an increase—after ten years, Mr. Chairman—is long overdue. I urge you specifically to restore this amount to assist the VISTA Volunteers in meeting their living expenses, and to demonstrate to them that they have our support, our encouragement, and our thanks for their dedicated efforts to ameliorate the problem of poverty in our nation.

In conclusion, Mr. Chairman, I urge you to approve VISTA funding in FY 1976 at the $23,250,000 FY 1975 expenditure level, and stipulate in the Committee report that the restored funds be used for these increases in the VISTA food and lodging and living allowances.

In further regard to VISTA support, Mr. Chairman, I am submitting for the Committee's information and the hearing record a copy of a June 25, 1975, bipartisan letter I initiated to Senator Sparkman, Chairman of the Foreign Relations Committee, requesting that the Peace Corps FY 1976 authorization legislation contain provisions to increase the Peace Corps and VISTA end-of-service allowances, intended to be used for readjustment purposes. Thus, there may be a need for supplemental appropriations for an increase in the VISTA stipend if this authorizing legislation proposed in S. 1789 is enacted.

Title I, Part B—Service Learning Programs

Mr. Chairman, the ACTION Agency has requested increases in the budgets for the University Year for ACTION Program (a $125,000 increase for a total $6,626,000) and the National Student Volunteer Program (a modest $25,000 increase for a total $325,000) for fiscal year 1976. I recommend that your Committee approve these budget request increases, which will allow for a minimum amount of expansion, for both these proven and successful programs. I am particularly pleased with the development of the University Year for ACTION program, Mr. Chairman, which, pursuant to statutory directions, has become less costly to operate per volunteer over the past two years, while retaining its effectiveness.

Title I, Part C—Special Volunteer Programs

Mr. Chairman, the Agency is requesting $6,088,000 for its Title I, Part C Special Volunteer Programs for fiscal year 1976. As I indicated to you in my previous years' recommendations, I support the Agency's efforts to develop and demonstrate new volunteer programs. I continue to be concerned, however, about the Agency's haste to expand its experimental programs before evaluations are completed and assessed. Indeed, Mr. Chairman, I find it interesting to note that the ACTION Agency's own advisory council, the National Voluntary Service Advisory Council, in its First Annual Report transmitted by the President to the Congress expressed the following concern in connection with the experimental programs prior to completion of Agency evaluations:

> By and large, the subcommittee feels that the new programs under development are imaginative and compatible with the general goals of the agency. However, there is a need to develop a better method of setting priorities for designing and implementing programs. In addition, a system needs to be established to measure the success of ACTION efforts and programs based upon accomplishment, recognizing the fact that increases in program activities, by themselves, are not adequate measurements of program effectiveness. (Emphasis added.)

I would also add, Mr. Chairman, that Section 416 of the Domestic Volunteer Service Act of 1973 requires the Director to periodically measure and evaluate the impact of all programs authorized by the Act, to measure and evaluate their effectiveness in achieving stated goals in general, and in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services. It further requires that such evaluations be conducted by persons not immediately involved in the administration of the program or project evaluated.

Mr. Chairman, it disurbs me that, on one hand, the Agency is requesting to double one of its experimental volunteer mobilization programs although it has yet to complete an evaluation of the program, while, on the other hand, the Agency is holding back on expanding the Senior Companion program, specifically establishd by Congress in the statute based on the direct model of the widely acclaimed Foster Grandparent Program, pending assessment of the evaluation of that program.

I also feel in this time of budget austerity, initiation of new experimental projects should be deferred at least while existing proven statutory programs are suffering standstill or reduced funding requests and while the ongoing experimental programs are largely unevaluated.

I would like to include at this point in my remarks, Mr. Chairman, a copy of a chart provided to me by the ACTION Agency which sets forth its projected evaluation schedule for these programs. Please note, Mr. Chairman, that the chart does not provide a target date for completion of the assessment of those projected evaluations, but only sets target dates for completion of collection of raw data and estimates for completion of interim and final reports.

ACTION's Office of Policy and Planning has established the following schedule for evaluation of Special Volunteer Programs:

Special volunteer program to be evaluated	Data collection to be completed	Final report due
Mini-Grants	July 15, 1975	Aug. 1, 1975.
ACTION Cities	do	Do.
Statewide coordinators	do	Do.
PLS (new sites)[1]	Jan. 15, 1975	Interim: Aug. 31, 1975.
ACTION cooperative volunteer program	Aug. 15, 1975	Interim: July 2, 1975—Final: Sept. 1, 1975.

[1] Evaluation of the Washington State PLS program, which began in 1973, has been completed.

I recommend, therefore, Mr. Chairman, that you not provide for expansion of the Part C experimental programs until evaluations of existing programs are complete. The House of Representatives has approved $3,731,000 for this category—a cut of $2,357,000 which it has redesignated to the Foster Grandparent Program—and I recommend the Senate concur in the House action.

With this general recommendation, I will proceed to discuss the specific Part C program requests.

Part C—Full-time volunteer programs

Under this activity, Mr. Chairman, I would like to address particularly the Program for Local Service (PLS) and the ACTION Cooperative (ACV) Program.

The Agency has requested a $1,000,000 budget for PLS for FY 1976. Volunteers in this program work full time on antipoverty programs within their own communities. They arrange with their sponsor their individual duties and responsibilities. This program has been evaluated, Mr. Chairman, and all reports I have received indicate that it is most worthwhile. I recommend that you include the full amount requested by the Agency for PLS.

On the other hand, Mr. Chairman, I have received conflicting reports about the success of the ACV program from its inception three years ago. Charges have been made that this program, which requires the sponsor to contribute a cash amount to the support of the volunteer, is a means of providing agencies with cheap labor, and that those enrolled in the program might well be displacing potential wage earners from regular jobs in the community. Section 404(a) of the Act, of course, is designed to prohibit this. The ACTION Agency is requesting $488,000 for this program for fiscal year 1976, an increase of $121,000 over last year's estimated expenditure level. I recommend that you not provide for any increase in the ACV program, Mr. Chairman, until these charges can be resolved, and until an assessed evaluation of the program demonstrates its value.

Part C—Volunteer mobilization programs

The ACTION Agency has requested $3,000,000 for its Volunteer Mobilization Programs for fiscal year 1976. Included in this request is $2,000,000 for the State Volunteer Services Coordinator Program and $1,000,000 for the ACTION City program. This compares with $2,448,000 estimated to be expended in FY 1975 for these programs. The evaluation on neither of these programs has been completed.

ACTION's request of $2 million for the State Volunteer Services Coordinator Program would allow a doubling from 20 to 40 grants. Mr. Chairman, I recommend against any such expansion—let alone a doubling—of an experimental program until a complete evaluation of the program's merits demonstrates its overall value.

Also included in this request, Mr. Chairman, is the $1,000,000 for the ACTION City program, under which ACTION provides grants to cities to create a community Council to coordinate and integrate ACTION and non-ACTION volunteers. I continue to question the validity and appropriateness of the expenditure of Federal funds for this purpose, Mr. Chairman. Over the two-year grant period, this program can cost up to $61,000 per city in administrative expenses alone. The Agency's request would provide for an expansion of the program to eleven new cities during fiscal year 1976. I recommend that no new money be allocated to the ACTION City program until an assessed evaluation proves its effectiveness.

Part C special emphasis programs

Included in the request for the ACTION Agency's Part C Special Emphasis Programs is the figure of $1,000,000 for the Mini-Grant Program, under which seed money is provided to localities to mobilize part-time volunteers to work on antipoverty related projects. This figure represents an increase of $125,000 over the fiscal year 1975 estimated expenditure level. Mr. Chairman, again, I question this 12.5% increase in a program which has yet to be evaluated, and I recommend you withhold approving additional monies to increase the Mini-Grant Program until you are satisfied, based on the result of an evaluation, that the program merits expansion.

In conclusion, then, Mr. Chairman, I recommend you accept the House-passed figure of $3,731,000 for Part C Special Volunteer Programs and restore the remaining requested amount—$2,357,000—to the Foster Grandparent Program. If the Part C evaluations prove the merits of these programs, then I would support adding an appropriate amount of funds in supplemental appropriations later on this fiscal year.

Further, I ask that you direct the Agency to make available to the Congress and the public the results of its programs evaluations on these programs as soon as possible, pursuant to section 416.

Title II—Older American volunteer programs

Mr. Chairman, the above discussion on the question of expanding experimental programs prior to their receiving completed evaluations takes on added import when viewed in the context of the ACTION Agency's diminished requests for the proven statutorily established programs, especially the highly regarded Older American Volunteer Programs.

Foster Grandparents (FPG)

The Foster Grandparent Program derives its statutory authority from Part B of Title II of the Domestic Volunteer Service Act. In its FY 1976 budget submission, the ACTION Agency requested a reduction of $2,357,000 from the estimated fiscal year 1975 level of expenditure—$25,930,000. Such a reduction in funds would reduce enrollment in the program by 700 Foster Grandparents over the course of the year, and several times that number of children would be deprived of the Foster Grandparent's dedicated and compassionate companionship.

Mr. Chairman, I recommend that—at the very least—your Committee restore to FGP the cut of $2,357,000 from the FY 1975 level. In considering the appropriate amount for FPG, Mr. Chairman, I urge you to keep in mind that this program is authorized to receive an appropriation of up to $32 million for fiscal year 1976—$6,070,000 more than the amount requested. For this indisputably cost-effective and beneficial program—providing a small supplemental income to our low-income older Americans and immeasurably valuable services to underprivileged children, full funding, I feel, is entirely reasonable.

Such an increase in funds, Mr. Chairman, could be used to increase the enrollment in the Foster Grandparent Program, or it could be used to increase the stipend earned by the low-income participants in the program. The ACTION Agency has estimated that, based on the current number of Foster Grandparents, it would require $8.2 million annually to increase the FGP stipend from the present $1.60 an hour to the minimum wage level.

By raising the Foster Grandparent appropriation to $32,000,000—an increase of $6,070,000 over the Agency request and an increase of $3,713,000 over the House-passed figure—the FY 1975 level—your Committee could secure a modest increase in stipend for the Foster Grandparents, or provide for an increase in the number of persons enrolled in the program, or provide for a combination of the two. I urge you, Mr. Chairman, to recommend full funding of the very valuable FGP program.

Retired Senior Volunteer Program (RSVP)

The ACTION Agency has requested, and the House has approved, $17,500,000 for the Retired Senior Volunteer Program (RSVP), an increase of $1,520,000 over the FY 1975 estimated expenditure level. This increase will provide for an additional 45,000 RSVP volunteers—there currently are approximately 140,000 volunteers enrolled in the program.

Through RSVP, older Americans are provided an opportunity to share their talents and be of service to their communities. They are assigned to tackle a myriad of jobs, from working with shut-in persons, to teaching crafts, to shopping for the home-bound individuals. I support the requested increases for the outstanding RSVP program, Mr. Chairman, and urge you to approve it, as did the House.

Senior Companions

Mr. Chairman, the Foster Grandparent model was so successful that, two years ago, in the Domestic Volunteer Service Act of 1973 (P.L. 93–113), Congress provided for a spin-off program called the Senior Companions Program. Again, under this program, low-income older Americans receive an income supplement for working with—in this case—those, other than children, having exceptional needs. The ACTION Agency has requested $1,640,000—a reduction of $920,000 from the amount estimated to be expended during fiscal year 1975. I urge—at a minimum—restoration of this cut. The amount authorized to be appropriated for this program for fiscal year 1976 is $8 million.

Mr. Chairman, I believe your Committee should substantially increase over last year's $2.6 million level the appropriation for this program, for several reasons.

First, modeled as it is after the Foster Grandparent Program, it is a program of proven effectiveness. It deserves, and it should receive, more than token funding.

Second, Mr. Chairman, I have received a great number of requests—and I am sure you have received them as well—from Foster Grandparent sponsors and others who are concerned about what will happen to those children served by Foster Grandparents after they reach the age of eighteen, and who are concerned as well about the great need for companionship for developmentally disabled persons who are chronologically over the age of seventeen, but are children in mind and spirit. My first inclination was to advise these sponsors to work with the ACTION Agency in developing a grant application for a Senior Companions program to complement the Foster Grandparent effort. But what kind of advice is this, Mr. Chairman, when the facts show that the Senior Companion Program is only one-twelfth the size of the Foster Grandparent effort, one-sixth the size it is authorized to be, and when the Agency's current policy requires that 80% of the recipients of senior companionship must be older persons themselves?

In a recent report (No. 94–255) to accompany S. 1425, the Older Americans Act Amendments of 1975, the Labor and Public Welfare Committee directed the Agency to modify its 80% policy so as to give equitable opportunity to all those over the age of seventeen who could benefit by Senior Companions. It also directed that the Agency provide for continuation of proven relationships between Foster Grandparents and children who pass the chronological age of 18 until all efforts have been exhausted to arrange for an appropriate alternative relationship for the individual being served.

These changes will help somewhat, Mr. Chairman. But, in order to enable the Agency to broaden the population of those served by Senior Companions, the Congress needs to provide adequate funding. Toward this end, I urge an appropriation of $4 million for

Senior Companions, still only 50% of the amount authorized to be appropriated.

Title III—The SCORE and ACE programs

Mr. Chairman, the question of appropriations for the SCORE and ACE programs is complicated by the fact that the President has decided to transfer them back to the sole sponsorship of the Small Business Administration—from whence they came in 1971 upon establishment of ACTION by Reorganization Plan and Executive Order. The original target date for this transfer was July 1, 1975. It has been delayed for at least another month because the ACTION Agency and the Small Business Administration cannot agree on the amount of monies and property that should be transferred with the program.

The ACTION Agency, in its budget submission, requested the figure of $400,000 for fiscal year 1976 to operate the SCORE/ACE programs. It is now negotiating to keep a portion of the funds allocated for these programs so that, after the transfer, it can develop its own new ACTION business-related volunteer program. I understand that the Small Business Administration deems this to be unacceptable, as I do, since the $400,000 requested is a bare bone budget for SCORE and ACE as they are. To reduce that figure any further would jeopardize the very existence of the successful SCORE/ACE program at the very time the SCORE/ACE volunteers have been so encouraged by the return to SBA for which they voted overwhelmingly (86%). I think this would be grossly unfair. As the Chairman for the 92nd and 93rd Congresses of the Small Business Subcommittee of the Committee on Banking Housing, and Urban Affairs, as well as Chairman of the Labor Committee's Special Subcommittee on Human Resources, I have had a very close opportunity to observe the SCORE/ACE program and its dedicated participants. Let us not shortchange these American businessmen and women who volunteer their time and talent to help others succeed in business.

Mr. Chairman, when the ACTION Agency submitted its budget request to you, it requested no new funds for new business-related title III programs. The ACTION Agency presented a budget to operate SCORE and ACE at a standstill $400,000 level—the same amount expected to be expended during fiscal year 1975. Yet the ACTION Agency indicated these programs would grow by 1,000 volunteers (there are currently approximately 5,000 SCORE volunteers and 3,000 ACE volunteers).

Mr. Chairman, the Office of Management and Budget is presently attempting to mediate this difference in opinion between the ACTION Agency and SBA. I believe that the Congress too should have its voice heard. I thus urge that you address the matter both in the Committee's report and in the appropriations bill.

My own analysis of the situation is that the figure of $400,000—the same as that allocated last fiscal year—is insufficient to support the present number of SCORE/ACE volunteers, let alone support an additional one thousand. The SBA has estimated that the $400,000 would be sufficient to cover only the travel reimbursement costs of the retired business men and women who volunteer—for no compensation—to serve in this program. This does, however, take into account the expenditures for advertising and support, equipment and supplies, salaries of civil servants administering the program, facilities, and other related expenses.

You have received testimony, Mr. Chairman, from members of the National SCORE Council recommending a more realistic budget for these programs for fiscal year 1976. I urge your sympathetic consideration of the NSC recommendations, as against the ACTION Agency submission, and that your Committee provide the very effective SCORE/ACE program with a budget adequate enough to enable these dedicated retired persons with business experience to do their job well. I recommend, at the very least, that you approve $400,000 to be used for travel reimbursement expenses of SCORE/ACE volunteers. I also urge you to direct the Agency in your Committee report to transfer to the SBA not less than $400,000 and not less than the number of personnel positions at comparable grade levels as it received from SBA in 1971. In addition, I urge you to direct that appropriate administrative monies from the Title IV appropriation be transferred from the Agency to SBA, as well. (My specific recommendation for transfer $557,800—is explained under my "Title IV—Administration" discussion.)

Title IV—Administration

Mr. Chairman, the Domestic Volunteer Service Act of 1973 includes a separate title authorizing appropriations for administration and coordination. This provides, I think, a useful and innovative means of separating out program costs and those associated with administration of Agency programs.

The ACTION Agency has requested a total of $20,465,000 for the purposes of program support for fiscal year 1976, an increase of $1,308,000 over the FY 1975 estimated expenditure level.

Travel Expenditures

One item I suggest you further consider, Mr. Chairman, is that requested for staff travel and transportation. The Agency has requested $1,147,000 for this purpose during fiscal year 1976, an increase of $281,000—or thirty-five percent—over that estimated to be expended during the previous fiscal year. I must question the need for this substantial increase, Mr. Chairman, particularly in light of the fact that the Agency has just completed a significant reorganization under which forty-seven new state offices were created to move program people closer to the projects than they were while stationed in regional offices. I would think that travel needs would be substantially reduced as a result of this reorganization, and—despite repeated requests for satisfactory justification—find that the Agency has not provided the Congress with a sufficiently detailed explanation in support of such an increase. I recommend at the maximum, Mr. Chairman, that you provide no more than a 10% increase over last year's estimated travel expenditure—which would be the figure of $952,600, a reduction of $194,400 from the requested amount.

SCORE/ACE Administrative Expenses

Mr. Chairman, when the SCORE/ACE program is transferred back to the Small Business Administration, it will require administrative monies which otherwise would be provided by the ACTION Agency through its Title IV appropriation. I recommend, Mr. Chairman, that you direct that the ACTION Agency transfer to the SBA $557,800 composed of the following amounts for administrative purposes:

The approximate amount necessary to pay the salaries and benefits of eleven persons—the number which came to ACTION from SBA when the program was first transferred, $300,000.

For equipment and supplies, $11,800.

For advertising and support, $150,000.

For staff travel, $26,000.

For facilities, $70,000.

Total, $557,800.

As I indicated earlier, Mr. Chairman, your Committee is in a position to express its intent with respect to the future of the SCORE/ACE program at this critical time while its administrative transfer is pending from the ACTION Agency back to the Small Business Administration. I urge your sympathetic consideration of my recommendations for the SCORE/ACE programmatic and administrative appropriations, and I again urge that you direct that any monies appropriated for SCORE/ACE be transferred to the SBA on the date of that transfer so that it can be used for the intended purposes.

CONCLUSION

These, then, Mr. Chairman, are my recommendations to your Committee in its consideration of the fiscal year 1976 appropriation for the ACTION Agency. For your convenience, I am including a summary chart at the conclusion of my testimony. My recommendations would increase the ACTION Agency appropriation by $6,975,600 over the House level for a total of $108,288,600. However, I stress that my recommendations would reduce administrative costs and increase funding of programs. The overall program level of appropriations I am recommending is quite modest, representing no real growth when considered in light of the 10% inflation factor since last year's appropriation of $100 million.

The total appropriation I am recommending for the ACTION Agency—$108,288,600—would be an increase of $6,975,600 over the budget request figure. In general, my recommendations provide for the restoration of funds in the VISTA budget to last year's level to allow for an increase in volunteer support; a deferral of monies requested for the expansion of the Agency's experimental programs pending completion of the Agency's assessment of its evaluations of ongoing projects; a significant program increase in the budgets for the Foster Grandparent and Senior Companions Programs; a thorough reconsideration of the adequacy of the Agency's request for, and projected funding and personnel transfer to SBA, and a stipulation that funds and personnel intended for SCORE/ACE be transferred to the Small Business Administration.

I appreciate very much this opportunity to present my recommendations to you, Mr. Chairman, and I look forward to working with you as we carry out our respective responsibilities for oversight of the ACTION Agency domestic volunteer programs.

Mr. Chairman, I submit, with my testimony, a chart summarizing my recommendations, and a copy of a letter to you from my colleague from California (Mr. TUNNEY) recommending an increase in funding for the Foster Grandparent and Senior Companions Program.

OLDER AMERICANS VOLUNTEER PROGRAMS

FOSTER GRANDPARENT PROGRAM AGE LIMITATION

The Committee has received a number of complaints from groups and individuals about the ACTION Agency's age-limitation regulations for the persons served under the Foster Grandparent Program. These regulations preclude Foster Grandparents from working with children once they reach the age of 18. Those who wish to have these regulations modified argue that, in the case of mentally retarded individuals, chronological age should not apply.

The Foster Grandparent Program was established to provide benefits to both low-income older persons and underprivileged children. Because this is the purpose of the program, the Committee believes that, generally, Foster Grandparents should serve children. There are still thousands of children who are shut in institutions, without any opportunity to develop under the compassionate care of a Foster Grandparent; similarly, thousands of older persons are denied the chance to work with children due to limited program funds. The Committee is very concerned, however, about cases where established relationships between Foster Grandparents and their "grandchildren" have been disrupted because of strict adherence to the ACTION Agency's age limitation regulations.

The Committee believes that established relationships which are mutually satisfying and beneficial for both the Foster Grandparent and the particular individual served should be allowed to continue even though the child passes the chronological age of 18, as long as the relationship remains mutually desirable. The Committee notes that there is no legislative specification of the chronological age of Foster grandchildren, and directs the ACTION Agency to revise its regulations to embody this concept so that such productive established relationships of this type are not terminated until all efforts have been exhausted to arrange for an appropriate alternative relationship for the individual being served.

Considerable concern has been expressed that the Foster Grandparent program should have no age limit at all in terms of initiation of services to recipients with exceptional needs. The Committee finds this a contradiction in terms, and believes, as stated above, that the Foster Grandparent Program should initiate services to children.

The Committee has recognized, however, that the successful Foster Grandparent model should be expanded to enable older low-income Americans to work with underprivileged individuals other than children. Thus, it provides for establishment of a new program for this purpose in section 211(b) of the Domestic Volunteer Service Act of 1973—the Senior Companions Programs. The Senior Companions Program was designed to complement the Foster Grandparent Program by providing for older persons to volunteer their services to help those, other than children, with developmental disabilities or other exceptional needs. This program has been funded at less than 20 per cent of the amount authorized—the Administration has not requested more funding—and the Committee will work to see that this new program is expanded so that those over the age of 17 may also benefit from having new relationships begun with older American volunteers.

The Committee also notes that the ACTION Agency established a policy with respect to the initial grants for this program requiring that 80 percent of the recipients of Senior Companion services be older persons themselves. Application of this kind of a cutoff does not derive from the statutory provision (Section 211(b)), or the underlying legislative history, of the Domestic Volunteer Service Act of 1973. Thus, and particularly in light of the above discussion, the Committee directs the Agency to revise its policy so that all eligible persons with special needs over the age of 17, especially persons with developmental disabilities as specified in the statute, will have equitable opportunities to benefit from relationships with Senior Companions.

	Action agency request	House-passed figure	Recommendation	Increase or decrease over House
Title I:				
Pt. A—VISTA	$22,300,000	$22,300,000	[1] $23,250,000	[2] +$950,000
Pt. B—Service learning	7,251,000	7,251,000	7,251,000	
Pt. C—Special volunteer programs	6,088,000	3,731,000	3,731,000	
Title II:				
Pt. A—RSVP	17,500,000	17,500,000	17,500,000	
Pt. B—Foster grandparents	$25,930,000	$28,287,000	$32,000,000	+$3,713,000
Senior companions	1,640,000	1,640,000	4,000,000	+2,360,000
Title III: SCORE/ACE	400,000	400,000	[3] 400,000	
Title IV: Administration	[4] 20,465,000	[5] 20,204,000	[6] [7] 20,156,600	−47,400
Total	101,574,000	101,313,000	108,288,600	+6,975,600

[1] Includes $721,000—$15 per month included in living allowance; includes $231,000—minimum included in food and lodging allowance.

[2] To restore VISTA budget to fiscal year 1975 level.

[3] With committee report language stipulating that entire amount be transferred to SBA for the SCORE/ACE program, and that ACTION request any necessary additional funds for new business programs in a supplemental appropriation.

[4] $1,147,000 for travel.

[5] −$147,000 for travel; −$114,000 for payment of standard level user charges to GSA (10 percent reduction).

[6] Allows $952,600 for travel, 10 percent over amount allocated for travel in fiscal year 1975.

[7] Recommended committee report language that $557,800 of the total of administration funds be transferred to SBA for carrying out SCORE/ACE program as follows:

For salaries and benefits	$300,000
For equipment and supplies	11,800
For advertising and support	150,000
For staff travel	26,000
For facilities	70,000
Total	557,800

COMMUNITY SERVICES ADMINISTRATION

Mr. CRANSTON. Mr. President, I applaud the actions taken by the Appropriations Committee in recommending an aggregate of $526,452,000 for the operation of the Community Services Administration—CSA—in fiscal year 1976. This amount is an increase of $163,452,000 over the administration's budget request and $52,067,000 over the amount contained in the House-passed bill.

I am aware of the very difficult decisions faced by the members of the Appropriations Committee in responding to the requests received by the committee from many Members of this body, including myself, particularly in light of the fiscal and budgetary constraints facing our Nation. The tradeoffs are not easily made, and I congratulate the committee for its thoughtful and carefully weighed actions.

Mr. President, at this time, I would like to make note of a number of items contained in this appropriation which are of particular interest to me.

On July 14, I joined with Senator WILLIAMS, chairman of the Senate Committee on Labor and Public Welfare, Senator JAVITS, ranking minority member of the committee, Senator NELSON, chairman of the Subcommittee on Employment, Poverty, and Migratory Labor, Senator KENNEDY, and Senator MONDALE, in a letter to the distinguished chairman of the Labor-HEW Subcommittee, Senator MAGNUSON, outlining four requests.

LOCAL INITIATIVE

Mr. President, the committee concurred with the House recommendation of $330 million for the local initiative program under section 221 of the Economic Opportunity Act, as amended. This is the same level of appropriations provided last year and represents an increase of $35 million over the administration's request.

In our letter of July 14, we requested that local initiative be funded at the 1975 level, plus a 10-percent increase to account for the impact of inflation and to give the Director of CSA the necessary funds to enable him to exercise the statutorily permitted waiver of the new local share requirements in appropriate situations.

I strongly support the committee's action in this regard. In this time of recession, the hardships created for the individual community action agency and the human needs they are trying to meet are immense.

By insuring that programs can be allotted at least at the same level of Federal funding as they received in fiscal year 1975, the committee has made a major contribution to the continuation of a viable poverty program.

EMERGENCY ENERGY CONSERVATION PROGRAM—EECS

Second, Mr. President, I strongly support the committee's recommendation of $38.5 million for the emergency energy conservation services program. This is an increase of $22 million over the House allowance.

In our letter of July 14, we requested an appropriation of $55 million for EECS for fiscal year 1976, the amount that the Community Services Administration has indicated it can effectively use. I wish to thank all the members of the Appropriations Committee for their response to that request which will help to insure that the poor and near poor of our Nation are protected from the rapidly approaching winter, and have the necessary resources to help reduce the impact of the energy crisis upon them.

Mr. President, I was pleased to note that the committee has recommended an amount of up to $3 million for a National Center of Appropriate Technology. The purpose of the center will be to work with community action agencies and local groups to develop and implement innovative energy technology and energy systems responsive and applicable to the needs of the elderly, poor, and near poor. The center should be a critical component in insuring the cost-effectiveness of the program.

Mr. President, in this connection, I joined with other Senators last week in asking the Appropriations Committee to disapprove a deferral proposed by the President of the EECS quarterly appropriations for fiscal year 1976 pursuant to the continuing resolution. Mr. President, I ask unanimous consent that this letter be set forth in the RECORD at this point.

There being no objection, the letter

was ordered to be printed in the RECORD, as follows:

COMMITTEE ON LABOR
AND PUBLIC WELFARE,
Washington, D.C., September 17, 1975.
Hon. WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor—HEW, Committee on Appropriations, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to urge the Committee to disapprove the deferral of budget authority (No. D–76–49) to the Community Services Administration (CSA) for the conduct of the Emergency Energy Conservation Services (EECS) program.

Mr. Chairman, we very much appreciate the Committee's support of the EECS program, authorized by section 222(a)(12) of the Economic Opportunity Act of 1964, as amended, and your continued cooperation with us in working to provide adequate support for this program, including the establishment of a National Center of Appropriate Technology to begin immediately implementing development of energy technology appropriate to the needs of the poor. We believe it is important that the funding for this program be continued without interruption, by making available the fiscal year 1976 funds authorized in the Continuing Resolution for 1976 (P.L. 94–41).

The EECS program could be funded by the House-passed Labor–HEW Appropriations Act for fiscal year 1976 (H.R. 8069) at a level of $16.5 million, and at a level of $38.5 million by the fiscal year 1976 Appropriations Act reported to the floor by the Senate Appropriations Committee. Thus, Congress, rather than holding back on EECS, is already clearly in the process of providing a considerably higher fiscal year 1976 appropriation for this program. Coupled with the $16.5 million appropriated in the Second Supplemental Appropriations Act for Fiscal Year 1975 (H.R. 5899)—and available for obligation through September 30, 1975 (proposed to be extended to December 31 by the Senate Committee version of H.R. 8069)—appropriation of the Senate Committee FY 1976 EECS recommended amount would provide for the availability during fiscal year 1976 of $55 million, the level which the Administration has requested for a similar, although less comprehensive, climatization program to be run by the Federal Energy Administration.

Mr. Chairman, we feel that the deferral of fiscal year 1976 quarterly appropriations for the EECS program, as the President proposes, will seriously impair the progress and great potential for success that this CSA activity can achieve.

Winter will soon be upon us. If our Nation's poor are to avoid the harsh impact of this winter, these funds must remain available for expenditure. We cannot afford to lose any more time in the effort to make preseason home repairs in many sections of the country.

Mr. Chairman, this program is especially important in light of the President's action to de-control the price of oil. Decontrol will have an especially severe impact upon the poor, making it even more imperative that the $16.5 million be made immediately available. Although the House has passed and sent to the Senate a bill (H.R. 8650) to provide Federal aid to weatherize the homes of low-income citizens, by providing grants to States for the purchase of insulating materials, neither the Senate nor the Senate Banking Committee have acted upon that bill. Thus, even if it is enacted, there is little chance that funds can be appropriated under it in time to provide the emergency energy related services needed for this winter. The section 222(a)(12) program, however, is in law now. It is functioning well. The EECS Appropriations is within the spending limits set by the Congressional Budget Committee. This money is badly needed now, and cannot justifiably be deferred on the basis that Congress and the President might eventually enact some other legislative program.

In addition, the deferral of these funds will seriously hamper the efforts of CSA to carry out a coordinated program of energy conservation activities. The continual delays and uncertainties about funding create an "on-again, off again" context in which systematic planning and implementation are very difficult—CSA is rendered unable to plan an effective schedule for the obligation of funds.

In closing, Mr. Chairman, we believe that the deferral of the EECS Fiscal Year 1976 quarterly appropriations will seriously undermine efforts Congress has authorized, funded, and is now in the process of funding further to provide necessary energy related services to the poor of our Nation. Thus, we strongly urge that the Committee disapprove deferral No. D–76–49, so that funds will be available now for this critically important effort.

Thank you and the members of the Committee for your continued consideration and assistance.

Sincerely,

Harrison A. Williams, Jr., Alan Cranston, Jacob K. Javits, Mike Mansfield, Edward M. Kennedy, Gaylord Nelson, Walter F. Mondale, Robert T. Stafford, William P. Hathway, Lee Metcalf.

COMMUNITY ECONOMIC DEVELOPMENT

Mr. CRANSTON. Mr. President, third, the Committee on Appropriations has recommended a level of $46.5 million for community economic development under title VII of the Community Services Act. This is the same amount approved by the House and represents an increase of $7.5 million over the budget request. In our letter to Chairman MAGNUSON, we had requested an appropriation of $80 million.

The increase recommended by the committee would permit a long overdue expansion of the community economic development effort, carried on by 44 community development corporations—CDC's—across the Nation. The program has been held to a $39 million level over the last 5 years. I am sure that the modest expansion of current programs and the initiation of new ventures permitted by this increase will demonstrate further the impact and cost-effective nature of this extremely promising program.

MIGRANTS

Fourth, Mr. President, the committee has included an appropriation of $10 million for the provision of nationally administered assistance to meet the needs of migrant and seasonal farmworkers and their families. The House had not included funds for this purpose, and the administration had not submitted a budget request.

In our request, we outlined a need for $25 million for this effort which would provide such services as day care, education, health services, and upgrading of skills. The committee's recommendation would provide for improved provision of services to migrants and seasonal farmworkers who need multifaceted programs—programs far more diverse than those currently conducted under title III of the Comprehensive Employment and Training Act of 1973—Public Law 93–203.

VETERANS PROGRAM

Finally, while not covered in our joint letter, I wish to make special note, and to express my appreciation to the committee, for its recommendation of $5 million in demonstration funds for the veterans' education and training service program—VETS. Neither the House nor the budget request included funds for this purpose. Funds had been included by the Senate in the Second Supplemental Appropriations Act for fiscal year 1975 for his effort, but had been denied in conference.

This amount of $5 million will enable refunding of the VETS by the U.S. Conference of Mayors/National League of Cities outreach project begun in prior years, and expansion of the effort to 70 cities having the highest priority in the assistance of Vietnam-era veterans. It would also allow the beginning of such outreach projects in rural areas. As a member of the Senate Committee on Veterans' Affairs, I am particularly familiar with the success of this program.

Mr. President, I applaud the committee, the members of the HEW-Labor Subcommittee, and the chairman of the subcommittee (Mr. MAGNUSON) for their efforts in behalf of our Nation's poor served by the Community Services Administration.

I ask unanimous consent that a copy of our letter to Senator MAGNUSON, dated July 14, 1975, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON LABOR AND
PUBLIC WELFARE,
Washington, D.C., July 14, 1975.
Hon. WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor-Health, Education, and Welfare, Committee on Appropriations, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to reemphasize our support of increased funding for four programs carried out under the Economic Opportunity Act of 1964, as amended by Public Law 93–644, the Headstart, Economic Opportunity, and Community Partnership Act of 1974. These programs are local initiative, energy and winterization, community economic development, and migrants. Each of these programs carried out by the Community Services Administration (CSA) are vital in terms of their special impact upon the problems of our nation's poor.

Mr. Chairman, we know that you are thoroughly familiar with the four programs about which we are writing specifically. Thus, we will simply outline briefly why we believe these programs deserve further consideration, in addition to the amounts appropriated for them in the House-passed bill. We also wish to emphasize that we fully support the House-passed figures under the CSA item in H.R. 8069 for programs not specifically mentioned in this letter, and urge that they be maintained at the House-passed level. The programs for which we urge additional consideration are as follows:

LOCAL INITIATIVE

First, the local initiative program under section 221 of the Economic Opportunity Act of 1964 has been funded in the House bill at $330 million, the level at which it was funded last year. Mr. Chairman, the local initiative program is the very heart of our nation's poverty program. In the context of our critical economic situation, the vast majority of local communities will be unable to meet the anticipated increase in matching local share requirements for FY 1976, necessary to maintain the program. Thus, the Director of CSA must have the funds to enable him to exercise the statutorily permitted waiver of the new local share requirements in appropriate situations.

Thus, we urge that local initiative be funded at the FY 1975 level plus a ten percent increase to account for the impact of inflation.

EMERGENCY ENERGY CONSERVATION PROGRAM

Second, we have each written you previously about the need for increased funding for the Emergency Energy Conservation Services program under section 222(a)(12) of the Economic Opportunity Act. This program has been funded in the House-passed bill at $16.5 million, the same level at which it was funded last year. This program was designed to reduce the impact of high-energy costs on low-income individuals and families, including the elderly and near-poor. It authorizes the Director of CSA to establish winterization programs and provide other assistance, such as emergency loans and grants, special fuel voucher or stamp programs, as well as related services in emergency cases.

Mr. Chairman, CSA has been in the forefront of the winterization program, and is the only Agency authorized to run this energy program. CSA's valuable efforts must be continued at a level of funding substantially above what the House has passed, if we are going to begin meeting the energy-related needs of the poor. Thus, we urge that the appropriation be increased to $55 million, the figure which CSA has advised it can effectively utilize in FY 1976.

COMMUNITY ECONOMIC DEVELOPMENT

Third, Mr. Chairman, we urge that $80 million be appropriated for Community Economic Development under title VII of the Economic Opportunity Act of 1964, as amended. This is $41 million over the budget request of $39 million, and an increase of $33.5 million over the amount approved by the House.

This program utilizes the concept of community economic development corporations in a multi-faceted attack on poverty. It has been expanded across the country to over 35 communities, both urban and rural, and has proved an effective, viable long-term weapon against poverty, which merits your consideration and support.

We believe that a total of $80.0 million is necessary for this fiscal year in view of the inflation rate since the Senate approved $68 million this past spring and the standstill funding for this program the last three fiscal years.

MIGRANT PROGRAMS

Finally, Mr. Chairman, the House did not include an appropriation for migrant programs under the CSA item for FY 1976.

When migrant programs were transferred from the Office of Economic Opportunity to the Department of Labor two years ago, we believed that the Labor Department would take the lead in coordinating farmworker programs at the Federal level and would provide aggressive leadership for needed farmworker advocacy.

In the past months we have found that migrant programs under the Comprehensive Employment and Training Act of 1973 have not been encouraged to maintain their multiprogram nature and that program advocacy is not being encouraged. Experience indicates that successful farmworker programs require far more diverse programming than that provided through traditional manpower efforts.

Therefore, we strongly urge that you provide $25 million under the CSA item for 1976, to be administered through a national migrant division in order to achieve the Federal agency coordination provided for under section 315 of the Economic Opportunity Act of 1964, as amended, and to carry out program advocacy and multi-faceted projects.

CONCLUSION

We appreciate very much your consideration of our recommendations, Mr. Chairman, and will be glad to provide any further information you may wish.

Sincerely,

Harrison A. Williams, Jr., Chairman; Jacob K. Javits, Ranking Minority Member; Gaylord Nelson, Chairman, Subcommittee on Employment, Manpower, and Migratory Labor; Alan Cranston; Edward M. Kennedy; Walter F. Mondale.

OFFICE OF HUMAN DEVELOPMENT

VOCATIONAL REHABILITATION

Mr. CRANSTON. Mr. President, I am especially pleased with the $720 million recommended by the committee for the basic State grant vocational rehabilitation program. This sum will allow us to continue to serve some 1,660,000 Americans, and to help rehabilitate some 323,000 more. By this level of full funding, the Congress can take a measurable step toward assuring equal opportunity for all our citizens.

I have expressed concern before, and remain very concerned, about four particular areas within the vocational rehabilitation appropriation: Research; training; innovation and expansion; and special projects. I am gratified that the committee recommended appropriation levels for these programs that indicate Senate recognition of their priority.

In the area of research, I was pleased to note that $1,000,000 of the $24,000,000 allocated would be earmarked for studies in spinal cord injuries. I have been deeply concerned about this area in the past and believe that research into this field is necessary to produce important new knowledge and understanding vital to helping individuals affected by this catastrophic disability.

I am also pleased that the committee has recommended $9,400,000 be spent for training and facilities grants. This amount represents an increase of $2,500,000 over the administration's budget request and will allow for construction of much needed new rehabilitation facilities in geographic areas of greatest need.

The $23,000,000 the committee has included for innovation and expansion grants—to be used to supplement the basic State grants as well as to assist States in designing specialized programs—while not the full amount I believe is needed, will help us begin to meet the special needs of persons with the most severe handicaps.

Mr. President, I believe the committee's allocation of $4,900,000 for special studies and evaluation is particularly important. I would like to stress particularly the committee's recommendation that a portion of that amount be used to concentrate on expanding projects to the Western half of the United States. Handicapped individuals in the Western part of the Nation, including those in my home State of California, have for too long been underserved by these programs.

Mr. President, I would like to thank the members of the Appropriations Committee for their efforts on behalf of the vocational rehabilitation programs. I know that the Congress will continue to respond to the needs of our Nation's handicapped individuals, and that their concern will be reflected in a continued willingness to fund valuable programs which meet these needs.

HEAD START

Mr. President, I have for many years had a strong interest in the Head Start program, and testified on behalf of increased appropriations for it before the Senate Labor/HEW Appropriations Subcommittee. At that time, I supported an appropriations level of $488,000,000 in order to meet the rise in the Consumer Price Index, provide for the cost of implementing Head Start services for handicapped children who, by law, must now constitute 10 percent of the total Head Start program, and to meet the new minimum wage requirements. I am satisfied, however, that the $456 million appropriation will begin to meet some of the increased operating costs which have been confronting Head Start programs across the Nation and are now especially exacerbated by the present economic situation.

Mr. President, I thank the committee for its efforts on behalf of this extremely important program.

Mr. President, I ask unanimous consent that my testimony before the Senate Subcommittee on Head Start appropriations be printed in the RECORD at this point.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

HUMAN DEVELOPMENT: HEAD START

Although FY 1975 appropriations for Head Start increased by some 9.3 percent over appropriations for FY 1974—representing the first major expansion of funding for the program in the past five years—Head Start grantees actually received less than 7.3 percent in new dollars, because of off-the-top deductions for Federal administration, and payments to Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands.

The House recommendation to increase Head Start appropriations by an additional $9 million for FY 1976 is intended to meet the costs of inflation and the excess costs entailed in providing Head Start experiences for handicapped children, who must constitute 10 percent of the total Head Start enrollment.

Given the past year's rise in the Consumer Price Index, and current estimates that indicate that special training and related services cost about $1150 for each handicapped child, in addition to consideration of the new minimum wage requirements, I strongly urge the Subcommittee to support a 10 percent increase in the appropriation for Head Start over the FY 1975 appropriation level—a total figure of $488,000,000.

SUMMARY OF CRANSTON HEAD START RECOMMENDATION

Appropriation FY 75, $441,000,000.
Budget request FY 76, $434,300,000.
House bill, $450,000,000.
Recommendation, $488,000,000.

Mr. DOLE. Mr. President, I share the sentiments expressed by a great many of my colleagues regarding the excessive spending authorized by this $36 billion plus appropriations bill. Accordingly, as a member of the Budget Committee and one who voted against prior military procurement and child nutrition bills which exceeded Budget Committee recommendations, I feel I must oppose final passage of H.R. 8069.

My primary reason for doing so is that in the course of being more than $1 billion over the President's budget recommendations, this largest of all money bills surpasses First Concurrent Resolution targets in at least two functional categories. Specifically, I refer to the health and income security classifications.

As we are all finding out, it is difficult in the context of this year's budget process to determine exactly which bills do exceed the limitations which we have imposed. Nevertheless, it is apparent that this is one measure which clearly contributes to the impending overages.

To illustrate that point, just since the budget resolution was passed upward reestimates of health and income security outlays due to previous spending authority have pushed total outlays in these categories over budget resolution guidelines. As a result, $15.5 billion in budget authority and $11.3 billion in outlays have been provided in this Labor-HEW appropriation bill for health alone.

That means that just with respect to that portion of the administration's request considered by the Appropriations Committee, H.R. 8069 is $900 million over budget authority. Moreover, it is $200 million above the House-passed bill.

Our Senate scorekeeping report indicates that the targets in this single category are being exceeded by $0.4 billion and $2.0 billion in budget authority and anticipated outlays, respectively. So even if one assumes that certain legislation already reported in the Senate—and administration spending requests not yet reported—are not enacted, expected outlays will still overstep budget targets by $100 to $800 million.

The story in the income security function is much the same. That is, the bill provides $13.2 billion in budget authority and $11.7 billion in outlays—that latter figure causing us to exceed by $400 million our target in such category.

Obviously, Mr. President, if we are going to stay within the goals established in our first concurrent resolution, we are going to have to bring spending in these two categories which I have discussed into line. We could do this by reconsidering this bill and reducing the spending provided for by a minor percentage of the overall total.

That was the precise objective of the amendment offered Wednesday by the distinguished Senator from Alabama (Mr. ALLEN). I supported that amendment, just as I would a similar motion to recommit this bill—as suggested by Secretary Mathews in his letter of September 17.

Realizing that such a move would not likely be successful at this time, however, I am voting against the bill which we send back to the House. I do not think enough can be done in conference to accommodate the objections of the administration to the measure, but certainly enough concern has been expressed to encourage some significant reductions.

The time to make the difficult decisions to hold the line on spending is now, and no Senator should proceed under the illusion that this bill will slip by without a veto. We must, in my view, demonstrate our willingness to comply with our own budget goals by exercising the necessary degree of restraint—and the way to do that is to reject the unacceptable totals in this legislation.

Mr. HOLLINGS. Mr. President, I wish to commend the distinguished Senator from Washington (Mr. MAGNUSON) for the competent and thorough job he has done on the bill, H.R. 8069, appropriations for the Departments of Labor and Health, Education, and Welfare.

However, there is one item on which I must disagree with the decision reached by the committee. This is the $21,997,000 appropriations for health statistics.

The committee appropriated $4½ million less than requested by the administration and approved by the House at a time when the need for complete and accurate statistical data has never been greater. The New England Journal of Medicine expressed this need in a recent article.

> . . . The amount of money spent on health care in this country now exceeds $100,000,000,000 per year. How can this sum best be spent? What and where are the needs and what are the priorities based on those needs? And what plans appear to be most rewarding? These questions are argued with heat and rhetoric, but passion and eloquence are no substitute for bare facts, the kind of facts made available through the National Center for Health Statistics. Yet, ironically enough, while it is proposed to lay out fantastic sums for this or that health-related administrative scheme, or for research projects that would dispel a variety of categorical diseases, the collection of data required to evaluate the needs for such schemes and projects is given financial support that is as shortsighted as it is niggardly . . .

In light of this overwhelming need, I believe it is inappropriate to cut funding and I will support the appropriation passed by the House of Representatives. In addition, I hope the Senate will entertain a suplemental request for health statistics. At that time, I hope the witnesses will clearly explain to the committee the means of utilizing the information, particularly in terms of how this data will enhance health services, delivery, and research activities.

Mr. PACKWOOD. Mr. President, back in April of this year, during the debate on the Senate's first concurrent resolution on the budget, I stated that—

> When push comes to shove, this Congress will not have the nerve to vote "no" on a variety of specific items substantially in excess of the amounts suggested to be spent by the Budget Committee.

Mr. President, push has come to shove.

I would like to be able to vote for this bill. I would like to spend more money for the National Institutes of Health. I would like to spend more for community services programs. But each time an appropriations bill comes before this Senate we go over not only the Presidential budget request, but also over the Senate budget resolution.

Back in April the Senate had the best of intentions. We will limit spending ourselves; we will self-impose ceilings on Government spending and take a look at the aggregate totals rather than make Christmas trees out of every appropriations bill. We will use a little self-discipline.

Now, 5 months later we find ourselves again over the budget, our budget. By all surface criteria this bill is not objectionable; the Labor-HEW appropriations includes some of the most noble of our welfare programs and research grants. Voting against Labor-HEW appropriations is probably one of the least popular votes a Senator can make in any year. But what scares me is that this is not even the entire appropriations for Labor-HEW; there are more programs such as family planning and additional CETA funds yet to come. If we have decided to limit the Government spending pie, what is going to happen to those worthy programs which have not yet been funded? We will have come to the end of the pie and wonder why there is not a piece left for this program and that program.

I do not oppose any of the programs in this bill. Indeed, Mr. President, as I have earlier stated, included in this appropriations bill are some of the worthiest Government programs. What I do oppose is what I will call a misallocation of finite financial resources. I support the National Institutes of Health. But I also support family planning programs, and I am not willing to give all of the pie to one program at the expense of the other. Nor am I willing to resort to the old platitude that "there's more where that came from." There is no more; we have already created a deficit, our deficit, not the administration's—ours.

Again, as I said in April, I think that the greatest disservice we can render to the middle-income taxpayer in this country is to drive him or her farther and farther to the wall by creating an intolerable inflation caused by our deficit spending. These are good programs; they deserve to be funded. But our resources are finite. Neither of the alternatives to fund some programs at the expense of the others or to increase our spending and exacerbate our inflation is acceptable. I choose the third course which is to recognize and accept limitations on our spending and reallocate those finite resources among all of our worthy programs.

SENATE RETREATS FROM EQUAL OPPORTUNITY

Mr. HUMPHREY. Mr. President, the U.S. Senate has dealt a severe blow to the hopes of millions of fellow Americans by its action to limit and curtail the use of Federal funds for the transportation of students by reason of race.

The Senate cannot repeal the 5th and 14th amendments upon which the courts base their decisions to desegregate schools—and yet by the action of the Senate, any costs for the busing of students designed or ordered as a part of a desegregation program, must now be the sole responsibility of State and local government.

The Senate action does not and cannot repeal the 5th and 14th amendments. It cannot and does not deny the courts the power to desegregate schools nor does it prohibit the busing of students. It simply denies the States or local school authorities any Federal funds for the purpose of busing of students by reason of race.

We have helped no one—we have placed greater burdens on local government and the Senate has signaled a retreat from an open society.

SIGNIFICANCE OF SENATE VOTE AGAINST ENFORCEMENT OF 1964 CIVIL RIGHTS ACT

Mr. President, while the precise legal effect of the language of Senator BIDEN's second amendment, No. 915, also adopted by the Senate, forbidding the use of HEW funds to require "transportation of students by reason of race" is unclear, its practical consequences will seriously undermine the chances for successful integation of American schools.

The amendment itself rests on basic misconceptions of the title VI enforcement process. Title VI does not authorize HEW to require school districts to do anything; it prohibits HEW from providing Federal funds to school systems engaging in unconstitutional segregation. School systems retain the option of remaining segregated and giving up their funds, and some have exercised it.

Students are not transported "by reason of race" in desegregation plans. They are transported to disestablish de jure segregation, and busing assignments are often made on the basis of residence, not race. In many plans few additional students are actually transported although existing buses are rerouted. Obviously it will be a challenge for the courts to determine what the Senate-passed amendment actually means.

The most important aspect of the Senate's action turns not on legal interpretation, however, but on the message the Senate has sent to the public, to segregated black and Latino children, to HEW enforcement officials, and to local school officials.

The message is that the Senate, the last bastion of civil rights support, has now joined the President and the House in opposing desegregation of towns and cities across the North and West.

The message to the public is that future efforts are unnecessary and illegitimate and that perhaps existing southern urban desegregation can be rolled back.

The message to segregated children is that Congress is ready to destroy the only existing machinery for systematic enforcement of their constitutional rights, even though the machinery has not been used for 6 years and was severely limited by legislation just last year.

The message to HEW is to give up its very small-scale efforts to marginally diminish segregation in a few communities. The message to local school officials is to fight all the harder to preserve segregation.

The symbolic power of congressional action is immense, often more important than the specific legislative action. In 1964, for example, when Congress broke the historic filibuster and enacted the Civil Rights Act, public accommodations segregation crumbled across the South with very little enforcement activity. Congress spoke for the Nation in saying that such segregation was wrong and illegitimate.

Now, Congress is saying that the only available way to integrate most urban schools is wrong and illegitimate. The action can only encourage supporters of segregation and increase the already immense pressures on the Federal courts.

Instead of providing aid to help make a difficult transition work better, Congress is taking the posture of State legislatures in the South in the 1950's, striking out in every possible way to remove financial and administrative resources to support the process. This will not stop the courts from implementing constitutional requirements, but it will intensify the atmosphere of racial polarization surrounding the change and minimize the chances of carefully planned desegregation.

The ironic thing about the congressional amendments is that HEW has rarely been involved in cases requiring significant busing in the South and never in the North. Court-order districts were exempted for HEW enforcement from the beginning, thus leaving most of the southern big cities outside HEW's responsibility. Early in the Nixon administration, HEW adopted an antibusing policy and the Department during the past 2 years has refused even to provide technical asistance to Federal courts in designing plans for consideration by the responsible Federal judges. In most of the several hundred southern districts desegregated under HEW requirements little if any additional busing was required. Indeed, desegregation eliminated overlapping segregated busing systems. Studies of Georgia and Mississippi busing patterns showed, for example, that total student miles declined substantially. A Senate committee study on equal educational opportunity reported very modest increases in busing, apart from certain big cities under court orders.

During 11 years of enforcing title VI, HEW has never cut off funds from any big city to force that city to adopt a desegregation plan requiring substantial busing. The only temporary deferrals of funds were to Chicago, for 5 days, over allegations of racial gerrymandering and other acts of de jure segregation and, briefly, to Boston because of the city's refusal to end a segregated feeder pattern in the city schools, a fault that could be remedied without busing.

After Congress amended the Elementary and Secondary Education Act last year (Public Law 93–380). HEW strongly adhered to a policy requiring no transportation beyond the next closest school. Forbidding HEW to bus students is a little like forbidding President Ford to vote Socialist or Secretary Simon to launch a massive program of assistance to the cities.

The Senate passage of both amendment No. 915 and the perfecting amendment by Senator ROBERT C. BYRD, will leave hundreds of southern school systems, long since desegregated under HEW plans, in a strange and disruptive position. It would forbid HEW to continue enforcement of those plans wherever they contain elements of busing beyond the nearest school. This could build pressure in some communities to disrupt stable successful desegregation plans and send black children back to segregated schools. Once again it would undermine the position of leaders who have stood for compliance with the law in these communities and reward the segregation forces. There are more than 4,000 school districts in the 17 Southern and border States. About 600 are under court orders. The rest have either filed assurances or plans with HEW. While many have few if any minority students, hundreds have some potential for resegregation if title VI is repealed and anti-integration feelings continue to be fanned.

It is ironic that the Senate should abandon its long record of defense of the right to a desegregated education at a time when most of the old controversies have calmed down, when the Supreme Court has deflated the fear of city-suburban desegregation, and when the pace of desegreation has slowed sharply. In most of the thousands of desegrated Southern districts the school year began without incident and integration was such a routine fact of life that no particular attention was given to it. Many of those school systems are working on the truly important job of turning desegregated schools into successfully integrated ones. The National Opinion Research Center's skillful evaluation of 550 newly desegrated schools in the Deep South in its October 1973 report, "Southern Schools," showed that the educational leaders in many of these schools were doing the job with considerable success. Recent public opinion polls have shown that Southern attitudes toward school integration are continuing to improve at a time when Northerners, who remain overwhelmingly segregated, are becoming increasingly ambiguous. These changes are reflected both in recent Gallup poll questions and in a survey by the Survey Research Center at the University of Michigan.

At a time when the explosive scenes of past years are quiet and the schools are working on their educational task, political attention focuses on Boston, not on the less dramatic story of working integration. The fury of this debate would make one think that the entire country was being torn apart by massive integration. Actually, there are only six new desegregation plans in the entire United States this fall, only two in the North. One of the Northern plans involves integrating a single junior high school building in one of New York City's community school districts. This is the size of the menace the Congress seems determined to fight by repeal of part of the 1964 Civil Rights Act.

While Congress rails against school desegregation, no one gives much notice to the fact that the grim predictions of the "Riot Commission" about 7 years ago are coming true, perhaps even faster than the Commission foresaw in some of the largest metropolitan areas. Segregation is spreading out over more and more central cities and even some inner suburbs are being absorbed into growing ghettos. Leading demographers at the University of Wisconsin and the University of Michigan suggest that, at the present rate, centuries will be required to produce nonracial urban housing patterns. In the face of these powerful segregating trends and the growing evidence that State action played a major role in setting them in motion, a decision to prohibit administrative enforcement of desegregation is a decision for intensifying segregation. Our cities are moving steadily toward a level of segregation and inequality that can only have terrifying consequences for American society.

Not only is the Senate legislation inadvisable, but it may be unconstitutional as well. Before the passage of title VI, the U.S. Civil Rights Commission, many Members of Congress, the Leadership Conference on Civil Rights, and others expressed the view that the title was redundant since it merely expressed a preexisting constitutional responsibility to avoid expending public funds for clearly discriminatory purposes. In cases where local recipients clearly violate well-established constitutional rights of local citizens and Congress forces HEW to provide funds for programs operated in a way that violates the 14th amendment, then the statute may well be invalid. Similarly, if the statute forced HEW to provide subsidies to districts retreating from existing constitutionally required plans, it could have a similar elemental flaw. If these amendments eventually become law, civil rights lawyers and the courts should examine this serious constitutional defect as rapidly as possible.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter I received from Arthur Flemming, Chairman of the Civil Rights Commission.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *September 23, 1975.*

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: This is in response to your request for the views of the United States Commission on Civil Rights with respect to the Biden Amendment and the Byrd Amendment to HR 8069 which provides appropriations for the Department of Labor and the Department of Health, Education, and Welfare.

The Biden Amendment, as we understand it, would deny to the Department of Health, Education, and Welfare the use of funds appropriated under HR 8069 to exercise its authority under Title VI of the Civil Rights Act of 1964. The Biden Amendment states:

"None of the funds appropriated under this act shall be used to require any school, school system, or other educational institutional as a condition for receiving funds, grants, or other benefits from the federal government to assign teachers or students to schools, classes, or courses for reasons of color."

The Commission on Civil Rights has consistently opposed all legislative initiatives in the area of school desegregation designed to weaken in any way the rights of citizens under the 14th Amendment to the Constitution as interpreted by the United States Supreme Court in the matter of *Brown vs. Board of Education*. The Biden Amendment is unquestionably the most sweeping attack on a civil rights act passed by the Senate in recent years.

The Biden Amendment, which is probably unconstitutional, would render impotent the enforcement efforts of the Department of Health, Education, and Welfare by making Title VI virtually inoperable in the area of school desegregation. Such an amendment if enacted into law would thrust upon an already overburdened judiciary the full burden of desegregating the schools of the nation, an unnecessary burden which Title VI was designed to avoid through the use of administrative procedures.

The Byrd Amendment, as we understand it, would, if enacted, have the purpose and effect of severely limiting the ability of the Department of Health, Education, and Welfare to desegregate the public schools by prohibiting the Department from requiring students to attend any school other than that nearest their homes. The Byrd Amendment states that—

"None of the funds appropriated by this act shall be expended to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest to the student's home, and which offers the courses of study pursued by such student, in order to comply with Title VI of the Civil Rights Act of 1964."

This Commission has previously stated in testimony before committees of the Congress that while no parents have an absolute right to send their children to the school nearest to their home, the government does have the responsibility to protect the constitutional rights of all school children as defined by the United States Supreme Court.

By limiting a remedy to school segregation by prohibiting the assignment of students to any but the nearest school is no remedy at all. The effect of such a restriction on HEW could, and in many cases would, lock minority students to attendance only at unconstitutionally segregated schools inasmuch as many school districts have deliberately constructed and maintained schools in such a way as to create and perpetuate segregation. As the Supreme Court notes in the case of *Swann vs. Charlotte-Mecklenburg*, the siting, initial construction, expansion and closing of school facilities ". . . have been used as a potent weapon for creating and maintaining a state segregated system". (The Byrd Amendment is little more than an effort to reinstate the separate but equal doctrine under which constitutional rights of minority school children were denied for more than half a century.)

Further, it is unclear as to whether this amendment would deny to a school district ordered to desegregate by a Federal court, funds appropriated under this act to effect the transition from an unconstitutional dual school system to a unitary one. Because the amendment uses the phrase "directly or indirectly", the Department could be placed in a position where compliance with the statute would require defiance of the court's order to desegregate using Federal financial assistance, e.g. Title IV funds, ESAA funds, etc.

It is our view that by doing violence to Title VI in the area of school desegregation as both these Amendments do, the Congress would not only restrict the Department of Health, Education, and Welfare from carrying out a constitutional responsibility but it would also be opening the door to attacks on every piece of civil rights legislation enacted since 1957. We, therefore, oppose the enactment of both the Biden and the Byrd Amendments.

For the Commissioners:
Respectfully,
ARTHUR S. FLEMMING,
Chairman.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendment to H.R. 8069.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the engrossment of the amendments and the third reading of the bill.

Mr. BROOKE. Mr. President, I shall not prolong the proceedings; I know Senators want to leave. I just wish to thank the distinguished chairman of this committee for his patience and perseverence in this long debate we have had. After all this week and 3 days of last week in debate upon this measure, mostly on the issue of busing, which, as the distinguished Senator from Alaska said, had no place on this bill to start with, I am sure we are all glad to see it come to an end.

I know that the debate has been heated at times; I do not know that anything has really come of it for the good of the Nation. But the bill itself is a good bill. It is a bill which we hope the President will sign into law after we finish with our conference, because there are so many agencies and departments that are in need of this money.

I also wish to thank the committee staff, Mr. Harley Dirks, Mr. Gar Kaganowich, Mr. Ralph Neas, Mr. Chuck Warren, Mr. Lierman, Mr. Sourwine, Mr. Ruscio and Miss Beach, the staff members who have worked so hard and so long on this bill. It has been quite an experience, one that I personally will long remember, and again I wish to express my gratitude to the distinguished chairman.

Mr. MAGNUSON. Mr. President, if the Senator will yield, I join the Senator from Massachusetts in expressing my appreciation to the staff. This is a hard working staff. It is a long and complex bill, and they have done an extraordinary job.

Mr. THURMOND. Mr. President, have the yeas and nays been requested?

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is on the engrossment of

the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Iowa (Mr. CLARK), the Senator from New Hampshire (Mr. DURKIN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Alabama (Mr. SPARKMAN), the Senator from Texas (Mr. BENTSEN), and the Senator from Indiana (Mr. HARTKE) are necessarily absent.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Alabama (Mr. SPARKMAN) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from New Jersey (Mr. CASE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nebraska (Mr. HRUSKA), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

I also announce that the Senator from Michigan (Mr. GRIFFIN) is absent on official business.

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 60, nays 18, as follows:

[Rollcall Vote No. 423 Leg.]

YEAS—60

Abourezk
Baker
Bayh
Beall
Bellmon
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Culver
Eagleton
Fong
Ford
Glenn
Hart, Gary W.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Taft
Tunney
Weicker
Williams
Young

NAYS—18

Allen
Bartlett
Buckley
Byrd, Harry F., Jr.
Cranston
Curtis
Dole
Fannin
Garn
Helms
Laxalt
McClure
Nunn
Packwood
Scott, William L.
Talmadge
Thurmond
Tower

NOT VOTING—22

Bentsen
Brock
Case
Church
Clark
Domenici
Durkin
Eastland
Goldwater
Gravel
Griffin
Hansen
Hart, Philip A.
Hartke
Hatfield
Hruska
Long
McClellan
McIntyre
Montoya
Roth
Sparkman

So the bill (H.R. 8069) was passed.

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House on the disagreeing votes thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. GARN) appointed Mr. MAGNUSON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. PROXMIRE, Mr. MONTOYA, Mr. HOLLINGS, Mr. EAGLETON, Mr. BAYH, Mr. CHILES, Mr. MCCLELLAN, Mr. BROOKE, Mr. CASE, Mr. FONG, Mr. STEVENS, Mr. SCHWEIKER, and Mr. YOUNG conferees on the part of the Senate.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate S. 2310, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. HOLLINGS. Mr. President, I simply wish to lay down the amendment which is in the nature of a substitute, to S. 2310, just to lay it before the Senate. That is why we are seeking recognition.

Mr. STENNIS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. HOLLINGS. I call up the amendment No. 934, as modified, in the nature of a substitute and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

Mr. HOLLINGS, for himself and others, proposes an amendment in the nature of a substitute, No. 934.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following: That this Act may be cited as the "Natural Gas Emergency Act of 1975".

PURPOSES

SEC. 2. The purpose of this Act is to establish temporary emergency authorities for minimizing the detrimental effects on employment, food production, and public health, safety, and welfare caused by natural gas supply shortages.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Administrator" means the Administrator of the Federal Energy Administration.

(2) The term "Commission" means the Federal Power Commission;

(3) The term "essential user" means a user or class of user who satisfies criteria to be established by the Commission, by rule, as indicative of a user for which no alternative fuel is reasonably available and whose supply requirements must be met in order to avoid substantial unemployment or impairment of food production or the public health, safety, or welfare.

(4) The term "Federal lands" means any land or subsurface area within the United States which is owned or controlled by the Federal Government or with respect to which the Federal Government has authority, directly or indirectly, to explore for, develop, and produce natural gas, including any land or subsurface area located on the Outer Continental Shelf.

(5) The term "intrastate commerce" means commerce between points within the same State not through any place outside thereof.

(6) The term "interstate commerce" has the same meaning as such term has in section 2(7) of the Natural Gas Act (15 U.S.C. 717a(7)).

(7) The term "Outer Continental Shelf" has the same meaning as such term has in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. *1331(a)*).

(8) The term "new natural gas" means (A) natural gas which was not, prior to September 9, 1975, committed by contract to interstate commerce, and (B) any natural gas (i) committed by contract to intrastate commerce which contract, on or after September 9, 1975, terminates and is not renewed or (ii) otherwise available for sale during the period that this Act is in effect. Except as provided in this Act, new natural gas shall not be subject to Commission jurisdiction. The term does not include "transferred natural gas" as defined in subsection 6(e).

(9) The term "person" includes any governmental entity.

(10) The term "pipeline" means a person engaged in the transportation by pipeline of natural gas.

(11) The term "priority interstate purchaser" means (A) any interstate pipeline (or a person acting on behalf of an interstate pipeline) which the Commission, taking into account any existing curtailment plan of such pipeline and the natural gas supplies available to such pipeline, determines is, to a significant extent, unlikely to obtain supplies of natural gas adequate to meet the requirements of essential users under any agreement (without regard to whether such agreement is for interruptible or firm service) to supply natural gas to such user by—

(i) such pipeline; or

(ii) a person to which such pipeline supplies natural gas for purposes of resale,

or (B) any interstate pipeline that can demonstrate it will otherwise be unable to secure supplies of natural gas that are necessary to supply essential users on such pipelines through June 30, 1976, because of competition from interstate pipelines that have previously been designated as priority purchasers.

(12) The term "supply emergency period" means the period, or any part thereof, which begins on the date of enactment of this Act and ends on July 1, 1976.

ACCESS BY PRIORITY INTERSTATE PURCHASERS TO NATURAL GAS

SEC. 4. (a) The Commission shall, not later than the end of the 15-day period which begins on the date of enactment of this Act, and shall as necessary throughout the supply emergency period, upon petition or upon its own motion, designate priority interstate purchasers.

(b) The Commission shall, by rule, not later than the end of the 15-day period which begins on the date of enactment of this Act, establish an area ceiling price applicable to any first sale of new natural gas (except first sales of new natural gas produced from lands located on the Outer Continental Shelf) for each area in the United States in which natural gas is produced during the supply emergency period. The Commission shall designate areas to which such ceiling prices shall apply. Such ceiling price shall, to the maximum extent practicable, approximate the average sales price, as determined by the Commission, for contracts entered into or renewed during the period from August 1, 1975, through August 31, 1975, for natural gas produced in the area and sold in intrastate commerce. If no such sales were made during the period from August 1, 1975 to August 31, 1975 in a designated area, the Commission shall establish a ceiling price by rule based on the average sales price for contracts most recently entered into or the average sales price in another similarity situated area during the period from August 1, 1975 to August 31, 1975.

(c) No producer or other seller (as the case may be) may charge and no purchaser may pay a price for the first sale of new natural gas occurring between September 8, 1975, and June 30, 1976, which price exceeds the applicable area ceiling price established by the Commission or if purchased from an intrastate pipeline, the acquisition cost pursuant to contracts entered into prior to September 8, 1975, of such natural gas by the selling intrastate pipeline plus a reasonable charge for any transportation services rendered by a producer or other seller (as the case may be). Any contractual provision prohibiting such sales or transportation or terminating any other obligations of any gas supply or sales contracts as a result of such sales or transportation shall be unenforceable in respect to any such sale or transportation.

(d) Any new natural gas produced from lands located on the Outer Continental Shelf shall be sold in interstate commerce.

(e) (1) No new natural gas produced in the United States (except new natural gas produced from lands located on the Outer Continental Shelf) may be sold in interstate commerce unless—

(A) the purchaser has been designated by the Commission as a priority interstate purchaser; or

(B) the producer or purchaser has filed a notice of a proposal to sell new natural gas (whether in the form of an offer to sell or a proposed contract to sell such gas) with the Commission at least 15 days prior to sale.

(2) The Commission shall, by rule, prohibit the sale in interstate commerce from lands located in the United States (except lands located on the Outer Continental Shelf) of any new natural gas to any person other than a priority interstate purchaser if, (A) a priority interstate purchaser, within the 15-day period specified by paragraph (1) (B), offers to purchase such new natural gas under terms and conditions substantially similar to or identical with the terms or conditions of such proposal to sell to which the notice prescribed by paragraph (1) (B) pertains, or (B) if the purchasing pipeline is directly or indirectly connected to a priority interstate purchaser and that priority interstate purchaser has not yet obtained sufficient quantities of natural gas to satisfy the needs of the essential users of such pipeline and the priority interstate purchaser indicates a willingness to purchase such natural gas within the 15-day period specified in paragraph (1) (B), under terms and conditions which the Commission determines are substantially similar to or identical with the terms or conditions of such proposal to sell to which the notice prescribed by subparagraph (B) pertains.

(3) Paragraph (2) of this subsection shall not apply (A) to sales of new natural gas (i) by a producer that is an affiliate of an interest pipeline, or (ii) by a producer to a pipeline in the case of an advance payment financing arrangement between such producer and such pipeline entered into prior to September 9, 1975, whereby such pipeline has been granted a right of first refusal, option or other priority claim to natural gas produced from a property as consideration for advance payments made to such producer to finance exploration or development, or (B) to sales of new natural gas (i) sold pursuant to the Natural Gas Act, and (ii) committed by contract for a duration in excess of 2 years.

(f) Any interstate purchaser may purchase new natural gas produced from lands located other than on the Outer Continental Shelf pursuant to the provisions of this Act, for a period not to exceed 180 days, provided the price of the first sale of such new natural gas does not exceed the applicable price permitted to be paid pursuant to subsections (b) or (c) of this section. Any such sale price shall be deemed just and reasonable for purposes of section 4 of the Natural Gas Act (15 U.S.C. 717c) and any such sale to a interstate purchaser shall not require certification of such sale under section 7 of such Act (15 U.S.C. 717f), except certification shall continue to be required for the construction of facilities under the Natural Gas Act and the Commission shall continue to have jurisdiction over transportation charges for new natural gas sold for resale by an interstate pipeline over which the Commission exercised jurisdiction on or before September 8, 1975.

(g) If the Commission determines that natural gas could have been produced or sold, or both, but was not produced or sold, or both, during the period that this Act is in effect, such natural gas may not at any time thereafter be sold at a price above that permitted under this Act.

(h) A priority interstate purchaser shall obtain priority only to the extent necessary to meet the requirements of essential users and the Commission shall take such steps as are within its authority under the Natural Gas Act to assure that any additional supplies of new natural gas obtained by a priority interstate purchaser are made available to essential users.

(i) The Commission shall encourage and expeditiously consider voluntary agreements between pipelines that are not inconsistent with this Act to sell or exchange natural gas or other arrangements that increase the supply of natural gas available to priority interstate purchasers.

AVAILABILITY OF GAS FOR AGRICULTURAL USERS

SEC. 5. (a) (1) Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, the Commission shall, by rule, upon petition or upon its own motion prohibit any interruption or curtailment of natural gas supplies, and take such other actions under authority of the National Gas Act and this Act as the Commission determines to be necessary and appropriate, to assure to the maximum extent practicable the availability of sufficient quantities of natural gas from the interstate pipelines serving the essential agricultural, food processing, or food packaging user for use for any essential agricultural, food processing, or food packaging purposes as determined by the Secretary of Agriculture, for which natural gas is necessary, as determined by the Secretary of Agriculture including, but not limited to, irrigation pumping, crop drying, and use as a feedstock or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants (for present or expanded capacity) and in new plants.

(2) No prohibition pursuant to paragraph (1) of this subsection may be inconsistent as determined by the Commission with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies or with maintaining natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety.

(b) For purposes of this section, the Secretary of Agriculture shall not determine any use of natural gas to be necessary if such gas is to be used as a boiler fuel to serve (1) expanded capacity of existing facilities, (2) an existing facility for which natural gas supply contracts have expired, (3) new facilities, or (4) an existing facility that has the capability and necessary equipment to burn petroleum products or other alternate fuels, the burning of petroleum products or other alternate fuel by such facility in lieu of natural gas is practicable, and petroleum products or other alternate fuels will be available to such facility. The Secretary of Agriculture shall certify to the Commission the volumes and identify the users, of natural gas determined to be necessary for essential agricultural, food processing, or food packaging purposes.

PROHIBITION OF USE OF NATURAL GAS AS BOILER FUEL

SEC. 6. (a) The Administrator shall, by rule, prohibit any powerplant from burning natural gas if he determines that—

(1) such powerplant had, on September 1, 1975 (or at any time thereafter), the capability and necessary plant equipment to burn petroleum products;

(2) the burning of petroleum products by such plant in lieu of natural gas is practicable;

(3) petroleum products will be available during the period the order is in effect; and

(4) natural gas made available as the result of such prohibition could be available, directly or indirectly, to a priority interstate purchaser.

A rule under this subsection shall not take effect (A) until a date which the Administrator of the Environmental Protection Agency certifies is the earliest date on which such plant can burn, in compliance with the Clean Air Act (including any applicable implementation plan) petroleum products which the Administrator determines, under paragraph (3), are available, or (B) if the Commission certifies to the Administrator that the prohibition under this paragraph will impair the reliability of service in the area served by the plant.

(b) (1) The Administrator shall, by rule, prohibit the use of natural gas by any powerplant if the Administrator determines—

(A) that alternative supplies of electric power are available to the electric power system of which such powerplant is a part;

(B) that the generation of such alternative supply of electric power will not result in an overall increase in consumption of natural gas; and

(C) natural gas made available as the result of such prohibition could be made available, directly or indirectly, to a priority interstate purchaser.

(2) A rule under this subsection shall not take effect if the Commission certifies to the Administrator that the prohibition would

impair the reliability of service in any area served by those affected electric power systems.

(c) (1) The Administrator shall exempt from any rule under this section the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by powerplants.

(2) Subject to paragraph (1) of this section the Administrator may make a rule under subsection (a) or (b) of this section apply to all natural gas burned by the powerplant to which such rule applies or may specify the periods and amounts of natural gas to which such rule shall apply.

(d) The Administrator shall, by rule, prohibit the sale, directly or indirectly, to any person other than a priority interstate purchaser of natural gas made available as a result of rules under subsections (a) and (b) of this section.

(e) (1) If the application of a rule under this section results in a sale of transferred gas by a curtailed user or a supplier of a curtailed user to a person other than such curtailed user or a supplier of such user, such seller may not charge an amount for such transferred gas which exceeds the amount he would have charged such user or supplier (as the case may be). In addition, the person to whom such sale is made shall compensate the curtailed user, and any supplier of such curtailed user, in an amount which is equal to any net increase in such user's reasonable cost for replacement fuel or replacement power, and any net increase in such supplier's reasonable costs and any other losses which are incurred by such supplier, as a result of the application of the order issued under this section. Such compensation shall be in an amount agreed upon by the parties, or if the parties are unable to agree in an amount determined by the Commission in accordance with the provisions of this section.

(2) For purposes of this subsection—

(A) The term "curtailed user" means a powerplant to which a rule under this section is applicable.

(B) The term "transferred natural gas" means natural gas which a curtailed user does not consume by reason of a rule under this section and which is made available to another person.

(C) A person is a supplier of a curtailed user if he sold natural gas to such user, or sold natural gas to any person for resale (directly or indirectly) to such user.

(g) This section shall not apply to any powerplant of which the maximum daily use of natural gas does not exceed fifty thousand cubic feet.

(h) For purposes of this section, the terms "powerplant" and "petroleum product" have the same meanings as such terms have under section 2 of the Energy Supply and Environmental Coordination Act of 1974.

(i) Section 2(f) (1) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out "June 30, 1975" and inserting in lieu thereof "June 30, 1976".

(j) This section (other than subsection (i)) does not affect any authority under the Energy Supply and Environmental Coordination Act of 1974.

PRODUCTION OF GAS AT THE MAXIMUM EFFICIENT RATE

Sec. 7. (a) The Secretary of Interior shall, by rule, require natural gas to be produced from fields, designated by such Secretary, at the maximum efficient rate of production determined for such field.

(b) (1) Within 45 days after the date of enactment of this Act, the Secretary of the Interior, by rule, shall determine the maximum efficient rate of production for each field on Federal lands which such Secretary determines produces, or has the capacity to produce, significant quantities of natural gas.

(2) Each State or the appropriate agency thereof may determine the maximum efficient rate of production for each field (other than a field on Federal land) within such State which the State or appropriate agency determines produces, or has the capacity to produce, significant quantities of natural gas.

(3) If, at the end of the 45-day period which begins on the date of enactment of this Act, a State or the appropriate agency thereof has not determined the maximum efficient rate of production for any field (other than a field on Federal land) within such State, which field the Secretary of the Interior determines produces, or has the capacity to produce, significant quantities of natural gas, the Secretary of the Interior may, by rule, specify the maximum efficient rate of production.

(c) For purposes of this section the term "maximum efficient rate of production" means the maximum rate of production of natural gas which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering principles.

(d) Nothing in this section shall be construed to authorize the production from any Naval Petroleum Reserve subject to the provisions of chapter 641 of title 10, United States Code.

PRICE CONTROL AND ALLOCATION AUTHORITY FOR PROPANE AND OTHER PRODUCTS IN SHORT SUPPLY

Sec. 8. Notwithstanding the provisions of section 4(g) or any other provision of the Emergency Petroleum Allocation Act of 1973, as amended, the regulations promulgated by the President under section 4 of such Act and the authority of the President under such Act shall, with respect to propane and butane, remain in effect for the duration of the supply emergency period.

PENALTIES

Sec. 9. (a) (1) Any person who is determined by the Commission, Administrator, or Secretary, after notice and an opportunity for a presentation of views, to have violated a provision of this Act or any rule or order under this Act (for which such Commission, the Administrator, or the Secretary has responsibility), shall be liable to the United States for a civil penalty of not more than $10,000 for each violation; and if any such violation is a continuing one, each day of violation constitutes a separate offense. The amount of any such penalty shall be assessed by the Commission, the Administrator or the Secretary by written notice. In determining the amount of such penalty, the Commission, the Administrator or the Secretary (as the case may be) shall take into account the nature, circumstances, extent, and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

(2) Such civil penalty may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate district court of the United States or, prior to referral to the Attorney General, such civil penalty may be compromised by the Commission, the Administrator, or the Secretary, as may be applicable. The amount of such penalty, when finally determined (or agreed upon in compromise), may be deducted from any sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

(b) A person is guilty of an offense if he willfully violates a provision of this Act or rule or order under this Act. Upon conviction, such person shall be subject for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both.

ENFORCEMENT

Sec. 10. (a) The Attorney General, at the request of the Commission, the Administrator, or the Secretary (as the case may be), may bring an action for equitable relief to redress a violation by any person of a provision of this Act, or a rule or order under this Act. Any other person may bring a civil action alleging a violation of a provision of this Act or rule or order under this Act.

(b) The district courts of the United States shall have jurisdiction with respect to any civil action brought under subsection (a). The court shall have the power to grant such equitable relief as is necessary to prevent, restrain, or remedy the effect of such violation, including declaratory judgment, mandatory or prohibitive injunctive relief, and interim equitable relief, and the courts shall further have the power to award (A) compensatory damages to any injured person or class of persons, (B) costs of litigation including reasonable attorney and expert witness fees, and (C) whenever and to the extent deemed necessary or appropriate to defer future violations, punitive damages.

(c) A rule or order prescribed under this Act is subject to judicial review to the extent authorized by, and in accordance with, chapter 7 of title 5, United States Code, except that (A) the second sentence of section 705 thereof is not applicable, and (B) the appropriate court shall only hold unlawful and set aside such a rule or order on a ground specified in subparagraph (A), (B), (C), or (D) of section 706(2) thereof.

RULEMAKING

Sec. 11. The Commission, the Administrator, or the Secretary, in addition to the authorities specifically granted herein, may, notwithstanding any other provision of law, require the submission of such information as the Commission, the Administrator, or the Secretary, in their discretion, determine to be necessary or appropriate to carry out the purposes of this Act, and shall have authority to issue rules and orders applicable to any person which the Commission, the Administrator, or the Secretary (as the case may be) determines are necessary or appropriate to carry out the purposes of this Act.

Mr. MANSFIELD. Mr. President, under the agreement——

DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1976—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate the conference report on H.R.

6674, with 1 hour to be divided equally, which the clerk will state by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6674) to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of September 18, 1975, at page 29355.)

Mr. STENNIS. Mr. President, may we have quiet? I have an observation to make that concerns the time.

The PRESIDING OFFICER. The Senators will please take their seats and cease their conversation, so the Senator from Mississippi can be heard.

Mr. STENNIS. Mr. President, this is the military authorization bill. The time has been agreed as 1 hour, equally divided, and the Senator from Maine (Mr. Muskie) is in control of half of the time.

Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STENNIS. Mr. President, I have told certain Members we would be proceeding now and they have stayed over to vote. However the Senator from Rhode Island has a special situation involving another conference report that he thinks will take just a few minutes.

Mr. President, may we have quiet because I want to be sure this is understood.

The PRESIDING OFFICER. May we have order in the Senate?

Mr. STENNIS. In order for the Senator from Rhode Island to present the conference report, on the appropriations bill that he handles—State, Justice, and other agencies—I ask unanimous consent, without losing the floor on this bill, the conference report on H.R. 6674, and without it losing its position on the floor, that I may yield to the Senator from Rhode Island for 10 minutes.

Mr. PASTORE. I thank the Senator.

Mr. STENNIS. With the understanding that I am not yielding the floor and if the Senator does not get his business consummated in 10 minutes, we go back to this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. And then I will take it from there.

Mr. FONG. Representing a minority, I would like to ask for 3 minutes.

Mr. PASTORE. The Senator may have 3 of the 10 minutes that I have.

The PRESIDING OFFICER. The Senator from Rhode Island.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY APPROPRIATIONS, 1976—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on H.R. 8121, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Garn). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8121) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary; and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of September 18, 1975, at page 29377.)

Mr. PASTORE. Mr. President, the 1976 State, Justice, Commerce, the Judiciary and related agencies appropriation bill as agreed to in conference is $5,958,676,000. This amount is: $117,746,600 over 1975: $287,007,000 over the House bill; $229,557,000 under the Senate bill; and $236,928,600 over the budget request.

However, I should like to point out for the Members that the $236 million increase over the budget request is more apparent than real. The real figure is $36 million. This is explained by the fact that the conference agreement includes $200 million for the Small Business Administration which was included in the overall figure of the President's budget, but proposed for later transmittal based on revised legislation. Both the House and Senate felt it was obvious that the revised legislation was not going to be enacted. Consequently, both Houses included the $200 million in the bill to continue the ongoing SBA programs under the existing authorizations, without waiting for a further formal request. Because of this peculiarity in bookkeeping, the budget request figure is understated by $200 million and the conference agreement increase over the budget request is overstated by $200 million.

In summary, the real increase over the budget request is $36 million. Moreover, this amount is partially offset by a reduction of $22 million in the budget request for the transition period. Thus, the net increase over the President's budget for this $7.5 billion appropriations bill is only $14 million—less than two-tenths of 1 percent.

Moreover, in terms of outlays, the bill is somewhat below the President's request for fiscal year 1976 and the transition period.

In comparison to the concurrent resolution on the budget established by the Congress earlier this year, the bill is approximately one-half billion dollars below that ceiling or target.

Mr. President, the House and Senate conferees attempted to deal with two perplexing problems.

First, the conferees attempted to come up with a total figure that would be acceptable to the administration and which would not provoke a veto—and at the same time sustain the highest priority and most urgent Senate increases.

Second, the conferees attempted to come up with compromise language regarding negotiations pertaining to the Panama Canal which would respect the constitutional prerogatives of the administration, but which would still make clear the sense of the Congress in this matter. I will have more to say about this later.

Mr. President, the conference report is the product of a great deal of work and effort on the part of both Houses to reach a compromise that would deal adequately with both of these issues while avoiding a veto.

Personally, I wish the conference report could have provided more in some areas, especially for law enforcement and antirecessionary employment programs. Nevertheless, I believe that the amounts agreed to by the conferees will provide for the necessary expenses in 1976 for the Departments of State, Justice, Commerce, and the Federal judiciary.

Mr. President, I wish to express my sincere thanks to the distinguished ranking minority member of the subcommittee (Mr. Hruska) for his support and assistance during the conference.

Mr. President, I ask unanimous consent that the usual tabulation of figures be printed in the Record.

There being no objection, the tabulation was ordered to be printed in the Record, as follows:

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1976

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1975 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED FOR 1976

[Note: All amounts are in the form of "appropriations" unless otherwise indicated.]

Item	New BA enacted fiscal year 1975	Fiscal year 1976 budget estimate	New BA House allowance	New BA Senate allowance	New BA conference agreement	Conference agreement compared with— Appropriation 1975	Budget estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE I—DEPARTMENT OF STATE									
ADMINISTRATION OF FOREIGN AFFAIRS									
Salaries and expenses	370,002,000	428,600,000	410,000,000	425,400,000	425,400,000	+55,398,000	−3,200,000	+15,400,000	
Transition period		119,710,000	114,900,000	119,100,000	119,100,000		−610,000	+4,200,000	
Representation allowances	1,385,000	1,750,000	1,700,000	1,700,000	1,700,000	+315,000	−50,000		
Transition period		525,000	525,000	525,000	525,000				
Acquisition, operation, and maintenance of buildings abroad	22,914,000	29,840,000	29,840,000	29,840,000	29,840,000	+6,926,000			
Transition period		8,450,000	8,450,000	8,450,000	8,450,000				
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)	11,870,000	9,785,000	9,785,000	9,785,000	9,785,000	−2,085,000			
Transition period		800,000	800,000	800,000	800,000				
Emergencies in the diplomatic and consular service	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000				
Transition period		1,000,000	600,000	600,000	600,000		−400,000		
Payment to Foreign Service retirement and disability fund	21,955,000	6,355,000	6,355,000	6,355,000	6,355,000	−15,600,000			
Transition period		1,590,000	1,590,000	1,590,000	1,590,000				
Total	430,226,000	478,430,000	459,780,000	475,180,000	475,180,000	+44,954,000	−3,250,000	+15,400,000	
Transition period		132,075,000	126,865,000	131,065,000	131,065,000		−1,010,000	+4,200,000	
INTERNATIONAL ORGANIZATIONS AND CONFERENCES									
Contributions to international organizations	203,903,000	245,707,000	217,853,000	223,495,000	217,853,000	+13,950,000	−27,854,000		−5,642,000
Transition period		226,916,000	189,764,000	189,764,000	189,764,000		−37,152,000		
Contributions for international peacekeeping activities	34,495,000	19,800,000				−34,495,000	−19,800,000		
Transition period		5,000,000					−5,000,000		
Missions to international organizations	7,008,000	9,096,000	8,600,000	9,000,000	9,000,000	+1,992,000	−96,000	+400,000	
Transition period		2,691,000	2,560,000	2,673,000	2,673,000		−18,000	+113,000	
International conferences and contingencies	7,540,000	5,840,000	5,840,000	5,840,000	5,840,000	−1,700,000			
Transition period		1,775,000	1,775,000	1,775,000	1,775,000				
International trade negotiations	1,900,000	2,596,000	2,596,000	2,596,000	2,596,000	+696,000			
Transition period		674,000	674,000	674,000	674,000				
Total	254,846,000	283,039,000	234,889,000	240,931,000	235,289,000	−19,557,000	−47,750,000	+400,000	−5,642,000
Transition period		237,056,000	194,773,000	194,886,000	194,886,000		−42,170,000	+113,000	
INTERNATIONAL COMMISSIONS									
International Boundary and Water Commission, United States and Mexico:									
Salaries and expenses	4,952,000	5,322,000	5,300,000	5,300,000	5,300,000	+348,000	−22,000		
Transition period		1,371,000	1,371,000	1,371,000	1,371,000				
Construction	6,231,000	8,365,000	8,365,000	8,365,000	8,365,000	+2,134,000			
Transition period		830,000	830,000	830,000	830,000				
American sections, international commissions	1,379,000	1,576,000	1,576,000	1,576,000	1,576,000	+197,000			
Transition period		450,000	450,000	450,000	450,000				
International fisheries commissions	4,060,000	4,730,000	4,730,000	4,730,000	4,730,000	+670,000			
Transition period		1,560,000	1,560,000	1,560,000	1,560,000				
Total	16,622,000	19,993,000	19,971,000	19,971,000	19,971,000	+3,349,000	−22,000		
Transition period		4,211,000	4,211,000	4,211,000	4,211,000				
EDUCATIONAL EXCHANGE									
Mutual educational and cultural exchange activities	53,300,000	65,000,000	60,000,000	62,000,000	60,000,000	+6,700,000	−5,000,000		−2,000,000
Transition period		14,000,000	13,000,000	13,500,000	13,000,000		−1,000,000		−500,000
Center for cultural and technical interchange between East and West	7,400,000	9,000,000	9,000,000	9,000,000	9,000,000	+1,600,000			
Transition period		2,350,000	2,350,000	2,350,000	2,350,000				
United States-Japan friendship activities (foreign currency program, indefinite)		15,000,000	12,000,000	12,000,000	12,000,000	+12,000,000	−3,000,000		
Transition period									
Total	60,700,000	89,000,000	81,000,000	83,000,000	81,000,000	+20,300,000	−8,000,000		−2,000,000
Transition period		16,350,000	15,350,000	15,850,000	15,350,000		−1,000,000		−500,000
Total, TITLE I	762,394,000	870,462,000	795,640,000	819,082,000	811,440,000	+49,046,000	−59,022,000	+15,800,000	−7,642,000
Transition period		389,692,000	341,199,000	346,012,000	345,512,000		−44,180,000	+4,313,000	−500,000
TITLE II—DEPARTMENT OF JUSTICE									
GENERAL ADMINISTRATION									
Salaries and expenses	22,451,000	21,266,000	20,735,000	21,048,000	21,048,000	−1,403,000	−218,000	+313,000	
Transition period		5,278,000	5,145,000	5,223,000	5,223,000		−55,000	+78,000	
LEGAL ACTIVITIES									
Salaries and expenses, general legal activities	60,989,000	60,633,000	60,220,000	60,220,000	60,220,000	−769,000	−413,000		
Transition period		15,000,000	14,900,000	14,900,000	14,900,000		−100,000		
Salaries and expenses, Antitrust Division	18,253,000	20,742,000	20,661,000	22,529,000	21,595,000	+3,342,000	+853,000	+934,000	−934,000
Transition period		5,100,000	5,605,208	5,600,000	5,600,000		+500,000	−5,208	
Salaries and expenses, U.S. attorneys and marshals	131,158,000	144,947,000	141,800,000	142,800,000	142,300,000	+11,142,000	−2,647,000	+500,000	−500,000
Transition period		37,000,000	35,900,000	36,300,000	36,100,000		−900,000	+200,000	−200,000
Fees and expenses of witnesses	14,200,000	16,480,000	16,480,000	16,480,000	16,480,000	+2,280,000			
Transition period		4,000,000	4,000,000	4,000,000	4,000,000				

See footnotes at end of table.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1976—Continued

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1975 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED FOR 1976—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated.]

Item (1)	New BA enacted fiscal year 1975 (2)	Fiscal year 1976 budget estimate (3)	New BA House allowance (4)	New BA Senate allowance (5)	New BA conference agreement (6)	Conference agreement compared with—			
						Appropriation 1975 (7)	Budget estimate (8)	House bill (9)	Senate bill (10)
TITLE II—DEPARTMENT OF JUSTICE—Continued									
LEGAL ACTIVITIES—Continued									
Salaries and expenses, Community Relations Service	3,750,000	3,947,000	3,940,000	3,940,000	3,940,000	+190,000	−7,000		
Transition period		1,000,000	985,000	985,000	985,000		−15,000		
Total	228,350,000	246,749,000	243,101,000	245,969,000	244,535,000	+16,185,000	−2,214,000	+1,434,000	−1,434,000
Transition period		62,100,000	61,390,208	61,785,000	61,585,000		−515,000	+194,792	−200,000
FEDERAL BUREAU OF INVESTIGATION									
Salaries and expenses	449,546,000	465,767,000	463,400,000	468,700,000	468,700,000	+19,154,000	+2,933,000	+5,300,000	
Transition period		123,500,000	122,900,000	124,000,000	124,000,000		+500,000	+1,100,000	
IMMIGRATION AND NATURALIZATION SERVICE									
Salaries and expenses	181,320,000	209,744,000	208,000,000	208,000,000	208,000,000	+26,680,000	−1,744,000		
Transition period		53,000,000	52,700,000	52,700,000	52,700,000		−300,000		
FEDERAL PRISON SYSTEM									
Salaries and expenses, Bureau of Prisons	167,750,000	186,410,000	186,200,000	186,200,000	186,200,000	+18,450,000	−210,000		
Transition period		48,127,000	48,000,000	48,000,000	48,000,000		−127,000		
Buildings and facilities	25,940,000	35,760,000	12,560,000	12,560,000	12,560,000	−13,380,000	−23,200,000		
Transition period		4,395,000	4,395,000	4,395,000	4,395,000				
Support of U.S. prisoners	28,600,000	31,875,000	31,875,000	31,875,000	31,875,000	+3,275,000			
Transition period		8,466,000	8,466,000	8,466,000	8,466,000				
Federal Prison Industries, Incorporated: Limitation on administrative and vocational training expenses	(6,855,000)	(7,026,000)	(7,026,000)	(7,026,000)	(7,026,000)	(+171,000)	( )	( )	( )
Transition period	( )	(1,855,000)	(1,855,000)	(1,855,000)	(1,855,000)	( )	( )	( )	( )
Total	222,290,000	254,645,000	230,635,000	230,635,000	230,635,000	+8,345,000	−23,410,000		
Transition period		60,988,000	60,861,000	60,861,000	60,861,000		−127,000		
LAW ENFORCEMENT ASSISTANCE ADMINISTRATION									
Salaries and expenses	887,171,000	769,784,000	769,638,000	861,638,000	809,638,000	−77,533,000	+39,854,000	+40,000,000	−52,000,000
Transition period		195,000,000	194,960,000	217,960,000	204,960,000		+9,960,000	+10,000,000	−13,000,000
DRUG ENFORCEMENT ADMINISTRATION									
Salaries and expenses	135,723,000	150,785,000	149,859,000	149,859,000	149,859,000	+14,136,000	−926,000		
Transition period		42,000,000	41,758,000	41,758,000	41,758,000		−242,000		
Total, TITLE II	2,126,851,000	2,118,140,000	2,085,368,000	2,185,849,000	2,132,415,000	+5,564,000	+14,275,000	+47,047,000	−53,434,000
Transition period		541,866,000	539,714,208	564,287,000	551,087,000		+9,221,000	+11,372,792	−13,200,000
TITLE III—DEPARTMENT OF COMMERCE									
GENERAL ADMINISTRATION									
Salaries and expenses	10,375,000	12,685,000	12,580,000	12,580,000	12,580,000	+2,205,000	−105,000		
Transition period		3,171,000	3,145,000	3,145,000	3,145,000		−26,000		
Participation in U.S. expositions		530,000	530,000	530,000	530,000	+530,000			
Transition period									
Total	10,375,000	13,215,000	13,110,000	13,110,000	13,110,000	+2,735,000	−105,000		
Transition period		3,171,000	3,145,000	3,145,000	3,145,000		−26,000		
SOCIAL AND ECONOMIC STATISTICS ADMINISTRATION									
Salaries and expenses	48,804,000	54,863,000	52,090,000	52,471,000	52,090,000	+3,286,000	−2,773,000		−381,000
Transition period		14,211,000	13,540,000	13,636,000	13,540,000		−671,000		−96,000
Periodic censuses and programs	22,850,000	28,193,000	27,000,000	27,000,000	27,000,000	+4,150,000	−1,193,000		
Transition period		8,565,000	8,200,000	8,200,000	8,200,000		−365,000		
Total	71,654,000	83,056,000	79,090,000	79,471,000	79,090,000	+7,436,000	−3,966,000		−381,000
Transition period		22,776,000	21,740,000	21,836,000	21,740,000		−1,036,000		−96,000
ECONOMIC DEVELOPMENT ADMINISTRATION									
Economic development assistance programs	246,950,000	290,000,000	290,000,000	453,500,000	360,000,000	+113,050,000	+70,000,000	+70,000,000	−93,500,000
Transition period		72,550,000	72,500,000	112,500,000	89,625,000		+17,075,000	+17,125,000	−22,875,000
Administration of economic development assistance programs	22,900,000	24,271,000	23,880,000	27,380,000	25,378,000	+2,478,000	+1,107,000	+1,498,000	−2,002,000
Transition period		6,093,000	5,990,000	6,890,000	6,375,000		+282,000	+385,000	−515,000
Job opportunities program	125,000,000					−125,000,000			
Transition period									
Total	394,850,000	314,271,000	313,880,000	480,880,000	385,378,000	−9,472,000	+71,107,000	+71,498,000	−95,502,000
Transition period		78,643,000	78,490,000	119,390,000	96,000,000		+17,357,000	+17,510,000	−23,390,000
REGIONAL ACTION PLANNING COMMISSIONS									
Regional development programs	38,517,000	42,081,000	42,068,000	84,068,000	63,068,000	+24,551,000	+20,987,000	+21,000,000	−21,000,000
Transition period		10,520,000	10,520,000	21,000,000	15,760,000		+5,240,000	+5,240,000	−5,240,000

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1976—Continued

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1975 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED FOR 1976—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated.]

Item	New BA enacted fiscal year 1975	Fiscal year 1976 budget estimate	New BA House allowance	New BA Senate allowance	New BA conference agreement	Conference agreement compared with—			
						Appropriation 1975	Budget estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE III—DEPARTMENT OF COMMERCE—Continued									
DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION									
Operations and administration	61,460,000	56,880,000	61,000,000	61,410,000	61,205,000	−255,000	+4,325,000	+205,000	−205,000
Transition period		14,305,000	15,250,000	15,250,000	15,250,000		+945,000		
MINORITY BUSINESS ENTERPRISE									
Minority business development	52,000,000	52,615,000	49,850,000	49,850,000	49,850,000	−2,150,000	−2,765,000		
Transition period		13,153,000	12,463,000	12,463,000	12,463,000		−690,000		
UNITED STATES TRAVEL SERVICE									
Salaries and expenses	11,070,000	11,587,000	11,565,000	14,065,000	12,815,000	+1,745,000	+1,228,000	+1,250,000	−1,250,000
Transition period		2,897,000	2,892,000	3,517,000	3,204,000		+307,000	+312,000	−313,000
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION									
Operations, research, and facilities	448,453,000	499,392,000	490,000,000	501,342,000	495,162,000	+46,709,000	−4,230,000	+5,162,000	−6,180,000
Transition period		137,345,000	135,000,000	137,000,000	136,000,000		−1,345,000	+1,000,000	−1,000,000
Coastal zone management	15,019,000	18,038,000	18,000,000	19,500,000	18,000,000	+2,981,000	−38,000		−1,500,000
Transition period		4,501,000	4,500,000	4,900,000	4,500,000		−1,000		−400,000
Administration of Pribilof Islands	4,132,000					−4,132,000			
Transition period									
Fishermen's Guaranty Fund	1,971,000	61,000	61,000	61,000	61,000	−1,910,000			
Transition period		15,000	15,000	15,000	15,000				
Offshore shrimp fisheries fund	230,000					−230,000			
Transition period									
Construction				1,160,000	1,000,000	+1,000,000	+1,000,000	+1,000,000	−160,000
Transition period				1,790,000					−1,790,000
Total	469,805,000	517,491,000	508,061,000	522,063,000	514,223,000	+44,418,000	−3,268,000	+6,162,000	−7,840,000
Transition period		141,861,000	139,515,000	143,705,000	140,515,000		−1,346,000	+1,000,000	−3,190,000
NATIONAL FIRE PREVENTION AND CONTROL ADMINISTRATION									
Operations, research, and administration	6,000,000	10,500,000	8,435,000	9,068,000	8,618,000	+2,618,000	−1,882,000	+183,000	−450,000
Transition period		2,750,000	2,235,000	2,235,000	2,235,000		−515,000		
PATENT AND TRADEMARK OFFICE									
Salaries and expenses	77,600,000	84,792,000	83,300,000	83,300,000	83,300,000	+5,700,000	−1,492,000		
Transition period		21,213,000	20,840,000	20,840,000	20,840,000		−373,000		
SCIENCE AND TECHNICAL RESEARCH									
Scientific and technical research and services	64,000,000	64,312,000	62,475,000	64,033,000	63,004,000	−996,000	−1,308,000	+529,000	−1,029,000
Transition period		16,308,000	16,058,000	16,198,000	16,128,000		−180,000	+70,000	−70,000
MARITIME ADMINISTRATION									
Ship construction	275,000,000	195,000,000	195,000,000	195,000,000	195,000,000	−80,000,000			
Transition period		18,000,000	18,000,000	18,000,000	18,000,000				
Operating-differential subsidies (appropriation to liquidate contract authority)	(242,800,000)	(315,936,000)	(315,936,000)	(315,936,000)	(315,936,000)	(+73,136,000)	( )	( )	( )
Transition period	( )	(70,582,000)	(70,582,000)	(70,582,000)	(70,582,000)	( )	( )	( )	( )
Research and development	25,900,000	12,232,000	12,000,000	12,000,000	12,000,000	−13,900,000	−232,000		
Transition period		4,000,000	4,000,000	4,000,000	4,000,000				
Operations and training	41,183,000	45,155,000	45,000,000	45,000,000	45,000,000	+3,817,000	−155,000		
Transition period		11,315,000	11,280,000	11,280,000	11,280,000		−35,000		
Total	342,083,000	252,387,000	252,000,000	252,000,000	252,000,000	−90,083,000	−387,000		
Transition period		33,315,000	33,280,000	33,280,000	33,280,000		−35,000		
Total, TITLE III	1,599,414,000	1,503,187,000	1,484,834,000	1,713,318,000	1,585,661,000	−13,753,000	+82,474,000	+100,827,000	−127,657,000
Transition period		360,912,000	356,428,000	412,859,000	380,560,000		+19,648,000	+24,132,000	−32,299,000
TITLE IV—THE JUDICIARY									
SUPREME COURT OF THE UNITED STATES									
Salaries	4,605,000	5,118,000	5,056,000	5,056,000	5,056,000	+451,000	−62,000		
Transition period		1,314,000	1,314,000	1,314,000	1,314,000				
Printing and binding Supreme Court reports	565,000	706,000	706,000	706,000	706,000	+141,000			
Transition period									
Miscellaneous expenses	642,000	737,000	737,000	737,000	737,000	+95,000			
Transition period		178,000	178,000	178,000	178,000				
Automobile for the Chief Justice	16,800	19,000	19,000	19,000	19,000	+2,200			
Transition period		4,700	4,700	4,700	4,700				
Books for the Supreme Court	63,000	63,000	63,000	63,000	63,000				
Transition period		15,800	15,800	15,800	15,800				
Care of the building and grounds	1,375,600	1,429,400	1,429,000	1,429,000	1,429,000	+53,400	−400		
Transition period		195,600	195,500	195,500	195,500		−100		
Total	7,267,400	8,072,400	8,010,000	8,010,000	8,010,000	+742,600	−62,400		
Transition period		1,708,100	1,708,000	1,708,000	1,708,000		−100		
COURT OF CUSTOMS AND PATENT APPEALS									
Salaries and expenses	782,000	853,000	853,000	853,000	853,000	+71,000			
Transition period		213,000	213,000	213,000	213,000				

See footnotes at end of table.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1976—Continued

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1975 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED FOR 1976—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated.]

Item	New BA enacted fiscal year 1975	Fiscal year 1976 budget estimate	Budget House allowance	New BA Senate allowance	New BA conference agreement	Conference agreement compared with—			
						Appropriation 1975	Budget estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE IV—THE JUDICIARY—Continued									
CUSTOMS COURT									
Salaries and expenses	2,479,000	2,587,000	2,587,000	2,587,000	2,587,000	+108,000			
Transition period		645,000	645,000	645,000	645,000				
COURT OF CLAIMS									
Salaries and expenses	2,341,000	2,429,000	2,429,000	2,429,000	2,429,000	+88,000			
Transition period		597,000	597,000	597,000	597,000				
COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES									
Salaries of judges	27,975,000	28,750,000	28,750,000	28,750,000	28,750,000	+775,000			
Transition period		7,230,000	7,230,000	7,230,000	7,230,000				
Salaries of supporting personnel	103,804,000	121,971,000	115,700,000	118,450,000	117,075,000	+13,271,000	−4,896,000	+1,375,000	−1,375,000
Transition period		30,855,000	29,000,000	29,916,000	29,700,000		−1,155,000	+700,000	−216,000
Representation by court-appointed counsel and operation of defender organizations	15,826,000	16,590,000	16,551,000	16,590,000	16,590,000	+764,000		+39,000	
Transition period		4,148,000	4,138,000	4,148,000	4,148,000			+10,000	
Fees of jurors	17,450,000	18,000,000	18,000,000	18,000,000	18,000,000	+550,000			
Transition period		4,500,000	4,500,000	4,500,000	4,500,000				
Travel and miscellaneous expenses	15,100,000	21,457,000	18,500,000	20,153,000	20,040,000	+4,940,000	−1,417,000	+1,540,000	−113,000
Transition period		5,101,000	4,500,000	4,883,000	4,883,000		−218,000	+383,000	
Salaries and expenses of U.S. magistrates	8,764,000	10,510,000	10,489,000	10,510,000	10,510,000	+1,746,000		+21,000	
Transition period		2,594,000	2,589,000	2,594,000	2,594,000			+5,000	
Salaries and expenses of referees	21,580,000	24,096,000	24,046,000	24,096,000	24,096,000	+2,516,000		+50,000	
Transition period		6,008,000	5,996,000	6,008,000	6,008,000			+12,000	
Speedy trial planning	2,500,000					−2,500,000			
Transition period									
Pretrial services agencies	10,000,000					−10,000,000			
Transition period									
Total	222,999,000	241,374,000	232,036,000	236,549,000	235,061,000	+12,062,000	−6,313,000	+3,025,000	−1,488,000
Transition period		60,436,000	57,953,000	59,279,000	59,063,000		−1,373,000	+1,110,000	−216,000
ADMINISTRATIVE OFFICE OF THE U.S. COURTS									
Salaries and expenses	5,382,000	8,190,000	7,140,000	7,233,000	7,233,000	+1,851,000	−957,000	+93,000	
Transition period		2,018,000	1,800,000	1,823,000	1,823,000		−195,000	+23,000	
FEDERAL JUDICIAL CENTER									
Salaries and expenses	3,450,000	10,713,000	6,400,000	6,565,000	6,565,000	+3,115,000	−4,148,000	+165,000	
Transition period		1,602,000	1,680,000	1,721,000	1,721,000		+119,000	+41,000	
SPACE AND FACILITIES, THE JUDICIARY									
Space and facilities	62,500,000	69,500,000	64,000,000	64,000,000	64,000,000	+1,500,000	−5,500,000		
Transition period		17,375,000	16,000,000	16,000,000	16,000,000		−1,375,000		
EXPENSES, UNITED STATES COURT FACILITIES									
Furniture and furnishings	3,875,000	4,650,000	4,570,000	4,570,000	4,570,000	+695,000	−80,000		
Transition period		425,000	425,000	425,000	425,000				
COMMISSION ON THE REVIEW OF THE FEDERAL APPELLATE COURT SYSTEM OF THE UNITED STATES									
Salaries and expenses	351,000					−351,000			
Transition period									
BICENTENNIAL EXPENSES, THE JUDICIARY									
Bicentennial activities		3,000,000	2,000,000	2,000,000	2,000,000	+2,000,000	−1,000,000		
Transition period									
Total, TITLE IV	311,426,400	351,368,400	330,025,000	334,796,000	333,308,000	+21,881,600	−18,060,400	+3,283,000	−1,488,000
Transition period		85,019,100	81,021,000	82,411,000	82,195,000		−2,824,100	+1,174,000	−216,000
TITLE V—RELATED AGENCIES									
ARMS CONTROL AND DISARMAMENT AGENCY									
Arms control and disarmament activities	9,410,000	10,690,000	10,500,000	10,500,000	10,500,000	+1,090,000	−190,000		
Transition period		2,760,000	2,700,000	2,700,000	2,700,000		−60,000		
BOARD FOR INTERNATIONAL BROADCASTING									
Grants and expenses	49,800,000	65,640,000	62,350,000	65,640,000	64,500,000	+14,700,000	−1,140,000	+2,150,000	−1,140,000
Transition period		18,200,000	17,375,000	18,200,000	17,968,000		−232,000	+593,000	−232,000
COMMISSION ON CIVIL RIGHTS									
Salaries and expenses	7,000,000	7,843,000	7,700,000	7,700,000	7,700,000	+700,000	−143,000		
Transition period		1,975,000	1,925,000	1,925,000	1,925,000		−50,000		
COMMISSION ON THE ORGANIZATION OF THE GOVERNMENT FOR THE CONDUCT OF FOREIGN POLICY									
Salaries and expenses	1,594,000					−1,594,000			
Transition period									

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1976—Continued

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1975 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED FOR 1976—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated.]

Item	New BA enacted fiscal year 1975	Fiscal year 1976 budget estimate	New BA House allowance	New BA Senate allowance	New BA conference agreement	Conference agreement compared with—			
						Appropriation 1975	Budget estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE V—RELATED AGENCIES—Con.									
DEPARTMENT OF THE TREASURY BUREAU OF ACCOUNTS									
Fishermen's protective fund	3,000,000					-3,000,000			
Transition period									
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION									
Salaries and expenses	55,082,000	63,430,000	63,040,000	63,040,000	63,040,000	+7,958,000	-390,000		
Transition period		18,390,000	18,290,000	18,290,000	18,290,000		-100 000		
FEDERAL COMMUNICATIONS COMMISSION									
Salaries and expenses	46,900,000	49,820,000	49,500,000	49,500,000	49,500,000	+2,600,000	-320,000		
Transition period		12,400,000	12,325,000	12,325,000	12,325,000		-75,000		
FEDERAL MARITIME COMMISSION									
Salaries and expenses	7,400,000	7,915,000	7,840,000	7,840,000	7,840,000	+440,000	-75,000		
Transition period		1,979,000	1,960,000	1,960,000	1,960,000		-19,000		
FEDERAL TRADE COMMISSION									
Salaries and expenses	38,983,000	45,649,000	45,927,000	45,927,000	45,927,000	+6,944,000	+278,000		
Transition period		12,000,000	12,000,000	12,000,000	12,000,000				
FOREIGN CLAIMS SETTLEMENT COMMISSION									
Salaries and expenses	1,260,000	1,441,000	1,400,000	1,400,000	1,400,000	+140,000	-41,000		
Transition period		388,000	375,000	375,000	375,000		-13,000		
INTERNATIONAL TRADE COMMISSION									
Salaries and expenses	8,900,000	10,500,000	10,400,000	10,400,000	10,400,000	+1,500,000	-100,000		
Transition period		2,700,000	2,675,000	2,675,000	2,675,000		-25,000		
LEGAL SERVICES CORPORATION									
Payment to the Legal Services Corporation	71,500,000	96,466,000		96,466,000	88,000,000	+16,500,000	-8,466,000	+88,000,000	-8,466,000
Transition period		27,000,000		27,000,000	24,630,000		-2,370,000	+24,630,000	-2,370,000
MARINE MAMMAL COMMISSION									
Salaries and expenses	750,000	1,000,000	900,000	900,000	900,000	+150,000	-100,000		
Transition period		250,000	225,000	225,000	225,000		-25,000		
NATIONAL COMMISSION FOR THE REVIEW OF FEDERAL AND STATE LAWS RELATING TO WIRETAPPING AND ELECTRONIC SURVEILLANCE									
Salaries and expenses	332,000	400,000	400,000	400,000	400,000	+68,000			
Transition period		100,000					-100,000		
OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS									
Salaries and expenses	1,850,000	2,000,000	1,980,000	1,980,000	1,980,000	+130,000	-20,000		
Transition period		500,000	495,000	495,000	495,000		-5,000		
PRIVACY PROTECTION STUDY COMMISSION									
Salaries and expenses		150,000		150,000	150,000	+150,000		+150,000	
Transition period									
RENEGOTIATION BOARD									
Salaries and expenses	5,298,000	5,445,000	5,400,000	5,400,000	5,400,000	+102,000	-45,000		
Transition period		1,346,000	1,335,000	1,335,000	1,335,000		-11,000		
SECURITIES AND EXCHANGE COMMISSION									
Salaries and expenses	44,427,000	47,187,000	46,885,000	48,885,000	47,885,000	+3,458,000	+698,000	+1,000,000	-1,000,000
Transition period		12,500,000	12,425,000	12,925,000	12,675,000		+175,000	+250,000	-250,000
SMALL BUSINESS ADMINISTRATION									
Salaries and expenses:									
Appropriation	26,500,000	29,000,000	28,350,000	28,350,000	28,350,000	+1,850,000	-650,000		
Transition period		8,000,000	6,835,000	6,835,000	6,835,000		-1,165,000		
Transfer from revolving funds	(86,215,000)	(90,200,000)	(89,500,000)	(89,500,000)	(89,500,000)	(+3,285,000)	(-700,000)	( )	( )
Transition period	( )	(21,000,000)	(21,900,000)	(21,900,000)	(21,900,000)	( )	(+900,000)	( )	( )
Business loan and investment fund	307,500,000	150,000,000	250,000,000	307,500,000	278,750,000	-28,750,000	+128,750,000	+28,750,000	-28,750,000
Transition period									
Diaster loan fund	90,000,000		100,000,000	100,000,000	100,000,000	+10,000,000	+100,000,000		
Transfer period									
Surety bond quarantees revolving fund	20,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-10,000,000			
Transition period		3,000,000	2,500,000	2,500,000	2,500,000		-500,000		
Total	444,000,000	189,000,000	388,350,000	445,850,000	417,100,000	-26,900,000	+228,100,000	+28,750,000	-28,750,000
Transition period		11,000,000	9,335,000	9,335,000	9,335,000		-1,665,000		

See footnotes at end of table.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1976—Continued

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1975 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED FOR 1976—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated.]

Item (1)	New BA enacted fiscal year 1975 (2)	Fiscal year 1976 budget estimate (3)	New BA House allowance (4)	New BA Senate allowance (5)	New BA conference agreement (6)	Conference agreement compared with—			
						Appropriation 1975 (7)	Budget estimate (8)	House bill (9)	Senate bill (10)
TITLE V—RELATED AGENCIES—Con.									
UNITED STATES INFORMATION AGENCY									
Salaries and expenses	223,791,000	246,984,000	246,200,000	246,200,000	246,200,000	+22,409,000	−784,000		
Transition period		67,618,000	67,500,000	67,500,000	67,500,000		−118,000		
Salaries and expenses (special foreign currency program)	8,377,000	10,708,000	10,708,000	10,708,000	10,708,000	+2,331,000			
Transition period		3,225,000	3,225,000	3,225,000	3,225,000				
Special international exhibitions	6,790,000	6,187,000	6,187,000	6,187,000	6,187,000	−603,000			
Transition period		2,004,000	2,004,000	2,004,000	2,004,000				
Acquisition and construction of radio facilities	4,400,000	10,135,000	10,135,000	10,135,000	10,135,000	+5,735,000			
Transition period		260,000	260,000	260,000	260,000				
Total	243,358,000	274,014,000	273,230,000	273,230,000	273,230,000	+29,872,000	−784,000		
Transition period		73,107,000	72,989,000	72,989,000	72,989,000		−118,000		
Total, TITLE V	1,040,844,000	878,590,000	975,802,000	1,135,208,000	1,095,852,000	+55,008,000	+217,262,000	+120,050,000	−39,356,000
Transition period		196,595,000	166,429,000	194,754,000	191,902,000		−4,693,000	+25,473,000	−2,852,000
Total, titles I, II, III, IV, and V, new budget (obligational) authority	5,840,929,400	[1] 5,721,747,400	5,671,669,000	6,188,253,000	[3] 5,958,676,000	+117,746,600	[3] +236,928,600	[1] +287,007,000	−229,577,000
Transition period		[2] 1,574,084,100	1,484,791,208	1,600,323,000	1,551,256,000		−22,828,100	[2] +66,464,792	−49,067,000
Consisting of—									
Definite appropriations	5,840,929,400	[1] 5,706,747,400	5,659,669,000	6,176,253,000	[3] 5,946,676,000	+105,746,600	[3] +239,928,600	[1] +287,007,000	−229,577,000
Transition period		[2] 1,574,084,100	1,484,791,208	1,600,323,000	1,551,256,000		−22,828,100	[2] +66,464,792	−49,067,000
Indefinite appropriations		15,000,000	12,000,000	12,000,000	12,000,000	+12,000,000	−3,000,000		
Transition period									
Memoranda—									
Appropriations to liquidate contract authorizations	242,800,000	315,936,000	315,936,000	315,936,000	315,936,000	+73,136,000			
Transition period		70,582,000	70,582,000	70,582,000	70,582,000				
Total appropriations, including appropriations to liquidate contract authorizations	6,083,729,400	[1] 6,037,683,400	5,987,605,000	6,504,189,000	[3] 6,274,612,000	+190,882,600	[3] +236,928,600	[1] +287,007,000	−229,577,000
Transition period		[2] 1,644,666,100	1,555,373,208	1,670,905,000	1,621,838,000		−22,828,100	[2] +66,464,792	−49,067,000

[1] Includes $120,238,000 in budget amendments not considered by the House.

[2] Includes $32,981,000 in budget amendments not considered by the House.

[3] Includes $200,000,000 for Small Business Administration which was included in the President's budget but proposed for later transmittal.

Mr. PASTORE. Mr. President, if there are any questions, I will be very happy to answer them.

As a matter of fact, there are three points in disagreement, we are going to accept two from the House, the third is on the Panama Canal, and at the proper time I shall ask that we stand in disagreement on that with conferees to be appointed.

I yield 3 minutes to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. FONG. Mr. President, as a member of the Appropriations Subcommittee on State, Justice, Commerce, the Judiciary and Related Agencies, which subcommittee considered H.R. 8121, I associate myself with the remarks made by the distinguished chairman of our subcommittee, the Honorable JOHN O. PASTORE. Additionally, I applaud and congratulate Chairman PASTORE's leadership in getting this bill through a very difficult and highly complex conference with the Members of the House. Naturally, your conferees were unable to succeed in obtaining the Senate position on every amendment. Nevertheless, in some cases this is all to the good, because your conferees as I will point out hereafter, are bringing back to the Senate a more fiscally responsible bill.

One of the most volatile issues in our conference concerned the Snyder amendment respecting the Panama Canal. Let me make it perfectly clear that I am 1 of 37 Senators opposed to the unilateral surrender of any American rights in the Panama Canal Zone. Nevertheless, when the Snyder amendment attempted through the appropriation process to restrict the President's constitutional right to negotiate a treaty, I, as a lawyer, had to oppose the amendment.

My colleagues all know that article II, section 2 of the Federal Constitution says:

> He (the President) shall have power by and with the advice and consent of the Senate to make treaties.

This language can in no way be construed to give the Congress the right to forbid a President from negotiating a treaty. There is a long line of authorities and precedents with respect to the right of a President to enjoy a monopoly in the negotiation process of making a treaty.

For example, from the Curtiss-Wright case of 1936 we get the fundamental line of law that "He, (the President), makes treaties with the advice and consent of the Senate; but he alone negotiates." Into this field of negotiation, the Senate cannot intrude, and upon what subjects negotiation may be incurred, the Senate and the Congress are powerless to probe. The Senate's proper constitutional role is to give its advice and consent; its approval or disapproval after the President has negotiated and presented a treaty to the Senate for ratification.

The House of Representatives becomes properly involved under article IV of the Constitution which gives that other body a significant role in the disposal of U.S. territory and property. Therefore, as one of your Senate conferees I am very disappointed to report to the Senate that the substitute language for the Snyder amendment was not accepted by the House.

Mr. President, Congress must act in a responsible manner; we must recognize the doctrine of separation of powers, and thereby accord the executive branch its correct constitutional obligation and right to negotiate a treaty. Later on, we can accept or reject a new treaty with Panama. However, in the interim, the President must be allowed to exercise his executive right to negotiate. Therefore, I concur with the position of my chairman, and I too move that the Senate insist upon its disagreement to amendment No. 8 and request a conference with the House thereon.

One of the other items of major importance in this bill concerns the swollen amounts that were earmarked for the Economic Development Administration. Your conferees are returning to this body with more modest sums for Economic Development Assistance than I could have anticipated. The $92,500,000 added by the Senate for title I programs could do nothing but further fuel the fires of inflation, and over stimulate the economy.

Historically, the spending pattern for programs of this type have been slow and ineffective when it comes to combating a recession. For instance, a decade or so ago similar spending proposals were enacted, yet in the first year of obligation just 1 percent of the funds were expended; 18 percent were expended in the second year; 23 percent were expended in the third year, and so on, for a period of 10 years. All this spending was done irrespective of the state of the economy or unemployment, and that I submit is fiscal irresponsibility.

Mr. President, your conferees followed the more frugal course in settling the differences between the two bills from each House. As it now stands this bill is $36 million over the budget, but at the same time it is approximately $280 million below the Senate version. Naturally, I would like to have seen further reductions, but such cuts at this point in time seem impossible to achieve.

Finally, Mr. President, your conferees also adopted more modest sums for appropriation for the Law Enforcement Assistance Administration. $809,638,000 is earmarked for this Agency which is $52 million less than that contained in the Senate bill. I am satisfied that your conferees have made adequate provision for the various LEAA programs such as juvenile delinquency, law enforcement educational programs, and block grants.

Once again, I applaud the leadership of my distinguished chairman in guiding this legislation through to the verge of a successful conclusion. From the earliest days of this Congress my colleague, the Honorable John O. Pastore, has worked diligently to promote responsible legislation and at the same time he has extended not only to me but to all the other members of the subcommittee, unfailing courtesies and kindness.

Mr. MUSKIE. Mr. President, H.R. 8121 as agreed to in conference appropriates $6 billion in budget authority. Programs in this bill fall into 7 of the 17 functions of the budget, with the bulk of the funds going into 5 functions: International affairs; natural resources, environment, and energy; commerce and transportation; community and regional development; and law enforcement and justice.

The conferees have agreed on a bill which is approximately $230 million under the Senate-passed bill. While we will need to look carefully at the budget situation when we consider the second budget resolution later this fall—including the impact of several increases in mandatory programs over which we have no control—I believe the conferees have done a good job on this bill.

I commend the diligent and outstanding work of Senator Pastore and the other conferees.

I will vote for the conference report on this bill.

Mr. PASTORE. Mr. President, I move at this time that the conference report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will state the amendment in disagreement.

The legislative clerk read as follows:

> The House recedes from its disagreement to the amendments of the Senate, Nos. 35 and 58, each with an amendment.

Mr. PASTORE. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate Nos. 35 and 58.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment in disagreement.

The legislative clerk read as follows:

> (8) Page 16, strike out lines 15 to 18, inclusive.

Mr. PASTORE. Mr. President, with regard to amendment 8 on the Panama Canal, the conferees developed compromise language which would protect the constitutional prerogative of the President to negotiate, but which would still make clear the sense of the Congress that the vital interests of the United States must be protected in any such negotiations.

Unfortunately, the House rejected the compromise language by a vote of 197 to 203. It is my intent to offer a motion that the Senate insist on its amendment and ask for a new conference with the House with a view to reforming the language so it will be acceptable to the House Members and the administration. The Senate has gone the extra mile on this. I hope that the administration will read this debate and lend a hand in explaining the importance of the matter to the Members of the House so that a compromise can be worked out. After all, we only have to change three House votes.

Mr. President, I move that the Senate further insist upon its disagreement to amendment No. 8 and request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. Garn) appointed Mr. Pastore, Mr. McClellan, Mr. Mansfield, Mr. Hollings, Mr. Magnuson, Mr. Eagleton, Mr. Johnston, Mr. Huddleston, Mr. Sparkman, Mr. Hruska, Mr. Fong, Mr. Brooke, Mr. Hatfield, Mr. Stevens, and Mr. Young conferees on the part of the Senate.

Mr. MOSS. Mr. President, in response to a recommendation by 41 Senators to the distinguished chairman (Mr. Pastore) of the Appropriations Subcommittee on State, Justice, Commerce, the Judiciary and Related Agencies, the bill passed by the Senate on September 3, 1975 (H.R. 8121), included $22,529,000 for the Antitrust Division of the Department of Justice for fiscal 1976, or $1,868,000 more than the House allowance. I fully agree with the senior Senator from Rhode Island's sensitivity to the need for an invigorated antitrust enforcement effort, and with the committee's recognition that "funds expended for antitrust activities is returned to consumers and business manyfold."

Hearings chaired earlier this year by Senator Philip A. Hart, who is necessarily absent because of illness, clearly demonstrated that free enterprise in America cannot be restored without continuing increases in antitrust resources over the next several years. The conference committee increase of $934,000 over the House allowance for the Antitrust Division should materially upgrade new thrusts by the Division during the remaining 9 months of fiscal 1976 and set a foundation to build upon during fiscal 1977. Due to strong opposition of the House conferees, which was encouraged by administration representatives, it was not possible for the full amount recommended by the Senate to be included in the conference report.

As I understand it, the Senate allowance provided the Antitrust Division with $18,680,000 of the administration's original budget request, together with $1,930,000 for the purposes set forth in the budget amendment transmitted by the President—to fund "50 additional positions required to support litigation," and $100,000 for costs of computerization of documents in current monopolization litigation—together with the balance of the $22,529,000 for 139 additional positions. I would like to ask the distinguished chairman of the subcommittee whether my understanding is correct?

Mr. PASTORE. That is correct.

Mr. MOSS. The conference report is silent on the purpose of the additional $934,000. The Senate amendment had as its primary purpose increasing the number of Antitrust Division positions by 139. Was this intention sustained in conference? In other words, was it not the intention of the conference committee to recommend the amount requested by the administration—$18,680,000 plus the $1,930,000 budget amendment—for the purposes specified in the Senate committee report, with the additional $934,000 to be used for as many additional positions as that amount can fund over the remaining 9 months of fiscal 1976? I realize that the $934,000 cannot fund 139 positions; but it should result in somewhat more than 70 additional positions. In any case, inasmuch as the Senate increase was strictly for additional positions, I assume it was not intended that the $934,000 sustained in conference would be used for extraordinary litigation or computerization expenses. If further funds are required in these areas, I assume the administration would come forward with a budget request in the usual manner.

Mr. PASTORE. I agree with the Senator. His understanding is correct.

I thank the Senator from Mississippi for allowing me 10 minutes. I yield back the remainder of my time.

Mr. STENNIS. I thank the Senator.

DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1976—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6674) to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes.

Mr. STENNIS. Mr. President, this conference report on the military procurement bill reduces the budget requests by 10.7 percent, not counting the $1.3 billion originally requested for South Vietnam, which passed by the board. Time passed it by. The conference report is less by 10.7 percent, not counting that. This bill is $1 billion below the original House-passed bill and $500 million above the original Senate-passed bill. In other words, of the $1.5 billion difference between the two bills, $1 billion has been deleted.

Since the bill was before the Senate the last time—I believe it was the first day of August—$250 million additional has been taken out. That amount is covered by the five following items that I will mention. Except for these five items, the bill remains as it was when it passed the Senate.

First, $6 million for long leadtime funds for the nuclear strike cruiser. That sum is taken out of the bill and the entire item is taken out of the bill, dollars, language, and all.

The next item was what we call the AWACS. The conferees reduced the AWACS request from the previous conference report by $60 million in the form of a $30 million reduction in the line item account and a recommended reduction of $30 million from the AWACS spares account, leaving a conference figure of $350.5 million for the new AWACS authorization.

The F-15 fighter is the third item. It was reduced by $22.3 million. But this reduction relates to engineering changes only, leaving a line item of $1,378.3 million for the F-15 program for fiscal 1976.

The next item is what is called the patrol frigate, eliminating 1 of those 10 ships, a reduction of $85 million. Finally the aircraft spares for the Air Force were reduced an additional $30 million.

Mr. President, the House conferees showed the greatest understanding and cooperation in their consideration of this matter. They had a letter from the chairman of their Budget Committee which estimated that the earlier conference report, which was passed by the House and which the Senate rejected, was only $286 million above the budget target even if it was all fully funded. They later agreed to these reductions which total the amount I have already given—$250 million.

Mr. President, additionally and for emphasis, let me say that the Senate conferees tried to cooperate—and I think we did—with the position the Senate took on the bill. I have complimented the House for their action. However, I want to add these additional remarks, not by way of criticism but as a statement of a common problem.

We hope that our able Budget Committee and the able Budget Committee of the House can work out a way to be together with reference to their estimates of what the top budget figure is with reference to major bills of this kind. Otherwise we have conferees sitting there, on opposite sides of the table for the two bodies, each with a different set of instructions. This is something that I am sure the Budget Committees will try to improve. For conferees who have to handle the bill, it is just almost necessary that we have a common figure between the two Budget Commitees.

Another thing: The Senate Budget Committee will, I think, be compelled to set forth some clear figure, by which the conferees on the part of the Senate can be governed as a guideline. This time we did not really have any figure before us that was definite and positive. That is not a criticism, but it left us considerably perplexed. I am not suggesting that the Budget Committees name the items that they object to. I am not going that far.

I say what I have said in a spirit of constructive suggestion. I am sure it will be accepted in that way. I am confident that the budget process will improve and that the Congress will resolve these various problems. I am confident that the Senate and the House Budget Committees are acting entirely in good faith. They have made a contribution in their work and their work and their procedures will improve over the years.

Mr. President, with respect to the pending conference report on the military authorization bill, H.R. 6674, the essential information has already been made a matter of record. Last Friday, September 19, I inserted both a statement and a copy of a letter from me to each Senator explaining the results of the second conference on this legislation.

Let me first state that except for the reductions I shall discuss and certain technical adjustments, the conference bill remained identical to that agreed to in the first conference. In other words, there were no other money changes and no further language changes.

SUMMARY OF CONFERENCE RESULTS

In summary, Mr. President, the conference reduced this bill for fiscal year 1976 $250 million below the previous conference bill to a level of $25.5 billion. The bill is now only 2 percent or $500 million above the bill as it originally passed the Senate.

I would also emphasize that the split in the money differences between the House and Senate versions is 2-to-1 in favor of the Senate. In other words, the bill is now $1 billion below the House-passed bill and only $500 million above the Senate-passed bill. Let me also note that in terms of the budget request for procurement and R. & D., the latest conference report reduces the budget request by $3 billion or 10.7 percent. This figure does not take into account the original request of $1.3 billion for Southeast Asia.

ITEMS ELIMINATED

Mr. President, I shall briefly discuss the items making up the $250 million reduction and will insert in the RECORD at this point a detailed funding breakout for each of these items.

ELIMINATION OF $60 MILLION FOR LONG-LEAD FUNDS FOR THE NUCLEAR STRIKE CRUISER

The conference report eliminated entirely the $60 million for long-lead components for the nuclear strike cruiser which were included in the previous report. As the Senate knows, this $60 million was included originally in the House bill and later was the subject of a budget amendment and included in the first conference report. After much discussion the House conferees agreed to delete the $60 million, with the result that there is no money whatsoever in this bill for the nuclear strike cruiser.

AWACS

The conferees reduced the AWACS request from that of the previous conference report by $60 million in the form of a $30 million reduction in the line item account and a recommended reduction of $30 million from the AWACS spares account, leaving a conference figure of $350.5 million for the new AWACS authorization.

F-15 FIGHTER

The conferees did not reduce the number of aircraft authorized for the F-15 program, but did cut $22.3 million from the program relating to engineering changes, leaving a line item of $1,378.3 million for the F-15 program in fiscal year 1976.

PATROL FRIGATE

The conferees voted to authorize 9 patrol frigates in lieu of the 7 originally voted by the Senate and the 10 voted by the House contained in the previous conference report. The reduction of one patrol frigate permitted a reduction of $85 million leaving a total of $802.5 million in fiscal year 1976 for this program.

AIRCRAFT SPARES

Mr. President, in addition to the reduction of $30 million in the spares account for AWACS, there was a further reduction in the spares account of $22.7 million.

HOUSE COOPERATION

I wish the record to reflect the great cooperation and understanding on the part of the House conferees on this matter. Despite the fact no dollar amount was established in the Senate by which the previous bill exceeded the budget target, the Senate's objection to the previous conference report was a clear mandate that further reductions must be made and all the conferees, both House and Senate, proceeded with this purpose and spirit in mind.

MAJOR OVERALL CONSIDERATIONS

Let us be clear that the first congressional budget resolution cut the Defense budget well below the President's budget request. Other than international affairs, Defense was the only major budget category that was cut; all others were increased. Therefore, when comparing the Defense budget targets with other budget targets, we must always recognize the Defense budget request is being reduced while other programs are growing.

We must also recognize that the national defense budget category includes more than the cost of our U.S. military forces. It includes such things as military aid, retired and active pay raises, and our stockpiles and oil reserves. These nonmilitary costs are over $3.4 billion higher than the estimates in the President's budget. We should not expect our own military forces to be cut by the overall budget ceilings and then be cut again to offset the full amount of these increased nonmilitary costs.

When the Senate rejected the earlier conference report, I do not believe that many realized they were demanding a cut in U.S. military forces to offset increased costs of nonmilitary items that happen to appear in the national defense budget category. This conference report contains $25.6 billion, almost all of which is for our own U.S. military capability. This amount has already been cut $3 billion or 10.7 percent. That is far more than a proportionate share of the overall reduction for the defense category. It already pays for some of these non-U.S. military costs. It is as far as we can prudently go.

COSTS APPARENTLY NOT PROVIDED FOR

These costs outside of those for U.S. military forces will become an issue as we move to consider the Defense appropriations bill in the near future and attempt to reconcile appropriations with the previous budget target. I want to emphasize that these previous targets, both in terms of outlays and budget authority, include no funds for: First, aid to Israel which will be about $1.5 billion of military aid; second, pay raises of about $1 billion for retired military and DOD blue collar workers in excess of the 5 percent, and third, defense costs of about $900 million which will not be offset by petroleum and stockpile revenues. In other words, there is about $3.4 billion which is outside the budget target figures and must be paid for in some way. Let me emphasize, these are not direct costs of U.S. military forces.

VARIOUS ISSUES RELATING TO THE BUDGET TARGET

Mr. President, I would now like to make a few brief comments on some of the issues and problems which the budget resolution process poses with respect to the military authorization legislative process. I make these observations not for the purpose of the pending conference report, but for the Defense appropriations bill to be considered in the near future, and the entire program for next year.

I am completely in favor of fiscal responsibility being a major factor in all our decisions. I have been a wholehearted supporter of getting a new congressional budget process so that we have more fiscal discipline and take account of the dollar costs of our decisions. But I am concerned that the newness and the confusion about this budget process may be misleading us, particularly in regard to the Defense budget.

ASSESSMENT OF EARLIER DEBATE

Let me refer briefly to our debate on the first conference report. The earlier authorization bill, which totalled $25.8 billion for procurement and R. & D. was compared to the budget target for the so-called national defense category. This sum was not in the concurrent resolution as itself, but was a compromised conference figure explained in the statement of managers. The budget authority target for the national defense category was $100.7 billion. The $100.7 billion sum for the national defense category did not separate what was intended as a target for the various elements. In the meantime, the authorization bill was compared to only a portion of the total national defense budget authority.

In addition, there was confusion between budget authority, which authorizes the Government to make financial obligations, and outlays, which directly contribute to the budget deficit. The first conference report was rejected by the Budget Committee as busting the budget and contributing to the deficit. This was in a sense frivolous because the entire difference in outlays between that first conference report and the Senate passed bill was only $60 million.

This new conference report cuts only an additional $22 million in outlays. These figures are very small compared to the overall deficit in the first budget resolution of $69 billion for the entire Federal budget. By rejecting the first conference report, we have saved very little in outlays, which contribute to the deficit, but have delayed the authorization and appropriation of the Defense budget. Further, I am advised that the outlay figure used by the Budget Committee for debating the first conference report was about $600 million too high.

BUDGET COMMITTEE DIFFERENCES

An additional factor complicating the conference on the military authorization bill was the different approaches used by the House and Senate Budget Committees. The House Budget Committee had approved the first conference report as basically consistent with the budget targets, while the Senate Budget Committee opposed the report. The House Budget Committee has treated the authorization bill as providing merely the upper limits of budget authority and not as budget authority itself, which is provided by the Appropriations Committee. The Senate floor debate indicated a contrary view that the authorization bill was equivalent to budget authority provided for in appropriations. The House Armed Services Committee received written advice from the House Budget Committee that even if fully funded the budget target would be exceeded by only about $286 million.

On the Senate floor during debate, of course, the Budget Committee took no definite position on the dollar amount by which the first conference report exceeded the budget target. However, many Senators had the impression that it was some $900 million in budget authority over the target. I frankly think that the Senate and House must agree on some common approach to the authorization process.

RELATIONSHIP BETWEEN THE AUTHORIZATION AND BUDGET PROCESS

The Armed Services Committee has tried to work within this new congressional budget process. However, there are some serious problems which I believe must be corrected. I have pointed out some of these to the chairman of the Budget Committee over 6 months ago.

TIMING PROBLEMS

Mr. President, I think it is fair to say that the various deadlines and various timetables set in the budget act relate to the appropriations process rather than to authorization activity. The way the law now operates we face the prospect of not having such guidelines as the concurrent resolution may provide until the Armed Services Committee has completed action on the authorization bill. Our committee must by law report the authorization bill by not later than May 15, which is the same day that the first concurrent resolution must be agreed to by both Houses of Congress.

Another timing problem concerns the fact that the new Congressional Budget Office must provide its views on the budget by April 1. The Armed Services Committee must provide its views on the overall Defense budget to the Budget Committee by March 15. The Congressional Budget Office report is, therefore, virtually useless to our committee since it is received well after the deadline for authorization views.

DIFFICULTY WITH BUDGET DETAIL

Moreover, as I understand it the entire approach for the Budget Committee was to be broad in terms of recommending a division of national spending in terms of income and receipts. There was no legislative intention that each budget be examined on a line item basis. If the Budget Committee were to undertake such line item examination, we would then have six committees in the Congress doing the same job with line item floor amendments on three different pieces of legislation.

I recite these facts to indicate the dilemma posed by these question. I do think we should work toward a smoother process for next year.

Mr. President, I am confident that the budget process will improve and that the Congress will resolve these various problems. I urge the Senate to approve this latest conference report.

Mr. President, I ask unanimous consent that the table showing details on reductions in the second conference report, be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DETAILS ON REDUCTIONS IN SECOND CONFERENCE REPORT H.R. 6674

[In millions of dollars]

Subject	DOD fiscal year 1976 requirement	Previous conference action	Reduction	New figure
E-3A AWACS (Line) (AF)	$430.5	$380.5	−$30.0	$350.5
F-15 Fighter (AF)	1,400.6	1,400.6	−22.3	1,387.3
Aircraft spares (AF) (various programs including AWACS)	1,101.7	872.2	−52.7	819.5
Nuclear strike cruiser (N)	60.0	60.0	−60.0	0
Patrol frigate (N)	955.5	887.5	−85.0	802.5
Total			−250.0	

Mr. STENNIS. Mr. President, the Senator from South Carolina could not be in the Chamber just now. I yield the floor for the time being, Mr. President.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I yield myself such time as I may require.

Mr. President, I will not take too much time to make the points I would like to make.

First of all——

The PRESIDING OFFICER. Will the Senator yield for a moment? There is some discrepancy over who is yielding time from whose side?

Mr. TOWER. I yield to the Senator from Maine 10 minutes.

Mr. MUSKIE. I think that may be all I require. I assumed I had some control over the time, which I do not desire. I appreciate the courtesy of the Senator from Texas.

First of all, I would like to express my appreciation to my good friend, the distinguished Senator from Mississippi (Mr. Stennis) for the enormous work he has devoted to this important bill. It extends for a period of several weeks prior to the Senate's action on the first conference report and since. We have been constantly in communication, and I have done my best to give him the perspective of the Budget Committee on this bill. He has been perfectly free to discuss with me the developing situation. I know that he fights hard for the Senate position in every conference of which he is a part, even though that may mean fighting for positions he did not himself support in the Senate Chamber. I think that is a classic demonstration of the responsibility of a Senator in a House-Senate conference.

Mr. President, I told Senator Stennis that, as far as I am concerned, I accept this conference result. That is not to say I am completely happy with it from the point of view of the congressional budget process, because I am not. I would have liked to have seen further cuts in the conference report. But I think given Senator Stennis' diligence in pressing the Senate point of view, and other problems to which I will come in a moment, to try to force the Senate conferees back into conference to achieve more cuts would be an extremely difficult if not impossible mission.

The Senator mentioned the question of the differences between the House and Senate Budget Committees' estimates of the relation of first conference report to the congressional budget targets. The Senate Budget Committee's estimate was that it was $900 million in budget authority above the budget resolution, and that is a figure we shared with the Senate on August 1. The House Budget Committee gave its conferees on this bill a figure of $286 million. I appreciate the difficulty of requiring Senator Stennis to persuade the House conferees that they ought to honor the Senate Budget Committee's figures rather than the House Budget Committee's figures. That is an almost impossible mission.

In the statement I have prepared, which will follow these remarks, I have tried to explain why the House and the Senate arrive at different numbers for a purpose of this kind. I might do it briefly in this way: The overall defense function, of course, is handled in three major appropriations bills. Neither budget resolution divides up that defense function as between these three major bills. So there is nothing in the budget resolution which tells either of us what the Congress decided should be in the Defense appropriations bill, or what should be in the military construction appropriations bill, or how much should be in the foreign military assistance appropriations bill. Each budget committee, using its own best judgment as to the issues that are coming down the road in the national defense function, has tried to do that division in a way that, to it, makes sense.

So it is no surprise, may I say to Senator Stennis, that these two different numbers have emerged. I hope we can do something about it next year. There is something that we know will happen next year that I think the Senator will find helpful. Next year, in the process of adopting the first concurrent resolution, the Budget Committees will break out that part of total budget authority and outlays which is controlled by both the Appropriations Committees, and it will give those numbers to the Appropriations Committee. The Appropriations Committees will then distribute those overall amounts among their various subcommittees. The Appropriations Committees will make that division and report it back to each body so that we will then have a number that can be used by the Armed Services Committee in considering authorizing bills. I think that will be a much better situation and will avoid some of the frustrations the Senator has experienced. I fully share the frustration of the Senator.

What has this conference report achieved? It is $250 million in budget authority below the original conference report, but it is still above the original Senate-passed bill by $500 million in the procurement items and $180 million in personnel costs.

There are some positive things I would like to say about this conference report. First, the conferees stuck to the Senate position on full funding for naval shipbuilding programs. I think this is an important element in gaining more efficiency in the management of the future Navy, a service all of us are plainly aware is and will be our most costly. The House position on incremental funding would, in my judgment, have had the effect of authorizing blank checks for procurement, something Congress would be called upon to honor later.

Secondly, initial development of the $1.2 billion nuclear strike cruiser was struck from the second conference report. This item amounted to $60 million in outlays for this fiscal year, but in terms of its long range implications for the budget, it is a massive program. As I have indicated to Senator Stennis in correspondence we had before the first conference report, I am opposed to the ill-conceived and irregular method by which the ship was authorized in the original conference report. Neither Committee on Armed Services took testimony nor did either body deliberate and debate the nuclear strike cruiser. It was added on in conference. Next year, this program can be brought before both Houses in the recognized legislative channels for thorough consideration.

Mr. President, I ask unanimous consent that my prepared statement be included in the Record in its entirety, at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Floor Statement of Senator Edmund S. Muskie on the Military Procurement Authorization Bill Revised Conference Report, H.R. 6674

Mr. President, I speak today in support of the Revised Military Procurement Conference Report, and to present my views on its significance regarding Congress' budget process.

First, I want to extend my appreciation to my friend, the distinguished Senator from Mississippi (Mr. Stennis) for the enormous work he has devoted to this important legislative measure. Just before our summer recess, the first Military Procurement Conference Report was sent back to Conference. Senator Stennis has worked hard and long to carry out the Senate's mandate. I salute his diligence and perseverance, and I believe that his work is helping to make the new budgetary process work.

Mr. President, the Conference Report brought back to the Senate by the Chairman of the Committee on Armed Services provides $25.5 billion in budget authority to the Department of Defense to procure weapon systems and to carry forth research and development programs. This amount is $250 million below the original Conference Report. Because this money was cut from the procurement of certain weapon systems which spend slowly, it will result in a savings of only $22.6 million in outlays in FY 1976.

I believe our colleagues who served on this conference should be commended for their efforts to bring down this final measure to a level closer to that which the Senate voted for on June 6th in S. 920. At that time, the Senate decided on a bill worth $25 billion in budget authority; this latest Conference Report is one half billion dollars over the Senate total.

I support this second effort for several reasons. First, the conferees stuck to the Senate position of full funding for Naval shipbuilding programs. This is an important element in gaining more efficiency in the management of the future Navy, a service all of us are plainly aware is and will be our most costly. The House position of incremental funding would have had the effect of authorizing blank checks for procurement, something Congress would be called upon to honor later.

Secondly, initial development of the $1.2 billion Nuclear Strike Cruiser was struck from the second Conference Report. This item amounted to $60 million. As I have said before. I am not for or against this Naval vessel; however, I am opposed to the ill-conceived and irregular method by which the ship was authorized in the original Conference Report. Neither Committee on Armed

Services took testimony nor did either body deliberate and debate the Nuclear Strike Cruiser. It was added on in Conference. Next year, this program can be brought before both Houses in the recognized legislative channels for thorough consideration.

And finally, while I personally had hoped that further cuts could have been made, I believe that the conferees did well overall in making reductions so that the final figures are closer to the original ones voted by the Senate in S. 920.

I want to sound a note of caution, however. Including the procurement reductions I have mentioned, and also the proposed cuts in personnel, this bill is still over the Senate-passed level by about $680 million in budget authority and $220 million in outlays.

MILITARY PROCUREMENT BILL, FISCAL YEAR 1975

[In billions of dollars]

Category	President's request		House		Senate		New conference		Conference over Senate	
	BA	O	BA	O	BA	O	BA	O	BA	O
Procurement	18.4	2.2	16.8	2.0	15.3	1.9	15.8	1.9	0.50	0.04
Research and development	10.2	6.8	9.7	6.4	9.7	6.4	9.7	6.4		
Military assistance, South Vietnam	1.3	.7								
Subtotal	29.9	9.6	26.5	8.4	25.0	8.3	25.5	8.3	.50	.04
Personnel	33.8	33.8	33.8	33.8	33.4	33.4	33.6	33.6	.18	.18
Total amount in bill or related to bill	63.7	43.4	60.3	42.2	58.4	41.7	59.1	41.9	.68	.22

Mr. President, if both this Conference Report and the Conference Report on the Military Construction Authorization Bill are agreed to, we will still need a further cut of $3 to $4 billion in both budget authority and outlays if we are to achieve the first budget resolution targets of $100.7 billion in budget authority and $90.7 billion in outlays for national defense. I believe it may be especially difficult to hit the outlay target, which is, of course, particularly crucial to the measurement of the deficit. This additional reduction must come largely from the appropriations process—in the three bills that affect the National Defense function: the Defense Appropriation Bill, the Military Construction Appropriation Bill and the military assistance component of the Foreign Assistance Appropriation Bill.

I want to point out that new expenditures for the recently negotiated Middle East interim agreement are not included in the figures I have cited. Any requirements for this purpose would have to be added to the numbers I have outlined.

The United States must have a formidable military force structure and posture which protects America from foreign aggression and contributes to peace abroad. I believe in this kind of strong defense. But I want an America economically and militarily strong. Meeting our budget target this year in the National Defense function will help.

Mr. President, the question has been asked—and I think fairly—why there is a divergence of interpretation between the Senate and the House Budget Committees over the exact amount by which the Military Procurement Authorization Bill exceeds the amounts contemplated in the First Budget Resolution. The Senate Budget Committee staff calculated the original Conference Report to be about $900 million in budget authority over the amounts contemplated for these programs in the budget target; the House Committee Chairman notified the Committee on Armed Services that the first Report was only over by $286 million in budget authority. The difference in these numbers reflects different approaches taken by the two Committees in estimating the budgetary effects of this bill.

As Chairman of the Budget Committee, I believe it is important for me to comment on major authorizing legislation. This logic was applied to the Military Procurement Bill. On June 6th, I stated here in the Senate chamber that "S. 920, as reported to the Senate, is in line with the assumptions of the Budget Committee regarding those elements of the defense program that are covered in this bill." I also pointed out, however, that additional cuts in the National Defense function would be necessary to stay within the budget targets, and urged the military conferees to stay as close as possible to the Senate level. When the original Conference Report was debated on August 1st, I made the same point about the National Defense function overall. At that time, I pointed out the difficulty of holding to the National Defense targets and argued for a lower total in this bill as one of the many cuts we would need to make if we were to achieve the targets.

Thus the question of whether this particular bill is in line or not in line with the targets is less important than the question of how we will eventually get down to the targets. Whatever we do with this bill, that will be a tough job.

As to how this bill fits the targets, perhaps the problem is caused by the Senate Budget Committee decision not to set a specific target for the Military Procurement Authorization or any other individual bill. We did this for several reasons. In Committee markup sessions it was agreed that our role did not encompass line item or program type decisions. Also, in the Committee's Report on the First Budget Resolution and in the subsequent Conference Report, we specified targets for budget authority and outlays for the National Defense function. Our guidelines were these: The reductions from the President's February requests were allocated to the DoD programs, including Vietnam and Cambodia. The cuts were to be taken in program growth, financial adjustments in the procurement accounts, and inflation allowances—purchases rather than compensation.

Using these very general guidelines, the House and Senate Budget Committee staff approached the application of budget authority and outlays to individual programs differently. Our approach yielded the result that the First Conference on the Military Procurement bill was some $900 million in budget authority above the budget target. The House came up with a figure of $286 million which was included in a letter from Chairman Brock Adams of the House Budget Committee to Chairman Melvin Price of the House Armed Services Committee. Here are the pertinent portions:

EXCERPTS FROM LETTER FROM BROCK ADAMS, CHAIRMAN, HOUSE BUDGET COMMITTEE, TO MELVIN PRICE, CHAIRMAN, HOUSE ARMED SERVICES COMMITTEE

In arriving at its aggregate targets, the Budget Committee obviously had to analyze the budget on a functional basis. In addition, I have asked the Budget Committee's staff to make breakdowns of the functional categories aggregates by bill, so we can scorekeep to see where we are in relation to total spending and so we will know where we are when we present the Second Budget Resolution.

Our breakdown of the authorization for appropriations in H.R. 6674, compared with our target assumption, is as follows:

	Budget authority in millions
H. Con. Res. 218	$25,277
H.R. 6674 (conference report)	25,763
Basic amount by which H.R. 6674 authorization is above budget resolution assumption	+486

This estimate is subject to a further modification because the Conference Report on H.R. 6674 also reduces active duty personnel by 9,000 military and 23,000 civilians. Our estimate is that this action could reduce budget authority by approximately $200-million in FY 1976. If this assumption is valid then the figures would be as follows:

	Budget authority in millions
Basic amount by which H.R. 6674 authoriaztion is above budget resolution assumption	$486
Less: Estimated Amount for Reduced Personnel	−200
Total	286

Therefore, I estimate that the authorization bill H.R. 6674, as reported from conference, if fully funded through subsequent appropriations would result in the enactment of budget authority approximately $286 million above the target.

I would be less than frank with my colleagues if I said I felt satisfied with this situation. I am not. While the present situation arises from an honest difference of opinion, I believe it is important that the two Committees collaborate on assumptions and logic so that the language and tabulations we use are the same.

Regardless, Mr. President, I do want to remind my colleagues that whatever assumptions were used this spring and summer. I must repeat what I said earlier: We are still at this stage over the National Defense target by some $3 to $4 billion in both budget authority and outlays. That is the important point. I support this Conference Report. I believe the conferees have done well. But we still have a long way to go.

Mr. SYMINGTON. Will the Senator yield?

Mr. MUSKIE. Yes, I yield to the distinguished Senator from Missouri.

Mr. SYMINGTON. Mr. President, first, I congratulate the able Senator from Maine for his concentration on the fiscal problems of this country. In that connection, I ask unanimous consent that there be printed in the RECORD at this point an editorial from the Wall Street Journal of this morning entitled, "Off to a Good Start."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

Off to a Good Start

Two months have elapsed in the government's fiscal year and we notice that the budget deficit so far is $18.1 billion. A simple calculation would suggest that the government is failing to cover its costs to the tune of over $100 billion a year.

Now, we admit that this is only a rough calculation, without consideration of seasonal factors or a possible economic recovery. But even if the government manages to hold the deficit to $70 billion or so, it is dealing with mind-boggling numbers.

The total personal savings of all Americans last year amounted to only $77 billion. And gross retained earnings of business, the other component of the nation's savings, totaled only $136.8 billion.

In the face of the prospect that federal overspending could use up nearly half the nation's savings this fiscal year we still have assorted blank check writers in Washington following the philosophy that money doesn't matter. It is easy to be brave in the face of such numbers when you are spending or cheapening someone else's money.

Mr. SYMINGTON. Mr. President, I also respectfully commend the chairman of the Senate Committee on Armed Services, who, as the senior Senator from Maine has mentioned, did not agree with all of the decisions made by the Senate, but I have never seen anyone work harder, once a decision was made by the Senate, to carry it out. Although it does not meet entirely what the chairman of the Committee on the Budget would like to have, let me assure him that I am very surprised that we got as much as we did, and what we did get was primarily due to the indefatigable effort of the distinguished senior Senator from Mississippi.

Mr. MUSKIE. I thank the Senator from Missouri.

The PRESIDING OFFICER. The 10 minutes of the Senator from Maine has expired.

Mr. BEALL. Will the Senator yield?

Mr. THURMOND. How much time do we have for the minority?

Mr. STENNIS. There are 30 minutes to the side. The Senator controls the time. It was intended to be put in for the Senator from Maine.

What time does the Senator want?

Mr. THURMOND. I want about 20 minutes.

Mr. MUSKIE. May I make this one other substantive point, then I shall use my 5 minutes to answer questions.

The point that I want to emphasize is this: Notwithstanding the fact that the House and the Senate Committees on the Budget had different numbers with respect to the amount assigned to this bill by the first concurrent resolution, the job that we have of meeting the target in the national defense function is still enormous.

This is the point that I want to make. If we adopt this conference report, even including the action we took last week on the pay cap, at this stage we will still be over the national defense target by some $3 billion to $4 billion in both budget authority and outlays. That is the important point. We are now left with the appropriations process as the only place where we can make further cuts to reduce this gap. The important number is at the bottom of the line. At the moment, after we act on this conference report, we still have $3 billion to $4 billion to go, and I wish the Senate to understand that.

I yield to my good friend the junior Senator from Georgia (Mr. NUNN).

Mr. NUNN. Mr. President, this has been a most difficult year for the Congress to undertake a "dry run" of the new congressional budget process. The economy has not been working as well as we would like and at the same time, the demands for Federal spending on a vast array of problems have continued unabated. This has put the Congress in the difficult position of trying to meet the many problems we face with a tightly limited bag of money.

As a member of both the Budget Committee and the Armed Services Committee, I believe that both committees are to be commended for their efforts to make this new budget process work. While I do not agree with all the facts and decisions that have been presented, I believe there has been a sincere effort to come to grips with this difficult problem. The Budget Committee has been trying to point out the limited resources available and possible threats to the budget targets the Congress established earlier this year. The Armed Services Committee did its very best to provide for an adequate national defense in the authorization bill taking account of the limitations on resources that we faced. This second conference report is clear evidence of that cooperation and spirit.

However, Mr. President, I want to point out one major factor that perhaps few have yet realized. I do not believe that in the end the defense targets set by the original budget resolution can be maintained through the whole process. They will have to be raised even after the substantial cuts made in this authorization conference report and after further major cuts in other areas reported by the House Appropriations Committee today. I have said right from the beginning that these original budget targets, particularly the target on outlays, has been unrealistically low. There are substantial additional costs not considered in the budget resolution that have nothing to do with U.S. military forces and capability but nevertheless appear in the defense budget category. These costs include military aid to Israel, the retired and blue-collar pay raises which are not held to 5 percent and over-estimated revenues from stockpile and oil sales that were in the budget.

If we try to meet the budget targets by cutting U.S. military forces to offset these non-U.S. military force costs, it will result in massive cutbacks and layoffs of military and civilian personnel and severe cuts in research and development and procurement contracts. I do not believe that we should or will make these massive reductions and, therefore, I believe we will have to raise the defense targets of $100.7 billion in budget authority and $90.7 billion in outlays.

I ask unanimous consent to print in the RECORD a breakdown of the figures on the overall defense budget as I see them now.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATUS OF THE DEFENSE BUDGET

This outlines my current best estimate of where we stand on the overall Defense Category figure after the Senate vote on the 5 percent pay cap and with the new military authorization Conference Report.

(In billions)

	Budget authority	Outlays
President's budget request	$107.7	$94.0
First Budget Resolution	100.7	90.7
Original Reduction	—7.0	−3.3

Since that time the following specific reductions have been identified that would total $8 billion—that is more than enough to meet these budget authority target reductions. Outlay reductions would total $3.3 billion—enough to meet the target reduction:

(In billions)

	Budget authority	Outlays
Authorization conference report	−$4.3	—$1.3
Military construction authorization	—.4	------
House Appropriations Committee Report (in addition to authorization reductions)	−3.3	—2.0
	8.0	−3.3

However, there are about $3.3 billion of additional potential Budget Authority Costs And $2.3 billion in additional outlay costs not included in the budget request that are included in the national defense category. These costs have nothing to do with U.S. military forces or their capabilities and they include:

(In billions)

	Budget authority	Outlays
Military Aid to Middle East	*$1.5	*$0.4
Retired and blue-collar pay raises not held to 5%	*1.0	*1.0
Overestimated revenues from stockpile & oil sales	*.8	*.9
Total	3.3	2.3

*Estimated.

I do not believe that our U.S. military forces can be cut further to offset these additional non-U.S. military costs.

Mr. NUNN. I commend the Senator from Maine for embarking on a very difficult new journey in the Committee on the Budget, but doing an exceptional job. The military relationship to the Committee on the Budget and the Committee on Armed Services is going to be one of the most difficult. I think everyone recognizes that to begin with. One of the main difficulties, of course, is the relationship between authorizations and outlays.

In this particular bill, although it is something like $29.9 billion, or started off at that figure, the outlay section of it is only about $8.4 billion.

I also commend the Senator from Mississippi for doing an exceptionally good job in conference for the Senate both in the first go-around and the second go-around.

The Senator from Missouri has already outlined the qualities of the Senator from Mississippi in conference and how he is dedicated representing the Senate, and I certainly share that view.

This particular bill, as the Senator from Maine has said, does not end the budgetary problems this year. On the positive side I point out—and this may be new information—but in the beginning the President's budget request was $107.7 billion budget authority, $94 billion outlays. The first budget resolution came back with $100.7 billion in budget authority, and $90.7 billion in outlays.

If we subtract those two figures, what the Committee on the Budget really said on the first concurrent resolution to the Committee on Armed Services and to the Committee on Appropriations is that we need a cut of $7 billion in budget authority and a cut of $3.3 billion in outlays.

What has happened since then, and all of this will be part of my statement in the Record in more detail, the conference report that we are dealing with today has cut $4.3 billion in budget authority, according to my figures, and $1.3 billion in outlays. In addition, the military construction authorization cut another $.4 billion in budget authority.

The other possibility of savings, of course, is in the appropriations process, and that process has not been completed.

Based on preliminary figures from the House of Representatives Appropriations Committee, which I believe has just had their markup, they have tentatively at least cut $3.3 billion in authority and $2 billion in outlays, more than the reductions in authorizations.

So looking at it a moment from the point of view of positive results from the budget process, if we look back to what the first budget resolution instructed the Committee on Armed Services and the Committee on Appropriations to try to accomplish, it was a $7 billion budget authority cut and a $3.3 billion outlay cut. Further, if we assume the House Appropriations Committee figures will stick, as presently indicated—we do not know that but if that happens—then the three combined, that is, this conference report, the military construction authorization, plus the Appropriation Committee action in the House, would total a cut in budget authority of $8 billion and a total cut in outlays of $3.3 billion. This means that the cuts already identified have really exceeded the original target reductions.

The problem that we all must face, however, is the fact that the original cuts have had to be changed somewhat, if we are going to meet the original overall targets because of three additional factors.

One question that has to be resolved is what do we do with the request for additional aid in the Middle East, both to Israel and Egypt. The President has not, I guess, formally sent that here to the Capitol yet. It was not in his budget. This was not part of the President's original budget. So it is not only this budget process; it is the President himself did not have it in his budget.

But my best estimate would be something like $1.5 billion in authority and $400 million in outlays.

The other important point, and I will take just 1 more minute, is that, even though the 5-percent pay cap on white collar workers and active military personnel has been ratified by the Senate—it is pending in the House—the President's original budget recommended a 5-percent pay cap also on retired pay and on blue collar pay.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. NUNN. Two more minutes.

Mr. STENNIS. I yield 2 more minutes.

Mr. NUNN. Those two items have not been accomplished, and there is no sign that they will be accomplished. They would have to be accomplished, I am informed, by legislation.

So those 5-percent recommendations of the President have really not even been dealt with in the legislative process which means that there has been a cost there that was not in the President's budget of about $1 billion in both authorization and outlays.

That is an item that is causing the targets not to be met.

Another part of the difficulty is the overestimated revenues from stockpile and oil sales. That was an overestimate on the revenue side of about $800 million in authority and $900 million in outlays.

So the point I am making is that, if we take this conference report bill together with the military construction authorization, and if we take the House Appropriations Committee action, the Budget Committee targets in terms of the cuts that have been made have been met. But, if we then consider the changes that have taken place in the aid to the Middle East, in the blue collar and retired workers' raises, and also in the overestimate for revenues in oil and stockpiles, this is where the difficulty lies, and this is why it is going to be very difficult and, in the opinion of the Senator from Georgia, it is going to be impossible to meet the original guidelines unless there is provision made for these contingencies which are not related to the military. None of these add one penny to real U.S. military strength.

So I point that out.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. I yield 2 additional minutes.

Mr. MUSKIE. I can say this to the Senator: Of course, these contingencies that come up not only affect the defense targets for the defense function but also all others. But we still have a responsibility of trying to hold to those targets until we make a deliberate decision to change them.

For instance, reestimates overall in the budget amount to $3.9 billion, affecting functions across the board. That means that unavoidable costs have been added to those that we considered in the spring and yet, nevertheless, we have been able to offset some of them. We may not be able to offset all of them and have to make those changes in the reconciliation process.

Mr. NUNN. I agree completely with the Senator from Maine. I thought it was a timely point that should be made about the prospective and the fact that the Committee on Armed Services has really, I think, done its part in meeting these targets. I certainly do not in any way disagree with the clarification of the Senator from Maine.

Mr. MUSKIE. I thank the distinguished Senator for his contribution to this discussion.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I yield 2 minutes to the Senator from Maryland.

Mr. BEALL. I thank the Senator from South Carolina, the ranking member of the committee, for yielding to me.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. BEALL. I yield.

Mr. FANNIN. Mr. President, I ask unanimous consent that a statement by my colleague from Arizona (Mr. Goldwater) be printed in the Record, together with an article.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. GOLDWATER

As the Members of the Senate are aware, I am opposed to legislation requiring the admission of women into the nation's military academies. Like most of our military leaders, I think it is downright ridiculous to force academies, whose primary goals are the production of combat leaders, to accept as students persons who are barred by law from serving in combat.

Until the Congress is willing to confront the idea of women serving in combat roles I believe it has no business at all deciding who should attend schools set up to facilitate the combat readiness of our nation.

Mr. President, I realize that some non-thinking partisans will call me a male chauvinist for taking this position, but if such is the price of common sense I am willing to pay it. And in this connection Mr. President, I should like to mention that I have recently had correspondence on this subject with that great former combat General, M. B. Ridgway who now resides in Pittsburgh, Pennsylvania. Needless to say General Ridgway agrees with those who believe the Congress will make a grave mistake if it insists upon forcing the military academy to accept women students. Indeed General Ridgway said he viewed the whole idea "as an ill-considered move prejudicial to national security."

For the information of the Members of Congress I ask unanimous consent that a copy of the article published in the July issue of the Army Magazine be printed in the Record at this point. The article, "The Wayward Cart," is a strong argument in support of General Ridgeway's position and mine.

The article ordered to be printed in the Record is as follows:

[From Army magazine, the publication of the Association of the U.S. Army, July 1975]

CONGRESS AND A COED WEST POINT: THE WAYWARD CART

As everyone with strong opinions knows, there are issues which can earn an outspoken person a bloody head, no matter what side he or she takes. Lorenzo Dow knew about this paradox in 1836 when he wrote: "You will be damned if you do. And you will be damned if you don't."

Such an issue is the question of whether or not women should be admitted to U.S. military academies, Congress has said yes by a wide margin and by the time this is published the President may have made it an actuality by adding his approval as well.

The clash between proponents and opponents of opening the schools to women has created a kind of no-man's-land in which the only safe spot is precisely in the middle. To step an inch on either side is to invite risk of being denounced as a male chauvinist by one or a bubble-head by the other.

And yet the issue is worth the bruises because its ramifications go far beyond the mere effects of moving women cadets and midshipmen (persons?) into the most exclusively male of U.S. institutions of higher learning. Indeed, it is apparent at this crucial and advanced stage there has been too little of this ranging, despite the many hours of testimony which preceded the House decision.

The lawmakers are to be commended for their zeal in wanting to further sex equality, but in failing to give adequate consideration to the effects of such a move Congress had handed the Pentagon a king-sized implementation problem. It would have made the job much less formidable if Congress had resolved such related—and far more important—issues as whether women shall be sent into combat. Instead, efforts to settle this aspect before proceeding with debate on the admission amendment were beaten back and denounced by the measure's supporters as a "red herring."

Those who called for resolution of the combat question deserved more attention. If they had received it, perhaps the military academies would not be faced with the prospect of having to assimilate students who are barred by law from serving in combat into a course of study whose primary goal is to produce combat leaders. This contradiction was pointed out repeatedly by such witnesses as Secretary of the Army Howard H. Callaway; Gen. Frederick C. Weyand, Army chief of staff; and Lt. Gen. William A. Knowlton, then superintendent of the U.S. Military Academy.

Gen. Weyand contended that the "military academy has a distinctive and necessary mission: to educate and train officers for combat roles. . . . So long as it is the desire of the people in this country, expressed through the Congress, that women not be employed in a combat role, then it would be a waste of a scarce and costly resource to divert any of the academy's capability and potential to this secondary mission."

Obviously, the lawmakers were not sufficiently impressed with the armed services' arguments or perhaps they were dodging action on a subject which comes very close to being in a class with motherhood and the flag. There are strong pressures on Congress to give women combat assignments and maybe some day this will come about; indeed, the advocates of combat for women have some compelling arguments. In not grappling with this most germane issue, however, Congress has put the cart before the horse in a way that could have serious repercussions on the effectiveness of the academies.

The controversy over admitting women has spawned a long list of arguments and counterarguments. Some are nonsense, like the one that a woman's only function is to bear and raise children. The question of separate living facilities has caused more distress than it is worth. What kind of uniforms will the women cadets wear, and won't the feminine form make the Long Gray Line look like hell during formations? Undoubtedly, some of these kinds of zingers will be causing a great deal of heartburn some day, but for the moment there are much bigger things.

One of these is the question of whether the average woman of cadet caliber can compete with men in meeting the demanding physical standards of those enrolled at the academies. There is no doubt that women cadets would be the equal of men intellectually, but can they (or should they even be permitted) to stand up to men in such contact sports as boxing and wrestling, both required activities in the heavy West Point athletic regimen?

During the more than 2,260 hours of military instruction, which includes summer camp, will she be able to hold her own in such training as bayonet practice, pugil stick drills, weapons familiarization, survival training, 15-kilometer marches with full pack and 40-minute, five-mile runs?

Undoubtedly, there are exceptional women who combine intellectual and physical prowess to the high degree demanded of cadets and midshipmen. No one knows how many such women the country's high schools produce each year, but it seems reasonable to assume that the physical requirements and the relatively low percentage of women who gun into military service would make this number small.

Since there has already been considerable congressional quibbling during the admissions debate about the validity of the academies' preoccupation with turning out combat officers, it can be expected that physical standards will be challenged if they prevent the average women of cadet caliber from entering. There have been glimmerings of this skepticism in testimony questioning how much brawn, boxing and athletic prowess is needed to lead troops in battle.

It is doubtful that the academies will lower their physical standards, nor should they. If not, and in the absence of any positive decision on the combat dilemma, what is left is a "two track" system in which men have one curriculum and women another. The Naval Academy has already said that it is considering this alternative.

Also proposed on the House floor, but trampled in the stampede, was a suggestion that separate academies for women be established.

But such solutions, however unavoidable, would hardly be in the spirit of equality, which is what admission proponents have been seeking.

To some, perhaps, entrée is enough for the moment; they now have a chance to prove themselves and they expect eligibility for combat to come in time. For example, there is some belief that ratification of the equal rights amendment will pave the way for elimination of the exemption.

It is entirely possible that in a short time the academies will have classes made up substantially or possibly even principally of women. It is to be expected that there will be a flood of applications when the bars are lifted and just as surely congressmen and others with the power to appoint will participate enthusiastically in this pioneer movement. What effect this would have on the academies' contribution to combat readiness can only be imagined.

Certainly, with only 13,200 spaces and 2,500 graduates a year, the already relatively small number of combat-qualified officers the academies send to the services would be curtailed considerably.

This aspect was not considered, nor was the effect on a quality called academy mystique, probably because it is such a fragile and ephemeral thing that it could be hooted down with ease. For as long as there have been armies, training has been a monastic or Spartan kind of life, especially in officer academies. Whether the secret is concentration, esprit or other things, the idea works.

Secretary Callaway alluded to this quality when he testified: "Admitting women to West Point will irrevocably change the academy. And all the evidence seems to say that the change could only be for the worse. The Spartan atmosphere—which is so important to producing the final product—would surely be diluted, and would in all probability disappear before long. To modify the curriculum and alter the training so as to permit women to attend would weaken or destroy that intangible but indelible spirit which is the unmistakable hallmark of West Point graduates."

A disturbing note in the arguments preceding adoption of the admission amendment was references to "constitutional rights" and the idea that women are being deprived of a government-financed education. The academies are not free national universities nor is admission a reward for high marks in high school. They are in the very serious business of producing military leaders and if they are not permitted to pick the people with the best potential to fill these vital jobs, it would be best if they did not exist at all. The number of spaces is much too small and the over $70,000 cost-per-student too high to squander appointments on any but the most potentially useful and dedicated people.

(This does not imply that the motives of women applicants would be any less honorable than those of men; indeed, many of our most illustrious soldiers have sought admission with the intention of preparing themselves for careers other than military. However, the right-to-an-education line of reasoning leads to the disquieting conclusion that the congressmen who stressed it misjudged the purpose and importance of the academies.)

Nobody who knows anything about the contributions women have made to the services could have any real zest for joining in a battle to keep them out of the academies. They are fellow soldiers, sailors, airmen and marines who proved their value a long time ago. It is a fact that there are people in the services and outside who scoff at the idea of women doing "men's work," but it would be a mistake for admission proponents to scorn all the arguments against it as manifestations of male chauvinism.

The main ones are reasonable and aimed at preserving institutions which are vital to the excellence of our services—a goal to which any career member of the service, man or woman, should have no difficulty subscribing.

The combat issue aside, supporters of admitting women are right when they point out that the service academies have the best officer training programs in the country, perhaps the world. But how superior this instruction would be if combat-related courses were deleted in a two-track system is debatable.

Moreover, attendance at the academies, which produce only about ten percent of the officers needed every year, is not as important as it once was in attaining high rank. Some 90 percent of U.S. military officers are products of ROTC, OCS and direct appointment and their numbers are reflected in the increasing totals reaching top rank. A case in point is Gen. Weyand, an ROTC graduate of the University of California.

Surely, ineligibility for combat is a considerably bigger impediment to competing successfully with males for star status than lack of a West Point education.

Military expediency has always had a hard time of it in a democracy, especially in peacetime, and on the issue of admitting women to the service academies the people have spoken through their representatives and senators. The services will comply the best they can, as they always have when given a directive by their civilian superiors.

But damn it all, Congress, you could have made this one infinitely easier by putting the harness on the horse instead of on the cart.

Mr. BEALL. Mr. President, speaking for the minority members of the Budget Committee, I urge support for the reconsidered conference report on military procurement authorization. This new conference report is the result of steadfast efforts on the part of the Senate conferees to reduce the military procurement authorizations closer to the levels established in House Concurrent Resolution 218 and S. 920. I applaud the fine work of the conferees and congratulate them on the successful spending reductions which they were able to negotiate in conference.

As has been mentioned already by the Senator from Maine, the revised conference report reduces budget authority for the procurement bill by $250 million from the first conference report, and cuts outlays by an additional $23.6 million.

The military procurement conference report now sets an authorization figure at $25.5 billion in budget authority and $8.3 billion in outlays. Including personnel, the new conference report sets budget authority at $59 billion and outlays for fiscal year 1976 at just below $42 billion. In terms of our budgetary targets for these defense areas, the new conference report is still about $680 million over in budget authority and $220 million over in outlays.

Nonetheless, Mr. President, the actions of the conferees toward reducing expenditures are quite significant—the cut does reduce the budget authority overage by 30 percent. But far more important, Mr. President, is the fact that we have served notice to the House and to the Nation. Because of this military procurement matter, that the Senate intends to take most seriously the new budgetary process. In future resolutions, all authorizing and appropriating committees of both Houses must be fully aware of budgetary constraints set by the budgeting process, and be willing to exhibit constraint within the particular budget categories.

These proceedings involving the military procurement bill must in no way be construed as an organized action or plot against military spending—the cuts were made within the framework of budget management. The standards used here must be applicable to all spending areas, not just defense, if the budgeting process is to be successful.

Mr. President, I feel that the principle of fiscal control has clearly been demonstrated in both the military procurement bill and the Child Nutrition Act. I again commend the Senate conferees for their effort toward fiscal responsibility and urge support for their report on military procurement authorizations.

Mr. THURMOND. Mr. President, the Senate conferees on H.R. 6674 have now returned from the second conference and offer to the Senate a bill greatly tilted toward the original Senate version which passed by a 77 to 6 margin on June 6, 1975.

Acting on the wishes of the Senate after the debate on the first conference report, the Senate conferees were able to reduce the bill by an additional $250 million.

These cuts include elimination of the nuclear strike cruiser, a change in the patrol frigate program buy from 10 to 9 ships, and reductions in the airborne warning and control system and F–15 aircraft programs, plus a $30 million cut in aircraft spares.

Mr. President, this bill is now $1 billion below the original House version and only $500 million higher than the Senate bill passed last June. This latter figure is only 2 percent above the sum originally approved when S. 920 passed the Senate in June. Further, it represents unusual concessions by the House conferees, both on the basis of total funds as well as content.

Despite the success of the Senate conferees in this "second effort," the House took the position that authorization conferences set the upper limits on budget authority and are not appropriation actions to be measured against the concurrent budget resolution. The House conferees pointed out that otherwise, any substantial action by the Appropriations Committee would take the defense budget well below even the proposed reductions of the Budget Committees. This has been my position from the beginning.

The Senate must bear in mind that this bill deals with only a portion of the "national defense" category targeted by the concurrent budget resolution. Of paramount importance will be the action of the Appropriation Committees of both Houses. In recent years the appropriation process has significantly reduced the procurement bill below the amount authorized.

Representative BROCK ADAMS, chairman of the House Budget Committee, advised Representative MELVIN PRICE, chairman of the House Armed Services Committee, that even if the Appropriations Committee fully funded the procurement bill—an unlikely event—it would exceed the budget target by only $286 million in budget authority. Surely, there is no member of the Senate who would predict that the Appropriation Committees will fail to make adjustments in this bill just as they have done in the past.

Thus, it would appear to me that the Senate's interpretation of the budget-defense interface as reflected in the August 1 vote was based on a fundamental confusion as to the meaning of an authorization.

Mr. President, we must not forget that in the beginning the defense category was cut deeply by the Budget Committee while most other areas were increased. On May 14, 1975, both Houses established target ceilings for the national defense functional area of $100.7 billion in budget authority. This target constituted a reduction of $7 billion in budget authority and was expressed in the budget conference statement of managers as opposed to inclusion in the budget resolution itself.

Thus, we saw a shift from defense to nondefense Government spending or what one might term a further reordering of priorities. Defense has borne all of this burden to date, a burden which should be spread among other sectors of the budget in this period of economic recovery.

Mainly because of these heavy restraints in the area of national security none of the House Republican conference signed the first concurrent resolution report.

Even in the Senate report the Budget Committee stated it "recognizes that the recommended funding levels will allow only the most modest increase for high priority force modernization."

This action was taken despite an obvious increase in world tension as evidenced by the loss of Indochina, U.S. expulsion from Thailand, the altered U.S. rights on bases in the Azores, threatened loss of United States bases in Spain and the Philippines, and heavy Communist gains in the Governments of Portugal and Italy.

BUDGET TARGET GOALS

Now I would like to turn to a discussion of the military authorization conference report and how it relates to the target established in the first concurrent budget resolution. First of all, it should be clear this is merely a goal and the authorization bills would always fall short of those summary targets in view of the appropriation process which follows.

In our first test year the Budget Committee viewed the administration defense category request of $107.7 billion as excessive and established a target for the Congress of $100.7 billion in budget authority. This represented an overall reduction of 6.5 percent in the national defense functional request.

FOURTEEN ITEMS

With that background it would be well to review what the Budget Committee included in the national defense category. These items were as follows:

First. Military personnel;

Second. Retired military personnel;

Third. Operation and maintenance;

Fourth. Procurement;

Fifth. Research development, test, and evaluation;

Sixth. Military construction;

Seventh. Family housing;

Eighth. Revolving and management funds and other;

Ninth. Allowances for civilian and military pay raises;

Tenth. Other legislation;

Eleventh. Military assistance;

Twelfth. Atomic energy defense activities;

Thirteenth. Defense-related activities; and

Fourteenth. Deductions for offsetting receipts.

It should be noted that of these 14 items the Armed Services Committee authorizes funds for only procurement and research and development. Of course, our committee also handles military construction and family housing, but in a separate bill. As an aside, the military construction report reduction averages out at 8.3 percent below the administration request. This more than meets the 6.5 percent budget reduction guidance.

These 14 items, as recommended by the administration budget, total $107.7 billion and were reduced in the budget conference statement of managers to $100.7 billion in budget authority. It should be noted that the budget resolution itself, the item voted upon by both Houses, did not provide monetary guidance as such. Thus, it is incorrect to state that the Congress voted on the various levels of categories for spending.

GUIDANCE SHOULD BE GENERAL

As required, the budget guidance did not attempt to tell the responsible committees how to reach the assigned targets. However, it was noted that during the August 1 debate many Senators zeroed in on line items as part of their efforts to force the procurement authorization bill back to conference.

It is a matter of great concern that the new budget process, which presumably deals with aggregate totals and priorities, will be used as a tool to defeat specific line items programs. This was never intended and a trend in this direction would almost certainly endanger the entire congressional budget control effort.

BILL EXCEEDED GOALS

The first military authorization conference report, operating under the aggregate 6.5 percent target reduction actually offered a compromise bill which was 13.5 percent less than the Defense Department request for procurement and research. This figure is confirmed by an issue briefing of the Library of Congress on the fiscal year 1976 budget.

During the August 1 debate, however, the matter was confused by arguments that the Vietnam aid reduction of $1.3 billion, small cuts in authorized personnel strengths and other items made the amount of the reduction suspect. Of even greater consequence was the contention that the authorization bill must meet targets more applicable to the appropriation bill.

APPROPRIATIONS NULLIFIED?

The fact is that if the authorizing committees are going to be forced to meet the budget targets of the first resolution, it would in effect nullify the appropriation process. Furthermore, the military procurement authorization bill must be reported by May 15, the same date as the first budget resolution and thereby to some extent denying our committee any real budget guidance.

Another confusing point is how our committee is expected to interface with the outlay guidance. As an example, of the $25.6 billion in authorizing authority in the current bill only about $8.4 billion or 30 percent represents actual outlays in fiscal year 1976. Yet, the budget managers targeted an approximate $7 billion budget authority cut and $3.5 billion outlay cut. Since only about 30 percent of the fiscal year 1976 authorization bill involves outlays for fiscal year 1976, it is difficult to see how the budget authority and the outlay guidance relate to each other wtih regard to the authorization bill.

Despite the heavy trimming of the military authorization bill given by our committee, a 13.5-percent reduction versus guidance of 6.5 percent Senate Budget Committee members produced figures and analysis that the bill threatened the budget authority target. While key members would not be pinned down on a certain sum, figures of $700 to $900 million were widely used.

These sums, of course, were greater than those arrived at by the House Budget Committee which saw the excess as more like $286 million and then only if the Appropriations Committee fully funded the authorized budget authority.

The House Budget Committee also took the more realistic stance authorization figures were ceilings and should not be viewed as the final product in view of the Appropriations Committees' responsibilities.

SECOND CONFERENCE

Now, the second conference has returned with a bill about $250 million less than the original version. It provides $25.5 billion for fiscal year 1976 and including the 197T period authorization totals out at $30.9 billion. Also, excluding Vietnam aid of $1.3 billion, it is $3 billion or 10.7 percent less than the administration requested. Again, we have a figure far in excess of the 6.5 percent budget guidance.

Mr. President, it is my view that the first conference report was more than adequate in bringing the authorization bill in concert with goals expressed by the Budget Committee managers.

Everyone appears to have lost sight of the fact that this is an authorization bill, not an appropriation bill. The historic relationship between these two vital processes will be destroyed if the Congress is to insist on authorization bills meeting these budget targets.

NEW PROBLEMS

Furthermore, we are faced with new problems in the defense category as regards the second budget resolution. This results from the Israel military aid account of about $1.5 billion which came out of the Sinai talks and was not included in the original budget.

Also, there is the problem of about $900 million in oil and inventory stockpile receipts and $1 billion in blue collar and retired pay raises which were figured in the original target. However, due to inaction by this Congress, it appears that neither will be applied to the defense category function as originally intended. Thus, it would seems that the second budget resolution will have to raise the defense budget target by as much as $3.5 billion to cover these items alone.

KEY QUESTIONS AHEAD

Mr. President, bringing these thoughts together, it is apparent the Senate must come to grips with a number of key issues on how the military authorization bill should interface with the first budget target.

Central to this matter is the relationship of the authorization bill to the targets as opposed to the relationship of the appropriation bill. This problem will undoubtedly be impacted by the House-Senate parliamentary rules.

Also, there is the matter of the military authorization bill being reported out the same date of the first concurrent budget resolution. Further, great interest will center on the second concurrent budget resolution and how it interacts with the events up to that time.

DANGEROUS REDUCTIONS

Mr. President, in conclusion it should be stated loud and clear that this military authorization bill should not be reduced further. To do so would endanger our ever-eroding military posture vis-a-vis the Soviets.

We have already reduced the resources we commit to our strategic nuclear forces in real terms to one-third of that provided in the early 1960's. Further, cuts in operations and maintenance have dissipated the benefits of previous capital investments in conventional forces available to the President to meet a military crisis. Additionally, our research and development commitments have fallen well below Soviet efforts for a number of years and will almost certainly eventually bring us to a technological crisis of the "Sputnik" nature.

Therefore, I urge acceptance of this second conference report. In dealing with the administration requests, our committee has attempted to cut the fat, as our able chairman has often said. Our hard work has resulted in reductions much greater than anticipated. Certainly, it is my hope the Appropriation Committees will take into consideration the extent to which these defense items have already been pared and use great caution in working its own will on this bill.

In closing, Mr. President, I commend the able chairman of the committee, the distinguished Senator from Mississippi, for the fine leadership he exhibited not only in the Senate but also in the conference committee, as chairman of the conference.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, I yield myself 1 minute.

So far as I know, this virtually concludes everything that is to be said.

I ask unanimous consent that I may yield to the Senator from Montana for the purpose of presenting an Executive Calendar matter, without losing my right to the floor.

Mr. MANSFIELD. I appreciate the kindness of the distinguished Senator from Mississippi, the manager of the bill and of the conference report now under consideration.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar under "New Reports."

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

DEPARTMENT OF JUSTICE

The assistant legislative clerk proceeded to read sundry nominations in the Department of Justice.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

LIBRARY OF CONGRESS

The assistant legislative clerk read the nomination of Daniel J. Boorstin, of the District of Columbia, to be Librarian of Congress.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask

unanimous consent that a letter from Mr. Boorstin, dated September 26, 1975, to the chairman of the Committee on Rules and Administration (Mr. Cannon) be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Washington, D.C., September 26, 1975.

Senator Howard Cannon,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is to assure you that I will certainly respond to requests to appear and testify before any duly constituted committee of the Senate.

With all good wishes.

Respectfully,

Daniel J. Boorstin.

FEDERAL COMMUNICATIONS COMMISSION

The assistant legislative clerk read the nomination of Abbott Washburn, of the District of Columbia, to be a member of the Federal Communications Commission.

The **PRESIDING OFFICER**. Without objection, the nomination is considered and confirmed.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1976—CONFERENCE REPORT

The Senate continued with the consideration of the conference report on the bill (H.R. 6674) to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes.

Mr. **STENNIS**. Mr. President, I shall only take about 2 minutes.

First, I thank all the Senate conferees for their very fine assistance on this bill, all the way through, including the last sitting of the conference. I appreciate what they have said, but I could not have done anything without their help.

With reference to hearings on the nuclear strike cruiser, I think it is the coming ship of the future. If it is put in the new budget, there certainly will be extensive hearings on it by our committee. It was not in the budget this time until after our committee had reported this bill and the Senate had passed the bill. In fact, we were in conference with the House when it became a part of the budget requests. There have been some hearings on it in the House—not thorough or complete.

I want to thank the Senator from Maine for his remarks about the full funding principle that was retained in this bill by striking out the section of the House bill which abandoned the full funding principle. That was the Senate position all the way through, as he knows. As a member of the Appropriations Committee I certainly strongly recommend that we continue that funding principle—and it is an important principle.

That does not mean we have to appropriate all the money at the same time we authorize some warship; but, except for planning and long leadtime items, we have to authorize the full amount.

One more word, about the assurance of the Senator from Maine that he is going to give further information to the Appropriations Committee: Under the law next year the authorization committee will have to report earlier, by May 15. I would not urge the Budget Committee to set a firm figure and say we cannot go above a certain dollar amount. I think that would be beyond the authority. But some kind of guideline figure, with some flexibility, would be helpful, I think.

Mr. President, only one other point: These items mentioned by the Senator from Georgia that do not relate directly to the military program. We have to urge, on this bill, that we not be charged with those.

In other words, when we fail to take in a certain amount of revenue from the so-called Navy reserve lands, the military program—the Army, Navy, Air Force, and Marine Corps—should not be charged with that. Items like the Israel matter put on this bill by amendment on the floor, and kept in it in conference, really do not belong in the U.S. military program. I say with all respect to the Budget Committee that I hope something can be worked out by way of special dispensation covering such matters as that, rather than just charging us with them.

Mr. President, I yield the floor.

Mr. **THURMOND**. Mr. President, I yield such time as he may require to the distinguished Senator from Texas (Mr. Tower).

Mr. **TOWER**. I thank my friend from South Carolina.

Mr. President, I shall be very brief. I just wish to reinforce all that has been said about the steadfast and dedicated manner in which the distinguished Senator from Mississippi has expressed the Senate position. I, like the Senator from Missouri (Mr. Symington), am amazed that we were able to come out of conference with the $250 million cut. I was reasonably sure that the House of Representatives would not agree to that deep a cut. It is, therefore, a great tribute to the leadership of the Senator from Mississippi that that was achieved, and I think a word should be said about the distinguished chairman of the Armed Services Committee of the House of Representatives, Mr. Mel Price, who, I think, assumed a very statemanslike posture on this matter.

I am delighted that the Senator from Maine, although he is not fully satisfied with what was done, is prepared to accept this as a good faith effort on the part of the Senate conferees. In my view, it is a bigger cut than we should make in our defense budget. As a matter of fact, I felt that the bill as it was originally passed by the Senate should be considered a bare bones bill.

We also seem to have a greater facility in this body for cutting defense expenditures than any other kind of expenditure; and I happen to be one of those who believe, in the ordering of priorities, that the security of the United States should be a No. 1 priority. If defending the country has a dollar value on it, I do not know what it is. But we either need security or we do not need it; and if we slip into a second-rate posture, as my colleague from Texas (Mr. Bentsen) once said, being second best in defense is like having the second-best poker hand. I have no experience in those matters, but I understand that is not very good.

So I think it is vital that the United States maintain a defense posture at least at parity with that of the Soviet Union. If we do not, we might as well not spend a dime on it. If our priorities are so low in terms of the security of the United States from the military standpoint—from which I think flows our strength from a political and economic standpoint in this world—then I think our Nation is in for trouble, and we face some gloomy days indeed.

I am encouraged by what the Senator from Mississippi has said about the nuclear strike cruiser. We have reduced, in a very stark way, the number of ships in operation in the U.S. Navy. The U.S. Navy is spread thin. I would remind all who would listen that everything of bulk importance in this world still moves by sea, and it is vital that the sea lanes be secure for the ocean commerce of the United States and other nations, which have a right to use the seas without the threat of domination by a powerful adversary which has its own interests in mind.

It is essential that we modernize the Navy. If we are going to have fewer ships, they must be better ships. They must have greater capability. A nuclear strike cruiser will, in the final analysis, save us money. If we can ultimately, hopefully, some day go to a nuclear navy, we can reduce the number of ships and we can reduce operating costs in the long run. We can increase the amount of time that one vessel can stay on the seas.

So I am glad for the hopeful remarks made by the Senator from Mississippi on the matter of the nuclear strike cruiser, and I hope we will give it early favorable consideration.

Again I thank the distinguished chairman for the job he has done. I am proud to be on his team.

Mr. HUGH SCOTT. Mr. President, I am opposed to the termination of the heavy lift helicopter—HLH—program. Our termination of this program is Government waste at its worst. We have a helicopter 95-percent complete at a cost of $179 million and the country will get absolutely nothing from the expenditure of these moneys. To see just how wasteful this termination is, let us consider what we would have gained by completing the program and what we will lose by not completing it, at least through flight testing.

First, let us consider the gain if we had continued the program. The most obvious gain is that the HLH would have had a lifting capacity, depending on the operational environment, of 22.5 up to 35 tons. This is better than twice the payload lift capability of its closest competitor, and is a capacity we will require in the future.

What else would we have gained? Knowledge. The HLH prototype helicopter employs the most advanced technology of any helicopter under development. These advances will be incorporated into future helicopter programs. By flight testing these developments now, we would not have had to waste valuable time and money testing them later in new programs. Instead, we would have been able to take advantage of the knowledge gained from this program.

Furthermore, Mr. President, we would have had the proven technology gained from actual flight available for decisionmaking. This would have eliminated the need for more expensive R. & D. programs.

These would have been our gains if we had continued this program. What will we lose now that we have discontinued development of the HLH at this time? First, we will lose the benefit of the money already spent in this program. We will not have the advantages of the knowledge which is within our grasp. Even worse, the economy of Pennsylvania and the Nation will suffer another severe blow.

In Delaware County, there will be a direct loss of 500 jobs at the Boeing-Vertol plant alone. Subcontractors can expect to lose approximately 600 jobs. Now, we all realize that due to the multiplier effect there will be additional job losses. Using a multiplier of 2.5, the indirect losses are in the neighborhood of 2,800 additional jobs. Thus, Pennsylvania and the Nation will suffer the loss of 4,000 jobs. Now, 4,000 jobs may seem to the unthinking a drop in the bucket, but in a time when we are trying to rebuild our Nation's economy, this is a tragedy. This is especially so when we consider the hundreds of thousands of additional job losses we face during the coming winter due to natural gas shortages.

Enough for the personnel figures; now let us consider the dollar losses. According to national averages, 50 percent of these 4,000 people will be unemployed for an average of 19 weeks, costing the American taxpayer $4,560,000.

The remaining 50 percent will be highly skilled aerospace workers who during these economically troubled times can be expected to be unemployed for a year. The unemployment costs for them are estimated at $12,500,000. Thus, the total cost for unemployment compensation resulting from the decision to terminate this program is over $17 million.

Now, let us look further at the dollars and sense of terminating this program, which the Army strongly favors, without completing flight testing. Completion of the flight testing with termination of the program will cost $26 million. We have allocated $9 million to terminate this program and it will cost us an estimated additional $17 million in unemployment compensation. Additional costs will result because termination of this program will increase testing costs of other Government helicopter testing programs by approximately $3.6 million.

Think of this, Mr. President. It would have cost us $26.1 million to complete this program to the point where we can gain some benefit from it. Instead, it is going to cost us $29.6 million to terminate this program.

We have succeeded in putting Americans out of work at greater cost than it would have been to employ them. To me, that is fiscal irresponsibility in the worst sense.

I feel that the conferees have made a deplorable error in their costing out of this desirable program.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, as far as I know, that concludes those who wish to make remarks.

I wish to express again my appreciation for the House conferees, who took this situation quite seriously and were willing, as the Senator from Texas says, to step out into the current of things and agree to a bill that has proved to be acceptable to the Senate. I thank all the members of our Senate committee for the whole year's work they have done, including, with emphasis, the Senator from South Carolina, who is the ranking minority member of our committee.

Mr. President, I wish to especially thank and commend Mr. T. Edward Braswell, our valued chief of staff, and each other member of our splendid professional staff and clerical staff for their year long excellent services on this bill. Also the House Armed Services Committee staff members, including the Chief of Staff, Mr. Frank M. Slatinshek. Those that I come in contact with are highly valuable in their services on this bill.

Mr. President, since I do not know of anyone else who wishes to speak, I am ready to yield back such time as I have remaining.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. THURMOND. Mr. President, I yield back the remainder of my time, if I have any.

Mr. HOLLINGS. Mr. President, I speak today in support of the second conference report on H.R. 6674, the military authorization bill.

I voted against the first conference report because, in my judgment, it would have caused us to exceed the budget targets for national defense, if taken in combination with other claims on the Defense budget which we faced at that time.

In view of this threat to budget targets, we asked the conferees on the military authorization bill to go back and try to make additional cuts. They have done so. Mr. President, I will support the results of this second conference for three reasons:

First. The budget situation has changed. When we voted on the first conference report, on August 1, a real possibility facing us was a rejection of the proposed 5-percent cap on military and civilian pay. We no longer face that threat, judging from most accounts. Last week I voted with a majority of my colleagues to retain the 5-percent cap. This action will reduce claims against the national defense target by about $800 million in budget authority and outlays.

Second. The second conference report is $250 million less than the conference report we recently rejected. This additional cut, in combination with retention of the pay cap, will bring us within striking distance of our budget targets for defense.

Roughly half the additional cuts are in Air Force aircraft accounts. They include a $60 million slowdown in funding for the airborne warning and control system aircraft, AWACS, and a further reduction in the very large request for procurement of aircraft spares. The other half of the cuts are in Navy shipbuilding accounts. They include a stretchout of the patrol frigate program, cutting 1 of 10 ships requested for authorization this year, and total elimination of $60 million proposed for long leadtime funding of the nuclear strike cruiser.

I am particularly pleased to see that the strike cruiser is dead for fiscal 1976. That is the third reason for my supporting this second conference report.

As I pointed out when the first conference report was before us, this seemingly modest request for $60 million for long leadtime nuclear components for a strike cruiser was in reality the first step toward creation of a new class of ships which might eventually cost $30 billion. The first ship alone would cost $1.2 billion. I opposed the nuclear strike cruiser because the Senate has yet to hear testimony defining the characteristics and missions of this very costly weapons system. There has been no such testimony because the strike cruiser has not been fully defined by the Navy. On September 18, Adm. James L. Holloway III, Chief of Naval Operations, appeared before the Senate Budget Committee's Defense Task Force, which I chair. When asked about the characteristics of the proposed nuclear strike cruiser, Admiral Holloway replied:

> At this time the strike cruiser is simply a concept. . . . The speed of the ship, the size of the ship, the silhouette, the configuration has not been defined, and we will not define it until we make a number of tradeoffs that will determine for us the best ship for the dollar invested.

It would be wrong for us to consider any request for procurement funds for the strike cruiser until the results of those studies are available to the Congress.

I wish to congratulate my good friend from Mississippi, Senator STENNIS, for the remarkable job which he and the Senate conferees have done in bringing us this conference report. The money issues between the House and Senate were settled in favor of the Senate position by a ratio of 2 to 1. The new conference report is consistent with the budget resolution, and it makes a significant contribution to the budget process by retaining the concept of full funding for Navy shipbuilding—which the House proposed to abandon—and by eliminating the strike cruiser.

Mr. CLARK. Mr. President, 6 weeks ago, I spoke and voted against the conference report on H.R. 6674, the arms procurement authorization bill. I rise once again to oppose this second conference report on the bill, and I do so with the foreboding that Senators may misjudge a small compromise with the House to be the best agreement possible.

I commend our conferees for persuading the House that this arms measure could indeed be cutback, without risk to an adequate defense posture, but I strongly urge another effort to restore the weight of Senate judgment to the bill. We have before us the same issues—the same questions—that faced us last August in the original conference report. At that time, I said, "What is at stake here—is the integrity of the Congress in exercising its responsibilities to oversee Government spending."

That is still the crux of the matter, and I do not wish to see that responsibility abdicated, or dismissed by outside pressures to pump more dollars into arms spending than are necessary.

If the Senate believes, as I do, that our earlier judgment was correct, that we need no new expenditures, but rather new restraints, then I think our duty is to vote our judgment—and our conscience—against the conference report.

I am not against compromise. But I am against being compromised.

That is what will happen if we let this arms bill destroy our new budget process, or more to the point, if we let Pentagon tactics carry the day once again.

When I spoke out against this bill 6 weeks ago, I reminded my colleagues that the burden of proof always rests with those who propose to spend the Public Treasury.

I reminded them that we have turned this principle upsidedown where the Pentagon is concerned—on its programs, it seems, the burden of proof rests with those who question them. And if we do, we become "doves," "soft-liners," "anti-defense," or whatever tainted label will serve to raise the unreasonable specter of a weak, defenseless Nation.

I am greatly disturbed, Mr. President, that even in peacetime we do not seem to be able to bring Defense Department spending under control.

I am disturbed by our continued acquiescence to foot-in-the-door programs like the B-1. We are asked to agree to $87 million for advance production start-up of the B-1 on top of $798 million for continued research and development, and to believe in the suggestion that we have not thereby committed ourselves to full-scale production of this bomber.

To put it in the most charitable terms possible, the proposition is implausible.

Future Senators will look back on us in wonder if we allow such tortuous reasoning to dominate our decisions. Let us look at the B-1 squarely and honestly: Either it is needed or it is not.

I submit also that the Pentagon's whole case so far comes down to two things—an airplane to replace the B-52 and a theory about Triad strategic forces. Are these assertions an adequate burden of proof, or a test of our gullibility?

We are asked to climb the mountain simply because it is there. I for one cannot muster sufficient faith in the Pentagon's arguments to agree to the B-1 program as it now stands. If we allow it to proceed as recommended in this conference report, we will be committing the country for all practical purposes to almost $100 billion in procurement and operating costs.

That is what the B-1 fleet will cost us, and make no mistake about it, that is exactly what we shall be authorizing by an affirmative vote.

I urge once again that we not accept the conference report and that the conferees be asked to delete the B-1 procurement funds to permit the Congress to make a careful and unhurried assessment of the need for this late-hour investment in manned strategic aircraft.

By doing so, not only can we keep an open mind, but perhaps persuade the Pentagon of its responsibility to have one also. I think it is also imperative to work still further toward reducing the $700 million Senator MUSKIE and the Budget Committee have told us must come out of this spending bill if we are to honor a commitment to our own budget guidelines. In this regard, I am mystified by the Pentagon's bookkeeping, which apparently persuaded the House that H.R. 6674 was really only $286 million above the defense budget guideline. I am reminded that we have seen this kind of accounting many times before, and always in the Pentagon's favor when it wants something.

And I find it difficult to believe that the Defense Department comptroller erred by half a billion dollars in computing the cost of this procurement bill, or that he so belatedly discovered such a mistake.

I know of no better way to demonstrate that we are serious about fiscal responsibility than to firmly reject the suggestion we so often hear—that the Pentagon has a higher claim on the public's money than our domestic programs. I know of no better way to convince the Pentagon that it cannot keep on raiding the National Treasury year after year than by saying "no" often enough to get the message across. I am constantly surprised that the Secretary of Defense and other senior officials can come up to Congress, or travel around the country, hawking the idea that the Pentagon ought to be funded on a percentage basis of our gross national product.

I cannot think of any justification for this kind of argument. It is preposterous.

We should spend for our military forces according to need—not on the basis of a fixed percentage of the GNP.

Mr. President, I believe most of us will agree we already possess the most formidable military forces in human history. By any index we choose, the destructive power in its hands is unparalleled and unmatched by any other country in the world, including the Soviet Union.

We have a strategic arsenal costing us billions of dollars every year, and whose whole rationale is one of nonuse. Theories of strategic deterrence seem to be the playground of mathematicians and their computers, whose calculations assure us that this new bomber, or that new missile, ought to be bought so that the whole business of not using them can go on another year.

Frankly, it smacks of the "theater of the absurd." Trimming this arms bill down to our budget goals may not get us out of the theater all at once, but it might tell the Pentagon producers that their script is not selling very well at the box office.

It might go even further in cutting back on the number of expensive props that do not serve any useful purpose. Let me point to two other absurdities that relate to military spending and cast some further light on this exercise in Government waste.

Year after year, we have been solemnly assured that there is no fat in the military budget.

When the President's budget was sent up to us, President Ford said there was no fat, and Mr. Schlesinger and the Joint Chiefs of Staff said there was no fat. Then we were told that the Army could be expanded from 13 to 16 divisions for practically no cost at all—although I seriously doubt that—simply by cutting out a lot of intermediate headquarters and support people that are not needed.

Then the Air Force came along and said they did not have any fat either, but they were going to increase from 22 to 26 tactical fighter wings because they also had a lot of people underemployed around the world, and they were going to save a lot of money by scrapping airplanes and buying about 2,000 new ones.

What I find unbelievable is not the sudden discovery of excess flab, but Mr. Schlesinger's contention that the services should be rewarded for every unnecessary manpower space they can flush out of the system.

And the reward here is three new divisions for the Army and four fighter wings for the Air Force.

We are only fooling ourselves if we think this is a cost-free reward, and I doubt that our constituents could not see through the game.

Equipping and operating these new forces will cost billions of dollars and while those are being spent in the name of increased military efficiency, we are going to see creeping expansion of headquarters and support manpower back to their old levels.

This question of rising costs has to do with my second point. Only a few days ago, the press carried the verbatim text of a memorandum from the Assistant Secretary of Defense for Program Analysis and Evaluation, Mr. Leonard Sullivan, in which he warned his superiors that the services have no cost discipline, and in their management of major weapons acquisition programs are boosting procurement costs an average of 22 percent over goals.

These programs, I might add, involve design-to-cost projects that were advertised to the Congress as prime evidence of sound planning and management in the Pentagon.

I quote Mr. Sullivan's own words:

> It is clear that the military departments are either unwilling or unable to make the hard decisions to keep program costs down.

We should not be surprised by this new rash of cost overruns—we have seen them in virtually every military procurement program we have approved, and they border on the scandalous. I hope my colleagues find it as difficult as I do to accept the sad record of waste and extravagance in military procurement spending as a license to come to the Congress for bail money.

In our natural eagerness to provide the best possible military security for the American people, I fear we have overindulged the bottomless appetites in the Pentagon and too seldom insisted upon placing the burden of proof where it properly belongs.

It is not unreasonable to demand that the services do better with what they already have, and to prove themselves better managers of the public's money.

Mr. President, the Senate showed commendable determination when it rejected the first conference report of this arms measure.

I believe our obligation now is as important as the prime issues that are once again before us.

I do not fear for 1 minute that a nay vote on this second conference report will in any way weaken the United States or its military power.

If anything, it will be a positive vote to strengthen the congressional voice and to shake off this growing despotism of uncontrolled military spending.

Mr. HATHAWAY. Mr. President, I am extremely happy that this body today has approved legislation that will permit women to attend our three military academies, beginning next fall. I know of four Maine women who have applied to me for a nomination, who are eminently qualified to serve as officers in our armed services, and who, for the first time in our history, are going to be competing for an appointment. That alone gives me great satisfaction.

But there is more to this legislation than allowing four women from the State of Maine the opportunity to compete for this education.

It goes without saying that we live in an extraordinarily complex world, and our ability to maintain a strong national defense requires a firm but sensitive hand. Our Armed Forces must be guided by men and women of ability, judgment, and superior intelligence who will bring to their jobs a sense of history, an ability to respond to the needs of a great variety of people around the world, and capable enough to carry out in detail the general mission to which we assign them.

This Nation has long benefited from the contribution women have made in our armed services. But not until today has our national legislature mandated that they receive equal educational opportunity.

It is also appropriate at this time due to the fact that 1975 has been declared International Women's Year by the United Nations. The fact that the National Legislature of the United States of America has opened the doors of our military academies to women is strong evidence of our Nation's commitment to equality of the sexes.

Mr. BENTSEN. Mr. President, as we today consider the conference report to H.R. 6674, the military procurement authorization for fiscal year 1976 and the transition quarter, I want to commend the Senate conferees for the additional economies they have obtained.

I realize that returning to the conference table for a second try on a bill which consumed so much of their labors in midsummer was a difficult assignment and that the further cuts needed to obtain this body's acceptance may not have been personally approved by all of them. I want them to know that their commitment to faithfully represent the will of the Senate is recognized and very much appreciated.

I want, however, to commend them particularly for obtaining deletion of the $60 million authorization for long-lead construction items for the proposed nuclear-powered strike cruiser.

Mr. President, I have on several previous occasions expressed my concern over providing any funding for that program this fiscal year. Quite frankly, I have not yet decided whether this is a needed addition to our Navy. I may well decide to support the program in the future, but I shall not do so until the Congress is presented with the information it needs to make a sound and well-reasoned judgment.

As my colleagues will recall, the record on this ship was nearly nonexistent when we initially considered the procurement authorization several months ago. It was first proposed by the Navy to the Secretary of Defense in November 1974 as one of several potential platforms for the new Aegis air defense weapon system. The Defense Department, however, concluded that alternatives to a nuclear strike cruiser—such as the U.S.S. *Long Beach* or the present *Virginia* class of nuclear powered cruisers—could easily accommodate the Aegis radar and should be further evaluated before any final decision was made. The Office of Management and Budget concurred with this decision.

Funding for the nuclear strike cruiser was, therefore, not included in this year's defense budget request.

Despite that absence of an authorization request, the House Armed Services Committee proceeded to include these funds as an add-on to the Navy authorization. The $60 million sum for the long-leadtime components of the nuclear plant was accepted by the House and included in the conference report.

My concern has been, however, that too many questions remain unanswered and even unconsidered by the Congress in authorizing this funding.

For instance, does the nuclear plant proposed by the Navy actually have the capability to power a vessel which will exceed the size of our DLGN-38 class cruisers by two to three thousand tons?

Do we want this particular vessel to be nuclear knowing that both construction and maintenance expenses will exceed those for a similar, conventionally powered cruiser?

Realizing that we may obtain three conventionally powered cruisers for every two that are nuclear and fully expectant of future constraints on defense spending, do we want to commit ourselves to the deployment of fewer, more expensive vessels?

Has the long-range utility of this cruiser been verified, or are we being asked to authorize construction of another nuclear vessel which, together with the armaments it is to carry, may well become obsolete before the construction program is completed?

Does our shipbuilding industry have the capability to produce the vessels on time, or will the actual delivery date equal or exceed the 22½ months by which specified contract completion dates are now, on average, being missed?

I do not have the answers to these questions, and I believe the conference committee's decision to delete the funding for the project this year indicates that neither do the Armed Services Committees.

The Congress, as a responsible and rightful partner in determining this Nation's defense policy, has the obligation to fully explore and answer these crucially important questions before giving its approval to the nuclear cruiser program.

I am confident that the Navy will be given a fair opportunity to present its case. I will certainly give it my careful consideration. But I believe that the Congress, in deleting the long-lead authorization for this fiscal year, has acted wisely. I again commend our conferees for complying with the Senate's insistence that it do so.

Mr. MANSFIELD. Does the Senator request the yeas and nays?

Mr. STENNIS. They have already been ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

Mr. STENNIS. I thought they had been.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Virginia (Mr. Harry F. Byrd, Jr.), the Senator from Idaho (Mr. Church), the Senator from Iowa (Mr. Clark), the Senator from California (Mr. Cranston), the Senator from New Hampshire (Mr. Durkin), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Indiana (Mr. Hartke), the Senator from Vermont (Mr. Leahy), the Senator from Louisiana (Mr. Long), the Senator from Arkansas (Mr. McClellan), the Senator from New Hampshire (Mr. McIntyre), the Senator from New Mexico (Mr. Montoya), the Senator from Alabama (Mr. Sparkman), the

Senator from Illinois (Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I also announce that the Senator from Michigan (Mr. HART) is absent because of illness.

On this vote, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is paired with the Senator from Iowa (Mr. CLARK). If present and voting, the Senator from Virginia would vote "yea" and the Senator from Iowa would vote "nay."

I further announce that, if present and voting, the Senator from Mississippi (Mr. EASTLAND) would vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nebraska (Mr. HRUSKA), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

I also announce that the Senator from Michigan (Mr. GRIFFIN) is absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

On this vote, the Senator from Arizona (Mr. GOLDWATER) is paired with the Senator from Oregon (Mr. HATFIELD). If present and voting, the Senator from Arizona would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 63, nays 7, as follows:

[Rollcall Vote No. 424 Leg.]

YEAS—63

Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Buckley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Hart, Gary W.
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Magnuson
Mathias
McClure
McGee
McGovern
Metcalf
Mondale
Morgan
Moss
Muskie
Nunn
Packwood
Pastore
Pearson
Pell
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevens
Stone
Symington
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—7

Abourezk
Biden
Culver
Haskell
Mansfield
Nelson
Proxmire

NOT VOTING—30

Bentsen
Brock
Brooke
Byrd, Harry F., Jr.
Case
Church
Clark
Cranston
Domenici
Durkin
Eastland
Goldwater
Gravel
Griffin
Hansen
Hart, Philip A.
Hartke
Hatfield
Hruska
Leahy
Long
McClellan
McIntyre
Montoya
Percy
Roth
Sparkman
Stevenson
Taft
Talmadge

So the conference report was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, may I announce that my colleague from Mississippi, who could not be present this afternoon, would have voted "aye" on this bill, and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) requested me to announce that he would have voted "aye," could he have been present.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The Senate will proceed to consider S. 2310, which the clerk will state by title.

The assistant legislative clerk read as follows:

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The Senator from Washington.

Mr. JACKSON. Mr. President, this request has been cleared on both sides.

ENERGY CONSERVATION AND OIL POLICY ACT OF 1975

Mr. JACKSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 622.

The PRESIDING OFFICER (Mr. GARN) laid before the Senate the amendment of the House of Representatives to the bill (S. 622) to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement United States obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery, as follows:

Strike out all after the enacting clause, and insert: That this Act may be cited as "Energy Conservation and Oil Policy Act of 1975".

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TITLE I—FINDINGS, PURPOSE, AND DEFINITIONS

FINDINGS

SEC. 101. The Congress hereby finds that—

(1) the United States needs adequate and available supplies of petroleum products and other energy supplies at the lowest possible cost to meet the present and future needs of commerce and national security;

(2) disruptions in the availability of imported energy supplies, particularly petroleum products, pose a serious risk to the national security, economic well-being, and health and welfare of the American people;

(3) the dependence of the United States upon insecure, high-priced foreign energy supplies must be lessened through governmental action designed to make the United States independent from such supplies;

(4) the United States needs adequate data including data of an independent nature from which to make judgments about energy policy so as to increase domestic energy supplies at the lowest reasonable and equitable cost to meet present and future energy needs of commerce and national security; and

(5) in order to have available adequate petroleum products and energy supplies at the lowest reasonable and equitable costs to meet present and future needs of commerce and national security, competition in the petroleum industry is to be encouraged.

STATEMENT OF PURPOSES

SEC. 102. The purposes of this Act are—

(1) to grant specific standby authority to the President, subject to congressional review, to impose rationing, to reduce demand for energy through the implementation of energy conservation plans and to fulfill obligations of the United States under the international energy program;

(2) to provide for the creation of a National Civilian Strategic Petroleum Reserve capable of reducing the impact of disruptions in oil imports;

(3) to increase the supply of fossil fuels in the United States, through price incentives and production requirements;

(4) to conserve energy supplies through an allocation program and the regulation of wasteful energy use;

(5) to provide incentives for improving energy efficiency of motor vehicles, major appliances, and other consumer products;

(6) to increase the use of domestic energy supplies other than petroleum products and natural gas through conversion to the use of coal; and

(7) to provide adequate data, including data of an independent nature, from which to make judgments about energy policy.

DEFINITIONS

SEC. 103. As used in this Act:

(1) The term "Administrator" means the Federal Energy Administrator.

(2) The term "congressional review" means the congressional approval or disapproval, as the case may be, in accordance with the procedures specified in section 751 or 752 of this Act.

(3) The term "person" includes any individual, corporation, company, association, firm, partnership, society, trust, joint venture, joint stock company, and the government and any agency of the United States or any State or political subdivision thereof.

(4) The term "petroleum product" means crude oil, natural gas liquids, residual fuel oil, or any refined petroleum product.

(5) The term "State" means a State, the District of Columbia, Puerto Rico, or any territory or possession of the United States.

(6) The term "United States" when used in the geographical sense means all of the States and the Outer Continental Shelf.

(7) The term "Outer Continental Shelf" has the same meaning as such term has under section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331).

(8) The term "international energy program" means the Agreement on an International Energy Program, signed by the United States on November 18, 1974, including (A) the annex entitled "Emergency Reserves", (B) any amendment to such Agreement which includes another nation as a party to such Agreement, and (C) any technical or clerical amendment to such Agreement.

(9) The term "severe energy supply interruption" means a national energy supply shortage which the President determines—

(A) is of significant scope and duration, and of an emergency nature;

(B) may cause major adverse impact on national safety or the national economy; and

(C) results from an interruption in the supply of imported petroleum products, or from sabotage or an act of God.

(10) The term "antitrust laws" includes—

(A) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890 (15 U.S.C. 1, et seq.);

(B) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12, et seq.);

(C) the Federal Trade Commission Act (15 U.S.C. 41, et seq.);

(D) sections 73 and 74 of the Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894 (15 U.S.C. 8 and 9); and

(E) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21A).

(11) The term "Federal land" means all federally owned lands and any land in which the United States has reserved mineral interests, except lands—

(A) held in trust for Indians,

(B) owned by Indians with Federal restrictions on the title,

(C) within any area of the National Park System, the National Wildlife Refuge System, the National Wilderness Preservation System, the National System of Trails, the Wild and Scenic Rivers System, or the National Forest System, or

(D) within military reservations.

TITLE II—STANDBY ENERGY AUTHORITIES AND NATIONAL CIVILIAN STRATEGIC PETROLEUM RESERVE

PART A–STANDBY ENERGY AUTHORITIES

Subpart 1—General Emergency Authorities

CONDITIONS OF EXERCISE OF ENERGY CONSERVATION AND GASOLINE RATIONING AUTHORITIES

SEC. 201. (a)(1) Within 180 days after the date of enactment of this Act, the President shall transmit to the Congress pursuant to subsection (b)(1) one or more energy conservation contingency plans under section 202 and a gasoline rationing contingency plan under section 203. The President may at any time submit additional contingency plans. A contingency plan may become effective only as provided in subsection (b), (c), or (d) and may remain in effect for a period of not more than 18 months.

(2) For purposes of this section, the term "contingency plan" means—

(A) an energy conservation contingency plan prescribed under section 202 of this Act; or

(B) a gasoline rationing contingency plan prescribed under section 203 of this Act.

(b) Except as otherwise provided in subsection (c) or (d), no contingency plan may become effective, unless—

(1) the President has transmitted to the Congress in accordance with section 752(a) of this Act such contingency plan, which transmittal shall include a written justification and substantiation for such plan;

(2) such contingency plan has been approved by a resolution by each House of Congress in accordance with the congressional review procedures specified in section 752 of this Act; and

(3) after approval of such contingency plan—

(A) the President—

(i) has found that putting such contingency plan into effect is required by a severe energy supply interruption, and

(ii) has transmitted to the Congress in accordance with section 751(b) of this Act a request to put such plan into effect; and

(B) neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the congressional review procedures specified in section 751 of this Act.

(c)(1) Notwithstanding subsection (b)(3), during any 7 percent shortfall period, the President may put into effect a contingency plan which has been approved under subsection (b)(2) to the extent he determines that putting such plan into effect is necessary to comply with obligations of the United States under the international energy program. Such a plan may not remain in effect after the expiration of the earlier of the 18-month period after it takes effect or the 7 percent shortfall period.

(2) For purposes of paragraph (1):

(A) The term "7 percent shortfall period" means a period beginning on any date which the President determines that there exists a 7 percent supply shortfall and ending 60 days after the date on which the President determines such 7 percent supply shortfall no longer exists.

(B) A 7 percent supply shortfall exists if the group of countries which are parties to the international energy program has, within the meaning of article 13 of such program, sustained (or can reasonably be expected to sustain) a reduction in its oil supplies at least equal to 7 percent of its average daily rate of final consumption during the base period.

(3) Any determination under paragraph (2)(A) shall be published in the Federal Register and transmitted to both Houses of Congress.

(d) During the period which begins not later than 90 days after the day of enactment of this Act, the President may put into effect a contingency plan for a period of not more than 60 days if—

(1) the President—

(A) has found that putting such contingency plan into effect is required by a severe energy supply interruption or is necessary to comply with obligations of the United States under the international energy program; and

(B) has transmitted to the Congress in accordance with section 751(b) of this Act a request to put such plan into effect; and

(2) neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the congressional review procedures specified in section 751 of this Act.

(e)(1) Except as provided in paragraph (2) or (3), a contingency plan may not be amended, unless the President has transmitted such amendment to the Congress for congressional review in accordance with section 752 of this Act and each House of Congress has approved such amendment in accordance with the congressional review procedures specified in section 752.

(2) An amendment to a contingency plan which is transmitted to the Congress during any period in which such plan is in effect may take effect if the President has transmitted such amendment to the Congress in accordance with section 751(b) of this Act and neither House of Congress has disapproved (or both Houses have approved) such amendment in accordance with the congressional review procedures specified in section 751 of this Act.

(3) The President may prescribe technical and clerical amendments to a contingency plan in accordance with section 701 of this Act.

ENERGY CONSERVATION CONTINGENCY PLANS

SEC. 202. (a)(1) The President shall prescribe, by rule, one or more energy conservation contingency plans. For purposes of this section, the term "energy conservation contingency plan" means a plan which imposes restrictions on the public or private use of energy which are necessary to reduce energy consumption.

(2) An energy conservation contingency plan prescribed under this section may not impose gasoline rationing or any tax, tariff, user fee, provide for a minimum price of (or change in any ceiling price for) any petroleum product, or provide for a credit or deduction in computing any tax.

(b) An energy conservation contingency plan shall apply in each State or political subdivision thereof, except such plan may provide for procedures for exempting any State or political subdivision thereof from such plan in cases where the President determines a comparable program of such State or political subdivision is in effect, or where the President finds special circumstances exist in such State or political subdivision.

(c) Subject to section 201 of this Act, an energy conservation contingency plan shall remain in effect for a period specified in such plan unless earlier rescinded by the President.

GASOLINE RATIONING CONTINGENCY PLAN

SEC. 203. (a) The President shall prescribe, by rule, a gasoline rationing contingency plan which shall be deemed a part of the regulation under section 4(a) of the Emergency Petroleum Allocation Act of 1973 and which shall provide, consistent with the attainment, to the maximum extent practicable, of the objectives specified in section 4(b) of such Act, for the establishment of a program for the rationing and ordering of priorities among classes of end-users of gasoline, and for the assignment of rights, and evidence of such rights, to end-users of gasoline, entitling such end-users to obtain gasoline in precedence to other classes of end-users not similarly entitled.

(b) Any finding required to be made by the President pursuant to section 201(b)(3)(A)(i), 201(c)(1), 201(d)(1)(A) of this Act in requestiing that a gasoline rationing contingency plan be put into effect shall be accompanied by, and no gasoline rationing contingency plan may take effect, unless the President makes a finding that, without such plan, all other practicable and authorized methods to limit energy demand will not attain the objectives specified in section 4(b) of such Act and the purpose of this Act.

(c) The President shall, by order, in furtherance of a gasoline rationing contingency plan which is in effect cause such adjustments in the allocations made pursuant to the regulation under section 4(a) of such Act as the President determines to be necessary to carry out the purposes of this section and consistent with the attainment of the objectives specified in section 4(b) of such Act and the purposes of this Act.

(d) The President shall provide for the use of local boards described in section 704 of this Act with authority to—

(1) receive petitions from any end-user of gasoline for which priorities and entitlements are established under a gasoline rationing contingency plan, and

(2) order a reclassification or modification of any determination made under a gasoline rationing contingency plan with respect to such end-user's rationing priority or entitlement.

Such boards shall operate under the procedures established pursuant to section 701 of this Act.

(e) No gasoline rationing contingency plan under this section may—

(1) impose any tax,

(2) provide for a credit or deduction in computing any tax, or

(3) impose any user fee, except to the extent necessary to defray the cost of administering the gasoline rationing contingency or to provide for initial distribution of entitlements.

Subpart 2—International Authorities

INTERNATIONAL OIL ALLOCATION

SEC. 211. (a)(1) No rule under subsection (b) may take effect unless—

(A) the President has transmitted such rule to Congress, in accordance with section 751 of this Act,

(B) neither House of Congress has disapproved (or both Houses have approved) such rule in accordance with the congressional review procedures specified in section 751 of this Act, and

(C) he has found that putting such rule into effect is necessary to carry out the international energy program.

(2) No rule under subsection (b) may be put into effect or remain in effect after the expiration of 18 months after the date such rule was transmitted to Congress under paragraph (1)(A).

(b) The President may, by rule, require such action as may be necessary for implementation of the obligations of the United States under chapters III and IV of the international energy program insofar as such obligations relate to the international allocation of petroleum products to other contries. Allocation under such rule shall be in such amounts and at such prices as are specified in (or determined in a manner prescribed by) such rule. Such rule may apply to any petroleum product owned or controlled by any person subject to the jurisdiction of the United States, including any petroleum product destined, directly or indirectly, for import into the United States or any foreign country, or produced in the United States. Subject to (a)(2), such a rule shall remain in effect until amended or rescinded by the President.

(c)(1) Any rule under this section shall, to the maximum extent practicable, be consistent with the attainment of the objectives specified in section 4(b) of the Emergency Petroleum Allocation Act of 1973.

(2) No officer or agency of the United States shall have any authority, other than authority under this section, to require that petroleum products be allocated to other countries for the purpose of implementation of the obligations of the United States under the international energy program.

INTERNATIONAL VOLUNTARY AGREEMENTS

SEC. 212. (a) The requirements of this section shall be the sole procedures applicable to—

(1) the development or carrying out of voluntary agreements to implement the allocation and information provisions of the international energy program, and

(2) the availability of immunity from the antitrust laws respecting the development or carrying out of such voluntary agreements.

(b) The Administrator, with the approval of the Attorney General, after each of them has consulted with the Federal Trade Commission and the Secretary of State, shall prescribe, by rule, standards and procedures by which persons engaged in the business of producing, refining, marketing, or distributing petroleum products may develop and carry out voluntary agreements which are required to implement the allocation and information provisions of the international energy program.

(c) The standards and procedures prescribed under subsection (b) shall include the following requirements:

(1) (A) (i) Except as provided in clause (ii) or (iii) of this subparagraph, meetings held to develop or carry out a voluntary agreement under this subsection shall permit attendance by interested persons, including all interested segments of the petroleum industry, consumers, committees of Congress, and the public; shall be preceded by timely and adequate notice with identification of the agenda of such meeting to the Attorney General, the Federal Trade Commission, committees of Congress, and (except during an international energy supply emergency) the public; and shall be initiated and chaired by a regular full-time Federal employee.

(ii) Meetings of bodies created by the International Energy Agency established by the international energy program need not be open to interested persons and need not be initiated and chaired by a regular full-time Federal employee.

(iii) The President, in consultation with the Administrator, the Secretary of State, and the Attorney General, may determine that a meeting held to develop or carry out an agreement shall not be open to the public and that attendance may be limited, if the President finds that a wider disclosure would be detrimental to the foreign policy interests of the United States. A meeting which is held to develop a voluntary agreement and which is not open to the public shall not be considered as a meeting "in a course of developing a voluntary agreement"; no action taken in such a meeting shall be considered to be a "voluntary agreement authorized and approved in accordance with this section" as such term is used in subsections (f) (1) (A) and (k) of this section; and subsections (f) and (k) shall not apply to such an agreement; unless the terms of such agreement are wholly disclosed in a meeting which is not closed to the public. The terms of any such agreement shall not be amplified, modified, or construed by reference to any action taken in such a closed meeting.

(B) No meetings may be held to develop or carry out a voluntary agreement under this section, unless a regular full-time Federal employee is present.

(2) Interested persons permitted to attend such a meeting shall be afforded an opportunity to present in writing and orally, data, views, and arguments at such meetings.

(3) A verbatim transcript (or if keeping a verbatim transcript is not feasible, full and complete minutes) shall be kept of any meeting held or communication made, between or among persons who are or may become parties to a voluntary agreement under this section, to develop or carry out such an agreement. Such minutes or transcript shall be deposited, together with any agreement resulting therefrom, with the Administrator, and shall be available to the Attorney General and the Federal Trade Commission. Such transcripts or minutes and agreements shall be available for public inspection and copying, except as otherwise provided (A) in sections 552 (b) (1), (b) (3), and so much of (b) (4) as relates to trade secrets, of title 5, United States Code, or (B) pursuant to a determination by the President, in consultation with the Secretary of State, the Administrator, and the Attorney General, that such disclosure would be detrimental to the foreign policy interests of the United States.

(4) No provision of this section may be exercised so as to prevent committees of Congress from attending meetings to which this section applies, or from having access to any trancripts, minutes, and agreements kept or made under this section.

(d) (1) The Attorney General and the Federal Trade Commission shall be afforded an opportunity to participate from the beginning in any meeting to develop or carry out any voluntary agreement under this section. Each may propose any alternative which would avoid or overcome, to the greatest extent practicable, possible anticompetitive effects while achieving substantially the purposes of this Act. A voluntary agreement under this section may not be carried out unless approved by the Attorney General, after consultation with the Federal Trade Commission. Prior to the expiration of the period determined under paragraph (2), the Federal Trade Commission shall transmit to the Attorney General its views as to whether such an agreement should be approved, and shall publish such views in the Federal Register. The Attorney General, in consultation with the Federal Trade Commission, the Secretary of State, and the Administrator, shall have the right to review, amend, modify, disapprove, or revoke, on his own motion or upon the request of the Federal Trade Commission or any interested person, any voluntary agreement at any time, and, if revoked, thereby withdrawn prospectively any immunity which may be conferred by subsection (f) or (k) of this section.

(2) Any voluntary agreement entered into pursuant to this section shall be submitted in writing to the Attorney General and the Federal Trade Commission 20 days before being implemented (where it shall be made available for public inspection and copying to the extent provided in the last sentence of subsection (c) (3)); except that during an international energy supply emergency, the Administrator, subject to approval of the Attorney General, may reduce such 20-day period. Any action taken pursuant to such voluntary agreement shall be reported to the Attorney General and the Federal Trade Commission pursuant to such regulations as shall be prescribed under subsections (e) (3) and (e) (4).

(e) (1) The Attorney General and the Federal Trade Commission shall monitor the development and carrying out of voluntary agreements authorized under this section in order to promote competition and to prevent anticompetitive practices and effects, while achieving substantially the purposes of this Act.

(2) In addition to any requirement specified under subsections (b) and (c) of this section and in order to carry out the purposes of this section, the Attorney General, in consultation with the Federal Trade Commission and the Administrator, shall promulgate rules concerning the maintenance of necessary and appropriate records related to the development and carrying out of voluntary agreements authorized pursuant to this section.

(3) Persons developing or carrying out voluntary agreements authorized pursuant to this section shall maintain those records required by rules under paragraph (2). The Attorney General and the Federal Trade Commission shall have access to and the right to copy such records at reasonable times and upon reasonable notice.

(4) The Attorney General and the Federal Trade Commission may each prescribe such rules as may be necessary or appropriate to carry out their respective responsibilities under this section. They may both utilize for such purposes and for purposes of enforcement any powers conferred upon the Federal Trade Commission or the Department of Justice, or both, by the antitrust laws or the Antitrust Civil Process Act; and wherever any such law refers to "the purposes of this Act" or like terms, the reference shall be understood to be this section.

(f) (1) There shall be avilable as a defense to any civil or criminal action brought under the antitrust laws (or any similar State law) with respect to any action taken in good faith to develop or carry out a voluntary agreement by a person engaged in the business of producing, refining, marketing, or distributing petroleum products that—

(A) such action was taken—

(i) in the course of developing a voluntary agreement pursuant to this section, or

(ii) to carry out a voluntary agreement authorized and approved in accordance with this section, and

(B) such person complied with the requirements of this section and the rules promulgated under this section.

(2) Except as provided in paragraph (3), a person availing himself of the defense specified in paragraph (1) shall have the burden of establishing and proving such defense.

(3) For purposes of paragraph (1), action taken by a person asserting the defense specified in paragraph (1) shall be considered taken in good faith unless the person against whom such defense is asserted proves—

(A) such action was taken by the person asserting such defense for the purpose of injuring competition, or

(B) the person asserting such defense knew, or reasonably should have known under the circumstances that—

(i) the action would have the effect of injuring competition, and

(ii) an alternative to such action was available which would be substantially less injurious to competition and which would be at least as effective in carrying out the purposes for which the voluntary agreement was entered into.

(g) No provision of this section shall be construed as granting immunity for, nor as limiting or in any way affecting any remedy action or proceeding arising from any legal action or proceeding arising from, any act or practice which occurred prior to the date of enactment of this Act or subsequent to its expiration or repeal.

(h) Upon the expiration of the 90-day period which begins on the date of enactment of this Act, the provisions of section 708 of the Defense Production Act of 1950 shall not apply to any agreement or action undertaken for the purpose of developing or carrying out (1) the international energy program, or (2) any allocation, price control, or similar program respecting petroleum products under this Act or under the Emergency Petroleum Allocation Act of 1973.

(i) The Federal Trade Commission shall submit to the Congress and to the President, at least once every 6 months, a report on the impact on competition and on small business of actions authorized by this section.

(j) (1) The authority granted by this section shall terminate June 30, 1979; except that such authority shall terminate on June 30, 1985, if, before July 1, 1979, the Attorney General prescribes rules which meet the requirements of paragraph (2) of this subsection.

(2) The Attorney General shall prescribe rules with respect to any voluntary agreement entered into pursuant to this section and in effect after June 30, 1979. Such rules shall—

(A) provide that any such voluntary agreement will be carried out by an organization of which any person subject to the jurisdiction of the United States who is engaged in the producing, refining, marketing, or distribution of petroleum products or who is a consumer of petroleum products may become a member,

(B) provide that each such member will have voting rights (weighted in accordance with such rules) and may participate in policymaking and in choosing representatives of the organization who will carry out any such voluntary agreement on behalf of the organization,

(C) assure that any person who will be eligible for membership has an adequate opportunity to participate in the development of any such agreement, and

(D) assure that competition is protected in developing and carrying out any such agreement.

(3) Effective July 1, 1979, the Attorney General shall disapprove any voluntary agreement under this section which does not

meet requirements of rules under this subsection.

(k) In any action in any Federal or State court for breach of contract, there shall be available as a defense that the alleged breach of contract was caused by action taken during an international energy supply emergency to carry out a voluntary agreement authorized and approved in accordance with this section.

(l) As used in this section and section 214:

(1) The term "international energy supply emergency" means any period (A) beginning on any date which the President determines allocation of petroleum products to nations participating in the international energy program is required by chapters III and IV of such program, and (B) ending on a date on which he determines such allocation is no longer required. Such a period may not exceed 90 days, but the President may establish one or more additional periods by making the determination under subparagraph (A) of the preceding sentence. Any determination respecting the beginning or end of any such period shall be published in the Federal Register.

(2) The term "allocation and information provisions of the international energy program" means the provisions of the international energy program which relate to international allocation of petroleum products and the information system provided in such program.

ADVISORY COMMITTEE

SEC. 213. (a) To achieve the purposes of the international energy program with respect to international allocation of petroleum products and the information system provided in such program, the Administrator may provide for the establishment of such advisory committees as he determines are necessary. In addition to the requirements specified in this section, such advisory committees shall be subject to the provisions of section 17 of the Federal Energy Administration Act of 1974 whether or not such Act or any of its provisions expire or terminate before June 30, 1985, and shall be chaired by a regular full-time Federal employee, and shall include representatives of the public. The meetings of such committees shall be open to the public. The Attorney General and the Federal Trade Commission shall have adequate advance notice of any meeting and may have an official representative attend and participate in any such meeting.

(b) A verbatim transcript shall be kept of such advisory committee meetings, and shall be deposited with the Attorney General and the Federal Trade Commission. Such transcript shall be made available for public inspection and copying; except as otherwise provided (1) in subsections (b)(1), (b)(3), and so much of (b)(4) as relates to trade secrets, of section 552 of title 5, United States Code, or (2) pursuant to a determination under subsection (c).

(c) The President after consultation with the Secretary of State, the Federal Trade Commission, the Attorney General, and the Administrator, may suspend the application of—

(1) sections 10 and 11 of the Federal Advisory Committee Act,

(2) subsections (b) and (c) of section 17 of the Federal Energy Administration Act of 1974,

(3) the requirement under subsection (a) of this section that meetings be open to the public, and

(4) the second sentence of subsection (b) of this section;

if the President determines in each instance that such suspension is essential to the developing or carrying out of the international energy program and relates solely to the purpose of international allocation of petroleum products and the information system provided in such program and that the application of such provisions would be detrimental to the foreign policy interests of the United States. Such determination by the President shall be in writing, shall set forth a detailed explanation of reasons justifying the granting of such suspension, and shall be published in the Federal Register at a reasonable time prior to the effective date of any such suspension.

EXCHANGE OF INFORMATION

SEC. 214. (a)(1) Except as provided in subsections (b) and (c), the Administrator, after consultation with the Attorney General, may provide to the Secretary of State, and the Secretary of State may transmit to the International Energy Agency established by the international energy program the information and data related to the energy industry certified by the Secretary of State as required to be submitted under the international energy program.

(2)(A) Except as provided in subparagraph (B) of this paragraph, any such information or data which is a trade secret or commercial or financial information to which section 552 (b)(4) of title 5, United States Code, applies shall, prior to such transmittal, be aggregated, accumulated, or otherwise reported, in such manner as to avoid, to the fullest extent feasible, identification of any person who submitted such information or data.

(B) Notwithstanding subparagraph (A) of this paragraph, during an international energy supply emergency (as defined in section 212(l)(1)), any such information or data with respect to the international allocation of petroleum products may be made available to the International Energy Agency if otherwise authorized to be made available to such Agency by paragraph (1) of this subsection.

(b) If the President determines that the transmittal of data or information pursuant to the authority of this section would prejudice competition, violate the antitrust laws, or be inconsistent with United States national security interests, he may require that such data or information not be transmitted.

(c) Information and data the confidentiality of which is protected by statute, shall not be provided by the Administrator to the Secretary of State under subsection (a) of this section for transmittal to the International Energy Agency, unless the Administrator has obtained the specific concurrence of the head of any department or agency which has the primary statutory authority for the collection, gathering, or obtaining of such information and data. In making a determination to concur in providing such information and data, the head of any department or agency which has the primary statutory authority for the collection, gathering, or obtaining of such information and data, shall consider the purposes for which such information and data was collected, gathered, and obtained, the confidentiality provisions of such statutory authority, and the international obligations of the United States under the international energy program with respect to the transmittal of such information and data to an international organization or foreign country.

(d) For the purposes of carrying out the obligations of the United States under the international energy program, the authority to collect data granted by sections 11 and 13 of the Energy Supply and Environmental Coordination Act and the Federal Energy Administration Act of 1974, respectively, shall continue in full force and effect without regard to the provisions of such Acts relating to their expiration.

(e) The authority under this section to transmit information shall be subject to any limitations on disclosure contained in other laws, except that such authority may be exercised without regard to—

(1) section 11(d) of the Energy Supply and Environmental Coordination Act of 1974;

(2) section 14(b) of the Federal Energy Administration Act of 1974;

(3) section 7 of the Export Administration Act of 1969;

(4) section 9 of title 13, United States Code;

(5) section 1 of the Act of January 27, 1938 (15 U.S.C. 176(a)); and

(6) section 1905 of title 18, United States Code.

Subpart 3—Materials allocation

MATERIALS ALLOCATION

SEC. 221. (a) During the period of any severe energy supply interruption, the President may, by rule or order, require the allocation of, or the performance under contracts or orders (other than contracts of employment) relating to, supplies of materials and equipment if he finds that such supplies are scarce, critical, and essential to maintain or further exploration, production, refining, transportation of energy supplies or for the construction and maintenance of energy facilities under such terms and conditions as he determines to be appropriate and necessary to carry out the purposes of this Act.

(b) Not later than 30 days after the date of enactment of this Act, the President shall report to the Congress with respect to the manner in which the authorities contained in subsection (a) will be administered. Such report shall specify the office or agency which will administer the authorities contained in subsection (a), the procedures for petitioning such office or agency, criteria for determining priorities among competing requests, and procedures with respect to appeals.

(c) The authority granted in this section may be used to control the general distribution of any supplies of materials and equipment in the marketplace only to the extent that maintenance or furtherance of exploration, production, refining, or required transportation of energy supplies or the construction or maintenance of energy facilities cannot practically be accomplished during the period of any severe energy supply interruption without exercising the authority specified in subsection (a) of this section.

PART B—NATIONAL CIVILIAN STRATEGIC PETROLEUM RESERVE

DECLARATION OF POLICY

SEC. 251. It is hereby declared to be the policy of the United States to provide for the creation of, subject to congressional review, a National Civilian Strategic Petroleum Reserve of not more than one billion barrels of petroleum products, such Reserve to be established for the purpose of reducing the impact of disruptions in imports of petroleum products. It is further declared to be the policy of the United States to provide for the creation, as part of such Reserve, of an Early Storage Reserve of not more than 150,000,000 barrels of petroleum products, such Early Storage Reserve to be established for the purpose of providing limited protection from the impact of near term disruptions of imports of petroleum products. The National Civilian Strategic Petroleum Reserve shall provide for meeting regional needs for residual fuel oil and refined petroleum products tion without exercising the authority specified in subsection (a) of this section.

DEFINITIONS

SEC. 252. As used in this part:

(1) The term "interests in land" includes fee ownership, easements, leaseholds, subsurface and mineral rights.

(2) The term "storage facility" means any facility which is capable of storing significant amounts of petroleum products.

(3) The term "related facility" means any necessary appurtenance to a storage facility, including pipelines, roadways, reservoirs, and salt brine lines.

(4) The term "Plan" means the National Civilian Strategic Petroleum Reserve Plan

described in section 253(b), the Early Storage Reserve Plan described in section 254(b), and any proposal described in section 255(b).

(5) The term "National Civilian Strategic Petroleum Reserve" means petroleum products stored in storage facilities pursuant to this part and includes the Industrial Civilian Petroleum Reserve and the Early Storage Reserve.

(6) The term "Industrial Civilian Strategic Petroleum Reserve" means that portion of the National Civilian Strategic Petroleum Reserve which consists of petroleum products owned by importers or refiners and acquired, stored, or maintained pursuant to section 255(e)(7).

(7) The term "Early Storage Reserve" means that portion of the National Civilian Strategic Petroleum Reserve which consists of petroleum products stored pursuant to section 254.

(8) The term "Reserve" means the Nation Civilian Strategic Petroleum Reserve.

NATIONAL CIVILIAN STRATEGIC PETROLEUM RESERVE AND NATIONAL CIVILIAN STRATEGIC PETROLEUM RESERVE PLAN

SEC. 253. (a) Provision is hereby made for the creation of a National Civilian Strategic Petroleum Reserve.

(b) Within one year after the date of enactment of this Act, the President shall prepare and transmit to the Congress, in accordance with section 751(b) of this Act, a National Civilian Strategic Petroleum Reserve Plan which details his proposals for designing, constructing, and filling the storage and related facilities of the Reserve. The Plan shall include the following:

(1) a comprehensive environmental assessment;

(2) the type and proposed location of each storage facility;

(3) the proximity of each storage facility to related facilities;

(4) the volumes and types of petroleum products to be stored in each storage facility;

(5) the aggregate size of the Reserve and the most economically efficient storage levels;

(6) a program schedule for the development of the Reserve, taking into account the capability to construct related facilities and obtain sufficient petroleum products to complete programed storage in the desired time frame;

(7) an estimate of the direct cost of the Reserve, including:

(A) the cost of storage facilities;

(B) cost of petroleum products to be stored;

(C) cost of related facilities; and

(D) maintenance and operation costs;

(8) an evaluation of the market impact of developing the Reserve, taking into account:

(A) availability and price of oilfield supplies and equipment and the effect upon domestic production of acquisition of such supplies for the Reserve;

(B) fluctuations in world market prices for petroleum products resulting from the acquisition of petroleum products for the Reserve;

(C) the extent to which acquisition of petroleum products for the Reserve may hold up otherwise declining market prices; and

(D) the extent to which acquisition of petroleum products for the Reserve will affect competition;

(9) identification of the ownership of storage and related facilities, by facility;

(10) identification of the ownership of the stored petroleum products; and

(11) a Disposal Plan setting forth the method of drawdown and distribution of the Reserve.

(c) After the expiration of the one-year period which begins on the date of submission of the Plan to the Congress pursuant to subsection (b), the President shall prepare and transmit to the Congress an annual report summarizing all actions taken under the authority of this part, analyzing their impact, and evaluating their effectiveness in implementing the Plan.

EARLY STORAGE RESERVE

SEC. 254. (a) Provision is hereby made for the creation of an Early Storage Reserve.

(b) Within 60 days after the date of enactment of this Act, the President shall prepare and transmit to the Congress, in accordance with section 751(b) of this Act, an Early Storage Reserve Plan which details his proposals for the immediate storage of up to 150,000,000 barrels of petroleum products.

(c) To the maximum extent practicable, the Early Storage Reserve Plan shall indicate the manner by which Early Storage Reserve facilities will be incorporated into the National Civilian Strategic Petroleum Reserve and include information regarding the Early Storage Reserve similar in nature to the information required by section 253(b) to be included in the National Civilian Strategic Petroleum Reserve Plan, including an Early Storage Reserve Disposal Plan.

CONGRESSIONAL REVIEW AND IMPLEMENTATION OF THE NATIONAL CIVILIAN STRATEGIC PETROLEUM RESERVE PLAN

SEC. 255. (a) The National Civilian Strategic Petroleum Reserve Plan and the Early Storage Reserve Plan may not take effect unless—

(1) the President has transmitted each such Plan to the Congress in accordance with section 751(b) of this Act, and

(2) neither House of Congress has disapproved (or both Houses have approved) such Plan in accordance with the congressional review procedures specified in section 751 of this Act.

(b) Prior to transmission of the National Civilian Strategic Petroleum Reserve Plan to the Congress, the President may prepare and transmit to the Congress any proposals for designing, constructing, and filling the storage and related facilities of the Reserve. Such proposals shall be accompanied by a statement explaining the need for action on such proposals prior to completion of the National Civilian Strategic Petroleum Reserve Plan, the anticipated role of the proposed storage or related facilities in such Plan and, so far as practicable, the elements required by section 253(b) to be included in such Plan.

(c) The President may prepare and transmit to the Congress amendments to the National Civilian Strategic Petroleum Reserve Plan or the Early Storage Reserve Plan. Any such amendment shall be accompanied by a statement explaining the need for such amendment to the Plan and, so far as practicable, the elements required by section 253(b) to be included in the Plan.

(d) No proposals transmitted to the Congress under subsection (b) and no amendment to the Plan transmitted to the Congress under subsection (c) may take effect, unless the President has transmitted such proposal or amendment to the Congress in accordance with section 751 of this Act and neither House of Congress has disapproved (or both Houses of Congress have approved) such proposal or amendment in accordance with the congressional review procedures specified in section 751 of this Act.

(e) To implement the Plan, or any amendment thereto, which has taken effect pursuant to the procedures specified in section 751 of this Act, the President may:

(1) promulgate rules, regulations, or orders necessary or appropriate to implement the provisions of the Plan;

(2) acquire by purchase, lease, or otherwise (except by condemnation) land or interests in land for the location of storage and related facilities;

(3) construct, purchase, lease, or otherwise acquire (except by condemnation) storage and related facilities;

(4) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this part;

(5) acquire petroleum products for the Reserve and the Early Storage Reserve, subject to the limitations of section 259;

(6) execute any contracts necessary to carry out the provisions of the Plan;

(7) create an Industrial Civilian Strategic Petroleum Reserve as part of the National Civilian Strategic Petroleum Reserve by requiring any person engaged in the importation or refining of petroleum products to acquire, store, or maintain reserves of petroleum products under such terms as the President deems necessary;

(8) require that the Industrial Civilian Strategic Petroleum Reserve portion of the National Civilian Strategic Petroleum Reserve be stored pursuant to such reasonable terms as the President may specify in storage facilities owned and controlled by the United States or in storage facilities owned by others if such facilities are subject to audit by the United States;

(9) require the replenishment of the Industrial Civilian Strategic Petroleum Reserve; and

(10) replenish the National Civilian Strategic Petroleum Reserve.

AUTHORIZATION AND REVIEW OF EXTRAORDINARY MEASURES TO IMPLEMENT THE PLAN

SEC. 256. (a) Authority may be exercised under this section only if the President has transmitted to the Congress in accordance with section 751(b) of this Act a request to exercise such authority; except that such authority may not be exercised if both Houses of Congress have disapproved such request in accordance with the congressional view procedures specified in section 751 of this Act.

(b) To implement the Plan, or any amendment thereto, which has taken effect pursuant to the procedures specified in section 751 of this Act, the President may:

(1) acquire, by condemnation, land or interests in land for the location of storage or related facilities;

(2) acquire, by condemnation, storage or related facilities;

(3) require that performance by any person under contracts or orders (other than contracts of employment) which the President finds necessary or appropriate to implement the Plan shall take priority over performance by such person of any other contract or order, and, for the purpose of assuring such priority, require any person to accept and perform such contracts or orders in preference to other contracts or orders;

(4) allocate materials and facilities in such manner, upon such conditions and to such extent as he shall deem necessary or appropriate to achieve the implementation of the Plan; and

(5) cause proceedings, whenever he finds it necessary to implement the Plan, to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real or personal property, temporary use thereof, or other interests, which he finds necessary to achieve the objectives of this part.

In any condemnation proceeding instituted pursuant to this subsection, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payments shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purpose of this part prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

(c) The actions authorized by this section shall not be undertaken by the President unless—

(1) (A) with respect to actions authorized by subsections (b) (1), (b) (2), and (b) (5), an effort has been made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would have involved, in the judgment of the President, such delay in acquiring the property as to be contrary to the national interest and would have unreasonably interfered with implementation of the Plan;

(B) with respect to actions authorized by subsection (b) (3), an effort to obtain preferential acceptance or performance of contracts or orders on a voluntary basis has been made and failed, and the President finds that failure to obtain preferential acceptance or performance of such contracts or orders would result in delay in, and unreasonable interference with, implementation of the Plan;

(C) with respect to actions authorized by subsection (b) (4), the President finds that essential materials or facilities are in short supply and that allocation of such materials or facilities is essential to avoidance of delay in, and unreasonable interference with, implementation of the Plan; and

(2) the President has accompanied the request to exercise such authority required by subsection (a) with a statement setting forth:

(A) the basis for the need to exercise such authority;

(B) a description—

(i) of the interests in the real or personal property or storage or related facility to be acquired by condemnation;

(ii) of the contract or order, the acceptance or performance of which is to be required on a preferential basis; or

(iii) the material or facility to be allocated.

PURCHASE OF PETROLEUM PRODUCTS FOR STORAGE IN THE RESERVE

SEC. 257. The President shall acquire the petroleum products for the Reserve and the Early Storage Reserve consistent, to the greatest extent practicable, with the following objectives:

(1) minimization of the cost of the Reserve;

(2) orderly development of Naval Petroleum Reserves as may be authorized by law;

(3) minimization of vulnerability to an interruption of petroleum products imports;

(4) minimization of the impact of such acquisition upon supply levels and market forces of petroleum products; and

(5) encouragement of competition in the petroleum industry.

DISPOSAL OF THE RESERVE

SEC. 258. (a) Subject to the provisions of this section, the President may drawdown and distribute the Reserve.

(b) Except as provided in subsection (c), no drawdown and distribution of the Reserve may be made except in accordance with the Disposal Plan transmitted to the Congress pursuant to section 253(b) of this Act.

(c) Prior to transmission of the Disposal Plan to the Congress pursuant to section 253(b) of this Act, drawdown and distribution of the Early Storage Reserve may be made in accordance with the Early Storage Disposal Plan included in the Early Storage Reserve Plan pursuant to section 254(c) and transmitted to the Congress pursuant to section 254(b) of this Act.

(d) The Disposal Plan and the Early Storage Disposal Plan may not be implemented and no drawdown and distribution of the Reserve or the Early Storage Reserve in accordance with the Disposal Plan or the Early Storage Disposal Plan, as the case may be, may be made unless—

(1) the President has found that implementation of the Disposal Plan or the Early Storage Disposal Plan and drawdown and distribution of the Reserve is required by a severe energy supply interruption or by the international energy program;

(2) the President has transmitted such finding and a proposal to drawn down and distribute the Reserve or the Early Storage Reserve to the Congress in accordance with section 751(b) of this Act; and

(3) neither House of Congress has disapproved (or both Houses of Congress have approved) such proposal to drawn down and distribute the Reserve or the Early Storage Reserve in accordance with the congressional review procedurals specified in section 751 of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 259. There are authorized to be appropriated:

(1) $10,000,000 for the purpose of carrying out the provisions of sections 253(b), 254(b), and 255(b) of this Act;

(2) $260,000,000 in fiscal year 1976, $650,000,000 in fiscal year 1977, and $1,040,000,000 in fiscal year 1978, for the purchase of petroleum products for storage in the Early Storage Reserve;

(3) $250,000,000 in fiscal year 1976, $10,000,000 in fiscal year 1977, and $10,000,000 in fiscal year 1978, to implement the Early Storage Reserve Plan except with respect to the purchase of petroleum products for storage; and

(4) $200,000,000 in fiscal year 1976, $400,000,000 in fiscal year 1977, and $500,000,000 in fiscal year 1978, to implement the National Civilian Strategic Petroleum Reserve Plan and proposals transmitted to the Congress pursuant to section 255(b) of this Act except with respect to the purchase of petroleum products for storage.

COORDINATION WITH IMPORT QUOTA SYSTEM

SEC. 260. No quantitative restriction as may be imposed by law on imports of petroleum products into the United States shall apply with respect to any quantity of petroleum products imported into the United States during any calendar year for storage in the Reserve or the Early Storage Reserve.

TITLE III—OIL PRICING POLICY AND MEASURES TO MAXIMIZE AVAILABILITY OF ENERGY SUPPLIES

OIL PRICING POLICY

SEC. 301. (a) The Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new section:

"CRUDE OIL PRICE REGULATION

"SEC. 8. (a) For the purposes of this section:

"(1) The term 'crude oil' means a mixture of hydrocarbons that existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities, and lease condensate which is a natural gas liquid recovered in associated production by lease separators.

"(2) The term 'domestic crude oil' means crude oil produced in the United States.

"(3) The term 'producer' means a person who produces crude oil or any person who owns crude oil when it is produced.

"(4) The term 'property' means the right to produce domestic crude oil which arises from a lease or from a fee interest.

"(5) The term 'base period control volume' means—

"(A) the total number of barrels of domestic crude oil produced and sold from a property in the months of May through December 1972; divided by—

"(B) the number of months in which domestic crude oil was produced and sold during the months of May through December 1972 (excluding any month in which there occurred any shutdown in production from the property).

"(6) The term 'stripper well lease' means a property whose average daily production of domestic crude oil and production condensates, including natural gas liquids, per well did not exceed 10 barrels per day during the preceding calendar year.

"(7) The term 'tertiary recovery techniques' means techniques which employ fluid, heat, or inert gas injection methods including miscible fluid displacement, microemulsion flooding, in situ combustion, cyclic steam injection, steam flooding, carbon dioxide injection, polymer flooding, caustic injection, and other chemical flooding designed to produce production in excess of that attributable to natural or artificially induced water or natural gas displacement.

"(8) The term 'inflation adjustment factor' means an amount which equals—

"(A) in the case of subsection (c) (2) and subsection (c) (3) (A)—

"(i) during the 45-month period commencing with the first month after the date of enactment of this section, zero; and

"(ii) after such 45-month period, (I) in the case of subsection (c) (2), two-thirds of 1 percent (rounded to the nearest whole cent) of the ceiling price established by subsection (c) (2) (without addition of an inflation adjustment factor), compounded, for each month occurring after such 45-month period, up to and including the current month of crude producton; and (II) in the case of subsection (c) (3) (A), two-thirds of 1 percent (rounded to the nearest whole cent), of the ceiling price established by subsection (c) (3) (A) (without addition of an inflation adjustment factor), compounded, for each month occurring after such 45-month period, up to and including the current month of crude production.

"(B) in the case of subsections (c) (3) (B), (c) (3) (C), and (c) (4)—

"(i) during the 88-month period commencing with the first full month after the date of enactment of this section, zero; and

"(ii) after such 88-month period, two-thirds of 1 percent (rounded to the nearest whole cent), of the respective ceiling price established pursuant to subsection (c) (3) (B) or (c) (3) (C), or subsection (c) (4) (without addition of an inflation adjustment factor), compounded, for each month occurring after such 88-month period up to and including the current month of production.

"(9) The field price on a particular date for a particular grade of crude oil in a field is the highest posted price at 6 o'clock antemeridian, local time, on such date for such grade of crude oil at such field; or if there was no such posted price for such grade of crude oil at that field, the related price for such grade of crude oil which is most similar in kind and quality at the nearest field for which prices were posted at such time and date.

"(b) No produced may charge a price which is higher than the ceiling price established under subsection (c) for the first sale of domestic crude oil.

"(c) The ceiling price for the first sale of a particular grade of domestic crude oil shall be—

"(1) except as provided in paragraph (4) in the case of sales from a property (other than sales from a stripper well lease) in a month in volume amounts equal to or less than the base period control volume, the sum of (A) the field price on May 15, 1973; and (B) a maximum of $1.35 per barrel;

"(2) except as provided in paragraph (4), in the case of sales from a property (other than sales from a stripper well lease), from which domestic crude oil was produced and sold in one or more of the months of May through December 1972, in a month in volume amounts greater than the base period control volume, the sum of (A) the field price on May 15, 1973; and (B) $3.60 per barrel, plus an inflation adjustment factor;

"(3) commencing with the third full month after the date of enactment of this section, in the case of sales from any stripper well lease or in the case of sales of domestic crude oil to which paragraph (1), (2), or (4) does not apply—

"(A) except as provided in subparagraphs (B) and (C), the lesser of—

"(i) $7.50 per barrel, plus an inflation adjustment factor; or

"(ii) the sum of—

"(I) the field price on January 31, 1975 (excluding any field price applicable to 'old crude petroleum' under section 212.73 of title 10 of the Code of Federal Regulations, as in effect on January 31, 1975), less $3.82 per barrel; plus

"(II) an inflation adjustment factor;

"(B) in the case of such sales from a property (i) located above the Arctic Circle or (ii) located in the Outer Continental Shelf, such higher price as the President may, upon his own motion or upon petition, establish for such property, by rule, based upon a determination that such higher price is reasonable and justified by disparities in the kind and quality of crude oil produced or the cost of production (including costs associated with enhanced recovery techniques) from such property, but in no case may such price exceed an average of $10.00 per barrel plus an inflation adjustment factor for sales from such properties; and

"(C) in the case of such sales from a property classified by the President, on a property-by-property basis, as a 'high cost property', such higher price as the President may, by rule, establish for such property based upon a determination that such higher price is reasonable and justified in relation to the costs of production from such property, the geological formations involved, the depth of the well, and the types of recovery techniques involved, but in no case may such price exceed an average of $10.00 per barrel, plus an inflation adjustment factor, for sales from such properties. The classification of a property as a 'high cost property' for purposes of this subparagraph, shall be made pursuant to procedures which shall be incorporated in a rule promulgated by the President which takes effect in accordance with the congressional review provisions specified in section 751 of the Energy Conservation and Oil Policy Act of 1975.

"(4) in the case of such sales from a property which the President, upon petition certifies on a property-by property basis,

"(A) as having made bona fide application of tertiary recovery techniques, and

"(B) that such application has or will significantly enhance production from such property; such higher price as the President may, by rule, establish for such property, based upon a determination that such higher price is reasonable and justified in relation to the increased costs associated with such recovery techniques and taking into consideration any enhanced recovery which has or will result from such techniques, but in no case may such higher price exceed an average of $10.00 per barrel, plus an inflation adjustment factor, for sales from such properties.

"(d) If the President determines that the ceiling price amount specified in subsection (c)(1) should be modified, he shall publish notice of such determination in the Federal Register and afford interested persons an opportunity to present written and oral data, views, and arguments with respect to such modification. The modifications shall become effective—

"(1) if the President transmits to the Congress a proposal to modify such amount in accordance with section 751(b) of the Energy Conservation and Oil Policy Act of 1975, accompanied by his findings with respect to the following matters:

"(A) the need for the proposed modification;

"(B) the prices of imported and domestic crude oil, residual fuel oil, and refined petroleum products, and other fuels and forms of energy which are in fact anticipated to result from such modification;

"(C) the impact of such modification upon domestic production and consumption of crude oil, residual fuel oil, and refined petroleum products, and other fuels and forms of energy;

"(D) the impact of such modification and of the resulting prices of crude oil, residual fuel oil, and refined petroleum products, and other fuels and forms of energy upon living costs, employment and unemployment, and real incomes; and differential economic impacts among regions, socioeconomic groups, and industrial sectors of the United States;

"(E) the impact of such modification on competition in the petroleum industry; and

"(F) the anticipated effects, with respect to the considerations in subparagraphs (C) and (D) of this paragraph, of reasonable alternatives to such modification; and

"(2) if neither House disapproves (or both Houses approve) such proposal in accordance with the congressional review procedures specified in section 751 of such Act.

"(e) Notwithstanding section 4(e)(2) of this Act and section 405 of the Act entitled 'An Act to amend section 28 of the Mineral Leasing Act of 1920, and to authorize a trans-Alaska oil pipeline, and for other purposes', approved November 16, 1973 (Public Law 93–153), the ceiling price for any first sale of domestic crude oil shall be as specified in subsection (c) of this section, as such ceiling price may be modified pursuant to subsection (d).".

(b) Section 5(a) of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following:

"(3) A violation of section 8(b) of this Act shall be treated as if it were a violation of the regulation promulgated under section 4(a) of this Act.".

(c) The amendments made by this section shall take effect on the first day of the first full month following the date of enactment of this Act.

MARGINAL WELL RECOVERY PRICING POLICY

SEC. 302. (a) In the interest of promoting maximum recovery and eliminating waste, there is hereby created a category of domestic crude oil denominated as "marginal well production", and, for purposes of section 8 of this Act, oil produced from these wells shall be treated as high cost property production under section 8(c)(3)(C).

(b) For purpose of this section, the term "marginal well" shall mean any oil well which is incapable of producing its maximum capacity of oil except by pumping, gas lift, or other means of artificial lift, and which well so equipped is capable, under normal unrestricted operating conditions, of producing such daily quantities of oil as herein set out, as would be damaged, or result in a loss of production ultimately recoverable, or cause the premature abandonment of same, if its maximum daily production were artificially curtailed. The following described wells shall be deemed "marginal wells":

(1) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity for production often ten barrels or less, averaged over the preceding thirty consecutive days, producing from a depth of two thousand (2,000) feet or less.

(2) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity for production of twenty barrels or less, averaged over the preceding thirty consecutive days producing from a horizon deeper than two thousand (2,000) feet and less in depth than four thousand (4,000) feet.

(3) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity for production of twenty-five barrels or less, averaged over the preceding thirty consecutive days, producing from a horizon deeper than four thousand (4,000) feet and less in depth than six thousand (6,000) feet.

(4) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity for production of thirty barrels or less, averaged over the preceding thirty consecutive days, producing from a horizon deeper than six thousand (6,000) feet and less in depth than eight thousand (8,000) feet.

(5) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity for production of thirty-five barrels or less, averaged over the preceding thirty consecutive days, producing from a horizon deeper than eight thousand (8,000) feet.

The words, "gas lift", when used in this section shall mean gas lift by the use of gas not in solution with oil produced.

LIMITATIONS ON PRICING AUTHORITY

SEC. 303. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"LIMITATIONS ON PRICING AUTHORITY

"SEC. 9. (a) The President shall have no authority, by amendment to the regulation under section 4(a), by order under this Act, or by rule, order, or any other means under any authority, to prescribe minimum prices for crude oil (or any classification thereof), residual fuel oil, or any refined petroleum product.

"(b) The President shall, by amendment to the regulation under section 4(a) of this Act, provide that the specification of (or manner for determining) prices of residual fuel oil and each refined petroleum product which is refined and sold, or distributed in commerce, by a refiner during any month, after the month during which the date of enactment of this section occurs, whose refinery facilities are located in the United States, shall reflect—

"(1) in the case of a refiner engaged in business during calendar year 1972, the proportionate distribution of costs to such oil and each such product as was customarily maintained by such refiner for comparable months in such year, or

"(2) in the case of a refiner which was not engaged in business in 1972, the direct proportionate distribution of costs to such oil and each such product,

except that, the President may, by order, permit any refiner to deviate from such proportionate distribution of costs if the President finds that the methods of operation of such refiner justify such deviation and further finds that to permit such deviation would be consistent with the attainment of the objectives in section 4(b) and would not result in inequitable prices for a class of user of such a product or residual fuel oil which is refined and sold, or distributed in commerce, by any such refiner."

PRODUCTION OF OIL OR GAS AT THE MAXIMUM EFFICIENT RATE AND TEMPORARY EMERGENCY PRODUCTION RATE

SEC. 304. (a) Except as provided in subsection (e), the President may, by rule or order, require crude oil or natural gas, or both, to be produced from fields designated by him at the maximum efficient rate of production, or, during a severe energy supply interruption, at the temporary emergency production rate determined for such field.

(b)(1) The Secretary of the Interior, by rule on the record after an opportunity for a hearing, shall determine the maximum efficient rate of production and, if any, the temporary emergency production rate, for each field on Federal lands.

(2) Each State or the appropriate agency thereof shall determine the maximum efficient rate of production and, if any, the temporary emergency production rate, for each field (other than a field on Federal land) within such State.

(3) If, at the end of the 180-day period which begins on the date of enactment of this Act, a State or the appropriate agency thereof has not determined the maximum efficient rate of production for any field (other than a field on Federal land) within such State, the Administrator may, by rule on the record after opportunity for a hearing, specify such maximum efficient rate of production for any such field.

(c)(1) The authority under subsection (a) to require production from any field at such field's temporary emergency production rate may be exercised only during a severe energy supply interruption.

(2) If loss of ultimate recovery of crude oil or natural gas, or both, occurs or will occur as the result of an order to produce at the temporary emergency production rate, such loss shall be deemed a taking by condemnation, and the owner of any property right diminished by such taking may bring an action in the United States Court of Claims to recover just compensation.

(d) For purposes of this section—

(1) The term "maximum efficient rate of production" means the maximum rate of production of crude oil or natural gas, or both, which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering and economic principles.

(2) The term "temporary emergency production rate" means the maximum rate of production for a field—

(A) which rate is above the maximum efficient rate of production established for such field; and

(B) which may be maintained for a temporary period of less than 90 days without reservoir damage and without significant loss of ultimate recovery of crude oil or natural gas, or both, from such field.

(e) Nothing in this section shall be construed to authorize the production from any naval petroleum reserve subject to the provisions of chapter 641 of title 10, United States Code.

FEDERAL OIL, GAS, AND COAL LEASING ARRANGEMENTS

SEC. 305. (a) Notwithstanding any other provision of law (other than the National Environmental Policy Act of 1969, the Federal Water Pollution Control Act, the Clean Air Act, the Refuse Act of 1899, the Fish and Wildlife Coordination Act, section 4(f) of the Department of Transportation Act, and other laws and regulations concerning health and safety of persons) no agreement related to mineral rights on Federal lands which agreement grants a right of development of crude oil, natural gas, or coal on such lands may be entered into between the United States and any person, unless such agreement includes:

(1) a requirement that the person granted such right shall promptly prepare and submit to the Administrator and to the Secretary of the Interior, for the Secretary's approval, a plan for the diligent exploration and development of crude oil, natural gas, or coal which plan shall include a timetable, and be designed to provide, for the exploration and development of such lands as fully and as soon as is practicable under the circumstances;

(2) a requirement that the person granted such right shall promptly inform the Administrator and the Secretary in writing upon the discovery of any coal deposit or crude oil or natural gas reservoir on any such lands, which notice shall include an estimate of the amounts of such crude oil, natural gas, or coal discovered;

(3) a requirement that, within 90 days after the date of the discovery of any coal deposit or crude oil or natural gas reservoir on any such lands or after the date of the granting of such right of development (whichever is later), the person granted such right shall submit to the Administrator and the Secretary, for the Secretary's approval, a production plan, which plan shall include a timetable, and be designed for obtaining maximum production of such deposit or reservoir as soon as practicable under the circumstances but, except as may be provided in subsection (b), in no case may such timetable provide for the commencement of production and sale from such deposit or such reservoir at a date which is later than two years after the date of the discovery of the deposit or reservoir or the date of the granting of such right of development (whichever is later); and

(4) terms which provide for the termination by the Secretary of any such agreement and the forfeiture of rights thereunder if the person granted such right—

(A) fails to comply with any provisions of the agreement described in paragraphs (1), (2), and (3);

(B) fails to obtain the approval of the Secretary of any plan required by the provisions of the agreement described in paragraphs (1) and (3);

(C) fails to implement or carry out any approved plan, required by the provisions of the agreement described in paragraph (1) or (3);

(D) fails to adhere to the timetable contained in any such plan, except as may be permitted under subsection (b).

(b) Any person granted such right of development may petition the Administrator for permission to depart from the timetable contained in any approved plan, required by the provisions of the agreement described in subsection (a)(1) or (a)(3). The Administrator may, notwithstanding such approval and, after notice, and affording interested persons an opportunity for the submission of written comments and oral presentation of data, views and arguments, permit such departure if he finds that there is reasonable excuse for failing to conduct exploratory and development activities, or that the amounts of crude oil, natural gas, or coal discovered or developed are not sufficient to be commercially producible, or that other valid reasons (not including marketing demand prorationing) exist which justify a failure to obtain production, on such lands in accordance with such timetables. Pursuant to any permission to depart from such a timetable, the Administrator may permit a delay in actions necessary to obtain commencement of production and sale of crude oil, natural gas, or coal within 2 years after the date of the issuance of the agreement or the discovery of such deposit or reservoir (whichever is later). If the Administrator permits any such delay, he shall, unless he finds reasonable justification to excuse such persons from his obligation to obtain production from such deposit or reservoir, require such person (1) to submit a revised timetable designed to obtain maximum production as promptly thereafter as is practicable under the circumstances and (2) to submit monthly reports on production activities.

(c) The Secretary shall, by order after notice and opportunity for hearing, compel the termination of any such agreement and the forfeiture of rights to develop crude oil, natural gas, or coal on Federal lands, granted under such agreement if the Secretary finds on the record of such hearing that (1) such person has failed to comply with terms of the agreement described in subsection (a); and (2) such failure is not solely the result of a departure from a timetable required to be included in an approved plan, which departure has been permitted by the Administrator pursuant to subsection (b) of this section.

(d) In any proceeding in which rights to develop crude oil, natural gas, or coal on Federal lands are to be granted with respect to Federal lands for which rights to develop crude oil, natural gas, or coal were terminated under subsection (c), no person (whether for himself or as a participant in any joint venture) whose rights to develop crude oil, natural gas, or coal on such Federal lands have been terminated under subsection (c) of this section and no other person controlling, controlled by, or under common control with, such person, shall be eligible to receive either from the United States or any agency thereof, by assignment or otherwise, any rights to develop crude oil, natural gas, or coal on such Federal lands.

(e) The requirements of this section shall not be applicable with respect to any agreement, pertaining to crude oil, natural gas, or coal development on Federal lands, entered into prior to the date of enactment of this Act. Any such agreement shall be renegotiated at the earliest date to include the provisions described in subsection (a), unless the Secretary finds that the requirements of such provisions are not necessary under the circumstances or that such renegotiation would jeopardize existing Federal interests under the agreement.

(f) For purposes of this section:

(1) The term "Agreement" includes any renegotiated agreement except as provided in subsection (e).

(2) The term "Secretary" means the Secretary of the Interior.

(3) Any sale of crude oil, natural gas or coal from Federal lands with respect to which an agreement subject to the provisions of this section is in effect shall be deemed a sale in interstate commerce.

(4) The requirements of subsection (a)(3) shall not apply and nothing in this section shall be construed to compel the production from any Naval Petroleum Reserve subject to chapter 641 of title 10, United States Code.

LIMITATIONS OF EXPORT

SEC. 306. Any oil or gas produced from the Outer Continental Shelf except such oil or gas which is either exchanged in similar quantity for convenience or increased efficiency of transportation with persons or the government of a foreign state, or which is temporarily exported for convenience or increased efficiency of transportation across parts of an adjacent foreign state and reenters the United States, shall be subject to all of the limitations and licensing requirements of the Export Administration Act of 1969 (Act of December 30, 1969; 83 Stat. 841) and, in addition, before any oil or gas subject to this section may be exported under the limitations and licensing requirements and penalty and enforcement provisions of the Export Administration Act of 1969 the President must make and publish an express finding that such exports will not increase reliance on imported oil or gas and are in the national interest and are in accord with the provisions of the Export Administration Act of 1969: *Provided*, That the President shall submit reports to the Congress containing findings made under this section, and after the date of receipt of such report Congress shall have a period of sixty calendar days, thirty days of which Congress must have been in session, to consider whether exports under the terms of this section are in the national interest. If the Congress within this time period passes a concurrent resolution of disapproval stating disagreement with the

President's finding concerning the national interest, further exports made pursuant to the aforementioned Presidential findings shall cease.

DOMESTIC USE OF ENERGY-RELATED MATERIALS AND EQUIPMENT

Sec. 307. (a) The President may, by rule or order, restrict exports of supplies of materials or equipment which he determines to be necessary to maintain for further exploration, production, refining, or transportation of energy supplies or for the construction or maintenance of energy facilities within the United States, under such terms and conditions as he determines to be appropriate and necessary to carry out the purposes of this Act.

(b) In order to implement any rule or order promulgated under subsection (a) of this section, the President may request and, if so, the Secretary of Commerce shall, pursuant to the procedures established by the Export Administration Act of 1969 (but without regard to the phrase "and to reduce the serious inflationary impact of foreign demand" in section 3(2)(A) of such Act), impose such restrictions as specified in any rule or order under subsection (a) on exports of supplies of materials and equipment which the President determines to be necessary to maintain or further exploration, production, refining, or transportation of energy supplies or for the construction or maintenance of energy facilities within the United States, as the President determines to be appropriate and necessary to carry out the purposes of this Act.

DOMESTIC USE OF ENERGY SUPPLIES

Sec. 308. Section 4(d) of the Emergency Petroleum Allocation Act of 1973 is amended to read as follows:

"(d)(1) The President shall, by amendment to the regulation under subsection (a) of this section, by order, or pursuant to paragraph (2), prevent the export of coal, natural gas, crude oil, residual fuel oil, any refined petroleum product, and any petrochemical feedstock as he determines may be necessary and practicable to attain the objectives specified in subsection (b) of this section.

"(2) In order to implement any amendment to the regulation or any order under paragraph (1) of this subsection, the President may request and, if so, the Secretary of Commerce shall, pursuant to the procedures established by the Export Administration Act of 1969 (but without regard to the phrase 'and to reduce the serious inflationary impact of foreign demand' in section 3(2)(A) of such Act), impose such restrictions as specified in any such amendment to the regulation under subsection (b) or order on exports of coal, natural gas, crude oil, residual fuel oil, any refined petroleum product, and any petrochemical feedstocks as the President determines necessary to carry out the purposes of this Act.

"(3) Any amendment to the regulation, or any order, under paragraph (1) of this subsection and actions by the Secretary of Commerce pursuant to paragraph (2) of this subsection shall take into account the historical trading relations of the United States with Canada and Mexico.".

ENTITLEMENTS

Sec. 309. (a) Section 4 of the Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following:

"(g) Any provision of the regulation promulgated under subsection (a) of this section—

"(1) which requires the purchase of entitlements, or the payment of money through any other similar cash transfer arrangement, the purpose of which is to reduce disparities in the crude oil acquisition costs of domestic refiners, and

"(2) which is based upon the number of barrels of crude oil input of any such refiner,

shall not apply to the first 50,000 barrels per day of input of any refiner whose total refining capacity (including the refining capacity of any person who controls, is controlled by, or is under common control with such refiner) did not exceed on January 1, 1975, and does not thereafter exceed 100,000 barrels per day. The preceding sentence shall not affect any provisions of the regulation under subsection (a) of this section with respect to the receipt by any small refiner as defined in section 3(4) of payments for entitlements or any other similar cash transfer arrangement."

(b) Subsection (a) of this section shall apply with respect to payments due on or after the last day of the month during which the date of enactment of this Act occurs.

RECYCLED OIL

Sec. 310. (a) The purposes of this section are—

(1) to promote the use of recycled oil;

(2) to encourage the recycling of used oil;

(3) to reduce consumption of new oil by promoting increased utilization of recycled oil; and

(4) to reduce environmental hazards and wasteful practices associated with the disposal of used oil.

(b) As used in this section:

(1) The term "used oil" means any oil which has been used and as a result of such use has been contaminated by any physical or chemical impurities.

(2) The term "recycled oil" means used oil, from which any physical and chemical contaminants acquired through use have been removed by re-refining or other processing, or any blend of oil, consisting of such re-refined or otherwise processed used oil and new oil or additives, which re-refined or otherwise processed used oil or blend containing such oil has been determined, pursuant to the rule promulgated under subsection (c)(1), to be substantially equivalent to new oil intended for the same purpose.

(3) The term "new oil" means any oil which has been refined from crude oil and may not contain additives, and has not been used. Such term does not include used oil or recycled oil.

(4) The term "lubricating oil" means any oil, regardless of origin, which—

(A) is suitable for use as a lubricant, and

(B) is sold for use as a lubricant.

(5) The term "hydraulic oil" means any oil which is used primarily to transmit power or pressure, but which may also be used for other purposes.

(6) The term "cutting oil" means any oil which is used primarily in cutting, milling and machining operations (including forging, drawing, rolling, shearing, punching, and stamping), but which may also be used for other purposes.

(7) The term "automotive oil" means any oil, including lubricating oil and hydraulic oil, which is used in automobiles, trucks, buses, motorcycles, and other vehicles which travel on roads and highways.

(c) Within 180 days after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall, by rule, promulgate:

(1) Performance standards, specifications and testing procedures to facilitate comparison of re-refined or otherwise processed used oil with new oil for the purpose of determining whether such re-refined or otherwise processed used oil is substantially equivalent to new oil intended for the same purpose.

(2) Labeling standards applicable to containers of recycled oil in order to carry out the purposes of this section. Such standards shall permit the container of any re-refined or otherwise processed used oil, which has been determined, pursuant to the rule promulgated under subsection (c)(1), to be substantially equivalent to new oil intended for the same purpose, to bear a label indicating the intended purpose of the contents and the fact of the determination pursuant to the rule promulgated under subsection (c)(1), of substantial equivalency of the contents with new oil intended for the same purpose.

(3) Labeling standards, applicable to containers of automotive, lubricating, hydraulic and cutting oils relating to the proper disposal of such oils after use, which standards shall be designed to reduce environmental hazards and wasteful practices associated with the disposal of used oil.

(d) Beginning on the effective date of the standards required to be promulgated pursuant to subsection (c)(2), no regulation or order of the Federal Trade Commission and no law, regulation, or order of any State or political subdivision thereof may remain in effect if such law, regulation, or order requires that containers, or re-refined or otherwise processed used oil which has been determined pursuant to the rule promulgated under subsection (c)(1), to be substantially equivalent to new oil intended for the same purpose, which containers bear a label in accordance with the terms of the rule promulgated pursuant to subsection (c)(2), bear any label with respect to the comparative characteristics of such recycled oil with new oil intended for the same purpose. Specifically, no regulation or order of the Federal Trade Commission may require any container of recycled oil which bears a label in accordance with the terms of the rule promulgated pursuant to subsection (c)(2) to also bear a label containing the words "used oil".

(e) All Federal officials shall act within their authority to encourage the use of recyled oil, including—

(1) procuring recycled oils for use as automotive, lubricating, hydraulic, and cutting oils for military and nonmilitary Federal uses whenever such recycled oils are available at prices competitive with those of new oil used for the same purposes;

(2) educating persons employed by Federal and State governments and private sectors of the economy as to the merits of recycled oil, and the need for its use in order to reduce the drain on the Nation's oil reserves and educating such persons as to appropriate means of disposal of used oil to avoid waste of such oils and to minimize environmental hazards; and

(3) assisting in and encouraging the development of performance standards, specifications and systematic and economical testing procedures to facilitate the comparison of recycled oil and other oils with new oil.

(f) Within 18 months after the date of enactment of this Act, the General Services Administration, the Department of Defense, and other Federal agencies shall revise their procurement regulations and specifications to promote the use of recycled oil, encourage the production of recycled oil by the re-refining or other processing of used oil, and reduce consumption of new oil by promoting increased utilization of recycled oil

TITLE IV—ENERGY CONSERVATION MEASURES

PART A—ALLOCATION ACT AMENDMENTS AND OTHER ENERGY CONSERVATION MEASURES

RESTRUCTURING OF ALLOCATION ACT

Sec. 401. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"REEVALUATION OF SECTION 4(A) REGULATION

"Sec. 10. (a) Not later than 30 days after the date of enactment of this section, the President shall give appropriate notice and afford interested persons an opportunity to submit written comments and make an oral presentation of data, views, and arguments respecting the appropriateness and efficacy of, or the continuing need for, any of the provisions of the regulation promulgated under section 4(a) as related to the attainment of the objectives specified in subsection (b) of section 4. A transcript shall be kept of any such oral presentation of data, views, and argument.

"(b) Not later than 90 days after the date of enactment of this section, the President shall, after consideration of such written comment and oral presentations and such other information as may be available to him, propose such amendments to the regulation promulgated under section 4(a) as he determines are necessary or appropriate to modify or eliminate provisions which are inconsistent with the objectives specified in section 4(b) or no longer necessary to the attainment of such objectives.

"(c) Except as provided in section 11, any amendment to the regulation referred to in subsection (b) shall take effect under the terms of such amendment."

CONVERSION TO STANDBY AUTHORITIES

SEC. 402. The Emergency Petroleum Allocation Act of 1973 is amended by striking out section 4(g) of such Act (as in effect prior to the effective date of this Act) and by adding at the end of such Act, as amended by this Act, the following new section:

"CONVERSION MECHANISM TO STANDBY AUTHORITY

"SEC. 11. (a) Except as provided in subsection (b) of this section, the President may amend the regulation under section 4 (a) if he determines that such amendment is consistent with the attainment, to the maximum extent practicable, of the objectives specified in section 4(b) and that the regulations, as amended, provides for the attainment, to the maximum extent practicable, of such objectives.

"(b)(1) An amendment which proposes to exempt crude oil, residual fuel oil, or any refined petroleum product from the provisions of the regulation under section 4(a) as such provisions pertain to either (A) the allocation of amounts of any such oil or product, or (B) the specification of price or the manner for determining price of any such oil or product may take effect only pursuant to the provisions of this subsection. For the purposes of this section, any amendment which proposes to exempt a product or oil from the regulation as it applies to an entire market level shall constitute a proposed exemption of such oil or product which may take effect only pursuant to the provisions of this section. The term 'market level' refers to the production, refinery, wholesale distribution, and retailing levels.

"(2) The President shall transmit (A) any such amendment to the Congress in accordance with the procedures specified in section 751 of the Energy Conservation and Oil Policy Act of 1975 and any such amendment shall be accompanied by a specific statement of the President's rationale for such amendment, and (B) the matter described in subsection (c) of this section. Such an amendment may apply only to one oil or one product with respect to either allocation or price and may provide for scheduled or phased implementation.

"(3) No such amendment may become effective, unless neither House of Congress has disapproved (or both Houses of Congress have approved) such amendment in accordance with the procedures specified in section 751 of the Energy Conservation and Oil Policy Act of 1975.

"(c)(1) The President shall support any proposed amendment to the regulation under subsection (a) which is transmitted to the Congress under subsection (b) of this section with a finding that such amendment is consistent with the attainment of the objectives specified in subsection 4(b) and in the case of—

"(A) any proposed exemption of an oil or product pursuant to subsection (b)(1)(A), with a finding that such oil or product is no longer in short supply and that exempting such oil or product will not have an adverse impact on the supply of any other oil or product subject to this Act, and

"(B) any proposed exemption of an oil or product described in subsection (b)(1) (B), with a finding that competition and market forces are adequate to protect consumers from price gouging and to assure that prices of such oil or product will be just and reasonable.

"(2) Any amendment which the President transmits to the Congress under subsection (b) of this section shall be accompanied—

"(A) by a statement of the President's views as to the potential economic impacts (if any) of such amendment which, where practicable, shall include his views as to—

"(i) the State and regional impacts of such amendment (including effects on governmental units),

"(ii) the effects of such amendment on the availability of consumer goods and services; the gross national product; competition; small business; and the supply and availability of energy resources for use as fuel or as feedstock for industry; and

"(iii)the effects on employment and consumer prices; and

"(B) in the case of an amendment described in subsection (b)(1)(B) of this section, by an analysis of the effects of such amendment on the rate of unemployment for the United States, and the Consumer Price Index for the United States.

"(3) Nothing in this section shall permit the President to amend the regulation to exempt any first sale of domestic crude oil from the provisions of section 8 of this Act.

"(d) In any judicial review of an amendment required to be submitted under subsection (b) or of the regulation under section 4(a), as amended by such amendment, the reviewing court may not hold unlawful or set aside any such amendment or the regulation, as amended by such amendment, solely on the basis that a ground for holding unlawful or setting aside agency action specified in subparagraph (A), (D), or (E) of section 706(2) of title 5, United States Code, appiles with respect to one or more of the findings or views required to be made by the President under this section and submitted to the Congress pursuant to subsection (c).

"(e) With respect to any oil or product which is exempted pursuant to subsection (b), the President shall have authority at any time thereafter to prescribe a regulation or issue an order respecting either the allocation of amounts, or the specification of price or the manner for determining the price, of any such oil or product upon a determination by him that such regulation or order is necessary to attain, and is consistent with, the objectives specified in section 4(b). Any such oil or product for which allocation or price controls are reimposed under authority of this subsection may subsequently be exempted without regard to the provisions of subsection (b) of this section."

DEFINITIONS IN ALLOCATION ACT

SEC. 403. Section 3 of the Emergency Petroleum Allocation Act of 1973 is amended—

(1) by inserting before the period at the end of paragraph (7) of such section "and the Outer Continental Shelf"; and

(2) by adding at the end of such section the following:

"(8) The term 'Outer Continental Shelf' has the same meaning as such term has under section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331).

"(9) The term 'motor gasoline' means a mixture of volatile hydrocarbons, suitable for operation of an internal combustion engine, whose major components are hydrocarbons with boiling points ranging from 140° to 390° F and whose source is distillation of petroleum and cracking, polymerization, and other chemical reactions by which the naturally occurring petroleum hydrocarbons are converted to those that have superior fuel properties.

"(10) The term 'including' means including but not limited to."

AMENDMENT TO SECTION 4 OF THE ALLOCATION ACT

SEC. 404. Section 4(b)(1)(A) of the Emergency Petroleum Allocation Act of 1973 is amended to read as follows:

"(A) protection of public health (including the production of pharmaceuticals), safety, and welfare (including maintenance of residential heating, such as individual homes, apartments and similar occupied dwelling units), and the national defense;".

MANDATORY GASOLINE ALLOCATION SAVING PROGRAM

SEC. 405. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"MANDATORY GASOLINE ALLOCATION SAVING PROGRAM

"SEC. 12. (a)(1) Not later than 45 days after the first day of the first month which begins after the date of enactment of this section, the President shall amend the regulation under section 4(a) of this Act, and prescribe any orders as are authorized under other sections of this Act as he determines are necessary and appropriate, to prevent any increase in the consumption of motor gasoline above the base volume during the entirety of the three-year period which begins on the first day of the fourth month which begins after the date of enactment of this section, and, except as provided in paragraph (2), shall by such additional amendments or orders as he determines are necessary or appropriate, cause a percentage reduction of 2 per centum in the base volume for the entirety of such period.

"(2) The President need not require the 2 per centum reduction specified in paragraph (1) if he finds that such reduction would prevent the attainment of the objectives specified in section 4(b) of this Act and submits to the Congress such findings, together with a supporting analysis of the factors upon which such finding is based. In any such case, the President shall achieve as much of such reduction as he determines would be consistent with the attainment of such objectives.

"(3) In addition to the reductions specified in paragraphs (1) and (2), the President may by additional amendment or order require—

"(A) a percentage reduction of an additional per centum in the base volume during the one-year period which begins one year after the first day of the fourth month which begins after the date of enactment of this section, if the President finds that such reduction can be accomplished consistent with the objectives specified in section 4(b) of this Act; and

"(B) in addition to the reductions specified in paragraphs (1) and (2) and subparagraph (A) of this paragraph, a percentage reduction of an additional per centum in the base volume in the one-year period which begins two years after the first day of the fourth month which begins after the date of enactment of this section, if the President finds that such reduction can be accomplished consistent with the objectives specified in section 4(b) of this Act.

"(4) In exercising his authority under this subsection, the President may adjust the base volume above or below the daily average demand for motor gasoline as specified in paragraph (8)(B) to take into account the historical patterns of seasonal disparities in consumption of motor gasoline, as long as such adjustments do not result in an increase in the base volume above the amounts specified in paragraphs (1) (taking into account any modification of such amounts pursuant to paragraph (2)) and (3) over the entirety of the three-year period or one-year period, as the case may be, as specified in such paragraphs.

"(5) To the maximum extent practicable, the amendment or orders prescribed under this subsection shall take into account—

"(A) the historical pattern of regional disparities in consumption of motor gasoline;

"(B) regional population growth or decline as may have occurred since 1972 and as may occur during the period in which any amendment or order under this subsection is in effect; and

"(C) regional differences in the availability of public transit facilities.

"(6) To the maximum extent practicable, the amendment or orders prescribed under this subsection shall assure that any reductions required or permitted under this subsection shall be accompanied by per barrel equivalent reductions in total volume in imports of crude oil and refined petroleum products.

"(7) The amendment and orders specified in paragraph (1) shall take effect no later than the first day of the fourth month which begins after the date of enactment of this section.

"(8) For purposes of this section:

"(A) The term 'percentage reduction' means a reduction in the volume of motor gasoline produced or sold for purposes of resale in any year as measured against the base volume.

"(B) The term 'base volume' means the daily average demand for motor gasoline in the United States, calculated on the basis of the amount of motor gasoline demands for a twelve-month period using historical daily average demand figures for months of either calendar year 1973 or calendar year 1974, whichever is higher, as compiled by the Federal Energy Administration or the Bureau of Mines, whichever is higher.

"(b) The President shall take such action under the authority of this Act, the Trade Expansion Act of 1962, or other law vested in him to disallow, or impose volumetric limitations on, the importation of motor gasoline to such extent or in such amounts as may be necessary to assure the attainment of the goals specified in subsection (a).

"(c)(1) The President shall have authority under this Act to make such amendments to the regulation under section 4(a) and issue such orders respecting the allocation of amounts of crude oil, residual fuel oil or any refined petroleum product as are necessary or appropriate to the attainment of the goals specified in subsection (a) of this section.

"(2) In prescribing any amendment under paragraph (1), or any order under paragraph (1), the President shall, to the maximum extent practicable, seek an accommodation and harmonization of the goals specified in subsection (a) of this section with those objectives specified in section 4(b) of this Act."

RETAIL DISTRIBUTION CONTROL MEASURES

SEC. 406. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"RETAIL DISTRIBUTION CONTROL MEASURES

"SEC. 13. (a) The President shall by rule promulgate standards and procedures by which persons engaged in the retailing of motor gasoline may develop and carry out voluntary agreements respecting the hours of operation of retail establishments, or other aspects of retail operations as the President determines are necessary and appropriate to minimize motorists' inconvenience in purchasing motor gasoline during the period within which the mandatory gasoline allocation savings program under section 12 is in effect. Voluntary agreements developed under this section by persons engaged in the retailing of motor gasoline shall include provisions for the designation of retail establishments with assigned hours of operations as may be appropriate to provide a reasonable opportunity to purchase available supplies of motor gasoline during evening hours on weekend days and holidays.

"(b) The standards and procedures under subsection (a) shall include the following:

"(1) A written copy of any voluntary agreement under this section shall be submitted to the Attorney General and the Federal Trade Commission and be available for public inspection.

"(2) Meetings held to develop or carry out a voluntary agreement under this section shall permit attendance by interested persons and shall be preceded by timely notice to the Attorney General, the Federal Trade Commission, and to the public in the affected community.

"(3) Interested persons shall be afforded an opportunity to present, in writing, and orally, data, views, and arguments at such meetings.

"(4) A written summary of the proceedings of any such meeting together with copies of any written data, views, and arguments presented by interested persons shall be submitted to the Attorney General and the Federal Trade Commission and be available for public inspection.

"(c) The Federal Trade Commission may exempt types or classes of meetings, conferences, or communications from the requirements of subsection (b) where such types or classes of meetings, conferences, or communications are determined to be ministerial to carrying out of any such agreement. Such meeting, conference, or communication may take place and be ordered in accordance with such requirement as the Federal Trade Commission may prescribe, by rule, as consistent with the purposes of this section.

"(d)(1) There shall be available as a defense to any civil or criminal action brought under the antitrust laws as defined in section 6(c)(2) of this Act (or any similar State law) in respect of actions taken in good faith to develop or carry out a voluntary agreement by a person engaged in the business of the retailing of motor gasoline that—

"(A) such action was taken—

"(i) in the course of developing a voluntary agreement pursuant to this section, or

"(ii) to carry out a voluntary agreement authorized and approved in accordance with this section, and

"(B) such person complied with the requirements of this section and the rules promulgated hereunder.

"(2) Except as provided in paragraph (3), a person availing himself of a defense under this subsection shall have the burden of establishing and proving such defense.

"(3) For purposes of paragraph (1), action taken by a person asserting a defense under this section shall be considered taken in good faith unless the person against whom the defense is asserted proves—

"(A) such action was taken by the person asserting the defense for the purpose of injuring competition, or

"(B) the person asserting the defense knew, or reasonably should have known under the circumstances that—

"(i) the action would have the effect of injuring competition, and

"(ii) an alternative to such action was available which would be substantially less injurious to competition and which would be at least as effective in carrying out the purposes for which the voluntary agreement was entered into.

"(4) No provision of this section shall be construed as granting immunity for, nor as limiting or in any way affecting any remedy or penalty which may result from any legal action or proceeding arising from, any acts or practice which occurred prior to the date of enactment of this section or subsequent to its expiration or repeal.

"(5) In any action in any Federal or State court for breach of contract there shall be available as a defense that the alleged breach of contract was caused by action taken in accordance with a voluntary agreement authorized under the provisions of this section.

"(e) Any voluntary agreement entered into pursuant to subsections (a) and (b) of this section shall be submitted in writing to the Attorney General and the Federal Trade Commission twenty days before being implemented. Such agreement shall be available for public inspection in accordance with the provisions of section 552 of title 5, United States Code. The Attorney General or the Federal Trade Commission, at any time, on motion or upon the request of any interested person, may modify, amend, disapprove, or revoke any such voluntary agreement and, if revoked, thereby withdraw prospectively the immunity conferred by subsection (d) of this section.

"(f)(1) This section shall apply in lieu of section 6(c) respecting any voluntary agreement respecting retailing of motor gasoline under the mandatory gasoline allocation savings program.

"(2) The provisions of section 708 of the Defense Production Act of 1950 shall not apply to any agreement or action undertaken for the purpose of developing or carrying out any voluntary agreement respecting retailing of motor gasoline."

DIRECT CONTROLS ON REFINERY OPERATIONS

SEC. 407. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"DIRECT CONTROLS ON REFINERY OPERATIONS

"SEC. 14. The President may, by amendment to the regulation under section 4(a) of this Act or by order, as may be consistent with the attainment of the objectives specified in section 4(b) of this Act, require adjustments in the processing operations of any refinery in the United States with respect to the proportions of residual fuel oil or any refined petroleum product produced through such operations if he determines such adjustments are necessary to assure the production of residual fuel oil or any refined petroleum product in such proportions necessary to attain the objectives specified in section 4(b), or section 12 relating to the mandatory gasoline allocation savings program."

INVENTORY CONTROLS

SEC. 408. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"INVENTORY CONTROLS

"SEC. 15. The President may, by amendment to the regulation under section 4(a) of this Act or order, as may be consistent with the attainment of the objectives specified in section 4(b), require adjustments in the amounts of crude oil, residual fuel oil or any refined petroleum product which are held in inventory by persons who are engaged in the business of importing, producing, refining, marketing, or distributing such oils or products. Such authority may be exercised to require either (1) a distribution from such inventories at specified rates of distribution or to specified levels, or (2) the accumulation of inventories at specified rates of accumulation or to specified levels, as the President determines may be necessary to the attainment of the objectives of section 4(b), the objectives specified in section 12 (relating to the mandatory gasoline allocation savings program) or as may be necessary to carry out the obligations of the United States under the international energy program, as defined in section 103(8) of the Energy Conservation and Oil Policy Act of 1975. The authority to require an accumulation of inventories may be employed to compel the maintenance of inventories in excess of such person's normal business or operating requirements; except that such amounts shall not exceed the amount of oil or product, as the case may be, such person would use or distribute during any 90-day period under normal conditions and in no case may the requirement to accumulate inventories be applied to any person in a manner which would necessitate such person making physical additions to storage facilities in order to comply with any such rule or order."

HOARDING PROHIBITIONS

SEC. 409. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"HOARDING PROHIBITIONS

"SEC. 16. Except as may be required, by regulation under section 4(a) of this Act or order, of persons engaged in the business of producing, refining, distributing, or marketing crude oil, residual fuel oil, or any refined petroleum product pursuant to section 15, it shall constitute a violation of the regulation under section 4(a) for any person during a severe energy supply interruption, as defined in section 103(9) of the Energy Conservation and Oil Policy Act of 1975 to accumulate amounts of such oils or products in inventories or otherwise which are in excess of such person's reasonable needs."

SUPPLEMENTAL AUTHORITIES TO ASSURE REASONABLENESS OF PETROLEUM PRICES

SEC. 410. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"SUPPLEMENTAL AUTHORITIES TO ASSURE REASONABLENESS OF PETROLEUM PRICES

"SEC. 17. (a) It is the purpose of this section to insure the free flow of oil in foreign and interstate commerce at the lowest possible price.

"(b) For the purpose of this section:

"(1) The term 'qualified buyer' means a citizen of the United States, a domestic corporation, a domestic agricultural cooperative, a domestic partnership or other unincorporated business organization, or any department agency, or other instrumentality of the United States or of any State or political subdivision thereof.

"(2) The term 'responsible offeror' means any company, sovereign State, or person acting on its own or on behalf of others who has been found by the President, in accordance with such rules as he may prescribe, to be capable of performing in accordance with the terms of such person's offer.

"(c)(1) The President may, at any time after the expiration of the 180-day period which begins on the date of enactment of this section, act as the exclusive agent of the United States in—

"(A) purchasing crude oil, residual fuel oil and refined petroleum products produced or refined outside the United States for importation into the United States; and

"(B) purchasing crude oil produced outside the United States for sale to refiners outside the United States pursuant to subsection (f)(2)(B) of this section.

"(2) Any crude oil, residual fuel oil and refined petroleum product purchased by the United States pursuant to paragraph (1) of this subsection shall be sold to qualified buyers free on board the point of purchase. The President shall not have authority under this section to engage in the business of producing, transporting, or refining crude oil, residual fuel oil or refined petroleum products.

"(3) The President shall endeavor to buy and sell without profit or loss, except that the President may—

"(A) sell crude oil, residual fuel oil or any refined petroleum product at a price above or below the cost of such oil or product if, in the judgment of the President, such sales may result in progress toward a lower price for oil sold in international commerce; and

"(B) as he determines may be necessary to carry out the purposes of this section periodically establish posted prices which shall apply to all sales and outstanding contracts for sale of crude oil, residual fuel oil and refined petroleum products made pursuant to the authorization of this section according to the particular gravities, qualities, grades, varieties, and locations of such oils and products.

"(d) The President shall, for any period in which he exercises the authority under subsection (c) of this section prohibit, by amendment to the regulation under section 4(a) or order, the importation into the United States by any person of crude oil, residual fuel oil or any refined petroleum product unless such crude oil, residual fuel oil or refined petroleum product has been purchased from the United States or manufactured from crude oil purchased from the United States under the provisions of this section or amendments to the regulation under section 4(a) promulgated pursuant thereto.

"(e)(1) Persons qualifying as responsible offerors wishing to sell crude oil, residual fuel oil or any refined petroleum product to the United States pursuant to the authorization of this section shall submit sealed offers of sale to the President in accordance with such rules as the President prescribes governing such offers.

"(2) All such sealed offers submitted to the President shall be in United States dollar amounts and shall show price, specifications, volume, terms of delivery and schedule of delivery. The President shall accept those offers the terms of which are most favorable to the United States. The President shall have the power to negotiate with the offerors for terms more favorable to the United States. No contract, the duration of which is more than 2 years, may be accepted under the authority of this section.

"(3) The terms of any offer, or of any contract or agreement entered into by the President to purchase crude oil, residual fuel oil, or any refined petroleum product shall be kept secret by the President and any officers, or employees of the United States. The requirement of this subsection shall not prevent or interfere with access to such data by the General Accounting Office in the performance of its responsibilities under subsection (i). Such terms may, however, be made public five years after the termination of the transaction to which such terms apply, except that the identities of particular offerors and contracting parties shall not be disclosed.

"(f)(1) Prior to implementation of the authority of subsections (c) and (d) the President shall, by amendment, to the regulation under section 4(a), prescribe a system, consistent with the objectives specified in section 4(b) of this Act, by which sales of crude oil, residual fuel oil, and refined petroleum products purchased by the United States pursuant to this section shall be made to qualified buyers.

"(2)(A) Except to the extent that he may be required to do so under the international energy program, as defined in section 103(8) of the Energy Conservation and Oil Policy Act of 1975, or as provided in this subsection, the President shall not sell crude oil, residual fuel oil or any refined petroleum product purchased by the United States under the authority of this section other than for importation into the United States.

"(B) The President may sell crude oil to qualified buyers intending to refine it outside the United States for future importation into the United States in the form of residual fuel oil or refined petroleum products, if the following conditions are met:

"(i) the refinery in which the crude oil is to be run is owned by a qualified buyer;

"(ii) the qualified buyer has contracted with the President to export to the United States all refined petroleum products manufactured by it from crude oil sold to it by the United States; and

"(iii) the President has taken care, pursuant to subsection (f)(4)(B) of this section, to insure the maximum utilization of petroleum refining facilities located within the United States.

"(3) Any regulation promulgated under the authority of this subsection shall be promulgated pursuant to section 553 of title 5, United States Code.

"(4) Any regulation promulgated under authority of this subsection shall, to the maximum extent practicable—

"(A) preserve and encourage an economically sound and competitive domestic petroleum industry including the priority needs of independent and small refiners;

"(B) provide for the allocation of suitable types, grades and quality of crude oil to refineries to insure the maximum utilization of existing petroleum refining facilities located within the United States;

"(C) provide for the equitable distribution of crude oil, residual fuel oil, and refined petroleum products at equitable prices among all regions and areas of the United States and sectors of the petroleum industry including independent and small refineries;

"(D) minimize economic distortion, inflexibility, and unnecessary interference with market mechanisms; and

"(E) assure adequate supplies of crude oil to new and expanded domestic refinery capacity as may be constructed or expanded by small or independent refiners.

"(g) To implement the authorities of this section, the President may—

"(1) make, promulgate, issue, rescind, and amend rules governing the manner of operation and the exercise of powers vested in him by this section;

"(2) appoint and fix compensation of such officers and employees as may be necessary to carry out such authorities;

"(3) contract, in such amounts as may be approved in Appropriations Acts, for the purchase of crude oil, residual fuel oil, and refined petroleum products from any private individual, foreign state, or foreign or domestic corporation; and

"(4) delegate any authority conferred upon him by this section to such officers, departments, and agencies of the United States as he deems appropriate.

"(h) All contracts and other obligations entered into by the President shall be guaranteed by the full faith and credit of the United States.

"(i)(1) Upon implementation of the authorities of this section, the President shall prepare and transmit to the Congress, in January of each year, a report which shall include a financial accounting of purchases and sales of crude oil, residual fuel oil, and each refined petroleum product by the United States under this section during the prior calendar year. Such report shall not, however, disclose any information required to be kept secret under the provisions of subsection (d)(3) of this section.

"(2) Any report made under this subsection shall contain such recommendations for additional legislation as the President may consider necessary or desirable to accomplish the purposes of this Act.

"(j) The General Accounting Office shall audit the administration of this section semiannually and report the results thereof to the President and the Congress. Such report shall not disclose any information required to be kept secret under the provisions of subsection (e)(3) of this section.

"(k) In any action in any Federal or State court for breach of contract, there shall be available as a defense that the alleged breach of contract was caused solely by compliance with the provisions of this section, or any rule or order issued pursuant to this section.

"(l) The provisions of subsection (i) of section 7 of the Federal Energy Administration Act of 1974 shall apply to any rule or any order having the applicability and effect of a rule as defined in section 551(4) of title 5, United States Code, issued pursuant to this section.

"(m) There are hereby authorized to be appropriated such sums as may be necessary to make payments pursuant to contracts entered into pursuant to subsection (g)(3)."

ASPHALT ALLOCATION AUTHORITY

Sec. 441. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following new section:

"ASPHALT ALLOCATION AUTHORITY

"Sec. 18. (a) The President may amend the regulation under section 4(a) of this Act to provide for the mandatory allocation of asphalt in amounts specified in (or determined in the manner prescribed by), or at prices specified in (or determined in a manner prescribed by) such amendment to the regulation, or both.

"(b) The President may put into effect an amendment promulgated under subsection (a) of this section which he finds is consistent, to the maximum extent practicable, with the attainment of the objectives specified in section 4(b) of this Act.".

ENERGY CONSERVATION IN POLICIES AND PRACTICES OF FEDERAL AGENCIES

Sec. 412. (a)(1) The Civil Aeronautics Board, Interstate Commerce Commission, Federal Maritime Commission, Federal Power Commission, Environmental Protection Agency, and the Federal Aviation Administration (hereinafter in this section referred to as the "agencies") shall conduct a study and report to the Congress within 60 days after the date of enactment of this Act with respect to energy conservation policies and practices which such agencies have instituted subsequent to October 1973.

(2) The agencies shall, within 6 months after the date of enactment of this Act, propose to the Congress programs for additional savings in energy consumption which have as a minimum goal a 10-percent reduction within 12 months of the institution of such programs in energy consumption from the amount of energy consumed during calendar 1972 by the persons regulated by each such agency, including any legislative recommendations such agencies find are necessary to achieve such goal.

(3) The agencies, in consultation with the Office of Energy Conservation and Environment of the Federal Energy Administration and with such other Federal agencies as are appropriate, shall each conduct a study and prepare a report with respect to all policies or practices, both past and present, of such agencies which promote or perpetuate the inefficient use of petroleum products, coal, natural gas, electricity, and other forms of energy. Each such report shall be submitted to the Congress within one year after the date of enactment of this Act.

(b) Except as provided in subsection (c), the agencies shall, to the greatest extent possible exercise their authority—

(1) so as to prevent or minimize the inefficient use of petroleum products, coal natural gas, electricity, and other forms of energy; and

(2) include in any major regulatory action taken by such agencies, a statement of the probable impact of such major regulatory action on energy consumption and supply and the energy costs and benefits of such major regulatory action.

(c) Subsection (b) shall not apply to any authority exercised under any provision of law by the agencies designed to protect the health or safety of individuals.

PUBLIC INFORMATION PROGRAM

Sec. 413. (a)(1) There are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1976, and for each of the two succeeding fiscal years for the purpose of making grants to State and local agencies to carry out public information programs described in paragraph (2).

(2) In order to be eligible to receive a grant under this subsection, a State or local agency shall submit to the Administrator an application describing the program the State or local agency proposes to conduct. Such an application may be approved if it provides for a program of—

(A) dissemination to consumers and businesses of information respecting energy conservation and improvement of energy efficiency;

(B) inspections at the request of individual homeowners, tenants, and small businesses for the purpose of assessing the potential for installing insulation and storm windows and improving the efficiency of heating and air conditioning equipment of such homeowner's or tenants' residence or such businesses' premises; and

(C) dissemination of information respecting tax benefits and grant programs which are available to assist individuals and small businesses to achieve energy conservation and to improve energy efficiency.

Such a program may also include a system to assist consumers to locate businesses providing energy conservation services which are eligible for such tax benefits or grants.

(3) Upon approval of an application the Administrator may pay not more than 90 per centum of the cost of the program described in the application.

(b)(1) The Administrator may carry out a public information program designed to encourage energy conservation and improvement of energy efficiency. In carrying out such a program the Administrator may contract for periodical advertising space and broadcast advertising time.

(2) There are authorized to be appropriated $200,000 for the fiscal year ending June of 1976, and each of the 2 succeeding fiscal years to carry out the program authorized by this subsection.

REPORT ON ENFORCEMENT OF NATIONAL MAXIMUM SPEED LIMIT

Sec. 414. (a) Within 6 months after the date of enactment of this Act, each State shall prepare and transmit to the Secretary of Transportation a National Speed Limit Enforcement Report.

(b) The report shall include—

(1) an estimate of the number of vehicle miles traveled on public highways within the jurisdiction of the State which are subject to the National Maximum Speed Limit of 55 miles per hour;

(2) the number of violations cited;

(3) the penalties applicable (including loss of license, assessment of points, and fines);

(4) the penalties imposed upon convicted violators; separately for the calendar year 1974 and the first quarter (January through March) of calendar year 1975.

(5) the impact on highway safety, including the impact on traffic fatalities, serious injury, and property damage, of the speed limit requirement.

(c) Beginning with the expiration of the 6-month period which begins on the date of enactment of this Act, each State shall file semiannual National Maximum Speed Limit Enforcement Reports with the Secretary of Transportation and each House of Congress. Such reports shall include the type of information required by subsection (b) of this section for the preceding two calendar quarters, separately reported for each quarter.

ENERGY CONSERVATION THROUGH VAN POOLING ARRANGEMENTS

Sec. 415. (a) The Administrator shall establish a program which shall encourage employers to provide for van pooling arrangements for their employees.

(b) The Administrator, in carrying out the program specified in subsection (a), shall take into account the special need for such arrangements in nonurban areas and in areas where public transportation is not available.

(c)(1) The Administrator shall carry out a public information program designed to encourage energy conservation in transportation through the use of van pooling arrangements. In carrying out such a program, the Administrator may contract for periodic advertising space and broadcast advertising time.

(2) The Administrator shall develop van pooling arrangements for use by executive agencies. Such programs shall be designed for use by Federal employees in locations throughout the United States.

(d) For purposes of this section:

(1) The term "van" means any automobile (as defined in section 501(1) of this Act) which the Administrator determines is manufactured primarily for use in the transportation of not less than 8 individuals and not more than 15 individuals.

(2) The term "van pooling arrangement" means an arrangement for the transportation of employees between their residences or other designated locations and their place of employment on a nonprofit basis in which the operating costs of such arrangement are paid for by the employees utilizing such arrangement.

(e) The Administrator shall report to the Congress, within 2 years after the date of enactment of this Act, with respect to such program and any legislative recommendations for change in Federal law to encourage such arrangements.

USE OF CARPOOLS

Sec. 416. (a) The Secretary of Transportation shall encourage the creation and expansion of the use of carpools as a viable component of our nationwide transportation system. It is the intent of this section to maximize the level of carpool participation in the United States.

(b) The Secretary of Transportation is directed to establish within the Department of Transportation an "Office of Carpool Promotion" whose purpose and responsibilities shall include—

(1) responding to any and all requests for information and technical assistance on carpooling and carpooling systems from units of State and local governments and private groups and employees;

(2) promoting greater participation in carpooling through public information and the preparation of such materials for use by State and local governments;

(3) encouraging and promoting private organizations to organize and operate carpool systems for employees;

(4) promoting the cooperation and sharing of responsibilities between separate, yet proximately close, units of government in coordinating the operations of carpool systems; and

(5) promoting other such measures that the Secretary determines appropriate to achieve the goal of this subsection.

(c) The Secretary shall encourage and promote the use of incentives, such as special parking privileges, special roadway lanes, toll adjustments, and other incentives as may be found administratively feasible to the furtherance of carpool ridership and the use of mass transportation, and consistent with the obligation of the State and local agencies which provide transportation services.

(d) Within 12 months after the date of enactment of this Act, the Secretary of Transportation shall make a report to Congress of all his activities and expenditures pursuant to this section. Such report shall include any recommendations as to future legislation concerning carpooling.

(e) As an example of the rest of the Nation's automobile users, the President of the United States shall take such action as is necessary to require all agencies of Government, where practical, to use economy motor vehicles.

GOVERNMENT USE OF LIMOUSINES

SEC. 417. (a) As used in this section:

(1) The term "limousine" means a type 6 vehicle as defined in the Amendment to Interim Federal Specification, Automobile, Sedans, issued by the General Services Administration, December 1, 1974.

(2) The term "passenger automobile" has the same meaning as such term has under section 501 of this Act.

(3) The term "Government agency" means any department, agency, instrumentality, or authority of the executive, legislative, or judicial branch of the Federal Government, or any independent agency thereof.

(b) Except as provided in subsection (c), a Government agency may not—

(1) purchase, hire, lease, operate, or maintain any limousine;

(2) employ or procure the services of any person as a driver for a single officer or employee of a Government agency; or

(3) purchase, hire, lease, operate, or maintain passenger automobiles for the transportation of any officer or employee of a Government agency between his dwelling and his place of employment, except in the case of (A) a medical officer on outpatient medical service, or (B) an officer or employee engaged in field work in remote areas, the character of whose duties makes such transportation necessary, and in either such case, only when such exception is approved by the head of the Government agency concerned; or (C) a vehicle regularly used by a Government agency in the performance of investigative, law enforcement, or intelligence duties, if the head of such agency determines that exclusive control of such vehicle is essential to the effective performance of such duties.

(c) Subsection (b) does not apply to the purchase, hire, lease, operation, or maintenance of—

(1) motor vehicles for the transportation of Ambassadors stationed or conducting business abroad, or for the personal use by the President, and one each for use by the Vice President of the United States, the head of each Executive Department, the Chief Justice of the United States, the President pro tempore of the Senate, the Speaker of the House of Representatives, the Majority and Minority Leaders of the Senate and of the House of Representatives, the Majority and Minority Whips of the Senate and of the House of Representatives, the United States Representatives to the United Nations, and those officials of Government agencies whose personal safety is placed in danger by reason of their duties, or

(2) motor vehicles primarily designed for military field training, combat, or tactical purposes.

(d) No officer or employee of a Government agency, other than those referred to in subsection (b)(3) or subsection (c), may be furnished a passenger automobile for his exclusive use if such vehicle is to be operated by a person other than such officer or employee.

ENERGY CONSERVATION TRAFFIC STUDY

SEC. 418. (a) The Administrator shall conduct a study of the potential energy savings which may result from the adoption in all States of a uniform traffic regulation which allows a driver of a motor vehicle to turn right on a red signal after stopping.

(b) The Secretary of the Department of Transportation shall conduct a study of any safety implications relating to the adoption in all States of the regulation specified in subsection (a).

(c) The Administrator and the Secretary shall each report to the Congress and make available to the States the results of such studies not later than six months after the date of the enactment of this Act, together with any legislative recommendations for change in Federal law to encourage such traffic regulation.

TITLE V—IMPROVING ENERGY EFFICIENCY OF CONSUMER PRODUCTS

PART A—AUTOMOBILE FUEL MILEAGE

DEFINITIONS

SEC. 501. As used in this part:

(1) The term "automobile" means any four-wheeled vehicle propelled by fuel, which the Secretary determines, by rule, (A) is manufactured primarily for use on public streets, roads, and highways (except any vehicle operated exclusively on a rail or rails) and (B) is rated at 10,000 pounds gross vehicle weight or less.

(2) The term "passenger automobile" means any automobile which the Secretary determines, by rule, is manufactured primarily for use in the transportation of not more than 10 individuals.

(3) The term "average fuel economy" means average fuel economy, as determined under section 503 of this Act.

(4) The term "dealer" means any person engaged in the business of selling new automobiles to purchasers who buy for purposes other than resale.

(5) The term "fuel" means any liquid or gaseous fuel.

(6) The term "fuel economy" means the average number of miles traveled by an automobile per gallon of gasoline (or equivalent amount of other fuel) consumed, as determined by the EPA Administrator in accordance with test procedures established under section 503(d) of this Act.

(7) The term "manufacturer" means any person engaged in the business of manufacturing automobiles.

(8) The term "manufacture" (except for purposes of section 502(c) of this Act) means produce or assemble in the United States or to import into the United States.

(9) The term "model type" means a particular class of automobile as determined, by rule, by the EPA Administrator.

(10) The term "model year" with reference to any specific calendar year means a manufacturer's annual production period (as determined by the EPA Administrator) which includes January 1 of such calendar year. If a manufacturer has no annual production period, the term "model year" means the calendar year.

(11) The term "Secretary" means the Secretary of Transportation.

(12) The term "EPA Administrator" means the Administrator of the Environmental Protection Agency.

AVERAGE FUEL ECONOMY STANDARDS APPLICABLE TO EACH MANUFACTURER

SEC. 502. (a)(1) Except as otherwise provided in paragraph (4) or in subsection (c), the average fuel economy for passenger automobiles manufactured by any manufacturer in any model year after model year 1977 shall not be less than the number of miles per gallon determined for such model year under the following table:

Model year:	Average fuel economy (in miles per gallon)
1978	18.5.
1979	19.5.
1980	20.5.
1981	Determined by Secretary under paragraph (3) of this subsection.
1982	Determined by Secretary under paragraph (3) of this subsection.
1983	Determined by Secretary under paragraph (3) of this subsection.
1984	Determined by Secretary under paragraph (3) of this subsection.
1985 and thereafter.	28.0.

(2) Not later than January 15 of each year, beginning in 1977, the Secretary shall transmit to each House of Congress, and publish in the Federal Register, a review of average fuel economy standards under this part which will take effect in future model years. The review required to be transmitted not later than January 15, 1979, shall include a comprehensive analysis of the program required by this part. Such analysis shall include an assessment of the ability of manufacturers to meet the average fuel economy standards for model year 1985 as specified in paragraph (1) of this subsection, and any legislative recommendations the Secretary may have for improving the program required by this part.

(3)(A) Not later than July 1, 1977, the Secretary shall prescribe, by rule, average fuel economy standards for passenger automobiles manufactured in model years 1981 through 1984. Such standards, which shall apply to each manufacturer (except as provided in subsection (c)), shall be set for each such model year at a level which is not less than 20.5 miles per gallon, which the Secretary determines is the maximum feasible average fuel economy level, and which will result in steady progress toward meeting the average fuel economy standard established under this subsection for model year 1985.

(B) The Secretary may, by rule, from time to time upon the basis of new information amend any average fuel economy standard prescribed under subparagraph (A), so long as such standard, as amended, meets the requirements of such subparagraph. Any amendment prescribed under paragraph (3) or (4) which has the effect of making any average fuel economy standard more stringent shall be promulgated at least 18 months prior to the beginning of the model year to which such amendment will apply.

(4) If, in the course of preparing the review required pursuant to paragraph (2) to be published by January 15, 1979, the Secretary finds that the model year 1985 average fuel economy standard specified in paragraph (1) should be modified because such standard is not the maximum feasible average fuel economy level, the Secretary may, by rule, modify such standard, to a level which he determines is the maximum feasible average fuel economy level. The Secretary shall transmit to the Congress notice of such modified standard in accordance with section 751(b) of this Act. Such modified standard shall take effect unless either House disapproves such modified standard in accordance with the congressional review procedures specified in section 751 of this Act.

(5) For purposes of this subsection, in determining the maximum feasible average fuel economy, the Secretary shall consider:

(A) technological feasibility;

(B) economic practicality;

(C) relationship to other Federal motor vehicle standards (except as otherwise provided in subsection (d) (4)); and

(D) the purposes of this Act.

(b) The Secretary shall, by rule, prescribe average fuel economy standards for automobiles other than passenger automobiles manufactured by any manufacturer in each model year which begins more than 30 months after the date of enactment of this Act. Such rules may provide for separate standards for different classes of such automobiles, other than passenger automobiles, and shall be based upon the maximum feasible average fuel economy which the Secretary determines such manufacturers are able to achieve in each model year to which this subsection applies. Any standard applicable to a model year under this subsection shall be promulgated at least 18 months prior to the beginning of such model year.

(c) On application of a manufacturer, who manufactured (whether or not in the United States) fewer than 10,000 automobiles in the second model year preceding the model year for which the application is made, the Secretary may, by rule, exempt such manufacturer from subsection (a). Such exemption may only be granted if the Secretary determines that the average fuel economy standard otherwise applicable under subsection (a) is more stringent than the maximum feasible average fuel economy level which such manufacturer can attain. The Secretary may not issue such exemption unless, at the time such exemption is issued, he establishes, by rule, alternative average fuel economy standards for passenger automobiles manufactured by such manufacturer which the Secretary determines is the maximum feasible average fuel economy level for such manufacturer. An exemption under this subsection shall apply to a model year only if the manufacturer manufactures (whether or not in the United States) fewer than 10,000 automobiles in such model year.

(d) (1) If the Secretary (after consultation with the EPA Administrator) determines in a proceeding under paragraph (3) that in any model year there will be an emission standards penalty which exceeds .5 mile per gallon, he shall, by rule, adjust the average fuel economy standard applicable under subsection (a) to such year by subtracting a number of miles per gallon (rounded off to the nearest tenth of a mile per gallon) equal to the amount of such excess.

(2) For purposes of this subsection:

(A) The term "emission standards penalty" means the number of miles per gallon by which—

(i) the average fuel economy which all passenger automobiles to be manufactured in a model year would be likely to achieve, if such automobiles were subject only to the 1975 emission standards, exceeds

(ii) the average fuel economy which all such automobiles are likely to achieve while meeting the emission standards actually applicable to such automobiles;

as determined by the Secretary.

(B) The term "1975 emission standards" means the following standards:

(i) For hydrocarbons, 1.5 grams per mile.

(ii) For carbon monoxide, 15 grams per mile.

(iii) For oxides of nitrogen, 3.1 grams per mile.

(3) The Secretary shall commence a proceeding with respect to a determination under paragraph (1) on petition of any manufacturer. Such a petition may be filed only within the 18-month period preceding the beginning of the model year to which it relates. The Secretary shall allow interested persons an opportunity for oral as well as written presentations of data, views, and arguments. He shall render a decision in any such proceeding within the 60-day period after the date of filing of the petition.

(4) The Secretary may not make any modification of average fuel economy standards under subsection (a) to take account of any decrease in fuel economy associated with emissions standards, except in accordance with this subsection.

DETERMINATION OF AVERAGE FUEL ECONOMY

SEC. 503. (a) (1) Average fuel economy for purposes of section 502 (a) and (c) shall be determined by the EPA Administrator by dividing—

(A) the total number of passenger automobiles manufactured in a given model year by a manufacturer, by

(B) a sum of terms, each term of which is a fraction created by dividing—

(i) the number of passenger automobiles of a given model type manufactured in such model year, by

(ii) the fuel economy measured for such model type.

(2) Average fuel economy for purposes of section 502(b) shall be determined in accordance with rules of the EPA Administrator.

(b) (1) In calculating the average fuel economy under subsection (a) (1), the EPA Administrator shall separate the total passenger automobiles manufactured by a manufacturer into two categories:

(A) Passenger automobiles domestically manufactured by such manufacturer.

(B) Passenger automobiles not domestically manufactured by such manufacturer.

The EPA Administrator shall calculate the average fuel economy of each such separate category and each category shall be treated as manufactured by a separate manufacturer for purposes of this part.

(2) For purposes of this subsection, an automobile shall be considered domestically manufactured if at least 75 percent of the cost to the manufacturer of such automobile is attributable to value added in the United States or Canada, unless the assembly of such automobile is completed in Canada and such automobile is not imported into the United States prior to the expiration of 30 days after the end of such model year.

(c) Any reference under this part to automobiles manufactured by a manufacturer shall be deemed—

(1) to include all automobiles manufactured by persons who control, are controlled by, or are under common control with, such manufacturer; and

(2) to exclude all automobiles manufactured (within the meaning of paragraph (1)) during a model year by such manufacturer which are exported prior to the expiration of 30 days after the end of such model year.

(d) Average fuel economy of a manufacturer, and fuel economy for any model type, shall be measured, in accordance with test procedures established by the EPA Administrator, by rule, after consultation with the Secretary. Test procedures so established shall be the procedures utilized by the EPA Administrator for model year 1975 (weighted 55 percent urban cycle, and 45 percent highway cycle) or procedures which yield comparable results. Test procedures under this subsection, to the extent practicable, shall require that fuel economy tests be conducted in conjunction with emissions tests conducted under section 206 of the Clean Air Act (42 U.S.C. 1875f–5). The EPA Administrator shall report any measurements of average fuel economy and fuel economy to the Secretary.

(e) (1) Any measurement of average fuel economy of a manufacturer for purposes of this part shall be rounded off to the nearest one-tenth gallon (in accordance with rules of the EPA Administrator).

(2) Any measurement of fuel economy of a model type for purposes of this part shall be rounded off to the nearest mile per gallon (in accordance with rules of the EPA Administrator).

JUDICIAL REVIEW

SEC. 504. (a) Any person who may be adversely affected by any rule prescribed under section 501, 502, 503, or 506 may, at any time prior to 60 days after such rule is promulgated, file a petition in the United States Court of Appeals for the District of Columbia, or any circuit wherein such person resides or has his principal place of business, for judicial review of such rule. A copy of the petition shall be forthwith transmitted by the clerk of such court to the officer who prescribed the rule. Such officer shall thereupon cause to be filed in such court the record of the proceeding upon which such rule was based, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to review the rule in accordance with chapter 7 of title 5, United States Code, and to grant appropriate relief as provided in such chapter.

(b) If the petitioner applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the officer who prescribed the rule, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before such officer, and be adduce in a hearing, in such manner and upon such terms and conditions as the court may deem proper. Such officer may modify any earlier finding as to the facts, or make new findings, by reason of the additional evidence so taken, and shall file such modified or new findings, and recommendations, if any, for the modification or setting aside of the previously prescribed rule, with the return of such additional evidence.

(c) The judgment of the court affirming or setting aside, in whole or in part, any such rule of the officer who prescribed the rule shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(d) The remedies provided for in this section shall be in addition to and not in lieu of any other remedies provided by law.

INFORMATION AND REPORTS

SEC. 505. (a) (1) The Secretary shall prescribe rules requiring each manufacturer to submit a report to the Secretary during the 30-day period preceding the beginning of each model year after model year 1977, and during the 30-day period beginning on the 180th day of each such model year. Each such report shall contain a statement as to whether such manufacturer will comply with applicable average fuel economy standards under section 502; a plan which describes the steps the manufacturer intends to take in order to comply with such standards; and such other matter as the Secretary may require.

(2) Whenever a manufacturer determines that a plan submitted under paragraph (1) which he stated was sufficient to insure compliance with applicable average fuel economy standards is not sufficient to insure such compliance, he shall submit a report containing a revised plan which specifies any additional measures which he intends to take in order to comply with such standards, and a statement as to whether such plan is sufficient to insure such compliance.

(b) (1) For the purpose of carrying out the provisions of this part, the Secretary or the

EPA Administrator, or their duly designated agents, may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, EPA Administrator, or such agents deem advisable. The Secretary, EPA Administrator, or their duly designated agents, shall at all reasonable times have access to, and for the purpose of examination, the right to copy any documentary evidence of any person having materials or information relevant to any function of the Secretary or EPA Administrator under this part. The Secretary or EPA Administrator may require, by general or special orders, any person to file, in such form as the Secretary or EPA Administrator may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary or EPA Administrator under this part. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary or EPA Administrator within such reasonable period as he may prescribe.

(2) The district courts of the United States for a judicial district in the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a duly authorized subpena or order of the Secretary, the EPA Administrator, or their duly designated agents, issued under paragraph (1) of this subsection, issue an order requiring compliance with such subpena or order. Any failure to obey such an order of the court may be punished by such court as a contempt thereof.

(3) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(c)(1) Every manufacturer shall establish and maintain such records, make such reports, conduct such tests, and provide such items and information as the Secretary or EPA Administrator may, by rule, reasonably require to enable the Secretary or EPA Administrator to carry out their duties under this part and under any rules promulgated pursuant to this part. Such manufacturer shall, upon request of a duly designated agent of the Secretary or EPA Administrator, permit such agent to inspect finished automobiles and appropriate books, papers, records, and documents. Such manufacturer shall make available all of such items and information in accordance with such reasonable rules as the Secretary or EPA Administrator may prescribe.

(2) The district courts of the United States for a judicial district in which an inspection is carried out or requested may, if a manufacturer refuses to accede to any reasonable requirement or request, issued or made under paragraph (1) of this subsection, issue an order requiring compliance with such requirement or request. Any failure to obey such an order of the court may be punished by such court as a contempt thereof.

(d)(1) Except as provided in paragraph (2), the Secretary and EPA Administrator shall each disclose any information obtained under this part to the public in accordance with section 552 of title 5, United States Code, except that information may be withheld from disclosure on the grounds specified in subsection (b)(4) of such section only if it contains a trade secret which if disclosed would result in significant competitive damage.

(2) Information contained in a report submitted under subsection (a) of this section, disclosure of which the Secretary determines may cause significant competitve damage, may not be disclosed until after the close of the model year to which such report relates; except such information may be disclosed prior to the close of such model year, (A) in a proceeding under section 502; (B) to duly authorized officers or employees of the United States; or (C) to committees of Congress.

LABELING AND ADVERTISING

SEC. 506. (a) Beginning no later than 90 days after the date of enactment of this Act, each manufacturer shall cause to be affixed and each dealer shall cause to be maintained on each new automobile, in a prominent place, a sticker indicating—

(1) the fuel economy of such automobile,

(2) representative average annual fuel costs associated with the operation of such automobile, and

(3) the range of fuel economy of automobiles of similar size and weight

as determined in accordance with rules of the EPA Administrator. If the fuel economy of an automobile manufactured in a model year is less than the miles per gallon level specified in the average fuel economy standard applicable under section 502 of this Act, such sticker shall disclose that such automobile's fuel economy is less than the Federal standard for average fuel economy standard established under this part. Such sticker shall include a statement that a written information respecting the fuel economy of other automobiles manufactured in such model year is available from the dealer in order to facilitate comparison among the various model types. The form and content of such sticker shall be prescribed by the EPA Administrator, by rule, after consultation with the Federal Trade Commission and the Secretary. The EPA Administrator may permit a manufacturer to comply with this paragraph by permitting such manufacturer to disclose the information required under this subsection on the label required by section 3 of the Automobile Information Disclosure Act (15 U.S.C. 1232).

(b) The EPA Administrator shall compile and publish in a simple and readily understandable form comparative data on fuel economy of automobiles manufactured in each model year.

(2) The EPA Administrator, not later than February 1, 1976, shall by rule establish procedures requiring dealers to make available to prospective purchasers information compiled by the EPA Administrator under paragraph (1).

(c) A violation of subsection (a) shall be treated as a violation of section 3 of the Automobile Information Disclosure Act (15 U.S.C. 1232).

(d) As used in this section, the term "dealer" has the same meaning as such term has in section 2(e) of the Automobile Information Disclosure Act (15 U.S.C. 1231(e)).

PROHIBITED CONDUCT

SEC. 507. The following conduct is prohibited:

(1) the failure of any manufacturer to comply with any average fuel economy standard applicable under section 502 (a) or (c),

(2) the failure of any manufacturer to comply with any average fuel economy standard under section 502(b), or

(3) the failure to comply with any provision of this part (other than section 502 or 506(a) of this Act) or any standard, rule, regulation, or order issued pursuant to such a provision.

CIVIL PENALTY

SEC. 508. (a)(1) If on the basis of average fuel economy measurements reported under section 503(d) of this Act, the Secretary determines that any manufacturer has violated section 507 (1) or (2) of this Act, he shall immediately notify such manufacturer and shall publish notice of such determination in the Federal Register. The notification to the manufacturer shall include all information upon which the determination of the Secretary is based. Such notification (including such information) shall be available to any interested person. The Secretary shall afford such manufacturer and other interested persons an opportunity to present data, views, and arguments respecting the determinations of the Secretary.

(2) If, after such presentations by the manufacturer and interested persons, the Secretary determines that such manufacturer has violated section 507 (1) or (2) of this Act, the Secretary shall assess the penalties provided for under subsection (b).

(3) In determining whether a manufacturer has complied with section 507(1)—

(A) if the average fuel economy of a manufacturer is less than the applicable standard under section 502 (a) or (c) by an amount which does not exceed 0.5 mile per gallon, the manufacturer shall be deemed to have complied with section 507(1), and

(B) if the average fuel economy of a manufacturer exceeds the applicable standard under 502 (a) or (c) for a model year by more than 0.5 mile per gallon—

(i) he may carry back such excess to the preceding model year to the extent that his average fuel economy exceeded the applicable standard for such preceding year by more than 0.5 mile per gallon, and

(ii) to the extent such excess was not carried back to such preceding year, he may carry forward the excess to the year succeeding the year of the excess.

The Secretary shall prescribe rules to carry out this subsection. To the extent that a carryback under clause (i) reduces a manufacturer's liability for civil penalty paid under subsection (b), such manufacturer shall be entitled to a refund from the United States of an amount equal to the amount of the reduction.

(b)(1)(A) Any manufacturer who the Secretary determines under subsection (a) to have violated a provision of section 507(1) of this Act, shall be liable to the United States for a civil penalty equal to (i) $5 for each tenth of a mile per gallon by which the average fuel economy of the passenger automobiles manufactured by such manufacturer during such model year is exceeded by the applicable average fuel economy standard established under section 502 (a) or (c) of this Act, multiplied by (ii) the total number of passenger automobiles manufactured by such manufacturer during such model year.

(B) Any manufacturer who the Secretary determines under subsection (a) violated section 507(2) by failing to comply with an average fuel economy standard under section 502(b), shall be liable to the United States for a civil penalty equal to (i) $5 for each tenth of a mile per gallon by which such standard exceeds the average fuel economy of automobiles to which such standard applies and which are manufactured by such manufacturer during such model year, multiplied by (ii) the total number of automobiles to which such standard applies and which are manufactured by such manufacturer during such model year.

(2) Any person who the Secretary determines after opportunity for presentation of data, views, and arguments to have violated a provision of section 507(3) of this Act shall be liable to the United States for a civil penalty of not more than $10,000 for each violation; each day of a continuing violation constituting a separate violation.

(3) The amount of such civil penalty shall be assessed by the Secretary by written notice and collected in a civil action brought by the Attorney General. The Secretary shall have the discretion to compromise, modify, or remit, with or without conditions, any civil penalty assessed against a manufacturer

only to the extent (A) necessary to prevent the insolvency or bankruptcy of such manufacturer, or (B) such manufacturer shows that noncompliance resulted from an act of God, a strike, or a fire.

EFFECT ON STATE LAW

SEC. 509. After the effective date of any standard under this part relating to average fuel economy for any automobile or any requirement under this part relating to fuel economy labeling or advertising of any new automobile, no State or political subdivision thereof may adopt or enforce any law or regulation which is applicable to such automobile and which relates to the subject matter of such Federal standard or requirement, unless such law or regulation is identical to such Federal standard or requirement under this part.

USE OF FUEL EFFICIENT PASSENGER AUTOMOBILES BY THE FEDERAL GOVERNMENT

SEC. 510. (a) The President shall, within 60 days after the date of enactment of this Act, promulgate rules which shall require that all passenger automobiles purchased or leased (for a period of one year or more) by all executive agencies in each fiscal year which begins after such date of enactment achieve a fleet average fuel economy for such year not less than—

(1) 18 miles per gallon, or

(2) the average fuel economy standard applicable under section 502(a) for the model year which includes January 1 of such fiscal year;

whichever is greater.

(b) The President shall, within 60 days after the date of enactment of this Act, prescribe rules which shall require that each agreement to which an executive agency is a party and which provides for leasing (for a period of less than one year) of passenger automobiles shall contain provisions designed to assure, to the maximum extent practicable, that no agency rents any model type of passenger automobiles the fuel economy of which is less than—

(1) the number of miles per gallon under section 502(a) for the model year in which such automobiles were produced, or

(2) 18 miles per gallon;

whichever is greater.

(c) For purposes of this section:

(1) The term "fleet average fuel economy" means (A) the total number of passenger automobiles purchased or leased in a fiscal year by all executive agencies (excluding passenger automobiles designed to perform combat related missions for the Armed Forces or designed to be used in police work or emergency rescue work) divided by (B) a sum of terms, each term of which is a fraction created by dividing—

(i) the number of passenger automobiles so purchased or leased of a given model type, by

(ii) the fuel economy measured by such model type rounded to the nearest mile per gallon, as determined by the EPA Administrator.

(2) The term "executive agency" has the same meaning as such term has for purposes of section 105 of title 5, United States Code.

PART B—ENERGY LABELING AND EFFICIENCY STANDARDS FOR CONSUMER PRODUCTS OTHER THAN AUTOMOBILES

DEFINITIONS AND COVERAGE

SEC. 551. (a) For purposes of this part:

(1) The term "consumer product" means any article (other than an automobile, as defined in section 501(1)) of a type which, to any significant extent, is distributed in commerce for personal use, consumption, or enjoyment of individuals, in or around a permanent or temporary household or residence or a school, in recreation, or elsewhere (without regard to whether such article is in fact sold or used by an individual).

(2) The term "energy" means electricity or fossil fuels.

(3) The term "energy use" means the units of energy resources consumed by a consumer product under conditions of use which the Commission determines approximate, to the greatest extent practicable, actual operating conditions.

(4) The term "energy efficiency" means the relationship of the energy use of a consumer product to its output of services.

(5) The term "energy efficiency standard" means a performance standard which—

(A) prescribes a minimum level of energy efficiency for a consumer product, and

(B) includes (i) testing procedures (prescribed under section 552), and (ii) other requirements which the Commission determines are necessary to assure that any consumer product to which such standard applies meets such required minimum level of energy efficiency.

(6) The term "class of consumer products" means a group of consumer products the functions of which are similar (as determined by the Commission).

(7) The term "manufacturer" means any person who manufactures a consumer product or imports a consumer product into the customs territory of the United States.

(8) The term "distributor" means a person (other than a manufacturer or retailer) to whom a consumer product is delivered or sold for purposes of distribution in commerce.

(9) The term "retailer" means a person to whom a consumer product is delivered or sold for purposes other than resale.

(10) (A) The term "private labeler" means an owner of a brand or trademark on the label of a consumer product which bears a private label.

(B) A consumer product bears a private label if (i) the consumer product (or its container) is labeled with the brand or trademark of a person other than a manufacturer of the consumer product, (ii) the person with whose brand or trademark the consumer product (or container) is labeled has authorized or caused the consumer product to be so labeled, and (iii) the brand or trademark of a manufacturer of such consumer product does not appear on such label.

(11) The term "manufacture" means to manufacture, produce, or assemble or to import into the customs territory of the United States.

(12) The terms "to distribute in commerce" and "distribution in commerce" mean to sell in commerce, to import, to introduce or deliver for introduction into commerce, or to hold for sale or distribution after introduction into commerce.

(13) The term "commerce" means trade, traffic, commerce, or transportation—

(A) between a place in a State and any place outside thereof, or

(B) which affects trade, traffic, commerce, or transportation described in subparagraph (A).

(14) The terms "import" and "importation" mean to import into the customs territory of the United States include reimporting a consumer product manufactured or processed, in whole or in part, into such customs territory.

(15) The term "Commission" means the Federal Trade Commission.

(b) This part shall apply only to the following types of consumer products:

(1) Room and central air-conditioners.

(2) Refrigerators.

(3) Freezers.

(4) Dishwashers.

(5) Clothes dryers.

(6) Kitchen ranges and ovens.

(7) Water heaters.

(8) Home heating equipment, including furnaces.

(9) Television sets.

(10) Clothes washers.

(11) Humidifiers and dehumidifiers.

(12) Any other type of consumer products, if the Commission determines that the average annual per household energy use by products in such type exceeds 100 kilowatt hours per year. For purposes of this paragraph, (A) the term "average annual per household energy use" with respect to a type of products means the aggregate energy use (in kilowatt hours, or the Btu equivalent) of consumer products of such type which are used by households, divided by the number of households in which products of such type are used, and (B) the Btu equivalent of a kilowatt hour is 3,412 British thermal units.

TEST PROCEDURES

SEC. 552. (a) (1) the Commission by rule—

(A) shall prescribe test procedure for determining energy use or energy efficiency (or both) for each class of consumer products which is included in the types of consumer products described in section 551(b) (1) through (11), and

(B) may prescribe such test procedure for any other class of consumer products,

unless the Commission determines that information respecting the energy efficiency or energy use of such class of consumer products is not likely to influence purchasing decisions and that uniform testing procedures for such class are not in the public interest. Any such procedure shall be reasonably designed to produce test results which reflect energy efficiency or energy use, shall be technologically feasible, and shall not be unduly burdensome to conduct.

(2) If the Commission determines that (A) there exists a test procedure which has been issued or adopted by any Federal agency or by any other qualified agency, organization, or institution, and (B) such test procedure, if prescribed under this section, would meet the requirements of paragraph (1), the Commission may prescribe such procedure under this section.

(b) No manufacturer, distributor, retailer, or private labeler may make any representation—

(1) in writing (including a representation on a label), or

(2) in any broadcast advertisement,

respecting the energy use or energy efficiency of a consumer product to which a rule under subsection (a) applies or costs of energy consumed by such product, unless such product has been tested in accordance with such rule and such representation fairly discloses the results of such testing.

(c) (1) A rule may be proposed under subsection (a) only after manufacturers and private labelers of consumer products to which the rule will apply have been afforded an opportunity to consult the Commission.

(2) A rule under this section shall be effective on the 180th day after the date of publication in the Federal Register. A rule under this section (or an amendment thereto) shall not apply to any consumer product, the manufacture of which was completed prior to the effective date of such rule or amendment, as the case may be.

LABELING

SEC. 553. (a) (1) (A) Not later than one year after the date of enactment of this Act, the Commission shall promulgate rules under this section applicable to each class of consumer products which is included in the types of consumer products described in paragraphs (1) through (9) of section 551(b), unless the Commission determines that the application of labeling requirements under this section to such class of consumer products is not technologically or economically feasible and publishes such determination in the Federal Register.

(B) The Commission shall on application of any person (and may on its own motion) promulgate rules under this section applicable to any class of consumer product of a type described in section 551(b), (10), (11), or (12), if the Commission determines that the application of labeling requirements under this section to such class is economically and technologically feasible and if the Commission determines that such a rule is likely (i) to assist purchasers in determining which consumer products within such class have low energy use or high energy efficiency or (ii) to encourage manufacturers or private labelers to distribute in commerce consumer products of such class which have low energy use or high energy efficiency.

(C) Whenever the Commission prescribes a rule under this section applicable to a class of consumer products, it shall prescribe a test procedure applicable to such class under section 552. Such procedure under section 552 shall apply to such class—

(i) on the effective date of the rule under this section (without regard to section 552 (c)(2)), and

(ii) without regard to any determination required under the first sentence of section 552(a)(1).

(2) If (i) before the date of enactment of this Act, the National Bureau of Standards had issued a voluntary energy conservation specification applicable to any class of consumer products of a type described in paragraphs (1) through (11) of section 551(b) and (ii) the Commission determines that such specification meets the requirements of subsection (b) of this section, it may prescribe such specification as a rule under this section, and it may prescribe any testing procedure included in such specification as a test procedure under section 552. In any proceeding to prescribe such a specification as a rule under this section and section 552, the second sentence of section 564(a) of this Act shall apply only to a person who did not present data, views, or arguments with respect to such voluntary energy conservation specification.

(b) A rule prescribed under this section shall require that any consumer product in the class to which the rule applies bear a label which states the energy efficiency or energy use (or both) of the consumer product (measured in accordance with the test procedure applicable to that class of products under paragraph (3)) and shall include the following:

(1) A description of the class of consumer products covered by such rule.

(2) Subject to subsection (c)(2), data respecting the range of energy efficiency and energy use for such class of consumer products, as determined by the Commission.

(3) A description of the test procedure under section 552 used in measuring the energy efficiency or energy use (or both) of the class of consumer products.

(4) A prototype label and directions for displaying the label. The rule shall require that the label be prominently displayed, readable, and visible to any prospective purchaser at time of purchase. The rule may specify any information in addition to a statement of energy use or energy efficiency which shall be included on the label. Such additional information may include information respecting cost of operation and information to assist the prospective purchaser in comparing, by cost or amount of energy used or otherwise, the energy efficiency or energy use (or both) of a particular consumer product with the others in its class.

A rule prescribed under this section applicable to a product may require disclosure, in any printed matter distributed at the point of sale of such product, of energy use or energy efficiency of the product (or any other information which may be required under this section to be disclosed on the label of such product). Such requirements shall not be applicable to any broadcast advertisement or any advertisement in any newspaper, magazine, or other periodical.

(c)(1) A rule under this section shall be effective on the 180th day after the date of publication in the Federal Register, unless the Commission finds that a later effective date is in the public interest.

(2) If the range of energy efficiency or energy use (or both) for the class of consumer products to which the rule applies is not known at the time of publication of a rule under this subsection, the requirement of subsection (b)(2) shall not apply until one year after the effective date of such rule.

(3) A rule under this section (or an amendment thereto) shall not apply to any consumer product, the manufacture of which was completed prior to the effective date of such rule or amendment, as the case may be.

ENERGY EFFICENCY STANDARDS

SEC. 554. (a)(1) Not later than 90 days after the date of enactment of this Act, the Commission shall, by rule, prescribe an energy efficiency improvement budget target for each type of consumer products described in paragraphs (1) through (11) of section 551 (b). The targets for each types (other than the targets for furnaces and central air conditioners) shall be designed so that if met, aggregate energy efficiency of consumer products of all such types (other than furnaces and central air conditioners) which are sold in 1980 will improve by 25 percent over the aggregate energy efficiency achieved by products of all such types (other than furnaces and central air conditioners) sold in 1972. The targets for furnaces and central air conditioners shall be designed to achieve the maximum energy efficiency which it is economically and technologically feasible to attain for furnaces and for central air conditioners sold in 1980. The Commission shall require each manufacturer of consumer products of any such type to submit such reports, respecting improvement of such products, as the Commission determines may be necessary to determine whether consumer products of such type will achieve the degree of improvement prescribed by the energy efficiency improvement target for such type. If, on the basis of such reports, or of other information available to the Commission, it determines that consumer products of such type will not achieve the energy efficiency improvement target for such type, the Commission shall (subject to subsection (c)) commence a proceeding under subsection (b) to prescribe an energy efficiency standard for such type. The Commission shall prescribe a standard for such type if it determines—

(A) it is technologically and economically feasible to improve the energy efficiency or reduce energy use of consumer products of such type,

(B) the application of the labeling rule applicable to such type is not sufficient to induce manufacturers to produce, and consumers and other persons to purchase, consumer products of such type which achieve the maximm energy efficiency or minimum energy use which it is technologically and economically feasible to attain, and

(C) that the benefits of reduced energy consumption and savings in operating costs throughout the estimated average life of the consumer product (determined through use of a suitable discount rate) outweigh (i) the costs of any increase to the purchaser in initial charges for, or maintenance expenses of, the consumer product, (ii) any lessening of the utility or performance of the consumer product, and (iii) any negative effects on competition.

For purposes of subparagraph (C)(iii), the Commission shall not determine that there are any negative effects on competition, unless the Attorney General makes such determination and submits it in writing to the Commission, together with his analysis of the nature and extent of such negative effects. The determination of the Attorney General shall be available for public inspection.

(2) The Commission may (without regard to paragraph (1)) prescribe an energy efficiency standard applicable to any class of consumer products among the types of consumer products listed in paragraphs (1) through (11) of section 551(b) if the Commission makes the determinations specified in subparagraphs (A), (B), and (C) of paragraph (1) of this subsection.

(b) Any energy efficiency standard shall be prescribed in accordance with the following procedure:

(1) The Commission shall (A) publish an advance notice of proposed rulemaking which specifies (i) the type or class of consumer products, and (ii) the energy efficiency level which the Commission proposes to require by such energy efficiency standard, and (B) invite interested persons to submit within 90 days after the date of publication of such advance notice—

(i) written or oral presentations of data, views, and argument as to the proposed level of energy efficiency, and

(ii) a proposed energy efficiency standard applicable to such class of consumer product.

(2) Not earlier than 120 days after the date of publication of advance notice of proposed rulemaking, the Commission may publish a proposed rule which prescribes an energy efficiency standard for such class of consumer products.

(3) Subsections (c) and (d) of section 18 of the Federal Trade Commission Act shall apply to rules under this section to the same extent that such subsections apply to rules under section 18(a)(1)(B) of such Act.

(4) Not earlier than 60 days after the date of publication of the proposed rule, the Commission may, if it makes the findings required under subsection (a), promulgate a rule prescribing an energy efficiency standard for such class of consumer products, which rule shall take effect not earlier than 180 days after the date of its publication in the Federal Register. Such rule (or any amendment thereto) shall not apply to any consumer product the manufacture of which was completed prior to the effective date of the rule or amendment as the case may be.

(c) A rule may be promulgated under this section respecting a class of consumer products only if a rule under section 553 has been applicable to such class of consumer products for at least 18 months on the date of promulgation of the rule under this section.

REQUIREMENTS OF MANUFACTURERS AND PRIVATE LABELERS

SEC. 555. (a) Each manufacturer of a consumer product to which a rule under section 553 applies shall provide a label that meets, and is displayed in accordance with, the requirements of such rule. If such manufacturer or any distributor, retailer, or private labeler of such product advertises such product in a catalog from which it may be purchased by order, such catalog shall contain all information required to be displayed on the label, except as otherwise provided, by rule, of the Commission. The preceding sentence shall not require that a catalog contain information respecting a consumer product if the distribution of such catalog commenced before the effective date of the labeling rule under section 553 applicable to such product.

(b)(1) Each manufacturer of a consumer product to which a rule under section 553 applies shall notify the Commission, not later than 60 days after the date of such rule becomes effective, of the models in current production (and starting serial numbers of those models) to which such rule applies.

(2) If requested by the Commission, the manufacturer of a consumer product to which a rule under section 553 applies shall provide, within 30 days of the date of the request, the data from which the information included on the label and required by the rule was derived. Data shall be kept on

file by the manufacturer for a period provided in the rule. Any manufacturer may, pursuant to rules issued by the Commission, use independent test laboratories or national certification programs to obtain information required by this part.

(3) When requested by the Commission, the manufacturer shall supply at his expense a reasonable number of consumer products to any laboratory designated by the Commission for the purpose of ascertaining whether the information set out on the label, as required under section 553, is accurate. Any reasonable charge levied by the laboratory for such testing shall be borne by the United States.

(4) Each manufacturer of a consumer product to which a rule under section 553 applies shall annually at a time specified by the Commission supply to the Commission relevant energy efficiency data or energy use data (or both) developed in accordance with the test procedure applicable to such product under section 552.

(5) A rule under section 552, 553, or 554 may require the manufacturer or his agent to permit a representative designated by the Commission to observe any testing required by this part and inspect the results of such testing.

(c) Each manufacturer shall use labels reflecting revised energy efficiency or energy use ranges (or both) on all consumer products to which a rule under section 553 of this Act manufactured after the expiration of 60 days following the date of publication of a revised table of ranges. Such ranges may be revised by the Commission only on an annual basis.

EFFECT ON STATE LAW

SEC. 556. (a) This part supersedes any State regulation insofar as such State regulation—

(1) may now or hereafter provide for the disclosure of energy use, energy consumption, energy efficiency, efficiency ratio, or annual energy cost of any consumer product—

(A) if there is any rule under section 553 applicable to such consumer product, and such State regulation is not identical to such rule, or

(B) if there is a rule under section 552 applicable to such consumer product and such State regulation requires disclosure of information other than information disclosed in accordance with such rule under section 552; or

(2) may now or hereafter provide for any energy efficiency standard or similar requirement respecting energy efficiency or energy use of a consumer product—

(A) if there is a standard under section 554 applicable to such product, and such State regulation is not identical to such standard, or

(B) if there is a rule under section 552 applicable to such product and compliance with such State regulation cannot be determined from testing in accordance with the rule under section 552.

(b)(1) If (A) a State regulation provides for a standard which prescribes a minimum level of energy efficiency for a consumer product and (B) such State regulation is not superseded by subsection (a)(2), then any person subject to such State regulation may petition the Commission for the promulgation of a rule under this subsection which supersedes such State regulation in whole or in part. The Commission shall, within 6 months after the date such a petition is filed, either deny such petition or prescribe a rule under this subsection superseding such State regulation. The Commission shall issue such a rule with respect to a State regulation if and only if the Commission finds that there is no significant State or local interest sufficient to justify such State regulation, or that such State regulation unduly burdens interstate commerce. In making such findings, the Commission shall take into account the criteria set forth in subparagraphs (1), (2), and (3) of section 554(a)(1), and whether a Federal energy efficiency standard is being developed or proposed.

(2) Section 564(a) shall apply to a rule under this subsection. Any findings of the Commission under this subsection and any action prescribing a rule or denying a petition shall be subject to judicial review as provided for in section 564(b) of this Act in the same manner as a rule under section 553.

(c) For purposes of this section, the term "State regulation" means a law or regulation of a State or political subdivision thereof.

RULES

SEC. 557. The Commission may issue such rules as it deems necessary to carry out the provisions of this part. Section 564(a) shall apply to any rule prescribed under this section.

AUTHORITY TO OBTAIN INFORMATION

SEC. 558. For purposes of carrying out this part, the Commission may sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, records, papers, and other documents and may administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of contumacy by, or refusal to obey a subpena served upon any person subject to this part, the Commission may seek an order from the district court of the United States for any district in which such person is found or resides or transacts business requiring such person to appear and give testimony, or to appear and produce documents.

EXPORTS

SEC. 559. This part shall not apply to any consumer product if (1) such consumer product is manufactured, sold, or held for sale for export from the United States (or that such product was imported for export), unless such product is in fact distributed in commerce for use in the United States, and (2) such consumer product when distributed in commerce, or any container in which it is enclosed when so distributed bears a stamp or label stating that such consumer product is intended for export.

IMPORTS

SEC. 560. Any consumer product offered for importation in violation of section 561 shall be refused admission into the customs territory of the United States under rules issued by the Secretary of the Treasury except that the Secretary of the Treasury may, by such rules, authorize the importation of such consumer product upon such terms and conditions (including the furnishing of a bond) as may appear to him appropriate to insure that such consumer product will not violate section 561, or will be exported or abandoned to the United States. The Secretary of the Treasury shall prescribe rules under this section not later than 180 days after the date of enactment of this Act.

PROHIBITED ACTS

SEC. 561. (a) It shall be unlawful—

(1) for any manufacturer or private labeler to distribute in commerce any new consumer product to which a rule under section 553 applies, unless there is provided with such consumer product a label meeting the requirements of such rule, including any requirements as to manner of display;

(2) for any manufacturer or private labeler to distribute in commerce any new consumer product to which a rule under section 553 applies, if the label required to be provided with such a new consumer product contains misleading or inaccurate information concerning energy use or energy efficiency (or both);

(3) for any manufacturer, distributor, or retailer to remove from any new consumer product or render illegible any label required to be provided with such product under a rule under section 553;

(4) for any manufacturer to fail to or refuse to permit access to, or copying of, records or fail to or refuse to make reports or provide information required to be supplied under section 553(d)(2) or 555 or any other provision of this part;

(5) for any manufacturer to fail to or refuse to comply with requirements of section 555 (b)(3) or (b)(5) of this Act; or

(6) for any manufacturer or private labeler to distribute in commerce, in the United States, any new consumer product which is not in conformity with an applicable energy efficiency standard under this part.

(b) For purposes of this section, the term "new consumer product" means a consumer product the title of which has not passed to the first purchaser for purposes of other than resale.

ENFORCEMENT

SEC. 562. (a) Except as provided in subsection (b), any person who knowingly violates any provision of section 561 shall be subject to a civil penalty of not more than $100 for each violation. Civil penalties assessed under this part may be compromised by the Commission, taking into account the nature and degree of the violation and the impact of the penalty upon a particular respondent. Each violation of paragraph (1), (2), (3), or (6) of section 561(a) shall constitute a separate violation with respect to each consumer product and each day of violation of section 561(a) (4) or (5) shall constitute a separate violation.

(b) As used in subsection (a) of this section, the term "knowingly" means (1) the having of actual knowledge, or (2) the presumed having of knowledge deemed to be possessed by a reasonable man who acts in the circumstances, including knowledge obtainable upon the exercise of due care to ascertain the truth of representations.

(c) It shall be an unfair or deceptive act or practice in or affecting commerce (within the meaning of section 5(a)(1) of the Federal Trade Commission Act) for any person to violate section 552(b).

INJUNCTIVE ENFORCEMENT

SEC. 563. The United States district courts shall have jurisdiction to restrain (1) any violation of section 561 and (2) any person from distributing in commerce any consumer product which does not comply with an applicable rule under section 553 or 554. Such action may be brought in any United States district court for a district wherein any act, omission, or transactions constituting the violation occurred, or in such court for the district wherein the defendant is found or transacts business. In any action under this section process may be served on a defendant in any other district in which the defendant resides or may be found.

ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW

SEC. 564. (a) Rules under section 552, 553, or 557 shall be prescribed in accordance with section 553 of title 5, United States Code, except that the Commission shall afford interested persons an opportunity to present written and oral data, views, and arguments with respect to any proposed rule. In addition, the Commission shall by means of conferences or other informal procedures, afford any interested person an opportunity to question—

(A) other interested persons who have made oral presentations, and

(B) employees of the United States who have made written or oral presentations, with respect to disputed issues of material fact. Such opportunity shall be afforded to the extent the Commission determines that questioning pursuant to such procedures is likely to result in a more effective resolution of such issues. A transcript shall be kept of any oral presentation under this paragraph.

(b) (1) Any person who will be adversely affected by a rule promulgated under section 552 or 553 when it is effective may at any time prior to the sixtieth day after the date such rule is promulgated file a petition with the United States court of appeals for the circuit wherein such persons resides or has his principal place of business, for a judicial review thereof. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commission. The Commission thereupon shall file in the court the written submissions to, and transcript of, the proceedings on which the rule was based as provided in section 2112 of title 28, United States Code.

(2) Upon the filing of the petition referred to in paragraph (1), the court shall have jurisdiction to review the rule in accordance with chapter 7 of title 5, United States Code, and to grant appropriate relief as provided in such chapter. No rule under section 552 or 553 may be affirmed unless supported by substantial evidence.

(3) The judgment of the court affirming or setting aside, in whole or in part, any such rule shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(4) The remedies provided for in this subsection shall be in addition to and not in substitution for any other remedies provided by law.

(5) Section 18(e) of the Federal Trade Commission Act shall apply to rules under section 554 to the same extent that it applies to rules under section 18(a) (1) (B) of such Act.

COOPERATION WITH OTHER AGENCIES; DELEGATION

SEC. 565. (a) Section 16 of the Federal Trade Commission Act shall apply to the exercise of any functions by the Commission pursuant to this part of the same extent that such section applies to functions under sections 5(m), 9, and 13 of the Federal Trade Commission Act.

(b) The Commission may enter into an agreement with the National Bureau of Standards to aid the Commission, on a reimbursable basis, in performing research and analyses related to energy use and energy efficiency of products, and in developing and recommending to the Commission test procedures, labeling requirements, and energy efficiency standards.

TITLE VI—CONVERSION FROM OIL OR GAS TO OTHER FUELS

EXTENSION OF AUTHORITY TO ISSUE ORDERS

SEC. 601. Section 2(f) (1) of the Energy Supply and Environmental Coordination Act of 1974 is amended by revising the date "June 30, 1975" to read "June 30, 1977".

EXTENSION OF ENFORCEMENT AUTHORITY

SEC. 602. Section 2 of the Energy Supply and Environmental Coordination Act of 1974 is amended as follows:

(1) Subsection (f) (1) of that section is amended by revising the date "January 1, 1979" to read "January 1, 1985".

(2) Subsection (f) (2) of that section is amended by revising the date "December 31, 1978" to read "December 31, 1984", and by revising the date "January 1, 1979" to read "January 1, 1985".

ADDITIONAL INSTALLATIONS SUBJECT TO PROHIBITION ORDERS

SEC. 603. Section 2(a) of the Energy Supply and Environmental Coordination Act of 1974 is amended to read as follows:

"(a) The Federal Energy Administrator—

"(1) shall, by order, prohibit any powerplant, and

"(2) may, by order, prohibit any major fuel burning installation, other than a powerplant,

from burning natural gas or petroleum products as its primary energy source, if the requirements of subsection (b) are met and if (A) the Federal Energy Administrator determines such powerplant or installation on June 22, 1974, had, or thereafter acquires or is designed with, the capability and necessary plant equipment to burn coal, or (B) such powerplant or installation is required to meet a design or construction requirement under subsection (c)."

ADDITIONAL INSTALLATIONS REQUIRED TO BE CONSTRUCTED WITH A COAL-BURNING CAPABILITY

SEC. 604. Section 2(c) of the Energy Supply and Environmental Coordination Act of 1974 is amended by inserting "or other major fuel burning installation" after "powerplant" wherever it appears.

AUTHORITY TO PROHIBIT USE OF NATURAL GAS AS BOILER FUEL

SEC. 605. (a) Section 2 of the Energy Supply and Environmental Coordination Act of 1974 is amended by redesignating subsections (e) and (f) as (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

"(e) (1) The Federal Energy Administrator may, by order, prohibit any powerplant, from burning natural gas if—

"(A) the Administrator determines that—

"(i) an order has been issued to such plant under paragraph (3), or such powerplant had on June 30, 1975 (or at any time thereafter) the capability and necessary plant equipment to burn petroleum products,

"(ii) an order under subsection (a) may not be issued with respect to such plant,

"(iii) the burning of petroleum products by such plant in lieu of natural gas is practicable and consistent with the purposes of this Act,

"(iv) petroleum products will be available during the period the order is in effect,

"(v) the orders will result in making natural gas available to users who will not use it as fuel for the production of steam and such natural gas will be used in substitution for petroleum products,

"(vi) the order will not result in an increase in consumption of petroleum products,

"(vii) the prohibition under this paragraph will not impair the reliability of service in the area served by the plant, and

"(viii) serious negative impact on consumers will not result.

"(B) the Administrator of the Environmental Protection Agency has certified that if such plant will be able to burn the petroleum products which the Administrator of the Federal Energy Administration has determined under subparagraph (A) (iv) will be available to it, such plant will be able to comply with the Clean Air Act (including any applicable implementation plan).

An order under this paragraph shall not take effect until the earliest date on which the Administrator of the Environmental Protection Agency has certified such plan can burn petroleum products and can comply with the Clean Air Act (including any applicable implementation plan).

"(2) (A) (i) The Federal Energy Administrator shall exempt from any order under this subsection the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by powerplants.

"(ii) The Administrator shall not issue any order under this subsection which applies to any power plant which was in existence on June 30, 1975, which during the 12-month period preceding such date did not burn petroleum products, and which the Administrator determines will be operated on natural gas only for the purpose of providing electric power which would otherwise be provided by one or more of the base load powerplants of the same electric power system which cannot be operated because of an air pollution emergency or because of an unanticipated equipment outage or an act of God.

"(B) Subject to subparagraph (A), the Administrator may make an order under paragraph (1) apply to all natural gas burned by the powerplant to which it applies or may specify the periods and amounts to which such order shall apply.

"(3) The Federal Energy Administrator may, by order, require that any powerplant or major fuel-burning installation in the early planning process (other than a powerplant or installation to which an order may be issued under subsection (c), or a combustion gas turbine or combined cycle unit) be designed and constructed so as to be capable of using petroleum products as its primary source of energy for production of steam. No powerplant or installation may be required under this paragraph to be so designed and constructed if the Administrator determines that (A) in the case of a powerplant, to do so is likely to result in an impairment of reliability or adequacy of service, or (B) an adequate and reliable supply of petroleum products is not expected to be available. In considering whether to impose a design and construction requirement under this paragraph, the Federal Energy Administrator shall consider the existence and effects of any contractual commitment for the construction of such facilities and the capability of the owner to recover any capital investment made as a result of any requirement imposed under this paragraph.

"(4) The procedures specified in subsections (b) and (c) of section 18 of the Federal Trade Commission Act shall apply to orders under this subsection (e) to the same extent that such subsections apply to rules prescribed under section 18(a) (1) (B) of such Act. Any such order shall be reviewed in accordance with section 18(e) of such Act in the same manner as rules under such section 18(a) (1) (B)."

(b) Section 2(g) (1) of such Act (as redesignated by subsection (a)) is amended by striking out "(d)" and inserting "(e)".

INCENTIVES TO OPEN NEW UNDERGROUND MINES

SEC. 606. (a) The Administrator may, in accordance with regulations prescribed under subsection (d), guarantee loans made to person described in subsection (c) (1) for the purpose of opening new underground coal mines.

(b) (1) A person shall be eligible for a guarantee under subsection (a) only if the Administrator determines—

(A) that such person is capable of successfully developing and operating the mine with respect to which the loan guarantee is sought;

(B) that such person has provided adequate assurance that the mine will be constructed and operated in compliance with the provisions of the Federal Coal Mine Health and Safety Act and that no final judgment holding such person liable for any fine or penalty under such Act is unsatisfied;

(C) that there is a reasonable prospect of repayment of the guaranteed loan;

(D) that such person has obtained a contract of at least 10 years duration for the sale of coal to be produced from such mine to a person (i) who requires such coal in order to meet requirements of section 111 or 119 of the Clean Air Act, or of an applicable implementation plan (as defined in section 110 of such Act); and (ii) in the case of coal which is not low sulfur coal who the Administrator of the Environment Protection Agency certifies can burn such coal without the use of a continuous emission reduction system for sulfur-related emission;

(E) that the loan will be adequately secured; and

(F) that such person would be unable to obtain adequate financing without such guarantee.

(2) The total amount of guarantees issued to any person (including all persons affiliated with such person) may not exceed $30,000,000. The amount of a guarantee issued with respect to any loan may not exceed (A) 80 percent of the principal balance of the loan, in the case of a loan for the purpose of opening a mine which produces low sulfur coal, or (B) 40 percent of such principal balance in any other case.

(3) The aggregate outstanding principal amount of loans which are guaranteed under this section may not at any time exceed $750,000,000. Not more than 20 percent of the amount of guarantees issued under this section in any fiscal year may be issued with respect to loans for the purpose of opening new underground coal mines which produce coal which is not low sulfur coal.

(c) For purposes of this section—

(1) A person shall be considered eligible for a guarantee under this section if such person (together with all persons affiliated with such producer)—

(A) did not produce more than 1,000,000 tons of coal in the calendar year preceding the year in which he makes application for a loan guarantee under this section;

(B) did not produce more than 300,000 barrels of crude oil or own an oil refinery in such preceding calendar year; and

(C) did not have gross revenues in excess of $50,000,000 in such calendar year.

(2) A person is affiliated with another person if he controls, is controlled by, or is under common control with such other person.

(3) The term "low sulfur coal" means coal which, in a quantity necessary to produce one million British thermal units, does not contain sulfur or sulfur compounds the elemental sulfur content of which exceeds 0.6 pound. Sulfur content shall be determined after the application of any coal preparation process which takes place before sale of the coal by the producer.

(d) The Administrator shall prescribe such regulations as may be necessary or appropriate to carry out this section.

TITLE VII—GENERAL PROVISIONS

PART A—PROCEDURE, REVIEW, ENFORCEMENT, AND OTHER GENERAL PROVISIONS

ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW

SEC. 701. (a)(1) Subject to paragraph (2), (3), and (4) of this subsection, the provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to any rule, regulation, or order having the applicability and effect of a rule as defined in section 551(4) of title 5, United States Code, issued under title II or III of this Act (other than a provision of any such title which amends another law).

(2) Notice of any proposed rule, regulation, or order which is substantive and of general applicability described in paragraph (1) shall be given by publication of such proposed rule or order in the Federal Register. In each case, a minimum of 30 days following the date of such publication shall be provided for opportunity to comment; except that the requirements of this paragraph as to time of notice and opportunity to comment may be reduced to no less than 10 days if the President finds that strict compliance would seriously impair the operation of the program to which such rule, regulation, or order relates and such findings are set out in such rule, regulation, or order. In addition, public notice of all rules, regulations, or orders of general applicability described in paragraph (1) which are promulgated by officers of a State or political subdivision thereof or to State or local boards pursuant to this Act shall, to the maximum extent practicable, be achieved by publication of such rules or orders in a sufficient number of newspapers of general circulation calculated to receive widest practicable notice.

(3) In addition to the requirements of paragraph (2) and to the maximum extent practicable, an opportunity for oral presentation of data, views, and arguments shall be afforded and such opportunity shall be afforded prior to the implementation of such rule, regulation, or order, but in all cases such opportunity shall be afforded no later than 45 days after the date of the implementation of any such rule, regulation, or order. A transcript shall be made of any oral presentation.

(4) Any officer or agency authorized to issue rules, regulations, or orders described in paragraph (1) shall provide for the making of such adjustments, consistent with the other purposes of this Act as may be necessary to prevent special hardship, inequity, or an unfair distribution of burdens and shall in rules prescribed by it establish procedures which are available to any person for the purpose of seeking an interpretation, modification, or recission of, or an exception to or exemption from, such rules, regulations, and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the officer or agency and may obtain judicial review in accordance with subsection (b) or other applicable law when such denial becomes final. The officer or agency shall, in rules prescribed by it, establish appropriate procedures, including a hearing where deemed advisable, for considering such requests for action under this paragraph.

(b) The procedures for judicial review established by section 211 of the Economic Stabilization Act of 1970 shall apply to proceedings to which subsection (a) applies, as if such proceedings took place under such Act. Such procedures for judicial review shall apply notwithstanding the expiration of the Economic Stabilization Act of 1970.

(c) Any agency authorized, by title II and III of this Act, to issue any rule, regulation, or order described in subsection (a)(1) shall, upon written request of any person, which request is filed after any grant or denial of a request for exception or exemption from any such rule, regulation, or order, furnish such person, within 30 days after the date on which such request is filed, with a written opinion setting forth applicable facts and the legal basis in support of such grant or denial.

PROHIBITED ACTS

SEC. 702. It shall be unlawful for any person to violate any provision of title II, or title III of this Act (other than a provision of any such title which amends another law), or to violate any rule, regulation, or order issued pursuant to any such provision.

ENFORCEMENT

SEC. 703. (a) Whoever violates section 702 shall be subject to a civil penalty of not more than $5,000 for each violation.

(b) Whoever willfully violates section 702 shall be fined not more than $10,000 for each violation.

(c) Any person who knowingly and willfully violates section 702 with respect to the sale, offer of sale, or distribution in commerce of a product or commodity after having been subjected to a civil penalty for a prior violation of section 702 with respect to the sale, offer of sale, or distribution in commerce of such product or commodity shall be fined not more than $50,000 or imprisoned not more than 6 months, or both.

(d) Whenever it appears to any person in whom is vested, or to whom is delegated, authority under this Act that any person has engaged, is engaged, or is about to engage in acts or practices constituting a violation of section 702, such person in whom is vested, or to whom is delegated, may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any rule, regulation, or order described in section 702.

DELEGATION OF AUTHORITY AND EFFECT ON STATE LAW

SEC. 704. (a) Within 30 days after the date of the approval of a gasoline rationing contingency plan pursuant to section 752 of this Act, the President shall, by rule, offer an opportunity for interested persons to make oral presentations to assist in—

(1) establishing criteria for delegation of his functions under this Act to officers or local boards (of balanced composition reflecting the community as a whole) of States or political subdivisions thereof; and

(2) establishing procedures for petitioning for the receipt of such delegation.

(b)(1) Offices or local boards of States or political subdivisions thereof, following the establishment of criteria for delegation and procedures for petitioning in accordance with subsection (a) of this section, may petition the President for the receipt of such delegation.

(2) The President shall, within 30 days after the date of the receipt of any such petition which is properly submitted, grant or deny such petition.

(c) No State law or State program in effect on the date of enactment of this Act, or which may become effective thereafter, shall be superseded by any rule, regulation, or order described in section 702 except insofar as such State law or State program is inconsistent with such provision, rule, regulation or order.

PROHIBITIONS ON CERTAIN ACTIONS

SEC. 705. Action taken under authority of this Act, or the Emergency Petroleum Allocation Act of 1973, resulting in the allocation of petroleum products and electrical energy among classes of users or resulting in restrictions on use of petroleum products and electrical energy shall not be based upon unreasonable classification of, or unreasonable differentiation between, classes of users. In making any such allocation the President or any agency of the Federal Government to which such authority is assigned, shall give consideration to the need to foster reciprocal and non-discriminatory treatment by foreign countries of United States citizens engaged in commerce in those countries.

EXTENSION OF ENERGY INFORMATION GATHERING AUTHORITY

SEC. 706. Section 11(g)(2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out "June 30, 1975" wherever it appears and inserting in lieu thereof "December 31, 1979".

EXPIRATION

SEC. 707. The authority under any provision of titles II and III of this Act (other than any provision of any such title which amends another law) and any rule, regulation, or order issued pursuant to such authority, shall expire at midnight, June 30, 1985, but such expiration shall not affect any action or pending proceedings, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to midnight, June 30, 1985.

TRANSFER OF AUTHORITY

SEC. 708. In accordance with section 15(a) of the Federal Energy Administration Act of 1974, the President shall designate, after the termination of the Federal Energy Administration where applicable and not otherwise provided by law, an appropriate Federal agency to carry out the provisions of this Act which are vested in or delegated to the Federal Energy Administrator.

SEC. 709. Any employee of the Administrator, or of the Secretary of the Interior, who performs any function or duty under this Act, and who has a direct financial interest in any corporation, company, association, firm, partnership, or other private entity engaged in the business of exploring, developing, producing, refining, transporting by pipeline, or selling (other than at the retail level) coal, natural gas, or petroleum products, or has any interest in property from which coal, natural gas, or petroleum is commercially produced, shall, beginning on February 1, 1977, annually file with the Administrator (or the Secretary of the Interior, as the case may be) a written statement concerning all such interests held by such employee during the preceding calendar year. Such statement shall be available to the public. Whoever knowingly violates the provisions of this section shall, upon conviction, be punished by a fine of not more than $2,500 or by imprisonment for not more than one year, or both. The Administrator (and the Secretary of the Interior, as the case may be) shall (1) within ninety days after enactment of this Act publish regulations, in accordance with 5 U.S.C. 553, to establish the methods by which the provisions of this section will be monitored and enforced, including appropriate provisions for the filing by such employees and the review by the Administrator (or the Secretary of the Interior, as the case may be) of such statements, and (2) report to the Congress on June 1st of each calendar year on the actions taken and not taken during the preceding calendar year under this section. The Administrator (and the Secretary of the Interior, as the case may be) by regulation published in accordance with 5 U.S.C. 553, may identify specific positions within their respective agencies which are of a non-regulatory and/or non-policymaking nature and provide that employees occupying such positions shall be exempt from the requirements of this section.

PART B—CONGRESSIONAL REVIEW

PROCEDURE FOR CONGRESSIONAL REVIEW OF PRESIDENTIAL REQUESTS TO IMPLEMENT CERTAIN EXTRAORDINARY AUTHORITIES

SEC. 751. (a) For purposes of this section, the term "energy action" means:

(1) a request to put into effect an energy conservation plan under section 202 of this Act;

(2) a request to put into effect a gasoline rationing contingency plan under section 203 of this Act;

(3) a rule under section 211 of this Act related to international petroleum product allocation;

(4) the National Civilian Strategic Petroleum Reserve Plan developed under section 253(b), the Early Storage Reserve Plan developed under section 254(b), a proposal developed under section 255(b), or any amendment under section 255(c), of this Act;

(5) any request to exercise authority under section 256(a) of this Act;

(6) any proposal to draw down or distribute the National Civilian Strategic Petroleum Reserve under section 258 of this Act;

(7) notice of a modified average fuel economy standard under section 502(a) (4) of this Act; or

(8) any other action proposed to be taken, amendment proposed to be made effective, or authority proposed to be exercised, with respect to which congressional review is required pursuant to the procedures specified in this section.

(b) The President shall transmit any energy action (bearing an identification number) to both Houses of Congress on the same day and to each House while it is in session.

(c) (1) Except as provided in paragraph (2) of this subsection, if energy action is transmitted to the Houses of Congress, such action shall take effect at the end of the first period of 15 calendar days of continuous session of Congress after the date on which such action is transmitted to such Houses, unless between the date of transmittal and the end of such 15-day period, either House passes a resolution stating in substance that such House does not favor such action, or with respect to actions authorized by section 256, both Houses pass such a resolution.

(2) An energy action described in paragraph (1) may take effect prior to the expiration of the 15-calendar-day period after the date on which such action is transmitted, if each House of Congress approves a resolution affirmatively stating in substance that such House does not object to such action.

(d) For the purpose of subsection (c) of this section—

(1) continuity of session is broken only by an adjournment of Congress sine die; and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 15-calendar-day period.

(e) Under provisions contained in an energy action, a provision of such an action may take effect on a date later than the date on which such action otherwise takes effect purusant to the provisions of this section.

(f) (1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by paragraph (2) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at anytime, in the same manner and to the same extent as in the case of any other rule of the House.

(2) For purposes of this subsection, the term "resolution" means only a resolution of either House of Congress described in subparagraph (A) or (B) of this paragraph.

(A) A resolution the matter after the resolving clause of which is as follows: "That the ——— does not object to the energy action numbered ——— submitted to the Congress on ———, 19 .", the first blank space therein being filled with the name of the resolving House and the other blank spaces being appropriately filled; but does not include a resolution which specifies more than one energy action.

(B) A resolution the matter after the resolving clause of which is as follows: "That the ——— does not favor the energy action numbered ——— transmitted to Congress on ———, 19 .", the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled; but does not include a resolution which specifies more than one energy action.

(3) A resolution once introduced with respect to an energy action shall immediately be referred to a committee (and all resolutions with respect to the same plan shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(4) (A) If the committee to which a resolution with respect to an energy action has been referred has not reported it at the end of 5 calendar days after its referral, it shall be in order to move either to discharge the committee from further consideration of such resolution or to discharge the committee from further consideration of any other resolution with respect to such energy action which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same energy action), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same energy action.

(5) (A) When the committee has reported, or has been discharged from further consideration of, a resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the resolution referred to in subparagraph (A) of this paragraph shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing such resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to; except that it shall be in order to substitute a resolution described in paragraph (2) (A) of this subsection with respect to an energy action for a resolution described in paragraph (2) (B) of this subsection with respect to the same such action, or a resolution described in paragraph (2) (B) of this subsection with respect to an energy action for a resolution described in paragraph (2) (A) of this subsection with respect to the same such action.

(6) (A) Motions to postpone, made with respect to the discharge from committee, or the consideration of a resolution and motions to proceed to the consideration of other business, and shall be decided without debate.

(B) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(7) Notwithstanding any of the provisions of this subsection, if a House has approved a resolution with respect to an energy action, then it shall not be in order to consider in that House any other resolution with respect to the same such action.

EXPEDITED PROCEDURE FOR CONGRESSIONAL CONSIDERATION OF CERTAIN AUTHORITIES

SEC. 752. (a) Any contingency plan transmitted to the Congress pursuant to section 201(a) (1) shall bear an identification number and shall be transmitted to both Houses of Congress on the same day and to each House while it is in session.

(b) No such contingency plan may be considered approved for purposes of section 201 (a)(1) of this Act unless between the date of transmittal and the end of the first period of 60 calendar days of continuous session of Congress after the date on which such action is transmitted to such House, each House of Congress passes a resolution described in subsection (d)(2).

(c) For the purpose of subsection (b) of this section—

(1) continuity of session is broken only by an adjournment of Congress sine die; and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60-calendar-day period.

(d)(1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by paragraph (2) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of the House.

(2) For purposes of this subsection, the term "resolution" means only a resolution of either House of Congress the matter after the resolving clauses of which is as follows: "That the ——— approves the contingency plan numbered ——— submitted to the Congress on ———, 19 .", the first blank space therein being filled with the name of the resolving House and the other blank spaces being appropriately filled; but does not include a resolution which specifies more than one contingency plan.

(3) A resolution once introduced with respect to a contingency plan shall immediately be referred to a committee (and all resolutions with respect to the same contingency plan shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(4)(A) If the committee to which a resolution with respect to a contingency plan has been referred has not reported it at the end of 20 calendar days after its referral, it shall be in order to move either to discharge the committee from further consideration of such resolution or to discharge the committee from further considerdation of any other resolution with respect to such contingency plan which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same contingency plan), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same contingency plan.

(5)(A) When the committee has reported, or has been discharged from further consideration of, a resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the resolution referred to in subparagraph (A) of this paragraph shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing such resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit the resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to: except that it shall be in order to substitute a resolution to disapprove such contingency plan with respect to the same contingency plan.

(6)(A) Motions to postpone, made with respect to the discharge from committee, or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(7) Notwithstanding any of the provisions of this subsection, if a House has approved a resolution with respect to a contingency plan, then it shall not be in order to consider in that House any other resolution with respect to the same such action.

TITLE VIII—ENERGY CONSERVATION THROUGH PROHIBITION OF UNNECESSARY TRANSPORTATION

Sec. 801. (a)(1) In order to achieve more energy conservation, no vehicle using gasoline or diesel fuel may be used to transport any public school student to a school farther than the public school which is closest to his home offering educational courses for the grade level and course of study of the student and which is within the boundaries of the school attendance district wherein the student resides.

(2) Any person who violates section 801 (a)(1) of this title shall be subject to a civil penalty of not more than $5,000 for each violation of such section.

(3) This title shall not apply to any person—

(A) who is a parent using gasoline or diesel fuel to transport his child to a public school; or

(B) who is using gasoline or diesel fuel for the transportation of any public school student to any school for the purpose of participation in athletic, educational, social, or other extracurricular activities approved by the local educational authorities in charge of the public school such student attends.

Sec. 802. (a) No person may sell gasoline or diesel fuel for a vehicle which the seller of such gasoline or diesel fuel knows or has reason to know will use such gasoline or diesel fuel in violation of section 801(a)(1) of this title.

(b) Any person who the Administrator of the Federal Energy Administration determines violates section 801(a)(1) of this title shall not be entitled for the six-month period beginning on the date of such determination to any allocation of gasoline or diesel fuel under any Federal law which provides for the allocation of gasoline or diesel fuel.

TITLE IX—ENERGY DATA BASE

VERIFICATION AUDITS

Sec. 901. (a) The Comptroller General may conduct verification audits with respect to the books and records of—

(1) any person who is required to submit energy information to the Federal Energy Administration, the Department of the Interior, or the Federal Power Commission pursuant to any rule, regulation, order, or other legal process of such Administration, Department, or Commission; or

(2) any person who is engaged in the production, processing, refining, transportation by pipeline, or distribution (at other than the retail level) of energy resources—

(A) if such person has furnished, directly or indirectly, energy information (without regard to whether such information was furnished pursuant to legal requirement) to any Federal agency (other than the Internal Revenue Service), and

(B) if the Comptroller General determines that such information has been or is being used or taken into consideration, in whole or in part, by a Federal agency in carrying out responsibilities committed to such agency.

(b)(1) The Comptroller General may conduct oversight audits with respect to the financial statements which any vertically integrated petroleum company has filed with the Securities and Exchange Commission.

(2) The Comptroller General may conduct verification audits with respect to the financial statements which any integrated petroleum company has filed with the Securities and Exchange Commission if, on the basis of an oversight audit, the Comptroller General determines that the independent public accountant who certified such statements did not adequately examine books and records of any such company or further examination is necessary to determine the accuracy, reliability, or adequacy of such statements.

(c) The Comptroller General shall conduct verification audits of any person described in subsection (a) or (b) if requested to do so by any duly established committee or subcommittee of the Congress having legislative or investigative jurisdiction.

(d) For the purposes of this title—

(1) The term "verification audit" means an examination of such books and records of a person as the Comptroller General determines necessary and appropriate to assess the accuracy, reliability, and adequacy of the energy information furnished or financial statements filed, as the case may be, by such person.

(2) The term "oversight audit" means an examination of the books and records of any independent public accountant who certified the financial statements filed by any person with the Securities and Exchange Commission and the books and records of such person which were examined by such independent public accountant in certifying such statements.

(3) The term "energy information" has the same meaning as such term has in section 11(e)(1) of the Energy Supply and Environmental Coordination Act of 1974.

(4) The term "person" has the same meaning as such term has in section 11(e)(2) of the Energy Supply and Environmental Coordination Act of 1974.

(5) The term "vertically integrated petroleum company" means any person engaged in the production, refining, and marketing of petroleum products.

(6) The term "financial statement" means any financial statement filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934.

POWERS OF THE COMPTROLLER GENERAL AND REPORTS

Sec. 902. (a) For the purpose of carrying out his authority under section 901—

(1) the Comptroller General may—

(A) sign and issue subpenas for the attendance and testimony of witnesses and the production of books, records, papers and other documents,

(B) require any person, by general or special order, to submit answers in writing to interrogatories, to submit books, records, papers, or other documents, or to submit any other information or reports, and such answers or other submissions shall be made within such reasonable period, and under oath or otherwise, as the Comptroller General may determine; and

(C) administer oaths;

(2) the Comptroller General, or any officer or employee duly designated by the Comptroller General, upon presenting appropriate credentials and a written notice from the Comptroller General to the owner, operator, or agent in charge, may—

(A) enter, at reasonable times, any business premise or facility; and

(B) inspect, at reasonable times and in a reasonable manner, any such premise or facility, inventory and sample any stock of energy resources therein, and examine and copy books, records, papers or other documents, relating to any such energy information.

(b) The Comptroller General shall have access to any energy information or financial statement within the possession of any Federal agency (other than the Internal Revenue Service) as is necessary to carry out its authority under this section.

(c) (1) Except as provided in subsection (d), the Comptroller General shall transmit a copy of the results of any verification audit conducted under section 901 to the Federal agency to which energy information or financial statement which was subject to such audit was furnished.

(2) Any report made pursuant to paragraph (1) of this subsection shall include the Comptroller General's findings with respect to the accuracy, reliability, and adequacy of the energy information or financial statement which was the subject of such audit.

(d) If the verification audit was conducted at the request of any committee or subcommittee of the Congress, the Comptroller General shall report his findings directly to such committee or subcommittee of the Congress.

(e) The Comptroller General shall prepare and submit to the Congress an annual report with respect to the exercise of its authorities under this title, which report shall specifically identify any deficiencies in energy information or financial statements reviewed by the Comptroller General and include a discussion of action taken, if any, to correct any such deficiencies.

(f) Any reports made by the Comptroller General under this section and any information obtained by the Comptroller General under this title (except reports and information made or obtained by the Comptroller General in response to a request of a duly established committee or subcommittee of the Congress pursuant to section 901(c)) shall be subject to section 552 of title 5, United States Code, except that any such report and any information obtained by the Comptroller General under this title shall be supplied to any duly established committee or subcommittee of the Congress having legislative or investigative jurisdiction over the subject matter to which such report pertains upon request of such committee or subcommittee.

ACCOUNTING PRACTICES

SEC. 903. (a) For purposes of developing a reliable energy data base related to the production of crude oil and natural gas, the Securities and Exchange Commission shall, by rule, after consultation with the Financial Accounting Standards Board, prescribe accounting practices to be followed in the preparation of accounts by persons engaged, in whole or in part, in the production of crude oil or natural gas in the United States. Such rules shall be prescribed not later than twenty-one months after the date of enactment of this Act and shall take effect with respect to the first accounting quarter of each such person which begins six months after the date on which such rules are prescribed and shall apply to each such person.

(b) In carrying out its authority under this section, the Commission shall consult with the Federal Energy Administration, the General Accounting Office, and the Federal Power Commission with respect to any rule proposed to be prescribed under subsection (a) of this section.

(c) The Commission, in prescribing such rules, shall require observances of accounting practices to be followed in the preparation of accounts which, to the greatest extent practicable, permit the compilation, treating domestic and foreign operations as separate categories, of an energy data base consisting of:

(1) The separate calculation of capital, revenue, and operating cost information pertaining to—

(A) prospecting,

(B) acquisition,

(C) exploration,

(D) development, and

(E) production,

including geological and geophysical costs, carrying costs, unsuccessful exploratory drilling costs, intangible drilling and development costs on productive wells, the cost of unsuccessful development wells, and the cost of acquiring oil and gas reserves by means other than development. Any such calculation shall take into account disposition of capitalized costs, contractual arrangements involving special conveyance of rights and joint operations, differences between book and tax income, and prices used in the transfer of products or other assets from one person to any other person, including a person controlled by, controlling or under common control with such person.

(2) The full presentation of the financial information of persons engaged in the production of crude oil or natural gas, including—

(A) disclosure of reserves and operating activities, both domestic and foreign, to facilitate evaluation of financial effort and result; and

(B) classification of financial information by function to facilitate correlation with reserve and operating statistics, both domestic and foreign.

(3) Such other information, projections, and relationships of collected data as shall be necessary to facilitate the compilation of such data base.

ENFORCEMENT

SEC. 904. (a) Any person who violates any general or special order of the Office issued under section 902(a)(2) of this Act may be assessed a civil penalty not to exceed $10,000 for each violation. Each day of failure to comply with such an order shall be deemed a separate violation. Such penalty shall be assessed by the Comptroller General and collected in a civil action brought by the Comptroller General through any attorney employed by the General Accounting Office or any other attorney designated by the Comptroller General, or, upon request of the Comptroller General, the Attorney General. A person shall not be liable with respect to any period during which the effectiveness of the order with respect to such person was stayed.

(b) Any action to enjoin or set aside an order issued under section 902(a)(2) may be brought only before the United States Court of Appeals for the District of Columbia. Any action to collect a civil penalty for violation of any general or special order may be brought only in the United States District Court for the District of Columbia. In any action brought under subsection (a) to collect a civil penalty, process may be served in any judicial district of the United States.

(c) Upon petition by the Comptroller General through any attorney employed by the General Accounting Office or designated by the Comptroller General, or, upon request of the Comptroller General, the Attorney General, any United States district court within the jurisdiction of which any inquiry under this title is carried on may, in the case of refusal to obey a subpena of the Comptroller General issued under this title, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof.

AMENDMENTS TO ENERGY SUPPLY AND ENVIRONMENTAL COORDINATION ACT OF 1974

SEC. 905. (a) Section 11(g)(2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out "June 30, 1975" wherever it appears and inserting in lieu thereof in each case "September 30, 1980".

(b) Section 11(c) of such Act is amended by adding at the end thereof the following:

"(3) In order to carry out his responsibilities under subsection (a) of this section, the Federal Energy Administrator shall require, pursuant to subsection (b)(1)(A) of this section, that persons engaged, in whole or in part, in the production of crude oil or natural gas submit reports with respect to energy information kept in accordance with the accounting practices prescribed under section 904 of the Energy Conservation and Oil Policy Act of 1975. The Administrator shall file quarterly energy data base reports with the President and the Congress compiled from accounts kept in accordance with such section 903 and submitted to the Administrator in accordance with this paragraph. Such reports shall present energy information in the categories specified in subsection (c) of such section 903 to the extent that such information may be compiled from accounts. Such energy information shall be collected and such quarterly reports made for each calendar quarter which begins six months after the effective date of the rules prescribed under such section 903.".

TITLE X—LIMITATION ON PASSTHROUGHS OF PETROLEUM COST INCREASES

LIMITATION ON PASSTHROUGHS

SEC. 1001. Subparagraph (A) of section 4 (b)(2) of the Emergency Petroleum Allocation Act of 1973 is amended by adding before the semicolon in such subparagraph the following: ", except that no passthrough of such net increases which are incurred after the date of enactment of the Energy Conservation and Oil Policy Act of 1975 may be permitted more than 60 days after the date on which such increases were incurred".

TITLE XI—PENALTIES UNDER THE ALLOCATION ACT

SEC. 1101. Section 5 of the Emergency Petroleum Allocation Act of 1973 is amended:

(1) by striking out "sections 205 through 211" in subsection (a)(1) of such section and inserting in lieu thereof "sections 205 through 207 and sections 209 through 211"; and

(2) by adding at the end of subsection (a) of such section the following:

"(3) (A) whoever violates any provision of the regulation under section 4(a) of this Act or any order under this Act shall be subject to a civil penalty—

"(i) with respect to activities relating to the production or refining of crude oil, of not more than $20,000 for each violation;

"(ii) with respect to activities relating to the distribution of residual fuel oil or any refined petroleum product (other than at the retail level), to a civil penalty of not more than $10,000 for each violation; and

"(iii) with respect to activities relating to the distribution of residual fuel oil or any refined petroleum product at the retail level or any other person, a civil penalty of not more than $2,500 for each violation.

"(B) Whoever willfully violates any provision of such regulation or any such order shall be imprisoned not more than 1 year, or—

"(i) with respect to activities relating to the production or refining of crude oil, shall be fined not more than $40,000;

"(ii) with respect to activities relating to the distribution of residual fuel oil or any refined petroleum product (other than at the retail level), shall be fined not more than $20,000;

"(iii) with respect to activities relating to the distribution of residual fuel oil or any refined petroleum product at the retail level or any other person shall be fined not more than $10,000;

or both.

"(4) Any individual director, officer, or agent of a corporation who knowingly and willfully authorizes, orders, or performs any of the acts or practices constituting in whole or in part a violation of paragraph (3), and who has knowledge, or reasonably should have known, of notice of noncompliance received by the corporation from the President shall be subject to penalties under this subsection without regard to any penalties to which that corporation may be subject under paragraph (3).".

TITLE XII—PROHIBITION ON CERTAIN LEASING ARRANGEMENTS

PROHIBITION ON CERTAIN LEASING ARRANGEMENTS

SEC. 1201. (a) The Secretary of Interior shall, by rule, prohibit the granting of any right to develop crude oil, natural gas, coal, or oil shale on Federal lands to any person if more than one major oil company, more than one affiliate of a major oil company, or a major oil company and any affiliate of a major oil company, has or have a significant ownership interest in such person. The rules required to be promulgated pursuant to this subsection shall apply to the granting of any such right which occurs after the 60-day period which begins on the date of enactment of this Act.

(b) For purposes of this subsection—

(1) The term "major oil company" means any person who, together with any affiliate of such person, produces 1.65 million barrels of crude oil, natural gas liquids, and natural gas equivalents per day.

(2) The term "affiliate of a major oil company" means any person (A) which, directly or indirectly, controls, is controlled by, or under common control with, any major oil company; (B) which has a significant ownership interest in any major oil company; or (C) in which any major oil company has a significant ownership interest.

(3) The term "significant ownership interest" means—

(A) with respect to any corporation, 20 percent or more in value of the outstanding stock or the capital assets of such corporation,

(B) with respect to a partnership, 20 percent or more interest in the profits or capital of such partnership,

(C) with respect to an estate or trust, 20 percent or more of the beneficial interests in such estate or trust, and

(D) with respect to any other unincorporated association, 20 percent or more of the beneficial interests or assets of such unincorporated association.

(4) One barrel of natural gas equivalent equals 5,626 cubic feet of natural gas measured at 14.73 pounds per square inch and 60 degrees Fahrenheit.

(c) This section shall not apply with respect to any agreement, pertaining to crude oil, natural gas, or coal development on Federal lands, entered into prior to the date of enactment of this Act.

TITLE XIII—INDEPENDENT PRODUCER EXEMPTION

SEC. 1301. The Emergency Petroleum Allocation Act of 1973, as amended by this Act, is further amended by adding at the end thereof the following:

"SEC. 18. (a) (1) Notwithstanding the provisions of section 8, a ceiling price equal to the sum of $11.50 per barrel plus an amount equal to $0.05 per barrel for each month beginning on the expiration of the first full month after the date of enactment of this section shall apply to—

"(A) the first 3,000 barrels per day of first sales of new crude oil by an independent producer, and

"(B) first sales by an independent producer of domestic crude oil produced from a stripper well lease (as defined in section 18 (a) (6)).

"(2) Paragraph (1) (A) shall not apply to production from a property which is not a qualifying property.

"(3) (A) The term 'qualifying property' means a property designated by the operator thereof under subparagraph (B).

"(B) An operator may designate for purposes of subparagraph (B) one or more properties of which he is the operator if the aggregate average production of crude oil from all such properties (whether or not such crude oil is owned by such operator when it is produced) does not exceed 3,000 barrels per day.

"(C) The term 'operator' means the person who has the right to produce crude oil from a property.

"(D) The President may prescribe regulations permitting a portion of the production from a property to be treated as the production of such property for purposes of designation under subparagraph (B).

"(E) A designation of a property under this paragraph shall include an identification of the property, and an identification of all ownership interests with respect to that property.

"(4) Paragraph (1) shall apply only upon application of the producer and only upon a producer-by-producer determination by the President that such producer qualifies under the requirements of this subsection.

"(b) For purposes of this section:

"(1) The term 'independent producer' means a person—

"(A) who produces crude oil or who owns crude oil when it is produced,

"(B) who does not engage, directly or through a related person, in both refining and retailing operations, and

"(C) whose average daily production in the preceding calendar year (including production by any related person) did not exceed 15,000 barrels per day.

"(2) The term 'refining operation' means the processing of crude oil, residual fuel oil, or any refined petroleum product in a refinery.

"(3) The term 'new crude oil' means domestic crude oil from a property from which domestic crude oil was not produced and sold in any one or more of the months May through December 1972.

"(4) A person is a related person with respect to a producer if a significant ownership interest in either the producer or such person is held by the other, or if a third person has a significant ownership interest in both the producer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(5) RETAILING OPERATIONS.—The term 'retailing operations' means the sale of refined petroleum products through any retail outlet operated by—

"(A) the producer or a related person, or

"(B) any person or persons—

"(i) obligated under an agreement or contract with the producer or a related person to use a trademark, trade name, or service mark or name owned by such producer or a related person, in marketing or distributing crude oil, residual fuel oil, or refined petroleum products, or

"(ii) given authority, pursuant to an agreement or contract with the producer or a related person, to occupy any retail outlet owned, leased, or in any way controlled by the producer or a related person.

"(6) RETAIL OUTLET.—The term 'retail outlet' means a marketing or distributing establishment, the principal retail product of which is crude oil, residual fuel oil, or any refined petroleum product which offers for sale to the general public such aforementioned principal retail product. The term 'retail outlet' does not mean an establishment in which sales of crude oil, residual fuel oil, or any refined petroleum product are incidental to the primary business conducted.

"(c) Businesses under common control; members of the same family.—

"(1) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE PRODUCER.—For purposes of this section, persons who, as members of the same controlled group of corporations, engage in the first sale of domestic crude oil from properties from which domestic crude oil was not produced and sold in one or more of the months of May through December of 1972, shall be treated as one producer.

"(2) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—If 50 percent or more of the beneficial interest in two or more corporations, trusts, estates, or other entities is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the 3,000 barrel per day exemption provided by this section shall be allocated among all such entities in proportion to the respective sales by such entities of domestic crude oil from properties from which domestic crude oil was not produced and sold at any time during the months of May through December of 1972.

"(3) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of persons who are members of the same family, the 3,000 barrel per day exemption provided by this section shall be allocated among such persons in proportion to the respective first sales by such individuals of domestic crude oil from properties from which domestic crude oil was not produced and sold during one or more of the months of May through December of 1972.

"(4) ALLOCATION AMONG MEMBERS OF PARTNERSHIPS.—In the case of a partnership, the 3,000 barrel per day exemption provided by this section shall be computed separately by each partner, and not by the partnership; except that, if a person is a member of more than one partnership, the aggregate amount of the exemption available to such a person shall not exceed 3,000 barrels per day.

"(5) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a) of the Internal Revenue Code of 1954, except that section 1563(b) (2) thereof shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a) thereof.

"(B) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b) of the Internal Revenue Code of 1954, except that for this purpose the family of an individual includes only his spouse and minor children, and

"(6) the family of an individual includes only his spouse and minor children.".

TITLE XIV—EFFECTIVE DATE OF AMENDMENTS TO THE ALLOCATION ACT

SEC. 1401. The amendments made by this Act to the Emergency Petroleum Allocation Act of 1973 shall take effect on September 1, 1975.

Amend the title so as to read: "An act to increase domestic energy supplies and availability; to restrain energy demand; to prepare for energy emergencies; and for other purposes."

Mr. JACKSON. Mr. President, I ask unanimous consent that the action taken yesterday by the Senate on S. 622 be vacated.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I move that the Senate concur in the House amendment with an amendment in the nature of a substitute which is at the desk.

Mr. President, the Senate amendment in the nature of a substitute consists of the text of four energy measures as previously passed by the Senate in this session of the Congress.

The four Senate-passed bills are:

S. 622, the Standby Energy Authorities Act;

S. 1883, the Automobile Fuel Economy Act of 1975;

S. 349, the Energy Labeling and Disclosure Act; and

S. 677, the Strategic Energy Reserves Act of 1975.

Mr. President, the purpose of this procedure is to place before the conference committee the text of three Senate-passed bills which parallel provisions of the House amendment to S. 622.

Mr. President, I make this request for the explicit purpose of facilitating and expediting agreement, acceptable to minority and majority alike, on an energy bill which represents an honest, good faith compromise.

It is my sincere hope to work in the conference toward a legislative solution to our Nation's energy problems which avoids partisan political confrontation and instead seeks a reasonable and fair compromise. My personal objective, Mr. President, is to produce a conference report which will serve the Nation's best interests and which I hope the President will feel free to sign. On that commitment from me, I would hope that these requests and this procedure would be agreed upon.

Mr. President, I move that the Senate insist upon its amendment and request a conference with the House.

The PRESIDING OFFICER. The question is first on the Senate concurring in the Senate amendment to the House amendment.

The motion was agreed to.

The amendment of the Senate in the nature of a substitute is as follows:

Resolved, That the Senate concurs in the amendment of the House of Representatives to the bill (S. 622) entitled "An Act to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement United States obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery", with the following Senate amendment to House amendment: In lieu of the matter proposed to be inserted by the House engrossed amendment insert:

That title I may be cited as the "Standby Energy Authorities Act".

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TITLE I—STANDBY ENERGY AUTHORITIES

PART A—STANDBY AUTHORITIES

FINDINGS AND PURPOSES

SEC. 101. (a) The Congress hereby finds that—

(1) energy shortages causes unemployment, inflation, and other severe economic dislocations and hardships;

(2) such shortages and dislocations jeopardize the normal flow of interstate and foreign commerce;

(3) disruptions in the availability of imported energy supplies, particularly petroleum products, pose a serious risk to national security, economic well-being, and the health and welfare of the American people;

(4) because of the diversity of conditions, climate, and available fuel mix in different areas of the Nation, governmental responsibility for developing and enforcing appropriate authorities lies not only with the Federal Government, but with the States and with local government;

(5) the protection and fostering of competition and the prevention of anticompetitive practices and effects are vital during periods of energy shortages;

(6) existing legal authority and reliance upon voluntary programs to deal with shortage conditions on an emergency basis are inadequate to protect the public interest;

(7) new standby legislative authority is needed to deal with conditions that may be created by domestic energy shortages or curtailment of oil imports and thereby to protect the American people, and the economy from serious disruption and dislocation; and

(8) development of cooperative international programs to manage energy shortages can combat economic hardships and contribute to national security.

(b) The purpose of this part is to grant specific temporary standby authority to impose end-use rationing and to reduce demand by regulating public and private consumption of energy, subject to congressional review and right of approval or disapproval, and to authorize certain other specific temporary emergency actions to be exercised, to assure that the essential energy needs of the United States will be met in a manner which, to the fullest extent practicable:

(1) is consistent with existing national commitments to protect and improve the environment;

(2) minimizes any adverse impact on employment;

(3) provides for equitable treatment of all regions of the country and sectors of the economy;

(4) maintains vital services necessary to health, safety, and public welfare;

(5) insures against anticompetitive practices and effects and preserves, enhances, and facilitates competition in the development, production, transportation, distribution, and marketing of energy resources; and

(6) enables the Federal Government, subject to sections 120 and 121, to fulfill its responsibilities under international agreements to which it is a party.

(c) Prior to exercising any of the authorities contained in any of the following provisions of this part:

1. Section 103, End-Use Rationing;
2. Section 104, Energy Conservation Plan;
3. Section 106, Federal Actions To Increase Available Domestic Petroleum Supplies;
4. Section 113, International Oil Allocations; and
5. Section 119, Exchange of Information

the President is required to make a finding that: (A) acute energy shortage conditions exist or are impending that threaten the domestic economy and the ability of the United States to meet essential civilian or military energy requirements and that such shortage conditions are of such severity or scope as to require the exercise of the standby energy authorities provided for in this title; or (B) that the exercise of the authorities provided for in this part are required to fulfill obligations of the United States under an international agreement to which it is a party. The President's finding shall be transmitted to the Congress together with a report on the manner in which the authority will be used.

(d) Any finding made under subsection (c) of this section shall not remain in effect for a period of more than nine months. The President may make a new finding under subsection (c) if he finds that the exercise of authorities pursuant to his initial finding is required beyond nine months.

DEFINITIONS

SEC. 102. For purposes of this title:

(1) The term "State" means a State, the District of Columbia, Puerto Rico, or any territory or possession of the United States.

(2) The term "petroleum" means crude oil, residual fuel oil, or any refined petroleum product (as defined in the Emergency Petroleum Allocation Act of 1973).

(3) The term "United States" when used in the geographical sense means the States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

(4) The term "Administrator" means the Administrator of the Federal Energy Administration.

(5) The term "international agreement" means the Agreement On An International Energy Program, signed by the United States on November 8, 1974, and printed as Serial No. 93–53, November, 1974, Committee Print, Committee on Interior and Insular Affairs, United States Senate.

(6) The term "person" means any natural person, government entity, corporation, partnership, association, consortium, or any entity organized for a common business purpose, wherever situated, domiciled, or doing business, that directly or through other persons subject to its control, is engaged in commerce in any part of the United States, its territories and possessions, Puerto Rico, or the District of Columbia, or is a United States citizen engaged in commerce outside of the United States which activity affects United States commerce, or is otherwise subject to the jurisdiction of the United States.

(7) The term "handicapped person" means any individual who, by reason of disease, injury, age, congenital malfunction, or other permanent incapacity or disability, is unable without special facilities, planning, or design to utilize mass transportation vehicles, facilities, and services and who has a substantial permanent, impediment to mobility.

(8) The term "eligible person" means any handicapped person (who may or may not have a driver's license) or the parent or guardian of a handicapped person who must transport that person to and from special services.

END-USE RATIONING

SEC. 103. The President is authorized to promulgate a regulation which shall provide, consistent with the objectives of section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973, for the establishment of a program for the rationing and ordering of priorities among classes of end-users of crude oil, residual fuel oil, or any refined petroleum product, and for the assignment to end-users of such products of rights, and evidences of such rights, entitling them to obtain such products in precedence to other classes of end-users not similarly entitled.

(b) The regulation under subsection (a) of this section shall take effect only if the President finds that it is necessary to achieve the objectives of this part and those public purposes enumerated in section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973.

(c)(1) The President shall, by regulation or order in furtherance of the regulation authorized under subsection (a) of this section and consistent with the objectives enumerated in section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973, cause such allocations or such adjustments of allocations made pursuant to the Emergency Petroleum Allocation Act of 1973 or other authority, as may be necessary to carry out the purposes of this section.

(2) In the event of the expiration of the Emergency Petroleum Allocation Act of 1973 and the absence of any other petroleum allocation authority, the President is hereby authorized, notwithstanding the expiration of that Act, to promulgate consistent with the purposes and standards and according to the procedures set out in section 4, subsection (a) through (d) of the Emergency Petroleum Allocation Act of 1973, such a regulation providing for the allocation of crude oil, residual fuel oil, and refined petroleum products as is necessary to carry out the purposes of this subsection.

(d) The President shall provide for procedures by which any end-user of crude oil, residual fuel oil or refined petroleum products for which priorities and entitlements are established under the rationing program authorized under subsection (a) of this section may petition for review and reclassification or modification of any determination made under such paragraph with respect to his rationing priority or entitlement. The President shall also provide for the making of such adjustments as are practicable to prevent special hardship, inequity, or unfair distribution of burdens, and shall establish procedures which are available to any person for the purpose of seeking an interpretation, modification, recission of, exception to, or exemption from, such rules, regulations, and orders. Such procedures may include procedures with respect to such local boards as may be authorized to carry out functions under this subsection pursuant to section 116 of this part.

(e) No rule or order under this section may impose any tax or user fee or provide for a credit or deduction in computing any tax.

(f) At such time as the President finds that it is necessary to put a regulation under subsection (a) of this section into effect, the President shall transmit such regulation to each House of Congress and such regulation shall take effect and terminate in the same manner as an energy conservation plan prescribed under section 104 of this title and shall be deemed an energy conservation plan for purposes of section 104(c), notwithstanding the provisions of section 104(a)(1)(B). Such a regulation may be amended as provided in section 104(b)(1) of this title.

(g)(1) In promulgating a rule under subsection (a) of this section the President shall give priority consideration to the needs of the handicapped and other eligible persons, including the need for special arrangements for handicapped persons who because of architectural barriers would be unable to obtain evidence of their rights under subsection (a) under standard procedures or arrangements.

(2) In determining the eligibility of "handicapped person" and "eligible person" the President shall consult with the Social Security Administration, the Veterans' Administration, and the Federal Energy Administration: *Provided further,* That the administrative procedures to meet the needs of the handicapped shall be established in advance of and take effect on the effective date of the rule promulgated pursuant to subsection (a) of this section.

ENERGY CONSERVATION PLANS

SEC. 104. (a)(1)(A) Pursuant to the provisions of this section, the President may promulgate, by regulation, one or more energy conservation plans in accord with this section which shall be designed (together with actions taken and proposed to be taken under other authority of this title or other Acts) to result in a reduction of energy consumption. For purposes of this section, the term "energy conservation plan" means a plan for transportation controls (including but not limited to discretionary transportation activities upon which the basic economic viability of the United States does not depend) and such other reasonable restrictions on the public or private use of energy (including limitations on energy consumption of businesses) which are necessary to reduce energy consumption.

(B) No energy conservation plan promulgated under this section may impose rationing or any tax or user fee, or provide for a credit or deduction in computing any tax.

(C) In promulgating regulations pursuant to this section the President shall give priority consideration to the needs of handicapped persons.

(2) An energy conservation plan shall become effective as provided in subsection (b) of this section. Such a plan shall apply in each State, except as otherwise provided in an exemption granted pursuant to such plan in cases where a comparable State or local program is in effect, or where the President finds special circumstances exist.

(3) An energy conservation plan shall deal with only one functionally discrete subject matter or type of action proposed to reduce energy consumption.

(4) Subject to subsection (b)(3), an energy conservation plan shall remain in effect for a period specified in the plan unless earlier rescinded by the President; but shall terminate in any event no later than nine months after such plan first takes effect unless renewed in accordance with this section.

(b)(1) For purposes of this subsection, the term "energy conservation plan" does not include an amendment to an energy conservation plan that is consistent with the subject matter of the primary conservation plan. The

President shall notify the Congress of all amendments.

(2) The President shall transmit any energy conservation plan (bearing an identification number) to each House of Congress on the date on which it is promulgated.

(3) Each energy conservation plan shall take effect on the date provided in the plan, but if either House of Congress, before the end of the first period of ten calendar days of continuous session of Congress after the date on which such action is transmitted to it passes a resolution stating in substance that Congress does not favor such action, such action shall cease to be effective on the date of passage of such resolution.

(4) For the purpose of paragraph (3) of this subsection—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the ten-day period.

(5) Under provisions contained in an energy conservation plan, a provision of the plan may take effect at a time later than the date on which such plan otherwise takes effect.

(c) (1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by paragraph (2) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(2) For purposes of this subsection, the term "resolution" means only a resolution of either House of Congress described in subparagraph (A) or (B) of this paragraph.

(A) A resolution the matter after the resolving clause of which reads as follows: "That the ——— does not object to the implementation of energy conservation plan numbered ——— submitted to the Congress on ———, 19—.", the first blank space therein being filled with the name of the resolving House and the other blank spaces being appropriately filled; but does not include a resolution which specified more than one energy conservation plan.

(B) A resolution the matter after the resolving clause of which reads as follows: "That the ——— does not favor the energy conservation plan numbered ——— transmitted to Congress on ———, 19—.", the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled; but does not include a resolution which specifies more than one energy conservation plan.

(3) A resolution once introduced with respect to an energy conservation plan shall immediately be referred to a committee (and all resolutions with respect to the same plan shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(4) (A) If the committee to which a resolution with respect to an energy conservation plan has been referred has not reported it at the end of five calendar days after its referral, it shall be in order to move, either to discharge or to discharge the committee from further consideration of any other resolution with respect to such energy conservation plan which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same energy conservation plan), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same plan.

(5) (A) When the committee has reported, or has been discharged from further consideration of, a resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the resolution shall be limited to not more than ten hours, which shall be divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which the resolution was agreed to or disagreed to; except that it shall be in order to substitute a resolution disapproving a plan for a resolution not to subject to such plan, or a resolution not to object to a plan for a resolution disapproving such plan.

(6) (A) Motions to postpone, made with respect to the discharge from committee, or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(7) Notwithstanding any of the provisions of this subsection, if a House has approved a resolution with respect to an energy conservation plan, then it shall not be in order to consider in that House any other resolution with respect to the same plan.

(d) (1) Any energy conservation plan or rationing rule, which the President submits to the Congress pursuant to subsection (b) of this section shall contain a specific statement explaining the need for, the rationale and the operation of such plan or rule.

(2) Any energy conservation plan or rationing rule which the President submits to the Congress pursuant to this title shall be based upon a consideration of, and to the extent practicable, be accompanied by an evaluation of the potential economic impacts, if any, of the proposed plan or rule, including an analysis of the effect, if any, of such plan or rule on—

(A) the fiscal integrity of State and local government;

(B) vital industrial sectors of the economy;

(C) employment, by industrial and trade sector, as well as on a national, regional, State, and local basis;

(D) the economic vitality of regional, State, and local areas;

(E) the availability and price of consumer goods and services;

(F) the gross national product;

(G) competition in all sectors of industry;

(H) small business; and

(I) the supply and availability of energy resources for use as fuel or as feedstock for industry.

MATERIALS ALLOCATION

SEC. 105. Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(c) (1) Notwithstanding any other provision of this Act, the President may, by rule or order, require the allocation of, or the performance under contracts or orders (other than contracts of employment) relating to, supplies of materials and equipment in order to maximize domestic energy supplies if he makes the findings required by paragraph (3) of this subsection.

"(2) The President shall report to the Congress within sixty days after the date of enactment of this subsection on the manner in which the authorities contained in paragraph (1) will be administered. This report shall include, but not be limited to, the identification of materials and equipment in short supply, the manner in which allocations will be made, the procedure for requests and appeals, the criteria for determining priorities as between competing requests, and the office or agency which will administer such authorities.

"(3) The authority granted in this subsection may not be used to control the distribution of any supplies of materials and equipment in the marketplace unless the President finds that—

"(A) such supplies are scarce, critical, and essential to maintain or further exploration, production, refining, transportation, and conservation of energy supplies or for the construction and maintenance of energy facilities; and

"(B) maintenance or furtherance of exploration, production, refining, transportation, and conservation of energy supplies and the construction and maintenance of energy facilities cannot reasonably be accomplished without exercising the authority specified in paragraph (1) of this subsection.

"(4) During any period when the authority conferred by this subsection is being exercised, the President shall take such action as may be appropriate to assure that such authority is being exercised in a manner which assures the coordinated administration of such authority with any priorities or allocations established under subsection (a) of this section and in effect during the same period.".

FEDERAL ACTIONS TO INCREASE AVAILABLE DOMESTIC PETROLEUM SUPPLIES

SEC. 106. (a) The President may, by rule or order, require the following measures to supplement domestic energy supplies—

(1) The production of designated domestic oil and gas fields, at maximum practicable rates of production if necessary to meet the objectives of this title: *Provided*, That production shall not be in excess of the currently assigned maximum efficient rate of production unless the President determines that the types and quality of reservoirs are such as to permit production at rates in excess of the currently assigned maximum efficient rate for periods of no more than ninety days without excessive risk of losses in ultimate recovery, unless renewed. Such fields are to be designated by the Secretary of the Interior, after consultation with the appropriate State regulatory agency. Data to determine the maximum efficient rate of production shall be supplied to the Secretary of the Interior by the State regulatory agency

which determines the maximum efficient rate of production and by the operators who have drilled wells in or are producing oil and gas from such fields;

(2) The unitization of production on any oil and gas producing properties on Federal lands; and

(3) The adjustment of processing operations of domestic refineries to produce refined products in proportions commensurate with national needs and consistent with the objectives of section 4(b) of the Emergency Petroleum Allocation Act of 1973.

(b) Nothing in this section shall be construed to authorize any additional production not already authorized from any Naval Petroleum Reserve now subject to the provisions of chapter 641 of title 10, United States Code.

OTHER AMENDMENT TO THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

SEC. 107. (a) Section 4 of the Emergency Petroleum Allocation Act of 1973 is further amended by adding at the end of such section the following new subsection (h):

"(h) If any provision of the regulation under subsection (a) provides that any allocation of residual fuel oil or refined petroleum products is to be based on use of such a product or amounts of such product supplied during an historical period, the regulation shall contain provisions designed to assure that the historical period can be adjusted (or other adjustments in allocations can be made) in order to reflect regional disparities in use, population growth or unusual factors influencing use (including unusual changes in climatic conditions), of such oil or product in the historical period. This subsection shall take effect sixty days after the date of enactment of the Standby Energy Authorities Act. Adjustment for such purposes shall take effect as soon as practicable after the date of enactment of this subsection. Adjustments to reflect population growth shall be based upon the most current figures available from the United States Bureau of the Census.".

(b) Section 4(b) (1) (G) of the Emergency Petroleum Allocation Act of 1973, as amended, is amended to read as follows:

"(G) allocation of residual fuel oil and refined petroleum products in such amounts and in such manner as may be necessary for the maintenance of exploration for, and production or extraction of—

"(i) fuels, and

"(ii) minerals essential to the requirements of the United States,

and for required transportation related thereto,".

(c) Section 3 of the Emergency Petroleum Allocation Act of 1973, as amended, is amended by adding at the end thereof the following new subsections:

"(8) The term 'handicapped person' means any individual who, by reason of disease, injury, age, congenital malfunction or other permanent incapacity or disability, is unable without special facilities, planning or design to utilize mass transportation vehicles, facilities and services and who has a substantial, permanent impediment to mobility.

"(9) The term 'eligible person' means any handicapped person (who may or may not have a driver's license) or the parent or guardian of a handicapped person who must transport that person to and from special services.".

(d) Section 4(e) of the Emergency Petroleum Allocation Act of 1973, as amended (87 Stat. 627), is hereby amended by adding a new paragraph 4(e) (3) as follows:

"(3) (A) In the event that the price regulation promulgated under subsection (a) of this section provides for more than one price (or manner of determining a price) for a given grade and quality of crude oil produced in a given producing area, the regulation shall provide that the price applicable to 'new oil', as defined in subparagraph (B) of this paragraph, shall, except as provided in subparagraph (D) of this paragraph, be the highest price applicable to the given grade and quality of crude oil produced in the given producing area.

"(B) For the purposes of this paragraph, 'new oil' refers to any crude oil produced from any property in any calendar month, in excess of a percentage, specified in the regulation, of the volume of crude oil produced from that property in the corresponding calendar month of the previous year.

"(C) The percentage specified pursuant to subparagraph (B) of this paragraph shall reflect and take into account the rate of decline in production normally expected from individual oil reservoirs in the absence of enhanced recovery techniques, such as measures to increase the permeability of the reservoir, including acidizing and fracturing, measures to restore reservoir pressure by injection of water, steam or gas, and measures to reduce oil viscosity or capillarity by the introduction of injected substances or heat.

"(D) The price applicable to any crude oil produced from any property in any calendar month, whose price would be increased solely by the operation of this paragraph, and which does not exceed the volume of crude oil produced from that property in the corresponding month of 1973, shall not exceed $7.50 per barrel.".

PROHIBITIONS ON UNREASONABLE ACTIONS

SEC. 108. (a) Action taken under authority of this part, part B of this title, the Emergency Petroleum Allocation Act of 1973, or other Federal law resulting in the allocation of petroleum products and electrical energy among classes of users or resulting in restrictions on use of petroleum products and electrical energy, shall be equitable, and shall discriminate among classes of users only to the extent necessary to accomplish the purposes of such Acts. Allocations shall contain provisions designed to foster reciprocal and nondiscriminatory treatment by foreign countries of United States citizens engaged in commerce.

(b) To the maximum extent practicable, any restriction on the use of energy shall be designed to be carried out in such manner so as to be fair and to create a reasonable distribution of the burden of such restriction on all sectors of the economy, without imposing an unreasonably disproportionate share of such burden on any specific industry, business, or commercial enterprise, or on any individual segment thereof and shall give due consideration to the needs of commercial, retail, and service establishments whose normal function is to supply goods and service of an essential convenience nature during times of day other than conventional daytime working hours.

REGULATED CARRIERS

SEC. 109. Within ninety days after the date of enactment of this part, the Civil Aeronautics Board, the Federal Maritime Commission, and the Interstate Commerce Commission shall report separately to the appropriate committees of the Congress on the need for additional regulatory authority in order to conserve fuel while continuing to provide for the public convenience and necessity. Each such report shall identify with specificity—

(1) the type of regulatory authority needed;

(2) the reasons why such authority is needed;

(3) the probable impact on fuel consumption of such authority;

(4) the probable effect on the public convenience and necessity of such authority; and

(5) the competitive impact, if any, of such authority.

Each such report shall further make recommendations with respect to changes in any existing fuel allocation programs which are deemed necessary to provide for the public convenience and necessity during such period.

ADVISORY COMMITTEES

SEC. 110. (a) (1) Except as provided in section 121, to achieve the purposes of this part the Administrator may provide for the establishment of such advisory committees as he determines are necessary. Any such advisory committees shall be subject to the provisions of the Federal Advisory Committee Act of 1972 (5 U.S.C. App. I) and section 17 of the Federal Energy Administration Act (Public Law 93-274) whether or not such Act or any of its provisions expires or terminates during the term of this part or of such committees, and in all cases such advisory committees shall be chaired by a regular full-time Federal employee and shall include representatives of the public, and the meetings of such committees shall be open to the public. The Attorney General and the Federal Trade Commission shall have adequate advance notice of any meeting and may have an official representative attend and participate in any such meeting.

(2) A full and complete verbatim transcript shall be kept of such advisory committee meetings, and shall be taken and deposited, together will any agreement resulting therefrom, with the Attorney General and the Federal Trade Commission. Such transcript and agreement shall be made available for public inspection and copying, subject to the provisions of section 552 (b) (1), (b) (3), and so much of (b) (4) as relates to trade secrets, of title 5, United States Code.

(b) REPEAL OF SECTION 6(c) OF THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973.—Effective on the date of enactment of this part, section 6(c) of the Emergency Petroleum Allocation Act of 1973, as amended, is hereby amended to read as follows:

"(c) There shall be available as a defense to any action brought for breach of contract in any Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange petroleum, that such delay or failure was caused solely by compliance with the provisions of this Act or with the regulation or any order under section 4 of this Act.".

(c) REQUIRED REPORTS.—Within thirty days after the filing of the report submitted pursuant to section 109, the Attorney General and the Federal Trade Commission shall each submit a report to the Congress and to the President analyzing the effect upon competition of such proposals and providing alternatives to avoid or overcome, to the greatest extent practicable, any anticompetitive effects of such proposals while achieving the purposes of fuel conservation.

EXPORTS

SEC. 111. (a) The President is authorized by rule or order, to restrict exports *of coal,* natural gas, petroleum products, and petrochemical feedstocks, drill pipe, upland and offshore drilling rigs and platforms, and of such other supplies of materials and equipment which he determines to be necessary to maintain or further exploration, production, refining, transportation, and conservation of domestic energy supplies and for the construction and maintenance of energy facilities within the United States, under such terms and conditions as he determines to be appropriate and necessary to carry out the purpose of this title.

(b) In the administration of the restrictions under subsection (a) of this section, the President may direct and, if so, the Secretary of Commerce shall impose such restrictions pursuant to the procedures and authorities established by the Export Administration Act of 1969, as amended.

(c) Rules or orders of the President under subsection (a) of this section and actions by the Secretary of Commerce pursuant to subsection (b) of this section shall take into account the historical trading relations of the United States with Canada and Mexico.

ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW

SEC. 112. (a) (1) Subject to paragraphs (2), (3), and (4) of this subsection, the provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to any rule, or regulation, or any order having the applicability and effect of a rule as defined in section 551(4) of title 5, United States Code, issued under this title, except that this subsection shall not apply to any rule, regulation, or order issued under the Emergency Petroleum Allocation Act of 1973 (as amended by this part).

(2) Notice of all proposed substantive rules and orders of general applicability described in paragraph (1) shall be given by publication of such proposed rule or order in the Federal Register. In each case, a minimum of ten days following such publication shall be provided for opportunity to comment; except that the requirements of this paragraph as to time of notice and opportunity to comment may be waived where the President finds that strict compliance would seriously impair the operation of the program to which such rule or order relates and such findings are set out in detail in such rule or order. In addition, public notice of all rules or orders of general applicability described in paragraph (1) of subsection (a) which are promulgated by officers of a State or political subdivision thereof or to State or local boards pursuant to this title shall to the maximum extent practicable be achieved by publication of such rules or orders in a sufficient number of newspapers of statewide circulation calculated to receive widest possible notice.

(3) In addition to the requirements of paragraph (2), unless the President determines that rule or order described in paragraph (1) is not likely to have a substantial impact on the Nation's economy or upon large numbers of individuals or businesses, views, data, and arguments shall be afforded. To the maximum extent practicable, such opportunity shall be afforded prior to the implementation of such rule or order, but in all cases such opportunity shall be afforded no later than forty-five days after the implementation of any such rule or order. A transcript shall be made of any oral presentation.

(4) Any officer or agency authorized to issue rules or orders described in paragraph (1) shall provide for the making of such adjustments, consistent with the other purposes of this Act or the Emergency Petroleum Allocation Act of 1973 (as the case may be), as may be necessary to prevent special hardship, inequity, or an unfair distribution of burdens and shall in rules prescribed by it establish procedures which are available to any person for the purpose of seeking an interpretation, modification, or rescission of, or an exception to or exemption from, such rules and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the officer or agency and may obtain judicial review in accordance with subsection (b) or other applicable law when such denial becomes final. The officer or ageny shall, in rules prescribed by it, establish appropriate procedures, including a hearing where deemed advisable, for considering such requests for action under this paragraph.

(b) (1) The district courts of the United States shall have exclusive original jurisdiction of cases or controversies arising under this part, or under regulations or orders issued thereunder, notwithstanding the amount in controversy; except that nothing in this subsection or in subsection (7) of this section affects the power of any court of competent jurisdiction to consider, hear, and determine any issue by way of defense (other than a defense based on the constitutionality of this part or the validity of action taken by any agency under this part) raised in any proceeding before such court. If in any such proceeding an issue by way of defense is raised based on the constitutionality of this part or the validity of agency action under this part, the cases shall be subject to removal by either part to a district court of the United States in accordance with the applicable provisions of chapter 89 of title 28, United States Code.

(2) (i) Except as otherwise provided in this section, exclusive appellate jurisdiction is vested in the Temporary Emergency Court of Appeals, a court which is currently in existence, but which is independently authorized by this section. The court, a court of the United States, shall consist of three or more judges to be designated by the chief judge of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Temporary Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. Except as provided in subsection (d) (2) of this section, the court shall not have power to issue any interlocutory decree staying or restraining in whole or in part any provision of this part, or the effectiveness of any regulation or order issued thereunder. In all other respects, the court shall have the powers of a circuit court of appeals with respect to the jurisdiction conferred on it by this part. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases over which it has jurisdiction under this part. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(ii) Appeals from the district courts of the United States in cases and controversies arising under this part or under regulations or orders issued thereunder shall be taken by the filing of a notice of appeal with the Temporary Emergency Court of Appeals within thirty days of the entry of judgment by the district court.

(3) In any action commenced under this part in any district court of the United States in which the court determines that a substantial constitutional issue exists, the court shall certify such issue to the Temporary Emergency Court of Appeals. Upon such certification, the Temporary Emergency Court of Appeals shall determine the appropriate manner of disposition which may include a determination that the entire action be sent to it for consideration or it may, on the issues certified, give binding instructions and remand the action to the certifying court for further disposition.

(4) (i) Subject to paragraph (ii), no regulation of any agency exercising authority under this part shall be enjoined or set aside, in whole or in part, unless a final judgment determines that the issuance of such regulation was in excess of the agency's authority, was arbitrary or capricious, or was otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, and no order of such agency shall be enjoined or set aside, in whole or in part unless a final judgment determines that such order is in excess of the agency's authority, or is based upon findings which are not supported by substantial evidence.

(ii) A district court of the United States or the Temporary Emergency Court of Appeals may enjoin temporarily or permanently the application of a particular regulation or order issued under this part to a person who is a party to litigation before it. Appeals from interlocutory decisions by a district court of the United States under this paragraph may be taken in accordance with the provisions of section 1292(b) of title 28, United States Code; except that reference in such section to the courts of appeals shall be deemed to refer to the Temporary Emergency Court of Appeals.

(5) The effectiveness of a final judgment of the Temporary Emergency Court of Appeals enjoining or setting aside in whole or in part any provision of this part, or any regulation or order issued thereunder shall be postponed until the expiration for a writ of certiorari is filed with the Supreme Court under subsection (6) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the action by the Supreme Court.

(6) Within thirty days after entry of any judgment or order by the Temporary Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Temporary Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Temporary Emergency Court of Appeals, shall have exclusive jurisdiction to determine the constitutional validity of any provision of this part or of any regulation or order issued under this part. Except as provided in this section, no court, Federal or State, shall have jurisdiction or power to consider the constitutional validity of any provision of this part or of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this part authorizing the issuance of such regulations or orders, or any provision of any such regulation or order; or to restrain or enjoin the enforcement of any such provision.

(7) The provisions of this section apply to any actions or suits pending in any court, Federal or State, on the date of enactment of this section in which no final order or judgment has been rendered. Any affected party seeking relief shall be required to follow the procedures of this part.

(c) The Administrator may by rule prescribe procedures for State or local boards which carry out functions under this title or the Emergency Petroleum Allocation Act of 1973. Such procedures shall apply to such boards in lieu of subsection (a), and shall require that prior to taking any action, such boards shall take steps reasonably calculated to provide notice to persons who may be affected by the action, and shall afford an opportunity for presentation of views (including oral presentation of views where practicable) at least ten days before taking the action. Such boards shall be of balanced composition reflecting the makeup of the community as a whole.

(d) In addition to the requirements of section 552 of title 5, United States Code, any agency authorized by this title or the Emergency Petroleum Allocation Act of 1973 to issue the rules, regulations or orders described in paragraph (1) of subsection (a) shall make available to the public all internal rules and guidelines which may form the basis, in whole or in part, for any rule or order with such modifications as are necessary to insure confidentiality protected under such section 552 of title 5, United States Code. Such agency shall, upon written request of a petitioner filed after any grant or denial of a request for exception or exemption from rules or orders, furnish the petitioner with a written opinion setting forth applicable facts and the legal basis in support of such grant or denial. Such opinions shall be made available to the petitioner and the public within thirty days of such request and with such modifications as are necessary to insure confidentiality of information protected under such section 552 of title 5, United States Code.

INTERNATIONAL OIL ALLOCATIONS

SEC. 113. (a) The President is authorized to require by rule, regulation, or order such action as may be necessary for implementation of the obligations of the United States under the international agreement with regard to the international allocation of petroleum to other countries in such amounts and at such prices as are specified in (or determined in a manner prescribed by) such rule, regulation, or order. Such rule, regulation, or order may apply to all petroleum owned or controlled by persons subject to the jurisdiction of the United States including petroleum destined, directly or indirectly, for import into the United States or any foreign country, or produced in the United States, and shall remain in effect for no more than six months unless extended pursuant to section 101(c).

(b) Any rule, regulation or order and any other action taken pursuant to subsection (a) of this section which involves the allocation of petroleum within the domestic jurisdiction of the United States shall conform to the objectives and limitations specified in the Emergency Petroleum Allocation Act of 1973 and the Federal Energy Administration Act of 1974 and be subject in its promulgation and operation to the administrative and judicial review procedures established for orders or regulations issued pursuant thereto.

(c) Neither section 4(d) of the Emergency Petroleum Allocation Act nor section 28(u) of the Mineral Leasing Act of 1920, as amended by the Act of November 16, 1973 (30 U.S.C. 185), shall preclude the allocation and export of petroleum produced in the United States to other countries in accordance with obligations of the United States under the international agreement.

PROHIBITED ACTS

SEC. 114. It shall be unlawful for any person to violate any provision of this part or to violate any rule, regulation (including an energy conservation plan), or order issued pursuant to any such provision.

ENFORCEMENT

SEC. 115. (a) Whoever violates any provision of this part or rule, regulations or orders promulgated pursuant thereto, shall be subject to a civil penalty of not more than $5,000 for each violation.

(b) Whoever willfully violates any provision of this part or rules, regulations or orders promulgated pursuant thereto, shall be fined not more than $10,000 for each violation.

(c) It shall be unlawful for any person to offer for sale or distribute in commerce any product or commodity in violation of an applicable order or regulation issued pursuant to this part. Any person who knowingly and willfully violates this subsection after having been subjected to a civil penalty for a prior violation of the same provision of any order or regulation issued pursuant to this title shall be fined not more than $50,000 or imprisoned not more than six months, or both.

(d) Whenever it appears to any person authorized by the President or the Administrator to exercise authority under this part that any individual or organization has engaged, is engaged, or is about to engage in acts or practices constituting a violation of this part, such person may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any provision of this section.

(e) Any person suffering legal wrong because of any act or practice arising out of any violation of this part may bring an action in a district court of the United States without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment or writ of injunction. Nothing in this subsection shall authorize any person to recover damages.

DELEGATION OF AUTHORITY AND EFFECT ON STATE LAW

SEC. 116. (a) Within sixty days following the date of enactment of this title, the President shall after affording an opportunity for interested persons to make oral presentations, promulgate a regulation—

(1) establishing criteria for delegation of his functions under this title or the Emergency Petroleum Allocation Act of 1973, to officers or local boards (of balanced composition reflecting the community as a whole) of States or political subdivisions thereof; and

(2) establishing procedures for petitioning for the receipt of such delegation.

(b) (1) Offices or local boards of States or political subdivisions thereof, following the establishment of criteria for delegation and procedures for petitioning in accordance with subsection (a) of this section, may petition the President for the receipt of such delegation.

(2) The President may grant any properly submitted petition within thirty days of its receipt.

(c) No State law or State program in effect on the date of enactment of this part, or which may become effective thereafter, shall be superseded by any provision of this part or any regulation, order, or energy conservation plan issued pursuant to this part except insofar as such State law or State program is inconsistent with the provisions of this part, or such a regulation, order, or plan.

GRANT TO STATES

SEC. 117. (a) The President shall provide financial assistance in accordance with this section for the purpose of assisting eligible State or local energy conservation programs.

(b) One-half the sum appropriated each fiscal year for fiscal assistance to the States shall be apportioned to each State in the ratio which the population of that State bears to the total population of the United States. The remainder shall be distributed by the President among the States on the basis of their respective needs.

(c) A State is eligible to receive financial assistance for energy conservation programs pursuant to subsection (a) (1) of the subsection in any fiscal year if—

(1) the State has established a State plan for energy conservation which provides for equitable distribution of such assistance among State, local, and regional authorities;

(2) the State provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid under this section to the State; and

(3) the State complies with regulations of the President issued under this section.

(d) Within sixty days after the date of enactment of this title, the President shall issue, and may from time to time amend, regulations with respect to financial assistance for energy conservation programs which include criteria for such programs.

(e) Any amounts which are not expended or committed by a State pursuant to subsection (b) during the ensuing fiscal year shall be returned by such State to the United States Treasury.

(f) (1) Each recipient of financial assistance under this section shall keep such records as the President shall prescribe.

(2) The President and the Comptroller General of the United States, or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts.

(g) There is authorized to be appropriated to carry out the purposes of this section such sums as are necessary, not to exceed $50,000,000 for each of the two fiscal years including and following the effective date of this section.

(h) Any funds authorized to be appropriated under subsection (g) of this section shall be available for the purpose of making grants to States to which the President has delegated authority under section 116 of this part, or for the administration of appropriate State or local energy conservation, rationing or allocation programs which are the basis of an exemption made pursuant to 104(a) (2) of this part from a Federal energy conservation plan which has taken effect under section 104 of this title. The President shall make such grants upon such terms and conditions as he may prescribe by rule.

ENERGY INFORMATION

SEC. 118. (a) The President is authorized to request, acquire, and collect such energy information as he determines to be necessary to achieve the purposes of this part.

(b) For the purposes of implementing and carrying out this title, including the obligations of the United States under an international agreement, the authority relating to the collection, processing, analysis, and dissemination of energy information data granted by the Energy Supply and Environmental Coordination Act and the Federal Energy Administration Act, respectively, shall continue in full force and effect without regard to the provisions of these Acts relating to their expiration.

EXCHANGE OF INFORMATION

SEC. 119. (a) Except as provided in subsections (b) and (c), and notwithstanding any other provision of law relating to prohibitions on disclosure of proprietary and confidential business data or information, the Administrator, after consultation with the Attorney General may provide to the Secretary of State, and the Secretary of State is authorized to transmit to an appropriate international organization or foreign country the information and data related to the energy industry certified by the Secretary of State as required to be submitted under an international agreement to which the United States is a party.

(b) The President shall make the final determination as to whether the transmittal of energy information and data pursuant to the authority of this section would prejudice competition, violate the antitrust laws, or be inconsistent with United States national security interests, he may require that such energy information or data not be transmitted.

(c) Energy information and data the confidentiality of which is protected by statute shall not be provided by the Administrator to the Secretary of State under subsection (a) of this section for transmittal to an international organization or foreign country, unless the Administrator has obtained the specific concurrence of the head of any department or agency which has the primary statutory authority for the collection, gathering, or obtaining of such information and data. In making a determination to concur in providing such information and data, the head of any department or agency which has the primary statutory authority for the collection, gathering, or obtaining of such information and data, shall consider the purposes for which such information and data was collected, gathered, and obtained, the confidentiality provisions of such statutory authority, and the international obligations of the United States with respect to the transmittal of such information and data to an international organization or foreign country.

(d) As used in this section and section 118 the term "energy information" means information or documents pertaining to any person engaged in any phase of major energy supply or major energy consumption, including information and documents pertaining to:

(1) corporate structure;

(2) financial structure, including balance sheets, profit and loss accounts, and taxes paid;

(3) capital investments realized;

(4) terms of arrangements for access to major sources of crude oil and other energy supplies;

(5) current rates of production and anticipated changes therein;

(6) allocations of available energy to affiliates and other customers (criteria and realization);

(7) stocks and levels of inventories and available emergency reserves;

(8) cost of crude oil, oil products, and other energy supplies;

(9) prices, including transfer prices to affiliates;

(10) energy consumption and supply;

(11) availability and utilization of transportation facilities;

(12) current and projected levels of energy supply and demand;

(13) demand restraint measures; and

(14) other subjects, which the Administrator finds necessary in order to achieve the purpose of this part.

RELATIONSHIP OF THIS TITLE TO THE INTERNATIONAL ENERGY AGREEMENT

SEC. 120. The purpose of the Congress in adopting this part is to provide standby energy emergency authority to deal with energy shortage conditions and to minimize economic dislocation and adverse impacts on employment. While the authorities contained in this title may, to the extent authorized by this part, be used to carry out obligations incurred by the United States in connection with the November 18, 1974, executive agreement, "Agreement On An International Energy Program", this part shall not be construed in any way as advice and consent, ratification, endorsement, or other form of congressional approval of the specific terms of the executive agreement or any related annex, protocol, amendment, modification, or other agreement which has been or may in the future be entered into.

INTERNATIONAL VOLUNTARY AGREEMENTS—PROCEDURES

SEC. 121. (a) The requirements of this section shall be the sole procedures applicable to the development, implementation, or carrying out of voluntary agreements or plans of action to accomplish the objectives of the international agreement with respect to international petroleum allocation and the information system provided in such agreement, and to the availability of immunity from the antitrust laws respecting the development, implementation, or carrying out of such voluntary agreements or plans of action.

(b) As used in this section, the term "antitrust laws" means—

(1) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890 (15 U.S.C. 1 et seq.), as amended;

(2) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12 et seq.), as amended;

(3) the Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended;

(4) sections 73 and 74 of the Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894 (15 U.S.C. 8 and 9), as amended; and

(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a).

(c)(1) To achieve the purposes of the international agreement with respect to international petroleum allocation and the information system provided in such agreement, the Administrator may provide for the establishment of such advisory committees as he determines are necessary. Any such advisory committees shall be subject to the provisions of the Federal Advisory Committee Act of 1972 (5 U.S.C. App. I), and section 17 of the Federal Energy Administration Act (Public Law 93–274) whether or not such Acts or any of their provisions expire or terminate during the term of this title or of such committees, and in all cases such advisory committees shall be chaired by a regular full-time Federal employee and shall include representatives of the public, and the meetings of such committees shall be open to the public. The Attorney General and the Federal Trade Commission shall have adequate advance notice of any meeting and may have an official representative attend and participate in any such meeting.

(2) A full and complete verbatim transcription shall be kept of such advisory committee meetings, and shall be taken and deposited, together with any agreement resulting therefrom, with the Attorney General and the Federal Trade Commission. Except when the Administrator has suspended the application of subsections (b) and (c) of section 17 of the Federal Energy Administration Act pursuant to paragraph (3) of this subsection, such transcript and agreement shall be made available for public inspection and copying, subject to the provisions of section 552(b)(1), (b)(3), and so much of (b)(4) as relates to trade secrets, of title 5, United States Code.

(3) The Administrator, in consultation with the Secretary of State and the Federal Trade Commission, and subject to the approval of the Attorney General, may suspend the application of—

(A) sections 9, 10, and 11 of the Federal Advisory Committee Act,

(B) subsections (b) and (c) of section 17 of the Federal Energy Administration Act, and

(C) the requirement under subsection (c)(1) of this subsection that meetings be open to the public:

Provided, That the Administrator determines in each instance that such suspension is essential to the implemention of an international agreement and relates solely to the purpose of international petroleum allocation and the information system provided in such agreement in response to reductions or probable reductions in petroleum supplies, and that the application of such provisions would be detrimental to the public interest, including but not limited to the foreign policy interests of the United States. Such determination by the Administrator shall be in writing, and shall set forth his reasons for granting such suspension and shall be published in the Federal Register at a reasonable time prior to the effective date of any such suspension.

(4) For purposes of this part, the provisions of subsection (a) of section 17 of the Federal Energy Administration Act shall apply to any board, task force, commission, committee, or similar group, not composed entirely of full-time Government employees, established or utilized to advise the United States Government with respect to the formulation or carrying out of any agreement or plan of action under the international agreement.

(d) The Administrator, subject to the approval of the Attorney General, both in consultation with the Federal Trade Commission and the Secretary of State, shall promulgate, by rule, standards and procedures by which persons engaged in the business of producing, refining, marketing, or distributing petroleum may develop and implement voluntary agreements and plans of action to carry out such agreements which are required to implement the provisions of the international agreement, limited to international petroleum allocation and the information system provided in such agreement, in response to reductions or probable reductions in petroleum supplies.

(e) The standards and procedures under subsection (d) shall be promulgated pursuant to section 553 of title 5, United States Code. They shall provide, among other things, that—

(1) meetings held to develop a voluntary agreement or a plan of action under this section shall permit attendance by interested persons, including all interested segments of the petroleum industry, consumers, and the public, shall be preceded by timely and adequate notice with identification of the agenda of such meeting to the Attorney General, the Federal Trade Commission, and to the public, and shall, except for bodies created by the International Energy Agency established by the international agreement, be initiated and chaired by a regular full-time Federal employee: *Provided*, That the Administrator, in consultation with the Secretary of State, and subject to approval of the Attorney General, may determine that a meeting held to develop a plan of action shall not be public and that attendance may be limited, subject to reasonable representation of affected segments of the petroleum industry as determined by the Administrator with the approval of the Attorney General, if he finds that a wider disclosure would be detrimental to the public interest, including but not limited to the foreign policy interests of the United States. At all meetings held to develop, implement, or carry out a voluntary agreement or a plan of action under this subsection, a regular full-time Federal employee shall be present;

(2) interested persons shall be afforded an opportunity to present in writing and orally, data, views, and arguments at meetings held to develop a voluntary agreement or plan of action, subject to any limitations imposed by the Administrator in accordance with this subsection; and

(3) a full and complete record, and where practicable a verbatim transcript, shall be kept of any meeting or conference held, and a full and complete record shall be kept of any communication made, between or among participants or potential participants, to develop, implement, or carry out a voluntary agreement or a plan of action under this section and such record or transcript shall be deposited, together with any agreement resulting therefrom, with the Administrator, and shall be available to the Attorney General and the Federal Trade Commission. Such transcripts, records, and agreements shall be available for public inspection and copying, subject to (A) the provisions of sections 552 (b)(1), (b)(3), and so much of (b)(4) as relates to trade secrets, of title 5, United States Code, or (B) a determination by the Administrator, in consultation with the Secretary of State, and subject to approval of the Attorney General, that such disclosure would be detrimental to the public interest, including but not limited to the foreign policy interests of the United States.

(f)(1) The Attorney General and the Federal Trade Commission shall participate from the beginning in the development, and when practicable, in the implementation, and carrying out of voluntary agreements and plans of action authorized under this section. Each may propose any alternative which would avoid or overcome, to the greatest extent practicable, possible anticompetitive effects while achieving substantially the purposes of this title. The Attorney General, in consultation with the Federal Trade Commission, the Secretary of State and the Administrator, shall have the right to review, amend, modify, disapprove, or revoke, on his own motion or upon the request of any interested person, any plan of action or voluntary agreement at any time, and, if revoked, thereby withdraw prospectively the immunity which may be conferred by subsection (h) of this section.

(2) Any voluntary agreement or plan of action entered into pursuant to this section shall be submitted in writing to the Attorney General and the Federal Trade Commission twenty days before being implemented, where it shall be made available for public inspection and copying: *Provided*, That any plan of action shall not be made publicly available if the Administrator, in consultation with the Secretary of State, and subject to approval of the Attorney General, determines that such public availability would be detrimental to the public interest, including but not limited to the foreign policy interests of the United States: *And provided further*, That if emergency measures have been activated pursuant to the international agreement, the Administrator, subject to approval of the Attorney General, may reduce the twenty-day period applicable to plans of action. Any action taken pursuant to such voluntary agreement and plan of action shall be reported to the Attorney General and the Federal Trade Commission pursuant to such regulations as shall be prescribed under subsection (g)(4).

(g)(1) The Attorney General and the Federal Trade Commission shall monitor the development, implementation, and carrying out of plans of action and voluntary agreements authorized under this section to promote competition and to prevent anticompetitive practice and effects, while achieving substantially the purposes of this title.

(2) In order to carry out the purposes of this section, the Attorney General, in conclusion with the Federal Trade Commission and the Administrator, shall promulgate regulations concerning the maintenance of necessary and appropriate documents, minutes, transcripts, and other records related to the development, implementation, or carrying out of plans of action or voluntary agreements authorized pursuant to this title.

(3) Persons developing, implementing, or carrying out plans of action or voluntary agreements authorized pursuant to this Act shall maintain those records required by such regulations. The Attorney General and the Federal Trade Commission shall have access to and the right to copy such records at reasonable times and upon reasonable notice.

(4) The Attorney General and the Federal Trade Commission may each prescribe such rules and regulations as may be necessary or appropriate to carry out their respective responsibilities under this title. They may both utilize for such purposes and for purposes of enforcement any and all power conferred upon the Federal Trade Commission or the Department of Justice, or both, by any other provision of law, including the antitrust laws; and wherever such provision of law refers to "the purposes of this title or like terms, the reference shall be understood to be this title.

(h) There shall be available as a defense to any civil or criminal action brought under the antitrust laws (or any similar State law) in respect of actions taken to develop, implement or carry out a voluntary agreement or plan of action by persons engaged in the business of producing, refining, marketing, or distributing petroleum products (provided that such actions were not taken unnecessarily and for the purpose of injuring competition) that—

(1) such action was taken—

(A) in the course of developing a voluntary agreement or plan of action pursuant to this section, or

(B) pursuant to a voluntary agreement or plan of action authorized and approved in accordance with this section, and

(2) such persons fully complied with the requirements of this section and the rules and regulations promulgated hereunder.

Persons interposing the defense provided by this section shall have the burden of proof, except that the burden shall be on the plaintiff with respect to whether the actions were taken unnecessarily and for the purpose of injuring competition.

(i) No provision of this Act shall be construed as granting immunity for, nor as limiting or in any way affecting any remedy or penalty which may result from any legal action or proceeding arising from, any acts or practices which occurred (1) prior to the enactment of this title, (2) outside the scope and purpose or not in compliance with the terms and conditions of this title and this section, or (3) subsequent to its expiration or repeal.

(j) Effective sixty days after the date of enactment of this title, the provisions of section 708 of the Defense Production Act of 1950, as amended, shall not apply to any action authorized to be taken under this part or the Emergency Petroleum Allocation Act of 1973. Nothing in this section shall be deemed to authorize the application of section 708 of the Defense Production Act of 1950, as amended, to any voluntary agreement under the international agreement with respect to international petroleum allocation and the information system provided in such agreement.

(k) The Attorney General and the Federal Trade Commission shall each submit to the Congress and to the President, at least once every six months, a report on the impact on competition and on small business of actions authorized and taken pursuant to this section.

(l) In any action in any Federal or State court for breach of contract there shall be available as a defense that the alleged breach of contract was caused solely by compliance with the provisions of this section, or any rule, regulation, or order issued pursuant to this section.

(m) No provision of this part is intended to, nor shall it be construed to grant any defense, create any immunity, or affect in any way the rights of any person suffering legal wrong because of any act or practice relating to the subject matter of this section which took place prior to the enactment of this title.

EXTENSION OF MANDATORY ALLOCATION PROGRAM

Sec. 122. Section 4(g)(1) of the Emergency Petroleum Allocation Act of 1973, as amended, is further amended by striking out "August 31, 1975" wherever it occurs, and inserting in lieu thereof "March 1, 1976".

LIMITATIONS ON RAISING OR REMOVING PETROLEUM PRICE CONTROLS

Sec. 123. (a)(1) After the date of enactment of this part no increase in the price permitted for: (A) oil now classified as "old" oil under regulations promulgated pursuant to section 4 of the Emergency Petroleum Allocation Act of 1973 (87 Stat. 629) and in effect on January 1, 1975, or (B) any other crude oil subject to the amendment or amendments required by section 8 of the Emergency Petroleum Allocation Act of 1973 (87 Stat. 627), may be established except in accordance with subsection (b) of this section.

(2) After the date of enactment of this part no amendment to the petroleum price control regulations promulgated under section 4 of the Emergency Petroleum Allocation Act of 1973 (87 Stat. 629) which has as its purpose the exemption, pursuant to section 4(g) of the Emergency Petroleum Allocation Act, of crude oil, residual fuel oil, or a refined petroleum product from price controls may become effective except in accordance with subsection (b) of this section.

(b) No action covered by the provisions of subsection (a)(1) or (2) of this section may be undertaken unless the specific action proposed to be taken is first submitted to both Houses of the Congress pursuant to the procedures provided for in section 104 (b) through (d) of this part. Each House then shall have the opportunity to review and by majority vote disapprove of such action within ten days of the receipt of the proposal pursuant to the procedures provided for in section 104 of this part.

(c) For the purposes of this section, any reference in section 104 to the term "energy conservation plan" shall be deemed to be a reference to the term "petroleum pricing and exemption action".

(d) The Emergency Petroleum Allocation Act of 1973 (87 Stat. 627), as amended, is further amended by adding at the end thereof a new section 8, as follows:

"MAXIMUM PRICE FOR DOMESTIC CRUDE OIL

"Sec. 8. Not later than thirty days after the date of enactment of this section, the President shall promulgate and implement an amendment or amendments to the regulation established pursuant to section 4(a) of this Act which shall establish a price or prices (or the manner of determining a price or prices) for all domestic crude oil (including that crude oil otherwise subject to section 4(e)(2) of this Act) not classified as 'old' oil under regulations in effect on January 1, 1975. The price or prices established by the President pursuant to this section shall be no greater than the price generally prevailing as of January 31, 1975, for the crude oil subject to such amendment or amendments. Such price or prices shall be effective immediately upon their inclusion (or the inclusion of the method for determining such price or prices) in such regulation.".

CONTINGENCY PLANS

Sec. 124. (a) In order to fully inform the Congress and the public with respect to the exercise of authorities under sections 103 and 104 of this part, the President shall, to the maximum extent practical, develop contingency plans in the nature of descriptive analyses of—

(1) the manner of implementation and operation of any such authority;

(2) the anticipated benefits and impacts of the provision of any plan;

(3) the role of State and local governments;

(4) the procedures for appeal and reviews; and

(5) the Federal officers or employees who will administer any plan.

(b)(1) Within one hundred and eighty days following the date of enactment of this part, and at such other times as the President deems appropriate, the President shall submit to the Congress such contingency plans in accordance with subsection (a) of this section as have been formulated.

(c) Notice of all proposed plans shall be given by publication of such proposed plans in the Federal Register. In the case of each such proposed plan, a minimum of ten days following such publication shall be provided for opportunity for comment thereon and for opportunity to request a public hearing thereon, which, if requested by any interested person, shall be held prior to the adoption of such plan.

(d)(1) Within ninety days following the date of enactment of this part, the President shall develop and submit to Congress a contingency plan (or plans) for rationing which shall describe the rationing system he deems most appropriate to respond to—

(A) an embargo of the sort experienced during the winter of 1973–1974, and

(B) any other contingency which may reasonably be projected, for which rationing may reasonably be considered appropriate, and for which a contingency plan for rationing may reasonably be developed and submitted within the prescribed time period.

(2) Any contingency plan for rationing with respect to a contingency referred to in subparagraph (1)(B) of this subsection which cannot reasonably be developed and submitted to Congress within ninety days following the date of enactment of this part shall be developed and submitted as soon thereafter as practicable.

(3) The requirements of this subsection shall not apply with respect to any contingency which the President finds already exists and for which he has promulgated and submitted to Congress a regulation pursuant to section 103 of this title.

INTRASTATE NATURAL GAS

SEC. 125. Nothing contained in this Act shall authorize the President to regulate or allocate natural gas not otherwise subject to the jurisdiction of the Federal Power Commission: *Provided*, That to the extent authorized by law the President may with respect to all sources of energy establish thermal efficiency standards, lighting standards, appliance standards, and other general standards of national application designed to improve energy conservation in residential, commercial, and industrial uses: *Provided further*, That State regulatory bodies having jurisdiction over natural gas shall cooperate with the President to achieve the conservation objectives of this title.

EXPIRATION

SEC. 126. (a) The authority under this part to prescribe any rule or order to take action under this part, or to enforce any such rule or order, shall expire at midnight, June 30, 1977, except that such authority may be exercised until midnight November 18, 1978, if required to implement the obligations of the United States under the international agreement. Expiration shall not affect any action or pending proceedings, civil or criminal, not finally determined on the date of expiration, nor any action or proceeding based upon any act committed prior to midnight of the date of expiration.

(b) The Secretary of State shall prepare and transmit to the Congress a report every ninety days on all significant proposals, meetings, and activities undertaken by the United States and other signatory nations to the Agreement On An International Energy Program. The report shall include a summary and copies of any amendments to the agreement, any changes or modifications of related annexes or protocols, any interpretation or construction of the meaning of the agreement, considered in the previous quarter, and any change, modification or interpetation of the agreement to be proposed or supported by the United States in the forthcoming quarter.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 127. There are hereby authorized to be appropriated to the President such funds as are necessary for implementation of the provisions of this part.

SEVERABILITY

SEC. 128. If any provision of this part or the application of any such provision to any person or circumstance, shall be held invalid, the remainder of this part, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

TRANSFER OF AUTHORITY

SEC. 129. In accordance with section 15(a) of the Federal Energy Administration Act (88 Stat. 108 and 109) the President shall designate, where applicable and not otherwise provided by law, an appropriate Federal agency to carry out the provisions of this part after the termination of the Federal Energy Administration.

ENTITLEMENTS

SEC. 130. (a) Section 4 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection:

"(i) Insofar as any regulation promulgated and made effective under subsection (a) of this section shall require the purchase of entitlements, or the payment of money through any other similar cash transfer arrangement aimed at equalizing the cost of crude oil to domestic refiners, such regulation shall exempt the first fifty thousand barrels per day of those refiners whose total refining capacity (including the refining capacity of any person who controls, is controlled by, or is under common control with such refiner) did not exceed on January 1, 1975, one hundred thousand barrels per day from said requirement: *Provided*, That nothing herein shall be taken to restrict the right of any small refiner as defined in section 3(4) of this Act to receive payments for entitlements or through any other such cash transfer arrangement.".

(b) The amendment made by subsection (a) of this section shall be effective for payments due, pursuant to any regulation referred to in such section, with respect to crude oil receipts and runs to stills occurring on or after February 1, 1975.

PART B—ENERGY CONSERVATION POLICY

STATEMENT OF PURPOSES, FINDINGS, AND POLICY

SEC. 201. (a) The purposes of this part are—

(1) to declare an interim national conservation policy;

(2) to make energy conservation an integral part of all ongoing programs and activities of the Federal Government;

(3) to promote energy conservation efforts through specific directives to agencies of the Federal Government, State government, and sectors of private industry;

(4) to encourage greater private energy conservation efforts;

(5) to authorize the Administrator of the Federal Energy Administration to establish national energy conservation standards; and

(6) to provide for the development of energy conservation programs by State government pursuant to the policies set forth in this title.

(b) The Congress finds that—

(1) adequate supplies of energy at reasonable cost are essential to the maintenance of the United States economy and a high standard of living;

(2) increasing dependence on energy supplies imported from foreign sources has created serious economic and national security problems;

(3) a continuation of past trends in the expansion of demand for energy in all forms will have serious adverse social, economic, political, and environmental impacts; and

(4) the adoption at all levels of government of laws, policies, programs, and procedures to conserve energy and fuels could have an immediate and substantial effect in reducing the rate of growth of energy demand and minimizing such adverse impacts.

(c) The Congress hereby declares that it is in the national interest for, and shall be the continuing policy of, the Federal Government to foster and promote comprehensive national fuels and energy conservation programs and practices in order to better assure adequate supplies of energy to consumers, reduce energy waste, conserve natural resources, and protect the environment.

(d) Every agency of the Federal Government shall have the continuing responsibility of implementing the policy and purposes set forth in this part. Each agency shall review its statutory authority, policies, and programs in order to determine what changes may be required to assure conformity with the policy and purposes of this part and shall report annually on the results of its review, together with recomendations for necessary changes, to the President and to the Congress.

INTERIM ENERGY CONSERVATION PLANS

SEC. 202. (a)(1) Pending the promulgation of regulations to establish national energy conservation standards pursuant to sections 203 through 207, and/or the adoption by the Congress of specific legislative policies, standards, and programs for energy conservation programs, the President may promulgate, by regulation, one or more energy conservation plans in accord with this section which shall be designed (together with actions taken and proposed to be taken under other provisions of this title or other Acts) to result in a reduction of national energy consumption.

(2) For purposes of this section, the term "energy conservation plan" includes but is not limited to plans to establish:

(A) lighting efficiency standards for public buildings;

(B) thermal performance standards for all new Federal construction and all new homes and buildings financed under any Federal loan guarantee or mortage program;

(C) reasonable restrictions on hours for public buildings;

(D) standards to govern decorative or non-essential lighting;

(E) standards and programs to increase industrial efficiency in the use of energy;

(F) programs to insure better enforcement of the fifty-five mile per hour speed limit;

(G) programs to maximize use of carpools and public transportation systems;

(H) standards for reasonable controls and restrictions on discretionary transportation activities upon which the basic economic vitalty of the country does not depend;

(I) energy efficiency standards to govern Federal procurement policy;

(J) low interest loans and loan guarantee programs to improve the thermal efficiency of individual residences by installation of insulation, storm windows, or other improvements, or by the application of solar energy heating and cooling equipment which meets the specifications developed under section 8 of the Solar Heating and Cooling Demonstration Act of 1974 (Public Law 93-409; 88 Stat. 1073); and

(K) public education programs to encourage voluntary energy conservation.

(3) No energy conservation plan promulgated under this section may impose rationing or any tax or user fee, or provide for a credit or deduction in computing any tax.

(4) An energy conservation plan shall become effective as provided in subsection (b) of section 104 of Part A this title. Such a plan shall apply in each State, except as otherwise provided in an exemption granted pursuant to such plan in cases where a comparable State or local program is in effect, or where the President finds special circumstances exist.

(5) An energy conservation plan shall deal with only one functionally discrete subject matter or type of action proposed to reduce energy consumption.

(6) Subject to section 104(b)(3) of title I of this title an energy conservation plan shall remain in effect for a period specified in the plan unless earlier rescinded by the President, but shall terminate in any event no

later than one year after such plan first takes effect unless renewed in accordance with section 104(b) of Part A of this title.

(b) Any energy conservation plan promulgated by the President pursuant to subsection (a) of this section shall not become effective until it has been transmitted to the Congress for review and right of disapproval in accord with the expedited procedures of section 104(b) through (d) of Part A of this title: *Provided*, That for the purposes of this section, the reference to "ten calendar days" in section 104(b)(3) of Part A of this title shall mean "thirty calendar days".

FEDERAL INITATIVES IN ENERGY CONSERVATION

SEC. 203. (a) The Administrator of the Federal Energy Administration, in cooperation with the Secretaries of the Departments of Housing and Urban Development, Commerce, Interior, Transportation, Health, Education, and Welfare, Treasury, and the heads of other appropriate Federal agencies shall, within three months of the effective date of this title, promulgate regulations which specify standards for energy efficiency and conservation and establish—

(1) lighting efficiency standards for public buildings;

(2) thermal performance standards for new Federal construction and all new homes and buildings financed under any Federal loan guarantee or mortgage program;

(3) reasonable restrictions on hours for public buildings;

(4) standards to govern decorative or nonessential lighting;

(5) standards and programs to increase industrial efficiency in the use of energy;

(6) programs to insure better enforcement of the fifty-five mile-per-hour speed limit;

(7) programs to maximize use of carpools and public transportation systems;

(8) standards for reasonable controls and restrictions on discretionary transportation activities upon which the basic economic vitality of the country does not depend;

(9) energy efficiency standards to govern Federal procurement policy;

(10) low interest loans and loan guarantee programs to improve the thermal efficiency of individual residences by installation of insulation, storm windows, or other improvements; and

(11) public education programs to encourage voluntary energy conservation.

(b) No set of regulations establishing energy conservation plans or programs pursuant to paragraphs (1) through (11) of subsection (a) of this section shall become effective until it has been transmitted to the Congress for individual review and right of disapproval in accord with the expedited procedures of section 104 (b) through (d) of Part A of this title: *Provided*, That for the purposes of this section the reference to "ten calendar days" in section 103(b)(3) of Part A of this title shall mean "thirty calendar days".

(c) The regulations promulgated under this section shall be designed with the objective of achieving a national energy conservation goal of a reduction in total domestic energy consumption on a twelve-month basis which is the energy equivalent of at least 4 per centum of the projected domestic consumption of refined petroleum products for the twelve-month period following the effective date of this title.

STATE INITIATIVES IN ENERGY CONSERVATION

SEC. 204. (a) The Administrator is authorized and directed to promulgate within sixty days of the effective date of this part Federal guidelines for the funding and development of State energy conservation programs to be submitted pursuant to section 205.

(b) The Administrator is authorized and directed to request the submission within six months of the effective date of this title from the Governor of each State a report describing a proposed State energy conservation program to be implemented within the jurisdiction of said State and supported by Federal funds pursuant to section 206 of this part.

(c) The Administrator is authorized, subject to the availability of manpower and funds, to extend such technical assistance as he deems appropriate to individual States for the development of the State energy conservation programs described in subsections (a) and (b) of this section.

(d) The report submitted by the Governor of each State pursuant to subsection (b) which describes the proposed State energy conservation program shall be based upon any or all of the energy efficiency and conservation standards and programs set forth in section 203. The report and the proposed State energy conservation program shall be designed so as to—

(1) minimize adverse economic or employment impact within the particular State; and

(2) meet unique local economic, climatological, geographic, and other conditions and requirements.

DELEGATION OF AUTHORITY

SEC. 205. (a) Within sixty days following the date of enactment of this part, the Administrator shall—

(1) establish criteria for the delegation of responsibility for the implementation and administration of State energy conservation programs to the responsible State officers and agencies; and

(2) establish procedures for petitioning for the receipt of such delegation.

(b)(1) State offices and agencies, following the establishment of criteria for delegation and procedures for petitioning in accordance with subsection (a) of this section, may petition the Administrator for the receipt of such delegation.

(2) The Administrator shall review and may approve any State energy conservation program submitted pursuant to section 204(a) and subsection (a) of this section within thirty days of its receipt.

(3) The Administrator shall establish procedures incorporating the provisions set forth in Part A of this title governing interpretation of State programs, administrative law, judicial review, enforcement and penalties.

GRANTS TO STATES

SEC. 206. (a) The Administrator shall provide all financial assistance in accordance with this section necessary for the development and implementation of approved State energy conservation programs.

(b) One-half the sum appropriated for fiscal assistance to the States shall be apportioned to each State in the ratio which the population of that State bears to the total population of the United States. The remainder shall be distributed by the Administrator among the States on the basis of their respective needs and their achievement of conservation targets set by the Administrator.

(c) Within sixty days after the date of enactment of this part, the Administrator shall issue, and may from time to time amend, regulations with respect to financial assistance for State energy conservation programs which include criteria for such programs.

(d) Any amounts which are not expended or committed by a State pursuant to subsection (b) during the ensuing fiscal year shall be returned by such State to the United States.

(e)(1) Each recipient of financial assistance under this section shall keep such records as the Administrator shall prescribe.

(2) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts.

ENERGY CONSERVATION TARGETS AND OBJECTIVES

SEC. 207. (a) The Administrator shall, on a regular and periodic basis, establish realistic and attainable energy conservation targets and objectives for State energy conservation programs. States which meet energy conservation targets and objectives shall be eligible for an incentive grant as determined by the Administrator from the funds authorized and appropriated to carry out the purposes of this part.

(b) The Administrator shall furnish the Governors of the respective States with a monthly report on the implementation of this part, on the energy savings achieved, and any innovative conservation program undertaken by individual States.

NONPARTICIPATION BY STATE GOVERNMENT

SEC. 208. In the event that one or more States fail to propose an acceptable State energy conservation program, or having proposed such a program fail to implement or enforce the program, the Administrator is authorized and directed to develop, implement, and enforce a Federal program for such State or States.

REPORTS

SEC. 209. Six months after the date of enactment of this part the Administrator shall prepare and submit to the Congress a report on—

(a) the operation of this part, the energy conservation savings achieved, the degree of State participation and compliance, and any recommendations for amendments; and

(b) the Administrator's assessment of the need, if any, and his recommendations for additional economic incentives or economic penalties to insure effective participation and compliance with and by State government with the provisions and the purposes of this part.

LIMITATIONS ON FEDERAL INITIATIVES AND GUIDELINES

SEC. 210. No regulation or guideline promulgated pursuant to section 203 or section 204(a) of this part may impose rationing or any tax or provide for a credit or deduction in computing any tax.

AUTHORIZATION OF APPROPRIATIONS

SEC. 211. There are hereby authorized to be appropriated to the Administrator such funds as are necessary for the fiscal years following the effective date of this part.

EXPIRATION

SEC. 212. The authority under this part to prescribe any rule or order to take action under this part, or to commit any funds thereunder, shall expire at midnight, June 30, 1976.

PART C—EXTENSION OF AUTHORITY TO ISSUE ORDERS

EXTENSION OF AUTHORITY TO ISSUE ORDERS

SEC. 301. Section 2(f)(1) of the Energy Supply and Environmental Coordination Act of 1974 is amended by revising the date "June 30, 1975" to read "December 31, 1975".

TITLE II—AUTOMOBILE FUEL ECONOMY

PART A—AUTOMOBILE FUEL ECONOMY

SHORT TITLE

SEC. 201. This part may be cited as the "Automobile Fuel Economy Act of 1975".

MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

SEC. 202. The Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) is amended by adding at the end thereof the following new title:

"TITLE V—FUEL ECONOMY

"SHORT TITLE

"SEC. 501. This title may be cited as the 'Automobile Fuel Economy Act'.

"DECLARATION OF POLICY

"SEC. 502. (a) FINDINGS.—The Congress finds that—

"(1) Automobiles are the single largest and most significant user of petroleum products.

"(2) The amount of fuel required for automobile and light duty truck transportation could be substantially reduced through technologically feasible improvements in automobile and light duty truck fuel economy.

"(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this title—

"(1) to assure, to the maximum extent practicable, that manufacturers of automobiles and light duty trucks reduce the amount of fuel consumed by new automobiles and light duty trucks per mile traveled without reducing standards for safety, damageability, or environmental quality; and

"(2) to increase the industrywide average fuel economy for new automobiles to achieve at least a 50-percent improvement in such average by model year 1980, and at least a 100-percent improvement in such average by model year 1985, over the model year 1974 industrywide average fuel economy level of 14 miles per gallon.

"DEFINITIONS

"SEC. 503. As used in this title, the term—

"(1) 'Administrator' means the Administrator of the Environmental Protection Agency;

"(2) 'automobile' means a four-wheeled vehicle propelled by fuel which is manufactured primarily for use on the public streets, roads, and highways, except any vehicle operated exclusively on a rail or rails, and which has as its primary intended function the transportation of not more than ten individuals. The term does not include any vehicle manufactured for export, and exported, from the United States;

"(3) 'average fuel economy' means an harmonic average of fuel economy weighted on the basis of automobiles manufactured, or light duty trucks manufactured, as appropriate. As used in this paragraph, 'harmonic average of fuel economy weighted on the basis of automobiles manufactured, or light duty trucks manufactured, as appropriate,' means the total number of automobiles or light duty trucks, as appropriate, manufactured for sale in the United States in a given model year by a manufacturer and its affiliates, divided by a sum of terms, each term of which is a fraction created by dividing the number of automobiles of a given model type produced in a given model year by the fuel economy measured for each particular model type, as determined by the Administrator;

"(4) 'dealer' means any person engaged in the business of selling new automobiles or new light duty trucks, as appropriate, to purchasers who buy for purposes other than resale;

"(5) 'fuel' means gasoline and diesel oil;

"(6) 'fuel economy' refers to the average number of miles traveled in representative driving conditions by an automobile or light duty truck per gallon of fuel consumed, as determined by the Administrator in accordance with test procedures established by rule. Such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act, as amended (42 U.S.C. 1857f–5);

"(7) 'light duty truck' means any motor vehicle rated at 6,000 pounds gross vehicle weight or less which (A) is designed primarily for purposes of transportation of property including a derivative of such a vehicle, or (B) has special features modifying such vehicle for predominant offstreet or offhighway operation and use. The term does not include any vehicle manufactured for export, and exported, from the United States;

"(8) 'manufacturer' means a manufacturer or an importer of automobiles or light duty trucks;

"(9) 'manufactured' includes imported;

"(10) 'model type' means a particular class of automobile or light duty truck, as defined by the Secretary in close consultation with the Administrator;

"(11) 'model year', with reference to any specific calendar year, means the manufacturer's annual production period (as determined by the Administrator) with includes January 1 of such calendar year. If the manufacturer has no annual production period, the term 'model year' shall mean the calendar year; and

"(12) 'retrofit device' means any component, equipment, or other device that is designed to be installed in a motor vehicle (as an addition to, as a replacement for, or through alteration or modification of, any existing component, equipment, or other device) for the purpose of prolonging the useful life of lubricating oils, increasing the fuel economy and/or improving the exhaust emissions of such vehicle.

"MINIMUM FUEL ECONOMY PERFORMANCE STANDARDS

"SEC. 504. (a) ESTABLISHMENT.—(1) Not later than July 1, 1975, the Secretary, in consultation with the Administrator and the Administrator of the Federal Energy Administration, shall establish, by rule pursuant to section 553 of title 5, United States Code, minimum average fuel economy performance standards for automobiles that are manufactured in each of the model years from 1977 through 1985. The standards, which shall be equally applicable to each manufacturer, shall be set for each such model year at a level which the Secretary determines is the maximum feasible such level and which is high enough to result, by model year 1980, in an industrywide average fuel economy level which represents at least a 50-percent improvement over the industrywide average fuel economy level for model year 1974. Such standards shall be set at a level which is high enough to result, by model year 1985, in an industrywide average fuel economy level which represents at least a 100-percent improvement over the industrywide average fuel economy for model year 1974. Such standards shall be designed in such a manner as to result in steady progress toward the achievement of such improvement goals for model years 1980 and 1985.

"(2) Not later than August 1, 1975, the Secretary, in consultation with the Administrator and the Administrator of the Federal Energy Administration, shall establish, by rule pursuant to section 553 of title 5, United States Code, minimum average fuel economy performance standards for light duty trucks that are manufactured in each of the model years from 1977 through 1985. The standards, which shall be equally applicable to each manufacturer, shall be set for each such model year at a level which the Secretary determines is the maximum feasible such level.

"(3) In establishing standards under this subsection the Secretary shall take into account the impact of other Federal standards applicable to automobiles and to light duty trucks, as appropriate.

"(4) The Secretary may, by rule promulgated pursuant to section 553 of title 5, United States Code, exempt from the requirements of standards promulgated under this subsection any manufacturer who manufacturers not more than 10,000 automobiles per model year if (A) such automobiles are sold predominantly for commercial use; (B) such exemption will not significantly detract from the goals specified in paragraph (1) of this subsection; and (C) such exemption is necessary to avoid an unreasonable burden on such manufacturer. Whenever such an exemption is granted to a manufacturer, the Secretary shall simultaneously establish and promulgate for such manufacturer alternate standards which shall represent the maximum feasible level of fuel economy for such manufacturer for the term of such exemption.

"(5) The Secretary shall, not later than January 1 of each calendar year beginning in 1976, make a review of the standards promulgated pursuant to this subsection which are applicable to future model years. The Secretary shall publish the results of each such review in the Federal Register. The review required to be made by January 1, 1979 shall include a comprehensive analysis of the program required by this title. Such analysis shall include an assessment of the ability of the Nation to meet the industrywide average fuel economy requirement for 1985, as specified in paragraph (1) of this subsection, and any legislative recommendations the Secretary might have for improving the program required by this title.

"(6) Any average fuel economy performance standard promulgated under this subsection and any amendment thereto which would change the fuel economy required in a given model year, shall be promulgated at least 18 months prior to the beginning of the model year with respect to which such standard or amendment is applicable, except that the standard applicable to model year 1977 shall be promulgated at least 12 months prior to the beginning of such model year.

"(b) AMENDMENT AND MODIFICATION.—(1) The Secretary may, from time to time, upon the basis of new information, amend, modify, or revise any average fuel economy performance standard established under subsection (a) of this section. No such amendment, modification, or revision is authorized if it would reduce such a standard below the minimum level necessary to meet the improvement goals for model years 1980 and 1985, as specified in subsection (a)(1) of this section, or as modified pursuant to paragraph (2) of this subsection.

"(2) If the Secretary finds—

"(A) in the course of the review required to be made by January 1, 1977 or prior thereto, that the improvement goal for model year 1980, as specified in subsection (a)(1) of this section; or

"(B) in the course of the review required to be made by January 1, 1979 or by January 1 1982, that the improvement goal for model year 1985, as specified in subsection (a)(1) of this section;

cannot reasonably be attained or could reasonably be made more stringent, the Secretary is authorized to establish a modified goal at a level that represents the maximum feasible industrywide average fuel economy for model year 1980, or for model year 1985, as the case may be. Any such modified goal shall be established by rule pursuant to section 553 of title 5, United States Code, and shall not be subject to judicial review. A notice of the establishment of such a modified goal shall be promptly submitted to the Congress by the Secretary. Such a modified goal shall become effective and have the force and effect of law 60 days after the date of such submission, unless either House of Congress disapproves such modified goal by resolution of disapproval in accordance with section 1017 of Public Law 93–344 (31 U.S.C. 1407). If either House of Congress disapproves such modified goal, the Secretary may establish a new modified goal and submit a new notice or the Secretary may resubmit the same notice to the Congress, except that no such notice may be submitted—

"(i) later than June 30, 1977, with respect to the review required by January 1, 1977;

"(ii) later than June 30, 1979, with respect to the review required by January 1, 1979; and "(iii) later than June 30, 1982, with respect to the review required by January 1, 1982.

"(c) Compliance.—Each manufacturer shall, after the date of enactment of this Act, comply with any applicable minimum average fuel economy performance standard. Compliance is to be determined by the Administrator, in accordance with test procedures to be established by the Administrator by rule pursuant to section 553 of title 5, United States Code. Nothing in this title shall be construed to require each individual automobile or light duty truck manufactured by a particular manufacturer to meet the applicable minimum average fuel economy performance standard; a manufacturer is in compliance if the average fuel economy of all automobiles or light duty trucks, as appropriate, manufactured by such manufacturer during a particular model year equals or exceeds such standard for such model year. The Administrator shall report the findings of compliance determinations to the Secretary.

"(d) Judicial Review.—(1) Any person who may be adversely affected by any rule promulgated under this section may, at any time prior to 60 days after such rule is promulgated, file a petition for judicial review of such rule, in the United States Court of Appeals for the District of Columbia or in the United States Court of Appeals for any circuit in which such person resides or maintains its principal place of business. A copy of the petition shall be forthwith transmitted by the clerk of such court to the Secretary or the Administrator, as the case may be. The Secretary or Administrator, as the case may be, shall thereupon cause to be filed in such court the record of the proceedings upon which the rule which is under review was based, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to review the rule in accordance with chapter 7 of title 5, United States Code, and to grant appropriate relief as provided in such chapter.

"(2) If the petitioner applies to the court in a proceeding under paragraph (1) of this subsection for leave to make additional submissions, and shows to the satisfaction of the court that such additional submissions are material and that there were reasonable grounds for the failure to make such submissions in the administrative proceeding, the court may order the Secretary or the Administrator, as the case may be, to provide additional opportunity to make such submissions. The Secretary, or the Administrator, as the case may be, may modify or set aside the rule involved or make a new rule by reason of the additional submissions and shall file any such modified or new rule with the return of such additional submissions. The court shall thereafter review such new or modified rule.

"(3) The judgment of the court affirming or setting aside, in whole or in part, any such rule shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification, as provided in section 1254 of title 28, United States Code.

"(4) Remedies under this subsection shall be in addition to, and not in lieu of, any other remedies provided by law.

"RETROFIT DEVICES

"Sec. 505. (a) Duties of the Administrator.—(1) Within 120 days after the date of enactment of this title, the Administrator shall promulgate procedures by rule in accordance with section 553 of title 5, United States Code, for evaluating and confirming fuel economy representations of retrofit devices.

"(2) The Administrator, in accordance with procedures established under paragraph (1) of this subsection, shall test, or cause to be tested, as expeditiously as possible after the date of enactment of this title, all retrofit devices being marketed as to which representations are made concerning increased fuel economy.

"(3) (A) The Administrator, in accordance with procedures established under paragraph (1) of this subsection, shall test, or cause to be tested, prototypes of retrofit devices for which a written description has been submitted to the Administrator, and which show potential for increasing fuel economy, and other devices for which the Administrator determines testing is necessary. Procedures for testing such prototype devices may include a requirement for preliminary testing by a qualified independent testing laboratory: *Provided*, That if the Administrator finds that a prototype device for which a written description has been submitted does not show potential for increasing fuel economy, the Administrator shall state in writing, in a timely fashion, the reasons for such finding.

"(B) The developer of such prototype device may subsequently request reconsideration of the Administrator's finding under subparagraph (A) upon submission of independent laboratory test results which appear to confirm developer's representations concerning improved fuel economy. The Administrator may then test such device in accordance with procedures established under paragraph (1) of this subsection, make a new finding that such device does not show potential for increasing fuel economy with reasons stated in writing, or report the independent laboratory test results in accordance with the requirements of subsection (d) of this section.

"(4) Each device qualifying for testing under paragraphs (2) and (3) of this subsection shall be tested to determine whether such device changes, and the extent of such change, fuel economy and exhaust emissions of a motor vehicle by comparison with an otherwise identical motor vehicle in which such device is not installed.

"(b) Reporting of Results.—The Administrator shall publish in the Federal Register a summary of all test data and the result of all tests conducted under this section, together with the Administrator's conclusions as to (1) the effect of such device on fuel economy; (2) the effect of such device on exhaust emissions; and (3) any other information which the Administrator determines to be relevant in evaluating such device. Such results shall also be submitted to the Secretary and the Federal Trade Commission. The Federal Trade Commission shall analyze such data and other information and take appropriate action whenever it shall determine that any retrofit device has been falsely advertised or represented in a manner that violates the Federal Trade Commission Act (15 U.S.C. 4 et seq.).

"(c) Demonstration.—There shall be established within the Environmental Protection Agency a program to demonstrate the potential for fuel savings when existing motor vehicles are equipped with retrofit devices. Such program shall demonstrate such potential on a range of vehicles representative of the current automotive fleet.

"DUTIES AND POWERS OF THE SECRETARY AND THE ADMINISTRATOR

"Sec. 506. (a) General.—(1) For purposes of carrying out the provisions of this title, the Secretary or the Administrator, or their duly designated agents, may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, the Administrator, or such agents deem advisable. The Secretary, the Administrator, or their duly designated agents, shall at all reasonable times have access to, and for the purpose of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary or of the Administrator under this title. The Secretary or the Administrator is authorized to require, by general or special orders, any person to file, in such form as the Secretary or the Administrator may prescribe, reports or answers in writing on specific questions relating to any such function. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary or the Administrator within such reasonable period as the Secretary or the Administrator may prescribe.

"(2) The district court of the United States for a judicial district in which an inquiry is carried on may, in the case of contumacy or refusal to obey a duly authorized subpena or order issued under paragraph (1) of this subsection, issue an order requiring compliance with such subpena or order. Any failure to obey such an order of the court may be punished by such court as a contempt thereof.

"(3) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(b) Inspection.—(1) Each manufacturer shall establish and maintain such records, make such reports, conduct such tests, and provide such material and information as the Secretary or the Administrator may reasonably require to carry out their duties under this title and under any rules promulgated pursuant to this title. A manufacturer shall make all of such items and information available, in accordance with such reasonable rules as the Secretary or the Administrator may prescribe. Upon the request of a duly designated agent of the Secretary or of the Administrator, a manufacturer shall permit such agent to inspect finished automobiles or light duty trucks and appropriate books, papers, records, and documents.

"(2) The district court of the United States for a judicial district in which an inspection is carried out or requested may, if a manufacturer refuses to accede to any reasonable requirement or request issued or made under paragraph (1) of this subsection, issue an order requiring compliance with such requirement or request. Any failure to obey such an order of the court may be punished by such court as a contempt thereof.

"(c) Public Disclosure of Information.—The Secretary or the Administrator shall disclose information obtained under this title to the public, except that any information which contains or relates to a trade secret or other confidential information referred to in section 1905 of title 18, United States Code, which if disclosed would result in significant competitive damage, shall not be disclosed to the public (other than to officers or employees concerned with carrying out this title), unless such information is relevant to any proceeding under this title. Nothing in this subsection shall authorize the withholding of information by the Secretary or the Administrator, or any officer or employee under their control, from any duly authorized committee of the Congress.

"(d) Representation.—Notwithstanding any other provision of law, the Secretary or the Administrator may direct their own attorneys to represent them in any civil action under or arising out of any provisions of this title.

"LABELING, ADVERTISING, AND DISCLOSURE

"Sec. 507. (a) Labeling.—(1) Beginning not later than 180 days after the date of enactment of this title, each manufacturer shall cause to be affixed to, and each dealer shall cause to be maintained on, each new automobile and new light duty truck, in a prominent place, a motor vehicle energy guide prepared and issued by such manufacturer.

"(2) The format of such motor vehicle energy guide shall be determined by the Federal Trade Commission, by rule pursuant to section 553 of title 5, United States Code, after consultation with the Secretary, the Administrator, and the Administrator of the Federal Energy Administration. Such motor vehicle energy guide shall set forth, in clear and understandable language and form, detailed information with respect to:

"(A) the fuel economy for such automobile or light duty truck, as appropriate, as determined pursuant to this title;

"(B) the estimated annual fuel cost associated with the operation of such automobile or light duty truck, as appropriate, as determined in accordance with subsection (b) of this section;

"(C) the manner in which such estimated annual fuel cost was determined including the time period upon which such estimate is based, the suggestions as to how such estimate could be refined to take account of the personal driving circumstances of a prospective purchaser;

"(D) a range of fuel economy performance of automobiles or light duty trucks, as appropriate, so as to facilitate comparison shopping; and

"(E) any other aspects of automobile or light duty truck operation deemed appropriate by the Federal Trade Commission.

"(3) Posting of the fuel economy information required by paragraph (2) of this subsection shall not be construed to constitute, directly or indirectly, a warranty as to fuel economy performance. Nothing in this section shall be deemed to prohibit a manufacturer or dealer from representing orally or in writing that the information required to be provided or disclosed by this section is based on representative driving conditions as determined by the Administrator.

"(b) Computation of Estimated Annual Fuel Costs.—

"(1) Each manufacturer of a new automobile or new light duty truck shall determine the estimated annual fuel cost of such automobile or light duty truck in accordance with instructions to be issued by the Administrator. Such determinations may, at the discretion of the Administrator, include a range of estimated annual fuel costs to reflect geographical or other differences in usage patterns or energy costs. Commencing not later than 90 days after the date of promulgation of fuel economy testing procedures in accordance with this title, estimated annual fuel cost data shall be included as part of the material shipped with each such automobile or light duty truck by a manufacturer to a dealer.

"(2) If a range of estimated annual fuel costs is provided to dealers in accordance with paragraph (1) of this subsection, each dealer involved shall select the estimated annual operating cost that is applicable in accordance with instructions to be issued by the Administrator and included with the material shipped to the dealers under paragraph (1).

"(c) Advertising.—The Federal Trade Commission shall, by rule pursuant to section 553 of title 5, United States Code, identify the categories and types of advertisements for new automobiles and new light duty trucks which it shall direct to contain the information which is required under subsection (a)(2) of this section, to the extent prescribed by it. In accordance with rules to be established by the Commission, if any such advertisement displays the purchase price or fuel economy characteristics of a new automobile or light duty truck, the Commission may require such advertisement to include a statement as to the estimated annual fuel cost or the fuel economy of such automobile or light duty truck, whichever is appropriate. If the Administrator directs that the estimated annual fuel costs shall be determined separately for different geographic regions of the Nation, advertising covering more than one such region shall include national average values with respect to estimated annual fuel costs.

"(d) Booklet.—Within 6 months after the date of enactment of this title, and annually thereafter, a booklet which compiles the automobile and light duty truck fuel economy information provided to, or developed by the Administrator under this title for a given model year shall be published by the Administrator in a public document to be placed on sale at the Government Printing Office. Such booklet shall present such information in a clear, concise, and objective manner, and the Administrator shall take steps to encourage the widest possible distribution of such booklet and any revision thereof: *Provided*, That nothing in this section may be construed to require the compilation of lists which compare the estimated annual fuel costs of automobiles by model or manufacturer's name.

"(e) Disclosure.—Beginning 180 days after the date of enactment of this title, it shall be unlawful for any dealer to sell, or offer for sale in commerce, any new automobile or new light duty truck, unless the estimated annual fuel cost of such automobile or light duty truck, is disclosed by such dealer prior to any such sale. Such disclosure shall appear on the same label, tag, direct mail statement, or any other place on which the purchase price or acquisition cost of such automobile or light duty truck is stated, in accordance with rules to be established by the Federal Trade Commission. Any such disclosure requirement in this subsection shall be considered to be fulfilled if the dealer obtains a written statement from the purchaser that such purchaser has read the relevant motor vehicle energy guide. Mail order literature, catalogs, brochures, and other media communications that are received in more than one geographic region that contain automobile or light duty truck price or acquisition cost data may include national average values with respect to estimated annual fuel costs.

"(f) Conforming Amendment.—Section 3 of the Automobile Information Disclosure Act (15 U.S.C 1232) is amended by striking out in the first paragraph 'disclosing the following information concerning' and inserting in lieu thereof 'disclosing the information required by the Automobile Fuel Economy Act together with the following information concerning'.

"PROHIBITED CONDUCT

"Sec. 508. The following conduct is prohibited:

"(1) the failure to provide information as required in accordance with this title;

"(2) the failure to permit inspection pursuant to this title;

"(3) the failure to comply with any labeling, advertising, and disclosure requirement mandated or authorized under section 507 of this title. Any such failure shall be an unfair and deceptive act or practice under section 5 of the Federal Trade Commission Act. Any person that fails to comply with any labeling, advertising, or disclosure requirement mandated or authorized under section 507 shall be subject to a civil action under section 5(m)(1)(A) and section 19 of the Federal Trade Commission Act; and

"(4) the failure to comply with any other provision of this title or any standard, rule, regulation, or order issued pursuant to this title.

"CIVIL PENALTY

"Sec. 509. (a) Determination of Penalty.—(1) Any manufacturer who is determined by the Secretary, after a proceeding (not to exceed 180 days in length) in accordance with section 554 of title 5, United States Code, to have failed to comply with section 504(c) of this title shall be liable to the United States for a civil penalty of not less than $50 and not more than $100 for each mile per gallon by which the average fuel economy of the automobiles or light duty trucks, as appropriate, manufactured by such manufacturer during the same model year falls short of the applicable minimum fuel economy performance standard established under section 504(a) of this title, multiplied by the total number of automobiles or light duty trucks, as appropriate, manufactured by such manufacturer during such model year. Fractional miles per gallon deviations from an applicable standard shall be penalized on the basis of the $50 to $100 civil penalty multiplied by such fraction.

"(2) Any person who is determined by the Secretary, after a proceeding in accordance with section 554 of title 5, United States Code, to have violated a provision of section 508 of this title, other than paragraphs (3) and (4) thereof, shall be liable to the United States for a civil penalty of not more than $10,000 for each violation; each day of a continuing violation is a separate violation.

"(3) The amount of a civil penalty under paragraphs (1) or (2) of this subsection shall be assessed by the Secretary by written notice.

"(b) Waiver of Penalty.—(1) Except as provided in paragraphs (2) and (3) of this subsection, the Secretary may waive, modify, or remit, with or without conditions, a civil penalty for which a manufacturer is determined to be liable under subsection (a) of this section only (A) to the extent necessary to prevent the insolvency or bankruptcy of the manufacturer involved; (B) to the extent appropriate to reflect the impact of any acts of God, fires, or strikes on the failure to attain an applicable standard; or (C) to the extent necessary to prevent the substantial lessening of competition within the automobile or light duty truck industries.

"(2) The Secretary may waive or modify a civil penalty for which a manufacturer is determined to be liable under subsection (a)(1) of this section if the manufacturer involved demonstrates to the Secretary that if the penalty were paid the manufacturer would lack sufficient capital and the ability to attract sufficient capital to manufacture automobiles or light duty trucks, as appropriate, in compliance with minimum average fuel economy performance standards and at competitive prices. Before granting any such waiver or modification the Secretary shall examine and approve a compliance plan which shall be submitted by the manufacturer seeking such a waiver or modification. A compliance plan shall specify the manner in which applicable average fuel economy performance standards will be complied with in the future.

"(3) The Secretary may waive or modify a civil penalty determined under subsection (a)(1) of this section if, and to the extent that the manufacturer involved demonstrates to the Secretary that its failure to comply with an applicable average fuel economy performance standard resulted from an unanticipated retail sales mix among different classes of automobiles or light duty trucks, as appropriate, manufactured by it and that such mix was beyond the control of the manufacturer: *Provided*, That the Secretary may not waive or modify any such penalty unless the manufacturer involved demonstrates to the Secretary that it included in its automobiles or light duty trucks, as appropriate, all of the improvements to increase fuel economy that were technologically feasible, and that it made a good faith effort to produce or stimulate a retail sales mix that would have resulted in compliance with the applicable standards, through advertising, pricing practices, availability of models, and any other means.

"(c) Recoupment of Penalty.—A manufacturer who pays a civil penalty as a result of a determination under subsection (a)(1) of this section may recoup from the United States all or part of the amount paid if, in any of the next five model years, such manufacturer exceeds the minimum average fuel economy performance standard applicable in that model year. The amount recouped shall be calculated by multiplying (1) the number of miles per gallon (or fraction thereof) by which such manufacturer exceeds the applicable average fuel economy performance standard, multiplied by (2) the total number of automobiles or light duty trucks, as appropriate, manufactured by such manufacturer during such model year and by (3) the per mile rate at which the civil penalty was assessed against such manufacturer. The total amount recouped by a manufacturer shall not exceed the amount of any such civil penalty paid such manufacturer.

"(d) Judicial Review.—(1) Any interested person may obtain review, in the appropriate court of appeals of the United States, of a civil penalty assessed under this section. Such review may be obtained by filing a notice of appeal in such court within 30 days after the date of the order assessing such a penalty and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which failure to comply or violation was found and such penalty imposed. The determinations of the Secretary shall be set aside if found to be unsupported by substantial evidence, pursuant to section 706(2)(E) of title 5, United States Code.

"(2) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Attorney General shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

"RELATIONSHIP TO STATE LAW

"Sec. 510. After the effective date of any rule that is promulgated under this title relating to minimum average fuel economy performance standards, or to fuel economy labeling or advertising, no State or political subdivision thereof may adopt or enforce any standards relating to such matters which are inconsistent therewith.

"REPORTS

"Sec. 511. (a) Within 180 days after the date of enactment of this title, the Secretary shall prepare and submit to the Congress and the President a comprehensive report setting forth findings and containing conclusions and recommendations with respect to speed limiting devices known as governors. Such report shall include, but not be limited to, an examination of the feasibility, practicality, safety, and associated energy savings of a requirement that manufacturers install on all new automobiles, new light duty trucks, and other new motor vehicles, devices that would make it impossible to operate such vehicles at speeds in excess of the national maximum speed limit for any sustained period of time.

"(b) Within 180 days after the date of enactment of this title, the Secretary shall prepare and submit to the Congress and the President a comprehensive report setting forth findings and containing conclusions and recommendations with respect to a requirement that each new automobile and light duty truck be equipped with a fuel flow instrument reading directly in miles per gallon and the most feasible means of equipping used automobiles and used light duty trucks with such instruments. Such report shall include, but not be limited to, an examination of effectiveness of such instruments in promoting voluntary reductions in fuel consumption, the cost of such instruments, means of encouraging automobile and light duty truck purchasers to voluntarily purchase automobiles or light duty trucks, as appropriate, equipped with such instruments, and any further factor bearing on the cost and effectiveness of such instruments and their use.

"(c)(1) Within 180 days after the date of enactment of this title, the Secretary shall prepare and submit to the Congress and the President a comprehensive report setting forth findings and containing conclusions and recommendations with respect to whether or not electric vehicles and other vehicles not consuming fuel (as defined in section 503 of this title) should be covered by this title. Such report shall include, but not be limited to, an examination of the extent to which such vehicles should be included under the provisions of this title, the manner in which energy requirements of such vehicles may be compared with that of fuel consuming vehicles, the extent to which inclusion of such vehicles would stimulate their production and introduction into commerce, and any recommendations for legislative action.

"(2) As used in this subsection the term 'electric vehicle' means a vehicle powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electrical current.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 512. (a) Secretary.—There are authorized to be appropriated to the Secretary for carrying out the provisions of this title funds not to exceed $1,000,000 for the fiscal year ending June 30, 1976; not to exceed $750,000 for the transitional quarter ending September 30, 1976; not to exceed $3,000,000 for the fiscal year ending September 30, 1977; and not to exceed $3,000,000 for the fiscal year ending September 30, 1978.

"(b) Administrator.—There are authorized to be appropriated to the Administrator for carrying out the provisions of this title funds not to exceed $300,000 for the fiscal year ending June 30, 1976; not to exceed $150,000 for the transitional quarter ending September 30, 1976; not to exceed $2,000,000 for the fiscal year ending September 30, 1977; and not to exceed $2,000,000 for the fiscal year ending September 30, 1978.".

Part B—Research and Development

SHORT TITLE

Sec. 203. This title may be cited as the "Automotive Transport Research and Development Act of 1975".

MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

Sec. 204. The Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.), as amended by part A of this title, is further amended by adding at the end thereof the following new title:

"TITLE VI—RESEARCH AND DEVELOPMENT

"SHORT TITLE

"Sec. 601. This title may be cited as the 'Automotive Transport Research and Development Act'.

"FINDINGS AND PURPOSES

"Sec. 602. (a) Findings.—The Congress finds that—

"(1) Existing automobiles, on the average, fall short of meeting the long-term goals of the Nation with respect to safety, environmental protection, and energy conservation.

"(2) Advanced alternatives to existing automobiles could, with sufficient research and development effort, meet these long-term goals, and have the potential to be mass produced at reasonable cost. Such advanced automobiles could be operated with significantly less adverse environmental impact and fuel consumption than existing automobiles, while meeting all of the other requirements of Federal law.

"(3) Insufficient resources are being devoted, both by the Federal Government and by the private sector, to research and development of advanced automobiles and automobile components.

"(4) An expanded research and development effort by the Federal Government into advanced automobiles and automobile components would complement and stimulate corresponding efforts by the private sector and would encourage automobile manufacturers to consider seriously the substitution of such advanced alternatives for existing automobiles and automobile components.

"(5) The Nation's energy, safety, and environmental problems are urgent, and therefore advanced automobiles and automobile components should be developed, tested, and prepared for manufacture within the shortest practicable time.

"(b) Purposes.—It is therefore the purpose of the Congress in this title—

"(1) to make contracts and grants for, and support through obligation guarantees, research and development leading to production prototypes of advanced automobiles within 4 years from the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques, and to secure the certification after testing of those prototypes which are likely to meet the Nation's long-term goals with respect to fuel economy, safety, environmental protection, and other objectives; and

"(2) to preserve, enhance, and facilitate competition in research, development, and production of existing and alternative automobiles and automobile components.

"DEFINITIONS

"Sec. 603. As used in this title, the term—

"(1) 'Administrator' means the Administrator of the Energy Research and Development Administration;

"(2) 'advanced automobile' means a personal use transportation vehicle propelled by fuel, which is energy-efficient, safe, damage-resistant, and environmentally sound and which—

"(A) requires, consistent with environmental requirements, the least total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and represents a substantial improvement over existing automobiles with respect to such factors;

"(B) can be mass produced at the lowest possible cost consistent with the requirements of this title;

"(C) operates safely and with sufficient performance with respect to acceleration, cold weather starting, cruising speed, and other performance factors;

"(D) to the extent practicable, is capable of intermodal adaptability; and

"(E) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any requirement of Federal law, including, but not limited to, requirements with respect to fuel economy, exhaust emissions, noise control, safety, and damage resistance;

"(3) 'damage resistance' refers to the ability of an automobile to withstand physical damage when involved in an accident;

"(4) 'developer' means any person engaged in whole or in part in research or other efforts directed toward the development of production prototypes of an advanced automobile or automobiles;

"(5) 'fuel' means any energy source capable of propelling an automobile;

"(6) 'fuel economy' refers to the average number of miles traveled in representative driving conditions by an automobile per gallon of fuel consumed, as determined by the

Administrator of the Environmental Protection Agency, in accordance with test procedures established by rule. Such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act (42 U.S.C. 1857f–5);

"(7) 'intermodal adaptability' refers to any characteristic of an automobile which enables it to be operated or carried, or which facilitates such operation or carriage, by or on an alternate mode or other system of transportation;

"(8) 'production prototype' means an automobile which is in its final stage of development and which is capable of being placed into production, for sale at retail, in quantities exceeding 10,000 automobiles per year;

"(9) 'reliability' refers to the average time and distance over which normal automobile operation can be expected without repair or replacement of parts, and to the ease of diagnosis and repair of an automobile and of its systems and parts which fail during use or which are damaged in an accident;

"(10) 'safety' refers to the performance of an automobile or automobile equipment in such a manner that the public is protected against unreasonable risk or accident and against unreasonable risk of death or bodily injury in case of accident;

"(11) 'Secretary' means the Secretary of Transportation;

"(12) 'State' means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or any other territory or possession of the United States; and

"(13) 'Vehicle Certification Board' means the Low-Emission Vehicle Certification Board established pursuant to section 212 of the Clean Air Act (42 U.S.C. 1857f–6e).

"DUTIES OF THE SECRETARY

"Sec. 604. The Secretary shall establish, within the Department of Transportation, a program to insure the development of one or more production prototypes of an advanced automobile or advanced automobiles within 4 years after the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques and which utilizes, to the maximum extent practicable, nonpetroleum base fuels. In furtherance of the purposes of this title, and in order to stimulate such development of an advanced automobile by private interests, the Secretary shall—

"(1) make contracts and grants for research and development efforts which are likely to lead or contribute to the development of an advanced automobile or advanced automobiles in accordance with the provisions of section 607 of this title;

"(2) make obligation guarantees for research and development efforts which show promise of leading or contributing to the development of an advanced automobile or advanced automobiles, in accordance with the provisions of section 608 of this title;

"(3) establish and conduct new projects and accelerate existing projects within the Department of Transportation which may contribute to the development of production prototypes of an advanced automobile or advanced automobiles;

"(4) test or direct the testing of production prototypes, and secure certification as advanced automobiles for those which meet the applicable requirements, in accordance with section 609 of this title;

"(5) collect, analyze, and disseminate to developers information, data, and materials that may be relevant to the development of an advanced automobile or advanced automobiles;

"(6) prepare and submit studies, as required under section 612 of this title; and

"(7) evaluate any reasonable new or improved technology, a description of which is submitted to the Secretary in writing, which could lead or contribute to the development of an advanced automobile.

"COORDINATION BETWEEN THE SECRETARY AND THE ADMINISTRATOR

"Sec. 605. The Secretary shall not make contracts, grants or obligation guarantees for, or conduct or accelerate, any research and development which may duplicate, in whole or in substantial part, any project (1) that has been sponsored by the Administrator, under the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901) or any other Federal law; or (2) that will be or is likely to be so sponsored within the reasonably foreseeable future. The Secretary and the Administrator shall consult and cooperate with respect to their respective duties and responsibilities, and they shall coordinate their respective activities, in areas of shared concern, to the extent practicable, in order that the duties and responsibilities of both officers may be performed in a way that will lead to the accomplishment of the policy of this title in the shortest time and in the most efficient and cost-effective manner possible. The Administrator shall assist the Secretary to the extent of the lawful authority of, and funds appropriated to, the Administrator, in the carrying out of any duties described in section 604 of this title.

"POWERS OF THE SECRETARY

"Sec. 606. In addition to the powers specifically enumerated in any other provision of this title, the Secretary is authorized to—

"(1) appoint such attorneys, employees, agents, consultants, and other personnel as the Secretary deems necessary, define the duties of such personnel, determine the amount of compensation and other benefits for the services of such personnel and pay them accordingly;

"(2) procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed $150 a day for qualified experts;

"(3) obtain the assistance of any department, agency, or instrumentality of the executive branch of the Federal Government upon written request, on a reimbursable basis or otherwise, identifying the assistance the Secretary deems necessary to carry out any duty under this title. Such assistance shall include, but is not limited to, the transfer of personnel with their consent and without prejudice to their position and rating;

"(4) enter into, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of duties under this title, with any government agency or any person; and

"(5) purchase, lease, or otherwise acquire, improve, use, or deal in and with any property; sell, mortgage, lease, exchange, or otherwise dispose of any property or other assets; and accept gifts or donations of any property or services in aid of any purpose of this title.

"CONTRACTS AND GRANTS

"Sec. 607. (a) General.—(1) The Secretary shall provide funds, by contract and grant, to initiate, continue, supplement, and maintain research and development programs or activities which, in the Secretary's judgment, appear likely to lead or contribute to the development, in production prototype form, of an advanced automobile or advanced automobiles.

"(2) The Secretary is authorized to make such contracts and grants with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(b) Consultation.—In addition to the requirements of section 605 of this title, the Secretary, in the exercise of duties and responsibilities under this section, shall consult with the Administrator of the Environmental Protection Agency and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise in the areas of automobile research, development, and technology. The Secretary may establish an advisory panel or panels to review and to make recommendations with respect to applications for funding under this section.

"(c) Procedure.—Each contract and grant under this section shall be made in accordance with such rules and regulations as the Secretary shall prescribe in accordance with the provisions of this section and of section 602 of this title. Each application for funding shall be made in writing in such form and with such content and other submissions as the Secretary shall require.

"OBLIGATION GUARANTEES

"Sec. 608. (a) General.—(1) The Secretary is authorized, in accordance with the provisions of this section and such rules and regulations as the Secretary shall prescribe, to guarantee, and to make commitments to guarantee, the payment of interest on, and the principal balance of, loans and other obligations, if the obligation involved is, or will be, entered into in order to initiate, continue, supplement, and maintain research and development programs or activities which, in the Secretary's judgment, appear likely to lead to the development, in production prototype form, and to the availability, of an advanced automobile or advanced automobiles. Each application for such an obligation guarantee shall be made in writing to the Secretary in such form and with such content and other submissions as the Secretary shall require, in order reasonably to protect the interests of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Secretary deems appropriate. Each guarantee and commitment to guarantee shall inure to the benefit of the holder of the obligation to which such guarantee or commitment applies. The Secretary is authorized to approve any modification of any provision of a guarantee or a commitment to guarantee such an obligation, including the rate of interest, time of payment of interest or principal, security, or any other terms or conditions, upon a finding by the Secretary that such modification is equitable, not prejudicial to the interests of the United States, and has been consented to by the holder of such obligation.

"(2) The Secretary is authorized to so guarantee and to make such commitments to any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(b) Exception.—No obligation shall be guaranteed by the Secretary under subsection (a) of this section unless the Secretary finds that no other reasonable means of financing or refinancing is reasonably available to the applicant.

"(c) Charges.—(1) The Secretary shall charge and collect such amounts as the Secretary may deem reasonable for the investigation of applications for the guarantee of an obligation, for the appraisal of properties offered as security for such a guaranty, or for the issuance of commitments to guarantee.

"(2) The Secretary shall set a premium charge of not more than 1 percent per year for a loan or other obligation guaranteed under this section.

"(d) Validity.—No guarantee or commitment to guarantee an obligation entered into by the Secretary shall be terminated, canceled, or otherwise revoked, except in accordance with reasonable terms and conditions prescribed by the Secretary. Such a guarantee or commitment to guarantee shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Such a guarantee or commitment shall be valid and incontestable in the hands of a holder as of the date when the Secretary entered into the contract of guarantee or commitment to guarantee, except as to fraud, duress, mutual mistake of fact, or material misrepresentation by or involving such holder.

"(e) Default and Recovery.—(1) If there is a default in any payment by the obligor of interest or principal due under an obligation guaranteed by the Secretary under this section, and such default has continued for 60 days, the holder of such obligation shall have the right to demand payment by the Secretary of such unpaid amount. Within such period as may be specified in the guarantee or related agreements, but not later than 45 days from the date of such demand, the Secretary shall promptly pay to such obligee the unpaid interest on, and unpaid principal of, the obligation guaranteed by the Secretary as to which the obligor has defaulted, unless the Secretary finds that there was no default by the obligor in the payment of interest or principal or that such default has been remedied.

"(2) If a payment is made by the Secretary under paragraph (1) of this subsection, the Secretary shall have all rights specified in the guarantee or related agreements with respect to any security which the Secretary held with respect to the guarantee of such obligation, including, but not limited to, the authority to compete, maintain, operate, lease, sell or otherwise dispose of any property acquired pursuant to such guarantee or related agreements.

"(3) If there is a default under any guarantee or commitment to guarantee an obligation, the Secretary shall notify the Attorney General who shall take such action against the obligor or any other parties liable thereunder as is necessary to protect the interests of the United States. The holder of such obligation shall make available to the United States all records and evidence necessary to prosecute any such suit.

"(f) Authorization for Appropriations.—There are authorized to be appropriated to the Secretary such sums as are necessary, not to exceed $175,000,000, to pay the interest on, and the principal balance of, any obligation guaranteed by the Secretary as to which the obligor has defaulted: *Provided*, That the outstanding indebtedness guaranteed under this section shall not exceed $175,000,000.

"TESTING AND CERTIFICATION

"Sec. 609. (a) Environmental Protection Agency.—The Administrator of the Environmental Protection Agency shall test, or cause to be tested, in a facility subject to Environmental Protection Agency supervision, each production prototype of an automobile developed in whole or in part with Federal financial assistance under this title, or referred to the Environmental Protection Agency for such purpose by the Secretary, to determine whether such production prototype complies with any exhaust emission standards or any other requirements promulgated or reasonably expected to be promulgated under any provision of the Clean Air Act (42 U.S.C. 1857 et seq.), the Noise Control Act of 1972 (42 U.S.C. 4901), or any other provision of Federal law administered by the Administrator of the Environmental Protection Agency. In conjunction with any test for compliance with exhaust emission standards under this section, the Administrator of the Environmental Protection Agency shall also conduct tests to determine the fuel economy of such prototype automobile. Such Administrator shall submit all test data and the results of such tests to the Vehicle Certification Board.

"(b) Secretary.—The Secretary shall test, or shall cause to be tested in a facility subject to supervision by the Secretary, all production prototypes of advanced automobiles while the Secretary or a developer may submit to the Vehicle Certification Board for certification under subsection (c) of this section. Such tests shall be conducted, according to testing procedures to be developed by the Secretary, to determine whether each such automobile complies with any standards promulgated as of the date of such testing or reasonably expected to be promulgated prior to the sale at retail of such automobile, under any provision of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381), the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.), the Automobile Information Disclosure Act (15 U.S.C. 1232), and any other statute enacted by Congress and applicable to automobiles. The Secretary shall also refer any such automobile to the Administrator of the Environmental Protection Agency for testing pursuant to the provisions of subsection (a) of this section. All production prototypes of advanced automobiles may be submitted to the Secretary for testing under this subsection, including vehicles developed without any Federal financial assistance under this title. All test data and the results of all tests conducted by the Secretary, or subject to the Secretary's supervision, shall be submitted to the Vehicle Certification Board, together with all conclusions, and reasons therefor, with respect to whether the automobile tested merits certification as an advanced automobile. The Secretary, or the Administrator of the Environmental Protection Agency, if appropriate, shall conduct, or cause to be conducted, any additional tests which are requested by the Vehicle Certification Board and shall furnish to such Board any other information which it requests or which is deemed to be necessary or appropriate.

"(c) Vehicle Certification Board.—Upon application by a developer or by the Secretary, with respect to a production prototype of a particular automobile or automobiles, and upon the receipt of all required and relevant test data and test results pursuant to subsections (a) and (b) of this section, the Vehicle Certification Board shall certify such automobile as an advanced automobile or shall issue a denial of such certification with reasons therefor. Each application for certification shall be made to the Vehicle Certification Board in writing, in such form and with such content and other submissions as such Board may require. Each determination as to certification shall be made in accordance with such reasonable rules and regulations as such Board shall prescribe.

"PATENTS

"Sec. 610. (a) Title to Inventions.—Whenever an invention is made or conceived during, or in the course of, or as a consequence of, activity conducted in accordance with or related to a contract made or entered into under this title, title to such invention shall vest in the United States, if the Secretary determines that—

"(1) the person who made the invention was employed or assigned to perform research or development work, and that the invention is related to the work such person was employed or assigned to perform, or that it was within the scope of such person's employment duties, whether or not the invention was made during working hours and whether or not the invention was made with a contribution from the Government; or

"(2) the invention is related to the contract, or to the work or duties which the person who made the invention was employed or assigned to perform, even though such person was not employed or assigned to perform research or development work, if the invention was made during working hours, or if it was made with a contribution from the Government.

As used in this subsection, the term 'contribution from the Government' includes the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or any services during working hours of Government employees. If patents are issued on such an invention the patents shall be issued to the United States, unless in particular circumstances the Secretary, in accordance with this section, waives all or any part of the rights of the United States.

"(b) Report.—Each contract entered into by the Secretary under this title with any person shall contain effective provisions requiring such person to furnish a prompt and written report to the Secretary with respect to any invention, discovery, improvement, or innovation which may be made in the course of, or as a consequence of, activity conducted in accordance with or related to such contract. Each such report shall contain accurate and complete technical information, in accordance with specifications of the Secretary.

"(c) Waiver.—The Secretary may waive all or any part of the rights of the United States with respect to any invention or class of inventions which is made, or which may be made, by any person or class of persons in the course of, or as a consequence of, activity conducted in accordance with, or related to, any contract under this title, pursuant to regulations prescribed by the Secretary in conformity with the provisions of this section, if the Secretary determines that the interests of the United States and of the general public would best be served by such a waiver. The Secretary shall maintain and periodically update a publicly available record of waiver determinations. In making such determinations, the Secretary shall strive to—

"(1) make the benefits of the advanced automobile research and development program widely available to the public in the shortest practicable time;

"(2) promote the commercial utilization of such invention;

"(3) encourage participation by private persons in the Secretary's advanced automobile research and development program; and

"(4) foster competition and prevent undue market concentration, or the creation of maintenance of other situations inconsistent with the antitrust laws.

"(d) Contract Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver to a contractor at the time a contract is entered into, the Secretary shall include as considerations—

"(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

"(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

"(3) the extent to which the contractor's commercial position may expedite utilization of the research and development program results;

"(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

"(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

"(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

"(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

"(8) the extent to which the Government intends to further develop, to the point of commercial utilization, the results of the contract effort;

"(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

"(10) the likely effect of the waiver on competition and market concentration; and

"(11) the extent to which a contractor, which is a nonprofit educational institution, has a technology transfer capability and program which is approved by the Secretary as being consistent with the applicable policies of this subsection.

"(e) Subsequent Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver at a subsequent date to a contractor or to an inventor, with respect to an identified invention, the Secretary shall specifically consider (1) paragraphs (4) through (11) of subsection (d), as applied to such invention; (2) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercial distribution of such invention; and (3) the extent to which the plans, intentions, and ability of the contractor or inventor are likely to result in expeditious commercial distribution of such invention.

"(f) Reservations.—Whenever title to an invention is vested in the United States, a revocable or irrevocable, nonexclusive, and paid-up license for the practice of such invention throughout the world may be reserved to the contractor or to the inventor thereof. The rights to such an invention may be similarly reserved in any foreign country in which the United States has elected not to secure patent rights and in which such contractor or inventor elects to secure a patent, subject to the rights described in subsections (h) (2), (h) (3), (h) (6), and (h) (7) of this section: *Provided*, That such a contractor or inventor shall 3 years after the date of issuance of such a patent, and at any time upon the specific request of the Secretary, submit the report specified in subsection (h) (1) of this section.

"(g) Licenses.—(1) Subject to subsection (g) (2) of this section, the Secretary shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

"(2) Pursuant to subsection (g) (1) of this section and after notice and an opportunity for a hearing, the Secretary may grant exclusive or partially exclusive licenses in any invention, only if the Secretary determines that—

"(A) the proposed license would best serve the interests of the United States and of the general public, in light of the applicant's intentions, plans, and capacity to bring such invention to practical or commercial applications;

"(B) the desired practical or commercial applications of such invention have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on such invention;

"(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to make available the risk capital and other financing necessary to bring the invention to the point of practical or commercial applications; and

"(D) the terms and scope of exclusivity of the proposed license are not substantially greater than are necessary to provide sufficient incentive for bringing such invention to the point of practical or commercial applications, and to provide the licensee with sufficient opportunity to recoup its costs and to earn a reasonable profit thereon: *Provided*, That the Secretary shall not grant such an exclusive or partially exclusive license if the Secretary determines that the grant of such a license will tend substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Secretary shall maintain and periodically update a publicly available record of determinations concerning applications for and the grant of such licenses.

"(h) Terms and Conditions.—Any waiver of rights, and any grant of an exclusive or partially exclusive license, shall contain such terms and conditions as the Secretary may determine to be appropriate for the protection of the interests of the United States and of the general public. Such terms and conditions may include, but need not be limited to—

"(1) periodic written reports, at reasonable intervals and at any time when specifically requested by the Secretary, on the commercial use that is being made or is intended to be made of the invention involved;

"(2) the right, at a minimum, of an irrevocable, nonexclusive, and paid-up license to make, use, and sell the invention involved throughout the world, by or on behalf of the United States (including any Government agency) and by or on behalf of the States and their political subdivisions, unless the Secretary determines that it would not be in the public interest to acquire such a license for the States and their political subdivisions;

"(3) the right in the United States to sublicense any foreign government to make, use, and sell the invention involved, pursuant to any existing or future treaty of agreement, if the Secretary determines it would be in the national interest to acquire this right;

"(4) the reservation in the United States of the rights to the invention involved in any country in which the contractor does not file an application for a patent within such time as the Secretary shall determine;

"(5) the right in the Secretary to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances (A) to the extent that the invention involved, or an application thereof, is required for public use by governmental regulations; (B) to the extent that it may be necessary to fulfill health, safety, or energy needs; or (C) for such other purposes as may be stipulated in the applicable agreement;

"(6) the right in the Secretary to terminate the waiver or license involved, in whole or in part, unless the person who receives such waiver of rights or who is granted such license demonstrates to the satisfaction of the Secretary that such person has taken, or that such person will take within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved;

"(7) the right in the Secretary, commencing 3 years after the grant of a license and 4 years after the effective date of a waiver of rights to an invention, to require the granting of a nonexclusive or partially exclusive license to any responsible applicant, upon terms reasonable under the circumstances, and the right in the Secretary, under appropriate circumstances, to terminate such a waiver or license, in whole or in part, following the filing of a petition with the Secretary, by an interested person, and after notice and an opportunity for a hearing—

"(A) if the Secretary after providing an opportunity to the recipient of such waiver or license, and to any other interested person, to submit such relevant and material information as may be appropriate and after reviewing such information, determines that such waiver or license has tended substantially to lesson competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

"(B) unless the recipient of such waiver or license demonstrates to the satisfaction of the Secretary at such hearing that such recipient has taken, or that such recipient will take, within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved.

"(i) Notice.—The Secretary shall cause a notice to be published periodically, not less than once each year, in the Federal Register and in other appropriate publications, including the electronic media, advising the public of the right to have a hearing, as provided in subsection (h) (7) of this section, and of the availability of the records of determinations under this section.

"(j) Small Business.—If the applicant for a waiver of rights to an invention or for a license is a small business, as defined by regulations of the Small Business Administration, the Secretary shall consider and accord weight to such factor.

"(k) Other Licenses.—Whenever the Secretary, pursuant to such regulations as the Secretary shall prescribe, and upon the application by any person, determines that—

"(1) a right under any patent, which is not otherwise reasonably available, is reasonably necessary, in furtherance of the policy of fostering expeditious commercial application of advanced automotive technologies, to the development, demonstration, or commercial application of any advanced automotive invention, process, or system; and

"(2) there are no other reasonable methods to achieve such development, demonstration, or commercial application,

the Secretary shall so certify to an appropriate district court of the United States. The Secretary shall petition such court to order the owner and/or the exclusive licensee of such patent to grant a license thereunder at such reasonable royalty and on such reasonable and nondiscriminatory terms and conditions as the court shall determine. The court shall provide such patentee or exclusive licensee, or both, as appropriate, an opportunity for a hearing, including a de novo review of the determination of the Secretary. The appropriate district court shall be the district court for the judicial district in which the patentee or the exclusive licensee of such patent resides, does business, or is found.

"(l) Protection.— The Secretary is authorized to take all necessary and appropriate steps, which are suitable, to protect any invention or discovery to which the United States holds title. The Secretary shall require that any contractor or other person, who acquires rights to an invention under this section, protect such invention.

"(m) Definitions.—As used in this section, the term—

"(1) 'contract' means any contract, grant, agreement, understanding, obligation guarantee, or other arrangement which involves any research and development work; the term includes any assignment, substitution of parties, or subcontract thereunder;

"(2) 'contractor' means any person who has a contract with, or on behalf of, the Secretary under this title;

"(3) 'invention' means any invention or discovery, whether patented or unpatented; and

"(4) 'made', when used in relation to any invention, means the conception of first actual reduction to practice of such invention.

"RECORDS, AUDITS, AND EXAMINATION

"SEC. 611. (a) RECORDS.—Each recipient of financial assistance or guarantees under this title, whether in the form of grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements, shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of such total cost which was supplied by other sources, and such other records as will facilitate an effective audit.

"(b) AUDIT AND EXAMINATION.—The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after completion of the project or undertaking referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which in the opinion of the Secretary or the Comptroller General may be related or pertinent to the grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements referred to in such subsection.

"REPORTS

"SEC. 612. On or before July 1 of each year, the Secretary shall submit to Congress an annual report of activities under this title. Such report shall include, but need not be limited to—

"(1) an account of the state of automobile research and development in the United States;

"(2) the number and amount of contracts and grants made and of obligations guaranteed;

"(3) the progress made in developing production prototypes of advanced automobiles within the shortest practicable time after the date of enactment of this title; and

"(4) suggestions for improvements in advanced automobile research and development, including recommendations for legislation.

"GOVERNMENT PROCUREMENT

"SEC. 613. The Administrator of General Services shall consult periodically with the Vehicle Certification Board to determine when production prototypes of an advanced automobile are likely to be available. After a production prototype has been certified, under section 609(c) of this title, as an advanced automobile, the Vehicle Certification Board, in conjunction with the Administrator of General Services, shall prescribe such regulations as are necessary to require all Federal agencies to procure and to use such advanced automobiles to the maximum extent feasible. Such Administrator shall, with the assistance of such Board, provide technical specifications and other information with respect to automobiles certified under this title as advanced automobiles. Such Administrator, and all other appropriate officers of the United States shall take all steps which are necessary or appropriate to comply with and to implement such regulations, with respect to all federally owned motor vehicles, by the earliest practicable date.

"RELATIONSHIP TO ANTITRUST LAWS

"SEC. 614. (a) DISCLAIMER.—Nothing in this title shall be deemed to convey to any person any immunity from civil or criminal liability, or to create any defenses to actions, under the antitrust laws.

"(b) ANTITRUST LAWS DEFINED.—As used in this section, the term 'antitrust laws' means the Act of July 2, 1890 (15 U.S.C. 1 et seq.), as amended; the Act of October 15, 1914 (15 U.S.C. 12 et seq.), as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.) sections 73 and 74 of the Act of August 27, 1894 (15 U.S.C. 8 and 9), as amended; and the Act of June 19, 1936, ch. 592 (15 U.S.C. 13, 13a, and 212), as amended.

"AUTHORIZATION FOR APPROPRIATION

"SEC. 615. There are authorized to be appropriated to carry out the purposes of this title, other than section 608 of this title, funds not to exceed $55,000,000 for the fiscal year ending June 30, 1976, not to exceed $20,000,000 for the transitional quarter ending September 30, 1976, and not to exceed $100,000,000 for the fiscal year ending September 30, 1977.".

PART C—AMENDMENTS TO TITLE III OF MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

EXTENSION OF STATE PROGRAMS

SEC. 205. (a) Subsection (b) of section 303 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963(b)) is amended by deleting "June 30, 1976" in the second sentence and by inserting in lieu thereof "September 30, 1977".

(b) Section 311 of such Act is amended to read as follows:

"FUEL EFFICIENCY

"SEC. 311. (a) The Secretary shall establish 1, and no more than 3, new special motor vehicle diagnostic inspection demonstration project to assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in high volume inspection facilities designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. Such project shall perform the inspections of motor vehicles for the purpose of evaluating the conditions of parts, components, and repairs (1) required to comply with State and Federal safety, noise, and emissions standards and (2) in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy.

"(b) The Secretary shall evaluate the existing diagnostic analysis and test equipment available for use in the small automotive repair establishments and report to the Congress within 18 months after enactment of this section, as to the scope of research and development required to make this equipment compatible with the most costly and complex State vehicle inspection and diagnostic equipment. The report shall assess the extent to which private industry can meet the needs of the small automotive repair shops for low cost test equipment which can be developed to comply with the Federal safety, noise, and emissions performance standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency, and by State or local regulatory agencies, and it shall contain recommendations on legislation designed to promote the development of such low cost test equipment for small automotive repair shops.

"(c) The Secretary shall within 18 months after the date of enactment of this section prepare and submit to the Congress and the President a comprehensive report setting forth findings and containing conclusions and recommendations with respect to an inspection and other possible programs designed to maintain and improve the fuel economy of motor vehicles throughout their useful life. Such report shall include, but not be limited, to an examination of the technical, economic, and administrative feasibility of the inspection and other programs; the fuel and cost savings that might be achieved if such programs were instituted; whether such programs if instituted should be voluntary or mandatory; who should administer such programs; and any other factor bearing on the cost and effectiveness of such programs. It shall also contain recommendations on legislation designed to achieve improved fuel efficiency in existing vehicles with a vehicle inspection program and with other programs which the Secretary shall evaluate pursuant to this section.

"(d) In complying with the provisions of this section, the Secretary shall consult with the Administrator of the Environmental Protection Agency.".

(c) Section 321 of such Act is amended to read as follows:

"There are hereby authorized to be appropriated to carry out the provisions of this title, $5,000,000 for the fiscal year ending June 30, 1976; $1,500,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; $7,500,000 for the fiscal year ending September 30, 1977; and $7,500,000 for the fiscal year ending September 30, 1978, to be used for the purpose of implementing section 311; such sums to remain available until expended.".

TITLE III—ENERGY LABELING AND DISCLOSURE

SHORT TITLE

SEC. 301. This title may be cited as the "Energy Labeling and Disclosure Act".

DECLARATION OF POLICY

SEC. 302. It is the intent of Congress in this title to assure, through a uniform national system, meaningful disclosure of the energy characteristics and estimated annual operating costs of major energy-consuming household products and automobiles, so that consumers can readily compare them and thereby avoid purchasing those which unnecessarily waste energy.

DEFINITIONS

SEC. 303. As used in this title, the term—

(1) "Administrator" means the Administrator of the Federal Energy Administration or his delegate;

(2) "automobile" means a four-wheeled vehicle propelled by fuel or electricity, which is manufactured primarily for use on the public streets, roads, and highways, except any vehicle operated exclusively on a rail or rails, and which has as its primary intended function the transportation of not more than 10 individuals; the term includes a light truck which is rated at not more than 6,000 pounds in terms of gross vehicle weight, and which (A) is designed primarily for purposes of transportation of property including a derivative of such a vehicle, or (B) has special features modifying such vehicle for predominant offstreet or offhighway operation and use. The term does not include any vehicle manufactured for export, and exported, from the United States;

(3) "Commission" means the Federal Trade Commission;

(4) "communication medium" means any printed or electronic means of communication that reaches significant numbers of people;

(5) "dealer" means any person engaged in the business of selling new automobiles or new major energy-consuming household products to purchasers who buy for purposes other than resale;

(6) "estimated annual operating cost" means, with respect to a major energy-consuming household product or an automobile, the appropriate total retail price (as determined in accordance with this title) of the electricity or fuel that is likely to be needed during a calendar year for the customary type and amount of use of such product or automobile;

(7) "fuel" means butane, coal, diesel oil, fuel oil, gasoline, natural gas, propane, or any other solid, liquid, or gas that is capable of being utilized, directly or indirectly, to power a major energy-consuming household product or an automobile;

(8) "fuel economy" refers to the average

distance traveled by an automobile per unit of fuel or electrical energy consumed, as determined in accordance with test procedures established by rule by the Environmental Protection Agency. Where feasible, such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act, as amended (42 U.S.C. 1857f–5);

(9) "major energy-consuming household product" means a product which—

(A) is sold or intended to be sold for use in a residence;

(B) functions when connected to a readily available source of energy external to the product; and

(C) requires, based on average patterns of usage, more than 200 kilowatt-hours of electricity per year or, in the case of a product powered by fuel, more than 2,000,000 British thermal units of fuel per year;

(10) "paragraph" means a paragraph of the subsection in which the term is used;

(11) "Secretary" means the Secretary of Commerce;

(12) "subsection" means a subsection of the section in which the term is used; and

(13) "supplier" means a wholesaler, direct sale merchandiser, distributor, or dealer of a new automobile or of a new major energy-consuming household product.

MAJOR ENERGY-CONSUMING HOUSEHOLD PRODUCTS

SEC. 304. (a) IDENTIFICATION AND PROPERTY RANKING.—The Administrator, within 60 days after the date of enactment of this Act, shall

(1) identify and list categories of major energy-consuming household products; and

(2) establish a priority ranking among such categories of products, on the basis of each listed category's contribution to residential energy consumption and the current availability of information on its energy characteristics.

(b) AVERAGE-USE CYCLE DETERMINATION.—(1) The Secretary, through the National Bureau of Standards, shall, pursuant to guidelines established by the Administrator, determine average-use cycles for the categories of major energy-consuming household products identified under subsection (a), in the priority order in which each such category of product is ranked under subsection (a). Such Bureau shall also promulgate a procedure or procedures by which the average use cycle of each such product may be simulated, and by which the energy utilized during any such cycle may be measured or calculated. Such a test and calculation procedure shall, to the extent appropriate, be the procedure, if any, that is prescribed for the product under nationally recognized voluntary standards or international standards.

(2) A test and calculation procedure described in a final energy conservation specification, that was promulgated by the Secretary prior to the date of enactment of this Act pursuant to the Secretary's voluntary labeling program, shall, be considered a procedure promulgated under this title.

(c) DEADLINES FOR TEST PROCEDURES.—Within 9 months after the date of enactment of this title, test and calculation procedures shall be promulgated under subsection (b) with respect to not less than five categories of major energy-consuming household products. Within 18 months after the date of enactment of this title, such procedures shall be promulgated for not less than nine such categories of products.

(d) TESTING.—(1) The Administrator shall direct each manufacturer and each importer of any major energy-consuming household product, for which a test and calculation procedure as been promulgated under subsection (b), to have tests and calculations made, in accordance with such procedure, with respect to all applicable models of such product that are made or imported by such manufacturer or importer. Such manufacturer or importer may, for such purpose, in accordance with guidelines established by the Administrator, retain an independent testing laboratory, or make use of a national certification program that is available to any manufacturers.

(2) Within 90 days after a test and calculation procedure is promulgated under subsection (b), and on an annual basis thereafter, each such manufacturer and importer shall submit, to the Administrator, a certified record of the results of its tests and calculations.

(3) A manufacturer or an importer of such a product shall, when requested to do so by the Administrator, and at his own expense, supply a reasonable number of specified products made or imported by it to a laboratory designated by the Administrator. Such a laboratory shall seek to verify the test results furnished to the Administrator by such person. The United States shall pay all reasonable charges levied by such laboratories for such activities.

(4) Each manufacturer or importer of such a product shall notify the Administrator in advance of, and shall permit authorized agents of such Administrator to observe and inspect, any tests performed pursuant to this subsection.

(e) USAGE AND UTILITY PRICING INFORMATION.—The Administrator shall develop and maintain, on a metropolitan, regional, national, or other appropriate basis, as determined by the Administrator, information with respect to the estimated—

(1) number of average-use cycles performed annually by each category of major energy-consuming household products; and

(2) average unit cost of the electricity or fuel needed for the circumstances under which each such product is normally operated.

(f) COMPUTATION OF ESTIMATED ANNUAL OPERATING COSTS.—(1) The Administrator shall, not later than 30 days after the promulgation of procedures pursuant to subsection (b), and on an annual basis thereafter, disseminate to all manufacturers and importers of major energy-consuming household products the information developed under subsection (e). Such information shall be accompanied by instructions for determining the estimated annual operating cost of a particular major energy-consuming household product.

(2) Each manufacturer and importer of such a product shall determine the estimated annual operating cost of such product in accordance wih instructions issued pursuant to paragraph (1). Such determinations may, at the discretion of the Administrator, include a range of estimated annual operating costs to reflect geographical or other differences in usage patterns or energy costs. Commencing not later than 90 days after promulgation of procedures pursuant to subsection (b), the estimated annual operating cost data shall be included as part of the material shipped with each such product, by a manufacturer or importer thereof, to the suppliers who carry such product.

(3) If a range of estimated annual operating costs is provided to suppliers in accordance with paragraph (2), each dealer involved shall select the estimated annual operating cost that is applicable, in accordance with instructions that shall be prepared by the Administrator and included with the material shipped to the suppliers under paragraph (2).

(4) Within 15 months after the date of enactment of this title, and annually thereafter, a booklet which compiles information provided to, or developed by, the Administrator under subsections (b), (d), and (e) shall be published by the Administrator, in a public document to be placed on sale at the Government Printing Office. Such booklet shall present such information in a clear, concise, and objective manner, and the Administrator shall take steps to encourage the widest possible distribution of such booklet and any revision thereof: *Provided*, That nothing in this section may be construed to require the compilation of lists which compare the estimated annual operating costs of major energy-consuming household products by model or manufacturer's name.

(g) APPLIANCE ENERGY GUIDES.—Not later than 30 days after the promulgation of procedures with respect to a category of major energy-consuming household products, pursuant to subsection (b), the Commission shall by rule specify the format of an Appliance Energy Guide for such category. An Appliance Energy Guide shall set forth, in clear and understandable language and form, information with respect to—

(1) the energy consumption characteristics of the product involved;

(2) the estimated annual operating costs for the product, as determined in accordance with this Act;

(3) the manner in which such estimated annual operating cost was computed, including the time period upon which such estimate is based and suggestions as to how such estimate may be refined to take account of the personal circumstances of an individual consumer;

(4) comparative shopping information; and

(5) any other information deemed appropriate by the Commission.

An Appliance Energy Guide shall be issued by each manufacturer and importer of such a product, and copies thereof shall be included as part of the material shipped to the suppliers under subsection (f)(2). The manner in which Appliance Energy Guides are to be attached to such products by such manufacturers and importers shall be specified by the Commission.

(h) UNLAWFUL CONDUCT.—Commencing 150 days after the promulgation of procedures pursuant to subsection (b), it shall be unlawful for any—

(1) manufacturer or importer to ship in commerce any new major energy-consuming household product for which such a procedure has been adopted, unless the Appliance Energy Guide for such product is attached by such manufacturer or importer in accordance with the provisions of subsection (g);

(2) supplier to remove the Appliance Energy Guide from any new major energy-consuming household product;

(3) dealer to sell or offer for sale in commerce any new major energy-consuming household product for which such a procedure has been adopted, unless the estimated annual operating cost of such product is disclosed by such dealer prior to any such sale. Such disclosure may appear on the same label, tag, direct-mail statement, or any other place on which the purchase price or acquisition cost of such product is stated, in accordance with rules established by the Commission. Any such disclosure requirement in this paragraph shall be considered to be fulfilled if the dealer obtains a written statement from the purchaser that such purchaser has read the relevant Appliance Energy Guide. If the Administrator directs, pursuant to subsection (f)(2), that the estimated annual operating costs shall be determined separately for different sections of the Nation, mail-order literature, catalogs, brochures, and other media communications that are received in more than one such section and that contain price data shall include national average values with respect to estimated annual operating costs, and they shall indicate clearly that the estimated annual operating cost of such a product for a specific section of the Nation may be obtained from a dealer who sells such products; and

(4) person to advertise or cause to be advertised in commerce, through any communications medium, any new major energy-consuming household product for which such a procedure has been adopted, if such advertisement displays the purchase price or energy characteristics of such product, unless it includes in addition a statement as to the estimated annual operating cost of such product, if the Commission determines that such statement is reasonable and necessary, in accordance with rules established by the Commission: *Provided*, That if the Administrator directs, pursuant to subsection (f) (2), that the estimated annual operating costs shall be determined separately for different sections of the Nation, advertising covering more than one such section shall include national average values with respect to estimated annual operating costs, and it shall indicate clearly that the estimated annual operating cost of such a product for a specific section of the Nation may be obtained from a dealer who sells such product.

AUTOMOBILES

SEC. 305. (a) COMPUTATION OF ESTIMATED ANNUAL OPERATING COSTS.—(1) Each manufacturer and importer of a new automobile shall determine the estimated annual operating cost of such automobile in accordance with instructions by the Administrator. Such determinations may, at the discretion of such Administrator of the Environmental Protection Agency, include a range of estimated annual operating costs to reflect geographical or other differences in usage patterns or energy costs. Commencing not later than 90 days after the date of promulgation of fuel economy testing procedures in accordance with this title, the estimated annual operating cost data shall be included as part of the material shipped with each such automobile, by a manufacturer or importer thereof, to the suppliers who carry such automobile.

(2) If a range of estimated annual operating costs is provided to suppliers in accordance with paragraph (1), each dealer involved shall select the estimated annual operating cost that is applicable, in accordance with instructions that shall be prepared by the Administrator of the Environmental Protection Agency and included with the material shipped to the suppliers under paragraph (1).

(b) LABELING.—Beginning not later than 180 days after the date of enactment of this title each manufacturer and importer of new automobiles shall cause to be affixed to, and each dealer shall cause to be maintained on, each new automobile, in a prominent place, an Automobile Energy Guide prepared and issued by that manufacturer or importer.

(c) AUTOMOBILE ENERGY GUIDE.—The format of each Automobile Energy Guide required by subsection (b) shall be determined by rule by the Commission, after consultation with the Secretary of Transportation, the Administrator of the Environmental Protection Agency, and the Administrator. An Automobile Energy Guide shall set forth, in clear and understandable language and form, detailed information with respect to—

(1) the fuel economy for such automobile, as determined pursuant to this title;

(2) the estimated annual operating costs associated with the operation of such automobile, as determined in accordance with this title;

(3) the manner in which such estimated annual operating cost was determined, including the time period upon which such estimate is based and suggestions as to how such estimate could be refined to take account of the personal circumstances of a prospective purchaser;

(4) a range of fuel economy performance of automobiles, so as to facilitate comparison shopping; and

(5) any other aspects of automobile operation deemed appropriate by the Federal Trade Commission.

(d) INSPECTION.—Each manufacturer or importer of new automobiles shall notify the Administrator of the Environmental Protection Agency in advance of, and shall permit authorized agents of such Administrator to observe and inspect, any tests performed pursuant to this section.

(e) ADVERTISING.—The Commission shall identify the categories and types of advertisements for new automobiles which it shall direct to contain the information required pursuant to subsection (c), to the extent prescribed by the Commission. In accordance with rules to be established by the Commission, if any such advertisement displays the purchase price or fuel economy characteristics of a new automobile, the Commission may require such advertisement to include a statement as to the estimated annual operating costs or the fuel economy of such automobile, whichever is appropriate. If the Administrator of the Environmental Protection Agency directs that the estimated annual operating costs shall be determined separately for different geographic regions of the Nation, advertising covering more than one such region shall include national average values with respect to estimated annual operating costs.

(f) Within 180 days after the date of enactment of this title, and annually thereafter, a booklet which compiles information provided to, or developed by, the Administrator of the Environmental Protection Agency under this section shall be published by such Administrator, in a public document to be placed on sale at the Government Printing Office. Such booklet shall present such information in a clear, concise, and objective manner, and such Administrator shall take steps to encourage the widest possible distribution of such booklet and any revision thereof: *Provided*, That nothing in this section may be construed to require the compilation of lists which compare the estimated annual operating costs of automobiles by model or manufacturer's name.

(g) DISCLOSURE.—Beginning 180 days after the date of enactment of this title, it shall be unlawful for any dealer to sell or to offer for sale in commerce any new automobile, unless the estimated annual operating cost of such automobile is disclosed by such dealer prior to any such sale. Such disclosure may appear on the same label, tag, direct-mail statement, or any other place on which the purchase price or acquisition cost of such automobile is stated, in accordance with rules established by the Commission. Any such disclosure requirement in this subsection shall be considered to be fulfilled if the dealer obtains a written statement from the purchaser that such purchaser has read the relevant Automobile Energy Guide. Mail-order literature, catalogs, brochures, and other media communications that are received in more than one geographic region that contain automobile price or acquisition cost data may include national average values with respect to estimated annual operating costs.

CONSUMER EDUCATION

SEC. 306. The Commission and the Administrator shall, in close cooperation and coordination with appropriate industry trade associations and industry members including retailers, and interested consumer and environmental organizations, carry out a program to educate consumers and suppliers with respect to—

(1) the significance of the estimated annual operating costs, the Appliance Energy Guides, and the Automobile Energy Guides;

(2) the Nation's need for energy conservation;

(3) the way in which comparative shopping, including comparisons of estimated annual operating costs, can save energy for the Nation and money for consumers; and

(4) such other matters as the Commission or the Administrator determines may encourage the conservation of energy.

Such steps to educate consumers may include, but are not limited to, publications, audiovisual presentations, demonstrations, and the sponsorship of national and regional conferences involving suppliers, consumers, and State, local and Federal Government representatives: *Provided*, That nothing in this section may be construed to require the compilation of lists which compare the estimated annual operating costs of automobiles or major energy-consuming household products by model or manufacturer's name.

GENERAL PROVISIONS

SEC. 307. (a) LIMITATIONS.—(1) Except as otherwise provided, no requirement in this Act regarding the disclosure of estimated annual operating costs creates, or shall be construed to create, a cause of action in any person for rescission, reformation, or refund of a contract or sale, on account of any failure to comply with any such requirement, and no such requirement makes, or shall be construed to make, any act or failure to act actionable in a civil action for damages. If a person knowingly or fraudulently gives a prospective purchaser false or misleading information, or if such person intentionally fails to give such a purchaser any information required under this title, with respect to the estimated annual operating cost of a major energy-consuming household product or of a new automobile, a cause of action may arise and such conduct may be so actionable if such a purchaser relied reasonably on such information in entering upon such contract or purchase, and if such purchaser suffered avoidable loss as a consequence thereof or if such loss is likely to be suffered unless such rescission, reformation, or refund is ordered by an appropriate court or agreed to by the parties.

(2) Nothing in this title prohibits, or shall be construed as authorization to prohibit, a person from representing orally or in writing that the estimated annual operating cost furnished pursuant to this title is based on average patterns of usage and is not a precise prediction of the annual operating cost that will actually be experienced by an individual purchaser.

(b) EFFECTIVE DATE.—No requirement involving disclosure of estimated annual operating cost, pursuant to this title, shall be applicable to any major energy-consuming household product or to any automobile, unless it is manufactured on or after the date of applicability of such requirement.

(c) ADMINISTRATIVE PROCEDURE.—Procedures, rules, and regulations established pursuant to this title shall be promulgated, and may from time to time be amended, in accordance with the provisions of section 553 of title 5, United States Code. After publication in the Federal Register of a notice of intended rulemaking, interested persons shall be permitted 30 days in which to submit comments in writing with respect to the proposed action or with respect to a proposed amendment.

(d) ENFORCEMENT.—(1) It shall be an unfair and deceptive act or practice in or affecting commerce, within the meaning of section 5 of the Federal Trade Commission Act (15 U.S.C. 45(a)), for any person to supply, give, or furnish false or misleading information with respect to estimated annual operating cost, or to fail to supply, give, or furnish such information or an Energy Guide, as required, to any purchaser, or to otherwise fail to comply with any other provision of this title, or any test procedure, rule, or regulation issued pursuant to this title.

(2) Any person who fails to comply with any labeling, advertising, or disclosure requirement mandated or authorized under this title shall be subject to a civil action under section 5(m)(1)(A) and section 19 of the Federal Trade Commission Act.

(3) The provisions of section 1001 of title 18, United States Code, are applicable to any statements or other information supplied, given, or furnished pursuant to this Act to the Administrator, the Secretary, the Commission, or the Administrator of the Environmental Protection Agency.

(e) STOCKPILING.—The Commission may issue regulations to prohibit any stockpiling, by manufacturers or importers, of any major energy-consuming household product or automobile that may be affected by a disclosure requirement pursuant to this title, prior to the date of applicability of such requirement. As used in this subsection, the term "stockpiling" means shipping, during the period between the date of promulgation of a testing or calculation procedure and the date of applicability of such disclosure requirement, at a rate that is significantly greater than the rate at which such product or automobile was shipped during a prior base period determined by the Commission.

(f) CITIZEN SUITS.—(1) Any person may commence a civil action on his own behalf against (A) any manufacturer, importer, or supplier who is alleged to be in violation of any provision of this Act or any regulation thereunder; or (B) any Federal agency which has a responsibility under this title where there is an alleged failure of such agency to perform any act or duty under this Act which is not discretionary. The district courts of the United States shall have jurisdiction without regard to amount in controversy or citizenship of the parties to grant mandatory or prohibitive injunctive relief or interim equitable relief to enforce such provisions with respect to any manufacturer, importer, or supplier or to order such agency to perform any such act or duty. Such court, in issuing any final order in an action brought under this subsection, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such an award is appropriate. No action may be commenced under this section prior to 60 days after the plaintiff has given notice of the alleged violation to the appropriate manufacturer, importer, or supplier, and to the Federal agency involved.

(2) In any action under this subsection, the Commission, if not a party, may intervene as a matter of right.

(3) Nothing in this subsection shall restrict any right which any person or class of persons may have under any other statute or at common law to seek enforcement of any provision of the title or regulation thereunder or any other relief.

PREEMPTION

SEC. 308. (a) GENERAL.—It is hereby declared to be the express intent of Congress to supersede any and all laws of the States or political subdivisions thereof insofar as they may now or hereafter provide for the disclosure of energy characteristics, fuel economy, or estimated operating cost of any new major energy-consuming household product or automobile, if there is in effect and applicable a Federal disclosure requirement with respect to such product or automobile.

(b) EXEMPTION.—Upon petition by any State, or political subdivision thereof, the Commission may, by rule, after notice and opportunity for presentation of views, exempt from the provisions of this subsection, under such conditions as it may impose, any State or local requirement that (1) affords protection to consumers which is substantially greater than that provided in the applicable Commission rule; and (2) does not place an undue burden upon the manufacture or distribution of major energy-consuming household products or of automobiles in interstate commerce. The Commission shall maintain continuing jurisdiction with respect to those State or political subdivisions thereof which are specifically exempted under this subsection. Any such exemption may be withdrawn or suspended by the Commission whenever it determines that the State or political subdivision involved is not enforcing its requirements sufficiently or effectively or that such exemption is no longer in the public interest.

ANNUAL REPORT

SEC. 309. The Administrator shall report to the Congress and the President, as part of his annual report, on all activities of the Federal Government relating to meaningful disclosure to consumers of the energy characteristics and estimated annual operating costs of major energy-consuming household products and automobiles; on all measures taken by the Administrator, the Secretary, the Administrator of the Environmental Protection Agency, and the Commission to implement and carry out various provisions of this title; and on the effectiveness of such activities and measures in reducing the consumption of energy by consumers during the calendar year preceding such report. The Secretary, the Administrator of the Environmental Protection Agency, and the Commission shall assist and cooperate with the Administrator in preparing appropriate materials for each such report. Each such report shall include, but need not be limited to—

(1) a thorough appraisal of the effectiveness with which estimated annual operating cost requirements have been established and enforced;

(2) a summary and evaluation of the effectiveness of the public education programs undertaken in accordance with this title, including, but not limited to, the Appliance Energy Guides and the Automobile Energy Guides;

(3) a summary of outstanding problems confronting the implementation of this title and the realization of its purposes;

(4) a short- and long-term projection of plans for future activities and measures to implement this Act; and

(5) such recommendations for additional legislation as are deemed necessary or appropriate.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 310. There are authorized to be appropriated to the Administrator, the Commission, the Secretary, and the Administrator of the Environmental Protection Agency to carry out the provisions of this Act, funds not to exceed $3,000,000 for the fiscal year ending June 30, 1976, not to exceed $600,000 for the transitional fiscal quarter ending September 30, 1976, not to exceed $2,500,000 for the fiscal year ending September 30, 1977, and not to exceed $1,500,000 for the fiscal year ending September 30, 1978.

TITLE IV—STRATEGIC ENERGY RESERVES

PART A—STRATEGIC ENERGY RESERVE SYSTEM

SHORT TITLE

SEC. 401. This title may be cited as the "Strategic Energy Reserves Act of 1975".

GENERAL PROVISIONS

SEC. 402. (a) In order to protect the United States economy against interruptions in energy imports and to provide adequate energy inventories for national security purposes there is hereby created a strategic energy reserve system (hereinafter referred to as the "system") for those fuels subject to the provisions of this title which shall be composed of—

(1) national strategic energy reserves;

(2) regional petroleum product reserves;

(3) interim industry storage reserves; and

(4) such other components of the system as may be authorized by Congress.

(b) There shall be established in the Federal Energy Administration a Strategic Energy Reserve Office (hereinafter referred to as the "Office"). The Administrator of the Federal Energy Administration (hereinafter referred to as the "Administrator") acting through the Office shall exercise authority over the establishment, management, and replenishment of the strategic energy reserve system provided for in this title.

(c) As used in this title, the term "crude oil" means a mixture of hydrocarbons that existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities.

(d) As used in this title, the term "refined petroleum products" means gasoline, naphtha, kerosene, distillates, refined lubricating oils, and diesel fuel.

(e) As used in this title, the term "residual fuel oil" means those fuel oils commonly known as ASTM Grades No. 5 and No. 6 fuel oils, heavy diesel, Navy Special, Bunker C and all other fuel oils which have a 50 percent boiling point over 700 degrees Fahrenheit in the ASTM R86 standard distillation test.

(f) As used in this title, the term "importer" means any person that owns at the first place of storage any crude oil, refined petroleum product, or residual fuel oil brought into the United States.

(g) As used in this title, the term "refiner" means any firm that owns, operates, or controls the operations of one or more refineries.

(h) As used in this title, the term "person" means any individual, firm, estate, trust, sole proprietorship, partnership, association, company, joint-venture, corporation, governmental unit or instrumentality thereof, or a charitable, educational, or other institution, and includes any officer, director, owner, or duly authorized representative thereof.

NATIONAL STRATEGIC ENERGY RESERVES

SEC. 403. (a) There are hereby authorized to be created national strategic energy reserves, which shall consist of crude oil stored in tanks, natural geological formations, or otherwise.

(b) The Administrator is hereby authorized and directed to establish within seven years of the date of enactment of this title, and maintain thereafter, national strategic energy reserves equal to not less than the volume of crude oil, imports into the United States for three consecutive months.

(c) For the purpose of this section, the base period for determining the volume of crude oil imports for three consecutive months in the preceding twenty-four months in which import levels were the highest, which volume shall be recomputed annually.

(d) For the purpose of establishing and maintaining the reserves authorized in subsection (b) hereof, the Administrator is authorized to place in storage, transport, or exchange:

(1) crude oil produced from Federal lands, including the naval petroleum reserves to the extent authorized by law;

(2) crude oil to which the United States is entitled as royalty from future production upon Federal lands, including the Outer Continental Shelf; and

(3) crude oil acquired by purchase, exchange, or otherwise.

(e) In order to commence the establishment of the reserves authorized by subsection (b) hereof as promptly as possible, the Administrator shall give priority to the utilization of existing storage capacity for that purpose and shall place in storage:

(1) not less than 10 per centum of the oil required to be stored within eighteen months of the date of enactment of this title;

(2) not less than 25 per centum of the oil required to be stored within three years of the date of enactment of this title; and

(3) not less than 65 per centum of the oil required to be stored within five years of the date of enactment of this title;

(f) If the Administrator determines that the attainment of the storage schedule, required by this section, within the times specified therein, will have substantial adverse economic impacts or if the necessary storage capacity or supplies of crude oil to be stored are temporarily unavailable, he may, after providing Congress with a justification therefor, delay the attainment of required storage levels for up to six months. Thereafter, the Administrator may further delay the attainment of required storage schedule provided that—

(1) the specific action proposed to be taken is submitted to both Houses of the Congress. Each House then shall have the opportunity to disapprove of such action within sixty days of the receipt of the proposal pursuant to the procedures provided for in sections 906 (a), (b), and (c), 908, 909, 910, 911, 912, and 913 of title 5, United States Code, except that for the purposes of this title:

(A) any reference in such sections to "reorganization plan" shall be deemed to be a reference to "petroleum storage schedule", which for the purposes of this title shall mean the storage schedule required by this section;

(B) such sixty day review period shall begin when such action is submitted to the Congress.

(2) The Administrator shall submit to both Houses of the Congress together with the specific action proposed a finding and report, which shall contain the following:

(A) the need for the proposed action;

(B) the prices of imported and domestic petroleum and other fuels and forms of energy that are in fact anticipated to result from the proposed action;

(C) the impact of the proposed action upon domestic production, consumption, and imports of petroleum and other fuels and forms of energy.

REGIONAL PETROLEUM PRODUCT RESERVES

SEC. 404. (a) There are hereby authorized to be created regional petroleum product reserves which shall consist of refined petroleum products or residual fuel oil stored in tanks, natural geological formations or otherwise.

(b) The purpose of these reserves is to reduce the impact of interruptions or reductions in imports of energy supplies in any region of the United States wherein limitations in the capacity or capabilities of refineries, delivery systems, or other factors preclude the attainment of such a reduction by the storage of crude oil alone.

(c) The Administrator is hereby authorized and directed to establish within five years of the date of enactment of this title, and maintain thereafter, regional petroleum product reserves in any Petroleum Administration for Defense District (hereinafter referred to as "PAD District") wherein more than 25 per centum of demand for residual fuel oil or any refined petroleum product has been met by imports during the preceding twenty-four-month period. The Administrator shall accumulate and thereafter maintain in storage in the PAD District in tanks, natural geological formations, or otherwise a reserve for each such commodity equivalent to not less than the highest level of imports for three consecutive months for such commodity into that PAD District during the preceding twenty-four months, which level shall be recomputed annually. Such reserves shall be available for distribution according to the terms and conditions set forth in part C of this title.

(d) The Administrator is hereby authorized and directed to establish within five years of the date of enactment of this title and to maintain thereafter, regional petroleum reserves of No. 2 fuel oil in PAD districts wherein more than 10 per centum of demand for such commodity has been met by imports during the preceding twenty-four-month period or in Federal Energy Administration regions as defined in title 10, Code of Federal Regulations where imports into such regions constitute more than 20 per centum of demand for such commodity during the previous twenty-four-month period. The Administrator shall accumulate and thereafter maintain in storage in the PAD District or the Federal Energy Administration region in tanks or otherwise a reserve for No. 2 fuel oil equivalent to not less than ninety days of supply based on the average monthly volume of imports into the PAD District or the Federal Energy Administration region during the previous heating season of September through April.

(e) The Administrator may place in storage crude oil, residual fuel oil, or any refined petroleum product in substitution for all or part of the volume of any commodity required to be stored in the regional petroleum product reserves pursuant to the provisions of subsections (c) and (d) of this section if he finds that such substitution is necessary or desirable for purposes of economy, efficiency, or for other reasons and may be made without delaying or otherwise adversely affecting the fulfillment of the purpose of the regional petroleum product reserves as described in subsection (b) of this section. Prior to making any such substitution the Administrator shall transmit his finding to the Congress together with a description of the substitution to be made and specifying the date on which it is to commence. Such substitution may commence on the date specified by the Administrator but in no case sooner than the close of the earliest period which begins after the submission of the Administrator's finding to the Congress and which includes at least thirty days during which the House was in session and at least thirty days during which the Senate was in session.

(f) For the purpose of establishing and maintaining the reserves authorized in this section the Administrator is authorized to place in storage, transport, or exchange crude oil, residual fuel oil, or refined petroleum products acquired by purchase, exchange, or otherwise.

(g) If the Administrator determines that the attainment of the storage schedule, required by this section, within the times specified therein, will have substantial adverse economic impacts or if the necessary storage capacity or supplies of crude oil, residual fuel oil, or refined petroleum products to be stored are temporarily unavailable, he may, after providing Congress with a justification therefor, delay the attainment of required storage levels for up to six months. Thereafter, the Administrator may further delay the attainment of the required storage schedule provided that—

(1) the specific action proposed to be taken is submitted to both Houses of the Congress. Each House then shall have the opportunity to disapprove of such action within sixty days of the receipt of the proposal pursuant to the procedures provided for in sections 906 (a), (b), and (c), 908, 909, 910, 911, 912 and 913 of title 5, United States Code, except that for the purposes of this Act:

(A) any reference in such sections to "reorganization plan" shall be deemed to be a reference to "petroleum storage schedule", which for the purposes of this Act shall mean the storage schedule required by this section;

(B) such sixty-day review period shall begin when such action is submitted to the Congress.

(2) the Administrator shall submit to both Houses of the Congress together with the specific action proposed a finding and report, which shall contain the following:

(A) the need for the proposed action;

(B) the prices of imported and domestic petroleum and other fuels and forms of energy that are in fact anticipated to result from the proposed action;

(C) the impact of the proposed action upon domestic production, consumption, and imports of petroleum and other fuels and forms of energy.

INTERIM INDUSTRY STORAGE RESERVES

SEC. 405. (a) There are hereby authorized to be created interim industry storage reserves which shall consist of crude oil, residual fuel oil, or refined petroleum products maintained in storage by importers and refiners.

(b) From the date of enactment of this title until such time as the national strategic energy reserves authorized by section 403 and the regional petroleum product reserves authorized by section 404 of this title are complete, the Administrator is authorized to require that every importer of crude oil, residual fuel oil, or refined petroleum products and every refiner of crude oil shall acquire, store, and maintain in readily available inventories, as reserves, crude oil, residual fuel oil, or refined petroleum products in amounts as determined by the Administrator, but in no event to exceed 3 per centum of their imports of refinery throughput of the previous calendar year.

(c) After the completion of the national strategic energy reserves authorized by section 403 of this title and the regional petroleum product reserves authorized by section 404 of this title, the Administrator may require by rule, regulation, or order that importers or refiners maintain in readily available inventories stocks of crude oil, refined petroleum products, and residual fuel oil equal to the average volume of such inventories maintained for the corresponding month of the three preceding years.

(d) Every barrel of crude oil, residual fuel oil, or refined petroleum products imported and stored in the interim industry storage reserve shall be exempt from any tariff or import license fee now or hereafter imposed.

(e) As used in this section, the term "readily available inventories" means those inventories which can be used without affecting the importer's or refiner's operations at normal capacity and shall not include minimum working level inventories or other unavailable stocks.

(f) In order to maintain an economically sound and competitive petroleum industry, the Administrator shall implement this section with appropriate provision for avoiding inequitable economic impacts on refiners and importers and shall make specific provision for full or partial exemption or other relief for any refiner or importer who might otherwise incur undue hardship as the result of regulations implemented under the authority of this section. Such relief may include, but shall not be limited to, provision for the storage of petroleum owned by such importers or refiners in surplus storage capacity owned by the Federal Government.

OTHER STORAGE RESERVES

SEC. 406. Within six months after the date of enactment of this title, the Administrator shall prepare and submit to the Congress a report setting forth his recommendations for including in the system—

(a) utility storage reserves to consist of reserves of coal, residual fuel oil, or refined petroleum products to be established and maintained by all fossil-fueled baseload electric power generating stations fueled by coal, residual fuel oil or refined petroleum products, and with a generating capacity of one hundred million British thermal units or more in an hour and sufficient to maintain normal power generation for a period of not less than three months;

(b) coal storage reserves to consist of reserves equivalent to three months of coal consumption, such reserves to consist of (1) federally owned coal mined by or for the United States from federally owned coal lands, and (2) Federal coal lands from which coal could be mined for consumption within thirty days of an order to do so;

(c) remote oil and gas storage reserves consisting of oil and gas to be acquired and stored by the United States, in place, pursuant to a contract or other agreement or arrangement entered into between the United States and individuals who discovered such oil or gas in wells in remote areas; and

(d) industry storage reserves consisting of crude oil, residual fuel oil, or refined petroleum products maintained in storage by importers, refiners, or others for the purpose of reducing the adverse impact of unplanned interruptions or reductions in imports of energy supplies during the period while the reserves created pursuant to sections 403 and 404 of this title are being established and thereafter.

NAVAL PETROLEUM RESERVES STUDY

SEC. 407. Within six months after the date of the enactment of this title, the Administrator shall prepare and submit to the Congress a report setting forth his views and recommendations—

(a) as to what extent, if any, Naval Petroleum Reserve Numbered 1 could have been effectively utilized to alleviate energy shortages during the so-called oil embargo;

(b) with respect to what extent, if any, the procedures required in order to increase production from oil or gas reserves within the Naval Petroleum Reserves should be modified or otherwise changed in order to enable such reserves to be better utilized in order to meet certain energy shortages within the United States;

(c) with respect to whether the Naval Petroleum Reserves could be best managed by the Secretary of the Interior, the Secretary of the Navy, the Administrator of the Federal Energy Administration, or other management, including joint management; and

(d) as to whether a program of exploration for oil and gas on Naval Petroleum Reserve Numbered 4 for the purpose of determining the extent of oil and gas resources therein could best be carried out by a Federal agency or department or by competitive agreements, including contracts or leases, entered into with the private sector.

PART B—ADMINISTRATION

AUTHORITY OF THE ADMINISTRATOR

SEC. 408. To implement the establishment, management, or replenishment of the strategic energy reserve system created pursuant to section 402 of this title, the Administrator, in furtherance of and not in limitation of any authority, is authorized to—

(a) promulgate rules, regulations, or orders necessary or appropriate to implement the provisions of this Act;

(b) acquire by purchase, condemnation, or otherwise, land or interest in land for the location of storage and related facilities;

(c) construct, purchase, lease, or otherwise acquire storage and related facilities;

(d) acquire by purchase, exchange, or otherwise crude oil for storage in the national strategic energy reserves created pursuant to section 403 of this title and refined petroleum products or residual fuel oil for storage in the regional petroleum product reserves created pursuant to section 404 of this title;

(e) require by rule, regulation, or order that importers or refiners maintain in readily available inventories stocks of crude oil, refined petroleum products, and residual fuel oil equal to the average volume of such inventories maintained for the corresponding month of the three preceding years. As used in this subsection, the term "readily available inventories" means those inventories which can be used without affecting the importer's or refiner's operations at normal capacity and shall not include minimum working level inventories or other unavailable stocks;

(f) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this title;

(g) execute any contracts necessary to carry out the provisions of this title;

(h) cause proceedings, whenever he deems it necessary to implement this title, to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real or personal property, including facilities, temporary use thereof, or other interests therein, together with any personal property located thereon or used therewith, that he deems necessary to achieve the objectives of this title;

(i) order the use, sale, exchange, or disposal of all or part of the reserves established pursuant to this title; if (1) imports of crude oil, residual fuel oil, and refined petroleum products have fallen significantly or will within thirty days in his judgment, fall significantly below existing requirements for such imports, resulting in an existing or prospective shortage of at least 10 per centum of import requirements; or (2) if required to fulfill obligations of the United States under an international agreement to which it is a party;

(j) require that the replenishment of depleted reserves is accomplished expeditiously;

(k) use, sell, exchange, or otherwise dispose of crude oil, residual fuel oil, or refined petroleum products from the strategic energy reserve system created pursuant to section 402 of this title which may be in excess of the volumes required to be stored by sections 403 and 404 of this title;

(l) establish price levels and allocation procedures for any crude oil, residual fuel oil or refined petroleum product withdrawn from the national strategic energy reserves created pursuant to section 403 of this title or from the regional petroleum product reserves created pursuant to section 404 of this title. Such price levels and allocation procedures shall be consistent with the objectives enumerated in section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973. In the event of the expiration of the Emergency Petroleum Allocation Act of 1973, price levels and allocation procedures established in accordance with this subsection shall, notwithstanding the expiration of that Act, be consistent with the purposes and standards and according to the procedures set out in section 4, subsections (a) through (d) of that Act;

(m) waive application of the provisions of the Federal Property and Administrative Services Act of 1949, as amended, with respect to procurement necessary for the purpose of this title, if he finds it is in the national interest to do so;

(n) in the case of an embargo adjust the processing operations of domestic refineries to produce refined products in proportions commensurate with national needs and consistent with the objectives of section 4(b) of the Emergency Petroleum Allocation Act of 1973;

(o) require any importer of crude oil, residual fuel oil, or refined petroleum products or any refiner of crude oil to acquire, store, and maintain crude oil, refined petroleum products, and residual fuel oil in the interim industry storage reserve pursuant to section 405 of this title; and

(p) allow any person owning crude oil, refined petroleum products, or residual fuel oil from the interim industry storage reserves created pursuant to section 405 of this title to remove or otherwise dispose of such reserves.

CONDEMNATION PROCEEDINGS

SEC. 409. Before any condemnation proceedings are instituted pursuant to this Act, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Administrator, such delay in acquiring the property as to be contrary to the national interest. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payments shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purpose of this title prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

PROHIBITED ACTS

SEC. 410. It shall be unlawful for any person to violate any provision of this title or to violate any rule, regulation, or order issued pursuant to any such provision.

ENFORCEMENT

SEC. 411. (a) Whoever violates any provision of this title or rules, regulations, or orders promulgated pursuant thereto, shall be subject to a civil penalty of not more than $5,000 for each violation.

(b) Whoever willfully violates any provision of this title or rules, regulations, or orders promulgated pursuant thereto, shall be fined not more than $10,000 for each violation, and each day that a violation continues shall constitute a separate violation.

(c) It shall be unlawful for any person to offer for sale or distribute in commerce any product or commodity in violation of an applicable order or regulation issued pursuant to this title. Any person who knowingly and willfully violates this subsection after having been subjected to a civil penalty for a prior violation of the same provision of any order or regulation issued pursuant to this title shall be fined not more than $50,000 for each violation, and each day that a violation continues shall constitute a separate violation, or imprisoned not more than six months, or both.

(d) Whenever it appears to any person authorized by the President or the Administrator to exercise authority under this title that any individual or organization has engaged, is engaged, or is about to engage in acts or practices constituting a violation of this title, such person may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any provision of this section.

(e) Any person suffering legal wrong because of any act or practice arising out of any violation of this Act may bring an action in a district court of tht United States without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment or writ of injunction.

Nothing in this subsection shall authorize any person to recover damages.

DISCLOSURE, INSPECTION, INVESTIGATION

SEC. 412. (a) Every importer, refiner, or user of fuels subject to the provisions of this title shall prepare such accounts, records of cost-accounting procedures, correspondence, memoranda, papers, books, and other records as the Administrator may by rule or regulation prescribe as necessary or appropriate for purposes of the administration of this title.

(b) The Administrator shall at all times have access to and the right to inspect and examine all producing, transportation, storage, refining, or processing facilities, and all accounts, records, and memoranda, of persons subject to the provisions of this title; and it shall be the duty of such persons to furnish to the Administrator, within such reasonable time as the Administrator may order, any information with respect thereto which the Administrator may by order require.

ANNUAL REPORT

SEC. 413. The Administrator shall prepare, have printed, and transmit to the President and the Congress an annual report summarizing all actions taken under authority of this title, with an analysis of their impact, an evaluation of their effectiveness in fostering the objectives of this Act, and any recommendations for legislation further implementing the objectives of this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 414. There are hereby authorized to be appropriated to the Administrator such funds as are necessary for implementation of the provisions of this title.

SEVERABILITY

SEC. 415. If any provisions of this title or the applicability thereof to any person or circumstance is held invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected thereby.

Mr. JACKSON. Mr. President, now I move that the Senate insist on its amendment and request a conference with the House.

The motion was agreed to, and the Presiding Officer (Mr. GARN) appointed Mr. JACKSON, Mr. JOHNSTON, Mr. ABOUREZK, Mr. HASKELL, Mr. GLENN, Mr. STONE, Mr. BUMPERS, Mr. FANNIN, Mr. HANSEN, Mr. MCCLURE, Mr. BARTLETT, Mr. MAGNUSON, Mr. HOLLINGS, Mr. STEVENSON, Mr. PASTORE, Mr. HARTKE, Mr. PHILIP A. HART, Mr. CANNON, Mr. GRIFFIN, Mr. STEVENS, Mr. BEALL, Mr. WEICKER, Mr. RANDOLPH, Mr. MUSKIE, and Mr. BAKER conferees on the part of the Senate.

Mr. STENNIS. Will the Senator yield?

Mr. JACKSON. I yield.

Mr. STENNIS. Will the Senator give a two-sentence summary of what occurred? Those bills are referred to by number, but enlarge on it a little. It would be helpful.

Mr. JACKSON. The Senate passed S. 622, which included the extension of the Petroleum Allocation Act, and, in addition, various conservation provisions. The House, in their House numbered bill, passed a very detailed pricing bill, which in addition, included a number of things that I refer to as add-on amendments; namely, it included conservation; it dealt with the automobile efficiency problem, energy labeling, strategic reserves; that is civilian strategic reserves. I worked this out with Senator CANNON so it does not conflict with the role of the Armed Services Committee.

Mr. President, in summary what we are doing is bringing the bills which we passed here, and on which the House acted separately in connection with S. 622, so that we have all of the bills and subject matter in one conference. That is where we start anywhere, with the substance. That is more than two sentences.

Mr. STENNIS. I thank the Senator.

Mr. RANDOLPH. Will the Senator yield?

Mr. JACKSON. I yield.

Mr. RANDOLPH. Mr. President, I wish to commend the Senator from Washington (Mr. JACKSON) for the statement he just concluded. I was particularly conscious of his stressing cooperation rather than confrontation. I think citizens generally will applaud the leadership not only of the Senator from Washington who has been identified constructively with this effort, but will applaud the Congress if the conferees of the Senate and House meet in the spirit that the Senator has just expressed. We have a very real challenge. As the Senator has said, we can meet it.

Energy issues are complex and cannot be dealt with in isolation from other matters. There is real and substantial interest in the measures mentioned by the Senator from Washington; they cover a wide range of issues in which many Senators have been involved. Those of us on the Committee on Public Works, for example, have worked on legislation making permanent the national uniform speed limit and establishing car pool programs. Our Subcommittee on Environmental Pollution is now considering amendments to the Clean Air Act dealing with automobile emission standards, an area which affects S. 622 with respect to improvements in automobile fuel economy. We have addressed questions relating to the recycling of oil.

In addition, the provisions in S. 622 dealing with the expanded use of coal and the reduced use of natural gas as boiler fuel, when passed by the Senate, were an amendment which I offered to the Energy Supply and Environmental Coordination Act.

Resolution of conference issues will require a cooperative effort not only among the conferees but between the Congress and the executive branch. The able and effective Senator from Washington (Mr. JACKSON) has rightly emphasized this need for cooperation.

Mr. JACKSON. I thank the Senator.

I want to thank the minority side, Senator FANNIN and members of the Commerce Committee as well. I do not want to get overenthusiastic. We have a big problem on our hands. That is the understatement of the closing day of this week. But, Mr. President, I will tell you what we have done: we have brought together all of the problems, except a few remaining, into one forum. I think, hope and pray, and I think we will need a lot of the latter, that out of it will come what I hope will be sensible agreements on a bipartisan basis. I thank especially Senator FANNIN and the majority members of the Senate Commerce Committee.

Before I proceed further, could I complete my request?

Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendment to the House amendment to S. 622.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. I yield.

Mr. FANNIN. Mr. President, I want to commend the distinguished Senator from Washington, for the cooperative attitude that he expressed this morning when we passed legislation. I think it was the first step toward achieving some of the goals for which we have all been striving in the past months, even years. We have made another step forward which I feel can be very beneficial.

As the Senator has explained, there are some complex problems involved in this legislation. It is not going to be a simple matter to settle them in conference. But with the spirit that has been expressed today, the spirit of cooperation that exists, if it continues—and I have every reason to believe it will continue—I think we can go forward with legislation that will help in solving the very serious problems that we face in this Nation.

Included in these problems is the natural gas situation, we have before us a bill to deal with that problem, S. 2310——

Mr. JACKSON. May I say we should take them one at a time?

Mr. FANNIN. That is correct. We must take into consideration the fact that we have many goals to work toward in the next few weeks. But I would say we now have outlined the path we are to travel. I pledge the cooperation of the minority in this regard.

Mr. JACKSON. I know that. I appreciate the sincerity of the Senator. I think we have made a good beginning. It is a long road, but we must all do our best.

The PRESIDING OFFICER. The Senator from Massachusetts has been seeking recognition for some time.

SENATE RESOLUTION 268—TO AMEND RULE XXII OF THE STANDING RULES OF THE U.S. SENATE TO PROVIDE FOR THE CONSIDERATION OF AMENDMENTS SUBMITTED TO THE PRESIDING OFFICER PRIOR TO A CLOTURE VOTE

Mr. KENNEDY. Mr. President, I send to the desk a resolution and ask that it be read.

Mr. ROBERT C. BYRD. What was the request?

Mr. KENNEDY. I asked that a resolution be read and then I am going to ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

S. RES. 268

A resolution to amend rule XXII of the Standing Rules of the United States Senate to provide for the consideration of amendments submitted to the Presiding Officer prior to a cloture vote.

Resolved, That the second sentence of the final paragraph of section 2 of Rule XXII of the Standing Rules of the Senate is amended to read as follows:

"Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been submitted to the Presiding Officer prior to that time."

Mr. KENNEDY. Mr. President, before asking for immediate consideration of the resolution, I want to make a brief statement.

The purpose of the resolution is to amend the Senate rules to prevent a repetition of the unfortunate situation that developed in connection with the cloture vote yesterday in which amendments submitted in good faith to the Presiding Officer prior to the cloture vote were held not to be qualified for consideration of the Senate under rule XXII, since the amendments had not been presented and read within the meaning of the rule.

My resolution would simply codify the conventional Senate practice by specifying that all amendments at the desk prior to a cloture vote would be considered to be qualified under the rule in the event that cloture is invoked. Such a step has been taken routinely in the past by unanimous consent and the resolution I am offering would make such routine requests unnecessary in the future. The resolution would make no other change in rule XXII. In particular, it would not affect the requirement that amendments considered after cloture must be germane.

Mr. President, I ask for the immediate consideration of this amendment to see if we cannot eliminate what I think was an extremely regrettable parliamentary situation that we have found ourselves in during the period of these last several days.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object. I had no advance knowledge of this resolution. As the chairman of the Subcommittee on Rules of the Senate Committee on Rules and Administration, I think that any proposal to change the Senate rules should first come to that committee. Any such resolution should first be referred to the Committee on Rules for its consideration.

If the Senator would be willing to have his resolution go to the committee, I should be very glad to have it given consideration by that subcommittee and to have the distinguished Senator appear before the subcommittee. Barring that, I shall be constrained to object.

The PRESIDING OFFICER. The objection is heard.

Mr. KENNEDY. If the Senator will withhold his objection, without losing his right to object——

Mr. ROBERT C. BYRD. Yes, Mr. President, I withhold my objection.

Mr. KENNEDY. I hope we will not have objection to the consideration of the resolution. I should like to ask, if there is objection to consideration, that the resolution be put on the calendar. Then, obviously, if there is objection to that, it would go over under the rule and then go on the calendar.

It does seem to me that we should follow the procedure outlined by the assistant majority leader, if we were in any manner reaching any substance in any change in the rules. Quite clearly, this is not reaching the substance of any change in the rules. It is only a question of whether or not we must go through the formality of having had each amendment read before cloture.

As the Senator from West Virginia will understand, I think it is difficult to recall any time since the actual passage of rule XXII when such amendments have actually been read. The provision in the existing rule has only been used in such a way as we have seen this week, where, through an oversight, Members who did have full desire to notify Members of the Senate of the nature of their amendment were denied the opportunity to call them up after cloture.

My resolution will really only establish what is already the practice of the Senate in the consideration of any amendments; that is, they will be submitted to the Presiding Officer and will be eligible to be called up.

It does seem to me that, given the background and the history, the only use of this amendment, as we have seen in the past, has been to waive it by asking unanimous consent, or to see it used to preclude what would otherwise be honest, legitimate, forthright efforts to consider amendments on their merits.

It is difficult for me to see how this change reaches any real substance of rule XXII. It is only a small procedural question. But it is, I think, an important matter. I hope that we can have consideration of it, since it really is not a substantive matter. It is only a procedural issue.

Mr. ROBERT C. BYRD. Mr. President, I must say, with all respect to my distinguished colleague from Massachusetts, that I cannot distinguish between substance and procedure in respect to a particular rule. All of the rules deal with procedure in the Senate and every provision in the rules of the Senate contains substance dealing with procedures. Therefore, I cannot understand what is meant by the Senator's statement that he would change a certain provision of the rules, and that changing that provision would not change the substance of the rule.

In the second place, no Member of this body has been here through all the years since the adoption of Senate Rule XXII. I cannot say, for sure, what the practices under Senate Rule XXII were before I came to this body 17 years ago, except with respect to the history and the precedents that I have read, and I am sure that I have not mastered all of them.

I should have to say, however, that this provision in the rule was undoubtedly included in the rule originally for some good reason. It has remained in the rule over the years apparently for equally good reason.

Mr. KENNEDY. Could the Senator enlighten me as to——

Mr. ROBERT C. BYRD. Will the Senator let me finish my statement? I am not going to be taken off the track.

Mr. President, I am not taking the floor at this time to make an argument for the provision or against it. I am simply saying that I am not going to stand here today and accede to a unanimous-consent request to suddenly change this rule. The resolution was not cleared with me, it was not even discussed with me. As the chairman of the Senate Subcommittee on Rules, I think I should be accorded the courtesy of knowing in advance that a resolution is going to be introduced, and a request made for its immediate consideration, when it deals with a change in the rules. The Senate itself is entitled to advance notice of a proposal to change the rules.

I am not the keeper of the rules, but I am chairman of the Subcommittee on Rules and I may very well, after careful study of this provision, support the change. But I am not ready, today, to support this change. I also cannot say that I have not heard objections to a request, before a cloture vote, that an amendment be considered as having been read. In my 17 years in the Senate, I believe that I have heard objections raised to requests before a cloture vote that an amendment be considered as having been read, and the clerk had to proceed then to read such amendment in its entirety, especially back in the days of the great civil rights debates.

I want to emphasize that I am not opposed to the Senator's suggestion. I may very well go along with it; or I may not go along with it.

Of course, the Senate has proceeded in a way that he can force this resolution on the Calendar. That is all right with me. I shall not object to his having it placed on the Calendar, because he can get that done, anyway, even if I were to object. But I will say again that I should think it is a matter that should go to the Committee on Rules and receive the consideration of the Committee on Rules. I happen to impute a great deal of importance to the rules of the Senate and, as far as I am concerned, the rules of the Senate are just about second to the Ten Commandments. If we are going to changes the rules, let us change them in the right way.

If the Senator wants to put his resolution on the Calendar, that is all right with me. I should hope, however, he would allow the resolution to go to the committee and let it be considered there. But if he wants to press his point, he can ask unanimous consent that the resolution go on the Calendar. I shall not object. But that is where it will stay as far as I am concerned.

If he can get the votes to take it off the calendar, he can try to do that. But if he wants to go about it in the right way and send it over to the committee, I may go along with changing the rules, and his resolution may have my support. But it also may not have my support. I would want to study it carefully.

Mr. WILLIAM L. SCOTT. Reserving the right to object——

Mr. KENNEDY. Will the Senator from Virginia, reserving his own right, let me respond to the Senator from West Virginia?

Mr. WILLIAM A. SCOTT. If I may make just a very brief observation, I want to concur in what the distinguished majority whip has said. In the absence of the Republican leader and the Republican whip, I should be constrained to object to both of the requests that the distinguished Senator from Massachusetts has indicated he might make in the event that the Senator from West Virginia did not object.

Mr. KENNEDY. Mr. President, in response to the Senator from West Virginia, let me say at the outset that there was absolutely no discourtesy meant in failing to notify the Senator from West Virginia. I, like any other Member of the Senate, have offered this resolution in the completely open forum of the Senate. I did not attempt, nor would I try, to take advantage of any Member's right to object.

It does seem to me that we have seen, over the period of the last 2 days, how this particular device was used in such a way, I think, as to prejudice an opportunity for full and open discussion and debate on several amendments which, otherwise, would have been germane to the legislation.

There are those who say they are following the rules, but I daresay that I fail to see what possible reasons or justifications there were for questioning the consideration of these amendments under the rule.

The Senator from West Virginia mentions objections that may have been raised during the civil rights debates, which indicates to me a further reason for the consideration of this resolution. Apparently, the rule was used as a further delaying tactic, rather than to permit the Senate to act.

Ordinarily, before an amendment is considered, it is read at the desk. There is nothing in that regular rule which would be affected by this resolution. All it would be doing is eliminate what, as we have seen in the past few days, has been basically a booby trap.

It does seem to me that whatever justification can possibly be made to this resolution, and I fail to see it, quite frankly, it is far outweighed by the kind of concern and thoughtful opportunity that is being denied to Members of the Senate, who have every intention of providing adequate notice of their amendments to the membership. If a cloture motion is actually filed, acted upon, and receives sufficient votes, the Senate is on notice that such amendments will be considered if they are germane.

It seems to me that, to put in the additional requirement that amendments have to be read in order to permit the Senate to consider them, is to add a procedural device that is meant to entrap unwary Senators, who do not have the knowledge, understanding, and wisdom of the Senator from West Virginia, for whose understanding of the rules of this body I, and I am sure all of the Members, have great respect and admiration.

I would certainly understand if the Senator wanted to object to the immediate consideration of the resolution: I would ask afterwards to have unanimous consent that the resolution be placed on the calendar, but I would certainly understand if the Senator wanted to make that objection at the present time.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I would make the same objection regardless of what Senator may have offered this resolution. I hope the distinguished Senator from Massachusetts will understand there is nothing personal in my objection.

Mr. KENNEDY. I understand.

Mr. ROBERT C. BYRD. I am just constrained to object to this kind of approach to changing the rules of the Senate.

The distinguished Senator from Massachusetts has referred to the reading provision in the rule as a "booby trap." He wanted to offer a good amendment on yesterday, and it failed to meet the reading requirement. I wanted to offer a good amendment today, and it failed to meet the reading requirement and was objected to. The rule provides that in that situation if one can get unanimous consent he can still bring his amendment in. I could not get unanimous consent, so I could not bring my amendment up.

I do not consider the requirement a booby trap. I should have had my amendment printed and at the desk 3 days ago.

I would hope the Senator would let this resolution be referred to the Committee on Rules and Administration. If he would, I assure him that I will certainly see that it is given consideration in the near future by my subcommittee. If the subcommittee reports it to the full committee, it will be up to Mr. CANNON then to proceed with it.

But I must say, in all fairness to my friend from Massachusetts, that if he proceeds in his way and forces the resolution on the calendar, he is going the hard way. He is going the hard way. His resolution, if it is sent to my committee, of course, may not get out of the committee because it may not have the support to be reported.

Mr. KENNEDY. That is the——

Mr. ROBERT C. BYRD. That is the what?

Mr. KENNEDY. That is the question. If the Senator could, at least, give me assurance that there would be final action on this, say, within a period of time, either affirmatively or negatively, then I would certainly follow the recommendation of having it——

Mr. ROBERT C. BYRD. I can give the Senator assurance there will be some action taken on his resolution within 30 days in my subcommittee. I am not saying I will support it. I am not saying that I will not support it. But I am saying that if the Senator persists in getting this on the calendar without referral to the Rules Committee I will fight it with every ounce of my strength and, if I have to conduct a one-man filibuster to keep a motion from being adopted to take up the resolution, I will personally wage a one-man filibuster. Of course, cloture can be invoked and that filibuster can be shut off. But that will be the hard way to go.

I am assuring the Senator, if he will let the resolution go to the committee, it will be considered, and I will let him know, before any action is taken to reject it there, if action is taken to reject it; on the other hand, it could be approved. He would be accorded the courtesy of submitting to my subcommittee any statement that he wishes to make in addition to the statement he has made here today. I will be glad to hear him. For that matter, I will be glad to conduct a hearing on the resolution and let him appear if he desires. That is the right way, in my judgment, to change the rules of this Senate.

The rules have been tested over the years, and they have stood the test. I do not think we ought to suddenly bring up a resolution here and, by unanimous consent, change a provision in the standing rules of the Senate when we have only seven Senators in the Chamber, including the Presiding Officer.

I am not going to allow that to happen. I have to object. I hope the distinguished Senator will proceed in the way I suggested.

Mr. KENNEDY. Mr. President, if I understand the Senator from West Virginia correctly, we will get some action on this by the Committee on Rules and Administration within the period of 30 days—and that is my understanding of the Senator—we will take our chances. As I understand, even if it is turned down, there will still be an opportunity for me to reintroduce it at any time and to take whatever steps that I would desire in the future, and the Senator from West Virginia will be able to take whatever steps, obviously, that are available to him under the rules in the future, as well. So I do think, with that understanding then, that I would be satisfied that the resolution be referred to the Committee on Rules and Administration.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator. I felt that, after reflection, he would come to the conclusion that he has reached. He has my assurance that I will act on it in the subcommittee and, if it is rejected in the subcommittee or the full committee, he still has the avenue of approach open to him of bringing it to the Chamber and seeking to get it on the calendar. Nothing is being taken away from him. But I do appreciate his decision to proceed by way of committee referral.

Mr. KENNEDY. I thank the Senator from West Virginia.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Massachusetts.

ORDER FOR RECOGNITION OF SENATOR McGOVERN ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders or their designees have been recognized under the standing order, Mr. McGovern be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, after Mr. McGovern has been recognized for not to exceed 15 minutes, there be a period for the transaction of routine morning business of not to exceed 30 minutes with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—S. 2310 AND S. 692

Mr. GLENN. Mr. President, I ask unanimous consent that the following be granted the privilege of the floor during the Senate's consideration of S. 2310, the Natural Gas Emergency Act of 1975 and S. 692, the Natural Gas Production and Conservation Act of 1975: Mary Jo Manning, S. David Freeman, Henry E. Lippek, S. Lynn Sutcliffe, Len Bickwit, Roy Werner, Mary Schuman, Bill van Ness, Mark Schneider, and Mike Pertschuk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. Amendment No. 934, as modified, S. 2310.

Mr. ROBERT C. BYRD. Mr. President, an order has been entered—has it not—to recess until 11 a.m. Monday?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the distinguished Presiding Officer.

ORDER FOR RESUMPTION OF CONSIDERATION OF S. 2310

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, at the conclusion of routine morning business on Monday, the Senate resume consideration of S. 2310.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT NO ROLLCALL VOTES OCCUR ON MONDAY PRIOR TO 4 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be no rollcall votes on Monday prior to the hour of 4 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION ON MONDAY OF CONFERENCE REPORT ON S. 1247—UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on 2 p.m. on Monday, the Senate proceed to the consideration of the conference report on S. 1247, the military construction authorization; that there be a time limitation of 1 hour, to be equally divided between Mr. Symington and Mr. Tower; that if a rollcall vote is ordered thereon, such rollcall vote not occur before 4 p.m.; and that upon the disposition of the conference report, the Senate proceed to the consideration of House Concurrent Resolution 405, which would authorize certain technical corrections to be made in the conference report.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. FANNIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE CONCURRENT RESOLUTION 65—WELCOMING THEIR MAJESTIES THE EMPEROR AND EMPRESS OF JAPAN

Mr. FANNIN. Mr. President, on behalf of the Senator from New York (Mr. Javits), I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Concurrent Resolution 65, which was reported today.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 65) welcoming their Majesties the Emperor and Empress of Japan.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 65) was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

Welcoming Their Majesties the Emperor and Empress of Japan.

Whereas Their Majesties the Emperor and Empress of Japan will soon be visiting the United States of America; and

Whereas their visit will be the first state visit to the United States of America by a reigning Emperor of Japan in the more than one-hundred-and-twenty-year history of American-Japanese relations; and

Whereas our two countries, though coming from diverse cultural backgrounds, have created from this diversity an active and dynamic relationship beneficial to both peoples; and

Whereas the exchange of ideas, cultural and artistic innovation, technological and scientific knowledge, productive enterprise and trade have through the years enhanced mutual understanding and respect between the United States of America and Japan; and

Whereas, during the first visit to Japan by an incumbent American President in November of 1974, Their Majesties and the Japanese Government and people extended a warm and enthusiastic reception to President Gerald R. Ford; and

Whereas the coming visit by Their Majesties will vividly symbolize the ties of friendship and common values to which the American and Japanese people are dedicated: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby extends to Their Majesties, the Emperor and Empress of Japan, a warm welcome and sincere good wishes from the American people on the occasion of their historic first visit to the United States of America.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday, the Senate will convene at 11 a.m.

After the two leaders or their designees have been recognized under the standing order, Mr. McGovern will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business, of not to exceed 30 minutes, with statements limited therein to 5 minutes each, the period for the transaction of routine morning business on Monday being for the purpose only of the introduction of statements, petitions, memorials, resolutions, and bills, by unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Following the period for routine morning business on Monday, the Senate will resume consideration of S. 2310, the Natural Gas Emergency Act of 1975, and there will be opening statements thereon. Amendments may be offered to the bill on Monday. I would imagine that there would be several opening statements and a good bit of discussion.

At 2 p.m. on Monday, the Senate will proceed to the consideration of the conference report on the military construction authorization. There will be 1 hour of debate on that conference report. If a rollcall vote is ordered thereon, the rollcall vote will not occur before 4 p.m. on Monday, the order having been entered previously that no rollcall votes, if ordered, will occur prior to 4 p.m. on Monday.

Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. **GLENN**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

RECESS UNTIL 11 A.M. ON MONDAY, SEPTEMBER 29, 1975

Mr. GLENN. Mr. President, I move, in accordance with the previous order, that the Senate stand in recess until 11 a.m. on Monday next.

The motion was agreed to; and at 4:29 p.m. the Senate recessed until Monday, September 29, 1975, at 11 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 26, 1975:

DEPARTMENT OF JUSTICE

E. Edward Johnson, of Kansas, to be U.S. attorney for the District of Kansas, for the term of 4 years.

James R. Laffoon, of California, to be U.S. marshal for the southern district of California for the term of 4 years.

FEDERAL COMMUNICATIONS COMMISSION

Abbott Washburn, of the District of Columbia, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1975.

LIBRARY OF CONGRESS

Daniel J. Boorstin, of the District of Columbia, to be Librarian of Congress.

(The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MIDSEVENTIES

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1975

Mr. LEHMAN. Mr. Speaker, a very eminent constituent of mine, Dr. Ione S. Wright, contacted me not long ago. Dr. Wright and her late husband, Victor Wright, were pioneers in many ways; they came to the Miami area in 1914—and Dr. Wright has lived in my district far longer than the district itself has existed—and Vic Wright was one of the original Pan American pilots in the Caribbean. Dr. Ione Wright is a highly regarded scholar. She is now professor emeritus of Latin American history at the University of Miami, where, as professor, she edited the Journal of Inter-American Studies and World Affairs.

The reason for my welcome contact with Dr. Wright is an address given at the Southeastern Conference on Latin American Studies in Atlanta, in April 1975, by Dr. Federico G. Gil. Dr. Wright feels, and, on reading the address, I concur, that this address will be of great value to my colleagues and that it should be made available to them.

Dr. Gil, whose full biography appears in the National Directory of Latin Americanists, has had a long and distinguished career in political science and Latin American studies. He has served both academe and government in a variety of roles, and is now the director of the Institute of Latin American Studies and Kennan Professor of Political Science at the University of North Carolina.

Because of its length, Dr. Gil's paper, entitled "United States-Latin American Relations in the Changing Mid-Seventies" will be printed on five successive days in the RECORD; nevertheless, I would urge my colleagues to give it their full attention.

The section printed today deals with history and background in United States-Latin American relations:

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-1970'S

Uncertainty, frustration, dismay, and outrage are words which set the tone for this rather disheartening report on the present condition of United States-Latin American relations.

To be sure, the present deterioration in U.S.-Latin American relations began more than three decades ago, when at the end of the Second World War the United States shifted its attention from the Southern Hemisphere to Europe and Asia. Latin America's resentment at this shift, and other aspects of United States wartime policy had become apparent even before the war ended. United States policy makers were divided over the issue of regionalism versus globalism. Contrary to what many expected at the time, the United States decided at the 1945 San Francisco Conference not to scuttle the Inter-American system, and the regional arrangement emerged almost intact, neatly meshed with the world organization. The strengthening of the regional system continued with the Rio Treaty of Reciprocal Assistance in 1947 and the adoption of the Charter of the Organization of American States at Bogota the following year.

But, ironically, the construction of a legal framework designed to strengthen the hemispheric system came at a time when conflict and friction also became acute. Fear and distrust of the northern giant, seemingly dormant during F. D. Roosevelt's era of the "Good Neighbor" were reawakened by the United States' obvious disinterest in Latin America's economic aspirations and apparent total lack of understanding of the emotional impact of development. As if this were not enough, there developed during the same period an increasing erosion of orderly democratic processes in Latin America coupled with a renewal of the United States' chronic inclination to give preferred attention to authoritarian regimes.

With the advent of the Cold War things went from bad to worse. John Foster Dulles' disastrous Latin American policy led in 1954 to the Guatemalan intervention, an episode which inflicted a damaging blow to U.S. prestige. After the ill-fated tour of Vice President Nixon in 1958 and the issuance of the Eisenhower Report there began a protracted reexamination of U.S. attitudes and policies. The only positive result of this reappraisal was the establishment of the Inter-American Development Bank in 1960. The shift in policies became clearer with the advent of John F. Kennedy's administration and the subsequent much-heralded launching of the Alliance for Progress. The Alliance was presented, in somewhat extravagant terms, as a truly revolutionary program designed to provide radical and speedy solutions to all of Latin America's social and economic ailments.

In reality, far from being revolutionary, it was a reformist, gradualist formula being offered as a solution to countries which were undergoing deep-seated radical change. It was, nevertheless, a major turning point in the history of United States relations, since after more than a century of policies designed to supporting the status quo, the U.S. was now admitting the necessity of alleviating the problems of economic development, of dictatorship, and of social justice.

The Cuban Revolution was the event that compelled this reorientation of U.S. policy. For the first time in history the Latin Americans were being offered an alternative. Cuba, with the support of the Soviet bloc, engaged itself in an experiment to achieve social modernization and economic development by applying the Communist world's model. With the Alliance for Progress the United States sought to demonstrate that the same ends were attainable through peaceful means and within democratic molds. The outcome was that the cold war was linked to the problem of underdevelopment and Latin America became the scene of a new competitive encounter between East and West.[1]

Early highlights in this contest were the ill-conceived and incredibly mismanaged Bay of Pigs invasion of Cuba in 1960, the Soviet missile crisis of 1962 which brought the two superpowers to the brink of war, the imposition of the OAS economic blockade against Cuba in 1964, and the United States military intervention in the Dominican Republic in 1965. These events, particularly the Dominican episode, indicated the determination of the United States to emphasize the military aspects in its policy toward Communism in the western hemisphere, even at the price of further deterioration in relations with Latin America.

At the close of the decade of the 1960s it became obvious that, despite some genuine achievements of the Alliance for Progress in some areas, economic and social development in Latin America had proceeded far more slowly than had been anticipated. Disillusionment, cynicism, frustration, and even resentment gave rise to bitter criticisms by Latin Americans and North Americans alike. The goals of the Alliance were not achieved for a variety of reasons: the failure to present it to the people as it has been originally conceived, that is, as a multilateral cooperative effort and not as a conventional aid program; the unrelenting opposition of Latin American conservative oligarchic forces to accept basic reforms; the absence of an ideological content or mystique capable of attracting popular participation; and, above all, the lack of realism in setting its objectives. To erase the idea that this was a U.S. give-away program it should be noted that the United States role in the Alliance was a relatively minor one. The fact is that by 1968 U.S. government loans under the Alliance accounted for only 6.7 percent of the total $115 billion Latin America had invested in development.[2]

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[1] Federico G. Gil, *Latin American-United States Relations* (New York: Harcourt, Brace Jovanovic, Inc., 1971), pp. 227–29.

The long series of studies of Latin America's socio-economic conditions undertaken after the establishment of the Alliance continued to depict a region beleaguered by the same problems. The extremes of widespread poverty and human misery, a sluggish growth rate and constantly rising unemployment, increasing foreign debts, adverse international trade policies, and low agricultural production apparently have not been altered substantially in the last decade and a half.

The Nixon administration made no serious efforts to revitalize the Alliance even though Nixon, during the 1968 electoral campaign had perfunctorily spoken of the need of a "sweeping reevaluation" of the Alliance. In spite of the Rockefeller Report and of President Nixon's acknowledgement in his "State of the World" address on February 18, 1970 that "a new spirit and a new approach" were needed in U.S. policy toward Latin America, there was no evidence to indicate that the administration had any intentions of dealing seriously with the problems besetting hemispheric relations.

In keeping with the characteristic style of the period, the promises and high-sounding phrases which abounded in Nixon's "Action for Progress" plan for Latin America were aimed simply at gaining a breathing spell in hemispheric affairs. Only one thing seemed clear: the United States government was no longer concerned with the social reforms so essential to the Alliance for Progress. Many of the promises now being made depended on action by the United States Congress and President Nixon was not inclined to show any strong advocacy for Latin American aid legislation.

The truth seemed to have been that by the time the 1972 election was held, to be followed by the Watergate scandal, the Nixon administration had not yet decided how to deal with Latin America. Latin America was once again abandoned while the attention focused on Indochina, on detente with the Soviet Union and China, and on peremptory political problems at home.

PASSAGE OF HOUSE RESOLUTION 335 WILL BRING HOPE TO FAMILIES OF POW'S

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. BURKE of Florida. Mr. Speaker, the House voted overwhelmingly on September 11, to pass House Resolution 335, which I am happy to have been a cosponsor. House Resolution 335 will create a select committee of the House to investigate the plight of American military and civil personnel still missing in action in Southeast Asia, I regrettably missed the opportunity to vote for this measure, I was excused from being present because of being appointed as a congressional delegate to the 62d Inter-Parliamentary Union Conference in London.

I want to reiterate for the record however, my strong support for the resolution. I was proud to be one of the proposal's many cosponsors because, like all of my colleagues, I am acutely conscious of the great human tragedy involved in the whole POW-MIA question. I am pleased that a committee has been established and given the powers needed to conduct a really sweeping and thorough inquiry.

It goes without saying that, had I been present I would have added my vote and my wholehearted support for the resolution.

Mr. Speaker, I would like to express my sincere admiration for the efforts of our colleague and my friend, G. V. "SONNY" MONTGOMERY of Mississippi, who has worked so hard as one of the leading congressional spokesman for the cause of POW and MIA families. His selection as chairman of the new committee is the best possible assurance that the job will be carried out. His untiring leadership in the fight for a complete POW-MIA accounting has been an inspiration, and I know that his experience and deep personal concern will enable him to do this hard job and do it well.

ELGIN COMMUNITY COLLEGE BICENTENNIAL PROJECT HONORS THOMAS JEFFERSON

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 25, 1975

Mr. McCLORY. Mr. Speaker, one of the most creative and inspired organizations to receive Bicentennial designation is the one established at Elgin Community College in Elgin, Ill., which has been designated as a Bicentennial College for 1976.

The Elgin Community College Bicentennial Commission, comprised of Carole Ackemann, chairman, Dennis Sientko, cochairman—and its Jefferson project chairman, Virginia Kammerer—has developed a proposal that Thomas Jefferson, third President of the United States, and the principal author of the Declaration of Independence, should be commemorated by designating as a national legal holiday or day of special observance the second Monday in April as Jefferson's birthday.

Mr. Speaker, in connection with its recommendation, the Elgin Community College Bicentennial Commission adopted the following proposal:

> We, the Bicentennial Commission of Elgin Community College, wish to propose that the United States of America pay tribute to Thomas Jefferson during the Bicentennial Year of 1976 by enacting legislation that would ensure recognition of Jefferson's birthdate and request that April 13 be designated as a day of special observance.*
>
> Thomas Jefferson, as the author of the Declaration of Independence, not only gave expression to the ideals on which this nation was founded but was able to translate those ideals into practical terms. He became Governor of Virginia, America's Ambassador to France, Washington's Secretary of State, Vice-President under Adams, and the third President of the United States. He also founded the University of Virginia.
>
> We believe this tribute to Thomas Jefferson is the most meaningful and appropriate honor that can be bestowed by a grateful people during this Bicentennial Year of 1976.

Mr. Speaker, the significant role of Thomas Jefferson in the establishment of our free and independent Nation is unsurpassed in the annals of our history. His multiple talents and his service in numerous important public offices are further reasons why this great American should be accorded special recognition, which could be provided through designation of a national legal holiday or day of special observance in his honor.

Mr. Speaker, the calendar birth date of Thomas Jefferson is April 13. Jefferson was born on April 13, 1743, in what is now Albemarle County, Va. In recognition of the Monday holiday concept, and realizing that more appropriate programs for celebrating the birthday of Jefferson would be made possible through the designation—as a national legal holiday or day of special observance—the second Monday in April as Jefferson's birthday, I am today offering a measure to that effect.

Mr. Speaker, this proposed legislation is a principal project of the Elgin Community College Bicentennial Commission. It is a project with which I fully concur and which I hope will be implemented by favorable action on the measure which I am offering in alternate form, copies of which are attached to and made a part of these remarks:

H.J. RES. 670

Joint resolution to designate April 13, 1976, as "Thomas Jefferson Day"

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That April 13, 1976, the birthday of Thomas Jefferson, is designated as "Thomas Jefferson Day", and the President is authorized and requested to issue a proclamation calling for the observance of such day with appropriate ceremonies and activities.

H.R. 9858

A bill to amend title 5, United States Code, to make Thomas Jefferson's birthday a legal public holiday

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6103(b) of title 5, United States Code, relating to legal public holidays, is amended by inserting immediately below—

"Washington's Birthday, the third Monday in February."

the following:

"Jefferson's Birthday, the second Monday in April.".

SENSE OF SHAME HAS BEEN LOST

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. SHUSTER. Mr. Speaker, a very thoughtful editorial dealing with the values of our times appeared in the Altoona Mirror of September 23, 1975.

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[2] *Pan American Union Briefs*, Vol. 9, No. 11, November 1968.

*Changed from national holiday to day of special observance. This would be an ongoing observance.

I commend it to my colleagues for their consideration:

SENSE OF SHAME HAS BEEN LOST

The woman who tried to assassinate the President of the United States has been offered $1,000 for book rights to her story, a news account reports, and Hollywood film figures are said to be interested in putting up $350,000 bail and negotiating with her for film rights.

Her former roommate who, apparently following their delusions over their latest cause, ecology, has threatened death to throngs of American political leaders and industrialists for "polluting the earth, air and water."

They probably compiled their lists from state government manuals, available in any public library, where industrial directories would have provided the names of the industrialists they have "put the finger on."

Patty Hearst, center of one of the nation's biggest kidnap stories and hunts, is shown after her capture, smiling broadly and holding up the clenched fist of the new revolutionary.

The Manson murder case of several years ago, which involved Lynette Fromme and her roommate as followers of the drug cultist and convicted murderer Charles Manson, was of such a vicious, mad nature that it seems incredible that all associated with him had not been either sent for treatment or kept under surveillance.

But the most disturbing thing of all is the shamelessness with which Americans are treating this and other vicious crimes.

Bizarre crimes are not new, or even peculiar to our modern society. But what is new is the alarming equanimity and total lack of shame with which this kind of news apparently is received in America today.

This seems to us to be another strong indicator of the waning spiritual strength of the nation—the dwindling capacity for shame.

The Rev. Billy Graham, some time ago, in a sermon quoted his friend, John Steinbeck, as saying the only thing that could save America would be "a catastrophe."

"The supreme crisis that confronts us," said Rev. Graham, "is neither political nor economic. It is moral and spiritual. And the spiritual problem is an individual one."

The annals of the "Riotous Twenties" show heinous crime. They also show a people with a conscience, with shame. We seem to be losing both along the way.

We may feel pity for the Patty Hearsts and the Lynette Frommes and the Sandra Goods of our day—but unless we can feel shame for ourselves and our society which begets them, we are indeed in a bad way.

AMENDMENTS TO THE FEDERAL WATER POLLUTION CONTROL ACT NEEDED

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. MIKVA. Mr. Speaker, I would like to draw my colleagues' attention to the testimony of Mr. Nicholas Melas, president of the Metropolitan Sanitary District of Greater Chicago, who appeared before the House Subcommittee on Water Resources of the Committee on Public Works and Transportation in support of amendments to the Federal Water Pollution Control Act. Mr. Melas's testimony, which details the effects of the current law on the Metropolitan Sanitary District, is a superb illustration of the need for changes in the Pollution Control Act.

Under the act, local sanitary districts receiving Federal water pollution control funds are required to institute and maintain a system of monetary contributions from system users that reflects the individual user's actual usage and generates enough funds to insure the financial self-sufficiency of the system. According to the Environmental Protection Agency, which administers the act, the Metropolitan Sanitary District's revenue system of progressive ad valorem taxes does not satisfy this requirement.

The EPA determination, which ignores over 80 years of fair and efficient operation, would force the Sanitary District to install water meters in the homes and places of business of over 35,000 users at a cost of $70 to $100 million. Not only will the district have these added capital costs, but it also will have to shoulder an additional $5 million in billing expenses, meter reading costs and the like.

And what will be the results? The water will not be clearer, the service better or the charges lower. The only result will be a bureaucrat's sense of equity—everybody will be paying more for less service.

I urge my colleagues, particularly those who serve on the Water Resources Subcommittee, to carefully read Mr. Melas's testimony and to support amendment to the Pollution Control Act that will permit the Metropolitan Sanitary District and districts with similar revenue systems to continue to provide efficient, low-cost service.

TESTIMONY OF NICHOLAS J. MELAS, PRESIDENT OF THE METROPOLITAN SANITARY DISTRICT OF GREATER CHICAGO

Mr. Chairman, Members of the Subcommittee, Ladies and Gentlemen: My name is Nicholas J. Melas, and I am President of and representing the Board of Trustees of The Metropolitan Sanitary District of Greater Chicago.

The Metropolitan Sanitary District of Greater Chicago has consistently supported the goals of Public Law 92–500. Any statute as comprehensive and ambitious may, during implementation, be criticized if the objectives are not definitely accomplished according to the established schedule. This criticism may take the form of an attack on the objectives. Such criticism would, we feel, be entirely unfair. We believe the objectives are basically achievable and that progress has been made and will be maintained. We recognize the inherent delays which must be acknowledged by all concerned and support the proposals for modifying schedules which apparently cannot be met in all cases.

I would like, however, to voice criticism—constructively—on one aspect of the Law which we feel is neither essential to, nor properly a part of, achieving the stated objectives. That aspect is the requirement for the User Charges contained in Section 204(b). My commentary is predicated upon opinions expressed by the Comptroller General which rejected the statutory interpretation made by the USEPA. That interpretation accepted the use of ad valorem taxes, with appropriate industrial surcharges, as an acceptable system of charges under Section 204(b).

As elected officials, we have a responsibility to our constituents to properly and efficiently utilize public funds in the discharge of our duties. These expenditures must be solely for the accomplishment of the purposes of the agency we are elected to administer. It is paradoxical that the District is dedicated to the same objectives as those set forth in Public Law 92–500 and that Congress has the same responsibility for managing public monies as we have. The paradox is that the implementation of Public Law 92–500 with respect to User Charges requires a non-productive use of local funds, and that this expenditure will have no impact whatsoever on the efforts to clean up our waters.

The District has been in existence since 1889. Thus, for 86 years, our revenue—ad valorem taxes—has funded the development of the largest and most efficient treatment system in the world. The District has—in today's dollars—physical installations valued in excess of $4 billion. Everyday, 1.4 billion gallons of sewage receives at least secondary treatment. This quantity represents the wastes of 5.5 million people and over 11,000 industries. In 1967, the District embarked upon a $3.5 billion capital program—fully realizing the commitment of local financial resources necessary to achieve the objectives of the program—the same objectives as Public Law 92–500.

The District has demonstrated to the USEPA financial integrity; the dedication of its revenues to eliminate water pollution; and its relatively equitable method of obtaining funds from the users of the system.

As stated before, there has been an adverse decision from the Comptroller General disallowing this form of revenue production. This opinion, if maintained, will require the establishment of a billing system with periodic (quarterly) bills to over 1.3 million users. The cost of establishing such a system has been estimated to be in excess of $1 million. The annual billing costs are estimated to be $6 million. These costs represent an approximate 7% increase in our annual budget but will not improve the quality of our waters one iota.

The current system of ad valorem taxes will have to be maintained to provide for capital improvements and to fund other functions of the District. Thus, for a large sum of money, we will establish and maintain two systems to accomplish what the single system now achieves.

Locally, elected officials, such as the Board of Trustees of the Metropolitan Sanitary District, will bear the brunt of the public uproar over this inefficient and unproductive use of their monies. No more arguments can be made to justify an untenable position other than to say "Blame it on Congress!"

We therefore urgently request your correction of this unnecessary counter-productive use of local and federal funds by, preferably, elimination of the User Charge requirements or providing for acceptance of existing revenue systems which have produced funds in a demonstrably effective and efficient manner. Specifically, our system of ad valorem taxes with appropriate surcharges should be an acceptable revenue system under the provisions of the Law. We support the USEPA in their position that legislative correction of the problems associated with the User Charge provisions is essential.

This concludes my statement. I would like to express my appreciation to the Subcommittee on behalf of the Board of Trustees of the Sanitary District for your attention and for providing me with the opportunity to express our views.

Thank you.

VICTOR RIESEL TALKS OF FOOD STAMP REFORM

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. KEMP. Mr. Speaker, few programs in the history of the United States have snowballed as rapidly and uncontrollably as the food stamp program. Originally conceived as a way of putting our agricultural surpluses to use feeding those of our people most in need, the program has attracted increasing numbers of people who merely find it convenient to live at public expense.

I have been pleased to join as one of the 96 cosponsors of the National Food Stamp Reform Act, which contains 41 separate provisions for closing loopholes and curbing abuses in this program.

I recommend to my colleagues the following very informative column on the subject by Mr. Victor Riesel, nationally syndicated labor columnist:

Victor Riesel Food Stamp Reform

WASHINGTON.—Few realize the Department of Agriculture has a secret intelligence service all its own—and if the specialists in its office of audits and office of investigations would say publicly what some have whispered privately they would be shouting that the food stamp system is virtually out of control.

At least $1 billion a year is being ripped off through fraud, ineligibility, insouciant errors and sheer waste.

Mind you, this is merely part of the looting. Investigation has just disclosed that the lost billion is only on the non-welfare, non-publicly assisted families such as families with dependent children.

The lost billion, therefore, is only half the story. It's the money calmly ripped from the government through conspiracy or by able-bodied men and women who just won't work, or by students, or by families which have an annual income of up to $11,000 (and sometimes slightly more). Their breadwinners can own cars, homes, personal property, bank accounts, and hold vital jobs. They include teachers, some police, skilled craftsmen and white-collar workers.

They draw food stamps because of a complex income formula, which includes specific cost deductions from their earnings (children, etc.). These deductions put their income below an arbitrary food and diet line.

It has just been learned that 17.3 per cent of non-poor, non-welfare food stamp recipients simply are ineligible!

And another 26 per cent are "overissued." Meaning overpaid.

Thus 43.3 per cent are receiving food stamps illegally.

Translated into dollars, I'm told this means that almost 26 per cent of all the money spent in the non-poor and non-welfare food stamp assistance is stolen. Or wasted.

How? It's the Health, Education, and Welfare Department story retold in terms of the Agriculture Department, which administers the food stamp division. It took several years for this column to force wide investigations in welfare and medicaid and to discover that several billions of dollars a year are being looted from the actual cash payout welfare system itself.

Now that the welfare section is under heavy investigation, the time has come for the spotlight to scorch the Agriculture Department. Such new probes will show heavy outpouring of stamps to non-welfare families (non-poor) which go in for crooked accounting; duplicate applications by husband and wife; borrowing of children; students who believe that the old waiting-on-tables tradition went out with goldfish swallowing; food stores which deal in counterfeit and ineligibles' coupons; merchants who take food stamps as payment for debts and installments, and even underground revolutionary cells which supply them to communes along with false identities.

The enormity of this cynical food stamp thievery—remember, all this is in the non-welfare sector—so angered President Ford recently that he summoned his cabinet for a special session Aug. 29 to whip its members into a war on this social fraud.

Only the word "enormous" can be used to describe the thievery. First, know that the original Kennedy-era food stamp program started with $36 million. It fed some 500,000 claimants.

Today the projected 1976 fiscal year total cost is $6.8 billion. And still leaping like a lonely downriver salmon. For example, in 1974's first six months, there were 13.5 million food stamp program participants. By last December, six months later, this had rocketed to 17 million. Today the count is 19.6 million food coupon clippers, soon to top 20 million recipients.

The mismanagement of the program has a Gilbert and Sullivan touch—if it all weren't so tragic during this crisis of bankrupt cities and the New York-ish trend of the national budget.

Let me tell you about Massachusetts: a new audit discloses that at least 50 per cent of the Bay State's food stamp households showed up ineligible. And 30.4 per cent were overissued (overpaid). Thus 80.4 per cent of the cases are simply ripoffs.

And another 13 per cent are underissued (underpaid). So 93.4 per cent of all cases are in error.

True, other states have lower rates of error and thievery. But it's all very costly to administer. Nationally, the office tab is almost half a billion dollars. Half is paid by the federal government.

None of this, of course, relates to what error there may be in the actual welfare families' errors and ripoffs. The above refers only to the non-poor. Yet the "anti-hunger" forces are pushing for a self-certification application. No check on figures. Just hand out the food stamps. This would make the system more chaotic. Now the used coupons go the Federal Reserve system, which gives them a fast count and charges the Treasury Department for the stamps. Everything gets a fast count.

And when it's over the working citizenry pays and pays. Taxes increase. National budget deficits increase. So does the number of able-bodied persons who pay with food stamps at the checkout counters at a thousand supermarkets.

THE FARMER'S ROLE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. FINDLEY. Mr. Speaker, earlier this week I called for Americans to observe the National Week of Concern for World Hunger. It is important, because it again focuses attention on the needs of hungry both here and abroad. The debate over distribution of food and the need to improve the diet of the world's people, however, often overlooks the role of the American farmer. It is only through his contribution that we have the ability to consider helping others feed themselves.

Without the agricultural production machine that we have developed, this week of national concern would be academic. It is with this thought in mind that I would like to call to my colleagues' attention the role of the farmer as an inflation fighter and as an exemplar of efficient production.

The Prairie Farmer has stated well the role of the farmer in our society and I recommend your consideration of his contribution to society, a contribution that allows us to discuss the problems of exporting our abundance of food and fiber.

Article from Prairie Farmer follows:

The Farmer's Role

Much has been written in the media about rising food prices. However, what has been said sheds little light on public understanding of the farmer's relationship to food prices.

Food and the farmer are our first line of defense against inflation, altho there is no good reason why they should be. Take the proportion of takehome pay that goes for food. Has it increased?

On the contrary, it has decreased steadily over the long term. During the Great Depression of the 1930s, 30% of our income went for food; 20 years later it had fallen to 20%. In 1972 it was slightly under 16%. A year later it rose to 17%. It is now back to 16%. This is the most genuine argument of all and cannot be denied.

There are other reasons why the U.S. consumer should be grateful for the lowest-cost food in such incredible variety of any place and time in history. America is blessed with fertile soil and a beneficent climate, but so are many other countries with food scarcities.

The difference is the U.S. farmer and the agribusiness complex that supplies him, and the universities and extension services that guide him in better ways of farming.

The unhappy consumer should consider the following hypothetical situation. Let's suppose that the farmer were paid a reasonable base salary for a 40-hour week. We think his skills are at least equal to the average San Francisco policeman now earning $25,000 or the Seattle plumber who gets $29,000 if he works full time.

We won't be so greedy as to reach for the $85,000 paid the chief pilots on an airline nor the $1150 per hour for 2628 hours of legal work sought by a Chicago law firm. Let's be modest and ask for $20,000 a year for the 40-hour farmer, even tho his work could be more important than that of lawyers and pilots.

This means that we would be doubling the average farmer's net income. It is now slightly under $10,000. In addition, the farmer has an average investment of $200,000 in land, buildings, machinery, and other equipment. At 8%, that's an additional $16,000.

His salary is now $36,000. We should add about $2000 for pension, hospital, medical insurance, and other fringe benefits. For time worked on Saturdays, Sundays, and holidays and for that occasional 2 a.m. excursion to the farrowing house, and time over 40 hours a week, we would need to add about a third of his base pay or $6000. Now we're up to $44,000.

What would this quadrupling of the farmer's income do to the price of food? We don't know, but it would be safe to say that it would double it at least. And that's only half the story.

The best criterion of a man's worth in business today, all other things being equal, is his ability to produce. On this basis, the farmer's increased income since 1965 should have been almost double the increases received by the factory worker. In the last 10 years the farmer's productivity has risen 68%. Productivity rose 37% for factory labor for the same period.

If there is monopoly or cartelism in agriculture at present, we aren't aware of it. And the farmer is too busy to resort to the weapons often used by labor unions to get higher wages—featherbedding, strikes, slowdowns, work stoppages, and make-work pressures.

The lesson should be clear. If the farmer used labor union tactics or if he were paid as well as many less productive workers in our society, the price of food to the consumer would be far beyond the price he pays today.

The strike would be a powerful weapon in the hands of farmers. If farmers refused to deliver, the consumer could hardly quibble over food prices. The public is really a lot luckier than it realizes.

1975 SURVEY RESULTS ANNOUNCED

HON. RALPH S. REGULA

OF OHIO

Friday, September 26, 1975

IN THE HOUSE OF REPRESENTATIVES

Mr. REGULA. Mr. Speaker, I continue to find the responses to my questionnaires mailed to constituents helpful in assessing the mood and views of the people of the 16th District of Ohio.

In the survey of each household in the district, conducted during April, residents indicated the problems they considered most deserving of Congress attention. They are, in order of importance: Inflation and energy. Closely following were curbing Government spending and tax reform.

These are but a few of the multitude of problems we in the Congress must deal with. I think it helpful if we share with one another the results of questionnaires which are direct reflections of the thinking of the American people.

Consequently I would like to have printed in the RECORD the views of the residents of the 16th District as revealed in the following tabulations:

	Percentage
Do you believe there is a need to cut oil imports from foreign sources?	
Yes	66.3
No	21.1
Undecided	12.5
Which do you think is the greater problem facing our economy?	
Inflation	34.3
Recession	5.5
Both	59.6
Which do you think will cost you the most as a possible solution to our energy and economic problems?	
Gasoline rationing	29.3
Increased tariffs and deregulation	48.5
Limit on oil imports	22.0

	Favor	Oppose	Undecided
Do you favor or oppose the following proposals to curb oil consumption?			
(a) Increased taxes on gasoline	17.7	77.6	4.0
(b) Gasoline rationing	27.0	69.1	3.0
(c) Excise taxes on all imported oil	28.7	53.3	17.9
(d) A tax on automobiles over a specified weight and horsepower	49.1	45.0	5.0
(e) Voluntary conservation	80.4	15.4	4.0
(f) Tax breaks for small cars and home insulation	62.3	29.5	8.0
(g) Strict enforcement of the 55 m.p.h. speed limit	82.0	14.6	3.0
Do you favor or oppose the following proposals to increase energy production?			
(a) Expanded conversion to coal	68.8	22.1	8.0
(b) Relaxation of Environmental Protection Agency air quality standards	54.1	38.1	7.0
(c) Offshore oil exploration	83.2	11.0	5.0
(d) Deregulation of U.S. oil price controls to stimulate domestic production	51.7	35.9	12.2
Do you favor or oppose the following proposals to stimulate the economy and put people back to work?			
(a) Create public service jobs	50.2	42.5	7.0
(b) Cut taxes on a 1-time basis	41.5	49.6	8.0
(c) Reform the tax structure	90.3	3.7	5.8
(d) Cut Government spending	91.5	5.0	3.4
(e) Authorize standby wage and price controls	50.2	41.5	8.2
(f) Borrow money to pay for increased Federal spending	2.7	94.1	3.0

GUNS OF AUTUMN DEPICTS HUNTERS AS SLOBS AND INHUMAN

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. ASHBROOK. Mr. Speaker, on many occasions I have pointed out the bias and propaganda in our TV networks. None in recent months has been more prounounced than the CBS special, "The Guns of Autumn" which was an outright fraud and attempt to hunt the uncommitted in our country and recruit them in the paranoid drive we are now seeing against firearms. The hunter was painted as a slob, as an inhuman stalker of animals who was obsessed with killing anything that moved.

I know many hunters. They are, on any scale, our most honest, self-reliant and considerate Americans. Sure there are some who do not fit that usual pattern but CBS in its usual bias showed the extremes and the exceptions rather than the true picture of the American sportsman. Spare the animal we hear. As I facetiously tell my wife and other friends who cringe at the thought of killing any animal, they seem to think Colonel Sanders chicken comes ready made in packages or that our steak is produced in a factory in Detroit. Of course we kill animals in a variety of ways and for a variety of reasons.

CBS showed tracking bears with dogs, sharpshooting at fenced-in Manitoba bucks, hunting in paid preserves, shooting buffalo and all of that. It did not come to grips with real hunting, it focused on the excesses and passed that off to the unsuspecting public as typical American hunting.

Make no mistakes, this is a part of the whole attack on the gun in the hands of the law-abiding American. Whip up any emotionalism you can, whether in the aftermath of a few nuts taking a shot at our President or in the "Guns of Autumn" propaganda piece. We should be alert. Fortunately, some newsmen were. I include here the fine article of Gene Mueller of the Washington Star who took direct aim at CBS propaganda efforts:

[From the Washington Star, Sept. 9, 1975]

"GUNS OF AUTUMN": A TRAGIC COMEDY

(By Gene Mueller)

When Bill Leonard, senior vice president of CBS television, announced last Friday night's showing of "The Guns of Autumn," he said, "This is purely and simply a broadcast about hunting. It is about how deeply the urge to hunt reaches into the American psyche—about the incredible efforts men and women make to fulfill that urge to chase, to hunt and to kill."

Baloney. There was nothing pure, nothing simple about the program. There were absolutely no conclusions reached or sound explantations offered about the American "psyche"—whatever that may be.

What I viewed was a tragic comedy of TV cutting room clippings that subtly attempted to show hunters as two-legged animals superior in equipment and know-how to their prey. Especially when the "superior" human cuts down the odds by "hunting" on enclosed game farms—as shown in some parts of the program.

What a pity CBS didn't realize such episodes hardly can be classified representative of the 20-odd million American hunters who rarely can afford or wish to participate in managed pay-for-game farm shooting.

The same goes for culling of buffalo herds. Seriously, now. How many people hunt buffalo? Yet CBS wasted much precious time in 90 minutes that could have been spent objectively with a few weather-beaten waterfowlers in an off-shore duck blind on Chesapeake Bay. The film footage may not have resulted in a hoped-for duck slaughter to add shock value to virgin eyes, but I'll bet a dollar to a doughnut the guys in the leaf-covered blind would have emerged smiling just the same and called it hunting.

Get it Mr. Leonard? No knee-jerk, soul-searching questions about age-old human desires. Just a wish to be among wind, water, grass and trees, with the possibility of bringing home supper for the family. Never mind reminding hunters that super markets sell meat and there is no longer a need to do it the hard way.

And the next time Dan Rather is asked to narrate a "news" program of that type we should hope Rather would get a few facts straight before exercising his golden throat. Legal waterfowl shooting begins one half hour before sunrise in most locales. So when a Pennsylvania game official reminded hunters in the uproarious segment on duck and goose hunting about exact sunrise arrivals Rather (or his script writers) assumed that the hunters promptly started shooting illegally a half hour before the sun showed its face. Oh, well.

Here is a sampling of opinions by Washington Star readers who watched "The Guns of Autumn":

Robert Iseman, a hunter who lives in Bowie: "I've hunted for 16 years now and definitely did not think the program represented hunting in the least."

Roy Hutchinson, a non-hunter who lives in Ellicott City: "I don't think the game farm portions of the program should have been shown because such activities do not accurately describe hunting. Overall, I did not think the program was detrimental to hunting."

Paul Poteat, a hunter who lives in Lanham: "I've hunted for 10 years and I've yet to pay to hunt. I can barely afford licenses and game stamps, let alone pay $400 to shoot a penned-up buffalo. I thought the program was disgusting and one-sided."

Mai Lee, a non-hunter who lives in Rockville: "Why wasn't emphasis placed on the wildlife damage being done through increasing land development, rather than hunters?

Hunters have done more to aid wildlife than any other group of people in the country."

Gary Fields, a hunter who lives in Lanham: "It was very one-sided. Nothing was mentioned about what happens to game after the hunt. I, for one enjoy eating wild game."

In all, I thought "The Guns of Autumn" lacked basic honesty and clumsily showed anti-hunting sentiments by the producers throughout—not exactly desirable in anything classified a news program.

INFLATION: THE QUIET TAX

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. CRANE. Mr. Speaker, in a cogent analysis of the taxation problems caused by inflation, Jude Wanniski has called for a simple and overdue solution: the indexing of the tax structure to compensate for inflation.

The problem is easy to understand. As the inflation rate climbs, the wage earners must receive pay increases just to stay at the same level of real income and the same standard of living. After receiving these pay raises, however, the taxpayer finds himself in a higher tax bracket. He pays more of his income, proportionally, to the Government; he has not improved his standard of living to any degree; and the Government has profited from the increase in the rate of inflation.

Wanniski calls this profit "the Quiet Tax," and argues, "By far the most important reason why politicians like the Quiet Tax is that it is political insurance against having to vote explicitly for tax increases."

Wanniski also points to the example of Canada, which has instituted a system of tax indexing and now is experiencing one of the mildest recessions in the world.

At a time when the emphasis is on honesty in government, I join in calling on my colleagues to repeal the "Quiet Tax;" to follow the example of Canada in prohibiting the Government from profiting from inflation; and to vote, openly and honestly, for any increase in tax revenues which may be deemed necessary. I concur in the conclusion of this article, which suggests that the time has come for tax indexing in the United States.

Mr. Speaker, I include this important analysis in the Record for the benefit of my colleagues:

The Quiet Tax

(By Jude Wanniski)

Every day of the week the federal government raises your taxes. It does so silently, automatically, daytime, nighttime, and Saturday, too! Almost every politician in Washington who is even half-bright knows it's going on. But almost all of them, whether Democratic or Republican, liberal or conservative, keep quiet about it, for one reason or another believing it serves their interests.

The Quiet Tax results from the effect of inflation has on the progressive income tax schedules. At any given level of real income—by which we mean the purchasing power of an income rather than the mere dollar amount—households are moved from nontaxable to taxable brackets and from lower to higher brackets. The government thus gets not only a proportional share of any wage increase, but an added dollar as well. At a 10% annual inflation rate, for example, the wage earner whose gross income is $15,000 today would rapidly be pushed into higher tax brackets even though his real gross income would remain the same. In 20 years, if his pay increases merely offset the rise in the Consumer Price Index, his annual salary would be $103,210 which would put him in the 70% tax bracket.

Similarly, a couple that buys a house today for $15,000 would, at a 10% annual inflation rate, need to sell it for $103,210 to recoup the original real investment after 20 years. At this point they would owe the government the tax on a "capital gain" of $88,210. The same would occur with a share of stock.

When the inflation rate was only two or three percent a year, nobody paid much attention to this government subterfuge. Indeed, politicians dressed it up to terming the increase due to overtaxation "the fiscal dividend." In contemplating it, Democratic spenders in the early 1960s drooled over several years of projected fiscal dividends and spent them in advance on the Great Society. Republican budget-balancers clammed up, hoping to one day use the magic fiscal dividend to reduce the national debt.

By far the most important reason why politicians like the Quiet Tax is that it is political insurance against having to vote explicitly for tax increases. It's a rare politico who will make such an admission, but Russell Long of Louisiana, Chairman of the Senate Finance Committee, is not embarrassed at all to say he wants to keep the Quiet Tax around. "When you have inflation," he says, "the costs of government go up, and if you didn't have the extra revenues you get by people moving into higher brackets Congress would have to raise taxes. And I've never voted for a general tax increase in thirty years."

Unfortunately, though, Senator Long doesn't quite understand the problem. No one should begrudge the government its fair share of an increase in income that simply reflects inflation, but in jumping up tax brackets individuals have to yield more than proportional shares of their incomes to the government, with dire consequences to the economy. To maintain his purchasing power, the wage earner must demand a pay increase not only to offset inflation, but also to recoup the tax-bracket bite. If the Federal Reserve increases the money supply enough to accommodate this combined wage increase, inflation is spurred on a little faster. If the Fed holds back on money growth to fight inflation, unemployment results.

With the latter result, everyone turns to Congress with pleas to stimulate the economy, either through increased spending or through decreased taxes. As it did in the current recession, Congress usually obliges with both. But increased spending only leads back to the original problem, for the Treasury has to borrow the money to finance the spending, and the Federal Reserve has to print the money to accommodate the Treasury borrowing. If it does, we get more inflation. If it doesn't, government spending simply replaces private spending and unemployment remains the same.

Because the Quiet Tax began the problem in the first place, the solution is of course to cut taxes to give back to workers what the progressive income tax over-taxed. Congress loves to cut taxes, and everything would work wonderfully if the phony fiscal dividend were simply corrected by an Act of Congress every year in which there is inflation. But two things prevent this from ever happening. First, Congressional liberals insist on using some of that phony fiscal dividend to finance new or old spending programs that they say benefit their constituents. The more serious roadblock is that while there's nothing Congress likes better than to cut taxes, there's nothing it loathes more than to cut taxes for the well-to-do. Because the Quiet Tax works automatically against all income classes, an annual Act of Congress to correct its deleterious economic effects requires that the tax cut also be applied across all income classes. And because the high-income classes pay more taxes than the low-income classes, a tax cut that only adjusts for the overtaxation of inflation would mean Congress would have to cut higher income-tax classes. Even mossback Republicans would blanch at having to vote for such an act.

Professor William Fellner of the American Enterprise Institute, a former member of President Ford's Council of Economic Advisers, points out that in 1974 some 52% of federal income taxes collected came from households with incomes above $20,000. He calculates that because of the nearly 12% inflation in 1974, the Quiet Tax picked up $8 billion more from individuals than should have been the case, and to correct for the overtaxation 43% of the $8 billion should have been returned to households with incomes above $20,000. The difference between the 52% and 43% reflects the regressive nature of the Quiet Tax, which works most against people who are in nontaxable brackets, by moving them into taxable brackets, and not at all against people in the highest bracket, since they can be pushed no higher.

In the Tax Reducation Act of 1975, however, Congress rebated $8 billion to 1974 taxpayers, but gave only 15% to households with incomes above $20,000. Dr. Fellner also calculates that the Quiet Tax got $7 billion more from businesses than it should have, by snatching away unrealized inventory "profits" that are only a figment of inflation. And, at best, Congress promised to give back about $3 billion of that *in the future*, if businesses stepped up investment in plant and equipment.

It is as clear as the sun in a noonday sky, as Sam Ervin likes to say, that if this process continues the American economy not only will have no growth, but will move backwards. The already progressive tax schedules are becoming steeper in progression, and nominal incomes are jumping faster up the brackets in an attempt to maintain real incomes in an inflationary era. And businesses are steadily clipped of the cash they need to replace old plants and build new ones. Only the government grows fatter, inexorably expanding while the private sector shrinks. The process described above is precisely the path of Great Britain's economy, and the British government now controls 60% of that miserable country's national income.

Except for stopping inflation in its tracks from here on out, which is hardly a likely possibility, there seems only one solution to this diabolical process: an annual, automatic correction of the tax schedules to adjust for inflation. In the jargon of the economics profession, this is called "indexation" of the tax system. It would take an Act of Congress, but at least politicians would not have to vote directly to reduce taxes of the well-to-do and businesses. The act would merely state that if there is inflation in some subsequent year or years, a computer would automatically adjust tax brackets and inventory profits so that inflation doesn't overtax anyone. Who can argue with a computer?

In fact, Prime Minister Traudeau instituted this system in Canada two years ago and it works beautifully. On January 1 of every year, Canadian taxes are lowered by precisely the amount required to correct for the inflation in the year ending the previous September. In the current global recession, Canada's recession is among the mildest.

Why isn't indexation an idea whose time has come in the United States? There was a brief flurry of interest a year ago, when the Consumer Price Index was taking discouraging monthly leaps. Senator Buckley introduced an indexation bill and got mild support from the likes of Senators Proxmire and McGovern. But when inflation apparently subsided early this year, coming out of the double-digit range, interest in indexation waned. But on the assumption that the Quiet Tax will soon have inflation back into the double-digits, it is predicted here that indexation is an idea whose time is coming.

BUSING DOES NOT WORK

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. ZEFERETTI. Mr. Speaker, for several years now, an increasingly bitter controversy has raged over the concept of busing schoolchildren out of their home areas and to schools far removed from where they ordinarily would be attending school. Ostensibly, this is to equalize educational opportunities and promote an idealized goal of total integration. While I can understand the reasoning behind this effort, I must disagree with its advocates and state that, as of now, busing has not attained its goals. Nor, will it attain those goals within any foreseeable time.

Millions upon millions of Americans have clustered together within largely ethnic areas in our cities. These neighborhoods have evolved through decades of effort and choice on the part of their inhabitants. Such enclaves of ethnics chose to live in these areas and would not live anywhere else, given any option. These neighborhoods are viable. They work for the people who live in them. And, their cornerstone institutions are the local church, the local school, and the large local stores. Around these their lives revolve, and left to themselves, life goes on with a minimum of discomfort.

These people love their neighborhoods and are deeply attached to their schools. The parents attended them, and in many cases, they did as well. It is their wish that their children attend them, and the children want to.

To be sure, there has been discrimination and second-class education in many areas of the country for many years. Blacks and whites have been victimized by this syndrome. However, now we have the picture of courts seeking to legislate social attitudes by the use of judicial power. In the process, they have embittered feelings, harmed education systems, shortchanged children and provoked violence. What is worse, the overwhelming majority of those in power seeking to impose their will on ethnic enclaves in the busing controversy, themselves send their privileged children to largely white private schools in the far suburbs or in selected parts of our cities. From such a safe vantage point, they then seek to force busing upon the children of lower and middle-class people, creating unparalleled disruption.

The neighborhood school is one of the few institutions that still function effectively. It can and should be preserved wherever possible. Breaking up its educational pattern through busing simultaneously breaks the pattern of life of the neighborhood itself, causing many remaining ethnics to either move or patronize private schools. If they move, the viable ethnic enclave disintegrates, often becoming a slum. And, if the children are sent to private schools, it usually inflicts unacceptable hardships upon the parents.

I also feel it is terribly unfair to label every opponent of busing as a prejudiced person. It is painful beyond belief for a mother and father to see their children taken on a bus ride, often for a great distance to a strange neighborhood. It is unfair to blame people for being attached to what has long been familiar and needed. It is little wonder that the reaction to busing has become vehement, and that feelings have grown so harsh.

Therefore, it is vital that we understand that legislatures cannot pass laws to create morality, and that courts cannot create moral behavior by their rulings. We cannot force destruction of worthwhile patterns of life just because one man says so. Every extreme departure from the normal patterns of life has caused social agony. To go to the extreme on busing is to demand the unreasonable of parents and children. For these reasons, I oppose busing as unfair and unworkable, and have voted against it in the past, and shall continue to oppose it in the Congress in the future.

FIRST YOU BORROW A HAM

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. SYMMS. Mr. Speaker, this article speaks for itself:

[From the Buckhannon (W. Va.) Republican-Delta, Sept. 18, 1975]

FIRST YOU BORROW A HAM

(By Herb Welch)

A man we know, a fellow with a macabre sense of humor and a calloused heart, sends us the story of the welfare client who secretly borrowed a country ham from the smokehouse where he found part-time employment.

Just as secretly, he took off for town where he sold the borrowed ham to a grocer for $27.

With the $27 he bought $80 worth of food stamps to which he was fully entitled under his welfare eligibility.

With the $80 worth of food stamps he bought the ham back for $29 and another $51 worth of groceries.

Then he secretly returned the borrowed ham to the smokehouse where its absence had not been noted and congratulated himself on his achievement.

The farmer got his ham back. The grocer made a profit. And the sleight-of-hand expert wound up with $51 worth of groceries and $7 in cash.

Now we reprint this story with certain misgivings—

First, because it is apocryphal on the face of it, utterly lacking in any of those authenticating details which might lend it some credibility;

Second, because a man clever enough to pull it off would never settle for a sack of groceries and $7 in cash—he would seek and surely win election to any of the highest offices within the power of the people to bestow.

Third, because once Congress, the Department of Labor and the food stamp people hear of this formula, they will hasten to enact it into law as the solution they had sought for many years to all of the country's social, economic and political problems.

First, you go to the smokehouse and "borrow" a ham—or two or three. Thereafter, you pyramid to the extent of your ingenuity—Charleston Daily Mail.

QUESTIONABLE OVERSEAS BUSINESS ACTIVITIES OF AMERICAN MULTINATIONAL CORPORATIONS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. SOLARZ. Mr. Speaker, for the past several months we have heard growing revelations by a wide variety of American business concerns that they have made questionable contributions to foreign political leaders, have engaged in the bribery of foreign officials to further their business interests or have used sales agents overseas as conduits for illegal payments in order to seal some commercial arrangement. Some of our Nation's largest corporate enterprises have engaged in these morally shabby transactions and millions of dollars have been involved. It is, indeed, a very sad commentary when a major U.S. industry must publicly announce that, in the future, it will no longer make overseas payments unless they are legal under all applicable American and foreign regulations.

One of the very discouraging aspects of this whole situation is the fact that the Federal Government does not have the authority to monitor overseas business activities and end these unacceptable business activities. Certain IRS and SEC regulations indirectly prohibit secret and/or illegal payments but these are somewhat limited in their applicability. In some instances, Federal agencies have even shunned any desire to have the responsibility for curtailing briberies or other illegal payments made to gain favor or to expedite business transactions.

A rather troubling fact is that some of the concerns which have made illegal payments have received special consideration or assistance from the Federal Government, such as the Lockheed Corp. which was saved through a special loan, or have negotiated insurance arrangements through the Overseas Private Investment Corporation—OPIC.

In testimony before the Subcommittee on International Economic Policy, which has held a series of penetrating hearings into this whole area, OPIC described its policy of canceling the insurance of those corporations who have previously violated the laws of host countries but have failed to report it. Discussing provisions in OPIC's contracts, under which U.S. investors are insured against the risks of expropriation, inconvertibility of local currency holdings and war damage, the agency's general counsel stated that the investor "represents and warrants that the project is in conformity with all laws of the host country. If such representation is untrue in any material respect, OPIC has the right to terminate the contract." However, if the contractor subsequently makes a payment or bribe which is illegal, OPIC has no current authority to cancel the contract. Thus, under present circumstances, an American concern can only qualify for an OPIC contract if it maintains a clean record up to the point that the agreement with OPIC is concluded. After that time the firm can engage in whatever business practices it may wish without fear of adverse action by OPIC. This, in my mind, is a gaping loophole which must be closed without delay. Accordingly, I introduced legislation yesterday, H.R. 9860, which requires the termination of investment insurance issued by OPIC in any case in which the insured investor engages in the bribery of a foreign official.

This legislation is primarily aimed at those firms which would make substantial bribes or other illegal payments overseas in order to further their business ventures. Its purpose is to bring an effective end to wholesale corporate corruption as has been revealed in the media and during the hearings of various congressional committees. Further, it would enable OPIC to take affirmative steps to terminate the investment insurance of any firm which made illegal payments and would, for the first time, empower a Federal agency to oversee certain overseas business activities by American firms on a continuing basis.

Mr. Speaker, current statutes and regulations have proven to be insufficient and, while the measure I have introduced is no panacea, it at least represents a further step to strengthen the business ethics governing the conduct of U.S. commercial activity in foreign lands. I hope the Congress will give this legislation every possible consideration and take prompt action on it. The text of H.R. 9860 is as follows:

H.R. 9860

A bill to require termination of investment insurance issued by the Overseas Private Investment Corporation in any case in which the insured investor engages in bribery of a foreign official.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 237 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(1) The Corporation shall issue such regulations and take such other steps as it deems necessary to provide for the automatic termination of any insurance or reinsurance—

"(1) issued under this title after the enactment of this subsection, and

"(2) applicable to any investor with respect to any project, if, in conjunction with such project, such investor (or any agent of such investor) bribes or attempts to bribe, directly or indirectly, any foreign official.".

LETTER FROM SON NOW DEAD SPEAKS TO ALL PARENTS

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. BENNETT. Mr. Speaker, Jon Lynn Bergland, the son of Representative and Mrs. Bergland left his parents, and all of America, a great bequest in a letter he wrote shortly before his tragic death. Representative and Mrs. Bergland and their family have upheld the highest aspirations of the best our great country in the way they have lived the life that God gave them. Congressman BERGLAND has earned for himself during his years of service in Congress a highly deserved and excellent reputation for honorable and effective leadership, and hard work for his constituents. His son has left us a letter that should inspire every child, every parent and every citizen. I include herewith the article written by Al Eisele of the Washington Bureau of the Pioneer Press:

LETTER FROM SON NOW DEAD SPEAKS TO ALL PARENTS

(By Al Eisele)

WASHINGTON.—This is a story about a young man who wrote a letter to his parents telling them how much he loved them.

The letter is not particularly unusual or newsworthy, except that it goes against the stereotype of today's younger generation as blase and self-centered.

It contains no eloquent phrases nor any profound thoughts, and is filled with frequent spelling and grammatical errors. In fact, the young man who wrote the letter never even mailed it.

But it is now his parents' most prized possession, a precious document that they and their family will treasure and draw strength from for the rest of their lives.

The letter was written sometime in the last year by Jon Lynn Bergland and intended for his parents, Helen and Robert Bergland of Roseau, Minn., and Washington, D.C.

It was discovered by young Bergland's family in his personal effects on Aug. 21, four days after he was killed in an automobile accident near his family's farm in northwestern Minnesota.

His father, the Democratic congressman from Minnesota's 7th Congressional District, and his mother agreed to release the letter last week at the request of a reporter, but only after expressing their desire that it serve as a testimonial to their son and possibly as an inspiration to other parents who have suffered a similar loss.

The letter is undated, but the Berglands know it was written sometime between September 1974, when Jon enrolled as a student at a vocational-technical school in Staples, Minn., and March, 1975, when he turned 19 since he refers to being 18 at the time.

It was discovered the day after Jon's funeral when the family was going through his personal effects taken from his apartment at Staples, where he intended to return this month to study agriculture and eventually take over the family farm.

The single-spaced typewritten letter, addressed "Dearest Mom and Dad," contains a reference to a childhood accident in which Jon was severely burned at age 6, and had to have extensive therapy to keep his legs from being damaged by scar tissue. It reads as follows:

"I know it may seem that I was not always gratfull for my mother and father, but, I, after looking at all of the other kyd's parents, I relise how lucky I was for having you two as parents. There were times when I could not see your lodgic you used in raising me. But I now see I must have been the richest guy on earth to have you two as parents.

"I hope all of my brothers see someday, as I do now, how lucky and rich they realy are. I do not think you goofed once in the raising of me. You have given me all that I have ever needed, you have given me: Love, money when I need it, attention when I needed it, you have given me a good education, you have given me common sense, and a realistic look at life and the world. With all that you have taught me, there is no way I can go wrong in life. How I feel about you two, words can not say, for words do it injustice.

"Mom, I know there were times when I tried my hardest to get under your skin, but you have always treated me right. Dad, hang on to Mom, I know there are a lot of people who search all of their lives for someone like her.

"Mom, I would like to thank you very, very much, for loving me enough, and caring for me enough to work with me when I was burnt. For straighting my legs out so I would not be a cripple all of my life. It was painfull for me, but, now that I am older, I can look back at it, and see it must have hurt you a million times more. Thank you!!

"Dad, I thank you for being such a great father. For taking me camping, for taking me hunting and fishing, and teaching how to be a real man. I hope that some day I am half the man you are. I thank you for being a person I could always look up to. I really look up to you both as a father and a man. You have shown to me what being a man is. You have shown me what positive thinking, persistance, hard work, real hard work, and determination can get a man in this life.

"I do not care what people say, if a kyd takes drugs, or drinks until his mind is gone, it is not the childs fault. It is the fault of the parents. I am not any different from any other child, and I have made it through life with out any drugs for crutches, you know why? Because I have such great parents.

"If I ever get married and have kyds, I hope I can raise them half as good as you raised me. You have given me the prime of your lives, and every possible break I could have. You have given me all of your love, my only regret is that it took 18 years of my life and 12 years of school to really realize all of the sacafises you two have made in order to keep this gready and ungrateful little kyd happy.

"Thank you for everything!!! I am happy that I realized how lucky I realy am befor I left home, so now I have this oppertunity to thank you, an oppertunity not all children have.

"Thank you Mom and Dad for being so loving.

(signed) Jon

"P.S. I will love you both for the rest of my life, no matter what may come up in the future. Remember that always. Look with your imagination, find out what you already know, and you will see how much I love you."

The elder Bergland said last week that although they knew their son had a "tender, serious, thoughtful side," it was usually disguised by his love of an active physical life, especially outdoor activities such as hunting and fishing.

"We never had any trouble with him," Bergland said. "He gave us 19 years of happiness for which we're thankful and we have six other children to enjoy."

Bergland said his family's close ties and their strong religious faith have helped them overcome the shock of Jon's death.

"I guess it teaches us the lesson that we tend to take life for granted and that we live by the grace of God," he explained. "Life is really very fragile and I guess we never really think it can happen to us until it does. But he was a good boy and we know he's in good hands."

As for the letter, Bergland made only a few copies to share with family and close friends. "We put the original in a safe where it will stay for the rest of our lives," he said. "It's our most prized possession."

POLISH LEGION OF AMERICAN VETERANS ADOPTS CONSTRUCTIVE RESOLUTIONS

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. McCLORY. Mr. Speaker, the prestigious and very highly respected Polish Legion of American Veterans of Illinois has adopted a laudable resolution of national loyalty and of worthy programs for action in the public interest.

Mr. Speaker, my distinguished friend and constituent, Arthur J. Hubacz of North Chicago, Ill., is adjutant of the Polish Legion of American Veterans, Department of Illinois. His contribution to the work of this great veterans organization is indelibly written into the resolutions adopted at the organization's 44th State convention held in Chicago, Ill., on July 11–13, 1975.

Mr. Speaker, I would like to commend State Commander Ted Fijalkowski, as well as Adjutant Arthur J. Hubacz, and all other officers and members of the Polish Legion of American Veterans, Department of Illinois.

Mr. Speaker, without enumerating all of the resolutions which were adopted, let me simply include the first resolution as evidence of the high purpose and worthy goals of this patriotic and useful organization.

Mr. Speaker, I attach hereto the first resolution adopted at the organization's State convention:

RESOLUTIONS OF THE 44TH STATE CONVENTION DEPARTMENT OF ILLINOIS POLISH LEGION OF AMERICAN VETERANS, U.S.A.

Whereas, the Department of Illinois of the Polish Legion of American Veterans, U.S.A. is gathered in Chicago, Illinois, at its 44th State Convention, and

Whereas, the founding fathers of our organization, set forth the cardinal purposes of our organization in the Preamble to the Constitution of the Polish Legion of American Veterans, U.S.A., and

Whereas, these cardinal principles, fifty-two years after their inception remain as important to the pursuit of life, liberty and happiness, under our "American Way of Life" be it hereby resolved,

That the delegates assembled here, rededicate themselves and our organization to the following purposes.

A. To uphold and defend the Constitution of the United States of America and all the principles for which it stands.

B. To encourage active interest in all manifestations and demonstrations of a patriotic nature so that the glory and sanctity of our American ideals may be forever preserved.

C. To combat the destructive propaganda of communism and other alien influences endeavoring to weaken or destroy our American institution and democratic form of government.

D. To maintain and preserve the true spirit of fraternity and patriotism arising from the sacrifices in the wars and conflicts of the United States of America.

E. To perpetuate friendships and association arising from our service in the Armed Forces by mutual aid and cooperation in patriotic, charitable, educational and civic activities.

Be it further resolved, that we, the Polish Legion of American Veterans, vow to teach and inculcate these principles into the hearts and minds of the youth of our nation so that when the time comes for them to assume a position of leadership in our nation, they will have a complete understanding of the responsibility that the trust entails.

BILL TO PROTECT ST. PAUL'S CHURCH, MOUNT VERNON, N.Y., SUPPORTED

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. OTTINGER. Mr. Speaker, yesterday I introduced House Joint Resolution 667 to provide for the National Park Service to accept as a gift Saint Paul's Church, which is located in Mount Vernon, N.Y., in my congressional district.

Saint Paul's has an extremely rich history, and is perhaps most notable for its having been located on the Eastchester Village green where, in 1733, an infamous Westchester County election was held that laid the foundation for the guarantee of freedom of the press in our Bill of Rights. The King's appointed colonial Governor was involved in some corrupt election practices that year, and these were reported by John Peter Zenger in his New York Journal. It was as a result of this news coverage that Zenger was later arrested, tried and acquitted on charges of seditious treason. This celebrated trial is commonly believed to be the beginning of the movement for freedom of the press in America.

This week the Westchester-Rockland newspapers of the Gannett newspaper group carried an editorial in support of my legislation. I would like to share that editorial, and the text of my resolution with my colleagues; the texts follow:

[From the Reporter Dispatch, Sept. 23, 1975]

APPEAL FOR ST. PAUL'S

New national impetus toward preserving St. Paul's Church, Eastchester, as the "National Shrine of the Bill of Rights" is provided by Editor and Publisher magazine.

The magazine's editor, Robert U. Brown, wrote in the Sept. 13 issue, "Our plea here is for the nation's newspaper editors and publishers to carry the message to their representatives in Congress to push through the enabling legislation in a hurry. It could be done before the bicentennial year runs out if everyone takes an interest."

Interest in preserving the old church, which figured prominently in the John Peter Zenger libel trial, began when its shrinking congregation found itself unable to keep on maintaining the site. Since then Rep. Richard L. Ottinger has introduced a bill in Congress to enable the Department of the Interior to take over the property.

From there the route could be support of the shrine through matching funds of the department and those of foundations or local government. Or the National Parks Service could take over the church completely and operate it as a national monument.

Whichever course is eventually chosen, congressional action is necessary. The plea by Editor and Publisher for nationwide pressure for such action should be applicable locally as well, with plentiful support given to Rep. Ottinger and his bill.

H.J. RES. —

To authorize the Secretary of the Interior to acquire Saint Paul's Church, Eastchester, and for other purposes.

Whereas Saint Paul's Church, Eastchester, in Mount Vernon, New York, was designated a national historic site on July 5, 1943, but Federal financial assistance has never been made available for the maintenance and preservation of such church;

Whereas the village green surrounding Saint Paul's Church, Eastchester, was the scene of the Westchester County election of 1733 regarding which John Peter Zenger reported about corrupt election practices involving the Royal Governor of New York, and was arrested, tried, and acquitted on charges of seditious libel, which trial contributed to the incorporation of freedom of the press in the Bill of Rights of the Constitution of the United States;

Whereas a free press has played an indispensable role in preserving the strength of the Nation and it was upon the grounds of Saint Paul's Church, Eastchester, that the foundations of such freedom were laid;

Whereas Anne Hutchinson found refuge in 1642 on the grounds of Saint Paul's Church, Eastchester, in her flight from religious persecution, and was thereby able to continue her efforts which contributed to assuring the inclusion of freedom of religion, freedom of speech, and freedom of assembly in the Bill of Rights one and one-half centuries later;

Whereas Saint Paul's Church, Eastchester, is recognized by many as the national shrine of the Bill of Rights because the origins of freedom of the press, freedom of religion, freedom of speech, and freedom of assembly are interwoven with its 310-year history;

Whereas the village green surrounding Saint Paul's Church, Eastchester, was the scene in 1733 of the first election in the American colonies involving two political parties;

Whereas Saint Paul's Church, Eastchester, served during the American Revolution as a hospital for Hessian soldiers who were wounded during the Battle of Pelham on October 18, 1776;

Whereas there are buried in the Saint Paul's Church, Eastchester, cemetery 45 patriots who fought in the American Revolution, and veterans of almost every other war in the Nation's history;

Whereas Saint Paul's Church, Eastchester, has been recognized by the United States Department of the Interior as "one of the fine surviving architectural monuments of Renaissance Revival in our country";

Whereas the church bell which Saint Paul's Church, Eastchester, acquired in 1758 was cast by the same craftsmen and in the same foundry as the Liberty Bell;

Whereas the Bishop's Chair at Saint Paul's Church, Eastchester, constructed in 1639, is the oldest such chair in the Nation;

Whereas the Reverend Samuel Seabury, a Rector of Saint Paul's Church, Eastchester, was the first Bishop of the Episcopal Church in the Nation;

Whereas Presidents John Adams, John Quincy Adams, and Franklin Roosevelt all have worshipped at Saint Paul's Church, Eastchester;

Whereas the organ at Saint Paul's Church, Eastchester, presented to such church in 1833, is believed to have been in continuous use longer than any other organ in the Nation;

Whereas Saint Paul's Church, Eastchester, houses tablets inscribed with the Ten Commandments, the Lord's Prayer, and the Apostles' Creed which were the gift of the family of Saint Elizabeth Bailey Seton, the first native-born American saint; and

Whereas it is fitting, as the Nation approaches its bicentennial year, that Saint Paul's Church, Eastchester, be properly preserved as a monument which is interwoven with the Nation's democratic heritage and its history as the home of a free people: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to preserve and protect Saint Paul's Church, Eastchester, in Mount Vernon, New York, for the benefit of present and future generations, the Secretary of the Interior shall accept any gift or bequest of any property or structure which comprises such church and any other real or personal property located within the square bounded by South Columbus Avenue, South Third Avenue, Edison Avenue and South Fulton Avenue, in Mount Vernon, New York including the cemetery located within such square and any real property located within such square which was at any time a part of the old village green, now in Mount Vernon, New York.

SEC. 2. Any property acquired under the first section of this joint resolution shall be administered by the Secretary of the Interior, acting through the National Park Service, in accordance with the provisions of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916 (Public Law 235, ch. 408, Sixty-fourth Congress; 39 Stat. 535) and the Act entitled "An Act to provide for the preservation of historic American sites, buildings, and antiquities of national significance, and for other purposes", approved August 21, 1935 (16 U.S.C. 461 et seq.). The Secretary of the Interior, in carrying out the provisions of such Acts, shall give particular attention to assuring the completion of such structural and other repairs as such Secretary considers necessary to restore and preserve any property acquired in accordance with this joint resolution.

HEARINGS ON FIREARMS LEGISLATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. CONYERS. Mr. Speaker, I am pleased to announce that the Subcommittee on Crime of the Committee on the Judiciary will continue hearings on firearms legislation on Wednesday, October 1, 1975, at 10 a.m. in 2141 Rayburn House Office Building, Washington, D.C.

Witnesses scheduled to testify before the subcommittee include a representative of the Justice Department and Harlon B. Carter, executive director of the National Rifle Association's Institute for Legislative Action.

Those persons wishing to testify or submit a statement for the record should address their requests to the Committee on the Judiciary, 2137 Rayburn House Office Building, Washington, D.C. 20515.

A MERCHANT ASKS A LOADED QUESTION

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. GAYDOS. Mr. Speaker, sometimes a person manages to cut through multiple complexities to reduce a puzzling matter to understandable terms. I believe a constituent of mine has done this concerning the attempt by the French holding company headed by Baron Guy de Rothschild to take over Copperweld Corp., a highly successful American firm with plants in my district and in Ohio.

We have been fighting the Baron's tender offer to Copperweld stockholders on the grounds that foreign ownership would be bad for this country, that Copperweld would be placed in a position where its assets could be drained off, and that the jobs of many able workmen could be placed in jeopardy in the future. The Copperweld management, unions and community leadership have joined in the fight.

But, in my mind, it took Robert M. Cox, a McKeesport, Pa., merchant, to get the deal into perspective. He did so in an advertisement which he signed and had inserted in the McKeesport Daily News. Admonishing Copperweld to "Don't Give In," Mr. Cox had this to say:

> Instead of trying to take over our American companies, why don't the French pay what they owe us—World War I and World War II debts, plus interest? This goes for other countries which owe us, too.

We know why the French are not doing so—why rich Europeans such as Baron Rothschild are using stocked up U.S. dollars to buy into our industrial system—why dollar-loaded Arabs are grabbing U.S. properties—why Japanese businessmen, their treasuries bulging with the profits of trade advantages over us are little by little taking over Hawaii, our 50th State.

The takeover efforts are under way because we have made them possible. We have tossed our hard-earned dollars over the globe and permitted them to be gathered up and then be cashed in for American assets. We let France renege on her war debts to us and now find Baron Rothschild's Societe Imetal grabbing at Copperweld. More and more U.S. companies, as I have reported in past months, have felt, or are beginning to feel, the cold hand of alien encroachment.

I am glad Mr. Cox, in the Copperweld case, has asked the loaded question about the French debts owed us—a question which discredits the policies we have followed in the past to our detriment now. In doing so, he has helped, I hope, to bring on the time when we here in Government will be forced by public indignation to begin putting the U.S. interests first in our dealings with the world. We need more people of Mr. Cox's thinking in this country who are willing, and have the means, to speak out.

ON THE NEED FOR AN INDEPENDENT INSPECTOR GENERAL OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. KOCH. Mr. Speaker, Clark Mollenhoff, a Washington reporter, had a syndicated article on September 14 which reports on Congressman BENJAMIN ROSENTHAL's efforts to create an independent inspector general for the Department of Health, Education, and Welfare. Surely most of our colleagues are aware of the fact that our medicare, medicaid, and welfare programs to cite just a few have been the subject of fraud and mismanagement. HEW failed to provide the necessary investigation into so many claims and did not seek until recently, additional staff investigators for that purpose. The uniqueness of the Rosenthal proposal is that the inspector general would have a 10-year term and could only be removed as the result of impeachment and would not be subject to reappointment. I want to commend my friend and colleague, BEN ROSENTHAL for his efforts in this area.

The article follows:

WATCHING HEW

(By Clark Mollenhoff)

WASHINGTON, D.C.—Creation of an independent inspector general post for the Department of Health, Education, and Welfare (HEW) is being pushed in the wake of multimillion-dollar scandals in a wide variety of social welfare programs.

The pattern of scandals has been documented by congressional committees in the Medicare and Medicaid programs welfare programs, the Student Loan Program, the Indian Health Service and nursing home programs.

The frauds and mismanagement are no surprise to Representative L. H. Fountain (Dem., N.C.) and his staff, who about a year ago revealed that in the huge department there were only 10 investigators who reported directly to the secretary of HEW.

The few investigators were invariably subordinate to the official whose agency they had the responsibility to police. The result was a general tendency to overlook evidence of fraud.

SPENDS $100 BILLION

While Fountain's government operations subcommittee spotlighted frauds and mismanagement in the Medicare and Medicaid programs a year ago, it is Representative Benjamin Rosenthal (Dem., N.Y.) who has taken the legislative initiative for an independent, presidentially appointed HEW inspector general. HEW now spends about one-third of the nation's budget, more than $100 billion.

Rosenthal is concerned by nursing home scandals in New York.

"The city officials said they assumed that the state officials were doing the policing, the state officials said they had assumed that the city and federal officials were examining evidence of mismanagement and frauds," Rosenthal said.

The federal officials knew that they didn't have an effective policing operation, but said they were assuming that the state and city officials were following through in a more effective manner.

The legislation that Rosenthal has proposed would put HEW under a tighter investigative surveillance than any of the other departments.

Each of the military services has an inspector general, but they are subordinate to the service secretaries and the service chiefs of staff. The military inspectors general also are selected on a rotational basis, so they can be inspected later by the same general officers they inspected before.

This tends to reduce the independence of the inspectors general and permits corruption and cover-ups—the My Lai massacre cover-up, for example.

A 10-YEAR TERM

Under Rosenthal's proposal the inspector general at HEW would have a 10-year term, and could be removed only by impeachment. He could not be reappointed.

Rosenthal said the complexity of HEW programs justifies some special safeguards that may not be needed in other departments.

Rosenthal said, "Thousands of allegations regarding illegal Medicare reimbursements are reported yearly, but HEW follows up on less than one per cent of these charges. As a result, this $12-billion program . . . has been called 'a gold-lined grab bag' for chiseling doctors, hospitals—and related health facilities."

"We know that the executive branch will probably oppose this legislation as an encroachment on executive authority, but I believe it is essential to restoring order," Rosenthal said.

Rosenthal said that if his independent inspector general system is enacted, and is effective at HEW, he believes that it might be a model for Congress to follow in other smaller, less complex agencies of government.

(Watch on Washington is a weekly commentary on people and events in the nation's capital by the chief of The Register's Washington Bureau.)

RIDGEFIELD MEMORIAL HIGH SCHOOL BAND

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. HELSTOSKI. Mr. Speaker, earlier this month I had the pleasure of attending a "send-off" party for members of the Ridgefield Memorial High School Band in Ridgefield, N.J. who were about to depart on a trip to Venezuela to participate in the Ninth Feria Divina Pastora at Barquisimeto, Venezuela. The 25 band members and 3 chaperones returned from the festival on September 20 amid enthusiastic reports of this exciting and rewarding experience.

I fully endorse and support excursions such as this. Our youth are our most effective diplomats and we can be especially proud to be represented by this very fine group of students. In this increasingly complicated and strife-ridden world, the interpersonal contact afforded by this type of encounter promotes better international understanding and fosters greater appreciation of our fellow man in other nations.

The board of education, teachers, parents, and the mayor and town council are to be commended for their efforts in helping to extend this tremendous opportunity to the members of the Ridgefield Memorial High School Band. I wish to give recognition to the students and chaperones who took part in this important Venezuelan festival and accordingly would like to place their names at this point in the Record:

Anthony Albanese, Betty Borkowski, Anthony Farelli, Patricia Forster, Laura Fredricks, John Freitag, Ted Finkelstein, John Kallis.

Melissa Johnson, Nancy Kapitula, Ted Maione, Douglas Nasto, Tara Moots, Kathy O'Brien, Joan Rader, Charles Roumas.

John Scirocco, Lois Szerkal, Diane Todd, John Trombetta, Lynn Vaccarella, Lauren Van Gorder, Stathene Varvisotis.

Kathy Varvisotis, Robin Williams, Mrs. Emma Farrell, Chaperone, Mr. William Tomka, Chaperone, Mr. Albert Kornblit, Chaperone.

REGULATOR REBELLION

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. MOORE. Mr. Speaker, on September 15 our colleague, Jim Martin, addressed the Charlotte, N.C., chapter of the International Management Council on what one might have thought was a historical subject, the "Regulator Rebellion" which took place in North Carolina at the beginning of the American Revolution. In leafing through his remarks, however, I found my initial interpretation to be erroneous in that its message merits attention today. It is a lesson in history; but that lesson speaks volumes relative to the perils of present mammoth regulatory powers.

Two hundred years ago, the Regulators who rebelled against the Crown were not seeking to be regulated. To the contrary, they sought to regulate the excesses of tax collectors and overzealous royal administrators.

Mr. Martin carefully dissects that rebellion and brings it to the present date when the American people are on the verge of a 1975 version of the "Regulator Rebellion" in an effort to regulate today's bureaucratic regulators who are slowly but surely strangling the American economy and our people. As history, Mr. Martin's speech is an excellent document; but as current political analysis, it should be required reading:

The Regulator Rebellion, 1975

As tonight's Bicentennial theme, I want us to consider the Regulator Rebellion of 1771, just over 200 years ago, which ended at the skirmish at Alamance Courthouse in North Carolina in 1771.

The American people of 1975 share a great deal with their ancestors of the pre-Revolution period of the mid-1700's. Regulations and government harassment, with little or no redress of grievances, were hot topics then, and they are warming up now.

Only the roles of the principles have changed. The "Regulator" of the Regulator Rebellion in the late 1760's was against government controls and harassment. The regulator (with the lower case "r") of today represents government controls and harassment. He stands for everything our ancestors were against—excessive, unaccountable government. He's the one against whom a rebellion is brewing.

The year was 1768. One writer of the period referring to the "little officials and tax agents" and other government leeches objected to "these cursed hungry Caterpillars, that will eat out the very Bowels of our Commonwealth, if they are not pulled down from their nests in a very short time." He probably would have had some rather colorful language for today's government officials.

It was the feeling of being consumed by the government and extravagant spending, such as funds for Tryon Palace for the Royal Governor in New Bern, that kindled the fires of rebellion. The sentiment led the way for people who wanted to regulate their own affairs and regulate government intrusion—thus the "Regulators" came into being. Their aim was to regulate public grievances and abuses of power. The extortion of excessive fees was probably the greatest grievance of all.

They wanted no more taxes until it was determined that the government officials were operating within the law. They drew their own bill of particulars against the government. The people wanted reform.

The keynote of the Regulator movement was: "an officer is a servant of the publick, and we are determined to have the officers of this country under a better and honester regulation than any have been for some time past."

The battle of Alamance was a forerunner to the American Revolution. The battle's importance and its proper place in American History have long been topics of serious discussion and will continue to be—but it can be recognized that government tyranny and individual rights were the major issues. The Regulators lost the battle, but in the end may have won the war. Six were hanged. Scores left the area, but steps were taken by Parliament to correct many of the grievances.

Royal Governor Josiah Martin (no relation) wrote to the King's Secretary of State for the Colonies a year after the Battle of Alamance. Martin, in a backhanded condemnation of government interference in citizens' lives, wrote that "the Regulators had been provoked by insolence and cruel advantages taken of the people's ignorance by mercenary-tricking attorneys, clerks, and other little officials who have practiced upon them every sort of caprice and extortion" and that "the resentment of government was craftily worked against the oppressed, and the protection which the oppressors treacherously acquired where the ignorant people expected to find it, drove them to desperation."

That desperation Governor Martin wrote about over 200 years ago has its applications in today's world. The resentment of some in government against business (and *vice versa*) has reached the desperation point for many. For some small business operators, government harassment has caused them to throw up their hands, toss in their franchise, and go to work for someone else. My mail documents the plight of the small business operator almost daily. The major corporations, with which most of you are associated, are faced with the same type of harassment. The major companies just have more resources to fend off the attacks.

I have said on numerous occasions that the free enterprise system is in danger. The key word is free. Like our Regulator predecessors freedom is the issue—freedom from government extortion—freedom to let the market work its will.

The regulator as we know him today was born in 1887 with formation of the ICC, the Interstate Commerce Commission. Congress was attempting to break the railroads' stranglehold on the economy. Considering the collapse of the Northeast railroads, it appears they succeeded! Since 1887, dozens of other independent regulatory authorities have been created. They are virtually the fourth branch of government. Each one of us cannot go through a day that our lives are not touched by one of the regulators in Washington. These regulators have their own army. Sixty-three thousand federal workers serve as regulators with the various agencies. That's all they do—regulate. They don't produce anything. They just regulate.

Their rules, decisions and decrees pour out of Washington on a daily basis. They are found in the Federal Register—a copy of which I hold in my hand. That's just one day! This box contains the Federal Register for the month of August alone. It comes to 7,314 pages—in a 15 inch thick stack—that's 19 pounds (8.6 kilograms!) of regulations.

You laugh, but ladies and gentlemen, all the Federal Register *does* is tell you what it is you must and must not do to comply with the law. In your business, in your schools, in your surgery and in your private life—if you don't know what's in the Federal Register, you don't know what the law requires.

That box is just one month. In 1973, the Federal Register totalled 35,591 pages. In 1974 it was 45,422 pages. So far this year the Register has already printed 42,314 pages (as of Friday) and will probably top 60,000 pages—one or more paragraphs of which you will unknowingly violate. That's a bit too much government.

Let's look at what you were told in August. There are rules on meat imports from Canada, wine labeling, the marketing of potatoes (Irish) grown in California and Oregon but not—well here's one including Colorado—but in the other 47 States you don't know just where you stand. The rules on lemons grown in Arizona and California should be called to the attention of your son for his lemonade stand!

Here are some rules on charter flights, loading standards for outboard motorboats, and implementation of the Privacy Act. I guess if you want to protect your own privacy, you have to master the provisions of these four volumes—well, only three and a half really. The same thing applies if you want to expose somebody else without tripping over their right to privacy: another politician, for example, or your neighborhood service station, or your competitors' research interests. To make the most of this you also will find handy the rules on Freedom of Information.

Do you want to rent a duck-blind? Here are your rules. Do you want to support or contest the petition from Bud's Moving and Storage? Duke Power Company, maybe? How about the environmental impact statement for Gonzales Slough? It's all here at your very fingertips!

Employee conduct standards.

Liberalization of the sex discrimination prohibitions.

Marriage dates of widows and widowers of deceased veterans.

Knitting machinery for ladies' seamless hosiery from Italy.

Employing full-time students at subminimum wages.

That's part of what August tells you and to make it interesting; it'll be different in September. October will change it all again.

The Register can dictate everything from the shipment of oranges, to nullifying union contracts, to requiring fraternities to initiate women members and sororities to admit men. (That last, at least, has been thwarted by specific law.) It can require corporations to spend millions on new equipment or deny the right of local government to make zoning decisions. Violation of the rules can land you in jail with a stiff fine imposed and can get your business closed for good. Compliance is mandatory because you're guilty until a court proves you innocent. Some of us are attempting to get Congress to restore its responsibility of overseeing rule changes with introduction of the Administrative Rulemaking Control Act. That may not sound very lofty, but it's on target. It simply means that if criminal sanctions are included in rule changes, they would not take effect until Congress first gives its approval. That's called "regulating the regulators"!

Some people in Washington hope regulatory reform is just around the corner. It's the only movement I can think of that has the backing of all political philosophies, from the far right to the far left. It's a favorite theme of the President. For years, consumer groups have been arguing for deregulation of railroads, truck lines and airlines. Ralph Nader said in remarks to U.S. News, "Our unguided regulatory system undermines competition and entrenches monopoly at the public's expense." Thank you Mr. Nader for a kind word for the free enterprise system.

The problem with regulatory reform is Congress. A majority apparently hasn't gotten the message. That's why the 94th Congress has come to be known as the "seat-belt" Congress. Sometimes to get it to move it needs a "belt" in the "seat." Unless voters—the consumers—apply pressure, regulatory reform is doomed.

And what about the consumer? How much are the regulators costing each one of us? First of all, they must be paid. We support the regulators, first by paying $2 billion in salaries, benefits and other services through our taxes. Then there are the hidden costs that you pay when you buy consumer goods—from a hotdog to a car. President Ford recently put the cost of unnecessary and wasteful regulatory policies at $130 billion a year. That's an average of $2,000 a year for every family in this country. That amounts to 8% of our GNP! It costs more than Defense; more than medical care.

In business, management no longer has control over many facets of their operations. They've got to constantly deal with OSHA, EPA, EEOC, ICC, and the Consumer Product Safety Commission (CoProSaCom?), just to name a few. Plus the ubiquitous I.R.S. And just wait til they launch the giant Ad Hocracy known as the Consumer Agency. They will eliminate competition by ordaining uniformity of product quality.

I believe Congress passed the Occupational Safety and Health Act (OSHA) in 1972 in good faith. Congress *meant* well. It was to protect workers against employers who willfully created unsafe working conditions. Unfortunately, a climate of hostility developed toward OSHA's severe standards of protection. Many businesses had maintained safe practices as a matter of good management and yet were harassed or "discovered" in trivial, technical violation. I support the goals of better safety and health for workers. Who doesn't? But at times, OSHA representatives have gone far beyond the basic intent of Congress, which was to correct hazardous conditions. Too often the regulators try to mastermind the business world with unrealistic regulations.

You probably have your own favorite horror stories. Mine is the short-lived proposal to "protect" the men who install roofing, by requiring that first you have to build a fence around the roof line so the roofers won't fall off. Never mind that the incidence of roofers carelessness is so rare you never heard about it. The OSHA hotshots figured that if their agents had to build a roof they might fall off. That's probably right. What that would do is add $600 or so to the cost of construction, and trade-off greater safety for the roofers (who know how to protect themselves on a roof) for greater hazards for fence-builders.

My first exposure to OSHA involved a welder in Iredell County who had to leave a job to come see me at office hours in Statesville. He was self-employed and had no employees or assistants. If you wanted some metal cut or joined, you just called Charlie and he would do it for hire. O.K. Now along comes paternalistic OSHA and tells Charlie that his torch tip is too dangerous. Its design would produce too hot a flame, so he had to use a smaller torch tip. He wanted to know if I thought he had to abide by their rule. If he did, the torch wouldn't get hot enough to cut metal—and he would have to use a hack saw instead. It was my first big victory: we got OSHA off of Charlie's back.

EEOC, or the Equal Employment Opportunity Commission was a well intended program when passed by Congress in 1964. But in time, it has not developed into an efficient program. It has merely grown into a $63 million agency with a staff of 2388. It has more than its share of complaints of discrimination in its own employment practices.

Its backlog of unsolved cases has also grown. The backlog in 1973 was 80,000. By next year the backlog will be 161,000. Some cases have been waiting for action for two years. The Executive Director of the Kentucky Human Rights Commission has observed that anyone who files a charge with EEOC today can expect an investigation to begin in 18 months. That uncertainty and delay can be devastating to an employer. If they eventually decide against you, think of the back pay liability. What's that about a "right to a speedy trial"? Consequently, the employer is pressured to relent and reinstate the unruly worker.

The backlog continues because EEOC cannot distinguish between questions about discrimination and charges of discrimination. A Seventh-Day-Adventist once simply inquired whether he would be required to work on Saturday, his religious Sabbath. The inquiry ended up as an official charge, and was assigned to be investigated. All he wanted was information. I imagine his letter is somewhere in the backlog.

Unfortunately, it's just as easy to file a complaint by a person who is fired for poor job performance. The mere existence of the agency encourages anyone with a beef to make a "federal case" out of it.

EEOC needs to cull the trivial and expedite the simple inquiries. An early screening is needed to separate the wheat from the chaff, so that only the serious cases get to the higher staff level.

Since I have mentioned OSHA and EEOC, let me mention that it is often possible to run afoul of one agency trying to please another agency. As an example, OSHA once ruled that women must be provided special lounge facilities as part of their restroom facilities. O. K. said EEOC, but that's discrimination so you'll have to provide a lounge for the men. The agencies are laced with regulations that are in conflict and contradictory.

A look at the Environmental Protection Agency will show some real doozies when it comes to examples of bureaucratic meddling

Dr. Murray Weidenbaum, an economist at Washington University estimates that the cost of auto safety and emission standards, based on 1975 production, cost the consumers $3 billion. He cites that as a conservative estimate—but then he's a conservative economist. That's $320 per vehicle, or 8% of the total net price of an average automobile in 1974. Then add on the super-bumper. And the '74 models had the seat-belt/ignition interlock.

EPA may have been well intended when established, but it has become a bureaucratic beast. Now I am a dues-paying environmentalist, but our concern for protecting the environment must be balanced with a similar concern for protecting the economy.

Let me get back to emission standards. EPA ordered the oil companies to get the lead out of gasoline because it would render a new emission control system ineffective: the highly touted catalytic converter.

The lead is out, but now we have to concern ourselves with new pollutants created by the catalytic converter: sulfur aerosols and platinum tainted smoke particles.

EPA wanted all lead phased out by 1978 but has suspended that ruling pending a court fight. If EPA wins, they should consider a warning from the Department of Interior that America's crude oil needs will increase by "one million barrels per day" if EPA peruses the anti-lead campaign. With that would come an additional drain on our balance of payments by $4 billion per year, a threat to our foreign policy independence, and above all, cost the consumers billions of dollars.

EPA is also costing jobs. In Gary, Indiana, U.S. Steel was ordered to build two non-polluting furances. Hit by a construction strike, a coal strike and a power failure which affected the plant's production, the company asked for a six month delay on the order. EPA granted a 3 month delay but said U.S. Steel would have to pay $2,300 for each day's extension. The company closed its doors and hundreds of workers lost their jobs. They have EPA to thank. I don't propose to abolish EPA, but to force Congress to pass on its regulations.

The Consumer Product Safety Commission has caused its share of grief for many businesses.

The Commission nearly caused bankruptcy for a small toy manufacturer in Wisconsin by accidentally putting one of its toys on the Consumer Safety banned list. Just in time for Christmas, the Commission admitted that an "editorial error" had been made in publication of the list of banned toys. But it was too late. The company lost over a million dollars worth of business because of cancelled orders. Over three-fourths of the company's work force has been laid off. There was a tragic side effect from this experience. Most of these workers were handicapped.

Here, let me point out that it is not unusual for government agencies to be the cause of shutdowns in business which force people out of work. About 350 foundries in the country have been closed in the past 3 years because they could not meet OSHA or EPA requirements. These were small foundries, so the big operations absorbed the work load. The competition was reduced. Another unit was eliminated from the free enterprise system.

Last week, we met with officials of the upholstered furniture industry. They are concerned that the Consumer Product Safety Commission is about to dictate flammability standards for all upholstered furniture. Now let me make it clear that I do not advocate fire. They pointed out, however, that the primary cause of furniture fires is careless smoking, not unsafe furniture. That is why the industry is facing flammability standards. I don't think non-smokers will appreciate paying higher prices for furniture because of someone else's neglect. An independent study estimates consumers would pay 25% more on average for upholstered furniture if the regulations go into effect.

The point of all this is the continued erosion of the free enterprise system. As an example, it would cost about $180 per unit shipped, for a small manufacturer to test his merchandise for flammability. The large companies would spend considerable less—as little as a few dollars per unit. Thus competition would be reduced because of government controls with the free enterprise system losing another round.

Regulations here would result in: (1) higher prices for furniture; (2) refusal of consumers to pay more; (3) closing of all smaller upholstered furniture manufacturers; (4) and another intended potential health hazard. This time the problem is from toxic gases that would be given off from flame retardant materials when exposed to a fire.

Since the life expectancy on a sofa is 20 years, it will take almost a full generation before flame retardant furniture is in every home in America. The industry is trying to educate people about the problem thru a permanent label which cautions smokers. A warning should be enough for any responsible adult. You wouldn't destroy a path through the woods just because there might be snakes. A warning sign should be enough. Then let the hiker beware! Incidentally, if an intoxicated smoker sitting on a flame retardant treated sofe (1) spills some whiskey, then (2) drops a cigarette: he may find the alcohol has removed or deactivated the chemical treatment and started a fire. Who's at fault? Do we ban furniture? Cigarettes? Whiskey? or people?

It is most urgent that—like the North Carolina Regulators of old—the American people know what today's bureaucratic regulators cost them. American business has a role to play in this effort. It won't hurt if a customer complaining about a price is informed that your cost, or your margin, includes so-and-so many hours at such-and-such per hour of paperwork recently imposed as a requirement by some agency. It will, of course, mean the customer will be firing a letter off to me in a day or two, but that increment in paperwork won't hurt.

In this vein, we should hope for some meaningful requirement for "economic impact statements" attached to all new federal statutes and regulations, statements that, like "environmental impact statements" can be legally challenged as to their accuracy. People should know that the complex regulations imposed under the relatively simple Real Estate Settlement Procedures Act, to mention one example, cost the parties to a real estate settlement a pretty bundle of cash and that, indirectly, the homebuyer pays for it. The auto buyer should be able to determine how much he is paying in the price of his new car for the protections he is required to buy against (a) being thrown from the car in a wreck and (b) polluting the environment. He should know what these protections cost so he can make informed decisions as to what he buys and how he later votes. This would be *genuine* regulatory reform, the kind that would make the Regulators' Rebellion of 1771 appear a mere skirmish on the road to freedom from governmental abuse.

Mind You I'm *not* for accidents and illness—I'm for safety and health.

I'm *not* for employment discrimination—but I'm for focusing on real, not imaginary cases.

I'm *not* for pollution and filth—I'm for environmental clean-up.

I'm not even for robber barons and laissez faire—but I am for private enterprise being encouraged to expand its capacity and the supply of real, productive jobs—and I'm against the excesses to which many of these agencies have taken their well-intended charters—and I'm against all the non-productive paper shuffiing burden they have added to the marketplace.

Regulatory reform does not mean the abolition of these agencies—it means guiding them to encourage, not discourage, the competition of the marketplace.

RELIEF FOR DAY-CARE CRISIS

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. JONES of Oklahoma. Mr. Speaker, relief for the day-care staffing crisis is in sight through H.R. 9803, a bill to defer implementation of the HEW staffing regulations for a period of 6 months.

Much support for this legislation has been expressed. I am inserting a position paper prepared by the State welfare administrators of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas, which includes an endorsement for this bill and encouragement for its quick passage.

Mr. Speaker, the position paper follows:

POSITION ON REGULATION OF DAY CARE UNDER TITLE XX

(State Welfare Administrators of DHEW, Region VI (Arkansas, Louisiana, New Mexico, Oklahoma, Texas) Sept. 25, 1975)

The Congress and the Department of Health, Education, and Welfare have imposed upon the states certain requirements governing the conduct of child care programs which are arbitrary, inflationary, and burdensome upon the states, the providers of day care, and the recipients of day care services.

The Southern Governors' Conference, the Council of State Administrators of the American Public Welfare Association, and others have taken positive action to express the desirability of leaving to the individual states significantly greater responsibility to design and implement programs of this nature, in cooperation with the Federal government.

Of specific concern to the governors and welfare administrators of Health, Education, and Welfare Region VI (which includes the states of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas) are the following:

(1) The child-to-staff ratios as required in Title XX are inflationary in nature since they will force an increase in charges for all families receiving day care services—thus causing an increased financial burden on private citizens as well as on both state and federal governments.

(2) This requirement of unequivocal federal standards, which are applicable without consideration of regional economic or cultural needs, is indicative of the lack of federal recognition of state responsibility and capacity to address the peculiar needs of their own citizens.

(3) The indiscriminate application of these uncompromising standards will be counterproductive in meeting the needs of working parents throughout the nation because of the impact on the price of care—and will infringe up the right and ability to pursue gainful employment, thus increasing the potential for expansion of welfare program caseloads.

In addition, questions of violation of the Constitution of the United States, specifically the 5th and 14th amendments, have been raised in a law suit filed in the U.S. District Court for the Western District of Oklahoma.

In order to meet the crisis brought about by the counterproductive legislation and regulations, it is recommended that the following actions be taken:

(A) A bill currently before the Congress, H.R. 9803, will if passed postpone implementation of Section 2002(a)(9)(A)(ii) of Title XX of the Social Security Act until March 31, 1976. This proposed legislation should be passed into law by Congress with all deliberate speed.

(B) Additional legislation should be developed and introduced in Congress revising Title XX of the Social Security Act addressing the requirements placed on child day care programs. The legislation should contain much of the existing language now in that law concerning these programs. However, appropriate language should be developed to reserve for individual states the prerogative to implement the child day care standards in a manner more compatible with the needs and resources of the individual states and areas within the states. The Secretary of Health, Education, and Welfare could be given authority to set certain criteria in cooperation with the states by which deviations from the standards contained in the law could be acceptable. The rationale for such deviations should involve considerations of geographical impact, metropolitan versus rural needs and situations, economic patterns, availability of trained manpower, quality of facilities available, and the overall objectives of a locally oriented child day care program.

Moved by L. E. Rader, Director, Oklahoma, that the position paper be approved as submitted on regulations of Day-Care under Title XX. Seconded by Roy Westerfield, Commissioner, Louisiana, and unanimously adopted. (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas)

CONGRESSMAN TOM STEED

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. JONES of Oklahoma. Mr. Speaker, on September 9, the Tulsa World presented an editorial commending Oklahoma's Fourth District Congressman, Tom Steed, for exemplary service. The editorial for which I have permission to insert into the Record coincided with a special occasion for Tom Steed and the State of Oklahoma, the dedication of the Mountain Park Reservoir as the Tom Steed Reservoir.

Sam Rayburn once divided Members of Congress into two classifications. According to the late Speaker, Congressmen were either work horses or show horses. Congressman Steed's penchant for doing his homework has earned him the respect and admiration of his colleagues, as well as providing a detailed knowledge of the Federal budget process which is matched by few people in America.

Tom Steed is truly a leader of Congress. His strength of character, wisdom, and sense of humor are well known throughout this Chamber. He is both a friend and a counselor to his colleagues. Members seek his advice because they know he has a deep, personal desire for every Member of Congress, and Congress as an institution, to succeed. One of Tom Steed's most endearing traits is his down-home, commonsense wisdom. If the lawmakers in this body would listen to Tom's advice more often, Congress would not have an image problem. Humor is also one of his trademarks. His storytelling is legendary. Hardly a week goes by without a Tom Steed story circulating among the Members.

Tom Steed has served his constituents ably for over a quarter of a century. His personal commitment to help his friends, neighbors, and fellow countrymen is a tribute to the man he is.

I am pleased that the Tulsa World also recognized and paid tribute to this outstanding Oklahoman and dedicated American. I am pleased to insert this editorial:

Tom Steed Honored

Officially, Rep. Tom Steed represents only 10 central and southwestern Oklahoma Counties in the U.S. House of Representatives. Unofficially, his influence has been so helpful to the entire State that he could be called Oklahoma's Congressman-at-large.

When Steed is honored for his Congressional service, all Oklahoma can share in the pride and join in congratulations. Such was the case Saturday when the former Mountain Park Reservoir in Kiowa County was dedicated as the Tom Steed Reservoir.

Common wisdom has it that a Congressman's influence is measured by seniority. This is only partly true. Steed, first elected in 1948, has plenty of seniority and a powerful Appropriations subcommittee chairmanship. But neither job tenure nor his committee assignment would give him the kind of clout he now enjoys if he did not have the trust and respect of his colleagues.

Seniority might help a lawmaker win a committee chairmanship. But the respect of his fellow members must be earned the hard way through work, study and good sense. The most influential members of Congress exercise that influence not merely because of committee assignments of years in office, but because other members have learned that they do their home work and know what they are talking about.

Steed is one of those who has passed the test with his fellow members of Congress as well as his Oklahoma constituents.

The dedication of Tom Steed Reservoir is a fitting honor.

THE NEW FARM POLICY AGENDA

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. FINDLEY. Mr. Speaker, over the past several years, it has been my pleasure to know one of the foremost policymakers and observers of American agricultural thought. Dr. Don Paarlberg, a lifelong student and teacher of agriculture recently delivered an address on "The Farm Policy Agenda" which I would commend to each of my colleagues. His timely thoughts on the issue of who is going to control the farm policy agenda and what subjects will be on it should be reviewed by all who are called to give guidance to the American farmer.

The farm policy agenda has changed as Dr. Paarlberg rightfully suggests. His new agenda shows his insight into the issues to which the agriculture community must address itself. I agree fully with his goal of "A free and prosperous agriculture and a food industry that is open and competitive, with assistance for the least fortunate and least able of our citizens." Dr. Paarlberg's call for a cooperative attitude on the part of the agricultural establishment should be echoed with a call for cooperation on the part of the proponents of the new agricultural agenda.

Text of Dr. Paarlberg's statement follows:

The Farm Policy Agenda

The biggest issue of agricultural policy is this: Who is going to control the farm policy agenda and what subjects will be on it?

As always, whether in the Faculty Senate at the University or in the Halls of Congress, the most important role of leadership is to be able to control the agenda, to lift up certain issues for resolution, and to keep other issues from coming up. This is the way effective policy control has been maintained from the earliest times, in virtually every forum. Those who control the agenda may not be the most visible policy people, but they are the most potent. The public is concerned with alternative solutions to the issues that are on the agenda; the more important question is how the agenda itself comes into being.

There is an old farm policy agenda and a new one. The old agenda is the one that has long been before us. Here are some of the issues:

How to improve agricultural efficiency? This one is 100 years old.

How control production and support prices of farm products? This one is 40 years old.

The old agenda is concerned primarily with commodities and specifically with influencing supplies and prices in the farmer's interest. It has long been the agenda of what might be called the agricultural establishment: The farm organizations, the agricultural committees of the Congress. The Department of Agriculture, and the Land Grant Colleges. While these groups do not see all issues alike, they have long been agreed on one thing—that they should be the farm policy decisionmakers. In large measure, those of us who are at this meeting are of the agricultural establishment.

The new agenda differs radically from the old one, as this listing will clearly show:

Food prices and specifically how to hold them down, an issue placed on the agenda by the consumers.

The various food programs, which now take up two-thirds of the USDA budget, so that we are more a Ministry of Food than a Department of Agriculture. This issue was placed on the agenda by what has become known as the hunger lobby.

Ecological questions, placed on the agenda by the environmentalists.

Rural development, primarily a program of the 80 percent of the rural people who are non-farmers.

Land use questions, raised by those who oppose the long-held idea that farmers have first claim on the use of the land.

Civil rights, advocated by those who challenge the white male tradition that has long characterized agriculture.

Collective bargaining for hired farm labor, placed on the agenda by organized labor.

Most of these issues have been placed on the agenda over the protests of the agricultural establishment. The agricultural establishment has, in large measure, lost control of the farm policy agenda. During the past six years I have spent more time on the new agenda than on the old one.

I like to watch football on television. The first question I ask myself when I switch on the set is "who's got the ball?"

The agricultural establishment has had the ball for 100 years, but sometime during the last 10 years there was a turnover. Not rapid, or clean-cut or dramatic as in a football game. In fact, it has been so gradual that we have not fully realized it. But the initiative has changed hands, none-the-less.

We could spend a lot of time on post-mortems, trying to figure out why the farm policy agenda has been changed. Some will say the change comes from the loss of political power, traceable to the decline in the number of farmers. Others contend that it reflects a change in the fundamental mood of the country. Still others believe that pro-farmer programs are only temporarily superceded, that large supplies and low farm prices will reappear, and that the old agenda will be back with us in a year or two.

In this paper I am not going to deal with that question or with specific questions of agricultural policy, such as whether price gyrations should be dampened down or whether the food stamp program should be subjected to greater discipline. I intend to deal with this very broad strategic question: How should we who are of the agricultural establishment deal with the new agenda?

To make clear the set of value judgments with which I address this question, I indicate here this overall objective:

A free and prosperous agriculture and a food industry that is open and competitive, with assistance for the least fortunate and least able of our citizens.

With a different objective, no doubt a different analysis would emerge.

I see four different possible strategies, as follows: hallucination, confrontation, capitulation, and cooperation. Now some words about each.

HALLUCINATION

We might deceive ourselves into thinking that nothing has changed. Or if things have changed, they will soon return to the *status quo ante*. Consumerism will fade away, the ecology movement is a fad, and the welfare state will lose its drive.

This strategy requires less thinking than any of the others I shall discuss, and so has its attractions. It is akin to the attitude of the loyal subjects in the fable, who professed to be unaware that the emperor was without clothes.

I mentioned earlier that the establishment had lost the farm policy ball. There is one thing worse than losing the ball—that is to lose the ball and think you've still got it.

CONFRONTATION

One way to deal with the new agenda is to challenge, head on, those who put it forward. We would continue to be the advocates of our long-time constituents, to defend the old ground, to repeat the honored rhetoric, and to take direct issue with those who have wrested the farm policy agenda out of our hands. We would recognize that the ball had gone over to the other team, and would consciously play defense.

There is nothing wrong with playing defense; Coach George Allen of the Washington Redskins has built his whole strategy around defense. With a good defense you perhaps can protect a lead, and you may be able to recover a fumble.

We would thus oppose the claims of the ecologists, challenge the burgeoning food stamp program, take issue with the consumer advocates, resist the civil rights movement, and declare the rural non-farm people to be the constituents of some other agency. This alternative would be true to our honored past. It would evoke strong cheers from a diminishing number of throats.

But, weak as we are, it would probably result in very few victories. One should not choose confrontation as a strategy unless he has a reasonable chance of winning.

There is this trouble with confrontation strategy—that it deepens the issue and makes it more difficult for either party to retreat with honor. Suppose the chief merit in the issue lies with the party of the first part, and he directly confronts the party of the second part. Then for the party of the second part to agree to a meritorious resolution of the issue, he must accept ignominious personal defeat. In a strategy of confrontation, the two parties are driven to defend their positions with every power at their command.

I suggest two issues of agricultural policy in which confrontation strategy has worked contrary to the public purpose. One was the deadlock on farm policy of the nineteen fifties, which in my opinion delayed constructive adjustments in commodity programs. Another was confrontation on the Common Agricultural Policy; European leaders have not been able to accede to our demands because to do so would be to cave in to the Americans, which is politically unacceptable to them. By a policy of confrontation, we have made a good solution to the problem more difficult to achieve.

The chances of succeeding with confrontation strategy may not be very great. Our old constituents are fewer in number, despite their undoubted worthiness. And even for them, needs have changed so that the old agenda is less meritorious than it once was.

CAPITULATION

Another way to deal with the new agenda is to accept it, to surrender our traditional views. "If you can't lick them, join them." If there are more people in favor of coyotes than of lambs, side with the coyotes. If the majority of people favor low food prices, go for a cheap food policy. Accept the recent past as the wave of the future. The bus is leaving the station, so get on board, as everyone else is doing, never mind where it is going. Any new idea has to be better than any old idea.

There are some farm policy people (not many) who are ready to capitulate. As you can discern, I do not think this is a good alternative.

COOPERATION

We establishment people are like a Congressman who has been redistricted. Earlier he had a good safe district with constituents whose problems he knew and toward whom he felt sympathetic. Now he has new constituents, whom he did not seek. Their problems are new to him, and the things they want are different from the desires of his old constituents. What is he to do? Obviously, if he is going to continue serving his old constituents he is going to have to listen to his new ones.

So some kind of cooperation is called for.

One type of "cooperation" was evident in the passage of the so-called emergency farm bill early this spring. The architects of the old agenda got together with the architects of the new one and worked out a deal. "You support our farm bill and we'll support your food stamps."

So a coalition was formed. From the standpoint of the agricultural establishment, the deal didn't work out so well. The new boys got their food stamps but the old boys didn't get their farm bill. One should beware of joining himself with an overpowerful ally; he may not have much influence on the joint undertakings.

Cooperation involves something more than trying to pool the current desires of people with conflicting interests.

There is another, more constructive form of cooperation. It consists of listening to the other party and reaching out for some degree of consensus. It involves restraining the appetite to some degree. I will cite some examples.

This past July there was an agricultural research conference at Kansas City, the purpose of which was to plan research for the next decade or two. Present were not only members of the agricultural establishment but also consumers, ecologists, nutritionists, people from the labor unions and civil rights advocates. The meeting was a bit unusual. It was constructive.

The Rural Development Program has reached out to solicit, welcome, and acknowledge the contributions of many groups in addition to those of the agricultural establishment. This has worked fairly well. The program is now probably in better shape than it ever has been. Listening to the rural non-farm people has been very helpful.

Progress is being made in the civil rights area through cooperation with groups quite outside the agricultural establishment. Agricultural services are increasingly broadened, providing assistance to those who have been inadequately served. Much remains to be done. But progress has occurred. In general, confrontation has been avoided.

It takes two to cooperate, as it does to tango. We should not assume that if we establishment people reach out with cooperative intent, the architects of the new agenda will automatically reach out in response. They may or they may not. But up to now I think it is fair to say that when we have reached out with sincere intent, there has been a response.

Cooperation is difficult—and risky. Cooperative intent may be interpreted as a sign of weakness, an invitation to be overwhelmed. We cannot expect to dictate the conditions or the terms of the joint effort.

There are two different ideas of government, just as there are two different types of cooperation.

One idea is to group the people on the basis of some criterion, to get into one camp all those who have one particular attribute, say a liking for low prices. Put into another camp all those who have the opposite view. Then hammer out the solution. Obviously, this means clean-cut issues and a head-on slugging match at the highest levels.

Another idea is to work out some of these things at lower levels, so that the differences are not so great when final resolution takes place. Instead of having all the advocates of high prices in one group and all those who favor low prices in another, mix them together a bit, so that they have to work things out among themselves. Cooperation is made necessary, people are impelled to listen as well as to speak, and decisionmaking takes place at the lower as well as the upper levels. This seems to me a far better system.

We have all watched the demagogue gather a tight little group of people and appeal to their narrow desires. All of the time, if he is honest, he realizes that he is helping to escalate desires that cannot be met, or can be met only by some great convulsion for which he has no desire to be responsible.

We have had some of this confrontation in agriculture, but not so much that a cooperative attitude is beyond reach.

The cooperative attitude is beginniing to permeate all members of the old agricultural establishment.

The agricultural committees of the Congress are no longer the single-minded advocates of the old agenda which they once were. The cooperative intent is visible in their work on rural development, environmental programs and other current issues. While these changes are perhaps more the result of necessity than of free will, they nevertheless have occurred.

The Department of Agriculture has changed its official stance on a number of issues. The big commodity programs are a case in point. This comes in part from having listened—having had to listen, perhaps—to our new constituents.

The Land Grant Colleges, in their teaching, their research, and their extension, have modified their offerings in the light of changing times. They are listening and they are cooperating.

The farm organizations are also listening. For example, they are now willing to hear proposals which would extend collective bargaining rights to hired farm labor, a position that would have been impossible only a few years ago.

In some cases, the cooperative attitude is the operational one even though the old rhetoric continues. There is the possibility of holding the old constituency with the old rhetoric, and winning the new constituency with action favorable to their interests. This is a tactic familiar in political circles, and one that perhaps deserves acceptance on pragmatic grounds, even though it is indefensive on grounds of consistency. The point is that if the casual observer is carried away by the rhetoric, he may misinterpret what actually is going on.

I have been speaking of these various strategies as if they were mutually exclusive. This need not be so. It is possible to take an overall attitude of cooperation and still adopt elments of the other strategies in particular cases.

Some issues may best be handled by pretending they don't exist. For example, benign neglect may be the best way of dealing with perennial attacks on the middleman, a subject which is on both the old and the new agenda. There is no known solution to this "problem," which, objectively measured, is of minor importance. Maybe it can be finessed. The public view is that any issue on the agenda is a legitimate one, and that a solution can be found if men of good will would put their minds to it. One or both of these things may be untrue, in which case it may be best to pretend the issue does not exist.

Though the basic attitude be cooperation, it is perhaps best sometimes to capitulate. An example: the Department of Agriculture had long defended huge commodity payments to a few large farming operations. These payments turned out to be indefensible either on political or economic grounds. So the Department capitulated.

Sometimes confrontation is an appropriate policy, even though the cooperative intent is, overall, the dominant one. President Ford confronted the farmer-labor-consumer coalition in vetoing the Emergency Farm Bill this spring. In my opinion, this was a constructive act of public policy.

An element of unpredictability is an important ingredient of strategy in the area of public policy. But it should not be the sole element. To be either totally predictable or totally unpredictable would be a major strategic error.

I began this presentation with the question, "Who is going to control the farm policy agenda and what subjects will be on it?"

My answer to this question is that only if the agricultural establishment takes a generally cooperative attitude can they expect to have much of a role in shaping the farm policy agenda and influencing the particular issues that appear thereon.

This says something to those of us concerned with research in the policy area. We, as well as the political strategists, will have to take a cooperative role (which many are already doing). There is little good to be accomplished by researching a subject that we are unable to put on the agenda. It is my belief that the marginal contribution to an understanding of the policy issues is greater if we address ourselves to the items on the new agenda than if we continue to focus on the old one.

In extension as well as in teaching, the new constituency will have to be served.

And now a final word about teaching. In 1973 I spoke on agricultural policy to this same group, at Brainerd, Minnesota. My concluding comment was that it would be well for those who teach agricultural policy to throw away their old lecture notes. That was good advice, and it bears repetition.

ADA ATTEMPT TO SMEAR JACK ECKERD REFUTED

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. YOUNG of Florida. Mr. Speaker, for the past several days there have been news reports—both in Florida and Washington—that President Ford plans to appoint Mr. Jack Eckerd to head the General Services Administration.

Mr. Eckerd, it will be recalled, was the Republican Senatorial candidate defeated in a close Florida election last November by Senator RICHARD STONE.

Now that Eckerd—well known for his business acumen and philanthropic activities—is being considered for this important post, a storm of protest over his qualifications has been generated by the Americans for Democratic Action.

Mr. Speaker, I would like to call to the attention of my colleagues what the St. Petersburg Times—which incidentally endorsed Mr. STONE over Mr. Eckerd in the Senate race—has to say editorially about the ADA action. This editorial was published on September 23, 1975:

THE ADA IS OFF BASE

The Washington office of Americans for Democratic Action (ADA) is way off base in dredging up a single, isolated, and quickly regretted incident in the life of Jack Eckerd to brand him "a prejudiced individual."

Noting reports that Eckerd is under consideration for appointment by President Ford to head the General Services Administration or the Food and Drug Administration, ADA warned that it would oppose his confirmation to either office "with all the resources available to us."

The charge of prejudice is based on an Eckerd campaign advertisement in the closing days of the 1974 Florida Senate race, which Eckerd, the Republican candidate, lost to Democrat Richard Stone. The ad compared the backgrounds of the two candidates, and listed Eckerd's religion as "protestant" and Stone's as "Jewish."

The reference to religion was wrong, as Eckerd has acknowledged. But his neighbors in Florida, and particularly Pinellas County, where his whole life as a businessman, philanthropist and public-spirited citizen is well known, have reason to reject, as equally wrong, ADA's blanket imputation of prejudice.

When the 1974 campaign ad was protested as anti-Semitic, Eckerd responded forthrightly with a public apology to Stone and to Florida voters. "It was not intended that way," he said. "If I had realized that anyone would interpret it in that manner, the ad would not have run."

When Eckerd's selection to head the GSA, the Government's housekeeping agency, was first rumored, the Times said in an editorial that President Ford would be wise to appoint a man so well qualified by business experience and a keen sense of public service. We reiterate that opinion now.

EARLE CABELL

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 24, 1975

Mr. STEELMAN. Mr. Speaker, it is indeed a sad time for all of us who knew Earle Cabell, the late distinguished former Representative of the Fifth District of Texas. Although Congressman Cabell and I waged a spirited campaign in 1972, throughout it, and in the time that followed, I have held the highest regard for his personal integrity and personal dedication to the people of Dallas.

His family has always exemplified dedication to duty—serving the city of Dallas in political, business and civic areas. Earle Cabell was twice elected as mayor of Dallas before becoming a Member of Congress of four terms. His example as a capable and concerned public leader is one that we all can look to with pride.

This is one of the reasons I introduced my first piece of legislation in February 1973, to rename the Federal building at 1100 Commerce in Dallas for Earle Cabell. It was primarily due to his untiring efforts that this building was constructed, and although it is not customary for Congress to name a Federal structure for a person while living, Earle Cabell was deserving of this legacy and the Earle Cabell Federal Building was so named. I know he took great pride in the honor given to him by his former colleagues in Congress.

While it is a time of deep personal grief, his family should know and be comforted by the fact that his example will live on and we all will have profited from the many contributions he made to our city, our State, and our country.

HEINZ COMMENDS MUSIC FOR MT. LEBANON FOR 30 YEARS OF CULTURAL CONTRIBUTIONS

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. HEINZ. Mr. Speaker, for 30 years the Music for Mount Lebanon series has provided cultural activities of the highest quality to residents of Mt. Lebanon, Pa. Music for Mount Lebanon stands as one of the first organizations in the Nation to develop a suburban concert music program. Today it ranks as one of the Nation's greatest concert programs.

During this bicentennial period, it is especially gratifying to know that Mt. Lebanon is among the American communities that enjoy and appreciate these cultural benefits. I am hopeful that my colleagues will give special recognition to the 30th anniversary of Music for Mount Lebanon and the many tributes it has received. A number of organizations and individuals have paid tribute to the fine work that Music for Mount Lebanon has been doing. I would like to share some of these tributes with my colleagues.

PROCLAMATION

Whereas, it is among the responsibilities and pleasures of the Commission of Mt. Lebanon, Pennsylvania, to recognize occasions of outstanding significance to honor and celebrate special achievements, and to encourage programs which benefit the citizens of our community; and,

Whereas, Music for Mt. Lebanon, Inc., is offering its thirtieth season of fine music programs during the coming concert year which is the bicentennial year of our nation; and,

Whereas, Music for Mt. Lebanon, Inc., has assigned a Commemorative Program Committee the challenge of developing a commemorative program on September 27, 1975, to launch this thirtieth season; and,

Whereas, Mt. Lebanon is proud of the contributions of the Music for Mt. Lebanon series to the cultural and community life of our municipality;

Now, therefore, I, James D. Strader, President of the Commission of Mt. Lebanon, Pennsylvania, do hereby proclaim September 27, 1975, as Music for Mt. Lebanon Day and urge all Mt. Lebanon ciitzens to join in the celebration of the occasion.

INTERNATIONAL SOCIETY OF
PERFORMING ARTS ADMINISTRATORS, INC.,
August 4, 1975.

MRS. ALICIA G. CONNER,
Managing Director, Music for Mount Lebanon, Pittsburgh, Pa.

DEAR MRS. CONNER: On behalf of the International Society of Performing Arts Administrators, I send you warmest greetings on the occasion of Music for Mount Lebanon's thirtieth season of presenting outstanding music to the community.

Music for Mount Lebanon has established itself as one of the nation's leading concert series through the presentation of the great names on the concert platform and by encouraging the growth of music and musicians through its sponsorship, by the women's organization, the Keynotes, of scholarships for talented students.

We look forward with you to a successful thirtieth season and anticipate that the next decade will reinforce your position as a nationally known and highly respected concert series.

Sincerely yours,

Walter Pierce,
President.

Board of School Directors,
Pittsburgh, Pa., August 6, 1975.

Mr. John Moeller,
President, Music for Mt. Lebanon,
Pittsburgh, Pa.

Dear John: Thirty wonderful years of Music for Mt. Lebanon! It is an outstanding record of musical presentations of the highest caliber. The Mt. Lebanon Board of School Directors congratulates you as president, and everyone who has worked over those 30 years to make the concerts an exciting reality. We commend as well all those who have supported this excellent music series over the years.

We are happy that the School District has been able to provide the proper setting for the musical programs. The auditorium is for the benefit of the community as well as the students, and you have honored the school district by using it for such outstanding and enjoyable performances.

Mrs. Derrick A. Sherman,
President.

Senate of Pennsylvania,
Pittsburgh, Pa.

For thirty years, Music for Mt. Lebanon has confirmed Thomas Carlyle's thesis that "music is well said to be the speech of angels." Through sponsorship of numerous programs of artistic excellence, this performing arts organization has provided thousands of South Hills residents of all ages and musical interests with countless hours of enjoyment.

As members of the Pennsylvania General Assembly, we are especially proud of Music for Mt. Lebanon for the cultural enrichment it has brought to Mt. Lebanon and the surrounding area. Congratulations to past and present leaders for helping to compile such a distinguished history and best wishes for many more years of community cultural leadership.

H. Sheldon Parker, Jr.,
State Representative,
Wayne S. Ewing,
State Senator,
James W. Knepper, Jr.,
State Representative.

GEORGE BLANDA TELLS WHAT PRO FOOTBALL AND FREE ENTERPRISE MEAN TO HIM AFTER 26 YEARS OF QUARTERBACKING

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. KEMP. Mr. Speaker, unfortunately, it is all too true today that few people understand the reason for America's productivity, standard of living, and jobs. It is a pleasure to bring to the attention of my colleagues the unique perspective of a friend who is not only a great athlete but a fine American, George Blanda of the Oakland Raiders, who speaks up about his gratitude to pro football and free enterprise for what they mean to him. As George pointed out, "if businesses do not make a reasonable or better than reasonable profit, then our free enterprise system is in trouble. Profit seems to be a bad word among people. They want to tend to go toward socialism more. They want the Government to take care of them. They do not want the private enterprise to take care of them. I do not believe in that concept. I think what pro football has done has expanded from 330 jobs in 1949 to 1,400 jobs today. That is what the free enterprise system has done—to give more jobs to people."

George Blanda is a leader who speaks out for pro football and the system of economic organization that has done so much and can do more if only it is allowed to function without unnecessary regulations and political interventions. Free enterprise means freedom and opportunity to George Blanda and I am sure it has much to do with his competitiveness as a pro football quarterback for 26 years.

At 48 years of age, he is the oldest active player in professional football.

Every time he passes for a touchdown or kicks an extra point, he is breaking a new scoring record for an individual player.

Mr. Speaker, George Blanda is not only experienced and wise on the football field. He also is wise and experienced in the field of economics and just commonsense.

At this point, I insert George Blanda's views as they were expressed September 25 to Staff Writer Lynn Rosellini in the Washington Star:

BLANDA TELLS OF 26 YEARS IN PRO BALL

At 48, George Blanda is the oldest active player in professional football. The placekicker and quarterback for the Oakland Raiders began playing pro ball in 1949, before many of his teammates were born. He was interviewed by Washington Star Staff Writer Lynn Rosellini.

Question: You've been around the game of professional football longer than anyone still playing. What's your feeling on the current labor problems within the National Football League?

Blanda: Being at my age, where I've matured and been out on both sides of the fence, I can look at both sides of the issue and I think that there are pros for what the players are asking and there's a lot of cons. I think from the management's side they have a lot of legitimate gripes or proposals. I think that the owners should have the right to run their own business the way they see fit. The way that they have done it in the last 53 years brought football from nothing to where it is today. It's a very popular game. I certainly don't see any reason to change the basic rule governing the movement of players—the Rozelle rule. I certainly think they need the rule and that's really the stumbling block. I think the players have legitimate gripes and certain things that should be put into a contract. And so do the owners. They are reasonable people. They should sit down and negotiate. But it doesn't seem like either side is budging much.

Q: But you pretty much support the owners?

A: I have a contract with the Oakland Raiders. They pay 95 percent of my money. The union negotiates your pension and your insurance. My obligation is to the Oakland Raiders where 95 percent of my money comes from—not through the union. So, my feeling is, yes, I support the owners, although I think they should give in on some of the clearest things they should change, which they're not going to.

Q: Does that attitude bring you into any conflict with the other players?

A: Oh, No. We have no conflict in our ball club. Everybody has their own mind; they have their own opinion and they have a right to it. I can live with a guy who has an opinion that varies from mine. I can't condemn him for it. He has a right to his own opinion. It doesn't affect our players on the field. I'm certain that we all don't think alike. We all don't think alike about many things. But we do think alike when we're on a football field. We're there to play football.

Q: Do you think the players today are too greedy?

A: I can't speak for all players. I only know our team. Our team is pretty well taken care of. I haven't heard too many people gripe about what they're being paid. You hear that the players are greedy and I don't know whether that is true or not. I think that one of their foundations for trying to get additional monies is wrong. Their premise for it is the owners are making too much money, so therefore they need more money. I don't believe that's true. I think an owner of a team or a corporation has a right to make a profit—a good profit.

If the oil companies and corporations don't make a reasonable or better than reasonable profit, then our free-enterprise system is in trouble. Profit seems to be a bad word among people. They want to tend to go towards socialism more. They want the government to take care of them. They don't want the private enterprise to take care of them. I don't believe in that concept. I think what pro football has done has expanded from 330 jobs in 1949 to 1,400 jobs today. That's what the free enterprise system has done—to give more jobs to people.

Q: Two years ago you were very vocal against several dissident football players like Dave Meggysey, Chip Oliver and George Sauer, when they spoke up about drug abuse and authoritarian coaches and so on. As it turned out they seemed to have a big impact on pro football, especially in the drug area. Has your position changed any?

A: Well, I wasn't very vocal. Most people don't go out and expound on their views on any of these things until they're asked—and then the newspapers kind of highlight and make you out like your vocal. I'm not vocal. I don't want to do this interview. I'd rather not do it. The only thing I can do with this interview is get in trouble. I didn't agree with them and I still don't agree with them. I don't think there is a place in football for those kind of people. In fact, football is a game that creates good people, people of good character, and you develop character and you develop a man by playing football.

Q: But the drugs were there.

A: There's no place in football for them. I think that the National Football League has cracked down on it more and more every year. I'm sure—we're like any other group of people—that there are people that are involved in every profession somewhere in the drug scene. These fellas, I think, just took advantage of their situation to make a few bucks. Now you see they've written a book. I don't know if you can believe all that stuff or not, whether they live that way or not. I really don't know.

Q: Do you think what these dissident ballplayers did in speaking out about drugs has had any positive effect on pro football?

A: It might have made some owners aware and some people aware that there were people doing these kinds of things. But I think coaches would be naive to think that there aren't some players who got involved with some of the things that they do. In college nowadays, I think in the last five, six, seven or eight years, it's not the kind of players you get, but what they're exposed to. They're a little different than what we were 25 years ago. And certainly some of them, I'm sure, were involved and the coaches would be naive to think that there's not some of that going on. I don't do it and I really don't give a damn what anybody else does, period.

Q: Did you object to the fact that it was going on or the fact that these guys were talking about it?

A: Well, I objected to the fact that they publicly expounded on what they did personally. The greatest thing about it was that none of them were really that successful as a football player. They were just average football players. Other than George Sauer. I really don't know about him and what he did and why he did what he did. Evidently, he has some other personal problems, too. But I object to the fact that they exposed it and had people think that all of us do that just because one or two people in the group do things like that and talk about it. From a public relations standpoint, we all look bad. We have the connotation of being stupid. Throughout the leagues, football players are stupid and dumb—that's really the connotation. Most of the people we have are businessmen and college graduates that are intelligent people and are aware of what's going on other than football. So that's what I object to.

Q: What would you say is the hardest thing about playing a brutal game like football at age 48?

A: Well, first of all, football is not a brutal game. I don't think it's a violent game. It's a physical game—played by people that have been conditioned to take the physical contact that is involved in the game. Actually, our game is more mental than physical, although there are some collisions out there that look like it's violent. It's a combination of mental and physical prowess that enables you to play. But it's your mental preparation that enables you to win, not the physical end of it.

Q: What's the secret to your physical longevity—no cigarettes, no booze, no women?

A: Personally, I think attitude towards my work and towards life contributes to any success that I've had. I've always felt that I could accomplish—I'm a very competitive person—anything that I wanted to do. I've always felt that if I disciplined myself and worked hard at my particular talent, if I concentrated and had the right attitude and kept myself in good condition and if I wanted to play bad enough that I could play as long as I really wanted to. Another aspect of it, I think, is being free from injuries all the years that I played. Injuries curtail most of the player's career and cut him short. But I've been very fortunate that I haven't had any damaging injuries, particularly to my legs.

Q: And the mental attitude, how have you been able to sustain that?

A: By being successful and being on a winning team, you perpetuate that positive attitude.

Q: Does that mean that if you hadn't played on successful teams you wouldn't still be playing?

A: No, because I've always been positive and I've always felt that I've done my job even when I played on a few losing teams. But I never played on very many losing football teams. I think there was only four years out of the 26 that I've played that I was on a losing team. Every other one we've been winning. In fact, I was on 11 divisional championship teams out of the 15 that I've played in the AFL. And most of the players we have have always been on winning football teams. Winning and success breeds success.

Q: You're known now primarily for kicking, but could you still be called upon to play quarterback if Ken Stabler got hurt?

A: Yes, I think so. In fact, that's why I'm here. If I was sure the coaches didn't think I could play I wouldn't be here.

Q: Can you throw as far and as accurately as you did 20 years ago?

A: Well, I don't think any of us can throw as far and as accurately as we did 20 years ago, but in the aging process you mature and you don't have to throw the ball as far and as often. There are other little things that you pick up in the game that will help your game on without just the sheer physical abilities that you have. You can call the right plays and do the right things to get people a little more open. You don't really need to throw the ball 100 yards, because nobody does, anyway. It's a lot of b.s. when you talk about guys who've got strong arms. Strong-armed quarterbacks never last very long in this league. Jurgensen doesn't have one—never had one. Billy Kilmer certainly doesn't have a strong arm. When you think of a strong arm you think of Terry Bradshaw who can throw it 1,000 yards. But there's only one or two or three of them that are really what you consider strong arms. There are a lot of great strong throwers, but there's very few great passers, and there's a difference.

Q: You've been playing professional football for 25 years. Has this in any way affected your family life? Is your wife bored with it all?

A: I don't think so. She's not bored. She loves it. She's a football fan and always has been. She understands what you have to do in our profession and she accepts it. The family's always accepted it. I'm sure that maybe there were times I should have spent more time with my kids, but I couldn't because I was involved in this particular thing. But I think as you go through life, you look back and your kids grow up and they're not interested in you as much. They have their own life to live after we get a little older. You've got to live your own life—you and your wife have to do, I think, what is right for you. To me the kids are secondary. I think you've got to love them, you've got to discipline them and you've got to raise them, but in the long run it's you and your wife again after a certain period of time. The kids grow up and go and they have their own interests.

Q: So you can balance personal and professional lives?

A: I certainly looked after my career and—I don't want to sound selfish—but my career came first and I would never have given up my career for my children. But I spent all the time with my children that I could. It was eight weeks out of the year. The average traveling salesman is probably gone more than that from home during a year. The executive of a big corporation is probably gone longer than that. During the season you don't travel that much. You've got the night before the game and with jet planes you're not gone for more than a day. So there's really not that much traveling involved other than the preseason.

Q: Not necessarily in your case, but is one of the things that keeps people in the game—say, in the case of somebody who's past his prime and he's got injuries and so on—an element of fear there of the unknown, of getting out into the world?

A: Oh, I think that's part of it, plus you've been conditioned all your life around a football team, on a team, part of a group, we're a group, we're a football team. People want to be a part of something. When you're part of a football team it's a great feeling. We always have people around. Certainly, it's such a great job. It wasn't at one time. One thing about our profession—once you give it up you're finished. You can't give it up for two years, turn it on or turn it off. You can become a lawyer and give up law business for five years and come back. Even a doctor. But once you give up football on a pro level and you give it up for a year or two, you're finished. So you try to hold on as long as you can.

Q: It is sort of frightening to you to think about leaving it?

A: Well, no, not now. At one time I think it was because I did quit for a year. I was 31 at the time when I quit and I really wasn't ready to quit. I did come back. And now I'm probably the luckiest guy in the world to have played as long as I have and really enjoy the fruits of the game as long as I have. I don't think anyone else will ever play that long because it takes an unusual set of circumstances to play that long. So I feel very fortunate. I'm not afraid of the outside because I've been outside. I've always had off-season jobs and I've come in contact with what is out there and I'm prepared for it. I would hate to give up the game, but when it comes time I will accept it and I will play my golf and I will go to the track and I will do all the things that I love to do anyway and I will find something to keep me busy and something that will be beneficial to society.

A REAL ENERGY PROGRAM STILL NEEDED

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. SARASIN. Mr. Speaker, I would like to take this opportunity to advise my colleagues of the reasons for my negative vote on H.R. 7014, The Energy Conservation and Oil Policy Act.

I must confess that the decision was not an easy one, not because I consider the measure even remotely sensible in terms of our national energy objectives but because it is always easier to go home to our voters and tell them we voted for cheaper prices, lower taxes, or a bill that will lead to a decline in the inflation rate.

Many will do just that, but on closer scrutiny we must ask ourselves just what have we done? Prices, if they decline at all, will decline almost imperceptably. By our rollback, too, we have severely restricted the capabilities of our Nation's oil industry to meet our energy needs which must, by virtue of population growth alone, expand. Our dependence upon high-priced foreign oil will increase, giving OPEC even greater leverage to impose its will upon us, and billions of petrodollars will continue to leave this country and the pockets of the American taxpayer. One wonders why the American Congress is so willing to support the growth and development of other countries to the detriment of our own economy and our own people.

Of more specific concern are the pricing provisions of H.R. 7014. We have called for a reimposition of price controls on oil, a system which we should already know does not and cannot work. We have seen the results of price controls on beef produced in the shortage of last year and the high prices that resulted after the controls were finally removed. Too, we are all aware of the economic damage already caused by controls on natural gas as well as the shortages of natural gas in some States and the loss of thousands of jobs predicted for the very near future.

To complicate matters even further, we have indefinitely extended the Emergency Petroleum Allocation Act which had a two-tier pricing system. It was a nightmare for industries producing oil domestically because they had to pay oil companies which imported oil from abroad in compensation for the higher prices. Now, in our infinite wisdom, we have decided to test the creativity of the Federal Energy Administration, to try the patience and undermine the capabilities of the industries who will now have to pay on the basis of a five-tier program, if, in fact, a feasible one can be implemented.

Still not satisfied, we next decided to mandate a gasoline shortage in the United States. Under title IV, the President is required to hold the refinery production of gasoline to the 1973–74 level, ignoring the factors of population growth and the expansion of consumption resulting from lower or static prices.

By encouraging consumption, this bill will also trigger the imposition of import quotas which will, in turn, create artificial shortages requiring bureaucratic allocation efforts. Those of us in New England experienced the results of these allocation programs during the oil embargo of 1973, and I am certain we would all like to avoid such situations in the future.

Finally, an analysis of the past votes on the issue of petroleum pricing indicate that it is likely that the House will not have enough votes to override a possible Presidential veto should the conference committee retain the House provisions and President Ford maintain his support for a program of gradual decontrol. Should this series of events happen, we would be faced with a situation which will be less than desirable since the Congress will have failed to develop a comprehensive energy program while our dependence on foreign oil will continue to increase.

We must enact a formula of gradual decontrol, coupled with a windfall profits tax and tax assistance for low and middle income consumers. Such legislation will greatly benefit all consumers in America and especially benefit my constituents in New England who are now so dependent upon high priced oil from foreign sources.

Yes, I would certainly like to go home to my constituents and tell them I would vote for potentially lower prices, but in the final analysis, I would rather go home and tell them that I am still working for a national energy policy that will insure them consistent access to the energy supplies necessary to run their cars, heat their homes, and power the factories and offices that give them their jobs.

THE ENERGY DILEMMA: WHICH WAY OUT?

HON. JOHN B. CONLAN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. CONLAN. Mr. Speaker, when is this Congress going to do something realistic about our Nation's immediate energy needs?

When is this body going to take concrete action to help our productive enterprise system provide the abundant gasoline and electricity for our people that it can produce, if Government will get off its back?

It has been more than 18 months since the Arab oil embargo shocked us into realizing that the United States must become self-sufficient in energy production. But the ultra-liberal majority in Congress has so far refused to produce a single piece of legislation to increase domestice oil, coal, natural gas, or other energy supplies to end shortages and lower energy prices.

What has been the energy program pushed by the majority? Gas rationing.

Higher prices and higher taxes on gasoline.

Stricter penalties against energy users and producers in business and industry, in line with the "no growth" economic policy of the extremists.

This foolish program has not and cannot provide one single additional gallon of fuel or light one single light bulb. To produce the energy we need, and to reduce energy costs, any citizen can tell you that we need to take concrete action now to encourage energy production.

Mr. Speaker, the leadership of this Congress and the administration need to get off their backsides and encourage that energy production.

How do we do it?

We must eliminate unnecessary Government controls on energy production, and institute a "windfall profits" tax to stop oil companies from taking advantage of decontrol.

We must give tax incentives to encourage exploration and development of American-owned oil and natural gas, including a full-scale effort to develop our oil shale resources.

We must step up licensing and approval of new oil refineries and nuclear powerplants to keep up with the energy demand.

We must continue and increase development of alternatives to oil, such as solar energy, geothermal, and coal gasification technologies.

This Congress should stop pushing for Government controls and increased taxes and prices to further hamper and penalize energy production and use. Such actions are geared only to force conservation of existing energy supplies through rationing and other penalties against consumers and energy. But they do not fill up gas tanks or keep the wheels of progress and high quality living in motion.

The energy program I have outlined calls for increased energy production on all fronts to end shortages and lower prices. This means of getting Government off the back of energy producers wherever possible by promoting economic growth and productive enterprise.

This is realistically the energy program that our Nation desperately needs to spur economic recovery and provide abundant energy supplies.

We know from painful experience that our greatest headaches have come in the areas of greatest Government control and bureaucratic manipulation. Let us reject such nonsense and turn to the productive enterprise system that can serve us to well.

FREEDOM OF SPEECH

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. HYDE. Mr. Speaker, if freedom of speech is not zealously advocated in our American universities, then truly we can wonder if our first amendment freedoms have much of a future.

In addition to difficulty at the University of Virginia when 13 faculty members resisted Nguyen Cao Ky's speaking on the campus, that great citadel of liberalism, Boston College, has rescinded an invitation to Mr. Ky to speak on their campus as well.

The concept that freedom of speech should extend to those whose views may differ seems to elude those institutions of higher learning, and of equal significance, the silence of those liberal defenders of the Bill of Rights is deafening.

The distinguished foreign editor of the Chicago Tribune, Mr. Michael McGuire, has written a most interesting account of this sad event which appeared in the September 24, 1975, editions, and I would like to share it with my colleagues:

IF THEY WOULD ONLY LET MR. KY SPEAK

(By Michael McQuire)

It's a shame that they won't let Nguyen Cao Ky on campus these days.

Last Wednesday the student government of Boston College "rescinded" an invitation for him to speak after student and faculty groups protested an upcoming visit by Viet Nam's most famous refugee.

And at the University of Virginia, 13 influential faculty members are trying to have a visit by the former Vietnamese premier and air marshal cancelled because "he was among those less likely to give an honest and accurate account of the tragedy" of Viet Nam.

Too bad they feel that way.

If the skeptics could sweep aside their preconceptions, they might discover that Ky would tell them just what they want to hear. For instance:

The United States did "too much" for the South Vietnamese.

Corrupt and inept Vietnamese leaders—not a lack of U.S. support or commitment—lost the war for the South Vietnamese.

The long-range B–52 raids which rained death upon North Viet Nam—and which were protested furiously by many Americans—were a mistake.

The United States should have turned the war over to the Vietnamese long before it did.

That's the kind of thing Ky has been saying lately and it was the kind of thing he said long before the war ended.

Ky seemed not to be your average Vietnamese politician or military general.

He was a flamboyant, dashing flyboy general who felt more comfortable in his black flying suit, baseball cap, and lavender flying scarf than in the business suit of a Saigon nabob. He was not known as a mandarin schemer.

When he saw that a corrupt political machine had stacked the 1971 presidential election against him, he withdrew his candidacy and retired to a tapioca farm near Nha Trang.

Nobody heard much from him until a few days before the end of the war when a group of Vietnamese opposed to President Thieu called on Ky to lead a military coup in a desperate attempt to reverse the drastic trend of the war.

The coup never came off, but in a last-ditch effort to patch up the broken spirit of the defeated South Vietnamese, Ky called on the troops to fight to the death, proclaiming it would be better "to turn Saigon into another Stalingrad than to let the Communists just walk in and take it."

But the situation had deteriorated too far to allow even token resistance. He was on one of the last U.S. helicopters out of Saigon.

This defiant stand in the face of the enemy reflected the Ky who as vice president offered to lead a mission into North Viet Nam to free American prisoners of war held captive by Hanoi. This was the same Ky who won the respect of Vietnamese and U.S. troops by leading search and destroy missions deep into enemy territory.

It was the Ky who warned the U.S. that carrying out the bombing raids against North Viet Nam would not wrestle Hanoi to the conference table.

"It would have been better, he said, "to have used the money that went into the bombing to raise the pay of the South Vietnamese army. It would have improved their morale and helped them win the war."

He is criticized for "capitalizing upon tragedy" for accepting up to $2,500 to speak before groups on the plight of the refugees. But part of that money appears to be going into the refugee effort and Ky is responsible for providing for 13 relatives with whom he lives in a rented house near Washington.

Ky doesn't seem to be the kind of man who would enjoy sopping up a life of leisure in Suburbia, U.S.A.

"I really would prefer to die gloriously on the battlefield than to live here in exile," he said last July. He would be willing to return to his homeland to lead what he described as a 12,000-man resistance force believed to be operating in the Vietnamese hinterlands.

"I am 46 years old," he said, "old enough to accept the last sacrifice."

So if Ky can't give an honest or accurate account of the tragedy of Viet Nam, who can?

Leonid Brezhnev? Or Chairman Mao?

FEDERAL FINANCING FOR ENERGY?

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. OTTINGER. Mr. Speaker, this morning's Washington Post carried an excellent editorial discussing the Rockefeller-Ford proposal for a $100 billion bailout for the energy industry. Perhaps the most poignant statement contained in that editorial relates to something about which I am extremely concerned: help for the Nation's leading cities, such as New York. As the editorial points out:

> The administration doesn't want to bail out the American cities, which are crying for help, but it is panting to bail out the energy industry, which hasn't asked for it.

I would like to commend the Post's editorial to my colleagues, for I believe it to be a splendid analysis:

FEDERAL FINANCING FOR ENERGY?

President Ford's proposal for a federal energy investment corporation is a remarkably bad idea—born, apparently, of confusion and frustration. The President wants, understandably, to see some movement. But he's looking in the wrong direction. The beneficiary here would be an industry dominated by some of the biggest companies in the world. Federal loans are, after all, federal subsidies. New subsidies to the oil, coal and nuclear power producers are precisely what the country ought not get into.

This whole concept is strangely uncharacteristic of the Ford administration. It calls for $100 billion worth of federal financing for the energy industry over the next 10 years. The basic assumption is that, without this support the country cannot achieve independence in energy by 1985. Independence is defined as a reduction of imports to a point at which no single coalition of producers—that is, the Arabs—would be able to hold the United States hostage to another embargo.

The capital requirements of the energy industry have been repeatedly analyzed, and the weight of the evidence suggests that Mr. Ford is simply wrong. Last November the Federal Energy Administration published its "Project Independence Report," a massive economic survey. It concluded that, with a price of oil only slightly higher than the present level, imports could actually be brought to zero by 1985. These high prices would generate investment and production while damping down demand. The whole Ford oil policy until now has been based on this strategy. Mr. Ford offers no explanation why huge federal loans and guarantees are now suddenly necessary.

The same ground was covered by the Federal Energy Research and Development Administration in the plan that it published just thee months ago. ERDA said that it had reviewed the FEA's estimates of capital requirements, as well as those of several banks and private consultants, and it concluded: "The consensus of these studies is that the capital markets will be capable of meeting the energy investment demands within the range of the historic proportion of energy investment to total business investment. If these projections turn out to be reasonably accurate, the other sectors of the economy will not be greatly affected in competing for available funds."

Both the FEA and ERDA observed that the electric utilities may be special cases requiring special help. But it also needs to be noted that the utilities' troubles are not solely financial. They still do not know how much power the country will want to buy, at the high prices toward which it is moving. One school of thought holds that, as consumers get over the shock of the price increases, they will revert to the steady increases of 7 per cent a year that they followed up to 1973. But another school is reading the current figures, which show very little increase over the past two years. Some of the recent cancellations of new generating plants have resulted, not from a fiscal squeeze, but from doubts over future markets. There may be a case for federal loans to certain hard-pressed electric utilities. But that's a far cry from shovelling out $100 billion to everybody in the energy industry.

Part of the utilities' current troubles arise from the unforeseen complications of nuclear engineering. The President takes it for granted that the country needs a huge expansion of nuclear generation, regardless of their rising prices. But there is another way to look at the pattern of inordinate construction delays, the succession of newly discovered hazards, and the spectacular cost overruns. Perhaps these accumulating troubles are a signal and a warning that nuclear power is not going to be the ideal power source of which everyone has been dreaming. The President is urging federal loans to build nuclear facilities that, on conventional financial terms, look increasingly uneconomical.

If the President's investment plan suggests a degree of confusion in the administration's energy policy, it reflects double confusion in its fiscal policy. The administration doesn't want to bail out the American cities, which are crying for help, but it is panting to bail out the energy industry, which hasn't asked for it. The administration resists larger federal deficits to stimulate the economy and employment, on grounds that the capital markets can't stand the additional borrowing. But it wants to raise $100 billion in risk capital for energy projects. And it wants to do that in the face of findings from its own agencies that, with the possible exception of the electric utilities, the energy industry doesn't need it.

What's going on here? Mr. Ford appears to be chafing at the long stalemates with Congress over legislation. Winter's coming, and this time the country may suffer a serious fuel shortage. He wants action. But action for action's sake is an expensive diversion. There is a proper role for the federal government in the development and demonstration of new technology. ERDA is already spending $1.6 billion on it this year. But beyond the pilot demonstrations, commercial applications are the responsibility of a private industry that is notably well equipped to take care of itself.

TITLE XX OF THE SOCIAL SECURITY ACT

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mrs. KEYS. Mr. Speaker, on Wednesday, September 24, the Committee on Ways and Means reported a very important piece of business, H.R. 9803, relating to day care services under title XX of the Social Security Act.

As a member of that committee, and as one who has a great deal of interest in and concern for day care because of its unique ability to help parents and especially women realize their potential in the workforce, I regretted that there was not more time in committee to discuss H.R. 9803. The press of committee business and the nature of the emergency faced by some States—especially Louisiana and Oklahoma—was such that time was of the essence.

Mr. Speaker, our action in regard to H.R. 9803 was aimed at giving the Congress and the States a breathing spell in the midst of what has been termed a real crisis. For many complex reasons, reasons that we indicate in our report on H.R. 9803 will be taken up in the 6-month period of postponement, some States and some children could well be harmed if H.R. 9803 does not become law.

So, on Monday, I will join my colleagues in voting for H.R. 9803. In so doing, I will caution that this bill not be altered in any way so as to increase its controversial nature. I will note that many Members, like myself, have amendments which are critical to the efficient functioning of title XX but there is not time for action and proper consideration of those matters if we are to enact H.R. 9803 before October 1, the date when many States would be penalized for noncompliance with title XX.

Before that Monday vote, I will be studying a variety of materials relating to the day care issue, including some materials about the more controversial aspects. These materials, prepared for me by the Child Welfare League of America, Inc., are extremely useful and I ask unanimous consent that they be inserted in the Record at the conclusion of my remarks. My colleagues should know that the Child Welfare League is recognized by the Federal Government as having special expertise in these matters. Indeed, the long decades of work of the league in setting standards for all children's services, including day care service, commend them to us. At the same time, the league counts in its membership nearly 300 agencies serving children, including public welfare agencies and voluntary agencies. Truly, we have a voice for children and for those who have provided services to children for more than 50 years. That voice has both the wisdom of experience in operation of practical services and the expertise of research supported by the Federal Government. I hope that other expert groups such as the league will be called to testify when our committee discusses day care later this session.

Meanwhile, I commend to your attention brief documents on these four subjects: Federal day care standards and where they came from; the myth of high cost day care under title XX; a practical approach to providing infant day care; day care must be looked at as a uniquely difficult service to provide, different from schooling and home.

The articles follow:

A Practical Approach To Providing Infant Day Care

There have been many requests for an explanation of what is needed for infant day care. One of the experts best able to talk about infant day care is Sally Provence, M.D., Professor of Pediatrics and Director of the Child Development Unit, Yale Child Study Center, New Haven, Connecticut.

Dr. Provence is a unique person because she not only has engaged in longitudinal research supported by the Federal government but also actually been in charge of a day care operation serving children from the early months of life through five years of age.

Here is what Dr. Provence recently said at joint hearings on child development legislation. "My involvement has been . . . as a planner, observer, and evaluator of the programs, and as the person responsible for solving problems that came up in the daily work with children, parents, and staff . . . It is difficult enough for one caregiver to respond to the developmental and bodily needs of two infants who, indeed may need to be fed or changed or made comfortable or talked to or provided a play time at the same time. To have the responsibility for more than two places an impossible burden on the caregiver and guarantees that some child is going to be shortchanged. When this goes on day after day, a situation of chronic stress occurs in which even the sturdiest of infants is regularly taxed beyond his limited capacities for coping with stress, and his development is interfered with in one way or another . . . As infants enter the second year and become toddlers, what they need from adults differs in some respects from their needs in the first year, but adult presence and involvement are not less vital. . . . One adult, no matter how talented and durable, cannot provide those important ingredients for more than a few minutes' time with three or four or five or more such young children. . . ."

Having told the Congressional hearing what young children need, Dr. Provence described what happens to those children that are not given decent, individualized care. She said that if the child ". . . is ill cared for, if his environment is not geared to meet his most important developmental needs, at the very least he will be unable to realize his potential and at worst he will be programmed for failure either in his cognitive or in his emotional life and/or in his social adaptation."

Provence endorsed ". . . a plan for continuous monitoring and improvement that moves us . . ." to decent standards.

The Myth of High Cost Day Care Under Title XX

Many groups and individuals are questioning the cost of providing day care services, citing the "outrageous cost" of day care. This is a myth; in fact, day care under Title XX has been so inexpensive that most is either custodial or volunteers are providing free services.

It is not just the cost of staff and the number of staff that is at issue in day care costs. A recent report in Nation's Schools & Colleges notes that heating costs went up 54% in one year and non-salary transportation costs—gasoline—went up 37%. These costs have had similar effects on day care services.

Right now, the average cost of educating a public school student in the United States is $1,169 per year. Based on an estimated 150-day school year and six-hour school day, that means the cost per hour on an enrolled basis is $1.29. $1.29 per hour is the cost of average public schooling, then.

According to estimates printed in the October 1974 Senate Finance print, Child Care Data and Materials, the average annual cost per year for day care under Title IV–A (the predecessor of Title XX) was $1,177 (Federal and other costs) for Fiscal Year 1974. Using the same 5% formula to estimate 1975 costs as used by the Senate Finance Committee staff, the 1975 cost for an average year of day care is $1,236. Based on an estimated 250-day year and average 10-hour day, that means the cost per hour on an enrolled basis is $.49 per hour.

If there is objection to the public schools as "outrageous" in their cost of $1.29 per hour, what about costs of only $.49 per hour for similar care for children that are, on the average, much younger and much more in need of personalized attention and supervision?

Day care under Title XX is cheap, it is custodial, and many children and parents want it to be better. So do many States and public welfare officials. But the real problem is that there is a $2.5 billion ceiling. It is no myth that a lack of money is what lies at the heart of the dispute about costs, not day care which only costs $.49 per hour.

Day Care Must Be Looked at as a Uniquely Difficult Service To Provide, Different From Schooling and Home

Day care is often compared to regular school experience and the situation in a family home. The comparison should not be carried too far. The hours are different. There are no vactions or holidays. The children are not spread over an age spectrum.

HOURS ARE DIFFERENT

Day care that is useful to working parents must last at least 10 hours—and often 12 hours. Ordinary school hours are from five and one-half to six hours. Specialized preschool and play experiences—including Montessori preschools—usually last two and one-half hours. What may be workable for a few hours per day is not necessarily workable for the majority of a child's waking hours. Day care in most cases provides all the child's real social experiences; day care generally is substitute parenting, "child-rearing" in its real sense.

THERE ARE NO VACATIONS

Most schools provide 150 days of instruction per year. Day care must be offered full-time because parents work full time. 250 days of day care at 10 hours per day is very different from 150 days of school at 5 hours per day or 90 days of preschool at 2 and one-half hours per day.

AGE GROUPING IN DAY CARE IS DIFFERENT

It can be argued that a mother with eight children may be able to care for her family. It must be remembered that in those cases, there are not only older children who can assist with care and chores but that there is a father who can help. At the minimum with children spread from infancy through adolescence there would be a 1: 4 ratio in such a home. There is, of course, little likelihood that normal childbirth would result in a situation where even three children would be "infants"—in diapers, requiring constant attention and care—triplets are extremely rare. Few mothers of twins who successfully cope with them all day long would testify that paid workers could bring to the task of multiple infant caregiving the love, affectionate patience, and devotion of a mother for her own children.

Day care is different. In discussing what is acceptable in day care by comparisons to public schools or care-giving in families, caution is needed.

Federal Day Care Standards and Where They Came From

Many groups and individuals have asked: Where did the Federal Interagency Day Care Requirements, adopted officially in 1968, come from?

According to those involved in developing them, there were three major sources. First, there was the Standards for Day Care Service of the Child Welfare League of America, Inc. Second, there was the Head Start Manual of Policies and Instructions. Third, there was a careful deliberative process within the Federal government which used the two previous documents and added current evidence and practice as voiced by representative experts.[1]

The Child Welfare League Standards carry a list of the many experts, from across the U.S. and from various organizations and disciplines, who were responsible for revising the 1960 Standards. Like the group of experts that worked on the earlier Standards, their agreement was based on the best knowledge available from practical experience in offering day care service and research findings about day care service.[2]

The Dept. of Health, Education, and Welfare archives should contain information about those responsible for developing the Head Start Manual as well as the 1968 Requirements.

League Standards, Head Start Manual, or 1968 Requirements—all have the common purpose of carefully describing in common-sense language what is needed to serve children properly, including the role that must properly be played by parents. The three documents do not speak to the costs of decent day care, a separate matter to be decided by policy-makers at those levels of government charged with paying for public programs.

Whether paid for by public funds, voluntary donations or parents themselves, services provided that meet the common goals of these three documents will benefit children.

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[1] Jule M. Sugarman told the League recently that this was the process.

[2] See the League Standards, pp. iii–iv, for list of experts and affiliation at time of activity.

COUGHLIN SALUTES LOCAL FIRM'S 125 YEARS OF COMMUNITY SERVICE

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. COUGHLIN. Mr. Speaker, it is with great pride and pleasure that I salute the Pennwalt Corp. which yesterday celebrated its 125th year. As a responsible corporate citizen, Pennwalt Corp. continues to demonstrate its long-standing commitment to community service.

On May 20 of this year, for example, Pennwalt Corp. was honored by receiving Esquire magazine's Business in the Arts Award for sponsoring the European tour of the Philadelphia Orchestra, its commitment to artistic excellence is also exhibited by Pennwalt Corp.'s foundation support of the Portland Symphony, the Philadelphia Art Museum, the Philbrook Art Center of Tulsa, Okla., the Philadelphia Orchestra Society Fund, and the Academy of Music Restoration.

Its positive concern for the advancement of vital scientific research and health care is reflected in Pennwalt Foundation gifts to the Franklin Institute, the Buffalo Society of Natural Sciences, the Zoological Society of Philadelphia, the Philadelphia Academy of Natural Sciences, the Medical College of Pennsylvania, St. Joseph's College, and Bryn Mawr, Hahnemann and Children's Hospitals.

The 240 individual gifts for the benefit of the arts and sciences in 1974 are, indeed, an exemplary record for which Pennwalt Corp. deserves unqualified praise. The enrichment of our cultural and scientific legacies is a service not only to the community but to the Nation as well.

Pennwalt Corp.'s generosity reaches its greatest significance, however, in its benefits to the education of our youth. As one of the first companies to participate in the matching gifts program to private secondary schools and colleges, Pennwalt Corp. has made possible countless scholarships to qualified and deserving students. In fact, in 1974 alone, 30 matching gifts were made through Pennwalt Corp. Its commitment to the education of underprivileged children, moreover, is evident in Pennwalt Corp.'s involvement in the Independent School Fund of Philadelphia and "a better chance" program. This company has also been a consistent contributor to the United Negro College Fund.

From its modest beginning as the Pennsylvania Salt Manufacturing Co., this Philadelphia firm prospered into the largest supplier of dental equipment and supplies with 99 plants in 19 countries. With the second longest record of continuous dividend payments of any company on the New York Stock Exchange, Pennwalt Corp. has contributed significantly to the economic well-being of the Philadelphia area, Pennsylvania, and the Nation. Its success in the world market, moreover, has facilitated a favorable balance of payments for America and cooperative relations with our overseas neighbors.

The dedication to excellence in commerce and the commitment to the needs of the community and Nation are a testimony to the viability of the free enterprise system. Pennwalt Corp.'s consistent pursuit of these ideals is a tradition most worthy of emulation and honor. I, therefore, congratulate Pennwalt Corp. as it celebrates 125 years of noteworthy performance and community service.

A TESTIMONIAL IN HONOR OF MSGR. LEO HAMMERL

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. KEMP. Mr. Speaker, on October 6 a testimonial dinner will be held in West Seneca, N.Y., to honor Msgr. Leo E. Hammerl who has been an outstanding educator and administrator with the Catholic school system for the past three decades. His service to our community and our county both as a spiritual and educational leader is unsurpassed.

I speak on behalf of a great many western New Yorkers in saying that Monsignor Hammerl will be sorely missed as he leaves his 14-year assignment as superintendent of the Catholic school system to devote his full time to pastoral work in the Buffalo area.

To paraphrase Cervantes: "The great legacy he leaves helps alleviate the loss we would otherwise experience."

In 30 years of service, Monsignor Hammerl has lent his talents and energies to a broad spectrum of causes throughout the western New York area. At this point, Mr. Speaker, I would like to include for the RECORD, a description of monsignor's background and community activities, as well as the article which recently appeared in the western New York Catholic detailing a fine term of achievement.

I wish Monsignor Hammerl continued happiness and health, and I deeply thank him for the fine example he has drawn for the people of New York and across the country.

The article follows:

Rev. Msgr. Leo E. Hammerl

1. Facts of Monsignor Hammerl's Life:

May 27, 1920: born in Buffalo.

Education: Holy Name School, The Little Seminary, Christ the King Seminary at St. Bonaventure.

Ordination: September 21, 1944.

Early Assignments: Most Precious Blood, Angola; Holy Spirit, Buffalo; St. Lucy, Buffalo.

June 30, 1945—Part-time Assistant Superintendent of Schools.

September 11, 1946—assigned to the Department of Education full time.

June 13, 1961—appointed Superintendent of Schools.

July 1, 1961—Chaplain at St. Francis Home, Williamsville.

June 6, 1970—appointed Pastor, Our Lady of Peace, Clarence.

July 1, 1975—retired as Superintendent of Schools after thirty years in the Diocesan Department of Education.

2. Achievements in Education Department:

Three goals of Catholic Education as outlined by Bishops of the United States in Pastoral Letter, "To Teach As Jesus Did".

a. to proclaim the teaching of Jesus Christ and His Church.

b. to build Christian Community.

c. to prepare students for service to the Church and the Community.

These goals have been accomplished under Monsignor Hammerl's direction.

The growth of quality Catholic education within the Diocese of Buffalo.

Innovative Programs within School Department: Diocesan Home School Federation, inservice program for training competent lay teachers, curriculum development and implementation.

3. Esteem of Priests, Religious and Laity of the Diocese of Buffalo:

Honored by: Pope John XXIII—Chaplain to His Holiness—June 5, 1959, Pope Paul VI—Prelate of Honor—June 13, 1969.

Esteem of priests of the Diocese, elected to Priests Senate, elected to Personnel Board, member of the Diocesan Consultors, member of the Editorial Board of our Diocesan Paper, member of New York State Catholic Committee.

Esteem of Civic Leaders, active in many organizations and committees, locally, and state-wide, in educational planning.

Testimonial Will Honor Hammerl

Monsignor Leo E. Hammerl, who recently completed 30 years in the Catholic School Department and 14 years as Superintendent of Schools for the Diocese of Buffalo will be honored at a public Testimonial Dinner on Monday, October 6, 1975. The dinner is scheduled for the Pellamwood House in West Seneca and invitations are currently being prepared.

Heading the list of Buffalo area educational, civic, and church leaders in attendance will be Bishop Edward D. Head who will serve as main speaker for the event. The public is invited. Those wishing to make arrangements for invitations may contact the Catholic School Department at 100 S. Elmwood Avenue, Buffalo, phone 853-3775.

Monsignor Hammerl, who left the Superintendency to devote full time to his work as pastor at Our Lady of Peace Parish in Clarence, was active in a number of Buffalo area endeavors during his years in the School Department. He served as a Member of the Editorial Board of the Western New York Catholic, the Erie County Narcotics Board, the Buffalo Youth Board, the Advisory Board of Baker Hill, and the Advisory Board of Trocaire College.

Monsignor Hammerl was also active as a member of the Boards of Directors of the Buffalo Council on World Affairs, the Buffalo Society of Natural Science, the Greater Niagara Frontier Council of the Boy Scouts of America, the Buffalo and Erie County Health Association, the Buffalo Philarmonic Orchestra Society, the Buffalo Chapter of the National Conference of Christians and Jews, the Grosvenor Society, the Western New York Tuberculosis and Health Association, Junior Achievement of the Niagara Frontier, the Buffalo Chamber of Commerce, and the Western Regional Office for Educational Planning.

Since its establishment, 25 years ago, Monsignor Hammerl has worked with the Federation of Home School Associations in the Diocese and served as its Moderator for the last 15 years. At the State level, he served as a Member of the New York State Council of Catholic School Superintendents and as a founding member of the Catholic Curriculum Committee. In this latter capacity he was instrumental in establishing common courses of study for Catholic elementary schools throughout New York State. These courses were also selected for use in the elementary schools of other Dioceses.

At the national level, Monsignor Hammerl was active as a member of the Executive

Committee of the Elementary School Section of the National Catholic Educational Association.

Monsignor Hammerl, a native of Buffalo, is a graduate of Holy Name Elementary School, the Diocesan Preparatory Seminary, and Christ the King Seminary at St. Bonaventure University. He received a Master of Arts Degree from St. Bonaventure's in 1945 and a Master of Science in Education from the same University in 1947. He holds Honorary Doctorates from St. Bonaventure University and Medaille College.

U.S. POLICY IN WESTERN PACIFIC

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. PETTIS. Mr. Speaker, as a member of the House Committee on Interior and Insular Affairs, I had the opportunity during the August congressional recess of visiting Guam and the Trust Territory of the Pacific Islands—commonly referred to as Micronesia—to complete a first-hand assessment of factors which influence the formulation and operation of U.S. policy in the Western Pacific.

As you are aware, Mr. Speaker, the House recently approved a resolution, which I sponsored, to establish the Northern Marianas Commonwealth. In light of the House's action and the subsequent delay on this matter in the other body, the Honorable PHILLIP BURTON, chairman of the House Committee on Interior and Insular Affairs, Subcommittee on Territorial and Insular Affairs, asked me to investigate the current political and economic situation not only in the Northern Marianas but in other districts of Micronesia as well. Thus, this report is, in part, a response to Mr. BURTON's request.

BACKGROUND

Scattered across 3 million square miles in the mid-Pacific, south of Hawaii and Okinawa but north of the equator is the "nation of tiny islands" called Micronesia. Known formally as the Trust Territory of the Pacific Islands—TTPI—Micronesia is made up of some 2,140 islands, islets and atolls—of which only 90 are inhabited—and is populated by roughly 115,000 people of seven different ethnic groups, speaking nine unrelated languages, on three major island chains: the Marshalls, the Carolines and the Marianas. Although geographically and culturally part of the Marianas, the island of Guam has been a U.S. Territory since 1898.

For the past 80 years, Micronesia has been under the suzerainty of Spain, Germany, Japan, and the United States. In 1947, the United States on the basis of a joint congressional resolution assumed responsibility for the administration of Micronesia under a United Nation's trusteeship agreement. The Security Council approved its designation as a strategic trusteeship in recognition of the islands' military importance during World War II. Such designation afforded the United States the right to establish and use military facilities in the area for the maintenance of peace and international security. On the other hand, the United States was obligated to foster Micronesian development toward self-government and/or independence.

Following the separation of powers model, the executive branch of the Trust Territory Government rests in the hands of the High Commissioner, appointed by the President of the United States with the advice and consent of the Senate. Administratively, the Trust Territory is subdivided largely on the basis of ethnic and language differences into six districts: that is, the Marshall Islands, Ponape, Truk, Yap, Palau and the Northern Mariana Islands. The Congress of Micronesia is the supreme elected legislative body of the Territory; whereas, judicial authority resides with the High Court, comprised of three judges appointed by the Secretary of the Interior.

Since 1969, a series of meetings, designed to bring self-government to the Trust Territory, has occurred between U.S. negotiators and a specially appointed committee of the Micronesian Congress.

Initially, talks were Micronesian-wide; but when it became apparent in April 1972, that the other Districts were bent on a much looser political affiliation than U.S. territorial status, the Northern Marianas' leadership requested and obtained, separate status negotiations. Arising from these separate talks, the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America ensued; and it was that document which the U.S. House of Representatives unanimously approved last July. Final implementation of the Covenant, however, does not rest with the Congress. Even when ratified by both Houses, the Northern Marianas Commonwealth will not exist as a political entity until an acceptable political solution for the other five Micronesian Districts has been achieved and the U.N. Trusteeship formally terminated. In this regard, however, the United States has often reiterated before the U.N. Trusteeship Council that the separate administration of one portion of Micronesia apart from the other would be proper under the terms of the Trusteeship Agreement.

GUAM

I arrived at Guam, the largest island in Micronesia, on August 14 and was greeted by my colleague, Mr. ANTONIO WON PAT, Guam's Delegate to the U.S. Congress.

My stay included a series of briefings by Governor Bordallo and members of the senate on Guam's future economic plans, the island's political aspirations, and its needs for capital improvements.

Guam's requirement for modern sewage and water systems was repeatedly expressed to me during my visit. Because hearings on this subject have already been held by the House Interior Committee, I strongly urge the administration to expedite its review of Guam's legislative proposal and to endorse a Federal authorization, providing grant assistance and loans to develop public utilities on the island.

THE MILITARY'S ROLE IN THE MARIANAS

My last stop on Guam was a visit with Read Adm. K. J. Carroll, the U.S. Navy's commander in the Marianas. The purpose of this stop was to investigate charges by critics of the Marianas Commonwealth Covenant that the acquisition of land on the island of Tinian represents a military land grab and is the precursor to the construction of a multi-million dollar joint-usage base in America's territory. In an informative discussion, Admiral Carroll assured me that the Defense Department's current desire is to lease two-thirds of Tinian for military training exercises. Admittedly, in time of emergency this land could be used to accommodate a military buildup, but at the present moment, such considerations are mere contingency options. Moreover, no congressional funding has been requested for such base construction.

TINIAN

My introduction to the Northern Marianas occurred on August 18. Landing on a former World War II B-29 strip, I was greeted by most of Tinian's population.

In my discussion with Tinian's leaders, a sober recognition of the responsibility accompanying U.S. citizenship was evidenced. I also discussed the proposed military plans for Tinian with members of the Tinian Municiple Council. Although not enthusiastic about having their peoples' lives disrupted by military operations, the councilmen overwhelmingly expressed a willingness to accommodate legitimate U.S. security interests in the Pacific. A tour of the island followed, wherein I was impressed with Tinian's agricultural potential. Since Tinian is sparsely populated—about 8,000—the Micronesian demand for foodstuffs will most likely draw prospective farmers to the island's fertile fields. I was relieved to learn that to meet this probable influx of new immigrants, provisions have been made to lease back, for agricultural purposes, at an annual rate of $1, 6,400 acres of military land acquisition.

SAIPAN

Leaving Tinian, I arrived the very same day on Saipan, the administrative capital of Micronesia and was greeted by an amazingly enthusiastic crowd.

My purpose for visiting Saipan was two-fold: (1) to meet with the leaders of the Micronesian Constitutional Convention; and (2) to assess long-range developmental planning which would facilitate the island's self-sufficiency.

MICRONESIA CONSTITUTIONAL CONVENTION

While on Saipan, I visited a working session of the Micronesian Constitutional Convention. Convened in July of this year, this assemblage was partially financed by Federal funds to assist the Trust Territory in drawing up a future constitution and national government for the Districts of Micronesia. Although I endorse this exercise in political development, I foresee significant obstacles ahead that will impede if not prevent the formulation of an effective and dynamic central government. Namely, at this point in time, local and district self-government in Micronesia, with the exception of the northern Marianas, has not progressed sufficiently far to provide a ready transition from the status of the governed to the governing. As history demonstrates, government responsibility is learned from the bottom up and not imposed from the top down. More thought should be given to effecting self-government at the lower echelons in order to provide a training ground for the assumption of responsibilities at the national level.

LONG-RANGE PLANNING

When one makes the flight over thousands of miles to reach Saipan, he becomes sorely impressed with the cost necessary to transport bulk materials, particularly building materials, to the Trust Territory. The rising cost of energy, so prevalent in the States, has reached out to Micronesia. Adding transportation costs to inflated costs of labor and supplies readily reduces the amount available for capital improvements. Accordingly, if U.S. tax dollars are to be spent efficiently in Micronesia, long-range plans must be realistically formulated to insure that essential priorities are met in a systematic manner.

The need for economic development was repeatedly emphasized to me during my visit. If Micronesia is to overcome its problems as an underdeveloped area, innovation must be used in utilizing its limited resources. In this regard, I urge the Secretary of the Interior to investigate new power sources for the islands—solar radiation and wind generators—for example. The utter dependence of Micronesia upon diesel fuel to propel its limited electrical power generators absorbs vast amounts of dollars than can serve better purposes.

TRUK

Truk District, another of the Micronesian Districts visited, is situated 554 miles southwest of Guam. You may remember that Truk Atoll served as a major staging area during World War II for the Japanese fleet in its drive toward Australia. Today, U.S. military detachments are busy rebuilding Micronesian society.

During my visit to Truk Atoll, I viewed the efforts of a small group of devoted airmen whose assignment to Truk is part of the Department of Defense Civic Action Team program in Micronesia. These small teams of military engineers are significantly improving local living standards through various community construction projects as well as training the inhabitants in badly needed mechanical skills. In Truk, secondary roads are under construction and have already opened up the agricultural potential of the islands.

Secondly, I boarded a naval fleet auxiliary, which had just completed a mission to the outer islands of Micronesia, delivering vital medicines and improvised rain water catchments. In many instances, the U.S. Navy provides the primary contact with the outside world for the people of these remote atolls; without such assistance, their very livelihood would be jeopardized.

Lastly, I made the acquaintance of a group of U.S. Coastguardsmen, engaged in an aerial survey of the trust territory. From them, I learned of the important services rendered by the U.S. Coast Guard to Micronesia; for example, navigation assistance, air-sea rescue, water pollution control, surveillance of territorial waters and marine resources. The importance of such work cannot be deemphasized in an archipelagic environment. I commend those men and the many like them who are performing a vital function in support of America's humanitarian obligations to Micronesia. I intend to support, on a case-by-case basis, future developmental assistance programs in Micronesia, sponsored by the Departments of Defense and Transportation.

PONAPE

My last stop in Micronesia was to Ponape in the eastern Carolines. Often described as "the way Tahiti was, 50 years ago," Ponape represents a geologic transition between the Marshall atolls and the high volcanic islands of western Micronesia. It is a single, high, densely-overgrown island, but with a wide coral reef around it. My specific interest here was to investigate the Micronesian educational system.

Patterned after the American model, all Micronesians attend 8 years of elementary school; subsequently, many, when dormitory space is available, continue into 4 years of secondary education. During the early years of the trusteeship, the curriculum, introduced by American educators, taught Micronesians how to become good "Californians" or "New Yorkers" with little attention devoted to the student's future role as a Micronesian. Fortunately, over the years, the error in this approach was recognized; and I am pleased to report that primary and secondary school curriculums are gradually being revised.

There is need for improved postsecondary education, however. One of the best examples of the type of education that is needed in Micronesia is Father Costigan's Ponape Agricultural and Trade School—PATS—which I visited while in Ponape. Father Costigan has developed courses of instruction designed to teach the islander not only how to cope, but how to prosper in his surroundings. Instruction centers upon agricultural techniques, pertinent to the tropics; upon the maintenance and repair of simple power tools and motors, common to all district centers; and upon construction techniques, designed to withstand torrential downpours and yet employing native materials. PATS tailors its instruction to meet the requirements of its students; happily, many of these precedents and innovations have been incorporated into the Micronesia Occupational Center—MOC—on Palau, which, too, is emphasizing the practical rather than the esoteric.

The 2-year Community College of Micronesia—CCM—on the other hand, appears to be floundering. A college, originally created to provide elementary schoolteachers, CCM represents the only postsecondary school in Micronesia with an academic bent. With the need to provide an abundance of schoolteachers now met, CCM is struggling to restate its educational goals. Moreover, lacking the prestige of U.S. scholarship programs, CCM generally attracts the lesser motivated student. Consequently, with imprecise educational goals, an uninspired faculty and a lackadaisical student body, the future of CCM is indeed questionable.

Though my attention does not focus on the longevity of CCM as an institution per se, I am convinced that eventually a college for Micronesians and taught by Micronesians will be founded. My concern, however, is derived from the recent proposal to expand CCM, from its present shaky grounds to a 4-year institution. Admittedly, new facilities are a requisite; but what is needed even more is indepth planning—the assurance that not only the physical facilities, including roads, sewers, electrical power, and water mains are provided but that an adequate and cogent curriculum is available which will be taught by a dedicated and competent teaching staff. New buildings must await the establishment of a firm, academic program, completely responsive to the people's needs.

CONCLUSION

Mr. Speaker, Micronesia is a complex jigsaw puzzle whose pieces must all be in place if one is to formulate a complete picture. Too often, American experts have traveled to the trust territory without realizing the impact that westernization has had on the various segments of Micronesian society—be it economic, social, or psychological.

In my brief 10-day trip, I gained sufficient insight only to recognize my ignorance. A formative nation of multicultures and varying tongues cannot be treated in a cavalier fashion. The Micronesians themselves must define their problems and develop their own solutions. We in this House, Mr. Speaker, can only advise and lend sympathetic support to the Micronesian cause; to provide American solutions for Micronesian problems is indeed presumptuous.

SPECIAL THANKS

The success of my Micronesian trip was dependent upon the cooperation and warm support offered by all whom I met. Particularly, I wish to commend the Deputy High Commissioner, Peter Coleman, for his kind hospitality; also Peter's special assistant, N. Neiman Craley, Jr., a former Member of this body, who meticulously coordinated the details of my trip. I am also indebted to the district administrators: Frank Ada of the Northern Marianas, Mitaro Danis of Truk and Bermin Weilbacher for their diligence. Lastly, special greetings to my fellow legislators: The Honorable Tosiwo Nakayama, president of the Senate, Congress of Micronesia; the Honorable Bethwel Henry, speaker of the House, Congress of Micronesia; and the Honorable Vicente N. Santos, president of the Marianas Legislature. I have confidence in Micronesia's future under your leadership.

AMENDMENT TO H.R. 8603

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. ALEXANDER. Mr. Speaker, on Monday, September 29, I will offer the following amendment to H.R. 8603 Postal Reorganization Act amendments:

AMENDMENT TO H.R. 8603, AS REPORTED, OFFERED BY MR. ALEXANDER

Page 12, strike out line 20 and all that follows through page 13, line 6, and insert in lieu thereof the following:

SEC. 2. (a)(1) Section 2401(a) of title 39, United States Code, is amended to read as follows:

"(a)(1) There are authorized to be appropriated to the Postal Service for the fiscal year ending June 30, 1976, such sums as may be necessary to enable the Postal Service to carry out the purposes, functions, and powers authorized by this title.

"(2) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service.

"(3) All revenues and fees collected by the Postal Service shall be deposited in the general fund of the Treasury of the United States.".

(2) Section 2003(b)(1) of such title is amended to read as follows:

"(1) amounts appropriated pursuant to the authorization made by section 2401(a)(1) of this title;".

(3) Section 2003(b)(3) of such title is amended by inserting "in addition to amounts appropriated pursuant to the authorization made by section 2401(a)(1) of this title" immediately after "Postal Service".

(4) Section 4(b) of the Postal Reorganization Act (Public Law 91–375; 84 Stat. 774) is amended by striking out "Postal Service" and inserting in lieu thereof "United States, and shall be deposited in the general fund of the Treasury of the United States in accordance with section 2401(a)(3) of title 39, United States Code, as added by the Postal Reorganization Act Amendments of 1975".

(b) Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b)(1) There are authorized to be appropriated to the Postal Service such sums as may be necessary as reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere.

Page 14, immediately after line 18, insert the following new subsection:

(c)(1) Section of 3621 of title 39, United States Code, is amended by striking out "income" and inserting in lieu thereof "revenue".

(2) Section 3625(d) of such title is amended by striking out "income" and inserting in lieu thereof "revenue".

ARTICLES FROM THE CENTER MAGAZINE AND FIELD AND STREAM

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. McCLOSKEY. Mr. Speaker, I am pleased to offer a third portion of an excellent article on the relationship between journalists and the owners of television and radio outlets from the July/August 1975 issue of the Center Magazine. The author is Michael Frome, a former writer for Field and Stream magazine.

The article follows:

RELATIONSHIP BETWEEN JOURNALISTS AND OWNERS OF TELEVISION AND RADIO OUTLETS

As evidence of my anti-hunting bias, Mr. Samson, now editor of *Field and Stream*, disseminated a photocopy of a page from Cleveland Amory's new book, *Man Kind?* On this page Mr. Amory quotes from my latest book, *Battle for the Wilderness*, in which I wrote:

"Although hunting plays a valid role as an outdoors experience, the rightness of one being to kill another for sport is now extremely moot. The need to hunt for food is gone. Much of sport hunting has scant relevancy to primitive instincts or old traditions. It does little to instill a conservation conscience. Blasting polar bears from airplanes, hunting the Arabian oryx—or deer—from automobiles, trail bikes, or snowmobiles, tracking a quarry with walkie-talkie radios, killing for the sake of killing annihilate the hunt's essential character. There can't be much thrill to 'the chase' when there is little chase. At one end of the spectrum, 'slob hunters' shoot farmers' livestock, road signs, and each other. At the opposite end are the superpredators: jet-set gunners whose greatest goal is to mount on their walls one of everything that walked Noah's plank."

If that is an anti-hunting statement, my critics are free to make the most of it. In our time, sportsmanship and appreciation of outdoor life constitute the real meaning in hunting. I decry poor hunting practices of all sorts; those who violate the basic rules of outdoor sportsmanship give hunting and hunters a bad name. Dale A. Burk, outdoor editor of Montana's *Daily Missoulian*, stressed this point in his column of February 11, 1975:

"Samson is incorrect in assuming that this statement is anti-hunting. It is simply anti-bad-hunting practices and any responsible sportsman would share Frome's point of view that hunters must deal responsibly to eliminate from their ranks those who cause the sport much trouble and lend fire to the anti-hunting forces. . . ."

"Representative Conte (Silvio Conte, of Massachusetts) put it in these terms: 'With the dismissal of Mike Frome, the media barons have tarnished the C.B.S. halo. It appears that when the chips were down the public interest was sacrificed to the corporation's self-interest. If so, then the firing of Mike Frome must be interpreted as a selfish and hypocritical act.'"

The *Field & Stream* editor's justification for my dismissal disturbed the Society of Magazine Writers, too, but for another reason. On the Barry Farber radio program in New York on March 6, 1975, Pat McGrady, chairman of the Society's Professional Rights Committee, explained his concern:

"I was once told by the editor of a women's magazine that he would never contemplate an article suggestion that would expose the cosmetics industry, for the logical, if not good, reason that the cosmetics industry supports heavy advertising revenue with almost all of them. That editor never told me that if I could find a magazine or a broadcasting outlet where I could talk about how the public was being bilked by cosmetics manufacturers I couldn't say it there—and also continue to write for his magazine. Now what we have here is a very interesting case because the editor of *Field & Stream*, Jack Samson, in effect has laid down an edict that writers for that magazine in no other media are permitted to voice any quality or degree of anti-hunting sentiment. I find this a colossal presumption. . . . Where a man is chastised for expressing, not an anti-hunting opinion, but an anti-slaughterhouse opinion, in *another* publication, I think they've got a lot to answer for."

Mr. McGrady reported in this same interview how he had talked with Mr. Samson and John Suhler, president of C.B.S. Publications, about my dismissal. ". . Jack said, 'Well, you know he wasn't doing the kind of job we wanted, that's really why—I didn't—we fired him. And there were other things.' I said, 'What wasn't he doing the way you wanted him to?' He said, 'Well, when he was doing those exposés—I mean he was going so heavy on the exposés. . . .' And he said, 'Above all, the thing I really objected to when he was doing those exposés—I mean filling the whole article with names of people. He didn't have to do that! I don't mind an exposé every now and then, but when you start putting the names in, embarrassing people, you're going too far.'"

All this illustrates why the media serves such bland fare—the mass media, I mean, to which millions of Americans are chronically exposed daily, nightly, weekly, and monthly, complete with color pages and with dazzling living television color. Challenges to society are restricted or simply sanitized out.

One of the principal challenges of our time revolves around energy. Americans have been led to believe that we desperately require the exploration and exploitation of new energy sources. But energy is much less needed for the true needs of the people than to furnish voltage for television commercials promoting another year of ever-changing automobile taillights. Industries insist they are furnishing materials for growth, but never say that the depletion of resources circumscribes the true potential of the nation. Yet, the people are not informed because most channels of information are controlled by the same forces.

Newspapers, broadcasting outlets, motion pictures, and even school texbooks are like advertising. The main purpose of television is not to educate; if it were, there would be no need for off-brand educational television. The principal function of the commercial channels is to keep the public abreast of highly important items for modern living, such as detergents and deodorants. Performers fill time leading into the commercials. So do newscasters and commentators. How could they possibly alert the public to the environmental crisis when they are part of the pattern that spurs waste and overconsumption and that drags down the taste of the American people?

The media are deeply committed to the syndrome of growth and energy exploitation, not simply because of reliance on advertising for survival, but because it is woven integrally into the system. The media are related both by blood and marriage to the establishment that runs things. Thus the sources of news in this country are largely big business and big government.

"To say that Idahoans are on the whole rather poorly served by the press—which means radio and television as well as daily and weekly newspapers—is to put it mildly," wrote Sam Day, in the Intermountain Observer in 1969. One aspect, he noted, is that most news media in Idaho do not even bother to cover the meetings of major state boards, including those concerned with natural resources. They are under the impression the job is being done for them. But this is an illusion, for the wire service reports upon which they rely are based for the most part on material prepared by publicity men of the agencies themselves, reflecting the official point of view.

"The inadequacy of news coverage in Idaho actually goes deeper than that," wrote Mr. Day. "Too often the reporter goes no further than official news sources, or sources where the news has been neatly packaged for him." Consequently, most newspapers are look-alikes, feeding the same fare, serving the same power structure, rarely digging out and exposing real-estate scandals, industry-caused air or water pollution, or a thousand other abuses of the environment and the common man's dignity. The public-relations man, promoting the interests of those with funds to pay him, has become more a source of news than the public itself.

Highly respected newspapers are as corruptible as the obscure. The Scripps-Howard newspapers have crusaded against billboards, the highway lobby, and the trucking lobby; they even present an annual national award for the best newspaper writing on conservation. But in Memphis, Tennessee, when the chips were down during the nineteen-fifties and nineteen-sixties, in dealing with a local wilderness standing in the way of commercial profitability, it was quite another story. In that city Scripps-Howard holds a monopoly over morning and afternoon newspapers and owns major radio and television stations. It could have used these media to defend Overton Park as a priceless possession of 342 acres with seventy-five varieties of trees, one of the few urban forests left in the world today. Alas! Downtown merchants and developers became convinced that a freeway through the park would jingle coins in their pockets. For years Scripps-Howard led the battle in their behalf, suppressing news, slanting and distorting news, ridiculing park defenders, browbeating the city council, belittling any politician who dared to stand up in behalf of the park. Scripps-Howard sought time and again to create the impression that the issue had been settled irrevocably beyond salvation through public interest or public action.

I wrote about this case in 1970, and one year alter was quoted in a booklet on Overton Park written by Irma O. Sternberg. She described the issue as it evolved:

"So severe had Memphis brainwashing been that local businessmen, engineers, other professional men in various areas, speak *at their peril* against desecration of the park and distortion of expressway facts. Much of the same accusation as that made by Frome was printed in an editorial in a local professional journal (*Memphis Architecture*, published by the Memphis Chapter of the American Institute of Architects). Highly respected locally and nationally, the editor nevertheless received from several members of the highway-promoting establishment scathing letters of rebuke—as might be expected. But worse: he was severely censured by many of his own associates, who apparently value the continued patronage of the local establishment above the preservation of the democratic tradition and free speech in Memphis. . . .

"Pity our community, where truth has become a villain and an outlaw, and the only socially and economically acceptable 'facts' are those approved by the media! This is *not* the benign dictatorship of a Crump regime."

The Washington *Post* offers another case in point. The news copy in its weekly real estate section is little more than pure puffery designed to dignify the advertisements. If the presentation of news is the paper's basic function, why not a weekly section on human rights or on natural resources conservation, which are burning issues of the Washington metropolitan area?

The Washington *Post* has carried notable editorials on conservation in distant places, such as the Grand Canyon, Alaska, and the redwood country of California. But on the home front it has shown itself as part of the establishment promoting development for profitability's sake. Sam Smith, editor of the *D.C. Gazette*, a struggling spunky monthly which gives hope and heart to the inner city, is a bitter critic who writes: "As a local power, the *Post* has not only been conservative, it has been dangerously reactionary, serving the economic interests of the most greedy of the powerful. Urban renewal, freeways, convention centers, the multi-billion-dollar subway fiasco, all owe a deep debt to the long loyalty of the Washington *Post*. . . . To the city, the *Post* is Big Business first and journalism second."

A typical *Post* editorial, titled, "Our New Satellite Cities," published July 6, 1968, reveled in "the dramatic burgeoning of new business centers in the Washington suburbs." It cheered the prospect of a new skyscraper city, with buildings up to thirty stories, which, in fact, would destroy qualities of living in the Virginia section called Tyson's Corner. It urged the debasement of rural counties with a promise of "enormous profits that will result from rezoning of this land." More recently, on September 30, 1972, the *Post* editorialized in support of construction of four nineteen-story towers that would disfigure and destroy the shoreline of suburban Alexandria, Virginia, where I live, at a time when citizen conservationists were mustering every effort to block it. "It will bring more people and life to the nearby historic old town which is being most intelligently renewed," advised the *Post*. "It sorely needs more life and business, however." Curiously enough, "Save Charleston" was the title of an editorial published soon afterward supporting South Carolina citizen efforts to keep high-rise development out of just such an area.

What the *Post* failed to mention was its own vested interest in commercial exploitation of the Alexandria waterfront, through its subsidiary, the Robinson Terminal Warehouse Corporation, and the strong likelihood of a windfall profit. Indeed, on October 5, 1973, the Secretary of the Interior, Rogers C. B. Morton, asked for a court injunction to halt enlargement by the Robinson Terminal and infringement on lands claimed by the federal government. Robinson agents were driving piling to double the size of the warehouse, even after receiving written objections by the Interior Department. Such action, according to Secretary Morton, placed the *Post* in "a very hypocritical position."

We ought to know who owns what and to banish such hypocrisy. The Washington *Post* has often demanded, and quite rightly that public officials make full disclosure of their financial stakes. If the *Post* is to use its editorial columns to influence public opinion to better its own financial position it must do no less.

But how do we make certain this will really be done?

"No experiment can be more interesting than that we are now trying, and which we trust will end in establishing that man may be governed by reason and truth," Jefferson said. "Our first object should therefore be to leave open to him all avenues of truth. The most effective hitherto found is the freedom of the press. It is, therefore, the first shut up by those who fear the investigation of their action."

As I read the First Amendment, protection goes to the owner or operator of the press. Nevertheless, there is a need for Congress to enunciate a sound public policy to insure that the media themselves do not restrict the avenues of truth through the influence of conglomerate control of non-media-related business activities. A medium of communication should not be owned by another corporation, certainly not by a corporate conglomerate, because of the strong possibility that the medium's undertakings will be subverted to the service of interests other than the dissemination of truth.

C.B.S., Inc., as a case in point, owns radio and TV stations; it makes records and musical instruments (including Steinway pianos); publishes books (both through Holt and Popular Library, a paperback house) and magazines; conducts research and development for industry, the military, and space technology. C.B.S. must tirelessly woo congressional backing for license renewals, as well as for its policies on cable TV and equal time. As Stansbury and Flattau pointed out, these concerns make C.B.S. far more sensitive to the politicians' wrath than an independent publisher of *Field & Stream* would be.

It is easy to say, I suppose, that I still have every right to speak and to express myself, just as I had before, that the only change is that I no longer enjoy the privilege heretofore accorded to express myself in the pages of *Field & Stream*. Maybe so. But as Peter Harnik, of Environmental Action, declared in his letter of protest to C.B.S.'s Mr. Paley:

"Mike Frome's removal is but another step in the polarization of our society, something C.B.S. should have a great stake in minimizing. Mike was reaching a large 'middle-of-the road' audience with perceptive commentary on controversial issues that all Americans should be aware of. Now he may be forced to write for environmentalist publications, in effect preaching to the converted, while his *Field & Stream* audience will continue to be fed bland and unstimulating material which can only further remove them from critical issues which all Americans are or soon will be facing."

For myself, I feel imbued with hope—too much support has come my way to feel otherwise. I will follow the course of William Lloyd Garrison, who wrote: "I am in earnest. I will not equivocate. I will not excuse. I will not retreat a single inch. And I will be heard." I believe in the democratic system, and that I am part of the human machinery that will make it work.

MULTISTATE TRANSPORTATION SYSTEM

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 1975

Mr. GINN. Mr. Speaker, one of the most dynamic and promising solutions to our transportation and energy problems was recently outlined before the Surface Transportation Subcommittee of the House Committee on Public Works and Transportation. The statement was made by Mr. Elton Stephens, chairman of the Muti-State Transportation System Advisory Board. He was accompanied by the board's executive director, Mr. Kermit B. Blaney.

This statement draws a plan for the future in regard to our transportation and energy needs. I commend it to the attention of my colleagues, and ask that it be reprinted in the RECORD at this point:

TESTIMONY TO SURFACE TRANSPORTATION SUBCOMMITTEE

Mr. Chairman, I am Elton Stephens of Birminham, Alabama, Chairman of the Multi-State Transportation System Advisory Board. The Board represents the southern region including the states of Georgia, Alabama, Mississippi, Tennessee, Arkansas and Missouri. Florida has recently passed legislation to officially join this Multi-State effort. Each state's membership consists of the Governor, the transportation or highway commissioner and seven other distinguished representatives.

The Multi-Mode Transportation System is the concept whereby, within one or more rights-of-way and in relatively close proximity serving the route between Brunswick and Kansas City we have communication, energy and transportation services, thus permitting cooperative utilization of land for communications, source and distribution of energy and the complementary modes of transportation for the regional area.

We are here today seeking a joint Federal/State integrated multi-purpose multi-mode communication, energy and transportation system. The first phase of this system would be a highway facility which would support and enhance the future development of this multi-mode system.

As a means to accomplish this, it is requested that the multi-mode transportation concept be adopted as a national need for the future transportation program. It is further requested that the highway portion of the Brunswick to Kansas City multi-mode transportation system be approved and funded by the current Federal-Aid highway legislation.

The Board is proud, Mr. Chairman, that our Governors have addressed these letters to you, strongly endorsing this requested action.

BACKGROUND

As a base for discussion, I will refer to Section 143 of the Federal-Air Highway Act of 1973. Wherein, the Secretary of Transportation was directed to report to the Congress on the feasibility and necessity for constructing to appropriate standards, some ten proposed highways.

Gentlemen, we have examined the ten study reports along with the Secretary's comments made to you and your colleagues in Congress. We do not wish to be prejudiced nor unfair to the DOT views, but we feel strongly that the report on the Brunswick to Kansas City route deserves more than just this cursory review. In our judgment, the DOT review did not adequately consider certain vital points:

1. Throughout the history of the world, transportation has played a key role in economic development. Future transportation policy needs to be coupled to economic development goals;

2. This country's future economic development must go beyond the large cities and focus on less densely populated rural areas; and

3. The present and expected future energy situations require a drastic reappraisal of our transportation policy.

I would like to expand upon each of these points and illustrate how the Multi-State Transportation System can contribute to more effective and more energy efficient economic development in the United States.

The first point needs little development. Throughout our nation's history, transportation facilities be they canals, rivers, railroads, highways or airports, have preceded intense economic development. One needs only look at the aftermath of the interstate highway program to realize that the vital coupling between economic development and transportation still exists. The late Thomas H. McDonald, head of the Bureau of Public Roads for 34 years once said, "We were not a wealthy nation when we began improving our highways but the roads themselves helped us create a new wealth in business and industry and land values . . . so it was not our wealth that made our highways possible; rather, it was our highways that made our wealth possible." Mr. McDonald fully understood the importance of the federal-aid highway program of his time. His statement is equally true of the transportation program that is needed today.

The second point is becoming inescapable. The Multi-State Transportation System will serve an area of our country that is desperately in need of economic development. Three of the six states along our proposed route have per capita incomes that rank last numbering 48, 49, and 50 in the United States. This area is not only impoverished, its growth has stagnated. The area's population growth has been only two-thirds of national average and in only one of our six states did the growth exceed the national average. This was the result of a major city in that state which has shown dynamic growth, facilitated by good transportation. It is pathetic in that same state the rate of growth for the specific area of the proposed route, was less than 50% of the national average. The exceedingly low growth rate coupled with the low per capita income certainly identifies an area where assistance is required and warranted so that those twenty million persons living in our regional states may have an improved chance to obtain the standard of life to which they are entitled as Americans.

The last two hundred years have seen the steady concentration of our population in large urban areas. Today, it is estimated that our 50 largest metropolitan statistical areas contain half of our population. Our largest city is caught in an apparently unending series of crises—financial, personal safety, health, and city management. Although we all wish them success in coping with their difficult situation, there is no evidence to suggest that good long term solutions will be found. While the plight of other cities is less critical at the moment, they face many of the same problems i.e. that of overpopulation.

Providing mobility for our urban population also appears to be a losing proposition. Citizen pressure has effectively blocked urban freeway construction. With escalation of cost, rail or other rapid transit projects are too expensive to be supported, particularly in light of their very limited traveler appeal. So called Advanced Transit Systems have not shown any promise to date. Thus, continued urbanization appears certain to lead to urban strangulation further compounding our cities' problems.

An expedient solution—one which is already being pursued is to focus growth on our smaller metropolitan areas. The larger urban centers of the southeast, small by national standards, are enjoying this kind of growth. Some forecasters have predicted that the southeast will be the fastest growing region in the U. S. during the next 50 to 100 years. If this is true, we may be sowing the seeds now for future urban problems. We must, somehow, control and regulate the developments to prohibit repeating the mistakes of the past. The one viable solution to our urban problems is to relieve their population pressure by encouraging and supporting the economic development and population growth of our rural areas. We see some of this today, but not nearly enough. It is clear that further rural development is hampered by inadequate transportation.

The third point is also becoming a necessity. For years, we have pursued transportation development on a mode by mode basis. Delving into our country's history, we see successive development of waterways, railroads, highways, pipelines and airways. The different modes have been developed and operated independently—in fact, federal regulations in many cases prevent cooperation. Isolated attempts to cooperate have been frustrated by government action and pressure from labor and industry. The burden of finding the most economic and efficient transportation has fallen on the traveler and the shipper.

When one considers the high cost of transportation, its high energy requirements and the complexity of most passenger and goods movements, it is evident that cooperation among the modes is essential. There is a basic incompatibility between energy consumption and volume of movement. The energy efficient modes require high movement volumes to achieve their efficiency. But passenger and goods transportation are characterized by predominantly low volume movements. The solution to this dilemma is to provide multiple services over important routes and to facilitate easy and efficient transfer from one mode to another. A number of governmental programs have already recognized the close relationship between economic development and transportation. The Appalachia Regional Commission program is a good example. A recent study by The Economic Research Service, U. S. Department of Agriculture found that "good highway facilities are essential to every company and influenced the choice of location."

Gentlemen, we are proving to the world that America is not only a great industrial base, but our agricultural capacity may be the salvation to feed the world. We must gear our transportation system so that this can be done in an effective and efficient manner. There are important additional ports, and others that can be developed, in the southeast that can support large agricultural movements if they can be economically reached from the mid-western producing areas.

A request for the Senate Agricultural and Forestry Committee entitled "Transportation in Rural America" dated April 15, 1974, among other things, reviews the tremendous inadequacy of the Transportation System to respond satisfactorily to the requirement to meet the demands for the grain shipments to Russia in 1973. Are we any better prepared today for the 1975 shipment?

SYSTEM FEASIBLE AND JUSTIFIED

The results of the Department of Transportation study for this route found the highway overwhelmingly necessary and feasible, with a conservative estimate of users saving in operating cost, time cost, and accident cost to be $130 to $165 million during the first year of operation. This would add up to an amount equal to the initial construction cost in less than eleven years. It is only logical to assume that other modes will be feasible and the Multi-State Transportation System is intended to be the forerunner of the Multi-Modal System. Along our route, we propose to provide highway, rail, pipeline and water facilities with terminals at key points to facilitate transfers between modes. We also plan energy transmission facilities that will also serve industrial and residential development in the area. We believe that the Multi-Modal Transportation and Distribution System will support economic development in constructive ways that can lead to effective development for the next century.

A study, "The Need for a National System of Transportation and Utility Corridor," published July 1, 1975 for the Department of Interior's Bureau of Land Management says "Unlike joint use corridors, planning corridors are more expansive, have flexible boundaries, and are developed through area or regional land use plans . . . despite some obvious shortcomings, appear to be the most optimum action to take." The Director of the Bureau of Land Management said that Federal rights-of-ways for pipe lines, electric transmission lines and communication lines and other utility and transmission needs (and I quote) "are vital to the nation's well-being. This study should point the way toward better coordination among Federal, State and Local Governments and private industries in minimizing possibly proliferation of right-of-ways and the environmental impact that goes with it." (end of quotation).

The South and Southeast was virtually cut off from adequate commerce with the remainder of America during the period of the railroad expansions following the War between the States. This contributed greatly to the limited economic development of the area and fostered a poverty situation that has not been overcome to this day.

In addition, the selection of transportation rates have, in many instances, during the past century been determined by artificial influences instead of actual needs. As far back as the reconstruction period following the war between the states, some areas have been burdened with excessive transportation rates. This had its adverse economic effect and has contributed to the low economic status in that area. Because of these past actions, we are granted an opportunity to develop an area that is largely free from the errors and excesses that impede further development in other areas. We should use this resource wisely and devote our best efforts to create a model for successful future growth.

POSITIVE SOLUTIONS

You are confronted by many facets to the total transportation picture. Each presents a uniquely different problem that has its demand for a logical and reasonable consideration. We must be cautious in our search for solutions lest we concentrate on those which are negative in character—rationing, more regulation and price-fixing. The diversity of the transportation problems—lack of adequate public transit, energy conservation, environmental preservation, a deteriorating highway and rail system and insufficient capacity of both transportation and communications facilities to meet peak demands imposes upon us the mandate to seek positive rather than negative solutions. In spite of these problems there remains the basic desire of mankind to be mobile—to improve his standard of living and that of his offspring! This desire and, yes, right—even though not specifically guaranteed by our constitution, is probably cherished by Americans as highly as is our right for free speech and the right to practice the religious customs of our choice.

It is time when our government must face the real problem of moving goods more efficiently and economically. The world energy situation dictates that the major world powers take positive measures toward this end. This suggests that application of new innovations both in the blending of transportation modes in a single corridor and in new transportation hardware. Throughout our history, the changing transportation modes i.e. water, rail, automobile have developed primarily because of competition. While competition, if fairly conducted, should continue; a means of integrating all modes so that they will complement instead of compete is essential. This integration of modes is one of the major steps toward reducing energy consumption and thus promoting efficiency. In our environment of free enterprise, the integration of transportation has traditionally occurred when it is a necessity, i.e. no other visible solution. We can and should plan a complementary and coordinated transportation system.

There has never been a transportation program in our country that was designed solely to get the product from its origin to its destination by the most economical process. Oh! we always try to move our merchandise by the most economical means. By that I mean the cheapest for the shipper. Why don't we look in depth and say we should move our merchandise so that it will be the most economical to all Americans—considering all cost; hidden and passive as well as direct and indirect? After we have done that, why don't we design an integrated system to guarantee this savings? If this could be attained there would be tremendous saving in the overall transportation process. Our studies, to date, have by no means completely satisfied this objective, but we are fully convinced that this dream can only be realized through a Multi-Mode System. The proper integration of Multi-Modal transportation programs and policies should become the National Transportation Goal.

Our proposal is in concert with the recent appearance of the Chairman of this Committee, Congressman Howard in Seattle, Washington, when he delivered the keynote address to the Institute of Traffic Engineers as he indicated transportation modes must be complementary—it's too late for competition between modes.

Surface transportation developments cannot be left to chance as implied by the Secretary's report to Congress required by section 143 of the 1973 Highway Act. In light of the pressing world, as well as our own energy situation, we must and I repeat, we must develop means to get more mobility with less energy.

RETURN ON INVESTMENT

We believe that there is overwhelming justifications to support the Multi-State Transportation System. Some of the more obvious returns are:

First, it will provide an economic boost that is long overdue for this region.

Second, it will provide an efficient route from the nations "Bread Basket" to the Gulf and Atlantic Ports to facilitate transporting agricultural products as well as other items through the world.

Third, it will provide the means for economical movement of grain products from the Mid-Continent to the Southeastern states in support of the expanding cattle growing programs.

Fourth, this facility will provide an artery from the South Atlantic Ports which is geographically close to the markets of South America with its abundant supply of untapped raw material and selected agricultural product to the nations mid-section.

Fifth, it will facilitate the use of and take advantage of the Gulf of Mexico and South Atlantic Ports. This will enhance the value of a proposed offshore port facility in the southeast.

Sixth, it will contribute to decentralizing future population growth and industrial expansion by providing the transportation link that has for so long been missing.

Seventh, it will facilitate commerce between three major metropolitan areas of approximately one million population each (Kansas City, Memphis, and Birmingham) and the Southeastern states. This in turn will enhance commerce through the entire South and Mid-Continent.

Eighth, it will provide a truly Multi-Mode Facility where modes can actually complement and not compete. We have had Multi-Mode Corridors in the past, but each mode went its independent way; thus failing to achieve any material advantage.

Ninth, it will be this Nation's demonstrated leadership and show place for an improved, modern and more efficient transportation system.

Tenth, throughout this century Congress has boosted our Nation's economic status with huge investments in programs such as, the Tennessee Valley Authority, Appalachia Commission, Tombigbee, Mississippi and other inland waterways as well as major southern international port facilities—and it is emphasized that the Multi-State Transportation System is just one more project that will enhance the overall economic return of these vast expenditures.

And Eleventh, it will result in a broader tax base establishing an increase in governmental income.

REQUESTED ACTION

Our Board recognizes your dilemma. You cannot indorse every project that comes along and in fact, you probably have to weed out and eliminate a majority of all proposals. However, I submit this to you, gentlemen, as a challenge for you are the power that can redirect our National Transportation Policy in new and constructive ways.

We are seeking a joint Federal/State integrated multi-purpose Multi-Mode Communication, Energy and Transportation System for the future. The first phase of this system would be a highway facility which would support and enhance the future development of this Multi-Mode System.

As a means to accomplish this, it is requested that the Multi-Mode Transportation Concept be adopted as a need for the future transportation program. It is further requested that the highway portion of the Brunswick to Kansas City Multi-Mode Transportation System be approved and funded by the current Federal-Aid Highway Legislation.

SENATE—*Monday, September 29, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father, since we know not what a day or a week or a year may bring, keep us ever strong and ready for any test of character. If we must face some hard decision, take some perilous journey, or respond to some call for sacrifice, give us grace to serve Thee to the uttermost. Equip us with the gifts of compassion and kindness. Arm our wills with Thy strength, and fill our hearts with Thy love, so that we may be strong to obey Thee and loving so as to serve our fellow men as our Master has taught us.

In His name we pray. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, September 26, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all the measures listed on page 9 of the calendar be considered at this time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUARTERLY ADJUSTMENTS OF SUPPORT PRICES FOR MILK

The Senate proceeded to consider the joint resolution (S.J. Res. 121) to provide for quarterly adjustments in the support price for milk, which had been reported from the Committee on Agriculture and Forestry with an amendment.

On page 1, line 10, strike "(beginning with the third quarter of the calendar year 1975);

So as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Agricultural Act of 1949, as amended, is further amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment of this subsection and ending on March 31, 1979, the support price of milk shall be adjusted by the Secretary at the beginning of each quarter to reflect any estimated change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates. Such support prices shall be announced by the Secretary not later than thirty days prior to the beginning of each quarter.".

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

HEUNG SOON KIM

The bill (S. 605) for the relief of Heung Soon Kim, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Heung Soon Kim shall be classified as a child within the meaning of section 101(b)(1)(F) of such Act, upon approval of a petition filed in her behalf by Mr. and Mrs. James Lyos, citizens of the United States, pursuant to section 204 of such Act, except that section 204(c) of such Act, relating to the number of petitions which may be approved on behalf of children, shall not apply. The natural brothers or sisters of Heung Soon Kim shall not, thereafter, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

DR. TIMOTHY KAM-HUNG CHUNG

The bill (S. 1488) for the relief of Dr. Timothy Kam-Hung Chung, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dr. Timothy Kam-Hung Chung shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by one number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

DR. LAWRENCE CHIN BONG CHAN

The bill (S. 1709) for the relief of Dr. Lawrence Chin Bong Chan, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Nationality Act, Doctor Lawrence Chin Bong Chan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by one number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

DR. GUSTAVO SCIOVILLE

The bill (S. 1940) for the relief of Dr. Gustavo Scioville, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Gustavo Scioville shall be considered to have been lawfully admitted to the United States for permanent residence as of November 4, 1954, and the periods of time he has resided in the United States since that date shall be considered to meet the continuous residence and physical presence requirements of section 316 of such Act.

PLOTEMIA MABANAG BARENG AND BASTIANA LILIAN MABANAG BARENG

The bill (H.R. 1757) for the relief of Plotemia Mabanag Bareng and Bastiana Lilian Mabanag Bareng, was considered, ordered to a third reading, read the third time, and passed.

CMDR. EDWARD WHITE RAWLINS

The resolution (S. Res. 5) for the relief of Cmdr. Edward White Rawlins, was considered, and agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas S. 881, Ninety-first Congress, for the relief of Commander Edward White Rawlins, United States Navy (retired), was referred to the Chief Commissioner of the United States Court of Claims by S. Res. 96 of the same Congress, approved by the Senate on September 3, 1969; and

Whereas the Chief Commissioner, pursuant to said S. Res. 96, and following detailed, adversary proceedings, reported favorably to the Senate on February 24, 1972, "that Commander Edward White Rawlins, the plaintiff, has an equitable—but not a legal—claim against the United States," and that "there is equitably due the plaintiff a retroactive promotion to the grade of captain on the active list of the Regular Navy as of July 1, 1947, and a retroactive retirement in that grade as of" (a date yet finally to be determined by currently pending litigation still before the Chief Commissioner); and

Whereas Commander Rawlins' advancing age—seventy-two years—clearly warrants some immediate remedial action without further aggravating the injustice of delay: Now, therefore, be it

Resolved, that as an interim measure in the name of partial equity and justice, and pending a final determination by the Chief Commissioner of the full and final remedies warranted in the case, it is the sense of the Senate that by executive appointment of the President the said Commander Rawlins should be deemed to have been advanced to the grade of captain on the active list of the Regular Navy for all purposes effective from July 1, 1947; and be it further

Resolved, That this action shall in no way prejudice full retroactive, compensatory determinations yet to be made by the Chief Commissioner.

KRISTEN MARISOL KNEEBONE

The Senate proceeded to consider the bill (S. 832) for the relief of Kristen Marisol Kneebone, which has been reported from the Committee on the Judiciary with amendments as follows:

On page 1, line 6, strike "his" and insert "her";

On page 1, in line 11, after "apply" insert "and the provisions of section 245(c) of the Act shall be inapplicable in this case";

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Kristen Marisol Kneebone shall be classified as a child, within the meaning of section 101(b)(1)(F) of that Act, upon approval of a petition filed on her behalf by Terrence Holmes Kneebone and Judy Lee Kneebone, citizens of the United States, pursuant to section 204 of that Act, except that section 204(c) of that Act, relating to the number of petitions which may be approved on behalf of children, shall not apply and the provisions of section 245(c) of the Act shall be inapplicable in this case. The brothers and sisters of the said Kristen Marisol Kneebone shall not, by virtue of that relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SUN YANG KIM AND SUN MI KIM

The Senate proceeded to consider the bill (S. 1653) for the relief of Sun Yang Kim and Sun Mi Kim, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That section 204(c) of the Immigration and Nationality Act limiting the number of petitions which may be approved for children shall be inapplicable to a petition filed by Mr. and Mrs. Sanders D. Newman, United States citizens, to classify Sun Yang Kim and Sun Mi Kim as children within the meaning of section 101(b)(1)(F) of that Act. The natural brothers and sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARIA LISA R. MANALO AND ROGENA R. MANALO

The bill (S. 1787) for the relief of Maria Lisa R. Manola and Rogena R. Manola, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(2) and 204 of the Immigration and Nationality Act, Maria Lisa R. Manalo and Rogena R. Manalo shall be held and considered to be the natural-born alien children of Mr. and Mrs. Olmpio Javidando, lawful resident aliens of the United States: *Provided,* That the natural parents or brothers or sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The title was amended so as to read: "A bill for the relief of Maria Lisa R. Manalo and Rogena R. Manalo."

ERADICATION OF BRUCELLOSIS

The resolution (S. Res. 216) requesting the Secretary of Agriculture to submit a plan for the eradication of brucellosis was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas approximately $12,000,000 a year in losses are suffered by farmers and ranchers in the United States as the result of the animal disease brucellosis;

Whereas approximately $53,500,000 will be expended on the brucellosis control program in fiscal year 1975, $28,500,000 of which will be Federal funds;

Whereas in the United States such disease most commonly infects cattle and in fiscal year 1975 resulted in more than 1.7 million head of cattle being quarantined;

Whereas most experts agree that an intensive five-year program would completely eradicate the disease and result in substantial savings in the future: Now, therefore, be it

Resolved, That the Secretary of Agriculture is requested to formulate and submit to the Committee on Agriculture and Forestry of the Senate, within ninety days after the date on which this resolution is agreed to, a plan for the complete eradication of the animal disease brucellosis over a five-year period, a feasibility study of such plan, and the estimated cost of implementing such plan.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of Agriculture.

ORDER OF BUSINESS

The **ACTING PRESIDENT** pro tempore. Does the Senator from Pennsylvania desire recognition?

Mr. **HUGH SCOTT.** Mr. President, I yield back my time.

THE ACTING PRESIDENT pro tempore. Under the previous order, the Senator from South Dakota (Mr. McGOVERN) is recognized for not to exceed 15 minutes.

THE CASE FOR AID TO PORTUGAL—SUBMISSION OF AN AMENDMENT TO THE FOREIGN ASSISTANCE ACT—H.R. 9005

AMENDMENT NO. 939

(Order to be printed and referred to the Committee on Foreign Relations.)

Mr. **McGOVERN.** Mr. President, last week I completed a trip to Portugal, during which I talked with President Costa Gomes, Foreign Minister Antunes, to numerous other government officials, and leaders of the major political groups. I spent time both in Lisbon and in the rural countryside. I intend to submit a thorough report of the trip and my conclusions to the Foreign Relations Committee.

Today, I will recommend legislative priorities which, in my view, cannot be delayed for the writing of a detailed report or for any further review in the executive branch.

The situation in Portugal is both less serious and more urgent than many observers have supposed from a distance. It is less serious in the sense that the country is not in chaos; there is no reign of terror, no wave of killing or revenge. Contrary to certain widespread impressions, largely based on press reports or alarmist preconceptions, Portugal's revolution is remarkably bloodless. Since April 25, 1974, the day the dictatorship was overthrown, less than 20 people have lost their lives due to violence on any side of a many-sided political contest. Mario Soares, the Socialist Party leader who is perhaps the most widely recognized man in Portugal, freely walks the streets of Lisbon, moving without fear among both supporters and opponents of his policies. Indeed the Portuguese themselves are shocked by the contrast between this civility and comparative order and the insecurity of the American President.

At the same time the nonviolent nature of the Portuguese revolution is no reason for complacency. There are pressing dangers beneath the surface calm.

The first is the fragile condition of the current government, which may represent Portugal's best hope for some time of achieving social justice within peaceful bounds and by democratic means. This government will surely experience change in the coming months; it may be succeeded by another, similar cabinet; but if it collapses because its policies and the underlying concept of a broad political coalition are discredited, then the boodless revolution of Portugal could disintegrate into bloody civil war.

The sixth provisional government, in the minds of most Portuguese and most of the best observers on the scene, will test whether different views can be compromised sufficiently, whether opposing factions can be conciliated sensibly, so that the ideals of the revolution can be advanced at a practical level. The cabinet includes the major political groups in approximate proportion to their shares of the April 1975, vote for the Constituent Assembly, an assembly which is now drafting a new constitution for Portugal. The alternatives to this kind of government are a political intrigue which may give power to a party with little popular support, or a series of violent demonstrations and clashes, or a Fascist or Communist dictatorship. There are forces, unfortunately which would welcome each of these outcomes, and are working constantly toward that end.

The government's problems are complicated by a general economic crisis. Wages have risen rapidly while productivity has fallen. Portugal's balance-of-payments deficit is likely to exceed a billion dollars in 1975—a rate which cannot be sustained for more than 2 years, even if Portugal exhausts all its gold reserves. This present balance of payments equals nearly 10 percent of the entire Portuguese gross national product. Government officials foresee hard economic decisions in the immediate future: The regulation and rights of private enterprise and foreign investment must be defined and enforced. The right to strike must be guaranteed, while, at the same time, an orderly process for settling labor disputes must be established so that workers can produce as well as protest.

The present crisis will be worsened by the return of as many as 400,000 Portuguese refugees from Angola and Mozambique. A quarter of them have come home already, but their problems are only a shadow of the problems which the rest of the refugees will bring. Future refugees will not only be greater in number, but in different circumstances. Most of the refugees to date have families or friends in Portugal who can house them, even if in overcrowded conditions, and provide some food, even if it is barely enough. Most of the remaining refugees, who are the vast majority, have no such ties. They are returning to an economy of massive unemployment without any realistic prospect of finding jobs. There is no place to house all of them. There is not adequate food. There are not even enough blankets or warm clothes to see them through the winter. Even their repatriation may depend upon a substantial increase of the American commitment of planes to the Angolan airlift.

Economic issues will be a fundamental test of the Portuguese Government's authority. Facing them will require the decisive exercise of authority. Neglecting them, or failing in the effort, will shatter the authority of this government and perhaps of the democratic alternative itself.

I am convinced that this would not only be a tragedy for Portugal, but a setback for the interests and ideals of the United States.

America should welcome the Portuguese revolution as the brave effort of another people to secure for themselves the same liberty and equality to which our forebears pledged their lives, their fortunes, and their sacred honors. For Portugal the pledge of April 25, 1974, is as precious as the Declaration of July 4, 1776, was for America. Now we Americans must admit a blunt and shameful truth: For many years our Government supported a Portuguese dictatorship which defiled every principle our Nation professes. Now in decency the least we can do is to assist openly a free Portugal in ways which the Portuguese people themselves freely and openly request through their own democratic institutions. A democratic Portugal will not be any other nation's tool; a free people are more difficult to deal with than the single slaveholder of an entire country. But we have no right, indeed it is evil, to think that liberty only matters for Americans, and that it does not matter if in the name of stability or corporate profit we connive or consent to steal away the liberty of others who differ from us, not in the nature of their humanity, but only in the name of their nation.

More than this, a free Portugal will be a better friend and ally for a longer time than any client regime in Lisbon. As we recently learned anew in South Vietnam, client dictatorships tend finally to pass away, as the costs of sustaining them become unbearable. Then the pendulum swings as far in the other direction; and at that opposite extreme there is hostility and even hatred for the United States. So far we have avoided that fate in Portugal, but we dare not tempt it any further than we already have by our complicity in the last dictatorship. Rather the Portuguese revolution offers a chance for a more secure alliance and a more worthy friendship between our Nation, because now our association can be based on mutual values as well as mutual security.

Anyone who reads the history of recent decades knows that in Portugal the Soviet Union would prefer right wing repression to democratic reform. For repression is a breeding ground of Soviet-dominated communism; democratic reform is an antidote against it.

These realities are the basis of the recommendations I will make today. They are in the form of amendments to H.R. 9005, the Foreign Assistance Act of 1975, which is presently before the Foreign Relations Committee. At first I had intended only to propose things which the United States should do. Regrettably, after yesterday's charges of CIA covert actions in Portugal, a first and essential priority is to oppose certain things which the United States should not do.

One, the Foreign Assistance Act should be amended to prohibit flatly any covert expenditures by any agency of the U.S. Government to influence events in Portugal.

Covert American interference in Portuguese affairs can only be disastrously counterproductive. It is equivalent to aiding anti-American forces. They have already exploited rumors of CIA activity in Portugal to cripple the credibility of American representatives there and of Portuguese leaders who argue that it is in their country's best interest to maintain membership in NATO and friendship with the United States. Now reports in the New York Times and the Washington Post of secret CIA payments to specific parties and personalities in Portugal will poison the politics of that country. The story already will have moved through Lisbon like wildfire.

Mr. President, since these remarks were prepared for delivery, two relevant articles have appeared in the Washington Post. The first, appearing September 27, was by the editorial staff on the Post. The editorial page writer concludes that there is justification for, and practical value in, CIA operations in Portugal. This reasoning can be countered on several grounds—principally, that it is based upon the premise that CIA activities have had some positive role in recent encouraging events in Portugal. But that is virtually impossible, even on the Post editor's own assumptions. Certainly the Post editor cannot be saying that CIA funds had anything to do with the electoral strength of the Portuguese moderates last April, because CIA operations are not even assumed to have begun until after that. And as for the recent emergence of a balanced government after many months of vacillation and internal power struggle within the military, as well as between the military and the parties, I know of no knowledgeable observer who would credit to CIA funding the fact that the military and civilian moderates eventually prevailed and succeeded in shaping a balanced provisional government.

For a much more informed appraisal of the Portuguese scene, and the effect of CIA and other superpower interference, I refer my colleagues—and also the editors of the Post—to a second article, a story in today's Post by the able reporter, Bernard Nossiter, who is in Portugal and who recently visited the ancient Portuguese cathedral town of Braga. Mr. Nossiter writes:

> There are still genuine dangers from the totalitarians of the right or the left, but these can be exaggerated.
>
> The Portuguese are proud (their Spanish neighbors say "vain") and resent any manipulation from the outside. If, as reported, the CIA is funneling money to the Portuguese Socialists through European unions and Social Democrats, the project is probably a political mistake. The story has been widely publicized here and probably will do deep damage to the Portuguese Socialists and Mario Soares, their leader.
>
> Moscow money enables the Communists to pay $25 a night to plaster Braga's walls with slogans and flyers. It also insures that the Braga vote for the Communist Party is a derisory 4 per cent.

Mr. President, these paragraphs from Portugal tell much of the story. I had hoped that we had learned this lesson; for if it showed nothing else, the tragedy of Vietnam showed the folly—and indeed, the perverse effect—of attempting to shape with American money the powerful social and political forces at work in a small foreign country.

Mr. President, I ask unanimous consent that there be printed in the Record at the end of my remarks both of the articles to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McGOVERN. I would hope very much that the editors of that distinguished newspaper, who are right on many of the editorials and articles they carry, would reconsider the editorial and look very carefully at the warning of their own distinguished reporter in Lisbon. He points up what should be obvious to us; that the one way to destroy the credibility of a politician in Portugal today is to wrap the yoke of the CIA around his neck.

The specter of another Chile—where the terrible role of American power is an admitted fact—will alienate many who otherwise would choose for themselves the course which covert American money cannot buy or bribe for them. Last week, Mr. Soares denied that he received any such funding. He apparently understands an inescapable fact of Portuguese politics in 1975: Whoever becomes our man in Lisbon by virtue of CIA payoffs will also be the Typhoid Mary of Portugal.

The President has said that he regrets that the CIA cannot do more in the Portuguese situation. What more would he want the Agency to do—fail at another Bay of Pigs, or succeed in creating another Pinochet?

Whatever has been done cannot be undone, but the damage can be limited by an unqualified legally binding prohibition against American covert expenditures to influence political events in Portugal. I am not talking about the legitimate gathering of intelligence information; I am talking about the use of American money to try to influence Portuguese political decisions that ought to be made by the Portuguese themselves.

The Congress can, and in the national interest we must, remove any possibility of secret intervention in that country. Every dime the CIA spends for that purpose in Portugal might as well be mailed directly to Mr. Cunhal and his Communist Party.

There is not even a shadow of rationalization for the payments as payoffs. Certainly bribes are not needed to gain information. There is more information about political attitudes and developments available in Lisbon for free, or for the price of 10 newspapers a day, or for the time of 10 conversations than ever would be required for an accurate assessment of the situation. American personnel can perform an appropriate intelligence function without subsidizing any political party or leader.

Even if it is accepted that subsidies are justified, American contributions are not. One source is quoted in the New York Times as admitting that the West Europeans were giving plenty and would have given more, but "it's just that we can't keep our hands out of anything." The danger is that in one way or another American hands will be bloodied now, either by a self-inflicted wounding of our true interests in Portugal or by shaping a new version of the old regime.

Finally, CIA covert interference should be prohibited simply because it is wrong. Portugal is a country; the Portuguese are people; they, too, have a right to determine their own destiny. How would we like it if the Soviet Union or any other foreign power was the major contributor to the Republicans or the Democrats? In fact, one of the lies the Nixon administration tried to tell to justify Watergate was that the Cuban Government was contributing to the Democratic Party. Apparently the Watergate conspirators thought that this would so enrage the American people, if they could be made to believe it, that it would excuse the Nixon crimes. Why should we expect the Portuguese to accept a similar interference in their politics? They have the same right as Americans to run their own counrty.

I know the excuse: The Russians are doing it. That excuse has brought America to the dark moments of the last decade.

Mr. President, the Russians bribe and subvert foreign governments—therefore, so did we. The Russians sent their divisions into Czechoslovakia—and we sent ours to Vietnam. The Russians assassinate foreign leaders—and so we tried it too. And in Watergate and the White House horrors, the American Government started to treat American citizens the way the Soviet Government treats its subjects. Phones were tapped; civil liberties were trampled; spies were planted; mail was opened.

At one time or another everyone in this Chamber has denounced these deeds. We have expressed outrage about official assassination plots and CIA malpractices around the world. Now we must match those words with votes. We must prove that we truly mean to tame the abuse of power. There is no better place to begin than in Portugal, where covert intervention is not only wrong, but will work the opposite of its purpose.

The most astounding aspect of any policy of CIA covert payments in Portugal would be its sheer stupidity. Is the administration so thoughtless as to think that no one would find out? Does anyone think it would be helpful to Portuguese leaders to be tarred with a CIA brush? The investigative reporting of the Times and the Post once again vindicates the importance of a free press and provides an opportunity to prevent a disastrous policy by a visible and binding congressional decision. We must not rely on official denials, for the executive branch may be satisfied with "plausible deniability"—a polite Zieglerian kind of phrase for getting away with a lie. We must legislate a true noninterference. If we refuse to do so, the revelation of CIA covert activity in Portugal at a later time, in different and even more delicate circumstances, could inflict irreparable damage. Its revelation at some time would be inevitable. America is not a closed society—a lesson which after Watergate should have been obvious even to the most obtuse official.

Let me just say, Mr. President, having said this about clandestine, secretive, covert CIA efforts to buy or bribe elections, this is not to say that America cannot play a useful role in helping stabilize this new government.

I am submitting today an amendment to the Foreign Assistance Act that would provide moderate economic and technical assistance, assistance to the refugees, assistance on the housing front, assistance in food, designed to help this country that has played such an important part in the life of the Western World.

I send the amendment to the desk.

The ACTING PRESIDENT pro tempore. The amendment will be received and appropriately referred.

Mr. McGOVERN. Mr. President, the foreign Assistance Act of 1975 should be amended to authorize $55 million in economic assistance to Portugal—$35 million for programs to assist the refugees and $20 million for development projects. These funds would be added to the $20 million which the Foreign Assistance Subcommittee has already for the Angolan airlift.

More aid to Portugal makes sense in every conceivable respect. It makes sense in human terms: the fact is that the Angolan refugees lack even the basic necessities of life. The expenditure makes sense in economic terms: the fact is that Portugal desperately requires development projects not merely for their own sake, but to create jobs. The expenditure makes sense in terms of American national interest: the hard fact is that the future of the democratic alternative in Portugal, which we claim to favor, will be largely decided by economic factors, which our assistance can affect favorably. Even the mere act of providing it, before it is spent, can be a clear signal of our good will toward Portugal and its revolution. The wise leadership of Senator KENNEDY in securing American aid to Portugal last year made a fundamental difference in preserving Portuguese democracy, at a time when other officials seemed prepared to "give up on Portugal" and to use the "loss of Portugal" as proof of the necessity for a hardline policy against the European left. This year the case for aid can be based on experience as well as argument.

The specific sums in this amendment reflect my discussions with Portuguese and American officials. They are modest enough to be manageable for the Portuguese, substantial enough to provide real economic benefits for Portugal.

Three, the Foreign Assistance Act should be amended to express the sense of the Congress that appropriate Public Law 480 assistance should be allocated to Portugal in 1975.

Portugal is a food-importing nation. The price of food is rising at a rapid rate. Food imports are the single most serious drain on Portugal's foreign reserves. Further food inflation and future food shortages are threatened by the influx of refugees from Angola.

In this situation American food assistance would not only help to feed people, but to stabilize the economy by adding to food supplies and thereby countering inflationary pressures. Portuguese officials list such assistance as a priority which is exceeded in importance only by the provision of housing for the refugees and winter clothing. And here Food for Peace truly would serve the purpose of keeping the peace. The Angolan refugees represent a particularly serious, potentially explosive problem. Without sufficient food, embittered by the losses they have already endured, they could be exploited to upset the fragile stability of the new government.

Four, the Foreign Assistance Act should be amended to express the sense of the Congress that development aid for Portugal should be provided to the maximum possible extent under multilateral auspices and administration, and to require the executive branch to report to the Congress by January 1, 1976, what steps have been taken and what progress has been made toward the establishment of a multilateral aid mechanism.

Some assistance, for example emergency refugee relief, must be bilateral because it must be immediate. Even the expedited negotiation of a multilateral approach probably would be too slow. But with respect to financial and technical assistance which may be authorized now, but will not be sent or spent in the next several months, the United States should coordinate its program with European efforts. An Atlantic Aid Consortium for Portugal would demonstrate that the purpose of aid is not domination, but development—not manipulation by one country, but the friendship of many. This consortium would facilitate Portuguese development not only by the amount of its assistance, but by its method of operation. A concerted source of aid would mean more efficient planning and the most productive use of available resources.

Such a consortium would not involve extended processing of each project. Rather it would function as a clearinghouse to prevent project redundancy and provide compatability, and to make recommendations to both donor countries and Portuguese authorities. It would not be another bureaucracy, but a small, select, international team of experts to direct and coordinate existing national bureaucracies. Its aid patterns should reflect Portugal's preference for labor intensive development—which was stressed repeatedly in my meetings there.

Multilateral aid is the best way to meet Portugal's critical economic needs without raising the threat or perception of interference with Portuguese self-determination. It is the best way to assure that aid will not be or seem to be misused to enforce subservience to any other nation, or abused to serve the interests of multinational corporations. It is the best way to help Portugal realize its hope, which we should share, for economic justice in a democratic system.

Some may argue that a multilateral mechanism is difficult to achieve in a reasonable time. But there are at least fair grounds for believing that within a few weeks after the Brussels summit meeting last May, the executive branch negotiated with relative ease a form of multilateral covert activity. The same resources of diplomacy should be capable now of negotiating multilateral overt aid, which does not have to be kept secret because the Portuguese Government has requested it and the Portuguese people want it. We can be proud of our part in that kind of aid—and we can prove our good intentions by providing it on a multilateral basis. Congress should urge the administration to do so and set a deadline for the administration to report back to the Congress.

No amount of foreign assistance can help a nation which does not help itself. Happily Portugal now seems intent on self-help and self-determination at the same time. Portuguese leaders, in my conversations with them, emphasized that revolutionary principles must be pursued at a pragmatic level. They recognize that decent wages require high productivity and that social progress must be financed by economic growth. As their new government undertakes the hard work of economic reform, Portugal's friends must be generous and understanding.

The United States can be that kind of friend by providing the kind of aid I have described and by prohibiting the kind of covert involvement which the Times and the Post have reported. In addition, the Congress must examine carefully the conduct of international monetary institutions to prevent their misuses for economic destabilization in Portugal. World Bank or International Monetary Fund requirements in the Portuguese situation must be reasonable. We must not promote or permit the Chileanization of Portugal.

Rather we must treat as free Americans with a Portugal which is free at last.

We should rejoice for the Portuguese revolution just as we revere our own. We should admire Portugal's decision to withdraw from the colonies just as we were relieved by our decision here in the Congress to end American involvement in Vietnam. We should respect the Portuguese for the April 1975 elections, which were a model of civic responsibility and democratic participation. We should share their happiness that the new provisional government reflects the results of that election.

Above all else, we should look back to history so that with the Portuguese we may look forward in hope.

To those who complain that the Portuguese revolution has brought some turmoil and instability, we should reply that it was not until 6 years after American independence was won that our forebears wrote and ratified the permanent form of our constitutional government.

To those in Portugal, or in our own country, who insist that American aid must or should be a means of domination, we should reply that it is possible to give the Portuguese a tiller, but no one can tell that nation of navigators where to sail.

And to any who cynically ask why should America care, we should reply that Portugal's voyages of discovery opened a way to the New World which we Americans inhabit; that in part we trace our origins to that distant shore; and that now we are ready to do our part to help the Portuguese as they continue a world revolution which their explorers helped to begin more than five centuries ago.

We should remember, as John Kennedy said, that the "revolutionary beliefs for which our forebears fought are still at issue around the globe." And in Portugal we should be on the right side of that issue. We should say and mean that it is for the Portuguese to decide their own destiny. We should be their allies in that enterprise, so that they will be both free and our friends.

Mr. President, I ask unanimous consent that this proposed amendment to the Foreign Assistance Act of 1975 and the New York Times and Washington Post reports of CIA interference in Portugal be printed in the RECORD at this point.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 939

At the end of the bill, add the following new section:

ASSISTANCE TO PORTUGAL

SEC. 317. (a) There are authorized to be appropriated to the President for the fiscal year 1976, in addition to funds otherwise available for such purposes, not to exceed—

(1) $35,000,000 to make grants; and

(2) $20,000,000 to make loans;

to remain available until expended, for use by the President in providing economic assistance, on such terms and conditions as he may determine, for Portugal.

(b) It is the sense of the Congress that, in addition to assistance authorized by subsection (a) of this section, the United States should make appropriate allocations to Portugal under the fiscal year 1976 Food for Peace program in order to assist the Government of Portugal in meeting the severe economic problems posed by the arrival of hundreds of thousands of refugees from Angola.

(c) It is the sense of the Congress that the United States, working in cooperation with the European Community and other nations and institutions, should seek the establishment of such formal or informal multilateral procedures as may be necessary for the coordination of an effective international program of development assistance for Portugal.

(d) Not later than January 1, 1976, the President shall transmit to the Speaker of the House of Representatives and the Chairman of the Senate Committee on Foreign Relations a report on actions taken pursuant to subsection (c) of this section.

(e) No funds appropriated under the authority of this or any other Act may be expended for any covert activity or operation intended to influence events in Portugal. This subsection shall not be interpreted to prohibit activities intended solely for obtaining necessary intelligence.

[From the Washington Post, Sept. 26, 1975]

U.S. SILENCE BOLSTERS REPORT OF AID TO PORTUGAL AND ANGOLA

(By Murrey Marder)

The Ford administration gave unintended credence yesterday to reports that the United States is supplying millions of dollars to anti-Communist forces in Portugal and Angola to offset larger Communist aid, by refusing to confirm or deny the accounts.

"It's one of these 'damned if you do, damned if you don't' situations," said one official, describing the administration's dilemma.

Central Intelligence Agency funds conveyed to Portugal's Socialists through Western European political parties and other groups ranged from about $2 million to nearly $10 million a month since June, the Associated Press reported, citing a State Department official source. Last night one high official scoffed at that range of figures, but gave no others.

Portugal's Socialist Party leader, Mario Soares, made an official disclaimer. "We have never received aid of that sort, even less so from the United States," he said, attributing the report to "journalistic speculation."

The aid to Portugal's anti-Communists reaches them circuitously, nevertheless.

It has been known across Europe for months that Western European Socialist and Christian Democratic parties have been sending millions of dollars into Portugal. The purpose was to counter reportedly huge amounts of aid to Portugal's Communist Party from the Soviet Union and Eastern European countries.

Outside nations similarly have been channeling money, plus weapons, to the competing pro-Communist and anti-Communist liberation forces in Portugal's huge African colony of Angola, due to become independent on Nov. 11. The Soviet Union and China have been known to be involved in this activity, supporting opposing groups.

Until yesterday, the Ford administration's position was that it was staying out of any entanglement in either country.

The United States and the Soviet Union have cross-warned each other against intervention in Portugal.

President Ford publicly, and Secretary of

State Henry A. Kissinger privately, have portrayed the United States as being blocked from using the CIA to help anti-Communist parties in Portugal, because of the furor over CIA operations elsewhere. Mr. Ford has described this as a "very tragic" limitation on covert operations.

The Ford administration yesterday, however, shifted to a "no comment" position in response to a barrage of questions initially touched off by a report in The New York Times that the United States was participating in the competing flow of aid.

Kissinger acknowledged in a press conference on Sept. 9 that the prospects of the anti-Communist forces in Portugal had suddenly improved.

The United States, Kissinger said, "supports the emergence of a pluralistic system there reflecting the public's view" and he said, "we are working in the closest harmony on this problem with our European allies."

Last week a new overwhelmingly anti-Communist Portuguese coalition cabinet was sworn into office, with major roles for the Socialist and Popular Democratic parties.

White House press secretary Ron Nessen, State Department spokesman Robert L. Funseth and a CIA spokesman yesterday declined to confirm or deny that American money has been channeled to Portugal or Angola.

Administration officials conceded that by not denying the reports they lent credence to the accounts. What particularly troubled many U.S. officials was that their silence tended to equate the covert American aid sent to Portugal and Angola with the amounts of Soviet aid.

U.S. sources said that equation is unwarranted, because, they contended, the amount of Soviet support is much higher. These American sources said they were barred from being specific about U.S. support.

Sen. Lloyd M. Bentsen (D-Tex.) said in July that on the basis of information from the State Department and the CIA, Soviet aid to Portugal's Communists reportedly ranged from $2 million to $10 million a month. Kissinger said at that time that the information he had "makes $10 million seem high."

In Angola, there are three contending liberation movements, one backed by the Soviet Union, with at least one of the two opposing groups backed by China and now the United States as well.

Sen. Dick Clark (D-Iowa), chairman of the Senate Foreign Relations subcommittee on Africa, who visited Angola last month and talked with leaders of all three forces, yesterday said:

"It's a very bad idea for us to become involved in any way." Clark said that publicly and privately, "I've taken a very strong position with high officials of the State Department" cautioning that "outside intervention by the superpowers obviously is only going to escalate the conflict."

[From the New York Times, Sept. 25, 1975]

United States, Soviet, China Reported Aiding Portugal, Angola

(By Leslie H. Gelb)

Washington, Sept. 24—Millions of dollars are being poured covertly into Portugal and Angola by East and West, according to four official sources in Washington. The funneling of the funds is part of the continuing struggle for control of the Mediterranean and for influence and raw materials in Central Africa.

United States money for the Portuguese Socialist party and other parties is being funneled by the Central Intelligence Agency through West European Socialist parties and labor unions, the sources said. The C.I.A. involvement, the sources said, amounted to several million dollars a month over the last several months.

It is also reliably reported that the Soviet Union and its East European allies have poured $50-million to $100-million into Portugal since April, 1974, and hundreds of tons of military equipment into Angola since March alone.

CHINESE IN ZAIRE

The sources also said that about 200 Chinese military advisers were operating from bases in Zaire to help at least one of the two liberation fronts being supported by Washington.

Until the spring, most of the Western aid to anti-Communist forces in Portugal was being given secretly by the West German Social Democratic party and the Belgian Socialist party without any American involvement.

The sources said that the funds earmarked for two anti-Soviet liberation fronts in Angola had been dispersed mainly through President Mobutu Sese Seko of Zaire. In order to maintain good relations with Mr. Mobutu, the State Department has been seeking to arrange a refinancing of hundreds of millions of dollars in Zaire's short-term debts and to increase American aid to Zaire to about $60-million this year, from about $20-million.

In Angola and Portugal, the sources estimated, Soviet aid is far more than American aid and, at least in the case of Angola, has included several direct shipments of arms.

It is reliably said that the Soviet Union and, to a lesser extent, East Germany and others have transferred the bulk of the funds going to the Portuguese Communist party through a bank in Lisbon and a bank in Zurich.

SOVIET AID OUTLINED

The following details were reliably supplied on Soviet aid to its supporters in Angola: In March, several Soviet planes landed in the Congo Republic, Zaire's neighbor, with arms and equipment that were then shipped to Angola; In April, about 100 tons of arms were delivered in southern Angola by chartered aircraft; in April, two Yugoslav vessels unloaded arms in Luanda, the capital of Angola; in May and June, four Soviet merchant ships unloaded vehicles, machine guns, bazookas, rifles and ammunition, off Angola, and two East German and one Algerian vessel delivered similar materials.

The Soviet-backed Popular Movement for the Liberation of Angola reported is close to controlling Angola, which is scheduled to become independent Nov. 11. In Portugal, the anti-Communist situation stabilized somewhat last week with the installation of a Government including members of the Socialist party.

The Washington sources said that C.I.A. operations in both countries have been approved by President Ford and are being carried out, as prescribed by law, with the knowledge of several Congressional committees.

Both sides, first Moscow then Washington, were filling the coffers of their supporters in Portugal at the very time when President Ford and the Soviet party leader, Leonid I. Brezhnev, were signing a pledge in Helsinki, Finland, not to interfere in the internal affairs of other European nations.

KISSINGER VOICES ALARM

Secretary of State Kissinger, speaking to representatives of African countries last night and answering Soviet charges of Western involvement in Portugal, said: "We are most alarmed at the interference of extracontinental powers who do not wish Africa well, and whose involvement is inconsistent with the promise of true independence."

The C.I.A. cash-funneling operations to Portugal were said to have revived dormant but traditional connections between the agency and anti-Communist West European socialist and labor movements. And the operation of Angola, the sources said, led to the reactivation of Holden Roberto, head of the National Front for the Liberation of Angola, the man chosen in 1962 by President John F. Kennedy and the C.I.A. to forge a link between the United States and the indigenous groups who were expected to drive Portugal from Angola one day.

Two of the forces stressed that all odds now favored victory by the Soviet-backed Popular Movement in Angola, unless the United States and China rushed huge transfusions of aid, which is considered highly unlikely.

As described by these sources, the main purpose for the covert American effort in Angola was to underline the Administration's support for President Mobutu, the man on whom Secretary of State Kissinger is banking to oppose Moscow's interests in Africa and to further Washington's interests in various international forums.

The funds going to Portugal from the United States and Western Europe were said to be aimed at keeping non-Communist parties intact, in the streets, and in the business of competing with the Communists for the support of military leaders and soldiers.

One source said: "The President almost blew the whole Portugal thing last week in his interview with The Chicago Sun-Times. But nobody picked him up."

This was a reference to Mr. Ford's reply to a question about the absence of C.I.A. involvement in Portugal. He noted "our strong stand" along with NATO allies against a Communist government in Lisbon, then said: "I don't think the situation required us to have a major C.I.A. involvement, which we have not had."

The source was pointing to the fact that Mr. Ford was not denying that the C.I.A. had an involvement.

The sources maintained that William E. Colby, the director of the agency, had notified members of six Congressional subcommittees several months ago of the covert operations, and that no serious objections were raised. Mr. Colby gave the notifications after the operations were already under way, as he is permitted to do under the law.

REQUIREMENT CITED

An amendment to the Foreign Assistance Act of 1974 stipulated that no funds could be spent by or on behalf of the CIA for covert operations "unless and until the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to "the Senate and House Appropriation and Armed Services committees, and to the Senate Foreign Relations Committee and the House Committee on International Relations.

In each case, the full committee delegated the duty of overseeing the C.I.A. to a subcommittee. With a few exceptions, the members of these subcommittees are regarded as conservative.

The sources either did not know or would not state when the covert operations began. But two of the sources indicated that the funds going to Portugal predated an interview given by Mr. Ford to U.S. News & World Report early last month when he talked of the virtual impossibility of CIA involvement in Lisbon.

Speaking of aid going "quietly" from Moscow and Western Europe to warring factions in Portugal, he said:

"I think it's very tragic that, because of the C.I.A. investigation and all the limitations placed on us in the area of covert operation, we aren't able to participate with other Western European countries."

WARNING OF HANDICAP

"The American people shouldn't handicap themselves from meeting the challenge, as we were handicapped in South Vietnam and as we are handicapped in trying to be a participant in Portugal."

One of the sources said that Mr. Ford and Mr. Kissinger made the decision some time after they went to Brussels for a NATO meeting in late May. It was after consultations with heads of state there, the source continued, that they saw how strongly the West European leaders felt about maintaining a non-Communist Portugal. The source then explained: "We wanted to show them that we would stand with them on this one, and also more money was needed."

Another source said that the West Europeans were already "giving plenty" and would have given more, but "it's that we can't keep our hands out of anything."

Two of the sources said that West European trade unions that they would not identify were smuggling small arms and ammunition to the Portuguese Socialists. The Portuguese Communists, they said, had been previously armed by Moscow.

The decision to being covertly financing these anti-Communist forces marked the latest step in a long process of reversing policy toward post-Salazar Portugal. For almost a year following the death of António de-Oliveira Salazar, the administration's policy was to lament privately but say nothing publicly about the leftward trend among Portuguese military leaders. The theory was that more harm than good would come of any American involvement.

IN KEEPING WITH PAST POLICY

But the recent decision to take a strong anti-Communist stand in Portugal, including covert financing, was very much in keeping with the history of American policy toward the countries on the northern rim of the Mediterranean.

Beginning with the Communist-inspired instability in Greece and Turkey after World War II, and running through the threat of a Communist role in the Italian government in the early nineteen-sixties, the C.I.A. has been active in this region.

Much the same holds true for Africa, particularly beginning with Moscow's attempt to gain a foothold in Zaire, which was previously the Belgian Congo. From the time Patrice Lumumba was ousted, through the short career of Moise Tshombe, until General Mobutu come to power, a number of authoritative sources related, the C.I.A. has maintained its largest African station in Zaire.

At about the same time, in the early sixties, the sources said, President Kennedy determined that Portugal, an American ally in NATO, could not sustain control over her African colonies indefinitely and that contact must be made with future revolutionary leaders. In 1962, on the advice of the C.I.A. among others, Mr. Roberto, the brother-in-law of General Mobutu, was selected as a future leader for Angola.

ROBERTO "DEACTIVATED"

The sources said that from 1962 to about 1969, the C.I.A. supplied Mr. Roberto with money and arms, but to little avail. At that point, they said, he was deactivated.

Mr. Roberto was reactivated this spring, according to the sources, at about the time it became clear that the then Communist-leaning government in Portugal ordered its armed forces in Angola to give active support to the Soviet-backed Popular Movement or the Liberation of Angola headed by Agostino Neto.

But the sources said that C.I.A. operatives and American diplomats judged that United States support should also be thrown behind Jonas Savimbi, the leader of the National Union for the Total Independence of Angola.

It could not be learned whether Chinese and American officials had ever discussed or sought to coordinate their efforts against Mr. Neto. What was learned was that American funds were being used to buy arms for both Mr. Roberto and Mr. Savimbi, and that the Chinese were providing military advisors for Mr. Roberto and perhaps for Mr. Savimbi as well.

It could not be learned whether any C.I.A. operatives were also acting as military advisers.

CABINDA A KEY FACTOR

At stake in Angola, besides the enlargement of Soviet influence, is a region deemed rich in copper, industrial diamonds and oil. Of particular interest to the United States and to President Mobutu, the sources said, is Cabinda, an oil-rich area bordering on Zaire and separated from Angola by the Congo River. There, the sources related, the Gulf Oil Corporation continues to pump over 100,000 barrels a day. The sources said that the Administration believed that Mr. Mobutu would like to annex Cabinda in the likely event of a Communist take-over in Angola.

All the sources said that it was Zaire that was of primary concern to the Administration. It is believed that Mr. Kissinger is about to select Sheldon B. Vance, a former Ambassador to Zaire and a close friend of Mr. Mobutu, to be Assistant Secretary of State for African Affairs. He would replace Nathaniel Davis as Assistant Secretary. Mr. Davis was in charge of Deane R. Hinton, the ambassador who was ordered out of Zaire some months ago amid charges by President Mobutu that the C.I.A. had designs on the President's life.

It was Mr. Vance, two of the sources said, who this summer began to contact Zaire's many creditors in the United States and elsewhere to see if the millions in debts that were soon to come due could be refinanced. It could not be learned whether Mr. Vance had completed this task or had succeeded.

In the meantime, the State Department has approached several Congressmen with a view toward increasing American aid to about $15-million. This year, Zaire was to receive about $20-million, but the State Department is now aiming for $60-million. This would consist of $20-million in development aid, $20-million in Export-Import Bank loans, and $20-million in Food for Peace credit. Several officials said that so far, Congressional response had been decidedly negative.

[From the Washington Post, Sept. 27, 1975]

THE CIA: ANGOLA AND PORTUGAL

The new reports of covert CIA activities in Portugal and Angola underline a deep crisis in American foreign policy. In Portugal, The New York Times reported, the United States is funneling funds to the democratic parties through and with like-minded political elements in West Europe; partly as a result, Portuguese democrats' prospects are looking up. In Portuguese Angola, Washington is said to be sending arms and money through Zaire to one of three factions contending for power as the colony nears independence on Nov. 11; in spite of—or perhaps because of—its known American connection, the Holden Roberto faction seems to be fading.

The crux of these reports lies in the considerable differences between the two operations. The Portuguese case is, in our judgment, legitimate and well advised. One can wish that we did not live in a world where undernourished democratic forces representing the majority's spoken will have to contend with a small avowedly totalitarian Communist Party sustained by large amounts of Soviet money. But we do. American values and American security and political interests alike justify CIA help. That the United States' principal friends and allies in Europe are apparently partners—majority partners, we trust—in this enterprise makes it all the more acceptable. Purists may argue that steps taken to seat democracy in a friendly, strategic and allied state amount to unacceptable interference in another country's domestic affairs. We would argue back that docile acceptance of a Soviet-sponsored Communist regime in Lisbon would be high-mindedness carried to perilous, not to say ludicrous, extremes; it accords neither with our vital interests nor our established principles.

But Angola? The operation there seems much closer to the questionable, crudely anti-Communist adventures which have so marred the CIA's past. Reportedly, the United States is backing the almost certain loser, Mr. Roberto. It is doing so partly on the discredited premise that it matters for Washington to contest with Moscow for influence and resources in proud, new, changeable, African states. Though the U.S. evidently is gaining favor with Mr. Roberto's main sponsors in Zaire, it is losing the broader political credit elsewhere in Africa that non-intervention would probably have reaped.

The plain fact is that no effective way has yet been found to submit proposed CIA operations to the kind of timely and close external scrutiny that public policy in other areas routinely receives. In these new cases, the leaders of the armed services, appropriations and foreign relations committees of both houses were consulted but not broadly or deeply enough to cull the "bad" operation (more unwise than fatal) from the "good" one. In the absence of agreed standards on what constitutes a good or bad operation, both the executive branch and Congress tend to frame the problem as one involving their own role in decision-making: the executive demands initiative and flexibility, the Congress oversight and review. But it should be obvious by now that this institutional problem is insoluble as long as relations between the two branches overall are so raw. No amount of institutional or procedural tinkering will alter this basic political fact.

Were these stories leaked to spoil the operations and further hurt the CIA, or to force the pace of congressional reform, or conversely to demonstrate that the United States still can influence farflung events? Whatever the answer, the disclosures illuminate the strange new semi-public setting in which "secret" operations must now be devised. Those unlikely to survive unofficial disclosure probably should not be undertaken at all. Some would consider this anticipation of exposure as a healthy deterrent or even as just retribution for past excesses. We find it deplorable. The United States still has, we believe, reason to conduct certain covert operations abroad—Portugal is an excellent example. It should not be necessary to point out that covert operations must be covert. "National security" unquestionably has been overworked as a rationale for secrecy but it has not lost all validity. It would be extremely helpful if the simultaneous disclosure of the Portuguese and Angola operations—the one valuable, the other questionable—were to make this vital point clear.

[From the Washington Post, Sept. 29, 1975]

PORTUGAL'S REVOLUTION FAR FROM OVER

(By Bernard D. Nossiter)

LISBON, Sept. 28.—Thoughtful Americans visiting here—Sen. George McGovern and Abraham Brumberg, the State Department analyst, to name two—all make the same complaint.

> The scene, they say, is not what they had been led to expect by feverish press accounts—it is far more tranquil and orderly than they had realized.
>
> The complaint has force. There is a built-in journalistic bias in favor of drama, violence and conflict. All these exist here, side by side with much else.
>
> Is reality the shots fired over the head of threatening demonstrators in Rossio Square? Or is it the tens of thousands of Lisboans going quietly to work each morning on subways, trolleys and buses? Is it the repeated sackings of Communist Party headquarters by angry farmers in the north? Or is it the bent men and women now picking the grapes in the lush vineyards above Oporto?
>
> There is a supercharged political atmosphere here in the capital, with its orgy of public meetings and its walls plastered with posters and political graffiti. But as you leave what its critics call "Lisbogal" and drive through the "real" Portugal to the north, the posters thin out and the graffiti change complexion. The heavy barrage of slogans for the Communist Party and its ultraleft offshoots are replaced by the boasts of those further to the right. Near the Spanish border, all this noise disappears almost entirely.
>
> Even conventional reporting is hard because appearance and reality are often at odds. There has been an intense preoccupation with the ups and downs of politicians and parties, a close scrutiny of who is in and who is out of the nominal Portuguese government.
>
> But real power rests with the junior officers who overthrew the old authoritarian regime on April 25, 1974. The politicians had little to do with that, and they exist on the sufferance of the officers who rule through a Revolutionary Council of 18.
>
> The most significant act in weeks here came yesterday at a meeting of this council, now in the hands of relative moderates. It dragged on to seven o'clock in the morning and out of it came a new, moderate-controlled military force to insure law and order—and what may be the beginning of the end for a radical and unpredictable general, Otelo Saraiva de Carvalho, who has been in charge of internal security. The BBC, which follows Portugal closely, did not even report this on its late-nite news.
>
> Just as the press has focused on the government and the parties, there has been close reporting of the shifting tides in the trade unions, especially now that Communists are losing out to a bizarre coalition of Socialists and far lefists. Trade unions, however, touch the lives of workers far less than the 'Workers' Commissions thrown up during the revolution. The Workers' Commissions fix hours, wages and conditions, and there are far too many of them to gain more than the slightest notion of their political complexion.
>
> Even the Portuguese perception of what is happening in their country is often partial. In the ancient cathedral town of Braga, conservative forces are clearly ascendant. One of their leaders is electrical contractor Luis Gomes Fernandes, president of the local Center Social Democrats, a party as far to the right as you can now legally go here.
>
> His party got nearly five votes for every one taken by Communists in April's election for a constituent assembly, but Gomes Fernandes acts like a man at the barricades. He talks of being imprisoned in his own headquarters for five hours last spring when Communists attacked. He does not mention until pressed how his followers have invaded and sacked half a dozen Communist headquarters in the District.
>
> He says he must listen nightly to the BBC to get impartial news. But the Commercio in nearby Oporto comes to Braga, and its circulation has tripled since the revolution because it offers a diet of fair reporting.
>
> Moreover, in Lisbon, it would be hard to convince Nuna Rocha, editor of the weekly Tempo, that the press is free. His conservative paper appears, but under constraints. This week, he planned to run an exclusive interview with some rightist guerrillas who operate under cover here. Tempo's printers refused to set the type, and the story did not run.
>
> The bright young lady who interpreted for an American reporter raised her eyebrows when he suggested that Portugal is now a more or less free country. Her cousin is in jail.
>
> This is still a country in which a person can be jailed without charge or trial.
>
> The new look Revolutionary Council and the new government of Prime Minister Vice Adm. Jose Pinheiro de Azevedo offer some hope that what is emerging here is an orderly, open society. It is unlikely to look like the conventional Western models because military men are almost certain to continue to play a central role as they have, after all, through the varieties of government Portugal has experienced in this century—monarchy, republic, Salazarist dictatorship and left-flavored revolution.
>
> There are still genuine dangers from the totalitarians of the right or the left.
>
> * * * * *
>
> The Portuguese are proud (their Spanish neighbors say "vain") and resent any manipulation from the outside. If, as reported, the CIA is funneling money to the Portuguese Socialists through European unions and Social Democrats, the project is probably a political mistake. The story has been widely publicized here and probably will do deep damage to the Portuguese Socialists and Mario Soares, their leader.
>
> Moscow money enables the Communists to pay $25 a night to plaster Braga's walls with slogans and flyers. It also insures that the Braga vote for the Communist Party is a derisory 4 per cent.

Mr. MANSFIELD. Will the Senator yield?

Mr. McGOVERN. Yes.

Mr. MANSFIELD. Mr. President, I want to commend the distinguished senior Senator from South Dakota for the report he has just made to the Senate relative to his visit to Portugal last week and prior to that time.

I agree with him when he mentions the U.S. Ambassador to Portugal, Frank Carlucci, and the excellent job he is doing in representing his government, our Government, under most difficult circumstances.

I have read also in the various newspapers reports about the CIA being involved in covert activities. When I was in Portugal the firse part of last month, I made specific inquiries into that matter and I was informed that there was no CIA intervention in any way, shape or form at that time. I believed it then, I believe it now, for that period.

But in the past week or so, there have been reports about CIA money being used in various manners to participate in what is an internal situation in Portugal itself. The stories seem to have some credence, but I was glad to note that the head of the Portuguese Socialist Party. Mr. Mario Soares, stated that he was not receiving any funds from that source.

If the Senator will allow me, I would like to read from the report which I made to the Committee on Foreign Relations some 2 weeks ago:

> Suspicion of U.S. intelligence activity has affected the U.S. diplomatic mission in Portugal. Accusations of CIA involvement in Portugal were loud after the aborted Spinola coup in March of this year. There were demonstrations against the U.S. Embassy and the Ambassador was publicly charged with being a "CIA agent" and a "maker of coups." While such accusations have abated, partly because of a vigorous campaign of refutation, charges of this character, even though false, in a climate of worldwide suspicion of U.S. intelligence activities, can be damaging to the stature of the United States. Moreover, they do harm to those many political forces which seem to represent most closely moderation and democracy in the present political ferment in Portugal. A renewal of accusation of U.S. meddling in Portuguese internal affairs, especially if a basis were to exist for them, could thwart the usefulness of the Ambassador's mission by undermining his credibility and entangling him in time-consuming defense of his actions. Since the aborted coup, the U.S. mission's endeavor to keep a relatively low profile has had some success. This nation cannot shut off false accusations, of course, but it is essential that the United States keep itself free of the taint of surreptitious operations. Its actions, in time, will speak louder than any accusations.

Furthermore, I do not believe, may I say to my distinguished colleague, that we ought to take the lead in any efforts being made to assist the democratic elements in Portugal.

I would like, if I may take up the Senator's time, to read another paragraph in that report which may be pertinent:

> It should be recognized that the United States can furnish only a marginal boost to Portugal's strained economy. Inasmuch as Western Europe—

Western Europe.

> far and away, is the most important trading areas for Portugal and other significant economic links exist with countries in that region it would seem appropriate for Lisbon to look mainly in that direction for the bulk of the cooperation in trade and aid. At best, the United States can only furnish a supplement to Portugal's arrangements with the European trade and market grouping and with individual Western European countries. Indeed, in my judgment, this nation should attempt to provide no more than a modest supplement to those connections, regardless of political developments in Portugal. It might be worthwhile to pursue negotiations to coordinate U.S. economic activities regarding Portugal with those of Western Europe. It should be noted, in particular, that Portuguese foreign exchange reserves are being rapidly depleted and, in this area, joint-U.S.-European efforts might be of special relevance.

I think this fits in with what the distinguished Senator from South Dakota has already said. I hope the reports about CIA covert activities are untrue because the Portuguese can handle their own affairs themselves. The way events have been going the past several weeks they are going in the right direction.

Again, I commend the distinguished Senator who once more has performed a service to the Senate and to the country in making his statement today.

Mr. McGOVERN. Mr. President, I

thank the distinguished majority leader for what he had to say. I am especially impressed with the recommendation he makes, that our aid follow in cooperation with what the European Community is doing. I do think it is entirely proper that the Europeans take the lead on this matter of assisting the new Portuguese Government for the reason the majority leader has stated. Indeed, before leaving Portugal, I recommended, after discussions with the Ambassador, that we formulate some kind of informal consortium under which American aid could be carefully coordinated with what the Europeans are doing. They are talking in terms of a $75 or $80 million aid package on the part of the European Community. What I am proposing here is a package of roughly $55 million with a sizable percentage of that earmarked for the refugees, and recommending that some portion of our aid come in the form of food. There is a critical food shortage in Portugal. They are a food-importing nation. They have little in the way of grain production, dairy production or livestock production. Yet at a time when 300,000 of their citizens are unemployed they are faced with an influx of another 350,000 or 400,000 from Angola. So I think we can perform a service in food assistance that would not only provide needed resources but would help hold down what would otherwise be a painfully inflated food situation for the entire population.

I would hope, as the majority leader has said, that we continue to maintain a sensitive, low profile in Portugal, that the American hand not be a heavy one there but that it be a sensitive and compassionate hand and one that works in close cooperation with our friends in Western Europe.

Mr. HASKELL. Will the Senator yield?

Mr. McGOVERN. Yes, I yield.

Mr. HASKELL. I would like to congratulate the Senator from South Dakota on his remarks vis-a-vis the CIA and vis-a-vis the way of helping other countries. I would like to compliment the distinguished Senator for his amendment, which is the coordinated type of foreign aid that I believe we should be giving. We have not been doing that in the past.

I would ask the Senator from South Dakota if he would permit me to be a cosponsor of this amendment.

Mr. McGOVERN. I would be delighted to have the Senator as a cosponsor.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 30 minutes with statements therein limited to 5 minutes.

PRIVILEGE OF THE FLOOR—S. 2310, S. 692

Mr. HASKELL. I ask unanimous consent that Mr. John Cevette of my staff be given the privilege of the floor during the consideration and voting on S. 2310 and S. 692.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HASKELL. I have a parliamentary inquiry, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HASKELL. I would like to ask, if it is in order, unanimous consent that Mr. Terry Lytle, who is a lawyer on the staff of the Federal Trade Commission, be given the privilege of the floor during the course of consideration of S. 2310 and S. 692.

The ACTING PRESIDENT pro tempore. It is in order to ask unanimous consent for such a request.

Mr. MANSFIELD. Mr. President, I would not object, but will the Senator withhold that for a little while until I have a chance to discuss it?

Mr. HASKELL. I will certainly withhold it.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator has withdrawn his request.

Mr. HASKELL. Temporarily I have withdrawn my request at the suggestion of the majority leader with regard to Mr. Lytle, not as to the member of my staff.

The ACTING PRESIDENT pro tempore. The Senator from California.

SENATE RESOLUTION 269—RELATING TO U.S. GRAIN EXPORTS TO THE SOVIET UNION

Mr. TUNNEY. Mr. President, in a few moments I am going to be sending to the desk a resolution which I will be offering for myself and the Senator from Kansas (Mr. Dole). I am going to be asking for its immediate consideration.

Mr. President, this resolution is designed to promote the exchange of Russian oil for American grain.

We are the largest grain-producing nation in the world. The grain grown by American farmers is perhaps our greatest national trade resource. At the same time, the Soviet Union is now the largest oil producing nation in the world. The Soviet Union needs our grain, and we could use some of its oil, particularly if we can get it for less than OPEC prices. This resolution basically emphasizes that it is the sense of the Senate that during the grain sale negotiations between the United States and the Soviet Union, the U.S. negotiators should try to get oil for our valuable grain which the Russians so desperately need. Moreover, the resolution would provide that the price for that oil should be less than the OPEC price. Let us return to the era of shrewd Yankee trading. If we help the Russians on their most pressing problem—grain, they should be required to help us out of our most critical shortage—petroleum.

Why should the Russians be interested in such a proposal? Well, obviously, they need American grain, but there is more to it than that. The United States currently enjoys a 4-to-1 favorable balance of trade ratio over the Soviet Union. Faced with this staggering trade deficit, it is entirely possible that the Soviet Union would welcome this opportunity to use its oil to accumulate foreign exchange and reduce its negative balance of trade.

The other objection that has been raised in regard to obtaining Soviet oil involves the reliability of the Soviets in supplying the oil, and if we become dependent upon that supply the Soviets would be able to threaten us with an Arab-style boycott. The answer to that is simple. The Soviet capability for receiving grain shipments is limited, and thus delivery is extended over a long period to cope with Soviet limitations. Thus, if the Russians cut off oil to us, we could suspend grain shipments to them. Moreover, in a larger context, one must ask whether the Soviets would be willing to risk the dissolution of other agreements between the United States and the Soviet Union. Perhaps it is time to find out if détente is indeed a one-way street.

Mr. President, the ultimate aim of this resolution is not just grain for oil, rather it involves using American grain resources, in which we have a clear comparative advantage, as a tool to help drive down the world price of oil. The Russian need for our grain is so pressing that we should employ it as a bargaining chip to procure Soviet oil at reduced prices. Lessening our dependence for OPEC oil will place great pressure upon the oil cartel, which has just further increased prices above levels which already represented a completely distorted demand-supply relationship.

In this way, a resolution which at first glance seems simple and only a minor aid to this Nation's energy dilemma, could prove to be a milestone toward an ultimate energy solution.

Mr. President, on September 11, I wrote to the President advancing the proposal embodied in this resolution. I ask unanimous consent that my letter be inserted in the Record along with an excellent editorial on this topic written by Mr. William Randolph Hearst, Jr.

There being no objection, the letter and editorial were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., September 11, 1975.

The President,
The White House,
Washington, D.C.

Dear Mr. President: I strongly urge you to direct the Under Secretary of State to pursue vigorously the possibility of exchanging American grain for Russian oil, natural gas or other scarce resources in the upcoming grain negotiations with the Soviet Union. With the Soviets facing a tremendous balance of payments deficit, it is entirely possible that they will welcome the opportunity to ease their situation by compensating the United States with oil rather than currency.

Further, I believe that this is an excellent opportunity to prove that detente is not a one way street with all the benefits going to the Soviets and all the liabilities to the United States.

While there are certainly problems to be overcome before such an exchange could take place, I believe that they could be worked out in a manner favorable to both American farmers and consumers. I would be anxious to assist in such an effort.

Sincerely,

JOHN V. TUNNEY,
U.S. Senator.

[From the Hearst Newspapers, Sept. 7, 1975]

TIME FOR "HORSE TRADING"

(By William Randolph Hearst, Jr.)

NEW YORK.—Why not swap our plentiful grain for much-needed oil or for other Russian resources that we can use?

The idea has been going the rounds and it appears, on the surface at least, to have sufficient merit to warrant going into here today.

The suggestion for setting up some kind of swap with the grain-hungry Russians apparently originated with my old friend Senator Henry M. (Scoop) Jackson, who is seeking the Democratic presidential nomination. It has been proffered also by Senator John V. Tunney and AFL–CIO President George Meany is firmly behind the idea.

Everyone seems interested except the two American agencies which would be involved in such a deal: the State Department and the Agriculture Department. Officials in these two departments at least ought to give the matter some serious thought and then give us their views.

Old-fashioned Yankee horse trading had many good things about it. Most important, both the buyer and seller dealt with tangible items, not currencies whose values might fluctuate. In the situation with the Russians we have some tangible grain that they want and they have some oil and other natural resources that we want. Direct swapping might be a good deal for both nations.

George Meany, who can be blunt when he wishes to, puts it right on the line: "Should we not say, 'As you do with the oil which we need, so shall we do with our grain which you need'?"

The trouble, of course, is that our grain dealers trade with the Russians as private businessmen while the Russians buy or sell through government agencies. Canada has a central board which sells its wheat crop and its techniques might be worth studying by our Agriculture Department officials if, as seems likely, the United States is going to be called upon increasingly to supply food for a hungering world.

A spokesman at the State Department reported to us that a "number of suggestions" had been received for setting up a swap arrangement with the Russians, but that only a few discussions had been held and no decision had been reached. No negotiations are planned at this time, he said.

In the Agriculture Department, Dale Sherwin, assistant secretary in charge of foreign agriculture and commodities, said that no talks are being held concerning a swap, but that "we do want the Russians to become regular customers." As predictable buyers, the Russians would have a better chance of acquiring American grain, since farmers could plant according to an expected market. As it is, we may not be able to provide them with as much grain as they need and want this year.

I certainly agree with Agriculture Secretary Earl Butz when he says of the Russian purchases, "It is far better to exchange bushels rather than bullets." However, there is nothing wrong with being hard-nosed businessmen. The Russians are, whenever and wherever they do business.

A spokesman for the Soviet trade mission was typically noncommittal when I asked if his country would be open to talks about bartering some resources for our grain. He said that he had not been officially requested by anyone in our government to consider such a deal, but that he would be happy to take it up with Moscow if such a request were made.

The truth is the U.S.S.R. is in serious trouble because of its poor harvest this year. If positions were reversed and we were asking them for grain, you can be sure they would be driving some hard bargains which might well include demands for some of our dwindling natural resources. An example of how the Russians conduct business was demonstrated when they quadrupled the price of their oil immediately after the Arab-dominated oil and petroleum exporting countries cartel did.

No one knows exactly how bad the Russian situation is. Scoop Jackson, who terms the grain sales "horrendous" and "asinine," says that as of this last week the Russians were 50 million metric tons short of normal.

The Soviets are currently buying 9.8 million tons of American grain, purchases that will have a small inflationary impact on American food prices, but it is open talk in Washington that they want to buy as much as 11 million additional tons. This would total 21 million bushels or about 10 per cent of the estimated American grain crop. How much inflation that would cause in this country is not known.

It seems like a most opportune time for our government to work out a barter deal with the Soviets. One important factor that should not be overlooked is that the Soviet Union is running a soaring deficit in its trade with western countries, notably the U.S.

In the first half of this year Soviet imports exceeded exports by more than $1.4 billion with just four of its active trading partners, West Germany, Japan, France and the United States. That does not include an upcoming expenditure of $2 billion for grain purchases from the West. Experts say that the bilateral trade balance between the Soviet Union and the United States is 4 to 1 in favor of the U.S., compared to a 2-to-1 favorable balance for the U.S. at this time last year.

In view of this, it seems logical to think that the Russians would welcome a chance to swap goods for grain instead of dipping into their diminishing supply of currencies that are convertible in the West.

There are many things in the Soviet that could be bartered. Oil, of course, is most important. Then there is liquefied natural gas. Also chrome to be used in the manufacture of steel. They can export as well such resources as coal and timber. The most prized natural resource of all, and the Soviets have a goodly supply, is gold. Experts in Geneva think that the Russians plan to sell gold on the open market soon to help finance their trade deficits.

Just a few days ago, Senator Jackson said: "The idea of a grain-oil barter deal (with the Soviet Union) is no longer light talk. It grows more and more serious."

I agree and say let's get on with it. Let's give it some serious consideration. Now is the time for our leaders to act like mature businessmen. Kindly old Uncle Sam has given to all the world until his pockets are nearly empty, and it is now time to get back to basic hard bargaining.

Mr. DOLE. Mr. President, I am pleased to join the Senator from California in cosponsoring this resolution.

It is my feeling that if the Soviet Union and the United States find it mutually advantageous to arrange an oil agreement at the same time they are arranging a wheat agreement, it would be beneficial to farmers, to consumers, and to all Americans. It was my purpose in introducing on September 4, Senate Resolution 240, urging the President to negotiate a bilateral grain agreement with the Russians, to develop a purchase and sales agreement that would be mutually beneficial to both nations. I was pleased to see that shortly thereafter the President did send a negotiating team to Moscow. It has been widely reported that the Russians have been at least initially very favorable to this idea. Hopefully, the agreement under which the Russians would buy at least a minimum of 5 to 8 million tons of grain every year with the option to buy more if necessary, would be greatly advantageous to us as well as to them.

BENEFIT IS LIMITED

However, the benefits of an oil agreement may be limited and it is my strong feeling that we should weigh the terms of such an agreement very carefully to insure that they are, in fact, advantageous. I would admonish our negotiators to give particular scrutiny to the pricing terms of the agreement.

This resolution specifically avoids any specific barter arrangement. In all probability an exchange agreement whereby a certain quantity of wheat would be provided in exchange for a quantity of oil would be strictly to our disadvantage. For in the coming years it is very likely the value of wheat and feed grains will rise whereas the price of oil—arbitrarily pegged at an artificially high level by the OPEC nations—will fall. So a wheat-for-oil deal that would be advantageous to us in present terms might next year and in subsequent years be very disadvantageous for us.

In addition, we should avoid any arrangement whereby we would agree to provide technology and/or the development funds for these oil resources that in the end would make that energy very expensive.

AVOID VULNERABILITY

The greatest temptation of an oil agreement with the Russians is to become dependent on them as a source of energy. While purchasing oil from the Russians is potentially beneficial to farmers and all other Americans, it is my strong feeling that we should not allow ourselves to be placed in a vulnerable position. Mr. Kissinger's optimism about détente is hardly a basis for us to depend on the Communists for an oil supply.

While this Senator does support détente, there has been little produced from détente that would show the Russians to be anything like a totally reliable source of energy. The fact of the matter is that their government-operated media still attack us in the most violent terms. Their ideology is still dedicated to the downfall of our way of life.

So obviously, Mr. President, we cannot allow ourselves to become dependent upon the Soviets for oil. A purchase agreement with the Russians on petroleum must be predicated upon our own intent to achieve energy independence.

Realistically, the Russians, in all likelihood, would only be able to provide us a marginal amount of oil. However, even a marginal amount of our oil supply could potentially be enough to cause gas lines if it were suddenly cut off. It is of great concern to me that in entering any agreement of this type we should use the greatest caution and the most careful consideration to insure that the agreement is truly mutually advantageous.

Mr. President, it is my hope that the Senate will agree to this resolution and that the President will respond quickly to the suggestion in this resolution.

Mr. TUNNEY. Mr. President, I send the resolution to the desk and ask for its immediate consideration.

Mr. MANSFIELD. Mr. President, unfortunately I feel constrained to object. Not that I am not in favor of what the distinguished Senator from California is attempting to do, because I think he is on the right track. But under the rules of the Senate, it is the usual procedure to refer all bills, resolutions, and like matters to the appropriate committees.

May I suggest to the distinguished Senator that he ask unanimous consent that the resolution be placed on the calendar? Objection would only delay it 1 day from being placed on the calendar; but this way it would be placed on the calendar today, and I think that would partially meet the Senator's purpose.

Mr. TUNNEY. I thank the distinguished majority leader for his excellent suggestion. I ask unaimous consent that the resolution be placed on the calendar.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

HOUSE CONCURRENT RESOLUTION 402—WELCOMING THEIR MAJESTIES THE EMPEROR AND EMPRESS OF JAPAN

Mr. MANSFIELD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 402.

The ACTING PRESIDENT pro tempore laid before the Senate the concurrent resolution (H. Con. Res. 402) welcoming their Majesties, the Emperor and Empress of Japan, which was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, is as follows:

H. Con. Res. 402

Whereas Their Majesties, the Emperor and Empress of Japan will soon be visiting the United States of America, and

Whereas their visit will be the first state visit to the United States of America by a reigning Emperor of Japan in the more than one-hundred-and-twenty-year history of American-Japanese relations, and

Whereas our two countries, though coming from diverse cultural backgrounds, have created from this diversity an active and dynamic relationship beneficial to both peoples, and

Whereas the exchange of ideas, cultural and artistic innovation, technological and scientific knowledge, productive enterprise, and trade have through the years enhanced mutual understanding and respect between the United States of America and Japan, and

Whereas during the first visit to Japan by an incumbent American President in November of 1974, Their Majesties and the Japanese Government and people extended a warm and enthusiastic reception to President Gerald R. Ford, and

Whereas the coming visit by Their Majesties will vividly symbolize the ties of friendship and common values to which the American and Japanese people are dedicated: Therefore, be it

Resolved, That the Congress hereby extends to Their Majesties, the Emperor and Empress of Japan, a warm welcome and sincere good wishes from the American people on the occasion of their historic first visit to the United States of America.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate action agreeing to Senate Concurrent Resolution 65 be vitiated, and that that resolution be indefinitely postponed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATOR BIDEN AND THE ISSUE OF BUSING

Mr. MANSFIELD. Mr. President, on September 28, the Washington Post published a lengthy article by its education writer, Eric Wentworth, on our colleague from Delaware, Mr. BIDEN, and the amendment he authored to prevent the Department of Health, Education, and Welfare from using Federal funds to force the busing of schoolchildren.

I was happy to see this article, Mr. President, for it cuts through so much of the emotion that surrounds the issue of busing.

And, importantly, the article accurately portrays Senator BIDEN as a public official "picking a rather precise path through shibboleth and stereotype."

I commend Mr. Wentworth's article to my colleagues, and ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BIDEN: A LIBERAL BREAKS RANKS

(By Eric Wentworth)

In the frenzied, us-or-them national debate over school desegregation, Sen. Joe Biden Jr. seems at first glance to perch on the pinnacle of a paradox. How else explain a man who wants the best break for blacks yet so vehemently denounces busing?

But during a two-hour interview the other day, the young Delaware Democrat emerged as someone picking a rather precise path through shibboleth and stereotype.

While criticized at one point or another by both pro and anti-busing factions, Biden hasn't simply settled on some muddled middle ground—if any, in fact, could exist these days. No, he is foursquare against busing. But not necessarily for the same reasons as a Jesse Helms of North Carolina or a James Allen of Alabama.

Biden, sees himself stepping in where liberal angels fear to tread. If only a conservative like Richard Nixon could open the door to Mainland China, perhaps only a liberal like Joe Biden can slam the door on busing.

Biden said he is convinced that a full 65 of the Senate's 100 members, many liberals as well as conservatives, "don't believe busing's a good idea."

You wouldn't know it from their voting records. But Biden contended a number of fellow liberals have been locked into opposing anti-busing measures, despite their growing private doubts, because votes on busing have become the civil rights lobby's litmus test for sorting out friend and foe. He can understand why, Biden added, given government retreats in other fields like housing, "The black community justifiably is jittery."

After the Senate 11 days ago adopted his own surprise anti-busing amendment by seven votes, Biden said, "A couple who did not vote with me—could not—came up to me and said, 'I'm glad you're doing what you're doing—I can't do it.' "

He continued, "Others who have been viewed as supporters of busing came up to me as long as eight months ago and said, 'Joe, you've got to do something. I can't—we can't—because of our standing in the community. We'll be misread. Yet we think you're right on it.' "

As a liberal who has broken ranks to oppose busing, Biden said, "I think what I've done inadvertently . . . is, I've made it—if not respectable—I've made it reasonable for longstanding liberals to begin to raise the questions I've been the first to raise in the liberal community here on the floor."

Over the next several years, he predicted, those liberals "are going to see the light" and switch sides on busing too.

Significant switches have already been occurring, to the dismay of civil rights lobbyists, in the Senate's latest convoluted floor fight over busing to desegregate schools.

Biden's own anti-busing amendment picked up votes from Majority Leader Mike Mansfield and Lee Metcalf of Montana and such other once-reliable Democratic liberals as Quentin Burdick of North Dakota, Gaylord Nelson of Wisconsin, Warren Magnuson of Washington, and Stuart Symington and Thomas Eagleton of Missouri.

Some switched back on related later votes. But what has clearly emerged from this latest struggle is that civil rights groups can no longer count as before on a slim but stalwart Senate majority to fend off attacks on busing and other disruptive school desegregation remedies.

And Joe Biden, at 32 the youngest Senator, will be remembered for his amendment that first illustrated the Senate's new tilt. He'll stand in Senate civil rights lore alongside Abraham A. Ribicoff of Connecticut, another liberal who dramatically broke ranks five years ago.

Ribicoff, declaring the North "guilty of monumental hypocrisy," became the first Northern liberal to endorse a Southern proposition that school desegregation pressures should apply equally across the entire nation. The Southerners foresaw then that as desegregation brought upheavals to Northern school systems, the whole movement could falter—easing pressures on their schools too. And this, it would appear, is just what's happening today.

Busing, to Biden, is a "bankrupt concept." In countenancing it, he said, "I think we violated the most cardinal rule that a politician can violate in the eyes of the American people . . . the cardinal rule of common sense."

Biden insisted he has been consistent in opposing busing—as he defines it—since before his 1972 Senate election. He recalled, for example, forgoing some campaign contributions from white liberals because, at a 1971 cocktail party, he refused to take a pro-busing position.

At the same time, he has accumulated some very credible civil rights credentials since adolescence—as a participant in a high school restaurant boycott and in sit-ins along Route 40, as a debater against racial discrimination while at Syracuse Law

School, as a young criminal lawyer with a largely black, even black-militant clientele, as a suburban public-housing advocate when he ran in 1970 for the New Castle County Council, and as a middle-class white with many friends and political contacts in Wilmington's black community.

"I still walk down the street in the black side of town," he boasted, "and you get—maybe they're my clients—but Mousey and Chops and all the boys at 13th and—I can walk in those pool halls, and I quite frankly don't know another white man involved in Delaware politics who can do that kind of thing."

Biden acknowledged that his simultaneous advocacy of blacks' civil rights and opposition to busing has led to repeated misunderstandings and landed him in political crossfires. He added that he has brought his own views into sharp focus only in the past years or so—inspired by Senate busing debates and a court case threatening busing for Wilmington and its suburbs.

Busing, in Biden's current lexicon, is more than the physical transportation of children to schools far from home. It's "the assignment of students to a school other than what is traditionally their neighborhood school for the purpose of redressing some racial imbalance." He would oppose reassigning a child from one walk-in school to another walk-in school for that purpose.

What he's basically attacking, Biden explained, is the concept that school systems should bear the full burden of affirmatively integrating society where they haven't been guilty themselves of gerrymandering or other clearly illegal acts.

Where court proceedings have found school systems actually guilty of such acts to exclude blacks, Biden unlike some would let the judges order busing when it's the necessary remedy. But he would like somehow—if he can ever find the right legislative phrasing—to bar court-ordered busing in other cases, where guilt, for example, stems from decades-old housing bias.

So far, Biden conceded, he has found only a partial solution—to limit the Health, Education and Welfare Department's administrative enforcement efforts. By last December. he had drafted an amendment that would simply bar HEW from using federal funds "for assigning students to schools because of race."

Ironically, that wasn't the amendment he successfully sponsored in the Senate 11 days ago. He went over to the floor that day to hear debate on a far broader measure offered by Jesse Helms, the North Carolina Republican.

"Let me just level with you—I made a mistake," he recalled. "I tried to emasculate Jesse Helms' amendment . . . I wanted to accomplish stopping busing. I didn't want to accomplish what Jesse Helms did. Jesse Helms had in his amendment sex, record-keeping stuff and everything else . . . So I took his amendment and amended it. This was not a planned thing, to introduce it at this time. It shocked the staff . . . I had no prepared speech, nothing. It just went, you know, from the hip . . . I literally took a pencil and scratched out words in his amendment."

Unfortunately, Biden continued, he neglected to scratch out three words: "teachers," "courses" and "classes." Thus the impromptu Biden amendment adopted that day would bar HEW not only from requiring student desegregation school-by-school, through busing or mere reassignment, but from trying to desegregate school facilities or an individual school's classrooms.

When Biden tried to correct his mistake, Senate civil rights stalwarts and lobbyists at first turned him down lest "cleaning up" his amendment make it any more palatable.

Then, three days ago, Biden won Senate approval for a narrower amendment which would bar HEW only from requiring busing—in the literal sense—of students "for reasons of race." This time, he had the votes of most civil rights stalwarts. Caught by then in a parliamentary straitjacket, they were in the ironic position of voting for an anti-busing amendment as the lesser of two evils.

As Biden himself put it, "They had no place to go."

But while the liberal alignment on this last vote was for many an aberration, Biden is convinced that a growing number in the next few years will change their views on the busing issue.

"They're going to have to do what I started to do two years ago, and that is, to really look at the issue. I don't think they've really looked at the issue. Quite frankly, I don't think they understand the issue . . .

With the lawmakers still reeling from their latest busing donnybrook, Biden was already looking ahead to the next battle on the Senate floor when he'll "go at it tightly and concisely, and no mistake about it."

PRIVILEGE OF THE FLOOR

Mr. PEARSON. Mr. President, I ask unanimous consent that Arthur Pankopf, Jr., John C. Kirtland, Malcolm Sterrett, and Philip M. Grill of the staff of the Committee on Commerce be allowed the privilege of the floor throughout the debate on S. 2301 and all legislation relating to natural gas.

Mr. GRIFFIN. Mr. President, I make a similar request with respect to David Clanton of the Commerce Committee staff.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HASKELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. MANSFIELD). Without objection, it is so ordered.

REQUEST FOR PRIVILEGE OF THE FLOOR

Mr. HASKELL. Mr. President, I repeat my unanimous consent request of a short time ago that Mr. Terry Lytle, a very competent lawyer on the Federal Trade Commission staff, be permitted access to the floor during the debate on S. 2310 and S. 692.

I believe the Senator from Montana has something he wishes to say.

Mr. METCALF. Mr. President, reserving the right to object, I do not know Mr. Lytle. I have confidence in his competence and ability. But I am going to object to having Mr. Lytle on the floor.

I feel that the privilege of the floor for advice and counsel to Members of the Senate should be reserved to either members of our staffs who have worked on the bill, or members of our committee staffs.

I can recall, in the past, certain serious incidents when, by uanimous consent, outsiders were permitted on the floor. I believe my ruling as Acting President pro tempore was correct, that such people can be brought on the floor by unanimous consent, but I believe it casts a shadow on the Senate that we should not permit. I can recall such people running back and forth to the Vice President's office in another Vice President's administration, making decisions, and then returning to the floor.

So I would continue to be constrained to object to any outside person coming on the Senate floor for the purpose of guidance and assistance to members of the committee of Members of the Senate.

Mr. GRIFFIN. Mr. President, will the Senator from Montana yield briefly to me?

Mr. METCALF. I am glad to yield to the Senator from Michigan.

Mr. GRIFFIN. I wish to commend the Senator from his position, and to associate myself with what he has said.

I assure the Senator from Colorado that there is nothing partisan and nothing that in any way reflects on the individual with whom the request is associated, but that there is a strong belief and feeling on both sides of the aisle, I believe, that this would not be in the best interests of the Senate. I would be constrained to object if the Senator from Montana did not object.

Mr. METCALF. I am delighted to have the support of my long-time friend from Michigan.

Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HASKELL. I fully understand the reasons why the Senator from Michigan and the Senator from Montana would object. Of course, I have derived a great deal of my information on the amendment that I intend to introduce by the help of lawyers in the Federal Trade Commission.

Privately, the Senator from Montana said:

> Well, if you get somebody from the Federal Trade Commission, somebody else is going to want to get somebody from the American Gas Association.

Therefore, I believe I see the reasonableness of the Senator's objection. I thank the Senator.

I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. METCALF) laid before the Senate messages from the

President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:02 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has agreed to the concurrent resolution (H. Con. Res. 402) welcoming Their Majesties, the Emperor and Empress of Japan, in which it requests the concurrence of the Senate.

The message further announced that the Speaker has signed the bill (H.R. 6674) to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. Metcalf).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Metcalf) laid before the Senate the following letters, which were referred as indicated:

Report of the Comptroller General

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on the message of the President dated September 10, summarizing by agency the total budget authority and 1976 outlay reductions involved in the message (with an accompanying report); jointly pursuant to the order of January 30, 1975, to the Committees on Appropriations, Budget, Labor and Public Welfare, Finance, and the District of Columbia.

Report of the Secretary of Commerce

A letter from the Secretary of Commerce transmitting, pursuant to law, a report of the National Advisory Committee on Oceans and Atmosphere (with an accompanying report); to the Committee on Commerce.

International Agreements Other Than Treaties

A letter from the Assistant Legal Adviser of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into within the past 60 days (with accompanying papers); to the Committee on Foreign Relations.

Distribution of Judgment Funds

A letter from the Commissioner of Indian Affairs reporting, pursuant to law, on the distribution of judgment funds in the case of certain awards to the Ottawa and Chippewa Nation (of Michigan) by the Indian Claims Commission; to the Committee on Interior and Insular Affairs.

Report of the National Commission on Libraries and Information Science

A letter from the Chairman and Executive Director of the National Commission on Libraries and Information Science transmitting, pursuant to law, a report entitled "Toward a National Program for Library and Information Services" (with an accompanying report); to the Committee on Labor and Public Welfare.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. INOUYE, from the Committee on Commerce:

Creighton Holden, of Michigan, to be Assistant Secretary of Commerce for Tourism.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. LONG (for himself and Mr. Mondale):

S. 2425. A bill to facilitate and encourage the implementation by States of child day care services programs conducted pursuant to title XX of the Social Security Act, and to promote the employment of welfare recipients in the provision of child day care services. Referred to the Committee on Finance.

By Mr. DOLE (for himself, Mr. Ribicoff, and Mr. Stafford):

S. 2426. A bill to establish a reduced rate of postage for letters sealed against inspection mailed by private individuals. Referred to the Committee on Post Office and Civil Service.

By Mr. HELMS:

S. 2427. A bill to amend the National Science Foundation Act of 1950 by providing for a peer review and grants management system that is equitable, open, and accountable to the scientific community and to Congress, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. INOUYE:

S. 2428. A bill to amend the Internal Revenue Code of 1954 to permit an individual who is an active participant in a retirement plan to claim the deduction for retirement savings for amounts contributed by him to an individual retirement account, for an individual retirement annuity, or for a retirement bond, to the extent that the amounts paid by him or on his behalf under the retirement plan does not equal the maximum amount of the retirement savings deduction to which he would be entitled if he were not an active participant in such plan. Referred to the Committee on Finance.

By Mr. JACKSON (for himself and Mr. Fannin) (by request):

S. 2429. A bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Florida, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON:

S. 2430. A bill to amend the Act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LONG (for himself and Mr. Mondale):

S. 2425. A bill to facilitate and encourage the implementation by States of child day care services programs conducted pursuant to title XX of the Social Security Act, and to promote the employment of welfare recipients in the provision of child day care services. Referred to the Committee on Finance.

Mr. LONG. Mr. President, on October 1, new staffing standards for child care funded through the Social Security Act will go into effect under the social services legislation enacted last year. The new standards will require a great increase in the staffing of child care centers. This necessarily means that the cost of providing child care will rise substantially. No additional funding, however, has been provided to meet these added costs. As a result, the bill we enacted last year to make social services more easily and widely available will have the actual effect of limiting the availability of one of the most important social services—child care.

The question of what are the proper staffing standards for child care is one which has been debated for a number of years and on which there are a variety of strongly held positions. While I myself feel that the requirements in the new law go well beyond what is really necessary in order to assure a safe and healthy environment for children in day care, I know that there are those who feel equally strongly that these standards do not go far enough. What we have in the existing legislation that goes into effect this October, therefore, represents the best compromise that could be worked out. The legislation does provide for the Department of Health, Education, and Welfare to undertake an intensive study of this problem and, on the basis of that study, to make appropriate revisions in the standards in 1977.

Thus it seems to me that both those of us who feel that the standards are too strict and those who feel that they are not strict enough will have to accept the existing compromise until better information becomes available. However, it is quite clear that the new standards are not going to be met by October 1 and are not going to be met at all unless some additional funding is made available to enable those who must operate these child care programs to hire the required additional personnel. Today I am introducing legislation which addresses this problem.

The bill I am introducing will first of all defer for 3 months—through December 31 of this year—the imposition of any penalties for failure to comply with the new child-care standards under title XX of the Social Security Act. While I can understand that those who feel that even these standards are inadequate do not look with favor upon a delay in their implementation, I think even they must realistically admit that until some new money is provided the standards simply cannot be complied with. For this reason, my bill allows a modest delay in the imposition of penalties in order to give the child care providers time to staff up using the additional money which will be made available under the other parts of my bill.

According to the best estimates available, child care under the social services program is currently receiving Federal funding at a rate of roughly $500 million per year. The impact of the new standards will vary from State to State, but it seems reasonable to project that they could double the cost of child care. My bill would make available to the States an additional $500 million per year for child care over and above the $2.5 billion now available for social services. Under the bill, for the current fiscal year only, the amount would be limited to $250 million. This $500 million for child care would be allocated among the States in the same way as the $2.5 billion for social services, that is, on the basis of State population. My bill would also raise the Federal matching rate from 75 percent to 80 percent in the case of child care paid for out of this additional $500 million.

Since child care centers serving both welfare and nonwelfare children will have to meet the new standards for their entire clientele, my bill also gives the States authority to use some of this added social services money to help child care providers keep down the fees charged privately placed children. These fees would otherwise have to be substantially raised because of the new standards. The bill would do this by letting States help meet the cost of hiring welfare recipients to meet the new staffing requirements in facilities where at least 30 percent of the children have their care funded under the social services program.

Since child care centers under the bill could receive a 20-percent tax credit on the wages of welfare recipients they employ, the State could use this 20-percent credit to meet the non-Federal matching requirements and use part of their additional child care funds provided by this bill to meet the 80 percent Federal share—thus covering the total wage costs of the new employees. This provision would only be applicable up to the first $5,000 of wages paid to each employee.

Many child care providers are public or nonprofit entities which do not benefit from the present law 20-percent tax credit for hiring welfare recipients because they have no tax liability against which to apply the credit. The bill I am introducing would remedy that situation by providing for a payment equivalent to the 20-percent tax credit in the case of public and nonprofit entities providing child care. Thus these providers would also be eligible for the additional State funding provided under other provisions of the bill for child care providers who employ welfare recipients.

The bill I am introducing today provides a comprehensive answer to the problems raised by the new social services legislation in the child care area. It prevents the unrealistic imposition of penalties during the next 3 months when, for lack of funds, the new standards really cannot be complied with. But it makes it possible for these standards to be complied with after the 3-month delay by providing additional funding through an increase in the amount of social services money available and through an adjustment in the tax credit for hiring welfare recipients. And it does all this in a way which serves the important additional goal of providing employment opportunities for a large number of welfare mothers. This can mean a substantial increase in income available to the families headed by these mothers as well as utilizing their talents in expanding the availability of child care.

Mr. President, I ask unanimous consent to have printed in the RECORD the text of the bill, a summary of its provisions, and a table which shows the additional child care funds which it would make available to each State.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2425

A bill to facilitate and encourage the implementation by States of child day care services programs conducted pursuant to title XX of the Social Security Act, and to promote the employment of welfare recipients in the provision of child day care services

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress finds and declares—

(1) That the Social Services Amendments of 1974 set standards for child care under the Social Security Act which will require many child care providers to substantially increase their staff over existing levels;

(2) That in such cases compliance with these standards will require a substantial increase in the present level of expenditures for child care; and

(3) That adequate funding to meet these additional child care expenditures required by the Social Services Amendments of 1974 is not presently available.

(b) It is therefore the purpose of this Act to provide the additional funding which will make possible the implementation of the new child care standards without severely curtailing the availability of child care services.

SEC. 2. Notwithstanding any other provision of law, no Federal funds to which a State is otherwise entitled, with respect to expenditures made during the calendar quarter ending December 31, 1975, under title IV or title XX of the Social Security Act, shall be withheld or denied on account of failure to comply with any requirements imposed by section 2002(a)(9) of such Act, any regulations promulgated thereunder, or by section 3(f) of the Social Services Amendments of 1974.

SEC. 3. (a) For purposes of title XX of the Social Security Act, the amount of the limitation (imposed by section 2002(a)(2) of such Act which is applicable to any State for any fiscal year, shall be deemed to be equal to whichever of the following is the lesser:

(1) an amount equal to 120 per centum of the amount of such limitation for such year (as determined without regard to this section), or,

(2) an amount equal to (A) 100 per centum of such limitation for such year (as determined without regard to this section), plus (B) an amount equal to the sum of (i) 80 per centum of the total amount of expenditures (I) which are made during such fiscal year in connection with the provision of any child day care service, and (II) with respect to which payment is authorized to be made to the State under such title for such fiscal year, and (ii) the aggregate of the amounts of the grants, made by the State during such fiscal year, to which the provisions of subsection (c)(1) are applicable.

(b) The additional Federal funds which become payable to any State for any fiscal year by reason of the provisions of subsection (a) shall, to the maximum extent that the State determines to be feasible, be employed in such a way as to increase the employment of welfare recipients and other low-income persons in jobs related to the provision of child day care services.

(c)(1) Subject to paragraph (2), sums granted; during any quarter, by a State to a qualified provider of child day care services (as defined in paragraph (3)) with respect to one or more child day care facilities of such provider shall be deemed, for purposes of title XX of the Social Security Act, to constitute expenditures made by the State, in accordance with the requirements and conditions imposed by such Act, for the provision of services directed at one or more of the goals set forth in clauses (A) through (E) of the first sentence of section 2002 (a)(1) of such Act. With respect to sums to which the preceding sentence is applicable (after application of the provisions of paragraph (2)), the figure "75", as contained in the first sentence of section 2002 (a)(1) of such Act, shall be deemed to read "100".

(2) The provisions of paragraph (1) shall not be applicable—

(A) to the amount, if any, by which the aggregate of the sums (as described in such paragraph) granted during any fiscal year exceeds the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such fiscal year, and

(B) to the amount, if any, by which the aggregate of the sums (as described in paragraph (1)) granted to any particular qualified provider of child day care services, during any taxable year of such provider, exceeds an amount equal to 400 percent of the amount of the tax credit which is allowable to such provider for the taxable year under section 40 of the Internal Revenue Code of 1954 (or the amount of a payment in lieu of credit under section 50A (e) of such Code) with respect to the Federal welfare recipient employment incentive expenses for individuals employed by such provider in jobs related to the provision of child day care services in the facility or facilities with respect to which such sums were granted.

(3) For purposes of this subsection, the term "qualified provider of child day care services", when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 30 per centum thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under the State's services program conducted pursuant to title XX of the Social Security Act.

(d) (1) In the administration of title XX of the Social Security Act, the figure "75", as contained in the first sentence of section 2002(a) (1) of such Act, shall, subject to paragraph (2), be deemed to read "80" for purposes of applying such sentence to expenditures made by a State for the provision of child day care services.

(2) The total amount of the Federal payments which may be paid to any State for any fiscal year under title XX of the Social Security Act, with the application of the provisions of paragraph (1), shall not exceed an amount equal to the excess (if any) of—

(A) the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such fiscal year, over

(B) the aggregate of the amounts of the grants, made by the State during such fiscal year, to which the provisions of subsection (c) (1) are applicable.

(e) In applying the provisions of paragraph (1) of subsection (a) of this section with respect to the fiscal year ending June 30, 1976, the figure "120" shall be deemed to be "110".

Sec. 4. (a) Section 50A of the Internal Revenue Code of 1954 (relating to amount of credit for work incentive program expenses) is amended—

(1) by striking out subsection (a) (6) and inserting in lieu thereof the following:

"(6) Limitations with respect to certain eligible employees.—

"(A) Nonbusiness eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are not performed in connection with a trade or business of the taxpayer shall not exceed $1,000.

"(B) Child day care services eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are performed in connection with a child day care services program, conducted by the taxpayer, shall not exceed $1,000.", and

(2) by adding at the end thereof the following new subsection:

"(e) Payment in Lieu of Credit to Tax Exempt Organizations.—

"(1) In general.—In the case of a State, any political subdivision thereof, and any organization described in section 501(c), which is exempt from tax under section 501 (a) for the taxable year, the Secretary shall pay to each such government, subdivision, or organization which files a form during the calendar year in the form, manner, and at the time prescribed by the Secretary or his delegate by regulations, an amount determined under paragraph (2). The Secretary shall make such payment as soon as possible after the receipt of such form.

"(2) Amount of payment.—The amount payable to a State, subdivision, or organization (hereafter referred to as 'tax exempt entities' under subsection (a) for the calendar year shall be equal to the amount of credit which such tax exempt entities would if they were liable for tax under this chapter, be allowed under section 40, determined under section 50A and 50B disregarding paragraphs (2) through (5) of section 50A(a), for Federal welfare recipient employment incentive expenses paid or incurred by such entity during such year to an eligible employee whose services are performed in connection with a child day care services program of such entity.

"(3) Repayment.—If an entity which receives a payment under paragraph (1) takes any action which would result in an increase of its tax under subsections (c) or (d) of section 50A if such entity were liable for tax under this chapter, then such entity shall be liable to the Secretary or his delegate for an amount equal to the increased amount of tax which would be imposed under such subsections.

"(4) Treatment as overpayment of tax.—For purposes of any law of the United States, including section 101 of the Terasury Department Appropriation Act of 1950, any payment made under this section shall be considered to be a refund of an overpayment of the tax imposed under this chapter.".

(b) Section 50B(a) (2) of such Code (relating to definitions; special rules) is amended to read as follows:

"(2) Definition.—For purposes of this section, the term 'Federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer by an eligible employee—

"(A) before July 1, 1976, or

"(B) in the case of an eligible employee whose services are performed in connection with a child day care services program of the taxpayer, before January 1, 1981."

(c) The amendments made by this section with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer to an eligible employee whose services are performed in connection with a child day care services program of the taxpayer shall apply to such expenses paid or incurred by a taxpayer to an eligible employee, whom such taxpayer hires after September 30, 1975.

Summary of Provisions

SECTION 1. FINDINGS AND PURPOSE

The first section of the bill states that the Congress finds that the Social Services legislation enacted in 1974 includes child care standards which will require many child care providers to incur added expenditures for which no funding is presently available and that it is the purpose of this bill to make the additional funding available so that the new child care standards can be complied with.

SECTION 2. THREE MONTH-DELAY IN EFFECTIVE DATE OF STANDARDS

The second section of the bill provides that Federal matching funds may not be withheld with respect to expenditures during the last 3 months of 1975 because those expenditures are for child care which does not meet the standards required by Title XX.

SECTION 3. ADDITIONAL FUNDS TO ENABLE TITLE XX STANDARDS TO BE MET

Section 3 (a) increases the $2.5 billion limit on Federal funding for social services programs by $500 million. The added funds are available only for matching State child care expenditures and are allocated among the States on a population basis (as is the $2.5 billion in current law).

Section 3 (b) requires that the funds made available under section 3 (a) be used in such a way as to increase the employment of welfare recipients and other low-income persons in child care related jobs to the maximum extent feasible as determined by the States.

Section 3 (c) permits States to use a part of their share of the additional $500 million provided by section 3 (a) to make grants to providers of child care to assist them with the costs of employing welfare recipients in order to meet the higher staffing requirements mandated by title XX. Such grants could be made only to child care providers where at least 30 percent of the children cared for have all or part of their care funded through the State's title XX social services program. The grants would be payable for employees with respect to whom the child care provider is eligible for the welfare recipient employment-tax credit under section 50A of the Internal Revenue Code. The amount of the grant could be 80 percent of the employees' wages which in combination with the 20 percent tax credit would fully meet the cost of wages except that both the tax credit and State grant would apply only to the first $5,000 of wages. The cost of the State grant would be met fully with Federal funds (within the State's share of the additional $500 million) since the 20 percent covered by the tax credit would be considered to meet the matching requirement.

Section 3(d) would increase the Federal social services matching, as it applies to child care costs, from 75 percent to 80 percent but only for those expenditures funded out of the State's share of the additional $500 million made available under section 3(a).

Section 3(e) would limit the additional funding to $250 million in the first fiscal year (fiscal 1976) since less than a full fiscal year remains.

SECTION 4. EXTENSION OF WELFARE RECIPIENT EMPLOYMENT INCENTIVE TAX CREDIT TO PUBLIC AND NONPROFIT CHILD CARE PROVIDERS

Section 4 (a) would make available to public and nonprofit providers of child care a payment equivalent to the 20 percent tax credit which private businesses can now receive for employing welfare recipients. This credit does not benefit public and nonprofit providers because they have no tax liability to apply it against. This section would also limit the applicability of the 20 percent tax credit (and the equivalent payment to public and nonprofit providers) to the first $5000 of wages per employee in the case of individuals employed for child care. This is similar to a limitation already in the law with respect to persons employed in domestic and other household occupations.

Section 4(b) would make the tax credit for employing welfare recipients and the payment in lieu of the credit for public and nonprofit providers of child care available for five years (through 1980) in the case of individuals employed in connection with child care.

Section 4(c) would make the changes with respect to the tax credit and equivalent payments applicable to welfare recipients employed by child care providers after September 30, 1975.

Estimated Additional Social Services Funding for Child Care [1]

	Millions
Alabama	$8.450
Alaska	0.800
Arizona	4.900
Arkansas	4.850
California	49.100
Colorado	5.800
Connecticut	7.350
Delaware	1.350
District of Columbia	1.800
Florida	18.300
Georgia	11.400
Hawaii	2.000

Footnotes at end of table.

Estimated Additional Social Services Funding for Child Care—Continued

Idaho	$1.850
Illinois	26.750
Indiana	12.650
Iowa	6.900
Kansas	5.450
Kentucky	7.950
Louisiana	8.950
Maine	2.450
Maryland	9.700
Massachusetts	13.850
Michigan	21.550
Minnesota	9.300
Mississippi	5.450
Missouri	11.350
Montana	1.700
Nebraska	3.650
Nevada	1.300
New Hampshire	1.900
New Jersey	17.550
New Mexico	2.650
New York	43.500
North Carolina	12.550
North Dakota	1.500
Ohio	25.550
Oklahoma	6.350
Oregon	5.300
Pennsylvania	28.350
Rhode Island	2.300
South Carolina	6.500
South Dakota	1.650
Tennessee	9.850
Texas	28.100
Utah	2.750
Vermont	1.100
Virginia	11.450
Washington	8.150
West Virginia	4.300
Wisconsin	10.900
Wyoming	0.850
Total	$500.000

[1] Under S. 2425, the amounts available in fiscal year 1976 would be one-half of the full fiscal year amounts shown in this table.

Mr. MONDALE. Mr. President, I rise to join the distinguished chairman of the Committee on Finance (Mr. LONG) in the introduction of a bill concerning child care programs funded under title XX of the Social Security Act. This bill is designed to provide the funding necessary to assure that these child care programs can meet the child care standards now scheduled to take effect this week.

As my colleagues remember, the social services legislation enacted last year required that the existing Federal interagency day care requirements—with several modifications and new staffing standards for children under age 3 in day care centers—be enforced beginning October 1, 1975, with respect to programs funded under title XX. The legislation required specifically that funding be terminated for any program or programs which did not meet these standards.

These standards—especially their staffing ratios—have been the subject of debate in the Senate several times during the past few years. They were debated and modified at the time the Senate passed the social services legislation last year, and while some people believe those standards as modified are too weak, and others believe they are too strong, they represent the best compromise we could reach.

Although the original Federal interagency day care requirements have been in effect for all federally assisted child care programs since 1968, the prospect that they would be enforced as modified beginning October 1 of this year has created growing concern on the part of many child care providers and many States which administer these programs. It is now recognized that many existing programs simply do not meet these requirements, and that strict enforcement would require closing many programs, reducing the number of children served so the adult-child ratio would improve, or substantially increasing the costs of operating them. Yet, since no funds were provided to help meet the costs of the additional staff needed, the result in almost all cases would be that fewer children could be served.

Thus, we are now faced with a difficult situation, and I believe that the record should show the reasons for it. Part of the reason is that the standards scheduled to take effect this week specify staffing ratios for children under age 3 in child care centers—a category for which no ratios were specified before. Obviously, these new requirements mean that some programs will have to improve their level of care to meet these ratios, and this will require additional resources which have not been provided.

Another part of the reason we face this difficulty today is that the Department of Health, Education, and Welfare has never enforced the requirements that have existed. Even though these Federal Interagency Day Care Requirements have been in effect since 1968, HEW has made no effort to assure compliance. Indeed, even when HEW's own audit conducted last year revealed that over half of the programs audited were in violation of the required standards, no enforcement action was taken. There is no excuse for this record of neglect.

Regardless of the reasons for the difficulties we face today, the question before us is what we should do now and for the future. The House of Representatives is considering this issue, and is scheduled to take action today which would postpone for 6 months the requirement that child care centers meet the staffing standards for children between 6 weeks and 6 months.

Yet, postponing these requirements does nothing to assure that the children we are concerned about will be in safe and healthy environments. It does nothing to encourage and make it possible for programs to come into compliance. It simply puts off for 6 months the problems we are facing today, with no hope of remedying the problems in the interim, and no reason to believe that we will be in any better position to deal with them then than we are now.

What we need to do instead—and what this bill would do—is to provide the funds necessary for child care programs to come in compliance over the short term.

Thus, this legislation would make available to States an additional $250 million for child care for the remainder of this fiscal year—and an additional $500 million for succeeding years—on top of the $2.5 billion currently available for social services.

These additional funds for child care would be allocated among the States on the basis of State population in the same way as the $2.5 billion for social services is now allocated. And, the Federal matching rate would be raised from 75 percent to 80 percent for child care paid out of this new funding.

In order to provide additional help to programs which need to add staff in order to meet these standards, and to keep the fees down for the nonwelfare children served by centers serving both welfare and nonwelfare children, this bill provides a 20 percent tax credit on the first $5,000 of wages paid to welfare recipients employed in child care centers under this funding. And, very importantly, the bill provides a payment equivalent to this 20 percent tax credit for the same purpose to public and nonprofit providers of day care who have no tax liability against which to apply a credit. This tax credit or the payment equivalent to it would be available only to programs in which at least 30 percent of the children cared for have all or part of their care funded through the title XX program.

Finally, this bill provides a 3-month delay—until December 30, 1975—in the imposition of any penalties for violation of the child care standards. This modest delay is provided in order to give child care programs an opportunity to come into compliance by using the additional funds the bill provides—rather than taking action this week which would force them to close down or cut back on the number of children they serve before the necessary funds become available.

Mr. President, I strongly support the basic objectives of the bill which Senator LONG is introducing today, and am pleased to join him as a sponsor of it. I believe it represents a fair and responsible approach to solving the immediate problems we face today by making it possible—through the provision of additional funds—for child care programs to come into compliance with the child care standards over the next 3 months.

By Mr. DOLE (for himself, Mr. RIBICOFF, and Mr. STAFFORD):

S. 2426. A bill to establish a reduced rate of postage for letters sealed against inspection mailed by private individuals. Referred to the Committee on Post Office and Civil Service.

POSTAL RATE RELIEF FOR THE PRIVATE CITIZEN

Mr. DOLE. Mr. President, last week the U.S. Postal Service filed a request with the Postal Rate Commission to increase first-class postage rates to 13 cents within the next 4 months. This is the third postal rate increase proposed by the Service since Congress passed the Postal Reorganization Act of 1970, and it will reflect a 117-percent increase in the price of first-class postage stamps in less than 5 years. In January 1971, the American public was paying 6 cents to mail a letter weighing up to 1 ounce; by January 1976, the public will pay 13 cents for the same purpose. Fortunately, few other consumer products or services has registered quite such a dramatic increase—percentage wise—in so short a space of time.

Each time the postage rate has risen, the public has breathed a sigh of resignation and renewed its hope that this would be the final plateau, at least for the foreseeable future. But no sooner has the public exhaled, it seems, and postage rates have gone up again. At this point, it can honestly be said that there is no end in sight to rising postal costs for the private citizen. Some observers now predict that the price of a first-class stamp may well rise to 15 cents, 17 cents, or 20 cents within the next few years.

In blunt recognition of the possibility of "mail rates getting out beyond the reach of a large spectrum of the citizenry of this country," the General Counsel of the U.S. Postal Service suggested to the House Subcommittee on Postal Service last March that it "might want to give some thought to what could be called a citizen mail subsidy, a subsidy for individual mail, rather than for company mail, for what is so often called in this room 'Aunt Minnie' mail . . ." the counsel speculated that Congress might "have a very interesting time analyzing the possibilities of that. And I suggest it in case you want to give it further consideration."

PUBLIC INTEREST AT STAKE

Mr. President, I too, have been concerned about the impact of ever-increasing postage rates on "Aunt Minnie"—on every private citizen in this country who still uses the mail to communicate with others and to handle his private business. The drastic inflation of postage rates has hit the individual hard, particularly those in rural areas who rely heavily upon mail service to keep in touch with distant kin and to perform daily business transactions. The citizen who regularly orders products and pays his bills by mail; who still sends greeting cards to relatives and friends; and who takes the time to write his Senator or Congressman, knows full well the value of a postage stamp today. As one commentator keenly observed: "Nowadays, when a person begins his letter with 'Dear,' he really means it."

For years, Congress has regularly subsidized certain types and classes of mail for commercial and institutional mailers, to "soften" the impact of rate increases. Such "phase-in" subsidies for second-class rates, third-class nonprofit mailers, and fourth-class special and library rates are authorized through 1980 and 1988, depending upon subclass. Whether or not first-class postage rates serve to subsidize reduced commercial rates—as some have speculated—there is no question about the fact that the taxpayer has helped subsidize discount mailers indirectly through annual appropriations.

My purpose is not to criticize special-rate mailers; the Postal Service established rate structures with the purpose of maintaining an adequate volume of business from these sources. Many of them provide valuable services to the public. But I do think it is time that equal consideration be given to the interests of private mailers as well. It is with that intent that I am today introducing legislation to call a halt to unending increases in postage rates for the private individual.

RELIEF FOR PRIVATE MAILER

The Private Individuals' Postal Rate Relief Act of 1975 will establish a maximum rate of 10 cents per ounce for letters of private individuals which are sealed against inspection. This will include all first-class mail—such as notes, messages, cards, payments, et cetera—which is of domestic origin and which is mailed by private citizens. But corporations, companies, associations, partnerships, institutions, organizations, and governmental units are specifically excluded from its provisions.

This legislation is designed to be just what its title implies: A "relief" measure for private citizens who are becoming increasingly burdened because they are expected to bear the brunt of rising postal costs. We are all aware of the financial difficulties encountered by the semi-independent Postal Service, and I believe it is a problem which both Congress and the service must confront together, in seeking a practical solution. It is time we all face up to the fact that the solution does not lie in constantly increasing postage rates for the individual. Five years of experience, and a ballooning postal deficit, have taught us that. The fact is that every time postal rates rise, mail volume goes down, thus adding to the service's financial problems. The seriousness with which both Congress and the Postal Service are currently searching for solutions is clearly evident in the preoccupation by the House with a postal reform bill of sorts (H.R. 8603), and in the Postmaster General's recent remarks before the national postal forum IX here in Washington.

There are several reasons for the drastic increase in the postal service budget. Certainly, the inflationary rise in labor and capital costs have been major factors. Labor costs, which account for approximately 85 percent of the Postal Service's annual budget, recently soared even higher with the promulgation of a new 3-year contract for postal employees. Under the terms of this contract, employees receive a flat $1,500 raise over the duration of the contract, in addition to six cost-of-living raises of undetermined value. Furthermore, the continuation of a "no layoff" clause for all 600,000 postal workers adds up to a reasonable conclusion that we cannot expect any decrease in postal service labor costs during the next 3 years. Two recent articles have appeared in the Washington Post, which describe more fully the relationship between the postal labor contract and rising postage rates, and I ask that they be printed in full at the completion of my remarks.

RURAL SERVICE DETERIORATES

At the same time that rates have risen, the public has been asked to accept certain sacrifices in service. Rural areas, in particular, have been the victims of post office closings, delayed mail deliveries, route consolidations, suspension of weekend service, and other curtailments—at the same time that rural residents are expected to bear their full share of postage costs and tax payments for postal service appropriations. It is not difficult to understand the outrage of constituents who are powerless to influence the policies of a service which is so vital to their daily activities.

I believe that this legislation, if approved by Congress, will be a first step toward restoring the traditional concept of postal service as a "public service." Congress will be taking a look at many aspects of current postal problems in the months ahead, but it can begin to rectify matters in the public interest by stabilizing postage costs for the "little guy," who accounts for some 15 percent of the total mail volume each year.

Some of the technical mechanisms for implementation and administration of the Postal Rate Relief Act can best be devised at a later stage through discussions between Congress and Postal Service officials. Whether the Postal Service deficit should be met through increased congressional subsidies or through redistribution of postage costs is a matter best left to later discussions focused on the financial situation of the Postal Service. The immediate and primary purpose of this legislation is to provide a measure of relief from unending postal rate increases for the private citizen.

With respect to enforcement of this special-rate mailing privilege, I have included in my bill a provision to establish civil penalties for unauthorized use of the private citizens' rate. The Postal Service is thereby empowered to bring civil action against any nonauthorized use of the privilege, and the violator is subject to a fine for each violation. In some respects, enforcement of this restriction is governed by an "honor code," much as the use of any other special permit or discount mailing rate is subject to the assumed integrity of the mailer. But the ratio of monetary risk at stake—a 3-cent savings as compared to a possible $2,500 fine—should serve to discourage willful violation by unauthorized persons or institutions. Furthermore, either the recipient of such mail, or postal officials—by means of ordinary "cover scanning"—would be capable of pointing out violations.

This bill is not designed to enter or to resolve the continuing debate over the wisdom of congressional appropriations for postal service. Neither is it designed to once again put Congress in charge of ratemaking responsibilities. The Postal Service and the Postal Rate Commission will still have the authority under Public Law 91–375 to recommend and implement various postage rates for various types of mailers and classes of mail. Only materials mailed by private individuals, and sealed against inspection according to postal regulations, will be regulated as a result of this measure.

AUNT MINNIE LOSING PATIENCE

I hope that the Members of this Congress are ready to face the problem of soaring private mailing costs. If I judge the mood of "Aunt Minnie" correctly, she is rapidly losing her patience with ever-increasing postage rates. Only a drastic loss in mail volume, and more serious economic straits lie in store for a postal system that pushes her to her limit of tolerance. I am hopeful that the Senate Post Office and Civil Service Committee will take early and favorable action on this legislation to protect the interests of the individual mail user.

Mr. President, I ask unanimous consent that the text of the bill and the two articles from the Washington Post be printed in the Record.

There being no objection, the bill and articles were ordered to be printed in the Record, as follows:

S. 2426

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. This Act may be cited as the "Private Individuals' Postal Rate Relief Act of 1975".

Sec. 2. Section 3626 of title 39, United States Code is amended by designating the existing text of § 3626 as subsection (a) and by adding at the end thereof the following new subsections:

"(b) The rate of postage for letters of private individuals within any class of mail maintained by the Postal Service for transmission of letters sealed against inspection shall not exceed ten cents per ounce per letter. In the event that on the effective date of this subsection existing permanent or temporary rates exceed ten cents per ounce per letter, the Postal Service shall place reduced rates into effect within 100 days.

"(c) As used in subsection (b) of this section, the term "letters of private individuals" means letters of domestic origin that are mailed by private individuals and bear such evidence of being letters of individuals as the Postal Service may prescribe by reasonable regulations adopted in accordance with section 553 of title 5, United States Code; but shall not include any letter mailed by any corporation, company, business, association, proprietorship, professional entity, partnership, institution, organization, or governmental unit.".

Sec. 3. Chapter 36 of title 39, United States Code, is amended by adding after section 3628 the following new section:

§ 3629. Civil penalties for use of private individuals' reduced rate without authorization

"(a) Except for private individuals as permitted by law, no person (including corporations, companies, businesses, associations, proprietorships, professional entities, partnerships, institutions, and governmental units) shall mail any letter on which the postage paid is the reduced rate applicable to letters of private individuals under section 3626 of this title.

"(b) Whoever violates subsection (a) of this section shall be subject to a civil penalty of $2,500 for each violation. In determining the number of violations for which penalties may be assessed, where the violator has acted knowingly and willfully, each letter mailed shall be treated as a separate violation.

"(c) The Postal Service, by its attorneys, may commence a civil action in a district court of the United States against any person, partnership, corporation, or other business or non-business entity which violates subsection (a) of this section. Such actions may be brought in the district wherein any act constituting the violation occurred or in the district where the defendant is an inhabitant or transacts business, and process in such actions may be served in the district in which the action is brought and in any other district of which the defendant is an inhabitant or in which the defendant transacts business. Further, district court subpoenas for witnesses may run into any other district.".

[From the Washington Post, July 24, 1975]

The Federal Diary: Postage Stamp May Cost 16 Cents

(By Mike Causey)

The price of a first-class postage stamp, now a dime, could climb to 16 cents or more over the next two years as the U.S. Postal Service scratches for funds to feed itself.

Although both sides are downplaying the price tag, the tentative contract between the USPS and its 600,000 workers for the next three years could cost the stamp-buying public $1.8 billion a year by 1978.

The wage-fringe package tentatively cleared Monday calls for 10 postal pay raises over the next three years. Four of the increases would be flat "up front" increases worth $1,500 each to employees over the life of the contract.

The big money item is certain to be the six open-end pay raises that the USPS has promised each of its employees, based on the rate of inflation. Those boosts easily could drive the wage-fringe package well over the $1 billion that has been used by some officials and union leaders in background discussions of cost.

In the just-expired two-year contract between the USPS and its unions, workers got two flat pay raises, but the big money came from four cost-of-living increases. They turned out to be worth several hundred dollars more than the negotiated flat increases.

The new agreement, if union members approve it, guarantees even larger pay raises over the next three years and six, rather than four, additional increases tied directly to the cost of living. The news yesterday that the Consumer Price Index for June jumped 8/10ths of 1 per cent indicates that inflation has not gone away, and means postal workers could be due a sizable COL raise in November. After that they will get inflation-triggered raises each May and November through 1978, in addition to four regularly scheduled pay increases.

Even before they agreed to the wage-fringe benefit package, postal officials said they would have to raise first-class rates to 13 cents this year. With mail volume dropping, and the Postal Service projecting a $591 million loss this year even with higher rates, the price of stamps has nowhere to go but up.

According to USPS figures, a 1-cent rise in first-class rates generates $600 million in additional revenue. With volume down—and it might drop further when the 13-cent stamp becomes a reality—postal officials feel that short of a massive subsidy from Congress, which they say they don't want, rates will have to go up to make up for the volume drop caused by, of all things, higher rates.

[From the Washington Post, August 23, 1975]

The Federal Diary: Pact Gives Public $1 Billion Licking

(By Mike Causey)

Top postal officials now confirm our earlier estimate that the new contract—which union members are rushing to endorse—will cost the stamp buying public an additional $1 billion plus per year.

U.S. Postal Service officials downplayed the billion-dollar estimate during contract negotiations because they didn't want to be accused of giving away the store.

When other reporters checked with postal financial experts for confirmation of our $1 billion figure, they were told it was "a guess" and that the final package would be much less costly.

Now that it has been agreed to by the USPS, and union members are backing it better than 2 to 1, officials concede it will run $1 billion, if not more.

The contract won by the unions, using the threat of an illegal strike, has four main features, any two of which private unions or other government workers would be glad to have.

Phase one of the contract is the "up front" money. It guarantees each of the 600,000 workers pay raises—no matter whether postal profits are up or down (and they are now down)—of $400 retroactive to last July, another $250 a year increase for each employee in March, then a $25 boost in November, 1976, and a flat $600 on July 21, 1977.

Postal officials insisted on "back-loading" the contract with the biggest single salary increase coming last. But the guaranteed wage package amounts to $1,500 for each of the service's 600,000 plus workers.

In addition to improving straight salary, that will increase the value of their annual leave, overtime, life insurance (in some cases) and retirement.

Phase two of the contract contains six guaranteed cost-of-living raises, equal to a 1 cent an hour pay boost for every four-tenths of a point (not per cent) rise in the Consumer Price Index. During the just concluded two-year contract, postal workers got four cost-of-living raises worth $1,310.

The cost-of-living raises provided in the new union-management agreement will be paid in November, 1975; May and November, 1976; May and November, 1977, and the last one in May, 1978. Postal officials agree that the value of those six open-end raises could easily exceed the flat $1,500 guaranteed each employee in the wage package.

Phase three of the postal contract, which will be financed by higher stamp prices, calls for the Postal Service to pay 75 per cent (it now pays 65 per cent) of the employees' health insurance premium tap. This will raise postal costs and increase take-home pay of most workers.

Phase four includes the major issue, which the U.S. Postal Service said it would not give in to, but did it. It is the continuation, for three years, of the no-layoff pledge. Without it the rapidly automating postal service would have been able to fire thousands of workers whom it hoped to replace with optical scanners, letter-sorting machines, new facilities and other equipment.

In addition, the USPS automatically improved the future pensions and overtime pay of its workers by agreeing to allow the $1,130 living cost raise received over the past two years to be counted as part of base salary.

The American Postal Workers Union magazine says that while the no-layoff clause was the most emotional issue during contract talks, "our guess is that the continuation of the cost-of-living allowance may be the big sleeper in the contract.

"If the price trend continues to sail upward," the magazine of 220,000 union members said, "the cost escalator will be worth its weight in copper . . ." That estimate is a good one. With the big jump in living costs measured in July, the cost-of-living rate is now running 14.4 per cent a year.

When those postal cost-of-living raises start rolling in, the U.S. Postal Service may have to run back to the Postal Rate Commission with plans for a first-class stamp that will make the "temporary" 10 cents we are now paying seem cheap indeed.

With apologies to Redskins coach George "the future is now" Allen, it would seem that as far as cheap mail rates are concerned, the good old days are now.

Mr. RIBICOFF. Mr. President, I am pleased to join with Senator Dole in introducing the Private Individuals' Postal Relief Act of 1975. This legislation would freeze the cost of first-class postage at 10 cents.

The U.S. Postal Service has recently filed a request with the Postal Rate Commission to increase the cost of a first-class stamp to 13 cents. If the rate hike is not opposed by the Postal Rate Commission within 100 days, the 13 cent stamp proposal will go into effect—probably in late December. Since it appears unlikely that the Postal Rate Commission will take any action to kill the increase, the only way to stop the 13-cent first-class postage proposal is with legislation such as that which we are proposing.

It is time to put a stop to the ever-spiralling inflation in postage costs for the average private citizen who mails letters. The cost of stamps has already gone up three times in the last 5 years. In 1971 we paid 6 cents for a first-class stamp. We may soon be paying 13 cents—a rise of 117 percent in that time. This is an intolerable situation. Unless we take action now to halt this rise, we can expect to see stamp costs rise to 15 cents, 17 cents, or 20 cents over the next few years.

We all know that the cost of our postal service has increased over the last few years. But the simple fact is that we cannot expect the private citizen to continue to subsidize all different types of mail, especially since private citizen mail makes up only 15 percent of the mail volume of this country. It is time for all classes of mail to pay their fair share of the load.

The Dole-Ribicoff proposal would freeze the first-class rate at 10 cents for private citizen first-class mail only. Rigid civil penalties would be established for unauthorized use of this private citizen mailing rate.

The Postal Service is thereby empowered to bring civil action against any nonauthorized use of the privilege, and the violator is subject to a fine for each violation. In some respects, enforcement of this restriction is governed by an "honor code," much as the use of any other special permit or discount mailing rate is subject to assumed integrity of the mailer. But the ratio of monetary risk at stake—a 3-cent savings as compared to a possible $2,500 fine—should serve to discourage willful violation by unauthorized persons or institutions. Furthermore, either the recipient of such mail, or postal officials—by means of ordinary "cover scanning"—would be capable of pointing out violations.

When they open their mail, most Americans find that their bills are bigger and bigger because of inflation. It adds insult to injury when people mail back their inflated bill payments and have to put inflated-cost stamps on the envelopes for the privilege of doing so.

I urge my colleagues to join with us to enact this worthwhile proposal into law.

By Mr. HELMS:

S. 2427. A bill to amend the National Science Foundation Act of 1950 by providing for a peer review and grants management system that is equitable, open, and accountable to the scientific community and to Congress, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. HELMS. Mr. President, on July 22, 1975, I introduced legislation to establish oversight procedures for the Congress in evaluating curriculum programs funded by the National Science Foundation. Although this legislation is directed in particular toward the NSF's shocking curriculum program for fifth grade school children called MACOS—"Man: A Course of Study"—its general purpose is to strengthen and improve the hand of Congress in overseeing the operations of the National Science Foundation regarding the implementation and marketing of curriculum programs for our Nation's schools.

I am pleased, of course, that the House and Senate appropriations committees have now taken action to deny funding to the MACOS program. At the same time, I am concerned that Congress has done little to correct other problems which exist in the National Science Foundation; for the MACOS affair is just the tip of the iceberg. Establishing oversight procedures for NSF curriculum projects is merely the beginning of what must be a wholesale reform of the mammoth NSF operation.

Mr. President, a pattern of administrative abuses and mismanagement has surfaced in the National Science Foundation that can no longer be tolerated. Much to its discredit, the National Science Foundation has become—and rightly so—a target of criticism for its continued support of research projects that are, at best, of dubious value to the American scientific effort. But it is now clear that low quality and low priority research support is merely a reflection of more deep-seated problems within the NSF administrative hierarchy. In the American scientific community, there is widespread agreement that the basic policies and procedures of the National Science Foundation are wholly contrary to the American democratic spirit, the principles of justice and fairness, and our traditional commitment to the growth of scientific knowledge.

Recently, the Subcommittee on Science, Research and Technology of the House Committee on Science and Technology completed 2 weeks of hearings on the peer review system of the National Science Foundation. The testimony presented at these hearings is as enlightening as it is disturbing. In supplying the subcommittee with evidence of unfair, aberrant funding patterns in NSF grants, Dr. Doris Kuhlman-Wilsdorf, university professor of applied science at the University of Virginia, noted that, as a result of NSF policies, "the best departments turn out to be the most underfunded on the national average." In her judgment:

> What is at issue is a question of basic justice as far as the individual scientists, the different universities, and the states are concerned.

Other eminent scientists appearing before the subcommittee expressed similar concerns about the inadequacies and injustices of the peer review system. Dr. Freeman Cope, a biophysicist with the U.S. Naval Air Development Center Biochemical Laboratory in Warminster, Pa., raised the question of administrative competence and/or adequacy of evaluation procedure in the biomedical division of NSF, and urged Congress to delete from the NSF budget all money allocated for research grants concerned with sodium and potassium pumps across cell walls, because they are nonexistent. In Dr. Cope's view, the continued study of these hypothetical pumps is so absurd scientifically that NSF management should be urged to replace the administrators in the biomedical division who are responsible for this waste, to decrease such waste in the future.

Dr. Gilbert N. Ling, director of the department of molecular biology at Pennsylvania Hospital, in Philadelphia, elaborated upon the various shortcomings of the peer review system, urged adoption of a number of procedural and structural changes in the administrative evaluation of grant proposals, and concluded that—

> With this life-and-death power, peers can readily put a stop to innovation and the work of the innovators who represent too much of a threat to their power, their prestige, their beliefs. The net result of the peer review system is the perpetuation of the status quo and the suppression of progress." No doubt Dr. Rustum Doy, Director of the Materials Research Laboratory at Pennsylvania State University, who is a practicing university researcher and research administrator, spoke for many American scientists when he observed that the Peer Review system "is on the verge of collapse.

Commenting unfavorably on the practices of the National Science Foundation, and the inability of NSF Director H. Guyford Stever to defend them, Science, the prestigious journal of the American Association for the Advancement of Science, noted that the "NSF did not make a very impressive showing." As Science correctly views the situation, the basic issue with regard to the peer review system is openness and accountability:

> At a time when the Congress is embracing openness as an antidote to Watergate, NSF stands firms for confidentiality. To open the peer review process to the public, or even congressional scrutiny, could destroy it because it is based on confidentiality. Good scientists will not make candid-meaning negative assessments of each other's work if they have to operate in the open, or so the NSF argument goes." But, insists *Science*, "NSF's definition of confidentiality seems to go beyond the bounds, inasmuch as the agency maintains not only that it cannot reveal to Congress or the public the content of peer reviewer's analyses of grant applications, but also that it cannot reveal the names of the peers who reviewed specific grants.

THE PEER REVIEW SYSTEM

According to Dr. Richard C. Atkinson, the new Deputy Director of the National Science Foundation, there is no single decision process throughout the Foundation for evaluating grant proposals. When a proposal is received, it is first assigned to a program officer who is familiar with the area of science covered by the proposal. It is important to take notice of the fact that the program officer, as Dr. Atkinson observes, "is the key person in the decision process." He is the person responsible for determining the review procedure that will be followed by the Foundation in the evaluation of the grant proposal.

The program officer has five methods of peer review from which to choose. He may choose one of a combination of two or more. The first is called staff review, whereby the program officer and his associates decide on their own whether to approve a grant proposal. This type of review is often used for small research requests and for requests for NSF funding of professional conferences.

A second method involves review by National Science Board. This approach is normally reserved for awards which involve a large sum of money or an implied commitment of continued research support over a number of years.

The third type of peer review is the site visit. This method of review may be employed where a written grant proposal cannot adequately describe every facet of the proposed research or to evaluate the progress of awards previously made. Site visits, depending on the nature of the research, involve the program officer alone, the program officer and his associates, or a combination of Foundation staff members and members of the scientific community. It should also be noted that consultation with other funding agencies is sometimes necessary in those instances where a proposal is submitted to several agencies by the same person or when similar projects are being funded concurrently by other agencies.

The remaining two procedures are the most important because they are the most frequently used. The first is the ad hoc review, whereby the program officer solicits, usually through the mail, a written evaluation from scientists who are specialists in the field of research covered by the proposal. These ad hoc reviewers do not come from a predetermined list but are chosen by the program officer at his discretion. The second is the panel review, which involves discussion with an assembled group of scientists who are selected by the program officer. These panels provide for face-to-face interaction between the reviewers and the program officer.

At the recent hearings before the subcommittee on science, research and technology, Dr. Atkinson testified that the National Science Foundation took 21,000 "actions" on project proposals during fiscal 1974. About 49 percent of these were funded. Forty-four percent of the total received ad hoc reviews, 23 percent received panel reviews, and 28 percent received both panel and ad hoc reviews.

No matter what type of review is used, however, it is abundantly clear that the success or failure of nearly every grant proposal submitted to the National Science Foundation depends in large measure on the individual biases of the program officer. It is the program officer who selects the method of peer review that is to be followed. It is the program officer who selects the ad hoc reviewers and the panel reviewers. It is the program officer who evaluates the peer reviews, accepting them or rejecting them at his own discretion. And it is the program officer who, in most instances, makes the final determination to award or reject a grant proposal.

Mr. President, I cannot imagine a peer review system that is more open to abuse and is a greater invitation to the misuse of power than that being used by the National Science Foundation. There is not even a semblance of a check and balance of power. The program officer is accountable to no one. He is not accountable to the grant applicant, who is denied access to information as to the identity of the reviewers and the content of the reviews. He is not accountable to the peer reviewers, whose recommendations are accepted or rejected as the program officer sees fit. He is not accountable, in reality, to the members of the National Science Board or to section heads and division chiefs, who lack the means to evaluate the thousands of decisions that are made by the various programs officers. It is little wonder that so many controversial programs are funded by the National Science Foundation, the final decision to grant awards—and these are awards costing the American taxpayer millions of dollars—is often made by one individual. As Representative JOHN CONLAN of Arizona stated at the recent subcommittee hearings:

> The National Science Foundation's peer review process is an amazing system, where individual program managers are given carte blanche authority to select peer reviewers who will be used to evaluate proposals. . . . It is common knowledge in the science community that NSF program managers can get whatever answer they want out of the peer review system to justify their decision to reject or fund a particular proposal.

But most significantly, Mr. President, these program officers are not even accountable to the Members of Congress. Despite repeated attempts by some Members of Congress to acquire an understanding of certain NSF programs—Representative CONLAN in particular has relentlessly pursued this task—the Director of the Foundation has flatly and repeatedly refused to accommodate legislative requests for information on the identity of reviewers and the content of peer reviews for specific grant awards. A case in point is the recent congressional request for the names of NSF peer reviewers. The Foundation sent a list of names in alphebetical order, without identifying the grants that they reviewed. Such information was, of course, utterly useless in aiding Members of Congress to assess the activities of the Foundation, and Representative CONLAN aptly described the listing as "no more useful to the subcommittee than a volume of the Hong Kong phone directory." As Representative CONLAN correctly observes, the National Science Foundation has "a completely arbitrary system that is closed and unaccountable to the scientific community and to the Congress."

"Power corrupts, and absolute power corrupts absolutely." So remarked Lord Acton, whose insights into the dangers of unchecked power seem to be especially applicable to the National Science Foundation. At the subcommittee hearings, Representative CONLAN charged NSF program officers with distorting the evaluations of reviewers in internal summaries, and indicated that his personal study of NSF material demonstrated the existence of "an 'Old Boy's System,' where program managers rely on trusted friends in the academic community to review their proposals. These friends recommend their friends to reviewers."

The peculiar geographical pattern of NSF awards lends weight to such charges, and further supports the testimony of Prof. Doris Kuhlmann-Wilsdorf. North Carolina, for example, ranks 12th in total population, 15th in the number of doctoral scientists and engineers in the labor force, 13th in enrollment in institutions of higher education, 17th in the number of science and engineering graduate students, 10th in the number of Ph. D. scientists and engineers employed in universities and colleges, and 11th in the number of Ph. D.'s awarded in science and engineering; yet it ranks 25th in the dollar amount of awards by the National Science Foundation. NSF management statistics, published in July of 1975, indicate that many other States are similarly subjected to discriminatory or preferential treatment, in violation of the spirit of the National Science Foundation Act of 1950, which requires grants to be "awarded to the applicants in such manner as will tend to result in a wide distribution of scholarships and fellowships throughout the United States."

In general, the geographic distribution of NSF grant awards shows a consistent pattern of bias in favor of scientists and educators at large academic institutions in a few States, and against individuals from smaller academic institutions throughout the Nation. Of the total number of grant awards in fiscal year 1974, 30 percent of all NSF grants went to institutions in three States, while applicants in 22 other States received only 8 percent of all grants. Thirty-four States received less than 25 percent of all funds awarded by the NSF in 1974, while five preferred States received 25 percent. Eleven States shared the remaining 52 percent of Foundation funds for the year.

REFORM OF THE PEER REVIEW SYSTEM

With a view toward establishing openness, equity, accountability, and a check and balance of power within the National Science Foundation, I am today introducing legislation to restructure the peer review system that is presently in use.

My bill amends the National Science Foundation Act of 1950 by adding a new section entitled "Title II—Peer Review and Grants Management System."

Section 205(a) requires the Director of the Foundation to establish a Peer Review Office within the Office of Planning and Resources Management for the purpose of administering a peer review system and evaluating unsolicited grant proposals submitted to the Foundation.

Under paragraph (b)(1), the Peer Review Office is required to maintain a central listing of peer reviewers, arranged according to academic specialty, that includes the institutional affiliation of each reviewer. This list is to be compiled from a variety of sources, including names submitted by the Foundation's advisory committees, academic institutions, editorial advisory boards of scholarly and technical journals, professional associations, business and industry, nonprofit foundations, foundation program officers, other State and Federal Government agencies, and private organizations and citizens. The Peer Review Office is also required to keep a log documenting all solicitations of evaluations, including the dates such solicitations were sent, names of reviewers, and copies of their evaluations, and dates evaluations are received.

Under paragraph (b) (3), the Peer Review Office is required to maintain a complete list of all proposals submitted to the Foundation, including information as to the name and institutional affiliation of the applicant, a description of each proposal, the amount of grant requested, the date that the proposal was received by the Foundation, the name and institutional affiliation of all peer reviewers solicited to evaluate the proposal, the number of prior proposals submitted by each applicant and the number of awards previously received by each applicant, a summary of the analysis prepared for each grant proposal concerning the need for the program proposed, and the current status of each grant proposal. Paragraphs (b) (4) and (b) (5) require the Peer Review Office to furnish applicants, upon request, with the names and institutional affiliation of all peer reviewers and complete copies of all peer review evaluations. All of the information obtained under this paragraph subsection shall be conveyed to Congress in an annual report.

Paragraph (c) states that all grant proposals submitted to the Foundation shall receive an evaluation by no less than five peer reviewers, whose names shall be drawn from the central NSF peer review listing. Program officers may select no more than 50 percent of the reviewers, and the applicant himself must be permitted to select 20 percent of the reviewers, the remainder to be selected, if practicable, through random sampling techniques. The Foundation shall insure that an appropriate mix of reviewers is provided, representing both the scientific community and the ultimate beneficiaries, if ascertainable. No peer reviewer shall evaluate more than 10 grant proposals during any calendar year without the written approval of both the Director and the Board.

Paragraph (c) also provides that each applicant shall have a reasonable time to respond to all negative evaluations before the program officer makes a final recommendation regarding a grant proposal. The Foundation is further required to establish a formal appeals system to allow all grant applicants an opportunity to have their proposals independently reviewed. The advisory committee having appropriate jurisdiction shall appoint appellate panels composed of persons who have not participated in any prior stage of review of the proposal under appeal, and fix the size of each review panel. In reviewing grant proposals, the appellate panel shall consider only the written record of each proposal on appeal, including the responses by applicants to negative evaluations. The panel shall make a recommendation in writing to the Board regarding the disposition of the proposal under appeal. The applicant must initiate an appeal within 90 days after his proposal is disapproved in whole or in part.

Under section 206 of the bill, which deals with grants management, the Foundation is required to establish specific goals and priorities for its support of scientific research and education programs. This information shall be included in the Foundation's annual budget request to Congress. The National Science Board must approve all awards for projects whose cummulative total cost will exceed $250,000 or more. To assist the Board in evaluating grant proposals of this size, the program officer shall prepare a project summary, including a complete description and history of the project, names, and institutional affiliations of all reviewers whose evaluations were solicited, a numerical or other appropriate grading indicating the evaluation of each reviewer and an average score or composite grade for all reviewers, an itemized summary of all major criticsms of the proposal, and a summary of the applicant's response thereto. No individual grant award shall be made to support a research or education project for more than three consecutive years, unless the Board approves in writing a further extension of the project.

Paragraph (c) of section 206 requires the Foundation to conduct an adequate "needs assessment" of all Foundation programs. This requirement will be satisfied in the case of research, by the goals, objectives and justification report included in the Foundation's budget request to the Congress. Development of education curriculum programs shall be justified on a course-by-course basis before funding is approved, with input from a board base of public, educational, professional, and parents' organizations throughout the Nation.

Under paragraph (d), the Foundation is required to establish specific policies and procedures for continuous administrative oversight and assessment of continuing science research and education projects being supported by the Foundation, to ensure proper management and use of public funds, and to determine whether the results achieved by award recipients demonstrate that continued Foundation support is warranted. These oversight procedures shall include an evaluation of each continuing project by an independent review panel, appointed by the National Science Board, of no less than three expert reviewers each time the project is to receive additional funding. The Foundation is also required to establish policies and procedures to eliminate favoritism in the evaluation, administration, and management of Foundation grants. The Foundation may, as in the past, conduct reviews by mail, on site project visits, by consultation with other Federal agencies, or panels.

In order to further the policies of openness and accountability required under this bill, the Foundation is required to provide information, data, and documents to applicants, Congress, and the general public. But nothing in this act shall be construed to require, or to authorize the Board to require, the revealing of trade secrets or processes in any grant proposal or document filed with the Foundation under this act.

Under section 208, the Foundation is required to establish a program to upgrade the science programs of small public and private 4-year institutions of higher education. These programs shall include cooperative research and teaching arrangements between small and large educational institutions to encourage scientific research and improve the quality of science education at these smaller institutions.

Finally, this act amends title I of the National Science Foundation Act of 1950 by requiring that all royalty payments owed to the U.S. Government by Foundation award recipients or by other persons, institutions, or organizations, as a result of income received from programs supported by the Foundation, shall be paid to the U.S. Treasury as they accrue.

Mr. President, I ask unanimous consent that the bill I am introducing today to amend the National Science Foundation Act of 1950 be printed in the RECORD, together with an article entitled, "NSF Peer Review Hearings: House Panel Starts With Critics," which appeared in the August 8, 1975, issue of Science, and an article entitled, "NSF: Defense of Closed Peer Review System Not Persuasive," which appeared in the August 15, 1975, issue of Science.

There being no objection, the bill and articles were ordered to be printed in the RECORD, as follows:

S. 2427

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Science Foundation Act of 1950 (42 U.S.C. 1861 et seq.) is amended—

(1) by inserting immediately after the first section thereof the following:

"TITLE I—GENERAL PROVISIONS"

(2) by inserting immediately after section 12(b) thereof the following new subsection:

"(c) All royalty payments owed to the United States Government by Foundation award recipients or by other persons, institutions or organizations, as a result of income received from programs supported by the Foundation, shall be paid to the United States Treasury as they accrue.", and

(3) by adding at the end of such Act the following new title:

"TITLE II—PEER REVIEW AND GRANTS MANAGEMENT SYSTEM

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Peer Review and Grants Management Act of 1975'.

"FINDING

"SEC. 202. (a) National concern exists among members of the academic community, Congress, and the general public regarding the award of scientific research and science education support grants by the Foundation for individual research and education projects.

"(b) Foundation program officers select non-Foundation reviewers, expert in the same or related fields of science or education as the applicant, to evaluate almost all such proposals submitted to the Foundation. The program officers therefor play a key role in the Foundation's process of evaluating grant proposals.

"(c) Numerous deficiencies, both actual and potential, exist in the Foundation's peer review and grants management system which should be eliminated. The deficiencies include—

"(1) the lack of a clear, consistent, and precise policy for selecting peer reviewers for grant proposals which results in individual program officers in specialized areas having almost unchecked authority;

"(2) secrecy in the peer review system, especially that the identity of reviewers and the substance of their evaluations is unknown to grant applicants, members of the scientific community, Congress, and the general public, thereby destroying the accountability of program officers;

"(3) evidence of misuse of the peer review system by program officers, including specific instances where program officers—

"(A) misrepresented peer evaluations to the Board,

"(B) withheld from the Board peer evaluations which contradicted the recommendations of the program officer, and

"(C) selectively provided peer evaluations approving proposals exactly as submitted by applicants to help favored applicants to overcome adverse criticism of peer reviewers and ultimately to receive funding;

"(4) the lack of an appellate review process and grievance procedures to guard against scientifically unsound, biased, or incompetent peer evaluations of grant proposals;

"(5) refusal to disclose in full the record of proposals submitted by applicants, the identity and institutional affiliation of reviewers, and the disposition of each proposal to assist the scientific community, Congress, and the general public in ascertaining the relationship between the reviewers and grant recipients, as a further check against conflict of interest and bias;

"(6) failure to provide adequate procedures to oversee, monitor, and assess continuing Foundation science research and education programs receiving federal support; and

"(7) failure to conduct adequate analyses of the necessity for proposed science research or education programs before approving them.

"(d) The geographic distribution of Foundation grant awards shows a consistent pattern of bias in favor of scientists and educators at large academic institutions in a few States, and against scientists and educators at smaller academic institutions throughout the nation. The Foundation awarded 30 percent of all its grants in fiscal year 1974 to individuals and institutions in three States and only 8 percent to individuals and institutions in 22 other States. Recipients in 34 States received less than 25 percent of all funds awarded by the Foundation in 1974, while those in five preferred States received 25 percent. Individuals and institutions in eleven States shared the remaining 52 percent of Foundation funds for that year.

"(e) The National Science Board lacks the independent resources necessary to oversee Foundation programs, procedures, and expenditures effectively.

"PURPOSES

"Sec. 203. The purposes of this title are to—

"(1) establish procedures under which each grant proposal submitted to the Foundation will receive a thorough, objective, and fair peer review evaluation by experts in the same and related fields of scientific endeavor as the applicant;

"(2) provide for appropriate participation in the peer review process by reviewers selected from the academic community, business and industry, government, consumers, and other interested groups, organizations, and private citizens;

"(3) provide for selection of peer reviewers in a manner consistent with the principles of openness, equity, objectivity, and accountability;

"(4) provide grant applicants, Members of Congress, and other interested parties complete access to peer review evaluations, including the identity of all peer reviewers, for each grant proposal and project;

"(5) provide for an appellate system under which applicants may seek and receive a review of peer evaluations and administrative decisions concerning their proposals by a jury empaneled to adjudicate grievances;

"(6) establish procedures for the transmittal of peer review evaluations and other grant proposals materials to the Foundation's Office of Planning and Resources Management, the Board, and Congress;

"(7) require an adequate analysis of the necessity for all science research and education programs, including consideration of whether a clear and pressing national need for such program exists, based upon goals and priorities established and outlined by the Foundation in its annual budget request to the Congress;

"(8) establish procedures for administrative oversight and assessment of continuing science research and education projects supported by the Foundation to ensure proper management and use of public funds, and to determine whether the results achieved by grant recipients demonstrate that continued Foundation support is warranted;

"(9) ensure that the peer review system does not favor individuals, institutions, businesses, or States by unfairly concentrating within them awards or peer reviewer participation in the evaluation of Foundation grant proposals; and

"(10) strengthen the powers of the Board and Foundation advisory committees.

"DEFINITIONS

"Sec. 204. For purposes of this Act—

"(1) the term 'Foundation' means the National Science Foundation,

"(2) the term 'Board' means the National Science Board,

"(3) the term 'Director' means the Director of the National Science Foundation,

"(4) the term 'Office' means Peer Review Office,

"(5) the term 'peer review' means ad hoc mail reviewers, review panels and combinations of ad hoc mail reviewers and review panels which are used to determine the merits of proposals submitted to the Foundation,

"(6) the term 'applicant' means a person applying for funding by the National Science Foundation of a grant proposal, and

"(7) the term 'institutional affiliation' means an employment or other financial relationship with an institution such as a government agency, a business, an industry, or an academic institution.

"PEER REVIEW SYSTEM

"Sec. 205. (a) The Director shall establish within the Foundation's Office of Planning and Resources Management a Peer Review Office for the purpose of administering a peer grant proposals submitted to the Foundation.

"(b) The Office shall—

"(1) maintain a complete, current list of peer reviewers available to evaluate grant proposals submitted to the Foundation, either as ad hoc mail reviewers or as members of review panels, and such list shall—

"(A) be arranged according to academic discipline and area of specialization,

"(B) include the institutional affiliation of all reviewers, and other relevant information as determined by the Director,

"(C) be compiled from sources including, but not limited to—

"(i) the Foundation's advisory committees,

"(ii) academic institutions,

"(iii) editorial advisory boards of scholarly and technical journals,

"(iv) professional associations,

"(v) business and industry,

"(vi) nonprofit foundations,

"(vii) Foundation program officers,

"(vii) other State and Federal government agencies, and

"(ix) private organizations and citizens;

"(2) maintain a complete log of all solicitations by program officers of evaluations, including the dates such solicitations were sent, names of reviewers, copies of their evaluations, dates evaluations are received, and other appropriate information;

"(3) maintain a complete list of all proposals submitted for funding during each fiscal year, including—

"(A) the name and institutional affiliation of the applicant,

"(B) the description of each proposal,

"(C) the amount of grant requested,

"(D) the date proposal was received by the Foundation,

"(E) the name and institutional affiliation of all peer reviewers solicited to evaluate the proposal,

"(F) the number of prior proposals submitted by each applicant and the number and amount of awards previously received by each applicant,

"(G) a summary of the analysis prepared for each grant proposal which concerns the necessity for the program proposed, and

"(H) the current status of each grant proposal,

"(4) furnish to applicants upon request the names and institutional affiliation of all peer reviewers and complete copies of all peer review evaluations.

"(5) report to Congress annually all information required under this subsection;

"(c) The Foundation shall—

"(1) select not less than five names from the list described in subsection (b)(1), from which program officers may select not more than 50 percent of the reviewers;

"(2) permit the applicant to select 20 percent of the reviewers, the remainder to be selected using random sampling techniques;

"(3) ensure that both the relevant scientific community and the ultimate beneficiaries, if ascertainable, of the proposed research of program are represented as reviewers; and

"(4) ensure that not less than 50 percent of the reviewers for any grant proposal are affiliated with private business and industry, other government agencies, and the non-academic community.

"(d) No peer reviewer shall evaluate more than 10 grant proposals during any calendar year without the written approval of both the Director and the Board.

"(e) Before any program officer makes a final recommendation regarding any grant proposal, each applicant shall have a reasonable time to respond to all negative evaluations of such proposal by reviewers.

"(f) The Foundation shall establish provisions for appellate procedures to independently review, upon request of any applicant, proposals disapproved by the Foundation either in whole or in part. Such procedures shall include—

"(1) the appointment by the advisory committee having jurisdiction over grant proposals in the appropriate subject area of an appellate panel composed of persons who have not participated in any prior stage of review of the proposal under appeal and the determination of the number of jurors to serve on each appellate panel;

"(2) the consideration by jury panel of only the complete written record of each proposal on appeal, including the responses by applicants to negative evaluations as provided in subsection (e);

"(3) the recommendation by the jury disposition of the proposal under appeal; and

"(4) the initiation of an appeal by applicants within 90 days after their proposal is disapproved in whole or in part.

"GRANTS MANAGEMENT

"SEC. 206. (a) the Foundation shall establish specific goals and priorities for its support of scientific research and education programs which it shall include in its annual budget request to Congress.

"(b) No project whose cumulative total cost will exceed $250,000 may be funded without review and approval of such award by the Board. The program officer shall prepare a project summary for the Board, including a complete description and history of the project, name and institutional affiliation of all reviews whose evaluations were solicited, a numerical or other appropriate grading indicating each reviewer's evaluation, an average score or composite grade for all reviewers, and an itemized summary of all major criticims of the proposal and summary of the applicant's response thereto. No individual grant award shall be made to support a reserch or education project for more than three consecutive years, unless the Board approves in writing a further extension of the project.

"(c) The Office shall conduct an adequate analysis of the necessity for all Foundation programs. In the case of research, this requirement will be satisfied by the goals, objectives, and justification report included in the Foundation's budget request to the Congress. In the case of educational curriculum programs, such analyses shall include comments from public, educational, professional, and parents' organizations throughout the nation, and shall be made in advance of grant awards for such programs.

"(d) The Foundation shall establish specific policies and procedures for continuous administrative oversight and assessment of continuing science research and education projects being supported by the Foundation, to insure proper management and use of public funds, and to determine whether the results achieved by award recipients demonstrate that continued Foundation support is warranted. Such procedures shall include an evaluation of each continuing project by an independent Peer Review Panel of at least three expert reviewers, appointed by the National Science Board, each time a project requires additional funding.

"(e) The foundation shall establish policies and procedures to eliminate favoritism in the evaluation, administration, and management of Foundation grants.

"(f) The Foundation shall conduct reviews by mail, on-site project visits, consultation with other Federal Agencies, panels, and other appropriate methods.

"OPENNESS AND ACCOUNTABILITY

"SEC. 207. (a) The Foundation shall provide information, data, and documents to applicants, Congress, and the general public to further the policies of openness and accountability required in this title.

"(b) Nothing in this or any other Act authorizes the Foundation to withhold any information regarding the total peer review and grants management system from Members or Committees of Congress or the General Accounting Office.

"(c) Nothing in this Act shall be construed to require, or to authorize the Board to require, the revealing of trade secrets or processes in any grant proposal or document filed with the Foundation under this Act.

"SCIENCE IMPROVEMENT PROGRAM

SEC. 208. (a) The Foundation shall establish a program designed to upgrade the science programs of small public and private four-year institutions of higher education in all areas of the country. Such programs shall include, but is not necessarily limited to, cooperative research and teaching arrangements between small and large educational institutions and other programs to encourage scientific research and improve the equality of science education at these smaller institutions.

"(b) There are authorized to be appropriated such sums as may be necessary to carry out this section."

[From Science magazine, Aug. 15, 1975]

NSF: DEFENSE OF CLOSED PEER REVIEW SYSTEM NOT PERSUASIVE

(By Barbara Culliton)

Peer review, as practiced by the National Science Foundation (NSF), is under intense scrutiny by the House subcommittee on science, research, and technology which recently completed 2 weeks of hearings on the subject. NSF did not make a very persuasive showing.

The issue was openness. At a time when the Congress is embracing openness as an antidote to Watergate. NSF stands firm for confidentiality. To open the peer review process to public, or even congressional scrutiny, could destroy it—because it is based on confidentality. Good scientists will not make candid—meaning negative—assessments of each other's work if they have to operate in the open, or so the NSF argument goes. Several scientist witnesses before the subcommittee attested to that fact, presenting positions that have been heard before. But many of the congressmen were not readily convinced. However, they are not about to rush in and dismantle peer review at NSF. Having heard from about two dozen witnesses, they will sort out a lot of information before taking any action.

In evaluating the NSF's manner of using peer review, one must make a distinction between what some persons call confidentiality and others see as secrecy. NSF's definition of confidentiality seems to go beyond the bounds, inasmuch as the agency maintains not only that it cannot reveal to Congress or the public the content of peer reviewers analyses of grant applications, but also that it cannot reveal the names of the peers who reviewed specific grants. [Under a recent ruling by the National Science Board which governs NSF (Science, 11 July), verbatim copies of peer reviews will be made available to the principal investigator or an application upon request. However, the ruling applies only to reviews received by NSF after 1 January 1976, and the identity of the peers will still be secret.] Confidential information, confidentially given, lends itself at the very least to what one subcommittee member called the "perception of secrecy."

NSF director H. Guyford Stever and his advisers do not see it that way. They insist that to release the names of NSF's peers would lead to disaster. "Suppose," said one NSF spokesman, "that a rejected applicant knew the identity of the scientists who reviewed and turned down his application. He could write his congressman and challenge their competence. We'd be under great pressure."

Arguments such as that one lost much of their effect, if they had any, when John F. Sherman, vice president of the Association of American Medical Colleges and former deputy director of the National Institutes of Health (NIH), testified about the way peer review works at NIH. By the time he was done, the NIH system which itself has come under criticism for being a closed operation, began to look like a paragon of openness compared to NSF. His testimony became something of a point of reference throughout the rest of the hearings.

NIH, Sherman testified, assigns all grant applications to one of some 50 or 60 review panels, called study sections, of 12 to 15 members each. The names of each of the members are public, and a majority of applicants not only know to which study section their grant was assigned but also who reviewed it. Picking upon Sherman's description of that aspect of the NIH procedure, subcommittee chairman James W. Symington (D., Mo.) asked whether a rejected applicant could call each of his reviewers to ask why they faulted the proposal, or protest their judgment, or otherwise "make waves." "Indeed, they could," said Sherman calmly, adding that very few do so however.

In contrast to NIH, NSF handles only a small portion of its grant applications exclusively by review by an official panel. In 44 percent of the cases, individual reviewers are selected by powerful NSF staff personnel, called program officers, who seek peer review comments by mail. These peers are chosen on an ad hoc basis, and never meet together in person (NIH study sections each meet 3-4 times a year). Their written comments on a given grant proposal go back to the program officer who can use them as he sees fit. Unless the applicant is on close terms with the NSF program officer, he never knows what the reviewers said.

The names of individuals on the few permanent review panels in NSF are available to the public, according to an NSF official who conceded that very few applicants know who even they are. The only place they are listed is in the foundation's annual report.

Although peer review at NIH looks good compared to NSF, it was apparent from some of the questions put to Sherman that some congressmen think NIH too could be more open. While endorsing NIH's custom of publishing the names of study section members, Sherman rejected the idea that the substance of study section meetings be made public or that the meetings themselves be open. Sherman expressed concern on two counts. Plagiarism might become a problem, he said. Suppose a young scientist from Hawaii submits a proposal which is discussed at an open meeting in Washington, D.C., which might be attended by representatives from one of a number of commercial scientific laboratories. What would stop anyone from stealing the young scientist's idea? What would stop investigators in a big laboratory from exploiting the idea before that poor young scientist could carry out his own experiments? Representatives James H. Scheuer (D-N.Y.) seemed particularly untouched by the possibilities Sherman sketched out, saying first that moral pressure from the scientific community would probably be a real deterrent to stealing and, second, that it might be a good thing to get ideas into the "scientific stream of commerce" more quickly than happens now.

The other argument against opening peer review meetings is that to do so would put an end to confidentiality. No longer could a scientist criticize a colleague without being found out. In fact, one justification offered for keeping the meetings closed was that it protects peer reviewers who may be "overzealous" in their criticisms. Scheuer was quick to answer that, saying that to expose the overzealous to the public eye might well be a good thing.

OPENNESS SOLVES PROBLEMS

Scheuer, by no means sounding like a man who had any desire to dismantle the peer review system, went on to speak about the "cleansing effect" open congressional meetings had had in the past year or so. In the wake of Watergate, congressional reforms were instituted that, among other things, opened mark-up sessions of committees. To many congressmen the idea of negotiating about appropriations in public seemed like an exercise in sheer idiocy. How could we horse trade with people watching? "Well," said Scheuer, answering his own question, "mores can yield to changing times. Total openness solves an lot of awful problems."

It is not entirely impossible that the scientific community can change too. However. NSF apparently is not going to take the lead. In response to a congressional request for the names of its peer reviewers, it sent a list of names in alphabetical order, without identifying what grants they reviewed. Representative John B. Conlan (R. Ariz.), who is one of NSF's several critics in Congress, calls the list the Hong Kong telephone directory and says, quite rightly, that it is utterly useless in helping Congress do its job of assessing the workings of NSF.

Early in the hearings (Science, 8 August), Conlan charged NSF program officers with distorting the views of reviewers in internal summaries. He cited a summary of a review by Philip Morrison of the Massachusetts Institute of Technology as an example. Morrison then told reporters that it might be Conlan who was doing the distorting but when he testified before the subcommittee on the last day he said only, "It does not appear to me that the brief quotation from my review . . . can be said to have misrepresented my position. It certainly did not summarize it carefully. But it did not purport to do so." Morrison then went on to say, in response to a question, that he is against revealing reviewers names.

NSF director Stever appears to be intent upon preserving the confidentiality of the system unless Congress, by some official act, forces him to comply with its requests. Members of the subcommittee want access to NSF files, they want to see verbatim copies of reviewers' comments on individual grants, they want to know who is doing the reviewing and how they are chosen. Sherman testified that, although NIH did not make study section documents available to the public, the institution long ago worked out an arrangement allowing members of its congressional oversight committee access to its files. There was a gentleman's agreement, he said—committee members would confine their requests to matters related to committee business and would treat what they found with discretion, in return, NIH would let them see whatever they wanted to.

Stever, when asked whether some similar accommodation could be made with the science subcommittee, took a hard line. The Congress, he noted, has the authority to officially demand access to records. Or the matter could be taken to court. He said he would not mind having the issue of confidentiality settled that way. His position prompted subcommittee members to consider the avenues open to them, including subpoena power. It seemed there would be no friendly accommodation.

In comparing this situation to that Sherman described with respect to NIH, it must be pointed out that, for the most part, NIH's relations with Congress have been very good. NSF, however, has some enemies on the Hill, Conlan among them. It is no secret that he objects not only to the way in which peer review operates at NSF but also to the substance of some NSF-supported programs, especially those in the social and behavioral sciences. It is likely that NSF officials fear he would have a field day if he got his hands on all of the foundation's files, and they are not anxious to have to defend themselves against Members of Congress who make what Stever calls different "value judgments" about research. Nevertheless, they may have to.

On the first day of the hearings. Conlan called for "total openness" between the NSF and the subcommittee as the best and least expensive way to check the potential and real abuses in the present NSF peer review system. On the last day, he repeated his stand and said. "In spite of . . . your own stated refusal before this subcommittee that Congress cannot have verbatim peer review documents or the names of reviewers of paricular projects, Dr. Stever, Congress will prevail." It will if the members of the House subcommittee follow up what they have stated.

[From Science magazine, Aug. 8, 1975]

NSF Peer Review Hearings: House Panel Starts With Critics

(By John Walsh)

The first 2 days of House oversight hearings on the National Science Foundation's peer review system were dominated by the testimony of two congressmen who have been the principal critics of NSF in recent months; both pressed for major modifications of the peer review system.

Representative John B. Conlan (R-Ariz.), who has made a big issue of behavioral science courses developed with NSF support (*Science*, 2 May), asked for a "total openness" in peer review procedures, requiring, at least, that peer reviews and names of reviewers be made available to the principal investigators concerned and to Congress.

Representative Robert E. Bauman (R-Md.), author of the "Bauman amendment," which, if enacted, would give Congress authority to review and veto grants approved by NSF (*Science*, 25 April), argued for a stronger direct congressional control over research grants, although he seemed willing to depart from the letter of his amendment.

The two statements provided points of departure for discussion, but the subcommittee holding the hearings did not appear disposed to jump to conclusions. NSF officials had a chance on the third day of hearings to begin presenting their side of the case, and the hearings seemed to be settling down to a more than usually detailed examination of the inner operation of a science agency.

The hearings, which began on 22 July, are being held by the House Science and Technology Committee's subcommittee on science, research and technology, chaired by Representative James W. Symington (D-Mo.). In his opening remarks, Symington set the general goals for the panel. He said that the subcommittee would take a detailed look at how responsibility in the peer review process was divided between peers and the NSF staff, examine alternative methods of selecting research projects for support, and seek to determine whether NSF was doing an "adequate job." Symington said the group would not take up questions such as those which have been raised about curriculum implementation and about "priority setting" between research fields and disciplines. Originally scheduled for a total of 6 days over 2 weeks, the hearings have now been extended to include an additional day on 1 August.

Conlan, the first witness, indicated that his grievance against NSF arose out of the agency's refusal to provide information on peer review of the school behavioral science course projects in which he was interested . . . information to which, he insists, Congress should have access.

Conlan said that, under NSF's current management practices, "they have a completely arbitrary system that is closed and unaccountable to the scientific community and to the Congress." He charged that "It is common knowledge that NSF program managers can get whatever answer they want out of the peer review system to justify their decision to reject or fund particular proposals." He added that "I know from studying material provided to me by NSF that this is an 'Old Boy's System,' where program managers rely on trusted friends in the academic community to review their proposals. These friends recommend their friends to reviewers."

Perhaps the most serious allegations against the NSF review managers came when Conlan described what happens if a reviewer fails to send back "the anticipated rave review."

"The program manager," said Conlan, "has one of two choices. He can toss out the uncomplimentary review, since he is in complete control of reviewers he selects and reviews he uses. Or he can paraphrase the negative comments, and make the review appear positive."

To illustrate his thesis, Conlan cited a recent instance in which, he said, "a program manager and his superiors misrepresented peer review comments." At issue was the Individualized Science Instructional System (ISIS) for high school students being developed at Florida State University, which Conlan said had received some $3.3 million to date from NSF.

Conlan charged that "the NSF staff appears to have purposely misrepresented reviewers' comments to the programs committee of the National Science Board in order to get approval of the current budget of $2.2 million in further funding."

As evidence, Conlan submitted for the record an NSF staff summary of the ISIS project prepared for the National Science Board when new funding for ISIS was requested and, subsequently, approved. In his testimony, Conlan quoted an extract from a review statement by Philip Morrison of MIT which appeared in the NSF summary prefaced with the sentence. "Representative of the overall tone of the reviewers' comments is this excerpt from Dr. Morrison's review." What followed was a short paragraph characterized by the fairly heavy use of ellipses, rather in the way that book or movie reviews are often excerpted to construct blurbs. The paragraph concluded, " 'The personnel and advisors are excellent. . . . The idea is good. . . .' "

Conlan observed that the quote conveyed unqualified support, not only by Morrison, but by all 11 reviewers of the project. Conlan said his staff had checked with Morrison, and "he informed us that he definitely did not give his unqualified support when he reviewed the proposed project more than two years earlier. On reflection he also said that he had been very critical of the careless scope, content and purpose of the 80 to 125 'mini-courses' to be developed."

When asked by Science whether the Conlan statement accurately reflected Morrison's comments on the ISIS review, Morrison said that the account was "itself a misrepresentation." Morrison said that he had written a letter to Conlan discussing the matter and found it hard to understand why Conlan had not produced the letter at the hearings.

More light on the subject is likely to be shed on 1 August when Morrison—who has been invited to testify and has accepted the invitation—is scheduled to appear.

At the hearings, NSF officials acknowledged that the reviewers' comments had been presented as they were because shortcomings in the project to which the reviewers had objected earlier had been corrected and that the staff felt that the favorable review was justified. NSF officials, including NSF director H. Guyford Stever, agreed that a fuller explanation of the circumstances which produced the review should have been included.

The ISIS incident appears to have assumed a fair degree of importance in the hearings, not only because it provides a specific instance in which NSF is accused of misuse of the peer review system, but also because it involves a question of Conlan's credibility as well as of NSF's.

Conlan's advice to the subcommittee "is to make the peer review system open and accountable. This means that the 'Old Boy's System' which is so cherished by certain bid institutions and the National Academy of Sciences, which benefit from it, must go.

"The peer review system must operate in an environment of total openness."

By total openness Conlan means that verbatim reviews and the names of reviewers should be available on request to the principal investigators who submitted grant applications and also to Congress. A Conlan staff member says Conlan would prefer to see the press and public given access as well but hesitates to advocate it without further examination, particularly because of the administrative burden it would place on NSF. [The National Science Board recently revised NSF policy to make verbatim reviews available to the principal investigators concerned and is considering the question of whether identities of reviewers should be made known on the same terms (Science, 11 July)].

Reaction on the subcommittee to Conlan's advocacy of opening up peer review was mixed. Representative Thomas R. Harkin (D-Iowa), a freshman member of Congress, expressed sympathy for the general principle of breaking up Old Boy's Clubs but pointed out that confidentiality prevails in other walks of life. He said, for example, that in the legal profession the identities of those who mark bar examinations are not revealed. And Harkin and other subcommittee members suggested that identifying peer reviewers might expose scientists to more severe pressures than those generated by the "buddy system."

In an appearance interrupted by calls of subcommittee members to the floor, Stever provided what was in effect the NSF rebuttal to the Conlan statement. Stever and other NSF officials took issue directly with Conlan's assertion that NSF program managers might arbitrarily discard certain reviews, insisting that a hard and fast agency rule requires that all reviews become part of the permanent record of a project.

Stever said he was submitting for the record the full files on ISIS and on another case which Conlan charged illustrates NSF's violation of its own prohibition against providing verbatim reviews to applicants. To Conlan's question of whether these files would include peer reviews, Stever replied that NSF would continue the practice of withholding peer review information from Congress "unless Congress changed the law."

To the question of whether scientists now participating in the peer review process would continue to write reviews if reviewer identities were revealed, Stever and other NSF officials responded that there was a difference of opinion on the matter and that no systematic effort to get a reading has been made.

Stever conceded that "isolated mistakes" have been made in the peer review process but argued that the important question is "whether the system is a strong one." He ascribed the mistakes to "administrative slippages" rather than breaches of integrity.

When Symington asked "how Congress can be reassured" about the workings of the system, Stever replied that checks can be made "statistically," by assembling data on questions such as whether some individuals are doing too many reviews and whether "top departments" are being treated too well. In addition, spot checks can be made on individual cases.

On the second day of hearings, Bauman appeared as a witness and urged strongly that a formal way be developed to give Congress "prior notification" when research projects are approved. He said, however, he was "not wedded" to the language of the Bauman amendment. Bauman expressed doubts that those involved in the "secret process" of peer review should be relied on exclusively by Congress for information on the process. He went on to assert that Congress has been remiss in monitoring NSF operations and that the authorizing and appropriations committee supervision of NSF "do not approach proper oversight."

In other remarks, Bauman criticized NSF for a tendency to support orthodox scientists at the expense of potential innovators, indicating that he thought the agency should put more emphasis on basic research in hard sciences rather than make excursions into behavioral science research and education projects which have caused controversy. He suggested that NSF has favored the so-called centers of excellence too much and might get better results by shifting money to build up what, with an ironical twist, he called "centers of mediocrity."

The third day of hearings featured a statistical analysis of peer review transactions based on data from fiscal year 1974. NFS's new deputy director Richard C. Atkinson (see box) was the main witness for the agency during this phase of the hearings.

Atkinson said that, of 21,000 "actions" on project proposals during the year, about 49 percent were funded, although "usually in amounts lesser than requested by the principal investigator." He said that about 44 percent of the total got ad hoc reviews (written reviews); 28 percent, panel reviews; and 28 percent, both panel and ad hoc reviews. As a rule, physical science projects received ad hoc reviews, and life science and behavioral science reviews tended to receive panel reviews, more or less on the National Institutes of Health model. The general import of the analysis is indicated by the following excerpt from the testimony which Atkinson presented.

In NSF's statistical studies of the distribution of research dollars by states, we have considered many other characteristics of the states. Some of these are reviewed in the report mentioned earlier. The picture that emerges is fairly clear. In general, the distribution of research funds is closely correlated with state characteristics, such as population, income tax revenues, doctoral scientists in the labor force, and so forth. There are three states—California, Massachusetts, and New York—which receive more NSF dollars than they should based on these criteria. However, when various measures of scientific excellence are examined, it is clear that these states are receiving fewer dollars than they qualify for based on their scientific merit. Obviously NSF's distribution of funds turns out to be something of a compromise between a state's population and its collection of scientific talent. NSF has no precise formula for making this compromise, rather the various forces operating on NSF have defined its policy. Whether this policy is correct may well be judged differently by different individuals.

Atkinson was representing NSF at a congresisonal hearing for the first time. He hasn't yet quite got the hang of giving the bland bureaucratic answer to the hostile query or of exploiting the fat, friendly question; some of the subcommittee members probably found this refreshing. Atkinson had been directly involved in the agency analysis of the peer review system and was thoroughly familiar with the figures. He was less successful, however, in dealing with questions from the subcommittee on the general operations of NSF.

Actually, this is not surprising. When subcommittee members asked specific questions about the rules under which NSF operates peer review, for example, veteran NSF officials had difficulty quoting chapter and verse. As one high-level staff member observed during a break. NSF administrators have depended as much on an "oral tradition" to transmit precedents and procedures to new staff members as on a body of written rules.

NSF for its first 25 years was a relatively small, intimate agency with a generally good reputation with both Congress and the scientific community. Until just a few years ago, the NSF director reviewed every grant award the agency made. NSF is too big for that now, and, after Watergate, it is too much for congressmen to assume that any government official's word is his bond.

The congressmen on the subcommittee appear to be a bit embarrassed that Congress hasn't done a more thorough job of oversight of NSF in the past and obviously intend to correct that. NSF officials, who are moving to tighten up NSF's administrative machinery, also seem aware that they will, henceforth, have to come up with better answers to congressional questions. The second week of hearings should continue the process of mutual education.

JOHN WALSH

By Mr. INOUYE:

S. 2428. A bill to amend the Internal Revenue Code of 1954 to permit an individual who is an active participant in a retirement plan to claim the deduction for retirement savings for amounts contributed by him to an individual retirement account, for an individual retirement annuity, or for a retirement bond, to the extent that the amounts paid by him or on his behalf under the retirement plan does not equal the maximum amount of the retirement savings deduction to which he would be entitled if he were not an active participant in such plan. Referred to the Committee on Finance.

Mr. INOUYE. Mr. President, today I am introducing legislation to expand the coverage of our current employee retirement legislation in order to permit employees who are covered by a pension or profit-sharing plan by their employer, to also establish an individual retirement account.

Under the provisions of this bill those individuals would be allowed to contribute the difference in value between what their company is providing, and the maximum allowable under current law, if they had been enrolled in an individual retirement account.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2428

A bill to amend the Internal Revenue Code of 1954 to permit an individual who is an active participant in a retirement plan to claim the deduction for retirement savings for amounts contributed by him to an individual retirement account, for an individual retirement annuity, or for a retirement bond, to the extent that the amounts paid by him or on his behalf under the retirement plan does not equal the maximum amount of the retirement savings deduction to which he would be entitled if he were not an active participant in such plan

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 219(b)(2) of the Internal Revenue Code of 1954 (relating to limitations and restrictions on the deduction allowable to individuals covered by certain other plans) is amended to read as follows:

"(2) Individuals covered by certain other plans.—In the case of an individual who, for any part of the taxable year, was covered by another retirement plan, the amount allowable as a deduction under subsection (a) to that individual for the taxable year after the application of paragraph (1) of this subsection shall be reduced by an amount equal to the sum of the amounts contributed by or on behalf of such individual to such plan for the taxable year.".

(b) Section 219(c) of such Code (relating to definitions and special rules) is amended by adding at the end thereof the following new paragraph:

"(3) Covered by another retirement plan.—For purposes of this section an individual is treated as covered by another retirement plan for the taxable year if for any part of such year—

"(A) he was an active participant in—

"(i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(ii) an annuity plan described in section 403(a),

"(iii) a qualified bond purchase plan described in section 405(a), or

"(iv) a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing, or

"(B) amounts were contributed by his employer for an annuity contract described in section 403(b) (whether or not his rights in such contract are nonforfeitable).".

SEC. 2. The amendments made by the first section of this Act apply to taxable years beginning after December 31, 1974.

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 2429. A bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Fla., and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk, on behalf of myself and the Senator from Arizona (Mr. FANNIN), a bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Fla., and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., September 18, 1975.
Hon. NELSON ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Florida, and for other purposes."

We recommend that the bill be referred to the appropriate Committee for consideration, and that it be enacted.

The Act of October 21, 1972 (86 Stat. 1049) authorized the Secretary of the Interior to accept, maintain, develop, and administer the Mar-A-Lago National Historic Site as a part of the National Park System at such time as the right to possession of the real and personal property comprising Mar-A-Lago, owned by the late Mrs. Marjorie Merriweather Post, should vest in the United States. The Act also directed the Secretary to take necessary actions to provide for administration and use of the site as a temporary residence for visiting foreign dignitaries or heads of State or members of the Executive Branch of the United States Government. In addition, the Act established a Mar-A-Lago National Historic Site Advisory Commission to consist of five members appointed by the Secretary.

That Act contained no authorization for appropriation of funds to administer the site. This was in accordance with this Department's understanding, as reported to the House Committee on Interior and Insular Affairs on August 28, 1972, that an endowment would be established by Mrs. Post in order that operation and maintenance of the property would be accomplished without resort to appropriated funds.

Upon the death of Mrs. Post, title to the real property vested in the United States pursuant to an inter vivos conveyance made by her on December 18, 1972, in which she reserved a life estate. The endowment, consisting of shares of General Foods stock, was established by Mrs. Post's will for the purpose of funding, from income, the cost of administering the site.

It has become apparent to us that the income from the endowment will not be sufficient to maintain this property at a proper standard. This is due to a decline in dividend income and rapidly escalating maintenance costs, neither of which was forecast at the time of authorization in 1972. We estimate the annual cost of maintaining the site, with no provision for even the minimal degree of public use contemplated in 1972, will total approximately $341,000. However, income from the endowment is expected to total only about $163,000 during the current fiscal year. Maintenance at a standard compatible with limited public use is now estimated to cost at least $300,000 annually.

The payment of reasonable fees for the use of Mar-A-Lago, by visiting heads of State has been suggested to cover that deficit, and we have explored the security and other problems attendant to such use. However, we have been unable to assure ourselves that such use would be feasible or would provide the requisite amount of supplemental income.

We intend to honor the commitment made to the Congress that this project should not require the expenditure of appropriated funds. Due to the conditions herein described, it has been necessary, however, to expend $44,000 of public funds for purposes of sustaining minimal maintenance during fiscal year 1975. The same amount has been requested for fiscal year 1976. We do not believe that the Park Service should be required to expend its limited resources at a site which affords no foreseeable opportunity for public use and enjoyment.

Accordingly, since we believe that the property should no longer be part of the National Park System, section 1 of the draft bill would authorize the Secretary of the Interior to take such action as is necessary to divest the United States of the right to possession of, and title to, the real and personal property comprising the Mar-A-Lago National Historic Site. This language would be consistent with the deed conveying Mar-A-Lago to the United States, which stated in part that ". . . if, in the opinion of the Secretary of the Interior, there are not sufficient funds made available to administer and maintain the conveyed property, and if authorized by Act of Congress, the estate hereby created in the United States of America shall cease and terminate and the fee simple title to the above described land and premises shall thereupon vest in the Marjorie Merriweather Post Foundation of D.C." Section 2 of the draft bill would repeal the above described Act of October 21, 1972.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,
DOUGLAS P. WHEELER,
Acting Assistant Secretary of the Interior.

By Mr. MAGNUSON:

S. 2430. A bill to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes. Referred to the Committee on Commerce.

ANIMAL WELFARE ACT AMENDMENTS OF 1975

Mr. MAGNUSON. Mr. President, today I introduce legislation designed to assure the humane treatment of animals in transit, as well as to end the barbaric practice known as animal fighting.

Mr. President, this bill, the Animal Welfare Act Amendments of 1975, is identical to legislation recently introduced in the House of Representatives by my distinguished colleague from the State of Washington and chairman of the House Committee on Agriculture, Representative THOMAS S. FOLEY. Furthermore, the bill is very similar to another measure, S. 1941, which was recently introduced in this body by the distinguished Senator from Connecticut, Mr. WEICKER, and myself. Since Mr. WEICKER and I have spoken at some length about the need for this type of legislation, I will not do so now. I would, however, like to give my colleagues in the Senate a brief description of what this bill does.

The Animal Welfare Act of 1971 provided the Secretary of Agriculture with the authority to prescribe standards for the humane treatment of animals by animal dealers, research facilities, and exhibitors. The act did not, however, provide the Secretary with the authority to promulgate similar standards for the handling of animals by common carriers—such as railroads, air lines, and shipping lines—and other intermediate handlers who transport animals. Consequently, the treatment of animals in transit can be abusive, if not fatal to them. The legislation which I am introducing today would close the gap in the 1971 act by extending the provisions of that law to common carriers and other intermediate handlers of animals, thus permitting the Secretary of Agriculture to set down standards for the treatment of animals by these individuals. Such standards might include, for instance, feeding, ventilation, and medical attention before or during transit.

The Animal Welfare Act Amendments of 1975 would also put an end to the inhumane practice of animal fighting, in which two or more animals are pitted against each other in a bloody battle for purposes which include sport and wagering. My bill would make it illegal to buy, sell, or move in interstate commerce any animal which is destined to be used in such a venture. Furthermore, the bill would make it illegal to sponsor or in any way participate in such activities or to use the U.S. mails to advertise these fights. Finally, the amendments would impose a rather stiff penalty, $5,000 or up to a year in prison, for violations of the antianimal fighting provisions.

Mr. President, the Senate Commerce Committee presently has pending before it legislation to improve conditions for animals in transit as well as legislation to end animal fighting activities. The Animal Welfare Act Amendments of 1975 would combine the approaches of these bills and give the committee another alternative to consider when it holds hearings on the animal welfare issue.

Mr. President, I ask unanimous consent that the text of the Animal Welfare Act Amendments of 1975 be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2430

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Animal Welfare Act Amendments of 1975".

Sec. 2. The Federal Laboratory Animal Welfare Act of August 24, 1966 (80 Stat. 350, as amended by the Animal Welfare Act of 1970, 84 Stat. 1560; 7 U.S.C. 2131–2155) is hereby further amended by adding the following at the end of the first section thereof: "It is also essential for humane reasons to prohibit certain animal fighting ventures. "The Congress hereby finds that animals and activities which are regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce or the free flow thereof, and that regulation of animals and activities as provided in this Act is necessary to prevent and eliminate burdens upon such commerce, to effectively regulate such commerce, and to carry out the objectives of this Act.".

Sec. 3. Section 2 of such Act is amended by deleting paragraph (d) defining "affecting commerce"; and by amending paragraph (c) defining "commerce" by changing the last clause to read "or within any State, territory, or possession, or the District of Columbia, or the Commonwealth of Puerto Rico.".

Sec. 4. Such Act is further amended by deleting the term "affecting commerce", from paragraphs (c) and (f) of section 2 and sections 4, 11, and 12, wherever the quoted term appears therein, and by substituting therefor the term in commerce,"; and by deleting the term "affecting commerce", the phrase "or the intended distribution of which affects commerce, or will affect commerce," and substituting therefor the phrase "or are intended to be moved in commerce,".

Sec. 5. Section 2 of such Act is further amended by adding thereto two new paragraphs to read:

"(i) The term 'intermediate handler' means any person (other than a dealer, research facility, exhibitor, any person excluded from the definition of a dealer, research facility, or exhibitor, an operator of an auction sale, or a carrier, who is engaged in any business in which he receives custody of animals in connection with their transportation in commerce.

"(j) The term 'carrier' means the operator of any airline, railroad, shipping line, or other enterprise, which is engaged in the business of transporting any animals for hire.".

Sec. 6. Section 6 of such Act is amended by inserting after the term "research facility", a comma and the term "every intermediate handler, every carrier,".

Sec. 7. Section 9 of such Act is amended by inserting after the term "Section 12 of this Act,", the term "or an intermediate handler, or a carrier,", and by deleting the term "or an operator of an auction sale as well as of such person" at the end of section 9 and substituting therefore the following term: "operator of an auction sale, intermediate handler, or carrier, as well as of such person.".

Sec. 8. Section 10 of such Act is amended by deleting the phrase "upon forms supplied by the Secretary" from the first sentence and by adding after the second sentence a new sentence to read as follows:

"Sec. 10. Intermediate handlers and carriers shall make and retain for such reasonable period of time as the Secretary may prescribe, such records with respect to the transportation, receiving, handling, and delivering of animals as the Secretary may prescribe.".

Sec. 9. Section 13 of such Act is amended by designating the provisions thereof as paragraph (a) and by adding, after the second sentence therein, a new sentence to read: "The Secretary shall also promulgate standards to govern the transportation in commerce, and the handling, care, and treatment in connection therewith, by intermediate handlers, air carriers, or other carriers, of animals consigned by any dealer, research facility, exhibitor, operator of an auction sale, or other person, or any department, agency, or instrumentality of the United States, for transportation in commerce. The standards shall include such requirements with respect to containers, feed, water, rest, ventilation, temperature, handling, adequate veterinary care, and for other factors as the Secretary determines are relevant in assuring humane treatment of animals in the course of their transportation in commerce.".

Sec. 10. Section 13 of such Act is further amended by adding at the end thereof new paragraphs (b), (c), and (d) to read:

"(b) No animal, shall be delivered by any dealer, research facility, exhibitor, operator of an auction sale, or department, agency, or instrumentality of the United States, to any intermediate handler or carrier for transportation in commerce, or received by any such handler or carrier for such transportation from any such person, department, agency, or instrumentality, unless the animal is accompanied by a certificate issued by a veterinarian licensed to practice veterinary medicine, certifying that he inspected the animal on a specified date, which shall not be more than ten days before such delivery, and, when so inspected, the animal was sound and healthy. Such certificates received by the intermediate handlers and the carriers shall be retained by them, as provided by regulations of the Secretary, in accordance with section 10 of this Act.

"(c) No dogs or cats, or additional kinds or classes of animals designated by regulation of the Secretary, shall be delivered by any person to any intermediate handler or carrier for transportation in commerce except to registered research facilities if they are less than eight weeks of age, or such other age as the Secretary may by regulation prescribe. The Secretary shall designate additional kinds and classes of animals and may prescribe ages different than eight weeks for particular kinds or classes of dogs, cats, or designated animals, for the purposes of this section, when he determines that such action is necessary or adequate to assure their humane treatment in connection with their transportation in commerce.

"(d) No intermediate handler or carrier involved in the transportation of any animal in commerce shall participate in any arrangement or engage in any practice under which the cost of such animal or the cost of the transportation of such animal is to be paid and collected upon delivery of the animal to the consignee, unless the consigner guarantees in writing the payment of transportation charges, including, where necessary, both the return transportation charges and an amount sufficient to reimburse the carrier for all out-of-pocket expenses incurred for the care, feeding, and storage of any live creature."

Sec. 11. Section 15 of such Act is amended by inserting after the term "exhibition" in the first sentence, a comma and the term "or administration of statutes regulating the transportation in commerce or handling in connection therewith any animals", and by adding the following at the end of the sentence: "Before promulgating any standard governing the transportation and handling in connection therewith, of animals, the Secretary shall consult with the Secretary of Transportation who shall have the authority to disapprove any such standard if he notifies the Secretary, within thirty days after such consultation, that changes in its provisions are necessary in the interest of flight safety.".

Sec. 12. Paragraph (a) of section 16 of such Act is amended by inserting the term "intermediate handler, carrier," in the first sentence after the term "exhibitor," each time the later term appears in the sentence: by inserting before the period in the second sentence, a comma and the term "or (5) such animal is held by an intermediate handler or a carrier" and by deleting the term "or" before the term "(4)" in the third sentence.

Sec. 13. Section 19 of such Act is amended by adding at the end thereof the following new paragraph (d):

"(d) Any intermediate handler or carrier that violates any provision of section 13 of this Act or any standard promulgated thereunder may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation. Each violation shall be a separate offense. No penalty shall be assessed unless such person is given notice and opportunity for a hearing with respect to the alleged violation, and the order of the Secretary assessing a penalty shall be final and conclusive unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals. Such court shall have exclusive jurisdiction to enjoin, set aside, suspend (in whole or in part), or to determine the validity of the Secretary's order, and the provisions of sections 2341, 2343 through 2350 of title 28, United States Code, shall be applicable to such appeals and orders. Any such civil penalty may be compromised by the Secretary. Upon any failure to pay the penalty assessed by a final order under this section, the Secretary shall request the Attorney General to institute a civil action in a district court of the United States or other United States court for any district in which such person is found or resides or transmits business, to collect the penalty, and such court shall have jurisdiction to hear and decide any such action.".

Sec. 14. Section 24 of such Act is amended by inserting a comma and the term "intermediate handlers, and carriers" after the term "dealers" in the third sentence; and by adding a comma and the following provisions before the period at the end of the first sentence: "except that the regulations relating to intermediate handlers and carriers shall be prescribed no later than nine months from the date of enactment of the 'Animal Welfare Act Amendments of 1975'.".

Sec. 15. Section 25 of such Act is amended by inserting after subsection (3) the following new subsection:

"(4) recommendations and conclusions concerning the aircraft environment as it relates to the carriage of live animals in air transportation."

Sec. 16. (a) Such Act is amended by adding at the end thereof the following new section:

"Sec. 26. (a) It shall be unlawful for any person to knowingly sponsor, or exhibit an animal in any animal fighting venture to which any animal was moved in interstate or foreign commerce.

"(b) It shall be unlawful for any person to sell, buy, transport, or deliver to another person or receive from another person for purposes of transportation, in interstate or foreign commerce any dog or other animal for purposes of having the dog or other animal participate in an animal fighting venture.

"(c) It shall be unlawful for any person to knowingly use the mail service of the United States Postal Service or any interstate instrumentality for purposes of promoting or in any other manner furthering an animal fighting venture. Section 3001(a) of title 39, United States Code, is amended by adding immediately after the words "title 18" a comma and the words "or section 26 of the Federal Laboratory Animal Welfare Act".

"(d) Any person who violates subsection (a), (b), or (c) shall be fined not more than $5,000 or imprisoned for not more than one year, or both, for each such violation.

"(e) The Secretary or any other person authorized by him shall make such investigations as the Secretary deems necessary to determine whether any person has violated or is violating any provision of this section, and the Secretary may obtain the assistance of the Federal Bureau of Investigation, the Department of the Treasury, or other law enforcement agencies of the United States, and State and local governmental agencies, in the conduct of such investigations, under cooperative agreements with such agencies. A warrant to search for and seize any animal which there is probable cause to believe was involved in any violation of this section may be issued by any judge of the United States or of a State court of record or by a United States commissioner within the district wherein the animal sought is located. Any United States marshal or any person authorized under this section to conduct investigations may apply for and execute any such warrant, and any animal seized under such a warrant shall be held by the United States marshal or other authorized person pending disposition thereof by the court in accordance with this paragraph (e). Necessary care including veterinary treatment shall be provided while the animals are so held in custody. Any animal involved in any violation of this section shall be liable to be proceeded against and forfeited to the United States at any time on complaint filed in any United States district court or other court of the United States for any jurisdiction in which the animal is found and upon a judgment of forfeiture shall be disposed of by sale for lawful purposes or by other humane means, as the court may direct. Costs incurred by the United States for care of animals seized and forfeited under this section shall be recoverable from the owner of the animals if he appears in such forfeiture proceeding or in a separate civil action brought in the jurisdiction in which the owner is found, resides, or transacts business.

"(f) For purposes of this section—

"(1) the term 'animal fighting venture' means any event which involves a fight between at least two animals and is conducted for purposes of sport, wagering, or entertainment;

"(2) the term 'interstate or foreign commerce' means—

"(A) any movement between any place in a State to any place in another State or between places in the same State through another State; or

"(B) any movement from a foreign country into any State,

"(3) the term 'interstate instrumentality' means telegraph, telephone, radio, or television operating in interstate or foreign commerce;

"(4) the term 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

"(5) the term 'animal' means any live dog or other mammal, except man; and

"(6) the conduct by any person of any activity prohibited by this section shall not render such person subject to the other sections of this act as a dealer, exhibitor, or otherwise.

"(g) The provisions of this Act shall not supersede or otherwise invalidate any such State, local, or municipal legislation or ordinance relating to animal fighting ventures except in case of a direct and irreconcilable conflict between any requirements therender and this Act or any rule, regulation, or standard hereunder.".

SEC. 18. If any provision of this Act or of the amendments made hereby or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and the remaining amendments and of the application of such provision to other persons and circumstances shall not be affected thereby.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 1532

At the request of Mr. CLARK, the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 1532, a bill to amend the Packers and Stockyards Act, 1921, to clarify the authority of the Secretary of Agriculture to require reasonable bonds from packers in connection with their livestock purchasing operations, and for other purposes.

S. 1962

At the request of Mr. CLARK, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 1962, a bill to amend the Domestic Volunteer Service Act of 1973 to provide that volunteers in foster grandparent programs may furnish supportive services to mentally retarded individuals regardless of the age of such individuals.

S. 2067

At the request of Mr. BIDEN, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 2067, a bill to limit the period of authorization of new budget authority and to require comprehensive review and study of existing programs for which continued budget authority is proposed to be authorized by committees of the Congress.

S. 2207

At the request of Mr. FONG, the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. CANNON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Nevada (Mr. LAXALT), the Senator from Washington (Mr. MAGNUSON), and the Senator from North Dakota (Mr. YOUNG) were added as cosponsors of S. 2207, a bill to provide for the exclusion of industrially funded personnel in computing the total number of civilian personnel authorized by law for the Department of Defense in any fiscal year.

S. 2293

At the request of Mr. HELMS, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of S. 2293, a bill to amend section 402 of the Highway Safety Act of 1966, relative to compulsory helmet laws for motorcyclists.

S. 2301

At the request of Mr. HATFIELD, the Senator from Oregon (Mr. PACKWOOD) was added as a consponsor of S. 2301, a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Tualatin Second Phase reclamation project in Oregon, and for other purposes.

S. 2315

At the request of Mr. HATFIELD, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2315, a bill to return the privately built and maintained reservoir known as Lake Oswego, Oregon, to its traditional status as a nonnavigable water of the United States.

S. 2350

At the request of Mr. SYMINGTON, the Senator from Texas (Mr. BENTSEN) and the Senator from Pennsylvania (Mr. HUGH SCOTT) were added as a cosponsor of S. 2350, a bill to amend the National Security Act of 1947, as amended, to provide that the Secretary of the Treasury become a statutory member of the National Security Council.

SENATE RESOLUTION 144

At the request of Mr. BURDICK, the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Oregon (Mr. HATFIELD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New York (Mr. JAVITS), the Senator from Minnesota (Mr. MONDALE), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of Senate Resolution 144, to urge the restoration of the status of amateur athlete for the late Jim Thorpe, and for other purposes.

SENATE RESOLUTION 245

Mr. HASKELL. Mr. President, I ask unanimous consent that the distinguished Senator from North Dakota (Mr. BURDICK) and the distinguished Senator from Connecticut (Mr. WEICKER) be added as cosponsors to Senate Resolution 245, this being the resolution which the distinguished Senator from Oregon (Mr. HATFIELD) and I introduced on September 17, requesting the President to make public all potential agreements and commitments in connection with the Sinai situation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENTS NOS. 940 AND 941

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted two amendments intended to be proposed by him to amendment No. 919 intended to be proposed to the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENT NO. 942

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK. Mr. President, I am submitting an amendment to the emergency natural gas bill which would maintain the current rates charged to essential users who face curtailment. The proposals by the Commerce Committee—and by the administration—all indicate that there are natural gas supplies available in the intrastate market. All of these proposals also indicate that there is a real emergency, whatever its original cause, which affects the health of this country and its people. Vital industries have been curtailed. We are threatened by the gas industry and by President Ford with curtailment-related unemployment.

In these circumstances, our job is to protect the public. We can do that by making available to those essential users threatened with curtailment the new supplies coming into the intrastate market. No one quarrels with that reallocation of supplies. The fact that all of these possible curtailments are for uses recognized to be necessary to the national good demands that we pay a price based on cost plus a fair rate of return—and no more.

We are considering legislation to make those intrastate supplies available to the interstate market. We need not abandon the principle of just and reasonable rates when we do that. But the market power of the natural gas producers has made too many of us do just that.

S. 2310 and the other emergency proposals do not promise to elicit new supplies of natural gas. They simply try to reallocate existing supplies. Therefore, the only argument that ever existed for higher prices—which also showed the market power of the gas producers—does not apply here. This winter's shortage cannot be cured by "incentive pricing." We must have just and reasonable prices for basic industries and essential users.

FACTORS WHICH INDICATE THAT THE INTRASTATE PRICE IS NOT A "FAIR MARKET PRICE"

First. The recent rise in prices has been much greater over a shorter period of time than is historically true; and the trend is accelerating:

Weighted average of new gas contract prices, 1966–72 (¢/Mcf)

1966	18.5	16.8
1967	19.1	17.3
1968	19.2	17.5
1969	19.8	18.0
1970 (through July 1970)	20.2	20.7
July 1970 to September 1971	28.4	24.1
September 1971 to September 1972	28.6	31.6
Current	56	*91.0–1.17

*For 1974, the weighted average cost per Mcf of 1148 intrastate contracts reported to the FPC was $0.91. With the addition of 376 additional contracts thru May, 1975 (5 months) the average rose to $1.17. Thru May, 1975, the highest price paid in intrastate buying was $2.44/Mcf.

Second. Interstate buyers are intrastate sellers with a vested interest in pushing up the price of intrastate contracts beyond what would be the case if both parties had to bargain in a free market. (See attached data.)

Third. The cost of unregulated natural gas reflects the cartel-based price of oil, rather than market-determined pricing, as well as the effects of the threats of shortage in the intrastate market during the last winter.

Additions to reserves

	Interstate	*Intrastate*
1964–69	11.4 Tcf	5.6 Tcf
1970–73	0.7 Tcf	8.4 Tcf

FEA/FPC

The reason that we are faced with curtailments this winter is that gas which has historically been committed to the interstate market has gone into the intrastate market. Regulation of the entire nautral gas industry is necessary to correct this maldistribution. The existence of a monopolized market side-by-side with a price-regulated market creates serious supply dislocations, as we have seen. If the intrastate market had been regulated on a cost basis, the new gas supplies would have been available to all users.

NOTICE OF HEARING

Mr. MANSFIELD. Mr. President, on behalf of the chairman of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Monday, October 6, 1975, at 9:30 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

Ralph G. Thompson, of Oklahoma, to be U.S. district judge for the western district of Oklahoma, vice Stephen S. Chandler, retiring.

Any persons desiring to offer testimony in regard to this nomination, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee will consist of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. McCLELLAN), and the Senator from Nebraska (Mr. HRUSKA).

ANNOUNCEMENT OF HEARINGS

Mr. JACKSON. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

September 30: Environment and Land Resources Subcommittee, 10 a.m., room 3110, hearing, S. 75, Kaiser Ridge Wilderness Study, California.

October 1: Full Committee, 10 a.m., room 3110, business meeting, markup of pending calendar business.

October 4: Environment and Land Resources Subcommittee, 9:30 a.m., field hearing, Aspen Institute, Aspen, Colo., re Forest Service ski permit policy.

October 6: Environment and Land Resources Subcommittee, 9 a.m., field hearing, Denver Post Office Auditorium, Denver, Colo., re Forest Service ski permit policy.

October 7: Minerals, Materials and Fuels Subcommittee, 10 a.m., room 3110, hearing, S. 152, S. 190, S. 656, and S. 2220, followed by full committee to hear S. 2371, regarding regulation of mining activities within areas of the national park system.

ADDITIONAL STATEMENTS

FOOD STAMP REFORM

Mr. CHILES. Mr. President, I would like to call to the attention of my colleagues the article by Washington Star Reporter Michael Satchell regarding the error rate found in the food stamp program.

The article by Mr. Satchell suggests nearly $800 million was paid to persons who did not qualify for food stamps or were the results of overpayment to eligible clients during the past year.

A projection by the Star further suggests that nearly $1 billion wil' be wasted through a variety of reasons over the next year unless meaningful reform is enacted by this Congress.

My Government Operations Subcommittee on Federal Spending Practices, and Open Government yesterday released a report dealing with the certification and eligibility problems encountered in the food stamp program.

The hearings the subcommittee held early this year were characterized by a similar cry from program administrators, research experts, the General Accounting Office, and others—that cry was in a simple word—reform.

Reform for a system that allowed program errors resulting in nearly 18 percent of the total dollars spent of the program, to be misspent.

Reform that saw an application process which resulted in 54 percent error rates involving both clients and administrators.

Mr. President, as I have said before, I do not believe any Member of this body would want to deprive the legitimate poor of the food stamp program, but I also believe some congressional direction must be given to the program.

S. 2369, which I recently introduced along with four principal cosponsors, attempts to address the application, certification, and eligibilty process. The problems I am sure are going to be fully explored in hearings early in October. Mr. President, I see no magic in the solutions proposed in S. 2369. It could be that different figures will be arrived at and approved by the Agriculture Committee, I think the important thing is that we start now to make corrective steps in the program before the whole thing collapses from its own weight.

I ask unanimous consent that the Washington Star article by Michael Satchell be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.S. FOOD STAMP PROGRAM ERROR—$797 MILLION

(By Michael Satchell)

The food stamp program, which has served for more than a decade as the nation's principal tool for feeding its hungry, has reached the point where a lot of people, from the supermarket checkouts to the halls of Congress, are fed up with it, at least in its present form.

They feel the program has grown fat, sluggish and overly generous—with the greedy, as well as the needy, enjoying federal largesse that will amount to almost $6 billion this fiscal year.

Critics of the once-sacrosanct program charge that the mammouth food stamp system is poorly administered, plagued with errors and an open invitation for welfare cheats to skim off extra dollars.

That contention was underscored last month when Treasury Secretary William Simon labeled the program "a haven for chiselers and other rip-off artists."

The results of the Department of Agriculture's latest quality control study of the food stamp program tend to confirm some of the criticism. Projections by The Washington Star, using the error rates uncovered during the quality control study, suggest that the program paid $797 million to people who didn't qualify for food stamps, or in overpayments to those receiving them, during the year ending June 30.

That would be about one dollar in six misspent of the total $4.7 billion that Agriculture paid out last fiscal year to help feed America's poor. Royal Shipp, head of the food stamp program, put the losses and errors rate even higher—at one dollar in five.

If the error rate, which has remained virtually constant for the past two years, continues at the same pace this fiscal year, the taxpayers could lose an additional $983 million in overpayments or payments to ineligible persons due to mistakes, bureaucratic bungling and deliberate cheating.

Although food stamp officials refused a Washington Star request to compute or even estimate all the dollar mistakes in the program, the method used by The Star to compute these totals was said by Carl Williams, deputy U.S. commissioner for welfare, to be a valid way of projecting program-wide errors and losses.

Simon's allegation of widespread fraud and cheating by food stamp recipients drew immediate, angry denials from program officials, who claim the fraud rate is negligible. They base their position on the total number of persons indicted for major fraud, or those found to be cheating and those totals are, indeed, negligible.

The fact is that no one, neither Simon nor those who run the food stamp program, has any precise idea of how much cheating and fudging is going on among the millions who buy stamps although there are indications it could be substantial.

Edward J. Hekman, administrator of the Agriculture Department's Food and Nutrition Service and a former biscuit company boss, grudgingly concedes that the food stamp program makes no attempt to learn the percentage of people who chisel extra dollars from the loosely administered government giveaway. The states, he said, don't want to pursue the question when they conduct their quality control studies.

"Why don't you go ask Simon how many people cheat on their income taxes," was Hekman's constant rejoinder when asked about food stamp fudgers. "Go ask HEW about welfare cheats."

The food stamp program was begun in 1962 as a $14 million experiment in involving 50,000 people. About 19 million people are now buying food stamps, and the government is expected to distribute $5.8 billion during the current fiscal year.

The Department of Agriculture measures its performance in administering the program by an annual quality control study that carefully checks a scientific sampling of 29,674 non-welfare food stamp households in the 50 states and the District. Households already enrolled in other welfare programs such as AFDC (Aid to Families With Dependent Children) or Social Security are not tested in this study, because they will have automatically qualified for food stamps and will have undergone a fairly rigorous eligibility check.

Roughly half the households getting food stamps are already receiving other forms of welfare assistance.

The latest survey, taken during the last six months of last year, found the program riddled with error:

17.3 percent of the households were ineligible to receive food stamps.

26 percent got more stamps than their share or paid too little for them (called overissue).

10.7 percent received less than they were entitled to or paid too much for what they got (called underissue).

That means 54 percent of the food stamp applications had some sort of error, ranging from a simple technicality such as a mistake in filling out the application form to administrative foulups to applicants' lying about their income, dependents or job situation in order to boost their food stamp allotment.

A quality control survey in 1973 logged a 56.1 percent total error rate, so the program has improved slightly.

The quality control study also translates these error rates into percentages of dollars actually misspent.

Shipp, who heads the food stamp program within the Food and Nutrition Service, agreed that mistakes and cheating in the program were resulting in "one dollar in five being misspent." Said Shipp: "It is not an easy program to administer. It's more difficult than SSI (Supplementary Security Income) and AFDC."

The Washington Star recently revealed that SSI had overpaid Social Security recipients at least $461 million, and the total payment excess for the 18 months SSI has been in operation is expected to reach $800 million. The Department of Health, Education, and Welfare has previously acknowledged that errors in the AFDC program amount to about $1.3 billion annually.

In computing the total of $797 million misspent during fiscal 1975, and projecting the potential loss or overpayment of $983 million in the current fiscal year, The Washington Star took the error rates uncovered during the latest quality control study and applied them to the total nationwide cost of the program.

Food stamp officials use these error rates as a guide to how well the program is being administered nationwide. However, they insist that to arrive at a nationwide dollar loss, it is necessary to go back and recheck every food stamp application. With 17.3 million people enrolled in the program last December, such a review would clearly be impossible.

The quality control program translated the errors made into two categories: the percentage of errors in terms of households and the percentage of bonus dollars that went awry. Bonus dollars are the amount paid out to those purchasing stamps.

The bonus dollar error rates were as follows:

17.5 percent of the total money paid out went to ineligible households.

8.4 percent of the money was overissued to eligible households.

2.6 percent of the money was underissued.

As noted, the quality control study examines only those households that are not participating in other major welfare programs such as AFDC or Social Security. Although there is fluctuation, the split is about 50–50 between welfare and non-welfare families, so these error rates from the quality control study were applied only to half of the $4.7 billion spent during fiscal 1975.

That gives a dollar error rate of $609 million overpayed or given to ineligible non-welfare families. With the error rate for other welfare programs running at about 8 percent, according to HEW's Williams, that rate applied to the remaining half of the food stamp program cost is $188 million, and that added to the $609 million equals The Star's estimated dollar loss of $797 million.

Although opinion differs on the extent of its troubles, just about everyone concerned with food stamps both in and out of the Agriculture Department agrees that the beleaguered program needs a major overhaul. The consensus of critics interviewed is that while the food stamp idea is a good one and should not be abandoned, the program has been allowed to grow too big too fast, and without adequate controls.

Williams, who has studied the program extensively at the state level, describes it in these terms.

"If one were to try and consciously design a program that would inevitably get out of control, it could not be designed better than food stamps. The error rate is shocking. The potential for cheating and fraud is enormous. In effect, the government is giving away billions of dollars with virtually no controls at all."

A government official familiar with the program but who requested anonymity due to his sensitive position, concurred. "It's rife with opportunity for cheating," he said. "If it were properly administered, they could tighten up on the program costs considerably. If I were McGovern (Sen. George S. McGovern, D-S.D., is the leading supporter of food stamps in the Congress), I'd be running for cover right now and working on a reform bill."

Sen. Lawton Chiles, D-Fla., introducing a bill to simplify the food stamp certification process, told his Senate colleagues: "I find nothing in my state that I hear more about from the people than their utter contempt for the way the program is now operated. The need to reform the Food Stamp program is a pressing one."

Even the Agriculture Department has been forced to air its bureaucratic linen and acknowledge that food stamps have had serious problems. In recent Senate testimony, Assistant Secretary of Agriculture Richard L. Feltner acknowledged that the program has "inequities, inconsistencies and plain red tape," and has a "morass of rules and procedures that are unsatisfactory in coping with the increasing demand for fast, accurate certification on a mass basis."

Added Feltner: "Serious questions must be raised about whether the benefits of the program justify (the) substantial costs."

How They Figure Who Gets Food Stamps

A great deal of the error and confusion over Food Stamps stems from the complex formula used to calculate whether a family is eligible, and if it is, how many stamps it may purchase and how much it must pay for them.

The key factors are the size of the family, the net income, living expenses, bank balance, assets and the employment situation. Program officials admit that the formula has several glaring inequities in it.

To qualify, an individual or family must fall within fixed net income guidelines. A single person whose net income is $215 a month or less is entitled to buy food stamps. The entry point rises to $540 less for a family of four and $926 or less for a family of eight.

The major loophole here is that various deductions are allowed from the gross salary before the food stamps net income is arrived at. These include local, state and federal income taxes, and portions of rent or mortgage payments, medical and work expense, child care and education expenses.

An applicant skillful at manipulating these deductions can get a fairly high gross income down to a low net income. For example, a large portion of one's rent or mortgage can be deducted, regardless of whether home is a low rent public housing project or a $500-a-month penthouse apartment.

After a case worker arrives at the correct formula, the new enrollee can purchase stamps. The general rule under the complex formula is that the more you earn, the more you pay for the stamps. One of the major inequities, according to Food Stamp officials, is that large households must pay out a greater percentage of their net income in order to participate.

For example, an eight-member household entering the program at the $926 income limit must spend $238, or 28 percent, of that income in order to buy stamps. But a single person coming in at the $215 level is only required to spend 18 percent of income, or $38.

Among the reforms under consideration are equal percentage costs for participants and a standardized deduction.

Once purchased, food stamps are used to buy groceries. Non-food items such as household products, alcohol and cigarettes are not allowable purchases. Food stores participating in the program then redeem the coupons for cash.

Program officials say 77 percent of food stamp recipients have annual gross incomes below $5,000 and 92 percent are below $7,000. There are a few earning over $10,000. If the applicant is honest, the formula makes the dollar bonus hardly worth applying for at higher income levels.

WEST VIRGINIA WOMAN AMONG PIONEER PATIENTS IN HELPING ACHIEVE BREAKTHROUGH IN DIABETES THERAPY

Mr. RANDOLPH. Mr. President, often we acclaim the significant medical advances which give new hope to millions of afflicted people, but we fail to recognize that there are nonmedical persons living today who contributed to those achievements. They are the patients who, either voluntarily or who through desperation, agree to a new form of treatment or operation to blaze a new path in medical exploration.

One such patient, Miss Grace Van Horn of Clarksburg, W. Va., is a living testimonial to the benefits of insulin. She is one of only 60 to 70 persons in the United States who has taken daily injections of insulin over the past 50 years. Grace, whom I know as a long time friend, was a student at Salem College when it was discovered she had diabetes. In those days, the outlook for most diabetics was almost certain death. But 3 years earlier, in 1923, the Eli Lilly & Co. had begun marketing the first commercial insulin product, a codiscovery of Dr. Frederick G. Banting and Charles H. Best.

Diabetes is a disease which affects millions of people and is one of the leading causes of death in the United States today. It has become the leading cause of new blindness and the third leading cause of all blindness. It is a major health problem which can cause up to 75 percent of the diabetic population to die prematurely from cardiovascular complications. Estimates indicate that diabetes affects or may affect as much as 10 to 20 percent of our population, and if unrecognized and untreated, can result in an early death for many thousands of Americans.

In recognition of the fact that diabetes can be successfully treated, if not cured, the Lilly Co., has sought to honor those patients who have achieved many years of healthy, productive living. In a letter to Miss Van Horn, Eli Lilly of Indianapolis, Ind., wrote:

> Most of the credit for attaining successful control of diabetes belongs to you, because in this disease a significant amount of the responsibility for proper therapy is placed upon the individual patient.

Mr. President, this realization can have a salutory impact on many newly diagnosed diabetics. Far from hopelessness, they can be convinced that a long and happy life is possible and that hopes for a cure are worthwhile. Miss Van Horn is an aunt of Charles R. Van Horn, Washington representative for the Chessie system for the past 20 years. Friends call him "Mr. Railroad." He is an honorary member of the board of trustees of Salem College, which I attended as a student and was privileged to serve as a member of the board of trustees for more than 50 years. Coincidentally, Charles Van Horn's father, the late Charles W., who was operating vice president of the Baltimore & Ohio Railroad before his retirement in 1949, also was a student at Salem College.

Recognizing the role that patients perform in the control of diabetes and related diseases is an important part of medical history. In order to share with others the knowledge that proper care and inventive therapy can contribute greatly to the health and well-being of our Nation, I ask unanimous consent that an article appearing in the Clarksburg Exponent-Telegram concerning the special award presented by Eli Lilly & Co. to Miss Grace Van Horn be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Clarksburg (W. Va.) Exponent-Telegram, Sept. 21, 1975]

Miss Van Horn One of First in Area To Use Insulin Therapy for Diabetes

What is it like to be one of the very first persons in the Clarksburg area to have used insulin therapy for diabetes? There are only 60 or 70 persons in the United States who have taken daily injections of insulin for 50 consecutive years, and one of them is Miss Grace Van Horn of 705½ Duff Avenue, Clarksburg, W. Va.

Eli Lilly and Company of Indianapolis—manufacturer of insulin and pioneer of the process to make insulin commercially available in this country in 1923—has presented Miss Van Horn with a sterling silver medallion commemorating this achievement. The sterling silver medallion, along with a personal letter to Miss Van Horn from Eli Lilly, was presented by Don Molinari and James Mayfield of the Company.

Miss Van Horn began taking insulin for her diabetes in June of 1926. She would be one of the first persons in this area to begin insulin therapy.

Miss Van Horn was born in Lost Creek in 1894, and received her elementary education there. She did her high school work at the Academy of Fairmont Normal School, and earned a first grade teacher's certificate at the school. In 1926, she began work on her AB degree at Salem College, at which time it was discovered that she had diabetes. Dr. S. L. Cherry of Clarksburg began treatment with the new drug, insulin.

She finished her work at Salem College and graduated with an A.B. degree, after which she earned an A.M. at W.V.U., and did graduate work at the University of Illinois. All during her education, she used insulin, diligently measured all her food and carefully adjusted her diet to compensate for her diabetic condition.

Miss Van Horn has devoted 44 years of her life to education, as a teacher. Her tenure includes a year at Bristol, two years at Salem, one year at Newburg High and 40 years at Victory High School. She retired from Victory in June, 1964.

Miss Van Horn is a member of the Duff St. United Methodist Church, and has membership in county, state and national association of Retired Teachers and is a member of the Y.W.C.A. and other local organizations. She also holds membership in Delta Kappa Gamma, an international honor society for key women teachers in education. Her diabetic condition has not hindered her travel, she has been in 48 of the States, Canada and Mexico.

She is a charter member of the Central W. Va. Diabetes Association, and is honorary vice president this year.

Dr. Lynwood Zinn first saw "Miss Grace" on May 26, 1950, and has cared for her for 25 of the 50 years that she has been on insulin. James Mayfield, also on hand for the presentation was graduated from W. Va. School of Pharmacy in 1922, the year before insulin was made commercially available by the company he joined as a sales representative in 1934. Jim retired in 1964 following 30 years of service. He introduced many varieties of insulin to physicians in this area over his 30-year tenure.

In honoring Miss Van Horn, Don Molinari, Lilly representative in Clarksburg, said this:

"This delightful lady is living proof of the face that diabetes is a condition which can be controlled effectively by insulin and good care. Her remarkable health is a credit to the fine care she has taken of herself over the 50 years of insulin therapy. We are very pleased to honor Miss Van Horn as one of the few people in this nation who has maintained control with insulin of a diabetic condition for 50 years. A truly remarkable woman."

The medallion presented to Miss Van Horn was inscribed "I am a diabetic-Grace Van Horn." On the reverse, it is inscribed, "for 50 years of insulin therapy from Eli Lilly and Co."

SENATOR WEICKER SPEAKS THE TRUTH

Mr. GRIFFIN. Mr. President, recently an important column by Ray Stephens appeared in the Flint, Mich., Journal and in other Booth newspapers. It took note of the views and active role of our colleague Senator Weicker, in floor debates concerning the energy problem.

The column, written by the chief of the Booth Newspapers Washington Bureau, is worthy of wide attention. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

WEICKER SPEAKS TRUTH, BUT WHO LISTENS

(By Ray Stephens)

WASHINGTON.—When the people, in the exercise of their wisdom, choose a president next year, it is to be hoped that they also have enough common sense to give his party control of Congress.

In that way, and only in that way, can we get back to a government that does something, even if it is wrong. That is a condition devoutly to be wished after watching two Republican presidents wrestle to a draw with a House and Senate tightly controlled by Democrats.

The result has been government by a gaggle of political hacks, in both parties, whose concern for the future extends only to the next election. This collective myopia reflects a conviction among politicians that the American people are a bunch of self-indulgent infants who don't have the courage to face the realities or bear the burdens of the national interest.

The inanities being tossed around in the debate over the oil shortage are a perfect example of how politics takes precedence over common sense in a national crisis.

Both President Ford and the Democratic leadership in Congress are trying to come up with a formula—not a solution, mind you, that will make a cosmetic effort to deal with the fuel shortage.

Neither side is willing to face up to the only logical solution because each fears an angry reaction from the voters next year.

But in every national debate there always comes along someone who is willing to talk sense, and this time it is a Republican senator from Connecticut named Lowell Weicker.

In last week's vote that sustained Ford's veto of the bill to extend controls over the price of old domestic oil, Weicker supported the White House. But while he voted to sustain, he emphasized that he did so only because he considered no controls a lesser evil than the controls that would have been extended—for the sound reason that they haven't worked.

No one in the Ford administration hit upon the angle, probably because they have been too busy trying to figure out how Ford can duck the blame when gasoline prices rise without any similar increase in this country's oil supplies.

There won't be any increase in domestic supply because the higher prices, while making a formidable contribution to the continued growth of inflation, won't drive the cost of driving high enough to inhibit consumption.

That is the weakness of the administration position, and it wasn't pointed out by the Democrats because they, like Ford, are afraid to tell the American people what must be done if we are to have an economic future free of foreign influence.

Weicker, however, didn't shy away. Nor did he back off from naming those who are going to shoulder the heaviest load.

First, the senator pointed out that price controls have been in effect since 1973, when the Arab nations imposed the embargo on oil shipments to the United States, and that prices nonetheless have soared.

"We cannot control the price of oil," he said. "That is controlled by the OPEC (Organization of Petroleum-Exporting Countries) nations."

The solution advanced by Weicker is to free domestic oil from artificial price controls while imposing a mandatory fuel conservation program on the American people.

He said that when the Arab embargo ended, Americans went right back to wasting gasoline in wholesale fashion.

"The only response I have heard about on the part of the Democrats is to put a tax on gasoline and on the part of the Republican President and this is removed from his position to decontrol—is to put a tariff on imports, Weicker said.

Either way, the result is the same: rationing by price.

"Both the Republican and the Democratic parties, in effect, are saying, 'Let the poor in this country, let the elderly, let those on fixed incomes, those of moderate income, conserve so the rest of us can live up as we did pre-embargo days,' " he said.

A combination of free market prices and reduced demand could produce a surplus of domestic oil—"the kind of language the OPEC nations would understand," Weicker said.

"As unpolitical as some of things I recommend might sound, I think they are understood for what they are. The truth, rather than lot of horse manure."

STEVEN J. WEXLER

Mr. RIBICOFF. Mr. President, this weekend the Senate and the entire Nation lost one of its most dedicated public servants, Mr. Steven J. Wexler, majority counsel of the Senate Labor and Public Welfare Subcommittee on Education. Mr. Wexler died in a senseless traffic accident which was not of his own making.

My staff and I have had the privilege of working with Mr. Wexler on a number of education issues. We in the Senate looked to him for advice and counsel and he always gave willingly of his time and knowledge. He was truly an outstanding expert in his field. He shall be missed by all of us.

My wife Lois and I, as well as my entire staff, send our deepest condolences to his wife Elizabeth, his young son, Adams, to his entire famliy, and to those who worked with him.

INFLATION AND ITS EFFECTS ON THE SOCIAL FABRIC

Mr. PACKWOOD. Mr. President, once again I want to address the Chair and my fellow colleagues on the subject of inflation. Once again I feel obliged to speak out on what I view as perhaps the most crucial long-term problem we face: inflation and its effects on the social fabric.

Mr. President, a high rate of inflation is not an acceptable price to pay to achieve other economic or social goals. As the novelist Thomas Mann once said:

> A severe inflation is the worst kind of revolution . . . For there is neither system nor justice in the expropriation and redistribution of property resulting from inflation. A cynical "each man for himself" becomes the rule of life . . . The great mass of those who put their trust in the traditional order, the innocent and unworldly, all those who do productive and useful work, but don't know how to manipulate money, the elderly who hoped to live on what they earned in the past—all these are doomed to suffer. An experience of this kind poisons the moral of a nation.

As a member of both the Senate Finance Committee and the Senate Banking Committee, I have seen and heard a number of economists testify about the evils of inflation and what we as Senators can and should do to alleviate these evils. Economists cover the political spectrum—you can find a well-intentioned economist for every political persuasion. And I honestly believe they are all sincere. What we as Senators must do is winnow in the welter of conflicting economic ideas and theories and construct a positive, healthy economic policy.

One thing all economists seem to agree on is that inflation is linked to government deficit spending. The more the government spends in deficit and is forced to borrow, the more interest rates are pushed upward and the more inflation eats at the pocketbook of all Americans. Deficit spending is more cruel than increased taxation, for at least with taxation the average taxpayer knows what amount he pays in taxes. With inflation, the rates are unknown. It is this fear of the unknown, unforeseen, and yet predictable force which destroys confidence in government.

Although there is not one social program which individually was not conceived with the noblest of intentions, I am now arguing against the composite of all the social programs administered and funded by the Federal Government. Overeating puts a strain on a person's system. At worst, it can kill him by causing a heart attack or in the failure of a vital organ. However, moderately and wisely eaten, food is not harmful.

Likewise, a person never died from smoking one cigarette. But huge quantities in superabundance are harmful.

The bulk of the tax burden is already borne by the middle-income group, "this great mass who put their trust in the traditional order." There will come a time when his largesse and tolerance for social programs will have peaked and he will rise up in anger and cry out "Enough. Stop these programs, I cannot afford them." It will not be the merits of any particular program, but rather the evils of the composite of programs he will rise up against. It is our duty as elected leaders to anticipate this happening.

Mr. President, I repeat what I said at the beginning of my statement: A high rate of inflation is not an acceptable price to pay to achieve other economic or social goals, because that high rate of inflation will, in the long run, vitiate and erode any benefits of those goals. Like an incurable disease, we do not cure inflation with social placebos designed to take the patient's mind off the real problem. We must root out the source.

One of the most direct congressional means to the economic health cure is to curb Government spending and to bring our budget under control. As an elected official concerned about maximizing the effects of our economic and social programs, I will continue to vote to curb Government spending and keep our economy healthy. I cannot conscience excessive inflation which will erode any hope for improvement in the quality of life for each American.

I cannot conscience inflation which is due in any part to excessive Government spending. For this reason, I will continue to say "no" to some social and economic programs, not on their individual well-intentioned merits, but because of the devastating impact they as an aggregate wield on our future social stability.

McCORMALLY ON CUBA

Mr. McGOVERN. Mr. President, John McCormally, editor and publisher of the Burlington Hawk Eye, is one of the Nation's outstanding journalists. Mr. McCormally has been recognized for his reporting and editorial capabilities in Iowa and in the Nation at large. During my trip to Cuba last spring, Mr. McCormally accompanied me and prepared a number of highly perceptive articles on that country. I ask unanimous consent that they be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Fidel on the Farm: A Cowshed Confab

(By John McCormally)

Jibacoa, Republic of Cuba.—Whatever watershed this is, in U.S.-Cuban relations, in the long struggle for world peace, it occurred in a rich aroma of cow manure.

I listened to diplomatic dialogue against a background of cud-chewing, gently lowing Holsteins, a delightful contrast to the stereotype of striped-pants, cookie-pushing protocol.

Sen. George McGovern came to Cuba as a member of the Senate Foreign Relations Committee, but Fidel Castro was impressed by him more as the ranking majority member of the Senate Agriculture Committee, and representative of the farm state of South Dakota. The Castros were farm people.

So there was nothing irrational about the climax of our tour occurring on the 30,000-acre dairy breeding farm (Nuevo Pueblo Base Genetico) run by Fidel's older brother Ramon, in the spectacularly beautiful Picadura valley 50 miles east of Havana.

Cuba, like Iowa and South Dakota, is first and foremost agricultural. And it is in agriculture that America has the most for Cuba, and Cuba needs the most from America. So you can talk of Guantanamo and the CIA, of exchanging baseball teams and developing tourism; but where it's really at, as they say, is down on the farm.

To be rational doesn't mean it's dull or unspectacular. Nothing in Castro's Cuba is. So the climax came with all the drama of an old western movie.

Our press buses (a pair of new, cramped little blue Fiats) had dropped us at a kind of wayside meeting house in the green valley, surrounded by the Jaruga hills, which are beginning to yellow in this year's severe drought.

We sprawled on the concrete patio, seeking shade and a breeze, thirsty, tired and befuddled. Where was McGovern? Were we going to see Castro yet today, or tonight, or at all?

Then suddenly, there he is, topping the low rise between two hills, coming down the blacktop road at the head of a small caravan, like John Wayne leading a cavalry charge. Fidel is driving the lead vehicle (not a jeep as some reporters call it, but a Russian-made command car, bigger and sturdier than a jeep) and McGovern is in the front seat with him, his knees against the Russian submachine gun strapped to the dash. Eleanor McGovern is in back with Ramon.

"A newspaper army!" Fidel calls out in mock dismay as we converge on the car. He waves the cigar, grinning through the full, slightly shaggy beard. He is dressed as he always is, in the green guerrilla uniform, but not so egalitarian that it is not of far better material and more exquisitely tailored than those of the soldiers in the jeeps behind him. His only indication of rank is a small diamond shaped patch, half red, half black, with a white star in the center and a pair of gold oak leaves, atop each shoulder. But no Cuban (nor for that matter anyone else) needs any insignia to identify "Commander in Chief Fidel Castro, First Secretary of the Communist Party of Cuba and Prime Minister of the Revolutionary Government," which is the title laboriously repeated in every reference to him in the deadly dull party newspaper.

"Where is Barbara?" Fidel calls out, to the chagrin once again of us mere mortals. NBC's Barbara Walters is pushed forward. Cubans quickly admit that Fidel's appeal to women works both ways. They appeal to him, too.

But Barbara does her work. "Will you talk to us?" she demands. "Impossible," he replies, and our hearts sink before we realize he only means not there. We are to follow him. I'm sprawled over the hood, shooting through the windshield, the only vantage point I can get. He peers at me mischievously as he guns the engine. A soldier gently tugs me out of the way.

We race for the buses, careen across the hills to the cow barn. It is an open-sided shed, concrete floor, steel stanchions, immaculately clean except for the fresh droppings which enrich the air. The Holsteins are huge, sleek, with impressive udders, obviously top grade to any old farm boy.

"Eleanor grew up milking cows," I hear McGovern telling Castro, who is pleased and pats her shoulder. I am totally frustrated in an effort to get Fidel and a cow in the same frame. I am blocked and jostled by the TV camera, sound and light men. Their lights are constantly going on and off, playing havoc with my lens settings. So I settle for squiring in close to eavesdrops at McGovern's elbow.

"It seems we produce the things you need," McGovern says, and Castro interrupts to say "it's true," before McGovern goes on to say he means feed grains, meat, breeding stock. "What can you send us?"

"Sugar and nickel," Castro replies.

"And cigars?"

Castro laughs. "Yes, but not as big as this," waving the 10-incher clinched in his left hand. "We also need fat—how do you say it?—tallow."

"We've got good control over our cattle," he says with what seems a touch of irony, referring to American concern about Castro's control over his people. The deep-set brown eyes have a constant twinkle. He is enjoying himself. "Some of our cows have relatives in the U.S. (As do some of the Cuban people?) because cattle in Canada are very familiar with cattle in the U.S.."

(Cuba has imported a reported 30,000 dairy cattle from Canada as basic breeding stock. The Canadian Holstein-Freisen Association sends groups of farmers to Cuba, who live with the Cuban farmers for several weeks at a time, as breeding and feeding advisers.)

Castro explains to McGovern how the high-producing Holsteins are being crossed with Cuba's Cebu ("What you call Brahmas," he says, in a rare lapse into English).

The Holstein's production needs a climate like Wisconsin. The scrawny, tough Cebu is a poor producer, but thrives in scrubby, semitropical range, like Cuba's. "We are breeding a new race," Castro says, and explains how different degrees of crossing are being tried—75-25 per cent, 50–50, seeking the right combination. "We keep careful records on our bulls," and then with obvious pride he boasts, "we will soon be exporting semen." (What a far cry from our concern about Castro exporting revolution.)

"What about beef cattle?" McGovern asks. Castro is off on a long explanation:

"Our biggest emphasis is on dairy because milk is the universal food. Meat has to be a sub-product—a byproduct. Why? Because we are a small country with a high population density. We can't have the luxury of big herds of beef cattle, like Argentina and Uruguay. The U.S. has 20 inhabitants per square kilometer. We have over 80. We're almost as inhabited as China."

"How does your development compare to China's?" McGovern interrupts.

'I' don't know much about China, but I understand they have a higher level of manpower. But we have higher equipment."

The dairy equipment we see is Swedish.

Castro went on to say the goal was to develop the new Holstein-Cebu hybrid into a meat as well as a dairy animal, so that cows past their prime, and bull calves not needed for breeding, will provide Cuba its meat.

(For now the goal is still far off. Both milk and meat are rationed, but inexpensive for the average Cuban. They get 6 liters (a liter is 1.057 quarts) of milk a month, pay 20 cents a liter, with children getting a liter a day. Beef is 45 cents a pound but the limit is three-quarters of a pound every nine days.)

"If trade relations are restored, are you interested in the importation of beef?" McGovern asked.

"Yes, we import beef and poultry from Denmark and Bulgaria and Canada. We also import pork. We are developing the production of pork and poultry. We will have to import more feed—corn, soybeans, barley. In the future, we will just bring in the raw materials."

"We have feed and feeder cattle," McGovern says.

"Yes," interrupts Castro, with emphasis again on size, "you have a lot of territory."

In any setting, this conference between a senator and prime minister, across 16 years of hostility, would have been unique. Here it is especially intriguing—a cow barn confab. We move a mile or two to another milking station, pausing on the way at a lookout, so Fidel can show his guests the beauties of the valley. He never seems to lose composure, or show the least exasperation that the press is blocking much of the panoramic view; nor do the soldiers make any effort to hamper or restrain us. Fidel extracts a fresh cigar from a leather case, clips it expertly, fires it from a large, silver lighter.

At the next barn I am again jammed up close, squeezed against the stanchion as Castro talks about the drought (which is devastating south Florida, too) and McGovern tells him about cloud-seeding efforts in the U.S.

It is hot! My clothes are soaked, soggy. The sweat runs off my brow, into my eyes, steaming my glasses, and it is trickling in a stream, down the back of my thighs and calves and into my shoes. And then I realize, staring at Fidel, that he is cool, totally dry, not a bead of moisture on his face. And this despite the fact his long-sleeve shirt, seen close-up is a heavy twill, and that over it he wears a packet of the same shiny, green fabric, but which looks thick, heavy. The broad zipper is never pulled down much below his Adam's apple. I couldn't confirm the speculation it is bullet proof.

I study his beard, which has strands of gray (he is 48) and which grows unshaven down his throat. The crowd has thrust me back, so my rump hangs over the feed trough, and the big white-nosed Holstein, more curious than hostile is nibbling at it, slobbering on my leg, chewing on my coattail and jabbing me in the back with her stubby horns. The city boys are uneasy. Frank Reynolds of ABC offers to rescue me, but I wave him off. I can't be bothered. After all, I'm covering world history.

Cubans Take Off Work To Build Their Own Housing

Habana.—A bunch of you are sitting around at lunch time at the steel mill, listening to the noon news on Radio Habana, from the loudspeakers on the tall pole in the yard. You get to talking about the lousy housing you're all living in, each outdoing the other with tall tales about how crummy it is.

Then someone says: "Let's quit talking about it, and build ourselves some new pads." So you talk to your CDR chairman (Committee for the Defense of the Revolution. The committees used to exist primarily to root out anti-revolutionary activity; now they operate as a kind of block association, or employes committee). He (or she) talks to the government housing man and soon you are organized into a "micro-brigade," which usually consists of 33 members.

Your brigade isn't all from the steel mill; it may also include some retired people, housewives, students, patients from the psychiatric hospital.

You're assigned to the Alamar housing area in the rocky, green hills which roll gently back from the sea, just east of Havana. The sun beats down on green shrubs clinging to the hard soil, but the hills are bright with azaleas, frangipani and flamboyant trees. A small point jutting out into the sea is strewn with old beige, baroque structures, and they point to the farthest one and tell you Hemingway lived there.

So you go to work and build a new apartment house—five or eight stories; and there are plans now for 12- and 20-story ones. I don't know how long it takes; months, I suppose. You're not very efficient at first, but you learn as you go, from the government supervisors, and the government inspectors approve your work as you go along.

Meanwhile, back at the steel mill, your fellow workers have increased their efforts to take up the slack, cover your job. Replacements aren't hired because Cuba has a labor shortage. You still draw your regular pay.

When the apartment unit is finished—and there are already 30,000 units of the 150,000 planned for Alamar—another committee meeting is held to decide who gets to move in. You may have thought you were a sure thing—since you worked on the project. But your fellow workers back at the mill contributed to it, too, because they did your mill job while you were hammering nails and carrying hod. So you may not get in this one, if someone else needs it worse, or qualifies with a better revolutionary spirit than yours. But your turn will come. And when it does, because you were in a micro-brigade, your rent for the new apartment, will be only 6 per cent of your income. (If you go into a housing unit built by regular government construction forces, the rent is 10 per cent of your income—but never more than that for anyone—doctor or worker.)

This herculean effort by Cubans to house themselves better is evidence enough that present housing is inadequate. No need to belabor the point. There are slums, even if we didn't get a guided tour of one. That we didn't caused a small flap within our otherwise congenial band of travelers. Some reporters griped that the Cubans were giving us "a showcase tour." Sen. George McGovern reacted.

"If it's a showcase tour, it's my fault," he acknowledged. "We're seeing what I told them I wanted to see. I didn't come to see their failures. I wanted to see the farthest extent of their progress—in health, education, housing, agriculture. So blame me."

The senator's request made sense for his purpose—which is to take a step toward normalization of U.S.-Cuban relations. You don't make up with a neighbor by prowling through his trash can or examining his dirty laundry.

But it does leave the reporter with a lot of guesswork to do, in trying to put projects like Ilamar in prospective.

Walking down a road in Alamar, McGovern was still worrying about the showcase complaint, and reiterated to me that it would be foolish for him to use his brief time insisting on inspecting slums. "Agnew was right," he quipped with a grin, "when you've seen one slum, you've seen 'em all."

Whoooooeee! I said to myself. In another context, and about three years ago, that would have made a hell of a political story.

Cuba has slums, although most of the reports of previous visitors stress that the familiar Havanna slums with their shacks of cardboard and flattened out tin cars, are gone. The important point is that Cuba has fewer slums every day—not more, as is true in nearly every other country, including our own.

If Alamar and the micro-brigades are confusing, that's only the beginning. A reporter has neither the time to figure it all out, nor the space to explain it if he could. The kind of committee action that decides whether you move into a new apartment, also applies to a new refrigerator when a still rare one becomes available to your work group.

Whether you get it depends not only on whether you've saved up the three or four months' pay to buy it; but also whether your group—and apparently your supervisors as well—determine that you're the most qualified to get the chance to buy it.

Cuban workers such as at the steel mill make about 100 pesos a month ($20) and wages range up, according to skills to the 600 to 700 a month for doctors. A taxi driver, for the government cab company, told me he made 158 pesos a month. Before the revolution, when he ran an agency that rented limousines for weddings and funerals, he made 800 pesos a month. (The peso then was worth about 20 per cent less, but even so, he was taking in a lot more than now.)

"So you're one of those who is worse off," I prompted. "No," he insisted. "I'm better off. Free education for my children, all the way through the university. Free medical care. Only 10 per cent for rent. And low prices for meat and milk and other food."

"When you can get it," I interrupted. "Yes," he admitted, "there's rationing to make sure everyone gets an equal share. But no taxes," he went on. "In the old days taxes took a lot of my 800 pesos." (Americans may have difficulty grasping a tax-free society. The government doesn't need taxes. It lives off income from what it owns—which is practically everything.)

The rationing lines are a sore point with Cuban officials and an accepted fact to the people. They're sensitive to Americans' pointing to the lines as a symbol of socialism's failure. We have lines, too, they point out. In fact, the equivalent of the entire population of Cuba—9½ million people—is standing in line—the unemployment line—in the United States. There's no unemployment in Cuba; it has a labor shortage.

Shortages result from the difficulty in producing enough for a population that has increased 50 per cent in 15 years, and from the economic blockade which prevents importing enough to offset the domestic scarcity. They also come, it appears, from inefficiency in distribution. Nationalization of all retail businccs eliminated the free market operation; it has not yet been replaced by an efficient government-run market system. The supply doesn't always get where the demand is.

The Cuban answer to this is that the old system didn't serve the masses at the economic bottom; that the new one, for all its difficulties, does. The problem in judging the system is that it is, for now, a socialization of scarcity; the socialization of plenty would look different.

Touchy Question Brings Tense Moment in Cuba

Habana.—The touchiest question for Americans in Cuba, providing a tense moment when we asked it: Did Fidel Castro have anything to do with killing John F. Kennedy?

It was gutsy Barbara Walters who bluntly laid it on him.

"Absurd," he said, with emotion, the dark eyes squinting, then flashing, "absurd, stupid, irresponsible, crazy, and besides very dangerous for Cuba."

He rushed on, as we surrounded him in the middle of the white, high-ceilinged room; he was reluctant to let it drop.

The press conference was an organizational disaster. The networks crowded in on him in a tight circle, with their light and sound machinery; motorized cameras whirring and grinding, blurring the translations, cluttering our tapes. The writing press prowled the outer circle, like hungry wolves sniffing an opening to dart in for a bite.

Perhaps it was planned chaos, teaching the impudent Americans they did not yet deserve the formality of a well-organized quiet conference. It was more as if we were accosting an accident victim on the street than interviewing a head of state.

Apparently no top translators had been assigned. First one, then another of the young Foreign Ministry men who'd been our guides, was pressed into service. Deputy Premier Rodriguez whose English is excellent, roved the perimeter, worriedly monitoring the translation. Whenever he'd hear what he thought inadequate rendering of Fidel's thoughts into English, he'd protest audibly, and a new translator would be pushed forward. Finally, Lionel Martin was drafted. He's a Californian who's lived in Cuba 14 years, reports for the Canadian Broadcasting Co., is married to a Canadian who teaches English at the University. Martin's expert in Spanish and his English made it easier for us to understand; but he admitted later he was no skilled translator, and he was sweating from the strain. Fidel seemed oblivious to the commotion: He was saying it, and if we didn't get it right, that was our problem.

I took my shoes off, climbed on a chair so I could see, and snap pictures, and tried scribbling while balancing there. Back in the hotel that night, I compared notes and tapes with Marty McReynolds, who lives in Spanish as UPI's Latin American man, and here's what Fidel said about assassinations:

First, about the CIA's trying to kill him: "Those plots are not news to us, but are apparently considered news in the U.S. It says something about the quality of U.S. journalism that these things are treated as great revelations now." He enjoys giving us the shaft.

Attempts on his life were "armed by the CIA and in some cases the weapons came from Guantanamo," he said.

To suggest his involvement in Kennedy's death was "absurd. It is not in the tradition of the socialist revolution to physically eliminate our enemies. We have another concept of things." This could be greeted with skepticism because socialists, like capitalists, do "physically eliminate" their enemies on occasion.

But he went on: "It is a matter of principle, and it would have been stupid to have been responsible for such a serious act. It would have been absurd, stupid, irresponsible, crazy and, besides, very dangerous for Cuba.

"Kennedy was an adversary we knew. We didn't think (had no way of knowing for sure) anyone else would be better or worse.

"He was a very intelligent man, and he had begun to understand the error of U.S. policy against Cuba. Perhaps Kennedy himself could have taken steps toward changing that policy."

In the black hours between midnight and dawn, while Castro was driving the McGoverns through the city's back streets in his Moskvitch (the Russian version of the Lincoln Continental) I tried to weigh his denial, with its passionate ring of truth, against the notes from my pretrip research.

McGovern had told me that from his first talks with Castro, Fidel had seemed "genuinely shocked" at the stories of his complicity in Kennedy's assassination.

The key line from the press conference kept jumping out: Kennedy "was a very intelligent man, and he had begun to understand the error of U.S. policy against Cuba."

What does Castro mean by that? How does he know Kennedy had "begun to understand . . .?"

Because Fidel Castro and John Kennedy were in touch at the time of Kennedy's death. At the very moment Kennedy was shot in Dallas, Castro was having lunch in a villa on Veradero Beach, 80 miles east of Havana, with Jean Daniel, the French journalist (reporter for L'Express) who was a friend of Kennedy's. Cuban President Dorticos phoned Fidel the news, and when he returned to the table to tell Daniel, he said "this is bad news . . . everything is changed . . . all will have to be rethought."

What is eerie to think about, here in the Cuban darkness, with the hum of tires on the Malecon, and the swish of the sea heard through the open balcony door, is that what Fidel told us tonight is almost identical to what he was saying to Daniel at Veradero 11½ years ago, almost at the moment Kennedy was shot.

"I believe Kennedy is sincere . . . that the expression of his sincerity could have political significance . . . I feel he has inherited a difficult situation. I also think he is a realist."

Kennedy, Castro told Daniel, "has the possibility of becoming, in the eyes of history, the greatest President of the United States, the leader who may at last understand that there can be coexistence between capitalists and socialists, even in the Americas."

He was summing up that same thought for us tonight, nearly a dozen years later, with the words "a very intelligent man, and he had begun to understand."

(I am indebted for this 1963 report initially to Maurice Halperin, professor of political science in Vancouver, who has taught at U. of Oklahoma, Boston U., University of Mexico. He recounts the Kennedy-Daniel-Castro connection in his book The Rise and Decline of Fidel Castro—U. of California Press, 1972. I've been trying to check it out, so far find no U.S. government disavowal of the evidence that a serious dialogue had begun with Cuba in the fall of 1963.)

The probes were on two levels. At the UN, American delegate William Attwood, as he reports in his book The Reds and The Blacks: Personal Adventure, was making discreet overtures to Cuban Delegate Carlos Lechuga, with the approval and encouragement of John and Robert Kennedy, Averell Harriman and McGeorge Bundy.

Recall that by then the Bay of Pigs and the missile crisis were history; Kennedy in June had established new relations with Khrushchev, and a test-ban treaty was in the works. The Cold War was thawing.

Daniel was in Washington on his way to Havana. Kennedy summoned him to the White House, cautiously (to make sure the reporter didn't jump on a story about the U.S. President's changing Cuban policy) dropped hints which he clearly intended Daniel to convey to Castro. Then to make sure Daniel knew Kennedy was expecting to get signals back from Castro, he specifically asked Daniel to come see him on his way back from Havana to Paris.

"The continuation of the blockade depends on the continuation of subversive activities," Kennedy told Daniel. It was an offer, Daniel later reported, that Castro was ready to accept.

To pin it down, Daniel asked the President: "Could the United States tolerate economic collectivism?" To which Kennedy pointedly replied: "What about Sekou Toure (African socialist)? And Tito? I received Marshal Tito three days ago, and our discussions were positive."

The signals were clear enough. The President of the United States was ready to start getting along with the Prime Minister of Cuba, whatever their political and economic differences. Castro convinced Daniel he was ready to accept: "Fidel listened with devouring and passionate interest; he pulled his beard, yanked his parachutist's beret down over his eyes, adjusted his maqui tunic, all the while making me the target of a thousand malicious sparks cast by his deep-sunk, lively eyes . . . Three times he made me repeat certain remarks, particularly those in which Kennedy expressed his criticism of the Batista regime."

You may wish to dismiss all this as some socialist smoke screen; or if you accept that Kennedy was buddying up to Castro, you may angrily disapprove his doing so.

But lying here sleepless in The Havana Rivera, this monument to Meyer Lansky and the Miami Mafia, I find myself believing Fidel Castro told us the truth tonight; and I am haunted by the probability that the shooting of John Kennedy (by whoever did it) cost us, among other things, a dozen unnecessary years of hostility with Cuba.

Behind the Coconut Curtain

HABANA.—"Mackey 991, Habana Center. When you estimate Varadero?"

Havana Center, this is Mackey 991. We estimate Varadero—uh—zero two." First Officer Ron Frawley answers casually.

I glanced at my watch, as I stood behind the pilots on the flight deck of the chugging old-engine Convair 440. It was 2055 hours, Greenwich, 4:55 p.m., on May 5, 1975. Zero-two would be in seven minutes—at 5:02.

That's the way it was, coming to Cuba, 16 years after the revolution—14 after the U.S. had severed all relations and imposed an economic blockade: Routine. The routine of fliers, doing a day's work.

Pilot Cal Hunt tightened his grip on the yoke and warned me to brace myself. We bored into the buildup of cumulus clouds hanging over the island. I could catch only a flickering glimpse of the russet coastline, 8,000 feet below. We were entering Cuba over Varadero, which Cubans everywhere—in Miami as well as Havana, call "the most beautiful beach in the world."

"Mackey 991, when you estimate Zaragoza? Verify altitude and heading?" the English crackled through a chatter of Spanish. "Zaragoza at zero niner," Frawley was replying, "heading two zero zero, maintaining 8,000; like lower when you can." The seat belt sign had been turned on and Capt. Hunt had already warned the passengers back in the cabin to quit prowling the aisles.

"Roger 991," Havana Center said. "At Zaragoza turn right heading two seven three; descend and maintain flight level three. You are cleared for approach Habana."

We had crossed the Cuban coast 60 miles east of the capital and our new course would take us almost due west to Jose Marti International, 22 minutes from Zaragoza. Hunt pulled off power, stiffened his arms against the yoke, and the old Convair sank slowly.

When we leveled off at 3,000, we were below the clouds, The sun, slanting through breaks to the west, flooded the green, red, yellow and palm-spoked land—and there was Cuba!

Remember the Maine! San Juan Hill! Bay of Pigs! Missiles of October! It all flooded back to me—from school days and newspaper headlines—as I hung up the headphones, thanked the crew, and went back to my seat.

Sen. George McGovern's caravan to Castro assembled in mid-afternoon in the small lobby of Flight Operations at Homestead Air Force Base which sprawls over the scrubby, now blistering dry flatlands 15 miles southwest of Miami. The Air Force wasn't flying us; we were going by private charter. But it was seeing us off, rather than let us use Miami International—for security's sake. Some of Miami's Cuban exiles had been threatening violence.

If they can't have at Fidel their way, they don't want anyone else to. There'd been bomb threats—all false—and the Air Force was efficiently nervous, with extra guards on the gates, escorts to get us to the right place, and a pleasant young PIO, Capt. Mike Gallagher, who wanted us both comfortable and on time.

Most of us came straggling in by taxi and we were nearly all there when the black Cadillac limousine arrived, and out stepped Barbara Walters, cool and crisp in a peach pant-suit, her friendly warmth ignoring the blow she'd just dealt all the superior male egos.

Departure was 4 p.m. and at 3:40 we were hustled aboard our Convair, an old Eastern Airlines plane, now operated by a Florida charter outfit named Mackey. At 3:45 the senator's Air Force Gulfstream taxied alongside and he quickly changed planes. At 4:07 we were airborne, in a shallow, laborious climb, southwestward down the Keys, and at 4:30, as I watched the oil seeping back through the cowling cracks in the port engine, and most of the others were ordering their free drinks, Barbara with her entourage of camera and sound and light men in place, and her director hovering nearby, was in a seat with McGovern, microphone in hand, filming her first interview.

Our course was southwest 24 minutes to Marathon in the Keys, then south 98 nautical miles to Cuba. Forty-thee miles out of Marathon we penetrated the ADIZ (Air Defense Interception Zone) where the USA washed its hands of us, and the first call from Habana Center came crackling through.

Now we were gliding down over fields dotted with cattle, and palms throwing long shadows, over the 4-lane Central highway with few cars on it and I spotted the airport, named for Cuba's great revolutionary hero, Jose Marti. Its single 3500 meter (11,483-foot) runway lies lonely on the gray earth, with few buildings around it, no taxiways, looking not at all like the airport of a nation's capital. It is 17 kilometers southeast of Havana.

Halfway down our rollout, after touching down, we crossed the railroad tracks. Honest. In the States, if a railroad track stood in the way of lengthening the runway, they'd spend $5 million, take 10 farms out of production, to relocate the airport. Here, they just paved over the tracks. Lots better job, too, than some crossings I know. A little train was sitting there, waiting for us to cross. There's something about these Cubans I am going to like.

The airport formalities were minimal, considering how far we'd come—politically if not geographically. We were soon in our bus, and where it turned onto the main highway we saw out first billboard. It was huge, with a dramatic portrait of Ho Chi Minh, and a legend in Spanish which read: "We will construct Vietnam ten times more beautiful."

We were here, all right, on the other side of the coconut curtain.

CONTRADICTORY IMPRESSIONS

(By John McCormally)

I came home from Havana last night, from a confrontation with Communist Cuba, including 4½ hours in the all-pervading presence of Fidel Castro.

Impressions of Cuba, of its people and progress, are as contradictory as the contrast between Castro's fierce reputation, and his warm eyes and soft hands.

Through the visiting U.S. press, and through Sen. George McGovern whom we accompanied, Castro sent clear signals to Washington that Cuba wants improved relations with the U.S. He is waiting for return signals, chief of which, he insists, must be a lifting of the U.S. economic embargo.

The 14-year embargo—which Cubans call a blockade—has severely hurt both their economy and their pride.

Nevertheless, in his Wednesday night press conference, in his only statement in clear, if slightly uncertain English, Castro told us with deep emotion:

"We wish for the people of the U.S. a wish of friendship. I understand that it is not easy because we belong to two different worlds. But we are *vecinoscomo se dice* neighbors well, we are nighbors and, in one way or another, we owe it to be (should) live in peace."

In a free wheeling 3½-hour farm tour earlier Wednesday, as we pursued him among the cud-chewing Holsteins, in the later one-hour press conference, and still later in private talks with McGovern which lasted until 3:15 a.m. Thursday, Castro:

1. Showed exceptional warmth and friendliness toward his visitors.

2. Agreed to consider release of the nine Americans still held in Cuba as political prisoners, and to make a decision on them soon.

3. Agreed to consider the return of $2 million in ransom money taken to Cuba in a hijacked Southern Airways plane in 1972.

4. Expressed interest in importing U.S. feed grains, as well as food and medicine for the Cuban people.

While we were hearing these signals, the White House was restating its support of the continued embargo. But McGovern told us, after his long talk with Castro, that "I believe the embargo should be lifted. It is foolish and self-defeating. It no longer serves any purpose."

The only actual step in the direction of new relations was Castro's quick decision to let the parents of Cuban-born Boston Red Sox pitcher Luis Tiant go to Boston to see their son play. Tiant had written the request, which was given by Massachusetts Sen. Brooke to McGovern, who passed it on to Castro Wednesday afternoon. By Wednesday night Castro assured McGovern it was "all set."

That is a small thing, except to the Tiant family, but McGovern described it as an important start to a new version of the Chinese Ping-pong caper—when an exchange of table tennis teams led to new U.S.-Peking relations.

McGovern proposed a similar exchange to Castro with a U.S. baseball team—possibly this year's World Series winner—going to Havana to play an exhibition with the Cuban national champions from Oriente province; and, in turn a visit by the Cuban team to the U.S. He also suggested that UCLA, Indiana, Maryland, or some other top basketball team might visit Cuba. Castro, a sports fan, reacted favorably, McGovern said.

In this locker room atmosphere, I handed Castro a baseball autographed by the Burlington Bees, which he took with obvious delight. In fact, when an aide tried to relieve him of it, he jerked it back and put it in his pocket.

Castro granted no private interviews to the press, although I managed two brief exchanges and handshakes with him. But once he became available, we had marvelous photo opportunities, hampered only by our own mad scramble between the newspaper and TV types for the best shooting positions.

One roll of Hawk Eye film was furnished to United Press International, flown out of Cuba on a special film plane Thursday morning, and one picture on it—of McGovern and Castro in a Russian-made command car—was moved on the national photo wire.

The Cubans invited me to stay on, but the time and the difficulty involved in getting out later through Jamaica or Mexico, persuaded me to be on the last (and only) Havana-to-Miami flight when it lifted off Jose Marti airport at 5:30 p.m. Thursday. I was supposed to be home by 8 a.m. Friday, but Ozark was fogged in at St. Louis airport.

In a small way, the embargo has already been broken. We got in there and out again. We even managed to get a few forbidden cigars through customs. The door has been opened a crack and it is not likely to be slammed all the way shut again.

THEY'LL GET AROUND TO HAVANA

(by John McCormally)

HABANA.—They have old cars in Cuba. The buildings in Havana are drab and dreary, some in advance stages of deterioration.

This is a pair of Cuban cliches, and Americans pounce on them to support preconceptions about socialism. And they're true—in a large part.

But a couple of little ironies kept bugging me: We came here, to see all these '59 Chevys, in a '57 Convair—with a leaky engine; and there are a lot of drab and dreary old buildings back in my home town, being allowed to deteriorate for the same reason as here: Because their owners have other priorities.

Criticizing Cuba for not having more and newer cars is like the boy who shot his parents and complained about being an orphan: They don't have cars because we've done our damnedest for 15 years to keep them from getting any.

They aren't fixing up downtown Havana, they tell us, because the first priority is to build the rural areas, "urbanize the countryside," in a reversal of the old order, when a bright, beautiful affluent Havana stood in stark contrast to a backward and undeveloped country.

They are going to get to Havana, in time. "We are short of paint and plaster and labor—of everything," a young Cuban official told me frankly, as we stood looking at the crumbling doorway of an apartment building just off the Malecon (the seaside boulevard.) These buildings once housed the affluent who could afford the view; now the house workers, and a dozen little black kids play in a paved space between two of the five-story structures. They are drab, compared to Chicago's North Shore Drive, which the location resembles, but they are far better than the workers have ever had.

The paint is scarce for the same reason new cars are; Our economic blockade not only prevented us from selling to them; we also did our best to keep anyone else from doing so. When Britain thumbed its nose and sold them buses, we cut Britain's foreign aid.

Of course, they do have cars—enough that the traffic on the Malecon awakened me at dawn in my hotel room. Enough to make you careful crossing the street. Enough so that I got a shot of that universal symbol of tyranny—the traffic cop—writing a parking ticket.

Most of the old ones I saw are in remarkably good condition—Fords, Chevys and Plymouths, or combinations of the three—for the hopeless ones are cannibalized to keep the survivors going, which may account for the absence of visible junkyards.

But there are new cars now, too—Alfa Romeos, Volkswagens, Russian-built Fiats, an occasional Mercedes, and just recently, brand new Argentine Falcons and Chevys, that appear to have come from Ford and GM dies of about 1966.

For years the U.S. forbade the overseas subsidiaries of Detroit companies to sell to Cuba. But last year, after Argentina had extended a $600 million line of credit to Cuba, and Castro wanted cars, Argentina threw down the gauntlet: Either Ford and GM plants in Buenos Aires fill Cuban orders, or Argentina would nationalize the companies. U.S. policy swiftly changed.

So the cars are coming—mostly to government officials, foreigners, or Cubans such as doctors who can show a need. The number of privately owned cars continues to decline as the old ones wear out.

The shortage reflects as much policy as poverty. Cuban leaders are proud Havana is one of the few world capitals without traffic jams. They want to keep it that way; to avoid pollution, conserve precious oil. The goal is mass transit to make private care mostly unnecessary. They're doing, by design and of necessity, what many U.S. environmentalists talk about.

Mass transit includes the cross-country railroad system which I didn't ride on, but was told is one of the most efficient of Cuban operations; and a bus system, in the city and interurban, running between villages in the countryside. The fare is a nickel, apparently for any length of ride, and that, one Cuban explained to us, is why we didn't see any hitchhikers. Nor were there many walkers, out in the country, and I saw only one man on a horse, with a woman trudging behind.

The British Leyland buses are old and smoky and packed with riders. Some new, Cuban-built buses were pointed out to us. Our press buses were Fiats.

The private car owner doesn't do much pleasure driving. His gasoline ration for a 6-cylinder car is 20 gallons a month at 60c a gallon. He can buy all the rest he wants at $2 a gallon—if he can find it. Cubans don't need permision to drive from one city to another, but it usually requires pooling your gas ration with a friend or neighbor.

The glitter of Havana, when it was considered by American tourists a kind of tropical Las Vegas, is gone, which prompts the description of "drab." But there's an appeal in its desert colors, bathed in the sea breeze and brightened by the tropical flowers. Part of the "drabness" is that the garish, flashing neon signs are gone. And it is a clean city, without visible garbage or the smell of decay.

In the old Spanish part of the city—as contrasted to the Miami part—the baroque cathedral, and the 18th and 19th century facades, though well-weathered, are still imposing, like brooding antiques.

"We intend to restore the buildings with architectural or historical value," a young Cuban official told me as we stood beneath some scaffolding where a few workmen were chipping away at the peeling plaster. "We'll tear the rest down and build new apartment and office buildings."

You suspect the new Havana, when they

get around to it, will be bright, for the Cubans love color, as attested by the parks and flower gardens, the new schools and housing complexes. Communists or no, the severity of East German architecture is not likely to survive the Latin beat.

Another cliche is that the clothes are cheap and drab and unfashionable. Well, it's a worker's society and most people dress like workers, but I saw enough beauteous young things in mini-skirts and pantsuits and flowered prints to persuade me that Maoist doctrine, whatever its inroads, is not dictating dress. Again, it is trade restrictions, a textile shortage, that accounts most for any limitations in dress. Most young men wear their hair short and despite Fidel's example, there are very few beards.

Success Is a Combination of Pen and Hoe

Habana.—"The future of the fatherland is necessarily the future of scientists."—Fidel Castro.

"The pen should be used in the morning, but the hoe in the afternoon."—Jose Marti.

Education is the foundation of the revolution and the best assurance of its success. That's the inescapable conclusion drawn from even a brief visit to Cuba.

And nothing more clearly benefits both the state and the people, serving the individual's welfare and the party's purpose.

The key to its success is that combination of the pen and the hoe—work and study—prescribed by Cuba's great leader in the 19th century revolt against Spain, Jose Marti.

But it is the gleaming white bust of Lenin, brooding over a reflecting pool, that greets you at the entrance to Lenin School, the sprawling, new high rise junior and senior high school in the green hills 20 miles west of Havana. A winding blacktop road leads there, through Lenin Parque, the vast recreation area on 10 square miles of former sugar cane and forest land, where Cubans spend weekends and vacations camping, fishing, watching performances on a floating stage from tiers of seats carved out of rock on the lake shore.

The school is an array of airy, pastel buildings connected by ramps over flowering courtyards, enclosing swimming pools, lawns, basketball courts and baseball fields. Nearby are the croplands where students work three hours a day, unless they are occupied in the machine shops, radio labs or computer rooms.

This is obviously a showcase—the best secondary school in Cuba; but there is one like it abuilding in each province, if not already operating, and they are the vanguard of the spectacular upgrading of Cuban education. There are many poor schools in Cuba, but I have visited schools on the lower east side of New York, and in Harlem, and in comparison with them, nothing in Cuba could be very shocking.

Pat Holt, who had come here last year for the Senate Foreign Relations Committee, reported:

"I visited two new rural schools and one old one. The new ones were quite impressive—lacking in some laboratory equipment, but with youngsters who were well scrubbed, well dressed, well fed and well spoken, and not in the least self-conscious. The old one was as grim a place as one can find in Latin America—20 students ranging in age from 6 to 16 in a single room. The teacher lived in three filthy rooms at one end of the building, with his wife and three children, two dogs, a television set and a million flies."

With that to maintain perspective, I am nevertheless overwhelmingly impressed by the Lenin School, which was opened in 1972 with dedication by Brezhnev. The students are well-scrubbed here, boys and girls, bright and healthy looking, brisk and busy, 7,000 of them from 7th through 12th grade. Their blue uniforms are more casual that militaristic, like my daughter's in the parochial high school back home.

We're again inundated with statistics. They can't be dismissed as propaganda because United Nations educational teams have verified them.

First of all, Castro wiped out illiteracy in Cuba, sending teams of "alphabetizers" throughout the country. In 1959, over a million of Cuba's 6 million people were illiterate. Over 700,000 were taught to read and write in 1961 alone. Child labor was outlawed and education made compulsory which, among other things, contributed to the severe labor shortage.

The national education budget has been increased by 10 times in 15 years. Prior to 1959, 56 per cent of children 6 to 12 were in school; in 1974 it was 98.5 per cent and the projection for 1975 is 1,682,000, or 101 per cent (which I couldn't figure out, but statisticians do things like that).

There were 13,000 7th graders in school in 1959; there are 130,000 today. Which brings us to the Lenin School. Socialism or no, it represents fierce competition. Students had to show exceptional scientific aptitude during the first six grades, to get in here. They had to have average grades of 85 per cent. (Names of those with top grades are published regularly in the party paper, just as the weekly paper back in my old home town used to publish the monthly grade school honor roll.)

Their curriculum here is heavy with the scientific and technological, but not lacking in the cultural and sociological. One faculty member complained to me he thought it was still too weighted to what we'd call the liberal arts. Instructors are Cubans, Russians, Japanese, Eastern Europeans.

All of this is taken with steady doses of Marxist-Leninist philosophy. Does that interfere with educational achievement? Apparently not. Much of it is extracurricular, all of it is subtle; it's the background music, complementary to, not disruptive of, the teaching process. It's like the best of the parochial schools in the U.S. They lace everything with Catholic doctrine; but that doesn't keep them from turning out well-educated graduates. There's no capitalist or Marxist way to dissect a frog.

The students live here all week, can go home on weekends. The school is totally self-contained with its food facilities, medical clinics, dental labs. Students are better fed than the average Cuban. Parents have an added incentive to keep them in school—they still get their food ration at home.

I kept groping for a simile and thought I found it. The model isn't Russia or China. It's Great Britain. This is the Cuban counterpart of the traditional English "public" school (which really means private) where the best students are shipped off very young to the elite boarding school, to be indoctrinated by stern headmasters in the King James Bible and the glories of the empire, to prepare for Oxford and Cambridge, and to take their place in the ruling class.

Nor is the idea of indoctrination what's offensive to Americans; only the context of it. The Bible was the chief textbook of our early schools, and we still fight about prayer in school and saluting the flag, and the compulsory pledge of allegiance.

Study and work, the minister of education, Jose Ramon Fernandez, quotes for us, "is the Marxist idea, a basic revolutionary principle, applicable to all schools and all ages."

But Marx, I reflected, doesn't have a corner on the idea. Another anomaly: If Senator McGovern is impressed by this, it isn't necessarily because he's a liberal Democrat, but because he's a former Methodist preacher. This is the Protestant work ethic in practice. It isn't the liberals back home who strive for this; it's the stern old conservatives who snort: "By God, if they'd put those kids to work in school, they wouldn't be out dragging the strip in their cars." There's no permissiveness in education here.

Not that the students are abused or enslaved. Quite the contrary. They play a lot, are creative in art, music, sports. In summer, when the schools close for July and August, they take off for the beaches. Students who don't make it here, who go to lesser endowed secondary schools, still have a shot at the university, although obviously these have the best chance.

Aren't they in danger of producing a surplus of overeducated specialists? A Cuban official claimed not. "When the Americans ran the nickel industry, they had 300 engineers. We're trying to run it with 50. We have to create 250 more. It's that way everywhere." He referred with pride to Cuban technicans in Africa, Vietnam, elsewhere in Latin America. Castro seems bent now on exporting engineers instead of revolution.

More statistics: The average grade in this school is 96 per cent; Cuba's population has gone from 6 million to 9.5 million since the 1959 revolution. The birth rate peaked at 266,000 in 1971, is tapering off. Why the spurt in 1971? McGovern asked. The minister tried a joke: "Everyone was in the cane fields in 1970." Shades of the New York blackout! Birth control devices (but not the pill) are available in all clinics, but the government has no organized plan for family limitation. Perhaps old Catholic hangover; or national pride demanding a bigger country; or Latin machismo resisting interference in a man's procreativity.

Ten per cent of the country's work force works in education, 236,000 people. Education is making the revolution permanent because half of Cubans are under 20, which means none of that half was over 4 years old at the Revolution. A new Cuban man is being educated with no memory of or attachmet to the past.

"It is necessary to substitute the literary spirit by the scientific spirit," Fernandez approvingly quotes Marti. The translation is awkward. Actually it means to replace the literary with the scientific.

McGovern argues: "But wasn't Castro's revolution more literary inspired (i.e. more idealistic) than scientific?

Fernandez seems to get the point, but doesn't back down. He winds up by explaining that students are deferred from military service while in school, women altogether exempt.

A group of students comes in with guitars, flute and drum while we are served glasses of sticky-sweet guava juice and tiny cups of thick, strong coffee.

"Cuba, Beautiful Cuba," the students sing, in what has become in practice the national anthem, "What Other Country Has a Fidel in the Mountains?"

Intellectual Assesses Revolutionary Cuba

Habana.—"This Cuban beer—it's very good," said Don Kaul of the Des Moines Register, with foam on his mustache.

"Personally, I prefer Budweiser," Tobares said.

Tobares never beats around the bush. His loyalties are beyond question; but his tastes are his own. Jose A. Tobares del Real, director of information for the Foreign Ministry, had set me straight on our initial meeting, the first night, when I started probing about intellectual freedom in the revolutionary context.

"I'm a Communist," he said. "There's no conflict."

Now we were at lunch, in as capitalistic-looking a setting as you could find anywhere: an airy, marble and glass restaurant, a work of architectural daring, built on the ruins of an old sugar mill in Lenin Parque, and called La Ruins.

We started with a full, fresh pineapple, hollowed out for fruit salad, followed by a green salad, then lightly grilled shrimp on little skewers, and bacon-wrapped filets of beef, all of it awash with the beer, a variety of wines and, of course, rum.

"All right," I asked Tobares, "how many political prisoners are there?"

"I don't know," he replied crisply, "and I don't give a damn!"

Americans have worried a lot about Cuban political prisoners, those opponents of the revolution and of Castro's regime, who are in jail because of their opposition. No one on our trip—not Senator McGovern, or any of the rest of us—got any reliable figures. There may be several hundred or thousands. The number is probably not overwhelming for the simple reason that most active dissenters are among the 600,000 who left Cuba. But one man unjustly in jail is one too many.

Castro, in his press conference was not as blunt as Tobares, but as vague. He assured us there were fewer prisoners than there were; that many have been "reeducated"; that many who are still in custody are in minimum custody, free to go out and work, and visit their families. He insisted none were being executed; "We have not used the ultimate penalty" for a long time, he claimed. He threw a question back at us: "How do you define a political prisoner? Is a man who puts a bomb on an airplane (as an act of defiance against government) a political prisoner or a criminal?"

McGovern said Castro was sensitive on this issue, concerned with solving it: "He pointed out that he himself had been a political prisoner."

Castro told McGovern he recognized "that some people were acting on what they thought was right," in their counterrevolutionary activity, whatever indication that may be of softening of views.

An American in a strange and different land is struck by the subtlety of the differences. In any country, people who actively defy the government get in trouble with the government. That we don't have more political prisoners in the U.S.—more people in jail for giving the government trouble—is not because the government didn't do its damnedest to put them there, or that many Americans didn't think they should be there—the Chicago 7, the Gainesville 8, the Catonsville 9, the Harrisburg 10. They escaped because we have a remarkable Constitution, which Cuba never had.

Aggressive defiance of the regime has undoubtedly been handled harshly by the Cuban government. As, in the United States, at Kent State. (It is worth recalling, as you try to sort your judgments on Cuba, that in a poll taken right after the shooting, a majority of Americans thought the Kent State kids got what was coming to them.)

Meanwhile, Tobares was telling us that personally he thought the revolution had become too permissive. "It should be more severe with delinquents," he said, using the word that refers to all lawbreakers. At the same time he insisted the crime rate was low, and by all available evidence, it is. You feel no fear at all about walking around Havana at night. The emphasis on work, and the fact everyone is working, removes idleness as a crime breeder. But in any situation of scarcity there's bound to be thievery.

"Do you lock your house when you go out at night?" I asked, interrupting Tobares' lecture on the absence of crime. "Of course," he replied. "Why?" "So someone won't come in and steal something," he said with a grin, tipping his glass to salute me for scoring a point.

Tobares insisted, as had the doctors at the mental hospital, that there was no alcoholism problem in Cuba. I argued with them all, insisting that every society I knew of, communist, capitalist, whatever, had the problem. But they were adamant, and I could find no evidence to disprove them. You don't see any drunks in Havana, although people obviously get feeling good at the Tropicana; nor is there any indication of any special alcoholism treatment facilities, or anything like Alcoholics Anonymous.

Race has always been an anomaly in Cuba. The black minority was historically discriminated against; but at the same time, one of the great Cuban heroes in the long fight against Spain was the black Gen. Antonio Maceo, who was killed in 1896. His picture traditionally hung in every school. Batista was a mulatto and was barred from the fancier golf clubs because of it.

The revolution demands total racial equality, before the law, in employment, education; yet subtle social pressure persists, as one black Cuban reporter admitted to me. He hastened to say those feelings belonged "to the older people," and are dying out.

Tobares proclaimed the racial equality of government and party. "If your son comes home to announce he's marrying a black girl, what will be your reaction?" I asked. "That's his problem," he snapped. "But I asked for your reaction." "That's his problem." "Then you do admit it's a problem?" Another tip of the glass.

I asked Tobares about gun control, because a reader back home had asked me, and I got a concise answer. Hand guns are banned. Cubans can buy hunting pieces at sporting goods stores, with a permit, which they can't get if they have criminal records. Militia men keep no arms at home, check them out when they are called to duty. Tobares has a special permit to keep the pistol he wore in the revolution—as a souvenir.

Why, I asked, had he gone to the University of North Carolina, where he graduated in the late 40s?

"My father picked it," he replied with an intended trace of bitterness.

His father, he said, was a wealthy doctor, educated in Germany. "Very strict. A tyrant. At the dinner table you did not speak without asking his permission. Then he usually said no. I went to Mass every morning.

"They," he said of his family, "owned a farm worth a million dollars and paid their workers 20 cents a day."

Tobares and his brother were both in the Sierra Maestra with Fidel. What was his father's reaction? "He decided he had two boys who'd gone crazy."

Tobares is a committed party man. The Communist Party is small—I couldn't get an exact figure—and elite. You don't just join. You have to be voted in, after you're 27 years old. He earns 400 pesos a month in his government job (Castro's pay is 700). He also teaches history at the university, but gets no extra pay. Some do, such as doctors who teach in addition to their practice. But party members, Tobares explained, are supposed to forswear the extra compensation as evidence of their dedication.

Tobares said he'd take me up on my invitation to visit Burlington. "But your State Department wouldn't let me."

Later, when I was still groping for some kind of measurement of the closed vs. open society, I had a memorable exchange with Tobares. He had been working on an appointment for me and said he thought he'd have some information for me later in the day. Perhaps I'd better wait at the hotel for his call, I suggested.

"I want to be sure I'm available."

"Don't worry," he said, with that malicious grin. "You're always available. Even if you're out walking through the city."

If I'd had a glass, it would have been my turn to tip it.

THE COMMON SITUS PICKETING BILL

Mr. CURTIS. Mr. President, the American public should take notice of the efforts of certain union bosses to stampede the Senate into passing the "common situs picketing bill."

This bill, if enacted, would make the secondary boycott lawful. A secondary boycott is a boycott against a concern which is not a party to a labor dispute. It is not only unlawful but it is wrong. Boycotts and work stoppages can ruin a business and deprive many people of the right to do business and the right to make a living.

Under the common situs bill, union forces can boycott all contractors at a given site even though they do not have a dispute with more than one on the site. This will be expensive. It will add to construction costs. It will deprive many people of working who want to work.

Mr. President, it is my hope that the American people will rise up and prevent this legislation from being passed. I believe that thoughtful citizens should throw their support behind every individual and every group opposing this legislation. I want to commend the National Right to Work Committee under the leadership of Mr. Reed Larson for the stand it has taken.

Mr. President, I hold in my hand a copy of a full-page ad that was carried in the Washington Post on Wednesday, September 17, 1975, by the National Right to Work Committee which sets forth the dangers of this common situs proposal.

This ad points up that the passage of this legislation would be compulsory unionism at its worst. Among other things it says:

> A "common situs" picketing bill has been quietly railroaded through the House of Representatives and will soon be considered by the Senate. The bill, if enacted and signed by the President, would give officials of the building trades unions power to shut down an entire construction project, involving dozens of contractors, because of a dispute—real or imagined—with even a single contractor. Shut it down by setting up a job site picket line that no construction worker, truck driver or delivery man in his right mind would dare cross.
>
> The bill would legalize the ultimate in coercive picketing—power that even the bill's proponents admit would be used to drive non-union workers off their jobs.

Mr. President, I commend the National Right to Work Committee for its stand in this matter. I urge Americans everywhere to oppose this legislation.

AIRPORT AND AIRWAYS DEVELOPMENT ACT

Mr. INOUYE. Mr. President, the Subcommittee on Aviation has recently concluded hearings on proposals to extend the Airport and Airways Development Act. Legislation is necessary because the obligating authority in the original 1970 law expired on June 30.

Let me point out that the Airport and Airways Development Act was passed in 1970 after hearings which extended over a period of several years under the able chairmanship of our former colleague Senator Monroney and our chairman Senator CANNON. The purpose of the law was to meet a critical shortage in capital improvements in both the nation's airports and airways. At the time this expanded capital improvement program was developed, we also levied a system of aviation user charges to pay for these facilities. These charges were levied under title II of the original law and entitled the Airport and Airways Revenue Act of 1970.

Our hearings this year brought out the fact that the trust fund established by the Airport and Airways Revenue Act of 1970 will have an accumulated unobligated balance—or surplus—of about $1.28 billion at the end of fiscal 1976 and that if the present program were simply extended for 5 years, while present tax rates continued, the surplus by 1980 would amount to over $4 billion.

It appears from the testimony that we have received that the airport and airway development program should be continued, strengthened, and expanded, particularly in the airport area. Evidence was presented to the committee which is convincing to me that even with this expansion, a reduction can be made in taxes paid by users of air transportation without impinging on the program or integrity of the trust funds.

Certainly, such a move would be in accord with the recognized need to afford tax relief where possible and lower the cost of goods and services to the public. I believe the extension of this airport/airway program provides an opportunity not only to assure a viable air system but to help lower or at least keep at a minimum the cost to air travelers and to those that use the airways to ship their goods.

Last year, the Department of Transportation completed and sent to Congress its cost allocation study of the airport/airways system. The study indicated that air travelers and shippers along with the air carriers have been contributing about 90 percent of the total revenues going into the trust fund; although, according to the study, their fair share of the cost of the system is more nearly 50 percent. Certainly, it makes sense to restructure the tax base by bringing charges on this segment of aviation more into line with their use of the system, placing in proper perspective the general public benefit derived from the existence of the system.

When the bill comes before our committee for consideration and markup, I will urge my colleagues to reduce the levels of these taxes. The administration itself recommended a reduction in the cost in the ticket tax alone of only 1 percent. I do not believe this is enough, and it would be more appropriate to bring the Aviation Trust Fund into a better balance by making a more significant reduction. I will recommend a reduction of the domestic ticket tax from 8 percent to 5 percent, the 5 percent waybill tax to 3 percent, and the $3 international charge to $2. This reduction would be timely and certainly would be well received by the consuming public and the communities who rely on air transportation and would be in the public interest.

SOME MYTHS ABOUT THE STRATEGIC BALANCE

Mr. BUCKLEY. Mr. President, the July-August edition of the Air University Review published an essay by Amoretta M. Hoeber entitled, "Some Myths About the Strategic Balance." The subject matter of the essay is vitally important to congressional deliberations because it efficiently deals with some of the most persistent myths obscuring the strategic debate. The essay is especially useful in dealing with various aspects of qualitative improvements to strategic weapons systems. The conclusions of the author which follow from the issues raised in the paper are significant:

> Assured destruction—if it is relevant at all is insufficient
>
> There are many reasons why increasing accuracy may be beneficial
>
> Arms control agreements that codify quantitative advantages to the Soviets and are justified by qualitative advantages to us—which are unlikely to last and are not codified in the agreement—could be highly disadvantageous to the U.S.

The latter conclusion is at the heart of the character of the Strategic Arms Limitation agreements we have made with the Soviets since 1972. In view of the forthcoming discussions leading toward a second round agreement, this article is particularly timely.

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Air University Review, July-August, 1975]

SOME MYTHS ABOUT THE STRATEGIC BALANCE

(By Amoretta M. Hoeber)

There are two sets of theories about war and weapons that have taken on the character of myths; that is, they are accepted on faith and almost never really examined, despite their implications for the state of the world. First, there are the theories about arms races, which deal with the dynamics of changes in force size and composition and how those changes are instigated and effected. Second, there is a partially overlapping set of theories that deals with the state of the strategic balance at any one time. These theories concern static measures of the strategic balance: Who is ahead and why? . . . What are the relative static capabilities of each side? . . . What are the relevant measures for establishing such capabilities? . . . And what are the triggers for change in the existing balance?

Many of these theories have become accepted without challenge, primarily by dint of constant repetition. It is only recently that work has begun on challenging their premises and conclusions.[1]

In this article I summarize and comment on a number of the premises and conclusions that appear regularly and widely in the public literature about the strategic balance.[2] These premises have generated myths and misunderstandings that are commonly used as bases for major conclusions about the state and dynamics of the strategic balance between the U.S. and the U.S.S.R.

Premise: Numbers do not count; once you have reached a minimum assured destruction capability, virtually nothing else matters—all else is overkill.

This argument has been virtually beaten to death, but it still manages to arise with regularity. For example, in the May 1974 *Scientific American* lead article, Barry Carter says that the "numerical relation" of the two countries does not count beyond the level at which each side could absorb an attack by the other and then retaliate to the "assured destruction" level against population and industry.[3] And in *Foreign Affairs*, April 1974, no less an authority than General Maxwell Taylor argues that:

". . . numbers of missiles are important only up to a certain point. The tremendous destructiveness of megaton warheads soon produces a needless "overkill" to which the addition of more weapons would amount to sheer wantonness."[4]

The fact that the SALT I agreements codified numerical disparities in the numbers of missiles—and SALT II, while so far appearing to provide for equal numbers of missiles, allows wide disparity in throwweight—suggests an explanation for the increase in frequency of statements in this genre. But repetition of an agrument does not increase its validity.

On the contrary, numbers do count—both in the military arena and in the political one. The political value of numbers is obvious from the intensity of the debates about the meanings of "superiority" or "parity" or "essential equivalence." If there were no importance, why such fervor? If numbers of weapons were not of value, why would the Soviet Union continue to buy more? One would expect that it would be awkward at best to believe simultaneously that we must stop a strategic arms race in order to save the world from oblivion and that the numbers don't matter. Yet some people seem to be able to accept the paradox.

The military importance may be less clear. The premise that all is overkill beyond a small minimum (York's 10 bombs on 10 cities example)[5] has some validity, but only if the sole purpose for strategic weapons is to threaten to kill women and children. I don't believe that threatening to kill women and children is a legitimate purpose of the strategic force at all, from either a political or moral point of view. But even if it were, it would not be the sole purpose. This is particularly clear since an antipopulation response in a context of parity is not credible as a support for guarantees to allies. In that respect, killing—or overkilling—people is an irrelevant measure of effectiveness and, more obviously, an irrelevant measure of sufficiency. Thus something other than spasm response against population is necessary. And small less-than-spasm responses against other-than-population targets look more credible for the side of a numerical edge, since this side would not be putting itself at even more of a disadvantage by so using a small portion of its forces. Moreover, there is a large number of nonstrategic military targets that could be attacked with strategic weapons in a discriminating fashion if such weapons were sufficiently accurate. In such a situation the use of strategic weapons could have significant advantages in timeliness and in their control. Again, numbers clearly count.

Premise: Moreover, the number of strategic weapons on both sides does not measure reality because "it does not include the 7000 U.S. tactical weapons in Europe and the nuclear weapons aboard aircraft carriers."

Footnotes at end of article.

Not only does this premise fail to consider the "nonstrategic" requirements for the weapons in Europe and aboard carriers; it also ignores the presence of substantial numbers of Soviet tactical nuclear weapons in Eastern Europe—about 3500 of them[6]—and the several types of shipborne nuclear surface-to-surface cruise missiles that the Soviet Union has developed and deployed (and the U.S. has not), not to mention the Soviet intermediate-range (IR) and medium-range ballistic missiles (MRBM's), which the U.S. tac nukes are considered to balance in part, at least politically.

The common Soviet SALT distinction between "central" and "noncentral" systems, which defines central systems as those that can target the "homeland," ignores the fact that many Soviet cruise missiles are capable of being targeted against the continental United States. (I believe that Soviet distinction to be a very indistinct one, and I do not agree with it.) Moreover, the Russians have insisted throughout SALT that the nuclear forces of our NATO allies should be counted in the U.S. force totals. If this were to be accepted, then the territory of the NATO allies should be included in the definition of "our homeland." And then Soviet weapons capable of reaching the territory of the NATO countries—the IR/MRBM's, the short- and medium-range bomber force, etc.—should be incorporated into Soviet force totals.

Premise: Limiting damage from a nuclear attack is not a matter of policy choice.

This myth is most clearly stated in the following:

"Calculations indicate that an attack against all of the U.S. Minuteman silos would result in casualties (U.S. or Canadian) in the multi-million range from fallout alone; from all causes the actual numbers would be still larger."[7]

Elsewhere it has been stated that even under favorable conditions an attack against all of the U.S. Minuteman silos would result in fallout casualties in the ten-million range. This is a relatively clear—and thus testable—claim. And we have tested it. What we find is that numbers in the range of ten million can only be derived by assuming a configuration of Soviet forces and their employment in complete disregard for any criteria of avoiding by-product damages.[8] Moreover, these numbers of casualties can result only if, in addition, the U.S. completely ignores some simple, sensible protection measures. A "multi-million" figure would have to result from extreme assumptions about protecting people—that is, that people remain exposed in the open after the fallout cloud arrives. These assumptions are hardly most favorable conditions.

It is within the capabilities of the attacker to reduce fatalities. Different force characteristics and targeting doctrine—smaller-yield warheads, detonation in air rather than on the ground, and cleaner weapons—would reduce fatality levels to tens of thousands without significantly reducing military effectiveness. Reasonable assumptions about population protection would reduce fatalities further and would be warranted, since the cities would not be directly under attack and there would clearly be some warning of the coming fallout. One hundred percent of the civilians need not be assumed to be standing out in the open gawking at the fallout cloud night and day.

Thus it is quite plain that there are no fixed results of attacks that are not sensitive to attacker and defender actions. It is clear that the fallout from an attack with large numbers of large-yield nuclear weapons, by either side, *could* be horrendous, although U.S.S.R. forces tend in general to have larger weapons than U.S. forces. But the key word is "could." Both the employment of weapons during a strike and the earlier force planning and procurement decisions are matters of policy choice.

Premise: The U.S. qualitative advantage in weaponry is such that it can offset substantial numerical disadvantages in a number of categories.

First, this premise, when used to justify U.S. acceptance of numerical disadvantages, assumes that all, or nearly all, qualitative advantages rest with the U.S. This simply is not true. There are a number of areas in which the Soviets are more advanced than the U.S. They are considerably ahead in large ICBM technology. And some Russian applications of lasers are far ahead of ours.

Electro-optical devices in advance of ours are widely deployed throughout the Red Fleet. Furthermore, the Soviets are definitely ahead in cruise missiles, particularly in anti-ship cruise missile launchers on both submarines and surface ships. (While generally interpreted as being aimed at ships, some of these are also potentially useful against a large variety of land-based targets in the American homeland.) The Soviets are also considerably ahead in the range they have achieved for sea-launched ballistic missiles (SLBM's); the SS–N–8, which has a range of at least 4,200 nm, will not be matched by the U.S. until about 1980. Additionally, they are ahead in the areas of chemical and biological warfare weapons and defenses and in some types of ocean surveillance systems. While some of these examples are nonstrategic, the restriction of comparison to strategic technologies is arbitrary and ignores overlapping roles and missions as well as transfer of types of technology.

Second, this premise assumes the permanence of U.S. qualitative advantages, even under conditions of imposed quantitative ceilings. The existing SALT I agreements concern only quantities and not qualities. (With the exception of the restraints on ABMs. And the ABM Treaty does not codify any disparity in qualitative characteristics.) The qualitative advantages that the U.S. currently enjoys are not conferred by the agreement or recognized by it. The premise assumes the permanence, nonetheless, during a period in which Soviet resources can be focused on quality rather than quantity.

Third, quantity and quality are assumed to be completely substitutable in satisfying military requirements. But this is certainly not true. For example, take the matter of covering targets: one of the significant advantages of quantity lies in having enough weapons to use against all desired targets; on the other hand, one of the significant advantages of quality— particularly when it involves improved accuracy—is the increased probability of killing the desired target while avoiding by-product damage. These aspects are not interchangeable.

Premise: The net effect of qualitative improvements beyond where we are now is to leave us worse off than before.

In an attempt to establish that the current strategic balance is stable, theories often try to establish that all future changes are destabilizing, as compared to past changes that have brought us to this stable situation. The theories often focus on the question of eliminating or restricting future qualitative improvements, since these are often seen as the impetus for changing the existing force balance.

The main argument behind this premise is that qualitative improvement is dangerous in the sense that it increases effectiveness primarily in first-strike rather than second-strike capabilities. However, virtually no important technological changes in the past have fitted into the neat distinction between first- and second-strike capabilities. The development of missiles based in hard silos or in submarines increased second-strike survivability on the one hand; but on the other hand, since the missiles replaced bombers, it reduced potential warning time for the Soviets and thus added to U.S. first-strike capability. In short, there is no evidence to suggest that potential future technological changes are destabilizing or that unilateral choices made by bureaucracies tend to be destabilizing while bilateral choices of technology made by negotiation tend to be stabilizing.

Furthermore, self-denial does not necessarily affect the advance of technology in general. It is frequently argued that "if we develop something, the other side will too" (the H-bomb, for example). But what is implied by such a statement is that if we don't then they won't. There is a tendency in much of this discussion of unilateral restraint to adopt the "leader-follower" model of duopoly theory, with the U.S. as the leader and the Soviet Union as the follower. Unfortunately this appears to be wishful thinking. Unilateral restraint just hasn't worked; it has remained unilateral. The Soviet Union has clearly gone ahead despite U.S. restraint in numerous instances, e.g., by its development of large H-bombs and in its deployment of large numbers of ICBM's.

Another argument holds that it is not clear whether, if we said that we had no programs for improvement in accuracy, for example, the Soviets would believe us or, from their points of view, could rely on the belief. If there is any validity to the relationship between accuracy and stability, it is a matter not of real U.S. or Soviet capabilities but of the perceived capabilities.

Moreover, it is not at all clear that qualitative improvements which might appear destabilizing by one definition—the first-strike/second-strike distinction—may not be stabilizing by another definition. For example, in the matter of accuracy: improvements in accuracy, particularly when combined with low-yield nuclear or nonnuclear warheads, may be stabilizing precisely because they allow the achievement of an objective and *only* that objective to a degree not heretofore achievable. The capability of destroying a particular military target without causing unwanted civilian damage is an important result. If, despite all, something happens by accident, the less civilian collateral damage the greater the possibility of containing the conflict. Furthermore, the capability to limit collateral damage leaves an option to meet nuclear attack without unleashing holocaust but also without surrendering.

Another stabilizing result is the potential substitution of high explosives for nuclear weapons in some situations, which would raise the nuclear threshold.

Premise: The U.S. must not build new weapons because to do so would fuel the arms race.

In contrast to the focus of the previous question on military stability of arms decisions, this premise is concerned with preparatory and budgetary effects. It asserts that change will result in "arms spirals" or "ever-accelerating arms deployments." This is the issue often called "long-term or 'arms race' stability or instability" in contrast to "crisis stability or instability."

The only real test of this proposition is to look at history. It turns out that U.S. restraint has not in fact resulted in any observable Soviet restraint. The U.S. strategic budget and U.S. forces have decreased by substantial percentages in the past fifteen years: for example, the strategic offense and defense budget has declined steadily from a peak in 1959 that was more than 2½ times the 1974 budget in real terms: the total destructive power of all U.S. strategic offense forces has declined since 1964, when it was 72 percent higher than in 1972, the lowest year since 1956. Since 1964 Soviet strategic budgets and forces have increased: the Soviet

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Footnotes at end of article.

budget has increased by roughly $\frac{2}{3}$; their ICBM's alone have increased by a factor of 14, while their heavy bombers have remained roughly constant in number; their SLBM's have increased by about a factor of 5; and the destructive power of these strategic forces has increased manyfold.

It is hard to envision a situation in which an additional U.S. deployment would have fueled more Soviet deployment!

Of course there is some relationship between their forces and ours. This is only natural, given the basic adversary nature of the relationship. All available evidence, however, indicates that the rate of Soviet development and deployment is determined largely by "independent considerations" or internal factors (for example, the Soviet gross national product is strongly correlated with their defense budget[9]) rather than factors imposed by the U.S. There is no evidence to suggest that they would respond specifically to marginal changes in U.S. programs. They have clearly not responded, despite the views of many arms controllers, to cuts or halts in U.S. programs. On the contrary, there is much evidence to suggest that Soviet restraint has appeared mostly when the U.S. has demonstrated determination, as in our development of counters to Soviet area antiballistic missiles. And, contrary to common arms control theories, there is evidence to suggest that the Soviet buildup of strategic offense forces may have stemmed in part from an awareness of Secretary of Defense Robert McNamara's policy of restraint in US ICBM deployments.

Premise: Impetus for destabilizing change comes from the military, which always overestimates Soviet forces and capabilities to justify increases in U.S. forces and capabilities.

This is the "annual Pentagon scare story" myth. Albert Wohlstetter, David McGarvey, and I have examined this premise in detail. The *Foreign Policy* article by Professor Wohlstetter summarizes part of this work.[10] The research shows conclusively that the history of predictions by the Secretaries of Defense during the past fourteen years regarding Soviet strategic offense force growth has been not one of overestimation but in fact has been overwhelmingly one of underestimation. While the short "missile gap" period may have formed the basis for this myth, even that was not an overestimate but was a bit of ethnocentrism on our part—U.S. estimates of ICBM's were off by about as much in one direction as the estimates of IR-MRBM's were in the other. The evidence on this clearly demonstrates that the "missile gap" was a U.S. misreading of Soviet priorities.

The Pentagon, to be sure, does talk of the Soviet threat it expects to face when it is presenting its own force program. When else would it be more relevant? On the other hand, the evidence clearly establishes the falsity of the notion that the estimates it then presents are invariably high. Out of the 51 estimates of future Soviet capabilities that we examined in the Secretary of Defense Posture Statements since 1962, the mid-range of only two exceeded the actual achieved deployments, and the high end of only nine exceeded the reality.

What is important about all this? The belief in the myths affects decisions in three major classes of issues: assured destruction, accuracy improvement, and arms control. The major conclusions often based on the assertions I have noted are that assured destruction is enough; accuracy is bad; and arms control agreements are so important that major quantitative disadvantages can be accepted to achieve them, because our qualitative advantages can offset quantitative disadvantages and will endure. A finding that these myths are incorrect lends credibility to the opposite conclusions:

Assured destruction—if it is relevant at all—is insufficient;

There are many reasons why increasing accuracy may be beneficial; and

Arms control agreements that codify quantitative advantages to the Soviets and are justified by qualitative advantages to us—which are unlikely to last and are not codified in the agreement—could be highly disadvantageous to the U.S.

FOOTNOTES

[1] See the forthcoming book, *Competition or Race? Innovation and the Changing Size of Strategic Forces*, by Albert Wohlstetter, Amoretta Hoeber, Fred Hoffman, and David McGarvey; also, drawn from this work, Albert Wohlstetter, "Is There a Strategic Arms Race?" *Foreign Policy*, no. 15, Summer 1974, and "Rivals but No 'Race,'" *Foreign Policy*, no. 16, Fall 1974.

[2] This article is an outgrowth of the joint work cited in note 1. It was presented in modified form at the Military Operations Research Society meeting at West Point in June 1974. I am indebted to the critiques of Albert Wohlstetter and David McGarvey and the comments of Donald Brennan.

[3] Barry Carter, "Nuclear Strategy and Nuclear Weapons," *Scientific American*, vol. 320, no. 5, May 1974.

[4] Maxwell D. Taylor, "The Legitimate Claims of National Security," *Foreign Affairs*, vol. 52, no. 3, 1974.

[5] Hebert York, "Deterrence by Means of Mass Destruction," *Pacem in Terris III*, September 6, 1973.

[6] *The Military Balance 1971–1972*, The International Institute for Strategic Studies,

[7] Wolfgang K. H. Panofsky, "The Mutual-Hostage Relationship between America and Russia," *Foreign Affairs*, vol. 52, no. 1, October 1973.

[8] John Warner of Science Applications, Inc., has also done some detailed analysis of this question. I draw on his analysis here as well as that of David McGarvey and myself.

[9] John Després of the RAND Corporation has done considerable work on correlations of Soviet defense budgets with many factors. This conclusion is drawn from his work.

[10] Albert Wohlstetter, "Is There a Strategic Arms Race?" *Foreign Policy*, no. 15, Summer 1974.

THE ADVANTAGES OF HUNTSVILLE, ALA., AS THE SITE FOR THE ERDA SOLAR ENERGY RESEARCH INSTITUTE

Mr. SPARKMAN. Mr. President, solar energy is widely recognized today as one of the Nation's most promising and attractive alternative energy options. However, we also recognize that its practical realization in both the near-term and the long-term is accompanied by many uncertainties. For the most part, these are related to costs and to technical choices within the general solar research area, not to whether net power can be obtained from the Sun. Through a well-structured, federally-supported solar energy research and development program these uncertainties can be reduced and, I believe, eventually eliminated.

Congress, cognizant of the need for the creation of a National Solar Energy program, enacted Public Law 93–473, the Solar Energy Research, Development and Demonstration Act of 1974, at the end of the second session of the 93d Congress. Basically, this act seeks to bring a number of solar energy technologies to commercial readiness in the shortest time practicable. To help meet this objective, the act established the Solar Energy Research Institute—SERI—which will perform research, development and related function in support of the national solar energy program as well as serve as a focal point for the Federal solar energy research effort. How fast this Nation moves ahead with the practical application of solar energy will depend to a large extent on the effectiveness of the Institute.

Mr. President, ERDA will decide on a location for the Institute early in 1976. Consideration for locating the Institute must include the availability of appropriate personnel and technical facilities as well as geographic and climatic factors. It would be a waste of precious time and taxpayers' dollars to select a site that is not already doing significant solar energy research.

Huntsville, Ala., has excellent characteristics for meeting every major requirement for a Solar Energy Research Institute. Some of these favorable characteristics are typical of the Southeastern States, some are peculiar to Alabama, but most are unique to Huntsville. This situation is largely due to Huntsville's distinction as a key national center of basic and applied research and technological development in a broad range of disciplinary areas. The high technology industrial organizations that arrived during Huntsville's peak growth period have already demonstrated the flexibility to move from the missile/space field to other high technology areas; and in these days of skyrocketing land and building costs, the large amounts of low-cost industrial acreage and office space in Huntsville must be considered a major beneficial factor.

As a result of numerous successful aerospace, military, and industrial research and development activities in Huntsville during the past 25 years, a large reserve of human resources are now available for performing management and scientific research services in the solar energy field.

These people are well trained and have demonstrated their skills in large-scale national programs such as Saturn-Apollo, Safeguard, and Skylab. Their capabilities are available in such disciplines as physics, chemistry, biology, architectural design, mechanical engineering, electrical engineering, materials and solar energy research and applications, project management, procurement, reliability and quality assurance as examples of the many talents needed in the national solar energy research program.

In addition, there are many facilities available which were used in the Nation's military and space programs such as material laboratories, solar simulation facilities, data processing and computer simulation and testing facilities. These can be readily used for performing research and development efforts in the solar energy field. The revolutionary applications of science, engineering, and management developed on the way to the Moon can now be focused upon problems here on Earth. We can now use these available skills and techniques to satisfy our energy needs in ways which were impossible before.

I have asked the University of Alabama at Huntsville to prepare a paper illustrating the advantages of Huntsville as the site for the ERDA Solar Energy Research Institute. I ask unanimous consent that this paper be printed in the Record.

There being no objections, the paper was ordered to be printed in the Record, as follows:

BACKGROUND OF SOLAR ENERGY ACTIVITIES IN THE HUNTSVILLE AREA

The majority of the solar energy related research and technology in Huntsville, Alabama, was developed during the 1960's in support of military and space projects and pertained to work involving thermal simulation, environmental and climatic studies, energy storage, materials development, solar energy absorption and radiation, photovoltaic conversion using solar cells, development of selective surface coatings, and environmental simulation and well known local firms such as Chrysler, Teledyne-Brown Engineering, Sperry, Northrop, IBM, Lockheed, Boeing, General Electric, Wyle Laboratories and other supporting contractors, including educational institutions such as the University of Alabama in Huntsville.

Instruments were developed to measure the intensity of thermal radiation and testing of special coatings that absorb a high percentage of thermal radiation and yet retain integrity at elevated temperatures. Testing and selection of materials such as heat resistant glass, quartz and artificial sapphire for use as cover plates for thermal radiation instruments were likewise developed.

Specialized digital computer programs were built to calculate the radiant heat interchange between a space vehicle, the sun, and the black void of space. The effect of shadowing or blocking of solar radiation by intervening structures and the heat transfer within various structures were also computed to analyze surface temperatures for radiation considerations.

A large amount of solar cell research and development effort for direct conversion of solar energy to electricity has been performed in Huntsville. These photovoltaic devices were used on space satellites and space stations developed in Huntsville and successfully operated during space missions. Studies are now underway to use this photovoltaic and other solar energy conversion concepts to beam clean power from space to Earth using microwave techniques. The Huntsville designed and managed Skylab Space Station successfully demonstrated a large-scale use of solar cells for on-board power generation. A key element of Skylab was the ATM or Apollo Telescope Mount containing five special telescopes which greatly enhanced our detailed knowledge of the Sun—our prime energy source.

National surveys and studies of environmental and climatic conditions have been made from Huntsville designed orbital platforms such as Skylab to aid in the understanding of our total environment. This effort includes wind analysis, another form of energy related to the Sun.

Data banks for systems analysis, optimization, and simulation are now being developed in Huntsville to aid in solar energy utilization. The University of Alabama in Huntsville is aiding in this urgently needed task. Nation-wide surveys are underway to compile climatic, architectural, equipment, and economic information needed by designers and management personnel involved in solar energy research and development. The University's Center for Environmental and Energy Studies is performing solar energy studies which must be considered by the SERI. A wind and solar energy test facility and a complete meteorological and climatic measuring station has been established with funding from the State of Alabama Legislature and the State Revenue Sharing Fund. Additional funds are being provided by the Marshall Space Flight Center of NASA for contractual support on systems analyses and data development related to solar energy heated and cooled systems for buildings.

The Redstone Scientific Information Center is one of the most complete scientific libraries available in the nation and has the capability of providing current information on activities in solar energy research including demonstration programs and utilization in industry, government, laboratories and universities world-wide.

Personnel and facilities in the areas of computer modeling, environmental aspects, economic and system analysis are abundantly available in Huntsville. A recent survey of some 70 industrial firms, government organizations and universities in the Huntsville area revealed that there were over 12,000 professionals with interest and skills vital to research, development, fabrication and marketing of solar energy systems and subsystems. Of these, over 5,000 were engineers, 1,157 of which are registered professional engineers. Other professionals are available in proportionate numbers. They are experienced in the management and scientific expertise which results in highly successful programs and in the technology transfer mechanisms required to apply the fruits of this nation's research efforts into viable industrial applications. Many of these personnel are available now to address our energy problems and provide the critical skills needed in the interdisciplinary areas of solar energy research and utilization.

SPECIFIC FACTORS THAT FAVOR HUNTSVILLE

The following points are presented as an indication of the many unique factors that must be considered for locating the Solar Energy Research Institute in Huntsville, Alabama:

Southeastern geographic considerations

New energy sources are most needed where the potential for the growth of industry and population is the greatest. Full utilization of solar energy requires not only adequate radiant energy from the Sun but also arable land, wind currents and water resources. Availability of adequate water supplies, for example, has a profound effect on solar energy potential. As the Southeast has approximately 50 inches of annual rainfall, several large river systems, considerable unused arable land, and few air pollution problems, it is the prime region for national growth in the immediate future. The predicted 35% population growth (2% per year plus an immigration of 6,000,000) in the Southeast during the next 10 years will require new energy sources. Fortunately climatic and geographic conditions favor solar energy to supply part of this need. Agriculture has considerable potential for solar energy application such as crop drying and/or processing. The Southeast provides half of the nation's cotton and large quantities of corn, soybeans, and other edible crops.

It is recognized that an early major application of solar energy will be in the heating and cooling of new buildings. This development is more appropriate to the Southeast because of the new building construction that will complement the projected population and industrial growth. Also, cloud conditions over the Southeastern states is similar to that found in the populous Northeast and Midwest regions. Solar energy collection/storage systems developed to deal with cloudy periods in the Southeast will be appropriate for use in the most populous portion of the United States. Many advantages of the Southeastern United States as an area for the development and application of solar heating and cooling of buildings were cited in the Phase O studies funded by the National Science Foundation.

Huntsville geographic considerations

Huntsville's mid-south location in the lower Appalachian region has 45% of the nation's population within a 600 mile radius and most of the 40-odd major urban centers within that circle may be reached by a 1½ to 2 hour flight.

Huntsville has a temporate climate, characterized by warm summers, usually cool winters and discernable seasons. The area normally has 52 inches of rain annually and experiences at least one snowfall. The mean annual temperature is 62 degrees and there is an average of 210 days a year of sunshine. This climate permits that adequate demonstration and testing of the storage capabilities required for solar energy systems.

The City of Huntsville and Madison County, Alabama, comprise the third largest metropolitan area in the State of Alabama with a population just under 200,000 and is the 101st largest metropolitan area in the United States. Current employers are the 83 private companies and eight government agencies with activities in research, development, testing, manufacturing, project management, education and related support services. There are three institutions of higher learning in the area: The University of Alabama in Huntsville, Alabama A & M University and Oakwood College with an enrollment in excess of 9,000. The total current employment, not including agricultural workers, is 70,000.

The area is endowed with excellent transportation facilities: air, rail, water and highway. The Huntsville-Madison County Airport (Jetplex) is one of the most modern facilities in the United States. It provides parallel runways 5,000 feet apart, allowing, if necessary, simultaneous instrument operations. One runway is 8,000 feet long, with a provision for an extension to 10,000 feet; the other one is 5,400 feet long with a possible extension to 8,000 feet. Commercial air service is provided by Eastern Airlines, Southern Airways and United Air Lines with a total of 24 arrivals and departures each day. Nonstop flights go to Atlanta, Chattanooga, Greensboro, Los Angeles, Memphis, Mobile, Nashville, Orlando, Raleigh, St. Louis and Washington. One-stop through flights go to Chicago, New Orleans, New York-LaGuardia, New York-Newark, San Francisco and Seattle. Boeing 727, Boeing 737, and Douglas DC-9 jet transport aircraft are used.

The Tennessee River provides water transportation to the mid-west and the Gulf of Mexico through the Mississippi-Ohio-Tennessee River waterways. In 1982 the Tennessee-Tombigbee Waterway is planned to be operational; this will reduce the waterway distance from Huntsville to the Gulf of Mexico by at least 50%.

The Southern Railway serves Huntsville with freight service. Passenger service on L & N is available at Decatur, 25 miles to the west. Also, there are two excellent connections to Interstate Highway I–65 20 miles away.

To initially establish and continually test the adequacy of simulation and analytical techniques, outdoor experiments will likely be performed by SERI. As Huntsville is served by the Tennessee Valley Authority its unique location and use of TVA electric power can allow the full scale conversion and testing of solar energy powered electric generating stations or for the burning of biomass materials to provide turbine power for electric generators.

In the Huntsville area there are large farming and timberland areas available for research into biological uses of solar energy; e.g., the growing of sugar cane or sugar beets or other inedible crops to make alcohol as a fuel; direct use of sunlight to dry grain and other crops; and solar distillation of water. The heating of poultry buildings with solar energy can also be studied and demonstrated as this and livestock production is a major enterprise in the North Alabama area.

Available sites for early operation of SERI

Huntsville and Madison County offer a wide variety of industrial building sites with four industrial parks and other smaller publicly and privately held areas providing a total of approximately 5,000 acres. Property in these parks in community-owned and available for immediate development at uninflated prices. Cost per acre ranges between $2,500 and $5,000 with larger sites in some areas slightly less and smaller acreage in certain areas higher. Types of sites range from well developed locations in the Cummings Research Park near the University of Alabama or the Jetplex, to less accessible areas near the Tennessee River. The four industrial parks are zoned to control the type of activities allowed in these areas and limit pollution sources. The Cummings Research Park area of some 3,000 acres is zoned to present a campus-like atmosphere. In addition, the U.S. Army has a 38,781 acre reservation adjacent to the southwestern city limits which may be available for federal building sites, as well as testing and demonstration areas.

Within the City of Huntsville there are 250,000 square feet of office and laboratory space available for $1.00/square foot/year in a building known as the Huntsville Industrial Center and another 74,000 square feet currently leased to the GSA (until 1978) in a modern building in the Cummings Research Park. Both are available in all or part of the area mentioned as early operational sites to establish SERI.

Huntsville's population in 1960 was 72,365, one half of the current population. Although rapid growth took place in the decade of the 60's, recent growth has been of the order of 1 to 2% per year, less than the national average. Due to the growth pattern, most of Huntsville's facilities are relatively new (five to ten years old). In the past, Huntsville has responded adequately to a population influx of 20,000 per year and can easily accommodate in influx of 2,000 to 5,000 during a short period of time.

Intellectual, technical, and administrative support available

The Huntsville area offers mission-oriented, dedicated and responsive support for solar energy research activities and large-scale consumer input potential for modeling opportunities.

Technical and managerial personnel accustomed to working effectively in a research environment are widely available in Huntsville as a consequence of local contributions to Redstone, Jupiter, TOW, Saturn-Apollo, Skylab and similar multi-million dollar technical programs which have demonstrated outstanding performance in meeting and exceeding their stated objectives.

Large-scale consumer input and/or public response surveys have been conducted in Huntsville by Federal Government, local government and University groups. These surveys include technology utilization, interest in employment by new industries and the consumer-oriented Federal Automotive Diagnostic Project currently being operated by the University of Alabama in Huntsville under a multi-million dollar research contract to The Department of Transportation.

Flexible management structures are common in Huntsville, both in government and private industry. Examples are the Huntsville Division, Corps of Engineers, which has shifted from missile site construction to design of Postal Service facilities, synthetic fuel plants, and test facilities for solar energy heating and cooling systems. Similarly, the Chrysler/Huntsville plant has shifted from nearly 100% government technical support to primarily automotive electronics production and General Electric has manufactured display panels and instruments for solar energy demonstration projects. IBM has also recently entered this field with the development of a "sunfall monitor" at their Huntsville facilities.

Huntsville offers an environment which provides an intellectual atmosphere, technical suppliers, and support services for a major research laboratory such as the SERI. Excellent communication and transportation services are available to ease interchange between SERI, universities, industry, government laboratories and other organizations. The three institutions of higher learning, led by the University of Alabama in Huntsville, offer ample opportunity for continuing education, as well as doctoral consultation in many fields of interest, particularly science and engineering for members of the SERI staff.

The SERI will interact with an international network of solar energy researchers. Huntsville is a cosmopolitan city with a distinct international flavor. The U.S. Army Guided Missile Center and School annually attracts thousands of students from countries throughout the world. The Huntsville-Madison Council for International Visitors provides many services to these visitors. The Huntsville Board of Education provides free English-as-a-second-language classes twice a week.

The Marshall Space Flight Center in Huntsville manages an international Spacelab program involving a consortium of many countries that are also involved in significant solar energy research activities.

Technical suppliers and services have been built up in Huntsville to meet the diversified needs of the U.S. Army Missile Command, the Ballistic Missile Defense Agency, and the NASA-Marshall Space Flight Center, educational institutions and industry. A major portion of this total capability is represented by the hardware and software support needed for the large-scale computer and data processing activities in the Huntsville area. This valuable resource is now available to support the needs of the Solar Energy Research Institute.

Support from educational institutions and laboratories

The University of Alabama in Huntsville, Alabama A & M University (in Huntsville), the University of Alabama (Tuscaloosa), Auburn University, the University of Alabama in Birmingham, Tuskegee University and the University of South Alabama in conjunction with the University of Tennessee Space Institute at Tullahoma, Tennessee offer the possibility of a consortium of universities in support of SERI. Auburn University has directed the ASEE–NASA Engineering Design Faculty Fellowship program at the Marshall Space Flight Center in Huntsville for the past eight years. The program for the past three years has pertained to energy analysis with the 1973 position paper entitled "Terrastar" completely devoted to solar energy. The University of Alabama in Huntsville in association with the Huntsville Area Technical Area Societies sponsored a major course and conference on Solar Energy in March, 1975. This five day affair drew hundreds of attendees and provided a focal point for solar research and applications within the southeastern region. An annual conference has now been initiated as a result of this program and participating institutions such as Louisiana State University, the University of Georgia, the University of Florida, Mississippi State University, Virginia Polytechnic Institute, the University of South Alabama, Clemson University, Texas Tech University, and others are now actively interested in solar energy research programs. This cooperative effort is typical of the seminar and conference support available in the academic environment that Huntsville offers.

In addition to research facilities and laboratories associated with the above mentioned universities, there are substantial laboratory facilities at the U.S. Missile Command at Redstone Arsenal, and at Marshall Space Flight Center and in the various industries in the Huntsville area. These existing laboratories would welcome the SERI as a neighbor and could help provide many of the disciplines required for research and development of solar energy.

The City of Huntsville school system has an enrollment of 32,000 students in grades one through twelve in five high schools, nine middle schools an 26 elementary schools. The entire system is fully accredited. Special programs are conducted for handicapped students. Extensive adult education is offered at three levels. Educational television channel WHIQ is operated by the school system as part of the Alabama Educational Television network. It offers one of the most advanced closed-circuit classroom programs in the nation.

The Madison County School System has 23 schools at elementary, middle and high school levels. The System offers special programs and courses similar to the city schools. Madison County is the first rural school system in Alabama to become fully accredited.

TECHNICAL SOCIETIES

The Huntsville Association of Technical Societies (HATS) coordinates and encourages joint technical society meetings, seminars, publications, educational and general advancement of professional society membership.

The HATS organization has helped to sponsor educational courses, tuition grants, seminars and lectures in support of solar energy research and applications. The member societies of HATS representing some 2,600 members are listed below:

AIAA—American Institution of Aeronautics and Astronautics.

AIIE—American Institution of Industrial Engineers.

AMS—American Meteorological Society.

ASCE—American Society of Civil Engineers.

ASME—American Society of Mechanical Engineers.

ASPE—Alabama Society of Professional Engineers.

ASQC—American Society of Quality Control.

HFS—Human Factors Society.

IEEE—Institute of Electrical and Electronics Engineers.

ISA—Instrument Society of America.

SAVE—Society of American Value Engineers.

SAME—Society of American Military Engineers.

SOLE—Society of Logistics Engineers.

STC—Society for Technical Communications.

Active individuals in these organizations provide a unique and diversified resource to assure that the highest scientific and technical levels of competence will be achieved in major research programs located in Huntsville.

HUNTSVILLE INDUSTRIAL SUPPORT FOR SOLAR ENERGY RESEARCH

The following listing of industrial organizations in the Hunstville area is indicative of the broad and diversified industrial base available for support of the Solar Energy Research Institute. Most of these firms have extensive facilities in Huntsville and, in many cases, are supported by their parent organization having even broader interests in solar energy research. In addition, such firms as Battelle Laboratories, Arthur D. Little, Inc., TRW, Westinghouse, Grumman, Martin-Marietta, General Dynamics, Rockwell International, and similar firms involved in solar energy research are represented or have local offices in Huntsville.

Industrial organizations and activities, interest and supporting capabilities in solar energy:

American Data Corporation, data processing systems.

Astro-Space Laboratories, machine shop and fabrication support.

Avco Electronics Operation, manufacture of electronic components and controls.

BDM, Inc., system design and optimization.

Ball Brothers Research Corp., overall thermal energy systems analysis, basic research, component manufacturing and testing.

Boeing Aerospace Co. (including Boeing Engineering & Construction), research, development, fabrication, test of solar collectors and solar systems, systems integration, project management; construction of full-scale demonstrations, data collection, and systems analysis.

Boeing Computer Services, Inc., computer applications for solar energy simulation, analysis, data collection, etc.

Chrysler, Huntsville Electronics Division, power systems research, math modeling, thermal control systems, project management.

Computer Sciences Corp., systems analysis and simulation.

Creative Research Services, solar collector support frames, engineering models, photographic services.

CORD Industries, solar drying for food processes and agricultural applications, graphic engineering, technical models and displays.

G&M Enterprises, construction of liquid media collectors.

General Electric, solar energy systems, display consoles, thermal energy meters, solar energy meters.

Glenn Engineering Co., machine shop support.

Halstead & Mitchell—Division of Halstead Industries, Inc., independent research on flat plate solar collectors; manufacturers of air conditioning equipment.

Hayes International Corp., manufacturing support services, audiovisual and graphic engineering services.

H&S Engineering Co., air/solar collectors, system design and testing.

IBM Space Systems, Federal Systems Division, project management, component development, independent research tungsten dendrite surface; developers of automated sunfall monitors; systems integration.

John Blue Co., manufacture of mechanical & hydraulic equipment; liquid storage systems.

Lockheed—Huntsville Research & Engineering Center, Lockheed Missiles & Space Co., Solar energy concentrator and zone refining, heating and cooling of buildings (greenhouses), etc.

M & S Computing, Inc., Data systems, interactive graphics, engineering drawings.

Martin Industries, Inc., Huntsville Division, Manufacture and testing of solar collectors.

Northrop Services, Benefit analysis, systems operations simulation, technical support, meteorological and climatic systems analysis.

Owen-Corning Fiberglas, Insulation and optical equipment.

PPG Industries, Inc., Solar collector components.

Planning Research Corp., Test and demonstration program planning, benefit analysis, optimizing size of solar energy systems and applications.

Raytheon Co., Solar cell development, microwave power beaming.

Reisz Engineering Co., Project management, grain drying, systems interpretation, evaluation of alternate energy systems including wind energy conversion.

Remtech, Inc., Systems analysis, environmental control, thermodynamics, fluid dynamics, and aerothermodynamics research.

Rockwell International Space Div., Systems design and development.

SCI Systems, Inc., Systems design and development, instrumentation systems.

Spaco, Inc., Custom sheet metal products.

Sperry Support Service Sperry-Rand Corp., Solar cell power system development, solar thermal power plant studies, solar collector testing, terrestrial solar photovoltaic arrays with concentration, solar panel testing, math modeling, data acquisition, environmental controls and testing project management, precision machine shop.

Stanford Research Institute, Systems analysis, operations research, cost analysis.

Sun-Glo Enterprises, Facilities for air media solar collectors.

Sverdrup & Parcel & Associates, Development & construction of demonstrations, analysis, etc.

Systems Development Corp., Systems design, development and analysis.

Technical Micronics Control, Inc., Development, design & fabrication of solar heating and cooling systems for residences and small commercial buildings.

Teledyne—Brown Engineering, Project management, systems and subsystems analysis, system design, system optimization, data acquisitions systems, test requirements & plans, economic trade-offs.

Wyle Laboratories, Huntsville, Full range of testing support services.

SUMMARY

The following points are submitted in summary to emphasize a number of key factors favoring Huntsville, Alabama as the choice site for the location and operation of the Solar Energy Research Institute.

1. Huntsville, Alabama is a modern, progressive community with a cooperative spirit, a strong interest in and responsive attitude toward research-oriented enterprises. Ninety percent of Huntsville's present size came into existence during the past 25 years; its newcomers are active, young people, attracted by industrial, space and military programs. And, Huntsville is maintaining its growth with new industries being established and planned on a continuing basis.

2. The supporting research base in Huntsville is broad, diversified and science and technology oriented. Excellent working relationships have been demonstrated between the government agencies and laboratories, the community, the educational institutions, the diversified industries, libraries, and technical organizations. This teamwork is critical to the early and successful operation of SERI.

3. Huntsville has close proximity to TVA research and administrative facilities and nuclear plants, so power supply systems and problems can readily be studied.

4. Relations between solar power generation and the consumer community can be analyzed easily, because the community is technology-oriented.

5. The University of Alabama in Huntsville has a young, forward-looking faculty and staff and has already established a Center for Environmental and Energy Studies, with active interest and participation in climatic research, solar and wind research and test facilities, solar energy technical data bank development, automobile emission studies, and related activities.

6. With the reduction of the space program, manpower with special skills in energy and power research and development have become available. This valuable resource allows a quick reaction capability to facilitate early operation of the SERI.

7. Experience in key solar energy related fields is available in Huntsville. These fields include:

Collecting, converting, distributing, storing, and conservation of solar power;

Materials analysis and development;

Research in existing and new fields of solar energy;

Facilities, laboratory and equipment planning, design and construction;

Engineering development of systems;

Testing of components, subsystems, and systems;

Reliability and quality assurance engineering;

Assessment and optimization of systems through computer simulations;

Economic, social, and institutional analyses; and

Technology utilization and data dissemination.

8. A solar heating and cooling test bed has been under development and analysis at NASA-MSFC for several years. Experience gained in this project is available and includes materials development, measuring and control systems, systems engineering, reliability engineering and testing. Manpower could be made available through contractual arrangements similar to the existing support being provided to ERDA for the national solar heating and cooling demonstration program.

9. One of the nation's largest research parks is located in Huntsville. Major industries and select sites are immediately available to support the SERI and provide all necessary elements to assure its early and continuing operation at a successful and useful level. This resource and the cooperative spirit of Huntsville is needed to help solve our nation's energy problem.

STEVE WEXLER—THE SENATE AND EDUCATION LOSE A FRIEND

Mr. BEALL. Mr. President, Congress and American education lost a friend and able counselor with the untimely death of Stephen J. Wexler, majority counsel to the Labor and Public Welfare Subcommittee on Education.

As the ranking minority member of the Education Subcommittee, I had the pleasure of working with Steve Wexler. I found Steve not only professionally and technically competent, but also always willing to assist and help in any way possible.

Steve was committed to the improvement of education in all its facets. Since becoming majority counsel to the education subcommittee in 1969, Steve has had an important role and hand in shaping major education legislation. I am particularly aware of his significant contributions to both the Higher Education Amendments of 1972 and the Education Amendments of 1974. The hours that Steve devoted to both of these landmark measures are not known by the general public but it is through such dedication and devotion to duty of individuals, like Steve, that Congress is able to cope with the heavy workload and meet the challenges we face.

In addition to missing his professional abilities and expertise, we will all miss his sense of humor and wit. Even during the most difficult time, such as the wee hours of the morning in 1972 when the House and Senate conference committee, was hammering out the differences between the House- and Senate-passed versions, Steve could be counted on to remain steady and for the refreshing humorous remarks or story which helps in easing tensions.

I want to extend my sympathy to Steve's wife, Elizabeth, and his family at this most difficult time. While Steve's loss is great, we are grateful for having had the opportunity to know and work with him and are proud of the many contributions and accomplishments of this devoted public servant of Congress and American education. I will miss him and the Senate will miss him.

I ask unanimous consent that an article from the Washington Star on Steve be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KEY SENATE EDUCATION AIDE DIES IN MOTORCYCLE CRASH

(By John Mathews)

Stephen J. Wexler, 40, chief counsel for the last six years of a key Senate education subcommittee, was killed Saturday when his motorcycle collided with a car in Annapolis. He lived in Annapolis on Harness Creek Road.

Annapolis police said Wexler was thrown about 10 feet through the air when his motorcycle and another vehicle collided head-on in an intersection about 4 p.m.

Wexler, police said, was dead on arrival at Anne Arundel General Hospital. Police said Joseph E. Rawlings, 39, of Annapolis, driver of the other vehicle has been charged with manslaughter and driving while intoxicated and is free on $2,500 bond.

During his career as chief counsel of the education subcommittee of the Senate Committee on Labor and Public Welfare, Wexler had a critical role in shaping revisions of the basic federal aid program for local schools, the Elementary and Secondary Education Act, as well as legislation affecting higher education and vocational education.

As the key aide to Sen. Claiborne Pell, D-R.I., the subcommittee chairman, Wexler considered a major accomplishment of recent years the establishment under the 1972 Education Amendment of the Basic Education Opportunity Grant Program.

The program, which Wexler developed, provides federal scholarships for college and other post secondary education for students from low income families.

Pell said in a statement that Wexler was "a valued legislative aide and adviser on whom I relied very much . . . In his seven years as counsel to the subcommittee on education his contribution to education legislation enacted in those years was immense.

"Every action of the subcommittee bore his stamp. He was intensely devoted to improving the quality of education at all levels across our nation and to insuring that quality education was made available to every citizen."

Prior to becoming chief counsel of the education subcommittee in 1969, Wexler was for three years associate general counsel of the Senate Labor Committee's subcommittees on railroad retirement and arts and the humanities.

He helped form the legislation which created the National Foundation of the Arts and the National Foundation of the Humanities.

A short, young-looking man with a sharp wit and intellect, Wexler was widely known on Capitol Hill and in education circles here.

Before becoming a Hill committee staff member Wexler from 1963 to 1964 was assistant general counsel for the American Federation of State, County and Municipal Employes.

For the next two years he was in private practice here and a consultant for the Department of Labor.

Wexler was born in Providence, R.I., attended public schools there and in 1956 received a B.S. degree from the University of Rhode Island. He received his law degree from Georgetown University Law Center in 1962 and was a member of the D.C. Bar Association. He was in the Army from 1958 to 1960.

He leaves his wife, Elizabeth Maiden, and a son, Adam, both at the home; his mother, Ann E. Wexler of Providence, and a sister, Mrs. Arnold Fellman, of Cranston, R.I.

Services will be held tomorrow in Providence. The family suggests that expressions of sympathy be in the form of contributions to the Heart Fund.

THE CLEAN AIR ACT AND AUTO EMISSION STANDARDS

Mr. McGOVERN. Mr. President, in attempting to respond to the needs and wants of the American people, the law makers talk endlessly of setting and meeting priorities. It is not difficult to define those problems which need immediate attention, and those goals which we should be working specifically to achieve—international peace and harmony, economic recovery, and the development of new energy resources are just a very few.

But what if our priorities are in conflict with one another? What if, in order to reach one goal we must set another one aside, or worse, push it backward. Then it is not so easy to determine just which goals should remain at the top of our list.

This is what has worried me about the Clean Air Act—what its impact is in areas other than environmental concerns, and how the provisions of the act itself have been affected by other seemingly overwhelming concerns. One specific dilemma we are having to deal with in this regard is the effect of the Clean Air Act on standards for automobile emissions. There are conflicting interpretations and situations here and, frankly, I see Congress ultimately having to face some very hard choices.

Recently I expressed those concerns in a letter to Dr. Allyn Lockner, the secretary of the South Dakota Department of Environmental Protection. I think my colleagues, especially those who represent rural States, realizing the entangled sense of priorities involved, would be most interested in Dr. Lockner's response. I ask unanimous consent that both these letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMMITTEE ON AGRICULTURE
AND FORESTRY
Washington, D.C., September 10, 1975.

Dr. ALLYN LOCKNER,
Secretary, South Dakota Department of Environmental Protection, State Office Building, Pierre, S. Dak., 57501

DEAR DR. LOCKNER: Recent advertisements in many South Dakota newspapers have triggered renewed interest on the part of residents of our State over the impact of the Clean Air Act on automobile emission levels.

The situation, at best, is confusing with a variety of proposals advanced by the Environmental Protection Agency (EPA), the President, the auto industry and the Congress.

Essentially, the current status of these plans is as follows:

AUTOMOBILE EMISSION STANDARDS
[Grams per vehicle mile]

	Hydrocarbons	Carbon monoxide	Nitrogen oxides
Current interim standards in 49 States	1.5	15.0	3.1
1977 interim standards in 49 States	1.5	15.0	2.0
Current California standards	.9	9.0	2.0
1977 California interim standards	.41	9.0	1.5
EPA proposed standards 1977–79	1.5	15.0	2.0
EPA proposed standards 1979–81	.9	9.0	2.0
President's original proposed standards	.9	9.0	3.0
President's revised proposed standards as of June 27, 1975 for 1977–81	1.5	15.0	3.0
Levels requested by the major auto companies 1977–81	1.5	15.0	3.1
Levels required in 1978 under current law	.41	3.4	.4

The question, then, is if the present law should be adjusted to bring the statutory standards under the Clean Air Act more into line with the proposals that have been advanced by both the public and private sector.

Proceeding to the 1977 interim standards would increase fuel consumption modestly compared to 1975 models. There is disagreement as to whether the technology required to meet the statutory standards is available, but there is substantial agreement that the closer we get to the statutory standards the greater the fuel penalty to be expected. There is also little doubt that cars equipped with catalytic converters produce sulfuric acid mist, although how much and how serious a threat to the public health this represents is still open to question.

As of 1970, personal automobiles were responsible for about 60% of total U.S. air pollution and about 80% of urban air pollution. In cities like Washington, D.C. and Los Angeles, the percentage of pollution is higher from auto exhausts as they are not basically industrial areas.

A compelling case can be made that the 1975 standards are, in effect, adequate to correct the bulk of the problem. As the older cars are discarded and the new lower-polluting ones are put into service, total auto pollutants discharged into the air are calculated to decline for at least the rest of this decade. The difference in total pollutants from cars under the current interim standards compared to those under the statutory standards is very small and according to EPA, "will, in our judgment, have no measurable effects on air quality".

Over the past decade, the U.S. Auto Industry has spent between $1.5 and $2 billion on research and development for emission reduction and low-polluting engine designs with various companies—both foreign and domestic—exploring alternative systems and engines including Ford's Proco engine, Honda's Compound Vortex Controlled Combustion (CVCC), Mazda's rotary engine with thermal reactor and the diesel powered passenger cars of Mercedes, Peugeot, and Opel. GM, Chrysler and AMC are also working on various designs.

As a result of progress to date, costs, progress still required, probable dollar and fuel-consumption costs that are associated with the effort to meet the statutory requirements under the Clean Air Act—matched with the relatively small incremental improvements in air quality that would result from going the final steps from the 1975 standards to those required under the existing law—raise questions for many on the validity of the present statutory standards.

I am committed to the improvement of the environment—air, water and land—but by the same token, I am mindful that there is also the "economic environment" that must be considered. Our efforts to achieve clean air must be effective, but they must also be realistic.

With these factors in mind, Dr. Lockner, I would appreciate any comments your Department might have in relation to the Congressional consideration of possible amendments to the Clean Air Act.

With every good wish, I am

Sincerely,

GEORGE MCGOVERN.

SOUTH DAKOTA DEPARTMENT OF
ENVIRONMENTAL PROTECTION,
Pierre, S. Dak., September 22, 1975.

Senator GEORGE MCGOVERN,
U.S. Senate,
Washington, D.C.

DEAR GEORGE: In reply to your letter of September 10, improvement of the air in South Dakota will be immeasurably small if present Automobile Emission Standards are raised to meet the statutory standards under the Clean Air Act. The standard automobile emissions of hydrocarbons, carbon monoxide and nitrogen oxide are not measured as part of South Dakota's Air Quality Surveillance Program. High air quality can be maintained in South Dakota by industrial and municipal compliance of South Dakota's Ambient Air Quality Standards.

I feel that the present standards are adequate to prevent degradation of air quality in most states, especially the rural states. Only concentrated automobile use can produce the accumulation of emissions which would result in violations of present standards. Such affected areas should follow California's lead and declare it a local problem adopting local or state standards which are more strict than the Federal standards.

The economic environment of the nation and its auto makers should not be penalized nationwide for problems created in metropolitan areas. Should farmers' tractors be required to employ pollution control devices at the expense of horsepower and increased gas consumption? Such possible increased operating expenses cannot be absorbed by the farmer who depends on ever larger machines to realize a profit from the land. Although some environmentalists would like to see perfectly clean air and water, the economics of the situation disallows such idealism. The present automobile emission standards appear to be adequate for maintenance of high air quality standards in South Dakota.

Sincerely,

ALLYN O. LOCKNER,
Secretary, Department of Environmental Protection.

THE ECONOMICS OF STREAM CHANNELIZATION

Mr. BUCKLEY. Mr. President, earlier this year the Cornell Law Forum carried an article that discussed the problems associated with stream channelization. The conclusion of the article was that the Federal taxpayer should not subsidize such work, which is primarily a benefit to the riparian land owners.

Because of the continuing controversy over this practice of channelization, and because the Water Resources Council is presently studying the entire problem of cost-sharing alternatives for water resources projects.

I ask unanimous consent that the Cornell Law Forum article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Cornell Law Forum, writes 1975]

THE ECONOMICS OF STREAM CHANNELIZATION

(By John P. Brown)

A recurrent dream haunts the nighttime hours of some environmentalists. A pleasant valley lies in pastoral beauty, with a meandering stream providing a home for fish and a friendly habitat for the plants and wildlife of field, forest, and swamp. The natural force of floods and erosion gradually shifts the water course from one bed to another and adds to the variety of the landscape by creating deposits of sediment and rolling hills.

Into this quiet setting the hand of man suddenly intrudes. The owners of land along the stream seek to develop it for agriculture or housing or industry. The swamps must be drained, the floods prevented, the stream tamed. Reluctant to pay for these measures themselves, the owners appeal to a giant and distant bureaucracy for help. Engineers arrive, construction begins, and the scene is transformed—a concrete sluiceway replaces the wandering stream, which now runs through a valley devoted to agriculture, housing, or industry. The quiet stream has been channelized; the ecology that provided beauty and charm has been transformed; and federal taxpayers have picked up the check.

The violence and variability of natural forces lead to demands to control the flow of water. Periodic flooding destroys crops, sweeps away houses and farms, damages factories, and imperils lives. Stream channelization for purposes of flood control takes a number of common forms: excavation of a stream; levee-building; and increasing stream flow by removal of shrubs, rocks, and other natural barriers to the flow of water. In addition to flood prevention, stream channelization may also have the effect of changing the wetness of adjacent land, such as by converting swampy areas to dry land.

Several federal agencies, but especially the Department of Agriculture's Soil Conservation Service, have engaged in extensive programs of stream channelization in order to control the flow of water and enhance the use of adjacent land. The extent of stream channelization is impressive: the Soil Conservation Service alone has channelized some 5,000 miles of waterways and has plans for doubling that mileage. Hundreds of millions of federal dollars, supplemented in many cases by local funds, have been expended on this vast program.

Rivers and streams, of course, range from pristine natural rivers to urban storm sewers. What is appropriate for one is not likely to fit the other. Thus extreme positions of "always improve channels" or "never channelize" are foolish—the channel improvement which is a necessity on the Chicago River would be an atrocity on the wild reaches of the Snake River.

The fact that stream channelization is sometimes a good thing and sometimes not requires the development of more subtle criteria for determining what kinds of projects should be undertaken by federal agencies. The purpose of this article is to outline a method for making these decisions wisely.

It is helpful at the outset to think of rivers and streams in terms of their degree of wildness. There is a continuum from the pristine wild river at one extreme to the covered storm sewer at the other. Stream channelization moves a stream in lesser or greater degree away from wildness. Moreover, change tends to be almost entirely in this direction both because groups in society clamor to harness streams and because the natural forces which erode man's efforts of stream channelization work very slowly.

Social benefits may result from having a river at a particular point in this spectrum. The esthetic and ecological advantages of a wild river are difficult to measure but hard to overestimate. On the other hand, a covered, concrete channel may provide valuable possibilities for disposal of waste and excess water, and may permit the development of valuable adjacent land. A meandering stream in downtown Chicago is no more appropriate than is a covered, concrete channel in open farm country.

When is it desirable to make a stream less wild? How much should it be changed? And who should pay the costs?

The social costs of any change in a stream include more than the out-of-pocket expenses of construction and maintenance; the opportunity costs of giving up certain of the benefits of a wild stream may be much larger than out-of-pocket costs. From an economic standpoint the appropriate goal is to compare the total costs of a stream channelization project with the benefits to be gained, and to choose that degree of change which maximizes the difference between benefits and costs. Of course the best change may well be done at all!

If the purpose of a project is flood control, for example, analysis of benefits and costs requires an assessment, on the one hand, of the increased value of land which results when the probability of flooding is reduced, and. on the other. the economic and social costs of stream channelization. If other benefits of stream channelization are also involved, such as waste disposal or water for irrigation, they should be included on the benefit side of the analysis.

The value of land is influenced by its characteristics, such as wetness or probability of flooding. A rational landowner, forced to devote his land to one of a number of mutually exclusive uses, tends to choose the use which has the highest present value. The market value of the land tends to be the expected present value of the returns of putting the land to its best use. The benefits of stream channelization result from the fact that land values increase as more valuable uses become possible. Drainage of a swamp allows it to be used for agricultural purposes; reducing the probability of periodic flooding allows it to be put into higher valued crops or developed for housing or industry.

Channelizing a stream usually has effects other than lowering the probability of floods on adjacent land or draining that land. These effects are called "externalities" because they are typically not taken into account by an individual landowner or local decision-maker. Externalities of stream channelization include downstream effects, effects on other uses of the river, and effects on later generations.

A common downstream effect results from the increased velocity of water flow that is normally associated with channelization measures. The flood peak downstream may be increased by an upstream project, resulting in a demand for more flood control projects downstream. Since sediment in water is transported farther as velocity increases, sediment is collected in downstream lakes and basins. Another serious downstream effect is the collection of nonbiodegradable materials in lakes below. When streams flow slowly, such materials tend to settle along the stream. But when the stream is channelized, the increased velocity carries nonbiodegradable materials along with sediment to a resting place such as a downstream lake.

The effects of stream channelization on other users are readily apparent. Adjacent landowners are not the only people affected by the modification of a stream. Fishermen, hunters, and birdwatchers all have something at stake in the stream's ecology. Their interests are also more difficult to measure. Unlike the interests of those who buy the product of adjacent land—whether it be crops or housing—recreational and esthetic uses are not always reflected in market prices. A wealth-maximizing landowner can be expected to consider the interests of his customers, but he has no incentive to take into account the interests of nature buffs.

These and other effects of channelization can be severe. Streams may be rendered essentially sterile, since plants and fish cannot survive in a concrete runway which is characterized by rapid flow, temperature extremes, lack of food and shelter, and other unfavorable conditions. The effects on wildlife can also be substantial. Channelization typically entails removal of vegetation from the immediate channel; sometimes, especially in drainage projects, the adjacent land is also cleared. The vegetation that is destroyed provides food and shelter to wildlife. When new vegetation (*i.e.*, crops) is substituted, different species of wildlife will repopulate the area. In view of the adverse effects of stream channelization on the natural environment, it is not surprising that the opposition to channelization comes primarily from the outdoor constituency: the Audubon Society, the Sierra Club, the National Rifle Association, and state fish and game departments.

The irreversible character of much stream channelization is the clue to its effects on future generations. Channel modification may alter the ecology of a region permanently, foreclosing future generations from enjoyment of the unspoiled past. The opportunity cost of the change is the availability of the original ecology; the opportunity cost of not modifying the ecology, on the other hand, is the benefits derived from the modification.

The emphasis on externalities has a lesson for social policy. Confidence in the ability of the landowner to reflect accurately in his decisions the interests of his customers and suppliers as well as his own is not misplaced. When other interests are affected by his decisions—affected in a way that is not reflected through markets—we cannot be confident that those interests will be taken into account. If the externalities are positive, the landowner will typically underproduce; if the externalities are negative, the landowner will typically overproduce. In the case of stream channelization, the externalities are almost always negative. Hence, if landowners are left to their own devices, they will tend to provide more channel modification than is socially desirable because they have left out of their calculations the negative effects on the environment.

In situations in which market forces do not reflect externalities, an appropriate role for government is to represent those interests which have been hurt and to reduce the amount of channelization from what otherwise would have occurred. Unfortunately, federal government policy in the United States works in precisely the opposite direction. Instead of taxing channelization measures, which would cause local decision-makers to focus on the negative impacts of their works, the federal government heavily subsidizes channelization so that local sources need pay only a minor part of the cost. In this way the government encourages a greater amount of channelization than would be undertaken by the landowners on their own, rather than less, which would be appropriate.

It is not surprising, given the high transaction costs of obtaining agreement between a large number of landowners and the problem of benefits accruing to the "free rider" who does not contribute his share, that landowners seek the aid of state and federal governments in carrying out channelization projects. But the result of federal subsidy is an inefficient transfer of income from federal taxpayers in general to the beneficiaries of stream channelization measures. The transfer is likely to be inefficient because the beneficiaries would prefer a similar amount in cash, while the burden on the taxpayers is the same whether the payment takes the form of a cash distribution or a stream channelization project.

A more appropriate role for the federal government would be that of regulating the stream channelization projects of private groups or localities in order to insure that external effects on others, especially those outside a local jurisdiction, are taken into account. Thus the Natural Resources Defense Council has suggested that stream channelization projects are subject to the recently rediscovered Rivers and Harbors Act of 1899. The Act prohibits the dumping, without first getting the permission of the U.S. Army Corps of Engineers, of "any refuse into any navigable water from which the same shall float or be washed into such navigable water." The Council claims that few if any waters of the United States fall outside the jurisdiction of the Act, and that the typical byproducts of stream channelization, such as sediment and fill, fall within the broad confines of "refuse." If accepted, this approach would require the Corps of Engineers to participate in every stream channelization project in order to protect downstream interests against the external effects of the project.

There is little that can be said *a priori* about the merits of individual stream channelization projects other than the generalization that federal subsidy will result in many ill-conceived projects. On the other hand, it seems clear that some of the projects have merit. Almost any use of land other than leaving it in its natural state requires some alteration of the normal flow of surface water. But the complex interactions suggested by the term "ecology" necessitate more care in the alteration of water flow than has been normal in the past.

There is no convincing argument in favor of federal subsidy of stream channelization projects. Flood prevention and provision of drainage do involve important interests of a type that may merit governmental assistance, but local governmental measures would normally suffice. Riparian landowners are the principal beneficiaries of such measures and local soil conservation districts are the appropriate unit to undertake construction and financing. If the local district is unwilling, absent federal assistance, to finance the project completely, that is strong evidence that the project is uneconomic and should not be built. Federal intervention is appropriate only if the beneficial effects of the project go beyond the jurisdiction that is building it. In the typical case only the deleterious externalities—*e.g.*, adverse effects on fish, wildlife, downstream users, and unborn generations—go beyond the borders of the local conservation district. In such cases the federal government, representing the otherwise unrepresented, should restrict rather than encourage construction.

Stream channelization measures also redistribute income within the community, but they are a very clumsy tool for that purpose. The major beneficiaries are riparian landowners, a group which is a very poor proxy for any conceivable group deserving of governmental subsidy. They are neither poor nor rich, black nor white, Democrat nor Republican, but merely a random selection of citizens who have no special claim on the United States Treasury simply because they have chosen to buy land or live next to flowing water.

ACCELERATING THE COMMERCIAL DEVELOPMENT OF DOMESTIC SOLAR HEATING AND COOLING SYSTEMS

Mr. CANNON. Mr. President, on June 19, the House passed and sent to the Senate H.R. 6860, the Energy Conservation and Conversion Act of 1975. Section 232 of that measure would permit a tax credit for the installation of solar heating and cooling equipment in a private residence. According to the House passed formula, the credit would amount to 25 percent on the first $8,000 or a maximum allowable credit of $2,000.

The bill is currently pending in the Senate Finance Committee and, when it comes to the floor, I intend to introduce an amendment that would modify the solar installation tax credit figures. Under the terms of my amendment, the maximum allowable credit would be revised to 40 percent of the first $8,000 or a maximum of $3,200. I am pleased to announce that my distinguished colleagues, Senator HUMPHREY and Senator TUNNEY have joined me as intended cosponsors of this measure.

Over the past 4 years, congressional interest in the development of solar energy has increased significantly. Since 1971, funding levels have risen from just over $1 million to an estimated $144 million for fiscal 1976. Congress has passed the Solar Heating and Cooling Demonstration Act of 1974 to promote the timely application of solar technology. The Energy Research and Development Administration is at work on a program designed to have as many as 2,000 residential and 400 commercial buildings heated and cooled by the Sun by 1979.

Despite these fine plans, I am concerned by what would appear to be a lack of effective follow-up in establishing solar energy as a major energy component. To illustrate, I requested the Library of Congress to prepare a report on the current cost and distribution of solar installation in the United States. The results were very disconcerting. According to the Library figures, the cost of a solar heating/hot water system for a new house can vary from $3,000 to $10,000. It is therefore, not surprising that the report concludes there may be only some 100 solar houses and buildings currently operational or in the design stage in this country. Because many solar heating projects are independently initiated, the Library listing cannot be comprehensive. Yet, there is evidently a disturbing gap between the plans for solar energy and the state of its development.

Whatever the actual numbers, it would seem that the restraints to the development of solar energy outweigh the incentives, to the ultimate disadvantage of the energy user and to the detriment of our total energy requirements.

In regard to these constraints, a March 1975 report of the Energy Research and Development Administration listed several, including the high intial cost of solar operating systems and public acceptance of solar power as a reliable energy source for the heating and cooling of buildings. Frank Zarb, Administrator of the Federal Energy Administration has observed:

> The chief barrier to wider use of solar heating and cooling is neither a shortage of Federal research dollars, nor a lack of technology; it's a limitation of demand in the marketplace.

If we are to overcome these problems, we would be wise to heed the observations of the Stanford Research Institute. In a recent study they mentioned the benefits that could devolve from substantial Federal and local government efforts to overcome these nontechnology restraints. Those efforts, according to the report, might include special depreciation policies, loan and interest incentives, and tax relief.

It seems to me that we must do more if we are to keep our pledge to encourage the growth of solar power. I would, therefore, urge my colleagues to join Senators HUMPHREY and TUNNEY in actively supporting my solar tax credit amendment. What we are asking is not some special benefit for a particular energy industry. The oil companies have had their depreciation allowance and, if the White House has its way, they will have still higher profits. But, if this tax credit amendment benefits anyone, it will be the consumers. It promises to help give them more freedom of choice as they shop the energy market.

I ask unanimous consent that the report from the Library of Congress together with supporting tables be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Cost and Distribution of Solar Installations in the United States

COST OF SOLAR INSTALLATIONS FOR HOMES

Solar hardware is commercially available which will (a) provide a substantial portion of a home or building's hot water; (b) provide a portion of a home or building's heat; and (c) provide both hot water and heat.

Water heaters

Solar water heaters are the simplest, lowest cost and most widely used of all solar technology. As with other solar hardware, the cost of solar water heaters depends upon their capacity, the materials used in their construction, the quality of their controls, etc. The Japanese, for example, market a very low cost system that has a black plastic bag as the collector element. In this country, a solar water heater with a copper-backed collector, back-up heating element, storage tank, and all the necessary controls and plumbing costs $1200 or more installed. Several types of solar water heaters are marketed at this time, but the most popular is probably the copper-backed collector with one glass cover. Such a system costs about $600. Installation, of course, is extra and this cost varies widely depending upon the building and local labor charges. On the average, however, a system capable of supplying from 75 to 90 percent of the hot water needs of a family of four will cost about $1000 installed.

Space heating systems

Since solar space heating systems typically include provisions for hot water, in this analysis it will be assumed that solar heating system includes hot water.

The cost of solar heating systems is difficult to estimate at this time due to the limited commercial experience with installation. There are probably fewer than 100 solar heated homes in use today. Most of these are custom built and many are experimental. Cost depends upon the level of solar dependency expected, the quality of the materials used, the type of system selected,* whether the system is installed in a new or an existing structure, the thermal requirements of the building and other factors.

The estimated cost of a solar heating/hot water system for a new house of about 2000 square feet in the Washington, D.C. area ranges from $3,300 (low estimate of the U.S. Solar Corporation of Hyattsville, Maryland) to $10,000 (high estimate of Sheldon Butt, president of the Solar Energy Industries Association). Everett Barber of the Guilford, Connecticut firm Sunworks, Ind. is quoted in the March 1975 issue of *Popular Science* as saying that the cost of solar heating systems will "probably be between 2½ and 3 times that of a conventional oil-fired hot-air system. For a $40,000 house, a heating installation will probably cost about $4,000 or $6,000 more with solar energy". In the August 14, 1975 *Dallas Morning News* it was reported that Raymond Fields of the ERDA solar energy division estimated it costs $3,000 to $8,000 to put solar heating and cooling into an average home. Based on these and other very rough estimates, it appears that a homeowner in this area might expect to pay about $6,000 for a solar heating/hot water system capable of meeting from 50 to 70 percent of the heat load and almost all of the hot water load of a 2,000 square foot house.

NUMBER AND DISTRIBUTION OF SOLAR HOMES AND BUILDINGS

The exact number of solar homes and buildings in operation today is not known. This is because many solar homes have been designed and built by the owner and their existence may not be widely known. Also, while some structures may meet a fraction of their thermal energy needs with solar hardware, it is unclear what part of the total energy requirement must be met by solar before the structure is considered a solar home".

A fairly comprehensive survey of solar heated and cooled buildings was conducted by the Building Research Advisory Board of the National Academy of Sciences under contract to the National Science Foundation in November 1974. Seventy-one solar heated or partially solar heated structures that were once operational, were operational at that time, or were expected to be operational very soon were identified. Since the Board's survey was conducted the number of solar structures built or planned has undoubtedly increased. Considering the current enthusiasm for solar energy, it would not be unreasonable to assume that at this time at least 100 solar houses and buildings are either operational or in design stage.

The following table is based on the Building Research Advisory survey. It identifies the number of solar structures (dwellings and buildings) either no longer operational, operational, or in the construction/planning stage in five geographic regions as of November 1974.

DISTRIBUTION OF SOLAR STRUCTURES

Northeast

Massachusetts

No longer operational—4 dwellings.
Operational—1 dwelling, 1 building.
Construction or planned—1 building.

Delaware

No longer operational—1 dwelling.
Operational—1 dwelling.

New Jersey

No longer operational—1 dwelling.

Maryland

Operational—3 dwellings, 1 building.
Construction or planned—1 dwelling.

District of Columbia

Operational—1 dwelling.

Connecticut

Construction or planned—2 dwellings.

Pennsylvania

Construction or planned—1 dwelling, 1 building.

Rhode Island

Construction or planned— 1 building.

New Hampshire

Construction or planned—1 dwelling, 1 building.

Vermont

Construction or planned—1 building.

New York

Construction or planned—2 buildings.
Total:
No longer operational—6 dwellings.
Operational—6 dwellings, 2 buildings.
Construction or planned—5 dwellings, 7 buildings.

South

Florida

Operational—1 dwelling.

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* Solar heating systems are either passive or active. Passive systems have no moving fluids; their operation is based on the high heat capacity of water held in steel drums or in heavy-duty plastic bags. Active systems can be either open or closed. In open systems water travels through grooves or slots over a blackened metal surface. The water is "open" to the outside air and subject to various thermal losses. In closed systems the water (or air) travels through copper, aluminum or glass tubes which greatly minimizes thermal losses. At this time industry seems to prefer the closed system commonly called a flat plate collector.

Virginia

Operational—1 building.
Construction or planned—3 buildings.

Alabama

Operational—1 dwelling.

Georgia

Construction or planned—2 buildings.
Total:
Operational—2 dwellings, 1 building.
Construction or planned—5 buildings.

Southwest

New Mexico

No longer operational—1 dwelling, 1 building.
Operational—3 dwellings.
Construction or planned—1 building.

Arizona

No longer operational—2 dwellings.
Construction or planned—1 dwelling.

Colorado

No longer operational—1 dwelling.
Operational—5 dwellings.
Construction or planned—2 dwellings, 2 buildings.

California

Operational—1 dwelling.
Construction or planned—3 buildings.

Nevada

Operational—1 dwelling.
Construction or planned—1 building.
Total:
No longer operational—4 dwellings, 1 building.
Operational—10 dwellings.
Construction or planned—3 dwellings, 7 buildings.

Northwest

Oregon

Operational—1 dwelling.
Total: Operational—1 dwelling.

Midwest

West Virginia

No longer operational—1 dwelling.
Construction or planned—1 dwelling.

Minnesota

Operational—2 dwellings, 1 building.
Construction or planned—1 dwelling.

Ohio

Operational—2 dwellings.

Michigan

Construction or planned—1 building.

Illinois

Construction or planned—1 dwelling, 1 building.
Total:
No longer operational—1 dwelling.
Operational—4 dwellings, 1 building.
Construction or planned—3 dwellings, 2 buildings.

THE FIRST PRESIDENT OF THE UNITED STATES

Mr. CLARK. Mr. President, as our Nation's Bicentennial approaches it is important that we reflect not only on the sacrifices of our forebears in the Revolutionary War but also that we remind ourselves of the most significant development of the period of Nation-building which began nearly 200 years ago. That development was the invention of the Federal union idea—an idea which since has been adopted by many of the world's democracies, most recently that of the Federal Republic of Germany.

This piece of history comes to mind as a result of the scholarship of Charles Havlena of Cedar Rapids, Iowa, who has sent me an article of his published in the magazine of the Daughters of the American Revolution back in August-September of 1962. In that article he points out that there were 14 men who held title "President of the United States in Congress Assembled" preceding the election of George Washington, but the office they held had no authority over the Thirteen States and was merely that of a presiding officer in the Continental Congress.

One is prompted to wonder what would have happened if a Federal Union had not been formed and if the States had attempted to function together without a President elected by all the States to head a central government with power to control interstate and foreign commerce and enforce the Constitution through a judicial branch.

But for the Federal Constitution adopted in 1788 we might be citing Peyton Randolph as our first President. More probably, however, we would be speaking of a nation that no longer existed.

Because of its interest in this period of Bicentennial preparation I ask unanimous consent to have printed in the RECORD the text of Mr. Havlena's article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From D.A.R. magazine, August-September 1962]

THE FIRST PRESIDENT OF THE UNITED STATES

(By Charles Havlena)

PRESIDENTS OF CONTINENTAL CONGRESS FROM 1774–88[1] AND DATE ELECTED

Peyton Randolph (Virginia), Sept. 5, 1774.

Henry Middleton (South Carolina), October 22, 1774.

Peyton Randolph (Virginia), May 10, 1775.

John Hancock (Massachusetts), May 24, 1775.

Henry Laurens (South Carolina), November 1, 1777.

John Jay (New York), December 10, 1778.

Samuel Huntington (Connecticut), September 28, 1779.

Thomas McKean (Delaware), July 10, 1781.

John Hanson (Maryland), November 5, 1781.

Elias Boudinot (New Jersey), November 4, 1782.

Thomas Mifflin (Georgia), November 3, 1783.

Richard Henry Lee (Virginia), November 30, 1784.

John Hancock (Massachusetts), November 23, 1785.

Nathaniel Gorham (Massachusetts), June 6, 1786.

Arthur St. Clair (Pennsylvania), February 2, 1787.

Cyrus Griffin (Virginia), January 22, 1788.

Concerning the assembling of the Congress of the Colonies, known as the Continental Congress, the United States in Congress Assembled, interesting references, sometimes incomplete, appear relative to the President of the Congress—his duties and term of office.

School texts rarely give the complete story when referring to a President of the United States in Congress Assembled. The interesting distinction may be found through careful research among official Journals of the Continental Congress, as well as authenticated writings of eminent historians covering the critical years 1774–88.

During 1774–88, before Gen. George Washington was inaugurated as the first President of the United States of America, the honored office of President or Chairman of the Congress was, by vote of the delegates from the 13 States comprising it, conferred upon 14 patriots. These patriots, while serving their term as President, were also, at the same time, State delegates to the Congress.

The President of the Congress was appointed, following a vote among the delegates to the Congress, according to Article IX of the Articles of Confederation, which states "the United States in Congress Assembled shall have authority to appoint one of their number to preside, provided that no person shall be allowed to serve in the office of president more than one year in any term of three years."

The President of the Continental Congress could vote, but he could not cast a deciding vote in case of a tie. He could serve on a committee, but could not appoint a committee. He could engage in debates. His only salary was that derived from the State he represented in the Congress as a delegate. An allowance was granted to him by the Congress for maintenance of his household.

Although presidency of the Congress brought a certain prestige to the State from which the incumbent President was also a delegate, no more power was vested in the President of Congress by the Congress than in any other delegate to it. As President or Chairman of the Congress, he, of course, was subject to close supervision of that body. At the instance and request of the Congress, he received and entertained, officially, representatives of other governments, signed documents as witness to acts of Congress, and wrote letters on their behalf. When he was absent from the Congress, a temporary Chairman was appointed to act in his stead.

The Articles of Confederation made no provision for separation of legislative, executive, and judicial powers, as provided in the Constitution of 1787, specifically, Article II, section 1, of the Constitution, which states "The Executive power shall be vested in a President of the United States of America", who derives his power from the same source that Congress derives its power, namely, the Constitution and the people. Under the Articles of Confederation, Article IX, the presiding officer of the Continental Congress, otherwise known as "the President of the United States in Congress Assembled", was President or Chairman of that body only, and not President of the 13 States of the then United States. No executive power was vested in him. Verifiable records show distinctly that no such offices as "President of the United States" existed until it was created by the Federal Constitution framed in 1787 and adopted in 1788.

In retrospect, however, each in the honor and dignity of his term of office as presiding officer, the 14 Presidents of the Congress gave, as did the other delegates, their best efforts, with those of Gen. George Washington and his valiant troops, toward the welfare of their country and to the advantage of posterity. Their selfless patriotic virtues we esteem highly as we commemorate, from year to year, the anniversary of the birth of immortal George Washington, the first President of the United States of America.

The significant date, February 22, betokens our deep feeling of gratitude to the first

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[1] 85th Congress, House Document No. 442, Biographical Directory of the American Congress, 1774–1961. The Continental Congress, September 5, 1774–October 21, 1788, and The Congress of the United States, from the 1st Congress to the 86th Congress, March 4, 1789, to January 3, 1961, inclusive. U.S. Government Printing Office.

President of the United States, Gen. George Washington, kindled in all loyal citizens and shown by their love of unfettered freedom under the law and abhorrence of brute force and tyranny.

DEPARTMENT OF STATE,
Washington, D.C., April 11, 1962.

DEAR MR. HAVLENA: I have your letter of March 29, 1962, making further reference to the Department's press release of May 9, 1932, entitled "The First President of the United States."

You are correct in your mention of Article IX of the Articles of Confederation and in your understanding that the presiding officer of the Continental Congress, otherwise known as the President of "the United States in Congress assembled," was president or chairman of that body only, and not President of the thirteen States of the then United States.

The office of President of the United States did not exist under the Continental Congress and the Articles of Confederation. Instead, it was created by the words of Article II, section 1 of the Constitution: "The executive Power shall be vested in a President of the United States of America." Both in fact and in law George Washington was the first President of the United States.

The Department will consider your suggestion of a new press release on this subject and, if adopted, will send you a copy.

Sincerely yours,

G. BERNARD NOBLE,
Director, Historical Office Bureau of Public Affairs.

April 30, 1962: Permission to reproduce above text granted in letter of April 27, 1962, "P/HO"—from the Department of State to Charles Havlena.

REFERENCES CONSULTED

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Who Was the First President of the United States? by Dr. E. C. Burnett, Carnegie Institution of Washington, D.C., 1932.

The Critical Period of American History, by John Fiske, 1888.

NOTE.—These books are out of print. However, available at the National Archives, Library of Congress.

HUMAN TRAGEDY ON CYPRUS

Mr. KENNEDY. Mr. President, press reports over the past several days have served to remind us once again of the continuing human tragedy on Cyprus. They underscore again how tragically little has changed for the beleaguered people of the island since Turkey's invasion and occupation of Cyprus 1 year ago.

Over 200,000 people—a third of the population—remain in need of humanitarian assistance as refugees, as people in distress, or as families torn apart by the effects of war and partition.

This past weekend, both the Washington Post and the New York Times carried dispatches from correspondents in the field documenting once again that the Turkish invasion has turned the island into shambles. In human terms, it has meant personal tragedy to thousands of families, both Greek and Turkish Cypriots. In economic terms, it has shattered the island's flourishing economy, which continues to deteriorate. And in political terms it has violated the integrity of an independent, sovereign state.

In too many quarters—including our own Government—the human dimensions of the Cyprus crisis, and the continuing plight of the people, has taken second place to the political and military issues at stake. The recent press reports from Cyprus remind us, however, that the people of Cyprus, especially the refugees, also have interests. For them, recent developments have simply prolonged their tragedy.

I strongly believe that the United States should not resume regular military shipments to Turkey unless progress is made simultaneously toward resolving the plight of 200,000 Greek refugees on Cyprus. This humanitarian crisis, created by the Turkish invasion last year, was—and remains—the fundamental cause which led to the arms ban by Congress.

Mr. President, I ask unanimous consent that a series of articles on Cyprus, which appeared in the Washington Post and the New York Times, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post]

GREEK CYPRIOTS GLUM—REFUGEES LOOK FOR LIGHTS IN OLD HOMES

(By Dusko Doder)

LARNACA, CYPRUS.—Every evening Spiro Illia, a displaced Greek Cypriot, takes a walk along a dirt road at the edge of the Akhna Forest refugee camp to gaze at his native village of Akhna a couple of hundred feet inside the Turkish-controlled area.

"We keep checking to see if the Turks are beginning to move into the village," he said. "They haven't done it so far. I know that because at night I can see lights in only one house. That house was taken over by Turkish soldiers."

Illia, 35, has a house and 70 acres of fertile farmland in Akhna village. He remains in the camp, about 15 miles northeast of here, because of persistent hopes that the Turks will relinquish at least parts of the territory they conquered by force 14 months ago.

Thousands of Greek Cypriots passed through the camp when they fled from the invading Turkish army. But only about 900 remain at Akhna Forest, on the grounds of the British sovereign base at Dhakelia. All of the remaining camp inhabitants are from villages that can be seen from the first road on the perimeter of the camp.

The Akhna Forest camp has no electricity or running water and seems hardly acceptable as a human habitation.

In contrast to dire predictions that economic ruin would follow the Turkish occupation of roughly 40 per cent of Cyprus, the Greek Cypriot community has been remarkably successful in absorbing, at least temporarily, devastating human and economic dislocations caused by the displacement. Nearly a third of the 520,000 Greek Cypriots who lived in the northern part of the island had their homes and businesses taken over by the Turks last summer.

Of about 180,000 refugees, some 14,000 still remain in tent camps. Other have moved into Turkish houses abandoned by their previous residents, who have moved northward and still others have moved in with friends and relatives. More than 2,000 are reported to have gone to Australia, Canada and other places to make a new start.

The plight of the tentdwellers is still the most acute human and political problem. "They are all waiting to go home," said Ekatarini Papandreau, supervisor in the kitchen of a government-run camp in Larnaca. "That is the only thing that keeps them going."

Mrs. Papandreau, who returned last month after three years in the United States, where she studied home economics and nutrition at the University of Alabama, said that only a few men in the camp have managed to get jobs.

There is an atmosphere in the camps of general resentment toward the Americans, who are blamed for not preventing the Turkish invasion. There is also a sense of disappointment with the leaders of the Greek community for failure to reach a political settlement with the Turks that would allow the refugees to return to their homes.

The men hang around makeshift cafes run by refugees. The women sit in the shade of their tents, doing embroidery. Although resources are meager, the tents are immaculate and the inhabitants are well-dressed, and seem to have maintained their self-respect.

Yet 14 months of uncertainty and repeated failures in the talks between Greek and Turkish community leaders have left their imprint.

"Each time there are talks we keep hoping," said Spiro Illia. "You could say that we live from one event to the next, hoping." Illia is disenchanted with the hardline approach of President Makarios and prefers the more "realistic" approach of Glafkos Clerides, the Greek Cypriot negotiator and rival of Makarios.

"I trust Clerides more than I do Makarios. Clerides is realistic and always tells the truth," he said.

"I don't believe in either Clerides or Makarios," said Georgios Nicolas, 28, also of Akhna. "Seems to me everybody is making fun of us."

Before the invasion, Illia used to grow fruit and vegetables and sell them in Famagusta, a port city 10 miles east of Akhna. He, his wife and their two children fled, losing all their belongings.

Nicolas was somewhat more fortunate. He escaped with his wife and their two small children and also managed to take along his flock of sheep. Now Nicolas sells milk and meat.

As the fierce late September sun beats down on this Mediterranean island, the men sit in a makeshift cafe, drinking thick Turkish coffee, playing cards, reading newspapers and listening to the news on a small transistor radio.

"I want to work, but there is no work," said Illia. "So we sit here all day long waiting, playing cards."

Several hundreds of those who grew tired of waiting have returned to their homes in the Turkish area under an agreement reached in the intercommunal talks two months ago.

Last week one such group of 61 was given a tearful sendoff in Nicosia as if they were leaving for a distant land, instead of the Carpas area about 50 miles northeast of the capital.

Among them was Costakis Panagides, a 36-year-old teacher, his wife Marula and their two children. "Only 10 days before the invasion I finished my house," Panagides said. The family wants to return to Yallusa, a village of 2,000 situated on the northern coast of the Cyprus panhandle.

"We don't know what is going to happen when we get there," he said, but the desire to return to their own home despite an uncertain future is strong. Besides Panagides said, "the Greek children of Yallusa need their teacher."

Other refugees insist that all of them must be allowed to return to their homes before peace can be established on the island. As Spiro Baburis, 40, said: "We will have to be patient and wait. If we are not allowed to go back we will eventually fight the Turks and recover our land and homes. We will never give up."

The Greek Cypriots have managed to absorb the impact of the dislocations in part because of the patriarchal nature of their society and close family ties. Yet economic losses have been massive and business was poor this year.

The government has sought to reactivate the economy in the Greek area through a series of measures, including tax incentives to stimulate savings and investments. But the Turkish-occupied area includes the island's most developed and productive regions which supplied roughly 70 per cent of Cyprus's gross national product.

Moreover, the main tourist areas—Kyrenia and Famagusta—are in Turkish hands.

"I am getting poorer every day no matter how hard I work," said Berge Tilbian, a wealthy real estate developer of Aremnian back ground who estimates that he has lost $8 million in fixed capital assets in the North, including his home in Kyrenia. "Banks continue to charge interest on my loans."

But Tilbian believes that "we could rebuild this island and rebuild it better" if Cyprus remains an economic unit. "We have to work out some sort of partnership with the Turks, there is no other way. Physically, we are like the Siamese twins. We have to do many things in tandem."

[From the Washington Post, Sept. 28, 1975]

ARMY SHIELDS TURKS "LIVING OFF FAT" IN NORTHERN CYPRUS

(By Dusko Doder)

NICOSIA.—A special air of unreality hangs over the Turkish part of Cyprus. Banner headlines are proclaiming the intention of the Turkish Cypriot leaders to declare independence. Yet, some politicians oppose the idea, at least for the time being, and are making their views known.

Radio propaganda makes it sound as if a meaningful political debate is under way. But everyone here knows that Turkish Cypriots have little influence on political developments here and that the Turkish army rules northern Cyprus with a firm hand.

In 14 months since the Turks invaded the island, the north has been drawing closer to Turkey. Symbolically, the north is on "Turkish Time," an hour ahead of the Greek Cypriot area; the red Turkish flag with gold crescent is seen everywhere; and busts of Kemal Ataturk, the founder of modern Turkey, now adorn virtually every square and public building in the region.

Economic links to Turkey, which appear to foreshadow lengthy mainland domination, include the increasing use of Turkish currency, the meshing of the banking systems. Turkey's control over the Turkish Cypriots' foreign exchange dealings and subsidies from the mainland of an estimated 80 per cent of the region's budget.

Stringent controls exercised by the Turkish military, which does not even pretend to be accountable to the Turkish Cypriot administration of Rauf Denktash, are raising doubts about the Turkish army's readiness to relinquish any portion of the two-fifths of Cyprus it occupied in the summer of 1974.

In the months immediately after the invasion, Western visitors had easy access to the Turkish-controlled areas. The Turkish army has since severely curbed access to the territory and visitors are permitted to travel only with an escort and after their itinerary had been approved by military security officers.

Under such conditions, conversations with Turkish Cypriots yield little hard information. Only part of my itinerary was approved by the military authorities and, in addition to a public information office escort, a police inspector was present during all conversations, including a talk with the chief district officer of the Western region.

The federated state, which Turkish Cypriots proclaimed in February, has become a social and political reality, albeit entirely dependent on Turkey's ecnomic and military support. There is some evidence of progress toward recovery in this once-flourishing area that was damaged during the war and then depopulated by the flight to the south of more than 100,000 Greek Cypriots.

Yet, official Turkish claims about economic well-being seem exaggerated. Only an hour after Turkish Cypriot spokesmen said that there is no unemployment in the Turkish area and that no mainland Turks are imported into the region, two hitchhikers provided evidence to the contrary.

One of them, Mehmed Ali, who arrived from Paphos, in south Cyprus, only two months ago, is still looking for a job. The other, Mejid Celik, a native of Turkey, said he arrived in Cyprus a few months ago and owned a restaurant at Morphou.

Did Celik buy the restaurant or at least invest some capital into the venture? Who told him to come here?

"Oh no, I have no capital to invest," Celik said. "I worked as a waiter in Turkey and I heard from a friend that there are business opportunities in Cyprus. I run the restaurant with a Cypriot business partner."

The most difficult problem facing the Turkish Cypriots is a lack of capital and skilled labor, although an equally important obstacle to economic development is the psychological effect of the forcible transfer of populations that has left the question of property ownership to await an eventual political settlement.

The people "are sick and tired of uncertainties," said Mehmed Sofi, chief civilian administrator in the Morphou area. Morphou, the most important citrus growing area of Cyprus, was completely settled only within the past two months in what is seen as an indication that the Turks may intend to consolidate their territorial gains along the present "Attila Line" that effectively partition the island.

"The principal problem is getting used to the new surroundings," Sofi said in a reference to difficulties involved in settling the largely rural ethnic Turks in the towns of northern Cyprus.

"Right after the war some people arrived here but they are not able to handle water pumps and irrigation facilities. Again this year the citrus groves were not handled properly. You understand, people don't want to work hard on something that doesn't belong to them; that's only human."

Yet, he continued, "things are perking up, slowly but steadily. We need more time, but compared to nine months ago when we first arrived here, we have come a long way."

Did they intend to keep Morphou for good?

"Well, we could move our people out of here if a settlement is reached soon. But if there is no settlement within the next two years, it will be almost impossible to oust them from this region," Sofi said.

According to Police Inspector Aziz Emin, the resettlement of Morphou has followed the general pattern applied in other parts of northern Cyprus. The Turkish settlers were moved into houses vacated by Greeks; those Turks who owned shops in the south were given shops formerly owned by Greeks; and land was distributed for use and cultivation without consideration for its legal status.

"Right now the Turks are living off the Greek fat," said one diplomat with regular access to the Turkish sector. The Turkish army has requisitioned millions of dollars worth of goods found in the port of Famagusta when it was occupied last year. Famagusta was the island's principal port as well as the main tourist center.

"But what about next year or the year after next?" he added.

The militarized nature of the north has kept hotels empty while the lack of skilled labor has severely limited citrus exports. Tourism and citrus exports were the two main sources of foreign exchange for Cyprus before the war.

According to some diplomats, a considerable portion of the Turkish Cypriots now resent Turkey's massive military presence. The 40,000 Turkish soldiers living among 110,000 Turkish-Cypriot civilians in northern Cyprus are always in evidence. One can hardly drive a few miles without coming across a checkpoint or seeing Turkish tanks.

Talking with Turkish Cypriots in the presence of police and government officials, such resentment is not evident, however. Indeed, there are sentiments that the army should take over the entire island. As Azyun Faik, a 28-year-old sales representative, put it, "The whole of Cyprus belonged to the Ottoman Empire. Isn't that correct?"

[From the N.Y. Times, Sept. 27, 1975]

CYPRUS WINE TOWN IS FESTIVE NO MORE

(By Steven V. Roberts)

LIMASSOL, CYPRUS.—For years Limassol staged a wine festival every September, complete with dances and contests, heaps of food and generous samples of the local grape. A huge wooden figure representing a vine grower that towered over the festival grounds bore the legend: "Drink wine for an easy life."

This year there is no festival in Limassol and the slogan has become a painful mockery. "People are not in the spirit, they're not in the mood for that," the Mayor, Fotis Colakides, explained.

This pleasant port city has had a reputation for gaiety since Richard the Lion-Hearted married Princess Berengaria of Navarre near here in 1191. It was not directly involved in the fighting last year, when Turkish troops occupied 40 per cent of the island. But life has changed in countless ways, one of which the Mayor mentioned: the loss of spirit. The people seem to plod listlessly through time, barely surviving on the thin diet of frail hopes and faltering illusions.

"Cyprus is such a small country," said the Mayor, who has an architecture degree from Harvard. "There is not a single family in Limassol that doesn't have trouble—a death, a refugee, someone who is suffering."

BRITISH AND TURKS GONE

Before the coup against President Makarios last summer that provoked the Turkish invasion, Limassol had 65,000 people, including 10,000 Turkish Cypriots and 4,000 British servicemen stationed at the Akrotiri air base. When the fighting started the British were evacuated and never returned. All but a handful of the ethnic Turks have fled to the northern sector, which is controlled by Turkish troops.

In their place the city has absorbed 40,000 ethnic Greek refugees. Some live in tent camps, but most have found space in vacant flats, half-finished buildings or the homes of relatives. Though they span a range of occupations and incomes, most seem to share a sense of hopelessness—a feeling that life is out of their control.

Ioannis Michael, a citrus farmer from the Morphou district, reads the newspapers, walks streets, sips coffee, plays cards and waits for the job that never comes. "I worked to create my land and property" he said in a coffee house crowded with idle men. "Now I depend on others to feed me."

Then there is the wealthy industrialist, a man who started with nothing and rode the crest of the pre-invasion prosperity. "I have 40 years of work in Famagusta," he moaned recently after several drinks. "I traveled all over the world, I stayed in the most famous hotels, I was a millionaire! Today I'm a second-class citizen in Limassol."

"Family life as it used to be known in Cyprus has changed," Mayor Colakides explained. "This is a part of the world where family ties are very strong, and a family of five or six people probably lived in their own house, maybe with a garden. Now they might live in one small room, all of them, and the children are bound to look for entertainment outside the house. They can't stay together as they used to."

For many months after the fighting life stood still here. Day after day, the refugees waited, hoping to go home. Gradually many have been forced to look for work, or revive their businesses in a new setting—cafes, shipping agencies, a few factories with limited production.

Yet Limassol has an unreal air. Just about every ethnic Greek insists that any settlement must permit all refugees to return home; most independent analysts consider the idea totally unrealistic. But as a Greek official cautioned, the secret must be kept for the illusion is essential. The alternative is so bleak that few can face it squarely, at least not yet.

Some Cpyriotes have simply decided to leave, and one of the few remaining social events in Limassol is the going-away party. A student who attended one recently for a family that was moving to Nigeria found the scene pathetic.

"They waited and waited and waited, they stayed a whole year and couldn't find anything," she said. "Maybe that's why the people in the United States cannot understand our problem—nothing like this has ever happened to them."

Long-time residents of Limassol have their own problems. Their high school, designed for 1,000 students, is crammed with three times that number. Municipal revenues have dropped and plans for improving the town waterfront have been shelved.

A bookseller says his trade is down 40 per cent. Auto dealers are trying to re-export their stock since there is no market here. A big new tourist hotel is closed for lack of business.

FIERCE COMPETITION FOR JOBS

The competition for jobs is fierce, and young people just out of school usually lose.

The wealthy of Limassol have not escaped either. Nikos Pattiches, a prominent landowner, is driving a small Renault instead of a big Mercedes, wearing last year's clothes, eating frozen meat, drinking domestic liquor and turning off the air-conditioning.

Kyriacos Hamboullas lost about $70,000 worth of canned citrus fruit that was waiting at Famagusta when the war broke out. Today his canneries are operating at about 30 per cent of capacity because most of the orchards are in Turkish hands.

Panikos Harakis, a major land developer, catered to Cypriotes living abroad who wanted to invest in apartments back home. He has cut his prices almost in half but still cannot find buyers.

The government will guarantee loans to businesses directly related to the export trade, but private banks refuse to take risks on their own. "In this unsteady situation," Mr. Haraskis noted, "they have no trust about what will happen on the island."

Fed people in Limassol have trust. After more than a year the Turkish troops have not gone home and real peace has not come any closer. The easy life is over, and even wine will not bring it back.

[From the New York Times, Sept. 29, 1975]

TURKS FULLY COLONIZE CITRUS REGION OF NORTHERN CYPRUS

(By Steven V. Roberts)

MORPHOU, CYPRUS.—This provincial capital, the center of a rich citrus-growing area in northwestern Cyprus, has been thoroughly colonized by Turkish Cypriotes from the south.

The Greek Cypriotes have been hoping to recover Morphou as part of a settlement of the Mediterranean island's political future, but the ethnic Turks show no willingness to return to the region, a prime source of exports and foreign exchange.

This development reinforces an impression given for many months: The Turkish side is determined to keep most of the territory captured last summer and is reluctant to make significant concessions to gain agreement.

Fourteen months ago the military Government then in control in Athens helped stage a coup here, temporarily unseating President Makarios and provoking an invasion by Turkish troops. When the fighting ceased the ethnic Turks, who are a fifth of the population, controlled 40 per cent of the territory and 70 per cent of the productive resources and the Athens regime had fallen.

Since then the Turkish side has been pursuing its aim of dividing Cyprus into separate states, and today 110,000 Turkish Cypriotes—all but 125 who chose to remain in the south—have moved to the north.

This region also contains 9,000 Greek Cypriotes. Here in Morphou more than 1,000 ethnic Greeks were left after the fighting ended, but the last departed for the south about two months ago.

Ethnic Turks here, who insist that the ethnic Greeks were not mistreated and left voluntarily, object to proposals that would allow some to return to their homes—even if the area remained under Turkish control.

"I don't think the Greeks could live comfortably here," said A. C. Karahan, a policeman. "They would feel like a minority. They would live like second-class citizens, the way we did on the other side."

Journalists must receive permission from the Turkish military to travel through the north and must be accompanied by guides. Despite the restrictions, two days in the region provided some impressions of what is called the Turkish Federated State of Cyprus.

Virtually all Greek vestiges have been expunged. Signs are in Turkish, prices are quoted in Turkish lira, the book and record stores are stocked almost entirely with Turkish works.

In Morphou, as in most towns, the central square has been spruced up and a bust of Kemal Ataturk, founder of the Turkish Republic, has been erected. The bright red Turkish flag flies everywhere. The Cypriote Orthodox churches have been padlocked and an old generating station has been converted into a mosque.

TROOPS AND PHOTOGRAPHS

Turkish troops stroll the streets or barrel around in jeeps. A photo studio is offering them pictures of themselves standing astride a map of Cyprus.

Turkish Cypriotes are ambivalent about the situation.

Arif Suyleman, the owner of a record store, who said his father had been killed by ethnic Greeks in the south, expressed a common feeling when he said: "The main thing is to live under our own flag, to live freely. We're fed up with war, with the life we had on the other side."

But many ethnic Turks, like the ethnic Greeks now refugees in the south, left the fruits of a lifetime. Ali Churuk looked around his small grocery and mused wistfully about his losses in Paphos: 30 barrels of oil, six tons of sugar, seven tons of rice, a new seven-room house with bedrooms overlooking the sea.

Mr. Churuk resents those who got here first and grabbed up the biggest homes and nicest shops, but he is not sorry he came. "Life is better than money," he explained.

The Turkish troops were welcomed as heroes a year ago, but now the fear of the Greeks has diminished and irritations have developed. "The soldiers are from a different country," a Turkish Cypriote youth complained. "When they see someone from the mainland they act warmer towards them than us."

ECONOMY TERMED STAGNANT

Diplomats in Nicosia say the Turkish Cypriote economy is gripped by stagnation, that the area is living off loans from Turkey and profits from plunder, that the ethnic Turks lack the expertise to run the factories, farms and hotels left behind by the ethnic Greeks. Turkish-language newspapers are filled with charges of corruption and inefficiency.

The Turkish Cypriote administration under Rauf Denktash keeps issuing upbeat reports, and in Morphou many businesses appear to be operating normally, but the region has a drab and sleepy appearance with buildings unfinished, factories closed and hotels unfilled.

"The criticisms about the economy are right," a government employee commented. "We've been kept down by the Greeks for many years and don't have the experience. But we're optimistic that things will get better in time."

About 75 per cent of the farmers who settled in the Morphou area did not know anything about citrus, so technicians had to be imported from the mainland to keep the orchards going.

The economic problems are intensified by the unnatural split between the two regions. A copper-processing plant 10 miles from here lies idle because the mines that supply it remain in Greek hands. Shopkeepers cannot get cheese or envelopes or auto parts because ethnic Greeks hold the import franchises.

Like the Greek side the Turkish community suffers from pervasive political uncertainty. Tourism and private investment remain sluggish. Until there is a final settlement no ethnic Turk can be sure where he will live or what he will do. And if the Turkish side keeps Morphou, it will be difficult to achieve the settlement that would resolve that uncertainty.

TACKLING TACONITE

Mr. MONDALE. Mr. President, the Wall Street Journal the other day carried an article entitled "Tackling Taconite." Ralph E. Winter, author of the article, discusses the production of iron pellets from taconite, and the boom that is currently taking place in northern Minnesota as a result of the expansion of that industry.

The Mesabi Range in Minnesota throughout most of the 20th century provided the iron ore required for industrial expansion in the United States. After World War II, however, the high-grade ore began to run out, leaving communities on the Iron Range with an uncertain economic future.

Today the future prospects of communities like Hibbing, Eveleth, and others on the range have improved considerably as a result of a major shift away from reliance on imported iron toward use of our abundant domestic taconite resources. The expansion taking place at five plants in northern Minnesota is providing new employment opportunities for area residents in that industry, as well as in housing, construction, and goods and services.

Mr. President, I ask unanimous consent that the full text of Mr. Winter's interesting and informative article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Tackling Taconite: Iron From a Gray Rock Shifts Gloom to Boom in Great Lakes Region; New Ore-Processing Plants Will Cut Foreign Needs and Profit Mining Towns; Like Raisins in a Rock Cake

(By Ralph E. Winter)

Hibbing, Minn.—Among the man-made canyons and mesas of the Mesabi Range, recession is an alien word. It's something that happens to other people on television or in the newspapers.

Nearly anyone here who wants a job can find one. Auto sales are at near-record levels, houses are snatched up as soon as they come on the market and all around this city of 18,500 there are signs of an industrial building boom.

The cause of this prosperity is the iron ore that since the last century miners have been digging from the twisting, brick-red canyons to build mid-America's industry, equip its farms and arms the nation to fight two world wars. Twenty years ago the iron-ore industry of the Great Lakes region—Minnesota, Wisconsin and Upper Michigan—appeared to be dying. Now it's undergoing a $2 billion expansion.

Seven major plants or plant expansions under way or completed will add a total of nearly 30 million tons of ore capacity annually, or about 35% of last year's total U.S. ore production. Five of these projects, with a total capacity of a bit less than 24 million tons a year, are here on the 110-mile-long Mesabi Range, and all are within 30 miles of Hibbing. The other two are in Upper Michigan. And at least four other big ore-expansion projects are in the planning stage.

The plants "are changing our economy 100%," says Robert Burk, vice president of Merchants & Miners State Bank in Hibbing. "For a while it looked like it was strictly downhill for this area. We were losing our young people and the population was declining." But now people are coming back.

UNCERTAIN FOREIGN SUPPLY

Only a few years ago Hibbing faced a bleak future as the rich red ore deposits of the Mesabi Range began petering out after 60 years of mining. All that was left were vast deposits of a hard, dark-gray rock called taconite.

The mining industry has long been aware that taconite is a vast source of iron (although the iron content is less than half that of top-quality ore). As the best ores began to run out, iron and steel companies began a limited development of taconite and at the same time greatly expanded their investment in foreign mining. The current taconite expansion is designed to reduce U.S. dependence on an increasingly uncertain supply of foreign ore.

Last year a third of the ore consumed by U.S. iron and steel plants was imported, primarily from Canada, Venezuela, Brazil and Liberia. But says H. Stuart Harrison, chairman of Cleveland-Cliffs Iron Co., "the steel industry is getting disillusioned with foreign ore." He notes that iron-ore facilities were recently nationalized in Chile, Venezuela and Peru and that nationalism is growing in Canada, Australia and throughout Africa. Iron-ore users also are fearful of their vulnerability to the potential vagaries of international minerals cartels.

Thus the industry has decided to develop more of the iron-poor taconite rather than the better-quality ores available abroad. As a result, a first-class boom has come to the Mesabi area on the strength of third-rate materials.

The significance of the taconite expansion extends far beyond these poplar- and birch-covered hills. The developments are possibly a preview of the direction that U.S. industry will be forced to take for the rest of this century in order to provide essential materials. Thus the oil industry is looking at shale as a source of oil, and natural-gas producers are experimenting with gasifying coal.

NIBBLING AT THE CAKE

What taconite lacks in iron content, it makes up for in sheer volume. There are billions of tons of taconite in Northern Minnesota, Wisconsin and Upper Michigan. In fact, many geologists believe that a thick layer of the rock probably extends under Lake Superior, connecting the outcroppings in the three states. Miners like to refer to the high-grade ore they have been extracting since the last century as raisins in a taconite cake. They have about consumed the raisins, but they have barely nibbled at the cake, they say.

A small amount of the rock has been processed over the past 20 years, but now with a huge investment in labor and capital, mining companies will start digging in earnest. And Hibbing, which is 75 miles south of the Canadian border, is a direct beneficiary.

The city stands on the end of a 3½-mile-long, 535-foot-deep serpentine gulch called the Hull-Rust mine, which is the world's largest open-pit iron mine. For about 80 years the mine supplied 687 million tons of ore to a score of mining concerns. First with horse-drawn scrapers, then with steam shovels and puffing locomotives and finally with diesel-electric excavators and trucks, the miners removed millions of tons of earth and rock. They piled it into huge mounds, hundreds of feet high, creating stark hills with steep sides and flat tops.

Now it is all but abandoned. But not for long. Near the edge of the canyon, Hibbing Taconite Co. is spending more than $300 million for a complex to mine and process the taconite from the huge pit. Hibbing Taconite is owned by Bethlehem Steel Corp., Steel Co. of Canada Ltd. and Pickands-Mather & Co., a subsidiary of Moore McCormack Resources Inc. Bethlehem and Stelco will use most of the ore, and Pickands-Mather will manage the project.

Hibbing Taconite alone has more than 1,000 construction workers on the job, and 2,000 more are employed at the four other new taconite developments along the Mesabi. As a result, every motel in the area is jammed, and several workers often have to share a room. The few homes and apartments for rent, or for that matter any inhabitable building, were grabbed up long ago. Supervisors who have brought their families with them are paying $45,000 for homes that brought $26,000 a couple of years ago.

In Virginia (Minn.), the Mesabi Range's second largest city, 25 miles northeast of Hibbing, Nick Pepelnjak, a real-estate salesman, complains that he never gets listings on older homes anymore. "They're sold by word of mouth as soon as they come on the market," he says. "Some newcomers even go from door to door asking if the owner wants to sell his home or knows of anyone else who does."

The prosperity promises to last. The five Mesabi taconite projects will employ about 3,400 people when they are completed by 1978. Another 1,000 jobs have been added by the recent expansions in Upper Michigan. And industry officials figure that for every new mining job, 2½ other jobs are created in the area in maintenance, hospitals or chemical plants supplying such things as explosives.

The jobs directly connected with taconite mining pay an average of $12,500 a year, which are high wages for northern Minnesota. They also provide opportunities for women, who are working alongside men in mining and processing.

Unlike the old days, these are year-round jobs. In the days when the high-quality ore was mined, work stopped in October and didn't start again until April because freezing weather halted ore washing. But with about $250,000 invested to provide each job, the new taconite operations won't close, even at Christmas.

A visit to the Hibbing Taconite mine illustrates the sort of investment that taconite exploitation involves. Bulldozers and shovels have cleared several feet of soil off a square mile of the rock. Gigantic, 170-ton truck that will haul taconite to the processing plant are being assembled at the site. The trucks are so immense that they must be shipped in sections on rail cars. Cranes swing the 12-foot-diameter wheels into position so they can be attached to the huge undercarriage. Each truck carries a ladder for the driver to climb to his perch 15 feet above the ground.

This large scale is made necessary by the economics of taconite mining. Because of the relatively low iron content of the rock, the plant must process 3¼ tons of taconite for every ton of iron-oxide pellets shipped. The waste rock will be flushed into a huge basin that is being created by damming a swampy area.

Plans call for the complex to start producing 5.4 million tons of pellets a year by mid-1976 (the industry measures its output in gross tons, equal to 2,240 pounds). That means handling about 50,000 tons of rock a day. When it is completed in 1978, the plant will produce 8.1 million tons of pellets annually. The pellets will contain 65.5% iron, which is a better feed for the steel industry's blast furnaces than even the best of the old natural ores (the pellets also contain oxygen, silica and trace elements).

The rock will be blasted out of the Hull-Rust pit with explosives. Hugh crushers, now being built, will break up the big chunks of rock. Then, 36-foot-high rotating drum grinders (each powered by a 6,000-horsepower electric motors) will reduce the pieces of rock to the consistency of talcum powder. Magnetic separators, big drums containing electromagnets, will then remove the iron oxides from the slurry pouring out of the grinders.

The black iron-oxide powder will be rolled into marble-size pellets and hardened by baking at 2,000 degrees Fahrenheit.

Similar taconite complexes are being built elsewhere along the Mesabi Range. Inland Steel Co. is putting up a 2.6-million-ton-a-year plant near Virginia, and U.S. Steel Corp. is adding six million tons of capacity at its plant at Mountain Iron, which is between Hibbing and Virginia. At Eveleth, just east of Virginia, a group led by Oglebay Norton Co. is expanding a taconite plant by 3.6 million tons a year. Armco Steel Corp. will own 40% of the new plant, Oglebay Norton 20.5% and two Canadian companies the rest.

A few miles on the other side of Hibbing, National Steel Pellet Plant, 85%-owned by National Steel Corp. and 15% by Hanna Mining Co., which is also the manager, is undergoing a $150 million expansion.

All these plants will use a similar process, grinding the rock and separating the iron magnetically. But over in Upper Michigan, Cleveland-Cliffs and several steel-company partners have just completed a $200 million plant near Ishpeming that uses a new chemical process to separate the nonmagnetic iron ore from the rock. There are vast reserves of non-magnetic ore in Michigan and Minnesota that could be developed with this process.

Cleveland-Cliffs' Mr. Harrison says that the pellets will cost a little more to produce than those being processed magnetically in another nearby company plant. But he says pellets produced by the new process are expected to be competitive with Minnesota ore because the new plant is closer to the major steel mills. The Michigan ore also has a higher iron content than that in Minnesota, which means that less rock has to be handled for each ton of pellets.

In fact Cleveland-Cliffs likes the chemical process so much that it is already planning an addition to the new plant, that together with an expansion at its nearby magnetic separation plant and an electricity-generating station, will mean an investment of about $600 million, Mr. Harrison says.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 2310, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, at the outset of the debate on this emergency gas bill, I would like to reiterate for the benefit of the Members of the Senate that upon the disposition of this measure, it is the leadership's intention to proceed to the consideration of S. 692, the bill dealing with the long-range solution to the natural gas problems facing this Nation.

It is my understanding that the floor managers of this emergency bill will resist any effort to mix the issues of the pending short-term emergency bill with the longer range solutions. I intend to fully support them in that effort as a way of addressing the natural gas emergency that faces us this winter.

It is my sincere hope that the Senate can vote up or down on the legitimate differences of opinion concerning the proper approach to an emergency measure and that no matter the outcome of those votes, the Senate can vote up or down on the final product without protracted debate.

The Senate would then be in position to move to the question of the permanent legislation and consider S. 692 and are amendments thereto in the context of as comprehensive price policy for natural gas.

The Acting President pro tempore (Mr. Metcalf) assumed the Chair.

Mr. PEARSON. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. HOLLINGS. Yes. I yield to the distinguished Senator from Kansas.

Mr. PEARSON. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. The pending business is amendment No. 934 by the Senator from South Carolina, and others.

Mr. PEARSON. Mr. President, my parliamentary inquiry is: Considering now amendment No. 934, which is in the nature of a substitute to the bill, I ask the Chair to rule as to how many amendments in the nature of a substitute may be offered.

The ACTING PRESIDENT pro tempore. Amendment No. 934 is considered original text and, therefore, two further substitutes would be in order, one in the first degree and one in the second degree.

Mr. PEARSON. Two further substitute amendments in the nature of a substitute for the original bill?

The ACTING PRESIDENT pro tempore. No. To amendment No. 934.

Mr. PEARSON. Amendment No. 934, which constitutes the first substitution?

The ACTING PRESIDENT. pro temport. That is correct.

Mr. PEARSON. I thank the Chair.

I remind the Senator from South Carolina that we have pending now about five amendments in the nature of substitutes. For instance, an amendment No. 918, in the nature of a substitute, by myself, and then there are amendments by Senators Fannin, Bartlett, and Stevenson. There are two amendments by Senator Bartlett and two amendments by Senator Stevenson.

I just make the first overture now. We have discussed this privately on Friday last with the Senator from South Carolina as to the possibility of entering some sort of unanimous-consent agreement so that all of those who have proposals to make to this proposition might by unanimous consent be afforded the opportunity of coming forward with each of their proposals. I do not press it at this time. But, in view of the ruling of the Chair, I think it might be well for all of those who are interested in this matter to seek to accommodate all the views and reach some unanimous-consent agreement so that each of these might be brought up.

Mr. HOLLINGS. As my distinguished friend from Kansas knows, we would like to consider natural gas legislation, in the most orderly way, but to actually obtain a unanimous-consent agreement about the seriatim of the introduction of substitute amendments, is just next to impossible.

For example, if one substitute is proposed, then I can see other perfecting amendments or other substitutes coming onto the floor.

I do not know that we would want to bind the membership at this time.

The Senator from Kansas has a glossary of about five, and I have about five or 10 amendments over here.

We did agree, I believe, on Friday that after I had made my little opening statement and the distinguished Senator from Ohio, the cosponsor, made his, we would then hear the Senator from Colorado on his proposal.

Mr. PEARSON. The Senator is correct. That is quite all right.

Mr. HOLLINGS. Then the Senator from Kansas would lead off. Let us work together toward that.

No one is trying to close off my amendment, or whatever it is, unless the Senator wanted to have a vote right now, which obviously he could not. He wants his colleagues to have a chance to submit their amendments.

Mr. PEARSON. The peculiar nature of the amendments to this particular bill, all of them being in the nature of a substitute to start with, the Senator is correct, and there will be perfecting amendments thrown in, I am sure, from every direction.

Mr. HOLLINGS. Right.

Mr. PEARSON. What I was trying to do was to protect—and I do not know who they all are really yet—all of those Senators who have amendments in the nature of a substitute, who seriously offer them, to give them a chance to do so without being cut off by the parliamentary ruling that only two, after the pending business, might be offered.

It is something I am sure we want to consider and talk about and ascertain if we can reach some accommodation.

Mr. HOLLINGS. Let us make it clear while we discuss this, that obviously the Senator from Kansas and Senator from South Carolina cannot amend the rules of the Senate. We cannot really govern how amendments come up. Several amendments have been filed and if one succeeds and cuts off the other substitute, we should not relate back. Let us say we are still discussing this on Wednesday. We should not relate back to the Monday morning opening when the distinguished Senator from Kansas and Senator from South Carolina were trying to assure each other that the particular substitutes will be submitted and be considered, because then all Senators offering amendments would come around with a parliamentary inquiry: "Where did you get that ruling? You and I have an understanding in contradistinction to the rule itself." Then there is a misunderstanding and other Members will be talking about the rules, and it will be total confusion.

But I get the feel and the sense. The only idea that the Senator from South Carolina has of compulsion at all is that we get an emergency bill. Since we are discussing it with the Senator from Kansas, while I have a lot of good amendments that I would like to see considered on the bill such as the comprehensive solution of the Senator from Kansas, or my own solution, I would withhold those and try to really fight off or to table all amendments that do not directly relate to this winter's natural gas supply emergency.

It may be that the Senator from Colorado has an amendment that does not directly relate to the emergency. While I agree with his amendment, I think it may be inappropriately submitted on an emergency bill. I will have to study it. I will not be moving to try to inordinately limit debate, but we must have some kind of finality to it. We need to move quickly to consider and pass the emergency bill.

Mr. HASKELL. Mr. President, will the Senator from South Carolina yield?

Mr. HOLLINGS. I am glad to yield.

Mr. HASKELL. That is without losing his right to the floor.

Mr. HOLLINGS. Yes.

Mr. HASKELL. This is merely for a comment.

I hope that the Senator from South Carolina, when he hears my amendment, would recognize that it is very properly on an emergency bill. I hope that the Senator would keep an open mind on that.

Mr. HOLLINGS. Yes.

Under the germaneness rule, obviously a lot of these will be germane to the emergency bill but not necessarily germane to the emergency.

With those opening comments, Mr. President——

Mr. FANNIN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. Yes.

Mr. FANNIN. Mr. President, I ask unanimous consent that the following staff members be given floor privileges during the debate and voting on S. 2310 and accompanying legislation: David Stang, Harrison Loesch, M. A. Shute, Gaye Vaughan, Fred Craft, Faye Wideman, Nolan McKean, Tom Imeson, Mike Hathaway, and Tom Biery.

The PRESIDING OFFICER (Mr. GLENN). Without objection, it is so ordered.

Mr. FANNIN. I thank the Chair and thank the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, natural gas supplies more than one-half of the energy used by industry. But supplies of natural gas will be critically short in many areas of the Nation this winter. Commerce Committee hearings on September 15 indicate that the areas likely to experience the greatest economic impact are the Mid-Atlantic States—from New York to South Carolina—and several other States—Ohio, West Virginia, and Kentucky. In the 14 States where natural gas curtailments are likely to be most acute this winter, 6.5 million employees work for industries using natural gas. Unemployment in these industries could increase drastically as natural gas curtailments cut into feedstock or process requirements where no substitute fuels are available. Other plants that can use alternate fuels may not be able to economically survive as natural gas curtailments force them to convert.

Frank G. Zarb, Administrator of the Federal Energy Administration, on September 10, 1975, stated:

> The Nation cannot afford a single moment's delay in taking the steps necessary to offset natural gas shortages expected this winter.

Last winter curtailments of natural gas supplies amounted to approximately 1 trillion cubic feet. The economic and unemployment impacts last winter were scattered and not significant nationwide, because alternate fuels were available and many gas consumers were able to convert to oil or propane. A mild winter reduced demand. Conservation programs were implemented in some areas and limited emergency natural gas deliveries were allowed under existing FPC authority. Consequently, at last year's level of curtailments, the Nation survived without significant adverse economic impact.

However, this winter's curtailments are expected to be 1.3 trillion cubic feet, a 30-percent increase over last year, if prompt remedial action is not taken. The Federal Power Commission estimates that some 0.2 to 0.3 trillion cubic feet of additional natural gas could be made available to interstate purchasers from intrastate sources. Since last year's curtailments had little or no effect upon employment, obtaining the quantities of natural gas which the FPC thinks are available could assure a situation no worse than a year ago.

Prompt enactment of emergency legislation could make a small but critical quantity of new natural gas available to the interstate market, possibly saving thousands and even hundreds of thousands of jobs that would otherwise be jeopardized by plant closures.

A principal reason for the shortage is that interstate pipelines cannot as a practical matter buy natural gas, except on the Federal domain, because of the higher price at which producers can sell their natural gas in intrastate commerce under existing law. Surplus gas is available in the intrastate market in sufficient quantities to prevent shortages that would otherwise cause widespread additional unemployment. The basic legislative remedy is to provide a priority for the interstate pipeline systems in distress to buy the gas on equal terms with intrastate purchasers.

S. 2310, as proposed to be amended by amendment No. 934, would assure maximum production and delivery to essential users and do so without inflating the price of natural gas. Although I say "as proposed to be amended," it has been amended now, with the substitute before the Senate.

Its principal provisions are:

First. The interstate pipelines experiencing curtailments of customers that cannot use alternative fuels are given a priority to buy natural gas in the intrastate market at the same price as intrastate purchasers. All other interstate pipelines can also purchase natural gas at the same price as intrastate purchasers if a priority interstate pipeline is not in a position to purchase the gas;

Second. An interstate pipeline that is not initially determined by the FPC to be a priority purchaser can, by application, become a priority purchaser if it can demonstrate that without such designation its essential users will be without necessary natural gas supplies;

Third. All natural gas wells must be produced at the maximum efficient rate of production;

Fourth. Electric powerplants capable of switching to coal or to oil can be ordered to switch if, first, air pollution standards will permit; second, the natural gas is needed and can be delivered to a priority purchaser; and third, the person receiving the gas pays the extra costs incurred by the utility required to switch, and any losses incurred by the affected pipeline;

Fifth. Natural gas needed for essential agriculture production will be supplied consistent with the goal of substantially limiting unemployment and maintaining gas supplies to residential users and to hospitals and products and service vital to public health and safety;

Sixth. Propane allocation and pricing authority under the Emergency Petroleum Allocation Act of 1973 are extended to assure that traditional rural and farm propane users are protected;

Seventh. The price of natural gas now sold in intrastate commerce would be maintained at current levels to avoid inflation that would otherwise occur by permitting the priority interstate purchasers to bid up the limited supply of available gas;

Eighth. Withholding of gas would be discouraged by requiring maximum production and providing that any gas withheld could never be sold at a price higher than that permitted during the emergency period;

Ninth: The interconnection provision in the bill as introduced, is deleted; and

Tenth. The bill is short-term emergency measure and would self-destruct on July 1, 1976.

The pricing provision of S. 2310 adopts the decontrolled prices that now prevail in the intrastate market; and it does not roll them back to the levels that the FPC prescribes for interstate sales. It does, however, prevent the inflation in those prices that would occur if the enormous demand of the gas-short interstate pipelines were permitted to bid up the price of the limited available supply. Mr. Nassikas, chairman of the Federal Power Commission testified at our hearing on September 15, 1976, that that price could go up to $3, in his judgment.

S. 2310 would provide relief for the pipelines that are in distress but it would also strengthen the gas supply posture of the other interstate pipeline systems. This is true for several reasons:

First. At present the interstate pipelines are unable to purchase natural gas in the intrastate market in competition with intrastate purchasers. Under S. 2310, pipelines in distress are given a priority over other pipelines for buying gas in the intrastate market at the same price as intrastate purchasers. But other interstate pipelines may also enlarge their opportunities for buying more natural gas where there is no priority interstate purchaser in position to purchase the gas.

Second. The provisions for maximizing production would enlarge the available supply for all pipelines.

Third. The only diversions of existing supply would be the gas supply for electric utilities who could in fact obtain other alternative fuels. And the customer receiving the diverted gas would be required to pay any extra costs incurred by the utility required to switch, and any losses incurred by the affected pipeline.

Fourth. The bill would not permit any diversion of natural gas from one pipeline system to another, except the utility boiler fuel as specified above.

These are measures that could be implemented this winter. They would minimize unemployment and assure full domestic food production if S. 2310 is enacted at once.

S. 2310 is by no means a complete solution to our natural gas problems. It is for this reason that the leadership is committed to taking up S. 692 immediately after this emergency legislation is disposed of. This will permit the larger debate over the fundamental issues of wellhead pricing to continue. But while that important debate is underway, it behooves us to send this emergency measure to the House so that we do not jeopardize the employment and the livelihood of thousands of workers.

Mr. President, we have section-by-section description of amendment No. 934, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

NATURAL GAS EMERGENCY ACT OF 1975 AS AMENDED BY AMENDMENT No. 934

SECTION-BY-SECTION DESCRIPTION

Section 1. Short title

Section 1 states that the bill may be cited as the "Natural Gas Emergency Act of 1975."

Section 2. Declaration of purpose

Section 2 states that the purpose of the bill is to establish emergency authorities to minimize the detrimental effects upon employment, food production, public health, safety, and welfare caused by natural gas shortages.

Section 3. Definitions

"Administrator" is the Administrator of the Federal Energy Administration (FEA) or its successor;

"Commission" is the Federal Power Commission (FPC).

An "essential user" is a user or class of user of natural gas (1) who, in accordance with criteria established by rule of the FPC, is determined to be a natural gas user for whom no alternative fuel is reasonably available, and (2) whose supply requirements must be met in order to avoid substantial unemployment or impairment of the public health, safety, or welfare.

"Federal lands" are lands, including subsurfaces, located within the United States (1) which the Federal Government owns or controls or (2) with respect to which the Federal Government has authority, directly or indirectly, to explore for, develop and produce natural gas. Federal lands include the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a). The definition of Federal lands is particularly relevant to the section 7 of this bill, authorizing the Secretary of the Interior or the appropriate State agency to require production of natural gas in designated fields at maximum efficient rates.

"Intrastate Commerce" is defined as commerce between points within the State so long as such commerce does not pass through any place outside such State.

The bill uses for its definition of "Interstate commerce" the definition provided in section 2(7) of the Natural Gas Act (15 U.S.C. 717a(7)). That act defines interstate commerce as, "commerce between any point in a State and any point outside thereof, or between points within the same State but not through any place outside thereof, but only insofar as such commerce takes place within the U.S."

"New natural gas" is defined as either (A) natural gas that has not been committed to interstate commerce by a contract made prior to September 9, 1975 and any (B) natural gas (i) committed to intrastate commerce by a contract which, on or after September 9, 1975, terminates and is not renewed, or (ii) is otherwise available during the supply emergency period. The amendment makes clear that surplus intrastate gas committed to intrastate pipelines is "new natural gas" under the bill and that such natural gas is not subject to Commission jurisdiction except as provided in the bill.

"Person" includes any governmental entity.

"Pipeline" means a person engaged in the transportation by pipeline of natural gas.

"Priority interstate purchaser" is defined as an interstate pipeline which the FPC determines is, to a significant extent, unlikely to obtain natural gas adequate to meet the requirements of essential users under any agreement—without regard to whether such agreement is for interruptible or firm service—to supply natural gas to such user by: (i) such pipeline; or (ii) a distribution company to which such pipeline supplies natural gas for purpose of resale. In designating a "priority interstate purchaser" the FPC is to take into account the pipeline's existing curtailment plan, if any, and the natural gas supplies available to such pipeline. In addition, any interstate pipeline may be designated as a priority interstate purchaser by the Commission if that pipeline that can demonstrate it will otherwise to unable to secure supplies of natural gas, to meet the needs of essential users through June 30, 1976 because of competition from interstate pipelines that have previously been designated as priority purchasers.

"Supply emergency period" is the period, or any part thereof, beginning on the date of this act's enactment and ending on July 1, 1976. (Note, however, that section 4 (except subsection (g)), 5, 6, 7, 8, and 11 of the act expire on midnight June 30, 1976.)

Section 4. Access by priority interstate purchasers to natural gas

Section 4 provides for the designation of "priority interstate purchases" by the FPC, for the establishment of area ceiling prices for the first sale of new natural gas, and for the manner of sale of new natural gas produced on lands located both onshore in the United States.

(*a*) *Designation of priority interstate purchasers.*—The FPC is directed in section 4(a) to designate priority interstate purchasers at a time not later than the end of the 15-day period after the bill's date of enactment, and as necessary throughout the supply emergency period, upon petition or its own motion. A priority interstate purchaser is defined in section 3.

Section 4(h) provides that such a priority interstate purchaser obtains priority only to the extent necessary to meet the requirements of essential users. The FPC is directed to take steps, as authorized by the Natural Gas Act, to assure that any additional supplies of new natural gas obtained by a priority interstate purchaser are made available to essential users.

(*b*) *Establishment of area ceiling prices.*—Section 4(b) directs the FPC to establish ceiling prices for the first sale of new natural gas—excerpt first sales of natural gas produced from lands on the Outer Continental Shelf—for areas designated by the FPC. To determine the area ceiling price, the FPC must first ascertain as best it can the average sales price for contracts entered into or renewed during the period from August 1, 1975 through August 31, 1975 for natural gas produced and sold in intrastate commerce in the designated area. The FPC is then directed to set as the ceiling price for natural gas an amount which approximates, to the maximum extent practicable, the average sales price for such intrastate contracts during that period. In some producing areas there may not have been any intrastate sales of natural gas in August. In this case the Commission is directed to establish a ceiling price by rule based upon the average August sales prices in a similarly situated area, or prices charged in the same area during previous months. This provision assures that current prevailing intrastate prices will remain in effect during the supply emergency period.

No producer may charge and no purchaser may pay a price for the first sale of new natural gas occurring beween September 8, 1975 and June 30, 1976 that exceeds the applicable area ceiling price, or, if such new natural gas is purchased from an intrastate pipeline, the interstate purchaser may pay a price that does not exceed the intrastate pipeline's acquisition cost of such gas pursuant to contracts entered into prior to September 8, 1975 plus a reasonable charge for any transportation services rendered by the seller. To facilitate purchases from intrastate pipelines, the enforcibility of contractual provisions impeding movement of gas across state lines is ended. If the FPC determines that natural gas could have been produced and sold, but was not produced and sold during the period that this section is in effect, such natural gas may not thereafter be sold for more than the ceiling price applicable to the area, notwithstanding the expiration of the bill.

(*c*) *Sales of new natural gas produced from onshore.*—A producer or other seller of new onshore natural gas may sell such in intra- or interstate commerce at the prevailing intrastate price established by the Commission. There are no restrictions on intrastate sales, but in interstate commerce, the pipeline in greatest need has a first option to purchase. Thus, no new natural gas produced from onshore lands may be sold in interstate commerce unless the purchase is a priority interstate purchaser or a person acting on his behalf. However, such natural gas can be sold to a non-priority interstate purchaser only if the natural gas producer has filed notice of an offer or proposed contract to sell natural gas with the FPC at least 15 days prior to sale, and no priority interstate purchaser offers to purchase the gas under terms and conditions which the FPC determines are substantially similar to those of the proposals to sell to a nonpriority interstate purchaser. Moreover, if within this 15-day period a priority interstate purchaser offers to purchase such new natural gas under terms and conditions which the FPC determines are substantially similar to those of the sales proposal filed with the FPC, the FPC shall, by rule, prohibit the sale to any interstate pipeline other than a priority interstate purchaser or person acting on his behalf.

By virtue of section 4(e)(3), these restrictions on the sale of new natural gas produced from onshore lands do not apply to sales of new natural gas by a producer to a pipeline where the producer is a subsidiary of the interstate pipeline, where there is an advance payment financing arrangement between such producer and such pipeline which grants the pipeline a right of first refusal, option, or other priority claim to natural gas produced from a property as consideration for advance payments made to such producer to finance exporation or development, or where the new natural gas is sold pursuant to the Natural Gas Act under a contract that is longer than two years.

Thus an advantage for obtaining new supplies of natural gas is given priority interstate purchasers, or other interstate pipelines if there is no priority interstate purchaser. The bill provides that an interstate purchaser may purchase new natural gas from lands not on the Outer Continental Shelf, provided the price of the first sale does not exceed the applicable area ceiling price established by the FPC. This puts the interstate purchaser in a competitive position with intrastate purchasers—both are subject to the applicable area ceiling price—and gives him a competitive edge over interstate pipelines that are not priority purchasers. Any such first sale price is deemed just and reasonable for purposes of section 4 of the Natural Gas Act of 1938, and any such sale to an interstate purchaser shall not require certification under section 7 of that act.

(*d*) *Sale of natural gas produced from lands located on the Outer Continental Shelf.*—Subsection (d) provides that all new natural gas produced from lands located on the Outer Continental Shelf are to be sold in interstate commerce. The bill, as amended, would not otherwise affect current law regarding production of natural gas from the Outer Continental Shelf.

Section 5. Availability of gas for agricultural users.

Section 5 is designed to assure, to the maximum extent practicable, the availability of natural gas that is necessary for essential agricultural, food processing or food packaging purposes. To effectuate this objective, the Secretary of Agriculture is directed to designate essential agricultural food processing or packaging purposes for which natural gas is necessary; and the FPC is empowered to prohibit any interruption or curtailment of natural gas supplies for such uses.

(*a*) *Designation by the Secretary of Agriculture of essential agricultural users.*—In designating essential agricultural and food processing or packaging purposes, the Secretary of Agriculture must comply with the following guidelines. First, section 5(a)(1) provides that such essential purposes include, but are not limited to, irrigation pumping, crop drying, feedstock or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants—in their present or expanded capacity—and in new plants.

Second, the Secretary of Agriculture shall not determine any use of natural gas to be necessary if such use is as boiler fuel to serve (1) the expanded capacity of existing facilities, (2) an existing facility for which natural gas supply contracts have expired, (3) new facilities, or (4) existing facilities that have practical, alternative-fuel burning capabilities.

Third, the Secrtary of Agriculture shall certify to the FPC the volumes and identities of users of natural gas determined to be necessary for essential agricultural, food processing, or food packaging purposes.

(*b*) *FPC authority to prohibit interruption of natural gas supply to designated agricultural users.*—The bill requires the FPC to asasure that the necessary natural gas is available for the purposes designated essential by the Secretary of Agriculture. Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, section 5(a)(1) directs the FPC to prohibit any interruption or curtailment of natural gas supplies for uses designated essential under this section and take such other actions authorized by the Natural Gas Action which the FPC determines to be necessary and appropriate to asure that the agricultural user receives his required gas supplies from the pipelines that serves him. The FPC is to act by rule, upon petition or its own motion.

Finally, section 5(a)(2) provides that any action taken by the FPC under this section must be consistent with (1) the goals minimizing unemployment attributable to interruption of natural gas supplies and (2) the maintenance of natural gas supplies to residential users, small users, and hospitals and for products and services vital to public health and safety.

Section 6. Prohibition of the use of natural gas as boiler fuel

Section 6 requires the FEA Administrator to enact rules prohibiting our curtailing, under circumstances specified in the bill, the use of burning of natural gas by powerplants. The FEA Administrator is further required to enact rules providing that natural gas made avaliable by such prohibition or curtailment must be sold to priority interstate purchasers.

(*a*) *Prohibition or curtailment of natural gas uses by powerplants.*—Section 6(a) provides that the Administrator of the Federal Energy Administration shall, by rule, prohibit any powerplant from burning natural gas if he determines that—

(1) such powerplant had, on September 1, 1975—or at any time thereafter—the capability and necessary plant equipment to burn petroleum products or can readily obtain such capability and equipment;

(2) the burning of petroleum products by such plant in lieu of natural gas is practicable;

(3) petroleum products will be available during the period the order is in effect; and

(4) natural gas made available as the result of such prohibition could be available, directly or indirectly, to a priority interstate purchaser.

A rule under this subsection would not take effect until the date certified by the Administrator of the Environmental Protection Agency as the earliest date which such plants can burn available petroleum products in compliance with the Clean Air Act—including any applicable implementation plan. In addition, a rule under this subsection would not take effect if the FPC certified to the FEA Administrator that the prohibition would impair the reliability of the service in the area served by the powerplant.

Section 6(b)(1) provides that the FEA Administrator shall, by rule, prohibit the use of natural gas by any powerplant if the Administrator determines—

(A) that alternative supplies of electric power are available to the electric power system of which such powerplant is a part;

(B) that the generation of such alternative supply of electric power will not result in an overall increase in consumption of natural gas; and

(C) natural gas made available as the result of such prohibition could be made available, directly, or indirectly, to a priority interstate purchaser.

A rule under this subsection is not to take effect if the FPC certifies to the FEA Administrator that the prohibition would impair the reliability of service in any area served by those affected electric power systems.

The bill specifies two exemptions from this section. First, the FEA Administrator is directed to exempt from any rule under this section the burning of natural gas for the necessary process of ignition, start-up, testing, and flame stabilization by powerplants. Subject to this exemption, the FEA Administrator may make a rule which prohibits the use of all natural gas burned by the powerplant or which prohibits such use for periods of time or for specified amounts of natural gas.

As for the second exemption, section 6 does not apply to any powerplant whose maximum daily use of natural gas does not exceed 50 Mcf.

"(*b*) *Transfer of prohibited or curtailed natural gas to priority interstate purchasers.*—The bill requires the FEA to adopt a rule providing that natural gas made available as a result of this section shall not be sold to any person other than a priority interstate purchaser or a person acting on behalf of such purchaser, that is a person operating a gathering facility.

The price paid by priority interstate purchasers for such transferred natural gas shall not exceed the amount charged to the user or supplier whose use is curtailed or prohibited by section 6. Moreover, the person to whom such sale of transferred natural gas is made is required by the bill to compensate the curtailed user and his supplier. Such compensation is to be in an amount equal to any net increase in reasonable costs and any other losses incurred by the user or supplier as a result of the order issued by the FEA resulting in the transfer. Such compensation shall be in an amount agreed upon by the parties, or if the parties are unable to agree, in an amount determined by the FPC as expeditiously as possible, but in any event within 30 days.

For purposes of this subsection—

"Curtailed user" means a powerplant to which a rule under this section is applicable.

"Transferred natural gas" means natural gas which a curtailed user does not consume by reason of a rule under this section and which is made available to another person.

A person is a supplier of a curtailed user if he sold natural gas to such user, or sold natural gas to any person for resale—directly or indirectly—to such user and would include at least the producer, pipeline and distribution company.

(*c*) *Other provisions.*—For purposes of this section, the terms "powerplant" and "petroleum product" have the same meaning as such terms have under section 2 of the Energy Supply and Environmental Coordination Act of 1974.

Section 2(f)(1) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out "June 30, 1975" and inserting in lieu thereof "June 30, 1976." This provision extends the FEA's authority to require powerplants and other major fuel users to convert to coal.

This section (other than subsection (i)) does not affect any authority under the Energy Supply and Environmental Coordination Act of 1974. This assures that where a powerplant has the necessary capability to convert from natural gas to either oil or coal, the conversion will be made to coal.

Section 7. Production of gas at the maximum efficient rate

Section 7 provides for the production of natural gas at the "maximum efficient rate of production" for designated fields which produce or can produce significant quantities of natural gas.

Amendment No. 934 would delete the authority originally contained in S. 2310 as introduced to require production at the temporary emergency rate to prevent any possible reductions in ultimate recovery. The "maximum efficient rate of production" is the maximum rate of natural gas production which may be sustained without loss of ultimate recovery of crude oil or natural gas—or both—under sound engineering principles.

(*a*) *Designation of "maximum efficient rate" of gas producing fields.*—Within 45 days after the bill's enactment, the Secretary of the Interior must determine, by rule, the maximum efficient rate of production for each field on Federal lands which the Secretary determines produces or can produce significant quantities of natural gas.

Each State may determine the maximum efficient rate of production for each field within the State other than on Federal land which the State determines produces or can produce significant quantities of natural gas. If, 45 days after the enactment of this act, a State has failed to make a determination, the Secretary of the Interior may specify the maximum efficient rate of production for any field located in that State which the Secretary of the Interior determines produces or can produce significant quantities of natural gas. This action by the Secretary of the Interior is by rule made on the record after an opportunity for a hearing.

(*b*) *Gas production at the maximum efficient rate.*—The Secretary of the Interior must, by rule require natural gas to be produced from designated fields at the maximum efficient rate of production determined for such field.

(*c*) *Effect on other laws.*—Nothing in section 7 shall be construed to authorize the production of natural gas from any naval petroleum reserve subject to the provisions of chapter 641 of title 10, United States Code.

Section 8. Propane and Butane pricing and allocation authority

This section extends the regulations and authority of the President, under the Emergency Petroleum Allocation Act of 1973, to equitably allocate and price propane and butane. Such controls are needed because the natural gas shortage increases the prospect of soaring prices and shortages of propane this winter as curtailed industrial users enter the propane market.

Section 9. Civil and criminal penalties

Any person who is determined by the Commission, Administrator, or Secretary of Interior to have violated a provision of the bill or any rule or order under the bill is liable to the United States for a civil penalty of not more than $10,000 for each violation. If any violation is a continuing one, each day of violation constitutes a separate offense. A person may be found in violation of the bill only after notice and an opportunity to present his views. In determining the amount of such penalty, the Commission, the Administrator, or the Secretary of Interior shall take into account the nature, circumstances, extent, and gravity of the violation committeed; as well as the degree of culpability, any prior offenses, the ability to pay, effect of a penalty on the ability to continue to do business, and such other matters as justice may require the amount of any such penalty shall be assessed by the Commission, the Administrator, or the Secretary of Interior by written notice.

The civil penalty may be compromised by the Commission, the Administrator, or the Secretary as the case may be or the civil penalty may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate United States district court. The amount of such penalty, when finally determined under either procedure, may be deducted from any sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

The bill also provides for criminal penalties for willfull violation of the act. A person is guilty of an offense if he willfully violates a provision of the bill or rule or order issued the bill under this act. Upon conviction, such person shall be subject, for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both.

Section 10. Enforcement

Section 10 gives the Attorney General, at the request of the Commission, or the Administrator or the Secretary of Interior the authority to bring an action for equitable relief to redress a violation of a provision of the bill, or a rule or order under the bill. Any person may bring a civil action alleging a violation of a provision of the bill or rule or order under the bill.

Jurisdiction and venue: The district courts of the United States are given jurisdiction with respect to any civil action brought under subsection (a). The court shall have the power to grant such equitable relief as is necessary to prevent, restrain, or remedy the effect of such violation, including declaratory judgment, mandatory or prohibitive injunctive relief, interim equitable relief. The courts further have the power to award (A) compensatory damages to any injured person or class of persons, (B) costs of litigation, including reasonable attorney and expert witness fees, and (C) punitive damages, whenever and to the extent deemed necessary or appropriate to deter future violations.

A rule or order prescribed under the bill is subject to judicial review to the extent authorized by, and in accordance with, chapter 7 of title 5, United States Code. However (A) the second sentence of section 705 thereof is not applicable; and (B) the appropriate court shall only hold unlawful and set aside such a rule or order on a ground specified in subparagraphs (A), (B), (C), or (D) of section 706(2) thereof.

Section 11. Rulemaking

Under Section 11 the FPC shall have authority to issue rules and orders applicable to any person which it determines are necessary or appropriate to carry out the purposes of the bill in addition to the authorities specifically granted by the bill.

Section 12. Expiration

Sections 4 (except subsection (g)), 5, 6, 7, 8, and 11 of the bill are to expire on midnight June 30, 1976. Section 4(g) provides that if the Commission determines that natural gas could have been produced and sold, but was not produced or sold, during the period from date of enactment through June 30, 1976, then that new natural gas may not at any time thereafter be sold at a price higher than that permitted under section 4. Because of the need to have this provision in effect to prevent any withholding of production, it does not expire on June 30, 1976.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HOLLINGS). Without objection, it is so ordered.

Mr. GLENN. Mr. President, it has been a pleasure working with the Senator from South Carolina and the Senator from Georgia in developing the provisions of S. 2310, as amended. It is my belief that this bill offers the best possible hope for alleviating the projected gas supply shortages for the coming winter at reasonable prices. Without emergency action on the part of Congress, widespread industrial and agricultural unemployment in areas supplied by the interstate pipeline system is inevitable. In my State of Ohio, which experienced the largest firm curtailments in the country in the first quarter of 1975, it has been estimated that as many as 40,000 to 100,000 jobs may well be lost this winter due to natural gas shortages alone. Nationally, this figure projects out to somewhere around 50,000 jobs that may be lost this winter, encompassing 14 States—mainly, the industrial States from the northeast, extending from New York to South Carolina and back into Ohio, roughly a triangle encompassing key manufacturing areas of this Nation. S. 2310 is directed solely at this winter's problem and does not, in any way, address long-term pricing policies for natural gas. This is an emergency Act to cover a specific emergency period, effectively only from enactment through June of 1976.

It does recognize, however, that present pricing disparities between the interstate and intrastate markets are largely responsible for the current shortages within the interstate system. The most significant provision of the bill would eliminate that disparity in emergency circumstances.

After an FPC determination that gas curtailments in a particular area would create an emergency situation this winter, pipelines servicing that area would be granted a right of first refusal with respect to new onshore gas and gas otherwise available for sale at the price now prevailing in the intrastate market. That price, in turn, would constitute a ceiling price for all purchases of gas, interstate and intrastate.

It should be emphasized that S. 2310 is not an allocation bill. Sellers of onshore gas would still be permitted to choose among competing intrastate and interstate purchasers.

Price considerations, however, would no longer pressure this gas to flow intrastate only.

Under the conditions of price parity created by this bill, spokesmen for the Interstate Natural Gas Association have told us that they believe that a significant amount of the available natural gas could be bought by the interstate lines.

S. 2310 would also provide the Federal Energy Administration with the authority to require conversion of gas-burning powerplants to coal and oil wherever practicable when such conversions can be carried out consistent with environmental standards.

In addition, the bill would require production of certain designated gas-producing fields at the maximum efficient rate of production.

Finally, the bill would give a higher priority to the natural gas needs of the agriculture community, where the gas is essential to the production of the Nation's food supply.

The administration and the Federal Power Commission have offered similar proposals which would also permit distressed interstate consumers to buy intrastate onshore gas. Under those proposals, however, no price ceilings would be established and gas would simply flow to the highest bidder. Given the emergency conditions prevailing this winter, Mr. President, I can foresee this approach resulting in price auctions and drastic price increases at a time when we can least afford them. We do not want to see a stampede for natural gas on this short-run basis.

Administration spokesmen I have talked to have not argued that their bills will get us more gas or dispense it more equitably than would be the case under S. 2310.

The long- and short-term considerations, Mr. President, are, I think, very important because of the time element involved also. If we try to combine the long-term aspects of deregulation, and there are probably a half-dozen, at least, various proposals regarding what we should do under long-term deregulation or similar type proposals, we will delay this beyond the time when it can do any good at all this winter. So time is of tremendous importance to us now. I feel that unless we can get an emergency bill through that will start diverting some natural gas within the next month or so, we will just not be able to cope with what is an emergency situation this winter.

The administration spokesmen have not argued that their unregulated price increases will get us more gas or dispense it more equitably this winter, rather they contend that their approach is easier to administer. While conceding that, I strongly believe that the administrative requirements of S. 2310 are workable and more than justified by the benefits which would result from the bill's enactment, particularly at a time of budding economic recovery.

Mr. President, over this past weekend, we have seen the OPEC nations introduce another price increase into the international market. We have seen that impact on our economy forecast in the billions and billions of dollars during a time of budding economic recovery. We do not want to add a natural gas price increase on top of that and further jeopardize this fragile economic recovery, if, indeed, it has really started, which seems to be debatable in itself.

Mr. President, I urge my colleagues to enact S. 2310, with the changes included in the substitute amendment, No. 934, as the best way of guaranteeing that we can avert an economic disaster this winter. It is a short-term, emergency bill, designed for a short period of time. The Senators who have sponsored this—Senator TALMADGE, Senator HOLLINGS, and myself—are committed to bringing up the long-term aspects of gas control or deregulation or whatever immediately after consideration of this emergency bill.

Therefore, Mr. President, we urge our colleagues to enact S. 2310, as amended, with substitute amendment 934, as the best means of coping with the emergency that we see coming upon us this winter.

Mr. TALMADGE. Mr. President, I am one of the three chief cosponsors of S. 2310, the emergency natural gas bill now before us.

Earlier this year, I introduced two bills, S. 319, and S. 310. One of these bills would have provided a permanent natural gas priority for agricultural users, and other, a 1-year priority. About 30 other Senators joined me as consponsors of both of these bills. The provisions in our permanent bill were subsequently incorporated in an overall natural gas bill reported by the Senate Committee on Commerce, S. 692. I understand a similar provision has since been incorporated in the Pearson-Bentsen substitute.

Mr. President, I joined Senators HOLLINGS and GLENN in the cosponsorship of S. 2310, because it seems to me that neither S. 692 nor the so-called Pearson-Bentsen substitute is likely to clear the Congress, or be signed into law in time to help relieve natural gas shortages that are certain to occur this winter in many parts of the Nation. Or put another way, Mr. President, I believe it is generally agreed that even immediate decontrol of natural gas will not produce any new supplies of gas for this coming winter. We have an acknowledged shortage of natural gas and if we are to avoid major disruptions in our Nation's food and agricultural sector and avoid substantial unemployment in some regions of our Nation this winter, action must be taken by Congress on an emergency bill immediately.

Congressman DINGELL, who chairs the subcommittee that handles natural gas legislation in the House, has made it abundantly clear that he is prepared to move promptly in trying to gain House approval of an emergency bill. However, he also has suggested that little could probably be accomplished in moving S. 692, or any other omnibus gas bill, through the House in time to provide relief for distressed natural gas users by this winter.

Mr. President, I hope the Senate will take up S. 692 and the other longer-term proposals, such as the Pearson-Bentsen substitute immediately following the disposition of S. 2310—and not before, or instead of.

The President, the 50 Governors and the Congress all have acknowledged that we are facing an emergency situation this next winter and spring concerning natural gas supplies. So let us deal with the realities of that emergency now and then we can proceed immediately afterward with debating the merits of the various longer-term natural gas bills or proposals that have been presented.

Mr. President, based upon the Senate Commerce Committee hearings—and the many meetings we have held on S. 2310 with those who may be affected by this bill—a number of amendments to S. 2310 have been agreed to by those of us cosponsoring this bill.

All of these amendments are now reflected in amendment No. 934, which is in the nature of a substitute to S. 2310.

And among the amendments incorporated in amendment No. 934, is a provision for a straight extension of the mandatory propane regulations—through June 30, 1976—as contained in the Petroleum Allocation Act of 1973.

Mr. President, the extension of these propane regulations is absolutely essential to our Nation's farmers and rural residents who, together, consume over 20 percent of all propane sold in this country annually. These farm and rural users of propane have no means available to them, in the immediate future, to convert to other fuels. If these propane regulations are not extended—and soon—current supplies of propane could be dissipated almost overnight by nonhistorical industrial purchasers who are anxious to make such purchases as a fall-back fuel when subjected to natural gas curtailments. These large industrial purchasers can outbid any farmer or rural homeowner in competing for available supplies of propane under unregulated conditions.

Propane prices already have advanced by nearly 50 percent in the futures market since April of this year. In October 1972, farmers paid on the average, 15.6 cents per gallon for propane. In October 1973, the per gallon average was 16.9 cents. Then in October 1974, the average price had jumped to 30.2 cents, which is about the level it is currently selling for at the farm level. If Congress fails to act soon in extending the 1973 propane regulations, the large industrial buyers I mentioned earlier could drive the price of propane up another 10 or 20 cents per gallon very quickly. Such a development would result in chaos among farmers and rural residents, since they simply would not be able to obtain any propane this fall and winter to dry their crops, run their farm machines, or heat their homes.

Mr. President, I believe I can say—without challenge—that S. 2310, in its present form, will hurt no one—but could help thousands of people avoid being cold and unemployed this winter, as well as help avoid numerous disruptions in our Nation's food and agriculture sector between now and next July.

Mr. President, those of us on the Senate Committee on Agriculture and Forestry have done everything within our power these past 2½ years to minimize and avoid disruptions within the food and agriculture sector due to shortages of natural gas, propane, and petroleum.

We helped obtain a priority for agriculture with respect to the mandatory petroleum act regulations, which included propane. Our committee held several hearings and sponsored resolutions which were adopted by the Senate urging the Federal Power Commission and other Government agencies to give fertilizer production and other aspects of food production the highest priority. And finally, we joined together in sponsoring legislation which would mandate a natural gas priority for agriculture and food production.

But despite all of our efforts, disruptions in the production of fertilizer, farm chemicals, and food supplies still occurred. The Federal Power Commission, while somewhat helpful in the spring of 1973, turned a deaf ear thereafter to our pleadings and requests for natural gas relief for fertilizer manufacturers, farm, and other food industry users. Last winter, several major nitrogen fertilizer plants were either closed down or were forced to cut back on production due to natural gas curtailments. Further expansion of our Nation's nitrogen fertilizer production capacity also continues to be inhibited by the inability of many producers to obtain additional gas supplies. A Federal Power Commission judge recently recommended against a transfer of natural gas from the Atlanta Gas & Light Co. to Columbian Nitrogen Corp. for just such an expansion. Atlanta Gas & Light joined Columbian Nitrogen Corp. in making this request to the Commission. Unless this shift of gas is permitted, which S. 2310 would provide for, a major additional source of nitrogen fertilizer will be denied to the farmers of Georgia and other States throughout the country.

Last week the U.S. Department of Agriculture announced that a recent Government survey of anhydrous ammonia producers revealed that ammonia production during the period of July 1975, through June 1976, is now projected to be reduced by an estimated 670,000 tons due to natural gas curtailments. The survey further revealed that 554,000 tons, or 83 percent of this reduced tonnage, will be in plants served by distributors dependent on natural gas supplied by interstate pipelines.

Mr. President, we cannot just sit back and let this sort of thing happen. And, in my judgment, we cannot rely upon the Federal Power Commission or its lengthy, bureaucratic, adjudicatory process to avoid such curtailments this winter. And furthermore, I honestly do not believe we can rely upon "immediate decontrol of natural gas" to avoid such curtailments in the immediate months ahead. In short, Mr. President, I believe the Senate must break its continuing "policy paralysis" on this question and act immediately on S. 2310, followed by action on S. 692 and related bills.

Mr. President, in closing, I would like to ask the distinguished floor manager of this bill, Mr. HOLLINGS, several questions for the purpose of clarifying certain provisions of S. 2310, as amended by its sponsors.

First, am I correct in stating, under the agricultural priority provisions of this bill, that those fertilizer manufacturers who wish to contract for additional supplies of natural gas to expand their existing production capacity or to operate new plants will be permitted to do so, if the Secretary of Agriculture certifies to the Commission that such additional production is essential?

Mr. HOLLINGS. Yes, the Senator is absolutely correct, as long as the natural gas obtained is utilized to satisfy either the feedstock or process fuel requirements of such plants.

Mr. TALMADGE. Second, am I correct in stating that contracts entered into for such purposes can extend beyond the July 1, 1976, termination date of this bill.

Mr. HOLLINGS. Yes, the Senator is correct in that interpretation as it relates to the Commission's authority under the Natural Gas Act.

Mr. TALMADGE. Am I correct in stating that the agricultural and food industry priority users of natural gas referred to in this bill will not be subject to any natural gas curtailments as it relates to their existing boiler fuel requirements if they do not have the necessary equipment in place to burn petroleum products or other alternate fuels?

Mr. HOLLINGS. Yes, the Senator is correct in that statement. In addition, such priority users would have their existing boiler fuel requirements protected from curtailment, even if they have such conversion equipment in place, but cannot, on the other hand, obtain the necessary alternate fuels.

Mr. TALMADGE. Am I correct in stating that the natural gas that may be required by any food industry priority user referred to in this bill can be obtained either from the interstate pipeline serving them or their distributor, but not from another interstate pipeline?

Mr. HOLLINGS. Yes, that statement is correct. And access to intrastate gas supplies—as provided in this bill—would be provided to such priority users through the interstate gas pipeline serving them.

Mr. TALMADGE. What action could an agricultural or food industry priority user take, who is currently served by an intrastate pipeline, if such pipeline or other source of intrastate gas refuse to sell or transport the gas they require to avoid curtailment or to expand production as provided under this bill?

Mr. HOLLINGS. Such a priority user could buy his gas directly from an intrastate producer, and what would happen would be up to State law.

Mr. TALMADGE. Can an interstate pipeline purchaser—as provided under S. 2310, as amended—purchase gas from an intrastate pipeline as well as an intrastate producer without such gas being subject to the jurisdiction of the Federal Power Commission?

Mr. HOLLINGS. Yes, with the understanding that, under this bill, and the pending amendment, of course, we would be establishing a ceiling price for all sales of new natural gas during the period which this act would be in effect.

Mr. TALMADGE. I thank the distinguished gentleman from South Carolina for these clarifications of S. 2310, as amended, by its sponsors.

Mr. President, I yield the floor.

Mr. HOLLINGS. Mr. President, let me thank the Senator——

Mr. TALMADGE. Will the distinguished Senator from South Carolina yield for a unanimous consent?

Mr. HOLLINGS. Yes.

Mr. TALMADGE. Mr. President, I ask unanimous consent that James Thornton of the staff of the Agriculture and Forestry Committee be granted privilege of the floor during the consideration of this measure, including the vote.

The PRESIDING OFFICER (Mr. GLENN). Without objection, it is so ordered.

Mr. EAGLETON. I would like to inquire of the distinguished Senator from South Carolina (Mr. HOLLINGS) whether S. 2310, as amended by the sponsors would deal with the serious shortage of propane and butane gas that could develop this winter as a result of the expiration of the petroleum allocation program?

Mr. HOLLINGS. Yes, and I consider it to be one of the most important aspects of this emergency legislation. Senators GLENN, TALMADGE, and myself have been deeply concerned about the problem and we were pleased to incorporate in the bill the amendment drawn up by the distinguished Senator from Missouri (Mr. EAGLETON) who has been one of the leaders in the Senate on this issue, and whose State, I believe, is one of the largest users of propane in the Nation. The amendment, which is section 8 on page 15 of the substitute bill, would simply extend the existing propane allocation and price control program for the duration of the supply emergency period.

Mr. EAGLETON. I am pleased to hear that. I have been concerned that with the prospect of serious natural gas shortages this winter, there could be a stampede by industry looking for propane as a substitute. That happened two winters ago with the result that propane prices soared from about 14 cents a gallon to as much as 40 cents a gallon in some parts of Missouri. Even at that price thousands of homes went without heat and plants and businesses were forced to close because there was no propane to be found.

Mr. HOLLINGS. As I am sure the Senator knows, propane gas represents only about 2 percent of the Nation's energy supply and it could not begin to make up the shortfall in natural gas that is expected in some regions. But, at the same time, propane is critically important to rural homeowners and farmers who live in areas not served by natural gas lines and who have no other way of heating their homes. We simply cannot allow new, nonhistoric users to come into this market and bid the product away. If we do, we could have a disaster on our hands this winter.

Mr. EAGLETON. I might add to that list of priority users for propane, "peak shaving" by large urban gas distribution companies. This represents a very small fraction of overall propane use—about 2 percent—but catastrophic consequences could result if these companies were not assured a supply to meet peak winter needs. This use of propane has the same priority as rural home use in my opinion. It is used for space heating, hot water heating, and cooking. The only difference is that an urban customer is using a combination of natural gas and propane. It is essential that this historic use of propane continue to be met if we are going to avoid additional curtailments of service this winter.

Mr. HOLLINGS. I agree with the distinguished Senator from Missouri. I would note further that propane historically has been used as a feedstock by petrochemical plants and for certain other industrial processes.

Mr. EAGLETON. Propane should continue to be subject to regulation in order to protect the diversion of it from historic users who are wholly dependent upon it and have no alternative fuel available to substitute for its use. With the advent of deeper natural gas curtailments, many industrial firms will turn to propane which is readily substitutable for natural gas. Their entrance into the propane market and their willingness to pay practically any price for propane, due to the relatively minor portion energy costs constitute compared to the total cost of their product, will rapidly consume current inventories, create shortages, and drive propane prices to unparalleled heights.

I do not think it is enough to have a 75-day extension of the allocation authority. That does not meet the problem. We have to provide some certainty and stability in this market. That is why I think it is essential that propane controls be continued on a longer basis as it will be under section 8 of this bill.

Mr. HOLLINGS. I can assure the distinguished Senator from Missouri that the sponsors of the bill are in full accord with his views on the importance of this provision. And, again, I want to credit the Senator from Missouri for having drafted this amendment and argued so eloquently for its inclusion in this bill in cooperation with the Senator from Georgia.

Mr. MONDALE. Mr. President, as we debate all aspects of the issue of natural gas production and conservation, I want to make certain that we do not overlook the interest of agriculture as it relates to the dairy industry.

Milk production on our farms utilizes very little energy in the raw milk process, but once the milk is produced it is very perishable in liquid form and must be processed to allow for storage so that seasonal surpluses can be utilized and economically distributed.

In my State of Minnesota about 3.4 billion pounds of skim milk and 1.4 billion pounds of liquid whey are processed annually as a byproduct of butter and cheese production.

If the byproduct is not processed there are only two alternatives for using the skim milk and liquid whey: First, feed as much as possible to livestock; and second, dump the rest. Using this valuable protein source for livestock feed is not economical and dumping creates ecological problems and tremendous economic loss to our dairy farmers and their cooperatives.

To even contemplate dumping is unthinkable in the face of the tremendous need for nonfat dry milk. Under the Public Law 480 program about 100 million pounds of milk powder was utilized this past fiscal year.

These byproducts of butter and cheese contribute significantly to the Nation's nutritional needs and to the agricultural economy. Currently these products are being dried in plants using direct combustion driers. These driers require natural gas as a clean burning fuel for product purity. Propane has been used as a substitute during small natural gas cutbacks but propane supply is limited and not available to meet total needs.

I want to be certain in my understanding that the legislation now being considered does assure a high priority status for natural gas for use in food processing, and particularly in the processing of skim milk and liquid whey into dry form.

Is that the sponsor's intent?

Mr. HOLLINGS. Yes, if the Secretary of Agriculture determined such uses to be essential food processing purposes and found that natural gas was necessary for such purposes.

Mr. MONDALE. I am generally in favor of the passage of this bill and I will vote for it. In particular, I am pleased to see that section 5(a) of the amendments to S. 934 gives a priority for essential agricultural, food processing, and packaging uses of natural gas because the problems of providing food at reasonable prices is of great concern.

As I know the Senator is aware, the farmers and food processors in my home State of Minnesota provide commodities for the American marketplace. The quality, variety, and abundance of this produce has been unequaled in the history of the world. A reasonable cost for most of these goods, however, depends upon adequate amounts of natural gas. Certain steps in preparation and packaging simply cannot be done without the use of natural gas. One procedure involves the singeing of hairs and bristles from the carcasses of hogs so that they can be cooked, packed, and distributed in the forms that the public knows and enjoys—ham, sausage, luncheon meat, and frankfurters. Last year every American consumed the equivalent of 65 pounds of pork. The Senator can understand that a change in processing fuels could mean a cession of production or a reduction in efficiency of one-third.

Therefore, I am concerned that the Secretary of Agriculture have proper guidance in making his determinations as to what is an essential agricultural use.

Am I correct in assuming that this essential agricultural, food processing, and packaging priority was added to this bill in order to assure the continued availability of natural gas for essential agricultural commodities where natural gas usage is necessary.

Mr. HOLLINGS. Yes, we are vitally concerned with assuring that the American consumer continue to enjoy the varied and stable marketplace for food products which they have known in the past. This includes the ability to purchase these essential foods at a reasonable price. One matter which the Secretary of Agriculture will consider in determining whether natural gas is necessary for essential agricultural uses will be the practicability of alternative fuel use by such users.

Mr. MONDALE. I thank the Senator for that clarification because it certainly will be important to evaluate the practicability of converting to alternative fuels for agricultural users.

I notice that section 5(a)(1) lists a number of agricultural uses of natural gas—irrigation pumping, crop drying, raw material feedstock, production of fertilizer, and agricultural chemicals. Does this list prevent the Secretary from finding that other essential agricultural, food processing, and packaging uses for which natural gas is necessary?

Mr. HOLLINGS. No, the enumeration in the section is not intended to be inclusive. He is to make the determination of what the essential uses are, whether natural gas is necessary—consistent with the provisions of section 5(b)—and how much gas must be made available for those purposes. The list is merely an illustration of the types and uses that the Secretary may designate.

Mr. MONDALE. Would it also be correct to say that the enumeration of those purposes does not give them priority over other essential agricultural, food processing, and packaging uses which the Secretary may determine are essential? In other words, this enumeration will not have the effect of creating a third priority for some agricultural uses?

Mr. HOLLINGS. The Senator from Minnesota is correct that these numerated uses do not receive a special priority simply because they were listed.

Mr. MONDALE. I thank the Senator. Perhaps you will indulge me two more questions. Was it the view of the sponsor of S. 2310, as amended, that among the essential food processing and agricultural purposes would be the process ovens or chambers which are used in the meatpacking industry to cook and prepare ham, bacon, frankfurters, luncheon meat, and other meat products?

Mr. HOLLINGS. Well, we are generally aware of the factors the Senator has raised, although I appreciate his bringing them more concretely to our attention. Under the terms of this bill, the decision must rest with the Secretary of Agriculture. However, it would seem that the situation the Senator outlines falls within the kind of activity that the Secretary could find was an essential purpose and that natural gas is necessary for that purpose.

Mr. MONDALE. Finally, would the equipment which I mentioned earlier for singeing hog carcasses be included in the category of an essential food processing use? The Senator will recall that no alternative to this gas-fueled equipment is available except at high cost which might prevent the large-scale processing of pork products.

Mr. HOLLINGS. I believe that the answer to this question is the same as my reply to the previous question.

Mr. MONDALE. I thank the Senator. I also want to make sure that the consequences of the determinations made by the Secretary of Agriculture will not result in disorganization of our agricultural economy. I would find it highly undesirable if some essential product lines had to be discontinued, or the price of the commodities increased to the point where it might become prohibitive for most consumers.

Is it the view of the committee that the Secretary of Agriculture will consider the economic and practical feasibility of alternative fuels as an important factor in deciding what is and what is not an essential agricultural or food processing use?

Mr. HOLLINGS. The Secretary of Agriculture would first identify essential agricultural food processing and packaging uses. In determining whether natural gas is necessary for such uses he would consider whether it is possible for such users to use alternative fuel. To the extent alternative fuel use is not reasonably possible, he would certify the amount of natural gas is necessary to the Commission.

Mr. MONDALE. Then, if the Secretary were to find that the denial of natural gas for a particular use, especially for production of a product of high nutritional value, such as complete protein products, would result in: First, potentially prohibitive capital investment to convert to an alternative fuel; second, great inefficiency in the production of products due to a decrease in producing capacity; or third, a reduction in the quality of a product which would require further processing, thus adding to the cost of the product and the price which a consumer would pay, then he could find that the use of natural gas was necessary under the terms of section 6(a)?

Mr. HOLLINGS. Yes, we intend that the Secretary consider economic feasibility for alternative fuels and where he finds in the case of any particular essential commodity that the use of the alternative would increase cost to prohibitive levels or unreasonably curtail production, even to the extent that the plants processing such essential commodities might be forced to close, he may find that natural gas is necessary even where it is technically possible to use alternative fuel.

Mr. MONDALE. Since this legislation is concerned with the conservation and allocation of a resource which is scarce, am I correct in assuming that the Secretary will find that the use of natural gas is essential for agricultural food processing if the only alternative would be a fuel which requires the use of natural gas in its production, so that there would be no saving or perhaps even a deficit?

Mr. HOLLINGS. We do not intend that the determinations of the Secretary of essential uses result in the greater consumption of natural gas by the production of an alternative fuel than is consumed by a direct use of natural gas in the particular agricultural process. Therefore, if the only alternative in a particular case is the use of some fuel which cannot be manufactured without using great quantities of natural gas, then the Secretary would be justified in making a find that the original processing use was essential.

Mr. President, at this moment I wish to acknowledge the tremendous leadership given by the occupant of the Chair, the Senator from Ohio (Mr. GLENN), as well as the leadership, cooperation and guidance we have received, particularly on the agricultural and propane phase of this bill, from the Senator from Georgia (Mr. TALMADGE).

I might also add that in the field of propane, the distinguished Senator from Missouri (Mr. EAGLETON) was very helpful in working out that section of our amendment.

It should be emphasized that, in contrast with all the confrontation and the particular divisiveness of the charges and countercharges, going from January when the President started right down through almost October with respect to oil prices, on this particular emergency natural gas measure every effort was made to work with the President, with the administration, with the House leadership, with the interstate pipelines, and all those interested in this particular measure.

At the instance of the Senator from Ohio, various meetings have been held with Mr. Zarb, Mr. Hill, and others from the Federal Energy Administration. That is not to say, and I do not want to mislead, that our particular amendment has the support of Mr. Zarb and the FEA, but we worked out every particular facet we could with the idea and with the intent of trying to—almost like the Mafia—present an offer that could not be refused. At least, it would be divorced of all the controversial sectional and proprietary interests that have cross currents in the entire energy field.

Mr. President, we wanted to try to reduce everything down to dealing with this particular natural gas emergency. Pursuing that, the Senator from Ohio and myself contacted the House leadership through Mr. DINGELL, chairman of the House Subcommittee on Energy and Power, and that amendment and bill, S. 2310, for all intents and purposes, was worked out jointly. We had a joint news conference to that effect.

With the help of the Senator from Georgia we worked very carefully to make certain that food and fertilizer users were given priority, and that the controls for propane would be extended until the end of June of next year.

While we talked about an emergency, this bill and the substitute amendment had not been gotten up in emergency fashion, and it is to be acknowledged that the distinguished Senator from Kansas on the other side of the aisle, the leader for the minority, has been having hearings, listening to witnesses with myself and others for many, many years.

I remember the Senator from Kansas trying to work out a solution last year and had one that was pretty well worked out between himself at that time and, I think, the Senator from Illinois (Mr. STEVENSON). Then we were somewhat sidetracked by administration opposition.

But the point is that we were all working earlier this year. The Committee on Commerce was ready much earlier.

We had some delay with actually marking up the Natural Gas Production and Conservation Act (S. 692) bill because the chairman of the Committee on Finance, the Senator from Louisiana, wanted to be present as we marked up the bill, and had the responsibility for the particular tax rebate and tax reduction bill, the economic initiative we took in March, but we reported this the first week in May and have been ready to go except for certain holdups all summer.

We hoped to have the comprehensive solution debated in full on the Senate floor long before now, sent to the House and signed into law, but other problems have arisen. Thus we were required to consider an emergency gas bill to deal with this winter's shortage.

Suffice it to say, these Senators, the Senator from Ohio and the Senator from Georgia, have worked hard and diligently in trying to reconcile the differences to bring this particular emergency measure to the floor.

Mr. PEARSON. Will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. PEARSON. I shall not detain the Senator from Colorado.

Mr. President, I commend the sponsors of S. 2310 for putting in what I take is a new section, section 8, in their amendment in the nature of a substitute on S. 2310—which I think is the propane provision. Is that correct?

Mr. HOLLINGS. That is correct.

Mr. PEARSON. As I understand it, that is quite necessary.

On Friday last, when we passed H.R. 9524, it had in that provision an extension in the Emergency Petroleum Allocation Act, an extension of these powers, but that act would probably expire and will expire, I assume, on November 15, pursuant to the extension of time on old oil decontrol.

So I think this is a good amendment to S. 2310 and I commend the Senator for it.

I want to ask a question, though, pursuant to the inquiries made by the Senator from Georgia and the responses made by the Senator from South Carolina, wherein he made certain responses as to the agricultural priority. I direct the attention of the Senator from South Carolina to pages 9 and 10 of the bill, section 5.

The first paragraph of section 5 pertaining to the availability of gas for agricultural uses spells out, I believe, the priority that he responded to with the Senator from Georgia. But what concerns me, I might say to the Senator, is paragraph 2, wherein it says, reading from paragraph 2, line 12:

> No prohibition pursuant to paragraph (1) of this subsection may be inconsistent with the goals of substantially minimizing unemployment—

I read that as stating that the primary goal of this particular section, which deals with agricultural priorities, would place, in my own words, unemployment first and, second, one would have the residences, small businesses, public health and safety, and then agricultural priorities last, or at least in third position.

Mr. HOLLINGS. The agricultural priority is, let us say, on the same level because unemployment is the thrust of the emergency bill.

It is not intended that we turn down or close down plants and cause unnecessary unemployment to serve marginal agricultural purposes. We have to weigh the unemployment impact against the benefits of serving agricultural users. That is the guiding factor in every particular priority given under this emergency measure.

In other words, we are trying to assure that priority agricultural users are served but not by causing massive unemployment.

The Commission is to determine where the shortages to essential users are and these areas are then to be declared as priority interstate purchasers to come into the intrastate market. It is obvious that the intent here is that no one would have a priority to cause massive unemployment.

Mr. PEARSON. I thank the Senator for responding. Let me repeat once again that my reading of section 5, with an understanding of the winter curtailments and shortages of gas, no matter which particular emergency proposal is finally accepted, and I hope one will be accepted, I read this particular agricultural priority as setting unemployment first and then the residential, small customers, hospitals and public health and safety as next, and agriculture as the third level.

Mr. HOLLINGS. We are trying to weigh agriculture and unemployment equally. We just do not want to cause unemployment when we provide gas to the domestic, the hospital, or the agricultural user.

Mr. PEARSON. I think it is important, I will say to the Senator. Testimony has been that there is 200 billion to 250 billion cubic feet available this year on a shortage running about 1.3 trillion feet, as the Senator said in his opening statement. With these emergencies, we are not going to solve, as the Senator also correctly stated, the long-term proposition, and we are not going to solve all the unemployment problems this winter either.

Mr. HOLLINGS. We are trying to take the winter of 1975–76 and bring us back to where we were last winter where we had a shortage of trillion cubic feet. We are trying to eliminate that projected increase in the shortage from last winter to this winter, namely about 300 billion cubic feet.

Mr. PEARSON. I thank the Senator.

Mr. HASKELL. Mr. President, I would like to take this opportunity to commend the Senator from South Carolina (Mr. HOLLINGS), the Senator from Ohio (Mr. GLENN), and the Senator from Georgia (Mr. TALMADGE) in undertaking this measure which will deal with what is going to be, without any question, a short-term dislocation in the supply of natural gas.

I think the measure does it very competently and very adequately.

The amendment that I will introduce later, on behalf of myself and the Senator from Maine (Mr. HATHAWAY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Illinois (Mr. STEVENSON), deals with what I consider to be a problem that is not just germane to the bill but is germane to the emergency.

The Senator from South Carolina indicated that he thought the amendment I intend to introduce was germane to the bill, but possibly not to the emergency. I believe that it is absolutely the guts of the whole problem. We do not have the faintest idea as to the amount of proved reserves of natural gas the Nation possesses. I hope to demonstrate this in the course of my discussion.

We do not know the correct amount of proved reserves for several reasons. The present reporting system itself is based upon guesswork. Even if the system were allowed to operate without manipulation, the result clearly would be inaccurate unless due to a one-in-a-million shot the guess happens to be right.

A second reason we do not know what the reserves are, and this I believe will be demonstrated, is that the system is not allowed to operate correctly. We really do not even have guesswork.

I believe it is extremely clear that we have a deliberate and contrived understatement of proved reserves.

Obviously, I do not have the expertise or the resources on my own to develop all the information that I am going to present. I have relied upon information developed by the Federal Trade Commission. I would like to make reference to a particular document and its exhibits. It is a memorandum to the Commission by FTC staff attorneys dated March 25, 1975, File No. 711-0042. The memorandum recommends that a complaint be issued against the American Gas Association and several major oil companies.

To this memorandum are appended various and multitudinous documents and depositions taken by members of the Commission of personnel connected with the American Gas Association and with the various producing companies.

Mr. President, the amendment that I shall introduce on behalf of myself and my colleagues will do several things.

No. 1, it will provide a clear legislative directive to the Federal Power Commission to gather reserve data independently from the American Gas Association.

The Federal Power Commission will be directed to gather information on the amount of proved reserves from each producer on a reservoir-by-reservoir basis. The statements shall be submitted under oath and will be subject to audit on things such as well pressure, core samples and the producer's internally used reserve estimates.

There will be in the bill a small producer exemption from parts of this procedure, but the portion of the industry covered accounts for a substantial number of reserves.

The first report under my amendment will be due 90 days from the time of enactment and reports will be due yearly thereafter.

Why do I say this is an emergency matter? I say that the first thing we must have is the facts. Until we have the facts, it is impossible to legislate with any degree of intelligence. Therefore, I have put a 90-day limitation or stricture on the Federal Power Commission to get the facts.

At the moment for our information we rely entirely on an organization called the American Gas Association. Through a committee it gathers and gives to the Federal Power Commission and other agencies of Government so-called proved reserves. That committee is called the Committee on Natural Gas Reserves. The committee, in turn, is divided into 10 subcommittees. Those subcommittees are assigned sections of the country.

There are two meetings a year of each subcommittee, one in January and a second in February. At the January meeting, individual subcommittee members are assigned fields upon which to report. Their report is then given to the subcommittee at its February meeting and there adopted.

To give Senators a slight flavor of the composition of these subcommittees, the Texas-Gulf Coast Subcommittee was, as of the date of this reading, composed of three employees of Exxon and two employees of Texaco. The members of the subcommittees are employees of the major producing companies in this country. According to the testimony of subcommittee members, there is an attempt to assign an individual, John Jones, who may be a representative of Gulf, to an area in which Gulf has an ownership interest. But Gulf does not have an interest in all the leases in its assigned fields and at times Gulf does not even have an interest in the field at all.

Now we come to how they arrive at reserves. The evidence is that where a subcommittee member's employer has an interest in a field, they have access to internal data and generally use those data. Where they do not have an interest they call the producer of the lease, maybe adjoining or maybe two leases away. They give him an educated guess on the telephone, and say, "Is this in the ball park?" The response is that it is in the ball park. There is no access to raw data and no analysis whatsoever.

Then there is the situation, for example, where the question is what to do when a field is not hooked up to a pipeline. What do you do then, if you do not have access to the raw data?

One representative of a major company said that in such fields he included only a "nominal amount" for reserve.

Bear in mind, this is a discovery, but he includes a nominal amount—just, I guess, so that he does not forget the field.

So this is the way the system is intended to work. These people then come back to their February meeting. At their February meetings, there is no raw data, there is no examination or analysis. There is, according to testimony, a check for arithmetical error. Then the subcommittee aggregates the proved reserve estimates and forwards them upstream. They are put together in the report of the American Gas Association, through its Committee on Natural Gas.

I said that at best the system was guesswork. I am hoping, assuming that Senators concur with my facts, they would agree with me. I would like to stress that anyone who does not concur with my facts should look at the very voluminous record compiled by the Federal Trade Commission. Look at the record, or send a member of staff down to look at it, and each Member of the Senate can arrive at his own conclusion.

I also said that in the opinion of this Senator, there are deliberate understatements of the proved reserves. That raises the question of why in the world would anyone want to understate proved reserves? One would think the contrary would be true.

To realize the inducement for understatement, it is necessary to examine the pricing procedure adopted by the Federal Power Commission. The Federal Power Commission sets the price dependent upon the discovery of new reserves. Therefore, if you spend a given dollar amount and discover one-half X, obviously it is more expensive than if you discover one full X. This method of arriving at price was developed in the Permian Basin area rate proceeding, and was the subject of a Supreme Court decision in 1968.

Let us look and see whether or not there is evidence of reaction to this Permian Basin decision.

Mr. President, there are some extremely interesting figures, as a result of the Permian Basin case. For example, in one 20 field study the FTC found an interesting discrepancy between the AGA statistics and the companies' own internally used estimates. For the year 1966, before the Permian decision, the AGA estimate exceeded the company estimate by 290 billion cubic feet. Administratively this was about the time the FPC adopted the Permian method and before the case had gone to the Supreme Court. So we find in 1967 the AGA estimate is less than the company estimate by 324 billion cubic feet.

In 1968 the AGA estimate was less than company estimate by 103 billion cubic feet.

Now, hear this: 1968 was the time that the Supreme Court affirmed the Permian decision saying that the greater your cost of discovery, the greater the price you get.

Let us see what the discrepancy is between the AGA and the company estimate. In 1969, the AGA estimate was less than the company estimate by 502 billion cubic feet. In 1970, it was less than the company estimate by 823 billion cubic feet.

Mr. President, it seems to me a very clear indication of a reaction guided by enlightened self-interest.

There is another extremely interesting bit of information. Under FPC procedure, to get a certificate to construct a pipeline, one has to prove that he has enough reserves to economically support the pipeline. So, the pipeline goes to the companies to obtain reserve estimates and raw data and submits those to the FPC in support of a certificate of public convenience and necessity to lay the pipeline.

FPC staff had the bright idea of going to these certification hearings determining what the data indicated.

There were 31 leases involved in this particular analysis, and the result was that proved reserves on these 31 leases exceeded by 1.7 trillion cubic feet all the proved reserves in the area as reported by the AGA for over 900 leases.

Mr. President, I find this slightly convincing that there has been some monkey business going on. There is another most interesting statement that impinges on this entire situation.

Mr. Bumpers assumed the chair at this point.

Mr. HASKELL. The American Association of Petroleum Geologists yearly puts out a bulletin which is devoted to analyzing the previous year's drilling activity in each oil and gas region.

I quote from a couple of these American Association of Petroleum Geologists bulletins:

First, from the June 1968 bulletin, page 1022:

> The offshore success percentage has been affected significantly by the practice of some operators of drilling wildcat wells on offshore leases with the intention of plugging them, that is, failing to complete, whether or not they found hydrocarbon accumulation. Some of the plugged and abandoned offshore wildcats undoubtedly were not dry. Some offshore fields are now being developed without a discovery having been announced.

This is the American Association of Petroleum Geologists talking.

So I ask the Chair and our colleagues whether or not they think these unannounced discoveries in unannounced fields ever ended up in the AGA estimates.

I go on from the same page of the Petroleum Geologists bulletin:

> Offshore there are several places in which hydrocarbon accumulations obviously have been found without completions having been explored with expendable tests which have been made. These structures are not designed for future reentry and production. Production facilities and pipelines have been announced for some of the fields on which no discoveries have been reported.

I say to those people who have any familiarity with the oil and gas business, to put in production facilities or lay a pipeline without a discovery is like a circus without a clown or like a bird without feathers. In other words, it is an impossibility.

I will skip 1969 and go to 1970. On page 1034 of the bulletin, I find the following:

> The offshore success is again affected by the practice of some operators to plug wildcat wells even though a commercial accumulation may be found.

So, Mr. President, we have basically a system which if it worked the way it was meant to work, would result in guesswork.

We have a situation where the more it costs you to discover, the more you get paid by the FPC. This is clearly an inducement to understate reserves.

We have factual information by which the Federal Power Commission, looking at just 31 leases—because they had access to only 31—came up with 1.7 trillion more in reserves than reported by AGA on 900 leases.

We have the extremely interesting coincidence of reserve additions falling off sharply and dramatically the minute the Federal Power Commission adopted this new way of pricing.

So I say to the Senator from South Carolina that my amendment is germane to the emergency. It is an emergency in this land when we have no knowledge of gas reserves.

I compliment the distinguished Senator from South Carolina (Mr. Hollings), the distinguished Senator from Ohio (Mr. Glenn), and the distinguished Senator from Georgia (Mr. Talmadge) for getting on top of this emergency situation. I hope that when I submit this amendment, the distinguished Senators will agree with this Senator that not knowing the reserves of this country is in fact an emergency. Because until we have those figures, we really cannot seriously address the long-term situation. I merely ask the distinguished Senators to take that into consideration.

I yield the floor.

Mr. HOLLINGS. Is it in the Senator's contemplation that the Federal Power Commission in securing the statistical information, as proposed by the Senator's amendment, would really get any reliable statistical information between now, say, and November 15?

What really must happen in this emergency is that curtailed pipelines will have to get into that intrastate market, at prevailing intrastate prices. The Federal Power Commission is working at this very time in trying to find out what the prevailing area of prices are in anticipation of this legislation being enacted. Then the interstate pipeline buyers will have to get into Texas, Louisiana, and Oklahoma and start making their purchases, in order to get the gas on board, in the pipelines, certainly no later than January.

But the distinguished Senator is exactly right—lack of information is an emergency. But, then, how many emergencies can be handled by one emergency bill within the next 60 days?

The FEA Administrator, Mr. Zarb, at the same September 15 hearing, said to Senator Glenn, on much more complex and complicated information:

> Yes, Senator, I'll get that information for you by tomorrow night.

I said that Mr. Nassikas of the Federal Power Commission believes that 15 days is too limited to set area prices, and perhaps we should get the FEA to do it, because they seem more responsive and actually could do it.

I do not characterize the amendment of the distinguished Senator from Colorado as not pertaining to the emergency. I agree 100 percent that it is part and parcel of the disguised shortage. We cannot actually say to what extent this shortage is being disguised, but we know from certain indicators throughout our treatment of this bill that producers artificially and arbitrarily are withholding. That is what the Senator from Colorado is trying to get at. It is an emergency; and if I could get that specified within the next 30, 60, or 90 days, that would be fine business. But we have a reluctant Commission and a reluctant Administration, and they are driving for no controls at all—no regulations, no information, just proprietary interest and everything else. How are you going to solve that on an emergency basis? That is the point.

Mr. HASKELL. I understand the point of the distinguished Senator from South Carolina. Without any question, this information could not be gathered in time to help with what he is talking about for this winter. But I am also saying that Congress and the Nation must address themselves to the long-term problem; and when we do not have the information upon which to intelligently address ourselves, we have an emergency. It is for that reason that I consider this as pressing a measure, although perhaps a separate measure, as the one the distinguished sponsors of this bill addressed themselves to. I am merely asking their thoughtful consideration of the problem.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. HASKELL. I yield.

Mr. GLENN. Mr. President, I commend the distinguished Senator from Colorado for his efforts in this regard. I know from private conversations with him, on and off the floor, of his concern. I share these concerns and the objective he is trying to reach here.

I believe that one of the biggest difficulties in the entire consideration of oil and natural gas has been just trying to get decent information. We have not been able to find out exactly what the facts are. You need information if you are to make intelligent legislative decisions to try to take care of something like the emergency we are in now.

I doubt that the American Gas Association or anyone else is capable, right now, of making an exact estimate of where we stand. We know producers had some of the best geologic information available when drilling in the gulf started, after paying the Federal Government $1.4 billion. They drilled seven straight dry holes. They halted. Yet their actions were predicated on the best information they thought they had available. The Geologic Survey has estimated downward reserves of natural gas and oil in the country.

I am 100 percent in favor of what the Senator from Colorado is talking about, trying to get better information. When we depend on private sources that may have their own particular ax to grind as the primary source of information on which we base legislation, we are really on thin ice.

So I commend the Senator. I would also like to reaffirm, however, what the distinguished floor manager of the bill, the Senator from South Carolina, was talking about just a moment ago. To expect that we could have a 90-day time limit and to have any information back soon enough on which we could enact legislation would be wishful thinking.

While I am all for going the route that the Senator from Colorado proposes, I would think that information on this bill would have a tremendous impact on what we might wish to do long term. In fact, I think that if we had information forthcoming under this bill now, it would give us a better handle on which to weigh long-term gas considerations.

To me, however, this once again points up the fact that we do not wish to delay action on an emergency bill that should be out in the next couple of months if it is to have any effect at all this winter. But we need the information the Senator from Colorado is talking about. Once again, it points up the necessity for keeping the long-term and short-term aspects of these two bills separated, so we can get emergency action and take the information he is proposing to help us in our long-term considerations with respect to natural gas.

Mr. HASKELL. If the Senator will yield, I think the Senator and I agree that without information, we cannot make a decision. Is that correct?

Mr. GLENN. I beg the Senator's pardon.

Mr. HASKELL. Will the Senator agree—I think he does agree—that without the facts, it is almost impossible to arrive at a decision?

Mr. GLENN. I could not agree with the Senator more.

Mr. HASKELL. The distinguished Senator from Ohio and the distinguished Senator from South Carolina point to this winter's emergency—which is an emergency. But let me ask those Senators, that is just an emergency. The Senator from South Carolina said the bill self-destructs sometime in 1976. We have to address ourselves to the long-term problem. My question is, if we do not have the facts, how are we ever going to address ourselves to the long-term problem?

Mr. HOLLINGS. Mr. President, the Senator is so right. Let me have an exchange for a moment with my distinguished friend from Colorado.

I would not leave the impression that what he proposes is a matter to be taken lightly. We are going to have to study the proposal of the Senator from Colorado. If we study that, we may discover that the bill would be improved by accepting it. I, too, have misgivings about what has been reported by the industry.

I firmly believe that if I had to take some kind of professional examination on the particular subject of the immediate natural gas shortage, my answer would be that the shortage this winter is totally contrived, there is substantial withholding of a large amount of shut-in wells, and other activity that increases the "shortage."

But in the long term I agree with the U.S. Geological Survey. I agree with the National Academy of Sciences that our natural gas resources are not that large. Rather than what had been projected, year in and year out, at about a thousand to two thousand trillion cubic feet, they now estimate natural gas resources to be between 365 and 622 trillion cubic feet. But we have many indications to show that the Senator from Colorado is exactly on target. First, the majority of the gas left in this country is within the public domain under the present system. As the distinguished Presiding Officer, the Senator from Arkansas, knows, it is about to be transferred from the public ownership and control to company ownership and control unless we enact leasing reform proposals. Currently we do not have competitive leasing on onshore Federal lands. If two companies want development rights and make a similar offer, then the winner is chosen by lot. Offshore, there is a competitive bidding for lease but once producers get it, we will never find the truth out again—we do not know the extent of reserves or resources on the lands that belong to the public. We never find out, really, how much oil or gas is there. So we start off, No. 1, having to try to correct that problem.

We should compare the performance of the Federal Power Commission with the Canadian system. It is a delight to go with my distinguished colleague from Kansas and others to Canada to these interparliamentary exchanges. When we go there, we learn a lot. On the matter of energy, they have a totally different reporting system, somewhat similar to the proposal of the Senator from Colorado. They publish reserve information frontier by frontier, field by field, company by company; the records, the facts, the figures are there and they can be audited.

Look, by contrast, at what we have in America. The Senator from Colorado has already described it. The industry geologists go out in the field and make guesstimates but they never identify that fact or figure with a particular field, because all of a sudden, that would be proprietary if revealed to the public. They call others up and add numbers together and report on a State-by-State basis, and then that is the estimate of the American Gas Association, accepted ipso facto by the Federal Power Commission. Audit? None. Zilch.

Persons of good reason, good judgment and commonsense have gone into the field, under the leadership in the other House of the distinguished Mr. Moss, chairman of the Oversight and Investigations Subcommittee, and they have taken measure of a number of companies; they found underreporting, because there is a financial interest to cause that underreporting. If producers reported the truth, it would be against their own interest under the present system.

We have James Nathan Miller, in the August issue of Reader's Digest, in an article entitled "Is It Really a Natural Gas Shortage?" underlining "really." Then it goes into the very problems that the distinguished Senator from Colorado is touching upon—namely, that while they are talking about the immediate shortage, every time there is an audit or other check we find there is more natural gas than reported.

Mr. HASKELL. Will the Senator yield on that point?

Mr. HOLLINGS. Yes, sir.

Mr. HASKELL. I appreciate the Senator's remarks, but I think there is one other fact that we ought to throw in. The FPC, several years ago, tried to do just what we are talking about—get information directly, under oath. The companies came in and resisted. In one of their briefs, they had the effrontery to point out to the FPC that they would not even get to judicial review for 3 to 5 years, which, it would seem to me, is a misuse of the Federal process. Following that, the FPC backed down.

Now, I say to the distinguished floor manager of the bill, as of a few weeks ago, the GAO approved a so-called form 40. This form is to be sent out now by the FPC to get the type of information that the Senator from South Carolina and the Senator from Colorado want. We need, in my opinion, this information, because the FPC could back down again. It can have a change of personnel, and I believe it is about to have a change of personnel. This can well affect administrative action. So I think now is the time, in the name of an emergency, to do this.

I thank the Senator for his comments and for his consideration. I yield the floor.

Mr. HOLLINGS. Mr. President, I yield now to our distinguished leader on the other side, who has been most indulgent and courteous in allowing us to make this record at the beginning of the discussion on S. 2310.

At this time, I ask unanimous consent to have printed in the Record an article from the Washington Post of Tuesday, July 15, where the Chairman of the Federal Power Commission, John N. Nassikas, testified on natural gas reserves, the exact subject that Senator Haskell refers to. Reported in that article, entitled "Head of FPC Admits Flaws in Gas Data," is the following comment:

> "I have been concerned for years about the facts and figures supplied by the AGA," Nassikas told the House Commerce Subcommittee on Oversight and Investigations.

Further, Mr. President, I ask unanimous consent that an editorial in the New York Times of Saturday, September 27, be printed in the Record. It has reference to the emergency natural gas amendment we are now considering.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, July 15, 1975]

Head of FPC Admits Flaw in Gas Data

(By Carole Shifrin)

Outgoing Federal Power Commission Chairman John N. Nassikas admitted yesterday there were "gross deficiencies" in the American Gas Association reporting program relied on by the government almost exclusively for its information about natural gas reserves.

"I have been concerned for years about the facts and figures supplied by the AGA," Nassikas told the House Commerce Subcommittee on Oversight and Investigations.

Yesterday's hearing was the fifth session on natural gas supplies and the reliability of information supplied the government by the petroleum industry.

Nassikas, whose term expired last month but who will remain on the power commission until a successor is confirmed, faced tough questioning from members of the subcommittee who worried aloud that the agency, and the Congress itself, were using unreliable data in the general and controversial debate over decontrol of natural gas prices.

"What troubles me is that we are being asked to make decisions based on figures that you now recognize may be deficient and contain a sizable margin of error," Rep. Jim Santini (D-Nev.) told Nassikas.

Nassikas noted that last month the commission instituted "a searching inquiry" into the reliability of the AGA reserves reporting system, and has pending at the General Accounting Office a request for approval of a form it wants to send to companies directly to get data on natural gas reserves.

The deficiencies in the present reporting system stem "largely" from "the fact that it is virtually impossible to conduct an independent analysis every year" to doublecheck the AGA figures, he said.

Nassikas insisted that even though there are deficiencies, the data were "reasonably" accurate enough for their purpose—to plug into the formula they used to set the wellhead price of natural gas sold interstate. He also noted that a study the FPC staff did indicate a 5 per cent margin of error "at most."

Nassikas also told the subcommittee the commission had made a mistake when it authorized a narrow instead of a broad investigation into curtailments of natural gas deliveries announced by Transcontinental Gas Pipe Line Corp. last winter.

Testimony given the FPC during the winter suggested that Transco's natural gas supplies from producers were lower than expected, in part because of delayed repair work done on some high volume wells in the Gulf of Mexico which necessitated closing down the wells. Although Cities Service Oil Co. officials said the repair work had been delayed because of the unavailability of a suitable rig to fit the platform and a shortage of the right tubing, staff investigators for the subcommittee have contended that evidence shows the officials dallied in their attempts to find a suitable rig, and had already made plans to use a substitute tubing for the original well tubing.

"I'll be very candid with you," Nassikas said yesterday. "Certainly your investigation . . . has changed our views about the extent and the magnitude of the Transco problem. It warranted our enlarging the investigation," he said, which the FPC did two weeks ago. "It's too bad that it wasn't called to my attention earlier," he said.

[From the New York Times, Sept. 27, 1975]

Unnatural Gas

Whatever the vagaries obscuring the rest of this country's energy policies, the experts concur on one urgent conclusion: In the absence of immediate corrective action, large areas of the nation will face economic distress, loss of jobs and production this winter from a shortage of natural gas.

The Federal Energy Administration has designated fourteen states, including New York, New Jersey and Pennsylvania, as likely to run into major supply shortages within the month. That makes certain a need again this year for curtailment of supplies to marginal or intermittent users: estimates of this winter's probable curtailments, however, run 30 per cent higher than last year, raising the spectre of hundreds of thousands of jobs lost from industries forced to shut down for lack of fuel.

Fortunately, the Congress has at hand a relief measure to forestall the worst of the predicted dislocations. It takes the form of legislation to permit interstate pipelines, as a temporary measure, to purchase gas now available only inside the gas-producing states, where there is no immediate shortage. The price would undoubtedly be significantly higher than the present controlled national average—in the preferred version, introduced by Senators Hollings, Glenn and Talmadge, it would be fixed at the level of the present intrastate price which is not under Federal regulation. By this means, continuity of supply would be assured at least at the level of last winter. These emergency provisions would remain in force only through next June.

Despite its broad support in principle, the measure could fail under an attempt to tack on long-term deregulation of all natural gas prices, a highly controversial element in President Ford's energy program. Representative John D. Dingell of Michigan, who is shepherding a parallel emergency measure through the House, has warned that broad deregulation legislation has no chance of quick passage. Even if it did pass, the Administration's energy chief, Frank Zarb, has conceded that it would have no impact on the supplies available this winter.

It is hard to see why any legislator would want to make the economic effects of the fuel shortage any worse than they have to be. The long-term issues of natural gas pricing and production deserve—and are scheduled to have—a full airing in this session of Congress, in the context of over-all energy policy. But the first order of business is to line up for immediate delivery the natural gas it will take to get the country through the winter.

The **PRESIDING OFFICER**. The Senator from Arizona is recognized.

Mr. **FANNIN**. I thank the Senator from South Carolina for his kind remarks.

Mr. President, this winter, the country faces the worst natural gas shortage ever, a shortage which, incidentally, did not spring up overnight, but which has been loudly predicted over the past several years.

Mr. President, I think at this time, when we are considering legislation, we should look at just what has happened over the years and judge by what has happened and what has caused this to come about, as guidelines for us in the legislation which we have under consideration.

I say this is going to be a very difficult winter. Of course, depending on how cold it gets and depending on the availability of alternate energy supplies, other than natural gas, we may very well be confronted with the spectacle of industrial plant shutdowns on an unprecedented scale.

According to the FPC and the FEA, more than a dozen States in the East and mid-West are expecting additional natural gas curtailments of considerable magnitude. These curtailments are having a dangerous impact on many industries which depend on natural gas as their principal energy source. The shortages are expected to be about 30 percent greater than they were last year.

This is not a very pleasant prospect for the consumer. We must be prepared to avert an economic and employment disaster this winter which could directly affect the jobs and livelihood of a very large segment of the public. But while emergency measures are necessary for the winter months ahead, such measures do absolutely nothing to prevent similar or worse shortages next year, the year after, and the year after that. Stop-gap emergency legislation such as the Hollings bill does not solve the basic problem which began to reveal itself in the late 1960's when it became obvious that consumption of natural gas would continue to outstrip production.

Energy experts in the 1960's began to warn the Federal Power Commission that unless price controls were removed, the Nation would soon be running out of gas. Federal Power Commission officials laughed at these suggestions and dismissed them as oil industry propaganda.

Let us look at the record. I am quoting from the New York Times of October 10, 1962. The then Chairman of the Federal Power Commission, Joseph C. Swidler repeated in the interview—with officials of the gas industry—his estimate that—

> By and large, the matter of adequate gas supplies would not be a critical question in this century.

Now quoting from the Oil Daily about 1 year later—

> Chairman Swidler of the Federal Power Commission said Tuesday that discussion at the Natural Gas Advisory Council a few days ago made it clear that there is plenty of natural gas—and will be for the next couple of decades at least.
>
> He said estimates presented by pipeline representatives on gas reserves range from 500 trillion cubic feet with 1980 gas demand estimates ranging from a low of 22.5 trillion cubic feet up to 30 trillion cubic feet a year.
>
> Swidler said he believed there are no foreseeable problems on gas supply through 1980—and most people don't think there will be a "serious problem" of gas supply through the year 2000.

Swidler's chief economist at the FPC, Harold Wein, supported this statement and went a step further. I am now quoting from the Oil Daily of March 11, 1963:

> The chief economist of the Federal Power Commission has advanced the startling theory that higher gas prices will depress, not stimulate, gas exploration and will result in less gross additions of new reserves.
>
> If the past is any guide to the future, price increases will lessen exploration, and hence result in the long run, in less gross additions of new reserves. This seems curious to those who believe that increased prices will always result in more supply no matter what.

Can you imagine any economist in his right mind suggesting that cutting back on gas prices would increase gas supply?

The FPC did not change its tune despite the accumulation of evidence pointing to a mounting national gas shortage. In March of 1966 the FPC released a staff report which concluded that the 24 pipelines that controlled 97 percent of the Nation's gas reserves, as a group, can, with only minor reserve additions or increased deliveries, "meet their projected annual requirements for 12 years." Nine of those 12 years have passed and we now have a nationwide gas shortage of extreme proportions.

Mr. President, some of the staff that

former FPC Chairman Swidler relied upon to advise him on holding down wellhead prices in order to increase gas supplies, and who assured him that we would not have any gas shortage until after the turn of the century has now been recruited by Senator Hollings to help him draft S. 2310. I felt sorry for my colleague from South Carolina who has been so terribly disadvantaged by having to depend upon the staff who gave birth to such conceptual failures as FPC area ratemaking procedures, and who a decade later has spawned S. 2310.

There has been scandalous and prolonged delay in solving the problem, and this delay has been in the guise of "protecting the consumer." In reality, this footdragging has done irreparable damage to the consuming public. At long last, we need to grab the bull by the horns and turn around a situation which has been building up over the years as a direct result of Federal restraints, redtape, and uncertainties. Instead of serving the public, price controls have actually resulted in a gross disservice to the Nation as a whole. We must put an end—once and for all—to the regulatory fiasco that brought about the shortages in the first place.

Congress has refused to accept the reality of the natural gas shortage. It has refused to accept the overwhelming evidence of economists and other experts both in and out of Government who have said that the 21-year experiment of producer price controls for gas sold in interstate commerce has created an unworkable situation—a situation which has held prices to a ridiculously low artificial level, has encouraged indiscriminate and wasteful use of this premium fuel, which has killed producer and investor incentives, which has caused a drastic reduction in exploratory drilling, and which has resulted in a shortage of gigantic proportions.

All of sudden, now there is widespread sentiment that on an emergency basis, it is OK to partially and inadequately suspend the ludicrous Government-imposed price ceilings over interstate purchases in order to try to elicit new interstate supplies from intrastate markets for the hard-pressed industries in the nonproducing States. If short-term partial relief is viewed as a solution for 60 days, or 90 days, or 180 days, why not complete relief 365 days of the year, so that producers, transmission lines, distributors, and most importantly, the consumers, will have a better idea of where they stand in the future—and make long-range plans accordingly.

This country desperately needs a sane natural gas policy for the future wellbeing of its people, and the cornerstone of such a program is to throw out that which has not worked over the past 21 years, and try an approach that will encourage—not discourage—the search for new domestic supplies of this precious resource.

In actuality, the public seems to understand the problem better than the majority of Congress. First, industry and agricultural users, with virtual unanimity, faced up to the reality that Federal restraints on production are dangerous and will lead to the destruction of a strong domestic energy basis. And now a recent Lou Harris poll indicates that 54 percent of the general public favor decontrol of new gas at the wellhead, as compared with 22 who oppose decontrol. This is an encouraging reversal of previous public sentiment.

This indicates to me that the truth about the shortage is spreading despite misleading reports and distortions to the contrary. The truth is that decontrol of new natural gas will not have a devastating inflationary impact on the consumer's pocketbook. The devastation will come when there is little or no more natural gas available for residential users as well as industrial and agricultural users, and the country will then have to depend totally on much higher-priced alternate fuels—most of which will have to come from unreliable foreign sources.

Does it make any sense at all to continue to march headlong to the arms of foreign dependence and at the same time do absolutely nothing about encouraging an increased exploratory effort on the domestic front?

Mr. President, in a letter recently sent to Speaker Albert, FEA Administrator Frank Zarb stated that—

> Because legislative action on natural gas wellhead price regulation has been far too long deferred, the Nation now faces mounting shortages of natural gas. These shortages substantially increase our dependence upon foreign oil and could jeopardize our continued economic recovery and future economic vitality.
>
> While demand for natural gas has been increasing, production peaked in 1973 and declined by about 6 percent in 1974 (the equivalent of over 230 million barrels of oil). In 1970, interstate pipelines began curtailments of interruptible customers, reflecting shortages of less than 1 percent of consumption (0.1 trillion cubic feet). Last year curtailments increased to 2.0 trillion cubic feet (TCF), or 10 percent of consumption. For 1975 they are estimated to increase to 2.9 TCF, or about 15 percent of consumption.

We can do the American public a real service by not only taking care of this winter's "emergency" natural gas situation. but by removing the cancerous Federal restraints that got the country into this mess in the first place.

We should not only provide legislative relief to get us over the winter hump, but we should also stop acting as though there were no tomorrow. We will have to face excruciating emergency legislation year after year and allow the Government to get deeper and deeper into the allocation business, unless we change the Natural Gas Act to provide for decontrol of new supplies. We should not make the same mistake we seem to be doing for oil by coming back winter after winter asking for Federal allocation of a constantly diminishing supply.

Accordingly, S. 2310 must be rejected. It is not the answer to the problem, but rather a means of exacerbating it. That is why I am introducing an amendment today, supported by several cosponsors, many of whom have long favored complete deregulation of all natural gas, old and new. In the interest of compromise, however, the amendment will deregulate only new natural gas in addition to providing winter emergency provisions similar to those requested by the administration.

Mr. LONG. Mr. President, will the Senator yield?

Mr. FANNIN. I am pleased to yield to the Senator from Louisiana.

Mr. LONG. Is this not true, at this time, that in the last 20-odd years the potential and present producers of gas have been provided with a powerful disincentive to produce natural gas? They have been provided with every incentive that misguided well-wishers could provide to prevent them from developing oil and gas reserves. In other words, is it not true that there has been presented a situation where if they drill for gas and they sign a contract to sell it in the intrastate market, they will not be permitted to sell on a competitive basis which would permit them to sell their product for what it is worth?

Mr. FANNIN. The Senator is correct. This is one of the greatest injustices that has ever been done to the consumers because they have held back the producers from going forward on the exploration needed, they have not encouraged them to even save the fuel as far as marketing is concerned, and fuel has been wasted. There are low prices, and it is kept at a low price, far below, as the Senator many times brought out, its value in Btu content to oil.

So this has been a device which has worked against the consumer's interest and has been a tremendous handicap to producers.

Mr. LONG. In situations where a producer of natural gas was in a position to know that if he drills deeper in the field he is currently producing and he has every prospect of finding a lot more gas, did he not have the incentive to do just the opposite, to sit there, and leave the gas where it is rather than drill deeper and find more, for the reason that if he drilled deeper he might very well be compelled to sell that gas for a mere fraction of what it is worth, whereas if he left it where it has been for the last 50 million years, eventually, with the Nation short on energy, somebody might have enough statesmanship to permit him to sell his product for what it is actually worth on a competitive basis?

Mr. FANNIN. Again the Senator is correct. I have heard the Senator use a similar story. I have just seen an ad on the company in Texas, which states:

> GAS PRICED LIKE APPLES
>
> "How much are your apples?" asks the housewife of the grocer, so goes the story.
>
> "Forty-nine cents a pound," the grocer replies.
>
> The housewife registers surprise and exclaims: "Henry's apples are only 29-cents."
>
> "Why don't you buy your apples from Henry?" responds the merchant.
>
> "He doesn't have any apples," she says.
>
> "If I didn't have any apples," the grocer explodes, "mine would be only 29 cents, too."
>
> Which is a long way, perhaps, of getting around to the point.
>
> Natural gas in Texas sells for up to $1.90 per 1,000 cubic feet. And Texans have gas.
>
> But in non-producing states, where the price of imported gas is controlled at 51 cents per 1,000 cubic feet, there is no new gas to be bought.
>
> If we didn't have gas, our price would be 51 cents, too. But we couldn't buy gas either.

In my particular State of Arizona, we cannot buy gas and we are having a very difficult time.

We had one company very short on gas and they were trying to buy naphtha in order to manufacture the natural gas, or manufacture methane and put in the natural gas lines. It would cost them $4 a thousand cubic feet and they were unable to get permission from the FEA to do so because they did not want to utilize naphtha in that particular way.

This shows how underpriced interstate gas is at the present time and has been, as the Senator stated, since 1954.

Mr. LONG. Within producing States, Louisiana, Texas, Oklahoma, and others, when one finds gas he is permitted to sell it to his own neighbor without having the "unwisdom" of these misguided well-wishers visited upon the local citizenry.

That being the case, at least one can sell gas to his neighbors for what they are willing to pay for it, and those people are drilling and producing for the intrastate market at a price, actually, that is coming down in the intrastate market, because they have been able to provide in certain areas a surplus of gas in that particular area, particularly in view of the fact that it is not available to the interstate market.

Mr. FANNIN. Let the market operate.

Mr. LONG. Yes.

Mr. FANNIN. On a competitive basis, the consumer gets a good, more efficient, cleaner and better fuel than what he would get from coal or from oil, and he is paying a fair price for it.

Mr. LONG. It stands to reason that if the interstate market is opened up, there will be a lot of additional gas available, if that is on an incentive basis. People will furiously and frantically try to make it available because all the economics would favor that.

Some feel that might cause the price in gas to rise. It stands to reason, anyone limited to selling within his own State, to his own neighbors, could probably get a better price for his product if he had more buyers available to purchase his product. Is that not correct?

Mr. FANNIN. That is very true. There would be a wider, more competitive market, and everyone would benefit, both producers and consumers in the States.

Mr. LONG. Is it not a fact that this bill before us seeks to prevent those who have gas from setting it at what the competitive price would be if the new situation should come to pass?

Mr. FANNIN. This would defeat in many instances where in an interstate market they are gradually bringing gas to the market, putting it in pipelines, and drilling in out-of-the-way places. That would probably stop in many areas if they brought the price down because they have only been able to spend that money if the product brings a price. If it does not, then the market would not encourage them to go ahead with the development.

Mr. LONG. It seems to me that the sponsors of this so-called emergency bill, which has had very little time for consideration, still want to have their cake and eat it, too. They still want to deny those who have gas and could produce it the right to sell it for what it is worth, and having denied them the right to sell their product for what their product is worth, they would try to find some way to force them to sell it.

Does it not stand to reason, the same disincentives would still continue with people who find it not sufficiently attractive to drill for gas on their property because they would not be permitted to sell it for what it is worth on a competitive basis, and would still prefer to leave it in the ground rather than commit it to the type of injustice and outrage this has suggested in the past?

Mr. GLENN. Will the Senator yield on that point?

Mr. FANNIN. I yield to the Senator.

Mr. GLENN. The statement was made, that it would let us have our cake and eat it, too. There is no proposal to roll the prices back. The proposal is only that during an emergency period where gas is in extremely short supply, that we just not let the free market price skyrocket out of sight. The Chairman of the Federal Power Commission testified that $3 a thousand feet in some areas was possible, if we let the price go without some type of control.

It is not the intent of the sponsors to try to solve all long-term problems of the natural gas industry. All they tried to do is keep the lid on at the existing prices.

Mr. LONG. Will the Senator yield?

Mr. FANNIN. Yes.

Mr. LONG. Let us talk about that, whether they are trying to do something that is fair or something that is an outrage and an economic injustice. Let us just talk about that for a moment.

The Senator might not have thought about this. At the current price of oil, and that is what we are having to pay when one wants to buy it, that gas is worth about $2 per thousand. The Senator has a bill to try to get it for a lesser price than that. He wants to forbid these people to sell their gas into the intrastate market and forbid anyone even in the intrastate market from paying more in competition with him to get that gas.

This is a cleaner fuel. It is a more convenient fuel to use. It creates less pollution. It has a more reliable source of supply to it. Once a person has it connected, he is in far better shape with this fuel than he is with something else. It is a premium fuel.

The Senator would deny the person producing it the right to sell it for what it is worth on a Btu basis in comparison with foreign crude, for example. Here he would come into the intrastate market, seek to take from those people the gas that is presently available to them, to compete with them for it, but he is not willing to pay what that gas is worth on a competitive basis.

If the Senator tried to go to Louisiana and confiscate that gas or expropriate it, a court would make him pay what it is worth. I would be willing to bet my reputation that any court that has any credentials at all, looking at the due process clause of the Constitution, would proceed to say "You want to use this to heat your factory. If you were not using this, you would have to use oil or you would have to use coal. This product would be worth at least $2 per thousand on that basis. If that man were permitted to sell his product on a free market basis, that is what he would be getting. So if you want his gas, you will have to pay him."

The Senator would try to make a man sell his gas for a lower price than the court would award that man if it was seized by Federal fiat.

Mr. FANNIN. I will say to the Senator from Ohio if he believes what he is saying, that his bill would not result in what I think it would result in—whether he intends it or not I think that would be the result—why not have complete decontrol of natural gas? That would accomplish that. That gives what the Senator from Ohio is talking about.

Mr. LONG. If the Senator will yield further, I would not object to a provision that would limit the price on a temporary basis, for a 6-month period, during which there would be a scramble by people to try to sign up available supplies. Let us limit the price to $2 per thousand, which is about the tradeoff price on a Btu basis for what oil is selling for on the world markets and what it is selling for if it is new oil.

To me it is an absolute and utter outrage to try to make someone sell his gas for a price below that which people are paying for his oil produced out of the same hole.

Mr. GLENN. Will the Senator yield?

Mr. LONG. If that man were limited, if that man were in Louisiana and he could only sell his oil within the State of Louisiana, where we are exporting most of it, obviously his oil would be selling for a great deal less than it is selling for now. But if we are talking about this as being one great Nation, and we permit that person to do business just like he would do business any other way, that natural gas is worth even more to that buyer than the oil is worth because it is a premium fuel.

Mr. GLENN. Will the Senator yield? We are not arguing the long-term aspects of it, nor are we arguing gas as opposed to oil, which the Senator keeps referring to. What we are talking about is a short period of time. I agree it is a premium fuel and I agree that probably one of the reasons we are short today is because of the pricing policies that have been followed in the past. But just as in the past when we put price control on during periods of temporary shortages when the price might otherwise to go sky high and we felt the need to protect our consumers in this country, the same thing applies now. With this emergency bill we are not trying to establish any pattern of long-term pricing. Knowing the concern of the Senators from those particular States that are the major producers, we have tried to make certain that the long-term aspects would be taken care of immediately after the short-term considerations. The leadership on both sides of the aisle are committed to that, and I believe that both conferences, Democrat and Republican, are committed to that type of long-term policy consideration when this is completed. That is all we are trying to do.

We are, however, trying to keep down

the sky-high price that Mr. Nassikas, head of the Federal Power Commission, has predicted will result by the scramble for gas this winter if we do not keep some sort of price lid on. That is our goal. I hope this does not get misrepresented as some sort of control over oil prices or long-term pricing on gas and oil and the other fuel sources because that is not what this bill states and it is not what it attempts to do.

Mr. LONG. Will the Senator yield?

Mr. FANNIN. I yield.

Mr. LONG. May I say for the benefit of the distinguished Senator from Ohio I have high hopes that we will wind up voting pretty much the same on a lot of these amendments. He is a new man here and hopefully he is not frozen in the pattern of thinking that created this fiasco which has been going on and getting worse and worse for the last 20 years. I hope he will help to move us to answer it rather than make a bad situation worse. I think it is a contribution the Senator suggests. To get the gas which they desperately need in some places in Ohio, they ought to go to States where it can be bought and buy it on a temporary basis to meet an emergency, and pay, by the way, more than has been proposed to this point. He is willing to pay what the gas is selling for now in those States.

The Senator has made a long stride toward being fair about this matter when he concedes that they ought to be willing to pay what it is selling for there now.

The point I make is this: The people who are selling that gas intrastate are nevertheless being denied the right to sell it for what it is worth in the American markets for a simple reason: They are confined to those States. Louisiana is producing a great deal more than we consume. As long as we are confined to the State of Louisiana because of a shortage of buyers, you might say, compared to the interstate market, the price is not what it would be if we could sell to the whole interstate market. What would a fair price be? If some want to have controls on it, they would say that the fair price for that product would be what the price for the new oil would be. We are talking about new gas. What are we paying for new oil? Suppose a man will not sell it? Suppose some said, "All right, he will not sell so we will take it."

Obviously, under the due process clause of the Constitution that man would have to be paid what the court thinks the gas is worth. That court would look at this and say, "You are paying him about $11 a barrel for the oil that comes out of that well. That would make this gas worth about $2 per thousand." That is what a court would say if we were trying to seize it.

Mr. GLENN. Will the Senator yield?

Mr. LONG. Yes.

Mr. GLENN. Is the Senator inferring that we have a free market in oil?

Mr. LONG. We have a controlled market in oil.

Mr. GLENN. Is the Senator further saying——

Mr. LONG. Just a moment. There is a controlled market in oil. The control we have here is that for the old oil they held it down to $5. For the new oil they permit to produce that and sell it at the world market price, which was a little below $11 a barrel before this last OPEC meeting. That will go to $13 a barrel. That is what people are paying all over the world if they want to buy it. If the Senator can produce it cheaper than that, more power to him.

Mr. GLENN. The Senator talks about a free market controlling the prices and talks about the equivalency of oil and gas. We have no semblance of a free market.

The Senator is aware of that. He knows that price is set by foreign powers. They are artificially setting the price and the President put a $2 tariff on top of it. There is then no free market price with which to compare natural gas.

Mr. LONG. I am glad the Senator brought that up. I went with a great New England Senator, one of our great liberals of all time, Abraham Ribicoff, to tour Europe and talk to people about questions of this sort. When we were in London, Senator Ribicoff raised a question. He asked the people who handle the affairs of the Shell Oil Co. over there, "What is the fair price for oil?" He asked the same question when we got to Geneva, "What is a fair price for oil?" I said, "If you do not ask it, I will ask it. When we got to the OPEC office in Geneva, I will ask the question, what is a fair price for oil?"

Here is what that Nigerian said who is the secretary, Chief Feyide—it is more difficult to spell than to pronounce——

The PRESIDING OFFICER. The Chair regrets that he must interrupt the Senator.

MILITARY CONSTRUCTION AUTHORIZATION — CONFERENCE REPORT

The PRESIDING OFFICER (Mr. Bumpers). Under the previous order, the hour of 2 p.m. having arrived, the Senate will proceed to the consideration of the conference report on S. 1247, which the clerk will state by title.

The legislative clerk read as follows:

> The commiteee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1247) to authorize certain construction at military installations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of September 17, 1975, at p. 28968.)

The PRESIDING OFFICER. The time for debate on the conference report is limited to 1 hour, to be equally divided between and controlled by the Senator from Missouri (Mr. Symington) and the Senator from Texas (Mr. Tower).

Who yields time?

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. STEVENS. I ask unanimous consent that it be taken out of no one's time. There is not even a manager here.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk procedeed to call the roll.

Mr. SYMINGTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMINGTON. Mr. President, I ask for the yeas and nays on the military construction bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. SYMINGTON. Mr. President, it is my understanding that that vote cannot take place until 4 p.m., or afterward.

The PRESIDING OFFICER. The Senator is correct.

Mr. SYMINGTON. Mr. President, I shall make a few remarks with respect to the conference report on S. 1247, the military construction authorization bill for fiscal 1976 and fiscal 1977.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SYMINGTON. I move the adoption of the conference report on the military construction authorization bill for fiscal year 1976 and the 3-month transition period.

The report was signed by all the conferees of the House and the Senate; and it has been agreed to by the House.

I think this bill will adequately provide for the construction needs of our military services.

The Department of Defense requested $4,201,605,000 for this construction for this fiscal year 1976 and the transition period.

The Senate bill, as passed, trimmed the Department's request by $439,594,000, over 10 percent. The House of Representatives version of the bill reduced the request by $243,927,000.

The bill as agreed to by the conferees is for $3,853,705,000 in new authority; and represents a reduction of $347,900,000 from the Department's original request.

This conference figure is approximately $91 million above the Senate total and $104 million below the House figure.

I respectfully commend my Senate colleagues who ably argued in conference for responsible fiscal decisions. We deleted a new $70 million headquarters building, for example, planned for the Defense Intelligence Agency. To us it appeared highly questionable. We prevailed on the House to recede on a $47 million hospital, because plans were so tenuous.

We did agree to some increases over the Senate figure; I will cover briefly the major ones.

First, the Senate deleted an Air Force request for $175 million for aircraft shelters in Europe, because our NATO allies had not agreed to share the cost.

The House reduced the Air Force request to $52 million to be used to shelter aircraft that are now in the United Kingdom. During the course of the conference, however, the Department of Defense advised that the $52 million that was subject to conference action would be considered a part of the NATO program and all necessary steps would be taken to insure that any expenditure of funds would be recouped from NATO infrastructure funds.

In essence, the conferees agreed to prefinance the construction of shelters in the United Kingdom. This would permit their earliest possible completion, with the assurance that the funds would be recouped later from NATO moneys.

Second, the Senate conferees agreed to increase by $25 million the funds requested for housing maintenance. The House had developed information during their hearings that the services' backlog of housing maintenance was causing serious deterioration of some family housing. This developed as a result of maintenance moneys being diverted to pay utility bills as the cost of utilities had escalated beyond expectation.

Now let me say a word about Diego Garcia. The bill before us contains $13.8 million in authorization for Diego Garcia. This amount was authorized in the Senate bill, subject to the Senate vote on Senate Resolution 160, Senator MANSFIELD's resolution to disapprove of Diego Garcia construction.

As you know that vote was held this past July 28, and the Senate at that time voted 53 to 43 to override Senate Resolution 160 and let construction on Diego Garcia proceed.

Recently, however, new information has come to light which, if true, is a sad commentary on how this issue has been handled. It is now alleged that the United States deliberately displaced a native population from Diego Garcia so as to make way for this naval base; also that the displacement was done somewhat callously, without regard for either the rights or the feelings of the people involved.

I have written a letter concerning these allegations to the distinguished chairman of the Committee on Armed Services. In my view these allegations reopen the Diego Garcia question, and we will pursue the facts in the Appropriations Subcommittee on Military Construction.

Mr. President, I move the Senate pass the bill in question.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

The conference report before us on S. 1247, a bill to authorize certain construction at military installations, is the result of splendid cooperation between the Senate and House conferees, and is a testimonial to the leadership of our subcommittee chairman (Mr. SYMINGTON). It is an essential element of our national defense that we have adequate facilities in which to house our troops and their families, train our servicemen, and garrison their equipment. The military construction bill we now consider is an austere attempt at keeping this facilities adequate.

The bill authorizes $3.85 billion for the Defense Department and its services. The total is divided as follows for the services: $769 million for the Army, $706 million for the Navy and Marine Corps, and $486 million for the Air Force. The remainder is authorized for the Defense agencies, military family housing, and the Reserve components. The total of $3.85 billion compares with the total requested by the Defense Department of $4.2 billion, or a reduction by the conferees of about $350 million. This is a reduction of over 8 percent of the original request. The total in the conference report is $90 million above the Senate-passed figure of $3.76 billion, but is $104 million below the House-passed amount amount of $3.96 billion. I think this shows that the Senate conferees did a fine job of holding down unnecessary spending by reaching a figure closer to the Senate-passed version.

Nonetheless, I believe we have provided adequate funding for necessary and urgent construction as well as providing some legislative changes designed to improve the manner in which the bill was submitted in the future, to hold down the cost per square foot of bachelor officer and bachelor enlisted quarters, and to deal more adequately with the problem of deficiency authorizations.

Mr. President, I believe this to be an excellent compromise, and I hope that our colleagues will support the passage of this measure.

In the matter of Diego Garcia, I simply say that I think that the Committee on Armed Services should look into the charges that the native population was displaced in an arbitrary and insensitive manner, but I point out that that does not in any way alter the geographic and strategic importance of Diego Garcia, and we must consider the national interest in its worldwide context when we consider the funding of the facility at Diego Garcia.

DIEGO GARCIA: FURTHER REVELATIONS

Mr. CULVER. Mr. President, more details of the secret history of American involvement in Diego Garcia are coming to light. Several reports out of London in recent days provide new information and raise further, troubling questions about the conduct of the U.S. Government in this matter.

While we await the full, official report on this subject required by the amendment which I offered while the Senate added to the State Department authorization bill, it is nonetheless revealing to study these press reports.

These articles, if ultimately proven true, depict a shocking scandal which calls into question our entire effort to acquire a base in the Indian Ocean.

Diego Garcia now appears to have been a sordid, secret deal—in disregard of the rights and wishes of the local people, contrary to proper constitutional processes, simply for the sake of military expansion.

As so often happens when military planners get a fixed idea, the end justified the means. Strategic considerations overwhelmed human concerns.

A lengthy report in the Sunday Times of London a week ago provides firsthand evidence of the plight of the people who once lived on Diego Garcia, that so-called unpopulated speck of land, according to General Brown.

The Sunday Times says that "some of the deported islanders had family roots and had lived there for up to five generations." The island had been permanently settled for at least 100 years. One traveler, writing in 1961, described the main settlement on Diego Garcia as like "a French coastal village miraculously transferred whole to this shore."

We should have known about that, about those people, but we did not. When the United States and Britain agreed to reserve some islands for potential military bases, they also agreed to "depopulate" those islands as soon as possible, according to this article.

In order to avoid the political problems of dealing with a local population, the people were evicted from their homes. Some left temporarily and were not allowed to return. Others were reportedly told that the supply ship would come no more, except to take the people away. As this article reports:

> They left peacefully for the simple reason that they had no choice. They were also told there would be land and money for them in Mauritius.

That promise has not yet been fulfilled.

Although both governments agreed on this course of action, they tried to stand aloof by letting the actual eviction be done by private contractors.

Having turned the fiction into a fact, the U.S. Navy came to Congress with urgent requests for base facilities on the "uninhabited" island of Diego Garcia.

This I submit, Mr. President, was a recklessly misleading assertion on the part of the Pentagon.

Not only was there mistreatment of the local population, but there was also disregard of appropriate constitutional processes in the effort to acquire this base.

The 1966 United States-British agreement by which we acquired base rights says quite openly in paragraph (4):

> The required sites shall be made available to the United States authorities without charge.

In fact, there appears to have been a secret agreement between the United States and British Governments at the same time on financial arrangements to compensate for the acquisition of land and property and the resettlement of the local people.

The Associated Press reports from London that the compensation was done by discounting the price of Polaris missiles and spare parts sold to Britain under a 1962 agreement. The Sunday Times says that the money came from the United States either by offsetting Polaris R. & D. charges or by direct payment from discretionary funds.

However done, the fact remains that U.S. taxpayers did have to pay part of the bill for getting this base, and the Congress never formally was asked to approve or did approve these sums.

These latest revelations only underscore the arguments made earlier this year to the proposed base expansion on Diego Garcia. Before any contracts are let and before any more money is appropriated, I believe we have to reexamine this issue.

Mr. President, since this conference report contains funds for Diego Garcia, I am most reluctant to support it. Nevertheless, the Congress will have another opportunity to act on these funds. When the Congress has been given the full report on the history of our involvement in Diego Garcia, we will most likely wish to reconsider our earlier narrow approval of this base expansion project.

That report is now supposed to be ready on October 10, which should give us time to analyze it before we have to act on the military construction appropriations bill.

Mr. THURMOND. Mr. President, the committee of the conference on the military construction bill has completed its work after several meetings, and now before the Senate is the conference report totaling $3.8 billion.

As the chairman for the Senate has stated, this bill is approximately $347 million less than requested by the Department of Defense. It is also within the guidance the Committee on the Budget provided to the Committee on Appropriations. The original request was for $4.2 billion in new construction authorization.

Two major items deleted from the bill include a requested $70 million for a new Defense Intelligence Agency building, and $122 million for aircraft shelters in the North Atlantic Treaty Organization countries.

In regard to the NATO shelters the conferees allowed only $52 million for shelters, as of the total request only that amount had NATO assurance of recoupment prior to the expenditure of the funds.

As for the DIA building, this is a structure which in my judgment is badly needed. However, because of the current intelligence investigations it was decided to delay this project. Hopefully next year the investigations will be complete and the administration will resubmit this request, thereby providing sufficient guidance to Congress in this matter.

As one member of the conference, I was particularly disappointed that the conferees were not agreeable to providing the Navy $1.3 million for restoration and improvement of the Navy Historical Center. At the Washington Navy Yard various naval exhibits and historical items are scattered through five buildings and as a Bicentennial project the Navy hoped to consolidate these items through three buildings during fiscal year 1976.

This was a timely request, as the subway construction in the Navy Yard will take place during this period and the historical center work should occur during the same phase of time. This would not only be more economical but could bring some benefits during the Bicentennial period.

It is certainly my hope the Navy will submit their request for these funds next year. The House approved the entire request but the Senate would not yield in its position to delete this money.

Of particular notice to the Senate should be the endorsement of the conference of the Senate report language regarding organization of the administration's bill. This involved direction of the Defense Department to make three improvements in future bills. This would include:

First, refrain from the use of omnibus lines except where necessary and with prior approval of the Armed Services Committees;

Second, minimize the use of "phased" and "incremented" projects, and

Third, include all construction for Defense agencies under the Defense title of the bill.

Mr. President, this conference report deserves the support of the Senate, and I urge immediate and favorable approval. Also, in closing I commend our able chairman, the distinguished senior Senator from Missouri (Mr. SYMINGTON), the ranking minority member, the senior Senator from Texas (Mr. TOWER), and our able staff representative, Mr. James C. Smith, who has handled this bill in an exemplary manner during his first year of this responsibility.

Mr. STENNIS. Mr. President, I shall take less than a minute. I primarily thank the members of the Committee on Armed Services for their long and diligent work on this bill, ably assisted here by their staff member, Mr. Smith. I also thank them for their work in the conference. These are long and sometimes laborious duties. I think they have brought about some savings in the money end of this matter without really impairing the bone and muscle of the bill. I am proud of their work, and I am glad to support the bill.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. TOWER. I simply wish to say that certainly no credit is due to the senior Senator from Texas, inasmuch as I have been involved with the select committee to investigate the intelligence community. The load was pretty well carried by my distinguishd colleague the Senator from Missouri (Mr. SYMINGTON), and I think he merits the approbation and the accolades of the Senate for the splendid job he did on this bill.

Mr. SYMINGTON. I thank the distinguished senior Senator from Texas. Although he was necessarily absent often for the reason he has stated, we were in constant communication with him and his staff, and he made his usual fine contribution, as did the other members of the committee.

Mr. NUNN. Mr. President, I join the Senator from Mississippi, the chairman of the committee, in commending both the Senator from Missouri (Mr. SYMINGTON) and the Senator from Texas (Mr. TOWER) for doing an outstanding job on this bill. I know how many long hours the Senator from Missouri, particularly, spent on it, and I commend him for his efforts, as well as the Senator from Texas.

Mr. SYMINGTON. I thank the able Senator from Georgia.

Mr. HUDDLESTON. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. HUDDLESTON. Mr. President, I express my appreciation for the work done on developing this legislation and bringing the conference report to the floor of the Senate.

The Senator from Missouri mentioned in his opening remarks an item of $47 million that was taken out of the House-approved bill. If I am correct, this is an allocation that was set for Fort Campbell, Ky., for the construction there of a hospital.

The need for the hospital is still there, and I think the distinguished Senator from Missouri is aware of that. It is in the process of design and planning and has not advanced to the stage where money could be appropriated reasonably at this time. Is that the correct situation there?

Mr. SYMINGTON. That is correct. I say to the able Senator from Kentucky that perhaps it would be well to read what we say in our report:

> While the conferees agreed that Fort Campbell was badly in need of a new hospital, information provided by the Army indicated that design status was such that construction could not start for approximately 18 months; and therefore, authorization could be deferred for a year to permit design to proceed and the cost estimate to be more accurately determined without delaying construction. The Conferees expect the Army to request the full scope of the Fort Campbell hospital in the fiscal year 1977 military construction request.
>
> Further, the Conferees agreed that they would place special emphasis on the review of the scope, design and cost data of all military hospitals requested in future programs.

Mr. HUDDLESTON. I thank the distinguished Senator.

The Senate should know that the 105th Airborne Division at Fort Campbell, plus the other units there, are in need of this facility. The planning is developing, and we expect that we can look forward to the appropriations at the appropriate time.

Mr. SYMINGTON. I appreciate the comments of the distniguished Senator from Kentucky.

Mr. President, as a result of the unanimous consent agreement, there can be no vote until 4 o'clock.

The PRESIDING OFFICER. The Senator is correct.

Mr. SYMINGTON. The distinguished Senator from South Carolina (Mr. THURMOND) is the ranking member of the Committee on Armed Services, and he requests that the vote occur sharply at 4 o'clock, in order that he can recognize other commitments, and I hope that will be agreed upon. I ask unanimous consent that the vote on this conference report occur at 4 o'clock.

The PRESIDING OFFICER. That is the previous order, and it will be done.

Mr. MUSKIE. Mr. President, the conference report on S. 1247, the Military Construction Authorization Act, authorizes $3.5 billion for military construction and family housing during fiscal year 1976. This is a 9-percent reduction from the administration's request and slightly higher than originally passed by the Senate.

New budget authority for military construction makes little impact on outlays in this year's budget because these programs spend out very slowly. However, we should all recognize that our acceptance of this conference report will result in substantial outlays in fiscal year 1977, just as last year's budget authority for these programs results in substantial outlays this year.

As chairman of the Committee on the Budget, I wish to commend the conferees for their diligence in keeping this bill within the range of our targets.

But I wish to remind my colleagues that major additional reductions in the national defense function will be required to reach Congress overall target. Some of this additional reduction will be obtained through our agreement to the conference report on military procurement authorizations. But further cuts will have to be made largely in the appropriations process if we are to achieve the first budget resolution targets of $100.7 billion in budget authority and $90.7 billion in outlays. These further cuts are on the order of $3 to $4 billion in both budget authority and outlays. The numbers I have cited do not take account of the recent Middle East agreements, for which no administration request has yet been received.

In closing, let me congratulate the manager of this bill, my very distinguished friend, the able senior Senator from Missouri (Mr. SYMINGTON) and other Senate members of the conference for their commendable work in bringing this measure as close to the Senate-passed level as possible. I support the conference report on S. 1247.

HOUSE CONCURRENT RESOLUTION 405

Mr. SYMINGTON. Mr. President, I ask for immediate consideration of House Concurrent Resolution 405 authorizing technical corrections in the enrollment of S. 1247, the military construction authorization bill, and request unanimous consent for its immediate consideration.

The resolution would authorize the Secretary of the Senate to make three technical corrections in the enrollment of S. 1247. Two of the changes would correct inaccurate section references and the third change would correct an inadvertent figure reversal.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (H. Con. Res. 405) was considered and agreed to.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. SYMINGTON. I yield back the remainder of my time.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. The Senate will now return to the consideration of S. 2310, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, what is the status of the conference report on the military construction authorization bill?

The PRESIDING OFFICER. There will be a vote at 4 o'clock.

Mr. MANSFIELD. Have the yeas and nays been requested?

The PRESIDING OFFICER. They have been ordered.

Mr. MANSFIELD. And we are back to the Natural Gas Emergency Act of 1975?

The PRESIDING OFFICER. The pending business is S. 2310. The Senator is correct.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, the distinguished Senator from Kansas, in commenting on certain parts of S. 2310 before we broke for consideration of the military procurement bill, had some concerns—and they were justifiable concerns—about the agricultural users' availability and the priority given to that in section 5 of S. 2310. He questioned whether we were not undoing the provisions of paragraph 1, under section 5, with the provisions of paragraph 2 under section 5 on page 10 of the amendment in the nature of a substitute, where it says:

> (2) No prohibition pursuant to paragraph (1) of this subsection may be inconsistent as determined by the Commission with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies or with maintaining natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety.

I think I should like to explain here the background behind that section.

As the Senator from Kansas is undoubtedly aware, there are certain industrial States—in Ohio, for instance—where very small uses of natural gas may enable a whole factory to operate because the natural gas fulfills an energy requirement that is a small but very crucial part of that whole manufacturing operation that cannot be filled by any other energy source.

We know now that in ceramics and glass and certain annealing processes, bearings, things of that nature, we cannot use fuel oil for those processes. We cannot use electricity or other energy sources for those processes.

The idea behind this paragraph was that while we wanted to give the assurances of priority to the agricultural uses of natural gas for drying and so on, nevertheless, we wanted to place some paragraph in here that would let some common sense be exercised where very small uses of gas of a critical nature could not be curtailed to the point where important industries, and perhaps thousands of people, were placed out of a job, while drying of soybeans, for example, went on down the road, using tremendous amounts of natural gas. It was an attempt to give this type of balance that resulted in this paragraph.

Perhaps it could have been stated better, I do not know, but that is what was discussed when this was put in. I thought I would clarify that for the Senator from Kansas, since he was concerned.

Mr. PEARSON. I thank the Senator from Ohio. He no doubt has seen the Wall Street Journal article of last Friday. The import of that story was the story of a fertilizer factory in the Senator's State, in Lima, Ohio, that had gone to Texas and made an on-the-spot purchase, under the FPC provisions and procedures authorized on August 29. It made a sizable purchase. Interestingly enough, that was at $1.90 on one of the so-called spot arrangements. By the time they pay the transportation, they will be paying about $2.75 per million cubic feet.

I appreciate the Senator's explanation, and I understand what his intent is. The only reason I raised the question this morning is that I just do not think the bill reads that way. It sets forth, in paragraph 1 of section 5, all of the agricultural priorities. It is broad, it is good. But in section 2, it seems to me that it places that, once again, down below the gas-used for industrial plants. I do not want to see a situation where, in the State of Ohio, we have some factory making widgets that obtains gas, a very limited amount of natural gas—there is not enough to fulfill all of the needs, the shortages, and the curtailments this winter—and right next door is a fertilizer factory with the same kind of priority and it is down under the residential, the commercial, the small users and the public health and safety.

I read it quite differently. Maybe it is because of my great anxiety about the priority that I read it in that light, but I think this is a very ambiguous provision of the bill.

Mr. GLENN. If the Senator will yield for a comment, we felt that the language, where it says that no prohibition may be inconsistent with the goals of substantially minimizing unemployment, was adequate language, but perhaps the colloquy we are having here will place legislative history behind us and indicate what the intent of that provision was without necessarily changing the language. We think the language is adequate.

Mr. PEARSON. I might say to the Senator that once we find out which one of these vehicles is going to run, we can do some amending of these agricultural priorities.

Mr. GLENN. I thank the Senator.

Mr. HOLLINGS. Mr. President, while we are waiting for some of our colleagues to return to the floor of the Senate, we will now return to the consideration of amendment No. 934 to S. 2310, which was temporarily set aside because of the time reserved from 3 to 4 o'clock for consideration of the military construction authorization. It is not my intent to go from the pleasant to the acrimonious. I only wish to use this particular time to try to bring into perspective comments made in a news story yesterday morning relative to the action taken by the Organization of Petroleum Exporting Countries, or OPEC.

As the Chair knows, OPEC finally determined a 10 percent increase in the price of crude oil for the next 9 months. Immediately, there was a reaction. The President reacted and the Administrator of the Federal Energy Administration reacted. I saw no other reaction reported.

This nonplussed me for the simple reason that if there has been one struggle at hand over the last 9 months here in this country, it has been to hold the price down, to hold the tide back against inflation, to make certain that the rebates and reductions in taxes and stimuli provided by Congress and the President in March, April, and May not be taken away in September, October, and November by increases in the price of oil.

Congress, in the Senate, by a majority vote with respect to the override—while it was not two-thirds, it was a 61 majority vote override—of the President's veto of the continuation of the Emergency Petroleum Allocation Act, and by a 100-vote margin in the House of Representatives, which voted not only to continue present controls but to roll back the price of new oil and hold the line at $5.25 on old oil. While Congress is engaged in that task, obviously disagreed upon by the President, how in the Lord's name of commonsense can the President of the United States blame OPEC's action to raise oil prices on the Congress? The logic and the reason and the sense of that position entirely escapes me.

I shall never forget that earlier this summer, I had the pleasure, in the presence of several other Senators and some other members from the administration, to have dinner with Mr. Yamani, the petroleum minister of Saudi Arabia.

He said at that time what was going to happen. We generally got a feeling there was going to be some kind of increase come September 24. In the discussion the statement was made by Mr. Yamani, "What are you complaining about?" Mr. Yamani said, "Why all the excitement? You, the United States, are leading the increases. The only increases in oil prices this year have been by your own President and by your own domestic companies. What do you expect us to do when you yourself say that the price is not high enough and it ought to be higher?"

The week before last the distinguished Senator from Vermont (Senator LEAHY) who was at the breakfast with Prince Faisal, turned and asked Prince Faisal what effect the President's tariff would have on OPEC or the oil nations' deliberations with respect to increasing the prices. He just looked nonplussed at Senator LEAHY and said, "What do you mean? What do you think the effect is? It encourages us. If you are raising oil prices, why do you object to OPEC increases? Talk to your President."

So OPEC talks to the President and raise oil prices another 10 percent. What does the President say? His reaction was quoted in one word, "inflationary."

What does the energy czar, Mr. Zarb, say? His word, by quote, was "outrageous."

Now, Mr. President, President Ford wants domestic oil prices to increase, to go up on an average of 15 percent every 9 months for the next 39 months. Inflationary? Outrageous?

What does the President want on natural gas prices, which we are now discussing, every 9 months? Well, he does not even say wait 9 months. He says, "Immediately prices should go up between 400 and 600 percent, today if he had his way. Inflationary? Outrageous?

I just want to bring this point to the American public. It has been a one-sided news coverage since the word "go." It has been an uphill struggle by Congress and men of goodwill who have worked on this particular bill on natural gas. We have sat and listened to the witnesses together. We tried to prepare a solution earlier this year. But with all the holdups we have now moved toward considering this emergency bill. But, in Heaven's name, Mr. President do not blame the Congress of the United States, which is just fighting a rearguard action to weaken OPEC, to keep the price reasonable, and to roll back OPEC prices when you yourself, as President of the United States, are leading the way, to energy price increases and, incidentally, Mr. President, as the court has found, illegally leading the way by imposing a tariff on imported oil.

I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I believe it well that we keep in mind in the course of this debate that those who are going to do the consumer a great favor by way of holding down the price of energy, with all good intentions I am sure, are but those who, in the last analysis, are responsible for the fact that he is paying an altogether high price today, will pay an altogether too high price in the future, and has lost his independence.

Now, that all occurred, I am sure, with good intentions. It reminds me of that old saying that the road to hell is paved with good intentions.

There was a time when some of us contended, and we were accused of being provincial in our view at that time, as those things go, that this Nation would make a tremendous mistake if it sacrificed its energy independence. We contended that this Nation ought to use quotas, tariffs, whatever it took, to maintain an energy industry that would assure America it would be completely independent of foreign sources, and able to say grace over its own destiny.

In order to do that, we advocated, and eventually succeeded in enacting, the defense amendment to one of our trade acts, and that amendment said that the President would try to maintain the capacity of any industry deemed essential to defense to take care of our needs in an emergency.

Now, when one reads all the complicated language of that amendment, it is clear that the energy industry was definitely included in that language. It was intended that that industry should be able to do what was expected of it in good times and bad.

Unfortunately, those of us who believe that we ought to maintain energy independence were not able to prevail. There were some who felt they could buy that Arab oil cheaper, and they made speeches that rang the Senate rafters. They made speeches, lively and often, contending that they could buy that foreign oil cheaper. Some of us contended that we were subject to the kind of thing that has come to pass when this international oil cartel was formed. We saw the cartel forming. We tried to warn about it. They contended that cartels will not work, they cannot be made to work; that notwithstanding the fact that this cartel had everything going for it that it would take to make a cartel succeed indefinitely, except the fact that America was not at that time able to produce its own requirements.

So they succeeded over a period of time in achieving first one exception, next another exception; first one loophole, next another loophole in the oil or import control program. Others seeking special advantages over the program achieved much of the same thing. So that step by step imports were increased and eventually the program was destroyed.

In the course of all this these foreign imports were holding down the price of domestic oil. It was no longer profitable for the average producer to drill in this country, and during that time the number of oil producers in this country was reduced by half. Half of them went out of business for the simple reason that they could not make enough money producing it at the so-called world price or the price that was held down by the Arab oil to stay in business. In large measure they were producing out of inventory. A lot of companies were not drilling any more wells. They were just producing from the wells that had been drilled in the past.

As America's energy independence went down and down and down, this Nation sent its spokesmen to foreign bodies that cooperated with us, such as the Organization of European Cooperation and Development, the OECD, and it informed those people that the United

States no longer had any surplus capacity; our energy industry had been permitted to deteriorate to the point that if the Arabs imposed another blockade, as they did during the Suez crisis, that the United States could no longer be relied upon as the one that would see Europe through, and Europe was informed they ought to make their plans to try to save themselves because the United States would be unavailable to help them in the event they should have a repetition of what had happened twice already with those Arab oil blockades.

Those people have informed me that they predicted—and did so in a way that makes them look like statesmen today—that it would only be a matter of a few years and there would be another blockade and they would be at the mercy of the Arabs and America would not be able to help them.

It is too bad that they were unable to make that known to their own government, because those who sold America's independence for 3 cents a gallon proceeded to use their best efforts to make us more and more reliant upon foreign oil on the theory they could get it cheaper and these cartels could not, in the long run, be made to work.

Well, the Arabs have shown us they can make it work. If we had kept up our energy production, we would not be paying as much as we are now for the oil.

But those same forces, and I am sure in equally as much good conscience, also contended we would not have to pay more than 25 cents per thousand cubic foot of gas and they fought and protested every time the Federal Power Commission permitted an increase in the price of natural gas.

Natural gas at that price was selling on a Btu basis far below even the world market price for oil, but they used their best efforts in providing that industry with a tremendous disincentive to produce.

Gas based on current world market price, for example, would be worth about $2 per thousand cubic feet. It was only a few months and I heard strenuous protests when someone was permitted to sell gas in interstate commerce at about one-fourth of what that gas is worth on a Btu basis.

People who were in a position to produce gas had a tremendous disincentive which was provided by those who claimed to be the consumer's advocate and protector.

If they produced it and made it available in interstate commerce, they could not hope to get anything like what it was worth, so they choose to leave it in the ground, and produce it and sell it to their own neighbors.

Today, if one looks at what people are paying for oil, coal, or the other fuels, natural gas is a premium fuel that is being sold below what it would be worth in competition with others.

We still have these so-called consumer advocates who want to get the consumer something at a much cheaper price than what it would be worth if sold on a competitive basis.

So we have a bill, in the judgment of many of us and I am confident I am right about this, which will not really get anyone any gas. It will not bring on any more production, that we all agree. It would still continue the disincentive to drill for new gas.

About all that bill could hope to achieve is that it does have some provisions where it would try to take gas from those who had been willing to buy it on a competitive basis, bidding with their neighbors without the interstate market, take it from them and give it to someone who has not been willing to pay for it in the past—not that he was not willing to pay a price to buy it, but he was protected by these consumer advocates who were going to protect him by not letting him pay what it would take to buy the product.

Mr. President, I think people are still being confronted with the problem they had in the past. Their advocates for cheapness are confronted with the possibility of paying more or their consumers will do without.

If they want to do without, that is what they will continue to do, do without, under this bill.

But there is one unfair thing about it. They would take from those who had been willing to pay the price, take their gas away from them and give it to those on whose behalf they had chosen to do without.

Mr. President, it does not make much sense to this Senator that people should have their cake and eat it, too. If one wants to have his consumers do without, that ought to be their privilege, just to do without. If they elect the person, fine, do without. But if one wants to buy the produce, I think those consumers would be willing to pay what it would take to buy that product on a competitive basis.

I am sort of tired hearing these great speeches about the outrageous price people are paying for energy in this country. They are not paying an outrageous price to their own producers. We cannot produce energy in this country to compete with the production costs over there in Saudi Arabia. Their cost is only a fraction of what our cost is. We could not achieve energy independence on anything like doing business on that basis.

The cost of producing it here is a much higher price. We can achieve energy independence at the higher price, and that is the price that we are going to have to pay anyway, because these foreign producers will not sell it to us any cheaper.

If one is willing to pay for gas on a Btu basis, just on that heat equivalent, the same thing he pays for oil, he can achieve tremendous increase in the production of gas, such a tremendous increase in production that he need not take it away from the fellow who has been willing to pay for it in the past, on whose behalf he has made the decision that he should not be permitted to pay for it and that he should do without, he is not confronted with that decision.

All he really has to do is agree that he is willing to let his consumers pay the same price for gas that they are paying for energy already, which is about the Btu equivalent with regard to oil.

They are buying oil, if they cannot get gas, if they cannot get coal, all they really have to do is to pay about the same price that their money would buy them in those two alternative fuels, and they can buy a great deal of gas.

Not only that, they will bring on a tremendous amount of additional production of gas. So they do not really have to rob Peter to pay Paul in order to get the gas. All they really have to do is pay the person who is in the position to produce it what the product is really worth.

What is the alternative to this frustrating situation of trying to make someone sell something for a price below that which it is worth—a proposal that will not work?

It will not work for a very simple reason. The Congress can pass laws to say one cannot sell something for more than a certain amount of money, but it cannot make a man sell it. It cannot make a man produce something if he is not satisfied with the price he will receive for it.

But there is a way it can be had under the Constitution. The Government can expropriate it. It can take it. It has the right to just take a man's property, take the resources, use them for a national purpose and pay him what it is worth.

Now, to pay him what it is worth, that is not the price that can be fixed by an arbitrary Federal price control law. To pay a man what it is worth is something that would be decided by the courts in the last analysis under the due process clause in the Constitution.

The court would look to see what one pays for oil, what one pays for coal, what one pays for hydroelectric power, and looking to see what the other things are worth, what they will bring in a competitive market, the court would proceed to fix a price.

That price is really, in the last analysis, the same price the producers would be willing to produce and sell it for, just as much as they could find. They would be perfectly happy to produce and sell all the gas they can find as fast as they can produce it if one were to offer them $2 a thousand for that gas.

That is about what would have to be paid if the Government were to try to take it under the Federal Government's power of expropriation.

This is an odd-type price control law for which the advocates are contending. They would seek to put a price control on the product people are getting from the ground, which has been there for 50 million years, one price in Louisiana, another price in Texas, another price in Mississippi, another price in Oklahoma, another price in New Jersey, and another price in any other State of the Union. What kind of justice is that? If you are going to take someone's reserves why should not 1,000 cubic feet in Louisiana be worth just as much as 1,000 cubic feet of gas somewhere else? It does not make any sense. If we proceed on the theory that gas had been sold in a State at a certain price, we would go on a State-by-State basis to fix a price within those States.

In doing that, they would presume that

a man who refused to sell his gas for $1 could in fairness be required to sell the gas for $1 because somebody else had signed a contract to sell gas for $1. That is not a logical assumption at all. If a man declined to sell his gas at that price, he undoubtedly had his reasons for not doing so. There is no other logic to support that position.

It would seem to me, Mr. President, that if we are going to move toward any sort of energy independence, the time has come when those who would seek to take someone else's resources and use them for their advantage should be willing to pay the competitive price for those resources. If they do, at least in that one industry we will start moving toward energy independence. But it should not be a 6-month proposition. If we are going to let a person sell and we are going to invade Louisiana, Texas, and Oklahoma to get the gas that exists in those States, we ought to be willing to do at least something to help this Nation with its problem.

Mr. President, if they are going to ask that we take the others who have been willing to pay a price and deny them what they bought, to take it from them and give it to you, at least you ought to be willing to make some slight contribution to the overall good. What would that logical contribution be?

The logic of that would be that you would do something to help us get new supplies, to get more of something that is in short supply. Basically, all we would ask would be just that you agree, one, to pay what it is worth, and two, to be willing to let us produce more and sell that for what it is worth. If you would do that, we can do just a great deal more drilling. We would have a tremendous incentive to produce energy. In this one area we would move toward energy independence.

So far, Mr. President, the Congress has done nothing to move this Nation in an effective way, nothing that has actually paid off to the consumer to move us toward energy independence, except to vote a 55-mile speed limit on the highways. One could argue that the Congress ought to have the credit for at least voting to widen the right of way for the Alaskan pipeline from 50 feet to 100 feet, but I would point out that that has yet to yield us one barrel of oil on this end, and it will be years before it does yield us any oil. 1977 is when that is expected to be completed. Between now and 1977 there will be no relief to come from that. So if we are thinking in terms of anything that has been done that actually has helped the situation to this point, all that Congress can claim credit for is it went along with the President on the 55-mile-per-hour speed limit.

Congress has impeded the production of coal by passing strip mining bills that impose environmental standards so severe that the President felt compelled to veto those which, by his explanation, do more harm than good and result in less energy, not more. So we are stymied in coal.

We have enough coal to provide this Nation's requirements for 800 years at the rate we are using it now. If we quadrupled the rate at which we were using it, which we should, we would still have enough to provide our needs for 200 years.

Yet that has been stopped as the Congress did what it could to impose increased environmental demands on the industry rather than encourage the industry to move forward with that program. So Congress has been counterproductive in the coal area.

In the oil area we have heard these speeches ringing the rafters again, day in and day out, about the fantastic profits of the oil companies. They are not making any fantastic profits here in the United States, and that is the only place that is really important. The oil that exists in the North Sea is not doing us any good. Incidentally, they are not making fantastic profits there either.

We have heard this talk about the tremendous profits that they hope to make someday in Alaska. Well, they have not made any fantastic profits in Alaska. They will have a $10 billion investment in Alaska before they ever begin to get any cash flow from Alaska. They will have about $10 billion invested and nothing coming out.

But I have heard these speeches that ring the rafters, of all these tremendous profits that they hope to make someday in Alaska. I have seen many a person go broke hoping to make a profit someday. They will be $10 billion in the red before the cash flow ever turns around and begins to bring in some money rather than just cost them billions upon billions to explore up there.

Then I heard the speeches about the tremendous profits they are going to make on the Continental Shelf out in the Gulf of Mexico.

Well, they are $2.3 billion behind out there. So they will have to make another $2.3 billion profit that they have not made and pay the taxes on it, which probably means they will have to make $5 billion before they will ever get back the money they have in the Gulf of Mexico, assuming they do not invest anything more out there to try to find more oil. They are in the red. The bottom line is that they are $2.5 billion in the red in the Gulf of Mexico.

Thanks to the merciful Lord, they have been able to make a profit within the territorial limits of the old 48 States. That profit, leaving out Alaska, and averaged against the submerged lands in the Gulf, works out on the overall to be about 10 percent, which is pretty close to about what the average is for manufacturing.

What we ought to be doing, if we hope to ever achieve energy independence, is to encourage people to put their money in oil and gas instead of putting it in something else. We need the energy. We ought to be encouraging them to invest their money in developing coal instead of something else.

But that is not being done either. In fact, quite the opposite is being done. Bills are being introduced to make the industry divest itself of various segments of that industry. Bills are being introduced, and we are hearing speeches made, to suggest that we roll back the price that they get for their oil in the United States, to roll it back, even though the profits that the industry is making in the United States, after having lost its depletion allowance, are only about the same profits being made for the average of all manufacturing.

We hear advocates advocating that we should nationalize the industry. Above all, if they cannot nationalize it, they want to regulate it until the industry can hardly move in any respect whatever.

Why would one want to put his money into that, confronted with all the day-by-day oratory here, hate, venom, unfair accusations, that do not make a lot of sense but that sound good to anyone who does not know better? All the threats of having the industry taken over, even having the Government put in business competing with it—which, incidentally, a majority of the Senate voted for just a few months ago. Only a short time ago, the majority of the Senate voted that the Federal Government would go out and drill on Federal lands, where the new frontiers are, and the best prospects would be, before it ever lets private industry go out and drill those leases—go out and drill in competition with the very people who pay these large amounts of money to buy those leases.

So here is an industry overregulated, faced with large tax increases—their tax liability has been more than doubled in the crisis; rather than encourage them to make more money, we double their taxes by removing their depletion allowance, threaten them with Federal expropriation, put the Federal Government in competition with them, and threaten them with nationalization. And, while we are doing all that, we try to find some way to prevent them from making a profit wherever they might be making a profit.

Why do I say that? Well, at least they have a prospect of making some money by producing in the States that are in a position to export some energy. In those areas, they have an opportunity to produce and sell to their neighbors at a profit. But here is a bill to impose Federal price controls on the price at which they can sell their product to their own neighbors.

There is nobody from Louisiana asking for Federal price controls on the gas that, as a practical matter, we are not permitted to sell beyond our boundaries. There is nobody in Texas asking for a Federal rollback in prices or price controls on the gas that, as a practical matter, they are foreclosed from selling beyond the boundaries of that State. Nobody in Oklahoma is asking for anything like that. They are quite content to pay their friends and neighbors what it costs, in what appears to be a fair price bargain between the producer and the consumer, for gas in those States.

One would think that if someone wanted to buy the gas, he would be willing to compete with those people for it. But oh, no; the proposal is that whatever the average price was that was being paid at that time will be made the ceiling, and that you will try to buy it. It is going to be hard to buy on that basis, because those people there feel it is worth a lot more than that. In many cases, they will be asked to sell something for a price which they have already turned down.

They certainly will not be encouraged to produce any, because those who have reason to think that if they will drill deeper in the locations where they now are, they might produce more gas, would be encouraged just to wait, with the attitude that if they just wait long enough, Congress will eventually see that this program is excessive and needless Federal regulation that does not get energy, but keeps us from getting energy, and that eventually they will see the light and let us sell our product for what it is worth. They will take the attitude that it has been down there for 50 million years; it can stay there a while longer until Congress is willing to let them sell it for what it is worth on a competitive basis. When that happens, they will be willing to sell, but they have not been offered that opportunity.

What they are offered here is another price control law, with someone coming in and trying to make them sell their gas for a price they have turned down already, by saying they cannot receive any more than the average price paid to those who would sell under contracts.

Many of those people who sold were under compulsion to sell. They did not have much choice about it. Some of them were in situations where they discovered gas, and they were having to pay rentals and royalties; even if they did not sell it, they were having to make payments in lieu of royalties because they could have sold it, but if they declined to make that deal they had to pay royalties and rentals to someone, because they could have sold it, had they thought they had better wait and try to get a better price.

So many of those people did not have much say-so about it; they were under compulsion. They were forced to sell because they had to pay these delay rentals and royalties just to stand still, and the pressure was such that they had to go ahead and sell the product for whatever they could get, rather than wait for someone to offer them what the equivalent would be on a Btu basis.

This bill would seek to compel a great number of those people to sell the product for a price that is below that which they have turned down already. In addition to that, it would seek to make their energy available to someone else for a lesser price than he is paying for what he is consuming already. In other words, if he is using coal or if he is using oil in the consuming States, it would take it from someone else and make it available to him, in many cases for a lesser price than he is paying now.

Mr. GLENN. Mr. President, will the Senator yield on that point?

Mr. LONG. I yield.

Mr. GLENN. I think the Senator has a misconception as to what this bill would provide. It would only apply where natural gas shortages are causing high unemployment and distress now. If those industries were capable of using coal or fuel oil, they would already be required to convert.

Quite apart from this consideration of whether gas is coming in from outside a particular State or not, I think 90 percent or more of the distinguished Senator's comments here have applied themselves to the long-term aspects of oil, and he speaks very eloquently to that. He has been involved in these questions and this legislation for many years.

I, too, want to concern myself with the long-term aspects of oil and gas policy. We have commitments to bring S. 692 to the floor immediately upon consideration of this Natural Gas Emergency Act.

The Senator from Louisiana has used terms such as "nationalize," and "charges and accusations," "expropriation," and "prevent profits." These are terms that I do not like to see applied to the short-term emergency natural gas act we are concerned with here. The Senator is very much aware that if we turned the whole industry loose, that if we said today the gas industry would be unregulated in any way, shape or form, FTC, FSA, pricing, or anything else, it still would not result in 1 cubic foot of new natural gas being available by the time cold weather sets in this winter. It would not help alleviate the cold weather we will face in Ohio, with a 65 percent curtailment cutback, on November 1. The cutbacks are effective on November 1 at 65 percent. So there is no drilling or no consideration of price increase that will do us any good in this short period of time.

Long term, I agree, these things can have an effect. They have been put off too long, and I agree with the Senator from Louisiana that for years past, when these things should have been considered, they were not.

But that does not help us over the hump we are on right now. The Senator has said we are proposing "to take away from." He has used that word several times; that we are "taking away" from those producing States.

That is simply not true. We are not robbing anyone else of gas. All we are trying to do is make more efficient use of this premium fuel. The bill we have sponsored is one that will get gas from three basic sources: New wells coming in would get priority in this area; new gas coming in that has not been used before; conversion of boiler fuel on electric plants where it is particularly wasteful, and only where those plants can be converted over to fuel oil or coal, and even then we say that those pipelines, buying the gas, are required to make those companies financially whole.

We do not want them to take a loss and assume all of the costs from other States. So we are saying that even these costs may be passed on to the user in a distressed area in one of the 14 States that will be in that status this winter.

As to maximum efficient rate production, I think that was one area to which the distinguished Senator referred. We feel that, where there is an impending economic crisis in this country and where we might find our economic recovery possibly crippled by the potential of another half-million unemployed an MER of production is justified. At a time when we are coming out of the doldrums of nearly 9 percent unemployment, the prospects of another surge of unemployment is disastrous. We must not let that happen.

What we are saying then is that energy must now be considered as something that is not always available, always there in greater quantities. We are saying now that the time has come when we really do have to worry about energy. I agree that had we taken up the long-term aspects of energy earlier, that would have encouraged more drilling everywhere.

Mr. LONG. Mr. President, let me claim my right for a moment because I want to respond to some of this, and I will be glad to yield to the Senator further then.

Mr. GLENN. Fine. I have a couple more points to respond to on what the Senator said.

Mr. LONG. I will respond and then proceed to the others.

In the first place, the Senator would claim a priority for certain of his consumers, mainly manufacturers, because he says that those people cannot use oil or cannot use coal.

If that is the basis upon which he is claiming that priority, what right does he have to expect to purchase that gas, especially when he is claiming a priority over the other guy who would like to buy it, and what equity does he have on his side that says he has to pay any less than he pays for the coal or oil that he says would not serve the purpose and is not adequate? In other words, if his claim to this is that oil or coal would not serve his purpose, then why should he be provided with this any cheaper than it cost to provide him with oil or coal? Why?

Mr. GLENN. No. 1, I do not think we have all the Btu equivalency information that we need. If the Senator wants to set up our energy resources on the basis of Btu equivalency, I think that is an attractive approach. We do not have the information on solar energy, geothermal energy, or other energy sources, sufficient to provide for a long-term energy pricing policy for the country.

Mr. LONG. All I am saying to the Senator is this: There is no court in this land that would permit someone taking a man's property and paying him for it less than it is worth.

If the courts of this country are going to have to say what it is worth if one expropriates a man's property, looking at that due process clause, they will undoubtedly consider what one would have to pay if he were buying oil, or if he were buying coal, or if he were buying an alternate fuel.

Mr. GLENN. Mr. President, will the Senator yield on that point for a moment on the free market price?

Mr. LONG. Yes.

Mr. GLENN. That is exactly what we are going to. We have seen the free market set the price intrastate. There may have been unfairnesses interstate. I do not know. But as to intrastate the price is precise. That is what we are paying.

Mr. LONG. I say to the Senator that by definition that is not a free market price. That is confined. If there were a surplus, let us say for sake of argument, that Louisiana is producing a surplus of energy, producing more oil than they are using down there and producing more gas than they are using down there. The Senator would confine the price to what it is selling for in an area where it is a surplus. There is a scarcity. Why have those who buy in an area of scarcity limit themselves to the price where it is being sold where the product is in surplus?

If the Senator wants to talk about a free market price, he is talking about the whole market. He is not talking about what the price will be. If the Senator confines it just inside one county and says this person cannot sell his gas, if they have a lot of it, beyond this county, why obviously he could hold the price even lower than that. If the Senator is talking about what that would be on a competitive basis, if one wants to buy it intrastate, he ought to talk about what the market will be intrastate.

If the market were interstate, it is very clear that he would have to expect to pay about what that energy is worth on a Btu basis.

Mr. GLENN. If the Senator will yield, I think the history of this country is replete with repeated examples of when there have been shortages of one type or another, where prices have been controlled and where we have put the lid on prices for a period of time, so that we did not see one particular group of consumers or one particular part of the country receive unfair price hikes for short periods of time. We try to keep such a lid on here. That is all we are trying to accomplish with this. We are trying to let that free market—that set the intrastate price—be the price level during this emergency period.

I am committed, along with the Senator from Louisiana, to make sure that we do get to the long-term considerations. Thus, we are not talking about this same bill year after year.

Mr. LONG. I say to the Senator he is not talking about a free market. It is a farce. It is a farce and a fraud, on the face of it, when they are not permitted, as a practical matter, to sell beyond their own State.

Mr. GLENN. I agree with the Senator completely, that there is no free market as long as we let our energy needs be set by the OPEC nations. That is the level our domestic price have risen to. Would the Senator propose we let our natural gas prices go up to that same level? I cannot imagine anything more ridiculous than a foreign nation setting our natural gas prices in addition to crude oil prices.

Mr. LONG. I say to the Senator that we do not have to buy oil from the OPEC nations. We have the privilege of doing without. Up to now we have made the decision, as far as the producing States on gas are concerned, we are not going to buy their gas; we are going to exercise the privilege on behalf of our consumers of doing without.

That is all right with me. I do not think it makes a lot of sense.

Frankly, if Ohio does not want to use Louisiana gas, that is fine. In time, we will be able to attract enough interests in Louisiana to use all that gas ourselves.

As a matter of fact, 15 years from now we will be having to buy energy back from the States of this Nation because in Louisiana it will have been depleted to a point to where we would wish we kept it where it is.

But if the Senator wants to buy it, he ought to be willing to pay for what it is worth and what it would be worth on a competitive basis.

I say to the Senator, I am not advocating that he pay me $4 a thousand for gas, even though there are people who would pay that much for it right now. But I say, if he wants to limit the price he is going to pay, it ought to be at a minimum what he would pay and what he would buy if he could use coal or if he could use oil, but if he is going to pay the Arabs that high price he is paying for oil, which he could not have had to pay, by the way, if those from consumer States had been willing to maintain a domestic industry here, it makes all the more sense he ought to be willing to pay his own producers, if that is what it is going to take, to get the energy. It is going to take that. This industry has not been making any exorbitant profit. It is making in the United States about a 10-percent profit, which is about the same as being made for the average of manufacturing.

There was testimony before the Committee on Finance that to provide adequate incentive to increase production, and we need to attract hundreds of billions of dollars of investments in this industry to increase production to meet our needs, they ought to be making a 15-percent profit after taxes.

If the Senator were in a position to say, "Well, the industry is making exorbitant profits," that would be something else. But that is just not the situation for the domestic oil and gas industry. They are not making exorbitant profits in this country.

If the decision of this Nation is that it is going to pay for new oil a price that is equivalent to $200 a thousand for gas, then for those who cannot even use oil, who need gas, which they cannot get, one would think that at least they would be willing to pay the same price as what it would cost if they were going to use oil.

What is their case for taking someone's gas, which he is using to run a generating plant, and using it in their plant after they take it away from him, other than the fact that they are not in position to use oil and they think he can. It would seem to me at a minimum they should be willing to pay the same price as they would pay for the new oil.

Mr. GLENN. If the Senator will yield further, I think we have reached a time in the development of this Nation, if we may get a bit philosophical for a moment, where we cannot really look at merely one State. In the past we have had plenty of energy and shipped it interstate, thus we had one part of the Nation perhaps develop an industrial base based on energy supplied by another part of the country. That is the way we have developed. Now those nice, big, easily, available energy supplies are no longer as readily available as in the past. We cannot say that a particular form of energy belongs to one State or one part of the country, that everybody else can freeze, and that we are going to see hundreds of thousands of people unemployed this winter. It is unconscionable not to try to do something about such dismal prospects.

Here we have proposed going to the free market intrastate prices and consider the longer term aspects later. As to a free market right now, I agree that worth is in the eye of the beholder, and obviously prices are going to go up. But today our prices are determined by what OPEC wants, $11, $12, or $13 a barrel for their oil, and our domestic price goes up to that, and some suggest our natural gas is going to go up to these same levels. Our free market intrastate price has been far below that, and people are making a profit at that price. So it seems to me that the tack we have taken here is the one that can get us by through the winter while we get on with the long-term consideration, without halting our fragile economic recovery.

If we let prices go up to the $3 that Mr. Nassikas predicts in some areas, if we go uncontrolled on this, there could be a big enough economic impact when coupled with the OPEC increases over the past weekend, that we could be destroying our own economic recovery right here.

The State of Ohio produces gas—nothing like Louisiana—but I cannot believe any of us are going to stand by and hold hostage the short-term considerations in order to get long-term proposals that have been considered for years on the docket here. I want the long-term considerations, and I am committed to bringing them up immediately after this bill.

The Senator has brought up such things as the Btu basis and the free markets intrastate versus interstate, and we have talked about the convenience factor and about nationalizing and expropriation. These are all things that in the five or six bills that are considered in the Senate, long term that are going to take quite a while to debate. I am sure the Senator will agree with that. It will take quite a while to settle long term debates. Meanwhile people lose jobs, plants shut down. I believe we cannot therefore debate the long term and short term measures at one time. Right now, we are at the point that cool weather in the Capital City is upon us. We have very few weeks to develop the emergency measures necessary—on this point the cosponsors and the administration are in agreement.

It is obvious, when we consider each of the items the Senator from Louisiana has brought up, the OPEC situation, the five or six bills involved, the amending and the floor process, that if we tie these things together, we are going to be in for a long fall here. More importantly it will be too late. We might just as well withdraw this bill and not mislead people into believing that they are going to get any help this winter. We will, instead, have several hundred thousand unemployed and will cripple our economy during its recovery. I do not want that on my conscience.

I hope we can keep the long-term and short-term aspects separate and consider the short-term legislation first, and I will work with the Senator from Louisiana on getting the long-term aspects considered as fast as we can.

Mr. LONG. Mr. President, I have been in favor of solving this problem for a very long time, and I am in favor of solving it now. The first thing we should do to solve this problem is to start people drilling for gas where they can find it.

If you are talking about getting a lot of energy to meet the energy problem in a hurry, you will get more energy faster in this area than anywhere else. In this area there is more energy that can be made available to the people of this country, for a smaller investment of capital and quicker, with less environmental problems, than anywhere else.

Frankly, if we do not pass this bill, the pressure will continue to build up on those who have kept us from solving the problem, who have kept us from producing more oil, who have kept us from producing more coal, who have kept us from producing more gas. The pressure will continue to build up on them to go along with something that will move us toward solving this problem by producing more energy. If they are able to fix it up so that you cannot drill for gas, if they are able to get the other man's gas to solve that problem, they will continue to resist. I am not saying that the Senator from Ohio will do this, but those who agree with him and who come from that area of the Nation will continue to resist our efforts for incentives to producers to get us more energy.

Frankly, those who come from Ohio, Illinois, Michigan, and other States in that area, and those from New England, will continue to try to get the other man's gas at a cheap price and deny the producer the incentive he needs to go out and find a great deal of additional gas so that everybody can have all they want.

I want to move this Nation forward, not just to favor one fellow over the other, because I want to see us solve this problem; and I say we are denying the people the chance to have more energy if we pass the bill the way the Senator has introduced it. We need an incentive to go ahead and produce and make it available.

In the last analysis, the price of coal and the price of oil relate to one another. As long as the price of gas was being held down to a very low price, that was preventing the people from producing coal, and it is still preventing them from developing our coal reserves. If we let them have a price for gas that competes with oil, we will be providing them with an incentive to produce more.

The Senator appears to indicate that there is nothing to my statement that he would take away from gas from those who have it now. We all know that the Senator proposes in his bill that somebody who has a generating plant in one State would have to change over from a generating plant with gas to generating with oil. Then he would take that gas and pipe it through to the manufacturers in his State. He also has a provision in his bill to compensate those people who were losing their gas because it was being taken away from them.

I find some points that are objectionable about that. At least, I would have severe questions about them.

One point is that where one is using natural gas, he has a reliable supply, which is good for a long period of time. If he has a generating plant and has some oil available, he can use it over a short period of time. If he uses it very long, it tends to gum up a furnance that is designed to burn gas; but for a short period of time he can use fuel oil in an emergency. That is his backup supply.

If one puts that man's gas into a pipeline that goes to another State and then makes him convert to oil, he may have some oil on hand, but he has lost his backup. If the Arabs at that point should decide they are going to boycott us again and the oil is in short supply, he does not have the option of using that gas for the continuous supply. He has then lost his backup, in the event that the other product is not available to him, in order to make it available somewhere else. That is point No. 1.

Point No. 2: I have no doubt that during a 6-month period, those who are to be compensated will be compenated; but I also have no doubt that once a bill is passed which takes gas from producing States and puts it into States outside of their boundaries, once that gas has been committed to those interstate pipelines, the consumers in those States, having paid those people in producing States to use their gas one winter, are going to want to get rid of those people at the first opportunity.

Having taken gas from the producing States and converted over in 1 year, they will expect their representatives to insist on continuing that act and it will be continued the next year and the year after, if it should become law. But they will not be satisfied with just continuing. They will say, "Get those people off our backs; we want that gas cheap."

To be fair about it, those consumers in those areas have been badly spoiled. Those from producing States selling gas to them signed contracts which indicated that they were going to get a price for gas which would go up as the cost of living went up. It would go up as the cost of finding more energy would go up. They were denied the opportunity to sell that product for what it was worth. Under the Phillips decision, they were required to sell that product sometimes for a mere fraction of what the contract called for.

They have been badly burned in that situation. But those on the consuming end have been badly spoiled. They had every reason to expect that they would be paying a much higher price for the product than they are paying. So that, having seen that at one time, they were successful in getting the product for a lot less than the contract required, one can understand why it would be good politics to lead those people to believe that, in good time, they could again get it for a lot less than the contract required.

Those from producing States, of course, had every reason to be suspicious of that result. But the result is they are inclined to say, "Well, fool me once, shame on you; fool me twice, shame on me."

Now, they have been through that, having their gas committed where they are supposed to get a price and then, in due course, finding out that they did not get it at all. I think, Mr. President, they would be very reluctant, having been through that scenario, to think that, were they to be compensated for the gas taken from them, that compensation was going to continue beyond 6 months. The act would be continued and those in consuming States would find it politically compulsive, if nothing else, if we pass this amendment, to say, "Oh, no, we will not compensate you in the future. We will compensate you for what we've been getting——"

Mr. GLENN. Will the Senator yield?

Mr. BEALL. Will the Senator yield?

Mr. LONG. I yield to the distinguished Senator from Maryland.

Mr. BEALL. I wanted to ask the Senator a question, because I am from a consuming State and I have been unsuccessful in getting an adequate supply of natural gas for our State, particularly those industries which will face a real problem because of the inadequacy of natural gas supply. As I read the Hollings-Glenn measure, the FPC is going to be required to set an average price. Coming from a consuming State, perhaps the Senator could explain it to me. As I understand what will happen under the average pricing arrangement, it would be that the Commission would say to the producers in the intrastate market. "This is the average price that has been charged in contracts over a certain period of time and, therefore, this is the price you are going to be able to get——"

Mr. PEARSON. In the month of August.

Mr. BEALL [continuing]. "For your gas that you are going to be able to sell temporarily to people who want to make up a shortage."

The thing that troubles me about the average price, in addition to other things about the FPC moving into the intrastate market, is that that means that probably about half of the producers are not going to be able to get what they think their product needs or what they deserve for their product. Is that the Senator's understanding? And therefore, rather than get more gas, we are liable to get less production.

Mr. LONG. Senator, this bill will not bring on any more production. I think we can all agree on that. In other words, if a person has gas—let us take a typical situation. Here is a person who has gas. He has a big gas field. He is producing and selling from it. In Louisiana and Texas and Oklahoma, where most of this gas is going to be found and produced, that gas is on what is known as salt dome structure. Millions of years ago, a salt dome pushed up in a subterranean area and by pushing up, it caused a number of faults and formations of the Earth and caused this liquid and this gas to find its way up and become trapped in those salt dome structures.

The best place to look for gas is right beneath where you are producing it now. Now, the way those leases have been drawn for the last 50 years, as far back as there has been an oil and gas industry, is that as long as that producer is producing petrochemicals at the level where he has discovered it, he is required to drill offset wells at that same horizon. But he is not required to drill any deeper.

As long as we have a frustrating situation such as we have right now, the best prospect to find more gas is right beneath what is there. Yet there is every economic disincentive to drill down and find it, for a very simple reason. He has been committed or at least he has been forced to sell it for a price which is totally inadequate. He does not want to have his new gas committed to that unfair, unreasonable, totally inadequate price, so he is just not going to drill down any deeper until this fiasco is finally resolved. The result is that he will just sit there on it and leave it there until he is permitted to sell it on a competitive basis.

Mr. PEARSON. Will the Senator yield on that point?

Mr. LONG. Yes.

Mr. PEARSON. They may be able to get more gas out of 2310. This bill provides that there shall be maximum efficient production.

To get that, the bill also says that the State agencies in every State will identify the fields and then identify as to maximum efficient production, and if they do not do it in 45 days, the bill provides that the Secretary of the Interior in Washington, can go out and make that judgment.

In addition to that, there is a provision that says that if we could produce or if a man has gas for sale and he does not produce it or does not sell it, then he cannot ever, thereafter, sell it for any amount over the ceiling price in this particular bill.

Mr. LONG. All that is going to do for them is put them into court.

Mr. PEARSON. There is a judicial review limitation here that the Senator ought to look at, too.

Mr. LONG. I knew that. I knew that anybody who would try anything as ridiculous as this provision in the bill had to put something in there to try to keep the courts out of it, because it is so unreasonable, so unfair, that they must not allow anybody to get justice before a court. I can understand that they would try to put a provision in there that would deny access to the courts.

I have news for my friends. There is no way they can confiscate somebody's property without the courts getting into it. They may have some young people down there on the committee staff who have different ideas. But they ought to consult their own friends, their friends in the American Civil Liberties Union. They will find they cannot do something like that without going to court, because when we start taking someone's property, he is protected by the due process clause of the American Constitution.

While they can prevent him from selling what he has, they have no power to make him sell it for a price that is set by them. If he chooses just not to sell, they cannot make him sell.

I ask the distinguished Senator if he has had any advice contrary to that?

Mr. GLENN. If the Senator will permit a comment, I think the provision in the bill is that there could not be a stay by the courts while litigation is in progress. In other words, we could see all of this being tied up in the courts this winter and there not being a chance of getting any gas into the interstate pipelines. We did not want to see that happen.

Litigation could continue on this if a particular producer felt that he had been unfairly dealt with in the area of pricing, for instance, or how FPC had set this up as to which regions had been included in what pricing mechanism here. If they felt unduly put upon by that, they could take it to court. But during the interim period, there could not be a stay on the gas coming into the pipeline system that had been provided for at that price. The courts would still be involved.

Mr. LONG. Would the Senator mind explaining to me, is he proceeding under the theory that a court can make a man sell his product against his will?

Mr. GLENN. No, not that we can force a man to sell his product against his will.

Mr. LONG. Well, then, the Senator's bill will be a very frustrating experience if it should ever find its way onto the statute books. Some of us thought about this bill and we looked at the version that he came out here with. We said, well, if that one goes in, we know that that will not get him any gas. All that will get him is some lawsuits and they will be in court from now until the bill expires and eventually they will learn more about the law than they know now.

We knew that the earlier version, while it had some faults and it had been perfected to try to overcome some of the defects of those who thought along that line before, we fully anticipated that those who had produced that measure would put a provision in here to deny one his rights in court, because obviously, what they are seeking to do here would put them in court and they would not accomplish anything.

It is our considered opinion that with what we have here, we will not get any gas, anyway, even if we do deny the courts the right to give a person a day before that judicial body, because we do not have any power to make a person give up his product and if we want to take it—which, of course, can be done. Within the Constitution, we can take it. But if we want to take it, the court is going to make us pay what it is worth.

Mr. GLENN. Will the Senator yield on the amount of gas?

Mr. LONG. Yes, I yield.

Mr. GLENN. Both FPC and FEA have come up with the estimate of the amount they feel can be released within this bill. They feel that with a 1.3 trillion shortfall this year, we can make up possibly a third of it. That is the best we can do with this bill or any other bill, as they see it. Even if we took all the unlimited pricing off, if we went to unlimited pricing—let me quote from the hearings.

Mr. LONG. Hold on for just 1 minute. Let us talk about that. The Senator is talking about the fact that there is only a certain amount of gas that can be made available this winter.

Mr. GLENN. And they feel it will be, and if we pass this bill they feel it will happen.

Mr. LONG. But here is what is wrong with the Senator's bill. The Senator's bill will continue the disincentives that exist now of inducing people drilling to produce more. All you have to do is work toward decontrol. Let people sell their product on a free market basis, and I am not talking about the Senator's definition of a competitive market where it is just confined within one State. Let them sell their product on a free interstate market, and you can get all the gas the producers can produce or, in the alternative, let them sell their gas for what oil is worth on a Btu basis, and you can get all the gas those people can produce.

But this idea of trying to make him sell it to you below what you would expect to pay for oil, what you would expect to pay for coal, below what you would expect to pay for any other fuel, make them sell you a premium fuel below the price you would expect to pay for these other fuels, you are in for a frustrating experience because you cannot make these people sign those contracts and you cannot make them sell it. You can forbid them to sell to somebody else by this law. Yes. You can pass a law preventing them or denying them the right to sell it or you can even pass a law forbidding them to have that right in court. But there are certain rights you cannot take away from them because the Constitution protects them. One of them is that if you go after that gas, the only way I know you can get it is to expropriate it. Then you are going to have to pay them what it is worth, which is what apparently this bill is designed to prevent.

Mr. GLENN. Mr. President, will the Senator yield for a short comment?

Mr. LONG. Yes.

Mr. GLENN. As to what the decontrol of natural gas prices would do this winter, when we had our hearings on September 15, Mr. Zarb was before us, and Senator HOLLINGS asked, and I quote:

> FEA states that decontrol of natural gas prices would not add to the supply this winter.
>
> Mr. ZARB. No question about that.

Mr. LONG. Hold on for just 1 minute. I yielded on my time. Hold for a minute. I want to comment on that. The reason why it would not get you more gas this winter is that they cannot drill a gas well that quickly. It takes about 3 months to drill a well, and if it is deep, it takes a while to take on a location.

Mr. GLENN. Agreed.

Mr. LONG. Now, Senator HOLLINGS has been making that statement for 2 years. You could have remedied the whole natural gas shortage during the time Senator HOLLINGS and Senator STEVENSON have been talking about this.

Mr. GLENN. Senator, it did not happen on my watch.

Mr. LONG. But you could not get gas in the winter or in 30 days or 45 days. You can get gas if you give us a year, and we will get a great deal of gas if we are permitted to sell the gas for what it is worth. Give us 2 years and we will get a tremendous amount if you would be doing what you ought to be doing, providing people with the right to sell it on the basis where it competes with the other fuels.

Why, might I ask, if the Senator thinks that oil should be permitted to sell for what it is selling for right now—I mean the new oil—should not this new gas the Senator is hoping to produce be selling at the same price?

Mr. GLENN. I am not sure I follow.

Mr. LONG. Well, you have been paying——

Mr. GLENN. We do not have a free market price in oil.

Mr. LONG. You have been paying to producers in this country—I do not know whether you voted for it or not, but we have been paying a price that amounts to about $11 a barrel for oil. Now why should they not be permitted to sell it at the same price, this new gas for the same price, as the selling of the new oil?

Mr. GLENN. On the Btu equivalency, you mean?

Mr. LONG. Yes.

Mr. GLENN. Or what?

I do not know what those Btu equivalencies are exactly or the price on them exactly, but I think those are some of the things that should be considered in the long-term deregulation aspect.

Mr. LONG. It ought to be considered right here. We are trying to fix a price.

Mr. GLENN. We are just putting a cap on what the present market price has been to date.

Mr. LONG. Yes, and it has very little logic or sense to it. It certainly has no relevance to the interstate State market, and if you are trying to fix a price so that there is one price for Louisiana and another price for Oklahoma, if you are going to fix a price—mind you, you would fix a price for the man who elected not to sell based on the price of the guy who elected to sell, which is an entirely different situation.

If you are going to fix a price on anything other than just something arbitrary, what better logic could you suggest than that the price should be fixed based on what the heat equivalent of it is? For example, I am told that about 6,000 cubic feet of gas have a Btu equivalent of one barrel of oil. Why should not the price be fixed—if the basis upon which you are claiming that this gas is needed—that you cannot use the oil, why should it not be fixed on the value of the oil?

Mr. GLENN. I think if we are going to base our energy prices on Btu or horsepower equivalency or whatever, then that is one consideration to be taken up. The point is well taken, and maybe coal and geothermal and solar and nuclear all should be considered along with oil and gas. We have to also consider a convenience factor that some fuels are far more convenient and are amenable to certain priority uses—more so than other fuels. But there are obviously not considerations that we are going to iron out here within the next 2 or 3 weeks, which is the critical time period. Yet the Senator mentioned the fact that these things ought to have been considered 2 or 3 years ago. All I can say in my defense is it did not happen on my watch. I got here in January, and I am trying to take a very bad situation now, one that has reached catastrophic proportions, and trying to do something about it while we work out these same considerations the Senator is concerned about. I am with him in trying to work out these things, whether it is coal or geothermal, horsepower or electrical equivalency basis, as the way we should proceed. I do not know. I am willing to consider all these things. But, I do know if we take all these things up now we are not going to get any bill that is going to help us out this winter, and that is what I am concerned about.

We have an impending possibility of 100,000 being unemployed in Ohio, and that can have a major impact on our economic recovery. All I want to do is to get us through this emergency period while we are considering the long-term aspects.

Mr. LONG. The reason we have the problem is that Senators who come from the Senator's part of the country have not been willing through the years to let the consumers pay what it would take to buy the gas.

Mr. GLENN. I cannot answer for the sins of my compatriots that come from my part of the country. I can only say what we are trying to do right here now.

Mr. LONG. I regret to say that the Senator's bill would continue that same unfortunate situation.

All I am saying is that at a minimum, with regard to this particular item, they ought to be willing to pay what they are paying, whether they like it or not. They may not like it, but they are paying for new oil what they are buying from their own producers, some of whom are right there in the State of Ohio, and what they are buying from the Arabs, what they are buying from new oil producers all over this country. They are paying a price for oil, new oil, that at a minimum should be the equivalent of any ceiling that is placed on gas.

I am not here to say that one should not be able to purchase it cheaper than that. I would be willing to vote to let them purchase it cheaper than that, but I am not willing to vote for a ceiling on what a person can purchase at because I think it is extremely unfair to put it below the price of what you are paying for the competing fuel.

Now, Mr. President, in due course, some of us will be contending that we ought to move this energy, this natural gas, toward fuller production; that anything short of that, particularly what is in this bill, is counterproductive. It will still continue the same disincentives.

MILITARY CONSTRUCTION AUTHORIZATION—CONFERENCE REPORT

The Senate continued with the consideration of S. 1247, a bill to authorize certain construction at military installations, and for other purposes.

The PRESIDING OFFICER. The hour of 4 o'clock having arrived, the Senate will now proceed to vote on the conference report on S. 1247.

The question is on agreeing to the conference report.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from New Hampshire (Mr. DURKIN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. GARY W. HART), the Senator from Maine (Mr. HATHAWAY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Wyoming (Mr. McGEE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. STEVENSON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Vermont (Mr. LEAHY) and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART) is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Wyoming (Mr. HANSEN), the Senator from New York (Mr. JAVITS), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. McCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

The result was announced—yeas 72, nays 1, as follows:

[Rollcall Vote No. 425 Leg.]

YEAS—72

Allen
Bartlett
Bayh
Beall
Bellmon
Biden
Brooke
Buckley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Cannon
Case
Chiles

Clark
Culver
Curtis
Dole
Domenici
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hartke

Haskell
Hatfield
Helms
Hollings
Hruska
Huddleston
Inouye
Jackson
Kennedy
Long
Magnuson
Mansfield
McClellan
McGovern
McIntyre

Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pearson
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—1

Abourezk

NOT VOTING—27

Baker
Bentsen
Brock
Byrd, Robert C.
Church
Cranston
Durkin
Eastland
Hansen
Hart, Gary W.
Hart, Philip A.
Hathaway
Humphrey
Javits
Johnston
Laxalt
Leahy
Mathias
McClure
McGee
Pastore
Pell
Percy
Roth
Stevenson
Tunney
Williams

So the conference report was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 a.m. tomofrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

NOTICE TO MEMBERS OF COMMITTEE ON APPROPRIATIONS

Mr. MANSFIELD. For the information of the Senate, all members of the Committee on Appropriations are requested to be in room 127 so that we can be able to achieve a quorum.

Mr. SPARKMAN. Will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Alabama.

JAPAN-UNITED STATES FRIENDSHIP ACT

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 824.

The PRESIDING OFFICER (Mr. DOLE) laid before the Senate the amendment of the House of Representatives to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, as follows:

Strike out all after the enacting clause and insert: That this Act may be cited as the "Japan-United States Friendship Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) the post-World War II evolution of the relationship between Japan and the United States to peace-time friendship and partnership is one of the most significant developments of the post-war period;

(2) the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo on June 17, 1971, is a major achievement and symbol of the new relationship between the United States and Japan;

(3) the Government of the United States in 1962, by setting aside a special fund for educational and cultural exchange with Japan from moneys paid to the United States in compensation for United States assistance during the occupation of Japan, showed clear evidence of the importance it places on strengthening intercultural communication between the two nations; and

(4) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.

(b) It is therefore the purpose of this Act to provide for the use of money paid to the United States in compensation for post-World War II assistance to Japan and of an amount equal to a part of the sums to be paid by Japan to the United States in connection with the reversion of Okinawa to Japanese administration to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including —

(1) support for studies, including language studies, in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan;

(3) support for programs in the arts in association with appropriate institutions in Japan and the United States;

(4) support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professors and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States cultural and educational activities consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 5 per centum of the funds to be paid to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 17, 1971.

(e)(1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T. 1957; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection shall not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976 may be appropriated in any subsequent fiscal year.

THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereafter referred to as the "Commission"). The Commission shall be composed of—

(1) the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation;

(2) one Member of the House of Representatives, to be appointed by the Speaker of the House of Representatives, who shall have no vote;

(3) one Member of the Senate, to be appointed by the President pro tempore of the Senate, who shall have no vote;

(4) the Chairman of the National Endowment for the Arts, who shall have no vote; and

(5) the Chairman of the National Endowment for the Humanities, who shall have no vote.

(b) Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) The Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

FUNCTIONS OF THE COMMISSION

SEC. 5. (a) The Commission is authorized to—

(1) develop and carry out programs at public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3(b) of this Act; and

(2) make grants to carry out such programs.

(b) The Commission shall submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt form any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commission for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct the Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum annually of the principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e)(1) of this Act shall be expended in Japan;

(5) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS-18, in section 5332 of title 5, United States Code;

(6) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(7) enter into contracts, grants, or other arrangements, or modifications thereof, notwithstanding any provisions of law relating to competitive bidding; and

(8) obtain from the Secretary of State, on a reimbursable basis, such administrative support services and personnel as the Commission deems necessary.

MANAGEMENT OF THE FUND

SEC. 7. (a) The Fund shall consist of—

(1) amounts appropriated under sections 3(d) and (e)(1) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act; except that amounts in the Fund, other than amounts which have been appropriated, shall be subject to the appropriation process.

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House to S. 824 and request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. MANSFIELD, Mr. CHURCH, Mr. CASE, and Mr. JAVITS conferees on the part of the Senate.

SENATE RESOLUTION 270—PROCLAMATION DESIGNATING SEPTEMBER 30 TO OCTOBER 13, 1975, AS JAPAN-UNITED STATES FRIENDSHIP DAYS

Mr. FONG. Mr. President, I send to the desk a Senate resolution and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DOLE). The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 270) to request the President to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days."

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. FONG. Mr. President, I am today submitting a Senate resolution requesting the President to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days," and calling upon the people of the United States and interested groups and organizations to observe the above days with appropriate ceremonies and activities.

The "Japan-United States Friendship Days" proclamation is designed to coincide with the historical visit to the United States of Their Majesties the Emperor and Empress of Japan.

The unprecedented visit to the United States will mark not only the first time that Their Majesties will have visited our country, but also only the second time in Japanese history that a reigning Emperor has traveled abroad. The significance and importance of this event can be better understood if we recall that their visit will be the first state visit to the United States by a reigning Emperor of Japan in the more than 120-year history of American-Japanese relations.

From bitter adversaries during the Second World War, we have become close allies in our struggle for peace and economic development in Asia and the rest of the world. As a result, the upcoming visit of Their Majesties the Emperor and Empress of Japan has an important symbolic significance in reaffirming the bonds of mutual understanding, respect, and friendship that are the foundations upon which the United States-Japan relationship is built.

I firmly believe that this historic visit could not have come at a more propitious and opportune time, especially following the end of our struggle in Indochina and the beginning of a reassessment of our policy toward the countries in Asia and the Pacific region.

There is no doubt in my mind that our close relationship with Japan—including our Mutual Security Treaty—is the cornerstone of United States foreign policy in that area of the world. Without Japan as a mutual partner in our Pacific-Asian security arrangements, the United States would find its security interests in that important area of the world in a very difficult position.

Without Japan, we would be without the largest economic power in the free world after the United States; we would be without a people who are endowed with extraordinary energy, productivity, and inventiveness; and we would be without a friend and ally whose gross national product surpasses that of all the rest of Asia combined.

Mr. President, aside from extending a warm welcome to the Emporer and Empress of Japan, the principle reason for the introduction of this Senate resolution is to help make the American people more aware of the special and important relationship that exists between the United States and Japan.

For historically understandable reasons, U.S. foreign policy and the American people have tended to focus attention on our cultural forebearers in Western Europe. Even during the Second World War the Pacific theater was viewed and treated by the allied forces as being of distinctly secondary importance. As a result, this subconscious Euro-centric bias continues to affect both official and public attention and energies in our country.

Such a distorted and unbalanced perspective of reality, Mr. President, becomes extremely critical at a time when the importance of our national interests in the Pacific and Asia are pressing upon the heels of our traditional European interests.

I need not remind my colleagues that the only two major wars since the end of the Second World War in which the United States has been involved were fought in Asia.

In addition, our trading relationships with Asia now practically equal those with the European community. As a matter of fact, our single largest overseas trading partner is not Great Britain, France, or Germany, but Japan.

Rising from the ashes of defeat and near total destruction after the Second

World War, Japan is now a thriving political democracy and a key factor in the international economic system which provides the basis for economic progress and political stability in Asia and the Pacific. Her rapid rise from the devastation of war into a cooperative and mutually beneficial partner of the United States is unprecedented in East-West relations.

It sometimes seems, Mr. President, that as a Nation we suffer from a tendency to neglect our friends, to pursue highly elusive and uncertain strategic interests at the expense of less dramatic but far more substantial and available practical interests, and to allow our basic perspectives and sense of relative values to be determined more by the excitement of what is new and innovative than by more sober judgments of what is durable and dependable.

The United States and Japan, the two greatest economic powers of the free world, facing each other across the vast Pacific Ocean, represent all of the heterogeneous features of the West and East—politically, economically, ethnically, culturally, and in other ways. If the leaders and citizens of these representatives of the Eastern and Western worlds can continue in their friendship, we will enhance the prospects for peace, prosperity, and progress.

Therefore, in the interest of peace, prosperity, and stability in the Asian-Pacific region and in order to bring about East-West reconciliation, the United States and Japan must continue to work closely together to develop real mutual understanding, trust, cooperation, and friendship.

The visit of the Emperor and Empress of Japan will, hopefully, serve as a catalyst to develop a greater interest and desire among the American people to learn more about Japan and the Japanese people to learn more about the United States. It should help to foster a greater era in Japanese-American relations.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 270) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. Res. 270

To request the President to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days"

Whereas Their Majesties the Emperor and Empress of Japan will be visiting the United States of America from September 30 to October 13, 1975; and

Whereas the visit will be the first state visit to the United States of America by a reigning Emperor of Japan; and

Whereas we warmly welcome Their Majesties to our country; and

Whereas the visit of Their Majesties will contribute immeasurably to mutual understanding and respect between the United States of America and Japan; and

Whereas the continued development and strengthening of the relationship between the United States of America and Japan are in the best interests of world peace and prosperity; and

Whereas Japan is a valuable and staunch ally of the United States of America; and

Whereas the state visit of the Emperor and Empress of Japan openly symbolizes the close ties of friendship, good will, and common goals to which the Japanese and American people are dedicated; Now, therefore, be it

Resolved, That the President is requested to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days," and calling upon the people of the United States and interested groups and organizations to observe such days with appropriate ceremonies and activities.

PRIVILEGE OF THE FLOOR—S. 2310

Mr. WEICKER. Mr. President, I ask unanimous consent that during the debate on S. 2310 Mary McAuliffe and Geoffrey Baker of my staff be permitted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, I ask unanimous consent that during the debate on S. 2310, and all bills related to the same problem, that Phil Grill of my staff be allowed the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

Mr. BARTLETT. Mr. President, is the pending business S. 2310?

The PRESIDING OFFICER. The Senate will now resume the consideration of S. 2310, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats.

The Senator from Oklahoma is recognized.

Mr. BARTLETT. Mr. President, I would like the attention of the Senator from Ohio, and I would like to ask him a question or two about the legislation of which he is a cosponsor.

On page 3, in the definitions, it describes or defines the term "new natural gas."

Mr. GLENN. Will the Senator repeat where that is located, please?

Mr. BARTLETT. On page 3, subsection (8) of section 3.

My question is, What happens to the gas under expiring contracts?

First I will ask about interstate gas. In other words, as an interstate gas contract expires, then how is the price determined from that point on? As I read the definition, it does not directly say what the price would be.

Mr. GLENN. If the contract is under interstate commerce rules, and it expires, you would have to continue in interstate commerce and not be able to terminate the service in that regard. Does that answer the question?

Mr. BARTLETT. That answers the question. Just so I understand it correctly, then, as a contract for gas which is now——

Mr. GLENN. If the contract expires, it is not considered new natural gas.

Mr. BARTLETT. I see. So the interpretation would be that the contract would then have to continue, or the gas would have to be sold, even without a contract, at the controlled price by the FPC under existing rules?

Mr. GLENN. The Senator is correct.

Mr. BARTLETT. All right. I would like to ask the distinguished Senator the same question as it would relate to intrastate gas, and point out that it says in line 12—let me read the whole subsection (8):

> The term "new natural gas" means natural gas which was not, prior to September 9, 1975, committed by contract to interstate or intrastate commerce and any natural gas committed by contract to intrastate commerce which contract, on or after September 9, 1975, terminates and is not renewed.

What does "renewed" mean? Does that mean that in an intrastate contract, the contract could be renegotiated? Would it be considered, gas under an expiring interstate contract, be considered as new gas, or would it be considered as gas that could be renegotiated under certain conditions, and if so, what would those be?

Mr. GLENN. When a contract expires and is not renewed, that has been considered new gas.

Mr. BARTLETT. So if the contract is not renewed, then that would be new gas whose price would be set on an average basis of the prices in August; is that correct?

Mr. GLENN. If an intrastate contract is either renewed or renegotiated, it would not be considered new gas.

Mr. BARTLETT. Would the Senator restate that?

Mr. GLENN. It could be renegotiated without being considered to be new gas.

Mr. BARTLETT. Would the Senator restate that, please, for me?

Mr. GLENN. If an intrastate contract expires and is either extended, in other words renewed, or renegotiated, this would not be considered new gas in that renegotiation process. It would not be forced out into the interstate pipeline; it could be renegotiated without being considered new gas.

Mr. BARTLETT. It could be renegotiated in the intrastate market at the free market price, or the average?

Mr. GLENN. No; at the intrastate market price. We have no control over that.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. BARTLETT. I yield.

Mr. PEARSON. Is that correct? It is my understanding that the price limitation is on all purchases, whether they are interstate or intrastate priority purchases.

Mr. GLENN. No; the contract, when renewed, would go at the intrastate free market price.

Mr. PEARSON. I am talking about the definition of new gas. It is my understanding that the ceiling price is the——

Mr. GLENN. On new gas the Senator is correct.

Mr. PEARSON. On new gas.

Mr. GLENN. But the distinction, the definition is that new gas would not be intrastate gas where the contract had been renegotiated or extended.

Mr. PEARSON. The gas the Senator is talking about does not become new gas and is not subject to the new gas ceiling price?

Mr. GLENN. The Senator is correct.

Mr. McCLURE. If the Senator will answer one other question, how will the provisions of S. 2310 result in a maximum effort for increased supplies of natural gas?

Mr. GLENN. I am sorry; would the Senator repeat that, please?

Mr. BARTLETT. How will the pricing provisions of S. 2310 result in a maximum effort toward increased supplies of natural gas?

Mr. GLENN. We have three different areas that will put new gas into the interstate pipeline system as a result of this and out of the 1.3 billion shortfall seen this year. First, FPC and FEA feel the charges would lead to the maximum rate of production, No. 1; second, from the conversion to oil or other fuel being used, basically in utility plants, where those plants can be converted over to coal or fuel oil, mainly coal. I might add that it was brought out in some of the earlier colloquy here this afternoon that in these conversions, many of the plants just a few years ago had their boilers running on fuel oil, and they still have the tanks, piping, and pumps in place. It is pretty much a matter of changing the burners and that is the major part of the conversion.

Third, we give priority to new wells being drilled now; as they come on stream, at the interstate free market price, we would maintain a right of first refusal to interstate lines serving depressed areas.

So those are three areas that gas would flow into the interstate pipeline system from.

Mr. BARTLETT. I would like to discuss a part of this with the Senator, if I might. As I understand the provisions of the bill, this would continue the FPC pricing for offshore gas; is that correct? As I understand the provision.

Mr. GLENN. Yes.

Mr. BARTLETT. And it is my understanding that a very large percentage of the available potential gas lies offshore.

Mr. GLENN. Not for this winter. Not for the emergency period this winter.

Mr. BARTLETT. Well, I think the Senator recognizes that this bill, although it has a time on it, could have that time extended, as has happened as far as many other emergency bills that have passed are concerned, such as the recent extension of the price controls.

So I think we need to look at this bill, not only with an eye toward the short term, but also the long term, because these might be the only provisions we would have.

Mr. GLENN. Mr. President, will the Senator yield for a short comment on that?

Mr. BARTLETT. Yes.

Mr. GLENN. S. 2310 was not designed to in any way, shape or form to take care of long-term aspects of natural gas. I am aware of the concerns that the long-term aspects will get lost in the shuffle here if we concentrate on the emergency bill. Pursuant to that concern, I went to the majority leader (Mr. MANSFIELD), and the minority leader (Mr. HUGH SCOTT), and we have a commitment to bring up the long-termd aspects of natural gas immediately behind this. That is what we pushed for. We are trying to keep amendments off this. We feel that unless we can get something through in 2 or 3 weeks this issue will, in effect, be dead for the year. We must move soon if we are to have any impact on the winter, on helping to prevent some of the unemployment and the tragedy that faces us in the near future.

So we are trying to keep these things apart. I know it keeps coming up that this does have an impact on long-term considerations. But we have not designed it for that. We are trying to keep it separate from that. We are trying to avert a tragedy and attempting to get some gas diverted that will prevent what we see as an impending catastrophe this winter. That is all it is intended to do.

Mr. BARTLETT. I say to the good Senator from Ohio that to neglect the reserves from offshore in consideration of our problems of gas we are neglecting a great potential of reserves. Again I do not think there is any assurance, in spite of the majority leader's promise—and I certainly trust him implicitly—to bring additional legislation for the long term, that it will pass.

Mr. GLENN. If the Senator will yield for a question, Is he considering the offshore gas in terms of this winter?

Mr. BARTLETT. The Senator from Oklahoma looks at the problem as an integrated problem of short-term, mid-term, and long-term. I think for us to focus on any one aspect of this, without considering the total package, we are going to be very shortsighted and very short of the target, because I think we need to look at the total problem. What we do in any of these areas is going to add to the solution.

For example, offshore the amount of drilling exploration has practically stopped. I think the Senator from Ohio knows very well that much of our reserves exist offshore that are quite well known. The reason that they are not developed, as the Senator knows, is that the price is so low that a person engaged in developing oil and gas offshore will concentrate on any oil development that he may have, because the price is about four times as much.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. BARTLETT. Yes.

Mr. GLENN. For the short term, I will admit and agree with the Senator 100 percent that nothing we propose in this bill will get the Outer Continental Shelf drilling. That will not affect what we are trying to do with this bill. I agree those things have to be considered.

Mr. BARTLETT. Let me say briefly on this point, and then I will make another point for the Senator, that offshore there exist sizable reserves, in my opinion, awaiting development and only waiting on price. The responses offshore could very well be equal to or perhaps more than onshore, because the onshore development has been in a free market. So all of the gas that is feasible to look for and particularly to develop and produce is being done so at a free market price; whereas the gas offshore has been so restricted that the wells that have found gas are not being followed up and developing and producing this gas. It is just there waiting in many cases to be developed at a free market price or at a free market uncontrolled price.

So what I am saying is, even for the short term, that this bill misses a great opportunity in not addressing itself to the offshore gas. I do not think the Senator from Ohio can make a case to show with his bill for new gas after September—whatever the date is—the 9th, or whatever it is, the opportunity for finding more gas onshore is greater than it is offshore. I think it would be very difficult to develop that thesis, because I do not know of a similar situation onshore, where, because of price, there has been a lack of incentive for development, but it is obvious that it exists offshore.

Mr. GLENN. I would agree 100 percent with the Senator's comments on offshore oil. I indicated we are primarily concerned with gas here now. But I think there is a tremendous potential offshore. I think it is unknown, and I do not think it is defined yet. I think the drilling in the esatern part of the Gulf is indicative of some of the problems that the distinguished Senator from Oklahoma and I have talked about before in committee. There is the problem of capital being expended just for paying for leases and then a dry hole resulting when they go out, and the uncertainties of all of this, as has happened in the eastern part of the Gulf.

Offshore may be a tremendous bonanza one of these days, or may result in more dry holes. We do not know. It is an unknown that we do have to get into when considering long-term policies.

I agree with him 100 percent on that. The bill, however, does not address itself to that, because we cannot get out and drill those wells in time to do us any good this winter.

In the hearings we held in the Committee on Commerce on September 15 of this year, Senator HOLLINGS, in a statement when Mr. Zarb was a witness, stated:

> Senator HOLLINGS. FEA states that decontrol of natural gas prices would not add to the supply this winter.
>
> Mr. ZARB. No question about that.

I agree with that. So any pricing change we would make or any change in rates, or anything else that was going to help us long term would not do us any good this winter. I agree with the Senator completely that we need changes for the long term that will encourage drilling for both oil and gas, particularly gas. But we are not going to get wells down—even if we decontrolled today and gave them a signal to go—and onstream to do any good for this winter.

That is the objective of this bill. This bill is to do something about the impending economic catastrophe we have facing us this winter. It is an emergency bill. It self-destructs next summer.

Mr. BARTLETT. I am sure the Senator, even though he is quoting Mr. Zarb, recognizes that Mr. Zarb is not in support of this bill. But I mention that and I disagree with the Senator here, and I hope that he will rethink what he just said.

In addition to what I have already mentioned offshore, I think the Senator will agree with me that there are wells drilled in the offshore area that have not been profitable to develop at the present price of 52 cents a thousand. Is it not true that there are a considerable number of wells that could be connected to the interstate market and available in the East, if the price were such to make this economically feasible? So, therefore, what I am really suggesting to the Senator is that there would be a significant impact immediately by a free market price in the offshore area to have immediate connections of already known and discovered gas, gas that has been drilled and tested but not in sufficient quantities to be economically feasible at 52 cents. So does it not make sense, even though I do not agree with the pricing mechanism in this bill, but assuming that it would be considerably higher than 52 cents, to have it apply to offshore gas where we would immediately have connections for this gas available to the interstate market to which it is dedicated?

Mr. GLENN. Assuming that new gas will not be drilled between now and this winter to come on stream offshore, am I understanding the Senator from Oklahoma to say that offshore drilling has been completed and is setting there waiting to be used? Are producers just sitting there waiting to capitalize on a higher price for the gas and that is the reason that we are short on gas? Are they withholding gas from the market at the present time? Is that what I understand?

Mr. BARTLETT. What I am saying is that at the present price there is gas that is not marketable, that the producer cannot develop the full area, that a pipeline company, or he himself is not willing to pay the price of a line to lay to a few wells. There is not going to be further development, so he is not interested in laying pipelines to those wells at the present price. One of the things with gas, I tell the Senator from Ohio, that tends to restrict gas drilling and development to the larger independents or the larger producers is that, unlike oil—and I am speaking oil onshore and offshore—you cannot truck it. You cannot barge it in as you can oil. You cannot do this with gas. So you have to have a pipeline connection.

In drilling a new field, a pipeline company will require so much production, so much proven reserve, before it is willing to make the expenditure of laying a line to that production.

The amount of reserves naturally depends on the cost of laying the line. It is expensive offshore development work, and is expensive for the pipeline company. He has to know that he has sufficient developed reserves coming up in the future in order to make this investment.

So what I am saying is that by neglecting the offshore oil in the bill, the Senator is turning his back on a great deal of gas that would be ready this year.

Second, in case this bill is passed and 692 is not passed, or—to put it another way—there is no long-term bill passed, then could we not have the same problem a year from now, when the Senator would be saying, "We'll extend this bill," and it does not provide for anything but the short term of the emergency? But then have we not missed a great opportunity by not developing additional reserves for a year hence?

Mr. GLENN. I will take up the second question first.

So far as S. 692 is concerned, obviously, I cannot stand here today and guarantee the Senator from Oklahoma that it will be passed and in what form it might be passed. I do know that, along with S. 692, there are a number of theories and ideas of what the pricing mechanism should be for the future, whether it is a Btu equivalency, a fraction of OPEC, or a mixture.

These things are all going to take some time to sort out, some time to debate, and some time to get passed and enacted. That is time we cannot afford. That is why we are making every effort to keep the long-term and the short-term aspects of this matter apart.

Mr. BARTLETT. If the Senator will yield for a quick comment, are we not, by the nature of this bill, just taking a gamble that there is not going to be a long-term bill?

Mr. GLENN. We always take a gamble on any bill that is in the future. I cannot guarantee passage of this emergency bill, even though I am working very hard for it. But I am committed 100 percent, along with the distinguished floor manager of the bill and the leadership on both sides of the aisle to bring up those long-term aspects next, after this emergency bill. I want to see that brought up and settled just as much as does the Senator from Oklahoma.

Let me comment on another matter. The Senator from Oklahoma mentioned that wells might be drilled out there that are capped in, that they might need some incentive to get pipelines out to them or to make a collection of gas from a number of different wells.

When we talked about this earlier with the people from FEA and FPC, I was under the impression that there was very little capped-in gas of that type offshore. If the Senator from Oklahoma has any information as to large quantities of gas that are so involved offshore, I would appreciate any information that he has, because it was my impression, in putting this bill together, that that was not a significant factor at all. I know that the major expenses involved with drilling offshore are with respect to the rig and getting it out there and setting it up. With all the complexities of drilling OCS gas and oil, I think that just getting the pipeline in at the end of it, would be a comparatively minor part of this operation.

I do not have specific figures to back up what I have just said, but I would think that the major part of the expense, if capped out wells are there, already would have been incurred and that getting it to shore would be a comparatively small item.

Mr. BARTLETT. The laying of the line could be a large item or a small item, depending on how far offshore and the size of the line. But the big question mark that the pipeline has in such a venture is to know what size line to lay. How much committed reserves will be had? If they cannot find that out, they are not going to want to lay too small a line that might even pay out but would require a duplicate line later on.

The point is that the free market tends to maximize the drilling effort. It tends to provide the producer and the pipeline company with the knowledge that there are not going to be artificial restrictions on the market. So he is willing to gamble on a supply-demand price.

Mr. GLENN. Does the Senator from Oklahoma have any information regarding estimates as to the total amount of gas that might be available from the sources he has been discussing here?

Mr. BARTLETT. No. However, I can see that the price might go up four times if the price went from 52 cents to a free, uncontrolled price and then that was adjusted on Btu—in other words, putting it on the oil equipment. Or, even if you put it on a gas equivalent, it would be at least a three times increase. Obviously, this is going to make possible economically a lot of gas that otherwise would not be available. It is bound to.

Mr. GLENN. It was our understanding from FEA earlier that any substantial amounts of offshore gas would have to come from new drilling, and that obviously would not be good for this winter.

Mr. BARTLETT. I think that new drilling would bring on much more, but also, some wells would be ready to hook up.

The Senator from Ohio mentioned earlier, in answer to my question, that the gas that is now in interstate commerce, under contract, would remain in interstate commerce if the contract expired.

Mr. GLENN. Will the Senator restate the question?

Mr. BARTLETT. With respect to the gas that is in interstate commerce now and under the FPC jurisdiction—if the contract for that gas would expire, it would continue under FPC control at the FPC control prices.

The Senator is aware of the fact that the older the gas is, quite often, generally, the price is much lower, so that the price out in the Oklahoma panhandle area is very low. Some of those prices are 7 cents, 8 cents, and 18 cents a thousand.

It seems to me that one of the very glaring weaknesses of this bill is that it continues the kind of pricing mechanism that forces the producer to sell his goods, his gas, off his shelf, at far less than replacement prices. This is what has resulted in the horrible supply picture that we have in this country for the interstate market.

The FPC has based prices on what they call vintage—the older it is, the lower the price. Yet, that producer does not have the opportunity to replace that gas, because the gas he would find today, because of greatly increased costs of drilling and development, would be much higher.

So it seems to me that the Senator is guaranteeing that the amount of drilling for the interstate market, as defined in this bill, still would be constricted considerably. Is that not the case?

Mr. GLENN. We do not anticipate drilling as a result of this bill, because it would be impossible to get wells down in time to do any good this winter, and that has to be considered in the longer-term aspects.

Mr. BARTLETT. Would not the Senator be interested in those operators who use pressure on the reservoir to increase their production or who might be in a position to work over wells and because of a restricted price would be handicapped in that, compared to the situation that would exist in an uncontrolled market—or even in a market in which a producer of old gas, in interstate commerce, could have that gas considered as new gas upon the expiration of the contract?

Mr. GLENN. Under existing law, if they can show those higher costs in their production, they can petition for and receive higher rates. That is under existing law. We did not try to get in the whole FPC pricing structure of that kind of incentive in this bill.

Mr. BARTLETT. I say to the Senator from Ohio that if he is not going to get into the problems that the FPC has had, then he is continuing the same approach that they have followed for years, which has resulted in the tremendous shortage.

Mr. GLENN. I only reply to the distinguished Senator from Oklahoma that we have plowed this ground over and over again this afternoon. We are not trying to set long-term pricing. We are trying to get by an emergency for this winter because curtailments threaten major unemployment in this country, up to half a million jobs, an estimated, 40,000 to 60,000 in my home State of Ohio, which will be one of the most heavily impacted States as far as unemployment goes. It can knock our economic recovery in the head.

While I agree that we have come to grips with the long-term pricing aspects of natural gas and oil, capital formation to drill that is something that is not going to occur during the debate here in the next week or so on the Senate floor. That is the reason we are trying to keep those things separate, so we can get a short-term emergency bill through that will not let the prices go sky-high this winter.

I do not look at this as much for keeping a cap on as I do releasing a great deal of the old gas at a whole new price structure here. I think that, in the long term, I agree fully with the Senator from Oklahoma, the Senator from Louisiana, and all the rest of the Senators who are so concerned about the long-term aspects of this. This bill addresses itself just to the short-term aspects of what happens this winter and preventing an economic disaster in this country.

Mr. BARTLETT. I say to the distinguished Senator from Ohio that the Oklahoma Natural Gas Co. is in the process of negotiating with North Carolina, which is perhaps the State that has the largest unemployment of any of the States which are short of gas, for about 100 million cubic feet of gas per day, which will be an amount of gas to handle a city of about 200,000, if it were averaged in the mix of domestic and business and industrial use of gas, on a voluntary basis, at the free market price on the 6 weeks' time period permitted by the FPC. But this bill, if it becomes law and does not have a long-range provision, then, I think, becomes very unfair and injurious to those States which are now enjoying the free market price of intrastate gas.

Mr. GLENN. We do not cut that back.

Mr. BARTLETT. It seems to me that the Senator uses an averaging of prices based on what happened in August of this year, and that in that averaging, as the other averages that have been used by the FPC in the past, there is going to be some high-cost gas that would need a higher price than the average that will be available that would then not be competitive and would not be produced.

Mr. GLENN. I respond to the Senator from Oklahoma by saying that this is not State-wide pricing as an area. It is production area by production area, which we all agree, I am sure, would be much more equitable. That way, no one is penalized by this being very cheap gas or very high-priced gas, say, from one end of Texas to another, which is 800 or 900 miles across. We can find considerable disparity from one field to another. We realize that, so we are making the pricing on an area of producing field so that that price will be an average, within a few cents of each other, and might vary quite widely from one area to another or one State to another.

Mr. BARTLETT. When the Senator says within a few cents of each other, that is the present price of gas, or would be very close. Why does the Senator want to have a control on it if it is going to be that close to the present market? I do not think it would be, but just taking his argument as he is giving it, if the price and the average he is talking about is going to approximate the free market price, why have a free market price?

Mr. GLENN. We go for the free market price with this bill now. It is the free market intrastate price, the free market that has been operating there. Mr. Nassikas has testified before us that he can see certain areas where, if we did not have this kind of lid on it in an emergency period, he could see prices going up to $3 a thousand cubic feet. I agree that where there is a great rush of end users down there trying to buy gas, if the pipelines are in there trying to buy gas, if everybody is in competition like the 1849 gold rush, then a bidding war will result. We cannot see, in a time of budding economic recovery, why we should just let the prices go sky high and back down again.

I should think that the producing States would not mind this type of limitation, and I can tell the Senator why, very rapidly. The intrastate use of gas is going to be driven up as the new contracts become available within a particular State. I think we need to remember that they are going to be affected by this, too. I should not think that the producing States would want this kind of aberration, where their own contracts for gas within the borders of their own State would be subject to these wild fluctuations up and down. That is unfair to industry in the producing States.

We felt it was more fair for everyone, for the producing States and the industrial end or user ends of the pipelines, and consuming States—both—to keep a lid on the existing free market intrastate price while we are committed to working out the longer-term aspect of this that I want to work with the Senator on.

Mr. BARTLETT. Well, the Senator mentioned fluctuations up and down. I do not think there are going to be any fluctuations down in the price of gas.

Mr. GLENN. Unfortunately, I think that is correct.

Mr. BARTLETT. I think the price was low for so long, and it is a historic case of price control resulting in shortages, that it is going to be a situation of the price going up. But I think it is very interesting, and is the case in Oklahoma, that over the last several years, I think approximately 10, the price has increased—this is the price paid by residential consumers on their utility bill—4.7 percent per year. At the same time, in Oklahoma, the price of new natural gas has risen from 50 cents to $1.50. So the price that is paid at the wellhead has gone up 300 percent. Yet, because of the roll-in factor of the new contracts, which do terminate and are, obviously, open for negotiation and renegotiation at their expiration, still, the consumer of natural gas had paid a price increase annually of only 4.7 percent.

Also, I advise the Senator from Ohio that from 1969 to 1974, the intrastate reserves have increased by over 25 percent, while the interstate reserves have declined by more than one-third.

One of the things that bothers me, and the Senator was talking about how he thought the producing States would like this bill—incidentally, I think the Senator is aware that the producing States are also big consuming States. As small as we are in population—we are about in the middle of the population band of the 50 States; I think we rank 26th—we are the 7th largest consumer of natural gas. But the producing States have a real worry of having their system—which has worked. The intrastate free market has worked and developed reserves. We have more reserves now than a few years ago; we gained considerably last year. To have a control system which will produce less gas—I think the citizens of our State are very much interested in helping out those States which are short today, such as Ohio and South Carolina and North Carolina and others, even though there has not been strong support for a decontrolled price which would bring on insufficient supplies.

But what I think would be very unfair for the citizens of Oklahoma and Louisiana and Texas would be to have this kind of a bill, which is an emergency bill, supposedly for the short term, that would not take care of the long-term situation.

The extra gas in Oklahoma which is now being made available on a voluntary basis for North Carolina and will be for other States, I think, it is very important that this be done. But, at the same time, I do not think it is fair for our State and other producing States that have the gas that is available because the citizens of those States have been willing to pay the present market price, to have that gas taken away from under the boilers and placed, and made available, for others. This is, in my opinion, their gas. It is gas they paid for.

It is one thing to do it on a voluntary basis, and to make this available, continuing a free market system for the State. But it is another thing to ask us to change the system into a controlled market with the FPC controlling the price, give up the system that really works, and then have all the States go down to the same low level of shortage. Then whom are we going to call on for emergency gas? We will not have a State that will have it.

Mr. LONG. Well, basically does this not work out to be a bill calculated to prevent the free enterprise system from working? Shortages bring on production in a free enterprise system. Shortages bring on fast increases in production because shortages cause prices to go up. When prices go up people do two things. One, they consume less; two, they produce a great deal more.

Look what happened in sugar. We had a shortage; the price went up. Now, the price was unconscionably high, but it has brought on an enormous increase in the production of sugar, so that within a year the price of sugar is down.

Not only did people change their pattern to use less sugar, but everybody planted more sugar so that now there is increased production and less consumption.

Now that would work here. If the price were permitted to go up so would production. That is what these people seek to avoid.

They seek to say that the producers cannot get any more than they can get from their own neighbors right now to prevent the free enterprise system from working.

The Senator knows, I believe, what I know, and that is you could probably get everybody who has any gas to drill for it and produce it if you said, "Well, he could get the price that would be the Btu equivalent of what world market oil is selling for, which is the price you are paying for the new oil now."

If you would do just that much and say that, "All right, during the period while things are settling down or during a 6-month period you would have a $2 lid, but after that sell on a free market basis," the probabilities are that the competitive effect would keep it around there.

Most people in my State tell me they do not think you are going to have to pay $2 to buy gas because producers are looking for long-term contracts and they will sell long-term contracts for less than $2. It might wind up being a floor rather than a ceiling. So if people want a ceiling, and they want to be halfway fair about it, they might find that actually they have in the long run disadvantaged themselves to put it at $2. But, no doubt about it, you could get all the production you want at $2.

The Senator has talked about unemployment. We ought to be doing a lot more than just trying to save the jobs for those people up there in Ohio who, by virtue of unwise regulation, find their jobs in jeopardy. We ought to be putting to work about 3 or 4 million people in producing more energy and making better use of what we have. We ought to say that all the restraints that prevent people from drilling for more gas will be removed, and we ought to be doing it right in this bill. At least the President has recommended a bill that moves us in that direction, has he not?

Mr. BARTLETT. He has.

Mr. LONG. And the only real difference is that the Senator wants to impose the counterproductive hand of the Federal Power Commission to prevent a program for working where the President is recommending one that would work.

I would be willing to accommodate those who want some kind of control by saying, "All right, let us tie it to the price of the new oil," and if people felt secure they could get that price they would be drilling in a hurry.

I bring the Senator news from Louisiana. I was just there. Those who are producing the steel and the rigs for drilling tell me they are not getting the orders they should be getting for new rigs to drill for oil and gas. The reason is that the uncertainty created by the regulation we are talking about, by the talk about the rollback of the price in oil, by the talk about nationalizing the industry, all that sort of thing scares people. It frightens businessmen, with the result that the contracts that are being let to drill for new wells are only being let well-for-well; even where they have, where a company had, a whole field that needs to be developed with offsets, and where they, we would hope, would let contracts to drill a series of wells, they are letting them one by one.

If that is the best contract a driller can get, the Senator probably knows that field is not going to buy a new drilling rig if he does not have a contract for more than one well. He will use the rig he has and then look for another contract.

The limiting factor on production right now is, to a considerable degree, the number of adequate rigs available to do the job.

The companies are not being provided with the incentive to put on order the additional rigs we ought to be buying now.

But where we have the best potential of finding a lot of gas, that is, by drilling right beneath what you have right now on the salt dome structures, under the Glenn bill we would still have the disincentives that we have now, that people would feel the gas that has been down there for 50 million years will be worth more money later on, and as long as they are going to make you sell it under Federal Power regulations and deny you the right to sell it on a free market competitive basis, they would prefer to just leave it there until Congress can clear up that fiasco.

Now, might I ask the Senator's reaction to this assertion that a producer is being offered a free market competitive price when he is offered the opportunity to sell his gas for the intrastate price in a State where there may be a surplus of gas for that State's needs. Does that sound like a free market price to the Senator?

Mr. BARTLETT. No, sir; it does not.

Mr. LONG. Does it sound like a free market price to say that he will be offered the opportunity to sell his gas for the same price he has already turned down? Does that sound like a free market price to the Senator?

Mr. BARTLETT. I think the Senator makes a good point.

Mr. LONG. It seems to me if Senators want price control at a minimum they ought to be willing to settle for the same price they are already paying for coal and for oil.

If their argument is, as I have heard them make it here, that the reason they should be given a priority in obtaining this gas, which is being used by someone else, is that they are unable to use oil or coal and, therefore, must have gas, what kind of sense does it make to say that with that logic as a justification for obtaining the priority they should have it cheaper than it would cost to buy the oil or the coal?

Mr. BARTLETT. Well, the Senator makes a lot of very good points, and I think it just stands to reason that if the people in those States which are short of gas want to have a quick increase in the reserves available to them, have their lines start to fill up so they are not paying part of the increase in price just to amortize that portion of the line that is not being used, that we are going to have to have an uncontrolled free market throughout this country. If we do this we are going to maximize the effort to have sufficient reserves as quickly as we can. No one knows exactly how long that is going to take. But I think that we do know, to have the maximum all-out efforts means a free market, uncontrolled market. All the rest of this business of putting controls on and averaging prices, and so on, is going to slow down the drilling.

The provision that would not permit an expired interstate contract to be renegotiated at a free market price is going to mean that particular producer is going to be continuing to sell and in some cases at a very ridiculously low price for a product off the shelf and far under the price it takes for him to replace it.

I talked with some producers out in the western part of our State that are receiving under interstate Federal Power Commission contracts 7 cents, 17 cents, 18 cents a thousand.

I think the Senator from Ohio and the Senator from South Carolina would not like it very much if they were treated that way on the selling price of their house that they might sell someday here in Washington at such time as they decide to leave Washington. I do not think any of us would want that, because in the case of this 7-cent gas, it is many, many, many times under the going market, and it is very unfair in my opinion to do this.

Mr. President, S. 2310 is a nonsolution to our country's natural gas shortage. In fact, it is a blueprint for even greater shortages in the future. If it becomes law, passage of comprehensive legislation through both Houses of Congress would be indefinitely delayed. Thus, notwithstanding the unworkable and counterproductive provisions of this so-called emergency bill, new natural gas supplies will not be forthcoming and the American people will be denied a desperately needed solution to a very serious problem. Congress will have again copped out and the gas consumer and the American worker will pay the price.

There is nothing in S. 2310 which will cause more natural gas to be found and produced. There are, however, many provisions in the bill which will cause less exploration and development of gas supplies than there is right now.

First, the bill establishes a price ceiling on the intrastate gas market. This price ceiling is to be based on an average of new gas contract prices during the month of August 1975. Thus, because this price is an average, any gas which costs more than the average, and obviously some exists, will remain undiscovered. Even Congress cannot force producers to drill for gas which they believe cannot be produced profitably.

Other provisions in the bill like the one—section 4(c)—which says that no gas can be sold at a price higher than the ceiling price—even if it costs more—and the one—section 4(g)—which says that if gas is discovered and is not sold it can never be sold at a price above the ceiling price are actually disincentives for producers to even risk drilling at all. If I were a producer, and this bill became law, I would stop drilling except in those circumstances where drilling is required to prevent loss of my lease.

This is for onshore. Offshore, the FPC's national rate is the maximum permitted. We have already seen what this kind of pricing technique does to the gas exploratory and development effort. The following table illustrates what has happened to the offshore exploration and development efforts as the result of a controlled interstate market offshore and an uncontrolled intrastate market onshore.

	Total U.S. gas exploratory footage (million feet)	Offshore gas exploratory footage (million feet)	Offshore as percentage of total
1970	3.7	.26	7.1
1971	3.3	.41	12.4
1972	4.6	.14	3.0
1973	6.2	.17	2.8
1974	7.7	.11	1.4

	Total U.S. gas development footage (million feet)	Offshore gas development footage	Offshore as percentage of total
1970	19.2	1.6	8.5
1971	19.3	1.7	9.1
1972	22.2	1.5	6.8
1973	29.4	2.3	8.0
1974	31.3	1.6	5.2

All figures taken from latest publications of "Gas Supply Indicators" by the FPC Office of Economics, issued August 9, 1975.

As can be seen from these figures the percent of gas exploratory footage offshore has decreased from 7.1 percent in 1970 to 1.4 percent in 1974. Development drilling shows a similar trend. Offshore was 8.5 percent of the total in 1970 and 5.2 percent in 1974.

More insight can be gained by looking at the amount of drilling. From 1970 to 1974, total U.S. exploratory gas footage increased from 3.7 million feet to 7.7 million feet or 208 percent, while offshore footage decreased 42 percent. Total development footage increased 163 percent, while offshore development drilling remained constant.

How the sponsors expect to reverse this trend with the pricing provisions of S. 2310, I do not know. But it is truly a sad situation, because offshore not only has the greatest potential for significant new gas discoveries but also is a more expensive area in which to operate.

There are now abundant gas supplies in the intrastate markets because consumers and industry in the producing States have been willing to pay free market prices for natural gas in order to assure the supply. Not only does this bill attempt to take gas supplies from the intrastate markets but it also attempts to take the system, the free market, which allowed those supplies to be developed in the first place.

In this regard, I should like to quote from a recent letter to the President of the United States from the Governor of the State of Oklahoma, David L. Boren, which I believe properly describes the producing States' attitude toward S. 2310:

> The present bill, S. 2310, is a completely self-defeating one. It will do nothing to create any new production. In addition, it fails to realize that we can't simply shut-off the natural gas in Oklahoma, and states like Oklahoma, because there is not the capability of an immediate transfer to other fuels. Such an action would be disastrous to us, and will hurt the entire country in the long run. As Governor of Oklahoma I will not stand idly by and allow this to happen. In my opinion there are grave constitutional questions about the counter-productive nature of this act. Congress should be under no illusion. We would use every resource available to us to prevent it from happening.

Although the provisions which would permit production in excess of MER have been deleted from the amended version of this bill, they give some insight into the real motives behind S. 2310. I would, therefore, like to briefly discuss them.

Imagine Congress enacting legislation which actually would result in the production of less oil and natural gas in future years in order to get a little more gas into interstate pipelines now. Does anyone suppose natural gas shortages will go away in the next several years? I hope not, because they will not. Many years will be required to increase supplies enough to work out of the problem. Yet the original version of S. 2310 proposed to make future shortages even worse so that existing problems will not be so bad.

This is a real example of public policy with the expressed intent of making our children pay for the mistakes of today. I am pleased, of course, that the sponsors of S. 2310 saw the light and chose to remove the temporary emegency production rate provisions. However, the same comments apply to the pricing provisions. Our children will pay dearly because we would refuse to price the natural gas used today sufficiently high to permit producers to find and develop enough gas for tomorrow. Until this Congress recognizes the folly of price controls and deregulates natural gas, this country will not have enough gas to meet its needs in the future.

The bill abounds with provisions that are impossible administratively and for this reason alone, it will not accomplish the objectives held out for it. The FPC cannot possibly, either within 15 days or before winter, accomplish all the tasks set out for it in this bill; plus all the tasks it is normally supposed to perform. For example, how will it be possible to collect the data on the intrastate contracts let during August 1975 when most producers in the intrastate markets are nonjurisdictional?

How will the FPC determine within 15 days and with any reliability the alternate fuel capability of the consumers behind the various curtailed interstate pipelines? Certainly there will not be sufficient time to obtain record evidence or for judicial review. The determinations which must be made by the EPA, the FEA, and the FPC in order to implement the boiler fuel section again cannot be done in time to affect interstate gas supplies.

Senate bill 2310 is a disaster, a disaster for the gas producer, a disaster for States like Oklahoma, Texas, and Louisiana, but most important, a disaster for the American natural gas consumer and worker. I have attempted here to bring out some of the negative, adverse aspects of this bill. There are many more. I hope my colleagues will seriously consider the details of this legislation. It will not work, and our constituents, when they are out of work and cold, will truly question the quality of our representation if it becomes law.

There has never been a better case for the elimination of price controls than the natural gas situation. The uncontrolled intrastate markets have adequate supplies and the controlled interstate markets do not. Do we bring the successful pricing procedure down to the level of the unsuccessful one and assure everyone of natural gas shortages? Or do we do the opposite. It is time for statesmanship by all of us. I hope we take the latter course. The economic future of our Nation rests on it.

Mr. President, I wish to thank very much the Senator from Louisiana and also my good friend from Ohio for the dialog we had.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the distinguished Senator from Indiana (Mr. Hartke) be added as a cosponsor to S. 2310 and the amendment now under consideration.

The PRESIDING OFFICER (Mr. Ford). Without objection, it so ordered.

SENATOR RANDOLPH URGES ENACTMENT OF EMERGENCY LEGISLATION TO COPE WITH SEVERE NATURAL GAS SHORTAGES THIS WINTER

Mr. RANDOLPH. Mr. President, the United States is blessed with abundant energy resources. What is lacking is a common commitment by Government, by industry, and by all American citizens toward the single national goal of greater energy self-sufficiency.

Too much time is being wasted in search of a scapegoat for our country's energy problem. For lack of a definitive national energy policy, we all suffer.

Since 1969 and particularly since 1971, a major shortage of natural gas has emerged. In large part this has been to the unreasonable prices established by the Federal Power Commission for interstate natural gas.

In addition to retarding the exploration and development of new conventional natural gas supplies, the policies of the Federal Power Commission have served as a major disincentive to the commercial development of coal gasification. In my judgment, the FPC's unreasonable pricing policies are the principal reason why the United States does not now have a commercial coal gasification industry in the United States.

Five years ago in 1970 the primary, immediate task confronting government policy makers and industry was acceleration of exploration and development activities for oil and natural gas. Even then supplementary sources of natural gas were deemed necessary after 1980. The most promising are synthetics, LNG—liquefied natural gas—imports, Canadian imports, and Alaskan supplies.

The formidable task of redressing the imbalance may easily require another decade.

On February 5, 1975, Federal Power Commission Secretary Kenneth F. Plumb wrote me stating that—

> The United States is currently facing a period of shortage in the supply of available natural gas. Major pipeline companies have not only been forced to stop accepting new service contracts, but have also found it necessary to curtail the supply of gas to their existing customers.
>
> The impact of the natural gas shortage upon industrial users has not been confined to the State of West Virginia. Industrial customers . . in the States of Louisiana, Mississippi, Alabama, Florida and Texas . . . are being curtailed . . . heavy curtailment of lower-priority users has resulted in some cases in severe industrial disruption in the States of New York and Pennsylvania. The impact of the natural gas shortage on a particular area will largely depend on what natural gas pipelines serve it and on the availability and price of alternate fuel supplies.

Curtailments of natural gas, which began about 4 years ago, have increased to the point where interstate pipeline deliveries according to the American Gas Association are curtailed nationally by an average of 11 percent.

This is equivalent to 1 million barrels of oil per day which most likely will be replaced by oil imports; it also is equivalent to about 40 percent of the total electric power generated today in the United States. These curtailments of natural gas are contributing significantly to our country's present energy dilemma.

In our State of West Virginia natural gas supplies 21 percent of our energy needs. Over 69 percent of the homes use natural gas. Last year's actual curtailments were 8.1 percent of normal usage.

Many industries dependent on natural gas in West Virginia have experienced severe curtailments, the largest in the State's history. Important among these are the steel and glass industries, which could not economically change over in a short time to alternate fuel sources. They were forced to lay off workers during the winter months. Further curtailments seem highly probable as set forth in the same letter from Federal Power Commission Secretary Plumb:

> Impact of a curtailment of natural gas service upon an industrial user will depend upon whether the user has operational alternate fuel facilities and upon the availability of alternate fuel sources in the area.

Yes, I repeat, there will be a loss of jobs, unless adequate supplies of gas can be called forth.

This winter curtailments are predicted to reach 11.3 percent—20 billion cubic feet. This will amount to at least a 60-percent curtailment on industrial customers beginning this November.

The resultant adverse consequences on the economy and employment in West Virginia nad Appalachia are obvious. In addition, there are the significant secondary impacts on other industries which depend on manufacturers within this region for materials and supplies.

Hardest hit will be the industrial sector: stone, clay, and glass products; chemical and allied products; and primary metals. If alternative fuels are not available a 20-percent reduction in West Virginia's natural gas supplies could displace 8,300 workers in the State in manufacturing and related industries.

In Indiana, natural gas supplies 24 percent of that State's energy needs. Last year's actual curtailment was 25 percent of its normal usage. In 1975 it is predicted to reach 32 percent or 251 billion cubic feet.

Hardest hit in Indiana will be the industrial sector: stone, clay, and glass products; and primary metals industries. If alternative fuels were not available a 20-percent reduction in Indiana's natural gas supplies could displace 99,000 workers out of a labor force of 1,715,000 workers in the State excluding agriculture and Government.

By comparison, in Illinois natural gas represents 34 percent of all energy used and 75 percent of the homes rely on natural gas. Last year's actual curtailments were 21 percent of normal usage. In 1975 these are predicted to reach 26.6 percent or 410 billion cubic feet. Should alternative fuels not be available a 20-percent curtailment could potentially displace 173,000 workers out of a labor force of 3,698,000.

In North Carolina, there will be a total cutoff—100-percent curtailment—of industrial users.

The House Government Operations Committee has recommended serious consideration be given to declaring a state of emergency in advance of this winter. Particular concern is for six States: West Virginia, Pennsylvania, Ohio, Kentucky, New York, and New Jersey.

Nationwide the deepening natural gas shortage this winter is expected to be 30 percent greater than last winter. Moreover, there is no indication that the current downward trend in natural gas supplies will change for the better in the near future.

Considering the seriousness of emerging natural gas shortages for our country and the American people, it is necessary that the Congress enact emergency relief measures which will assist in mitigating this deepening crisis. Before us is S. 2310, the Natural Gas Emergency Act of 1975, introduced by Senators Hollings, Glenn, and Talmadge. Also on the Senate Calendar is S. 2330, the Natural Gas Emergency Standby Act of 1975, proposed by the administration.

On disposition of this emergency measure the Senate is scheduled to consider S. 692, and pending amendments, designed to discover new natural gas supplies to meet the future natural gas requirements of a strong industrial America.

Mr. TAFT. Mr. President, natural gas is today the dominant domestic energy source—it represents over 40 percent of the energy produced in this country. It supplies over 50 percent of the fuel requirements of the Nation's industries. Yet past regulation of natural gas prices has encouraged its consumption and discouraged exploration and further production. This puts us on the brink of an energy disaster nationally, and especially in my home State of Ohio.

It has been estimated that up to 60,000 jobs could be lost in Ohio because of this winter's gas shortage. Sales of natural gas have been restricted in Ohio since 1972, and curtailments began in 1974. This winter, Columbia Gas, the major supplier for Ohio, will curtail customers an average of 28 percent, with some customers facing 65 percent curtailments and heavy financial losses.

On a statewide basis, Ohio has 2,561,400 residential natural gas consumers. Over 198,000 commercial establishments depend upon natural gas, as well as 6,800 industrial facilities. Because of Ohio's dependence on natural gas, and the curtailments, it has been listed as on the 15 which will be hardest hit during the coming winter. We have many industries which are major consumers of natural gas such as primary metal, stone, clay, and glass producing companies. Total cost of doing nothing about the deregulation legislation and the natural gas shortage will cost Ohio about $109 million above and beyond the use of natural gas. This would be the cost of converting to fuel oil for all our needs, if this were possible. Of course, not all industries are able to convert, and there will be substantial job losses in these instances.

The downward trend in exploration of new natural gas will be felt for several years, even if the prices are deregulated today. The effects on the economy from job loss, curtailed production, new homeowners who cannot get gas and must use oil or electric power, will be more serious in the long run than the increase in gas prices that can be expected with deregulation.

First. Get the Government out of business;

Second. Encourage production;

Third. Cost of deregulation not that great; and

Fourth. Need a long-term solution.

At almost every meeting I have attended with constituents lately, the same message has come across: Get the Government out of business. The Government regulatory agencies are under constant criticism because of their redtape bureaucracy, infringement on people's rights and privacy, and the additional financial burdens many regulations cause to small businesses and large ones alike.

We have seen the reluctance of private industry to embark in production of energy in many now unconventional ways, because they are not economically feasible at this time. It would make no sense for a company to produce a product which costs millions of dollars but was too expensive for the public to buy. The solar cell concept is one of the expensive methods that might someday be refined enough to be mass produced and popularly priced. The exploration of Devonian shale, a concept especially popular in Ohio, has also been deemed uneconomical by experts in business and Government. The production of gas from Devonian shale is a worthy process that needs more research and development to bring its price to an affordable level for residential and industrial consumers. I have cosponsored legislation to provide more R. & D. funds for this method.

The natural gas production began to decline as reserves were depleted and extraction became more expensive and difficult. Federal Power Commission regulation of interstate gas prices stifled production and encouraged consumption of scarce natural gas. Now we have to pay for the fat years of cheap energy, not only with higher prices, but with job losses and economic strain until renewed exploration can replace these dwindled reserves.

Deregulated natural gas prices are not expected to rise as high as oil prices per Btu. There is no question that partial natural gas deregulation will impose substantial costs on consumers, but these costs will be tempered by several factors. First, the wellhead price on natural gas makes up less than 20 percent of its final price to consumers. Second, since natural gas under fixed contracts would remain at present prices, the impact would be spread out perhaps over a decade. Thus, the most recent FEA study indicated that the average cost of such deregulation would be between $13 and $18 on an annual residential bill in 1977.

One important point the Congress must consider is that the natural gas shortage is a long-term problem which requires a long-range solution, not a stop-gas measure that may cause the crisis to resurge each winter. The answer that we choose now will be affected by other economic forces during this period of national financial recovery. A temporary solution would be self-defeating of a long-term deregulation policy which I believe is inevitable. We already have seen the weakness of the 6-month extensions of the Emergency Petroleum Allocation Act. We must not let the serious problem of the natural gas shortage fall into such an uncertainty as well. The Congress should accept its responsibility for once and hammer out a long-term workable solution, instead of soft-pedaling temporary answers that are not truly effective.

At this point in the Record, I ask unanimous consent to have printed remarks made to me in a meeting with representatives of the Sandusky, Ohio, Chamber of Commerce. This statement, I think, reflects the feelings of many Americans in Ohio and in other areas severely affected by the gas shortage. It was given by Mr. Ralph H. McCollister, president of the Vulcan Materials Co. of Sandusky.

There being no objection, the material was ordered to be printed in the Record, as follows:

Vulcan Materials Co.,
Sandusky, Ohio, September 23, 1975.

Discussion With Ohio Congressional Delegation by Group of Businessmen From Sandusky, Ohio

Gentlemen: You have just heard Mr. Murphy relate who we are and how this group developed to bring us here today. We would like to point out that we are not here just to discuss the local Sandusky, Ohio, problem or to confine our interest to natural gas alone. We believe that there are too many interrelationships in this total energy problem. We are confident that you have heard and know quite a lot about the overall energy problem, so we will be brief. But we do want to briefly discuss the broader problem and recommend a few actions.

We are confused about many things we read in the paper and many actions that you, the Congress, and our Government are taking. There are a few facts that seem irrefutable to us. Let me briefly review them.

1. The Congress regulated natural gas about 21 years ago. The result was to make the premium fuel—natural gas—the cheapest, with oil and coal higher priced. Consumers (both individuals and industry) switched from coal and oil to gas, and so today we are essentially out of gas. Why did it happen? Simply because a law made a premium fuel cheap and thereby caused irresponsible and wasteful use of gas.

In 1974 all natural gas found in the United States amounted to an energy equivalent of 7.1 quadrillion Btu's. We consumed or used 26.0 quadrillion Btu's of gas. We used over three times as much as we discovered. The known reserves today amount to only 8.8 years at today's usage level.

We are confused when we keep hearing comments from many that there is no shortage.

2. We are being told by many to switch from gas to oil. Last year we found throughout the United States an oil energy equivalent of 17.0 quadrillion Btu's. We used 36.0 quadrillion Btu's. We found less than one half as much as we used, and the known United States reserves today are only 5.1 years at today's usage level. Considerable switching from gas to oil is occurring in this country, but we have even less oil than gas. We are only getting by because we import oil. Nearly 40% of our oil needs are imported. Each time anyone switches to oil, we are causing increased imports at the highest energy cost with increased dependence on foreign countries. We are just postponing a problem and making it bigger. This really confuses us.

3. We have more coal in the United States than all the rest of the world combined. There is more energy in our coal than in all of the oil in all of the Arab countries combined. Yet we get less than 20% of our energy from coal. We produce less than we did 30 years ago. The American Electric Power Company built the John Amos Coal Plant on a huge coal field in West Virginia. It is the largest coal-burning plant in the world. EPA required low sulfur coal. It now gets Montana and Wyoming coal sent by train to St. Louis then by barge to West Virginia. The West Virginia coal is sent by barge in the opposite direction to seaports for shipment to Japan and Europe. Transporting the coal both ways uses our very scarce oil. A recent ad by the American Electric Power Company, which is attached, highlights this problem.

We are confused that there are still so many government roadblocks to increased usage of coal two years after the Arab embargo.

4. The biggest near-term future source of energy is nuclear. Yet it takes 11 years from the start of planning to get a nuclear plant into operation in the United States—mainly because of government roadblocks. In Europe and Japan it can be done in 4½ years. Today, two years after the Arab embargo, we are projecting less energy from nuclear sources by the year 2000 than we did prior to the embargo. We are confused by this fact.

5. The Government is actively talking about starting FOGCO (Federal Oil and Gas Company). Private industry in the United States has a fantastic record for generations in the United States of beating any other business system, non-profit organizations, or the Government as far as efficiency, innovations, and effectiveness in all areas of business are concerned.

A recent study of the Department of Health, Education, and Welfare in the area of medical insurance plans showed that private profit-making industry was far more efficient than non-profit health organizations or the Government insurance plans.

The article quoted many government and educational leaders as being surprised. This mystifies us when the record shows that this has been happening over and over again. This week, a study of the Municipal Light Plant in Cleveland, a government-owned and run industry, showed it to be $5 million in the red this year; has had three years of deficits, all due to "inefficient management, a padded work force, and poor maintenance." On the other hand, our farmers use 4% of the work force and 4% of the fixed capital investment, whereas Russia uses 31% of their work force and 25% of their capital investment to produce less grain than we do.

Mr. Muskie recently said, "We live in a mixed economy where private enterprise and market forces are supposed to do the job, but if they fumble the ball the Federal Government will intervene." We would be happy with Mr. Muskie's idea if the reciprocal would also work, that is, if the Government fumbles the ball private industry would take over.

We are confused as to the basis for the push for Government to get into the private business sector.

The above five facts seem clear to us. We know that solutions are complex. We are convinced that environmental needs complicate this problem. We must make progress in the environmental areas, but not at rapid, irresponsible rates. We know that costs of energy are going to go up, but we believe responsible action will cause much less increase than the alternative of regulation. We believe this was well stated by Mr. Zarb in his article in the September 10 issue of The Wall Street Journal, entitled "The Seven Truths of Energy."

We also recognize that some risks have to be taken. Back in 1889 Thomas Edison wrote an article for the Scientific American in which he said, "My personal desire would be to prohibit entirely the use of alternating currents. They are unnecessary as they are dangerous. I can therefore see no justification for the introduction of a system which has no element of permanency and every element of danger to life and property."

In summary, we recommend the following five things:

1. Deregulate natural gas and let normal market conditions operate.
2. Deregulate oil and let normal market conditions operate. Leave profits with the companies to invest in oil and gas exploration and development.
3. Promote massive increases in the production and use of coal by removing roadblocks. A big part of this includes a more realistic look at environmental needs.
4. Promote energy from nuclear sources by removing roadblocks.
5. Keep the Government out of the private sector—such as FOGCO—and allow private industry to do the job.

But probably more important than all of these is the fact that we need decisions. For two years you, the Congress, have left us wondering what is going to happen. No real energy policy and direction has left us in great confusion, waiting to make decisions. We need to know what you are going to do.

Ralph H. McCollister,
President, Metals Division,
Vulcan Materials Co.

Mr. TAFT. We have been urged to take immediate action on short term emergency acts to provide relief from the natural gas shortage this winter, once again delaying action on a long-term energy bill. If the Senate had taken action in June when S. 692, the long-term bill, was reported from the Commerce Committee, a bill may have been considered by the House by now and have been enacted. As it is now, no action has even been taken on the so-called emergency measures that were introduced almost 3 weeks ago.

The Senate has held many hearings on this matter, and although it has many technicalities, further delays will only exacerbate the shortage.

I doubt that any emergency measure that we pass in the Senate now could be enacted and administered in time to alleviate any shortages this winter. This is not to mention the additional time that judicial reviews will take, and I believe that they may be forthcoming, if the bill, S. 2310, is passed. The East Ohio Gas Co. in my State has told my staff that they have written this winter off. Next winter will be worse, and they are now hoping for some relief by that time.

S. 2310, the legislation we are considering, proposes a short term solution to this problem.

It would set average area ceiling prices on intrastate gas. These would be subject to court suits because of Federal intervention in instrastate commerce, and would not provide sufficient return to prevent competition for purchases. The lawsuits would very likely impede the use of intrastate gas which is vital if we are to overcome the shortage this year.

The area ceiling prices proposed would be too low. There is not that much surplus gas to supply all the curtailed companies on interstate pipelines. Therefore, they would have to compete with present purchasers for gas. Producers would probably prefer to sell to their traditional intrastate customers, even at the ceiling price, rather than commit their gas to the interstate market.

The short term solution requires gas production at the maximum efficient rate or higher. Pushing a well to this rate can cause damage to a well, and of course will cause it to run dry sooner and in the long run, to produce less gas.

The administrative structure of this legislation is a nightmare. First, it requires the Federal Power Commission to establish the average of August area ceiling prices within 15 days. Some of this information is not yet available for the month of August. Some areas did not have any sales during that month. The time frame allotted for this price setting is too short, and the FPC Chairman, John Nassikas, has said so in his testimony before the Senate Committee. In addition, at the conclusion of the "emergency" period, what would be the status of the contracts and prices on the intrastate market?

The bill provides for participation of the FPC, the FEA, the Department of Interior, the USDA, the Environmental Protection Agency, State EPA's, and other state agencies. The idea of all these separate jurisdictions participating on one 9-month program does not seem effective or feasible. The bill is ambitions, but unrealistic in view of past experiences and the true emergency which now exists.

I believe the preferable approach would be for the Senate to act now on a combination of 180-day deregulation proposal and long-term deregulation together. This would be far easier to administer, has been tested in prior times. It would make permanent the solution, so that we would not be faced with the present situation year after year. The Congress must take positive and forceful action now, if we are to win the confidence of the American people, and avoid further economic disruption and confusion that further curtailments and job losses will bring.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate convenes tomorrow and after the two leaders are recognized that there be a period of not to exceed 20 minutes for the transaction of routine morning business and that the time limitation of 3 minutes attach thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, at the conclusion of the morning hour, the Senate will then return to Calendar No. 355, S. 2310, and that will once again be the pending business.

RECESS TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 10 a.m. tomorrow.

The motion was agreed to; and at 5:13 p.m., the Senate recessed until tomorrow, Tuesday, September 30, 1975, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate September 29, 1975:

IN THE COAST GUARD

The following Regular officers of the U.S. Coast Guard for promotion to the grade of captain:

Charles F. Hahn
Eugene L. Davis
Robert R. Houvener
Richard N. Abrahams
Kenneth D. Albritton
Kenneth D. Urfer
James A. Atkinson
Harold B. Summey
Donald O. Cunningham
Robert A. Biller
Robert J. Ketchel
Thomas W. Kilpatrick
Walter W. White
William M. Devlin
Michael Abarbanell
William F. Roland
Stanley J. Walden
John J. Cadigan
Basil D. Harrington
Richard E. Sardeson
George F. Viveiros, Jr.
Kenneth M. Palfrey, Jr.
Clifton R. Smith
Norman B. Lynch
Barry C. Roberts
David P. Bosomworth
George H. Garbe
Bruce L. Sonomon
Willia F. Merlin
Thomas F. Schaefer
Donald P. Taub
Richard D. Olsen
Don S. Bellis
Lynn N. Hein
Arthur H. Wagner
Leroy C. Melberg
William M. Flanders
John G. Stanley
William B. Mohin
Earle L. Sullivan, Jr.
Kirk R. Kellogg
George L. Rettie
Richard I. Rybacki
Laurence C. Kindbom
Joseph H. Wubbold
William J. Brogdon, Jr.
Charles E. Moorhead
John W. Kime

The following reserve officer of the U.S. Coast Guard to be a permanent commissioned officer in the Regular Coast Guard in the grade of lieutenant commander:

John E. Williams

The following named officer to be a permanent commissioned officer in the Coast Guard in the grade of lieutenant having been found fit for duty while on the temporary disability list:

Gerald A. Parr

IN THE AIR FORCE

The following persons for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, Title 10, United States Code, with a view to designation under the provisions of section 8067, Title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

To be captain (*Chaplain*)

Beckley, James W., [redacted].
Boone, Joseph F., [redacted].
Crosby, Robert H., [redacted].
Farris, Claude B., [redacted].
Guetersloh, Ralph A., [redacted].
Haffly, Joseph R., [redacted].
Hall, James P., [redacted].
Headley, Richard A., [redacted].
Jemerson, Robert L., [redacted].
Knorr, Tom J., [redacted].
Knowles, Richard K., [redacted].
Manning, Joseph H., [redacted].
Nee, Eugene O., [redacted].
Osmond, Russell L., [redacted].
Parent, Edward J., [redacted].
Perez, Benjamin, [redacted].
Price, James E., [redacted].
Rhyne, Jerry L., [redacted].
Roquemore, Jimmy A., [redacted].
Sassman, William A., [redacted].
Tripp, Robert J., [redacted].

To be first lieutenant (*Chaplain*)

Mosier, Leslie H., [redacted].
Zirzow, Wayne H., [redacted].

To be major (*Judge Advocate*)

Matlock, Joseph D., [redacted].

To be captain (*Judge Advocate*)

Abrehamson, Thomas A., [redacted].
Baynham, Thomas J., Jr., [redacted].
Black, Paul L., [redacted].
Brannon, William A., [redacted].
Bruinooge, Jon P., [redacted].
Caldwell, Bryan M., [redacted].
Capio, Ralph J., [redacted].
Cervizzi, Richard G., [redacted].
Clarke, Leonard S., [redacted].
Durham, Bryant L., [redacted].
Economidy, John M., [redacted].
Ernst, Alan C., [redacted].
Frampton, James H., [redacted].
Graham, Roger D., [redacted].
Humphreys, Warren P., [redacted].
Kean, Barret E., [redacted].
Lemar, Bruce R., [redacted].
McAvoy, Roger J., [redacted].
McNamara, Roger T., [redacted].
Mounts, Robert T., [redacted].
Niehaus William S., [redacted].
Nieto, Johnny L., [redacted].
Query, Bryan L., [redacted].
Simutis, Frank J., [redacted].
Wasko, Adrian J., [redacted].
Waugh, David K., Jr., [redacted].
Whittington, Michael C., [redacted].
Woods, William R., [redacted].

To be first lieutenant (*Judge Advocate*)

Barnick, Terry R., [redacted].
Bateman, David A., [redacted].
Beeson, Richard D., [redacted].
Boswell, William P., [redacted].
Case, Michael W., [redacted].
Edgin, Gordon R., [redacted].
Forkner, Larry E., [redacted].
Fuscher, Steven R., [redacted].
Guilbeau, Lyle J. S., [redacted].
Harris, James R., [redacted].
Krchma, Stephen P., [redacted].
Lowenberg, Timothy J., [redacted].
Luke, Peter H., [redacted].
Lynch, Joseph G., [redacted].
Mahan, Charles W., [redacted].
Meador, Paul M., [redacted].
Oconnell, Barry G., [redacted].
Patch, Thurmond W., [redacted].
Reed, Robert E., [redacted].
Regan, Gilbert J., [redacted].
Rigsby, Allen W., Jr., [redacted].
Rowland, Jay R., [redacted].
Schulze, Herbert R., [redacted].
Secrest, James K., II, [redacted].
Slone, Randolph C., [redacted].
Smiley, Stanley R., [redacted].
Steighner, Donald J., [redacted].
Stone, Donald G., [redacted].
Thompson, Thomas J., [redacted].
Walluk, Anthony W., Jr., [redacted].
Wilder, Harlan G., [redacted].
Wright, Roger E., [redacted].
Yoder, Dennis S., [redacted].

To be major (*Medical Corps*)

Booker, James A., Jr., [redacted].
Halverson, James L., [redacted].
Hart, Kenneth R., [redacted].
Miller, James B., [redacted].
Schaberl, Karl N., [redacted].
Spence, Michael B., [redacted].
Yrizarryyunque, Jose M., [redacted].

To be captain (*Medical Corps*)

Adams, John A., [redacted].
Alexander, James A., [redacted].
Alexander, Johnny B., [redacted].
Anglin, Larry W., [redacted].
Anthracite, Raymond F., [redacted].
Archer, Stanley B., [redacted].
Balzer, Larry D., [redacted].
Baskin, Harold F., [redacted].
Bedingfield, John R., Jr., [redacted].
Beineke, Daniel D., [redacted].
Benning, Thomas R., [redacted].
Berezoski, Robert N., [redacted].
Berman, Richard A., [redacted].
Berry, Michael A., [redacted].
Bilka, Tassilo J., [redacted].
Bills, Gary L., [redacted].
Bishop, Marvin E., [redacted].
Bloom, Bernard H., [redacted].
Bloom, John D., [redacted].
Boeren, John J., III, [redacted].
Bohnenkamp, Ronald P., [redacted].
Boswell, Richard N., [redacted].
Bouda, David W., [redacted].
Brady, Charles E., III, [redacted].
Bressinck, Renie E., [redacted].
Brewington, Kenneth C., [redacted].
Broadwell, Russell M., [redacted].
Brothers, Lyman R., III, [redacted].
Brown, Cary D., [redacted].
Brown, Frederick W., III, [redacted].
Burch, Francis X., [redacted].
Burch, John E., Jr., [redacted].
Burkett, Dennis B., [redacted].
Burton, Harold G., [redacted].
Campbell, William W., Jr., [redacted].
Carson, James H., Jr., [redacted].
Carte, Michael W., [redacted].
Carter, Gary D., [redacted].
Charlesworth, Ernest N., [redacted].
Chilton, Robert J., [redacted].
Christman, James E., [redacted].
Clark, Kenneth H., [redacted].
Clark, Max A., [redacted].
Cobb, Albert H., Jr., [redacted].
Coburn, Ernest L., Jr., [redacted].
Cofoid, Paul B., [redacted].
Collier, Harold W., [redacted].
Collier, James R., [redacted].
Collins, Terry L., [redacted].
Conklin, James J., [redacted].
Cordell, Gerald D., [redacted].
Corwin, James A., [redacted].
Couch, Ellis P., [redacted].
Coudon, Wilson L., [redacted].
Coutts, Glenn L., [redacted].
Crawford, Raymond S., III, [redacted].
Crute, James A., [redacted].
Culver, William G., [redacted].
Cwazka, Walter F., [redacted].
Dail, Eric M., [redacted].
Daley, Alexander F., Jr., [redacted].
Dallas, John G., [redacted].
Davey, Joseph J., [redacted].
Davis, Walter D., [redacted].
Davis, William M., [redacted].
Derick, Dale E., [redacted].
Desadier, Bennett B., [redacted].
Dickson, Richard C., [redacted].
Dillon, William L., [redacted].
Divers, Walter A., Jr., [redacted].
Dobbs, Larry C., [redacted].
Dorfman, Steven G., [redacted].
Dozier, Kenneth C., [redacted].
Dressler, William C., [redacted].
Duncan, Roy D., [redacted].
Dye, David G., [redacted].
Erner, Gerald D., [redacted].
Evans, Richard M., [redacted].
Feddsky, Allan L., [redacted].
Feldtman, Robert W., [redacted].
Ferguson, Peter E., [redacted].
Fiden, William J., Jr., [redacted].
Fisher, George H., [redacted].
Fisk, David E., [redacted].
Floyd, John L., Jr., [redacted].
Foshee, William S., [redacted].
Foster, Delbert R., [redacted].
Freeman, John L., Jr., [redacted].
Fricke, Frederick J., Jr., [redacted].
Frischer, Robert, [redacted].
Fry, Michael B., [redacted].
Fuller, Philip S. B., [redacted].
Gano, Stephen E., [redacted].
Garcia, Raymond L., [redacted].
Gebhart, Ronald J., [redacted].
Gehring, Gordan G., [redacted].
Gelsey, Jon E., [redacted].
Gertsch, Ronald L., [redacted].
Gibb, Paul D., [redacted].
Gibney, Matthew J., III, [redacted].
Girard, Charles M., [redacted].
Girod, Marvin G., [redacted].
Gold, Steven J., [redacted].
Green, Larry K., [redacted].
Green, Rufus, Jr., [redacted].
Greene, Jerry W., [redacted].
Gremillion, David H., [redacted].
Griffin, John J., [redacted].
Guise, Charles W., [redacted].
Hafermann, David R., [redacted].
Hall, Ronald R., [redacted].
Hampton, John R., III, [redacted].
Hand, Stanley I., Jr., [redacted].
Harper, William F., [redacted].
Harrell, Timothy C., [redacted].
Harrington, John A., [redacted].
Harris, Melvin E., [redacted].
Harris, Walter D., [redacted].
Harrison, John T., III, [redacted].
Hassler, Randy D., [redacted].
Heckler, Frederick R., [redacted].
Hensley, Michael F., [redacted].
Herpin, Daniel A., [redacted].
Hickman, James R., Jr., [redacted].
Hilliard, George D., [redacted].
Hilsman, Thomas A., [redacted].
Hoffman, Gerald E., [redacted].
Holt, Gilbert A., Jr., [redacted].
Holt, Richard L., [redacted].
Hoogwerf, Byron J., [redacted].
Houston, Richard W., [redacted].
Howiler, William E., Jr., [redacted].
Isernamaral, Jesus H., [redacted].
Jackson, Bruce G., [redacted].
Jacobs, Robert L., Jr., [redacted].
James, Richard E., [redacted].
Jasin, Walter J., Jr., [redacted].
Jernigan, John F., [redacted].
Johnson, Benny D., [redacted].
Johnson, Frank L., [redacted].
Johnson, Randle C., [redacted].
Johnson, Sherman B., [redacted].
Johnson, Thomas A., [redacted].
Jones, Al E., [redacted].
Jones, Dennis S., [redacted].
Jordan, Robert W., [redacted].
Kee, Jimmy W., [redacted].
Keller, Harrison B., [redacted].
King, Edwin M., [redacted].
Kinnison, Michael G., [redacted].
Kippel, Eugene J., [redacted].
Koop, Lamonte P., [redacted].
Koppes, Gerald M., [redacted].
Krege, John W., [redacted].
Kruger, Paul S., [redacted].
Kunkel, Alan R., [redacted].
Lachina, Frank M., [redacted].
Landsbaum, Charles J., [redacted].
Lasalle, Andre J., [redacted].
Lauer, Dean H., [redacted].
Learned, David K., [redacted].
Lee, Dennis R., [redacted].
Lehman, Craig A., [redacted].
Leone, Frank S., [redacted].
Lindley, Ancil L., III, [redacted].
Long, Charles G., [redacted].

Love, Lawrence L., [redacted].
Lugger, Jerry, [redacted].
Lundquist, Jon E., [redacted].
Mack, John W., Jr., [redacted].
Mack, Leo W., Jr., [redacted].
Maden, Larry G., [redacted].
Magill, Hubert L., [redacted].
Makarewycz, Bohdan A., [redacted].
Maresh, James E., [redacted].
Marks, James G., Jr., [redacted].
Marsh, Royden W., [redacted].
Martin, Earl F., [redacted].
Mazer, Elliot E., [redacted].
McClean, Charles K., [redacted].
McClusky, Oliver E., [redacted].
McKissick, William R., [redacted].
McLaughlin, Gary W., [redacted].
Meier, Walter L., [redacted].
Meyer, George W., [redacted].
Mikds, John J., [redacted].
Miller, Bruce D., [redacted].
Miller, Charles J., [redacted].
Miller, Christopher R., [redacted].
Miller, John D., [redacted].
Miller, Warren N., [redacted].
Mitchell, Louis A., [redacted].
Molinaro, John R., [redacted].
Montgomery, Walter R., [redacted].
Moon, Michael R., [redacted].
Moore, George W., [redacted].
Moulton, John P., [redacted].
Moysafnko, Valery, [redacted].
Mueller, Gary L., [redacted].
Muller, Stephen P., [redacted].
Mullins, James D., [redacted].
Murphy, Denis M., [redacted].
Murray, James M., [redacted].
Nelson, Eric C., [redacted].
Nelson, Richard A., [redacted].
Nuemann, James F., [redacted].
Newland, Earl F., [redacted].
Niewodowski, Michael A., [redacted].
Null, Donald M., Jr., [redacted].
Oberg, Lance G., [redacted].
O'Connor, Patrick S., [redacted].
Orrison, William G., [redacted].
Osterholzer, Heinz O., [redacted].
Otero, Lewis, [redacted].
Oyer, Frederick R., [redacted].
Paullus, Wayne S., Jr., [redacted].
Pearsall, Eldridge H., [redacted].
Pedro, Steven D., [redacted].
Perez, Rafael A., [redacted].
Perezfigaredo, Rafael A., [redacted].
Perry, Clarence P., Jr., [redacted].
Perschau, Richard A., [redacted].
Philipp, Joseph T., [redacted].
Pickett, James D., [redacted].
Player, David M., [redacted].
Potts, David W., [redacted].
Randall, Eugene H., [redacted].
Reddell, David L., II, [redacted].
Reeves, Jerry D., [redacted].
Ressmann, Ronald J., [redacted].
Richards, James F., [redacted].
Rist, Toivo E., [redacted].
Ritter, Howard L., Jr., [redacted].
Robison, George R., [redacted].
Rogers, James H., Jr., [redacted].
Rogers, Donald A., [redacted].
Rogers, William D., Jr., [redacted].
Rojas, Jose E., [redacted].
Roman, Carlos R., [redacted].
Ross, Michael D., [redacted].
Rossof, Arthur H., [redacted].
Ruefer, Fred M., [redacted].
Ryan, Michael N., [redacted].
Sago, Alvin L., [redacted].
Sanderson, Marvin B., [redacted].
Sanwick, Steven M., [redacted].
Scheur, John E., [redacted].
Schwartz, Burton W., [redacted].
Selinkoff, Paul M., [redacted].
Sepiol, James L., [redacted].
Shapiro, Donald M., [redacted].
Shepard, Martin J., [redacted].
Sill, William F., [redacted].
Sinclair, Allen J., [redacted].
Skiwski, Jacob, [redacted].
Smiley, William H., [redacted].
Smith, Gary L., [redacted].
Smith, James M., [redacted].
Smith, James M., [redacted].
Smith, Joseph A., [redacted].
Smith, Michael T., [redacted].
Smith, Wayne E., [redacted].
Spann, Charles G., [redacted].
Spielvogel, Richard L., [redacted].
Spitzer, Richard G., [redacted].
Stanley, Rick D., [redacted].
Steele, Norman P., Jr., [redacted].
Stevens, Edwin A., [redacted].
Stocker, John T., [redacted].
Stroble, Charles P., [redacted].
Stronach, Neil, [redacted].
Stump, Alfred L., [redacted].
Sturgeon, Carl L., Jr., [redacted].
Sullivan, Richard J., [redacted].
Sykes, James D., [redacted].
Teears, Robert J., [redacted].
Toon, Lee, [redacted].
Tremblay, Normand F., [redacted].
Trevind, Saul G., [redacted].
Trujillo, Joel, [redacted].
Turkington, James T., [redacted].
Van Buskirk, Ronald, [redacted].
Vandersarl, Jules V., [redacted].
Vangrov, Jan S., [redacted].
Volk, Stephen A., [redacted].
Vonhoff, Stanley E., [redacted].
Walbroehl, Gordon S., [redacted].
Wall, Arthur A., Jr., [redacted].
Wardinsky, Terrance D., [redacted].
Waterman, John R., [redacted].
Wells, Thomas T., [redacted].
Werner, Wolfgang K., [redacted].
Westbrook, Clyde W., [redacted].
Westveld, Anton H., Jr., [redacted].
Whelchel, John D., Jr., [redacted].
Whitehurst, Fred O., [redacted].
Wilder, Norman J., [redacted].
Wilder, Thomas C., Jr., [redacted].
Willis, William F., [redacted].
Wilson, Ralph S., [redacted].
Wilson, Robert O., [redacted].
Wolf, Mark J., [redacted].
Wolfe, William H., [redacted].
Wooddell, William J., [redacted].
Wurtsbaugh, J. Anthony, [redacted].
Yockey, Charles C., [redacted].
Yoder, James E., [redacted].

To be first lieutenant (Medical Corps.)

Adatto, Joseph G., [redacted].
Airmart, Richard A., [redacted].
Arnold, Fredrick S., [redacted].
Banyash, Larry W., [redacted].
Billman, James K., Jr. [redacted].
Blew, Richard M., [redacted].
Brooks, James L., Jr., [redacted].
Budd, John C., [redacted].
Carter, Bruce, [redacted].
Chin, Donald K., [redacted].
Clary, William F., [redacted].
Coffey, Maurice E., [redacted].
Coscia, John L., Jr., [redacted].
Cox, Rex A., [redacted].
Creech, George R., [redacted].
Dapremont, Edgar M., Jr., [redacted].
Davidson, Thomas W., [redacted].
Dightman, Lowell R., [redacted].
Dillaplain, Robert P., [redacted].
Drake, Kelly T., [redacted].
Duvall, John O., [redacted].
Echols, Paul G., [redacted].
Eden, Billy M., [redacted].
Eibling, David E., [redacted].
Flannery, Michael J., [redacted].
Frenger, Fred P., Jr., [redacted].
Garcia, John M., [redacted].
Garvin, Dennis D., [redacted].
Gaver, William R., [redacted].
Gehling, Gerald F., [redacted].
Grande, Donald J., [redacted].
Hill, Richard R., [redacted].
Howard, William R., [redacted].
Inge, David U., [redacted].
Jenkins, Stephen W., [redacted].
Johns, Ralph H., Jr., [redacted].
Kuykendall, John D., [redacted].
Lasselle, Donald D., [redacted].
Leach, Christopher L., [redacted].
Legrand, Daniel R., [redacted].
Letard, Francis X., Jr., [redacted].
Lewis, Mearle D., [redacted].
Louis, Clarence J., [redacted].
Luff, Ronald D., [redacted].
McDonald, Stephen D., [redacted].
Mroz, Frank M., [redacted].
Myers, Joseph W., [redacted].
Neff, Scott B., [redacted].
Palmer, Patrick M., [redacted].
Parham, Verdon W., [redacted].
Richardson, George W., [redacted].
Royal, Louis R., [redacted].
Rupert, Edward G., [redacted].
Stanley, Michael D., [redacted].
Steele, Steven J., [redacted].
Strobel, Cory T., [redacted].
Suit, James I., [redacted].
Thomas, Joseph R., Jr., [redacted].
Toland, Dennis M., [redacted].
Uhl, Gregory S., [redacted].
Uraga, Nick W., [redacted].
Ursano, Robert J., [redacted].
Vannostrand, Douglas, [redacted].
Wagnon, Alton H., Jr., [redacted].
Welling, David R., [redacted].
Wheller, John J., [redacted].
Wible, Jerry C., [redacted].
Wiedeman, Geoffrey P., Jr., [redacted].
Williams, James E., III, [redacted].
Williams, Michael H., [redacted].
Wright, Fred G., Jr., [redacted].

To be captain (Dental Corps)

Abdelnour, Joe W., [redacted].
Abraham, Lewis J., [redacted].
Allen, Robert H., [redacted].
Antolin, Carlos M., [redacted].
Bogard, Robert H., Jr., [redacted].
Boyd, Douglas C., [redacted].
Brown, Frederic H., [redacted].
Caudill, Richard F., [redacted].
Christopher, Reginald C., [redacted].
Corbett, John A., III, [redacted].
Crine, James D., [redacted].
Crout, Danny K., [redacted].
Deemer, James P., [redacted].
Deussing, George A., Jr., [redacted].
Diamond, Arthur H., [redacted].
Dyer, Charles L., [redacted].
Faner, Richard M., [redacted].
Flinn, Steven J., [redacted].
Fomby, Edward L., [redacted].
Frank, Charles A., [redacted].
Hagarty, Timothy J., [redacted].
Hawley, Richard J., [redacted].
Heagy, William C., [redacted].
Heggen, William H., III, [redacted].
Heldt, Leroy V., [redacted].
Hew, Ellsworth Y. K., [redacted].
Jamsky, Robert J., [redacted].
Knight, James S., III, [redacted].
Master, George H., [redacted].
McGee, Barton L., Jr., [redacted].
Millar, Leslie C., [redacted].
Occhialino, Richard D., [redacted].
Ogletree, Robert C., Jr., [redacted].
Omeltschenko, Konrad, [redacted].
Roubian, Armen S., [redacted].
Rudisill, John W., III, [redacted].
Ruemping, Dale R., [redacted].
Sabino, Anthony D., [redacted].
Sada, Robert C., [redacted].
Savage, Michael G., [redacted].
Schutte, Dale A., [redacted].
Stringer, Dale E., [redacted].
Theobald, William O., [redacted].
Thurmond, John W., [redacted].
Via, Thomas O., [redacted].
Vodvarka, Daniel R., [redacted].
Walker, Robert C., Jr., [redacted].
Walker, William A., III, [redacted].

Wilcox, Charles W., xxx-xx-xxxx.
Wilkins, Don R., xxx-xx-xxxx.
Wood, Richard H., xxx-xx-xxxx.

To be first lieutenant (*Dental Corps*)

Baker, Gerald E., xxx-xx-xxxx.
Bright, David R., xxx-xx-xxxx.
Combs, Charles H., xxx-xx-xxxx.
Corsa, Kejen P., xxx-xx-xxxx.
Ebright, Craig S., xxx-xx-xxxx.
Emmert, Joseph H., Jr., xxx-xx-xxxx.
Gallagher, Steven J., xxx-xx-xxxx.
Hablitzel, Matthew L., xxx-xx-xxxx.
Herber, Hobert E., xxx-xx-xxxx.
Jacobs, Thomas L., xxx-xx-xxxx.
Kopp, William M., xxx-xx-xxxx.
Langenderfer, William R., xxx-xx-xxxx.
Lee, David A., xxx-xx-xxxx.
Mansfield, Michael J., xxx-xx-xxxx.
Mills, Jerry C., xxx-xx-xxxx.
Murray, Gary H., xxx-xx-xxxx.
Musselwhite, James M., xxx-xx-xxxx.
Nielsen, Gregg T., xxx-xx-xxxx.
Norvell, Lester R., III, xxx-xx-xxxx.
Piech, David P., xxx-xx-xxxx.
Pierce, David B., xxx-xx-xxxx.
Rickey, David N., xxx-xx-xxxx.
Scherer, John J., xxx-xx-xxxx.
Shaner, John W., xxx-xx-xxxx.
Smith, Alan A., xxx-xx-xxxx.
Smutka, Steven D., xxx-xx-xxxx.
Stein, Lester D., xxx-xx-xxxx.
Trebilcock, Charles E., Jr., xxx-xx-xxxx.
Valentine, Craig W., xxx-xx-xxxx.
Villa, Gregory M., xxx-xx-xxxx.
Vogel, James J., xxx-xx-xxxx.
Weiand, Ronald W., xxx-xx-xxxx.
Wisdom, Sidney C., xxx-xx-xxxx.
Woehrlen, Arthur E., Jr., xxx-xx-xxxx.
Woolum, James A., xxx-xx-xxxx.
Zimmerman, Richard D., xxx-xx-xxxx.
Zion, Harvey S., xxx-xx-xxxx.

To be captain (*Nurse Corps*)

Carlson, Joyce E., xxx-xx-xxxx.
Maroon, Hana J., xxx-xx-xxxx.
Miller, James E., xxx-xx-xxxx.
Mootz, Paul E., xxx-xx-xxxx.
Shockley, George E., Jr., xxx-xx-xxxx.

To be first lieutenant (*Nurse Corps*)

Arles, William F., xxx-xx-xxxx.
Banda, Carmen L., xxx-xx-xxxx.
Barger, Judith, xxx-xx-xxxx.
Bergefurd, Diana M., xxx-xx-xxxx.
Bisping, Phyllis M., xxx-xx-xxxx.
Blackwell, Harold D., xxx-xx-xxxx.
Bourne, Mary A., xxx-xx-xxxx.
Brewer, Bonnie L., xxx-xx-xxxx.
Burleson, Kiska J. G., xxx-xx-xxxx.
Cameron, Cheryl L., xxx-xx-xxxx.
Carver, Hazel I., xxx-xx-xxxx.
Cassida, Linda L., xxx-xx-xxxx.
Castro, Susan M., xxx-xx-xxxx.
Cepin, Stephanie A., xxx-xx-xxxx.
Chesnick, Florence M., xxx-xx-xxxx.
Clark, Florence E., xxx-xx-xxxx.
Coffey, Linda S., xxx-xx-xxxx.
Colonna, Josephine R., xxx-xx-xxxx.
Coughlin, Joann C., xxx-xx-xxxx.
Dodson, Linda E., xxx-xx-xxxx.
Dolph, Hannah J., xxx-xx-xxxx.
Dylla, Rebecca A., xxx-xx-xxxx.
Everts, Barbara A., xxx-xx-xxxx.
Gill, Thomas M., xxx-xx-xxxx.
Gillyard, Nancy J., xxx-xx-xxxx.
Gonzalez, Norma A., xxx-xx-xxxx.
Gorman, Margaret L., xxx-xx-xxxx.
Grever, Julie A., xxx-xx-xxxx.
Hagen, Ronnie H., xxx-xx-xxxx.
Hartley, Elizabeth A., xxx-xx-xxxx.
Heaton, Carol S., xxx-xx-xxxx.
Herndon, Joe P., xxx-xx-xxxx.
Hessberger, William G., xxx-xx-xxxx.
Hoffman, Darrell R., xxx-xx-xxxx.
Horanberg, Patricia A., xxx-xx-xxxx.
Howe, John J., xxx-xx-xxxx.
Ingalls, Cathryn M., xxx-xx-xxxx.
Jackson, Carol S., xxx-xx-xxxx.
Jaspers, Janet C., xxx-xx-xxxx.
Johnson, Karen L., xxx-xx-xxxx.
Johnson, Lisa M., xxx-xx-xxxx.
Kalish, Joanne M., xxx-xx-xxxx.
Keith, Billy R., xxx-xx-xxxx.
Kelly, Jane E., xxx-xx-xxxx.
Kliot, Cheryl S., xxx-xx-xxxx.
Leonard, Eleanor M., xxx-xx-xxxx.
Lusher, Sharon A., xxx-xx-xxxx.
MacKenzie, Robert T., xxx-xx-xxxx.
McCarren, Geraldine E., xxx-xx-xxxx.
McDaniel, Sharen J., xxx-xx-xxxx.
McFadden, Mary A., xxx-xx-xxxx.
McFarland, Linda E., xxx-xx-xxxx.
McNeal, Grace H., xxx-xx-xxxx.
Miller, Catherine A., xxx-xx-xxxx.
Miller, Shirley A., xxx-xx-xxxx.
Modica, Sylvia J., xxx-xx-xxxx.
Moore, Mary E., xxx-xx-xxxx.
Morgan, Brenda S., xxx-xx-xxxx.
Morgan, Robert W., xxx-xx-xxxx.
Myers, Joseph B., Jr., xxx-xx-xxxx.
Noonan, Louise A., xxx-xx-xxxx.
Parkin, Emily J., xxx-xx-xxxx.
Peckens, Dianne L., xxx-xx-xxxx.
Petitmermet, Patrecia K., xxx-xx-xxxx.
Petrillo, Naomi A., xxx-xx-xxxx.
Quesada, Ana T., xxx-xx-xxxx.
Reynolds, Kathy J., xxx-xx-xxxx.
Rhoton, Nina K., xxx-xx-xxxx.
Roe, Barbara J., xxx-xx-xxxx.
Rowland, Terri S., xxx-xx-xxxx.
Santiago, Myriam, xxx-xx-xxxx.
Schermerhorn, Jan B., xxx-xx-xxxx.
Schlottog, Janice A., xxx-xx-xxxx.
Schultz, Janet E., xxx-xx-xxxx.
Sergott, Maryanne L., xxx-xx-xxxx.
Shirk, Judy M., xxx-xx-xxxx.
Shumski, Mary C., xxx-xx-xxxx.
Simcox, Ruth I., xxx-xx-xxxx.
Slaght, Michael J., xxx-xx-xxxx.
Slaight, Kathy E., xxx-xx-xxxx.
Smith, Janice A., xxx-xx-xxxx.
Smith, Paul E., xxx-xx-xxxx.
Stepherson, Patsy A., xxx-xx-xxxx.
Stripling, Glinda S., xxx-xx-xxxx.
Thomas, Sharon K., xxx-xx-xxxx.
Tubac, Gregory, xxx-xx-xxxx.
Tyson, Joyce L., xxx-xx-xxxx.
Vanmeter, Noreen F., xxx-xx-xxxx.
Vanvechten, Linda A., xxx-xx-xxxx.
Washington, Barbara J., xxx-xx-xxxx.
Wasik, William R., xxx-xx-xxxx.
Watts, Carolyn E., xxx-xx-xxxx.
Weatherford, Edith E., xxx-xx-xxxx.
Wirtz, Marcia R., xxx-xx-xxxx.

To be major (*Medical Service Corps*)

McClain, Earl D., xxx-xx-xxxx.

To be captain (*Medical Service Corps*)

Berry, Charles M., xxx-xx-xxxx.
Elikan, Ralph, xxx-xx-xxxx.
Penwell, Gary W., xxx-xx-xxxx.
Romney, Ianthus B., Jr., xxx-xx-xxxx.
Russell, Sydney S., xxx-xx-xxxx.

To be first lieutenant (*Medical Service Corps*)

Agler, William B., III, xxx-xx-xxxx.
Camacho, David A., xxx-xx-xxxx.
Coleman, James L., xxx-xx-xxxx.
DeGracia, Daniel P., xxx-xx-xxxx.
Dewoody, Stephen P., xxx-xx-xxxx.
Gilbert, Neal F., xxx-xx-xxxx.
Gilliard, Ronald M., xxx-xx-xxxx.
Hamilton, Maurice R., xxx-xx-xxxx.
Johnson, Eric L., xxx-xx-xxxx.
Johnson, Ronald R., xxx-xx-xxxx.
Lippert, Carl A., xxx-xx-xxxx.
Lopez, Alfred, Jr., xxx-xx-xxxx.
McCaskill, Clement L., xxx-xx-xxxx.
Mchail, William A., xxx-xx-xxxx.
Morgan, Timothy M., xxx-xx-xxxx.
Myers, Robert H., xxx-xx-xxxx.
Pease, Alan T., xxx-xx-xxxx.
Rhodes, Arvin M., xxx-xx-xxxx.
Riche, Charles L., xxx-xx-xxxx.
Sales, Daniel L., xxx-xx-xxxx.
Schmitt, Karl F., xxx-xx-xxxx.
Scott, Richard F., xxx-xx-xxxx.
Sexton, William P., xxx-xx-xxxx.
Sutterer, Larry J., xxx-xx-xxxx.
Syron, Edward P., xxx-xx-xxxx.
Thompson, Tommy L., III, xxx-xx-xxxx.

To be second lieutenant (*Medical Service Corps*)

Anderson, Michael C., xxx-xx-xxxx.
Dewberry, James L., xxx-xx-xxxx.
Farmer, Joseph E., xxx-xx-xxxx.
Gunderson, Eugene G., xxx-xx-xxxx.
Janes, Lawrence G., xxx-xx-xxxx.
Latsko, John M., xxx-xx-xxxx.
McLemore, Johnny J., xxx-xx-xxxx.
O'Brien, William F., xxx-xx-xxxx.
Rowen, Philip J., xxx-xx-xxxx.
Scavetto, Ronald J., xxx-xx-xxxx.
Taber, James S., xxx-xx-xxxx.
White, Thomas J., xxx-xx-xxxx.

To be captain (*Biomedical Sciences Corps*)

Carmichael, Richard C., xxx-xx-xxxx.
Readinger, Sharon A., xxx-xx-xxxx.
Reynes, Robert L., xxx-xx-xxxx.
Simpson, David C., xxx-xx-xxxx.
Swanson, John W., xxx-xx-xxxx.

To be first lieutenant (*Biomedical Sciences Corps*)

Anderson, Robert W., Jr., xxx-xx-xxxx.
Banias, Bruce B., xxx-xx-xxxx.
Bisbee, Charles T., xxx-xx-xxxx.
Borchert, Ronald D., xxx-xx-xxxx.
Brownley, Dennis D., xxx-xx-xxxx.
Cerha, Henry T., xxx-xx-xxxx.
Clark, Selmer M., xxx-xx-xxxx.
Cleary, Thomas J., xxx-xx-xxxx.
Dabel, John H., xxx-xx-xxxx.
Doherty, Thomas F., xxx-xx-xxxx.
Flory, William A., xxx-xx-xxxx.
Hale, Forrest B., xxx-xx-xxxx.
Hargrave, Mary C., xxx-xx-xxxx.
Houlihan, John P., xxx-xx-xxxx.
James, Donald K., xxx-xx-xxxx.
Lott, Linda M., xxx-xx-xxxx.
Lynn, James R., xxx-xx-xxxx.
McCrea, Linda K., xxx-xx-xxxx.
Meguire, Gerald E., xxx-xx-xxxx.
Morgan, Thomas R., xxx-xx-xxxx.
Peck, Gregory W., xxx-xx-xxxx.
Piltingsrud, Harley V., xxx-xx-xxxx.
Rendudet, Virginia V., xxx-xx-xxxx.
Schumacher, Lynn F., xxx-xx-xxxx.
Seethaler, Lawrence W., xxx-xx-xxxx.
Sellers, Donald R., xxx-xx-xxxx.
Tuttle, Gerard R., xxx-xx-xxxx.
Varmecky, James R., xxx-xx-xxxx.
Vermulen, Erik K., xxx-xx-xxxx.
Wilson, Valerie B., xxx-xx-xxxx.

To be second lieutenant (*Biomedical Sciences Corps*)

Bonner, John O., Jr., xxx-xx-xxxx.
Gossman, Gregory W., xxx-xx-xxxx.
Hayashi, Maurice M., xxx-xx-xxxx.
Siefke, Richard W., xxx-xx-xxxx.
Stansbury, Charles E., Jr., xxx-xx-xxxx.

To be captain (*Veterinary Corps*)

Hewins, Stanley O., xxx-xx-xxxx.
Nold, James B., xxx-xx-xxxx.
Severance, Carlton S., III, xxx-xx-xxxx.

To be first lieutenant (*Veterinary Corps*)

Andersen, Gary L., xxx-xx-xxxx.
Bradley, Michael J., xxx-xx-xxxx.
Clader, John D., xxx-xx-xxxx.
Coates, Donald D., xxx-xx-xxxx.
Farr, Robert M., xxx-xx-xxxx.
Garnett, Nelson L., xxx-xx-xxxx.
Griffin, Martin D., xxx-xx-xxxx.
Harris, Jerry A., xxx-xx-xxxx.
Howell, James F., xxx-xx-xxxx.
McGehee, James A., xxx-xx-xxxx.
Peterson, Michael R., xxx-xx-xxxx.
Sweet, Dennis E., xxx-xx-xxxx.
Webster, Shawn N., xxx-xx-xxxx.

HOUSE OF REPRESENTATIVES—*Monday, September 29, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Let us come boldy to the throne of grace, that we may obtain mercy and find grace to help in time of need.—Hebrews 4:16.

Our Heavenly Father, as we go forth into the hours of this day we pray that we may feel the renewing strength of Thy presence and the redeeming power of Thy love giving to our lives new height, new breadth, and new depth.

Upon us, the Members of this House of Representatives, may there come a greater humility of spirit, a finer sincerity of soul, a higher sensitiveness to the needs of people, and a deeper fellowship with Thee which gives peace and power to our all-too-human lives.

Grant us the mind and the heart to respond positively to the cry of humanity for food, for justice, for freedom, and for a more brotherly order of life.

In the spirit of Christ we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6674) entitled "An act to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8121) entitled "An act making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes."

And that the Senate had agreed to the amendments of the House to the amendments of the Senate numbered 35 and 58, it further announced that the Senate insists on its amendment numbered 8 and requests a further conference with the House thereon and appointed Mr. PASTORE, Mr. McCLELLAN, Mr. MANSFIELD, Mr. HOLLINGS, Mr. MAGNUSON, Mr. EAGLETON, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. SPARKMAN, Mr. HRUSKA, Mr. FONG, Mr. BROOKE, Mr. HATFIELD, Mr. STEVENS, and Mr. YOUNG as conferees on the part of the Senate.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8069. An act making appropriations for the Departments of Labor and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8069) entitled "An act making appropriations for the Departments of Labor and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. PROXMIRE, Mr. MONTOYA, Mr. HOLLINGS, Mr. EAGLETON, Mr. BAYH, Mr. CHILES, Mr. McCLELLAN, Mr. BROOKE, Mr. CASE, Mr. FONG, Mr. STEVENS, Mr. SCHWEIKER, and Mr. YOUNG to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House with an amendment to a bill of the Senate of the following title:

S. 622. An act to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement U.S. obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery.

The message also announced that the Senate insists upon its amendment to the House amendment to the bill (S. 622) entitled "An act to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement U.S. obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JACKSON, Mr. JOHNSTON, Mr. ABOUREZK, Mr. HASKELL, Mr. GLENN, Mr. STONE, Mr. BUMPERS, Mr. FANNIN, Mr. HANSEN, Mr. McCLURE, Mr. BARTLETT, Mr. MAGNUSON, Mr. HOLLINGS, Mr. STEVENSON, Mr. PASTORE, Mr. HARTKE, Mr. PHILIP A. HART, Mr. CANNON, Mr. GRIFFIN, Mr. STEVENS, Mr. BEALL, Mr. WEICKER, Mr. RANDOLPH, Mr. MUSKIE, and Mr. BAKER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 88. Joint resolution to provide emergency authority to the Secretary of Agriculture to restore confidence in the U.S. grain inspection system, and for other purposes.

CONGRESSIONAL COMMITTEES HAVE NO RIGHT TO RELEASE CLASSIFIED INFORMATION

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, there seems to be some confusion, so I want to make it clear that while I am from New York, my name is STRATTON and not PIKE. He is younger and better looking than I am.

I take this time to announce to the House that I have taken a special order this afternoon to discuss the subject of the future of the Pike committee, which I understand is going to be before this body sometime this week for consideration. I want to congratulate the gentleman from New York (Mr. PIKE) for apparently having backed off of the idea that any committee of the Congress has the inherent right to release any classified information which it so determines by majority vote.

There is nothing in the rules of the House which permits this, and it is in fact contrary to a statute which we have enacted delegating to the President the responsibility of protecting information vital to our national defense and to our foreign relations.

I would agree that we ought to expect the executive branch to give to appropriate committees whatever classified information we need for our business with the possible exception of certain very delicate matters such as the names of agents. But once we have cleared up the idea that we are not going to release classified information on our own simply on a vote of one committee, I believe we will get those materials from the executive branch. I will discuss these matters in greater detail later today in my special order.

THE RIGHT TO LIFE

(Mrs. SULLIVAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SULLIVAN. Mr. Speaker, on January 22, 1973, the U.S. Supreme Court made it possible for any woman in the United States to obtain an abortion at any point in her pregnancy even up to term. Since that decision, over 1 million babies a year have been killed in the womb. Because the preponderance of medical evidence clearly indicates that human life does begin at conception—abortion is the killing of that life. Today, I, as a woman Representative, am introducing as a constitutional amendment the same resolution which the Missouri General Assembly approved by an overwhelming vote. I strongly feel that abortion on demand is not an advance of women's rights; on the contrary it is an exploitation of the very dignity of womanhood. Permissive abortion makes possible the ultimate degradation of women.

Some insinuate that the movement for women's rights includes unrestricted abortion. I do not believe that this truly represents the feeling of the women of my State or of the country. The growth of "feminists for life" groups attest to this belief.

Granted that we are confronted with many serious social problems in our society today, we must realize that wanton disregard of human life and the human rights of others cannot be recognized as a rational solution; rather it is a brutal and dehumanizing one.

When the black man was deprived of his "personhood" 100 years ago by the awful Dred Scott decision, the Congress of the United States restored honor to this great country of ours by passing the 14th amendment and thereby enabling the people to ratify it. I implore Congress to act decisively once again and on the eve of our Bicentennial to guarantee that "no person including the unborn, shall be deprived of life, liberty, or property without due process of law."

USER FEES ON INLAND WATERWAYS A BAD NATIONAL POLICY

(Mr. LONG of Louisiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LONG of Louisiana. Mr. Speaker, the Department of Transportation made public on September 17 "a statement of national transportation policy." This statement includes recommendations not in the best interests of the American consumer. I specifically refer to that part of the statement that advocates user fees on our inland waterways. User fees of this nature automatically are passed on to the consumer, the working man and woman who can least afford additional burdens particularly in this time of high inflation. I have prepared a letter that will be sent to the President opposing such a national policy that would put a user fee on the waterways. I have circulated copies of this letter and I invite my fellow Members of Congress to join me in this effort. Please either see me personally or contact my office for details.

OUTRAGE AT 10-PERCENT INCREASE ON OIL

(Mr. PEYSER asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. PEYSER. Mr. Speaker, I would like to read a copy of a letter that is being delivered at the White House at this time to the President.

SEPTEMBER 28, 1975.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The people in New York and the entire Northeastern section of the country are outraged at the ten percent increase on oil imposed by the OPEC countries.

We have certainly tried to be fair in our treatment of these countries; however, for the good of our own people it is time for us to take off the kid gloves and start to do a little slugging of our own. This week I will call on my Colleagues in Congress to pass emergency legislation calling for a ten percent export tax on all items shipped to OPEC countries, including arms and agricultural products. If they will reduce this new increase, we will reduce our tax.

I hope you will lead us in this effort!

Sincerely,

PETER A. PEYSER,
Member of Congress.

We have taken enough from the OPEC countries; it is time they knew we are willing to take a firm action. The homeowners in New York State cannot take further increases in home heating oil. They need our help now.

PRIVACY OR REDTAPE

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I have great sympathy for the idea of protecting the privacy of the American people from snooping bureaucrats, hungry computers and other prying eyes eager to learn all the details of our daily lives.

I had, therefore, high hopes for the new privacy law which went into effect over the weekend. Alas, my hopes have been shattered. Incredible though it may seem, the bureaucrats have used the new law as an excuse for another layer of redtape, and another impediment to the straightforward solution of people's problems.

The bureaucrats have interpreted the law to mean that Members of Congress can no longer attempt to straighten out their mistakes—the bureaucrat's mistakes that is—without presentation of written permission from the offended party.

In other words, if a constituent calls a Member to complain about the nondelivery of a social security check, we can no longer simply call the Social Security Administration and straighten the matter out. We now have to request, from the constituent, permission in writing to work on their behalf.

This is insane. The reason constituents call us is because they need prompt action. They want to cut through redtape. Now, new delays and new redtape are placed in their way.

It has got to stop. The Congress must protest this regulation in the strongest of terms. A desire for privacy must never be turned into an excuse for obfuscation.

Privacy, si. Redtape, no.

POSTPONING FOR 6 MONTHS EFFECTIVE DATE FOR SPECIFIED STAFFING STANDARDS AND REQUIREMENTS OF CHILD DAY CARE CENTERS

Mr. CORMAN. Mr. Speaker, pursuant to the unanimous consent agreement of last Wednesday, September 24, 1975, I call up the bill (H.R. 9803) to postpone for 6 months the effective date of the requirement that a child day care center meet specified staffing standards—for children between 6 weeks and 6 years old—in order to qualify for Federal payments for the services involved under title XX of the Social Security Act, so long as the standards actually being applied comply with State law and are no lower than those in effect in September 1975, and ask for its immediate consideration in the House.

The Clerk read the bill, as follows:

H.R. 9803

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7(a) of Public Law 93–647 is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraph (1) of this subsection, payments under section 2002(a)(1) of the Social Security Act with respect to expenditures in connection with the provision of child day care services in day care centers and group day care homes, in the case of children between the ages of six weeks and six years, may be made, for quarters during the period ending March 31, 1976, without regard to the requirements relating to staffing standards which are imposed by or under section 2002(a)(9)(A)(ii) of such Act, so long as the staffing standards actually being applied in the provision of the services involved (A) comply with applicable State law (as in effect at the time the services are provided), (B) are no lower than the corresponding staffing standards which were imposed or required by applicable State law on September 15, 1975, and (C) are no lower, in the case of any day care center or group day care home, than the corresponding standards actually being applied in such center or home on September 15, 1975.".

The SPEAKER. The gentleman from California (Mr. CORMAN) is recognized for 1 hour.

Mr. CORMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 9803 would make changes regarding standards for child day care that are imposed under title XX of the Social Security Act. The bill would provide a 6-month delay in the enforcement of certain provisions regarding staffing standards for child day care but with safeguards to protect against a decrease in the quality of child day care services during that time.

In the way of background, the Social Services Amendments of 1974 contained in Public Law 93–647 establishes a new title XX, effective October 1, relating to social services which is administered by States. A major social services program to be funded through title XX is child day care services. Title XX contains certain standards as to the number of adults which should be available in a day care center or group day care home to provide good care for children.

It has been found that a number of day care centers and group day care homes could not meet the standards as to staff-to-child ratios by October 1. Immediate enforcement of the staffing standards would cause the denial of funding for child day care services that before October 1 are receiving funding under the current social services authorizations of the Social Security Act.

H.R. 8903 would postpone the imposition of a penalty for 6 months regarding day care center and group day care homes standards as to staffing ratios for care of children between the ages of 6 weeks and 6 years. The following safeguards would also be provided. Until April 1, 1976, a day care center or group day care home could not have a less strict ratio of adults to children than it actually had on September 15, 1975. It would also have to meet all the requirements of State law that were in effect on September 15, 1975, and if, during the 6-month period the State made modification to impose higher standards, these would have to be met. The penalty for failure to fulfill the safeguard requirements would be ineligibility for Federal participation in the day care services expenditures involved.

This legislation would not affect provisions of law other than staffing standards such as standards relating to the health and safety of children in day care centers and group day care homes. Failure to meet these other requirements would result in the loss of Federal matching funds.

This is a very complex issue with many divergent and strong views on the subject of child day care standards. It is essential that public hearings on this issue be held to gain the views and experience of the many people who are concerned with day care standards.

Your committee does not wish to give any impression that it has made a decision to permanently lower or modify the proposed standards. Rather, it believes a period of time is necessary in order to give thorough and orderly consideration to the problems involved.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. CORMAN. I yield, for the purposes of debate only, to the gentleman from California (Mr. Ketchum).

Mr. KETCHUM. Mr. Speaker, H.R. 9803 was designed to keep a number of child day care centers and group day care homes in business. Our committee was informed that many of these units would have to be closed as of October 1 because they could not meet the staffing standards set forth in Public Law 93-647 and in regulations promulgated pursuant to that law. This bill was developed to provide them with a 6-month "grace period."

Specifically, the purpose of H.R. 9803 is to provide a delay in enforcement of staffing standards for children between 6 weeks and 6 years old. The effective date for these provisions would be postponed from October 1, 1975, to April 1, 1976. During that period, our committee hopes to be able to reexamine the standards in question and to make a further determination as to their appropriateness.

H.R. 9803 includes safeguards which would prevent these standards from dropping below either corresponding standards required by State law, as of September 15, 1975, or standards actually being applied as of September 15, 1975.

This is a temporary measure, Mr. Speaker, and I urge my colleagues to join me in supporting it.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. CORMAN. I yield, for the purposes of debate only, to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Speaker, today, we face a challenging test of Congress willingness to continue its process of responsible reform. The American people are frustrated and tired of overregulation; and they are tired of regulations that cause recurrent increases in the cost of vital services, such as day care. Congress has retreated from many citizen outbursts over bureaucratic actions by claiming there was nothing Congress could do. But I say there is something we can do—pass H.R. 9803.

Our constituents across the country have raised their voices to disapprove the HEW regulations concerning staffing standards for day care centers. I do not quarrel with the purpose of these regulations, for it is necessary in the interest of high-quality day care to insure that our children have adequate adult supervision.

But I do quarrel with the ratios. No one at HEW has succeeded in convincing me that the HEW-recommended 4-to-1 ratio is better than the 8-to-1 ratio that we now have in Oklahoma. HEW has failed to provide the hard facts we need to convince us the 4-to-1 ratio is justified. In the absence of more persuasive justification, we cannot permit the regulations to stand, for they will cause economic hardship forcing many mothers to quit their jobs rather than pay prohibitive day care fees and many day care centers will simply close.

The bill being offered today will delay implementation of these regulations for a 6-month period of time; it will not alter them, but merely provide an interim time period during which they can be more carefully studied to determine if they satisfy congressional intent and public need.

We must decide who is running this country. This is also a test of Congress responsiveness to the needs of the people. Furthermore, it is a test of our willingness to continue the valuable processes of House reform through demanding accountability from executive agencies and fidelity to legislative intent and the needs of the people.

Mr. CLEVELAND. Mr. Speaker, I would like to commend the Committee on Ways and Means for bringing the matter of day care center staffing regulations before the full House, and I hope the House will adopt this bill to postpone for 6 months the effective date of certain staffing requirements for day care centers funded under the Social Security Act.

It is my belief that the regulations proposed by the Secretary of HEW which provide for a ratio of one adult for each child up to 6 weeks of age and one adult for each four children between 6 weeks and 3 years of age are unduly restrictive and indeed may be more stringent than care given newborn infants in hospitals.

These regulations will also undoubtedly increase the cost of day care facilities greatly and may therefore result in making their services less accessible to families, particularly single-parent families.

For these reasons, I commend the committee for its action in suggesting this 6-month period to study the matter further and I fully support this legislation.

Mr. BARRETT. Mr. Speaker, I rise in support of H.R. 9803 which will postpone for a period of six months the imposition of staffing standards for child day care centers being proposed by HEW.

Mr Speaker, the present financial situation in Philadelphia and in many of our cities throughout the Nation with regard to day care centers is becoming more than just worrisome and could further deteriorate. This situation results from reduced funding from the Federal Government to the States. In addition, many States are reordering their priorities in the use of these funds. In my home State of Pennsylvania, for example, funds available under title XX of the Social Security Act have decreased from $144 million to $141 million. At the same time the State in rearranging its priorities has decreased the percentage set aside for day care from 33 to 29 percent. Simple multiplication will clearly indicate the resulting financial strain on continuing the existing level of day care operation.

I cannot too strongly express the need for the continued operation of day care centers. We are all familiar with the many benefits that inure to the children who attend these centers. Any decrease in the number of day care centers and the children to be served by these centers will result in hardships on the mothers of these youngsters. These hardships would become manifest in that these mothers who would prefer to work and lessen the financial burden on the community and our Federal budget would not be able to continue to do so.

Mr. Speaker, recognizing the general plight of day care centers today, the imposition of the proposed staffing regulations would merely serve to further aggravate a very serious situation. I, therefore, urge the House to support the passage of H.R. 9803.

Mr. RANGEL. Mr. Speaker, H.R. 9803, a bill to postpone enforcement of the HEW staffing regulations of child care centers until March 31, 1975, was voted on today in the House.

The bill generated much support from the States that had not come into compliance with the regulations adopted by title XX, to be implemented on October 1, 1975.

As a member of the subcommittee and the committee that reported the bill to the House floor, and as a Representative from a State that was in compliance with the Federal standards and, therefore, will not benefit from the postponement, I feel compelled to clarify that the 6-month postponement was intended to give the subcommittee an opportunity to take a good hard look at the questions raised concerning the proper standards to be implemented. The postponement is not, and in no way should be, a suggestion that there should be no Federal standards or that the standards incorporated in title XX should be relaxed.

Mr. Speaker, I firmly support the high standards for staffing of child care centers adopted by title XX, and am proud that my State and city are already in compliance. I will actively resist any unreasonable attempts to lower the standards during the next 6 months.

I am cognizant of the special need of the children who are recipients of the child care service, and who, because of their socioeconomic background, need development training as opposed to being "warehoused" in child care centers. If the staffing requirements are unreasonably lowered, developmental training would be impossible, and the effects would be manifested in a more intense deliquency problem.

I am hopeful that, after a closer investigation of the child care issue, the importance of high staffing standards will be recognized by any of my colleagues who may now be on the threshold of proposing and supporting staffing regulations very much lower than those now incorporated in title XX.

Mr. OBERSTAR. Mr. Speaker, I greatly appreciate the gentleman's courtesy in giving me an opportunity to call to the Ways and Means Committee's attention a matter I feel is of considerable importance.

While I will very definitely support H.R. 9803, because the extension of time is vitally needed, there is one significant matter I would have liked to see in this legislation—a modest liberalization of our welfare policy on pregnant women.

According to current HEW interpretation of the law, pregnant women are not eligible for AFDC benefits. I would have liked to see H.R. 9803 amended with five words that could correct this situation as follows: At section 402(a)(10) add after the words "eligible individuals": "including otherwise eligible prospective mothers."

I strongly hope that efforts will be made in the other body to amend H.R. 9803 or comparable Senate legislation to accomplish this goal. If the other body takes such action, I urge the distinguished gentleman from California (Mr. CORMAN) to consider accepting this provision should there be a House-Senate conference on the bill.

HEW's Special Assistant for Pediatric Affairs has prepared a very fine paper which clearly and persuasively explains the issue I have raised and I ask unanimous consent that the document entitled, "Medical Implications of Welfare Policy on Poor, Pregnant Women" be included in the RECORD at the conclusion of my remarks.

MEDICAL IMPLICATIONS OF WELFARE POLICY ON POOR, PREGNANT WOMEN

In 27 States, a poor woman who is pregnant for the first time is not eligible for Medicaid-supported prenatal care because in those States she is not eligible for welfare (and therefore Medicaid) until after her child is born. The matter is of grave concern to this office because this group of women, poor, young, often troubled, constitutes an extremely high-risk population. Without medical supervision, their pregnancies too often produce infants whose health and development are already compromised.

The issue is immediately pertinent because the Supreme Court has agreed to review a case bearing on this problem, Alcala v. Burns, and DHEW must decide within the week whether and on what terms it will participate in the filing of the "amicus" brief. DHEW could moot this case by changing Regulation 45 CFR 233.90, to make coverage of unborn children mandatory under AFDC. The Office for Pediatric Affairs recommends this action.

THE ISSUE

The OPA wishes to focus on the small group of women most affected by the Department's policy: poor women who are pregnant for the first time, in States which do not provide benefits for the unborn child. Without any born children they do not qualify for AFDC (Aid to Families With Dependent Children), and thus are also categorically ineligible for Medicaid. Except for poor women who happen to live within the catchment area of a Title V-supported Maternal and Infant Care project, such women are likely to receive prenatal care irregularly, only very late in pregnancy, or not at all. If any abnormalities develop during the pregnancy, this lack of care becomes critical to the infant since the compromise of poor care is additive to that of the mother's age and economic condition. And, those who receive medical care only at the point of delivery are much less likely to have the advantage of family planning counseling and medically supervised contraception.

(Excluded from any health care system, such girls do not even have a reasonable choice of terminating a pregnancy through abortion should they so desire.)

Under Title IV–A of the Social Security Act, AFDC, the Department permits States to make payments on behalf of unborn children, but does not require such payments: 27 States have chosen not to make them.

Mandatory recognition of the unborn child for the purposes of this Act would entitle these women to cash and medical assistance during pregnancy. Because most such women are likely to be eligible for AFDC once the child is born, the new regulation would simply advance the receipt of benefits by as many months as a pregnant woman (medically determined) has applied, and been found eligible, for assistance.

THE SCOPE AND RATIONALE

It is not possible to know exactly how many poor, single women might be pregnant for the first time in any given year. We do know that about 125,000 pregnancies occur each year in mothers under 21. Some members of that group will be married, not poor, mothers for the second time, or not willing (or knowledgeable enough) to apply. Many are already living in one of the States which already cover unborn children (included are several states which account for much of the welfare population, such as New York and California). But even if we assure that half that group are potential new AFDC beneficiaries, the total is only about 60,000[1] during a year. For these women, welfare Medicaid eligibility could mean the difference between a low or normal weight infant. (For some of that group, Medicaid eligibility would mean access to a medically safe abortion, and an end to the need for welfare Medicaid dependency.)

The evidence grows ever more compelling that the stage of pregnancy at which a woman receives care is highly correlated with the incidence of low birth-weight, which in turn is associated with a higher incidence of sensory and neurological, developmental and physical disorders. Three new data sets support this statement:

1. NCHS data, derived from a nation-wide 50% sample of all recorded births, shows that the incidence of low birth weight among women receiving no prenatal care was three times higher (22.1%) than among women who had care from the first or second month of pregnancy (6.8%);

2. The National Academy of Sciences' study, "Infant Death: An Analysis by Maternal Risk and Health Care" maintains as its principal conclusion:

> Generally, adequacy of care . . . is strongly and consistently associated with infant birth weight and survival, an association that is pronounced throughout the entire first year of life. p. 1 . . .
>
> In each of four maternal risk groups and each of four ethnic groups, generally consistent trends are found between adequacy of care . . . infant birth weight and survival. p. 2;

3. An unpublished, HEW-supported study provides an intensive *review* of a cohort of 6,000 pregnant women, and the analysis fully supports the conclusions of the published data.

Prenatal care makes a significant difference. But it cannot be assumed that poor women all get care somehow. In fact, those who are not eligible for welfare and Medicaid are most likely to get no care. The NCHS data mentioned above reveal that in 1973, nearly 300,000 infants were born to women who got little or no prenatal care. It may be properly assumed that these 300,000 women contributed disproportionately to the numbers of low birth weight infants born that year. These infants in turn undoubtedly contributed disproportionately to the pool of infants with developmental defects.

If establishing the fact of pregnancy would result in welfare/Medicaid eligibility, a poor woman would be more likely to come into contact with the health care system and the opportunity for prenatal care at a time when care is most effective. The one does not assure the other, but the lack of such eligibility greatly diminishes the likelihood that she will get care.

Medically, there is only one responsible position, provided the law presents no obstacle. Medical supervision carries with it the possibility of improved diet, counselling, the early detection of difficulty or possible abnormality, and the best hope for these women of a normal, healthy infant. No care, on the other hand, poses grave risk of difficulty and subsequent sub-normal development of the infant.

THE COST

Average federal per person costs for cash payments, social services, administrative costs and food stamps have been estimated at about $400 per year. Average federal costs during pregnancy and delivery now run about $504. Even if we take the conservative view and estimate the cost of benefits, plus full prenatal and delivery costs, for all 60,000 women, the total annual federal cost would be less than $40[2] million the first year—a minute fraction or one percent of annual Medicaid costs.

AGENCY POLICY—AN HISTORICAL PERSPECTIVE

The medical arguments are the principal point of involvement for this office, but they rest on an equally strong historical argument in favor of the proposed requirement.

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[1] Figure should be 600,000, according to HEW source.

[2] [Apparently this should be $400 million, a substantial cost factor.]

Since 1941, the responsible federal agency's definition of a "Dependent Child" for purposes of AFDC included the unborn child; the "Handbook" used to guide States in the administration of their public assistance programs perpetuates that interpretation.

The issue first arose in 1940 when the State of Wisconsin, which had been making benefits available for unborn children since 1931 under its own State-funded program, asked the federal Bureau of Public Assistance whether it might be entitled to federal matching for such payments in the light of new federal legislation authorizing "aid to dependent children." The Bureau's own lawyers laid out the case, citing legal and medical evidence, and concluded in no uncertain terms that the purpose of such aid was to benefit the child and help ensure its sound development, and, that development (and therefore entitlement) began before birth. The Social Security Board agreed, and the Wisconsin precedent was then applied to subsequent requests. The Bureau's reasoning, and its interpretation of the legal issue involved, are excerpted in the Appendix.

At the same time that the Congress authorized cash assistance on behalf of dependent children, it also authorized grants to the States for Maternal and Child Health Services (under Title V), and the Bureau of Public Assistance based its original decision in large measure on the medical developmental issues involved. Title V was a medical complement to the cash assistance provided under Title IV, and both approaches were focused on the same problem: how the public's interest in the healthful development of dependent children might best be served.

It is not surprising then, that the Social Board in agreeing to an extension of aid to unborn children, should urge that efforts be made

". . . by the Children's Bureau as well as the Bureau of Public Assistance regional staffs to *interest the State agencies in expanding their maternal and child health services.*"

In a similar vein, when the Bureau notified the Chicago Regional Office of the decision to allow Wisconsin federal matching for payments made on behalf of unborn children, they specifically referred to medical care:

"We recognize that the State may wish to supply special benefits to this group in the form of medical care, etc., over and above the aid to dependent children payments on which Federal matching is requested, and there is no objection raised to such a practice."

In the 1960's this complementarity was again recognized by the Department when the Medicaid and special Title V projects were included in the Social Security Act. At that time the Congress was very clear in articulating its concern over the occurrence of retardation and life long disability among children whose parents were poor and not able to secure adequate health care. The language of the Title V projects is replete with references to the importance of the prenatal period, and of the need for "early identification" of potentially debilitating conditions, as well as the pressing need to improve a poor national record on infant mortality.

Medicaid provided a financial mechanism to pay for care, but the welfare categories remained the points of access. Thus it is possible to note in a September 12, 1966 Memorandum:

". . . it is essential to assure that public welfare programs do not deny access to basic living including needed medical care and services to families and individuals with low income. Every effort should be exerted by the Bureau now to get States to broaden their policies so that they no longer exclude the unborn child" ("Maternal and Child Health under Title XIX: Recommendation for Covering the Unborn Child").

The group we are concerned about was referred to in a 1965 instruction to staff reviewing the AFDC plans of States covering unborn children.

"A State plan . . . providing for assistance to an unborn child only if the mother is already a recipient of AFDC for one or more other children cannot be accepted. Such a plan provision is not in compliance with the requirements of title IV of the . . . Act."

As recently as 1969, the Assistance Payments Administration suggested in Policy Release #67 that "the State plan specify 'children under 21, including unborn children' or preferably 'all individuals under 21, including unborn children.'" This directive leaves little doubt that the Department regarded the unborn child as acceptably part of the definition of a "dependent child."

In summary, the issue of the entitlement of the unborn child to assistance must be conceded as having been long since decided. When Congress first enacted the public assistance statutes the Social Security Board might have chosen to avoid the question of the unborn child altogether. The Board chose to include such children, and that choice was reflected in guidance material prepared for the States, and in the memoranda permitting federal matching on behalf of such recipients. Until recently, HEW practice and Congressional action consistently served to corroborate that early decision. Under Medicaid the States were urged to include unborn children as dependent children and therefore eligible for aid; under Title V the importance of the prenatal period was underscored again. The addition of the EPSDT program to Medicaid spelled out once more the interest of the Congress in getting poor children into the health care system at the point when it is most effective. This would seem too important an issue to be left optional. It is also difficult for the Department to insist that it is without authority to require assistance on behalf of this group after finding for over 30 years that the unborn child meets the definition of a dependent child, for compelling reasons of health and developmental well-being.

RECOMMENDATION

As a practical matter, to change its regulations would cost very little in financial terms, would follow logically from the practices established over the years, and would moot the Iowa case now before the Court. This change would give tangible evidence of DHEW concern for children at a time when many question whether it exists. For H it offers an opportunity to urge, on the basis of the medical evidence, a sound policy with implications elsewhere in HEW, recognizing that the concerns of child health after all go beyond the simple formulation of physician-patient-pill-and-bill.

The Office for Pediatric Affairs recommends that H move immediately to urge a change in the Regulations (45 CFR 233.90(c)(2)(ii)) to make coverage of the unborn child mandatory in all the States, and use its influence to change Department policy in this regard.

APPENDIX

In making a determination in the Wisconsin case, the principal Attorney for the Bureau of Public Assistance administration in 1939.

"Under aid to dependent children theory eligibility is separately determined in relation to the existence of any child. The mother does not gain a general eligibility to aid by reason of the existence of a child, but the child's derives a call upon the state operating through the guardianship of the mother.

"The legal constructions of words of relationship, however, go beyond what we are talking about since we are dealing with the same human being but merely at an earlier point of its development. All we are saying is that a child is a child prior to delivery, as all the world, and we are doing it merely for the purpose of safeguarding the state's expenditure of money at a later period."

The next year a conference was convened to consider the legality of making payments for the unborn child; that reported,

"It was the consensus of the conference that legally it was possible to recognize the existence of a child prior to its birth. For purposes of Federal matching, therefore, it is felt that 406(a) of the Social Security Act concerning the age of a dependent child could be interpreted to include a child prior to its birth."

In 1941, the Social Security Board found federal matching for benefits paid on behalf of an unborn child, "within the scope of the aid to dependent children program." In presenting their view, the Director argued:

"The needs created by the child's existence must be supplied through the mother, during the prenatal period. The needs of the child are met only as the mother's needs, economic, social, and medical, are adequately cared for throughout the period of pregnancy."

To explain the Board's position to other attorneys, the General Counsel wrote:

"Of course the argument for the recognition of the child is considerably strengthened by the fact that *what we are doing is once more simply to define the word "child."* I see no reason in the world why a child en centre sa mere, diagnostically existent and subject only to the hazard of birth, is not a child. As far as its support is concerned the urge is overwhelming. It is the major period in the life of the child when help will be effective and when all further help will be made more effective."

Mrs. SCHROEDER. Mr. Speaker, the Federal interagency day care requirements were established in 1968 to provide a Federal standard for the care of children. They indicated congressional concern for quality day care.

In recent years, there has been not only increased Federal investment in day care, but also a realization of the importance of the years from infancy to 5 on a child's intellectual, emotional, and social development.

I was dismayed when the 1968 regulations were weakened by the 93d Congress, when the House conferees accepted the Senate day care provision in the social services amendments, title XX. Title XX removed the educational requirement from day care, turning it into another more than custodial care, and also increased child-to-staff ratios for school age children.

These actions mean that day care will be second rate. It is not enough to store children in toy-filled warehouses, with keepers. Very young children need an environment that stimulates their developmental needs. The story of neglected children who end up as adults incapable to function, on welfare, unemployment, or institutionalized, is too familiar.

In accordance with the provisions of title XX, the Department of Health, Education, and Welfare issued proposed staffing regulations for children under age 3 in day care centers in April. More than 2,000 comments were received by HEW and changes made in the final regulations which were published in the Federal Register June 27, 1975.

The efforts to relax the current 4-to-1 child-to-staff ratio for children under age 3 pose a serious threat to the health and welfare of those children receiving care. Admittedly having higher standards costs more money than relaxed standards. But Congress can and should not allow children to receive less than adequate care with Federal dollars.

As any visitor to a day care center soon realizes, it requires an enormously skilled, resourceful, sensitive person with great physical stamina and endurance to work effectively with young children.

To those who suggest that one adult to eight toddlers is an acceptable level of care, I respectfully suggest that they attempt to be that one adult for a week and then come back and tell us of their efforts.

I recognize that some States may need additional time to bring their child care programs into compliance with title XX. However, I vote most reluctantly for H.R. 9803, to postpone the October 1 effective date for meeting staffing standards, because this delaying action brings us around to where we were in the beginning—noncompliance.

We need to insist upon compliance, to encourage the States to provide the standards of care that children deserve. The States need to find the funds to make the implementation of standards possible. For example, the Comprehensive Employment and Training Act—CETA—authorizes funds for the training and employment of child care personnel, if the local prime sponsors so designate.

Although the unemployment level in the United States is high, the percentage of unemployed women is even higher. It seems that efforts to employ these women in day care operations, not only provides adequate staffing for desperately needed day care facilities, but at the same time provides jobs for the unemployed women.

Mr. CORMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER. Without objection, the previous question is ordered on the bill.

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CORMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks an the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DIRECTING THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE TO FURNISH DOCUMENTS RELATING TO PUBLIC SCHOOL SYSTEMS TO THE HOUSE

Mr. COLLINS of Texas. Mr. Speaker, I offer a privileged motion to discharge the Committee on Education and Labor from consideration of the resolution (H. Res. 718).

The SPEAKER. The Clerk will report the motion.

The Clerk read the motion as follows:

> Mr. Collins of Texas moves to discharge the Committee on Education and Labor from consideration of House Resolution 718.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. Res. 718

> *Resolved*, That the Secretary of Health, Education, and Welfare, to the extent not incompatible with the public interest, is directed to furnish to the House of Representatives, not later than sixty days following the adoption of this resolution, any documents containing a list of the public school systems in the United States which, during the period beginning on August 1, 1975, and ending on June 30, 1976, will be receiving Federal funds and will be engaging in the busing of schoolchildren to achieve racial balance, and any documents respecting the rules and regulations of the Department of Health, Education, and Welfare with respect to the use of any Federal funds administered by the Department for the busing of schoolchildren to achieve racial balance.

The SPEAKER. The question is on the privileged motion to discharge.

The motion was agreed to.

Mr. COLLINS of Texas. Mr. Speaker, basically, what I am concerned with here is full documentation from the Secretary of HEW.

I filed this in the Congressional Record and have met the necessary requirements for a resolution of inquiry. First we have the discharge petition. I would ask the House to support me in the discharge petition of this resolution which calls upon the Secretary of HEW to furnish us the exact regulations of HEW.

In January of 1971 we had a similar factual report, which was answered with a full statement to Congress.

At that time the Secretary of HEW gave us this specific and complete statement. If I can, I would like to go back and quote what they said. This was the message from the Secretary of HEW, Elliot Richardson.

He said:

> Since there is no program administered by this Department either designed or used to support, promote or require the busing of schoolchildren to achieve racial balance, we have no reason to obtain information regarding such busing.

Further in the statement it says this:

> The administration, as the President said in his March 24, 1970 statement on school desegregation, is opposed to the busing of children to achieve racial balance.

This is from the Congressional Record of August 3, 1971, H.R. 2266.

They went on in this statement and quoted from the Associate Commissioner on Equal Educational Opportunity, Mr. Herman Goldberg, and he said:

> As a result of a recent policy clarification by the Department of Health, Education, and Welfare, I have been asked to emphasize to you that transportation costs will be given very low funding priority under the Emergency School Assistance Program.

In HEW at that time they called on Congress and asked us to submit a suggested amendment through pending legislation. We did not submit it, but we should have. Looking back, and with full hindsight, it would have been a wise move.

The amendment said:

> No funds appropriated pursuant to this Act may be used to acquire or pay for the use of equipment for the purpose of transporting children to or from any school, or otherwise to pay any part of the cost of any such transportation.

This was back in 1971. Since then, we have had a change of administration. We have had several new Secretaries of HEW.

The other body at this time is discussing the appropriation bill on HEW and has raised the subject over and over again regarding transportation of students to achieve racial balance and how that is affecting the budget. Therefore, it is absolutely essential to us, in our deliberations here in this House, that we have a concise, clear, complete, and factual statement from the Secretary of HEW as defined in my House Resolution 718.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENDING BY 2 MONTHS EXPIRATION DATE OF DEFENSE PRODUCTION ACT OF 1950 AND EXTENDING FUNDING OF NATIONAL COMMISSION ON PRODUCTIVITY AND WORK QUALITY FOR 2 MONTHS

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Currency and Housing be discharged from further consideration of the joint resolution (H.J. Res. 672) to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months, and I ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. PATMAN. Mr. Speaker, reserving the right to object, would the gentleman from Ohio (Mr. Ashley) please inform us what is proposed in the resolution?

Mr. ASHLEY. Yes, indeed, I will.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I do so to ask if the gentleman from Ohio would give us some explanation of the measure.

Mr. ASHLEY. Mr. Speaker, if the gentleman from Maryland will yield, I will be happy to explain the measure to the gentleman from Maryland.

Mr. BAUMAN. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Speaker, House Joint Resolution 672 is for the purpose of extending for 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding authority of the National Commission on Productivity and Work Quality.

This joint resolution, Mr. Speaker, is

necessitated by the fact that the basic legislation to extend the Defense Production Act of 1950 and to continue the work of the National Commission on Productivity and Work Quality is still pending before the Committee on Banking, Currency and Housing of the House.

Considerable legislation in the Senate was only adopted on the 15th of this month.

It is not possible, in my view, to markup the legislation and report it to the floor before existing law expires on the 30th of this month. I think it is important, Mr. Speaker, to consider that if the Defense Production Act is allowed to lapse on September 30 a number of preparedness-for-mobilization programs will lose their authority: The defense materials system, the defense priority system, the national defense executive research, and the defense production stockpile of minerals and materials. Hearings have been held on the legislation to extend the Defense Production Act and legislation to continue the work of the National Commission on Productivity. This legislation is scheduled to be considered within the Committee on Banking, Currency and Housing later this week, and I would expect, Mr. Speaker, that these two pieces of legislation will be ready for floor debate during October.

The legislation dealing with the Defense Production Act has been the subject of several drafts of legislation emanating from the extensive meetings, of the Joint Committee on Defense Production, our own professional staff, and the Federal Preparedness Agency of the General Services Administration, the Department of Justice, the Federal Trade Commission, the Federal Energy Administration, and the Department of State. The subject of these drafts has had to do with the extremely important question of what procedures and criteria, more stringent than existing law, shall govern the development and carrying out of voluntary agreements which provide for antitrust immunity for firms which participate in such agreements. I am pleased to say to my colleagues that draft legislation which is acceptable to the agencies involved and to the House Judiciary Committee, as indicated by its staff, is now ready to be considered by the Subcommittee on Economic Stabilization which I chair.

Mr. Speaker, the Administrator of the General Services Administration, the lead agency dealing with voluntary agreements, in a letter to me of September 25, commended the staff on producing a draft bill which merits full congressional consideration. At the same time, Mr. Sampson indicated that the untimely lapse of the Defense Production Act could not only seriously jeopardize essential defense and atomic energy programs, but could cause serious slippage in meeting the tight construction schedules for the Alaska pipeline and delay the starting time for the delivery of much needed crude oil from Alaska's North Slope.

I fully expect, Mr. Speaker, that the passage of House Joint Resolution 672 will afford the Congress the opportunity to complete its current deliberations concerning the extension amendment of the Defense Production Act and the proposed creation of a National Center on Productivity.

Mr. Speaker, I would urge my colleagues to adopt this essential temporary extension of legislation regarding these two functions.

Mr. Speaker, let me say to the gentleman from Maryland that the Committee on Banking, Currency and Housing has not been dilatory in this matter. We have run into serious problems with respect particularly to the Defense Production Act which I, as the chairman of the subcommittee handling the matter, have sought to reconcile before bringing the legislation to the floor. I can tell the gentleman from Maryland that all systems are now "go." Very difficult and delicate antitrust questions appear to have been resolved so that there will be unanimous agreement with respect to the approach taken by the legislation.

The majority has worked very closely with the minority in this matter and it has taken time. There is the expiration date facing us in the next day or so and it simply is not possible to get full committee action, clearance by the Committee on Rules, and get the bill to the floor of the House.

I think that the gentleman from Maryland will be satisfied with that explanation. I would say to the gentleman that this matter has been discussed with the leadership on his side of the aisle, so that I would hope that the resolution would be agreed to.

Mr. JOHNSON of Pennsylvania. Mr. Speaker, would the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Pennsylvania.

Mr. JOHNSON of Pennsylvania. Mr. Speaker, I want to associate myself with the remarks of the gentleman from Ohio, and I hope that the resolution will be passed.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 672

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 717(a) of the Defense Production Act of 1950 is amended by striking out "September 30, 1975" and inserting in lieu thereof "November 30, 1975".

SEC. 2. The last sentence of subsection (j) of Public Law 93-311 is amended by striking out "September 30, 1975" and inserting in lieu thereof "November 30, 1975".

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to the authority granted him on Friday, September 26, 1975, he did on that day sign the following enrolled bill of the House:

H.R. 9524. An act to extend the Emergency Petroleum Allocation Act of 1973.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. YOUNG of Texas. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1975

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules and on behalf of the gentleman from Florida (Mr. PEPPER), I call up House Resolution 726 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 726

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Post Office and Civil Service now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Texas (Mr. YOUNG) is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may require.

Mr. Speaker, House Resolution 726 provides for an open rule with 1 hour of general debate on H.R. 8603, the Postal Reorganization Act Amendments of 1975.

House Resolution 726 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Post Office and Civil Service now printed in the bill as an original bill for the purpose of amendment.

H.R. 8603 provides authorization for

increased appropriations through fiscal year 1979 to reimburse the Postal Service for public service costs. It authorizes, on a one-time basis, the immediate implementation of a limited temporary postal rate increase, and revamps the procedures of the Postal Rate Commission in order to expedite postal rate and classification cases. It establishes a study commission to report on matters relating to the Postal Service concerning public service and costs, ratemaking procedures and oversight systems for controlling postal costs.

H.R. 8603 insures continuation of second-class mailing privileges to college catalogs and bulletins and looseleaf publications, and allows magazines published by State conservation agencies to be mailed at second-class nonprofit rates. It also permits national and State political parties to mail under second- and third-class nonprofit rates.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LOTT asked and was given permission to revise and extend his remarks.)

Mr. Speaker, the gentleman from Texas has outlined the provisions of House Resolution 726, the rule allowing for a 1-hour, open rule for consideration of the Postal Reorganization Act Amendments of 1975, H.R. 8603.

I might point out that this is the fifth of six bills that we have taken up in the last week and will be taking up this week from the Post Office and Civil Service Committee. I want to urge the Members to pay very close attention to these, because these are not routine bills but have long-range, unbelievable impact on the Postal Service, retirement benefits, and other benefits with relation to Federal employees.

This particular bill has four major provisions: To provide authorization for increased appropriations through fiscal year 1979 to reimburse the Postal Service for public service costs; to authorize on a one-time basis the immediate implementation of a limited temporary postal rate increase of 20 percent.

I want to point out that even though that is a lot of words, what it means is about 2 to 3 cents postage stamp increase.

The third is to revamp postal rate commission procedures in order to expedite postal rate and classification cases; and to establish a study commission to report on matters relating to the Postal Service concerning public service and costs, ratemaking procedures, allocations of costs among the various classes of mail, and oversight systems for controlling postal costs.

Under the bill's new formula, authorization for fiscal year 1976 will be $2.6 billion. This is a $2.6 billion Federal subsidy for the Postal Service. It is estimated than 1 million additional delivery addresses are added to the Service each year. Based on this estimate, the additional authorization of appropriations under the formula would increase by $35 million for each of fiscal years 1977, 1978, and 1979.

I think a little history is important in considering this bill. The Postal Reorganization Act of 1970 was supposedly prompted by the need for reforms in postal policies, operations, and rates. This law created the U.S. Postal Service, which began operation on July 1, 1971. Until 1973 Congress took the view that the Postal Service would be allowed to operate independently without congressional interference, fully expecting the deficiencies of the old Post Office Department to be corrected within a reasonable period of time.

In 1973 it became obvious that these great expectations resulting from enactment of postal reform were not occurring.

In 1974 the Postal Service loss after having received some $1.7 billion in appropriations, was $448 million. This loss figure almost doubled to an incredible $850 million during the past fiscal year. The projected loss for fiscal year 1976 is estimated in excess of $1.6 billion.

Today we are being asked to subsidize the U.S. Postal Service to the tune of $2.6 billion for fiscal year 1976 alone. We are being asked to do this in the face of a request for a 20-percent postal rate increase.

I hope Members are going to pay close attention to the debate on this bill which is coming to us under an open rule because we are doing two things in it. We are going to agree to increase the postage stamp rate and also provide a $2.6 billion subsidy for the Postal Service. How can we do this in all good conscience?

I am constantly being bombarded with complaints about the Postal Service from my constituents as I know all Members are; and yet the U.S. Postal Service, the congressionally independent agency, is coming to us to ask for this.

I have no objections to the rule granted this bill, but I am opposed to its purpose of increased costs with only cosmetic changes in the Postal Service.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, the gentleman serves on the committee that constantly concerns itself with the procedural matters of the House. Was there any testimony to indicate why the Post Office and Civil Service Committee should have three, five, six pending bills floating around the House at one time? Has it been explained why they would take up the rules one day and then general debate another day and then put off final action on the bills until still another time? Should they not finish up one bill at one time so we could have an orderly procedure?

Mr. LOTT. The gentleman from Maryland makes a good point. We have taken up rules on several bills and general debate on some, and one of the bills is not even on the agenda for this week. Three of them are hanging in there. That very question was asked in the Rules Committee and the response, which I think was a legitimate response, was that these bills have been coming out of the Post Office and Civil Service Committee to the Rules Committee regularly, but when the bills got to the Rules Committee there was a logjam of emergency bills, causing their hearings to be delayed.

The point I made a minute ago was that these bills are not just routine. I hope the Members will not interpret them as such because of the way they are being handled.

Mr. BAUMAN. If these five bills are all pending or floating, whatever we may call it, at once, has anyone calculated what the total extraction will be from the pockets of the taxpayers on account of these bills? I have calculated the cost to be about $5 billion or perhaps $6 billion on all the bills now halfway through this Chamber from this one committee.

Mr. LOTT. I have not calculated them but I am sure the gentleman's figures are very accurate and conservative.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, in response to the inquiry of the gentleman from Maryland, I think it should be explained it is not the fault of the Post Office and Civil Service Committee that the *five bills still* pending are still on the schedule and we have not had an opportunity to vote on them. The two bills that will be considered today are things that I think came along subsequently. One of them does have money in it and the other one does not have any money in it. But the committee is going to attempt to do its business in a proper fashion. How the bills got scheduled on the floor is something else and the committee should not have to take the fault for any indiscretion there.

Mr. BAUMAN. Mr. Speaker, if the gentleman will yield further, I certainly do not want to impute any indiscretions to the committee or the gentleman from California, but has he considered presenting himself to the Democratic Caucus as perhaps a candidate for majority leader so that he could schedule the bills as they should be?

Mr. CHARLES H. WILSON of California. The gentleman from California has enough problems as it is without getting into that.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I just left a Budget Committee hearing. I do not see the chairman of that committee on the floor but I am sure during the debate on this bill the House will be alerted to the fact that this is $1.7 billion over the budget resolution. I understand that OMB is against it and the President will be asked to veto it. If we approve of this additional subsidy, we will be telling the agency to go out and enter into other contracts over the budget and then come to us for whatever is necessary to pay for it. I think this is wrong.

I understand there may be an amendment offered by Mr. ALEXANDER which will correct this procedure. I hope he will propose it, and I will support it wholeheartedly, because it is wrong from the taxpayers' standpoint. After all, they have to pay the bill for the operation of this organization, which considers itself independent until it comes to paying the bills, and then they are not so independent. They then become very dependent. They always come back here and ask the Congress to come up with the money through the taxpayer route, for all of its expenditures beyond its means.

When I originally voted for this legislation, I believed we were making this agency self-sufficient, but lo and behold, the only time we hear from it, it is for more money and when they come up for one increase of $1.7 billion, it is time to call a halt.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, in reply to the remarks of the gentleman, who is ranking member on the Budget Committee, I want to state, as chairman of the Budget Committee, I have been on the floor during the debate on the rule and will comment further in general debate. The gentleman is correct that during general debate I will point out the budgetary aspect of this bill. The bill is substantially over the budget resolution, but I will go into that when time is allotted under general debate or under the 5-minute rule.

Mr. LOTT. Mr. Speaker, again I want to make the point, this is in addition to Congress approving the immediate implementation of a limited temporary postal rate increase. All that means is that we are facing immediately the imposition of a 12- or a 13-cent stamp.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I have not received one letter from anyone in my district who wants to pay the increased cost for a stamp as proposed by this agency.

Mr. HANLEY. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Speaker, with respect to the 20-percent mandate by the Congress, that will be a separate amendment by the committee, in light of the action by the Postal Regulation Commission.

Mr. LOTT. Mr. Speaker, I have no further requests for time.

Mr. YOUNG of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, back in 1970 I made a mistake, as many other members of this body at that time made a mistake when we established the U.S. Postal Service by the Postal Reorganization Act of 1970. The Postal Service was expected to achieve business-like efficiency under that act and be a paying proposition; but as the committee report indicates, and I compliment the committee for its work, the past 5 years have proven that the Postal Service cannot make it on its own, and I accept that.

What I do not accept is the performance of the top management of the Postal Service for the past 5 years which has produced rising costs and declining service. I recognize that the volume of mail which the Postal Service is called upon to handle has increased markedly in that period of time, but the increasing cases of error, waste and outright carelessness, coupled with insensitive policies of the management in Washington have caused such inconvenience to the American people that I, too, believe it is time to take another look at that decision we made in 1970.

Now, I compliment the committee for its work, but this bill does not quite go far enough. Accordingly, I will offer an amendment at the proper time which will restore accountability of the Postal Service to the Congress and the elected representatives of the people by requiring the Postal Service to come up to Congress, like other agencies, and seek an authorization and an appropriation on an annual basis, so they can be accountable to the appropriate legislative and Appropriations Committees in the U.S. Congress. This will increase accountability.

The aim of the Postal Service should be to provide the best possible service in the handling of the mail at the least possible cost to the American taxpayers. My amendment will help insure that the Postal Service keeps that aim clearly in mind.

My testimony before the committee is printed in the hearings document serial No. 94-4, at pages 143-149. Include a summary of cost overruns on the construction of bulk mail centers which is evidence of the gross waste that has compounded the problem.

COST OVERRUNS ON BULK MAIL CENTERS

*Statistics from the Second Quarterly Report (FY 74) of Bulk Mail System.

Center, contractor, and overruns reported (total)

1. Cincinnati; Darin & Armstrong, John W. Armstrong; $475,000.

2. Denver; Wright, Dick, Boeing, Howard S. Wright.

3. Jacksonville; Dick Corporation, John King; $294,000.

4. Kansas City; Martin K. Eby Construction, Martin K. Eby; $1,853,000.

5. St. Louis; Fruin-Colon, J. S. Albreci, John P. Soult; $1,326,000.

6. Minneapolis; Utley-James, Inc., John Donovan; $2,561,000.

7. Washington; Volpe & Associates, Glen Ballowe, $1,435,000.

8. Chicago; Orr & Associates, William J. Orr.

9. Atlanta; Dick Corporation, John King; $9,000.

10. Des Moines; Blount Bros. Corp., W. M. Blount; $299,000.

11. Detroit; Markward/Karafilis/Blount Bros., Frederick Plaga; $1,653,000.

12. Dallas; Newberg-Rooney, Gust Newberg; $400,000.

13. Greensboro; Algernon Blair, Inc., Charlie Shewmake; $337,000.

14. Memphis; Dick Corporation, John King; $598,000.

15. Philadelphia, Blount-Bornstein, W. M. Blount; $580,000.

16. Pittsburgh; Dick Corporation, John King; $346,000.

17. Seattle; Hoffman Construction, Eric Hoffman; $456,000.

18. San Francisco; Morrison-Knudsen, James McClary; $2,151,000.

19. Springfield; Volpe, Ernst, Nager, David E. Mirabassi.

20. Los Angeles; Blount Construction, W. M. Blount; $4,174,000.

21. New York; Tendum Construction, A. M. Dinallo; $778,000.

Total, $19,725,000.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. OTTINGER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 344, nays 19, answered "present" 3, not voting 67, as follows:

[Roll No. 559]

YEAS—344

Abdnor
Abzug
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Annunzio
Archer
Armstrong
Ashley
AuCoin
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Bevill
Biester
Blanchard
Blouin
Boland
Bolling
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Delaney
Dellums
Dent
Derrick
Derwinski
Dickinson
Diggs
Dodd
Downing, Va.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Tenn.
Forsythe
Fountain
Frenzel
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Green
Gude
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Michel
Miller, Calif.

Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Montgomery
Moore
Moorhead, Calif.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nix
Nowak
Oberstar
O'Brien
O'Hara
O'Neill
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Peyser
Pike
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rostenkowski
Roush
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schneebeli
Schroeder
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Snyder
Solarz
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Zablocki
Zeferetti

NAYS—19

Ashbrook
Bauman
Beard, Tenn.
Clawson, Del
Collins, Tex.
Conlan
Davis
Devine
Duncan, Tenn.
Grassley
Haley
Hinshaw
Latta
McDonald
Mahon
Ottinger
Poage
Runnels
Schulze

ANSWERED "PRESENT"—3

Mosher
Rousselot
Young, Tex.

NOT VOTING—67

Addabbo
Ambro
Andrews, N.C.
Andrews, N. Dak.
Aspin
Badillo
Bell
Biaggi
Bingham
Boggs
Bonker
Brademas
Burke, Fla.
Carr
Chisholm
Cohen
Conyers
Danielson
de la Garza
Dingell
Downey, N.Y.
Esch
Eshleman
Fary
Fenwick
Foley
Ford, Mich.
Fraser
Frey
Hays, Ohio
Hébert
Hefner
Helstoski
Hicks
McCormack
McEwen
Macdonald
Melcher
Mikva
Milford
Mills
Mollohan
Moorhead, Pa.
Nichols
Nolan
Obey
Pepper
Pickle
Rosenthal
Roybal
Ruppe
Scheuer
Seiberling
Sisk
Smith, Nebr.
Spellman
Stephens
Symms
Talcott
Teague
Udall
Vander Jagt
Waggonner
Whitten
Wiggins
Wydler
Young, Ga.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Andrews of North Dakota.

Mr. Addabbo with Mr. Burke of Florida.

Mr. Teague with Mr. Fary.

Mr. Ambro with Mrs. Fenwick.

Mr. Waggonner with Mr. Aspin.

Mr. Moorhead of Pennsylvania with Mr. Hicks.

Mr. Nichols with Mr. Mills.

Mr. Nolan with Mr. Cohen.

Mrs. Chisholm with Mr. Helstoski.

Mr. Biaggi with Mr. Mikva.

Mr. Badillo with Mr. Ruppe.

Mr. Bingham with Mr. Bell.

Mr. Rosenthal with Mr. Scheuer.

Mr. Hays of Ohio with Mr. Frey.

Mr. Danielson with Mrs. Smith of Nebraska.

Mr. Dingell with Mr. Milford.

Mr. Brademas with Mr. Stephens.

Mr. Conyers with Mr. Andrews of North Carolina.

Mr. Hefner with Mr. Mollohan.

Mr. Macdonald of Massachusetts with Mr. Vander Jagt.

Mr. McCormack with Mr. Sisk.

Mr. Obey with Mr. Symms.

Mrs. Boggs with Mrs. Spellman.

Mr. Foley with Mr. Eshleman.

Mr. Roybal with Mr. Wiggins.

Mr. Pepper with Mr. McEwen.

Mr. Pickle with Mr. Wydler.

Mr. Udall with Mr. Young of Georgia.

Mr. Seiberling with Mr. Bonker.

Mr. Whitten with Mr. Carr.

Mr. Melcher with Mr. de la Garza.

Mr. Fraser with Mr. Ford of Michigan.

Mr. Downey of New York with Mr. Talcott.

Messrs. ARCHER and BROWN of Michigan changed their vote from "nay" to "yea".

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. HANLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. HANLEY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8603, with Mr. FLOWERS in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New York (Mr. HANLEY) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. DERWINSKI) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, as has been stated here in the debate on the rule, today the Congress is going to take a very significant action with regard to the U.S. Postal Service.

In effect it is going to establish a policy, and that policy deals with the question as to whether or not the American public are going to have to endure a continual spiral of increased postal rates, or is a percentage of the overhead associated with the operation of the U.S. Postal Service going to be attributed to public service and, as such, funded from the U.S. Treasury?

Since the inception of the Postal Reorganization Act of 1970, the American public have been subjected to a number of rate increases, and this was across the board on all the levels of mail.

I remind the Members today that it was the intent of the Founding Fathers that the postal service and postal rates in America be accurately characterized as "reasonable."

The question is as to whether or not we want that principle to prevail into the future.

This committee over the course of the last 2 years has conducted very extensive hearings. These hearings have produced sufficient information relating to the ramifications should postal rates continue to increase.

For instance, thousands of nonprofit publications in America would be forced out of business. Under a proposal, for instance, that did not prevail, the nonprofit publications would have been subject to a rate hike of 800 percent, just to give the Members a little idea of how important and how significant this policy decision is.

We have tried hard over the course of these 2 years to act responsibly. I cannot argue the point that the adoption of this measure is going to add on significantly to our budget, to the deficit, but, again, the decision is in the hands of this Congress as to whether or not we are going to jeopardize the U.S. Postal Service's ability to act as the chief artery of commerce. We have much at stake here.

For instance, if rates continue to increase, the fundamental principle which allows the institution to prevail would be in jeopardy, and that is the private express, and that is allowing the institution the ability to enjoy a monopoly on first class mail, so that every postal patron in America would enjoy equality and quality of service whether that individual lives in a small hamlet in Arizona or one of the apartment complexes in Manhattan, regardless of geography, the quality of mail service would be equal.

That is what it is all about, my friends.

Mr. Chairman, the Postal Reorganization Act of 1970 was passed with great fanfare and loud protestations that we were finally on the road to a better, more efficient postal service.

As the debate will show today, the promise of 1970 has not become the reality of 1975. While many of the reforms adopted in 1970 were good and should be retained, now is the time to begin the process of legislative alterations which will correct some of the errors we made in 1970.

H.R. 8603 is a significant step in that direction. It is the result of more than a year's work and hearings on the specific subject matter, and is the beneficiary of more than 2½ years of extensive studies and hearings since I became chairman of the Postal Service Subcommittee in 1973.

H.R. 8603 is not definitive, it is only a beginning. Its chief significance lies in its underlying assumption that service to the American public is the prime function of the Postal Service. As representatives of that American public, we have a duty to see that the Postal Service performs adequately.

The major thrust of H.R. 8603 is a substantial increase in authorizations for public service funding to the Postal Service.

Currently, the Postal Service is authorized to receive $920 million for public service. This will decline to $450 million in 1984, the so-called breakeven point.

H.R. 8603 eliminates this authorization, and in essence eliminates the ill-conceived notion that the Postal Service should ultimately break even.

Instead, we would authorize $35 per delivery address, or approximately $2.7 billion a year. The authorization would last for only 4 years, thus establishing the principle that Congress should periodically conduct a searching review of Postal Service finances and policies before authorizations can be renewed.

The financial crisis faced by the Postal Service is well known to most Members. This fiscal year alone we expect a $1.5 to $2 billion deficit. This is on top of more than $450 million in 1974, and $850 million in 1975. Since the Postal Service can—and has—borrowed only $500 million a year to cover operating expenses, it is clear that the Postal Service faces financial disaster.

But this is not simply a bail-out bill. If passed, it will be a resounding statement that the public has an overriding interest in maintaining a nationwide postal system. It will be a declaration by Congress that the mails are an essential part of our cultural, social, and economic life and that substantial public funding is necessary to insure adequate levels of service.

I am particularly pleased that the Postmaster General recently announced a strong shift in the attitude of the Postal Service toward public funding. At the Postal Forum, the Postmaster General admitted that the Postal Service needed at least $1 billion a year extra for the next 2 years.

Mr. Bailar said, and I concur, that increased funding should be tied to a study which would determine what formula should be used to determine the appropriate level of public service funding.

Thus, the bill establishes a study commission which will be given 2 years to study this question as well as ratemaking procedures and costing methodologies used to set postal rates. The Commission will consist of two members appointed by the President and one each appointed by the Speaker of the House, President pro tempore of the Senate, and the Postmaster General.

The next major issue broached in H.R. 8603 deals with the complex problem of postal ratemaking. In my opinion, the current mechanism requiring a quasi-judicial type hearing is cumbersome, time consuming, and inefficient. The failure of the Postal Rate Commission to complete rate cases in a reasonable period of time is a major cause of the Postal Service's fiscal dilemma.

H.R. 8603 would revise and streamline Postal Rate Commission procedures by requiring simpler legislative-type procedures. It would give the Commission 10 months to complete a case before the Postal Service could place temporary rates into effect.

Taken as a package, our revisions would provide for speedier consideration of rate cases, allow intervention in rate cases by individuals and groups who simply cannot afford the staggering tab for full legal representation under current procedures, and reverse the anomalous and confusing situation now existing where temporary rates have been in effect longer than permanent rates.

The final major issue involved in H.R. 8603 is the amount of the next postal rate increase.

In July, the committee adopted an amendment which would have allowed the Postal Service to circumvent the law on the imposition of temporary rates and place an immediate 20-percent increase into effect.

I opposed this amendment in committee because it would have allowed an immediate increase.

Since the committee adopted the amendment, the rate case pending at that time has been completed and placed into effect. The basic reason for the amendment was to allow the Postal Service to circumvent temporarily what might have been an unacceptable recommended decision by the Commission. This did not occur, and the language of the amendment is now obsolete.

But I do believe that we should limit the next temporary increase scheduled for late December. I will, therefore, offer an amendment immediately upon conclusion of debate which will have the effect of limiting that increase to 12 cents rather than the proposed 13 cents with a similar 20-percent ceiling on all other classes of mail.

If we are asking the American people to pay more out of tax funds for the Postal Service, the least we can do is show a good faith effort to attempt to keep the cost of a stamp down.

Mr. Chairman, there are other aspects of H.R. 8603 which will be discussed by other speakers.

We seek to establish a legislative policy regarding the quality of service to new subdivisions.

We address the question of mail classification for educational materials, State conservation agencies, and political parties.

We give the Postal Rate Commission more power to investigate the Postal Service, and we remove the Commission's budget from Postal Service control.

We provide that the increased appropriations will not be used to compete unfairly with private delivery firms.

This is a good bill, Mr. Chairman, and it deserves the support of all of us. It provides a reasonable sum to assist the Postal Service in providing adequate service to the American people. It will, if my amendment is accepted, place a lid on the next rate increase. It provides a study commission to apply high level expertise to three areas—public service costs, ratemaking procedures, and costing methodologies—which have presented us with thorny and hitherto insoluble problems. And it establishes a more streamlined, fairer ratemaking process.

In closing, I want to say that it is most popular today to use the Postal Service as a whipping boy, not without reason. Service is not as good as it should be, and many mistakes have been made.

But the Postal Reorganization Act brought some good things, too. It laid the foundation for modern fiscal management, it removed patronage politics from the Postal Service, and it helped open up more high level jobs to career employees.

Under the leadership of Postmaster General Ben Bailar, the new Postal Service appears to be turning its back on many of the shortsighted policies of the early 1970's.

H.R. 8603 is a beginning toward building a new relationship between Congress, as representatives of the people, and the Postal Service. I commend the bill to my colleagues and urge its passage.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield for a question?

Mr. HANLEY. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from New York indicated he was going to offer an amendment to the bill which would set a limit of 20 percent on the temporary rate increase. Is that not already in the bill? I recognize there has to be a perfecting amendment because the Rate Commission came in with their latest recommendation after the bill was reported by our committee. Therefore, the 20 percent limit, which was sponsored by me in committee, is already in the bill. Is that not true?

Mr. HANLEY. No. Actually according to the language of the bill the 20 percent approved in committee would in effect have the Congress mandating a 20-percent increase in rates on top of the Postmaster General's present proposal for another 33-percent increase.

My amendment will have the effect of striking the language of the bill and substituting a provision which would in effect be a substitute for the pending 33-percent increase proposed by the Postmaster General, reducing that 33 percent to 20 percent.

I would remind the gentleman of what seems to be the purpose of the bill.

Mr. DERWINSKI. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, the U.S. Postal Service, created by the Postal Reorganization Act of 1970, officially began operations July 1, 1971. Complaints about the new independent corporation's performance began on July 2, 1971, and have continued without interruption. There have been many disappointments, but there also have been some successes. In taking over an operation that suffered from years of neglect and was salvaged by partisan politics, the Postal Service found itself in the unenviable position of having to wage a concerted catch-up operation.

Thus far, the Postal Service has not been able to achieve the level of efficiency which the public demands and expects. It also appears obvious that neither Congress nor the public will tolerate a postal rate structure of the magnitude necessary for a self-sufficient operation. That invites the question: How far should Congress go in underwriting postal operations? It is the key question at issue in this bill—H.R. 8603—which deals with revenue and rates as well as the procedures of the Postal Rate Commission.

Although this bill was reported on a unanimous voice vote by the Post Office and Civil Service Committee, Members were not and still are not in agreement on how to deal with the Postal Service's financial problems. What finally emerged from committee after months of indecision and uncertainty was a compromise tailored to what, at the time, was the genuine threat of financial chaos in the Postal Service.

The distinguished chairman of our committee and I found ourselves in agreement on the Postal Service's immediate need for cash. That is why we joined forces to push for authority to give the Postal Service a one-shot increase and a 12-cent first-class rate.

The situation last July, shortly before the committee reported H.R. 8603, was this: Literally and figuratively, the Postal Service did not know where its next dollar of revenue was going to come from; its deficit for the 1975 fiscal year was an estimated $869 million; it could anticipate new and staggering expenses from a new labor contract which was in the final stages of negotiations; a decision on its rate request, submitted September 25, 1973, still was being pondered by the Postal Rate Commission.

There was an additional major complication. The Postal Rate Commission's Chief Administrative Law Judge issued an initial decision in the rate case which, had it been implemented, would have paralyzed, if not destroyed, the Postal Service. It was against that backdrop that the committee cleared H.R. 8603 for floor action.

Today, the danger of payless paydays for postal employees has been muted by the decision of the Postal Rate Commission—a decision which overruled its own law judge. For the Postal Service, the long overdue decision meant an end to day-to-day guesswork on the revenue outlook for the current fiscal year. Now, because we are dealing with a different set of circumstances, some modifications in the pending bill are in order. At the proper time, I plan to offer two perfecting amendments which will update this important piece of postal legislation.

One of my amendments would leave undisturbed the current annual $920 million subsidy the Postal Service receives from Congress for public service. As the bill now stands, it would increase the public service appropriation by $1.7 billion for a total of $2.6 billion. That largess is propped up on the nebulous formula of providing the Postal Service $35 for each delivery in the United States. The consensus estimate on delivery addresses seems to be about 74 million.

I also will offer an amendment which will permit the Postal Service some latitude in the efficient utilization of its personnel. I will have more to say about this amendment later in the day.

It is my hope, that this body, in its wisdom, will embrace a committee amendment which places a 20-percent limit on the temporary postal rate increases in the new rate case. Without the committee amendment, the Postal Service will be able to increase first-class postage rates to 13 cents, shortly after Christmas. The new rates requested by the Postal Service average 26 percent for all categories of mail. The committee amendment calls for a 20-percent lid on increases for each class of mail.

Less controversial but having an important bearing on postal revenues and rates are amendments which will speed up the Postal Rate Commission's decisional process. One of the amendments puts a 10-month time limit on Commission decisions and another eliminates the requirement for lengthy and costly adjudicatory procedures. In 5 years, the Commission has issued two postal rate decisions. The first decision required 17 months. The second decision was nearly 2 years in the making.

Other amendments dealing with the Commission would require Senate confirmation of Commissioners, including sitting Commissioners reappointed at the expiration of current terms; removal of the Commission's budget from Postal Service control, and clear authority for the Chairman of the Commission to administer the agency work.

Another key provision in this bill creates a five-member Commission on Postal Service which will study and develop guidelines and determine the cost of public services provided by the Postal Service. The Commission will be required, within 2 years, to recommend a detailed plan which will provide Congress with the basis for adequate and realistic public service subsidies.

Because postal problems are not static, the committee has no illusions about the permanency of this legislation. Instead, this bill addresses itself to a variety of problems which have been spotlighted in our committee's continuing oversight hearings on the operations of the U.S. Postal Service.

With the Commission's findings in hand, Congress will be equipped with expert information for assessing public service costs as well as the procedure for setting postal rates.

I know there are Members on the floor today who have been waiting for 5 years for an opportunity to gut the Postal Service, and that this bill is a handy vehicle for vengeance. While there may be justification for such action, I hope statesmanship will prevail and proposed wholesale revisions of the Postal Reorganization Act will be held in abeyance until we have all the facts.

Mr. Chairman, I again point out to the Members that they should keep in mind when discussing this bill that this is the first opportunity we have had in 5 years to take a good hard look at the U.S. Post Service. I think it is timely that we do so.

The first point we have to make, I believe, is to clarify some misinterpretations that have been developed over what Congress did 5 years ago when we passed postal reform. One of the things that grew out of the debate at the time, and I think is not at all accurate, is that Congress intended that the Postal Service be a self-sufficient operation. This was not the point at all. I do not think the public, nor the Congress, would tolerate a self-sufficient postal system, for the very reason we would then have to touch sacred cows, like religious groups, not for profit publications, not to mention second- and third-class business institutions it is not practical for us to think that the Post Office could ever be on a totally pay-as-you-go basis.

So I would like to remind the Members when we speak of postal organization amendments, we are automatically speaking of subsidies, and subsidies, of course, are something that come from the pockets of the taxpayers.

In the bill before us, there is, in effect, a proposal disguised as a delivery service that would cost the Treasury, and therefore, our taxpayers, $1.7 billion above the present public service subsidies.

At the appropriate time I will offer an amendment to strike that section, which means that we would, if that amendment is adopted, retain the present public service subsidy, which is approximately $920 million.

In addition, Mr. Chairman and Members, I will support the retention of the amendment that was adopted, which I cosponsored with the gentleman from North Carolina (Mr. HENDERSON) and later officially sponsored in the committee by the gentleman from California (Mr. CHARLES H. WILSON), that would have the practical effect of limiting a first-class postage rate increase to 12 cents. There will be, as we have been advised by the Postmaster General, a request for an increase in postage rates.

These new postage rates would go into effect after the Christmas holiday. If the provision in the bill is retained, we would be limiting the first-class rate to 12 cents.

In addition, Mr. Chairman, I do concur with the emphasis made by the gentleman from New York (Mr. HANLEY), with the amendments in the bill for the reform of the Postal Rate Commission. I must point out to the Members that in the 5 years of its existence, the Postal Rate Commission has issued only two postal rate decisions. Their record of ineffective bureaucracy is one of the worst in the history. There are provisions in this bill which I think will very effectively reform the Postal Rate Commission. It will produce the kind of responsibility from them in the future that has been lacking in the last 5 years.

One more point I want to stress at this time in general debate, Mr. Chairman, I realize in my conversations in the cloakroom and in the Halls that there are many Members who are extremely frustrated with the Postal Service and they have been patiently waiting for this day when they could get at the Postal Service on the floor of the House. I would hope that this bill would not become a vehicle for a blind attack on the U.S. Postal Service. They are not perfect, but they are an improvement over the deteriorating Postal Department that existed before reform.

Let me just point this out, so we understand the problems we are going to face. The Postal Service is in large part deserving of the irritation shown by the Members of Congress, because they have been absolutely stupid in their public relations and in their liaison contacts with Members.

They assumed—Postmaster General Blount, later Postmaster General Klassen, and now Postmaster General Bailar—that they were set up as a quasi-independent entity, and that they were totally removed from politics. They have felt that they could basically ignore the Congress, and this is just plain stupid public relations. If the Postal Service had been reasonably attentive to the complaints of Members of Congress over the years, separating the political intervention from the legitimate complaints about service that Congressmen get, I think they would not be in the trouble that they may be in on the floor this afternoon.

But, I beg the Members not to take out their frustrations and irritations in a blind fashion on the Postal Service. If they could join me in striking the abnormal subsidy in the bill; if they could join me in sustaining the 12-cent first-class stamp; if they could join the entire committee in opening the reform of the Postal Rate Commission, in my opinion we will have done a good day's work.

Later on, when we get to the amendment stage, I will direct my remarks very specifically to this issue, but again I reemphasize my point that this is no time for a lack of objectivity. We are dealing with a service that is absolutely vital to the public. There is no going back. We either make reform work or we get more complaints from the general public.

This is a big business. It is a costly business; costly to mail users and also to the taxpayer if we go the route of unrestrained subsidy.

As much as I believe that the postal authorities deserve to be taken to the woodshed for a good whipping, it should not be in the form of bad amendments and a bad bill this afternoon.

Mr. HANLEY. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina (Mr. HENDERSON), Chairman of the full committee.

Mr. HENDERSON. Mr. Chairman, I rise in support of H.R. 8603, and I would like to direct my colleagues' attention to the general status of the Postal Service's finances, which in my opinion require the enactment of this legislation.

In 1970, when Congress enacted the Postal Reorganization Act, it was generally assumed that a subsidy of $920 million, which represented 10% of the fiscal year 1971 appropriation to the Post Office Department, would be sufficient for the maintenance of postal services at a reasonable level until the advantages of modernization and mechanization could be realized.

What Congress could not foresee was the impact of inflation upon postal costs. In the 5 years since the enactment of the Reorganization Act, postal costs have increased from $9.2 billion to $14.5 billion annually, a 58-percent increase, primarily attributable to postal pay increases which have either been enacted by Congress or negotiated in collective bargaining. The hopes for modernization, which the Kappel Commission and others predicted, have not been realized. There are almost exactly the same number of employees in the Postal Service today as there were in 1970—700,000.

Now here are three ways to handle this problem. One way would be to reduce collection, delivery, and processing services and, thereby, reduce costs. Postmaster General Klassen tried to do that in 1972. He imposed a freeze on hiring and eliminated 25,000 jobs. He also incurred the wrath of the public and the Congress, which led to an "unfreeze" and hiring of thousands of new employees to restore service to its previous levels.

So cutbacks in service did not seem to be the answer. Even modest proposals, such as the discontinuance of Saturday delivery, have been met with substantial opposition from the public and the Congress. Even if services could be reduced, the impact on postal costs would not be significant. I do not believe that the public is likely to accept a postal system which delivers only 3 days a week or, as a matter of policy, intentionally delays mail to reduce costs.

A second method of meeting costs is to increase postal rates. The problem with that is, we are already doing it. The first-class stamp cost 6 cents when the Postal Reorganization Act was passed 5 years ago, and soon the cost will be at least twice that much. A 100-percent increase in first-class rates in 5 years is, in my opinion, as much of an increase as the public can be expected to bear.

Increases in other classes of mail have been even greater. Third-class mailers were paying 4 cents per piece 5 years ago this Christmas, and 3 days after Christmas of this year their rates will be 7.9 cents per piece—a 97.5-percent increase.

Newspapers and magazines have seen their rates increase several hundred percent over 1970 levels. The average second-class regular rate publication paid 2.3 cents per piece in 1970, and now is destined to pay 9.1 cents per piece under the full rates recently established. Second-class revenues will have increased from $128 million in 1970 to $450 million at full rates.

Parcel post rates have also increased substantially, at the same time that parcel post volume has declined dramatically. Parcel post volume has dropped 50 percent in the past 10 years, and rate increases will only drive more parcel business out of the Postal Service, and thereby further increase the costs of parcel delivery for the remaining customers of the Postal Service—meaning the average citizen who mails a few packages a year.

Postal rates must increase if costs increase, but I do not believe mail users under present circumstances should pay all of the costs which result from inflation and other factors over which mail users have no control whatsoever.

That leaves us with the third alternative, and that is to increase the general subsidy to the Postal Service for a reasonable period of time. The $920 million public service subsidy represents 10 percent of total postal costs 5 years ago; but because costs have increased 58 percent in the past 5 years, the $920 million is only 6.3 percent of total postal costs, today. Of course, the value of those dollars have been badly eroded by inflation. If the Postal Service were to be put on the same relative footing today that it was 5 years ago, the public service subsidy would have to be increased to $1.5 billion in actual dollars, and closer to $2 billion to restore the full purchasing power of the dollar.

The formula which the committee has worked out provides for a 4-year subsidy of approximately $2.6 billion per year, which, when combined with other revenues, will come very close to balancing the postal budget. If we approve this legislation and carry out the purposes of these new authorizations, the postal deficit of fiscal year 1976 would be cut from $1.4 billion to $160 million. This estimate presumes new temporary rates in December at the 20-percent level for all classes of mail.

It will not do any good, in the long run, to approve this measure and not live up to the bargain.

Events, inflation, and the policies of the Office of Management and Budget have virtually forced the Postal Service to borrow money to pay its bills. I believe the time has come for the Congress to tell the Office of Management and Budget that it does not establish the postal policies of the United States. I do not believe there is a reasonable alternative to increases in the postal subsidy.

We must act in order to insure the success of the Postal Service and the long range policies of the Postal Reorganization Act.

Mr. Chairman, as we look back from the vantage point of 5 years of operation under the Postal Reorganization system which we created, at best we must admit that the bright promise of increased efficiency has not materialized.

I know I do not have to tell you that there is widespread public criticism and disenchantment with the new Postal Service, and it is a fact that some of it is well founded and must be taken seriously.

It is obvious to us all that to date the corporate type management of the Postal Service has not done much better than Congress did in tying increases in pay and benefits to greater productivity and increased efficiency. It is likewise apparent that the rate-fixing mechanism we established is too cumbersome and time consuming.

The bill we are considering here today will provide for a temporary subsidy from tax funds for the Postal Service, and an amendment that will be offered will place a temporary ceiling on the percentage of increases for the pending rate proposal.

This bill should be taken for what it is—a stopgap measure designed to remedy a temporary situation.

We have yet to see the emergence of the truly well motivated work force that is essential if we are ever to achieve the kinds of productivity increases that we need so badly.

It is not fair to criticize management of the Postal Service with broadside charges without reducing them to specifics. What we need is people who know how to deal with a work force, and the complete removal of any taint or suggestion of political favoritism or cronyism in appointing the Board of Governors. We can and should adopt standard sizes and shapes for envelopes. We should increase automation and electronic scanning of mail.

The Congress should overhaul the ratemaking procedure as is proposed in this legislation.

Congress should make changes in the makeup of the Board of Governors and the Postal Rate Commission. One of these items is covered by this legislation.

I believe that the public is willing to pay more for first-class postage but it does not want first-class postage to carry more than its fair share of the burden.

As I have indicated, pressure continues to mount for Congress to take some sort of drastic action to step in and make wholesale changes in the Postal Service. My studies and observations have convinced me that there are no pat and easy solutions to longstanding problems, and I have been in Congress long enough to know that you cannot solve complex problems simply by passing new laws.

Some people are saying that 5 years is long enough—that the concept of a public corporation using basic business management techniques has failed and that we should try a drastically different approach. I do not agree with this policy.

I believe that the bill before us today, with the amendments that will be offered by Mr. Hanley, presents the best approach for the remedy of some of the problems faced in the Postal Service today.

I urge your favorable consideration of the legislation.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Hinshaw).

Mr. HINSHAW. Mr. Chairman, all of us, I am sure, get letters from our constituents. Therefore, I thought that during our general debate I would take some of the language from my constituents' mail and relate it to this particular bill. So, in essence, these comments are comments in which I concur and which I am sympathetic to, but they represent the consensus of the constituent attitudes in my district. The consensus goes along this line:

The American taxpayer feels very strongly that he is being ripped off by Government at every turn—the cost of living, energy, utilities, you name it. But most of all, they seem to be complaining about the Postal Service, and my mail reflects, I think, a complete disillusionment of the American people with the Postal Service. They have seen rate increase after rate increase come along—from the 3-cent stamp in recent years to now the 10-cent stamp and, for possibly a Christmas present, a 13-cent stamp.

With each increase in postal rates, all of us have witnessed a deterioration in postal service, to the point that now one can personally deliver many of his letters to their destination and still beat the mail delivery. We are almost justified in thinking that the Pony Express was better in terms of delivery than that we have today. In my district, on many occasions, it takes a letter 10 days to go from the city of Costa Mesa to the adjoining city, the city of Newport Beach. We wonder why, when the points of delivery are only 7 to 10 miles apart.

I think a lot of the people in my district know that Members of Congress do not even dare question the power of the Postal Service because they feel that when we make our complaint the Postal Service just says to Members of Congress, "Go your own merry way and do not question us."

We are even told in some cases that persons feel they should not complain to their local postmasters, but they should complain to Washington. Even the local postmasters are becoming concerned about the difficulties they have in terms of responding to the complaints of constituents who feel strongly enough to go to their local postmasters.

There are many in my district who have complained about the "ivory tower" attitude of the Postal Service who will not listen even to the Members of Congress.

In the meantime, as we have recently seen, the Postal Service is entering into labor agreements, the type of which no other corporation, company, or Federal agency in America could or would enter into. And that is done regardless of the millions of dollars that we appropriate here in Congress to provide the latest in machinery to help speed up the processing and delivery of mail. Regardless of how many man-hours in efficient procedure the Postal Service puts in, this machinery could still provide the Postal Service some measure of efficiency if the Postal Service had better management concepts.

Mr. Chairman, we would hope that new machinery would speed up the process of delivering mail and reduce labor costs and yet we have a contract now in which is contained a no-layoff clause.

My principal letterwriting constituent went on to say as follows:

> Mr. Congressman, to the millions of our citizens and constituents living on fixed income such as Social Security and other pension payments, to those wage earners whose income is tied to cost-of-living increases, I cannot condone or approve the steady, annual and semi-annual increases in the Postal Service rates.

He stated that these rates are designed, it seems, to only promote continued decreases in the level and quality of service.

Then he went on to take to task the salaries which those who are in the postal management are getting.

It would seem to me that the Congressmen and the Senators who are elected to represent their people should realize that the American public is going to be watching what we do with this postal reorganization bill which provides for increased postal rates. Some of my own committee hearings indicate to me that the Postal Service is not engaging in good accounting practice, and, in fact, Administrative Law Judge Wenner ruled that the first-class postage stamp should be 8½ cents and that the rates of other mail classes be increased to take up the slack.

We know from sitting on the Committee on Post Office and Civil Service that the Postal Service is engaging in suspect accounting practices. They do not attribute properly attributable costs to the various classes of service as they are required to do under the Postal Reorganization Act. In fact, the Postal Service fights for retaining rights of delivery in those classes of service where they cannot even economically compete with private enterprise. I think parcel post is a good example; fourth class is a good example.

Mr. Chairman, I think it is time for the Congress to reevaluate the private express statutes which provide for a monopoly of first-class mail delivery. I believe that some time, if we do not look to the efficiency of postal service and reevaluate the monopoly in the private express statutes, we will go down the road to maybe even higher first-class stamps, perhaps 15 cents to 20 cents.

I think we should require that the Postal Service be run as a private corporation. The Postal Service in its attitude overlooks the word, "service." Private corporations can go out of business; they can curtail products; and they can eliminate uneconomic divisions and plants. But the Postal Service cannot do that because the Congress will not let it do that. Yet the Postal Service seems to be running the operation as a private corporation and saying in effect, "We will cut down on service whenever we choose."

Mr. Chairman, I will have some amendments to offer later in the day that will deal with the postal rate increases. I say that it is high time we make those in the Postal Service realize that they are subservient to the Congress and that the Congress is subservient to the people. I think they should realize that we cannot have annual and semi-annual increases in the postal rates just simply because the postal management refuses to become efficient, refuses to adopt good accounting practices, and refuses to pay attention to the postal rate case where Administrative Law Judge Wenner took them to task severely. I think they should adopt the same kind of attitudes that private enterprise has, if they are going to want to be a private corporation, and they should say that, "Service comes first, and if we do not provide service, then we will be forced as a private corporation to go out of business."

Mr. HANLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Washington (Mr. Adams).

Mr. ADAMS. Mr. Chairman, the bill under consideration would increase the amount that is paid out of the Federal budget for the U.S. Postal Service by $1.7 billion. An increase of this magnitude was not contemplated on our first budget resolution last spring.

In considering the recommendations we made to the House on the overall figures on budget authority, outlays, and deficit for fiscal year 1976, the Budget Committee foresaw a need for a small increase over the President's budget request—$200 million—needed to preserve the will of Congress in approaching the goal of self-sufficiency for the Postal

Service. The budget resolution fully contemplated that this goal of self-sufficiency was a continuing policy of the Congress.

This bill does not itself provide budget authority or appropriations for an increased subsidy.

Although H.R. 8603 is an authorization bill, the Appropriations Committee will find it very difficult to refuse to enact a supplemental appropriation for funding, since obligations have been incurred.

As I stated before House Concurrent Resolution 218 included a $200 million increase in postal subsidies above the President's budget—from $1,490 million to $1,690 million—for expected unavoidable added costs of "revenue foregone" resulting from the scheduled increase in postal rates. The resolution provides no additional funds for "public service costs"—the subject of H.R. 8603.

BACKGROUND: POSTAL REORGANIZATION ACT OF 1970

The aim of the Postal Reorganization Act was to provide that those who use the Postal Service should pay its costs. It created an independent U.S. Postal Service with the objectives of self-sufficiency, except for first, "phasing" appropriations to cushion the immediate shock of higher rates on some business users, and second, subsidy of $920 million per year for "public service costs," which were also ultimately to be eliminated.

DEVELOPMENTS: OF 1970 TO 1975

Procedures for setting postal rates are time-consuming and cumbersome, resulting in severe lags between the effect of inflation on postal costs and the attainable amounts of postal revenues. USPS borrowed $448 million in 1974, $850 million in 1975, and perhaps as much as $1.5 billion in 1976. The first-class rate increase from 10 to 13 cents now sought by USPS—to go into effect early in January—is estimated to hold borrowing requirements to $1.4 billion.

WHAT WOULD H.R. 8603 DO?

Many changes are of no interest to the Budget Committee; however, H.R. 8603 would:

First, increase budget authority and outlays by $1.6 billion, if the bill is passed and signed and funding is assumed to be unavoidable;

Second, limit the pending postage-stamp increase so that the January first-class rate would be 12 cents instead of 13 cents.

Third, cause the deficit to increase by $1.6 billion above target when appropriations are made.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the comments of the chairman of the Budget Committee.

Is his recommendation, then, that we try to reduce this add-on deficit?

Mr. ADAMS. That would be my recommendation, and I will support an amendment that will take the money in excess of that part of the resolution.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's comments.

I think it is important that the Committee on the Budget be heard on the subject because we do have the overall responsibility on the problems of deficit financing, and I think the gentleman's comments should carry a great deal of weight when we get to that point in taking up the amendment.

Mr. ADAMS. Mr. Chairman, I thank the chairman of the committee for yielding.

We would not interfere at all in the jurisdiction of this commission in terms of specific portions of the bill and how it should be handled. Each individual Member should make up his own mind, but in terms of the macroeconomics of this year, I want the Members to understand very fully that this was not within the deficit financing we contemplated for the House when the first concurrent resolution was brought up.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. Yes, I yield to the gentleman from Texas.

Mr. KAZEN. How much are we authorizing by this bill?

Mr. ADAMS. The total amount authorized was to go from $1,490 million to $1,690 million. This particular bill adds to the top of that an additional $1.7 billion.

In other words, the subsidy was at $920 million per year, and this raises it, as the gentleman so well stated, to $2.6 billion for this year.

The CHAIRMAN. The time of the gentleman from Washington (Mr. ADAMS) has expired.

Mr. HANLEY. Mr. Chairman, I yield 1 additional minute to the gentleman from Washington (Mr. ADAMS).

Mr. Chairman, will the gentleman yield?

Mr. ADAMS. Yes, I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, certainly we have full appreciation of the responsibility of the Committee on the Budget.

We all will agree that its purpose is to plan; and in essence, it is nothing but a plan because it cannot foresee situations as the U.S. Postal Service happens to be confronted with now, that is, a declining volume of mail, and along with it, a declining revenue.

Therefore, are we going to adjust and are we going to pump into it the necessary dollars or are we going to stand by the sidelines and see the institution go bankrupt?

Mr. Chairman, I appreciate the efforts of the Committee on the Budget, and I appreciate its position. I would be remiss, however, if I did not point out this side of the coin.

I thank the gentleman for yielding.

Mr. ADAMS. Mr. Chairman, I thank the gentleman for having yielded me the time.

I will state that the first concurrent resolution sets targets as things change during the year. It is the will of Congress as we vote on these matters.

The second concurrent resolution in October will take into account whatever changes the Congress may have made here, in the Middle East, or elsewhere.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, there are several issues in this bill that I think we need to address but since the chairman of the Budget Committee has been helpful enough to address the issue in this bill relating to deficit financing and its tremendous magnitude and impact on our overall budget, I would like to take some time to comment on that issue. There are additional amendments in which I am interested and I will comment on them at a later point.

My good colleague, the gentleman from New York (Mr. HANLEY), who has worked diligently on this bill, and it carries his name, has just indicated that if we do not grant this substantial increase in subsidy, that somehow the post office might go bankrupt.

My colleagues, I think that is clearly an overstatement and I am sure the gentleman did not mean to make it.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield to the gentleman from New York in just one moment.

First, Mr. Chairman, let me tell the Members what the annual cash flow of the Post Office of the United States is. From revenues on postage already in place, it is $11.9 billion. An $11 billion cash flow without any subsidy. If we were to talk to any manager of any normal business and were to ask them, do you think you could get along on $11 billion and run an efficient business? they would all say, why, of course, we can. And if they did not, they would be thrown out by the board of directors, and they should be.

I believe that the gentleman from Arkansas (Mr. ALEXANDER) and the gentleman from Illinois (Mr. DERWINSKI) both have amendments to conform with the request of my colleague the gentleman from Washington (Mr. ADAMS), the chairman of the Committee on the Budget, so as to bring this terrible deficit in the Post Office into some kind of compliance with normal operating procedures.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague the gentleman from Illinois but first my colleague the gentleman from New York (Mr. HANLEY) has asked me to yield because I know the gentleman is concerned about the question of the bankruptcy of the Post Office. So I now yield to Mr. HANLEY.

Mr. HANLEY. Mr. Chairman, I thank the gentleman from California very much for yielding. When I say this institution is on a collision course with bankruptcy, let me point out to the gentleman that the past fiscal year——

Mr. ROUSSELOT. It is kind of like New York City, is that right?

Mr. HANLEY. That is another issue.

Mr. ROUSSELOT. It is similar to this issue.

Mr. HANLEY. The facts are quite clear. The last fiscal year produced a deficit of $830 million. Add to that the borrowing of $500 million, and it heads into the present fiscal year with an anticipated deficit of $1.8 billion.

The gentleman from California has mentioned cash flow but the gentleman has not mentioned at all the overhead associated with that cash flow. There is the payroll for better than 700,000 employees. There are things like gasoline for the operation of their 122,000 vehicles.

Incidentally, every time the cost of gasoline increases by 1 cent, that means an add-on of $3½ million to the overhead of the institution.

I have already related to the problem of the declining volume. So I think I am on pretty firm ground when I say that the institution, viewing all of these circumstances, is very definitely on a collision course with bankruptcy.

Mr. ROUSSELOT. The gentleman does not think that one could run the Post Office on a cash flow of $11 billion. The gentleman believes this institution is going to go bankrupt if we do not give them an add-on deficit to what they are already getting each year of roughly $900 million of subsidized funding? And if they do not get that they will go bankrupt? Is that the gentlemans' statement?

Mr. HANLEY. What I am saying is, giving the prevailing circumstances, the USPS is on a collision course with bankruptcy.

Mr. ROUSSELOT. It that the gentleman's statement?

Mr. HANLEY. It is kind of interesting, if the gentleman will yield.

Mr. ROUSSELOT. I will be glad to yield for an answer.

Mr. HANLEY. Outside forces prior to 1970 forced the Postal Reorganization Act, saying, "Take it away from the Congress and put it in the hands of responsible businessmen who know how to administer such an institution."

Mr. ROUSSELOT. Of course, as the gentleman knows—and I will interrupt him at that point—I did not vote for the Postal Reorganization Act because I foresaw, as the gentleman from Iowa (Mr. GROSS) did, and many of the rest of us, the very problems with which we are now confronted.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DERWINSKI. Mr. Chairman, I yield 3 additional minutes to the gentleman from California.

Mr. ROUSSELOT. We did not really give the management of the Post Office Department the kind of capability for dealing with the problems as a true business. It has not been run as a true business, as the gentleman well knows, and there is not a business in this country that would not have gone out of business a long time ago if it operated the way the present postal system is operating. And that would be particularly true if the total customer dissatisfaction was present that we now have with the Post Office Service.

As a matter of fact, even the Federal Government is not wholly satisfied with the Post Office Department. They are using the United Parcel Service all over the country because they can get better service in a privately operated parcel service than they can with the Post Office Department.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague.

Mr. DERWINSKI. I thank the gentleman for yielding.

There is one minor correction. The gentleman used the figure of $11 billion cash flow. The gentleman mentioned a subsidy. So that the Members will understand the total cash flow, because the appropriation becomes cash flow, the total figure come up to $12,600,000,000, because the total subsidy, including revenue, is up to $1,600,000,000.

Mr. ROUSSELOT. That is right.

Mr. DERWINSKI. If we then listen to the admonition of the gentleman from Washington, chairman of the Budget Committee, and keep in mind the $1.7 billion additional, then we are speaking potentially of a $3.3 billion subsidy, and that is a scary figure.

Mr. ROUSSELOT. It is not only scary; I think it is unreasonable to ask this Congress to pass upon that kind of a subsidy, especially when the service has not improved that much. As a matter of fact, in many areas since we passed the Reorganization Act, it has gone clearly downhill, especially in the major metropolitan areas. Our constituents know that, and they know it too well. They are going to watch this Congress today to see what it does and whether it is going to consider allowing the Postal Service to operate without providing true and total service, even with an add-on deficit.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding.

I listened with interest to the gentleman, and I think the gentleman focuses on the point. I will agree with the gentleman from New York as well that the costs have increased, but it is the manner in which the costs have increased that disturbs all of us.

I have here a list of 21 cost overruns of bulk mail centers in the United States, that I have included as part of my remarks on the rule, totaling $19,725,000. I note that in Des Moines there was a cost overrun of $299,000 to the Blount Construction Co.; in Detroit, a cost overrun of $1,653,000 to the Blount Construction Co.; in Philadelphia, a cost overrun of $580,000 to the Blount Construction Co. and in Los Angeles a cost overrun of $4,175,000 to the Blount Construction Co. That Blount just happens to be the former Posmaster General.

I thank the gentleman for yielding.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HANLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

I want to ask a question or two of the gentleman from Washington, the chairman of the Budget Committee. I was surprised when the gentleman participated in the debate and suggested that we should remove from this authorization bill the subsidy that is included in it. I recall the gentleman wrote a letter to the conference committee on the military procurement bill when we were critical of Senator MUSKIE for assuming the same role, injecting the Budget Committee into authorization bills. Does that mean that the gentleman from Washington is now a Presidential candidate, or is he assuming the role in the House now that Senator MUSKIE did in the Senate?

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. CHARLES H. WILSON of California. Certainly, I will yield to the gentleman.

Mr. ADAMS. I thank the gentleman for yielding to me.

No; it is the position of the Budget Committee that we will not be generally involved in authorization bills.

I have inquired of the Appropriations Committee the effect of this bill. The effect of this bill, I am told by members of the Appropriations Committee, will be to incur obligations which they must automatically appropriate. Therefore the only point at which comment can be made on whether or not this deficit in outlays and appropriations will occur is during this debate because the Appropriations Committee will have no choice. That is the reason I am here today. I hope the gentleman understands, as I stated to the chairman of the committee, for whom I have great respect, that we are not trying to interfere with the manner in which individual portions of the bill will be debated. That is for the members of the committee and the Members of this body who wish to support or to oppose the bill. But the effect of the outlays of this bill will be to increase the deficit by $1.7 billion.

Mr. CHARLES H. WILSON of California. The gentleman has inquired of the Appropriations Committee what the effect will be?

Mr. ADAMS. We have done that and the reply has been made to us that if this authorization is passed, that they, because of the nature of the obligation, will have no choice but to appropriate. Therefore, that is our reason for mentioning it during consideration of this bill.

Mr. CHARLES H. WILSON of California. What will the gentleman do when the Sinai bill comes up asking for $3 billion-plus which has not been considered before?

Mr. ADAMS. Precisely what I did on this. The gentleman knows and I know that if they wish to have whatever additional amount is requested by the President, it will add to the deficit we will incur this year. Members can decide whether or not they wish to increase the deficit at that point. I will make an individual judgment, as will the gentleman, as to whether it is to the interest of the United States to do that. But it will have the effect of increasing the budget deficit. I know of no place where the amount can be obtained within the budget.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I wonder if the gentleman from Illinois (Mr. DERWINSKI) will answer one or two questions for me?

Mr. DERWINSKI. Of course.

Mr. CHARLES H. WILSON of California. I understand the Postal Service supports the bill in its present form. Is that correct?

Mr. DERWINSKI. No, I believe not. The Postal Service is very definitely opposed to the so-called Mineta amendment. They believe the provisions of the bill are workable from their standpoint.

Mr. CHARLES H. WILSON of California. Are they not on record as wanting this?

Mr. DERWINSKI. They are on record as wanting a proposal roughly the size of what the gentleman from New York at some point might propose, an additional $900 million, I think, as a total. Also they do not have an enthusiastic attitude toward our reform of the Rate Commission section.

Mr. CHARLES H. WILSON of California. They would like to see us abolish that.

Mr. DERWINSKI. Also, they are not happy with the 12-cent limitation we would impose or the 20-percent we would impose on the rate increase.

Mr. CHARLES H. WILSON of California. The gentleman is not going to go along with them on the 3-cent increase?

Mr. DERWINSKI. Unlike other members of the committee I have not been a rubberstamp for the Postal Service. I try to be objective.

Mr. CHARLES H. WILSON of California. The gentleman thinks they are generally in favor of this?

Mr. DERWINSKI. I think the bill in its present form is totally objectionable to them for many reasons. The first is they would get more of a subsidy than Mr. Bailar has officially asked for, which is embarrassing to them. Secondly, they would get less revenue than they applied for in their recent request to the Rate Commission. For conflicting reasons they are opposed to different key sections of the bill.

Mr. CHARLES H. WILSON of California. It is interesting but not surprising. It is interesting because we on this side were under the impression the Service was in favor of the bill and it was put in a shape that they could live with. Now is the gentleman saying they are opposed to it?

Mr. DERWINSKI. Let me clarify. I think the gentleman will find no statement of the Postmaster General to that effect. One has to look to what the public position is. That is why they are embarrassed by the subsidy and the size of the bill, which is not what they wanted. Secondly, they do not want us to put the 20-percent limit on the rate increase.

Mr. CHARLES H. WILSON of California. If they were in favor of the bill, which they told us they were, where does the administration stand?

Mr. DERWINSKI. The administration's position is very clear. The administration does not want any new subsidy for the Postal Service at this point.

Mr. CHARLES H. WILSON of California. They are opposed to the bill?

Mr. DERWINSKI. They are opposed principally because of the subsidy measure. They have no interest in this new view of the Rate Commission. They are opposed to the amount of the subsidy.

Mr. CHARLES H. WILSON of California. I thank the gentleman.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the hard-working member of the committee, the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, we are all aware of the undue delay and indeterminate time taken by the Postal Rate Commission to render its rate-setting decisions. The Commission which was created in 1970, has taken a total of 39 months, or over 3 years, to complete action on its first two rate cases. And, let us bear in mind, that this extensive delay is at a time when the Postal Service is operating at a deficit of $250 million per month—a burden which we are now shouldering on the taxpayers.

If we adopt the provisions of H.R. 8603, we will be imposing on the Postal Rate Commission a 10-month statutory time limit in deciding future rate applications of the Postal Service.

Failure to do so would allow the Postal Service to place temporary rates in effect at the level they have requested.

One of the most serious obstacles confronting the Postal Rate Commission in deciding these rate applications is the problem of obtaining the necessary, timely information needed by the Postal Rate Commission to justify their findings.

The history of rate application cases before the newly created Postal Rate Commission is a sorry spectacle, contributed to by the failure of the U.S. Postal Service to respond to both justifiable requests of the Postal Rate Commission and requests for legally obtainable information by intervenors. Repeated motions by the Postal Rate Commission and intervenors for discoverable information in order to ascertain the need for further rate increases were met by inordinate delays and half-hearted responses, forcing new motions.

If we are now going to insist that the Postal Rate Commission accelerate its decisionmaking process, reducing it to a 10-month time frame, then we must provide the Postal Rate Commission with the ability and the teeth to obtain whatever information is deemed necessary and relevant, backed up by subpena power enforceable in a court of law.

To achieve this purpose I offered and the committee accepted two amendments which are incorporated in this legislation.

One provision provides for certain reporting requirements to be carried out by the U.S. Postal Service on a regular current basis along with whatever further information the Postal Rate Commission deems appropriate.

This provision requires that the Postal Service shall keep the Postal Rate Commission fully and currently informed with respect to the operation of the Postal Service and furnish to the Commission information with respect to—

First. Internal Postal Service management matters;

Second. Plans and policies of the Postal Service with respect to proposed changes in the nature of postal services; and

Third. Evaluations undertaken by or at the direction of the Postal Service with respect to the operation of the Postal Service.

In addition, the Postal Service shall be required to furnish to the Postal Rate Commission any information which the Commission considers necessary or appropriate for the effective evaluation of the operation of the Postal Service.

The other provision, which I proposed and which is included in this measure, grants the Postal Rate Commission the authority to initiate reviews and hearings with respect to the activities of the Board of Governors and the Postal Service and the power of subpena to compel the production of evidence and testimony of witnesses with respect to any hearing held by the Postal Rate Commission enforceable by a contempt citation in an appropriate district court.

Mr. Chairman, I believe these two additions to the bill greatly streamline and enhance the functions of the Postal Rate Commission and will expedite the Commission's efforts to meet the 10-month time limit we are imposing for deciding future cases.

I ask my colleagues to support this portion of the postal reorganization measure which is designed to cure many of the deficiencies of the Postal Service and which will expedite the Commission's consideration of postal rates.

Mr. HANLEY. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I support this bill because I think it takes us out of the land of make believe. Let me point out to my colleagues what has not been mentioned.

The Postal Service has the authority to issue bonds, so that if we do not vote this appropriation to help balance the budget, in fact all that is going to happen, as far as the national economy is concerned, is that the Postal Service goes out and issues that many bonds to make up the deficit. That is what we are talking about.

What the gentleman from New York is trying to do with this bill is to make this a little more realistic. Today I will be offering an amendment which goes beyond this, which will be resisted by my good friend from New York. My amendment suggests that we get rid of the Postal Rate Commission and put the postal rates on the Consumer Price Index. Everyone has talked about the uselessness of this appendage, the Postal Rate Commission. Let us face it; let us get rid of it.

Mr. Chairman, there are other structural changes which need to be made, but I think the gentleman from New York is moving in the right direction with this particular bill.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. ASHBROOK), former candidate for President.

Mr. ASHBROOK. Mr. Chairman, I thank my friend from Illinois.

Mr. Chairman, I am generally opposed to large operating subsidies as proposed here, although I do support the basic concept that we should underwrite a basic reasonable charge-off for service. I just think that certainly we hold a double standard on the Post Office. We provide many Government services, and many of them are not paid for by the users exclusively, so I think that sometimes we do find ourselves a little unfair on the Postal Service. Yet, I do not think anything of this size can be merited.

Mr. Chairman, the Postal Service has been given a monopoly over first-class mail, and it has abused this monopoly power.

Because such abuse is commonly found in monopoly situations, it would be advisable to make certain that the Postal Service not obtain a monopoly over any other class of mail service.

Lines 3 through 8 of subsection 3 on page 14 limit the subsidy that can be applied to parcel post, and thereby insures that the Postal Service cannot develop a package delivery monopoly through rate subsidies that destroy private competitors. While there are many reasons to oppose this bill, that particular section is very meritorious.

Because first-class mail is a postal monopoly, the Postal Service has put an exceptionally heavy rate burden on the first-class user.

Since 1970 when postal reorganization went into effect, first-class rates have gone up 67 percent while parcel post rates have increased by only 16 percent. The chairman just stated that parcel post revenues have gone down.

The user of first-class mail has no alternative mail service to which he can take his business.

Either he uses the Government's mail service, or he must go to the added expense of a phone call or telegram.

So the first-class mail user is a captive customer, and the Postal Service burdens him with a disproportionate share of the costs of postal operations.

This abuse of monopoly power is not only unfair to the first-class mail user, but it runs counter to the provisions of the Postal Reorganization Act, which specify that each class of service shall bear its own costs.

When monopolies are granted to private companies, strict controls over rates and service are established by Government to minimize abuse.

Such a control has been taken out of the Postal Service monopoly by the Postal Reorganization Act, which specifies that rates for each class of service have to recover the costs of the service.

Package delivery service clearly is one service where no postal monopoly exists.

By the retention of subsection 3 on page 14 of the bill, we will insure that the monopoly power of the Postal Service is not extended to package deliveries.

This subsection must be retained. It gives the private package delivery companies a chance to compete, and it thereby protects the public from the further postal abuses.

I oppose the so-called Postal Reorganization Act. History has shown it was poor policy and should be rescinded.

Mr. HANLEY. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. MINETA).

Mr. MINETA. Mr. Chairman, the necessity for this bill is paramount when we think about the fact that this is the only contact that citizens have with the Federal Government. If we are to be in a position where we are not going to allow the deterioration of service to continue, I think it is vital that this bill be passed.

Mr. Chairman, for too long we have really let service slide. I believe, under the able leadership of the chairman of the Postal Service Subcommittee, we are now on the right track and with this legislation will be able to be in a position to make sure that service is not deteriorated and at the same time people will recognize that they are getting their money's worth.

Mr. Chairman, again I urge all of my colleagues to support the bill as it is presently written.

Mr. SCHEUER. Mr. Chairman, I rise to give my support to subsection 3 which limits parcel post subsidy.

Such a limit on parcel post subsidy hopefully will encourage the Postal Service to put a handle on cost control in order to operate in a more business-like manner.

It should do this economic housecleaning before going out to solicit new package volume.

The Postal Service contends that it must increase its volume of packages so that it can reduce its unit costs.

However, it seems bent on doing just the opposite. It is constructing a system of bulk mail facilities that will cost over a billion dollars. The only way they could possibly pay for this system is through greater and greater congressional subsidies, instead of charging proper rates based on an efficient, tightly organized operation.

The Postal Service has failed to cut costs in the past as a subsidized operation. In fact, parcel post is a money-losing venture for the Postal Service and all the packages in the world will not bail it out of its financially troubled waters.

To compete effectively for additional package volume now being handled by private carriers, the Postal Service will have to do it with efficiency and flexibility. A carte blanche subsidy of fourth-class mail is not the answer.

Lines 3 through 8 of subsection 3 on page 14 may just drive the Postal Service into a corner forcing it to face its problem of grossly deficient productivity. Its only way out will be the compelling necessity to develop a more efficient operation instead of increasing the quantity of packages processed in the quixotic hope that through sheer volume alone it can achieve efficiency and economy of operations.

Mr. EDWARDS of California. Mr. Chairman, I rise this afternoon to offer my support for H.R. 8603, the Postal Reorganization Act amendments. In 1970 the need for sweeping reforms in postal operations prompted the Congress to pass the Postal Reorganization Act. It was felt at that time that such important and far-reaching legislation would cure many of the problems which burdened the old Post Office Department. However, as I am sure my colleagues have learned from their constituents, postal delivery service has continued to decline under the U.S. Postal Service.

The break-even concept embodied in the Postal Reorganization Act of 1970 has compelled the Postal Service to look upon itself as more of a business than a public service. However, the U.S. Mail is the most visible and pervasive public service which this Government renders to the American people. While taxes continue to rise and the public confidence in its government continues to decline, we must not allow the further erosion of this very basic and far-reaching service.

Under the presently proposed Postal Service regulations there is no option for providing door-to-door service in new residential or urban renewal areas. This limits the options to either curbline or cluster box delivery.

These mailboxes may be located as far from a residence as the length of a football field, creating considerable burdens for the aged and handicapped. In many areas local zoning ordinances do not allow curbline service due to environmental restrictions and problems with vandalism. In such areas the resident is forced to choose between collecting his mail at a cluster box down the street, at the nearest Post Office, or not at all.

The reaction to this situation in my own district has been one of outrage. In many cases the confusion over whether a new area would receive door or curbline delivery has resulted in no mail service at all. Both individuals and businesses have complained bitterly about the government's apparent inability to deliver their mail.

It is clear that the intent of the regulations proposed by the Postal Service would eliminate door-to-door delivery in all new residential areas throughout the country. This would be done without any consultation or advise as to the needs of the local community. In contrast, the delivery requirements of H.R. 8603 establish certain standards of distribution and involve local jurisdictions in some of the decisions regarding adequate mail delivery.

This provision of the bill was contributed by the outstanding freshman Congressman from San Jose, Mr. MINETA, and has received the careful consideration and endorsement of the House Committee on Post Office and Civil Service. The thrust of this language is to guarantee quality delivery service to the public while at the same time placing the decisionmaking process regarding local delivery where it should be—at the local level.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of the committee proposal to limit subsidies that can be applied to parcel post.

This not only makes economic sense, but it is a humane response to the current jobless problem.

For many months now the Nation's workers have borne the unbearably heavy burden of high unemployment rates.

If huge subsidies are doled out to parcel post it would aggravate this problem—which certainly needs no aggravation.

Postal Service employees do not need parcel post subsidy to retain their jobs. They have a job guarantee written into their contract.

If parcel post volume decreases, nobody in the Postal Service gets dismissed.

But private package delivery companies cannot afford to guarantee jobs. When package volume dips, the number of jobs dips.

If parcel post is able to acquire additional package volume through use of subsidized rates, jobs will be lost by Teamsters and members of other unions who are employed by privately operated delivery firms.

I urge my colleagues to keep the curb on parcel post subsidy—and join me in the fight against unemployment.

Mr. DON H. CLAUSEN. Mr. Chairman, for almost 5 years now we have held a running debate over whether or not the delivery of mail should be treated as a service or a business. Our overall philosophy has been that the costs of mailing a letter should not deprive any person access to the mails, while at the same time, we have sought to eliminate a deficit which was costing all taxpayers millions of dollars every year. On the basis of promises that these goals could be achieved, the Congress passed the Postal Reorganization Act in 1971.

The results of this "quasi-governmental" venture have been disastrous. First class mail rates have continued to increase. There has been a virtual cessation of new door-to-door mail delivery service in residential areas and, concurrently, an insensitivity to the needs of older and partially handicapped citizens for this type of service.

These, among other results of the Reorganization Act, are certainly not encouraging signs of an "emerging business" and, quite frankly, I question whether an almost 300-percent increase in appropriations will correct the real problems which continue to plague the Postal Service.

With this in mind, I would like to comment on three provisions in this legislation which will go a long way in improving the quality of our mail delivery system.

First, by establishing certain standards of delivery—that is, by tying the Postal Service supplemental funding to door-to-door deliveries—we will be guaranteeing a high level of delivery service to the public, and at the same time giving local governments a voice in Postal Service decision. I hear frequently about the decline in the quality of mail delivery over the past few years and the decision by the Postal Service to end door-to-door service has hit our senior and handicapped citizens particularly hard.

The point must also be made that a good postal delivery service is dependent upon the high morale of those letter carriers and Postal Service personnel who have direct contact with the people for whom the mail service is provided. Based upon my correspondence, conversations, and personal contacts with my constituency, it is my opinion that the letter carriers and service personnel have a high degree of commitment and are conscientiously trying to improve the service. This provision, to tie supplemental funding to door-to-door delivery will better allow the people who really make up the post office to better serve the public, and will insure, to a greater degree, that the public gets what it pays for.

Second, it is high time parcel post rates start paying their own way and stop depending on first-class mail rates to cover their losses. The Postal Service has historically set low parcel post rates in order to undercut the costs of private firms. The difference between the cost to deliver these parcels and the price charged has been paid by higher first-class rates. The provisions of H.R. 8603 to prohibit a reduction of more than 10 percent in parcel post rates is a step in the right direction. Under the Postal Reorganization Act of 1971 each regular class of mail or type of mail service, including parcel post, is required to pay rates which cover those direct and indirect costs attributable to that class plus a portion of all other postal costs reasonably assignable. It is quite fair to say that parcel post has been getting an easy ride and this provision will begin to enforce the original intent of the law.

Finally, a cosponsor of legislation to insure continuation of second class mailing privileges to college catalogs, I am particularly pleased with the provision in H.R. 8603 making this rate mandatory. College bulletins are a public service and the revocation of second class mailing privileges would deny to our schools, who are on a shoestring budget as it is, the speed, reliability and economy that they must depend on to distribute information concerning their programs. The provision in H.R. 8603 insuring the continuation of this privilege to our colleges is recognition of the important service our colleges provide to our communities.

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in support of retaining a curb on parcel post subsidy for a very pragmatic reason.

Private package delivery services, which duplicate service supplied by parcel post, provide a clear benchmark by which we can judge the effectiveness of the postal system.

The Postal Service is not required to pay taxes or incur the expense of abiding by many regulations that affect private companies. And it does not have to produce a profit for its stockholders.

Despite all of these cost advantages, plus subsidies supplied by Congress, the parcel post system has to charge rates higher than those of its private competitors. And for these higher rates users get a service that is less swift than that supplied by private companies, a service that damages more packages, and a service that lacks the dependability of the privately operated systems.

If the preservation of private package delivery companies does nothing else, it sets a standard by which we can measure the Postal Service's effectiveness.

By the retention of section 2(b)(3) on page 14 of the bill we are making certain that the subsidies we pour into parcel post will not grow so huge that we no longer have a reasonable basis for comparison of the Government and private services.

We do not know how cost effective the first-class mail system is because we cannot find a similar service in the private sector that allows us to make a comparison.

But the privately operated parcel delivery companies give us a comparison with zone-rated mail.

Since the private package delivery companies are doing a better job than the Postal Service we know that the Postal Service has a lot of problems to correct.

If we let huge postal subsidies blur the distinctions in cost effectiveness of the two kinds of service, we will not be able to make independent judgments about the need for postal improvements.

The Postal Service has been issued a mandate to do a businesslike job. Let us make them do it—let us let them meet the package delivery competition without the huge subsidies that can mask ineptitude.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Postal Reorganization Act Amendments of 1975".

SEC. 2. Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b)(1) There is authorized to be appropriated to the Postal Service for the fiscal year ending June 30, 1976, and for each of the fiscal years ending September 30, 1977, 1978, and 1979, an amount equal to $35 multiplied by the number of delivery addresses estimated by the Postal Service to be served during the fiscal year involved. There is authorized to be appropriated to the Postal Service for the period commencing July 1, 1976, and ending September 30, 1976, an amount equal to one-fourth the amount authorized under this subsection for the fiscal year ending June 30, 1976.

"(2)(A) The appropriations authorized in paragraph (1) shall be used to reimburse the Postal Service for the costs of maintaining a system which shall provide a maximum degree of effective and regular postal services throughout the Nation, and which is available to serve the entire public regardless of particular individual usage.

"(B) Except as provided in subparagraph (C), the Postal Service shall provide door delivery or curbline delivery to all permanent residential addresses (other than apartment building addresses). The Postal Service shall provide door delivery in any case in which the unit of general local government having jurisdiction over the address involved has adopted zoning ordinances in the interest of protecting the public safety which prohibit the construction or maintenance of any structure on the property adjacent to the curbline.

"(C) The Postal Service may provide cluster box delivery service for any permanent residential address in any case in which a unit of general local government having jurisdiction over such address specifically approves the provision of such cluster box delivery service.

"(3) Appropriations made under the authority of this subsection shall not be expended or utilized in such a manner as to effect a reduction of more than 10 percent in the applicable postal rates or fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title.

"(4) The levels of service described in paragraph (2)(B) and paragraph (2)(C) of this subsection shall be required to be provided only during any period for which the appropriations authorized under paragraph (1) of this subsection have been appropriated by the Congress.

"(5) The Postal Service, in requesting an amount to be appropriated under this subsection, shall present to the appropriate committee of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title.".

SEC. 3. (a) Section 3601 of title 39, United States Code, is amended to read as follows:

"§ 3601. Establishment

"(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.

"(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that such Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

"(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

"(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.".

(b) The provisions of section 3601(a) of title 39, United States Code, as amended by subsection (a), shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.

SEC. 4. Section 3604 of title 39, United States Code, is amended to read as follows:

"§ 3604. Administration

"(a) The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment and supervision of personnel employed under the Commission, (2) the distribution of business among such personnel, and among the Commissioners, and (3) the use and expenditure of funds.

"(b) In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.

"(c) The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation, and shall be entitled to programs offering employee benefits, established under chapter 10 or chapter 12 of this title, as appropriate.

"(d)(1) Except as provided by paragraph (2), the provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.

"(2) The provisions of the Budget and Accounting Act, 1921, relating to the preparation and presentation of budgets, and the provisions of any other Federal law relating to the preparation and presentation of budgets, shall apply to the Commission.".

SEC. 5. Section 3624 of title 39, United States Code, as amended by section 7(a), is amended by adding at the end thereof the following new subsection:

"(e) Any final action of the Commission under section 3622, 3623, 3661, or 3662 of this title shall be made by a vote of a majority of the Commissioners in office.".

SEC. 6. (a) Section 3624(a) of title 39, United States Code, is amended to read as follows:

"(a) The Postal Rate Commission shall promptly consider any request made by the Postal Service under section 3622 or section 3623 of this title. In the course of such consideration, the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public, to be present, and to present data and arguments, at any such hearing.".

(b) Section 3628 of title 39, United States Code, is amended by inserting immediately after the second sentence the following new sentence: "The standard of review established by section 706(2)(A) of title 5 shall apply with respect to any review made by the court under this section.".

(c) The first sentence of section 3661(c) of title 39, United States Code, is amended to read as follows: "The Commission shall not issue its opinion on any proposal until an opportunity for a hearing is accorded interested parties, reasonable public notice is given thereof, and a reasonable opportunity is afforded interested parties, including an officer of the Commission who shall be required to represent the interests of the general public, to be present, and to present data and arguments, at any such hearing.".

(d) The amendments made by the foregoing provisions of this section shall not affect any proceedings pending before the Postal Rate Commission on the date of the enactment of this Act. Orders shall be issued in such proceedings and appeals shall be taken from such proceedings as if the amendments made by the foregoing provisions of this section had not been enacted. Orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed, through any action taken under title 39, United States Code, through action taken by a court of competent jurisdiction, or by operation of law.

SEC. 7. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

"(c)(1) Except as provided by paragraph (2), in any case in which the Postal Service makes a request under section 3622 of this title for a recommended decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services, or a request under section 3623(b) of this title for a recommended decision by the Commission on changes in the mail classification schedule, the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

"(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 or section 3623(b) by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) by one day for each day of such delay.".

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to (1) the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, made on September 25, 1973, by the United States Postal Service in a request bearing Postal Rate Commission Docket Number R74–1; or (2) the recommended decision of the Commission relating to the proposed establishment of a mail classification schedule made on January 18, 1973, by the Postal Service in a request bearing Postal Rate Commission Docket Number MC73–1.

SEC. 8. (a) Section 3641 of title 39, United States Code, is amended to read as follows:

"§ 3641. Temporary changes in rates and classes

"(a) In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates of postage or in fees for postal services, or on a change in the mail classification schedule, to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage, in fees for postal services, or in the mail classification schedule, in accordance with the provisions of this section. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

"(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

"(c) The Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

"(d) Any temporary change in rates of postage, in fees for postal services, or in the mail classification schedule made by the Postal Service under this section shall remain in effect no longer than 150 days after the date upon which the Commission transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period.".

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to (1) the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, made on September 25, 1973, by the United States Postal Service in a request bearing Postal Rate Commission Docket Number R74–1; or (2) the recommended decision of the Commission relating to the proposed establishment of a mail classification schedule made on January 18, 1973, by the Postal Service in a request bearing Postal Rate Commission Docket Number MC73–1.

SEC. 9. Section 3622(b) of title 39, United States Code, is amended by striking out "and" at the end of paragraph (7), by redesignating paragraph (8) as paragraph (9), and by inserting immediately after paragraph (7) the following new paragraph:

"(8) the educational, cultural, scientific, and informational value to the recipient of mail matter; and".

SEC. 10. Section 3626 of title 39, United States Code, is amended by inserting "(a)" immediately before "If the rates" and by adding at the end thereof the following new subsections:

"(b)(1) For purposes of this title, the term 'periodical publications', as used in former section 4351 of this title, includes (A) any catalog or other course listing issued by any institution of higher education; and (B) any looseleaf page or report (including any index, instruction for filing, table, or sectional identifier which is an integral part of such report) which is designed for inclusion in any treaties or compilation.

"(2) Any material described in paragraph (1) shall qualify to be entered and mailed as second class mail in accordance with former section 4352 through former section 4357 of this title.

"(3) For purposes of this subsection, the term 'institution of higher education' has the meaning given it by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(c) In the administration of this section a committee qualified for tax credit contributions under section 41(c)(1) (C) and (D) of the Internal Revenue Code shall be considered a qualified nonprofit organization under former sections 4452(d) and 4358(j) (2) of this title.

"(d) In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization which qualifies for rates of postage under former section 4358(d) of this title.".

SEC. 11. (a) Chapter 4 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 413. Reporting requirements

"(a) The Postal Service shall keep the Postal Rate Commission fully and currently informed with respect to the operation of the Postal Service. The Postal Service shall furnish to the Commission information with respect to—

"(1) internal Postal Service management matters;

"(2) plans and policies of the Postal Service with respect to proposed changes in the nature of postal services; and

"(3) evaluations undertaken by or at the direction of the Postal Service with respect to the operation of the Postal Service.

"(b) The Postal Service shall furnish to the Postal Rate Commission any information which the Commission considers necessary or appropriate for the effective evaluation of the operation of the Postal Service.".

(b) The table of sections for chapter 4 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"413. Reporting requirements.".

SEC. 12. (a) Subchapter I of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3605. Review and hearings

"(a) The Postal Rate Commission shall have the authority to initiate reviews and hearings with respect to the activities of the Board of Governors and the Postal Service under this chapter.

"(b) Any hearing initiated by the Postal Rate Commission under this section shall be in accordance with section 3624(a) of this title.

"(c)(1) The Postal Rate Commission may issue subpenas, signed by the Chairman of the Commission, to compel the production of evidence and the testimony of witnesses with respect to any hearing held by the Commission under this chapter.

"(2) Any appropriate district court of the United States may, upon petition by the Commission, in case of refusal to obey a subpena of the Commission issued under this subsection, issue an order requiring complaince with such subpena. Any failure to obey such order may be punished by such district court as a contempt thereof.".

(b) The table of sections for subchapter I of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"3605. Review and hearings.".

SEC. 13. Section 3683 of title 93, United States Code, is amended by inserting "(a)" immediately before "Notwithstanding any other provision" and by adding at the end thereof the following new subsection:

"(b) The rates for mail matter specified in former section 4554(a)(1) or 4554(b)(2) (A) of this title, when mailed from a publisher or a distributor to a school, college, university, or library, shall be the rate currently in effect for such mail matter under the provisions of former section 4554(b)(1) of this title.".

SEC. 14. (a)(1) Subject to the provisions of paragraph (2), the United States Postal Service may, after making a request under section 3622(a) of title 39, United States Code, for a recommended decision on changes in a rate or rates of postage or in a fee or fees for postal services, place into effect, upon 10 days' notice in the Federal Register, temporary changes in such rates or fees. Such changes shall be placed into effect in accordance with the provisions of subsections (b), (c), and (d) of section 3641 of such title, as amended by section 8 of this Act. The temporary rates authorized by this section shall not exceed 120 percent of the rates proposed as permanent rates by the United States Postal Service in its request to the Postal Rate Commission, dated September 25, 1973, for a recommended decision, bearing Docket Number R74–1, and shall be subject to the provisions of section 3626 of title 39, United States Code.

(2) The provision of paragraph (1) of this subsection shall apply only to the first request described in paragraph (1) made by the Postal Service on or after July 1, 1975.

(b) Except as provided by subsection (a) (1), any change in rates or fees made by the United States Postal Service under subsection (a)(1) shall be made without regard to any other provision of law.

SEC. 15. (a)(1) There is hereby established the Commission on Postal Service (hereinafter in this section referred to as the "Commission"). The Commission shall be composed of five members, to be selected as follows:

(A) two appointed by the President of the United States, of whom one shall be appointed as Chairman;

(B) one appointed by the President pro tempore of the Senate;

(C) one appointed by the Speaker of the House of Representatives; and

(D) one appointed by the Postmaster General.

(2) The members of the Commission shall be appointed within 30 days following the date of the enactment of this Act.

(3) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(b)(1) The Commission shall identify and study the public service aspects of the United States Postal Service and shall recommend to what extent and by what means such aspects may be defined and costs thereof reasonably estimated. The Commission shall also identify, insofar as practicable, any difference between—

(A) the costs that the Postal Service should reasonably be expected to incur in providing postal services in accordance with the policies of title 39, United States Code; and

(B) the revenues that the Postal Service may reasonably be expected to receive from rates and fees for postal services, with due consideration that demands for postal services may be reflected by changes in the levels of such rates and fees.

(2) The Commission shall determine the extent to which the public service aspects of the Postal Service shall be supported by appropriations. The Commission shall recommend such a plan with due consideration being given to—

(A) the economic and social benefits of the postal system to the user and recipient of the mail;

(B) the relative economic ability of the users of various classes of mail to absorb the costs of the postal system;

(C) the extent to which the costs of maintaining a system which would provide a reasonable degree of regular postal services to the entire public without regard to individual usage, and the degree to which such costs should be borne by the public generally rather than by mail users in particular;

(D) the relative economic and social benefits of other uses of private and public funds; and

(E) the need of the Postal Service for adequate and dependable funding and for systematic planning and ratemaking to provide efficient and economical postal services in accordance with the policies of title 39, United States Code.

(c)(1) The Commission shall study the ratemaking procedures established under title 39, United States Code, particularly the functions and responsibilities of the Postal Rate Commission, and shall develop recommendations for more expeditious and economical procedures that are responsive to the needs of the Postal Service and the public. If the Commission recommends the abolition of the Postal Rate Commission, the Commission shall further recommend a method of assuring that changes in postal rates shall be reviewed independently outside the Postal Service. The Commission shall consider a system in which changes in postal rates shall not exceed changes in consumer prices unless greater changes are approved by a body independent of the Postal Service.

(2) In reviewing postal ratemaking procedures pursuant to paragraph (1) of this subsection, the Commission shall study the reasonableness and adequacy of the ratemaking criteria established by section 3622 (b) of title 39, United States Code. The study shall address the desirability of a statutory requirement that cost attributions to particular classes of mail or types of mail service shall be based on the proportionate variability of mail volume.

(d) The Commission shall study the causes of the increases in postal costs that have occurred since the enactment of the Postal Reorganization Act. The Commission shall consider and report on the desirability of instituting additional statutory or administrative systems for reviewing and controlling postal costs or of changing the system currently established under title 39, United States Code.

(e)(1) For purposes of carrying out its functions under this section, the Commission may sit and act at such times and places and receive such evidence and testimony as it considers advisable.

(2) The Commission may secure directly from any department or agency of the United States information and assistance necessary to carry out its duties under this section. Each department or agency is authorized and directed, to the extent permitted by law and within the limits of available funds, to furnish information and assistance to the Commission.

(3) When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.

(4) All meetings, hearings, conferences, or other proceedings of the Commission shall be open to the chairmen of the appropriate committees of the Congress or their designees and reasonable notice of such meetings or hearings shall be given to such chairmen or their designees.

(f)(1) Except as provided in paragraph (2), members of the Commission each shall receive as compensation the daily equivalent of the annual rate of basic pay in effect for grade GS–18 for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Commission.

(2) Members of the Commission who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the Commission.

(3) While away from their homes or regular places of business in the performance of service for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(g) The Commission may appoint and fix the compensation of such personnel as it considers advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. The Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.

(h)(1) The Commission shall transmit to the President and to each House of Congress detailed interim progress reports four times annually, and a final report containing a detailed statement of its findings and recommendations, together with any individual views, within two years after the date of the enactment of this Act.

(2) The Commission shall not be required to obtain the clearance of any Federal agency before the transmittal of its report.

(i) The Commission shall cease to exist sixty days after the transmission of its report under subsection (h) and all offices and employment under it shall then expire.

(j) There is authorized to be appropriated to the Postal Service Fund established under section 2003 of title 39, United States Code, without fiscal year limitation, such sums as may be necessary to carry out the provisions of this section. Expenses incurred by the Commission shall be paid out of the Postal Service Fund.

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

TECHNICAL AMENDMENTS OFFERED BY MR. HANLEY

Mr. HANLEY. Mr. Chairman, I offer a series of technical amendments.

The Clerk read as follows:

Technical amendments offered by Mr. HANLEY: Page 13, line 8, insert "of this subsection" immediately after "(1)".

Page 13, line 13, insert "of this paragraph" immediately after "subparagraph (C)".

Page 17, line 7, insert "of this Act" immediately after "section 7(a)".

Page 19, line 3, insert "of this subsection" immediately after "paragraph (2)".

Page 19, line 20, insert "of this subsection" immediately after "paragraph (1)".

Page 20, line 1, strike out "made on September 25, 1973" and insert in lieu thereof "requested on September 18, 1975".

Page 20, line 3, strike out "R74–1" and insert in lieu thereof "R76–1".

Page 21, line 17, insert "of this section" immediately after "subsection (a)".

Page 21, line 21, strike out "made on September 25, 1973" and insert in lieu thereof "requested on September 18, 1975".

Page 21, line 23, strike out "R74–1" and insert in lieu thereof "R76–1".

Page 21, line 25, strike out "made" and insert in lieu thereof "requested".

Page 22, line 14, insert "the" immediately after "For".

Page 22, line 22, insert "of this subsection" immediately after "paragraph (1)".

Page 22, line 24, insert "the applicable provisions of" immediately after "with".

Page 26, line 2, insert "of this subsection" immediately after "(2)".

Page 26, line 20, insert "of this section" immediately after "subsection (a)(1)".

Page 26, line 22, insert "such" immediately after "under".

On page 29, line 22, strike out the word "that" and insert in lieu thereof the word "for".

On page 29, line 23, strike out "shall be based on the proportionate variability of mail volume".

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the technical amendments be considered en bloc and, further, that they be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Chairman, I object. I think they should be read and we should know what they are.

The CHAIRMAN. Objection is heard.

(The Clerk continued to read the technical amendments.)

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the technical amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

(The Clerk concluded the reading of the technical amendments.)

The CHAIRMAN. Is there objection to the request of the gentleman from New York (Mr. HANLEY) that the amendments be considered en bloc?

There was no objection.

The question is on the amendments offered by the gentleman from New York.

The amendments were agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: Strike out section 2 in its entirety and redesignate the succeeding sections accordingly.

Mr. DERWINSKI. Mr. Chairman, unlike the amendments that were just accepted en bloc, my amendment is a bit less technical, and it deals with substantial figures. I think it is equally deserving of immediate and unanimous acceptance. However, not expecting that kind of response, let me give the Members my arguments for the amendment.

Mr. Chairman, the effect of my amendment is simple. It would retain the present law which authorizes an annual appropriation to the Postal Service of $920 million as a reimbursement for public service costs incurred.

In contrast, section 2 of the reported bill would almost triple this appropriation authorization under a very imprecise formula that would give the Postal Service an amount equal to $35 times the number of delivery addresses estimated to be served during the fiscal year involved.

Using one estimate of 74 million delivery addresses provided by the Postal Service, this would mean a public service subsidy of $2.6 billion for fiscal year 1976. Unfortunately, the term "delivery address" is not defined by the legislation, and there are conflicting estimates of the number within the Postal Service itself. One unofficial Postal Service estimate ranges as high as 85 million.

Obviously, the number of delivery addresses could fluctuate wildly from year to year, and the Congress would be at the mercy of the Postal Service's estimates in calculating the amount of subsidy authorized by this legislation. This is a poor way to treat the taxpayers' money.

Mr. Chairman, it should also be pointed out that the U.S. Postal Service has already received its appropriation for fiscal year 1976 in the amount of $1.58 billion. This money was appropriated under Public Law 94–91 and covers appropriations for public service and revenue foregone. If the Congress were to enact the legislation before us, it would mean an additional subsidy for fiscal year 1976 in the amount of $2.6 billion, making the grand total $4.18 billion for the year. I honestly do not believe a postal subsidy of this magnitude can be justified.

To sum up, all my amendment does, by striking this section of the bill, is this: It retains the present law which provides for an annual appropriation to the Postal Service of $920 million as reimbursement for Postal Service costs. May I add that the Postal Service already has that $920 million. It is an automatic appropriation draw.

In contrast, section 2 of the bill, the section which I propose to strike, would almost triple that appropriation. That is the figure, according to the debate that took place earlier in the discussion between the gentleman from California (Mr. ROUSSELOT) and the gentleman from Washington (Mr. ADAMS). The formula would be to provide $35 for a number of delivery stops which are presently estimated at somewhere over 74 million.

Now, it is one thing to debate delivery; it is another thing then to look at the cost figure.

Mr. Chairman, I would like to stress this point. Basically what we would be doing is this: If we add to the public service appropriation the revenue foregone and a figure of $59 million for transitional costs from the postal department to the Postal Service, we are speaking of a basic subsidy of the Postal Service of $1.6 billion. If we add an additional $2.6 billion, which would be the figure in the first year if this amendment of section 2 prevails, later on it would come down to approximately $1.7 million. But we are talking about an immediate budgetary impact of $2.6 billion and then approximately $1.7 billion for the next 3 years.

If there is one thing we do not want to do, it is to give any department or agency of Government money that they do not want. The Postal Service has not requested this degree of subsidy.

In the years I have served in Congress I can rarely recall a situation where the Congress has been so generous that we forced money on a department or agency that it was not seeking, much less on a department or agency that is as controversial as the Postal Service is. I think it is not wise for us to suddenly say, as many Members seem to be saying, that "We do not like your service. You are not giving the public the service they expect, but we are going to reward you with a $2.6 billion subsidy to further expand an ineffective service." The contradictions are obvious.

Let me just sum up by pointing out the budgetary impact. Let me reemphasize the point that the Postal Service has received $920 million a year. That is an automatic, annual appropriation. In addition, for the present fiscal year they are to receive $603 million in revenue foregone and $59 million in transitional costs. That comes to exactly $1 billion 582 million.

All I am saying is that if the Members will support my amendment, we will limit the subsidy to the Postal Service to that figure, $1 billion 582 million. If the Members do not accept my amendment, we will be providing the Postal Service with an unrequested subsidy of an additional $2.6 billion.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I am most interested in voting with my colleague on the matter of a subsidy, but I am just wondering about one thing as a matter of interest. I confess I am not an expert on this bill.

I am referring to section 3 on page 14. That would not be a subsidy, would it? That section is there to prevent the subsidization within the Postal Service of parcel post.

Does the gentleman endeavor by his amendment to strike that out?

Mr. DERWINSKI. No, no. I am striking section 2 of the bill. I think the gentleman is looking at an amendment that was added in committee to section 3.

Let me say as to the parcel post rates that the provision has existed for many years that the parcel post rates are approximately at a break-even figure. However, we are speaking of subsidies. We are speaking basically of second- and third-class rate revenue forgone.

Mr. Chairman, I urge adoption of my amendment.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I remind the Members that in the event the Derwinski amendment should be adopted, it is going to produce two rather dramatic results. It is going to produce a drastic cutback in postal service. It could also have the effect of expanding upon the amount of the already proposed great increase. It could produce both.

We are talking again about subsidies to the U.S. Postal Service. This particular entity has to endure the stigma of subsidy, whereas all other agencies of Government apparently enjoy the status of appropriation.

We are talking in this bill of about $1.7 billion by way of an appropriation to a service that touches every American citizen. For what it is worth, the budget of the Department of Agriculture exceeds the "subsidy" of the USPS by five times. Yet, there are not any people or few people who tend to shoot holes through it. By the same token, that is so with respect to all other agencies of Government. Therefore, pray tell, what is so bad about the U.S. Postal Service?

The gentleman says, "Strike the entire subsidy."

The Postmaster General has decreed that unless he has an additional $920 million, at least, the fiscal condition of that entity is going to worsen. As I look at the matter, it is going to be on a collision course with bankruptcy.

I have related it to other problems, such as the declining volume of mail. For instance, the Social Security Administration is rapidly moving in the direction of electronic transfer of benefits. It is perhaps the largest customer of the USPS: 30 million checks times 10 cents a month.

The goal of the Social Security Administration is to reduce that postal bill down to about 5 percent of its present bill, so that beneficiaries' benefits will be deposited electronically in each beneficiary's own neighborhood bank.

So be it with the banking industry, which is moving rapidly in the direction of electronic transfer; and so be it with the insurance industry, all of which are going to place their mark on the ability of the USPS to function as it has traditionally functioned.

Therefore, Mr. Chairman, to those who say, "Defeat this subsidy," I ask them what their alternative is. How does the Postmaster General offset the increased cost of gasoline? I have already mentioned that for every single penny in the increased cost of gasoline, that relates to an add-on of $3.5 million.

Where does he get this money? Does it float down out of the heavens? I think we know that it does not.

It is ironic that I, as a Democrat, and my colleagues are fighting a cause that should be fought by the Republican Party. The Reorganization Act was a product of the previous administration. For what it is worth, the top administrators of this entity happen to be products of this administration.

You are the people who should be up here expounding as we are. Unfortunately you take this attitude without producing anything in the way of an alternative whereby that entity might survive, whereby that entity might continue to be the chief artery of commerce, but there are no answers.

Perhaps we should let it go down the tube, and let it go into bankruptcy. Then politically look back and say, well, that is another achievement of that administration, the bankruptcy of the U.S. Postal Service.

We have tried very hard to be objective. We have tried very hard to be statesmen. We have tried very hard to work with each of the Postmaster Generals in an effort to get the institution on the track. Now we have to engage in this sort of colloquy as though we were doing something for ourselves.

What we are doing is recognizing the responsibility that we have as members of this committee.

Should the measure go into defeat then the President is going to have to act later on, should that entity, resulting from a defeat here today, go into bankruptcy, then let the President act.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. HANLEY was allowed to proceed for 1 additional minute.)

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, I thank my colleague for yielding to me.

Let me say, in response to the question of what is the alternative, that back on the evening of the great debate and the dazzling performances of the gentleman from Arizona (Mr. UDALL) and my colleague the gentleman from Illinois (Mr. DERWINSKI) in creating this corporation here on the floor, I suggested that an alternative might be to strike down the private express statutes and permit private competition to relieve the Post Office of some of its burden.

The newly created corporation did an in-house study, as the gentleman will recall, on my proposal which was made a provision of that legislation. Unfortunately, they rejected the idea. But, as a matter of fact, that is the answer as one alternative, I would suggest to my good friend the gentleman from New York.

Mr. HANLEY. I do recall the gentleman's proposal and I do appreciate the gentleman's attitude toward it. But, let me ask the gentleman, is such a private enterprise going to assume the obligation for the distribution of mail throughout America in all the underpopulated sections of America? Is it willing to go into the hamlets of Georgia, Arizona, and Tennessee, and is it going to provide there the same sort of service that it is more than willing to provide in the heavily populated areas? The answer is no, it will not do that.

That being the case with the American taxpayers, talking about a lot of money here, God help us then because we would be talking about an awful lot of money in attempting to serve every nook and corner of America should the private express statute no longer be continued by the U.S. Postal Service.

Mr. CRANE. Mr. Chairman, if the

gentleman will yield further, the United Parcel Service is serving those smaller hamlets the gentleman refers to in the carriage of fourth class mail.

Second, with regard to the service to these areas the gentleman has referred to, there is no danger insofar as they are concerned. The independent post office corporation would continue to serve them since their burden would be greatly lightened. Simultaneously, private carriers would be delivering letters more efficiently at a lower cost, and they would be paying taxes to the U.S. Government to help underwrite the subsidies paid to the present post office corporation.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to respond to my good colleague, the gentleman from New York (Mr. HANLEY), because I know the gentleman is most sincere on some of the points he is attempting to make to the House.

First, the gentleman is absolutely correct that the Post Office does in fact touch every single American. There is not one Member of this Congress who does not realize that because they all have had a substantial number of complaints from constituents since we put through the Postal Reorganization Act. Because all the promises that were made by the proponents for that bill have clearly not been justified. We are seeing attempts to gloss over this lack of performance. As a matter of fact, the Postal Service has gone the other way in many cases.

So the claim that we as Members of Congress have no ability to make a judgment on some of these matters because we do not realize it touches every American is wrong. We know that only too well. The reason we know it full well is because the Postal Service has not done a proper job in many areas.

No. 2, the argument that the Postal Service is going to go down the tube if we do not pass on an extra subsidy is balmy and nonrational. We are talking about a differential here of about $1,700,000,000 that my two colleagues are trying to clear out of this bill. The chairman of the Budget Committee says that in their judgment it will cause an unnecessary add-on deficit. The Postmaster General has not requested this kind of add-on deficit. There is still a subsidy left if the amendment of my colleague, the gentlemen from Illinois or Arkansas, prevail—and I hope they will. So there is no attempt to put the Post Office out of business with either of the amendments.

Again I wish to refresh the memory of my colleague from New York that there is still almost $12 billion of cash flow, which includes the $920 million deficit financing which the Post Office said they would eliminate if we gave them the power to reorganize the whole service in 1970. The gentleman knows that. He was one of the advocates of the bill.

Another argument that my colleague raises is that there are people beginning to use other services, and that is certainly true. My colleague knows full well that the Federal Government itself is now using United Parcel Service in many parts of the country, not because the United Parcel Service is unable to serve the rural areas, the remote areas, but because it serves them better in many areas than the Postal Service. There is the proof from my colleague that when given the opportunity, the private sector will provide as good service at better rates and at less cost.

On the issue of delivery of social security checks, if social security is successful in achieving the kind of delivery system to the social security recipients that it hopes to achieve through electronic transfer service, by a more direct, efficient method, that is even a greater argument that we not allow more bloated deficit financing. EFTS will cause a reduction in the amount of demand on the Postal Service. It will be a reduction in cost, a substantial reduction in cost. So why at this time increase the deficit in the name of "saving the Service," when its very services the gentleman acknowledges are soon to be reduced by more efficient means?

One of the complaints by this Congress has been of the publications that do not "pay their way." So we have over a 10-year period, and the Postal Service has, asked that those costs of postage be increased. Many of those publications are now going to private delivery systems because they can do it cheaper, so that burden of delivery is being taken from the Postal Service.

Reader's Digest is now in the process of going to private delivery because they have found a way to do it at less cost and with better service. So is the Wall Street Journal. So, again, those add-on costs are being reduced, so the major excuse to have a greater deficit has been eliminated.

My answer to my colleague is if he is concerned about what the private sector will do in its willingness to serve the "remote areas or the nonurban areas," the Congress can assure that private carriers serve the whole country or the whole region which they are planning to serve. In the same manner in which the post office is required to do so.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. HANLEY, and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for 1 additional minute.)

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Yes, I will yield to my colleagues.

Mr. HANLEY. I thank the gentleman for yielding.

Just to clarify one very important point, the gentleman has said that the Postmaster General has not asked. In fact, the Postmaster General has asked that the present $920 million be doubled. He has asked for an amount just short of $1 billion. I want to make that point.

Mr. ROUSSELOT. But nowhere near the kind of deficit that the gentleman from New York and some of his colleagues are now asking us to add to this Federal deficit. The gentleman from Washington has performed correctly as chairman of the Budget Committee, by coming to us today and saying this clearly will be an unnecessary add-on deficit.

I hope that the gentleman from New York will see fit to support my colleague, the gentleman from Illinois or Arkansas in their amendments because they are reasonable. It puts the bill in better perspective and I hope my colleague will support it.

Mr. HANLEY. Because I am concerned about the quality of the mail service, I cannot support the gentleman's amendment and I would hope the membership of the House will not support it either.

Mr. GIBBONS. Mr. Chairman, I move to strike the last word and I rise in support of the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) and probably I will be in favor of the amendment which will be offered by the gentleman from Arkansas (Mr. ALEXANDER) too, and I do it with a great deal of reluctance because I have a great deal of personal respect for all members of the committee dealing with this matter, particularly the chairman of the subcommittee, the gentleman from New York (Mr. HANLEY).

But this week could go down in American history as one in which we finally faced up to the dilemma we have. This week is going to face "Murderers' Row." Unless the Derwinski amendment is agreed to here now we will increase the deficit for 1976 by $1.7 billion. That is almost $2 billion.

We next will face the 5-percent versus 8-percent increase in salaries for Members of Congress and for Federal employees. That is another large item that will increase the budget deficit.

Then we will face an appropriations bill from the Appropriations Committee dealing with the armed services, which is substantially over the target that the Congess set for military spending for this year.

So we are up against it. This is the moment of truth. We have got to start holding the line somewhere and this is the logical place to start. The amendment offered by the gentleman from Illinois (Mr. DERWINSKI) is a logical amendment.

The figures I have on this show that the President requested for this year $1.490 billion as an appropriation for the Postal Service. During the budget process in the budget resolution the Congress thought that was not enough, so we upped it by another $200 million, bringing in a budget target of $1.690 billion. But the Post Office and Civil Service Committee has completely outdone us. They are bringing in a budget of $3,390,000,000. That will kick us $1,700,000,000 over the amount that the Congress agreed to earlier this year.

I know there are problems with the Postal Service and I know there are problems with every service the Government performs. But I say to my colleagues: We simply cannot tolerate that kind of rapid escalation of our debt.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Washington.

Mr. ADAMS. I will not repeat the remarks I made in the general debate but I simply want to state I agree with the analysis that has been made by the gentleman in the well, who is a member of the Budget Commitee, who is using our early warning reports.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, as I said earlier today we have full appreciation for the gentlemen on the Budget Committee and we recognize their efforts to be putting forth a plan hopefully but it must be contingent on what else might arise that year. How does one foresee emergencies? For instance, as someone mentioned earlier here today, how does one foresee the Sinai arrangement which will add about $4 billion?

Mr. GIBBONS. The gentleman is bringing up points I would like to elaborate on. What he is saying is that, yes, we are going to have a horrendous deficit this year. We have to worry about it. What the gentleman is saying is exactly what I am saying. This week brings us to the moment of truth, and this is the hour of truth.

Unless we begin to hold the line some place, we are going to have budget deficits that are so large that it could wreck the recovery that we hope is going on now.

Let me point out where we stand on the budget deficits, if I may. In 1974, we had a $3.5 billion deficit. In 1975, we had about a $35 billion deficit. With the President submitting his budget the first of this year, he was predicting a $51 billion, almost $52 billion deficit. He had to revise these figures in mid-term because the economy has been in such bad shape, to about $60 billion.

The Congress went even further than that and said, "Oh, no, it is not going to be $60 billion, it is going to be $68 billion or $69 billion." Gentlemen, this committee request is $1.7 billion over that.

The CHAIRMAN. The time of the gentleman from Florida has expired.

(By unanimous consent, Mr. GIBBONS was allowed to proceed for an additional 2 minutes.)

Mr. GIBBONS. Mr. Chairman, this is $1.7 billion over the $69 billion which we set up, which is by far the largest peacetime deficit we have ever had. We know that we have many more things coming down the road that are going to kick this deficit even higher than the $69 billion that has been projected, and this is just one of the things. This bill today will increase the deficit by $1.7 billion over the $69 billion deficit by itself.

Gentlemen, poor as the mail service has been, we just cannot afford this kind of additional expenditure. We are going to have to cut back on military expenditures. We are going to have to cut back on a lot of other things and we might as well start right here and now; so I support the Derwinski amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, there is also one method of financing the Postal Service has available that many agencies do not and that is a bonding capability. So if the Postal Service has any dire emergencies that my colleagues tell me they will have, they have at least some bonding capability that other agencies do not have.

Now, this discipline that the gentleman is recommending is highly critical to the Congress. We must vote on this issue, because we will be saying to our constituents back home that we are going to demand that the Post Office live within its cash flow, which is more than adequate, that is 11 billion plus dollars.

I appreciate the comments of my colleague.

AMENDMENT OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: Page 12, strike out line 20 and all that follows through page 13, line 6, and insert in lieu thereof the following:

SEC. 2. (a)(1) Section 2401(a) of title 39, United States Code, is amended to read as follows:

"(a)(1) There are authorized to be appropriated to the Postal Service for the fiscal year ending June 30, 1976, such sums as may be necessary to enable the Postal Service to carry out the purposes, functions, and powers authorized by this title.

"(2) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service.

"(3) All revenues and fees collected by the Postal Service shall be deposited in the general fund of the Treasury of the United States.".

(2) Section 2003(b)(1) of such title is amended to read as follows:

"(1) amounts appropriated pursuant to the authorization made by section 2401(a)(1) of this title;".

(3) Section 2003 (b)(3) of such title is amended by inserting "in addition to amounts appropriated pursuant to the authorization made by section 2401(a)(1) of this title" immediately after "Postal Service".

(4) Section 4(b) of the Postal Reorganization Act (Public Law 91–375; 84 Stat. 774) is amended by striking out "Postal Service" and inserting in lieu thereof "United States, and shall be deposited in the general fund of the Treasury of the United States in accordance with section 2401(a)(3) of title 39, United States Code, as added by the Postal Reorganization Act Amendments of 1975".

(b) Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b)(1) There are authorized to be appropriated to the Postal Service such sums as may be necessary as reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere.

Page 14, immediately after line 18, insert the following new subsection:

(c)(1) Section 3621 of title 39, United States Code, in amended by striking out "income" and inserting in lieu thereof "revenue".

(2) Section 3625(d) of such title is amended by striking out "income" and inserting in lieu thereof "revenue".

Mr. ALEXANDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HANELY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from New York reserves a point of order against the amendment.

The gentleman from Arkansas (Mr. ALEXANDER) is recognized for 5 minutes in support of his amendment.

Mr. ALEXANDER. Mr. Chairman, the amendment which I offer is an amendment that would simply require the Postal Service to come before the Congress each year for authorization and appropriation of its total budget request, and further provides that its revenues go into the General Treasury of the United States. The Postal Reorganization Act created a situation with respect to the Postal Service that is unique throughout the Federal Government. In it we have a major Federal agency created by Congress, the second largest employer of Federal employees, spending huge sums of taxpayers' money, performing a vital Government service without which the country could not exist; yet, incredibly, not having any of its top management personnel accountable in any way to the people or to their elected representatives.

My amendment to this bill restores accountability of the U.S. Postal Service to the people by requiring the Postal Service to come to Congress each year for authorization and for appropriation of its budget. Its revenues, in turn, would go into the general fund of the Treasury.

This amendment does not in any way abolish the Postal Service, nor will it get the Congress back into the business of hiring postmasters or being involved in the day-to-day operations of that service.

When we abolished the Post Office Department in favor of an independent and free of politics Postal Service in 1970, we did so with great expectations that the Postal Service would achieve businesslike efficiency and be a paying proposition. However, we have learned in the past 5 years that the Postal Service cannot make it on its own. The committee report acknowledges this failure as the result of poor management. Mail service is a vital part of the communications and commercial network in this country, and merits sufficient appropriations for its operation.

What I do not accept is the performance of the top management of the Postal Service for the past 5 years. The postal deficit continues to increase and is expected to reach $1 billion next year.

While I recognize that an increasing volume of mail and rising energy and labor costs have contributed to this deficit, top management, through insensitivity and faulty policymaking, has failed to meet its responsibilities in holding down the postal deficit, and at the same time the quality of mail service has deteriorated.

By making these postal managers and

their decisions more responsive to the needs and will of the American people through their elected representatives, we can jog the memory of the Postal Service periodically as to its chief function, that of providing the best possible service at the least possible cost to the American taxpayers.

Mr. Chairman, I urge support for the adoption of this amendment.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, in part I agree with what the gentleman says. Going back to the original act, we at that time understood—and anyone who thought differently was kidding himself—that this Postal Service would never be self-supporting. They sold a bill of goods to the business community in this country and to the employees of the Postal Service at that time.

There were some of us—unfortunately, too few of us—who voted against that bill. But, coming back to the gentleman's amendment at this particular time, what he is saying is that the Congress will appropriate every year the entire sum of money that it will take to run the Post Office Department. In other words, we would put it back where it was before the reorganization bill as far as financing is concerned.

But I ask the gentleman, how can I vote that way when my constituents who have a complaint against the Postal Service come to me, and I pass that complaint on to the Postal Service just to have them tell me to go back to my office, that it is none of by business and they are going to run the Postal Service just as they wish. In other words, they do not even pay attention to my constituents, and I am now going to be called upon to appropriate the money belonging to my constituents to an outfit that is not responsive to them at all.

Mr. ALEXANDER. If I might answer the gentleman's question, the Postal Service is insulated from the representatives of the people of this country because of its so-called independent status. This amendment would require the Postal Service to come to Congress annually for its authorization and its appropriation, during which process the gentleman and the rest of the Members would have an opportunity to examine it as to its policy.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. Kazen, and by unanimous consent, Mr. Alexander was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, this is the only way that we can insure that the postal management would be responsive to the will of this Congress without going back and abolishing the Postal Service and recreating a U.S. Post Office Department.

Mr. KAZEN. Mr. Chairman, if the gentleman will yield further, let me ask the gentleman this: What would happen to the deficit already created by this Postal Service? Who will pick that up?

Mr. ALEXANDER. It will not necessarily be picked up by this Congress. The Congress could hypothesize that efficient policies may be instituted by the Postal Service and the deficit could be conceivably wiped out.

Part of the reason for the deficit is waste, inefficiency and poor management. And what the gentleman and I both disagreed with most violently is the fact that they can go on and ignore good business practice under the guise of efficiency and send us the bill every year or two years when they run out of money.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from New York (Mr. Hanley) desire to be heard on a point of order?

Mr. HANLEY. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

The CHAIRMAN. The Chair would like to hear the argument of the gentleman from New York (Mr. Hanley) as to the germaneness of the amendment offered by the gentleman from Arkansas (Mr. Alexander).

Mr. HANLEY. Mr. Chairman, I raise the point of order on the grounds that the matter contained in the amendment is in violation of clause 7, rule XVI of the rules of the House, which provides in part that——

> No motion or proposition on a subject different from that under consideration, shall be admitted under color of amendment.

The bill under consideration, H.R. 8603, is narrow in scope since it relates only to the following specific subject matters.

First, it provides authorization for increased public service appropriations by changing the statutory formula currently in existence.

Second, it would limit the amount of the next temporary rate increase and would establish new procedures and limitations for the implementation of other future temporary postal rates.

Third, it would amend the law with respect to the Postal Rate Commission by changing its procedures to expedite rate and classification cases; by subjecting the Commissioners to Senate confirmation; and by expanding the powers of the Chairman in administering the Commission.

Fourth, it contains provisions resulting in preferred rates of postage for a limited number of publications.

Finally, it establishes a Study Commission to review, among other things, public service aspects of and the resultant costs incurred by the Postal Service.

Under the House rules, while a committee may report a bill embracing several subject areas, such as in H.R. 8603, it is not in order to introduce a new subject area by way of amendment. In order for an amendment to be germane, the purpose of the amendment must be related to the purpose of the bill under consideration and must not expand the scope of the matter under consideration.

Under existing law, the Postal Service, except for its public service and revenue foregone appropriations, is not within the budgetary process usual to all other Government agencies. It, under law, retains all its revenues from fees, postage, and the like.

The instant amendment would, in effect, repeal the budgetary independence of the Postal Service, placing it in the same category as all other Federal agencies. It would completely change the fiscal status of the Postal Service—an area which is wholly outside the purpose and scope of H.R. 8603.

It is for this reason I believe the amendment to be not germane and, in my opinion, my point of order should be sustained.

The CHAIRMAN. Does the gentleman from Arkansas (Mr. Alexander) desire to be heard on the point of order?

Mr. ALEXANDER. Briefly, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. ALEXANDER. Mr. Chairman, the amendment is general in nature, and it is specifically relevant to the proposition which is before this House, namely, section 2 of the Postal Reorganization Act of 1975. I would refer to a precedent of the House on July 12, 1973, in which case the Committee of the Whole has previously held this same specific amendment to be germane to this issue.

The CHAIRMAN (Mr. Flowers). The Chair is prepared to rule.

The gentleman from New York (Mr. Hanley) has made a point of order to the amendment offered by the gentleman from Arkansas (Mr. Alexander) to section 2 of the bill. The gentleman's point of order relates, in the Chair's judgment, primarily to the germaneness based upon the scope of the gentleman's amendment and as it relates to the scope of the bill, which bill is open to amendment at any point.

The amendment offered by the gentleman from Arkansas (Mr. Alexander) actually amends section 2(a) of the bill, although section 2(a) of the Postal Act is not amended in the bill before the Committee here this afternoon.

The Chair notes, however, as conceded by the chairman of the subcommittee there are several enumerated purposes which touch upon many different ramifications and aspects of the postal law. These purposes are diverse in nature.

Since all of the bill is before the Committee at this point, the Chair, reluctantly comes to the conclusion that the position of the gentleman from New York (Mr. Hanley) in his point of order is not well founded and, therefore, the Chair must overrule the point of order made by the gentleman from New York.

Mr. ALEXANDER. Mr. Chairman, I ask for the adoption of my amendment.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I oppose the amendment offered by the gentleman from Arkansas (Mr. Alexander), and I do so reluctantly, in recognition of his deep concern about this subject matter.

However, the effect of the amendment would produce tremendous ramifications. We have had nothing in the way of hearings on this matter. The ramifications would be of long run and would certainly destroy the intent of an independent Postal Service as we know it within the framework of the U.S. Postal Service bill, the Reorganization Act of 1970.

So in effect the result would provide this sort of ramification. I think it quite unfair to deal with a measure of this sort by an amendment of this type, with nothing in the way of previous hearings. This would have the effect of pulling the rug effectively out from under the Reorganization Act of 1970.

Mr. MINETA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the Derwinski amendment to strike section 2, because in striking section 2, we are really—the essence of what we are attempting to do in the Postal Reorganization Act of 1975.

First of all, the U.S. Postal Service is running into a $1.7 billion deficit this year, on top of a deficit of over $800 million this last year. The U.S. Postal Service simply will never reach a point of breaking even without drastically raising postal rates and/or slashing services. Even Postmaster General Bailar before the annual Postal Forum on September 9 of this year asked for a substantial increase in the subsidies to the Postal Service.

Mr. Chairman, in view of this, it is important to look at the alternatives. If additional subsidies are not appropriated, what will the U.S. Postal Service do to cover its costs?

The answers are obvious. We can cut costly services such as door delivery, frequent mail pickups, Saturday delivery, maintenance of small rural post offices, and increase the cost of first-class stamps probably as high as 3 cents more than the 13 cents that the Postmaster General is presently asking for.

Why do we, then, say that we should retain section 2? Because by retention of section 2 we will be providing the money, the $1.7 billion, and will prevent the great increase of at least 3 cents to the first-class mail on top of the 13 cents that the Postmaster General presently is asking for.

In addition, section 2 mandates delivery standards. There is nothing else today that a lot of people have with regard to their relationship to the Federal Government other than the contact through the Postal Service. These standards were adopted in the bill to halt the recent attempt to end all door delivery services provided to new housing units, as published by the U.S. Postal Service in the Federal Register on May 27, 1975.

The USPS is saying that they will go to curbline as well as to cluster-box delivery, and we think that is unacceptable for a number of reasons.

First of all, through this method, Federal policy is going to be frustrating the plans of city planners for no good reason. Second, this will be discriminatory against those areas that are already receiving door-to-door delivery service, especially when everyone is paying the same postage.

Third, striking door-to-door delivery and instituting in its place curbline or cluster-box delivery is a hazard to safety.

Fourth, it is also physically unsightly. Moreover, it is more susceptible to theft and vandalism. In many instances, curbline or cluster-box delivery may be as far as 300 feet from residences, the length of a football field, which will make it especially hard for the disabled and the elderly, not to mention those who live in places where the weather is very inclement during the winter.

Again, although we cannot legislate good management practices on the U.S. Postal Service, we can specify certain areas which we feel to be of prime importance to our constituents. Since the delivery of the U.S. mail is of prime importance to our constituents, and is the only contact between the Federal Government and the average taxpayer of any sort on a regular basis, we must preserve this service and make sure that section 2 is not stricken from this bill.

Mr. EVANS of Colorado. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and members of the committee, it is not very much fun for me to rise and raise the questions I am going to raise because I know that this committee has worked hard on this bill and long on this bill, and certainly the chairman of the subcommittee, the gentleman from New York (Mr. HANLEY), has been most gracious in responding to my request for help on postal problems in the Third Congressional District of Colorado.

I am intrigued by the amendment offered by the gentleman from Illinois (Mr. DERWINSKI). I am also intrigued by the amendment of the gentleman from Arkansas (Mr. ALEXANDER).

Basically, as I understand it, what we are asked here is to increase the Postal Service subsidy by $1.7 billion.

If I have to go home and face my people after agreeing to this increase, I am going to have to bring them an additional message. That is that as a result of this, our service is going to be fine. As a result of this, our rural areas, our third- and fourth-class post offices, will not be closed. As a result of this, we can, in fact, look forward to better mail service.

In deference to the hard work that the chairman of the subcommittee has done and that the members of his committee have done, I stand here as one unacquainted with the program and plans of the post office in the future.

Five years ago, we heard criticism of the physical plant that we had, and that influenced my vote at that time. Five years ago we heard about the antiquated machinery and equipment.

That influenced my vote years ago.

We also heard about the employment problems where there were turnovers of between 25 and 45 percent depending upon which post office one wished to talk about. So it was agreed that an increase in the postal pay was sensible.

So we passed this bill in 1970 or 1971, or thereabouts. After doing that we sat back hoping that good business practices would at least provide us with better service because it was clear to all we did not have good postal service 5 years ago.

So, Mr. Chairman, the fact that I am being asked to approve a $1.7 billion increase bothers me because I do not have anything that I can take home to my people and say: Look what you are going to have, look what you are going to get in terms of better service.

So, Mr. Chairman, I would simply say that until the members of this committee can tell me what the proposals by the U.S. Postal Service are in terms of improving their capital structure, and the use of new equipment and when they are going to have it, and the committee is of the opinion that the expenditure of these funds under good management is going to result in better postal service, I would be a darned fool to go along with this and then go home and attempt to explain my vote.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, the gentleman from Colorado has made a very interesting point relating to the rural post offices and this really should be included in this debate because it does touch a tender subject.

The General Accounting Office has recommended to the Postmaster General that approximately 12,000 small rural post offices throughout America be closed to effect a savings of $100 million. This again is a decision that this Congress has to make. We know and we agree with the GAO from the standpoint of economic feasibility that these post offices cannot pay their way. Some of us who have attempted to defend the perpetuation of our rural post offices have put it this way: Yes, we cannot expect the U.S. Postal Service to pick up the tab for nonrelated postal services. Virtually every one of these post offices serves something that is way beyond just being a distribution center for the mail. In most of these rural communities, these post offices are in essence the town hall where traditionally the people from that community have gone to meet their neighbors, transact business and do whatever else they wish.

Mr. EVANS of Colorado. Mr. Chairman, I appreciate the opinion of the gentleman from New York on that subject because I come from a district with some 51,000 square miles and that has more than the usual number of rural people, and they are very concerned about this recommendation.

But I would ask the gentleman this:

We are complaining about the management, and it does concern me in the amendment proposed by the gentleman from Arkansas (Mr. ALEXANDER), and that is the precise argument that was used many years ago and that helped influence me to vote for the bill, was the fact that, to manage the Postal Department, we had a running battle between four or five jealous House and Senate committees, and it is true, we had problems coming out of our ears, committees competing with committee, all having different ideas, and it was just complete chaos. But, in the meantime, what have we had? I think we have had some darned poor Postmaster Generals. I think we have had some darned poor planning. I think we have had a lack of communication with the Congress.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. EVANS of Colorado was allowed to proceed for 2 additional minutes.)

Mr. EVANS of Colorado. As I started to say, Mr. Chairman, there was a total absence of communication with the Congress, and there was a total absence of communication with the people that they serve.

I am sure the Members know what kind of communications you get. If you live in Pueblo, Colo., or some of the other areas that have had bad service, I will tell the Members what kind of communication they get. They are notified, for example, that beginning next week you are going to have different service. Beginning next week, instead of Pueblo sorting the intracity mail we have got a new plan for you. The mail will go from Pueblo over to Colorado Springs. It will be trucked over there and sorted, and then it will be trucked back to Pueblo. You can guess the results. The "savings" result in worse service.

Of course the Members know that they would not put it in that way, they would say that it would result in better service.

But, as I say, there has been just darned poor planning, and darned poor communications.

I am looking desperately for some better management. I am tempted to go the route of this amendment. But I remember 5 years ago we were frustrated with what we had.

Mr. ALEXANDER. I totally agree with the gentleman that the system that we have now is bankrupt, is inefficient, is grossly ineffective, and is not accountable to the U.S. Congress nor to the American people. I can think of no other way to make the management of the Postal Service accountable to the Congress and the American people, better than the traditional way of coming to Congress annually for their authorization and their appropriation. But that is all that my amendment would do. It does not change the legal status of the Postal Service. It does not attempt to put the Postal Service back into politics. It merely attempts to make the management accountable to the Congress so we can try in our best way possible to make them accountable for what is planned.

Mr. EVANS of Colorado. In a desperate way I am intrigued with the gentleman's amendment, and I just might vote for it. I think we have to have better management and not just simply more money.

Mr. Chairman, I yield back the remainder of my time.

PARLIAMENTARY INQUIRY

Mr. DERWINSKI. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DERWINSKI. If the Alexander substitute is agreed to, what is the effect of the substitute on my original amendment to section 2 of the bill?

The CHAIRMAN. In answer to the gentleman's parliamentary inquiry, the gentleman will state that if the Alexander perfecting amendment is agreed to, it appears that the gentleman's motion to strike might not be voted on.

Mr. DERWINSKI. Section 2 would then remain in the bill?

The CHAIRMAN. Section 2 would remain in the bill as amended by the gentleman's perfecting amendment.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Is it true that if the Alexander amendment is agreed to, it would in effect replace section 2 which is presently written in the bill that is before the Committee?

The CHAIRMAN. It would become part of section 2 within the bill.

Mr. ALEXANDER. I thank the Chairman.

PARLIAMENTARY INQUIRY

Mr. EVANS of Colorado. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. EVANS of Colorado. If the Alexander amendment is passed, does that keep in or leave out the $1.7 billion authorization in the section?

The CHAIRMAN. The Chair will have to state to the gentleman that he does not see that as a parliamentary inquiry.

If the Alexander amendment is agreed to, then it becomes section 2 of the bill replacing the previous section 2.

Mr. EVANS of Colorado. I will then restate my parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANLEY. If the gentleman will yield, it would seem to me that if the Alexander amendment prevailed, it would be imposing a condition on the $1.7 billion.

Mr. ALEXANDER. I demand regular order, Mr. Chairman.

The CHAIRMAN. The Chair will state that the gentleman from Colorado asked a parliamentary inquiry only.

Are there other Members who desire to be heard at this time?

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me address a question to the gentleman from Arkansas. Is it not true that if his amendment prevails, the $1.7 billion add-on deficit in this bill is in fact eliminated?

Mr. ALEXANDER. That is correct.

Mr. ROUSSELOT. So that the effect of the gentleman's amendment is similar to the gentleman from Illinois. If the Alexander amendment succeeds, it does in fact eliminate the $1.7 billion and does not have the interpretation that the gentleman from New York has just stated?

Mr. ALEXANDER. If the gentleman will yield, that is correct, and it imposes the additional requirement on the Postal Service to come to Congress and justify its authorization and appropriation for fiscal year 1976.

Mr. ROUSSELOT. That is not a new precedent, to require an agency to come to justify to both the authorizing committee and the Appropriations Committee how they are spending the deficit.

Mr. ALEXANDER. If the gentleman will yield, the gentleman's point is well made.

Mr. ROUSSELOT. I appreciate my colleague's responses.

Mr. RHODES. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will now yield to the distinguished minority leader, the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. I thank my colleague for yielding. I am particularly interested in the colloquy the gentleman just engaged in with the gentleman from Arkansas. I had intended to take my time to speak in favor of the amendment offered by the gentleman from Illinois. I now take the time to speak in favor of the amendment offered by the gentleman from Arkansas, which I understand will do away with the $1.7 billion add-on to the budget, which is already in a deficit at a time when the Republic can ill afford such add-ons as this.

It would be my hope that the amendment offered by the gentleman from Arkansas would be accepted. If it is not, then, of course, I would certainly be in a position to then further support the motion to strike offered by the gentleman from Illinois.

Mr. ROUSSELOT. I appreciate my colleague's response in support of the Alexander amendment.

Mr. Chairman, we have heard the position of the gentleman from Arkansas, that in fact his amendment does strike the language that provides for a $1.7 billion increase in the deficit. Is that the understanding of the Chairman?

The CHAIRMAN. Does the gentleman wish to state a parliamentary inquiry?

Mr. ROUSSELOT. Yes.

The CHAIRMAN. The gentleman will state it.

Mr. ROUSSELOT. The gentleman from Arkansas has said his amendment does in fact eliminate from the bill in section 2 the $1.7 billion add-on deficit. Is his statement the understanding of the Chairman of the Committee?

The CHAIRMAN. The Chair will state to the gentleman that is not a parliamentary inquiry. The gentleman from Arkansas has stated in his own language what he expects his amendment to do if it is agreed to and it would replace the language in section 2 of the bill.

Mr. ROUSSELOT. Which includes the $1.7 billion. Is that not correct?

The CHAIRMAN. The gentleman will have to decide that for himself.

Mr. HINSHAW. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this opportunity to engage in a colloquy, if I might, with the gentleman from Arkansas (Mr. ALEXANDER) and also our colleague, the gentleman from California (Mr. MINETA), about the effect of the Alexander amendment if it is carried, on other portions of section 2 as it is presently proposed in the bill.

The colloquy in which I would like to engage with the two gentlemen relates to the so-called cluster boxes or curbside delivery. I would ask the gentleman from Arkansas if he would be opposed to that portion of section 2 on page 13 and the following page, page 14, which relates to the level of service specifically referred to as cluster boxes and curbside delivery.

Mr. ALEXANDER. I do not, nor do I oppose any type of service which is appropriately authorized by the legislative committee, the Post Office and Civil Service Committee, which recommendation is approved by the majority of the Members of this House and concurred in by the other body.

Mr. HINSHAW. I would state to the gentleman during this colloquy it is hoped some of the staff members on this side would be able to prepare appropriate language which would leave in the so-called cluster boxes, and I would appreciate it if my colleague, the gentleman from California (Mr. MINETA), would offer some information as to why he originally proposed these amendments in the Post Office and Civil Service Committee.

Mr. ALEXANDER. May I respond further to the gentleman, that the gentleman from Arkansas' amendment goes to section 2 and section (2)(A), which does not include section (C) on line 23 on page 13, to which the gentleman refers.

Mr. HINSHAW. Perhaps I should clarify what the total thrust and result of the gentleman's amendment would do. Would it strike all of section 2 or just strike on page 13 down to and including line 12 on page 13?

Mr. ALEXANDER. While I refer to the amendment, will the gentleman restate his proposition?

Mr. HINSHAW. Yes. Would the result of the amendment offered by the gentleman from Arkansas be to strike all of section 2 or would it be limited to striking that portion of section 2 down to and including line 12 on page 13?

Mr. ALEXANDER. The amendment would strike line 20 and all the following through page 13, line 6, and insert in lieu thereof the following, and that would be the language which was read by the Clerk.

Mr. HINSHAW. So, in essence, if I understand the amendment offered by the gentleman, it would strike the language relating to cluster boxes and curbside deliveries?

Mr. ALEXANDER. No, it would not.

Mr. HINSHAW. It would not strike that?

Mr. ALEXANDER. It would strike out line 20 on page 12 and all following through page 13, line 6, and insert in lieu the language there.

Mr. HINSHAW. I thank the gentleman for his clarification of the amendment. I believe it is a very good amendment and I am glad it does not refer to cluster box and curbside deliveries, which are very important in some of the districts in California that I represent.

ANNOUNCEMENT BY THE CHAIR

The CHAIRMAN. The Chair would like to make a clarification on the ruling it made earlier. It now appears to the Chair that the perfecting amendment of the gentleman from Arkansas does not perfect or replace the entire section 2 of the bill; that even if the gentleman's amendment is agreed to there would still be a vote on the motion of the gentleman from Illinois to strike the entire section; so with that clarification of the Chair, are there further amendments?

Mr. ROUSSELOT. Mr. Chairman, may we have a reclarification of the Chairman's ruling, because that is different than what the Chair said a minute ago?

The CHAIRMAN. That is what the Chair was stating, if the gentleman will allow the Chair to restate it. After the amendment of the gentleman from Arkansas is voted upon, should it be agreed to by the Committee, then the question before the Committee would be the motion to strike offered by the gentleman from Illinois (Mr. DERWINSKI). That would then be voted upon. If the gentleman's amendment is voted down, we would likewise have a vote on the motion of the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

I do so in part to be sure we all understand what has developed. This situation borders on the complex.

As I understand the situation, the gentleman from Arkansas has a substitute with an amendment to the substitute pending by the gentleman from California (Mr. HINSHAW). Whether that is disposed of favorably or unfavorably, a vote would then occur on my original amendment.

The CHAIRMAN. The Chair would offer a clarification. The gentleman from California (Mr. HINSHAW) does not have an amendment pending.

Mr. DERWINSKI. Mr. Chairman, the gentleman from New York (Mr. HANLEY) uses the standard argument that this amendment was not studied by the subcommittee or the committee. Therefore, because it was not subject to the committee study it ought to be, I presume, rejected out of hand. In effect, that same argument ought to be used against the entire section, the so-called Mineta amendment, because that came up long after the hearings closed. It came up at the end of the subcommittee markup, it then came before the full committee without any background or research; so, to be consistent and logical, the argument that the gentleman from New York made against the gentleman from Arkansas applies to this entire controversial section. I just want to lay that out; but I think the point where there is some agreement in the House, the key, is that there is a legitimate feeling of frustration with the runaway nature of this new Postal Service.

My approach basically is to see that in view of this we do not give them an open-end subsidy. The gentleman from Arkansas would bring the Postal Service tightly under the control of Congress through the authorization and appropriation procedure. We are approaching it differently, but our positions are not necessarily contradictory in that sense.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, in order to clarify the parliamentary situation here, my amendment strikes all of section 2, beginning with line 20 on page 12 and continuing through to line 6 on page 13, but does not—and I repeat—does not strike out or replace any of the other provisions of section 2.

Therefore, a vote for my amendment would be a vote to replace that section with the legislation and appropriation process that is known to all of us in the Congress.

I would hope that the remainder of this section would be kept intact, which would necessarily entail a vote against the Derwinski amendment.

Mr. DERWINSKI. I would point out to the gentleman that if his amendment passes and my motion to strike fails, that really at that point the authorization and appropriation committee must supply the funds called for in the language of the bill so that what he has done, in effect, is say, "You accept the latter provision of that act." He has immediately tied the hands of the authorization and appropriation committee because he has mandated a service, and obviously it must be covered by funding.

Mr. ALEXANDER. Would that not be an issue before the legislative committee?

Mr. DERWINSKI. Yes, it would, but given the basis the legislative committee has used, it would go far beyond what the gentleman feels willing to tolerate. It is really a "Katy bar the door" mentality that prevails in that committee. That committee is more interested, frankly, in giving the Postal Service money to spend than it is in disciplining the Postal Service.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to remind the Members that earlier in this debate I said that the amendment offered by the gentleman from Arkansas was going to produce some very serious ramifications. For those Members who are concerned about appropriations and subsidies, let me remind them of exactly what it will do in the process of implementation.

Actually, as written, all revenues of the U.S. Postal Service would flow into the U.S. Treasury, and along with them, all obligations of this Postal Service then become the obligations of the taxpayers of America. So, I remind the Members that, for example, last year that deficit was $830 million plus the $920 million that the institution enjoyed in the way of appropriations, plus the $500 million that this entity enjoyed through its bonding authority.

Under the language of the gentleman's amendment, all of that money would then become the obligation of the U.S. taxpayers. So, if the objections of the Members relate to expenditures, I would suggest that by no means would they want to support the effort of the gentleman from Arkansas.

Beyond that, it effectively pulls the rug out from underneath the Reorganization Act. For instance, the Postal Rate Commission would really have no good use, because it would not have to determine, it would not have to allocate rates on the basis of that overhead. It can come up with any type of rate that might be deemed necessary, so that what the Members are doing here, effectively, is that they are taking the present challenge away from the U.S. Postal Service and they are saying that from this point on the taxpayers of America are going to obligate themselves for every dollar in excess of the revenue approved.

That is what it is all about.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, I ask the gentleman, who would pick up the debts otherwise?

Mr. HANLEY. Presently the U.S. Postal Service, as poorly as it is handling the situation.

Mr. KAZEN. Is it not the taxpayers who are still picking up the debt, regardless of how it is collected?

Mr. HANLEY. Not necessarily so. This is what we are addressing.

Mr. KAZEN. Under the present system, is it not the taxpayers who are doing it, including that bonded deficit that is already owed by the Corporation?

Mr. HANLEY. Actually, that bonding, that $500 million, is an obligation of the U.S. Postal Service.

Mr. KAZEN. Where does that money come from? Does it not eventually come from the taxpayers of the United States?

Mr. HANLEY. Obviously, in the long run, with prudent management we are going to generate revenue. If at this point we want to say that this does not work and let us go back to the other way of doing it, or if any Member has a better way of doing it, I would like very much to hear what it is.

Mr. KAZEN. If the gentleman will yield further, after 4 years does the gentleman have any doubt that it is not going to work?

Mr. HANLEY. To give the institution its due—and we seem to overlook this—the horrendous task of that institution is that it happens to process 300 million pieces of mail per day. Mind you, if we allowed it a 1-percent margin of error, it would be allowed 3 million mistakes a day, and it falls far short of that.

Let us take into consideration the fact that this U.S. Postal Service, for instance, processes more mail on a day-to-day basis than all of the countries in the world community combined. All in all, it is doing a pretty good job.

Mr. KAZEN. If the gentleman will yield, the budget is more than all of the others in the world combined, too.

Mr. HANLEY. Mr. Chairman, we said back in 1970—and I was not an enthusiastic supporter of reform—it was going to take a decade to get it on the track.

So what I am saying about the amendment offered by the gentleman from Arkansas is that if the Members want the taxpayers, right as of today, as of the next fiscal year, to pick up the tab, then support that amendment. If the Members do not want it that way, then defeat the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ALEXANDER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 267, noes 123, not voting 43, as follows:

[Roll No. 560]

AYES—267

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Barrett
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bevill
Biaggi
Blouin
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill
Buchanan
Burgener
Burleson, Tex.
Burlison, Mo.
Burton, John
Butler
Byron
Carney
Carr
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Dent
Derrick
Devine
Dickinson
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Edgar
Eilberg
Emery
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fish
Fithian
Flood
Florio
Flowers
Flynt
Ford, Tenn.
Forsythe
Fountain
Frey
Fuqua
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
Lujan
McCollister
McDade
McDonald
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Meyner
Mezvinsky
Michel
Miller, Ohio
Mills
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Natcher
Neal
Nichols
Nowak
Oberstar
Ottinger
Patterson, Calif.
Pattison, N.Y.
Pike
Poage
Pressler
Preyer
Quie
Quillen
Randall
Regula
Reuss
Rhodes
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rose
Rosenthal
Roush
Rousselot
Runnels
Russo
Ryan
Sarasin
Satterfield
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Studds
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Tsongas
Ullman
Van Deerlin
Vanik
Walsh
Wampler
Weaver
White
Whitehurst
Wilson, Bob
Winn
Wolff
Wright
Wylie
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOES—123

Annunzio
Ashley
Baldus
Bergland
Biester
Bingham
Blanchard
Boland
Bolling
Brodhead
Brown, Ohio
Burke, Calif.
Burke, Mass.
Burton, Phillip
Chisholm
Clay
Collins, Ill.
Conable
Conte
Conyers
Corman
D'Amours
Daniels, N.J.
Delaney
Dellums
Derwinski
Drinan
du Pont
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Fisher
Foley
Ford, Mich.
Frenzel
Gaydos
Gonzalez
Goodling
Green
Gude
Hamilton
Hanley
Hastings
Hawkins
Henderson
Hyde
Jeffords
Jordan
Kindness
Koch
Lehman
Long, La.
McClory
McCloskey
Mazzoli
Meeds
Metcalfe
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Nedzi
Nix
O'Brien
O'Hara
O'Neill
Passman
Patman, Tex.
Patten, N.J.
Perkins
Pettis
Peyser
Price
Pritchard
Railsback
Rangel
Rees
Richmond
Riegle
Risenhoover
Rooney
Rostenkowski
Roybal
St Germain
Sarbanes
Scheuer
Schneebeli
Seiberling
Simon
Solarz
Spellman
Stanton, James V.
Stark
Steed
Stokes
Stratton
Sullivan
Teague
Thompson
Traxler
Vander Veen
Vigorito
Waxman
Whalen
Wilson, C. H.
Wilson, Tex.
Wirth
Wydler
Yates
Young, Alaska

NOT VOTING—43

Andrews, N.C.
Andrews, N. Dak.
Aspin
Badillo
Bell
Boggs
Bonker
Brademas
Burke, Fla.
Cohen
Diggs
Dingell
Esch
Eshleman
Fary
Fenwick
Fraser
Hébert
Hicks
McCormack
McEwen
Macdonald
Melcher
Mitchell, N.Y.
Mollohan
Moorhead, Pa.
Mosher
Nolan
Obey
Pepper
Pickle
Ruppe
Santini
Sisk
Skubitz
Stephens
Talcott
Udall
Vander Jagt
Waggonner
Whitten
Wiggins
Young, Ga.

Messrs. HAGEDORN, McCOLLISTER, and NATCHER changed their vote from "no" to "aye."

Mrs. COLLINS of Illinois, Messrs. STOKES, MORGAN, RISENHOOVER, PATTEN, MURPHY of New York, ROONEY, BLANCHARD, and THOMPSON changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Mr. Chairman, in order to perfect the amendment which was just passed, is it not necessary for this body to vote "no" on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) which is now before the House?

The CHAIRMAN. The Chair cannot respond to the inquiry as the gentleman stated it, but if the gentleman's inquiry is whether or not the motion offered by the gentleman from Illinois, if agreed to, would strike the entire section including the part that the gentleman from Arkansas has perfected, the answer of the Chair would be "yes."

PARLIAMENTARY INQUIRY

Mr. DERWINSKI. Mr. Chairman, I will try to propound a proper parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DERWINSKI. Mr. Chairman, since this is the largest audience I am going to have all day, I want to look good here.

My original amendment was to strike section 2 in its entirety. We have just accepted striking from line 20, section 2, through line 6 on page 13. Is an amendment in order at this point to strike the remainder of that section?

The CHAIRMAN. The Chair will respond to the gentleman by saying that an amendment would be in order to strike so much of the section that was not amended by the gentleman from Arkansas' amendment.

Mr. DERWINSKI. But obviously I am precluded at this point from offering an amendment to strike beginning on line 20, page 12.

The CHAIRMAN. The Chair will state to the gentleman from Illinois that other Members would not be precluded from offering such an amendment.

PARLIAMENTARY INQUIRY

Mr. FORD of Michigan. Mr. Speaker, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FORD of Michigan. Did I understand the Chair to rule that even though the pending amendment of the gentleman from Illinois (Mr. DERWINSKI) is an amendment to strike the entire section, the amendment offered by the gentleman from Arkansas was a perfecting amendment to this section, that the gentleman's amendment if it now carries would not strike the entire section including the new language inserted by the gentleman from Arkansas?

The CHAIRMAN. The amendment offered by the gentleman from Illinois (Mr. DERWINSKI) would strike the entire section including the language offered by the gentleman from Arkansas and agreed to by the Committee.

Mr. FORD of Michigan. If I could state the inquiry in another way, am I correct that a "yes" vote on the Derwinski amendment, and that amendment which is now before the House carries, would strike all of section 2 and leave that subject matter as it is now in the present law?

The CHAIRMAN. It would strike all of section 2. The effect of such a vote upon existing law is a matter for the Committee to determine.

PARLIAMENTARY INQUIRY

Mr. HAYS of Ohio. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS of Ohio. Mr. Chairman, my inquiry is very simple. I just want to know how I should vote to get rid of the fugitives from big business who are now running the Post Office, and I gather I would vote "no" on the Derwinski amendment.

Mr. BUCHANAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to report to the House on this occasion, when we have just accepted the Alexander amendment and I think the House has spoken what appears to be the will of a great many Americans concerning the performance of the Postal Service that, along with the gentleman from Tennessee (Mr. DUNCAN) and the gentleman from Arizona (Mr. STEIGER), I have been party to a Federal court suit on behalf of postal users throughout the United States in which we have sought to do something about what we felt to be the poor performance of the Postal Service. We sought to force the Postal Service to comply with what we believe to be the provisions of the Postal Reorganization Act of 1970 pertaining to necessary steps they must take in making changes in service of a nationwide nature.

We were successful enough in our suit that we reached an out-of-court settlement in which the Postal Service agreed for the first time to take a case pertaining to a change in the nature of service before the Postal Rate Commission, as I believe the law requires them to do. I am now a party before the Postal Rate Commission as to whether or not they can approve of the proposed changes in the nature of services made by the Postal Service, in this instance.

We have been trying to fight for the people against the Postal Service in Federal court and before the Postal Rate Commission. This gigantic public monopoly which has acted so much as a law unto itself has not submitted itself heretofore, even to the relatively weak regulatory function which the Congress did give to the Postal Rate Commission in the Postal Reorganization Act of 1970.

The committee, therefore, did well to pass the Alexander amendment, and the Congress must reassert its authority for the people's sake.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, if the gentleman from Alabama will permit me I would point out that what we have done is innocently diverted ourselves from what was the original amendment and the original issue. The original issue in the amendment to strike section 2 was to delete from this bill a $1.7 billion subsidy. Now, what we have done is come in with language to provide for a congressional authorization procedure which leaves intact the potential of the subsidy.

As a result, we innocently diverted ourselves from what would have been a very prudent and a solid budgetary action when there is not a principle here—I fully understand the frustration of the Members—by which we would impose restraints from the Congress and overlook what we abandoned 5 years ago; so I still think a vote for my original motion to strike section 2 would, hopefully, have the support of the gentleman.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, what the gentleman from Illinois has said actually follows through on what my colleague, the gentleman from Ohio, suggested, and that is that we have had a substantial amount of inquiry from our own constituents about why the Post Office is not made to live under the discipline of a normal system of congressional control over excessive deficits. If we want to make sure that $1.7 billion unnecessary deficit is, in fact, totally eliminated, we should listen to the arguments of Mr. DERWINSKI.

It is essential to make sure that we do not allow the Postal Service to continue in the irresponsible way in which it has traveled.

Mr. BUCHANAN. Mr. Chairman, before my time expires, I would say I strongly support the gentleman from Arkansas.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Mr. Chairman, is it true that the previous question has been ordered?

The CHAIRMAN. No, it is not true.

Mr. ALEXANDER. Mr. Chairman, then I move the previous question.

The CHAIRMAN. That motion is not in order in the Committee of the Whole.

PARLIAMENTARY INQUIRY

Mr. BUCHANAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUCHANAN. Mr. Chairman, the gentleman from Illinois has stated that the subsidy would remain in the bill, notwithstanding the action voted by the committee; is that correct?

I am saying, Mr. Chairman, that if the Derwinski amendment now before us is voted down, the subsidy would remain, according to the language as it stands.

The CHAIRMAN. Section 2 would be amended by the Alexander amendment.

PARLIAMENTARY INQUIRY

Mr. HANLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANLEY. Mr. Chairman, just a point of information to clarify this vote for the benefit of all Members, the understanding is that the adoption of the Derwinski amendment would have the effect of nullifying the Alexander amendment, and in so doing reverting back to present law; am I correct?

The CHAIRMAN. The motion of the gentleman from Illinois would strike the entire section, including that section as amended by the gentleman from Arkansas.

Mr. HANLEY. I thank the Chairman.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to be able to vote for both the Derwinski amendment and the Alexander amendment, but there is some confusion as to what would be the result if we were to vote favorably for the Derwinski amendment. It would seem to me that the Members who just voted in favor of the Alexander amendment should realize how that action would affect their next vote, because if we vote for the Derwinski amendment that vote would have, in fact, the effect of nullifying the Alexander amendment. It seems to me that we are automatically saying to our constituents and to the people of this country that we are playing games with our votes, that we will vote favorably on something when it appears to be politically expedient to do so, but with our very next vote we will vote to undo that which we just voted to do.

One of the things which is most important to me in this particular section of the bill is something which is referred to as cluster boxes or curbside delivery. In many of the new areas of this country, the Postal Service is saying, "We will not provide delivery to those houses unless they provide a mailbox at the curbside," notwithstanding the fact that perhaps the property owner does not own the property upon which the Postal Service insists that he erect a curbside mailbox delivery system.

Further, the Postal Service, it seems to me, is insensitive to the personal liability—I repeat, the personal liability—of the homeowners who would be required to install a curbside mail delivery receptacle. It seems to me that we in the Federal Government would not want to impose the potential of personal liability on persons by saying, "You have to accede to the management directives of the Postal Service and install a post box on property which you do not own, which you cannot control."

So, Mr. Chairman, because I would like to be able to vote for both the Derwinski amendment and the Alexander amendment, it appears that if we were to vote favorably for the Derwinski amendment, we would effectively be nullifying the vote which just carried by a margin of 2 to 1. I hope the Members, to be consistent with their previous votes, particularly when it is the very next vote, do vote down the Derwinski amendment even though I am totally in sympathy with what the gentleman from Illinois is proposing to do.

If the gentleman from Illinois would like for me to yield to him because I have mentioned his name so that he can make a reply, I will be glad to do so.

Mr. DERWINSKI. Mr. Chairman, I am not misusing the gentleman's generosity, because he understands the situation. What we have, in effect, done by striking line 20 on page 12 through line 6 on page 13 is that we remove the authorization for the appropriation for the latter portion that the gentleman is interested in. In effect, what we have done then is set up a policy without funding, which strikes me as being the worst of both worlds because we hold out a vague public promise which we remove by not authorizing the appropriation.

It seems to me that my amendment gets back to the gut issue before us, which is to remove the entire section and therefore the $1.7 billion.

Mr. HINSHAW. Mr. Chairman, notwithstanding how this vote goes, I think the Members of the House have adequately demonstrated to the postal management that they want better management; they want better accounting tools; they want the Postal Service to be more responsive to Congress, and it seems to me we have demonstrated that by the vote.

Mr. GIBBONS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, when I spoke earlier, I spoke in favor of the Derwinski amendment. At that time, the Alexander amendment had not been presented. But, with the adoption of the Alexander amendment, we have swallowed up the Derwinski amendment and done an additional thing; that is, to bring the Post Office Department back under the normal budgetary process, the authorization and appropriation process, that we have followed here in the Congress for so long.

So the Derwinski amendment now is not necessary, and it should be voted down because the Alexander amendment has swallowed it up, and we have already done that. It, the Alexander amendment has stricken from the bill the authorization that was $1,700 million over the budget.

So I would urge the Members to vote "no" on the Derwinski amendment because the work it seemed to start to do has already been swallowed up by the Alexander amendment.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman.

Mr. HENDERSON. I thank the gentleman for yielding.

Earlier, the gentleman spoke about the concern about the amount of new authorizations provided in the bill being budgeted. I wonder if he will tell the House now what amount will be budgeted under the provisions of the Alexander amendment which was just adopted. Are there any amounts budgeted by the congressional budget resolution? Did the Budget Committee cover the Alexander amendment?

Mr. GIBBONS. I see the Chairman of the Budget Committee here, and I want him to check my figures because I do not have my notes with me.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman.

Mr. ADAMS. Mr. Chairman, I would state that the first budget resolution provided an appropriation of $1,690 million. This bill provided originally for $3,390 million, which was $1,700 million over the budget resolution.

Therefore, Mr. Chairman, in the parliamentary situation as we understood it, those of us on the Budget Committee supported the Alexander amendment on the basis that it struck the $1,700 million.

I certainly would not question the gentleman from New York or the chairman of the full committee as to the full effects of the Alexander amendment, because that is within the details of their committee. But that was the position that we took at that time, and those are the figures. I cannot answer for the chairman on the details of the Alexander amendment, on how we will interpret it, because that is within the expertise of his committee, and I hope he will explain it to the House when the gentleman from Florida (Mr. GIBBONS) and the gentleman from Washington (Mr. ADAMS) have stated why we took the position we did and what we believe has been accomplished.

Mr. GIBBONS. So the Derwinski amendment, which was a good amendment at the time it was offered but which has been swallowed up by the Alexander amendment, should now be voted down. And if there is a need for an additional authorization for the Post Office Department, I would hope that the Post Office and Civil Service Committee would bring us back an authorization bill that would meet the $1,690 million that the House has agreed to earlier.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I have a different understanding of the Alexander amendment. But at least this part of it we ought to be able to agree on: The Alexander amendment says that all of the revenue currently received by the Postal Corporation will be paid into the Treasury of the United States and that thereafter each year the Postal Corporation will come to the Congress and set an authorization or appropriation for the entire cost of running the Post Office. Is that correct?

Mr. GIBBONS. I will say to the gentleman from Michigan that he is using up all my time, and I am not going to yield further. The House has already voted on that.

The Derwinski amendment has been swallowed up in the Alexander amendment. Therefore, the Derwinski amendment should be voted down now.

Mr. ALEXANDER. If the gentleman will yield, the gentleman from Florida is correct.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had hoped to be able to respond to the gentleman from Florida. For what it is worth, as a result of the adoption of the Alexander amendment the budget may have assumed an obligation somewhere between $4 billion and $5 billion that we are going to have to find a way to provide, as opposed to the provision and in accord with the language of the bill.

So the problem, from the standpoint of the budget, has been compounded.

As the gentleman from Michigan reminded us, all of the revenue accrued to the U.S. Postal Service will now accrue to the U.S. Treasury and, along with it, all of the obligation of that entity becomes the obligation of all of the taxpayers.

So I would say that as opposed to the $1.7 billion that we are talking about here, that obligation is going to run somewhere between $4 billion and $5 billion.

We have taken away from the USPS a certain safeguard that we had, so now they are going to be able to do whatever they want to with regard to their overhead, and then they will come to the Congress and say, "Here is what we need in the way of a difference." And I will guarantee that it will range between $2 billion and $3 billion more than the provision contained in this bill.

Mr. Chairman, the way to take care of that situation, incidentally, is this—and I regret that we have to do it this way—by accepting the Derwinski amendment, at least we shift gears and we will have a status quo situation, and the present law would prevail to prevent the type of obligation that I have attempted to describe.

So I suggest to all the Members, if we are interested in fiscal prudence and if we are interested in the position of the Committee on the Budget, then we should by all means now support the Derwinski amendment and then the present law will prevail.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Of course, great minds run in the same channel.

I think what we are really faced with as a result of our action is this: Even though by the passage of the Alexander amendment we have removed from section 2 the authorization for appropriation which has been the source of complaint to the gentleman from Washington (Mr. ADAMS), by retaining the language in the latter part of that section we establish as policy the earlier items that had been authorized to be appropriated. So when we, under the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER), turn over the authorization and appropriation machinery to the Congress, we mandate and we dictate costs far beyond what is budgeted.

That was not the intention of the gentleman from Arkansas (Mr. ALEXANDER), but we have innocently found ourselves now at cross-purposes, so that the effects of the Alexander amendment is to mandate the very costs that the House was prepared to vote down by supporting my original amendment.

Then the gentleman from New York (Mr. HANLEY) in effect has come around to saying logically from his standpoint that, therefore, the lesser of the evils at this point is to support my original amendment which he originally opposed.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I listened with great attention to the gentleman from New York (Mr. HANLEY), and he said this is going to cost the taxpayers a lot of money Well, I have news for the Members. It is going to cost the taxpayers a lot of money no matter what we do, because these people in the Postal Commission can set the rate at whatever they want, and they can pass it right through to the fellow who sends a letter.

It does not make very much difference, it seems to me, whethar we pay for their $50,000 office remodelings, their $10,000 bathroom remodelings, and their $75,000 kitchens by an increased postal rate or out of the Federal Treasury. But what I do think we ought to do in voting down the Derwinski amendment is to put the buck right back where it belongs, on the gentleman's subcommittee, to pull these phonies into line, because there is not one of them who could run a buggy factory to make buggies for use with horses and make a success out of it if we should abolish the automobile.

They are a bunch of fugitives from big business, and they were failures in the businesses they were in. They got into these jobs they have now through cronyism, and they have absolutely and totally made the American postal system the laughing stock of the world. The Pony Express did a better job than they are doing. I maintain that is true.

When I came to Washington in 1949, I could send a letter back to my district this afternoon and the person receiving it got it the next morning. That is a distance of 300 miles.

Here is what I do now I save up all my mail through the week and haul it back home on Friday and mail it there, and they get it quicker than if I mailed it on Monday through the Postal Service. I can drive it out there and get it there quicker, because it takes 5 days to get a letter from here to Ohio with this phony bunch of big business experts running the Postal Service.

Mr. Chairman, if we let them run it another year, we will have nothing left at all.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. Yes, I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, as I understand it, under the Alexander amendment, all of the revenues that go into the Postal Service now are going into the general fund, thereby augmenting the general fund, and whatever appropriations we have to make to subsidize the Post Office over and above what they get by selling stamps and whatever else they do will be exactly the same.

Mr. HAYS of Ohio. That is exactly right, and we will also have the option of setting their salaries, which we do not have now, but which they do themselves.

Nobody has ever called me a socialist. I have been called a lot of other things. However, one can go to Great Britain or can go to Germany, which has a socialist government. The government runs the telephone company and the postal service.

One can pick up a phone in his hotel room and dial the United States. I did it the other day, and it took 15 seconds from the time I dialed the last digit until the party in the United States was on the phone.

If you think that we have such a great system in this country, try to make an overseas call sometime. We have to get the operator here downtown, who in turn gets the overseas operator up in New York. If she does not feel good that day, she will tell you to go to hell and make your call next week.

That is about the same system we have in the Postal Service.

Mr. Chairman, we passed by better than 2 to 1 the Alexander amendment which told the Postal Service what we think of it. Let us not reverse ourselves and say that we love them, because we do not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The amendment was rejected.

AMENDMENT OFFERED BY MR. DELANEY

Mr. DELANEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELANEY: Page 22, line 16, insert "including mail announcements of legal texts which are part of post-bar admission education" immediately after "course listing"

Page 22, line 17, insert "or by a nonprofit organization engaged in continuing legal education" immediately after "higher education"

Mr. DELANEY. Mr. Chairman, this amendment would simply insure that nonprofit organizations engaged in continuing legal education continue to qualify for second-class mailing privileges.

There are presently between 70 and 80 nonprofit continuing legal education organizations in the United States. Most of them are affiliated with or supported by State bar associations and a few are associated with universities.

These continuing legal education organizations provide essential educational services to the legal profession. Most of us remember the intense preparation required to pass the State bar examinations. Even after years of acquiring the skills of the legal profession in the classroom, law students must rely on intense preparatory courses to perform successfully on these tests. Furthermore, the accelerated volume of new laws, court decisions, and administrative rulings in recent years has made it imperative that lawyers continue their post-bar admission education if they are to render competent service to the public.

Three States, Minnesota, Iowa, and Wisconsin, already require lawyers to put in a specified number of hours in continuing legal education each year to maintain their licenses to practice, and 30 more States are considering mandatory continuing legal education requirements.

All continuing legal education organizations mail announcements of their courses as well as announcements of texts which are part of post-bar admission education to members of the bar. The announcements of legal texts help keep lawyers informed about recent publications on rapidly changing legal issues—an updating service as important as the publications of the commercial looseleaf printers. Under the amendment I am proposing, these mail announcements will continue to qualify as second-class mail. This amendment makes no change in any of the present second-class mail requirements, such as the periodicity requirement.

In urging the Members' support of this amendment, I would like to emphasize that these organizations are nonprofit and are engaged in an essential educational service. Their continued qualification for second-class mailing privileges is a reasonable and equitable measure that will help insure the high quality of the American legal profession.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DELANEY. Yes, I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, the committee has carefully considered this amendment.

We have no objection to it, and I believe there is considerable merit associated with it. The committee is most willing to accept it.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. DELANEY. Yes, I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, there is no objection on this side to the amendment offered by the gentleman from New York (Mr. DELANEY).

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from New York (Mr. DELANEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 13, strike line 7 and all that follows through line 18 on page 14.

Mr. DERWINSKI. I will admit that it does not pay to follow the gentleman from Ohio (Mr. HAYS) in the well and I thought that discretion was the better part of valor a few minutes ago.

My amendment basically does this: It takes us back to the issue we have been debating the last 2 hours. It strikes from section 2 that portion of the section that was not stricken by the Alexander amendment. What it does, therefore, is to take us back to the original point we were debating this afternoon, the point that had the special concern of the gentleman from Washington (Mr. ADAMS). It would strike from the remainder of section 2 that language which would mandate the delivery service that would add $1.7 billion to the postal subsidy.

I would like to run through those figures once again for the benefit of the Members.

The total subsidy that the Postal Service now receives, which is the direct subsidy, revenue forgone, and transitional costs, is approximately $1.6 billion. With the provisions remaining in section 2, the cost for the next 4 years will be $3.3 billion annually. That is a rough figure.

If my amendment is adopted, we will strike from the bill the language that would otherwise provide for an additional subsidy of $1.7 billion for the Postal Service.

If there is such a thing as a mood of the House, then I gather that there are two basic views that the Members have about the Postal Service. One, that it has fallen short of their expectations of improved delivery of mail to the American public, but, secondly, the view seems to be that having recognized these shortcomings, they do not want to be found voting for a further subsidy of a service that is growing in controversy.

By striking this section, the Members are not interfering at all with current mail delivery income or current mail delivery policies; all the Members will be doing is removing the section that would call for a $1.7 billion additional budget cost.

If I may just sum up on that point, a vote for my amendment will not touch the Alexander amendment. In other words, we will not retreat, if the Members voted for the Alexander amendment, they will not be inconsistent by voting for my amendment. We are back to the point we were earlier debating which was shall we now mandate an additional $1.7 billion in postal subsidy.

I urge support of this revised tactical amendment.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I supported the Derwinski amendment a few moments ago to strike all of section 2 because I saw it as the last opportunity to overturn what I consider to be an extremely shortsighted action by the House which, when reflected upon, and particularly when reflected on by my colleagues from the Committee on the Budget who evidently do not understand the Alexander amendment since they supported it here in the well, is going to come back to haunt us.

Now as to the amendment of the gentleman from Illinois (Mr. DERWINSKI) there no longer is any advantage in supporting his motion to strike. I do not think the Members will want to be on record supporting as a single and direct motion to strike these specific sections when applied to them. I am sure the gentleman from California is going to talk about it, but the first section the Derwinski amendment is going to cut out is the door delivery amendment which the gentleman from California (Mr. MINETA) managed to put in the bill. To those Members who have not heard in the last few years about the problem of door delivery from your constituents, I will guarantee that if you vote for this amendment, you will hear from your constituents very quickly.

The next thing he does is take out of the bill another provision for which the gentleman from California (Mr. MINETA) was responsible. Based on his very recent experience as mayor of a major city in his district—San Jose, Calif.—that is, local approval for the so-called cluster boxes that are stuck up in urban areas on appropriate corners, making them look like a super collection of bird houses.

There is also another provision of which many Members are aware if they have United Parcel Service in their districts, as most of them do, and if they have parcel post service in their districts, as all of them do. There was a real serious effort made in our committee to resolve the problem of allowing private enterprise represented by United Parcel Service to exist and to grow normally in the market without interfering with the normal support for the parcel post service, which is absolutely essential in those parts of the country, particularly rural America, where United Parcel Service, to the best of my knowledge, is not yet ready in the private sector to provide parcel delivery service.

As a result of many hours of negotiation back and forth, we reached a compromise that both sides believe is fair to private enterprise as a competitor with the Postal Service, and to the Postal Service so it is not saddling the taxpayers with an additional obligation from the general fund.

This section was put in the bill with the agreement of United Parcel Service, with the Postal Service itself, with the parcel post users, and all of the unions involved—and the Members probably have heard from some of them. The effect now of the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) coming at this stage, would be a direct repeal of this section.

In addition to that, the Members will find that the next provision on page 14 would require that the levels of service put forth in this bill will be maintained when Congress appropriates the money to maintain them. In other words, Congress retains control over these new levels of service in maintaining control over the purse strings for the specific services.

Finally, Mr. Chairman, it contains a provision which would require that the Postal Service shall present to the appropriate committees in Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of the Postal Code which requires that "the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining."

Mr. Chairman, the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) would remove this congressional control, and it would be completely contrary to what most of the Members are going to be telling people back home as the reason why they voted for the Alexander amendment.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the chairman of our committee.

Mr. HENDERSON. I thank the gentleman for yielding.

I want to associate myself with the arguments the gentleman from Michigan is making. The gentleman's point that he has just made is absolutely right. This section of the bill that would be stricken by the amendment offered by the gentleman from Illinois (Mr. DERWINSKI), was the committee's effort to try to insure service to all of the American people the best we could. In my opinion, if it remains in the bill, it still will show the clear intent of a law of Congress to appropriate the money and to operate under the Alexander amendment just adopted. I think this kind of language is essential, so I would hope that the committee would not strike all of the language.

If there are portions of it they do not like, that can be improved with something else. But the gentleman from Illinois would strike all of this, and I think this is an answer we have had from many of the Members relating to service, that the Postal Service is not extending to all Americans the same kind of service.

I would hope that the gentleman's amendment is defeated and this language stays in to improve, if it is to be improved.

The **CHAIRMAN.** The time of the gentleman has expired.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I want to associate my remarks with those of the gentleman from Michigan (Mr. FORD), and the gentleman from North Carolina (Mr. HENDERSON).

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I also would hope that the Members would remember the debate we had before on the portion of the bill which is now subject to the motion of the gentleman from Illinois. I think it is incumbent upon the Members of Congress to express their views on the level and type of service that they want the Postal Service to provide, rather than allowing the Postal Service to unilaterally decide which type of service it would like to modify and would like to discontinue, without consulting at least with the appropriate committees of Congress.

I would urge that we reject this amendment to strike those portions of the bill.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in opposition to the amendment by the gentleman from Illinois (Mr. Derwinski). An amendment at this point would be counter to the wisdom of the committee which, after lengthy hearings and deliberation, concluded that the present postal delivery regulations are unacceptable. The thrust of this bill is to guarantee a high standard of delivery service to the public while providing local governments with a voice in decisions which directly affect the local citizen's mail delivery. We need what this bill requires—door-to-door delivery according to local option to all permanent residential addresses entitled to city delivery.

In many developing areas, curbside boxes are prohibited by local authorities ordinance. Passing this amendment in outright conflict with these local authorities would be tantamount to forcing public compliance with an undesirable postal requirement.

My district has seen many of these problems and can serve as an adequate example of the shortcomings of the present regulations. In the first place, we have discovered that these cumbersome curbline boxes create a public safety hazard. Any parking car, passing bicyclist, or unwary pedestrian could collide with these obstructions.

Deprival of the door delivery option would furthermore cause a special problem to the elderly and handicapped who would be compelled to travel farther to fetch their mail.

Then, too, unwanted curbline boxes are not only unsightly and offensive to the natural beauty of our communities, but they are also subject to vandalism. Mail could be irreplaceably lost or destroyed, and the cost of maintaining damaged curbside boxes is an item to consider.

Finally, and perhaps most important, the curbside box system is, in itself, impractical. Residents park their cars along the street which would block the mail boxes there. No time or money would be saved as the mailman would have to leave his vehicle stalled in traffic to rush between parked cars.

In short, the only body qualified to make decisions relative to local mail delivery is the local government itself. I speak for the present bill which places the question of door-to-door delivery right where it belongs—in the hands of the local citizens.

Mr. MINETA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we have heard a great deal about the lack of good management practices on the part of the U.S. Postal Service. I suppose if there is anything we will not be able to legislate, it is good management practices on the part of the U.S. Postal Service. But the only way we are going to be able to preserve the only contact that many people in this country have with the American Government is the contact they have with the U.S. Postal Service. We should not allow that service to deteriorate.

The amendment offered by the gentleman from Illinois (Mr. Derwinski) to this bill is really striking at the very heart of the bill and the heart of the service that the U.S. Postal Service provides.

One of the things the USPS will do in order to try to save money is to cut back on the level of service and it will do that by two methods. One is by mandating curbside or curbline delivery of mail, or in the alternative, cluster boxes.

I would have to reiterate, as I stated earlier this afternoon, that these forms of delivery service are totally unacceptable. The curbline delivery and cluster box delivery is unacceptable on a number of counts.

First of all, we will be, through Federal policy, frustrating what many city planners are attempting to do in their own communities and for no good reason at all.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to my colleague, the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague yielding.

I know he has been active in trying to make sure that the decisionmaking process encourages participation by the local city or local county governmental units when we determine whether there will be cluster box delivery or individual delivery. That should be encouraged on the basis of taking into consideration the zoning ordinances and other local conditions that are already established. That is on page 13 of the bill in section (B). If the Derwinski amendment is passed, that particular section would be deleted.

I think the gentleman from California is to be complimented for making sure we have the local decisionmaking groups involved in this issue. It is important across the entire country. I think the gentleman is correct in his effort to try to make sure that the local governmental units will be involved in the future and will continue to be involved in this decision process along with the Postal Service.

I think the point is well taken. We must retain the section.

Mr. MINETA. I thank my colleague, the gentleman from California (Mr. Rousselot).

Mr. HANNAFORD. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to my colleague, the gentleman from California (Mr. Hannaford).

Mr. HANNAFORD. Mr. Chairman, I rise in support of the section in H.R. 8603 which prohibits the requirement of the placement of curbside or cluster post boxes when such placement is in conflict with local statutes.

This requirement that homeowners in new developments install curbside or cluster postal delivery boxes is a classic example of a national requirement being arbitrarily imposed on all communities without regard for local laws or circumstances.

Such a placement of mailboxes is illegal in many communities in my district, and for good reasons. Cars are parked almost solidly at curbside in many neighborhoods, making such delivery impractical and disruptive to passing traffic. Most new housing tracts are placing sidewalks immediately at the street curbline, requiring that the private citizen place a post for his privately owned mailbox in a city sidewalk, which violates the property rights of the individual and the city as well as city ordinances.

The dangers of such placement to pedestrian traffic at night on dark sidewalks, the accidents of children, the dented car doors, the vandalism of mail under urban circumstances—all are reflected in my mail on the subject.

Mr. Chairman, on the constitutional grounds of the Federal Government requiring an individual to place his private property on city owned land, on economic grounds, on the basis of safety hazards and on the basis of common sense this is bad law badly arrived at.

I urge the adoption of the section in H.R. 8603 which prohibits the imposition of this most unwise requirement.

Mr. MINETA. Mr. Chairman, in addition to the reasons that have already been stated by my colleagues, curbline or cluster box delivery really becomes discriminatory against those areas which are already receiving door-to-door delivery of their mail.

Third, it is a hazard to safety. These boxes are unsightly and they are more susceptible to theft and vandalism. It becomes especially hard for the disabled and the elderly when they have to go some distance to the cluster boxes to get their mail. In addition, I do not have to mention that those who live in places where the weather is very inclement during the winter, it becomes another hardship.

Mr. Chairman, for these reasons I urge a vote in opposition to the Derwinski amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. Derwinski).

The question was taken; and on a division (demanded by Mr. Derwinski), there were—ayes 12, noes 46.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER: On page 22, line 3, after the section designation "(9)" insert the designation "(a)"; and

On page 22, after line 9, insert the following:

(b) Section 3622(b) (3) is amended to read as follows: "(3) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type (including the costs caused by variability with volume, and all of the costs caused by the collection, transportation, processing, storing, and delivery of each class of mail or type of mail service), plus that portion of all other postal costs reasonably assignable to such class or type;".

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

Mr. DERWINSKI. Mr. Chairman, I object. It is much too complicated a bill. I would rather have the gentlewoman's amendment read.

The CHAIRMAN. Objection is heard. The Clerk will read.

(The Clerk concluded the reading of the amendment.)

Mrs. SCHROEDER. Mr. Chairman, let me explain what this amendment does. First of all, let me say that this amendment does not cost any money. It is an accounting measure for the future. As I read the Postal Reorganization Act of 1970, one of the things that Congress intended to do was to have the cost allocated to each class of service, as well as they could be, so we could look at each class of service and determine what kind of revenue they were taking in and what kind of costs were going out. This has not been done. There have been all sorts of different estimates; but in essence, the first-class mail user, who is not in an organized group, has been subsidizing the other classes of users to the tune of at least $1 billion a year.

I think this amendment is important, because it makes sure that 70 or 80 percent of the costs of the postal services are attributed to the individual classes of mail, so we can then look at the rate structure. We can then look at the revenue and we can also look at their costs to determine what we might want to do in the future in terms of subsidies.

I think that one of the greatest frustrations any of us in this House have in dealing with the Postal Service is that everyone knows that something is terribly wrong. It is very difficult to go home and have thousands of constituents coming at us saying that something is terribly wrong, and they really do not want to hear a speech saying, "Yes, I recognize that something is terribly wrong."

The question is, what can we do about it? We do not know until we really have some kind of handle so that we can have a much more intelligent debate. I think what we are doing now is having an indirect subsidy. I think this indirect subsidy should be known, and if we knew what amount it was and which classes of mail it goes to, we could have a much more intelligent debate.

As the Members know, in the past the users of first-class mail have never been organized and have never been able to make their case. There is some question as to whether the first-class postage stamp should not really be 8½ or 9 cents now if it were not for having to pick up these other costs. What has happened is that the Postal Service has decided to assign costs on the basis of whether or not the costs of a service, if it went up, might drive volume down. The one place volume cannot be driven down by competition is first-class mail, because the Postal Service does have a monopoly on first-class mail. Therefore, the Postal Service can charge anything they want and there is no place else to go with first-class mail unless one wants to use the telephone or to do something else of that nature.

Actually, the price of first-class mail has gone up such that last year we have seen a little bit of a volume decline, and we may see even a greater decline. But, the real issue is to tell the Postal Service, in effect, to make much better accounting, to assign these costs in such a manner that we can sit here and determine who we want to subsidize directly—not indirectly. We should know that it will be out front and it will be a direct, clear choice that we have rather than suppositions.

Mr. ROUSSELOT. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentlewoman yielding to me. Actually, the language of the gentlewoman's amendment was really the intent of the Postal Reorganization Act, originally. What the gentlewoman is doing is really reinforcing that previous action in specific language so that the Postal Service will no longer be able to avoid a clear accountability of each class of mail. Is that not correct?

Mrs. SCHROEDER. That is precisely how I interpret it. I feel that was the intent of the Congress, and it spells it out so that we can no longer get vague answers from the Postal Service.

Mr. ROUSSELOT. What this mandates is that there be a more clear accountability, and does it mandate that they have each class of mail live within the revenue?

Mrs. SCHROEDER. No; it does not go that far. It mainly says that they must keep their books. At that point, we come back in another year to determine whether or not we are going to have a subsidy. We will know how much revenue is coming in and how much cost is going out for each classification, so that when we vote a subsidy, we would know what we are subsidizing.

Mr. ROUSSELOT. I wish the gentlewoman's language would include that last concept, but I do think this bill is a step in the right direction.

Mr. PRITCHARD. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the gentlewoman from Colorado some questions. She is asking the Post Office to assign costs on different classes of mail.

Mrs. SCHROEDER. I am asking them to do it much more specifically. What we have been talking about are costs that are things such as collection, transportation, processing, storing, delivering on each class.

I think one of the classic examples is to use the example of the bulk mail centers which we have all heard so much about, which were not assigned to any class of mail but were put in the general classification. No first-class mail is going through the bulk mail centers, as everybody knows, so indirectly the first-class mail users are subsidizing the bulk of the bulk mail centers. I think that kind of thing has got to stop. If any business kept its books that way, it would go mad trying to figure out what its costs and revenues were. But they have been able to do it because of this monopoly on the first class. It has always been the slush fund that picks it up.

Mr. PRITCHARD. I would just say this to the gentlewoman from Colorado: The problem we have, when we start assigning costs against certain classes of mail, for instance, when it goes through the post office, we know there has to be a crew that takes care of first-class mail. And maybe they finished at 1 or 2 o'clock. And then from then on they are assigned third-class mail for the remainder of the day. How does one assign costs to that crew?

Mrs. SCHROEDER. What I have been saying is, what we have been doing is about 50 percent has been attributed. I think 70 or 80 percent could be attributed, and I am specifically listing certain things, such as transportation, those kind of items.

Mr. PRITCHARD. The problem we have for much of the services, we have to have that crew to handle first class, we have to have that carrier make his route. It does not take first class or second class away from the carrier, because he is usually underweight anyway. How does one assign that percentage? If we say, "All right, 30 percent or 40 percent of that mail carrier is third-class mail," we cannot say 30 percent by taking it away. I think one of the great traps we can fall into is thinking we can go back and assign different classes of mail and make it stick. We get into a great trap if we oversimplify the problem of assigning costs.

As a matter of fact, if we drive third- and second-class mail off, we will raise the cost of first-class mail.

Mrs. SCHROEDER. If the gentleman will yield further, I have gone into this very heavily, and I testified before the Postal Rate Commission. I think the gentleman would be a little shocked as to how casual they are in the allocation. I have done a lot of corporation work. I am surprised to see the way their books are kept. To say that if we took away second-, third- and fourth-class subsidies that indirectly we would have to raise first class, I do not think that is true. They are showing first class is subsidizing almost to the tune of $1 billion second, third, and fourth class. And so it is the reverse.

Mr. PRITCHARD. I think if the gentlewoman is attempting to have the study, fine. But I think it is a great mistake if the gentlewoman believes that by having this report come back that Congress is going to be able to sit and make the assignment and because of that assignment we are going to be able to lower the cost of first class. In effect, that is a fallacious argument and I do not think it will prove out.

I say to the Members they should be very careful when they go back to their districts and explain this. It is not that simple, and there is a lot of fallacious thinking going on in this Chamber over the cost of mail.

Mrs. **SCHROEDER**. If the gentleman will yield further, I do not think I guaranteed anyone that the cost of first-class mail will go down. I am saying at this moment it is extremely difficult, when one gets into the bookkeeping, to really assess anything. I am saying that if we are really serious about our oversight duties, we have got to know a lot more about the accounting procedures and the cost allocation so that we can really find out where the problems are.

Mr. **PRITCHARD**. I will agree with the gentlewoman from Colorado.

The inference was left that if we got those assignments, somehow the cost of first-class mail will go down, and I do not think the Members of Congress should walk down that road, because I think there is a very good chance it will not go down. I agree with the gentlewoman that we ought to get the study.

Mrs. **SCHROEDER**. The gentleman said, I think, the cost would go up.

Mr. **PRITCHARD**. It is my opinion, when we get such a study, that the facts will bear me out.

Mr. **MOTTL**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

I think it is a great amendment. I associated myself with the efforts of the gentlewoman from Colorado (Mrs. SCHROEDER) when we filed as intervenors before the Postal Rate Commission in trying to keep the first-class mail rate down to a reasonable amount.

Judge Wenner, the administrative judge who recommended 8½ cents, stated very ably in his brief and decision that out of the 10 cents that the first-class user pays for the post office stamp to send his first-class mail, 2 cents thereof was subsidizing other classes of mail.

I think this is wrong. I think we should strike a blow here for the first-class user today. I believe by supporting this amendment we are going to do just that. I think it is wrong for the first-class user to be forced to pay a large amount in postage to subsidize other classes of mail.

Mr. Chairman, I believe, if the Congress feels in its collective wisdom that certain classes of mail should be subsidized, then we should authorize and appropriate sums to subsidize the second-, third-, and fourth-class mail, but it should not fall upon the shoulders of the first-class user. That is why I am suggesting we support the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER) at this time.

Therefore, I entreat my colleagues in the committee to support the amendment.

Mr. **BEDELL**. Mr. Chairman, will the gentleman yield?

Mr. **MOTTL**. I yield to the gentleman from Iowa.

Mr. **BEDELL**. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Ohio (Mr. MOTTL).

Mr. Chairman, as we debate the performance of the U.S. Postal Service, I think that it is essential to keep in mind that the major purpose of this agency is to provide postal services promptly, reliably, and efficiently to individuals and businesses in all sections of the country.

Recently, I corresponded with Mr. Norman Halliday, Assistant Postmaster General of the United States, in regard to a complaint I had received from one of my constituents about the quality of mail service in this country. In his response, which I would like to include in the RECORD at the conclusion of my remarks, Mr. Halliday stated that studies have been conducted which indicate that most Americans are satisfied with their postal service, and that Postal Service officials "feel that there is a solid base of public trust in the mail service."

Implicit in this response was the impression that high level Postal Service officials not only believe that the public is generally pleased with the quality of the mail service they are receiving, but they also feel that they themselves are doing a good job in running our postal system.

I cannot judge the validity of Mr. Halliday's surveys. All I know is that many residents of my district, a basically rural area in northwest Iowa, are not satisfied with their postal service. This fact is evident from my mail as well as through discussions with disgruntled Iowans during my trips back home.

I understand that the Postal Service has experienced some financial problems as a result of forces which have been largely beyond their control. I hope that enactment of H.R. 8603 will help solve some of these problems.

At the same time, as the House Post Office and Civil Service Committee points out, much of the Postal Service's current financial crisis can be attributed to poor top-level management. This management has been marked by inefficiency and by rapid turnover of personnel. It has also been characterized by a disturbing insensitivity to the needs of its employees and a complete lack of any understanding of how management needs to be concerned with the lives of the people who work for them if they are to motivate those individuals to properly serve within their organization.

There is certainly no cause for complacency within the U.S. Postal Service, and I hope that the bill we are considering here today will promote more efficient and responsive operation of our postal system.

Mr. Chairman, I include a letter from the Postmaster General as follows:

THE POSTMASTER GENERAL,
Washington, D.C., September 22, 1975.

Hon. BERKLEY BEDELL,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BEDELL: Thank you for your letter of August 25, on behalf of Mr. Jim Whiting, taking exception to a statement made to him in a letter from our Office of Consumer Affairs concerning the relatively small number of complaints received in proportion to the total volume of mail handled.

While I would never want the impression to be conveyed that the Postal Service is complacent about services rendered, the statistics relayed in the letter are correct and speak for themselves. They are no doubt related to the fact that since early January we have been achieving overnight delivery of stamped local letters 95 percent of the time or better and meeting two- and three-day standards 90 percent of the time and more.

Last year, a Roper Survey was conducted independent of Postal Service sponsorship. It indicated that the public recognizes the bargain it is getting when it sends a letter. Of 12 basic services covered by the survey, mail service was picked as the best value for the money. Aside from mail service, others picked were doctors services, telephone service, life insurance, electricity, automobile insurance, hospital care, TV repair services, local property taxes, home repair service, automobile repair services, and Federal income taxes.

We feel there is a solid base of public trust in the mail service. The volume of mail and the fact that it is a part of virtually every person's life make irritations and complaints inevitable. Our challenge is to build upon the base of confidence and overcome the aberrations which disrupt good service and result in complaints.

Sincerely,

BENJAMIN F. BAILAR.

Mr. **HANLEY**. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, my first reason for opposing the amendment is that it would have a disastrous effect on nonprofit mailers, in particular, churches and organizations such as the American Legion. This could send the attributable costs of that category of mailer up to 75 percent.

This is a matter that will be taken up by the Study Commission included in H.R. 8603, and in recognition of the complexity associated with it, I urge that the amendment be defeated and that the Study Commission be allowed to give it the time it deserves so that fairness would prevail and so that an equitable rate would be assessed.

I wish to remind the Members that the adoption of this amendment at this time would be disastrous in particular to the nonprofit mailers. During the course of our hearings, incidentally, it was virtually proven without doubt that if we pursue this course, it is going to effectively put most of those mailers out of business.

Mr. **HENDERSON**. Mr. Chairman, will the gentleman yield?

Mr. **HANLEY**. I yield to the chairman of the full committee.

Mr. **HENDERSON**. Mr. Chairman, I thank the gentleman for yielding.

I wish to associate myself with the remarks made by the gentleman from New York (Mr. HANLEY) and with the position he takes on the amendment before the committee.

I am sure the gentleman would agree with me that the amendment and all the arguments in favor of the amendment are based only on the premise that an administrative law judge, who took over 5 months to consider this very complicated situation, came to the conclusion that costs ought to be allocated as he said rather than as the Postal Service proposed, and as the Rate Commissioners later agreed they should be.

This bill certainly gets at this problem, in my opinion, through the amendments with regard to the procedures of the Rate Commission. But surely the Congress ought not to make its legislative decision solely on the basis of a recommendation of the administrative law judge. The issue is extrenely complicated, and I believe that we should give greater weight to the decision made by the Rate Commissioners, who have the direct responsibility under the law.

Mr. Chairman, I hope the amendment will be voted down.

Mr. HANLEY. Mr. Chairman, I appreciate the remarks of the gentleman from North Carolina (Mr. HENDERSON), and I thank him for his contribution.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the House has already demonstrated this afternoon that it is firing at the target, the U.S. Postal Service, without really thinking through the tremendously complex fiscal structure of that institution.

The effect of this amendment would be to make it impractical for anyone to use parcel post service.

The parcel post rate would shoot up far beyond the point of utility. Another effect of this amendment would be to drive down first-class rates to a very intriguing figure, so much so that it would then have second- and third-class mailers find it far, far more profitable to utilize a new first-class rate.

After that, for practical purposes, one wipes out the distinction in mail classes, because once a first-class rate is paid, the item receives prompt delivery service.

We will find that new rate going up immediately, and at the end of it all, what we will have done, is to have wiped out the long-time structured Postal Service distinction between classes of mail. However, the consumer will actually pay more, in the end. This is a mandated major revamping of the rate structure with absolutely no figures whatsoever to justify its application.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes, I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I think that maybe the gentleman from Illinois (Mr. DERWINSKI) is overstating this just a bit.

Mr. DERWINSKI. That is a matter of opinion. The gentlewoman from Colorado is understating the matter. I may overstate, but that is only necessary to balance the obvious understatement.

Mrs. SCHROEDER. If the gentleman will yield further, I think it is very difficult for any of us to really attribute what will happen and what will not happen, but I find it incredible that we should not want this matter placed in front of us so that at a future time we can determine whether we want to subsidize second-class or third-class mail.

Mr. DERWINSKI. I think it is incredible that the gentlewoman from Colorado (Mrs. SCHROEDER) could offer an amendment admitting that she does not know the effect of what this will do to rates. She is actually putting the rate structure into near chaos, and the result will be total confusion for the users of every class of mail.

Mrs. SCHROEDER. I do not think we are putting the rate structure into chaos at all. I think we will finally bring forth the rate structure that the Congress mandated, and that is that each class, each rate, would have costs related to the revenue that comes in, and at that time we could sit down and determine which ones we are going to subsidize.

There has been all along a backdoor subsidy paid by first-class mail to the other classes of mail.

Mr. DERWINSKI. The amendment of the gentlewoman from Colorado does not say that. The language of the amendment is as follows: ". . . each class of mail or type of mail service bears the direct and indirect postal costs attributable to that class or type . . ."

In other words, the amendment immediately mandates the application of cost all over again that had been attributable directly to various classes of mail.

The gentlewoman does not provide for alternatives. She does not provide for study.

The gentlewoman is providing, as a matter of rate policy, that this language immediately go into effect via the mechanism, of course, of the Postal Rate Commission.

Mrs. SCHROEDER. If the gentleman will yield further, that is, in essence, what the law is now.

Mr. DERWINSKI. However, the gentlewoman from Colorado, in her amendment, has the phrase "including the costs caused by variability with volume, and all of the costs caused by the collection, transportation, processing, storing and delivery of each class of mail or type of mail service . . ."

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think that the members of the Committee on Post Office and Civil Service, when they first received Judge Wenner's decision on the postal rates then pending, were faced with the monumental task of not only analyzing that decision, but deciding how best to implement those recommendations if they concurred in the recommendations.

Mr. Chairman, the gentlewoman from Colorado (Mrs. SCHROEDER) is exactly right.

The present law now contemplates and provides that the accounting system of the Postal Service attribute costs to each class of service. The Post Office has taken the attitude they cannot attribute to any class of service approximately 50 percent of their costs. They take the totally naive and unsupported position they cannot even attribute the depreciation on fixed assets.

My good colleague, the gentleman from Washington (Mr. PRITCHARD) was talking to the effect that you could not identify costs. I submit that any person taking an accounting course or any accountant, or even anyone associated with bookkeeping would recognize we do have systems of cost accounting. That is why some businesses throughout the country are so good at avoiding in some cases what proper income taxes are due and why they are so good at avoiding some of the intent of the laws which this Congress passes relating to antitrust, and that is why we have a very large number of Internal Revenue auditors that will try to ascertain whether or not the companies are following good cost accounting practices.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I certainly endorse what the gentleman from California is attempting to say.

Any multiproduct corporation in America goes through a cost accounting exercise in determining and allocating fixed or variable overhead items to each of its product lines. This is, while somewhat complicated, a normal part of business. Therefore the Postal Service should be no different if we believe that costs should be borne fairly by those using the particular services.

I join with the gentleman from California and I commend the gentleman.

Mr. PRITCHARD. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from California.

Mr. PRITCHARD. Mr. Chairman, I appreciate the gentleman yielding to me.

Mr. Chairman, I think what I was trying to say was that it is very difficult to assign costs in the Post Office to different classes of mail when you have different factors such as the postman who carries the mail around on his delivery route.

Mr. HINSHAW. Is it the gentleman's contention that it is impossible of attributing all of the costs included in different classes of mail?

Mr. PRITCHARD. I am not saying it is impossible to do, I think it is almost impossible to do it accurately, and the double danger, of course, is that it will be done poorly or it will not be done accurately, when they are assigning costs back. I think without any question that it will wreck the Post Office and it will raise the price of first class mail if we were to follow the amendment of the gentlewoman from Colorado (Mrs. SCHROEDER).

Mr. HINSHAW. I would like to point out that the statement of the gentleman from Washington is in direct opposition to the ranking minority Member, where the ranking minority Member, the gentleman from Illinois (Mr. DERWINSKI) said it would have the effect of reducing the rate.

Mr. PRITCHARD. Will the gentleman yield on that point?

Mr. HINSHAW. I will be glad to yield to the gentleman.

Mr. PRITCHARD. It does reduce the rate to start with, but at that point the third-class mail is used as first-class mail and then you have the factor that in the first-class process it takes 13 steps and in the third-class process it take 6 or 7 steps. If you turn it around and put all in the first-class mail, that would mean, because of that lower rate, you take those

13 steps I mentioned, there will be a mess in the Post Office that will make the present record today look like nothing at all.

Mr. **HINSHAW**. It is my contention, Mr. Chairman, that most people, or most residential owners would love to get rid of all the so-called junk mail which is now delivered and subsidized by the first-class-mail user.

My primary responsibility, it seems to me, is to make sure that the first-class users of the mail are not, with the knowledge of this Congress, subsidizing every other user of the mail.

The **CHAIRMAN**. The time of the gentleman has expired.

Mr. **ROUSSELOT**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this amendment speaks directly to what the intent of the original law was. I admit that I did not vote for the original law, the Postal Reorganization Act, but this portion of the law I did support, and that is that there be accountability on the part of the Post Office Department for every single class of mail.

All the arguments here today relate to trying to determine whether the Postal Service is doing its job. Much of that argument is over the accountability of different classes of mail. We mandate in this Congress time and time again all kinds of accountability—in the oil industry and in many other industries. All we are asking here by this amendment is that there be an accountability for each class of mail. That was the law that was passed 5 years ago. This amendment merely says that they must present that to the Congress and others in a normal accountable way.

My colleague, the gentleman from Washington, has suggested that it is difficult sometimes to attribute the cost of one class of mail, say, to the delivery system, that is, the postman who walks down the street. Not at all. The postman can account for how much first class mail he has, just as in any delivery system in the private sector that has diversified products or services, must account for its delivery activity.

In the telephone company they keep track of the kind of instruments that the delivery man puts into the system. It is accountable.

If we want to finally put a handle on what the Post Office Service is doing, this amendment is essential to provide that type of accountability. The management of, say a combination laundry and dry cleaner knows how much to attribute to the laundry service or the cleaning services, becaue they know how many pieces are taken by that delivery person.

So the gentlewoman from Colorado is merely following through on the original intent of the law. I suggest to my colleagues that if we want to have better accountability to our constituents as to the costs that are charged to each class of mail, we should clearly—vote for this amendment.

Mr. **BRODHEAD**. Mr. Chairman, will the gentleman yield?

Mr. **ROUSSELOT**. I yield to the gentleman from Michigan.

Mr. **BRODHEAD**. I thank the gentleman for yielding.

However one comes out on this argument, I certainly would agree with the gentleman that this is an extremely common business practice. Every businessman in America has to learn, and does, how to allocate his costs. If somebody has a little hot dog stand, he has to keep track of what the hot dogs and the hamburgers are costing, so he knows what lines are making a profit or a loss. General Motors and every company does it from the smallest to the largest.

Mr. **ROUSSELOT**. I thank my colleague. If there is a concern somehow that this will destroy certain classes of mail being subsidized by this Congress, that is false. It will give us a better idea of what we are subsidizing or not subsidizing.

I wish to reemphasize that if my colleagues genuinely believe in accountability in the Post Office Department, they will support this amendment.

Mr. **SYMMS**. Mr. Chairman, will the gentleman yield?

Mr. **ROUSSELOT**. I yield to the gentleman from Idaho.

Mr. **SYMMS**. I thank the gentleman for yielding.

I would just like to ask the gentleman a question. Now, as I understand it, fourth-class mail is parcel post, and it now receives a subsidy.

Mr. **ROUSSELOT**. According to my colleague, the gentleman from Illinois, there is a danger in passing this amendment because we might find out if there is in fact a subsidy attached to parcel post. I do not think there is a danger in that. Let us find out. The American postal patrons or customers would like to know.

Mr. **SYMMS**. If the gentleman will yield further, I have the honor to represent a very rural area. I suppose maybe some Members are not aware of the fact, but in some of the rural areas we have to go to the post office, which in some cases is quite a distance to pick up our parcel post deliveries. But a package can be mailed from here through UPS to any destination in Idaho or any other destinuation around the country, and they will be delivered to the proper address.

Mr. **ROUSSELOT**. So what the gentleman is expressing is the proper point that in some cases the private market system is already providing better and more complete services to rural areas.

Mr. **SYMMS**. If the gentleman would yield further, I wish the gentlewoman's amendment went one step further and deleted the subsidy for fourth-class mail, because the post office is trying to make it almost impossible for UPS to compete by going out and subsidizing fourth-class mail.

Mr. **ROUSSELOT**. What the gentleman's point brings out is that in fact if there is a subsidy with a given class of mail, we will know that, and the gentleman is making the point that in the case of parcel post in some areas of the country, we do not even have to be concerned about whether the regular postman is delivering that class of mail because he is not.

So that helps answer the argument and concern of our colleague, the gentleman from Washington. That accountability is not always possible when it is.

Mr. **SYMMS**. I would like to ask the gentleman one further question if he will yield further.

Mr. **ROUSSELOT**. I yield to the gentleman from Idaho (Mr. SYMMS).

Mr. **SYMMS**. I thank the gentleman for yielding further.

Actually the third-class mail is a proper service for the Postal Service.

Mr. **ROUSSELOT**. My understanding is that it creates a surplus in most areas beyond the cost. It is not a profit but it creates a surplus beyond the cost in delivery of that system primarily because the people who are users of that third-class category perform some of the services that are performed by the post office personnel themselves in other cases.

Mr. **SYMMS**. I would like to point out that third-class mail is not the junk mail but the second-class and fourth-class mail if anything would be considered junk mail. But it would isolate the costs of classes 1, 2, 3, and 4 so we would have the facts made available to this body.

Mr. **ROUSSELOT**. I appreciate the comments of my colleague.

Mr. **PRITCHARD**. Mr. Chairman, will the gentleman yield?

Mr. **ROUSSELOT**. I yield to the gentleman from Washington (Mr. PRITCHARD).

Mr. **PRITCHARD**. Mr. Chairman, in the gentleman's interpretation of this amendment when would the changes in the cost of the mailing go on?

Mr. **ROUSSELOT**. I do not think the gentlewoman mandates any changes in the cost. What the amendment does, as I read it, is say there will be accountability of each class of mail, and then she goes on in her amendment to make sure she has enumerated the variable costs that should be taken into consideration, such as volume, cost caused by collection, transportation, processing, storing and delivery of each class of mail or type of mail service. I think what the gentlewoman has tried to do is to make sure that those factors are used in the calculations.

Mr. **PRITCHARD**. If I thought that is what the amendment did I would not be arguing against it, but the way I read the amendment is that it says:

> The requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type . . .

Mr. **ROUSSELOT**. Right. That is what the gentlewoman said.

Mr. **PRITCHARD**. The amendment mandates it.

Mr. **ROUSSELOT**. It mandates the accountability absolutely and I think we need it. It does not mandate that the classes all pay their own way. I asked that question of the gentlewoman from Colorado. I will be glad to yield to her again, but her amendment does not mandate that they live within those costs, but she merely mandates that they describe what those costs are.

Mrs. **SCHROEDER**. Mr. Chairman, will the gentleman yield?

Mr. **ROUSSELOT**. I yield to the gentlewoman from Colorado.

Mrs. **SCHROEDER**. Mr. Chairman, all I am trying to do is mandate that the costs, direct and indirect, are to be considered as part of those costs of each class. It is incredible to me that that has not already been done in the past.

Mr. PRITCHARD. Mr. Chairman, if the gentleman will yield further, the effect of this amendment will be to mandate the cost.

Mr. ROUSSELOT. The amendment mandates accountability.

Mr. PRITCHARD. I realize what the gentleman is describing and talking about trying to do, but I believe it would mandate the cost.

Mr. ROUSSELOT. I believe the gentlewoman has done exactly what the amendment says, that is mandate accountability for each class of mail. I believe that is a reasonable purpose. I encourage my colleagues to support this position.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the last word and I rise in opposition to this amendment.

Mr. Chairman, I wish we had had an opportunity during the period we were handling this bill in the committee to discuss this amendment because I think even members of the committee who are seeing it for the first time now are somewhat confused. The present situation is similar to what happened to us on the Alexander amendment. The amendment sounds good if we do not look at it too closely.

It might be said that there is something basically wrong with a system where only one class of mail pays for itself. I have heard it over and over again and I used to say it myself until for the first time I was forced to begin to understand why we have this fantastically complex rating system in our Postal Service. Everybody accepts as an article of faith the fact that first-class mail pays its own way.

What people who are not really familiar with the Postal Service fail to note, however, is that only 85 percent of first class pays its own way and makes a profit. That is the 85 percent that is basically business mail going by first class.

In rural free delivery, there is no place in this country that we can carry a first-class letter on RFD and break even. That first-class letter costs us money. It costs us money to take the mail from one side of the city to the other, when it is addressed from one individual to another who mails one letter every 6 months.

When somebody in an insurance company or a real estate business drops a ton of mail in one truck for delivery, that is what leads to the profit in first class. So let us disabuse ourselves of the idea that everybody that buys a first-class stamp pays his way.

One of the things not contemplated by this amendment, but which we might experience if we went to this kind of tight stricture on this class of mail, would be to go the route advocated by a former Postmaster General, who we were glad to see leave. That was to create two classes of first-class mail. That would be to let the person on the rural route pay what it actually costs for the service of delivering it to him, and it could well result in not having any service going to those parts of the country. The other would be to let the person in New York who writes to his family in California to pay the cost of that individual letter.

Now, what the Schroeder amendment does it not, as has been suggested by the gentleman from California (Mr. ROUSSELOT), carry out the original intention that both the gentleman and I agreed was wrong at the time, by the way, of people proposing a postal corporation and saying that the corporation should break even. The Schroeder amendment goes further. It not only says that every class of mail will break even, but it will have only one way to break even and that is to raise the rates. What it means pure and simple is that every class of mail right now, except first-class mail, which I have already explained is nearly 85 percent business generated, will increase. Therefore, we will have a dramatic rate increase for all other mail immediately. There is no discretion left, because this language expands the present language which says that the Postal Rate Commission shall, in addition to other factors, base its rate decision on—

> . . . the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type.

The "costs attributable" are magic words. They are not simple words. They are artful words in the business of setting rates for carrying mail.

The Schroeder amendment would add to the above language:

> . . . including the costs caused by variability with volume and all of the costs caused by the collection, transportation, processing, storing, and delivery of each class of mail or type of service.

In effect, the Schroeder amendment is going to increase rates for a lot of mail other than first class, by the "costs attributable" which have always been 50 percent. If that sounds complicated, it is complicated. There has been a universal agreement that we cannot attribute more than 50 percent of what this building costs. I am using the well right now, but I am the only one in the room talking. How do we attribute the costs to all the Members not present, the citizens who are not present? That is what we are asking the Postal Service to do and arbitrarily they have determined over the years that 50 percent cost attributable for indirect costs made some sense. That means in effect we cannot hurt by more than 50 percent the ones where we have made a mistake. The Schroeder amendment would increase that to 80 or 90 percent.

Those Members who have supported us on the floor in our attempts to get a break for fourth-class mail for libraries, for example, are going to kick out and vitiate what we did in the past.

I am sure all of us approve of carrying mail for the blind free; we do not attribute the cost of that very bulky mail for the blind, because it is Braille. Could we attribute 90 percent to it?

Go home and boast that you are going to put the Post Office on a paying basis by having 100-percent cost attributable to everything. Go back and tell the people in the local parish next month when they are told that the third-class special rate they have for mailing out an envelope that is used to collect the contributions for the church they will now have to go out at 13 cents, instead of 6 cents.

Go tell the organizations like the veterans' organizations, some of whom spend almost all their postage on raising money for disabled veterans, that we are going to double the rate.

Mr. Chairman, I have already mentioned a few of the potential victims of this amendment, such as the blind. Another would be the handicapped.

But if we examine former section 4358 we see that it would affect a great many more nonprofit groups—from religious groups to fraternal groups, such as the Lions Clubs, the Elks, and the Rotary.

It would affect both nonprofit agricultural publications—such as the publications and mailings of the the Future Farmers of America, to nonprofit labor groups, such as the National Farmworkers Union.

It would hurt the veterans organizations, such as the AMVETS, American Legion, and the Veterans of Foreign Wars. It would hurt State governments who mail out publications such as Arizona Highways and other highway and State planning publications.

It would also raise rates for educational and scientific publications and mailings, and for program announcements and articles published by educational radio and television stations.

It would even hurt rural electrical cooperatives.

That is the effect that the Schroeder amendment will have.

In light of her experience on the Armed Services Committee where she enjoys the reputation of being an outspoken opponent of the big special interest defense industry corporations, I am surprised that the Member from Colorado would support this amendment.

I would like to ask her how she feels these groups will be able to compete with these powerful special interests in the future if we set them back to zero now—especially in light of the new stringent budget limitations.

THERE ARE MORE REASONS TO OPPOSE THIS AMENDMENT

I am opposed to the adoption of the amendment because it would constitute a giant step backwards on the road to the achievement of a fair and equitable rate schedule. The amendment would reverse the decision made by the Congress in the passing of the Postal Reorganization Act in 1970 in two important respects; it would require an approach to postal rate making exactly contrary to the one now required by the act, and would severely curtail the independence of the Postal Rate Commission.

The rate provisions of the act were included, in part, as a result of assurances by the Postal Service that it had adopted a new costing system which, as I have already stated, demonstrated that approximately 50 percent of total postal costs could be casually attributed to particular types of mail. This new system was adopted in response to severe criticisms by the Congress and others—most notably the Kappel Commission—that previous costing methodologies produced arbitrary and uninformative results. It was with this background that the Congress adopted section 3622(b)(1) of the act which limits the minimum costs to be borne by particular classes and types of mail to those costs which can be demonstrated to have been caused by such classes and types of mail. These ratemaking provisions were intended to introduce rationality into the ratemaking process and to permanently scuttle the arbitrary dividing up of postal costs among the classes of mail even though such divisions could not be shown to be based upon any valid economic costing concepts.

I was particularly pleased that, in its recommended decision issued just this last August, the Postal Rate Commission followed the intent of Congress in construing the ratemaking provisions of the act. I quote from that decision:

> The statute that Congress enacted requires us to distinguish between attributing costs on a casual basis and assigning the remaining mass of common costs which benefit all or a limited number of services. The key to this distinction lies in an analysis of cost behavior which will lead to a separation of the costs caused by the classes and services from all other costs. (Emphasis in the original.) p. 93.

The amendment offered would, of course, do away with this principle of cost casuality now embodied in the act, as it has been so well stated by the Commission. Under the amendment, postal costs would once again be arbitrarily apportioned among the classes of mail in defiance of any sound economic concepts.

This attempt to turn away from a rational approach to ratemaking should be rejected. The costing approach which would be required by the amendment would not only make it impossible to set rates that would permit the "maintenance of a fair and equitable schedule" as required by section 3622(b)(1) of the act, but would also make it impossible for the Postal Service to operate in a rational manner by using demand and market considerations in the assignment of that portion of postal costs which cannot be shown to have been caused by particular classes or types of mail. Far from prohibiting the Postal Service from establishing its rates in a manner consistent with that which would be followed by a prudent business, the Postal Service and the Postal Rate Commission should be encouraged to use market and demand considerations as a major factor in the establishment of rates. Only by so doing will the Postal Service be able to achieve quality mail service for all of the American people.

There is a second danger in the amendment. By irrationally requiring attributable costs to include specific types of postal costs it would deprive the Postal Rate Commission of any real independence by depriving it of the ability to apply expert and impartial economic judgments in determining attributable costs and mail rates.

Mr. Chairman, for all these reasons, this attempt to reverse the ratemaking criteria of the act, destroy the independence of the Postal Rate Commission, and completely devastate the special rate structure we have established for the publications of nonprofit organizations should be defeated.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(On request of Mrs. SCHROEDER and by unanimous consent Mr. FORD of Michigan was allowed to proceed for 1 additional minute.)

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I would just like to say that I really think that again this has been way overstated. There is absolutely nothing here saying that this Congress cannot vote a subsidy for braille. I would be for 100 percent subsidies for braille. There is absolutely nothing saying that when we look into costs and how they are attributed, that we cannot vote those things.

I think it will really help us determine that because there is a lot of confusion about who is supporting what, and so forth and so on. I also think that the gentleman is overstating what this amendment does, because currently the law says—and this is the current law as it now stands:

> The requirements that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type . . .

That is what it says. My amendment goes a little further to define and pin down a little more direct and indirect costs. I think, as in the case of the bulk mail centers, there certainly is not something that should be assigned to first-class mail, but that is something that could clearly be attributed to the cost of one specific class which uses it.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the gentlewoman from Colorado what her amendment does, because I have never in my political life been on record as kicking blind people in the teeth. I would not ever in my life vote to stop churches from sending out their collection envelopes. I would not do many of the other things, and I have never kicked a dog, to the best of my recollection. I once did step on a cat's tail. That is the one thing, if I understand it, that I will not be accused of in my district if I vote for this amendment.

As I understand the amendment, it merely requires them to come back to the Congress and make a report. Is that what it does, or does it say that they must raise rates?

Mrs. SCHROEDER. No, it says nothing about raising rates and nothing about reports. It only states how they must keep their books, which will help the Congress next year when we deal with the subsidy issues, because for the first time we will have a much clearer picture of how much income comes in from each class of mail.

Mr. JOHN L. BURTON. This year I think there was a subsidy, as some Member said before the Alexander amendment was voted on, of $1.7 billion. We do not know where that money would, in effect, be going to subsidize—which section of mail.

Mrs. SCHROEDER. And it is clear that probably the first-class mail has been indirectly subsidizing some of the other classes. However, the gentleman is not going to be kicking anybody in the other classes, and he is not going to be doing anything. It is just that next year at this time, we may have to determine how much we want to subsidize some of the other classes, and I think that since the gentleman's mother raised him well and he does not kick dogs or hit blind people—I do not either—at that time we can determine which ones we want to subsidize and which ones should pay higher rates, but it will be a clear choice for us.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Indiana.

Mr. JACOBS. Mr. Chairman, did I understand the gentleman to say that the minute this amendment passes, many churches will stop sending collection envelopes?

Mr. JOHN L. BURTON. That is what the gentleman from Michigan said. I was concerned, because I think it is a good amendment, but I certainly would not want to go back to my district and say that I voted against blind people.

Mr. JACOBS. I thank the gentleman.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, I do not want to spoil the gentleman's fun and——

Mr. JOHN L. BURTON. I get a little nervous when the gentleman lays heavy trips like that on an amendment like this.

Mr. FORD of Michigan. I am sorry I understated the seriousness of the amendment. The problem I have with the gentlewoman from Colorado is with what her amendment says but not on what it does. She has just suggested to this House what it does is really just a little bookkeeping.

If the Members look at the section of the statute, we are not playing games, we are amending the law. The law we are amending is the characteristics that must be taken into account, and the way in which they are taken into account in setting rates for mail.

The effect—and there is no one on this staff who does not agree, I think—is to dictate every class of mail except first class mail will be raised to carry its own weight.

Mr. JOHN L. BURTON. Mr. Chairman, it is my time, and I decline to yield further. In other words, the gentleman is making the case that first class mail is subsidizing every other class of mail.

Mr. FORD of Michigan. I am making the case that some part of first class mail is subsidizing all the rest of the mail, yes, that is correct. Those are deliveries made to help libraries, schools, institutions, blind people.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I will yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding to me. This does not mandate that the rates automatically will be increased in any area where that rate is not carrying the cost of that particular class. That remark is false. This amendment does not do that.

My colleague from Michigan has replied that would be the effect of it. It is not. The effect is still up to the Congress and the Postal Service.

We wish to provide a subsidy to the blind and we are not providing a 90 percent subsidy for the mailing of blind items, that is false. The cost of that item is more than 90 percent, by the way.

It would not mandate an increase in the rates. I think the record should be clear on that. This amendment does not do that. It clearly follows the intent of the original law that there be a better accountability of each class of mail.

By the way, the rate commission now tries to have the Postal Service provide that kind of accountability, but they have been somewhat reluctant to attribute all costs of different classes of mail.

So the gentleman in the well is correct and he can be assured that this will not increase the cost of the various classes of mail unless the Congress wants to do so.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in about sixty seconds I just want to reiterate the significance of this amendment. We are dealing with an extremely complex subject, one that has puzzled a great many minds who have taken a great deal of time to resolve it.

What I am asking is that we defeat this amendment, and thereby thrust into the hands of the study commission, which will be implemented resultant from the passage of this bill, the challenge and the mandate to get into the subject matter and give it the time it deserves, as opposed to we, in the space of a few short minutes on the floor, making a determination that could have some very, very serious ramifications.

Mr. Chairman, I will guarantee the Members if this suggested amendment passes, that within a week we will be inundated by all of the publishers, who are representing subscribers, who are going to be adversely affected by the result of this amendment.

Once again I ask that we be a little bit patient, that we put the matter of cost authorization into the hands of this study commission who will give it the time and the attention it deserves.

For that reason I ask that we defeat the Schroeder amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. SIMON

Mr. SIMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIMON: Page 14, strike out line 19 and all that follows through page 22, line 2, and insert in lieu thereof the following new sections:

SEC. 3. (a) Chapter 36 of title 39, United States Code, is amended—

(1) by striking out subchapters I, III, and IV;

(2) by redesignating subchapter II as subchapter I, and by redesignating subchapter V as subchapter II;

(3) by redesignating sections 3621 and 3622 as sections 3601 and 3602, respectively, by redesignating sections 3623 as section 3604, by redesignating sections 3626 and 3627 as sections 3605 and 3606, respectively, and by redesignating section 36[illegible]1 through section 3685 as section 3621 through section 3625, respectively; and

(4) by striking out sections 3624, 3625, and 3628.

(b) Subchapter I of chapter 36 of title 39, United States Code, as so redesignated by subsection (a), is amended by inserting immediately after section 3602 the following new section:

"§ 3603. Changes in rates and fees

"(a) The Postal Service may make one change in postal rates and fees during any fiscal year, in accordance with the provisions of this section.

"(b) (1) Except as provided by paragraph (4), if the Postal Service proposes an increase in any class of postal rates and fees in any fiscal year, and the percentage increase in such rates and fees is greater than the percentage increase in the price index during the preceding fiscal year (as certified by the Secretary of Labor under subsection (e)), then the Postal Service shall publish such proposal in the Federal Register and transmit such proposal, together with any other proposed changes in any class of postal rates and fees, to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate, no later than 30 days after such certification, for review in accordance with the provisions of this subsection.

"(2) In any case in which the Postal Service is required in any fiscal year to transmit a proposed increase in any class of postal rates and fees, the percentage increase of which is greater than the percentage increase in the price index during the preceding fiscal year, to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate under paragraph (1), no proposed changes in any class of postal rates and fees, whether or not any such proposed change constitutes an increase which is greater than the percentage increase in the price index during the preceding fiscal year, may take effect during the period established under paragraph (3) for consideration of such proposed increase by each such committee.

"(3) (A) Any proposed increase in any class of postal rates and fees, the percentage increase of which is greater than the percentage increase in the price index during the preceding fiscal year, which is transmitted by the Postal Service to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate in accordance with this subsection may take effect, upon 10 days notice published by the Postal Service in the Federal Register but no earlier than 60 calendar days of continuous session of the Congress after such proposed increase is transmitted, unless either such committee, during such 60-day period, disapproves such proposed increase through appropriate action.

"(B) The continuity of a session of the Congress is broken only an adjournment of the Congress sine die. Any day on which either House is not in session because of an adjournment of more than 3 days to a day certain is excluded from the computation of the 60-day period.

"(4) The Postal Service, in making any change in the rate of postage for any class of mail established in accordance with the second sentence of section 3604(c), may round off to the nearest whole cent the rate established by such change. In any case in which such action causes the increase in such rate to be greater than the percentage increase in the price index during the preceding fiscal year (as certified by the Secretary of Labor under subsection (e)), the Postal Service shall not be required to transmit a proposal with respect to such change under paragraph (2).

"(c) If the Postal Service proposes an increase in any class of postal rates and fees in any fiscal year, and the percentage increase in such rates and fees is equal to or less than the percentage increase in the price index (as certified by the Secretary of Labor under subsection (e)), then such rates and fees may take effect 10 days after the Postal Service publishes notice of such rates and fees in the Federal Register. Any proposed increase which is subject to the provisions of this subsection shall take effect no later than 30 days after such certification. If the Postal Service fails either to transmit a proposal under subsection (b) (1) or to place such increase in any class of postal rates and fees into effect during such period, the Postal Service may not make any change in such class of postal rates and fees during the fiscal year involved.

"(d) If the Committee on Post Office and Civil Service of the House of Representatives or the Committee on Post Office and Civil Service of the Senate disapproves a proposed change in any class of postal rates and fees under subsection (b) (3) (A), the Postal Service may place into effect, at such time as it determines during the fiscal year involved, any change in any class of postal rates and fees if such change is not subject to disapproval by such committees in accordance with the provisions of subsection (b) (3) (A).

"(e) At the beginning of each fiscal year, as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Postal Service the per centum difference between (1) the price index for the 12 months preceding such fiscal year; and (2) the price index for the next preceding 12-month period.

"(f) For purposes of this section, the term 'price index' means the average over a 12-month period of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.".

(c) Section 3604 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(1) by striking out subsections (a), (b), and (c), and inserting in lieu thereof the following new subsections:

"(a) The Postal Service shall establish a mail classification schedule, and from time to time may make changes therein, in accordance with the policies of this title and the following factors:

"(1) the establishment and maintenance of a fair and equitable classification system for all mail;

"(2) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

"(3) the importance of providing classifications with extremely high degrees of reliability and speed of delivery;

"(4) the importance of providing classifications which do not require an extremely high degree of reliability and speed of delivery;

"(5) the desirability of special classifications from the point of view of both the user and the Postal Service; and

"(6) such other factors as the Postal Service may deem appropriate.

"(b) The Postal Service, before making any change in the mail classification schedule, shall transmit such proposed change to the

Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate. Any such proposed change may take effect no earlier than 60 calendar days of continuous session of the Congress after such proposed change is transmitted, unless either such committee, during such 60-day period, disapproves such proposed change through appropriate action. Computation of such 60-day period shall be made in accordance with the provisions of section 3603(b)(3)(B)."; and

(2) by redesignating subsection (d) as subsection (c).

(d) Section 3602 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(1) by striking out subsection (a);

(2) by striking out that portion of subsection (b) which precedes paragraph (1) and inserting in lieu thereof the following: "Changes in rates of postage and fees for postal services shall be made by the Postal Service in accordance with the policies of this title and the following factors:"; and

(3) in paragraph (8) thereof, as so redesignated by this subsection, by striking out "Commission" and inserting in lieu thereof "Postal Service".

(e) Section 3605 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(1) by striking out "this subchapter" the second place it appears therein and inserting in lieu thereof "section 3603"; and

(2) by inserting immediately after "so that" the following: "notwithstanding sections 3602 and 3603".

(f)(1) Section 3601 of title 39, United States Code, as so redesignated by subsection (a), is amended by striking out "Governors are" and inserting in lieu thereof "Postal Service is".

(2) Section 3606 of title 39, United States Code, as so redesignated by subsection (a), is amended by striking out "3626" and inserting in lieu thereof "3605".

(3) Section 409(a) of title 39, United States Code, is amended by striking out "Except as provided in section 3628 of this title, the" and inserting in lieu thereof "The".

(4) Section 2003(e) of title 39, United States Code, is amended by striking out "and, subject to the provisions of section 3604 of this title, all of the expenses of the Postal Rate Commission".

(5) Section 2401(c) of title 39, United States Code, is amended by striking out "3626" and inserting in lieu thereof "3605".

(6) Section 3621 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(A) by striking out "after proceedings in accordance with the provisions of section 3628 of this title"; and

(B) by striking out "subchapter II" and inserting in lieu thereof "subchapter I".

(7) Section 3622(c) of title 39, United States Code, as so redesignated by subsection (a), is amended by striking out "subchapter II" and inserting in lieu thereof "subchapter I".

(8) Section 3624 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(A) by striking out "Governors" and inserting in lieu thereof "Postal Service";

(B) by striking out "3627" and inserting in lieu thereof "3606"; and

(C) by striking out "3682 and 3683" and inserting in lieu thereof "3622 or 3623".

(g) The table of sections for chapter 36 of title 39, United States Code, is amended to read as follows:

"Chapter 36.—POSTAL RATES, CLASSES, AND SERVICES

"Subchapter I—Rates and Classes of Mail

"Sec.
"3601. Authority to fix rates and classes.
"3602. Rates and fees.
"3603. Changes in rates and fees.
"3604. Mail classification.
"3605. Reduced rates.
"3606. Adjusting free and reduced rates.

"Subchapter II—General

"Sec.
"3621. Reimbursement.
"3622. Size and weight limits.
"3623. Uniform rates for books; films; other materials.
"3624. Limitations.
"3625. Filing of information relating to periodical publications.".

Sec. 4. The General Accounting Office shall no later than 3 years after the date of the enactment of this Act, transmit a report to each House of the Congress which shall contain a review of the operation of amendments made by section 2, together with recommendations with respect to whether such amendments should remain in effect.

And redesignate the following sections accordingly.

Page 22, line 3, strike out "Section 3622 (b)" and insert in lieu thereof "Section 3602".

Page 22, line 10, strike out "Section 3626" and insert in lieu thereof "Section 3605".

Page 23, strike out line 17 and all that follows through page 24, line 13.

Page 24, strike out the material which appears immediately below line 13 and immediately above line 14.

And redesignate the following sections accordingly.

Page 24, strike out line 14 and all that follows through page 25, line 14.

Page 25, strike out the material which appears immediately below line 14 and immediately above line 15.

And redesignate the following sections accordingly.

Page 26, strike out line 1 and all that follows through line 23.

And redesignate the following sections accordingly.

Page 29, beginning on line 5, strike out "particularly the functions and responsibilities of the Postal Rate Commissions,".

Page 29, line 8, strike out "If the".

Page 29, strike out line 9 and all that follows through line 11.

Page 29, line 12, strike out "viewed independently outside the Postal Service.".

Page 29, line 20, strike out "section 3622 (b)" and insert in lieu thereof "section 3602".

Mr. SIMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SIMON. Mr. Chairman, very simply, this amendment does this: It abolishes the Postal Rate Commission and says that postage rates cannot go higher on an annual basis than the Consumer Price Index, unless the Postal Service gets the okay or does not get a negative reaction from the Postal Committee of either the House or the Senate.

This amendment, I point out, was approved by a majority of the Members present in the committee. However, through proxies—and my friends will understand this—this amendment was defeated. But it is very interesting that in the subcommittee and in the committee not a single Member suggested that there is a useful function performed today by the Postal Rate Commission.

I woke up this morning and heard that the Postmaster General was denouncing those of us who are trying to save small post offices. That interested me a great deal, because I feel these small post offices perform a useful function, while, in my opinion, the Postal Rate Commission performs no useful function whatsoever. If we want to get rid of a useless body, this is our opportunity to do it.

The Postmaster General, incidentally, in a talk to the Postal Forum earlier this year, on September 10, 1975, said this:

> Our goal has been to keep our rates at or below a level which is consistent with the growth in the Consumer Price Index.

We are simply asking that the Postmaster General and the Postal Service follow what they say they can do.

Mr. Chairman, I had hoped the gentleman from Texas (Mr. Collins) and the gentleman from California (Mr. Rousselot), both of whom supported this amendment in the committee, would be here. There are some of my colleagues here who heard the discussion we had in the committee. There was a feeling in the committee that this is the direction in which we ought to be going.

I would be pleased to answer any questions that my colleagues might have. I believe this is a sensible way to save money. We ought to be moving in this direction.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague from California (Mr. Charles H. Wilson), who has pioneered in this field.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I would like to compliment the gentleman and state to him that I agree with him when he says that the Postal Rate Commission should be abolished. As a matter of fact, we might even get the gentleman from Illinois (Mr. Derwinski) to support us on this, because the Postal Service, too, would like to see the Rate Commission abolished, I believe.

About 2 months ago I had a demonstration available here. I had copies of all the transcripts that the Postal Rate Commission has compiled in the two rate cases they have been working on The transcripts were piled several feet high, and they were so wide. As a matter of interest, the last hearings before the Committee on Post Office and Civil Servive here in the House, when we considered the rates, were only this high. There was a great deal more accomplished by this committee than by the boondoggle we had with these attorneys, who are the only ones who are making out under the Postal Rate Commission.

I think this is a fine amendment, and I believe the Members ought to consider it very seriously.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my friend, the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Chairman, I want to commend the gentleman from Illinois (Mr. Simon) for his courage and the way he has fought this amendment all the way through. This is one of the best things that has come to the attention of Congress this year.

This amendment would get rid of one of these extra bureaucratic, revenue-spending commissions we do not need;

it gets rid of a commission that accomplishes nothing. This is one of the most constructive steps I have seen.

When we really get right down to it, it is up to the post office over here to set the rates. They have simply set this organization up as sort of a buffer, but it does not serve as a buffer; as a matter of fact, it does not accomplish anything.

Mr. Chairman, the gentleman from Illinois has been consistent and courageous in following this up. I think it is very important that what the gentleman said should be taken into account concerning the hearings in the committee. After the debate in the full committee, the majority of those members present voted in favor of the gentleman's amendment.

Mr. Chairman, I hope the House adopts the amendment.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a matter that I have discussed with the author of the amendment, and I am reluctant to oppose it. However, I must oppose it, although I share the gentleman's frustration with the Postal Rate Commission, as does the Postmaster General.

However, contained in the language of this bill is a very emphatic mandate that will change, for instance, the procedure which requires that the entire process be limited to within a 10-month period, as opposed to the open-end that it has had since the implementation of the act.

The language of the bill also would require that the commissioners be subject to Senate approval.

I must remind that one of the irritating factors associated with this is that, unfortunately, the President himself has violated the spirit of the law in this instance, inasmuch as the law says that there cannot be more than three members of a political party on this commission at one time.

The spirit of the law was broken in this manner, that seated on that commission are three Republicans, a conservative, and an independent, overlooking the fact that there is a Democratic Party prevailing in this Nation. It was unfortunate that the President saw fit to do it that way, and it certainly wreaked havoc on the image of that commission and made it look quite political.

Nonetheless, as I said to the gentleman from Illinois, it is the intent of this subcommittee to very soon call before it for testimony the Rate Commission along with the Board of Governors so that each will have a very clear view of what their responsibility is in this all-important matter.

It appears that there had been but very little in the way of communications between both, so that there is a misunderstanding that prevails.

We believe that the language of the bill before us tightens up that procedure very well. We will, for instance, replace the adjudicatory-type hearing with a legislative-type hearing, which is going to diminish the legal fees associated with the present procedure.

There are a number of other things written into the language of this bill, all intended to make that Postal Rate Commission do a far better job, and I believe that it can.

I again reiterate to the gentleman from Illinois that it is our intent to conduct these hearings. We will be glad to use his amendment, if he chooses to introduce it as a separate bill, as a vehicle for these hearings so that again we do not move in the direction of doing something rash and then have to ultimately back up, shift gears, and try to correct a horrendous error.

Again, Mr. Chairman, reluctantly I oppose the gentleman's amendment. I ask that it be defeated.

It is kind of ironic here today that a great deal of criticism has been thrust in the direction of the U.S. Postal Service. Yet, the language of this particular bill gives the U.S. Postal Service much more power than it has today, from the standpoint of the ratemaking process. For what it is worth, the Consumer Price Index is not the vehicle to use in this rather complicated procedure, so we are being inconsistent or we would be inconsistent if we accepted the amendment in the light of all of the criticism that has been hurled at the U.S. Postal Service throughout the course of this day.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. Yes, I yield to the gentleman from Illinois.

Mr. SIMON. Mr. Chairman, I was just wondering whether the gentleman is aware of the statement by the Postmaster General that they propose to live within the Consumer Price Index. That being the case, what possible function is there for a Postal Rate Commission?

That is all my amendment would mandate.

Mr. HANLEY. What the gentleman said in that instance and what he proposes with respect to the Rate Commission are two separate things.

Mr. SIMON. If the gentleman will yield further, I am well aware of that.

That is the reason for the adoption of the amendment, so that we put some restriction in here in order not to have 3-cent increase.

Mr. HANLEY. Mr. Chairman, if I may add to what I said before, again, the adoption of the Alexander amendment makes it quite simple for the Postal Rate Commission to act because they no longer would have to be concerned with overhead in the sense that they are per the law of 1970.

Once again, Mr. Chairman, I ask that the amendment be defeated.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, may I point out that here again we are engaged in what I think is a legislative overkill. I did not support the Postal Rate Commission in its 5 years of nonachievement but if we abolish the Postal Rate Commission we will put the Congress back into ratemaking. When we put the Congress back into ratemaking then we put the Congress back into fixing personnel costs. And that is not what we want and that is the reason we stepped away from it logically some years ago.

The bill before us has a number of provisions relating to the Postal Rate Commission that are very workable. They are the one part of the package that the gentleman from New York (Mr. HANLEY) and many of us completely agreed upon.

As much as I appreciate the immediate short term gain and the economies, et cetera, that will be achieved by wiping out this new little bureaucracy, the alternative adds to the complication, the alternative being to give the Post Office the right to set rates. But the whole trend this afternoon seems to be returning to congressional control, and it provides that the Congres would ultimately be called upon to approve such rate increases.

It seems to me that this is not, in the long term, in the best interests of the Postal Service. I do not think we want to go back into a ratemaking and all the other things that stem from it.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. SIMON. Mr. Chairman, the gentleman from Illinois is aware that Congress would not be put back into the ratemaking process so long as they are below the Consumer Price Index?

Mr. DERWINSKI. That is right.

I am also aware that the Consumer Price Index is not a true and accurate barometer on which they could base their rate increases, given their, for example, let us say, generosity with their postal employees which contract with them. I am sure their requests for rates would be eminently more than that dictated by the index. And they would base it on the fact that the Congress would certainly wish to approve their generosity to their employees.

That is where we were back in the early 1960's when we used to vote on a package of rate increases combined with salary increases for the postal employees. And I dreaded to think how the galleries would be totally packed with postal employees in their post office uniforms looking down on us in the well while we were deciding what their next pay increase would be.

Mr. SIMON. If the gentleman will yield further, is it not also true that it is not the body in the well of the House but it is the House committee and the Senate committee that would be the only bodies involved under this amendment if they would ask for something in excess?

Mr. DERWINSKI. Frankly, Mr. Chairman, I cannot conceive of the other body accepting that part of the gentleman's amendment, or even that the Congress as a whole would tolerate the two committees having special veto powers or extraordinary powers.

May I say that that is why I am arguing against the gentleman's amendment rather than attempting, for example, to strike any particular clause.

Mr. SIMON. One final question, Mr. Chairman. Is it not true that the gentleman voted for this amendment in the committee?

Mr. DERWINSKI. I may have done so at the time, I really do not recall it, but if I did it was with the diabolical intent to complicate the bill and it was not with the intent to embrace the resolution from a position of heart and mind.

Mr. SIMON. I should comment, I believe, that I think it was from a position of greater wisdom at the time that the gentleman voted for the amendment in the committee.

Mr. DERWINSKI. Mr. Chairman, really the amendment puts the Congress back in ratemaking. That is the basic fear that I have.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take the full 5 minutes.

I want the Members to know, first of all, that I have some amendments pending at the desk that would accomplish the same thing that my friend and colleague the gentleman from Illinois Mr. SIMON's amendment would do.

I think the gentleman's amendment is an excellent amendment.

I just rise to point out two statistical facts to support my position. Those facts are an increase of approximately 45 percent in the Consumer Price Index from 1968 until the present time. We have had a much greater increase than 45 percent in the first-class stamp. If we had had this amendment in effect in 1968, we would not now be talking about 13-cent stamp as a Christmas present. The present first-class stamp would be 7 cents.

I think we should also point out that 10 years ago the labor portion of the Postal Service budget was approximately 79 percent. Now it is approximately 85 percent. In the period since 1965 production workers' annual compensation and benefits have gone up 65 percent, whereas the postal workers' have increased 92 percent. I think so long as we have the Postal Rate Commission and the opportunity of the Postal Service to have temporary rate increases every 6 months which then finally get solidified into a permanent increase, the postal workers and the postal management can in essence thumb their noses at the Members of Congress and say, "We have got you." But I think if we were to accept the gentleman's amendment and put everyone on notice that we as a Congress are going to have more control over the Postal Service, we would be better off and we would have more efficient service, and we would have lower postage rates.

So I urge support of the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON).

The question was taken, and on a division (demanded by Mr. SIMON) there were—ayes 18, noes 21.

Mr. SIMON. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Mr. HANLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLOWERS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes, had come to no resolution thereon.

APPOINTMENT OF CONFEREES ON H.R. 8069, DEPARTMENTS OF LABOR, HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS, 1976

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8069) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and appoints the following conferees: Messrs. FLOOD, NATCHER, SMITH of Iowa, CASEY, PATTEN, OBEY, ROYBAL, STOKES, MAHON, MICHEL, SHRIVER, CONTE, and CEDERBERG.

HOUR OF MEETING TOMORROW

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock a.m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

THE BETTER PART OF VALOR AMENDMENT

(Mr. JACOBS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. JACOBS. Mr. Speaker, let us get serious.

I have today introduced a resolution to enact an amendment to the Constitution of the United States. The amendment would be known as "the better part of valor amendment."

Reports have it that in San Francisco the President planned to walk across the street from the hotel to shake hands in the crowd. The Secret Service managed to talk him out of it—and probably out of another heartbreaking American tragedy.

I believe that by making declarations of false bravado, office holders underestimate the common sense of American people.

Most of the monumental mistakes made by public officials spring from the ridiculous assumption that they are expected by the public to be more than mortal. And they are not.

Our President was quoted a few days ago thus:

> Under no circumstance will I capitulate to those who want to undercut what is good in America.

That in essence says: "I would rather capitulate to an assassin's bullet than to an assassin."

There is nothing chicken about taking polio shots, wearing seat belts, nor having inspections at airports. It is nothing more than commonsense and by far the better part of valor.

A President can travel wherever he wishes and discuss his aspirations with the public and yet reduce the odds of tragedy by 90 percent if a President will simply avoid delivering himself to the assassin's natural nest, the anonymous street crowd.

All the king's horses and all the king's men cannot begin to prevent or cure what a modicum of commonsense can prevent.

It is admirable to take necessary chances in and with this life. It is irresponsible to take unnecessary ones.

Pride goeth before the fall where lies the person who had the right of way.

Mr. Speaker, a President may not be eating for two. But a President is living for 200 million and a President is also working for them. They have a right constitutionally to require commonsense as a condition of employment.

No President should have the right to boast little boy bravado on other people's time.

I include the following:

H.J. RES. 673

Joint resolution proposing "The Better Part of Valor Amendment" to the Constitution of the United States for the purpose of providing common sense for the Presidency

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, (two-thirds of each House concurring therein),

That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several states within seven years of the date of its submission by the Congress.

"SECTION 1. No person shall be President of the United States who shall not have enough sense to come in out of the rain of bullets."

NATIONAL COAL POLICY ACT

(Mr. WAMPLER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. WAMPLER. Mr. Speaker, I am introducing today, cosponsored by 10 other Members of Congress from eight major coal-producing States, to establish a national coal policy as a foundation for attaining self-sufficiency in energy resources and sustaining economic stability by providing incentives to double the current production and utilization of coal—from slightly over 600 million tons annually to over 1 billion tons annually, by 1985. The bill includes the substitution of coal for oil and natural gas where these fuels would otherwise be used, by electric power plants and major industrial installations as their primary boiler fuel and other major provisions affecting coal's use.

This bill establishes broad concepts and provisions for a national coal policy, now lacking and necessary to solve our energy problems. To implement this new national policy the legislation would direct the President, within 90 days of enactment, to submit to the Congress detailed draft amendments to existing laws as may be necessary to reflect throughout the laws of the United States the policies specified in this legislation.

Mr. Speaker, one of the basic needs for establishing a national coal policy has been summed up rather well in a recent Library of Congress major issue brief—"Power Plants: Converting to Coal," which stated:

> Between 1960 and 1973, more new power plants were designed to burn oil or natural gas (than coal); and during the same period, some 400 existing utility boilers that were designed to burn coal were converted to oil or natural gas. Since the oil embargo of 1973–74, power generation from oil products has become more expensive than that from coal. Nuclear power provides a small but increasing share of power generation; but it is embroiled in controversies over safety and security of nuclear materials and high capital costs. Greater use of coal in electric plants would reduce our dependence upon imported oil; but coal users must comply with current clean air laws.
>
> The issue is whether congressional action should be taken to insure greater future use of coal for power generation. If so, what time schedule should be followed, and how do current environmental standards need to be modified?

My bill could result in a reduction of 3.8 million barrels of foreign oil per day by 1980, based on an annual increase in coal production of 350 million tons. Increasing coal production by 600 million tons of coal per year by 1985, the goal of the bill, could reduce costly foreign imports of oil by 6.5 million barrels a day and allow for an expanding economy. The bill presumes that domestic production of oil, natural gas, nuclear and hydroelectric power, and other more exotic energy sources will continue on current levels and post increases in some categories. In this regard, this act will reinforce the goal of the Nation to expand the productive capabilities of all our domestic energy resources to maintain our people's standard of living and the increasing requirement to fill more jobs for our expanding labor force.

All of the various goals indicated to Congress by the experts for meeting energy production and keeping our economy viable look to coal as the major energy source for at least the next several decades. However, the Nation, faced with a decline of 8 percent in domestic oil production this year and drastic natural gas shortages this winter, an alarming rise in imports of costly foreign oil, and a serious snag in nuclear power plant construction, is not taking the necessary steps to increase production of its most readily available and most abundant natural energy resource, coal.

A number of serious constraints currently stand in the way of even meeting a less modest increase in coal production than is called for in this legislation. These constraints must be removed or diluted if we intend to involve coal in the solution to our energy problem. These constraints are: The present deplorable situation of our railroads, which already move the bulk of our coal; the lack of compatibility between increasing energy requirements and environmental standards, the unavailability of adequate investment capital to upgrade our railroads, permit coal substitution, develop synthetic fuels from coal, provide for increased manpower training to mine and develop expanded coal production, meet material shortages, and to increase mining and mineral research and development.

Mr. Speaker, my bill would overcome these constraints on coal production by mandating Federal governmental policy to place major emphasis on the use of coal, by providing measures and incentives for: First, increasing its production and utilization, including the substitution for petroleum and natural gas; second, establishing and maintaining compatibility between energy and environmental goals; third, insuring the adequacy of coal transportation systems and skilled manpower availability; fourth, insuring the continued availability of coal by sound land management policies; and fifth, advancing development efforts in coal mining and utilization research, and land reclamation technology.

Prominent features of my bill, which would likely be acted upon by five major House Committees, would: Mandate coal substitution in current and new oil and natural gas fired electrical utilities and major industrial boilers; amend the Clean Air Act by reducing excessive regulations, grant variances from established regulations, including the extension of compliance dates, or permit intermittent controls and tall stacks where reliable and enforceable, require technological and economic factors to be considered jointly and fully with environmental considerations in establishing air quality standards; allow electrical utility investment tax credits to effect conversion to coal, to include tax credits in construction, rapid amortization and early depreciation; allow assistance to railroads for hauling coal with low cost Federal loans, tax credits, reduced schedules for amortization for new construction and improvements of facilities for handling coal, and allow rail-banking of railroad trackage subject to abandonment in areas having coal mining or market potential; allow coal pipeline development, with right of eminent domain; establish State mining and mineral research Federal grants to qualified public colleges and universities; through Federal grants authorize the training of mining and safety engineering and scientific personnel at qualified public colleges and universities and the training of skilled manpower at high schools, community colleges, technical colleges, and vocational schools as miners and technical and safety personnel engaged at all levels of coal mining; provide funding authorization for additional coal mining and preparation research by the Bureau of Mines; provide Federal grants to States for pilot testing of improved coal land reclamation techniques; provide for coal gasification and liquefaction development by accelerated writeoffs and guaranteed purchase for synthetic fuels from coal at a guaranteed price under the Defense Production Act; allow tax writeoffs for new coal mine equipment; and provision for financial assistance for construction and operation of district or centralized heating systems for demonstrated community needs.

I am hopeful that the Congress will give immediate and serious attention to this bill that we are introducing, inasmuch as the Congress has so far this year only seriously considered the problem of oil in solving the energy problem.

Oil is only one facet of the energy equation. Very little has been said or done about coal. This bill attempts to thrust coal into the energy debate now before the Congress. Moreover, coal is less expensive as a fuel for electrical power production than either oil or gas, especially in the highly industrialized East. The potentials for less expensive electrical power should make this part of the measure most palatable to the consumers of our country. It would also provide hundreds of thousands of jobs in the coal industry and the railroad and heavy construction industries, during a period when we are seeking to reduce our unemployment rolls. Additionally, increased use of coal would in the long run allow us to make more oil and natural gas available to heat our homes, drive our essential automobiles and trucks, power our tractors, provide cheaper fertilizers for food production, and permit our factories, now faced with natural gas shortages or high-priced petroleum products, to continue to operate and provide essential goods for our people.

Mr. Speaker, preliminary reviews of this bill indicate that labor, the coal industry, and the public utilities will support this bill. I urge each Member to give this legislation study and support.

YOSEMITE VALLEY MASTER PLANNING AND THE IMPORTANCE OF ITS CONCESSIONER

(Mr. SKUBITZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, those of us who serve on committees which deal with the national parks are facing the continuing problem of concessions within the parks. At a time when park visitation is showing large increases every year, we are confronted with demands that private concessions be removed from the parks. The debate is perhaps most intense with regard to Yosemite National Park.

Mr. Speaker, I am inserting into the Record today a statement by Horace Marden Albright, a man who knows our national parks and Yosemite Park intimately. Mr. Albright was with the Department of the Interior for 20 years. He has been superintendent of Yellowstone National Park and Director of the National Park Service from 1929 to 1933. He was a member of the Secretary of Interior's Advisory Board on National Parks from 1952 to 1958. He has known Yosemite Valley for 60 years. He has walked its back trails and knows every corner of the park. It is obvious that Mr. Albright loves Yosemite. I think we could all benefit by his experience. Mr. Albright's statement follows:

Yosemite Valley Master Planning and the Importance of Its Concessioner

(Statement of Horace Marden Albright, June 13, 1975)

Yosemite Valley, under National Park Service administration, is as beautiful as it ever was and absolutely unspoiled. And it is fortunate in having responsible and dedicated Concessioners with adequate resources and interest in the Valley to provide excellent accommodations for Park visitors.

I have known Yosemite Valley intimately for 60 years, although by trails across the Sierra Nevada from the Mammoth Lakes region I had seen the high back country of the great National Park as early as 1904. I lived in Yosemite Valley, with general supervision over the Park's affairs, during the period October, 1927—May, 1928, and again in the months of November and December, 1928. I am thoroughly familiar with the history of the Park, including all the important literature, descriptive and interpretative.

I have been in Yosemite Valley as late as October, 1974, and then it was as beautiful as I ever saw it.

It is time for the people of California and the whole Nation to know that Yosemite Valley's natural features have suffered no impairment whatever, even at times during the summer season when it has seemed to be overcrowded. It is time to resume praising the scenic resources, the forests, the wildlife of that Incomparable Valley; to understand that it is as beautiful as it ever has been since it was first visited by white men well over 100 years ago; and to cease giving the impression that it has too many people there in the summer season; and to stop advocating the removal of some if not all facilities for visitor accommodation to El Portal, nearly 20 miles from the Valley floor, as well as most of the personnel concerned with visitor services.

I deplore the continual emphasis on overcrowding and impairment of the natural features of one of the marvelous scenic areas of the World.

While the summer season, when children are out of school, and families can visit Yosemite Valley, there could be crowding of campgrounds at times, and undoubtedly has been in the past; and securing of accommodations at the hotel, the Lodge near Yosemite Falls and Camp Curry can be difficult. Such situations can be avoided by simply requiring reservations by all Valley visitors at these busy periods of the year. Elimination of the famous firefall from Glacier Point, installing a free sightseeing bus system to some of the most significant areas in the East end of the Valley, and making all highways, with a few short exceptions, usable in one direction only, have solved the problems of congestion which occasionally occurred. I see no reason to further limit the use of automobiles in Yosemite in the busy season.

Yosemite Valley today is far more beautiful than when our great naturalist explorer and writer, John Muir, saw it and in finest prose glorified it, or when President Theodore Roosevelt visited it in 1903 and enthusiastically praised it. Muir was one of the founders of the Sierra Club in 1892 and its president until his death in 1914. He had the dedicated assistance of the distinguished lawyer of San Francisco for many years, William E. Colby, who was secretary of the Sierra Club and the leader of its summer mountain parties. One autumn day, less than twenty years ago, the Sierra Club had a discussion of Yosemite Valley affairs at its Le Conte Memorial Lodge near Camp Curry in the Valley. Mr. Colby and I were there. Mr. Colby, in an eloquent speech, declared that Yosemite Valley was 20 times more beautiful than when he first saw it in 1894. Then, hesitating a moment, he said he thought it was 100 times more beautiful. When I was asked to speak, I confirmed Mr. Colby's remarks by describing conditions as I observed them in 1915. Then the roads were old, unsurfaced, dirty in the dry season, the means of covering all vegetation with dust, and slippery mud channels in wet weather; barns, stables, fences, hay and manure piles occupying large areas, unattractive buildings, cattle and horses grazing on meadows; no adequate sanitation, camping permitted in all parts of the Valley. At the time of the Le Conte Lodge discussion, all these features of earlier years were gone—roads paved, new bridges built, sanitation facilities installed in camp grounds, sewer systems built, water lines renewed, no grazing on the meadows except by native wildlife. All visitor accommodations and other facilities, except the road system were confined to the Eastern part of the Valley, and the Western part beyond the Yosemite Falls area was accessible only to picnickers, and visitors wishing to walk or ride in a wilderness atmosphere.

A new village had been built and the old one, including the Sentinel Hotel had been removed. Stephen T. Mather, the first director of the National Park Service employed the distinguished California architect, Myron Hunt, to design the new village buildings, and Charles Sumner to plan and supervise the building of the Rangers' Clubhouse which Mr. Mather personally paid for and gave to the Government. In other Valley planning, besides the able architects and landscape architects of the Park Service, he had an advisory committee composed of the great landscape architect, Frederick Law Olmsted, Jr., Duncan McDuffie, a president of the Sierra Club and Save-the-Redwoods League, Newton B. Drury, of the Redwoods League, destined to be the fourth director of the National Park Service (1940–51) and later Chief of the California Department of Parks and Beaches (1951–59), William E. Colby and John P. Buwalds, conservationist, Professor of Geology at the California Institute of Technology and authority on Yosemite Valley, its glacial origins and subsequent history.

Mr. Olmsted's interest continued until his death, but he never advocated removal of visitor facilities and accommodations, or Park Service and concessioner personnel from Yosemite Valley, abandonment of campgrounds or prohibition or severe limitation of automobile travel. His father had been one of the first commissioners of the Valley and the Mariposa Grove of Big Trees after they were granted to California in 1864.

As to the Master Plan for Yosemite Valley now being discussed in "woodshops" and other meetings, it should be one that maintains in general the *status quo* with some practical requirements for reservation of hotel, lodge and camp space in mid-summer or other periods of probably heavy visitation to the Valley, but retain administrative, protective, interpretative, postal facilities of the Government agencies, and the concession structures and services; and the homes for personnel rather than remove them to El Portal which would require millions of dollars for new buildings, and vastly increased costs of daily travel between El Portal and the Valley, inefficiency in service to the public, and increased traffic conditions on the inadequate road from El Portal to the Valley.

In my judgment there was nothing seriously wrong with the Master Plan in effect until recently. There now seems to be no general public interest in evolving a new plan, but certain groups of conservationists and environmentalists, who want Yosemite Valley restored as nearly as possible to its appearance when occupied by the Indians, will attempt at public meetings and in the halls of Congress to bring about a new and radical Master Plan that will be enormously costly to implement and certainly not in the public interest.

In connection with Master Plan revision for Yosemite Valley, there have been discussions of the concessions in Yosemite Park authorized by the statute creating the Park and by the law establishing the National Park Service. In the large Western natural National Parks, concessions to individuals and corporations have been essential to making provision for accommodations for travelers and to meet their needs for supplies of various kinds, including pictures and souvenirs. Since 1925, the principal concessioner in Yosemite National Park has been the Yosemite Park and Curry Company. The officers and other personnel of this Company were deeply interested in the Park and in their enterprises rendered very satisfactory service.

In recent years, the Company was acquired by the MCA, which has had wide experience in the accommodation and entertainment of tourists in operations both East and West.

I have had no part in concession problems and operations in Yosemite Park for many years. I have known of changes in ownership of the Yosemite Park and Curry Company but I do not know the executive officers of the current owner, MCA. Nevertheless, aside from the abandoned motion picture series "SIERRA", I have not seen or heard of any proposal by MCA that *deserved* adverse criticism, and it has seemed to me that the Company is devoted to the ideals of the National Park Service, and endeavors to cooperate wholeheartedly with the Service.

The picture "SIERRA" which has received considerable criticism sought to portray rangers in the performance of their duties amid the beauties of Yosemite Park and the High Sierra, and at the same time satisfy the appetite of the viewing public for the thrills of dangerous exploits and excitement of narrowly successful rescues by rangers from granite cliffs, fast-flowing rivers and bears prowling around campgrounds. This program could not be done satisfactorily, so the series was prematurely abandoned, but not before it generated some complaints and criticism especially from conservationists.

From my own observations, all other services of MCA have been satisfactory and strictly in line with National Park Service policies. Charges that it advocated making Yosemite Valley a site for large conventions are really irrelevant. Large conventions were not advocated, and it must be understood that in every park, in the beginning and end of a tourist season, concessioners have sought the patronage of small conventions, usually local in composition, or find themselves with more employees than guests. As to the mention of a cableway or ropeway from Yosemite Valley to Glacier Point, that was first suggested about 1889 when the State of California owned the Valley (it was ceded to the United States in 1906). When I was director of the National Park Service there was before me a proposal for such a cableway presented by the Yosemite Park and Curry Company, but we never approved it because the existing road seemed to provide adequate access to Glacier Point. Having since visited European countries where cableways are numerous in scenic areas and popular with travelers, I do not have the fear of them that some other conservationists have and often express. I do not think MCA made any application for a permit to build a cableway to Glacier Point, *despite* the existence of some sensible arguments for such a facility in the public interest.

There is a real need to rebuild and extend visitor accommodations for the public at Camp Curry, and the concessioner should be given permission to do this on the early presentation of the required environmental impact statement. This should be easy to frame, since the impact on the Valley should be no greater than Camp Curry has been since it was established in 1899 (See Miss Shirley Sargent's new book "Yosemite and Its Inn-Keepers"). Camp Curry has never been a conspicuous enterprise in the Valley's landscape.

There are environmentalists who would like to see all concessions removed from Yosemite Valley and other national areas to points outside park boundaries as established by Congress. I thoroughly disagree with this view. They argue that the 1916 Act creating the National Park Service states that the purpose of the bureau is to preserve the scenic and wildlife resources of the parks in their natural state for future generations, but they invariably neglect to refer to other provisions of the Act, and statutes creating the National Parks themselves that specifically authorize the Secretary of the Interior to grant leases and permission for the installation of structures and provide services for the visiting public.

The National Parks were not created just to hold every acre of their lands in exactly their state when reserved. They were created "for the benefit and enjoyment of the people" to quote from the wording of the first National Park Act creating Yellowstone Park March 1, 1872. The people must be given fullest consideration up to the point where natural features of a park might be impaired. This policy has been strictly followed for over 100 years by National Park administrators, and while millions of people have enjoyed the parks, the only exception being the grant of Yosemite's sister valley, Hetch Hetchy, to San Francisco for a reservoir, thus destroying it as a National Park feature for all time.

THE FEDERAL BUDGET

The SPEAKER pro tempore. (Mr. HARRIS). Under a previous order of the House, the gentleman from Pennsylvania (Mr. MURTHA) is recognized for 30 minutes.

Mr. MURTHA. Mr. Speaker, George Bernard Shaw once remarked that for every complex question there is a simple answer; and it is wrong.

Those simple answers, though, too often punctuate the debate on national issues. Nowhere is that truer than with the Federal budget where simple answers were appealing but misleading.

Two facts about the Federal budget are well known:

Federal Government outlays have sharply increased from $69 billion in fiscal year 1955 to $118 billion in fiscal year 1965, and to an estimated $313 billion in fiscal year 1975;

There has also been a rapid rise in the public debt—subject to the debt ceiling—standing at $274 billion in fiscal year 1955, to $317 billion a decade later; and an estimated $529 billion in fiscal year 1975.

While that spending and debt increase are generally known, and regularly deplored on Wall Street and in conservative publications, no real national effort has been mounted to reverse the trend or offset budget stereotypes. For instance, deploring the recent debt ignores that our Government started in 1789 with a war debt of $78 million, and our Federal Government has never been completely out of debt. Moreover, nearly all of us have trouble throwing about figures of billions of dollars. The size is shattering as shown by the example that if I gave someone $1 every second, it would take 12 days for me to give them $1 million. And it would take me 32 years to give them a billion dollars. Can we carefully decide on figures so beyond normal, daily experiences?

In the following remarks I want to look more closely at suggestions for reducing Federal spending and hopefully cut through the stereotypes and "simple solutions." I think we will find in Government spending, as Mr. Shaw did elsewhere, that solutions are seldom as simple as they seem.

THE 5 PERCENT SOLUTION

Treasury Secretary William Simon has suggested an across-the board budget cut. He argues that spending decisions are particularly difficult for Congress because of lobbying from voting groups affected by the proposed cuts. So, he suggests a 5-percent cut in all programs, a solution that surely reduces spending.

I see two major problems with this approach. First, I would agree Congress is not always as immune to pressure as we should be, but that does not remove our national decisionmaking responsibility. If Congress only goal becomes balancing the income-spending ledger, then we need technician/accountants not elected representatives. The major purpose of a budget—and of Congress budget decisions—is to set priorities and channel our resources into selected national goals. Those decisions are not made by an across-the-board cut.

Second, unlike the classic checkbook analogy, Government deficits are not a $1 for $1 proposition. For instance, one amendment in the House this year sought to cut Government spending by $65 billion. In fact, it would have reduced the deficit not by $65 billion, but only $20 billion. Why? Because some Government spending produces income which in turn generates more tax revenue; other reductions in Federal spending reduce national income and thereby reduce tax receipts.

Another example of spending relationships is a study by the Library of Congress showing that an expenditure of $19.4 billion for a WPA-type public works project would increase the deficit only by about $2 billion. The initial spending would decrease unemployment compensation payments, welfare, and food stamp allotments, while increasing tax revenue and social security income. Priorities may change when the cost of 2½ million public works jobs becomes $2 billion instead of $19.4 billion.

"The 5-percent solution" simply does not recognize decisions needed to establish national policy. Congress exists primarily to set these priorities, not just balance the books.

LET'S CUT DEFENSE

The most popular budget cry since World War II has been to cut defense spending. In past years Congress responded by regularly reducing the Defense Department's request by $4 to $5 billion; a fact of life that no doubt caused $4 to $5 billion worth of padding in the original request.

This fiscal manipulation overlooks some key information. In 1955, defense accounted for 58.7 percent of Federal spending while human resources programs totaled only 21.1 percent. By 1965 defense still dominated by a margin of 41.9 percent to 29.8 percent. But the estimate for 1976 is that the nation will allocate 27 percent of its resources to defense while human resources will have risen to 49.8 percent. While defense appropriations have increased in actual dollars, they have largely reflected inflation's pull, while the major budget additions have been made in human resource areas such as education, pension payments, and health. Human resource outlays have outpaced the growth of national defense spending by a rate of almost 5 to 1.

This is not to say defense spending cannot be reduced further, however, finding the financial padding added by the Defense Department has become the congressional goal at the very time we should be reviewing the military structure, not playing the numbers game. Defense spending and programs should be based on the national need and not some isolated rule-of-thumb based on total Federal expenditures.

For instance, the debate rests not on how much we are spending on shipbuilding, but what type of Navy we want and what type of sea strategy we want to develop. In number of ships the naval strength may be sufficient, but we have not sufficiently agreed on a long range sea power plan that takes nuclear energy, mobilization capacity, underway steaming time, and other factors into account. Our present number of ships may be sufficient for the plans of a majority of Congress, but since a Navy cannot be built overnight, these type of long-range decisions must be made.

Personally, I believe we must spend more in the defense budget on research and development and less on standing forces. We can mobilize an army quickly with well trained and properly equipped reserves and proper mobilization plans. Right now, though, we spend only $10 billion of the requested fiscal year 1976 defense budget on R. & D., while allocating $25 billion for military personnel and $29 billion for general operation and maintenance. I believe that by upgrading and developing the National Guard and our Reserve units, we can retain the ability to mobilize quickly without maintaining a huge, standing army, and while spending more on R. & D. The All-Volunteer Army has greatly increased the share of defense spending going to military personnel costs—from 28.4 percent of total defense spending or $22 billion in 1975. A potentially staggering side effect is that the Volunteer Army law is written so that if we mobilized for a war effort, we would have to pay every soldier at the Volunteer rate which would cost us more than $150 billion with a World War II size fighting force. Yet, that is not a budget question Congress has addressed.

Those who yell "let's cut defense" in response to higher Federal spending are living in another era. Congress can economize some more on military spending, but defense is no longer the key to budget reductions, and is an area where future savings should result from careful policy decisions, such as mutual arms and force reductions and long-term policy planning.

WAITING FOR THE SUNRISE

With each percentage point rise above the national goal of full employment—4.2 percent of unemployed—the treasury loses $14 billion in tax revenues and $2 billion in unemployment compensation payments. With a 1975 out-of-work rate averaging around 8 percent—and resulting in a loss of nearly $64 billion by this formula—that means if we can just reduce unemployment to the national goal we can almost wipe out the entire 1975 budget deficit.

Still, such figures miss some key questions. We must remember that the deficit is not the only question we have to come to grips with, but also the total amount of spending. It should again be stressed that Congress must directly face the task of not only dictating spending, but developing priorities as well.

Sometimes in Congress, too much time is devoted to the magic deficit numbers, instead of the spending decisions that set the long-range priorities, tax reform decisions, and budget impact on the economy. These are the key questions and the normal turn of the economy away from recession and high unemployment will not by themselves resolve these questions.

The bigger question between the budget and the economy is the portion of Federal spending now locked into economic trends, particularly the cost of living. Almost 28 percent of the total estimated 1976 budget outlays—$96 billion—are tied to the Consumer Price Index. This results from programs such as Federal retirement rates, food stamp prices, and the school lunch program. These cost of living features did not exist until 1962. I am not arguing against their worth—I have voted for some of them myself—but their long-range impact on the budget is something that must be considered rather than "waiting for the sun to rise" on the economy.

MOST POPULAR NOTIONS

Constant targets of government spending are items such as government inefficiency, overpaid public officials, unnecessary jobs, and other "most popular notions."

Some money can be saved here, but those notions are basically simple solutions producing very limited results.

For instance, it should be noted that the total funds allotted for the legislative process account for only 20 cents out of every $100 in Federal Government spending. Such ideas as salary cuts, less staff, and other popular notions could have a psychological impact, but would create no great savings of money for the taxpayers.

The same general argument applies to government inefficiency. Sure there are some costly practices and inefficient personnel as there are at every other large company. There are also many talented, dedicated officials working long hours and many programs that run at excellent cost-efficiency ratios.

Inefficiency and instances of ineptness will always be publicized, and should be eliminated wherever it is possible, but there simply are not real savings available in these categories and it is not a major part of the spending answer.

HUMAN RESOURCES

As the earlier figures on defense spending indicated, human services represent the greatest budget growth over the last two decades. Increases have occurred in nearly all of these programs. Two examples suffice. Ten years ago, education cost the Federal Government $1 billion; now the figure is $9 billion. Ten years ago, health costs were $1 billion; now they are $18 billion with a likelihood of major new health care programs in the next decade.

Mostly begun in the 1960s, human resources are the programs that have developed tremendous services for our citizens, but at a cost we never really stopped to ask if we were willing to bear. Right now, 40 cents out of every tax dollar is returned to certain individuals through some human service program.

Over the next decade we will face decisions on taking social security payments from general tax revenues, creating national health care programs, and countless other programs that will benefit our citizens, but at a cost. The Federal Government now spends $1,619 for every man, woman, and child in the United States, a figure almost triple the amount spent in fiscal year 1962.

Human resources is where the greatest spending growth has occurred and where much of the future direction of Federal spending will be decided. A reduction in Federal spending or a reduction in the rate of increase of Federal spending will certainly most directly affect the human resources area.

CAN WE CONTROL IT?

Regularly overlooked in most budget discussions is the question of controllability. Congress cannot control nearly 75 percent of this year's Federal spending. Uncontrollable expenses include funds for mandatory entitlements, prior year contracts and obligations, and net interest on the national debt.

The greatest of these is mandatory entitlements. Only 26 percent of the budget in 1960, they are now 44 percent of total Federal spending. Among the largest of these programs are: Old-age, survivors, and disability insurance, $65 billion; Federal retirement and disability insurance, military and civilian—$13 billion; unemployment assistance, $8 billion; veterans benefits and compensation, $10 billion; medicare, $14 billion; and medicaid, $7 billion.

Contracts and prior obligations will account for $52 billion in outlays to protect the Government's financial integrity, and fiscal year 1975 required $23 billion in interest payments on the national debt.

Moreover, even if we say that $1 out of of every $4 spent is controllable, it is only a technical statement. Out of the $84 billion in "controllable" outlays for this year, $58 billion is in the Defense Department. Military research, for example, is technically controllable, but the entire $10 billion certainly cannot be eliminated. Other "controllable" expenses include Corps of Engineers construction; elementary and secondary education funds; FAA operations; manpower assistance; VA medical care; and many other programs most people would probably want to see continued.

Presently, there is a limit to how much budget control Congress can accomplish in 1 year even if we want to. But budget projections cover not just the current year but 5 years. Most experts agree that in the long-run—4 to 5 years—budget spending is controllable. But we must realize that just as the budget and deficit grew over a number of years, it will take several more years to reverse the trend.

IT IS NOT ALONE

A final point to remember is that Government spending is not an abstract principle removed from the rest of society.

For instance, the decisions we make on the size of the debt, and the areas of Government spending have great impact on our free enterprise economic system, the amount of capital available, and the progress of private industry. We must integrate the spending decisions to meet the needs of the economic marketplace to help meet our future needs. Our economic system has been the greatest in the world and we cannot retard its growth.

Neither can we bury our heads in the sand and ignore social change. Before deploring increases in money for education, we should remember what William Manchester pointed out in the "Glory and the Dream." At the time of Pearl Harbor only 15 percent of Americans of college age were enrolled, but by 1965 over 40 percent were attending, and by 1970 nearly half a million bachelor degrees were awarded each year. "Going to class had, in fact, become the largest industry in the United States," according to Manchester. Such trends cannot be ignored and must affect our spending decisions.

WHAT NEXT?

The preceding discussion points out a couple of things about Federal spending that we must keep in mind: First, the growth in spending is largely the result of the growth in human resource programs; and second, it will take time to reverse Government spending trends.

Is the picture as bleak as British historian Alexander Tyler wrote 200 years ago? "A democracy cannot exist as a permanent form of government," he wrote. "It can only exist until the voters discover that they can vote themselves largess from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury."

I do not think we have reached that point in the United States. But I do believe that the calls for fiscal restraint, control of spending, and a halt to development of human resource programs have come largely from the editorial rooms of conservative publications and the suites of bank executives. The truth is that fiscal responsibility is not nearly as popular a cry among the public as spending money for their benefit. The time has arrived when we must all decide which road we want to take: High spending and government services, or more modest spending and fewer services.

I am not worried about Congress finding the ways to reduce spending. "Government," said the late Adlai Stevenson "cannot be stronger or more toughminded than its people. It cannot be more inflexibly committed to the task than they. It cannot be wiser than the people." When a consensus exists, Congress will find a way.

And from my service in State and National Legislatures, I know these are the most responsive bodies to public opinion. At times we can and should be statesmanlike, but in the essence of democracy, we must represent the views of the people who place us in office.

If there is a true national consensus to cut Federal spending and make the hard decisions of which citizen-oriented programs to reduce or reshape from a funding standpoint, Congress will respond. But we are unlikely to do so before that consensus develops.

OUR FOREIGN TRADE POLICY: A BARRIER TO ECONOMIC RECOVERY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Gaydos) is recognized for 30 minutes.

Mr. GAYDOS. Mr. Speaker, people are not convinced that economic recovery is underway. The harsh realities of higher prices for electricity, groceries, gasoline, and other necessities still confronts them daily. Inflation has reached an annual rate of 14.4 percent. More importantly, jobs are scarce everywhere; 8.4 percent of the Nation's work force is jobless. The welfare rolls are swollen with 6.4 million persons drawing unemployment compensation and more than 19 million on food stamps. While money is still tight, the housing industry remains crippled, the stock market is shaky, and the energy picture worsens.

A comprehensive 1974–75 Yankelovich survey, sponsored by General Mills, clearly indicates that today's American families are coping with the austerity and sacrifice that comes with an uncertain economy. For the first time in decades, family anxieties over economic issues far outweigh concerns with crime, safety in the streets, urban living, and the quality of education. For many households the standard of living has deteriorated. The American dream of an abundant future has been replaced by fears of unemployment, continuing inflation, and the erosion of personal savings.

The Watergate scandals, the oil squeeze by the OPEC countries, the shenanigans of corporate officials, and the current CIA disclosures have made cynics of many people. They have lost faith in the future promise of this country.

Make no mistake about it. The present situation is, indeed, an economic crisis. We are agonizing over the worst recession since the 1930's. At fault is the interplay of many complex forces working together. Thus, it is unrealistic to suggest a simple cure-all solution. We must launch a multifaceted attack quickly or our planned Bicentennial celebration will turn into a national wake.

INTERNATIONAL TRADE

I am convinced that our misguided and misunderstood international trade policy has substantially contributed to our economic malaise. A complete review and overhaul of the present policy is in order. The revised policy should have the purpose of strengthening our economy by, first, stimulating the expansion of domestic industries; second, effecting a dramatic increase in jobs; and third, curtailing the pernicious runaway inflation.

International trade is one of the most controversial, complex and enduring issues affecting our economy. The central question has been: Should the Government insulate domestic workers and producers from foreign competition or should Government foster a free flow of unresticted foreign trade?

It seems obvious to me that in periods of economic crisis and widespread unemployment, Congress should restrain unfair foreign competition and investment. This would help the domestic economy back on its feet. Our industries are suffering. Unable to survive the deluge of unfair foreign competition, they have been forced to lay off workers. The result—8.4 percent of the Nation is jobless. These workers find they must react to their predicament in at least three ways which further depress the economy.

First. They draw unemployment and welfare assistance. Official estimates show that for each 1 percent of unemployed, a total of $16 billion is lost to the national Treasury—$14 billion in lost tax revenues and $2 billion in unemployment checks. This is a monumental burden on our already massive national debt.

Second. The unemployed person is not in a position to assist economic expansion. Low consumer demand only serves to weaken the economy. We need the stimulation of healthy consumer buying.

Third. Resulting low morale and loss of confidence in Government affects business and investment negatively.

The heretofore unchallenged faith in the classical theory of "comparative advantage" has been shaken. That theory held that if each nation sold what it could produce most efficiently, then maximum benefits could accrue to the world economy as well. But the theory assumed that the factors of production are fixed in each country and that international trade could be conducted without national barriers. The assumptions are no longer true. We now live in a dog-eat-dog world of commercial policies.

Yet the United States plays "Mr. Nice Guy" even though we have witnessed an extraordinary growth in trade discrimination during the last two decades. For instance, the members of the European Economic Community have created and are expanding a vast trading bloc to hinder U.S. products. Japan is another example. Much of her "economic miracle" can be attributed to two factors: its closely guarded import system and its aggressive export program. In some cases, Japan has been dumping goods on the U.S. market at prices below those on its own market.

Meanwhile, U.S. exporters are confronted with tariffs, trade bloc agreements, and the more subtle, but equally restrictive nontariff barriers.

THE NATURE OF EXPORTS AND IMPORTS

Additionally, trade patterns have shifted. In the 1950's, only 30 to 40 percent of imports were considered competitive with U.S.-made products. Today, 75 percent or three out of every four imports competes with our own domestic goods.

We are importing all kinds of merchandise, including items we can produce abundantly ourselves. Many of our imports are labor-intensive and high-technology items, such as automobiles and electronics.

In contrast the United States sells a high proportion of agricultural products and raw materials. The international economic report of the President—March 1975—supports this contention. For 1974, a comparison of trade balances for agricultural exports, minerals and metals, fuel and manufactured products, shows that farm goods incurred the greatest surplus of $11.6 billion. The trouble is that agricultural goods are not labor-intensive. The overall result of this trade pattern is that we are supporting foreign labor at the expense of domestic workers.

It is a fallacy to believe that the balance of payments in dollar value is the major consideration in trade negotiations. The number of jobs behind those goods and dollars is also a critical issue. We have compromised those jobs in our pursuit for a favorable balance of trade.

We should realize that we are not merely trading commodities. In a sense, we are trading off jobs. A Department of Labor study for 1966 shows that imports were 27 percent more labor-intensive than exports. It required 71,000 jobs to produce $1 billion worth of exports that year. For the same value of imports, other nations employed 90,000 workers at U.S. standards. Facts such as these help explain our crumbling auto industry. Automotive News recently reported that in one month, when 1974 imports were competing against new 1975 domestic models, import sales jumped a dramatic 21½ percent.

Another labor-intensive product is shoes. Imported leather shoes have accounted for an increasing percentage of domestic footwear sales. The American Footwear industries report that during the first 5 months of 1975, imports penetrated 46 percent of the shoe market. The comparable figure for 1974 was 41 percent.

Certainly, we are interested in trading with our neighbors around the world. But in times of high unemployment, can we afford to allow other countries to corner a fifth or a half of our market?

U.S. manufacturers are operating at only 66 percent of their capacity, according to Walter Heller, former Chairman of the President's Council of Economic Advisors. Thus, many factories and workers are idle. More and more, the U.S. is becoming a "service economy." This is both a cause and effect of some of our trade problems. Today, three-fourths of our workers are employed in service occupations. Only one-fourth are involved in the production of goods. We do not export enough labor-intensive products to keep our own industries thriving. Rather, we end up servicing the products of other countries.

MULTINATIONALS

The rapid growth of multinational corporations has also played an important role in intensifying our domestic economic problems. Multinationals are the world's giant firms. The New York Times of June 19, 1972, has observed that annual sales of at least $100 million are considered minimal for a multinational.

The vast economic power of multinationals has been documented by a survey for the Library of Congress. It indicates that—

> In 1970, only 17 countries had gross national products greater than the annual sales of General Motors.

Most multinationals are still America-based. About 3,600 American companies have at least one foreign subsidiary, according to the Department of Commerce. The total impact of these companies on both home and host governments is a significant one. Multinationals hold an advantageous bargaining position in dealing with governments, especially in underdeveloped nations. If a trade policy is too restrictive, multinationals can exert pressure to change it. They can escape jurisdiction or trade union requirements by redistributing their operations. They have the massive power to invest abroad, taking jobs, capital, and technology with them.

A serious problem with multinationals is revealed in the term itself. These corporations, with their various branches, have diverse interests in different nations. Inevitably, these interests and various national policies must conflict from time to time. From past behavior, it appears that the foremost concern of multinationals is not the welfare of its home government, but rather the profit motive. In this sense, multinationals have allegiance to no one.

The impact of these giant organizations can be felt on many levels, including national security and international relations. However, I will limit my discussion to their economic impact.

Whenever a multinational opens up a foreign plant, American jobs are being sacrificed to foreign workers in areas with low wage rates. Foreign plant openings caused a net loss of a half million jobs between 1966 and 1969, according to Labor Department figures. The AFL-CIO has indicated that by 1971, nearly twice that number, or 900,000 jobs were "exported," largely by multinationals.

Capital, managerial skill, and technology move across national boundaries easily and rapidly. But labor is one of the least mobile factors in production. Because of the international operations of these firms, they are beyond the reach of union bargaining power.

Thus, the workers of many giant businesses are without recourse in opposing decisions to shut down domestic plants. Instead, they can only stand by helplessly and view their jobs being exported.

The multinational corporation is a major culprit in our declining export fortunes. By taking business elsewhere, the multinational is undermining prospects for U.S. economic growth. At the same time, it jeopardizes America's standard of living.

The products of multinationals are shipped to the United States and other world markets. Essentially, this means competition with goods manufactured by American workers. We must be fully aware of the devastating effects of this unchecked competition on our economy.

In addition, the lure of foreign tax havens, cheap labor, U.S. tax loopholes, and the Overseas Private Insurance Corporation—OPIC—make foreign investment extremely attractive. American capital is drained from our economy and used to promote industries in other countries. Foreign labor is paid with American dollars, but do those dollars return to the United States to purchase American-made goods? The buildup of the large dollar balance throughout the world clearly indicates they do not.

The debate to curb the free-wheeling manner in which multinationals operate reduces to one basic question. Which should prevail—the private interests of the multinationals or the public interests of the American people? I believe the answer is that we cannot permit the parochial interests of the multinationals to disrupt the foundations of the domestic economy.

It is a cruel trick on the American worker that his own money is being used overseas to destroy much that he holds dear—his job, self-worth, and sustenance. As AFL-CIO President George Meany said, a consistent foreign economic policy must be created by the Federal Government. It should not be dictated by multinational corporations and banks.

CONCLUSION

In this era of advanced communication and transportation, the world has become smaller. The fluctuations in one country are rapidly transmitted to another. Because of this growing economic interdependence, we must be certain that our own economy is healthy and strong. We do not want to export inflation and unemployment. Nor can we be the dumping ground for other nations' economic ills.

We would like to export the products of a thriving nation. In this way, we will benefit Americans and our trading partners, leading the world toward more equitable trade practices, global prosperity, and understanding.

PANAMA CANAL: CONSIDERATION BY INTER-AMERICAN CONFERENCE ON FREEDOM AND SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 30 minutes.

Mr. FLOOD. Mr. Speaker, on June 26, 1975, when considering the 1976 appropriation bill for the Departments of State and Commerce, the judiciary and related agencies, the House of Representatives adopted by the vote of 246 to 164 the Snyder amendment to prohibit the use of the funds appropriated for the purpose of negotiating the surrender or relinquishment of any U.S. rights in the Canal Zone.

Because this action was not accepted by the Senate, the House action was an item in the conference report, which recommended substitute language for the Snyder amendment that I opposed as a semantic fraud. The House, on September 24, persisted in its original position but the Senate again did not accept, with the result that this crucial subject is still in conference.

It was, therefore, most timely that American Council for World Freedom, of which Fred Schlafly of Alton, Ill., is president, should hold its Inter-American Conference on Freedom and Security on September 25–28, 1975, at the Statler Hilton Hotel in the Nation's Capital City.

Attended by distinguished representatives from 13 Western Hemispheric countries, including Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Canada, and the United States, the proceedings of the conference were of outstanding character. The principal subjects considered were economic relations among the countries of the Western Hemisphere, internal security against subversion, Cuba, Chile, and the problem of the Panama Canal.

The principal speakers on the canal question were Senator STROM THURMOND of South Carolina and myself. Called to my district because of a flood emergency, I could not attend but my address was read by Capt. F. O. Willenbucher, U.S. Navy, retired, an able lawyer long associated with the canal treaty question.

The ensuing discussions regarding the Panama Canal were highly revealing. Contrary to the statements that have been widely published in the press they showed—

First. General recognition by the Latin American representatives of the importance of the Panama Canal for interoceanic commerce and hemispheric security.

Second. Strong opposition to the surrender of the Canal Zone to Panama.

Third. Wide desire that the United States continue its undiluted sovereign control over the zone.

Fourth. Understanding that the real struggle on the isthmus is not between Panama and the United States but between the United States and the U.S.S.R.

Fifth. Realization that the drive to wrest control of the Panama Canal is part of a global situation for U.S.S.R. domination of strategic waterways.

Sixth. Support for the resumption of the major modernization of the existing canal under the Terminal Lake-third locks proposal as the constructive way out of the present situation.

Mr. Speaker, as the addresses of Senator THURMOND and myself summarize the highlights of the canal problem and supplement each other, I quote both as parts of my remarks:

PANAMA CANAL: JUGULAR VEIN OF THE AMERICAS

(Address by the Honorable DANIEL J. FLOOD)

President Schafly, Members of the American Council for World Freedom, Distinguished Guests, Ladies and Gentlemen, one of the most gravely vital questions now before the Congress is the Panama Canal. Annually transiting about 15,000 vessels from some 55 countries, including those of South and Central America, with approximately 70% of the traffic either originating or terminating in the United States, it is the jugular vein of all the Americas, essential for inter-oceanic commerce and hemispheric security.

In Panama City, Republic of Panama, on February 7, 1974, the United States Secretary of State and the Panamanian Foreign Minister, without authorization by the Congress, signed an 8-point "Agreement on Principles" to govern the negotiation of a new Panama Canal Treaty. When cleared of its ambiguities, fallacies and sophistries, this piece of diplomatic trickery constitutes a program for an abject surrender to Panama by the United States of its treaty-based sovereign rights, power and authority over our most strategic waterway.

To understand the situation facing this threat to interoceanic commerce, Hemispheric security and national defense, it is essential to know certain elemental facts in Panama Canal history:

First, in 1901, the United States, in a treaty with Great Britain, made the long range commitment to construct, regulate and manage a long projected Isthmian canal under the rules governing the operation of the Suez Canal. (Hay-Paunceforte Treaty of 1901)

Second, in 1902, the Congress authorized the President to acquire the "perpetual control" of a canal zone, the purchase of all property in it, the construction of an Isthmian canal and its "perpetual" operation (Spooner Act of 1902).

Third, in 1903, after its secession from Colombia, Panama granted to the United States in perpetuity full sovereign rights, power and authority over the Canal's indispensable protective frame of the Canal Zone for $10,000,000.

Fourth, in this same treaty the United States assumed the annual obligation of the Panama Railroad for $250,000 previously paid to Colombia as an "annuity", which has been subsequently raised and in 1974 was $2,328,200. This is not a "rental" for the Canal Zone, as so often misstated in current propaganda, but only the augmented "annuity" for the railroad. This gesture of total fairness to Panama illustrates the fully friendly atmosphere then prevailing.

Fifth, in addition to sovereignty over the Zone, the United States obtained title to all privately owned land and property in it by purchase from individual property owners, making it our most expensive territorial acquisition, estimated in 1974 to have cost $166,362,173. This is more than the combined costs of all other U.S. territorial acquisitions put together.

Sixth, in 1907, the U.S. Supreme Court, in a well known case, confirmed the validity of the U.S. title to the Zone.

Seventh, during 1904–14, the United States constructed the Canal at a cost of $385,000,000 in a land that was the pesthole of the world, transforming the Zone and surrounding areas in Panama into models of tropical health and sanitation.

Eighth, in 1914, the United States agreed to pay Colombia $25,000,000 and gave it valuable transit rights over both the Canal and Panama Railroad. In return, Colombia recognized the title to both as vested "entirely and absolutely" in the United States.

Ninth, in 1950, the Congress, in the Panama Canal Reorganization Act, specified that the levy of tolls is subject to the terms of the three previously mentioned treaties with Great Britain, Panama and Colombia.

Tenth, in 1974, the total U.S. investment in the Canal enterprise starting in 1904, including its defense, was estimated at $6,880,370,000.

The evidence is conclusive that the United States is not a squatter sitting on the banks of the Panama Canal but its lawful owner with full sovereign rights, power and authority over both the Zone and Canal; and no amount of demagoguery or diplomatic skulduggery can obscure the essential facts.

The Caribbean and the American Isthmus have always been focal areas of conflicts because their locations are strategic. For their defense the United States has long had bases at Guantanamo, Cuba, in Puerto Rico, and in the Canal Zone. Today, Soviet power controls all of Cuba, except the Naval Base, Soviet submarines prowl in Caribbean waters, and a long time Soviet objective has been wresting control of the Panama Canal from the United States.

The elements in our country and the State Department that mostly loudly advocate surrender of the Canal Zone to Panama are precisely the type that urged U.S. support for Communist Mao Tse-tung in China with the mendacious claim that he was only a mild "agrarian reformer"; and, later, urged the installation of Fidel Castro in Cuba while belittling evidence that he was a Red revolutionary. Shall we repeat in Panama in graver degree the world wide disasters brought about by supporting Mao in China and Castro in Cuba?

Certainly, we ought to learn from the experience at the Suez Canal that, following the withdrawal of British troops there, it did not take Egypt long to nationalize and expropriate it, with enormously harmful consequences, including two prolonged closures upsetting the trade routes of the world. We must not let such disasters occur at Panama, which is attempting to parallel the example of Egypt. By all indications, the amity and understanding between Red elements in Panama and ruling forces in Moscow are much closer than the relations between Nasser, then ruler of Egypt, and Moscow in 1956.

In recent years, the Congress has been alert to the Canal situation and has looked to the future rather than to the past. In its 1973 report, the House Committee on Merchant Marine and Fisheries, after extensive studies, summarized the two key canal issues yet to be resolved as follows:

(1) Retention by the United States of its undiluted sovereign control over the Canal Zone as the absolutely necessary protective frame of the Canal; and

(2) Major modernization of the existing Panama Canal, under the Terminal Lake-Third Locks Plan. This proposal was developed in the Panama Canal organization during World War II and won the approval of President Franklin D. Roosevelt as a post war project.

All other canal questions, however important, including the much propagandized "sea level" plan, the report stated, are "irrelevant" and should not be allowed to confuse.

Measures to implement the above two objectives are now pending in the Congress. Their adoption will protect the real interests of all Latin American nations that use the Canal and should go far toward restoring the prestige of the United States.

The present threat to the Canal Zone is not a harmless gesture as many have thought but part of the Soviet empire's global drive for securing control of strategic waterways and islands. Thus the real issue at Panama is not United States sovereignty over the Canal Zone versus Panamanian but continued undiluted United States sovereign control versus U.S.S.R. domination.

In support of the movement to give away the Panama Canal, many publicists have employed endless deceits. Almost daily we see the Zone described as "leased" territory or the annuity as a "rental," thus implying Panamanian ownership. Yet the briefest study of canal history establishes the fact that the Zone is as firmly a U.S. territorial possession as the Gadsden or Florida Purchases. The proposal of the State Department for surrendering U.S. sovereignty over the Canal Zone to Panama would be a dangerous precedent inviting demands for returning Alaska to Russia.

Once again, the persisting falsification in relation to Panama must be exposed. This is the claim that the United States acquired the Canal Zone through coercion. Nothing is more plainly factual than the cordial atmosphere of this acquisition. Both Panamanian officials and populace were jubilant and all records so attest. For the first time in their history, the people of Panama had an assured asset for prosperity and growth, replacing their former condition of widespread poverty, disease and despair.

Thus, the projected surrender of the Canal Zone to Panama is a matter of prime importance for all the Americas because its loss by the United States would invite Soviet power control of the most strategic position in the Western Hemisphere, transform Panama into another Cuba, and turn the Caribbean into a Soviet lake.

ADDRESS OF SENATOR STROM THURMOND

Ladies and gentlemen, I am proud to appear here today before so many citizens gathered from all over the Americas. North and South America have so much in common that we often tend to emphasize the differences, rather than the issues on which we face common dangers and where we have identical interests. It is so easy, when we have languages which appear to present a barrier between us, and when the United States economy is one of the major factors in world trade, to assume that there is some *unbridgeable* contradiction between Latin America and the North.

I believe that there is no such contradiction. I believe that the experience of the United States, with its historic development of a wild and rugged continent, is an experience which is valid throughout the hemisphere. We in the United States are proud of our national heritage. We are proud of the hard work and the technical facility which have developed among our people. We believe also that it is not only through our own merits that we have achieved our present success, but that it is also through the gift of God, Who has bestowed upon us the blessings of a hospitable environment and an abundance of material resources for man's use and development.

So it is with a combination of pride and humility that we turn towards our neighbors to the South. We have our own national pride and our own national aspirations for a better life. So too we realize that our Latin neighbors are proud of their own achievements and their own historic cultures, which, in many cases, antedate our own. Just as we take justifiable pride in our own sovereignty and accomplishments, so too we recognize that independence, sovereignty, national pride, and self-development are legitimate aspirations of our neighbors to the South.

Thus, we take note of the spectacular achievements of Brazil in the past decade, bringing forth its historic promise by achieving progress and stability. The trend towards socialism and disaster, the growing threat of Communism against the freedom and prosperity of the Brazilian people has been averted. We congratulate Brazil upon stepping into the first ranks of the nations of the world.

So, too, in Chile. Communism has been overthrown, and Chile is struggling to institute a free market economy from the ruins of socialism. It has been a difficult period, a period of turmoil and sacrifice. But we congratulate General Pinochet and his associates, and pledge to do all that we can to normalize relations with Chile and help its present government achieve the economic and political stability that will undergird the pattern of basic freedoms now restored to the Chilean people.

I could cite other countries, also, but I will not, because I want to take these few minutes to get down to the topic of this evening, the question of the United States territory of the Panama Canal Zone.

You know from recent news stories that this is a complicated question, that threatens to be moving toward an international crisis in the Western Hemisphere. Indeed, if it proceeds along the present course—a course pursued both by the Government of Panama and the Executive Branch of the Government of the United States—then it is indeed possible that irreparable harm could come to the best interests of the people of both our countries, and indeed to the peoples of all the Americas.

It is a case where leadership has been misguided—mired in the ideas and thought patterns of the past, and apparently unable to cope with the needs of the present, and unable to assimilate the demands of the future.

Now if anyone wants to look at the past, I am willing to throw the full spotlight of truth upon history. I see in the past how the United States cooperated with the aspirations of the people of Panama to gain their independence. But our cooperation in no way violated international canons of ethics, as is so often implied. The United States took no overt step to give military assistance to the people of Panama. In 1902, the United States was under a solemn international obligation to guarantee the neutrality of transit across the Isthmus by the Treaty of New Granada of 1846. Pursuant to this treaty, a United States company built the Panama Railroad. On at least two occasions previous to 1902, the United States had intervened under this obligation and intervened at the request of Colombia, incidently—to preserve free transit across the Isthmus.

The same situation developed in 1903. The United States had no part in the planning or equipping of the Panamanian revolution. Secretary of State Hay had been informed that a revolution was being prepared, but he declined to participate. Indeed, the Panamanians asked only whether the United States would live up to the obligations of the Treaty of New Granada. Thus when the United States sent two warships toward Panama in late October, 1903, no instructions were given to participate in the revolution.

Indeed, when Colombian troops landed in Panama, the U.S. warships made no attempt whatsoever to interfere. The Panama Railroad however, refused to violate its neutrality by transporting Colombian troops to the site of the revolution. No United States troops landed until the revolution itself was almost complete, and the Colombian troops threatened the lives of United States women and children of employee's of the Railroad. The U.S. troops left as soon as it was evident that the American civilians were safe.

Now I realize that this is contrary to the lurid portrait painted by some liberals, even North Americans, who love to engage in self-flagellation. But I think that my history is taken from the actual records and the accounts of the most objective historians. The truth is that the United States acted with dignity, with restraint, and with scrupulous regard for its international obligation.

But in addition, the United States acted with a delicacy suitable for the risks of the brave Panamanians who staked their lives, their property, and their freedom to gain independence. For while it is true that the revolution was relatively bloodless, the fact remains that the leaders would have been executed and their families left without means of support if the revolution had failed. The notion that the Panama Revolution was somehow a plot devised by the French Panama Canal Company or a scheme hatched by Teddy Roosevelt conveniently overlooks the heroism of those early Panamanians and the gamble they took.

Part of the gamble was that the United States would agree to take over the works of the defunct French Canal Company. It was not at all certain that the United States was committed to Panama. In fact, nearly every previous action of Congress, except one, had to do with building an Isthmian canal in Nicaragua. Few cities of the 1903 treaty today remember that we already had a treaty for a canal in Nicaragua, and that considerable sums had already been spent in the beginning of construction on that canal.

It was because of the uncertainty that the United States would even complete a treaty with Panama that the duly authorized plenipotentiary of the new Panamanian nation felt that a sufficient inducement was needed to guarantee success of the treaty in the U.S. Congress. At least six earlier Isthmian canal treaties had failed in Congress because they did not give the United States sufficient capability to defend and maintain such a Canal. It was historically clear that Congress would not authorize a Canal which was under the sovereignty of another nation.

This is the explanation of the Treaty of 1903, which granted to the United States the rights of sovereignty in perpetuity. The two concepts are essential: sovereignty and perpetuity. The one implies the other. Sovereignty is the highest power or authority, the supreme and independent political authority. It is a contradiction in terms to speak of sovereignty as subordinated in any way to the authority of another. You either have sovereignty or you don't.

Now there is a confusion abroad in the land between title—what is, ownership—and sovereignty. Let me say that there is all the difference in the world between the two. You can have ownership without sovereignty, as any homeowner can tell you. You can also have sovereignty without ownership, unless that ownership is acquired by eminent domain. It is, therefore, clear that if the United States surrenders sovereignty in any territory, even where it has ownership, then the titles to U.S. property therein are not worth a tinker's dam, except insofar as the real sovereign so pleases.

Sovereignty, therefore, is not a title. It is authority in operation. As soon as authority ceases to operate, it ceases to exist. That is why the grant of sovereignty in the 1903 Treaty is so important. We are not talking about some abstract legality, or some splitting of legal heirs; we are talking about practical day-to-day operations. The authority to act cannot be shared without disagreement, disaffection, and ultimately disaster.

That is why I am sorry that some of my military colleagues, whose judgment I respect, have thrown prudence to the winds in agreeing to accept a split-authority, a phased-in-phased-out authority, with regard to defense and operational commands in the proposed new Panama Canal Treaty. They have overlooked the political consequences of such a proposal. It is possible for two sovereign nations to agree to a joint command, as we did in World War II and elsewhere; but it is not possible for authority to be split between a small nation that has sovereignty but no power and a large nation that has power but no sovereignty in the area of command. Any sort of split command is a negation of supreme authority to act. No matter how long such a treaty exists—even if its duration is for 50 years—it is 50 years of the negation of the supreme authority to act. In other words, if the United States agrees to such a new treaty and a strict interpretation of its obligations, we would have no ability to defend the Canal whatsoever.

As I have already pointed out, Congress, for a 150 years, has rejected treaty after treaty that committed us to operate an Isthmian canal without United States sovereignty. I predict that Congress will continue to reject any such treaty if it should be presented even now.

We have both sovereignty and title to the territory in the Canal Zone. We have it by treaty. We bought it. We paid for it. It's ours. We have every respect for the sovereignty of the United States in the Canal Zone.

We have been brought to the present circumstance by the rash actions of the Executive Branch of our government and by unfulled promises of our diplomats—promises that never should be fulfilled. On Panama's side, a succession of chief executives and demagoging diplomat of their own has played loosely with the public trust. What I say today, is that the people of the United States and the people of Panama should join hands and circumvent the catastrophe which our leaders on both sides are bringing upon every one.

It is no slur upon the Panamanian people to point out that a small nation cannot, at the same time, maintain both its independence and the trouble-free operation of a major international waterway. If Panama is invested with the sovereignty of the Canal Zone, the burden will crush its own independence. If Panama shares operational and defense authority with the United States, and the United States is subordinated to the supreme authority of Panama, then many world powers will seek to control Panama.

I need not point out that the dominant sea power in the world today is the Soviet Union. A battle for the control of the sea-lanes—both on the surface and below surface—is now in progress. Attention focuses on the narrow waterways of the world—that handful of places where all ships must come together for the shortest and most efficient conclusion of their varied journeys. One thinks of the Straits of Gibraltar, the Straits of Malacca, the Cape of Good Hope, Cape Horn, the Panama Canal, and the Suez Canal. It is not only the efficient voyage of a single ship that is in question; it is the deployment of whole fleets. The significant fact is that if a short-cut is suddenly not available, the number of ships on station at any given time must be increased by a large co-efficient, to accomplish the same mission. The opening of the Suez Canal was, for the Soviet Union, the same as a sudden boost in the size of its fleets. The closing of the Panama Canal would be the same as the loss of a sizeable segment of the U.S. Navy.

Even though our strategic battle plans are drawn up on the basis of a so-called "two-ocean" navy, there are sizeable local conflicts and even economic confrontations that rise to strategic proportions, but yet will fall short of a general confrontation with the Soviet Union. We must think of the whole range of military possibilities, and the whole international complex of strategic waterways, rather than as an isolated problem of defending our historic territory.

This is why we must not look to the past, or founder upon the out-dated concepts of the '60's, before the Soviet Union became a pre-eminent naval power. The future belongs to our children, as well as to the children of Panama and all of Latin America.

It is for this reason that I am announcing tonight that I shall shortly re-introduce the Panama Canal Modernization Act. I have introduced such a bill in previous Congresses, along with companion bills in the House by the Honorable Dan Flood, who deserves so much commendation for his tremendous leadership in the House on the Panama Canal Issue.

But lately, when I saw how determined the State Department is to give away the Canal, and thereby make the benefits of modernization impossible to achieve, I had doubts that Congress should authorize such a large project. My judgement has changed, however. We must have a positive alternative to counter the negative giveaway mentality that prevails in Foggy Bottom. The modernization project is something that is justified in itself, but justified only if we continue to maintain our sovereignty in the Canal Zone. I have, therefore, modified it so that the authority for its construction will be in effect only so long as all the rights, power, and authority granted in perpetuity to the United States by the Treaty of 1903—and reaffirmed in the treaties of 1936 and 1955—remain unaltered.

Why should the U.S. Senate make a substantial commitment to modernize the Panama Canal when the State Department has been working to give it away? If we are going to give something away, then why improve it before we do so? But now I think it is quite evident that Congress will not allow the State Department to give away U.S. territory so easily. The time has come to make it clear to the Panamanian people that the U.S. Congress is not opposed to friendly relations.

It is especially important that Congress extend the hand of friendship because the outbursts of the Pamanian press, the irresponsible statements of a handful of Panamanians indulging in demogoguery, and the passions of extremist student groups all combine to portray Congress as an enemy of the Panamanian people. Nor do I omit the guilt of the U.S. press in this regard in its anxiety to portray the most constructive spokesmen in Congress as destructive reactionaries.

I believe that action on the modernization plan would demonstrate that Congress is willing to make a long-range commitment to peace and friendship with the Panamanian people. Although the Panamanian people have long sought such a commitment, a concrete commitment, our diplomats have offered only inflammatory abstractions such as the surrender of U.S. sovereignty. The people of Panama will find that their true friends are in Congress.

The execution of the modernization plan would have such an impact upon Panama as to fulfill the highest dreams of Panamanian leaders. But just as the people of Panama have pride in their own nation, so too do the people of the United States have pride in their own nation. We should mutually respect the boundaries set by the 1903 treaty. If we can come to an agreement with the people of Panama to do so—that is, if our jurisdiction and control over the Canal Zone, our sovereignty, to be more specific, is kept intact—then the modernization plan is feasible for enactment by Congress.

What is the modernization plan? I won't go into all the technical details here. Basically it is a plan to reorganize and improve the navigational works in the Canal. It would provide a terminal lake on the Pacific end to improve navigation, and it would provide for a third lane of larger locks. Hence it is called the Terminal Lake-Third Locks Plan. It is a plan that was developed in the Panama Canal organization as a result of World War II experience, and has won the support of important maritime interests, experienced navigators, and engineers. It is still recognized as the only practical alternative to proposals for a sea-level canal, and is the only economically feasible plan.

The modernization plan would cost $1.15 billion over a construction period of approximately ten years, but it would be solid capital investment. But more important would be the impact upon the social and cultural development of Panama. The expenditure of this capital sum on the Isthmus could easily generate another billion dollars in the Panamanian economy itself. If the contracting is handled properly, the benefits will be distributed equitably throughout every stratum of Panamanian society. Contractors, for example, could be mandated to make maximum use of Panamanian sub-contractors and Panamanian workers. Special training would be provided to upgrade job skills. Community planning and new construction would be required to relocate and house workers. New enterprises and new services would blossom, with a corresponding expansion of the economy.

But more important than the economic development would be the social development. The execution of the plan would create a new infrastructure in the Panamanian society that would last long after the construction itself is halted. The increased skills, experience, and capital would give Panama the basis for a great and powerful nation for the future. Panama could then properly exploit its geographic location right next to the Canal Zone, with ready access to the markets of the world. Its national pride would be based upon genuine accomplishment and on the achievement of the fullest development of the Panamanian national character.

Would the leaders of Panama accept such an alternative? I am positive that there are many constructive elements in Panama who would support their leaders in such an endeavor. Any leader who participated in such a plan would go down in history as the Father of a modern Panama, a glorious leader on a par with the historic founders of the nation. The alternative to glory is chaos, violence, and destruction.

The modernization plan, therefore, is the constructive alternative, providing that we respect our mutual boundaries and our respective sovereignties. Instead of concessions which would ultimately weaken both the United States and Panama, the modernization plan would be a dynamic leap forward for both. This is the way to turn to the future, instead of to futility.

THE NATIONAL SCIENCE FOUNDATION GRANT AWARDS SYSTEM MUST BECOME FAIR, OPEN, AND ACCOUNTABLE

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Arizona (Mr. CONLAN) is recognized for 30 minutes.

Mr. CONLAN. Mr. Speaker, I have introduced a bill today, H.R. 9892, that is carefully designed to improve and strengthen the National Science Foundation's support of science through reform of the Foundation's grant award system and management practices.

The bill is being introduced simultaneously in the Senate by Senator JESSE HELMS of North Carolina.

The main purpose of the bill is to establish a grants award and management system at the Foundation that is fair, open, and accountable to the scientific community and to the Congress.

Science is a national resource, and NSF funds must be awarded in a way that insure we will benefit from all our national scientific expertise in industry, the academic community, or wherever it exists.

At the present time, NFS's method of evaluating and selecting grant proposals for funding is a secret and arbitrary system that does not serve the best interests of U.S. science generally, or taxpayers who provide NSF's annual budget of about $750 million.

The National Science Foundation was established 25 years ago so that the Nation as a whole could support and benefit from the scientific research of thousands of scientists in the universities and private industry.

According to Vannevar Bush, who directed U.S. scientific research and development during World War II, NSF's primary purpose was to encourage a broad-based program of scientific research for the improvement of the national health, the creation of new enterprises bringing new jobs, and the betterment of the national standard of living.

But NSF's research awards are not supporting such a broad-based program of scientific endeavor. Recent statistics show that NSF funding is restricted primarily to a small group of preferred institutions in a few States, with special preference to an elite corps of academic institutions heavily represented on the Foundation's advisory committees.

Distribution of NSF grant awards in 1974 demonstrates this consistent pattern of bias in favor of scientists and educators at only a few large institutions, and against the vast majority of good scientists at smaller institutions across the country.

Almost one-third of all NSF grants last year went to awardees in only three States.

These 3 preferred States alone received more than triple the number of grants to awardees in 22 other States combined.

Just 16 institutions in only 7 States received more than one-third of all funds awarded by NSF last year.

These 16 institutions alone received more NSF funds than the combined total awarded to 660 other institutions in 40 States.

The undue bias of NSF grant awards is especially clear when one compares the list of grant recipients with their institution's representation on NSF advisory panels.

The 15 universities with most representatives on NSF social science panels received more than half of all basic research dollars in that discipline last year.

These same 15 universities received more than one-third of all NSF grants for research in the biological sciences, where they also had a majority of members on advisory panels.

This discrimination in the way NSF has been awarding research dollars is a direct outgrowth of the Foundation's so-called peer review system for evaluating grant proposals.

This is the system whereby NSF program officers send proposals submitted to the Foundation to outside scientists in the same or related fields for an evaluation of their merits.

There are several serious problems with the way NSF administers peer review, which were revealed during recent hearings by the House Subcommittee on Science, Research and Technology.

Foremost among these problems is the carte blanche authority NSF program officers have to select reviewers. Their decision on reviewers is final, and subject to no review of any kind. Program officers have their own reviewer lists, which consist of colleagues at universities they came from, names submitted by trusted friends in the academic community, and names submitted by grant applicants themselves.

It is inevitable that such a peer review process has become unduly biased, resulting in the kind of funding discrimination I have already described.

The identity of reviewers and verbatim copies of their evaluations are kept secret from grant applicants and other interested parties, including Members of Congress. Applicants thus have no way to verify the competence of reviewers or the quality of their reviews, or to rebut unfounded criticisms of their proposals.

Members of Congress have no way to perform their oversight of the way NSF funds are disbursed, comparing the direction of funds and the reviewers of awarded proposals as a further check against undue bias in the system.

Without any effective management control procedures to insure accountability in this kind of system, it is almost inevitable that some NSF program officers have become advocates for certain scientists and their projects. These scientists, in turn, with NSF program officers, can dominate whole areas of science research.

This close relationship frequently stifles new ideas and scientific breakthroughs by refusing funds for grant applicants who are not from the few elite institutions.

Since NSF has never established formal policies for the selection of peer reviewers, and refuses to reveal the identities along with verbatim comments of reviewers who evaluate particular proposals, many startling and disturbing abuses have crept into the NSF peer review process.

An NSF program officer who wants to help a particular grant applicant get NSF funds—or prevent another from receiving funding—has unlimited opportunities for dishonesty under the current closed system.

First, he can rig the system by selecting reviewers he knows will give the proposal a strongly positive or negative evaluation.

Second, since he is in complete control of the selection of reviewers and the reviews he uses to justify his ultimate decision, the program officer can toss out a review that does not suit his fancy.

Third, the program officer can paraphrase reviews for a project requiring National Science Board approval, editing out comments that do not give the positive impression he wishes to convey to justify his proposed approval of the project.

During my lengthy investigation of NSF's grants management, including the Foundation's peer review system, I have found examples covering almost all possibilities for rigging the peer review system so that it becomes mere window-dressing to legitimatize a program officer's preconceived decision on grant applications.

I believe that a central challenge facing the Congress is to make the NSF peer review and grants management system honest and accountable in the interests of our entire national scientific effort. This means that the old boy's system which is so cherished by certain institutions which benefit from it must go.

The peer review system must operate in an environment of openness. This is needed for the protection of grant applicants and peer reviewers to achieve accountability in the use of Federal funds, and to rejuvenate science, which only flourishes in an open society.

By openness, I mean that grant applicants and Members of Congress must be able to look at the full record of all grant proposals considered by the Foundation. This must include the chance for applicants to review and answer criticisms of their proposals, and to appeal to an impartial review board decisions that reflect adversely on the credibility of their proposed research or their own standing in the scientific community.

The bill I am introducing today requires that peer reviews and reviewers' names be made available upon request to grant applicants and to the Congress.

It also requires NSF to establish a credible system for selecting peer reviewers that will completely divorce program officers from the suspicion—sometimes warranted—that their own biases, prejudices, and close relationships dominate grant award decisions.

The National Science Board recently empaneled a special task force headed by Dr. Donald B. Rice, president of the Rand Corp., to study the whole question of NSF peer review and make recommendations to the Board.

Dr. Rice testified before our recent subcommittee hearings that it was the unanimous recommendation of the task force that signed verbatim peer reviews be made available upon request to grant applicants.

Dr. Rice testified that the task force carefully studied arguments on both sides of the confidentiality issue before recommending an open peer review system to the full National Science Board.

The task force unanimously rejected arguments that only confidentiality in the peer review process encourages candor in peer review evaluations. Its members agreed, instead, that qualified reviewers can be relied upon to participate and be candid and straightforward in their evaluations, and that openness would result in more responsible, objective reviews with fewer superficial or personality-based criticisms.

Dr. Rice's summary of arguments for an open peer review system received bipartisan support following his testimony from several members of the subcommittee.

Complete openness in peer review has also been the overwhelming position of scientists across the country who have written to me since the subcommittee's peer review hearings. These scientists, representing both large and small institutions, are mostly in accord that the current NSF grants management system is stifling science—especially at smaller colleges.

Typical of their comments are these from Dr. Gilbert J. Mains, head of the department of chemistry at Oklahoma State University, who sent a copy of his September 8 letter to Congressman GLENN ENGLISH both to me and to Dr. Guyford Stever, Director of the National Science Foundation:

> I do not agree that reviewers should remain anonymous. Nor do I believe that anonymous reviews will be more valuable to the program directors than reviews involving identity disclosure. If the criticism of the proposal is truly scientific—rather than personal—the reviewer should not care whether his identity is disclosed. The argument that this will burden the program directors with more decision-making is valid—but the decision-making should be related to selecting intellectually honest reviewers rather than selecting which of the proposals (all reviewed by intellectual cowards) should be funded.
>
> Each of us, when acting in our areas of expertise, is capable of separating factual criticism from learned opinions, whether he be a Congressman, a scientist, or a tradesman. You are held responsible for your professional activities—so is Dr. Stever. And, in my opinion, so should the reviewers of research proposals. There is no stigma attached to honest disagreements between scientists and no reason for personality conflicts if opinions are cited as opinions. Therefore, I hope you support Congressman Conlan's call for an open peer review system at NSF.

It is far from true, as some apologists for NSF's closed system have argued, that critics of NSF who advocate openness are mostly unsuccessful grant applicants. I have received wide support for my proposals to make NSF's grant award process more equitable and accountable from scientists who have received NSF and other Federal support for their own research. Among them came this comment in a letter from Dr. Gerald H. Rosen, M. R. Wehr Professor of Physics in the department of physics and Atmospheric Science at Drexel University:

> I should like to applaud and thank you for your very proper stand against the NSF review procedures. Your criticism is supported by my own 15-year experience (which nevertheless involved receiving three NSF grant awards) and the experience of my colleagues in science and engineering research. It is common knowledge in the scientific community that the NSF procedures are to a major extent arbitrary and do not conform to set standards based on scientific merit for the impartial evaluation of research proposals.

Mr. Speaker, the bill I am introducing today would amend the National Science Foundation Act of 1950 by formalizing the peer review system established by the Foundation as an administrative mechanism. It would provide the flexibility needed by providing for the use of ad hoc mail reviews and review panels to insure that a wide cross-section of the scientific community is called upon to participate in the peer review system.

The bill further requires the peer review process to be open and accountable. The Foundation would be required to provide signed verbatim peer evaluations when requested by any grant applicant, and to establish a logging system for grant proposals with relevant information about the proposal itself, reviewers, and the Foundation's action.

This information would also allow Congress to determine the relationship between reviewers and awardees as a further check against possible bias in the NSF grant awards process.

The bill also requires a formal appeals mechanism for rejected applicants, taking into account that a proposal is more than just a request for funds. Under the present system, a rejected applicant cannot challenge what often amounts to a collective repudiation of his scientific theories and his professional standing in the scientific community.

The bill would also require a "needs assessment" of science research programs and curriculum projects before NSF approves funding. This is a needed requirement to help stop frivolous research and curriculum programs for which there is really no national demand or necessity.

The bill establishes a special program to upgrade science research of small public and private 4-year institutions of higher education in all areas of the country.

There is a further provision for an independent professional staff for the National Science Board, the Foundation's policymaking body, which now depends solely on NSF for its staff needs. The Board must have its own independent staff to appraise proposed new programs, policies, and ongoing activities of the Foundation.

Mr. Speaker, I urge all my colleagues to support this bill that Senator HELMS and I have introduced today. And I hope that the House Subcommittee on Science, Research, and Technology will schedule early hearings on the bill as a first step toward its prompt passage.

It is clear following the subcommittee's 2 weeks of recent hearings on NSF peer review that this legislation is badly needed to help make science and technology work for the entire United States. Science is a national resource, and we must develop a system that guarantees all good scientists an equal and fair opportunity to get NSF support.

Those of us in the Congress must require NSF through legislation to discard a closed-grants award and management system which is not accountable to the scientific community, Congress, or the public, and which has hurt the entire U.S. scientific effort through inequitable and discriminatory use of taxpayer dollars to support only a small segment of the scientific talent available.

For 25 years, the National Science Foundation has ignored a basic requirement of its enabling legislation to recognize the need for strong science and technology in all regions of the country. My bill will help correct this major shortcoming by making the Foundation face up to its responsibilities to the entire nation.

I would like to include the full text of my bill at this point in the RECORD:

H.R. 9892

A bill to amend the National Science Foundation Act of 1950 by providing for a peer review and grants management system that is equitable, open, and accountable to the scientific community and to Congress, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Science Foundation Act of 1950 (42 U.S.C. 1861 et seq.) is amended—

(1) by inserting immediately after the first section thereof the following:

"TITLE I—GENERAL PROVISIONS"

(2) by inserting immediately after section 12(b) thereof the following new subsection:

"(c) All royalty payments owed to the United States Government by Foundation award recipients or by other persons, institutions or organizations, as a result of income received from programs supported by the Foundation, shall be paid to the United States Treasury as they accrue.", and

(3) by adding at the end of such Act the following new title:

"TITLE II—PEER REVIEW AND GRANTS MANAGEMENT SYSTEM

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Peer Review and Grants Management Act of 1975'.

"FINDINGS

"SEC. 202. (a) National concern exists among members of the academic community, Congress and the general public regarding the award of scientific research and science education support grants by the Foundation for individual research and education projects.

"(b) Foundation program officers select non-Foundation reviewers, expert in the same or related fields of science or education as the applicant, to evaluate almost all such proposals submitted to the Foundation. The program officers therefore play a key role in the Foundation's process of evaluating grant proposals.

"(c) The Foundation has no single peer review system, but utilizes several peer review methods, including ad hoc mail reviews, review panels, and combinations of ad hoc mail reviews and review panels. Unique requirements within the different fields of science demand a flexible approach in the review process.

"(d) Proposals submitted to the Foundation for support are more than just requests for Federal funding. They are the intellectual property of applicants and constitute an important statement of the applicant's professional credentials in the respective field of science or education. Peer evaluation and administrative decisions affecting proposals must thus be conducted with the utmost fairness, objectivity, care, and precision, since such actions can dramatically affect the reputation and standing of applicants, as well as the nation's scientific research and advancement of knowledge.

"(e) Numerous deficiencies, both actual and potential, exist in the Foundation's peer review and grants management system which should be eliminated. The deficiencies include—

"(1) the lack of a clear, consistent, and precise policy for selecting peer reviewers for grant proposals which results in individual program officers in specialized areas having almost unchecked authority;

"(2) secrecy in the peer review system, especially that the identity of reviewers and the verbatim comments of their evaluations are unknown to grant applicants, members of the scientific community, Congress, and the general public, thereby destroying the accountability of program officers;

"(3) evidence of misuse of the peer review system by program officers, including specific instances where program officers—

"(A) misrepresented peer evaluations to the Board,

"(B) withheld from the Board peer evaluations which contradicted the recommendations of the program officer, and

"(C) selectively provided peer evaluations approving proposals exactly as submitted by applicants to help favored applicants to overcome adverse criticism of peer reviewers and ultimately to receive funding;

"(4) the lack of an appellate review process and grievance procedures to guard against scientifically unsound, biased, or incompetent peer evaluations of grant proposals;

"(5) refusal to disclose in full the record of proposals submitted by applicants, the identity and institutional affiliation of reviewers, and the disposition of each proposal to assist the scientific community and Congress in ascertaining the relationship between reviewers and grant recipients, as a further check against conflict of interest and bias;

"(6) failure to provide adequate procedures to oversee, monitor, and assess continuing Foundation science research and education programs receiving federal support; and

"(7) failure to conduct adequate analyses of the necessity for proposed science research or education programs before approving them.

"(f) The geographic distribution of Foundation grant awards shows a consistent pattern of bias in favor of scientists and educators at large academic institutions in a few states, and against scientists and educators at smaller academic institutions throughout the Nation. Almost one-third of all NSF grants in fiscal year 1974 went to awardees in only three States. These three preferred States alone received more than triple the number of grants to awardees in 22 other States combined. Just 16 institutions in only seven States received more than one-third of all funds awarded by NSF during the same period. These 16 institutions alone received more NSF funds than the combined total awarded to 660 other institutions in 40 States;

"(g) The National Science Board lacks the independent resources necessary to establish policies to govern Foundation programs, procedures, and expenditures effectively.

"PURPOSES

"SEC. 203. The purposes of this title are to—

"(1) establish procedures under which each grant proposal submitted to the Foundation will receive a thorough, objective, and fair peer review evaluation by experts in the same and related fields of scientific endeavor as the applicant;

"(2) provide flexibility in the peer review process to encourage participation by a broad cross-section of the scientific community;

"(3) provide for appropriate participation in the peer review process by reviewers selected from the academic community, business and industry, government, consumers, and other interested groups, organizations, and private citizens;

"(4) provide for selection of peer reviewers in a manner consistent with the principles of openness, equity, objectivity, and accountability;

"(5) provide grant applicants, members of Congress, and other interested parties complete access to peer review evaluations, including the identity of all peer reviewers, for each grant proposal and project;

"(6) provide for an appellate system under which applicants may seek and receive a review of peer evaluations and administrative decisions concerning their proposals by a jury empaneled to adjudicate grievances;

"(7) establish procedures for the transmittal of peer review evaluations and other grant proposal materials to the Foundation, the Board, and to Congress;

"(8) require an adequate analysis of the necessity for all science research and education programs, including consideration of whether a clear and pressing national need for such programs exists, based upon goals and priorities established and outlined by the Foundation in its annual budget request to the Congress;

"(9) establish procedures for administrative oversight and assessment of continuing science research and education projects supported by the Foundation to ensure proper management and use of public funds, and to determine whether the results achieved by grant recipients demonstrate that continued Foundation support is warranted;

"(10) ensure that the peer review system does not favor individuals, institutions, businesses, or States by unfairly concentrating within them or peer reviewer participation in the evaluation of Foundation grant proposals; and

"(11) Strengthen the powers of the Board and Foundation advisory committees.

"DEFINITIONS

"SEC. 204. For purposes of this Act—

"(1) the term 'Foundation' means the National Science Foundation,

"(2) the term 'Board' means the National Science Board,

"(3) the term 'Director' means the Director of the National Science Foundation,

"(4) the term 'Office' means Peer Review Office,

"(5) the term 'peer review' means ad hoc mail reviewers, review panels, and combinations of ad hoc mail reviews and review panels which are used to determine the merits of proposals submitted to the Foundation,

"(6) the term 'applicant' means a person applying for funding by the National Science Foundation for a grant proposal, and

"(7) the term 'institution affiliation' means an employment or other financial relationship with an institution such as a government agency, a business, an industry, or an academic institution.

"PEER REVIEW SYSTEM

"Sec. 205. (a) The Director shall establish a Peer Review Office for the purpose of administering a peer review system for the evaluation of all grant proposals submitted to the Foundation.

"(b) The Office shall—

"(1) maintain a complete, current list of peer reviewers available to evaluate grant proposals submitted to the Foundation, either as ad hoc mail reviewers or as members of review panels, and such list shall—

"(A) be arranged according to academic discipline and area of specialization,

"(B) include the institutional affiliation of all reviewers, and other relevant information as determined by the Director,

"(C) be compiled from sources including, but not limited to—

"(i) the Foundation's advisory committees,

"(ii) academic institutions,

"(iii) editorial advisory boards of scholarly and technical journals,

"(iv) professional associations,

"(v) business and industry,

"(vi) nonprofit foundations,

"(vii) Foundation program officers,

"(viii) other State and Federal government agencies, and

"(xi) private organizations and citizens;

"(2) maintain a complete log of all solicitations by program officers of evaluations, including the dates such solicitations were sent, names of reviewers, dates evaluations are received, and other appropriate information;

"(3) maintain a complete list of all proposals submitted for funding during each fiscal year, including—

"(A) the name and institutional affiliation of the applicant,

"(B) the description of each proposal,

"(C) the amount of grant requested,

"(D) the date proposal was received by the Foundation,

"(E) the name and institutional affiliation of all peer reviewers solicited to evaluate the proposal,

"(F) the number of prior proposals submitted by each applicant and the number and amount of awards previously received by each applicant,

"(G) a summary of the analysis prepared for each grant proposal which concerns the necessity for the program proposed,

"(H) a numerical score or other appropriate indication of the reviewers' evaluations, and

"(I) the current status of each grant proposal;

"(4) furnish to applicants upon request the names and institutional affiliation of all peer reviewers and complete signed copies of all peer review evaluations;

"(5) report to Congress annually all information required under this subsection;

"(c) The Foundation shall—

"(1) select not less than five reviewers for each proposal submitted to the Foundation from the list described in subsection (b)(1), from which program officers may select not more than 50 percent of the reviewers;

"(2) permit the applicant to select 20 percent of the reviewers, the remainder to be selected using random sampling techniques;

"(3) insure that both the relevant scientific community and the ultimate beneficiaries, if ascertainable, of the proposed research or program are represented as reviewers; and

"(4) insure that not less than 50 percent of the reviewers for any grant proposal are affiliated with private business and industry, other government agencies, and the nonacademic community.

"(d) No peer reviewer shall evaluate more than 10 grant proposals during any calendar year without the written approval of both the Director and the Board.

"(e) Before any program officer makes a final recommendation regarding any grant proposal, each applicant shall have a reasonable time to respond to all negative evaluations of such proposal by reviewers.

"(f) The Foundation shall establish provisions for appellate procedures to independently review, upon request of any applicant, proposals disapproved by the Foundation either in whole or in part. Such procedures shall include—

"(1) the appointment by the advisory committee having jurisdiction over grant proposals in the appropriate subject area of an appellate panel composed of persons who have not participated in any prior stage of review of the proposal under appeal and the determination of the number of jurors to serve on each appellate panel;

"(2) the consideration by jury panel of only the complete written record of each proposal on appeal, including the responses by applicants to negative evaluations as provided in subsection (e);

"(3) the recommendation by the jury panel in writing to the Board regarding the disposition of the proposal under appeal; and

"(4) the initiation of an appeal by applicants within 90 days after their proposal is disapproved in whole or in part.

"GRANTS MANAGEMENT

"Sec. 206. (a) The Foundation shall establish specific goals and priorities for its support of scientific research and education programs which it shall include in its annual budget request to Congress.

"(b) No project whose cumulative total cost will exceed $250,000 may be funded without review and approval of such award by the Board. The program officer shall prepare a project summary for the Board, including a complete description and history of the project, name and institutional affiliation of all reviewers whose evaluations were solicited, a numerical or other appropriate grading indicating each reviewer's evaluation, an average score or composite grade for all reviewers, and an itemized summary of all major criticisms of the proposal and summary of the applicant's response thereto. No individual grant award shall be made to support a research or education project for more than three consecutive years, unless the Board approves in writing a further extension of the project.

"(c) The Office shall conduct an adequate analysis of the necessity for all Foundation programs. In the case of research, this requirement will be satisfied by the goals, objectives, and justification included in the Foundation's budget request to the Congress. In the case of major educational curriculum projects, such analyses shall include comments from public, educational, professional, and parents' organizations throughout the nation, and shall be made in advance of grant awards for such projects.

"(d) The Foundation shall establish specific policies and procedures for continuous administrative oversight and assessment of continuing science research and education projects being supported by the Foundation, to insure proper management and use of public funds, and to determine whether the results achieved by award recipients demonstrate that continued foundation support is warranted. Such procedures shall include an evaluation of each continuing project by an independent Peer Review Panel of at least three expert reviewers, appointed by the National Science Board, each time a project requires additional funding.

"(e) The Foundation shall establish policies and procedures to eliminate favoritism in the evaluation, administration, and management of Foundation grants.

"(f) The Foundation shall conduct peer reviews by mail, on-site project visits, consultation with other Federal agencies, review panels, and other appropriate methods.

"SCIENCE IMPROVEMENT PROGRAM

"Sec. 207. (a) The Foundation shall establish a program designated to upgrade the science programs of small public and private four-year institutions of higher education in all areas of the country. Such program shall include, but is not necessarily limited to, cooperative research and teaching arrangements between small and large educational institutions and other programs to encourage scientific research and improve the quality of science education at these smaller institutions.

"(b) There are authorized to be appropriated such sums as may be necessary to carry out this section.

"NATIONAL SCIENCE BOARD STAFF

"Sec. 208. (a) The Board shall establish an independent professional staff consisting of up to ten full-time employees to be appointed by the Chairman of the Board.

"(b) This professional staff will provide the substantive independent analysis for Board appraisal of proposed new programs, policies, and ongoing activities of the Foundation.

"OPENNESS AND ACCOUNTABILITY

"Sec. 209. (a) The Foundation shall provide complete information, data, and documents to applicants, Members and Committees of Congress, and the general public to further the policies of openness and accountability required in this title.

"(b) Nothing in this Act shall be construed to require, or to authorize the Board to require, the revealing of trade secrets or processes in any grant proposal or document filed with the Foundation under this Act.

"(c) Nothing in this or any other Act authorizes the Foundation to withhold any information regarding the total peer review and grants management system from Members and Committees of Congress or the General Accounting Office."

INTERNATIONAL FINANCIAL POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, I rise for two basic reasons.

First. About a year or so ago, or starting about a year ago and continuing on to the end of the year, I approached the well of this House on several occasions to point out the consequences of the lack of policy on the international financial level with respect to the question of gold. At that time an issue had been decided outside the context of legislation pending at the time that represented a caving in to those who desired to go back to speculation on the international level on gold bullion and that type of activity.

In effect, the Congress proceeded and as of the end of 1974 and the beginning of this year it was no longer prohibited for Americans or American interests to engage or indulge in that activity, with no restraint whatsoever.

The Congress never did enact any type of protective legislation to safeguard the basic interests of any honest and believing American citizen who innocently would get into that business and be quite exposed to be defrauded. The Secretary of the Treasury and all those, including my colleagues, that advocated a return to that perpetuity proclaimed that gold as an international medium of exchange was finished and, therefore, there would be no harm to indulgence in this highly speculative market, but one which has always been fixed and controlled by very definite interests not within the control of the American Government.

I want to point out to the Congress, and I will elaborate in the future, that as a result of that two things have happened:

First, Americans continue to be defrauded in these gold transactions and, in fact, as of today many Americans have lost literally substantial sums of money.

Second, on the international level we have had a very epochmaking decision just about the end of last month or the beginning of this month with respect to the International Monetary Fund considerations and deliberations here in Washington which have, in effect, declared that gold is far from finished as a medium of exchange and as a medium recognized in the transactions between governments on the international level. This has very serious implications to the future stability of the American dollar, but yet I have been surprised by the lack of discussion on this subject matter and I intend to continue that.

On another level, just 2 weeks ago or less, I offered an amendment in an attempt to really immunize America from the oil exporting nations and particularly those that engaged in economic warfare against us 2 years ago, instead of rewarding them as we continue to do with the lucrative American markets. I was ruled out of order, because my amendment was declared to be not germane; although, believe it or not, the same Chair making the decision that my amendment was nongermane decided that an amendment on busing—listen to this—busing on an energy bill was quite germane.

So now we find that the President is blaming the Congress because the oil-producing nations have given notice that they will increase by 10 percent the cost of their oil and that the Congress has not done anything to resist that; so that even though he, the President, has not offered any kind of program that would make us independent from those nations, he is right in condemning Congress for not doing anything, either.

I will elaborate on that on future occasions in the well.

PIKE SELECT SUBCOMMITTEE ON INTELLIGENCE

The SPEAKER pro tempore (Mr. HARRIS). Under a previous order of the House, the gentleman from New York (Mr. STRATTON) is recognized for 30 minutes.

Mr. STRATTON. Mr. Speaker, as a new member of the CIA Subcommittee of the Armed Services Committee as well as a Reserve naval intelligence officer for the past 33 years, I want to discuss for a moment as carefully and thoughtfully as I can some of the very grave and disturbing issues that are soon to be presented to the Members of this House for decision as a result of developments in the Pike Select Subcommittee on Intelligence. My only concern is to insure we have the best possible intelligence organization. I am not opposed to investigating it and trying to improve it. I am sure it has made mistakes, as is the case with most human institutions; and we should try to avoid those mistakes in the future.

But the one thing I do not want to see happen is for us to carry out this investigation in a way that will destroy our intelligence operations, demean their achievements, and destroy the morale of their employees and their agents—especially at a crucial time in history when our physical capability for deterring war or conducting an adequate defense is steadily being eroded away, while that of our potential enemies is steadily on the increase. For that reason, Mr. Speaker, I welcome the decision of the chairman of the committee (Mr. PIKE) to bring to the House floor sometime this week the question of the future course of his committee's deliberations.

In view of recent developments in his inquiry, I believe it is most urgent that the House have a full opportunity to examine what has happened and to clarify our mandate to that committee and give it more effective guidance for the future. We had all hoped that we could wait until the committee had made its recommendations to us before facing up to the difficult and complex questions that need to be confronted in a democracy when it comes to intelligence matters. But apparently we are to have no such luxury; we are going to have to face up to some of these questions right away. And I believe that today is not too soon for us to start thinking about these complex questions.

First of all, Mr. Speaker, with regard to this first confrontation issue as to who can and who cannot release classified, secret security information, I have been reading the papers over the weekend and I gather there has been some change on the part of the chairman of the committee; and if so I welcome it. The morning paper says that the gentleman from New York (Mr. PIKE) has now agreed to abandon his insistence that every House committee, by majority vote, has the right to release any classified material it chooses to release. He is reported as having said that he will not release any classified material which the President himself personally certifies must be left confidential in the interest of national security; although he retains for the committee, as I understand it, the right to seek the release of such material in certain cases through the courts.

Well, that is a big step in the right direction, because the law on this issue seems to be quite clear. Nowhere is there provided in the Rules of the House any procedure either for the handling or for the release of classified information, although rule XI, section 712(k)7 does forbid the release of any "evidence or testimony taken in executive session" without "the consent of the committee."

The President's authority in this regard stems from the basic grant of Executive power to the President in article II, sections 2 and 3 of the Constitution. Under that authority President Truman issued Executive Order 10290 in 1951 establishing a system for the proper handling of classified information; this order was updated on March 8, 1972, by Executive Order 11652. Moreover Congress has on various occasions provided by statute for the safeguard of classified material and severe penalties against its disclosure to an unauthorized person. One statute, for example, forbids the publication or use of certain classified material "in any manner prejudicial to the safety or interest of the United States." Moreover in that statute the term "classified information" is defined to mean information which is "for reasons of national security, specifically designated by a U.S. Government agency for limited or restricted dissemination or distribution."

Nowhere has Congress ever acted to withdraw this mandate. And so for us to assume for ourselves now the right to safeguard, or release, such information without any change in the existing statute—presumably we could enact such a statute if that is what we really want to do—is an action taken without any legal justification in my judgment. In fact, even the basic legislation setting up the Pike committee specifically directs that the committee shall institute such rules and procedures as it may deem necessary to prevent—the disclosure, outside the select committee, of any information which would adversely affect the intelligence activities of the Central Intelligence Agency in foreign countries or the activities in foreign countries of any other department or agency of the Federal Government."

In fact, let me add to that specific quote from the legislation setting up the Pike committee this further comment: Some people have said, "Who is going to decide whether a particular item does or does not adversely affect the activities of the Central Intelligence Agency and other intelligence-gathering organizations?"

The basic statutes of the United States once again spell out an answer to that particular point, and I refer to the National Security Act of 1947, as amended, where it places the responsibility for this kind of a decision directly on the Director of Central Intelligence. And here is what section 102(d)(3) of that act says:

> The Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure.

In other words, it does not say that he shall protect them only when the Congress of the United States does not want to protect them or that he shall yield that authority when the Congress or some committee thereof shall determine that it has a better idea of what would protect the CIA than he does. And I think we ought to remember that specific legislation when some of these questions come before us, as they apparently will, later in this week.

So there is really no legal basis, in the absence of any congressional action on the matter, for the contention that a majority of any House committee can all by itself completely wipe out a classification system set up by the President pursuant to a statute duly enacted by Congress.

Now when it comes to the matter of what information a committee of Congress is entitled to receive, Mr. Speaker, I am more inclined to agree with the gentleman from New York (Mr. PIKE). We have directed his committee to inquire into all matters relating to intelligence, and the executive branch has an obligation to supply that information to the committee. Even here, however, commonsense dictates some limitations. When it comes to highly sensitive matters such as the names of agents operating in foreign countries, for example, or other highly classified sources of information, it is a long-standing rule of intelligence that the more people who know a secret, the less likely that secret will remain secret. Hence the "need to know" principle of intelligence compartmentalization. Does every Member of Congress, all 535 of them, have to know the names of these agents whose lives literally hang on remaining anonymous? Does even every member of the select committee have to know? Does the staff really have to know? The Church committee in the Senate has solved this problem in the case of these items of extreme delicacy by having only the two senior members, Senator CHURCH and Senator TOWER, receive the information. Why cannot this procedure be followed by the Pike committee rather than have a knock-down-and-drag-out constitutional confrontation?

In the absence of such an agreement it is not hard to understand the reluctance of the executive branch in forwarding very highly sensitive materials to the Pike committee. Until today's statement there has not been, as far as I could see, any recognition by the chairman or the committee of this important distinction between what the committee is entitled to see and what it can properly release to the public and to the world—Communist as well as non-Communist.

But Mr. Speaker, what disturbs me most is that as I understood it, it was just questions such as these—which are absolutely essential to an effective exercise of oversight responsibilities by the Congress over the CIA and other intelligence agencies—which were to be the primary and priority mission of the select committee. As a House and as a Congress we were looking for serious recommendations as to how we could exercise oversight without compromising the intelligence functions which we were presumably trying to protect. Yet instead of that the House is now soon to be called upon to act on some of these very sensitive and far reaching matters without any prior detailed study and reflection by the committee to guide us—only the passions of a direct, publicized confrontation in the very early stages of the committee's inquiry.

What the House needs most and what the House wants most, as I see it, are answers to such questions as these: How much sensitive material can be made public? How should Congress handle classified material? How many Members should be cut in on what the CIA does? Should the CIA budget be made public? These are all questions that Congress needs informed recommendations on. And we need them quickly. Already a group with the Appropriations Committee wants to try to answer one question before the select committee's report is even in.

Is it really necessary for us to have such a showdown at this stage? I realize that it is hard to resist the lure of going back over all the past accomplishments and failures of our intelligence services. But there simply is not time to do all of this, especially in front of the television cameras and still cover all the legislative ground that needs to be covered in a reasonable and careful manner if we are not only to avoid past mistakes, but move ahead to insure the security and survival of our Nation in a still hostile and threatening world.

Mr. Speaker, intelligence, like weather forecasting, is by nature not an exact science. No intelligence service has ever batted 1.000, and none ever will, just as no weather forecaster has ever done either. All we can do is just try as best we can to push back the frontiers of ignorance a little bit more every time.

We in Congress really must understand this fact, so that we do not come to expect the impossible from our intelligence agencies, and in so doing overlook their real accomplishments and mislead our people on what intelligence has contributed to our security. Of course the failures of intelligence are always writ large for everyone to see. But its greatest achievements, alas, especially those still in progress, cannot even be mentioned at all. Yet we have had such achievements, and we must not forget them—breaking the Japanese naval code in World War II, for example, which won the Battle of Midway for us; the deception that made possible the successful D-Day landing in Normandy; the U-2 flight over Russia; the Cuban missile photographs; and the discovery of the new Soviet naval base in Somalia.

I would be the first to acknowledge that CIA and our other intelligence agencies have made mistakes. But the job of the present congressional investigation should not be to destroy those agencies, or to make people think that our capabilities in this very vital field are far less than those of our potential adversaries. Our job, I believe, should be to improve our intelligence agencies and increase the security and protection of our citizens. Mr. Speaker, I say it is time to get on with that primary job, and I do hope that that purpose will be the keynote of our deliberations this week on the future of the Pike committee.

FEDERAL PAPERWORK REDUCTION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

Mr. BEDELL. Mr. Speaker, last Friday, I introduced legislation (H.R. 9863) which is designed to reduce the proliferating Federal paperwork burden which currently plagues American small business.

This bill, which has been labeled the Federal Paperwork Reduction Act, would amend the Legislative Reorganization Act of 1970 to require that all congressional committees include in their legislative reports on a specific bill a statement which estimates the extent and cost of Federal paperwork which would be generated by enactment of such bill. This statement would specify the anticipated number of reports and records which would be required of private business, especially small business, as a result of enactment of this legislation. It would also estimate the complexity of the forms which would be necessary for compliance and the potential cost in time and money which would result from bookkeeping under the new statute.

All too often, Members of Congress have no idea of the amount of paperwork which would be stimulated by new legislation. In fact, unless a Congressman makes a special effort to find out, he ends up voting on legislation with little or no idea of the potential costs of new redtape promulgated by the proposal. As a result, many worthwhile bills end up placing unreasonable paperwork demands on small firms. The Federal Paperwork Reduction Act would force the Congress to consider the potential paperwork impact of proposed legislation on the public at the time it is debating the merits of such bill. It will hopefully serve to prevent the proliferation of unnecessary Federal redtape.

As a lifelong small businessman, I have firsthand knowledge of the tremendous burden which existing Federal reporting requirements place on American small business. The extent of the problem should not be minimized. The Federal paperwork burden is one of the most significant factors affecting the competitive viability of American small business.

Consider the following. It is estimated that small business spends over $18 billion a year complying with Federal reporting requirements. These paperwork costs are in reality much greater for small concerns than for large corporations who have the resources to absorb them. Proliferating Federal paperwork unquestionably puts small firms at a competitive disadvantage in relation to big business.

In my view, our current Federal reporting system has gotten way out of hand. Many reporting requirements have proven to be unnecessary. Others are simply unfair. It is imperative that the Congress address this very real and serious problem without further delay.

In the past, we have focused our attention on the tangible result of the mounting paperwork burden—that is the plethora of forms which business must fill out and send to the Federal Government. It is time to treat the cause of the problem as well as its symptoms. Indeed, we must increase, not diminish, our effort to consolidate and eliminate many of the Federal reporting requirements now in effect. And, we must also employ preventative medicine in our campaign against the disease of Federal form pollution. We must attempt to control proliferating paperwork at its source.

Mr. Speaker, enactment of the Federal Paperwork Reduction Act, by creating a continued awareness on the part of Members of Congress of the reporting burden on small business, should have great impact in reducing Federal redtape. I hope that the Congress will proceed with the prompt consideration of this proposal.

CONSERVING OUR NEIGHBORHOODS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 20 minutes.

Mr. REUSS. Mr. Speaker, last Friday, September 26, I addressed the Conference on Neighborhood Conservation at the McGraw-Hill Conference Center, 1221 Avenue of the Americas, New York City. The conference was sponsored by the National Endowment for the Arts, the Conservation Foundation, the State of New York, and the New York City Landmarks Preservation Commission. Participants included city, State, and Federal Government administrators and legislators concerned with urban planning, preservation and economic development; architects and planners, economists and sociologists, lawyers, developers and bankers; leaders of community, public interest and environmental organizations.

The purpose of the conference was to bring together leaders in Government, business, planning, design, and social action to explore methods for conserving older neighborhoods of special urban character and function within a framework of planned change. Through panel discussions and workshops, participants studied the legislative, economic, political, and administrative tools to support the contribution of neighborhoods to stable city life.

My remarks follow:

REMARKS OF HON. HENRY S. REUSS

I applaud the "Conference on Neighborhood Conservation"—the preservation of the inner-city neighborhood, the historic building, the older home.

I'm not opposed to the older homes. Before I came to Congress, I lived in a Milwaukee home built in 1890. Today, in Washington, I live in a home built in 1790. If you at this Conference do your job well, I'll be happy to spend my declining years in a home built in 1690.

We are gathered here today to lament that, as of this morning, there is no coherent Federal policy for the inner city.

What had been in place was demolished by former President Nixon in January, 1973, when he declared a moratorium on all federally-assisted housing.

Since then, the Department of Housing and Urban Development, the Federal agency that's supposed to worry about revitalizing the inner-city, has been managed by people who smile, rather than frown. They smile when they cut budgets. They smile when they conduct "research" instead of programs. They smile when they advise President Ford to veto urban initiatives by Congress.

Frankly, I don't know which is worse: the frightful murder of the poverty program, or the smiling dismemberment of the housing program. Unfortunately, the results are the same. "The coward does it with a kiss, the brave man with a sword."

What I find most disturbing is that so many Americans are tempted to let the cities "go down the drain." Part of the problem, of course, is that government policy has encouraged people to move to the suburbs. Those people see efforts to arrest inner city decay as helping someone else. So, why should they be asked to take an interest, or help foot the bill?

This perception is myopic. Because the cities have been allowed to deteriorate, not only have people moved out, but jobs have moved, too. Now some of these jobs are moving beyond suburbia to exurbia. For the first time in this century, non-metropolitan areas are growing at a faster rate than are metropolitan areas. Some metropolitan areas are actually losing population.

This broadening urban consistency can make it politically possible to stop the rot. By rejuvenating our central cities and our older suburbs where blight is already in evidence, we can encourage jobs and people—and I don't mean just the very poor or the very rich—to return, just as past public policy encouraged the exodus to suburbia. There is no better place to begin this process than by transforming our deteriorating inner city neighborhoods into attractive, inviting places to live. An integral part of this design should be to conserve and to rehabilitate the ample supply of sound, existing housing stock now in our central cities.

Our central cities have an infrastructure. That infrastructure is called: Western Civilization. It's worth preserving!

In the 1974 Housing Act Congress urged a "greater effort" to encourage the "preservation of existing housing and neighborhoods through such measures as housing preservation, moderate rehabilitation, and improvements in housing management and maintenance."

I do not pretend to know all the answers as to how to bring this about. In fact, I'm not sure I know any of the answers. But I do know many of the obstacles to successful large-scale neighborhood rehabilitation—problems of relocating the poor, taking the curse off multifamily housing, finding the money to conserve our neighborhoods, developing new institutions to do the job. And I've been doing some thinking about how to surmount those obstacles.

Should we continue to allow the rehabilitation of inner city neighborhoods to continue to drive out old inhabitants, without making any provision to house the displaced?

Should we continue to allow multi-family unit construction to suffer even worse than single-family construction—especially when this shelter is the type that is closest to the reach of low- and moderate-income families?

Must we continue to deny inner-city neighborhoods the capital required to undertake large-scale rehabilitation, and undertake it successfully?

Must we constrict ourselves to old organizational forms as our instruments for neighborhood conservation?

RELOCATING THE POOR

Let's look first at what some states are doing to cope with the problem of relocation.

Speculators are coming in, rehabilitating large tracts, selling them to upper-income people at handsome profits, pulling out, and leaving large numbers of low- and moderate-income people with no place to live.

Prohibitive taxation on the speculative profit is one way to approach the problem. A better way to protect displaced families might be to require that for every unit of rundown housing that is torn down or rehabilitated, a substitute unit must be provided.

Certainly, there is precedent for such an idea. For a number of years, we've had on the books the Uniform Relocation Assistance Act that provides aid for families displaced by Federal action. Why not apply this principle to neighborhood rehabilitation by private developers?

One means for satisfying the requirement might be the present Section 8 leasing program to help low- and moderate-income families afford private market rentals. A speculative developer would have to provide equivalent living accommodations to those he displaces.

MULTIFAMILY HOUSING

Next, let us look at the sharp decline in multifamily construction—a fall-off that is particularly regrettable because multifamily housing saves scarce land and energy.

Construction of one-to-four family units is down by 29 percent during the first eight months of this year from the level of 1973. Multifamily construction is even worse off: it has fallen by 75 percent over the same period.

How can we halt this decline, without incurring the huge subsidy costs of some past programs? Section 221(d)(3) had a massive first-year front-end load; Section 236 a 40-year interest subsidy. We need a revived public housing program, of course. But what to do for those above public-housing income levels?

Why not make the low- and moderate-income family, itself, pay part of the cost of federal subsidy—instead of the taxpayer? This could be achieved by asserting a federal claim to part of the capital gain that accrues to the subsidized family when it sells its condominium or cooperative apartment.

Multifamily units have been increasing in value 8–10 percent a year. Wouldn't it make sense to use part of these gains for a kitty to reduce the monthly payments? The government, of course, would have to start the kitty, with federal borrowing used to keep the interest rate as low as possible.

We would have to insure that management of the apartment is better than it has been in some past programs.

But there would appear to be many advantages. The impact on the federal budget would be a lot less than other programs we've tried; it might even work out to be a self-sustaining concept. Monthly payments could be reduced by as much as under costlier programs. And the owner-occupant, because he is getting housing at rates comparable to lower rentals, could hardly object to using a part of his capital gain to pay back the subsidy to the "kitty". What's more, because he is an owner rather than a renter, he might take better care of the property, and go easier on heat and light.

Our staff is still working on the details. But the idea is worth considering.

FINDING THE FUNDS FOR CONSERVATION

If we are to embark upon large-scale neighborhood conservation, large-scale amounts of capital will be necessary. Where will it come from, since deteriorating neighborhoods are by definition poor investments?

One specific source of assistance is the Section 312 program that the Congress salvaged from the Emergency Housing Act of 1975 that the President vetoed. This program provides direct low-interest Federal loans to people who rehabilitate housing within designated areas, such as urban renewal. Congress is about to appropriate $50 million for Section 312 this year. We hope HUD uses it.

Obviously, that amount of money is not enough to meet neighborhood conservation needs throughout the country. What's needed, of course, is to lay claim, on behalf of low- and moderate-income housing, to a larger share of the national credit pool. Though it does not do so at present, the Ford Administration's Financial Institutions Act, which proposes to make thrift institutions more like commercial banks, may provide the means. In homogenizing the banking system, the proposed FIA seeks to assure an adequate flow of money into housing by providing an expensive tax subsidy, amounting to close to $1 billion a year, to banks and thrift institutions that channel appreciable funds into "housing".

The problem with the Administration proposal is that it seeks to funnel mortgage money into any kind of housing. This would simply add to the tax code's current generosity to middle-income and luxury housing. In the year 1972, for example, the government lost $6.2 billion in revenue through the deductibility of mortgage interest payments and real estate taxes by homeowners. More than two-thirds of this went to upper-income families.

Congress can make changes, however. One that deserves serious attention would be to construct the tax advantage for the banking and thrift industry so as to encourage mortgage lending for low- and moderate-income housing. We will pursue this thought in the comprehensive study of the nation's financial institutions now in progress by the House Banking, Currency and Housing Committee.

Another financial issue of concern to our Committee is the practice of "redlining." As most of you know, this phrase refers to the tendency of mortgage lenders to stop lending in neighborhoods that begin to show signs of wear. The effect, of course, is to hasten the process of decay, and to bring about the slum conditions that the bankers were afraid would occur.

Several states—including my home state of Wisconsin as well as Illinois, Massachusetts and California—have taken steps to require their state-chartered financial institutions to disclose, by census tract, areas where they are making mortgages, and areas where they are not.

In Congress, legislation has passed the Senate that would direct Federally-insured lending institutions to provide similar information on their lending practices in our large urban communities. While it is still somewhat early to predict the final form of such legislation, I strongly support the effort to require mortgage lenders to disclose where they are, and aren't, making loans. Only in this way can we gain knowledge of the full extent of "redlining."

Armed with this knowledge, we can then tackle the problem of how to make it possible for lenders to stop the practice. One proposal that deserves serious attention would be to set up an urban reinvestment fund. This fund would co-insure a portion of the risk of bank and thrift institution lending in large urban areas, particularly those that show signs of deterioration. The revolving fund would co-insure conventional mortgages up to, say, 80 percent of the risk.

Such partial federal risk-taking would encourage financial institutions to provide the necessary mortgage credit to save our urban neighborhoods from the ravages of "redlining."

This is by no means a new concept on the part of the Federal Government. In 1968, after large casualty insurance companies stopped writing property insurance in most of our large cities following the urban riots, Congress enacted the Federal Riot Reinsurance Program. Under this plan, the Federal Government encouraged private companies to renew homeowner's insurance in riot-torn areas by reinsuring the risk. Similarly, the 1970 Crime Insurance Program reinsured crime insurance written by private companies for homeowners and small businesses in urban areas afflicted by looting during the riots.

THE INSTITUTIONAL BACKUP

Displaced families, the lag in multi-family housing construction, the scarcity of capital—one other major problem remains. How do we organize a large-scale neighborhood conservation effort to insure its success?

A novel approach is contained in Section 802 of the Housing Act of 1974. This section permits the federal government to guarantee taxable bonds issued by state housing finance and state development agencies, such as New York's Urban Development Corporation, and to subsidize up to one-third of the interest payment on these taxable bonds. This means that a state agency could underwrite a development in a neighborhood needing conservation, and get federal reimbursement for one-third of the 9 percent interest rate on its taxable bonds, so that their effective rate would be only 6 percent. With the broader market waiting for a taxable bond, and with the federal guarantee, this offers a real chance for the states to come alive.

Though the Ford Administration failed to request funds for Section 802, the Senate this year is appropriating $35 million. I am doing my best in the House to support this funding. My fervent hope is that HUD will use the money, and not ignore it as it has done with other funds made available by the Congress.

Taxable bonds issued by state agencies with Federal backing have a number of important advantages. They would enable the state agencies to raise capital in the money market at rates they could afford, and perhaps avoid the repayment problems encountered by New York's UDC. These bonds, incidentally, since they are *taxable*, result in a substantial net saving to the federal government over extending equivalent help to the state via a tax-free bond.

Moreover, if state development agencies become viable financial entities, then maybe we'll see a revival of the "new-town-in-town" movement that held so much promise for inner city development in the 1960's—combining housing for people with varying incomes, community facilities, commercial and industrial parks. "New towns in town" are another example of imaginative approaches to neighborhood revitalization that are being smothered to death by the smiling officials at the Department of Housing and Urban Development.

What's needed, of course, is more than mere pleasantness. The nation desperately needs creative thinking to bring our cities to life again. This is particularly true at a time when close to 40 percent of homebuilding labor is unemployed, and when the need for decent housing is high.

Though we're not getting much creative thinking from HUD these days, perhaps there is a silver lining to the cloud.

This may be the pause that allows us in Congress who are concerned with urban problems to assess past mistakes, to select the best from what's been tried, to come up with new ideas. You've heard mine. Now I invite all of you at this "Conference on Neighborhood Conservation" to educate us on Capitol Hill with your thinking. Only by this interchange of ideas can we construct a coherent urban policy.

CONGRESSMAN HAYS REELECTED PRESIDENT OF NORTH ATLANTIC ASSEMBLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Annunzio) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, our distinguished colleague, the gentleman from Ohio (Mr. Hays), was unanimously reelected president of the North Atlantic Assembly during its 21st annual meeting last week in Copenhagen, Denmark.

As a delegate to that assembly, I viewed firsthand the outstanding job Mr. Hays performed in presiding over a body of parliamentarians from all of the NATO countries, many of whom had vast differences of opinions on subjects brought before the assembly.

Mr. Hays chaired the meetings in a most fair and diplomatic manner and at the same time he commanded the respect of all delegates for his firmness when it came time for the assembly to take a position on one of the numerous resolutions. As might be expected when dealing with parliamentarians from countries representing a total of more than 600 million people, not everyone agreed with all of the views expressed by Mr. Hays—but not a single delegate failed to respect the manner in which Mr. Hays conducted himself. Of particular significance was the address President Hays made in opening the 21st Plenary Session of the assembly. It was an outstanding speech both in comment and delivery. Also of particular significance was the stress Mr. Hays placed on the need for economic cooperation among NATO countries. He said:

> Now I don't want to diminish the importance of our working together to counter any military threat, but let me say very plainly—we have proven that we can react together in the face of a military threat, but we have yet to show that we can cooperate as allies in the face of an economic threat.

As a member of the economic committee of the assembly, much of the attention of that committee was directed toward meeting the challenge laid forth by President Hays and I feel very strongly that his remarks were responsible for a more unified feeling of trying to reach economic progress on the part of the economic delegates.

Mr. Hays was a credit to himself and the Congress and his performance was rewarded with reelection to the assembly's highest office. As one of the founders of the assembly, Mr. Hays has been a guiding force behind its 21 years of progress and I feel it is very fitting that next year as he holds the president's office for his final term, that the assembly will hold its annual meeting in Williamsburg, Va. This will give the entire Nation an opportunity to view firsthand the respect the gentleman from Ohio commands from the nations of the free world.

Mr. Speaker, I am including as part of my remarks the opening address given to the assembly by President Hays. It was a scholarly presentation of the free world situation as it exists today and while in all honesty I do not share all of his views regarding certain international political situations, I do share all of his views about the need for economic cooperation.

Because the United States must depend upon cooperation from other countries in a wide variety of areas, I commend Mr. Hays' speech to Members of the House as an excellent reference document for learning more about the current free world situation.

The address follows:

Address by the Honorable Wayne L. Hays, President, North Atlantic Assembly

Distinguished guests, ladies and gentlemen, fellow delegates to the North Atlantic Assembly, I am honored to be here as president of these proceedings. I know I speak for every delegate and participant in expressing our gratitude for the warm hospitality which we have received here and for the great efforts made by the Danish Government to make our meetings a success.

I am honored, as President of this distinguished body, to open the 21st Plenary session of the North Atlantic Assembly.

We come together as parliamentarians, as politicians, and as the government officials closest to the 600 million people who have elected us. As the world shrinks in size, and though our constituencies may be different, our problems have become more and more interrelated. We are facing new challenges as the world changes and as parliamentarians we must be ready for what lies ahead.

When we first came together 21 years ago, we were preoccupied with military issues and in the interim many in this alliance lost sight of the necessity to cooperate on other fronts as well.

I would like to speak to you briefly about what I consider to be a major challenge which lies ahead of us—that of economic cooperation.

Now I don't want to diminish the importance of our working together to counter any military threat, but let me say very plainly—we have proven that we can react together in the face of a military threat, but we have yet to show that we can cooperate as allies in the face of an economic threat.

From where I sit on the International Relations Committee in the House of Representatives and as President of this organization, the emphasis of the threat has shifted from basically military to primarily economic.

Our collective economic health will provide the key to our maintaining a forceful defense system because it is impossible to build an effective military alliance from an unsound economic base, and if we slide into a worldwide depression there will be no way to maintain a sound military deterrent—no way at all. Our potential adversary will have us prostrate economically and divided militarily.

As a group, we have already begun to feel pressures. In every NATO country, defense budgets are under severe pressure as a result of economic considerations, both domestic and international.

As we begin to appreciate the interdependence of economic goals and military needs we must likewise strive to meet the economic challenge without sacrificing defense objectives. Let me outline what I see as some encouraging signs in this area.

In the House of Representatives, we have a running battle on the defense budget, and the size of U.S. forces in Europe is under continuous attack. It was heartening to me, and I think it will be to you, to know that we won the battle against force reduction this year by a larger majority than in the last several years.

I am pleased to see the Federal Republic of Germany restructuring the Bundeswehr to make more combat forces available in Central Europe. In the United States, the Congress has already taken action to replace support forces with combat troops including two brigades in the Federal Republic of Germany.

I personally hope that no country in the alliance will make unilateral force reductions at this critical time.

Denmark, the Netherlands and the United Kingdom have recently carried out defense reviews in consultation with the allies as a whole. Canada and the Netherlands are also reviewing their defense posture in light of economic considerations.

As economic pressures continue, we have been forced to consider new ways of maintaining our overall defense posture without compromising its strength.

I realize that every one of you is under pressure, as I and my American colleagues are, to use the national defense as a painless candidate for budget cuts.

But we must stand firm with ourselves and in our own parliaments—there is no substitute for an adequate and effective defense.

The necessity of maintaining a strong defense posture wtih fewer resources will force us toward standardization and rationalization of our weapons, equipment and forces.

We have made some progress in this area despite the difficulties generated by our own domestic interests, industries and pressure groups. Yet the potential rewards of billions of dollars saved, increased efficiency and closer North Atlantic ties are so great that we must take the lead in persuading our constituencies that this is the proper course to follow.

As I said earlier, this alliance has shown it can meet a military challenge. There is no reason why we cannot continue to be prepared militarily but also work in a new spirit of economic consultation and cooperation.

Let me now address myself to some major developments in the last year which present us with current challenges.

The Southeastern flank of NATO has been severely weakened by a complex of political and military issues.

Participation by Greece in NATO is now in question and the defense capabilities of Turkey in the alliance are weakened due to the suspension of the traditional U.S.-Turkish military relationship. The situation in Portugal continues to be of concern to all of us.

As grave as these problems are, they are not insoluble. Indeed, they must be solved as the crucial challenges facing this alliance a generation ago were overcome, and the responsibility for their successful resolution will rest with ourselves as parliamentarians as well as with the executive leadership of our governments.

Let me speak briefly to these issues one by one and outline some considerations and some hopes.

We are all painfully aware that during the summer of 1974 two of our member nations engaged in a confrontation resulting in high costs for allied cohesiveness and military effectiveness.

Turkey's status as an ally has been jeopardized by the suspension of U.S. military supplies, and NATO as well as the United States has been weakened by Turkish restrictions on U.S. defense activities.

As President of this assembly and as a senior member of the United States Congress, I am working to see that prohibitions on military sales to Turkey are removed and that a normal defense relationship between two old allies is resumed. The day before I left Washington, the House Committee on International Relations, on which I serve, overwhelmingly approved a bill to permit military sales to Turkey.

I am convinced that the action, if sustained by the House of Representatives, will be of long range benefit to the alliance and will lead to an improvement in U.S.-Turkish relations. I believe and hope, then that Turkey will be prepared to negotiate substantively on the Cyprus issue.

The relations between Greece and the United States are not as good as I would like. But let me counsel the Greek people to remember that in 1971 I sponsored the measure, which the Congress passed by a wide margin, to prohibit military sales to the junta in Greece, and it was against the will of the American people and the Congress that former President Nixon used the escape clause to continue military sales to that existing Greek government.

I don't think that the Greek people believe that sentiment in the United States was responsible for the junta remaining in power for as long as it did. Much of this was caused by inaccurate American Press accounts.

Our concerns regarding Cyprus are to restore the cohesiveness and strength of the alliance; to bring about an equitable resolution of the problem; and to put an end to the hardship and suffering.

You know, last winter, at the request of Secretary of State Kissinger, and as President of the North Atlantic Assembly, I traveled to the area and met with leaders of Greece and Turkey. I came away convinced of a sincere desire by each country to end the confrontation and bring about a resolution of the Cyprus dispute.

We are all familiar with the sensitivity of the issues involved, but let us make no mistake about it—NATO needs these allies just as they need the alliance and we all join in the hope that Greece and Turkey will continue to move toward a speedy resolution of their differences.

Another development in the past year concerns our friends in Portugal.

All of us greeted the end of the Portuguese dictatorship in April of 1974 with pleasure and hope. Since then our concern has grown as events in Portugal have indicated instability and uncertainty about Portugal's basic orientation.

NATO's primary mission is still defense against communist aggression, and in keeping with the original words of the North Atlantic Treaty, all allies are pledged "to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law".

In practice, this means adherence to a form of government based on a pluralistic democratic process, responsive to and representative of the wishes of the people. Like the benefits, the responsibilities of NATO membership are great, and let us hope that the aspirations of Portugal's people which were inspired a year and a half ago will be realized.

These are some of the problems which face the alliance. I have been as candid as I can in presenting them to you. We in the North Atlantic Assembly have always taken pride in our ability to perceive the difficulties which confront us as allies and discuss them as friends. But let us likewise be candid in acknowledging our strengths.

Our defenses and our societies remain fundamentally sound. They have provided us with a solid base for improving East-West relations and in reducing tensions.

The most recent evidence of that progress is the Conference on Security and Cooperation in Europe. Substantial progress was made during the Conference last spring, but I fear that the progress will deteriorate into mere promises unless we as allies insist that the Soviet Union and other Warsaw pact members show a greater willingness to bring about concrete results in the force reduction talks in Vienna. The level of military forces in Europe can be reduced without diminishing the security of any side, representing an important step toward easing the burden of armaments which weighs upon the economies of each country represented here.

Furthermore, the allies should certainly insist that the so called Basket three of the Helsinki Conference which has specific measures to promote freer movement of ideas, people and information is implemented. And we should be united and forceful in making it clear that if this measure is not implemented, that the spirit, if not the letter, of the Helsinki accords has been violated.

Now let me turn back to my original message to you. I firmly believe that looking back over the past 25 years, the military threat was more apparent than real—whereas, looking ahead, I am convinced that the economic threat is more real than apparent.

And while the military challenge is always there, lurking in the background, right now the stresses and strains and challenges to NATO are economic.

The problems that face this alliance are great and demand great leadership. And every one of us in this room must be leaders of our people as well as representatives of our peoples.

Next year this conference will meet in the United States and you will help us celebrate our Bicentennial. It is my hope that some day NATO and the North Atlantic Alliance will celebrate its bicentennial. Let us do our part here together and in our own countries to assure such a celebration.

If we are to meet this new challenge which I have presented to you today, to gain in strength as an organization and as an alliance, we as parliamentarians are going to have to take the lead in convincing our constituencies of the vital importance of what we have done here.

THE EFFORTS TO MISLEAD ABOUT THE AUDIT LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 20 minutes.

Mr. PATMAN. Mr. Speaker, it has been apparent for many weeks that the Federal Reserve was willing to pull out all stops to prevent the Congress from considering legislation which would require a full-scale audit of that mammoth agency.

As a result, we have seen all kinds of misleading emotional statements in opposition to an audit. In reality, the audit legislation is a very simple bill extending a routine part of congressional oversight to the far-flung operations of the Federal Reserve—the same type of General Accounting Office audits performed in every other major agency of the Federal Government. But the emotional outbursts of the Federal Reserve and its supporters have indicated national calamity if an auditor got through the front doors of the Federal Reserve.

Last week, the Rules Committee regretfully postponed indefinitely action on the audit bill, H.R. 7590. This action took place after a letter was read from Arthur Okun, former Chairman of the Council of Economic Advisers. In the letter, Mr. Okun indicated that he was speaking for other former chairmen, Drs. Ackley, Heller, McCracken, and Stein.

Unfortunately, the clear impression was left that Mr. Okun and the other economists were opposed to H.R. 7590 and that they were in opposition to a rule.

This is simply not true. Arthur Okun has not and does not oppose H.R. 7590. Arthur Okun has not and does not oppose the granting of a rule on H.R. 7590.

Mr. Speaker, I deeply regret that so many people have misunderstood Mr. Okun's position.

To Arthur Okun's great credit, he has written Chairman MADDEN of the Rules Committee to set the record straight. He states to the chairman of the Rules Committee:

> In no way should my letter be read as supporting a negative verdict on H.R. 7590 by the Rules Committee.

Mr. Okun's only concern is that there be a prohibition against the GAO making policy evaluations and recommendations. The bill as reported from the Banking, Currency and Housing Committee clearly states that the GAO is to be prohibited from making recommendations on monetary policy.

Mr. Speaker, there is no reason for concern about the policy question. The Banking Committee has considered this carefully and it has provided the prohibition which has been sought. The committee report makes this point clear. I am sure that the floor debate will add additional strength to the very clear prohibition in the bill.

Mr. Speaker, the Federal Reserve is misleading people about the nature of H.R. 7590. They are using scare tactics and they are distorting what is contained in the bill and, in fact, in many cases they are leading people to believe that some other piece of legislation is actually before the House. These tactics once again point up just how badly an audit is needed.

The Federal Reserve has been engaged in a massive lobbying campaign against the audit bill. It has been joined by banking and business interests across the country. Its employees have been engaged actively in promoting opposition.

Despite this lobbying, Mr. Speaker, the House of Representatives has a responsibility to require accountability by all Federal agencies. The House of Representatives has a responsibility to determine how public funds are spent. The House of Representatives has a distinct responsibility to provide full oversight of Federal agencies.

To facilitate the consideration of H.R. 7590, I have introduced a resolution providing for a rule. This resolution—House Resolution 746—has been referred to the Rules Committee. I am hopeful that the Rules Committee will take up this resolution and report it to the floor so that the 435 Members of the House can work their will on this legislation.

Mr. Speaker, this audit legislation is essential. It is essential not only for the American people, but for the integrity of the legislative and oversight functions assigned the Congress of the United States. Mr. Speaker, I want to place in the RECORD at this point a letter from Arthur Okun. Once again, I want to point out that this letter clearly indicates that he is not opposing H.R. 7590 and that he is not opposing a rule.

The letter follows:

WASHINGTON, D.C.
September 26, 1975.

Hon. RAY J. MADDEN,
Chairman, Rules Committee, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: To avoid any possible misunderstanding, I should like to clarify the precise intent of a letter concerning H.R. 7590 written to the Speaker by me on behalf of several former Chairmen of the Council of Economic Advisers.

It was our intent to express the principle that extension of auditing authority to policy operations "should not be included in this bill." It was *not* our intention either to oppose or to support H.R. 7590 nor to take a position on any particular amendments. In no way should my letter be read as supporting a negative verdict on H.R. 7590 by the Rules Committee.

I hope this note clarifies my earlier letter and avoids any misunderstanding or inaccurate inference of my position.

Sincerely,

ARTHUR M. OKUN.

THE NEED FOR IMPLEMENTING TITLE XX CHILD CARE REGULATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 5 minutes.

Ms. ABZUG. Mr. Speaker, I must express my regret at the decision of the House today which again extends the deadline for implementation of the title XX day care regulations.

I had hoped that the question of federally mandated minimum staff/child ratios for those child care programs which receive Federal dollars was resolved by this body's action last December when we approved the conference report on amendments to the Social Security Act. As many of my colleagues will recall, the House version of that legislation made a genuine commitment to quality care standards for our children. By insisting that the 1968 Federal interagency day care requirements be continued, we demonstrated that we had the best interests of children in mind. Unfortunately, these standards, which were achieved only after a long fight, were lowered in conference. At that time I expressed my concern that the revised staff/child ratios, as well as the decision to allow the Secretary of HEW to determine the ratios for infant care, could effectively eliminate the possibility of education in a day care setting.

I fear that an additional 6-month delay in implementing these standards can only serve as an opportunity to further weaken them and result in this program turning into one which offers only custodial care. The kind of care our children will receive depends upon what standards are required and how they are implemented in the States. Research and experience have demonstrated that what happens to children in their early years affects their stability and productivity as adults. If we want to insure that our children will become productive adults contributing to society, we must take steps to insure that day care takes full advantage of every opportunity to enhance a child's developmental growth.

The regulations which we have voted to delay were designed to establish conditions essential for quality programs. These standards would result in many centers modifing their current policies, as I believe they should. Centers with staff/child ratios of 1 to 25 or 1 to 18 should be denied Federal funds as they are simply not appropriate vehicles for developmental education. While we are asked to feel sympathy for the operators of such centers, I am concerned that these ratios exist in many places not because of inability to comply, but as a result of insensitivity to the real needs of children.

I hope that during the next 6 months many of my colleagues will take the time to visit child care centers in their own districts to gain a firsthand understanding of what constitutes a realistic system of standards, in order that we will be able to implement the title XX guidelines on March 1.

TAX EXPENDITURES IN FEDERALLY SUBSIDIZED HOUSING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, the Ways and Means Committee has voted tentatively to apply the limitation on accounting losses—LAL—to all real estate construction, including federal assisted housing.

I supported that decision in committee, but understand that many of my colleagues felt federally assisted housing should be exempt from this limitation on tax shelters.

Ms. Cushing Dolbeare, executive secretary of the National Rural Housing Coalition, stated in testimony before the Ways and Means Committee that she would oppose such an exemption. In addition, her testimony documents how much is spent in "tax expenditures" on housing—which income classes benefit most from these "expenditures" and how these same dollars, if spent on direct housing subsidies, could house far more people instead of simply giving tax breaks to upper bracket taxpayers.

In Ms. Dolbeare's words:

> Forty-five percent of the direct and indirect federal cost of public housing is in the form of tax expenditures, and almost 90% of this subsidy goes to taxpayers with adjusted gross incomes of $50,000 (and over). For each dollar of public housing subsidy to a low income person, a rich taxpayer gets a deduction of 90¢.

I insert this statement for the benefit of my colleagues, in the hope that we can begin to follow a more direct policy of housing assistance to provide more housing for low-income families.

TAX SHELTERS AND TAX SUBSIDIES IN HOUSING

Statement of Cushing N. Dolbeare, executive secretary, National Rural Housing Coalition, before Committee on Ways and Means, House of Representatives, July 16, 1975

My name is Cushing Niles Dolbeare. I reside at 517 Westview Street, Philadelphia, Pa. I am a consultant in housing policies and programs. In that capacity, I am the author of a study, tax shelters for subsidized, limited dividend housing for the Rural Housing Alliance, "Federal Tax Rip-offs: Housing Subsidies for the Rich," published in 1972. I also chaired a special task force on taxation and the distribution of wealth and income in the U.S. of the American Friends Service Committee and the Friends Committee on National Legislation. I appear today as Executive Secretary of the National Rural Housing Coalition, a public interest organization concerned with the urgent housing needs of people who reside in small towns and rural areas.

TAX EXPENDITURES FOR HOUSING DWARF DIRECT FEDERAL EXPENDITURES

In 1959, Congress adopted the goal of the achievement "as soon as feasible" of "a decent home and a suitable living environment for every American family." Major emphasis then, and since, has been placed on providing subsidies and incentives for private builders and investors to achieve this goal. The direct subsidies have been provided through programs of the Department of Housing and Urban Development and, in rural areas, through the Farmers Home Administration (FMHA) of the Department of Agriculture as well. The incentives have largely been provided through the tax system, through four major mechanisms: accelerated depreciation of rental housing, exclusion from income of interest on bonds used to finance public housing and state-financed housing; exemption of mortgage interest on owner-occupied housing and exemption of local property taxes on owner-occupied housing. Added to this list of continuing incentives should be the one-time tax credit of $2000 for purchase of new homes this year. These, and a number of lesser incentives, will total an estimated $15 billion this fiscal year. Both the magnitude and the rate of increase of tax expenditures for housing dwarf the direct housing subsidy programs of HUD and FMHA which total less than $3 billion.

Tax expenditures for housing will total almost $15 billion in Fiscal 1976, based on OMB and Treasury estimates:

[In millions of dollars]

	Individual	Corporate	Total
Deductibility of mortgage interest on owner-occupied homes	6,500		6,500
Deductibility of property taxes on owner-occupied homes	5,270		5,270
Exclusion of interest on State and local debt (30 percent of total tax expenditure)	378	1,052	1,430
Tax credit for purchase of new home, as amended by Public Law 94-45	750		750
Depreciation of rental housing in excess of straight line	120	120	540
Deferral of capital gain on home sales	315		315
Housing rehabilitation: 5-yr amortization	60	35	95
Exclusion of capital gain on house sales if over 65	10		10
Total	13,703	1,207	14,910

Source: Table F-1, special analyses: budget for fiscal year 1976, except figure for tax credit as amended which is from tax notes, vol. III, No. 27, July 7, 1975.

The Budget for FY 1976 shows that tax expenditures for mortgage interest and property tax deductions have increased to an estimated $11.8 billion, and direct housing subsidies to $2.6 billion. The increase in these tax expenditures since 1973 is one and one-half times the total amount for direct expenditures. In 1973, 25.3 million taxpayers deducted mortgage interest and property taxes, at a cost to the Treasury of $7.9 billion.

The total housing subsidy system is perverse and regressive because of the impact of tax expenditures.

Tables 1 and 2, attached to this statement. are an effort, necessarily crude because adequate data are not available, to analyze the impact and equity of major housing subsidy programs for this fiscal year. While the data are less than ideal, the methodology used tends to understate the regressive nature of our total housing subsidy system.

The results, wholly due to the impact of tax subsidies, are shocking:

The top 1% of the income distribution—people with incomes above $50,000—gets more than 10% of all housing subsidies. At least 90% of all families and individuals with incomes at this level receive housing subsidies through the tax system.

Only 7% of all housing subsidies go to the 14% of the population with incomes below $3,000—although they have the most desperate housing needs. Less than one household in ten in this income range receives any housing subsidy, either directly or through the tax system.

The lower half of the income distribution gets only one quarter of all housing subsidies.

One basic reason for the inequity and perversity of the total housing subsidy system is that tax subsidies (credits, income exclusions, or deductions) may be claimed by all who qualify. In contrast, HUD estimated in 1975 that over 15 million households had incomes low enough to qualify for subsidized housing, but such housing was not available. Moreover, tax subsidies continue indefinitely, whereas direct subsidies have been curtailed by both Congress and the Administration.

Recently the Treasury Department, at the request of Senator Mondale, estimated the distribution of tax exenditures by income class. These figures, for 1974, appear in the June 2, 1975 Congressional Record at pages 16368–72. Table 3, showing housing-related tax expenditures in 1974, is drawn from this source. Briefly, it shows that housing-related tax expenditures totalled $9.7 billion, or 16.6% of all tax expenditures ($58.2 billion).

Housing-related tax expenditures benefit low and moderate income people even less than over-all tax expenditures. The 1974 figures show that 16.6% of all tax expenditures went to taxpayers with incomes below $10,000, but this income group received only 6.9% of the housing-related expenditures.

Selected housing-related tax expenditures are particularly perverse. People with incomes above $50,000 received more than one-third of the benefits of excess depreciation, more than three quarters of the benefits of rapid rehab amortization and almost nine-tenths of the benefits of exclusion of interest on state and local bonds.

Middle-income taxpayers were major beneficiaries of the deductions for mortgage interest and property taxes. People with incomes of $10,000-$20,000 received 41.5% of the mortgage interest expenditures and 33.3 percent of the property tax expenditures. If these deductions are repealed, some substitute subsidy program will have to be invented, or many middle-income home owners will either be forced to move or the increase in their total housing costs would force them to curtail other expenditures.

Substitution of a tax credit of not more than $200 for the current tax deduction would keep the level of tax subsidy to this income group relatively constant, but it would lower the total cost of tax subsidies and make their distribution more equitable.

Estimated impact of substituting a tax credit of not more than $200 for tax deduction of mortgage interest and property taxes:

[Dollar amounts in millions]

	1973 expenditures		Equivalent tax credit of up to $200	
Income class	Amount	Percent distribution	Amount	Percent distribution
Under $3,000	$2.6	0.03	$16.1	0.3
$3,000 to $5,000	31.2	.4	98.0	1.9
$5,000 to $7,000	130.6	1.6	269.2	5.3
$7,000 to $10,000	538.8	6.8	800.0	15.8
$10,000 to $15,000	1,307.9	16.5	1,472.0	29.1
$15,000 to $20,000	1,675.3	21.1	1,137.6	22.5
$20,000 to $50,000	3,274.3	41.2	1,138.0	22.5
$50,000 to $100,000	982.8	8.7	95.8	1.9
Over $100,000	289.0	3.6	23.6	.5
Total	7,943.6	100.0	5,050.3	99.9

Substituting a tax credit for tax deduction of mortgage interest and property taxes would be a step toward greater equity. But, as this illustration shows, such a tax credit would lead to expenditures double those for direct subsidies for low and moderate income housing . . . for an income group with far less critical housing needs. Yet efforts to increase housing subsidies for low income people have found little Congressional support because of their cost. Substitution of direct subsidies, at the level needed to achieve our national housing goal, for the indirect subsidies of the tax system would be more straightforward and would require more careful analysis of the true level of housing needs and the true costs of meeting them.

THE HIDDEN COSTS OF OTHER HOUSING-RELATED TAX EXPENDITURE

The cost of excess depreciation, above straight-line, for rental housing is estimated this year at $540 million.

In contrast, HUD's estimated 1976 outlay for rental housing subsidies (other than low-rent public housing) is $465 million. To put it another way, only 48% of federal expenditures for rental housing are accounted for by HUD payments; the remainder is a tax expenditure. One-third goes to people with incomes above $50,000.

OMB's tax expenditure estimates for 1976 show a total of $4.8 billion as the cost of excluding interest on state and local debt. In 1973, HUD estimated that 36 percent of the total subsidy cost of low-rent public housing was accounted for by exclusion of interest on the bonds financing public housing projects. If this relationship still holds, the 1976 figure is approximately $1.4 billion. This compares with $1.7 billion in direct payments by the federal government to local housing authorities. In other words, 45% of the direct and indirect federal cost of public housing is in the form of tax expenditures, and almost 90% of this subsidy goes to taxpayers with adjusted gross incomes $50,000. For each dollar of public housing subsidy to a low income person, a rich taxpayer gets a deduction of 90¢.

There is a tax subsidy of $95 million this year for 5-year amortization of rehabilitation costs of moderate income rental housing. In 1974, this expenditure amounted to $50 million, and 76% went to people with incomes above $50,000. Yet Congress annually attaches a rider to the Agriculture Appropriation act effectively prohibiting implementation of a program to make rehabilitation grants to low income rural owners.

CURRENT TAX IS BOTH BAD TAX POLICY AND BAD HOUSING POLICY

There are cheaper and better substitutes available for all of the major housing-related tax expenditures. Credits or direct subsidies could accomplish the social purpose of the mortgage interest and property tax deductions—though, ironically, Congress has just refused to extend the far less costly 235 program for subsidizing housing for low and moderate income home owners.

Direct lending by the federal government would clearly be a surer and less costly way of providing financing for rental housing than is the tax incentive of excess depreciation. Legislation is pending to provide this step and for direct lending to finance low rent public housing as well. Programs, though inadequately funded, are already enacted to provide for housing rehabilitation.

We urge that tax legislation and expenditures be given the same careful scrutiny, on an annual or biennial basis, that is given to substantive housing legislation and appropriations. It is wrong, we believe, for this committee to have greater influence on housing and housing policy than do the committees charged with effecting our national housing goals.

TABLE 1.—APPROXIMATE DISTRIBUTION OF FEDERAL HOUSING SUBSIDIES BY INCOME CLASS, 1973

Income class	Families and individuals	Tax subsidy recipients	LMI [1] subsidy recipients	Total recipients	Subsidy recipients as percent of total families and individuals
0 to $3,000	10, 297, 000	112, 000	642, 000	754, 000	6. 7
$3,000 to $5,000	8, 385, 000	490, 000	474, 000	964, 000	11. 5
$5,000 to $7,000	7, 523, 000	1, 436, 000	428, 000	1, 864, 000	24. 8
$7,000 to $10,000	10, 688, 000	4, 000, 000	227, 000	4, 227, 000	39. 5
$10,000 to $15,000	15, 955, 000	7, 360, 000	25, 000	7, 385, 000	46. 3
$15,000 to $20,000	9, 838, 000	5, 688, 000		5, 688, 000	57. 8
$20,000 to $50,000	10, 023, 000	5, 690, 000		5, 690, 000	56. 8
Over $50,000	606, 000	597, 000		597, 000	98. 5
Total	73, 313, 000	25, 326, 000	1, 796, 000	27, 122, 000	37. 0

[1] Low and moderate income.

Note: This approximation comes from a variety of sources, not strictly compatible with each other. The number of families and individuals is the total shown in "Money Income in 1973 of Families and Persons in the U.S.", "Current Population Reports"; Income distribution of tax subsidy recipients from table in appendix to "1974 National Housing Goals Report"; Income of low and moderate income housing subsidy recipients from information in HUD's "Housing in the Seventies." The point is clear and incontestable: the majority of housing subsidy recipients have incomes above $10,000 and, roughly speaking, the higher one's income, the more likely one is to receive a subsidy.

TABLE 2.—ESTIMATED AMOUNT OF FEDERAL HOUSING SUBSIDY, BY INCOME CLASS, FISCAL 1976

[Dollar amount in millions]

Income class	Tax subsidy	Low- and moderate-income subsidy	Total subsidy		Income distribution (percent)
			Amount	Percent	
$0 to $3,000	$3. 7	$928. 2	$931. 9	6. 7	14. 0
$3,000 to $5,000	44. 6	686. 4	731. 0	5. 2	11. 4
$5,000 to $7,000	186. 8	618. 8	805. 6	5. 8	10. 3
$7,000 to $10,000	770. 5	327. 6	1, 098. 1	7. 9	14. 6
$10,000 to $15,000	1, 870. 3	36. 4	1, 906. 7	13. 7	21. 8
$15,000 to $20,000	$2, 395. 7		$2, 395. 7	17. 2	13. 4
$20,000 to $50,000	4, 682. 2		4, 682. 2	33. 5	13. 7
Over $50,000	1, 405. 4		1, 405. 4	10. 1	. 8
Total	11, 359. 3	$2, 600. 0	13, 957. 3	100. 1	100. 0

NOTES

This table rests on some unreliable assumptions, and is illustrative only. The tax subsidy assumes that the distribution of tax subsidies in 1976, by income class, is the same as in 1973, although the amounts are larger by 43 percent (the increases from 1973–76). The housing subsidy assumes that the $2,600,000,000 in low- and moderate-income housing subsidies is distributed proportionate to the number of households served by subsidy programs in 1973—again, unreliable, but no better data are available. Finally, the income distribution is assumed to be that of families and individuals in 1973, for lack of better data.

Nonetheless, the major conclusion—that the lower half of the income distribution gets only a quarter of total housing subsidies—is not far off the mark. Nor is the conclusion that the top 1 percent get 10 percent of subsidies.

TABLE 3.—1974 HOUSING-RELATED TAX EXPENDITURES, BY ADJUSTED GROSS INCOME CLASS

[In millions of dollars, or percent]

Adjusted income class	Taxable returns	Total tax expenditures	Mortgage interest	Property taxes	Excess depreciation	Interest exclusion [1]	Rehab amortization	Total housing	Housing as percent of total [2]
$0 to $3,000	4. 057	$1, 085		$1	$2		$2	$5	0. 5
$3,000 to $5,000	7. 579	1, 738	$13	24	6			43	2. 5
$5,000 to $7,000	8. 273	2, 357	52	66	10			128	5. 4
$7,000 to $10,000	11. 428	4, 403	265	221	21	0. 3		507	11. 5
Subtotal	31. 337	9, 583	330	312	39	. 3	2	683	7. 1
$10,000 to $15,000	15. 952	8, 875	886	583	42	1. 2	2	1, 514	17. 0
$15,000 to $20,00	9. 856	8, 881	1, 133	771	38	6. 6	2	1, 951	22. 0
Subtotal	25. 808	17, 756	2, 019	1, 354	80	7. 8	4	3, 465	19. 5
$20,000 to $50,000	9. 006	17, 414	2, 078	1, 774	128	29. 4	6	4, 015	23. 0
$50,000 to $100,000	. 665	6, 116	348	407	80	116. 7	14	966	15. 8
Over $100,000	. 160	7, 306	95	213	48	163. 8	24	544	7. 4
Subtotal	. 825	13, 422	443	620	128	280. 5	38	1, 510	11. 2
Total	66. 966	58, 175	4, 870	4, 060	375	318. 0	50	9, 673	16. 6

Footnotes at end of table.

TABLE 3.—1974 HOUSING-RELATED TAX EXPENDITURES, BY ADJUSTED GROSS INCOME CLASS—Continued

[In millions of dollars, or percent]

Adjusted income class	Taxable returns	Total tax expenditures	Mortgage interest	Property taxes	Excess depreciation	Interest exclusion[1]	Rehab amortization	Total housing	Housing as percent of total[2]
In percent:									
$0 to 3,000	6.1	1.9		0.02	0.5		4.0	0.05	
$3,000 to $5,000	11.3	3.0	0.3	.6	1.6			.4	
$5,000 to $7,000	12.4	4.1	1.1	1.6	2.7			1.3	
$7,000 to $10,000	17.1	7.6	5.4	5.4	5.6	0.09		5.2	
Total	46.9	16.6	6.8	7.7	10.4	.09	4.0	6.9	
$10,000 to $15,000	23.8	15.3	18.2	14.3	11.2	.4	4.0	15.7	
$15,000 to $20,000	14.7	15.3	23.3	19.0	10.1	2.1	4.0	20.2	
Total	38.5	30.6	41.5	33.3	21.3	2.5	8.0	35.9	
$20,000 to $50,000	13.4	29.9	42.7	43.7	34.1	9.2	12.0	41.5	
$50,000 to $100,000	1.0	10.5	7.1	10.0	21.3	36.7	28.0	10.0	
Over $100,000	.2	12.6	2.0	5.2	12.8	51.5	48.0	5.6	
Total	1.2	23.1	9.1	15.2	34.1	88.2	76.0	15.6	

[1] 30 percent of total for all tax exempt bonds.
[2] Percent of total tax expenditures.

Source: U.S. Treasury tables prepared for Senator Walter Mondale, Congressional Record, June 2, 1975, pp. 16368–72.

COMMENTS ON PRESIDENT FORD'S PROPOSED ENERGY CORPORATION

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, finally the President has come forward with an energy program which the administration has been promising since the Arab oil embargo. I am somewhat encouraged that the President realizes the dimensions of the problem and is now willing to support the concept of a NASA-scale effort in the field of energy.

While the President and the Congress may agree on the concept of a crash program to develop our energy resources, the agreement ends there. We in the Congress must make sure that the awesome financial and political power of a $100 billion energy corporation is not abused. I am particularly concerned about the impact of an energy corporation in two areas: protection of the environment and the structure of the energy industry.

First, we must not allow a "crash program" to ravage the environment. For all the progress we have made in the protection of the environment, it will be lost if we do not place strong environmental restrictions on a U.S. energy corporation. If present administration outlays for energy research and development are any indication of the direction a U.S. energy corporation would take, we must expect a heavy emphasis on nuclear power and fossil fuels. In this year's ERDA budget, nuclear and fossil fuel research account for about 75 percent of the appropriations, while solar energy research was given only 5 percent. Not only does this approach lack imagination, but grave environmental questions will be raised. Congress must insist more research be done in cleaner, safer energy sources. In fact, Congress must insist that cooperation with the Environmental Protection Agency be a cornerstone of a U.S. energy corporation.

Second, it is essential that such an energy corporation not contribute to the economic concentration already prevalent in the energy industry. Presently, not only do the major companies monopolize the production, refining, transportation, and retailing of gas and oil, but they are taking increasing control of other energy sources, such as coal and uranium. The major oil companies own 30 percent of the Nation's privately-owned coal reserves, 30 percent of the uranium reserves, and 75 percent of the natural gas reserves. As our oil and gas reserves run out, we can expect the majors to make an attempt to monopolize new energy resources. Also, as new energy sources emerge, we must not allow the majors to gain exclusive control over the new technologies. We must move ahead with antitrust action to break up the horizontal and vertical integration in the oil industry. But we also have to be aware that an energy corporation might work at cross-purposes. With such tremendous assets as a U.S. energy corporation might have, it is clear that the patterns of its investments and grants would seriously affect the structure of the energy industry.

A U.S. energy corporation provides the public an opportunity to do something about monopoly in the energy industry. I believe that Congress must insist that a stipulation be written into a U.S. energy corporation's charter that all major financial actions should be consistent with the effort to ensure and promote greater competition in the energy industry. The creation of this energy corporation might be the perfect opportunity to set up a TVA-type energy company, as suggested by Senator STEVENSON, to provide a yardstick of oil company earnings and profits.

Some will say that the goals of a clean environment and a truly free market in the energy industry are incompatible with an aggressive drive for domestic energy development. We need not make those kind of sacrifices. Let me cite the example of coal. We presently have the technology to gasify our vast coal reserves, which are estimated at a 500-year supply. The Government should direct its efforts at developing this process in an environmentally safe way. An infusion of Government research can mean clean and plentiful energy through use of our coal reserves. Furthermore, since the Government owns over 60 percent of the Nation's coal reserves, its policy of leasing these reserves to independent coal companies, instead of to the major oil companies, can help stimulate competition in the energy industry.

We can have a clean, plentiful, safe, and relatively inexpensive supply of energy in the future if the Congress insists on coordination of environmental, antitrust, and energy policies. We as a Nation should not settle for anything less.

HOME HEALTH CARE, PART XXIV—TESTIMONY OF MARTHA GRIFFITHS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 115 House cosponsors, I have introduced H.R. 4772 and 4774, the National Home Health Care Act of 1975, reintroduced on September 24 with amendments as H.R. 9829. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

To discuss the need for home health services and the public support this proposal is receiving, it is my intention to place statements in the RECORD several times a week by experts and lay persons commenting on this subject.

As the 24th part in the series, I am delighted to submit the testimony before the Ways and Means Committee of our former colleague, Martha Griffiths, an expert on the subject of health care.

The testimony follows:

TESTIMONY OF MARTHA W. GRIFFITHS

Mr. Chairman and members of this beloved committee. Thank you for considering my testimony.

In the years in which I sat on this Committee I regularly urged the Chairman and the Committee to consider housekeeping and health care services for the aged in their own homes, rather than in hospitals and nursing homes. Regretfully, I could never get a sufficient number of other members to support my suggestion.

That is why I am so pleased to submit this testimony in favor of Congressman Koch's bill.

During the years that I was checking welfare, the Director of Welfare in New Mexico came to me and told me that they had run a check and found that they could save money in medicare, medicaid and welfare costs by putting housekeepers on the State payroll, with all State fringe benefits, and send them into the homes of the aged ill to maintain those homes and the people in the homes. On investigation, I found that Maryland was doing this.

Many people seem to believe that this would be helpful only to people in large urban communities. On the contrary, I feel it would be, if possible, more helpful to people in rural communities. People in rural communities are very apt to be living in an area in which they have lived since childhood. In today's world, a person in small-town America, or on a farm, may have children who live in a big city. The older person could continue in his or her own home if there were a minimum of household help and perhaps nursing care. But household help is impossible in small town and rural America. It simply is not hireable. In the end, the city offspring finally places the parent in a nursing home. The cost of such nursing home care is enormous and it is usually borne by the taxpayer. In all instances, care provided in the home would be cheaper for the taxpayer, and in many instances it would or could be reimbursed completely by the patient. But, in addition, the patient would be so much happier. It is a dreadful thing to remove an old and senile patient from the surroundings of a lifetime, place them in a restricted area where they know no one and leave them there to die. How much better it would be and how much cheaper it would be to maintain them in their own homes.

I urge the passage of Representative Koch's commendable bill.

PERSONAL EXPLANATION

(Mr. BAUMAN asked and was given permission to extend his remarks at this point in the Record.)

Mr. BAUMAN. Mr. Speaker, on last Friday, September 26, 1975, I was absent from the session by leave of the House because of official business in my congressional district. I was attending hearings as a member of the Select Ad Hoc Committee on the Outer Continental Shelf which met in my district at Ocean City, Md., concerning proposed legislation which will govern offshore oil and gas exploration and production.

Had I been present last Friday I would have voted in the following manner on the only two substantive legislative as compared to procedural matters which came before the House: First, on rollcall No. 553, a vote on passage of the rule-making in order debate on H.R. 8841, extending the Federal Insecticide, Fungicide and Rodenticide Act, I would have voted "yea"; second, on rollcall No. 554, a vote on adopting the Senate amendment to H.R. 9524, extending the Emergency Petroleum Allocation Act of 1973 until November 15, 1975, I would have voted "yea."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. Smith of Nebraska (at the request of Mr. Michel), until 1 o'clock today, on account of unavoidable delay en route.

Mr. Hicks (at the request of Mr. O'Neill), for today, on account of official business.

Mr. Pepper (at the request of Mr. O'Neill), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Flood, for 30 minutes, today.

Mr. Stratton, for 30 minutes, today.

(The following Member (at the request of Mr. Rinaldo) to revise and extend his remarks and include extraneous matter:)

Mr. Conlan, for 30 minutes, today.

(The following Members (at the request of Mr. Hall) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Bedell, for 5 minutes today.

Mr. Reuss, for 20 minutes, today.

Mr. Annunzio, for minutes today.

Mr. Patman, for 20 minutes, today.

Ms. Abzug, for 5 minutes, today.

Mr. Stark, for 5 minutes, today.

Mr. Nolan, for 5 minutes, on September 30, 1975.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Rinaldo) and to include extraneous matter:)

Mr. Peyser.

Mr. Crane.

Mr. Sebelius.

Mr. Conte.

Mr. du Pont.

Mr. Steelman.

Mr. Michel.

Mr. Broomfield.

Mr. Mitchell of New York.

Mr. Collins of Texas in three instances.

Mr. Lagomarsino.

(The following Members (at the request of Mr. Hall) and to include extraneous matter:)

Mr. Brown of California.

Mr. de Lugo.

Mr. Annunzio in six instances.

Mr. Anderson of California in three instances.

Mr. Gonzalez in three instances.

Mr. Evins of Tennessee in three instances.

Mr. Rangel in 10 instances.

Mr. Jacobs.

Mr. Lehman in 10 instances.

Mr. McDonald of Georgia in two instances.

Mr. Harris in three instances.

Mr. Edwards of California in two instances.

Mr. Rose.

Mr. Satterfield.

Mr. Florio.

Ms. Abzug.

Mr. Barrett.

Mr. Simon.

Mr. Vanik.

Mr. Breckinridge.

Mr. Young of Georgia in two instances.

Mrs. Sullivan.

Mrs. Schroeder.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

Joint resolution to provide emergency authority to the Secretary of Agriculture to restore confidence in the U.S. grain inspection system, and for other purposes; to the Committee on Agriculture.

ENROLLED BILLS SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 6674. An act to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserves of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes;

H.R. 9524. An act to extend the Emergency Petroleum Allocation Act of 1973.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills of the House of the following title:

On September 26, 1975:

H.R. 7715. An act to extend until the close of June 30, 1978, the period during which certain dyeing and tanning materials may be imported free of duty;

H.R. 9524. An act to extend the Emergency Petroleum Allocation Act of 1973.

On September 29, 1975:

H.R. 6674. An act to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and research, development, test, and evaluation for the Armed Forces and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personenl of the Department of Defense, and to authorize the military training student loads and for other purposes.

ADJOURNMENT

Mr. STRATTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 15 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, September 30, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1795. A letter from the Assistant Secretary of Agriculture for Administration, transmitting a report on the Department of Agriculture's disposal of foreign excess property during fiscal year 1975, pursuant to section 404 (d) of the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

1796. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to a request from the Government of Australia for permission to transfer certain U.S.-origin defense articles to the Government of New Zealand, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1797. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by John Gunther Dean, Ambassador-designate to Denmark, and his family, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

1798. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112 (b) of Public Law 92–403; to the Committee on International Relations.

1799. A letter from the Secretary of Commerce, transmitting a correction to the report on the administration of the Marine Mammal Protection Act of 1972 for the period May 1, 1974, through March 31, 1975; to the Committee on Merchant Marine and Fisheries.

RECEIVED FROM THE COMPTROLLER GENERAL

1800. A letter from the Deputy Comptroller General of the United States, transmitting a report and recommendation concerning the claim of the Boulder Daily Camera against the United States, pursuant to 45 Stat. 413 [31 U.S.C. 236]; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MATSUNAGA: Committee on Rules. House Resolution 751. Resolution providing for the consideration of H.R. 9500. A bill to stabilize labor-management relations in the construction industry, and for other purposes (Rept. No. 94–521). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 752. Resolution waiving certain points of order against H.R. 9861. A bill making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes (Rept. No. 94–522). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FISH: Committee on the Judiciary. H.R. 2279. A bill for the relief of Mrs. Louise G. Whalen; with amendment (Rept. No. 94–520). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Ohio (for himself, Mr. Collins of Texas, Mr. Derwinski, Mr. Guyer, Mr. Hastings, Mr. Kemp, Mr. Michel, Mr. Mitchell of New York, Mr. Moorhead of California, Mr. Steiger of Wisconsin, and Mr. Treen):

H.R. 9888. A bill to provide temporary authority for the President, the Federal Power Commission, and the Federal Energy Administration to institute emergency measures to minimize the adverse effects of natural gas shortages, and to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BURKE of Massachusetts:

H.R. 9889. A bill to amend section 2055(e) (3) of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. BURKE of Massachusetts (for himself, Ms. Abzug, Mr. Annunzio, Mr. Aspin, Mr. Badillo, Mr. Beard, of Rhode Island, Mr. Benitez, Mr. Boland, Mr. Brown of California, Mr. Phillip Burton, Mr. Carney, Mrs. Collins of Illinois, Mr. Dellums, Mr. de Lugo, Mr. Downey of New York, Mr. Fauntroy, Mr. Ginn, Mr. Gude, Mr. Harrington, and Mr. Helstoski):

H.R. 9890. A bill to authorize the Secretary of Agriculture to distribute seeds and plants for use in home gardens; to the Committee on Agriculture.

By Mr. BURKE of Massachusetts (for himself, Mr. Hicks, Mr. Hyde, Ms. Keys, Mr. Krebs, Mrs. Mink, Mr. Moakley, Mr. Ottinger, Mr. Perkins, Mr. Richmond, Mr. Riegle, Mr. Rodino, Mr. Roe, Mr. Rose, Mr. Sarasin, Mr. Scheuer, Mrs. Spellman, Mr. Stark, and Mr. Studds):

H.R. 9891. A bill to authorize the Secretary of Agriculture to distribute seeds and plants for use in home gardens; to the Committee on Agriculture.

By Mr. CONLAN:

H.R. 9892. A bill to amend the National Science Foundation Act of 1950 by providing for a peer review and grants management system that is equitable, open, and accountable to the scientific community and to Congress, and for other purposes; to the Committee on Science and Technology.

By Mr. DOWNING of Virginia:

H.R. 9893. A bill to amend the Coastal Zone Management Act of 1972 to assist the States in enhancing and restoring the shellfish resources of the coastal zone, to establish the National Advisory Shellfish Committee, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 9894. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. GINN:

H.R. 9895. A bill to amend title 18 of the United States Code to provide a mandatory death penalty for assassination of the President or Vice President; to the Committee on the Judiciary.

By Mr. HAMMERSCHMIDT:

H.R. 9896. A bill to limit the 1975 cost-of-living adjustment of Federal executive salaries to 5 percent; to the Committee on Post Office and Civil Service.

By Mr. JACOBS (for himself and Mr. Hillis):

H.R. 9897. A bill providing for public disclosure of home financing by depository institutions; to the Committee on Banking, Currency and Housing.

By Mr. McCOLLISTER:

H.R. 9898. A bill to assure the continued dedication of the United States to quality education and the neighborhood school concept; to the Committee on the Judiciary.

By Mr. RICHMOND (for himself, Mr. Edgar, Mr. McCormack, Mr. Oberstar, Mr. Solarz, Mr. Carney, Mr. Henderson, Mr. Pressler, Mr. Roncalio, Mr. Mathis, Mr. Findley, Mr. Whitehurst, Mr. Pepper, Mr. Lent, Mr. Cornell, Mr. Vigorito, Mr. Derwinski, Mr. Hefner, Mr. Gradison, Mr. Addabbo, Mr. Zeferetti, Mr. Bauman, Mr. Wydler, Mr. Mollohan, and Mr. Santini):

H.R. 9899. A bill to amend the Internal Revenue Code of 1954 to exempt nonprofit volunteer firefighting or rescue organizations from the Federal excise taxes on gasoline, diesel fuel, and certain other articles and services; to the Committee on Ways and Means.

By Mr. RICHMOND (for himself, Mr. Krebs, Mr. Heinz, Mr. Baldus, Mr. Yatron, Mr. Pattison of New York, Mr. Brown of Ohio, Mr. Talcott, Mrs. Spellman, and Mr. Won Pat):

H.R. 9900. A bill to amend the Internal Revenue Code of 1954 to exempt nonprofit volunteer firefighting or rescue organizations from the Federal excise taxes on gasoline, diesel fuel, and certain other articles and services; to the Committee on Ways and Means.

By Mr. RODINO:

H.R. 9901. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. SANTINI:

H.R. 9902. A bill to amend title 39 of the United States Code to permit the transportation, mailing, and broadcasting of advertising, information, and materials concerning lawful gaming activities, and for other purposes; to the Committee on the Judiciary.

By Mr. STAGGERS (for himself and Mr. Devine):

H.R. 9903. A bill to amend the Natural Gas Pipeline Safety Act of 1968 as amended, to authorize additional appropriations, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BIAGGI:

H.R. 9904. A bill to amend section 924 of title 18 to increase the penalties for certain offenses relating to firearms, and to provide minimum penalties in certain circumstances; to the Committee on the Judiciary.

By Mr. HARRIS (for himself, Mr. Henderson, Mrs. Shroeder, Mrs. Spellman, and Mr. Solarz):

H.R. 9905. A bill to amend title 5, United States Code, to eliminate the President's authority to submit to the Congress alternative comparability pay plans for Federal employees, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WAMPLER (for himself, Mr. Miller of Ohio, Mr. Duncan of Tennessee, Mr. Sebelius, Mr. Johnson of Pennsylvania, Mr. Bevill, Mr. Carter, Mr. Hubbard, Mr. Slack, Mr. Snyder, and Mr. Michel):

H.R. 9906. A bill to establish a national coal policy as a foundation for attaining self-sufficiency in energy resources by providing incentives for increasing the production and utilization of coal, including its substitution for other energy sources, and for other purposes; jointly to the Committees on Interstate and Foreign Commerce, Ways and Means, and Interior and Insular Affairs.

By Mr. JACOBS:

H.J. Res. 673. Joint resolution proposing "The Better Part of Valor Amendment" to the Constitution of the United States for the purpose of providing common sense for the Presidency; to the Committee on the Judiciary.

By Mr. McCOLLISTER:

H.J. Res. 674. Joint resolution proposing an amendment to the Constitution of the United States to prohibit compelling attendance in schools other than the one nearest the residence and to insure equal educational opportunities for all students wherever located; to the Committee on the Judiciary.

By Mrs. SULLIVAN: H.J. Res. 675. Joint resolution proposing an amendment to the Constitution of the United States with respect to the right to life; to the Committee on the Judiciary.

By Mr. DERWINSKI (for himself, Mr. Annunzio, Mr. Bauman, Mr. Bell, Mr. Broomfield, Mr. Burke of Florida, Mr. Cotter, Mr. D'Amours, Mr. Eilberg, Mr. Gude, Mr. Harrington, Mrs. Holt, Mr. Howard, Mr. Hyde, Mr. Kasten, Mr. Kemp, Mr. Madden, Mr. Murphy of Illinois, Mr. Russo, Mr. Spence, Mr. Vigorito, Mr. Wydler, and Mr. Yatron):

H. Con. Res. 409. Concurrent resolution expressing the sense of the Congress that the signing in Helsinki of the Final Act of the Conference on Security and Cooperation in Europe did not change in any way the longstanding policy of the United States on nonrecognition of the Soviet Union's illegal seizure and annexation of the three Baltic nations of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. WHITEHURST (for himself and Mr. Cleveland).

H. Con. Res. 410. Concurrent resolution pertaining to the methods used on animals in research; to the Committee on Science and Technology.

By Mr. RHODES (for himself, Mr. Latta, Mr. Mitchell of New York, Mr. Carter, Mr. Schneebeli, Mr. Cederberg, Mr. Findley, Mr. Michel, Mr. McCloskey, Mr. Whitehurst, Mr. Emery, Mr. Johnson of Pennsylvania, Mr. Wydler, Mr. Hutchinson, Mr. Myers of Indiana, Mr. Edgar, Mr. Frenzel, Mr. Cochran, Mr. Bob Wilson, and Mr. J. William Stanton):

H Res. 749. Resolution to create a Select Committee on Energy; to the Committee on Rules.

By Mr. RHODES (for himself, Mr. Cleveland, Mr. Forsythe, Mr. Hyde, Mr. Randall, Mr. Wampler, Mr. Walsh, Mr. Quie, Mr. Winn, Mr. Evans of Indiana, Mr. Gradison, Mr. Thone, Mr. Bowen, Mr. Talcott, Mr. Jeffords, Mr. Nix, Mr. Eshleman, Mrs. Pettis, and Mr. Burgener):

H. Res. 750. Resolution to create a Select Committee on Energy; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROOMFIELD:

H.R. 9907. A bill for the relief of David Mata Rodriguez; to the Committee on the Judiciary.

By Mr. BURKE of Massachusetts:

H.R. 9908. A bill for the relief of Daniel Crowley; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

239. By the SPEAKER: Petition of the Military Order of the World Wars, Washington, D.C., relative to U.S. foreign policy; to the Committee on International Relations.

240. Also, petition of the International Association of Chiefs of Police, Inc., Denver, Colo., relative to commending the U.S. Secret Service and the Sacramento, Calif., Police Department in protecting the life of President Gerald R. Ford; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 9861

By Mr. MURPHY of New York:

Page 2, line 12, strike out $8,162,738,000. and insert in lieu thereof 8,174,938,000.

Page 2, line 14, strike out $2,062,738,000 and insert in lieu thereof 2,066,044,300.

Page 7, line 2, strike out $6,984,830,000. and insert in lieu thereof 7,020,730,000.

Page 7, lines 12 and 13, strike out $1,752,542,000. and insert in lieu thereof 1,764,542,000.

By Mr. STOKES:

Page 2, line 12, strike $8,162,783,000; and insert in lieu thereof $8,166,238,000.

Page 2, line 14, strike $2,062,994,000; and insert in lieu thereof $2,064,494,000.

Page 2, lines 22 and 23, strike $5,721,114,000; and insert in lieu thereof $5,724,614,000.

Page 2, line 25, strike $1,451,568,000; and insert in lieu thereof $1,453,068,000.

Page 3, line 18, strike $7,262,661,000; and insert in lieu thereof $7,266,161,000.

Page 3, line 20, strike $1,777,928,000; and insert in lieu thereof $1,779,428,000.

EXTENSIONS OF REMARKS

THE MALAISE OF A NATION

HON. ROBERT P. GRIFFIN

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Monday, September 29, 1975

Mr. GRIFFIN. Mr. President, recently an extraordinary article by an extraordinary person appeared in the Wall Street Journal and the Washington, D.C., Star. It was written by Clare Boothe Luce, the distinguished author, former Representative in Congress, and Ambassador to Italy.

Her incisive and disturbing analysis, headlined "How a Society Without Standards Produced a Deluge of Warped Souls," was written following the first unsuccessful attempt on President Ford's life.

As I view it, Mrs. Luce has effectively articulated what a great many people—including this Senator—have been feeling and thinking about the trend and the mood in America.

Let us hope that there may yet be enough thoughtful Americans who will heed the warning of Mrs. Luce who says, "It is getting late."

I ask unanimous consent that the article, as it appeared in the September 28, 1975, edition of the Washington Star, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

How a Society Without Standards Produced a Deluge of Warped Souls

(By Clare Boothe Luce)

Is Lynette "Squeaky" Fromme, the 27-year-old girl who tried to assassinate President Ford, just one more youthful psychotic, whose case should be disposed of by the state's criminal psychologists, and forgotten? Or does the girl in the long, blood-red "nun's" robe and hood, who proudly wears the Manson mark of Cain on her brow, have some social and political significance for our culture and our system of government?

Poverty and illiteracy—today's favorite explanation and apologia for youthful criminality—do not explain her. She was raised in a comfortable middle-class home, and was in her first year in college when her father, a well-to-do aeronautical engineer, kicked her out, apparently because she was promiscuous and insubordinate. Shortly after, a chance encounter at a bus stop with a jailbird named Charles Manson led her to join the Manson Family in the hippie world of Haight-Ashbury. She still considers herself the "main-lady" of the hypnotic *pere incestueux* who masterminded the seven sadistic murders for which he and three of his girl children are now serving life sentences.

Freudian psychologists will have no trouble explaining her in terms of a "father complex." In some things she has said and written about her harsh parent, there are definite overtones of the repressed incestuous desires which he seems, consciously or unconsciously, to have aroused in her.

In Freudian thought, patricide is the archetypal gesture of youth's rebellion against parental authority, and liberation from the sexual taboos and cultural restraints imposed by the "Old Man of the Tribe." Freudians will find it easy to construe her attack on the President as a subconscious transference of her hatred of her own father for rejecting her sexually, to the "Great White Father" figure.

She herself claims that her motivation was political. She blamed President Nixon for the conviction of Manson, and had planned to kill him. But when he resigned, she decided to kill Mr. Ford, because he had been appointed by Mr. Nixon, and had pardoned him.

But every young woman who hates her father, and "wishes he were dead" doesn't (fortunately) actually try to kill him, or his Freudian stand-in, the President.

What was the psychology, or philosophy that gave this freckle-faced little "flower child" the courage (to debase a noble word) to carry out her patricidal wishes?

We are all children of our times, and of the culture of the communities we live in. Miss Fromme's philosophy is the philosophy of the counter-culture of the Youth Revolution, and the "flower children," who first began to bloom in the drug-drenched soil of Haight-Ashbury.

Miss Fromme herself denies that she has a philosophy. "If you have no philosophy, you don't have any rules," she explained to her captors. In an unpublished memoir recently obtained by *Time*, she wrote that freedom to her meant getting everything out from behind "closed doors," and "shedding all the guilt feelings"—especially about sex and obedience—which had been inculcated by her middle-class parents.

She discovered her true goal in life after she became a "flower-child." It was "to find something exciting, and do something that felt good. . . . I didn't, I wouldn't, adjust to society and the reality of things. . . . It may sound like an Alice-in-Wonderland world, but it makes sense."

Any college philosophy major knows the name of Miss Fromme's philosophy. It is "Existentialism"—the 20th Century thought-system expounded most notably in the '30s by Jean Paul Sarte, the French writer. (Sartre, like many Western Existentialists, gives lip-service to communism, which is the political thought-system most congruent with Existentialism.)

Existentialism holds that there is no life hereafter. There is not even a yesterday or a tomorrow. The *here and now*, the *existential moment*, is life's only reality. "Moral values," based on transcendental concepts of good and evil, right and wrong—God or Devil—are sheer fantasies, the ephemeral effluvia of the human brain box. Man creates his gods, religions, and "moral values" in order to give some meaning to the random, episodic, transient succession of moments he calls living, or—more often—to allow him (and his class) to exercise power over others, and deprive them of their freedom, by manipulating the "consciences" and guilt feelings that religions and "moral values" create in them. Existentialism, like communism, sees religion as the "opium of the people."

Even life itself cannot be called a "good," since life is essentially accidental, irrational, meaningless, tragic—in a word, *absurd*. As the French Existential novelist, Camus, puts it, "The only philosophical question worth asking is, 'Why shouldn't I commit suicide?' "

The individual's freedom consists in acting, and acting out, his emotions, feelings, impulses, and desires. Nero and Hitler, Jesus and Gandhi, were equally "free men": They knew what they wanted and did it.

In the jargon of today's youth, Existentialism is "picking your own bag," "doing your own thing," "letting it all hang out," and "anything goes"—including violence. Violence (including suicide) is the natural reaction to the absurdity of human existence. It is the vomit induced by the "nausea" of life. One "makes love, not war," not because love is a good value and war a bad one, but because it "feels good" to make love, and doesn't feel good to be wounded or killed, unless one is a "masochist," and likes it. On the other hand, if wounding or killing, or even torturing someone else feels good, the sadistic act is equally liberating.

The Manson girl who repeatedly stabbed the pregnant Sharon Tate in the belly, dipped her fingers in her victim's blood, licked them, and found the sensation, Wow! Delicious!

Time, in its recent cover story on Miss Fromme, suggests that she is an "amoral freak." Editorializing on her "mad act," the magazine wrote, "The incident was a vivid reminder of one of the most disturbing paradoxes of America: the fact that such a liberal and free society should somehow generate a sprinkling of warped souls who, for dark reasons of their own, seek to work out their frustrations by destroying political leaders. The free society has discovered no effective way of identifying and controlling its demons."

To write of a "springling" of warped souls is to ignore the fact that America is now producing a deluge of "warped souls" and amoral freaks.

The rise in this decade in juvenile muggings, armed robberies, rapes, car thefts, prostitution, drug peddling, drug-taking and alcoholism, is horrifying. In the most affluent society on earth, more than $5 billion a year are purloined by youthful shoplifters. Youthful vandalism costs our society another several billion annually.

Congress has just passed a $40 million bill for fiscal '76 to study and prevent juvenile delinquency. But sociologists have begun reluctantly to face the appalling fact that the majority of juvenile crimes are committed just because they "feel good" and are "something exciting to do."

Secondly, it is no "paradox" that a society which has, helter-skelter, been abandoning its traditional Judeo-Christian moral values, is now producing demons. And to say that it has found no way of controlling them is to ignore the reasons why our "free and liberal society" is continuing to produce them in ever-greater numbers.

Some years before the "counterculture" became a newsworthy phenomenon, Joseph Wood Krutch wrote: "Without standards, society lapses into anarchy and the individual becomes aware of an intolerable disharmony between himself and his universe." This "intolerable disharmony" is the "nausea" described by Sartre, which the young individual feels when he learns from his parents or teachers that life is meaningless, that all "morals" are relative, all ethics "situational" and that "eternal verities" are so much religious mumbo-jumbo and obsolete bourgeois nonsense.

The parents, teachers and professors of today's youth rebels were in their cradles when the intellectuals proclaimed "the death of God," the "Old Man" of the entire Judeo-Christian tribe, and began to scrap the moral standards by which Western society had judged right and wrong, good and bad, desirable and undesirable human conduct for centuries. The parents naturally enough, became "permissive." But their children were also in their cradles, when—in the sacred name of free speech—the liberal intellectuals defended, in the Supreme Court, the right of publishers, play and film producers to flood America with filth.

The merchants of porn, perversion and violence became millionaires. The kids who were nurtured on them are today's hopheads and alcoholics, firebomb throwers and thrill-killers.

Nor did the counter-culture kids invent the idea that crime—when it is not a form of "mental illness"—is a form of social protest. The liberal politicization of crime and its causes was in the air that the counter-culture kids breathed from birth.

In the liberal view that prevailed among their elders, although "crime" existed there were no criminals, only "sick" people and misguided "reformers," driven to commit their acts of protest by the political forces, generally identified as "conservative," who lack "compassion" (a favorite liberal buzzword) for the "sick," the alienated, and the under-privileged.

Patty Hearst is sure to be found one of these innocents: a "mentally unstable" child, motivated by misguided political idealism.

Lynette Fromme was in her teens, and Patty Hearst in her sub-teens, when the intellectuals were praising the idealism of the burgeoning Youth Movement. The students who rioted at Berkeley for the right to use themselves the four-letter words used in the novels they were given to read in their English Lit. classes, were being seen as defenders of the First Amendment. The students who cut classes that bored them were only demanding a "relevant" education. The lads who burned their draft cards and destroyed ROTC buildings were enlightened patriots. The lads and lassies who shacked up together in the dormitories against rules were discarding the obsolete taboos of puritanism, and the last vestiges of Victorian sexual hypocrisy. Although, the youth rebels were creating a "New Morality," and a "New Politics."

This writer remembers the appearance, by invitation, of Jerry Rubin on the campus of the University of Hawaii in 1970. He counselled his student audience to stiffen their resolve to destroy the Establishment by killing their mothers and fathers. He also enjoined them to avoid the use of soap: A long-haired, dirty appearance and scruffy clothing was to be the uniform of the Youth Revolution.

This writer also remembers that there was no real protest from the UH faculty. Like the faculties of most of our universities, Hawaii's higher educators did not—and do not now—consider that they have any responsibility for criticizing, no less forming, the moral judgments of their students. On the contrary, American faculties practice what they preach to their students—the avoidance of "value judgments."

In the words of my first boss, Conde Nast, who published Vogue, "Style percolates down." So do ideas. In the course of this century, atheistic liberalism, or as the intellectuals prefer to call it, "humanism," has become the dominant philosophy of our educators. Its dregs are the ideas of the counter-culture.

We deceive ourselves if we fail to see that the counter-culture thrust is not towards reform, or even social revolution. It is towards terror and nihilism, violence and anarchy. Its impact upon American youth is not receding, it is growing. And not the least of the reasons is that, in America, nothing still succeeds like success. In our increasingly existential world, "instant fame"—or notoriety, is the goal. To be a success is to be a media celebrity. The more brutal and bizarre, the more terrible and sexually titillating the act, the more attention the media pays its perpetrator.

Elizabeth Seton, the first native American to be canonized as a saint, couldn't make the cover of Time. But Lynette Fromme made it.

It is getting late.

THE WORLD OF CONTINENTAL DRIFT

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. FUQUA. Mr. Speaker, the Federation of Americans Supporting Science and Technology—FASST—is a nonprofit organization composed of highly talented energetic young people that believe that the development of technology is the key to the future in this Nation.

Mr. Thomas Brownell, vice president of FASST, in a recent issue of their organization's publication discussed the significance of measuring continental drift providing new scientific information and a better understanding of earthquake activity. Without scientific satellites this new knowledge would be difficult to obtain. I am including Mr. Brownell's thoughtful article in the RECORD as another example of the benefits achievable from our national space program.

The article follows:

THE WORLD OF CONTINENTAL DRIFT

(By Tom Brownell)

Continents bobbing up and down on a "plastic" mantle like an ice cube in water? Movements of crustal plates in various directions causing the creation of vast mountain ranges and great ocean rifts? Though this sounds a little far-fetched, today a great deal of evidence points toward the hypothesis of continental drift.

As early as the year 1620, Sir Francis Bacon had discussed the possibility that the Western Hemisphere, at one time, had been joined with Europe and Africa. Almost two hundred years later, in 1860, Antonio Snider related that the geography of South America and Africa was such that if you could bring them together, there would be a very close fit. He was also struck by the similarities between European and American plant fossils existing three hundred million years ago, and proposed that all the continents were once part of a single land mass. By the early 1900's an Austrian, Edward Suess, first presented the hypothesis of continental drift. He noted that the geographical formations of land masses in the hemisphere could be fitted into a single super-continent called Gondwanaland.

In 1910, Dr. Alfred L. Wegener suggested that all continents were joined in a single super-continent called Pangea. Today, evidence favors the concept of two large land masses, Gondwanaland in the southern hemisphere, and Laurasia in the northern hemisphere, existing about two hundred million years ago.

In the southern hemisphere, evidence was found to correlate periodic ice ages of one continental area with another. By studying "tillites" or old consolidated glacial rubble (which is very distinctive) found in South America, Africa, Australia, India, Madagascar, and Antarctica, it can be hypothesized that these land areas were once a single mass of land when the glaciation took place. In all southern regions where the tillites are found in the southern hemisphere, their age is not only the same period, but they are accompanied by horizontal beds of fossils of an identical plant species existing over 200 million years ago. In other areas of earth, fossiles of the same age indicate that a warm climate was prevalent. Hence, it appears that the southern continents were once joined somewhere near the south pole and have since drifted apart.

In the 1930's a Dutch geophysicist, F. Vening Meinesz, proposed that thermal convection in the earth's mantle could provide the mechanism for continental drift. This theory holds that when there is a sufficient temperature gradient, hot mantle material will rise to the surface while cold material subsides back into the mantle, causing convection to take place. When interior radioactive heating increases and the surface cools, a complete convection cell cycle occurs. The whole process is very slow taking approximately 60 million years to complete one cycle. With the convection cell in hand, it appears that we have a logical mechanism causing continents to drift.

In the early 1960's, Dr. Harry Hess of Princeton University proposed that the ocean ridge and rift systems were created by rising currents of materials which then spread outward to form a new part of the ocean floor. By convection cells rising and diverging outward, oceanic ridges are being created such as the mid-Atlantic ridge. These are crossed perpendicularly by fracture zones due to lateral pressures.

In areas of downwelling, mountain belts and deep sea trenches are prevalent. It is now believed that the ocean floor is rejuvenated at a point where the convection cell reaches the surface and is consumed at the point of downwelling. This is one explanation as to why the ocean floor has accumulated only a thin veneer of sediments (only 100 to 200 million years old), while some continental areas have been dated to over three billion years old.

Dr. P. S. Brackett did work on the paleomagnetic evidence for continental drift. It has been realized that when an iron bearing rock is formed either by solidification of a melt or precipitation of an aqueous solution, the iron filings are aligned slightly in the direction of the earth's magnetic field. Unless the rock is reheated or physically distorted, it will permanently retain a record of the direction of the magnetic field at the time it formed. By measuring the magnetism in the rocks of all ages, from different continents, it is possible to reconstruct the position of the magnetic poles during the past history of the earth.

Dr. Brackett found that the position of the poles followed a path going backward in time that was different for each continent. The interpretation of this effect was that the continents had moved with respect to the present magnetic poles and that the paths taken by each land mass was independent of the others. Because it was unlikely for the magnetic poles to wander very far from the axis of the earth's rotation, it was concluded that the continents had moved over the surface of the earth. The magnetic evidence also pointed toward the general location of the southern continents being joined near the south pole in the past.

Viewing climatological changes of two particular areas one also gains evidence of past continental drift. Near the equator of South America, coal deposits have been found, relating a warm tropical climate as today, while glacial tillites (rubble) rest next to the coal deposits. This means that the area had to have been at one time in an area of higher latitude where a colder climate prevailed.

Another example is the Arctic area. Remnants of a coral reef can be found depicting a warm, calm area of oceanic deposition. Also, in the Arctic, is found a petrified forest depicting an arid type of climate. This leads to the suggestion that the Arctic land mass has drifted northward over a period of time

In 1964, Dr. J. E. Everett studied the geologic matching of continents on both sides of the Atlantic. By employing a computer and utilizing the central depths of the continental slopes of each continent, he found the fit to be remarkable with only one percent error in the boundary.

This stimulated Dr. Patrick Hurley of MIT and his colleagues to employ radioactive dating methods on geological land formations in Sao Luis (an area of eastern Brazil). This data was then compared with geologic formations, the mineral content and age of formations in Ghana and Nigeria of western African. It was realized by Dr. Hurley that a sharp geological boundary existed between the 2 billion year old Ghana province and the 600 million year old Nigeria area.

The boundary heads southwesterly into the Atlantic. It was speculated that if South America was attached to Africa six hundred million years ago, then the boundary between the 2 provinces should appear near Sao Luis. When the radioactive dates of rock formations in eastern Brazil were taken they fell into two groups. One was 2 billion years old on the west of Sao Luis and other six hundred million years old on the eastern side of the boundary.

Apparently, a piece of the two billion year old land formation in Western Africa had been left in South America when they separated. In regards to mineral characteristics, individual belts of rocks are also found on both sides with gold, tin, and manganese that seem to follow a matching pattern where the coasts may once have been joined.

Today, it is believed that there are seven or eight major plates (continental and oceanic) that are moving individually of one another. By studying these, we may realize much more about the processes of mountain building. An example would be that one plate (India) moving downward underneath a second plate (Asia) caused the Himalayan mountains to form. A much greater understanding of what causes earthquakes and volcanic eruptions can also be gained. Eventually from earth orbiting satellites we will be able to routinely photograph a fault area and predict a buildup in stress. These would be the areas of potential earthquake activity such as the San Andreas fault area. With infra-red photographs, a heat buildup could be detected in time to warn the public of a coming quake.

By better understanding the concepts of continental drift and sea floor spreading, the grinding of plates and slippage can be directly related to earthquake activity. With this correlation and by knowing the rate of movement of each plate, we can hopefully predict future earthquakes in many areas of the world.

A laser geodynamic satellite (Lageos) is being prepared by the National Aeronautics and Space Administration (NASA) to be placed into orbit some 3200 miles above earth. It will carry 426 laser retroflectors and will be utilized by land laser stations to measure the movement of active tectonic plates. The satellite due for launch in March of 1976, will involve the U.S. and 13 other countries. At least two laser ranging antennas will be placed on each tectonic plate during the experiment. By 1977, seven mobile laser stations will be utilized measuring accurately any movement two centimeters or greater.

A great deal is not yet known about our earth and its internal processes, but in the last few years great strides have been made in the field of plate tectonics. Hopefully, the next few years will bring about just as many new developments. Continents . . . drifting like ice cubes in water? Yes, and this is only the start in comprehending the processes of our dynamic planet.

USDA REVEALS LOPSIDED PRIORITIES

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. BRECKINRIDGE. Mr. Speaker, most of us get the feeling that Federal agencies are spending too much money on programs doing too little good; but it is not often they confirm it in writing.

Not long ago, as chairman of the bi-released a Library of Congress study on the implementation of the Rural Development Act of 1972. The conclusion of the study: The 1972 act is not being implemented to the full extent mandated by Congress.

The lighter side of a similar situation can be seen in a form currently in use by the Agricultural Stabilization and Conservation Service—ASCS—within the Department of Agriculture.

The form, prepared by the ASCS for use in countries throughout the Nation, turns down applicants on the basis that other programs are more costly and will do less for the farmer. That may be bureaucratese in Washington, but back home it is just plain foolishness—at least that is what my constituent told me incredulously.

I have heard it said that the Lord set definite limits on man's wisdom, but set no limits on his stupidity—and that is just not fair.

Nothing could prove the point better than the remarkable bit of Swiftian prose which appears as exhibit 29 of the rural environmental assistance program—REAP—Daily Operating Procedure Handbook (2RE) which I now include in the RECORD for the edification of my colleagues:

EXAMPLE LETTER FOR LOW PRIORITY PRACTICES TURNED DOWN FOR LACK OF FUNDS

DEAR MR. JONES: The ——— County ASC Committee has carefully reviewed your request for cost-sharing for ——— under the 19 program. Your request was considered by the committee in the context of the total conservation needs of the county and the relative urgency of the conservation problem.

The demand by farmers, such as yourself, for conservation practices this year has outstripped our available funds. In considering which practice to approve, the county committee has had to develop a system of priorities designed to solve the most critical of our conservation problems this year. While practices are important to the conservation of our soil, there are other conservation practices which are more costly and which will provide little, if any, immediate returns to the farmer. The county committee feels that these practices must have priority on available funds. Therefore, we must disapprove your request for cost-sharing on practice ———.

If you feel that we have not properly considered the facts in this case, you may request reconsideration of this decision in writing to the county committee within 15 days of the date of this letter. If you request reconsideration, you should furnish factual information and why you believe the county committee's determination is wrong.

——— ———,

County Executive Director.

It would appear that, under such a rule, a successful appeal would lie only on showing that a practice would do nothing for the farmer and cost the most of all contemplated USDA programs.

GOING TO MARKET—CORPORATIONS OR FARMERS

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. YOUNG of Georgia. Mr. Speaker, our system of government was founded on the notion of free enterprise in the business world. In fact, free enterprise is one of the essential elements of our American ideology. Yet this element is rapidly becoming merely another American myth. Big business has entered the scene of agriculture, squeezing out the small farmer. Large firms have entered this area, buying up huge amounts of land to create giant farms able to produce large amounts of food—making it impossible for the small farmer to adequately compete. An August 10, 1975, article in Parade revealed that—

> Economic concentration in the food industry is now so top-heavy that four firms control 90 percent of the breakfast cereals, 75 percent of the bread and prepared flour, 56 percent of all processed meats, 65 percent of sugar, 80 percent of canned goods, while one company controls 90 percent of the soups.

Other estimates reveal that 30 or 40 percent of total farm output are under corporate control. In addition, the number of farms are decreasing at an alarming rate. Twenty-five years ago there were 5.4 million family farms. Now, there are only 2.9 million family farms in existence. If this present trend continues, rural America will eventually vanish, leaving the corporations in complete control of the farm as well as farm produce prices. Competition will be destroyed and the monopoly will be able to set prices at will.

And what of the small businessman? Does he not have the right to farm his land and compete in the food industry? The American ideal claims to protect the small businessman from the capitalistic giant, yet it appears that recently our Government has failed to do so. Consequently, corporations are forcing small farms out at a rate of 1,000 a week. Ultimately, the small farmer must seek refuge in our already overcrowded cities, placing an additional strain on the cities as well as on our environment. Thus corporate farming should be of interest to everyone besides just the rural farmers. As more and more people are forced off their land, each and every one of us will be affected by the new influx. Jobs are already scarce and with more people crowding our cities, the unemployment rate will increase, causing more discontent, and ultimately more problems. This bears a direct relationship to corporate control of farms and I believe the time must come for Congress to place some restrictions on corporations. Enforcement of antitrust laws should be taken as well as providing the FTC power to curb the growing dominance of corporate control of farms. Such legislation is a necessity to help save our rural America.

THE FACTS ON THE FEDERAL AND MILITARY PAY RAISE

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. HARRIS. Mr. Speaker, early next week, House Resolution 688 which I introduced disapproving President Ford's 5-percent limit on cost-of-living adjustments for Federal and military employees, will come to the full House for a vote.

Under the annual comparabilty process, the President's "agent"—the Office of Management and Budget and the U.S. Civil Service Commission—and the Advisory Committee on Federal Pay compare the rates of pay of work in private enterprise on the basis of appropriate annual surveys conducted by the Bureau of Labor Statistics. They then make recommendations to the President for appropriate adjustments in rates of pay. This year, the Office of Management and Budget and the Civil Service Commission's joint report and the report of the Advisory Committee on Federal Pay have judged that 8.66 percent is the appropriate cost-of-living adjustment to keep Federal pay comparable with that of private industry.

The Joint Annual Report of the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission, dated July 21, 1975, states:

> After comparing Federal and private enterprise pay rates and considering the recommendations of the Federal Employees Pay Council and employee organizations, we have determined that an 8.66 percent pay increase is appropriate.

The Annual Report of the Advisory Committee on Federal Pay, dated August 4, 1975, states:

> The Advisory Committee endorses the uniform increase of 8.66 percent in General Schedule pay scales, agreed to by the President's Agent and the Federal Employees Pay Council, to go into effect the first pay period in October 1975. This endorsement stems from the Committee's belief that, in the absence of overwhelming reasons, it should not recommend reversal or modification of an agreement . . . We recommend an across-the-board 8.66 percent increase in Federal pay scales to go into effect the first pay period in October.

Data from the Advisory Committee on Federal Pay shows the following average salary increases in the private sector:

Occupational group:	*Percent Increase, 1974–75*
Experienced professional and administrative	8.7
Entry and developmental professional and administrative	8.5
Technical support	8.5
Clerical	9.9

I would like to note here that the largest increase came in the clerical group at 9.9 percent.

It is clear from these reports that an 8.6-percent increase is commensurate with the cost of living which all workers experienced during the last year. I find it quite compelling that all the agents empowered by the comparability statute to make recommendations to the President endorsed the 8.6-percent figure. Yet the President has proposed an "alternative" pay adjustment of 5 percent "in light of economic conditions affecting the general welfare."

I urge my colleagues to study these figures carefully before deciding how to vote for 5 or 8.6 percent.

NAVY SUPPORT FOR THE F–18

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mrs. SULLIVAN. Mr. Speaker, I think it is important that we clarify a very critical point in the current debate over the F–18. The question that is being kicked around in some circles is—does the U.S. Navy really want the F–18?

Mr. Speaker, a look at the recent history of the lightweight fighter program brings the issue of Navy support for the F–18 clearly into focus. As my colleagues are aware, the Congress had wanted the Navy to pick a derivative of the Air Force selection in the lightweight fighter competition between the YF–16 and YF–17 prototypes. After flight competition between the YF–16 and YF–17 and evaluation of proposed configurations for full scale development, the Air Force selected the F–16 for their air combat fighter. At that time, the Navy had not concluded their competitive evaluation of the Navy derivative aircraft.

When the Navy did evaluate three different derivatives of the F–16 for use on aircraft carriers, they found that none of the derivatives was "carrier suitable."

Mr. Speaker, I submit that at this point the Navy could have abandoned their search for a new lightweight fighter if they were not seriously committed to its procurement. Instead, however, the Navy asked that competition between the YF–16 and YF–17 be continued in the interest of finding a fighter with carrier suitability. As we know, a derivative of the YF–17 was selected and the Navy is now strongly behind its new aircraft.

The following statement by Adm. J. L. Holloway, Chief of Naval Operations, indicates this strong Navy commitment to the F–18:

> Acquisition of the F–18 is in the best interests of the Navy, and I believe, in the best interest of the United States. It is affordable. In conjunction with the F–14, it meets our operational requirements at lowest cost. I solicit your support of this very important Navy program.

FOOD STAMPS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. **COLLINS** of Texas. Mr. Speaker, the subject of food stamps is one that the good people back in Texas understand. They realize that we cannot provide all of the welfare for all of the people all of the time.

Food stamps were initiated to provide for the old and the needy. But today the provisions are so broad that too many are eligible.

One of the most effective voices in America speaking commonsense is Dr. W. A. Criswell. Dr. Criswell's First Baptist Church in Dallas is probably the largest church in America. And the reason the church is so influential and active is because Dr. Criswell speaks up on commonsense issues. Here is what Dr. Criswell, in his message to the First Baptist Church, had to say about food stamps:

> FOOD STAMPS
>
> Speaking of Great Britain, I simply cannot get over the tragedy that has overwhelmed England. They are facing sheer bankruptcy. After experimenting with the welfare state for thirty years, they have fallen into a tragic morass. As one merchant said to me, the people do not want to work; they live off the government and spend their time drinking beer while they look at television.
>
> Returning to America, I found the same situation in New York City. Half of the people there work to support the other half who will not work. Their welfare programs have so sapped and undermined the sturdy morale of the people until they have created a generation that looks upon governmental handouts as a way of life.
>
> That creeping social disaster that has ruined Western Europe, destroyed England, and has brought New York City to the brink of despair is a creeping curse that is spreading over the whole earth. My eyes can hardly believe what they see. The other day I was in the post office. There was a line of able-bodied people who were getting something at an open window. I learned that they were being given food stamps. Today at a grocery store there was a woman in front of me whose big, strong, grown son was by her side. They had bought $63 worth of goods, many of them luxury items. The woman opened her purse and took out a fist full of coupon books. She paid for the large purchases with $10 coupons and $50 coupons. I learned that the coupons were food stamps. I never dreamed that they were in denominations of $10 bound up in a whole, thick book. The woman and her strong, able-bodied son left the store and made their way to a nice car and drove away.
>
> Who paid for those so-called food stamps? Rather, who gave away those large denominations of dollars? The government, who took the money away from you and gave it to these people who will not work. I talked to the girl who checked the groceries and other items. I asked her if she made an inquiry about who was to use the stamps and if their use was directed to the purpose for which they were supposed to have been given. The checker replied that there is nothing done except payment is made with those coupons worth many, many dollars.
>
> Do you remember the inspired word of Almighty God in 2 Thessalonians 3:10? "If any will not work, neither should he eat."
>
> Every day such a thing continues and continues and continues in America because there are more of them to vote for political leaders who give them something for nothing than there are those of us who vote for political leaders who demand that our people work to support themselves and the great institutions and enterprises for which our forefathers gave their lives. May God help us!

REVOLUTIONARIES TARGET PUERTO RICO

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. **McDONALD** of Georgia. Mr. Speaker, after months of organizing, the Soviet and Cuban drive to split away Puerto Rico from the United States was launched at the International Conference in Solidarity with Puerto Rico, held at the Havana Libre Hotel, September 5–8, 1975.

The drive to eventually install a Cuban-style revolutionary regime in Puerto Rico is being orchestrated through the Cuban Government's representatives in the World Peace Council, an international Communist front established by the U.S.S.R. at the opening of the cold war of subversion. The World Peace Council's consistent line is that the Soviet Union is the champion of true peace, prosperity, justice, and democracy while the United States represents the forces of war, poverty, oppression, and fascism.

The Commonwealth of Puerto Rico has been singled out for attack because it is a vital link in the U.S. defense network whose presence has a "chilling effect" on Castro's export of revolution, and because the principal Puerto Rican Marxist-Leninist party, the Puerto Rican Socialist Party—PSP—is under Cuban control.

The World Peace Council's preparatory committee meeting for the September solidarity conference took place in March in Havana. While the international delegates were all under firm pro-Moscow Communist control, the United States and Puerto Rican delegations necessarily reflect the existing multiple leftist factions. The U.S. delegations and preparatory committee are a joint operation of the Communist Party, U.S.A.—CPUSA—the Puerto Rican Socialist Party—PSP—and the New Left Marxists of the National Interim Committee for a Mass Party of the People—NIC.

During July and August, leading members of the Puerto Rican Socialist Party hierarchy, including Fermin Arriaza Miranda, PSP under secretary-general, and Pedro Biages Chapel, PSP's "foreign relations secretary," as well as members of the Central Committee of the Cuban Communist Party, toured Latin American countries to build support for the conference.

The statement of support by Panamanian Committee of Solidarity with Puerto Rico chairwoman Angela Figueroa is typical of the shrill propaganda attendant to the conference:

> * * * Puerto Rico has been subjected to all sorts of repression, subjugation, exploitation and humiliation. * * * The peasantry has been practically eradicated, agriculture is in ruins, 14 percent of the best agricultural land is occupied by military bases, thousands of Puerto Rican youths have been killed in the wars of aggression that the U.S. imperialists have waged against sister nations, * * *
>
> Puerto Rico is not alone nor can it be alone in this struggle. * * * At its side unyieldingly stands the working class of the capitalist countries, including a growing number of U.S. sectors. At its side are also the socialist countries, especially revolutionary Cuba * * *.
>
> For us Panamanians, * * * We will live up to that commitment with the courage and spirit of sacrifice of Pedro Albizu Campos and with Che's determination in the face of the enemy * * * until the day that the imperialists and their domestic collaborators are expelled from the territory * * *.

It was noteworthy that through its spokesman, National Lawyers Guild president Doron Weinberg, the U.S. delegation of 20, one of the largest, played a significant role in producing a more militant final conference statement than the original draft. As with the efforts of the so-called antiwar movement on behalf of the Vietnamese Communists, the role of the U.S. support movement will be one of "fifth column" propaganda and pressure.

As the Daily World, September 10, 1975, reported Weinberg's statement on behalf of the U.S. delegation:

> We are sensitive to the fundamental responsibility of the people of the U.S. in this struggle, but we must be clear that it is a fundamental struggle in two respects. * * *
>
> Our efforts in support of the Puerto Rican people against our common enemy will contribute materially to the success of our own struggle. It is becoming clear that the build-

> ing of a movement in solidarity with the independence of Pureto Rico is not merely a moral commitment out of sympathy with the colonial people. Rather it is an essential step in the liberation of the working people and oppressed national minorities of the U.S. from their own misery of exploitation.

The delegations from the Soviet Union and the Eastern European satellites took a behind-the-scenes role at the Havana conference as much as possible, saying little but taking the principal role in the drafting commission which produced the meeting's final resolution. The U.S.S.R. and Eastern-bloc countries' delegations were both non-governmental and—officially—non-Communist Party, representing instead the Soviet Committee for the Defense of Peace, the East German and Czech Peace Council sections et cetera.

In contrast, the Cuban contingent was top heavy with Communist Party Central Committee members. Fidel Castro attended the closing session of the solidarity conference at which Cuban President Osvaldo Dorticos Torrado delivered the concluding polemic. Cambodia, Guinea-Bissau, North Korea, and other Communist countries were represented on an ambassadorial level. During the meeting, the Iraqi ambassador to Cuba, Abdul Sattar Al-Doury, announced a contribution to the revolutionary independentistas of $10,000. Despite this insult to the United States, there have been no reports of State Department protests over this blatant interference in American internal affairs.

The Havana conference may be seen as another indication of world-wide Communist aggression against the Western allies and against a United States weakened by the domino collapse in Southeast Asia. It is clear that the Moscow-directed Communist parties have determined that the "détente" tactic has about outlived its usefulness.

The Marxist-directed "peace" apparatus in the U.S., after a 15-year campaign directed at U.S. opinion makers and leaders, has been successful in getting America to virtually abandon Southeast Asia. Events in Portugal have seriously undermined the NATO alliance. Heartened by thesse events, the Leninists have chosen to open up a new front on America's doorstep.

Press reports have indicated that our Secretary of State, a staunch supporter of détente with the Communists, expressed irritation with the Cubans over the International Conference in Solidarity with Puerto Rico, terming it a "totally unwarranted interference in our domestic affairs" and a "non-friendly"—not "unfriendly"—act.

The Cubans and their comrades of the Puerto Rican Socialist Party are not worried by Dr. Kissinger's irritation, the PSP newspaper Claridad, September 14, 1975, noting:

> Despite his angry statement, Kissinger left the impression that the United States will continue working towards establishing relations with Cuba. He said his government will follow a policy of gradual establishment of diplomatic and economic relations with Cuba "on a reciprocal basis."

Throughout the conference, the key theme was the necessity of destroying Puerto Rico as a cornerstone of the U.S. defense apparatus. In his speech at the concluding Solidarity Conference ceremonies, attended by Fidel Castro, PSP leader Juan Mari Bras, and Puerto Rican Peace Council head Colon Martinez at the presiding table, Cuban President Osvaldo Dorticos Torrado emphasized:

> Puerto Rico is a big military fortress. * * * This extraordinary U.S. military force constitutes a constant threat to the national liberation movements and to the countries in Latin America struggling to gain economic independence, full sovereignty and defense of their natural resources.

Dorticos' "national liberation movements" is, of course, the current Marxist euphemism for guerilla organizations such as the Cuban-supported Revolutionary Coordinating Committee, an alliance of four revolutionary terrorist groups from Chile, Argentina, Uruguay, and Bolivia; and the country "struggling to gain economic independence and defense of its natural resources" is Panama, whose leader has threatened a "people's war of liberation" unless the United States hands over the Canal Zone to him.

Dorticos continued:

> The invasions of the Dominican Republic and the frustrated invasion in Playa Giron in Cuba were perpetrated from there. Venezuela has suffered the threats of military forces in that island. Asia, Africa, and even Europe also feel that threat. The defeat of colonialism in Puerto Rico and the total liberation of its people will be an event of profound justice which will allow the breaking up and dismantling of one of the most strategic military fortresses of U.S. imperialism.

The terrorist bombing of the Fraunces Tavern in New York for which Cuban-trained terrorist and espionage agent Filiberto Ojeda Rios is being sought by Federal authorities, coupled with the June landing of a Cuban-trained guerilla commando unit in the Dominican Republic who were transported by three members of the Puerto Rican Socialist Party, including Central Committee member Angel Gandia, clearly indicates that the Cuban Marxist-Leninists have not ceased their export of revolution.

To open trade and diplomatic relations would be, at the very least, an affront to commonsense.

RESERVE RECRUITERS TOP GOAL

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. SIMON. Mr. Speaker, Representative Don E. Brummet, the outstanding majority whip of the Illinois House of Representatives, is the father of Don Carroll Brummet.

His son is in charge of the recruiting program for a large area and their division had an outstanding record.

This is a good time to pay tribute to all who are in recruiting and to express the appreciation of Congress for their significant contribution to the defense of the Nation.

A related article follows:

> RESERVE RECRUITERS TOP GOAL
>
> HQ AFRES, ROBINS AFB.—Air Force Reserve (AFRES) manning specialists and Palace Front counselors topped their goal for fiscal year (FY) 1975, which ended July 1, by recruiting 12,107 personnel for AFRES units scattered throughout the nation. Goal for the recruiters had been 12,068.
>
> Additionally, during the same period, AFRES entered 2,733 nonprior service personnel into basic military training at Lackland AFB, Tex. against a goal of 2,712. This marked the first time since the beginning of the draft free environment that this annual goal was achieved.
>
> The AFRES retention program of personnel already in the Reserve also met considerable success during FY 1975. Thirty-seven percent of first term airmen, those on first enlistments in the Reserve program, were retained in FY 1975 as opposed to 25 percent in FY 1974.
>
> Among career airmen, retention rates were virtually unchanged between the two fiscal years. The FY 1975 rate was 89 per cent versus the FY 1974 rate of 90 per cent.
>
> Major Richard D. Sutton, AFRES Director of Retention and Reserve Recruiting, praised manning specialists and Palace Front counselors throughout the command saying that despite inflationary pressures and the need to train additional recruiters, the actual cost of recruiting new people decreased during the year.

CONGRESSMAN FRANK ANNUNZIO ANNOUNCES RESULTS OF 1975 LEGISLATIVE QUESTIONNAIRE

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. ANNUNZIO. Mr. Speaker, I submit by unanimous consent as official business the results of a poll which I conducted recently to obtain the opinions of citizens residing in the 11th Congressional District of Illinois, which I am privileged to represent.

The strength and effectiveness of our Government is dependent upon the exchange of views between elected officials and their constituents, and I want to express my appreciation to more than 12,000 of my constituents who involved themselves in the decisionmaking process by responding to this survey. I am pleased by this response and, particularly, by the extensive comments sent in separately by residents of the northwest side of Chicago.

Twenty-eight questions were asked relating to both domestic and foreign policy issues, and the responses on the questionnaires were tabulated entirely by computer. Before listing a numerical summary of the tabulation, I want to point out some significant reactions to several important issues.

The strongest response on the 28 questions was on forced busing of schoolchildren, with 87 percent expressing opposition to forced busing. My own position during past Congresses, as well as during the current Bicentennial Congress, has been against forced busing. If this issue should come to the House floor again in the future, I shall continue to sustain my position and vote against forced busing of schoolchildren to achieve racial balance as I have consistently done in the past.

Two issues tied for the second strongest response. Both the banning of unethical debt collection methods and the imposition of a windfall profits tax on major oil companies were favored by 86 percent of those who responded to this survey.

As chairman of the Consumer Affairs Subcommittee, I am presently drafting legislation to crack down on shady debt collectors, and I fully intend to put these unprincipled debt collectors out of business or in jail.

I will also press for enactment of a windfall profits tax on earnings from further increases in the price of petroleum products that are almost certain to occur now that the old price control law has expired.

Over and over again, in notes and letters I have received, along with responses given on the questionnaires, a total dissatisfaction was expressed with our current tax laws. Earlier this year, the Ways and Means Committee, which drafts tax legislation, held hearings on this issue in order that present inequities in our tax structure might be eliminated. The committee is now in the process of drafting a tax reform bill, and tentative approval has been given to a tax deduction for retirees based on my "$5,000 tax exemption on pension income" proposal. The bill is scheduled to reach the House floor late in October.

Additionally, several provisions have been included in the tax reform bill to cut out special interest tax breaks which permit high-income individuals and large companies to escape their fair share of taxation. I am hopeful that before the Committee concludes work on the reform measure, it will also include a provision based on my proposal to eliminate the inequity that has long existed as far as our single taxpayers are concerned.

Mr. Speaker, my constituents have also expressed grave concern over the steadily increasing crime rate, and in addition to favoring a prohibition on possession of handguns by 63 percent, they have also asked that stricter penalties be imposed on those who commit felonies with handguns, knives, or other dangerous weapons. Therefore, I have sponsored legislation both imposing a prohibition on possession of handguns and severely increasing prison terms, with absolutely no probation or parole, for those who commit felonies with a firearm or other deadly weapon. Criminals must learn once and for all that our governing laws mean business and that we intend to enforce them to protect our honest citizens and the security of our society. I strongly feel that tougher penalties can serve as a forceful deterrent to serious crimes, and therefore, I shall push for passage of this legislation, and shall continue to support a mandatory death penalty for severe crimes.

On energy-related issues, 11th District residents favored price controls on domestic oil and natural gas; opposed a tax increase on gasoline and instead favored a rationing system in order to fairly allocate gasoline to all citizens, giving special consideration to those who must drive to work. They also favored, with 79 percent approving, increased aid to mass transit.

The Congress has responded to these concerns by approving mass transit operating subsidies, passing an omnibus energy policy bill, a bill to set up a national strategic oil reserve, and a bill extending the Energy Research and Development Administration authorization and boosting research levels on all energy forms including fossil, solar, geothermal, and nuclear. An energy conservation and conversion bill which includes auto efficiency standards, mandatory oil import quotas, and provisions to encourage industry to shift to coal and nuclear power has also been passed.

Federal spending was another area of concern to 11th District residents, and in notes and letters, they urged that restraint and caution be exercised in the Congress. The budget resolution which both the House and Senate adopted and which sets a target spending level of $367 billion for fiscal year 1976 represents the first time that Congress has sought systematically to use budget totals to respond to the needs of the economy. The crucial test on effectiveness of Congress' new budget control procedures will come in November when a final decision will have to be made on an overall ceiling for fiscal year 1976 appropriations for all Federal departments and agencies.

As chairman of the Personnel and Police Subcommittee, I have instituted reforms in the House of Representatives resulting in consolidation of jobs and a reduction of employees at a savings of approximately $1.3 million per Congress. Whenever I have felt that a Federal program represented a wasteful expenditure of taxpayers' dollars, I have cast my vote against it, and my budget-cutting votes totaled more than $2 billion in the last Congress. I feel sure that if all of us keep a watchful eye on the Federal budget, we will be able to meet the target spending level set by the budget resolution for fiscal year 1976.

Finally, Mr. Speaker, 77 percent of those who responded to my survey indicated that they favored nationwide no-fault insurance, while 73 percent favored an independent consumer protection agency.

Hearings on no-fault insurance have been completed in the House, and a bill aimed at saving money for consumers, providing more equitable benefits, and reducing the caseload in clogged courts is expected to be favorably reported in the early future. I favor no-fault insurance and shall push for approval of the best possible program when the legislation is brought to the House floor for action.

A bill to establish an independent consumer protection agency has already passed the Senate, and the House is expected to extend consideration sometime this month. As chairman of the House Consumer Affairs Subcommittee, I testified in support of this bill during Committee hearings and am hopeful that a program beneficial to our Nation's consumers will be adopted when the House considers this measure.

It is also interesting to note that of those who returned the questionnaire, the largest number—46 percent—were in the 45-to-64 age category, while the smallest number—15 percent—were in two age categories, both the 15-to-29 category and the 65-and-over category.

Mr. Speaker, the following is the completed questionnaire tabulation according to percentages:

1975 LEGISLATIVE QUESTIONNAIRE

(NOTE.—The answers are in three categories: "Yes," "no," and "undecided." The figures mean percentage points.)

1. Unemployment: Do you favor providing public service jobs as an economic tool for reducing unemployment?

67, 26, and 7 percent.

2. Social Security: To keep this cash benefits program on a self-supporting basis, do you favor:

a. Increasing payroll taxes?

31, 61 and 8 percent.

b. Financing part of the program out of general revenues?

78, 14, and 8 percent.

3. Neighborhood Schools: Prohibit forced busing of schoolchildren out of their neighborhoods as a means of achieving racial balance?

87, 10, and 3 percent.

4. Abortion: Amend the Constitution to overturn the Supreme Court decision which liberalizes abortion regulations?

39, 50, and 11 percent.

5. Inflation: To control the economy, do you favor giving the Council on Wage-Price Stability power to impose mandatory government control over wages and prices?

47, 43, and 10 percent.

6. Health Insurance: Establish a comprehensive system of national health insurance that would provide coverage for all health care?

68, 25, and 7 percent.

7. Consumer Protection: Create an independent consumer protection agency to act as a spokesman for the consumer before other Federal agencies and the courts?

73, 20, and 7 percent.

8. Savings Institutions: Do you favor legislation that would require savings institutions to make more information available as to how they determine interest on savings accounts?

79, 14, and 7 percent.

9. Debt Collection: Do you favor legislation that would forbid debt collection agencies from using unethical methods to collect debts?

86, 10, and 4 percent.

10. Crime: To reduce violence committed by armed criminals, should we prohibit the sale and possession of handguns to all but authorized law enforcement officials and armed forces personnel?

63, 32, and 5 percent.

11. Foreign investment: Impose new restrictions on foreign investors in publicly traded U.S. companies with over $1 million in assets?

69, 16, and 15 percent.

12. Health manpower: Extend health manpower training law to insure availability of qualified and competent health personnel to meet national health care needs?

77, 11, and 12 percent.

13. Energy: To limit consumption and reduce dependence on foreign oil, should we—

a. Authorize more private sector development of petroleum resources through offshore drilling?

76, 13, and 11 percent.

b. Require oil and gas companies to invest more of their profits in exploration and development?

85, 9, and 6 percent.

c. Impose increased tax on gasoline at the pump, with rebate to low-income groups?

22, 70, and 8 percent.

d. Impose gasoline rationing, giving preference to those who need it for their work?

29, 62, and 9 percent.

e. Defer automotive and industrial pollution standards for five years?

43, 47, and 10 percent.

f. Impose quota restrictions on importation of foreign oil?

56, 28, and 16 percent.

g. Increase aid to mass transit to provide more buses, commuter trains, and improved mass transit systems?

79, 16, and 5 percent.

h. Decontrol price of domestic oil?

34, 45, and 21 percent.

i. Deregulate wellhead price of natural gas?

32, 43, and 25 percent.

j. Impose taxes on automobiles according to rate of fuel consumption?

45, 48, and 7 percent.

k. Impose windfall profits tax on major oil companies and earmark these funds for developing energy alternatives?

86, 9, and 5 percent.

l. Regulate oil companies like public utilities?

70, 21, and 9 percent.

14. Surveillance:

a. Restrict F.B.I. from gathering information about American citizens except in criminal investigations?

61, 35, and 4 percent.

b. Impose new limitations on CIA's domestic activities?

60, 32, and 8 percent.

15. No-fault Auto Insurance: Make it nationwide by Federal law?

77, 11, and 12 percent.

16. Age Group:

a. 15–29: 15 percent.

b. 30–44: 24 percent.

c. 45–64: 46 percent.

d. 65-and-over: 15 percent.

AIRCRAFT NOISE POLLUTION

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. SCHEUER. Mr. Speaker, today 85 Members of the House joined me in a letter urging Acting Federal Aviation Administrator James Dow and Secretary of the Department of Transportation William Coleman to come together on the vital issue of aircraft noise pollution and promulgate a strong airline aircraft retrofit rule.

Our efforts to stem noise pollution and especially aircraft noise pollution largely have been stilled since enactment of the Noise Control Act of 1972. But airport neighbors throughout the Nation still suffer on an hourly basis.

The problem of aircraft noise has been the subject of a good deal of congressional concern and legislation. The most significant step in curtailing aircraft noise emissions was the implementation of the FAA noise standards for new type aircraft effective December 1, 1969. As the letters state however, this gain in our efforts against noise has been diminished by recent events. As of December 1974, over 80 percent of our commercial aircraft fleet does not comply with those standards. In fact, the state of our economy and escalating fuel costs have assured a delay in the development of new and quieter aircraft. Concurrently, there is a greater dependence on the older, noisier aircraft which consume less fuel than the larger, but quieter DC–10's and 747's.

As long as there remain 1,400 jet planes which will be regularly plaguing more than 16 million Americans who live directly beneath our airport noise corridors, we have little to boast about in our noise-abatement battle. Unless we can persuade the Secretary of Transportation and the Federal Aviation Administration to act promptly, these Americans will continue to suffer through this excessive annoyance throughout the 1970's. As we learn more about the effects of noise on our daily lives, the more unacceptable these jet roars become for all of us.

Mr. Speaker, I am including a copy of a letter which I and my cosigners have sent to James E. Dow, the Acting Administrator of the FAA. A similar letter and a telegram suggesting appropriate legislative action also were recently sent to Transportation Secretary William T. Coleman.

The letter follows:

House of Representatives,
Washington, D.C., September 26, 1975.

Mr. James E. Dow,
Acting Administrator, Federal Aviation Administration, Washington, D.C.

Dear Mr. Dow: In a speech delivered by the Department of Transportation Secretary William Coleman on September 11, 1975, before the National Aviation Club in Washington, D.C., the Secretary indicated that a final decision on retrofitting the civil aircraft fleet will be made before October of this year. According to Section 611 of the Noise Control Act of 1972, this decision is to be made by you as Acting Administrator of the Federal Aviation Administration after consultation with the Secretary of Transportation and the Administrator of the Environmental Protection Agency.

Though we represent communities from every part of the country and all sides of the political spectrum, on the issue of aircraft noise pollution we are all in agreement—aircraft noise is as serious a problem now as it was in the late 60's. Consequently, we urge you to promulgate a strong retrofit rule that is consistent with and supportive of the intent of Congress as stated in the Noise Control Act of 1972 in its statement of policy: "to promote an environment for all Americans free from noise that jeopardizes their health and welfare."

The present aircraft noise emission standards set forth in Appendix C of Federal Aviation Regulations Part 36 apply only to aircraft certificated after December 1, 1969. At the time these regulations were promulgated, it was thought that the civil aircraft then in service would be phased out as they were replaced by new quieter models. Unfortunately, this process of attrition has been astonishingly slow, undoubtedly due in part to the state of the economy. In the FAA's Draft Environmental Impact Statement of December, 1974, it was established that 1,969 of the 2,419—or over 80 per cent of our domestic turbojet aircraft fleet currently in service—were certified prior to December, 1969, and thus not subject to the noise standards of the FAR Part 36.

More disheartening still, the DEIS further states that 1,300 to 1,400 of these aircraft which do not meet FAA standards are expected to remain in service throughout the 70's. In fact, according to the DEIS, American Airlines is embarking on a program to extend the life of the 707's well into the 80's. In short, as our technology has advanced enabling us to build quieter aircraft, technology has also progressed enabling the airline manufacturers to lengthen the life of the much older, noisier aircraft—including the DC–8's, 707's, DC–9's, 727's and 737's.

We are aware of the problems which the cost of retrofit entails for an industry which is afflicted by other rising costs and shrinking profit margins. There are two possible approaches to defray the cost: (1) use of some of the estimated $2.01 billion surplus in the Airport and Airways Trust Fund; and/or (2) increase of airline ticket fares by a surcharge of $.50 to $.75 per ticket, sufficient to repay the $800 million to $1 billion cost of retrofitting, including down time costs, in about four years according to DOT experts.

The DOT study stated that approximately 16 million people live within the noise contours of this Nation's airports. For these citizens, SAM retrofit is a *must*. The EPA, community and environmental groups around our Nation's airports, airport operators and the National Academy of Science all support prompt adoption of a strong retrofit rule.

We urge you to use your authority to do this promptly.

Sincerely,

SIGNERS

Lester L. Wolff, New York; Peter W. Rodino, Jr., New Jersey; James H. Scheuer, New York; Thomas P. O'Neill, Jr., Massachusetts; Henry J. Hyde, Illinois; Morris K. Udall, Arizona; Benjamin A. Gilman, New York; Henry Helstoski, New Jersey; Edward I. Koch, New York; Bella S. Abzug, New York; Frank Annunzio, Illinois; Yvonne B. Burke, California; George E. Brown, California; James C. Corman, California; Mark W. Hannaford, California; Alphonzo Bell, California; Romano L. Mazzoli, Kentucky; Joseph P. Addabbo, New York; Herman Badillo, New York; William R. Cotter, Connecticut.

Ronald V. Dellums, California; Norman Y. Mineta, California; Charles Rangel, New York; Stephen J. Solarz, New York; Henry A. Waxman, California; James J. Howard, New Jersey; Max Baucus, Montana; Joseph L. Fisher, Virginia; Richard Ottinger, New York; John F. Seiberling, Ohio; Gerry E. Studds, Massachusetts; Leo C. Zeferetti, New York; William D. Ford, Michigan; Fortney H. (Pete) Stark, California.

Richard L. Ottinger, New York; Andrew Maguire, New Jersey; Elizabeth Holtzman, New York; Shirley Chisholm, New York; Charles Wilson, Texas; James J. Delaney, New York; William M. Brodhead, Michigan; Mario Biaggi, New York; Gladys Noon Spellman, Maryland; John Krebs, California; William D. Ford, Michigan; Bob Traxler, Michigan; Richard F. Vander Veen, Michigan; Henry J. Nowak, New York; Matthew F. McHugh, New York; Jim Lloyd, California.

Ken Hechler, West Virginia; Abner J. Mikva, Illinois; Fortney H. (Pete) Stark, California; Helen S. Meyner, New Jersey; James J. Blanchard, Michigan; Patsy T. Mink, Hawaii; Charles B. Rangel, New York; William (Bill) Clay, Missouri; Shirley Chisholm, New York; Henry A. Waxman, California; James G. O'Hara, Michigan; Thomas J. Downey, New York; Richardson Preyer, North Carolina; W. G. (Bill) Hefner, Florida; Lindy Boggs, Louisiana; Christopher J. Dodd, Connecticut; John J. Seiberling, Ohio.

Timothy E. Wirth, Colorado; Lee H. Hamilton, Indiana; David R. Obey, Wisconsin; James L. Oberstar, Minnesota; Anthony Toby Moffett, Connecticut; Michael T. Blouin, Iowa; Floyd J. Fithian, Indiana; John L. Burton, California; Herbert E. Harris, Virginia; William J. Green, Pennsylvania; John H. Dent, Pennsylvania; James J. Florio, New Jersey; George E. Brown, Jr., California; Charles C. Diggs, Michigan; Berkley Bedell, Iowa; Robert Nolan, Minnesota; Benjamin S. Rosenthal, New York; John Brademas, Indiana.

Donald M. Fraser, Minnesota; Philip H. Hayes, Indiana; Don Edwards, California; James V. Stanton, Ohio; John W. Wydler, New York; Patricia Schroeder, Colorado; Norman F. Lent, New York; John E. Moss, California; Thomas M. Rees, California.

ANNOUNCEMENT OF HEARINGS ON BANKRUPTCY

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. EDWARDS of California. Mr. Speaker, I wish to announce that the Subcommittee on Civil and Constitutional Rights of the House Committee on the Judiciary will continue its series of public hearings on H.R. 31 and H.R. 32, bills to revise the Bankruptcy Act, on Friday, October 3, and Monday, October 6. These hearings will focus on municipal financial adjustments, and witnesses will include experts from the municipal finance field.

These hearings will be held in room 2237 of the Rayburn House Office Building and will commence at 9:30 a.m.

WHO IS AFFECTED BY THE 8.6-PERCENT INCREASE?

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. **HARRIS**. Mr. Speaker, early next week **House Resolution 688**, my resolution disapproving President Ford's proposed 5-percent limit on comparability cost-of-living adjustments for our Federal and military employees, will come before the House for a vote. The comparability adjustment will apply to 1.4 million employees of the executive, legislative, and judicial branches—general schedule employees; Members of Congress; and top officials of the executive and judicial branches. Also tied to this legislation are 2.1 million members of the uniformed armed services and those 355,893 disabled by black lung disease.

So that Members can determine how many individuals in their State are affected by the proposal, I am placing in the RECORD State-by-State tables for the three major groups: Federal general schedule employees, uniformed military, and black lung benefit recipients:

APPENDIX A.—*Distribution of Federal general schedule employment in the United States, by State, December 31, 1973*

Alabama	30,930
Alaska	7,243
Arizona	16,505
Arkansas	8,131
California	133,591
Colorado	26,729
Connecticut	7,261
Delaware	1,859
District of Columbia	138,227
Florida	33,722
Georgia	39,739
Hawaii	13,571
Idaho	5,159
Illinois	42,590
Indiana	17,103
Iowa	6,418
Kansas	10,424
Kentucky	15,621
Louisiana	13,834
Maine	4,344
Maryland	87,290
Massachusetts	26,075
Michigan	21,752
Minnesota	11,495
Mississippi	11,881
Missouri	38,210
Montana	6,723
Nebraska	7,203
Nevada	3,920
New Hampshire	3,375
New Jersey	27,685
New Mexico	16,965
New York	60,182
North Carolina	16,868
North Dakota	4,182
Ohio	44,200
Oklahoma	24,070
Oregon	14,262
Pennsylvania	61,698
Rhode Island	1,294
South Carolina	11,688
South Dakota	4,848
Tennessee	14,182
Texas	74,355
Utah	18,581
Vermont	1,508
Virginia	88,192
Washington	25,572
West Virginia	7,075
Wisconsin	7,722
Wyoming	3,063
Total	1,319,117

Source, U.S. Civil Service Commission.

APPENDIX B.—*Total uniformed military in the United States by State, June 30, 1975*

Alabama	22,492
Alaska	23,813
Arkansas	9,595
Arizona	26,551
California	201,543
Colorado	42,004
Connecticut	4,840
Delaware	5,543
District of Columbia*	64,002
Florida	63,247
Georgia	47,807
Hawaii	47,010
Idaho	5,015
Illinois	36,182
Indiana	9,591
Iowa	536
Kansas	26,219
Kentucky	42,515
Louisiana	32,912
Maine	5,779
Massachusetts	11,286
Michigan	12,711
Minnesota	2,471
Mississippi	19,195
Maryland**	27,462
Missouri	22,700
Montana	5,809
North Carolina	96,219
North Dakota	12,383
New Hampshire	4,430
New Jersey	22,084
New Mexico	15,663
New York	17,587
Nebraska	11,748
Nevada	8,395
Ohio	14,506
Oklahoma	26,905
Oregon	1,439
Pennsylvania	9,137
Rhode Island	2,867
South Carolina	48,278
South Dakota	5,891
Tennessee	10,983
Texas	150,579
Utah	3,942
Virginia***	52,551
Vermont	144
West Virginia	491
Washington	40,997
Wisconsin	944
Wyoming	3,928

Source: Manpower Management Information Division—Office of the Assistant Secretary of Defense—Controller. Figures given are the latest available, and have not yet been published and may be subject to slight modification.

*Figures given for the District of Columbia include the entire Washington Metropolitan Area.

**Figures given exclude portions of Maryland contained within the Washington Metropolitan Area.

***Figures given exclude portions of Virginia contained within the Washington Metropolitan Area.

APPENDIX C.—*Black lung disease benefit recipients by State, December 1974*

Alabama	15,905
Alaska	23
Arizona	665
Arkansas	2,042
California	2,637
Colorado	2,354
Connecticut	885
Delaware	386
District of Columbia	227
Florida	3,735
Georgia	387
Hawaii	7
Idaho	74
Illinois	24,636
Indiana	8,861
Iowa	2,633
Kansas	1,196
Kentucky	32,847
Louisiana	86
Maine	6
Maryland	3,888
Massachusetts	140
Michigan	4,552
Minnesota	42
Mississippi	97
Missouri	1,373
Montana	590
Nebraska	32
Nevada	114
New Hampshire	23
New Jersey	4,010
New Mexico	844
New York	3,106
North Carolina	955
North Dakota	34
Ohio	20,100
Oklahoma	1,940
Oregon	189
Pennsylvania	124,014
Rhode Island	34
South Carolina	183
South Dakota	10
Tennessee	9,810
Texas	377
Utah	1,598
Vermont	8
Virginia	16,221
Washington	649
West Virginia	59,903
Wisconsin	169
Wyoming	1,296
Total	355,893

Source: Miners Benefits Board, Bureau of Disability Insurance, Social Security Administration, Baltimore, Md.

GETTY OIL CO. MEMORANDUM POINTS UP CONSEQUENCES OF DECONTROL OF NATURAL GAS PRICES IN THE UNITED STATES

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. BIAGGI. Mr. Speaker, last Friday an article appeared in the Washington Star-News relating to a release of an important memorandum by the Getty Oil Co. with their predictions about the consequences on natural gas prices if controls were lifted. The bottom line of this study was that natural gas prices may rise as high as 400 percent with outright decontrol.

Considering the fact that Congress is studying the prospects of lifting controls on natural gas prices this memorandum has great significance. I view the concept of an outright decontrol of natural gas prices with great reservation both from the standpoint of inevitable increases which will be paid by the American consumer but also because of strong indications that oil companies are hoarding supplies of natural gas until the highest prices are established.

As with oil, we must gradually work to decontrol natural gas prices. This Nation can ill afford to have the major oil and gas companies of this Nation dictate the prices for these important products. They must work with and not against the American consumer. I urge all my fellow colleagues to give this study their close consideration and support legislation which will develop a sensible pricing policy for natural gas which will insure an adequate supply for all Americans at a price which will not be prohibitive. This issue deserves the close attention of all Americans.

ST. CROIX MARINE SAVES UNCLE SAM $220,000

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. DE LUGO. Mr. Speaker, a Virgin Islands Marine has recently saved the U.S. Government $220,000. He did not make the headlines here in Washington, crowded as they are with stories of certain other people who threaten, rather than assist, our Government. Nonetheless, this Marine's accomplishment is noteworthy and I am pleased to bring him to your attention.

Gunnery Sgt. Galo I. Leguillou, USMC, of Christiansted, St. Croix, was personally responsible for a new Marine Corps mailing system which speeded up service and resulted in savings of over $220,000 during the 3 months the system has been in operation.

I will insert in the RECORD articles about Gunnery Sergeant Leguillou from the August 1, 1975, issue of the St. Croix Avis and the September 18, 1975, issue of the Pendleton Scout—Mariine Corps Base, Camp Pendleton, Calif. We congratulate the "Gunney" on his initiative and intelligence and hope others will follow his example:

[From the St. Croix Avis, Aug. 1, 1975]

V.I. MARINE SAVES GOVERNMENT $220,000

WASHINGTON, D.C.—Marine Corps Gunnery Sergeant Galo I. Leguillou of Christiansted is personally responsible for the new Marine Corps mailing system which has speeded up service and resulted in savings of over $220,000 during the three months the system has been in operation, Virgin Islands Delegate Ron de Lugo reports.

Under Sgt. Leguillou's system, mail from the Marine Corps Headquarters in Washington, D.C., bypasses the local post office, which previously sorted and charged for each individual piece of mail handled. The mail room at Marine Corps headquarters now collects all letters and small packages destined for a particular command post and mails them in a single bag. In this way, the Marine Corps saves money, because it pays bulk rates, and it saves time because the bags do not need resorting.

The new system has proved to be twice as fast as the old one. Mail from Washington that is destined for Okinawa now arrives in three days instead of seven. West Coast mail now arrives in a day or less, where previously it took over three days. And East Coast deliveries are now made in hours instead of days.

In a letter to Sgt. Leguillou, Congressman de Lugo praised the young Marine for his intelligence and for his initiative in bringing forth new ideas. "Sgt. Leguillou by his action has brought great credit to the Virgin Islands, as well as to himself," de Lugo said.

[From the Pendleton Scout, Sept. 18, 1975]

IDEA SAVES CORPS $221,824

As the Corps' time and money are being spent for necessary things, Marines are asked to save both whenever possible.

GySgt. Galo I. Leguillou (Leg-u-joe), NCOIC, HQMC Mail Section, has answered the call.

The mail system he put into operation there saved approximately $221,824; moves more mail and does it faster.

"Other mail sections can do the same," he said.

Under Leguillou's system, mail from HQMC bypasses the Washington post office, which previously sorted and dispatched all official mail, then charged for each piece handled. The HQMC mail room now bags letters and small packages by major commands' zip codes. The sealed bags are picked up by Postal Department employees, taken to the airport and shipped out on the next available flight.

The Corps saves money by paying the bulk rates and time because the bags do not need resorting.

Leguillou and the HQMC mail section tested the direct mail system.

"We sorted, bagged and sealed the mail," the Gunny explained, "and it remained unopened until it was received by the servicing post office of the addressed activity."

In addition to being less expensive, it proved to be twice as fast as the previous system.

During the three month test, mail destined for Okinawa arrived in three days instead of seven. West Coast commands received their mail in a day or less, where it had taken 3.5 days. East Coast deliveries were made in hours instead of the routine three days.

But, before the tests were made, the new idea met opposition. "The people who were stuck in the treadmill of the old system didn't know that I had ever worked in a mail room before," the former grunt turned postal clerk explained. "They thought the infantry man had to be wrong when I suggested there might be a better way!"

To find a better way required the Gunny to steal time from his wife and children and return to the books. "I had to make sure what I was proposing was legal," he said. Then he had to go to the drawing board.

"One night, after everyone had secured, I completely changed the office. New racks were brought in to hold the bags. Tables and bins had to be rearranged and they all had to be labeled. The next day the civilian postal clerks had to be introduced to the new system.

"Of course, during the first few days there was confusion and griping, but as they started getting into the swing of it, I stepped back and watched those professionals work."

GySgt. Leguillou is submitting the details of his innovation to the Beneficial Suggestions Program. He hopes other Marines will look around for ways to implement their own money and time-saving ideas.

NATIONAL HUNTING AND FISHING DAY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. CONTE. Mr. Speaker, on September 18, 1975, President Ford proclaimed that September 27, 1975, be officially recognized as "National Hunting and Fishing Day." I would now like to comment on the tremendous conservation efforts of the sportsman. It is so appropriate that the President's proclamation recognized the conservation efforts of our Nation's hunters and fishermen.

During the past few years, Americans have become more aware of the necessity of preserving our precious natural resources and wildlife. Hunters and fishermen who have roamed our streams, mountains, and forests in pursuit of the sport they love so much have been aware of the need for conservation and the preservation of wildlife and they have been doing something about it.

By the turn of the century an extremely high percentage of our game animals were in danger of extinction. It was the sportsmen who became alarmed about the destruction of wildlife and began organizing into groups and making their voices heard in the halls of State legislatures and here in the Congress; advocating the outlawing of commercial hunting, a limit on all hunting to certain seasons of the year, and charging a license fee for hunting and fishing—with proceeds devoted exclusively for setting up fish and game commissions for the enforcement of conservation practices and the propagation of wildlife. Out of these many sportsmen's groups grew such organizations as the National Wildlife Foundation, whose members number over 3 million strong—making it the largest nongovernmental conservation organization in the world. In addition, the Isaac Walton League came into being. The league is composed of more than 60,000 hunters and fishermen dedicated to conservation programs for cleaner waters and improved hunting and fishing. These groups are only an example of the numerous others dedicated to the conservation of our natural resources and preservation of our wildlife.

As a result of the insistence of sportsmen that they be taxed for the privilege of hunting and fishing, they spend more than $200 million per year for licenses. Incidentally, this revenue is the sole means of support for the fish and game commissions in each of the 50 States. It is further interesting to realize that none of the 50 States rely on taxpayer dollars to operate their fish and wildlife commissions, which are the bulwark of wildlife conservation in the United States today. In 1937 the sportsmen in this country were responsible for passage in Congress of the Pittman-Robinson

Federal Aid in Wildlife Restoration Act which imposed an 11-percent excise tax on the sale of all sporting arms and ammunition.

Last year alone, this tax provided in excess of $45 million which was prorated back to the States based on land area and the number of licensed hunters in the State. As a result of the serious decrease in the numbers of flocks of ducks and geese at the turn of the century—concerned sportsmen were instrumental in bringing about the Migratory Bird Treaty with Great Britain in 1916. Since four out of five ducks are hatched in Canada, Ducks Unlimited was formed in 1937 by concerned sportsmen to raise funds for the restoration of nesting grounds north of the United States-Canadian border. Since 1937, Ducks Unlimited has spent over $20 million on restoration of over 2 million acres of prime waterfowl nesting habitat along more than 9,000 miles of protected shoreline.

As a result of sportsmen's efforts to conserve and restore wildlife, today we have approximately 16 million white-tailed deer in the United States as opposed to only 500,000 that existed at the turn of the century. About 45 years ago the prong horn antelope was so scarce that it could not be hunted in a single State. Today, as a result of restocking, restoration of habitat and biological attention, it is a legal trophy in 12 States. The wild turkey population in the United States has increased tenfold since 1952. The wild turkey is now legal game in 30 States.

The Congress has well recognized its responsibility to fish and wildlife conservation. The fiscal year 1976 Interior appropriations bill provides $500,000 in funding for the Bethel, Vt. salmon fish hatchery. This is an integral part of the Atlantic salmon restoration program to restore salmon to the mighty Connecticut River. I commend the gentlemen from Illinois (Mr. YATES) and Pennsylvania (Mr. McDADE) for their cooperation in my request for these funds. I am counting on their support for increased funding for this program in the future.

It would now seem appropriate to address myself to the distinction between conservationist and preservationist. To many, it would seem inconsistent that a sportsman could also be a conservationist. I would like to quote the Honorable Clifford E. Sanders of the Tennessee Supreme Court on this issue. Judge Sanders is an avid sportsman who has spent many years in fish and wildlife conservation efforts:

> There is a vast difference in the conservationist and the preservationist. The preservationist is simply opposed to killing anything and refuses to recognize that controlled, scientific cropping is essential to maintain a balance of wildlife and its habitat. The conservationist recognizes that cropping is essential and that through controlled hunting, the excess game can pay for additional habitat and conservation programs which will ensure the preservation and flourishing of the species. One thing we must all realize is that wildlife cannot be stockpiled, and unless the surplus is cropped by hunters nature steps in and does the cropping and the results are not pleasant to see. Nothing is more pathetic than to see a noble animal dying of starvation. Research shows that a good deer herd with a well-balanced habitat can stand a 40 percent cropping without ill effects on the future population of the herd. Also, the hard facts of life are that both the quail and the dove have an annual mortality rate of 75–80 percent and although there are over 1,000,000 doves harvested each year their breeding stock has increased over the past two decades.

Although the statistics I have listed are impressive, our efforts must continue steadily. The ax and plow have been replaced by the chain saw, bulldozer, and road grader. Each year we destroy over 1 million acres of wildlife habitat by constructing housing subdivisions, shopping centers, and highways. Man is the most destructive predator of wildlife—not from the standpoint of killing the animals, but from the standpoint of destroying their habitat. Without habitat, wildlife has no place to feed and breed. That is why our wetlands acquisition programs and salmon restoration programs must proceed with all due expedition.

In conclusion, I would like to echo the words of Judge Sanders once again and Elgin Gates, one of the most outstanding trophy hunters and outdoor writers in North America. Their tribute to the sportsman is now most appropriate:

> The modern day trophy hunter is a combination of hunter and naturalist, pitting his skill against the crafty instincts and wariness of the crafty old ram, for example, intent on harvesting the animal which he admires and respects so much. If successful, he will preserve the skin and use the meat. He will enshrine the trophy in a place of honor to be enjoyed and admired by others. This is far more fitting and noble than to have a stately animal weakened by age or hunger being torn apart on a lonely ledge by predators and his bones picked by vultures, with his magnificent horns withering away and lost forever. For those of us who have tasted the sublime glory of the chase, the dedication, the resolve, the thrills, and even the defeats, know that the heights of human desire and contentment have been reached. Like many a trophy hunter, I have been fortunate to have felt it, tasted it, lived it, and even drunk it all in with a hunger for the outdoors that can never be satisfied—and I will never apologize for a single moment of it.

Thank you, Mr. Speaker.

ANNOUNCEMENT OF HEARINGS ON THE CIVIL RIGHTS ASPECTS OF GENERAL REVENUE SHARING

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. EDWARDS of California. Mr. Speaker, I wish to announce that the Subcommittee on Civil and Constitutional Rights of the House Committee on the Judiciary will hold 2 days of public hearings on the civil rights aspects of general revenue sharing on Wednesday, October 8, and Thursday, October 9. Witnesses for October 8 will consist of representatives from the General Accounting Office, the Lawyers' Committee for Civil Rights Under Law, the NAACP, and the Department of the Treasury. Witnesses for October 9 will consist of representatives from the U.S. Commission on Civil Rights, the Justice Department, and a panel of people from the Center for National Policy Review, the League of Women Voters, the National Urban League, and the Southern Regional Council, Inc.

These hearings will be held in room 2226 of the Rayburn House Office Building and will commence at 9:30 a.m. and continue into the afternoon, with the afternoon sessions beginning at 1:30 p.m.

THE FUTURE OF THE NATIONAL PARK SYSTEM

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. SEBELIUS. Mr. Speaker, as ranking minority member of the Subcommittee on National Parks and Recreation, I am keenly interested in the issues and problems confronting our national park system. I have visited many of these parks personally.

As the impact of high prices and shortages of fuel continue to influence our travel plans, more and more Americans are finding that some of the best recreation and scenic areas are literally within their own backyards in nearby national parks; a fact very well pointed out in an article published in the Washington Post. According to the article, park visitations are up by almost 14 percent. With this large increase and an even greater increase expected next year, problems such as requiring campsite reservations, visitor usage and budget limitations will be uppermost in the minds of those responsible for overseeing the national park system.

Because of my own interest and the interest of my colleagues in the Congress in protecting our natural resources and in providing Americans with access and enjoyment of our national parks, I recommend the following article to all who are interested in the future of our national park system:

VISITORS INUNDATE NATIONAL PARKS

(By Douglas Watson)

> So many people visited the national parks last summer that National Park Service officials are planning, perhaps by next summer, to require advance reservations for campsites at about 20 of the nation's most popular parks.
>
> Americans made 107.7 million visits to the increasingly crowded national park system last summer, 13.9 per cent more than in the previous summer, the National Park Service said.
>
> With a record 240 million visits expected at national parks this year, the National Park Service has increasingly had to require permits for backpacking, to ban the collection of firewood, to prohibit autos and to discourage large groups like Boy Scout troops from camping together.
>
> The Park Service had other challenges last summer while preserving 31 million acres of natural, historic and recreational treasures. For example, Crater Lake National Park was closed between July 11 and Aug. 1 after 500 to 1,000 people there became ill from sewage-contaminated spring water.
>
> And a ban on nudity within the Cape Cod National Seashore inspired hundreds there to doff their clothes in protest.
>
> But the national parks' biggest problem is their fast-rising popularity at a time when the Park Service's budget and personnel are

being held to the same level and the Ford administration plans hardly any additions outside Alaska to the Park Service's 286 park areas.

Population pressures are changing the way people can hike, camp and sightsee in the most popular national parks. However, the Park Service says that the increasing restrictions are essential if the superlative attractions everyone comes to see are going to be kept.

Last summer it required backpackers to obtain free permits to enter remote areas in 34 of the best-known and most crowded national parks, including Yellowstone, the Grand Canyon, and Shenandoah.

About 20 major national parks now have prohibitions on gathering firewood or building fires in all or part of their domains. "It's terribly distressing," a Park Service official said, "but the alternative is to turn these areas into deserts."

Thirteen national parks, led by Yosemite, have strictly limited auto travel within their most congested sections, turning to buses and tourmobiles to move the masses around the scenic splendors.

In another effort to preserve the parks, Park Service officials now try to discourage camping together by large contingents, saying that camping by 10 or fewer people is usually more fun anyway.

The Park Service last summer published a booklet entitled "Visit a Lesser-Used Park" touting 132 little-known parks.

Several years ago attendance at Cumberland Gap National Historical Park in Kentucky shot up by 82 per cent after the Park Service began pointing out that it is an essentially similar, though smaller version of the Great Smoky Mountains National Park in Tennessee.

While the White House in 1974 attracted 1.3 million visitors, Great Smoky Mountains National Park had 10.4 million, making it the most visited national park in the country. Attendance is measured in terms of "visits per day" rather than "visitors" since many people visit parks more than once.

The next-most-visited national parks are, in order, Colonial National Historical Park at Jamestown and Yorktown, Va.; Lake Meade National Recreation Area in Nevada; Cape Cod National Seashore in Massachusetts; Grand Teton National Park in Wyoming; Olympic National Park in the state of Washington; Acadia National Park in Maine, and nearby Shenandoah National Park.

While reservations customarily have been required for cabins in national and state parks, in 1973 the National Park Service began requiring reservations for camping sites at six of its most popular parks—Acadia, Everglades, Grand Canyon, Great Smokies, Yellowstone and Yosemite.

An attempt to expand camp-site reservations was made in 1974 but was dropped because a new computer system broke down under the strain.

The Park Service went without a national reservation system last summer, though four parks had their own systems, while planning for one it hopes will be workable and affordable. Without making any guarantees, Park Service Director Gary E. Everhardt would like to have a new reservation system for about 20 of the busiest parks next year.

In fiscal 1975 the Park Service's budget was $345.5 million. This fiscal year it is expected to be slightly less, $344.3 million.

The number of permanent Park Service employees has remained nearly the same in the past year, about 7,200. In 1960 the service had one employee for each 27,000 visitors. Now it has one for each 44,000.

Everhardt, former superintendent of Grand Teton National Park who was appointed to head the National Park Service in January, warned last spring that the budget crunch would mean a reduction of park ranger services.

For example, last summer the passenger boat to Isle Royale National Park in Michigan made only two trips a week instead of its former three. In Yellowstone National Park half the picnic areas were closed. Guided tours at Carlsbad Caverns National Park in New Mexico were reduced from four to two a day. And National Capital Parks here began planting only one replacement tree for every two lost.

Budget limitations also have made it impossible for the Park Service to provide necessary maintenance for many of the 5,000 historic structures in its parks. For example, the service has no funds to repair damage done by waves to the landmark El Morro Castle in San Juan, Puerto Rico. Everhardt has said "unless something is done, a major portion of the castle will crumble.'

There are proposals within Congress to add at least 50 other areas to the national park system, but an Interior Department spokesman said the Ford administration is supporting only two proposed national park additions in the continental United States.

One is a planned 213-acre extension of the Indiana Dunes National Lakeshore, which has been approved by the House Interior Committee. The other, yet to be appproved by the Office of Management and Budget, is for the Park Service to assume operation of the Valley Forge park from the state of Pennsylvania.

THE BILLION DOLLAR FOOD STAMP RIPOFF

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. MICHEL. Mr. Speaker, the always incisive columnist Victor Riesel has recently published a column dealing with the food stamp program, and making in a very eloquent way some of the points those of us who are trying to reform that operation are concerned about.

Riesel cites some statistics on ineligibility, overissuance and fraud which point to devastatingly serious problems in the food stamp program. Sooner or later, the proponents of the program as it stands are going to have to respond to the charges which those figures point to.

The sort of abuse discussed in Riesel's column is precisely what the Michel-Buckley food stamp reform bill would correct. In the interest of spurring action on that legislation, I would like to have the column printed here in the Record:

The Billion Dollar Food Stamp Ripoff

(By Victor Riesel)

Washington.—Few realize the Department of Agriculture has a secret intelligence service all its own—and if the specialists in its office of audits and office of investigations would say publicly what some have whispered privately they would be shouting that the food stamp system is virtually out of control.

At least $1 billion a year is being ripped off through fraud, ineligibility, insouciant errors and sheer waste.

Mind you, this is merely part of the looting. Investigation has just disclosed that the lost billion is only in the non-welfare, non-publicly assisted families such as families with dependent children.

The lost billion, therefore, is only half the story. It's the money calmly ripped from the government through conspiracy or by able-bodied men and women who just won't work, or by students, or by families which have an annual income of up to $11,000 (and sometimes slightly more). Their breadwinners can own cars, homes, personal property, bank accounts, and hold vital jobs. They include teachers, some police, skilled craftsmen and white-collar workers.

They draw food stamps because of a complex income formula, which includes specific cost deductions from their earnings (children, etc.). These deductions put their income below an arbitrary food and diet line.

It has just been learned that 17.3 per cent of non-poor, non-welfare food stamp recipients simply are ineligible!

And another 26 per cent are "overissued." Meaning overpaid.

Thus 43.3 per cent are receiving food stamps illegally.

Translated into dollars, I'm told this means that almost 26 per cent of all the money spent in the non-poor and non-welfare food stamp assistance is stolen. Or wasted.

How? It's the Health, Education and Welfare Department story retold in terms of the Agriculture Department, which administers the food stamp division. It took several years for this column to force wide investigations in welfare and medicaid and to discover that several billions of dollars a year are being looted from the actual cash payout welfare system itself.

Now that the welfare section is under heavy investigation, the time has come for the spotlight to scorch the Agriculture Department. Such new probes will show heavy outpouring of stamps to non-welfare families (non-poor) which go in for crooked accounting; duplicate applications by husband and wife; borrowing of children; students who believe that the old waiting-on-tables tradition went out with goldfish swallowing; food stores which deal in counterfeit and ineligibles' coupons; merchants who take food stamps as payments for debts and installments, and even underground revolutionary cells which supply them to communes along with false identities.

The enormity of this cynical food stamp thievery—remember, all this is in the non-welfare sector—so angered President Ford recently that he summoned his cabinet for a special session Aug. 28 to whip its members into a war on this social fraud.

Only the word "enormous" can be used to describe the thievery. First, know that the original Kennedy-era food stamp program started with $36 million. It fed some 500,000 claimants.

Today the projected 1976 fiscal year total cost is $6.8 billion. And still leaping like a lonely downriver salmon. For example, in 1974's first six months, there were 13.5 million food stamp program participants. By last December, six months later, this had rocketed to 17 million. Today the count is 19.6 million food coupon clippers, soon to top 20 million recipients.

The mismanagement of the program has a Gilbert and Sullivan touch—if it all weren't so tragic during this crisis of bankrupt cities and the New York-ish trend of the national budget.

Let me tell you about Massachusetts: a new audit discloses that at least 50 per cent of the Bay State's food stamp households showed up ineligible. And 30.4 per cent were overissued (overpaid). Thus 80.4 per cent of the cases are simply ripoffs.

And another 13 per cent are underissued (underpaid.) So 93.4 per cent of all cases are in error.

True, other states have lower rates of error and thievery. But it's all very costly to administer. Nationally, the office tab is almost half a billion dollars. Half is paid by the federal government.

None of this, of course, relates to what error there may be in the actual welfare families' errors and ripoffs. The above refers only to the non-poor. Yet the "anti-hunger" forces are pushing for a self-certification application. No check on figures. Just hand out the food stamps. This would make the system more chaotic. Now the used coupons go to the Federal Reserve system which gives them a fast count and charges the Treasury Department for the stamps. Everything gets a fast count.

And when it's over the working citizenry pays and pays. Taxes increase. National budget deficits increase. So does the number of able-bodied persons who pay with food stamps at the checkout counters at a thousand supermarkets.

WORLD HEALTH ORGANIZATION

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. FLORIO. Mr. Speaker, earlier this year it was my privilege and great honor to be selected as a representative to the World Health Organization Conference in Geneva, Switzerland. One of the projects which most intrigued me was the efforts by the Organization to completely eradicate smallpox from the entire face of the Earth. The project has met with tremendous success and will assuredly rank with the finest medical and humanitarian achievements ever undertaken.

At this time when the Congress is evaluating the U.S. contribution to the World Health Organization, I respectfully request that my colleagues read the following enlightening article by Mr. Lawrence K. Altman from the New York Times, and urge their continued generous support for the World Health Organization.

[From the New York Times, Sept. 29, 1975]

GLOBAL WAR ON SMALLPOX EXPECTED TO BE WON IN '76

(By Lawrence K. Altman)

DACCA, BANGLADESH, Sept. 23.—Smallpox is about to be eradicated from the earth.

Officials of the World Health Organization expect the battle against the disease to end early next year, if not sooner, and they expect two years of further searching, after the last case is cured, before an international commission will be able to declare officially that smallpox has been wiped out.

The World Health Organization says it knows of just 16 people in the world infected with the most devastating kind of smallpox, which is a viral disease. All 16 are quarantined here in Bangladesh while forces of epidemiologists slosh through mud and ride shallow-bottom boats through monsoon floodwaters to visit isolated villages in search of undetected cases.

In Ethiopia, the only other country where smallpox is endemic, another force of W.H.O. epidemiologists is vaccinating people in the highlands where about 100 are infected with a milder form of smallpox.

These two teams of epidemiologists are fighting what the specialized United Nations agency believes will be the last battles of a global war that began in Berkeley, England, 179 years ago when Dr. Edward Jenner scratched the arm of 8-year-old James Phipps with a vaccine prepared from germs taken from a woman infected with cowpox.

Through history, the variola virus that causes smallpox has killed one out of four victims of the disease, has blinded millions and scarred them for life with hundreds of deep pits on their faces and bodies. Smallpox is one of the most deadly, most feared and most contagious diseases.

Total eradication would be one of the greatest triumphs of public-health work. Experts say it would mark the first time that man had made a disease extinct.

Dr. D. A. Henderson, an American who heads the W.H.O. smallpox eradication program from Geneva, said in a recent interview in New Delhi that he expects this event to come in Ethiopia later this year or early next year, depending on the extent of civil strife in the East African country.

With victory in the smallpox war apparently in sight, Bangladesh and the organization have armed 20,000 Bengali and international health troops with two-pronged vaccination needles as their chief weapons. These forces rely on every possible means of transportation to search for smallpox among the 80 million people of this country, where acceptance of the infection as one of life's inevitable hazards is traditional.

Battalions of health forces wade through the rice paddies and tea plantations in Sylhet, in the north, check ships and seamen in the port of Chittagong, in the southeast, cruise aboard steamers along a series of inland rivers to Khulna, in the southwest, and search large markets and resettlement camps for beggars and unemployed people outside Dacca.

MUD AND SHAKY BRIDGES

Others in the war on smallpox ride four-wheel-drive vehicles through mud; still others walk for miles in the monsoon rains, over the bamboo-pole bridges that are the only links between patches of dry land. On occasion the bamboo spans break. Dr. Stanley O. Foster, an American epidemiologist laughs when he recalls two occasions when he was drenched after a bridge collapsed under him.

At cemeteries, some troops check each body for undetected smallpox. Others ride the tops of trains to vaccinate hordes of beggars. Conductors collect tickets from only about 25 per cent of the passengers on trains here, which often carry as many people on the roofs as there are inside the cars.

Sailors pole shallow-bottom boats through the rice paddies; sometimes they cruise in inland waterways in speedboats, whose outboard motors often stall when thick vegetation in the floodwaters fouls the propellers.

There is an air force in the smallpox war, a small squadron that flies Russian-built helicopters to areas inaccessible by other means of travel.

COUP HAD NO EFFECT

The progress of this vast army was not affected by the jockeying for political power that followed the bloody coup of Aug. 11 in which Shiek Mujibur Rahman, the first President of Bangladesh, was killed.

A victory atmosphere was apparent this week when a group of American, Austrian, British, Egyptian, French and Polish epidemiolosists came to Dacca from their field posts. They spoke excitedly of their mission as they dined at the W.H.O. guesthouse on curried mutton.

Eradication of the ancient scourge would not only offer humanitarian rewards but would also save the world's governments the $1-billion that is spent every year to guard noninfected countries against smallpox.

FROM HUMAN TO HUMAN

Virologists say victory is possible because smallpox is one of the few infections that spread directly from human to human without an indirect stage in an animal or insect like the mosquito that transmits malaria. Neither is it a disease spread by food or water, like cholera.

Some diseases, like poliomyelitis, diphtheria and tetanus, have been reduced to minimal incidences in the United States and other developed countries. Such infections can be effectively controlled by immunization. But ecology prevents their eradication, because the causative germs remain in the environment, ready to strike the unprotected. Accordingly, pediatricians recommend that each new generation of babies be immunized against these infectious diseases.

Even those developed countries that have eradicated malaria, yellow fever and other infections risk new epidemics when cases are imported from infected areas elsewhere. Smallpox is viewed differently. By breaking the human-to-human chain of smallpox spread, scientists maintain, the disease will die out once the last scab falls off the skin of the last patient.

CONCERN OVER MISSED CASES

At the W.H.O. guesthouse, the epidemiologists were anxious: Had they missed any cases?

A search in a village selected at random had uncovered a new case. More important, the responsible team of Bengali health workers had not done its job properly.

Until the last smallpox patient dies or recovers, a new epidemic could start in any uninfected country at any time as a result of exposure to an unreported case from either Bangladesh or Ethiopia. That new outbreak, in turn, could cause epidemics elsewhere.

How many more overlooked cases were there? An epidemiologist, which had been riding a boat every day for several weeks to search isolated villages, said, "It's time someone with a fresh view took over for a while. He may see something I'm overlooking."

"India hasn't had a smallpox case since May—a miracle," an Austrian said. He grinned. "Just 16 cases here," he said. "We can't let up now. We need luck."

The epidemiologists have established a pool on the date when their program reaches its goal of "smallpox zero" in Bangladesh. Many are betting on middle-to-late October.

"REAL TEST" IS AHEAD

The spread of smallpox usually dwindles in monsoon season and flares in the drier winter. The variola virus dies more quickly in humid weather, and survives longer in dry weather.

Several epidemiologists nodded when a British doctor said: "The real test will be next February. If there aren't any cases then, we've won. If there are cases, then we're in serious trouble."

In the field, the health troops search schools, homes, villages and other areas for rashes and fevers that might represent unsuspected smallpox. They make lists of individuals who were exposed to smallpox victims when those victims were capable of spreading the virus—indirectly, through respiratory droplets in the air, like a cold, or through direct physical contact with the scabs.

The troops then track down the potential victims by telegraphing or broadcasting to allied forces elsewhere in the country or world. They offer rewards of $20—about a month's salary for a well-paid Bengali—to the health official and the member of the community who report a new case.

SPECIAL TEAM TESTING ALL

"If there is just a 1 per cent chance that a rash might be smallpox we err on the side of quarantining the person, vaccinating everyone within a one-mile area and intensifying a search for other cases within a five-mile radius," a Bengali smallpox epidemiologist said.

To minimize the chances of missing a case and allowing the disease to smolder, W.H.O. has hired a team of Japanese virologists. The smallpox rash characteristically is thickest on the face, arms, palms, legs and soles, but relatively sparse over the trunk. The pattern is the reverse of chicken pox, with which smallpox can be confused. Because smallpox can manifest itself in an uncharacteristic pattern, the Japanese virologists are testing specimens from every suspect case.

If Bengalis who are risking smallpox decline vaccination, doctors go to their homes to convince them of the benefits of vaccination. One doctor recalled such a visit: "I am Dr. T. Stephen Jones from the World Health Organization and I have come to warn you that you are in danger of getting smallpox. One of your neighbors is sick with smallpox. You should be vaccinated."

The Bengali replied that he had been vaccinated when he went to Britain several years ago.

"You need another vaccine because it may not still protect you," Dr. Jones replied. The Bengali extended his arm for the needle.

A WOUND OF BATTLE

Dr. Jones' argument has not always been accepted so readily. His scalp bears the long scar of a severe cut suffered last year when he tried to vaccinate a group of skeptical Indians at night during an epidemic in Bhojpur, Bihar state. One Indian struck Dr. Jones over the head with a cane; he thought Dr. Jones might be a robber. Then, as blood flowed from Dr. Jones' scalp, the Indian relented and agreed to be vaccinated.

The troops communicate with one another over an elaborate radio network, to exchange information and to mobilize health forces when a new outbreak strikes. Jane Brown, the communications officer, begins each day at 7:30 with a standard greeting to each battalion, in a crisp British accent: "This is Smallpox Zero. This is Smallpoz Zero. How do you copy?"

The other morning troops in Bhola reported two new outbreaks. In one, the first two victims were the smallpox "witch doctor" and his wife. Twenty Bengali and W.H.O. epidemiologists joined in quarantine-and-search work.

CASES REDUCED TO 16

Using such tactics, the Bangladesh health forces have reduced the total number of active smallpox cases to just 16, from a peak of 1,850 reported five months ago.

Those in the program's leadership express more concern about hidden outbreaks, cases the troops have not detected or that health officials suppress. Bengali health officials often falsify statistics so that a situation will look better on paper than it really is. Some health officers fear—falsely—that they will be punished for reporting a smallpox case. Officials say the reverse is true. When Bangladesh health officials learned that reporting of the Bhola outbreaks was suppressed for almost a month, they punished the health workers responsible.

Health officials are wary of overconfidence. Twice in the last five years, smallpox was virtually wiped out in this country. But the precipitous drop of recent months has encouraged cautious predictions that the spread will stop in the next few weeks.

Abdul Mannan, the country's Minister of Health, said in an interview in his office: "We are cautious because, in the past, when we had no smallpox cases in our country, smallpox occurred again. We use statistics provided by W.H.O. as our official statistics, and we hope we can bid goodby to this dreadful disease later this year.

"Even then, we must maintain vigilance, for another two years before W.H.O. declares smallpox eradicated from Bangladesh."

BENGALIS JOINING IN

The smallpox war forces are enlisting Bengalis who will travel from the cities to their villages to celebrate holidays next month at the end of Ramadan. The Bengalis are being asked to search their villages for smallpox, to investigate persons who had had rashes, and any living person with a rash. Bangladesh officials believe that the risk of spreading the disease during the mass migration is small—none of the cities involved are known to be currently infected with smallpox.

Since Dr. Jenner's historic vaccination, doctors fought smallpox with guerrilla-warfare tactics. Then, in 1967, W.H.O. acted on a mandate from the nations of the world to wage a global war to eradicate smallpox by 1976. This war is expected to cost the United Nations agency $250-million, over a decade. The Geneva-based organization has mobilized 2,000 epidemiologists from at least 50 countries, and hundreds of thousands of health workers in smallpox-infected countries.

When the World Health Assembly issued the mandate in 1966, many doctors were skeptical. But the program had strong believers in the Government of the Soviet Union, which has donated large supplies of vaccine to infected countries, and in the United States Government, which has lent the international campaign many epidemiologists from the Public Health Service's Center for Disease Control in Atlanta.

THE GAINS SINCE 1945

Skepticism remains, but there are fewer skeptics now, with the number of persons actively infected with smallpox in the world reduced to 125 known cases. In 1945, most of the countries of the world were infected; just seven years ago thousands died of smallpox in 32 countries. Smallpox has not reemerged in those countries where it has been wiped out in recent years.

Epidemiologists have been killed and wounded in the fight against the scourge. Other doctors have been evacuated by air because of hepatitis, severe dysentery and the myriad medical problems that affect people in the tropics.

Dr. Foster, the American epidemiologist, looks back on setbacks that have cost him sleep and premature thinning and graying of his hair. "We were very close to eradicating smallpox and then we got into serious trouble with the widespread floods and famine last year," he said. "If we drop the ball in the next two months not only the Bangadesh program but the world program could be finished."

I AM A FLAG

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. MITCHELL of New York. Mr. Speaker, I had the honor of speaking recently at a special ceremony in honor of the Rome Free Academy's class of 1976 in Rome, N.Y.

The students of the academy presented me with a special poem in honor of our 1976 Bicentennial which I feel has special significance not only for the Nation's upcoming celebration but for always.

Therefore, Mr. Speaker, I insert in the RECORD the poem, "I Am a Flag," written by Mr. Lawrence M. Jones:

I AM A FLAG

I am a composite being of all the people of America.
I am the union if you are united. I am one and indivisible if you are undivided.
I am as strong as the weakest link.
I am an emblem of your country . . . I am a sign pointing to past achievements.
I am a promise of greater things for the future.
I am purity if you are pure. I am bravery if you are brave.
I am loyalty if you are loyal. I am honor if you are honorable.
I am goodness if you are good. I am hope if you are hopeful.
I am truth if you are true.
I am the Constitution. I am law and order.
I am tolerance or intolerance as you force me to be.
I am liberty as you understand liberty.
I am as a pillar of fire by night, but you must provide the fuel.
I march at the head of the column, but you must carry me on.
I stand for greater and more glorious achievement than can be found in recorded history, but you must be my inspiration.
I am the flag.

A CURE FOR SOCIALIZED MEDICINE—PRIVATE PRACTICE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. CRANE. Mr. Speaker, those Americans who are seriously considering some form of bureaucratic, Government-controlled medicine for the United States would do well to consider the example of Great Britain. Socialized medicine in England has, in the opinion of many British experts, made quality medical care more difficult to obtain than ever before, particularly on the part of the poor who do not have the option of using, and paying for, private physicians.

In order for a British doctor to make a living he is forced to have approximately 3,000 patients. This means that he is paid on the basis of quantity, not quality. It is the care received by the patient which suffers.

Writing in the London Daily Telegraph Dr. Anthony Partridge, an orthopedic surgeon in Sussex and a member of the Fellowship for Freedom in Medicine, notes that:

> A proper first examination should take about 45 minutes, but in the N.H.S. four minutes is the more usual pattern, and unlucky patients often do not get that but are given a prescription following a telephone conversation with the receptionist—treatment without diagnosis. This is not quality care.

Under the British system, or any other socialized medical system, the individual patient has little to say about the nature of the care he receives. Dr. Partridge points out that:

> There is no consumer control because most of the doctors have got full lists and the patient who is foolish enough to complain runs the risk of being turned off the list, branded as "trouble-maker" and being left without a doctor until the Government administrators allocates him to another doctor's list.

The extent to which medicine has become totally impersonal in England may be seen by the consent form which patients must sign when they arrive at a hospital for an operation:

> No assurance has been given to me that the operation will be performed by any particular practitioner.

Dr. Partridge and his Fellowship for Freedom in Medicine urge the restoration of the private practice of medicine in England. We in the United States

should carefully examine the evidence of the failure of socialized medicine in England before we decide to embark upon such a bankrupt policy.

I wish to share with my colleagues the article, "A Cure for the Health Service," by Dr. Anthony Partridge, as it appeared in the London Daily Telegraph of May 8, 1975, and insert it into the Record at this time.

A Cure for the Health Service

(By Dr. Anthony Partridge)

I have been in practice in the National Health Service for as long as it has been in existence, both in general practice and in the hospital service, and I have been very conscious of the threat to standards of medical care as they affect the seriously ill patient. I had six years as a doctor before the "Golden Age" too, so that I think I can say that I am writing this article from experience.

Patients, until the persent troubles, used to think how lucky they were to have our National Health Service, but were they? Nearly every country in the world has a health service, that is to say the cost of medical care is subsidised in one way or another by Government. They should be lucky, certainly, but—outrageous though the statement may be—I think we have always been unlucky in having *this* National Health Service.

The underlying aim is good. Modern medicine is so expensive that we must have financial aid from national funds to help pay the cost of serious illness: *money burdens must not be added to the sadness and stress of sickness.* But we ought not to tolerate a service which does not give quality care to rich and poor, to dukes and dustmen, alike.

Let us examine the NHS and see how it stands up to this essential need. There are many good points: to take two examples, our Blood Transfusion Service is marvellous, and radiotherapy units are excellent (the private sector could not possibly afford Radium Bombs).

Let us look at general practice first. Here we have the number one evil, the capitation system of payment to doctors. By this method the doctor is paid £1.65 per patient on his list per year (a little more for the elderly). The doctor needs about 3,000 patients to make a living. It is quite easy to manage 3,000 patients, acting as a sort of clearing house, but it is quite impossible to doctor them, to listen to them, examine them and reassure them as we were taught to do as students. So the doctor is paid on *quantity,* not *quality.*

A proper first examination should take about 45 minutes, but in the NHS four minutes is the more usual pattern, and unlucky patients often do not get that but are given a prescription following a telephone conversation with the receptionist—treatment without diagnosis. This is not quality care.

And there is no consumer control because most of the doctors have got full lists and the patient who is foolish enough to complain runs the risk of being turned off the list, branded as a "trouble-maker" and being left without a doctor until the Government administrators allocate him to another doctor's list. Imagine how the patient must feel!

Most doctors are good, but they are beaten by the system. Each patient, sick and well, averages five items of service per year, therefore the doctor who has 3,000 patients can expect 15,000 consultations per year. With all the good will in the world it is impossible to give tender, loving care to the sick patients with so much work to get through. Many doctors try hard but are worked to death, and into the bad bargain are financially worse off than many of their colleagues who have lost heart and given up trying. These doctors "cope" with the 3,000 by the "disposal system," by giving drugs without examination—which is not only costly but highly dangerous—or by sending their patients to the hospital to do the sorting for them.

There is a reward in having young and healthy patients, but the old and the sick are most unrewarding financially—they are the work load. *The capitation system must go because it tends to make the elderly and the sick the unwanted patients.* It rewards the slack doctor and penalises the good doctor.

LOSS OF DOCTORS

Let us move on to the hospital service. Because general practice is unable to cope properly, the hospital has to carry too heavy a load. Much of the responsibility is given to junior doctors and 60 per cent of these have trained overseas. Of the doctors trained in the United Kingdom nearly one-third are going abroad for good, and to this can be added a growing number of top physicians and surgeons who are disenchanted with the present N H S. This loss of doctors is much more serious than a strike because it is a permanent loss.

When the patient eventually arrives in hospital for surgical treatment he must sign a consent form before the operation can take place which says: "No assurance has been given to me that the operation will be performed by any particular practitioner." But the discerning patient wants to make sure that he has the surgeon of his choice. That is why patients are private patients—it has nothing to do with caviar, silver teapots and continuously pressing the bell. The patient is scared stiff of being operated on by some doctor in training. Even politicians who want to get rid of private practice for the rest of us use it themselves when it is a question of the knife going into them.

So there are, to our shame, two standards of medical care in this country. In general practice, people are private patients because they want to avoid being a number on a list; they want to talk to their doctor, to be examined. In hospital they are private patients because they want to be sure they are operated on by someone properly trained whom they have chosen.

They may be lucky under the NHS. For such a difficult procedure as a heart transplant or the removal of a lung they will get an English-trained consultant almost for certain. But under the NHS the patient does not know who is going to do the operation or when it is going to be done.

May I suggest a remedy for the inadequacies of the NHS which would close the gap between the public and private sector? A new service could be created in which every patient is a private patient. This is the plan put forward, by the Fellowship for Freedom in Medicine, a medical organisation which puts the patient's right first and seeks to safeguard quality care in both the NHS and in private practice.

The idea of doing away with the capitation, panel system and changing it to NHS private practice is not a fanciful one: it works well in most of the Common Market countries and in Canada, Australia and New Zealand. I can hear the scream from the Health Department that it would not work! But from what I can gather, wherever it has been adopted, both the sick patients and the doctors are very happy with the system.

Roughly this is the scheme: There is no registration of patients: everyone is a private patient and free to go to any doctor without let or hindrance. The patient is billed in full unless he is unable to ante up any money (the very poor and the elderly). He then gets a refund from the Government for the cost of his illness on a percentage basis depending on his income tax assessment. The poor could be taken care of by the doctor having the option to bill the State direct. (I can accept that there may be faults in this proposed system: nowhere in the world has the perfect health service been devised.)

Under this plan everything falls into place. The sick patient suddenly becomes the most important patient since it is through him that the doctor makes his living. The patient regains his freedom and acquires consumer control. The good doctor gets his rewards and satisfaction. There is one standard of medical care and we can forget all about envy and rumors of queue-jumping and swollen waiting lists. This reformed NHS could become the reality of the Golden Age it is so far from being today.

At this moment the doctors are in dispute with the Government. Many are in an absolute rage. Their issue is not pay. It is about freedom; freedom for the doctor not to be forced to work for the State monopoly and above all freedom for the patient to have a fair alternative to the NHS.

More pay for the medical profession will do little to improve the lot of the sick patient.

OUR TIES WITH JAPAN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. LAGOMARSINO. Mr. Speaker, the following article by my constituent Gen. Henry Huglin contains an excellent discussion of the current status of U.S. relations with Japan:

Our Ties With Japan

(By Henry Huglin)

Tokyo.—Most Americans don't appreciate how deeply involved our country is with Japan—and how much we will continue to be.

We have become Japan's foreign mentor, and our relationship is multi-faceted.

We are tied together politically and militarily with a Treaty of Mutual Cooperation and Security. After Canada, Japan is our greatest trading partner. And we are linked on many levels of monetary, scientific, technological, educational, and cultural exchange and cooperation.

Although Japan is the third strongest nation in the world economically, she is only minimally armed, with less than 260,000 in her defense forces—far fewer than any of her neighbors, large or small. Hence, she is dependent on us for strategic deterrence of war or threat of war against her—and for keeping stability throughout the world, which will enable her commerce to flourish.

The nature of our countries' ties was well expressed in the announcement at the end of President Ford's talks in August in Washington with Prime Minister Miki: "Japan and the U.S., while sharing basic values and ideals, differ in their national characteristics and the circumstances in which they are placed; and yet the two nations, acting together, have drawn upon the strength inherent in such diversity to build a mature, mutually beneficial and complementary relationship."

Our country's involvement with Japan started in 1853 with our Commodore Perry's visit—which led to Japan's breaking her self-imposed isolation and opening up to a dynamic and sometimes turbulent involvement with the world.

From the 1890's to the 1940's she took a dangerous imperialistic path—with wars against China in 1894–5 and Russia in 1905, annexation of Taiwan and Korea, and then the war of conquest against China in the

1930's, leading up to the fateful attack on Pearl Harbor in 1941.

With her surrender and prostration in 1945, Japan came under our political direction and military occupation for seven years.

Under the remarkably wise, enlightened guidance of our government, she was demilitarized, democratized, and otherwise markedly redirected.

Japan's social system was reformed along democratic lines, with individual freedoms and rights guaranteed under a new constitution. Reasonably responsible political parties and labor unions were set up. The great industrial combines were broken up. And legal, educational, religious, and land ownership aspects were fundamentally changed.

Never before has a major nation so recast important features of another major nation in a benign, mostly constructive, and long-lasting way.

Japan's reorientation has been a great success for our nation—and, of course, for the Japanese, in their adaptability, resiliency, skill, and diligence.

The security treaty tie we have with Japan provides mutual advantages.

The Japanese have got the security they needed, under which they have been able to concentrate on their economic growth and raising their standard of living.

We have got military bases which are highly important to our on-going role in Korea and other parts of the Far East, and to stability in that area.

Further, the treaty has made unnecessary a major Japanese rearmament, which they didn't want and which would have upset the rest of Asia. But, as a result, their modest military forces take less than 1/6th as much of their gross national product as our forces do of our GNP.

Our nation has wisely put up with this situation, and provided both the nuclear deterrent umbrella for Japan and the basic regional stability—with about 50,000 of our land, sea, and air force troops based in Japan—to avoid the bad political consequences if Japan were strongly to rearm and build nuclear weapons.

So, the present armament is a practical and sensible one, and it should continue in the same basic pattern indefinitely.

Our countries have had our differences, but have no serious ones now.

President Ford's trip to Japan last November and Emperor Hirohito's visit to our country are manifestation of the links that we have forged between us.

Yet, our nations are an "odd couple." Our culture, history, language, and customs are starkly different. Still, this only makes more important the growth of our mutual understanding and tolerance of one another.

With cooperation and with friendliness in our trade competition, Japan and our country—along with Western Europe—will be able to do our collective best to cope with the great problems of this growingly interdependent world.

Yes, our ties with Japan are good, but we and the Japanese need to nurture them and avoid taking one another for granted.

VOTING RECORD

HON. PIERRE S. (PETE) du PONT

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. DU PONT. Mr. Speaker, while I was away from Congress on Friday, September 26, attending the Outer Continental Shelf hearings at Ocean City, Md., relative to my membership on the ad hoc Committee on the Outer Continental Shelf, I missed a total of 6 recorded votes in the House of Representatives. Had I been present, I would have voted as follows:

Rollcall No. 552—"yea."
Rollcall No. 553—"yea."
Rollcall No. 554—"yea."
Rollcall No. 555—"yea."
Rollcall No. 557—"yea."
Rollcall No. 558—"yea."

FIRST USE OF NUCLEAR WEAPONS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. BINGHAM. Mr. Speaker, there has been controversy in recent months over the strategic and tactical nuclear policy of the United States. At the center of the debate is the question of "first use" and "first strike." The following article in the July/August 1975 Arms Control Today by Herbert Scoville offers a thoughtful analysis of this debate:

"FIRST USE" OF NUCLEAR WEAPONS

(By Herbert Scoville, Jr.)

The post Vietnam-Mayaguez syndrome is now taking a new and very dangerous turn. Seemingly, to demonstrate our manhood and to reassure our allies of our support, the U.S. is flexing its nuclear muscles by threatening the "first use" of nuclear weapons in a wide variety of situations. The setback in Vietnam will force us to adopt a "stern and abrasive" foreign policy, Secretary of State Henry Kissinger is reported to have said in the final days of that debacle. Apparently, the Ford Administration has decided that nuclear saber rattling is an appropriate diplomatic tool for this purpose.

Ever since the initial development of the atomic bomb, the first use of nuclear weapons has been the subject of intense debate. Even now, some thirty years later, it is an unresolved question as to whether the U.S. should or should not have dropped the bombs on Hiroshima and Nagasaki. In 1953, President Eisenhower discreetly warned the Chinese, Russians, and North Koreans that unless progress was made in the armistice talks, the U.S. would feel free to use any type of weapons at its disposal [meaning nuclear] and not confine hostilities to the Korean Peninsula. All during the 1950s, nuclear weapons were brandished by Secretary of State Dulles and others as the counter to Sino-Soviet aggression with larger conventional forces. During this period the implicit threat of first use of nuclear weapons was a fundamental element of our foreign and national security policies.

As the Soviet Union procured an H-bomb capability of its own, the threat of a U.S. nuclear attack became less and less credible. During the Kennedy Administration, defense officials increasingly realized that conventional attacks must be deterred or resisted by conventional forces. Nuclear weapons were primarily regarded as useful to deter a nuclear attack, or to be employed only as a last resort when all conventional means had failed. The U.S. still maintained large nuclear forces in Europe, and somewhat smaller ones in Korea to discourage large-scale aggression, but agreement on plans for their use was never satisfactorily worked out. America's European allies had little stomach for becoming the battlefield for a nuclear conflict although they welcome the deterrent effect of the presence of tactical nuclear weapons which they hoped would be associated in Soviet minds with the risk of escalation to the strategic level.

MOVING AWAY FROM NO FIRST-USE

Meanwhile, the "firebreak" between conventional and nuclear weapons became stronger as the years passed without their use. Even during the long and difficult years of involvement in Vietnam, the U.S. never seriously considered dipping into its atomic stockpile—an option which was becoming less viable each day. When the U.S. signed Protocol II of the Latin American Nuclear Free Zone Treaty in 1968, it agreed not to use nuclear weapons against contracting parties to that Treaty. Thus, the U.S. cold war policy of maintaining the freedom of action to use nuclear weapons whenever it saw fit was gradually becoming eroded by custom and even by formal treaty commitment.

Now, however, there is evidence of a major reversal of this trend. Instead of just being reluctant to commit itself to a no-first-use policy, the U.S. has apparently started on a campaign of atomic threats. In March 1975, retired General Westmoreland mused that "the use of several small yield nuclear weapons conceivably could have put an end to the whole [Vietnam conflict]." Later, on June 9th, President Ford stated that one lesson America has learned from the Vietnam war is how to prosecute such a military engagement. Apparently, the President agreed that controlled escalation with conventional weapons is an unsatisfactory military tactic. Furthermore, ever since the political coup of Mayaguez, the public has witnessed a barrage of official statements concerning the possibility of U.S. nuclear responses to aggression in many corners of the world.

In May, a highly placed U.S. military officer in Seoul was quoted as warning that the nuclear option would be most seriously considered if war broke out on the Korean Peninsula; Secretary of Defense Schlesinger more modestly declared that while this would be carefully considered, the ground balance in the Korean Peninsula is not unsatisfactory. On May 29th, Schlesinger released his report to Congress on our nuclear force posture in Europe, in which he simultaneously sought to raise the nuclear threshold by urging improved conventional capabilities and endorsed the use of nuclear weapons even in response to Soviet conventional attacks. At the same time, it was leaked that Strategic Air Command (SAC) crews were being trained for limited nuclear strikes. President Ford, when queried on "first use" at his June 25th news conference, avoided a direct response but admitted that in the past eighteen months U.S. security policy had been changed to provide maximum flexibility for such use of nuclear weapons as our national interest might require.

This brandishing of nuclear weapons peaked on July 1st when Defense Secretary Schlesinger stated at a press breakfast that "first use" could conceivably involve strategic forces possibly in a "selective" strike at the Soviet Union. He attempted to differentiate between a "selective" and a "disarming" first strike, the latter not being achievable because of the invulnerability of submarine missile forces. The improved counterforce capability which Schlesinger is seeking through greater accuracy and higher yield MIRV warheads will, however, threaten the Soviet fixed, land-based ICBM force—a capability which his predecessor, Secretary Laird, said the U.S. should never seek. Soviet planners cannot avoid thinking that our military is prepared to initiate a nuclear strike against their ICBM force, apparently what Schlesinger wishes them to believe. Since Schlesinger, in testimony before the Senate Foreign Relations Committee in September 1974, characterized a similar Soviet attack against our Minuteman and bomber forces with several thousand megaton-yield weapons as "limited," the Russians may not be reassured by Schlesinger's term "selective strike." He has stated that they should not worry since they can adopt a "launch-on-warning" posture. If the Russians follow his advice and launch-on-warning, then his "selective" strike will only destroy empty silos while their warheads will be killing millions of Americans.

THE ILLUSION OF CONTAINING NUCLEAR WAR

To allay fears over initiating the use of nuclear weapons, Secretary Schlesinger argues that breaching the "firebreak" between conventional and nuclear weapons by a selective strike would not run a high risk of escalation to a major nuclear conflict. He believes that logic would override psychological pressures on decision makers for such escalation, which would require a conscious policy choice. He further asks why, since conventional escalation was controlled in Vietnam, similar control could not be exercised in the nuclear case. Such arguments ignore the fact that the time available for making decisions will be much shorter in a nuclear conflict. And even Secretary Schlesinger has admitted that "Soviet military doctrine does not subscribe to a strategy of graduated nuclear response", so escalation may be inevitable regardless of any U.S. restraint. Finally, since the fate of mankind may depend on the result, can we afford the risk that Schlesinger's judgment might be wrong?

The procurement of new counterforce weapons generates pressures for escalation since both sides will know that unless they preempt a major element of their force could be wiped out. While it might be possible to limit a conflict if nuclear weapons were used only in the battlefield situation, it would seem very unlikely, if not impossible, for it to be controlled once even a few strategic weapons were exploded on the homeland of either the U.S. or the Soviet Union. Even a limited nuclear strike would result in millions of casualties and the pressure to retaliate would be tremendous. A flexible strategic capability only makes it easier to pull the nuclear trigger.

Secretary Schlesinger's objective of raising the nuclear threshold by maintaining sufficient conventional capabilities to cope with non-nuclear aggression is commendable. However, this goal is being undercut by his nuclear saber rattling. The more America threatens to use nuclear weapons as a response to a conventional provocation, the less the U.S. or its allies will remain prepared to deal with such aggression by non-nuclear means. The forward deployment of tactical nuclear weapons in Europe and Korea can lead the U.S. to be inadvertently embroiled in a nuclear conflict. Presidential permission to use nuclear weapons will be difficult to deny when forward-deployed nuclear forces are in the process of being overrun. Tactical nuclear weapons should be available only as a last resort after careful presidential and allied review of all the consequences. Redeployment of nuclear weapons to rear areas would be a sounder method of raising the nuclear threshold than threatening a "selective" strategic attack. The use of strategic weapons should be decoupled from tactical situations to reduce the risk of a local conflict escalating to a worldwide holocaust.

UNDERMINING THE NPT

Furthermore, this rising crescendo of nuclear threats is undercutting efforts to prevent the proliferation of nuclear weapons. The more nuclear weapons appear to have political or military usefulness, the more non-nuclear weapons countries will become convinced that they too must take advantage of these benefits. The U.S. and other nuclear weapons countries are asking non-nuclear states to forego the option of acquiring nuclear weapons, but they are unwilling to make a commitment not to use such weapons even against these non-nuclear countries. The U.S. should make a declaration that it will not use or threaten to use nuclear weapons on non-nuclear weapons states, who are parties to the Non-Proliferation Treaty (NPT). This does not mean that the U.S. must renounce its "nuclear umbrella," or that allies of the U.S. would be unprotected against aggression by other nuclear states. Furthermore, to the extent that other nuclear nations make similar pledges, the nuclear theat to these countries is further reduced, providing an added incentive for nations to become parties to the NPT. Unless the spread of nuclear weapons can be halted, they will soon be considered as another conventional weapon. American security will then be greatly decreased since nuclear weapons are the great leveler, and the U.S. will become vulnerable to devastation by small nations or even sub-national groups.

Apparently, the Administration lesson learned from Vietnam is that the U.S. must never again be involved in a controlled-response, conventional war. Instead, it must be prepared to move rapidly with nuclear shock tactics to deter further aggression or wipe out the opposition. The groundwork is being laid for public acceptance of such a policy, which is the logical culmination of the goal of acquiring a flexible nuclear response. The warnings of the critics that this would increase the likelihood of a nuclear conflict are now coming true. Escalation to a nuclear level is now being considered less dangerous than a prolonged conventional stalemate. We are trying to find a way of making our nuclear weapons serve some political or military purposes, ignoring the catastrophic destruction that would result if these weapons are ever actually used.

We can't afford the dangerous luxury of using nuclear threats to demonstrate our resolve in the post Vietnam climate. Actions taken now to restore our national ego could irrevocably lead to our ultimate devastation.

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TRIBUTE TO FORMER REPRESENTATIVE EARLE CABELL, OF TEXAS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. BIAGGI. Mr. Speaker, I was saddened to learn of the death last week of our distinguished former colleague from Texas, Hon. Earle Cabell who died at the age of 68.

Earle Cabell served in the House of Representatives from 1964 to 1972. Prior to his election to the House he served as mayor of Dallas. He earned a reputation of being an excellent administrator and became recognized as one of the leading conservatives in the State of Texas. He established lines of communications between city hall and all the citizens of Dallas and his work helped to make Dallas grow into one of the finest cities in the Southwest.

In Congress, Earle Cabell was one of the most powerful members of the House District Committee. As a former mayor he was acutely aware of city finances and he quickly became an established foe of waste and mismanagement in the city of Washington. City officials learned early that Earle Cabell wanted full accountability for the fiscal operations of the Nation's Capital.

I had the pleasure of serving with Earle Cabell in both the 91st and 92d Congresses. I found him a personable man with a ready sense of humor. He developed many close friendships in Congress, many of which endured well after his departure from Washington.

The people of the Fifth Congressional District of Texas were represented with distinction by Earle Cabell. I extend my deepest condolences to his widow Elizabeth, as well as to his son and daughter.

ON THE NEED FOR ALTERNATIVES TO COMMUTER TAXES IN THE WASHINGTON AREA

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. HARRIS. Mr. Speaker, the House will soon act on the budget of the District of Columbia, which includes a tax on professional income and on nonincorporated businesses. The full District Committee failed to disapprove this proposed tax, which would discriminate unfairly against residents of Virginia and Maryland who work in Washington. Some members of the committee even have suggested legislative action to repeal that portion of the D.C. home rule charter which bans the imposition of commuter taxes.

I feel that either of these options is unacceptable. As a suburban representative in local government prior to my election to the Congress, I strove to promote cooperation between localities on matters of transportation, sewage treatment, and air quality control. The imposition of a commuter tax in any form by the District government will be a setback to the cooperative spirit that area leaders have worked to construct.

Mr. Speaker, I am aware that there are few things in politics more appealing than imposing a tax that someone else's constituents will have to pay. I feel, however, that there are workable and advisable alternatives to the commuter tax, and I would like to have inserted into the RECORD at this point an excellent editorial from the Alexandria Gazette which addresses this important issue:

[From the Alexandria (Va.) Gazette, Sept. 26, 1975]

SUBURBAN COMMUTERS TAXED ENOUGH AREADY

Even under the most ideal situations, the regional cooperation needed between the District of Columbia government and the suburban Maryland and Virginia localities is difficult to achieve. And if D.C. officials and some congressmen are able to get the Home Rule charter amended to allow a commuter tax, that regional cooperation likely will go the way of 5-cent cigars and 3-cent postage stamps.

The latest commuter tax proposal comes from Rep. Stewart B. McKinney, R-Conn.. and a member of the District of Columbia subcommittee. Although the bill has yet to be prepared and introduced, McKinney envisions a one per cent tax on all commuters working in Washington. That includes congressional staff workers who are not exempt from all District of Columbia taxes. McKinney staff members talk about the possibility of implementing such a tax on a segmented basis, having it apply to 20 per cent of the income the first year, 40 per cent the next year, and so on until it reaches 100 per cent.

McKinney says the only alternative to a commuter tax in the District is more federal monies from Congress. We disagree with him. We think there are other alternatives and fiscal responsibility by District of Columbia officials would head the list. And we think an effort by McKinney and D.C. officials to solve their fiscal problems by soaking the Virginia and Maryland commuters will create more problems than it will solve. There is a need for regional cooperation in the metropolitan area and it won't be furthered through the District taxing suburban commuters.

Suburban residents are taxed heavily already and an additional commuter tax on them would be an unfair burden. Rep. Herbert E. Harris, D-Va., who has vowed to lead opposition to the tax has called it taxation without representation by commuters. That's not a bad description.

We hope McKinney and other misguided congressmen who want to burden Virginia and Maryland commuters with the fiscal problems of the District of Columbia will reconsider. But if they feel compelled to seek a commuter tax, the opposition will be stiff in the suburbs. We urge Virginia residents and elected officials to waste no time in mobilizing to defeat the commuter tax proposal.

VETO TOBACCO BILL

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. PEYSER. Mr. Speaker, newspaper editorials in New York as well as in tobacco growing regions of this country are aghast at the manner in which a tobacco price-support bill passed the House and Senate. The following editorials are for the information of my colleagues. I hope they see fit to contact the President and advise him to veto the tobacco support bill, H.R. 9497. The editorials follow:

[From the New York Times, Sept. 25, 1975]

UP IN SMOKE

The peculiar priorities that operate in Congress when special-interest legislation is on the floor have rarely been more evident than is the sneak maneuvers through which a $70-million Federal handout is in process of being given to tobacco growers.

Federal farm support prices make little sense in any field in these inflationary days, but they make none at all in a field in which the Surgeon General is calling for intensified Federal action to curtail cigarette smoking as a health hazard. Yet House sponsors of a tobacco subsidy slipped their bill through that chamber two weeks ago under a unanimous-consent call, with few legislators even aware of what was up and the bill's one outspoken opponent, Representative Peter Peyser of New York, off the floor.

Four days later, with only four members present, the Senate passed the subsidy by voice vote. President Ford is planning a separate meeting with the measure's proponents and foes before acting on it. Agriculture Secretary Butz has indicated that he will urge a veto. That is unmistakably the right course.

[From the Raleigh (N.C.) News and Observer, Sept. 23, 1975]

TOBACCO ADVOCATES TRICKED CONGRESS

House and Senate action helpful to North Carolina tobacco farmers was mistakenly praised in this space last week. Legislation raising price support levels for flue-cured and burley leaf was passed because of parliamentary trickery, not on the basis of the bill's merit.

A presidential veto, which seemed probable even last week, is now assured. Worse, any floor vote to override a veto practically is guaranteed to fail in light of the unseemly tactics employed to enact the legislation.

First District Rep. Walter Jones, sponsor of the bill in the House, and Sen. Jesse Helms, who happened to be presiding over the Senate when the measure was slipped through there, performed a disservice to tobacco farmers in the guise of helping them.

Jones was a party to changing the number of the bill during the legislative process. When the measure came up for House action, hardly a tenth of membership was present and the contents of the bill weren't readily apparent. Jones "mumbled it through," as the saying goes, without technically violating any parliamentary rules.

On the Senate side with Helms presiding over a perfunctory session attended by only four senators, the bill was placed on the calendar and called up for immediate consideration. Apparently, the trickery took only two minutes on that side of the Capitol.

The short-term result was the appearance of effective representation by North Carolinians in the Congress, and subsequent uninformed praise of the Congress by those who thought the bill had been enacted on its merits. Misjudgment by Secretary of Agriculture Butz in setting last year's tobacco production quotas, and the economic havoc that inflation has played with the price support formula, justified enactment.

The right thing was done in the wrong way, however. Jones, Helms and anybody else knowingly involved in the matter acted in bad faith that seems sure to backfire. Not only will tobacco price supports not be raised, the impression will be given that tobacco farmers and their advocates are not to be trusted when they seek congressional legislation in the future.

OPERATION BURNING CANDLE: SCENARIO FOR TERROR

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. McDONALD of Georgia. Mr. Speaker, with the Democratic Party having selected New York City as the site for its 1976 Presidential nominating convention, the subject matter of a new book, "Operation Burning Candle," published in paperback by Pyramid Books, may become a matter of more than merely literary interest.

Characterized by the New York Times as "a fast moving psychological thriller," "Operation Burning Candle" is an account of a fictional terrorist gang in Harlem, composed entirely of black Vietnam veterans, who invade a Democratic Party National Convention in Madison Square Garden and assassinate a considerable number of white southern political leaders.

The motive for the terrorism? To smash the seniority system in Congress and "shift the political balance of the Nation to the left." A rather sophisticated aim for a commando unit.

Preceding the assassinations which are the book's climax, there are graphic accounts of riots, street protests, and the sabotage and bank robberies of the protagonists, a dedicated band of Marxists who finance their terrorist schemes through a series of brutal bank robberies.

In the words of the book's jacket:

> New York City banks are repeatedly raided with devastating efficiency . . . The subways are sabotaged at rush hour. . . During one five-minute period, false alarms clang from every box in the city . . . And every time a cadre of highly-trained, disciplined and bitter Black Vietnam Vets are responsible.
>
> Then the radio announcement came: "Stand ready, for we strike within the next seventy-two hours for our freedom . . . All power to the people."
>
> Seventy-two hours—and the police still didn't know how to stop Operation Burning Candle—or even what it was.

That the police, despite their use of savage brutality against the Negro protagonists, fail to stop the assassinations is not surprising when the background of the book's author, Blyden Jackson, is considered.

Blyden Jackson, identified in sworn congressional testimony as a member of the Communist Party, U.S.A., CPUSA, a former U.S. marine, has been an active worker for the Communist Party in Harlem since the early 1960's.

According to the Daily Worker—now the Daily World—the official newspaper of the Communist Party—July 3, 1966:

> Blyden Jackson * * * has a distinguished record in the civil rights movement. He has been chairman of CORE [Congress of Racial Equality] chapters in N.Y., including the "East River Rats," he has worked on the national staff of CORE, he was on the "March on Washington" staff in August 1963, he was a director of the Council on Jobs and Freedom in Harlem, and he is at present campaign director for Dr. Herbert Aptheker, [Central Committee, CPUSA] Peace & Freedom candidate in Brooklyn's 12th C.D. for Congress.

It is noted that there are two black writers named Blyden Jackson. Freedomways, the CPUSA publication directed toward the civil rights movement, clarified this in a recent edition:

> Corrections: In three numbers of Freedomways (1st quarter 1975, p. 69; 4th quarter 1974, p. 373; 1st quarter 1974, pp. 82–83), the two black writers named Blyden Jackson have been erroneously written about as one and the same. The young Jackson, born in New Haven, Conn., is author of the novels Operation Burning Candle (1974) and Totem (1975). There was a photo of him in the Third Press catalog. The older Jackson, co-author with Louis D. Rubin, Jr., of Black Poetry in America: Two Essays in Historical Interpretation (1974) and author of many literary essays, wrote a letter from the University of North Carolina to explain the two writers named Blyden Jackson.

The younger Jackson, the CPUSA organizer and author of "Operation Burning Candle," visibly active with the CPUSA including serving until 1967 as a staff writer for official CPUSA publications, has more recently been associated with the activities of the American Committee on Africa, the principal U.S. support group for African Marxist guerrilla terrorists.

Jackson has also written Totem (1975), "a politico-mythic tale (that) aims for the heart rather than the head and espouses wishes rather than facts."

Both "Totem" and "Operation Burning Candle" were published in hardcover by the Third Press.

The background of the Third Press, in light of the sort of books it specializes in publishing, is revealing.

The Third Press was founded in 1968 by Joseph Okpaku, a Nigerian who resides in New York City. The Third Press operates from 444 Central Park West, New York, N.Y. 10025. Among the books on the Third Press' small list are Verdict: "The Exclusive Story of the Chicago 8"; "Why Robert Kennedy Was Killed"; "The Battle for Cairo, Illinois," by Charles Koen; and "If They Come in the Morning" by CPUSA Central Committee member Angela Davis.

The funds that established Okpaku as a publisher with a demonstrated penchant for publishing both Marxist fantasy and "fact" came initially from the Ford Foundation and various other pillars of the liberal establishment.

According to Publisher's Weekly, May 1, 1972:

> The Third Press * * * received a ten-year $250,000 loan to consolidate the Press as a black-owned and managed trade book publisher * * *.
>
> "I am particularly pleased at getting this loan because we can now continue what we have been doing at the Third Press without the uncertainty which comes from a lack of funds," Mr. Okpaku told *PW*.
>
> "The Greatest joy to us is that this is the culmination of incredible efforts by a substantial number of people in the publishing world."
>
> Mr. Okpaku explained that, although the Press does not expect to alter its level of operation, the loan will enable him to continue his publishing plans with a greater sense of security.
>
> Besides the (Ford) Foundation loan [of $250,000], the same amount has been jointly committed to the Third Press by four other groups: the Cooperative Assistance Fund, United Church of Christ, Coalition Venture Corporation, and the Presbyterian Economic Development Corporation.

Here again is a clear example of liberals handing revolutionaries the razor with which to cut their throats. The Ford Foundation, and many other of the liberal foundations, time and time again have been found to finance revolutionary ventures designed to assist in the campaign to overthrow our constitutional form of government and our free enterprise system.

It is another clear example of pressure from above assisting pressure from below—with the American taxpayer subsidizing the grants. Overhauling the tax loopholes which enable the foundations to finance revolutionary endeavors is a very appropriate task for Congress.

THE NEED TO CONTROL NITROGEN OXIDE EMISSIONS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. BROWN of California. Mr. Speaker, in recent days there has been publicity about the presence of airbourne nitrosamines, a powerful cancer-causing chemical compound which can be formed from the emissions of nitrogen oxides from mobile and stationary sources. Nitrogen oxides are regulated pollutants under the Clean Air Act, and there have been some initial efforts to control their release into the atmosphere under this act. This has not resulted in effective control of NOx, but in spite of this the NOx auto emission standard is the prime target of the automobile industry in its attempts to amend the Clean Air Act. The Federal Government's research in this area has been less than thorough, and this failing by the Government is partly to blame for our current dilemma.

My concern about nitrogen oxides has been longstanding, but even with a considerable amount of prior knowledge about this subject, I was surprised to see the recent revelations about the presence of nitrosamines in the atmosphere.

Mr. Speaker, I do not know if the significance of NOx control is fully understood by this body. We will be voting on amendments to the Clean Air Act which, depending on our actions, may make the difference in some instances between life and death. For this reason, I would like to insert into the RECORD a short summary of the oxides of nitrogen issue, as well as two articles about airborne oxides of nitrogen. One of these articles is from a paper in my district which describes the aerosol nitrate situation. The other article is from the Washington Post and describes the new data on airborne nitrasamines, which can be formed from nitrogen oxides.

I would strongly recommend this material to my colleagues for their use in considering amendments to the Clean Air Act.

The material for the RECORD follows:

OXIDES OF NITROGEN SUMMARY, PUBLIC INTEREST RESEARCH GROUP, JUNE 17, 1975

Present ambient air quality standard for oxides of nitrogen (NOx)—annual nitrogen dioxide (NO_2) standard of 100 ug/m^3:

When the Environmental Protection Agency (EPA) first recommended relaxation of the statutory 0.4 g/m NOx standard, the Agency said there were only 2 to 4 cities that violated the annual NO_2 standard. EPA alleged that an erroneous measurement technique led to overestimation of ambient NO_2 levels by a factor of two but that the ambient standard should not also be reduced by the same factor even though it was based on the incorrect measurement technique.

Since the relaxation recommendation, EPA has steadily revised upward the number of cities that will violate the annual NO_2 ambient standard with a relaxed NOx emission standard until the number now stands at 16. EPA also admits that meeting the statutory NOx standard on schedule will reduce the number of cities violating the annual NO_2 standard in 1985 to 6 with 2 of these 6 being within 10 percent of the standard. (This uses central business district growth rates for vehicle miles traveled. Using higher metropolitan growth rates the number of violating cities climbs to 9 with 4 of these being within 10 percent.) Going to 2.0 g/m NOx emissions for 1977 through 1985 will result in all 16 cities still violating the annual NO_2 standard in 1985 with no more than 7 being within 10 percent of the standards (using the metropolitan growth rates).

Short-term nitrogen dioxide ambient standard:

Short-term NO_2 exposures cause adverse health effects even in areas where the annual NO_2 standard is being met. The National Academy of Sciences has repeatedly recommended that a short-term NO_2 standard be set to protect the public health. Dr. Carl Shy of the National Research Council-National Academy of Sciences Panel on Nitrogen Dioxides has suggested ambient NO_2 standards of 375–475 ug/m^3 for one hour, once a year, and 140–280 ug/m^3 for repeated two-three hour exposures.

Comparing NO_2 monitoring data to Dr. Shy's suggested standards reveals repeated violations thereof in many urban areas where the annual NO_2 standard is not being violated in 1972–73. For example, Philadelphia had an annual NO_2 level of 89 ug/m^3 in 1972–73, less than the 100 ug/m^3 annual standard. But from January 1973 through December 1974, Dr. Shy's suggested once a year standard of 375 ug/m^3 was exceeded 4 times while his suggested repeated two hour standard was exceeded well over a thousand times in 1973–74. Other cities not presently violating the annual NO_2 standard would similarly violate a short-term standard repeatedly if one were set.

A short-term NO_2 standard would have an even greater impact on mobile source than what the above information indicates because there is a direct relationship between short-term NO_2 peaks and rush hour generation of NOx by motor vehicles.

Nitrates-nitric acid:

Just as is the case with short-term NO_2 exposures, adverse health effects are being observed in EPA health studies from nitrates and nitric acid in areas where ambient NO_2 levels are below the annual NO_2 standard. In comparison to the threshold health effects range of 2.15 to 7.63 ug/m^3 for 8 hours, Los Angeles has recorded nitrate levels averaging 47.3 ug/m^3 for 2 hours and 19.2 for 24 hours.

Battelle Laboratories has measured nitric acid in many areas of the nation. In Los Angeles, they measured nitric acid levels as high as 0.02 ppm or about 50 to 60 ug/m^3. Levels of about 20 ug/m^3 were measured in such disparate localities as St. Louis and Dayton, Ohio. EPA has indicated that nitric acid is a significant contributor to the acid rain problem in this country. Again, the National Academy of Sciences has recommended that consideration be given to setting an ambient standard for acid aerosols including nitric acid and acid nitrates.

Nitrosamines:

Nitrosamines are an exceptionally dangerous class of carcinogens which can be formed from NO_2 and secondary amines. Dr. Samuel Epstein of Case Western Reserve argues against relaxation of the 0.4 g/m NOx standard because there are several mechanisms by which nitrosamines could be formed from NO_2 and secondary amines in the body. Recent German studies have discovered nitrosamines in the ambient air in relation to ambient NO_2 levels. Any relaxation of the NOx standard would lead to more NO_2 in the ambient air which could produce cancer causing nitrosamines.

Health effects of nitrogen oxides as a class:

Dr. Utidjian of Tabershaw/Cooper Associates, a group of physicians consulting to the National Institute of Occupational Safety and Health succinctly compared the health effects of nitrogen oxides to sulfur oxides:

If we have to compare sulfur oxides as a class and nitrogen oxides as a class, superficially there are similarities. They are both irritants, bronchio-constrictors histamine-releasing gases, and they affect the same kind of people.

But in addition, the nitrogen oxides are very, very potent multifarious biologically active chemicals, which produce a whole range of quite bizarre new species in animal organisms.

The methemoglobin situation, the nitrohemoglobin, nitromethemoglobin and nitrosamines are a few examples. And nitrous acid, which—NO_2 as the mixed nitrous acid, and nitrite ion are potent mutagens in vitro.

Engines capable of meeting the statutory 1978 emission standards:

EPA has identified at least eight engine systems that can meet the statutory 1978 standards including at least six alternatives to the traditional internal combustion engine. These systems are:

1. Honda CVCC (stratified charge) with EGR in subcompact vehicles.
2. Gould dual catalyst system in all size vehicles.
3. Prechamber diesel with EGR in small vehicles.
4. PROCO stratified charge with oxidation catalysts.
5. Turbine.
6. Steam or Rankine.
7. Questor system in small vehicles.
8. Stratified charge rotary.

To this list, the National Academy of Sciences has added another system:

9. Three way catalyst in all size vehicles.

Relaxing the 0.4 g/m NOx standard will not ensure the production of one of the six alternatives to the internal combustion engine (as presently produced) listed above. Indeed, relaxation of the NOx standard would have the reverse effect since alternative engines do not have significant competitive advantages at higher emission levels while they do require very large capital investments (about 2 billion dollars for the stratified charge) to bring them on line. In regard to Ford's work on the CVCC, EPA stated that it was "doubtful that Ford CVCC introduction would occur at the 2.0 NOx level. Conventional engines can obtain the 2.0 NOx level at as good or better fuel economy than that demonstrated by the 400 CID Ford CVCC's"

Environmental Protection Agency, Automobile Emission Control—The Technical Status And Outlook As Of December 1974, January 1975. A similar conclusion was reached in the May 9, 1975, EPA report, "A Review And Analysis Of The Good Faith Of The Automobile Industry In Attempting To Comply With The Statutory 0.4 NOx Standard."

Fuel economy associated with meeting the 0.4 Statutory NOx standard:

Compared to 1975 vehicles, there is no fuel penalty in meeting the statutory 1978 standards including the 0.4 g/m NOx standard. In the January 1975 report cited above, EPA made the following three key observations about fuel economy and the statutory emission standards.

1. There is no inherent relationship between exhaust emission standards and fuel economy.
2. Delaying or relaxing emission standards cannot guarantee that gains in fuel economy will be made.
3. Achieving the 1977 or 1978 emission standards with fuel economy equal to or better than current (model year 1975) vehicles is possible.

Two additional reports indicate that a 40 to 60 percent gain in fuel economy can be achieved while meeting the statutory emission standards. The reports are:

1. Environmental Protection Agency/Department of Transportation, Potential For Motor Vehicle Fuel Economy Improvement, October 24, 1974.
2. Federal Energy Administration, Potential New Car Fuel Economy, November 6, 1974.

These conclusions about fuel economy and emission control were also supported by the National Academy of Sciences June 5, 1975, report on air quality and automotive fuel economy.

When the Department of Transportation or Federal Energy Administration allege there is a significant fuel penalty (up to 30 percent), they are backtracking from their earlier positions and fail to consider the fuel efficient emission control systems which can be put on cars to meet the statutory 1978 emission standards. Indeed, both of these agencies have met solely with the staffs of the auto companies and have failed to meet with the technical staffs of the emission control manufacturers who have the hardware which the EPA and NAS say can meet the statutory emission standards with little or no fuel penalty.

Sulfuric acid emissions at the statutory 1978 standards:

One of the major benefits of going to the statutory 0.4 g/m NOx standard is that the technologies most likely to be used to meet the standard in the near-term (dual-catalyst and three way catalyst) have sulfuric acid emissions substantially lower than present oxidation catalysts on 1975 models. In fact, the three way catalyst has virtually no sulfuric acid emissions. This would substantially lessen the need for long-term desulfurization of motor vehicle fuel.

Stationary source emissions of nitrogen oxides:

Although stationary source emissions of NOx exceeds motor vehicle NOx emissions on a national basis, they are much more difficult to control. The three basic stationary sources of NOx are power plants, industry and area sources. According to EPA, power plant NOx emissions can only be reduced by 51 percent in the 1980's, industry by 8 percent and area sources by 0 percent. Application of the best available technology to new sources would reduce power plant NOx emissions by 75 percent, industry by just 8 percent and area by 6 percent. If power plants are converted to coal, then NOx emissions double, effectively negating any control.

In addition, NOx emissions from motor vehicles are proportionally higher from 6 to 8 A.M., the time at which peak levels for NO occur. The slightly later peak of NO_2 is due to these earlier NO emissions. A short-term NOx standard would have to focus on these early morning motor vehicle NOx emissions. This is particularly difficult for Los Angeles where the mobile source NOx emissions from 6 to 8 A.M. are 83 percent of all NOx emissions during that time.

[From the (Riverside, Calif.) Press, March 2, 1975]

Riverside Aerosol Nitrate Pollution Highest in Basin

(By Bob Craven)

Riverside air has more of a potentially hazardous pollutant than air in the western part of the South Coast Air Basin, according to a new study recently completed for the state Air Resources Board.

The pollutant is nitrate aerosol, a tiny particle that is one of the group known as aerosols that impair visibility and can damage health, said the report.

"The measurements show that nitrate aerosol is substantially higher on the eastern side of the basin, including Riverside, than elsewhere," explained George Hidy, a chemical engineer who was the principal investigator in the study.

"There's much more nitrate material out there than in other parts of the basin, and this represents a matter of concern. Presumably it will act as a respiratory irritant as well as degrade visibility."

Hidy said the nitrate particles contain acid and are small enough to penetrate the membranes of the lower respiratory tract, where oxygen enters the blood stream. They could interfere with this essential life function, he said.

The study was conducted by Rockwell International Science Center under a $2.3 million contract with the ARB. It was the first extensive investigation of aerosols, clouds of tiny airborne particles about which little has been known. It involved more than 3,000 air samples taken during 1971–73.

"Although these clouds make up only a small fraction of the trace constituent loading in air," the study said, "they contribute significantly to environmental degradation as a potential hazard to health, a visibility reducer, and a possible agent for weather modification."

The bulk of aerosols are formed by chemical reactions, said the report. Besides nitrate particles, which come from emissions of nitrogen oxides, aerosols consist of sulfate particles, which result from sulfur dioxide and carbon particles, which are formed from hydrocarbon vapors.

Smaller amounts come from particles contained in smoke, soot, and emissions of leaded gasoline.

[From the Washington Post, Sept. 20, 1975]

CANCER-CAUSING AGENT FOUND IN BALTIMORE AIR: EPA PROBES CHEMICAL EFFECTS

(By Stuart Auerbach)

The Environmental Protection Agency yesterday accelerated its efforts to determine the extent to which the nation's air and water supplies are polluted with nitrosamines, powerful cancer-causing agents that have been found in the air over two American cities.

A report that nitrosamines have been found in the air over Baltimore and Belle, W. Va., a suburb of Charleston, spurred the EPA into action.

The report was made Thursday at an EPA sponsored conference in Las Vegas by Dr. David Fine of Thermo Electron in Waltham, Mass., and Dr. Samuel Epstein of Case Western Reserve University in Cleveland.

Nitrosamines, formed in the air by the chemical combination of industrial and automobile pollutants, are considered through tests on animals to be one of the most powerful known cancer-causing agents. However, there is no direct evidence of its effects on man.

Joseph Fraumeni, chief of the epidemiological section of the National Cancer Institute, said animals injected with nitrosamines, especially the dimethyl type found over Baltimore, have developed cancer.

"If it is cancer-producing in animals," he said, "you'd better watch out in man. It is a suspect agent, and you better stay away from it if you possibly can."

The EPA said last year: "As a family of carcinogens [cancer-causing agents], the nitrosamines have no equals."

The Food and Drug Administration called nitrosamines "one of the most formidable and versatile groups of carcinogens yet discovered and their role as environmental hazards in the etiology [cause] of human cancer has caused growing apprehension among experts."

Until recently nitrosamines had not been found in the air because the techniques to detect them were too primitive.

They had, however, been found in waterways, mostly from the runoff of a combination of nitrates used as agricultural fertilizers with amines, a widely used industrial chemical.

Some researchers claim that nitrosamines get into the human digestive system when sodium nitrate is used as a preservative for meats such as hot dogs and cold cuts.

The World Health Organization has estimated that as much as 80 per cent of cancers are environmentally caused.

John Quarles, the deputy EPA administrator, said yesterday that the Fine-Epstein study represents "a very significant breakthrough" in the methods of detecting low levels of nitrosamines. It means that the EPA can begin hunting for nitrosamines in the air over American cities.

Using a new detecting device developed by Fine and his associates, the two scientists studied air samples from five U.S. cities. Waltham, Mass.; Philadelphia and Wilmington, Del., were found free of nitrosamines.

But, Fine and Epstein said, "the high value of 0.96 parts per billion of DMN (dimethyl nitrosamine) reported in Baltimore gives rise to considerable cause for concern since DMN is known to be a highly potent carcinogen."

Levels found in Belle, W. Va., were lower than Baltimore's.

EPA officials expressed surprise that no nitrosamines were found in Philadelphia or Wilmington since these cities are in the heart of the East Coast chemical industrial belt. Baltimore, a heavily industrialized city, has the highest cancer death rate of any city in the nation.

ADMINISTRATION PROPOSAL FOR $100 BILLION ENERGY SUBSIDY FOR PRIVATE UTILITY, OIL AND GAS INDUSTRY DRAWS SHARP CRITICISM

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. EVINS of Tennessee. Mr. Speaker, President Ford in a recent speech in San Francisco, Calif., proposed the establishment of a new $100 billion Government corporation to provide loans and guarantees to the energy industry in the United States which already is reaping huge profits.

Rather than subsidizing these giants in oil, coal, natural gas and other fuel sources, the Government should be moving to break up the huge monopolies that have developed—including energy conglomerates and multinational corporations which have acquired vast holdings in oil, coal, natural gas, and uranium reserves.

We have seen what these giants in the energy field with their administered prices can do when they control the market—the prices of gasoline and electric energy are excellent examples of soaring costs to the American people.

It is reasonable to assume that a part of this $100 billion would go to the corporations that want to move into the uranium enrichment field—uranium enrichment plants refine uranium for use in nuclear powerplants.

At the present time, the United States has three such plants located at Oak Ridge, Tenn.; Paducah, Ky.; and Portsmouth, Ohio—and additional facilities will be needed as the nuclear power technology grows and more and more nuclear powerplants come on line.

It has been proposed that the Government uranium enrichment plants be sold to private industry—and that the next facilities be owned by private industry.

Private ownership of these plants is not in the public interest and would place in the hands of the energy monopolies further control over energy sources.

With the sale and loss of these Government-owned plants to private industry, prices of enriched uranium would skyrocket—just as the prices of gasoline, coal, and other fuels controlled by these giant firms have increased, along with their profits.

The uranium enrichment process and the plants were developed from Government funding, taxpayers' dollars, and to turn over these processes to the energy giants and provide them with Federal financing guarantees and loans in addition would constitute a giveaway of the public interest.

It is worthwhile to note that these Government plants are self-sufficient—they pay for themselves through the sale of enriched uranium to utilities in the United States and through some $5 billion in enriched contracts with European countries.

Certainly the American people would be served best by the continued operation of the uranium enrichment process by the U.S. Government.

As the Washington Post points out in a recent editorial, energy research and development is generously funded through the Energy Research and Development Administration and there is no need for a gigantic new energy corporation to subsidize the giants of the energy industry. Indeed, it would be contrary to the public interest.

Because of the interest of my colleagues and the American people in this most important matter, I place the Post editorial in the RECORD herewith.

The editorial follows:

FEDERAL FINANCING FOR ENERGY?

President Ford's proposal for a federal energy investment corporation is a remarkably bad idea—born, apparently, of confusion and frustration. The President wants, understandably, to see some movement. But he's looking in the wrong direction. The beneficiary here would be an industry dominated by some of the biggest companies in the world. Federal loans are, after all, federal subsidies. New subsidies to the oil, coal and nuclear power producers are precisely what the country ought not get into.

This whole concept is strangely uncharacteristic of the Ford administration. It calls for $100 billion worth of federal financing for the energy industry over the next 10 years. The basic assumption is that, without this support, the country cannot achieve independence in energy by 1985: Independence is defined as a reduction of imports to a point at which no single coalition of producers—that is, the Arabs—would be able to hold the United States hostage to another embargo.

The capital requirements of the energy industry have been repeatedly analyzed, and the weight of the evidence suggests that Mr. Ford is simply wrong. Last November the Federal Energy Administration published its "Project Independence Report," a massive economic survey. It concluded that, with a price of oil only slightly higher than the present level, imports could actually be brought to zero by 1985. These high prices would generate investment and production while damping down demand. The whole Ford oil policy until now has been based on this strategy. Mr. Ford offers no explanation why huge federal loans and guarantees are now suddenly necessary.

The same ground was covered by the Federal Energy Research and Development Administration in the plan that it published just three months ago. ERDA said that it had reviewed the FEA's estimates of capital requirements, as well as those of several banks and private consultants, and it concluded: "The censensus of these studies is that the capital markets will be capable of meeting the energy investment demands within the range of the historic proportion of energy investment to total business investment. If these projections turn out to be reasonably accurate, the other sectors of the economy will not be greatly affected in competing for available funds."

Both the FEA and ERDA observed that the electric utilities may be special cases requiring special help. But it also needs to be noted that the utilities' troubles are not solely financial. They still do not know how much power the country will want to buy, at the high prices toward which it is moving. One school of thought holds that, as consumers get over the shock of the price increases, they will revert to the steady increases of 7 per cent a year that they followed up to 1973. But another school is reading the current figures, which show very little increase over the past two years. Some of the recent cancellations of new generating plants have resulted, not from a fiscal squeeze, but from doubts over future markets. There may be a case for federal loans to certain hard-pressed electric utilities. But that's a far cry from shoveling out $100 billion to everybody in the energy industry.

Part of the utilities' current troubles arise from the unforeseen complications of nuclear engineering. The President takes it for granted that the country needs a huge expansion of nuclear generation, regardless of their rising prices. But there is another way to look at the pattern of inordinate construction delays, the succession of newly discovered hazards, and the spectacular cost overruns. Perhaps these accumulating troubles are a signal and a warning that nuclear power is not going to be the ideal power source of which everyone has been dreaming. The President is urging federal loans to build nuclear facilities that, on conventional financial terms, look increasingly uneconomical.

If the President's investment plan suggests a degree of confusion in the administration's energy policy, it reflects double confusion in its fiscal policy. The administration doesn't want to bail out the American cities, which are crying for help, but it is panting to bail out the energy industry, which hasn't asked for it. The administration resists larger federal deficits to stimulate the economy and employment, on grounds that the capital markets can't stand the additional borrowing. But it wants to raise $100 billion in risk capital for energy projects. And it wants to do that in the face of findings from its own agencies that, with the possible exception of the electric utilities, the energy industry doesn't need it.

What's going on here? Mr. Ford appears to be chafing at the long stalemates with Congress over legislation. Winter's coming, and this time the country may suffer a serious fuel shortage. He wants action. But action for action's sake is an expensive diversion. There is a proper role for the federal government in the development and demonstration of new technology. ERDA is already spending $1.6 billion on it this year. But beyond the pilot demonstrations, commercial applications are the responsibility of a private industry that is notably well equipped to take care of itself.

EMMA LAZARUS AND THE BICENTENNIAL

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. BROOMFIELD. Mr. Speaker, I would like to bring to the attention of the House an interesting article by Mr. Philip Slomovitz, editor of the Detroit Jewish News. The article, one of a series on the Jewish role in the Bicentennial details the contribution of Emma Lazarus, the Poet of Freedom, and author of "The New Colossus," the poem engraved on the Statue of Liberty. The text of Mr. Slomovitz's article follows:

Jewish Role in Bicentennial: Liberty Bard's Dramatic Debut

(By Philip Slomovitz)

Emma Lazarus is a name indelibly recorded in American-Jewish history. "The New Colossus" which has given her world fame as a champion of rights for the homeless is engraved for all generations on the Statue of Liberty on Bedloe Island in New York Harbor.

The basic facts are recorded and frequently repeated as a reminder of the eminent poet's role as an interpreter of Jewish ideals.

She was born in New York City, July 22, 1849, wrote her first poem when she was 14, and in 1871 her first book of verse came off the press. The year 1971, therefore, marked the centenary of her emergence as a poet of note whose writings were commended by Ralph Waldo Emerson and other noted American writers.

Fifteen years later she was to become world famous for her poem "The New Colossus" which was engraved on the Statue of Liberty to be read by millions to this day.

During its Bicentennial this nation observes the 104th year of the appearance on the American scene of the eminent lady whose verses grace the plaque of the imperishable statue that was the creation of Frederic August Bartholdi and was the gift of France to the United States.

This statue is 50 feet higher than the Colossus of Rhodes to which Emma Lazarus referred in the first line of her famous poem:

Not like the brazen giant of Greek fame,

With conquering limbs astride from land to land,

Here at our sea-washed sunset gates shall stand,

A mighty woman, with a torch, whose flame

Is the imprisoned lightning, and her name

Mother of Exiles.

When her poem "The New Colossus" was chosen for the Bartholdi monument, it was a bright occasion for the noted poet who died in her 38th year—Nov. 19, 1887—only one year after the poem was immortalized on the national monument, the Statue of Liberty Enlightening the World.

It was on Oct. 28, 1886, that President Grover Cleveland formally dedicated the Statue of Liberty.

Emma Lazarus, one of the unforgotten geniuses of American Jewry, was the daughter of Moses and Esther Lazarus, Orthodox Jews of aristocratic Portuguese lineage. Raised in wealthy and sheltered surroundings, she was educated by private tutors and spent her youth among the well-to-do.

She reached the peak of her greatness as the result of the awakening within her of the Hebraic spirit. It was always latent but was not brought to the surface until she was shaken out of her reticence and literary naivete by the pogroms in Russia and Romania from 1879 to 1882. The tragedy of these events stirred her so deeply that she turned her poetic genius to the defense of her people.

Fully a decade before Dr. Theodor Herzl convented the First World Zionist Congress in Basle, in 1897, Emma Lazarus' imagination was fired by the Palestine idea and she wrote a series of "Epistles to the Hebrews" in which she outlined a plan for the repatriation of the Jews in their ancient homeland.

In prose and in verse she pleaded for justice to the Jew. The vigor of her writings and the sincerity of her pleas gave notice that a giant advocate had arisen to defend the rights of the Jews. In poem after poem, she counseled a Zion rebuilt, depicted the tragedy of a harassed Israel and created word pictures which, for prophetic and beautiful expression of the ago-long cry of the Jews, have seldom been equalled.

The writing of "The New Colossus" was a direct outgrowth of Emma Lazarus' belated but passionate concern for the safety of her fellow Jews. Despite her delicate health, she spent many days visiting the haggard and ragged Jewish immigrants from Russia and Romania who crowded the immigration station on Ward's Island in 1881 and 1882.

Those were the years when Americans were asked to contribute to the $300,000 fund to build the pedestal on which the Statue of Liberty was to stand. Money was slow in coming. Many devices were used to raise the fund.

Constance Gary Harrison was one of the group of public spirited women who arranged rummage sales and sold souvenirs to secure the necessary funds for that purpose. She was collecting poems, drawings and stories for publication in a souvenir book to be sold for the benefit of the pedestal fund. Emma Lazarus was not keen to write for souvenir books and at first declined Mrs. Harrison's request for a poem. But when Mrs. Harrison reminded Miss Lazarus "of the Goddess standing on the pedestal down yonder in the bay and holding her torch to those Russian refugees of yours whom you are so fond of visiting," the Jewish poet was galvanized into action. "The New Colossus" was her contribution to Mrs. Harrison's souvenir book and it soon became the poem to be fastened to the inside of the base of the Statue of Liberty.

It is one of the ironies of fate that the life of the brilliant Jewess Emma Lazarus, Liberty's Bard should have been cut short at the age of 38.

The New Colossus has only 14 lines but in them are expressed with prophetic instinct all of the indestructible and noble ideals symbolized by the Statue of Liberty.

These lines written by Emma Lazarus 90 years ago remain the credo of Americanism and a stirring memorial to their author now being honored on the 104th anniversary of the publication of her first book.

IS THERE A HEALTH CARE CRISIS IN THE UNITED STATES?

HON. DAVID E. SATTERFIELD III

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. SATTERFIELD. Mr. Speaker, our colleague, Philip M. Crane of Illinois, has written a provocative article titled, "Is There a Health Care Crisis in the United States?" which was recently published in the Senior Independent. Mr. Crane makes what I consider to be pertinent observations about some of the questions which have been raised recently about health care in the United States. As we approach consideration of national health insurance, the points made by Mr. Crane should be noted. The article follows:

Is There a Health Care Crisis in the United States?

(By U.S. Representative Philip Crane)

The discussion concerning national health insurance has entered a phase in which the real point at issue is no longer debated at all.

The basis for dispute, it seems, is over which form of nationalized medicine should be approved, not over whether or not any form of governmental control of our medical system should be entered into.

Those who advocate a national health care system, however, regardless of the differences in their specific proposals, do so under the assumption that there is a health care crisis in the U.S. They point to an alleged maldistribution of doctors, an insufficiency of health care professionals, and soaring medical costs; but under closer inspection they have failed to meet the burden of proof necessary to alter our current private practice system of medical care.

A careful study of our own health care system and a comparison to the nationalized systems in sister nations such as Great Britain indicate first, that there is no health care crisis in the U.S., and secondly, nationalization has failed to solve these types of problems in nations where it has been tried.

Let us consider first the maldistribution of doctors alluded to by so many of those who advocate socialized medicine. Statistically, there are only 132 doctorless counties in the entire United States, and of these, one-third are adjacent to major metropolitan areas where the residents have easy access to physicians. For the rest, one must realize that these counties contain only .2% of the population of the U.S., and essentially they are doctorless for the same reason they don't have movie theaters and supermarkets. The population simply doesn't warrant it, and it would be a gross misallocation of scarce resources to tell a physician or dentist to relocate there just so we can boast that we have no doctorless counties.

This is not a problem that nationalized medicine will solve. This is a problem that nothing short of totalitarianism can cure; for the only solution is for the government to decide where any physician can live and work. Any system of government medicine short of that would inevitably provide disincentives to relocation, because it would inevitably provide disincentives to relocation, because it would equalize the pay to physicians and dentists. It is only through a system of private enterprise where there can be a financial inducement provided, that communities which feel the need for medical services are going to find it easier to persuade health care professionals to contemplate relocation.

Similarly, supporters of national health insurance allege a shortage of doctors. In fact, in the past ten years the number of doctors in the U.S. has increased by 17%—roughly three times the overall population growth, and according to the American Medical Association's statistics, our doctor-patient ratio is now 1/581. In Great Britain, which has had socialized medicine since the end of World War II, there is only one doctor for every 750 patients.

That ratio is worsening as doctors continue to leave England in large numbers, primarily because of serious interference with the private practice of medicine. The same is true with regard to Sweden, and the doctor-patient ratio in the Soviet Union is far below that of the U.S.

But the argument most frequently advanced by proponents of a national health care system, is that sky-rocketing medical costs would somehow be held down. However, between 1967 and 1970, government statistics show that physicians' fees rose by about 21% which is exactly the same percentage as the rise in hourly earnings of workers on private payrolls. The most substantial escalation of health costs has not been in the charges of physicians, but in the daily room charge of hospitals. The reasons are many and diverse. One is the general inflation, which increases the cost of everything the hospital must purchase, from bed linens and beds to food to complicated medical equipment.

Another reason is that hospital workers, whose wages account for nearly 70% of a hospital's budget, have become unionized and are demanding massive wage increases. No form of nationalized medicine which has been suggested thus far calls for a significant decrease in salaries. Accordingly, none would have the result claimed for them of lowering hospital costs.

A basic fact that must be faced is that nothing is free, particularly nothing provided by the federal government. You pay for government expenditures directly in taxes and indirectly through spiralling uncontrollable inflation.

Under a national health care system you would pay for medical care indirectly through increased taxes rather than directly to the doctors and hospitals involved, except that you would also be paying through taxes for the vast administrative bureaucracy that would necessarily be established.

The price tags for the various national health insurance schemes now before the Congress are vague. Estimates of the annual cost of providing "free" medical care to everyone in the United States range from 15 billion dollars to $40 billion a year. It must be kept in mind that costs of government programs tend to rise significantly above initial estimates. Anyone who believes that the government is capable of efficient management need only look at our bankrupt social security system or the fiasco that is our postal service. If government were to handle the delivery of health services what cause is there to believe that government would be any more effective or efficient than it now is in delivering the mail?

In the end, would American health services be better than under our present system? A report on the National Health System by Professor John Jewkes, who served on Britain's Royal Commission on Remuneration of Physicians and Dentists, concluded that the average American now has more medical services than the average Briton and the gap between the two has been widening since the inception of the National Health Service.

The average British doctor is responsible for about 2500 National Health Service patients, and may see as many as 100 in his office every day besides making house calls. This leads to a serious deterioration of the doctor-patient relationship. The doctor who treats an ill Briton has never seen him before and will probably never see him again. He knows little of the family medical history, and has no incentive to spend any extra time with the patient as he has no chance to develop a personal interest in the patient or his problem.

Within less than three years after Britain's national health insurance program went into effect, the Ministry of Health had announced that 553,557 people were on the waiting list for hospital beds—100,000 of them in London alone. Since then, medical facilities throughout Britain has declined at a disastrous rate. Harold Gurden, a Member of Parliament from Birmingham, has called for an investigation into waiting lists for children to have ear operations. In 1969, Gurden said 50 Birmingham children per year were going permanently deaf because they were unable to receive hospital treatment in time.

At the present time, there are more than 500,000 people in Great Britain on waiting lists for "non-urgent" surgery, such as hip replacements for arthritis, tonsillectomies, and gall bladder surgery, and the waiting time averages about two years. More and more Britons are seeking medical care outside of the National Health Service in order to enjoy prompt treatment and a choice of doctors. Physicians are limited, however, to obtaining no more than 11% of their total salary from private practice, and their government fees are scandalously low. For this and other reasons, there is a mass exodus of doctors from Great Britain, amounting to one-third of the annual output of the nation's medical schools.

Even without national health insurance, we in the U.S. are witnessing serious infringements upon the traditional doctor-patient relationship, which should serve as warnings to us of the results of government intervention in medicine. One of these infringements is found in the program of Professional Standards Review Organizations.

This law requires that medical care be standardized for Medicare and Medicaid patients. Their doctors are forced to comply with a system of pre-set standards of medical diagnosis, treatment, and care in accordance with rules set by the Department of Health, Education, and Welfare in Washington, D.C. In addition, the PSRO program eliminates the confidentiality which has always been inherent in the relationship of a doctor and his patient, as a physician can be forced to turn over to federal employees all medical records on a given patient.

Even patients who do not receive federal aid in any form will be subject to having their confidential records examined by government agents in an effort to establish "norms" of medical care. The PSRO examiner is able to search through a doctor's files and records without any court order or search warrant.

Every area which is entered into by government involves serious limitation of freedom for the people affected, and medicine is no exception. Control in medicine is not a good thing. By establishing norms in everything from length of hospital stays to procedures, controls limit the doctor's ability to use his training and experience to prescribe a cure for each patient which is individually suited to that patient. The quality of health care must certainly suffer drastically.

There is every reason for Americans to reject the idea of national health insurance. Let us not in the name of better health care for all our citizens set in motion a series of events which will guarantee the opposite.

FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. STEELMAN. Mr. Speaker, this week the House is expected to take up H.R. 8841, the amendments to the Federal Insecticide, Fungicide, and Rodenticide Act—FIFRA.

There is a good deal of controversy over action by the Agriculture Committee with respect to the Environmental Protection Agency's implementation of FIFRA since the law was passed by Congress 3 years ago.

Last Wednesday, the Environmental Study Conference, of which I am vice-chairman, conducted a briefing to inform members and staff about some of the issues involved and the likely results of some of the amendments adopted by the Agriculture Committee. More than 150 people attended that briefing.

For those of my colleagues who were unable to attend the ESC briefing, I would like to insert several of the information sheets which were handed out at the time:

Legislative History—Certification of Applicators

At the time the Federal Environmental Pesticide Control Act of 1972 was passed, it seems that Congress intended that in order to use "restricted" pesticides, the applicator—whether a private applicator (farmer) or a commercial applicator—must be certified by the state to be competent to use the product. It was understood that to be certified an applicator must pass some type of test, and that training might be required.

Section 4(a)(1) provides that: "the Administrator shall prescribe standards for the certification of applicators of pesticides. Such standards shall provide that to be certified, an individual must be determined to be competent with respect to the use and handling of pesticides, or to the use and handling of the pesticide or class of pesticides covered by such individual's certification."

In explanation, the House Committee Report said:

"The provisions for certification of applicators comprise new and important authorities for regulating pesticides use. Many restricted use pesticides would be restricted to use by certified applicators whose misuse of pesticides could result in withdrawal of certification. In the case of commercial applicators, such action would be extremely serious. In the case of private pesticide applicators such action would remove from them the opportunity to obtain and use restricted use pesticides so regulated.

"Further, the educational process entailed by certification provides an opportunity not only to greatly diminish the possibility of injury to persons but also injury to the environment from both misuse and more importantly, overuse." (Emphasis added.)

Since EPA's and the states' enforcement capability is very limited, clearly the best way to prevent misuse is through education as envisioned by the 1972 Act. Section 23 authorizes EPA to enter into cooperative agreements with the states for "training and certification of applicators" and to provide funds for this purpose.

The fact that the Committee has now amended the Act to provide for self-certification is further indication that self-certification such as permitted by the Jones amendment was not contemplated under the 1972 Act.

Classification of pesticides and certification of applicators go hand-in-hand and are essential components of the Act's authority to control the use and prevent the misuse of pesticides. This was made abundantly clear to the House Agriculture committee during the 6 weeks of hearings on the bill, and the concept of training, testing and certifying applicators was supported by some of those who now are trying to weaken this provision.

An examination of the legislative history shows the importance of these provisions and what Congress intended.

As originally proposed by the Administration in 1971, H.R. 4152, the Federal Pesticide Control Act, set up three classifications of pesticides: general use, restricted use and use by permit only. It provided that "a pesticide may be designated for restricted use when its use without such restriction can result in injury to the applicator or when care is needed in its application to protect the environment. A pesticide may be designated for permit use only when the pattern of use of the pesticide without such permit would not protect health and the environment." The bill further said, "Articles designated as being for restricted use shall be used only by or under the direct supervision of approved pesticide applicators . . ."

In explaining these provisions to the Committee, John Quarles of EPA said:

"Under section 4(d)(2) of the proposed bill the term 'approved pesticide applicator' is defined as meaning a person who has a license issued by the State upon the basis of a demonstration of his competence in the use and handling and knowledge of the toxicity and antidotes of the pesticide involved. This is something of a technician's standard and we would expect that any farmer riding a tractor either has or could acquire the degree of training necessary to qualify him for a license to be issued by the State.

"We feel that in many cases there is a need for some additional education to be provided to people who are handling perhaps increasingly toxic materials. So I do not say that he could come in off his tractor today and get the license, but I do suggest that with a reasonable amount of training, he would be able to do so, and if he is going to be handling these pesticides, that training is something he should have.

"Then, under section 4(d)(3), the term 'approved pest management consultant' is defined as a person who has a license issued by the State or who is a Federal or State employee, and who meets standards that the Administrator shall prescribe. These would be nationwide standards to assure that such person has sufficient knowledge of the uses, necessity for application, methods of application, and environmental and health effects of pesticides."

EPA Administrator Ruckelshaus explained the classification scheme as follows:

"Pesticides designated for restricted use will generally be products which, because of their immediate and high toxicity to persons, fish and wildlife, and beneficial plants, should be used only by an individual who understands the hazards and the proper use of the products. . . .

"Perhaps the best example of these pesticides classified for 'use by permit only', will be products that, because of persistence and mobility in the environment, accumulation and magnification in the food chain, and accumulation in human tissue, causes them to have long-term adverse effect upon the environment, and a potential threat to man."

Throughout the hearings, Administration witnesses pointed out that the classification of pesticides and licensing of applicators was necessary to give EPA the flexibility to permit the continued use of hazardous pesticides while at the same time protecting public health and the environment. For instance, John Quarles said, "Our choice is to continue with an unregulated distribution of pesticides, and that will entail considerable environmental damage which we believe will not be tolerated by this country. At the other end of the spectrum is the prospect of banning all pesticides that are found to be damaging to the environment."

It is worth noting that the legislation then proposed had the support of the Department of Agriculture. The Act which finally passed Congress was substantially weaker than the original proposal, but USDA has since tried to undermine EPA's efforts to continue pesticides.

Witnesses for the Farm Bureau suggested weakening amendments to various parts of the bill, but in testimony said, "We suggest that a farmer, a rancher or woodland owner using pesticides on his land or on other land as a neighbor be *required to pass reasonable tests* as to knowledge of materials, their application and use, to qualify for a 'certificate of competence' and that this permit be automatically renewed each year for a 4-year period unless the holder is found in violation of the standards of use. A new test should be required each fifth year." (page 463. emphasis added)

The witness for the Farmers Union said:

"We note that one provision of H.R. 4152 provides that the Administrator of EPA is authorized to enter into contract with agencies—Federal, State, or local—for the purpose of encouraging training in the use of pesticides. He recommends that this be permanent authority and not expire in June 1975, as the bill provides. Such information should be accessible to the farm operator and provision should be made to qualify farm operators for application of restricted products."

The witness for the National Association of State Departments of Agriculture, Dr. Charles Ellington, testified that NASDA officials had developed a model state pesticide bill in 1969 which set up a permit system for the use of restricted pesticides. Referring to the proposed bill, Dr. Ellington said,

"Both the farmer and custom applicator may be required to demonstrate his knowledge and ability to use the materials in question but it is not necessary to require an individual grower who wishes to apply one restricted pesticide on his own property one time to obtain the same license required of a custom applicator or consultant who may apply a dozen or more different restricted materials to other people's land or residences every week."

When the pesticide bill finally emerged from Conference, a number of changes were made to assure that no unnecessary burden was put on the farmer. In Section 11, a distinction was made between commercial and private applicators (farmers) as suggested by NASDA, and EPA was directed to prescribe separate standards for each group. Private applicators were also exempted from the record-keeping requirements, and lesser penalties for misuse were set out in Section 14. Section 2(e)(4) defined the term "under the direct supervision of a certified applicator" to give EPA discretion as to the necessity for the physical presence of a certified applicator when restricted pesticides were used by his employees.

Unfortunately, the House and Senate Agriculture Committees deleted the category of "use by permit only" and the "approved pest management consultant" concept, which to some degree limited EPA's flexibility to control use. Thus, certification of applicators became even more important in the regulatory scheme.

It is not clear whether the Jones amendment would force states to accept self-certification. Since Section 24(a) of the Act permits states to have more stringent regulations, presumably those states which choose to continue with a real certification program, rather than a sign-up program, could do so. But in a practical sense, if self-certification is permitted in some states, this will undercut the efforts of other states to carefully control pesticides.

The effectiveness of classifying pesticides and certifying applicators is vitiated if anyone who has farmed for one year is able to declare himself competent to use even the most dangerous chemicals.

As then-Congressman Bob Price of Texas commented during the hearings, "The farmer is a producer, not a pesticide expert. . . . I think it is the Government's responsibility to see that the manufacturer is putting out a product that is safe to use. I do not think we can expect the farmer to be an *expert* in this field." (p. 49)

If the language of the Jones amendment is not deleted, EPA will doubtless be forced to ban additional products which might otherwise have remained available. This will work a hardship on states which have undertaken a good faith effort to control pesticides, and ultimately on the farmer who may be denied use of certain products.

Certification of Applicators—EPA Actions Since 1972 FIFRA Amendments

October 21, 1972. FIFRA amended.

Because expanding use of pesticides was anticipated in spite of increased awareness of adverse effects of use of some pesticides, one of the primary goals of the 1972 amendments was to ensure that restricted use pesticides are used safely and properly while continuing to be available to meet the needs of agricultural production. The '72 amendments gave the Administrator of EPA the authority to classify pesticides into general or restricted use. General use pesticides were to be those which are determined to be safe for the general public when used as directed on the label. Restricted use pesticides were to be those so potentially harmful they would need to be applied only by or under the supervision of applicators certified competent to handle them properly and safely.

The rationale for the certification process is the long-range protection of the environment. Not only is human toxicity a factor, but also the protection of domestic animals, farm produce, wildlife, and our natural resources. With the increased reliance on and need for pesticides, the science of pesticide use becomes more complex. Each year more becomes known of developing resistance on the part of certain pests to existing pesticides, interrelationships of pesticides with other chemicals, uptake, bioaccumulation, nontarget effects, etc. The complexity of these developments mandates a higher level of public awareness and responsibility on the part of those who apply these restricted use pesticides. Certification is intended to enhance the private applicators' ability to perform their job responsibly and competently with the benefit of training and education. Particularly since the applicators' job is not automatic, the more information, and/or ability to get accurate information, is desirable in order that applicators be able to exercise the value judgments required of them in most pesticide problems.

§ 4(a) (1) of the Act requires the Administrator to prescribe standards for certification of applicators of pesticides. The Act mandated the standards to be prescribed by Oct. 21, 1973.

February 22, 1974. EPA proposed regulations in the *Federal Register*. 437 comments were received in the 60 comment period.

October 9, 1974. Final regulations published—

§ 171.5(b) provided ". . . A certification system shall employ a written or oral testing procedure, or such other equivalent system as may be approved as part of a State plan."

§ 171.5(b) (1) enables those who cannot read to demonstrate an understanding of the requirements. The proposed regulations had required an ability to read labels.

§ 171.5(c) established ten categories of commercial applicators:

Agricultural (plant and animal).
Ornamental and turf.
Seed treatment.
Forest.
Aquatic.
Right-of-way.
Industrial, institutional, structural and health related.
Public health.
Regulatory.
Demonstration and research.

Approximately 100,000 commercial applicators and over 2 million private applicators are estimated to need certification to use restricted use pesticides. EPA estimates domestic consumption of pesticides in 1975 amounts to approximately 1 billion pounds of active ingredients each year.

January 13, 1975. EPA proposed guidelines for the development and submission of state plans for training and certification of applicators. The Act required state plans establishing certification programs to be completed by Oct. 1975.

The American Farm Bureau organized a letter campaign to EPA during the comment period. Five state farm bureaus submitted almost identical comments:

(1) objecting to an examination of farmers.*

(2) urging a sign up of a pesticide register.**

January 24, 1975. EPA and the Department of Agriculture signed an interagency cooperative agreement providing for policy guidelines to regional, state and local agencies in developing applicator training programs. Funds were to be dispatched to State cooperative extension services working with the states in implementing training programs, and through the Regions to State lead agencies.

In FY 75 a total of $1,845,401 was expended. $712,401 went to the USDA extension service, and $1,133,000 went to the EPA regions ultimately to be distributed to the states.

If approved, the FY 76 amount to be distributed is 5 million to extension services and 4.6 million to the Regions for state lead agencies. The ratio designed to distribute the funds is to be 15% divided into the 56 political entities (states and governmental units), 25% into state populations, and 60% based on number of farmers and farm managers.

March 12, 1975. Final regulations published in the *Federal Register* on State plans for certification of applicators.

§ 171.7(b) requires enforcement mechanisms as part of a meaningful regulatory program.

§ 171.8(a) (2) requires recertification by asking that the applicator "meet requirements of changing technology and to assure continuing level of competence and ability to use pesticides safely and properly."

§ 171.9(a) (2) requires Government Agency Plan (GAP) federal applicators to fulfill any requirements states have set forth in state plans that are not required in the GAP program.

Mandatory accident reporting by states not required, although considered in the proposed guidelines.

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The Farm Bureau continued to press Administrator Train to interpret the Act and regulations to allow self-certification or a permit system. States wanting a system of sign-up, permit, or register were Minnesota (sign-up), Florida (permit), Missouri, Alabama, and Illinois.

March 31, 1975. In response, EPA developed an options paper setting forth the minimum acceptable "equivalent systems," as well as interim and emergency procedures for certifying those states unable to fulfill requirements by Oct. 1976.

(1) 5 types of certification—

General—across the board certification.

Pesticide class—covers those in a specified category of pesticides.

Crop specific/commodity/site—covers those used in the production of a crop or site.

Single product—covers one or more uses of a product.

Single purchase/single use certification (interim or emergency)—one time basis exception acceptable only for interim or emergency situations. Not available after Oct. 21, 1978.

(2) Method for determination of competency (oral, written exam, or equivalent system)—

Written exam (open or closed book).
Oral examination.
Written questionnaire.
Demonstration.
Completion of approved training.
Self study (correspondence course, programmed instruction, etc.).
Fact finding interview (used only for interim or emergency situations above).

(3) Party to determine competency—

State lead agency employee.
Cooperating agency employee.
Dealer.

PROGRESS ON STATE IMPLEMENTATION

In most states, training materials have been developed over the past two years. These include manuals, correspondence courses, programmed instruction, slides, movies, etc. They reflect the ingenuity of the several states, and represent an enormous amount of energy, dedication, and effort.

Georgia's plan was submitted and published on June 25, 1975, and approved August 8, 1975.

Iowa's plan was submitted and published on July 3, 1975 in the *Federal Register*, and it has been approved and will shortly be published and approved.

16 other states are in final stages of development.

21 are undergoing EPA review.

15 are being prepared at the state level.

2 are being developed.

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* See page 2 of legislative history fact sheet prepared by Cynthia Wilson for discussion of 1972 Farm Bureau support of examination of private applicators.

**"Use by prescription" concept was specifically rejected by Congress during 1972 debates.

They were joined by the National Grange and the Farmers Union Central Exchange.

THE FUTURE AND CONGRESS

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 29, 1975

Mr. ROSE. Mr. Speaker, recently Senator John Culver, Democrat of Iowa, John Heinz, Republican of Pennsylvania, and I cosponsored the first congressional seminar on the future called, "Outsmarting Crisis: Futures Thinking in Congress." Members of the House and Senate and their staffs participated in 1 full day of discussions about forecasting methods, futuristic technology, and the need for more citizen participation in Government.

Alvin Toffler and members of the ad hoc Committee on Anticipatory Democracy organized the afternoon panel discussions and provided much food for thought during the morning session.

Senator Kennedy and I are inserting into the Record the speeches from the morning program so that our colleagues who could not attend will have an opportunity to share what we heard at that time.

Hazel Henderson is an author and codirector of the Princeton Center for Alternative Futures. The center is a deliberately small think tank and conference center for exploring alternative futures for industrial countries in the context of human interdependence.

Her articles have appeared in the Harvard Business Review, the Public Administration Review, and the Financial Analyst Journal. She is a guest lecturer at Columbia, MIT, Dartmouth, and several other colleges and universities.

In addition to her academic and scholarly accomplishments she has been forceful and effective in encouraging greater public participation in governmental decisionmaking. As a result she is on the board of several public interest organizations, including the Council on Economic Priorities, the Public Interest Economic Center, the Environmental Action Foundation, and Worldwatch Institute.

She is also a member of the advisory board of the Institute of the Future, and the Center for Growth Alternatives, the National Council for the Citizen Participation in Technology Assessment, and the advisory council for the Office of Technology Assessment in the Congress:

Her remarks to the congressional seminar follow:

PLURALISTIC FUTURISM

The growing interest in futurism in this and many other countries is welcome evidence that the human species is not inevitably programmed on self-destruct. We have always been better at creating hardware and building large socio-technological systems that we have been at writing programs to manage the new interlinkages they create. The lag time has varied, but many of us share the sense that it now must be shortened. The best current example of this lag is that we have now created an interdependent world economy and area now desperately trying to update the world's trading rules and re-write the "program" to manage this larger system. The 18th century decentralized economic system described by Adam Smith, where buyers and sellers met each other with equal power and information, permitted the cybernetic operation of market forces. Now advanced technology and the managerial size it mandates have already destroyed these conditions, both in the U.S. and the global economy, and in spite of ourselves, we are forced to write a new program appropriate to the new system we have created.

Thus, futurism is an evolutionary response to the feedback we humans generate by our own technological and social activities. Interest in futurism is exploding because we are encountering an explosion of unanticipated feedback (much of it negative and alarming) from the second-order consequences of our actions.

Naturally, this interest is growing most rapidly in industrialized societies most perturbed by these effects: the U.S., Japan and the countries of Europe. Some futurist efforts are organized internationally, within groups such as the Organization for Economic Cooperation and Development, headquartered in Paris; the United Nations, such as the special Conferences on Environment in Stockholm in 1972 and on Population in Bucharest and Food in Rome, both in 1974, as well as the United Nations Environment Program in Nairobi, Kenya; and newer cooperative efforts, such as the International Institute of Applied Systems Analysis sponsored by the U.S., the Soviet Union and other countries and headquartered in Austria.

Many of these same industrialized countries have their own research and planning activities, some sponsored by their governments, such as France's Commissariat General du Plan, Canada's Institute for Research on Public Policy, the Royal Norwegian Council for Scientific and Industrial Research and the U.S. Environmental Protection Agency. Some futures research is academically-based, such as the Netherlands Sociological Association's group on Prospectivism, the Swedish Society of Futures Studies, Yugoslavia's Science and Society and the Japan Techno-Economics Society, which also actively concerns itself with technology assessment. Other futurist activities have sprung from voluntary initiative, such as France's Association International Futuribles, Political and Economic Planning in the United Kingdom, the World Future Society, Resources for the Future and Worldwatch, Inc. in the U.S.A. as well as the London-based International Planned Parenthood and the Club of Rome. In addition, all multinational corporations must plan, and therefore, have widely varying futures research efforts as well as employing futurist consulting organizations, such as Ted Gordon's Futures Group, the Hudson Institute, Forecasting International and the Stanford Research Institute.

SPECIALITIES IN FUTURIST RESEARCH

Even though the hallmark of futurism is a holistic, rather than a narrow approach, inevitably all futurist activities focus their interest in specific areas, either to remain consistent with their own worldviews, such as the worsening population/resource ratio that occupies the Club of Rome, or to advance ideas and cultural communication, such as the ecumenically-oriented associations, including Futuribles, the Rome-based IRADES, the International Creative Center of Geneva, Belgium's Mankind 2000 and the U.S.-based Earthrise and the Committee for the Future. Some serve government need for assessing technology, such as Congress's Office of Technology Assessment, the MITRE Corporation and the National Science Foundation. Others concentrate on economic and social planning, such as the Council for National Living in Japan, which has developed social indicators to update their Gross National Product indicators and the Nomura Institute, which concentrates on economic forecasting. Other organizations focus on attitudinal and market research such as the Russell Sage Foundation, Yankelovitch Skelly and White and the Institute for Life Insurance Trend Analysis Program. Lastly, there are increasingly sophisticated efforts to research viable political futures, such as the World Order Models Project of the Institute for World Order and the Goals Research Project of the Club of Rome, and most importantly, the planning efforts of the countries of the Third World, which are now developing their own models of a new economic world order and advancing them at the United Nations and other international forums.

There is no need to further augment this brief sampling of futurist programs and groups, since there are existing directories and ever more comprehensive ones in production, such as that being prepared by the World Future Society. As you know, the Library of Congress now has its own Futures Group and can assist in locating these resources. The Center for Integrative Studies at the State University of New York has completed its third Survey of Futures Studies covering over 1000 institutions and individuals around the world, and the American Management Association has issued a new futures directory, Exploratory Planning Briefs, 1974–75.

But these rich and accessible resources on the futures field by no means exhaust the possibilities. Naturally, their attention is focused on the larger, more visible operations and those individuals who publish widely on the subject of the future. But futurism is much broader and more diffuse, since like other infant research fields such as technology assessment, environmental impact analysis and energy modelling, it is still in its formative stages. Anyone can still be a futurist. There are, as yet, no degrees or licenses needed; the only requirement is that of self-proclamation.

This is good in that it encourages people to transcend older, narrower fields, to experiment and communicate across traditional disciplines. It also provides new opportunities for the native intelligence of the less-formally trained and the self-educated. In fact, prior academic training can often block the creativity and imagination so necessary to conjecture about the future and its discontinuities. But, unfortunately, such an open field invites opportunism and commercial exploitation. As more funding becomes available for futures research, we must all guard against an all-too-familiar breed of "consultants " who proclaimed themselves urbanologists in the sixties, environmental experts after Earth Day and who can pour their old wine into any kind of new bottles, whether labelled "technology assessment", "futures research" or whatever the next hot ticket turns out to be.

FORMALISM KILLS CREATIVITY

And yet, paradoxically, attempts to professionalize and license futures research and dispense degrees in the subject are also premature. Formalism will destroy precisely the creative imagination that makes the field more of an art than a science. Too often taxonomy itself can become the enemy of thought. Technology assessment is another case in point, being an experimental field, with most practitioners still rather low on the learning curve. These new, more inclusive research methods, together with environmental impact analyses, must embrace much greater uncertainties. In fact, the poor decision-makers in government who commission such research in the hope of reducing these gray areas, often discover that these studies actually increase uncertainty—by defining more systematically what is still unknown!

However, well-performed technology assessments and futures studies can extend the frontiers of many quantitative methodologies. But in the last analysis, rigorous quantification becomes impossible, since unconscious biases in scientific methods and in the very framing of research questions always produce what Alfred North Whitehead called "the fallacy of mis-placed concreteness." The conflicting values around such issues as technology and alternative futures involve weightings and trade-offs between our often intransitive goals. Therefore, these forms of futures research cannot exclude social, political and even moral questions.[1]

In fact, we must now acknowledge the difficult truth: that values, far from being peripheral, are the dominant, driving variables in all technological and economic systems. It is for this reason that the Committee on Anticipatory Democracy expressly endorses the concept of open-ended futurism and the widest possible participation of all segments of our society both in formal futures research projects and in formulating alternative futures. Citizen feedback and "feedforward" are essential in helping our big, unwieldy institutions adapt to our future needs. Or, as organizational theorist Warren Bennis puts it "Democracy becomes a functional necessity whenever a social system is competing for survival under conditions of chronic change."[2]

This may account for the spectacular rise of non-government citizen feedback/futures research and planning efforts, such as those now being conducted in many states, for example, California Tomorrow, Massachusetts Tomorrow, New Hampshire Tomorrow, the Northwest Environmental Communication Network, and Rhode Island 2000, to name a few. All of these broad-based efforts to envision and discuss alternative futures for states and regions often utilize mass media and rely heavily on existing infrastructures of voluntary groups of all kinds. Many state-sponsored programs are run along similar lines, including the Utah Process, Hawaii 2000, Ohio 2000, and the Commission on Minnesota's Future. They range from wide-open, participative model, such as Alternatives for Washington, to the much more elitist model typified by Goals for Dallas, which has done little more than amplify the voices of the already well-represented and consolidate the power of the politically-adept. Not surprisingly, it produced the biggest municipal planning disaster of the past decade, the Dallas-Fort Worth Airport.[3]

As Congress continues to monitor and utilize more of these types of futurism, it will become more aware of the extent to

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Footnotes at end of article.

which these efforts range from narrow elitism to sincere attempts at broad citizen participation. These regional futures efforts all indicate the malfunctioning of existing political channels, devised for an earlier, less hurried age, which are now severely overloaded. Gleaming in many a futurist's eye are the ultimate processes of political participation: the instant electronic referendum, which generally strikes panic in the hearts of political scientists and legislators alike. However, as I have pointed out in numerous articles, this computerized "hardware of social choice" is available and we had better begin considering both its potential and its problems more seriously.[4]

FUTURIST DEFINED

If futurism is so widespread, who then, is a futurist? Many work in programs not specifically designed as futures studies. A good example is the new field of energy modelling which has developed in about 30 countries and is already more accurate and predictive in resource-allocation decisions than economics, whose preeminence it may replace.[5] And yet energy modellers such as Howard Odum of Florida's Energy Center, Bruce Hannon of the University of Illinois' Center for Advanced Computation and Stephen Berry of the University of Chicago do not call themselves or their programs futures research. Meanwhile, many in the "futures" field of planning, technical and economic forecasting have turned out to be better historians than futurists. In fact, the recent survey of the Center for Integrative Studies shows that most of the key centers working on futures studies are relatively small and under-financed. The survey confirms that much of the pioneering work is done by individuals and groups who are not in programs labelled as futures studies and that many such innovative individuals tend to actually be squeezed out as soon as their efforts gain validity.

Some of the greatest futurists have been artists, such as the Dadaists, who ridiculed formalism, and the Cubists, who taught us a new way of seeing. One of the greatest works of futurism in this century, and still ominously forewarning us, is George Orwell's novel, 1984, written in 1946. My candidate for the best U.S.-published futurism of the past five years is Californian Stewart Brand's Whole Earth Catalog. Other futurists don't write about the future so much as they imagine it and then try to create it. Activists in consumer and environmental protection have surely been as much futurists as those who monitored the trends they were creating. Was not Rachel Carson a futurist? Public interest law and public interest research, pioneered by Ralph Nader, has spread to the sciences, economics, accounting and even operations research. These public interest research organizations, often run by the brightest, most creative and socially-concerned scientists, can provide Congress with a rich new resource for futures studies only now being recognized by research managers in the academies, the National Science Foundation and other executive branch agencies.[6]

Those who work for peace, social and economic justice have created new value orientations in our society which those researchers in the social indicators field have been obliged to incorporate into their models. Was Martin Luther King not a futurist? Activists for corporate accountability and ethical investing have helped create new courses at hundreds of business schools on the social responsibility of corporations, as well as many new careers in the companies themselves. Environmentalists created the concepts and the social impetus for technology assessment and environmental impact analysis. Health activists began the movement of professionals toward preventive, rather than merely curative medicine, important as that is. Appropriate technology activists and alternative lifestyle experimenters provided the political push that is finally leading to development of alternative energy technology, including solar, wind, wave, thermal gradient, biomass and methane conversion systems.

And yet the key innovators in all these momentous social changes of the past decade are not listed as "futurists", largely because they were too busy doing the innovating to write about it. For example, the Council on Economic Priorities (on whose board I am proud to serve) is rarely listed as a futurist organization, or its founder, Alice Tepper Marlin, listed as a futurist. And yet the Council pioneered methods of comparative analysis of corporate social, rather than economic performance, which are now used by futurist consulting firms as well as Wall Street security analysts.[7] Similarly, Dr. John Todd of the New Alchemy Institute is rarely listed in futurist directories, and yet he is performing vital, under-funded biotechnical research which may soon help us maintain our agricultural yields with vastly reduced fossil fuel inputs.[8]

And media access activists, Theadora Sklover, William Wright, Albert Kramer and Michael Shamberg pioneered interactive media concepts, public cable channels and citizens' rights in broadcasting, but are not numbered among the academic futurists who study the effects they set in motion. And lastly, the millions of American women who pioneered perhaps the farthest-reaching concepts of feminism, have created an enormous demand for consulting futurists to study the ramifications through virtually every institution in our culture, from the nuclear family to the multi-national corporation.

FUTURISM IS OPEN

This is why futurism, just like every other field, will always entail politics, rather than congeal into a "value-free" scientific discipline. Even the other scientific "objective" disciplines are finding this stance more threadbare as the public becomes more knowledgeable. Economics is now clearly revealed as a normative, rather than a scientific discipline and each day physics becomes more metaphysical. Therefore futurism must always remain an open field, since in so many cases, social innovations and those discontinuities that futurists must try to forecast, emanate from those not too tightly institutionalized. Often the clearest vision comes from those who are the most alienated from the norms of their culture and not suffering from its blind spots. For we must remember that institutions are devices for screening out reality and most of our citizens are now enmeshed in them, and find their imagination and self-development constrained. In fact, the larger and richer the institution, the less likely it is to be adaptable to the future.

So the rise in Anticipatory Democracy is welcome and necessary, however untidy it may appear to traditional academic researchers. And when futures research projects are commissioned, I hope that Congressional Committees will scan the entire field and choose from the full array of potential contractors and resources, including public research organizations and individuals.[9] I hope that the Congress will also review the experiment in public participation in technology assessment which is now underway at the Office of Technology Assessment, which I helped instigate. OTA is researching alternative energy technologies proposed for the coastal regions of New Jersey and Delaware and their likely impacts on the citizens of these states.

Lastly, what of the future of futurism? Much future study began simply, with linear extrapolation from the past and other myopic methods dealing narrowly with either specific issues or areas, technologies or institutions, for example, simple demand projections or straight line technological and economic forecasting. Thus they extended only time dimensions without extending space dimensions. We now have many superior methods, such as those discussed by Ted Gordon and mentioned here, which extend both time and space dimensions and are thus, more inclusive and contain fewer blind spots. It is a most interesting exercise to review some of the recent predictive efforts that exhibited such blind spots, such as the 1966 President's Commission on Technology Automation and Economic Progress, which overlooked the magnitude of structural unemployment problems, and studies of the Japanese economy which overlooked its resource dependency on other countries, as well as linear projections of demand for electric power which vastly over-estimated growth.

The future of futurism is in creating new paradigms; those different pairs of disciplinary spectacles we put on which enable us to see some patterns while distorting or obliterating others. Old paradigms and models of reality are now breaking down in many disciplines, notably in economics. We always know when such a paradigm break is occurring, such as the market equilibrium theory in economics, because the list of exceptions to the approved theory grows longer and longer until its adherents grow dogmatic and embarrassed. The future direction of futurism can be detected in new organizational forms, such as networks which are metaphysical, rather than heirarchical structures;[10] in new modes of perception, such as Kirlian photography; in expanding awareness of human potential now evidenced in biofeedback and research on the last great frontier, the human mind. As we humans seem to be heading for an evolutionary cul-de-sac, the most creative and intuitive among us will still be trying to tell us that the way out of the box is to re-define the problem: to look up from our preoccupation with re-tooling the world and try changing our goals and focusing on our evolutionary task of re-tooling ourselves. Futures research is societal learning. We are all in it together.

FOOTNOTES

[1] Re-Examining the Goals of Knowledge, Hazel Henderson, *Public Administration Review*, Jan-Feb, 1975.

[3] Warren Bennis, *Changing Organizations*, McGraw Hill, New York, 1966.

[3] Toward Managing Social Conflict, Hazel Henderson, *Harvard Business Review*, May-June 1971.

[4] See, for example: Computers: Hardware of Democracy, Hazel Henderson, *Forum*, Feb., 1970.

The Computer in Social Planning, Hazel Henderson, *The Master in Business Administration*, Dec. 1971.

Computers at the Crossroads, Hazel Henderson, *The Futurist*, Aug. 1971.

[5] Further information can be obtained from the International Federation of Institutes for Advanced Study, Sturegaten 11, Stockholm, Sweden.

[6] *The Information Revolution*, Information and the New Movements for Citizen Participation, Hazel Henderson, *The Annals* of the American Academy of Political & Social Science, March, 1974.

[7] The Council on Economic Priorities, 84 Fifth Ave, New York, N.Y. 10011.

[8] The New Alchemy Institute, P.O. Box 432, Woods Hole, Mass. 02543.

[9] A data file is kept on such qualified organizations and individuals by the National Council for the Public Assessment of Technology, 1785 Massachusetts Ave, N.W., Washington, D.C. 20036. Chm. Byron Kennar.

[10] *On Organizational Future Shock*, An Occasional Paper, Princeton Center for Alternative Futures, Inc., Princeton, N.J. 1975.

SENATE—*Tuesday, September 30, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. JAMES ABOUREZK, a Senator from the State of South Dakota.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

The Lord is my light and my salvation; whom shall I fear? The Lord is the strength of my life; of whom shall I be afraid?

Wait on the Lord; be of good courage, and He shall strengthen thine heart; wait, I say, on the Lord.—Psalms 27: 1, 14.

O Lord our God, may we who stand in Thy holy presence fear nothing except failure to do Thy will. Subdue the rife cynicism and blurred idealism of our times lest we lose our way. Give us clean hands, pure hearts, and clear minds. Light up the deliberations of this day that we may know Thy purpose for this Nation and for all mankind.

Through Christ the Way, the Truth, the Life. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 30, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JAMES ABOUREZK, a Senator from the State of South Dakota, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. ABOUREZK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, September 29, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

JURY FEE AND JUROR EMPLOYMENT PROTECTION ACT OF 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 392, S. 539.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 539) to amend the Jury Selection and Service Act of 1968, as amended (28 U.S.C. 1861 et seq.), by revising the section on fees, section 1871, and by adding a new section 1875, and for other purposes.

The ACTING PRESIDENT pro tempore. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 539) was ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Jury Fee and Juror Employment Protection Act of 1975".

SEC. 2. That section 1871 of title 28 of the United States Code is amended in its entirety to read as follows:

"§ 1871. Fees.

"(a) GENERAL AUTHORITY.—Grand and petit jurors in district courts appearing pursuant to chapter 121 of this title shall be paid the fees and allowances as provided by this section. The United States marshal shall pay the requisite fees and allowances on the certificate of the clerk of the court: *Provided,* That, as specified in subsections (b), (c), and (e) of this section, proper certification has been made by the court or the judge.

"(b) ATTENDANCE FEE; CERTIFICATION OF ADDITIONAL FEES FOR EXTENDED SERVICE.—A grand or petit juror shall be paid an attendance fee of $25 per day for actual attendance at the place of trial or hearing. A grand or petit juror shall also be paid the attendance fee for the time necessarily occupied in going to and from such place at the beginning and end of such service or at any time during the same.

"A petit juror required to attend more than thirty days of actual service may be paid in the discretion and upon the certification of the chief judge an additional fee not exceeding $5 more than the attendance fee for each day in excess of thirty days of actual service.

"A grand juror required to attend more than forty-five days of actual service may be paid in the discretion and upon the certification of the district judge in charge of the particular grand jury an additional attendance fee not exceeding $5 more than the attendance fee for each day in excess of forty-five days of actual service.

"Certification of additional attendance fees may be made effective by the certifying judge from and after the first day of extended service, without reference to the date of the certification.

"(c) TRAVEL ALLOWANCES; TOLL CHARGES; PARKING FEES; TRAVEL IN AREAS OTHER THAN THE CONTIGUOUS STATES OF THE UNITED STATES.—A travel allowance equal to the maximum rate per mile that the Director of the Administrative Office of the United States Courts prescribes pursuant to section 604(a)(7) of title 28, United States Code, for payment to supporting court personnel in travel status for using privately owned automobiles shall be paid to each juror regardless of mode of transportation. The prescribed rate shall be paid for the distance necessarily traveled to and from a juror's residence by the shortest practicable route in going to and returning from the place of service at the beginning and at the end of the term of service.

"The Director shall promulgate rules regulating interim travel allowances of jurors. Distances traveled to and from court should coincide with the shortest practicable routes.

"Toll charges for toll roads, bridges, tunnels, and ferries shall be paid in full to the juror incurring these charges. In the discretion of the court, reasonable parking fees may be paid to jurors incurring such charges upon presentation of a valid parking receipt. Parking charges shall not be included within any tabulation of mileage costs.

"Any juror who travels to district court pursuant to a summons in an area outside of the contiguous forty-eight States of the United States shall be paid the travel expenses provided under this section or actual reasonable transportation expenses subject to the discretion of the district judge as circumstances indicate, exercising due regard to all available alternative modes of transportation and the shortest practicable routes from home to court.

"(d) SUBSISTENCE ALLOWANCES; SUBSISTENCE IN AREAS OUTSIDE CONTIGUOUS UNITED STATES.—A fixed subsistence allowance covering meals and lodging shall be established from time to time by the Director of the Administrative Office of the United States Courts pursuant to section 604(a)(7) of title 28, United States Code, except that such allowance shall not exceed the maximum allowance for supporting court personnel in travel status, and such claims shall not require itemization.

"Subsistence shall be allowed for the time spent in traveling to and from the place of attendance if an overnight stay is necessitated.

"A subsistence allowance for jurors serving in district courts outside the contiguous forty-eight States of the United States shall be allowed at a rate not exceeding the maximum allowance which is paid to court personnel in travel status in those areas where the Director of the Administrative Office of the United States Courts has prescribed an increased per diem or allowance pursuant to section 604(a)(7) of title 28, United States Code.

"(e) SEQUESTERED JURORS.—Whenever in any situation a jury is ordered to be kept together and not to separate, the actual cost of subsistence during such period shall be paid by the United States marshal upon the order of the court in lieu of subsistence allowances payable under subsection (d). Such allowance for the jurors ordered to be kept separate or sequestered shall include meals and lodging and other necessities for their convenience and comfort.

"(f) REGULATIONS.—The Director of the

Administrative Office of the United States Courts shall promulgate such regulations as may be necessary to carry out his authority under this section.".

SEC. 3. That (a) chapter 121 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1875. Employment rights.

"(a) In the case of any individual who leaves a position (other than a temporary position) in the employ of any employer to perform jury service, and who receives a certificate from the court verifying such service, and makes application, within fifteen days after he is relieved from such service, to be reemployed in such position—

"(1) if such position was in the employ of a private employer, such individual shall—

"(A) if still qualified to perform the duties of such position, be restored by such employer or his successor in interest to such position or to a position of like seniority, status, and pay; or

"(B) if not qualified to perform the duties of such position by reason of disability sustained during the period of such service but qualified to perform the duties of any other position in the employ of such employer or his successor in interest, be restored by such employer or his successor in interest to such other position the duties of which he is qualified to perform as will provide him like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in his case;

unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so; or

"(2) if such position was in the employ of any State or political subdivision thereof, it is declared to be the sense of the Congress that such individual should—

"(A) if still qualified to perform the duties of such position, be restored to such position or to a position of like seniority, status, and pay; or

"(B) if not qualified to perform the duties of such position by reason of disability sustained during the period of such service but qualified to perform the duties of any other position in the employ of the employer, be restored to such other position the duties of which he is qualified to perform as will provide him like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in his case.

"(b)(1) Any individual who is restored to a position in accordance with the provisions of paragraph (1) of subsection (a) of this section shall be considered as having been on furlough or leave of absence during his period of jury service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such individual entered upon jury service, and shall not be discharged from such position without cause within one year after such restoration.

"(2) It is declared to be the sense of the Congress that any individual who is restored to a position in accordance with the provisions of paragraph (2) of subsection (a) of this section should be so restored in such manner as to give such individual such status in his employment as he would have enjoyed if he had continued in such employment continuously from the time of his entering upon jury service until the time of his restoration to such employment.

"(c) In any case in which two or more individuals who are entitled to be restored to a position under the provisions of this section, or any other law relating to similar reemployment benefits, left the same position in order to enter upon jury service, the individual who left such position first shall have the prior right to be restored thereto, without prejudice to the reemployment rights of any other individual to be restored.

"(d) For purposes of this section, the term 'jury service' includes service upon any grand or petit jury of the United States.".

(b) The analysis of such chapter 121 is amended by adding at the end thereof the following new item:

"1875. Employment rights.".

SEC. 4. That (a) chapter 85 of such title is amended by adding at the end thereof the following new section:

"§ 1364. Employment rights of jurors

"(a) The district courts shall have original jurisdiction, without regard to the amount in controversy, to require any private employer to comply with the provisions of section 1875 of this title, and to award damages for any loss of wages or other benefits suffered by reason of such employer's action.

"(b) An individual claiming entitlement to the benefits of section 1875 of this title may make application to the United States attorney for the district in which the employer charged with a violation of such section maintains a place of business, and such attorney shall, if reasonably satisfied that the individual making application is entitled to such benefits, appear and act as attorney for such individual in any action necessary to require such employer to comply with such section. No fees or court costs may be taxed against any individual in good faith bringing any action under such section. Only the employer shall be deemed a necessary party to any such action.".

(b) The analysis of such chapter is amended by adding at the end thereof the following new item:

"1361. Employment rights of jurors.".

SEC. 5. That the amendments made by section 2 of this Act shall apply in the case of any grand or petit juror serving on or after the thirtieth day following the date of enactment of this Act, and that the amendments made by sections 3 and 4 of this Act shall apply to any grand or petit juror summoned for service or actually serving on or after the date of enactment of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the engrossment of S. 539.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar under New Report.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of Creighton Holden, of Michigan, to be Assistant Secretary of Commerce for Tourism.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I request the President be notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania.

Mr. HUGH SCOTT. Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of routine morning business of not to exceed 20 minutes, with statements limited therein to 3 minutes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ARMS AND OIL: A VICIOUS CIRCLE

Mr. CULVER. Mr. President, on Saturday, September 27, the Organization of Oil Exporting Countries, meeting in Vienna, agreed to a 10-percent increase in the price of oil, effective October 1. It is estimated by experts in the field that this increase will raise the world oil bill by $10 billion.

Here in Washington, officials of the Ford administration sharply criticized this action while privately expressing relief, according to news sources, that the increase was not higher. To arguments that a large increase would be disruptive of the world economy, the countries originally seeking a massive boost up to 28 percent, led by Dr. Jamshid Amuzegar, head of the Iranian delegation, responded that the West could manage a substantial increase in crude oil prices and that the high cost of industrial imports the OPEC nations get from the industrialized countries more than justifies the increase.

A very substantial part of those imports have been of military equipment. In fact, over half of all U.S. arms sales in the past 2 years, $10.9 billion in weapons, have been to OPEC members.

In the meantime, in Europe, Secretary Schlesinger was pressing our North Atlantic Treaty allies to increase their defense spending, and, according to reports from Bonn, was finding the NATO countries had a more compelling interest in getting the United States to spend more of its defense budget on European-produced weapons.

There is increasing recognition among the NATO partners of the imperative need for some degree of standardization in weapons among the NATO partners to make defense capabilities more effective and to effect very substantial savings in overall arms costs.

The September 29 New York Times reports that—

> In discussions with European officials, however, Mr. Schlesinger is raising a cautionary note on standardization. In a private meeting last Thursday in London, Mr. Schlesinger said that one of the "fundamental ailments" of the alliance was that for too many years its members had played "the weapons game," in which the production of weapons was "traded off" among various countries and companies. In the process, he said, "the survival of the forces has become secondary to which countries and companies will get weapons contracts."
>
> The danger, he said, is that standardization will become an excuse for dividing up the arms market and protecting the arms industries within individual countries.

Mr. President, it is time to face the fact that the United States is the world's leading player of the overall weapons game and to ask where this frantic scramble to sell our merchandise of death to other countries, in even the most politically unstable areas, is leading us. I would point out that it is leading us in a vicious circle.

It is true that our massive arms sales to nations extending from the Persian Gulf to the Berlin Wall are a potent factor in enabling us to maintain a favorable balance-of-payments ratio. It is true that volume production made possible by marketing military equipment to other countries enables us to produce for our own defense needs at a less costly unit price. It is true that U.S. arms manufacture means employment to many Americans—and this a particularly sensitive point at a time of continuing widespread unemployment. It is perhaps true that if we do not sell weapons to a given nation, someone else will. There may be limited rationale to the argument that military sales represent a necessary tool for achieving balance of forces to avoid conflict between potential antagonists.

But Mr. President, I believe we have reached a point where we must look at the other side of the coin.

Our mammoth arms sales in the Persian Gulf and other areas, while building up our balance of payments, have apparently also been a significant contributing factor in the huge oil price increases of the OPEC cartel in the past year. In our mania to sell more and more U.S.-produced arms, we do not hesitate to ship out our latest tanks, antitank weapons, and other equipment when our own Army is under strength. We sell the most sophisticated aircraft and communications despite the risks that our technological secrets may fall into hostile hands. We talk to our NATO partners about the need for standardization, but will our powerful obsession with selling our own products permit us to make the compromises necessary to lead the way? As to the merits of foreign military sales as a tool for stabilizing political situations between hostile powers, can anyone seriously doubt that there can be anything more destabilizing than to arm to the teeth with the most sophisticated weaponry countries that are already at each others' throats?

Recent revelations of enormous bribes paid by Northrop, Lockheed, and other U.S. firms to foreign officials and agents present a dangerous pattern of corruption that threatens to undermine the trust of other nations in our country's integrity and reliability.

The arms industry means jobs for American workers and nobody can realistically ignore that. But if the proliferation of arms is leading us down the path to another war, is it worth the price? It is entirely conceivable that employment for U.S. workers can be generated in ways that will produce usable goods and thus feed back the economy—in a way that arms production fails to do—and still not endanger the fragile peace in potentially explosive areas. It is not realistic to believe, also, that this transition from producing the goods of war to producing goods of peace can be effectively eased with humane and adequate adjustment manpower assistance programs.

Mr. President, there is a definite, unmistakable link between our indiscriminate export sales of arms to the Persian Gulf states and the skyrocketing price of oil in our country and the other oil importing nations. Our passion for selling arms to these oil rich countries clearly adds to their incentive to increase the price of petroleum. It is scarcely a coincidence that since the 1973 Middle East war, that Iran and Saudi Arabia have quadrupled their oil prices while tripling their military outlays. Ours arms-producing allies are making a similar effort to offset rising energy costs with stepped up exports of weapons. In 1974, France sold more than $1 billion worth to gulf states, Britain about one-half billion, and West Germany $120 million. In other words, we are involved in what may best be described as a "Catch 22" situation.

Mr. President, the frenzied competition between nations in foreign military sales is plainly out of hand. Our own obsession has reached a stage where we must ask ourselves to what extent it dominates and distorts our foreign and defense policy and exacerbates our domestic problems, as well.

Decisive action is called for to break the vicious oil-arms circle that threatens the world's peace and well-being. I have recently proposed what I believe would be a positive step in that direction.

Ten days ago, I proposed, in a letter to Secretary Kissinger, that the United States initiate an international conference of arms-producing nations of the Western world "to seek some rational control and coordination of the pathological race between countries in foreign military sales.

The United States has taken some effective actions to bring our own foreign military sales under rational control—if we have the desire and the will to follow through. But unilateral action, on our part, cannot alone do the job. Several others of our allies are also heavily involved, notably France, Great Britain, Canada, and West Germany.

The United States accounts for approximately half of the world's arms trade. The responsibility for leadership is ours. The buck stops here.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. ABOUREZK) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:22 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House had passed the joint resolution (H.J. Res. 672) to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months; and the bill (H.R. 9803) to postpone for 6 months the effective date of the requirement that a child day-care center meet specified staffing standards—for children between 6 weeks and 6 years old—in order to qualify for Federal payments for the services involved under title XX of the Social Security Act, so long as the standards actually being applied comply with State law and are no longer than those in effect in September 1975; in which it requests the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 8069) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. FLOOD, Mr. NATCHER, Mr. SMITH of Iowa, Mr. CASEY, Mr. PATTEN, Mr. OBEY, Mr. ROYBAL, Mr. STOKES, Mr. MAHON, Mr. MICHEL, Mr. SHRIVER, Mr. CONTE, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the enrolled bill (S. 1247) to authorize certain construction at military installations, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. ABOUREZK).

At 12:28 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House further insists on its disagreement to the amendment of the Senate numbered 8 to the bill (H.R. 8121) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; agrees to the further conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. SLACK, Mr. SMITH of Iowa, Mr. FLYNT, Mr. ALEXANDER, Mrs. BURKE of California, Mr. EARLY, Mr. MAHON, Mr. CEDERBERG, Mr. ANDREWS of North Dakota, and Mr. MILLER of Ohio were appointed managers of the further conference on the part of the House.

The message also announced that the House insists upon its amendment to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MORGAN, Mr. ZABLOCKI, Mr. HAYS of Ohio, Mr. DIGGS, Mr. BROOMFIELD, and Mr. BUCHANAN were appointed managers of the conference on the part of the House.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Appropriations, without amendment:

S. Res. 267. A resolution disapproving the deferral of certain budget authority relating to emergency energy conservation services (Rept. No. 94-402).

By Mr. McCLELLAN, from the Committee on Appropriations, without amendment:

H.R. 9600. An act to rescind certain budget authority recommended in the message of the President of July 26, 1975 (H. Doc. 94-225) transmitted pursuant to the Impoundment Control Act of 1974 (Committee on the Budget views filed) (Rept. No. 94-403).

By Mr. BURDICK, from the Committee on the Judiciary, with amendments:

S. 286. A bill to authorize additional judgeships for the U.S. courts of appeals (Rept. No. 94-404).

HOUSE BILL REFERRED

The following bill was read twice by its title and referred as indicated:

H.R. 9803. An act to postpone for 6 months the effective date of the requirement that a child day-care center meet specified staffing standards (for children between 6 weeks and 6 years old) in order to qualify for Federal payments for the services involved under title XX of the Social Security Act, so long as the standards actually being applied comply with State law and are no longer than those in effect in September 1975; to the Committee on Finance.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that today, September 30, 1975, he presented to the President of the United States the enrolled bill (S. 1247) to authorize certain construction at military installations, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUMPHREY:

S. 2431. A bill to require a reduction in the duty imposed on oil under section 232 of the Trade Expansion Act of 1962 equal to the increase in the price of such oil imposed by the Organization of Petroleum Exporting Countries during the remainder of 1975. Referred to the Committee on Finance.

By Mr. HATHAWAY:

S. 2432. A bill to prohibit unreasonable searches and seizures incident to and following arrests and to prohibit the use in Federal and State criminal trials of any evidence discovered in the course of or as a result of any such searches; and

S. 2433. A bill to prohibit unreasonable searches and seizures incident to and following arrests for traffic and vehicular law violations and to prohibit the use in Federal and State criminal trials of any evidence discovered in the course of or as a result of any such searches. Referred to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 2434. A bill to establish an independent Federal Aviation Agency, and for other purposes. Referred to the Committee on Commerce.

By Mr. MONTOYA:

S. 2435. A bill to amend the Atomic Energy Community Act of 1955, as amended, to authorize the Administrator of the Energy Research and Development Administration to make assistance payments to the Los Alamos School Board and the County of Los Alamos, N. Mex., after June 30, 1976, in the case of the Schools and after June 30, 1977, in the case of the County. Referred to the Joint Committee on Atomic Energy.

By Mr. ROBERT C. BYRD:

S.J. Res. 133. A joint resolution designating October 15 as National Poetry Day. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUMPHREY:

S. 2431. A bill to require a reduction in the duty imposed on oil under section 232 of the Trade Expansion Act of 1962 equal to the increase in the price of such oil imposed by the Organization of Petroleum Exporting Countries during the remainder of 1975. Referred to the Committee on Finance.

THE OPEC PRICE REDUCTION ACT OF 1975

Mr. HUMPHREY. Mr. President, today, I am introducing legislation to eliminate the economic impact of the 10 percent—$1.05 per barrel—OPEC oil price hike set for this Wednesday, October 1. I am taking this step because President Ford will not take it.

We are witnessing a great deal of posturing by the administration regarding the OPEC price increase. President Ford, for example, said Saturday that the OPEC price hike:

> Will have a significant impact. It will worsen inflation throughout the world and it will hamper the fragile process of economic recovery.

FEA Administrator Frank Zarb called the OPEC action, "outrageous."

They are, of course, correct. The OPEC action is little more than extortion covered by a thin veneer of economic mumbo-jumbo. We are being ripped off by a handful of collusive producers—a collection which we would not tolerate for a moment under our domestic antitrust laws.

Yet, despite his widely noted protestations, President Ford will not take positive action to soften or eliminate the economic impact of the 10-percent OPEC price rise. He could easily take action to completely, yes completely, offset its impact on inflation, on economic growth, and on unemployment. But he will not do so. He decries the economic impact of OPEC action, recklessly blames Congress for it and then refuses to ameliorate that impact. That is not responsible leadership. It is misleading and will directly result in more unemployment and higher prices.

My legislation requires the President to reduce his tariff on imported crude oil by $1.05 per barrel to exactly offset the announced OPEC oil price rise. By nullifying this price increase, the tariff reduction mandated by my legislation will prevent a new wave of energy inflation sweeping our economy, a wave accompanied by slowed economic growth and a rise in unemployment.

The immediate and direct impact of my proposal would be to save consumers almost $4 billion annually in lower oil prices. Should the President be successful in decontrolling oil prices in the near future, the OPEC price hike would cost American consumers an additional $1.5 billion annually in higher oil and gasoline bills, and $4 billion in related product price increases. My legislation will nullify those increases.

Assuming oil prices are decontrolled, my proposal will—

Save every American family the equivalent of $175 over the next 12 months;

Prevent a 1-percent increase in consumer prices over this period; and

Prevent a 3-cent per gallon jump in gasoline and heating oil prices.

If my proposal is not enacted, the drain on consumer's purchasing power due to the OPEC price action, will reduce by one-half of 1 percent our real economic growth rate over the next year—and that means some 140,000 jobs will be lost—they will be lost to higher oil and oil-related product prices. We must pass my tariff rollback and save these jobs.

President Ford on March 4, 1975, as my colleagues know well, vetoed H.R. 1767, rescinding his $2 per barrel tariff on imported crude oil. There is, however, good reason to believe that a similar veto will not occur should my legislation pass both Houses. Of course, I vigorously supported removal of the tariff and continue to urge the President to do so. First, a dime-for-dime reduction in the crude oil tariff, matching the OPEC price rise, will not actually reduce domestic oil prices. It will not, therefore, discourage either increased domestic oil production or our energy conservation efforts—reasons used by the President to justify his March 4 veto.

Second, this legislation is necessary to insure continuation of our emerging economic recovery—a recovery in serious jeopardy, in any case, by the possible decontrol of oil in November. We continue to see very few signs that a broad-based economic recovery is underway. Housing, business capital spending, autos, consumer spending—all remain at low levels—none show signs of leading toward a strong recovery. The brief one-shot burst this past quarter in economic growth due to inventory buildup will shortly subside. Our level of employment remains stagnant.

I could go on and on, but the point has been made: We cannot afford to endanger economic recovery by allowing the OPEC oil price rise to occur—as President Ford himself recognizes.

Mr. President, let me make one further point. Some may argue that OPEC will adjust its asking price upward in the future in recognition that its October 1 oil price boost will leave American consumers untouched. I reject that argument. Frankly, OPEC is only concerned with making its announced new price stick. OPEC pricing policy is based on internal considerations and—Western—inflation in the goods they import. The administration agrees with me on this point as indicated by the September 21 decision to lift the 60 cents per barrel import duties on refined oil products.

I urge all my colleagues and the President to support this proposal and ask unanimous consent to insert in the Record at this point, the text of my bill entitled, "The OPEC Oil Price Reduction Act of 1975."

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2431

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. This act shall be cited as "The OPEC Oil Price Reduction Act of 1975."

Sec. 2. Notwithstanding any other provision of law, if the Organization of Petroleum Exporting Countries increases its publicly announced price for any grade of crude oil, natural gas, or products derived therefrom, during the period from September 1, 1975 to December 1, 1975, then the President shall reduce, but not below zero, the amount of any duty, license fee, supplemental fee, or any other charge which he imposes under section 232 of the Trade Expansion Act of 1972 on imports of such grade of oil, gas, or other products after such date by an amount which is equal to such increase, determined in dollars.

By Mr. HATHAWAY:

S. 2432. A bill to prohibit unreasonable searches and seizures incident to and following arrests and to prohibit the use in Federal and State criminal trials of any evidence discovered in the course of or as a result of any such searches; and

S. 2433. A bill to prohibit unreasonable searches and seizures incident to and following arrests for traffic and vehicular law violations and prohibit the use in Federal and State criminal trials of any evidence discovered in the course of or as a result of any such searches. Referred to the Committee on the Judiciary.

Mr. HATHAWAY. Mr. President, I am today introducing for the second time a bill relating to searches and seizures and a bill concerned with evidence discovered during arrests for vehicular and traffic offenses. These measures were introduced as S. 4169 and S. 4170 in the second session of the 93d Congress. In summary, the purpose of these two bills is to provide greater protection for the right of privacy by prohibiting all searches that are not strictly tied to and justified by the circumstances of an arrest, and for which no warrant has been issued by a judge. The legislation would insure that these rights were protected by excluding from criminal proceedings any use of evidence obtained in violation of the prohibition, unless the accused consents to the introduction of such evidence.

The first of these measures, the Searches and Seizures Act of 1975, is the broader of the two. Under this bill, unless a search warrant has first been obtained by the police or other law enforcement agency, the power of an arresting officer to search either the person or the property of a suspect would be strictly limited. Thus, such a warrantless search would be allowed only if the arresting officer has probable cause to believe that the search will lead to evidence of the exact offense with which the suspect has been charged. Such searches must be in proportion to the evidence being sought, and cannot be a mere fishing expedition. In addition to searches of the suspect's person, only the area—including property—within the suspect's immediate control may be searched without a warrant, and then only if there is probable cause to believe the search will lead to evidence of the crime charged.

Significantly, this bill leaves intact the power of an arresting officer to make appropriate searches for weapons, but only where there is a reasonable belief that the accused is in fact armed and dangerous to him.

The bill also covers the search of a person who is being taken into custody prior to trial or who is being imprisoned. Such a person and his property may only be searched, under this measure, pursuant to a judicial search warrant or in a strictly limited examination for weapons. This "pat-down" search may only be for the purpose of detecting weapons.

The scope of this bill is intentionally broad. It will cover individuals who are arrested or taken into custody or imprisoned by Federal, State, and local law enforcement authorities, and will provide rights to obtain the suppression of illegally seized evidence whether used in the Federal courts or in State and local criminal courts. Since the right to be secure from unreasonable searches and seizures applies to the States through the due process clause of the 14th amendment to the Constitution, it is within the powers of the Congress under the fifth section of that amendment to apply this legislation to State courts and law enforcement personnel as well as Federal courts and law enforcement agencies.

The intent of this proposal should not be misconstrued. No one is suggesting that our criminal justice system has reached the point that it may be analogized to Alexandr Solzhenitsyn's "Gulag Archipelago" in which the suspect or prisoner is buried in anonymity and suffers a complete loss of rights. In our system of laws, not only the criminal suspect but even the convicted prisoner retains important rights which it is in society's interest to preserve. This bill will aid in that process of preservation by circumscribing the conditions under which a suspect or detainee or prisoner may have his privacy invaded other than by order of a court of competent jurisdiction. In this fashion we can not only ensure that the presumption of innocence is a reality in the station house as well as the courtroom, but can go far to preserving the dignity of all who may be incarcerated.

The second measure, the Traffic and Vehicular Arrests Act of 1975, has a narrower focus. This measure is addressed to the limited situation where law enforcement officials use the laws and ordinances relating to motor vehicles as a pretext for conducting a full-scale search of either an individual or the vehicle he is operating. Similar in many ways to the measure I have already described, this bill would permit an accused to obtain the suppression of evidence obtained in violation of its provisions, thereby removing any incentive for police abuse of the warrantless search.

As in the prior case, this legislation would apply to criminal proceedings in Federal, State, and local courts, and would apply to all law enforcement personnel. To the extent that non-Federal trials are affected by the measure, this bill too rests on the fifth section of the 14th amendment, as a congressional effort to afford greater protection to the right of the people to be free from unreasonable searches and seizures. In addition, exercise of Federal power in this respect is particularly appropriate since the kinds of abuse this legislation is intended to correct represent an improper impediment to the constitutional right to travel as well as to the flow of commerce between the several States.

In offering this second bill, I recognize that I am asking the Congress to modify recent decisions of the Supreme Court of the United States, ***United States* v. *Robinson***, 414 U.S. 218 (1973), and *Gustafson* v. *Florida*, 414 U.S. 260 (1973). In those cases the Court upheld the use as evidence at trial of heroin and marihuana that was discovered incident to arrests for minor traffic offenses. In *Robinson* the traffic offense was that of operating a motor vehicle after revocation of an operator's permit, while in *Gustafson* the offense that gave rise to the search was driving without an operator's permit. Faced with decisions such as these, we have seen several State courts turn to their own constitutions as a means of avoiding the current Federal constitutional rule. See, for example, *State* v. *Kaluna*, 42 U.S.L.W. 2359 (Haw., Mar. 18, 1974); *People* v. *Kelly*, 42 U.S.L.W. 2472 (N.Y.C. Crim. Ct., Feb. 13, 1974). Rather than sit by and merely observe these developments, I believe the Congress can and should take seriously its partnership with the courts in the enunciation and development of Federal constitutional law.

I look upon both of these measures as in keeping with the historic role of the Congress as protector of the people's rights. The purpose of the legislation is not to hamstring the police, but simply to restore a degree of perspective and balance in connection with traffic-related and other searches. The need to protect the policeman on the beat from dangerous criminals is carefully preserved in this legislation, but new recognition is given to the notion that the warrantless search should be the exception rather than the rule.

A helpful legal memorandum was prepared for me last year by the Harvard Civil Rights—Civil Liberties Research Committee, together with a draft of the legislation I have introduced today. I ask unanimous consent to have printed in the RECORD excerpts from that memorandum dealing with so-called inventory searches or searches that are incident to incarceration, and the text of these two bills.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEARCHES INCIDENT TO INCARCERATION

The scope and intensity of a pre-incarceration search of a minor traffic offender unable to post bond should be related to the circumstances which justified its initiation. Cf. *Terry v. Ohio*, 392 US 1, 19 (1968). By the time a person is brought down to the stationhouse the police have already made a weapons search (frisk) and have concluded any search based on probable cause which might have turned up evidence of the violation for which he was arrested. The only justifications for the subsequent pre-incarceration, or inventory, search are: 1) to keep articles out of prison which may be dangerous to its proper administration; 2) to prevent the arrestee's or other prisoners' escape; and 3) to protect the police from charges of theft. See Note, "The Inventory Search of an Offender Arrested for a Minor Traffic Violation: Its Scope and Constitutional Requirements," 53 *B.U.L. Rev.* 858 (1973). These state interests do not justify as reasonable a full field-type search prior to incarceration pending arraignment for a traffic offense. Although the person has already suffered a serious intrusion when he is put under custodial arrest, the police have no right to make intrusions beyond those which are necessary.

The Model Code of Pre-Arraignment Procedure of the American Law Institute recommends that a person arrested for a violation of a minor offense (defined as "a traffic offense or other misdemeanor, the elements and circumstances of which involve no unlawful possession or violent or intentionally or recklessly dangerous conduct") be subjected only to "such Search of the person as is reasonably necessary for custodial purposes" or for uncovering evidence of the violation for which the arrest was made if the officer reasonably believes evidence may be found on the person. See, *American Law Institute Model Code of Pre-Arraignment Procedure* (Approved Draft), § SS230.2 and § SS230.6.

Since the decision whether to issue a traffic citation or put an offender under arrest is totally within the discretion of the individual police officer, the opportunity for abuse of Fourth Amendment rights is great. *United States v. Robinson*, 94 S Ct 467, 482 (1973) (Marshall, J. dissenting). If the police are unable to conduct full searches incident to arrest, but are allowed to conduct full-blown pre-incarceration searches, they may simply begin to bring all minor traffic violators to the stationhouse.

In practice, pre-incarceration searches may well violate the constitutional requirement of equal protection. Since the bail system operates to discriminate against the poor who are unable to post bond, poor people who are arrested on minor traffic violations will suffer a significantly greater intrusion into their privacy than affluent people arrested on the same charges. Poor people, often members of minority groups, will be unable to post bond, will have to spend time in jail, and will therefore be subjected to a full search which their more affluent counterparts escape by virtue of their ability to post bond. See Note, "The Inventory Search," 53 *B.U. L. Rev.* 858, 876, 877, (1973).

The purposes for inventory searches can amply be served by having the person himself deposit all his possessions in a manila envelope or a locker with a complete inventory list. If this is not possible in some police districts, the person could be searched in order to collect all his possessions on the condition nothing found could be used in any criminal proceedings.

The police should not be allowed to make a warrantless search of an automobile or other vehicle which has been towed in after its driver has been taken into custody for a minor traffic violation. The only exception should be when the police have probable cause to believe a search will turn up evidence of the offense for which the driver was arrested.

The police are not authorized to make general searches for incriminating evidence of a home incident to an arrest, and similarly should not be allowed to make such a search of a car without further justification. See *Chimel v. California*, 395 US 752 (1969).

The Court has said that a car is different from a house because it can always be moved. *cooper v. California*, 386 US 58 (1967). However, a car which has been impounded by the police while its driver is in jail is not likely to be moved if properly locked and under at least minimal police control.

The American Law Institute, in the Commentary to the Model Code of Pre-Arraignment Procedure, says that the only justifications for searching a towed-in automobile belonging to someone incarcerated for a minor traffic offense are: 1) to find things connected with the offense for which the arrest was made and which the police reasonably believe will be found in the car; and 2) to remove evidence of the offense for which the person was arrested, and which the police reasonably believe may be removed or destroyed if not properly seized. See ALI, *Model Code of Pre-Arraignment Procedure*, Commentary on § SS 230.5, Search of Premises. The American Law Institute recommends that a search of an impounded vehicle be made only when both these circumstances exist. Because searches of automobiles belonging to persons incarcerated for minor traffic offenses will rarely, if ever, turn up evidence of the traffic offense, they should be made only upon probable cause. Such searches can be distinguished from the searches allowed under *Cooper* v. *California*, 386 US 58 (1967). There the Court said the police were justified in conducting a search which was "closely related" to the reason the owner was originally arrested and jailed, i.e., the transportation and possession of narcotics. In the situations covered by this bill, the owners of the cars that are impounded will have been arrested merely for minor traffic offenses.

The search in *Cooper* was also justified on the ground that the police had a possessory interest in the automobile pursuant to a state statute providing for its impounding and forfeiture. See 87 *Hardvard L. Rev.* at 846. The police do not have any such possessory rights in cars towed while the owners are in jail prior to arraignment on minor traffic violations.

The language of *Cooper* also hints that the search may be justified as an action for the protection of the police. 386 US at 61–62.

Searches of impounded automobiles have also been justified as "benign" inventory searches for purposes such as protecting public safety, protecting the driver's property, or to prevent liability of the police on charges of theft. See 87 *Harvard L. Rev.* at 849, and cases there cited. Police officers should not be authorized to make "benign" searches of impounded automobiles.

If such searches are conducted, evidence of any offense other than the one for which the owner was arrested should not be admissible in any criminal proceeding. The Court held in *Cady v. Dombrowski*, 413 US 433 (1973) that the police were justified in making a "housekeeping" search of an impounded automobile since they thought that the car contained a gun which could endanger the community if stolen from the car. The police were held justified in making a warrantless "benign search" although it is questionable whether the police could have searched the car for evidence of a serious criminal offense without a warrant. Surely persons the police do not suspect of engaging in criminal activity should not suffer a greater intrusion into their privacy through a warrantless automobile search than those persons the police do suspect of engaging in criminal activity. See 87 *Harvard L. Rev.* 835.

The reasons given for allowing searches of impounded vehicles belonging to traffic law violators can be served by means other than full searches of the vehicles. In the vast majority of cases, the police need only lock the car to safeguard it and its contents and to protect the police from charges of theft. Furthermore, such action would protect the owner's interest in control over his car and his interest in the secrecy, or privacy, of the car's contents, interests which would be seriously infringed upon by full automobile searches.

The same equal protection argument which supports the prohibition of warrantless searches of traffic offenders prior to incarceration also applies to support the prohibition of warrantless searches of towed-in vehicles.

S. 2432

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Searches and Seizures Act of 1974".

SEC. 2. (a) A warrantless search of a person or his property incident to an arrest is prohibited.

(b) In any criminal trial or hearing, evidence obtained in or as a result of a search prohibited by subsection 2(a) is not admissible over the objection of the defendant.

(c) Subsection 2(a) shall not be construed to prohibit a warrantless search of the person of the arrestee or the area within his immediate control if the arresting officer has probable cause to believe that the search will produce evidence of the law violation with which the person has been charged, and if the arresting officer conducts a search limited in scope to an intrusion that is appropriate to the discovery of the evidence that is sought.

(d) Subsection 2(a) shall not be construed to prohibit the arresting officer from conducting a search limited in scope to an intrusion that is appropriate to the discovery of any hidden weapons if he reasonably believes that the person arrested is armed and will endanger him as he is making the arrest.

SEC. 3. (a) A warrantless search of a person or his property incident to any pretrial custody, detention, imprisonment, or other incarceration of that person which follows from his arrest is prohibited.

(b) In any criminal trial or hearing, evidence obtained in or as a result of a search prohibited by subsection 3(a) is not admissible over the objection of the defendant.

(c) Subsection 3(a) shall not be construed to prohibit a limited search for weapons at the time the person arrested is taken into custody, detained, imprisoned, or otherwise incarcerated.

SEC. 4. As used in this Act, the term "officer" includes any law enforcement officer employed by, or acting under the authority of the United States, a State or a political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

SEC. 5. As used in this Act, the term "criminal trial or hearing" includes all proceedings subject to the Federal Rules of Criminal Procedure or to the Rules of Procedure for the Trial of Minor Offenses Before United States Magistrates, and all analogous criminal proceedings in the courts of any State, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 6. As used in this Act, a "limited search for weapons" means a patting down of the person's outer clothing for the purpose of discovering dangerous weapons. Any object discovered in the course of such a search which the officer reasonably believes is a dangerous weapon may be seized. Unless the person does not lawfully possess an object or weapon so seized, it must be returned to that person when he is released from custody, detention, imprisonment, or other incarceration.

SEC. 7. As used in this act the term "property" includes automobiles or other vehicles.

S. 2433

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Traffic and Vehicular Arrests Evidence Act of 1974".

SEC. 2. (a) A warrantless search of a person or his property incident to an arrest for traffic or vehicular law violations is prohibited.

(b) In any criminal trial or hearing, evidence obtained in or as a result of a search prohibited by subsection 2(a) is not admissible over the objection of the defendant.

(c) Subsection 2(a) shall not be construed to prohibit a warrantless search of the person of the arrestee or the area within his immediate control if the arresting officer has probable cause to believe that the search will produce evidence of the traffic or vehicular violation with which the person has been charged, and if the arresting officer conducts a search limited in scope to an intrusion that is appropriate to the discovery of the evidence that is sought.

(d) Subsection 2(a) shall not be construed to prohibit the arresting officer from conducting a search limited in scope to an intrusion that is appropriate to the discovery of any hidden weapons if he reasonably believes that the person arrested is armed and will endanger him as he is making the arrest.

SEC. 3. (a) A warrantless search of a person or his property incident to any pretrial custody, detention, imprisonment, or other incarceration of that person which follows from his arrest on charges of traffic or vehicular law violations, is prohibited.

(b) In any criminal trial or hearing, evidence obtained in or as a result of a search prohibited by subsection 3(a) is not admissible over the objection of the defendant.

(c) Subsection 3(a) shall not be construed to prohibit a limited search for weapons at the time the person arrested is taken into custody, detained, imprisoned, or otherwise incarcerated.

SEC. 4. As used in this Act, the term "traffic and vehicular law violations" includes violations of any law or ordinance regulating or prescribing the manner of operating vehicles on highways, licensing of operators of vehicles, and the inspection, registration, or equipment requirements of vehicles on highways.

SEC. 5. As used in this Act, the term "officer" includes any law enforcement officer employed by, or acting under the authority of the United States, a State or a political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

SEC. 6. As used in this Act, the term "criminal trial or hearing" includes all proceedings subject to the Federal Rules of Criminal Procedure or to the Rules of Procedure for the Trial of Minor Offenses Before United States Magistrates, and all analogous criminal proceedings in the courts of any State, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 7. As used in this Act, a "limited search for weapons" means a patting down of the person's outer clothing for the purpose of discovering dangerous weapons. Any object discovered in the course of such a search which the officer reasonably believes is a dangerous weapon may be seized. Unless the person does not lawfully possess an object or weapon so seized, it must be returned to that person when he is released from custody, detention, imprisonment, or other incarceration.

SEC. 8. As used in this Act the term "property" includes automobiles or other vehicles.

By Mr. GOLDWATER:

S. 2434. A bill to establish an independent Federal Aviation Agency, and for other purposes. Referred to the Committee on Commerce.

INDEPENDENT FEDERAL AVIATION AGENCY ACT OF 1975

Mr. GOLDWATER. Mr. President, today I introduce a bill which, to put it in plain words, simply removes the Federal Aviation Administration from the Department of Transportation and reestablishes it as an independent Federal Aviation Agency in the executive branch.

A companion bill, authored by Congressman GOLDWATER, JR., of California, is being introduced today in the House of Representatives. The proposal is primarily the idea of my son, Congressman GOLDWATER, JR., and I am pleased that he has taken the initiative to develop a solution to some of the defects and deformities whch have marked the functioning of the FAA since it has come under the control of the Department of Transportation.

Mr. President, the safe and efficient use of air space is the primary objective in the original Federal Aviation Act of 1958. To achieve this major purpose, it is obvious that an independent aviation body must exist into which are consolidated all the essential management functions and responsibilities needed for air traffic and space control. This was the initial concept that led to enactment of the Federal Aviation Act in August of 1958, and it is as true today as it was then. This act created a Federal Aviation Agency and gave it full powers over air navigation.

But in 1967, when the then new Department of Transportation was created, the Federal Aviation Agency was terminated and its powers and functions were transferred to and vested in the Secretary of DOT. The previously independent Federal Aviation Agency was in effect converted to a new bureau within the Department of Transportation, named the Federal Aviation Administration. The Administrator of this "bureau" reports to and is subject to the control of the Secretary of Transportation.

There is extensive evidence to show that subsequent to this transformation, there has been undue interference on the part of the Department of Transportation in the internal affairs of the Federal Aviation Administration, so much so that the FAA's procurement process has been slowed down to an average time period of 1½ years or more, resulting in the cancellation of many procurement projects or unnecessary losses in the millions of dollars to companies involved. It is important to note, too, that aviation users, who pay much of the money which goes into the airport and airway trust fund, have no effective participation in the development of FAA finance plans so long as it is under the Department. Moreover, there is an inherent conflict of interest that has been evidenced since the reorganization of aviation functions into the Department of Transportation, and this stems from the fundamental differences between the goal of air transportation development and the goal of promoting surface transportation.

Mr. President, it is my strong opinion that air safety management will be improved by separating the FAA from the Department of Transportation and reestablishing the office as a completely independent agency of Government, not subservient to any other organization. This is all my bill will do. It will not change the FAA's basic jurisdiction. It will not alter in any way the existing airport and airway trust fund. It will just make the FAA independent.

Mr. President, I hope the introduction of these measures in both Houses of Congress today will initiate a healthy discussion of the need for independence by a separate Federal aviation agency, and I trust the Congress will take action in this field.

Mr. President, I ask unanimous consent to insert a copy of the bill at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2434

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Independent Federal Aviation Agency Act of 1975".

FINDINGS

SEC. 2. The Congress hereby finds and declares:

(1) A former independent agency of the United States known as the Federal Aviation Agency was established by the Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.) to provide for the regulation and promotion of civil aviation in such a manner as to best foster its development and safety, and to provide for the safe and efficient use of the airspace by both civil and military aircraft, and for other purposes.

(2) Under provisions of the Department of Transportation Act (49 U.S.C. 1651 et seq.), the Federal Aviation Agency was established as an integral component of the Department of Transportation and its name was changed to the Federal Aviation Administration. The functions, powers, and duties of the former Federal Aviation Agency, and of the Administrator and other officers and offices thereof, were transferred to and vested in the Secretary of Transportation.

(3) Since October 15, 1966, the date of enactment of the Department of Transportation Act (49 U.S.C. 1651 et seq.), the relationship between the Federal Aviation Administration and the Office of the Secretary of Transportation has been characterized by undue interference exercised by the Office of the Secretary of Transportation over the entire range of Federal Aviation Administration activities. Such interference, exceeding the intent of the Congress as expressed in the Department of Transportation Act and its legislative history, has had deleterious and debilitating effects on the conduct of the vital aviation safety mission intended to be performed by the Federal Aviation Administration. The resultant misplacement of authority and responsibility between the Office of the Secretary of Transportation and the Federal Aviation Administration is manifest in all managerial and operational areas.

(4) It has become apparent that the proper conduct of the responsibilities associated with civil aviation development and safety—

(A) requires prompt, vigorous, and unencumbered action by an independent Federal aviation agency, notably to identify and remedy problem areas;

(B) demands that the head of such an agency be free to make determinations which, in the exercise of his best independent judgment, are necessary; and

(C) calls for the elimination of confusion as to the functional role of the Federal Aviation Administration arising from the existing institutional relationship which places the Federal Aviation Administration in a position subservient to that of another organization of Government.

ESTABLISHMENT OF AGENCY

SEC. 3. (a) There is hereby established the Federal Aviation Agency (hereafter in this Act referred to as the "Agency") as an independent agency of the United States.

(b) The Agency shall be headed by an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate. In appointing an Administrator, the President shall be guided by the qualifications for such office which are specified in section 301(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1341(b)); except that nothing in such section, or this or any other Act, shall preclude the nomination or appointment to the position of Administrator of a retired officer of the Armed Forces of the United States. The appointment to, acceptance of, and service in the office of Administrator of any such retired officer shall in no way affect any status, rank, or grade he may occupy or hold in the Armed Forces, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. So long as any such retired officer holds the office of Administrator, he shall receive the compensation of that office at the rate specified in section 5313 of title 5, United States Code, and shall retain the rank and grade which he holds as an officer on the retired list of any of the Armed Forces, at the time of appointment to the office of Administrator, and shall in addition continue to receive the retired pay to which he is entitled by law, subject to the provisions of subchapter IV of chapter 55 of title 5, United States Code. No retired officer so appointed shall be subject to direction, control, supervision, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were not an officer on the retired list of one of the branches of the Armed Forces.

(c) There shall be a Deputy Administrator of the Agency who shall be appointed by the President, by and with the advice and consent of the Senate. In appointing a Deputy Administrator, the President shall be guided by the qualifications for such office which are specified in section 302(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1342(b)).

(d) Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule, and who, without a break in service, is appointed in the Agency to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position, for the duration of his service in his new position.

POWERS OF ADMINISTRATOR AND DEPUTY ADMINISTRATOR

SEC. 4. (a) (1) The Administrator shall be responsible for the exercise of all powers and the discharge of all duties of the Agency, and he shall have full authority and control over all personnel and activities thereof.

(2) In carrying out his functions, powers, and duties under this Act, the Administrator shall be governed by all applicable statutes, including the policy standards set forth in the Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.).

(3) Decisions of the Administrator made pursuant to his exercise of the functions, powers, and duties enumerated in the Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.) shall be administratively final, and appeals as authorized by law shall be taken directly to the National Transportation Safety Board or to any court of competent jurisdiction, as appropriate.

(4) The Administrator shall not submit his decisions for the approval of, nor be bound by the decisions or recommendations of, any committee, board, or other organization created by Executive order.

(b) The Deputy Administrator shall perform such duties and exercise such powers as the Administrator shall prescribe. The Deputy Administrator shall act for, and exercise the powers of, the Administrator during his absence or disability.

TRANSFERS TO AGENCY

SEC. 5. (a) There are hereby transferred to and vested in the Administrator all functions, powers, and duties of the Secretary of Transportation and other officers and offices of the Department of Transportation, including those functions, powers, and duties of the Secretary which are exercised by the Administrator for the Federal Aviation Administration, under the following laws and provisions of law:

(1) The Act of September 7, 1957, as amended (71 Stat. 629).

(2) The Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.).

(3) Section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

(4 The Airport and Airway Development Act of 1970 (49 U.S.C. 1701 et seq.).

(b) The personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available or to be made available, of the Department of Transportation (which are related to the area of civil aviation) are hereby transferred from the Secretary of Transportation and the Administrator of the Federal Aviation Administration (to the extent assigned by the Secretary to the Administrator of the Federal Aviation Administration) to the Administrator.

(c) In any case where all of the functions, powers, and duties of any office or agency are transferred pursuant to this Act, *such* office or agency shall lapse on the date such transfer is effective.

AMENDMENTS TO OTHER LAWS

SEC. 6. (a) The Department of Transportation Act (49 U.S.C. 1651 et seq.) is amended as follows:

(1) Section 3 of such Act (49 U.S.C. *1652*) is amended—

(A) by amending paragraph (1) of subsection (e) to read as follows:

"(1) There is hereby established within the Department a Federal Highway Administration and a Federal Railroad Administration. Each of these components shall be headed by an Administrator. The Administrators shall be appointed by the President, by and with the advice and consent of the Senate.";

(B) by striking out paragraph (2) of subsection (e); and

(C) by renumbering paragraphs (3) and (4) of subsection (e) (and all references thereto) as paragraphs (2) and (3), respectively.

(2) Section 4 of such Act (49 U.S.C. 1653) is amended—

(A) in subsection (a), by striking out "with particular attention to aircraft noise" and inserting in lieu thereof "with the exception of aircraft noise"; and

(B) in subsection (b) (1) by striking out "the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.);".

(3) Section 6 of such Act (49 U.S.C. 1655) is amended—

(A) by striking out subsection (c); and

(B) by relettering the subsections of such section (and all references thereto) as subsections (a) through (h), respectively.

(4) Section 9 of such Act (49 U.S.C. 1657) is amended—

(A) by striking out subsection (f); and

(B) by relettering the subsections of such section (and all references thereto) as subsections (a) through (p), respectively.

(b) Subchapter II (relating to executive schedule pay rates) of chapter 53 of title 5 of the United States Code is amended as follows:

(1) Section 5313 of such subchapter is amended by striking out "(19) Administrator, Federal Aviation Administration." and inserting in lieu thereof "(19) Administrator, Federal Aviation Agency.".

(2) Section 5315 of such subchapter is amended by striking out "(80) Deputy Administrator, Federal Aviation Administration" and inserting in lieu thereof "(80) Deputy Administrator, Federal Aviation Agency."

(c) Section 304 of the Transportation Safety Act of 1974 (49 U.S.C. 1903) is amended—

(1) by amending the second sentence of paragraph (1) of subsection (a) to read as follows: "The Board may request the Secretary of Transportation (hereafter in this title referred to as the 'Secretary'), or the Administrator of the Federal Aviation Agency in the case of aircraft accidents, to make investigations with regard to such accidents and to report to the Board the facts, conditions, and circumstances thereof (except in accidents where misfeasance or nonfeasance by the Federal Government is alleged), and the Secretary or his designees, or the Administrator of the Federal Aviation Agency or his designees in the case of aircraft accidents, are authorized to make such investigations. "; and

(2) by striking out "Secretary of Transportation" in subsection (a)(9)(A) and inserting in lieu thereof "Administrator of the Federal Aviation Agency".

SAVING PROVISIONS

SEC. 7. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective—

(A) under any provision of law amended by this Act, or

(B) in the exercise of duties, powers, or functions which are transferred under this Act.

by (i) any department or agency, any functions of which are transferred by this Act, or (ii) any court of competent jurisdiction; and

(2) which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Administrator, by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any department or agency (or component thereof), functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Agency. Such proceedings, to the extent they do not relate to functions so transferred, shall be continued before the department or agency before which they were pending at the time of such transfer. In either case, orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Administrator, by a court of competent jurisdiction, or by operation of law.

(c)(1) Except as provided in paragraph (2)—

(A) the provisions of this Act shall not affect suits commenced prior to the date this section takes effect, and

(B) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or such official of the Agency as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this subsection.

(2) If before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act—

(A) such department or agency is transferred to the Administrator, or

(B) any function of such department, agency, or officer is transferred to the Administrator,

then such suit shall be continued by the Administrator (except in the case of a suit not involving functions transferred to the Administrator, in which case the suit shall be continued by the department, agency, or officer which was a party to the suit prior to the effective date of this Act).

(d) With respect to any function, power, or duty transferred by this Act and exercised after the effective date of this Act, reference in any other Federal law to any department or agency, officer or office so transferred or functions of which are so transferred shall be deemed to mean the officer or agency in which this Act vests such function after such transfer.

EFFECTIVE DATE

SEC. 8. This Act shall take effect ninety days after its date of enactment.

By Mr. MONTOYA:

S. 2435. A bill to amend the Atomic Energy Community Act of 1955, as amended, to authorize the Administrator of the Energy Research and Development Administration to make assistance payments to the Los Alamos School Board and the County of Los Alamos, N. Mex., after June 30, 1976 in the case of the schools and after June 30, 1977 in the case of the county. Referred to the Joint Committee on Atomic Energy.

Mr. MONTOYA. Mr. President, the purpose of this amendment is to authorize, but not require, the Administrator of the Energy Research and Development Administration to continue to make assistance payments to the Los Alamos School Board and the County of Los Alamos, N. Mex., after June 30, 1976, in the case of the schools and after June 30, 1977, in the case of the county. Under the present provisions of the Community Act, the authority of the Administrator to make assistance payments to these two entities will expire on these dates, which mark the end of initial 10-year periods of assistance payments. In 1967, the Community Act was amended to extend the authority to continue assistance payments after expiration of the initial 10-year periods for Oak Ridge, Tenn., and Richland, Wash. The bill which we are introducing today extends the authority to continue assistance payments to Los Alamos on the same basis as the 1967 amendment previously extended the authority to continue payments to Oak Ridge and Richland.

The community of Los Alamos was constructed and managed in the early 1940's by the Department of the Army's Manhattan Engineer District solely to support the research, development, and production of atomic weapons. The community was transferred to the newly created Atomic Energy Commission in 1947 and remained a totally Government-owned community until after 1962 when transfer of the community to private ownership and self-government began.

At the conclusion of World War II, the Federal Government increased the level of community services to help recruit and retain highly qualified scientific and technical personnel required for the weapons research and development laboratory. The ensuing long period of Government ownership and management of the community established a level and pattern of community services which were passed on to the schools and county when they assumed their responsibilities under the provisions of the Community Act. The act provided for the maintenance of community conditions which would not impede the recruitment and retention of personnel essential to the atomic energy program.

The site for Los Alamos was selected because of its relative isolation from population centers and because the area itself, as well as the immediately surrounding area, was virtually unpopulated. While wartime security and secrecy requirements were well served by the location, the economic factors which led to the growth of most communities were absent. Los Alamos was a "one industry" town, with the added economic factor that the one industry is Government-owned and tax exempt.

The dynamic nature of the Energy Research and Development Administration's program at Los Alamos makes successful recruitment and retention of highly qualified personnel of great importance to the success of programs there. Therefore, the maintenance of an adequate level of community services continues to be an important requirement and to meet that requirement the schools and county will continue to need financial assistance.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 1685

At the request of Mr. RIBICOFF, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1685, a bill to continue social security payments on a quarterly basis.

S. 1994

At the request of Mr. MOSS, the Senator from Pennsylvania (Mr. HUGH

Scott) and the Senator from Wyoming (Mr. McGee) were added as cosponsors of S. 1994, a bill to authorize the Director of the National Science Foundation to undertake research in the development of improved curricula for training of coal mine technologists, and to authorize the Commissioner of Education to make grants to community colleges for the conduct of such programs.

S. 2020

At the request of Mr. Ribicoff, the Senator from New Jersey (Mr. Case), the Senator from Hawaii (Mr. Fong), and the Senator from Minnesota (Mr. Mondale) were added as cosponsors of S. 2020, a bill to add vision care to part B medicare payments.

S. 2350

At the request of Mr. Symington, the Senator from South Dakota (Mr. Abourezk) was added as a cosponsor of S. 2350, a bill to amend the National Security Act of 1947, as amended, to provide that the Secretary of the Treasury become a statutory member of the National Security Council.

S. 2409

At the request of Mr. Bentsen, the Senator from South Dakota (Mr. McGovern) was added as a cosponsor of S. 2409, a bill to require committee reports on proposed legislation to contain statement of the reporting and recordkeeping requirements which will be imposed on private business as a result of the enactment of such proposed legislation.

SENATE JOINT RESOLUTION 131

At the request of Mr. Humphrey, the Senator from North Dakota (Mr. Burdick), the Senator from Maryland (Mr. Beall), the Senator from South Dakota (Mr. McGovern), and the Senator from Texas (Mr. Bentsen) were added as cosponsors of Senate Joint Resolution 131 to establish a task force on Federal small business impact.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENT NO. 943

(Ordered to be printed and to lie on the table.)

Mr. FORD submitted an amendment intended to be proposed by him to amendment No. 934 proposed to the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENT NO. 945

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted an amendment intended to be proposed by him to the bill (S. 2310), supra.

NATURAL GAS PRODUCTION AND CONSERVATION ACT—S. 692

AMENDMENT NO. 944

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON. Mr. President, on behalf of Senators Magnuson, Moss, Hollings, McIntyre, Biden, Hathaway, Brooke, Javits, and McGovern, I introduce an amendment to S. 692 which would establish an administerable single-tier pricing system for both oil and natural gas.

More than 2 years of congressional debate and hearings have produced no consensus on the pricing of domestic oil and natural gas. The Emergency Allocation Act expires November 15, and OPEC has increased the oil price again. The country is threatened with severe shortages of natural gas, and the economy is threatened with more inflation and recession.

Many months of debate, hearings, and studies have convinced us that the domestic price of new oil is too high, the price for interstate natural gas too low. Unregulated, both would climb to OPEC levels or higher. If regulation continued to price oil too high and natural gas too low, producers would tend to produce oil at the expense of consumers who sought the lower priced gas which is in critically short supply. Any pricing system which perpetuates a wide disparity between oil and gas prices encourages natural gas shortages.

We believe that neither oil nor natural gas can be priced sensibly without reference to the other. In many cases they come from the same well, and can be used by the same consumers.

This amendment would replace the multitiered price controls for natural gas in S. 692 and the short term Emergency Allocation Act price controls for oil with a single tier price ceiling for both oil and natural gas.

In the last 2 years the price of new domestic oil has risen from $3.40 per barrel to over $13 per barrel as a direct result of arbitrary OPEC price increases. A year and a half ago, industry sources were indicating that a $7 per barrel price by 1985 would produce all the domestic oil there was to produce. Even with a generous allowance for energy-induced inflation in the interim, an adequate price for maximum domestic oil and gas production is substantially below $13 per barrel or its equivalent for natural gas.

A recent study by the energy task force of the Senate Budget Committee, chaired by Senator Moss, and supported by studies of the FPC and others, indicates that a price of $9 per barrel for new domestic oil production and $1.30 per mcf for natural gas provide the domestic oil industry with a 14-percent rate of return on investment. The energy task force study also indicates substantial production increases at prices ranging up to $9 per barrel and $1.30 per mcf, with diminishing increases in production at prices above these levels.

A study released last Friday by the Subcommittee on Energy of the Joint Economic Committee, chaired by Senator Kennedy, concluded:

> Future regulation of oil prices should make allowance for a substantial narrowing of the disparity between the high prices of oil . . . and intrastate natural gas on the one hand and the lower prices of federally regulated interstate natural gas on the other. This disparity has resulted in a massive diversion of drilling and production equipment from gas to oil production and of supplies of gas from the interstate to the intrastate market . . . Coordinated action on oil and gas could permit an adjustment of gas prices at less net cost (or no net cost) to energy consumers on average. Such joint action could reduce the present discrimination against users of oil compared to those of gas and the corresponding discrimination between producers of thse fuels.

This amendment establishes:

First. A $9 per barrel ceiling price for new domestic oil which would remain constant in real dollars over a period of 5 years. Quarterly increases are limited to the GNP deflator but not to exceed 5 cents per barrel per month.

Second. A phaseout of price controls on old domestic oil over a 5-year period up to the ceiling price for new oil.

Third. Authority within FEA, subject to congressional approval, to exempt from price controls certain high cost production categories such as tertiary recovery, heavy oils, and synthetic oils. FPC would have similar authority with respect to natural gas.

Fourth. A single ceiling price for all new natural gas based on the average new natural gas price in the intrastate market from August to November of 1975, not to exceed $1.30 per M ft^3, with quarterly increases based on the GNP deflator but in no case to exceed 1 cent per M ft^3 per month.

Fifth. Presidential authority after 5 years to modify or eliminate the pricing formulas subject to disapproval by either House of Congress.

The average intrastate price for natural gas between August and November was approximately $1.30 per M ft^3, which also equals the Btu equivalent of the $6.75 per barrel average price of domestic oil under this amendment's $9 ceiling for new oil and 5-year phaseout of old.

This amendment would, therefore, eliminate the present pricing disparity between oil and gas, not by letting natural gas rise to an OPEC level, but by holding down the average price of oil and bringing up the price of natural gas.

It would insulate domestic oil prices from the whims of OPEC, while still providing generous incentives for domestic production; and it would provide for needed increases in natural gas prices to levels still well below the OPEC equivalent price or higher invited by natural gas deregulation proposals.

Senator Pearson's amendment would immediately deregulate all onshore natural gas, while phasing out offshore regulation over a 5-year period. Because of today's growing shortages, the price of deregulated natural gas in interstate commerce would immediately increase to $3 per mcf—levels in excess of the OPEC equivalent for oil.

The oil pricing provisions of this amendment are less complex, therefore, more easily administered, and on the average slightly lower than the multitiered pricing provisions recently enacted in the House as part of H.R. 7014. In addition, this amendment would preserve the provisions in S. 692 which freeze the price of flowing "old" natural gas, the allocation of the price of that gas to small commercial and residential consumers, the requirement that Federal leases be produced or forfeited and the ban on wasteful boiler fuel uses of natural gas.

This pricing amendment could establish a middle position on supply and price, a basis for compromise and for action toward a coherent national energy pricing policy. It would create incentives for natural gas, as well as oil production and protect the economy from unnecessary energy-induced inflation and recession.

I urge my colleagues to consider this comprehensive but clear cut oil and gas pricing proposal.

Mr. President, I ask unanimous consent that a copy of this amendment be printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 944

On page 25, strike lines 9 through 16.

On page 26, line 18, "strike "." and insert in lieu thereof ";".

On page 26, strike lines 19 through 26.

On page 27, strike lines 4 through 19 and insert in lieu thereof the following:

"(10) 'new natural gas' means—

"(A) any natural gas (i) which the Commission in its discretion determines was not dedicated to interstate commerce prior to September 1, 1975; or

"(B) any natural gas which is committed by contract to the intrastate market if such contract, on or after September 1, 1975, terminates, and is not renewed or if such natural gas is otherwise available for sale;"

On page 28, strike "(A)" in line 7; and strike lines 8 through 10 and insert in lieu thereof "and sells natural gas;".

On page 28, strike lines 20 through 26.

On page 29, strike lines 1 through 8.

Renumber the paragraphs in section 202 of this bill, as amended by this amendment, so that they are set forth in consecutive numerical order.

On page 29 strike lines 18 through 25; strike in their entirety pages 30, 31, and 32; on page 33 lines 1 through 23; and insert in lieu thereof the following:

" 'NEW CRUDE OIL AND NEW NATURAL GAS PRICING

" 'Sec. 203. (a) New Crude Oil Price Ceiling.—Crude oil that is defined as new crude oil, pursuant to subsection (h) (4), may not be sold or transferred, after the date of enactment of this title, by a producer of crude oil or by an owner of oil-producing land receiving royalties, at a price in excess of $9.00 per barrel plus any increases authorized pursuant to subsection (c). Such ceiling shall apply only to any first sale of new crude in the United States.

" '(b) Old Crude Oil Price Ceiling.—Crude oil that is defined as old crude oil, pursuant to subsection (h) (5), may not be sold or transferred, after the date of enactment of this title, by a producer of crude oil or by an owner of oil-producing land receiving royalties, at a price in excess of $5.25 per barrel. Such ceiling shall apply only to any first sale of old crude oil in the United States.

" '(c) New Crude Oil Price Ceiling Adjustment.—Commencing with the month following the date of enactment of this title, and at monthly intervals thereafter, the new crude oil price ceiling enumerated in subsection (a) shall be adjusted by the Administrator for any inflation or deflation by multiplying it by a number whose numerator is the latest available quarterly implicit price deflator for gross national product as of the date of computation and whose denominator is the implicit price deflator for gross national product for the corresponding quarter of the base year 1974, as compiled by the Bureau of Economic Analysis as initially published by the Department of Commerce, but in no event shall such adjustment amount to an increase of more than 5 cents ($0.05) per barrel in any month.

" '(d) Exceptions.—(1) The provisions of subsections (a), (b), and (c) shall not apply to any of the following categories of new crude oil production—

" '(A) synthetic oil produced from coal, organic wastes or from other nonconventional sources;

" '(B) shale oil; or

" '(C) heavy oil production.

" '(2) The Administrator may, by rule, promulgate a special price ceiling or exempt from price ceilings new crude oil produced by tertiary or a comparable advanced recovery technique or for any category of new crude oil production specified in paragraph (1) if he finds that such a ceiling or exemption is necessary and in the public interest. If any such ceiling or exemption is promulgated, the Administrator shall transmit a copy of such ceiling or exemption and findings to the Congress in writing together with a statement of the reasons therefor. Such a ceiling or exemption shall be known as a special new crude oil price ceiling or exemption. The Administrator may implement a special new crude oil price ceiling or exemption 60 days after the applicable transmittal to the Congress, unless either House of Congress approves a resolution of that House stating in substance that such House disapproves such ceiling or exemption, in accordance with the procedures set forth in section 1017 of Public Law 93-344 (31 U.S.C. 1407). If such a ceiling or exemption is disapproved by either House, the Administrator is authorized to modify the initially proposed special new crude oil price ceiling or exemption, taking note of the reasons for such disapproval. The Administrator may transmit to the Congress a revised special new crude oil price or exemption in accordance with the procedures for an initial transmittal.

" '(6) New Natural Gas Price Ceilings.—(1) Not later than January 1, 1976, the Commission shall establish a national price ceiling applicable to any first sale of new natural gas in the United States. Such price ceiling shall, to the maximum extent practicable approximate the average sales price, as determined by the Commission, for contracts entered into or renewed during the period August 1, 1975, through November 1, 1975, for natural gas produced and sold in intrastate commerce but in no event shall such price ceiling exceed $1.30 per Mcf.

" '(2) The Commission shall, by rule, provide that no producer may charge, and no purchaser may pay a price for any first sale of new natural gas in the United States occurring after November 1, 1975, which exceeds (A) the national price ceiling established by the Commission under paragraph (1) plus any increases authorized pursuant to paragraph (3); or (B) the applicable special new natural gas price, if any, established pursuant to subsection (f).

" '(3) Commencing with the month following the date of enactment of this title, and at monthly intervals thereafter, the new natural gas national price ceiling enumerated in paragraph (1) shall be adjusted by the Commission for any inflation or deflation by multiplying it by a number whose numerator is the latest available quarterly implicit price deflator for gross national product as of the date of computation and whose denominator is the implicit price deflator for gross national product for the corresponding quarter of the base year 1974, as compiled by the Bureau of Economic Analysis as initially published by the Department of Commerce, but in no event shall such adjustment amount to an increase of more than 1 cent ($0.01) per Mcf in any month.

" '(f) Special New Natural Gas Price.—(1) The Commission may, by rule or order promulgate price ceilings in excess of the national price ceiling together with adjustments, if any, if it finds that—

" '(A) new natural gas production at such price is in the public interest; and

" '(B) such price does not exceed the current and prospective cost of exploration, development, and production of such new natural gas plus a rate of return on investment which is reasonable and conducive to attracting the capital necessary for such exploration, development, and production.

Such a special new natural gas price ceiling may be promulgated for any of the following categories of new natural gas production—

" '(i) synthetic natural gas;

" '(ii) new natural gas produced from wells that exceed 20,000 feet in depth;

" '(iii) new natural gas produced from wells located in water of depths in excess of 600 feet; and

" '(iv) new natural gas produced from low-porosity rock formations.

If any such ceiling is promulgated, the Commission shall submit a copy of such price ceiling and findings to the Congress in writing together with a statement of the reasons therefor.

" '(2) Sixty days after the applicable submission to Congress, the Commission may implement a special new natural gas price ceiling promulgated pursuant to paragraph (1) unless either House of Congress approves a resolution of that House stating in substance that such House disapproves such price ceiling, in accordance with the procedures set forth in section 1017 of Public Law 93-344 (31 U.S.C. 1407). If such a price ceiling is disapproved by either House, the Commission is authorized to modify the initially proposed special new natural gas price ceiling, taking note of the reasons for disapproval. The Commission may submit a revised special new natural gas price ceiling, subject to the procedures for an initial submission.

" '(g) Presidential Report.—On January 1, 1980, the President shall submit recommendations and the reasons therefor in writing to Congress together with any proposed changes in the price ceilings for new crude oil, new natural gas, or both. Such proposed changes in price ceilings for new crude oil and new natural gas shall be effective 60 days after the applicable submission to the Congress, unless either House of Congress approves a resolution of that House stating in substance that such House disapproves such change or changes, in accordance with the procedures set forth in section 1017 of Public Law 93-344 (31 U.S.C. 1407). If any such change is disapproved by either House, the President may modify the initially proposed recommendation and change, taking note of the reasons for such disapproval. The President may submit a revised proposed change in any such price ceiling, subject to the procedure for an initial submission.

" '(h) Definitions.—As used in this section, the term—

" '(1) "Administrator" means the Administrator of the Federal Energy Administration;

" '(2) "base period production level" means a number which shall be computed monthly, subject to supervision by the Administrator, by each producer of crude oil and each owner of oil-producing land receiving royalties. Such number shall be equal to (A) the number of barrels of crude oil, defined by the Administrator under the "old crude oil" definition in effect on August 31, 1975, pursuant to the Emergency Petroleum Allocation Act of 1973, produced during the year prior to the date of enactment of this section; (B) divided by 12; (C) reduced by 1.67 percent of such quotient for each month that has elapsed since the month following such date of enactment; and (D) increased by the amount, if any, by which the base period production level for any preceding months exceeded the actual production of such producer or owner during such month;

"'(3) "crude oil" means all hydrocarbons, regardless of gravity, that exist in a liquid in underground reservoirs and that remain liquid at atmospheric pressure after passing through surface separating facilities, and lease condensate, which is a natural gas liquid recovered in associated production by lease separators;

"'(4) "new crude oil" means the total number of barrels of domestic crude oil produced from leased or owned property during a specific month less the base period production level for such month; and

"'(5) "old crude oil" means the total number of barrels of domestic crude oil produced from leased or owned property during a specific month, up to the base period production level for such month.'"

On page 33, lines 24 through 25 strike "(f) Additional Adjustments.—A producer or small producer" and insert in lieu thereof "(i) Adjustments to New Natural Gas Price Ceiling.—A producer".

On page 34, strike lines 19 through 25; strike page 35 in its entirety; and on page 36 strike lines 1 through 20.

On page 36, lines 21 through 22, and on page 37, line 1, strike "except as provided in subsection (1), after" and insert in lieu thereof "After".

On page 37, strike lines 16 through 25; strike in their entirety pages 38, 39, and 40; and on page 41, strike lines 1 through 7.

On page 41, line 10, strike "and exempt natural gas".

On page 42, line 7, strike "gas and" and insert "gas,"; on page 42, line 8, strike out "(c) exempt natural gas and (d)" and insert in lieu thereof "and (c)".

On page 43, line 23, strike "or exempt natural gas".

On page 47, lines 19 through 20, strike "or exempt natural gas".

Mr. MOSS. Mr. President, I join today with Senators Stevenson, Hollings, and a number of other colleagues in introducing a comprehensive oil and gas pricing amendment as a substitute for the pricing provisions of S. 692. The case for our amendment rests on three grounds. Together, I believe they make a compelling argument for adoption of our proposal.

First, the pricing provisions of S. 692 as presently written are too complex and should be replaced with a system which is simpler to administer and entails fewer bureaucratic costs. Under S. 692 there would be at least five different natural gas prices: Old gas; new onshore gas well gas; new onshore oil well gas; offshore gas; and high-cost production gas. I fear that such a system would serve more to enrich Washington lawyers, feed the growing appetite of the Federal bureaucracy for more warm bodies, add 50 tons per day in paperwork, and delay in delivery of new gas supplies more than it would serve the public's interest in obtaining additions to our natural gas supply. Our amendment will instead provide for a single national ceiling price for new gas, based on the average price of gas in the intrastate market in the 3 months from August 1 to November 1 of this year. Exceptions from the national ceiling price are allowed for synthetic gas and gas from high cost production areas.

Second, the price ceilings we would set are sufficient to provide all the incentive the energy companies need to explore for and produce oil and gas, and to stimulate production of synthetic fuels from coal and oil shale, while protecting the economy and consumers from higher prices based on the whims of OPEC in setting the international price of oil.

Under our proposal, the price of new oil would be rolled back to an initial price of $9. The price of new oil would then be allowed to rise each month with rises in the inflation rate—as measured by the GNP deflator—but not more than 5 cents in any month. In the first year after adoption of our amendment, the inflation rate is likely to be greater than 7 percent so a 5 cents-per-month increase will prevail. This will provide producers with a badly needed measure of certainty as to oil prices and will protect consumers against still higher oil prices based on oil price-induced increases in the inflation rate. Old oil will be phased out at a rate of 1.67 percent per month, which approximates the physical depletion rate of an oil well without introduction of tertiary recovery methods.

The report of the Budget Committee's energy task force, which I chair, indicates that the price ceilings contemplated by our amendment would yield the oil companies an after-tax rate of return of 14 percent on oil exploration and development, assuming a 10 percent increase in drilling costs this year.

Third, and perhaps most important, our amendment can resolve the crisis of stalemate between Congress and the President over oil and gas pricing. The American people want their institutions of government to function, not to break down in times of crisis. The present decontrol deadlock is a dead-end for consumers. Immediate decontrol will boost inflation and unemployment rates almost 10 times as much as the 5-year phaseout of old oil set forth in our amendment. On the other hand, punitive price rollbacks will either worsen our dependence on imported oil or, by continuing the politics of confrontation, lead to another veto and by that path to immediate decontrol.

The pricing provisions in our amendment are sound. They offer a way of reconciling our energy needs with our need to keep the economic recovery now underway intact. They are prices both the energy companies and the American people can live with. They are our last chance to find a compromise. I urge my colleagues to study the amendment carefully and to vote favorably.

Mr. BROOKE. Mr. President, today I have joined with Senator Javits, Senator Moss, and Senator Hollings as a principal cosponsor of Senator Stevenson's substitute for S. 692, the Natural Gas Production and Conservation Act.

Our legislation offers the Congress an effective and rational policy for dealing with the price of fossil fuels. We believe that it is economically senseless to set unrelated prices for oil and natural gas, which in fact compete with one another for the same market. Therefore, this bill sets a price ceiling for new oil and new natural gas which assures that, Btu-for-Btu, they will cost the same.

Second, this legislation phases out the two-tier pricing system which has engendered confusion and uncertainty in our energy markets. As old oil and gas contracts are phased out over the next 5 years, all domestically produced oil and all natural gas, whether sold interstate or intrastate, will cost virtually the same.

Third, we propose a fair price for oil and gas which allows for a fair rate of return and encourages exploration and development without giving windfall profits to producers.

Fourth, it establishes a simplified regulatory system. There is one new price for all new sales of gas from onshore gas wells. The two-tier price system for oil will phase out. Upward variations in price are permitted for oil and gas which is produced by certain expensive techniques. Annual price increases are mandated to keep the real dollar value of gas prices constant.

Finally, this measure introduces long-term stability in domestic energy markets. For months we have been told by investors and financial analysts that producers are unable to do long-range planning or to get financing because of political uncertainty. Here we have a chance to enact a 5-year system with readily calculated price levels for each year. Now the oil and gas business can get about its business and start exploring and developing our remaining fossil fuel reserves.

Mr. President, few issues have engendered the controversy that we have seen over natural gas prices. There are many advocates of total decontrol. This position has developed in reaction to years of complex and dilatory regulation which has caused this precious resource to be sold at prices far below its real value to us. Exploration has without question been retarded.

But, I do not believe that our frustration with our past mistakes should lead us to reject a new and rational form of regulation. The most important reason for continued price ceilings is that, just 4 days ago the OPEC cartel announced another price increase. The price of our oil and gas would, under uncontrolled conditions, rise to within pennies of the price of our imports. But, because the cartel exists, there is no free market for oil and gas. The real market, the place where our prices are set, is international, and it is controlled, controlled by a highly politicized regulatory group. I would certainly like to see a real free market some day, but today I will not trade our own regulatory system for one run by the Middle Eastern producers.

Those who would end regulation also argue that natural gas and oil are so scarce that we must let their price rise as high as the market will bear to conserve them, to be sure they are used with the utmost efficiency. Quite frankly, I think this argument has some merit. The Nation has had virtually a free ride on oil and gas for 50 years. Because monopolists and our regulators made energy less expensive for us than the scarcity of this precious resource warranted, we face today's energy crisis.

But I believe a compromise system, one which avoids total deregulation in order to cushion the economic shock as we kick our addiction to fuels and become conservationists, is a more responsible solution. I think we can move gradually toward pricing fuels according to their real value under conditions of scarcity and still bring our usage of these resources under control.

There is another bloc that opposes any change in our current gas regulatory system. They believe they are representing consumer interests. I feel they are mistaken. For example, the wellhead price of natural gas is a very small proportion of consumer gas costs. The transmission costs, both pipeline and local delivery, constitute most of the delivered cost of gas. When there is less gas and fewer customers, as is the case at present, gas bills rise substantially. When synthetic substitutes which cost three or four times as much as natural gas are used, as now they are, gas bills rise even more.

I have calculated the potential cost of this regulatory measure to consumers in my own State. If gas prices rise to $2 per mcf by the end of the first year and a half of the legislation, it will mean only $35 more per year to an average Massachusetts household that both cooks and heats its home with gas. If that household had to pay for synthetic gas, or if it had to convert to burning oil or electricity for home heat because of shortages, the costs would be far higher.

There is no question that is problematic whether or not higher prices will get us more natural gas. But I am convinced that without higher prices our supplies will continue to dwindle. I believe this bill will get us more exploration; there may be little gas to discover, but it is high time to find out. It would be convenient to believe the gas producers are hiding secret stocks they will let us have when the price is right. I am persuaded that is a chimera. And the time has passed when we can base our energy policy on faint hopes.

Mr. President, here is more than a natural gas bill. Here is a congressional proposal for oil and gas prices to offer the American people as a substitute for the President's proposal. The Nation has waited too long for responsible congressional action. Here is a comprehensive, effective option. Let us enact this proposal into law without further delay.

Mr. McINTYRE. Mr. President, we now have a chance to come to grips with one of the major issues of our time: Who sets energy prices? A free market? The Organization of Petroleum Exporting Countries? The Nation's largest oil companies—Big Oil? Or, the Congress of the United States acting in a responsible way for all the people of this country?

We would all like to see a free market in the energy industry. Unfortunately, the almost total absence of competition in the production, refining and marketing of oil and oil products has resulted in prices being set by two cartels—major oil companies and the OPEC nations. Congress, therefore, must continue to exercise controls over energy prices to protect the consuming public.

For many years consumers of oil and gas have paid different prices, often bearing little relation to cost of production, for different fuels in different areas of the country. I can only surmise that this pricing system was aided by the poor legislation passed by the Congress, by the mandatory oil import quota program, by improper regulation, and by greed on the part of the energy industry—particularly the large oil companies.

We have to end this mess. But in doing so we must protect our consumers while we make investment in oil and gas production attractive. Consumers should not be gouged, but investment must be encouraged.

In talks that I and my staff have had with producers from the Southwest and other regions of the country over the past year, there has been fairly unanimous agreement on the part of the industry that prices of around $9 per barrel for oil and about $1.30 per thousand cubic feet for natural gas are sufficient to encourage independent production of oil and gas and insure a proper return.

I know that my good friends from the Southwest and other oil-producing regions will want to debate this question, and I expect that the debate on this amendment will concern just that. Just the same, producers have expressed the belief that $9 a barrel is adequate to encourage investment to increase oil production. The rapid upturn in drilling in the past 2 years certainly encourages me in this belief.

Further, this price protects our consumers. A price of $9 a barrel, to be reached by 1981, means that we will be able to encourage oil production without adding to the inflationary spiral that is rampant throughout our economy. We will be able to control price increases as we increase production—in the absence of a free market.

There is a further boon to consumers. Consumers of natural gas, if they can get it, are paying high prices in the Northeast. This price could conceivably come down if more gas flowed through the interstate pipelines. Increased gas sales would mean the cost of operating our interstate pipelines would be spread across a greater number of users, bringing down the cost to individuals.

This bill will not end our energy shortage immediately. In my State of New Hampshire, for instance, with our preponderant reliance on imported fuels, it will have only a minimal effect. But looking to the future, strong domestic and independent oil industry in this country would help my State, and the entire New England region, to end its dependence on high cost imported oil at prices set by two worldwide cartels, OPEC and Big Oil.

In the case of gas, a fair price for this fuel should encourage energy conservation and make more fuel available to the industries and homes that have no option but to use the fuel. In my State and region it would help end our dependence on substitute forms of natural gas, such as propane and liquefied natural gas imported from the Middle East and Venezuela.

ENERGY INDEPENDENCE

It has always been my belief that national security is served by ending our reliance on imported oil and the big oil companies. In the next few decades we are going to be working to end our dependence on oil. My work through the Senate Small Business Committee aimed at developing solar energy proves to me that we can do this. But there are other things we can do now. One is to work for Project Independence in energy supply—encouraging domestic production and working on alternate energy sources.

The other is simply Project Price Independence. There is no reason why *this* country should see its oil prices set by OPEC and the major oil companies. In the absence of a true free market in oil, which would be brought on by forced divestiture of the major oil companies now being studied by the Senate Judiciary Committee's Antitrust Subcommittee, prices must be controlled. A just return for a just investment in energy in the United States—that is what this amendment is all about. It is up to us, now.

Mr. BIDEN. Mr. President, I am a cosponsor of legislation introduced today by Senator STEVENSON to amend S. 692, the Natural Gas Act Amendments of 1975. This measure could be the most significant step toward developing a cohesive national energy policy made to date. The outstanding feature of this proposal is its recognition that oil and natural gas, the most heavily consumed energy resources in this Nation, should be treated together under a rational pricing system.

This legislation will remove the pricing disparities between these two fuels by setting a ceiling price for new domestic crude oil and tie the price of natural gas to that ceiling on a Btu equivalency basis. The price of domestic oil now classified as old oil will be allowed to rise over the next 5 years to that ceiling price. This price can be adjusted on a monthly basis in accordance with economic indicators, but in no case would any increase be allowed to exceed five cents per barrel a month. Special prices will be allowed for oil and natural gas produced by cost intensive methods. The distinction between intrastate and interstate gas which has played such mischief in distribution of natural gas nationwide will be eliminated.

These pricing mechanisms will allow the price of natural gas and oil to reach its true value and provide a rate of return to industry sufficient to stimulate the development of new natural gas and oil supplies. Furthermore, these mechanisms will, once and for all, cut this Nation's energy pricing policies loose from the arbitrary actions of overseas nations who control the world price of crude. The timespan of 5 years in which these mechanisms take effect will enable our economy to accommodate the new prices gradually with a minimum inflationary and unemployment impact.

The disparity between oil and natural gas prices has existed too long. It has caused severe shortages of natural gas in the interstate market and promoted a gross misallocation in the use of the cleanest burning fuel available today. I do not need to explain to my colleagues the essential qualities of natural gas and oil that make them competitive fuels. As we seek to substitute other resources, such as coal and synthetic fuels for oil and natural gas, it is easy to understand that the price of one influences the price of all others. This has been manifest in the great disparity between the price of regulated interstate and unregulated intrastate new natural gas, currently selling for $.52 per mcf and $1.50 to $2 per mcf, respectively.

Furthermore, a recent Federal Power Commission report states that the average value for crude oil received at the wellhead in 1974 was about $1.22 per MMBtu—million Btu—as opposed to 29.2 cents per MMBtu at the wellhead for natural gas. For "old" crude oil at the wellhead in the Gulf Coast, as of December 1974, the posted maximum price was 13.6 cents per MMBtu and for "new and released" oil about $1.97 per MMBtu compared to the average wellhead price for natural gas of 29.2 cents per MMBtu in 1974.

It is imperative that these pricing differences be eliminated. The proposal I am supporting today, will achieve that objective, while aiding in the attainment of other national economic, social welfare and environmental goals.

Mr. President, the oil price debate has been before this Congress repeatedly over the last 2 years. The question of deregulating natural gas prices has recurred frequently since regulation was first imposed by the Natural Gas Act of 1938. No true resolution of these issues has been achieved. The most recent results have been:

Rising unemployment and other adverse impacts on an already ailing economy. Unemployment now stands at 8.4 percent. With an American labor force of approximately 90 million, each one-tenth of percent rise in unemployment means a loss of 100,000 jobs. Between the months of October 1974 and January 1975, 2 million people were added to the unemployment roles.

Rising costs and growing uncertainty about the availability of supplies for the American consumer. Wholesale fuel prices rose by more than 6 percent from May–August of this year. As these prices have been reflected in the price of other commodities overall U.S. consumer buying power declined by 4.5 percent in 1974.

Declining production of domestic oil and gas resources. Domestic oil production has declined 6.5 percent over the last year. Last month, U.S. oil production was 8.3 million barrels a day—MBD—the lowest level since August 1966. Meanwhile, natural gas production has been outstripped by demand since 1970. This year for the first time natural gas production declined by 0.8 trillion cubic feet. Nationwide natural gas reserves have dropped 29 percent over the last 7 years, while those gas reserves dedicated to the interstate market have declined by 39.2 percent since 1967. Shortages and curtailments have been anticipated each winter since 1970 with a 5-percent shortage of supplies expected this year. This is 30 percent greater than those anticipated last season.

Growing dependence on foreign fuel supplies. The United States now imports 20 percent of total energy consumed and close to 40 percent of all oil consumed from sources overseas.

Indecision and uncertainty throughout energy-related industries in both the producing and consuming sectors.

Delayed development of alternative energy sources.

Mr. President, American consumers need relief. They are disillusioned with Government and skeptical of our ability to respond to their concerns. I believe this skepticism is justified. We have abdicated control over national energy policies to influences of multinational corporations, a handful of foreign governments and the fluctuations of a distorted marketplace. We have stood by helpless as the OPEC oil cartel increased foreign oil prices by 400 percent since 1973. Witness last week as we anxiously crowded the sidelines awaiting OPEC's decision to increase the world price of crude.

Mr. President, it is important to understand that this Nation's economic future hangs in a delicate balance.

The most recent report published by the Congressional Budget Office states that rising fuel prices together with increased prices for food are the major inflationary forces in our economy. The impact of past price increases in these commodities has not yet been fully reflected in the economic picture. According to the report—

> Persistence of inflation rates above 5 to 6 percent is forecast because the food and fuel increases revealed in recent price reports will take some time to work their way from wholesale to retail levels and through the entire wage-price structure. Increases in the wholesale price of grains exert much of their influence on retail food prices by increasing the cost of livestock. Generally, this does not raise meat prices until nine months or more later. Increases in oil prices may show up fairly promptly at the gasoline pump, but generally less promptly in prices of fuel-using goods and services, such as apartment or office rents. And price increases of all kinds may set in motion a round of wage increases higher than they would otherwise be, which then would have a further impact on prices.

The point is that recent apparent improvements in the U.S. economy notwithstanding, our economic recovery is fragile at best. Any sudden excessive increases in fuel costs can tip the balance and plunge this Nation into the depths of economic chaos. We clearly cannot afford the inflation, increased unemployment and reductions in consumer purchasing power that sky-high energy prices will have.

Legislation has been considered by the Congress and programs have been formulated by the administration on a piecemeal basis with little recognition of the manner in which they relate to one another or to other high priority national economic and social welfare goals.

The legislation that we are proposing today is the first significant break from this haphazard practice.

I would like to address for a moment some of the arguments I might anticipate against this proposal. One is that it prevents free market mechanisms from operating and it discourages the development of energy supplies. Another is that it fosters Federal intervention in the energy business.

Net income of 30 U.S. oil companies doubled in the period from 1972 to 1974—from $6,076 million to $12,698 million—according to a study published by the Standard Oil Co. of Ohio. This study also reveals that $3 out of every $5 of capital outlays by these companies have been spent in the exploration and development of oil and gas. The report states further that the average return for the 30 companies over the period from 1947 to 1974 was 12.4 percent, 1 percent higher than that for all U.S. manufacturing companies. Return for worldwide operations in 1974 rose to 18 percent.

What these figures say to me is that the economic climate has been favorable for promoting exploration and development activities. Yet these companies have stated repeatedly that they are looking for some assurance that this climate will be maintained, that a free market economy will be allowed to prevail.

I ask you, what kind of certainty can exist if a handful of foreign governments hold the power to arbitrarily determine the price of 60 percent of the oil consumed in the United States?

The energy industry maintains they want the Federal Government out of the price setting business and that higher prices are necessary to stimulate the development of alternative fuels and free this nation from foreign oil dependency. The truth is, however, that the industry wants the Federal Government out of the business when its comes to keeping energy prices low, but very much involved when the problem is keeping energy prices high.

This same industry which also dominates the ownership of this Nation's coal and uranium resources is very much in favor of Federal intervention when it comes to the development of alternative fuels. I offer just a few examples.

According to a recent report by the White House Energy Resources Council, expectation for replacing 1 million barrels a day of petroleum imports with domestically produced synthetic fuels by 1980 has been reduced by two-thirds to 350,000 barrels a day. The reasons? Technical and environmental concerns are paramount, by underlying this reduction in the synfuels goal is the industry's unwillingness to make the necessary investments unless the Federal Government guarantees construction loans up to 75 percent of the cost and guarantees the price of the product at $11.15 a barrel.

The ERC report also recommends that the Federal Government guarantee interest payments on these loans and cost overruns up to 50 percent.

Furthermore, as if that is not enough risk insurance, the President has recently proposed a $100 billion plan for Federal financing of the energy industry over the next 10 years, also for the developing of alternative fuels.

Then, just to make sure that all bases are covered, the administration also proposes that the Federal Government cooperate with industry to commercialize the uranium enrichment process. Under this program, the Government would guarantee bonds to be sold in order to finance 75 percent of a $1 billion uranium enrichment plant. The Government would transfer technology developed at the taxpayer's expense to the industry which will subsequently supply enriched uranium to both domestic and foreign nuclear powerplants.

Government guarantees will be removed if the operation is commercially successful, but the Government will buy out the industry's share if the venture fails.

Mr. President, I am a free-market advocate. But, when I say free market I mean free, no price supports, no import quotas, no subsidies, no loan guarantees, no technology giveaways. If I believed for a minute that deregulation of oil and natural gas prices would result in a truly free market, I would vote today to eliminate all controls. Only, however, if that meant that Government involvement in business could be eliminated across the board. Experience has taught us that this is just not possible. No free market in energy can exist as long as the OPEC oil cartel sets the price of our domestic energy supplies. Certainly there is no free market when the Federal Government—and that ultimately means the American taxpayer—extends itself well in excess of $100 billion to support industry's energy development operations. The American consumers pay several times over, in the form of higher fuel prices, higher taxes, and a weakened economic structure.

The economic and social structure of the United States developed over decades in an era of cheap and abundant energy supplies. Even if we sacrificed economic, social welfare, and environmental goals, and turned this Nation inside out overnight to produce every type of fuel, that era will never return. The institutional and value changes necessary to adapt to a new era of finite and more costly energy supplies must proceed at a rational pace, with a minimum of impact. This is the only way our long-term goals will be served. Fortunately, there are many indications that this transition is underway.

Measures recently passed by this body will further aid that transition. This legislation reaches the problems of:

Accelerating energy research and development;

Promoting energy conservation;

Developing national strategic reserves;

Providing standby energy authorities;

Increasing energy efficiency;

Providing for conversion to less scarce fuels; and

Providing for rational development of Outer Continental Shelf oil and gas resources.

The private and public sectors of our society have demonstrated an ability to respond to changing energy values. Energy conservation achievements and conversion to less scarce fuels will accelerate in the future. For example, a recent report by FEA's Office of Energy Conservation and Environment projects that an estimated 30 percent of our consumption could be eliminated without significantly affecting lifestyles or reducing industrial output, that is, by simply improving efficiency through cost-effective substitutions of labor, time, material, or capital. It is technically, economically, and environmentally feasible, the report states, to reduce the energy consumption of new homes by over 35 percent and of new office buildings by over 65 percent.

Further savings in the transportation sector can be expected as mass transportation services are improved and American automobile manufacturers develop fuel efficient cars.

In my own State of Delaware, General Motors Corp. is producing the Chevrolet Chevette, a compact car that the EPA has rated first among foreign and domestic cars in fuel economy. EPA reported overall 1976 model fuel efficiency improvements of 27.5 percent, 17.3 percent, and 16.4 percent for Ford, General Motors, and Chrysler Corps., respectively.

These actions and trends that I have discussed promise to reap future benefits of decreasing reliance on foreign energy supplies, improving environmental quality and strengthening the American economy. These efforts combined with the phased oil decontrol program and natural gas pricing policy I am urging each of you to support will foster a healthy economic climate and steady recovery from the worst recession this country has experienced since the late 1930's.

Finally Mr. President, I would remind this body that we recently passed a 60-day extension of oil price controls. On November 1, the 45th day of that extension, we can expect to receive from the President an oil price deregulation plan. I urge the Congress to confront that proposal with a concrete program of its own. Much has been said about the extreme and adverse nature of the President's proposal. It would literally wreak havoc with this Nation's economic well-being, and provide the energy industry with excessive and unjustified profits at the American consumer's expense. Recently the Budget Committee's energy task force, of which I am a member, evaluated the President's proposal and other possible alternative pricing proposals in relation to our economic goals. A table summarizing the findings of the task force demonstrates that the proposal I speak in support of today offers a rational oil and gas pricing system that is consistent with economic energy independence, and social goals. I urge my colleagues to adopt this proposal and clear the way for a long term solution to energy and economic ills which have plagued this Nation too long.

Mr. President, I ask unanimous consent that the table to which I have just referred be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Decontrol policy options			
	Immediate	39-mo $11.50 oil, $1.80 gas	66-mo $9 oil, $1.30 gas	66-mo $7.50 oil, $1.00 gas
(1) Change in:				
(a) Oil prices (percent):[1]				
75:3 to 76:4	26.5	4.7	−2.9	−6.9
76:4 to 77:4	7.6	14.1	9.9	9.7
77:4 to 80:4	20.7	37.6	29.5	39.1
75:3 to 80:4	64.3	63.4	38.2	[2] 42.0
(b) Energy prices (percent):[3]				
75:3 to 76:4	36.6	14.6	2.1	−2.9
76:4 to 77:4	20.1	24.3	16.5	14.0
(c) Inflation rate (percent):[4]				
75:3 to 76:4	2.9	1.2	.3	−.9
76:4 to 77:4	1.8	1.9	1.1	.9
(d) Unemployment rate (percent):[4]				
75:3 to 76:4	.9	.4	.1	0
76:4 to 77:4	.5	.6	.3	.3
(2) Import levels (MMbd):				
75:3	6.2	6.2	6.2	6.2
76:4	6.6	7.0	7.2	7.3
77:4	7.3	7.7	7.9	8.6
80:4	5.2	5.2	7.0	[2] 9.4
(3) Rate of return on oil exploration and development (percent)[5]	25.0	22.0	14.0	8.0
	22.4	19.4	12.3	6.8

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[1] The blend price of all oil—old, new and imported. Assumes removal of tariff; $1 OPEC price increase each year.

[2] The price increase is greater under the $7.50 option than it is under $9 because decreased domestic production increases the share of higher-priced imports in total U.S. oil consumption. Import estimates do not reflect impact of mandatory conservation or other energy programs.

[3] Fossil fuel energy prices—weighted average of wellhead price of oil (including imports), natural gas, and 9-mo price of coal.

[4] The inflation and unemployment figures reflect the estimated effects of increasing incomes and rising energy prices on energy consumption. The increase in unemployment and price levels from 75:3 to 77:4 is the sum of the changes in each year.

[5] The top row is computed using a 10-percent increase in drilling costs between 1974 and September 1975; the bottom row uses a 20-percent increase. The proper figure depends on the increase in drilling costs, not in drilling prices which, in turn, depends on oil prices. The difference between prices and costs are the profits that sellers of drilling equipment and services obtain in a period of rising oil prices. Both sets of calculations assume a continuation of recent trends in finding oil. Rate of return under immediate decontrol depends on size and frequency of OPEC price increases.

*Note.—At the end of 1980:4, the oil prices assumed are $17.50 for the 39-mo alternative, and $12.30 for the 66-mo $9 alternative. It should be noted that the end of the 66-mo period occurs at the beginning of 1981:2, in the 2d quarter beyond the analysis. No assumptions are made as to any price increases in the 67th month or any impact anticipating such increases in the pattern of domestic production or imports.

Mr. JAVITS. Mr. President, we have been debating oil and gas pricing policy in this body for over 2 years and have yet to reach a consensus. The inevitable result of this continuing debate, and its consequent failure to resolve these critical issues, is the seeming lack of a coherent or meaningful energy policy for the Nation—a course immediately and ultimately detrimental to all concerned, both consumers and producers, both now and in the future.

I believe we have within our grasp, in this new modified version of the Natural Gas Conservation and Production Act, the legislative vehicle for the resolution of a great many aspects of this debate. I have cosponsored this effort because I believe it to be our best chance for an effective and equitable compromise on the issues of energy price regulation and control. I am not wedded to the energy detail of the bill, although I am in agreement that its provisions offer a sound and fair mechanism for energy pricing policy.

I am, however, convinced, that such a new form of natural gas price regulation—offering to producers of natural gas in interstate commerce, that is, serving the needs of the Nation rather than a single State—considerably higher financial rewards for their exploration and production efforts, combined with a new policy of natural gas conservation and use management—can be tied to a viable compromise on the issue of decontrol of petroleum prices. Such a combination can result in an energy policy that is capable of achieving consensus as an effective policy to lead this Nation out of this decade of dependence and into the era of self-sufficiency.

This concept of energy pricing, which has been championed by Senator STEVENSON, and his cosponsors—including myself—is bipartisan, multiregional, and cuts across ideological lines. It provides a course that could substantially free us from the uncertainties and economic stranglehold that OPEC now exerts. It sets the price of oil and natural gas at levels that make sound economic sense, not at a price that OPEC sets for the Western World. It effectively combines, for the first time, our price regulatory schemes for oil and gas so that investment is not drained from one into the other and so inefficient uses are not encouraged by Government policy.

Finally, it sets the stage for an end to energy price controls, if that should be the ultimate course chosen, at a time reasonably deferred so that our decision is not based on the pressures OPEC now exerts upon us, but upon the likelihood that the competitive marketplace will act as an effective regulator.

Mr. President, I do not believe this Nation can afford the price of energy decontrol, be it natural gas or oil, at this time. To allow such deregulation would forsake the American people to the OPEC control operation. Some countries may have no choice, but we have such a choice. We do not have to allow the OPEC price, either for oil or its natural gas equivalent, to reign for domestically produced energy. We have such a choice and should exercise it so that our domestic producers get a fair return, and so that our domestic consumers do not have to pay a price that has no relation to economic reality.

The Stevenson amendment would achieve just that until we are given the time that is generally considered necessary to develop the competitive alternatives to imported OPEC oil. To deregulate sooner would be folly and a disservice to our constituents—whether or not the increased price will cut consumption further.

We have already undergone a 500-percent increase in the price of imported oil, resulting in nearly 100-percent increases in the price of domestically consumed fuels. The price mechanism, for what it is worth as a conservation tool, has been given its chance. The use that will be cut by price increases has to a large extent already been effected. I am not willing to chance the slow progress of economic recovery to the shock of a major increase in the price of oil and natural gas, a shock that can only disrupt our recovery—considerably more than the consequence of the just announced 10-percent OPEC price rise.

The consequences of an immediate decontrol, over oil or natural gas, new or old, are simply intolerable in human terms and unnecessary in economic terms. Reasonable prices are what all our domestic producers say they need to produce the resources we need; reasonable prices, by all estimates, is what this amendment gives.

No one argues that the current FPC regulated price is reasonable; it is far too low and does not permit the necessary incentives for maximum domestic production. But no one argues that the OPEC price, or its natural gas equivalent, is not too high. Certainly it would encourage production, but at what cost to the millions of consumers who have no choice but to heat their homes and drive their cars. A cost I believe we cannot afford. A cost that our poor and our citizens on fixed incomes would find impossible to meet, and that our fragile economy would find impossible to absorb.

Mr. President, I believe the issue is clear. I urge my colleagues to support this amendment as a major and critical step toward energy consensus and sound economically based energy pricing policy.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 879

At the request of Mr. WILLIAM L. SCOTT, the Senator from Alabama (Mr. ALLEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from New York (Mr. BUCKLEY), the Senator from Texas (Mr. TOWER), the Senator from North Carolina (Mr. HELMS), the Senator from South Carolina (Mr. THURMOND), and the Senator from Arizona (Mr. FANNIN) were added as cosponsors of amendment No. 879, intended to be proposed to the bill (S. 287) to provide for the appointment of additional district court judges and for other purposes.

AMENDMENT NO. 920

At the request of Mr. PEARSON, the Senator from Nebraska (Mr. HRUSKA) was added as a cosponsor of amendment No. 920, intended to be proposed to the bill (S. 692) to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer and for other purposes.

ANNOUNCEMENT OF PUBLIC HEARINGS BEFORE THE ENVIRONMENT AND LAND RESOURCES SUBCOMMITTEE, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. HASKELL. Mr. President, some time ago, I announced for the information of the Senate and the public, the scheduling of 2 days of public hearings before the Environment and Land Resources Subcommittee of the Senate Interior and Insular Affairs Committee on S. 2125, a bill to provide for the issuance of permits on public domain national forest lands for commercial outdoor recreational facilities and activities.

The hearings are scheduled for Aspen, Colo., on October 4, 1975, and Denver, Colo., on October 6, 1975. The latter hearing will be at the Denver Post Office auditorium and begin at 9 a.m. There has, however, been a shift in the location of the Aspen hearing. Originally announced as the seminar room of the Aspen Institute, the site has been changed to the Aspen High School auditorium. The move was necessary to accommodate the expected large audience. The starting time of the Aspen hearing remains 9:30 a.m.

Those who wish to testify or submit a written statement for the hearing should contact Ms. Marie Cone, Office of Senator FLOYD K. HASKELL, room 12030, 1961 Stout Street, Denver, Colo. 80202 (303) 837-2411.

ADDITIONAL STATEMENTS

DEDICATION OF J. EDGAR HOOVER FBI BUILDING

Mr. HRUSKA. Mr. President, today I had the great honor and distinct privilege of participating in the dedication ceremonies of the J. Edgar Hoover FBI Building.

J. Edgar Hoover was a man who transformed the Federal Bureau of Investigation into the exceptional law enforcement agency it is today. He earned the praise of every President he served and he dedicated his life to the betterment of the country and the Bureau.

The building, a magnificent work, is more than the headquarters of the Federal Bureau of Investigation. It is a symbol of the importance of justice and law in America. Through the years, the FBI has performed admirably and professionally in the continuing battle against lawlessness in our country.

In his remarks at the dedication, President Ford caught the essence of the occasion when he said:

> In dedicating this new FBI headquarters, I call for a renewed commitment to the rule of law in America and to the legal sys-

tem that perpetuates freedom and justice. For without law, we have neither freedom nor justice.

Mr. President, the Honorable Edward H. Levi, Attorney General of the United States, and the Honorable Clarence M. Kelley, Director of the Federal Bureau of Investigation also addressed the gathering at the dedication ceremonies.

So that my colleagues and others not present at the dedication may benefit from the remarks made today, I ask unanimous consent that the text of the official program be printed in the RECORD along with the addresses by President Ford, Attorney General Levi and Director Kelley.

There being no objection, the program was ordered to be printed in the RECORD, as follows:

DEDICATION CEREMONY OF THE J. EDGAR HOOVER FBI BUILDING

The new J. Edgar Hoover F.B.I. Building is a fitting tribute to the man who served with great distinction as Director of the Federal Bureau of Investigation for almost half a century.

Mr. Hoover, a native Washingtonian, took command of the FBI on May 10, 1924, and headed the organization until his death on May 2, 1972. During that period, he built the FBI into the foremost law enforcement agency in the world.

Under Mr. Hoover's leadership, the FBI established standards of excellence emulated by countless other agencies in its field. His administrative genius and foresight provided the impetus for developing investigative expertise, scientific crime detection methods and training programs which have proved invaluable in professionalizing law enforcement. His selfless dedication, integrity, and courage have served as a priceless legacy in upholding the finest traditions of public service.

The American people owe an enormous debt of gratitude to J. Edgar Hoover for his magnificent achievements in law enforcement. This building, named in his honor, will stand as a lasting inspiration to the men and women of the FBI who carry forward his legacy, as well as to citizens of this Nation for whom he gave a lifetime of devoted service.

PROGRAM

Prelude music: U.S. Marine Band, W.O. Charles P. Erwin, Conductor.

Master of ceremonies: the Honorable Arthur F. Sampson, Administrator of General Services.

Presentation of colors: Joint Armed Forces Color Guard, Military District of Washington.

The National Anthem.

Invocation: Most Reverend William W. Baum, S.T.D., Archbishop of Washington.

Welcoming remarks: the Honorable Walter E. Washington, Mayor-Commissioner of the District of Columbia.

Introduction of distinguished guests.

Remarks: the Honorable Clarence M. Kelley, Director of the Federal Bureau of Investigation.

The Honorable Edward H. Levi, Attorney General of the United States.

Dedicatory Address, the President of the United States.

Presentation of symbolic keys.

Closing music.

Dedication of the new national headquarters building for the Federal Bureau of Investigation marks the successful culmination of a well-coordinated and cooperative effort by the U.S. General Serivces Administration, which supervised construction, the Bureau, the building's architect and the construction contractors.

Named for the Bureau's late director, J. Edgar Hoover, this 2.5 million gross square foot building will consolidate FBI activities from nine scattered locations around the Metropolitan Washington area.

The building is situated along Pennsylvania Avenue—midway between the Capitol and the White House. Its prominent location in the Nation's Capital is reflected in the structure's dignified design.

The $126.1 million FBI Building provides work space for more than 7,400 Bureau employees, and includes a 450 seat auditorium, a cafeteria, an employee health unit, criminal investigation laboratories, a small arms firing range and an open courtyard for pedestrians.

Varying in height from seven to eleven stories, the building is designed to accommodate more than 500,000 tourists annually with a maximum daily volume of between 4,000 and 5,000 visitors.

The building was designed by C. F. Murphy Associates, a Chicago-based architectural firm. The principal general contractor for the project was the Blake Construction Co., Inc. of Washington, D.C.

TEXT OF REMARKS BY THE PRESIDENT DELIVERED AT THE DEDICATION OF THE J. EDGAR HOOVER FBI BUILDING

I am pleased to join you in the dedication of this magnificent building. It symbolizes the role of the FBI as the bastion of Federal law enforcement under the Department of Justice. It honors the memory of a pioneering public servant who served as Bureau Director for nearly 48 years.

J. Edgar Hoover served under eight Presidents: Calvin Coolidge, Herbert Hoover, Franklin Roosevelt, Harry Truman, Dwight Eisenhower, John Kennedy, Lyndon Johnson and Richard Nixon.

All had high praise for this man and his professional achievements—praise which I am pleased to join in here today. In presenting the Medal of Merit to the FBI Director for his wartime services, President Truman commended him for his "able leadership" which made the Bureau—in Mr. Truman's words—"a powerful instrument of law enforcement" in both war and peace.

President Eisenhower awarded Mr. Hoover the National Security Medal which carried a citation praising the Director in these terms: "He has established the highest ideals of Federal law enforcement and directed them to realization."

J. Edgar Hoover earned such praise and admiration from eight Presidents because, under his direction, the FBI became the superior professional organization it is today—and will continue to be under the able leadership of Clarence Kelley—with the best scientific crime detection facilities to serve the Federal Government and the American people.

But it is more than leadership and technology that makes the FBI so successful. It is the spirit of the men and women who work for this unique American institution: the Special Agents, legendary symbols of American justice for decades, the thousands of professionals who back them up—and their understanding families.

Although history records the names of the few, it is the excellence of the many who make up the success story of the FBI. In my 25 years in the Congress and as Vice President and President, I've have the opportunity to work personally with many of you here today—and I have developed a great admiration for your professional competence and your tireless dedication. These are the characteristics of the entire FBI team.

The Bureau is a success story because of the strength and spirit which you bring to it. Your dedication, your discipline and your courage are ingredients all Americans admire and respect. Your fellow citizens are pround of the FBI and we who serve with you in Government appreciate your efforts.

In dedicating this new FBI headquarters, I call for a renewed commitment to the rule of law in America and to the legal system that perpetuates freedom and justice. For without law, we have neither freedom nor justice.

Just before he died, J. Edgar Hoover had these prophetic words to say about the rule of law in America—and I quote: "The tests of time and challenge in our Nation's history have more than proven the majesty of the law."

Mr. Hoover was so right. The continued dedication of the men and women of the FBI to the preservation of the rule of law and the protection of citizens' rights will be a monument even more enduring than this imposing building.

In a real sense, we are gathered here to dedicate not merely a structure of concrete and steel—but to rededicate ourselves to the principles of equal justice and liberty under law which must motivate all the actions of the Federal Government.

ADDRESS BY EDWARD H. LEVI AT THE DEDICATION OF THE JOHN EDGAR HOOVER BUILDING

We have come together to dedicate this new building as the headquarters of the Federal Bureau of Investigation. It is a proper moment to look back to the tradition of this law enforcement organization as well as to look forward to the future it will meet in this new place.

It was under Theodore Roosevelt that the predecessor of the FBI was founded. There was resistance to its creation. For varied reasons—noble and base—some feared the idea of a federal criminal investigative agency within the Justice Department. But through the persistence of Attorney General Charles Joseph Bonaparte the organization was formed.

The resistance did not crumble when Bonaparte's idea was accomplished. There were bad years to follow for the Bureau. It did not escape the tarnish of the Teapot Dome era. The Justice Department and the Bureau were criticized for failing to attack official corruption with sufficient vigor. From this period the Bureau emerged with a new beginning under the man to whose memory this new building is dedicated.

John Edgar Hoover was 29 years old when Attorney General Harlan Fiske Stone appointed him acting director of the Bureau in May of 1924. Hoover's reputation of scrupulous honesty had been commended to Stone. Such a man was needed.

Hoover set about reforming the Bureau to meet the demanding requirements of a more complicated era. His vision was of an organization full of people dedicated both to the professional standards of law enforcement and to the need for federal law enforcement to be beyond reproach. By the end of 1924, Hoover was named Director.

Harlan Fiske Stone was proud of his appointment of Hoover. And Hoover was proud of the man who appointed him. After being named to the U.S. Supreme Court, Stone wrote Felix Frankfurter that Hoover "removed from the Bureau every man as to whose character there was any ground for suspicion. He refused to yield to any kind of political pressure; he appointed to the Bureau men of intelligence and education, and strove to build up morale such as should control such an organization . . ."

We dedicate this building in a period which again calls for a reaffirmation of the effectiveness, independence and integrity of law enforcement agencies. I believe that the FBI is fortunate that during this difficult period it has the leadership of Director Clarence Kelley. This is a challenging time for the

FBI, and I am confident that its dedication to its strong tradition of professionalism and honor will meet the challenge.

This is the heritage we honor today. It is this to which we dedicate ourselves.

REMARKS BY DIRECTOR CLARENCE M. KELLEY AT THE DEDICATION OF THE J. EDGAR HOOVER BUILDING

I consider it an honor, indeed, to participate in this dedication of the J. Edgar Hoover F.B.I. Building.

I am pleased to see so many friends of the Bureau here, and I want to extend a warm welcome to each of you sharing this significant event with us.

As you know, this building has been under construction for some time—in fact, just a little less than eight years. In 1971, a local newsman compared it to the building of a Great Pyramid. Mr. Hoover disagreed with that observation and commented—jokingly—that he was convinced the ancient Egyptians took less time to complete their project.

But then those early Egyptians, in all probability, didn't have building codes, sidewalk restrictions, and the like, to add to the construction time of their pyramids.

Seriously, though, we in the FBI deeply appreciate the tremendous effort that has gone into the erection of this building. We are fully aware of the difficulties and challenges that have been met and mastered in bringing the project to completion. And we are truly grateful to be the occupants of this magnificent structure.

We wish to express special appreciation to the people of the General Services Administration—at all levels—who worked so hard on this building's design and construction. The various construction personnel who were so helpful to us, and solicitous of our needs, also have our sincere gratitude.

The expansion of the FBI's responsibilities and the growing volume of our work over the years have placed a heavy burden on our Headquarters operations. Before our move into this building, these operations were housed in nine remotely situated locations in the Washington area. This scattering of our facilities obviously presented problems in efficiently carrying out our duties, as well as in insuring proper security.

Now, with almost all of our operations consolidated in one building, we can save considerable time, labor and equipment. We are already benefiting from a smoother flow of paperwork and improved conduct of office procedures so essential to effective management.

But you and I know that the FBI is far more than the building it occupies, or the equipment that aids in its smooth functioning.

People give life and energy and productiveness to any organization, and I consider FBI people special. Through the years the FBI has had an extra dimension of distinction because it has been blessed with people of resolute purpose and genuine dedication.

And foremost among these people was J. Edgar Hoover.

That is why I feel it is so appropriate this building has been named in his honor. Mr. Hoover's drive and ability have stamped themselves indelibly on the FBI. His commitment to the Bureau was total—and he gave selflessly of his energy and talent to make it the finest organization in law enforcement.

He insisted on excellence and, because he would tolerate nothing less, the FBI has traditionally served this country with effectiveness and honor.

Certainly, Mr. Hoover recognized the challenges confronting the FBI in fulfilling its obligations to the American people. He spoke of the "difficult and trying days" that mark times of change and stress. But he had no hesitancy in asserting that the FBI faced the future with "confidence and determination."

I can assure you today that the FBI retains that deep sense of obligation to our citizens, along with an unfailing spirit of confidence and determination. We are under no illusions that the tasks ahead are easy. But we will not shrug off our responsibilities in providing fair and effective enforcement of the law. And we promise to be good stewards of this building as we strive to better serve the American people.

That is our pledge.

THE MIDDLE EAST AGREEMENT

Mr. EAGLETON. Mr. President, when I visited Israel last month people with whom I met invariably described what was then the prospective interim Middle East agreement as a great risk. Some were willing to take that risk; others were reluctant, but no Israeli I talked to was enthusiastic about the prospect. Congress is now considering that complicated agreement and many of the same worries are being expressed, but from an American perspective.

Without doubt, the interim agreement does represent a risk for American foreign policy. True, we will not have to live as intimately with its consequences as will Israel and Egypt. But still, the policies, commitments, and what Dr. Kissinger calls "undertakings" encompassed by this agreement represent a major policy investment which will influence the course of American Middle East strategy for years to come.

In effect, the American role in the Middle East will shift from that of a somewhat remote arbiter to that of an active participant—a guarantor of tomorrow's status quo, even a financier of that condition, not only for Israel but, for the first time, for Egypt as well. In this sense, the 200 American technicians to be positioned in the demilitarized zone symbolize a much deeper involvement than their mere presence suggests.

The nature of that involvement has become increasingly clear in the past few weeks. Unfortunately, most of the information on which I base my judgments today—and I am sure that this is true of most Members of Congress—comes from newspaper accounts rather than from the administration.

Nevertheless, the documents which have appeared in the press expose a complex pattern of promises, commitments and undertakings, as well as third-party explanations of participant positions on sensitive issues. It adds up to a deepening involvement by the United States, not only to help enforce this agreement, but to actively participate in determining the fate of the entire region.

For reasons I will more fully explain later I support this initiative as the best chance we have to influence peace in the area. But a number of the recent revelations about the agreement deserve comment.

In my view, the most serious item contained in these documents is that which commits the United States, in case of a threat against Israel, to "consult promptly with the Government of Israel with respect to what support, diplomatic or otherwise, or assistance it can lend to Israel in accordance with its constitutional practices."

I support this commitment since it merely formalizes a longstanding U.S. policy. It is true, however, that this language, although somewhat vague as to the nature of our possible assistance to Israel, is similar to that which is contained in a number of mutual defense agreements and treaties to which we are a party. It would, therefore, be a much more acceptable procedure to involve Congress in the take-off, even though by the actual wording of the section we would reserve our prerogative to authorize our actual involvement in hostilities. The phrase "in accordance with its constitutional practices" preserves Congress constitutional right to authorize our actual participation in war, although it would not necessarily preclude executive branch diplomatic initiatives.

Although it is a matter which will be considered much later, I would like to register my disapproval of that section which, at least by inference, indicates a positive response to an Israeli request to purchase the Pershing missile. I realize, of course, that this section simply commits the United States and Israel to study Israel's military requirement for this weapon and that, despite the phraseology "with the view to giving a positive response," Congress may reject the request.

I cannot understand, however, why it remains necessary for our Government to continue the charade which insists that these weapons can be used effectively for conventional purposes.

If the more accurate Pershing II ever leaves the drawing board, it will still be an implausible conventional weapon. Our own military, as prone to waste as it is, would never contemplate using what would have to be a small conventional warhead on a Pershing which, even when improved, would be several times less accurate than other available delivery systems.

It should be pointed out that 1 kilogram of nuclear explosive is equal in energy to 20,000 tons of TNT. With this weight ratio in mind, no one in our Pentagon has contemplated using even the improved Pershing with anything other than a tactical nuclear warhead—a warhead whose devastating impact makes up for the inherent inaccuracy of the missile. In fact, we do not have a ground-to-ground ballistic missile or rocket in our inventory which is armed with a conventional warhead.

The Israeli Government feels that it needs a psychological offset to the Soviet SCUD missile which is now in Arab inventories in great numbers. This attitude is an understandable reaction to the introduction of the SCUD, which represents virtually the only Arab weapon that can penetrate Israeli air space to hit population centers.

But there are more effective and more utilitarian systems available than Pershing to deter a SCUD attack. A Pershing might be modified to deliver as much as a ton of conventional explosives with limited accuracy. But an F–4 or F–15 can deliver several tons in the most accurate manner possible and still have other military uses.

I do not question the pledge of the Israeli Government not to be the first to introduce nuclear weapons into the Middle East. If I felt that the Pershing was a meaningful deterrent against the SCUD, I would support it despite its obvious adaptability for nuclear use. But I see no benefit in introducing a weapon into the area whose only psychological impact is liable to be one which will diminish, on the Arab side, the very confidence the interim agreement is designed to engender.

Congress has been asked to approve the introduction of 200 American technicians into the Sinai demilitarized zone. Initially this proposal caused many to invoke memories of the first advisers we sent to Vietnam. This is an inaccurate analogy.

The civilian technicians we will send to the Sinai will be there at the request of Egypt and Israel. And their job will be to monitor an armistice, not, as in Vietnam, to help one side wage war against another.

I asked Prime Minister Rabin about using Americans in the demilitarized zone during a visit I made to Israel in August just prior to Secretary Kissinger's shuttle. He assured me that his government did not see the American presence as a tripwire to guarantee our participation in a conflict. He insisted that Israel would continue to fight its own wars.

The motivation, shared by both Egypt and Israel, to involve American technicians is a positive one. No other nation has the prestige and influence over the parties that the United States does. Both Egypt and Israel agree that the other side would be reluctant to ask the United States to withdraw. This same reluctance, it was felt in Israel, would not exist if the United Nations force alone were in the zone.

Mr. President, the question of the 200 technicians is only one important aspect of this agreement. Yet it is the only aspect which Congress has been asked to endorse. While even this administration initiative is to be welcomed, it has become clear that Congress cannot in good conscience endorse this proposal without a public exposition of the rest of the iceberg.

Our foreign policy initiatives have suffered for too long because of public cynicism over excessive secrecy. This agreement will commit the United States—financially, diplomatically, and even militarily—for years to come. And I want my constituents to know just exactly what it is that I am voting for.

First, with respect to the legal obligations of the administration, all of the so-called secret agreements must be transmitted to Congress under the Case Act. That law requires the Secretary of State to "transmit to the Congress the text of any international agreement * * * to which the United States is a party * * * within—sixty days."

The most complete interpretation of that law that I have seen, ironically, comes from an internal executive branch document—a letter from Acting Secretary of State Kenneth Rush dated September 6, 1973, to all Government agencies instructing them as to the execution of the law. That letter stated in part:

> . . . neither the form in which an agreement is expressed nor the fact that an agreement is of a subordinate or implementing character in itself removes the agreement from the requirements of the . . . law . . .

Secretary Kissinger has told me that he agrees with that interpretation, so I trust that he has fully complied with respect to the current agreement by transmitting any letter, memorandum of conversation or document containing an agreement to the appropriate congressional committees.

A more important issue now, it seems to me, is whether what Dr. Kissinger calls the "undertakings" of our Government will be made public by the State Department and whether they will be approved by Congress.

These may seem to be moot points now that virtually all of the secret undertakings have appeared in the press. But that is not the case. Until the executive branch acknowledges responsibility for these agreements and until Congress can debate them on the basis of officially received and released data, our system will not be able to work its will to endorse them. And if they remain secret and unendorsed, there is a greater likelihood that they will be disavowed by future Presidents and future Congresses.

In principle, I support full disclosure of these undertakings. I feel strongly that any direct undertaking by the U.S. Government must be made public.

But, according to the Secretary of State, the American participation in the Sinai negotiations has not always taken the form of what I would call a "direct" undertaking. In some cases we have simply communicated understandings and offered third-party interpretations of various portions of the agreement. Some of these indirect undertakings are undoubtedly sensitive and should not be disclosed. These parts of the agreement must be transmitted to Congress under the Case Act, but should not necessarily be made public.

What the world must know, however, is that the United States cannot be bound by any agreement that has not been made public and approved by Congress. As one Member of this body, therefore, I urge that the direct undertakings of our Government be made public in some form and that Congress be given the opportunity to vote on them. If the administration should choose to reword a particular undertaking, then the foreign government involved should understand that, legally, the United States endorses only that form approved by Congress.

The exact wording of the undertakings of our Government should obviously be worked out between the appropriate committees and the administration. I understand that a currently circulating draft is unacceptable to many on the Foreign Relations Committee and that changes will be made. I am hopeful that this process will result in as full a disclosure as possible.

Mr. President, no area of the world is potentially more volatile and dangerous than the Middle East. It is now generally conceded that a renewal of war in that area could quickly become a nuclear confrontation.

In this context, the administration had no choice in my opinion but to try to defuse the tension. By reaching this interim settlement the likelihood of war has been diminished. Certainly Syria will be much less likely to attack Israel knowing that Egypt will not join the effort on the western front.

Even more importantly, however, this agreement provides a unique opportunity for cooperation between Israel and an Arab state. The major obstacle to an overall settlement is the complete lack of confidence between Israel and its Arab neighbors. I have often differed with Secretary Kissinger, but I agree with his assessment that discussion of the complex issues involved in an overall settlement "was futile until a minimum of confidence had been established."

There are, of course, risks involved in this approach. The United States clearly risks becoming the guarantor of nothing more than a stalemate. If that occurs, then we will become the scapegoat for all sides, with the Soviet Union standing in the wings ready to pick up the pieces.

Former Under Secretary of State George Ball, who has criticized the step-by-step approach in Newsweek magazine, goes to the heart of the problem when he says "time is worth buying only if it works on the side of peace."

Mr. Ball has expressed his doubts that we can turn this agreement into movement toward the final peace. I share some of his concerns, but I am willing to take the chance that we can use the time we will buy with this agreement to create the confidence necessary on both sides to move toward peace. While that is an uncertain prospect, I feel that the risk of doing nothing was infinitely greater.

Mr. President, I ask unanimous consent that a summary of "secret agreements" based on current press accounts of the Sinai Accord prepared for me by the Library of Congress be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

[From the Library of Congress, Congressional Research Service]

A Summary of the Reported "Secret Agreements" Between the United States, Israel, and Egypt Subsequent to the Egyptian-Israeli Disengagement Agreement of 1975

(By Susan M. Mowle, Analyst in International Relations, Foreign Affairs Division)

The following is based on current press accounts and not on official documents.

At the time of the signing of the 1975 Egyptian-Israeli Disengagement Agreement of 1975 in Geneva on September 4, 1975, there was widespread press speculation to the effect that, in addition to the Accord and Annex, which were made public, and the United States proposal for the establishment of an early warning system in the buffer zone, the overall agreement also included secret understandings between the United States, Israel, and Egypt which contained commitments with regard to foreign aid and other matters. On September 16 and 17, 1975, The Washington Post and The New York Times published the alleged texts of three such secret agreements. According to The New York Times, the texts were made available by columnist Jack Anderson and were authenticated by officials who have seen the originals. The first document is entitled "Memorandum Agreement Between Israel and the United States." The second is entitled "Assurances From the United States Government to Israel," which augments the first document's aid provisions. The third is entitled "Assurances from the United States Government to Egypt." According to press reports, there may be other such secret agreements.

I. SUMMARY OF "MEMORANDUM OF AGREEMENT BETWEEN THE UNITED STATES AND ISRAEL"

1. The United States will make every effort to be responsive to Israel's long term defense, energy, and economic needs, subject to congressional approval.

2. The United States and Israel will periodically consult on Israel's long-term military supply needs; and beginning with the 1976 request, the United States will view sympathetically Israel's request for advanced weapons.

3. In the event that Israel cannot meet her oil requirements through normal procedures, the United States agrees that for the next five years it will:

(a) sell and help ship oil to Israel if United States reserves permit or;

(b) if the United States itself faces an oil embargo, it will make oil available for purchase in accord with the International Energy Agency conservation and allocation formula, as applied by the United States Government.

4. The Administration will request Congress to:

(a) take into account Israel's oil import requirements in determining the overall Israeli aid figures;

(b) in determining total aid to Israel, take into account Israel's extra expenditure to replace the oil derived from the Sinai wells which are to be returned to Egypt;

(c) make available funds for the construction of storage facilities to enable Israel to increase her supply of oil reserves to one year's need within the next four years.

5. The United States will not expect Israel to implement the Agreement[1] until Egypt permits the passage of Israeli cargo through the Suez Canal to and from Israeli ports.

6. The United States agrees that the next agreement with Egypt should be a final peace agreement.

7. The United States will consult with Israel on remedial action by the United States in the case of an Egyptian violation of any of the provisions of the Agreement.

8. The United States will veto any Security Council resolution which would adversely affect the Agreement.

9. The United States will seek to prevent efforts by others to consider proposals detrimental to Israeli interests.

10. In the event of a threat to Israel's security by a world power "the United States will in the event of such threat consult promptly with the government of Israel with respect to what support, diplomatic or otherwise, or assistance it can lend to Israel in accordance with its constitutional practices."

11. The United States and Israel will conclude the contingency plan for an emergency military supply operation, if possible within two months of the signing of this document.

12. It is the United States view that Egyptian commitments under the Egypt-Israeli Agreement are not conditional upon any developments between Arab States and Israel.

13. The United States shares Israel's view that negotiations with Jordan are to be directed toward an overall peace settlement.

14. The United States regards the Straits of Bab-el-Mandeb and the Strait of Gibraltar as international waterways and supports Israel's passage through the straits as well as freedom of flight over the straits and the Red Sea.

15. The Agreement will remain binding even if the U.N. forces are withdrawn without the prior agreement of Egypt, Israel, and United States and even if no subsequent agreement has been reached.

16. The Agreement will not take effect before the United States Congress approves the U.S. role in connection with surveillance and observation functions.

II. SUMMARY OF "ASSURANCES FROM THE UNITED STATES GOVERNMENT TO ISRAEL"

The United States will continue to supply Israel with advanced types of equipment, such as the F-16 aircraft, and the Administration agrees to undertake a joint study of sophisticated military items, including the Pershing ground-to-ground missiles with conventional warheads, with a view to giving a positive response.

III. SUMMARY OF "ASSURANCES FROM THE UNITED STATES GOVERNMENT TO EGYPT"

1. The United States intends to make a serious effort to bring about further negotiations between Syria and Israel.

2. In the event of a violation of the Agreement by Israel, the United States will consult with Egypt about possible remedial action by the United States.

3. The United States will provide technical assistance to Egypt for the Egyptian early-warning station.

[From the Washington Post, Sept. 16, 1975]

TEXT OF UNITED STATES-ISRAEL MEMORANDUM

Following is the text of the Memorandum of Agreement between the United States and Israel, which, according to diplomatic sources, was signed by Secretary of State Henry A. Kissinger and Israeli Foreign Minister Yigal Allon on Sept. 1:

The United States recognizes that the Egypt-Israel Agreement initialed on Sept. 1, 1975 (hereinafter referred to as the Agreement), entailing the withdrawal from vital areas in Sinai constitutes an act of great significance on Israel's part in the pursuit of final peace. That Agreement has full United States support.

I. UNITED STATES-ISRAEL ASSURANCES

1. The United States government will make every effort to be fully responsive, within the limits of its resources and congressional authorization and appropriation, on an ongoing and long-term basis to Israel's military equipment and other defense requirements, to its energy requirements and to its economic needs. The needs specified in Paragraphs 2, 3 and 4 below shall be deemed eligible for inclusion within the annual total to be requested in FY '76 and later fiscal years.

2. Israel's long term military supply needs from the United States shall be the subject of periodic consultations between representatives of the U.S. and Israeli defense establishments, with agreement reached on specific items to be included in a separate U.S.-Israeli memorandum. To this end, a joint study by military experts will be undertaken within three weeks. In conducting this study, which will include Israel's 1976 needs, the United States will view Israel's requests sympathetically, including its request for advanced and sophisticated weapons.

3. Israel will make its own independent arrangements for oil supply to meet its requirements through normal procedures. In the event Israel is unable to secure its needs in this way, the United States government, upon notification of this fact by the government of Israel, will act as follows for five years, at the end of which period either side can terminate this arrangement on one year's notice.

(a) If the oil Israel needs to meet all its normal requirements for domestic consumption is unavailable for purchase in circumstances where no quantitative restrictions exist on the ability of the United States to procure oil to meet its normal requirements, the United States government will promptly make oil available for purchase by Israel to meet all of the aforementioned normal requirements of Israel. If Israel is unable to secure the necessary means to transport such oil to Israel, the United States government will make every effort to help Israel secure the necessary means of transport.

(b) If the oil Israel needs to meet all of its normal requirements for domestic consumption is unavailable for purchase in circumstances where quantitative restrictions through embargo or otherwise also prevent the United States from procuring oil to meet normal requirements the United States government will promptly make oil available for purchase by Israel in accordance with the International Energy Agency conservation and allocation formula as applied by the United States government, in order to meet Israel's essential requirements. If Israel is unable to secure the necessary means to transport such oil to Israel, the United States government will make every effort to help Israel secure the necessary means of transport.

Israeli and U.S. experts will meet annually or more frequently at the request of either party, to review Israel's continuing oil requirement.

4. In order to help Israel meet its energy needs, and as part of the overall annual figure in Paragraph 1 above, the United States agrees:

(a) In determining the overall annual figure which will be requested from Congress, the United States government will give special attention to Israel's oil import requirements and, for a period as determined by Article 3 above, will take into account in calculating that figure Israel's additional expenditures for the import of oil to replace that which would have ordinarily come from Abu Rudeis and Ras Sudar (4.5 million tons in 1975).

(b) To ask Congress to make available funds, the amount to be determined by mutual agreement, to the government of Israel necessary for a project for the construction and stocking of the oil reserves to be stored in Israel, bringing storage reserve capacity and reserve stocks now standing at approximately six months, up to one year's need at the time of the completion of the project. The project will be implemented within four years. The construction, operation and financing and other relevant questions of the project will be the subject of early and detailed talks between the two governments.

5. The United States government will not expect Israel to begin to implement the Agreement before Egypt fulfills its undertaking under the January, 1974, Disengagement Agreement to permit passage of all Israeli cargoes to and from Israeli ports through the Suez Canal.

6. The United States government agrees with Israel that the next agreement with Egypt should be a final peace agreement.

7. In case of an Egyptian violation of any of the provisions of the Agreement, the United States government is prepared to consult with Israel as to the significance of the violation and possible remedial action by the United States government.

8. The United States government will vote against any Security Council resolution which in its judgment affects or alters adversely the Agreement.

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[1] Agreement, when capitalized, refers to the Egyptian-Israeli Disengagement Agreement of 1975 signed on September 4, 1975, and included the Accord and Annex.

9. The United States government will not join in and will seek to prevent efforts by others to bring about consideration of proposals which it and Israel agree are detrimental to the interests of Israel.

10. In view of the long-standing U.S. commitment to the survival and security of Israel, the United States government will view with particular gravity threats to Israel's security of sovereignty by a world power. In support of this objective, the United States government will in the event of such threat consult promptly with the government of Israel with respect to what support, diplomatic or otherwise, or assistance it can lend to Israel in accordance with its constitutional practices.

11. The United States government and the government of Israel will, at the earliest possible time, and if possible, within two months after the signature of this document, conclude the contingency plan for a military supply operation to Israel in an emergency situation.

12. It is the United States government's position that Egyptian commitments under the Egypt-Israel Agreement, its implementation, validity and duration are not conditional upon any act or developments between the other Arab states and Israel. The United States government regards the Agreement as standing on its own.

13. The United States government shares the Israeli position that under existing political circumstances negotiations with Jordan will be directed toward an overall peace settlement.

14. In accordance with the principle of freedom of navigation on the high seas and free and unimpeded passage through and over straits connecting international waters, the United States government regards the Straits of Bab-el-Mandeb and the Strait of Gibraltar as international waterways. It will support Israel's right to free and unimpeded passage through such straits. Similarly, the United States government recognizes Israel's right to freedom of flights over the Red Sea and such straits and will support diplomatically the exercise of that right.

15. In the event that the United Nations Emergency Force or any other United Nations organ is withdrawn without the prior agreement of both parties to the Egypt-Israel Agreement and the United States before this Agreement is superseded by another agreement, it is the United States view that the Agreement shall remain binding in all its parts.

16. The United States and Israel agree that signature of the Protocol of the Egypt-Israel Agreement and its full entry into effect shall not take place before approval by the United States Congress of the U.S. role in connection with the surveillance and observation functions described in the Agreement and its Annex. The United States has informed the government of Israel that it has obtained the government of Egypt agreement to the above.

II. SECRET ADDENDUM ON ARMS ASSISTANCE

Following is the text of the secret addendum to the Memorandum of Agreement between the United States and Israel:

On the question of military and economic assistance to Israel, the following conveyed by the U.S. to Israel augments what the Memorandum of Agreement states.

The United States is resolved to continue to maintain Israel's defensive strength through the supply of advanced types of equipment, such as the F–16 aircraft. The United States government agrees to an early meeting to undertake a joint study of high technology and sophisticated items, including the Pershing ground-to-ground missiles with conventional warheads, with the view to giving a positive response. The U.S. administration will submit annually for approval by the U.S. Congress a request for military and economic assistance in order to help meet Israel's economic and military needs.

III. ASSURANCES TO EGYPT

1. The United States intends to make a serious effort to help bring about further negotiations between Syria and Israel, in the first instance through diplomatic channels.

2. In the event of an Israeli violation of the agreement, the United States is prepared to consult with Egypt as to the significance of the violation and possible remedial action by the United States.

3. The United States will provide technical assistance to Egypt for the Egyptian early-warning station.

SIX DURABLE ECONOMIC MYTHS

Mr. FANNIN. Mr. President, Washington and much of the remainder of the country operate under a number of myths, some old, some new. It is true that certain eras in our Nation's history have allowed sufficient room for people to find comfort in various and sundry myths.

We presently are not living in one of those eras. Our country's many problems require that we confront reality, whatever it may be. Economic myths are particularly unwelcome today.

Mr. President, Prof. Peter F. Drucker, Clarke Professor of Social Sciences at Claremont graduate school, published an article in the September 16, 1975 issue of the Wall Street Journal entitled "Six Durable Economic Myths." These myths include: first, that we face several years of high unemployment; second, that we can restore high economic activity by stimulating consumer demand in the auto and housing industries; third, that we consciously practice planned obsolescence of products; fourth, that there is a tendency towards oversaving in our society; and fifth, that the corporate income tax is a tax on the "rich" and on the "fat cats."

Mr. Drucker dissuades belief in each of these myths with clarity and conviction. Unfortunately, some of the myths have been made the central theme of familiar "causes" and are likely to be dragged along even further until the American voter calls a halt to these false vilifications.

Mr. President, I would like to share the text of Mr. Drucker's article with my colleagues. I ask unanimous consent that this article be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Sept. 16, 1975]

Six Durable Economic Myths

(By Peter F. Drucker)

There is a great deal of talk today about changes that are taking place in the structure of the American economy. But our political rhetoric and our economic policies are dominated by myths about this structure rather than by the structural realities themselves.

In particular there are six such myths, believed by almost everyone but completely at odds with the realities of the American economy.

The first of these is the belief, shared by practically all economists as far as I can see, that we face long years of high unemployment, even if the economy returns to "normal."

This simply does not jibe with our population figures. Beginning no later than 1977, we face a very sharp drop in the number of young entrants into the labor force, the result of the "baby bust" that began in 1960 and that lowered the birth figures by 25% or more wtihin a very short period. At the same time, for at least another 10 years, the number of people who reach retirement age will still go up.

Thus we face long years of a diminishing labor supply, except in the event of a worldwide depression, at least until the mid-90s, which is the earliest time at which a reversal in the birthrate could have an impact on the size of the labor force. President Ford in his Labor Day address quoted a figure of 95 million people who will have to have jobs in 1985. But if the President assumed a condition of official "full employment"—or 4% unemployed—in that future year, then *95 million* people at work 10 years hence are hardly more than would be at work today if we had 4% instead of 9% unemployment. The figure which the President cited as an indication of the magnitude of labor force growth turns out to include no labor force growth whatsoever.

The resulting labor tightness will not be felt equally in all areas. Indeed, the area that displayed the greatest manpower shortage in the '50s and '60s—teaching jobs—will continue to be a "labor surplus" area, again because of the "baby bust" of the last decade. This may explain why the "experts," who are all, or nearly all, university teachers foresee a continuing labor surplus instead of the reality of an almost certain labor shortage.

The second myth also is closely related to demographics. It is the myth that we can restore high economic activity by "reviving" consumer demand for the two truly depressed industries of today—automobiles and housing. In the very short run this pump-priming may work. For anything longer, say three years or so, demand in these two areas will be low and decline, no matter what economic policies we pursue. The demand will simply not be there.

THE AGE FACTOR

We have known for 50 years, ever since General Motors made its basic studies in the '20s, that the single most important factor in the demand for new automobiles in the United States is the number of people reaching the age at which they get their drivers' licenses. Of course, they do not, as a rule, buy new cars themselves. They buy the old cars and this enables the former owners of the old cars to buy new cars. And the number of these old car buyers, beginning in the next year or so, will go down by 25% or more and will remain low for the foreseeable future.

Similarly, we have known in respect to housing that it is not "family formation"—that is, the number of men and women who marry (or otherwise take up housekeeping)—but the number of second children born, which correlates most closely with demand for new residential housing. And that number, too, is down. All that can be done by pumping money into housing in these circumstances is to drive up the price, which, I suspect, has been the only effect of all the governmental housing policies all along.

We are not "underhoused" in this country. We probably have too large a stock of housing, though, of course, it is not all in the places where the people are or want to be. What is needed is a policy that enables people to maintain the value of existing houses; whereas most of our present policy, beginning with rent control and continuing on to the exceedingly high interest rates for housing renewal, has the opposite effect and is—consciously or not—meant to discourage people from maintaining their homes and to encourage them to acquire or build a new one. And that cannot work.

The third myth is that deeply engrained belief that we, in this country particularly, practice "planned obsolescence" of products—and especially of automobiles. What we have been obsoleting and rapidly is the first owner of a car.

The American automobile, in fact, has a longer working life, measured in miles driven—the only sensible yardstick—than any other automobile. Indeed, the American system, under which people trade in their new car after a year or two, represents, without being planned, the most effective form of "income distribution" we have in this country—since the first owner pays about twice as much per mile as the third owner (if you include the total expenses) so that the poorer people get cars in excellent working condition, good for another 50,000 miles, at a substantially lower price than the first owner paid for what is essentially vanity.

Assuming a new car price of $4,000, the first owner, driving an average of 10,000 miles a year, pays 28⅓ cents a mile, consisting of a loss in the car's value of $1,200 and a mileage cost of 13⅓ cents. The second owner, paying $2,500 (the dealer taking a slight loss normally) and keeping the car for three years, pays 20 cents a mile (a loss on the car of $2,000, $500 in repairs and 13⅓ cents a mile). The third and final owner, who pays perhaps $700 and drives 50,000 miles after which the car is worthless, pays 16 cents a mile.

A more equitable form of income distribution has never been designed. The car itself does not become "obsolete"; on the contrary, it keeps going on.

My fourth myth would be that basic belief, ingrained in practically all of our economists today, that there is in the American economy, or in any other developed one, a tendency toward "oversaving."

This is largely the result of the belief that buying a house, paying Social Security or contributing to an employee retirement fund is "saving." But these are, in effect, "transfer payments." The only viable definition of "savings" is "funds which are available to create jobs." Housing does this to a minimal extent and Social Security not at all. Other key private pension funds, unless raided by irresponsible and shiftless elements such as have shown themselves in some recent union situations, will still accumulate capital for a few more years before their pension payments equal the amounts paid in.

Thus the savings in this country are grossly "undersavings." And we need to think through how to stimulate genuine savings—that is how to form capital available for investment in productive assets (the residential home is not such an asset by the way; it is a "durable consumer good").

TAXES AND PENSIONS

Fifth, there is the general belief that the corporation income tax is a tax on the "rich" and on the "fat cats." But with pension funds owning 30% of American large business—and soon to own 50%—the corporation income tax, in effect, eases the load on those in top income brackets and penalizes the beneficiaries of pension funds. In many cases it means an effective tax of almost 50% on the retired worker, as compared with the 15% or less that he is supposed to pay. The corporation income tax has become the most regressive tax in our system, and a tax on the wage earner and on wages. Eliminating it would probably be the single largest step we could take toward greater equality of incomes in this country.

Finally, there is the nice phony figure, believed by everybody and quoted again and again that the top 5% of income earners (those making more than $30,000 or $40,000 a year) own 40% of the personal wealth of America. It is, of course, becoming particularly popular as the old figure of "distribution of income" no longer supports those who tell us how terribly unequal American society is.

The joker, of course, is the word "personal." For the single greatest asset of the typical American middle and working class family, its future contingent claim on the pension fund of the employing company, is not "personal wealth." Nor is it "property." But it surely is an asset and increasingly worth a great deal more than the family home or the family automobile. If it were included, and it is not difficult to do so on a probability and a statistical basis, the distribution of wealth in this country would show a remarkable and progressive equality in which age rather than income is the factor making for inequality.

This adjustment for contingency claims on pension funds would show that the top 5% income earners probably own, not 40% of the wealth of America but no more than 10%. Moreover, translating pension expectations into today's values, about 60% of the total amount of future pension claims is held by persons in the $9,000 to $20,000 wage bracket. This is by far their biggest asset. Yet, sadly, it is an asset being destroyed very rapidly by the impact of inflation.

These myths that I have enumerated are not harmless. They lead to "soak the rich" legislation which, in effect, then "soaks the poor," the former workers on pensions. They lead to policies enacted as "antirecessionary," which primarily fuel inflation without stimulating consumption or employment. And these myths inhibit the right measures—measures to encourage capital formation. Indeed, unless we discard these myths and face up to economic reality, we cannot hope to have effective economic policies.

BIRMINGHAM FIRE CHIEF JOHN L. SWINDLE ELECTED VICE PRESIDENT OF IAFC

Mr. ALLEN. Mr. President, the city of Birmingham and the entire State of Alabama share the recent honor to John L. Swindle, chief of the Birmingham Fire Department, who has been elected second vice president of the International Association of Fire Chiefs at that organization's 102d anniversary conference in Las Vegas, Nev.

As a lifelong resident of Birmingham and member of that city's fire department since 1938, Chief Swindle has served his community in a host of organizations in addition to his leadership role in one of the Nation's finest firefighting departments.

Mr. President, in recognition of Chief John L. Swindle's achievements and his important contributions as a citizen and public servant to the city of Birmingham, I ask unanimous consent that a news release prepared by the Birmingham Fire Department relating information about Chief Swindle's election be printed in the RECORD.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

BIRMINGHAM FIRE DEPARTMENT NEWS RELEASE

John L. Swindle, chief of the Birmingham Fire Department has just been elected second vice president of the international association of fire chiefs at the 102nd anniversary conference held in Las Vegas, Nevada.

Chief Swindle has been chief of the Biringham Fire Department since January 1, 1961, moving up from the ranks since his inception in the fire Department on January 1, 1938. He became an associate member of the international association of fire chiefs in 1956 and an active member in 1959. He has served as southeastern board member, chairman of boy scout committee, chairman of finance committee, chairman of metropolitan committee, host chief of Alabama fire chiefs, host chief of Southeastern association of fire chiefs, host chief metropolitan fire chiefs spring seminar and is a member of N.F.P.A. Chief Swindle has been a very active member of the IAFC and it is certainly an honor for him to be elected as the second vice president of the IAFC.

The International Association of Fire Chiefs Association is an organization of over 100 years old and is made up of fire chiefs from all over the world. It has a membership of approximately 8,000 members and there was approximately 4,000 in attendance at the IAFC conference in Las Vegas. Some of the chiefs on the program were from South Africa, England: Tel Aviv, Israel, Ashkelon, Israel, Ghana, West Africa, Brandweer, Rotterdam, Venezuela, Tokyo, Costa Rica and Dublin, Ireland.

The IAFC Conference is the largest fire display in the world and the equipment, supplies, etc., are featured for the local fire chiefs to view and discuss.

In the history of the international, there has never been a member of the state of Alabama to be vice president or president. Therefore, we are very proud that our own John L. Swindle, chief of the Birmingham Fire Department has been elected for this most important job in the IAFC. We know that he can do the job.

LET THE BUREAUCRAT BEWARE: CIVIL DAMAGES FOR FAILURE TO PERFORM ASSIGNED RESPONSIBILITIES IN THE PUBLIC'S BEHALF

Mr. PERCY. Mr. President, a recent Federal district court decision which has come to my attention strikes me as being of major significance and warrants, I believe, special attention.

On August 8, 1975, Judge Prentice H. Marshall of the District Court of the Northern District of Illinois—Eastern Division—in the case of *Jesus Estrada, et al.* v. *Carla Hills, Secretary, et al.*, (74 C 2418), ruled that lower echelon Federal officials, exercising primarily ministerial functions in carrying out a law or agency mandate, can be held directly and personally accountable for civil damages if they are negligent in carrying out their responsibilities.

The issue before the court, on a summary judgment motion, was whether such liability might attach in the case of officials of the Department of Housing and Urban Development—HUD—if it could be demonstrated at trial that they were negligent in overseeing Government-owned property pursuant to their responsibilities under law.

Specifically, the issue involved whether officials of HUD were protected under the Federal sovereign immunity doctrine from being responsible for money damages if negligence in carrying out assigned responsibilities could be established. The plaintiffs were the Northwest Community Organization and four apartment tenants who claimed that HUD officials were derelict in their responsibilities to maintain an abandoned building. The alleged nonfeasance resulted in a fire that destroyed an adjoining property inhabited by the individual plaintiffs.

In his ruling, Judge Marshall made clear the defendants Carla Hills, Secretary of Housing and Urban Development, and John Waner, HUD Regional Director, were protected by the sovereign immunity doctrine, because of their policymaking, discretionary responsibilities which required the exercise of judgment and decision. But with respect to the two lower level HUD officials, who nevertheless exercised positions of responsibility within the Department's regional office, Judge Marshall reasoned that their duties were clearly established by law and agency regulations, and that their assignments were mandatory and without discretion in any significant degree.

After carefully proceeding through the factual and legal points in issue, Judge Marshall addressed himself in a very lucid and thoughtful manner to the relevant policy considerations involved in conferring or denying immunity in the given instance. Judge Marshall reasoned:

> The policy which weighs in favor of granting monetary relief is the likelihood and gravity of recurring harm to the individual citizen. This threat is both severe and widespread. . . .
>
> The contravening consideration is whether immunity would contribute to effective government. Obviously, some draining of government resources occurs whenever government officials are called to defend their actions in Court. In this case, however, the burden to effective government does not outweigh the dangers to individual citizens previously described. . . .
>
> But there is a second reason why effective government would not suffer excessively if monetary compensation is permitted. Here, the alleged wrongful conduct does not involve politically sensitive judgments or discretionary acts. Granting damages to plaintiffs would not tend to constrict government functioning in an area where prompt actions and snap judgments are essential, such as the control of prison outbreaks, or the protection of the President. (Case citation) The effect of denying immunity is merely to place an additional sanction against officials who fail to perform clear ministerial duties.

Since the ruling came in connection with a summary judgment motion, Judge Marshall properly noted that the defense of good faith on the part of the HUD officials in the performance of their official duties had not yet been dealt with but will have to be as the case goes to trial. Nonetheless, the preliminary ruling is of tremendous significance because of its potential ripple effect throughout the Government and its potential impact on similarly situated Government employees who prove to be unresponsive to the public interest or remiss in their delegated responsibilities in the public's behalf.

It is premature to attempt to assess the impact of any such ruling, if affirmed on appeal—I would expect that appeal is almost certain. Clearly, there are both pluses and minuses to be weighed. But even at this point, the ramifications of a public policy of this kind cannot be underestimated. Let me quote from the Chicago Tribune's editorial on this subject of September 4, 1975, entitled "The Upside-Down Pyramid":

> The ruling could have a good effect or a bad one (or possibly both). The good result would be to sound a loud alarm thruout the ranks of burocracy that a government job does not confer immunity on incompetents or loafers.
>
> The bad result would be to set off a court-clogging wave of litigation by disgruntled citizens wanting to get back at somebody—anybody—in government.
>
> We can't guess which effect will predominate. Still, any ruling that desanctifies burocracy and makes officials more directly responsible to the people they serve can't be all bad.

What can be said at this point, however, is that the ruling breaks bold new ground and that, as legislators, we should give careful thought to its potential impact.

It is for that reason, Mr. President, that I ask unanimous consent to have printed in the RECORD the August 8, 1975, decision of Judge Marshall, together with the Chicago Tribune editorial to which I have referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE UPSIDE-DOWN PYRAMID

Federal District Judge Prentice H. Marshall has opened up fascinating new legal territories with a decision handed down recently. He ruled that lower-echelon federal officials can be held directly liable for damages if they are found guilty of negligence in overseeing government-owned property.

This may not sound particularly shocking. If followed thru logically, tho, Judge Marshall's reasoning could put government agencies and their functions on a wholly different footing. The standard structure of government bodies is that of a pyramid, with officials of each rank responsible directly to their superiors and only indirectly to the public at large. This ruling seems to turn the pyramid on its head. By Judge Marshall's logic, the less decision-making power an official has—that is, the lower his rank—the more culpable he is for any failure to carry out his assigned tasks. The ruling seems to envision clear, enforceable lines of responsibility between each official below a certain level and the citizens affected by his actions [or lack of them].

The issue in this ruling was whether four officials of the Department of Housing and Urban Development, named in a damage suit along with a private management broker, could claim immunity from money damages if they were found guilty of negligence as charged in the suit. The plaintiffs, the Northwest Community Organization and four apartment tenants, charged that HUD had failed its responsibility to maintain an abandoned building at 2639 W. Haddon Av., and as a result a fire started in that building which destroyed an adjoining property where the four individual plaintiffs lived.

Judge Marshall ruled that HUD Secretary Carla Hills and John L. Waner, the department's Chicago area director, were immune from damages because they work on an administrative, policymaking level. Their duties are "discretionary," involving judgment and decision; they must, therefore, be free to carry them out without fear of court penalties. The judge found, however, that this "discretionary function test" was not met by the other government defendants—William Miller, supervisor of housing management and property disposition at the Chicago HUD office, and Richard Ice, supervisor of property disposition in Chicago. Their jobs, he said, are "operational," consisting of carrying out policies determined by others. Their duties are mandatory and clearly spelled out. If a court found they had failed to meet their assignments, the fault would be theirs and they would be personally liable.

The ruling could have a good effect or a bad one [or possibly both]. The good result would be to sound a loud alarm thruout the ranks of burocracy that a government job does not confer immunity on incompetents or loafers.

The bad result would be to set off a court-clogging wave of litigation by disgruntled citizens wanting to get back at somebody—anybody—in government.

We can't guess which effect will predominate. Still, any ruling that desanctifies burocracy and makes officials more directly responsible to the people they serve can't be all bad.

[In the U.S. District Court for the Northern District of Illinois, Eastern Division]

MEMORANDUM OPINION

Jesus Estrada, Carmen Diaz, Maria Sanchez, Irada Vaena, and the Northwest Community Organization, Plaintiffs, v. Carla Hills, Secretary, Department of Housing and Urban Development; John Waner, personally and in his official capacity as Regional Director of the Department of Housing and Urban Development (HUD); William Miller, personally and in his official capacity as Supervisor for HUD; Richard Ice, personally and in his official capacity as Director of Property Disposition for HUD; and Milton Worsek and Sons, Area Management Broker for HUD, and Ernest Worsek, Defendants—No. 74 C 2418.

The issue pending in this motion for summary judgment is whether defendants, who are federal Government officials, are immune from liability for money damages. The gravaman is that defendants maliciously and wilfully violated Department of Housing and Urban Development (HUD) regulations,[1] Illinois statutes, and Chicago ordinances with respect to the maintenance of a vacant HUD building in Chicago. Plaintiffs alleged that they notified defendants repeatedly of the hazardous condition of the building, but that defendants failed to take ameliorative action. Ultimately these violations allegedly led to a fire in the HUD building, causing the adjacent building, which housed plaintiffs, to burn down. Defendants are the Secretary of HUD, three Chicago area HUD officials, the Chicago Area Management Broker for HUD, and the Broker's owner, Milton Worsek. The Broker is under contract with HUD to perform maintenance work on HUD buildings. Plaintiffs seek monetary relief against all defendants except the Secretary of HUD, who was the only HUD defendant not sued personally. *See Poindexter* v. *Woodman*, 357 F. Supp. 443 (D. Kan. 1973).

JURISDICTION

Plaintiffs originally brought this action in the Circuit Court of Cook County and defendants removed under 28 U.S.C. § 1442(a)(1) (1970). This statute permits federal officers sued or prosecuted to remove actions to federal court whether or not the federal court would have had original jurisdiction, and reflects a congressional judgment that federal officers should be able to defend any action in a federal forum. Section 1442(a)(1) is the sole basis of jurisdiction here. Accordingly, the appropriate source of relief, if any, is under Illinois law. Plaintiffs have alleged wilful and malicious conduct giving rise to common law tort liability. They also claim defendants violated Chicago municipal ordinances, and that they may bring an action to correct or abate the violation pursuant to *Ill. Rev. Stat.*, ch. 24, § 11–13–15 (1973), which provides in part:

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[1] These regulations are promulgated pursuant to the National Housing Act, 12 U.S.C. §§ 1700, 1715(b) (1970).

"... any owner or tenant of real property within 500 feet in any direction or the property on which the building or structure in question is located who shows that his property or person will be substantially affected by the alleged violation, in addition to other remedies, may institute any appropriate action or proceeding . . . (3) to prevent any illegal act, conduct, business, or use in or about the premises, or (4) to restrain, correct, or abate the violation. . . ."

* * * * *

"An owner or tenant need not prove any specific, special or unique damages to himself or his property from the alleged violation in order to maintain a suit under the foregoing provisions."

In addition, plaintiffs allege that defendants violated HUD regulations, which may create an enforceable duty under federal law. *Compare Brown* v. *Lynn*, 385 F.Supp. 986, 998 (N.D. Ill. 1974) *with Brown* v. *Housing Authority of Milwaukee*, 471 F.2d 63 (7th Cir. 1972).

Although this action sounds in tort, jurisdiction is not and need not be present under the Federal Tort Claims Act, 28 U.S.C. § 1346 (b) (1970). In addition, federal question jurisdiction is not present, despite defendants' assertion to the contrary in the removal petition, because each plaintiff failed to allege that over $10,000 was in controversy.[2] *Zahn* v. *International Paper*, 414 U.S. 291 (1973).

STATUTORY WAIVER OF SOVEREIGN IMMUNITY

According to 12 U.S.C. § 1702, defendants are amenable to suit. Section 1702 provides that the Secretary of Labor may be sued in his official capacity in connection with carrying out the provisions of the National Housing Act. This section is an effective waiver of sovereign immunity[3] and federal courts have the power to enforce the provisions of this Act against the federal Government. *Baker* v. *F & F Investment Co.*, 489 F.2d 829 (7th Cir. 1973); *Brown* v. *Lynn*, 385 F. Supp. 986, 991 (N.D. Ill. 1974). Furthermore, § 1702 authorizes actions against government officials for money damages. *Baker* v. *F & F Investment Co., supra*, at 834.

Lest there be any doubt that defendants were carrying out provisions of the National Housing Act in doing the acts alleged, 12 U.S.C. § 1710(g) (1970) gives the Secretary of HUD the power to "deal with, complete, rent, renovate, modernize, or sell for cash or credit, in his discretion, any properties conveyed to him."

The purpose of this section is to enable the Secretary to acquire property in the event of a default or a foreclosure, so that he may market it, rehabilitate or otherwise dispose of it. *Manners* v. *Secretary of HUD*, 333 F. Supp. 829 (E.D.N.Y. 1971). The ill-kept building at issue was HUD-owned, and in maintaining or failing to maintain it, defendants were acting under authority of the National Housing Act.[4]

PROCEDURAL BACKGROUND

After defendants removed the action, they filed a motion to dismiss. On December 6, 1974, that motion was denied, but we held that defendants Waner, Miller and Ice, the Chicago Area HUD officials, were not liable for money damages. On January 7, 1975, upon reconsideration, we dismissed the prayer for monetary relief against Worsek also. On February 18, 1975, we modified these orders and held that defendants' motion to strike the claim for damages must be denied. This ruling rests on ***Willingham* v. *Morgan***, 424 F.2d 200 (10th Cir. 1970), in which the court held that immunity from monetary relief is an affirmative defense which must be pleaded and factually proven and consequently should not be granted on a motion to dismiss. Now, defendants Waner, Miller, Ice and Worsek have submitted affidavits which, they claim, establish their immunity and entitle them to summary judgment on the issue of money damages. The test for immunity from money damages will be discussed first, and then the test will be applied to the defendant officials.

THE TEST OF IMMUNITY

The test for whether an official shall be immune from liability for money damages is not mechanical. It requires a careful inquiry into the nature of the alleged wrongful acts and the scope of the accused official's duties. The need for a careful inquiry stems from the competing policies underlying official immunity from money damages. From the perspective of the individual citizen, some compensatory remedy must be available to vindicate injury inflicted by government officials whose actions exceed their authority. From the perspective of the public interest in effective government administration, officials must be free to exercise their duties, especially discretionary duties, without having to defend their actions in court. The doctrine of immunity reflects the view that an official may be excessively hampered if he is subject to the tedious and potentially embarrassing process of litigation, regardless of the ultimate outcome. *Barr* v. *Mateo*, 360 U.S. 564 (1959); *Gregoire* v. *Biddle*, 177 F.2d 579, 581 (2d Cir. 1949).

Accordingly, the first step of the inquiry is deciding whether the acts complained of were within the outer perimeter of the defendant's official duties. If the actions were beyond this boundary, clearly the officer is not immune. But does immunity automatically attach if the official was acting within the outer perimeter of his authority?

The Seventh Circuit has answered this question affirmatively, and granted immunity upon a showing that the defendant official was acting within the scope of his authority. *Scherer* v. *Morrow*, 401 F.2d 204 (7th Cir. 1968), *cert. denied*, 393 U.S. 1084 (1969); *Scherer* v. *Brennan*, 379 F.2d 609 (7th Cir. 1967); *cert. denied*, 389 U.S. 1021 (1967).

The Second Circuit, on the other hand, imposes an additional test before granting immunity. In *Bivens* v. *Six Unknown Named Agents of Fed. Bur. of Narc.*, 456 Fd2d 1339 (2d Cir. 1972), the court held that federal officers are immune only if they were acting within the outer scope of their authority and if their duties were discretionary.[5] In developing the discretionary function test, the court relied upon language in *Barr* v. *Mateo, supra*, that officers, are immune if they perform "discretionary acts at those levels of government where the concept of duty encompasses the sound exercise of discretionary authority." 360 U.S. 564, 575.

In *Bivens*, the court specifically found that the officers, who were sued in connection with making arrests, were acting within their authority but were not exercising discretion. The court then held that the officers were not immune from money damages.[6]

Doe v. *McMillan*, 412 U.S. 306 (1972), provides additional authority for applying the discretionary function test in this circuit. In *Doe*, the immunity of the Public Printer and the Superintendent of Documents for Congress was at issue. Plaintiffs alleged that these officals invaded their privacy by publishing certain derogatory documents for use in Congress and distribution elsewhere. The Court found that the officials were acting within the scope of their duties but that their duties were not discretionary. The Court held that official immunity does not automatically attach to any conduct expressly or impliedly authorized by law, unless the official was exercising a discretionary function. This rule is appropriate because effective government is not severely impaired if officials with ministerial duties are answerable in damages for failure to perform obligatory functions.

The *Doe* court further indicated that when an official acting in a nondiscretionary capacity claims immunity, the Supreme Court "has advised a *'discerning inquiry'* into whether the contributions of immunity to effective government in particular contexts outweigh the perhaps recurring harm to individual citizens". 412 U.S. 306, 320.

Thus, the Court mandates the use of the discretionary function test, and a direct balancing of the policies underlying the immunity doctrine in the context of each fact situation. *See e.g., Wood* v. *Strickland*, 420 U.S. 308 (1975) (qualified immunity granted to school board officials who exercise discretion); *Scheuer* v. *Rhodes*, 416 U.S. 232 (1974) (qualified immunity granted to State National Guard Officials due to their exercise of discretionary responsibilities).

Mindful of these principles, the first step here is to decide whether the HUD defendants were acting within the scope of their authority. Second, whether their functions were discretionary must be decided. Finally, the consideration of harm to the individual citizen must be balanced with threat to effective government in the context of this case.

SCOPE OF AUTHORITY

Initially, defendants contend that plaintiffs are estopped from arguing that defendants acted outside the bounds of their authority. This estoppel allegedly arose because plaintiffs did not move to remand the case to state court. Pursuant to 28 U.S.C. § 1442 (a)(1) (1970), the removal petition alleges that defendants acted under color of office. By not trying to remand, it is claimed, plaintiffs admitted that the conduct complained of occurred under color of office and hence they also admitted that defendants acted within their authority. This argument erroneously equates the phrase, under color of office for removal purposes with the concept of scope of authority for immunity purposes. In *Willingham* v. *Morgan*, 395 U.S. 402 (1969), the Court distinguished these two concepts. The Court stated that the test for removal under § 1442(a) is more easily saisfied than the scope of authority test for immunity, because the purpose of the removal statute is to permit federal officials to litigate all actions against them in a federal forum. *See also, Green* v. *James*, 473 F. 2d 660 (9th Cir. 1973). Consequently; plaintiffs' failure to object to removal is inconclusive with respect to whether defendants performed within the outer perimeter of their authority, and defendants' affidavits must be considered.

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[2] Plaintiffs Estrada, Diaz, Sanchez and Vaena have each asked for under $10,000, and their claims cannot be aggregated.

[3] Section 1702 gives the Government's consent to be sued and does not waive the defense of absolute immunity from liability for money damages which is the issue here.

[4] This provision alone does not, however, create an enforceable duty to maintain HUD property in a safe condition.

[5] Other circuits have also employed the discretionary function test. *Smith* v. *Losee*, 485 F.2d 334 (10th Cir. 1973); *Green* v. *James*, 473 F.2d 660 (9th Cir. 1973); *Carter* v. *Carlson*, 447 F.2d 358 (D.C. Cir. 1971); *Green* v. *Cauther*, 379 F. Supp. 361 (D.So.Car. 1974).

[6] The court instructed that defendants had available the defense of good faith if their good faith was reasonable. 456 F.2d at 1347. This circuit has adopted the *Bivens* analysis of the good faith defense. *Brubaker* v. *King*, 505 F.2d 534 (7th Cir. 1974). It has not adopted the *Bivens* analysis of the two-pronged immunity test.

Defendants Waner, Miller, Ice and Worsek have submitted affidavits which they claim establish their immunity. Each affidavit describes the duties of the affiant and states that all acts alleged by plaintiffs were undertaken in the course and within the scope of the affiant's official duties. According to his affidavit, defendant Waner is Regional Director of HUD and manages the Chicago HUD area office, with its staff of program managers, and professional and technical specialists. He is responsible for all field operations, including initiation, planning, and execution of programs, housing management, and community services. Of the defendants sued for monetary relief, he has clearly the greatest responsibility and widest authority. Defendant Miller's duties consist of direct supervision of the Housing Program Management Branch, Loan Management Branch, and Property Disposition Branch in the performance of their functions. (Affidavit of William Miller.) Defendant Ice is responsible for disposition of HUD property in the Chicago Area. (Affidavit of Richard Ice.) As owner of Milton Worsek & Son, the Chicago Area Management Broker, Worsek's duties are to supervise and direct workers who perform maintenance work on HUD buildings, pursuant to a contract between HUD and Milton Worsek & Son. (Affidavit of Ernest Worsek.)

To sum up, defendants' duties include managing HUD buildings. Plaintiffs claim that defendants wilfully neglected their management duties, and fell short of their responsibilities under the applicable HUD regulations, statutes and ordinances. We are consequently persuaded that defendants' affidavits show that they were indeed acting within the outer limit of their authority in performing the actions which allegedly injured plaintiffs. All that is required is a general connection between the official duties and the alleged wrongful acts. *Scherer* v. *Brennan, supra.*

Plaintiff has failed to submit counteraffidavits or otherwise demonstrate that defendants exceeded their authority. Nothing in the materials submitted here indicates that any genuine issue of material fact exists with respect to the scope of authority issue, and defendants therefore were within the scope of their authority. In *Konigsberger* v. *Hunter,* 308 F.Supp. 1361 (W.D.Mo. 1970), the court rested its holding that the defendant officials were acting within their authorized powers on affidavits very similar to those submitted here.[7]

DISCRETIONARY FUNCTION

The next question is whether the defendants exercised discretionary or ministerial powers. The *Bivens* court cautioned that no foolproof measure of discretionary duties exists and moved directly to a policy consideration of whether or not federal officers performing police duties warrant the protection of the immunity defense. *Bivens, supra,* at 1345–46. One source of guidance useful here, however, is the explanation of the discretionary-ministerial distinction developed in the context of the Federal Tort Claims Act, 28 U.S.C. § 1346(b) (1970). This distinction is important under the Federal Tort Claims Act, because the Act excepts claims based on performing or failure to perform discretionary functions. 28 U.S.C. § 2680 (a) (1970). Generally speaking, a duty is discretionary if it involves judgment, planning or policy decisions. It is not discretionary if it involves enforcement or administration of a mandatory duty at the operational level, even if some degree of professional expert evaluation is required. *Nelms* v. *Laird,* 442 F. 2d 1163 (3d Cir. 1971), *rev'd on other grounds,* 406 U.S. 797 (1972); *Hendry* v. *United States,* 418 F. 2d 774 (2d Cir. 1969). The key is whether the duty is mandatory, and whether the act complained of involved policy-making or judgment. For example, negligence in the construction of a government facility is nondiscretionary and subjects the Government to liability under the Federal Tort Claims Act. *See Seaboard Coast Line R. Co.* v. *United States,* 473 F. 2d 714 (5th Cir. 1973); *Stanley* v. *United States,* 347 F. Supp. 1088 (D. Me. 1972). On the other hand, the Government is not liable under the Federal Tort Claims Act for actions based on the exercise of discretion, even if that discretion is abused. *Newberg* v. *Federal Sav. & Loan Ins. Corp.,* 317 F. Supp. 1104 (N.D. Ill. 1970).

Applying these principles, it is clear that defendant Waner, the Regional Director of HUD, is endowed with discretionary power. His high rank in the hierarchy of HUD suggests that his responsibilities are comprehensive. As director of all HUD field operations in the Chicago area, he is entrusted with planning duties and required to set policies. (Affidavit of John Waner.) Consequently, he is absolutely immune from liability for money damages.

The affidavits submitted by defendants Miller and Ice suggest that their duties are not discretionary. They are charged with supervising the disposition of HUD property, but they do not claim that they set policy or engage in planning. Apparently, their duties are operational and they execute policies determined by others.

In support of the contention that the officials are not exercising discretion, plaintiffs have cited HUD regulations published in a HUD Property Disposition Handbook which they allege defendants wrongfully violated. In relevant part, these regulations provide:

23. g. *Immediate Protective Repairs.* Irrespective of whether full repairs are delayed, immediate attention shall be given to those repairs required to prevent undue deterioration and eliminate hazardous conditions that may be dangerous to the public.

23. h. *Initial Cleanup and Maintenance.* It is essential that unsightly conditions be corrected promptly. Immediately upon taking possession, the Area Management Broker (AMB) or the local office, if an AMB is not available, shall make arrangements to have all rubbish removed and the premises given a thorough cleaning, including cutting of grass, weeding, and trimming of shrubbery if needed.

23. i. *Continued Maintenance.* In addition to the initial cleaning, arrangements shall also be made for continued "housekeeping" maintenance, such as care of shrubbery and lawns, snow removal and broom cleaning. Unoccupied properties must be maintained in clean and presentable condition. HUD regulations 4310.5, ch. 2.

The regulations are couched in mandatory language suggesting that the officials responsible had a positive, nondiscretionary duty to adhere to them.

One possible barrier to the regulations creating a mandatory duty is that neither party has shown they were published in the Federal Register, and consequently, they do not have the same force of law as duly promulgated regulations. In *Brown* v. *Lynn,* 392 F. Supp. 559 (N.D.Illi. 1975), the court held that unpublished HUD guidelines concerning mortgage foreclosures could not be enforced against private mortgagees. The court reasoned that HUD's own "mini APA," 24 C.F.R. 10 (1974), commands HUD to voluntarily publish its regulations in the Federal Register at least 30 days before their effective date. The purpose of publication is to give notice to third parties who will be bound by the regulations and to afford them an opportunity to participate in the rule-making. The court held that failure to publish the regulations in the Federal Register indicates that the rules are mere statements of policy. The *Brown* court also relied upon the statement of a HUD official that the particular regulation at issue was not intended to be mandatory.

Several factors which influenced the *Brown* court are missing here. First, plaintiffs seek to enforce the regulations against HUD, and not against a private party which in fairness should have advance notice that certain rules will be enforced. Furthermore, defendant has not contended that the Property Disposition Handbook is only a statement of policy or submitted affidavits of HUD officials to that effect. Finally, failure to follow its own regulations is evidence of HUD's subversion of its statutory obligation to produce housing of sound standards of livability. 42 U.S.C. § 1441 (1970). Thus, we find the mandatory language of the HUD Property Disposition Handbook persuasive in showing that defendants Miller and Ice did not have discretionary power in maintaining vacant HUD buildings. *See also, Brown* v. *Housing Authority,* 471 F. 2d 163 (7th Cir. 1972).

Defendants claim that defendants Milton Worsek & Son and Ernest Worsek are entitled to share in the immunity of federal officials. Plaintiffs counter with two arguments. First, they contend that because defendants Worsek are independent contractors and not federal officials, they are not shielded by immunity. Second, they argue that even if immunity extends to federal contractors, the defense of immunity is inapplicable if the contractor acted negligently. Plaintiffs charge that defendants Worsek are guilty of negligence. Were the latter rule followed, however, a hearing on Worsek's alleged negligence would be necessary to resolve the preliminary issue of immunity from liability for money damages.

Instead, defendants Worsek are not protected by immunity for the following reasons. Even if independent contractors with the federal Government can enjoy immunity from liability for damages, immunity does not protect defendants Worsek for the same reasons defendants Miller and Ice are not immune. Specifically speaking, the affidavit of Ernest Worsek reveals that his contractual duties consisted of supervising maintenance of the HUD building. Although he acted within the scope of his duties, his duties were nondiscretionary. He did not engage in planning or policy-making, but merely carried out ministerial duties pursuant to contract.

BALANCING OF POLICY CONSIDERATIONS

The policy which weighs in favor of granting monetary relief is the likelihood and gravity of recurring harm to the individual citizen. This threat is both severe and widespread. Judge Will, in Brown v. Lynn, 385 F.Supp. 986, 999 (N.D.Ill. 1974), noted that HUD has become the largest owner of vacant buildings in urban communities and described the consequences as follows:

"The impact upon the urban community is substantial, not only in terms of the displaced and traumatized families, but also because of lost housing, increased fire hazard, vandalism and blight. Such adverse consequences are plainly in conflict with the program objective to facilitate progress in providing decent homes, suitable living environments, and properly developed communities." [Emphasis added.]

Plaintiffs have submitted facts revealing that these precise conditions, increased fire hazard, vandalism and blight, posed substantial dangers to their well being. In fact, HUD itself commissioned the NIKA Corporation to inspect the HUD building adjacent to plaintiffs, and the NIKA report detailed the dilapidated condition of the building. (Memorandum in Opposition to Defendant's Motion for Summary Judgment, Exhibit D.) According to the report, the building was unsafe and unsanitary. Glass was broken throughout. Rats and mice were prevalent. Foundations were badly cracked. Exterior doors were missing. All floors were buckled. Debris was scattered. In sum, the danger to plaintiffs was substantial.

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[7] In *Willingham* v. *Morgan,* 424 F.2d 200 (10th Cir. 196), the court held that conclusory affidavits alone could not support a finding of immunity. In that case, the plaintiffs set forth specific facts, in counteraffidavits, showing that defendants were on a frolic and not within the ambit of their duties. Comparable facts are absent in the instant case.

The contravening consideration is whether immunity would contribute to effective government. Obviously, some draining of government resources occurs whenever government officials are called to defend their actions in court. In this case, however, the burden to effective government does not outweigh the dangers to individual citizens previously described. In the first place, the statutory waiver of sovereign immunity, 12 U.S.C § 1702 (1970), reflects a congressional judgment that the Secretary of HUD should be suable. In terms of litigation costs, it is no more expensive to defend against actions for damages than to defend against actions for injunctive relief. But there is second reason why effective government would not suffer excessively if monetary compensation is permitted. Here, the alleged wrongful conduct does not involve politically sensitive judgments or discretionary acts. Granting damages to plaintiffs would not tend to constrict government functioning in an area where prompt actions and snap judgments are essential, such as the control of prison outbreaks, or the protection of the President. E.g., Scherer v. Brennan, 379 F.2d 609 (7th Cir. 1967). The effect of denying immunity is merely to place an additional sanction against officials who fail to perform clear ministerial duties.

GOOD FAITH DEFENSE

At this point in the litigation, neither party has raised the defense of good faith. We merely note that defendants have available the defense of good faith in the performance of their official duties, if their good faith was reasonable. O'Connor v. Donaldson,—U.S.—, 43 U.S.L.W. 4929 (June 26, 1975); Tristis v. Backer, 501 F.2d 1021 (7th Cir. 1974).

Judgment will enter for defendant Waner on the issue of immunity from liability for money damages. With respect to defendants Miller, Ice, Milton Worsek and Son, and Ernest Worsek, the motion for summary judgment on the issue of immunity from liability for money damages is denied.

ENERGY CONSERVATION MONTH IN GEORGIA

Mr. NUNN. Mr. President, Gov. George Busbee of my State has declared October as "Energy Conservation Month" in Georgia, and a statewide public awareness campaign has been launched to cut our State's energy consumption by 5 percent.

To my knowledge, this action is the first of its kind in the Nation, and it signifies the commitment of the people of Georgia to energy conservation. I believe that Georgia has taken the lead in this important area.

Energy Conservation Month is designed to alert all Georgians that alternative sources, such as solar and nuclear energy, are a number of years away from making the United States energy dependent.

In the meantime, we must voluntarily conserve energy. Voluntary conservation is, after all, an immediately available weapon with which to reduce our growing reliance on foreign petroleum and the heavy drain on American dollars that this reliance is causing. Georgians will be reminded that by conserving energy, we are saving money on utility and gasoline bills, which have skyrocketed during the past 2 years.

Mr. President, I had the honor last April of chairing oversight hearings in the Committee on Government Operations on energy conservation.

Those hearings emphasized the need for effective leadership at the national, State and local levels if we are to conserve substantial amounts of energy.

They also brought out a long list of ways which we can conserve energy in our daily lives—such as by driving slower, turning down our thermostats, and adequately insulating our homes.

State and local government officials in Georgia are providing the type of leadership we need by emphasizing October as Energy Conservation Month.

During the month Georgians will take part in a variety of programs and projects designed to acquaint them with all the various methods of conserving energy.

For example, there will be an energy conservation poster contest in our public schools; and the State energy office has lined up a number of exhibits which will be on display around our State.

Mr. President, the observance of Energy Conservation Month in Georgia is the type of activity needed to foster public awareness of our energy problems and the need for every American to help solve them.

I encourage every other State to engage in similar public awareness campaigns. Although voluntary energy conservation will not solve our energy problems by itself, it is something that we can do immediately.

Mr. President, I ask unanimous consent that Governor Busbee's proclamation, a transcript of a press conference he held with Federal Energy Administrator Frank Zarb, the text of the Governor's prepared remarks, and a press release issued by his office be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Energy Conservation Month

Proclamation by the Governor:

Whereas: We face a severe energy problem today resulting from the increasing gap between the growth rates in energy supply and consumption; and

Whereas: Energy shortages adversely affect the well-being and comfort of every citizen, and impede the important economic growth of this State; and

Whereas: The discovery and development of new and existing domestic energy sources, and a decrease in the rate of growth in the demand for energy are needed to close the gap between energy supply and demand; and

Whereas: The only alternative to the long process of developing new energy sources is to reduce our rate of growth in energy demand through energy conservation; and

Whereas: The Georgia State Energy Office will implement a statewide public awareness program during October, 1975, to inform our citizens about the wise utilization of energy, through which they will consequently save money on their energy bills; and

Whereas: Industries and businesses, utilities, chambers of commerce, municipalities, media and concerned citizens will join together in this October program to sponsor home improvement clinics, car care clinics, exhibits, special school programs, and a school energy conservation poster contest; now

Therefore: I, George Busbee, Governor of the State of Georgia, do hereby proclaim the month of October, 1975, as "Energy Conservation Month" in Georgia, and commend the observance of this occasion to all our citizens.

Transcription of Press Conference Involving Frank Zarb, Federal Energy Administrator and Governor George Busbee

INTRODUCING SAVE ENERGY MONTH IN GEORGIA

Governor Busbee. I have with us today Mr. Zarb, I would first like to make a statement concerning energy in the state of Georgia, and Mr. Zarb will make some remarks and then we'll open it for questions, I'm sure that most of your questions will be directed at him rather than to me in this instance.

But as every person in Georgia knows, and I think most people of this nation, our nation has been in the midst of an energy crisis since October of 1973, even though that's an unofficial date I think prior to that date energy was ignored as a serious subject for the vast majority of Americans. It took an oil embargo, gasoline shortage, motor fuel shortage, natural gas shortage, and an ever increasing cost in energy for us to truly realize how severe and just how critical this energy crisis is.

Notice I said is and not was. Some people I think have come to the conclusion that the energy crisis is now over. There are also some that might believe that it never existed, but I'm not of this opinion.

I believe that the "crisis" is the right term for the current situation that we face and I believe that this crisis is far from being over. If Americans and if Georgians feel it is over and they don't do anything about it, their level of energy consumption is not reduced, this shortage is going to worsen.

Let me bring you up to date on some disturbing facts.

America is an energy hungry country, we use more than one-third of the world's total energy output and yet we're comprised of only 6% of the world's population. In fact, since 1973 America's energy consumption has increased despite the crisis which I have mentioned, and our rate of energy consumption is continuing to accelerate.

There's also a serious shortage of natural gas. Last winter in Georgia there were spot shortages and rather serious curtailments to interruptible customers, especially in the northeastern section of this state. Without this gas, industrial production is forced to slow down or even stop. This is a fact that has happened in many states.

I might say I was just mentioning to Mr. Zarb that we have a fertilizer shortage, a severe shortage, and it requires the use of natural gas to meet it.

We have an industry that wants to invest between 3 and 400 million dollars to increase production, and yet a decision has been rendered to where this gas is not available.

New energy sources lie on the horizon, but they are not yet within our grasp. Today nuclear energy furnishes only about 1% of the total energy supply. Other energy sources such as the solar energy that you've heard me talk so much about, geothermal and wind, look very promising for the future but what about our short term energy needs.

Wherever I look I see the same picture, I worry that Americans' horn of plenty is now showing signs of exhaustion, so what we can do about it, specifically what we can do is what I would like to say something on this morning.

America's future and Georgia's future will depend on some belt tightening. This is especially true when you remember that Georgia is an importer of energy, not a producer. We don't have any coal mines, we don't producee any oil. We don't produce any gas. We only have two small refineries in this State and they are primarily asphalt refineries. We only produce 10% of our electricity from hydro power. To generate the remainder of our electricity we rely on out of State coal and out of State natural gas.

All of this clearly puts Georgia in a particularly precarious position. Clearly then our future lies in energy management, a skilled labor Georgia will have to acquire whether he's a captain of an industry, or a cab driver, an architect, or whether he works on an assembly line.

Future efforts can not be piece mealed. Everyone is responsible and everyone must pitch in and contribute. I'm confident that the people of Georgia can and that they will work together to save and preserve our vital energy resources to demonstrate to the nation that energy conservation does and it can work. They'll do it because the future of this State depends on this management and this conservation with the energy we have.

To launch this new effort I have brought with me a proclamation, I'll sign in a minute, that will proclaim and designate the month of October as Energy Conservation Month.

The first step in planning for our future energy needs is educating our people about energy consumption. Headed by the State energy office a concerted effort will be launched in every community throughout this State and the goal will be first to increase awareness of our energy situation and secondly to encourage a more conservation minded lifestyle for our people. There will be organized and planned activities to educate our citizens in energy use and effective energy management.

Besides saving vital energy, this type of educational program can provide citizens with much needed information on reducing their energy bills vitally important to the inflation that we are plagued with. All elements of Georgia's industry, business, government, and most important the people of Georgia will participate in this program. I urge each of you, each of the citizens of this State to participate in this energy conservation during the month that we have proclaimed of October.

So that we might have a goal by which to measure our efforts, I urge each family to join me in undertaking a 5% reduction in total energy usage. Analyze your year's fuel bills, electric, gasoline, natural gas, and attempt to reduce your overall consumption by 5%.

You know, I went to Washington and took Dr. Stelson, who is head of research at Georgia Tech with me on this solar energy, and Dr. Pettit, who is president, talking with Dr. Stelson about the electrical bill on my home in Albany, and how it had escalated. He told me he had just the reverse experience. While my bill was about $150 for a month, his had been reduced to $27 per month because he did everything he could do in his home to reduce the amount of energy consumption. And I'm going out to his house and see how he accomplished it.

There are many tips and many things that we can do. You may choose to drive your automobile less or at a lower speed, you might maintain your air conditioning at 78 degrees or your heating at 68 degrees, or you might choose to reduce your electric usage, but still driving on the holiday. What I'm trying to do is to reduce energy consumption by 5%.

Different families will conserve in different ways. But I think the important thing is that each of us will conserve at least 5%.

The key to our success is the voluntary participation, because I firmly believe that unless each of us undertakes conservation voluntarily, we are faced with a serious possibility of having Federal mandatory energy conservation and rationing programs imposed upon us.

I'm not suggesting that energy consumption be reduced to the point of adversely affecting our economy. I am, however, saying that we should use our available energy resources more wisely and efficiently.

Perhaps potential for the most dramatic energy conservation exist in our homes, many of which are very inefficient users of energy and electricity and gas. By improving the energy usage in our homes we can provide the needed energy resources for industrial growth in this State.

In Georgia today there is still an adequate supply of energy for immediate needs. But what of tomorrow? We must learn how to manage our energy resources more efficiently to ensure an adequate supply for the future.

I am delighted today that Frank Zarb is with us. Frank, I might say that I've been fighting a battle with the budget down here and we've had some very difficult times, but I don't know of any man of the United States that has a greater task than Frank Zarb when it comes to energy. Frank was in the Office of Management and Budget and as such he was in charge of the appropriations and expenditures and so forth, fiscal management for all the energy proposals in this country. Now he heads the energy programs in this country and I think he is a very capable person. I've known him for several years. One thing I like about him is he tells you like it is, he's a very pragmatic person, he is a person that's been able to bring together factions that vary and approaches on many proposals, he's a brilliant person and I'm just proud that he's in Georgia to be with us today. I support many of the things that he has come out with, and I think that the Nation is indebted to have a person such as Frank Zarb in Washington.

Frank we're delighted to have you here, say whatever you'd like and then they're going to ask you questions about energy.

FRANK ZARB. Thank you Governor very much. I suppose I should first say that I want to congratulate the people of this State for being as aware and informed and enlightened as to go forward with a program such as the program that the Governor just outlined. I'd like to find a way to capture some of that enlightenment and put it in a bottle and bring it back to Washington with me and maybe I'll find a capability of achieving that.

The need to use our energy more efficiently could only be categorized as urgent, not only within this State but as a Nation. And I'd like to just point out one or two real life reasons why that's so.

As you know, we lost our independence in the 60's to a point where we now depend upon foreign nations for 40% of the oil that we use in this country. Now from four years ago, when we as you know, controls have been in the news recently and I would like to use that time frame. Four years ago when controls first went on the energy system we were importing 3 million barrels a day, since that time we've doubled our imports. Our prices for foreign products have gone from 3 billion dollars in 1970 to 25 billion dollars today. What that means to the American consumer in terms of increased prices is obvious. It also means that that difference, that 22 billion dollar difference is leaving this country for the benefit of other nations.

And if my calculations are correct, it would say simply that if we had that 22 billion dollars to spend here in this country right now, we'd have one million more people at work today than we currently do. That's 15% of our unemployment group.

And I'll carry that one step further, in the event of another embargo and we continue to be in this position over the next year or so, we will put an additional one million Americans out of work in a six month period. So we have 2 million American jobs at stake, as well as the sky rocketing prices that American consumers have been forced to pay to the foreign producers that control the current price schedule.

So it's needed not only for steady economy, but it's needed for the very security and the preservation of a free nation. The free nation is the United States of America, so I congratulate you Governor and the people of this State.

I would carry this message across the Nation as I make my stops and use this as an example of what can be done within each State to help move this program forward. I'd like to shake your hand. Now I'd like to answer any questions that you have.

QUESTION. You are touring the country and this is your first stop or what?

Mr. ZARB. No, I feel like I've been on a continuing tour, I'm usually out of Washington one day a week, and in one state or another, one city or another, and usually I talk about energy.

QUESTION. Mr. Zarb do you really have any faith in the people of Georgia that they are ready to take voluntary steps to prepare to make sacrifices for what the President is asking?

Mr. ZARB. The short answer to that question is yes. The long answer is they are prepared to do what needs to be done so long as they are told the truth. If the American people understand the size of this problem, what it's costing them both in terms of national security and in terms of prices for the things they use everyday. And they understand what has to be done to fix it, and we tell it like it is they are going to respond. If, on the other hand, we disguise our description with political rhetoric, making promises that can't be kept—like keeping prices down— they are going to misunderstand and not know what's required of them. There's no question in my mind but what the people of this state will respond in a favorable way.

QUESTION. Mr. Zarb, with the attempt to get a compromise on oil controls, what kind of compromise would you like to see?

Mr. ZARB. As you know the control system, as I said earlier, has doubled our problem and our prices have gone up 700% since controls have been on. So I'd like to see a lead in a different direction to induce more American production.

Originally I had proposed that controls come off more abruptly and we do some other things to adjust for economic impact. The Congress said that they felt more comfortable with a phase out program and I think you can't view these things in an analytical vacuum, you've got to view them in reality, and the reality is that if we can establish a feeling of compromise with the Congress we can get this job done and go on to the next and the next and the next. With that in mind, and because the Congress feels the favor phase out, then I too favor phase out. Programatically, abrupt would get more of the job done more quickly but I am prepared to compromise on the timing and the sequencing, but keep in mind we went from zero to 25 months and then to 30 months and then they said well thirty months is all right but the first year the impact is too hard and we'd like to do something with release prices, the new oil prices.

So we said okay, the first year we'll have a very gradual movement and we'll roll back the prices of released oil for the whole period and have it escalate slowly. So the net effect of the first year is no price move at all, a slight decrease particularly where we use residual oil for electricity such as some parts of the state of Georgia.

So we gave them a program that was stretched out, the first year's impact was virtually neutral, if not a small price decrease and then it happened gradually over a 39 month period. And then they said well we think we'd like to see another form of compromise and I'm not sure what that's going to be but I think we're getting close.

Question. Do you think the oil company's profits are too high?

Mr. Zarb. Well, when you say oil company profits, you've got to understand that oil company is a mix of different varieties of folks. We've got lots of people out there and the people that do most of the drilling in this country today are small independents that are out there wild catting. They need to have sufficient return to take the risk because one out of every seven, or one out of every nine holes they drill is a producer, the others are dry.

I think we have to be aware of what they need. The multinationals are a set of circumstances, and the depletion change has cut back some of their revenues, and they themselves are different among each other.

I propose that in the decontrol program that we have a tax program that would carefully take away any excess profits that would flow into the oil companies that would receive them during that time, and that money be returned to the American people. That's been in our program since January, I still hold with that.

We can make a calculation as to which element of the industry might have a excess of profits condition and tax that, and tax it severely, allow enough to go back in the industry to drill holes on the outer continental shelf, the North Slope of Alaska, to lay the pipeline, and do all those expensive things that need to be done. But don't allow any single segment of our economy to profit unduly on the hides of the rest of us. That's a simple tax measure, you can sit down with the Congress, that can be worked out. We had one in the Senate finance committee before recess but it was blocked by some Members of the Senate.

Question. Governor Busbee said we face the serious possibility of a Federal mandatory energy conservation or rationing program being imposed on us.

Mr. Zarb. Well, as a nation in terms of putting together an energy policy we really have two avenues we could follow. A fundamentally voluntary program where the prices are allowed to move to a point where it truly reflects the value of the product and individual consumers make their own decisions as to what kind of cars they drive or whether they have insulation in their attic or storm windows on their windows or their heating and cooling systems are efficient. The factory manager has a decision to make because he now looks at his profit and loss statement as to whether or not he's going to invest in a more expensive piece of equipment or not. That's one way to go and it's the one that I subscribe to.

The other way would be to create a shortage, just simply the Government would enact the law that says that we're going to stop imports of a certain amount coming into this country every year. That creates a shortage, when you do that then the Federal Government would need to tell each enterprise how much oil they can have or whether they can have any at all. Whether their company is in the national interest or whether your newspaper can have another fleet of trucks or not, or whether that oil is needed some where else. That's the allocation method of dealing with the system. That's a nightmare. It won't work, we won't produce another barrel of oil because of it, the economic destruction will be considerable.

Can you imagine my having a thousand GS 9's here, and this State alone telling every enterprise how it's going to operate with respect to energy? But nevertheless it's been proposed by some. Rationing, at the moment, is a scheme that we have on the shelf that's prepared for use particularly in case of an embargo. If we go and do nothing, if we stalemate each other and turn this program into a political argument, and nothing is enacted, two or three years from now the situation could be so serious that we could be facing very strong Government controls on the lives of Americans. It's just a reality, because just the hint of another embargo or an inordinate price rise by the cartel, when we're up at 50% vulnerability, we'll make the body politic respond and it could respond in that way.

Governor Busbee. Frank let me make a comment on something that just came up here. I appreciate the very difficult position that you're in.

I've told this story many times in Georgia but someone asked me about the criticism one of the proposing administration had and I made observations before that anyone can tear a house down and it takes a man to build one. You have a job ahead of you, I realize that, but I wanted to say that all of us have some responsibility and I don't think this should become a political issue. The President did come up with an energy proposal. Congress seemed at one time like they might come up with a proposal.

The Governors then met down in New Orleans, we criticized the President, criticized the Congress, then we did nothing.

But I think the time has come in this Nation that we must put the security of this Nation ahead of everything else. And as I have visited out in the oil explorations that are being made and I see the depletion in this country going down, we can not become further dependent on foreign oil. I think the time has come for the Governors, for the Congress, for the President, and for you to work together to meet the problems we have and I want to work with you.

I do have for you the proclamation declaring energy conservation month in Georgia for the month of October. And I have here Mr. Spruill who is the head of our energy office and if I could I'd like to present you with this proclamation.

Mr. Spruill. Thank you Governor. Rest assured the job will be done.

Governor Busbee. This is the logo, and you might have to explain it to me, Lew. It looks like the horn of plenty to me but it looks like it's about to run out of water.

Mr. Spruill. That's right. The horn of plenty is running dry, that's the last drop. Save energy now.

Statement by Governor George Busbee Introducing Save Energy Month in Georgia

As every person in the State of Georgia—and for that matter, the country—is well aware, our Nation has been in the midst of an "energy crisis" since October 1973. That's an unofficial date. Before that . . . energy was ignored as a serious subject for the vast majority of Americans. It took an oil embargo . . . gasoline shortages . . . fuel oil shortages . . . natural gas shortages . . . and increasing energy costs for us to truly realize just how severe and critical this "energy crisis" is.

Notice I said "*is*", not "was". Some people in America believe that the energy crisis is over. There are also those who believe that it never even existed.

I am not of this opinion. I believe that "crisis" is the right term for the current situation. And, I believe, this crisis is far from over. If Americans, and if Georgians feel it is over and do nothing to change their level of energy consumption . . . this shortage will worsen.

Let me bring you up to date on some disturbing facts. America is an energy-hungry country. We use more than a third of the world's total energy output . . . yet we have only 6 percent of the world's population.

In fact . . . since 1973, America's energy consumption has increased despite the "crisis," and our rate of energy consumption continues to accelerate.

We are steadily running out of domestic oil in this country. We now import about 40 percent of our oil and this figure is increasing daily.

There is also a serious shortage of natural gas. Last winter in Georgia, there were spot shortages and rather serious curtailments to interruptible customers . . . especially in the northeastern section of the State. Without this gas, industrial production is forced to slow down or even stop. This in fact happened in many States last winter.

New energy sources lie on the horizon but are not yet within grasp. Today . . . nuclear energy accounts for only about 1 percent of our total energy supply. Other energy sources such as solar . . . geothermal . . . and wind . . . look very promising for the future . . . but what about our short-term energy needs?

Wherever I look I see the same picture. I worry that America's horn of plenty—the cornucopia we once thought bottomless—is now showing signs of exhaustion.

So . . . what can we do about it? Specifically . . . what can the people of Georgia do about it?

America's future and Georgia's future will depend on some belt-tightening. This is especially true when you remember that Georgia is an importer of energy . . . not a producer. We have no coal mines . . . no oil wells. We have only two small refineries, and these are devoted primarily to asphalt. We produce only ten percent of our electricity from hydro power. To generate the remainder of our electricity, we rely on out-of-state coal, oil and natural gas.

All of this puts our State in a particularly precarious position. Clearly then . . . our future lies in energy management . . . a skill every Georgian will have to acquire—from "captains of industry" and cab drivers . . . to architects and assembly line workers.

Future efforts cannot be piecemeal. Everyone is responsible and everyone must pitch in and contribute. I am confident that the people of Georgia can and will work together to save and preserve our vital energy resources . . . to demonstrate to the nation that energy conservation works. They'll do it because their future and the future of Georgia depends on it.

To launch this new effort . . . I am officially designating the month of October "Energy Conservation Month." The first step in planning for our future energy needs is educating our people about energy consumption.

Headed by the State Energy Office, a concerted effort will be launched in every community throughout the State. The goals will be . . . first, to increase awareness about our energy situation, and . . . secondly, to encourage a more conservation-minded lifestyle.

There will be organized and planned activities to educate our citizens in energy use and effective energy management. Besides saving vital energy . . . this type of educational program can provide citizens with much-needed information on reducing their energy bills—vitally important in this inflation-plagued era.

All elements of Georgia industry—business . . . government . . . and, most important, the people of Georgia—will participate in this program.

I urge each of you to participate in the activities and programs planned for this month. So that we may have a goal by which to measure our efforts . . . I urge each family to join me in undertaking a five percent reduction in total energy usage.

Analyze your past year's fuel bills . . . electric, gasoline, natural gas . . . and attempt to reduce your overall consumption by five percent. You may choose to drive your automobile less, or at a lower speed . . . while maintaining your air-conditioning at 78 degrees and your home heat at approximately 68 degrees. Or you may choose to reduce your electric usage, but still go on that driving holiday.

Different families will conserve in different ways . . . but the important thing is that each of us will conserve at least five percent.

The key to our success is voluntary participation, because I firmly believe that unless each of us undertakes conservation voluntarily . . . we are faced with the serious possibility of having a Federal mandatory energy conservation and/or rationing program imposed upon us.

I am not suggesting that energy consumption be reduced to the point of adversely affecting our economy, I am, however, saying that we should use our available energy resources more wisely and efficiently.

Perhaps potential for the most dramatic energy conservation exists in our homes, many of which are very inefficient users of energy. By improving the energy usage of our houses . . . we can provide the needed energy resources for industrial growth in our State.

In Georgia today, there is still an adequate supply of energy for our immediate needs. But what of tomorrow? We must now learn to manage our energy resources more efficiently to insure an adequate supply for the future.

Through conservation and effective management of our resources . . . let's insure that there will always be an adequate supply of energy for Georgians now and in the future.

Press Release From the Office of the Governor, September 11, 1975

Citing energy management as the key to Georgia's and America's future, Governor George Busbee announced plans today for a statewide "Energy Conservation Month" beginning Oct. 1.

The program, to be headed by the State Energy Office and involving representatives from a broad spectrum of businesses and organizations, will focus on the severity of the current energy situation. Busbee said the Georgia program will be "the most extensive and comprehensive effort undertaken in the nation."

"Our goals will be first to increase public awareness of our energy situation and second to encourage a more conservation-minded lifestyle," said the Governor.

To accomplish this, he said, there will be organized activities including seminars, speakers, exhibits and in-school programs held in communities throughout the state.

"Besides saving vital energy, this type of educational program can provide citizens with much-needed information on reducing their energy bills," added Busbee.

As part of the conservation program, the Governor also issued a challenge to Georgians.

"So that we may have a goal by which to measure our efforts, I urge each family to join me in undertaking a five percent reduction in total energy usage," he said. "Different families will choose to conserve in different ways but the important thing is that each of us conserves five percent, either in electric, motor gasoline or natural gas usage."

The Governor indicated that unless voluntary conservation is undertaken, there is a serious possibility of having a federal mandatory energy conservation and/or rationing program imposed.

"The most dramatic potential for energy conservation exists in our homes," said Busbee. "By improving the energy usage in our homes, we can provide the energy resources for industrial growth in our state."

Busbee said he believes the crisis is far from over, "America's horn of plenty—the cornucopia we once thought bottomless—is now showing signs of exhaustion."

As indicative, the Governor pointed to the fact that the United States imports about 40 percent of its oil, and "this figure is increasing daily."

"The cost and availability of natural gas also is having a dramatic impact, making industrial production and jobs particularly vulnerable," he said.

"Georgia is an importer of energy, not a producer," said the Governor. "We have no coal mines, no oil wells, only two small refineries devoted primarily to asphalt and we produce only ten percent of our electricity from hydro power. This puts us in a particularly precarious position."

"With energy consumption increasing and supplies dwindling, the time is critical to implement conservation programs at home, at work and on the road," said Busbee. "Our future lies in energy management, a skill every Georgian will have to acquire."

Busbee said further details about participation in "Energy Conservation Month" in Georgia may be obtained by calling the State Energy Office at (404) 656-5176.

A CONSTITUENT SPEAKS HIS MIND

Mr. FANNIN. Mr. President, along with my colleagues, I receive hundreds of letters daily from constituents on a wide variety of issues. There is no question of the importance of these letters for any elected representative.

Mr. Michael Smithers of Phoenix, Ariz., recently wrote to me regarding our current national problems and his opinion as to what actions we should take as individuals to overcome our difficulties. It is my opinion that Mr. Smithers' words could act as both a directive and an inspiration to us all.

The five points listed by Mr. Smithers are endorsed by me as a sound approach to our prevailing problems. Combining both fiscal responsibility and a willingness to sacrifice for the common good is a recommendation worth heeding.

I ask unanimous consent that Michael Smithers' letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Phoenix, Ariz.,
September 15, 1975.

Senator Paul Fannin,
230 N. 1st Avenue,
Phoenix, Ariz.

Dear Senator Fannin: You don't hear from me too often. I'm the guy who thinks this country is the best ever anywhere. I volunteered to serve in the armed forces. I support the ideas of a government by the people, for the people———. I still think elected representatives are honest hard working individuals just like the rest of us. Yet, my senses tell me *we* should be doing better.

I'm for:

1. Cutting unnecessary federal spending and deficit financing.
2. Re-establishing confidence in our government, our economy and ourselves by not giving away, but rather by providing incentives and goals for a defined national purpose.
3. Corporate tax reform to encourage consumer confidence and provide a greater base for capital investment.
4. A higher exemption on savings interest and corporate dividends.
5. Finally, I'm for you and I and all the rest, if we get off our duffs and start working towards a better America rather than wishing and hoping it would be.

I could go on with a list of gripes, however complaining isn't my style. I believe in doing what I can to change my environment even if it requires sacrifice. I'd be willing to cut back, spend less and live a little more conservatively if it would help this country. There are millions of us ready to accept the challenge. Just ask us and you'll hear a roar from a great many more plain old folks.

Sincerely,

Michael Smithers.

QUARTERLY ADJUSTMENTS IN THE SUPPORT PRICE FOR MILK

Mr. HATHAWAY. Mr. President, I rise in support of Senate Joint Resolution 121 which passed the Senate yesterday. This resolution amends the Agricultural Act of 1949 so as to require the Secretary of Agriculture to make quarterly adjustments in the support price for milk.

At present, the Secretary makes annual adjustments of the support price, which means that a few months after their calculation, the support prices no longer accurately reflect the rising costs farmers must bear in order to produce milk.

Beyond this lies the larger question: Are we going to keep faith with our dairy farmers or not? I ask this question because it is the question which dairy farmers in Maine—and elsewhere—are asking us.

The dairy farmer has a substantial capital investment and works long hours to produce milk, a basic and essential food in our society. He works every day because his crop is harvested continuously at the morning and evening milking.

Now there is nothing wrong with hard work on the farm or anywhere else. I believe that if consumers realized the long hours, the large capital requirements and the small financial rewards of dairy farming, they would not in the slightest degree begrudge the dairy farmer a fair profit for his product.

However, the dairy farmer, tied down with unrelenting duties on the farm, has enemies who cannot be defeated simply with more hard work on the farm, because these enemies dominate farmers from afar.

Encouraged by the Government and its policies, our farmers have switched to specialized, mechanized farming. A dairy farmer no longer produces grain. In some cases, he only produces a fraction of his winter hay requirements.

The advent of machinery has made the farmer dependent on electricity and oil. These sources of energy have been increasing in cost more rapidly than milk prices. And the farmer must continue to pay these costs for, unlike other businessmen, he cannot stop milking his cows and put them on unemployment compensation when his business is unprofitable.

Not only is the dairy farmer dependent on others for grain, energy and machinery, he also must sell his milk in a market which is influenced by imported milk products—and this is a force over which he has no control at all.

These factors are putting terrible economic pressure on dairy farmers in Maine and indeed on all farmers in New England.

The attitude of the Department of Agriculture in all of this seems to be one of neglect. Perhaps it is thought that the forces of the market will cull out the inefficient or marginal producer. If that is the case, the Department ought to be informed that all operators are suffering, including farmers who have long been excellent businessmen.

If the situation does not improve, I fear that we shall see even more farm liquidation than we have already seen. And once he has liquidated his holdings, a dairy farmer cannot return to farming, for even if he had the money necessary to start up, there are far more lucrative avenues of investment available to him, and which he would be a fool not to choose.

Senate Joint Resolution 121 will not solve these problems. But it will raise the support cushion in the event that milk products fall in price. And even though prices exceed support levels at this time, current prices are still too low for the farmer. If only out of prudence, therefore, it behooves us to minimize future low milk prices by taking this first step toward a sound dairy industry. And I hope that we shall soon focus on the other critical problems which afflict this troubled industry.

VOLUNTEERS RESTORE CANALS

Mr. MATHIAS. Mr. President, for some time I have advocated that citizen groups be invited to participate in the work of restoring and maintaining the C. & O. Canal. Although the Department of the Interior has always listened politely to such suggestions, obstacles such as the difficulty of supervision and the possibility of civil liability have always been allowed to defeat such a project.

I am interested to observe, however, that such citizen participation is successfully taking place in Great Britain. It is expected that in 1975 2 million volunteers will contribute their work on the canals and waterways of that country.

In hope that it will bring about a reconsideration of this idea, I ask unanimous consent that an article by Michael Wright, "Canal Restoration: Whose Problem?" contained in the July 31, 1975, issue of Country Life, be printed in the Record for the consideration of my colleagues.

There being no objection, the article was ordered to be printed in the Record, as follows:

Canal Restoration: Whose Problem?

(By Michael Wright)

This year about 2 million people will spend their holidays, weekends or just the occasional day on the canals and rivers of this country. In itself, this figure is remarkable in that it indicates a large and still growing public interest in inland waterways, and a holiday industry of such potential that the hire firms at present operating can only just cope with the demand. More than that, however, the figure represents an almost complete reversal of the official policy for canals during the latter part of the 1950s which was to fill in long stretches that did not fulfil a vital land-drainage function.

The restoration successes of the past few years will be familiar to many people. The Upper Avon Navigation to Stratford-on-Avon was opened in July last year by Her Majesty the Queen Mother; the Park Head Locks on the Dudley Canal were restored the previous year, as was the Langley Mill Basin, on the Erewash Canal, in Nottinghamshire. The Widcombe flight of locks on the Kennet and Avon Canal at Bath has been reopened after a major programme of repair; volunteer enthusiasts helped to clear two miles of the Ashton and Lower Peak Forest canals at Dukinfield Junction, Manchester, to enable the Cheshire Waterways Ring cruising circuit to be reopened in 1974; while, earlier, the National Trust, with volunteer and Services support, restored the Southern Stratford Canal between 1961 and 1964.

Throughout this period, the underlying pattern that gave rise to success was much the same; pressure by the volunteer organisations, and in particular the Inland Waterways Association, on the British Waterways Board and individual local authorities to provide capital for restoration and to undertake maintenance once the work had been done. Equally, emphasis was placed on those stretches of canal that joined already established cruising stretches, thus increasing the amount of navigable water.

Several factors make it doutbful, however, whether this admirable progress can be maintained in the next few years. One does not have to be clairvoyant to guess that, in the nation's present economic difficulties, there will be no real increase in the money available to the BWB or to local authorities for amenity uses.

Unfortunately, these difficulties have come at a time when the 18th- and 19th-century canal fabric is showing its age and the strains that 20th-century use and technology impose on it. The facts are that boats travel faster than they did when the waterways were constructed for horse-drawn craft, and their wash eats away the banks; and there is no longer the daily, patient, visual checking of banks, bridges and tunnels by the "lengthmen" which used to prevent the small leak from becoming a major breach. Examples of this decay of the physical structure are all too easy to find: the work that needs to be done on the Harecastle Tunnel, on the Trent and Mersey Canal, is more extensive than was expected; a serious fracture in the cast-iron girders between the piers of Telford's Pontcysyllte Aqueduct on the Shropshire Union Canal in North Wales has led to its closure for repairs; and the Brecon and Abergavenny Canal has quite literally slipped down the hillside at Llanfoist. Even the Caldon Canal, reopened only 12 months ago, has suffered a severe breach at Consall Forge, in the Churnet Valley.

If the general level of decay is anything like as serious as these examples seem to show, it is clear that the British Waterways Board will have to devote most of its 1975 government support grant (£5.3 million in 1974) to repair works on the 1,500 miles of cruising and commercial waterways under its control, and there will be little left over for new restorations. The key to the immediate future, therefore, lies with the voluntary movement. The projects on which they are at present working and those that are likely shortly to be started make a formidable list, but given the support of the landowners in whose areas the canals lie, and the efforts of volunteers over a period of time, sufficient progress can be made on all of them to ensure that official money will eventually be forthcoming to finish off the work.

On the Montgomeryshire Canal, 7 miles of waterway in Wales are at present being restored by the Prince of Wales's Environmental Committee, while the Waterway Recovery Group of the Inland Waterways Association is working to reopen 4 miles that will rejoin the Montgomeryshire to the Llangollen Canal. In Worcestershire, the Droitwich Canals Trust has been set up to restore 1¾ miles of the smaller-gauge Droitwich Junction Canal and 6¾ miles of the Droitwich Barge Canal, with its 14ft lock chambers. Together they provide a link between the Severn and the Worcester and Birmingham Canal. One interesting aspect of this project is that the local authority originally filled in the canal bed, and under local-voluntary pressure dug it out again.

Perhaps the two most exciting projects for restoration are both in the West Country. At a meeting in Stroud, Gloucestershire, in 1972, the Stroudwater Canal Society was formed with the aim of once more opening up the canal that was built between 1781 and 1789 to join the Thames at Inglesham to the Severn at Framilode; in the words of The Times correspondent of the time: "Yesterday a marriage took place between Madam Sabrina—a lady of Cambrian extraction . . . and Mr. Thames, commonly called Father Thames, a native of Gloucester." For a long time now canal enthusiasts have looked forward once again to linking these two great navigable rivers by restoring the 35½ miles of the Stroudwater and Thames and Severn Canals, including the 3,808yd-long Sapperton Tunnel and the beautiful descent through the Golden Valley by way of Chalford and Brimscombe to Stroud.

Just as exciting is the work going on to restore the full length of the Kennet and Avon Canal that runs for 86½ miles from Reading in the east to Hanham Lock, on the Avon, between Bath and Bristol. As I have mentioned before, the Widcombe flight of locks at Bath has already been restored, but there are a number of problems that at present make continuous navigation impossible and which the recently announced appeal for £500,000 is intended to deal with. At Aldermaston and Theale there are swing bridges that are now closed to canal traffic, and a gap between Tyle Mill lock and Newbury that has to be restored. The Devizes flight of 29 locks needs complete restoration, while the Limpley Stoke section always failed to hold water, a problem that can be more easily dealt with today than in previous generations, as a result of developments in plastics technology.

These are but a few examples of the projects in canal restoration that are currently being undertaken in this country. The story is an encouraging one in spite of the very real economic difficulties that inevitably will be faced in the next few years. In my view, the initiative for canal restoration is bound now to pass even more into the hands of volunteers who, it must be hoped, will be able to take projects, if not completely to fruition, at least to such a stage that it is cheaper to finish the job than to culvert the flow of water or provide alternative land-drainage systems. The waterways are a valuable recreational resource that a highly industrialised and populated country such as Britain cannot afford to ignore.

DEATH OF STEPHEN J. WEXLER IS LOSS TO EDUCATION

Mr. RANDOLPH. Mr. President, it is with shock and sadness that we talk of Stephen J. Wexler, whose unexpected death last Saturday represents a personal and legislative loss. Steve Wexler was a brilliant young man, whose career was cut short by a senseless accident.

Steve was the valued Democratic counsel to the Senate Subcommittee on Education, and over the past 6 years has provided a key role in developing major legislative initiatives in elementary and secondary, higher education, and vocational education. As a member of the subcommittee, I had learned to appreciate his almost encyclopedic memory of education laws. As committee counsel, his fine legal mind sorted out the intricacies and complexities of such legislative achievements as the basic educational opportunity grant program in the education amendments of 1972.

Steve was known and respected throughout the education community, as well as by those involved in the arts and humanities. He had also served 3 years as associate general counsel to the Subcommittees on Railroad Retirement and the Arts and Humanities.

I join with Senator PELL, chairman of the Senate Subcommittee on Education, in our tribute to Steve Wexler. I know that he will miss a good friend as well as a tireless and talented staff member. As will I.

To his wife, Elizabeth and Adam, their small son, Mary and I extend heartfelt condolences. I will miss this cheerful and extremely competent man, who contributed so much to the betterment of American education and, in a brief span of time, left a positive mark on the future learning opportunities of children.

STEPHEN J. WEXLER

Mr. EAGLETON. Mr. President, it was with great sorrow that I learned of the tragic death of Stephen J. Wexler, Counsel to the Subcommittee on Education. In the 7 years during which I have served as a member of the Education Subcommittee, I have worked closely with Steve on a wide range of education issues. His knowledge in the field, his dedication, and his unfailing willingness to assist all members of the subcommittee made him an outstanding subcommittee counsel.

His many contributions to education legislation will not soon be forgotten. He was closely involved in the development of the basic educational opportunity grant program which brought a whole new concept to education—that every qualified student has a right to pursue a higher education.

His untimely death is a great loss for the entire education community, and particularly for those of us in the House of Representatives and the Senate who work with education matters. I wish to extend my deepest sympathy to his wife, Elizabeth, his son, Adam, and his mother.

IT'S ONLY MONEY

Mr. FANNIN. Mr. President, it has always been my conviction that the best way to judge the actions of the Federal Government is to listen to those who live outside of Washington. Their perspective is not numbed by the perpetual motion of all-knowing Washington.

An issue of vital importance to every American is the Federal budget and the accompanying deficit. Lest we forget the fiscal magnitude of our daily actions in Congress, I believe it is instructive to listen to the "other" Americans outside Washington on this issue which probably will be with us for some time.

Mr. President, the Phoenix Gazette recently published an editorial entitled "It's Only Money." This editorial contains some incisive observations. I ask unanimous consent that the text of this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Phoenix Gazette, Sept. 6, 1975]

IT'S ONLY MONEY

Time was, not so long ago, when a federal budget deficit of $11 billion for a year would have been shocking. Now there's that big a deficit for a single month, and it receives barely a ripple of notice.

The monthly deficit for July was $11.05 billion, according to the Treasury Department. It was the second highest on record, topped only by the $15.39 billion shortfall in May.

July's deficit was at an annual rate of $132.6 billion, more than double the administration estimate of a $59.9 billion deficit for fiscal 1976. At the July rate, the annual deficit would exceed the annual federal budget total of a mere ten years ago.

One can go on and on making such dire comparisons. For example, the interest paid on the public debt in July was $2.9 billion, which is getting awfully close to the right tidy sum of $100,000,000 a day in carrying charges.

Ah well, as the saying goes, it's only money. Stunned by double-digit inflation, America seems to be numb to the impending onslaught of triple-digit deficits.

The result seems to have been to take the worry out of bankruptcy. New York City teeters on the brink, but no one seems to be too greatly alarmed. The feeling apparently is that, despite an attitude of aloofness now, when it comes right down to the very end, Washington is going to bail out Fun City. After all, if $3 billion is going to be put up to underwrite peace in the Mideast, surely a like amount can be found to save the big rotten apple from spoiling the whole barrel.

And so it goes. The Democratic-controlled Congress, although somewhat curtailed by President Ford's successful vetoes of budget-smashing bills, is still infected with the fever of spending.

Even some of Mr. Ford's fellow Republicans have the disease. A dozen liberal GOP senators are urging him to project a more "compassionate" image. Compassionate is a code word for more deficit welfare spending. Considering that deficit spending fuels inflation and that inflation hits the poor the hardest, it is hardly being compassionate when the politicians induge in "it's only money" spending orgies.

SENATE ACTS TO HELP DAIRY FARMERS

Mr. HUMPHREY. Mr. President, I am gratified that the Senate has passed legislation which I introduced, Senate Joint Resolution 121, designed to help deal with one of the most pressing problems facing our Nation. This bill establishes the quarterly adjustment of the price support level for milk to assure dairy farmers that the price assurance provided through the dairy price support program will be more nearly attuned to the cost of milk production. Such a move is particularly urgent at this time as we are once again witnessing a decline in milk production that means higher prices for consumers and threatens the adequacy of supply for this market.

For the past several years, dairy farmers have been caught in one of the tightest cost-price squeezes ever encountered. Production costs have skyrocketed but milk prices have not kept pace.

In 1972, we produced almost 120 billion pounds of milk in the United States. That year the milk supply was in very close balance with the demand for milk and dairy products. During late 1972 and early 1973, prices for milk and dairy products began to rise seasonally. Unfortunately, rather than permit market forces to operate so as to bring forth the additional production needed, the administration ordered repeated expansions of daily product imports for the express purpose of depressing prices.

While these actions were not immediately successful, the ultimate result was the accumulation of inventories of dairy products in this country and a decline in the farm price for milk of almost 25 percent from March to July of 1975. Dairy farmers have still not recovered from the devastating effects of that blow.

In Minnesota, we have always been proud of our dairy industry. But today that industry is threatened. During fiscal year 1975, 2,000 Minnesota dairy farmers quit. The year before, 3,000 left dairying. Right now, the number of dairy farms in the State is at an all time low.

In the past, declining numbers of dairy farmers and dairy cows has been made up for by larger units and higher production per cow. This is not the case today. Minnesota's milk production during the first 7 months of this year was the lowest in 20 years.

Why is this happening?

There are many reasons, but they all come down to the cold, hard fact that despite the willingness to put in 7-day weeks, 52 weeks a year, the dairy farmer just is not receiving enough return to provide the living needed for his family.

We all know what inflation has done to our economy. On the farm it has been even sharper. Fertilizer, fuel, feed, equipment, taxes, interest rates—every item the producer faces has increased in cost in the last few years. In some cases, these increases have been as much as 200 to 300 percent.

The dairy farmer has witnessed the erosion of his investment. In August 1973, the average dairy cow in Minnesota was worth $590. The total value of the State's milk cow inventory was $535.7 million. Two years later, the average dairy cow in Minnesota was only worth $355 and the value of the State's dairy herd had eroded to $310.6 million.

Faced with this situation, the dairy farmer has had little alternative. He has been forced to cut back. For some, this has taken the form of culling herds more closely. For others it has meant reductions in rates of feeding. For all too many others, the choice has been to leave the business entirely.

As this has been done, we have seen milk production fall. From the balanced situation we saw in 1972, when production was almost 120 billion pounds, we saw it drop to 115.4 billion pounds in 1973; 1974 production was almost identical with the 1973 level. Today, the production of milk is once again declining.

The reasons behind this drop are to be found in the income statements of dairy farmers from New York to California, from Minnesota to the gulf coast. Farmers are no longer able to hold on in hopes of better times. Their alternatives have been narrowed so drastically that many no longer have any real choice. Dairy farmers are going out of business. Dairy cow numbers are falling. Milk production per cow is down.

All of this points in one direction. Less milk.

And when this happens, the problem ceases to be one bearing on the dairy farmer alone. It becomes a problem for the consumer as prices move up sharply. It becomes a problem for policymakers looking at means of controlling the toll of inflation.

In 1949, the Congress passed legislation establishing the dairy price support program. The basic goals of that program were to assure the production of an adequate supply of milk at stable prices and to prevent prices to farmers from dropping to disaster levels. In 1973, that legislation was carefully reviewed and an additional goal assigned to the program—to assure the maintenance of adequate productive capacity within the dairy industry to meet future anticipated needs.

Thus, we have at hand the tools to meet the problem.

Unfortunately, there are those who do not agree that there is a problem.

Earlier this year, USDA projected milk production during 1975 at 116 billion pounds—an increase from last year. They based this estimate on expected improvements in the price of milk, lowered feed costs, and heavier feeding by dairy farmers which would raise production per cow.

But this has not happened. Since April, milk production has been running below 1974 levels.

Department of Agriculture spokesmen do not seem too concerned. They now acknowledge that there will be no increase in production this year, but they head their latest predictions with the statement, "Milk production likely to recover."

This may happen. It must happen. But it will happen only if there is some signal to the dairy farmer that he is going to receive some reasonable degree of assurance that his markets will not be violated by unneeded and ill-timed imports and that he is going to be able to obtain a return that wlil cover his costs of production.

The resolution passed by the Senate would not fully accomplish this goal, but it would go a long way toward providing the needed assurances.

This resolution would not raise the dairy price support level in terms of the percentage of parity that is established April 1, the beginning of each marketing year. I am aware of the need for such action and the Congress has expressed its view through passage of legislation that would do just that on two occasions in the past year. Unfortunately, both of those efforts met with a Presidential veto.

The resolution would, however, assure dairy farmers that the degree of price assurance offered under the price support program would not be eroded away by rising production costs as the marketing year advances. The situation this year is a prime example of why this is needed. The present price support level of $7.24 per hundredweight for manufacturing milk was equal to 77.8 percent of parity last April 1. Last month it was less than 76 percent of parity. Thus, the price support program is not providing the assurance intended. Increases in production costs have eroded the price support assurance and, all indications are that this erosion will continue in the months ahead.

If Senate Joint Resolution 121 had been in effect earlier this year, the price support level on July 1 would have been adjusted upward to $7.38. If we assume the same rate of increase in the USDA's Index of Production Items that we have seen so far this year, the adjustment for the current quarter would take the price support level to $7.52 on October 1 and to $7.66 on January 1, 1976.

Now these price moves would provide improved prospects for the dairy farmer. How would they effect the consumer? What would be the impact on Government costs of the price support program?

USDA has said that they are opposed to this measure because it would disrupt the market and interfere with normal marketing practices. Actually, the result would be just the reverse. This would tend to add stability to the market. Right now the price support level is adjusted once each year. In periods of rapid inflation, the annual adjustment can be very great indeed and have substantial impact on the market. Would it not be better to have that adjustment made gradually over the year rather than all at one time?

Right now, shortened milk supplies have resulted in very sharp increases in the prices of dairy products. While this improvement is welcomed by dairy farmers, they are also aware that the seasonal production increase that will come after the first of the year will mean reduced prices. We could easily witness the great fluctuations that occurred in 1974 when prices plummeted to the support level.

Market instability such as this serves no one. The producer cannot plan on this basis. The consumer is hit by erratic prices. Businesses—including the dairy farmer owned cooperatives, that package fluid milk or manufacture dairy products—cannot conduct normal business operations on the basis of such wild price fluctuations.

While Senate Joint Resolution 121 would not eliminate the prospect of seasonal price fluctuations, it would soften these movements by keeping the support level more in line with the cost of production on the farm.

I am distressed to see that the Department of Agriculture continues to oppose this measure. Congress has twice passed legislation which provided for the quarterly adjustment. Both times, however, other issues were involved and the legislation succumbed to a presidential veto.

But today, we are dealing solely with the question of a periodic adjustment in the price support level. What we would be doing by enacting this measure is telling the dairy farmer that the price assurance provided under the price support program would be the same for the gallon of milk he produces in March, at the end of the marketing year, as it was the previous April and that increases in production costs would not erode that assurance.

Yet the Department of Agriculture is opposed even to this. I have already commented on the USDA contention that this would disrupt markets. I would briefly like to mention some of the other points that have been raised in opposition.

In their report on the bill, USDA has said that in the adjustment that would be effective October 1 would mean a decrease in the price support level. This assumes a decline in the Index of Production Items prepared by the Department. In June, that index—1910 minus 14 equals 100—stood at 680. For July it was 681 and in August it reached 685. It is difficult to imagine that the predicted decline will be experienced.

Frankly, some of the statements contained in USDA's report are all too reminiscent of the conflicting data forthcoming from the Department at the time Congress considered the emergency farm bill last spring.

As stated in the committee report accompanying the bill, it is the intent of the resolution that the quarterly adjustments be made upward as required. This would, in no way, interfere with the ability of the Secretary to maintain the higher level if the formula should move downward for a temporary period of time. It would appear, unfortunately, that an attempt is being made to confuse the issue and to cloud what is really being attempted here.

The term "support price of milk," as used in the resolution, of course, relates to the prices dairy farmers are to receive. However, in order to assure dairy farmers of this price the Secretary of Agriculture, through the Commodity Credit Corporation, establishes prices at which the CCC will purchase butter, powder, and cheese.

The announcement of these commodity prices are not referenced directly in the present law nor in the resolution. However, to minimize the impact of unpredictable market fluctuations which could severely affect inventory valuations and thus damage the financial stability of butter, powder, and cheese manufacturers which in many instances are dairy farmer owned cooperatives as well as those who use these products to produce other food products, the Secretary is urged, first, to announce the Commodity Credit Corporation purchase prices for each quarter simultaneously with announcing the quarterly support price, and second, to change CCC purchase prices at the beginning of each quarter subsequent to the beginning of the marketing year, if changes are required, in such a way as to minimize any undue adverse effect on the market and to reduce the financial risks of unexpected and arbitrary adjustments to the value of one product over another.

Finally, USDA states that this legislation would add approximately $60 million to the cost of the dairy price support program for the current marketing year. Presently, the Commodity Credit Corporation is buying no dairy products under the price support program. In fact, last month CCC sold all the available stocks of butter back to the commercial trade at a price 15 percent above what they had paid for it. It presently appears that sales of CCC-held nonfat dry milk under similar circumstances will be taking place in the near future.

Should prices recede to support levels during the January–March quarter, CCC might make some product purchases, but the additional costs involved would only be due to the increment of purchase prices based on the quarterly adjustments.

We are not adding any new authority to present law. The Secretary of Agriculture can today make adjustments of the dairy price support level to meet changing conditions through the marketing year. He has not done so, however.

What we are doing is simply requiring that this quarterly adjustment be made.

I had the opportunity recently to attend a hearing held by the Dairy and Poultry Subcommittee of the House Agriculture Committee in Little Falls, Minn. The purpose of that hearing was to make an in-depth review of the dairy situation and to receive recommendations for easing the problem.

The need for the quarterly adjustment was clearly brought out at this hearing.

We are facing a very serious problem. Dairy farmers in Minnesota today are managing an investment of $100,000 and more. Our farmers work 15 hours a day, 7 days a week, 52 weeks a year. They are watching their investment disappear. They are watching their costs outpace their returns.

They will not and cannot continue. Already too many have left. If we do not act, more will depart.

The greatest asset this country has is its ability to produce abundant supplies of the food needed for our people. We are witnessing an erosion of that ability in the dairy industry today—the second largest segment of American agriculture.

This measure will help to maintain that present ability, and I am pleased that it has been adopted by the Senate.

THE A–10 PROJECT

Mr. BEALL. Mr. President, I recently received a copy of the resolutions on national security adopted by the National Convention of the American Legion which met in Minneapolis, Minn., during the period, August 19, 20, 21, 1975. Many of us, who are concerned about national security, have long admired the leadership role the American Legion has played through the years in support of a strong national defense, and the important contribution this great organization has made in pointing up areas where attention is needed by the Congress to insure an adequate national defense posture. The resolutions adopted this year are in the tradition of those passed in previous years and are worthy of our attention.

One of the resolutions which is of special interest to me concerns the A–10 aircraft. I believe that one of the most pressing needs in the modernization of the U.S. Air Force has been the development of a low cost and effective aircraft especially tailored for the mission of directly supporting U.S. ground forces when they are engaged in close combat. The A–10 fills this vital need for a versatile plane designed specifically for the close air support role. Nine months ago, the Department of Defense authorized initial production of the A–10 aircraft. The contractor is Fairchild Republic Co., a division of Fairchild Industries whose headquarters are located in Germantown, Md. Fairchild recently delivered its fifth preproduction aircraft. The contractor has demonstrated its ability to produce by meeting its schedule and by building quality hardware.

The preproduction aircraft have been accepted by the Air Force after an average of only 2 to 3 flights. This is truly commendable for a major weapons system at this stage in the program. Over 1,450 hours of test flights have been accumulated on the preproduction and prototype aircraft at Edwards Air Force Base in California. To date, there have been no major technical problems encountered during the test program.

The A–10 is able to loiter in the region where ground combat is taking place so that air support can be made instantly available to the ground commander who requires it. The aircraft can operate from forward austere bases and can do so with a large and versatile ordnance load. In addition, it carries the new 30mm GAU–8 gun that can destroy even heavy armor. Because it is highly maneuverable, it is effective even under the low clouds and poor visibility conditions that are often encountered in Central Europe.

Mr. President, in reviewing the American Legion resolutions, I was also impressed by the concluding remarks of Emmett G. Lenihan, chairman of the committee on national security, and I think that my colleagues will agree that his remarks are within the tradition which has characterized the action of the American Legion relative to our national defense posture. I quote from his remarks:

> We have made known to the world that we will fulfill our treaty obligations in the event of aggression by any hostile power. There still remains in question, our military power to do so.

Most Americans agree that we must remain militarily strong during these troubled times. Providing adequate national defense within the constraints of our overall budget brings into play the process of determining priorities in all of our programs. The Senate recently voted down the national defense authorization bill because it was somewhat higher than the limits established by the Senate Budget Committee. We must bring our budget under control. The threat of continued inflation and the economic instability it produces can no longer be tolerated. But if our defense is to remain strong, then we must somehow arrive at a proper system of priorities.

Recently I was impressed by an editorial in the Wall Street Journal which addressed itself to this matter. I would like to quote from this editorial:

> . . . The hope is that the Senate is finally getting serious about budget keeping. But the danger is that it will turn the budget process into one more round of cutting defense and filling the pork barrel.
>
> Now, we believe that Congress ought to be asking not whether the defense is too high, but whether it is high enough.
>
> A glance down the Senate Budget Scorekeeping Report shows the score so far. Under the most realistic assumptions about future action, defense, a $90.7 billion item, ran over the target by $2.9 billion to $3.7 billion. This was enough to stop the defense procurement bill.

Mr. President, I ask unanimous consent that American Legion Resolution 98 "A–10 Aircraft," the Wall Street Journal editorial entitled "Bombers and Budgets" which appeared on August 8, 1975, and excerpts from the concluding remarks by Emmett G. Lenihan, chairman of the committee on national security, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Resolution 98 (Maryland) "A–10 Aircraft"

Whereas, every major conflict since World War I has demonstrated the importance and necessity of effective close air support of friendly ground forces engaged in combat with an enemy force; and

Whereas, for effective close air support an attack aircraft is required which can maneuver at low altitudes in varying conditions of adverse weather and terrain while carrying heavy ordnance loads; and

Whereas, the A–10 aircraft has been developed by the Air Force to incorporate all of the principal characteristics that are essential for close air support including maneuverability, responsiveness, lethality, survivability, long loiter time, and simplicity; and

Whereas, the A–10 aircraft is reliable, easy to maintain and repair, very low in procurement and life cycle costs and can operate from austere bases close to the forward edge of the battle area; and

Whereas, the A–10 aircraft will be armed with a high velocity 30mm GAU–8 gun, air-to-surface missiles and other ordnance all of which will make it particularly effective in Europe if required against the tanks and other armored vehicles of the Warsaw Pact ground forces; and

Whereas, the Air Force has requested funds in the FY '76 budget for the procurement of 61 of these aircraft; and

Whereas, at the direction of the Congress an intensive actual flight evaluation was made of the A–10 aircraft last year which further demonstrated the outstanding capabilities of this aircraft to perform close air support; now, therefore, be it

Resolved, by The American Legion in National Convention assembled in Minneapolis, Minnesota, August 19, 20, 21, 1975, that the Administration and the Congress are urged to continue their support of this program which will insure that American ground forces engaged in any future conflicts will have the best possible close air support that our technology and economy can provide.

[From the Wall Street Journal, Aug. 8, 1975]

Bombers and Budgets

Before it went on vacation, the Senate conducted a significant debate pitting the new congressional budget "ceiling" against a much-belabored weapons procurement bill. The budget won.

While we are exceedingly chary about further erosion of the nation's defense posture, we are not altogether displeased with the result. Fiscal responsibility is just as important as weapons to the maintenance of the vital U.S. world role. The hope is that the Senate is finally getting serious about budget keeping. But the danger is that it will turn the budget process into one more round of cutting defense and filling the pork barrel.

Now, we believe that Congress ought to be asking not whether the defense budget is too high, but whether it is high enough. While it is hard to compare American and Soviet defense spending, recent Soviet defense spending, recent Soviet deployments of ships, missiles and so on leave little room to doubt Pentagon estimates that their defense spending has exceeded ours since about 1971 and now runs some 25% higher. The congressional target was some $7 billion under the President's request, which in turn allotted only 27% of total federal spending to defense, compared with about 36% for federal budgets in the early years of this decade.

Yet in the face of this, some of the votes against the defense procurement bill were not cast out of any sense of concern about fiscal responsibility. They were merely anti-Pentagon votes, or, at the very least, attempts to scuttle the Pentagon's efforts to start production on its new B-1 bomber. When he next social services bill comes up some of those same Senators will be less concerned about busting Mr. Muskie's targets.

A glance down the Senate Budget Scorekeeping Report shows the score so far. Under the most realistic assumptions about future action, defense, a $90.7 billion item, ran over the target by $2.9 billion to $3.7 billion. This was enough to stop the defense procurement bill.

Meanwhile, health, a $30.7 billion item, is running $3.8 billion over its target. This did not stop the Congress from overriding a presidential veto of authorizations for new health spending. "Education, Manpower, and Social Services," a $19.85 billion item, is over its target by $3.2 billion to $3.5 billion. This did not stop the Congress from sending the President an education bill swollen with federal aid for "impacted school districts," a notorious pork barrel item opposed by all recent Presidents.

Now, for all this, we think the defense vote was on balance a good thing. We assume that a new procurement authorization will be put together, and moreover one stripped of a few things like the nuclear cruiser wanted by Admiral Rickover but no one else in the Pentagon. The last-minute addition of this item was a clear violation of budgetary due process, and certainly helped defeat the bill.

More generally, this is the kind of exercise that Congress will have to undertake if it is to have any hope of making its budget system work. Its problem in the past has been largely one of considering each authorization or appropriation bill independently without sufficiently considering the cumulative effect of its separate actions. So if it wants to keep the total budget within the target it will indeed be necessary to look at everything that is likely to be in its defense bundle or its income security bundle or any others of its 17 separate bundles each time it considers any one item in those subgroups.

There is at least some hope that the example of defense will spread to other areas. Senator Muskie, the head of the budget group and leader of the fight against the defense procurement bill, professed his good faith by also promising to vote against a conference school lunch bill, which could be some $430 million over target. "It is a pernicious fallacy," the Maine Senator said, "that we can be true to the budget process if we exceed a budget target in one area without deciding at the same time where we are going to cut the budget in another area." In other words, the Congress should take upon itself the task of making economic choices, rather than assuming that the sky is the limit. We hope every Senator in that milling chamber understood what the budget chairman was trying to tell him.

It remains to be seen how many followers the Senator will attract. And in any event, the congressional spending target provides for too large a deficit, and the prospects for holding its total spending to the target look bleak. We are not ready to hand out any gold medals for fiscal responsibility yet.

But we are willing to recognize that some Senators are finally beginning to try. And we can only hope that their efforts will be contagious. If the United States government cannot manage its finances, its future is indeed bleak. And it is time for everyone to give up some pet spending projects in recognition of that fact.

Excerpts From the Concluding Remarks of Emmett G. Lenihan, Chairman, Committee on National Security

The debacle in South Vietnam a few months ago, led some governments to believe that we would retreat into a shell of isolation and that we lacked the will and the power to carry out our treaty obligations.

Prompt military action by the President in the Mayaguez incident was concrete proof that the United States would defend the lives and property of its citizens against the flagrant violation of international law on the high seas.

We have since made known to the world that we will fulfill our treaty obligations in the event of aggression by any hostile power. There still remains in question our military power to do so.

For several years the major part of our military expenditures have been to equip and support our combat forces in Vietnam. In the passage of time, research and development has diminished and airplanes, ships and tanks have become obsolete. During the same period, the Soviet Union has forged ahead, out-stripping the United States in military expenditures by 60% in nuclear missiles and 20% over-all.

In the modest budget which the Defense Department submitted to the Congress for the current fiscal year, after deducting the cost of personnel, research and development and miscellaneous administrative expenses, there remains only 12 to 15% of the budget for the procurement of airplanes, missiles, ships and tanks that our military forces so desperately need. They cannot be built overnight. It will take years to construct them and the time to start is now.

To preserve our freedom and peace throughout the world, the defense budget should be increased so that we may be prepared for war, for preparedness is the best deterrent to any hostile attack.

As Soviet military expenditures continue to exceed ours, so does our ability to defend ourselves and our NATO allies diminish.

There are those who say that if we unilaterally reduce our military strength, the Soviet Union will follow our lead and that detente between our governments will culminate in everlasting peace.

Detente, if it is to be effective, must be a two-way street. We cannot rely on promises, which in the past have been so frequently broken. We await with hope that the principles which were adopted at the recent Helsinki summit meeting of 35 nations are performed in good faith.

But we cannot close our eyes to such an example as the recent denial by the Soviet Union of the charge made by Defense Secretary Schlesinger that Russia had established a secret missile base in Somalia, located in the strategic Indian Ocean. To learn the truth or falsity of the Soviet denial, a congressional committee visited Somalia and with their own eyes saw the Soviet's missile base with all its sophisticated operational equipment. True detente is possible only if our military forces, nuclear and conventional, are maintained in such strength that no country will dare to launch an attack against us.

No one abhors war more than the veteran who has witnessed the wholesale loss of life, the havoc and distruction that is inevitable in any war. As the first President of the United States said almost 200 years ago, to prevent war, we must always be prepared. That statement is as true today as it was 200 years ago.

So today, at this our 57th national convention, we dedicate ourselves to the preservation of peace, if that may be possible, and to the preservation of freedom forever.

CONFIRMATION OF SECRET DEAL ON DIEGO GARCIA

Mr. CULVER. Mr. President, the Defense Department this morning furnished my office with an unclassified set of answers to questions which I raised when the first reports of the plight of the former inhabitants of Diego Garcia were published. These answers are, of course, only an initial step toward the full report which is required under the amendment which the Senate added to the State Department authorization bill.

This document confirms that there was a secret deal between the United States and the United Kingdom for the United States to pay up to $14 million as a half-share cost for acquiring the islands in the British Indian Ocean territory, including Diego Garcia. Compensation was made by waiving surcharges owed by Britain for research and development costs related to its purchase of the Polaris missile system.

The Defense Department has informed me that these surcharges have thus far been waived to the amount of $11,542,000. Payments have continued over the years, the most recent being only last July.

Mr. President, this new document repeats the description of the inhabitants of Diego Garcia as "contract laborers," despite the recent newspaper accounts, which spoke of families residing there for two to five generations. It also declares that "one of the main considerations in setting up the British Indian Ocean territory was that the islands were inhabited primarily by contract laborers, and that when the plantations were closed no persons would remain there who were not under official U.S. or U.K. auspices."

In other words, Mr. President, the inhabitants had to go in order to make way for a safe, secure military installation.

What did the Congress know about all of this?

According to the Defense Department, a subcommittee of the Senate Foreign Relations Committee was informed about the waiving of Polaris surcharges in 1969 and the House Appropriations Committee was told in 1970.

There is no mention of the Senate Appropriations Committee or of House or Senate Armed Services Committee.

The only facts in the public record until the time of these selective notifications were the provisions of the executive agreement on Diego Garcia, which made no reference to any secret agreement and which stated quite openly in paragraph (4):

> The required sites shall be made available to the United States authorities without charge.

But now we know that, contrary to this agreement and without the knowledge or approval of the Congress, a secret deal was made whereby U.S. taxpayers lost up to $14 million in revenues. In fact, over $9 million in surcharges had been waived before anyone in the Congress was notified.

Mr. President, I regret that this information did not come to my office before yesterday's consideration of the military construction conference report. I believe that we should examine this new information very carefully and reconsider the whole Diego Garcia base idea when the military construction appropriations bill comes before us.

The Congress should not tolerate such an arrogant use of executive power and privilege in such important matters of military bases and foreign commitments.

Mr. President, I ask unanimous consent that the Defense Department's answers to my questions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

QUESTIONS AND ANSWERS RELATING TO DIEGO GARCIA

1. When did the United States find there were people living on Diego Garcia?

Answer. Initial planning discussions with the United Kingdom in the mid-1960's for the use of Diego Garcia indicated that copra plantations operating there made use of migrant labor for the sole productive activity on the island. In 1969, when the UK and the US were considering the possibility of a communications facility, the population of Diego Garcia was 360 men, women and children, mostly of Mauritian descent. Those born on Diego Garcia were children of contract laborers who had brought their wives. In 1970, more islanders were living in Mauritius than on Diego Garcia itself, for the economic cycle of copra farming perforce determined the migratory nature of this population.

2. When did we know they were no longer living there?

Answer. The Diego Garcia plantations were closed down in 1971, and their workers were relocated by the plantation company to several other islands. The US was advised of these developments.

3. During our negotiations with the UK, what agreements were made regarding people—at whose request? (That is, the UK vs. US).

Answer. Under a 1966 agreement (TIAS 6196), the United Kingdom undertook to make available for the defense needs of both governments those islands constituting the British Indian Ocean Territory, and to take necessary administrative measures for this purpose. The British Government has continuously administered the islands, and accordingly assumed full obligation for the people working there. The British Government viewed resettlement of contract laborers and their families employed on the Chagos Archipelago as a British decision taken to meet their responsibility under the 1966 agreement.

One of the main considerations in setting up the British Indian Ocean Territory was that the islands were inhabited primarily by contract laborers, and that when the plantations were closed no persons would remain there who were not under official US or UK auspices. Accordingly, the British Government purchased the leasehold of the the copra plantations, and made arrangements to resettle the leasehold of the copra plantations, and made arrangements to resettle elsewhere all persons then on the Chagos Archipelago.

4. What monetary arrangements followed from this agreement:

A. In general;

B. Regarding population;

C. Is it correct we discounted sale of Polaris to the UK as part of this agreement?

Answer. The detachment from Mauritius and the Seychelles of the islands now comprising the British Indian Ocean Territory required compensation to those governments for such matters as loss of sovereignty, purchase of privately owned property or land, and resettlement of migratory workers. The U.S. agreed in 1966 to provide half of the total cost involved in the establishment of the British Indian Ocean Territory, up to a maximum of $14 million, by waiving to that extent research and development surcharges for United Kingdom purchase of the Polaris missile system. Thus, the then Secretary of Defense agreed to waive a portion of UK payments representing a pro-rata recoupment of research and development funds previously expended by the Department of Defense in development of the Polaris missile system for the U.S. Navy. The United Kingdom paid all actual acquisition costs incurred by the U.S. Government in procuring the Polaris missile system on behalf of the UK.

5. Which Committees of the Congress were informed about these particulars and when was the Senate Armed Services Committee informed?

Answer. The response to question 4.C. above was provided to the Senate Foreign Relations Subcommittee on Security Agreements and Commitments Abroad by then Secretary of Defense Laird in April 1969, and to the House Appropriations Committee during testimony in May 1970. On the latter occasion, the Committee was advised that the British had made plans to resettle the migrant population.

CONCERN ABOUT COMPULSORY RETIREMENT

Mr. FONG. Mr. President, as one who is deeply concerned about job discrimination based on age, I was pleased to read in a recent issue of Pacific Business News a column by George Mason on the unfairness of compulsory retirement at age 65.

As Mr. Mason points out, there are many in Hawaii who continue to be actively at work well beyond the age of 70. There would be many more if it were not for the compulsory retirement policies of most industries. When the Nation is in need of all the wisdom it can command, it seems to me that forced retirement at age 65 is a very poor policy, indeed.

Mr. President, I commend to my colleagues George Mason's article entitled, "What Have You Done? What Can You Do?" and I call attention to his reference to the "value of time—the only really precious commodity" we have, and ask unanimous consent that the column be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

[From the Pacific Business News, Sept. 8, 1975]

WHAT HAVE YOU DONE? WHAT CAN YOU DO?

(By George Mason)

"Maybe the question about age ought not to be 'How old are you' but 'What have you done? What can you do?' "

This was the theme expressed by Charles Kuralt in an NBC special some weeks ago. It was about people still going strong in their "twilight years." Being vital and still making a social contribution in later years is a theme worth constant repetition, for our population over 65 is increasing at an almost alarming rate. The reason we use the word "alarming" is that it also combined with a trend toward earlier retirement. The prospect of a huge segment of our population doing nothing is worthy of deep concern.

By 1980, our national population will be three times what it was in 1900. However, the number of people over 65 will have jumped *eight* times in the same 80-year span.

In spite of their growing numbers, the attitudes of those under 65 relative to those over 65 is shocking.

A Lewis Harris poll shows that only 29 per cent of the under-65s see older people as "Very bright and alert," only 19 per cent see them as "very open-minded and adaptable." And only 35 per cent consider those over 65 as "very good at getting things done." Even more surprising, however, is the finding that most of the 20 million Americans over 65 think of themselves as exceptions and that the rest of the people over 65 are different.

The misconceptions about people over 65 have become so deep-rooted that people over 65 believe them also.

Here are some other facts to ponder. Fully 31 per cent of those over 65 who are retired or unemployed said they want to go back to work and 37 per cent of all over 65 said they were retired against their wishes.

The Harris poll found that the majority of those over 65 "are pretty alert and feel full of life." Said Harris: "Older people themselves have come to accept the stereotype of aging as accurate. Society has led them to believe that older people cannot function productively."

Another conclusion from the survey is that most older people have both the desire and the potential to be productive, contributing members of society; they do not want to be put on the shelf. Yet that's precisely what we attempt to do. Hawaii's public employees, for example, are induced to retire at 55 if they wish—it's been made financially attractive to do so. The dispute in current longshore contract negotiations centers around having employers pay out extra dollars to those who retire at 62 until they get full social security benefits at 65.

Social Security itself penalizes those over 65 who earn more than a pittance—giving them the feeling that they won't get back what they and their employers paid into the system if they continue to work and earn a decent wage.

We legally discriminate against the elderly while at the same time we put severe constraints upon discrimination because of color, religion, sex, age (below 65). Yet most experts believe people over 65 will soon constitute 20 per cent of the population—a far higher ratio than that of our total black population.

We've never favored compulsory retirement at 65. There are some who should be put out to pasture at 50 and others who are in their prime until 75 or 80 and there are those rare types going strong between 90 and 100.

Arbitrary numbers that determine the end of usefulness make no sense today. The problem of breaking down old habits, ingrained stereotypes and outmoded myths is an immense one. Business could lead the way by revising its mandatory retirement policies and finding formulas that could lead to selectivity.

Frank Midkiff at 88 is still an active and alert trustee of the Bishop Estate. George H. Kellerman is still at his desk at E. F. Hutton every day at age 75. A youthful Bob Kaya, age 66, is still running his homebuilding business and very active in community affairs. H. W. B. White is still feisty at 77. And what man of 45 wouldn't love to have the physique and stamina of former Mayor Neal Blaisdell, working fulltime for Western Airlines, or mountain-climber Harold Chapson, both 73.

We know a great many men and women in their 70s and 80s who still put in a very active 10 or 12-hour day. That's much more than we can say for a large proportion of today's workforce in the 20 and 30 brackets. The young seem to tire as easily as the elderly because they are looking at life with blinders on. They also have a poor sense of values—particularly the value of time, the only really precious commodity.

It seems to us that those who have reached the point where time takes on monumental importance can really have a significant impact in bettering the world we live in—if only we'd give them the opportunity. We have, sadly, put our priorities elsewhere.

IN OPPOSITION TO U.S. SUPPORT OF ILLEGAL BOYCOTTS

Mr. HUMPHREY. Mr. President, it is U.S. policy to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States. Furthermore, it is U.S. policy to discourage U.S companies from complying with such activities, and to discourage activities which have the effect of unfairly discriminating against U.S. citizens and businesses.

I was very disturbed, therefore, to learn that the Departments of State and Commerce are advertising foreign business opportunities which contain restrictive clauses.

I deplore U.S. participation in activities which have the effect of supporting the Arab boycott. We have no place as a government in participating in or facilitating through the use of Government facilities or services foreign sales which discriminate against U.S. companies on the basis of their dealings with other countries with which the United States has friendly relations or against U.S. citizens on the basis of their religion.

The Commerce Department's response to criticism of its complicity in the Arab boycott is simply not valid. This country stands for more than the dollar. We have principles, which all of us, and especially the Government should uphold. Furthermore, the very practice which Commerce defends as necessary to prevent denial of prompt access to business opportunities for some companies has the effect of condoning the denial of those same activities to other U.S. companies. Therefore, I have asked the Departments of State and Commerce to cease using their facilities to disseminate information about overseas business opportunities, if the solicitations contain restrictive clauses.

At this point, I ask unanimous consent that the description of U.S. activities which support the Arab boycott contained in yesterday's Washington Post article and my letters to the Secretaries of State and Commerce be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 22, 1975]

Morton Called To Testify on U.S. Support of Illegal Boycotts

(By William H. Jones)

Last June, the Department of Commerce's office of business research and analysis distributed throughout the American business community a communication from the government of Iraq, detailing intentions to buy 3,550 pre-cast (pre-fabricated) buildings and seeking bids on the project.

"The following trade opportunities have been submitted to the Department of Commerce by U.S. Foreign Service posts overseas," said government official Charles B. Pitcher, in advising the U.S. firms of the Iraq project.

But paragraph 13 of the Iraq proposal, outlining various terms and conditions of any final agreement, read as follows:

"Country of Origin: The tenderer shall not incorporate (in) this tender any material that has been manufactured in Israel or by companies boycotted officially by Iraqi government."

That requirement—which would force a U.S. firm to support an economic boycott of Israel—is a direct violation of official government policy and laws and yet one department of the federal bureaucracy was disseminating such a proposal. Moreover, Commerce was only forwarding to the business community what it had received from another branch of government—the State Department.

Paragraph 13 subsequently has become something of a cause celebre and Secretary of Commerce Rogers C. B. Morton has been summoned to testify before a House subcommittee this morning to answer questions about the extent of U.S. sanction for illegal boycotts. Commerce and State department officials also have begun a review of their policies.

At issue is far more than one proposed business contract, according to Congressional investigators and spokesmen for such Jewish groups as the Anti-Defamation League of B'nai B'rith, which recently filed a suit in U.S. District Court, New York, charging that Morton is violating the law in distributing boycott information and in not making public information on what firms have signed business contracts that enforce the Arab League's Israeli boycott.

According to Seymour Graubard, national chairman of B'nai B'rith, an examination of Commerce Department distributions since June 1974 turned up at least one other instance where a proposal contained Arab boycott provisions—a communication from Iran last March, regarding industrial locomotives, and specifying:

"Tenderer must submit certificate of origin . . . that the goods are not of Israeli origin, not the company having a branch in Israel, and that they will not be shipped on Israeli or blacklisted (by the Arab League) vessels . . ."

In addition, the B'nai B'rith researchers found instances where contracts for Egypt, Qatar and Libya had requirements that could permit rejection on the grounds of violating boycott rules.

"It is ironic that your department distributes warnings to American companies to remind them that the provisions of the Export Administration Act require a report to the Department of any request for boycott compliance—while your department itself is disseminating proposed purchases which include such requests for Arab boycott," Graubard wrote Morton Aug. 11.

In reply, Deputy Assistant Secretary Charles W. Mostler told Graubard on Aug. 22 that the Iraq offer cited had been improperly distributed without an attached statement of U.S. policy opposing such "restrictive trade practices." In the future, he said, all such proposals would be stamped with a statement of policy.

However, Hostler continued, "We do not believe that any useful purpose would be served if the Department of Commerce refused to disseminate bid invitations subject to restrictive clauses, thereby denying U.S. firms prompt access to business opportunities in the Arab markets which they are lawfully permitted to pursue."

Such a policy, he contended, could have an adverse impact on trade balances and U.S. unemployment, "without having any impact on the world-wide application by the Arab countries of their boycott against firms engaging in extensive commercial relations with the State of Israel."

The only solution, he argued, was a successful Middle East peace settlement.

At the same time, the Commerce Department denied formal requests from the House Oversight and Investigations Subcommittee and B'nai B'rith to make public a list of U.S. companies that have been asked to participate in the Arab boycott of Israel.

B'nai B'rith, in its suit seeking publication of the list as well as an end to Commerce Department cooperation in passing on boycott information, said the Arab League's "restrictive trade practices . . . are so pervasive as to adversely affect thousands of firms and individuals in this country."

According to B'nai B'rith, its sources believe that between 1970 and 1974, American companies filed documents with the government showing they would comply with Arab boycott requests in over 10,000 individual transactions. In addition, there were 46,000 requests for anti-Jewish or anti-Israel activities in the same period, B'nai B'rith charged.

The Commerce Department, in reply, stated that the trade documents must be withheld to protect U.S. firms and avoid adverse publicity to those which give in to Arab boycott demands.

According to staff members of the House subcommittee, chaired by Rep. John E. Moss (D-Calif.), Morton has acted improperly in withholding the trade data from Congress. "No exporter filing reports can claim he was misled into relying upon absolute confidentiality," said a memorandum prepared by senior counsel Michael F. Barrett Jr. In addition, staff members said companies may be engaging in violations of federal laws—including the Federal Trade Commission Act and securities laws, which govern such practices as secondary boycotts and dissemination of information.

The exclusion of any investment group, because of ties of Israeli financing, could have a restrictive impact on capital markets in general and thus deny some Americans of investment opportunities, for example.

As a result, the Moss subcommittee has concluded that Congress—at least—must have complete information on U.S. companies' practices in order to conduct a full investigation of the boycott practice.

At today's hearing, Morton will be pressed by Moss on whether he now will comply with a subcommittee subpoena for the documents. If the Secretary declines, he could be cited for contempt of Congress.

Meantime, according to informed sources here and in New York, B'nai B'rith made available to Assistant Attorney General for Antitrust Thomas Kauper, last July at least half a dozen examples of documents that indicate U.S. firms are meeting Arab boycott demands. But it was not known if the Justice Department is investigating the documents—which reportedly involve at least three nationally prominent firms.

Moss learned of the B'nai B'rith documents and wrote a letter to Morton late last week demanding copies of export reports filed by the firms since 1970, as required by law. If the firms did not file, Moss said, Morton should say so, according to a subcommittee staff member.

Although aides to Moss said the letter could not be made public at this time, because the companies involved were cited by name, other sources agreed to spell out some of the apparently illegal practices at issue.

One company, for example, affirmed that it did not "possess any plant, firm or branch in Israel . . . does not participate in any firm or company established in Israel . . . has not any supply manufacturing assembly license or technical assistance contract with any firm, company or person established or resident in Israel."

Another U.S. firm was told by a Saudi Arabian college not to quote prices for any goods manufactured by companies included in the Arab boycott blacklist.

A third firm, described as one of the country's major banks, outlined on its own letterhead details of a money transaction in which there was no affiliation with any firm on the Arab boycott list.

Still another big U.S. corporation, engaged in worldwide activities, told its American suppliers that invoices must certify that the goods were not of Israeli origin or that they were not shipped on boycotted vessels.

The Arab League has been promoting a boycott of Israeli goods since 1945—three years before Israel was established.

Arab boycott regulations apply to all individuals and companies trading with or otherwise supporting Israel, including firms with any facilities in Israel, which grant licenses to Israeli firms, which own shares of Israeli firms, which offer services to Israeli firms, which are members of joint chambers of commerce, or which act as agents for Israeli firms. Also boycotted are companies that decline to answer Arab questionnaires on their relations with Israel.

Since 1965, U.S. policy has opposed such practices, under terms of the Export Administration Act. Under that act, U.S. firms are required to report any instances of receiving requests for boycotts against a foreign country.

U.S. Senate,
Committee on Foreign Relations,
Washington, D.C., September 23, 1975.
Hon. Henry A. Kissinger,
Secretary of State,
Washington, D.C.

Dear Mr. Secretary: Recently, it has come to my attention that the United States Government is engaging in activities which contravene U.S. policy, as stated in the Export Administration Act of 1965, to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States.

I am extremely disturbed by reports which have reached my desk of U.S. Foreign Service posts and the Department of Commerce acting as conduits for advertising restrictive business opportunities. In my opinion, it is highly improper and contrary to traditional U.S. values for the United States Government to be disseminating, in official U.S. government publications or in other manners, information about business opportunities which are arbitrarily restricted to certain classes of American businesses or certain classes of U.S. citizens.

I would appreciate your looking into this situation immediately. At a minimum, I would hope that the Departments of Commerce and State would discontinue their current practice of distributing information about business opportunities which contain clauses prohibiting participation by certain American firms on the basis of religion or of dealings with another country with whom the U.S. maintains friendly relations. I look forward to your prompt reply.

Sincerely,

Hubert H. Humphrey.

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Washington, D.C., September 23, 1975.
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Dear Mr. Secretary: On September 19, 1975, the Senate Foreign Relations Committee received notificataion of the intent to sell to the government of Saudi Arabia $1.45 billion worth of services through the Corps of Engineers. This is a substantial sale, and the U.S. companies which will participate in it stand to benefit. For this reason, I am concerned that all U.S. companies and citizens have an equal opportunity to bid for and participate in the sale if they are qualified.

As you know, U.S. policy, as expressed in the Export Administration Act of 1965, is to oppose restrictive trade practices and boycotts. During hearings before the Senate Foreign Relations Committee last winter, evidence was presented that the Saudi government refuses to deal with companies which trade with Israel and refuses to permit Jewish foreign nationals to work within its borders.

We cannot, of course, dictate to the Saudi government what its policies in commercial trading should be. However, when the Saudi government, of its own volition, chooses to involve the United States Government in projects in Saudi Arabia, we do have an obligation to insure that U.S. policies are not violated. At the very least, in this case the government has an obligation to our own citizens to not lend its prestige to activities which support the Arab boycott and restrict business opportunities to a segment of our population.

In order to fully evaluate the proposed sale, I would very much appreciate your providing me with information on what assurances, if any, this government has received from the Saudi government that all qualified American companies will be free to bid for and participate in the contracts to be let under this FMS sale and that all American citizens, regardless of religious affiliation, will be permitted to work in Saudi Arabia on the contracts. I would appreciate receiving this information no later than September 26, so that I may have sufficient time to examine this issue.

Sincerely,

Hubert H. Humphrey.

GEORGE CRONIN

Mr. BEALL. Mr. President, as a member of the Special Committee on Aging, I was saddened by the recent unexpected death of George Cronin, a member of the committee staff. George was a thoroughly professional staff member who provided staff support to Senators in a truly nonpartisan manner.

One of the things which impressed me about George was his fine sense of perspective. He was truly compassionate to the needs of our Nation's senior citizens, and he worked quietly but steadily to improve the quality of their lives.

Last spring, when the Labor and Public Welfare Committee's Subcommittee on Aging was preparing the 1975 Amendments to the Older Americans Act, George, more than any other single staff member coordinated a GAO study into the effectiveness of the Area Agency on Aging Concept. The Special Committee on Aging, the Subcommittee on Aging, and our counterparts in the House of Representatives all had input into this study. The work George did, relative to this area agency study, helped to lay the groundwork for a Subcommittee on Aging hearing which I chaired last November in Salisbury, Md. This hearing, George's general research, and GAO study were all important elements in shaping legislation to extend and expand title III, the Older Americans Act.

I would like to extend by personal sympathies to Mrs. Margurite Cronin, George's mother, who lives in Denver, Colo. I believe she would be comforted by the knowledge that her son made a significant contribution to improving the quality of life for America's senior citizens.

VIETNAMESE REFUGEE REPATRIATION

Mr. KENNEDY. Mr. President, early today the President's Inter-Agency Task Force for Indochina Refugees and the Department of State informed me that some 1,600 Vietnamese refugees on Guam, who have chosen repatriation to their homeland, will be returning via a ship currently in Guam harbor. U.S. naval vessels will apparently escort the ship to Vietnamese waters.

According to administration officials, the ship—the Vietnam Thuong Tin—"will be repaired, fully provisioned, and fueled." The officials indicated "that the preparations will require 2 to 3 weeks, and that the passage from Guam to Vietnam will take about 2 weeks. Work will begin immediately to return the ship to a full, sea-worthy state."

Mr. President, I fully recognize the strong desire of the Vietnamese repatriates, as well as the similar desire of some 150 Cambodians, to return to their native lands at the earliest possible time. They have been encouraged to hope and expect an early return, and they have been waiting for many weeks. All of them are separated from family and friends. And many are people who never chose to leave their country in the first place, but were caught up in the confusion of the American evacuation from Indochina.

The humanitarian intent of the administration is clear. But, as chairman of the Subcommittee on Refugees, I strongly question the wisdom and efficacy of today's action by the United States.

Based on the public record, and additional information available to the subcommittee, it is a unilateral and precipitous action which not only abrogates our clear humanitarian responsibilities toward the repatriates, but also ignores the alternatives for resolving their future.

Having transported most of the refugees from Indochina, and having contributed substantially to the emotional fear of a bloodbath which caused so many to flee, we cannot wash our hands of the repatriate problem and show so little concern for their welfare and safe return.

Why have we ignored the lessons of other repatriation programs and the diplomacy and timeframe often involved in their completion?

Why have we opted for the risky course of simply letting the repatriates set sail, with no clear understandings over their reception? And what risks do we run by having U.S. naval vessels escort the repatriates to Vietnamese waters?

Why have we closed the door to unused diplomatic alternatives, including direct approaches to the PRG?

Why have we chosen to undermine the work of the U.N. High Commissioner for Refugees—UNHCR—who at our Government's request, established an orderly program for repatriation and, until today, was actively at work on the problem?

Mr. President, the issue today is not repatriation, but the means and manner in which our Government is to carry out its responsibilities to the repatriates. And I am hopeful that the administration and the President's Inter-Agency Task Force for Indochina Refugees will reconsider its decision, and have the good sense and patience to support the continuing work of the UNHCR, and the courage to talk with the PRG about the repatriate problem and other matters of mutual concern.

Repatriates are people, and all sides must fulfill their humanitarian responsibilities towards their welfare and protection. I appeal to all concerned, including the authorities in South Vietnam, to support the initiatives of the UNHCR, and to undertake in the days and weeks ahead a program for orderly repatriation, under international auspices.

F–18 COLLAPSES UNDER THE WEIGHT OF TESTIMONY

Mr. WEICKER. Mr. President, as you are aware, the new multibillion-dollar lightweight fighter programs have been the center of extensive controversy since the source selection announcements of the F–16 by the Air Force and the F–18 by the Navy. The latter is currently the subject of a contractor bid protest which I hope will soon be decided by the General Accounting Office.

The Subcommittee on Federal Spending Practices, Efficiency, and Open Government, which is chaired by the Senator from Florida (Mr. CHILES) and on which I serve as ranking minority member, held 2 days of hearings on May 20 and July 10 on these lightweight fighter programs. Extensive testimony was received from Navy and Air Forces representatives, as well as a representative of the Secretary of Defense. The transcript of these 2 days of hearings has been printed and is now available to the public.

As originally conceived, it was the purpose of these hearings to see what has been done and what more needs to be done to implement the recommendations of the Commission on Government Procurement. We chose the Air Force/Navy air combat fighter programs in order to illustrate how the source selection process is currently being conducted on major systems procurement efforts. With the F–16/F–18 programs projected as the "biggest arms deal of the century" the choice of this case study was valid and timely.

Because it was the subcommittee's intent to concentrate its investigation on the Procurement Commission's recommendations, and not on the technical merits of the individual candidate systems, I would like to call your attention to recommendation C 2. It is this recommendation which deals with the responsibility of the agencies to keep the Congress informed in order that it be able to exercise its legitimate legislative duties. The report of the Commission on Government Procurement clearly states:

> Congress should have the opportunity to review agency programs in such a way that the programs can be clearly related to national policies, priorities, and the allocation of resources in order for Congress to exercise its legislative responsibilities and controls.

Because the Congress is required to authorize and appropriate funds for major systems programs such as the F–16/F–18, the sponsor agencies have a responsibility to provide us with the necessary information upon which to base our decisions. Crucial to any decision we must make regarding program commitment are the cost estimates and the reliability of those estimates. The Procurement Commission issued sufficient warning about the quality of cost estimating and the pitfalls inherent in accepting those estimates outright:

> Initial cost estimates for major systems are based on many uncertain elements. Nevertheless these estimates are used to plan future defensive system force levels, to request funds from Congress, and to evaluate contractors' proposals.
>
> Initial estimates tend to stay with a system and influence subsequent estimates and evaluations. As development progresses, many of the initial estimates prove to be too low. Planning and budgeting submissions are usually not adjusted for initial low estimates, however, and budget "review" may cause some initial estimates to be reduced further. As a result, major cost increases (often described as "cost overruns") commonly emerge during the final development and production phases.

In order for the subcommittee to examine the degree of compliance with the Procurement Commission's recommendations, we placed a great deal of emphasis on the reliability of the cost estimates put forth by the Department of Defense and the military services. The subcommittee did not intend to have a second hearing on the air combat fighter. One day of testimony would have been enough to illustrate that, as a whole, the source selection process did not follow the recommendations of the Procurement Commission. However, with regard to the question of cost estimates, the first day of hearings produced conflicting and contradictory testimony. Answers provided for the record were incomplete and totally unsatisfactory. In some cases, entire questions went unanswered. Witnesses were called back to clarify the record. The second day of hearings on July 10 proved even more unsatisfactory.

For example, the F–18 is an airplane which, we are told, will have a useful life of 15 to 20 years in the military inventory. Yet, the widely advertised life cycle cost of $13.7 billion is calculated on only a 10-year basis. By contrast, the Air Force calculated its costs for the F–16 on a 15-year basis and the independent estimators within the Department of Defense calculated life cycle costs of both the F–16 and F–18 on 15-year basis. The question remains then—why did not the Navy? I can only reluctantly conclude that to yield to uniformity in estimating would have immediately revealed the whopping $16.6 billion cost of the F–18 and perhaps shed a different light on this program.

In a second instance, the subcommittee was concerned with the development costs of the F–18's General Electric F–404 engine. At the May 20 hearing, the Navy told us that the F–404 engine would cost $276 million to develop and Dr. Currie, as the spokesman for the Secretary of Defense, verified this fact. However, in an answer submitted for the record following the first hearing, the subcommittee was informed that the independent estimators at DOD projected that the development costs of the F–404 engine could be as high as $347 million. Incredibly, this answer was submitted by DOD staff over Dr. Currie's signature.

When confronted with this information at the second hearing, Dr. Currie and the Navy witnesses denied knowledge of this independent estimate. In fact, Dr. Currie stated that the OSD had worked the engine costs for 6 months and came to agree with the Navy; but, somehow that bit of information failed to filter down to the staff which had worked the numbers.

Perhaps even more amazing is the fact that in the 6 weeks which intervened between our first and second hearing, the Navy's own cost estimates on developing the F–404 engine went up $25 million to $301 million. This not being enough, more prodding and more followup questions for the record revealed that the Navy's own independent estimators do not agree on the costs assigned to develop the F–404 engine. Their estimates are $325 million.

So, Mr. President, we are left to conclude that somewhere between $276 million, $301 million, $325 million, and $347 million lies the true costs of taking an engine from paper design into production.

Following the second hearing, more questions were submitted for the record. In order to get to the bottom of the differences in life cycle costs, we asked for an "apples-to-apples" tabular comparison of all cost elements going into the original $13.7 billion estimate; the updated Navy $16.6 billion estimate; and the $16.9 billion OSD estimate. The response we received for the record was that the F–18 has yet to go to DSARC and, "Thus, we would prefer not to provide a detailed breakdown of the $16.9 billion OSD 15 year life cycle cost of the F–18 prepared in May and discussed at the July 10 hearing."

The contradictions and refusals to answer questions not being enough, there was one more blow to be dealt. As is the customary courtesy of committees, the subcommittee extended the opportunity to witnesses to correct their testimony for errors in grammar and diction. Apparently, changes in grammar and diction were not enough. The corrected transcripts arrived with entire paragraphs of testimony deleted in some cases. In others, there were deletions and proposed insertions which would substantively change not only the public testimony, but also the context in which questions were asked by members of the subcommittee.

Upon inspection of the returned transcript of the July 10 hearing, the vigorous denial of the OSD independent estimate of engine development costs disappears. The admission that OSD had worked the engine development costs and came to concur with the Navy's estimate, whatever that may be, also disappears. The instruction to disregard the Navy's $16.6 billion life cycle estimate is retracted and instead we are now told to consider it. The disclaimer that the $3 billion difference in life cycle costs represents additional taxpayer dollars was proposed to be deleted.

Mr. President, there is no excuse for this conduct on the part of officials within any Department. The substantive deletions and changes in the testimony received before the subcommittee lead one to conclude that either officials of the Department of Defense propose to say one thing for public consumption and another for the record, or that they were ill-prepared to meet the demands of congressional testimony. The proposed changes in given testimony were so blatant that they would have violated the stated subcommittee policy to conduct the public's business in open meetings. It was the chairman's decision, and I concurred, that the corrected transcript of the lightweight fighter hearings be printed as corrected, indicating the proposed deletions, as well as the other substantive changes. To have done otherwise would have completely distorted the context of the hearing.

Admittedly, few of us have the technical expertise upon which to judge the performance of each and every candidate system. For this reason, we act in good faith to authorize and appropriate funds for programs such as the lightweight fighter and we must base our decisions on the information which is made available to us by those who are skilled in making the technical determinations.

We expect and indeed demand that this information be reliable and forthcoming. The public demands that their tax dollars be used wisely and efficiently. Unfortunately, the track record at the Department of Defense for doing so, when measured in terms of cost overruns, is absolutely abominable.

During the last 6 months of 1974 the costs of 50 major weapons programs grew by $13.2 billion. That is for 6 months alone. Based on what I know today, I have no reason to believe that the F–18 will fare any better.

I am committed to nothing less than the best possible defense and the best equipment available to maintain that defense. Armed with the facts, I am prepared to make that decision. However, the facts in this case have been retracted, deleted and denied. Based on the information which has been made available to our subcommittee, I am not prepared to conclude that the F–18 merits the large commitment of taxpayers funds which the Navy is requesting.

I would furthermore, suggest that since we msut act in good faith to appropriate funds for military programs, that the Defense Department should begin coming to the Congress exhibiting the same good faith.

TENTH ANNIVERSARY OF THE NATIONAL ENDOWMENT FOR THE ARTS

Mr. BROOKE. Mr. President, this week marks the 10th anniversary of the National Endowment for the Arts. Since 1965, when President Lyndon B. Johnson signed the law establishing the Endowment, the Endowment's record has been one of great growth and even greater achievement. I am sure that my colleagues wish to note this achievement and to extend our thanks for a job extraordinarily well and imaginatively done to Nancy Hanks, Chairman of the Endowment and the person most responsible for the Endowment's solid and exciting record. I ask unanimous consent that a Washington Post article of September 28 entitled "The Endowment at 10: A Delicate Craft for Funding the Arts" and a Washington Star interview with Nancy Hanks of September 28 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 28, 1975]

THE ENDOWMENT AT 10: A DELICATE CRAFT FOR FUNDING THE ARTS

(By Jean M. White)

"It's absolutely essential to keep the arts in private hands where they belong . . ."

"You don't have any crisis of the arts in this country. They aren't ailing. They are healthier, stronger than ever, but they have financial problems . . ."

"I think the honest fear of government interference in the arts should always be very much alive—to see that it doesn't happen. . . ."

Quotations from an opponent of federal patronage of the arts? Hardly. The speaker is Nancy Hanks, chairman of the National Endowment for the Arts which is asking Congress for $82 million in spending money for the arts next fiscal year.

On Monday, the arts endowment will celebrate its 10th anniversary by opening a two-day symposium at the Lyndon Baines Johnson Library at the University of Texas at Austin, an altogether fitting place since it was President Johnson who signed the endowment into existence on September 29, 1965, with this observation:

". . . Somehow, the scientists always seem to get the penthouse while the arts and humanities get the basement."

The steps out of the basement of federal appropriations were slow painful ones in the early years: a paltry $2.5 million just a little more than a penny a head for each American, in the first year. In 1969, when Hanks became head of the endowment, federal support has edged up to slightly more than $8 million. Under Hanks, who practices her own art of gentle persuasion, wheedling, cajoling and charming even the philistines and economizers of Congress, the total has grown almost tenfold to the $74 million being spent this fiscal year.

But even with this dramatic spurt in funds during the last 10 years, federal arts patronage of $75 to $80 million a year still is at a penny-ante level when measured against an annual federal budget now reaching $375 billion a year. Even $200 million a year—which comes to about $1 per capita—would fall far behind the per capita contributions that many European countries give to support the arts.

In a decade that has seen the public appetite for dance, theater, music and the other arts grow, the federal tax dollars have been stretched thin to help young poets, symphony orchestras struggling with deficits, regional theaters, folk craftsmen, projects to brighten rundown neighborhoods and experimental filmmakers.

Ten years ago the dance audience was about one million ticket-buyers, 70 per cent of them concentrated in New York City. Today, it tops 11 million, with 70 per cent outside New York. If it was an art whose time had come, endowment support of touring dance groups certainly helped that time come. Now the Utah Repertory Dance Theater, for example, can manage a tour of the cities and villages of Alaska.

A young novelist receives $5,000 to survive as he works in the solitary loneliness of his room. The sorely pressed Metropolitan Opera receives $1 million—the largest arts endowment grant yet made, with each $1 of federal "seed" money to be matched by $3 from the radio audience. Along well-traveled Wisconsin highways, eight barns are painted with lively murals to delight the eyes of freeway stoned drivers. "In the Rapture," a kind of contemporary morality play flourishing in black communities, is filmed in a church in Bloomington, Ind., with a company drawn from the Northside New Era Baptist Church and the Church of the Living God No. 18 and Operation Breadbasket in Indianapolis. In elementary and secondary schools, poets, novelists, and artists enliven the imagination of youngsters while earning money to support themselves.

But the greatest accomplishment of the National Endowment for the Arts in its first decade may be less tangible than such projects as these.

It is what Hanks calls the "confirmation of an idea." That idea is that patronage of the arts is a legitimate, necessary and important function of the federal government.

This is no small achievement in a country where, over long years, both sides—the government and the artist—have eyed each other with wariness and suspicion.

On one hand, there have been honest fears of the dead hand of government control, of a cultural Big Brother censoring and interfering with the free spirit of the arts. On the other, some politicians have looked down on the arts as a luxury for the effete and the elite. Even more sympathetic congressmen have sincerely questioned using federal funds for poetry and music when faced with needs of health, welfare and housing. And in the Hill's pork-barrel funding, the muses usually have been stopped by a dam in the home district.

"The arts and sciences are essential to the prosperity of the state and to the ornament and happiness of human life," First President George Washington stated at the Nation's birth. But at least two early attempts to form art commissions or councils quickly collapsed for want of congressional appropriations.

It wasn't to be until 1965 that Congress finally appropriated federal funds for the arts and the humanities. (This is also the 10th anniversary of the National Endowment for the Humanities, which keeps a lower profile than its sister agency and isn't planning any ceremonial observance of its anniversary.)

With a budget equal to the arts endowment, the humanities endowment makes grants to promote the humanities, especially as these studies relate to contemporary issues and values. As such, its activities are less visible publicly since university researchers do not attract the media attention that actors or opera stars do for the arts endownment.

However, the humanities endowment did get some publicity, less than welcome, some years back when a Missouri Ozark congressman jumped on the agency for making a $8,789 grant for the study of the history of cartoons and comic strips and their effect on public attitudes. It became known as the funny-paper flap.

Humanities' big project now is the American Issues Forum, a national Bicentennial program to involve Americans in the exploration of issues and forces fundamental to our society.

In this year of budget-cutting, President Ford is asking for a modest increase to $82 million in funds for the arts endowment, keeping intact its streak of annual increases but falling far below the authorized amount of $126 million.

And the arts endowment on this anniversary is doing some stock-taking of what it has done and what it still has to do in support of the arts.

Hanks points to the need to be on the cutting edge of the lively arts, always evolving and changing. One means is the tremendous potential of television and radio to bring music, dance and the theater to a vast audience.

"We need trained and creative film directors. You can't just set up a camera and begin cranking," she observes. "We have helped fund a 10-part series on American dance for public television. This is an exciting field."

Hanks and the National Arts Council feel that jazz, folk and contemporary music and the literary arts endowment's early years.

"How does a young writer reach an audience today?" Hanks asks. "I don't mean a mass audience, but the availability to other writers, students and scholars for fertilization of may have been short-shrifted in the imagination. We must find some way to help the small literary magazines."

The endowment has made some miscues in its first decade of existence. Hank's refreshingly concedes this, but does not consider them "serious minuses." As programs evolved, directions have been changed. At first, individual grants going to such well-established writers as Robert Penn Warren drew criticism. Now the fellowships go to writers of exceptional promise.

In 1970, there was an arts-endowment supported anthology, which Hanks now ruefully views as ill-conceived, that ended with a fund cutoff when George Plimpton, the editor, balked at deleting some sexually explicit material.

There was the flap over the $750 paid for a poem in another endowment-supported anthology. It was a seven-letter word—"lighght"—and a congressman from Iowa who didn't appreciate "concrete poetry" couldn't resist such an inviting target.

To its credit, Hanks' organization has not flinched at supporting high-risk projects in this turbulent time for the country and the arts. It has made grants for protest poetry, urban theater, streetfront art. Erica Jong, the feminist poet-novelist who was canceled from a Smithsonian Institution appearance, had support while she was writing her novel "Fear of Flying."

Despite the large increases in Federal money for the arts during the last few years, the endowment is now funding a smaller percentage of grant applications (less than 25 per cent) than it did in the early years. The reason is simple: Applications, at least one kind of index to the vigor of the arts in this country, have spurted at a phenomenal pace, more than doubling from 6,000 to 14,000 in just the last two years.

And even with more federal support, art organizations have been caught in an ever-tightening crunch, with the spiraling costs of inflation outpacing new grants.

"We have to be more imaginative in using federal funds to open new sources of private money. It's absolutely essential to keep the arts in private hands where they belong. In America, we have this unique pluralism in arts support—federal-state-municipal-private sources."

Arts support by the states has matched federal patronage in its recent spectacular growth, with appropriations now running about $59 million compared with $2.7 million 10 years ago. But municipalities have been laggard in supporting the arts in their communities.

Hanks took the case for the arts before the United States Conference of Mayors recently to sell them on the pitch that "the arts are good business."

"Just think of architecture as art, which it is," she argues. "Lively, imaginative architecture can lure people back downtown. If they redo and reopen an old theater, they'll have not just one restaurant that closes at 5 p.m., but five restaurants open into the evening."

Even in the midst of the recession, Hanks finds that most corporations are not cutting back on contributions to support the arts. With the end of the Ford Foundation's largesse for the arts (which ran well over $250 million distributed over little more than a decade and a half), there have been fears that no one would fill the vacuum. But Hanks finds that smaller foundations are moving in to support for imaginative programs in their own communities.

"We are a government agency dedicated to increasing private money," Hanks likes to point out.

And getting increased federal appropriations.

"The ideal budget is always more," says the arts endowment chairman.

[From the Washington Star, Sept. 28, 1975]

Q and A—Nancy Hanks Explains Arts Endowment

Question. It has been said that on of the major contributions of the Endowment is that it has helped to decentralize the art decision-making in this country which has been traditionally East Coast-oriented. Do you think that's true?

Miss Hanks. I never really thought of it in those terms. I guess you could say the decision-making on the arts in the country was East Coast-oriented because most of the artists were in the East Coast—a heavy preponderance. Many of the major art institutions were on the East Coast.

Q. But there has been somewhat of a shift?

A. The fact that the decisions about the arts are being decentralized is that the institutions are becoming strong all over the country. Many of the artists are moving out into the country and living in different locations staying for a longer time where they were born, anyway. We still have, of course, and I think for heavens knows how long—perhaps forever, a tremendous concentration of individual artists coming from all over the country and moving into New York.

Q. Hasn't the Endowment had an effect upon that?

A. Well, of course, when you're talking about 10 years ago or even five or six years ago there was the absolute total feeling that you had to go to New York to perform or to exhibit or you just were from nowhere. That is no longer true. The Arena Stage, for example, in this city is one of the foremost theaters in the country, indeed in the world. It has no feeling that it has to trot itself up to New York to perform to have its international reputation. In the theater area, I would assume 10 years ago there were 12 to 15 resident professional theaters in the country, period. Now there are some 50 or 60. Many years ago people thought only New York could be receptive to the avant garde, that you wouldn't have an audience or an interest in contemporary works. That's just not true any longer.

Q. What about the idea that to have a great art you have to have great audiences.

A. I think that varies from art form to art form.

Q. Has the Endowment specifically attempted to educate and increase the audience for various arts?

A. Well, one of our primary goals is to make the arts and the artist more accessible to more people in all areas of the country so we have our minds set on increasing audiences. Another example to use, of course, is in the whole area of dance. Everyone recognizes the audience for dance has increased tremendously in the last 10 years. Well, I think dance is an art form whose time has come. In 1968 the Endowment, the National

Council on the Arts determined that one of its major aims would be to get dance out of New York and therefore they set up the dance tour program.

Q. Practically every dance company in the country now receives or has received some support—crucial support—at one time or another from the Endowment.

A. They say that 150 companies will be touring this next year. This year we have, I think, approximately 100 companies touring all 50 states, in approximately 400 weeks of performance. This is a total change in the whole country. But you see, they say, 'Oh, the Endowment did that.' Well, that's one federal dollar to five or six other dollars, so it is basically that we perhaps encouraged this national program to begin. You had very few resident professional companies in dance 10 years ago. I think we'll receive about 70 applications from resident companies this year. That's happened in the last five years.

Q. The initial budget 10 years ago was $2.5 million and for fiscal year 1975 it was close to $75 million. How do you account for the popularity of this program in Congress?

A. First, Congress is responding to its constituency. You've had this great growth of arts in the country and you also have, you see, a much broader understanding in the fact that the arts are public and not a private preserve—not just for people who are highly educated or wealthy. You also have an increasing understanding that the arts are a good economic resource for the community. And investment in the arts is a very good investment indeed. One example, taking the art of architecture if you will, is the attempt to restore life to downtown in inner-city areas. When it is done—the development of malls where they bring in the performing arts and the preservation of buildings—you have whole areas of cities going back on the tax base.

Q. And Endowment programs have encouraged this?

A. Yes, I think it would happen anyway, but we have had a considerable interest in the development of this. In our architecture program, we don't do any building, but the people in architecture decided, first with the program called City Edges and the program called City Options, that we would participate with the city or with the university in the city to fund research leading toward a community understanding what its options for the future were.

Q. Rather than just tearing down a building.

A. Yes. What are our options? So much has been implemented it's really just the tip of the iceberg because we have some of the research projects take three to four years to see the actual implementation, it's a program we have to smile about.

Q. How is the pet project going to save the old Post Office building here and move the Endowment offices in there?

A. I don't care where they move the Endowment, because it has had to move four times in the last five years. That's not my main effort. We are all, including the National Council of Parks, still totally devoted to having that building become a vital center of life in downtown Washington. You can say that maybe we should have given up hope after working on it three years but nobody around here has given up hope. We just keep working on it.

Q. Why has nothing happened so far?

A. You know how Washington works, in wondrous ways and sometimes in slow ways. It's very important that the government should consider renovation and adaptation of government buildings, not only to use as office space but to use for stores and post offices and cafes. That concept is pretty much getting in place in a very short period of time. At least they haven't torn it down. We keep working on it and I try to do something on it once a month. I'm about to go down with a scrub brush myself and start cleaning it up.

Q. Some people say the reason Congress is so receptive and so many congressmen change their minds about this thing is that you're a good advocate and politician.

A. I try to be. I try to be a good listener. I listen to what people are saying around the country about what they need and I just try to translate it on the Hill. When I came here almost six years ago, I went up the hill and I went to see a congressman to talk about the importance of the arts—which I happened to deeply believe in—and to talk about the necessity of the arts to insure the vitality of a city or a town. You know, a little bit of a purple prose. I've never seen such a glaze come over two eyes in my life. And I only needed that once to realize that when I go talk to people in Congress about a program that is somewhat ephemeral, the only way to explain to them adequately what I was talking about was to identify with something they knew in their hometown.

Q. Some non-ephemeral programs?

A. That's right. Because the programs are very pragmatic when you look at it by a case by case in a town. In other words, you don't say: It's important to have the beauty of symphonic music available to people in a community because of the insights and joys it brings. One says something like: It is important that the Pittsburgh Symphony, which is one of the finest not only in this country but in the world, has an opportunity to bring beauty of its music to the children of Pittsburgh as well as to work in cooperation with universities, to train the people in smaller orchestras so that the music is better in all communities.

Q. There's been some criticism about giving federal money to individuals for various projects, individual artists, for example. How do you feel about that?

A. I think it's very important to give money to individual artists, in fellowships. My gosh, what is art if you don't have an individual somewhere? And the artists need an opportunity to take time, they need materials to advance their art. This is a point that the National Council of the Arts feels very strongly about. You say that some people criticize us, but I would like to bring to your mind that members of our committee are constantly telling us we should increase our grants to individuals. So, it depends on who you're talking to.

Q. What are the standards that your various professional consultants are told to use—social usefulness, highest quality, what?

A. By law, they have to be of exceptional talent. We didn't even need to have that law, the judging is based on quality. We have rotating panels for judging of individuals because, as you know, a judgment in the quality of arts is somewhat subjective and has to be. And we change advisers all the time to assure that we have balances over a period of two or three years. It's awful hard work. For example, you have a composers scholarship program and you have a tremendous number of applications. All the tapes have to be listened to, it's not just what they write on paper. And so those poor men and women come in here and listen to tapes for three to four days. It's really remarkable.

Q. There's a concern, too, about the growing arts bureaucracy. You have several levels of it—the federal level, the 50 states, now cities. There are even courses starting in universities in arts administration. These people aren't artists. Are you concerned about that?

A. If you look at it in the positive sense I think it's the greatest thing that's happened in the last 10 years. I think we are well on our way to creating the totally unique system of funding the arts of the world. I think we are stronger than that same Western Europe which is almost total government support. One of the things I'm happiest about is the fact that the federal government has not replaced private money but has worked to encourage private money. The federal government has worked as hard as it can to encourage state governments and we're working very hard now on the municipal level. It was only two years ago that the conference of mayors passed a resolution on the importance of the arts to the community service of this country.

ARCHITECTURAL BARRIERS AND THE HANDICAPPED

Mr. BAYH. Mr. President, for several years many of us in the Senate have been concerned about architectural barriers confronting the handicapped. Unfortunately this problem remains a major one, and it is important that we continue to focus attention upon it.

Recently, the Los Angeles Times carried an article by Lynne Hoffman Keating which vividly portrays the commonplace difficulties experienced by the handicapped because of structural barriers. The author appropriately begins the piece by quoting Robert Frost:

> Before I built a wall I'd ask to know
> What I was walling in or walling out.

As Ms. Keating's article amply demonstrates, this is a question all of us, especially those in Government, should be constantly asking ourselves.

Mr. President, I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

"The World Is Filled With Inconvenient Conveniences"—For Handicapped, Life Is an Obstacle Course

> Before I built a wall I'd ask to know
> What I was walling in or walling out.
> Robert Frost.

(By Lynne Hoffman Keating)

Having preceded Sally to our Sunday picnic, we gave little thought to what her arrival would portend, even though all of us knew her well. The park we had chosen provided plenty of amenities, including picnic tables, barbecue pits and a central drinking fountain. The children's playground even contained a wading pool, complete with watchful attendant.

As we lounged, lazily sipping wine coolers, the setting came to seem more and more congenial, and we felt certain Sally would agree. That certainty vanished, however, the moment her van came into sight; it was then, in unison, we felt apprehension. Instead of waving Sally over to our picnic site, we stared with concern at the three steps leading from the street to the park proper.

Our silent stare stemmed from this simple fact: Sally is a quadriplegic, confined to a wheelchair. When four of us jumped up and raced to her van, Sally allayed our concern. A law student, she also serves on the board of directors of Casa Colina Hospital for Rehabilitative Medicine, in Claremont. Hard experience has taught her remarkable resourcefulness.

In this instance, she rolled easily down the specially constructed ramp of her van. After Sally pointed out to us two portable ramps she always travels with, we had set these ramps in place, and Sally was able not only to wheel herself up the six-inch curb but also to negotiate the steps beyond. The ramps were useless when she confronted a wide patch of thick grass. It took enormous strength and spirit for Sally to wheel herself across this hazard—she preferred not being pushed, for that would imply dependence—and at last she settled down for wine and conversation.

Even then, other potential difficulties had to be considered. Had Sally needed water, she could not possibly have used the fountain—it was 42 inches off the ground. Had she needed the restroom, she could not possibly have rolled through the narrow wooden doors. We cherished this park for its pleasantness, but for Sally it was an obstacle course.

Sally's experience in the park was typical of the day-to-day plight of the handicapped. Only by sharing it vicariously can we appreciate the difficulty with which they move through our world, filled as it is with unaccommodating architecture and inconventient conveniences.

The dimension of their problem was dramatized for me the following week—this time with even greater impact. I work part time at the same Cosa Colina Hospital where Sally serves and, out of curiosity, attended an unusual seminar about disablement. Thirty elected officials had come from all over Los Angeles County and, along with 75 other guests, were provided wheelchairs. They were asked to remain seated throughout the event and behave as if they had some form of paralysis. Then the whole group was invited to proceed through a maze of "architectural barriers," typifying the obstacles that repeatedly face handicapped people.

Smiles gave way to frustration as the group reached a steep curb. Next came double doors that had to be pulled open, followed by raised metal moldings on the floor and grassy areas in an open courtyard.

No one was supposed to rise from the wheelchairs for any purpose, and so the officials had sober expressions as they rolled themselves out of restrooms, all conventionally appointed.

The seminar concluded with a panel discussion in which personal experiences were related by participants who had no choice about staying in wheelchairs. The moment of truth came at the very end. Until then the guests and real paraplegics had been brothers and sisters in confinement. Now, however, half the group was able to rise, stretch and walk away—thankful for their good fortune and, more important, far more aware of the commonplace hazards facing the less fortunate.

Later, as I arrived home, I realized it would be foolhardy for me to invite my new paraplegic friends over for an evening. The steps were too high, the doorways too narrow. No matter how concerned I may be, I live in a world whose unthinking design walls out a whole part of the population.

If the problem is serious in private homes, it is magnified a thousands times in public buildings and educational facilities, where services are offered that the handicapped require as much as anyone—in many cases, a lot more.

Ours is a society which places a premium on self-sufficiency and mobility. Thus, its disabled members are doubly handicapped by the design of curbs, stairways, lavatories—the list is endless. Rendered dependent and immobile, they become cut off from the majority.

A resourceful person like Sally can, through her own effort, overcome most of the physical obstacles this society unthinkingly places in her path. But while special ramps and personal spunk are essential in coping with six-inch curbs, they are useless when pitted against architecture which further disables the already disabled.

This is the real wall which separates the handicapped from the rest of us, and it is not the sort of barrier they should be left to confront alone.

NIGERIAN INDEPENDENCE DAY

Mr. HARTKE. Mr. President, one of the most populous countries of Africa celebrates her independence October 1, 1975.

Nigeria, with a population in excess of 70 million, has just emerged from government transition in which the former government was replaced with a bloodless coup.

Historically, Nigeria has been a steadfast friend of the United States and has encouraged its citizens to seek an American education. In America today, there are over 10,000 Nigerian students, studying in such diverse fields as agriculture, engineering, city planning, and aircraft maintenance.

Nigeria wants mutual cooperation and understanding from all nations and has made efforts to help establish the intrastructure of neighboring states.

The oil wealth of Nigeria overshadows its greatest asset, its people. Nigeria has the most heterogeneous groups to be found anywhere on the continent. The people of Nigeria have acquired skills from all parts of the world and are using these skills to increase the gross national product.

As in the past, Nigeria still maintains excellent relationships with the United States, and pledges continued cooperation in all humanitarian efforts.

Mr. President, I am sure that you and the rest of my colleagues will pause a moment to congratulate the government and the people of Nigeria on this National Day.

UNEMPLOYMENT

Mr. BAYH. Mr. President, what is the current U.S. policy on work? Unfortunately the Ford administration does not have such a policy. When almost 8 million Americans cannot find jobs, when the number of unemployed fathers on welfare jumps 13 percent in 1 month, when unemployment among black Americans is 14 percent, it is all too clear that the current administration is more concerned with balancing budgets than meeting human needs. Consistent with this philosophy, President Ford vetoed the Emergency Employment Act, legislation which would have responded most directly to the current unemployment crisis by creating over 900,000 new jobs directly in the public sector and more jobs indirectly in the private sector.

The President said he was concerned with the budgetary impact of spending $5.3 billion to create new jobs. He said it would result in an unacceptable increase in the deficit. The fact is that every 1 percent of unemployment costs the Federal Government $16 billion: $14 billion in lose tax revenues, and $2 billion in additional unemployment compensation. The increase in unemployment since Gerald Ford took office has cost this country $60 billion.

This administration seems intent on singling out those nearly 8 million unemployed workers as the only means to deal with inflation. I cannot believe that the only solution to the threat of inflation is to abandon this Nation's commitment to providing work for any able American, a policy that has been in existence ever since 1946.

The policy of the United States on work was clearly established both by the Employment Act of 1946 and the "right to work" plan adopted by the United Nations as a part of the universal Declaration of Human Rights in 1948. The policy is very simple—the Federal Government has the responsibility to foster and to promote conditions under which there will be offered useful employment opportunities for all those able, willing, and seeking to work.

Every administration since the enactment of the Employment Act of 1946 has given official lipservice to this commitment to job opportunities for all. Unfortunately, notwithstanding official endorsement of this concept, the employment levels in the American economy have fluctuated considerably during the almost 30 years since the act's existence. The Nation has suffered five officially recognized recessions and the unemployment rate has ranged from 3.5 percent in 1969 to the current dismal figure of 8.4 percent. By the 30th birthday of the Employment Act of 1946, there probably will be more than 7.8 million Americans listed as officially unemployed in addition to the 850,000 Americans who have given up looking for employment.

I. FULL EMPLOYMENT ECONOMY

What should our answers be to this dismal economic quandary? First and foremost, I believe we must make a commitment which is more than just lipservice to the concept of a full-employment economy. We have the opportunity to make that commitment in legislation now before the Congress, the Full Employment Act of 1975.

The Full Employment Act goes back to the promise made to the American people in the Employment Act of 1946, but it goes several steps further. The personal right of every adult American to guaranteed employment is protected by the major provisions of this far reaching legislation. Perhaps most importantly, for the first time the legislative definition of "full employment" is clearly spelled out to mean a situation under which there are useful and rewarding opportunities for all adult Americans able and willing to work. Other important provisions of this legislation are ones which create: First, local reservoirs of public service and private employment projects developed by local planning councils; second, a job guarantee office able to find public and private work projects; and third, a standby Job Corps in which qualified jobseekers may be temporarily placed if no other suitable job opportunities are available.

II. UNEMPLOYMENT COMPENSATION

In addition to supporting the Full Employment Act of 1975, I feel that a part of this Nation's policy on work must concern itself with the necessity of maintaining a viable unemployment compensation system during times of economic crisis. As we all know, unemployment insurance has been a part of the American worker's life for almost 40 years now. During that period of time, the system has functioned to provide the much needed financial security to those workers temporarily out of a job. Many families have been spared undue hardships and deprivation by well-administrered State unemployment compensation programs.

However, the current economic crisis has placed an enormous burden on the unemployment compensation systems. The spiraling unemployment rate has resulted in the Congress passing federally supported extension of benefits to qualifying workers so that those eligible may now collect benefits for up to 65 weeks. I have supported the increase in duration of benefits for unemployed workers, just as I have supported the extension of coverage to those 12 million workers such as State and local employees and teachers, who are not normally covered under unemployment compensation.

In addition to supporting these temporary extensions in terms of both duration of benefits and additional coverage of workers, I also believe that we urgently need to make permanent improvements in the unemployment compensation program. The Congress is currently considering legislation which would revise the present system in a number of significant ways. This legislation, introduced in the House by Representative Corman, would raise the benefit payments to unemployed workers to two-thirds of lost wages for all but the highest paid employees. Other areas of legislation will be used to plan, design, and engineer projects for demolition, for renovation and construction of municipal offices, courthouses, libraries, schools, police and fire stations, detention facilities, water and sewer lines, streets and roads, convention centers, museums, and health, education and social service facilities.

In addition to supporting this legislation, I have led the fight to appropriate funds to employ thousands of laid off rail workers in rebuilding the many miles of the Nation's deteriorating rail roadbeds. Twice the Senate has approved my amendment which would have authorized $700 million for public service employment for unemployed rail workers, and twice the House has rejected our efforts. The Senate has made a third attempt by most recently approving 30,000 jobs.

If we do not give our full fledged support to measures creating public service employment in an age where the unemployment rate for black males can jump 50 percent in 1 year, we are failing not only the demands of social justice, but of economic necessity. Failure to provide such jobs can and will result in a tragic cost on the unfortunate victims of unemployment. It has also cost our Nation many billions of dollars in income, goods, and services. Surely the time has come to make a meaningful effort to guarantee employment to those Americans, male or female, black or white, young or old, who want and need to work.

THE LAW APPLIES TO THE CIA TOO

Mr. PERCY. Mr. President, whatever immunity they may have enjoyed in the past, Central Intelligence Agency employees who violate the law will henceforth be subject to Federal prosecution just as any other Federal employees are, according to a recent letter I received from the Justice Department.

The Department, and Attorney General Edward H. Levi—who approved the policy which overturns an apparent 20-year secret understanding between Justice and the CIA—are to be commended for enunciating a forthright position which ensures that no one is above the law.

If we expect our society to work, it is important that each citizen knows that the laws he obeys apply to everyone—tinker, tailor, soldier, and spy. No one should be immune from prosecution, because he or she happens to be connected to the CIA or any other agency.

The Justice Department's policy statement evolved from investigation of a 1973 drug smuggling case involving a CIA employee. In that case a Burmese-born CIA operative named Puttaporn Khramkhruan was indicted in Federal court in Chicago, but the prosecution was dropped by the Justice Department when the CIA refused to produce documents and witnesses deemed essential to the case, on grounds that this would jeopardize sensitive intelligence operations.

I had asked for and received explanation from CIA and Justice concerning that affair and in late July I asked the Justice Department to assess and publicly express its policy toward future Khramkhruan cases.

The Justice Department's letter to me, signed by Richard L. Thornburgh, Assistant Attorney General in charge of the Criminal Division, states that henceforth employees of the CIA shall be subject to the same requirements of law as other executive branch employees. The letter, full text of which I will include at the close of my remarks, reads in part:

> The Central Intelligence Agency is now, therefore, unquestionably bound by the same requirements as other executive branch departments and agencies with respect to referral of allegations of Title 18, United States Code, on the part of its officers and employees.

The letter reiterates Justice Department policy that the head of every executive department and agency must report to the Attorney General "any information, allegations or complaints" involving possible violations of title 18 by Federal employees, except in those cases in which the responsibility for investigation and prosecution is specifically assigned elsewhere. Title 18 is the U.S. Criminal Code.

Assistant Attorney General Thornburgh also quoted from a letter he wrote to John Warner, general counsel of the CIA. Thornburgh outlined the standard procedure for referring employee violations to the Justice Department and told Warner in no uncertain terms:

> Any other informal referral agreement that may have been in effect in the past is abrogated.

This was a reference to a reported 1954 secret agreement which allowed the CIA discretion as to which violators or violations to report to the Attorney General, and which to suppress on security grounds. That agreement came to light in recent detailed hearings before the House Subcommittee on Government Information and Individual Rights, ably chaired by Representative Bella Abzug.

Thornburgh closed his letter by saying that in any future such case in which the dropping of prosecution is under consideration:

> Action will not be taken without any concurrence or that of a Deputy Attorney General, or in appropriate cases only after consultation with the Attorney General or the Deputy Attorney General.

Again, I congratulate the Department, Attorney General Levi, and Deputy Attorney General Harold Tyler, with whom I met on this matter, for a clear enunication of a policy which helps to promote respect for the law by assuring equal treatment under the law.

Mr. President, I ask unanimous consent that my letter to the Attorney General dated July 30, 1975, Assistant Attorney General Thornburgh's response of August 18, and his attached letter of July 28 to CIA General Counsel John Warner be printed in the Record.

There being no objection, the correspondence was ordered to be printed in the Record, as follows:

Washington, D.C.,
July 30, 1975.

Hon. Edward H. Levi,
Attorney General, U.S. Department of Justice, Washington, D.C.

Dear Mr. Attorney General: I greatly appreciate your letter of July 18 acknowledging my request for further information on the case involving Puttaporn Khramkhruan. While the Department of Justice reply to my June 20 letter was quite adequate in most respects, there remain some vexing questions which you have referred to in your letter and which I feel merit further discussion.

Above all, as I mentioned to Judge Tyler last week, I am most disturbed by the apparent lack of Justice Department efforts at the time to persuade or require the CIA to alter its position with regard to the case. This is all the more troubling in light of disclosures made last week before a House subcommittee. Apparently the CIA has operated for the past 20 years under the assumption that it could use its discretion in reporting instances of employee criminal behavior to the Justice Department. By not persisting in its prosecution of Khramkhruan, did the Justice Department acknowledge, at least tacitly, the existence of an agreement or understanding with the CIA to this effect? Is there now such an understanding?

Most importantly, what *will be* the Justice Department's policy with regard to future cases of this kind? It is in this respect that I believe your personal involvement and resolve can make a real difference in the days ahead.

I thank you for your continuing cooperation and helpfulness in this matter.

Sincerely,

Charles H. Percy,
U.S. Senator.

Department of Justice,
Washington, D.C.,
August 18, 1975.

Hon. Charles H. Percy,
U.S. Senate,
Washington, D.C.

Dear Senator: I have been asked to respond to your letter to the Attorney General dated July 30, 1975, in which you seek clarification of Department of Justice Policy with respect to possible violations of federal law by employees of the Central Intelligence Agency.

Title 28, United States Code, Section 535 provides in part that:

"(b) Any information, allegation, or complaint received in a department or agency of the executive branch of the Government relating to violations of Title 18, involving Government officers and employees shall be expeditiously reported to the Attorney General by the head of the department or agency, unless—

"'(1) the responsibility to perform an investigation with respect thereto is specifically assigned otherwise by another provision of law; or

"'(2) as to any department or agency of the Government, the Attorney General directs otherwise with respect to a specified class of information, allegation, or complaint.'"

In a letter to Mr. John Warner, General Counsel to the Central Intelligence Agency dated July 24, 1975, a copy of which is attached, I reaffirmed the position of the Department of Justice with respect to the referral of such matters by departments or agencies of the executive branch of the government. The last paragraph of the letter reads as follows:

"Section 535 of Title 28, United States Code, and the Attorney General's memorandum provide guidance for the Central Intelligence Agency concerning referrals to this Department of officer and employee violations of Title 18 offenses. Any other informal referral agreement that may have been in effect in the past is abrogated."

The reference in the above quoted paragraph to an Attorney General's memorandum is to a memorandum dated February 9, 1971, captioned, "Memorandum to the Heads of All Departments and Agencies in the Executive Branch of the Government" which is quoted in my letter to Mr. Warner.

The Central Intelligence Agency is now, therefore, unquestionably bound by the same requirements as other executive branch departments and agencies with respect to referral of allegations of violations of Title 18, United States Code, on the part of its officers and employees.

With respect to the Khramkhruan case referred to in your letter I would like to call the following to your attention:

1. The Department of Justice has no evidence that the Central Intelligence Agency knew of a violation of law by Mr. Khramkhruan and failed to report it; and

2. While certain counts of the indictment charging Mr. Khramkhruan were violations of Title 18, United States Code, the thrust of the allegations centered around the subject of narcotics which is principally covered by Title 21, United States Code. While from a policy standpoint we see no real distinction between the two, perhaps consideration should be given to amending Section 535 of Title 28, United States Code, so as to specifically include Title 21 offenses within its purview.

The decision of the Department of Justice to authorize dismissal of the case against Puttaporn Khramkhruan was not based upon an asserted viability of the 1954 "agreement or understanding with the CIA," but rather because the CIA refused to disclose documents deemed essential to the prosecution of the case. With respect to all such matters that may arise in the future, similar action will not be taken without my concurrence or that of a Deputy Assistant Attorney General, and in appropriate cases only after consultation with the Attorney General or the Deputy Attorney General. All possible efforts will be made by the Department of Justice in similar situations to resolve matters of this type in such a way as to avoid jeopardizing a criminal prosecution.

Sincerely,

RICHARD L. THORNBURGH,
Assistant Attorney General.

JULY 24, 1975.

Mr. JOHN WARNER,
General Counsel,
Central Intelligence Agency,
Washington, D.C.

DEAR MR. WARNER: This letter concerns the reporting of violations of federal criminal statutes to the Department of Justice. As you know, Section 535 of Title 28, United States Code, generally requires that the head of every department and agency of the Executive Branch report promptly to the Attorney General any information, allegations, or complaints relating to violations of Title 18, United States Code, involving officers and employees of the Federal Government. Section 535 further provides, however, that there is no requirement to report where the responsibility to perform an investigation with respect to a certain violation of Title 10 is specifically assigned otherwise by another provision of law, or as to any department or agency of the Government, the Attorney General directs otherwise with respect to a specified class of information, allegation, or complaint.

You may recall that, in his memorandum dated February 9, 1971 and captioned "Memorandum to the Heads of all Departments and Agencies in the Executive Branch of the Government," the Attorney General stated:

"The purpose of this communication is to achieve fully the objectives sought by the reporting requirements of Section 535 of Title 28, United States Code. As you know, this section is derived from Public Law 725 which was enacted by Congress August 31, 1954. Although the operating procedures established by the various departments and agencies have been largely successful, I feel it appropriate to call your attention to the need for continued compliance with the requirements of this Act.

"Section 535 of Title 28, United States Code, imposes upon every department and agency of the Executive Branch of the Government the duty to report promptly to the Attorney General any information, allegations, or complaints relating to possible violations of Title 18, United States Code, involving officers and employees of the Government. All such information, allegations, or complaints should be reported to the local office of the United States Attorney for the district in which the alleged violation has occurred or, where appropriate, directly to the Criminal Division of this Department. While not intending to minimize the seriousness of the other offenses in Title 18, the Department of Justice urges that special emphasis be placed on the early reporting of cases of suspected bribery, conflict of interest and fraud on the Government.

"It is only through your continued cooperation in reporting such complaints expeditiously that we can insure efficient investigation and prosecution and thus serve to maintain high standards of integrity in Government operations. The phrase 'officers and employees of the Government' includes a former officer or employee (a) when the suspected offense, although committed thereafter, is connected with his prior activity in the federal service (see, for example, 18 USC 207)."

Section 535 of Title 28, United States Code, and the Attorney General's memorandum provide guidance for the Central Intelligence Agency concerning referrals to this Department of officer and employee violations of Title 18 offenses. Any other informal referral agreement that may have been in effect in the past is abrogated.

Sincerely,

RICHARD L. THORNBURGH,
Assistant Attorney General.

VERTICAL INTEGRATION IN THE OIL INDUSTRY

Mr. BAYH. Mr. President, last Friday the distinguished senior Senator from New Hampshire (Mr. McINTYRE) presented illuminating testimony to hearings I am conducting before the Antitrust and Monopoly Subcommittee on vertical integration in the oil industry. Pending before the subcommittee are several bills, including one I introduced, to require divestiture by major vertically integrated companies of certain of their interests in the oil business.

The testimony of the Senator from New Hampshire will be extremely helpful to our subcommittee deliberations and is worth the time and attention of the entire Senate. Therefore, I ask unanimous consent to print his testimony in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF U.S. SENATOR THOMAS J. McINTYRE

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to testify today and I applaud you for seriously considering at this time the need, and, in my opinion, the necessity for restructuring our domestic oil industry and returning it to a true free market.

This Subcommittee has examined the structure and operation of our domestic oil industry in detail. The investigative part of your deliberations is concluding and the legislative process is commencing. The Subcommittee Chairman, and my good friend, Senator Philip Hart, has literally dedicated several years of his Senate career to this investigation of the structure and operation of our oil cartel both nationally and internationally.

I appear before you today to express my strong support for this Subcommittee's past efforts and to strongly urge that divestiture legislation be given high priority by this Committee and the Congress.

As you know, I have been concerned for several years about the lack of competition in the oil industry. In fact, three years ago I introduced a bill requiring divestiture of all marketing assets by the integrated oil companies. In addition, I am a co-sponsor of one of the divestiture bills being considered by this Subcommittee.

Mr. Chairman, the legislation I introduced in 1972, and the legislation now before this subcommittee, do not embody new or radical concepts. Marketing divorcement bills were first introduced in the 75th Congress. As early as 1972, there was awareness of the danger of allowing complete and total vertical integration in our domestic petroleum industry. However, the so-called Mother Hubbard antitrust case brought by the Justice Department and the advent of World War II put oil industry divestiture on the back burner. The bill I introduced in 1972 was the first such bill in the Senate in 30 years.

Mr. Chairman, the oil industry is immensely complex and I do not claim to be an expert on all its phases. I became concerned about the lack of competition in the industry simply because of the most visible manifestations of monopoly power—the abuses in the marketing segment. While marketing historically may have been the most competitive component of the petroleum industry, even in this branch in recent years we have seen the major oil companies attempt to squeeze independent competition out of business. In New England, we witnessed the plight of independent marketers who were unable to obtain gasoline from refineries controlled by the majors, and marketing realignments which reduced price competition even further.

The question that we have before us now is not whether we should restructure the oil industry legislatively, but how. I believe Congress must restructure the oil industry and thereby return it to a true free market and eliminate the present Federal controls.

If our national goal is domestic energy development then we must assure a competitive climate that encourages exploration and development of energy raw materials. This country and our other trading partners must rely on crude oil as the lifeblood of industrial survival. Recently, I held hearings on solar energy in my Subcommittee of the Small Business Committee and I believe that this energy source is one key to our future energy needs. Presently, however, our energy reliance is on oil and its products and this will remain so for the next several decades.

The history of the oil industry of the last 45 years conclusively shows that the oil monopoly developed through crude oil control. It should also be remembered that Congress itself played a major role in shaping our present domestic crude oil monopoly. The Connally Hot Oil Act, the Interstate Oil Compact Act, the depletion allowance and other tax benefits for crude oil, the quota system, were all aimed at the crude oil segment of the industry. The 94th Congress has already taken several actions to rectify our past mistakes, but we must recognize that the final solution to energy self-sufficiency and conservation is determined to a great extent by industry structure.

While we have several options regarding industry restructuring, we must be sure that the course chosen by Congress is more than merely cosmetic. I am personally convinced that crude oil production and the transportation of crude oil to refineries is the area in which Congress must focus its attention.

Crude oil divestiture would not only serve as a means to encourage competition in the industry, but it would also serve to channel our national resources in the much needed areas of exploitation and production. Hearings I held last year in my Subcommittee on government regulation of the Small Business Committee on the acquisition of Marcor by Mobil Oil Company, reinforce my position that industry restructuring must be directed to the crude oil level of the industry.

DISTORTING THE FACTS ON OPEC

Mr. KENNEDY. Mr. President, President Ford is distorting the facts when he says that Congress is to blame for OPEC's decision last weekend to increase its crude oil prices by 10 percent.

From the moment of its inception last January, President Ford's high-price, high-tariff energy strategy has been an open invitation to OPEC to raise its prices even higher. Last weekend OPEC accepted the President's invitation.

President Ford, not Congress, has been advocating higher prices for oil as the linchpin of the administration's energy program. President Ford, not Congress, invoked the $2 per barrel tariff on imported oil and vetoed congressional efforts to block the tariff. President Ford, not Congress, is advocating the decontrol of domestic oil prices, an action that would simply transfer to OPEC even more power to set oil prices in the domestic U.S. market adversely affecting the economic security of every American worker, farmer, businessman and consumer.

The unhappy truth is that the United States has had no consistent or effective policy toward OPEC. During the 1973 embargo, the Nixon administration initiated a policy of confrontation and hostility, later even going so far as to raise the possibility of military intervention. This strategy simply ignored the facts of worldwide supply and demand in oil. It soon became clear that such a policy was self-contradictory and counterproductive.

More recently, the administration's policy has been expressed in a more conciliatory manner, recognizing the need for significant cooperation with the producing nations on energy and broader economic matters. But the administration needlessly threw away 2 years while it pursued its strategy of confrontation—against the advice of our European and Japanese allies. This was time that could have been used to search for a more cooperative and more effective relationship with OPEC, while building up our ability to offset OPEC's economic power through effective energy action here at home.

A majority of Congress, supported by a clear majority of Americans, believes that higher prices are not the way to achieve a sound energy policy. A major comprehensive congressional alternative on energy is now awaiting final action in the Senate-House conference, and will soon be on the President's desk. The real test for the administration's future energy policy is whether President Ford will cooperate with Congress in attempting to achieve a realistic compromise on this legislation. Sadly, the President's statement yesterday indicates that, although the administration may have shifted from confrontation to cooperation in its policy toward OPEC, the President is still pursuing a policy of confrontation toward Congress.

IN PRAISE OF CETA

Mr. HARTKE. Mr. President, the Comprehensive Employment and Training Act has been one of the most well-received Federal programs by local governments as an exceptional means to ease the chronic unemployment situation facing cities and counties nationwide.

I recently received a most thoughtful and strong letter in behalf of retaining CETA and its importance to that community from the mayor of South Bend, Ind., the Honorable Jerry L. Miller which I would like to share with you.

Mr. President, I ask unanimous consent that Mayor Miller's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

City of South Bend,
South Bend, Ind., August 12, 1975.

Hon. Vance Hartke,
Member of the Senate,
Senate Office Building,
Washington, D.C.

Dear Vance: In view of the criticisms being voiced in Congress concerning the implementation of the Comprehensive Employment and Training Act, it seems to me essential that some mistaken impressions be corrected. Critics apparently have been able to convince many individuals in Congress that local governments are using CETA funds extensively to keep employed those who are already employed, that much of the Public Service job money is being used for patronage purposes, that disadvantaged and minority groups are not receiving attention for jobs, that local governments are violating Maintenance of Effort provisions by supplanting local and state funds with Federal funds, and that local governments are avoiding agreements with and use of community-based organizations. I would like to assure you that these criticisms are completely unfounded with respect to the City of South Bend's CETA Program. Allow me to treat the criticisms one by one.

More than 160 individuals have been hired with Public Employment funds under CETA Titles I, II and VI under the City's sponsorship. Only 29 of these individuals had previously held jobs with the City.

As you are aware, the City of South Bend faced a severe financial deficit in calendar year 1975 as the result of an unexpected reduction in excise tax revenues. Our estimated deficit was in the range of $450,000.00. The City had only two choices: to lay off significant numbers of individuals permanently or to effect a layoff and a rehire of a limited number of individuals after a 30 day waiting period prescribed by the law.

After thoroughly discussing the matter with the Regional Office of the Department of Labor, 29 individuals were laid off for 30 days and rehired under CETA. As I indicated earlier, this constitutes less than 20% of the hires to date under the CETA Program. Furthermore, by the end of October, we will have some 240 individuals working under the three Titles of CETA. All of these will be new hires in new jobs with the sole exception of 29 who previously held jobs with the City. All of these 29 individuals will be rehired in regular City jobs as of January 1, 1976, in accord with our assurance to the Department of Labor that the deficit problem related to the year 1975. Consequently, it is our expectation that in January 1976 all Public Employment personnel will be new hires in new jobs.

The Manpower Administration has taken extensive care in recruiting and referring individuals who have been unemployed for extended periods of time. All individuals presently being hired under Title VI are restricted to those unemployed for 15 weeks or longer or those who have exhausted or are ineligible for unemployment compensation benefits.

With respect to the second criticism, I can assure you that political considerations have not entered into the hiring of Public Employment participants. The certification of eligibility for Public Employment as well as the referral to any hiring agent is controlled exclusively by the Manpower Administration staff. They are directed to refer those candidates who meet not only the eligibility requirements under the law, but the preference groups outlined in our approved grant applications. Consequently, hiring agents review only those candidates that meet minimum requirements and priority groups. I believe that the use of this control method adequately safeguards against nearly all political considerations in the hiring process. I can further assure you that it is my determination to base hiring practices solely on the competence and the performance of the individual with respect to the job.

With respect to serving disadvantaged and minorities, during the first fiscal year of our CETA Title 1 Program, we served a total of 1,301 clients. 1,202 or 92% were clients economically disadvantaged; 341 were receiving AFDC, and another 65 were receiving other Public Assistance. During the same period of time under Title II of CETA our program served a total of 30 clients. Twenty-five of these clients were economically disadvantaged and another two were receiving AFDC. Twenty of these clients were minorities. Between January 10, 1975 and June 30, 1975, a total of 61 clients were served under Title IV of CETA, 33 of whom were economically disadvantaged and another three receiving some form of Public Assistance. Twenty-four of these clients were minorities.

Consequently, out of a total number of clients served under all three Titles of 1,392, 1,042 or 75% were minorities. While the minority population of the City of South Bend is less than 25%, it is recognized that poverty and unemployment are concentrated more heavily among the minority population. Consequently, as our program statistician indicates, every effort has been made to provide Manpower services to this population.

With respect to the suspicion that CETA funds are being used to supplant state and local funds, I can assure you that this is not the case. The Public Employment funds have been used, with the sole exception of 29 layoffs, to fund new jobs for the unemployed. Local funds have not been saved for supplanting of Federal funds. This can be extensively documented for any one desirous of investigating.

The suspicion relating to the non-use of community-based organizations is totally without foundation in our case. While the Manpower Administration has been directed to develop a Central staff capable of administering the whole program and thereby relieving the need to build extensive administrative cost into subgrants, program activities under the Comprehensive Employment and Training Program are almost exclusively run by community-based organizations in the City. Under Title I, nine local agencies are involved in delivering various services including classroom training, pre-work orientation, work-experience programs, child care and job placement. With respect to Public Employment positions, it is our estimate that nearly half of the jobs funded will be in local non-profit agencies in the community. In other words, out of total projected public employment, approximately 120 of 240 jobs will be funded by means of subgrants with local non-profit agencies to provide health, social, educational and other vital services throughout the community.

I have tried to indicate merely a few aspects of our Manpower Program which run counter to the criticisms being leveled against local government administration of CETA in Congress. I am extremely happy that Congress has decided to channel Manpower funds through local government because it gives us the capability to respond to priorities efficiently and comprehensively without neglecting deliverers of services in the community. I would hope that this communication might stand as some testimony to the fact that local governments are responding to the Comprehensive Employment and Training Act as Congress intended.

Sincerely,

JERRY MILLER.

THE FAMILY PLANNING NURSE PRACTITIONER

Mr. CRANSTON. Mr. President, an informative article printed in the July-August 1975 issue of Family Planning Perspectives, "Family Planning Nurse Practitioners in the United States," provides substantial documentation that the use of the family planning nurse practitioner has a major impact on the improved provision of family planning services, to those seeking such services. The article reports that the family planning nurse practitioner is enthusiastically accepted by patient and doctor alike. It shows that the utilization of this new physician extender can dramatically change the staffing patterns of family planning clinics while at the same time expanding the clinics' ability to provide services to additional patients.

Mr. President, I have been a consistent advocate of programs to expand the role of the registered nurse, as well as every member of the health team. The Nurse Training Act of 1971 contained amendments I authored placing special emphasis on the training and education of nurse practitioners at schools receiving Federal assistance. As chairman of the Special Subcommittee on Human Resources and as a member of the Subcommittee on Health of the Labor and Public Welfare Committee, I was deeply involved in the development of Public Law 94–63, the so-called Health Revenue Sharing, Nurse Training, and Health Services Act of 1975, recently enacted over the President's veto. This act, which includes the Family Planning and Population Research Act of 1975 as title II, and the Nurse Training Act of 1975 as title IX, provides two specific authorities for the training of such nurse practitioners.

The Family Planning and Population Research Act of 1975 extends the appropriations authorizations for grants and contracts for training personnel to provide voluntary family planning services. During hearings on the extension of The Family Planning and Population Research Act of 1970 before the Special Subcommittee on Human Resources, which I am privileged to chair, compelling testimony was presented on the contributions made by such nurse practitioners to the provision of more responsive and effective family planning services. The committee in its report on the Senate bill urged the Department of HEW to encourage the development of training programs for these highly trained and specialized nurses under all appropriate training authorities.

The Nurse Training Act of 1975 established new authorities—which I strongly supported and worked to expand—for project grant support of programs in nursing schools, medical schools, and other appropriate entities—such as family planning centers—for the training of nurse practitioners.

The substantial contributions which family planning nurse practitioners can make to the more efficient provision of family planning services which the article in Family Planning Perspectives outlines is a potent argument for the use of these project grants for the establishment of training programs for these valuable nurse practitioners.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FAMILY PLANNING NURSE PRACTITIONERS IN THE UNITED STATES

(By Miriam Manisoff and Lee W. Davis)

When a leading medical journal in the field of obstetrics and gynecology publishes two articles by physicians within two months on the subject of the role and training of nurse practitioners—and both emphasize the unique contributions of these highly trained nonphysician specialists to enhanced care of private as well as clinic patients—it suggests that the concept of the nondoctor provider of medical care is an idea whose time has come in the industrialized even as in the developing world.[1] The impetus to the acceptance of the nurse practitioner in the United States as the partner of, and not merely the handmaiden to, the doctor derives from the shortage of physicians (especially in rural, nonmetropolitan areas) at a time when government subsidy has broadened access to medical care by all Americans, and when preventive rather than crisis medicine has come to be accepted as both more desirable and more economical.

The organized family planning program was one of the first health care programs to address the question of how to meet a rapidly growing demand for service with quality care in the face of a physician shortage. The number of patients served increased from fewer than 700,000 in 1967, when the first federal grant for family planning was made, to 3.4 million in 1974, a fivefold increase in less than a decade.[2] The nurse practitioner, specially trained to provide preventive care to essentially healthy women, was one of the innovative responses of the field to the challenge. This article details, for the first time, just how widespread the utilization of family planning nurse practitioners (FPNs) has become, how and where they are trained, what they pay scale is, and how they regard their specilization. The data were obtained from medical affiliates of the Planned Parenthood Federation of America (PPFA); programs across the country that train FPNPs; and a sample of FPNPs themselves.

SURVEYING PLANNED PARENTHOOD

In November 1974, a two-page checklist questionnaire was sent to the executive directors of the 172 PPFA medical affiliates, asking how many (if any) FPNPs they employed, whether they were employed full-time or part-time, their specific clinical and other responsibilities, the type of medical supervision given the FPNP, how the FPNP was trained, and the salary paid. In December, those who had not been heard from were sent the questionnaire again, and in January 1975, the few who had not yet responded were followed up by telephone. All 172 affiliates eventually responded.

Two-thirds (108) of the affiliates reported that they employed FPNPs. Of the 64 who did not, 11 said that they expected to or were seriously thinking of utilizing FPNPs in the near future. There appeared to be no differences in the geographic distribution of user compared to nonuser affiliates.

A total of 207 FPNPs were employed by 108 affiliates. Most of the affiliates employed

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Footnotes at end of article.

from one to three FPNPs, but three of them employed 10 or more each.

The survey showed that 195 FPNPs received specialized training from programs designed specifically for that purpose, while only five were trained informally by clinic physicians. Seven FPNPs received no specialized training because they had earned advanced degrees that provided the necessary expertise. Although 30 different programs were identified as having provided the training, eight of these trained 119 of the FPNPs. The training period ranged from two to 12 weeks.

The clinical responsibilities assigned the FPNPs by the PPFA affiliates are fairly uniform, as Table 1 shows. In almost all the affiliates, the FPNPs perform the physical examination given revisit patients, including the speculum and bimanual pelvic examination; do breast examinations; take pap smears; and do string checks on IUD patients. Slightly fewer affiliates assign the FPNPs responsibility for fitting diaphragms and for selecting and providing oral contraceptives. About eight out of 10 affiliates make examining new patients the responsibility of the FPNPs, and three-fourths of them permit FPNPs to order additional laboratory tests.

TABLE 1.—*Number and percent of PPFA affiliates assigning selected clinical responsibilities to FPNP's, by specific responsibility, 1974 (N=108)*

Responsibility:	No.	Percent
Examine revisit patients (including speculum and bimanual)	107	99
Do IUD string checks	107	99
Do breast examinations	107	99
Take pap smears	107	99
Provide foam and condoms	105	97
Make referrals as indicated	104	96
Fit diaphragms	102	94
Select and provide oral contraceptives	100	93
Give patient education	99	92
Take patient health histories	95	88
Examine new patients (including speculum and bimanual)	92	85
Order additional lab tests	80	74

The areas in which the FPNPs are most restricted involve insertion and removal of the IUD, and screening and treatment for certain pathologies. As Table 2 shows, 55 percent of the affiliates reported that they permit FPNPs to insert and remove the IUD, and 29 percent permit neither insertion nor removal. Apparently, removing an IUD is considered less hazardous than inserting one, since 68 percent of affiliates delegate responsibility for the removal to the FPNP while only 56 percent do so for the insertion. An additional two percent of affiliates permit FPNPs to insert IUDs under a doctor's direct supervision.

TABLE 2.—*Number and percent distribution of PPFA affiliates delegating to FPNP's responsibility for insertion and removal of IUD's, by category of activity, 1974*

Category:	No.	Percent
Insert and remove	59	55
Remove only	14	13
Insert with MD present	2	2
Insert only	1	1
Neither insert nor remove	31	29
Unknown	1	1
Total	108	100

NOTE: Percents do not add to 100 because of rounding.

TABLE 3.—*Number and percent of PPFA affiliates permitting FPNP's to screen and provide treatment for certain conditions, by condition, 1974 (N=180)*

Condition	Screen		Treat	
	Number	Percent	Number	Percent
Vaginitis (trichomonas, monilia)	93	86	69	64
Gonorrhea	95	88	14	13
Syphilis	75	69	9	8
Iron deficiency anemia	78	72	25	23

While the affiliates typically permit the FPNPs to screen for various conditions, as Table 3 shows, they are much less likely to allow them to provide treatment. One possible explanation for this is that affiliate medical policy may require that patients with these conditions be referred to private physicians or to public health agencies for treatment.

TABLE 4.—*Number and percent distribution of PPFA affiliates specifying the kinds of medical supervision governing the activities of FPNPs, by category of supervision, 1974*

Category:	No.	Percent
Standing orders and MD on premises and on call	41	38
Standing orders and MD on call	36	33
Standing orders and MD on premises	9	8
MD on premises only	9	8
MD on premises and on call	6	6
Written standing orders only	4	4
MD consultant on call only	3	3
Total	108	100

Every affiliate indicated that FPNPs receive medical supervision from a physician. As Table 4 shows, this medical supervision usually consists of written standing orders combined with a physician available on premises or on call. Few affiliates permit FPNPs to be guided only by written standing orders or by phone consultation alone.

TABLE 5.—*Frequency distribution of annual salary ranges for FPNP among PPFA affiliates,* 1974 (N=85)*

Salary range:	No. of affiliates
$ 9,000–$ 9,999	14
$10,000–$10,999	28
$11,000–$11,999	17
$12,000–$12,999	10
$13,000–$13,999	7
$14,000–$14,999	4
$15,000–$15,999	4
$16,000–$16,999	1

The average salary earned by FPNP's in 1974 was $11,256 (based on analysis of the annual salary reported by 85 affiliates). Table 5 shows the frequency distribution of salary ranges. The wide variations in salary are due, in part, to differences in prevailing salaries for the nursing profession in various regions of the United States.

SURVEY OF TRAINING PROGRAMS

As noted above, virtually all the FPNPs received specialized training from a variety of programs established for this purpose. In November 1974, a letter was sent to 29 FPNP training programs believed to be in operation at that time (The list of programs was drawn up by the authors based on their continuing surveillance of the field over the years. As this article went to press the authors learned of two new programs, one sponsored by the University of Colorado School of Nursing and the other sponsored jointly by the University of California at Los Angeles and the Los Angeles Regional Family Planning Council.) requesting information on sponsorship, duration of the training course, tuition, number of students admitted, eligibility requirements and program content. Twenty-six replies were received, but five programs were no longer operational. One additional program was identified and surveyed. In all, 22 programs were in operation in 18 states at the time of the study. Nineteen of them expect to graduate 343 students this year; while data from three of the programs are incomplete, it is reasonable to assume that the total number of 1975 graduates will be more than 350.

There are two basic types of training programs (and one variant of one of the models), the survey showed. In one, the trainee is a full-time student for the duration of the program, which may last from 12 days to 16 weeks. The training is considered complete at the end of the student's full-time attendance. Sixteen of the 22 programs were of this type; one provided two and one-half days of training per week for 16 weeks.

In the second model, the student spends a relatively short time at the training center, where she is exposed to highly concentrated doses of largely didactic material. This is supplemented with on-the-job training, most frequently with the employing agency sponsoring the trainee. In some programs, the student then returns to the training center for a final evaluation. This type of course may take from six weeks to nine months, including the preceptorship. Five of the training programs reported that they followed this model.

Sponsors of the various training programs include medical schools (7), hospitals (6), Planned Parenthood affiliates (5), nursing schools (1) and several of the above, jointly (3).

SURVEY OF GRADUATES

While the number of agencies employing FPNPs and the numbers now undergoing training attest to their skill and acceptance by those they serve, little has been reported on how these new professionals assess their own role. To help fill this gap, a questionnaire was sent to the 80 graduates from 26 states of the Newark Family Planning Training Program which, since January 1972, has been sponsored jointly by the New Jersey College of Medicine and Dentistry, PPFA and its affiliate, Planned Parenthood of Essex County, N.J. Three of the 80 graduates were lost to follow-up. Of the 77 who received the questionnaire, 71 replied, a response rate of 92 percent. The survey asked the following seven questions:

Are you now practicing as an FPNP? If so, in what agency? If not, why not?

What are your major areas of responsibility?

What, if any, restrictions are placed on your practice?

On the whole, do you find your work rewarding? If not, why not?

How is medical supervision provided for your practice?

What was your salary before entering the training program and what is it at present?

What do you consider your major problem as an FPNP?

Ninety percent (64) of the respondents reported that they were currently employed as FPNPs. (Poor health, family obligations and employment in other nursing capacities accounted for the remainder.) As Table 6 shows, 70 percent of the employed graduates work in health departments and Planned Parenthood clinics, while the rest are employed by a mix of public and private agencies.

The activities of these FPNPs are governed largely by a combination of standing orders and physicians on the premises and on call, as Table 7 demonstrates, a situation similar to that reported by the PPFA affiliates (see Table 4). However, these FPNPs are more likely to carry out their responsibilities on the basis of written standing orders only than those employed by the PPFA affiliates nationally (11 percent compared with four percent). They are less likely to perform their duties under standing orders with the physician on call (20 percent compared with 33 percent of PPFA affiliates). Another major difference is that 20 percent of the Newark graduates report that they are governed by a combination of standing orders plus a physician on the premises, compared with only eight percent of PPFA affiliates nationally reporting this pattern.

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* Does not include affiliates that quoted hourly, daily or per session rates.

The average annual salary earned by the nurses prior to attending the FPNP training program was $9,890. The average annual salary at the time of the survey was $10,818, and posttraining salaries ranged from $9,000 to $18,900.

These graduates are involved largely in patient management, which is also true nationally. But everywhere, FPNPs are also involved in clinic administration, training, and inservice and community education.

Almost two-thirds of the Newark graduates reported that there are no restrictions placed on their practice (see Table 8). However, most restrictions that do exist concern the IUD. Again, this conforms with the pattern reported by the affiliates.

On whether or not they had experienced any major problems as an FPNP, one out of four of the 61 Newark graduates who responded to this question said they had not. The remainder reported problems faced by other professionals as well: heavy work pressures, lack of financial recognition, difficulties with administrators or in keeping up with current developments in the field. None of the FPNPs listed patient acceptance or physician resistance as problems.

TABLE 6.—*Number and percent distribution of FPNP graduates of Newark training program, by type of employer, 1974*

Employer	*No.*	*Percent*
City, county or state health department	27	42
Planned Parenthood affiliate	18	28
Hospital	4	6
Freestanding family planning agency	4	6
Private sector	4	6
State or regional family planning council	3	5
Student health service, college	2	3
Health maintenance organization	1	2
Freestanding training and technical assistance agency	1	2
Total	64	100

DISCUSSION

There appears to be little organized opposition to the expanded functions assumed by the family planning nurse practitioner. Such professional bodies as the American Nurses Association and the Nurses Association of the American College of Obstetricians and Gynecologists (NAACOG) have set up a joint committee for the development of certification procedures for maternity, gynecological and neonatal nursing. (As yet, there is no nationally accepted certification for these nurse practitioners.) The new program guidelines developed for DHEW by a task force of health professionals, to be issued in the fall of 1975, establish the category of family planning or obstetrical-gynecological nurse practitioners and midwives who, "with formal training, may function in a family planning project under the supervision of a physician."[3]

Concerning specific responsibilities, the guidelines specify that they "may include performance of history [taking], screening, laboratory and physical examinations, administering contraceptives (including the IUD) or assessing patient problems." The nurse practitioner's responsibilities "are to be defined by the medical director," based on her "education, experience and clinical skills."

TABLE. 7.—*Number and percent distribution of FPNP graduates of Newark training program, by type of medical supervision reported, 1974.*

Type of supervision	*No.*	*Percent*
Standing orders and MD on premises and on call	28	44
Standing orders and MD on call	13	20
Standing orders and MD on premises	13	20
Written standing orders only	7	11
MD on premises only	2	3
MD on premises and on call	1	2
MD consultant on call only	0	0
Total	64	100

The NAACOG has recently published a manual of nursing functions and standards, prepared with the approval of the American College of Obstetricians and Gynecologists. This outlines as routine functions for the family planning nurse the taking of gynecologic and menstrual histories, pap smears, venereal disease smears and cultures; drawing blood samples; and performing pregnancy tests and obtaining cultures and specimens. The specially prepared family planning nurse may, under medical direction, perform bimanual pelvic and breast examinations, take blood pressure, prescribe contraception and instruct in methods, fit diaphragms, insert IUDs, examine vaginal secretions microscopically, and assess patient problems for doctor referral.[4]

Another indication of the growing acceptance of the FPNP by the medical community is the oversubscription of all available training programs. Since tuition is substantial, and this advanced training is generally subsidized by the training program, this is a token of the value placed upon the contribution of the family planning nurse practitioner.

The well-trained, well-utilized FPNP is actually a gynecologic nurse practitioner with special expertise in family planning. As such, she meets a current and continuing need for health care by nonpregnant women of all ages. Extension of the role to include care for women during pregnancy is a logical next step.

In one of the medical centers that pioneered the training and utilization of the family planning specialist, the experience proved to be so successful that the role has been expanded, according to a recent report by the team of California investigators.[5] Prenatal skills and additional components of the general physical examination have been added to the armamentarium of the family planning specialist, who is now called a women's health care specialist. The training program for the registered nurse is 14 weeks in duration. (The program also prepares licensed vocational nurse and nonnurses, but their training takes a minimum of 24 weeks.) The investigators point out that there has been a steady increase in the numbers of patients served in clinics in various cities utilizing the services of these practitioners.

TABLE 8.—*Number and percent distribution of FPNP graduates of Newark training program, by type of restriction on practice, 1974*

Type of restriction:	No.	Percent
None	41	64
Restrictive standing orders	1	2
No IUD insertions	9	14
IUD insertions only with MD on premises*	4	6
No IUD insertions unless MD "easily accessible"	1	2
MD on site for all FPNP clinical activities	1	2
Cannot treat vaginal infections	1	2
Cannot examine or manage new patients	3	5
Cannot initiate oral contraceptives for new patients	1	2
MD consultation required prior to making referrals	2	3
Total	64	100

*One respondent reported this restriction as being "loosely enforced."

NOTE.—Percents do not add to 100 because of rounding.

In the private sector, too, there is growing acceptance of the nurse practitioner. One physician, whose private obstetrical-gynecological practice in San Francisco had consisted entirely of middle-class women accustomed to being served only by him, reported recently on a survey of a large sample of his patients who had been examined by a nurse practitioner introduced relatively recently into his practice.[6] More than nine out of 10 said they felt that they had been adequately examined by the nurse practitioner, and eight out of 10 said they were "either willing or eager to have their subsequent visits begin with an examination by the nurse practitioner."

The success of the nurse practitioner means that the traditional staffing model of a part-time physician assisted by RNs and aides is likely to change to that of the physician as medical consultant and/or problem clinic doctor, working with FPNPs as colleagues and teammates.

FOOTNOTES

[1] D. R. Ostergard, J. E. Gunning and J. R. Marshall, "Training and Function of a Women's Health-Care Specialist, a Physician's Assistant, or Nurse Practitioner in Obstetrics and Gynecology," *American Journal of Obstetrics and Gynecology*, 121:1029, 1975; and J. P. Shively, "The Role of the Nurse Practitioner," *American Journal of Obstetrics and Gynecology*, 122:502, 1975.

[2] M. Corey, "U.S. Organized Family Planning Programs in FY 1974," *Family Planning Perspectives*, 7:98, 1975.

[3] DHEW, "Program Guidelines for Project Grants for Family Planning, Under Section 1001 Public Health Service Act," 1975 (mimeo); and E. Peterson, Associate Bureau Director for Family Planning, Bureau of Community Health Services, DHEW, 1975, personal communication.

[4] Nurses Association of the American College of Obstetricians and Gynecologists, *Obstetric, Gynecologic and Neonatal Nursing Functions and Standards*, Chicago, 1974.

[5] D. R. Ostergard et al., 1975, op. cit.

[6] J. P. Shively, 1975, op. cit.

BOTSWANA NATIONAL DAY

Mr. HARTKE. Mr. President, on September 30, 1966, Botswana, a nation in the southern sixth of Africa, became independent. Immediately the Government set out to design a society that would benefit its population of 650,000.

One of the goals set was to design a completely new city which is now the capital. This city of Gaborone could easily become a model for many new cities on the African continent.

Under the able leadership of President Sir Seretse Khama, Botswana has steadily increased its gross national product in spite of the restrictions placed on the economy by South Africa.

In 1967, diamonds in large quantities were discovered which also spurred large scale mining operations in other minerals. Iron, lead, manganese, zinc, gold, copper, and silver are exported to such extent that mining now rivals the livestock industry as the leading earner of foreign exchange.

All mineral rights are now owned by the state. A new act reflecting the changed circumstances of mineral development and disposition in Botswana is being prepared for presentation before Parliament in late 1975.

Mr. President, on behalf of the people of the United States, I wish to honor the President, the Government, and the people of Botswana on their national day.

CONGRESS PROTECTS AMERICA'S VETERANS

Mr. BAYH. Mr. President, it surprises many people to learn that almost one out of every two Americans is a veteran or the dependent or survivor of a veteran. The action Congress takes to assist our former service personnel and their loved ones, therefore, has a very broad impact and deserves close scrutiny. I have found it useful to provide periodic up-dates on congressional efforts to assist veterans and their families, and would like to briefly review our achievements in this area since the first session of the 94th Congress convened in January.

If there is one group we could single out as most deserving our vigilance, I believe my distinguished colleagues would be unanimous in naming those veterans who were disabled by service-connected causes. These men and women are eligible for compensation, and their survivors are eligible for dependency and indemnity compensation, known as DIC for short. I am very pleased to have supported the measure, now law, which recently increased compensation payments by 10 percent for a 50 percent or lower disability rating, 12 percent for 60 percent or higher, and 12 percent for DIC. Compensation recipients are certainly among those Americans least capable of coping with inflation, and they deserve this protection. My only regret is that the higher Senate-approved increases could not prevail in the face of staunch opposition from the President.

The Congress is close to completing action in another vital area, as well. Both the House and Senate have approved measures to facilitate the recruitment and retention of qualified medical personnel for the Veterans' Administration health care system. There is a clear need for action to insure that the rewards for service with the VA are comparable with those in the military and Public Health Service, because our veterans' medical care must be second to none. I understand that we will soon have the opportunity to approve a compromise version of the Physicians' Pay Comparability Act which restores the VA to a sufficiently competitive position in the hiring and retention of a top-notch staff.

Third, I am pleased to report that we have acted to meet the concerns of the many Americans who requested that the traditional observance of Veterans' Day be restored to November 11 of each year. This will take place starting in 1978 under Public Law 94–97, enacted earlier this month.

Looking ahead, I anticipate action to improve the pension program for veterans suffering a total disability from non-service-connected causes. As my colleagues are aware, the present system pays a monthly benefit based on need. Need is determined by the recipients' level of outside income, including social security benefits. Consequently, everytime social security benefits go up, thousands of veterans suffer a decrease in their pension payment, and some forfeit their pension eligibility all together. My distinguished colleague and fellow Hoosier, Senator VANCE HARTKE, who is privileged to serve as the chairman of the Committee on Veterans' Affairs, has been hard at work on this problem for some time, and he advises me that a solution is close at hand. It serves no purpose for the Federal Government to increase the benefits paid our veterans with the right hand and decrease them with the left hand, so that the veterans and their widows are denied the full benefit of the cost-of-living increase. I strongly support the Veterans' Committee's efforts to resolve this unfortunate and unnecessary conflict.

The other area in which I foresee early action is veterans' education. First, I am cosponsoring pending legislation which would broaden eligibility for a fifth year of education under the GI bill. Under a law passed last year, benefits were increased from 36 months to 45 months, essentially from 4 academic years to 5, for undergraduate study only. The value of graduate study is obvious for young veterans seeking a career in our technologically advanced and highly competitive society. This limitation should be eliminated, and I am hopeful that the Veterans' Committee will favorably report the measure intended to accomplish this, S. 969, in the near future.

Finally, the President has requested congressional action to terminate the availability of GI bill education benefits for veterans who enlist in our post-Vietnam All-Volunteer Forces. Schooling has been primarily viewed as a readjustment benefit for men and women who were conscripted, or who enlisted during a period of the draft, and whose civilian career patterns were therefore seriously interrupted. Its value in making military service more attractive is recognized in the law, however, and its beneficial consequences have been far-reaching. The GI bill has proven a primary mechanism for young Americans seeking the upward mobility so closely associated with the American dream. In an age when success demands more than the strong back and determination that turned the trick a century ago, when the path to success is more a maze than a ladder, the GI bill has proven a crucial tool to disadvantaged but highly motivated young Americans. We must not deprive them of this precious and well-earned opportunity.

In sum, Mr. President, Congress is keeping a careful watch over the welfare of our veterans. We continue to make improvements in benefits and services where needed, and I would like to particularly congratulate Senator HARTKE for his outstanding work as the chairman of the Committee on Veterans' Affairs. As a member of the Appropriations Subcommittee holding jurisdiction over the Veterans' Administration, I will fully support his efforts, and those of our fellow Hoosier VA Administrator Richard L. Roudebush, to insure that the needs of those who served our country in uniform are fully met.

BOB CONSIDINE

Mr. RIBICOFF. Mr. President, Bob Considine died Thursday night, September 25, 1975, in New York City after suffering a stroke. He was 68 years old. Bob Considine was one of this Nation's best known reporters. For four decades, millions of Americans learned about all manner of events, from world wars to world series, from Bob Considine. He was of a generation of reporters that has served well their country and the principle of freedom of the press. Bob Considine was a friend and I will miss him. But nothing I can say in praise of Bob Considine can compare to the moving tribute to Bob written by Shirley Povich in the Washington Post September 26, 1975. I ask unanimous consent that Mr. Povich's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BOB CONSIDINE, GIANT IN U.S. JOURNALISM, DIES

(By Shirley Povich)

Bob Considine, a leading figure in American journalism for many years as a syndicated columnist and reporter, died last night at the New York City Medical Center after a brief illness.

Mr. Considine, 68, died in the hospital's intensive-care unit where he was under treatment following a stroke suffered Monday.

A native of Washington, he began his career as a sports writer for The Washington Post and later gained national recognition as the chief writer for the Hearst Headline Service, as a war correspondent, author of best-selling books, screen plays and hundreds of magazine articles.

Among his newspaper colleagues, Mr. Considine was particularly famed for his facility with fast-breaking stories.

"He was one of the few early reporters who knew the touch system, and he could bat out a highly readable story while holding a typewriter on his knees," said one of his contemporaries.

He won repeated honors from the Overseas Press Club for his reporting on foreign affairs, and a Pulitzer Prize for his 1957 interview with Nikita Khrushchev in Moscow. He shared the prize with William Randolph Hearst Jr. and the late Frank Conniff of the Hearst news team.

Mr. Considine was well known for his work as a war correspondent, but it was before he took his first trip overseas that he wrote his most famous war story.

He was still a sports writer when he learned of "some Army Air Force captain at Walter Reed Hospital who says he lost a leg flying with Jimmy Doolittle." Out of his visits with Capt. Ted Lawson came the best-selling "Thirty Seconds Over Tokyo." The story of that raid, after which Capt. Lawson was shot down over China, became a hit movie.

A veritable spate of Considine books followed that effort. He wrote the story of "MacArthur the Magnificent," "The General Wainright Story," "The Rape of Poland," "The Red Plot Against America," and later, "The Brinks Robbery," "The Irish in America," and among others, his 1967 biography, "It's All News to Me."

His column, "On The Line With Considine" was syndicated to hundreds of newspapers in America.

"When he was not writing an indignation piece," said one of his colleagues, "he was the master of light touch."

Mr. Considine was born in the Swampoodle section of Washington, near Union Station, a sector heavily populated by the Irish of St. Aloysius Parish.

In a break from the usual pattern of sandlot baseball and football games that occupied most of the neighborhood kids, young Considine turned to tennis as his favorite sport. Physically, he was tall and thin like Bill Tilden and confessed that he took Tilden as his tennis idol.

He dominated public tennis courts in Washington and won several Middle-Atlantic singles titles while attending George Washington University. He played in one national tournament at Forest Hills, and found himself across the net from Tilden in the first round. "Mr. Tilden edged me out, six-love, six-love," he later recalled.

Mr. Considine helped pay his way in college by working as a clerk-typist in the State Department. That was the position he held when I hired him in 1930 to write sports for $35 a week for The Washingotn Post. From the tennis reports he brought in, it was clear he had a writing touch.

That "writing touch" earned Mr. Considine other honors in addition to his Pulitzer Prize. Among them were the Sigma Delta Chi Award for distinguished service, based on his series on underworld figure Frank Costello; the Lasker Medical Journalism Award for a series on progress in medieval science and the fight against cancer. He also won the Catholic Writers Guild and Banshees Silver Lady Award, as well as the Strebig-Dobben award for a series on aviation.

William Randolph Hearst Jr. said of Mr. Considine. "Wherever the news was, Bob went." These journeys took him to England for the anticipated Nazi invasion and to European battlefronts; to Russia during the cold war, to Korea, and to the original and subsequent atom bomb tests in the Pacific.

Into his world reporting, he continually inserted his returns to the sports scene: covering the World Series, Kentucky Derbies and the championship fights for subscribers to the Hearst Headline Service.

For Collier's Magazine, he wrote the Christmas story of Mary and Joseph's futile search for quarters in Bethlehem at the time of the birth of Christ, and their refuge in the manger. His story, "No Room at the Inn," was regarded as a classic.

The range of Mr. Considine's writing was fascinating to his colleagues. In addition to his sportswriting career with The Washington Post and later the Washington Herald, he also was drama critic, columnist, editorial writer and short-story writer for those newspapers.

In the mid-1930s when he joined the New York Mirror as a columnist for the Hearst papers, he was often observed in the press box at a sports event beating a steady rat-a-tat on his typewriter. Between innings, he was batting out a story to meet some deadline for a magazine commitment.

"He could keep more balls in the air at the same time and write better stuff, faster, than any other newspaperman who ever lived," was the tribute of one writer.

Although Mr. Considine went on to earn $100,000 a year in the early 1940s, his peak salary of $60 a week at The Washington Post in the 1930s was important to him, he recalled.

"My father, a tinsmith, died when I was 9," he once said. "There were five kids in the family and my oldest brother had to support us. We knew about being poor."

In a Washington Post column written in 1943, I traced Mr. Considine's early career.

"The Hearst International News Service took Considine out of Washington eight years ago and dropped him into the toughest sports writing competition in the world, against the big salaried New York columnists.

He wrote his way to the top in six months. The slick mags also grabbed him up. They quickly discovered this new guy could write, articles or fiction.

During the 1942 World Series: "We watched Bob bat out a column on the Cardinals in exactly nine minutes, standing up, with his typewriter on the baggage wagon and the conductor yelling 'All aboard.' His fingers were playing a tune on his portable."

Mr. Considine also was known for his gentle, self-mocking humor. Of his work as a clerk in the State Department, he once recalled, "I arranged the department's files for the London Naval Conference, and no papers on that conference were ever found."

Mr. Considine's humor was apparent from the outset of his career as the youngest and lowest-paid member of The Washington Post sports staff. It was the era of the magazines' short, short stories, then in high favor, and Mr. Considine composed one of his own, the story of a tennis romance he titled "The Enchanted Racket."

"It never would sell," Mr. Considine recalled in later years "I mailed it to a dozen magazines, and every time it brought a rejection."

"Came back so many times I finally started calling it "The Homing Pigeon." Under that name I sent it out again, and finally it sold."

Mr. Considine was a steady contributor to The Saturday Evening Post and Collier's when those magazines were the nation's two leading weeklies. On the political front, he covered every President from Franklin Roosevelt to Gerald Ford, and only last month President Ford sat with him for an exclusive interview at the White House.

Among Mr. Considine's best known journalistic scoops was his revelation of Gen. Douglas MacArthur's plan to end the Korean War in 1954.

He gained a 12-hour beat with his exclusive dispatch from the cruiser Helena, in which he related MacArthur's proposal to President-elect Dwight Eisenhower. The MacArthur plan in essence was to threaten Soviet Premier Joseph Stalin with a complete rearmament of Germany and Japan unless Russia pulled out of Korea. Secretary of State John Foster Dulles prevailed against the McArthur Plan.

It was for his descriptive writing that Mr. Considine so frequently gained the admiration of his colleagues. Exactly 20 years ago, in his comments on the tensions in the Middle East, he wrote in his syndicated column, "The Arab-Israel situation is a firecracker with the fuse half burned down."

Bob Considine was my friend. It is a satisfaction that I was the first to offer him a job as a reporter, but his potential was obvious. He had a love affair with the written word from the outset, and an affection for people as well as the games they played.

After we worked with him on The Washington Post, we worked against him when he was hired by The Washington Herald as its baseball writer and later its sports editor. He was competition, but still our friend and companion.

In those years, working against Bob Considine became a challenge to every other sportswriter in Washington. Whatever improvement in our work, I date from those days when Mr. Considine was the opposition, in the training camps, on the road with the ball teams, at the derbies or the fight camps.

On one occasion, I saluted his journey to new journalistic fields in New York, with this memory of him:

"Bob Considine will set a hard pace for his competition up there. He did in Washington. His copy would show you up unless you surpassed yourself, and sometimes then it was futile . . . He taps out crisp little words that spin and twist and bite, and he catches the scene and the action that make it live on paper."

Another measure of Bob Considine was his friendliness and concern for others. For 10 days in Washington baseball training camp at Biloxi, Miss., he covered up for a fellow reporter who for 10 days was preoccupied with a drinking problem. After 10 days of filing stories to his own paper as well as to his competition, Bob Considine was finally heard to complain, "I've just realized I've been writing better stuff for his paper than I have for my own."

In 1930, Mr. Considine married Mildred Anderson, of Ada, Okla., a fellow worker in the State Department. Millie Considine became a book writer and author of magazine articles in her own right when, in 1936, they moved to New York. He also is survived by three sons, Michael, Barry and Dennis, and a daughter, Deborah.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, on December 9, 1948, the United Nations adopted the Genocide Convention. Ever since then critics of the convention have made wild charges concerning the scope of the convention.

The precise meaning of genocide and of the terms of the convention are clearly spelled out. The convention makes punishable all acts of genocide; the conspiracy to commit genocide, direct and public incitement to commit genocide, the attempt to commit genocide, and complicity in genocide.

Again I remind you, genocide means any one of several acts committed with intent to destroy, in whole, or in part, a national, ethnic, racial, or religious group, as such.

What is also important to understand is what the convention does not do. The Committee on Foreign Relations, in its report to the Senate, dated March 6, 1973, detailed the limitations of the convention.

The committee noted:

> The convention does not alter the rules of warfare, or the obligations of parties to the Geneva conventions on the treatment of prisoners of war and protection of civilian persons in time of war.
>
> It does not apply to civil wars as such.
>
> It does not apply to persecutions such as the Soviet treatment of its Jewish population.
>
> It does not apply to discrimination, racial slurs, and insults, and the like.
>
> It does not apply to voluntary population control measures.
>
> It does not appy to the past.

Contrary to the charges tossed around by opponents of the convention, the general scope of the convention is quite limited. Many areas are left completely unaffected by it.

I hope this has cleared up some of the myths surrounding the meaning of the word genocide, and of the terms of the convention. I urge prompt Senate ratification of this important human rights treaty when it reaches the Senate floor.

DOUBLED COAL PRODUCTION FORECAST IN APPALACHIA

Mr. RANDOLPH. Mr. President, as the dimensions of the demand for domestic energy supplies have slowly dawned on the people of this country, many of us have become aware of the consequences of these demands on the coal-rich States of the Appalachian region.

The policies and program decisions being made will have vast influence and long-term effects on the future of this Nation and its individual States. It is critical, in my view, that these policy decisions and the programs for implementation reflect the concerns of the States and their citizens.

It is important that we develop our energy resources to achieve national energy self-sufficiency. It is equally important that we develop these resources in a well-reasoned manner that does not disrupt the economic, environmental, and social fabric of life in the area affected, and especially in those States most directly affected by energy development.

Mr. President, I call to the attention of my colleagues a recent study conducted by Resource Planning Associates for the Appalachian Regional Commission and the President's Council on Environmental Quality in connection with the National Science Foundation.

This energy study concludes that substantial growth over the next 25 years is inevitable for the energy industry. It is projected that coal production in Appalachia by 1985 will exceed 600 million tons and possibly be as high as 950 million tons—double the current level of nearly 400 million tons a year

The primary purpose of this study was to determine the economic, social, and environmental effects of various long-term national and regional energy policies. The predicted growth in Appalachia's energy industry makes a number of decisions necessary if the region is to benefit from this growth and avoid the social and environmental problems that might accompany this growth.

This study is, I believe, a major step in developing a regional energy policy. By setting forth what the limits of Appalachia's energy supply and demand would be under several alternative national energy policies, the Appalachian Regional Commission is now in a position to provide a useful framework to help the States and the Federal Government—with private enterprise—to shape this growth in the years ahead.

Mr. President, there appears in the June/July 1975 issue of the Commission Journal, Appalachia, an excellent summary of this regional energy study. I believe it has major implications for every region of this country. I ask unanimous consent that the article "Forecast: Doubled Coal Production in Appalachia," by Ora Spaid, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FORECAST: DOUBLED COAL PRODUCTION IN APPALACHIA

(By Ora Spaid)

(Substantial growth over the next 25 years is inevitable for the energy industry in Appalachia—especially the coal industry. The growth will occur under any supply, demand and price conditions in the energy field that seem in any way feasible. By 1985 coal production in Appalachia is expected to rise from the current level of nearly 400 million tons a year to at least 600 million tons, and could reach as much as 950 million tons. By the year 2000 it could exceed one billion tons.

The Appalachian states must shape this growth if the Region is to get the most out of it in employment and higher income for its people, to provide the maximum community and regional services and to hold social and environmental costs to the minimum. The Appalachian Regional Commission (ARC) provides a useful framework to help the states and the federal government—along with private enterprise—achieve this goal.)

These are the major conclusions of a recent study done for ARC and the President's Council on Environmental Quality in connection with the National Science Foundation. The study was conducted in 1974 by Resource Planning Associates (RPA), a Cambridge, Massachusetts, consulting firm. Shortly after it was first issued, it was refined to include new data available in late 1974 from the Federal Energy Administration (FEA).

THE ENERGY CRISIS

Over the years America's growing use of energy has increased the nation's dependence on foreign oil. The 1973 embargo on petroleum and the sudden, steep price rises by Middle Eastern oil exporters led the federal government to look into the possible ways of stimulating new sources of energy in this country.

A number of studies have been undertaken to furnish information on the energy situation as a basis for the development of new energy policies. Among the most notable of these has been the massive Project Independence Blueprint prepared by FEA. Its purpose was to lay out for the President various alternative actions that could be taken to increase the nation's independence from foreign energy sources over the next 10 to 25 years.

Like Project Independence Blueprint, most of the studies have focused on the nation as a whole. But energy supply and demand differ significantly from region to region. Appalachia's energy situation is probably unique. Its major industries depend heavily on oil and natural gas from sources outside the Region. On the other hand, its coal industry supplies Appalachian demand and exports coal to other parts of the nation. So future shortages of oil or gas and a continually increasing production of coal can have important—and varying—social, economic and environmental effects throughout the Region.

THE REGIONAL ENERGY STUDY AND ITS SCENARIOS

The regional energy study conducted by RPA was devoted to finding out what effect various national energy policies would have on the Appalachian energy industry and its markets outside the Region, and to see what impact changes in energy production or consumption would have on the people, economy and environment of the Region.

ARC was primarily interested in understanding how potential national energy policies could affect Appalachian industries and the markets outside Appalachia for Appalachian resources, particularly coal. The Council on Environmental Quality (CEQ) and the National Science Foundation (NSF) joined ARC in an effort to develop an analytical framework that could display the economic, social and environmental effects of various long-term national and regional energy policies.

The study had these objectives: To devise a method for analysis and a computer model that would be used by ARC on an on-going basis to assess balances of energy supply and demand and their impacts. (CEQ and NSF will use the model as a prototype for doing the same analysis for other regions of the country.)

To use the computer model to run through several different scenarios based upon a broad range of assumptions in the energy field, and to project the impacts of these assumptions in the years 1985 and 2000.

(A scenario is a way to use a computer to answer the question, "If these things are done, what will happen?" The scenarios for supply and demand projections of the regional energy study included an array of variables—different energy prices, transportation costs and electricity needs; various sources of supply, such as coal from the West or Midwest or nuclear energy plants; expected results of new legislation, such as mine safety or environmental controls; conservation policies, and so on.)

The study wasn't intended to forecast which scenario or combination of scenarios would be most likely, in fact, to occur. The study was a first step in developing a regional energy policy showing what the limits of Appalachia's energy supply and demand would be under most of the feasible alternatives.

In order to offer detailed, localized results, the study defined 25 energy planning districts, whose boundaries coincided for the most part with those of local development districts (LDDs) or groups of LDDs, in Appalachia.

The seven scenarios postulated for run-through and analysis were based on the following assumptions:

Scenario 1—Historical extrapolation. Conditions would continue as they were before the Middle East oil embargo, when foreign oil at low prices was in abundant supply. This scenario represents energy conditions more or less as they used to be, and is not considered realistic.

Scenario 2—Self-sufficiency maximized. The federal government and the energy industry would make the optimal effort to develop energy supplies in this country as rapidly as possible. Strong action would be taken to conserve energy in national policies.

Scenario 3—Supplies developed; environment preserved. New domestic energy supplies would be developed rapidly; strong federal conservation policies would be adopted, and preservation of the environment would be a major concern.

Scenario 4—Supplies developed; environmental controls delayed. Here, national policy would be to suspend or delay environmental controls to permit building up energy supplies.

Scenario 5—Governmental controls. The federal government would adopt policies to control energy prices and shortages, persistent inflation and environmental degradation.

Scenario 6—Best price strategy adopted by foreign producers. Foreign oil producers would set their oil prices as high as possible but just below the level at which it would become economical for the United States to develop its own unexplored oil and gas resources and proceed with coal liquefaction and gasification.

Scenario 7—Near-term constraints and prices continued. The present situation would continue with no new gas supplies, no switching of current coal users to other fuels and relatively high oil prices.

The key variables and the level assumed for each in the year 1985 for each of these scenarios are shown in Table 1.

TABLE 1.—ENERGY VARIABLES ASSUMED TO EXIST IN 1985 IN 7 SCENARIOS

Key parameters*	Scenario No.						
	1**	2	3	4	5	6	7
Average U.S. crude oil price† (dollars per barrel)	$4.00	$13.00	$15.00	$11.00	$9.00	$7.00	$13.00
Natural gas wellhead price (collars per million ft^3)	$0.31	$2.45	$3.19	$2.00	$1.35	$1.05	$1.05
Annual energy growth (percent per year)	3.3	2.5	2.7	3.1	2.9	3.0	3.1
Percent conservation (compared to scenario 1)	0	10	8	3	5	4	3
U.S. electrical power generation (trillion kilowatt hours)	4.1	2.9	4.6	4.6	4.7	5.0	4.1
Coal gasification/liquefaction start year	1983	1979	1980	1978	1981	1982	1983
Sulfor oxide standards	Yes	Yes	Yes	No	Yes	Yes	Yes

*Coal cost assumptions shown in table 2.

**For reference and not considered feasible.

†1971 dollars.

The coal sources analyzed in the study included nine districts in Appalachia, one of which is an anthracite coal district in Pennsylvania. The other eight are all bituminous coal districts. Four midwestern coal-producing districts which clearly compete with Appalachian coal were included. One western district, Wyoming, was included as representative of the competing western coal producers.

The extraction costs given in Table 2 for these districts represent a range of 1971 actual costs and estimated low and high costs for 1985 and 2000. The computer model also took into account land reclamation and mine health and safety costs, transportation costs, markups and flue gas desulfurization costs.

TABLE 2.—ESTIMATED RANGE OF COAL EXTRACTION COSTS [1]—1985

Coal district [2]			
Number	State	Surface	Underground
A	Pennsylvania	$12.50–25.50	
1	do	$6.50–12.50	$11.00–22.00
2	do	6.00–12.00	10.50–21.00
3, 6	West Virginia	6.50–11–50	9.00–18.50
4	Ohio	4.50– 9.50	8.00–15.50
7	Virginia, West Virginia	7.00–13.50	9.50–19.50
8	Eastern Kentucky, West Virginia, Virginia, Tennessee	6.00–12.50	9.50–18.50
13	Alabama, Tennessee	6.50–12.50	10.00–20.50
9	Western Kentucky	4.50– 9.00	8.00–16.00
10	Illinois	5.00–10.00	8.00–16.50
11	Indiana	5.00–10.00	9.00–18.00
14	Arkansas	9.00–18.00	14.00–28.00
19	Wyoming	3.50– 7.00	9.00–18.50

[1] In 1971 dollars.

[2] See Map 2.

THE MAJOR PROJECTIONS

The regional energy study uses hypothetical federal policy actions in various combinations as a basis for its seven scenarios. These actions determine the ranges of coal extraction and other supply costs for each of the coal-producing districts, as delivered to the 25 Appalachian areas examined and to 43 market areas external to Appalachia. Examining the many possible permutations that might occur as a result, the study concluded that by 1985:

There would be a relative shift from gas to coal, electricity and refined products in Appalachia by industrial, residential and commercial consumers.

A large number of energy conversion plants, such as electric plants, coal synthetic plants and perhaps some large oil refiners, would be built in Appalachia.

Coal production would greatly increase to support these coal-using plants.

Mainly as a result of these occurrences, Appalachia should become increasingly important as a producer of energy, particularly from coal.

DIFFERENCES IN THE REGIONAL ENERGY STUDY AND FEA PROJECTIONS

These projections are based on the study conducted for ARC and a refined version of that study funded by FEA but also prepared by RPA. The general conclusions of both studies are the same. The figures in the tables presented in this article are taken from the original study but do not differ greatly from those of the refined version, which came about like this:

As the original regional energy study was being prepared in late 1974, FEA was putting together its Project Independence report. FEA used four scenarios. When it assessed demand for Appalachian coal in these four scenarios, FEA came up with a considerably lower figure than RPA's for demand for Appalachian coal in 1985—around 400 million tons, give or take 20 million tons, depending on which scenario was used. That is virtually a no-growth situation for the coming ten years.

FEA decided to fund a second, refined version of the Appalachian projections, also to be conducted by RPA—a version which would include new, more precise data, especially on coal transportation costs, from the material amassed for the Project Independence report.

In the second study, the FEA data and assumptions were run through an Appalachian computer model more geographically detailed than FEA's model. The results of this second study were very similar to those of the regional energy study: nearly doubled demand for Appalachian coal by 1985.

RPA was able to pinpoint several reasons for differences in the projections of the regional energy study and FEA's Project Independence projections:

FEA was working with much larger geographic units and was essentially trying to build a national picture rather than a regional or subregional one. The regional energy study was more refined geographically and relied on more specific data as to what the markets for Appalachian coal from various districts were, whereas FEA divided all of Appalachia into only two districts and computed averages of market distances.

FEA assumed a lower gas wellhead price in 1985 (a range of $.68–$.96 per 1,000 cubic feet), whereas the regional energy study assumed that by 1985 the gas wellhead price would be $1.05–3.19 per 1,000 cubic feet.

FEA did not allow for the conversion by 1985 of existing oil- and gas-fired utilities to coal.

FEA assumed that existing coal-burning utilities would not have to incur flue gas desulfurization costs. Since desulfurization can cost up to $10 a ton and since there are states within the Appalachian coal market which require this, the result was to give high-sulfur midwestern coal a competitive edge which it may not actually enjoy.

FEA assumed that all Appalachian coal contained the same percentage of sulfur, whereas in actuality it varies from one-half of one percent to about 3½ percent.

These differences were probably not significant in looking at the total national energy picture, but they do alter the regional picture considerably. FEA is of course aware of this and is now looking at other energy studies and is in the process of refining its major supply-demand model.

DETAILED PROJECTIONS OF THE STUDY

Based on its analyses, the regional energy study predicted a number of changes in the field of energy which are expected to occur in Appalachia in the next decades. The next four pages of this article present some of the key changes which the study anticipates. These projections cannot be regarded as certain to occur because they are based on hypothetical federal policy actions which may or may not take place and hypothetical figures, such as future costs of mining, pollution control costs and costs of building synthetic fuel plants. The projections are, however, based on the best data available and the best judgment of the organizations which contributed to the regional energy study.

As a result of the higher gas wellhead price that the study assumes in 1985, the study predicts that coal gasification will be economically feasible and will occur in the Region by 1985. By then, under optimistic assumptions, the Region could be self-sufficient in gas as well as coal—mainly from coal gasification—and could supply over half its own need for refined products, using crude oil from outside the Region.

Demand for various fuels

The study's projections show that demand for natural gas should remain constant or increase only slightly, resulting in a decline in the proportion of natural gas used compared to other forms of energy, such as coal and electricity generated from coal and in-Region refining of oil.

The sharpest drop in the use of natural gas should occur in industry, which is expected to switch to electricity. This should happen in five of Appalachia's six major industries.

The exception is chemicals, which will continue to use gas and electricity but sharply increase its use of refined oil products.

Residential and commercial requirements for electricity, oil and gas will rise some, but there will be very little additional demand for coal.

Need for conversion facilities

To accommodate the growing need for energy, the study forecasts the construction of conversion facilities necessary for the new mix of fuel sources. These forecasts are based on demand factors only. Physical and regulatory constraints could well restrict the development of these facilities.

By 1985, 70 to 80 new coal-fueled plants and 20 to 30 nuclear-energy plants are expected to be necessary to supply electricity. Projections on the building of nuclear plants are based on current construction plans and are not expected to change much, regardless of the changes in energy prices. Projections on the construction of plants to convert coal to electricity, however, will be influenced by demand and price. Higher costs of coal could reduce the demand for and the number of conversion facilities.

Between 4 and 13 coal-gasification plants could develop by the mid 80s. If as many as 13 were developed, the gas supply would more than double, and Appalachia would become self-sufficient in gas.

Fewer coal-liquefaction plants will be needed. one to three by 1985, because of the preference for gas rather than petroleum liquified from coal.

Several new refineries could develop by 1985, enabling Appalachia to refine a substantial portion of the petroleum products it needs. Appalachia may even provide some products of these refineries to other areas, such as Washington-Baltimore.

The jump in demand for Appalachian coal

The study says that Appalachian coal production must not only jump from the 380 million tons of 1973 to 600 to 700 million tons by 1985 to meet growing demand, particularly from utilities, but could well exceed one billion tons a year by the year 2000.

The extent of coal's progress will be dependent upon relative delivered costs, demand for electricity and sulfur oxide emission standards.

Prices will make a difference, the study points out. If, for instance, oil prices rise $3 a barrel by 1985, then coal demand will go up by at least 200 to 300 million tons. If the price of natural gas is sufficiently deregulated, it will become economic for Appalachia to gasify coal, and 50 to 100 million tons a year will be needed.

As the price of oil rises, most of the utilities are projected to switch to coal. Then the cost of Appalachian coal becomes important in determining its share of the market. Under a range of coal extraction costs, Appalachian coal can compete with the lower-cost coal of the West and Midwest and still command a large share of the Eastern market, which will have to import coal for conversion to electricity.

Nuclear-powered electrical plants are a key factor here. The amount of energy required in the East cannot be entirely supplied by nuclear plants, and the difference between that supply and the demand will determine how much coal the East will buy, possibly from Appalachian mines.

Standards on permissible emission of sulfur oxide will affect the demand for coal. If current federal and state emission standards remain in effect through 1985, Appalachian coal can compete effectively against midwestern coal as long as coal extraction costs remain at the lower range. If coal extraction costs are high and sulfur oxide emission standards are suspended. Appalachian coal cannot effectively compete in the midwestern market.

Economic impacts predicted

The study carries its projections out to show impacts upon the various energy planning districts. Some areas, such as Ohio, Virginia and southeastern West Virginia, central Pennsylvania and Maryland, can expect more changes in coal production than other areas. Growth of the energy industry, especially coal mining, will have substantial socio-economic and environmental impact on Appalachia in general and central Appalachia and parts of northern Appalachia in particular.

The study predicts that between 70,000 and 140,000 new jobs will be created by 1985, an incremental increase of 1 or 2 percent of the total employment in the Region. Almost two-thirds of the jobs will be in energy, mainly coal mining. But there will be a multiplier effect on employment in related industries, such as suppliers, and in service industries, which will grow because of the new consumer spending resulting from energy employment.

Because most of the economic growth will be associated with coal mining, the impact of this growth will be felt mostly in the coal-mining areas of the Region.

Infrastructure needs

About $2.3 to $3.7 billion (in 1971 dollars) will be necessary by 1985, according to the projections of the study, for schools, public facilities, transportation, utilities, homes and land to satisfy the needs of the growth in the energy industry alone, apart from the funds needed for growth from other causes (see Table 3, below.) Using scenario 6 (under which the United States would not go far in developing its own unexplored gas and oil resources because foreign oil producers would limit their price increases), by the year 2000 population increases because of the energy industry growth alone are estimated at 737,500, and the capital requirements for social infrastructure for these new residents are estimated at nearly $6.3 billion (see Table 4).

The government share of this investment will be about 25 percent. The strain will be heaviest in some Central Appalachian sections, where as much as a billion dollars in community development will be required by 2000.

Up to 1.3 million acres of land could be taken up by expansion of the energy industry. New coal-mining land requirements, particularly for underground mining, could use 70 to 90 percent of this acreage.

Predicted pollution and health and safety impacts

The projections of the study show one especially encouraging note. Because of expected improvements and controls in environmental protection, total emissions are expected to have an absolute decrease by 1985, even with the predicted growth of the energy industry. This trend will be regionwide, but in areas of heavy concentration of energy production, air and water pollution could continue to be problems.

The study projected safety and health impacts on the basis of past experience. By 1985, the number of deaths per year attributable to the growth of the energy industry would range from 38 to 97, the number of disabling injuries from 1,800 to 4,000, and the number of lost work days from 100,000 to 225,000. These figures reflect the study's tentative assumption that deaths and injuries are expected to decrease by 50 percent as a result of provisions of the 1969 Mine Health and Safety Act. Hazards to health and safety will continue to be most severe in the mining areas.

TABLE 3.—CAPITAL COSTS OF SOCIAL INFRASTRUCTURE NEEDS BECAUSE OF ENERGY INDUSTRY GROWTH

[In millions of dollars, cumulative]

Social infrastructure category	Scenario 1	2	3	4	5	6	7
1985							
Schools	45	303	450	298	441	458	271
Public facilities	18	125	185	123	181	189	112
Transportation	31	214	318	210	311	323	191
Utilities	38	259	384	254	376	391	231
Homes	210	1,428	2,119	1,402	2,074	2,155	1,276
Land	22	152	225	149	220	229	136
Total	364	2,481	3,682	2,437	3,604	3,745	2,217
Government share	87	595	884	585	865	899	532
Private share	277	1,885	2,798	1,852	2,739	2,846	1,685
2000							
Schools	720	565	767	560	735	760	-------
Public facilities	297	233	316	231	303	313	-------
Transportation	509	399	541	395	519	536	-------
Utilities	615	482	654	478	627	648	-------
Homes	3,390	2,660	3,609	2,635	3,460	3,576	-------
Land	360	283	384	280	368	380	-------
Total	5,891	4,622	6,271	4,579	6,011	6,213	-------
Government share	1,414	1,109	1,505	1,099	1,443	1,491	-------
Private share	4,477	3,512	4,766	3,480	4,568	4,722	-------

Note: Columns do not always add because of rounding.

RECOMMENDED POLICY ACTIONS

Analyzing the projections of the regional energy study, RPA came to the conclusion that certain policy actions need to be taken by the ARC and the Appalachian states. The predicted growth in Appalachia's energy industry makes a number of decisions necessary if the Region is to benefit from this growth and avoid the social and environmental problems that might accompany the growth. PRA recommended that ARC consider the following actions:

Providing job-training support to utilize the Region's unemployed in the energy industry.

Encouraging spending on federal and private research and development so that the losses in productivity which will necessarily result from increased mine health and safety requirements can be offset by improved mining and coal-handling systems.

Supporting federal legislation to set optimum sulfur oxide standards.

Providing incentives through tax and electrical rate structures for nuclear power development where fossil-fuel plants would cause excessive pollution emissions.

Providing state and/or federal incentives to encourage locating energy facilities in areas in need of economic growth.

Supporting an energy production tax or royalty plan to cover the cost of the required community development services.

Supporting and encouraging the inclusion of land reclamation in coal-mining operations and federal and state research and development of pollution technology, particularly for sulfur oxide emissions.

TABLE 4.—CAPITAL COSTS OF SOCIAL INFRASTRUCTURE NEEDS BECAUSE OF ENERGY INDUSTRIAL GROWTH BY ENERGY PLANNING DISTRICT

	Scenario 6—Year 2000	
Energy planning district	Added population (in thousands)	Capital requirements for social infrastructure (in millions of dollars, cumulative)
Northern:		
NY-1	5.0	$42
PA-1	61.0	514
PA-2	−3.2	0
PA-3	7.3	61
PA-4	15.3	129
MD-1	2.5	21
OH-1	129.8	1,093
OH-2	10.0	85
WV-1	40.1	338
WV-2	52.9	446
WV-3	37.9	319
Total, northern	358.6	3,048
Central:		
WV-4	120.5	1,015
KY-1	10.8	91
KY-2	146.2	1,232
VA-2	72.0	606
TN-1	16.7	141
Total, central	366.2	3,085
Southern:		
TN-2	6.7	56
VA-1	.5	4
NC-1	1.3	11
SC-1	2.5	21
GA-1	5.3	35
AL-1	.1	1
AL-2	−5.9	0
AL-3	.8	6
MI-1	1.4	12
Total, southern	12.7	156
Grand total	737.5	6,289

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 2310, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

The ACTING PRESIDENT pro tempore. The pending question on agreeing to amendment No. 934, as modified.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, pending the distinguished Senator from Oklahoma resuming the discussion of his amendment, I think it is significant that once again we bring back into perspective the true situation regarding the efforts of Congress and the efforts of the administration—specifically, the President.

In the morning news, it is reported that at the President's press conference, he stood boldly and stated yesterday:

> When the price of gasoline goes up at the service station, I want the American people to know exactly where the blame lies. Until Congress acts, there is nothing this country can do about arbitrary OPEC price hikes.

I repeat, though, he says:

> Until Congress acts, there is nothing this country can do about arbitrary OPEC price hikes.

Mr. President, two very obvious things can be done to stop the President in his rush for higher oil prices and, on the other hand, to bring about the development of alternative energy resources within this country—all within the goal of holding the line on inflation.

The Congress is trying its very best to prevent President Ford from joining the OPEC cartel, joining the enemy, in an economic war.

On Sunday the President commented, when asked about the rise of oil prices by OPEC, in one word, "Inflationary." Energy czar Zarb said, "Outrageous."

Mr. President, the OPEC cartel was acting in its own national interest. They have a product. They want to sell it. They want to get the best price possible. I can well see that if I were one of those sheiks, I would be asking for higher oil prices, too. But OPEC is asking for a 10-percent increase over the next 9 months in crude oil prices.

Now, let us compare the OPEC with the Ford energy program. As we stand on the floor of the Senate and look at the present posture of the Ford energy program, his No. 1 priority on the front burner is a 15-percent increase in oil prices over the next 9 months and for each 9-month period thereafter, for a period of 39 months. The President wants to raise prices higher than OPEC. This has been obscured by all this talk of gradual decontrol, without shock to the economy.

Here is the President, foursquare, on national TV, almost like Alice in Wonderland, saying that the OPEC cartel's rise in prices of 10 percent in 9 months is inflationary and outrageous; but with a straight face he says his own program is a wise policy and in the interest of the American people.

What does the President ask for natural gas, which we now have under discussion? What is his policy there? He does not even ask for any gradualism in decontrolling natural gas. He says, "Immediately"; no 9 months here. He says immediately increase new natural gas prices in America—not the 10 percent, as the OPEC cartel announced for its oil, but 400 to 600 percent, this morning, if he could have his way. I ask: Inflationary? Outrageous? Is the President looking at the mirror and blaming the mirror?

I submit, Mr. President, that we could resolve this argument if we could reproduce a cartoon in the RECORD. Is that permissible? Can we reproduce a cartoon in the RECORD? I could make a 3-hour speech, but in a 3-second glance, one can see here the cartoon by Mr. Herblock entitled "Blame Congress."

The ACTING PRESIDENT pro tempore. The Chair states to the Senator from South Carolina that, under the rules of the Joint Committee on Printing, the Senate cannot reproduce a cartoon. However, the Senator from South Carolina may describe it.

Mr. HOLLINGS. I cannot find words to adequately describe Herblock. He is so poignant and so dramatic and so cogent in his depicting——

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. HOLLINGS. I am going to describe this cartoon before I yield, because we do not want Mr. BARTLETT mixed up in this particular cartoon.

The Herblock cartoon says "Blame Congress." It has poor Congress driving up at the gas pump, exactly the way the President depicted it at his news conference, and it has big oil price boosts overseeing and overhanging poor Congress. It has the Ford price boost, Jerry chortling with his price boost, and then what appears to me to be the Shah of Iran.

President Ford is responsible for higher domestic oil prices and he is the one who encouraged OPEC to increase prices.

So you have the team there—Big Oil, Ford, and OPEC, blaming the Congress for the big oil price boost, all drawn up to the pump, with a car in the front, and the latest increases they have just received.

I do not understand it. But I do know that at this time last year the President of the United States was on the American team. He was not then on the Big Oil-OPEC team. Last year the President sought assistance by convening an economic summit conference. So there were summit conferences with the economists, the bankers, the professors, the various leaders of industry and business, oil companies, consumers—everybody; and we all agreed that we had to hold the line on inflation.

The President was a pretty good team member. He joined in the congressional races all over the country. He came to my State and made two or three talks. That was when Ford was on the WIN team, not the OPEC team. He was on the WIN team then. He said we are not going to have any increase in oil prices.

Can you imagine breaking up a good political campaign with an indiscriminate energy czar? When poor John Sawhill started talking about raising the price of a gallon of gasoline that fellow left town in 30 days.

He was not going to be permitted to mess up the campaign, because we were all on the WIN team.

Even after the election in November, the President spoke about the inflationary impact of OPEC. We have it in the file here. In talking to the Business Advisory Council on December 11, the President said that the world economic crisis, the pending recession, the increasing rate of high unemployment and continued inflation were all triggered by higher energy prices imposed by OPEC. He said we have to hold the line against high prices.

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. HOLLINGS. I want to finish this statement, and we will have plenty of time to yield. We are going to get this on the record.

On December 30 or 31—I think it was the last day of the year—the President vetoed the cargo preference bill. The House and the Senate had passed it, with overwhelming majorities. We determined that, for national security, we should have a shipping capability to bring oil into this country in American flag vessels. So we said that 30 percent of the imported oil should be shipped in American bottoms and admitted that it might cost 12 cents a barrel extra.

The President vetoed that bill. He was on the WIN team then. And he said, "This is highly inflationary. I veto this. It will have a ripple effect throughout the economy."

Can you see that 12 cents rippling through the economy? He saw it. He vetoed it.

Then, the President switched teams. In 12 days, on January 12, on a Monday evening, he was racing the Speaker of the House of Representatives to get on national TV. To do what? To raise the price of a barrel of imported oil by $3, not 12 cents. Three dollars, and total decontrol of domestic oil production by April. Then he got on his plane with his exotic dishes and White House china and raced around the country in Air Force 1, to talk with mayors and governors. He went to Atlanta and Houston and Kansas City, trying to build a constituency, because he knew he had switched teams and joined OPEC, but he was going to PR it the best he knew how.

The oil pricing issue has been the greatest struggle we have had in 9 months. There are few reporters of national stature that have stuck with this issue, fathom it, follow it, observe it, and report it. But we have an exception this morning, because in the same Washington Post from which I quoted the President's news conference, we shall find on page A-17 columnist Joseph Kraft's, "The OPEC Charade." While the President is saying, on page 2, "Until Congress acts, there is nothing this country can do about arbitrary OPEC price hikes"—back on page A-17—I hope the gentleman has a subscription. He can find out from Mr. Joseph Kraft exactly what can be done, and the word "Congress" does not even appear in that article.

I ask unanimous consent at this particular point to have that article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The OPEC Charade

(By Joseph Kraft)

The price rise set by the foreign oil cartel last week shows how little this country has a foreign economic policy. For the increase comes at a time when excess supplies should have forced the cartel of exporting countries known as OPEC to cut prices.

That OPEC was able to stick together and then to hike prices at all is only thanks to help from major Western oil companies. The big companies favored the foreign cartel largely because they got no contrary signals from their own governments, notably from the Ford administration in Washington.

To understand all this it is necessary to have a feel for the strengths and weaknesses of OPEC. The cartel is powerful when demand for oil exceeds supply. It can then set very high prices which member countries will gladly adopt and enforce. That is what happened in 1973 and 1974.

An excess of supply over demand, however, poses vexing problems for OPEC. In order to hold prices high, production has to be cut. Deciding which member countries should accept which cuts in production—and therefore in income—has up to now proved beyond the capacity of OPEC.

Thus Abdul Amir Kubbah, a former OPEC official, mentions in his book on OPEC that its first resolution spoke of the need to ensure the "regulation of production." "But," he adds mournfully, "nothing ever came of it."

Thanks to the recession and a mild winter, 1975 was a time of oil glut which put OPEC to the most severe test in its history. Consumption of OPEC oil fell from a capacity of about 40 million barrels a day to an actual figure of about 25 million barrels per day.

So if the cartel was to hold, if prices were to be kept steady, the exporting countries had to withhold from the market 40 per cent of their productive capacity. They had to eat—or, as the term goes, "lock in"—15 million barrels a day.

The great miracle of 1975 is that the OPEC countries passed the test. They sustained prices (at a basic level of about $10.50 for the marker crude) all through the year by huge cutbacks in production.

Moreover, they assigned the cutbacks not in a crude, across-the-board manner, but in a highly sophisticated way which inflicted least harm on those countries least able to bear pressure. Thus the biggest producer, Saudi Arabia, which takes in much more revenue than it can spend, absorbed by far the biggest cut in production. It locked in nearly 50 per cent of production in April and well over 40 per cent subsequently.

Conversely, countries heavily dependent on oil income for current expenditures were allowed to get by with only tiny cuts in production. Thus the second-biggest producer, Iran, which consumes almost all of its oil income in development, cut back its production by only between 15 and 20 per cent.

Exactly how the cutbacks were arranged in a way so well calculated to minimize friction among OPEC members is not known. But it is very clear that the OPEC countries and the international oil companies were in collusion.

For example, Aramco, a conglomerate of American companies which runs the Saudi oil industry, decided on the level of Saudi production each month according to the world market. But the Aramco decisions were subject to the control of the Saudi government which owns 60 per cent of the company. In this way Aramco combined with the Saudi government to make the cartel work.

Conversely, American companies did not use their power to break the cartel. Iran, for example, would have been highly vulnerable to a threat by companies to cut back, say, 90 per cent of their purchases from that country. Under such a threat the Shah would have probably been forced to break the price and bust the cartel. Precisely such a strategy was in fact suggested by one major American company. But the State Department discouraged any such counter-cartel actions by the American companies.

What all this seems to say is that the Ford administration—despite much official huffing and puffing—actually helped the cartel raise prices. The OPEC deliberations of last week were a kind of charade which made it possible for some members—notably the Saudis—to look pro-American.

In fact, the cartel stood together from beginning to end. It will do so again—and to the great damage of the Western economies—until the United States and other consuming countries come up with an international energy policy. While there are some signs of progress now, I am reminded that the Saudi oil minister, Zaki Yamani, once asked me: "Does the United States really have an oil policy?"

Mr. HOLLINGS. If we read from that article, Mr. President, we can clearly see what the administration can do to bring about the demise of this monopolistic cartel, and the various initiatives that can be undertaken. These are initiatives that must be taken by the executive branch; but instead, Mr. Kraft says, "What all this seems to say is that the Ford administration—despite much official huffing and puffing—actually helped the cartel raise prices."

That is exactly what Mr. Yamani, the Saudi Arabian Oil Minister, told me earlier this summer. That is exactly what Prince Faisal said. That is exactly what the Finance Minister of Iran said earlier this year: "Is it not our turn? The only rise in oil prices this year is by your own President. If you have a policy of imposing a tariff of $3 a barrel to increase oil prices why don't we help implement that U.S. policy and raise oil prices a little bit more? We are going to help the United States along and help OPEC at the same time."

More specifically, Mr. President, there is a very interesting article that appeared in the New York Magazine for the week of September 22. There again, I wish we could reproduce the picture—I do not believe we can reproduce this picture—because we could really have interesting reading, by including in the Record the article and the accompanying picture, depiciting Standard, Exxon, Texaco, Gulf, Mobil, BP, Shell—the seven sisters.

The ACTING PRESIDENT pro tempore. The Chair would have to inspect the picture before making a ruling.

Mr. HOLLINGS. We will send that picture up.

I ask unanimous consent to have printed at this point in the Record the article itself, without the picture.

There being no objection, the article was ordered to be printed in the Record, as follows:

How the Oil Companies Help the Arabs To Keep Prices High

(By Anthony Sampson)

On September 24 in Vienna, the members of the Organization of Petroleum Exporting Countries will meet once again to settle the world price of oil, while the consuming countries will watch helplessly, waiting to see what they must pay for the fuel which is their lifeblood.

It is two years since the crisis first began, a time in which the price of crude oil first doubled, and then doubled again, and which revealed to the world the existence of an effective international cartel of producing countries. Since then there have been a succession of twists and turns of policy and attitude in the Western capitals: first outright disbelief at the existence of the cartel; then patient expectation that it could never survive; then (at least from Washington) a determination to confront it with a solid front of consumers; then total disarray among the Western nations, each with a different attitude toward oil and the Arabs; then a gradual acceptance, at least in the United States and Britain, of the idea that the price of oil might remain where OPEC had fixed it.

At the same time the consuming governments have tried to apply themselves, with equal lack of success, to the problem of the international oil companies, the "Seven Sisters," to whom they had given much responsibility for maintaining the supplies of cheap oil over the last four decades. First the politicians, goaded by the consumers, were simply outraged by the fact that the companies had lost, overnight, all their bargaining power and leverage to keep prices down, and were powerless to ensure crude supplies. Then they were still further enraged by the vast increases in the company profits, and determined to cut them back and control them. Then they were confused by the need to develop their own national oil resources, which were largely in the hands of the same Seven Sisters. Then they were slowly resigned to the notion that there was no practical alternative to leaving their oil in those hands.

The companies, in the meantime, have emerged, much more clearly, as the most powerful corporations in the history of the world. In *Fortune's* annual list of the biggest companies, the ten biggest American industrial corporations include five of the Seven Sisters, led by Exxon, which has now overtaken General Motors as the biggest company (by sales) in the world. The six others are: Royal Dutch-Shell, Texaco, Mobil, British Petroleum, Standard Oil of California, and Gulf.

And the sinister side of this financial power has emerged in a succession of spectacular revelations about the extent of oil bribes. Oil companies have had a unique reputation for large-scale bribery ever since the turn of the century, when John D. Archbold, who succeeded the first John D. Rockefeller as the head of Standard Oil, set up a network of bribes of senators and congressmen to ensure his company's monopoly. Some evidence of the continuing underground rivers of oil money emerged in the Watergate hearings, when Gulf Oil confessed to having secretly paid $100,000 to Nixon's election fund through cash raised in its Bahamas subsidiary. But the full dimensions did not emerge until Senator Frank Church's investigations this year. They revealed, among instances, that Gulf had paid $4 million from 1966 to the ruling party of South Korea, and still more sensationally that Exxon had made secret political payments totaling $51 million over eight years in Italy alone.

What is disturbing about these huge payments is not only their capacity to corrupt and subvert foreign governments, but the evidence they provide that giant corporations, supposedly responsible to shareholders and controlled by auditors and rigorous internal accounting, are able to conceal such large sums and direct them secretly for their own purposes. They powerfully suggest that the oil companies, in both the technical and the general sense, are unaccountable.

But a more serious and enduring doubt about the great companies concerns their relationship with the OPFC cartel. Are they genuinely concerned to break up the control by this group of sovereign states, and to bring down the world price? Or are they in fact helping to underpin the oil producers' cartel? On these questions I have tried to assemble the evidence that has emerged in the last two years, and have talked with the leading participants within OPEC and the companies. The story that emerges is an extraordinary one which, I believe, raises great doubts about the role and loyalties of the oil companies.

In looking back at the first crisis of two years ago, it is necessary to bear in mind two crucial factors. First, that OPEC had been essentially the creation of the Seven Sisters. Not at all in the sense that they wanted it, but in the sense that OPEC was from the moment of its foundation in 1960 conceived (as one delegate put it) as "a cartel to confront the cartel." Without the past history of connivance of the companies, OPEC would never have happened. Nor could it ever have solidified without a single extraordinary blunder in the board room of Exxon.

In July, 1960, the Exxon directors agreed—against the advice of their Middle East expert, Howard Page—unilaterally to reduce the "posted price" for Middle East oil, a decision which was swiftly followed by the other six sisters. Thus, all the producing governments found their revenues from oil taxes, which were based on this "posted" price, drastically reduced overnight by the actions of a group of private companies. It was a certain recipe for Arab unity, as many experts had warned; and it worked. The key producers, clubbed together to form OPEC, and even the shah swallowed his resentment of Arab radicals in his anger at not being consulted by the companies, and joined the new club.

Secondly, in spite of this crass mishandling of the oil producers, and many other errors that followed, the oil companies were permitted by the Western governments, and particularly by Washington, to maintain effective control over international oil policy over the next thirteen years, so that when the crisis eventually came, both governments and the public were totally unprepared for it. To be fair, a few oilmen, notably in Shell and Mobil, had issued warnings to governments, and governments were at least as much to blame as the companies. But most of the company men were arrogant enough to suppose that they could handle the situation on their own:

Thus, in the critical October of 1975, the confrontation with OPEC was once again left in the hands of the Seven Sisters (now joined by a few independents), in spite of the fact that only two days before, the Middle East war had broken out, which transformed the whole political equation. The negotiation about the oil price, not surprisingly, quickly broke down; but the actual nature of the breakdown, only very briefly recorded at the time, is important to reconstruct, for it marked the historic turning point when the West suddenly lost its once-absolute ability to settle the price of oil.

By the night of October 11, with the war raging across the Suez Canal, the oil company delegates had failed to reach any agreement with the Arabs about the new price of oil. The oilmen were already well aware, through price warnings from Saudi Arabia, of the likelihood that the Arabs would enforce an embargo of oil to the United States (as they did nine days later). At midnight George Piercy, the director of Exxon responsible for the Middle East, paid a call on Sheik Zaki Yamani, the Saudi Arabian oil minister, in his suite at the top of the Intercontinental Hotel in Vienna. Piercy, a rugged engineer with bushy eyebrows who had worked his way up in the oil business through the "Texas pipeline," was a technician, not a diplomat, and he had decided, advised by his colleagues, that he could negotiate no further. He told Yamani that the company delegates must adjourn for two weeks, to consult with their home governments. Yamani was very anxious that they should fix the price quickly, for he dreaded (at least by his own account) oil's becoming further mixed with politics. He tried to delay, hoping that the oilmen might negotiate further. He ordered a Coke for Piercy, slowly squeezed a lime into it, waiting silently for a new move. He rang up Baghdad, talked agitatedly in Arabic, and then told the oilmen, "They're mad at you." He rang up the Kuwaiti delegate, who arrived in his pajamas, for further worried discussion. Then Yamani began looking up airline timetables, still hoping that the oilmen might relent. But Piercy could not make any further concession. The next day the meeting broke up, and when the company men asked what would happen next, they were told, "Listen to the radio." Four days later the radio brought the news that shook the whole world: OPEC members, meeting again in Kuwait in all the fervent excitement of the October war, decided unilaterally to push up the price of oil to $5 a barrel. Having found they could dispense with negotiation, they did it again. Two months later they again doubled the price.

That night in Vienna marked the end of the historic justification for the oil companies' involvement in commercial diplomacy—that they served as a "buffer" to avoid direct confrontations between nations. For at that moment the companies had not only been unable to mediate, they had failed to assess the political dangers of the crisis. It is quite possible that the companies could have reached an agreement with the OPEC members in Vienna. Certainly Sheik Yamani and Dr. Amouzegar, the Iranian oil minister, insist that they wanted to, and two oil-company delegates told me that they have worried ever since about what might have been averted if they had reached an agreement: OPEC might never have unilaterally taken its initiative on price, or doubled the price again. Whatever the might-have-beens, it is an extraordinary historical fact that this critical encounter, which affected the economies of every industrial nation, should have been left in the hands of technicians from private companies.

Thus the OPEC cartel was suddenly established, to the astonishment of consumers and the incredulity of many experts: the old cartel of the seven companies was abruptly replaced by a cartel of thirteen nations.

The immediate world shortage of oil was soon over, as the world recession, itself partly caused by the oil prices, cut down consumption everywhere. The economists and advisers waited expectantly for the strains on OPEC to show themselves, as each country would compete to keep up production, and thus push down prices. But nothing happened. Consumption went down and down: tankers were laid up, storage tanks were overflowing cargo rates dropped lower and lower. There were even hopeful signs of disunity among the chief members of OPEC. The shah of Iran talked with increasing rancor about Yamani, while the Saudis became increasingly worried by the shah's imperial ambitions. Yet still OPEC held together, and the basic price—with small local variations—held up. What on earth had gone wrong?

An important part of the answer lay in Saudi Arabia, for the Saudis, by far the biggest producers, were the key to the cartel. Like the Texans in the 1930's, when the glut of oil from east Texas threatened to undermine the companies' cartel, the Saudis realized that they must bear the chief burden of regulating production. Sheik Yamani had studied very carefully the history of the Texas Railroad Commission, which regulates production of Texas fields. And the Saudis had one huge advantage over the Texans as guardians of the cartel—they did not particularly need the money from extra production. As Yamani explained to me, talking in Riyadh last February: "Usually any cartel will break up, because the stronger members will not hold up the market to protect the weaker members. But with OPEC, the strong members do not have an interest to lower the price and sell more." The Saudis, as Yamani was able to show in the following months, were quite prepared to cut back their production to make sure that the price did not come down: in the first six months of 1975, they produced an average of only 6.6 million barrels a day, compared with 8.1 million the year before. Other big producers—Kuwait, Iran, and Libya—followed suit: in Libya, production in the same periods went down from 1.9 million to 1.2 million barrels.

But why were the old political forces of disunity between nations not splitting up the cartel, as they had split up so many attempts at cartels in the past? Why were Iran and Saudi Arabia not constantly competing for production, as they had done through the sixties, using every maneuver to produce an extra barrel? It was not that none of them needed the extra money, for even at the quadrupled price the shah was soon expecting to go back into debt. No, the real key to the continuing cartel was not the self-restraint of the producers; it was the fact that the oil companies, the familiar Seven Sisters, were in effect conducting their rationing system for them.

It was the companies, with their global system of allocation and their control of world-wide markets, that were making sure that there would be no glut, that were holding the balance between the rival producers. The shah and his oil minister, Dr. Amouzegar both explained to me that they had to be grateful for the companies' role in running the cartel. "With the Sisters controlling everything," said the shah, "once they accepted, everything went smoothly." "Why try to break them up," said Amouzegar, "when they can do the work for us?" Without the existence of the giant companies, the producers' own companies, like the National Iranian Oil Company in Tehran or Petromin in Riyadh, would be constantly at one another's throats to break into one another's markets. But with the help of the big Sisters, with their intricate mechanism for balancing supplies, they could avoid any such direct friction or undercutting.

The fact that the giant companies were fully "integrated," with their own tankers, refineries, and retail gasoline pumps throughout the world, made the maintenance of the OPEC cartel system infinitely easier. It was the kind of situation that the producers of other commodities, seeking to form their own cartels, might dream of. In the words of *The Economist*, the authoritative British magazine (and no enemy of the oil companies): "Many poor primary producers would give their eyeteeth if big foreign capitalists would kindly arrange a semimonopolistic distributon network for their products in the West, down to tied filling stations."

What had happened, it emerged as the evidence slowly unfolded, was not that OPEC had usurped the old cartel of the oil companies, but that they had simply joined themselves to it, and had maneuvered the companies into the position of being their allies and instruments, with no interest in breaking the OPEC cartel. In the words of Senator Church's report, at the end of the most comprehensive set of hearings on the oil crisis, "The primary concern of the established major oil companies is to maintain their world market shares and their favored position of receiving oil from OPEC nations at costs slightly lower than other companies'. To maintain this favored status, the international companies help prorating the product on cutbacks among OPEC members." Thus the puzzle of why the OPEC cartel did not break was not really so mysterious: it was being underpinned by seven of the biggest corporations in the Western world, who had no commercial interest in destroying it.

In fact this had all been part of the grand design of OPEC, and particularly of its most intelligent delegate, Zaki Yamani. Back in 1968, in the aftermath of the earlier Middle East war, when Arab fortunes seemed at their lowest, Yamani had conceived of his plan for "participation," by which the Arab government would acquire shares in the oil companies' concessions. The object was not only to increase the producers' revenues and give them a stake in their own resources; it was also, as Yamani explained to correspondents in March, 1969, to create a bond between the producing governments and the oil companies which "would be indissoluable, like a Catholic marriage."

Yamani knew that outright nationalization of concessions was a dangerous policy. It might cut off the producing country from a whole network of world markets, as it cut off Mossadegh in Iran in 1951. Instead, participation would guarantee the cooperation of the companies, which would be lured into the agreements by the promise of cheaper oil than their lesser competitors'. Yamani's policy, after some resistance from the companies, was triumphantly successful. The even companies, and some others, had all been persuaded to enter into marriages by 1973. And though some producers, like Algeria, preferred outright nationalization, they took care to give preferential treatment to favored companies, thus ensuring their support. In the immediate wake of the 1973 war there were new demands for total nationalization, but producers took care that the marriages would not be damaged to the point of divorce.

Most clearly was this seen in the case of Aramco, the vast consortium of four American Sisters—Exxon, Texaco, Socal, and Mobil—which dominated the oil industry of Saudi Arabia. Yamani had many angry clashes with the Aramco directors, both before and after the 1973 war, but he took pains to ensure that the consortium still kept a huge financial incentive—preferential prices and guaranteed access—to maintain the marriage, rather than let other companies into the harem. And Yamani had his reward for the strategy. When he insisted that Aramco should be the instrument of the embargo of the United States in October, 1973, the Aramco partners had no alternative but to obey, rather than risk losing their precious concession.

It was the embargo, in fact, that revealed in highly dramatized form that the oil companies had already changed sides, and that they were more vulnerable to pressures from the producers than from the consumers. The embargo could never have been effective if there had not been comparatively few companies operating in the key producing countries in the Persian Gulf. The oil-company men took pride in the fact that they allocated the reduced oil supplies fairly, and managed to divert non-Arab oil to the United States and Holland, the two most important economies among the embargoed nations. But it was clear that the existence of a handful of compliant giant companies was itself a boon to the embargo.

The embargo was really a forewarning, in the heat of battle, of the situation which was to emerge in the following two years. To put it bluntly, in the language of the business, the major oil companies were found in bed with the producers. It was like the old song about the Sheik of Araby: "At night when you're asleep/Into your tent I'll creep."

It was an ironic, even preposterous outcome to the long history of the Seven Sisters. They had been encouraged, sometimes even pushed, by the governments in Washington and London to go abroad to find cheap oil for Western consumers. Later they had been given huge tax benefits, and special protection from antitrust laws, on the ground that their presence in the Middle East was crucial to Western defense and the future of the free world. Yet now, after the real crisis broke in 1973, they were found to have suffered the fate of so many dubious adventurers in the past: they had gone native, and were discovered *in flagrante delicto*. When the Saudis insisted that the Aramco partners must cut off all oil from the United States Navy's Sixth Fleet, on station in the Mediterranean, they meekly submitted, in the height of the emergency. (Aramco directors later insisted to me that there were secret arrangements for supplying the Sixth Fleet without interruption. But the crisis was sufficiently serious for a director of BP, the oil company half-owned by the British government, to receive a high-level request from the Pentagon to guarantee the American supplies—a curious reflection on the role of American-domiciled oil companies in matters of "national security.")

The uncertainty about the true loyalties of the oil companies has continued ever since, particularly in the case of Aramco. This uncertainty was poignantly revealed in early 1975, for instance, when the Pentagon and Henry Kissinger were beginning to hint that they might have to invade oil fields in the Persian Gulf. Soon afterward the Vinnell Corporation in California was hired by the Saudi Arabian government to assist in the training of Saudi Arabian armed forces, including the protection of oil fields. I happened to be visiting the Aramco compound in Saudi Arabia just after this event, and I was talking to a young Saudi engineer who expressed some bewilderment about Vinnell's role: "Are they supposed to be defending the oil fields *from* the Americans, or *for* the Americans?"

In fact, Aramco was in a position similar to that of the Vinnell mercenaries; if there were to be an invasion, they would have to be on the side of the Saudis, or lose their concession. The fact that Sheik Yamani has since moved to acquire 100 per cent participation in Aramco does not break up the interdependence, for Yamani has sensibly ensured that Aramco still receives oil at preferential prices, and special opportunities in other fields, to ensure its continuing loyalty.

We are thus faced with a remarkable new phenomenon in the character of Aramco and of the other Sisters—BP and Gulf in Kuwait, for instance—and all seven in the Iranian Consortium. Here are the biggest corporations in the world, owned by American or European shareholders, and theoretically dedicated (at least in the reasoning of past support from the State Department) to safeguard cheap oil and democracy, which have now emerged with their principal loyalties directed toward foreign powers whose interests might become diametrically opposed to their "home" governments, and which are now committed to a cartel to maintain expensive oil.

The phenomenon is not altogether new, of course. It is inherent in the situation of any company operating abroad, unless on a semimilitary basis, that it must establish some kind of sound relationship with its host government, which will set up conflicts with its home loyalties. That was the dilemma behind the wartime scandals in 1940, when oil companies and others, including ITT, were found to have formed close links with Hitler's Germany. Such conflicts were visible in the first of the great multinationals, the East India Company in the eighteenth century. But the phenomenon of the giant oil companies is different not only in degree, but in kind, for through "participation" they have now been trapped into a much more fundamental dependence on which much of their profit depends. Whatever the ambiguities of East India Company policy, it was unthinkable that the company should actually support, say, the Indian Mutiny.

In the context of this dependence, it is now much easier to see why the OPEC cartel has continued unbroken for two years. It is now simply that the oil companies dread, as much as OPEC does, the chaos of a disorderly market caused by sudden gluts and price wars. It is also that they dare not offend the OPEC members, lest they lost their preferential position. Hence the most interesting fact about the oil companies' attitude toward OPEC: after all their noisy protests when it was first formed in the early sixties, they now say nothing at all. As one Shell director put it to me: "That is our greatest difficulty—we have to be silent."

There is nothing consciously conspiratorial about the company's support for OPEC. The oil executives can, and do, insist honestly that they are constantly operating according to the market, trying to take oil where it is cheapest and refusing it where it is too expensive, as they have done in Abu Dhabi and Libya. Like Rockefeller's executives a hundred years ago, they can boast that they are operating the most economical and efficient system imaginable. But they are operating within a monopoly, and they will do nothing, beyond exploiting the local differentials, to offend or break that basic cartel. Of course there are plenty of smaller adventurous companies which would be glad to buy and sell cut-price oil wherever they could find it, but the OPEC countries can easily enough keep them under control, provided they are not threatened by the global networks of the Seven Sisters.

So what is the basic solution to breaking the cartel? The Western governments appear, at least for the time being, to have come to terms with the extraordinary situation. Last November Henry Kissinger was warning that the political implications of OPEC were "ominous and unpredictable." By February his energy expert, Thomas Enders, was openly explaining that his role was to break up OPEC. But since then, the statements have been much more muted. The confrontation with OPEC has taken second place to the Middle East settlement, and the arguments against a high oil price have been thoroughly confused by the realization that greater self-sufficiency in the West can be achieved only through a higher oil price there, too. This objective, reflected in President Ford's decontrol policy, can lead only to a further strengthening of the power of the oil companies, which are constantly protesting that they must be allowed huge profits in order to make huge explorations for oil. Their promises are thoroughly suspect. Mobil, with part of its huge profits, succeeded in buying the Montgomery Ward chain of stores. Gulf tried to buy the Ringling Brothers circus—hardly an essential part of anyone's energy policy. But however unconvincing their justification, the oil companies will inevitably strengthen their profits and their power if the higher oil price is accepted.

But there is, I believe, one obvious answer to the question of how to break up OPEC. It is to break up the giant oil companies. For it is clear that without the companies, the solidarity of OPEC would be seriously weakened.

The Seven Sisters have existed for so long—Exxon for a century, Shell for 80 years—that they have become regarded as facts of life, like nations or mountains. The need for giant integrated companies has been held to be essential to security of supply; so the Exxon oil can be pumped into Exxon tankers to be carried through Exxon refineries to Exxon filling stations. But in fact there has been nothing inevitable or irreversible about these oil empires. They have been the result, more than anything, of deliberate governmental decisions in past years which have guaranteed tax relief and diplomatic support overseas, as part of a deliberate foreign policy which is now totally outdated. The integrated companies developed increasingly into tax-dodging devices: the tax concessions led to absurd distortions in the accounting of the companies, which arranged to make most of their profits out of foreign production, where they paid minimal taxes, and came to regard their distribution and filling stations simply as "outlets" for the flood of cheap oil.

But now the whole logic of the integrated company has been turned upside down. The vast machinery for extracting cheap oil and selling it through global networks has been used for the opposite purpose: to ensure that expensive oil will always find markets and will not be undercut by sudden gluts of cheap crude. The integrated companies have become like a heavy blunderbuss, seized and turned round by the opposite side.

There is now no advantage to Western consumers and governments in having these unwieldly giants in control of their oil supplies. If they were broken up into smaller components, and if they were forced to withdraw from their participation with foreign governments, there would be a much greater possibility of OPEC's disintegrating. The producing countries would no longer be sure of selling their oil through long-term contracts, and would compete fiercely with each other. The oil companies, shorn of their concessions, would become more like other trading companies dealing with commodities, buying wherever the stuff was cheapest, with no permanent commitments.

Of course, oil companies will always need large sums of money for exploration and development. But these can be raised by medium-sized companies, and the record of the two biggest companies, Exxon and Shell, is singularly undistinguished in the field of exploration. Exxon got into Alaska only on the back of a smaller company. Atlantic Richfield, and it got into Saudi Arabia, the biggest jackpot of all, only because it controlled the markets which the first partners, Socal and Texaco, needed. There is little evidence that size, beyond a certain point, encourages daring, and many of the biggest risks have been taken by independents with far smaller resources than the giants.

The Western governments are fearful at the propect of moving against the companies that they have helped to build up, partly because of their political clout, partly because, if the Seven Sisters pulled out of their participation agreements, they would lose their preferential oil, and the bill for oil imports would be still higher. But only by dissolving those indissoluble marriages will there be any prospect of wresting the power from OPEC and enabling consuming countries to have a role in negotiating prices.

Recent revelations about bribery provide further ground for unease about the role of the companies. The justification of giant concentrations has been that they supply the resources for global development, and that they have taken over some of the responsibilities of world government. But the fact that one company, within a single country, can secretly pay $51 million to political parties raises fundamental doubts as to the trustworthiness of such giants, armed with such resources.

Any move to break up or control the oil giants will, of course, be portrayed by the oilman as an "assault on free enterprise" (to use the title of a recent pamphlet by Exxon, replying to Senator Jackson). No picture could be more misleading. The oil giants have never been examples of free enterprise. They were born out of a near monopoly, developed into a cartel, and eventually coalesced with another cartel, this one of sovereign states. In the patterns of bribery, they show the full dangers of excessive concentration of unaccountable wealth, operating not to encourage free enterprise but to frustrate it.

Mr. HOLLINGS. I shall quote from that article, titled "How the Oil Companies Help the Arabs To Keep Prices High." This is by Anthony Sampson. This gentleman, an editor of the London Observer, is the author of "The Sovereign State: The Secret History of ITT." He is also the author of "The Seven Sisters: The Great Oil Companies and the World They Made." That is to be published by Viking Press next month.

I quote from Mr. Sampson:

> But there is, I believe, one obvious answer to the question of how to break up OPEC. It is to break up the giant oil companies.

Mr. President, that is exactly what the gentleman writes in a most learned fashion. Quoting further from the article, he says:

> It was the companies, with their global system of allocation and their control of worldwide markets, that were making sure that there would be no glut—

That is when they participated in the embargo in October 1973—

> that were holding the balance between the rival producers.

Ordinarily, all of these nationalistic cartels break from their own weight, from jealousies, and crosscurrents. As for the countries themselves, one can imagine the difficulty that they have in trying to operate a cartel. I do not disparage in any way their financial judgment or acumen. The fact of the matter is that these folks are all Harvard trained and better financial ministers than we have on the Senate floor. They know the game pretty well and they know exactly what they are doing. So what happened is—I read again:

> What had happened, it emerged as the evidence slowly unfolded, was not that OPEC had usurped the old cartel of the oil companies, but that they had simply joined themselves to it, and had maneuvered the companies into the position of being their allies and instruments, with no interest in breaking the OPEC cartel.

Further—it states:

> Yet now, after the real crisis broke in 1973, they were found to have suffered the fate of so many dubious adventurers in the past: they had gone native, and were discovered in flagrante delicto.

They ought to be in fari delicto in my book, I can tell you that right now.

But here we go:

> But there is, I believe, one answer, one obvious answer, to the question of how to break up OPEC. It is to break up the giant oil companies.

Then the final paragraph:

> Any move to break up or control the oil giants will, of course, be portrayed by the oilmen as "an assault on free enterprise" (to use the title of a recent pamphlet by Exxon replying to Senator Jackson). No picture could be more misleading. The oil giants have never been examples of free enterprise. They were born out of a near monopoly, developed into a cartel, and eventually coalesced with another cartel, this one of sovereign states. In the patterns of bribery, they show the full dangers of excessive concentration, of accountable wealth, operating not to encourage free enterprise but to frustrate it.

Now, Mr. President, with those two articles in the RECORD, I will now move to the point we have been trying to make that substantiates exactly what we have been emphasizing since the debate started back in January. At that time we said to the President of the United States:

> Why don't you stick with us on WIN? Why don't you say it has not worked voluntarily, but now we will implement some judicious

> regulations, and under the discipline of regulation, we will all move forward together.
>
> We will maintain reasonable oil prices. We will start a conservation program by entering the Coal Conversion Act, to end the wasteful use of oil and gas as a boiler fuel converting to coal. We would move this economy from the shortage of oil and gas to coal—we are the Saudi Arabia of coal with over an 800-year supply.
>
> We will put the money into coal gasification; we will put the money into developing solar energy; we will put the money into building reliable, standardized nuclear power plants so that it will not require a four-year period to study and test each individual custom made plant, but instead we can then bring them on the line in a timely fashion.
>
> We would improve automobile fuel economy and design buildings and cities to be more energy efficient. We worked out a comprehensive of economic recovery and energy sufficiency.

What was the President's response?

> I propose a program of soaring oil and gas prices and energy conservation by recession.

That is what the President's program has been.

Specifically, Mr. President, I am pointing out that there was no way by price to get "Big Oil" on this country's side so long as there is OPEC. Why is this the case?

Mr. President, suppose you were on the board of directors and I was the president of Standard Oil in South Carolina. If we had a board meeting, and we put the distinguished Senator from Alaska on the board and the distinguished Senator from Kansas, then I would start off, as the head of the company, and say categorically:

> We cannot be foolish about over producing. We are a company dealing in a finite product. There is only a 30-year supply of oil in the ground and, perhaps less, around 20 years, of natural gas.

The National Academy of Sciences agrees to that; the U.S. Geological Survey, eminent geologists, and others we have been listening to during many years of energy hearings, all come down to conclusion that in the long term we will run out of oil and gas. I am not talking about today's shortage of natural gas. This is in part a manufactured and contrived shortage, but in the long range the shortage is real.

"Now, gentlemen of the Board, we did not organize this company to go out of business in 30 years, so we are going to supply our orders with imported oil to the maximum extent and reduce domestic production. It costs more, sure, but we get more for it. It is no skin off our hides. We are making the biggest profits we have ever made. We will take those profits, incidentally, and we will go overseas, and we will invest them in new resources, Indonesia, Nigeria, Venezuela, and everywhere."

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. HOLLINGS. No, I do not yield, Mr. President.

"We will take those particular moneys and we will invest them in new resources and even new markets, perhaps department stores. But, above all else, gentlemen of the Board, let us not break OPEC. It allows us to raise prices and reduce production. Let us not kill the goose that laid the golden egg."

"Gentlemen of the Board, we are getting $13.50 per barrel for new oil under this OPEC, and the President's program and that is the finest thing since sliced bread. We are making a fortune. We will get the speakers, we will go and buy up the commercials for the 7 o'clock news, we will sponsor any program in America, we will fly everybody to the North Sea and stop them in London for a pleasant trip. We will just do everything we can to show them all the intricacies of gas and oil, production and marketing, and how difficult the business is.

"We will shout 'free enterprise' at every Rotary Club and chamber of commerce in America, but we will just join the monopoly, we will join that monopoly, OPEC, and we will continue making those profits because the interest of Standard Oil of South Carolina I say to the Senator from Alabama, is the same as OPEC. But these are not the interests of the United States of America."

The United States has a different interest. Standard Oil of South Carolina is not one of the seven sisters, but if they were one of those seven sisters, a majority, the majority of the profits that they make are on operations and investments beyond the continental limits of the United States. They could be characterized as foreign companies. But I am elected to represent American interests, as well as the interests of all the people of South Carolina.

But that would be the policy, Mr. President, of Standard Oil of South Carolina; and as shown by the Sampson article, it is the policy of every one of the big oil companies to make the OPEC cartel possible.

So let us look at the record, let us look at what the results have been of 2 years of high oil prices. When the embargo started the struggle commenced, and then we lost the captain of the American team, the President, at the beginning of this year.

Let us find out how high prices have worked in the United States of America. We have suffered. They talk about compromise: We have compromised 9 million in unemployment. We have compromised this Congress and this President and this Government into a $69 billion deficit.

Oil has gone up a world price of slightly over $2 a barrel until they fix it now at the wellhead in Saudi Arabia at over $11 per barrel. Gasoline has gone from 35 cents to 65 cents a gallon.

We have two-thirds of the President's $3 per barrel import tariff.

What is the result? Look at the record.

Domestic crude oil production in America is down 872,000 barrels per day from the October 1973 level. The imports from that same month, are up 238,000 barrels. We are moving exactly in the wrong direction of independence, and self-reliance.

Why, Mr. President? Because we cannot solve the energy problem on a price basis. Raise the $2 import fee to $4 or $6; that does not affect the policy of the major oil companies.

The major oil companies will continue to support higher prices. So long as we have OPEC and the prices go higher and higher, why should they care? They are making more money. Do we expect them to work against the interests of their stockholders?

Look at what the Senators said that signed the conference report on the Emergency Petroleum Allocation Act of 1973, back in November of 1973, about company activity and stockholders interests.

But there is a political crisis for Mr. Ford because his program is not working, and he is running around like a bumble bee trying to get Congress to adopt it.

I was asked the other day, "Why didn't you join in on the vote on the 75-day extension of the Emergency Petroleum Allocation Act?

Because I do not want to be misled.

The President is saying continue the Allocation Act until November 15 and then adopt his program. I am against the President's program. The President wants Congress to put its stamp of approval on his high price energy program.

Mr. President, that is exactly what has been happening. That is what will continue to happen under the high price approach that has been employed by the President, blaming Congress, as though we could do something about OPEC.

Yes, he is the President; he has the whole Government behind him, if he would only lead in the right direction.

Mr. President, if we are going to put in articles, here is another patricularly good one to get us onto the right track.

Now, what do I consider to be the right track? The entire year has been spent on debating over cost of a barrel of oil. I think the Congress, the President and the administration should be debating the priorities with respect to the allocation of capital in order to develop the new resources, what is going to be the structure of entity to bring about this development, how much money can we allocate to it, who is to operate it, under what circumstances, and what part will private free enterprise play, what part will the Government play, and how we can move forward to actually make it happen as is stated in the "Crash Program" article in Newsweek for October 6.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point this article entitled "Crash Program."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Crash Program

If Gerald Ford has an economic credo, it is that the less the government interferes in the marketplace, the better—particularly when it comes to energy. But last week, Ford's faith in free markets seemed to go by the boards as he unveiled a surprise program that would put the government squarely in the energy business. The President wants Congress to create a $100 billion Federal Energy Independence Authority to finance development of synthetic fuels and nuclear power over the next decade.

The idea, sniped one critic, amounted to "a repudiation of [Ford's] own philosophy." But as Ford himself saw it, it was simply the best way to assure speedy development of such vital needed energy alternatives as coal gasification, oil from shale and geothermal and solar power. "My vision is a crash development," Ford told an AFL-CIO convention in San Francisco. "We need dramatic action to produce synthetic fuels—at least a million barrels a day—floating nuclear plants mounted on barges, new pipelines for oil and gas and vast energy parks throughout America."

The EIA would make Ford's vision a reality by underwriting energy projects too vast or too risky for private industry's taste. But exactly how it would go about this job wasn't spelled out. Indeed, all that Ford's aides disclosed about the proposed agency was that the Treasury Department would finance it by buying $25 billion in EIA stock and selling $75 billion in EIA bonds. Just how all that money would be portioned out, what sort of projects would get priority and how much Congress would have to appropriate to get it started, Ford didn't say—though White House officials promised more details this week.

DISASTER

The concept itself has been around for months. Vice President Rockefeller began touting the idea last December, and early this year Presidential hopeful Sen. Henry Jackson proposed his own version—a national mobilization board to invest in emergency projects. But till last week, the White House viewed both plans with distaste—a feeling that many top Presidential advisers still hold.

Why did Ford reverse his field? One major factor apparently was a political judgment at the White House that Congress was not going to act favorably on the President's energy proposals—and might even roll back the price of oil. The House voted just such a bill last week, forcing Ford to compromise with Congressional leaders. In the upshot, the oil price controls that expired Aug. 31 were to be reimposed until Nov. 15.

Ford's political advisers also seem to have convinced him that he needs a big energy initiative to put before the voters in 1976—and the proposal for the EIA is likely to become the centerpiece of his entire domestic program.

In announcing the plan, however, neither the President nor his men talked much about politics. Rather, they spoke of stark necessity. With domestic oil production at nearly a ten-year low and imports at a record high, Administration energy experts insisted that the only realistic course was for the U.S. to develop a strong synthetic-fuels industry in relatively short order. And, they added, the oil industry simply isn't capable of doing that alone.

In truth, for all the industry's profits from high world oil prices, very little money is being spent privately on developing exotic energy alternatives. The lion's share is going instead to projects that promise a near-term payoff—things like offshore drilling, improved recovery methods and the Alaska pipeline. "The oil companies have large amounts of capital to devote to the target of finding more energy reserves," notes Wall Street energy analyst Charles Maxwell. "But they don't have nearly enough to pursue all options."

The critics don't see it that way. Big oil itself is wary of the EIA approach, fearing that it could be the first step toward quasi-nationalization of the industry. "It sounds to me like an effort to throw money at a problem," said Exxon Corp. senior vice president Jack F. Bennett. Exxon's reasoning: even government loans won't be enough to spur energy development unless prices are high enough to make it profitable—and if they are, the loans aren't needed.

If its critics do manage to shoot it down, the EIA proposal may accomplish something. The energy debate is currently bogged down over the knotty issue of oil-price controls, a question that probably doesn't matter much in the long run. "Reserves have peaked," notes energy expert John O'Leary of the Mitre Corp., a research firm. "The arguments over oil and gas pricing won't affect supply one way or the other by the early 1980's." What will matter, he adds, is whether or not the U.S. has a thriving synthetic-fuels industry by then. And while the EIA may not be the right answer, he suggests, it may at least get Congress and the White House talking about the right question.

Mr. HOLLINGS. Just look at that last line:

> The arguments over oil and gas pricing won't affect supply one way or the other by the early 1980's.

I agree.

> What will matter is whether or not the United States has a thriving synthetic fuels industry by then. And while the EIA—

The Energy Independence Administration—

> may not be the right answer . . . it may at least get Congress and the White House talking about the right question.

Mr. President, that is where we ought to be, rather than this manufactured emergency for natural gas this morning.

I certainly do not endorse an off-budget $100 billion program, which is what the article refers to. Just at the time we are beginning to bring budgetary conscience to the Congress, who breaks ranks but the President himself? He who prides himself on being Mr. Anti-Inflation, Mr. Fiscal Responsibility.

He comes in and we are roping everybody in. We take the military procurement because it is $1,200 million over, and we say, "Send it back." We threw our distinguished colleague, the Senator from Mississippi, into shock.

We took the school lunch program and said to the schoolchildren of America, "It is $180 million over the budget. You can line up, but there will be 180 million less lunches regardless of your need."

And we said to the Congress, "There is $1.2 billion to be saved on President Ford's 5-percent cap on Federal pay. If you live by the sword, you have to die by the sword. If you are going to hold the budget down for everybody else, you have to hold the budget down for yourself." And so the Congress voted.

Now when we are beginning to effectuate a discipline on this side of Government, over here on Capitol Hill, here comes the President, willy-nilly down the road. He could not find moneys for all the programs. You can go over the rescissions, over the deferrals, and over all the veto messages. There is nothing for education, for the farmer, for the health programs and everything else. But when he got to Wall Street and capital, he said, "Off budget, 100 billion bucks, $25 billion direct appropriation, full faith and credit for the other 75 percent, and we are going to start a national New York right here."

I oppose that part of the program. I do emphasize, Mr. President, my comments about the Congress and its blame and what we have done. The President's program cannot work. I do emphasize that that at least brings us around to the subject on which the Congress ought to be having hearings. We ought to be able to try to decide how much in housing, how much in clean air—they came out with $250 billion in needs the other day—how much in clean air and the environmental efforts, how much in the housing, how much in energy.

There is a capital shortage. How are we going to allocate that? Is that going to be a Comsat, with one-third Government, one-third industry, and one-third public?

Are we going to do as they do in the Pentagon, give contracts out and as they become more commercial withdraw the Government participation and let the industry actually commercialize these things?

I think this is the trend; I think this is the direction we are going. But, let us not sell all the offshore lands in the greatest resource robbery that they have around here; let us not affect the entire economy with decontrol when there is a lot of gas around here. About "my gas" in Oklahoma, I will be glad to debate that in a moment, about whose gas it is. And then they come around here and, in addition to that, say give $100 billion over to the industry.

Speakers are going around worrying about nationalization; is the Government going to take over the oil companies? My worry, Mr. President, is, are the oil companies going to take over the Government? That is the thing of primary concern in the United States today.

Now, Mr. President, I hope we will debate these particular subjects so that we can get on with an emergency gas bill and then get to a comprehensive solution. But let us not have this sniping. Let us not have this "Every time we go down to the White House the President is so conciliatory; he is so warm and he is so understanding." And then we go along again, trying to bring the administration to its senses by saying that we are not going to inflate this economy; that we are not going to give tax rebates and reductions in April, May, and June and take them all away in September, October, and November. It is as simple as that. We are not going to do that. And then the next minute we see the President on national TV saying the Congress has not done a thing, start blaming us, start the confrontation all over again and then jump into a plane and off he goes. I wish we could find a President who liked the job. There are too many of them that just love the trappings.

It was grand under President Nixon. He was scared about the job of the Presidency. Somebody should write a decent book. He was literally terrorized when the phone rang and somebody said, "Mr. President, what about the budget?" He said, "I am going to see Bebe in San Clemente. Somebody else will handle that. Appoint another counsel."

It is fine to travel in all of these countries, sleep in the palaces, and eat the banquets. Then after you have eaten 27 banquets, you come back to Andrews, they pipe Hail to the Chief and you say how you have brought world peace by eating at 27 banquets. They said, "What about energy?" He said, "I will appoint another czar."

What happened to the economy? He wrecked it. He spent more money than any President in the history of the country. We went to a $180 billion budget in 9 years, but it took only 3½ short years under President Nixon to get to $300 billion, from 1971 to 1974. It took those 3 years to get to that $300 billion budget. All the time, "I have been to Red China." That is all I heard in his campaign. "I have been to Red China." The budget went to pot. The energy thing has never been confronted. They have opposed us on an energy policy council. We have tried to get the facts, the figures, and the truth out. That is what the Senator from Colorado is talking about.

And President Ford is another duplicate, a carbon copy. He knows one thing: how to get into a plane and how to get into a train. But ask him about energy and he just gets up there and, frankly, I am embarrassed for him when he is blaming the Congress, when he does not even know about the energy program. He does not have one himself. What his administration has put forward is not working.

He does not want to work and make those hard decisions in the White House office. I would like to get the fellow to stop campaigning and go to work. That is what the country wants—leadership in the Oval Office. We need somebody to stay, a body in the Oval Office, to answer the phone, do the work, and make the hard decisions. Then we would not have to be coming up here with emergency gas bills and everything else trying to keep the people of America employed.

If the President were to have known the truth, if the facts and figures had come forward as to the true reserves, if we had found out about all of these shut-ins, we would know about this withholding, we would know about this terrible pressure that has now gotten into a stampede. They bribed them back in the 1950's. How they handle these particular votes around here is just getting written up on the front pages now.

I am getting tired of trying to work on the merits when we cannot even get anybody to discuss the merits of a natural gas bill or even discuss what we are trying to talk about. That is what concerns me, Mr. President, as we start this morning to go through a little ritual, with everybody having made up their minds. The distinguished gentleman said his few words and talked about free enterprise. Nobody is talking about how we are trying to get the facts and figures. Nobody is really getting into the issue of energy. As is pointed out in this Newsweek article, we are still spinning our wheels and the news media would rather cover the political campaign than the needed work of this Government.

Now, Mr. President, I will be glad to yield to the distinguished Senator from Oklahoma, the Senator from Alaska, or any others who have questions. I will be glad to yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, first, it is important to look at the history of the gas and oil business as we approach a decision on S. 2310. The history of the gas and oil business is one of direct price controls for gas for the last 21 years and indirect controls for oil and interferences in the market by the mandatory Import Control Act.

In natural gas, we can see the most classic case of the ills and evils of price controls. It shows very clearly a decline in the drilling activity for oil and gas throughout the country, a reduction in the number of active rigs, which peaked in 1955 and hit a bottom point in 1971. The number of active rigs went from nearly 2,700 to less than 1,000.

The distinguished Senator from South Carolina said—and I think he was referring to President Nixon—that the President had no energy program. While I do not think it was enough of an energy program, nonetheless he had one, and Congress did not have any at all.

He did advocate decontrol of oil in certain amounts with the result that approximately 38 percent of domestic production is at the uncontrolled price today. This includes about 12 percent that Congress legislated as uncontrolled oil, through the stripper-well amendment.

Shortly after the stripper-well amendment passed, perhaps within 3 months, those in Congress who made this possible decided that this was not good legislation and since that time have been trying to control or roll back the price.

As we entered the early seventies, a time when many people for the first time recognized that we were facing an energy crisis, it became clear that the cries which had been leveled at Congress for many years were true. It had been said for years that, "If you keep bringing in and forcing the cheap foreign oil on this country and do not protect the domestic industry, you are going to dry it up; you are going to make it incapable of supplying the amount of gas and oil that is being consumed."

So what we had was direct price control on gas and indirect controls on oil, until the price controls on oil in 1971. This resulted in forcing the oil companies, particularly with gas earlier and then with oil, to sell the products off their shelf at less than replacement prices.

As a result, the cushion of excess capacity that existed in this country for a long time, that enabled us in two Middle East crises to supply Europe with extra oil from this country and not at an extra price, no longer existed after 1971.

This is the background, as we entered into the 1970's with a realization by more and more people that yes, by golly, we do have a crsis, we are running out of oil, and perhaps we cannot rely on others, either for supply or for an equitable price.

So we learned these two facts: one, that depending on oil from foreign countries is not good business for the United States, and two that the price that they will charge us could become an artificial price not based on supply and demand.

Then earlier this year, in the face of the impending gas crisis this coming winter, which was foreseen for at least 20 years if our tactics and our tune on price controls were not charged and which has been clearly foreseen and accurately assessed for the future, this Congress saw fit to raise the taxes on the oil companies by doing away with the depletion allowance for the larger companies and reducing it very substantially for the independents.

This amounted to some $2.5 billion. Immediately there was a slowdown in drilling. It is only now that there is beginning to be a little catchup in the drilling, to increase over what it was 6 or 7 months ago.

The Senator from South Carolina said we are stampeding. I think Congress has been waltzing around with itself, not the least bit interested in the crisis that it faces and not apparently interested in coming up with any kind of a meaningful program. It is rather interesting that we do not have controls on any other products. Here is a product that is in the shortest supply and on which we are paying a cartel price, and yet we are not interested in aggressively pursuing sufficient supplies for this country and controlling the price ourselves.

We can look at the natural gas industry and very clearly see, in the intrastate market, that the free market works. When I first came to this body 2½ years ago, there were those who were saying that they questioned whether price would influence supply. They did not think if the price increased significantly, either in the intrastate market or the interstate market, that it would in any way influence those who were in the business of drilling. I think the Senator from South Carolina knows that tobacco production is very apt to go up if the price goes up and the farmers are in the position to plant what they wish, if they are in a free, uncontrolled marketing, planting, and harvesting situation.

The same is true with oil and gas. The companies have to know that they can realize a profit with what income they have from their existing properties and with what income they can hope to have if they are successful in a wildcat development venture.

The intrastate market works. The interstate controlled market is perhaps the best example of a market which has failed. It has failed this country for 21 years, and I see no reason why the controlled market is going to work in the future.

Twenty-one years ago, we started off on controls that did not permit a sufficient return to assure the producer that he would be able to replace the gas that he was consuming. We had a tremendous amount of excess gas then, and now we have a tremendous shortage.

Price controls are self-defeating whether they are on gas or whether they are on oil. The only way we are going to send a message to OPEC that is going to get their attention, that will let them knew we mean business is for us to have an uncontrolled market and to maximize our effort for drilling oil and gas wells. They control the price at the present time; we do not. So if the price of oil is controlled, domestically as it is, and if our production is held back with the goal of keeping prices low, this is self-defeating; and if the price of gas is controlled and domestic production is held back, as it has been, this contributes also to the greater importation of oil, because with the lesser amount of energy that is produced domestically, then we must by necessity import more.

By importing more, we give more and greater leverage to the OPEC countries to set their prices higher.

Some time ago, Senator JACKSON, chairman of the Committee on Interior and Insular Affairs, was on a talk show with Sheik Yamani. He was advancing to the Sheik his ideas on price rollbacks, and said,

> Isn't this the way to have the world price come down, by the United States rolling its prices back?

The Sheik gave a very accurate answer. He said:

> No, it just doesn't work that way. For you have control in the market, you must increase your drilling, you must increase your supplies, and gain a greater measure of self-sufficiency.

It was obvious that we lost control of the price when we failed to do the amount of drilling that was necessary to replace the rapidly expanding supplies of energy that we were consuming.

Hence, our reserves started dwindling in relationship to supplies and now are dwindling by themselves.

So, for us once again to give any kind of impact to the OPEC countries, it is necessary for us to go my way, the American way, and try to take care of our own future and not rely on others who have not been dependable in the pinch. I believe we need to provide sufficient reserves so that we can have assurance that our national security is protected, so that our national economy is protected, so that we do not have the runaway inflation that comes from higher and higher prices because of the efforts to keep the price down, which lowers our supplies domestically. It tends even to increase the demand, and the result in this country is a price increase.

This bill, in my opinion, admits that controls do not work. It does have a price mechanism which would provide an increase in price for gas in the interstate market. But it is not a free market price; it is a controlled price. There are various reasons why this price method is far from a free market price. It has a number of controls.

For example, the gas that is now being produced under the interstate contracts would have to be produced, according to the Senator from Ohio, in answer to a question yesterday, at the FPC controlled price in the future. It could not be considered as new gas and come under the higher price that this bill provides for newer gas.

At the present time, new gas will sell for as much as $2 a thousand cubic feet, quite frequently at $1.50 a cubic foot. It is selling in parts of Oklahoma, because of controlled prices on old gas—and I say this to the distinguished Senator from Kansas—in the Hugoton field and the Yates fields, which produce in Oklahoma and Kansas—prices are as low as 7 cents and 18 cents. This makes it impossible for those producer to replace that gas by further drilling and development, because they are not receiving enough for it to replace it with new supplies.

Mr. President, I ask unanimous consent to have a table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—EXPLORATION DRILLING STATISTICS, NEW-FIELD WILDCATS (NFW) 1949–68

Time period	Number of NFW drilled	Total discoveries	Success (percent)	Number of[1] significant discoveries, classes A, B, C, and D	Success (percent)	Number of[2] class D discoveries	Number of NFW per discovery	Success (percent)	Number of[3] class B and C discoveries	Number of NFW per discovery	Success (percent)	Number of[4] class A discoveries	Number of NFW per discovery	Success (percent)
1949–53	28,505	2,994	10.5	753	2.6	550	52	1.9	152	188	0.5	51	559	0.2
1954–58	37,386	3,913	10.5	837	2.2	675	55	1.8	134	279	.4	28	1,335	.1
1959–63	34,624	3,353	9.7	571	1.7	467	74	1.4	80	433	.2	24	1,443	.1
1964–68	29,432	2,802	9.5	478	1.6	364	81	1.2	94	313	.3	20	1,472	.1
Total	129,947	13,062	10.1	2,639	2.0	2,056		1.6	460		.4	123		.1

[1] Significant discovery, reserves of over 1 million barrels of 6 billion cubic feet of natural gas.

[2] Class D discovery, reserves of 1 to 10 million barrels or 6 to 60 billion cubic feet of natural gas.

[3] Class B and C discoveries, reserves of 10 to 50 million barrels or 60 to 300 billion cubic feet of natural gas.

[4] Class A discoveries, reserves of over 50 million barrels or over 300 billion cubic feet of natural gas.

	AAPG Average reserve-size class	Number of discoveries	Average number of NFW's required
1949–68:			
Wells completed reserves any size	A–F	13,062	10
Greater than 1 MMBO	A–D	2,639	49
Greater than 10 MMBO	A–C	583	223
Greater than 25 MMBO	A–B	257	506
Greater than 50 MMBO	A only	123	1,056

Note: These facts are illustrated on the following charts and are for new-field wildcats drilled throughout the United States, both onshore and offshore.

Source: Preprint, "North American Drilling Activity in 1974," American Association of Petroleum Geologists.

Mr. BARTLETT. Mr. President, I shall read from this table, because I think it shows the reasons why it is important that we have not only an uncontrolled price for natural gas on new wells—which this bill, of course, does not provide—but also that we have the opportunity for a free market price for new gas coming out of expired interstate contracts.

The average for the years 1949 to 1968 shows that only 1 out of 10 exploratory wells finds a producing gas well—that is, gas or oil. For a small field that would produce greater than 1 million barrels of oil. it would require the drilling of 49 wells. For 25 million barrels of oil, it would require 506 wells. For greater than 50 million barrels of oil, it would require more than 1,056 wells to be drilled before a discovery is made.

A field that produces 50 million barrels of oil is a significant field, but in terms of daily barrels of production, it is not all that significant. It probably could sustain production of 10,000 barrels per day only for several years.

So in order to have a drilling program that is going to bring on sufficient wells not only to stop the decline that we are experiencing in this country, to flatten it out, but also to increase the supply so that the people in the East and the North will have sufficient supplies of gas to go through the lines that already exist, we will have to have a higher price, more capital coming to those in the gas business from the existing gas that is now being sold.

The figures I just gave were an average during the period of 1949 to 1968, but I point out to the distinguished Senator from South Carolina that there has been quite a change in the success ratio of drilling during the last few years.

From 1949 to 1953, it took 559 wells to be drilled in order to find a 50-million-barrel or equivalent oil field. From 1954 to 1958, it took 1,335 wells; from 1959 to 1963, 1,443; from 1964 to 1968, 1,472.

I am sorry we do not have more recent figures for the last 7 years, but it is clear that significant reserves of oil and gas are becoming more and more difficult to find.

Yet, I point out to the distinguished Senator from South Carolina that in 1956 we had nearly 2,700 rigs operating, and today we have about 1,700 rigs operating—far below the level at that time. So it is obvious that there is a sufficient amount of capital in order for the oil and gas indusrty to operate the number of rigs necessary to bring on the amount of additional gas or additional oil that this Nation needs.

The pricing section of this bill requires the averaging of prices. This has the disadvantage of excluding those ventures which are priced higher than the ceiling, and certainly we need all the gas we can get.

Also, this bill deficient in that it fixes a price that is based on the supply-demand situation that exists in the intrastate market of an individual producing State.

The State of Oklahoma is about average in population. I think it ranks about 26th or so, with 3.5 million people; much smaller than some of the big States of the Union. Yet we rank No. 7 in gas consumption and we are one of the top three in gas production. This means that we are consuming a lot of gas in our State in various kinds of processes, which also benefit people outside our State. But we are still exporting a tremendous amount of gas and most of it at a sacrificial price which is unfair to the consumer, unfair to the royalty owner, and unfair to the producer.

I point out to the advocates of the bill and to the floor manager that the supply response which would result because of this bill is limited to the price/demand situation of a State's intrastate market. If the market is expanded, as it would be under this bill, by making available the interstate market, a greater supply response would be necessary to fill the greater demand. Thus a higher price is necessary, or, the greater supply would not be forthcoming.

Therefore, the claim that this is a free market price is not accurate, because it does not in anyway reflect the supply-demand situation, even for August, of the entire United States. Because the pricing mechanism in the bill is deficient, the shortages of natural gas will continue to widen.

Yesterday the Senator from Ohio said that the gas price in the bill would be set on an area basis, which is relatively restricted, and, therefore, the price would equal approximately the true intrastate free market price. I should like to know how he proposes to insure that the area is small enough so that the gas price would be representative, or was representative, of the average, in that area during the period of August of this year.

Prices in gas contract generally reflect other considerations important to both the buyer and the seller. That raises the question of how the FPC is supposed to account for these things. I am referring to differences in contracts such as take-or-pay clauses, advance payment clauses, Btu adjustments, price escalation clauses, quality adjustments, gathering adjustments, amount of gas committed and so on. These are, very frequently, matters of great importance to a producer and of importance to the gatherer or the purchaser of natural gas.

Price established by this bill will be a cap on what gas will be found in any area. The price cap will do nothing to stimulate supplies, and I think that the sponsors of the bill must admit that inadequate supply is the real problem. It is interesting that in the onshore areas of this country, the price of gas in the intrastate market would very likely be rolled back or at least would be limited by the ceiling. At the time of a proposed sale in the future, the price would be less than what would be otherwise received.

Yet with this bill in the offshore area, gas is dedicated to the interstate market, and the present FPC rules and regulations and controls would continue. Yesterday, the Senator from Ohio said, "Well, we are just not interested in the future; we are just interested in the present." But if we are interested in a price increase on shore, why would we not be interested in a similar increase offshore, even though it is not enough in my opinion; particularly when the offshore development has practically ceased and when the price offshore is 52 cents a thousand and very inadequate? But the price on shore for the intrastate market, where the big increase in drilling is taking place, is perhaps three or four times that.

This bill misses a great opportunity to bring on additional drilling and development offshore, because it does not increase the price for the producers there, whereas this same price for the intrastate producers will be, in most cases—in many cases—a price rollback and a price limit which those producers have not experienced before in natural gas.

The bill also says that if you have gas available and do not sell or produce during the period the bill is in effect, then you cannot sell at any time in the future at a higher price. This would mean that a producer who has extremely high-cost gas must produce it at a loss, to never produce it, or to produce it, presumably, at even a greater loss in the future. It is a confiscation of private property that I do not understand.

This bill is a control bill. It is a continuation of an approach that has not worked, and I think it is important for the advocates of this bill to realize that the producing States today, which do have excess production, are making that excess production available on a voluntary basis at a free and uncontrolled price to those States that are short. The important thing here is that they are making this gas available at a price at which they can replace the gas, at a price that is fair to them, to the gas purchaser, and to the citizens of the producing States, who have been paying the free market prices that have brought on these growing reserves, at a price that would enable intrastate purchaser to know that the gas that he uses in heating his home or cooling it or cooking his meals could be replaced.

There are some of those in the East who, perhaps, have not had a full understanding of what the free market has been for the producing States. In our State, the residential consumer of natural gas has experienced an average of about a 4.7 percent increase in his gas bill per year, even though the price of natural gas, in just a few years, has gone up at the wellhead from 50 cents to $1.50 in Oklahoma. This is because the price is rolled in.

The price would be rolled in on a bill that would decontrol the price of gas, such as the Pearson bill, or such as the Fannin bill. These bills would offer a decontrolled price, which would also have the benefit of dampening the demand slightly, as well as assuring the people who are connected up to gas currently that there would be gas coming through that line, and also that they would not, for a long period of time be paying for the nonuse of the lines that transmit the gas to them, the amortization charges that are paid by the consumers of natural gas, because there is not enough gas.

Then, I think, the advocates of this bill should know that the intrastate market has worked; that in Oklahoma, from 1969 to 1974, the intrastate reserves have increased by over 25 percent, while the interstate reserves have declined by more than one-third. I do not know why we want to gamble on a modification of a system that has failed miserably and failed the citizens of this country. I think the advocates of the bill should listen to this statement that I shall read, that was made by the Governor of our State, Gov. David Boren. He says the following:

> The present bill, Senate bill 2310, is a completely self-defeating one. It will do nothing—

I wish to repeat that for the Senator from South Carolina—

> Is a completely self-defeating one.
>
> It will do nothing to create any new production. In addition, it fails to realize that we cannot simply shut off the natural gas in Oklahoma, and the States like Oklahoma, because there is not the capability of immediate transfer to other fuels. Such an action would be disastrous to us and will hurt the entire country in the long run.
>
> As the Governor of Oklahoma, I will not stand idly by and allow this to happen. In my opinion, there are grave constitutional questions about the counterproductive nature of this act. Congress should be under no illusion. We would use every resource available to us to prevent it from happening.

I would like to amplify the very end of his statement. I am convinced that if this bill passed, it would be, notwithstanding provisions in the bill to the contrary, tied up in court for a long time and unable to deliver any emergency gas to the gas-deprived States of this Nation, which are currently receiving gas from our State and, I assume, from the other producing States that have surplus gas.

I can assure the Senator from South Carolina and the Senator from Ohio that if this bill passes, there will be a concentrated effort on the part of the producing States to take it to court and to seek redress of grievances for confiscation of private property in a proper and legal way.

There will be tremendous bitterness over this bill, because what the Senator from South Carolina is proposing would be very similar to my proposing to him that he should sell his house, his car, his goods, his tobacco, or his production of garments or whatever, at a price lower than the going price. I do not think he would like that. I do not see that he is approving that kind of legislation in any other area. I do not think he thinks it is fair.

People in our State have been supplying gas to other States at controlled and low prices for a long time in a very unfair way, and now that the shortage is really on us in a big way, some of the consuming States are saying:

> Let us take your gas, gas that your citizens have paid for and developed because of the free market prices that they are willing to pay for natural gas.

It is not a fair request, Senator, and I think you are going to find the opposition to this bill, if passed, is going to be overwhelming in the States that produce. The effort would be tremendous, the resentment would be very deep.

I think if the Senator would just realize how unfair he is being in wanting other States to somehow supply his State and adjoining States at prices below what the market price is, below what you can get for it in a free market, that he will see this in a new light.

Also we are interested, Senator, in doing our share for this country, to provide the energy the people in the East individually and collectively need for their employment. We are interested in that. We have been doing it for a long time, and we are proud that the oil industry is in our State, even though it is criticized rather frequently by people from outside, because we think it has done a good turn for the farmer of the Senator's State and the farmer of our State, for the businessmen, for the big industry and for the small industry. It has enabled this country to have the highest standard of living, and certainly not just in energy alone but in having the commonsense and the technology and the resourcefulness to harness it and use it.

So I think we want a system that, in the first place, reduces the demand with an uncontrolled price for fuel, not a set one, but also that recognizes that we can most quickly get about the business of increasing our reserves and get about the business of telling the OPEC countries we are concerned about ourselves and our future, and that we want to rely on ourselves rather than someone else. When they get this message, I am convinced in due time we will break the cartel. But until then the price controls and rollbacks that the Senator proposes and others propose are playing right into the hands of OPEC nations for higher and higher prices and more inflation.

So I ask my colleagues to consider not passing this bill, to consider how futile it would be, how it would not work, how unjust and unfair it is.

I yield the floor.

Mr. HOLLINGS. Mr. President, I am trying to find the different sections to which the distinguished Senator referred with respect to his State of Oklahoma.

Mr. President, I am not unacquainted with Oklahoma or its fine people. Obviously, the distinguished Senator Bartlett and Senator Bellmon are among the finest gentlemen in public service, and I have had the opportunity to serve with people from Oklahoma not only in public life, when the late Gov. Howard Edmondson was the governor there for a 4-year period, but also in a law practice with associates from Oklahoma right here in Washington, D.C.

I have the highest regard and the highest respect for and a slight knowledge about, the fine people, oil industry, and businesses of Oklahoma.

So I do not speak in a confrontation way, or in a prejudicial fashion about my State or the Senator's State. On the contrary, let us get to the facts, and then come down to the heart of the misunderstanding.

I was trying to note down some of the things that the distinguished Senator was saying. I would ask the distinguished Senator, for example, what was the intrastate price of natural gas in Oklahoma in 1972?

Mr. BARTLETT. I do not know offhand what it was.

Mr. HOLLINGS. There were three proceedings; the Senator knows the background.

Mr. BARTLETT. Probably 50 cents. I am really not sure.

Mr. HOLLINGS. Less than 40 cents.

Mr. BARTLETT. I beg pardon?

Mr. HOLLINGS. Less than 40 cents in two proceedings before the Federal Power Commission. The average intrastate price in Oklahoma in 1972 was between 40 and 50 cents.

Mr. BARTLETT. If the Senator will yield, Mr. President——

Mr. HOLLINGS. In Oklahoma, for example, does the Senator know the average price of the intrastate gas last year, 1974, with inflated OPEC prices?

Mr. BARTLETT. Senator, I think the average price last year was probably around, close to, 90 cents.

But if the Senator will just let me respond—I know he is asking for an answer and not necessarily wanting to speak himself—I would like to say I brought out earlier that the prices have actually gone up in recent years from 50 cents—call it 40 cents—to $1.50 for recent sales right up to date, and yet the citizens in our State in a free market have been paying only an increase in utility charges for gas of 4.7 percent per year. I am afraid the Senator either misunderstands or is using scare tactics, because the price for the gas the consumer is going to buy is not going to jump at the same rate that the price at the wellhead has jumped. The contracts in our State, on intrastate gas, have a roll-in effect with respect to the contracts that exist for interstate—they have a roll-in effect, even if they can be renegotiated at the time they expire, as new gas.

So I think that it is important not to confuse the wholesale price with the retail price.

Mr. HOLLINGS. Mr. President, I will just make my statement now. My distinguished friend just happens to be mistaken.

I send to the desk and ask unanimous consent to have printed in the Record the schedule of nonjurisdictional sales between January 1974 and January 31, 1975, that is, intrastate sales of natural gas by natural gas companies, otherwise subject to the jurisdiction of the Federal Power Commission, with the number of contracts cited, the volume, and the prices by State.

There being no objection, the table was ordered to be printed in the Record, as follows:

SCHEDULE 1.—NONJURISDICTIONAL SALES OF NATURAL GAS BY NATURAL GAS COMPANIES SUBJECT TO THE JURISDICTION OF THE FEDERAL POWER COMMISSION JAN. 1, 1974 TO JAN. 31, 1975, SUMMARY OF NUMBER OF CONTRACTS, VOLUME AND PRICES BY STATE

State	Number of contracts	Estimated annual volume (MMcf at Psia)	Weighted average initial prices inclusive of adjustments (cents/Mcf at 14.73 Psia)
Alabama	3	9,239.3	148.15
Arkansas	7	6,337.6	33.76
California	32	17,145.1	52.44
Colorado	17	3,988.8	33.85
Florida	4	2,556.9	168.99
Kansas	15	10,729.2	49.95
Louisiana	108	70,032.9	113.03
Michigan	5	28,895.6	76.32
Mississippi	7	3,475.6	45.00
Montana	5	762.1	39.16
New Mexico	31	10,188.3	54.95
New York	2	83.0	33.46
Ohio	21	161.8	49.02
Oklahoma	283	89,108.0	72.29
Pennsylvania	6	564.1	70.25
Texas	491	588,250.3	95.77
Utah	3	842.2	37.26
West Virginia	22	6,548.0	52.67
Wyoming	22	1,231.7	47.55
United States	1,084	850,140.5	91.62

Source: See technical note.

Mr. HOLLINGS. Mr. President, it is not any 90 cents. This is new gas, and this tells a story. This is how inaccurate and mistaken my good friend is, because this tells a true story, and we will get back to some of the rather casual statements, almost like conclusions, as if they were supported by the facts, but totally unsupported.

The Oklahoma price for new gas contracts—OPEC had hit, the bonanza had started, and intrastate new gas contracts, for 283 new gas contracts in Oklahoma, for an estimated 89 billion cubic feet, were at 72.29 cents; and that had come up from the 40 cents the year previously.

Mr. BARTLETT. Will the Senator yield?

Mr. HOLLINGS. No, I am going to get through several thoughts now because we are going to have to get the record straight.

Mr. BARTLETT. The Senator was very kind to use a price less than what I said.

Mr. HOLLINGS. That is exactly right. I am getting the price a little more accurate than the Senator said because the intrastate price and the interstate price, my distinguished colleague, was practically the same until OPEC ran up the price of oil and until President Nixon and Mr. Nassikas began to talk about deregulation of gas. I will get it straight so it is clearly understood, how that free market works in Texas and in Oklahoma and in Louisiana—where is my friend from Louisiana, we all want to talk about that free market and free enterprise.

What they were saying in 1972, when the world price of a barrel of oil was $2, was in essence that if a utility in Tulsa, Okla., I say to the Senator from Oklahoma, or power company were threatened with a gas price increase would say, "All right, if you want to charge more than 40 cents in Oklahoma, I will go buy a shipload of world oil at $2 a barrel."

The transportation factor is 5.68. If one wants to reduce the cost of natural gas to the barrel of oil; one multiplies by 5.68, which is slightly less than $2, from 35 cents on up, it will behoove that power company to say, "If you run up my intrastate price, I will go to oil."

As a matter of fact, intrastate gas never did bother this market until Richard Nixon, Mr. Nassikas, the Chairman of the Power Commission, and OPEC, joined together to break the back of the American consumers.

Let us go back to that great gas era where the gentleman says, and he could not be further from the truth, that the interstate market has failed for 21 years.

Mr. President, I participated in the success of gas in that 2-year period, and I guess I have got a strong feeling on this because I go back to when in South Carolina we did not have any industrial opportunities. It was like old Henry Grady said as he described the plight of the South in a Southern funeral: He said that the shirt on that dead man's body was from New Jersey, the shoes were from Massachusetts, the suit from Rochester, N.Y.; he said the pine to build that wooden coffin came from the forests of New Hampshire, the nails from Pittsburgh; the shovel to dig that grave came from Michigan, probably Grand Rapids, and he said that the only thing the South furnished was the corpse and the hole in the ground.

That is what we had in the late 1950's when we came to the Governor's office, trying to build industry and get job opportunities with the help of that Oklahoma gas. I know. I was chairman of the Governors Conference——

Mr. STEVENS. Will the Senator yield?

Mr. HOLLINGS. No, I want to finish this thought. Everybody wants me to yield.

We will tell the story about whether this gas succeeded or whether it failed, whether the interstate rgulations and the Federal controls worked or failed. That is the question.

Mr. STEVENS. Will the Senator yield just for one question?

Mr. HOLLINGS. No, I am going to finish that thought.

Because here is what happened: We had that freight rate conference and they had a discriminatory freight rate against the South and against Oklahoma. That is when Oklahoma asked for Lyndon. Texas was South, Oklahoma was South, and we would go to a Southern Governors Conference.

We were delighted to see the Governor from Oklahoma and the Governor from Texas, who prided himself on being from the South. We started the proceedings regarding that discriminatory freight rate and the Southern Governors Conference did not succeed until after I was here in the U.S. Senate in 1967.

They had a 2-for-1 rate, so we could not get any coal from the coal fields. There were not any oil refineries, so we had to go for natural gas.

It so happens that we had the federally regulated interstate gas to depend upon starting in 1938.

One of the Senators asked here yesterday why I supported this Federal control. Let us see who asked for that control. I say to the Senator from Alabama, the Association of State Utilities Commission, the States, wanted and asked for that Federal Government control. That gas was garbage in Oklahoma and Texas. They burned it off in the noonday sun. There was no market for it. It was a total flop and failure in Oklahoma and in Texas until the Federal controllers came in. Nobody could get the gas. Who could put out $200 million or $100 million to build the pipeline?

If they were going to put $100 million and $200 million out, then they wanted protection. They wanted that monopolistic position of noncompetition, Mr. Free Enterpriser.

The States asked for this and the Federal Government provided.

Under the Natural Gas Act of 1938, we began to develop natural gas in this country for the first time, and what was the procedure before that Federal Power Commission? It came and proved a 20-year backup of supply, I say to the Senator from Alabama.

Regulations causing shortage? Pure nonsense. The policy, the rule, the regulation, caused abundance.

I never heard of such nonsense about the failure of the rules and regulations and controls. They caused us to have to prove 20-year backup in order to bring that line of public convenience when one had to have that supply.

It was a buyer's market. We controlled the pipelines. The intrastate boys were peanuts. They had no effect whatever on natural gas. It was a dead commodity in the State of Oklahoma prior to the Natural Gas Act. All the facts and figures will show that.

So the rules and the regulations were there to create and protest the market. You had to prove a 20-year supply in order to sell the gas. What happened? In my own State of South Carolina, in a 4-year period—later we will go into Oklahoma and compare it—we brought in over $1 billion in new industry, over 120,000 jobs, 95 percent fueled by natural gas—regulated, federally controlled, interstate gas. Tell me that it is a failure? How many thousands of jobs over 15 years, I ask the Senator from Alabama? We brought in $4 billion in new jobs. And it was over half a million, 500,000 jobs. We brought in $1 billion from overseas. We traveled to Latin America, to Dusseldorf, Germany, and all around the world. Up until the Arabs started buying up the islands and banks and other things around us, there was only a $10 billion investment of foreign countries in the United States. We had one-tenth of it in my State, all fueled by interstate, regulated natural gas. And today, one-third of the energy consumed in the United States is natural gas, and over 50 percent of the jobs are fueled by interstate natural, regulated, federally controlled gas. The regulations brought forth an abundance of gas. It was a tremendous success story.

Some have been nagging inaccurately about controls.

Mr. BARTLETT. Will the Senator yield?

Mr. HOLLINGS. No.

In 1954 we produced 9 trillion cubic feet when wellhead price regulation began. We went to 22 trillion cubic feet during the price-control era. During the price-control era, federally controlled interstate natural gas grew to the sixth largest industry in America. It is one of the great American success stories.

To answer a Senator who gets up in this Chamber and says the interstate market has failed for 21 years, I wish I could go back to the transcript which I was reading the other night. I was reading the one when Harry Truman was President. That is what the deregulation advocates said in 1950, 25 years ago, that regulation was a failure. Today it is the same parroted malarkey.

I will never forget the Governor of Oklahoma coming to our State and saying, "Can you put in an industrial development program in the State of Oklahoma like the one you have in your State?" I brought more jobs with interstate gas to the State of South Carolina than the Senator brought with intrastate gas to the State of Oklahoma. I will debate right down the line with facts and figures. Oklahoma did not have industrial expansion with its intrastate gas.

Mr. BARTLETT. Will the Senator yield?

Mr. HOLLINGS. No. The Senator will get it now. He will find out about this thing now.

The Senator says he is consuming more. They are burning it in utilities and power companies. They are wasting more, when they are the seventh largest user.

Go to jobs in the industrial expansion. Go through the period of the last 15 years and find out how many jobs came to Oklahoma and how many came to my State. How many came to intrastate gas and how many came to interstate gas?

What caused the shortage? That right there helped cause the shortage.,

Does the Senator know what President Truman said when he was vetoing deregulation legislation?

Mr. STEVENS. Will the Senator yield for a question now?

Mr. HOLLINGS. No, I will not yield for a question now. We are going to have this thing on the RECORD in one place so Senators will get to see it.

I want to talk about the demand. There was a demand growing after World War II. The pipelines started coming into their own. As they say, free at last; economically, we got free at last. We did not have to wait on the discriminatory coal, we did not have to wait on the impossible oil, and the demand was growing.

Now said President Harry, talking about the monopolistic feature about free enterprise, incidentally:

> Unlike purchasers of coal and oil, purchasers of natural gas cannot easily move from one producer to the other in search of lower prices because natural gas is transported by pipeline from a fixed or particular source.

So we have a noncompetitive commodity tied by pipeline at the source. It does not compete when they get into these Btu equivalences. That is one of the differences I want to point out later on.

Then President Truman said, when he heard that same failure of regulation argument back in 1950:

> The demand for natural gas has been growing phenomenally in recent years, and its natural advantages as a fuel coupled with its present price advantage indicate—

This was before price controls in 1950, and before the court decision in 1954—

> that demand may soon be pressing hard upon total supplies.

"Give Em Hell" Harry saw pressures on total supplies and shortages in his veto message—the Senator might as well have a seat—25 years ago. Twenty-five years ago he saw this thing coming. Of course, we, the interstate market, brought about the shortage to some degree. But what really caused this present predicament in reality is several things that we coupled with this interstate demand and, finally, OPEC.

Instead of the 20-year requirement of back-up resource, being a sellers market, in 1964 the Federal Power Commission began to weaken the rule and regulation. They began to weaken the rule and regulation. Instead of requiring a 20-year supply, they started ruling on what they call a 12-year deliverability. Then in 1964 they adopted the rule of flexibility even with respect to that 12-year rule.

Well, that did not have too big an effect until President Nixon came in, and that is when it all started coming down like a house of cards. Richard Nixon had campaigned on decontrol from Federal regulations. No one would dare say deregulate the local power company. No one would dare say deregulate the banks. A bank in my State, if they did not have the Federal regulations, would have had a run. There would have been a run on all the banks in this country.

There are a lot of things about regulation we will have to understand in the success story of this regulation.

Mr. STEVENS. Will the Senator yield?

Mr. HOLLINGS. This Senator is not yielding the floor and will not yield the floor until I have completed this thought.

Mr. STEVENS. I just want the Senator to yield for one question.

Mr. HOLLINGS. Mr. President, the Clean Air Act was enacted in 1968. Immediately there was a conversion from coal and oil to natural gas. In fact, Southern Natural, the principal supplier in my State, supplied 13 utilities on that line that were constructed to consume coal and had consumed coal. If we could only get them to convert back to coal from natural gas, we would save and have available 63 billion cubic feet of additional natural gas this winter. Instead of giving South Carolina a 23-percent shortage, that would give me a 50-percent increase. We are not playing around here. The Clean Air Act came in and that accelerated consumption of gas, because it was a clean fuel that easily complied with the act.

Mr. BARTLETT. Will the Senator yield?

Mr. HOLLINGS. No.

When Mr. Nassikas was appointed, the fact of the matter was he was categorical for a breakdown of the regulations.

He started in with what they call the Nassikas rounds whereby, instead of paying the area price, I say to the Senator from Alabama, for that particular gas, the approach was: "Well, if you drilled a little bit more or you did this or something else you come in and get a higher price." This caused a lawyers' bonanza. Lawyers started flowing in, and administration of the regulations started breaking down. Then knowing that President Nixon was 100 percent for decontrol, these lawyers started pressuring for decontrol; and they know how to pressure Congressmen and Senators.

With this new layer of regulation even the 12-year deliverability rules began breaking down. Any knowledgeable person would tell the Senator that they could hardly prove 5 or 6 years of deliverability. And with OPEC the holdback began and that was the thing that really put them in business.

Instead of blaming the Federal regulations, we should be blaming OPEC. It is just beyond all imagination to blame our present situation on regulation.

Let us look at the facts. Intra- and interstate regulation did not bother anyone and, in fact, the price was relatively the same until we got OPEC. Then, even with OPEC, the price only went up to 72 cents for new gas prices in intrastate commerce during 1971. And now we are trying to get that gas crowd to settle for $1.30.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. HOLLINGS. No.

When I tried in hearings to sell $1 gas, we had a whole series of hearings before the Federal Power Commission and, in December of last year, the Federal Power Commission came forward with a national rate of 50 cents and then later in the year it was intermediately 51, 52, and now an interpolated price of 53 cents.

Mr. President, with that 53 cents and with hearings, we took one example, the dissenting opinions of Mr. Rush Moody, and we cost factored that gentleman's opinion out and we got 75 cents. We looked all the way around at the intrastate market, and we said here in 1974 here is intrastate Oklahoma—of which the Senator was speaking—could I yield just to the distinguished majority leader and retain the floor? I ask unanimous consent to do that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I thank the distinguished Senator.

ORDER FOR VOTE TO OCCUR AT 2:30 P.M., TOMORROW ON MOTION TO TABLE AMENDMENT NO. 938

Mr. President, I ask unanimous consent that at the hour of 2:30 p.m. tomorrow a vote occur on amendment No. 938 offered by the distinguished Senator from Arizona (Mr. FANNIN) and others.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I thank the Senator. And I ask to put that in its appropriate place.

Mr. STEVENS. The Senator from Alaska has to leave. I wish to ask my friend just one question.

Mr. HOLLINGS. A vote to table that amendment. Wait a minute, Mr. President. That the vote occur on the motion to table that amendment.

Mr. MANSFIELD. The vote to occur on the motion. I amend my request accordingly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, will the Senator from Alaska excuse me?

Mr. STEVENS. Mr. President, will the Senator yield for one question?

Mr. HOLLINGS. Yes.

Mr. STEVENS. The Senator knows I have great respect for him, and I come over to hear him because I am envious of his style. But will the Senator answer me just one question without getting disturbed? I think I mentioned to him that the only people who have come to my office to see me and insisted on time to talk to me about total deregulation and particularly about the emergency bill were people from South Carolina. If the Senator is correct that deregulation has worked so blasted well in South Carolina, why is it that the Senator's industrialists came all the way up from South Carolina to visit a little old Senator from Alaska to ask him to vote for deregulation so they could get more gas?

Mr. HOLLINGS. Mr. President, I will be glad to answer that question. There is an onslaught. For one thing, the oil industry is so into the banks and so into the financial control; for one thing the oil industry is so into my textile industry; for one thing you do not bite the hand that feeds you; and the oil, gas, and clay industry in South Carolina has to depend on natural gas. There is no alternate fuel.

As a result of that control, also joined in by the factor that generally speaking they have got Texas interests with all the news media, this Senator spent the entire month of August in an attempt to change the impression made by all of these editorials and these wild folks that are coming around making these charges.

I never was more sickened, I never was more weakened at heart than to get a letter from my own Greenville Chamber of Commerce that says:

> DEAR SENATOR HOLLINGS: Because of the federally regulated regulations and control on natural gas, Greenville and the Piedmont section of South Carolina has been arrested and stultified in its industrial development.

The exact opposite, I say to the Senator from Alaska, is true. It is because of the regulated federally controlled natural gas that we were able to industrially develop Greenville.

But I can tell you we started the industrial revolution, we started technical training, we started the business development program. We worked on that one, I say to my colleague, and everybody in South Carolina will tell you about that.

So what have they been doing? They have been pressing me with all these letters. But I am a man with knowledge gained from hard experience.

Has the Senator ever been down to a natural gas company and begged for it? Certainly, I can tell the Senator time and time again I talked with Southern Natural, for example, trying to get the same rate in Aiken, S.C., Senator THURMOND's hometown, to bring in the Owens-Corning plant. I have gone to Birmingham and talked with Southern Natural, saying "If you come down and bring it down over the same rate we get this fine industry."

I spent years begging for natural gas to get it out of Oklahoma where they were burning it off; they had no industry to use it. Industry was not going to Oklahoma, I can tell the Senator that. There was not any industry going out to Oklahoma.

Mr. STEVENS. Mr. President, will the Senator yield for one more question?

Mr. HOLLINGS. Yes.

Mr. STEVENS. I admire the Senator's courage.

Mr. HOLLINGS. It is not courage. These are facts.

Mr. STEVENS. I think he has the courage of his own convictions. Would he tell me what does OPEC have to do with gas supply in South Carolina?

Mr. HOLLINGS. Because if we take it out from under the control of the Federal Power Commission we automatically put it under the Arab Power Commission. OPEC has the price controls and is setting the artificial monopolistic unsupportable ceilings. President Gerald Ford and Secretary William Simon; have you not heard of those gentlemen?

Mr. STEVENS. Not price.

Mr. HOLLINGS. Price is what I am talking about.

Mr. STEVENS. OPEC had something to do with supply. What does OPEC have to do with supply of natural gas in South Carolina?

Mr. HOLLINGS. Because if one gets the price so that it really is more to his economic benefit to withhold, to shut in, to hold back the gas, if the gas is enhancing in value sitting in the ground rather than being delivered, one holds back all his gas. Does the Senator want those facts on the withholding? We will refer to that particular section in the record. Here is what the Senator should know. When they started in, and they started this withholding now, here are the facts and figures on that particular item. They have been finding new wells, the economic incentive to drill has been there. The economic incentive to—I want to correct the Senator from Oklahoma talking about rigs.

I wish to show the Senator how many wells have been drilled already and I ask consent to include in the RECORD page 42 of the Federal Energy Administration's report of August 1975.

There being no objection, the page was ordered to be printed in the RECORD, as follows:

OIL AND GAS EXPLORATION

	Rotary rigs in operation—Monthly average	Wells drilled				Total footage of wells drilled
		Oil	Gas	Dry	Total	
1972:						
January	1,147	807	281	851	1,939	9,441,238
February	1,071	965	350	955	2,270	12,381,669
March	1,034	1,210	394	889	2,493	12,406,433
April	1,002	923	355	788	2,066	9,902,253
May	1,005	920	332	816	2,068	10,218,488
June	1,049	1,042	395	903	2,340	11,009,513
July	1,104	833	335	795	1,963	9,212,931
August	1,130	946	410	924	2,280	11,334,867
September	1,152	1,065	468	1,009	2,542	11,634,026
October	1,165	792	539	919	2,250	10,944,312
November	1,186	860	535	975	2,370	12,360,912
December	1,241	985	536	1,290	2,811	14,190,138
1973:						
January	1,219	758	406	899	2,063	10,972,665
February	1,126	777	487	765	2,029	10,655,936
March	1,049	953	504	909	2,366	12,317,756
April	993	699	489	777	1,965	10,433,987
May	1,046	749	407	647	1,803	9,622,110
June	1,118	767	432	795	1,994	10,814,600
July	1,155	912	504	840	2,256	10,995,939
August	1,222	724	456	739	1,919	9,632,819
September	1,266	854	690	940	2,484	12,075,280
October	1,334	790	554	958	2,302	11,693,672
November	1,390	822	606	865	2,293	11,823,350
December	1,405	1,087	827	1,208	3,122	15,529,582
1974:						
January	1,372	763	577	803	2,143	10,391,797
February	1,355	901	600	816	2,317	12,160,308
March	1,367	936	638	1,003	2,577	12,844,135
April	1,381	947	700	945	2,592	13,349,007
May	1,412	957	520	870	2,347	11,459,595
June	1,432	1,238	586	982	2,806	12,976,388
July	1,480	1,008	461	884	2,353	11,801,777
August	1,518	1,210	555	968	2,733	12,409,885
September	1,527	1,200	600	1,091	2,891	12,676,090
October	1,584	1,131	551	1,241	2,923	14,080,534
November	1,596	1,088	626	1,053	2,767	11,794,937
December	1,643	1,339	791	1,274	3,404	15,707,092
1975:						
January	1,615	1,299	655	1,040	2,994	13,189,222
February	1,611	1,097	458	933	2,488	12,070,712
March	1,651	1,341	658	1,091	3,090	15,472,260
April	1,604	1,181	506	1,071	2,758	13,544,705
May	1,592	1,100	451	891	2,442	12,054,485
June	1,613	1,246	509	1,022	2,777	13,539,783

Sources: Rotary Rigs—Hughes Tool Co., Wells—American Petroleum Institute.

Mr. HOLLINGS. Mr. President, when we hear the poor Senator from Oklahoma talking about things closing down, look at the Government reports. In 1972, there was a total sum of gas wells of 4,930; then in 1973, under regulations, not working, according to him, with drill rigs idle, according to him, it went to 6,632. That was an increase. What happened in 1974, with the drill rigs again allegedly idle, the regulations allegedly not working, no incentive to drill, it went from 6,632 to 7,205. So they are and have been drilling more, under regulation.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. BARTLETT. This question is in connection with the Senator's thought.

I suggest that he read what it was in 1955 and 1956, on the same number of wells and the same category. If he does that, he will find that it was very much higher. I do not know the number, but it was probably more like twice.

Mr. HOLLINGS. That is right. That is after they had started the price regulations, and I suppose because of the Supreme Court decision they started drilling like mad.

Mr. President, on page 15 of the committee report we find this:

> Current statistics from the U.S. Geological Survey provide strong evidence of speculative withholding of oil production. Completed shut-in oil produceable zones offshore jumped from 953 in 1971 to 2,996 in 1972 and 3,054 in 1973.

That is how they increased shutting in the wells.

They are making enough money. They want to hold all they possibly can down there, to make all the money, working with OPEC: Do not break OPEC. Watch the supply and demand. The country is short. The wives are sitting in automobiles, trying to get gasoline at the gas stations. But that is not our worry. Our worry is to keep OPEC going.

What happened with active oil wells? Active oil wells fell. This is not the ones drilled; these are active. If anyone wants to know what was drilled, they completed new wells at the rate of 300 to 400 a year. I have just read the facts and figures. In 1972, 1973, and 1974, more wells, more wells, more wells. But the active wells fell from 5,704 to 3,814.

I continue reading from the report:

> This jump in shut-ins from 14 percent of producible zones in 1971 to over 44 percent in 1972 does suggest an explicit decision by producers to restrict available production flows. Moreover, since producers can restrict oil production not only by a complete shut-in of oilwells, but also by reducing flows from producing wells, shutting in associated gaswells, and slowing down drilling activity on wells nearing completion, and since the shut-in statistics cover only offshore completed oil producible zones, speculative withholding may be significantly greater than these statistics suggest.

Mr. President, I ask unanimous consent that I may yield to the distinguished majority leader without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 919—ORDER FOR VOTE ON TABLING MOTION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at 3 p.m. on Thursday next, the Senate agree to vote on a tabling motion on the Pearson-Bentsen amendment, No. 919.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, we have heard the summation of the distinguished Senator from Oklahoma. He has his facts wrong with respect to drilling. They are drilling more. He has his facts wrong on the intrastate aspect, because until OPEC came in and broke down the whole system, price was relatively the same as interstate, and I have explained why earlier. Until President Nixon and Mr. Nassikas stopped enforcing the regulations, the regulations developed the industry into our sixth largest industry.

The Senator talks about going the American way. What is the American way for big oil in this country? Oh, yes, free enterprise, free markets, and everything else. Look at the American way in the President's veto message earlier this month on the allocation extension bill: Controls to protect independent producers, controls to protect independent refiners, controls to protect corner filling station operators, controls to protect the delivery of propane gas to rural household users. Controls, controls, controls.

That is the crowd talking about the American way. They talk about the free market when it is not free. When it comes to the $100 billion Rockefeller program of subsidy, that is the American way. When it comes to the $6 billion Hughes plant, that is the American way. When Secretary Kissinger talks about a floor in Government controls on the price of oil, that is the American way. That is the kind of American way the Senator from Oklahoma wants.

PRIVILEGE OF THE FLOOR

Mr. GLENN. Mr. President, I ask unanimous consent that Mr. Steven Avakian and Mr. William R. White, of my staff, have the privilege of the floor during the duration of the debate on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I ask unanimous consent that Mr. Richard Grundy and Mr. Barry Meyer, of the professional staff of the Committee on Public Works, be permitted the privilege of the floor during the consideration of S. 2310.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, I ask unanimous consent that Mr. Jerry Hill and Mr. Larry Nash, of my staff, be permitted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, I ask unanimous consent that two members of my staff, Mr. Mike Hebert and Mr. Larry Meyers, be permitted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the name of the Senator from Maryland (Mr. MATHIAS) be added as a cosponsor of my amendment No. 940 and to amendment No. 919, in the nature of a substitute, to S. 2310.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, I yield to the distinguished Senator from Florida for a question.

Mr. CHILES. I thank the distinguished Senator from Texas.

I want to clarify the difference between the approach of the Senator from Texas and the approach of the Senator from Ohio and the Senator from South Carolina, the so-called emergency legislation.

As I understand it, the approach of the distinguished Senator from Texas would be to deal with the emergency situation at the same time that we determine a permanent, long-term natural gas policy. To face up to the long-term situation and deal with it, so that we will not allow what are supposed to be temporary or emergency measures to really drift into becoming national policy.

Mr. BENTSEN. The Senator from Florida has stated it very well. I do not believe that anyone really, seriously thinks that this is temporary legislation. We can write it just as clear as we want to and say it is going to be June 30 of next year. But do we really believe that during the heat of Presidential politics, after they have discussed the shortages of fuel this forthcoming winter and what they would anticipate for the oncoming winter, that they are not going to extend this kind of so-called temporary legislation and visit the misguided policies of overregulation in a permanent way to further bring about shortages of gas in this country?

Mr. CHILES. I understand very much the concern of the distinguished Senator from Ohio (Mr. GLENN) and the work that he has done, in effect, out of his concern, to try to make sure that jobs are not lost for his people in Ohio.

I have a similar concern over the impact of this legislation on energy costs that we face in Florida. We happen to be one of those States that primarily use natural gas as a boiler fuel for our power generation plants. We are faced with the alternative that, if we lose that natural gas, we must replace it with foreign oil. I do not think our national policy is to try to increase our dependence on foreign oil and, suffer the higher price of that foreign oil.

My hope is that we not get into some of these difficulties. As for the emergency measure, if we had before us a 2- or 3-line resolution to give to the administration the authority during this winter to take emergency measures to redirect some of our natural gas, which we could certainly give up and are willing to give up during this winter to make sure there is no shortage in other parts of the country. If we were dealing with that, I would not be concerned about this being a temporary emergency bill.

At the same time, I think we need to face up to the long-term problem and go ahead and solve that. So I would still be for our coming to grips with what is going to be our complete problem. When I look at this legislation, I see many things in it that look to me to concern much more than a 4- or 5-month period and may constitute the framework of what is going to be the permanent policy. That gives me concern.

I think the Senator from Texas shares that concern, as well as the distinguished Senator from Kansas (Mr. PEARSON), who, I see, is on the floor.

Mr. BENTSEN. The Senator from Florida states it very well.

Mr. GLENN. Will the Senator yield?

Mr. BENTSEN. At the time we talk about temporary legislation here, we are talking about the same problems, the same concerns, the same objectives that we would be talking about in permanent legislation, debating these issues. We can resolve all of these at the same time and have a permanent solution to the problem.

In the Senator's State and my State and some of these other States where we, in turn, have had shortages of natural gas, we have seen the free market system work. We have seen an acceleration of drilling. We now have adequate supplies. We are ready to share those supplies and we are concerned about the problems of loss of jobs around this country. We want to see that they have sufficient natural gas throughout the winter.

But let us not complicate the problem by visiting these misguided policies on the intrastate market and finally, in the long run, ending up with shortages far beyond what we see now. The time to resolve this is at the present time.

Mr. CHILES. I know that one of the other things that we are wrestling with, that the Senator from Florida is concerned about is the budget, and what is going to be our economic policy. We are wrestling with trying to come up with a second concurrent resolution on the budget.

Certainly, the effect of whether we are going to have a national energy policy—and that includes oil as well as gas—impinges heavily, I think, on what kind of economic recovery we are going to make and what kind of spending and fiscal policy we should develop. It seems to me that if we just continue to delay and keep saying, well, we do not have to deal with it now or we will deal with it on some stopgap basis, as we have been doing for months and months now, with gas as well as oil, with our total energy policy, we are failing in leadership and keeping a turmoil going. That we cannot continue to do.

I hope that we will be able to get legislation out of here and get it out of here promptly, so that the Senator from Ohio will have the kind of emergency measures that he needs to make sure that unemployment and other problems are not visited on his section of the country and on his State this winter. I think that should be the first order of business, and that we should work to get that legislation passed.

Mr. BENTSEN. I know the Senator from Ohio shares that concern with all of us, and his concern for developing not only the short-term but the long-term solution. The question, of course, is how we accomplish it. I agree with the Senator that we can accomplish this in one package, that we can put the two together and have a permanent resolution of the problem. That is the basic difference between the Pearson-Bentsen substitute and what we have seen offered in S. 2310 by the Senator from South Carolina and the Senator from Ohio.

Mr. GLENN. Will the Senator yield?

Mr. BENTSEN. I yield for a question only, without losing my right to the floor.

Mr. GLENN. Will he yield for a unanimous-consent request in behalf of Senator JAVITS?

Mr. BENTSEN. If I may yield without losing my right to the floor.

Mr. GLENN. Mr. President, I ask unanimous consent that Gary Klein of Senator JAVITS' staff be permitted floor privileges during debate on this measure.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield for a question from the distinguished Senator from California.

Mr. TUNNEY. I ask the distinguished Senator from Texas if he plans to make a statement himself. I have a statement that will take approximately 7 or 8 minutes to make, in general, on this deregulation question. It is basically supportive of the position that the Senator from Texas has taken, but I do not want to impinge on his time.

Mr. BENTSEN. If the Senator from California will allow me to complete my statement, then I shall be pleased to yield to him.

Mr. TUNNEY. I thank the Senator.

Mr. GLENN. Mr. President, will the Senator yield for questions on the colloquy that just occurred on this point?

Mr. BENTSEN. I shall yield for a question only to the distinguished Senator from Ohio, which is more than I saw was happening in the previous debate which took place.

Mr. GLENN. We have had some rather lengthy debates here.

Let me assure the Senator from Texas that we certainly share a concern for getting the long-term considerations taken care of. I certainly wish we had the luxury of time so we could consider these on a long-term and short-term basis together.

The fact is that 30 days from now—31 days from now—the emergency starts in Ohio and these other States. November 1 is the 65 percent cut-back time start in Ohio. Other States have a similar time period. I know all of the sins of the past that we went through here in a very lengthy debate yesterday, and before. We went through all of this yesterday and I can only guarantee to the Senator from Texas that we certainly do not want to thwart long-term considerations. But, time considerations being what they are, the varied approaches to the long-term deregulation or whatever that the Senator from Illinois (Mr. STEVENSON) and others have as their own views on this will require considerable debate and time on the floor. I am committed with the leadership on both sides of the aisle to work those out, bringing up those long-term considerations immediately after the emergency legislation is considered, but we are in a time-critical period.

I can appreciate the comments of the Senator from Texas about temporary legislation getting lost in the heat of Presidential politics. But there is going to be a lot of heat from unemployed people in Ohio and 13 other States beginning on November 1. That is going to play a role in Presidential politics, I can assure the Senator from Texas.

Mr. BENTSEN. I am quite aware of that.

Let me say, Mr. President, that what we are talking about here is trying to take care of the very problems that the Senator from Ohio has been eloquently expressing. We all share those concerns and we are prepared to share the gas.

What we are talking about here is sharing some of the shortages and sharing some of the sacrifices. We in Texas and Louisiana and California are quite prepared to do that.

But what we ought to understand here in getting to this problem is that we do not do it through a so-called emergency piece of legislation. This thing ought to really be retitled; S. 2310 ought to be entitled "The Lawyers' Retirement Act of 1975" because that is what it will result in. It will result in continuous litigation all through the winter, all through next year, and there will be no contracts under it, and there will be no gas delivered under it, and unfortunately, we will see thousands and thousands of people put out of work across the country; and it does not have to be this way.

Mr. STONE. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield for a question to the distinguished Senator from Florida.

Mr. STONE. Will the Senator analyze the need for an increasing amount of gas which his measure seeks, with some practicality, as compared to the approach of the bill for which his measure is a substitute, which simply seeks to redistribute the pie?

Mr. BENTSEN. The Senator from Florida is correct. We are talking about redistributing the pie with smaller pieces for everyone. But there is no such thing as a free lunch.

Under this kind of a program what you will really see are some consumers buying gas at low prices but a lot of other consumers without gas, and with industries closing down, and thousands of people out of work.

My friends, the big reserves have been found in this country; the shallow wells have generally been drilled. The inexpensive reserves have been brought to the front and utilized. Now what we are talking about are the deeper wells. We are talking about more expensive wells; we are talking about smaller pockets of reserves where the results—where the amount of gas found, as related to the cost, will be substantially less.

Mr. GLENN. Mr. President, will the Senator yield for a question?

Mr. STONE. I would like to ask the Senator to yield for one or two more.

Mr. BENTSEN. The Senator from Ohio has been debating this at some length; I yield to the Senator from Florida for his question.

Mr. STONE. Will the Senator express himself on whether or not it is generally believed by the people and by Government as well as by industry that when it comes to natural gas supplies in this country it is believed that there is at the moment a critical physical shortage, whereas when you talk about oil in the world there is a great disbelief that at the moment there are critical physical shortages of liquid oil?

That suspicion does not extend, that disbelief does not truly extend, to natural gas, where everybody seems to concede, do they not, that there is a shortage and that we need more?

Mr. BENTSEN. If the Senator is talking about the confines of the United States on natural gas—and that is what you generally have to do——

Mr. STONE. That is right.

Mr. BENTSEN. Because of the costs of deliverability, because you have to, when you are talking about natural gas. When you go to Algeria, when you go to the Middle East, and you liquefy natural gas and try to bring it to this country by ship, it is an extremely expensive process. So what we look to, really, are the confines of the United States on natural gas.

And, yes, there is a shortage of natural gas in this country.

If you are talking about oil on a worldwide basis, no, there is no shortage of oil on a worldwide basis. What we have seen is a cartel in the Middle East that has brought about these prices on oil.

But, on natural gas, to encourage drilling for it, the acceleration of development, the bringing on of needed supplies, we are going to have to let the free market system relate to what those costs are and to what the rewards are, and that means try to increase those supplies.

Mr. STONE. Has not the Senator focused on the fact that to produce additional supplies of natural gas within the confines of the United States one has to go to the most costly retrievals because the major, easily retrieved fuels have been developed or are being developed, and for the extra pools that the Senator has pointed out, it costs more and there needs to be a inducement to get it; is that right?

Mr. BENTSEN. There is no question about it. The deeper you drill, it is not just an arithmetic progression, you get into almost a geometric progression. When you start drilling the 15,000- and the 20,000-foot wells as opposed to the 3,000-foot wells, there is an incredible escalation of cost. But that is what we are having to do in order to drill deeper and deeper into the bowels of the Earth to find natural gas.

Mr. STONE. Do not the Senator from

Texas, the Senator from Kansas, and others, including the Senators from Florida, seek to attack not merely next month's immediate shortage of natural gas but immediately to begin producing extra natural gas to soften the next month's shortage as well as beginning now to soften next year's shortage and reduce it by producing more supplies?

Mr. BENTSEN. I would agree with that. But here is one of the things that seems to be overlooked in this present situation.

These people who own this gas have no illusions about this being temporary legislation. They understand that on June 30 of next year, with all the pressures that will be on Congress if this so-called temporary legislation were passed, it would be repeated, that it would ultimately become permanent legislation as the shortages of natural gas become more and more acute by this kind of overregulation, and the debate would get tougher and tougher, and they would try to blame, as they have in the past—they put the blame on the oil companies, and they would put it on the independents.

There would be no talk of blame on the regulators, and yet that is where it comes from, and it has been that kind of a stultifying thing that we have seen in the areas where they have regulated gas, where we have seen the production really going down hill.

Mr. STONE. Finally, does the Senator not predict that not only is there an impending shortage of natural gas because of a winter which is about to come upon us, but does not the Senator further predict that next year about this time another winter will be impending upon us, and that unless we get a start the same forces will be calling for the same emergency approach, which shrinks the supply and the pie to be distributed instead of expanding it so that the future winters will be less oppressive in their needs?

Mr. BENTSEN. I would agree with the Senator from Florida.

Mr. TUNNEY. Mr. President, will the Senator from Texas yield?

Mr. BENTSEN. I yield to the distinguished Senator from California.

Mr. TUNNEY. I thank my friend for yielding for a question.

First, I want to compliment the Senator from Texas and the Senator from Kansas (Mr. PEARSON) for their farsighted view of the nature of the problem of natural gas. I think the Senator from Texas and the Senator from Kansas by offering this amendment, this substitute, to the Hollings-Glenn bill, have performed a very valuable service to the country.

I would just like to ask the Senator from Texas a couple of questions which he may have addressed earlier in debate—I was not here, so I did not hear whether or not the questions were posed to him—but, at the present time, what is there in the Hollings-Glenn bill as to the nature of the judicial review process? Is there any judicial review; and, if so, what is the nature of the judicial review?

Mr. BENTSEN. The Senator from California has posed a very good question, because it is the same question that comes to my mind as I look at this piece of legislation.

It seems to me it gives the regulatory agency carte blanche, so that we do not know what resort we have or what the alternatives are.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. BENTSEN. We do not know what happens under the Administrative Procedure Act on this. Is there really any need for hearings? I would like to have the Senator from Kansas comment on this, as a distinguished attorney familiar with the legislation.

Mr. PEARSON. It really has not been dealt with in debate up to now. The judicial review is limited. It is limited by the fact that you can have no injunctive relief; you can have no relief from any order or rule during the term of this act.

In addition to that, the judicial scope of review is limited. They are not going into court and testing the reasonableness of the order or even the evidentiary basis for the order or the essentiality of the facts. They go into court on none of those under this judicial review provision. The only way they get there is on a constitutional question, which would take 3 years to resolve.

That is the basis. There is no point to going to all of this regulation and rules and procedures, back and forth.

Mr. BENTSEN. No protection against the absolute power——

Mr. PEARSON. No protection.

Mr. BENTSEN. Of the Federal agency except the Constitution itself, which would involve very lengthy trial proceedings.

Mr. TUNNEY. Then may I pose another question that reduces this to something that, perhaps, is more understandable to all of us.

That is, let us say that I am a producer of gas for the intrastate market, let us say in California, and I am selling my gas for the intrastate price, whatever that may be, say $1.60 a 1,000 cubic feet, and let us say that the Hollings bill is the law.

Now, the FPC comes in and says to that California producer for the intrastate market that he must sell to the interstate pipeline, or he must sell to the pipeline that is going to have a deficit and for the price that is set within the guidelines of the Hollings bill.

Mr. BENTSEN. Right.

Mr. TUNNEY. Would I, as a producer, have the ability to go to court and get a test of the law as it applies to me, or would I be foreclosed from being able to go to court and get a judicial review?

Mr. BENTSEN. I think the Senator has posed a very legitimate question.

My opinion is, in reading it, that one is foreclosed from doing so, but it really is not clear on that particular point. That is just one more of the reasons why I say it really should be called the Lawyer's Retirement Act of 1975.

Mr. TUNNEY. Let us say that I decide that I am going to shut off production; I feel that my property is being taken away from me in an unconstitutional fashion.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. TUNNEY. So I just decide to cut off production.

Are there any criminal penalties in the law which would mean that perhaps I could be sentenced to a jail term or to a heavy fine for doing that?

Mr. GLENN. Will the Senator yield?

Mr. TUNNEY. I do not have the floor.

Mr. BENTSEN. I believe that if one took that kind of action one would be subject to criminal action against him.

Mr. TUNNEY. Does the Senator mean that I would be subject to criminal action against me without any opportunity for a civil review of the legitimacy of the action being taken by the FPC, forcing me to sell that gas to that deficit pipeline?

Mr. BENTSEN. I do. That is my interpretation.

Mr. GLENN. Will the Senator yield?

Mr. BENTSEN. On this particular piece of legislation, that one would not be subject to judicial review on it.

Mr. TUNNEY. Does the Senator from Texas know of an example of a replica in the law where the Congress has provided for criminal penalties if a person does not abide by a law, but then does not give to that person an opportunity for any kind of judicial review as to the legitimacy of the action being taken by the regulatory agency, foreclosing the individual citizen from any opportunity for a civil judicial review of his rights and his remedies, is there any replication in the law of that kind of Star Chamber procedure?

Mr. BENTSEN. I say to the Senator from California that I know of no such instance unless we want to go to martial law in this country.

It just shows what kind of a crisis approach has been taken to this situation, and if we sit here and debate this out for the rest of the week and combine it with permanent legislation resolving this problem, we continue that kind of approach.

Mr. GLENN. Will the Senator yield for a comment at this point?

Mr. TUNNEY. Just another question.

However, the thing I am concerned about and that I know the Senator from Texas is concerned about is that in the short term we overcome the crisis of a deficit in natural gas in certain regions of the country. In Ohio, the Carolinas, and New England, there is no doubt there is going to be a serious crisis, and we want to take care of it.

Now, as I understand it, the legislation that has been offered as an amendment by the Senator from Texas and the Senator from Kansas would provide for 180 days an opportunity for the deficit pipelines to go into the intrastate market and purchase as much gas as they want at the going rate to solve the crisis; is that not correct?

Mr. BENTSEN. That is correct.

Mr. TUNNEY. Is that not what the FPC did on their own several months ago prior to the time they got hauled into court and were foreclosed from this procedure this winter? Is that not what the FPC had done?

Mr. BENTSEN. It is exactly what they

did, and for approximately a 60-day period, as I recall, in 1973.

The reason they feel they need the legislation this time is that they had some court cases brought in that situation.

Mr. TUNNEY. We had an opportunity to see what happens when the pipelines that are deficit are given an opportunity to purchase the intrastate gas at the going market price, and we saw that it worked, did we not?

Mr. BENTSEN. Yes, it did.

Mr. TUNNEY. That worked the last time.

Mr. BENTSEN. And that helped ease the problem substantially.

Mr. TUNNEY. So now, instead of going ahead with that kind of procedure this coming year, we are asked to substitute therefor a complex procedure whereby there is regulation by the FPC on both the intrastate as well as the interstate gas market; right?

Mr. BENTSEN. That is correct.

Mr. TUNNEY. It is my understanding from what the Senator has said and what we developed in this colloquy that there is no judicial review of that kind except on constitutional questions which could take several years to resolve.

The question that I pose to the Senator from Texas is this: What does the Senator think the likelihood is of those areas that are going to be gas deficit this winter getting the gas that they need from the intrastate market, if the Hollings amendment or the Hollings bill passes?

Mr. BENTSEN. A very sad result, and the very unfortunate result, will be that they will not receive the gas, because none of those persons who might sell it will look on this as temporary legislation.

They will realize that on June 30 of next year it will be extended and that it will year after year, and finally will become, in effect, permanent legislation, and visit on the intrastate market some of the misguided policies that have led to these shortages in the past and at the present time in the interstate market.

Mr. TUNNEY. Does the Senator think they would be willing to risk the possibility of criminal penalties being imposed upon them in order to defend their constitutional rights, if they preserve them?

The reason I am asking the question is that, as I understand it, the FPC is going to be given extraordinary powers here, extraordinary powers not subject to judicial review, but they will have criminal penalties that could be imposed by a court if a prosecution should be brought. What does the Senator think the effect of those criminal penalties will be in forcing these producers of intrastate gas to sell?

Mr. BENTSEN. I think the producers will avoid any sales at all. I think that is what one will run into; and then, even here, this act might result in criminal prosecutions.

They just will not make the sales; that is what I think will be the end result of that.

Mr. TUNNEY. I see. Under the proposal of the Senator from South Carolina (Mr. HOLLINGS), does the FPC have the power to force the intrastate producer to make the sale? Does the Senator from Kansas say yes?

Mr. PEARSON. If the Senator will yield——

Mr. BENTSEN. I yield to the Senator from Kansas for that answer.

Mr. PEARSON. They have these sorts of powers: That is, they make a determination as to what gas exists or what could be produced. Then if they do not sell it, produce it and sell it, thereafter, from now on—and this is a provision in the bill that continues on after it should expire—they can never sell it for higher than a minimum price established by the FPC.

In addition to that, if we talk about the invasion of the intrastate system, there is a provision in the bill that, if the State agency does not set the maximum efficient production rate, 45 days after that the Secretary of the Interior in Washington can go into Texas or California and set it. Then they have to produce.

It is a very interesting thing that in the bill, prior to the time it was amended, they had a provision that if there was a loss by virtue of that maximum efficient production, if gas was lost and they were never able to get it out, the Federal Government would pay for it. So we had that.

They have the FPC saying who can buy it. They have the FPC saying what they can buy, when they can buy it, who can sell it and at what price.

Mr. TUNNEY. With no judicial review?

Mr. PEARSON. With no judicial review.

Mr. BENTSEN. May I say to the distinguished Senator from Ohio I mean him no discourtesy, but I would suggest that he make himself comfortable, because we are going to develop this line for some time. I would like to complete this and develop my views.

Mr. GLENN. I only wanted to make a short comment. In that there are such misconceptions abroad here, I think a further discussion along this line would be misleading to a great majority of the Senate.

Mr. BENTSEN. We will develop that at a later time.

Mr. GLENN. All right. I will make myself comfortable.

Mr. BENTSEN. We will see a shortage of natural gas. We had it last year. We had a shortage of natural gas in Texas 2 years ago. In San Antonio they could not deliver on their contracts to the city. In the city of Austin they turned off the lights on one side of the street. They had to turn off the water fountains because they could not deliver on natural gas. But as the price of natural gas went up, as we saw an increase in the drilling for natural gas in our State, they met the supply problems and they took care of the consumer. We saw the free market system work. We saw where it was once again profitable to develop the small reserves, the expensive reserves.

What they are talking about here is what they think is an expedient way to go on emergency legislation, but emergency legislation that would bring on the kind of bad regulation on the intrastate markets that we have seen result in these kinds of shortages across the country.

It is the same kind of regulation that we saw devastate the railroads of this country, which led to the problems that we see with the airlines now, and the possible bankruptcy of airlines.

The Senator from South Carolina in proposing this legislation wants to spread the shortages across the country. We understand that. We accept that. We are ready to pay some of the sacrifices. We are ready to contribute from our gas in our States to the rest of this Nation. But, in turn, we want to keep the system where we encourage exploration in bringing in the new reserves across the country.

They are talking about cutting this pie into smaller pieces, but there are ways to keep the pieces of adequate size if we will add to these reserves through an encouragement for exploration and drilling.

We are ready to see the interstate pipelines come in and be put on the same footing with the intrastate pipelines. But do not drag us down into the quagmire of government regulation that has led to the kind of problems we are seeing now.

Emergency legislation? This is permanent legislation. What the Senator is talking about is private property, to try to take private property away from people. They are not going to make these sales. This gas will not go into the pipelines. They understand what this is, that it is permanent legislation that is taking place here. So let us resolve it all at the same time.

What we will see, if this goes into effect, is some consumers having gas at bargain prices but we will see a lot of other consumers who will not have any gas. We will see a lot of people suffer in the winter, and we do not want to see that. We will see a lot of people out of work in this country, and we must not have that with this country being in the deepest recession it has been in since the depression. We can turn this economy around and turn it around for the people, but we cannot turn it around with these kinds of misguided policies.

I yield to the Senator from Louisiana with the understanding that I not lose my right to the floor.

Mr. LONG. Mr. President, it is not correct that this Glenn-Hollings proposal would propose that gas be taken away from the generating plants in States throughout this Nation and provided to those who have a shortage, who can demonstrate that they need gas and cannot very well use fuel oil or coal, and that those people who have been denied their natural gas would then be compensated for the cost of buying something else? Is that not correct?

Mr. BENTSEN. That is correct.

Mr. LONG. In most cases, would not what those people would have to buy be oil?

Mr. BENTSEN. In most cases, that is correct.

Mr. LONG. If they are going to burn it in the same furnace, it could not very well be coal, could it?

Mr. BENTSEN. No. They would not have that adaptability.

Mr. LONG. Even oil will not last very long, because it tends to gum up. I will ask the Senator if this point is not correct: If they are going to have to replace the gas with oil, and then we are going to have to compensate those people for it, in the last analysis what the Senator's consumers in Ohio would be paying for the gas would be the price of buying the oil.

Mr. BENTSEN. That is right, because they are dealing in equivalency.

Mr. LONG. Yes. Even if coal were being used, is not the cost of coal pretty well controlled by the cost of oil?

Mr. BENTSEN. It certainly has a lot of influence on it, of course.

Mr. LONG. Generally, those are competitive fuels.

Mr. BENTSEN. Yes.

Mr. LONG. The point I am getting to is this: Under that type of an arrangement, they would be paying the cost of oil on a Btu basis in order to provide gas to those for whom they would obtain it. For the new oil refining here in this country and for the oil we are importing, it works out to be about $2 per thousand for gas. As a practical matter, is it not true that we can probably get all the gas that can be found in this country for about that price or less?

Mr. BENTSEN. Let us look at what happened on that one. The price of gas in Texas went up during one period of time to almost $2. That brought on accelerated drilling. That brought on additional reserves. Then the market started softening because of competition. The free marketplace took effect. Now gas is selling more in the area of $1.50 to $1.60.

Mr. LONG. I would ask the Senator if the information he gets out of Texas is the same as I get out of Louisiana, that most people in those areas do not feel gas would go beyond $2 per thousand because that is about the relative value of oil on a Btu basis. There is doubt that you would have to pay that much for it.

The point I have in mind here is that under the terms of this bill, where they are taking gas away from someone to give it to the other guy, we ought to recognize that what is going to be paid by the time they get through compensating the fellow from whom it was taken works out to be about the $2 per 1,000 gas or the equivalent of the oil that would have to be found on the world market or from producers to provide that supply.

If that is the case, it would seem at a minimum, when they are trying to make a man sign a contract to sell gas, that they should be willing to permit him to at least achieve that much of a price for his gas. Rather, what I am trying to say, he is forbidden under law to sell his gas for a price higher than the price he had already turned down.

Can the Senator foresee vast additional exploration for gas when the gas producers are told under law that they cannot sell their gas for a price higher than that which they have already turned down?

Mr. BENTSEN. No, of course I cannot see it.

It is an interesting thing to see here regulation of gas resulting in all of these shortages; and here, when we have an emergency and we have a real problem, then they say: "Well, let us go to these areas where they are deregulated, where they went to work to explore to bring on new reserves, and let us now put regulation on them. We recognize that it has to be at a higher price than we have been doing it. We recognize what has happened to the cost of finding new gas and what inflation has done to the production costs, and the fact that the drilling of a 4,800-foot well in west Texas has more than doubled in cost since the date the embargo was in effect. We recognize all of that. Now let us put a ceiling on there and let us not recognize the free marketplace from then on. Let us give them the same kind of problems that we visited on the rest of the Nation."

Mr. LONG. That is true.

Mr. BENTSEN. Let us talk about some of the technicalities in this bill and some of the problems that result from it.

What they are talking about is imposing regulation on the intrastate market with an outmoded area price ceiling.

If the Federal Power Commission can make the determination in 15 days, then the average cost of gas from that area will have very little relationship to its cost of production or to the value of the gas within that area.

The most significant factor in determining the price of new gas in an area today, within an intrastate market, is whether or not they have an intrastate pipeline present. So, the greater the necessity to rely on the interstate system, the lower the price will be and, in turn, the less exploration we will have, the less drilling we will have and the less bringing on of reserves.

In addition, a freeze on intrastate prices is going to necessitate some kind of an allocation system. We are going to have some bureaucrat deciding who gets it, because we are going to be selling it at a price that is below what the free market system would bring.

That means that intrastate buyers, whether residential, agricultural, or industrial, will have to resort to some element other than price to obtain adequate supplies of gas.

With the exception of the pricing provision, Mr. President, and the provision ordering the setting of maximum efficient rates of production for natural gas, what S. 2310 tries to do is admirable. I agree that priority and other interstate pipelines should have access to the intrastate markets for the purpose of making their 180-day purchases.

We really want to help in this emergency. But we want it to work. We want it to be effective. We want to see the gas sold into the interstate system and try to help preserve those jobs.

I agree that priority should be set in this situation for residential, small, and agricultural users. I agree that the Federal Energy Administration should be given authority to order boiler fuel conversion on an emergency basis. I agree that propane allocation must continue.

But I point out to our colleagues that S. 2310 attempts to achieve that in a most confusing fashion.

For example, it is not clear from reading the bill whether at the end of any emergency 180-day period a producer or a pipeline has a pregranted abandonment which would protect him from the risk of being forever tied to the interstate pipeline at 52 cents per mcf. Nor is it clear who determines what "reasonable" charges are for transportation to be levied by intrastate pipelines in the cases of sales by them. Nor is it clear what the intrastate pipeline's acquisition costs are in these cases.

Does this mean on a last-in-first-out basis? Or is it the average price of all of the gas in the pipeline?

Why would a nonpriority interstate pipeline go to the time and effort to try to negotiate a 180-day deal and then find some priority user come in and upset it, take it away from him after he spends all of his legal costs, accounting costs, and all of his costs for hearings to try to accomplish the deal?

In the agricultural priority section, are industrial users who are facing unemployment placed on the same level with our farmers, food processors, hospitals, residential and small users? That is not really defined in this piece of legislation.

What shall be the definition of boiler fuel used by the Secretary of Agriculture in determining essential agricultural users?

Let us go to the propane section. If the regulations promulgated by the President are to remain in effect, does this mean that the Administrator will have no authority to change them?

In the rulemaking section—and this was brought out by the Senators from California—are there any statutory protections other than in the Constitution that will act as a protection against the absolute power of the Federal agencies to make and to promulgate rules?

Frankly, Mr. President, even if I believed that the concept of S. 2310 was workable, I would have to oppose it solely on the basis that it creates more problems than it solves. If it passes, I assure the Senate there are going to be some monumental legal fees that are going to be earned in this country.

Mr. President, the real question before us is the policy question of whether we solve this problem with more regulation or with less regulation.

A vote for S. 2310 is a vote not for emergency legislation but instead a vote for the continuation of the same well-intentioned but erroneous policies that have brought about this crisis. It ought to be defeated and we ought to bring about a permanent solution to the problem. We can do this, and we can do it this week.

Mr. TUNNEY. Mr. President, I am very pleased that the Senate has at long last an opportunity to consider natural gas, and I compliment the Senator from Kansas for the approach that they have taken, which I think makes a great deal of sense: That we might as well solve the permanent problem as well as solve the temporary problem with a bill that can go through this Senate this week.

I recall several months ago the Committee on Commerce, by a vote of 10 to 8, reported out a bill, S. 692, dealing with a permanent solution to the natural gas problem.

As I recall, the Cannon amendment was debated for 1 day in the Committee on Commerce. Apparently it was supposed to represent something of a compromise. It was about 4 months ago, as I recall—that the Commerce Committee reported that bill to the floor.

I recall drafting a bill which I hoped to offer as a substitute for S. 692. We drafted it and filed it at the desk. It provided for deregulation onshore, partial deregulation offshore. But S. 692 never was brought up. Rumor had it that the reason why it was never brought up was that the sponsors of that bill felt that they were going to get licked.

So time tolled. June went by, July went by, August went by; and here we are at the end of September, and we are being told that we have to accept an emergency bill because in another 30 days there is going to be a shortfall of gas, when for 4 months the proponents of this particular emergency piece of legislation had been sitting with a bill at the desk, not bringing it up, not giving us an opportunity to work our will.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield for a question.

Mr. HOLLINGS. Where in the world did the Senator get the fact he just stated, that the proponents have been delaying? The proponents have been pleading for 4 months to bring up S. 692. I was ready to debate this matter in May. Does the Senator from California know who has had a hold on the bill, who asked for 2 weeks for minority views?

The proponents have been ready to debate this bill. The distinguished Senator from Louisiana had a hold on even bringing it out of the Committee on Commerce, and the Senator from California knows that. He would not even let us mark the bill up in the Commerce Committee.

Mr. TUNNEY. Who?

Mr. HOLLINGS. The Senator from Louisiana.

Let us talk about the proponents of the bill. The statement of the Senator from California was that the proponents of the bill have been sitting around for 4 months, trying to work it into an emergency matter. Nothing could be further from the truth.

Mr. TUNNEY. How long has the bill from the Commerce Committee been sitting at the desk?

Mr. HOLLINGS. Since the end of May.

Mr. TUNNEY. Four months.

Mr. HOLLINGS. Right. And we have been ready to go. Does the Senator think they were ready to go? Who does the Senator think has a hold on this bill? The gas industry, that is who had a hold on it.

Mr. TUNNEY. The leadership can bring up a bill anytime it wishes.

Mr. HOLLINGS. Oh, come on. The Senator knows of the hold on the natural gas bills. We were ready last year. In fairness to the Senator from Kansas, who is not on the floor at this moment, he tried to get a bill out last year, in September. The proponents of the bill have been working on it. I would have loved to have had my S. 692 out here and debated it, rather than this emergency bill.

Mr. TUNNEY. I would have liked to have had the bill of the Senator from South Carolina on the floor about 4 months ago, because I filed my amendment 4 months ago; and as I understand, it had a reasonable chance of being accepted on the floor of the Senate, as a substitute for the bill of the Senator from South Carolina.

Mr. HOLLINGS. Why could the Senator not get his bill brought up?

Mr. TUNNEY. Because the main bill from the Committee on Commerce was not brought to the floor.

Mr. HOLLINGS. It has been on the calendar.

Mr. TUNNEY. It has been on the calendar.

Mr. HOLLINGS. Ready to be debated. And why was it not debated?

Mr. TUNNEY. The Senator from South Carolina indicates that the Senator from Louisiana (Mr. LONG) had a hold on it.

Mr. HOLLINGS. No, he had a hold during the year before we even could get the bill brought up.

Mr. TUNNEY. The Senator from Louisiana is here, and I yield to him.

Mr. LONG. During a period while we were debating a major revenue bill which this Senator was managing on the floor of the Senate, this Senator objected to the committee reporting a bill, during the time that the Senator from Louisiana was managing a revenue bill. I believe it was the Tax Reduction Act of 1975. It was a revenue bill on the floor of the Senate, dealing with a major problem that had to be resolved at that time.

The committee went ahead and met, even though I asked them to wait until I could be there. Later, I did manage to attend a meeting of the committee. We were there for just a few hours, perhaps only a couple of hours, but we proceeded during the 1 day I was there to vote to report the bill that the Senator is talking about.

So far as this Senator is concerned, when I asked them to wait, they did wait one time; the other time they did not wait and went ahead in my absence. I am not complaining about it. That is how it has to be sometimes.

To the best of this Senator's knowledge, there was no more than just 1 day when the Commerce Committee might have failed to act on something because of the Senator from Louisiana.

I have not been holding this bill at the desk. I received word from Mr. PEARSON's aide that he might have had a hold on it during the last week or so, while he was preparing his amendment to the bill that is now pending—the one that is at the desk. He has not had any hold for 3 months. He might have had a hold for 1 week. He can speak for himself when he comes to the Chamber. He has been in the Chamber more than most Senators during this debate.

So far as this Senator is concerned, I have been ready to participate in a debate and vote on this measure in the committee or on the floor, and this Senator has not had a hold on this bill. As a matter of fact, I did not have any hold on the bill in the committee. I only asked them to meet when I could be there.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

Mr. HOLLINGS. The Senator has verified what I have said.

I was the one urging the proponents of the bill to move quickly. But the economic stimulus for recovery of the economy legislation was on the floor. We wanted to mark up a bill, and the fact is as the Senator from Louisiana said, that I was shoving and would not wait.

The distinguished Senator from California is on the Commerce Committee and knows this. The leadership on the other side had a hold on the bill during May, during June, and during the first part of July; and I did talk with the distinguished Senator from Kansas at the end of July. We figured that we did not want to get into the middle of debate, and then we agreed to set it aside until we returned after Labor Day.

Mr. TUNNEY. I cannot speak for the Senator from Kansas. The only thing I know is that this Senator has been prepared to debate this bill for the last 4 months.

I know that Frank Zarb, the Administrator of FEA, has been pushing, wanting action to be taken on natural gas legislation for the last 4 months. I have been in touch with him regularly. He has wanted action. He told me at various times that he thought the Pearson bill or the Tunney bill would be acceptable. But he felt that no action was going to be taken by the Senate in time, as we were moving toward winter, when there would be a shortfall in pipelines.

So we have fiddled while the part of the country that is going to be in a shortfall has looked forward to a cold, long winter; and we have not been prepared to take the kind of action early enough so that we could have had a protracted debate and not have the crisis facing us in the next 30 days.

Mr. LONG. Mr. President (Mr. STONE in the Chair), will the Senator yield for a question?

Mr. TUNNEY. I yield.

Mr. LONG. I say to the Senator that a great deal of this is beside the point; because this Senator, for one, has been looking for a chance for the last 20 years to vote to deregulate the new gas that can be found, because that is the only way we are going to get it and make it available in full production for the American market.

Until that gas sells for what it is worth on a competitive basis, it is going to stay in the ground, where it has been for the last 50 million years, until somebody finally gets around to letting people sell it for what the product is worth. They are not going to drill for it as long as they know there are laws, poorly advised and passed in Congress, to tell them that they must sell it for a great deal less than their product is worth.

Once we get around to voting—and we could do it today, so far as I am concerned—to say that when you find more gas, you can sell it for whatever someone wants to pay for it—or, at a minimum, let them do for gas what has been done for oil already, and say that the new gas will sell for what is is worth on a competitive basis, if only the competitive basis for new oil which is controlled by the oil market price—once you do that, you can get all the gas the producers can produce.

We have heard talk about 500,000 people out of work. We need to put 500,000 people to work producing oil, producing gas, producing coal, producing energy in this country, a great deal worse than we need to put them to work producing more of various and sundry other commodities that are in a surplus on the world market already. What we need desperately is to produce more energy because the country is short on energy. People are going to be cold this winter. There is not going to be enough to go around. It is in desperately short supply.

With 8 million people out of work, we ought to put as many of them as we can to work. I am talking about millions. We should either make better use of the energy that we do have or produce more of it.

If this bill that we have, the so-called Glenn-Hollings bill, had never been introduced, if we had never heard of it, one thing we could count on for certain would be that we would let the Federal Power Commission do this winter what it did last winter. That is simply permit someone to go buy some gas, say, "Go ahead, you can, on an emergency basis, buy some gas and pay what it takes to get it."

What are we supposed to do, tell them they cannot pay what it takes to get it and use Federal flat to deny them their rights in the courts? That cannot be done. They can tell the judge he cannot issue a stay order, they can tell him he has to act this way or that. Have they never heard of the Constitution? We have the right in this country under the Constitution to take cases to court and they can be appealed right up to the Supreme Court.

That will not get any gas. All they will do is beat us into the Federal courts and keep us there all winter long. We have been talking about gas for the 26 years I have been around here. If we want some gas, at a minimum we ought to do what we did last year, let the people go buy the gas and pay for it, pay what the man has it for sale for. We got a great deal of gas that way.

One of our consumer friends, misguided to be sure, proceeded to come in and say, "Oh, just a minute, you are getting around the price control regulations of the FPC if you set it for more than 60 days."

So we need a law just to say we can buy gas for 60 days and pay the man his price and we will get a great deal of it that way.

But, oh, no, this is a proposed law to prevent you from buying it. How? By telling you you cannot pay the man his price. We are going to tell him he cannot sell it for $1 more than the price he has already turned down.

The Senator and I know that if we can get away with that, make a man deliver his product for a lot less than he thinks it is worth and for a lot less than any court will say it is worth, the court is going to act on it. If we are trying to take it by the Federal Government under the power of expropriation, they are not going to let us pass some law in Congress to tell that man his gas is not worth more than he has already turned down.

The courts are going to tell us what they think the gas is worth. They are going to look at what oil is worth on the world market, they are going to look at what coal is selling for in this country, and they are going to award that man a price for what he had, based on what that court thinks it is worth, looking at other relevant factors such as what he is paying for hydro, what he is paying for coal, what he is paying for oil. They will award him the same price that this bill tries to deny him if we try to use the powers of Federal expropriation to take it, which would be an honorable way of going about trying to achieve what these people are after.

Here these people are, trying to make this man deliver his product for a price less than the court would let us take it for. Does the Senator think they can get away with that before the Supreme Court?

Mr. TUNNEY. No; I do not.

Mr. LONG. I do not think so. I do not think there is justice in this measure.

Mr. GLENN. Will the Senator yield for a question?

Mr. TUNNEY. Yes; I yield for a question.

Mr. GLENN. Has the Senator from Louisiana been against all the price control measures, all the Cost of Living Council actions, which mandated exactly what he thinks is legal? These measures said, in effect, "this is an emergency situation," exactly the same as this, where costs are rising and impacting upon the American public? We are trying to deal with precisely the same critical economic situations.

Mr. LONG. The Senator is trying to pass a price control law to say a man cannot sell his product for more than a certain price. We cannot pass a law to make him sign a contract, we cannot pass a law to divest him of what he has for a price less than the court thinks it is worth under the due process clause of the American Constitution.

We can pass a law to say that he cannot sell it for as arbitrary a price as he wants to fetch, and we have the power to do that under our right to regulate commerce. We have the power to make our consumer do without. But may I say that those in his part of the country have done a good job of that so far.

Mr. GLENN. Where in this bill is there any provision that forces us to reduce the price for anyone? The Senator cannot show me one line in this bill which does that. This bill lets the price go up, as a matter of fact.

Mr. LONG. The Senator has in his bill a proposal that says that a person cannot sell his product for a price above the average price that it has been selling for in that particular area. That man has, in many cases, already turned that price down. Therefore, this is a proposal to try to say that this man cannot sell his product for a price higher than someone else sold that man's product for, even though this particular person he is trying to use his law on has declined to sell it at that price, is not willing to deliver at that price.

Congress does have it within its power to say that a man cannot sell his product above a certain price. We do not have it within our power to make him produce.

Mr. GLENN. Will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. GLENN. That is exactly the same thing we have had in the price control law and Cost of Living Council. Certain people may be able to sell above or below certain amounts. However, this measure attempts to provide a fair market price, the August intrastate price level, and would thereby cancel out both the high and low extremes. We thought that was fair for everybody involved. That is what we tried to do in this bill.

Mr. LONG. Where the Senator provides that kind of thing, we are talking about somebody who is not producing a wasting asset, someone who is not selling his home or resources that are actually existing assets. Where we are trying to tell someone that if he produces something, he has to sell it for a certain price, he has to either shut his plant down or else sell at that price. But where a person has something in the ground that has been down there for 50 million years, he can continue to leave it down there unless he wants to make a contract to sell with someone.

These rationing and price controls frequently create shortages for a very simple reason: people are not willing to produce and sell at that price. That is what we would have here.

Mr. TUNNEY. To the Senator's knowledge, has there ever been a price control bill that required a person to produce a product and sell at the controlled price?

Mr. LONG. I am not aware of anything of that sort. I can recall sitting here and hearing Harry Truman tell us at that joint session one day that because he wanted to get steel for the Korean war, and he was having some difficulty getting it on the terms he thought appropriate, he wanted the power to take over the steel industry.

The Senator may recall that the Supreme Court turned him down. The Government tried to take it under the President's inherent powers. The Supreme Court turned that down. Then he came before Congress and asked Congress to give the power to the Federal Government to seize it and take it over. Congress would not go along with that.

This power to seize someone's property and operate it is an entirely different matter. That is not being proposed here. We would be on a better constitutional and legal ground, in my judgment, if we were proceeding in that fashion.

I do not believe there is power in the law to tell somebody that he must sign a contract or he must sell something that he does not want to sell and that he must deliver it to someone at an arbitrary price—I mean at a price other than that at which he would freely sell it.

Now, we do have power under the law, there is no doubt about this, to take a person's property. The Government has the power to take it. It is going to have to pay him what a court thinks it is worth, that is, not a price fixed by a Federal price-control law. That is a price that the court would tell us, under the due process laws of the Constitution, as I understand it, is what it is worth. That is what that man has lost and we cannot pass some price-control law and say it is worth what somebody else sold it for, it is worth the price that he turned down and that is all he can get.

The court will say what they think it is worth, and I would think that what they would be looking at is what the competing fuels are worth. That is one thing these people are not willing to accept. They are not willing to pay to a producer, who would like to sell for that price, the same price that it would take to produce the same number of Btu's from oil or from coal. They are not willing to pay that price.

Mind you, under their law, in many cases, they would do that. If we have gas in Louisiana and they want to take it from us and deliver it up there to Ohio, and then we proceed to replace it with oil, they will compensate us for the difference that we had to pay. So, indirectly, they are paying just exactly what it will take to replace that gas with oil.

But if some fellow has refused to sign a contract for the same figure—that is, for a lesser figure; I do not know of anybody who would not sign a contract right now for that figure. But if someone had refused to sign a contract for a much lesser figure than that, this is a proposed law to prevent him from getting that price.

So they have proposed to take it from someone who is using it, and by the time they get through compensating the man from whom they took it, who was using it under his boiler, they would wind up paying him the price it cost to replace it with oil, and yet the one thing they determined must not be achieved is that a fellow who has some for sale should be permitted to sell it at the same price the oil would be selling for, though that is about the price the court would fix if they are talking about due process. This is what oil sells for. Why should you not sell gas for about the same price?

Mr. TUNNEY. A good example of that was what happened in southern California when the FPC a number of years ago diverted our natural gas we were getting from the Southwest to the Midwest and, as I recall, the regulated price at that point for interstate gas was 21 cents per Mcf.

When we went to oil as a substitute for the natural gas, of course, the price of oil was much higher on a Btu equivalency basis. But at the time the boycott hit us in 1973, in October, our utilities were having to buy fuel oil for from $16 to $25 a barrel whereas a couple of years earlier they had been getting their natural gas at the Btu equivalency basis of maybe $1.20 a barrel for oil.

The consumers of electricity in southern California learned to their dismay what the additional costs are when you have to substitute oil for natural gas, particularly when that gas has been regulated at an unreasonably low level.

The point is if we had not had that kind of regulatory schema in which the price was kept artificially low, we would have had much more production, much more development of natural gas, and we would not have had those critical shortfalls which then led to the diversion by the FPC of that natural gas from southern California to the Midwest so we could get stuck with a huge bill for oil as a substitute.

That is one of the things I do not think has really been brought out as well as it should have been in the public debate, that without deregulation the consumer in the final analysis is going to get it in the neck. The FPC can keep the price at 51 cents per million cubic feet until we run out, but then the consumer is going to get it in the neck. Not only have we lost jobs in the meantime as we are running out, but we then have to get the substitute fuel and we are going to be paying the world price for oil, which will be the substitute.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. LONG. If the Senator will just give me one moment further, Mr. President, Senators have made much of the point that you will not get much additional gas in terms of new production regardless of what approach you take this winter and, to a large extent, that is correct. But it is only correct for the reason that people who have the drilling rigs feel that with the fiasco that has been created with regard to natural gas, it is unwise to make your plans to drill for natural gas. You would be much wiser to take your rigs and drill for oil. So there are a great number of cases where, in terms of the Btu's that you can deliver in terms of the fuel that could be derived, a person could get a far greater yield by drilling for gas than by drilling for oil. They would be reprograming their drilling program in a hurry if we would ever free up gas for sale on a free market basis.

Yet so long as this impasse, which would be continued by this bill, is going to continue these people are going to be confronted with the specter of being treated as they have been in the past under Federal Power Commission regulation. They are just going to prefer to leave the gas there and drill for the oil, even though in many cases you would have every probability of expecting to get a lot more resources for it by drilling for gas.

This basically is a bill to keep them from drilling for that gas and from an incentive that would exist if you would just let them sell it for what it is worth.

What do they achieve by doing that? It is a cinch they do not get America any more energy; they get America less energy. They retain the disincentive to produce natural gas that has existed for the last 20 years. They limit us to producing oil, which is about the only area where people are free to go ahead and produce and even that, as the Senator knows, is somewhat restricted, because so far they have not permitted producers to go out and drill in the Atlantic.

But our coal mining effort is held down by environmental considerations; our oil effort is being held back by an impasse over the deregulation progress with regard to oil; and natural gas development is being held back by the same impasse that has existed for more than 20 years in this country.

Here the Congress is being asked to continue the impasse that has prevented people from producing gas in the last 20 years; namely, the fact that they would not be permitted to sell the product for what it is worth.

Mr. GLENN. Mr. President, will the Senator yield for a second? I do not plan to enter into this colloquy any further unless I am asked a direct question. But, I would appreciate it if the Senator from California, before he gives up the floor, would permit me to answer some of the things that were covered in the colloquy with the Senator from Texas. In that exchange there were, I think, some very drastic misconceptions as to what we propose, and I would like to reply to those before the Senator gives up the floor.

Mr. TUNNEY. Yes, I would be glad to do that.

The Senator from Kansas has asked me to yield.

Mr. PEARSON. One of the great problems in S. 2310—and I think it was conceded in an oblique way, at least, by the Senator from Ohio in yesterday's debate—is the question of whether or not this bill can be properly administered or at least administered to the extent that they can achieve its goals of acquiring whatever oil or gas there is in the interstate system.

This bill provides that the Federal Power Commission, the Federal Energy Administration, the Environmental Protection Agency, the Secretary of Agriculture, and the Secretary of the Interior must all make judgments, decisions, and do acts, some of them concurrently; and earlier this morning I sat down and listed some of the decisions, acts, and agency procedures that had to be gone through under this particular bill.

For instance, in the first 15 days, the Federal Power Commission must designate priority interstate purchasers, and to do that they must determine the extent of their priority, what priority they need, what their curtailments are, and what are essential purchasers.

In the first 15 days they must designate areas—I do not know what areas, they are not defined in the bill; they must set a ceiling price per area, presumably on the month of August of this year, which the Energy Administrator says is too limited a base on which to set the price.

They must also determine what the new gas is. There is a definition of new gas, but you have to make a determination of what it is. Then they must prohibit sales to those who are not priority purchasers. They must check the exemptions, they must determine what gas is produced or what could be produced; and prohibit interruptions for agriculture or priority users.

They must certify to the Federal Energy Administration that boiler conversions ordered will not impair service in the area. They must determine compensation for the amount of transferred gas.

The Secretary of Agriculture must determine essential agricultural users, and he must certify the period and the volume of the gas they shall use. He can deny any boiler use, but he has to determine whether or not it is expanded or whether or not contracts have expired, whether or not it is a new facility, or whether they can convert, or whether there are alternative fuels available.

The Federal Energy Administration prohibits the use of natural gas for any new powerplants, but must determine the capability of conversion, the practicality, whether or not petroleum is available, whether or not natural gas will be released to go to the priority purchasers.

The Administrator can prohibit the use of natural gas for electric powerplants, but he first has to determine as to whether or not there is alternative electric power to be used, whether or not he will increase the use of gas overall in the electric utility area, and whether or not gas will be released and available to the priority purchasers.

He can limit the use of those not converted as to volume and period, another decision of some complication.

He can determine small powerplant exemptions and assess civil penalties.

The Secretary of the Interior, for his part, has to, within 45 days, designate the Federal areas and set maximum efficient production rates, and then if the State agencies have not acted within 45 days, he has to go into the State and establish that, I assume well by well or field by field.

The Environmental Protection Agency, last, certifies that boiler conversions do not complicate the Clean Air Act.

These are all the steps that have been taken.

This is an emergency bill. Time is of the essence. It is a coordination of five agencies together on some of these very, very controversial subjects.

Mr. TUNNEY. I would just like to say to my friend from Kansas, is it not true that his substitute, in place of that complex apparatus that he has just taken us through, as proposed in the Hollings bill, would provide for the going into the marketplace of the deficit pipelines to buy the gas at the going rate?

Mr. PEARSON. The Senator is correct.

Mr. TUNNEY. It is that complex and that simple, just giving them the opportunity to buy the gas at the going rate.

Mr. PEARSON. It is the same procedure that the FPC instituted on August 29 in relation to industries that are very, very substantially curtailed.

This bill provides for pipelines rather than individual users, or the end users, but it does that very thing.

Mr. TUNNEY. That, of course, is the point.

I feel that the Senator's substitute is an emergency bill just as much as the bill that has been offered by the Senator from South Carolina and the Senator from Ohio.

The Senator's is an emergency bill, too. It has an emergency component, an emergency title.

Mr. PEARSON. Let me say to the Senator it is the same procedure used in 1973 and 1975 when it was instituted by the Federal Power Commission at the time of the oil embargo, and the only reason they today can give us an estimate that there are 200 to 250 million per cubic feet of gas available in the intrastate market—there are no hard figures; the only reason they can give us that figure is that is what they got then, that is what they got out at that time.

That procedure was stopped by litigation, it is now in the Supreme Court.

Mr. HOLLINGS. That is the point.

Will the Senator yield?

Mr. PEARSON. I yield.

Mr. HOLLINGS. Is that not the point? The legislation stopped it, that is exactly right.

That is exactly right; and the August 29 submission he puts in there because he has all the complications in agriculture and propane, and everything else. Everything gets complicated. Unemployment is complicated, too. But they are trying to make a mountain out of a molehill.

What did Mr. Nassikas say about the administrability of price ceilings under S. 2310 in addition to his August 29 statement? He states to Senator GLENN, "I go along with you."

When they got into all those complications, he answered the Senator by saying, "I go along with this approach of yours; there has got to be some kind of regulation of the selling price. There has got to be something along this line."

If I can find the particular reference here, Senator Glenn first stated:

> We are just trying for the limited period of this winter to set up a system where prices are not rolled back, where a lid is put on so that prices do not go sky high.

That was the objective of the legislation, that is the difference between the Senator's emergency bill and our emergency bill.

Here is what Mr. Nassikas said:

> I support what you say and if industrial users go out and they get into favored-nation clauses, the price of gas will rise to the highest level paid by anything. There is an escalating effect. I am supporting your idea.

This is the Chairman of the FPC, so let us quote him properly:

> I am supporting your idea that there has to be some kind of ceiling.

I thank the Senator for yielding and the Senator from California knows about most-favored-nation clauses on natural gas, after California's Alaska experience.

Mr. PEARSON. Will the Senator yield, further, in response to this thing? The Senator from South Carolina had the chairman of the FPC in his hearings.

Mr. HOLLINGS. And this is what he said.

Mr. PEARSON. I am reading from page 35, and I make reference now to his comment on how we set the price of gas.

Mr. HOLLINGS. I am quoting him from the hearings. I will get the exact material; we have only one transcript.

Mr. PEARSON. Page 35 of the hearings, I had where he said this and he is talking about how we set the price of gas. He says:

> This will result, I am sure of it, gentlemen, I urge you to reconsider that action.

He is talking about section 4(g)—

> This will result in interminable litigation. Why? Because whether gas could be produced or sold is a question of fact which involves thousands of natural gas producers who would be subject to that particular provision.

At the hearings, page 35, I think one will find him putting in question, most precisely, the procedures. It is in the record of the hearings, the proofs I had. Has the Senator got a copy?

Mr. GLENN. Page 35 does not match with the Senator's.

Mr. PEARSON. I have a copy from the hearings, page 35, where the Chairman of the Federal Power Commission urges the committee not to adopt the pricing arrangement in S. 2310.

Mr. TUNNEY. We do not need the Chairman of the FPC in the words that he used in the hearings to make it clear to us that the procedure that is used in the Hollings bill is, unfortunately, despite the eminent good will of the Senator from South Carolina, unbelievably complex and, in all probability, is not going to result in any additional gas going to those deficit pipelines, or if it does go to those deficit pipelines it will be in such a small amount it will not cure the emergency.

Why we cannot have an opportunity to solve the long-term problem and the short-term problem at the same time is beyond me.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. TUNNEY. The short-term problem is solved in the Pearson bill, the Pearson substitute, by giving the deficit pipelines an opportunity to go into the intrastate market and buy gas.

I might just point out, it is not surprising that the intrastate market in certain States is in surplus. They have a surplus there.

The reason they have a surplus is that the producers knew there would be an opportunity to sell the gas for a price that would be competitive with what they could get if they had drilled for oil and were selling oil.

I just cannot help, myself, but feel that any person who has done any investing has to realize that if one has a chance to use a rig and go out and drill for oil and get $12 a barrel for the oil, and, on the other hand, has an opportunity to go out and drill for gas and have it controlled at a regulated price that would be the Btu equivalent of $3 a barrel, that person, that potential capital investor, is not going to use his rig to go after gas.

Mr. GLENN. Will the Senator yield?

Mr. TUNNEY. But go after oil, and that is exactly what happened.

Mr. GLENN. Will the Senator yield?

Mr. TUNNEY. Except in the intrastate market, where there has been free enterprise, and they are going after gas, because they can get a fair return on the capital invested.

Now, what is a fair return? If one has a chance of losing everything, a million dollars in drilling a hole, the chances are one is probably going to want 300, 400, or 500 percent return; whereas if one was absolutely guaranteed he was not going to lose any money, for instance, if he put it in a savings and loan institution that is insured, he would perhaps settle for a 7-percent return, but if one has a chance of losing everything invested, he is going after the high dollar and if the high dollar is oil, he is going after oil, not after natural gas.

The point is that 80 percent of the natural gas found is found unassociated with oil.

The geologists know where the natural gas formations are. They do not always know where the gas is, but they know that the natural gas formations are different than the oil formations. Sometimes, it is true, you have natural gas in association with oil. But the facts are that 80 percent of the natural gas that is produced onshore is produced unassociated with oil.

No businessman is going to invest his money going after gas if the regulated price is one-quarter of what it would be if he could go after oil. If he was going to go after gas he will naturally sell it in the intrastate market where he knows there is not a regulated price.

Mr. GLENN. Will the Senator yield?

Mr. TUNNEY. I yield for a question.

Mr. GLENN. We went with the free market price. What is wrong with that? We went with the existing free market-intrastate price. We did not feel that we wanted it to go up the 50 percent or more than Mr. Nassikas testified would be the case if we went to a completely unlimited market as the other bill proposes. We went with what the existing market has proven to be the fair market value of that gas in the intrastate area. Our objective is to prevent the people of this country from getting economically raped in this 6-month period while the long-term aspects—that we keep coming back to—of natural gas policy are resolved. It is these long-term aspects that we are trying to keep out of this bill. If the Senator believes in a free market price, what is wrong with going with what the prices have already proven to be—before any bidding war erupts or speculation alters the market?

Mr. TUNNEY. The problem is that it is an average price. Quite frankly, I do not feel that the strongest argument against the proposal of the Senator is on the grounds that the price is not fair as an average of the particular region. I feel there are other grounds that are much more serious than the pricing level that is established in the Senator's bill.

I will say what I consider to be the major fault of this legislation. I am absolutely convinced, No. 1, that that bill, if it passes, is going to be extended next June and it is going to go for another year. I am absolutely convinced of that.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. TUNNEY. I feel most people who have looked at it also will agree that there is very little likelihood that if we have a Presidential election going on, with all the pressures there are on at that particular time, we are not going to get an extension of this legislation next year. That is No. 1.

Mr. HOLLINGS. On that point——

Mr. TUNNEY. Let me finish my statement.

I think if we have continued FPC regulation over natural gas, we are going to extend to the intrastate market what we already find in the interstate market; namely, deficits because of the terrible job that the FPC has done in regulating that natural gas price and supply. Now that we do have a surplus in the intrastate market, it seems to me that the FPC regulation is going to result in deficits showing up in the intrastate market within the next year or two.

I cannot think of anything, accepting those premises, that is designed to lead to the nationalization of the oil industry faster than that. When we nationalize the oil industry, we will nationalize a lot of other industries as well.

The reason that I feel we will have a nationalization of the oil industry is this: If we have substantial deficits in gas production over the next 2 or 3 years, and we do have hundreds of thousands of people thrown out of work, the result is going to be an anger in this country against the oil industry for its failure to produce the gas that is needed, when it will be Government regulation that has produced the failure.

No one can force a person to invest his good capital in a high risk operation, drilling for natural gas, if he feels he is not going to get the kind of return on that investment that would make it worthwhile for him to do it. He certainly is not going to risk that capital if he feels he can get a lot more money by investing in oil drilling or by investing in the intrastate market. But if we are going to control the intrastate gas market and extend those same heavy-handed controls to the producers of intrastate gas that have been extended for lo these 14 or 15 years to the producers of interstate gas, we are just going to have those deficits. It is so obvious to me.

I cannot understand why proponents of the free enterprise system, such as men like the Senator from South Carolina, cannot understand that the greatest threat to the civil liberties that we have in this country, to our freedoms—the greatest threat we have—is allocators, the men sitting here in Washington in the bureaucracies allocating out the shortages. They are not going to allocate out surpluses. They are allocating out shortages. He who controls the shortages of energy is the person who is going to control the profit and loss statements of one company after another in this country, and he is going to control the health and the well-being of the average citizen when he tells him whether or not he will have a job or can have natural gas to heat his home.

We are going to find that if we continue these regulations in natural gas, No. 1, we are going to have, in my view, a nationalization of the oil industry, and that is just going to lead, in my view, to a nationalization of one industry after another. We will be in the same condition that Britain is in. If that is the model that wants to be followed by this Senate, I submit it is a disaster.

That is the reason, by the way, that I feel so strongly about this issue. It does seem to me to be a basic civil liberties issue. It is much more that just the regulation or nonregulation of natural gas. It is whether or not we are going to have the heavy, clammy hand of Government on every private enterprise in this country.

If we control natural gas, and we are allocating natural gas, what we are doing is controlling the ability of practically every enterprise in this country to make a profit, or not make a profit if we take the gas away from them.

Just as one example, in California I had the opportunity recently to go to a fertilizer plant. "Ha, ha, a fertilizer plant? Who is concerned about fertilizer?" some people will say.

Well, it happens to be very important in the production of food and fiber. I went to this nitrogen fertilizer plant. It produces 20 percent of the fertilizer that is used on California fields. Under the same management it has another plant down in El Centro. That produces about 15 percent. Together they produce 35 percent of the fertilizer. The plant in El Centro, though it is a relatively new plant, less than 5 years old, has already been written off because they have been told that within the next year or so they will have about 140 days of curtailment. They are not going to have the natural gas feedstock to produce the fertilizer. So they will go out. That is 15 percent.

It looks as though in the next 2 or 3 years the plant I visited in Fresno will also have sharp curtailments and they will not have adequate natural gas they need for feedstock to produce fertilizer.

Let us assume over the next 2 or 3 years we have those two plants go out of production. We are talking about 35 percent of the fertilizer that is used in the fields.

Just assuming that they could not get that fertilizer from any place else, and they will not be able to because the same shortages will occur elsewhere, we will probably have 10 million tons less food and fiber produced in California fields. Not only will we have the price of food and fertilizer go up, but you would have a realization in this country that as a society we were unable to take care of our own, let alone be able to ship food supplies overseas.

In this country there is no one thing which makes people madder than the ever rising food prices. Natural gas is the basic feedstock for the fertilizers that go into the production of food.

Mr. GLENN. Will the Senator yield?

Mr HOLLINGS. Will the Senator yield?

Mr. TUNNEY. I know I am straying a bit from the point I was making initially, but this is very important. We are dealing here with not just the regulation or deregulation of a particular product; we are talking about the entire system that we have of free enterprise in this country, the ability of our country to produce goods and services to maintain the standard of living that we have.

I cannot help but think that the approach that is being used by the Senator from South Carolina and the Senator from Ohio is dead wrong, although I know they want to do what is best for their constituents. I know they are sincerely convinced that they are doing what is best for their constituents and what is best for the country.

If we look at the history, FPC regulation was marvelous in producing deficits in the interstate market. We were so successful in creating deficits in the interstate market that now we are going to use that model to create deficits in the intrastate market, so that everyone will have deficits so it will be equally spread out.

That is an approach that is wrong. It is wrong not only for the economic well-being of this country, but it is also wrong for those of us who like to see a free society, a society in which we do not have allocators telling us whether or not we are going to be able to make a profit in our business enterprises or, in some instances, whether or not we are going to be able to keep our business enterprises open.

In California, 42 percent of the energy that is used in the State is natural gas. We are being cut off all the time. We are having our gas taken away from us by the FPC and allocated to the Midwest. They are already taking away from our boilers in the southern part of California, and those people who have to breathe the southern California air do not think it is a good thing, because we are now using fuel oil that produces much more smog than did natural gas.

The fact is that our manufacturing industry is 82 percent dependent upon natural gas in that State of California, and it is true in other parts of the country as well.

We will have substantial deficits over a period of years. We are going to have one company after another going bankrupt and hundreds of thousands of people out of work.

I recognize that Ohio has an immediate threat. Ohio does have an immediate threat. South Carolina has an immediate threat. Let us give those deficit pipelines the opportunity to go into the market and buy the gas. That is what the Pearson amendment does.

Mr. HANSEN assumed the chair at this point.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. TUNNEY. It gives them an opportunity to do that. It is a shame that they need legislation to do it because the FPC was going to give them that opportunity if they had not been tied up in court. I will yield in a moment, after I finish these initial thoughts, because I am going to have a lot more to say on this legislation before the debate is through.

I quote from a Business Week article:

> All over Texas the story is the same: The intrastate pipelines are full.
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> LOWER PRICES
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> As a result, some prices are starting to slip. Small gas finds always attract fewer buyers, and now new reserves of less than 10-billion cu. ft. have dropped in price to as low as $1.20 per 1,000 cu. ft. While large reserves still command the $1.90 figure, interest is slipping here, too. "One gas man told me he couldn't believe that his management just turned down his proposal to bid on a 200-billion-cu.-ft. reserve that six months ago they would have fallen all over themselves to buy at $1.90 a 1,000 cu. ft.," says F. Fox Benton, Jr., vice-president of Houston Oil & Minerals Corp.
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> To help spur sales, oilmen are also sacrificing some of the favorable purchasing terms they won during the shortages. Contracts used to require gas purchasers to take up to 75% of a well's production or else pay for any amount they fail to take below that level. In recent years, however, the "take-or-pay" percentages leaped to as high as 95%. Now they have dropped once again to historic levels. "As buyers of gas, we're beginning to resist producer demands on purchase terms simply because we don't need the gas as badly as we once did," says Leland W. Carter, president of Mitchell Energy Corp., which produces gas but also buys some for its small intrastate pipeline.
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> The turnaround by no means indicates that the gas shortage is finally over, even in the unregulated Texas market. Some oilmen argue that the surplus may last as long as two years, but most insist it will be only short-lived. The skeptics reason that the biggest factor has been a decrease in demand caused mainly by an unusually mild winter and a long, cool spring. They also argue that the recession has temporarily reduced consumption. Joe H. Foy, president of Houston Natural Gas Corp., warns: "Whoever says there's a softening in the Texas gas market is drawing a hasty conclusion."
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> CUTTING CONSUMPTION
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> Still, there are some indications that the surplus is more than a flash in the pan. For one thing, higher prices have made gas users far more frugal. Amoco's Mitchell estimates that most plants have cut consumption by about 15% simply by using better insulation, recovering waste heat, and taking other gas-saving steps.
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> There is also evidence that high prices are stimulating more discoveries. Last year, oilmen drilled 20% more gas wells in Texas than they did the year before. One study, done for the Texas Wildcatters Assn., shows that gas production from new discoveries amounted to almost 1-trillion cu. ft. in 1974. That was 15% above the 1973 figure and 2½ times the 1970 level. Unfortunately for the rest of the nation, most of the new gas found in Texas stays within the state so the fuel can qualify for the higher intrastate prices. Last year, interstate pipelines got only 3% of the new gas found onshore in the U.S.

The only reason that I have quoted from that article is to prove the basic point that has been made in argument here by the Senator from Louisiana, the Senator from Texas, and the Senator from Kansas: We are going to get more drilling, if they have the economic incentive to drill. If they do not have the economic incentive to drill, there is going to be no drilling.

The reason they have a surplus in the intrastate gas market in Texas is because they have had higher prices, and there has been that incentive. So now that we have in Texas a surplus apparently it is now going to be the view of some that we have to spread the deficits out and that we have to make sure that they receive some of the same good old FPC control that has produced the deficits for the past 6 or 7 years.

I also point out that in 1946 we had about a 30-year reserve of gas in this country at the annual rate of consumption. We were discovering more gas every year than we were using up until the late sixties, and starting in the late sixties we began to find less gas than we consumed. Now we are finding less than half of what we consume on an annual basis and our reserves are for 9 years.

Maybe in 20 years we are going to run out of natural gas. But it seems to me that we ought to have an opportunity to phaseout, and the only way that we are going to be able to phaseout would be to have an unregulated price for the new gas.

There are some who suggest this is going to be horrible for the consumer. New gas deregulation will increase the consumer prices, about 6 percent a year, which will be about $10 a year for the average family. That is money. But it is not the huge billions of dollars of increase that some have suggested.

There are many studies which make it clear that, if we do not deregulate and do not get the incentive to drill more wells, the consumer price of gas in another 5 years is going to be more than if we had it under regulation and if we deregulate it. The reason for that is not going to be the wellhead price, because the wellhead price is going to be controlled. It is going to be the distribution expense. It costs a lot less money per unit to send gas through a full pipeline than if they send it through a partially full pipeline.

There was one study that I saw recently which indicated that if regulation were continued, by 1980 the price of gas would be higher to the consumer, not at the wellhead, but the price of gas would be higher to the consumer with continued regulation than if we deregulate it because they are assuming that you would have full pipelines if you deregulated. History seems to show that that would be the result. The figures were that by 1980, with regulation, we would have a price of $2.40 a thousand cubic feet, and without regulation we would have $2.39. That was the Zinder study. Studies by the FEA seem to indicate the same.

I just cannot help but feel that those of us who are interested in protecting consumers have a responsibility to make sure that there is a supply. If there is a supply, people are going to be able to get along. They will be able perhaps to cut back a little, because they will not be able to be as wasteful as they have been in the past. But at least there will be something for them to use.

But if we continue this absolute madness of a regulatory policy that is guaranteed to produce shortages, then there is going to be no gas to turn on. Then we are going to have a situation in which people will have to convert their gas appliances to electric appliances, and that probably would cost the average household $2,000 in capital expenses. The electricity to which they convert is going to be a great deal more expensive than the gas, even at a deregulated price—the gas that they are without.

I think the case is so clear that deregulation is necessary and that we can accomplish this now in this bill, this proposal by the Senator from Kansas and the Senator from Texas, that we all have the responsibility to act upon it.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

Mr. BARTLETT. Mr. President, I commend the Senator from California for an excellent series of comments.

I point out that so far as deregulation in the State of Oklahoma is concerned, we have had an increase of 25 percent in our reserves over a period of 2 years, while the reserves nationally have dropped by one-third, and I am referring to natural gas reserves.

At the same time, the consumer, at his home, has been paying an average increase in utility rates of 4.7 percent each year. This is notwithstanding the fact that during the same period, the price at the wellhead, paid to the producer of the gas in the State, in the intrastate market, has gone up from approximately 50 cents or 40 cents a thousand cubic feet to $1.50 per thousand.

So this shows the effect of existing contracts on the consumer because only a rather modest increase in cost occurs. I think this is the point the Senator made very eloquently, and I commend him on it.

Mr. TUNNEY. I thank the Senator.

Mr. President, I have just been informed that the Committee on the Judiciary is in executive session and that my presence is required, so I yield the floor.

Mr. HOLLINGS. When will the Senator return?

Mr. TUNNEY. I will be back in about an hour.

Mr. HOLLINGS. That is hit and run driving, Mr. President. [Laughter.]

I tell the Senator that I have been here for an hour listening, and I can tell him about the Judiciary Committee meeting, so forget it. Do not worry about that. Let us get to California. Let us get to some statements the Senator has made which are without foundation.

Mr. TUNNEY. We will have that debate. I have to be at the Judiciary Committee, arguing against the confirmation of Mr. Earl Silbert's nomination. This was established a week ago, the time definite for the statement I am going to make. I will be back in an hour.

Mr. HOLLINGS. I do not know whether I will remember all the issues you raised with respect to the bill; what is good for the State of California, when you supply a fertilizer plant; who is going to control, since there is going to be a shortage, whether it should be the corporations or the Government. We agree on some things. I do not believe it would take the Senator long. Let Earl Silbert go. He is going to go, anyway. [Laughter.]

Mr. TUNNEY. The time definite was set last week by the committee, and I really have to go.

Mr. HOLLINGS. The Senator from California is fully familiar with the position of the State of California in this matter, I am sure, and that is what I want to remind the Senator about, but I do not want to do it in his absence.

Mr. TUNNEY. I will be back in an hour, and if the Senator is going to be in the Chamber, I would like very much to continue the colloquy at that time.

Mr. HOLLINGS. Very well.

Mr. BUMPERS. Mr. President, does the Senator from South Carolina have the floor?

The PRESIDING OFFICER. The Senator from Virginia is recognized.

SENATOR WILLIAM L. SCOTT RESPONDS TO WASHINGTON STAR ARTICLE

Mr. WILLIAM L. SCOTT. Mr. President, there is an article in today's Washington Star about the fact-finding trip I made on behalf of the Armed Services Committee that is inaccurate from start to finish.

In the first place, it has my name wrong.

[Laughter.]

Then it talks about my taking a "junket" during the August recess and traveling on a jet liner the size of a Boeing 707 at a cost of $8,212.80 to the taxpayer. We did leave Washington and go as far as Rome on a large jet but we were merely accommodated by a Defense Department plane carrying numerous Congressmen and other officials who were making unrelated trips to Europe. A large plane was used on our return which had brought a Defense Department official to Stockholm and was scheduled to pick up other officials in Madrid and once again we utilized a plane carrying other officials on unrelated Government business.

It speaks of my talking with Egyptian President Sadat while overlooking the Suez Canal and stating:

> This is beautiful, I have always wanted to see the Persian Gulf.

[Laughter.]

Now, Mr. President, we had a very pleasant visit with President Anwar Sadat at his Mersa Matruk villa on the Mediterranean Sea near the Libyan border several hundreds of miles from either the Suez Canal or the Persian Gulf.

The article indicates that I refused repeated requests for an interview to discuss the trip. However, press conferences were held in the cities of Richmond, Norfolk and Hampton within the State of Virginia upon my return and prior to the reconvening of the Senate during which the trip was discussed in detail and all questions of newsmen were answered. Copies of a report to the Senate on the trip were furnished the news media throughout Virginia, as well as the Washington Star.

The article quotes an unnamed State Department official as saying that I managed to insult almost every country visited. This is pure nonsense because our method of approach was to request information from the various chiefs of state and other officials visited and ask them for information they would like to have carried back to the Armed Services Committee so that their points of view would be understood by our committee and by the full Senate. All officials we visited treated us courteously and I believe made candid and sincere responses to the various questions asked. Rather than my attempting to suggest American policy to them, the emphasis was on learning from them what they wanted our committee, Congress and the American people to know.

Upon returning, I did make a report to the Senate on September 9 which received very generous and favorable comments by the distinguished chairmen of both the Armed Services Committee and the Committee on Foreign Relations. I ask unanimous consent that this report and the responses by the various Senators and the article in today's newspaper be printed in the RECORD at *this point* so that anyone can make a comparison between the report, the responses and the smear article in today's newspaper.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

IT WAS A DIPLOMAT'S NIGHTMARE

(By Lisa Myers)

The senator calls it a "fact-finding mission." At the State Department, it is described as "a diplomat's nightmare."

Whichever, it cost taxpayers about $15,787 for a Middle East report by Sen. William O. Scott, R-Va., highlighted by such findings as: "The PLO seemed to pose a problem to Israel."

On his 24-day junket through 10 countries during the August recess, Scott took his wife, an aide, a military escort officer, a five-man flight crew, a jetliner the size of a Boeing 707 and four boxes of his favorite breakfast cereal—"Kellogg's Country Morning."

According to a source involved with the trip, Scott, a member of the Senate Armed Services Committee:

Asked Israeli Prime Minister Rabin: "What's this Gaza stuff? I never have understood that."

Thanked Egyptian President Anwar Sadat, while overlooking the Suez Canal: "This is beautiful. I've always wanted to see the Persian Gulf."

Reluctantly visited a Moslem mosque after complaining it wasn't "a Christian building."

In the weeks since the August recess, Scott's odyssey has become a Bible of don'ts for diplomats and congressional support staff.

"To put it bluntly, it was a diplomat's nightmare," said one State Department official, who insisted on anonymity. "Scott managed to insult almost every country . . ."

Scott refused repeated requests for an interview to discuss the trip, referring newsmen to his report to the Senate.

In his report, Scott said:

"The opinion was expressed that Israel needed commerce with other countries of the world and a feeling of security so that friendly relations could be carried on with the bordering nations. The PLO seemed to pose a problem to Israel . . . There was the general feeling that the United States should furnish military equipment to Israel . . . On the whole we found Israel to be a progressive nation with emphasis placed on education."

Overseas trips have been a favorite congressional pastime for years.

The trips are authorized by committee chairmen, in this case, John C. Stennis, D-Miss., of the Senate Armed Service Committee. They often are awarded in return for favors, such as the "right" vote on a particular issue or "future compensation."

Transportation and other arrangements are handled by the Department of Defense. The Pentagon not only provides a military plane, crew and escort officer, but also makes hotel reservations and lines up appointments with foreign officials.

Scott's mission was to assess the Middle East situation for the Armed Services Committee, which has jurisdiction over proposals to pump billions of dollars in munitions into the area. He visited Israel, Iran, Jordan, Egypt, Syria, Saudi Arabia and Bahrain, a city-state on the Persian Gulf.

In each country, the senator spent an hour to an hour-and-a-half with the head of state and a few more hours in meetings with lower government officials. Embassies of the nations involved declined comment on the Scott trip.

But a State Department official said: "It will take us two years to repair the damage Scott did in these couple of weeks."

Both military and civilian officials insist that Scott's faux pas were not due to a lack of information. They say the senator was thoroughly briefed before leaving the United States and had voluminous amounts of background information on each country.

While maintaining that Scott put his foot in his mouth on several occasions, officials close to the trip were reluctant to provide many examples for fear of retribution. "He (Scott) has a reputation for rolling heads," said one congressional source, "and I don't want it to be mine."

A detailed itinerary supplied by the Pentagon reveals that after his tour of the Middle East, Scott stopped off for seven days in Denmark, Norway and Sweden. A Pentagon spokesman said the senator was briefed by various military officers from each country and by North Atlantic Treaty Organization officials, and had one "free day."

For Scott's foray, taxpayers paid about $15,787. Costs to the Defense Department alone totaled $10,387.80.

Scott jetted around the globe on a VC137, the military equivalent of a Boeing 707. The plane is capable of carrying 40 to 50 passengers. Asked why such a large plane was used for a party of four, a Pentagon spokesman said it was the smallest capable of transatlantic flight.

The bill for the plane ran $8,212.80, while salaries, food and other expenses of the crew totaled $2,175.

Scott's hotel, food and other expenses were paid from "counterpart funds," which are currencies of foreign countries held by the United States. Scott, his committee aide and escort officer were entitled by law to $75 a day to cover expenses—a total of $5,400.

Taxpayers also picked up the tab for Mrs. Scott's trip, although a Defense spokesman denied it cost the Pentagon anything. Mrs. Scott accompanied her husband for protocol reasons, the department said.

In addition to the usual entourage, sightseeing and embassy parties, the Pentagon provided Scott with a little something extra—his favorite breakfast food. Stashed on the plane when it left the country were four boxes of "Kellogg's Country Morning."

A Pentagon spokesman said Scott did not request the cereal. "Somebody knew that's what he liked," said the official in explaining the matter. He added that "everyone ate it on the trip whether they liked it or not."

A TRIP TO THE MIDDLE EAST

Mr. WILLIAM L. SCOTT. Mr. President, during the August recess I made a factfinding trip to the Middle East on behalf of our Senate Armed Services Committee. Mr. Charles J. Conneely, a member of the professional staff of the committee, went with me and I believe a report on the talks we had with the political and military leaders of the Middle Eastern nations would be helpful to the Senate at this time.

Among the leaders with whom we had private discussions were Prime Minister Rabin of Israel; King Khalid of Saudi Arabia; President Assad of Syria; King Hussein of Jordan; and President Sadat of Egypt. In each instance at the beginning of the conference we indicated that we were on a factfinding mission on behalf of the Armed Services Committee and solicited any comments the Chief of State of a given nation felt should be taken back to the committee and to the Senate. Let me add that in addition to the leaders mentioned above we also talked with other top officials of the countries visited and with the American Ambassadors and their staffs. For example, in Israel we talked with the Defense Minister, Mr. Peres; in Saudi Arabia with Crown Prince Fahd; in Jordan with both Crown Prince Hassan and Prime Minister Rifai; in Egypt with the Premier, Mr. Salem, as well as top military leaders like General Gamassy, the Minister of War; General Sharon in Israel and General Azhari in Iran, whose position is equivalent to the Chairman of our Joint Chiefs of Staff.

We left Washington on August 2 and first went to Israel where we spent 4 days of the approximately 3-week trip. Our conference with Prime Minister Rabin lasted approximately 45 minutes and our discussions with the Defense Minister about an hour and a half. General Sharon hosted a dinner meeting for us during which we discussed various Middle Eastern matters.

We also visited the Golan Heights, an Air Force base and obtained information which should be of value to the Senate in determining what action we should take on the interim peace agreement between Israel and Egypt, the question of military and economic aid and other matters relating to the Middle East.

Without directly quoting any of the individuals, they expressed a need for Israel to have naturally defensible borders such as the Golan Heights; a desire to have a peace agreement with all of the Arab nations, even though this presented many difficulties; a particular concern regarding the Palestine Liberation Organization, or PLO, and the possibility of a renewed conflict in the Middle East which could lead to a general war. The opinion was expressed that Israel needed commerce with other countries of the world and a feeling of security so that friendly relations could be carried on with the bordering nations.

During periods of discussion there seemed to be optimism that peace could be attained, but also there was a general confidence in the ability of the military forces of Israel. The PLO seemed to pose a problem to Israel, a feeling that it was a shadowy organization and concern was expressed about a Palestinian nation on the west bank of the Jordan River. There was talk about terrorists being trained in Libya and Lebanon, as well as other parts of the Arab world. There was the general feeling that the United States should furnish military equipment to Israel and, in fact, it was suggested that we grant $1 billion in military assistance, loan $½ billion for military equipment and provide $1 billion in economic aid to Israel per year. There were some complaints that we did not furnish our latest military equipment and that Syria was given the best Soviet equipment, including MIG-23 aircraft.

While all of the Israeli officials both civilian and military seems to have great confidence in their armed forces, the civilian leaders spoke of the desire for peace and that the momentum for peace be carried forward. In discussing naturally defensible borders, an opinion was expressed that the Golan Heights between Israel and Syria might be shared so that neither nation would have troops overlooking the valleys of the other nation; in addition, that there might be a buffer zone, a demilitarized area, even consisting of the entire Sinai peninsula between Israel and Egypt, with a reservation that Israel needed to obtain oil through the Gulf of Aquaba and water from the Jordan River. Our discussions came back from time to time to terrorist activities, and the Communist influence in the Middle East.

On the whole, we found Israel to be a progressive nation with emphasis placed on education, on acquiring technical knowledge, with great confidence in the nation's ability and readiness for any military action that might arise.

IRAN

We next visited Iran, arriving there in the late evening, preceding a religious holiday. However, General Azhari, chief of the supreme commander's staff, indicated to Ambassador Richard Helms that he had to leave the city the following morning and asked us to stop by his home for a conference. Ambassador Helms and I did visit with General Azhari from 10 p.m. until midnight. The following day we had conferences at the embassy with the Ambassador and his staff.

Concern was once again expressed regarding the Communists stirring up strife in the Middle East, specifically in Oman, a small nation at the southeastern end of the Arabian Peninsula. We are told that Iranian troops were assisting the established Government of Oman, and that a Russian satellite government in Oman could cut off the supply of oil to the free world, inasmuch as there is a narrow strait between the Gulf of Oman and the Persian Gulf, leading into the Indian Ocean.

General Azhari spoke very highly of the United States, but concern was expressed that sometimes we did not appear to understand the plight of the Palestinians. A question was posed as to how our countrymen would feel if they had been removed from their homeland. It was brought out that the Palestinians had been loyal citizens of their country prior to being removed from it.

Concern was expressed about the Soviet Union fomenting trouble in portions of Pakistan, Afghanistan and Iran, encouraging people with a common heritage living in portions of these countries to establish a new independent country separate from the existing nations. It was suggested that the Soviets would like to have a separate country created which they could control and which would provide access to the Indian Ocean.

Relationship between Iran and the other Arab nations was discussed, and it was mentioned that there was a good relationship at this time between Iran and Iraq as well as with Egypt and Saudi Arabia. Discussion was also had about Communist activity in Yemen and concern was expressed about the United States cutting off the supply of arms to Turkey. We were told that Turkey apparently had learned a lesson and that they would be more hesitant to take aggressive action against other nations in the future; that they were sensitive to the dope problem and were trying to see that poppies not get into illicit trade coming into the United States.

It was brought out during the discussions that Iran is paying for the military advisers from the United States who are attempting to train their troops and that this payment even goes to the extent of computing the amount of retirement pay our military personnel receive, and with slight exceptions, our military assistance was without cost to the United States.

Lieutenant General Brett, defense adviser to the Ambassador, indicated the American contingent was attempting to help the Iranians acquire a knowledge of American equipment so that they could learn to repair aircraft and other equipment within a specific time limitation and become independent of U.S. instructors regarding equipment they purchased from us. He mentioned that, while Iran did acquire military equipment from other nations, roughly 80 percent comes from the United States. During discussions of the Indian Ocean, it was brought out that there was a considerable French presence as well as some Australian, Pakistani, and Indian naval forces.

If one single factor were singled out regarding our visit to Iran, it was the concern expressed regarding the possible carving out of a new puppet state from portions of Iran, Pakistan, and Afghanistan, which would permit Russian access to the Indian Ocean.

BAHRAIN

We spent less time in Bahrain, a city state, on the Persian Gulf, than any of the Middle East countries visited. However, we did have an opportunity to talk with the American Ambassador, with Admiral Bigley, commander of the Middle East Fleet, and with the Foreign Minister of Bahrain. Concern was expressed over a number of matters, the first of which was the United States favoring Israel against the Arab world. It was pointed out that Israel occupied three countries and that Bahrain, as well as most nations in the Arab world, wanted to be friends with the United States. The Foreign Minister appeared to be anti-Communist, concerned about the Communist threat, and one who wanted to keep the sea lanes open for trade of all kinds, but with a particular concern with oil.

Bahrain has docking facilities for an American flag ship and two destroyers. We were told that the nations in the Persian Gulf would prefer to have no warships from any nation, not bordering on the Gulf, headquartered in that area but that because Russia had some ships in Iraq there was little opposition to us having ships at Bahrain. The Foreign Minister spoke very highly of the United States and said he particularly welcomed our visit and hoped other Members of Congress would visit his country.

Once again concern was expressed about Soviet supported insurgents in Oman, about a Soviet naval base in Somalia, and the possibility that the Soviets might come through the general area of Iran, Pakistan, and Afghanistan to set up a puppet government, giving them access to the Indian Ocean. There was however, obvious resentment to us showing favoritism toward Israel and a desire that we take a more evenhanded position between the Arab world and Israel. Israel was pictured as an aggressive nation while the Arab world was peace loving. The foreign Minister seemed pleased that we were going to visit Saudi Arabia, Syria, Jordan, and Egypt, in addition to the countries we had already visited.

Perhaps the chief argument made was that the United States should adopt an evenhanded approach to the Middle Eastern situation and the concern that Congress would not have the knowledge which could be gained by a visit to the Middle East countries and conferences with the leaders.

Admiral Bigley indicated that there were very limited repair facilities in Bahrain, merely public facilities for minor repairs and no specific facilities of any kind for the United States. He stated, however, that there were good repair facilities in Pakistan which were available for use by the United States. He mentioned observing Russian ships which left Berbera in Somalia just before a recent visit by Senator BARTLETT and a delegation from the House of Representatives.

SAUDI ARABIA

Our next visit was to Saudi Arabia where we were first briefed at the American Embassy and later visited with King Kahlid, Crown Prince Fahd, and other Saudi Arabian officials. We were told that the King was a very devout man. He treated us cordially, expressed his desire for friendship with our country and pointed out that no Communist country had diplomatic relations with Saudi Arabia. The country does appear to have very limited educational industrial advantages. Apparently this is recognized by the political leaders, as King Kahlid indicated he wanted peace in the Middle East so that he could concentrate on raising the living standards of his people.

We saw evidence of the American influence in the automobiles and in the shops of Saudi Arabia. Contrary to most of the countries visited almost all of the cars were American made and many were standard sized cars. In fact, we learned that gasoline sells for 13 cents a gallon.

We also learned that our Army Corps of Engineers, and others, are supervising the construction of low-income housing, vocational education buildings, and other facilities within Saudi Arabia.

We were told that a labor force of roughly 40,000 people were being brought into this country from outside to assist with construction work, that Saudi nationals were being sent to other countries to obtain the necessary knowledge so that they could teach in the schools, and that foreign nationals, preferably Americans, were being brought into the country to assist in upgrading the educational standards.

It appears that the political leadership is not inclined to compromise its principles, that it does not have the military manpower to materially assist in the event of the outbreak of another war in the Middle East, but would provide considerable financial assistance and would consider cutting off the supplies of oil to unfriendly nations. While both King Kahlid and Prince Fahd were cordial, the King might have been a little more informal and more general in his conversation than the Crown Prince, but both are strong anti-Communists and are also strongly anti-Israel. They are pro-Egypt, pro-Jordan, and pro-Arab.

Concern was expressed about us cutting off arms to Turkey and about not providing Hawk missiles to Jordan. They seemed to feel that the responsibility for solving the Middle East situation rested with the United States; that we had inherited a British problem. I did gather that they were looking to us to settle the Middle East situation to their satisfaction and felt that we could influence the Israeli Government to do what we felt was proper. They stated that it was Russian policy to stir up strife and to divide nations because it helped world communism. They indicated a desire to purchase U.S. arms and wanted our most sophisticated weaponry.

However, they stated that any weapons we furnished would be for defense because they had no extra territorial ambition, but only a desire to defend their own country and to improve the standard of living of their citizens. Toward the conclusion of our meeting with King Kahlid, I said with a smile that I hoped that the King would use his influence to see that the world price of oil was not unduly increased and he laughingly replied:

"You help us obtain peace in the Middle East and we will help you with your economic problems."

Mr. President, that is my only direct quotation of this talk.

In summary, the Saudis feel that the leaders of all the Arab nations are good people, they are concerned about Communists stirring up strife throughout the world but particularly in the Middle East. They consider Israel to be an aggressor nation and they feel that the United States has a major role to play in obtaining peace in the Middle East. They feel that we should attempt an evenhanded policy, not preferring one side over the other.

SYRIA

We next visited in Syria, where we had detailed discussions with President Assad, the American Ambassador and his staff, and also talked with a number of Syrian people as well as some Palestinians living in Syria. They referred to the friendship of the Syrian people for the United States and the feeling that their nation had been mistreated over the years. Israel was compared with a spoiled child that was accustomed to getting whatever it wanted and it believed that all it needed to do was to ask and the United States would provide its every need.

We were told that over the years a number of nations had mistreated Syria, that their land had been taken from them at one time or another by Western nations and that they were sensitive about such treatment. It was felt that Israel would continue to exist as an independent nation, a view expressed by the political leaders of all of the Arab nations we visited, but that it should move back to its 1967 boundaries, that there should be an area separating Israel and the Arab nations policed by an international group, that there should be a Palestinian State with territory of its own separate and apart from Israel. We were told that the city of Quneitra on the Syrian side of the Golan Heights, had been shelled and substantially destroyed by Israeli artillery, forcing all of its inhabitants to leave, but later when Israeli troops occupied the city, they completed the destruction so that Syrians could not later reoccupy the city.

The Ambassador and I spoke with the President of Syria for approximately an hour and a half. He was most cordial and spoke through an interpreter in a relaxed, friendly, informal manner, regarding a great variety of subjects. President Assad indicated that Syria wanted real peace in the Middle East and that anything we had heard to the contrary was untrue and was intended to affect the American people and the American leadersip in a false manner. We were told that Syria could not accept the continued occupation of any portion of its territory and the President referred to the increasing area occupied by Israel outside of its territory and the continued occupation of large portions of Syrian territory.

He indicated that the possibility of an attack was greater when Israel was occupying foreign territory than if it gave up the occupied territory. It was indicated that the PLO were the ones to negotiate with regarding the Palestinian question and to define the rights of the Palestinians. We were given to understand that the PLO was the only organization that could claim to speak for the vast majority of Palestinians. We were advised that Syria had not been given the vast amount of arms by the Russians that had been indicated but that they did receive arms from the Soviet Union. The President emphasized on several occasions that he wanted friendship with the United States, a better relationship than existed today, that he would like to purchase arms from the United States but when he could not obtain the necessary arms from us he had no choice but to obtain them from the Soviet Union.

In summary we gathered that Syria wants peace but that it will not agree to the continuing occupation of any portion of its territory.

JORDAN

Jordan was the next country visited. The Ambassador met us and we went directly to the headquarters of the chief of staff of the armed services, where the first concern expressed related to Hawk missiles. We were told that the United States, through the executive branch, had promised to sell Hawk missiles to Jordan and that the necessary funds for the purchase were being obtained from Saudi Arabia. However, concern was expressed regarding an effort by some Members of Congress to hold up this sale. It was brought out that the Hawk missile is a defensive weapon, a ground to air heat-seeking missile, and that the reliability of agreements by the United States were being jeopardized by the failure to comply with the commitment made by the executive branch. It was brought out that Jordan has no air defense system, that it is dependent upon this agreement with the United States for its overall defense from air attack.

The traditional friendship of Jordan with the United States was stressed and it was pointed out that Jordan often championed our point of view with the Arab allies and was sometimes subjected to criticism for wanting to remain a staunch friend of our country. In fact we were told the Jordanians had been asked, "What has your friendship for the United States done for you?" The Jordanians expressed a desire for an even-handed policy of the United States in the Middle East. This is a phrase we heard many times in visits to the various Arab nations.

On a subsequent day we visited with Crown Prince Hassan, a young man of 27 who seemed particularly well versed on economic matters. We also visited with Mr. Rifai who apparently wears three hats; that of Prime Minister, Foreign Minister, and Defense Minister. He holds degrees from both Columbia and Harvard, speaks excellent English and was very cordial and frank in his conversations. Once again the primary concern related to the Hawk missile sale, the agreement made on behalf of the American Government and the concern about recent congressional statements in this regard.

The PLO problem was discussed in some detail and an indication was given that they had been refugees more than once due to the various wars that had occurred in the Middle East and sympathy was not felt for these people.

Later we visited with King Hussein. He is a very mild mannered man, appeared to feel very deeply about the matters we were discussing and perhaps somewhat hurt. He spoke of the great friendship of the United States, the fact that he had defended our country at various times and had been criticized by others for it.

Mr. President, at this time I ask unanimous consent to have printed in the RECORD a letter dated August 25, to me from King Hussein, in which he reiterates many of the matters we discussed.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE ROYAL PALACE,
AMMAN-JORDAN,
August 25, 1975.

Hon. WILLIAM LLOYD SCOTT,
The Capitol, Washington, D.C., U.S.A.

DEAR SENATOR, I write to you in your capacity as a representative of the great American people. In all of my years at the helm of Jordan I have been a long time believer in the fundamental principles and ideals which your forefathers adopted to create the greatest and strongest nation of all times. As true friends of America, my country and my people were, for two decades, the only supporters the United States had in the Arab World. We have always been openly proud of our friendship and voiced it with courage. We felt that we shared with you the belief in the basic right of peoples to freedom, justice, dignity and a better life.

My country has continuously adopted a moderate non-aggressive policy which we hope we will be enabled to continue to pursue. We have contributed greatly to maintaining stability and moderation in our area, and served the cause of peace in the Middle East in every possible way. We depended on your friendship and support in our various endeavours to prevent the polarization of the Middle East conflict between the superpowers. We cooperated very closely with your government, at considerable cost to my country and its people, in our common search for a just and lasting peace in the Middle East.

Yet, now, my country, its government, people and armed forces, find ourselves on the horns of a dilemma. Can we preserve the friendship which existed between the United States and ourselves and which we cherished so much, or are we going to be left with no other alternative than to seek another course?

What brought matters to this sad crossroad is the opposition in some Congressional quarters, which we sincerely believe to be unwarranted, to the sale of fourteen batteries of Advanced Hawk missiles to Jordan. I hope you will bear with me as we review some of the facts.

Jordan is the only state in the area without an air-defense system of any kind. The fourteen Hawk batteries are the minimum requirement for our legitimate self-defence, as was established by the American Military Delegations which visited Jordan for the purpose of studying our air-defence requirements. The system we agreed with your government on is a very modest one compared to what our neighbors have, and, we feel, will in no way affect the balance of power in the Middle East, which is overwhelmingly in Israel's favour. The Hawks will be used to defend the area of our capital and a few of our major fixed installations.

We in Jordan have always looked to the United States for military equipment, and relied on you as our friends who generously helped us whenever possible, and within the limits of our ability, to purchase arms for our legitimate self-defence. We have had to be strong to survive, since weakness invites aggression. We do feel threatened, and the record of Israel's expansion since its creation in 1948 justifies those fears.

Perhaps not everyone knows that our capital city of Amman is within range of the American built Israel heavy artillery, and that all our vital points are at the mercy of American built Israeli aircraft, which are free to violate, as they continuously do, our airspace as they please.

This situation, and the recent opposition by some congressional quarters to the sale of the Hawks to Jordan has distressed, dismayed and worried me to the point that I felt it necessary to write to you and infringe on your valuable time.

The matter is in your hands now. If your decision to provide Jordan with the urgently needed fourteen batteries of Advanced Hawk missiles is a positive one, then no one will be more pleased or satisfied than I, your old and traditional friend.

But if your decision is a negative one, I regret to inform you that I would have no other choice but to seek the best comparable system, which is available only in the Soviet Union. It would be a tragic decision on your part if you chose to push your friend and ally to adopt such a course—one which I am duty-bound to follow with the greatest of sorrow. As a friend, allow me to say that such a development will not only affect your interests in the Middle East, but will also incur irreparable damage to the United States credibility and reliability, not only in the Arab World, but perhaps throughout the world. It would indeed be tragic to have anything occur which would cast doubt upon your role as a peace-maker in the area.

Finally, it is common knowledge that the United States has granted Israel billions of dollars worth of arms over the years, especially since the 1973 war, and is now about to consider an additional Israeli request for more billions of your tax payers money. We understand this is to be spent on some of the most sophisticated and offensive weapons in the U.S. Arsenal, such as the F. 15 Eagle class of aircraft, and the Lance ground to ground missile. As a result the United States might well be accused of adopting a policy of double-standards, and not the even-handed constructive policy which is needed if you are to play an effective role in establishing peace in the Middle East.

Please forgive my candor, but I write as a true friend who is doing his utmost to preserve our traditional ties and close association.

I hope you will kindly accept my warm regards and personal best wishes.

Yours sincerely,

HUSSEIN-I.

Mr. WILLIAM L. SCOTT. Mr. President, I believe this letter speaks for itself. However, other matters were mentioned by the Jordanian leaders. One was Jordanian forces assisting the established government of Oman, engineers attempting to help with problems in North Yemen, that Saudi Arabia was providing money and that Jordan was helping with the technical knowledge and supervision in countries outside its territory.

The King reiterated the need for continuous progress toward peace and that we should not stop the progress he hoped we were making. Once again there seemed to be no resistance to the continued existence of Israel as a sovereign nation but only a question as to how great the boundaries should be and how peace could be negotiated. Fear was expressed that in the event of another war, the Israeli occupied lands would extend still further and a greater problem would be created in the Middle East. Fear was also expressed that in another war Israel might go through Jordan to invade Syria and that without the Hawk missile there would be no defense strong enough to stop such an invasion.

During our informal conversation, King Hussein acted as though he were talking with friends, with people he could trust and reiterated from time to time his great respect for our country. He stated that there was a need for neutral nations to police a zone around any boundaries established between the Israelis and Arabs, that neutral observers might be necessary for several years but he hoped it would be for only a short period. The opinion was expressed that Israel was building a military machine far superior to anything seen in the Middle East and yet was requesting $2½ billion per year from the United States to further increase its military capacity. The Jordanians appeared to be very sensitive, and very depressed with this thought. They appeared to desire a warm close relationship with the United States and to have a great deal of frustration in that we were giving so much to Israel and were hesitant even to sell them Hawk missiles for cash.

EGYPT

We next went to Egypt and met with the Ambassador who briefed us on the history of the Israeli-Arab controversy. Later we visited with President Sadat at his residence in the desert along the Mediterranean Sea. The President received us in an informal manner at the door of his residence and we engaged in informal conversations for approximately an hour. Later we met with General Gamassy, deputy prime minister, minister of war and commander and chief of the Egyptian military forces and with the prime minister. Their emphasis was that they wanted defensive weapons of all kinds from the United States, that they would prefer American weaponry to that of any other country and would pay cash for it. Just as in Jordan, the indication was that the funds would be provided by Saudi Arabia. However, it was indicated that weapons were being purchased from both England and France because they could not be obtained from the United States.

It was indicated that Egypt, with its 38 million people and its culture, was a major leader of the Arab world. They spoke very highly, however, of other Arab nations and their leadership and admitted there were terrorists within the PLO but most of the members of the PLO were responsible people and stated that the Arab world had agreed that the PLO was the spokesman for the Palestinian people. It was estimated that between 200,000 and 300,000 Palestinians would return to their homeland if given an opportunity, an estimate that coincided with one made by Jordanian officials.

The Egyptian leaders appeared very pleased that there were no more Russians assisting them in Egypt and this had been true since July of 1972. I indicated an impression, received from other Arab leaders, that the Arab world was reconciled to the continued existence of Israel as a sovereign nation and the Egyptian officials stated that this was true and they wanted only to live in peace. They also indicated a desire for us to act in an evenhanded manner and expressed an opinion that it was wrong to give weapons to Israel and not be willing to sell defensive military equipment to the Arab nations, that it was incompatible with their desire for friendship for us to give weapons to their enemies and not be willing to sell them to the Arab nations. It was felt that Egypt, because of its strategic location with one-third of the population of the entire Arab world, with its culture and its history, had to be a leader of the Arabs and that Egypt was the key to peace in the Middle East.

There was a strong denial that the Soviet Union influenced their decisions and an indication that Israel feared peace and had sabotaged the 1974 peace talks. Concern was expressed once again about the Soviet influence, that terrorists were being trained in Libya, Lebanon, and South Yemen. We were given to understand that the Communists were reaching the schoolchildren in South Yemen with their propaganda and that this indicated an effort to communize the country by indoctrinating the young people.

There was an indication that the Soviets would not be successful in Oman or Libya but might be successful in other parts of the Middle East. There was an indication that peace could be achieved on a step-by-step basis but that a general overall settlement must be made in Geneva, participated in by all of the nations of the Arab world.

Yassar Arafat, the leader of the PLO was pictured as a moderate even though there were some terrorists within the PLO. It was indicated that the terrorists within the PLO could be controlled in some nations but could not be controlled in others, that the national policies in the nations where the terrorists resided had an effect upon the ability of the PLO leadership to control them.

It was mentioned that there had been four wars with Israel, three of them started by Israel, and that in every war, Israel gained territory. This was similar to the expession we heard in Syria. It was considered that the interim agreement then under consideration would tend to ease tension but only temporarily.

An indication was made that Egypt was willing to accept criticism from the rest of the Arab world if movement toward peace continued. It was also indicated that the United States gives Israel more than it needs both militarily and economically, that there should be a balance of forces in the Middle East, and that it appeared we were attempting to make Israel the policeman of the Middle East when there was no need to do this.

President Sadat indicated that he very strongly desired peace, but he did not want to take any offensive action, that he desired to build up his country and to raise the standard of living.

When asked whether the Libyan Government could deal with the Soviet influence, the response was "what government?" An indication was given that there was one-man rule in Libya and that Russia had influence because of this factor.

There was also concern about the PLO needing arms and money and being susceptible to Soviet influence, that should there be a State of Palestine, the Soviet Union would attempt to make it a Soviet State but that the Communists would prosper by continued unrest and instability in the Middle East, and that a settlement of the differences among the Middle Eastern nations would be a deterrent to further Soviet encroachment.

CONCLUSION

In conclusion, these are the things we found, Mr. President. I have attempted to present them factually, for all of us have a concern and I believe a desire that permanent peace be obtained in the Middle East.

There is a lot of hatred in the Middle East, paradoxically mixed with a desire on behalf of the people and their leadership to work out peace agreements, to keep the momentum rolling toward peace. Our country has been helpful over the years to the Israeli nation and perhaps there is a reason for this. I can understand the people of this country being sympathetic with a people who have been scattered throughout the world over the ages, who have a desire for a national homeland. This homeland has now been achieved and the Arab world, in my opinion, is sincere in saying that it is reconciled to the continued existence of Israel as a sovereign nation. This is not entirely of their own choosing, because Israel has been successful in the various wars that have been fought. I believe that today, Israel constitutes the superior military force in the Middle East. In a short war they would prevail, in my opinion, over the Arab world. But, in the long run, it appears to be in the interest of all of the people of the Middle East to work out a permanent settlement to this controversy that has raged for a generation. The phrase "evenhanded treatment" does appear to be a reasonable one for us to adopt because if neither nation, or group of nations, working together is superior to the other, then I believe that the chances for peace are enhanced.

I do not like the idea that we would provide many millions of dollars to the Egyptians when Egyptian officials indicated that Egypt could obtain the necessary funds from Saudi Arabia to purchase for cash all of the defensive weapons they need. Certainly I do not approve of us providing $2½ billion, or anything approaching that amount, each year for Israeli assistance. I do not believe these funds are needed by the Israelis. I believe it would make them so far more advanced over the Arab nations than they presently are that their very strength might constitute a threat to peace.

Certainly such a vast outlay would be unfair to the American taxpayer. We were told by responsible Israeli leaders that they would agree to the entire Sinai peninsula being demilitarized so that there would be a great block of sand between Egypt and Israel and yet when an interim agreement was negotiated it included a line drawn near the passes in the Sinai with the suggestion that U.S. personnel help man the electronic devices.

I believe that it is wrong to put the personnel of our Nation, one of the great powers, between these two nations that have fought several times in the past and could well engage in fighting again. It is possible that a terrorist or group of terrorists would get into this area and would cause difficulty. It is possible that the United States in its efforts to be fair to both sides might report some apparent activity on the part of one side or the other. In other words, we would be in the middle of a very difficult situation. It would seem preferable to me to let the United Nations observers, who are supposed to be a part of this, have their numbers increased somewhat by recruiting from the small nations of the world.

There is much less chance of misunderstanding, or of the parties who are policing an action participating in a war, if the policemen or the observers, those charged with the responsibility of overseeing the peace agreement, come from the smaller nations. This is what the United Nations has done in the past, I believe it is an idea which should be continued. It seems to me that it is very dangerous to have a major power in the Middle East attempting to participate in a policing operation when the other major world power is also present stirring up strife between the parties to a conflict.

In my opinion, the good offices of our Nation could best be used by encouraging the parties themselves to compromise their differences. They are the ones that must live with any peace agreement that is finally decided upon but I do not believe that we should attempt to write a peace agreement for them. I do not believe that we should attempt to buy peace in the Middle East with the American dollar.

Repeating somewhat, I wonder if it would not be best for us to merely use our good offices to bring the conflicting parties together and let them make their own decisions, decisions with which they will have to live. Would not decisions they made *voluntarily*, without the carrot of billions of American dollars held before them, in additional armaments, be more lasting? It is a problem with which we will have to cope and I hope the background information on our trip to the Middle East and the detailed discussions with the political and military leaders of this important area of the world will be of assistance.

Mr. PERCY. Mr. President, will the distinguished Senator yield?

Mr. WILLIAM L. SCOTT. I am glad to yield.

Mr. PERCY. I ask unanimous consent that, following the completion of the speech of the distinguished Senator from Virginia and any questions and response to that, the Senator from Illinois be recognized for a period not to exceed 7 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I wish to commend my distinguished colleague. I saw a reference in a press release by the Democratic candidate for Senator from New Hampshire, Mr. Durkin, that the Senate was recessing for a vacation in August.

Having been through the Middle East on an intensive 23-day trip in January, I can assure anyone who is going on a vacation that that is not the way to spend your vacation. It is hard work. When you are there, the moment you arrive at another embassy, an ambassador is ready to work you over and put you through the paces. In addition to the crowded schedule the distinguished Senator had, he undoubtedly added many meetings that took him far into the night.

I noticed in many of these meetings that they go on right through to midnight and then start again early in the morning.

I commend my distinguished colleague for going and obtaining knowledge firsthand in many areas of the world, to see for himself. This is the only way we can judge. Anyone who characterizes these trips as junkets has no concept of the responsibilities of a Senator. Many times legislation is decided by one vote. We vote on billions of dollars and the potential loss of tens of thousands of lives in this area, and we require firsthand information so we can make informed judgments.

The distinguished Senator from Virginia has said that there must be momentum for peace, and I certainly concur with that. I came back from the Middle East deeply concerned that we might lose that momentum, and I was disheartened at the breakdown of shuttle diplomacy in March.

I think what has been arrived at now in the interim agreement will be fully debated on this floor, and the Senator from Virginia will be far better equipped today than he would have been before his trip to ask the kinds of questions that should be asked, based on firsthand information, and certainly expressing the concerns being expressed to us by many of our constituents.

As the distinguished chairman of the Foreign Relations Committee knows, we have spent many hours questioning Secretary Kissinger and Secretary Sisco about the agreement in executive session. It appears that the presence of U.S. volunteers, which the Senator from Illinois did not like at all, was absolutely crucial and essential; otherwise there probably would have been no agreement. All of that will be brought out on the floor.

The distinguished Senator from Virginia visited Bahrain, and very few Senators have been down the gulf to visit those countries. I would like to ask this question. We have a problem involving the lease on naval facilities there in Bahrain. It is a fine government. We have had a wonderful working relationship with them. They are asking that we increase the rental we pay.

Can the distinguished Senator advise the Senator from Illinois—because there was no agreement at the time I was out there—whether an agreement has been reached or whether it is still being negotiated?

Mr. WILLIAM L. SCOTT. Well, we heard of this agreement. The consideration was being substantially increased, but I do not know the details of any agreement. I was told they would prefer that there be no foreign ships. Ships of littoral nations in the gulf, yes, but that there be no nation that would have any warships in the Persian Gulf except nations bordering on the Persian Gulf. But inasmuch as Russia had its warships in Iraq, then they wanted the United States to have something there in the Persian Gulf as a countermeasure. But this was something said in passing, along with other remarks. We did not go into specific details on it.

Mr. PERCY. I thank my distinguished colleague.

The distinguished Senator from Virginia has used the term "even-handed approach." These are almost fighting words to the American Jewish Community. I have used those words and have been pummeled because of them.

But I think the distinguished Senator from Virginia would recognize and would be the first to testify, having come back, that unless we are fair to both sides, unless we consider the interests of both sides, unless we are able to walk in the shoes of both parties, the United States could never have played the role it has played, and it is in Israel's interest that the United States have credibility in the Arab world. If we did not have credibility there, we would not be any more help in promoting peace there than the Soviet Union or China are today. The United States is unique in that we are able to deal with both sides and go back and forth and somehow bring about an agreement.

I think the use of those words not only courageous, but I think an accurate indication of the position the United States must take.

Mr. WILLIAM L. SCOTT. Let me say to the Senator that the phrase did not originate with me. I heard it all over the Arab world and I used it first as a factual presentation.

But I, too, feel that it is reasonable for us to treat the nations of the Middle East in an even-handed way.

Mr. PERCY. I was most interested in my colleague's comment on Saudi Arabia. Certainly, I think we are very grateful that Saudi Arabia has so solidly supported the American position in these negotiations, and this is extremely important, and certainly, the comments on oil, that if we do find peace in the Middle East, they will help us with economic problems reinforces the understanding attitude Saudi Arabia has had.

It has not been in the forefront of those pressing for ever-higher oil prices. It realizes there is a limit where one might destroy the very economies they depend on.

During my trip all the Arab oil-producing countries I visited told me that if we conserve and cut back, restrain our demands, they will not then increase their revenue—which in effect would penalize us for conserving—but will maintain the incentive for us to conserve, because outside of Saudi Arabia all the countries need to conserve their reserves because they are being depleted.

I would like to comment on the hour and a half which the distinguished Senator from Virginia spent with the President of Syria, a man who wishes for peace and is friendly to the United States. I have been disappointed that he has not been supportive of our most recent efforts, but we know he must deal with more extreme elements in his country whose views he has to take into account.

But I do believe he wants peace there when he says that. When we look at this area in Quneitra that has been leveled and then look up and see Israel farming the land nearby, it is also easy to believe the Syrians mean it when they say there is going to be no real peace until they have their lands back.

Mr. WILLIAM L. SCOTT. I believe we might say that was a city of approximately 50,000 inhabitants that has been destroyed.

Mr. PERCY. And was leveled. I think it was a very poor political decision by Israel and some members of the military in Israel have told us they felt the order given to level the city was stupid.

It is now a showcase. The Syrians take every visitor to see it.

I think Israel could work out with Syria some quid pro quo. They could give the land mine maps, show where the mines are around Quneitra. Certainly a modest amount of real estate negotiated back, with some assurances from Syria, so they could begin farming that land and rebuild the city would be in everyone's interest.

But I also must say, as I said to the Governor of Golan who was there at the time and to the Foreign Minister, that the city can be rebuilt, but they must take into account that when Israel was created 6.5 million people had been exterminated; they should see Auschwitz and see what could be done to—those people cannot be brought back, but Quneitra which is bricks and mortar can be rebuilt.

So the emotional roots of the creation of Israel by the United Nations must be understood also by our Arab friends.

The new willingness of Arab leaders to acknowledge Israel's right to exist as a nation is significant progress.

My final comment is that I do think that President Sadat is a remarkable man who has stood up to the Soviet Union, who threw 8,000 Soviets out in 48 hours, who has not taken armaments because of the conditions laid down, not replenished the lost militia he had at the end of October 1973. He refused to knuckle under. I think that takes courage and guts.

I pay tribute to my colleague for the remarkable trip which he has taken and a very forthright report.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the distinguished Senator's comments, and I am going to ask unanimous consent that I may proceed for an additional 15 minutes.

Mr. SPARKMAN. Will the Senator yield?

Mr. WILLIAM L. SCOTT. I am glad to yield to the distinguished chairman.

Mr. SPARKMAN. I congratulate the Senator from Virginia. He has made a tremendous presentation.

By the way, following on the suggestion of the Senator from Illinois with reference to his making this arduous effort, and I know that it is, I have done a great deal of that myself and I have always contended that Members of Congress, both Houses, ought to travel, both at home and abroad, and that they would have better legislation if they did that.

I commend the Senator for having taken advantage of the recess to make this trip and to give us this report.

I want to say just this with reference to something that the Senator from Illinois has just said and the Senator from Virginia agreed with, and that is with reference to President Anwar Sadat.

I feel that over the past considerable period of time, the last few years, Sadat has come out as one of the great men of the world. I think the even-handedness with which he handles things has been a very fine statesmanlike undertaking.

Something was said about his ridding himself of the military and the technicians that the Soviet Union had in there, the fact that he no longer looks to the Soviet Union for arms and help. I think those are all encouraging signs.

By the way, just yesterday, along with the Senator from New Jersey (Mr. CASE), the ranking minority member of the Committee on Foreign Relations, we had quite a long session—Senator PERCY knows about it—with high officials in the State Department with reference to this Sinai situation. I said to one of them, "Senator Aiken told me at one time that young man back yonder, many years ago, came to this country as a student under one of the fellowship arrangements and that his name was Anwar Sadat, is that true?"

He said, "Yes, it certainly it true."

He said that it had a lasting influence upon him and that he refers to it frequently about the things that he learned when he was in the United States as a young man.

I think he is to be praised for the leadership that he has exercised. The Mideast situation is a most difficult situation.

Senator PERCY can bear witness to that, and the very difficult times we have had in the Committee on Foreign Relations in connection with this problem. But somehow or another I remain optimistic. I believe that in time, with the cooperation and coordination of a leader like Sadat, with the leaders on the other side, it will be worked out.

By the way, with reference to these listening stations proposed in the Sinai and the placing of American technicians there, I do want to point out one thing: this is requested by both sides. In other words, we are not intervening or interfering. We are not in there supporting Israel. We are not in there supporting Egypt. If we go in, we will be in there at the request of both Egypt and Israel.

I would join the Senator in his statement that he would rather see the United Nations handle it. The United Nations peace-keeping force has done a tremendous job in many places, but particularly in the Middle East.

By the way, there is a United Nations force in there. Where these listening stations are to be placed is in the general area of the United Nations outposts. That is where the technicians would be.

There is another thing I would like to say. I do not know what decision our committee will reach, but I do believe it is well to keep in mind that these technicians who are proposed to go in there to operate highly sophisticated electronic warning systems are trained in that operation. We cannot just pick up a person from anywhere and put him on that equipment. There are things to be taken into consideration. I hope none of us will close our minds until we have heard the story throughout.

I commend and congratulate the Senator from Virginia.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the comments of the distinguished Senator.

Before yielding to my distinguished chairman of the Committee on Armed Services, let me say that in every nation we went to, we prefaced our request for comments by saying we were there on a fact-finding trip on behalf of the Committee on Armed Services. They opened up. We asked if they had anything they would like for us to take back to the Committee on Armed Services. We appreciated their telling us. This seemed key to getting them to be frank and candid with us.

I would also add for the record, and I have mentioned this privately to the Senator from Mississippi, that when the Senator was hospitalized a couple of years ago, King Hussein called at the hospital and wanted to see him, saying that he thought very highly of him personally. I repeat that so the distinguished Senator will know about it.

I am glad to yield.

Mr. Stennis. Mr. President, I certainly thank the Senator for yielding to me, for his very fine words and these words of salutation from King Hussein.

Mr. President, first, I want to thank the Senator from Virginia for making this trip, for his interest in the subject matter to begin with, and further, for his sense of obligation and duty to inform himself and to help inform all of us here in the Senate.

I also thank him for his very fine spirit of complete dedication and perseverance when he sets out on a mission of this kind or any other kind. Certainly, he has been an asset to the committee. I am proud of the work he has done.

The remarks of the Senator from Virginia were very revealing. They were based on a factual basis, as he said. He not only learned a great deal, but he is imparting it to us, and not just the facts and knowledge alone but his impressions and his judgment based on those facts. That is where the value really comes in.

The Senator will be helpful to our committee, as he is helpful here in the Chamber.

In a discussion with the Senator about how he would proceed in getting his information and impressions in a forceful way to the most responsive group, I am proud that he selected the Senate Chamber as a forum. In that way, he shares his knowledge and conclusions with the press, with the news media, and all the people of the Nation. That is one of the things which makes this Senate so great, that it is such a place where a Member can come and make his contribution.

I call the attention of every Member of this body to the Senator's factual report, his observations and conclusions. We are certainly taking them quite seriously in the committee. I look forward to his presence at the hearings this week which will relate to this area and which will meet some of these problems.

Again, I am grateful for the comments of the Senator.

Mr. William L. Scott. Mr. President, I appreciate the kind remarks of the chairman of the Committee on Armed Services. I will say that, should we be in executive session in the Committee on Armed Services, there are quotations which could be made, but I thought it better not to quote any of these principles. I just wanted to give the substance of what had been said. We did this on both sides of the Suez Canal. There are other items we could mention which I believe could be helpful.

Again, I appreciate the comments of the distinguished Senator.

Mr. Stennis. I heartily agree with the Senator in not making those direct quotations now. It is better that he proceed as he did. I thank the Senator very much.

Mr. Thurmond. Mr. President, I commend the distinguished Senator from Virginia (Mr. William L. Scott) for making the trip to the Mideast and visiting the various countries in that area of the world during the recess of Congress.

It is apparent from the report that Senator Scott has delivered on the floor of the Senate today that he talked with the heads of a number of nations and conferred with other officials, American and indigenous officials, and that he gained a fine overview of what is occurring in that critical part of the world.

Senator Scott has delivered a very full and comprehensive report upon his trip, and it is well worth reading by every Member of this body. While I may not agree with him as to all his recommendations, I appreciate his taking the trip and conferring with so many important officials and bringing back to us much valuable information.

Senator Scott is an active and valuable member of the Committee on Armed Services, and I have had the pleasure of serving on this committee with him. He has made many fine contributions to the work of the committee, and I congratulate him upon his deep interest in Armed Services matters, his vision and knowledge of the importance of keeping this country well prepared. He agrees, as do I, that the strength of our Armed Forces is the key to averting a war.

As the ranking Republican member on the committee, I highly appreciate his contributions to the work of the committee and everything he has done to promote the preparedness of our defense establishment in order to keep this country free.

Again, I commend Senator Scott for his excellent report, which I am sure will be read with great interest not only by the Members of this body but also by all who are privileged to read the Congressional Record.

Mr. WILLIAM L. SCOTT. Mr. President, I cannot understand why a reporter would deliberately write a false and misleading story. I cannot understand why an unknown State Department official would state that my trip was "a diplomatic nightmare." If any responsible official made such a statement, it casts doubt upon his own diplomatic ability and if it was not made, then I believe it casts doubt on the credibility of the American press.

ADDITIONAL STATEMENT BY SENATOR THURMOND ON PRESS REPORTS OF MIDDLE EAST FACT-FINDING TRIP BY SENATOR WILLIAM L. SCOTT

Mr. THURMOND. Mr. President, an article in today's edition of the Washington Star makes highly improper remarks about our distinguished colleague, Senator William L. Scott. While this article casts aspersions on his recent factfinding trip to the Middle East, I know that the information which he brought back from this journey is of considerable value. The Middle East is the most sensitive spot on the face of the globe today and we in Congress need the considered views and facts as gathered on the spot by Members who have been there.

Accordingly Senator Scott's trip was undertaken to help us in the Armed Services Committee, as well as the Foreign Relations Committee and the full Senate, more fully understand the complexities of the problems there. Indeed, the messages brought back from leaders of nations in that troubled region will be invaluable to our deliberations.

Mr. President, I was present in the Senate when Senator William L. Scott gave his report on this visit and I have discussed it with him privately. The improper characterization of this report by the Star and its unnamed State Department informants is unfortunate and inaccurate. Such malicious and derisive remarks as those aimed at Senator William L. Scott do no justice to either good journalism or diplomatic professionalism. As one who will benefit by the report Senator William L. Scott made of his factfinding trip, I know of its value. Those who characterize it as something less are either poorly informed or improperly motivated.

Further, the old canard that such trips for the gathering of essential information are "junkets" can only be made by people not familiar with congressional needs. It is imperative that we have the data and the proper conclusions before deciding the issues which come before us. In international matters where the question can be war or peace there can be no shortchanging on information. The next best thing to having every Member visit these areas of decision is to send individuals.

Mr. President, Senator William L. Scott has provided this service to his colleagues, so that we may better know the feelings and views of the various Middle Eastern leaders. He should be commended, not criticized, for his efforts.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. BUMPERS. Mr. President, I should like to engage in a short colloquy with the sponsors of the bill. There are three or four things about it that concern me. Let me say at the outset that I support the bill. I support it strongly. I wish I were sponsoring the bill so I could have replied to the Senator from California a while ago. That is a privilege that I know the Senator from South Carolina is going to enjoy.

I should like to ask the sponsors of the bill why the bill limits the use of natural gas as boiler fuel in utility plants and not any other boiler fuel use.

Mr. HOLLINGS. Mr. President, in response to our distinguished colleague from Arkansas, the administration bill and some others—for example, Senator Randolph's amendment—wanted it extended to all industries. We are back to a point that has some merit in what the Senator from California was talking about—administerability. We felt that if we started with all boiler fuel use and went to all the industries, to do that and do it fairly, the winter would already be over. This bill self-destructs next June.

The fact of the matter is that S. 2330 was a 2-year proposition and Frank Zarb was saying that it would take a couple of years to have a significant effect. We were trying to bull's-eye, limit the argument, limit the misgivings and apprehensions of all industry.

It could be that Senator Randolph's amendment might be accepted, with a perfecting amendment. But the point here is that the Federal Energy Administration has already identified the electric utility boilers that have on hand the equipment, and the capability for conversion, they can use an alternate fuel. Their conversion may make available up to 180 billion cubic feet of natural gas to priority interstate purchasers.

But this seems a sound, quick, limited authority that can work for this winter, because we know what we were talking about. The particular utilities are identified, and we did not want to call up every industry that used a boiler and say, "We passed an emergency bill and we are going to come around and if you have any coal or oil equipment that you previously used, you might have to start looking around for an alternate fuel."

In other words, we were trying to solve a problem rather than create a problem. That is why we went about it in limited fashion.

Mr. BUMPERS. S. 692 does cover all boiler fuel.

Mr. HOLLINGS. That is the permanent solution. But S. 2310 is going to the heart of the immediate problem for this winter. Since two-thirds of the energy of natural gas is wasted when used as boiler fuel, the thrust of the permanent legislation is to convert all large users to coal and away from natural gas and oil where feasible.

The Senator and I have been trying to enact the strip mining bill to get to coal. We support the Coal Conservation Act.

Incidentally, and very interestingly, it is hard to get everybody to realize and remember that in June of last year, we passed a coal conservation act, the Energy Supply and Environmental Coordination Act, to promote the use of coal. But that act went for almost a year on the books without being administered by anyone.

Having complained, and I know that I joined with the Senator from Arkansas and others, to Frank Zarb, the energy czar, he then began to identify powerplants with coal-burning capability the first time in June. The bill itself expired and we passed a continuation of the bill, but it was joined in with the continuation of oil price controls, and the President, of course, vetoed it.

But, yes, there was a permanent solution already approved by both houses of Congress, signed into law by President Nixon in June 1974. We hoped to convert boilers fueled by gas now wasted to coal usage and be able to conserve that much natural gas.

Mr. BUMPERS. How expensive is the equivalent to convert from natural gas to fuel oil?

Mr. HOLLINGS. The answer is I do not know, but I know that under S. 2310 the alternate fuel-burning equipment must be already available.

Mr. BUMPERS. I understand.

Mr. HOLLINGS. Any expenses incurred in buying higher priced alternate fuel must be taken care of by the one given the gas.

Mr. GLENN. Mr. President, will the Senator yield for a comment?

Mr. HOLLINGS. I yield.

Mr. GLENN. I have discussed that point with the Federal Energy Administrator, Mr. Zarb. He indicated that in many areas, conversion would cost very little because there were already the pumps, the tankage, and the pipes in place from when they were using other fuels a few years ago before they shifted over to natural gas. He said some of the plants will even have their natural gas burners available to them when they convert over to fuel oil. It is simply a case of replacing the burner elements themselves, refurbishing the lines, and making the pumps work in those plants. They can be ready to convert when they have the fuel oil to burn.

In many cases, such conversion is at little or no expense. In some others, there will be greater expenses, though I do not have the figures on that.

Easy conversions such as these would release a major chunk of the gas that we are taking—and that is needed—from the utility generating plants. That is one reason we stuck with this utility approach, rather than going to the industrywide approach, which would have been far more complicated.

Mr. BUMPERS. Does the Senator from South Carolina wish to answer that?

Mr. HOLLINGS. When the Senator from California was talking about all the requirements under the bill, these requirements are intended to eliminate the problems that increase the difficulties of administration. Rather, we are trying to focus it.

I wanted to point out that on page 11 the capability and necessary plant equipment must be in place, the burning of petroleum products must be practical, and that the petroleum products will be available—the Senator from Florida was talking about having to go down to Venezuela—and that the natural gas priority user should make the particular converted user whole financially and, in addition thereto, the further authority with FPC to certify that electric utility service be not diminished.

Mr. BUMPERS. That brings me to another question, as to why a distinction was made in the bill. I do not remember the section that this is found in, but there is a distinction about the reasonable costs that the users and suppliers are entitled to be compensated for.

As I understand the bill, the supplier, which we will say is a pipeline company, it entitled to be compensated for his reasonable costs and any other losses; whereas, the "any other losses" provision is not accorded the user.

I could, perhaps—to be sure the sponsors understand my point—use a hypothetical case. The Arkansas Louisiana Gas Co. is the principal supplier of natural gas in our State. Arkansas Power & Light Co. is the principal supplier of electricity. Normally, at least during the summer months A.P. & L. buys its natural gas from ArkLa, which in this case would be the principal supplier. A.P. & L. would be the user. This means that the supplier, or the pipeline company, is entitled to be compensated after some determination to be made by FPC—they are entitled to be compensated for any reasonable costs and other losses. Let me see if I can give the exact words to be sure we understand each other. This bill reads that the user is entitled to compensation for "any net increase in such user's reasonable cost for replacement fuel or replacement power." The bill provides, as far as the suppliers are concerned, the right to be compensated for "any net increase in such supplier's reasonable costs and any other losses which are incurred by such supplier."

There is a distinction there, because the supplier is entitled to recover "any other losses" which he may incur.

I was wondering if the sponsors might enlighten me as to why the supplier and the user are not accorded the same rights to compensation.

Mr. HOLLINGS. In response to my distinguished colleague from Arkansas, it is contemplated that the utility, namely, the electric power plant, would only be compensated, of course, for the increased cost of fuel. They would incur only this additional expense for which they would be made whole.

Now, the supplier, the distributor, or the pipeline could have two types of losses. First, they may lose their profits on providing the transportation service for natural gas to the powerplant, if the gas is diverted at a point closer to the point of production. Second, a pipeline or distributor, to the extent they no longer transport the curtailed powerplant's gas, may incur higher costs as a result of reduced load factors. The priority interstate purchaser would be obligated to compensate the powerplant's suppliers for these losses.

Mr. BUMPERS. The FPC is going to make the determination as to what the reasonable increased costs are.

Mr. HOLLINGS. If they cannot get together.

Mr. BUMPERS. Right.

Take a case in which they cannot get together and the FPC is called on, in effect, to litigate their differences. Both parties, whether it be the supplier or the user and—incidentally, this agreement is between those two and whoever the gas is transferred to; is that correct?

Mr. HOLLINGS. That is right.

Mr. BUMPERS. So let us say the transferee and the user cannot agree on what the user's increased cost is. This would require the FPC to make that determination and, I assume, both parties would then be forced into a form of litigation, the hiring of lawyers, and so on.

I was curious as to whether or not a supplier who is entitled to recover any other losses he might incur would be entitled to attorneys' fees, whereas the user who is not entitled to recover those other losses would not be entitled to attorneys' fees or any other costs of litigating the dispute between them and the person receiving the transferred gas.

Mr. HOLLINGS. Looking at the bottom of page 13 and the top of page 14, which states:

> Such compensation shall be in an amount agreed upon by the parties, or if the parties are unable to agree in an amount determined by the Commission in accordance with the provisions of this section.

Now, is it the Senator's question that we do that for the utility but not for the pipeline?

Mr. BUMPERS. No, vice versa.

Just a minute. What is the page?

Mr. HOLLINGS. On top of page 14 is

the exact language, but the sentence begins on the previous page:

> Such compensation shall be in an amount agreed upon by the parties, or if the parties are unable to agree in an amount determined by the Commission in accordance with the provisions of this section.

Mr. **BUMPERS.** If the Senator will yield, Mr. President, for just a moment, apparently I have the original 2310.

Mr. **HOLLINGS.** I am sorry, this is amendment No. 934.

Mr. **BUMPERS.** Wait a minute, I have it. I have got it here.

Mr. **HOLLINGS.** Reading in that particular section again, if the Senator's question is about attorney's fees, it seems that both the powerplant and the gas pipeline may be subject to regulation by a State agency or the FPC and as such, reasonable attorney's fees are an allowed expense for ratemaking purposes.

Mr. **BUMPERS.** If the Senator will permit me, I am going to pass that because I have got the language, the precise language, of the statute down here, but I cannot find it. It is in section 6, but I cannot immediately find it.

In any event, it is my understanding that this bill does, in fact, say that the supplier is entitled to any net increase——

Mr. **HOLLINGS.** That is at the bottom of page 3. You and I are in rhythm on that. That is line 22, page 13:

> . . . any net increase in such supplier's reasonable costs and any other losses which are incurred by such supplier . . .

Is that not the language?

Mr. **BUMPERS.** That is correct.

Mr. **HOLLINGS.** Yes.

Mr. **BUMPERS.** Now, the question I was asking, of course, is why the supplier is entitled to his reasonable costs and any other losses whereas the user is not accorded that same right, that is, to recover for any other losses.

The point the Senator from South Carolina has made is that it was not anticipated that there really would be any other costs to a user because all he is doing is just firing a fuel oil boiler instead of a gas boiler. That in itself would not cause him to incur any additional costs except——

Mr. **HOLLINGS.** Except the cost of the fuel.

Mr. **BUMPERS.** Except if he cannot agree with the person to whom his gas is transferred as to what the increased cost is to him, and then the FPC would, in fact, have to make a judicial or quasi-judical determination of that.

Mr. **HOLLINGS.** That is correct.

Mr. **BUMPERS.** The second thing I wanted to ask is, do the sponsors of the bill foresee any significant administrative burden on the FPC in making these determinations?

Mr. **HOLLINGS.** No, sir.

In the public hearing we held Monday a week ago—and we only had two witnesses, Mr. Zarb, the Federal Energy Administrator, and Mr. Nassikas, the Chairman of the Federal Power Commission—we wanted to know generally whether this bill was going to have difficulty being administered.

The only question raised was in determining the prevailing intrastate rate in August. We required the Commission to act in a 15-day period. At the time Mr. Zarb, testifying first before Mr. Nassikas—we knew in Mr. Nassikas' prepared statement he was complaining that 15 days was not sufficient and perhaps 45 days would be required—Mr. Zarb was asked for some complicated statistical information of the Federal Energy Administration. Mr. Zarb answered by saying—this was asked for by Senator GLENN from Ohio, and Mr. Zarb said:

> Can you hold the record open to furnish the answer by tomorrow night?

We all agreed to that. The Senator from Ohio was very courteous and amenable, and I immediately countered and said:

> If you can get that complicated answer by tomorrow night, in 24 or 48 hours, then maybe we ought to be asking you rather than the FTC to find out the market price in the month of August.

When Mr. Nassikas came on board he was not all that strong. The fact of the matter is the hearing brought out that the Federal Power Commission was moving on this now, that they were already collecting from the various areas the August prices prevailing for the period August 1 to August 30, and that by the time this bill is enacted, they would have the necessary information.

So what was looked upon as an administrative problem becomes diminished immediately, because everybody realizes the FPC is moving to obtain the required information now.

If anybody wants to make a contract within the 15 days before the Commission establishes the ceiling in his particular area, he can say the prevailing price in August as his contract price term. Then if the Commission found differently, the parties could adjust it.

But S. 2310 can be administered. And there is a consensus that it would work. Hopefully, it can be passed almost as quickly as the 75-day extension of the Emergency Petroleum Allocation Act.

Everywhere we could, we streamlined this emergency gas bill, so that we could all get together. It was so streamlined that even the leadership on the House side said that on this basis they could go forward and get out an emergency bill.

The administration itself through Mr. Zarb and Mr. Hill, his assistant, came and had a conference with Senator GLENN. I do not want to intimate they agreed on the price, but they did agree generally on this particular approach.

The President, just the other night, at the reception, said that we must have an emergency gas bill.

Now, all these things that look like we cannot get from here to there, as described by our colleague from California, and I am sorry he left the floor, are really streamlined provisions to get past all the different appeals, injunctive procedures, lack of certifications, and everything else.

So, right now, I have industries such as Piedmont Gas in my backyard, tentatively making up the contracts.

When the President puts his name on this bill, they have got the contracts and the gas, they have made arrangements with the pipeline, and the employment continues; and that is how it is going to work.

The Senator from California finally came around to say, "Look, this thing might work too well."

In one breath, he is talking about the Constitution, he and the Senator from Louisiana. The Senator from Texas (Mr. BENTSEN) asks, "Well, don't you know we have a Constitution?"

"If we pass this thing," he said, "it will fill up with lawyers, there will be appeals and everything else." But the truth came out of the mouth and lips of the Senator from California, he also said that this emergency bill might work so well that it might be continued, and that is really what the problem was.

We put in here a clause that we cannot express any more specifically, that at the end of June next year there is no more emergency gas law.

Mr. **GLENN.** May I comment on this?

Mr. **HOLLINGS.** Yes.

Mr. **GLENN.** On getting this started, we were very concerned about this when we had the hearings, and the FPC has already testified on this issue.

They felt the raw data necessary for declaring what is a distressed area, the data on where curtailments will obviously result in massive amounts of unemployment—as for instance, in Ohio where 65 percent curtailments along the industrial northwestern part of Ohio, will create an unemployment situation—are readily available.

So the FPC is to identify these areas of distress, No. 1; and then, No. 2, get information in the fields and the production at the other end of the pipeline.

In both things, they felt they could accomplish it in 45 days. Mr. Nassikas was willing to be committed to that. The clock has been running because they were starting then and the raw data for August, the base period we set, would be available to them by September 20. So they have had that raw data since September 20.

They felt they could hit this; they said within 30 to 45 days, with a 45-day maximum.

We felt that was good enough, and they were willing to break their backs trying to make every effort to meet that time limit.

Mr. **HASKELL.** Mr. President, will the Senator from Arkansas yield for a unanimous-consent request?

Mr. **BUMPERS.** Certainly.

Mr. **HASKELL.** Mr. President, I have discussed this matter with the distinguished Senator from South Carolina, the distinguished Senator from Ohio, and the distinguished Senator from Kansas. My request is that at 4 p.m. this Thursday the amendment which I discussed at length yesterday morning be voted on. It will either be an amendment to the Hollings amendment, if the Senator from South Carolina prevails, or it will be an amendment to the Pearson amendment, if the Senator from Kansas prevails.

In any event, I ask unanimous consent that the vote on my amendment be scheduled at 4 p.m. on Thursday.

The **PRESIDING OFFICER.** (Mr. MCCLURE). Is there objection?

Mr. FANNIN. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Senator from Arizona.

Mr. FANNIN. I will offer my amendment this afternoon at the first opportunity I have.

I am just wondering what the arrangement would be in that regard with respect to motions concerning it and its relationship to the Haskell amendment?

Mr. PEARSON. This is after my amendment?

Mr. FANNIN. Yes; this is on the assumption that the Senator from South Carolina's motion would be successful.

Mr. HOLLINGS. Mr. President, reserving the right to object, and I do not think I shall object, because we have talked this out with our distinguished friend from Colorado, while we are agreeing on the times to vote, I wish we could call on the gentlemen to put these amendments on the desk to be identified and fixed.

I happen to know, I think, what the Pearson-Bentsen amendment is.

I hear the one from the Senator from Oklahoma is an amendment for total decontrol. I have not seen it.

Now the Senator from Colorado is asking for a 4 o'clock vote on his amendment, which I have yet to see, though I understand it was fully discussed on yesterday; but I think it would add to orderly procedure if we can agree to send these amendments to the desk and let them get fixed so we will be able to look at them tonight.

Mr. FANNIN. Mr. President, may I respond?

Mr. HOLLINGS. Yes.

Mr. FANNIN. The amendment is No. 938.

Mr. HOLLINGS. Is it printed?

Mr. FANNIN. Yes, it has been printed and you have in your possession a copy of the printed version.

Mr. HOLLINGS. So, we know that No. 938 is that of the Senator from Arizona, and the Senator from Colorado's unanimous-consent request is still before the body; is that printed and does it have a number?

Mr. HASKELL. It is not. It is on everybody's desk. I can have it printed. The only problem is that if the Senator from South Carolina prevails and tables the Senator from Kansas' amendment, then it will be a perfecting amendment to the amendment of the Senator from South Carolina.

Mr. HOLLINGS. I understand.

Mr. HASKELL. If the Senator from Kansas prevails, it will be a perfecting amendment to the Senator from Kansas' amendment.

Mr. PEARSON. Neither one of us may prevail. The Senator from Arizona may prevail.

Mr. HASKELL. Mr. President, I beg the Senator from Arizona's pardon. I did not realize he had an amendment.

Mr. FANNIN. Yes.

Mr. HASKELL. If the Senator prevails, then my amendment would be to the Senator's amendment, and I beg the Senator's pardon.

Mr. FANNIN. The Senator just stated that he would want to give the same courtesy to the Senator from Colorado that was given the Senator from Arizona.

It was the Senator from Arizona's understanding he was going to have a vote on his amendment, but I understand it was changed, with no objection to it, and the Senator from South Carolina said that there would be a motion to table; and the same conditions, I feel, should prevail as far as the Senator from Colorado is concerned with report to his amendment.

Mr. GLENN. Mr. President, will the Senator yield?

The vote on the Senator's amendment is still on for 2:30 tomorrow, on the motion to table.

Mr. FANNIN. That is right.

Mr. GLENN. That is correct.

Mr. FANNIN. Not a motion to vote on the amendment.

Mr. HOLLINGS. No, a motion to lay on the table, that is true.

Mr. FANNIN. That is right.

It is certainly in order for a motion to table to be made at the time the voting would come up, but that is not what is involved in the agreement and regretably there would not be a vote taken immediately after the motion to table failed.

Mr. HOLLINGS. What the Senator says is that he would want the right then to move to table the Senator from Colorado's amendment.

Mr. FANNIN. That is what the Senator from South Carolina gave the Senator from Arizona.

Mr. HOLLINGS. That is right. I am against the Senator's amendment, and the Bentsen amendment. I happen to like his amendment.

Mr. FANNIN. How can I be for it when I do not know what it pertains to?

Mr. HOLLINGS. He says it is on the Senator's desk, right in front of the Senator.

Mr. FANNIN. Is there a number to it?

The PRESIDING OFFICER (Mr. HANSEN). The Senator from Colorado has the floor.

Mr. HASKELL. I do not mean to cause confusion. The amendment, I will say to the Senator from Arizona, has been placed on every Senator's desk. It has not been submitted at the desk because until I know whether the Senator from Arizona prevails, the Senator from Kansas prevails, or the Senator from South Carolina prevails, I do not know to which amendment to offer it as a perfecting amendment.

All I am doing, Mr. President, is trying to get a time certain to vote on my amendment. I had suggested 4 o'clock on Thursday, having assumed that by that time the amendment of the Senator from Arizona would be voted upon, and the amendment of the Senator from Kansas would be voted on, and, therefore, we would know where we are and my amendment would be in order.

Mr. PEARSON. The Senator from Illinois has an objection.

Mr. STEVENSON. Mr. President, reserving the right to object, I wish the distinguished Senator from Colorado would not force me to object to his request. There are many amendments. We do not know which will prevail at this point. Until we do, the Senator is not going to know which amendment to seek to amend. I would think that there ought to be some agreement on the order of these amendments before an amendment of this nature, a perfecting amendment—and I have not had a chance to examine it either, though it has to do with reserve information—is set down for a vote as of a time certain. I will have to object now. It would be preferable if the Senator would just withdraw the motion. Maybe we could work up a more orderly schedule for the disposition of some of these amendments. At the present time he does not know who will prevail. There are other possibilities in addition to those which he mentioned.

Mr. HASKELL. Mr. President, having made this a department of utter confusion, I will withhold for the moment, but I would like to discuss with some of my colleagues the scheduling, because I have a problem in bringing this up. I will withdraw my unanimous-consent request for the moment.

The PRESIDING OFFICER. The unanimous-consent request is withdrawn.

EXTENSION OF THE DEFENSE PRODUCTION ACT AND THE NATIONAL COMMISSION ON PRODUCTIVITY AND WORK QUALITY

Mr. MANSFIELD. Mr. President, I ask unanimous consent—and this has been cleared on both sides—that the Chair lay before the Senate a message from the House of Representatives on House Joint Resolution 672. This has to do with the Defense Production Act, which expires at midnight tonight unless action is taken this afternoon.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

> House Joint Resolution 672, a joint resolution to extend by two months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for two months.

The PRESIDING OFFICER. Without objection, the joint resolution will be considered as having been read the second time by title.

Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (H.J. Res. 672) was considered, ordered to a third reading, read the third time, and passed.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. BUMPERS. Mr. President, I think I still have the floor. I yielded for a unanimous-consent request. There are two other questions I would like to pose to the sponsor of the bill.

Mr. HASKELL. Will the Senator withhold for a moment? I have discussed with the distinguished Senator from Illinois my problem and he no longer desires to object to my unanimous-consent request. I will repeat my unanimous-consent request of a few moments ago.

The PRESIDING OFFICER. Is there objection?

Mr. FANNIN. The Senator from Arizona would not have any objection to the Senator from Colorado having the right to the floor at that time, but to have these lined up in the way we are talking about them, without knowing the outcome of any of the votes, is very difficult. I have not seen the Senator's amendment. I would trust that he would withhold this proposal until we have a chance to at least discuss it. I would be glad to discuss it with the distinguished Senator from Colorado.

Mr. HASKELL. I will withdraw my unanimous-consent request again and go and talk with the distinguished Senator from Arizona to see if I can get his concurrence.

The PRESIDING OFFICER. The unanimous-consent request has been withdrawn.

The Senator from Arkansas.

Mr. BUMPERS. Mr. President, on page 13 of the substitute, paragraph 2, the following language is found:

> Subject to paragraph (1) of this section the Administrator may make a rule under subsection (a) or (b) of this section apply to all natural gas burned by the powerplant to which such rule applies or may specify the periods and amounts of natural gas to which such rule shall apply.

My question is: If the Administrator makes a determination of how much gas can be transferred and for what period of time, what happens at the expiration of that period of time if this act is still in effect; and second, what happens if demand has slackened to the point that the curtailed user could again get gas to use?

Let me put it in hypothetical terms. Perhaps it will make it a little clearer. I interpret this to mean that the administrator, when he makes a transfer decision from, for example, utility plant, curtails that utility plant to send the gas to an industry in the State of Ohio or South Carolina for, we will say, a 90-day period or, for easy figuring here, until April 1. He says, "You will be entitled to x million cubic feet of gas during that period of time and this transfer shall then self-destruct, or the transfer shall only be effective until April 1, 1976."

This act still has 90 days left in its lifespan.

Does that mean that at the end of that period of time, on April 1, that gas would then be available to the person or the user who was curtailed in the first instance?

Mr. HOLLINGS. I am trying to get the first part of the Senator's question. Obviously, the act continues for that particular period of time. Most of the contracts contemplated would be made within the next 60 days to take care of the winter supply.

Mr. GLENN. Is the Senator talking about a short-term situation where contracts are made that expire before the end of this act? That could be done. Contracts could be made short of the termination of this act at the end of June. No contracts could extend, as such, beyond that period of time when this act does self-destruct. But for periods covered shorter than the ending to the contract and go back to the older contracts. Does that answer the Senator's question?

Mr. BUMPERS. Precisely.

Let me get to a final question which is really perhaps of more concern to me than anything else mentioned in this colloquy. That is the definition of new natural gas. I talked briefly with the Senator from South Carolina about this definition yesterday.

> (8) The term "new natural gas" means (A) natural gas which was not, prior to September 9, 1975, committed by contract to interstate or intrastate commerce, and (B) any natural gas (i) committed by contract to intrastate commerce which contract, on or after September 9, 1975, terminates and is not renewed or

That is as far as I am interested in going.

The Senator from South Carolina, as I recall, while the Senator from Arkansas was presiding yesterday, asked unanimous consent to have printed in the Record a story published in the Sunday edition of the New York Times. I had occasion to read that last night, and the statistics ran something like this. We are producing about 20 trillion cubic feet of gas a year. Am I correct so far?

Mr. HOLLINGS. That is right, 22 trillion cubic feet.

Mr. BUMPERS. Twenty-two trillion cubic feet.

Mr. HOLLINGS. Yes.

Mr. BUMPERS. The sponsors of this bill anticipate that somewhere between 200 and 300 billion cubic feet of gas will be transferred under the terms of this act during the time it is in existence.

Mr. HOLLINGS. That is correct, and if I remember just right, if we read back to where the Senator was reading, on line 9, after colloquy of conversation on yesterday agreeing there was an ambiguity or misunderstanding, we modified amendment No. 93A to line out "or intrastate."

Mr. BUMPERS. To line out——

Mr. HOLLINGS. So it will be read "by contract to interstate commerce." The words "or intrastate" will be stricken.

Mr. BUMPERS. Let see see just a second now.

Mr. HOLLINGS. That is on line 9, page 3.

Mr. BUMPERS. I am with the Senator. I see the place.

Mr. HOLLINGS. Where the Senator was reading.

> The term 'new natural gas, means (A) natural gas which was not, prior to September 9, 1975, committed by contract to interstate commerce, . . .

That is the way it should read, and line out "or intrastate."

Mr. BUMPERS. That still does not quite go to the question. I am thinking in terms of how much we are producing a year, say, 22 trillion cubic feet, which means if we average that out hypothetically we are finding less than 2 trillion cubic feet of gas a month.

Mr. HOLLINGS. We are finding less, according to the American Gas Association reports. It is almost miraculous. The Reader's Digest had to write about it. If we looked down in southern Louisiana, we have the charts there, and I say to the Senator all of a sudden they just cannot find any more. The fact is they are drilling more wells. We went into this at length with Senator Haskell's particular amendment about those records. There is a definite shortfall, and we are finding an increase in shut-in wells, we find an increase in the lack of active wells, closing them down. Everywhere they are drilling, and they are even laying lines to where they are not finding any. But, yes, we have, for the purpose of this bill, to agree to a shortfall at the rate of, as the Senator says, about 2 trillion cubic feet a month.

Mr. BUMPERS. All right. My question goes to this, and I did not read this line because I wanted to get these other figures in before I got to it. That is the next to the last sentence on line 14 after defining "new natural gas." It says:

> Except as provided in this act, new natural gas shall not be subject to Commission jurisdiction.

I assume that means that it shall not be subject to price regulation by the Commission. Is that correct?

Mr. HOLLINGS. That is correct. The act provides that the price be at the intrastate level and other than that not subject to the jurisdiction of the Commission.

Mr. BUMPERS. All right.

I am not sure I can articulate this as pricisely as I would like, but the question goes to this point: If we are finding 2 trillion cubic feet of gas a month, and new natural gas is defined under this act and during the term of this act as gas which is not previously committed by contract to an interstate contract, and/or committed to an intrastate contract which expires during the term of this act—all of that is defined as new gas—conceivably there would be enough gas released by intrastate contracts expiring that that amount of gas would far exceed the amount that would normally be transferred, the 200 or 300 billion feet, which the sponsors anticipate will be transferred under this.

My question is, if that is correct so far, would not all of that excess gas, which would be defined as new natural gas under this act, not be subject to any price regulation by the Federal Power Commission and would that not, in fact, make all of the gas that is found in this period of time and not subject to these contracts float free in the market for whatever price it can bring interstate or intrastate?

Mr. HOLLINGS. The answer would be up to 1.3 trillion cubic feet. Last winter we had a trillion cubic feet shortage. This year it is estimated at 1.3 trillion cubic feet, and the question is if we find way more than the 300 million cubic feet——

Mr. BUMPERS. Plus the 1.2.

Mr. HOLLINGS. Plus the 1 trillion we were short last winter, which would be the millennium, then the Senator and I would be getting the good gas government award, or some kind, if we pass this bill. I do not think it is going to go that far, even with the termination of 20-year contracts and something else. The answer has to be, yes, that is true, it would go to that increase.

Mr. BUMPERS. But the shortfall last year of one trillion cubic feet, the shortfall last year was the shortfall that would normally have been delivered under the contracts. My assumption is that some of these contracts are going to expire between now and next June 30.

Mr. HOLLINGS. Yes.

Mr. BUMPERS. As to the gas which would have otherwise been available to fulfill those contracts, all I am saying is that that gas will now float free and be available at whatever price anyone is willing to pay for it and not subject to Federal Power Commission regulation, even in interstate sales.

Let us see if I can design a hypothetical case. Let us assume that Texas Eastern has a trillion cubic feet of gas they are supposed to be getting, during the term of this contract, and let us assume that El Paso has another trillion. That is 2 trillion cubic feet that those two pipelines are scheduled to get during the term of this act. Let us assume that both of those contracts expire 30 to 90 days after this act takes effect. That 2 trillion cubic feet is not going to be subject to Federal Power Commission price control during the rest of this term of this act. Is that correct?

Mr. HOLLINGS. From an interstate contract, maybe we start at the other end. If we have an interstate contract terminating during the particular period that gas that is available for the continuation of that contract would be under the Natural Gas Act of 1938 subject to the jurisdiction of the Federal Power Commission. That is an interstate contract. If it is an intrastate contract and comes up for renewal during that particular period of time or in the next 8 or 9 months, then that also would be free of S. 2310's price ceiling if the contract was renewed.

Mr. BUMPERS. I apologize to the Senator. I did not word my question properly a while ago because I see now that interstate contracts would continue.

Mr. HOLLINGS. Interstate contracts would all continue.

Mr. BUMPERS. Yes.

Mr. HOLLINGS. These questions are very helpful because I am not, obviously, any expert; but we try to formulate and write legislation in an understandable way, and much of this is in a negative way.

I yield to the Senator from Ohio.

Mr. GLENN. Mr. President, will the Senator yield for a comment?

Mr. HOLLINGS. Yes.

Mr. GLENN. The Senator from Arkansas makes a good point that it would appear from the figures that the new gas coming on would more than make up our deficiency. I believe that is the point he is getting to and making.

Mr. HOLLINGS. Precisely.

Mr. GLENN. That is a very valid point, except for one consideration, and that is much of the new gas coming in has already been contracted for and will not be available under this proposal because it is sold out, period.

The FEA and the FPC together estimate that the best we can expect on this 1.3 trillion shortfall coming up this winter is about 300–400 billion cubic feet. Three items create the excess: the conversion of certain plants to a different type boiler fuel; the maximum efficient rate requirement; and all the new gas that is not committed. All of these together will come up only to somewhere between one-quarter and one-third of the shortfall total. In other words, we could expect somewhere between 300 billion and 400 billion cubic feet to be released by those three things we provide for in this bill.

So even at best, in an optimum situation, we only make up between one-quarter and one-third of the shortfall because of this prior contracting arrangement.

It is obvious that the Senator from Arkansas has been thinking about this bill and considering it very closely. That is a good set of figures, and I can see how he arrives at that conclusion, which would be absolutely valid except for these contracts.

Mr. BUMPERS. I thank the Senator from Ohio for that precise answer. That answers my question. Obviously, the Senator from Ohio has the kind of information at his disposal that I did not have.

I read that the shortfall was something like a trillion feet last winter. We find a couple of trillion feet of gas a month, but as the Senator appropriately pointed out, most of that is committed to contracts already in existence.

I can conceive of a situation in which some substantial intrastate contracts, if there are some, if they expired during this period of time and we carried significant amounts of gas in excess of a 1 trillion shortfall——

Mr. GLENN. The Senator is correct. That would be if the intrastate expired and were not renewed. We do not want to knock people out of an existing contract. If the contract expires and they want to renew it, the gas would not become available to us. But if the contract is not renewed, then that gas gets a priority in interstate prices and in interstate areas.

Mr. BUMPERS. I thank both Senators.

Mr. HOLLINGS. This is how far it goes, just as to surplus gas. Let us consider this matter: Assume that in intrastate commerce a contract is terminated during the supply emergency period. No. 1, the intrastate buyer has the option to renew the contract, and nobody bothers him. He is not affected by S. 2310. But suppose his particular customer then goes out of business and does not want any more gas from that intrastate pipeline or producer.

Then comes forward another intrastate customer and a priority curtailed customer from the interstate market. We all agree that under the bill, the gas is subject to the same price ceiling. Let us say for example the price for that area has been established at $1.78 by the FPC, as the August price in a particular area in Texas. The curtailed priority interstate pipeline offers to buy at $1.78, and the new intrastate purchaser offers to buy at $1.78. That intrastate pipeline or producer can sell to either. He can sell to the new intrastate customer and not to the curtailed interstate one. That is his business. In practice the interstate pipeline will be able to obtain the gas that is more or less surplus to the intrastate market. Both the interstate and the intrastate purchasers will be able to offer the same price. We give the interstate pipeline an equal chance to obtain the new onshore natural gas but without an increase unemployment and disruption of intrastate business.

We would not have any chance of enactment if it were a disruptive bill, as was described on the floor. We would not have any chance of this bill being passed.

So we still leave that choice to the onshore producer or intrastate pipeline—he can sell intra or interstate. One Senator, earlier this afternoon, was talking about the constitutional issue and civil rights and the right to do business. He is right. You cannot disrupt those things. But this bill is drawn precisely and is nondisruptive.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. PEARSON. I do not read the bill that way. In my reading of the bill—I do not know the section now—it provides that if a purchaser and a seller—we will assume that we have an intrastate buyer and an intrastate seller—make an agreement, they have to notify the Federal Power Commission within 15 days of that transaction.

Then, if the priority pipeline will offer to buy it at the same price, on the same terms, the priority pipeline gets it and the intrastate purchaser does not get it.

Mr. HOLLINGS. No, sir.

Mr. PEARSON. Am I wrong about that?

Mr. HOLLINGS. That is only if the producer wants to sell to an interstate pipeline that is not a priority user, not intrastate.

My example that I gave to the distinguished Senator from Arkansas, in trying to bring it into sharp focus, was one in which they have the same price, and the intrastate purchaser has terminated his contract and has no more business, but the producer has gas available for sale. As between the intrastate buyer and the priority interstate purchaser, they are equals and the onshore producer or intrastate pipeline can sell to either one. No other interstate purchaser can come in at that intrastate price and take away the gas from an intrastate buyer.

Mr. PEARSON. Let me put this hypothetical case in a different manner: an intrastate purchaser and an intrastate pipeline who is not a priority purchaser. They will have to file the notice.

Mr. HOLLINGS. No. The intrastate pipeline and the intrastate producer continue to do business on a normal basis.

Mr. PEARSON. I am talking about a new contract.

Mr. HOLLINGS. We are talking about a new contract. They would be subject to the ceiling.

Mr. PEARSON. I thank the Senator. I am confused about that.

Mr. HOLLINGS. They would be subject to the ceiling.

The priority user concept is a priority over other interstate pipelines. We are dealing with interstate pipelines. Section 4(e)(1) and (2) apply only where sales are made by a producer in interstate commerce. They do not give any interstate purchaser a priority over an intrastate purchaser.

Mr. FORD. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. FORD. I do not have a question about this feature, but I do have a suggestion, and I have placed an amendment at the desk.

It seems that everyone is trying to shoot at this bill, and others are saying that the Federal Power Commission cannot fix the price ceiling in 15 days. I think the Senator from Arkansas asked that question earlier. No one can be sure that they can meet the deadline.

In the meantime, the seller could be able to sell without worrying about whether or not he is violating the law. It is especially important, I think, that sales take place immediately, because we probably will have cold weather by the time this bill becomes law.

Therefore, I am offering an amendment, which is at the desk, to remove this uncertainty by providing that until the Federal Power Commission fixes a price, producers can charge lawfully the same price they charged for the latest sale from the gas well nearest to the production being sold. Thus, sales can take place at once, because the producer certainly knows what price he is receiving; and he can do it at that price without fear of the Federal Power Commission later fixing a lower price.

If the Federal Power Commission does fix the price within the 15-day period, my amendment, as the term has been used, self-destructs. But I think that those people should not be placed in the untenable position of not knowing what the price of the gas is going to be that they are attempting to make contracts for. I think this clears it up until such time as the Commission does set the price.

I appreciate the problem that the Senator from Colorado had. He did not know which amendment was going to be passed by the Senate and which one to put his amendment on. Therefore, I have also placed amendments at the desk that apply to the Pearson-Bentsen substitute so that we can keep this stability.

Mr. PEARSON. Mr. President, will the Senator yield for a question?

Mr. FORD. I shall do my best to answer it, yes, sir.

Mr. PEARSON. It is my understanding that the volume of gas in the intrastate system, which is estimated at 200 to 250 billion cubic feet, is really all under contract and that that gas which is going to be available is either in pipelines or with consumers who are now holding it in storage, because in the economic slowdown we have experienced in the last 12 or 18 months, they have not needed as much.

I am trying to understand, to the nearest well or wellhead—where is the contract made? Is it in relation to the place of the contract, the site of the contract?

Mr. FORD. That is right, the nearest gas sold to the nearest available area. I think this will work. I have worked with the staff. It changes—on page 5, line 16, we delete the period after the word "commerce" and insert the following:

> *Provided*, That until the commission establishes an area ceiling price in any area, sales of new natural gas may made pursuant to this act at the price the producer or other seller charged for the latest sale of natural gas produced nearest to the point of production of natural gas being sold.

Mr. PEARSON. If the Senator would make that amendment extend throughout the life of the act, he would have the Pearson-Bentsen proposal. But he does not contemplate that, I am sure.

Mr. FORD. Well, I have an amendment to the Pearson-Bentsen substitute, so the Senator might want to read that amendment, if he has not read it yet.

Mr. PEARSON. I thank the Senator.

Mr. HOLLINGS. In response to the Senator from Kentucky, certainly, the thrust of our particular proposal in S. 2310 is exactly that: it is administerable. We have been talking this through Friday, Monday, and now today to assure everyone that there will be no intrastate price rollback. We would establish the latest price, that August price as the ceiling. But to cover the 15-day period before these ceilings are established, I would like to go along with your amendment, but first I need to talk to the cosponsors, Mr. GLENN and Mr. TALMADGE about it.

Mr. FORD. What we are trying to do here is prevent, 30 days before the price is set—we need to move as fast as we can to secure this gas into the interstate system so the people who are not receiving the gas and are going to be short are in a position to receive it, those companies can act, and the individuals can act with some sort of stability.

Mr. HOLLINGS. To the Senator from Kentucky, let me emphasize what we have been trying to point out. We brought this out in the hearings and made the necessary amendments, we felt.

On the one hand, for example, Mr. Nassikas stated, and I was responding earlier to the Senator from Arkansas:

> We already have the staff taking all contracts as of the very latest date—

That is on page 89 of the transcript.

Mr. FORD. I understand that, I say to the Senator. I have been to the hearings and I think the chairman has made his statements and everyone understands what has been done. But past performance is the track record in Kentucky. The track record does not say it will be 15 days. That is the fear of those who are going to be regulated, the fear of those who want the natural gas.

All I am doing is saying that if they make it in 15 days, my amendment self-destructs. If they do not, they have some way of saying, this is the price and we are not violating any law.

Mr. HOLLINGS. I agree with the Senator. Yet I still go back to the proposition that if we can pass this through both Houses by October 15 and get it to the White House in 15 days, by November 1, the Commission will have more than the 45 days they indicated they need to set the intrastate area price, because they have been gathering this information since September 1.

Mr. FORD. But I say to the Senator, this bill may not pass.

Mr. HOLLINGS. I know that.

Mr. FORD. And their work will be for naught.

Mr. HOLLINGS. I know that.

Mr. FORD. And I do not believe they are rushing too hard to get all the information together.

Mr. HOLLINGS. Exactly.

Mr. FORD. So if this amendment is on the Senator's piece of legislation, I think those who are going to make an effort to eliminate the shortage this winter will feel free really to move on and make the contracts without violating any law.

Mr. HOLLINGS. I think the point of the Senator from Kentucky is well taken. I agree with him. Let us see when we get down the road a bit, in talking to the cosponsors, if they accept it.

Mr. FORD. I want to make the point today, because every time I talk to someone, they say it cannot be done in 15 days.

Mr. HOLLINGS. This is one way to put an end to that argument.

Mr. FORD. I think so, and this is one way to answer those who say it cannot be done in 15 days, it will not work. We have a proposition for them.

Mr. BUMPERS. If the Senator will yield for one additional question.

Mr. HOLLINGS. Yes.

Mr. BUMPERS. The Senator from Kansas says that he read this bill a little differently than the sponsors on the right of the producer to sell new gas. The question, as I understand the hypothetical case he put up, was this: If there is a producer in Texas who finds gas, and he has an opportunity to sell it intrastate to an intrastate pipeline in the State of Texas——

Mr. PEARSON. What section is the Senator speaking of?

Mr. BUMPERS. I am at the bottom of page 6, to the top of page 7. It is in section 4(e) (1) and (2).

(e)(1) says:

> No new natural gas produced in the United States (except new natural gas produced from lands located on the Outer Continental Shelf) may be sold in interstate commerce unless—
>
> (A) the purchaser has been designated by the Commission as a priority interstate purchaser; or
>
> (B) the producer or purchaser has filed a notice of a proposal to sell new natural gas (whether in the form of an offer to sell or a proposed contract to sell such gas) with the Commission at least 15 days prior to sale.

That does not really get to the crux of the controversy we had a moment ago between the Senator from Kansas and the Senator from South Carolina.

Point 2 says:

> (2) The Commission shall, by rule, prohibit the sale in interstate commerce from lands located in the United States (except lands located on the Outer Continental Shelf) of any new natural gas to any person other than a priority interstate purchaser if, (A) a priority interstate purchaser, within the 15-day period specified by paragraph (1)(B), offers to purchase such new natural gas under terms and conditions

substantially similar to or identical with the terms or conditions of such proposal to sell to which the notice prescribed by paragraph (1)(B) pertains.

My immediate reading of that was that this would give an interstate priority purchaser a priority over an intrastate purchaser——

Mr. HOLLINGS. No, only over an interstate pipeline that is not a priority purchaser. At the beginning of the section it says only if it is sold interstate. That key word back there on line 17, page 6, is "may be sold in interstate commerce." Then it goes down through all these particular sections. So we are talking only about interstate sales.

Mr. BUMPERS. I understand; but it says it may not be sold in interstate commerce "unless the purchaser has been designated by the Commission as a priority interstate purchaser." Under this act, those are the only people we are concerned with.

Mr. HOLLINGS. Yes, either one of those. It has to be in interstate commerce, so it does not affect intrastate. That is the point.

Mr. BUMPERS. I understood the Senator from Kansas to say that if new gas were available and the price were the same to an intrastate or an interstate purchaser, and that interstate purchaser were a priority user, he would have priority over the intrastate purchaser. Is that not correct?

Mr. PEARSON. That is my interpretation.

Mr. HOLLINGS. No, that is not correct, because the priority section that the distinguished Senator is reading from—I ask my friend from Kansas to look. We are on page 6 and talking only there, when we talk of priority, of interstate sales. That is at the beginning of the sentence, which says, on line 15, (e)(1):

> No new natural gas produced in the United States . . . may be sold in interstate commerce unless.

Then it comes down and gives all that priority. It does not give that priority of sales in intrastate. That is why it is limited to interstate sales.

That is the fundamental. That is the difference. That is why, in giving not necessarily the extreme example but, I think, a very clear one, if there was an intrastate producer and he has 15 billion mcf ready for sale and there has been a price in the market of $1.78, as I said, in Texas, in that particular area as determined by the Commission, and two people walk in the front door, one is an interstate priority purchaser and the other is intrastate buyer, he can sell to either one. Namely, he can sell to that intrastate one. The choice is his. We do not interfere with his intrastate business.

But if two people walk in and they are both interstate purchasers, the gas purchasing divisions managers of two large interstate companies come in and one is a priority purchaser and the other is not, then before he can sell to the nonpriority interstate buyer he must give the 15-day notice to provide the opportunity for the priority interstate purchaser to come in. That is how it works.

I think the key word is "interstate" on line 17. We are only talking there, when we are talking about priority purchaser and how the notice is given and how he has to be given his priority, we are talking there of interstate sales alone, and therefore only interstate buyers and interstate pipelines.

AMENDMENT NO. 938

Mr. FANNIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER (Mr. THURMOND). The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. FANNIN) for himself and others proposes an amendment numbered 938 in the nature of a substitute to amendment 934, as modified.

The amendment is as follows:

That this Act may be cited as the "Natural Gas Act Amendments of 1975".

SECTION 1. Subsection 1(b) of the Natural Gas Act is amended by inserting before the period at the end thereof the following: "or to the sale or delivery by a producer to a natural gas company of natural gas in interstate commerce (i) commenced on or after July 1, 1975, (ii) continued in interstate commerce after the expiration of a contract for the sale or delivery of such natural gas existing as of such date, or (iii) produced from wells commenced after such date: *Provided, however,* That with respect to all sales or deliveries of natural gas in interstate commerce which are not exempt under subsection 1(b) herein amended, the Federal Power Commission shall continue to exercise its regulatory jurisdiction over all such sales and deliveries".

SEC. 2. Section 1 of the Natural Gas Act is amended by adding the following new subsections 1(d), 1(e), and 1(f):

"(d) The Commission shall have no power to disallow, in whole or in part, in the rates and charges made, demanded, or received by any natural gas company the amounts actually paid for natural gas exempt from the Act pursuant to subsection 1(b) as amended herein, except as otherwise provided in subsection 1(e).

"(e) In any case where a natural gas company purchases natural gas from an affiliate or produces natural gas from its own properties, the Commission may not disallow any portion of the cost thereof in the rate or charges made by such company which is not in excess of current prices paid for compariable gas to nonaffiliates.

"(f) Once a sale or delivery of natural gas in interstate commerce shall have been previously determined by the Commission to be just and reasonable and such determination has become final and no longer subject to judicial review, the Commission shall have no power to order there after a decrease in the rate or charges made.".

SEC. 3. Section 2 of the Natural Gas Act is amended by adding at the end thereof the following:

"(10) 'Affiliate' of another person means any person directly or indirectly controlling, controlled by, or under common control with such other person.

"(11) 'Producer' means a person who is engaged in the production, gathering, or processing of natural gas from wells or reserves in the United States and whose annual gross revenue from the operation of a pipeline for the transportation and sale for resale of natural gas in interstate commerce do not exceed 10 per centum of its total annual gross revenues.".

SEC. 4. Section 7(c) of the Natural Gas Act is amended by designating the two unnumbered paragraphs thereof as paragraphs (1) and (2) and by adding the following new paragraphs:

"(3) That within fifteen days after the passage of this amendment, the Commission shall by regulation exempt from the provisions of the Act any activities, operations, facilities, and/or services, relating to the transportation, sale, transfer, or exchange of natural gas by a producer, an interstate natural gas pipeline company, intrastate natural gas pipeline company, or natural gas distributing company to or with an interstate natural gas pipeline company (a) which does not have or which under reasonably foreseeable circumstances may not have a sufficient supply of natural gas to fulfill the requirements of its high priority consumers, as determined by the Commission, of natural gas, and (b) which is curtailing deliveries pursuant to a curtailment plan on file with the Commission. No exemption granted under this provision shall exceed one hundred and eighty days in duration. Persons who are exempt under subsections 1(b) or 1(c) of the Act shall not have their exempt status affected in any way by making the sales or deliveries contemplated by this paragraph.

"(4) The Commission shall have no power to disallow, in whole or in part, in the rates and charges made, demanded, or received by any natural gas company, the amounts actually paid for natural gas exempt from the Act pursuant to paragraph 7(c)(3) as amended herein, except as otherwise provided in paragraph 7(c)(5).

"(5) In any case where a natural gas company purchases natural gas from an affiliate or produces natural gas from its own properties pursuant to paragraph 7(c)(3), the Commission shall not disallow any portion of the cost thereof in the rate or charges made by such company which is not in excess of current prices paid for comparable gas to nonaffiliate.".

Mr. FANNIN. This amendment is substantially identical to the new natural gas deregulation amendment offered to S. 2776 on December 19, 1973. It was then tabled by only two votes, 45 to 43.

Much has happened since that time. I think it is essential now that we realize what can happen beneficially if this amendment is adopted.

It would deregulate only new natural gas effective July 1, 1975. It would force old natural gas under existing interstate contracts to remain under FPC price controls. Therefore, it would keep 92 percent of the probable 1975 interstate gas under FPC price controls. Its impact on the consumer would be negligible and would result in price increases for interstate gas of no more than 13 to 18 cents per thousand cubic feet by 1977.

Additionally, it incorporates one of the provisions of the administration's winter emergency bill (S. 2330) which provides a 180-day exemption for interstate pipeline purchases from FPC price control jurisdiction which accordingly enables interstate pipelines to go into the OCS and the intrastate market and purchase natural gas for whatever price that they are able to negotiate; in other words, the value of the product.

It is anticipated that this 180-day emergency provision would result in making 200 to 250 billion cubic feet of natural gas available to interstate pipelines for the 1975–76 winter season; and it may exceed that by a considerable amount, depending upon the conditions that exist.

Mr. President, more than a year and a half ago—on December 19, 1973—the Senate discussed the deregulation amendment to S. 2776, designed to provide effective and efficient management of the Nation's energy policies and programs.

Regrettably, in view of the deepening energy shortages since that time, the deregulation amendment to remove Federal controls over wellhead prices of new natural gas was tabled by the slimmest possible margin—45 to 43, with 12 Senators not voting.

I endorsed and supported the deregulation proposals then and I am still convinced that this approach represents a practical and sensible step to alleviate energy shortages—especially the alarming cutback in natural gas supply. Therefore, I introduced an amendment in the nature of a substitute for S. 2310 which is essentially identical to the deregulation amendment, except for one additional provision.

Additionally, as I explained just a minute ago, it incorporates one of the provisions of the administration's winter emergency bill—S. 2330—which provides a 180-day exemption for interstate pipeline purchases from FPC price control jurisdiction which accordingly enables interstate pipelines to go into the OCS and the intrastate market and purchase natural gas for whatever price that they are able to negotiate.

The FEA estimates that as much as 200 to 250 billion cubic feet of gas could be made available to the interstate market if such emergency sales were permitted. Such a provision was in effect during the 1973–74 embargo, and the Federal Power Commission estimates that it provided approximately 200 billion cubic feet of gas. That was a considerable amount of gas and helped considerably at that time.

Recalling that day of debate as the winter of 1973 began, it came at a time which clearly called for prompt action to deal with the drastic impact of the Arab oil cutoff, the endless lines of motorists at gasoline filling stations, the bleak immediate outlook for ample energy resources to keep our country's homes warm and its factories running. Despite all this, the Senate—by its negative vote on the Buckley amendment—did not appear to fully realize the urgency of our challenge. Now, nearly 2 years later, let us reconsider and let us try to make up for lost time.

Mr. President, I ask unanimous consent that Mr. Don Moorehead, of the staff of the Finance Committee, be given the privileges of the floor during the debate and consideration of this legislation.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **FANNIN**. Mr. President, as we take a fresh look at the imperative need to provide practical incentives to increase natural gas production, I would like to recall briefly what my colleagues and I said when the realistic deregulation amendment barely failed to earn this body's approval.

One Senator emphasized that "the most effective single step Congress can take at this time to build up supplies is by deregulating the price of new natural gas in the interstate market; that is, to remove Federal Power Commission jurisdiction of new gas."

Mr. President, that statement at that time was supported by a great number of Senators, and is even truer today. If it had taken place then we, perhaps, would not be in the devastating position we are in today.

This was the overwhelming conclusion reached, he said, on the basis of evidence presented in many months of expert testimony before the Committee on Interior and Insular Affairs, and other committees in Congress.

His cogent arguments for deregulation called particular attention to the discrepancy between mandatory price ceilings on gas moving in interstate commerce and the higher prices prevailing within States where gas is produced, a situation certainly to the detriment of consumers on a nationwide basis.

Among other points stressed by the Senator from New York were these:

Electric utilities which have been using great quantities of natural gas, because of its artificially low price, would turn to other fuels and make additional gas supplies available for individual consumers.

Mr. President, that still can come about because the changeover from gas to oil burning facilities could even exceed the estimates—adoption of my amendment could bring even greater amounts of gas—that have been made otherwise available. Such amounts have been referred to in this Chamber repeatedly this afternoon because if the economics would make it possible, many boilers would be burning oil instead of natural gas, and there would be a great saving in the production of electricity when we consider that 30 percent of our natural gas today is used for the production of electricity. Therefore, we can realize just what a tremendous waste is involved in that regard, and in many instances this could be changed over immediately to oil utilization and, over a long period of time, to coal utilization in many cases.

The elimination of price regulation on new gas would not result in a sharp increase to the cost to the ultimate consumer, because new supplies would be rolled in with gas already under long-term contracts.

And the door would not be opened to windfall profits, because renegotiation of existing contracts would be specifically prohibited.

It will be recalled that the Senator from Texas (Mr. Bentsen), in requesting permission to be listed as a cosponsor of the Buckley amendment, declared he favored a phased deregulation approach because it would reduce the wasteful use of natural gas and increase its supply. He said

> If we ever hope to achieve (energy) self-sufficiency, we must adopt policies that conform with today's needs. The present regulatory system is not only unfair to domestic producers, it is contrary to our national interest.

Another distinguished colleague, the Senator from Kansas (Mr. Dole) reflected the view, widely held then and even more openly endorsed editorially today in many influential newspapers, that—

> Deregulation provides the best, quickest, and surest answer to the stimulation of exploration and development . . . it is necessary to accept the reality of declining volumes of flowing gas. Reestablishment of incentives to get domestic exploration moving has to be done by Congress.

Not the least of benefits to be derived from adequate gas supplies, the Senator from Kansas pointed out, would be its potential in reducing air pollution and a better international trade balance through reduced dependence on costly and insecure foreign energy sources.

Mr. President, in reviewing the Congressional Record for December 19, 1973, I am keenly reminded of the narrow margin which tabled the deregulation amendment which I have referred to previously. In what easily may have been a decisive vote, the Senator from Illinois (Mr. Percy) said he agreed with the overall objective of the amendment because, he stated, increased production is "really the best way, ultimately, to bring down prices and provide an adequate supply." He indicated his vote to table the amendment was in deference to hearings still pending in Congress at that time.

Since that debate in late 1973, things have gotten worse, as we all know.

The natural gas shortage has been growing rapidly. In 1970, curtailments were 0.1 Tcf or less than 1 percent of consumption. Last year curtailments were up to 2 Tcf or 10 percent of total demand. For 1975, they are forecast to increase by 45 percent to 2.9 Tcf—about 15 percent of demand.

The shortage is most severe in the winter. This winter curtailments will be 1.3 Tcf, up from 1 Tcf last winter. This lower than expected increase is due to the lag in demand growth as the economy begins its upswing. A very cold winter—once every 10 years—would raise the shortage to about 1.45 Tcf. Even with natural gas deregulation, which is the greatest potential policy solution, shortages can be expected to grow in each succeeding winter for several years and could approach 1.9 Tcf in the 1976–77 heating season. But without deregulation, the situation would be far worse.

As for myself, Mr. President, I reiterate the view that we must make every effort, as soon as possible, to encourage the development of domestic supplies of energy, particularly natural gas. The essential question is: What is the best means to rapidly increase the supply of natural gas.

Deregulation of new gas is the option which is most favored by qualified academic economists who have no personal stake in its implementation.

It is also the option preferred by Federal agencies responsible for energy policy.

It is the option which has precedent which has succeeded.

It is the only option which would eliminate uncertainty and regulatory delays.

It is an option likely to achieve a balance of supply and demand.

It is an option which can—based upon actual precedent—guarantee a significant increase of supply while affecting residential and commercial consumers with only gradual increases in gas bills.

It is an option which can promote an effective and workable industrial switch to fuels other than gas.

Mr. President, it is my fervent hope that my distinguished colleagues will join me in moving forward now on this long overdue effort to make orderly progress on the energy scene. I know they share my concern and I earnestly invite them to share my objective.

Mr. President, in the consideration of this legislation we must consider what is happening and an analysis of economic impact of the deregulation of new natural gas came out in July 1975 from the Office of Economic Impacts, Office of Analysis, of the Federal Energy Administration. I would just like to refer to the summary in this report:

> The Federal Power Commission (FPC) has been regulating the wellhead price of natural gas sold interstate as a result of a divided Supreme Court interpretation in 1954 of legislative language in the Natural Gas Act of 1938. The control of prices in the gas fields has resulted in declining levels of new discoveries because incentives for exploration and development of more costly gas reserves has not been provided. The availability of natural gas is headed for a sharp decline in the years ahead, unless long-term trends relating to drilling and discovery are reversed.
>
> By increasing the amount of gas demanded and decreasing the amount supplied, price ceilings have been instrumental in creating a costly shortage of the Nation's cleanest fuel.
>
> If new gas prices for gas sold interstate are not deregulated, the effect on the Nation will be deleterious in the following major areas: (1) there will be further unemployment and reduced national output as a result of cutbacks to industrial consumers; (2) the volume of oil imports needed to replace gas could rise to an estimated 4 million barrels per day (MMB/D) by 1985 as oil is substituted for nonavailable gas; (3) to the extent that natural gas is not available, air quality standards will be lowered by the use of oil or coal; and (4) consumers in the interstate market will continue to be disadvantaged because the interstate pipelines that serve them will be unable to maintain even current sales levels.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FANNIN. I am pleased to yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, earlier today I made a unanimous-consent request, and I ask unanimous consent to modify that now to allow the sponsors of the amendments under consideration to be tabled to modify them.

Mr. FANNIN. I did not understand the Senator.

Mr. MANSFIELD. It would give the Senators a chance to modify their amendments between now and the time they are called up.

Mr. FANNIN. I see.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. FANNIN. Mr. President, the report goes on:

> Substitutes for domestic natural gas will raise the consumer's bill much higher than deregulated gas. Within the gas-utility distribution system, foreign liquefied natural gas—LGN—and synthetic natural gas—SNG—from coal or petroleum will add substantially to the costs of being a gas utility customer. Those customers who cannot be supplied by gas utilities will be forced to other fuels, primarily imported oil.
>
> The deregulation of new natural gas would allow the average wellhead price to increase more rapidly than under continued regulation. However, the effect on natural gas prices paid by the residential customer would be small and not of great significance. Interstate gas is sold under contracts of 15 to 20 years. In 1975, only about 8 percent of interstate gas would be negotiable at the new deregulated price. By 1980, the proportion of new gas would still be only 40 percent.
>
> The first case analyzes the impact of changes in the price of gas due to the deregulation of new natural gas in the context of the Project Independence report of last year and indicates that the average price of new natural gas in the interstate market will rise to approximately 108¢/mcf (in constant 1974 dollars) by 1977. The second case assumes that the wellhead price of new natural gas sold on the interstate market will rise to a price equivalent to the price of oil on a Btu basis—"at the burner tip"—in end-use markets. In this case, the wellhead price for new natural gas in the interstate market will rise to 135¢/mcf (in constant 1974 dollars) by 1977.
>
> The first case (the Project Independence case) produces an increase in the average price of interstate gas of approximately 13¢/mcf by 1977, whereas the "oil equivalent price" case produces an increase in the average price of interstate gas of approximately 18¢/mcf by 1977. Recent evidence indicates that in both of these cases the prices of deregulated new natural gas are on average higher than the net contract prices in the intrastate market which is unregulated. The first case would increase residential bills for natural gas by approximately $13 a year by 1977, whereas the latter case would increase residential bills by approximately $18 a year by 1977.

Mr. President, we must realize just what we are up against. We have had many studies made over a period of years, but recently there have been studies made that I think should be taken into consideration.

I have the report from the Columbia Gas System, "Statistics on Natural Gas Legislation." This encompasses studies by people who are highly qualified in this field. The Columbia management is thoroughly convinced there is no way of regulating the wellhead price of natural gas which will provide a proper economic incentive for the needed exploratory effort and can assure any degree of equity to the literally thousands of people engaged in the production business. Mr. President, we are talking about gas for jobs.

A recent study by H. Zinder Associates for a group of distribution companies, including the Columbia Gas System, discloses the wide difference in the cost of producing gas in the Gulf of Mexico for what might be termed smaller gas fields as distinguished from the larger gas fields.

Clearly, at a time when the Nation needs every possible foot of natural gas, producers must be encouraged to develop reserves from what might be termed smaller fields. This study summarized the estimated cost of new gas in the Gulf of Mexico covering the leases acquired by the industry commencing in June 1967. Based on a conservative rate of return, and that is possibly 15 percent, without allowance for income tax, an assumption no longer true in view of the elimination of the depletion allowance, the cost of finding gas in fields with less than 400 billion cubic feet of reserves is $1.57, with no allowance for the unsuccessful efforts.

Mr. President, we know what gas is selling for today and what the market will bear or what the market *would like* to bear because of the need for the fuel. Still it is brought out that the cost of that fuel is $1.57 without allowances for unsuccessful efforts. As has been brought out in many reports, there are certainly great gambles in the exploration for natural gas, especially offshore.

The cost of developing fields with more than 400 billion cubic feet of reserves is $1.02, and the average for all would be approximately $1.17. Here we are talking about gas continued to be priced at 52 cents and under.

Under the general regulatory technique, the Commission would come up with an average of $1.17. Obviously, this will not cover the cost legitimately incurred in producing gas from the smaller fields.

Mr. President, I bring this information out because I think it is highly essential that we realize just what we would be up against if we do keep controls on for natural gas or if we have the complicated process that makes it impractical for us to go immediately to some sort of a decontrol.

We can work out formulas and we can talk about how different systems might work, but the question is, will that give the relief that is going to be needed?

We have many parts of our country that are so short on natural gas that there cannot be any addition gas-burning installations made, no new hookups. Those people are being penalized.

We might have one subdivision *on one* side of the road paying a fuel bill for heating of $80 or $90 a month because they are using electricity, which is 3 to 4 times the cost of the natural gas, and on the other side of the street, just because they happened to get hooked up before the natural gas was cut off, maybe they are heating their place for $20 to $25 a month.

Mr. President, I am talking about what has been discussed in the press for many months. We have articles from the Washington Post, quite a number of them. I will just refer to a few.

Here is one by Steven G. Briar and Paul W. McElvoy on natural gas and the consumer. It was in the Washington Post on October 14, 1974.

It is very short. I will just refer to a part of it:

> We believe that natural gas regulation has hurt more consumers than it has helped. It is widely recognized that regulation brought about a reserve shortage beginning in *1962* which grew into an actual production shortage in 1969. But it is less oft noted that these shortages directly raised fuel cost to consumers for they led millions of consumers who might have used gas to more expensive fuels, and while existing regulations keep gas price slow it may save present consumers of gas billions of dollars but it will do so only by imposing greater cost upon other consumers, consumers of, say, oil or electricity,

who might otherwise have the opportunity to use gas, consumers of natural gas whose reserve backing is no longer adequate, and customers of firms whose products would be cheaper were natural gas obtainable.

Mr. President, I feel that this country is making great strides in substituting other fuels. We have hopes that before too many years, and many are optimistic to believe by 1980, we will be developing from coal a considerable amount of gas, from coal gasification; that before many years after that we will have coal liquifaction. But even prior to that we should be developing many of our resources that will give more immediate relief than what those projects will bring about.

We have hopes on solar energy, Mr. President. The first thing I do feel is we should not be talking about years before solar energy can be of assistance to this great Nation of ours and to countries around the world, but we should be talking about months.

Many years ago, in 1904, there was a project at Tempe, Ariz., where they produced power to pump water from the river there and irrigated approximately 80 acres of land. If they could do that in 1904, it seems we should have learned a lot since that time. But why have we not developed that resource? Mainly because we had cheap natural gas and, of course, we had relatively cheap electricity and low-priced oil. But that is no longer true. We are running out of those resources.

Mr. President, there are many reasons why a complete deregulation of new natural gas—and I say new because I brought out the old contracts would not be affected—would be of tremendous benefit to this Nation. It has been brought out this afternoon about the priority needs for the manufacture of fertilizers.

We could also say for synthetics, for many other needs that we have for the utilization of natural gas, that it would just be taken for granted that we would go into other fuels, but, unfortunately, with the price of natural gas being held so low, it has not been beneficial for the companies both at refineries or at powerplants to change over. How could they justify to their stockholders paying 3 to 4 times as much for fuel if they can provide it more cheaply with natural gas? So this has been one of the greatest obstacles that we have faced in trying to meet the energy demands of this Nation.

Mr. President, I do have considerable other illustrations to utilize, but I do not want to hold the floor beyond the desires of other Senators.

I yield the floor.

Mr. GLENN. Mr. President, I shall ask the distinguished Senator from Arizona a question or two on this as to what effect he thinks an immediate decontrol would have on this winter. That is the critical issue we are concerned with in this bill. It is our principal concern. We have had testimony before the committee from different sources estimating that there would be little, if any, effect on gas supplies—even if we decontrolled completely. If we let the market go wide open, it will not help us this winter. That is the situation we are trying to address with this emergency bill.

Will the Senator comment as to how much natural gas he feels might be released for this winter, recognizing that the shortage in some of the States will begin early? My own State, for instance, starts November 1, with a 65-percent curtailment. If we went to unregulated pricing for new gas, which the distinguished Senator proposes, what effect would he see this having this winter?

Mr. FANNIN. The Senator from Arizona feels it would have a tremendous impact on the quantities of gas that would be made available over what is estimated in the 200-billion-cubic-feet range that has been stated.

The Senator states that because of the feeling that if we really go to a complete deregulation of new gas, fuels can be switched very rapidly, if it is economically advantageous to do so. But they are not going to be switched if it is just for a very short period, because it costs money in many instances to make this switch. If the companies know over the longer period of time, over the months ahead and even years ahead, they can go ahead and spend money, they can get the necessary equipment, tanks, or whatever that might be available, switch them around, and go to the expense that would be necessary to switch fuels, they will do so. Much of this equipment is available. I do feel that there would be quite a changeover if we had deregulation, because it is very evident that it is going to follow the economic trend. The economic trend is going to be very favorable to make this switch, if that is possible, because there are many refineries today that are burning natural gas because it is costing them one-third or one-fourth what it would cost them if they replaced it with some other product which is sold on the market.

I think that we could see a tremendous change in the amount of gas that would be available. I know that we are not going to solve the problem with S. 2310. I certainly am not standing up here and saying that we are to eliminate any shortages we have this winter, because I feel that is going to be determined by weather. But we certainly are going to have less of a shortage this winter if my amendment is adopted.

My State will be very ill-affected. But to give the Senator an idea what could be done if we had complete deregulation of new natural gas, I feel that immediate changes could be made in the companies' planning and programing, and they could make the changes that would not be sound to make if they could not project that in the years ahead or months ahead.

Mr. GLENN. Estimates are from the FPC and the FEA, and we had testimony on this, that even with the three provisions of S. 2310, first, giving first opportunity to interstate pipelines servicing distressed areas for new gas; second, requiring maximum efficient production; and third, conversions from gas to other types of fuel, even with these principal items of this bill we would not be able to make up more than somewhere around one-fourth to one-third of the projected shortfall of 1.3 trillion cubic feet for this winter.

I fail to see where in the Senator's amendment there would be any more gas released or that more gas could be expected to go into the interstate pipelines and service those distressed areas under what the distinguished Senator proposes when contrasted to what we provide in S. 2310 during this shortrun period. And, I specify this shortrun period since new onshore gas wells take, at a minimum, about 4 months to produce.

Mr. FANNIN. The figures that have been quoted I feel are perhaps correct as to the extent of the shortage. But I do not think they take into consideration many of the items that I have mentioned.

To answer the Senator's question, with the bill S. 2310, or with the substitute, it is going to be far less than what we are talking about, as far as the amount of gas that is going to be available to take care of this shortage. But if we give the companies the assurance—and this goes all the way down the line—this would be the manufacturing plants, utilities, and all of the different users that could change over to natural gas—I do not say it is going to be done overnight—but they are not going to even start unless they have some assurance that they could continue and that they will be able to make the expenditure and justify that expenditure.

Mr. GLENN. One further question. Does the Senator have estimates as to what this price might go to if we went unlimited? Because Mr. Nassikas has testified before the Commerce Committee on September 15 that there would be spot prices of nautral gas immediately jumping to the order of $3 that he predicted. There are some 18 intrastate major producers now in the country, whose average price now averages about $1.26. I realize the spread of pricing that goes up in the area. It is up to $1.90 or down to 75 cents. So, there is a big spread. The average now is about $1.26. He is predicting it is going as high as possibly $3 in some areas. Does the Senator have any comments?

Mr. FANNIN. I ask the Senator, what is the price of peak electricity?

Mr. GLENN. I am sorry.

Mr. FANNIN. What is the peak power price on electricity? If he is talking about the extremes and talking about peaking power or peaking gas loads, that is an entirely different situation. I will give an answer. A utility, the Tucson Electric Co., would welcome gas at $4 a thousand. I do have all of these figures here. In fact, I can give the Senator the price of alternatives to natural gas. Synthetic gas manufactured, $4, and 1 year ago it cost $2.99.

But the answer to the Senator is that, yes, it will be a case where the price will go up quite extensively, but as I brought out in my statement, there is, naturally, international price data collected, and I do not know whether the Senator heard me or not, but I quoted the figures that were given by the FEA. I think he has referred to them himself.

So there is the feeling that approximately $13 a year by 1977 will be the cost to the consumer if my amendment is adopted. In the latter case, of course, as I say, there would be some instances where higher prices would occur. But they would occur only because there is a tremendous demand and desire for that product. They cannot get it now. I know that the utility companies in Arizona are just anxious as can be to have an opportunity to buy the fuel. To repeat, my amendment would only deregulate new natural gas effective July 1, 1975, would force old natural gas, under existing interstate contracts, to remain under FPC controls, as the Senator knows and, therefore, keep 92 percent of the probable supply of 1975 interstate gas under FPC price controls.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. FANNIN. Certainly.

Mr. PEARSON. Yesterday the Senator made the same comment in quoting the Chairman of the FPC. It jarred me a bit, and I went back and read the Record last night. The Senator is correct.

Mr. GLENN. For spot situations.

Mr. PEARSON. The Senator is correct for spots. He could envision where one could jump up to $3 per million cubic feet. But in the major thrust of his testimony when he was pressed and pressed very hard, I might say, by Senators in attendance for some estimate of price, he gave a range of about $1.25 or $1.50, bringing on markets sufficient gas to maintain that sort of a level. So we are really talking about spot sales.

Mr. GLENN. If I recall his comments that day correctly—and I do not have them right here with me right now, but I will look it up—he referred to gas possibly in quite larger areas rising to the $2 area and spot areas of $3.

Mr. FANNIN. The records indicate, as I stated, that the price impact of my amendment would be negligible and it would result in a price increase for residential consumers for interstate gas of no more than 13 to 18 cents per thousand cubic feet by 1977.

Mr. GLENN. I think the Senator, in referring to the Btu concept or the equivalency concept, or fuels used as alternatives, once again points up, to me at least, the complexity of what we are dealing with if we are talking about long-term regulation or deregulation or long-term pricing considerations. That is one reason why we have tried deliberately to keep the short-term considerations and the long-term considerations separate, so that we can have adequate time to consider these complex issues.

I fully appreciate the fact that this body has been laggard, Congress has been laggard, in not coping with this problem a long time ago. But we are at an emergency time and in an emergency situation. I feel that decontrol, without having all these other Btu equivalencies and other complicated points adequately considered, would not be the right way to go in the short term.

Mr. FANNIN. On December 30, 1970, we came back here on an emergency. We were supposed to get something started. Here we are today, talking about delaying it further. How many years does the Senator expect us to wait? The National Fuels and Energy Study was created by the Senate, by Senate Resolution 45 to be specific, on May 3, 1971. That study was supposed to recommend what to do with natural gas. No recommendations were ever made; only rhetoric resulted. That is why we must act now on both a short- and long-range basis.

We have been talking natural gas decontrol for years, and we know the consequences of having the controls. It seems absurd to me that we would delay any longer. We have a simple solution. Do we want to solve the problem, or do we want to make it more complex and unworkable? I think that what the Senator is suggesting is unworkable and illogical. I cannot agree that it is going to be of any saving to the consumers of America. In fact, it is going to cost jobs and opportunity.

Mr. GLENN. The Senator talks about long-term considerations. We have been laggard since the 1930's in not doing anything about it. This is our watch now. I cannot be responsible for the sins of our fathers. We are in an emergency situation, with industries starting to shutdown in Ohio beginning November 1. I do not mean to speak just for Ohio. We are U.S. Senators in this Chamber and are considering what is of benefit to the entire country. Thirteen other States besides Ohio are drastically affected in this matter. Many other States also have extensive curtailments, we can provide the Senator with specifics. It can have a tragic effect on our budding economic recovery, not to mention the trauma on those who are going to be unemployed—an estimated half million—if we do not do something now.

I am with the Senator in trying to cope with the long-term aspects. We have an agreement on both sides of the aisle to bring up 692, and it will be debated long and loud. Meanwhile, the situation for this winter becomes worse day by day, and the real tragedy will start on November 1. That is all we are trying to cope with in this bill.

I close this little discussion with the comment that during the September 15 hearing Mr. Hollings was talking to Mr. Zarb, and I read from the testimony:

> Senator Hollings. FEA states that decontrol of natural gas prices would not add to the supply this winter.
>
> Mr. Zarb. No question about that.

That is what we are trying to address with this bill—this winter. I am with the Senator 100 percent in taking up any considerations of long-term energy—gas, oil, solar. I want everything brought on that the Senator does, as fast as we can get it, but first I want to cope with the pending disaster for this winter.

Mr. FANNIN. I certainly agree with the Senator from Ohio that we need to do something immediately, but it will have the greatest impact if we do something that is lasting.

I would like to correct the record. It was in December 1970, that the so-called Senate Interior Committee emergency meetings occurred to deal with the anticipated natural gas shortage and we are still in an emergency.

Mr. President, the amendment I have offered incorporates one of the provisions of the administration's winter emergency bill (S. 2330) which provides a 180-day exemption for interstate pipeline purchases from FPC price control jurisdiction which accordingly enables interstate pipelines to go into the OCS and the intrastate market and purchase natural gas for whatever price that they are able to negotiate.

It is anticipated that this 180-dav emergency provision would result in making 200 to 250 billion cubic feet of natural gas available to interstate pipelines for the 1975–76 winter season.

So the Senator from Ohio should realize that my amendment also deals with the winter emergency and provides a better short-term solution than his. Mine is guaranteed to produce some 200 to 250 billion cubic feet of gas from the intrastate market this winter. He cannot say how much additional gas his amendment will produce, because his is based upon price controls rather than a free market.

So it would be a market price.

Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I think it is generally understood that there will be no rollcall votes this afternoon.

I thank the distinguished Senator from Arizona again.

Mr. HOLLINGS. Mr. President, we have been waiting to be able to respond to the distinguished Senator from California. He raised various points about the regulations causing the shortage, which we wanted to get into, about the constitutionality of the bill, and about the needs of fertilizer manufacturers in California. He went around and started talking about consumerism and the prices. I thought that if he talked a little longer, he was going to join us, because we are the ones concerned about those prices. We want the supply; and we know the bill is realistic. We are not rolling prices back. It is just for an emergency period. It has been worked on with the pipelines; it has been worked on with producers; it has been worked on to limit, to streamline any additional objections.

We will be here at 10 o'clock tomorrow morning. There is some work to be done between 9:30 and 10. But if the Senator from California consults the Record, as I am sure he does, he will see our invitation that he be here at 10, so that we can finish that colloquy with respect to the needs of California, particularly the emergency needs for natural gas this winter.

THE NEED FOR EMERGENCY NATURAL GAS LEGISLATION NOW

Mr. HUMPHREY. Mr. President, the Senate is faced today with the decision whether to move expeditiously to approve measures that could alleviate the very threatening shortage of natural gas this winter or to tackle in the process the much more difficult and time-consuming job of hammering out a long-term natural gas policy.

I plead with the Senate to adopt the former course and to deal with the emergency problem separately first.

This problem cannot wait. October 1 is just a few days away. People up in our part of the country already are turning on their heat. Gas curtailments are beginning that will be harmful enough even if the winter is mild and that could be devastating for jobs, production, and economic recovery if the winter is harsh. Industries being cut off from their natural gas are out right now buying up propane that will be desperately needed by farmers for both food processing and home heating.

Action even on the emergency alone, which everyone agrees must be dealt with somehow, will take a matter of weeks at best to reach the President's desk. There is no time to lose.

The problem of permanent reform of natural gas regulation clearly cannot be dealt with on a quick basis. Many months of hearings and negotiations on this problem have resulted in no consensus. Feelings are very strong on both sides of the issue. The matter is entangled with the intractable problem of oil prices, which is now the object of an impasse between Congress and the President. No bill dealing with permanent reform of gas regulation has been reported out of committee in the House of Representatives, nor is one likely to emerge before the oil price problem is settled. Based on recent past experience, any bill approved by both Houses of Congress may be vetoed by the President instead of becoming law. So the prospect of dealing with this winter's problem in the context of a permanent reform of gas regulation is very dim.

The Senate cannot responsibly let America's economic welfare wait on the long and tortuous process of a permanent natural gas legislation. Anyone who tries to hold America hostage in this matter to reach his political goals will be severely judged if factories start closing this winter and the Nation's hopes for economic recovery are dashed.

It is commonsense to deal first with what needs to be done urgently and then to turn to the long-term questions. The Senate leadership has committed itself to bring the more long-term questions to the floor as soon as the immediate problem is dealt with.

Mr. President, I cannot stress enough the importance of an assured supply of natural gas to the agricultural producers and processors of this country. It is vital to them if they are to continue to provide the food needs of America.

Currently, dried skim milk is valued greatly—both nutritionally and economically, by American consumers. However, future production of skim milk is threatened since the combustion driers presently used to convert the liquid whey to dried skim milk, a byproduct of butter and cheese production, requires the use of natural gas as a clean burning fuel. Curtailment of natural gas supplies would force the immediate shutdown of virtually all drying facilities and leave the milk- and whey-drying industry with only two alternatives. First, to feed as much skim milk and liquid whey to livestock as possible and, second, to dump the rest. Using this valuable protein source for livestock feed is not economical, and dumping it would create ecological problems and tremendous economic loss to farmers.

The dairy farmers of this country, whose profits have already been greatly reduced by inflated production costs, would also lose almost half the value of the milk they produced. Not only would the farmer lose, but the American consumer would also have to pay more for fluid milk, butter, and cheese to make up part of the difference from the loss of the economically nutritious nonfat dry milk.

Therefore, a priority must be established for direct combustion milk and whey drying plants to allow for orderly conversion to alternative fuels. Farmers and consumers both stand to lose too much if this is not done.

May I ask a question of the Senator from South Carolina? Does the legislation now under consideration provide for a high priority in the allocation of natural gas for the processing of milk and liquid whey into dry products?

Mr. HOLLINGS. Yes, the Senator from Minnesota is correct. So long as the Secretary of Agriculture certifies that the processing of milk and liquid whey and dairy produce is an essential food processing purpose and found that natural gas was necessary for such purposes. I hope this clarifies the situation for the Senator.

Mr. HUMPHREY. I thank the Senator from South Carolina for this clarification and compliment him for the outstanding job he is doing on this important complex issue.

Mr. KENNEDY. Mr. President, I am very concerned that this proposed emergency short-term legislation may have an indirect effect upon Massachusetts and upon New England which could have very damaging proportions.

Gas companies and gas consumers in my area are now paying the highest price for gas in the entire country for three reasons. First, since our region is in the area farthest away from the gas fields, the cost of transportation and distribution and delivery constitutes over 80 percent of the price to the consumer. Second, the unit cost of such transportation has increased over 100 percent in the last 4 years primarily because the pipeline system is being underutilized because of curtailments in supply. And third, and most dramatically, the local gas distributing companies substitute and make up for shortfalls in pipeline gas, which costs approximately $1.25 per million cubic feet, with supplemental sources at price levels of over $5 per million cubic feet; namely, propane, liquefied natural gas, and synthetic natural gas.

The proposed emergency legislation provides for mandatory interconnections of gas transmission pipelines. I want to be assured that there is nothing in this legislation which will cause or promote the result that gas companies in New England will be prevented from receiving pipeline gas, by diverting it to other areas, which has been contracted for, and for which they pay close to the $1.25 price level, because these same companies may happen to have the capability of substituting supplemental gas at the $5 level.

Mr. HOLLINGS. The senior Senator from Massachusetts can be assured that this proposed legislation will not and cannot have the feared effect. The supplies of pipeline gas contracted by New England gas utilities will not in any way be affected by the provisions relating to pipeline interconnections or any other part of this legislation. Further, I would note that amendment No. 934 which is my pending substitute for S. 2310 does not contain any interconnection authority.

Mr. KENNEDY. I thank the Senator from South Carolina, and express my appreciation, because this is a matter of most serious concern. Further, I want to be sure that any emergency legislation does not have the effect of diverting any supplies of propane or feedstocks for SNG from the gas utility industry. Again, these supplies and facilities constitute the primary means by which New England has been able to avoid the tragic difficulties that may face other areas of the country this upcoming winter.

This is an appropriate moment also to commend the New England gas industry for having the foresight, and ingenuity to plan and to invest in facilities which enable it to have the capability to substitute and make up for interruptions and curtailments in pipeline supplies, as well as meet the extreme needs on those peak days of severe cold weather. It is only because of this effort, particularly over the past 5 years, that New Englanders have been able to withstand the curtailments already experienced in pipeline supplies, which the rest of the country, now unhappily, is beginning to experience.

Mr. BAYH. Mr. President, I share the concern of my colleagues and the American people regarding the worsening shortage of natural gas. While the priority consideration given to residential and small business natural gas needs means that these crucial sectors of the consuming public will have enough natural gas to meet this winter's demand, it is clear that agricultural needs may not be met and that industrial users of natural gas face their worst shortages ever.

While the actual extent of industrial curtailments will depend on several factors that cannot be fully measured at this time—especially the weather and the effectiveness of conservation efforts—we do know that the interstate market is expecting curtailments amounting to about 20 percent of anticipated demand. Such curtailments have long since gone past industries with interruptible contracts, and many firm industrial users of natural gas are being affected.

To deal with the immediate problem confronting us I support passage of S. 2310, as modified by its sponsors. This legislation will enable interstate pipelines facing serious shortages to compete during the coming winter with intrastate gas users at a ceiling price based on the current average of unregulated intrastate contracts. This will mean an increase in gas costs for the industrial customers that benefit from this emergency legislation; but that is a necessary price to pay in order to keep people employed and to avert the severe economic consequences of substantial layoffs from industrial curtailments.

I should emphasize, Mr. President, that the price increase for interstate, industrial gas customers will be held in check by the application of the ceiling price. Moreover, this is a short-time remedy to the immediate problem that we are facing this winter. To avert the impending natural gas crisis we are saying that we will accept limited price increases for interstate gas purchases, so natural gas consumers in the consuming States can compete with natural gas consumers in the three main producing States.

Also, the sponsors' modification of the legislation establishes an important objective of requiring intrastate sales of natural gas during the emergency period to be within the same ceiling price set for interstate sales. Hence the unfair advantage heretofore enjoyed by the producing States will be neutralized.

The bill also contains other important provisions, as follows:

First. A priority designation is given, as it should be and as I have proposed in legislation I am sponsoring, to agricultural uses of natural gas.

Second. Utilities that can convert from natural gas are required to do so to the extent feasible, thereby increasing the supply of natural gas for users that have no alternative source of fuel.

Third. Existing natural gas reservoirs would be required to produce at the maximum efficient rate so producers could not continue the practice of "shutting in" gas waiting for even higher prices.

This is a responsible piece of emergency legislation, carefully designed to meet pressing need. As proposed, the economic benefits of the bill outweigh the economic disadvantages of accepting a higher interstate price for gas purchased on an emergency basis. This is particularly so because routine interstate purchases remain under present Federal Power Commission regulation.

It would be a serious error to amend this legislation, as some are proposing to do. Some suggested amendments not only would mean a sharp increase in gas prices for all consumers, they also confuse the issue by raising in the context of this emergency legislation much broader issues of long-term consequence; those issues, especially the pricing of natural gas, should be dealt with in legislation on the calendar (S. 692). That bill is the proper vehicle to resolve the differences between those of us who want to continue to regulate the price of natural gas, and those in the Senate who continue to push for deregulation of this essential commodity.

In that regard, Mr. President, I would like to delineate at this time certain basic principles which I believe must be involved in our long-term solution to the natural gas problem. Certain of these principles are embodied in the pending bill and S. 692; others will likely be proposed as amendments to S. 692 when it is considered:

First. Permanent parity must be established between the interstate and intrastate natural gas markets to remove the present economic disincentive for producers to sell gas to the interstate market. This will require regulating intrastate sales, but the national consequences of not doing so are so great that this is our only responsible course.

Second. Deregulation of natural gas prices, either suddenly or on a phased basis, must be defeated. We can ill afford the grave economic consequences of increasing this Nation's natural gas bill by billions of dollars a year; we cannot possibly justify the huge windfall that would be reaped by natural gas producers if deregulation were approved. This is especially so since it is an economic fact of life that in the absence of Federal regulation of gas prices the price of natural gas would rise to the heating value—Btu—equivalent of the world price of oil. And that world price of oil is not a free market price; it is the price administered by the most effective cartel in international history. Only this week the oil exporting nations are implementing a 10-percent increase in oil prices; were gas prices not subject to regulation the decision reached by the OPEC nations would mean a similar increase in the price of our own natural gas.

Third. Natural gas prices must be increased, to a reasonable ceiling price, from the presently artificially low price set by the Federal Power Commission. Natural gas is selling in interstate commerce even below the equivalent price of still-controlled domestic oil. The present pricing structure for natural gas encourages waste of this most valuable energy resource, and works against the national interest by starving the interstate market for gas, while the intrastate market has a glut of natural gas. The best response we have to those who would deregulate gas prices would be to allow a permanent, carefully limited increase in the interstate price of natural gas while bringing intrastate sales within that new ceiling price. This would provide an adequate incentive for gas production without causing unnecessary disruption of the economy.

Fourth. Agricultural uses of natural gas must receive permanent priority standing, lest we invite a grave problem with food production. Such a designation exists in S. 2310 and S. 692 and I urge that it be adopted both on an emergency and then on a long-term basis.

Fifth. Wasteful uses of natural gas, especially its use as boiler fuel, must be outlawed. Only then can we have the kind of rational national energy policy that guarantees essential fuels are used where they are most needed.

Sixth. Production standards, particularly on Federal leases, must be enforced so producers do not continue to limit production in the hope of receiving higher prices at some future date.

Seventh. An early decision must be reached to build a natural gas pipeline through Canada—with the proper cooperation of the Canadian Government—to deliver the substantial natural gas reserves in Alaska throughout the contiguous 48 States. Along with the able assistant minority leader, Mr. GRIFFIN, I have been leading the effort in the Senate to secure approval of such a route for the delivery of our natural gas reserves in Alaska. National energy policy requires national solutions and the trans-Canadian route for delivering natural gas from Alaska provides such a national solution since the gas would be available—through different delivery systems—from coast to coast.

Mr. President, I feel strongly that deregulation of natural gas prices, either in the bill under consideration or during subsequent consideration of S. 692, would be a grievous error. We can strike a responsible course in natural gas policy by adhering to the principles outlined above, not by giving in to the economic blackmail of the natural gas producers. It is relevant to remember that those producers are, for the most part, the same major oil companies that have consistently sought to use our energy problem as a wedge to drive up prices without regard for the national interest. I have advocated resisting them on oil prices, and believe similar fortitude is required in relation to gas prices.

ORDER TO RESUME CONSIDERATION OF S. 2310 TOMORROW

Mr. ROBERT C. BYRD. Mr. President I ask unanimous consent that upon the conclusion of routine morning business tomorrow, the Senate resume consideration of the now pending business, S. 2310.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR. AND DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized tomorrow morning under the standing order, Mr. HARRY F. BYRD, JR., be recognized for not to exceed 15 minutes, and that there then be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes each, such business to be for the purpose only of the introduction into the RECORD of statements, petitions, memorials, bills, and resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 9:30 a.m.

After the two leaders or their designees have been recognized under the standing order, Mr. HARRY F. BYRD, JR., will be recognized for not to exceed 15 minutes. There will then ensue a period for the transaction of routine morning business for not to exceed 15 minutes, with statements limited therein to 5 minutes each.

At the conclusion of routine morning business the Senate will resume consideration of S. 2310. At the hour of 2:30 p.m. tomorrow a vote will occur on a motion to table the Fannin amendment, No. 938.

Other rollcall votes may occur tomorrow.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. HOLLINGS. Mr. President, I move, in accordance with the previous order, that the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to; and at 4:29 p.m. the Senate recessed until tomorrow, October 1, 1975, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate on September 30, 1975:

DEPARTMENT OF JUSTICE

Peter R. Taft, of California, to be an Assistant Attorney General, vice Wallace H. Johnson, resigned.

DEPARTMENT OF THE TREASURY

Harold F. Eberle, of California, to be a Deputy Under Secretary of the Treasury, vice Frederick L. Webber, resigned.

CONFIRMATION—SEPTEMBER 30, 1975

Executive nomination confirmed by the Senate September 30, 1975:

DEPARTMENT OF COMMERCE

Creighton Holden, of Michigan, to be Assistant Secretary of Commerce for Tourism.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee on the Senate.)

HOUSE OF REPRESENTATIVES—*Tuesday, September 30, 1975*

The House met at 10 o'clock.

Rabbi Abraham Feldbin, Congregation Shaari Israel, Brooklyn, N.Y., offered the following prayer:

O Lord who art eternal: In this Bicentennial year, our country's fourth jubilee, we increasingly appreciate the blessing of freedom.

The Liberty Bell has inscribed upon it from Leviticus: *"Proclaim liberty throughout the land unto all the inhabitants thereof."*

"וקראתם דרור בארץ לקל ישביה"

From Leviticus, chapter 25, verses 9 and 10, we read: *"Thou shalt proclaim with the blast of the shofar—the ram's horn. And ye shall hallow the fiftieth year and proclaim liberty throughout the land unto all the inhabitants thereof; it shall be a jubilee unto you."*

The shofar calls to duty and dedication. It is the Biblical Liberty Bell.

Today in the fourth jubilee of American independence, we recall the Shofar and Liberty Bell with the prayer that our beloved land may ever continue true to its destiny and principles. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill and concurrent resolutions of the House of the following titles:

H.R. 1757. An act for the relief of Plotemia Mabanag Bareng and Bastiana Lilian Mabanag Bareng;

H. Con. Res. 402. Concurrent resolution welcoming Their Majesties, the Emperor and Empress of Japan; and

H. Con. Res. 405. Concurrent resolution authorizing technical corrections in the enrollment of S. 1247.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1247) entitled "An act to authorize certain construction at military installations, and for other purposes."

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 824) entitled "An act to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SPARKMAN, Mr. MANSFIELD, Mr. CHURCH, Mr. CASE, and Mr. JAVITS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 605. An act for the relief of Heung Soon Kim;

S. 832. An act for the relief of Kristen Marisol Kneebone;

S. 1653. An act for the relief of Sun Yang Kim and Sun Mi Kim;

S. 1709. An act for the relief of Dr. Lawrence Chin Bong Chan;

S. 1787. An act for the relief of Maria Lisa R. Manalo and Rogena R. Manalo;

S. 1940. An act for the relief of Dr. Gustavo Scioville; and

S.J. Res. 121. Joint resolution to provide for quarterly adjustments in the support price of milk.

RABBI ABRAHAM FELDBIN

(Ms. HOLTZMAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. HOLTZMAN. Mr. Speaker, I am deeply pleased and honored that the invocation for today has been given by my constituent, Rabbi Abraham I. Feldbin.

A native Brooklynite, Rabbi Feldbin has devoted his life to serving Judaism and his community. During the Second World War he served in the Pacific as a U.S. Army chaplain, and holds the rank of lieutenant colonel as a chaplain in the Army Reserve.

He has been chaplain to the Jewish War Veterans, American Legion, Masons, and Sofrim Society.

For the past 6 years, Rabbi Feldbin has been the spiritual leader of Congregation Shaari Israel, one of the leading congregations in the 16th Congressional District and all of New York. I know and share personally the great respect and affection in which Rabbi Feldbin is held by his neighbors and congregants in East Flatbush.

One of Rabbi Feldbin's greatest concerns is the state of Israel. Last March, I had the privilege of seeing the rabbi and his wife, Beatrice, honored by the Jewish National Fund for their tireless work for their community and on behalf of Israel. I think many of my colleagues will recall the stirring sound, last May, of Rabbi Feldbin's Shofar, sounded on the Capitol steps for Israel's survival.

I am happy to welcome to Washington my friend and constituent, Rabbi Abraham Feldbin.

PERMISSION FOR SUBCOMMITTEE ON GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT TODAY UNDER THE 5-MINUTE RULE

Ms. ABZUG. Mr. Speaker, I ask unanimous consent that the Subcommittee on Government Information and Individual Rights of the Committee on Government Operations be permitted to sit today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PERMISSION FOR THE SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, AND INTERNATIONAL LAW OF THE COMMITTEE ON THE JUDICIARY TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary be permitted to sit today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

RESIGNATION FROM COMMITTEE ON BANKING, CURRENCY AND HOUSING

The SPEAKER laid before the House the following resignation from the Committee on Banking, Currency and Housing:

WASHINGTON, D.C.,
September 30, 1975.

Hon. CARL ALBERT,
Speaker of the House of Representatives,
The Capitol.

DEAR MR. SPEAKER: I hereby tender my resignation from the Committee on Banking, Currency and Housing and the Committee on Veterans' Affairs, effective September 30, 1975.

Sincerely,

HAROLD FORD,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

PRESIDENT FORD IN ERROR IN SAYING OIL CRISIS THE FAULT OF CONGRESS

(**Mr. O'NEILL** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, President Ford's remarks on oil prices seem to reflect some kind of Alice in Wonderland looking glass.

Yesterday he signed the bill that Congress sent him to keep oil prices from skyrocketing. At the same time, he blames Congress for making oil prices go up.

Yet the President's own policy has been to drive up prices—to force crushing increases on the consumer so that he cannot afford so much gasoline or home heating oil.

Now he says this is the fault of Congress.

It was President Ford who slapped a $2-a-barrel tariff on imported crude oil.

It was President Ford who added a 60-cent-a-barrel fee on refined oil product imports.

It was President Ford who twice vetoed an extension of oil price controls.

The President cannot have it both ways. I think the people know very well who is responsible for the high-priced policy, and they know that Congress is trying to keep oil prices down.

President Ford might call that policy nonsense, but it makes good sense to the Congress.

ELECTION TO COMMITTEE ON WAYS AND MEANS

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 753) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 753

Resolution designating membership on a standing committee of the House

Resolved, That HAROLD E. FORD, of Tennessee, be, and he is hereby, elected a member of the Committee on Ways and Means.

The resolution was agreed to.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 8121, DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, FISCAL YEAR 1976

Mr. SLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8121) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, with Senate amendment No. 8 thereto, insist on the disagreement of the House to Senate amendment No. 8, and agree to the further conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. SLACK, SMITH of Iowa, FLYNT, ALEXANDER, Mrs. BURKE of California, Messrs. EARLY, MAHON, CEDERBERG, ANDREWS of North Dakota, and MILLER of Ohio.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. YOUNG of Texas. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT TO SIT DURING 5-MINUTE RULE ON WEDNESDAY, OCTOBER 1

Mr. FLYNT. Mr. Speaker, I ask unanimous consent that the Committee on Standards of Official Conduct be permitted to sit during proceedings under the 5-minute rule on Wednesday, October 1, 1975.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 9861, DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1976

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 752 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 752

Resolved, That during the consideration of the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes, all points of order against the following provisions of said bill for failure to comply with the provisions of clauses 2 and 6, rule XXI, are hereby waived: In title IV—"Procurement"—beginning on page 18, line 11 through page 20, line 24; beginning on page 22, line 18 through page 25, line 21; beginning on page 26, line 19 through page 28, line 25; and in title V—"Research, Development, Test, and Evaluation"—beginning on page 30, line 18 through page 38, line 16.

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio (Mr. LATTA) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 752 makes in order the consideration in the House of H.R. 9861, a bill making appropriations for the Department of Defense for fiscal year 1976 and the transition period ending September 30, 1976.

House Resolution 752 provides that all points of order against the following provisions of H.R. 9861 for failure to comply with the provisions of clauses 2 and 6, rule XXI of the rules of the house are waived: In title IV—the section entitled—"Procurement," beginning on page 18, line 11 through page 20, line 24; beginning on page 22, line 18 through page 25, line 21; beginning on page 26, line 19 through page 28, line 25; and in title V—"Research, Development, Test and Evaluation"; beginning on page 30, line 18 through page 33, line 16.

The reason this waiver is needed is because the military procurement authorization bill has passed the House, but has not yet been signed into law. Thus, the above-named sections in the bill have not yet been authorized.

H.R. 9861 provides for a total of $90,328,078,000 in new appropriations for fiscal year 1976 and $21,674,571,000 for the 3-month transition period. The total amount appropriated in the bill is $112,002,649,000 for the next 15 months. This figure is $8,972,845,000 less than the budget request.

H.R. 9861 provides funding for military personnel, retired military personnel, operation and maintenance, procurement, research, development, test and evaluation, the special foreign currency program, the Defense Manpower Commission and other general provisions.

Mr. Speaker, I urge the adoption of House Resolution 752 in order that we may discuss and debate H.R. 9861.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as previously explained, this rule provides for a waiver of points of order against several specific provisions of H.R. 9861, the Department of Defense appropriation bill for 1976. This waiver is on clause 2 and clause 6 of rule XXI. Clause 2 deals with unauthorized appropriations and clause 6 deals with reappropriation of funds.

Mr. Speaker, this bill provides $90,219,278,000 in new appropriations and $108,800,000 in transfers from other accounts for fiscal year 1976. The bill would also provide an additional amount of $21,674,571,000 for the 3-month transition period. The total recommended in new appropriations plus transfers for fiscal year 1976 is $7,529,771,000 less than the budget request and $6,240,349,000 more than the total sum appropriated for the same purposes for fiscal year 1975.

I have no request for time and yield back the balance of my time.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CEDERBERG. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify all absent Members.

The vote was taken by electronic device, and there were—yeas 370, nays 11, not voting 52, as follows:

[Roll No. 561]

YEAS—370

Abdnor
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blouin
Boggs
Boland
Bolling
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fish
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Holt
Holtzman
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Madden
Maguire
Mahon
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Russo
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—11

Abzug
Burton, Phillip
Conyers
Dellums
Edgar
Harrington
Kastenmeier
Moffett
Seiberling
Stark
Waxman

NOT VOTING—52

Andrews, N.C.
Archer
AuCoin
Badillo
Barrett
Baucus
Blanchard
Bonker
Brademas
Breckinridge
Burke, Fla.
Burton, John
Byron
Casey
Davis
Diggs
Dingell
Esch
Eshleman
Fary
Fenwick
Fisher
Fraser
Hébert
Hinshaw
Holland
Howard
Landrum
McCormack
McDade
Macdonald
Madigan
Mann
Matsunaga
Meyner
Mezvinsky
Michel
Mitchell, N.Y.
Moss
Murphy, N.Y.
O'Hara
Pattison, N.Y.
Risenhoover
Rogers
Ruppe
Santini
Sisk
Staggers
Talcott
Udall
Vander Jagt
Wilson, C. H.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Baucus.

Mr. Howard with Mr. Andrews of North Carolina.

Mr. Badillo with Mr. Esch.

Mr. AuCoin with Mr. Breckinridge.

Mr. Barrett with Mr. John L. Burton.

Mr. Casey with Mr. Fary.

Mr. Davis with Mr Hinshaw.

Mr. Sisk with Mr. Madigan.

Mr. Staggers with Mr. Archer.

Mr. Matsunaga with Mrs. Fenwick.

Mr. Mann with Mr. Blanchard.

Mr. Udall with Mr. Holland.

Mr. Charles H. Wilson of California with Mr. Burke of Florida.

Mr. Byron with Mr. Eshleman.

Mr. Dingell with Mr. McCormack.

Mr. Landrum with Mr. Bonker.

Mr. Diggs with Mr. Fraser.

Mr. Macdonald of Massachusetts with Mr. Michel.

Mr. Mezvinsky with Mr. Fisher.

Mr. Santini with Mr. Mitchell of New York.

Mr. Risenhoover with Mr. McDade.

Mr. Rogers with Mr. Ruppe.

Mr. Moss with Mrs. Meyner.

Mr. Murphy of New York with Mr. O'Hara.

Mr. Pattison of New York with Mr. Vander Jagt.

Mr. Talcott with Mr. Brademas.

Messrs. PHILLIP BURTON, MOFFETT, and WAXMAN changed their vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON S. 824, JAPAN-UNITED STATES FRIENDSHIP ACT

Mr. HAYS of Ohio. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, with the House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? The Chair hears none, and appoints the following conferees: Messrs. MORGAN, ZABLOCKI, HAYS of Ohio, DIGGS, BROOMFIELD, and BUCHANAN.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1976

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, we intend to call up the $90 billion defense appropriation bill, and I will, therefore, make the following unanimous-consent request:

For the convenience of the Members, Mr. Speaker, I ask unanimous consent at this time that all Members may have 5 legislative days in which to revise and extend their remarks in the RECORD on the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes, and I ask unanimous consent that I may have permission to revise and extend my remarks and include therein extraneous material, including tables and other data.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 3 hours, the time to be equally divided between the gentleman from Alabama (Mr. EDWARDS) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9861) with Mr. ROSTENKOWSKI in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Texas (Mr. MAHON) will be recognized for 1½ hours and the gentleman from Alabama (Mr. EDWARDS) will be recognized for 1½ hours.

The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we come now to consideration of the largest spending bill that will be before the Congress during this session.

The bill provides $112 billion in new spending authority for the Department of Defense for the 15-month period which includes fiscal year 1976, plus the 3-month transition period following the end of fiscal year 1976, July, August, and September.

This must be a dangerous world or else this legislative body would not be considering an appropriation of $112 billion for national defense. It is a dangerous world, an unpredictable world. We cannot afford to let down our guard.

The Committee on Appropriations supports the determination of the President of the United States that we maintain the military strength of the Nation, and we have done the best we could to bring out a bill that will carry out the national policy, as represented by the views of the Executive and by the views of the Congress.

There is available to all Members a copy of the 58-page bill, and more importantly, the 356-page committee report.

The committee report contains a statement of contents at the beginning and an index at the end of the report, and Members will be able to find reference to all of the important matters contained in this bill.

There is nobody in the Congress, nobody on the committee, nobody in the Pentagon, nobody at the White House, and nobody in the United States of America or in the world who knows fully or precisely the details of every item that is contained in this bill. It is impossible for the human mind to contemplate and understand and retain the details as to each and every item it contains. That is understandable.

It goes without saying that the people in the Kremlin, in Moscow, are very much interested in this report and will no doubt make considerable use of the report and the 10 volumes of printed hearings. This is the result of our being a free society, but our opponents do not embrace the concept of a free society. We do not get comparable information from the nonfree societies.

We have a much more difficult task in getting the information which we are required to have with respect to our opponents.

BUDGET RESOLUTION TARGET

Mr. Chairman, all of our spending bills from all of our committees must be considered in the context of the budget resolution.

As the Members will recall, we set targets on overall appropriations and spending for this fiscal year. We passed a concurrent resolution establishing such targets.

That portion of the target reduction as it related to the President's budget in items carried in this defense bill, was about $8.1 billion for fiscal 1976.

The bill before us is about $700 million short of reaching the target reduction which had been set in the budget resolution.

I should say in fairness that this target reduction figure, while presented before the Committee on Appropriations, was not the controlling factor in the consideration of the items in the bill. We had no idea when we began the markup what the final reduction would be. It turned out to be about $7½ billion.

SUMMARY OF RECOMMENDED REDUCTIONS

I think that is a reduction that can be made safely.

Very few have read all of the 356 pages in the report. I would like to take my text from pages 8 and 9, and talk about these two pages in the report which are very significant.

These pages present a summary of the recommendations of the committee, pointing out that the President's budget was $97.5 billion for the items covered in this bill; pointing out that for the transition period of July, August, and September the budget was $23 billion; and pointing out that we actually have in this bill $90.2 billion for the regular fiscal year 1976 but when we add into this the funds for the transition period, we come up with the overall total in this bill of $112 billion, making the pending bill the most colossal money bill ever presented to a legislative body in the history of the world, no doubt. We are $6.2 billion above the sum provided last year for the fiscal year 1975. We all recognize that there has been some inflation and that the cost of employees, both military and civilian, have increased, and the cost of military hardware has drastically increased. So we find ourselves confronted with what to do about the recommendation of the Committee on Appropriations.

If the Members will look near the bottom of page 8 of the report they will find that the bill provides $750 million for general transfer authority in order to give added flexibility to the Department of Defense in the administration of some of the programs in this act and to provide for unanticipated requirements.

When we talk about the $7.5 billion cut, it is well to examine from where those dollars come. $7.5 billion is a rather considerable sum in any discussion. About $3 billion of this cut results from the fact that the authorization bill made reductions in that amount and we had no authority under the law to exceed the authorization bill on those specific items. So that is about $3 billion of the $7.5 billion recommended reduction.

The President had budgeted $1.3 billion in support of the war in Vietnam. That $1.3 billion was deleted because it is no longer required due to the cessation of hostilities in Southeast Asia.

Then certain reductions were made in civilian and military personnel ceilings in the authorization bill. That accounts for about $200 million of the recommended reduction. So $4.5 billion of the cut is easily explained.

Now, there is an additional $2.2 billion or more in reductions that are made in the bill.

I am talking about what is not in the bill, rather than what is in the bill; but I think it will be interesting to Members of the House to examine the various programs that are listed. There are 28 major programs listed on pages 8 and 9 of our committee report on which reductions were recommended.

We first make reference to the Southeast Asia reduction because the war had ended.

STOCK FUND SURCHARGE

Then we refer to the stock fund surcharge, in which we made a reduction of $788 million. They have had the stock funds for many years from which various purchases of military hardware and purchases otherwise are made.

The Department of Defense wanted to change the procedure for handling the stock fund and requested an appropriation of $788 million for that purpose. We vetoed the idea and we say in the report that if additional funds are needed for the stock fund, or if it becomes depleted, all the Department has to do is make a recommendation for the additional funds required and Congress can give consideration to it.

SAFEGUARD ABM SYSTEM

The No. 3 item is of interest, the Safeguard system, the antiballistic missile system, or the ABM system. We have spent $5.7 billion preparing to defend ourselves against the intercontinental ballistic missile. The Safeguard program has not been effective, except perhaps from a cosmetic standpoint. If we had done nothing, it would have been the same; but in 1972 we agreed with the Soviet Union that we could defend two points in the United States and they could defend two points with an ABM system in Russia. Then in 1974 we had a reconsideration of this matter and we agreed with the Russians that we would have one site defended by the ABM system and they would have one site defended. That site is Moscow. Our site is the Minuteman missile wing at Grand Forks in North Dakota. Well, everybody knows that the defense of that one site in North Dakota would not be a decisive element in any nuclear exchange that might occur. There are only 100 ABM missiles at that site. So what we are saying, since we plan to put this system on standby in about a year, why not mothball it now and save about $40 million? This is what we propose to do in the bill. There will be some difference of opinion on that. The people in North Dakota will be concerned about it, because there is quite a payroll involved. The typical reaction will be taken by the committee.

Then there was the so-called DLGN nuclear frigate for which $257 million failed of authorization.

AVAILABILITY OF CLASSIFIED INFORMATION TO MEMBERS

There were reductions of $263.2 million in the intelligence elements of Government. If I may have the special attention of Members for a moment as we talk about intelligence, I would say the Committee on Appropriations feels that all Members should have access to classified information under proper safeguards from the standpoint of protection of the Members and from the standpoint of protection of the information itself. So we are able through the Committee on Appropriations to provide Members access to classified information if requests are made at the Appropriations Committee rooms right across the hall from the Chamber, in room H-218. I do not know how many Members will want to review the material but I thought it worthwhile to arrange for Members who may be interested to have that information.

SAFEGUARD ABM SYSTEM

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, going back to the Safeguard system the gentleman discussed, that is the original antiballistic missile system and I would like to recall that, as the gentleman from Texas stated, the armed services are mothballing that system and therefore there will be a termination in expenditures which will greatly reduce expenditures in that system. It will be recalled, Mr. Chairman, that last year some of us on the floor of the House of Representatives tried to offer an amendment to reduce the amount of money for Safeguard because at that time the information that had been available to us in the committee indicated that they intended to mothball that program and not use it.

There was evidence that the program, which was the first generation of antiballistic missiles, was already obsolete and would be by the time the first ones would be deployed. So some of us, having the advantage of the classified information, suggested we could save anywhere from $45 million to $50 million, if I recall correctly, if we would terminate and close that system then. This Safeguard ABM System has cost us I believe over the existence of the entire program in excess of $5 billion. This is over $5 billion. Now it is going to be mothballed and put away. In other words, that is the end of it. We will be going on to the next system which we call the site defense.

My point in stressing this is that these are the kinds of examples and situations where we in Congress have got to make greater efforts and pay closer attention so that these expenditures of money can be saved, especially in view of the fact that this budget is over $90 billion and in its totality is over $100 billion. Here we have a program that costs us over $5 billion and it has never been put into operation and it will not be put into operation. It is finished. It is through. It is an old program.

If we had taken some steps last year we could have saved at least some more money, probably $50 million. Some may say that is not a great deal of money in view of the $5 billion, but $50 million here and $50 million there and everywhere in this massive program, if we could cut those kinds of figures we could save a great deal of money.

Mr. Chairman, the reason I interrupted the gentleman was to say I think these are areas where we have to save more money and we should not go along with the requests willy-nilly as we did last year.

Mr. MAHON. Mr. Chairman, I thank the gentleman for his remarks.

It was thought last year that we should move this system further toward completion and testing. We do not mean to say we have wasted over $5 billion. It would have been totally unacceptable for us, in the view of the efforts of the Soviet Union to produce an effective antiballistic missile system, not to have done something about trying to perfect such a system in the United States. It would have been neglect of our Nation's welfare and our security of the grossest type, so we did pursue this antiballistic missile system.

It would be great, it would be wonderful if we could know for sure that those 1,500 intercontinental ballistic missiles pointed at the United States, could not reach their targets and we could destroy them through our ABM system, but it has been proven that this is not possible. So, I say that we have done a reasonably accurate job in dealing with this problem. Perhaps we should have taken the steps last year. At any rate, we have done, I say to my friend from Connecticut, a very able member of the committee, that his point is well taken that we should not wait too long to terminate nonproductive programs. That is one of the difficulties, and it is hard to terminate a program. The gentleman's point is well taken.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I am sure the distinguished chairman will want to remind the House that at the time we began the antiballistic missile system, it was long before there were SALT talks, and it was the SALT talks that made it possible for us to start cutting back on this program.

Hindsight is always 20-20. If we had known when we started this system what we know now, of course we would not have spent that kind of money, but we did not, and it was the only defense we felt we had with that massive Soviet capability in ballistic missile weaponry. We were doing what we thought was necessary for the defense of the American people. It has been costly, but at least we have the capability, and if we should have to put the system back into operation, it can speedily be done.

Mr. MAHON. I would say that if I had the option, as a Member of Congress, of turning back the clock and not starting this program, I would still start it because the Soviet Union could have had an antiballistic missile system of sorts and we would have nothing. We would not know whether or not we could perfect the system, and except for the fact that we spent this $5 billion, we would not have been able to obtain the ABM treaty with the Soviet Union. So, there are many facets to the discussion we have just had. No doubt better management would have saved some funds.

COMMISSARY OPERATIONS

The Members will notice item 6 on page 8 for commissary operations. The House voted by a large vote that we not drastically modify the present commissary system. Several Members of the House received a few letters, I am sure, with regard to the commissary system. We put in the bill $109 million to continue the commissary system as it now operates, so the Members will be interested in that matter. This is not a reduction, but an increase.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to my distinguished colleague from Texas.

Mr. KAZEN. Mr. Chairman, from what I understand, the commissary system will continue to operate as it is now being operated. There will be absolutely no curtailment of that program.

Mr. MAHON. Well, there may be some modification and some changes, and hopefully some improvements.

Mr. KAZEN. I am talking about the money, Mr. Chairman, that is now in this bill. The committee recommended the financing of the commissary stores, the subsidizing of the commissaries to the same extent that they have been operating at the present time. Am I correct?

Mr. MAHON. The gentleman is correct, and I am sure that this will meet with approval by the military.

Mr. KAZEN. Mr. Chairman, I applaud the decision of our capable Appropriations Committee to continue full funding for commissary stores at our military bases. I was pleased to offer the resolution expressing the will of the House that proposed cuts in the Defense budget should not reduce the long-standing pledge of financial support to these base facilities.

I pointed out to our Armed Services and Appropriations Committees that even as the budget cut was proposed by Defense, our armed services were citing the commissary stores as a major fringe benefit for recruitment and reenlistment. I also cited the importance of this benefit to retirees who live on incomes fixed long before the present economic pressures on their pocketbooks.

My plea to both committees was a simple one: "Let us keep the faith." We promised the men and women in uniform, as well as those whose years of military service have ended, that they could count on commissary benefits. The report of my Texas colleague, Mr. MAHON the distinguished chairman of our Appropriations Committee, shows that we are keeping the faith. I am pleased to read press reports that the Pentagon will accept this decision. I trust that the commissary question is now answered.

SAFEGUARD ABM SYSTEM

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, to clarify something, as I understand it, it should be very clear here that we are telling them in our report to close up the ABM system, close it down in its totality, is that right?

Mr. MAHON. To put it in mothballs.

Mr. GIAIMO. Well, to close it down, not to have any perimeter acquisitions, radar operations or any of these lesser activities, but to close it down. As I understand it, that is what the language says.

Mr. MAHON. Well, we made the reduction in the dollars and we put the language in the report, and the Safeguard system will be, to all intents and purposes, closing down and put in standby. We would not want them to just haul off and leave everything without any care whatsoever.

Mr. GIAIMO. I do not know what the difference is between closed down and standby.

On page 152 of the committee report we say:

> Those reductions are in line with the Committee's recommendation that the Safeguard operation be closed down.

Mr. MAHON. Mr. Chairman, I would be glad in my remarks to place in the RECORD that portion of the committee report relating to the Safeguard:

SAFEGUARD

In 1967 the development of Sentinel Anti-Ballistic Missile (ABM) System was initiated. This system was to provide protection for our major cities against a possible ballistic missile defense program to protect our land based intercontinental ballistic missile sites rather than cities. The SAFEGUARD system was to do this.

SAFEGUARD deployment was originally planned for 12 sites, at an estimated cost of $19.7 billion. In May 1972, however, the ABM Treaty was signed, which limited deployment of Anti-Ballistic Missile to two sites with no more than 100 missiles at each site. One site was for the defense of an Intercontinental Ballistic Missile field and one was for defense of the national capitol. As a result of the ABM treaty, the Secretary of Defense directed the Army to continue deployment of one SAFEGUARD system at Grand Forks, North Dakota, and one, in a reasonable time at Washington, D.C. Subsequently, the Congress approved the Army's request for continuing the Grand Forks deployment, but denied deployment authorization for the authorization for the system at Washington, D.C.

On July 3, 1974, a protocol to the 1972 ABM Treaty was signed which limited deployment to one site with 100 missiles. This would be the Grand Forks site.

In fiscal year 1975 the research and development phase of the deployment of the SAFEGUARD system at Grand Forks was completed. As of June 30, 1975, approximately $5.7 billion had been expended to develop and deploy the single SAFEGUARD site.

The budget request for fiscal year 1976 contains $85,300,000 for operation and maintenance of the Grand Forks SAFEGUARD site. The Department of Defense advised the Committee that this amount will operate the system at a state of full readiness until June 1976. In July 1976 the Army plans to begin reducing the scale of readiness below full operational status and maintain it at that level indefinitely.

The Committee carefully reviewed the Army plans for operation of the SAFEGUARD site. Every aspect was considered, particularly improvements in Soviet ballistic missile capability, the potential benefits that may be derived from a full year of operation at maximum readiness and the potential need at some time in the future to reactivate the SAFEGUARD system to full operational status.

A significant factor in the Committee's deliberations was that the Soviet Union is deploying new MIRVed intercontinental ballistic missiles. This will provide the Soviets with the potential to attack both the SAFEGUARD site, itself, as well as the entire MINUTEMAN force. Because of this, the utility of SAFEGUARD to protect MINUTEMAN will be essentially nullified in the future.

A second factor considered by the Committee was the argument by the Department that it would gain valuable experience from operating the SAFEGUARD at full readiness for a year. The General Accounting Office felt that only limited benefits would be derived from this operation. In addition, the Department has not demonstrated a willingness to exploit whatever experience may be available from such operation. This is demonstrated in that over two-thirds of the personnel currently operating the facility are non-military, contractor personnel. There are nearly 1,000 of them, and only 485 military personnel. Nearly half of the military personnel are security guards. The remaining half are operational in nature.

Finally, the Committee considered the merits of the SAFEGUARD program in light of the Department's decision to reduce the scale of operation of the program. Although the Department is considering several plans for returning SAFEGUARD to a sustained maximum operational state should international circumstances require it, the time it would take to do so effectively limits the utility of such a decision. The time necessary for this may simply not be available. In addition, the Department's decision appears to reflect the belief that the effectiveness of the system is so limited as to permit reduced readiness.

Because of these factors—the improved capability of the Soviet Union's new MIRVed missiles, the limited effectiveness of the SAFEGUARD system to provide the protection it was originally intended to provide, and the diminished benefits available from operating the facility for only a single year—the Committee recommends deactivation of the Grand Forks, North Dakota site by the end of fiscal year 1976. For this purpose, $45,300,000 is provided. This represents a reduction in the request of $40,000,000 in fiscal year 1976 and $19,500,000 in the transition period.

SUMMARY OF RECOMMENDED REDUCTIONS

Mr. Chairman, there was an authorization in one of the bodies of the legislative body to authorize a nuclear strike cruiser which would cost something in excess of $1 billion. But it failed enactment, so there was a cut there.

The most expensive airplane in the history of the world is the so-called AWACS. The Congress authorized six of those aircraft, and we provide for the funding of two AWACS planes in this bill. They are built in the northwestern part of the United States. The object of this plane is to serve in Europe in order that we may have an airborne warning and control system. This is, of course, of a very vital interest to NATO and to the countries of Western Europe.

I would hope that the NATO nations would accept the recommendation of our Government that they procure the AWACS system and that we not be confronted with the entire burden.

Then as we come over to page 9, we have a reduction in civilian personnel strength of about 23,000 and in military personnel strength of about 13,000. A 9,000 end-strength reduction was specified in the authorization bill.

There are funds in the bill for the Trident missile system. The Trident program is a $16 billion package. There is about $2.5 billion in the bill for the Trident program. It is a submarine-launched ballistic missile system. That is one of the large items in the bill.

Another item that has been controversial but which has always won the approval of the Congress is the research and development on the B–1 bomber. There is $800 million in this bill for the B–1 bomber. This is a proposed $20 billion program for 244 planes. But Congress has not given the go-ahead on the actual production of the B–1 bomber.

In this bill for shipbuilding there is about $4.4 billion. There was a cut in the authorization bill of the shipbuilding program, a cut in the budget, of $1.5 billion. The committee has added an additional $200 million cut in the shipbuilding program. Those matters are discussed in some detail in the report.

RECRUITMENT PROGRAM

One of the items which I understand will be discussed in the course of the consideration of this bill will be that of the cost of recruiting. We were requested by the Department of Defense to provide approximately $600 million for the purposes of our recruiting program. As the Members know, we are most anxious to see our program of an all-volunteer force succeed, and it is succeeding. Of course, it is very expensive but understandably so. And so the budget contained about $600 million for this purpose.

It also contained $284 million to pay bonuses to men in the service who reenlisted after the termination of their enlistment program. There will be some discussion of that which I will not undertake to go into in detail at this time, but there is a great deal of information in the report in the area of that subject.

Mr. Chairman, I think that the Members will want to have an opportunity during the 5-minute rule, during the amendment process, to express their views, and they will be able to express as fully and as reasonably as possible their views with respect to the amendments to be offered involving programs financed in this bill. I will not take further time myself at this point.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to my distinguished friend, the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, I want to commend the distinguished chairman of the Committee on Appropriations, and I wish to commend particularly the subcommittee for this very excellent and yet very large bill. This amounts to more than $90 billion.

The chairman of the committee has just indicated that the total amount in the bill will run in excess of $100 billion. I looked at the report, and the report says there is a cut of about $7 billion; that is, it states that out of $90 billion we have made a cut of $7 billion. About $3 billion of that was made by the authorization bill; then we took another $1½ billion out of Vietnam because the war is not going on and that is not necessary and should be cut out.

I understand that after making the reductions, we went down to about $4½ billion. I am told that a supplemental will be asked for which will increase it by about $2 billion. So actually we are making only a cut of about $2 billion in this very big bill.

It is also to be pointed out that the Navy costs are up, the Air Force costs are up, and the Army costs are up about $1½ billion to $2 billion each. So this bill is about $6 billion more than we appropriated last year. While it appears we are making reductions, actually the bill is $6 billion more than it was last year.

Mr. Chairman, I commend the chairman of the committee for the action he has taken, but I will repeat that we have not gone down in these amounts as severely as it would appear.

Mr. MAHON. Mr. Chairman, I will say to my friend, the gentleman from Tennessee, that the reductions in the bill itself for fiscal year 1976, plus the transition period reduction, is $9 billion, and that further information will be supplied at this point in the RECORD for more detail as to the reductions that were made.

We would all like to make sharper reductions and save more money, in view of the desperate plight of the Treasury, but we felt that the reductions that were made are as much as we could safely make in this troubled time in the history of the world.

We are faced with a daily confrontation of sorts with the Communist world, and we cannot appear to be weakening our resolve at this time. A cut that would be too deep might indicate a weakening of the resolve of the United States to maintain its position as the predominant Nation in the world.

So I feel that we have struck a happy medium. We are not correct in all instances. No one knows for sure what to do about many of these problems, but in our system we just do the best we can, and so far, for about 199 years, we have progressed rather well.

Under permission previously granted, I submit the following tables and summary discussions from the report:

SUMMARY OF BILL BY MAJOR CATEGORIES

Functional title	New budget (obligational) authority, fiscal year 1975	Budget estimates of new (obligational) authority, fiscal year 1976 and transition period	New budget (obligational) authority recommended in the bill	Bill compared with— New budget (obligational) authority, fiscal year 1975	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1976 and transition period
Title I—Military personnel	$24,939,116,000	$25,077,700,000	$24,757,484,000	-$181,632,000	-$320,216,000
Transition period		6,452,700,000	6,328,492,000		-124,208,000
Transfer from other accounts	(78,900,000)	( )	( )	(-78,900,000)	( )
Title II—Retired military personnel	6,250,900,000	6,885,200,000	6,885,200,000	+634,300,000	
Transition period		1,775,100,000	1,775,100,000		
Title III—Operation and maintenance	25,861,388,000	29,939,581,000	28,286,577,000	+2,425,189,000	-1,653,004,000
Transition period		7,628,808,000	7,200,903,000		-427,905,000
Transfer from other accounts	(56,301,000)	( )	( )	(-56,301,000)	( )
Title IV—Procurement	17,108,216,000	24,479,500,000	21,001,800,000	+3,893,584,000	-3 477,700,000
Transition period		4,578,100,000	4,044,900,000		-533,200,000
Transfer from other accounts	(480,000,000)	( )	(108,800,000	(-371,200,000)	(+108,800,000)
Title V—Research, development, test, and evaluation	8,576,670,000	10,178,900,000	9,284,249,000	+707,579,000	-894,651,000
Transition period		2,682,900,000	2,325,139,000		-357,761,000
Transfer from other accounts	(33,493,000)	( )	( )	(-33,493,000)	( )
Title VI—Special foreign currency program	1,945,000	2,668,000	2,668,000	+723,000	
Transition period		37,000	37,000		
Title VII—General provisions (additional transfer authority, sec. 734)	(750,000,000)	(750,000,000)	(750,000,000)	( )	( )
Transition period	( )	(185,000,000)	(185,000,000)	( )	( )
Title VIII—Related agency—Defense Manpower Commission	800,000	1,300,000	1,300,000	+500,000	
Military assistance, South Vietnamese forces	700,000,000	1,293,000,000		-700,000,000	-1,293,000,000
Total, Department of Defense (NOA)	83,439,035,000	97,857,849,000	90.219,278,000	+6,780 243,000	-7,638,571,000
Transition period		23,117,645,000	21,674,571,000		-1,443,074,000
Transfer from other accounts	(648,694,000)	( )	(108,800,000)	(-539,894,000)	(+108,800,000)
Total funding available	84,087,729,000	79.857,849,000	90,328,078,000	+6,240,349,000	-7,529,771,000
Transition period		23,117,645,000	21,674,571,000		-1,443,074,000
Transfer authority	(750,000,000)	(750,000,000)	(750,000,000)	( )	( )
Transition period	( )	(185,000,000)	(185,000,000)	( )	( )
Army	20,653,231,000	23,673,547,000	22,399,824,000	+1,746,593,000	-1,273,723,000
Transition period		6,112,273,000	5,641,158,000		-471,115,000
Transfer from other accounts	(231,321,000)	( )	( )	(-231,321,000)	( )
Navy	27,357,361,000	32,789,900,000	29,919,667,000	+2,562,306,000	-2,870,233,000
Transition period		7,371,400,000	7,065,148,000		-306,252,000
Transfer from other accounts	(149,400,000)	( )	(84,500,000)	(-64,900,000)	(+84,500,000)
Air Force	25,402,063,000	29,560,100,000	27,397,554,000	+1,995,491,000	-2,162,546,000
Transition period		7,007,800,000	6,361,093,000		-646,707,000
Transfer from other accounts	(267,973,000)	( )	(24,300,000)	(-243,673,000)	(+24,300,000)
Defense agencies/OSD	3,074,680,000	3,654,802,000	3,615,733,000	+541,053,000	-39,069,000
Transition period		851,072,000	832,072,000		-19,000,000
Retired military personnel	6,250,900,000	6,885,200,000	6,885,200,000	+634,300,000	
Transition period		1,775,100,000	1,775,100,000		
Related agency—Defense Manpower Commission	800,000	1,300,000	1,300,000	+500,000	
Military assistance, South Vietnamese forces	700,000,000	1,293,000,000		-700,000,000	-1,293,000,000
Grand total (NOA)	83,439,035,000	97,857,849,000	90,219,278,000	+6,780,243,000	-7,638,571,000
Transition period		23,117,645,000	21,674,571,000		-1,443,074,000
Transfer from other accounts	(648,694,000)	( )	(108,800,000)	(-539,894,000)	(+108,800,000)
Total funding available	84,087,729,000	97,857,849,000	90,328,078,000	+6,240,349,000	-7,529,771,000
Transition period		23,117,645,000	21,674,571,000		-1,443,074,000
Transfer authority	(750,000,000)	(750,000,000)	(750,000,000)	( )	( )
Transition period	( )	(185,000,000)	(185,000,000)	( )	( )

SUMMARY OF COMMITTEE RECOMMENDATIONS

The Committee considered amended budget estimates for fiscal year 1976 totaling $97,857,849,000 for those activities of the Department of Defense covered in the accompanying bill, for Military Assistance to South Vietnamese forces, and for the Defense Manpower Commission. In addition, the Committee considered budget estimates totaling $23,117,645,000 for the 3-month transition period from July 1, 1976 through September 30, 1976 for the same appropriations accounts.

The accompanying bill would provide $90,219,278,000 in new appropriations and $108,800,000 in transfers from other accounts for fiscal year 1976 for a total of $90,328,078,000. The total recommended in new appropriations plus transfers is $7,529,771,000 less than the budget request and $6,240,349,000 more than the total sum appropriated for the same purposes for fiscal year 1975.

The bill would provide an additional amount of $21,674,571,000 for the 3-month transition period. The total recommended is $1,443,074,000 less than the $23,117,645,000 requested for the transition period.

The bill, as reported, would provide a total of $112,002,649,000 for the 15-month period. Committee recommedations would mandate reductions from budget estimates totaling $8,972,845,000 for the 15-month period. The total request for the 15-month period is $120,975,494,000.

The reductions recommended in fiscal year 1976 reflect net reductions of approximately $3.0 billion deleted by Congress in action taken on H.R. 6674, the Military Procurement Authorization Bill, in various procurement and research and development programs. Civilian and military personnel deductions reflected in the authorizing legislation translated into dollar reductions in the appropriation bill in fiscal year 1976 totals approximately $180,000,000.

The total reduction recommended by the Committee includes $1,293,000,000 which was requested for military assistance to South Vietnamese forces. The fall of the Republic of South Vietnam has eliminated the requirement for these funds. The funds for South Vietnamese forces were not provided in the authorizing legislation. Thus, the overall fiscal year 1976 reduction affecting U.S. forces is $6.2 billion rather than $7.5 billion.

The bill would provide general transfer authority to the Department of Defense of $750,000,000 in fiscal year 1976. The same amount of general transfer authority was provided in the fiscal year 1975 Defense Appropriation Act.

The following is a list of some of the major actions recommended by the Committee to the fiscal year 1976 request:

	(In millions)
1. Southeast Asia assistance	−$1,290.0
2. Stockfund surcharge	−788.0
3. Safeguard system operation	−40.0
4. DLGN-42 Nuclear Frigate	−257.0
5. Intelligence reductions	−263.2
6. Commissary operations	+109.0
7. Air launched Cruise Missile	−51.0
8. Nuclear Strike Cruiser	−60.0
9. AWACS (Airborne Warning & Control System)	−181.1
10. PHM hydrofoil ships	−44.4
11. Separation pay	−46.0
12. Communications equipment	−145.2
13. Reduction in Civilian personnel strength	−116.0
14. Reduction in Military personnel strength	−80.0
15. Site Defense System	−40.0
16. Recoupment of Free Assets	−74.0
17. Reimbursement for training of foreign pilots	−75.0
18. Medical operations	−75.5
19. F-16 air combat fighter	−51.9
20. Permanent change of station travel	−65.0
21. Recruit advertising	−37.0
22. Reserve forces authorized strength	+21.0
23. Recruiting force	−52.2
24. R&D programwide support	−51.0
25. Close-in Weapon System	−155.7
26. Trident missile system	−83.6
27. B-1 strategic bomber	−30.2
28. Patrol frigate	−85.0

Note.—The details of the above actions as well as other actions recommended are set forth later in the Report.

BASIS OF COMMITTEE RECOMMENDATIONS

In recommending the appropriation of $90,219,278,000 for fiscal year 1976 and $21,674,571,000 for the transition period, the Committee reiterates its firm belief that a strong national defense is the primary element in the maintenance of a free and independent nation.

In recommending reductions totaling $7,529,771,000 in the budget request for fiscal year 1976 and $1,443,074,000 for the three-month transition period, the Committee maintains its position that every effort must be made to provide a strong national defense at the lowest possible cost to the taxpayers.

The most basic function of government is protection of the nation from external threats. In the troubled and turbulent world today, it would be exceedingly imprudent not to provide for a strong military force. The policy of the Administration is to provide for a strong military force and the Committee supports this policy. The amounts recommended for appropriation, properly applied, will fund the strong defense effort necessary today.

The Committee does not recommend changes in the overall defense policies presented by Administration witnesses. The reductions recommended are based on management improvements which the Committee feels will both reduce waste and enhance our national security posture.

Intelligence reports presented to the Committee indicate that the Soviet Union continues to increase its military forces in many important areas. Strategic forces and tactical forces are being increased in numbers and modernized. It is difficult to understand the reasons for the reported force increases, but actions must be taken by this country to counter possible threats. It is unfortunate, in view of the many needs of the people of both nations, that such high levels of defense expenditures are being continued, but unilateral disarmament is unacceptable. Conferences are underway which could lead to mutual arms reductions. Until successful agreements can be made, the United States has no reasonable alternative to maintaining large and ready military forces.

The Committee feels that the military forces recommended are adequate and that additional strength will result from the application of the funds which will be available on enactment of the accompanying bill. The bill provides a strong research and development program to provide more modern weapons in future years. Increased procurement funds are recommended—$4.0 billion more than was provided last year—for the modernization of our forces. Operation and maintenance funds are increased to offset inflation and to increase the readiness of our military forces. Funds for military personnel are slightly decreased, reflecting the small reduction in military manpower proposed in the budget and the further small reductions enacted in the authorizing legislation.

Anticipated supplemental appropriation requests to cover pay increases in fiscal year 1976 will further increase spending in civilian and military personnel areas.

The recommended appropriation of $90,219,278,000 plus $108,800,000 in transfers for fiscal year 1976 is a substantially larger sum than has been provided to the Defense Department in recent years. The reduction recommended, $7,529,771,000, is a substantially larger reduction than has been recommended by the Committee in recent years. Although the dollar amounts are larger, neither the recommended percentage increase over the previous fiscal year nor the recommended percentage of the decrease under the Budget substantially exceed Committee actions on a percentage basis in recent years.

It is anticipated that pay cost increases in fiscal year 1976 will require approximately two billion dollars for military and civilian employees. This additional amount must be added to the $90.3 billion recommended in order to make a valid comparison with the $84.1 billion provided for fiscal year 1975. The real increase in budget authority as compared with the previous fiscal years is probably $8.2 billion rather than the $6.2 billion increase reflected in the budget tables in this report.

Even with the deletion of $7.5 billion from the sum requested, the accompanying bill would provide a substantial increase in funds for the Department of Defense in fiscal year 1976. The difference between the Committee's position and that of the Defense Department as reflected in the Budget is not whether or not there shall be an increase in funding in fiscal year 1976. The difference lies in the determination of the size of the increase. With inflation, the size of the Defense Budget has increased. With inflation, the impact of dollar reductions of a specific amount is reduced. The impact of a $10.0 billion reduction from a Budget request of $100.0 billion is equal in impact to a $5.0 billion reduction from a $50.0 billion request.

The Committee does not feel that the Defense budget of the United States should be increased solely because of reported increases in the Defense budget of the Soviet Union. Estimates of the size of the Soviet defense budget are not reliable. The differences between the economic systems of the two countries make valid monetary value comparisons difficult. It is far more useful to compare actual military forces. While money is essential to produce military forces, it is far more important to compare the product of the expenditures rather than the expenditures themselves. Wars are fought with divisions and aircraft and ships, not with budgets or percentages of gross national product. We must define the essential national security interests of the United States and plan military forces to implement those interests. Budget totals are incidental to these requirements and flow from the implementation of military requirements.

COMMITTEE PROCEDURE

The Subcommittee on Department of Defense Appropriations expended a great deal of effort in attempting to review critically the requests submitted. The sheer size of the budget for the Defense Department mandates many hours of review by those charged with judging the essentiality of its many components. Data submitted in support of the request could better be measured in pounds rather than by numbers of pages. Scores of witnesses were heard, including many Members of the House.

The Subcommittee commenced hearings on the fiscal year 1976 and transition quarter budgets on February 26, 1975, and concluded them on July 8, 1975. Testimony received by the Subcommittee covered approximately 8,000 pages of transcript. While some of the transcripts were not printed due to the security classification of the material discussed, nine volumes (approximately 6,500 pages) have been printed and released. More than half of these hearings were open to the public, and executive or closed sessions were held only when the security classification of the material presented no alternative.

The Subcommittee also held 14 days of hearings (approximately 2,000 pages of transscript) covering Defense policies and programs which indirectly impacted on the fiscal year 1976 and transition quarter budgets.

During its 13 days of mark-up, the Subcommittee took a long and hard look at the Defense Department's budget this year. The length of time devoted to the mark-up, which was the longest in the history of the Subcommittee, is indicative of the detail in which the Defense budget was examined.

In addition to the formal hearings, the Committee's inquiries were supported by many informal meetings with Defense officials held by the Committee's staff. Both foreign and domestic travel by Members and the staff was undertaken in order to obtain better information on specific subjects.

The Committee was further supported by studies and investigations performed by the Committee's Surveys and Investigations Staff and by the General Accounting Office.

During the period from July 1, 1974, to June 30, 1975, the Investigative Staff conducted a total of 21 studies at the direction of the Department of Defense Subcommittee.

The studies encompassed a wide variety of areas within the responsibility of the Department of Defense including such programs, systems, and activities as the National Security Agency, the E-4A Advanced Airborne National Command Post, the Navigation Systems of the Federal Government, the Air Traffic Control Systems of the Federal Government, the Real Property Maintenance Activities Program, Management Headquarters of the Military Services, Developments in the F–14 and Related Fighter Aircraft Programs, the Airborne Warning and Control System of the Air Force, Restructuring of the Naval Reserve, the Defense Investigative Service, the XM–1 Army Tank Program, and Unit Replacement and Related Concepts Affecting Dependents of Forces Deployed Overseas.

The Committee's evaluation of the Defense budget proposal was materially assisted by the General Accounting Office studies of various DOD programs and activities. A total of 97 reports and 44 staff studies on selected major weapons systems such as the F–15, SAM–D and the TRIDENT program were made available to the Committee by the GAO during the period July 1, 1974 through July 1, 1975. These reports provided the Committee with independent and objective appraisals in many of the areas covered in our hearings. Reviews requested by the Committee include:

The Army's Program to Modernize Ammunition Plants

Information on Commissary Store Operations

The Air Force's Advanced Logistics System

Appropriateness of FY 1976 Air Force and Navy Pilot and Navigator Training Rates and Propriety of Reimbursement Rates for Training Foreign Pilots

Department of Defense Mission Requirements for Helicopters

The Transportation of Household Goods of Military Personnel Within the Continental United States

Stockpiling Program for Allies

The Feasibility of Allowing Military Personnel to Move Their Own Household Goods

Improvements in Policies and Procedures for Travel Overseas Would Reduce Permanent Change of Station Costs in the Military Services

In addition, studies made by the GAO on its own initiative or as otherwise directed which were made available to the Committee included:

Need to Improve Efficiency of Reserve Training.

Urgent Need for a Department of Defense Marginal Performer Discharge Program

Need to Eliminate Incentive for Accumulating Military Leave

Potential for Consolidating Pilot and Navigator Training Programs

Personnel and Cost Reductions Possible Through Elimination of Personal Services at Officers' Quarters and Closed Messes

Development of Field Grade Officer Requirements by the Military Services

Feasibility of Consolidating Military Chaplain Schools

Surveillance of the B–1 Aircraft Program

Patrol Frigate and Other Surface Programs

Status of Testing of the PHALANX Weapon System

As can be seen from this highly selective listing, the GAO studies cover a broad spectrum of defense programs and activities.

The improved effectiveness and economy resulting from the Committee's actions on the DOD Budget proposals are greatly assisted by the efforts of the GAO. The Committee expects to continue to rely heavily on the GAO for the assistance it so ably provided this year.

The Committee's deliberations were further assisted by Reports made by the House Budget Committee and by meetings of the Appropriations Committee staff and the Budget Committee staff. Important assistance was also rendered by the Congressional Research Service.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, at the outset I would like to commend our very distinguished chairman of the subcommittee and the chairman of the full Committee on Appropriations, the gentleman from Texas, for the able leadership he provided during our deliberations on the bill. As a result of that leadership, the bill before the house is a good one and I support it.

Mr. Chairman, as you have pointed out in your statement, the committee spent many hours of hard work scrutinizing this year's budget request. During the hearings which began on February 26, 1975, and extended through July 8, 1975, testimony by the various witnesses yielded approximately 8,000 pages of transcript. A total of 9 volumes of hearings consisting of some 6,500 pages have been printed and released. Above all, though, the fact that the subcommittee spent a total of 13 days in markup—the longest in its history—is truly indicative of the depth and scope of this year's review. The details and justification for these actions are laid out in our lengthy 365-page report.

Although we on the minority side are relatively new members of the subcommittee, we feel that, because of the way in which we approached the whole problem, we were able to learn a great deal in a very short time. We are truly impressed by the comprehensive and thorough manner in which the examination of the budget was conducted. We feel particularly grateful to the committee staff for the knowledge and assistance which they contributed to the entire process. We could not have done it without their help. And I want to record my personal appreciation to Charles Murphy on my staff for his untiring work on this bill.

In the past, the committee has spent a great deal of time going through a step-by-step review of the entire budget. While we did this again this year, we concentrated our efforts on some of the most controversial issues such as lightweight fighter programs, commissary operations, B–1 bomber, and the intelligence community budget. After carefully deliberating on these and other key issues, we recommended a total reduction of $7.6 billion for fiscal year 1976 and a series of nonmonetary changes that we consider to be completely consistent with maintaining those forces essential to our national security.

We know that the Department of Defense is adamantly opposed to most of the cuts we have recommended and will defend its budget request to the very end. This is a certainty, but this does not mean that our reductions would adversely affect essential military operations and programs. We are providing for some substantial increases in several key areas, including increases of $2.4 billion in operation and maintenance, $3.9 billion in procurement, and over $700 million in research and development as compared to last year's appropriations.

Mr. Chairman, I believe that we must maintain a strong national defense posture, but at the same time, I am convinced that it is possible to make carefully reasoned cuts aimed at eliminating waste, improving management procedures, and above all fostering greater competition in the development of new weapons systems. Mr. Chairman, I think this is a good bill and I support it.

OVERALL BUDGET REQUEST

The committee reveiwed a budget request for fiscal year 1976 totaling $97.9 billion, and because of a change in the starting date of the fiscal year from July 1 to October 1, beginning with fiscal year 1977—a change mandated by the Budget Control Act, the committee also considered a request of $23.2 billion covering the 3-month transition quarter from July 1, 1976, to September 30, 1976. This is certainly the largest single defense measure ever considered by the committee.

RECOMMENDATIONS

For fiscal year 1976 the committee is recommending new appropriations for the Department of Defense in the amount of $90.2 billion. Including the deletion of the $1.3 billion for military assistance to South Vietnam that was overtaken by events, but excluding transfers from other accounts and automatic pay raises of $1.8 to $2 billion that will be funded in a new supplemental bill early next year, the amount recommended is $7.6 billion less than the budget request. But it exceeds last year's appropriation by $6.8 billion. For the transition quarter the committee recommends appropriations of $21.7 billion. This is a reduction of $1.4 billion as compared to the request. The authorizing legislation mandated cuts of $3 billion for 1976 and $509 million for the transition quarter.

The $7.6 billion proposed reduction for fiscal year 1976 is distributed among the various accounts as follows: $320.2 millino, military personnel; $1.7 billion, operations and maintenance; $3.5 billion, military personnel; $1.7 billion, research, development, test, and evaluation. By far the largest individual cuts recommended are the $1.3 billion in military assistance for South Vietnam, $804.5 million for prior-year escalation in shipbuilding programs, and $788.2 million for the stock fund surcharge. The committee has also recommended a general reduction of $145.2 million in communications activities. The distribution of that reduction is to be made by the Department.

Although the Navy would take a proportionately larger cut, 9 percent, than either the Army, 5 percent, or the Air Force, 7 percent, for fiscal year 1976, this is due primarily to the $1.7 billion cut in shipbuilding programs, the bulk of which would cover cost growth and escalation. The committee learned that most of these funds would not be obligated until fiscal year 1977 or later. Of the $6.8 billion total increase provided, some small portion would represent real program growth, particularly in the procurement account, but the vast majority would be absorbed by inflation.

Probably the single most controversial issue taken up by the committee this year was the question of whether or not to publish in some fashion budget totals for to publish the budget figure for the Central Intelligence Agency—CIA—were considered by both the subcommittee and the intelligence community. Amendments the full committee, and in both instances, there was overwhelming opposition to the disclosure of these figures. There is no doubt in my mind that publication of the CIA budget would seriously jeopardize our intelligence effort. For that reason alone, I am opposed one hundred percent to any further moves in that direction.

MILITARY PERSONNEL

The committee recommends a total of $24.8 billion for military personnel costs in fiscal year 1976. This is $320.2 million less than the budget estimate of $25.1 billion and is below last year's appropriation by $181.6 million. For the transition quarter, the committee recommends new appropriations totaling $6.3 billion, a reduction of $124.2 million from the budget request of $6.5 billion.

Despite the fact that the Army will be moving to 16 divisions in the current fiscal year, the proposed funding reflects a reduction in constant dollars, primarily because of overall reduced strength levels and cuts in proficiency and bonus payments. I am pleased to inform you, though, that the relative cost of military manpower has stabilized at about 55 percent of the total budget. As you all remember, there was a time when manpower costs were taking a larger and larger share of the budget, leaving less and less for weapons acquisition.

HEADQUARTERS REVIEW

Last year the committee made an extensive review of the U.S. military command structure in the U.S. Pacific Command. As a result, a number of specific recommendations were made in that regard. Because the Department's own Headquarters Review is still in progress and given the political and military instability throughout the Pacific region, the Committee is making no specific changes in the organization or manning of the major headquarters there. I was among a group from the Defense Subcommittee that visited our Pacific headquarters in August, and I would like to say that I came away with a firm conviction that we must maintain a close relationship and a strong presence in the Pacific, especially in Taiwan and South Korea.

PERSONNEL STRENGTHS

The funding recommended would provide 2.1 million military man-years during fiscal year 1976—a reduction of 8,124 man-years. The recommended man-years would be distributed by component as follows: Army, 782,358; Navy, 529,047; Marine Corps, 194,606; and Air Force, 603,689. If converted to end-year strength, this total reduction would be 13,780. This compares with a reduction of 9,000 mandated by the authorizing legislation.

MAJOR PROPOSED REDUCTIONS

The committee is recommending the following major reductions in military personnel programs.

First. Recruiting force. A 15-percent reduction in the recruiting program, exclusive of advertising costs, totaling $52.2 million in fiscal year 1976. A transition quarter reduction of one-fourth these amounts would also be applied to the request.

Second. Advertising. A reduction of about 35 percent in the advertising budget totaling $37 million for fiscal year 1976.

Third. Reimbursement for training foreign pilots. A reduction of $75 million for fiscal year 1976 and one-fourth that amount for the transition period.

Fourth. Enlisted separation pay. Addition to a general provision (section 749) to alleviate the practice of making recurring payments for terminal leave and a reduction of $46 million in fiscal year 1976.

Fifth. Permanent change of station—PCS—travel. A number of changes in management procedures, a total fiscal year 1976 reduction of $65 million, and a reduction of $34 million in the transition quarter.

RESERVE COMPONENTS

I am very pleased to note that the Defense Department is continuing to make progress in integrating the National Guard and Reserve components into total force planning. We have therefore recommended funding for manning the selected Reserve at the fully authorized strength of 905,800. The committee added $31 million for the 15-month budget period to fund strength levels in the Army and Navy Reserve in excess of that requested by the administration.

Restoration of the proposed strength reductions should not lead to the inference that the committee requires that all units scheduled to phase out of the force be retained. Only in the case of the nine Navy Reserve construction battalions—Sea Bee's—proposed for elimination from the Selected Reserve does the committee take specific exception to the DOD budget proposal. The Sea Bee units are to remain in the paid drill structure. The committee has no objection to the phaseout of some other Navy and Army Reserve units which have low deployment priorities or noncombat-related missions.

RETIRED MILITARY PERSONNEL

The committee recommends that the requests of $6.9 billion for retired military pay in fiscal year 1976 and $1.8 billion for the transition quarter be funded in full. No funds, however, are recommended for the recomputation of retired pay—a controversial and costly problem currently under review by the Armed Services Committee.

The number of military retirees continues a steady increase, rising from 983,788 in 1974 to an estimated 1,107,072 in 1976. This trend, of course, is leading to a very substantial increase in annual retirement costs. The recommended appropriation for the current fiscal year exceeds last year's cost by about $634 million, exclusive of cost-of-living increases which will raise the cost increase in 1976 to $1 billion. An annual increase of $1 billion should be a matter of future concern.

OPERATIONS AND MAINTENANCE

For fiscal year 1976 the committee is recommending new appropriations in the amount of $28.3 billion for operation and maintenance purposes. This represents a reduction of $1.7 billion from the request of $29.9 billion but increases as compared to last year's appropriation by $2.4 billion, excluding pay cost increases. The budget estimate for the transition quarter totals $7.6 billion. The committee recommends approval of $7.2 billion for the 3-month period, a cut of $400 million.

While a substantial portion of the budgeted increase relates to inflation, there is a small allowance for real program growth in areas that will contribute to material and personnel readiness.

Some of the activities supported by recommended funding levels are as follows: First, an active inventory of 24,309 aircraft with fuel and related costs for approximately 7.1 million flying hours; second, 553 ships in active inventory with allowances for about 1.3 million programed steaming hours; third, 182 service hospitals with an expected daily patient load of about 19,500; fourth, operation of 37 major service supply depots; fifth, 471 active major military installations; and sixth, the direct hire on the average of about 646,260 civilian employees.

CIVILIAN PERSONNEL

The Department of Defense requested funds to employ a total of 1.1 million civilians in fiscal year 1976. The authorizing legislation mandated a total reduction of 23,537 below the requested level. The committee is allocating funds in accordance with the manning levels approved by the authorizing legislation. We feel that the 2 to 1 ratio of military to civilian personnel is too low and is something that needs further scrutiny, particularly in view of continuing reductions in active strengths.

MAJOR ACTIONS

The committee took the following major actions with respect to operation and maintenance activities:

First. Stock fund surcharge.—A sum totaling $788.2 million in direct appropriations was requested to place an additional surcharge of 15 percent on all items sold from the stock fund. In this way large amounts of cash would be generated to the stock funds. There is a question as to whether or not this procedure is proper. In the absence of a more adequate justification, the committee recommends the deletion of the $788.2 million to be obtained by indirect charges to the regular operation and main request.

Second. Commissary store operations. The committee concluded that commissary stores should be fully supported with appropriated funds as in the past. Accordingly, the committee has added the $109.2 million required for full support in fiscal year 1976 and the $35.1 needed for full support in the transition quarter. Mr. Chairman, to be quite frank, I would prefer to see this money used to strengthen the armed forces, but in view of the tremendous pressure against the Department's plan to make the commissaires fully self-sufficient, and the special needs of military retirees, I feel compelled to support the committee position on this issue.

Third. Medical programs. A reduction of $52.6 million in fiscal year 1976 and $12.4 million for the transition quarter.

Fourth. Uniformed Services University of the Health Sciences. In addition to the $10 million requested in this bill for the proposed medical university, the authorizing legislation contains $64.9 million to initiate major construction work at this facility. Our committee has recommended some minor reductions in this program because of a delay in the starting date of the first class from January to September 1976.

As some of you know, I offered an amendment to the military construction authorization bill to delete the $64.9 million in construction funds for the university. That amendment was defeated by a vote of 221 to 190. While I remain opposed to the program—mainly because we can graduate a doctor under the scholarship program for only $43,000 as compared to $200,000 per university graduate, it makes no sense to me to delete the funds in this bill so long as the much larger military construction program remains intact. However, at the appropriate time I would assume an amendment will be offered to the military construction appropriation bill to strike these funds. If that amendment is adopted, then we will have to make the necessary adjustments to this bill.

PROCUREMENT

The fiscal year 1976 procurement budget estimate totals $24.5 billion. The committee recommends a total of $21 billion in new appropriations. This represents a reduction of $3.5 billion, of which $2.2 billion was mandated by the authorizing legislation, but a $3.9 billion increase over last year's appropriation.

The committee also considered a procurement request of $4.6 billion for the transition quarter. It recommends appropriations in the amount of $4 billion for the 3-month period, a reduction of $533.2 million as compared to the request. The authorizing committees considered a request for $3.2 billion for this transition quarter, approving $2.9 billion, which is a cut of $299.7 million. In addition, the committee recommends that $108.8 million in prior year funds be transferred to fiscal year 1976 accounts.

When I began my statement, I indicated that there was some real program growth provided for in this bill. Well, this is where most of it is, right here in the procurement account. While the bulk of the $3.9 billion increase in funding—by far the largest this year—would be absorbed by inflation, I guarantee you that we have allowed for some real increase to support the expanding procurement of such things as tanks, advanced fighter and attack aircraft, the Trident missile, ships, aircraft modifications, and spare parts.

In order to give all of you some feeling for the sheer magnitude of the proposed procurement program, I will briefly inventory the major items provided for in this account. There is no doubt in my mind that the below listed items would adequately provide for the modernization of our deployed forces.

The recommendations of the committee would fund the following items for the three services during the 15-month period: Tooling and facilities for increasing monthly tank production from the current level of 65 to 103 a month by 1977; $787.6 million for Army ammunition including $244 million for plant modernization and expansion: equipment for three new Army divisions; $5.7 billion for tactical and support vehicles, communications and electronic gear, munitions, and other support equipment; 1,064 new M60A1 tanks; 636 improved M48A5 tanks; 1,175 M113A1 armored personnel carriers; 60 AH-1S attack helicopters; 12 CH-47C cargo helicopters; 660 Hawk surface-to-air missiles and launchers; 61,369 antitank missiles; 50 Minuteman III ballistic missiles; 11,328 other missiles of varying types; 570 aircraft, including 91 A-10 attack aircraft, 135 F/TF-15 fighters, 2 E-3A AWACS, 45 F-14A fighters, and 41 S-3A ASW aircraft; $4.4 billion for shipbuilding and conversion that would fund 19 new major combat vessels, including the fourth Trident boat, 2 SSN-688 class attack submarines, and 9 patrol frigates.

In the major weapons categories of tracked combat vehicles, aircraft, missiles, and ships—the muscle of the armed forces so to speak—the vast majority of the cuts were mandated by the authorizing legislation. Only in the case of the E-3A AWACS and the PHM patrol hydrofoil missile boat programs did the committee recommend major deletions that are over-and-above the cuts approved by the Armed Services Committee. The committee deleted the two PHM's requested in fiscal year 1976 and approved funds for only two more AWACS instead of the six authorized. The committee would like to limit the AWACS buy to 11 aircraft instead of the planned 34 aircraft buy since it is assumed that NATO will buy a substantial number of AWACS.

Other cuts made by the committee that were not mandated by the authorizing legislation included deletion of funds for production facilities for the 155 millimeter binary chemical artillery projectile and initial procurement of nonnuclear warheads for the Lance surface-to-surface missile. While these reductions are small in relative terms—$8.8 million for the binary chemical munitions and $1 million for 63 nonnuclear Lance warheads—these actions have considerable significance from a purely military point of view.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The committee recommends an appropriation of $9.3 billion for research, development, test and evaluation—R.D.T. & E.—activities in fiscal year 1976. This is a reduction of $894.7 million as compared to the budget request but represents an increase of $707.6 million as compared to last year's appropriation. Of the total cut proposed, $508.1 million was mandated by the authorizing legislation. The committee recommends an additional appropriation of $2.3 billion for these purposes in the transition quarter. This sum is $357.8 million below the request of $2.7 billion. The authorizing committees agreed to a total reduction of $209.3 million for the 3-month period.

While a substantial portion of the increase recommended for the R.D.T. & E. effort is required to cover inflation, there is some constant dollar growth allowed. This increase would be associated with ongoing development work on a number of major strategic weapons systems such as the Trident missile, $686.9 million; the Navy cruise missile, $93.8 million; the B-1 bomber, $642 million; and advanced ICBM technology, $38 million. The committee believes that these programs will assure the continued effectiveness of our deterrent force for many years to come. Increased funding in fiscal year 1976 would also support continued stress on selected conventional systems in development such as the utility tactical transport system helicopter, $92 million: SAM-D missile, $130 million; short range air defense—Rolland II—$40 million; XM-1 tank, $44 million; the air combat fighters, F-16 and F-18, $331 million; and the advanced medium STOL transport aircraft, $85 million.

With respect to the above-mentioned ongoing R. & D. programs, this effort is designed to produce advanced technologies that would be required to meet the projected threats for the mid-1980's and 1990's. In my view the level of effort provided for in this bill would be adequate to satisfy that objective. Moreover, it is a well-balanced program as between nuclear and general purpose forces but reflects continued emphasis on basic research and exploratory development work as well.

The committee has recommended that several R.D.T. & E.-related programs be terminated. These include the following: Heavy lift helicopter program, the Safeguard ABM site at Grand Forks, N. Dak., close-in weapon system—Phalanx—Air Force air launched cruise missile program, and the maneuvering reentry vehicle for the Trident missile.

There is one program in this year's R.D.T. & E. budget of special interest to me, and this is the XM-1 tank.

XM-1 TANK PROGRAM

For fiscal year 1976 and the transition quarter, the committee has recommended reductions totaling $41 million in the XM-1 tank program budget. This reduction should in no way convey the impression that the committee is dissatisfied with any aspect of the program.

Both Mr. ROBINSON and I have personally seen and ridden in one of the XM-1 prototypes, and over the past 9 months we have tried to become as familiar as possible with the program. From a cost, management and technological point of view, this is an outstanding program in our opinion, and the Army deserves to be commended for it. I want to make it perfactly clear right now that the sole purpose of our cut was to save money which is not needed while the competition that will take place between the winner of our prototype competition and Germany's Leopard II—austere version—tank in late 1976 is being completed. I believe this will allow us to get the best tank possible with maximum commonality in major tank components.

Above all, though, we do not want to get into a long, drawn out evaluation of the Leopard II. A quick, side-by-side competition between the XM-1 and Leopard II should be completed by March 1977, delaying our program by no more than eight months. But this delay is what allows us to cut the budget on this item. If the Germans fail to deliver their prototype by the agreed upon date of September 1976, the Army would be permitted to award the engineering development contract to the winning U.S. contractor in October 1976.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I will be glad to yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman yielding and I rise merely to say that I totally agree with the gentleman. Do you not agree, that while there may be "guesstimates" by foreign capitals about how much we do spend on intelligence, the overriding reason why this budget figure should remain confidential and not verified by the U.S. Congress is that if there was a change in the intelligence budget predicated on some emergency, if an expenditure were to rise or fall over a short period of time, this would telegraph, it would signal, it would flag to those adversaries what we were doing in the gathering of intelligence. Does the gentleman from Alabama not agree that this is one of the main reasons why it should not be published by the Congress?

Mr. EDWARDS of Alabama. I certainly do agree with the gentleman from New York. Anything we do to telegraph our operations to the other side is sheer folly. Yet I believe through the very bill we bring to the floor today and the 360-odd pages in the committee report we have laid out, for the world to see, what we are doing. But surely we do not enjoy the pleasure or privilege of knowing what the other side is doing. The main way we know what they are doing is through trying to keep track of them through our intelligence effort. By the same token the intelligence communities of our potential adversaries are free to operate in such a way that no one knows what they are doing.

I think this committee has taken great pains to try to ride herd on the intelligence community, to know what they are doing, and to try to keep the whole intelligence effort in the proper perspective, so that we do not lay out for those potential adversaries everything we are doing. That would greatly simplify their intelligence effort, and in this way jeopardize our national security.

Mr. Chairman, this is a brief rundown of the bill. I am sure there will be many questions as the debate proceeds. Again, I want to commend the members of the committee. Particularly, I would like to commend the members on the minority side. We all kind of started out together this year, and we struggled along, and I think we have learned a lot during this one year.

In that regard, we are appreciative of the members of the majority, who have been very patient with us as we have tried to go through this process.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I am happy to yield to the distinguished chairman of the committee.

Mr. MAHON. Mr. Chairman, I was just looking over some figures showing the total number of aircraft provided in the bill, the total number being over 700, I believe, of all types, or a little less than that. Also, this shows the number of tanks we have financed in the bill, the number of new ships financed in the bill, and I would like to read this statement at this point:

There are 94 aircraft and 910 battle tanks for the Army; 328 aircraft for the Navy and Marine Corps; 20 new ships for the Navy; 154 battle tanks and 280 aircraft for the Air Force.

While much of the money goes for the maintenance and operation and for the pay of personnel, we are producing military hardware. Military hardware is getting more and more expensive and more and more difficult to finance. I am sure that the gentleman from Alabama will recall the discussions which we have had with defense people to date, that of the major effort being made to find ways and means of providing adequate hardware for less money.

Mr. EDWARDS of Alabama. I certainly do remember our many discussions, and I think we have embarked on a wise program in this bill.

Mr. MAHON. Mr. Chairman, I would like to say that the gentleman from Alabama has been a tower of strength in the hearings this year, and all members of the committee have been faithful in working on this very difficult bill. While we may have made mistakes, there was no partisanship involved. There was a desire to maintain adequate military strength, and I would like to commend all the members of our committee and of our staff, as the gentleman from Alabama has, for the contributions which have been made for the preparation and presentation of this bill.

Mr. EDWARDS of Alabama. Concerning the chairman's comments on the hardware, I think it is worthy of note that for a period of several years there has been considerable concern that the cost of manpower in the Defense Establishment was rising at such a rate that eventually we would have all manpower and no hardware. I am happy to say that we appear to have stabilized that increase, and manpower represents about 55 percent of this bill. Hopefully, it will remain there, and we can get on with the business of improving our hardware situation.

Mr. MAHON. One thing that has not been discussed, I believe, is this: Inflation has taken its toll on our economy. The military services use vast quantities of petroleum, and prices have skyrocketed. That is one of the major reasons for the large sums in operation and maintenance in this bill. Many of the increases over the amounts provided in the previous fiscal year are required because of economic inflation.

Mr. SIKES. Mr. Chairman, will the gentleman yield

Mr. EDWARDS of Alabama. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I would like to join in the commendations that have been expressed about the members and the staff of the committee. Particularly, I would like to call attention to the very able work of the chairman and ranking minority member. All members have worked hard, but I feel that a special word of appreciation is due to the four new members of the subcommittee, the gentleman from Florida (Mr. CHAPPELL), the gentleman from Missouri (Mr. BURLISON) on the Democratic side, and the gentleman from Virginia (Mr. ROBINSON), and the gentleman from New York (Mr. KEMP) on the Republican side.

I have never seen more dedicated, harder working men come to the Defense Subcommittee than these four new members.

Mr. EDWARDS of Alabama. I thank the gentleman.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, I wish to also rise and commend the gentleman in the well and the other minority members who sat through the long, tedious hours of the hearings.

Mr. Chairman, I remember as a new member of the committee—it seems like 100 years ago, but it has been only about 8 years ago—it was difficult to grasp the many programs. Having been on a recent trip with the gentleman in the well and other ranking minority members who had the dedication to go out and see what we were spending money for at the scene of the operation, the ships, submarines, and other military equipment and stations.

Mr. Chairman, I know that sitting in that closed hearing room without windows for 8 or 10 hours a day and being faced by a formidable array of brass, generals, colonels, majors, sometimes up to 50 to our own staff and several Members trying to comprehend the programs, trying to weed out that which was fat and that which was necessary, was a difficult task.

And so to the gentleman from Alabama (Mr. EDWARDS), and the other Members who sat through it, and especially our staff, I wish to commend them at this point.

Mr. Chairman, H.R. 9861, the defense appropriations bill, has been subjected to one of the most intensive scrutiny of any defense appropriations bill, and as a result, it shows one of the largest cuts in defense dollars in years.

I would like to commend the chairman of the committee, Mr. MAHON, for his patience and guidance during the many months of hearings that went into this bill and the hours and weeks spent during markup. A special debt of thanks must go to the staff of the committee who performed so well during the tedious months of research into individual programs that committee members probed into, pitting their expertise against the large array of Pentagon experts and specialists.

As my colleagues on the subcommittee will attest, my view throughout the proceedings has been that far more could be cut than actually was cut. I am convinced there should have been larger cuts than were imposed in a number of programs and I will support amendments to be offered relative to several of these programs.

Mr. Chairman, I would like to express once more my continued opposition to the policy of the Congress in letting the Pentagon hide away vast sums of money in innocuous-appearing accounts, but which are usually designed to give the Pentagon a means of circumventing the Congress by the reprograming method. It is a bad practice we have let the Pentagon budgeteers perpetuate. It costs the American taxpayer a fortune to maintain these accounts, and more than that, the continuation of these accounts further erodes the power of the Congress to limit military spending. There is over $50 billion in unexpended accounts and over $6 billion in unobligated accounts.

I am in full agreement with others within the committee, as a reading of our separate views will show, about the need to shed some light on the budget of our intelligence agencies. I find little justification for keeping CIA budget figures secret not only from the American public but from Members of Congress as well.

As to the operations of the intelligence agencies themselves, I believe the outstanding work being done by my colleagues from New York (Mr. Pike) and the members of the House Select Committee on Intelligence, mandates that the Congress take a hard look to the question of overhauling, streamlining and improving efficiency standards of intelligence agencies. Certainly, most of us here would accept the concept that in today's world we need intelligence. But what we also need are effective intelligence gathering services, free from involvement in domestic political strife and capable of rendering objective, error-free evaluations to heads of Government as well as the military, without duplication, with expertise and clear priorities.

As to specifics within the bill, I am personally distressed by the large amounts of money set aside in this bill for research and development of various weapons systems. It seems to me another example of manipulation of the Congress by the military, for if you will look at these R. & D. programs, you will see that many R. & D. programs begin but few ever end. Once begun, it takes an act of higher authority than the Congress to end them. Even those of us on the subcommittee who have lived with the bill for 9 months now cannot tell you fully the extent of R. & D. programs within the bill. It is my personal belief that some of these programs could probably trace their inception to colonial days.

In closing, we have not done badly, although I believe we should have done far better. Nevertheless, I think we have performed in a more responsible manner than we did in past years and I have great hopes that next year, we may be able to add to the list of reforms in this massive bill that we began this year.

Our problem remains as it has always been: Congressional oversight has been negligible when confronted with the vast array of military programs, their complexity, their importance and their secrecy. We have at last started to function less as a cheerleader group and more in our proper function as critical overviewers. I would hope that whatever limited success we have enjoyed this year does not go to our heads. The discoveries of this year should instead, have a sobering impact on us all.

Mr. EDWARDS of Alabama. I thank the gentleman for his comments.

Mr. MAHON. Mr. Chairman, I yield 15 minutes to the gentleman from Florida (Mr. Sikes).

Mr. SIKES. Mr. Chairman, the distinguished chairman and the distinguished ranking minority leader have made creditable, meritorious, and informative statements. There will be others. I want to discuss the effects of the cuts in this bill because they concern me very much.

The report that accompanies this bill is intended to make a good case for the cuts inflicted by the committee on the Department of Defense budget for fiscal 1975 and 1976T.

Mr. Chairman, I think we will have to say that this report is a crowd-pleaser. It tells of a need for a strong national defense. It tells how much we have in the way of new weapons, and it says that a strong national defense is a primary element for the maintenance of a free and independent people. All of this is true. But then the bill and the report proposes a $7.5 billion cut for fiscal 1976 and a cut of $1½ billion or so for fiscal 1976T.

In clear and simple language the bill provides just about enough money above the last budget to take care of increased costs. Both this year's bill and last year's bill were cut in many areas that may be unwise.

Mr. Chairman, let me quote from the report.

> Intelligence reports presented to the Committee indicate that the Soviet Union continues to increase its military forces in many important areas. Strategic forces and tactical forces are being increased in numbers and modernized. It is difficult to understand the reasons for the reported force increases, but actions must be taken by this country to counter possible threats. It is unfortunate, in view of the many needs of the people of both nations, that such high levels of defense expenditures are being continued, but unilateral disarmament is unacceptable. Conferences are underway which could lead to mutual arms reductions. Until successful agreements can be made, the United States has no reasonable alternative to maintaining large and ready military forces.

That ends the quotation.

This is a very clear statement on the rapidly increasing power of the Soviet forces and need to maintain an effective counterforce both in strategic and conventional forces by the United States.

Mr. Chairman, I do not think this bill provides adequately to meet the threat.

This bill contains about 27 percent of the total national budget. It has not been but a few years since the defense bill contained over 50 percent. Defense has now swapped positions with Health, Education, and Welfare as the biggest expender. They have just about exactly exchanged spending proportions.

The bill before us cuts military personnel and cuts civilian personnel. Primarily this is the result of the action of the authorizing committees, and we could not avoid that cut. We cannot fund more personnel than are budgeted, but the effect is the same. We lost capability which I think we need. It is paradoxical that having cut military and civilian strength and, in the process, having eliminated jobs which are useful and which people need, Congress creates make-work programs in other bills and we spend the taxpayers' money providing jobs which may or may not be useful, and providing unemployment compensation for the people we lay off in key areas such as defense. That is not a procedure that I find easy to understand.

Mr. Chairman, let me make it clear that there are cuts in this bill which are fully justified and which I support. My concern is that this bill does very little to improve the increasing imbalance between our forces and the Soviet Union forces in numbers of modern weapons. For a long, long time we happily persuaded ourselves that although we did not have numbers of weapons equivalent to those of the Iron Curtain countries, ours are better. Finally we gave up that illusion. We no longer cling to it. We know very well that the Soviets are building weapons that are first class in every respect. Some of them are better than ours; few, if any, are inferior to ours. They build weapons in much greater numbers.

Their tanks outnumber ours 4 to 1. We were not told this a little while ago. Theirs fire on the run; most of ours have to stop to aim. That is a weakness. We are building this capability into ours, but it is going to take time; it cannot be done overnight.

In the area of armored personnel carriers, which are very important in today's battle action, theirs are so advanced that our officials say simply and flatly that we cannot afford anything that good. And they have many, many more than we do.

They also have chemical capabilities which the Congress shuns. Some day we may find that to have been a serious omission, when it is too late to do anything about it.

Artillery has always been a strong point with the Russians. From the very early days they believed in massing their artillery pieces wheel to wheel in order to maintain a murderous, concentrated fire upon an opponent. They have the cannon to do it now, and we do not.

They have many more aircraft.

We know how good their ships are. They are equipped with more weapons systems than ours. This gives them a greater variety of firepower and provides a greater capability for each ship.

They have surpassed us in the number of nuclear submarines, and while they do not have a submarine as big as our Trident, which, of course, is not yet operational, they have an undersea-launched nuclear missile with as much range as we are building for the Trident missiles.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I want to congratulate the gentleman for his statement and for his leadership throughout the hearings that the subcommittee went through on programs such as the gentleman is talking about.

One area that the gentleman has touched on that I think should be brought to an even greater degree to the attention of the public and of this Committee is the fact that the Soviets have operationally tested over 60 of their maneuverable reentry vehicles. I think we made a mistake when we stopped that program.

It is just incredible to me that they have been allowed to test, as I say, their maneuverable reentry vehicles more than 60 times, and yet we have curtailed that program.

Mr. Chairman, does the gentleman not agree that is a very dangerous thing in terms of the technological needs of this country?

Mr. SIKES. Mr. Chairman, I certainly agree. The gentleman from New York (Mr. KEMP) has made a very useful contribution, and again I express my appreciation for his effective work on the subcommittee.

Mr. Chairman, the armed forces personnel of the Soviets are increasing each year, and ours are being cut back. I am not sure that anybody knows with certainty what the comparison is, but we hear constantly that they have twice as many men in uniform as we have.

I do not propose that we try to surpass the Russians or the Warsaw Pact countries in numbers of men or weapons. We cannot afford it. I know that, but I am concerned that Congress may be cutting too deeply year after year unnecessarily into funds for manpower and equipment that could spell the difference between survival and defeat on the plains of Northern Europe at some future date and possibly not too far away.

If that is not sufficient to give the Congress cause for alarm, then let me remind the Members that unless American weapons are available in the American inventory, they will not be available to help Israel if the Palestinians, with other dissatisfied Arab groups, are able to set off another war in the Middle East. If they do set off another war, it will be with newer and better equipment, in greater numbers, than we can make available from our limited stocks to keep Israel alive.

Further cuts in this bill will be proposed, and that also would be crowd-pleasing because it would open the doors for larger expenditures for social, educational, and welfare programs, even for make-work programs.

I support needed appropriations for whatever programs are required for America's progress and improvement. I maintain that the two, defense and domestic requirements, are not in conflict. We can afford an adequate defense as well as provide for the domestic programs that America needs.

If we do not provide an adequate defense we may—God forbid—find ourselves one day unable to protect the people of America, for whom so many benefits and so many opportunities are being provided year after year.

Mr. Chairman, now I am going to have to take a moment to discuss language in the report which is highly objectionable to me and which I did not see prior to its being printed and I question whether anyone, other than the staff and possibly the chairman, had seen.

This year's report is 356 pages long, the biggest one the committee has ever had printed.

Members of the subcommittee were invited to go to the chairman's office for a look at the proposed report just before it was printed. This was at the beginning of a weekend, and many of us had to be away. Most of us had speaking engagements in our districts. We had little or no opportunity or time for a full study of the report in the chairman's office. There were abbreviated versions which were available, but even the abbreviated version in itself is not one to be digested in the course of a few minutes.

These were available for distribution, and I took one to my district, but it does not contain the item which now concerns me.

I am discussing the pilot training program. There is a detailed discussion of the pilot training program which begins on page 51 and continues to page 54.

The committee staff, noting my great interest in this subject, gave me an opportunity to discuss that phase of the report before it was printed, and there is no fault that I find with the language. It recommends the study of various alternatives. Pilot training studies are already in progress in the Department of Defense on the subject, and this is proper. They propose that possible consolidations be studied.

However, I find that on page 71 of the report there is, in effect, a recommendation that undergraduate pilot training be consolidated.

This did not clear the committee. I have not found any member of the committee who saw the language and approved its inclusion in the report. It does not speak for me. I do not consider that it speaks for the committee, and I object to having recommendations as important as this made in the name of the committee, recommendations which the committee has not actually approved.

Had I been apprised of this language, I would have made an effort to have it stricken when the full Committee on Appropriations considered it. However, at that time I was engaged, during every free moment, in the preparation of the military construction bill for House consideration which will be before the House in a few days. I can assure the members here that the Subcommittee on Military Construction helped to prepare the details on that bill and the report.

Mr. Chairman, I must say I do not think this language is properly in the report.

Let me make it very clear, I have respect and appreciation and personal regard for the hard work of the able staff of this committee. I do not consider that this language reflects the committee's decision and I trust that its inclusion in this report was simply an oversight.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the distinguished chairman of the full committee the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Chairman, I would say to my friend and colleague, the gentleman from Florida (Mr. SIKES) the ranking majority member of the subcommittee, and a member who has been the ranking majority member for many years and who is highly qualified in the field of defense, that the gentleman is right, that this is not the decision of the committee that all undergraduate pilot training be consolidated. This was an area along with a number of others listed on page 71 for consideration of possible consolidation. The Department is still looking into some of these areas and has been for a period of many years. The Department is also looking into the consolidation in areas not listed by the committee. This is a standard procedure in the Department of Defense.

The committee is not prepared to make recommendations either one way or another on undergraduate pilot training at this time. After studies and recommendations are made, the committee will have the data necessary to evaluate the situation and determine what recommendations, if any, should be made.

I would make that statement in clarifications of the committee report. I do not believe there is any cause for serious alarm in regard to these matters. We all know that everey Member seeks to jealously guard the installations in his district wherever this seems to be reasonable and proper.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MAHON. I yield 1 additional minute to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Do I understand then that the distinguished chairman is saying that this language does not represent a recommendation by the committee for consolidating of all helicopter pilot training or other pilot training?

Mr. MAHON. I would say that the interpretation of the gentleman *from* Florida is the intent of the committee. I believe that I have stated the position of the committee fairly well.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia (Mr. ROBINSON).

Mr. ROBINSON. Mr. Chairman, I thank the gentleman for yielding.

At the outset I would like to say that I believe, as does the gentleman from Florida, who has just made a very strong statement, that we must maintain a strong national defense. But at the same time I am convinced that it is possible to make carefully reasoned cuts aimed at eliminating serious and improper management procedures and to foster greater contributions in the development of weapons systems which I think must be a greater and greater factor as we continue to fund our Department of Defense.

I think that, at the same time, we must also recognize the challenge as posed by the gentleman from Florida. I think it is perhaps best stated in the words of a recent Department of Defense memorandum which reads, in part, as follows:

> Even today, the Soviet Armed Forces are twice as great as the U.S. in terms of military manpower. The premise held by some that the Soviet edge in budget and manpower is offset by U.S. technological superiority may no longer apply across the broad range of military hardware. Examples from a range of Soviet developments indicate that the Soviet force can no longer be considered a quantitatively large, but technologically second rate, military power.

In accordance with that, as a factor of judgment, the committee has reacted to the budget which was sent down by the Department of Defense. The chairman of the full committee and the subcommittee and the ranking and minority Members have gone into this in great detail. I think it is unnecessary to explain it further in terms of the breakdown.

I would simply summarize briefly with regard to the major categories of the bill and make a few remarks concerning them.

The bill is broken down into four major categories: personnel, operation and maintenance, procurement, and research, development, training, and evaluation. In all four of these areas the committee saw fit to make some of the cuts that have been described.

Personnel took the smallest reduction tion—$320 million. In that regard it is interesting to note that most of that cut was in civilian strength. That was mandated by the authorizing legislation and amounts to $116 million. In military strength there is a slightly larger than authorized reduction, and we find a cut of $80 million in military budget. In terms of the total proportion of civilian to military, it remains about the same in that for each individual in the military we find one civilian employee on a rounded-out basis.

It is interesting to note, I think, that the cuts and additions on a percentage basis are not a great deal out of line with past years. Yes, this is the biggest budget ever, but the cuts and additions are in about the same proportion as usual when we look at the overall budget.

I would like to speak for a moment about some examples of where I think the committee has acted responsibly. I guess it is always easy to find examples of 20-20 hindsight and indeed some have been recited here today, but let me tell the Members of a few examples in this bill that represent responsible action on the part of this committee.

The first one has to do with an analysis of our foreign sales program. In the military assistance program regarding tanks, where the committee saw that we were turning over tanks to our foreign friends that had cost us a given figure and the money that we were collecting was based on the price that they received and not on its replacement cost. So there is report language to the effect that we want to collect from these foreign friends what a replacement costs and not not simply the amount that the tank cost which, of course, does not include the future inflation factor.

There is another action on the part of the committee as recited in the report that says this: Here we are developing a defensive capability with respect to the Air Force in terms of being able to defend our weapons and facilities. Here we are putting out good money for a great many new airplanes, and yet at the same time we are developing a missile system that will do the same thing on a ground-to-air basis or a ground-to-ground basis. Which way are we going? In the direction of increased air power or in the direction of increased sophisticated missiles? Or are we going in both directions?

We must find out and a study is going to be made to determine which way we need to go most strongly.

Several years ago there was adopted what is known as a design-to-cost concept in which it was said we are not going to be able to afford everything that we would like to have. We are going to have to decide what we can afford to pay for certain units of weaponry and then we are going to have to design to the point that we will pay so much and no more and stay within this concept. It was on this basis that the lightweight fighter concept was developed.

Well, we have almost lost track of this and again in this report we are pointing out to the Department of Defense that we believe in a design to cost concept; that we think we should do as they do in industry; that is, decide how much we can afford and then design within that framework, so that we are not going to continue to come up with these huge cost overruns. Again I think an example of responsibility on the part of the committee.

Finally, looking into an item that involves the training of pilots for foreign countries, we found a discrepancy in the amount that was being charged for the training of pilots between the Air Force and the Navy. The Air Force was not allocating all of the charges that they accrued in the cost of pilot training. They were charging only $81,000 for training a foreign pilot. The Navy was charging $200,000 more than that, or $282,000. We have directed that the Air Force has to start charging as much as it costs to train these pilots. In this first year of that directive, we are going to save $75 million as a consequence of that directive.

Now, I point this out leading up to what I think is another responsible committee action. That has to do with what is going to be the most, or at least one of the most, heavily debated areas here today, that of the intelligence community which, of course, is funded within this bill. I think that the committee has acted responsibly in what they have done in terms of cutting the bill respecting the budget for the intelligence community. I think that it has acted responsibly in terms of determining that we are not going to line item the amount of the budget for the CIA, because I personally fully support the committee's point that we cannot have intelligence without secrecy, because secrecy is imperative to the success of intelligence.

We have talked the most about the decreases that are in this budget. I would like to mention briefly three areas of the increases that are significant. The first of these is in the area of our retirement program.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ROBINSON. Mr. Chairman, in the area of retirement for the military, the costs continue to escalate alarmingly. The Congress should know that, because it is an inevitable cost in the future that we are going to have to deal with. The full cost of this is not reflected in the budget as we bring it to the floor, because it is going to grow with the cost-of-living increases to a level of about $1 billion this year. That is climbing very fast.

The comment has already been made about the increase over the budget recommendation with respect to commissaries, where the committee determined that it was desirable to fund the commissaries as they have been funded in the past and not reduce it substantially by the 50 percent that was suggested by the DOD. There was no way that the committee was going to cut back on the funding for commissaries. We have had some heavy lobbying with regard to other areas in this bill, but believe this Member, there was no heavier lobbying than that which went on when we were considering the funding for the commissaries. The point was made that 49 percent of the business commissaries do is done with our retired military personnel. Those people came into the service, and stayed in the service, with the understanding, with the promise, with the moral obligation on the part of the Department of Defense that they were going to continue to get these benefits on retirement. The committee has determined that they should continue to get them and so recommends to the House.

The third area of increases lies in that of reserves.

This committee believes very strongly that we must keep our reserves at top strength and top training levels, and with that in mind we have funded the reserves at a level higher than is recommended.

Finally, I would like again to refer to the fact that the committee has terminated a number of programs, which were mentioned by the gentleman from Alabama. Here again, I think this is an example of the responsible action on the part of the committee in that we have tried to cut out the programs that we could see were not going to develop potential down the road.

Some would like to cut more. They would like sharper cuts. I say to them that I think we have already cut sharply. There is some real growth in this budget, I think, as it comes to the committee, but based on what index of inflation one uses, one can either support or argue with the gentleman from Florida as to whether or not inflation is fully covered. But, I think that we can stand behind this budget as being a responsible one, and I recommended it for the committee's favorable consideration.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, I want to commend the gentleman for his diligence in his first year on this subcommittee. He has been a tremendous asset and a real strong right arm to me. I appreciate it.

Mr. ROBINSON. I thank my ranking minority member for his flattering comment and for his forebearance with me.

Mr. MAHON. Mr. Chairman, I yield 10 minutes to the distinguished senior member of the Committee on Appropriations, the gentleman from Georgia (Mr. FLYNT), who is likewise chairman of the Committee on Standards of Official Conduct of the House.

Mr. FLYNT. Mr. Chairman, this bill comes to us from the Committee on Appropriations as a result of approximately 8 months of hearings, markup, report writing, and perhaps one of the longest days in full committee of which this Member has any knowledge.

The amount contained in this bill which we bring to the committee today is approximately $90.2 billion. Mr. Chairman, this figure is a reduction of $7.6 billion from the amount requested in the President's budget. On the other hand, it is $6.7 billion greater than the appropriation for the Department of Defense for the fiscal year completed June 30, 1975.

Let me be fair with the committee and say that this figure of $90.2 billion does not represent the total amount which will be included in appropriations for the Department of Defense for the fiscal year 1976. Certainly, it will not include all the figure for the transition, which we refer to as 197T.

Already, Mr. Chairman, we know that in the area of personnel alone, there will have to be an early supplemental appropriation bill in the amount of somewhere between $1.8 billion and $2 billion, to cover the increased costs of pay mandated by the 5 percent pay increase to which military personnel as well as civilian employees of the United States are entitled.

Mr. Chairman, as has been pointed out and will undoubtedly be pointed out again, this bill which we bring to the committee is divided into four principal categories: First, military pay and allowances; second, operations and maintenance; third, procurement, and fourth, research and development, test and evalulation. In turn, each of these major categories is subdivided into the amounts made available for the Army, for the Navy, for the Air Force, for the Marine Corps, and for the defense agencies.

Mr. Chairman, our markup this year was the longest in the experience of this Member. Possibly, our markup period for this bill was the longest in the history of this subcommittee.

Certainly there was more interest generated, more major amendments offered, debated, discussed and voted on when the subcommittee carried this bill to the full Committee on Appropriations than at any time during the service of this Member on the Committee on Appropriations.

We bring this bill to the House, Mr. Chairman, not with any claim that it is perfect, but we bring this bill to the House with the statement that it is the best product of the 13 members of this subcommittee, ratified by the 55 members of the full committee. It also, Mr. Chairman, represents in great measure the effective and diligent efforts of the members of the staff of the Subcommittee on Defense Appropriations, which I consider one of the finest staffs it has ever been my privilege to work with.

MILITARY PERSONNEL STRENGTHS

Mr. Chairman, my remarks today will be primarily addressed to the question of the military personnel section in this bill. This bill today before us includes slightly more than $24,750,000,000 for military pay and allowances, the permanent change-of-station costs, other travel costs; in short, the money that goes to men and women who make up the armed services of the United States. This $24,750,000,000 will pay for approximately 2,100,000 active-duty man-years and maintain a ready reserve of approximately 904,000. The strength of both the active and reserve forces are essentially the same as those provided in fiscal year 1975.

Fortunately manpower costs now appear to have stabilized at about 57 percent of the Defense budget. This percentage figure, however, can vary from a low of 55 percent to a high of 60 percent, depending on what portion of the support costs, principally base operations, is added to the direct payroll cost and, therefore, the total devoted to manpower.

Keep in mind that when these figures are used we are talking about more than just the cost of military personnel. The 55 to 60 percent of the Defense budget going to manpower includes the pay of 1,100,000 direct and indirect hire civilian employees and the retired pay for some 1,050,000 persons who previously served in the armd forces.

The recommendations of the committee will mean a relatively small reduction of about 8,000 man-years in military personnel strengths and the reduction of about 23,500 civilian positions.

Mr. Chairman, let me make specific reference to those reductions in civilian positions. Many of the civilian positions were included in the budget as new positions, have never been filled, and are vacant at this time and are not in the true sense actual reductions.

Mr. Chairman, I will include two tables on military strengths to appear at this point:

FISCAL YEAR 1976 MILITARY STRENGTHS

	Budget request	Committee recommendation	Reduction
MAN-YEARS			
Army	784, 299	782, 358	1, 941
Navy	530, 781	529, 047	1, 734
Marine Corps	196, 076	194, 606	1, 470
Air Force	606, 668	603, 689	2, 979
Total	2, 117, 824	2, 109, 700	8, 124
END STRENGTH			
Army	785, 000	781, 170	3, 830
Navy	528, 651	525, 251	3, 400
Marine Corps	196, 303	195, 353	950
Air Force	590, 000	584, 400	5, 600
Total	2, 099, 954	2, 086, 174	13, 780

Mr. Chairman, the end-strength reduction of about 13,800 recommended by the committee compares with an authorization reduction of 9,000. The 13,800 end-strength reduction is only an estimate of the impact on June 30, 1976, of the dollar reductions made by the committee. The actual June 30, 1976, end-strength could vary from this estimate.

In any case, the authorization action will serve as a ceiling on end-strength and appropriations actions will determine the total man-years to be available within the funds which this bill will provide.

The committee reduced the $25 billion required for military personnel and requested by the budget, as shown in Title I, by approximately $320 million. This net reduction is made up of an increase of $8.6 million in the Reserve accounts to fund authorized strength increases in the Army and Navy Reserve and a total reduction of $328.8 million in the active accounts.

A major portion of the dollar reductions made by the committee to the personnel appropriations do not have any impact on military personnel strength. I will have more to say about some aspects of these reductions later. They include items such as the following:

First. Collections from foreign governments principally for training foreign pilots. This will save $32 million in military personnel and $56 million in operation and maintenance;

Second. Permanent change of station travel reductions will save about $65 million;

Third. Enlisted separation pay, approximately $46 million;

Fourth. Grade enhancement and promotion rates, $21 million

Fifth. Subsistence, $15 million;

Sixth. Quarters allowances, $8 million;

Seventh. Clothing allowances, $13 million; and

Eighth. Enlistment bonuses, $19 million.

That makes a total of $220 million.

Thus, at least $220 million of the $328 million reduction in the military personnel accounts does not impact strength levels in the least or thereby impact on the unemployment problem.

RECRUITING AND ADVERTISING

The amount requested for recruiting and advertising is about $600 million, $530 million of which was for the active forces, not including some $285 million in enlistment and reenlistment bonuses. This amount simply had to be cut back.

There was no excuse for increasing this request at a time when the services are rejecting thousands of young persons whom they would have been happy to enlist 2 years ago. We were told how 4 out of 5 non-high-school graduates make excellent soldiers. When this committee tried to establish quality standards 2 years ago, the services replied that they were unnecessary and that the 55 percent high school graduate requirement was too high.

Do the Members know that on the same basis the Army enlisted over 80 percent high school graduates in June, July, and August of this year, and they are complaining that they need additional recruiting funds to improve quality of enlistments?

Despite the plea for more recruiting funds to improve the "quality" of the personnel enlisted, the fact remains that the quality of current enlistments has never been better under a draft or a volunteer army.

I am also told that adverse statistics, AWOL, court martials, felonies, and so forth, have much improved over 3 and 4 years ago and have continued to improve in recent months. Although not quite as recent, statistics on court martials, desertions, and adverse discharges presented on pages 583 to 593 of part 3 of the hearing also shows considerable improvement.

The Department of Defense has been playing a game of "heads, I win, tails, you lose" with the Congress on this matter of recruiting.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. FLYNT) has expired.

Mr. MAHON. Mr. Chairman, I yield 5 additional minutes to the gentleman from Georgia (Mr. FLYNT).

Mr. FLYNT. Did any of you see this month's two-page color spread in a well known magazine? This magazine costs $1.50 a copy. Somehow, I doubt if very many prospective recruits are reading this publication. Other expensive full page and two-page spreads appear in other magazines which have little reader appeal to young men of recruit age.

You probably have seen billboards all over your district extolling you to join this or that military service. Somehow, the services have gotten the idea that if you see a slogan to join the Army 20 times this month and one to join the Navy only 15 times, you will join the Army much like you would plop down your quarter to buy one soft drink instead of another because you saw, read or heard more about one than the other this month.

I find it hard to relate this name recognition advertising to employment advertising or armed services recruiting practices.

The report includes much detail about the recruiting and advertising programs of the Department of Defense. I hope that you will take the time to read this portion. I am sure that this will give you a much better understanding of the committee's actions. I do want to emphasize, however, that our reductions of $52 million in recruiting and $37 million in advertising were prudently considered and I believe that they are proper and reasonable reductions.

The committee realizes that you cannot make large changes to the size and shape of the various recruiting commands each year. However, reductions and increases of 10 to 20 percent reflecting the current recruiting environment appears reasonable. Thus, a 15-percent reduction has been applied to the recruiting request. This will insure the viability of the most important element of the recruiting program—the person-to-person relationships between the recruiter and prospective candidates and the recruiters' relationship with local high schools will be retained.

REENLISTMENT BONUS

The committee did not make any further reductions in the $217.7 million requested for reenlistment bonuses in fiscal year 1976. The cost of this program has been substantially reduced as a result of recent legislation which has eliminated the regular reenlistment bonus and directed the funds toward personnel who serve in shortage or high-training-cost specialties. Reenlistment bonus programs have been properly utilized to retain high-training-cost skills, and these have proven to be very cost effective.

In other words, Mr. Chairman, experience has proven that the position taken by the Department of Defense in encouraging reenlistment bonuses rather than to lose the valuable skills of servicemen while in service has had a definite impact upon the Armed Forces.

EDUCATION AND TRAINING

Mr. Chairman, a detailed review of the full-time graduate education program for officers has been made by the committee during the past year. Based upon this review, a reduction of 10 percent in the number of officers attending college on a full-time basis in fiscal year 1976 has been recommended.

Also, in the area of training and education, the committee has recommended the consolidation of certain schools among the services such as the air traffic control schools and the chaplain schools, both types of schools being common to all services, and it is felt that these particular types of training can be consolidated among the uniformed services.

COUNSELOR POSITIONS

The committee first reviewed counselor positions in conjunction with the fiscal year 1974 request. While it is extremely difficult—in fact, we have found it impossible—to obtain any precise figures or numbers of these positions, at that time we estimated the Department of Defense as a whole employed as many as 15,000, some uniformed, some civilians, in these functions.

We feel that many of the functions performed by these counselors could be better performed by commanders at every echelon and at every level.

RESERVE FORCES

Mr. Chairman, since we have now gone to a highly paid rather small active force, we feel that it is necessary that this active force be complemented and supplemented by a strong, well-equipped, well-manned Ready Reserve.

We feel that the reserve components of the Armed Forces of the United States, should not be neglected.

Mr. Chairman, in the area of military pay and allowances for Reserve personnel in the Army and Navy Reserve, we have made some additions to the amount requested in the budget because we feel that the posture and the strength of the American armed services and, therefore, the security of this country, might suffer and suffer seriously if we did not make every effort which we can to provide badly needed additional sums for personnel in the reserve components of all of the uniformed services of this country.

PERMANENT CHANGE OF STATION TRAVEL

The committee reduced the $1.6 billion requested by $65 million based upon a number of changes in PCS policies and practices which the committee has instructed the Department of Defense to undertake.

The committee wants all personnel in the grades of E–5 through O–5 informed of their next duty location—not job assignment—before leaving for overseas or a short tour without dependents. Currently, personnel who go overseas for 12 or less months on an unaccompanied basis often move their families to interim locations. It has been estimated that the number of interim family moves would be reduced by 50 percent if the next duty station were known prior to making an overseas move.

The services have been instructed to stop the almost automatic conversion of overseas tour from unaccompanied to accompanied. Under the committee's guidelines, once an unaccompanied tour is selected and the family makes an interim move, the service member will no longer be permitted to "change his mind" and have his family join him overseas, except in cases of extreme hardship.

The report includes instructions to the Department of Defense to reduce the numbers of nonsponsored dependents who are being supported in various countries in the Far East. Current DOD policy provides nonsponsored dependents with all the benefits and entitlements of sponsored dependents, such as schools, medical care, commissary, PX's, recreational facilities, household furnishings, and so forth, and thus many personnel are selecting the short-tour option and taking their family overseas on a non-command-sponsored basis. DOD has been instructed to withhold these benefits, except emergency medical care, from nonsponsored dependents.

The committee has also added language to the bill—section 748—which will permit military families to take full advantage of moving yourself programs. The provision permits payments for moves in advance and establishes rates which may exceed the total direct cost to the serviceman, but which will be less than the cost to the Government which would be incurred if a commercial carrier were used to handle the move. Civilians already use such a commuted rate system.

CRESTED CAP AND REFORGER

Crested Cap and Reforger are two military exercises in which U.S. air and ground units are returned to Europe annually as part of a joint training exercise. These exercises are undertaken as a result of a tripartite agreement with the United Kingdom and Germany. The original agreement was the result of a U.S. decision to reduce air and ground forces deployed in Europe in 1966. The two exercises return to Europe once each year approximately the same size force that was withdrawn in 1966.

As a result of action taken by the Congress and the Department of Defense to reduce the number of support personnel in Europe and replace them with combat personnel, the United States has more than restored the original 1966 combat forces reduction.

Thus, the committee has recommended that fiscal year 1976 be the last year Reforger and Crested Cap exercises are conducted. The $35.9 million required for this year's exercise was left in the bill in order that the Departments of State and Defense will have adequate time to terminate the agreement. This situation is explained more fully on pages 100 to 103 of the report.

U.S. FORCES DEPLOYMENTS

The committee also reviewed the worldwide deployment of U.S. military forces. No significant changes have been recommended. The committee report discussed our force posture in the Pacific region with particular attention given to deployments in Korea and Japan. The principal recommendation for Korea is that the United States plan on reducing deployments there from 40,000 to around 20,000 by the end of fiscal year 1978. This recommendation is, of course, conditioned by the need to secure a political solution to the problem of instability on the Korean peninsula.

Mr. Chairman, this bill is by no means perfect. As a matter of fact, I am sure that if we had time, we could all have contributed something that might have added to it. However, for the most part, Mr. Chairman, I commend this bill to the Committee of the Whole, and I hope that the recommendations of the Committee on Appropriations will be substantially approved.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. Yes, I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I thank the gentleman for yielding.

I appreciate his comments pertaining to the reserve and the additional pay allowances which will go to the reserve.

I would like to point out to the gentleman—and he knows this—that with respect to the total combat units, the total force concept, 45 percent of these units come out of the Reserve forces.

Mr. Chairman, I certainly want to commend the gentleman for his efforts to make the reserve forces more attractive by giving them this additional incentive.

Mr. FLYNT. Mr. Chairman, I thank the gentleman from Mississippi (Mr. MONTGOMERY), who is an able member of the Committee on Armed Services.

I, of course, know of his great interest in the reserve components of our armed services, and I certainly agree with him.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. FLYNT) has expired.

Mr. MAHON. Mr. Chairman, I yield 1 additional minute to the gentleman from Georgia.

Mr. FLYNT. Mr. Chairman, I certainly concur with what the gentleman from Mississippi (Mr. MONTGOMERY) just said.

Everyone knows that we have now gone to an all-volunteer force in each of the uniformed services of the Armed Forces of the United States.

In order to make this all-volunteer force concept work, it is imperative more than ever that we have a well-equipped, well-manned, Active, and Ready Reserve force in the Navy, the Air Force, and the Army.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. Yes, I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I agree completely with the statement that the gentleman from Georgia (Mr. FLYNT) has made. I think it has been a fine statement on behalf of the committee.

My hope is that we and the other members of the Committee on Appropriations will support the bill that has come out of the Committee on Appropriations in its entirety and not support any crippling amendments to the bill.

Mr. FLYNT. Mr. Chairman, I thank the gentleman from California.

Mr. ROBINSON. Mr. Chairman, I yield 15 minutes to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, this is my first term, serving on the Committee on Appropriations and on the Subcommittee on Defense.

I want to express my gratitude to the chairman of the committee, the gentleman from Texas (Mr. MAHON), as well as to our ranking minority member, the gentleman from Alabama (Mr. EDWARDS), for their help, their patience and consideration.

I think our able chairman has treated all of the members, especially those of us, the three of us on the minority side, with great consideration and fairness. He certainly is, as much as humanly possible, the most bipartisan and fair chairman I could imagine. I join my friend and colleague, the gentleman from Virginia (Mr. ROBINSON) in expressing my gratitude for that consideration and leadership, and that of my friend Mr. EDWARDS.

I also want to express my thanks to the staff for their outstanding work and to give them my commendation for all the hard work they have done. Our subcommittee staff are deserving of the thanks of not only those of us in Congress but the Nation as well.

Mr. Chairman, I can think of no function of our Federal Government that has a higher priority than assuring the survival and freedom of this Nation.

Honest and sincere people can differ as to how much we should spend on defense and in which areas of priority, but few Americans want the Congress to allow our defense capability to be second to anyone in the world, for there is no alternative to being first other than that of being last. On this issue of defense there can be differences but there can be no partisanship. We are all Republicans and we are all Democrats because we are all Americans first. I think that this is the way the committee has functioned and again I want to express my pride in serving on his committee.

Ninety billion dollars plus, is a huge amount to be spending, but I think it should be put in perspective. I would like to spend a few minutes to discuss this with our colleagues. We live, as it is obvious to everyone, in a still very dangerous and predatory world, perhaps made even more dangerous by the fact that the rhetoric of détente and peace has perhaps lulled some into a false sense of security. Of course our ultimate security comes from our inner strength and faith, our love of freedom and love of peace. But our national and collective security comes from the perception that our adversaries have that we as a nation are both militarily strong and have the will to use that strength to preserve and promote the safety and security and the freedom of ourselves and our allies.

History very clearly records that the decline of either of these ingredients in a body politic does not bring peace, it fosters aggression.

In the 1930's those weaknesses led to the acquiescence by the West in the rearming and territorial aggrandizement of the Nazi and Fascist regimes and ultimately led to the horrors of World War II.

In restrospect, World War II did not start on December 7, 1941, it perhaps started in 1935 or 1936 when the Fascists invaded Ethiopia and when Nazi Germany rearmed and invaded the Rhineland, Austria, Sudetenland, Czechoslovakia, and eventualy Poland while the West in the name of peace stood by and millions and millions of people lost their freedom and millions more lost their lives. It was the spirit of Munich that led to war in the 1930's and will again if we allow it to prevail.

As Alexandr Solzhenitsyn has reminded us, and these are his words:

> The spirit of Munich has by no means retreated into the past: It was not merely a brief episode. I even venture to say that the spirit of Munich prevails in the 20th Century. The timid civilized world has found nothing with which to oppose the onslaught of a sudden revival of barefaced barbarity other than concessions and smiles. The spirit of Munich is a sickness of the will of successful people; it is the daily condition of those who gave given themselves up to the thirst after prosperity at any price, to material well-being as the chief goal of earthly existence. Such people—and there are many in

> today's world—elect passivity and retreat just so as their accustomed life might drag on a bit longer, just so as not to step over the threshold of hardship today.

The United States has always been unsurpassed in military strength and I believe it should always remain No. 1 for the sake of peace and freedom, the vast majority of the American people want their representatives to assure that position of prominence in the world.

We also must maintain the strength of our economy and that of course means assuring that the tax dollars of the people are expended in the most cost-effective way.

I am proud of the indepth work our committee and staff did on an item by item basis on the defense budget in reaching the sum of this $90 billion—having made cuts, as the chairman mentioned, of $7.5 billion it should be obvious that we went too far for some and of course perhaps not far enough for others.

There is no need for Congress to cut the Defense Department's appropriation. The committee has already done so. This year the Defense Subcommittee took a long look at the Defense Department's budget—the longest look in the history of the subcommittee. The more than $7½ billion that the subcommittee cut from the budget request indicates that the long, detailed look was also a hard look.

The subcommittee's long, hard, detailed look is where the line must be drawn. Further cuts will turn the subcommittee's good work into a jeopardy of the United States and its allies. The political hay of further cuts of the DOD budget must be resisted. It would be imprudent, at best, in the troubled and turbulent world of today not to provide funding adequate for a strong military.

Past Secretaries of Defense and Chairmen of the Joint Chiefs of Staff have pointed out over the years that the relative U.S. strategic power had peaked and is on the decline. All the while there is mounting evidence, evidence which at this point should be clear to all, that the Soviet Union is vigorously pressing forward with massive programs for near-term deployment involving every facet of offensive strategic power. As General Brown, Chairman of the Joint Chiefs of Staff, reports in the U.S. Military Posture for fiscal year 1976:

> Decisions already made in the Soviet Union and programs already in progress display massive momentum toward significant force increase and modernization. . . . Apparently unconcerned about the economic burden of such spending, the Soviet leadership . . . continue to maximize their strategic power.

To cut the defense appropriation irresponsibly on the basis of wistful hopes and optimistic statements is to ignore the time-tested Roman warning:

> Let him who desires peace be prepared for war.

The less this country is able to counter threats, the more the threats it will find it has to counter. The threats we will face will increase in proportion to our inability to deal with them. The decision to allow the Soviet Union parity by restricting our own efforts may backfire on our hopes.

This country, being a peace-loving democracy, chose a defensive, rather than offensive posture. The fatigue and morale problems of always being on the defensive, of being unable to take offensive initiatives, of always having to respond to the initiatives of the opponent, predicate responsible behavior toward our military. The importance of the defense appropriations is greater than the quantity and quality of the men and hardware it funds. It is an indication to the military whether the rest of the Nation shares its commitment. The atmosphere in which the defense appropriation is decided is as important as the level of appropriations. At this time, when the Washington Post can report—July 1, 1975—that the freshmen liberal Democrats in the House find the United States a greater threat to world peace than the Soviet Union, irresponsible statements in the Halls of Congress can undermine the morale of even the best equipped military.

Given the differences in commitments and priorities, the United States cannot compete quantitatively with the Soviet Union in military procurement. We can only compete by maintaining a qualitative counterbalance. This is why I would have preferred the appropriation for the surface effect ship not to have been cut. I do not believe it pays to save trivial sums at the expense of major technological and weapon system breakthroughs such as the Mark program to provide a capability for maneuverable entry vehicle at a time when the Soviets have already run more than 60 tests.

Overall, I believe the Defense Subcommittee has put in hard work and acted responsibly both toward the taxpayer and the Nation's defense. I believe the result of our effort is definitely worth the support of the Congress. I hope the Subcommittee on Health, Education, and Welfare examines that budget request as carefully as we examined the DOD budget request.

The military budget, like all Federal spending, reflects the impact of inflation and has to be put in perspective. Over the last 3 fiscal years a constant fiscal year 1973 inflation value defense dollar has been eroded by 37 percent. The fiscal year 1973 defense dollar is now worth 62 cents in real purchasing power, while in terms of inflated dollars, total obligational authority for defense is increased, but it has actually decreased in real purchasing power during that time period.

Defense spending in relation to total Federal budget, especially as it relates to Federal social spending, has decreased. The benefit payments for individuals in 1966 represented 16 percent and defense spending represented 47 percent. Ten years later this has changed so dramatically that benefit payments to individuals are around 45 to 46 percent of the Federal budget and the defense part of the Federal budget has decreased to 27 percent.

One can further examine the Federal expenditure in relation to the national economy. The defense outlay was 9 percent of the gross national product in 1949 and today it is 5.8 percent of the gross national product. This is the lowest percentage since prior to the Korean war and we certainly know all too well the consequences of that period of demobilization.

Finally, the defense spending ought to be examined with respect to the total expenditures of Federal, State, and local governments at all levels for government support of such programs as social welfare and general maintenance and so on, while it must be realized that only the Federal Government supports the national defense of this country.

In the fiscal year 1976 the defense budget will constitute only 15 percent of the total Government spending in the United States. That has shown a steadily declining percentage of total expenditures by government at all levels. Our Secretary of Defense testified before the committee that a continuation of the trend to downplay and downgrade our military capability vis-a-vis the Soviet Union, who I might add parenthetically, are outspending the United States by more than 20 percent, excluding of course, military pensions—a continuation of this trend would ultimately jeopardize the security and safety of the United States of America and our vital national interest around the world.

It has been mentioned today on this floor that military manpower in the last 8 years for the Soviets, increased from 3 million to 4 million men under arms—twice that of the United States. And technology, as the gentleman from Virginia (Mr. ROBINSON) mentioned earlier, the Soviets are no longer behind that of the United States and are approaching significant advancements.

It is obvious the United States is in an era of negotiation and I support those attempts, but there is also a competition that cannot be denied. And in this competition, there is no first and second, as I mentioned earlier: There is only first and last, and I promised my constituents that while I would seek prudent cuts, I meant for America to be first.

And as I said earlier, the American people expect their Representatives to maintain our superiority.

Let me deal for a few moments with the Central Intelligence Agency and related intelligence community portions of these defense appropriations.

The role of intelligence gathering cannot be underestimated—both in peace and in war. Its involvement areas extend beyond the military and defense related requirements of operations, though these remain of crucial importance. In addition to monitoring compliance with international agreements to which the United States is a party—such as Soviet compliance or violation of SALT I, the intelligence community must of necessity in our complex world be involved in natural resource estimates—especially as to petroleum policies and production, in defusing international terrorism, in food production, in international economics.

Only when our policymakers—in the Congress and in the administration—know as many of the real facts as humanly possible, can we then reduce the risks of error through misjudgment. Removing items from conjecture to fact is a central role of intelligence, and it provides the important foundations for making the right decisions as to both peace and war. Our policymakers must not be taken by surprise, and this requires a continuous flow of accurate information to the analysts upon whose expertise policymakers must rely. Informed judgment helps us to maneuver more effectively in negotiations. An awareness on the other side that we do have complete and accurate information helps "keep them honest."

There is no substitute for having thorough intelligence gathering agencies, and we must have the capability of verifying what we are told. There are certain things which we cannot "farm out" to the intelligence agencies of other countries—no matter how friendly, and we know from the record that one of the reasons we misjudged the likelihood of the Yom Kippur war in 1973 was that we relied too heavily on Israeli intelligence. We ought to learn a lesson from that experience—a lesson from which we would strengthen our own intelligence operations. It does no good to criticize the CIA for the Yom Kippur misjudgment—and then proceed to say that because they did make this mistake that they should be penalized for it by having their funds disclosed or cut—which further reduces their capabilities. That is not the only example of where the logic of certain congressional responses has been askew.

As we are all aware, the CIA has been under fire in recent months. It has been accused of over zealously involving itself in other nation's affairs, that is, Chile, criticized for knowing too little, that is, the Middle East and Cyprus, crticized for doing too much in domestic affairs. Some valid, some allegations still under investigation in the House and Senate.

I can only take on good faith that these criticisms have been intended to be constructive. I cannot, however, come to the conclusion that all of their consequences have been.

What has exactly happened and what have been the consequences?

First, the CIA issue has become embroiled in the heated emotion which too often portrays public debate in our time. This is unfortunate. For the life of me, I cannot see how it benefits the United States, our allies—especially in Europe and the Middle East, or our intelligence gathering community to have some of the things which have been disclosed made public.

Of what value are these disclosures when their consequences have been less effective intelligence gathering, embarrassment, sensationalism, and the erosion of morale within our own agencies?

Second, instead of the thoughtful reflection about what strengthening reforms might be needed to improve our intelligence gathering operations—to better preserve a fragile peace in an unstable world—changes in policy and procedure have been proposed which would render them less effective and less immune from the corrosive, day-to-day political pressures which are not needed in these agencies.

In an agency that needs a superbly high quality of professionalism, why subject their operations—and their judgments—to blatantly political considerations?

In an agency comprised of competent, skillful, scrupulous, and dedicated agents and employees, why concentrate the public's focus on a few former employees—spurred by emotions and personal motives we would be better to analyze, understand, and suggest be considered—who are revealing "inside" information—real and some probably imagined?

Third, much of the debate has gone on almost entirely out of the context of why we need intelligence agencies and what their proper, constitutionally acceptable roles are. The treatment of CIA and related agency—intelligence community—authorizations and appropriations is on solid constitutional grounds, meeting the two tests of, first, being an integral part of appropriations made by law, and, second, being reflected in the Treasury's statement and account of receipts and expenditures. Why then, after 186 years under the Constitution, bring this into question?

Fourth, much of the debate has proceeded at a time when a major offensive by the intelligence apparatuses of the Soviets, Communist Chinese, and their alined countries is believed—perhaps known—to be underway—in Portugal, in many of the Arab States, in India, in Angola, to name but a few examples. Why, considering the Agency is nearly 20 years old did these attacks have to coincide—thereby weakening our response capabilities—with an offensive by the other side—thereby strengthening theirs?

As a member of the subcommittee, I have reviewed personally a large number of cases where cooperation with the CIA has been stymied by what is going on in this country. Important sources have begun drying up because of fear for safety of a person or family and of fear that a career in government, politics, business, or education might be jeopardized through disclosures or leaks. A precondition for disclosure is typically an assurance of protection of identity, and this is just as true for Americans traveling overseas as it is for foreign sources. Anonymity is a condition of cooperation in every area of the globe, and I am afraid that is being severely threatened.

Lastly—but very much an outgrowth of the preceding points—we must never forget just how fragile peace really is. There are very few times when peace is a global phenomenon, and just because we—the United States and its Members of Congress and the people for whom they act—want peace, does not mean it will just automatically come about.

This is no less true in international affairs and the role of intelligence gathering in foreign and defense policies. We have heard in recent days about how our intelligence operation did not sufficiently forecast the Cyprus crisis or the Yom Kippur war—and that may or may not be true—but for every time a mistake in intelligence gathering or analysis is made, there are many times when conflicts were diffused because information was gathered in a timely fashion, correctly analyzed, and action taken. We do not hear of those instances—because, first, the conflicts were avoided, and, second, to reveal this may jeopardize use of the same network for a future mission or another diffusion of possible tensions. This is analogous to trying to do statistics on deterrence of crime—no one really knows the effects of deterrences, because if effective, the crimes did not occur and no one is about to volunteer information that they would have committed a crime but for the deterrence.

To the degree we hamstring our intelligence community, we may very well be hamstringing the chances of preserving the peace. I cannot believe this is what the House and the people we represent want done. As I said earlier today I will oppose publishing the budget of the Central Intelligence Agency. That would be a real mistake and do nothing for our real and genuine need to bring greater accountability to intelligence operations.

Other Members can or may be informed of these budget figures on a classified basis.

Never was a more thorough study done than the investigations of the Subcommittee on Defense of the House in preparing the bill before us. We interrogated and cross examined for days those who testified on the intelligence agencies, including the Director of Central Intelligence, the Assistant Secretary of Defense for Intelligence, the Director of the National Security Agency, the Director of the Defense Intelligence Agency, and a host of support personnel. I can personally say to the House there is a need for these funds. A very detailed written understanding between the subcommittee and the Agencies exists as to the use of these funds—one to which the Directors, especially the Director of Central Intelligence, are held accountable.

Back during the days of the Continental Congress at the birth of our Nation, that Congress appointed a committee of secret correspondence, made up of its own Members—since there was not yet an executive branch of Government—to oversee intelligence operations. The Congress took great care to have only that committee—and not the entire Congress—privy to what was being carried out. This was not because of some suspicion that the Members as a whole would improperly handle such information, but was rather because they prudently decided not to run that risk.

It is in that very same vein that the Congress has consciously designated the Subcommittees on Defense and the Oversight Subcommittees of the Armed Services Committees to know these things in modern context and world community and to exercise their best judgment. Their reasoning was solid then, and I believe it is solid now.

The proposed amendment to publish the budget figures was rejected in the subcommittee, and it was rejected in the full committee. I trust that it will be rejected here today by the full House, so that our intelligence operations are not compromised and so that we can move forward to greater accountability.

Mr. Chairman, I would be glad to yield to my distinguished friend and ranking minority member, the gentleman from Alabama (Mr. Edwards).

Mr. EDWARDS of Alabama. Mr. Chairman, I thank the gentleman for yielding.

I want to congratulate the gentleman for his tremendous work in the committee this year. The gentleman from New York (Mr. Kemp) as well as the gentleman from Florida (Mr. Sikes) who preceded him have raised some worthwhile thoughts on the question of the level of the defense budget, whether we have cut too deeply, and this sort of thing.

I guess we would all agree on the committee that we could find places to spend $150 billion or whatever. The problem is that we are not going to get a $150 billion bill through the Congress. I think in the scheme of things that this committee has done the very best that it could to try to cut where necessary and to trim fat where it was possible, realizing that if we had all the money that we would like to have we could have done a better job of providing more hardware and whatnot; but we live in a real world, and we have to try to face those facts.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. KEMP. Mr. Chairman, I am sure that the gentleman would agree with me that while we probably had to cut when we preferred not to cut, that every cut that was made was debated at great length in the committee and agonized over, and we come to the floor with a bill that we feel is the best we could do under the circumstances.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I want to thank the gentleman for some of the very profound remarks he has made about the overall issue of national security which confronts the country. It behooves us in the country and the Congress to take note of our responsibility to preserve our way of life.

Mr. KEMP. Mr. Chairman, I appreciate both the remarks of the distinguished chairman and that of my friend, the ranking minority member, the gentleman from Alabama (Mr. Edwards).

I just want to reiterate that I am very proud to serve on the committee. I know that the distinguished chairman, as does the gentleman from Alabama (Mr. Edwards), takes his responsibilities to make cuts in a very prudent and judicious way. I am proud of the work the committee has done, I support it and I am very pleased to be able to stand up and say that I think we have served and have performed our constitutional responsibilities to the best of our abilities.

Mr. MAHON. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Lloyd).

Mr. LLOYD of California. Mr. Chairman, I want the Members to know that I am indeed very pleased to be here today, and I would like to commend the chairman and certainly all the members of this committee on a very fine bill.

I am particularly pleased with the aviation end of it, and I would like to reflect on that for a moment, if I might. I remember many years ago flying some of the Navy's aircraft which this Congress provided, which were not of the caliber and capability that are now being considered for the people who will be flying off the carriers and elsewhere. I remember particularly, in the early days of jet aviation or when I started flying jets in 1949, some of the really questionable items which were provided.

There were aircraft, for instance, such as the F–6U, which in basic engine needed about 15,000 feet of runway to get airborne, much less off a carrier, and we always had to depend on afterburner.

I remember very clearly the F–7U Cutlass, which we more fondly referred to as the "gutless." I lost some friends in those aircraft.

I was a Navy test pilot at Alameda, and in my 21 years in flying aircraft I remember being very critical of the aircraft I was delivering to people who would be flying them from the carriers in the fleet. I particularly remember delivering some of the first F9F2's to the fleet, which at that time would be seeing service within 30 days in Korea. I test flew those planes, and I can tell the Members without any reservation that I was very conscious of my responsibility to my fellow aviators and shipmates with regard to the product that I was delivering to them as a weapons system with which to fight and do the job to which they were assigned.

I think that it is really a tremendous opportunity for someone who has had that type of experience to be standing now in the halls of Congress once again to review the procedures of selection of aircraft and weapons systems for my shipmates, who perhaps I even helped to train back in the early sixties when I was a senior flight instructor at the end of the jet pipeline.

I think it is a good bill, and I think the committee has properly decided to include all of the equipment and items described therein. What the committee brought to this floor deserves the favorable consideration of every Member of this House, and I say this without any reservation. In all fairness, in view of the fact that I personally have operated off of 14 carriers and frankly could not tell the Members the number of aircraft I have flown as a military pilot, we need the aviation system provided the Navy in this bill.

Mr. Chairman, I think that the weapons systems that are provided for in this bill are the right systems at the right time to meet the defense needs of the United States, and I heartily endorse what has been presented to this Congress. Now, let me speak briefly to a specific program. Since the Navy's announcement of their selection of the F–18, a number of self-proclaimed "experts" have come forth with criticism and arguments—largely unfounded and ill-perceived—against this decision.

First, there is the issue relating to a congressional mandate that directed the Defense Department—the Navy—to select a derivative of the Air Force lightweight fighter for Navy applications. There is indeed this so-called mandate—the conference report on the fiscal year 1975 Department of Defense appropriations. Now let us examine the facts. The Navy worked hard during its source selection to carry out this mandate. I can tell you from experience that this was a large order and a near impossible task. The Air Force aircraft—the F–16—is an excellent aircraft for the Air Force requirements. It just does not stack up against the F–18 for the Navy's mission. The F–16 requires extensive modification for carrier operation. It requires a structural "beef up" because of the catapult launchings and arrested landings. It needs greater fuel capacity. The F–16, with its single-engine, simply would not provide the performance that the F–18 affords. All in all, the F–18 is a vastly superior aircraft for the Navy. Now let us reassess our mandate—it was well intentioned at the outset, but has since been shown to be impractical. If you want to set aside logic and insist on a principal—then reject the F–18. In doing so, however, this Congress would be ignoring the facts and forcing the Navy to procure an aircraft for the 1980's that would be incompatible with its role and mission. I am not prepared to be a part of this decision.

Other critics are alleging that the Navy really does not want the F–18 and has intentionally escalated the cost to the point where Congress will kill the program. I can address and dismiss this allegation rather easily. I will quote from the CNO's letter of July 18, 1975, to the chairman of the House Committee on Appropriations. He states:

> The purpose of this letter is to ensure that you and the House Appropriations Committee understand that I support the F–18 program without reservation.

I believe that this endorsement should dispell the rumors regarding the Navy's attitude toward the F–18.

Gentlemen, the Navy selected the F–18 because it is truly capable of carrier operation, and will be a capable performer both in the fighter and attack modes of operation. There are many other viable reasons. As a combination fighter and attack aircraft, it will allow the Navy to have considerable commonality and efficiency aboard carriers. This means a savings of million of dollars in operating and support costs.

The Navy needs the F–18. They worked hard to address the congressional mandate. They have been open and above board. This decision is no surprise since both Appropriations Committees were advised in March by the Deputy Secretary of Defense of the prospects of selecting an aircraft other than the F–16. Both committees responded within the same week in March with a "no objection."

I see no reason to deny the Navy an aircraft that it needs—that will save you, me and the taxpayers—millions of dollars. I will quote again the CNO's letter of July 18. He says:

In summary, acquisition of the F–18 is in the best interests of the Navy and I believe in the best interests of the United States. It is affordable. In conjunction with the F–14, it meets our operational requirements at lowest cost. I solicit your support of this very important Navy program.

Gentlemen, like the CNO, I solicit your support for the F–18 program today.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. BURGENER).

Mr. BURGENER. I thank the gentleman for yielding.

Mr. Chairman, this is my first term on the Committee on Appropriations. I am enjoying that service very much.

Mr. Chairman, I commend the members of the Subcommittee on Defense for their outstanding work and for the leadership of the chairman of the full committee and the subcommittee.

Mr. Chairman, I would like to make some comments on the relationship of defense spending to what we might call people services and, therefore, to amplify the statements of the gentleman from New York (Mr. KEMP) and the gentleman from Florida (Mr. SIKES).

Mr. Chairman, I am going to compare 1968 with 1974, 1968 being the height of the Vietnam war.

In that year, 1968, we spent $75 billion on defense. What did it buy? It bought the services of 3½ million people in uniform and $23 billion worth of hardware.

Six years later, in 1974, what did we spend for defense? Eighty-five billion dollars, about 10 percent more. What did that buy? Instead of the services of 3½ million people in uniform it now only purchased the services of 2 million people in uniform, and instead of $23 billion in procurement of hardware, it only purchased $16 billion worth of hardware.

So for $8 billion more we got a lot less in people and in equipment. The reason, of course, is due to inflation.

Mr. Chairman, let us compare the same 2 years, in terms of "people" services, examples of which are health, education, welfare, and payments to local government.

Back in 1968—that was the year we spent $78 billion for defense—we spent $75 billion for so-called people services.

Six years later, what did we spend in that same area? One hundred seventy-five billion dollars, more than a 100-percent increase, while defense was going up 10 percent.

Mr. Chairman, I am not suggesting this is all bad. Indeed I am saying that if we had a free choice, we would spend money on people and services. But we do not have such a choice in the real world. We are obliged to defend ourselves.

Mr. Chairman, I maintain this bill is minimal for the defense of this Nation.

I would like to comment briefly on one point of the bill which will be taken up in detail later on today. We will hear a lot of debate about the F–18 aircraft, and that debate should be listened to most carefully on both sides of the issue because some very sincere and informed people will have opposing views.

Mr. Chairman, to go back a few months, we will recall there was vigorous competition for a new lightweight fighter, a fighter that, hopefully, could be used for all of the services. The winner of that competition was the F–16, a very fine airplane, a single-engine aircraft that will be used by our country's Air Force primarily, and it will be used by NATO countries as well. Unfortunately, the Navy found they could not use this aircraft and fly it off of aircraft carriers, so they were faced with a basic decision of what to do about that. The decision now becomes the F–18 versus the F–14 or the F–18 versus starting from scratch and developing a new low-cost aircraft—and I put that in quotes—"low-cost" in comparison to other fighter planes.

I urge my colleagues to listen very carefully this afternoon to the debate. I strongly support the F–18 aircraft. I think it makes more economic sense than any other aircraft currently needed by the Navy.

Mr. Chairman, recently there was an article in the New York Times by Mr. John Finney, which was very critical of the F–18 purchase. These arguments should be listened to, but they should be rebutted, and I submit for the RECORD first the statements of Mr. Finney in his article in the New York Times, and, second, I submit for the RECORD a rebuttal to that which was prepared by the Chief of Naval Operations, Admiral Holloway.

I think these documents carefully and analytically describe the choices available to the Navy and what its options are. It properly says that if money were no consideration—and indeed money is a consideration—the Navy would like to buy many more F–14's, because the F–14 is a very fine airplane, a very capable and sophisticated aircraft.

Mr. Chairman, I think whether Members are from New York or Texas or California, they can be forgiven some parochial interest, because each of us is interested in employment in our districts, and that is important.

But in the overall picture, when we look at the total effect on the military and consider the total cost to the taxpayer, I hope that the Members will also read with care the arguments of Admiral Holloway, the Chief of Naval Operations, in rebuttal to the most provocative article by John Finney which appeared in the New York Times. I commend it to the attention of the Members. I include these documents in the RECORD at this point:

CHIEF OF NAVAL OPERATIONS,
July 17, 1975.

HON. MELVIN PRICE,
Chairman, Committee on Armed Services,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: I understand that questions have arisen on the cost estimates for the F–18 program as a result of the article in the New York Times today by Mr. John Finney. This article indicated that the Navy F–18 program is understated by at least $1.6B.

The following explanation should clarify the situation on the cost estimates for the F–18 program. Subsequent to the source selection and announcement on May 2, 1975, cost estimates for the F–18 program were provided in hearings to the Defense Subcommittee of the Senate Appropriations Committee on May 6, the Subcommittee on Federal Spending Practice of the Senate Government Operations Committee on May 20 and the Defense Subcommittee of the House Appropriations Committee on June 10. In addition, briefings were provided to staff members of the Senate Armed Services Committe and House Armed Services Committee as well as Senators and Representatives who requested them. The cost estimates in FY 75 dollars for the F–18 program provided in the hearings and briefings were as follows: RDT&E—$1.4B, procurement—$6.4B. These estimates have not changed since they were first announced on May 2, 1975.

I believe the $1.6B difference referred to in the Finney article is the difference between detailed cost estimates resulting from the evaluation of the actual airplane selected and the planning wedge which was provided last year in planning documents for a Navy version of a lightweight fighter. This planning wedge assumed an RDT&E estimate of about $.9B and a procurement estimate of about $2.0B for the six-year period FY 1976–81. The estimates for the F–18 for this same period are about $1.8B for RDT&E and about $2.4B for procurement. This is a difference of $1.3B vice $1.6B over the next six years.

In summary, the cost estimates for the F–18 program have not changed since the selection was made. I will be pleased to provide additional information if you desire it.

Sincerely,

J. L. HOLLOWAY III,
Admiral, U.S. Navy.

[From the New York Times, July 17, 1975]

NAVY'S ESTIMATES ON F–18 FOUND $1.6 BILLION SHORT

(By John W. Finney)

WASHINGTON, July 16.—The Defense Department has concluded that the Navy, which was under instructions to come up with a "low-cost fighter," has understated by at least $1.6 billion the long-term cost of its program to build a new carrier plane.

The finding, contained in a secret "issue paper" made available by Navy sources, introduces a new complication in the Navy's announced plans to buy the F–18 as its "low-cost fighter" for modernizing carrier squadrons in the nineteen-eighties.

One alternative would be to raise the projected Navy budget over the next five years to accommodate the increased costs of the F–18 program. But this solution would be difficult for the Navy, which already finds itself $2-billion short on the projected costs of its shipbuilding program over the next five years.

Another alternative—and one raised by the Defense Department—would be to scrap the F–18 program nad have the Navy go back to industry to design a low-cost fighter that would fit within the Navy's original budget. This alternative might not be too unacceptable to the admirals, who were never enthusiastic in the first place about building the F–18.

Under pressure from both the Defense Department and Congress, the Navy in May announced that it had selected the F–18 as its lightweight, low-cost fighter for the future rather than the F–16 chosen by the Air Force.

The twin-engine F–18 is a version of the plane unsuccessfully entered by the Northrop Corporation in the Air Force competition for a lightweight fighter. Northrop then teamed up with the McDonnell Douglas Corporation, which will build the carrier version of the F–18, to win the Navy competition.

The Navy at that time estimated that each F–18 would cost about $7.8-million (in 1975 dollars), including production as well as development costs. While this estimate did not seem completely to meet the definition of "low cost," the Navy quickly pointed out it was about half the cost of its F–14 fighter being built by the Grumman Aerospace Corporation on Long Island.

In its five-year budget projections, however, the Navy, according to Defense Department analyses, understated the future cost of developing and producing the F–18.

For its budgt plans for 1976 to 1981, the Navy included $2.6-billion to develop and produce the first 128 F–18's out of the 800 that it ultimately wants to buy. An analysis by the Defense Deaprtment, supported by studies done by the White House Office of Management and Budget, finds that the five-year costs would be close to $4.3-billion.

The future of the F–18 program is emerging as one of the major issues in next year's defense budget, which is now being drafted within the Pentagon.

In an "issue paper" sent to the Navy on July 1, the Defense Department suggested the two alternatives it called "viable"—to proceed a planned or to cancel the program. It said that the choice would have to be made in drafting next year's budget.

If it chose to proceed, the Navy would have to increase its five-year budget plan by $1.6-billion "to accommodate the shortfall" in Navy cost projections, the paper said.

If the Navy decided to cancel the program, to buy 72 F–4 fighter-bombers from McDonnell Douglas to meet its fleet modernization needs in the early nineteen-eighties while designing a cheaper plane than the F–18.

A THIRD ALTERNATIVE

Some admirals would prefer another alternative: Increasing production of the F–14 fighter, which they would much rather have than the F–18.

The Defense Department analysis gives some support to the admirals' case by saying that Navy estimates indicate that 500 more F–14's could be bought for about the same $6-billion investment required to develop and produce the same number of F–18's. The analysis adds, however, that the operating costs of the F–18's squadrons would be about $150-million less a year than the F–14.

Aside from such budgetary issues, the F–18 program is now coming under a legal challenge that could lead to its death by Congress. The LTV Corporation, which lost out with its carrier version of the F–16, has filed a complaint with the General Accounting Office charging that the Navy violated a Congressional mandate that its "low-cost" fighter should be a "derivative" of the plane selected by the Air Force.

The G.A.O. is scheduled to make its finding within the next two weeks. The present inclination within the office, according to Congressional sources, is to find that the Navy's F–18 is not really a "derivative" of the Air Force's F–16 but leave it up to Congressional committees to decide whether the Navy violated the Congressional mandate.

RESPONSE TO NEW YORK TIMES ARTICLE

ARTICLE

The Defense Department has concluded that the Navy, which was under instructions to come up with a "low cost fighter," has understated by at least $1.6 billion the long-term cost of its program to build a new carrier plane.

REPLY

The FY–76 budget submission estimates were necessarily made without benefit of engineering design studies and were clearly caveated that they reflected a "minimum modification" of the Selected Air Force Air Combat Fighter if attainable and *did not* reflect engine development costs. These estimates were made only to establish a planning wedge prior to purification of the required funding.

Current estimates are based on:

a. results of the source selection competition

b. inability to obtain a carrier suitable derivative of the F–16

c. development of production version of the YJ–101 engine prototype

d. program schedules to carry out direction of the Congress and SECDEF.

These current estimates are the first and only estimates for the selected Navy ACF, the F–18. They were initially presented on 2 May 1975 and have been presented consistently since that time to the various Congressional committees and to the media.

These costs over the next six years reflect a requirement for $4.2B or about $1.3B more than the "minimum modification" cost estimates made prior to evaluation of true engineering design proposals.

It should be clearly understood that the higher costs used by OSD and OMB reflect the current figures that have been used by the Navy since 2 May 1975 and are the same as the figures that have been presented to Congress.

ARTICLE

The finding, contained in a secret "issue paper" made available by Navy sources, introduces a new complication in the Navy's announced plans to buy the F–18 as its "low-cost fighter" for modernizing carrier squadrons in the nineteen-eighties.

One alternative would be to raise the projected Navy budget over the next five years to accommodate the increased costs of the F–18 program. But this solution would be difficult for the Navy, which already finds itself $2-billion short on the projected costs of its shipbuilding program over the next five years.

REPLY

The "Issue Paper" referred to by Mr. Finney is an OSD Staff assessment and is a draft circulated to the Navy for comment. The OSD Staff routinely prepares Issue Papers on major programs suggesting alternative paths to attaining required forces. The January 1975 Five Year Defense Plan reflected cost estimates of a Navy aircraft, if attainable, which would require minimum modification to the Air Combat Fighter design selected by the Air Force.

The Navy was not able to attain an acceptable design derivative of the F–16 selected by the Air Force. Even the Navy F–16 designs proposed would have cost substantially more than the "minimum modification" estimate because of the extensive redesign of a land-based airplane for carrier use.

Difficult trade-offs are addressed for each budget submission within the Department of Defense. The final budget that is submitted to the Congress reflects in-depth independent analyses by both the Services and the OSD Staff to obtain the optimum forces within overall budget constraints.

ARTICLE

Another alternative—and one raised by the Defense Department—would be to scrap the F–18 program and have the Navy go back to industry to design a lower-cost fighter that would fit within the Navy's original budget. This alternative might not be too unacceptable to the admirals, who were never enthusiastic in the first place about building the F–18.

REPLY

The Secretary of the Navy, as well as the Chief of Naval Operations and all other responsible Naval officials, are in full support of the F–18 program. Their desire for the F–18 is concurred in by the Secretary of Defense. All are in agreement that the F–18 program will provide required capabilities at the minimum cost. Considering all alternatives to attaining an adequate fighter force in the 1980's, the Navy is solidly recommending development and production of the F–18. It will modernize both the fighter and light attack force of the Navy and satisfy minimum requirements for a fighter to complement the F–14. It will further obviate a separate development program for an A–7 replacement in the Navy which will be required for introduction into the fleet by about 1985, at which time A–7 design will be 20 years old.

ARTICLE

Under pressure from both the Defense Department and Congress, the Navy in May announced that it had selected the F–18 as its lightweight, low-cost fighter for the future rather than the F–16 chosen by the Air Force.

The twin-engine F–18 is a version of the plane unsuccessfully entered by the Northrop Corporation in the Air Force competition for a lightweight fighter. Northrop then teamed up with the McDonnell Douglas Corporation, which will build the carrier version of the F–18, to win the Navy competition.

REPLY

With the full knowledge of the Congress, the Navy carried out the direction of the Secretary of Defense in conducting a fully competitive source selection evaluation between derivatives of both Air Force lightweight fighter prototype candidates, the YF–16 and YF–17. The Navy was unable to obtain an adequate carrier-suitable derivative of the F–16 chosen by the Air Force. A suitable derivative of the YF–17 (the F–18) was determined acceptable in the competitive in-depth source selection process.

ARTICLE

The Navy at that time estimated that each F–18 would cost about $7.8 million (in 1975 dollars), including production as well as development costs. While this estimate did not seem completely to meet the definition of "low cost," the Navy quickly pointed out it wsa about half the cost of its F–14 fighter being built by the Grumman Aerospace Corporation on Long Island.

In its five-year budget projections, however, the Navy according to Defense Department analyses, understated the future cost of developing and producing the F–18.

For its budget plans for 1976 to 1981, the Navy included $2.6 billion to develop and produce the first 128 F–18's out of the 800 that it ultimately wants to buy. An analysis by the Defense Department, supported by studies done by the White House Office of Management and Budget, finds that the five-year costs would be close to $4.3 billion.

The future of the F–18 program is emerging as one of the major issues in next year's defense budget, which is now being drafted within the Pentagon.

REPLY

After completion of the source selection completion by the Navy, revised cost estimates for the new Navy air combat fighter were provided to the Congress during exhaustive testimony by both Navy and Defense officials before appropriate Congressional committees and/or staffs addressing the Fiscal Year 1976 and 7T budgets. Corrections to the Five Year Defense Plan to accommodate the F–18 are being addressed by the Department of Defense at this time. The Five Year Defense Plan revisions being proposed by the Navy reflect a requirement for development and production of the F–18 through Fiscal Year 1981 at a cost of about $4.2B. The proposed funding profile will provide for continued production of an aircraft that will complement the F–14, modernize the tactical aircraft inventory of the Navy and Marine Corps, provide replacements for overage F–4 Phantoms, and replace the A–7 aircraft as they reach the end of safe service life. The F–18 represents a long-term need to reduce numbers of types of tactical aircraft to be supported on our carriers and in Marine Air Wings.

ARTICLE

In an "issue paper" sent to the Navy on July 1, the Defense Department suggested the two alternatives it called "viable"—to proceed as planned or to cancel the program. It said that the choice would have to be made in drafting next year's budget.

If it chose to proceed the Navy would have to increase its five-year budget plan by $1.6-billion "to accommodate the shortfall" in Navy cost projections, the paper said.

If the Navy decided to cancel the program, according to the paper, it would be permitted to buy 72 F–4 fighter-bombers from McDonnell Douglas to meet its fleet modernization needs in the early nineteen-eighties while designing a cheaper plane than the F–18.

REPLY

A draft issue paper addressed three alternatives. (1) redefine the aircraft to remain within the "minimum modification" budget estimate; (2) proceed with the F–18 development with appropriate adjustments in the Five Year Defense Plan as recommended by the Navy; (3) cancel the program and start over. An alternative to buy 72 additional F–4 PHANTOMS from McDonnell-Douglas has been rejected by the Navy as both too costly and inefficient. The F–4 design reflects 20-year-old technology. By the time new production Navy F–4's would be midway through their useful service life, they would be obsolescent for naval warfare and would be inefficient in utilization of both personnel and support assets.

ARTICLE

Some admirals would prefer another alternative: Increasing production of the F–14 fighter, which they would much rather have than the F–18.

The Defense Department analysis gives some support to the admirals' case by saying that Navy estimates indicate that 500 more F–14's could be bought for about the same $6-billion investment required to develop and produce the same number of F–18's. The analysis adds, however, that the operating costs of the F–18's squadrons would be about $150-million less a year than the F–14.

REPLY

The Navy is pleased with the F–14 and its performance demonstrated during the demanding first deployment with USS ENTERPRISE.

The F–18 is not a replacement for the F–14, but is designed to complement the more costly TOMCAT. The F–18 will fill out the fighter forces of the Navy and Marine Corps and obviate another separate development of an A–7 replacement which would be required to start by 1978 or 1979.

The F–18 represents a major step toward the long sought ability to simplify the tactical air forces of the Navy and Marine Corps by reducing the numbers of types of aircraft on carriers and in Marine air wings. It will cost less than the F–14, requires fewer people to maintain and requires less fuel.

ARTICLE

Aside from such budgetary issues, the F–18 program is now coming under a legal challenge that could lead to its death by Congress. The LTV Corporation, which lost out with its carrier version of the F–16, has filed a complaint with the General Accounting Office charging that the Navy violated a Congressional mandate that its "low-cost" fighter should be a "derivative" of the plane selected by the Air Force.

The G.A.O. is scheduled to make its finding within the next two weeks. The present inclination within the office, according to Congressional sources, is to find that the Navy's F–18 is not really a "derivative" of the Air Force's F–16 but leave it up to Congressional committees to decide whether the Navy violated the Congressional mandate.

REPLY

The Navy has carried out the direction of the Congress and Secretary of Defense in seeking a lower cost complement to the F–14 to replace overage F–4 PHANTOMS and eventually replace A–7 aircraft. A full source selection evaluation was conducted. The Navy was unable to attain through fair and legal competition an acceptable carrier suitable Navy derivative of the selected Air Force ACF (F–16) and has so advised the Congress. The F–18 does make maximum use of appropriate Air Force lightweight fighter prototype technology and hardware as directed by the Congress.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I thank my colleague for yielding this time to me.

I would like to engage in colloquy with my colleague, the gentleman from Alabama (Mr. EDWARDS) and with the chairman of the committee, the gentleman from Texas (Mr. MAHON) concerning the action taken on the ABM site in my district.

I happen to think that this is action that had to be taken because of the fact that the ABM Treaty of 1972 and the Accord which followed in 1974 puts a totally different viewpoint on this particular means of defense than was there when we began the construction. Is this not essentially true?

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, the gentleman is correct. The 1972 agreement and the 1974 protocol, plus the projected increases in Soviet ICBM warheads have made it virtually useless as a defensive weapon system.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the chairman of the committee.

Mr. MAHON. Mr. Chairman, as the gentleman well knows, since he was active in this matter, there was a battle in the Congress in connection with the continued operation through fiscal year 1975 of the ABM system at Grand Forks, N. Dak.

Mr. ANDREWS of North Dakota. The gentleman is correct, there was.

Mr. MAHON. We insisted at that time that the ABM system be allowed to operate for a time in order that some experience could be acquired. That was one of the major reasons for the position which was taken last year.

This opportunity is now being provided, and it would seem to make no sense to continue the program through 1976, and I believe the committee action in saving $40 million here is well taken.

Mr. ANDREWS of North Dakota. But, Mr. Chairman, we won that fight last year, and we allowed the project to be completed so we could gain experience from the interfaced operation of the computers and the radars and the missile sites. We now have that experience, but the point is that the treaty and accord reached by the President and the Secretary of State and others on our country's negotiating team in 1972 and 1974 closed out the military purpose of continuing the ABM site on a full operational basis, and this shutdown has been coming for some time.

Is that not also true?

Mr. MAHON. The gentleman is eminently correct in his statement.

Mr. ANDREWS of North Dakota. Mr. Chairman, has the committee taken a look into the cost of cancellation of the ongoing contracts? Will it be more expensive to mothball now instead of 9 months from now, the date originally set in the plan?

Does the gentleman have those kinds of cost figures so that we can get that into the record?

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, I do not have those figures at the tip of my tongue, but distinct savings will be made as a result of the cancellation now. There will be certain cancellation costs, of course, but there would be a greater cost otherwise.

Mr. ANDREWS of North Dakota. But as to the cost that the committee put into the bill, are the costs based on cancellation costs, so that the savings of $40 million, plus another $19 million, takes into account the cancellation costs of the contracts outstanding?

Mr. EDWARDS of Alabama. Mr. Chairman, if the gentleman will yield, that is correct. We have provided $45,300,000 which should cover termination costs. The committee also recommends that the deactivation of the site be completed by June 1976.

Mr. ANDREWS of North Dakota. And is it not also the intention of the committee that it will direct the Army to take a look at whatever alternate uses might be made of this radar and computer facility? One alternate use I am thinking about has to do with taking over a part of the mission of the DEW line, that we maintain now up in Canada.

I have been told by people in the military that there is a possibility that such a takeover of part of the DEW line mission could result in a reduction of dollar outflows from our country to Canada. Will this study be made?

Mr. EDWARDS of Alabama. If the gentleman will yield further, the committee did not concern itself with other possible military uses that might be made of this facility. However, I certainly would join the gentleman in trying to find some appropriate use to be made of it, if that is feasible.

Certainly, it is a big installation, and it is part of the installation in the gentleman's district, and none of us like to see facilities closed in our district.

Mr. Chairman, I certainly join with the gentleman in the well in hoping that we can find something else that could properly be put in there.

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, I would say to the gentleman from North Dakota (Mr. ANDREWS) that consideration will be given to the long-range use of this facility.

It is too early to know just what the developments might be, but consideration might be given to such a request if one is made.

The CHAIRMAN. The time of the gentleman from North Dakota (Mr. ANDREWS) has expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 3 additional minutes to the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. Mr. Chairman, I appreciate the chairman's and the ranking minority Member's pointing this out.

I have one additional point to make. These are small communities in the northeastern part of North Dakota—Langdon, Walhalls, Cavalier, to name a few. There are going to be considerable impacts on them from the standpoint of schools, housing, economics, and all the rest, and these impacts will be dealt with as military impacts, will they not?

Mr. MAHON. If the gentleman will yield, the gentleman is correct.

Mr. ANDREWS of North Dakota. I wanted to add that although there have been economic benefits to North Dakota in the construction of the ABM system, I still believe it is essential to include nonessential spending and cut the fat out of the budget—and North Dakotans feel that way for the most part.

I have tried to save money in this Congress because it is taxpayer money. In view of the fact that the development of the ABM site was instrumental in expediting the SALT Treaties that have resulted in arms cutbacks on both sides, the ABM site, once it was put together and tested, gave us the research data we fought for last year as well as the accord. Because this ABM site does not have defense capability in today's technology, it does not make much sense for me to stand in the well of the House and argue for the expenditure of another $60 million just because that expenditure happens to be in my State.

I think the committee made the right decision. I intend to support that decision, and I would sincerely hope also that they will be looking at other facilities in other districts around the country and make the right decisions, not for individual districts, but for this country of ours and for the defense of this country.

Mr. Chairman, I hope that we can support those systems that will add to the defense of our country and not systems that are merely there and are sought to be continued because they were started for a good and worthwhile purpose, but that purpose is now ending because the need has been removed. I am for a strong defense position and not an outmoded one. We must invest our defense dollars wisely. Secretary of Defense Schlesinger stated to the Defense Subcommittee "we do not expect that this system will demonstrate a capability to stop a major Soviet thrust at hard targets."

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, I know he is always looking out for the best interests of his district, of his State, and of the Nation, and we will keep his comments in mind.

Mr. EDWARDS of Alabama. Mr. Chairman, if the gentleman will yield further, I would like to commend the gentleman for his attitude and understanding of what the committee is trying to do here.

Again, I pledge my support for the gentleman's position.

Mr. ANDREWS of North Dakota. Mr. Chairman, I thank both gentlemen for their comments.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, I rise today in support of H.R. 9861, the Department of Defense appropriations bill for 1976. I believe the bill reflects a sincere and successful effort on the part of the committee to report a well-proportioned bill; one that takes into account, not only the needs of our national defense, but also the present economic problems this country is facing.

Mr. Chairman, I do not believe I have to convince anyone in this Chamber of my opposition to excessive and wasteful military spending. In that regard, my record speaks for itself. My public stands and my voting record have never reflected a "rubber stamp" attitude concerning Pentagon requests.

In trimming the fat, however, I have never tried to save money at the expense of national security or the efficient functioning of the Armed Forces. My support of the bill before us reflects, not a departure from my past attitudes and concerns, but a continuation of them. The bill recognizes and responds to legitimate defense needs, while recognizing and responding to the need for fiscal responsibility.

I would like to take a few minutes to discuss one particular aspect of this bill. It is an item that, if omitted or altered, would force the Navy to function less effectively and less efficiently.

The appropriation for the development of the Navy air combat fighter, the F–18, is necessary to provide the best aircraft for the money for naval purposes. It is an expenditure I heartily support and which has the unqualified support of the Department of Defense and of the Navy.

Mr. Chairman, there is ample justification for the claim that the F–18 will be the best Navy fighter for the money. A look at the cost figures will bear this out.

The Defense Department has shown the F–18 to be amazingly cost effective as compared to the alternatives. A mix of F–14's produces significantly lower life cycle costs than the F–14 or A–7 alternatives. To develop and buy additional F–14's would cost approximately $18.9 million each, as opposed to $9.6 million per F–18. The F–14 costs almost twice as much per year to operate as the F–18. $1.42 million compared to $780,000. The development cost of the F–18 will be more than offset by its lower operating costs.

The F–18, because of its lower life cycle costs, will enable the Navy to correct its projected fighter level deficiency in the 1980's. In addition, the F–18 can perform the A–7's attack role, thus eliminating the need to design a new fighter later on.

It can also assume the reconnaissance role and possibly the A–6's all-weather, medium bomber attack role. The Navy will, therefore, be able to replace four current aircraft with two. This will bring about support, training, and inventory savings. When all of these savings are added to the procurement and operation cost savings I spoke of earlier, it strikes me as being a lot of plane for the price.

Looking beyond the issue of cost, I feel the F–18 has proved it is also the most effective plane for the Navy. Navy has planned for the procurement of enough F–14's to operate 18 squadrons. The F–18 is needed to modernize the remaining Navy and Marine fighter squadrons, now composed of aging F–4 models which are scheduled for phase out. The introduction of the F–18 by fiscal year 1981 will also help to reduce the projected deficit of 75 fighter aircraft.

The objective of all of this is to reduce the number of different types of aircraft aboard carriers. This will save money by realizing efficiencies in operations, support, costs, and training. To be able to accomplish this, however, the Navy needs a multipurpose aircraft that is carrier-compatible and complementary to the F–14. The only plane that, when combined with the F–14, can do all this and still meet strict performance demands is the F–18.

Three derivatives of the F–16 were studied extensively and none were found suitable for the Navy. They simply were not carrier-compatible and acceptable performancewise. The F–18 is.

The question has been raised as to whether another competition should be held before selection of the Navy fighter. This is neither necessary nor prudent. It would significantly delay the availability of the air combat fighter, a delay that may prove more costly than it is worth. In addition, the Navy has already stated that it does not believe starting from scratch would produce a better aircraft.

In conclusion, Mr. Chairman, I would reaffirm my full support for the entire bill and particularly for the section pertaining to the development of the F–18. It is a sound investment economically and militarily. In short, it is an item that even the most alert budget watchdog can and should support.

Thank you.

Mr. MAHON. Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. CHAPPELL).

Mr. CHAPPELL. Mr. Chairman, I rise in support of the appropriation bill before us with the single exception of the F–18 program to which my colleague the gentleman from Massachusetts (Mr. CONTE) has alluded.

Of course, I would hope that the gentleman from Massachusetts will keep an open mind and an open ear as he hears the real facts come out during the progress of the debate today.

I would point out to the committee, Mr. Chairman, that the gentleman from Georgia (Mr. FLYNT) and I joined by a substantial number of other Members will support an amendment this afternoon which will cut out of this bill $58.2 million for the development of the airframe portion of this particular program. I would point out to all of the Members that there is no intention in this amendment to cut out the research and development on the F-401 engine and the F-404 engine.

It is obvious that the effect of this amendment is such that we would continue the research and development on the engines likely to enter future competition if such be the ultimate case. Then in the event the Navy later convinces us that we have exhausted the consideration of all the best alternatives and the F-18 is still the best alternative, we can go ahead to procurement and will not have slipped the program by more than 60 days, because it is the engines which are pacing the program.

So I think we should take a better look at the alternative and see we get the very best capability for the Navy. I urge you to support this amendment at the appropriate time.

Mr. MAHON. Mr. Chairman, I would point out to the House that in the beginning of the consideration of this measure I obtained unanimous consent for all the Members to revise and extend their remarks in connection with the pending bill.

I yield such time as he may consume to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Chairman, I support the bill in its entirety.

Mr. Chairman, in light of the fact that the major contractor for the Navy's F-14 fighter has been experiencing cost-overruns in excess of $2 million per plane—pushing the per copy cost to at least $20 million—I find it pertinent at this time to reemphasize the rationale for the nascent F-18 naval air combat fighter program.

The Director of Defense Research and Engineering, Dr. Malcolm Currie, stated in Senate hearings, May 6, 1975, that—

> We must explore concepts which turn away from increasingly complex and costly top-of-the-line fighter aircraft as exemplified in the Navy F-14 and Air Force F-15 and seek less expensive complements to the capabilities.

The present cost overruns on the F-14—so frustrating and tediously familiar to the taxpayer—can only make Dr. Currie's arguments for responsible, lower cost defense programs all the more urgent. I would submit to my colleagues that the F-18 program, characterized by intensive testing, management control, and unprecedented elimination of risk has, from its inception, been engineered explicitly to break the continuing defense cost spiral. In a letter to the Honorable GEORGE MAHON, chairman of the House Appropriations Committee, the Secretary of Defense, Dr. James Schlesinger, wrote:

> Analysis clearly indicates that the F-18 will save approximately 40% in operating and support costs versus the F-14. This factor of life cycle cost savings is conclusive.

I will include the full text of the Secretary's letter in the RECORD.

I would especially like to draw your attention to two paragraphs which I will quote in full. Dr. Schlesinger affirms that—

> The principal advantages of proceeding with the F-18 at this time are (1) it provides us with a very capable complement to the F-14 as the solution to the Navy's critical fighter shortage in the early 1980's and (2) it affords us an excellent opportunity, through multi-mission employment, to reduce the number of aircraft types in our inventory, and to avoid future development programs which will be required to fill other requirements in the 1980's, such as the light attack and reconnaissance missions.
>
> With excellent design for acceleration and power, the F-18 will have superior agility for air combat maneuvering. Its performance will surpass that of any known enemy fighter and it will be even more agile than the F-14 in close-in combat.

In order to consider objectively the F-18 program in comparison with the alternatives suggested for it, it is first necessary to state the context within which the F-18 has been developed and to which all alternatives must answer as well. First, there are clear indications that threat capabilities are increasing in both quality and quantity. Second, our prior investments in research and development can now provide air power of unprecedented deterrent power and fighting capability. The F-18 program is the most current result of this ongoing investment. Third, as a result of management efficiencies, the adoption of a high-low weapons system mix and the significantly improved operational efficiency and the lower life cycle costs of our new aircraft, we can accomplish this expansion within manpower ceilings and projected fiscal constraints.

Let us consider the capability of the F-18. The key issue relative to procurement of supplemental fighters is whether the capability required to insure superiority in supporting strike operations in the presence of advanced threat aircraft is better satisfied with the F-14 or the F-18. In supporting tactical operations, the ability to outmaneuver and destroy engaged adversaries is the essential measure of combat effectiveness and, therefore, the Navy's naval air combat fighter requirements emphasized maneuverability. Whereas the F-18 meets all the NACF combat performance requirements, the F-14 falls far short in significant areas.

For example, the F-18 has approximately 25 percent higher climb and acceleration performance, and 30 percent better sustained turning performance. The F-18 also exceeds the F-14 in its maximum structural "G" limit, its higher sustained load factor, its higher combat ceiling, and its strike radius. The F-14 is expressly designed to accommodate the long-range threat in its fleet air defense role, while the F-18 is designed to perform in the medium range.

Although the F-14 is competitive against currently operational threat aircraft in the close-in fighting arena, the F-18 insures superiority against anticipated advanced threat aircraft and can be available in larger numbers.

Furthermore, the Navy's attack aircraft modernization requirement calls for an aircraft with significant improvement in the ability to survive compared to the A-7 aircraft which it will replace. The F-18 has a number of design features to reduce vulnerability which, together with significantly higher maneuverability, greatly enhance its ability to survive against both ground-to-air and air-to-air threats in the hostile environment projected for the 1980's and 1990's.

One of the most attractive features of the F-18 is that it combines both fighter and attack capabilities into one airframe. It provides a credible self-escort capability, combined with the characteristics needed for survival against surface-to-air defenses. With only intermediate power, the F-18 has approximately 60 percent better sustained turning performance than the A-7 at the same speed, can sustain the same turn at a 200-knot higher speed, and has more than twice the climb and acceleration performance of the A-7. Using afterburner, the F-18 has five times the rate of climb of the A-7E. These characteristics improve the ability to maneuver against attacking missiles and reduce the time of exposure to all threats.

The losses of the F-18 to ground defenses encompassing SA-6's, 14.5 millimeter and 23 millimeter AAA will be 40 percent less than A-7 losses. The F-18 can be employed in either the fighter or attack role depending on the changing character of the battle environment. If "jumped" the F-18 can jettison the ground attack ordnance and engage the enemy aircraft with a very high probability of kill. This is important. With or without its bomb load, the A-7 has little or no capability to engage attacking fighters and can only hope to escape.

I would like to point out, however, that whatever the capabilities of these various airplanes, it is not possible for the Congress to go on buying more and more capability. The cost for maintaining the Navy's fighter force into the 1990's is relatively fixed. Yet, given the extended nature of America's military commitments, it is nothing less than critical at this juncture to procure the simple numbers of aircraft sufficient to service them. Superiority is as much a quantitative matter as a qualitative one. This is a principle that has been recognized in testimony before the House. Admiral Houser has said:

> One of our big problems is not performance but it is the ability to support our number of ships and squadrons in the far-flung places they are.

And Navy Secretary Clements has testified:

> We feel in a quantitative sense that we would be short, and we just wouldn't have enough units.

Obtainable at one-half the costs of procuring, operating, and maintaining the present F-14, the only other fighter replacement for the aging F-4 Phantom, the F-18 will insure that, within budget constraints, the full proposed force structure can be adequately accommodated at sea.

Limitations of deck space also suggest that the missions formerly performed by two or more planes be incorporated into one. In fact, the F–18 program, based on the VFAX multimission concept, has been designed with this critical requirement in mind. Admiral Houser has testified:

> I do believe that savings will be realized with the commonality that the F–18 attack version would have with the F–18 fighter version. This means we would have one support site aboard ship as opposed to two, as we would have with two different airplanes.

This kind of efficiency, assisted by increased standardization, becomes all the more significant when it is realized that the Navy, like all the services, faces manpower ceilings. Therefore the numbers of men required to service the various alternatives of aircraft becomes an important consideration for future deployment. Obviously, even the most sophisticated aircraft is worthless unless it is flying.

Navy data indicates that an F–18 squadron requires the support of 19 officers, while an F–14 requires 35, and an A–7, 21. Furthermore, the F–18 requires 185 enlisted personnel, in comparison with the 250 required by the F–14 or the 229 required by the A–7. Navy's figures show that the F–18 will excel in the number of direct man-hours per flight hour, requiring 18 hours, to the 42.5 required by the F–14, the 23.5 required by the A–7 and the 39.5 required by the present F–4 Phantom.

Questions have been raised concerning the validity of figures such as these provided for the F–18. After all, the critics contend, no F–18 is in production, so how can the figures be credible? In fact, the F–18 was embodied in the YF–17 Air Force combat fighter prototype. As Dr. Currie has testified:

> The F–18 is a very close derivative of the YF–17 that has already flown. It is extremely close. If you stood back and looked at the airplane, you wouldn't notice any difference. We just changed an inch in dimension, the diameter of the engine; we changed the length a little but superficially it is exactly the same and based directly on the extensive test data accumulated by the Air Force in the last year or so.

In fact, the changes made by Navy on the YF–17 to fit it for the carrier environment actually improved on the Air Force design. The engine was altered to provide increased thrust, and greater resilience and stability has been incorporated into the airframe.

Due precisely to the prototyping which the F–18 experienced in the YF–17 program, there are no longer any unexpected technological problems or high-risk components. The F–18 is not, by any means, a "paper airplane" in the same sense as the poorly conceived C–5A.

Letters exchanged by Secretary Clements and GEORGE MAHON, subsequent to the Air Force selection of the YF–16 as its combat fighter, assured the taxpayer of a continuing competition to perfect an acceptable Navy combat fighter. Had the source selection competition followed the letter of the congressional directive of September 18, 1974, the Navy would have been boxed in to tortuous and impractical modifications of the Air Force selection. The lessons learned from the C–5A fiasco were well taken by both the Navy and the Appropriations Committee and the competition was permitted to continue. Let us not take this competition back to square one for a point of parliamentary procedure.

I would like to point out that the Grumman Aerospace Corp., the manufacturers of the F–14 fighter, entered into a "total package procurement" contract in 1969 with the Navy that was as disastrous for them and for the taxpayer as was the similar contract held by Lockheed for the C–5A.

Given the continued cost overruns reported by Grumman on the F–14, it is clear that Congress is condemned to further expenditures on a contract which, at present, is open ended. Conversely, the contract in the process of negotiation for the F–18 is a "fixed-price incentive" contract: The Government knows what it will be getting, and at what cost.

Furthermore, as the term suggests, the contractor will be bound to a "fixed price." Since both the Government and the contractor know, through the extensive prototyping program already undertaken, just what each is getting into, it is a good bet that the fixed price will hold. Nothing in the F–18's anticipated cost has been fudged or shaded by the contractors involved. Again, the prototyping of the YF–17 provided a hard and fast data base on which to proceed.

In line with the quantitative nature of this debate, a lot of numbers have been juggled in a lot of white papers in order to support one position or the other. The paper prepared by the Office of Management and Budget and referred to by a number of my colleagues contained a preliminary analysis which was critical of the F–18. Knowledgeable review has shown that there were a number of significant errors, omissions, and arbitrary premises in the preliminary OMB memo, all tending to favor the F–14 program in comparison with the F–18 program.

In a letter to the Washington Post I addressed these points, and I request at this time that this letter be included as a part of the RECORD. In the interest of clarity, I also request that a letter to me from James T. Lynn, the Director of the Office of Management and Budget, be made a part of the RECORD. This letter appraises the so-called OMB paper and comes to a definitive conclusion:

> The paper did not then, nor does it now, represent official OMB policy.

In light of this fact, I would like to know just where my colleagues on the other side of the aisle are getting their figures.

Certainly, any costing figures can be made to support any argument by manipulating the assumptions and parameters. The same organizations and many of the same people who did the evaluation and costing of the F–14, A–7, and A–6, used the same methods in deriving the Navy's—not the contractors'—costs estimates on the F–18. Why should the contractors who supported these people in their costing of the F–14 and A–7 suddenly doubt the Navy's ability to cost the F–18 properly?

Testimony by the Navy and DOD has clearly established that savings will accrue to the taxpayers well before 800 F–18's are procured to fill the fighter and attack inventories. Dr. Currie has testified:

> That in considering the F–14 versus the F–18, the calculations by the Cost Analysis Improvement Group show that the cross-over point is at 200 to 250 aircraft. If we assume that the Navy will purchase 800 of these aircraft (as was assumed in the source selection evaluation) a 15-year savings of better than $4 billion would be realized when compared to a comparable number of F–14's.

This comparison is valid when it is understood that the only alternative fighter replacement for the F–4 Phantom is the F–14.

The plan to procure 806 aircraft through 1988 is based on maintaining an active plus reserve force structure of 42 fighter squadrons for the Navy and Marines and 30 light attack squadrons for the Navy through 1990. In deriving the 806 aircraft program the phasing out of F–4 and A–7 aircraft as they terminate their useful life—including SLEP programs—and the introduction of F–14 aircraft according to the current program for 390 aircraft plus an additional 68 advanced attrition aircraft is accounted for. The 806 F–18 aircraft program produced at 9 per month provides the required number of operating fighter and attack aircraft through 1990. Of the 806 total F–18 aircraft 540 are fighters and 266 are attack aircraft.

Additional fighter aircraft would be required beyond 1988 to maintain the fighter force structure beyond 1990 considering attrition losses, and significantly more attack aircraft would be required to complete the modernization of the 30 light attack squadrons.

The procurement cost of the 540 F–18 fighters which are produced concurrently with 266 F–18 attack aircraft is $4.44 billion in 1975 dollars. The procurement cost of 540 additional F–14A aircraft following the current production for the U.S. Navy and Iran would be $7.15 billion. If the costs of the additional Phoenix missiles required to equip the additional F–14A aircraft are included, the total investment cost for the F–14A option is $7.8 billion. The average unit production cost is $13.2 million for the F–14 without the Phoenix cost and $14.4 million for the F–14A with Phoenix costs compared to $8.2 million for the F–18. In simple terms, this comparison yields a savings in favor of the F–18 of $3.36 billion.

To be fair, these figures do not include the $1.43 billion of nonrecurring costs for research and development on the F–18. These costs have already been expended over the F–14's now in production. Yet, even if all of the R. & D. costs were charged to the lot of 540 F–18 fighter aircraft and the 540 F–14A's were charged no R. & D., the total program cost for the F–18 would be less—$5.87 billion for the F–18 compared to the $7.15 billion for the F–14A program without the Phoenix costs and $7.8 with the cost of the Phoenix included.

The yearly operation and support costs for the F–18 are approximately 40 percent lower than the F–14A—$1.4 million per year per operating aircraft for the

F–14A compared to $0.87 million for the F–18. Over 15 years this equates to a total savings of approximately $2.4 billion in operations cost. The operational savings plus the total program cost of the F–18, when compared with the F–14 alternative, comes to a total savings of $4.3 billion.

Clearly, the Navy has done an admirable job in engineering a high-technology fighter which, unique in Defense appropriations history, will actually provide significant savings for the taxpayer over the long term. It is this kind of planning, foresight, and responsibility that I wish to see encouraged in the defense establishment. The F–18 program is an important step in this direction and ought to have the support of both my cost-conscious and defense-conscious colleagues.

The material referred to follows:

The Secretary of Defense,
Washington, D.C., September 23, 1975.
Hon. George H. Mahon,
Chairman, Committee on Appropriations,
House of Representatives,
Washington, D.C.

Dear Mr. Chairman: This letter is written to reiterate that the Department of Defense including the Navy is completely agreed on the need for the F–18. There is complete unanimity within the Department of Defense regarding the F–18 as the best solution to the Navy's fighter inventory requirements for the 1980's. The Secretary of the Navy, the Chief of Naval Operations, the Commandant of the Marine Corps and I believe we should proceed with the F–18 development as soon as possible. You may recall from testimony earlier this year that we reached unanimous agreement that the F–16 was not a viable alternative to the F–18 because it was not suitable for carrier operations. It was also our conclusion that selecting the F–16 for the Air Force was the most cost-effective program to satisfy Air Force requirements regardless of the decision made regarding the Navy selection of a new aircraft.

The principal advantages of proceeding with the F–18 at this time are (1) it provides us with a very capable complement to the F–14 as the solution to the Navy's critical fighter shortage in the early 1980's and (2) it affords us an excellent opportunity, through multi-mission employment, to reduce the number of aircraft types in our inventory, and to avoid future development programs which will be required to fill other requirements in the 1980's such as the light attack and reconnaissance missions.

With excellent design for acceleration and power, the F–18 will have superior agility for air combat maneuvering. Its performance will surpass that of any known enemy fighter and it will be even more agile than the F–14 in close-in combat.

Our present plans are to produce approximately 800 of these aircraft during the 1980's to satisfy Navy and Marine tactical aircraft needs. Our analysis clearly indicates that the F–18 will save approximately 40% in operating and support costs versus the F–14. This factor of life cycle cost savings is conclusive in our choice of the F–18 even though the investment alone will be about the same (including development and procurement) for F–18's or F–14's if only 500 are bought to replace the F–4's in the 1980's.

After exhaustive analysis and review, all responsible officials within the Department of Defense agree that both the F–18 and F–16 programs are necessary. Valid and differing missions and requirements exist for both aircraft, and their development and procurement provide the least cost solution for effective aircraft that will arrest the decline of tactical aircraft inventories within the two services.

I solicit your support of these programs to permit modernization and improved efficiency and effectiveness of our tactical air forces.

Sincerely,

James R. Schlesinger.

House of Representatives,
Washington, D.C., September 3, 1975.
The Editor,
The Washington Post,
Washington, D.C.

Dear Sir: I would appreciate the courtesy of your columns in order to comment upon George C. Wilson's article, "New F–18 Is In for Some Flak," which appeared in the August 31st edition of the *Post*. In general, by setting forth the arguments in an evenhanded and enlightened manner, Mr. Wilson performed a service for the country and for national defense. However, I am compelled to comment on his article for two reasons. The Northrop Corporation, one of the major contractors for the F–18, maintains its largest manufacturing plant in my Congressional District, and I therefore have a parochial interest. Yet more importantly, as a member of the House Armed Services Committee, I am faced every day with competing plans and systems for assuring our national defense, and it is upon considered evaluation of these plans that I wish to bring the present debate up-to-date and to justify my own unqualified support of the F–18 program.

The Nation can ill afford to buy every weapons system that can be conceived. Mr. Wilson was absolutely correct in characterizing the F–18 as "a fresh attempt to get more bang for the buck—to resist the temptation to buy a much fancier and costlier airplane every time a model wears out." It is an attempt which has received the full support of the Chief of Naval Operations, Admiral Holloway, as well as the Department of Defense. Derived in airframe, avionics, and engines from the highly-capable and exhaustively tested YF–17, the F–18 should prove itself a modern-technology fighter obtainable at one-half the costs of procuring, operating, and maintaining the present F–14. As such, the F–18 provides the complement mandated for the F–14 in the House-Senate conference on the Fiscal 1975 defense appropriations bill.

No one questions that, in certain important areas, the F–14 is a more capable aircraft than the F–18. This capability is due almost entirely to the Phoenix/AWG–9 missile guidance weapons system acquired for use with the F–14 and not intended for use with the Naval Air Combat Fighter, the F–18. Take away the Phoenix and the F–14 takes itself out of the argument; only the capabilities of the Phoenix system justify the costs of the F–14. Ironically enough, the cost figures for the F–14 quoted by Mr. Wilson and pushed by Grumman Aerospace leave out the cost of the Phoenix system. And there is no question but that the F–14 must be procured with this weapons system in order to justify itself tactically.

These costs, however, impact severely on the relatively fixed costs projected for procuring and maintaining the Navy's fighter force into the 1990's. The Navy has sought, therefore, to acquire fighters of sufficient capability to complement the F–14 missile system with a system of appropriate beyond-visual-range capability, but at a cost which would permit the development of a fighter with superior close-range abilities at a quantity permitting the continued full maintenance of present and projected baseline strength.

Although the criticisms of the ex-Navy airplane expert (Mr. George Spangenberg) quoted by Mr. Wilson have focused on the higher capability of the F–14, they do not take into account the obvious fact that superiority is as much a quantitative matter as a qualitative one. In addition to the nature of the threat itself, this strategic quantity is determined by (1) costs and (2) the available carrier deck space. The latter point becomes all the more significant in light of recent statements by the Secretary of the Navy, J. William Middendorf, that "we are studying extensively the construction of a new class of aircraft carrier. This ship would be smaller than our NIMITZ-class carriers and displace about two-thirds the tonnage of the 90,000 ton NIMITZ." The smaller size of the F–18 means that more can be carried on these projected smaller size carriers and that the full proposed force structure can be adequately accommodated at sea. Given the extended nature of America's military commitments, it is nothing less than critical at this juncture to procure the simple numbers of aircraft sufficient to service them.

In line with the quantitative nature of this debate, a lot of numbers have been juggled in a lot of white papers in order to support one position or the other. The paper prepared by the Office of Management and Budget and referred to by Mr. Wilson contained a preliminary analysis which was critical of the F–18. Knowledgeable review has shown that there were a number of significant errors, omissions, and arbitrary premises in the preliminary OMB memo, all tending to favor the F–14 program in comparison with the F–18 program. The memo has since been withdrawn by OMB, degraded to the status of a "working paper," and the Chairmen of the appropriate congressional committees have been so informed. Nonetheless, Grumman representatives continue to parade OMB's analysis as though it were gospel.

The problem has been one of fixing the exact force level of fighters required by the Navy and likely to be authorized by Congress. At present, there are approximately 600 aging F–4's in the Navy inventory. Historically, Congress has voted to maintain the baseline strength in fighter programs, so it is a good bet that it will do so in the case of the Naval Air Combat Fighter. The Navy also faces the future replacement of its A–7 attack aircraft which, employing an engine and airframe developed during the McNamara years, and lacking in the performance and mission capabilities proposed for the NACF, is approaching technological and operational obsolescence. The design parameters for an A–7 replacement are fulfilled in the present F–18, and Congress has received testimony that the numbers required will approximate 400.

It must be remembered, however, that the Navy's most critical requirement at present is for fighter replacement. Supporters of the F–14 have proposed that a buy of 400 F–14's and of any number of A–7's would be less expensive than a comparable buy of F–18's. George Spangenberg, for example, has taken this position. But I would draw his attention to the fact that attack replacement, though envisioned, is a secondary consideration. A–7's are not fighter aircraft. The only fighter alternatives to the F–4 are the F–14 and the F–18, and the numbers required, if we approach the subject realistically, are not 400, but over 600. In order to assure the 18 Active and 6 Reserve squadrons presently projected to replace the F–4 and to complement the 18 squadrons already authorized for the F–14, the Navy will require in excess of 600 fighters. This total includes training aircraft, pipeline aircraft, and attrition replacements over an anticipated 15-year life-cycle.

Significantly, Navy testimony confirms that the investment cost required to develop, produce, and provide initial support for the F–18 will not realize a cost-savings compared with the F–14 until the 470th plane. Grumman's use of the number 400 is wholly arbitrary and self-serving, and reflects neither the reality of the present baseline strength nor future requirements. Over 600-plus planes, the F–18 will have realized a cost-saving, in investment alone, of over one billion dollars against the same numbers of F–14's with the Phoenix missile. Should we include the operating costs of the F–18, acknowledged to be 60% of the F–14, over a fifteen year life-cycle, this savings exceeds three and a half billion dollars. Congress's mandate will be amply fulfilled.

With respect to the A–7, research and development and production costs for an improved derivative are highly speculative and are hardly likely, given the fact that the same kinds of testing and prototyping would have to be undergone as experienced in developing the F–18, to be less than those projected for the F–18 itself.

Mr. Wilson's article also makes note of the protest filed by LTV with GAO contending that the Navy ignored a congressional mandate in picking the winner. Yet even a cursory reading of the language of the conference report will alert the reader to a conflict between the "letter" and the "spirit" of the directive. The spirit of the mandate was clearly on the side of cost-cutting; it was the expectation of the conference committee that an adaptation would cost less than a more thoroughly revamped model, and thus the origin of the letter of the mandate: the "prerequisite" that the Navy plane be adapted from the Air Force Combat Fighter.

In fact, the Navy discovered that to fulfill the letter would violate the spirit. A derivative of the AFC, fitted for the special requirements of carrier operations, would cost more than a derivative of the losing ACF, the YF–17. Navy advocated continuing the competition among the available designs even after the Air Force had made its selection. Congressman George Mahon, Chairman of the House Committee on Appropriations, recognized that continuing the competition worked in the long run to bring costs down and so conformed to the spirit of the directive. He therefore expressed no objection when the Navy requested to extend its competition and to complete its evaluation. He chose not to hang the Navy on the letter of the mandate and, as such, insured the implementation of one of the central conclusions reached in recent hearings before Senator Lawton Chiles' Subcommittee on Federal Spending Practices, Efficiency and Open Government.

Extended competition, it was maintained, through perfecting prototypes and technology, buys protection against future cost-overruns. Simply put, the taxpayers get a better deal, and the services better hardware. Ironically, as came out in the hearings, the final LTV design, allegedly derived from the F–16 ACF, had in fact less in common with that plane than did the F–18, derived from the YF–17.

Please feel confident that no part of this letter was prepared by Northrop or the McDonnell-Douglas Corporation. My resource file has been compiled by Mr. Gregory Moore, a member of my staff and an Honors graduate of Harvard who is in a graduate History program at Cambridge University.

I hope that this letter has been sufficient to put this debate in clearer perspective—that is what we all want.

Very truly yours,
Charles H. Wilson.

Office of Management and Budget,
Washington, D.C., September 26, 1975.
Hon. Charles H. Wilson,
House of Representatives,
Washington, D.C.

Dear Mr. Wilson: This is in reference to your letter of September 18, 1975, inquiring as to the validity of a widely circulated paper on the F–18 and its alternatives. The paper which you describe as the "OMB memo" of June 16, 1975, was an early initial draft of an internal working paper generated as part of a preliminary staff level dialogue between OMB and OSD on the 1977 budget. The paper did not then, nor does it now, represent official OMB policy.

Sincerely yours,
James T. Lynn,
Director.

Mr. MAHON. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. Burlison), a member of the committee.

Mr. BURLISON of Missouri. Mr. Chairman, I want to commend the distinguished chairman for the mammoth amount of work he has given to this bill in recent months. I want to say to the Committee that I do support the committee bill in its entirety. I am sorry the committee chairman and my friend, the gentleman from Florida, cannot support the committee bill. I hope that the Members will keep in mind as we debate this issue that the gentleman from Florida will raise, that our subcommittee had somewhere in the neighborhood of 300 pages of testimony on the lightweight fighter controversy. The authorizing committee had many hearings, in addition to the Appropriations Committee on the other side of the Capitol. So there is a great deal of evidence and a great plethora of facts. I think if we can consider only those facts in the Record we will conclude that the F–18 is the fighter for the Navy.

I hope the House will support the committee on this issue and on the entire bill.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. Michel).

Mr. MICHEL. Mr. Chairman, while I intend to vote for H.R. 9861, I would like to add a word of caution before we get too self-righteous over making substantial reductions in the defense budget.

Our Committee on Appropriations recommends to the House that defense outlays for fiscal year 1976 total $83 billion. In constant 1976 dollars defense outlays actually will decline $8 billion from the fiscal 1975 level, and more significantly, a total of $25 billion from the 1972 level. This represents a reduction of some 25 percent in a little over 5 years.

Mr. Chairman, in recent years, defense and foreign aid budgets have been the only areas where the Congress and the Committee on Appropriations have undertaken significant budget reductions. In the past 5 years, Congress has cut the budget requests for foreign aid and defense by $27 billion.

These defense cuts have occurred despite a steady Soviet increase in their own defense spending. Russia's military buildup in comparison to our efforts is particularly evident in statistics for this year alone which I would like to take a moment to discuss.

First. The numbers of Soviet intercontinental bombers increased by 14 percent while U.S. bombers remained at the 1974 level;

Second. U.S.S.R. interceptors decreased by 4 percent while the U.S. number of interceptors decreased by 25 percent from 1974 to 1975;

Third. The U.S.S.R. increased the number of SLBM launchers by 6 percent while the number of U.S. launchers remained constant; and

Fourth. Between 1974 and 1975, the U.S.S.R. increased the number of ICBM launchers by 1 percent while the number of U.S. launchers remained constant.

If, over a period of years, these increases in Soviet weapons strength are not countered by our own equivalent growth, we cannot expect our sophisticated weapons to provide adequate defense.

For example, if the Soviets continue their rapid warhead modernization, the substantial United States advantage will be lost by mid-1979. General Brown, Chairman of the Joint Chiefs of Staff, states that:

> Unless we intiate new programs or restrain this massive growth, we reasonably may expect the Soviets to dominate this measure of balance.

The continual growth of Soviet throw-weight is building to a 3 to 1 advantage over the United States. It is essential, states General Brown, that the United States continue R. & D. activities necessary to insure U.S. options of deploying missiles with increased throw weight.

In general purpose forces, the Soviet Union leads the United States in its inventory of major weapons and equipment. The U.S.S.R. has:

First, 32,000 more tanks;

Second, 8,000 to 18,000 more fighting vehicles;

Third, 9,000 to 14,000 more artillery; and

Fourth, 2,000 to 7,000 more heavy mortars.

The United States has never attempted to match the U.S.S.R. in numbers of ground force personnel or materiel quantity, but there are strong indications that the technological gap which has always been in our favor and has been our chief talking point, is now closing.

The Joint Chiefs of Staff are concerned that the Warsaw Pact has achieved near qualitative parity with the West in terms of general purpose weapons and equipment. As a result, the Army plans to raise its division force to 16 divisions by the end of 1976.

Now, what about the strength of our maritime military balance?

The importance of a maritime balance, widely regarded as at least equal to Soviet Union capability, is essential to the United States and its allies. The United States and its allies depend on the use of the seas for trade, commerce, and lines of communication, as well as defense. The Soviet Union, on the other hand, stresses only defense against U.S. power projection efforts and interdiction of United States and allied military and commercial shipping on the open ocean.

The U.S. Navy active fleet for fiscal year 1976 is 496 ships, the lowest number since 1939.

In 1965, Soviet major operational combat ships numbered 100 less than U.S. Navy ships. Since 1973, the U.S.S.R.

maintains more of these ships than the United States does.

Mr. Chairman, it is plain to me that the current trends in the military balance of power are threatening to a viable U.S. defense posture. It is, therefore, more important than ever to provide the funding necessary to maintain a strong national defense. While some of the reductions in this bill may be justified, I am concerned that we may be going too far in establishing a pattern, and will end up cutting some much needed muscle.

I am especially distressed to see that this bill slashes by some 40 percent the budget of the Army Recruiting Command. The ability of the Army to recruit personnel is the cornerstone of the volunteer concept; the dollar saving by this cut is minimal, but the damage it can do to our efforts to meet our military manpower needs is severe. I am hopeful therefore that we can restore this particularly unwise cut by amendment.

We must have a strong national defense. We most assuredly cannot afford to make any further slashes from those already undertaken by this committee.

In conclusion, Mr. Chairman, I take nothing away from the long and arduous hours that this committee has consumed in consideration of this very big bill, second only to the one for Labor, Health, Education, and Welfare, if one includes all those trust funds; but I want to compliment the Members on both sides for the diligence of their work. It is a thankless job and all too few people realize the endless hours spent day after day, week after week, and month after month hearing all the testimony to put together a bill of this size.

I just hope the significant cuts in this bill will not be setting a growing pattern for the future, because there is a limit as to what we can hope to recoup in this bill for all the social welfare programs. After all it is the country's security that is involved here and we ought not forget that.

Mr. Chairman, I include the following table for the information of the Membership:

INCREASE (+) OR DECREASE (—), APPROPRIATIONS COMPARED WITH ESTIMATES

Fiscal years	Fiscal year totals				
	Department of Defense (Military)	Foreign assistance	Department of Defense (Military) and foreign assistance total	Other agencies	Fiscal year budget total
1954	—6, 807, 614, 000	—593, 005, 132	—7, 400, 619, 132	—3, 172, 320, 318	—10, 572, 939, 450
1955	—1, 369, 926, 514	—665, 049, 989	—2, 034, 976, 503	—685, 999, 927	—2, 720, 976, 430
1956	—631, 212, 074	—563, 300, 000	—1, 194, 512, 074	—850, 748, 890	—2, 045, 260, 964
1957	+951, 877, 000	—1, 093, 405, 000	—141, 528, 000	—220, 544, 772	—362, 072, 772
1958	—2, 620, 691, 430	—618, 100, 000	—3, 238, 791, 430	—1, 725, 341, 349	—4, 964, 132, 779
1959	+403, 189, 885	—727, 000, 000	—323, 810, 115	—557, 499, 642	—881, 309, 757
1960	—238, 199, 800	—1, 204, 182, 000	—1, 442, 381, 800	—186, 778, 993	—1, 629, 160, 793
1961	+425, 963, 000	—493, 650, 000	—67, 687, 000	—3, 638, 924, 072	—3, 706, 611, 072
1962	+168, 133, 750	—860, 900, 000	—692, 766, 250	—962, 823, 614	—1, 655, 589, 864
1963	—791, 785, 500	—1, 032, 400, 000	—1, 824, 185, 500	—2, 627, 182, 502	—4, 451, 368, 002
1964	—2, 448, 878, 000	—1, 525, 325, 000	—3, 974, 203, 000	—3, 022, 017, 157	—6, 996, 220, 157
1965	—1, 279, 780, 000	—226, 700, 000	—1, 506, 481, 000	—1, 947, 274, 975	—3, 453, 755, 975
1966	—465, 166, 000	—241, 470, 000	—706, 636, 000	—1, 894, 487, 805	—2, 601, 123, 805
1967	+145, 092, 000	—449, 471, 500	—304, 379, 500	—512, 534, 140	—816, 913, 640
1968	—2, 902, 937, 000	—954, 885, 000	—3, 857, 822, 000	—2, 406, 874, 277	—6, 264, 696, 277
1969	—5, 919, 534, 225	—1, 324, 400, 000	—7, 243, 934, 225	—6, 563, 179, 778	—13, 807, 114, 003
1970	—6, 085, 297, 000	—1, 447, 640, 000	—7, 532, 937, 000	+4, 499, 323, 007	—3, 033, 613, 993
1971	—2, 500, 082, 750	—365, 315, 000	—2, 865, 397, 750	+11, 102, 733, 641	+8, 237, 335, 891
1972	—3, 427, 851, 000	—1, 284, 505, 000	—4, 712, 356, 000	+1, 012, 782, 908	—3, 699, 573, 092
1973	—5, 728, 479, 000	—1, 537, 366, 000	—7, 265, 845, 000	+1, 220, 812, 431	—6, 045, 032, 569
1974	—3, 756, 332, 000	—1, 207, 632, 000	—4, 963, 964, 000	+1, 902, 947, 774	—3, 061, 016, 226
Total	—44, 879, 511, 658	—18, 415, 701, 621	—63, 295, 213, 279	—11, 235, 932, 450	—74, 531, 145, 729
1970-75	—21, 498, 041, 750	—5, 842, 458, 000	—27, 340, 499, 750	+19, 738, 599, 761	—7, 601, 899, 989

Note: Regular annual and supplemental appropriations acts only.

Source: "Appropriations, Budget Estimates, Etc.," chapter VIII, Comparisons of Budget Estimates and Appropriations.

Mr. MAHON. Mr. Chairman, I would say that for the last number of years, the executive branch has not requested of the Congress an increase in the number of intercontinental ballistic missiles deployed and our strategic capabilities generally. For example, we have had 1,054 ICBM's deployed for years and no increase has been requested. This is a matter, of course, which is the result, to a considerable extent, of agreements with the Soviet Union.

With respect to the recruiting program, I believe the reduction of the committee in the total overall program of about $600 million is about 15 percent.

Mr. Chairman, I yield 3 minutes to the distinguished chairman of the Committee on the Budget, the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Chairman, I rise to commend the Appropriations Committee and the gentleman from Texas in particular for the bill they have reported to the House. It is a huge portion of the budget Congress will act on this session amounting to a total of $90.2 billion in budget authority and about $63.6 billion in outlays that will flow from that budget authority in fiscal 1976. We all appreciate the tremendous effort that went into the preparation of this legislation. This bill is still above last year's figure but well below the President's budget request.

I personally also want to commend the committee for keeping their overall recommendations generally in line with the targets assumed in our first budget resolution this year. For that matter, all the House-passed appropriations bills to date have been within the general targets assumed in the budget resolution. This Defense appropriations bill is higher by about $700 million in budget authority than was assumed in the resolution, but it provides reductions of some $7.5 billion in budget authority and $3.3 billion in outlays from the President's request. If these cuts remain intact the House spending actions this year are within the overall targets of the first resolution.

In this connection I might mention a few other major items still pending which have a significant bearing on the final outcome for the defense functional category for fiscal year 1976. The proposed 5-percent cap on the military and civilian pay raise is now estimated to mean about $850 million for the defense function. The budget resolution assumed a full 8.66-percent pay raise. Therefore, congressional approval of a 5-percent cap would result in a reduction from the target in this function of $850 million.

In previous years the Congress in the pay supplemental appropriations bill has directed the Department of Defense to absorb a portion of the cost of pay raises. If such an action is again taken this year, an additional reduction of as much as $380 million in budget authority and $275 million in outlays could occur.

Military construction appropriations also are counted in the overall defense functional category. The military construction authorization (H.R. 5210) conference agreement, which sets a ceiling on appropriations, also indicates a possible savings of $179 million in budget authority and $60 million in outlays from the first resolution assumptions.

Another key factor affecting the final outcome in the defense function is the spending that results from budget authority enacted in prior years. This spending, which amounts to about one-fourth of the total spending for the defense function, will be reestimated during consideration of the second budget resolution for fiscal year 1976. The probable results of these actions appear to me to bring the defense function at or below target.

At this point, I want to emphasize that

the President's budget did not contain, and the first resolution did not address, the "new package" of support for the Middle East under the Sinai agreement. To date, the Congress has not received specifics on the cost of this program. However, if publicly released estimates are correct, an additional $2 to $3 billion in budget authority could be required in fiscal year 1976 with the outlay impact unknown at this time. Funding for the Sinai agreement would be considered in connection with the Foreign Assistance Appropriations bill, but the amounts are charged to the national defense functional area. Whatever amounts are approved will be new money which must be counted on top of the Congress budget and the President's budget.

I intend today to support the cuts made by the committee and will oppose any amendments to increase the spending since such increases would add to the deficit.

Mr. **BENNETT**. Mr. Chairman, I am deeply disturbed by an action taken by the Committee on Appropriations relative to personnel levels in naval shipyards.

Specifically, I have reference to language on page 138 of the committee report, which says as follows:

> With the reduction of work in navy yards and the non-efficiency of production, the Committee did not believe an increase of 3700 is warranted and reduced the request by 1800; allowing an increase of 1900.

Stated briefly, the committee has made a judgment that acknowledges the requirement for increased numbers of personnel in our naval shipyards but apparently arbitrarily decided that the 3,700 requested by the Navy was not justified. However, the committee report fails to provide any justification for denial of the request other than a general statement that the workload would not be adequate to justify such an increase.

I completely disagree with that judgment and I believe I can speak with some authority on this question since the Seapower Subcommittee, which I chair on the Committee on Armed Services, held a series of 24 hearings within the past year devoted to the problems confronting our shipyards.

Our findings indicate that a healthy system of naval shipyards is absolutely essential to our national security—nonetheless, these shipyards are currently experiencing serious difficulties. One of the major causes for these difficulties in our naval shipyards results from manpower shortages. Thus, it is the height of folly to compound these difficulties by increasing the manpower shortage in our naval shipyards by mandating a reduced ceiling on the number of shipyard personnel.

For example, the Committee on Appropriation's report, on page 157, in speaking of the overhaul and maintenance of naval vessels, directs that the "85 overhaul schedule for fiscal year 1976" be accomplished by the Navy "with the funds provided" without the additional civilian personnel planned by the Navy for employment for fiscal year 1976 to meet this overhaul requirement.

Both the House and Senate Armed Services Committees recognized the situation in our naval shipyards by specifically providing in the authorization bill that the civilian personnel reductions mandated not come from the shipyards.

The Armed Services Committees of both the House and Senate are, under the rules of the respective bodies, charged with primary responsibility for establishing policy on these subjects. These committees have addressed the problem and have made their recommendations, and these recommendations are contained in the legislation, H.R. 6674, just recently endorsed by both bodies. Yet, despite that action, we have this recommendation of the Appropriations Committee which completely subverts the action taken by the authorizing committees.

In my view, the reduction delineated in the report accompanying this bill today will have both a short term and a long term effect of a very serious nature. In the short term our Navy, which is already in an unfortunate posture as a result of too few ships with less than adequate maintenance, will be rendered even less capable as its ships are unable to receive proper maintenance in our naval shipyards.

In the long term, the shipyards themselves will be irrevocably damaged by this reduction. A reduction of this sort will result in fewer apprentices being hired into the work force at these facilities. As the work at these yards requires highly skilled personnel, the inability to take on apprentices simply mortgages the future capabilities of these facilities. If someone wanted to strike a fatal blow at these shipyards, I cannot imagine a better way to do it.

In summary, I do not quarrel with the manpower reductions made in the appropriations bill itself; I do however quarrel with the manner in which the Appropriations Committee directs that these reductions be implemented. I therefore hope that the executive branch, and particularly the Navy, will honor the direction provided it in the conference report on H.R. 6674 as regards naval shipyards.

Mr. **MAHON**. Mr. Chairman, I have no further requests for time.

Mr. **EDWARDS** of Alabama. Mr. Chairman, I have no further requests for time.

The **CHAIRMAN**. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

TITLE I

MILITARY PERSONNEL

Military Personnel, Army

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere); $8,162,738,000.

For "Military personnel, Army" for the period July 1, 1976, through September 30, 1976; $2,062,994,000.

AMENDMENTS OFFERED BY MR. STOKES

Mr. **STOKES**. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they may be considered en bloc.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read as follows:

> Amendments offered by Mr. Stokes: On page 2, line 12, strike $8,162,783,000; and insert in lieu thereof $8,166,238,000;
>
> And on line 14, strike $2,062,994,000; and insert in lieu thereof $2,064,494,000.

Mr. **STOKES**. Mr. Chairman, in the event that these particular amendments are accepted, I do intend to offer two additional amendments, the effect of which would be to restore the sum of $5 million in each of three categories.

Those categories are funds for counselor positions for the Army, for the Navy, and for the Air Force, a total of $15 million which was cut by the committee.

Mr. Chairman, let me make reference to what these counselor positions are in the Army, Navy, and the Air Force. These funds are appropriated for the purpose of providing counselors in the area of educational advisers, career counselors, drug and alcohol abuse personnel, chaplains and their assistants, legal assistance personnel, correctional counselors, Equal Opportunity personnel, family and personal affairs counselors, consumer credit and finance counselors, and social welfare services.

Mr. Chairman, what disturbs me about the cuts was the fact that there was no real examination by the subcommittee into these counselor positions by the armed services that were cut. In the report the committee makes reference to the fact that 2 years ago the committee pointed out that the military services were employing at least 15,000 military and civilian personnel in counselor-type positions on a full-time basis; that is, positions in which the principal responsibilities entail advising service members on personal problems and assisting them in making personal decisions.

Mr. Chairman, I searched the record to find out what kind of real meaningful inquiry was made by the subcommittee at the time the testimony was being taken relative to the counseling positions. And lo and behold, there really is very little, if any. About the only question posed to the Secretary with reference to the entire counseling program was by the gentleman from New York (Mr. Addabbo) and he made the inquiry as to whether any increase was requested for fiscal year 1976. The reply which came to him from the Army, from the Navy, and from the Air Force was that no increases in these positions were being requested.

Then the committee report, interestingly enough, goes on further and says this: In the committee's opinion the number of people employed in these programs is still excessive.

Mr. Chairman, it is difficult for me to understand how one can make such a determination when we have made no examination into the real situation as it relates to these counseling positions. There was no examination by the committee members as to what counselors do, how much time is devoted to these counseling programs, or what kind of results are being obtained in these programs.

And then I thought it a rather odd approach because the subcommittee directed the Department of Defense to provide a report by February 1, 1976, as to what positions they have eliminated.

Mr. Chairman, certainly it seems to me that the Congress of the United States ought to itself make some investigation of its own, some interrogation at least, when testimony is being taken before them, rather than to take this kind of an odd meat ax approach.

Mr. Chairman, the gentleman from New York (Mr. ADDABBO) also requested of the Secretary who was testifying a detailed listing which would provide some showing as to the military and civilian personnel by service for each of the counseling positions, and this listing was provided for the record, and it revealed some very interesting facts.

No. 1, we find that Air Force personnel, in addition to counseling, performed other duties relating to the administration of these counseling programs. It revealed the fact that many personnel performed counseling as an adjunct to their regularly assigned duties. Then we learned also that the Air Force does not classify chaplains and judge advocates as counselors.

Then we learned, in addition to that, that many of the counseling-type services stem directly from the passage of laws by this Congress, that is, that each of the services are required to have counseling programs as a result of laws which we have passed.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. STOKES) has expired.

(By unanimous consent, Mr. STOKES was allowed to proceed for 2 additional minutes.)

Mr. STOKES. Mr. Chairman, we learned, with reference to these acts passed by the Congress, that increased social awareness due to the Civil Rights Act of 1964, for instance, has imposed additional responsibilities upon the services. We learned that predischarge education programs established by Public Law 91–219 requires affirmative action to be taken to counsel personnel prior to discharge.

We learned that the high incidence of drug and alcohol abuse and the recognition throughout the Federal Government of the need to minimize the adverse impact that these problems have on mission accomplishment led to implementation of our drug and alcohol abuse programs.

Mr. Chairman, the armed services of this Nation reflect the kinds of problems that our larger society has. We are talking about the personal problems and the personal decisions that, it seems to me, we ought to recognize are directly tied into the national security of this Nation. I do not see how we can be so concerned about our national security if we are not equally concerned about those who provide the national security which we are so glowingly discussing on this floor today. It seems to me we cannot put our heads into the sand and say that these problems will go away and that service personnel are not going to need this kind of advice and counseling service.

Mr. Chairman, we must realize at some point that these are not machines we are dealing with, that we are dealing with some 2 million human beings who have human problems. This Congress, it seems to me, has a responsibility in the interest of national security to be concerned about those who provide us our national security.

I hope, Mr. Chairman, that this entire body will adopt this amendment.

Mr. FLYNT. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, in the opinion of the committee, we have been very generous in providing approximately $175 million for counseling services within the Department of Defense in fiscal year 1976. This represents a reduction of $10.5 million. We have also provided about $44 million for the transition period; which is reduction of $4.5 million.

Actually, Mr. Chairman, the reduction probably should have been greater than it was, because with the All Volunteer Army which we are now witnessing—and most of us are agreed that the concept of the All Volunteer Force is meeting with great success—there is less need now for counseling services than there was when we had an Army composed in large part of people who did not want to be there in the first place.

The idea of having counselors to babysit with every member of the Armed Forces and to hand-guide every member of the Armed Forces in this period of the All Volunteer Force is utterly ridiculous.

Mr. Chairman, I am not advocating a further reduction in the amount the committee included, but the committee feels in its judgment that $175 million is absolutely adequate for this purpose.

In addition to some of the counselors that the author of the amendment described, would the Members believe that they have counselors to counsel counselors, to tell them what to do and where to go? And in many instances they send these people around to stir up trouble and to create problems instead of to solve the problems which exist.

Mr. Chairman, as part of this, let us look at some of the problems of those who have enlisted. We have drug abuse and alcohol abuse problems. The figures which have been received by this committee indicate that with the All Volunteer Force concept we are finding fewer drug-related and alcohol-related problems in the armed services than we have ever had before. The Armed Forces are able to be more selective in their recruiting than they were in the past. In the first place they have developed better methods to screen out and not enlist these potential problemmaking personnel. Therefore, the need in that area is reduced.

In addition to that, everybody in the armed services knows that one has to do a good job or else get out. Therefore, there is a voluntary effort on the part of men and women in all branches of the uniformed services of the United States to do their best, not only where they are personally involved, but with respect to where their comrades are involved, to cut down on the use of drugs and alcohol in the armed services.

With respect to all of this counseling, most of these matters should be handled by the commanding officers, whether it is a platoon commander, a company or battery commander, a battalion or squadron commander, or a division commander, or whoever. We need to get rid of more and more of these counselors.

Mr. STOKES. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. Yes, I yield to the gentleman from Ohio.

Mr. STOKES. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask the gentleman in the well this question: In the light of the fact that the records have not revealed that any type of questions were posed to the Secretary with reference to these programs and the effect of these programs, with respect to the reference which the gentleman in the well has just made, upon what does the gentleman rely?

Mr. FLYNT. Let me say this to the gentleman from Ohio (Mr. STOKES), and I think the committee will bear this out: Unfortunately, we have to admit that due to the very short time that we had to devote to hearings on this subject matter during the calendar year 1975, because of rescission bills that came before us and because of supplementals that came before us from time to time, the committee, of necessity, had to reduce the time and scope of its hearings.

However, I will say to the gentleman from Ohio (Mr. STOKES) that the members who serve on this committee have, for the most part, been on there for several years. We are familiar with these problems. We made every effort to go back through the records of past hearings.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. FLYNT) has expired.

(By unanimous consent, Mr. FLYNT was allowed to proceed for 2 additional minutes.)

Mr. FLYNT. To continue, Mr. Chairman, we made every effort that we could to fully acquaint the members of the subcommittee, and on Thursday last, the members of the full committee with this subject matter.

We feel that the subcommittee and the full committee have been indeed generous in appropriating some $175 million for this purpose. We feel that this is a case where the more money one spends, the less productive it becomes.

Therefore, Mr. Chairman, I hope, in all fairness to the gentleman from Ohio (Mr. STOKES), who offered this amendment, that the committee will reject this amendment and support the committee on the matter of counselors and counseling.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. Yes, I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, I wish

to point out also that in addition to this $175 million, we are actually supporting over 13,000 full-time counselors.

As the gentleman from Georgia (Mr. Flynt) has pointed out, we are dealing now with a volunteer army. We do not have the drug problem that we had in Vietnam.

Furthermore, there has been a trend to reduce forces. Therefore, there must be a proportionate reduction in counselors.

Mr. FLYNT. Mr. Chairman, I certainly thank the gentleman from New York (Mr. Addabbo) for his valuable contribution to this debate.

I would like to reemphasize what he said, that with a smaller force, an all-volunteer force, we should be reducing counselors who are no longer needed as they were when we had a conscript force of much more magnitude.

AMENDMENT OFFERED BY MR. MURPHY OF NEW YORK AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. STOKES

Mr. MURPHY of New York. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Murphy of New York as a substitute for the amendment offered by Mr. Stokes:

On page 2, line 12, strike out $8,162,738,000. and insert in lieu thereof $8,174,938,000.

On page 2, line 14, strike out $2,062,944,000 and insert in lieu thereof $2,066,044,300.

Mr. MURPHY of New York. Mr. Chairman, the chairman of the Committee on Appropriations and the gentleman from Georgia (Mr. Flynt), the subcommittee chairman, know the deep respect that I hold for them. I also applaud their great effort and work and the detail with which they formulated a military budget this year.

I also have high regard for the chairman of the Committee on the Budget who also supports the committee in asking for no cuts, but I would be remiss in my duty as a Member who has followed carefully our armed services through the 14 years that I have served in this body if I did not speak up.

The Committee on Appropriations today proposes to cut the Army's recruiting budget by about 30 percent. That will cut 30,000 recruits from the U.S. Army, and this disturbs me deeply. They are cutting the heart out of the Army's ability to raise the standing volunteer force. This will have an impact that is way out of proportion to the dollars involved in this amendment, the $2.2 million for recruiting personnel. Restoration of these funds is essential unless we want to abandon the goals we set for the Army. We set goals here in the Congress and this amendment would restore the funds to their minimum level.

We told the Army to maintain a volunteer force and get rid of the draft and they have done this. We in the Congress told the Army to recruit and train a quality force and they have done this. I had reservations about their ability to do this so I spent 10 days at Fort Benning with an infantry brigade and another 3 days at Fort Bragg with the training sergeants and training captains as well as the post commander to determine the quality of recruits. We found through these field visits that we were recruiting a quality recruit and that the quality of our Army was excellent. It took an entirely new organization and a revision of the entire recruiting system by the U.S. Army to achieve the high standards we established.

The Congress told the Army to improve in its combat capability and reduce their combat to support ratio, this also they are doing. The Volunteer Army is a reality.

Manpower quality and combat readiness are way up. The Army is sharpening its combat "teeth" and cutting its "tail" by reforging internally from 13 to 16 active divisions with no increase in manpower. Costs have been held just about even. This is what we have been asking for, cost effectiveness and good management.

This success was not attained by cosmetics. It reflects determined leadership at the top Army levels, hard work by middle managers and station chiefs, and fierce effort by those in the field, particularly those in the recruiting of force. Following the guidance of the Congress, these people have turned a figurative lemon into lemonade. There are not many places in Government you can find this type of achievement.

Now the Committee on Appropriations is proposing an ironic response to this splendid effort. It is inserting the knife at the jugular where the people who make up the Army are brought in. It will be a heavy blow against the whole service.

If we cut the Army's recruiting force as the committee recommends, we will deal a crippling blow to a sophisticated organization which is just now reaching full productivity. And, contrary to the committee's report, quality recruits are not standing in line. The Army fell short of the August 1975 goal by about 3,500 recruits. September figures will be worse. A cut of $18 million from recruiting manpower would necessitate a reduction of 1,440 military and civilian personnel from the 9,500 man recruiting command. This is far out of proportion with the committee's manpower recommendations, and it would ravage the organization at a most uncertain time.

The committee would abolish unit recruiters altogether. Speaking from some 30 years of service both on active duty in the Army and in the Reserve units, I am convinced that this program is one of the primary reasons that Army accessions have been as high as they have been.

Our young soldier-recruiters have been effective in getting volunteers for the hard combat skills and tough frontline areas such as Europe. This is the young man who goes back to his high school and recruits. He is a private first class, not a great big sergeant. He returns to his high school and recruits high school graduates and athletes, precisely the type of man the Army must have to maintain its combat effectiveness.

I do not question the sincerity or the motives of my colleagues who support these reductions.

I must question the rationale, however. The theme that runs through the report is that recruiting is easier as unemployment encourages a flood of volunteers. The fact is that recruiting is not much easier for the U.S. Army. Although there was a brief respite in the worst economic distress last winter, the Army has succeeded only with great strain, and as the economy improves the Army will face an uphill battle.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. Murphy of New York was allowed to proceed for 5 additional minutes.)

Mr. MURPHY of New York. Mr. Chairman, the Army is at a critical juncture in its efforts to recruit and sustain a quality force. Whether it succeeds or fails rests largely on our shoulders. We have the constitutional authority and duty to raise and support an Army. We have done it. Let us support those activities and not turn back to the past and go back to a failure in recruiting those new men in the Army.

I ask the committee to restore the $12.2 million. Let us just remember the Vietnam era. The draft was imposed for one reason and that was to get the U.S. Army infantrymen. The Air Force went through the Vietnam era with all volunteers. The Navy went through the Vietnam era with all volunteers. We had to install the draft to find infantrymen for the Army, and that is what the draft did. Today, instead of the draft, the Army needs the means to recruit men for their divisions. The Army recruits men and the other services must recruit men for the machines they use, but the Army needs men. I ask for restoration of these cuts.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I thank the gentleman for yielding.

I am very much for restoring the cuts that have been made in the recruitment program. However, I am not certain this amendment deals with the problem raised by my colleague, the gentleman from Ohio, that is the cuts in terms of counselers in racial relations and other related problems. Can the gentleman clarify that for me? I feel that I might support the concept the gentleman is referring to.

Mr. MURPHY of New York. The cuts my substitute covers are cuts in the recruiting.

I would like to address if I may the program that the gentleman from Ohio (Mr. Stokes) referred to, because I participated in the program, I have lectured at Army camps on race relations. It is a vital program. I think those funds should be restored.

Mr. MITCHELL of Maryland. Let me get at it more directly. If I should be inclined to vote for the gentleman's sub-substitute, will I not negate the effect the gentleman from Ohio (Mr. Stokes) is trying to accomplish in his amendment in the field of counseling.

Mr. MURPHY of New York. The gentleman is correct. The parliamentary situation is that the level of funding in this section that I increase will go to increasing by $12.2 million the recruiting of personnel and will not address itself to the amendment of my colleague from Ohio.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Chairman, I thank the gentleman for yielding.

Let me go to the point raised by the gentleman from Maryland. Unfortunately the parliamentary situation precludes us from doing anything about it. The gentleman from Ohio offered his amendment to this section. If that were voted up or down, and say it passed, then we would be precluded from coming in on this amendment.

Mr. MURPHY of New York. The gentleman is correct. If I can address myself to that, it would be far easier for the U.S. Army or other armed services to go forward with a program internally to correct exactly what my colleague, the gentleman from Ohio, pointed out. If we cut this funding for the recruiting personnel, and we recruited 157,000 men in the past fiscal year, we cut it by 30,000. I do not think we can afford that cut at this time. I think we can probably address the problem raised by the gentleman from Ohio (Mr. Stokes) at a different time.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from Texas.

Mr. TEAGUE. Mr. Chairman, next Monday there will be a bill brought to this floor, proposed by the President and passed by the Veterans Affairs Committee, which will be discontinuing the GI benefits as far as men going into the Army from now on.

There is no question that this GI bill has been a recruiting factor. But we feel if it is that, then the Defense Department should pick up the tab and not the Veterans' Administration, so surely we should give the military the recruiting money they need.

I can certainly support the gentleman trying to restore it and fight for the amendment offered by the gentleman.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, the gentleman indicates that he supports the $5-million amendment of the gentleman from Ohio (Mr. Stokes), $5 million for counseling.

I am speaking for the $12 million recruitment program. Would the gentleman object that his amendment be raised to a total of $17 million to cover both items and then we can talk to both items and not make them mutually exclusive?

Mr. MURPHY of New York. Mr. Chairman, I would be so inclined to amend the amendment and I so ask unanimous consent.

The **CHAIRMAN.** Is there objection to the request of the gentleman from New York?

Mr. MAHON. I object, Mr. Chairman.

The **CHAIRMAN.** Objection is heard.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the subcommittee is not unmindful of the things that were said by the able gentleman from New York. The last thing we are going to try to do on the subcommittee is to make useless or valueless the volunteer army. Goodness knows, we have tried every way we know how to make it work, but we do believe very strongly that the volunteer army and the method of acquiring recruits has got to be a flexible system. It serves no particular purpose to plow more and more money into something that is working effectively with the flexibility that it should have and will allow us to save a little money in any one year.

Now, the Army, as well as the other branches of the service, have been bringing in the recruits that they need. Not only that, they have been bringing in more intelligent recruits than they have ever brought in before. The volunteer army system is working, and the recruiting system is working. They are working in great part because of the economic situation that is causing people to look to the Army with great interest, because of the increased pay that we have provided for the military men and women in this country, the increased benefits and conditions of life in the military. This is why people are coming into the Army.

I am not suggesting to the House that it does not take recruiters to get those people in, but we have some 12,000 people working in recruiting in the Army alone. All we tried to do in this particular section of the bill is reduce that 12,000 by about 1,100 people. We did not say they have to be recruiters in the field. We did not say they have to be recruiters in headquarters. We did not say they have to be secretaries or the like. The military can make those decisions. We just believe a system like this should be flexible enough so that in good times we can save a little money, and if recruiting falls off and the economic conditions are such that we are faced again with a shortfall, then we can allocate more money for recruiting.

There is nothing in this bill that we have brought to the floor that would suggest that we are trying to cripple or bankrupt or ruin the Volunteer Army.

Let me make another point. It is not just the Army that recruits. There are 25,241 people, according to our committee report, that work in recruiting in all of the military services. Out of that whole number we are proposing a reduction of about 2,000 people, feeling that the recruits are coming in and we do not need to have these people at this time; but to suggest that we are trying to ruin the Volunteer Army or ruin the recruiting service is to miss the point. Why should we continue to throw money away that we do not need? Why recruit people that we do not need, because the system is working? If recruits stop coming in and recruiting falls off, then we can take the necessary steps to correct the situation.

This business of the unit of choice has been mentioned. We have had some 600 soldiers going from points in Germany or Korea, or wherever, going back and recruiting servicemen. That takes too many people out of their units at a time when they need to be in their units.

The whole effort of this committee has been to build the operational division strength up and have the soldiers in these armies ready to fight and train and not be off doing other things. I think that the committee has made a proper cut here which can be justified completely. I would hope that this amendment is defeated.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from New York.

Mr. MURPHY of New York. Mr. Chairman, I respect my colleague's comments. However, I would like to point out this: When Secretary McNamara was Secretary of Defense, 125,000 men were put in the U.S. armed services from neighborhoods where socioeconomic conditions were so poor that these personnel could not meet minimum Army requirements. This appears to be the group that he would like to select from now, from the unemployment lines, from the areas of low operational, low intelligence abilities.

We found that these 125,000 men were so counterproductive to the Army, Navy, Air Force, and Marine Corps that they caused far more problems than they were worth. The purpose of a quality recruiting staff is not to get unemployables and to go to the unemployment lines, but to get a quality recruit.

As this recruiting program has developed for the Army, we have seen this happen. We have seen the Army having to push out corporals and sergeants to maintain its proper balance of privates, because after 2 or 3 years they cannot reduce a man from corporal or sergeant down to private even though he has been a pretty fair soldier, in order to fill the recruit mechanism. There is a flow to the entire Army personnel system that the recruiting force must maintain. That is why I really disagree with the argument of my colleague from Alabama.

Mr. EDWARDS of Alabama. If I may respond to the gentleman from New York, I have not suggested that what the recruiters ought to do is go to the unemployment lines. What I am saying is that, the economy being what it is, many young people are finding that the high pay and benefits and all that we have offered to servicemen are most attractive and these things are drawing them into service at a time like this. We are not getting the dregs of the unemployment lines, if you will. We are getting the highest quality the Army has ever had, and it is working because we have had an effective recruiting program.

I am saying that it is working, and we

are not trying to do anything to destroy it, but to make it flexible enough to save some money when we do not need to have quite the number of recruiters out there we have had in the past.

Mr. MURPHY of New York. I would say to my colleague that if the August figures are any indication, which show a 3,500 short fall in August, we see that the Air Force and Navy have a higher appeal—we had an 8-year record in the Vietnam experience to see that—the Army is the place where we must work to find a quality recruit.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(By unanimous consent Mr. EDWARDS of Alabama was allowed to proceed for 2 additional minutes.)

Mr. EDWARDS of Alabama. Mr. Chairman, a lot has been made of what has happened in August, and I do not think we can let that go by the board. The truth is that the Army, by direction from its headquarters, set up a program where they allocate quotas in specific skills. Whereas they used to report by the month, now they have been asked to report by the week on specific skills recruited, and the Army by its own activity has, in effect, reduced its ability to bring in the recruits by setting out just the certain skills and a certain week for weekly reporting.

The Army can change that simply by going back to the monthly report and carrying out the program like it has in the past.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Georgia.

Mr. BRINKLEY. Mr. Chairman, does the gentleman disagree with this approach that the Army is using in recruiting for specific skills in order to carry out what the volunteer Army was projected to be?

Mr. EDWARDS of Alabama. I have no quarrel with the recruiting for specific skills, but I think they can do it in a way which will not necessarily reduce the number of recruits obtained.

Mr. STEIGER of Wisconsin. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-two Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and two Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. DOWNING of Virginia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have carefully read the Appropriations Committee's report which proposes slashing the Army's recruiting budget. The report puzzles me to the core.

I agree totally with the committee's position on the need for a strong national defense at the lowest cost to the taxpayers.

I disagree vehemently with their assertion that cutting the Army's recruiting budget along the lines suggested will contribute to our national security or even save money in the long run.

In my view, the proposed cuts are unreasonable. If approved, they will disrupt the Army's vital recruiting operations and raise havoc with the Volunteer Army. I know that my colleagues in this Chamber are reasonable and I recognize that reasonable people often disagree. But this is not the time. This is the time for action.

The issue confronting us is crucial. Our congressional duty is clear. Let us close ranks and support the Army in the goals we have mandated. The alternative to positive action will be a crippling blow for the Army, the Congress, and the Nation.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, when the Department of the Army appeared before the subcommittee it testified that the recruiting personnel of the Army at that time was overstrengthened by the amount of 10 percent. All we did was to reduce the overstrength that was testified to by the Army at the time its representatives appeared before our committee, and we made an additional and nominal cut of 5 percent.

When we look at this in that perspective, this is an infinitesimal cut. It is a cut that cannot do harm to the Army and it cannot do injury to the recruiting establishment.

We have not touched the recruiting mechanism, as it were. We have not dismantled in any fashion the recruiting establishment. All we have done is basically to reduce by 15 percent the cost of recruiting.

This is entirely reasonable when we look at the testimony before this subcommittee to the effect that young men and women were virtually standing in line to get into the service; young men and young women were reenlisting at a record rate and at a record ratio.

So in view of this, the committee's action would certainly seem to be entirely reasonable.

Mr. Chairman, there is one other point I want to address. A great deal of the reduction here is in recruitment advertising. Nothing has been said about that at this point, but it should be said, because there are millions and millions of dollars in this budget and in the proposal from the President for recruitment advertising.

We found that about 12 million was requested for billboard advertising. Now, can anyone imagine a request of $12 million for billboard advertising? We all know, or most of us know, that there is no value in billboard advertising except for the purpose of name recognition. If any operation is without a need for name recognition advertising, it would seem to me to have to be the Army, the Navy, the Marine Corps, and the Air Force.

I have not conducted an exact review of this, but in my district I am confident that we would find that one out of three billboards is taken over by the Department of Defense. One community that I know of, a town with a population of 210, happens to have one billboard. Usually it does not have anything on it, but when I went back the last time, after hearing the testimony on the proposal by the Department of Defense, I said, "I'll bet that billboard now has a Defense Department recruitment advertisement." And it did. It showed four smiling young boys and girls who had recently joined the Army.

There is no excuse for our spending $12 million for name-recognition advertising for the military services.

Another vast expenditure is in the area of magazine advertising. In July of last year we had the center spread in Time magazine. That cost $106,000. Did the Members hear that—$106,000 for an ad in Time magazine.

The center spread for Newsweek magazine cost $112,000. The testimony before our subcommittee was that the Department of Defense had spent $11,000 for an ad in Ebony magazine. How many responses to that ad did they get? One inquiry, one response for an expenditure of $11,000.

Is that the way we want to spend the taxpayers' money, by spending $112,000, $106,000, $11,000 for one inquiry? That does not mean we had one recruit. That means we had one inquiry.

Mr. Chairman, this is not exhaustive, but this is illustrative of what this subcommittee and our full committee has cut out of recruitment advertising.

Mr. STEIGER of Wisconsin. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Murphy substitute amendment.

Mr. Chairman, if this matter were not so serious, the report of the Committee on Appropriations might even be funny.

All of the Members will recall the debate that we had not very long ago on the issue of whether or not we ought to assist the voluntary force to have the KP money restored, since the Committee on Appropriations Subcommittee on Defense had taken it away. The House overturned that decision.

Mr. Chairman, I hope the Members will adopt the Murphy amendment and overturn what I think is another very unwise decision.

There are so many arguments that have been used in the committee report and now here on the floor that it is difficult to summarize all of them.

The gentleman from Alabama (Mr. EDWARDS), the ranking minority member of this committee, has been talking about this matter of budgetary flexibility. That budgetary flexibility is nowhere.

My colleagues in the committee report at no point do they assess what factors they talk about when they talk about the recruiting climate, nor are we told how rapidly the factors may change or how they relate to specific recruiting programs or expenditures.

The bill appropriates funds for 15 months.

If the committee has any evidence that the "prevailing recruiting climate"—their language, not mine—will produce the requisite number of enlistees over that period, with 1,200 fewer people in the recruiting command, no unit canvassers and with one-third less advertising, such evidence is not reflected in the committee report or in the hearings on the bill.

The fact that the Army met its quotas for fiscal year 1975, but is falling behind in fiscal year 1976, I think illustrates the volatile nature of the recruiting climate and underscores the wisdom of taking a far more cautious attitude before dismantling the recruiting apparatus.

Second, the talk in the committee report, on page 36, is as follows:

> The committee believes that recruiting and associated costs represent an area where some downward adjustments can be made at this time without injury to the services' efforts to recruit a high quality military force.

Mr. Chairman, I must say that I am pleased to note that the committee is finally taking an advocacy position in favor of the volunteer force. I appreciate the great confidence shown by the committee in predicting that the recruiting service can be decimated "without injury" to their ability to "recruit a high quality military force."

I share this confidence, provided, of course, that the volunteer force is given the tools to accomplish the job. If, as the committee notes, DOD officials believe they can do the job for less, then reductions may be in order. But I have found no statements by DOD officials, either in the report or in the hearings, in which anyone has suggested that the Army could take a cut in personnel of 1,200 recruits, drastic reductions in support, no unit recruiters, and a major cut in the advertising program.

If anyone will read the committee report, Mr. Chairman, he will see that the report states:

> All of the services are currently meeting their quantity goals and are doing so at higher quality levels (as measured by high school graduation and mental category criteria) than they have ever done before.

The report goes on to praise the recruiting services which—

> have become more efficient and effective in their operating procedures.

One would think that such words might serve as a prelude to further support for the recruiting system. Instead the committee has applied a meat ax approach to Army recruiting: The command has been reduced by 1,200 spaces; the support budget has been radically undermined; unit recruiting is being eliminated; and advertising has been slashed by 35 percent.

In short, in only 3 short years the recruiting command has largely accomplished the shift from dependence upon massive draft pressure to total reliance on volunteers. This achievement has not been easy to come by. Early shortfalls were compounded by serious problems of recruiter malpractice.

I think great strides have been made in addressing these problems. In testimony before the Committee on Appropriations, General Moore, the Deputy Chief of Staff for Personnel, said:

> Major projects are under way to precisely define the occupational and behavioral dimensions of the recruiting field. These efforts will lead to better use of people and new devices to select people for the job who have a high probability of success.

Just as a degree of stability has been introduced into the military recruiting, the committee has threatened to decimate this efficient and effective program.

Mr. Chairman, I am aware of the fact that Assistant Secretary of Defense Brehm noted that reductions in military recruiting expenditures might be possible after a close and careful review. But he added a crucial caveat regarding the recruiting force when he said:

> We must be extremely careful about making any downward adjustments in that organization because we built it at great cost, and at some pain. It is functioning very well now so we want to make sure that any steps we take are taken deliberately. If we dismantle it and for some reason recruiting becomes more difficult than it is today, then we have the problem of building it back up again.

That is the end of his statement.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. STEIGER of Wisconsin was allowed to proceed for 2 additional minutes.)

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Wisconsin. I will yield in just one moment if I have the time but I would prefer to conclude my statement.

Mr. Chairman, I have no doubt that as in any governmental program, further economies can be achieved but these can be accomplished from specifically targeted adjustments and not from large across-the-board cuts.

The amendment offerd by the gentleman from New York (Mr. MURPHY) in my judgment is absolutely essential to restore the recruiting command and it is not even over what it was last year, with no adjustment for increases and inflation. I think this is an important ingredient that is needed in order to sustain the capability of an effective and efficient volunteer force.

Now I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, I just want to ask the gentleman from Wisconsin a question, and that is: Does the gentleman know if the present GI education program is an incentive in the recruiting process?

Mr. STEIGER of Wisconsin. I am at the moment looking at that issue as it relates to what the gentleman from Texas (Mr. TEAGUE), the chairman of the Committee on Veterans' Affairs, has brought to us for action next week. My understanding is that by and large it is not terribly much, that more stress, for example, is placed on what is available inservice rather than what is available postservice. Which is what the GI bill is all about.

But I am troubled.

Mr. MURPHY of New York. Mr. Chairman, if the gentleman will yield, the recruiting program of the U.S. Army stresses education and the comparability of education of the man that volunteers for the military services. But even while he is a recruit, we have found 100 percent of the recruits in certain divisions of the Army are enrolled in extension courses. This is the idea of the type of person that you attract as recruits, they are the type of persons you want in the Army.

Mr. EDGAR. If the gentleman will yield further, the reason I raised the question is because I am part of an effort that is trying to defeat the bill to terminate GI educational benefits that is coming on the floor next week. I hope we will send that bill back to the committee for further study. Some of us feel that termination of that program will have a serious impact and will raise several questions. There has been testimony that the Defense Department should pick up this educational benefit as a part of the all-volunteer Army. But as the gentleman will recall, in the discussion here, the recruiting program rather than being expanded is being cut back. I think the Department of Defense ought to give us some information as to what value the educational benefits as provided by the GI bill do in fact provide.

Mr. STEIGER of Wisconsin. I think it is a very good question.

Now, Mr. Chairman, let me extend my remarks to deal with the advertising issue raised by our colleague from Missouri. Let me quote from the report:

On page 38:

> Despite the expenditure of over $1,000,000 annually on advertising research, there is still no solid evidence that the ever increasing advertising budgets are effective or necessary to recruit an armed force.

The Army has kept careful track of its advertising expenditures. The impact of the committee cuts would cost the Army 10,000 enlistments directly related to print media advertising, and about 15,000 more indirectly created through other advertising.

Further on page 38:

> This section of the report notes a variety of discrepancies in the accounting of recruiting expenditures among the services.

This problem can be taken care of in report language regarding uniform accounts. Slashing the Army's recruiting budget for advertising by one-third will do nothing to facilitate the committee's ability to make interservice comparisons.

On page 39:

> Department of Defense expenditures for advertising far exceed any comparable expenditure for like purpose by any other organization. The DOD likes to compare its employment advertising with the product and name recognition advertising of Coca Cola or the General Motors Corp. Such comparisons are not valid.

The fact that DOD has to spend more for recruiting than any other organization should come as no surprise. In the absence of this program, the military has had to rely on involuntary service to fill its ranks. There can be no meaningful dollar comparisons to other organizations because none have had to recruit one in three qualified and available young men. None have required their employees to make such significant sacrifices in terms of employment rights, constitutional liberties, and of course, personal safety. This is not to say that advertising expenditures need be openended—only that they should be measured against the task for which they have been designed, not any artificial standard.

On page 39:

> DOD has requested funds to spend $12,000,000 on outdoor billboard advertising. There is little doubt in the committee's mind that all qualified 18 to 26 years olds recognize the fact that there is an Army, Navy, Air Force and a Marine Corps and that these organizations recruit people in their age group.

It is good to see that in the 3 years since the committee sang the praises of KP duty, it has not lost its sense of humor. But one need not go far to see that the Army intends to convey a much more specific message through its billboard advertising. Take a 10-minute walk up Pennsylvania Avenue, near my house, and you will see a billboad depicting several soldiers in a lecture hall, with the caption: "Start college in the Army this fall. Ask about Project Ahead. Call 800-523-5000."

This is not generalized name recognition advertising. Rather, it has a specific message: that the Army offers more than pay or job training; there are specialized programs to help enlisted persons obtain college degrees while in service. It is an important means for delivering the message that young people no longer have to choose between service and college; that there is a way to obtain both experiences at the same time. The "800" number provides a simple means of obtaining further information. To belittle this message as simply informing young people that "there is an Army" simply illustrates the weakness of the case for the cuts made by the committee.

On page 40:

> The population being recruited remains essentially stable, while the frequency of advertisement contacts with the potential enlistee increases because it is believed that the choice of service will be influenced through repetitive association.

This statement is simply an inaccurate portrayal of the recruiting market. The population of potential recruits is constantly changing, with several million young people becoming eligible for enlistment each year, while several million others settle into nonservice job patterns, thus moving out of the recruiting pool. The recruiting population is really a stream, and continued advertising is needed to make sure that each entering group is exposed to the variety of opportunities offered by the services.

Further on page 40:

> With the current unemployment situation, and with recruits "standing in line" to enlist, the committee believes that a reduction of about 35 percent in the advertising budget is appropriate.

Even in a metaphorical sense, it is a gross distortion to suggest that the recruiting service can be slashed because recruits are "standing in line." The simple fact is that the services must recruit a substantial proportion of today's youth population to meet the force levels established by Congress. That task is so large that even in a favorable recruiting climate, the recruiting service will have a full time job on its hands. I hasten to add that the committee has produced no evidence to demonstrate what part of the Army's current recruiting success is due to the economic climate, and what part is attributable to the fact that only last year did the recruiting command finally have the opportunity to stabilize its own personnel management and planning operation.

Lastly, Mr. Chairman, on page 40:

> In this section of the report, the committee advocates use of electronic media to a greater degree.

I agree completely, and can only wonder how this will be accomplished when the Army has been directed to take a 35-percent cut in its advertising budget.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LEGGETT. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think that we have an excellent bill here before us. The Committee on Appropriations has done an excellent job, the subcommittee, and the staff. However, we are dealing here really in this amendment with two items: the amendment that was submitted a few moments ago by the gentleman from Ohio (Mr. STOKES) that would raise the counselor provision to help out Equal Opportunity and adjustments within the service by some $5 million, and the $12 million amendment offered by my colleague, the gentleman from New York, to enhance Army recruitment, which is really part of a larger amendment that would perhaps restore the bulk of a $48 million reduction that has been effected in two categories in Army recruitment.

I think that we should hesitate to change success. We have all had reservations about the Volunteer Army program. We have had testimony from the chairman of the former House Committee on Armed Services indicating that the Volunteer Army program was a hopeless failure; and now we find out that it is moving. We are recruiting the manpower; we are getting the people we need; and not only are we getting the people we need in the proper categories, but we are finding that over the past year high school graduates have escalated going into the Army from 47 percent to some 57 percent. The category 3's and above have escalated from some 82 percent to 88 percent. So we are getting quality personnel.

Admittedly, this is a subjective judgment as to whether or not we want to cut $42 million out for recruitment, $12 million of which is in this amendment for the Army, and $5 million out for the counseling program, which helps the retention of personnel. I would hesitate very strongly in substituting my judgment for the Committee on Appropriations' judgment when they effect a reduction in a defense appropriations bill, because normally we are going the other way. But I think this, that the Army has indicated that if this amendment does not pass, they well might find themselves in a situation where they have 30,000 less personnel next year than they need.

If we have 30,000 people roaming the streets, they might be out on unemployment benefits, which would cost the country probably $30 or $40 million. So in order to save a few million dollars, we spend much more.

I think persuasive arguments have been made by the gentleman from Wisconsin and by the gentleman from New York. I think we ought to get our military manpower all over the United States, not just in our big cities. It is a lot like post offices. If we take this money out, the net effect probably will cut down on recruitment in smaller areas might mean our personnel would be coming from center cities rather than rural areas all around the country.

Comment has been made about some of our advertising programs. I do not think we are really in a position to judge whether or not it is wise to spend the money for a centerfold in Playboy magazine, or Newsweek magazine, or Time magazine. This is up to the bright people in the Department of Defense and the advertising media, and they have determined that this is good institutional advertising. All of us just have to reflect back a little bit to World War II days. Remember that billboard, "Uncle Sam Wants You"? We can all remember Uncle Sam. We can remember that finger pointing at us. We all took that advertising very seriously. So to say billboards do not do any good because they might be along highways is not so. They have been a very effective tool.

Mr. Chairman, I support the amendment, and I hope the gentleman from Ohio (Mr. STOKES) will offer an amendment to the amendment.

Mr. Chairman, the Appropriations Committee has proposed to reduce the Army recruiting budget by some 30 percent. While I understand and am sympathetic to the committee's desire to trim expenditures wherever possible, I must in this case disagree with the committee's perception of the importance of these funds. The proposed cut contemplates reductions in the recruiting force, unit managers, civilian personnel, recruiting support, recruiting station rentals, and advertising. As you can see, this is the very heart of the program.

The Army has made a good faith effort to reduce its spending in this area. The cost of recruiting a volunteer has dropped by 25 percent since the draft was discontinued, the number of recruiters has dropped by 10 percent, and the number of unit canvassers has been reduced by a whopping 70 percent this year alone.

That is what has happened so far. I am informed that what will happen, if the proposed reduction takes effect, is that enlistments can be expected to drop by some 30,000 next year, or almost 18 percent of the Army's requirements. It has been a long, hard, uphill pull to get to the stage where we have enough enlistments to meet requirements of both quality and quantity. In previous years, 82 percent of male recruits were in the top three mental categories, and 47 percent were high school graduates, whereas in fiscal year 1975, 88.8 percent of male recruits were in the top three mental categories, and 57.6 percent were high school graduates. This is the kind of progress jeopardized by the committee's reduction.

I appreciate the committee's feeling that, in the current economic climate, military recruiting ought to be cheaper and easier. While this line of reasoning is temptingly obvious, there are two things wrong with it. First, this year's unemployment outlook appears better than last year's, so recruiting will be that much more difficult. Second, we are trying here in the Congress to brighten that outlook, to provide more jobs. If we tell the Army that we expect to fail, how can we expect the rest of the country to believe us?

This amendment attempts to do away with the unfortunate roller coaster effect the committee proposal would have on the Army recruiting budget. It would be inconsistent of us, to say the least, to insist on the type of excellent management we desire from the Army under these conditions. If numerous small recruiting stations are closed, as this amendment would require, there will certainly be violent criticism of that action right here in the House of Representatives, and that criticism will be justified: but we will have no one to blame but ourselves. In short, the committee proposal has all the unfortunate earmarks of being penny wise and pound foolish.

This amendment is a sober, well-considered attempt to address the problems of recruiting in this day and time. I strongly urge its passage.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIKES. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I propose to be very brief. I oppose the amendment to increase the funds for recruiting. I call attention to a letter which I hold in my hand from Mr. William K. Brehm, Assistant Secretary of Defense for Manpower and Reserve Affairs, addressed to the chairman of this committee, the gentleman from Texas (Mr. MAHON), dated August 28, 1975.

In this letter he says:

> During my testimony on the fiscal year 1976 budget request I indicated a review of the active force's advertising campaign was under way. This special review was initiated due to significant changes in the economic climate that have persisted since the last half of 1974.

In substance, Mr. Chairman, the Secretary's letter states that they can give up $25.8 million in recruiting funds. Of that amount $10.3 million would be for advertising.

The amendment would put the money back in the bill that the department says it can give up, and a lot more besides.

Now let me call to the attention of the Members the fact that in 1974 we paid for the recruiting service for each new enlistee in the Army $936. In 1974 we needed 183,511 new personnel. In the 1976 budgeted amount, the cost would be not $936 but $1,244 per person and we would need not 183,500 new individuals but we would need 169,400 in order to fill the Army ranks.

That in itself should be conclusive proof that the Army knows they had more money than they needed. The Army needs fewer men than in prior years. The cost, unless we support the committee bill, will be considerably more per person at a time when there is no problem in obtaining needed personnel. We must make savings when and where we can.

AMENDMENT OFFERED BY MR. STOKES TO THE AMENDMENT OFFERED BY MR. MURPHY OF NEW YORK AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. STOKES

Mr. STOKES. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

> Amendment offered by Mr. STOKES to the amendment offered by Mr. MURPHY of New York as a substitute for the amendment offered by Mr. STOKES: Strike out "$8,174,938,000" and insert "$8,178,438,000".
>
> And strike out "$2,066,044,300" and insert "$2,067,504,300".

Mr. STOKES. Mr. Chairman, my amendment to the Murphy substitute is for the purpose of clarifying the parliamentary situation as it relates to the original Stokes amendment.

The original amendment which I proposed would add $5 million to the bill for the purpose of providing counseling services for the Army.

The effect of the Murphy substitute for the Stokes amendment would be to put $12 million into the bill for the purposes of recruitment, but the effect of it would be to wipe out the Stokes amendment and the $5 million for the counseling services.

I am, therefore, offering the Stokes amendment to the Murphy substitute so that the counseling services would be included.

So the effect of my amendment to the Murphy substitute would be to add $5 million to the $12 million which is proposed for recruitment.

It seems to me in the light of the statements we have had regarding the necessity for a recruitment program, that at the same time we have to be cognizant of the need for counseling services to be provided for those whom we are going to recruit into our services, I hope you support this Stokes amendment.

Mr. HILLIS. Mr. Chairman, I rise to join with my colleagues, the gentleman from New York (Mr. MURPHY) and the gentleman from Wisconsin (Mr. STEIGER) and the gentleman from Texas (Mr. TEAGUE) in support of the amendment and in opposition to the Appropriations Committee proposed reductions in the Army recruiting budget.

I have had the good fortune to serve on the Military Personnel Subcommittee and I have been impressed with the fact that the Army, of all the services, has made a very dedicated effort to make the volunteer service work. The Army has adopted as its goal an end strength of 785,000 men and has set about in a dedicated manner to meet this end strength. At the same time in doing so to pare out the fat from the Army and increase the so-called tooth-to-nail ratio where we find that without any increase in the 785,000, the number of fully armed divisions can go from 15 to 16. Then we can have a full 16 divisions in the service of this country.

Now, to do this we have to have an adequate recruiting budget. I might say, how else could we go about this if we are not going to give an adequate amount to recruit?

Well, of course, there is certainly the possibility of returning to the draft, and I will talk about that in just a moment. I do not think any of us want that alternative.

There is always a possibility of lowering the standard and we could go to less than 16 full divisions.

I would like to ask the gentleman from New York (Mr. MURPHY) if he is familiar with the term in the service a few years ago of the Johnsonized Division?

Mr. MURPHY of New York. Mr. Chairman, I served in the Johnsonized Division in Korea as a rifle company commander. The rifle company of a Johnsonized Division consisted of 80 Americans out of a table of organization authorization of 220 Americans. The rifle company was filled out with about 120 South Koreans who had no military training and could not speak English. This Army was put in the field in combat under the administration of the Secretary of Defense at the time. We wound up after having a tremendous Army in 1945, we found that it was the underprivileged troops of North Korea and China that outgunned us in guns and in tanks. We did not have the substantial backup of personnel to properly fight that war. We wound up defeating that army in September and October of 1950. Then the Chinese came in when the weather was 10 degrees below zero. We did not even have gloves for the Army. The Chinese had quilted uniforms. They had winter gear with earflaps and they even had better bugles than our Army. That is what happened when they went along with the administration proposal. We heard the gentleman from Ohio (Mr. HAYS) speak on that subject a short while ago. Let us not do this again to men that we commissioned to carry out the foreign policy of the United States.

Mr. HILLIS. Mr. Chairman, I thank my distinguished colleague from New York. The point he makes is that the so-called Johnsonized Division came about during the time between the World War II and Korea when we had a so-called voluntary army, when there was no draft. We found ourselves woefully short when we were so restrained and called upon to defend the United States during the United Nations Korean operation.

Who of us who have been here longer than I have, and that is only 5 short years, remember what it was like to reenact the draft and it was not easy when that bill was on the floor. A lot of us heard that argument that the voluntary military would not work and we would have to return to the draft, and that was the alternative we found ourselves in in 1950 when we returned to the draft and it carried over to 1972.

There are those who say the Volunteer Army will not work, but it has proved to be working for 4 years now and the reason it has worked is because we have given the Army the tools to make it work.

My constituents do not want the draft back and I do not think the constituents of the districts of other Members do, either.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

I rise in support of the Stokes amendment, and I will be very brief.

Mr. Chairman, I am in a quandary here because I serve on the Budget Committee and, obviously, I want to stay within the constraints urged by the Budget Committee.

I am also in a quandary because I have consistently opposed the large military spending budgets; however, I have been an advocate of the Volunteer Army. I am convinced that we must understand and support the Stokes amendment if we are to really maintain the Volunteer Army.

The statement has been made that somehow or other we were able to meet our department requirements during this time because we are in a recession-depression. On the other hand almost every economist of merit is saying that we are coming out of the recession-depression. There is no doubt but that economic recovery will adversely affect the recruitment program.

Also, I think every Member of this House has received correspondence at one time or another about interracial tensions in various military installations. The counseling program is necessary and the race relations program is necessary.

Despite the progress we have made in improving race relations in the military, there is much, much more to be done. Therefore I urge support for the Stokes amendment.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Chairman, I would like to associate myself with the gentleman's remarks. I, too, urge adoption of the Stokes amendment. I hope it is adopted, because if so, I also then will support the ad recruitment amendment that is also pending.

Mr. SIKES. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Ninety-eight Members are present, not a quorum.

The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 562]

Alexander
Andrews, N.C.
Archer
Aspin
AuCoin
Badillo
Barrett
Bennett
Bonker
Brademas
Breckinridge
Broomfield
Brown, Mich.
Burke, Fla.
Casey
Cederberg
Chappell
Cochran
Conyers
Davis
Dingell
Dodd
Drinan
Duncan, Oreg.
Edwards, Calif.
Esch
Fary
Fenwick
Fraser
Gude
Harsha
Hayes, Ind.
Hébert
Holland
Horton
Howard
Hyde
Jarman
Lujan
McClory
McCormack
McKinney
Macdonald
Mathis
Matsunaga
Melcher
Mitchell, Md.
Mitchell, N.Y.
Nowak
O'Brien
O'Hara
Rees
Riegle
Risenhoover
Ruppe
Santini
Scheuer
Shuster
Sisk
Stanton,
James V.
Stuckey
Taylor, N.C.
Thompson
Udall
Waxman
Wiggins
Wilson, C. H.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Rostenkowski, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 9861, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 366 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the journal.

The Committee resumed its sitting.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, one of my colleagues asked that I undertake to make sure that the House had 30 minutes of time in which to debate the matter of the funds for the recruiting program. I believe we have had considerably in excess of an hour for that purpose. As a result of the unanimous-consent request which has already been secured, all Members of the House may insert their remarks on this issue of recruiting in the Record. I would hope shortly that we may be able to vote on this first amendment.

All of the Members know that when we start the amending stage on a bill and we begin to adopt amendments that it is pretty difficult to keep the bill from being cut into ribbons. I would appeal to the Members not to vote for the amendment that is pending.

Mr. Chairman, it has been alleged that when the Pentagon pushes a button and starts a mimeograph that the Members of the House capitulate and say yes, yes to the military. That is certainly an unfair and improper allegation.

But we do have to act as objectively as we possibly can.

The amendment offered by the gentleman from Ohio (Mr. Stokes) provides two things which I would like to make clear to the Members of the House because all of them were not here when the amendment was offered.

The amendment provides that there shall be no reduction in the number of counselors. The bill provides $175 million for counselors. These are people who are exclusively in the job not of fighting or preparing to fight, but in the job of being counselors. They are paid to be counselors. The services have requested at least 13,000 counselors be funded in this bill.

I almost fell from my chair when I learned that they had at one time 15,000 counselors. As I say, they have 13,000 counselors now. These counselors counsel on education, drug abuse, career enlistment, legal obligations, race relations, equal opportunity, and so forth.

There are 3,500 counselors for race relations.

We believe that there should be counseling, but I say to the Members if there is an officer in charge of any installation in this Nation, or overseas, who is not himself a counselor, who is in charge, in command, and if the people under him are not counselors, if the majors and the colonels and the captains and the lieutenants and the sergeants are not counselors, then they are not doing their jobs under the all-volunteer army.

I say to the Members emphatically that with the counseling of the top officers and the junior officers, and with the counseling of the 13,000 counselors, I think that this is adequate under all circumstances.

I appeal to the Members to vote against the amendment which has to do with providing additional money for counseling.

We have already provided $175 million in the bill so why go beyond that at this time when we have so many problems to confront. How can we defend $15 million be granted beyond that that the committee has recommended?

Let us talk about recruiting. We have an all-volunteer army. They are having marvelous success in recruiting high school graduates. They are getting a wonderful quality of people and this is a very fine thing. I do not think they need the $500 million plus that is contained in this bill. But the purpose of the amendment is to put in about $12 million at this point and eventually $63 million additional for recruiting.

Let us say that when we go home we are asked, "What did you do about recruiting, Congressman?" We will have to say, "Well, we provided more than a half billion dollars," and the people back home will say, "Wait; let me steady myself. Did you say 'a half billion dollars for recruiting' under the all-volunteer force, when people are standing in line to be recruited?"

"Yes, that is what we did."

So it looks like a half billion dollars would be enough for the recruiting program.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Mahon was allowed to proceed for 5 additional minutes.)

Mr. MAHON. I see the chairman of the Budget Committee here. We did not go up to the target reduction called for in the budget resolution. We are $700 million short. Be that as it may, we want to do what is best for defense. The major cuts were in procurement and other areas, not in personnel. So it seems to me that we ought to be satisfied with $500 million for recruiting. I do not believe any group of people in the Nation selected at random would be in favor of any more than $500 million.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. I appreciate the gentleman's yielding, because I think it is important for the Members present to understand the situation we are in. It is my understanding that the two gentlemen who offered these amendments, one for counseling and the other for recruiting, are directing these amendments which we are now considering to the Army, and that if they are successful with these amendments as they relate to the Army, they then intend to offer additional amendments to increase amounts in similar fashion for the Navy and Air Force. Is that the chairman's understanding?

Mr. MAHON. I would assume so, but I cannot speak for them.

Mr. EVANS of Colorado. I would just simply say, if the chairman would yield one moment further, that I concur in his opposition to the amendment. I understand we have close to $600 million for recruiting, and I think this is entirely enough. I hope the amendment is defeated.

Mr. MAHON. I must say that the total for recruitment in the budget is $600 million. We cut it to about $500 million. That is for all the services in this bill. Now for recruiting men in the Army there is $233 million in the bill. That is almost a quarter of a billion dollars. It would seem to be adequate at a time when we are really having no serious difficulty with recruitment.

How can we defend voting for this amendment when the Assistant Secretary of the Army, Mr. Brehm, writes a letter to me as chairman of the committee on the 28th of August and recommends that a $25 million cut be made? Are we willing to accept it? We will not be willing to accept this cut if we vote for the amendment.

So I just rise to appeal to the Members not to start consideration of this $90 billion measure by supporting an amendment to go above the colossal figure which we have already provided here. We have provided for 13,000 counselors in addition to the officers of the Army.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Washington.

Mr. ADAMS. I thank the gentleman for yielding.

I want to state to the gentleman that I support his position. We should not start raising the amounts in this bill. We are close to the budget target, but already over it. I am not arguing the merits of the program, but I have indicated in general debate that I fully support the position of the chairman. We should not add additional money to this.

I hope the amendment will be defeated. The additional amendments for the other services to increase, which I understand are already at the desk, I would also oppose for the same reason.

I thank the chairman for yielding.

Mr. MAHON. I would say that the Members know that the members of the Committee on Appropriations are defense-minded. They are concerned about the security of the United States.

I would hope that we may move now to a vote on this issue, vote down this amendment, and get on with the further consideration of the bill. I shall presently ask that all debate close or I will move to close the debate if necessary. I do hope we can move along.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to my friend, the gentleman from New York, for whom I have great admiration.

Mr. MURPHY of New York. Mr. Chairman, I would like to respond to the gentleman from Colorado and assure him that earlier in the colloquy we specifically referred only to the Army recruitment. I will refer the gentleman to page 37 of the report. I will read from it:

> Accordingly, the Committee is proposing about a 15-percent reduction in the recruiting program exclusive of costs related to examining, career counselors, . . .

This is a 15-percent reduction to be applied in the case of the Army after the 350 recruiters who were in excess of the strength in 1975 were returned to the Army structure. We clearly pointed out in the debate on this amendment the Army is losing more than 15 percent of its recruiters. We would not reach the strength in August.

Mr. MAHON. If the gentleman will permit me to interrupt, I have no more time.

Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. STEIGER).

(By unanimous consent, Mr. STEIGER of Wisconsin yielded his time to Mr. PRICE).

(By unanimous consent, Mr. ROBINSON yielded his time to Mr. EDWARDS of Alabama.)

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. TREEN).

Mr. TREEN. Mr. Chairman, I rise in support of the amendment to restore the substantial cuts proposed in the Army's recruiting budget. I would like to talk about the impact on the Army's capability to build 16 divisions.

Last year the Army embarked on an effort to build 16 divisions out of the same resources used earlier to field 13 divisions. It has worked hard to sharpen its cutting edge and cut support elements. It has eliminated seven major headquarters, reduced strengths in other headquarters and chopped numerous support units.

These changes have been internally painful, with the Army involuntarily releasing over 12,000 officers since Vietnam. However, these efforts will have internally generated over 50,000 combat soldiers in the 2 years ending June 1976.

Last year and this year we backed the 16-division program and applauded the Army's effort to improve combat capability. But now we are endangering the Army's ability to recruit and field the 16-division force. It is totally inconsistent for us to support 16 divisions and deny the Army the wherewithal to achieve that force.

Let us face reality—the people required to man and support 16 combat divisions are not "standing in line" as some would have us believe. Recruiting the troops to fill these units takes terrific effort.

To man 16 divisions, the Army must recruit 180,000 new accessions this year, 50,000 of these in the hard combat skills. And as the economy improves, this challenge will get greater, not less. Reductions recommended by the committee in the recruiting area will greatly diminish the Army's chance of meeting this challenge.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. BURLISON).

Mr. BURLISON of Missouri. Mr. Chairman, I want to reemphasize the question of recruitment advertising, which I mentioned in my earlier remarks and which has not been addressed by the proponents of this amendment.

The facts are that millions of dollars of the money provided in this amendment is for recruitment advertising, for billboard advertising, for which the administration asked $12 million this year and spent $12 million last year, renting billboards across the country that could not be rented for anything else. I know at least one-third of the billboards in my district have been rented by the Department of Defense and most of those could not have been rented otherwise.

I know that they are not cost effective. We know that billboard advertising is name recognition advertising. If there is an entity that does not need name recognition, it should be the Army or the Air Force or other services.

I want to emphasize, Mr. Chairman, that the Department of Defense is spending $106,000 for an ad in Time magazine and $112,000 for an ad in Newsweek and $11,000 for an ad in Ebony magazine that returned one inquiry, not one recruit, but one inquiry.

I submit, Mr. Chairman, that the amendment should not be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Chairman, I rise in support of the Murphy amendment.

Mr. Chairman, I feel compelled to speak against the Appropriations Committee's proposed cuts in the Army's recruiting budget.

I ascribe only the highest ideals and purest motives to those who support these cuts. However, I must emphatically disagree that the cuts are necessary or even desirable. It was the Congress that decided the draft should end and a Volunteer Army be initiated. We all knew the task would be difficult—that it would cost more money.

Thanks to the Department of Defense, the volunteer army has gradually developed into a quality force of which we can all be proud. Now that we have a quality product, where is the sense in tampering with the mechanism largely responsible for that product? It certainly is not good business sense.

If we look at the business world, we would be hard pressed to find a situation where the board of directors penalized a company for progress. Yet, that seems to be the thrust of the committee's proposal. In reaching for the scapel, they have found a meat-ax instead.

Therefore, I must oppose these cuts. They represent false economy, in the extreme. If we truly want the Volunteer Army to survive, we must unite in passing the amendment to restore its sustenance. As the constitutional guardians of the Army's destiny, we can do no less.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. WAGGONNER).

Mr. WAGGONNER. Mr. Chairman, the distinguished gentleman who chaired the Budget Committee, the gentleman from Washington (Mr. ADAMS), said he would not speak to the merits of this issue, he would speak to the matter of the budget. If we are not going to talk about the mertis of the issue, what are we concerned about?

Then the gentleman from Washington was followed by the gentleman from Missouri (Mr. BURLISON) who said this was not cost effective. What has cost effectiveness have to do in this issue when we are tampering with the security of the United States?

Now, we had a shortfall last month of 3,500 with regard to recruiting for the Army. It is estimated that the shortfall with this proposed reduction will be about 40,000 men.

Then the cry arises that we do not need the manpower ceiling. That leads to a reduction in the manpower ceiling and that leads to less defense.

Let me say one thing. We created the volunteer system. We knew it was going to cost money to recruit people, when we created the system. Who in business today that has a successful sales force would because they were enjoying success say they were going to dismantle or do away with it, or that they do not need a sales force anymore? We do not have to sell we can wait for people to come to us.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, I support the amendment to bring the Army's recruiting budget back up to essential levels.

What does the Army recruiter have to face these days? What attitudes and changed perceptions does he or she have to deal with? The prospective enlistee sees that he or she will be paid an equitable wage, but that the benefits have lessened substantially.

Medical and dental benefits to service families have been reduced and CHAMPUS costs increased. Proficiency pay has been virtually abolished. Enlisted undergraduate degree completion programs have been wiped out. Overseas tours have been lengthened because of budgetary constraints. G.I. savings deposits are gone. Standby commercial airfares have disappeared. Federal support to commissaries is being withdrawn. The GI bill benefits are being lopped off. It is a long and discouraging list for the average young enlistee—and much too long to read here.

The prospective Army recruit also sees that his job is going to be a whole lot harder these days. As combat ratios rise, he sees himself going into the less attractive combat skills more often. His 2-year enlistment option has been cut out. Career expectations are being frustrated by involuntary RIF's and force-outs. They are being pushed much harder physically and mentally.

Finally, the Army's recruiting needs have changed. We are trying to get good men and women. The volunteer force needs people who can meet demanding moral, mental, and physical standards. The Army, like any conscientious employer, is trying to attract those who are qualified, not merely those who are available.

This is the challenge that the Army recruiter is facing today and it is a very tough one. I am amazed that the recruiting command has been able to attain the results it has after only 2 years in operation.

Certainly, this is no time to stymie them with a cut that will dismantle the operation now underway. We need to encourage the recruiting command toward even better results, not punish them for success.

There is not a worthwhile public program I know of that does not depend partly on good promotion for its success. At a time when public attitude has disdained military life, promotion becomes even more essential. Good promotion depends on adequate budgeting. The Army recruiter has an uphill fight. Let us give him a little boost.

Join with me in supporting the amendment to restore these unrealistic cuts.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. PRICE).

Mr. PRICE. Mr. Chairman, I regret to be in opposition to my colleagues on the Committee on Appropriations. I think this is a rather serious matter, coming as it does when we are trying to prove the success of a program that, in my opinion, has given indications that it is highly successful, and that is the Volunteer Army. I must oppose the committee's recommendations to cut funds for Army recruiting.

Mr. Chairman, the Armed Services Committee has looked very closely at the Volunteer Army—why we need it and what it should be doing. Our Subcommittee on Military Personnel has gone to great lengths to evaluate their manpower requirement. We have been concerned to insure the Army is made as combat ready as possible within a tightly constrained budget.

The Armed Services Committee has been gratified to see how vigorously the Army has responded to congressional guidance on this. They are reconfiguring from 13 to 16 active divisions with no increase in manpower. They have led the way in doing away with marginally needed headquarters and support units and converting these resources to combat muscle. What they are producing is a much higher quality force for the same dollar cost.

Beneath this success, though, is the urgent requirement to get better people in uniform—we cannot maintain a sophisticated and vibrant force with deadheads and dropouts. We need recruits who are better motivated, disciplined, and have more aptitude for training. These are the most cost-effective soldiers.

This Chamber has repeatedly agreed with that logic, mandating into law certain quality constraints for military manpower. I believe it was the distinguished chairman from Texas who took the lead in enacting a requirement 2 years ago that at least 55 percent of service recruits had to be high school graduates, and that no more than 18 percent could be accepted from the lower mental categories.

The Army's recruiting thus far has been successful in attracting both the numbers and the quality needed—but with great strain. They have the largest service requirement to meet, and the least glamorous option to offer. In a highly competitive, uncertain, and changing market, they have held their own only with a superb effort from the recruiting command.

My committee considers that this progress would be wiped out by the proposed 30 percent reduction in the Army recruiting budget. Our analysis is that these cuts will seriously jeopardize the Army's capability to recruit the quantity and quality of people required to sustain an effective volunteer force. The current recruiting system and organization will have to be largely dismantled.

We cannot accept these impacts lightly and carry out our constitutional duty to "raise and support" an Army. I would remind you the volunteer concept is still a fragile entity, lacking support in some segments of the country. We need to provide it a period of stability. This is not the time to subject it to severe new crises, unless we are contemplating a return to the draft.

I cannot think my distinguished colleagues on the Appropriations Committee intends to invoke these consequences. The amount of money involved is small but the consequences of reducing it in this case are very serious indeed.

Mr. Chairman, I support the Stokes-Murphy of New York amendment and ask for a favorable vote.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, let us try to keep this thing in perspective. Somehow, this has taken on greater importance than it should. We are just talking about Army recruiters. We have provided in our bill $234 million to run the recruiting command, and that does not include $50 million in enlistment bonuses and $80.4 million in reenlistment bonuses.

All we have said in this bill today is that, of the 12,000 people who work in Army recruiting today, we believe that prudence tells us that we can get along without 1,200 of them. We are going to leave 10,800 people in recruiting. Furthermore, the 1,200 we are talking about are not necessarily recruiters in the field, but people all up and down the line such as secretaries and the like whom we feel, because of the way the program is going, are not necessary at this time.

We know that we want the Volunteer Army to work, and if there is a fall-off, we can again increase the size of the recruiting command and its advertising budget.

I believe the first vote will be on the Stokes amendment, the counselor problem here today almost stands like a motherhood issue as I listen to the debate. We have counselors running out of our ears in the military and, as the chairman said, every officer and noncom in the military is a counselor in his own right. We are not talking about cutting part-time counselors or those dealing in housing and transportation that all people in the military are confronted with, but we feel that we can cut a few million dollars out of the counseling program and still end up with some $175 million or so and do more than an adequate job.

So, let us not get too carried away with the word "counselors," as good as that may sound, but let us look at the problems as the committee has seen them.

I urge the Members to go along with the committee on this. We have studied these problems, and we feel very strongly that we can make these cuts without doing any damage to the military.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. MAHON) to close debate.

Mr. MAHON. Mr. Chairman, I want to endorse the remarks of the able minority member of the committee with respect to this measure. I had forgotten to point out in my remarks that in addition to over $500 million in this bill for recruitment, we also have $284 million in the bill for enlistment bonuses and reenlistment bonuses.

Now, enough is enough, and it seems to me that it would behoove the House at this point not to start a program of adopting amendments to this bill, but to go along with the measure which is before us. The House Committee on Appropriations has tried to submit a reasonable bill.

I believe it finally will be so, and I hope and believe that the Members will reject the amendment and conclude that the position of the Committee is reasonably adequate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. STOKES) to the amendment offered by the gentleman from New York (Mr. MURPHY) as a substitute for the amendment offered by the gentleman from Ohio (Mr. STOKES).

The question was taken; and the Chairman announced that the noes appear to have it.

RECORDED VOTE

Mr. STOKES. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 112, noes 296, not voting 25, as follows:

[Roll No. 563]

AYES—112

Abzug
Anderson, Calif.
Anderson, Ill.
Badillo
Barrett
Bennett
Biester
Bingham
Blouin
Boggs
Bolling
Buchanan
Burke, Calif.
Burton, John
Burton, Phillip
Chisholm
Clay
Cleveland
Collins, Ill.
Conyers
Corman
de la Garza
Dellums
Dickinson
Diggs
Dodd
Downey, N.Y.
Drinan
Edgar
Edwards, Calif.
Eilberg
Esch
Fish
Ford, Mich.
Ford, Tenn.
Forsythe
Gilman
Ginn
Gonzalez
Green
Gude
Hastings
Hawkins
Helstoski
Hicks
Hillis
Holtzman
Johnson, Calif.
Jordan
Kastenmeier
Kazen
Koch
Leggett
Lent
Long, La.
McClory
McCloskey
Meeds
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Moakley
Moffett
Morgan
Mosher
Moss
Mottl
Murphy, N.Y.
Nedzi
Nix
Ottinger
Preyer
Price
Rangel
Reuss
Richmond
Riegle
Rodino
Roe
Rooney
Rose
Ryan
Sarbanes
Scheuer
Schroeder
Seiberling
Slack
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Thompson
Traxler
Treen
Udall
Vander Jagt
Vanik
Wampler
Waxman
Whalen
Wolff
Yates
Young, Ga.
Zablocki

NOES—296

Abdnor
Adams
Addabbo
Alexander
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bergland
Bevill
Biaggi
Blanchard
Boland
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Delaney
Dent
Derrick
Derwinski
Devine
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edwards, Ala.
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hightower
Hinshaw
Holt
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
Lujan
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Melcher
Meyner
Michel
Milford
Miller, Ohio
Mills
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Nowak
Oberstar
Obey
O'Neill
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Roberts
Robinson
Rogers
Roncalio
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Russo
St Germain
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Steelman
Steiger, Ariz.
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Tsongas
Ullman
Van Deerlin
Vander Veen
Vigorito
Waggonner
Walsh
Weaver
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zeferetti

NOT VOTING—25

AuCoin
Bonker
Brademas
Breckinridge
Burke, Fla.
Casey
Davis
Dingell
Fary
Fenwick
Fraser
Hébert
Holland
Howard
Macdonald
Matsunaga
O'Brien
O'Hara
Risenhoover
Rosenthal
Ruppe
Santini
Sisk
Stuckey
Wilson, C. H.

Messrs. CONYERS, KOCH, and FISH changed their vote from "no" to "aye."

Mr. McCORMACK and Mr. MICHEL changed their vote from "aye" to "no."

So the amendment to the substitute amendment for the amendment was rejected.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. MURPHY of New York. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MURPHY of New York. Mr. Chairman, as I understand the parliamentary situation, with the defeat of the amendment to the substitute, we are now dealing with the substitute which in effect restores some funds for Army recruiting.

The CHAIRMAN (Mr. ROSTENKOWSKI). The Chair will state that the question is now on the amendment offered by the gentleman from New York (Mr. MURPHY) as a substitute for the amendment offered by the gentleman from Ohio (Mr. STOKES).

Mr. MURPHY of New York. I thank the Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. MURPHY) as a substitute for the amendment offered by the gentleman from Ohio (Mr. STOKES).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MURPHY of New York. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 177, noes 228, answered "present" 1, not voting 27, as follows:

[Roll No. 564]

AYES—177

Abdnor
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Bafalis
Barrett
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Biaggi
Biester
Boggs
Bowen
Breaux
Brinkley
Broomfield
Brown, Mich.
Broyhill
Buchanan
Byron
Cederberg
Chappell
Cleveland
Cochran
Conable
Conlan
Conte
Coughlin
Crane
Daniel, Dan
Daniels, N.J.
de la Garza
Dickinson
Diggs
Downey, N.Y.
Downing, Va.
Duncan, Tenn.
Eilberg
Erlenborn
Esch
Eshleman
Fenwick
Fish
Foley
Ford, Mich.
Forsythe
Frey
Gilman
Ginn
Gonzalez
Goodling
Gradison
Gude
Hagedorn
Hall
Hansen
Hastings
Hays, Ohio
Heckler, Mass.
Hefner
Henderson
Hicks
Hillis
Hinshaw
Holt
Horton
Hubbard
Hughes
Hyde
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kelly
Lagomarsino
Latta
Leggett
Lent
Lloyd, Tenn.
Long, La.
Lott
McClory
McCloskey
McCormack
McDonald
McEwen
Mann
Martin
Mathis
Meeds
Meyner
Michel
Milford
Mitchell, Md.
Mitchell, N.Y.
Moakley
Montgomery
Moore
Moorhead, Calif.
Morgan
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Ottinger
Patman, Tex.
Pepper
Pettis
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rhodes
Rinaldo
Rodino
Roe
Rogers
Rooney
Rose
Rousselot
Roybal
Ryan
St Germain
Schneebeli
Schulze
Shuster
Skubitz
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Traxler
Treen
Udall
Vander Jagt
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Wiggins
Wilson, Bob
Wilson, Tex.
Wylie
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOES—228

Abzug
Adams
Addabbo
Alexander
Andrews, N. Dak.

Armstrong
Ashbrook
Ashley
Aspin
Badillo
Baldus
Baucus
Bedell
Bell
Bergland
Bevill
Bingham
Blanchard
Blouin
Boland
Bolling
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cohen
Collins, Ill.
Collins, Tex.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniel, R. W.
Danielson
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dodd
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Evans, Colo.
Evans, Ind.
Fascell
Findley
Fisher
Flood
Florio
Flowers
Flynt
Ford, Tenn.
Fountain
Frenzel
Fuqua
Gaydos
Giaimo
Goldwater
Grassley
Green
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heinz
Helstoski
Hightower
Holtzman
Howe
Hungate
Hutchinson
Ichord
Johnson, Colo.
Jones, Ala.
Karth
Kasten
Kastenmeier
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Landrum
Lehman
Levitas
Litton
Lloyd, Calif.
Long, Md.
Lujan
McCollister
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mazzoli
Melcher
Mezcalfe
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Moffett
Mollohan
Moorhead, Pa.
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Nowak
Oberstar
Obey
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Peyser
Pickle
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Roberts
Robinson
Roncalio
Rostenkowski
Roush
Runnels
Russo
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Stanton, James V.
Stark
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Thone
Thornton
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whitten
Winn
Wirth
Wolff
Wright
Wydler
Yates
Young, Alaska
Young, Ga.

ANSWERED "PRESENT"—1

Gibbons

NOT VOTING—27

AuCoin
Bonker
Brademas
Breckinridge
Burke, Fla.
Casey
Davis
Dingell
English
Evins, Tenn.
Fary
Fithian
Fraser
Hébert
Holland
Howard
Jacobs
Macdonald
Matsunaga
O'Brien
O'Hara
Risenhoover
Rosenthal
Ruppe
Santini
Sisk
Wilson, C. H.

On this vote:

Mr. Hébert for, with Mr. Casey against.
Mr. Sisk for, with Mr. Risenhoover against.
Mr. Dingell for, with Mr. Rosenthal against.
Mr O'Hara for, with Mr. Macdonald against.

Mr. BEARD of Rhode Island changed his vote from "no" to "aye."

Messrs. BLANCHARD, REUSS, and DON H. CLAUSEN changed their votes from "aye" to "no."

So the substitute amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. STOKES).

The question was taken; and on a division (demanded by Mr. STOKES) there were—ayes 32; noes 81.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OPERATION AND MAINTENANCE, MARINE CORPS

> For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law; $492,910,000, of which not less than $55,000,000 shall be available only for the maintenance of real property facilities.

Mr. MURPHY of New York. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise at this point to ask the chairman of the full committee several questions concerning the report, and I would like him to refer to pages 105 and 106 of the report.

In the debate on the armed services authorization bill, the gentleman *from* California offered an amendment to reduce the force structure in Korea to 20,000 personnel. That amendment was defeated in the Committee of the Whole.

On the pages I referred to, the Committee tells us that they want to move the 2d Division away from its present location south of the demilitarized zone to a position far south of the Han River so that it would not be engaged in any initial outbreak, should there be a resumption of hostilities in Korea.

Second, the report, on page 107, recommends "that the 4th Missile Command should be redeployed to Continental United States and disestablished."

I am wondering if this redeployment is the consensus of the committee.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman.

Mr. MAHON. I thank the gentleman for yielding. I have the report before me, and I must say that I have not caught the full import of the gentleman's question. Would the gentleman repeat his question?

Mr. MURPHY of New York. The question is: Is the committee's recommendation that the 2d U.S. Infantry Division be moved from its present position south of the demilitarized zone to a position south of the Han River and the 4th Missile Command be redeployed to Continental United States?

Mr. MAHON. If the gentleman will yield further, it is not.

Mr. MURPHY of New York. I read it right here in the report.

Mr. MAHON. The report says:

> The committee urged last year that the entire 2d Infantry Division be removed from proximity to the Demilitarized Zone and designated as part of the Korean theater reserve. Had it been possible to implement this recommendation promptly, the risk of automatic U.S. combat involvement would have been sharply reduced without damage to the symbolic value of the U.S. ground combat

> force in Korea, and U.S. military options would have simultaneously increased.

The next paragraph says:

> In view of uncertain conditions prevailing at this time, the committee will not press for withdrawal of a brigade of the 2d Infantry Division from Korea in fiscal year 1976.

Mr. MURPHY of New York. From Korea?

Mr. MAHON. Nevertheless, plans should be made for trimming the entire U.S. military presence in Korea to a force of approximately 20,000 men by fiscal year 1978 on the assumption that the situation will have stabilized appreciably by that time and our military assistance programs will have improved the defensive posture of ROK ground and air forces.

Mr. MURPHY of New York. Mr. Chairman, I think the chairman of the committee has answered my question, and that is that in spite of the action by this House to reject those troop cuts and to reject any redeployment of that division or that missile command, the language in this report infers that that missile command should be removed and that the 2d Division be removed from a position of proximity to the demilitarized zone.

Mr. MAHON. Mr. Chairman, if the gentleman will yield, no money for troop deployments in Korea was cut out, and the language in here does not mandate or require that those troops would be withdrawn.

Mr. SIKES. Mr. Chairman, will the gentleman yield to me?

Mr. MURPHY of New York. I am happy to yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I would like to pursue this matter further.

With all respect to the committee's language, I do not recall any action by the committee which would have authorized or directed that this language be placed in the report. I do not recall any action by the committee in which the committee recommended that our forces in Korea be reduced by 1978 or any other time.

Mr. MURPHY of New York. Mr. Chairman, perhaps the member of the committee who recommended this language could take the microphone and answer my question.

The CHAIRMAN. The time of the gentleman from New York (Mr. MURPHY) has expired.

(By unanimous consent, Mr. MURPHY of New York was allowed to proceed for 2 additional minutes.)

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, the language involved here was submitted to the subcommittee, and the subcommittee was in markup for 13 full days. Of course, this is a very comprehensive bill. This language was presented to the committee at that time, I will say to my friend, the gentleman from Florida (Mr. SIKES), and to my friend, the gentleman from New York (Mr. MURPHY).

But we are not in this report withdrawing any funds for the support of forces in Korea. There is a recommendation that the Department report to the committee with respect to the 4th Missile Command.

Mr. MURPHY of New York. Mr. Chairman, rotation, withdrawal, and redeployment are three separate and distinct terms, and it is implicit in this report, as it was in last year's report, that that redeployment be made.

I would suggest to the committee that should that redeployment be made, it would be an open invitation to North Korea and its frivolous political machinery to undertake an expedition such as they did 25 years previously.

Mr. MAHON. Mr. Chairman, the desire of the members of the committee and, I am sure, the desire, of course, of my friend, the gentleman from New York (Mr. MURPHY), is that we avoid the outbreak of hostilities in Korea, and that we maintain firmly our position in that part of the world. So I would not want anything that has been done in this committee to indicate any softening of our position with respect to the support of Korea.

Mr. MURPHY of New York. Mr. Chairman, I hope that is the sentiment of the committee, and I hope their sentiments are not expressed by the language in the committee report.

Mr. MAHON. Certainly that is undoubtedly the sentiment of this member of the committee and of, I believe, the committee.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, it was my privilege under the direction of the chairman of the full committee and the chairman of the subcommittee to go to Korea during the past recess. We met with the various heads of state in Korea. What we are saying in here is that we are not speaking of any immediate change with respect to the 2nd Infantry Division. In the report of last year we spoke of a possible change; in this report we are speaking of no change. But if, as was indicated on our recent trip, there is stabilization in that part of the world, there could be a possible change.

We were told that the South Korean Army is becoming better equipped and is more efficient. They are taking over a greater area of responsibility there, and if the situation stabilizes itself by 1978, we will look at the situation then. However, there is no change and there is no change requested at this time, and I submit there is no such indication in this report.

Mr. MURPHY of New York. Mr. Chairman, I would appreciate having the staff put all the "ifs" in the report so that it reads properly and so that this impression is not created.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not think that we should leave the issue hanging like this.

As the gentleman from New York (Mr. ADDABBO) pointed out, we sent a special delegation from our Subcommittee on Defense to Korea in August. We met with President Park. We met with the defense and foreign ministry officials. We met with our generals there.

Shortly behind us came Secretary Schlesinger, and he met with those folks.

Everybody we talked to over there said that it was hoped that in 5 years we could be out of there if they got the weapons and equipment that they need.

Our own military officials say that, and I am not astonished at all to find the report saying we should start planning to reduce our presence in Korea. This does not say that we are going to withdraw. This does not mandate anything of that nature by 1978, which is the date mentioned in the committee report. It simply says that planning will go forward.

I think it would be foolhardy not to go ahead with that kind of planning, looking down the road 5 years or so to the time when we may not have to have our troops situated there in South Korea.

This was the collective judgment that our delegation was given by every public official in South Korea as well as by our own public officials. Therefore, I do not find the language in the committee report all that surprising or unreasonable.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. Yes, I yield to the gentleman from Texas.

Mr. MAHON. We felt that it would be desirable for the members of the Subcommittee on Defense to take a first-hand look at some of the problems in the area of the Pacific. Therefore, with my approval, this trip was arranged. The gentleman from New York (Mr. ADDABBO) was selected by me to chair this group, and the gentleman from Alabama (Mr. EDWARDS), who just spoke, represented the minority on that trip.

I think it was a worthwhile trip and in the interest of national defense as well as in the best interests of the United States. I am hopeful that the views of the gentleman from Alabama (Mr. EDWARDS) will be helpful to our friend, the gentleman from New York (Mr. MURPHY).

Mr. EDWARDS of Alabama. Mr. Chairman, let me say this, and then I will yield to the gentleman from New York (Mr. MURPHY). I suppose that if I had been writing this sentence or these few sentences, perhaps I would have taken pen in hand and done it a little differently, but I still do not find anything wrong with it.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. Yes; I yield to the gentleman from New York.

Mr. MURPHY of New York. Did the gentleman speak to General Hollingsworth when he was there?

Mr. EDWARDS of Alabama. At great length.

Mr. MURPHY of New York. I spoke with General Hollingsworth and had the very distinct impression that withdrawal of this division would be an invitation to attack.

He also described the type of emplacements that his horizontal intelligence had revealed which the North Koreans had used to place their artillery and rockets in, all of which have a range that can reach the Han River and, of course, the capital of Seoul.

The other weapons he told me about were smart bombs that are operated by this missile command, and he said that every installation between the Han River and the demilitarized zone would probably be neutralized in the first 24 hours.

He further went on to say that the strategy that he feared was a 6-day war similar to that in the Middle East in 1967, where a sharp thrust could be made down the Panmunjom-Seoul corridor where Seoul and the north bank could be consolidated in 6 days, and then the North Koreans could go to a conference table for peace, thereby accomplishing something they have been unable to accomplish for 25 years.

I think that the language in this report is not clear as to the feeling of the United States that that 2d Division as well as that missile command should remain where they are.

Mr. EDWARDS of Alabama. Mr. Chairman, I cannot argue about what the gentleman says General Hollingsworth told him because he did not tell us anything different.

Everybody agrees that what they need over there in South Korea is more planes, more artillery, more tanks.

The 2d Division basically is not positioned within range of most of the artillery weapons that are available to North Korea.

By and large it is situated back from the demilitarized zone.

The General told us substantially what the gentleman has said. I have never suggested that the General has felt that he ought to pull back or pull out. But everybody is looking toward the days when South Korea can take care of its own defense.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. EDWARDS of Alabama was allowed to proceed for 1 additional minute.)

Mr. EDWARDS of Alabama. This all depends on whether China and Russia would ever back offensive operations by the North Koreans, and it all depends on whether we help the South Koreans to get the weapons they need and the ammunition they need and so forth. But, in the meantime, the fact that our troops are there is one of the great deterrents that keeps the North Koreans where they belong.

Mr. MURPHY of New York. I would say that a careful analysis of the language in the report does not indicate all of the subjunctives that my colleague from New York raised.

Mr. SOLARZ. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, very briefly, just for the purpose of shedding some additional light on this very significant discussion, I recently had the opportunity to spend, together with a number of other Members, several days in Korea over the course of the August recess.

During our visit to Seoul, we had the opportunity to spend several hours with President Park and in the course of our conversation with him we discussed at great length the strategic and tactical implications of our troop presence in his country.

I think it is important for the Members of the House to know that President Park himself, during the course of that conversation, indicated that in the event war broke out, or in the event that the North Koreans decided to attack the South, he felt confident that his Army could defeat the North Koreans without the active assistance of our own ground forces. He felt, of course, that they would have to rely on us for air support and logistical assistance. But the existing balance of power on the ground, where the South Koreans have substantially more men under arms than the North Koreans, indicated quite clearly to him, and I think to the other members of our committee who were there as well, that if the North Koreans did attack, the South would be able to handle itself on the ground.

Virtually the entire South Korean Army is positioned north of Seoul precisely because they want to prevent the North Koreans, in the event war suddenly broke out, from capturing their own capital.

But it is precisely because of the fact that the great majority of the ROK Army is north of Seoul that our own 2d Division, which is also stationed north of Seoul, is unnecessary for the purpose of defending Seoul in the event there should be a surprise attack.

I dare say that if the 2d Division were moved south of Seoul it would in no way impair the capacity of the South Koreans to defend themselves on the ground.

And I dare say that the continued presence of the 2d Division in South Korea, albeit south of Seoul, would still provide a symbolic deterrent to the North.

But the great advantage of the policy changes recommended in the committee report is the extent to which they would reduce the possibility, in the event war did break out, that our boys would willy-nilly be involved in the kind of ground hostilities which could lead to a substantial reinvolvement of our country in another Vietnam type of situation.

So, Mr. Chairman, I think this language is precisely on the mark. I for one was quite gratified to see it in the committee report. I think it points out quite accurately the direction in which we should be moving. And it is not substantially at odds with President Park's own analysis of the military situation in Korea.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from New York.

Mr. MURPHY of New York. Mr. Chairman, I dare say to my colleague that President Park's analysis is much like the statement of the gentleman from New York (Mr. ADDABBO) a great many big ifs, that is if the United States will provide the necessary weapons and material over there, and if his army can update itself. But I would say today in 1975, as in 1949 and 1950, the mere presence of American policy and American troops where they are is the great deterrent from a North Korean excursion.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I will be happy to yield to the gentleman from New York.

Mr. ADDABBO. I thank my colleague for yielding, the gentleman from New York (Mr. MURPHY), is saying exactly what the committee has said in this report. We are not looking for any change at this time. We are speaking of if and when, and the report says that. It states:

> Current uncertainties make inadvisable a sizable withdrawal of U.S. forces from Korea at this time, but they do not in any way discourage streamlining the command structure, pruning marginal units, and transferring appropriate functions to Republic of Korea forces.

We are speaking about removal of a missile unit, we are talking about the Sergeant missile, which is a nuclear missile, which will not be turned over to the South Koreans. That is purely nuclear. We have spoken in the previous paragraph of turning over the basic Hawk and Nike Hercules units to be operated by the South Koreans.

Mr. SOLARZ. The key question at this point is not whether to pull our troops out of South Korea completely, but whether to move our boys from north of Seoul to south of Seoul.

Mr. TALCOTT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, specifically I would like to ask some questions of the chairman of the committee about graduate education. First of all, I would like to compliment the committee, and the chairman especially, for what I consider to be a very good bill and a very comprehensive report. But I note on page 62 of the report that the committee has taken really no position on the operation of the Navy postgraduate school of Monterey in my congressional district. There is really no specific statement on that school, as I understand it. Is that correct?

Mr. MAHON. If the gentleman will yield, let me make a formal statement in regard to the situation which the gentleman has raised.

The committee discussed in some detail on pages 55 to 63 of the report the graduate education program for officers. I, myself, have personally visited the facilities to which the gentleman referred.

The reduction made by the committee is based upon the number of officers in school on a full-time basis during fiscal year 1976. The committee directed a reduction in the average number of students of 10 percent. The dollar reductions which result from such a reduction in student load were based on the best data that was available.

Precisely how the military services will allocate the reduction in O. & M. funds between the various schools, civilian and military, is left to them. The military people have this flexibility.

I am sure that the committee would have no objection if the O. & M. reduction made for the Navy post graduate school was not a full 10 percent of their budget request. We are not asking for a 10-percent reduction in funds for Monterey, only a 10-percent reduction in Navy officers in school. The committee realizes that there must be some flexibility in the allocation of this reduction. Also, by the time this bill becomes a law, about one-third of the school year will be history. Thus, it may not be possible to obtain the full $860,000 reduction recommended by the committee this year, in precisely the manner proposed.

However, I am opposed to restoring any funds to the bill for this purpose since the reduction can be absorbed from within the total of $8 billion provided for the Navy for O. & M. expenses. The sum provided for the Na y O. & M. expenses is the tidy sum of $8 billion.

Mr. TALCOTT. I greatly appreciate the explanation of the chairman, and I concur. I can understand the interest in the committee's wanting to reduce the number of graduate students, but I was concerned that some of the students particularly at the private universities are already in school. They have already contracted at the universities for the payment of their full course so that the full impact of this reduction—had it not been cleared up by the chairman as he now has—would land on the government training programs.

At the post graduate school also they have already begun their school year, or they will have very quickly in the next few days, and it would be impossible for them to cut 10 percent now. We cannot cut those people over there, so it would require a 20 percent cut later on.

I appreciate the chairman's explanation.

Mr. MAHON. If the gentleman will yield, the committee is well aware of the vigilance of the gentleman from California in respect to this matter. It has been a matter in which he has shown a great deal of interest not only recently but through the years.

The gentleman has been very helpful in this area and we are glad to have his assistance with respect to the problems which have been presented to the House by the gentleman from California.

Mr. TALCOTT. I greatly appreciate that but I think the committee ought to be very seriously concerned about graduate education in general in the training for military personnel. If they are not as well trained as their adversaries around the world and our business counterparts, then they are in serious trouble. But I greatly appreciate the chairman's explanation.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

For the necessary expenses of construction, equipment, and maintenance of rifle ranges, the instruction of citizens in marksmanship, and promotion of rifle practice, in accordance with law, including travel of rifle teams, military personnel, and individuals attending regional, national, and international competitions, and not to exceed $10,000 for incidental expenses of the National Board; $233,000: *Provided*, That travel expenses of civilian members of the National Board shall be paid in accordance with the Standardized Government Travel Regulations, as amended.

POINT OF ORDER

Mr. YATES. Mr. Chairman, I make a point of order against the appropriation on page 16, lines 11 through 22, for the reason that one of the appropriations exceeds the appropriation authorized by law and, second, that the proviso is legislation on an appropriation bill and therefore violates the rules of the House.

Mr. SIKES. Mr. Chairman, I wish to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Florida.

Mr. SIKES. Mr. Chairman, in my opinion the statutory authority for the operations of the National Board is contained in title 10, United States Code, sections 4307 to 4313.

Mr. Chairman, section 4307 states that—

> The President may detail a commissioned officer of the Army or of the Marine Corps as director of civilian marksmanship, to serve under the direction of the Secretary of the Army.

Furthermore, section 4308(a) states that "The Secretary of the Army under regulations approved by him upon the recommendations of the National Board for the Promotion of Rifle Practice . . .", shall perform certain responsibilities, which will be carried out by the Director of Civilian Marksmanship.

References to the National Board are made several times in these provisions of law. For instance one of the responsibilities of the Secretary of the Army under section 4308 is to provide for the maintenance of the National Board, including providing for its necessary expenses and those of its members. That requirement is contained in subsection 4308(a)(6).

Mr. Chairman, I contend that the references I have cited implicitly implies that a National Board would be established by the Secretary of the Army for the promotion of rifle practice and the inclusion of funds for the support of its operations is proper in the defense appropriation bill.

Mr. Chairman, maybe the authorizing legislation is not a perfect act of law but I believe it is clearly understandable and that it was the intent of the Congress to allow the Secretary of the Army to establish a National Board as a permanent organization to recommend to him the procedures and practices to be followed by the Director of Civilian Marksmanship in conducting a training program for civilians in the proper use of firearms. The manner in which this legislation was written is probably due to the fact that a National Board for the Promotion of Rifle Practice was already in existence at the time it was being drafted and considered by the Congress. The National Board has had a long history and was first established under an act approved March 2, 1903, making appropriations for support of the Department of the Army for the fiscal year 1904. Thus, I assume our legislators at the time of the passage of Public Law 84-1028, approved August 10, 1956, and which has been codified as title 10, United States Code, 4307 to 4313, were of the opinion that the legislation would continue the existence of the National Board.

Mr. Chairman, I therefore trust the point of order will be overruled.

The CHAIRMAN. Does the gentleman from Illinois wish to be heard further on the point of order?

Mr. YATES. Only to say, Mr. Chairman, I believe that my good friend, the gentleman from Florida, is heaping encomiums upon the Board and not talking to the specific point I raised with respect to the lack of authority for the appropriation of incidental expenses beyond their authority with respect to the proviso.

The CHAIRMAN (Mr. ROSTENKOWSKI). The Chair is ready to rule.

The Chair has examined United States Code title 10, section 4308, subsection (b) and clearly notes there is an appropriation authorized of $7,500 for the National Board for the Promotion of Rifle Practice. The Chair agrees with the argument stated by the gentleman from Illinois that there is a limitation on the amount authorized for expenses of the Board and the proviso is legislation and, therefore, sustains the point of order against the entire paragraph raised by the gentleman from Illinois.

AMENDMENT OFFERED BY MR. SIKES

Mr. SIKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIKES: On page 16, line 11, in lieu of the matter stricken insert the following:

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE

For the necessary expenses of construction, equipment, and maintenance of rifle ranges, the instruction of citizens in marksmanship, and promotion of rifle practice, in accordance with law, including travel of rifle teams, military personnel, and individuals attending regional, national, and international competitions, and not to exceed $7,500 for incidental expenses of the National Board; $233,000: *Provided*, That travel expenses of civilian members of the National Board shall be paid in accordance with the Standardized Government Travel Regulations, as amended.

POINT OF ORDER

Mr. YATES. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. YATES. Mr. Chairman, I make a point of order against the amendment offered by the gentleman from Florida on the grounds that the proviso is legislation on an appropriations bill.

The CHAIRMAN. Does the gentleman from Florida care to be heard on the point of order?

Mr. SIKES. Mr. Chairman, I feel that we are simply utilizing legislation which has been in existence since 1903, that the point of order by the gentleman from Illinois is not in order and that I am by my amendment simply conforming to the authorization which is contained in the law.

Mr. Chairman, I trust that the point of order will be overruled.

The CHAIRMAN (Mr. ROSTENKOWSKI). As the Chair stated earlier, the proviso carried in the amendment is not in the permanent law and is legislation, and therefore, the Chair sustains the point of order of the gentleman from Illinois.

AMENDMENT OFFERED BY MR. SIKES

Mr. SIKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIKES: On page 16, line 11, in lieu of the matter stricken insert the following:

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

For the necessary expenses of construction, equipment, and maintenance of rifle ranges, the instruction of citizens in marksmanship, and promotion of rifle practice, in accordance with law, including travel of rifle teams, military personnel, and individuals attending regional, national, and international competitions, and not to exceed $7,500 for incidental expenses of the National Board; $233,000.

Mr. SIKES. Mr. Chairman, I trust that the language which I have submitted now meets all of the objections that have been raised on points of order, and that the language which I have offered as an amendment, would permit the continuation of the work of the National Board for the Promotion of Rifle Practice.

I would like to point out that this is an old and historic agency which has been in existence for most of this century. It is, as the language of the amendment and the language of the bill state, intended to assist in the instruction of the citizens in marksmanship. The program primarily is directed to junior clubs made up of boys 14 years of age or older who are instructed under proper and careful supervision, in the use of .22 rifles. These are loaned to the clubs by the government. The clubs are provided .22 caliber ammunition which is not required for government purposes.

In addition to that, the National Board supports citizens' shooting teams which participate in the Olympics. Without the assistance provided herein, it would not be possible for the United States to be represented at the Olympics with a shooting team. These shooting teams are made up of people selected at Camp Perry in national matches. Some of the members are civilians and some are military personnel. The best marksmen in this country go to the Olympic matches. The Olympic commission does not defray the expenses of certain teams. Thus without this bill our team could not go. U.S. teams usually give a very good account of themselves and help to add to the laurels of the entire American Olympic team.

I feel that the continuation of the National Board for the Promotion of Rifle Practice and its work has been justified through the years. It has consistently received the support by the public and Congress. It will be a mistake not to continue the program now.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I would like to say that from the time within the memory of any Member here, we have provided in this bill for the support of the National Board for the Promotion of Rifle Practice. I strongly support the gentleman's amendment which is, in effect, the major provision which has been agreed to in the bill which is presented today.

Mr. SIKES. I thank the gentleman.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I want to thank the gentleman for yielding to me and tell him that I support his amendment and would urge the House to adopt it.

As the gentleman has pointed out, unless this amendment is adopted here, support for the Olympic matches will not be here. I think it would be a shame for the U.S. team not to be represented in the Olympics. As is pointed out in the hearings at page 895, we did not do very well the last time against the Russians in these matters, and hopefully we can do a little better the next time.

Let me say further, Mr. Chairman, that I am familiar personally with the matches that are carried on, the national matches carried on at Camp Perry, Ohio, which happens to be in my district. They have carried on these matches for many, many years, and I think it would be a shame if they were not continued.

Further, let me point out that there are over 2,300 civilian clubs, civilian marksmanship clubs, that would be affected if this amendment is not approved. Certainly, we do not want these people, who are people out of trouble—out of trouble—not to be given the wherewithal to continue in this sport. I realize that there are a lot of people who think these people are the ones who are out shooting at Presidents or shooting at Congressmen, but they are not. I do not think I have ever had in my experience any information that a member of one of these teams has gone out gunning down a President or Member of Congress or public official or anybody else.

Mr. Chairman, I would urge the House to adopt the gentleman's amendment.

Mr. SIKES. I appreciate the gentleman's contribution.

Mr. YATES. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, standing at the podium behind me about 25 years ago, I recall Gen. Douglas MacArthur ending his speech to a joint meeting of the Congress with the refrain, "Old soldiers never die, they just fade away."

Unfortunately, that is not true about old Army programs. They do not die. They do not even fade away. They go on forever. And, as my friend, the gentleman from Florida, pointed out, this is a program that was conceived and originated in 1903 by the then Secretary of War, who was concerned that during the Spanish-American War American marksmanship had not been all that it should have been. And so in 1903 he requested and Congress created the National Board for the Promotion of Rifle Practice. However, the program was limited only to the military—only to the Army, the Navy, the Marine Corps, and the National Guard. The Armed Forces were the beneficiaries of this program.

Somewhere along the line, that purpose was lost. Somewhere in the 70-year period the military was forgotten, the original purpose of the program was forgotten, but the program did not die.

As the chairman, the gentleman from Texas (Mr. MAHON) pointed out in committee, old programs just never die, they just never fade away. They go on and they go on and they go on. And this is one such program.

It is a program entirely for civilians. Oh, yes, military instructors are sent down, but it is entirely for civilians, now. It is now a boondoggle for the National Rifle Association.

The National Board for Rifle Practice is a stalking horse for the National Rifle Association. The National Rifle Association controls the program.

Let me read to the Members from the authorizing legislation to which my friend, the gentleman from Florida, referred. It is section 4308 of title X, subsection 5, where the Secretary of the Army is authorized to sell—to whom?—to the members of the National Rifle Association at cost, and not to anybody else but to members of the National Rifle Association, "and the issue to clubs organized for practice with rifled arms, under the direction of the National Board for the Promotion of Rifle Practice, of the arms, ammunition, targets, and other supplies and appliances necessary for target practice."

So the National Rifle Association has got a good thing going for it in this appropriation.

This program started out in 1962. It started out in 1962 with an appropriation of $500,000, and gradually, over the years, in 1963 it went up to $622,000. Then, it went down to $433,000 until in 1968, following the assassination of Dr. Martin Luther King and Robert Kennedy, the program went into hiding. There was no appropriation in that year for the National Board of Rifle Practice directly. It was tucked into an appropriation for the Army. And then again it began to move in fiscal year 1970, when an appropriation of $53,000 was made; again in 1971 an appropriation of $102,000 was made for the National Board; and in fiscal year 1976 it is up to $23,000 again.

But the most shocking thing in the program, as I say, is the fact that this is now for the National Rifle Association. No other group can get these rifles from the Government. As a matter of fact, until 1968 the Board even sold pistols to the National Rifle Association members, and only the members could buy pistols from the Army. And then at the time of the assassination, as I indicated, or Dr. Martin Luther King and Robert Kennedy the sale of pistols was eliminated. No longer does the Army sell pistols to outsiders.

Mr. Chairman, there is absolutely no need for this program at all. It is purely an appropriation for the development of civilian rifle teams.

My friend, the gentleman from Ohio, has talked about the fact that there is money in the bill for the Olympic rifle team. That is true. But there is no money in this bill, or any other bill that I know of, for the Olympic track team; there is no money in this bill for the Olympic basketball team; there is no money in this bill for any of the other Olympic teams.

Why should we provide in this bill for an Olympic rifle team and leave out all the other teams and require them to raise money from private sources?

This is something that is very "cushy" for the National Rifle Association. After 70 years this program should be halted. It is about time that we call an end to it.

Mr. Chairman, I urge defeat of the amendment.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I trust that my distinguished friend, the gentleman from Illinois, recalls that he has many times seen marksmanship medals being worn by members of the uniformed services on their uniforms. Those medals were awarded through the National Board for the Promotion of Rifle Practice. In addition to the civilian marksmanship teams there are military marksmanship practice programs as well as military clubs that are sponsored by the National Board for the Promotion of Rifle Practice.

The board makes a specialty of programs for junior rifle clubs using .22 rifles. These give civilian groups an opportunity to teach young boys the safe and proper handling of firearms.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Yates) has expired.

(On request of Mr. Sikes and by unanimous consent, Mr. Yates was allowed to proceed for 2 additional minutes.)

Mr. SIKES. Mr. Chairman, will the gentleman yield further?

Mr. YATES. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, it is through these junior rifle clubs that the National Board provides training in the proper use and safe handling of firearms.

The gentleman from Illinois has made quite a point concerning assassinations. Let me point out that none of the guns used in any of the assassinations he refers to were ever traced to those that were sold as surplus by the military through this program.

At this time, since 1967, only 300 long guns per year—no pistols—have been sold through this program. They were sold through the National Rifle Association, because that organization volunteered to screen recipients in order to be sure that they are law-abiding citizens and that the weapons would not fall into improper hands.

So there are many reasons why the program should be continued. It has made significant contributions through the years, and I am confident it will continue to do so.

Mr. Chairman, the reason that it is necessary that the rifle team in the Olympics be financed in this way is because the Olympic Association does not fund certain sports. This is one of them. If we do not fund the participation of the rifle team, we will not be represented at the Olympics in Montreal in the forthcoming competition.

Mr. YATES. Mr. Chairman, let me just comment upon what my friend, the gentleman from Florida (Mr. Sikes) has said. The implication is given by his statement that this is a program that is necessary in order to provide an ability in marksmanship to civilians in the event they move into the military program. This is one of the rationales that has been given to this program through the years.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Yates) has expired.

(By unanimous consent, Mr. Yates was allowed to proceed for 1 additional minute.)

Mr. YATES. Mr. Chairman, Arthur Little & Co., at the request of the Department of Defense, about 8 or 9 years ago, made a study of the effectiveness of this program in terms of providing marksmen and people trained in marksmanship as members of the Armed Forces. This was done at a time when our young men were being drafted into the military service, drafted from all over the country. The report by Arthur Little & Co. stated that less than 3 percent of those drafted into the military had ever participated in any of the programs of the National Board for the Promotion of Rifle Practice—less than 3 percent.

Mr. Chairman, I think this is a program that has lost its utility. It is a boondoggle for the National Rifle Association. I submit that it ought to be cut off right now.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. Sikes).

The question was taken; and on a division (demanded by Mr. Yates) there were—ayes 29, noes 34.

Mr. LATTA. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

MISSILE PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, without regard to section 4774, title 10, United States Code, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title as required by section 355, Revised Statutes, as amended; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes: $385,100,000, to remain available for obligation until September 30, 1978.

Mr. SIKES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the proposed reductions to the E–3A, AWACS, program below the budget level reflect a misunderstanding of U.S. force requirements. Unfortunately, this comes on the heels of large reductions made in prior years and during the fiscal year 1976 authorizations proceedings.

I feel that the Air Force has made a better case for the AWACS program than the committee has seen fit to admit. The Chief of Staff of the Air Force is thoroughly aware of the problem and the potential of the AWACS. He has called the AWACS the single most important program in the entire general purpose force area. The program has also been publicly supported by the Secretary of Defense and senior officials of the Army and the Navy.

The appropriations bill now before you proposes to reduce the number to be procured based on the argument that 10 AWACS aircraft are sufficient to meet worldwide tactical commitments. The Air Force is strongly convinced that the number is completely inadequate and their arguments are impressive.

The Air Force states that, even with the minimum initial force of 15 aircraft, it would be forced into serious either/or choices. We could support U.S. forces in Central Europe, or two tactical orbits elsewhere or provide a limited defense capability for our own country—but to cover one of these requirements involves all 15 aircraft. The other two areas would be completely uncovered.

No one would argue that we should not plan on defending our own country if we were involved in a major conflict overseas. The availability of AWACS for air defense—the most critical element to our air defense forces—allows the Air Force to phase out the costly SAGE system and nearly 50 military radars with an annual savings of over $100 million. The new supersonic Soviet bomber, the Backfire, is now deployed in the Soviet long-range air arm. We should not ignore that threat. We should do something about it.

Congress reduced the President's fiscal year 1975 budget request from 12 AWACS to 6. Recently, negotiations were completed for the fiscal year 1975 procurement of six AWACS and an option for procurement of six AWACS in fiscal year 1976. These negotiations were favorable to the Government, permitting the fiscal year 1976 request to be reduced by $30 million during the authorization process. An additional $80 million was denied for needed support equipment and spares. Restoration of the procurement and development funds previously authorized would capitalize on the investments made to date, exploit a technological breakthrough and provide options for efficient follow-on procurements by the United States and our NATO Allies. This I think is a sound and proper course.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

AIRCRAFT PROCUREMENT, AIR FORCE

(INCLUDING TRANSFER OF FUNDS)

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land without regard to section 9774 of title 10, United States Code, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to the approval of title as required by section 355, Revised Statutes, as amended; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; $3,933,200,000, and in addition, $24,300,000 which shall be derived by transfer from "Aircraft procurement, Air Force, 1975/1977", to remain available for obligation until September 30, 1978.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask the distinguished chairman of the subcommittee and full committee a question respecting the advance procurement of long-leadtime items for the B-1 bomber. Does this section of the bill include any money for that, and if so, how much?

Mr. MAHON. If the gentleman will yield, I might say to the gentleman from Ohio (Mr. Seiberling) that we followed the authorization bill with respect to the B-1 bomber. We provide the full amount authorized.

The B-1 program as financed in this bill is for about 900 million dollars. If the 244-plane program is carried to fruition, it would be about 20 billion dollars.

The gentleman from Ohio asked for the amount of funds in the bill for long-leadtime items, I believe?

Mr. SEIBERLING. That is correct.

Mr. MAHON. The figure there is 64 million dollars in fiscal 1976, as shown on page 244 of the report, and on page 250 of the report, there is an amount of 23 million dollars as recommended by the Committee on Appropriations.

Mr. SEIBERLING. Mr. Chairman, I wonder if the distinguished chairman could tell me whether this, in effect, amounts to approval of going into the production phase of this weapons system?

Mr. MAHON. It specifically does not mandate or approve our going into production of the B-1 bomber.

I would turn to page 245 of the report where it says:

> The Air Force budgeted $77,000,000 for long leadtime funding for the first three production B-1 aircraft. The Committee recommends an appropriation of $64,000,000, a reduction of $13,000,000 in the request. The funding recommended for long leadtime components does not represent a commitment to B-1 production.

So we have not crossed that bridge as yet.

Mr. SEIBERLING. I wonder if the distinguished chairman would answer this question: Next year, or whenever it is that the Air Force decides they want to go into the production phase, are we not going to have an argument confronting us that we have already authorized $87 million or appropriated $87 million, so that if we do not approve the production phase, then all that money will go down the drain? How will we respond to that kind of a tactic?

Mr. MAHON. We will be approaching the hour of decision, and if we do decide to go forward, of course, we might envision a $20 billion program. But we do need to move toward the time when we can make a final decision as to what will be done about the proposition for the production of the B-1. I assume from the votes we have had in the legislative body that there would be considerable support for the production of the B-1. But I do not think any of us at this time are ready or willing to commit ourselves to the long-range program which is envisioned by the Pentagon.

Mr. SEIBERLING. I thank the chairman. I want to commend the chairman and his committee for the tremendous progress they have made toward economy in the cuts they have made in the extravagant administration defense budget, amounting to some $8-plus billion. However, I understand that this appropriation bill is still above the tentative budget guidelines that were reflected in the target we adopted last spring.

It seems to me that we ought to insist on the military's holding back on the long lead-time items and not spending this money until a decision is made as to whether we are going to go into a production phase on the B-1.

I would hope that some further consideration would be given to that item. I do not plan to offer an amendment, because I do not think at this stage it would get anywhere. But hopefully the other body will take another look at this, and, if so, I hope the conference will eliminate it.

I thank the chairman for supplying this information.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OTHER PROCUREMENT, AIR FORCE

For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed six hundred and twelve passenger motor vehicles for replacement only; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land without regard to section 9774 of title 10, United States Code, for the foregoing purposes, and such lands and interests therein may be acquired, and construction prosecuted thereon prior to the approval of title as required by section 355, Revised Statutes, as amended; reserve plant and Government and contractor-owned equipment layaway; $2,010,400,000, to remain available for obligation until September 30, 1978.

AMENDMENT OFFERED BY MR. GIAIMO

Mr. GIAIMO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Giaimo: Under "Other Procurement, Air Force," on page 29, line 17 after "September 30, 1978.", strike the period and insert in lieu thereof: ": *Provided*, That none of the funds in this appropriation shall be available for expenditure by the Central Intelligence Agency."

Mr. ADDABBO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Forty-nine Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 565]

Ambro
Anderson, Ill.
Andrews, N.C.
AuCoin
Bonker
Brademas
Breaux
Breckinridge
Burke, Fla.
Casey
Conyers
Daniel, Dan
Davis
Diggs
Dingell
Drinan
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Fraser
Gaydos
Harsha
Hébert
Heckler, Mass.
Holland
Horton
Howard
Jarman
Johnson, Colo.
Long, Md.
McClory
Macdonald
Mathis
Matsunaga
Michel
Mikva
Moorhead, Pa.
Murphy, N.Y.
O'Brien
O'Hara
Pike
Quillen
Risenhoover
Rosenthal
Ruppe
Santini
Scheuer
Sisk
Staggers
Steiger, Ariz.
Teague
Traxler
Udall
Wilson, C. H.
Wilson, Tex.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Price) having assumed the Chair, Mr. Rostenkowski, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 9861, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 376 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. GIAIMO. Mr. Chairman, I would appreciate the attention of the Committee while I explain the purpose and thrust of this amendment—what it does and what is does not do.

Mr. Chairman, we might say that the purpose of this amendment is to publish in this appropriation bill the total figure for the Central Intelligence Agency which at the present time in this budget—and in all past budgets throughout prior years—has been concealed in the Department of Defense appropriation bill.

Mr. Chairman, I believe that under the Rules of the House I might have come to the floor with a straight-out amendment saying, "Resolved, That there shall be appropriated for the Central Intelligence Agency *x* dollars," and name the amount. We chose not to follow that route but, rather, to use this circuitous route of first getting the will of the House as to whether or not we—the House of Representatives—wish to legislate with knowledge as to what the total budget figure for the Central Intelligence Agency is, or whether we wish to continue the old practice and the present practice of voting in the dark and not knowing the amount of money we are voting in this bill for the Central Intelligence Agency.

Therefore, the amendment before us does not name the amount. It says that, under "Other procurement, Air Force," on page 29, line 16, where the figure $2,010,400,000 exists, we insert a clause which says, "provided, that none of the funds in this appropriation shall be available for expenditure by the Central Intelligence Agency."

Mr. Chairman, obviously I am telling the Members today that the funds for the Central Intelligence Agency are concealed within that figure of $2,010,400,000 for "Other procurement, Air Force."

If the Members agree with me that it is high time that the Central Intelligence Agency has a budget item figure of its own published in this budget—and it would be published at the end of the budget under title VIII, under "Related agency," because it is not a Department of Defense agency—then vote for this amendment which will limit the money for "Other procurement, Air Force," so that it cannot be used for expenditures by the CIA. That is what we are saying.

Bear in mind—and do not let anybody tell you otherwise—that we are not cutting the CIA budget. This amendment and the next one will not cut the budget of the CIA. We will take the appropriation out of the bill at this point and restore it by a subsequent amendment if the will of the House, as indicated by this amendment, before us, is followed.

Mr. ADDAEBO. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I will yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding.

On that point, for the information of the House, if the gentleman's present amendment carries, then it will be the gentleman's intention to offer at the appropriate point under title VIII an amendment stipulating a dollar figure for the CIA? The gentleman is not cutting out the money for the CIA; we will just state it at a given point in the bill?

Mr. GIAIMO. The gentleman is absolutely correct.

We will retain in this budget by the second amendment the exact figure which the committee voted for the CIA. There would be a technical amendment between this and the CIA amendment which would follow, but I do not want to confuse the Members with it now. All it would do would be to provide a reduction in the net amount on line 16, page 29, after we agree to restrict this money so that it could not be used by the Central Intelligence Agency.

I will talk about the reasons why I think we should have a line item on the merits on its own.

But before I do, however, I want to make sure that we understand that the purpose of this test amendment is to limit these funds so that they cannot be used by the Central Intelligence Agency. If the Members believe that the CIA should have its own line item published, then they should vote for my amendment. We will interpret this as the will of the House either way.

If the Members vote down this test amendment, we will not offer the line item figure later on; if the Members sustain this amendment, we will offer the line item figure later on.

So, in effect, we are giving the House an opportunity to show its will without disclosing the distinct figure beforehand. We think that is eminently fair, and I hope the Members will support the amendment.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. GIAIMO) has expired.

(On request of Mr. BURLISON of Missouri and by unanimous consent, Mr. GIAIMO was allowed to proceed for 5 additional minutes.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, the gentleman has been speaking in terms of the CIA. Is this divorced from the rest of the intelligence community?

Will the gentleman explain his position with regard to that?

Mr. GIAIMO. Mr. Chairman, the gentleman raises a good point.

When we speak of the intelligence community, we are speaking of many different agencies. In this appropriation bill, we have the Central Intelligence Agency, the Defense Intelligence Agency, and the National Security Agency. We are speaking and dealing here only with the CIA, because we think that is the "daddy" of them all, since, in addition to directing the Central Intelligence Agency, the head of the CIA is also the coordinator of all our intelligence agencies. He wears two hats.

Mr. Chairman, we feel this is where the Congress should make a start in this respect. In direct answer to the gentleman's question, the gentleman is right; we are dealing only with the CIA.

Mr. BURLISON of Missouri. Mr. Chairman, am I correct in assuming, then, that if the gentleman is successful with his amendment, he does not intend to proceed as to the other segments of the intelligence community?

Mr. GIAIMO. Mr. Chairman, I do not intend to proceed in that way at this time in this bill.

The gentleman raises a valid point. The Members may ask: Why do I not do that?

Let me say that this has been a long, tough, bitter struggle to even get into a discussion of this issue, let alone have a chance for resolution of the issue. Rome was not built in a day, and I do not think progress comes along in a day.

There are many Members in this Chamber who for years have felt there has not been an effective oversight control of our intelligence agencies. We feel that the most significant area with respect to lack of oversight is with the CIA, and we are trying to work in that area in order to bring it under effective congressional oversight. Then we can address ourselves to the other problems.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the chairman of the committee.

Mr. MAHON. Mr. Chairman, I believe that it is appropriate that I make a brief statement and interrogate the gentleman on this matter.

The gentleman from Connecticut is undertaking, through a parliamentary procedure, to enable the House to determine whether or not it should make public the amount of the funds in the bill for the Central Intelligence Agency. Now, I am unalterably opposed to the gentleman's amendment. I want to make that clear.

However, I am perfectly willing for the House to determine what it wishes to do about this important issue, and I will have more to say about that later. I just want to say now that the gentleman is proceeding in this way, and if his amendment is carried, then that means that the House wants to make public the figures in the bill for the Central Intelligence Agency.

Am I correct in my analysis of our problem?

Mr. GIAIMO. Mr. Chairman, I recall the gentleman's strong opposition to our divulging the figure.

Mr. MAHON. Yes, I am opposed to the gentleman's amendment, and I intend to work against it. But I simply wish to state that I recognize it as a procedure that is necessary if we are to permit revealing the figures on the CIA during debate. I am sure the gentleman agrees with me that we wish to handle the matter in an appropriate way.

Mr. GIAIMO. Yes. Mr. Chairman, I thank the gentleman.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I am sure that we all recognized the gentleman as a respected member of the Committee on Appropriations, and, therefore, I would like to ask the gentleman in the well whether or not to his knowledge these are the only funds that are given to the CIA.

Mr. GIAIMO. Mr. Chairman, I wish I could assure the gentleman that I know the answer. I can tell the gentleman that I am assured that these are the only funds for the CIA.

The gentleman realizes that there is a question of proprietary funds which are not appropriated, but I cannot give any assurances to my friend, the gentleman from New York (Mr. BIAGGI), in view of the fact that we have very serious questions in the Congress as to whether or not the agencies have been, in fact, on the level with us at all times. I have no evidence that they have not, but I cannot give assurances nor would I.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. Yes, I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's yielding.

I served with him on the subcommittee. I think he agrees that there is a very important issue here that should be fully and carefully debated by the full House over whether or not we do indeed want to publish the budget of the Central Intelligence Agency.

I share the chairman's sincere opposition to publishing, but I would ask my friend in the well this: He used the word "concealed." Would not a better word be "classified" and I ask the gentleman further whether it is not true that these are classified figures that the gentleman and anyone in the House at this moment can, on a classified basis, get the full budget figures on?

Mr. GIAIMO. I will say to my friend, the gentleman from New York (Mr. KEMP), that the question of classification is a technical word. I am not sure that I know what it means in reference to legislative activities.

I will also say that while it is true, my colleagues, that a Member can now go to the Committee on Appropriations and ask to see the budget, the figures, the testimony, and other pertinent material, I, as one member of the committee, was not aware that we had these rights until the first of this week. Therefore, I would say that we have already made some progress.

Also, as I said earlier, the mere fact that we are discussing these matters is an indication of progress.

Mr. Chairman, I would like to get into the question of why we should publicize this figure.

People will say, "Why are you jumping the gun? You have a select committee in the House, and you have a select committee in the other body looking into the whole question of improprieties, looking into the question of adequacy of oversight, and looking into the question of whether there should or should not be changes in the legislative missions of these committees. Why are you doing it now? Why are you not waiting for the committees to report back? Those committees have a difficult enough job to do, as it is."

All one has to do is observe the difficulties those committees are having at present, but, more important than that, all of us have responsibilities in this Congress. When we are on particular committees which have the responsibility, we should not shrug it off and leave it to other committees.

Where better than in the Committee on Appropriations and in the Subcommittee on Defense could we look for these answers, since these committees appropriate for this agency and have to know their needs?

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. GIAIMO) has expired.

(By unanimous consent, Mr. GIAIMO was allowed to proceed for 5 additional minutes.)

Mr. GIAIMO. Mr. Chairman, to continue, in our Committee on Appropriations and in the subcommittee we have to know this information. We have to know what they are doing. Under more recent laws, we even have to know some of the covert actions that they are taking. Therefore, we have a need to have a dollar figure before us for their budget.

Mr. Chairman, I submit that the House of Representatives itself cannot legislate in its wisdom, nor can it exercise adequate oversight, if we do not even know the minimal amount of money that the CIA spends in a year.

Let me say this: Why not publish the figure? Because it is said that our enemies could derive information or evaluation or an estimate from that?

There is a balance in all secrecy matters. There are goals and there are losses in defending ourselves against possible aggression from the outside. However, we must be careful that the very instruments which we create to defend us do not cause us to lose our liberties.

Secrecy in government is an abhorrence to the American people, and it should be held to an absolute minimum.

I suggest that for a generation it has gone alone unfettered, with no congressional control over it. It has been said by some that all the CIA has had to do is to come up here and whisper into friendly ears, and that is the extent of congressional oversight.

Mr. Chairman, whether that is true or not is not the point. The point is that those days are over, and we are now going to have to develop better systems of congressional oversight.

If we publish the budget, what do we do except to give the Members of Congress a benchmark from which to start?

Let me say that one of the objections I have heard from persons who are connected with the intelligence agency on the publication of the figures is not so much that possible enemies might know what we spend, but that you will then begin to pick us to death, once we give you the total dollar amounts by offering amendments to reduce or add to it and then inquire as to what the different dollars are for.

Well, perhaps we will. It is possible we will have to develop better means of congressional oversight. But if we start with the dollar figure we will at least have, for the first time since the establishment of these agencies, a benchmark on which to begin on. We will then be watching that figure to see whether or not it increases; whether it grows and, if so, why it grows. Everybody will see this, and our constituents will come to us and they will say, "What is going on? Why the increase?"

I will say to them: First of all, the House ought to pay greater attention to these secret projects and secret operations than we have done to date.

We have all been derelict. Very few of us have tried to keep up with what has been going on in these areas of secrecy. We cannot afford that any longer. This will be one of our best levers to force us and to compel us to pay greater attention to what goes on in those agencies.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I understand what the gentleman from Connecticut is saying and I appreciate his desire to have oversight and accountability in these extremely important areas of national security and national interest. Those are of interest to me and to my constituents as I am sure the actual published figure would be of great interest to the enemy. But I would ask the gentleman from Connecticut, is it not the truth that right now the gentleman in the well, this Member or any Member on this floor can find out what the classified figure is so that we will not be legislating on a concealed basis?

Mr. GIAIMO. I will answer the gentleman's question with another question: Was it so that this could have been done a week ago, or a month ago?

Mr. KEMP. Yes.

Mr. GIAIMO. I will submit that the gentleman from New York is incorrect.

Mr. KEMP. Will the gentleman answer my question: Is there anyone on the floor today who cannot get the figure?

Mr. GIAIMO. I understand the committee voted last week that it did not want to know the figure and, therefore, voted out this bill without knowing the figure. I also understand that since the committee met last week, when I as a member of the subcommittee tried to tell and to explain the figure to the members in the full Committee on Appropriations, I was persuaded or told not to. I also understand that since that moment on last Thursday the committee has changed its viewpoint and its rule in this matter, and it is now for the first time encouraging all of us to go down to the subcommittee rooms and ask to see the classified information.

I submit, Mr. Chairman, that only by insisting on this arrangement do we get any movement toward enlightenment of the American people.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. EVANS of Colorado. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think this is an interesting matter that we are discussing here and yet I am not quite sure what we would have if we had the figure.

We are talking about making an important policy decision on the floor of the House. Now, as I understand it, we will have access to or we can see or we will know the figure as to how much we are appropriating for the CIA. I am sure that all of the Members are concerned about this, but I must say that as to that figure, I do not quite know, I will say to the gentleman from Connecticut, in thinking about this action in the full committee, what we would have besides a certain lump sum figure. What could I do with a sum certain here as we appropriate on this floor?

Well, the first thing that occurs to me is that those who feel we ought to have more intelligence gathering could add on 5 percent. Those who feel that the Central Intelligence Agency has done too much and ought to live on a thinner budget, could offer a 5-percent cut. In either event, the proponents of such a move would be either adding or subtracting from a certain known sum. I am just trying to figure out what I am going to be able to do knowing that figure that I could not do now. I could add to or subtract from CIA funds now. I could offer an amendment, and the Members could work their will on it to either add to or cut from the budget of the Central Intelligence Agency even though I do not now know the amount in the bill.

The next point that occurs to me with regard to what we are doing and what would result by a vote in favor of setting forth the line item amount is that the committee could say that out of these funds so appropriated, none can be spent for—and then we might say covert actions in Greece, or Turkey, or Chile, or some other part of the world. But then I have to ask myself, can I not do that now even though the amount for the CIA is not separately set forth? Certainly I can.

We know that somewhere in this bill—the gentleman from Connecticut has told us where—there are funds for the Central Intelligence Agency. So it is certainly appropriate at that point in the reading of the bill, even not knowing what the amount is, to say that of whatever sums are in this section for the Central Intelligence Agency, none shall be for—and then use our own imagination as to what we want to do.

So I do not see that we really are acquiring anything particularly that we do not have now by disclosing the amount, except disclosing the knowledge to the public of a particular sum of money.

One thing does concern me, though, and I think we ought to have some dialog on it. The gentleman from Connecticut referred to it briefly in his remarks. He called this a "benchmark" with which to start. It may well be, but I think we ought to think about that a little bit more than we have in the discussion so far. Where do we go from here? Once we have a lump-sum figure, what do we do next?

Do we next break it down? How much are they using for transportation? How much are they using for typewriters? How much are they using for—and then name the question. I have a feeling that while I am as interested as anybody here in finding out what the total amount is, I am not sure I am going to be any wiser after I am told it is $200,000, $750,000, or a million dollars, or whatever the figure is. I do not know that I will be that much more intelligent, or that we will have that much more ability to work our judgment than we have now. But, again, I am concerned about the gentleman's comment that it is a benchmark. I think it is certainly something that the gentleman's subcommittee should have every right to go into thoroughly, extremely thoroughly.

But I wonder how far the Committee of the Whole House, out here in the public's eye, would want to go beyond this benchmark, as referred to by the gentleman from Connecticut.

I am probably going to vote in favor of the gentleman's amendment, but I think as we do vote, we ought to do so with the understanding that this may be just a benchmark, and it may lead us down the road to further disclosures which I am not sure we want.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I will be happy to yield to the sponsor of the amendment, the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

Let me say that I do not claim any expertise or omniscience in this area of intelligence. I am not sure that I or anyone else knows how far we ultimately want to go into the divulgence of information. We have to study that question. The Rockefeller Commission itself indicates that there has to be a great deal of study in this area, although it suggests that, because of the extreme secrecy, Congress ought to consider—consider—the publication of the budget item as we are doing here today.

But I will say to the Members that while we are not sure about how far we want to go, we understand the reasons and the necessities for a great deal of secrecy in intelligence operations, and certainly in covert actions. We understand that. We are not sure we really know how far we want to go. I am sure many of us here are certain that we know what we do not want to do.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. GIAIMO, and by unanimous consent, Mr. EVANS of Colorado was allowed to proceed for 2 additional minutes.)

Mr. GIAIMO. If the gentleman will yield further, we are sure that the present system does not work and that the balance has swung too much. The pendulum has swung toward overconcern for national security without sufficient concern for the individual rights of the American people who have much to fear from any kind of secret agencies of Government. It is time to restore that balance.

Mr. EVANS of Colorado. I would say to the gentleman that I do not think there is going to be any danger resulting to this country by revealing the amount. I think that there is nothing but myth to the argument that this would endanger the national security. But I am concerned about this just being a benchmark, and would have all here who are going to vote on this have that in mind, too.

I want to know what the amount is. As a matter of fact I think I would feel a little silly going back home and having somebody ask me: "How much did you appropriate to the CIA, Frank?" and being on the Appropriations Committee having to respond, "I do not know and if I did I could not tell you," because I do not think revealing this figure is, in and of itself, sensitive.

The CHAIRMAN. The time of the gentleman from Colorado (Mr. EVANS) has expired.

Mr. DELLUMS. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. KEMP. Mr. Chairman, reserving the right to object, is there some agreement we are going to rise at 6 o'clock?

I will ask the chairman of the committee if he could tell us when we are going to rise?

Mr. MAHON. Mr. Chairman, if the gentleman will yield, I plan to move to rise at 5:45.

Mr. KEMP. Mr. Chairman, I am going to object because no one has been heard on this side.

The CHAIRMAN. Objection is heard.

Mr. KEMP. Mr. Chairman, I rise in opposition to the proposed amendment to disclose the total amount of Central Intelligence Agency funding. The gentleman who authors this amendment and anyone else in this House can get this information on a classified basis.

It should be classified. It should not be made public. Those who passed the law in 1949 were very far-sighted when they provided that such information would not be made public.

If we reveal this information it will simply aid our adversaries. We cannot get around that. It will reveal the size of activities that the CIA is engaged in. It will reveal not only the size but also the trends, because some year it may go up, some year it may go down. That will indicate to our enemies what we are doing. It will indicate whether we are increasing our intelligence activities; whether we are reducing our intelligence activities. Then the effort will be made to know where and in what country.

In dealing with foreign nations this could be a very sensitive matter. Our relations could be affected because if we make this information available then there is going to be the desire on the part of somebody to know how much of it is being spent in this country, how much is being spent in that country. This is a sensitive question that might bring about some ill will in our foreign relations.

No country in the world reveals this information to the public. Why should we do it in the United States? Why should we tell our adversaries the size of our expenditures in collecting information which we need to preserve this form of government and protect the people of the United States.

Let me deal with these points in more detail.

No one likes secrets and secrecy. It hints of "something to hide," and in a free and open society—such as ours—we do not like to have activities carried out in secret. This is especially true when it relates to the conduct of government. As a consequence of that emotion, we usually set about to find out what it is that is secret and to institute a new process for precluding it in the future.

The removal of veils of secrecy is, as a general rule, a worthy objective. I believe the work of the Congress in recent years in enacting such "sunshine," open-door requirements as those embodied in the Freedom of Information Act reflects this commitment.

But, even in these measures, we have

been thoughtful about how the goal of disclosure balances with other goals to which we are as equally committed—such as assuring peace in the world's "hot spots," as maintaining a strong national defense capability, and as protecting classified material from those who do not have our country's best interest at heart.

This does not mean that we are less committed to openness, but it does mean that we have looked at the stark realities of what certain disclosures might bring about and have, therefore, opted for balancing openness with other goals.

We do not live in a perfect world—one free from actual or potential conflicts between ideologies, people, and nations. Just because we desire peace, not all others do. It is a world where over one-half of the people now live under governments which have never renounced their declared goals of destroying the way of life we know in free countries. Their armaments are constantly improved. Their agents are constantly afield. Their propaganda machines are constantly grinding it out. Their political and diplomatic arms are constantly flexed.

It is vital to our national security and that of our allies to have an efficient, capable means of detecting and analyzing what it is that our adversaries are doing and plan to do, and a means of responding in our own best interests. And, to the degree it is accomplishing its mission or earnestly trying to do so—and let us remember that every institution in history has had its share of failures—it deserves the reasoned support of the government and the people in whose trust it carries out its functions.

The Central Intelligence Agency is our principal agency for carrying out these policies, and it is supported in that task by the broader intelligence community.

It operates in secret. Its activities—their very nature—are usually secret. And—and this is the argument about which we are now engaged—the total amount of funds committed to its operations each fiscal year is secret.

Why?

Secrecy is inherently necessary to intelligence operations to insure the success and usefulness of its activities. How we go about trying to find out what others are seeking to keep us from finding out cannot be disclosed, or it would frustrate or deal a deathblow to the activity. Secrecy in funding parallels this secrecy in programing.

The ability to allocate resources—where to spend money and how much—without revealing the size or the purpose of the allocations to foreign interests is a capability that both the executive and the legislative branches have carefully preserved and jointly controlled throughout our history.

James Madison, the father of the Federal Constitution, argued strongly against annual disclosure of the funds used for intelligence operations. John Jay, the first Chief Justice of the Supreme Court of the United States, spoke eloquently against disclosure in the Federalist Papers. And, that well-reasoned policy has been preserved inviolate through nearly 200 years of our Republic, with the most recent attempt to reveal the total CIA budget having failed by the substantial margin of 55 to 33 in the Senate last summer.

Disclosure of the total amount of CIA funds—or CIA and related agency funds—would disclose to our adversaries what they can only now guess about. By showing them a dollar figure, we show them how much—or how little—significance we attach to these intelligence functions in relation to other activities. This then shows them, perhaps quite accurately, the mood of the Congress and its attitude toward these types of activities. For example, a reduction from fiscal year 1976 to fiscal year 1977 might very well invite an offensive on the part of these other countries' intelligence operations—on the basis that the Congress would not sufficiently fund a counteroffensive because of the position in favor of reductions. By judging the ups and downs in international tensions and the correlation to budget fluctuations, they might also quite accurately judge the relation of functional and/or organizational and/or geographical priorities.

As I indicated earlier, intelligence gathering depends upon secrecy and confidentiality for its success. But one should not conclude that this secrecy and confidentiality precludes the Subcommittees on Defense of the House and Senate Committees on Appropriations and the Intelligence Oversight Subcommittees of the Armed Services Committees from knowing what the CIA and related agencies are doing and holding them accountable for their actions. The 31 members of these subcommittees know the level and use of CIA and intelligence community funds, and they make exhaustive reviews each year. And, other members can or may be informed of the budget figures on a classified basis.

Never was a more thorough study done than the investigations of the Subcommittee on Defense of the House in preparing the bill before you. We interrogated and cross-examined for days those who testified on the intelligence agencies, including the Director of Central Intelligence, the Assistant Secretary of Defense for Intelligence, the Director of the National Security Agency, the Director of the Defense Intelligence Agency, and a host of support personnel. I can assure the House that every conceivable point of view on the floor was well voiced in the subcommittee deliberations.

The members of the subcommittees know what the CIA and related intelligence community budgets are. A very detailed, written understanding between the subcommittee and the agencies exists as to the use of these funds—one to which the Directors, especially the Director of Central Intelligence, are held accountable.

Back during the days of the Continental Congress at the birth of our Nation, that Congress appointed a Committee of Secret Correspondence, made up of its own Members—since there was not yet an executive branch of Government—to oversee intelligence operations. The Congress took great care to have only that committee—and not the entire Congress—privy to what was being carried out. This was not because of some suspicion that Members as a whole would improperly handle such information, but was rather because they prudently decided not to run that risk.

It is in that very same vein that the Congress has consciously designated the Subcommittees on Defense and the Oversight Subcommittees of the Armed Services Committees to know these things in a modern context and world community and to exercise their best judgment. Their reasoning was solid then, and I believe it is solid now.

The proposed amendment was rejected in subcommittee, and it was rejected in committee. I trust it will be rejected here today by the full House, so that our intelligence operations can be preserved without the compromise of disclosure to our enemies.

I am for full oversight and accountability, but this is not the step toward anything but helping an adversary.

I think it would be a serious mistake to approve this amendment, and I join the chairman of the committee—the subcommittee and the full committee—in voting down this proposal. If we do approve this amendment, I can guarantee that we will be providing what is necessary for our adversaries to neutralize the methods which we must use to obtain information about those closed societies. It would be a vast mistake.

Mr. **MILFORD**. Mr. Chairman, will the gentleman yield?

Mr. **KEMP**. I yield to the gentleman from Texas.

Mr. **MILFORD**. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Connecticut (Mr. GIAIMO).

We have reached a time in our history when fighting "big government" is a popular pastime. I am generally in agreement with this principal.

We have also arrived at a time when our citizens are very conscious of their "right to know" about matters that are taking place in their Government. I am also very much in favor of this principal.

But, let us not promulgate these principles to the point of ridiculousness.

"Big government"—with its mandates for regimentation, abrogation of individual liberties, invasion of privacy, and loss of individualism is one thing, but, our Federal Government's proper role of a coordinated national defense is another.

In time of war, we raise an Army, Navy, and Air Force to defend this Nation. In time of peace, such a move is unpopular and impractical.

Nontheless, I think every citizen knows that we must constantly be on guard lest another kaiser, another Hitler, or another Khrushchev rises up against us. Our own history proves this premise.

How do we protect ourselves? Well, we can either maintain very expensive standing armies, navies, and air forces; or we can maintain another far less expensive force that will also do the same job—an effective intelligence community.

An effective international intelligence organization can replace several divisions of infantry or ships or squadrons—in that it can warn us of potential dangers in time for us to react.

As a member of the Select Intelligence Committee of this House, I am not here to argue that our intelligence community is perfect—or even excellent. I do argue that it can be improved to do a job that will adequately protect this Nation. Further, I contend that if this amendment is adopted, you will destroy all possibilities of adequately protecting this Nation.

Let us fully face one fact of life: Intelligence, by its very nature, is a secret business. We simply cannot publish our intelligence plans in the Washington Post or the Dallas Times Herald. And make no mistake about it, if you publish the intelligence budget—you have published the intelligence plan. A rank amateur intelligence buff can figure out your plan if he knows your budget.

I do not believe that the thinking Americans in this Nation want our intelligence plan printed in the daily newspaper. I think they expect you—their elected officials—to handle such matters responsibly and quietly.

Lately there has been a rash of headlines about our intelligence community and past intelligence activities. Some of these headlines have accurately reflected deplorable incidents that have actually occurred. Many others have contained only half-truths, unconfirmed accusations, speculations and no small number of complete untruths.

I do not believe that our citizens want to know the intimate details concerning the operations of our intelligence agencies, I think they want to know that their elected representatives are quietly and responsively looking after these matters. I think they want to be assured that we have an effective system of continually monitoring these activities and providing a proper check and balance.

If the amendment, offered by the gentleman from Connecticut is approved, it will not provide protection and knowledge to the American public—it will simply destroy the effectiveness of our intelligence effort.

I urge the defeat of this amendment.

Mr. TREEN. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Louisiana.

Mr. TREEN. Mr. Chairman, I am sure the gentleman in the well is aware as, indeed, every Member of the House is, if we create a Select Committee on Intelligence, of which I have the honor of being a member, 13 of us are now investigating this.

One of the specific questions that we are looking into is how do we spend our money for intelligence activities? Where does it go? Are we getting our money's worth? What is wrong with publishing figures? What would be wrong with breaking them down?

I ask, what would be wrong with delaying the decision on this until the committee we have created has an opportunity to report? We are mandated to report by January 31 of next year. I urge this House not to take this action. It is premature. We have a committee that will give the House a full report on the implications of what the gentleman from Connecticut is trying to do today.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I hear this amendment referred to so often this afternoon as a benchmark. During nearly a whole day or most of a day devoted by the Committee on Appropriations to this subject. This amendment was not described as a benchmark, rather it was described as a first baby step.

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. Young of Florida and by unanimous consent, Mr. Kemp was allowed to proceed for an additional 2 minutes.)

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield further?

Mr. KEMP. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, as I say, if this is the first baby step, then I am really concerned about what the second step is going to be and what the giant step might be eventually. Are we talking about eventually giving out alphabetical listings of the agents of the CIA and the various fronts they operate under to keep their activities covered as they must be for an intelligence gathering organization. Or are we, in fact, really talking about the destruction of the CIA as an effective intelligence gathering agency, as some would have us do?

Mr. KEMP. Mr. Chairman, I would like to make the final point that the gentleman from Florida is exactly correct. This process, once started, will never end. We are conducting oversight. It is more accountable today than ever before.

There was not a question brought to the Administrator of the Central Intelligence Agency that he was not willing to answer to the gentleman from Connecticut, as well as to the gentleman from Florida.

I suggest this is not a step we ought to take. We ought to allow the process now currently in place to provide for accountability and oversight to proceed and not publish these figures across the world.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words.

Let me say, Mr. Chairman, that in a moment I shall move that the committee rise. It is the plan of the House, as I understand it, that we come in tomorrow at 10 o'clock for resumption of the consideration of this measure. I am moving from 6 o'clock to a 5:45 agreement because of the fact that the Committee on Agriculture, headed by the gentleman from Washington (Mr. Foley), has some matters to present briefly to the House.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. Rostenkowski, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes, had come to no resolution thereon.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT ON TOMORROW

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be permitted to sit for the purpose of conducting business on tomorrow, October 1, 1975.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON CONSUMER PROTECTION AND FINANCE OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT ON TOMORROW

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Consumer Protection and Finance of the Committee on Interstate and Foreign Commerce be permitted to sit for the purpose of conducting business tomorrow, October 1, 1975.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. tomorrow, Wednesday, October 1, 1975.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENDING FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be discharged from the further consideration of the Senate bill (S. 2375) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 3 months, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate bill as follows:

S. 2375

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 27 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. 136 (y)), is amended by adding at the end of such section the following: "There is hereby authorized to be appropriated to carry out the provisions of this Act for the period beginning October 1, 1975, and ending December 31, 1975, the sum of $11,967,000.".

AMENDMENT OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOLEY: Page 1, line 6, strike lines 6 through 9 and insert in lieu thereof the following: "There is hereby authorized to be appropriated to carry out the provisions of this Act for the period beginning October 1, 1975, and ending November 15, 1975, the sum of $5,983,500."

Mr. FOLEY. Mr. Speaker, S. 2375, as adopted by the Senate, provides an interim extension of the funding authorization of EPA under the Federal Insecticide, Fungicide, and Rodenticide Act for a 90-day period. The amendment I offer would provide instead a 45-day extension of the funding authorization at a level of $5,983,500. This is the rate provided in the Senate bill but prorated over the shorter period.

The amendment was discussed in a meeting of the committee and has just been adopted with widespread support.

Action to extend the funding authorization is necessary at this time because otherwise it expires on September 30, 1975—the date to which it was previously extended by Public Law 94–51, approved July 2, 1975.

The Committee on Agriculture has reported another bill, H.R. 8841, as amended, which would extend the funding authorization for 12 months to September 30, 1976. That bill contains a number of substantive amendments to the act as a result of testimony received by the committee critical of administration of the act and as a result of a number of concerns brought to the committee's attention. Debate on H.R. 8841, as amended, started on Friday, September 26, and the House is due to complete consideration of this bill on Thursday, October 2. The Senate has not yet begun to consider the matters covered in H.R. 8841. It is awaiting completion of action by the House. The Senate adopted the 90-day interim extension contained in S. 2375 to provide it with time to consider fully the matter. The committee is of the view that a full 90 days is not needed—that 45 days is sufficient time to enable the Congress to complete action on H.R. 8841, as amended.

In the absence of action by Congress, EPA will shortly be without funds to continue administration of FIFRA. The appropriations bill (H.R. 8040) which appropriates funds for EPA which has been reported by the conference committee states:

> No funds provided for the Environmental Protection Agency by this Act may be used for any Federal insecticide, fungicide, or rodenticide activity after September 30, 1975, that is not authorized by law.

I urge support of the 45-day extension contained in the amendment to S. 2375. In brief, it would enable EPA to continue implementation of FIFRA while providing Congress adequate time to complete its consideration of H.R. 8841, as amended.

Mr. WAMPLER. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Speaker, I rise in support of S. 2375, a bill to extend the FIFRA authorization for 45 more days.

I certainly hope this will be the last interim extension that we will have to consider this year. As far as I am concerned, it will be the last one I plan to support.

The main committee bill on FIFRA, H.R. 8841, is scheduled for floor action later this week. It will extend FIFRA for 1 year and make some needed changes in the program.

In the meantime, this bill is needed to extend beyond September 30 the authority for appropriations to carry out this statute.

S. 2375 was considered in committee this morning and there was considerable sentiment to not extend the authorization more than 30 days. While I personally felt that way myself, I also felt that a 45-day extension was both preferable and more responsible than letting FIFRA authority terminate or, at the very least, be disrupted.

The SPEAKER. The question is on the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 45 days.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

THE RIGHT TO LIFE—WHEN DOES HUMAN LIFE BEGIN

(Mrs. SULLIVAN asked and was given permission to address the House for 1 minute, to revise and extend her remarks and include extraneous matter.)

Mrs. SULLIVAN. Mr. Speaker, yesterday, I introduced an amendment asking that "personhood" be conferred to all human beings irrespective of age, health, function, or condition of dependency—including their unborn offspring at every stage of their biological development."

I pointed out my obligation to all the women in this country who feel that our current laws are an exploitation of the very dignity of womanhood.

Today, I further emphasize that this right to life is not a sectarian religious issue. It is not a Catholic-Protestant or Jewish issue. It is an issue of an unalienable human right; namely, life itself.

Hence the question, "When does human life begin?" is apropos.

When does human life begin? Human life begins when the 23 chromosomes of ovum are united with the 23 chromosomes of the sperm. At this point of fertilization a new independent life comes into being. This is a scientific fact—the unborn child is alive because he has the characteristics of life; he can reproduce his own cells and develop them into a specific pattern of maturity and function. Genetic studies indicate the genes are proper only to a human being. The only difference between a child before birth and after is that he has changed his method of feeding and obtaining oxygen.

Viability—ability to exist independently outside the womb—so often alluded to in the Supreme Court decision could not possibly be construed as a determinant of humanity. Viability varies from year to year as medical science advances. It is a measure of the innate strength of the child and the sophistication of the external life support system available in only given situations. A child born prematurely in a large, well-equipped modern hospital has a greater chance of survivial than the same child born in a small rural community.

All organ systems are functioning at 12 weeks of pregnancy; at 16 days the heart begins to beat. Microscopic examination substantiates the fact that life begins at conception—fertilization.

For those who argue that abortions can be performed safely and under sterile conditions now, we must pose the question: Safely for whom? Abortion is 100 percent fatal for the child. We also know that there are serious risks to the mother in the abortion procedure. These dangers are not always immediate. The fact that many complications occur at a late date does not effect the casuality of the complication. We also know that studies of women who had abortions indicated a greater risk of miscarriage in subsequent pregnancies due to cervical incompetence, greater danger of tubal pregnancy, perforation of the uterus—excessive bleeding—premature delivery, and mental problems.

However, the real question here is not the relative safety or the lack of it from abortion.

Granted that we acknowledge serious social problems such as the unwanted pregnancy, deformed children, unproductive older citizens—the real question is "Do we as a nation accept killing as a solution to these problems, or are we not imaginative and humane enough to achieve more positive solutions? Adoption—better education of the retarded—useful occupations for senior citizens."

Socioeconomic conditions can not become a determinate of life and death in the United States. Very often we discover it is "cheaper to kill or terminate life than to sustain it." Dr. James D. Watson, the Nobel Prize winner, does not wish a child to be declared alive until 3 days after birth so as to determine if it is defective. At least 12 States have euthanasia statutes pending in legislature.

Where are we going in this country on this question of life? Government should protect life and try to provide a State in which life is worth living. Can we allow ourselves to become agents of destruction?

Early in 1975 De Vries & Associates, Washington, D.C., conducted a national poll on the question of abortion. 75 percent—yes, 75 percent of the people favored a change in the current abortion laws of this country toward more restrictive laws. Twenty States have either memorialized Congress or requested a Constitutional Convention to stop abortion on demand.

Many aldermanic boards, municipalities and county councils throughout the Nation have taken exactly the same action. This is the grassroots of this country speaking to us as the legislative arm of our Government. This action is government by the people. The Congress of the United States must make it government for the people.

The amendment that I sponsored is a practical and workable amendment. It has passed by a tremendous majority both Houses of the Missouri Legislature, a body that is a pluralistic one, men and women from totally varied backgrounds.

The people of this country want action now. I am responding to that voice.

THE LATE HONORABLE S. WALTER STAUFFER

(Mr. GOODLING asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and include extraneous matter.)

Mr. GOODLING. Mr. Speaker, it is my sad duty to announce to the House the death of a distinguished former colleague, the Honorable S. Walter Stauffer of York, Pa.

Mr. Stauffer served the 19th Congressional District of Pennsylvania in the 83d and 85th Congresses. He made friends wherever he went, and he will be remembered with great respect and affection both here and throughout Pennsylvania.

I share the sorrow at the passing of this good citizen, this noble public servant, and this most distinguished constituent.

I know I express the sympathies of all of you in extending condolence to his daughter, Mrs. Robert E. Skold, of Wyndham Drive, York, Pa., and to the other members of his family.

GENERAL LEAVE

Mr. GOODLING. Mr. Chairman, I ask that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the life and services of the late Honorable S. Walter Stauffer.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

LEGISLATION TO INCREASE FEDERAL ESTATE TAX EXEMPTION

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Minnesota (Mr. NOLAN) is recognized for 5 minutes.

Mr. NOLAN. Mr. Speaker, I am today introducing legislation to increase the Federal estate tax exemption from $60,000 to $200,000.

In my judgment, this measure is necessary to restore the spirit of the original estate tax law and to compensate for 33 years of inflation. When the original estate tax law was passed back in 1942, $60,000 was a fair exemption. However, 33 years of inflation has transformed a 1942 estate worth $60,000 into a 1975 estate worth $199,548.

Farmers have been hardest hit by the effects of inflation upon the estate tax exemption. Land values have increased tenfold since 1942 skyrocketing from $34 an acre to $354 an acre. In 1975 the average farm operating unit was valued at $143,900 with approximately $150,000 investment in farm machinery and other production assets. The taxes on a $300,000 farm, where there is no surviving spouse, are a crippling $62,700.

Faced with such an enormous tax burden, survivors are often forced to sell the farm or mortgage the property just to pay the estate taxes. At a time when the number of family farms is decreasing at an alarming rate, we cannot afford to lose family operations to the tax collector. The legislation which I am introducing will return the estate tax exemption to an equitable level and assure farmers that they will be able to build a sound farming operation and have that operation passed on to their children as a healthy, viable family farm.

CHARLES M. MORROW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 5 minutes.

Mr. MICHEL. Mr. Speaker, Charles M. Morrow, publisher of the Galesburg Register-Mail, died Sunday at the age of 54. He had battled cancer for several years, and he finally lost.

It was one of the few losing battles he ever fought, and that is a testimony not only to his remarkable ability as a newspaperman, but to the fact that nice guys do not always finish last.

Chuck Morrow was a newspaperman through and through, dedicated to the finest traditions of the press: integrity, fairness and community service. Under his leadership, the Register-Mail developed into a modern and effective newspaper, bold and imaginative and always fighting for the best interests of Galesburg, Ill., and the Nation.

And through it all, Chuck Morrow remained a nice guy. He was a straight-shooter; I never knew him to go back on his word, nor to give his word in an unworthy cause. He was a friend of mine, and of countless others from all stations of life.

His life was too short. He had much more to give. But the record of his accomplishments is immense, and will stand for generations as a tribute to his greatness and hard work. He gave Galesburg a fine, fine newspaper, and was instrumental in bringing a junior college, a modern airport, interstate highways and new industry into the community.

Quite a record, but then, he was quite a guy. He was a bachelor, but his lack of an immediate family does not mean that there is a lack of people who will miss him. We number in the thousands, and we will miss him a great deal.

His successor as editor of the paper has written a poignant and informative commentary on the life of Chuck Morrow, and I would like that article placed here in the RECORD.

[From the Galesburg (Ill.) Register-Mail, Sept. 29, 1975]

CHUCK MORROW, A COMPLEX MAN WHO WILL BE MISSED

(By Michael Johnson)

We decided to disobey Chuck Morrow one last time today.

Chuck told me several times that when he died, he didn't want his obituary splashed all over the front page or page two and he didn't want his picture used. He was a newspaperman for the best part of his life, but he shunned personal publicity.

Chuck Morrow died Sunday morning, and today both his picture and obituary appear on our front page. His passing is deserving of such treatment; he always insisted that personal consideration should never stand in the way of good news judgment.

The obituary says that Chuck Morrow died a bachelor. He didn't. For a quarter of a century, he was married to a newspaper and a profession.

He was the third editor of the Galesburg Register-Mail and its sixth publisher. He was a journalist to the core, a man who never really appreciated business and high finance, but plunged into it only because his spouse demanded it of him.

He guided this newspaper through turbulent times. During his last six years at the helm, a major construction project and a major technological transformation were completed. He kept the place solvent and fought diligently to keep its journalistic integrity high. He always considered himself less important than the people with whom he worked, as long as they did work, and he took a personal interest in the personal lives of his employes.

He was a fighter to the finish. Chuck Morrow developed cancer just more than two years ago, and had battled it since. During his last months he endured tremendous pain, but seldom complained. He would struggle to climb the stairs to his office. He would try to hide the pain during meetings but it caused him to slur words and lose his train of thought. Afterwards he would ask, "Well, how'd I do?" "Just fine," I would say. "That's good, let's celebrate," he'd respond, and we would adjourn to his apartment, have a drink, and talk business, as usual.

Chuck was a highly-complex being. To paint a portrait of the man would require a thousand artists.

He could be a tough, hard individualist able to combat cancer, pain, critics and fatigue with cool determination. Yet he was as much a sentimentalist and a softy, probably too soft. The task of firing a fellow employe brought him to tears, and I never knew him to turn away a friend in need. He gave of his time and money freely and willingly, never asking anything in return. He was a man driven by his conscience. Only rarely did he speak badly of anyone, even under fire. He practiced self-control obsequiously, even after he conceded a month ago that death was inevitable. He acted as though he believed he would live to be 100.

His imperfections were as numerous as they are in any man, and he freely admitted them.

He enjoyed his martinis, he had a lousy memory, he would rather write the simplest of news stories than wrestle with business, he disliked politics immensely and ignored it when possible, he couldn't sit still through a long-winded meeting and was short with those who consumed more of his time than he thought they deserved.

Most of the "graduates" of the Register-Mail "School" for budding journalists will remember Chuck for his dedication to youth. He believed that society would survive only if those in positions of leadership made sure there was someone following in their path to pick up where they left off.

He would never turn down an opportunity to listen to the opinion of youth, and believed in giving them as much responsibility as they were willing to accept. He offered the young his respect, unending patience, an opportunity to prove themselves, discipline when they needed it, and a pat on the back when they deserved it.

Journalists who matured and grew under Chuck's guidance now practice their profession on newspapers, in business and in government from Oregon to New Jersey. Some of them will remember Chuck Morrow for giving them a break when no one else would.

Chuck's death leaves a void in this community. As his obituary details, he was active in countless civic activities. He preached that government could not function alone and was never intended to; without contributions of time, energy and money from the community itself, society would shrivel and die.

He had tremendous affection for Galesburg and Western Illinois and believed that he owed it his service in return for all it had done for him. Chuck went overboard in that respect. The community is indebted to him. He did more for the town than most will ever know, without personal gain or recognition.

Without the efforts of Chuck and others like him, there would be no interstate highway system here, no Carl Sandburg College, no airport, fewer factories and dimmer prospects for the future.

Most importantly, however, Chuck gave Western Illinois a newspaper for which Western Illinois can be proud. He emphasized fairness above anything else, and he had an obsession with honesty.

He is dead at the age of 54 and the dreams he shared for the future of the Register-Mail and the area it served go with him. We talked of those dreams many times. It was our escape from a sometimes petty, practical world. Over and over again he would say, "We've got to make it work, we've just got to."

I'm going to miss the man. I'm really going to miss him.

BALANCED CONSIDERATIONS REQUIRE NEPA AMENDMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFALL) is recognized for 15 minutes.

Mr. McFALL. Mr. Speaker, the National Environmental Development Association, an organization of business and labor interests dedicated to balanced consideration of environmental, energy, and economic issues, has developed a cogent case for modifying the National Environmental Policy Act of 1969 in the interest of orderly, well-founded actions affecting the environment.

NEDA President Thomas A. Young recently appeared as a witness before the Subcommittee on Fisheries, Wildlife Conservation and Environment, House Committee on Merchant Marine and Fisheries, in support of two pending measures. One of these bills is H.R. 6032, which I have introduced proposing that the judicial reviews of the Federal agencies' environmental statements now be undertaken directly by the court of appeals. This would eliminate some of the confusion and delays presently characterizing the environmental impact statement review process.

Mr. Speaker, NEDA's campaign for balance in the "three-E issues"—energy, economy, and environment—is gaining respect because it is timely and it seeks to fill an obvious need, and that is the careful assessment of impacts as we move toward desired goals.

I am hopeful that the House will act on H.R. 6032 positively and expeditiously, and I am grateful for the support this bill is receiving from all segments of the economy and from all parts of the country, as represented by the expression of NEDA at the recent committee hearing.

I include in the RECORD at this point the statement of NEDA on amending NEPA:

STATEMENT OF NATIONAL ENVIRONMENTAL DEVELOPMENT ASSOCIATION

My name is Thomas A. Young, President of the National Environmental Development Association, and we thank you for the opportunity to appear. We are here to express our support for two measures before you to amend the National Environmental Policy Act of 1969, namely:

H.R. 6032, proposing that judicial reviews ments be undertaken directly by Courts of Appeals, and

H.R. 8667, proposing that these agency statements disclose and discuss the economic as well as the environmental impact of any agency's proposed major action significantly affecting the environment.

The National Environmental Development Association (NEDA) is a relatively new, nonprofit corporation comprised of diverse labor, agriculture, industry, and other private and public interest organizations and individuals, established to promote the conservation, development and use of America's resources to improve ". . . the quality of human environment." It endeavors to do this by encouraging public awareness and input on proposed and prevailing public policies that may serve this governing goal. We believe that H.R. 6032 and H.R. 8667 would do so.

NEDA fully supports the policy of the National Environmental Policy Act of 1969. This declares, in essence, in its first section, "that it is the continuing policy of the Federal Government", by this Act: to "promote the general welfare,"; the "productive harmony" of man and nature; and to fulfill his "social, economic and other requirements".

Indeed, we know of few who do not support these policy principles. As we know of few who do not support those of the Employment Act of 1946, and of those "other essential considerations of national policy" with which this Act says it shall be "consistent".

However, unlike our Employment Act of 1946 after which this National Environmental Policy Act was patterned, this NEPA contains a policy enforcing mechanism unique in the history of Federal legislation, namely, a so-called "detailed statement" required in the case of every proposal by, or administratively approved by, any Federal agency that would significantly affect the "human environment"—which is a legally shapeless abstraction that, despite all rules requiring specificity of statutes, this Act leaves totally undefined.

Now it is in the action agencies' efforts to comprehend and conform to this cumbersome mechanism that they, and our economy, and labor force have encountered problems in its expeditious administration. And it is because of these administrative problems primarily, and the economic costs and delays that they create for the public, that some, and especially those victimized by it in these years of persisting high human unemployment, and product price rises, and environmentally obstructed undertakings, that they argue that this Act is not, in fact and reality, consistent with those "other essential considerations of national policy" that it purports to honor.

But in truth, and fairness, we must add that these adverse human effects were never intended, or anticipated, by the Congress that enacted this NEPA. In fairness, it is correct to say that the House and the conference version of the National Environmental Policy Act approved in 1969, and the National Environmental Policy Act of 1969 that we now must live with as interpreted by the Courts, it is correct to say that these are two very different things. In fairness, and in fact, it is correct to say that this Act as approved by that Congress was never intended as this Act as now applied by the Courts. And the correctness of this is avowed by none other than the author of this Act's Senate version that the House accepted in substance, namely, Senator Jackson, who, speaking before this Association's February 1974 annual meeting, pronounced that: as the author of this National Environmental Policy Act, he now no longer recognized it after what the Courts have done to it.

As an example of this discrepancy, from which this Act's administrative problems stem, like the Employment Act of 1946 after which it was patterned, the National Environmental Policy Act similarly made no provision for judicial enforcement of its policy provisions. Just as the Courts held that the national policy provisions of that 1946 Act for human employment are not judicially enforceable, so also was it a legitimate assumption that the policy provisions of NEPA were not. And there were such early Court holdings. But this was superseded, whereupon this immense administrative problem arose, of discerning, detailing, and discussing, to judicial acceptance and perfection, all of the possible effects, and the alternatives, of every proposed major Federal and Federally-approved action that could significantly affect the "human environment".

As far as its own business is concerned, Congress' reaction to this literal interpretation of NEPA is a good contrast for assessing its practicality, as well as Congress' original intent. NEPA expressly says this same "detailed statement" requirement applies to agency proposals for legislation, and so do the Courts, and so do CEQ's "Guidelines", including appropriation requests, CEQ says. And Congress as it must, and as it can, unobstructed as it is by judicial review, ignores or observes this requirement as it pleases. (And the relatively few that Congress does receive could not survive the judicial review to which we or all others are subject.)

Generally speaking, though, we cannot technically fault the Courts in these NEPA interpretations. For they are bound as we now are by the literal scope of this 1969 Act's language, there being but meager legislative history to guide them to what lawyers would urge as a more technically equitable interpretation of this Act's intent. Of course, we can applaud occasional admonitions by the Courts that the agencies must consider all of a proposal's effects and alternatives ". . . given the obvious, that the resources of energy and research—and time—available to meet the Nation's needs are not infinite."[1] But we feel that the overall time that this economically costly process requires can only be reduced by changes such as HR 6032 proposes.

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[1] By the D.C. Court of Appeals in rejecting a detailed statement (before the Arab oil embargo,) on proposed offshore oil leasing in the Gulf of Mexico.

H.R. 6032. Under existing NEPA procedure, project draft and final detailed statements are prepared by the project agency, with notice, and with formal comments by all the other Federal, State and local agencies having a special or jurisdictional interests, and by the public, and after hearings in appropriate cases, all as prescribed by the Act and the CEQ's "Guidelines" thereunder. All this HR 6032 assumes and would preserve.

After issuance of the final detailed statement, however, its adequacy in terms of the NEPA often is challenged before a U.S. District Court, often with a long evidentiary trial ensuing—wherein all of the numerous complex facts and phenomena often must be presented, explained, elucidated and litigated sometimes *de novo* to the education, understanding, and satisfaction of a lay judge, frequently without benefit of specific findings of controverted or other needed facts by the responsible project agency having expertise in the project premises and related matters. Thereafter, i.e., following decision by the District Court, the case often is appealed, and almost always is in the case of the big undertaking, to a Court of Appeals by petitions challenging the District Court's findings.

This arrangement often presents an undue, unnecessary, duplicative burden to all concerned, including the taxpayers and public who ultimately bear its inordinate cost and delay, and perhaps to the very "quality of the human environment" that the undertaking may be designed and indeed needed to improve or enhance.

We believe this arrangement could be altered in the environmental and other interests of the public, by requiring—as Congress has in numerous other statutes—that the responsible project agency having the essential expertise shall make required findings of fact in these matters, and that this agency's substantive findings may then be appealed only to and reviewed by a Court of Appeals. As is the case under other statutes, the Court of Appeals would apply and be bound by the substantial-evidence rule in reviewing these findings of fact. This avoids the lengthy, laborious, expensive and often duplicative trials that can now take place in the District Courts.

As we see it, this arrangement could not only make a more efficient, expeditious use of this country's administrative and judicial machinery in matters affecting the environment. It could also serve to make the various agencies and other public participants in the environmental process focus and function more responsibly and more expeditiously in these matters. More specifically, it would permit these needed NEPA decisions to be arrived at more quickly, thus permitting fulfillment of the intended, disclosure for decisional purposes of the NEPA. For as stated by a Treasury Secretary Memorandum of April 1, 1975:

"Although there is broad support for the purposes of the law, a regrettable nightmare has emerged concerning the administration and preparation of such statements. * * *

"Such delays and uncertainties have important economic costs. Interest must be paid on borrowed money while projects wait for clearance, and with rising inflation costs, project expenditures sky-rocket. In addition, during a period of recession, such delays hold up important employment generating projects."

We believe the Courts of Appeals record on NEPA cases precludes any argument that the environment would receive any less protection under the arrangement proposed by HR 6032. Those who still opposed a project despite its clearance of the formidable NEPA barrier, would still be free to try to obstruct it before Congress or elsewhere.

HR 8667. We support this proposal, requiring that the detailed statements also include pertinent economic impact data, providing this proposal can be modified to preclude such from supplying just another reservoir of new legal controversy for the obstruction of the otherwise environmentally essential or acceptable undertakings.

As yet, we are undecided on just how this may be done, as, for example, by requiring that such data be comprised of or derived directly from the nationally accepted economic series assembled by the Census Bureau, or Office of Business Economics, or Bureau of Labor Statistics, or Federal Reserve Board, or others.

We know that a similar, "Economic Impact Disclosure Act" was recently approved by both Houses of the New Jersey Legislature, and we understand that one is also moving through the Pennsylvania Legislature. So we believe there is high, practical potentiality in this proposition. We are continuing to cogitate on it, and as we or our membership hereafter may discern or discover any such suitable safeguard for this National Act, we will be quick to pass it on to the Subcommittee.

NEDA thanks you for the opportunity to present its thoughts on these two important proposals, concerning these two important national problems. We respectfully request your favorable consideration of both proposals.

THOSE WHO LIVE IN GLASS HOUSES . . .

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, Associated Press reports today that Mexican President Luis Echeverria has urged a boycott of Spain in retaliation for the execution of five anti-Franco guerrillas.

I would applaud this action—if—alas—it were not so absurdly comical.

The fact is that the government of Mr. Echeverria, for all its humane concern for civil rights and liberties in Spain, has engaged in the most grotesque torture and denial of basic constitutional rights on a regular basis in its treatment of American prisoners in Mexico.

I remind the distinguished President of the old proverb:

> Those who live in glass houses shouldn't throw stones.

Perhaps Mr. Echeverria, who has spent not a little time recently trotting around the globe campaigning to become U.N. Secretary General, is not aware of the activities of his federal police over the last several years. Should this be the case, I would be glad to invite him to review the clearly documented facts which our State Department and my own office have accumulated—facts which substantiate multiple examples of torture to force confessions, incommunicado detention without access to attorneys or consular officers, coerced confessions in Spanish without interpreters, blatant extortion, illegally prolonged pretrial detention, confiscation of valuables, and harassment and maltreatment including beatings and electric cattle-proddings, both in and out of prison.

If Mr. Echeverria is indeed aware of these happenings, I can only see his statements on Spain as the essence of hypocrisy. Such pietism could only be magnified by similar statements by his colleagues, General Pinochet of Chile, the Shah of Iran, or perhaps President Tongsun Park.

I hope that President Echeverria's new concern for human and legal rights will be expressed within his own country's boundaries, because if it is not, I will join him in his call for a boycott—but we will boycott Mexico.

THE GREAT COVERUP OF THE FEDERAL RESERVE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 15 minutes.

Mr. PATMAN. Mr. Speaker, the great coverup continues.

The failure to take up H.R. 7590—a bill to require a full-scale audit of the Federal Reserve System—is in contradiction of the charter under which the 94th Congress was elected.

Many, if not most, of the current Members of the House of Representatives were elected on pledges of providing open government, improved congressional oversight, and an end to secrecy and coverups of the Federal bureaucracy and its officials.

Presumably, open government—an end to secrecy—was to have been a major and lasting benefit flowing from the trauma of Watergate.

Yet, the House of Representatives of this 94th Congress has failed to take up legislation which would open up the books and reveal the operations of one of the most mammoth parts of the Federal Government—the Federal Reserve System. The House of Representatives has failed to consider the legislation which would allow Congress' watchdog agency—the General Accounting Office—to go into the Federal Reserve System and to assist the Congress in its oversight and legislative functions in this area.

Despite all of the promises about open government, it is business as usual when it comes to the Federal Reserve System. We have the same old replay with the audit legislation bottled up in the Rules Committee. Here is a House of Representatives elected on a pledge of openness which refuses to allow its Members to vote on a bill duly reported from a legislative committee.

Surprisingly, some of the people who have helped to place this gag on the House of Representatives have had the most to say about the need for congressional oversight.

Mr. Speaker, perhaps I have missed something, but I know of no other piece of legislation which has been handled in this manner in the 94th Congress. These postponements, maneuverings, and machinations have been saved for the audit bill.

This fact ought to raise a few questions in the minds of the Members and the press. Why, among all of the legislation, is the audit bill handled in this manner? Doesn't this say something about the power of the agency and its banking and business constituency?

Mr. Speaker, while the press has not reported it in any great detail, it is no secret that the big business and the big banking community orchestrated by the Federal Reserve System have been working hard to kill or to weaken the audit legislation. The lobbyists have ranged from the Vice President's brother—David Rockefeller of the Chase Manhattan Bank—to the president of the Boeing Corp. It has included employees of the Federal Reserve System who have spent a great deal of time distorting the provisions of the bill in an effort to generate still more opposition. Every scare tactic has been conjured up by Dr. Arthur Burns and his employees. Nothing has been too absurd.

Mr. Speaker, once again I want to remind the House that 120 Members are cosponsoring H.R. 7590 and similar bills and it will be interesting to see whether the House sits here and allows the Federal Reserve and the business and banking community to decide what the Congress is to know about the Federal Reserve System.

AMENDMENT TO THE BANKRUPTCY LAW ESTABLISHING A PROCEDURE FOR THE ADJUSTMENT OF THE DEBTS OF MUNICIPALITIES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Badillo) is recognized for 60 minutes.

Mr. BADILLO. Mr. Speaker, the Subcommittee on Civil and Constitutional Rights of the Judiciary Committee of which I am a member, is now in the process of revising the entire Federal bankruptcy law, including the section covering municipal bankruptcy. At my urging, Representative Don Edwards, the subcommittee chairman, moved the hearings scheduled on municipal bankruptcy from next spring to early October and they will take place in Washington this Friday, October 3 and Monday, October 6.

In order that it may be discussed by those testifying at the hearings, and if necessary, acted on in advance of the entire bankruptcy bill, I am today filing legislation that would modify chapter 9 of the Federal bankruptcy law.

It is certainly my hope, as it is of every citizen of New York, that we will never have need to use the bankruptcy courts to solve our problems. But I do contend that if we are to manage New York's future soundly, we must be prepared for every eventuality—including default.

The way the law is now written, it is impossible for the city to go into a bankruptcy court unless it secures the consent of creditors holding 51 percent of the debt before it files for reorganization, and it is impossible to get court approval of the plan unless those holding 66⅔ percent of the outstanding debt agree to it. Aside from the inordinate length of time it would take to find and get approval from even 51 percent—current estimates are that it would take between 2 and 3 years before New York could even file for reorganization—it would mean simply that the city would be at the mercy of its creditors. The current law is far too similar to that for corporate bankruptcy—and a municipality is not a corporation. The question here is not primarily the protection of creditors, or the liquidation of assets. The issue of overriding importance is the protection of our citizens, and the need to continue providing essential services to the city. It is utterly irresponsible to put anything above the health and safety of New Yorkers—particularly the well-being of the banks and other large creditors.

The legislation now being considered by the subcommittee—H.R. 31 and H.R. 32—both address themselves to this issue to some extent. They would both eliminate the initial 51 percent at the time of filing, and change the second number of creditors to 51 percent of those voting at the time of approval. The problem with this approach is that its effect would be to insure that approval of a reorganization plan would depend only on those sophisticated enough to participate in the bankruptcy procedures—again, the banks, brokerage houses, and other large creditors. And, of course, they will be seeking a plan to serve their self-interest, rather than that of the small investor or the government pensioner.

I am introducing a bill that provides another possibility—the possibility of putting New Yorkers first, before any creditors. My bill will totally eliminate the consent requirements, thereby freeing the court to consider only the merits of the plan. What this means is that the court will be empowered to bring about an equitable settlement of the reorganization, one that will take all investors into account. It means that the judge will be able to consider a plan that will reorganize the short-term debt—which costs the city high interest rates—into a long-term debt that will not only provide fair settlement for creditors but will, in the long run, save the city money because of lower debt service.

The bill will also mandate the allocation of funds for essential city services—the fire department, the police department, the sanitation department, all those services required for the health and well-being of New Yorkers, before creditors are paid. Although it is likely that a bankruptcy judge would impose this requirement, my bill puts it into law and eliminates any discretionary power on the part of the judge.

Another major change incorporated in my bill pertains to the method of notification. Currently, and in the proposed legislation, all known creditors must be notified by mail. This is a costly and time-consuming operation, and there are many creditors—particularly bondholders—whose addresses may not be known. My bill would provide for notification by publication, with certain minimum requirements. The court may mandate additional forms of notification if the interests of justice so require. It would allow for the notification of the trustees of government pension plans and would allow copies of the petition to be mailed to those parties in interest that the judge designates.

While primarily concerned with protecting the interests of the average citizen of the city, the bill would certainly not exclude input by the large financial institutions because any creditor could submit objections or proposed modifications of the plan.

This bill will provide what is needed for New York right now, and it provides what is needed for every municipality across the country in the months and years to come. That is a way to preserve the well-being of our citizens, and to enable New York to function if the "unthinkable" should happen. To deny the need for immediate action in this area on the grounds that we will not need this legislation is to blind ourselves to potential reality and mislead the people of this city.

The text of the bill follows:

H.R. 9926

A bill to establish a procedure for adjustment of debts of public agencies and instrumentalities and political subdivisions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter IX of the Bankruptcy Act (11 U.S.C.) is amended to read as follows:

"Chapter IX—Adjustment of Debts of Public Agencies and Instrumentalities and Political Subdivisions

"Sec. 401. Eligibility for Relief.—Courts of bankruptcy shall exercise original jurisdiction and may give appropriate relief in accordance with a plan meeting the requirements of this chapter for the adjustment, composition, or extension of debts of any county, parish, city, town, village, borough, township, school district, local improvement or special use district, public authority or corporation, and any other public agency, instrumentality, or political subdivision, if such public agency, instrumentality, or political subdivision is not prohibited from filing a petition under applicable State laws.

"Sec. 402. Petition.—a. Any public agency, instrumentality, or political subdivision eligible for relief under section 401 may file a voluntary petition under this chapter. The petition shall set forth that the petitioner is eligible to file a petition, that the petitioner is insolvent or unable to pay its debts as they mature, and that it desires to effect a plan for the composition, adjustment or extension of its debt. The petition shall further set forth (1) the nature of the debts and obligations of the petitioner which may be affected by the plan and the approximate amount thereof; and (2) the identities and addresses of creditors who may be affected by the plan, or, in lieu thereof, the reason such identification is impracticable and a listing of the creditors in a manner that is practicable in the circumstances.

"b. The petition and accompanying papers, together with a filing fee of $100, shall be filed with the court in whose territorial jurisdiction the petitioner is located.

"Sec. 403. Temporary Stay.—a. A petition filed pursuant to this chapter shall operate to prohibit the doing of any act, and to stay the commencement or continuation of any action or special proceeding in any court in any jurisdiction, seeking to enforce against the petitioner, or any of petitioner's funds, property, receivables, or revenues, any judgment, order, lien, set-off or counterclaim relating to any contract, debt, or obligation for a period of ninety days, or for such additional period of time as may be required to permit the court to enter an order pursuant to section 410. During the period of any stay or extension thereof, the petitioner may expend moneys to maintain and provide such services as petitioner heretofore maintained or provided, or is required to maintain and provide pursuant to the State law.

"b. The stay may be vacated upon motion of any creditor affected thereby if the court finds, after a hearing, that the petition was not filed in good faith, or, upon a determination by the court that the withholding of such relief will result in irreparable injury, loss, or damage to the complainant.

Sec. 404. Notice to Creditors.—a. Upon

approving the petition as properly filed, the judge shall enter an order fixing a time and place for a hearing, which shall be held within ninety days from the date of such order, and shall provide in that order that notice of the filing of the petition and its approval and of the time for the hearing shall be given to creditors. The judge shall prescribe the form of the notice, which shall specify the manner in which claims and interests of creditors shall be filed or evidenced, on or before the date fixed for the hearing. The notice shall be published at least once a week for three consecutive weeks in at least one newspaper of general circulation within the jurisdiction of the court; any other newspaper or newspapers, having a general circulation among the petitioner's creditors, as may be designated by the court, and any other publication the court deems appropriate.

"b. If the plan filed by the petitioner for composition, adjustment, or extension of the debts of the petitioner affects any rights of employees of the petitioner and such employees are represented by a duly recognized collective bargaining agent, then the judge may prescribe that notice to the collective bargaining agent shall be sufficient notice to all employees in the collective bargaining unit. If such plan affects the rights of former employees of petitioner, and if such former employees are receiving or eligible to receive retirement or pension benefits under a trust arrangement, then the court may prescribe that notice to the trustees of such a pension trust or fund shall be sufficient notice to all such retired or eligible employees.

c. All expenses of giving notice pursuant to this section shall be paid by petitioner. The notice shall be first published and the mailing of copies of the notice shall be completed at least sixty days before the date fixed for the hearing.

"Sec. 405. Standing to Contest Petition.—Any creditor may file a complaint in the bankruptcy court contesting the petition for relief under this chapter or stating any rejection he has to the plan. The complaint may be filed at any time within ten days before the hearing under section 410 on the confirmation of the plan or within such other time as may be prescribed by the Rules of Bankruptcy Procedure.

"Sec. 406. Filing of Plan.—The petitioner shall file a plan for composition, adjustment or extension of its debt with its petition or at such later time as may be prescribed by an order of the court.

"Sec. 407. Provisions of Plan.—Any plan to petitioner under this chapter may include provisions modifying or altering the rights of creditors generally, or of any class of creditors, secured or unsecured. Such plan may provide for the issuance of new securities of any character, any other payments the court deems appropriate, and any other provisions and agreements the court deems appropriate (including the cancelling of executory contracts and unexpired terms of leases). Such plan may be modified at any time prior to the hearing on confirmation, and may be modified after such hearing only with the consent of the court.

"Sec. 408. Transmission of Plan.—As soon as practicable, the court shall transmit copies of the plan, any modifications of the plan, and any summary or analysis of the plan to any party in interest (or creditor) designated by the court.

"Sec. 409. Objections to Plan.—Any creditor, or any other party in interest, may file a complaint objecting to the confirmation of the plan. The complaint shall be served on the petitioner, and such other person, as may be designated by the court, at any time prior to the date of the hearing on confirmation or such earlier date as the court may set.

"Sec. 410. Confirmation of Plan.—a. The court shall, within a reasonable time, after the filing of the petition for composition, set a hearing on the confirmation of the plan and any modifications of the plan, and the court shall give notice of such hearing and the time allowed for filing objections to creditors and parties in interest.

"b. The court, after a hearing, shall confirm the plan upon finding that the plan (1) is fair and equitable, (2) is in the best interests of the creditors, (3) does not discriminate unfairly in favor of any creditor or class of creditors, (4) provides funds for the petitioner to maintain and provide necessary governmental services, and (5) provides for the eventual settlement of all debts and obligations of the petitioner.

"c. If the court does not confirm the plan, the court shall enter an order disapproving the plan and vacating any stay then in effect. Such an order shall become effective within ten days after the order is issued, unless within the ten-day period, an amended plan is filed with the court. Upon the filing of such an amended plan, the court in its discretion may extend the stay then in effect for an additional period of time as may be required to permit the court to enter an order containing findings pursuant to this section.

"Sec. 411. Effect of Confirmation.—The provisions of a confirmed plan shall be binding on the petitioner and on all creditors, whether or not they are affected by it and whether or not their claims have been listed, filed, or allowed. The confirmation of a plan shall extinguish all claims against the petitioner, other than those excepted from discharge by the plan.

"Sec. 412. Reservation of State Power To Control Governmental Functions of Political Subdivision.—Nothing contained in this chapter shall be construed to limit or impair the power of any State to control, by legislation or otherwise, any public agency or instrumentality or political subdivision of the State in the exercise of its political or governmental powers, including expenditures therefor."

OVERSEAS DEPENDENTS EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Dent) is recognized for 5 minutes.

Mr. DENT. Mr. Speaker, the House Appropriations Committee report on the fiscal year 1976 Defense Department appropriations (H. Rept. 94–517) includes directives involving the organization and administration of the overseas schools operated by the Department of Defense.

I wish to remind my colleagues that in October 1974 the House approved House Resolution 988 which effected several changes in jurisdiction of House committees, including the transfer of authority for military dependents' schools from the Armed Services Committee to the Committee on Education and Labor. That transfer of authority did not precipitate an interest by the Committee on Education and Labor in the overseas dependents' schools. On the contrary, in the early 1960's as chairman of an Ad Hoc Subcommittee on the Impact of Imports on Amcrican Employment, I lead several overseas investigations of foreign production facilities. Whenever we visited an area in which an overseas dependents' school was located we were beseiged with complaints and requests from parents, teachers, and administrators who said no one in Washington seemed to care about their problems. From that time I and several members of the committee have retained a special interest and concern for the overseas dependents' schools.

In 1965 we began publishing definitive reports of our findings, and I am pleased to say that our critical reports have effected significant remedial changes in many substantive areas. And, it is not insignificant that in our first report we recommended centralization of administration of the schools in the Office of Overseas Dependent Education. What we recommended the Appropriations Committee now directs, and we heartily concur. However, House Resolution 988 vests with the Committee on Education and Labor jurisdiction over the overseas dependents' schools and we see no further necessity for any other committee to be involved. With the imprimatur of the House of Representatives for authority over the schools, we intend to assume an even greater role in the oversight of the schools with respect to assuring quality education and high operational standards. And it is our intention to hold extensive hearings on the desirability and feasibility of providing a legislative basis for the overseas dependents' schools.

A letter is being drafted to the chairman of the House Appropriations Committee and the Secretary of Defense substantially reiterating what I have just stated with respect to the jurisdiction of the Committee on Education and Labor over military dependents' schools and the committee's intent regarding oversight and legislative responsibility for those schools.

ALLEN MORRIS HAS GIVEN LIFE OF SERVICE TO PEOPLE OF FLORIDA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Fuqua) is recognized for 30 minutes.

Mr. FUQUA. Mr. Speaker, no accurate history of my beloved State of Florida can ever be written without including the story of the man who has devoted much of his life to preserving that history.

Allen Morris is a legend in his own time and if he had been able to accomplish only one-third of what he has done in a lifetime of service, it would still have been enough to establish him as one of our most distinguished.

As a historian, as a journalist, and as a distinguished government official, he has brought to each a quiet dignity and in each area set new standards of excellence.

This is the reason I rise in the Congress of the United States today to pay tribute to a man whose contributions transcend State lines and whose service to mankind is duly deserving of this and every other tribute he has been paid.

Mr. Morris was the first full-time newspaper correspondent in Tallahassee, our State capital, other than wire services, charting the course for what I understand is now the second largest statehouse press corps in America.

He was literally educated on newspapers. Dropping out of high school, he joined the Miami Herald in 1925, going from copyboy to photographer to reporter.

He once related:

> Newspapering is a profession where you become an expert by saying so and having the paper give you space. When an editor asked me if I'd like to try my hand at writing about politics, I said "yes" and then embarked upon a series of evening cram courses with Fred Strozier, a wire service reporter.

At age 12, Morris was leading tours through Viscaya, in Miami, the next estate over from the one his widowed father became caretaker of when he moved from Chicago at the outset of the boom of the 1920's.

When he was 15, he answered an ad for "a bright boy," a job which led him to be a copy boy at the Miami News. His father did not know for 2 weeks that young Allen was going to work instead of school each day.

The job paid $25 a week at first; this later dropped to $15 when the boom became the bust. He had become a photographer by then but lost that job when a man came in who was willing to work for nothing provided he was given the right to resell the photos he took.

Soon he was back on the payroll as a reporter, however; then he became a reporter for the Associated Press and later a day city editor of the Miami Herald.

In the 1930's and early 1940's he came to Tallahassee on a temporary assignment and liked it. He decided to strike out on his own and establish himself permanently in the capital in 1943.

Morris said:

> I was fascinated by government. I made as many opportunities to come to Tallahassee as I could.

He hitched rides with the highway patrol whenever possible.

At that time, only the wire services were really working the field of State government. He sold himself as a freelance bureau to a group that included the Miami News, Orlando Sentinel, St. Petersburg Times, Lakeland Ledger, and the large Perry chain of dailies and weeklies.

His package at first included a weekly column—"Cracker Politics"—and a weekly personality profile of someone in the news, as well as three or four newsstories for each client and spot news coverage.

Twenty dailies, including the Miami News, Orlando Sentinel, the St. Petersburg Times, and all 12 John H. Perry papers bought the column and its success was assured.

In the subsequent 23 years, until he became Clerk of the Florida House of Representatives, Morris wrote 1,200 of the columns, becoming perhaps the best known and most quoted of Tallahassee reporters.

In 1947, he originated the "Florida Handbook," an outstanding compilation of Florida history, published every 2 years and now in its 15th edition.

The "handbook" grew out of a comment made one day at a Florida cabinet meeting by the late and beloved R. A. Gray, who served as Florida's secretary of state for 31 years. At the time of his comment, he was in his 14th year and related an incident he had experienced when he picked up two senior law students hitching a ride from the University of Florida.

Secretary Gray was chagrined to discover that neither of the students knew the name of the State commissioner of agriculture, Nathan Mayo, who was then in his 21st year, or his own name as secretary of state. He felt that something should be done to tie the textbook knowledge of Florida's government with the people administering that government. That offhand comment spurred Morris into this great undertaking which I believe will continue to grow and serve a tremendous need for the people of Florida.

Perhaps the achievement which will turn out to be Morris' most valuable gift to his fellow citizens is the photographic archives at the Florida State University in Tallahassee.

The collection contains upward of 50,000 pictures showing how people actually lived in Florida over the past 100 years.

Morris saw the need for such pictures when working on the first edition of his handbook. He realized that early photographers were dying and old collections of their handiwork were being lost.

So he worked out arrangements with FSU in 1952 to begin the photographic archives, now housed in a bright basement room of the Strozier Library. Mrs. Morris, who has a master's degree in library science, has managed the collection of part time since her husband became clerk of the house. They were married after the passing of his first wife, the former Dorothy Hedley of Miami.

Hardly anyone but Morris could have amassed the photographic history of Florida's past century before it disappeared. Few can equal his knowledge of the State's past up to and including its present. His store of information has enabled him to select the important or interesting pictures.

He once said:

> But the photographic archivist's job has only just started when he locates and obtains pictures of historical significance. The next problem, and sometimes it's the most difficult, is to obtain authentic information to write a caption for the picture. Who are the people in the photographs? What were the circumstances under which it was made?

An example is a picture of the late Gov. Sidney J. Catts on his way to take the oath of office in January 1917. Morris had to talk to more than a dozen persons to verify the name of the young man riding in the front seat of the Governor's car only 55 years ago.

The oldest picture in the files dates from the 1860's. The Morrises keep hoping to fill the gap from 1839, the dawn of photography in America. They note that Florida, admitted to the Union in 1845, spans almost the same period of time.

One habit set Allen Morris apart from other newspapermen during more than a quarter of a century of reporting the Florida political scene: He never threw anything away.

From the Holland-Whitehair campaign for Governor in 1940 through the High-Burns-Kelly primary election in 1966, he accumulated and methodically filed campaign statements and speeches, biographicals, brochures, letters, and other material about the Florida scene and every statewide election.

This accumulation filled 12 large drawers in three file cabinets in Morris' capitol news office at the time he ended a 41-year newspaper career to become clerk of the Florida House of Representatives on July 1, 1966.

This material has now been given by Morris to the Florida State University's Strozier Library where they will become a valuable aid to researchers looking into this era of Florida politics and government.

The column and the handbook brought Morris a measure of prominence among legislators and, in 1966, Speaker E. C. Rowell and Speaker-Designate Ralph Turlington asked him to become clerk of the Florida House of Representatives, a job then vacant. He was not very enthusiastic.

He said:

> I am an introvert. After 30 years one gets set in his ways and I didn't know if I would be flexible enough to undertake an entirely new career.

But Rowell and Turlington enlisted the the help of his wife and she encouraged her husband to reconsider. The next Morris heard about it was when he picked up a copy of a newspaper and saw on the front page that a house caucus at St. Augustine had elected him clerk.

"That sounded rather final," he recalls, "so I wrote my last column in my capitol basement office and moved upstairs. Speaker Rowell told me, "Give the House 2 months every other year and you'll have 22 months to write."

Poor prophet he. In the first year after becoming clerk, there were seven regular and special sessions, the most ever. Since 1966, I have been clerk for 34 sessions, more than any other clerk in the State's history, and those sessions have embraced 684 days.

The Council of State Governments once described the office of legislative clerk as "by far the oldest and perhaps the most indispensable of the established legislative aids among Anglo-American lawmaking bodies."

Few will deny that Morris fits that pattern. He is responsible for safeguarding all house bills—there were 2,569 in the 1975 session—while keeping an accurate, clear, and unbiased account of the movement of each through the legislative process. A typical bill requires about 35 entries in the official records, including numerous loggings-in and loggings-out to committees; copying and protecting.

Hidden away in the northeast corner of the capitol, next to the house chamber, the clerk's suite includes a dozen rooms in which more than 55 assistants during a session, and 20 during the interims, handle the vast job not only of keeping tabs on bills but producing during each 8:30 a.m. to 10 p.m. session workday the 78-page journal of the house, a 22-page calendar, a 2-page special order calendar and a 10-page consent calendar.

Morris declared:

> Today we have made a professional operation of what for 150 years was, frankly speaking, a rather amateurish one.
>
> He calls the last four sessions:
>
> Lively and responsive—while producing such significant laws as tax reform, revenue sharing, no-fault insurance, no-fault divorce, judicial reform and new public school

financing programs—just to itemize some of the gains achieved by a State government that some political scientists not so long ago were writing off.

Annual sessions, the staffing of members and committees with analysts and investigators, the activities of standing committees year around, the prevalence of legislative regional offices, accessible to the people at home, improved apportionment, the outlawing of proxies, identification of lobbyists and salaries have improved the legislature, in Morris' opinion.

> Before 1969, you must remember, legislators met for 60 days—actually 43 or 44 when you omit Saturday, Sundays, and holidays—every 2 years. They were virtually without staff save for men and women borrowed from the executive and judicial departments. They were deluged by local bills which took so much time it is a wonder they accomplished as much as they did. The legislatures of today are more effective because they have the tools and the time with which to work, not because their members are a superior or more farsighted breed of men and women.

Morris is also the compiler of the "Clerks Manual," a 276-page collection of biographical and other data on all members of the legislature, "Useful Material," a 214-page primer on legislative procedures that is a "must" reading for every member, a 38-page guidebook to the house for visitors and coauthor of two books, "Your Florida Government" and "Florida Under Five Flags."

Some members of the house designated February 23, 1972, as "Allen Morris Day." As an audience which included his wife, Joan; his daughter, Mrs. Martha Marsh of Atlanta and his son, David, of Tallahassee applauded, several members gave laudatory remarks and then a resolution was introduced which read, in part:

> Mr. Morris has a background which is so distinguished and so illuminated by achievement that the effects of his service to the State of Florida and to each of its three branches of government can be seen and felt and measured with each passing legislative day . . .

He is particularly proud of his recent publication gaining wide acceptance entitled "Florida Place Names," which includes every Florida community of over 1,000 and many smaller places of interest. It is a fascinating book.

He recently said:

> When I retire as clerk, and I have promised Speaker Donald L. Tucker to stay the course with him, the Lord willing, I hope the House will allow me to become clerk-emeritus. This will enable me to write the history of the house of representatives which the house commissioned me to do several sessions ago and to continue some of the publications which I commenced as clerk.

On April 9, 1973, Allen Morris received his first degree—and he started high—doctor of humane letters, from the Florida State University, in a joint meeting of the house and senate in the capitol house chamber.

As Dr. Stanley Marshall, FSU president, pointed out, it was not an idle honor. In 125 years of history, this great institution had awarded only 41 such degrees. A remarkable and well-deserved tribute.

There is so much more that could be said about Allen Morris' accomplishments in striving for a more responsible legislature, to bring to the consciousness of the people of the State deplorable conditions that led to the evolution of our Sunland Training Centers and prison reform.

All this by one man.

Mr. Speaker, I take pride in paying tribute to this remarkable gentleman for myself and for so many others who love and respect him for being the person that he is and for what he has given to others.

As Florida Gov. Reubin Askew said when Allen Morris received his doctorate:

> Through his words, many of us learned of the things that government was doing and dreamed of the things that government could do.

STATIONERY ACCOUNT FUNDS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

Mr. **BEDELL**. Mr. Speaker, many citizens were shocked to learn recently that 77 former Members of Congress withdrew funds this year quite legally from their stationery account after leaving office. They were also disquieted by the prospect that thousands and thousands of dollars are being pocketed each year by sitting Congressmen without the public's knowledge.

I certainly understand and share the American people's concern about these revelations, for, while legal, this personal use of a Member's stationery account raises some very serious ethical questions which cannot be lightly dismissed.

The situation is clear. American taxpayers provided their Representatives with $2,347,500 this year, or $6,500 per Congressman, which is intended to be used for stationery and other office expenses. However, under the rules of the House, these funds can be legally withdrawn for a Member's personal use with no accounting to the public.

I think that it is imperative that the House clarify its rules governing the use of stationery account funds at once. I am thus today introducing a House resolution which would require that stationery funds be withdrawn only for official office purposes, and that any unspent balance be returned to the Government when a Congressman leaves office.

In my view, the stationery account should be used exclusively for procurement of office supplies. If such funds are not fully expended, they should revert automatically to the House contingency fund when the Member's service is terminated. Under no circumstances should such funds ever be converted into a hidden supplement for a Member's salary.

The taxpayers of this Nation provide Congressmen with a staff, up to four offices, a salary, an allowance for transportation to and from their districts, postage, telephones, and funds for newsletters and office equipment. But only the stationery account is considered a personal account for any purpose a Member wishes, and which may be withdrawn at any time, even after leaving office. In fact, in the event of death, unexpended stationery funds are even considered part of a Member's estate.

Mr. Speaker, the public's confidence in their elected officials is already at an all time low. This is one area where we can take positive action now to restore that confidence.

It is my hope that my colleagues will realize that the American people are not going to continue to put up with these hidden fringe benefits. It is my sincere hope that many will join me in pushing for this long overdue reform in the way Congress does business.

The text of the resolution follows:

Resolution to provide that the stationery allowances of Members of the House of Representatives may be used only for the operation of official offices of such Members, and for other purposes

Resolved, That (a) until otherwise provided by law, no Member of the House of Representatives may expend or draw funds against the stationery allowance of such Member, except for the purpose of defraying necessary expenses for office supplies and other similar items related to the operation of any official office of such Member.

(b)(1) In the case of any former Member of the House of Representatives, any amount of the stationery allowance of such Member which has not been expended at the time such former Member ceases to hold office as a Member of the House of Representatives, shall be paid from the revolving fund for stationery allowances into the contingent fund of the House.

(2) The provisions of paragraph (1) shall apply to any individual who ceases to hold office as a Member of the House of Representatives after the date of the adoption of this resolution.

SEC. 2. For purposes of this resolution, the term "Member" or "Member of the House of Representatives" means each Representative in the Congress, the Delegates from the District of Columbia, Guam, and the Virgin Islands, and the Resident Commissioner from Puerto Rico.

SERAFINA FERRARA—A GREAT LADY

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. **ANNUNZIO**. Mr. Speaker, upon my return from Copenhagen, where I was attending the 21st Annual Plenary Session of the North Atlantic Assembly as a delegate for the United States, I was saddened to learn of the passing of a great lady, one of Chicago's outstanding citizens, and my good friend of over 40 years—Mrs. Serafina Ferrara.

Serafina Ferrara migrated to the United States at an early age and grew up and married in the Taylor-Halsted area of Chicago. She and her husband established a pastry shop, and this shop—the Original Ferrara—is still in operation. In addition to the Original Ferrara, two catering houses—the Chateau Royale and the Ferrara Manor—were added by Mrs. Ferrara to the original business venture.

When Mrs. Ferrara passed away on September 19, she left a tremendous monument to her business skill, for the Ferrara catering business is a great success and has earned a citywide and nationwide reputation for excellence.

Most important of all, however, Mrs. Ferrara will be remembered for her personal contributions to our community which are legendary. On many occasions throughout her lifetime, she was described as an angel of the poor. For over 40 years, she patiently contributed her time, money, and effort in alleviating the plight of the poor; in helping Villa Scalabrini, the Italian Old Peoples Home in Melrose Park, Ill.; in assisting the Foundling Home, and in serving numerous churches and charitable causes.

Over the years, she had given devoted service not only to humanitarian endeavors, but had distinguished herself by her participation in civic activities as well. The annual Chicago Columbus Day Parade, the Joint Civic Committee of Italian Americans, and the Italo-American community newspaper in Chicago, FRA NOI, all have benefited immensely from her untiring efforts and generous support.

Because of her steadfast and unselfish service over the decades, Serafina Ferrara earned not only the high regard and heartfelt gratitude of her fellow citizens, but a special place in their hearts as well. She will be sorely missed by all of us.

I would like to mention at this point in the Congressional Record some of the awards and honors she merited during her lifetime, and the list follows:

Achievements, Awards, and Honors

1972 "Woman of the Year"—Italics Club of Chicago.

Star of Solidarity of the Republic of Italy, 1956—Decorated by the Italian Government, for development of a better understanding of Italo-American relationship. She is one of the few women so honored.

Special Citation of the Mayor of Chicago, 1956—Mayor Richard Daley cited her for years of selfless service to her city and her neighborhood.

Amerital Unico's Citizen of the Year Award, 1959—Amerital Unico Club.

National Grandmother of the Year 1956—National Grandmothers' Club.

Immigrant Service League of Chicago 1963—Services performed in behalf of the Immigrants of Chicago.

Trustee, Villa Scalabrini's Old People's Home.

Trustee, Chicago Foundlings' Home.

Director, Cancer Prevention Society.

Guarantor, Lyric Opera of Chicago.

Benefactress: Mother Cabrini Hospital; Shriners Hospital for Crippled Children; St. Francis of Assisi Parish; St. Anna Church of Santa Maria Favore, Italy; Boys Town of Italy; Sacred Heart Seminary: Immigrants Protective League; American Committee of Italian Migration; Stritch School of Medicine—Loyola University; and St. Callistus Church.

Member and periodic officer of Italian Women's Club, Maria Adelaide Club, and Our Lady of Grace League.

Business: President, "Original" Ferrara Company; President, Chateau Royale Corporation; President, Ferrara Manor, Incorporated; and Partner, Ferrara Pan Candy Company.

Mrs. Serafina Ferrara is listed in Who's Who in Italian American Women.

Mrs. Annunzio joins me in extending our deepest sympathy to the devoted members of her family on their great loss—her son, Nello Ferrara, two daughters, Mrs. Florence (Judge Adam) Stillo, and Mrs. Benita (William) Caprara, her brother, and her grandchildren, who survive her.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Mikva) is recognized for 5 minutes.

Mr. MIKVA. Mr. Speaker, because of a late morning speaking engagement in my district, I was unable to be present for the first rollcall vote on September 29, 1975. Had I been present, I would have voted "yea" on rollcall No. 559, to provide for consideration of H.R. 8603.

INCREASING VOLUNTEER SUPPORT FOR HOME HEALTH AGENCIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Pepper) is recognized for 5 minutes.

Mr. PEPPER. Mr. Speaker, Mr. Donald Troutman, legislative representative for the National Association of Home Health Agencies, recently appeared before my Subcommittee on Health Maintenance and Long-Term Care of the House Select Committee on Aging, to urge greater Federal support of health-related services in the homes of medicare recipients. Mr. Troutman made several valuable recommendations to my subcommittee, and I am introducing legislation today to provide for immediate implementation of one of the suggestions of the National Association of Home Health Agencies. My bill would amend the Domestic Volunteer Service Act of 1973 to provide that volunteers serving in the Service Corps of Retired Executives may provide services to certain home health organizations.

The Domestic Volunteer Service Act of 1973 authorized SCORE, the volunteer corps of retired business professionals organized under the Small Business Administration, to extend its free counseling services to struggling business enterprises. My bill will in no way alter the broad intent of SCORE's organic statute nor will it vest any special duties or responsibilities with agency administrators. It is, however, my intention that the areas of home health care and health maintenance be singled out as areas of importance in fulfilling our national commitment to provide at least a minimum package of health services to medicare recipients. To achieve the goal of a national system of integrated health services easily accessible to all, we will need the types of management consultant expertise that SCORE is uniquely suited to provide.

Conceived in 1964 as a nonprofit, tax-exempt and politically nonalined agency, SCORE is comprised of some 5,500 volunteer executives embodying a wide range of specialized business knowledge. Together with its advisory arm ACT—Active Corporation of Executives—which consists of 2,500 actively engaged business persons, nearly 250,000 needy business operations have received consultation services. An agency of national scope, SCORE maintains ongoing operations in 50 States and offers an invaluable prospective rich in experience for the struggling and the growing business. Whether it be a stagnating enterprise, a firm experiencing growing pains or simply a newcomer with an "idea," SCORE's team of veteran practitioners is ready to pitch in and help.

It is in the spirit of cooperation and with the recognition that a special outreach by these dedicated executives would go a long way toward advancing home health services nationwide, that I introduce the amendment.

HOME HEALTH CARE—PART XXV

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 114 House cosponsors, I have introduced H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975, now amended as H.R. 9829. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators Frank Moss and Frank Church, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, Hugh Scott, Senate minority leader, and Senators Williams, Domenici, and Tunney.

To discuss the need for home health services and the public support this proposal is receiving, it is my intention to place statements in the Record several times a week, commenting on the subject.

As the 25th part in the series, I am enclosing my September 26 testimony before the House Ways and Means Subcommittee on Health during hearings on the legislation.

The testimony follows:

Testimony of Representative Edward I. Koch

Mr. Chairman, Members of the Subcommittee, I want to express my gratitude for your inclusion of home health care as part of these hearings and for your consideration of my bill, the National Home Health Care Act of 1975, in the hearings and the markup that I understand will follow.

The National Home Health Care Act, H.R. 4772, 4774, and succeeding versions with a current total of 115 House co-sponsors, was developed after consulting with over 200 organizations specializing in health care for the elderly and disabled. The bill has also received strong support in the Senate, where it has been introduced as S. 1163 by Senator Frank Moss, Chairman of the Subcommittee on Long Term Care, Frank Church, Chairman of the Committee on Aging, Harrison Williams, John Tunney, Pete Domenici, and Minority Leader Hugh Scott. The legislation provides expanded home health alternatives to institutionalization in nursing homes and hospitals for those not requiring the full range of institutional care.

Mr. Chairman, no proposed legislation is perfect, probably even when enacted, and a tremendous amount of effort has been expended and is still ongoing in improving this critical bill. I have prepared for your use a revised verison of the National Home Health Care Act, incorporating the suggestions that I have received since the introduction of the last draft on March 12, 1975.

This amended version of H.R. 4772 and 4774 would do the following on a section-by-section basis:

Section-by-section summary of revised version of H.R. 4772 and 4774, the National Home Health Care Act of 1975, amended as H.R. 9829, sponsored by Rep. Edward I. Koch and cosponsored by 115 other House Members (as of September 26, 1975):

Section 1. Title of Bill: "The National Home Health Care Act of 1975".

Section 2. Would remove the current arbitrary limitation of 100 home health visits under part B of Medicare's supplementary medical insurance. 1,965 persons or 1.4% exhausted their home health Part B benefits during 1974, according to GAO figures obtained from the Social Security Administration. While not a great number, those persons had no alternative but more expensive hospitals or nursing homes if they required additional care. This section would also expand home health services covered under Medicare by adding a full range of services—not just doctor and nurse visits, but "homemaker" and other correlative services—assistance in household tasks, shopping, walking, transportation to and from doctors' offices and senior centers, physical therapy, personal guidance, and such other services as the Secretary of HEW deems necessary to maintain an individual outside an institution. This section also provides for coverage of medical supplies (including drugs and biologicals), the use of medical appliances (including hospital beds and wheelchairs) and other sickroom supplies (including salves, oils, powders, creams, lotions, sanitary napkins, and chucks) which would have been provided if the individual were receiving institutional care.

The bill also removes the undefined, confusing, and restrictive "skilled" nursing requirement for obtaining home health benefits. In its July 9, 1974 report, "Home Health Care Benefits Under Medicare and Medicaid", G.A.O. points out that this use of an undefined term sets the stage for "conflict between physicians and intermediaries". If the intermediary—generally the insurance company making the payment to the patient—feels that the patient's need did not qualify as "skilled", the intermediary can refuse payment for care already provided, despite the fact that a physician had earlier prescribed the care in the view it was "skilled" and could be reimbursed. Both the patient and the health provider are severely damaged by this currently allowable process of "retroactive denial", largely caused by the term "skilled". G.A.O. cites several examples—differences in interpreting the various processes of giving oneself an injection, complications because of blindness, etc. The G.A.O. study points out:

"Lack of Medicare coverage in cases such as this could result in institutionalization, at a probable higher cost than that of home health care, since the beneficiary would be unable to receive the needed care at home."

Under the bill, a patient would qualify for home health benefits after the Secretary of HEW makes certain that the need of the patient is assessed and assures referral to the appropriate level of care. The Secretary would be required to promulgate regulations to determine eligibility.

Recognizing both that many individuals do require the full range of services of a nursing home but that many patients are now forced to be in nursing homes because of medicare and medicaid's failure to adequately cover the cheaper home health alternative, the bill provides that the new total medicare or medicaid home health reimbursement cannot exceed payments which would be provided under the same programs if the individual were receiving skilled nursing facility care. (The current Medicare 100 home health visit limit and far more expensive 100 nursing home days limit indicate that current law imposes a far greater dollar limitation on home health than nursing home coverage. Likewise, Medicaid currently provides unlimited nursing home coverage but often inadequate home health services which vary widely by state and locality. See Section 4 for new expanded definition of state medicaid requirements). In determining eligibility, a medicare doctor's recommendation of need would immediately be effective, but his affirmative recommendation of the need for and level of care would be reviewed within 30 days and at least twice annually thereafter, by an HEW-approved panel. This review would be addition to current P.S.R.O. actions. P.S.R.O.'s are not currently required to review non-institutional care and services unless they choose to do so and the Secretary of HEW agrees, according to a Library of Congress report (Congressional Research Service, "How Medicare is Administered," by Robert Hoyer, September 30, 1974).

Section 3 would increase the home health services of part A of Medicare's supplementary medical insurance, the provisions covering post-hospital care, from 100 to 200 visits. According to G.A.O., approximately 3,000 people, or 2%, exhausted part A benefits in 1974. In addition, correlative services would be provided identical to those in Section 2.

Section 4 requires states to include the full range of both medical and correlative home health services, as defined in Section 2, in order to qualify for federal medicaid funds. The functional criteria and verification mechanisms of Section 2 apply here also.

Section 5 would permit state medicaid programs to cover payment of rent or mortgage and repairs for elderly or disabled persons who would otherwise require nursing home care. The amount of payment will be the fraction of the total household represented by the elderly or disabled persons receiving benefits and is subject to a ceiling conforming with current standards for federally assisted housing.

Section 6 establishes within HEW the office of Home Health Patient Ombudsman to assist home health patients receiving federal benefits. This office will monitor home health programs, assure that patients receive the care to which they are entitled, take appropriate action in expediting complaints, and submit a public annual report.

Section 7 would charge each child over 18 of a recipient of medicaid nursing home or home health assistance up to 5% of the child's taxable income for the period the parent received aid. For example, if a married child with two dependent children earns $15,000 per year and takes standard deductions, he or she would pay less than $500 in any year, while the federal payment might be as high as $10–15,000 per year. The amount paid by the child will be determined on a sliding scale based on income so that an individual earning $4000 in taxable income and a family under $6000 would not have to pay. In no case, regardless of income, will the contribution exceed the cost of the care. In addition, the bill states that the delivery of benefits is in no way conditional upon the payment of the children. (Section 7 is included in H.R. 4772 and omitted in H.R. 4774.)

Section 8 removes the $10,000,000 limitation in funding authorized under the 1974 H.U.D. Act for demonstration projects for congregate housing for the elderly, the handicapped, and other groups.

Section 9 requires the same annual audit of medicaid home health agencies and nursing homes now mandated for medicare facilities. This section also requires medicaid home health agencies and nursing homes to utilize cost-related, prudent buyer methods of purchase, so as to reflect reasonable costs. After certification of the cost basis by the State agency, the Secretary of HEW has the power to revise future reimbursement if necessary so as to reflect reasonable costs. For medicare home health agencies and nursing homes, the Secretary will be required to conduct a study of the feasibility of utilizing prudent buyer methods. The results of the study must be reported to the Congress within one year.

Section 10 requires disclosure, for all medicare and medicaid nursing homes and home health agencies, of any persons with ownership interest in the home or agency, or in the land or building housing the home or agency. This section also requires disclosure, by nursing home or home health agency owners or operators, of any interest in businesses providing goods or services to nursing homes or home health agencies.

Secton 11. While it is possible that no additional funding may be necessary, any additional funding required by changes the bill makes in the law would be made up from the general treasury. This procedure will avoid the possibility of either a squeeze on the Medicare or Social Security trust funds or an increase in premiums for Part B, the social security tax covering part A, deductibles, and/or coinsurance.

For your use, I am submitting the text of the revised legislation for the Record (Appendix 1).

ORGANIZATIONS URGING ENACTMENT

Mr. Chairman, I am pleased and proud to list some of the organizations which have been instrumental in drafting this legislation and which have provided their support for the provisions of H.R. 4772 (with Section 7, Child contribution toward parent's care) or 4774 (identical except omitting Section 7):

The national Association of Home Health Agencies, the American Personnel and Guidance Association, the National Cancer Foundation, the American Association of Retired Persons and the National Retired Teachers Association, the National Council for Homemaker—Home Health Aide Services, the National Council of Senior Citizens, the American Nurses Association, the National Multiple Sclerosis Society, the American Public Health Association, the United Cerebral Palsy Associations, the American Foundation for the Blind, the American Hospital Association, the National Association of the Physically Handicapped, the National Association of Social Workers, the American Jewish Congress, the National Association of Counties and many others.

Mr. Chairman, it is long past time for a national commitment to be made to guarantee decent health care for our elderly and handicapped. We must make that commitment now. The elderly and disabled, so desperately in need of our concern and help, have long been ignored by our society. Although over 7.5 billion dollars, according to the Social Security Administration, is being spent each year to maintain patients in nursing homes, they are too often ignored once they are there. We, as a society, have ignored the abuses that exist in many nursing homes as a result of some unscrupulous operators who overcharge the elderly, their families, and the government, sell nursing homes at high profits to members of their own families, and then charge the government through Medicaid. We have ignored such abuses until they were dramatically brought to our attention by newsmen's investigations. And, we have ignored the basic question of whether many patients belong in nursing homes at all. The shocking fact is—many of the people who are institutionalized in nursing homes do not belong there at all.

To provide the means to match the needs of the elderly to the care available is challenging. For years the nursing home has been the dumping ground for the senior citizens with whom our society cannot cope. You are aware of the situation, which I know from visiting nursing homes myself is all too often the case, of patients blankly staring at a television set with nothing else to do. Even excellent nursing homes, and there are many, give the entering patient the depressing feeling that this will be the end of his or her life.

According to New York State Health Department data collated by the Federation of Jewish Philanthropies, the average nursing home patient in New York City lives only fifteen months after entering. I believe that this is as much caused by a wrenching away from family and friends and a loss of the will to live as it is by deteriorating health.

Representative Claude Pepper and I have joined Senator Frank Moss in the introduction of 49 bills to require more stringent controls over the nursing home industry, to provide training of additional persons specializing in the care of the elderly, and to support expansion of home health services for the elderly. H.R. 4772 and 4774, the National Home Health Care Act, is central to this effort.

ESTIMATES OF PERSONS UNNECESSARILY INSTITUTIONALIZED BECAUSE OF THE LACK OF ALTERNATIVES

There is no reason why an elderly or disabled person should be institutionalized if it is not necessary. There is no reason to compromise his or her dignity and independence. The numbers of elderly and disabled who would benefit by such alternatives—who are now forced to seek institutionalization, whether in hospital or a nursing home only because of a lack of these alternatives—are astounding. A study done for HEW in January of this year cites figures showing that as many as 144,000 to 260,000—or 14 to 26 per cent of the nation's 1,070,000 nursing home patients may be—I quote—"unnecessarily maintained in an institutional environment." And the levinson Gerontological Institute reports that 40 percent could live at home.

Such a state of affairs is tragic, for no matter how well maintained a nursing home may be, the effect of entering one upon the patient is to create a state of depression. There is a major inconsistency in the current Medicare/Medicaid law, in that the alternative of part-time health care in the home setting, for those who do not require the full range of services of a nursing home, far cheaper than institutionalization, is not generally available.

ESTIMATED NEED FOR HOME HEALTH CARE AND THE RELATED COSTS

A 1971 study by the Levinson Gerontological Policy Institute, Brandeis University, estimated that more than 1.7 million elderly would benefit from home health care. This estimate included individuals who were confined to their homes for some measureable physical illness, injury, or handicap, or who were severely limited in movement and mobility as well as those persons in nursing homes and other long-term institutions who could be expected to live at home if alternative services were provided. This estimate was reduced from an estimate of 3 million potentially eligible persons.

The estimated costs of home care were limited in the study to persons over 65 years of age since the most extensive data was available on the severity of disability of those individuals. Homebound persons were assumed to need more visits per week than those "having trouble getting around." The total estimated annual costs nationwide were $736,360,000 based upon 1,563,400 total potentially eligible persons (of which 625,000 were homebound and 938,000 "had trouble getting around"). The authors of the study felt that as much as $500,000,000 of this projected sum could be secured from payments made for unnecessary institutional care. This estimate was intended only as a "ball-park" figure. It could be altered by changing the number of visits, the length of visits, the hourly wage of providers, or the number of persons eligible.

A 1974 study by the University of Minnesota School of Public Affairs developed cost figures for maintaining non-institutionalized patients at home, including not only the cost of home health medical visits, but all other resources necessary to maintain the individual, such as nursing services, food, housing and utilities, so as to come closest to paralleling the cost breakdown for nursing homes.

The study found that home care is less expensive for all individuals except those of high disability. For people with low disability, regardless of living arrangement (the study found that it is cheaper to care for persons living at home but not living alone), care was found to be significantly less expensive in their home than at even the lowest level of institutional care: $158.02 per month home health care for a person living with someone compared to $276.80 for ICF (intermediate care) Nursing homes; and $239.06 home care for someone living alone compared to $276.80 for ICF care.

In New York City, home health programs—averaging from $180 to $600 per month depending on the level of care—cost substantially less than the $15,000 to $20,000 per year or $1,550 per month or $50 per day it takes to place a patient in a nursing home. These figures are for New York City, but there would be comparable savings account across the country.

I have received hundreds of letters from health providers, providing case after case of patients who were or could be kept out of institutions by home health care. These letters have kept me and my staff quite busy! I'm pleased to have the opportunity to relate some of what they say, and they are poignant.

Here's what the Visiting Nurse Association of Eau Claire, Wisconsin, wrote on July 30, 1975:

"Our agency has a caseload averaging 100 patients per month. Of these 60% are over 65 years of age.

"Twelve of these chronic homecare patients, who otherwise would be in an institution, account for 30 visits per week. Our cost per visit is $16.20. Could 12 persons be supported in an institution for $486 per week?

"Three of these 12 patients have only their small income to help pay for their care, which is custodial care not covered by Medicare."

The Visiting Nurse Association of Greater St. Louis, Missouri related a local hospital administrator's comments in the Journal of the American Hospital Association:

"If I am correct in my contention that without our home care program many home patients would have been cared for in a hospital or at least in a skilled nursing home, then our program currently (1972) is saving the community taxpayer and the premium payer about $1,000,000 a year. If each hospital in St. Louis had an effective home care program, we could obviate $200,000,000 in capital construction and could reduce annual health care operating expenses by $20,000,000 or more."

H.R. 4772 and 4774 provides that hospitals may be reimbursed for such home health programs.

The Mercer Health Center of Bluefield, West Virginia writes (August 15, 1975):

"Assuming that the average daily cost of one day's stay in a hospital is only $50.00, our agency has cut the cost by one-half. For the 2,666 home visits in 1974–1975, this would mean a savings of $66,650.00 without even estimating the cost of the continued daily hospital stay.

"Of the 271 patients who received Home Health services during 1974–1975, approximately 200 would have needed to be in nursing homes and/or hospitals if no Home Health services were available."

The former President of the Appalachian Regional Hospitals writes (August 15, 1975) that, after initiating a compresensive home care program, "Our hospital length of stay rate (as well as our occupancy) dropped markedly."

The Visiting Nurse Association of Western Westmoreland County, Pennsylvania writes (July 29, 1975) of a case example:

"(3) A 92 year old female lives alone. She has a neurogenic bladder which necessitates a suprapublic catheter which has to be irrigated three times a week to keep it patent. This patient is clear mentally and very independent. We feel certain that if our services were not available she would have to be institutionalized."

The Library of Congress has estimated that, by the legislation I am proposing, because of the use of home health by patients that would otherwise be in Skilled and Intermediate Care Facilities, "Net savings would be an estimated $200 million," although additional persons utilizing the expanded home health benefits provided could nullify the cost savings.

The Congressional Budget Office is currently preparing a fiscal impact estimate of the legislation. I will provide this to the Committee as soon as it is completed.

At my request, the General Accounting Office researched literature in the home health field to obtain cost data. In a letter of September 17, 1975, GAO reported:

"Thirty-two publications and documents were reviewed which relate to home health care, of which 20 dealt with the costs of home health care as compared to costs of alternative services. Of the 20, 19 presented data which supported the proposition that home health care can be less expensive under some circumstances than alternative institutional care."

Where home health care would conceivably be more expensive would primarily be for patients of high debility. To guarantee that the cost to the government will not be exorbitant for a patient, my legislation provides for alternative care through Medicare/Medicaid not to exceed in government funds the cost of skilled nursing home care. In the rare case where the home care would be more than institutionalization, the patient can either pay the difference himself or be institutionalized. Thus, patients would be given the choice, at no additional cost to the government.

For the Committee's use, I am supplying for the Record the list of studies and publications reviewed by GAO (Appendix 2).

Even if the expense of home health care approached nursing home costs, which it will not, I believe that home health would be worthwhile, if only because of the positive impact upon the patient.

Mr. Chairman, I am aware that the Committee's jurisdiction in home health care relates to Medicare, and I have emphasized in my statement those portions of my bill which I believe to be badly needed medicare amendments. These include expanding the number of home health visits allowed, removing the term "skilled" from the requirement to receive home health care, allowing reimbursement for homemaker and other supportive services, requiring disclosure of interests by home health agencies, and creating a Home Health Patient Ombudsman to monitor these programs. I expect other provisions relating to medicaid to be the subject of hearings in another committee.

Mr. Chairman, I believe that the Committee will find, as I have, that it is irrational to force thousands of persons to accept institutionalization if they can be helped through home health care. I believe that the passage of the National Home Health Care Act, H.R. 4772 and 4774, will correct this injustice to our nation's elderly and handicapped.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. MATSUNAGA (at the request of Mr. O'NEILL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. YOUNG of Florida) to revise and extend their remarks and include extraneous material:)

Mr. MICHEL, for 5 minutes, today.

Mr. MICHEL, for 15 minutes, October 1, 1975.

(The following Members (at the request of Mr. TSONGAS) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 5 minutes, today.
Ms. HOLTZMAN, for 10 minutes, today.
Mr. VANIK, for 30 minutes, today.
Mr. KREBS, for 5 minutes, today.
Mr. MCFALL, for 15 minutes, today.
Mr. STARK, for 5 minutes, today.
Mr. PATMAN, for 15 minutes, today.
Mr. BADILLO, for 60 minutes, today.
Mr. DENT, for 5 minutes, today.
Mr. FUQUA, for 30 minutes, today.
Mr. BEDELL, for 5 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. MIKVA, for 5 minutes, today.
Mr. PEPPER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. YOUNG of Florida) and to include extraneous matter:)

Mr. ARCHER.
Mr. HEINZ.
Mr. CRANE.
Mr. DERWINSKI in two instances.
Mr. FORSYTHE.
Mr. MICHEL.
Mr. DU PONT.
Mrs. HOLT.
Mr. WALSH.
Mr. HORTON.
Mr. SHUSTER.
Mr. BEARD of Tennessee.

(The following Members (at the request of Mr. TSONGAS) and to include extraneous material:)

Mr. GONZALEZ in three instances.
Mr. ANDERSON of California in three instances.
Mr. LLOYD of California.
Mr. DAN DANIEL.
Mr. ROSENTHAL in 10 instances.
Mr. VANIK in three instances.
Mr. MIKVA.
Mr. ROSE in two instances.
Mr. PATMAN.
Mr. TRAXLER.
Mr. COTTER in 11 instances.
Mr. SIMON.
Mr. BRODHEAD in two instances.
Mr. BROOKS in two instances.
Mr. MCDONALD of Georgia in five instances.
Mr. DRINAN in five instances.
Mr. DENT in two instances.
Mr. FUQUA in five instances.
Mr. WOLFF.
Mr. FLORIO.
Mr. ZEFERETTI.
Mr. ZABLOCKI in two instances.
Mr. MONTGOMERY.
Mr. HARRINGTON.
Mr. ROGERS in five instances.
Mr. PEPPER.

SENATE BILLS AND A JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 605. An act for the relief of Heung Soon Kim; to the Committee on the Judiciary.

S. 832. An act for the relief of Kristen Marisol Kneebone; to the Committee on the Judiciary.

S. 1653. An act for the relief of Sun Yang Kim and Sun Mi Kim; to the Committee on the Judiciary.

S. 1709. An act for the relief of Dr. Lawrence Chin Bong Chan; to the Committee on the Judiciary.

S. 1787. An act for the relief of Maria Lisa R. Manalo and Rogena R. Manalo; to the Committee on the Judiciary.

S. 1940. An act for the relief of Dr. Gustavo Schioville; to the Committee on the Judiciary.

S.J. Res. 121. Joint resolution to provide for quarterly adjustments in the support price of milk; to the Committee on Agriculture.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1757. An act for the relief of Plotemia Mabang Bareng and Bastiana Lilian Mabang Bareng.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1247. An act to authorize certain construction at military installations, and for other purposes.

ADJOURNMENT

Mr. TSONGAS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 56 minutes p.m.), under its previous order, the House adjourned until Wednesday, October 1, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1801. A letter from the President of the United States, urging action on the proposed U.S. role in the Early Warning System provided for in the Agreement signed between the Governments of Egypt and Israel on September 4 in Geneva (H. Doc. No. 94-262); to the Committee on International Relations and order to be printed.

1802. A leter from the President of the United States, transmitting proposed supplemental appropriations for the juriciary for fiscal years 1975 and 1976 and the transition quarter (H. Doc. No. 94-263); to the Committee on Appropriations and ordered to be printed.

1803. A letter from the President of the United States, transmitting proposed supplemental appropriations for the legislative branch for fiscal year 1976 and the transition quarter (H. Doc. No. 94-264); to the Committee on Appropriations and ordered to be printed.

1804. A leter from the President of the United States, transmitting proposed supplemental appropriations for the Department of the Treasury for fiscal year 1976 and the transition quarter (H. Doc. No. 94-265); to the Committee on Appropriations and ordered to be printed.

1805. A letter from the Under Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Rural Electrification Act of 1936, as amended, to correct unintended inequities in the determination of interest rates for borrowers from the Rural Electrification Administration and the Rural Telephone Bank, to make other technical amendments, and for other purposes; to the Committee on Agriculture.

1806. A letter from the Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting a report of the Agency's disposal of foreign excess property during fiscal year 1975, pursuant to section 404(d) of the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

1807. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend title XVIII of the Social Security Act to extend and amend the authority for waiver of the requirement that hospitals provide 24-hour nursing service rendered or supervised by a registered professional nurse; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PEPPER: Committee on Rules. House Resolution 757. Resolution providing for the consideration of H.R. 7988. A bill to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information (Rept. No. 94-523). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 758. Resolution providing for the consideration of H.R. 8672. A bill to improve the reliability, safety, and energy efficiency of railroad transportation, and to reduce unemployment by providing funds for work in repairing, restoring, rehabilitating, and improving essential railroad roadbeds and facilities (Rept. No. 94-524). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BIAGGI (for himself, Mr. BURKE of Massachusetts, Mr. DENT, Mr. MATSUNAGA, Mr. MCDADE, Mr. MURPHY of New York, Mr. OTTINGER, Mr. PEPPER, Mr. RODINO, and Mr. RUSSO):

H.R. 9909. A bill to stabilize labor-management relations in the construction industry, and for other purposes; to the Committee on Education and Labor.

By Mr. BOWEN (for himself and Mr. Aspin):

H.R. 9910. A bill to amend the Internal Revenue Code to encourage the continuation of family farms, and for other purposes; to the Committee on Ways and Means.

By Mr. COUGHLIN (by request):

H.R. 9911. A bill to amend the Internal Revenue Code of 1954 to allow a deduction to tenants of houses or apartments for their proportionate share of the taxes and interest paid by their landlords; to the Committee on Ways and Means.

By Mr. DOMINICK V. DANIELS (for himself, Mr. Badillo, Mr. Beard of Rhode Island, Mr. Dent, Mr. Hawkins, and Mr. Lehman):

H.R. 9912. A bill to amend the Federal Metal and Nonmetallic Mine Safety Act; to the Committee on Education and Labor.

By Mr. FOLEY (for himself and Mr. Coughlin):

H.R. 9913. A bill to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes; to the Committee on Agriculture.

By Mr. HEFNER (for himself, Mr. Preyer, Mr. Derrick, Mr. Whitehurst, Mr. Jones of North Carolina, Mr. Ginn, Mr. Fuqua, Mr. Downey of New York, Mr. Pritchard, Mr. Murphy of Illinois, Mr. Russo, Mr. Edgar, Mr. Charles Wilson of Texas, Mr. Scheuer, Mr. Henderson, Mr. Baucus, Mr. Taylor of North Carolina, and Mr. Zeferetti):

H.R. 9914. A bill to amend the Controlled Substances Act to provide penalties for persons who obtain or attempt to obtain narcotics or other controlled substances from a retail pharmacy by force and violence, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HUNGATE (for himself, Mr. Thornton, Ms. Holtzman, and Mr. Russo):

H.R. 9915. A bill to make technical amendments to the Federal Rules of Evidence, the Federal Rules of Criminal Procedure, and to related provisions of titles 18 and 28 of the United States Code; to the Committee on the Judiciary.

By Mr. MOLLOHAN (for himself, Mr. Litton, Mr. Pattison of New York, and Mr. Roe):

H.R. 9916. A bill to amend title XII of the Public Health Service Act to revise and extend the program of assistance for emergency medical services systems; to the Committee on Interstate and Foreign Commerce.

By Mr. PATMAN:

H.R. 9917. A bill to amend title II of the Social Security Act to provide that when an adverse decision is made on a claim for benefits thereunder, the claimant shall have the right to reconsideration, including an informal conference and a statement of the case, prior to hearing; to impose time limits and make other improvements in the procedures for determining such claims; and to regularize the appointment of administrative law judges hearing such claims; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 9918. A bill to discourage the use of painful devices in the trapping of animals and birds; to the Committee on Merchant Marine and Fisheries.

By Mr. RHODES (for himself and Mr. Udall):

H.R. 9919. A bill to implement the Federal responsibility for the care and education of the Indian people by improving the services and facilities of Federal Indian health programs and encouraging maximum participation of Indians in such programs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROUSH:

H.R. 9920. A bill to amend the Privacy Act of 1974 to allow Members of Congress to receive information from Federal agencies regarding individuals; to the Committee on Government Operations.

By Mr. SEIBERLING (for himself, Mr. Baucus, Mr. Heinz, Mr. Lagomarsino, and Mr. Railsback):

H.R. 9921. A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods and to require that payment of benefits on approved claims begin promptly; to the Committee on Ways and Means.

By Mr. SHIPLEY:

H.R. 9922. A bill to amend title 18 of the United States Code to provide a mandatory death penalty for attempts to kill the President of the United States; to the Committee on the Judiciary.

By Mr. SKUBITZ:

H.R. 9923. A bill to provide for the regulation of mining activity within, and to repeal the application of the mining laws to areas of the national park system; to the Committee on Interior and Insular Affairs.

By Ms. ABZUG (for herself. Mrs. Burke of California, Mrs. Boggs, Mrs. Chisholm, Mrs. Collins of Illinois, Mrs. Fenwick, Mrs. Heckler of Massachusetts, Ms. Holtzman, Ms. Jordan, Ms. Keys, Mrs. Meyner, Mrs. Mink, Mrs. Pettis, Ms. Schroeder, Mrs. Spellman, Mr. Conyers, Mr. Harrington, Mr. Maguire, Mr. McCloskey, Mr. Moffett, Mr. Moss, and Mr. Ryan):

H.R. 9924. A bill to direct the National Commission on the Observance of International Women's Year, 1975, to organize and convene a National Women's Conference, and for other purposes; to the Committee on Government Operations.

By Mr. ANDERSON of California:

H.R. 9925. A bill to amend section 552a of title 5, United States Code, to permit Members of Congress to receive information from Federal agencies regarding individuals; to the Committee on Government Operations.

By Mr. BADILLO:

H.R. 9926. A bill to establish a procedure for adjustment of debts of public agencies and instrumentalities and political subdivisions; to the Committee on the Judiciary.

By Mr. BRADEMAS (for himself, Mr. Edgar, Mr. Flood, Mr. Lehman, Mr. Madden, Mr. Mikva, Mr. Moffett, Mr. Mineta, Mr. Perkins, Mr. Price, Mr. Reuss, Mr. Weaver, and Mr. Udall):

H.R. 9927. A bill to stabilize labor-management relations in the construction industry, and for other purposes; to the Committee on Education and Labor.

By Mr. CLAY (for himself, Mr. Baucus, Mr. Drinan, Mr. Eilberg, Mr. Fraser, Mr. Meeds, Mrs. Meyner, Mr. Moss, Mr. Rees, and Mr. Stark):

H.R. 9928. A bill to stabilize labor-management relations in the construction industry, and for other purposes; to the Committee on Education and Labor.

By Mr. CLEVELAND:

H.R. 9929. A bill to amend titles 18 and 39 of the United States Code to permit certain lottery information now permitted to be published in newspapers to be published in magazines as well; to the Committee on the Judiciary.

By Mr. GOLDWATER:

H.R. 9930. A bill to establish an independent Federal Aviation Agency, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. HORTON:

H.R. 9931. A bill to amend title 35 of the United States Code to provide for public examination and review of claims relating to applications for patents; to the Committee on the Judiciary.

By Mr. LENT (for himself, Mr. Madigan, Mr. Rinaldo, Mr. Broyhill, and Mr. Heinz):

H.R. 9932. A bill to amend the Export Administration Act of 1969 to make clear that information obtained under such act may not be withheld from Congress; to the Committee on International Relations.

By Mr NOLAN:

H.R. 9933. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax from $60,000 to $200,000; to the Committee on Ways and Means.

By Mr. PEPPER:

H.R. 9934. A bill to amend the Domestic Volunteer Service Act of 1973 to provide that volunteers serving in the Service Corps of Retired Executives may provide services to certain home health agencies; to the Committee on Education and Labor.

By Mr. QUIE (for himself and Mr. Andrews of North Dakota):

H.R. 9935. A bill to authorize the President to implement a system of priority allocation of Canadian crude oil to American refiners; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE:

H.R. 9936. A bill to repeal the recently enacted provisions authorizing increases in the salaries of Senators and Representatives; to the Committee on Post Office and Civil Service.

By Mr. SEIBERLING (for himself, Mr. Anderson of California, Mr. Baucus, Mr. Brown of California, Mr. Broyhill, Mr. John L. Burton, Mr. de Lugo, Mr. Drinan, Mr. Edgar, Mr. Edwards of California, Mr. Gude, Mr. Harrington, Mr. Hechler of West Virginia, Mr. Howard, Mr. Hughes, Mr. Krebs, Mr. Long of Maryland, Mr. Meeds, Mrs. Mink, Mr. Ottinger, Mr. Roncalio, Mr. Scheuer, Mr. Solarz, Mr. Tsongas, and Mr. Young of Georgia):

H.R. 9937. A bill to prohibit certain incompatible activities within any area of the national park system, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. STUDDS (for himself, Mr. Florio, Mr. Henderson, Mr. Roe, and Mr. Udall):

H.R. 9938. A bill to provide for the conservation and management of the fisheries, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CLEVELAND:

H.J. Res. 676. Joint resolution to designate October 24 of each year as National Sarah Joseph Hale Day; to the Committee on Post Office and Civil Service.

By Mr. EILBERG (for himself and Ms. Holtzman):

H.J. Res. 677. Joint resolution to designate January 6, 1976, as Haym Salomon Day; to the Committee on Post Office and Civil Service.

By Mr. McFALL:

H.J. Res. 678. Joint resolution authorizing and requesting the President to issue a proclamation designating the 7 calendar days commencing on April 30 of each year as National Beta Sigma Phi Week; to the Committee on Post Office and Civil Service.

By Mr. MYERS of Indiana (for himself and Mr. de Lugo):

H.J. Res. 679. Joint resolution to authorize the President to issue a proclamation designating the week in November which includes Thanksgiving Day in each year as National Family Week; to the Committee on Post Office and Civil Service.

By Mr. ROYBAL:

H.J. Res. 680. Joint resolution to designate February 2, 1976, as Bilingual Founding Document Day; to the Committee on Post Office and Civil Service.

By Mr. HELSTOSKI:

H. Con. Res. 411. Concurrent resolution

expressing the sense of the Congress that Mother Teresa of Calcutta be recommended for nomination for the 1975 Nobel Peace Prize; to the Committee on International Relations.

By Mr. BEDELL:

H. Res. 754. Resolution to provide that the stationery allowances of Members of the House of Representatives may be used only for the operation of official offices of such Members, and for other purposes; to the Committee on House Administration.

By Mr. DENT:

H. Res. 755. Resolution to express concern over the attempted takeover of the Copperweld Corp., by a foreign corporation; to the Committee on Rules.

By Mr. SOLARZ:

H. Res. 756. Resolution in support of the people of Portugal; to the Committee on International Relations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

S. 2230

By Mr. SOLARZ:

Page 2, line 3, immediately after "1976" and before the close quotation mark, insert the following: ", of which such sums as may be necessary shall be used to study the lack of a free press, of free speech, and of unfettered expression in those countries having a closed society which are not served by Radio Liberty or Radio Free Europe, in order that the Board may advise the Congress with respect to the need and desirability for legislation to authorize similar broadcasts to such countries."

EXTENSIONS OF REMARKS

LINCOLN MISQUOTED

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Tuesday, September 30, 1975

Mr. METCALF. Mr. President, from time to time it becomes necessary to correct the record on various myths that apparently circulate freely and bob up like corks after a period of quiescence. Therefore, I was not surprised to read in the October 1975 issue of the Saturday Evening Post on page 80 the following:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by discouraging the rich. You cannot establish sound security on borrowed money. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves.—*Abraham Lincoln.*

Usually the above text is broken down into 10 points as follows:

1. You cannot bring about prosperity by discouraging thrift.
2. You cannot strengthen the weak by weakening the strong.
3. You cannot help small men up by tearing big men down.
4. You cannot help the poor by destroying the rich.
5. You cannot lift the wage-earner up by pulling the wage-payer down.
6. You cannot keep out of trouble by spending more than your income.
7. You cannot further the brotherhood of man by inciting class hatred.
8. You cannot establish sound social security on borrowed money.
9. You cannot build character and courage by taking away a man's initiative and independence.
10. You cannot help men permanently by doing for them what they could and should do for themselves.

In the Congressional Record of February 9, 1967, I called attention to the phony, false and fictitious 10 maxims attributed to President Lincoln and quoted the warning issued by the Republican National Committee that the "10 maxims are not Lincoln's. Do not use them as Lincoln's words." The editors of the Saturday Evening Post apparently do not read the material of the Republican National Committee or the Congressional Record. I have the memorandum from the Library of Congress relative to this false quote dated May 19, 1950. I ask unanimous consent that it be printed in the Record here as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

[From the Library of Congress, Washington, D.C., May 19, 1950]

ABRAHAM LINCOLN AND THE 10 POINTS

The *Ten Points*, which have been the subject of numerous inquiries, have been erroneously attributed to Abraham Lincoln, but the identity of the person who first willfully or unwittingly ascribed them to Lincoln has not been discovered.

The text of the *Ten Points* most frequently used is as follows:

1. You cannot bring about prosperity by discouraging thrift.
2. You cannot strengthen the weak by weakening the strong.
3. You cannot help small men up by tearing big men down.
4. You cannot help the poor by destroying the rich.
5. You cannot lift the wage-earner up by pulling the wage-payer down.
6. You cannot keep out of trouble by spending more than your income.
7. You cannot further the brotherhood of man by inciting class hatred.
8. You cannot establish sound social security on borrowed money.
9. You cannot build character and courage by taking away a man's initiative and independence.
10. You cannot help men permanently by doing for them what they could and should do for themselves.

The earliest dated appearances of any of the *Ten Points* that have come to our notice are in publications of the Reverend William John Henry Boetcker (b. 1873). One of these booklets entitled *Inside Maxims, Gold Nuggets taken from the Boetcker Lectures* (Wilkinsburg, Pa., Inside Pub. Co., 1916) contains several maxims which bear a strong resemblance to Points 2, 3, 4 and 10; his *Open Letter to Father Charles E. Coughlin* (Erie, Pa., Inside Pub. Co., 1935) reproduces Maxim 25 (i.e. Points 2 and 4) on page 56, and the same page contains lines which greatly resemble Point 3.

Also, the "Ten Don'ts," enumerated in an undated, printed handbill captioned *The New Decalogue*, which Mr. Boetcker has distributed widely, contains Points 2–5 and 10, and a slightly different version which, under the title *The Industrial Decalogue*, was included in *The American Charter Compass* . . . by Mr. Boetcker (Erie, Pa., Inside Feature Service, 1945) contains Points 6 and 8 in a single "Don't."

Furthermore, the *Ten Points* were published under the title "Warning Signs on the Board to Prosperity" on the outside back cover of *Investor America* for February 1940, with no attribution of authorship. This periodical, a monthly publication of the American Federation of Investors, Inc., of which Mr. Hugh Stewart Magill was President, bore on the front cover a photograph of the Lincoln Memorial in Washington. Subsequently, the maxims which had gained considerable popularity both in the business and social world were reprinted in a leaflet form by the Federation; and before long they were appearing in the *Congressional Record*, in the newspaper press, in house organs, official documents, and periodicals, and on Christmas cards.

Lincoln on Limitation is the caption of a leaflet published by the Committee of Constitutional Government, of New York, in the fall of 1942, which contained on the reverse the *Ten Points*. Of the four printings which we have seen (one bearing the caption *Lincoln on Private Property*) one attributes their source to *Land O'Lakes News*, another to *Inspiration of Wm. J. H. Boetcker;* the third and fourth bear no attribution of source whatever, and none bears any attribution to authorship. However, as these printings carried on the face of the leaflet excerpts from Lincoln's writings, it appears that by printing the *Ten Points* dos-a-dos to authentic Lincolnisms, without specifically relieving him of the distinction, the Committee has earned the honor of having first associated Mr. Lincoln with the maxims.

The *Royle Forum*, published quarterly by John Royle & Sons, Paterson, New Jersey, in Number 24, September 15, 1943, printed the *Ten Points* (p. [4]) in a variant sequence under the title *Ten Things You Cannot Do*, and ascribed them to Abraham Lincoln. This text, incorporated in a radio script, was broadcast as the work of Mr. Lincon in Galen Drake's program or November 30, 1948.

More recently the *Ten Points*, slightly transposed, with the omission of a word or two, have been attributed directly to Lincoln in various media, and there seems to be no way of overtaking the rapid pace with which the mistaken identity has been spreading.

Mr. METCALF. The transportation and the omission mentioned by the Library of Congress memorandum occur in the above quote from the Saturday Evening Post. Hence we have a misquotation of a false quotation.

TO HALT IMPORTATION OF RHODESIAN CHROME

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. FORSYTHE. Mr. Speaker, due to a prior commitment, I had to leave

Washington on September 25, 1975, before the House adjourned. Unfortunately, after my departure, the House voted on H.R. 1287, legislation amending the United Nations Participation Act of 1945 to halt the importation of Rhodesian chrome.

In the past, I have taken a very strong position against the police state policies of Rhodesia and, in fact, cosponsored legislation similar to H.R. 1287 in the 93d Congress. A recent report by a special interagency governmental task force on critical imported materials, however, has forced me to reevaluate my position in relation to the import of Rhodesian chrome.

Specifically, the report predicts that a potential problem in chromium supply will exist in the United States until at least 1980. The report also notes that the United States became heavily dependent upon Russian chromium for metallurgical applications during the embargo, but that since the lifting of the U.S. embargo in 1972 the dependence on Russian chromium has significantly decreased. Such highly significant new information has made me have serious second thoughts about the advisability of reimposing an embargo on the import of Rhodesian chrome at this particular time.

Since I unfortunately had to miss the votes in the House involving this important issue, however, I would like to make public for the benefit of my constituents how I would have voted if I had been present.

Rollcall No. 548—H.R. 1287—Rhodesian chrome, Dent amendment to include all products containing chromium in any form in a prohibition on importation of any steel mill products containing Rhodesian chrome and to remove the Treasury Secretary's flexibility to admit such products into the United States. Yeas—160, nays—237. If I had been present, I would have voted "nay."

Rollcall No. 549—H.R. 1287—Rhodesian chrome, passage of the bill to amend the United Nations Participation Act of 1945 and bring the United States into compliance with the U.N.-sponsored economic boycott of Rhodesia, thus halting the further importation of Rhodesian chrome. Yeas—187, nays—209. If I had been present, I would have voted "nay."

WELFARE REFORM OVERDO

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mrs. HOLT. Mr. Speaker, Sunday readers of the Washington Post were treated to a better explanation of why it is welfare reform is long overdue than almost anything we can say on the subject. A former editor of that newspaper, now ensconced in the mountains of Colorado, apparently chose to "drop out" of society and writes of his companions in an article entitled, "The Searchers of Happy Valley."

He states:

> We came out here looking for adventure or to test our citified guts and we live in the miners' crusty log cabins, in long ago-general stores, ...

He writes of formerly earning $23,000 a year, throwing his neckties away, and continues:

> Out here—here's where all that money spills out, the end of the liberals' rainbow. Most of my friends, I guess, are on unemployment or food stamps or welfare or free lunch programs or free day care, or building a log firehouse with government manpower funds or whatever. Our parents funded the system, after all.
>
> I'm getting my share. For a decade I put in; now I'm taking it out a little earlier than most.
>
> It seems pretty easy. You go down to Boulder, and some nice older person helps you fill out several forms, and pretty soon you're getting checks in the mail, or filling your shopping cart for free, like on that old TV game, "Supermarket Sweepstakes".
>
> Not that we aren't poor, that we don't qualify. Most of us come by our handouts honestly. Colorado is a tough place to make a go of it, with more hungry talent arriving every day. But it's not that hard to cheat, to get a phony rent receipt, for example, or to be drawing unemployment while doing some carpentry or woodcutting on the side ("off the books," as the saying goes).
>
> I'll bet the big companies are ripping off more than we are. Nobody seems to care anymore.
>
> I think that most of us would rather work for our money, except that we're spoiled. We want jobs that are relaxing and enjoyable. Everybody has an angle; T wants to make it with his guitar; Jack the woodcarver wants to build rustic furniture for a living; Glenda wants to work with horses; Betsy wants a stimulating teaching job, and so does Holly; I want to write a book about all this.

Is it any wonder, Mr. Speaker, that the taxpayer has just about had it in trying to support himself and the "Searchers of Happy Valley"? The National Welfare Reform Act and the National Food Stamp Reform Act would close a number of these loopholes. It is essential that this Congress act expeditiously on both, or the voluntarily unemployed will continue to enjoy their "adventuresome" lifestyle at taxpayers' expense.

PAYING ATTENTION TO CHINA

HON. PIERRE S. (PETE) du PONT

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. DU PONT. Mr. Speaker, the Congress has come a long way toward understanding China since one Member said, "With God's help, we will lift Shanghai up and up, ever up, until it is just like Kansas City." Even so, our view of the People's Republic should have matured more than it has since those words were spoken in the 1940's.

Our vision is still too narrow, our perceptions colored by prejudice and inaccurate information. Almost as if by design, we have ignored what we do not understand. Last year, for example, when the Senate Foreign Relations Committee held hearings on détente, or "U.S. Relations with Communist Countries," as they were formally called, 16 witnesses testified but only one, John S. Service, addressed himself to China. The other 15 concentrated on the Soviet Union. According to the index to their testimony, the PRC was mentioned less than a dozen times and usually just in the context of what China meant to Soviet-American relations.

Of course, there are some brighter indications of congressional interest in China, notably the recent first-rate study by the Joint Economic Committee entitled "China: A Reassessment of the Economy."

And there is hope in the hearings recently opened by the Senate Foreign Relations Committee. Its topic—foreign policy for the 1970's—invites discussion of China.

Under their current mandate, however, these Senate hearings cannot be enough. For in assessing the world, the Senators will not be free to devote sufficient attention to our relations with the People's Republic of China. Indeed, exhaustive consideration of the current and future political, economic and cultural implications of Sino-Americans requires concentrated effort.

For this reason, I have asked Mr. HAMILTON, the chairman of the House Subcommittee on Investigations *of the* House International Relations Committee to have the Subcommittee on Investigations to conduct hearings on United States-China relations. The framework I have suggested for the inquiry is the Shanghai Communique, which was intended to be the point of departure for Chinese-American cooperation. What both peoples have done since the signing of that document in 1972 should now be measured against what it said: That we would conduct relations "on principles of respect for the sovereignty and territorial integrity of all states, nonaggression against other states, noninterference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence." From this measurement, we will better be able to plot where and how far we should go next.

Conversely, not to conduct such an evaluation is to court an anachronistic China policy at a time when peace, access to natural resources and continued economic stability commend international cooperation. Moreover, for the Congress to ignore China now, when Sino-Americans are just beginning to form, is to reaffirm that this branch will not participate in foreign policy issues that have not reached crises proportions.

To paraphrase Edgar Snow, an Old China Hand and journalist who grew up in Kansas City: Attention must be paid to one quarter of the world's population.

A BILL OF RIGHTS FOR SOCIAL SECURITY CLAIMANTS

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. PATMAN. Mr. Speaker, one of the many serious problems with Government in this computer age is that personal handling of citizen claims as well as plain good manners are being sacrificed in the name of administrative convenience.

Some bakeries have advertised their bread as "untouched by human hands," and while this may be fine for bread, American citizens have a right to expect that they will receive full, fair, and individual attention in their dealings with their Government.

Mr. Speaker, while we in this Nation have always put great emphasis on the fundamental importance of the individual, our performance too often falls far short of our rhetoric. Consider the handling of a recent social security case that came to my attention. A very determined and energetic east Texas women was suffering from a permanent and severe curvature of the spine that placed tremendous pressure on her internal organs preventing her from sitting upright for more than 4 or 5 hours at a time, clearly a disabling condition. Because important medical records were mishandled by social security officials, however, her claim for disability benefits was denied in an anonymous form letter that told her, in essence, "your claim is denied" and then set forth procedures for requesting reconsideration. She was subsequently denied assistance upon reconsideration, again with an anonymous form letter. The shocking thing is that both letters complied with existing social security regulations. She received no explanation of precisely why she had been refused and no opportunity to discuss the matter with anyone who had actually participated in the negative decision.

While this lady did persevere and eventually receive a favorable determination by a Social Security Administrative law judge, this came after months of delay and adversity during which time she could not work and had very little idea of why she was being refused by the faceless, nameless Social Security Administration. I wonder how many other deserving claimants give up when confronted with such unfeeling, unresponsive, and inhumane denials.

Mr. Speaker, it is encouraging that our colleague, BERNIE SISK, has drafted a bill, H.R. 8018, that would reform the administration of social security laws by expediting review of individual claims, giving claimants the right to an informal conference with a social security official who participated in the decision; requiring that claimants be provided with a summary of the evidence, the pertinent laws and the reasons for the determination; and strengthening the decisional integrity and status of HEW administrative law judges. This legislation is greatly needed and I am, today, introducing an identical bill to demonstrate my total and unqualified support for the Sisk bill. I sincerely hope the Ways and Means Committee will act favorably on this important measure, this Bill of Rights for social security claimants.

DENMARK WELFARE UNPOPULAR

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. COLLINS of Texas. Mr. Speaker, in yesterday's New York Times I read an interesting survey on excessive welfare in Denmark which is becoming most unpopular.

Welfare has led to 13 percent unemployment. It has also created a new political party dedicated to abolishing the income tax. With 63 percent of the Danes opposed to this excessive welfare, the liberals are finding it getting out of hand. Here are some of the key sections of the AP article in the New York Times:

COPENHAGEN, DENMARK, September 27.—Denmark provides her people with a broad range of social welfare services—from good schools to virtually free medical care and a dignified old age—but the high cost is increasingly a source of complaint.

Public opinion polls show that two-thirds of those questioned find that taxes, which rose to the equivalent of 44 per cent of the gross national product, are unfair. Sixty-three per cent of those polled are said to feel that the social-welfare state, which provides some money for 85 per cent of the population, has gone too far.

However, the dissatisfaction has made the Progress party, first represented in Parliament in 1973, the third largest political organization in the country. Pledging to work for the abolition of all income taxes, it has 24 of the 179 seats in Parliament. The Social Democrats lead with 53, and the agrarian Liberals are second with 41.

ALLOWANCES CURBED

The age at which children will no longer bring special state allowances for parents has been lowered from 18 to 16, and the hiring of kindergarten teachers has been halted.

GOOD BENEFITS FOR JOBLESS

The state provides up to $500 a month after taxes to the jobless, and municipal governments can offer additional money so that rent, mortgage, car payments and even television payments can be met if they are considered a necessity.

A construction worker, Einar Johansen, said idleness has made him depressed, but Einar Dahl, a 49-year-old crane operator who has been out of work for the better part of two years, has another view:

"I'll say what other people are too embarrassed to say. In Denmark, unemployment is a paradise."

Benefits provided by the social-welfare program include 25 per cent off a subsidized housepainting bill, or two-thirds back from the cost of sending a child to a private kindergarten. One can get paid for moving from a private house to an apartment. And there is a tax break for moving from an apartment to a private house.

The country has been Western Europe's leader in unemployment for the last year, with up to 13 per cent of the blue-collar work force jobless.

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-70'S II

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. LEHMAN. Mr. Speaker, this is the second installment of the paper by Dr. Federico G. Gil, which was recommended to me and to my colleagues by my constituent, Dr. Ione S. Wright. This section of Dr. Gil's paper, "United States-Latin American Relations in the Changing Mid-70's", describes bases for our relations with Latin American nations and some of the factors leading to recent changes in these relations:

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-70'S II

The cyclical nature of inter-American relations has been noted by all analysts. One has only to revise its history to discover how periods of rising concern with Latin America on the part of the United States have been invariably followed by periods of declining interest and conflict. It is significant that cycles marked by friendly attitudes and focused attention have also invariably coincided with particular crises: the First World War, the economic disaster of the 1930's, the rise of Nazism and World War II, and more recently the cold war and the Cuban Revolution. These historical facts support the claim that the United States seeks Latin America's friendship only when it needs its support for political or military reasons and finds it expedient to use them as pawns in international politics. It is important to note, however, as is the case with all regions on the periphery of great centers of power, Latin America has often benefitted from crises confronted by the United States. The great economic depression brought about the beginning of Latin America's industrialization by means of a process aimed at substituting imports. This process received greater impetus as a result of World War II, but began to decline during the 1950's, when the great powers, recovered from the war's economic devastation, reached a new zenith of economic might.

But there can be no doubt that the dynamics of Latin American industrialization set in motion urbanization, social and political mobilization trends which had profound effects on the developmental process of modern states, such as Argentina, Brazil, Chile, Mexico, and Uruguay. Later, as it was suggested, another crisis, the linkage of the cold war with the problems of underdevelopment and the Cuban Revolution, preceded the Alliance for Progress, thus also bringing some benefits to the region.

It is tempting to speculate what the present crisis of the United States in the 1970's with inflation, depression, and energy shortages coupled with political defeats in the international arena may portend for Latin America's future. Dramatic changes are taking place in the region at a pace that has surprised even the keenest observers. These transformations have undermined the assumptions which were always basic to U.S. policy. The recent report of the Commission on United States-Latin American Relations, generally known as the Linowitz Report, points to the irrelevance of past U.S. policies by mentioning how ten years ago any form of cooperative action in the region required American initiative and leadership while today the Andean Pact and other joint endeavors indicate a Latin America that is capable of cooperating in its own interest "without, and at times against the United States." The report emphasizes how ten years ago Latin Americans were generally content to follow the lead of the United States in world affairs while today they are charting a new and independent course. It also reminds us that ten years ago the dominant theme in inter-American relations was the U.S. preoccupation with the spread of Communism in Latin America while today the dominant concern of Latin America revolves around national development.[3]

Changes now occurring in contemporary Latin America are indeed dramatic. The region is passing through a period of intense nationalism which demands a radical change in the relationships with the United States. A revolutionary mood pervades the area. The old social and economic order, based on inequality, privileges, and injustice is slowly dying. The number of those deeply committed to change societal structures grows larger every day.

As inflation spread oppressively across the world and the United States tumbled into economic depression Latin America's belief in American-style capitalism has been badly shaken. Witnesses to a major economic and political dislocation throughout the world which has brought the decline of old powers, old alliances, old philosophies and the rise of new ones, Latin Americans are ready to do everything in their power to broaden the opportunities to gain greater independence and a stronger voice on the international scene. The image of the U.S. among many Latin Americans is that of a sick society—its wealth, might, and cohesiveness eroded by urban disarray, racial conflict, political corruption, and unjust wars. In today's unsettled, complex, and economically interdependent world they sense that they have a new power that permits them to engage in international collective bargaining and to assume independent roles in order to establish closer economic ties with nations other than the United States in both Western and Eastern Europe as well as in Asia. In short "they are preparing themselves, to fulfill a global international role not only an intra-hemispheric one."[4]

Their newly found strength is partially nurtured by economic growth and a relative decline in U.S. private investments which in some countries has reduced or at least modified dependence on the United States. This is not to say that this economic growth has necessarily alleviated internal conditions, for gross disparities in income distribution persist and the gap between the poor and the rich is getting even wider.

Dramatic transformations have also occurred on the international profile of the southern continent. In times past, leadership in Latin America rested mainly with the ABC powers—Argentine, Brazil, and Chile—and with Mexico. This situation is changed. Chile's influence, essentially derived from its mature political system and its tradition of respect for human freedom (and not from its economic or military strength) has vanished in the aftermath of one of the most brutal military coups in the history of Latin America. Argentine, a nation blessed with material and human resources unparalleled in the southern hemisphere, plagued by incessant internal strife, has lost, perhaps only temporarily, much of the prestige it once enjoyed among its sister nations. Mexico's domestic situation is critical. Its political system appears to be no longer viable in its present form. The PRI regime is being torn between two tendencies, one that claims that relaxation as well as some radical changes must be undertaken if a social explosion is to be prevented, and the other which maintains precisely the opposite, that is, the need for tighter and stricter government and party controls. This situation, coupled with the obvious vulnerability to U.S. pressure, is clearly reflected in Mexico's ambiguous foreign policy. The image of Mexico as an outspoken critic and at the same time a subservient client state of the United States is widely entertained by many Latin Americans.

Among the Latin American powers of old only Brazil's influence has continued to grow, first because of the apparent success of its internal model of economic development along authoritarian lines, and second because of its vigorous foreign policy. While trying to hold onto its customary markets in the United States and Western Europe, Brazil is aggressively seeking new trading partners in the Communist world, Africa, and the Middle East. It has cordial relations with China, it has raised to ambassadorial rank its posts in Eastern Europe and established new ones in the Middle East, it has intensified relations with Africa and supports Arab demands for Israel's withdrawal. The Brazilian drive to expand trade relations has been stimulated by recent U.S. trade restrictions. Of these new moves, the strengthening of commercial ties with the Soviet Union might be the most consequential. It is even being suggested in high circles that Brazil may transfer the 1.4 billion dollars it spends in the United States and Western Europe to the Soviet Union.[5]

FOOTNOTES

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[3] *The Americas in a Changing World*, "Report of the Commission on United States-Latin American Relations", (New York: Center for Inter American Relations, 1974).

[4] *Ibid*, p. 8.

[5] Marvine Howe, "Much Less Reliance on Trade with United States", *The New York Times*, March 23, 1975, E, p. 5.

TALLAHASSEE EXCELLENT PLACE TO LIVE

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. FUQUA. Mr. Speaker, recently the city of Tallahassee, which I am privileged to represent in the Second Congressional District of Florida, was rated an excellent place to live by a Government-funded study.

The study, by the Midwest Research Institute, measured the quality of life based on 123 factors ranging from swimming pools to smog and sexual discrimination.

At the risk of sounding slightly tongue-in-cheek, may I say in keeping with my efforts for fiscal responsibility that if the Research Institute would have simply asked the good people of Tallahassee, it perhaps could have saved a considerable amount of money, for we have known for years that it is an excellent place to live.

Nevertheless, those of us who live in this beautiful area of north Florida, the State's Capital City, are extremely proud of this "official proclamation" and it is an honor to bring it to the attention of the Congress and the general public.

Tallahassee was rated 21st among 95 metropolitan areas with fewer than 200,000 residents. The rankings were based on five major components: economic, environmental, political, social, and health and education.

The city received no "substandard" ratings in any of the five areas and the lowest rating was no more than "adequate" in one, the economic category which, of course, the whole Nation is licking wounds of a scarring recession.

Other Tallahassee ratings included "good" in political and social categories, "excellent" in the environmental area, and "outstanding," the highest rating in health and education.

The rating of Tallahassee as the best place to live in the entire Southeast and 21st in the Nation is gratifying, and it is certainly something of which all of us from Tallahassee and the entire State of Florida can be proud.

THE STRATEGIC IMPORTANCE OF TURKEY

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. DENT. Mr. Speaker, on July 24, 1975, the House of Representatives considered the relaxation of arms embargoes against Turkey, which had previously been instituted by Congress late in 1974. At that time I did something I have very rarely done during my career as a legislator. I switched my vote, from being in favor of the arms embargo, to opposing it.

I did this with no little reflection, and with no small amount of information at my disposal. Instead, I voted as I did in the realization that my vote was important in regards to the security of the free world, both in the Mediterranean, and throughout the world.

Subsequent reaction by the Turkish Government has served, not to dissuade me from my viewpoint, but rather to convince me that, now, more than before, we must reestablish our strategic force on Turkey, with the permission of the Turkish Government. There are times when we must do what is best for the country and the free world, and one of those times is upon us.

As we will be voting again this week on this situation, I would commend to the Members' attention several pieces of correspondence which I have recently received from the Commander in Chief of the Veterans of Foreign Wars, Thomas C. "Pete" Walker. Certain of the specifics contained in Pete Walker's correspondence make us aware of the strategic possibilities of the Turkish situation:

To: All Members of the 94th Congress.
From: Thomas C. "Pete" Walker, Commander-in-Chief, Veterans of Foreign Wars of the United States.
Date: September 23, 1975.
Subject: The strategic importance of Turkey.

On July 25th, my predecessor as Commander-in-Chief of the Veterans of Foreign Wars of the United States sent the following telegram to the bi-partisan leadership of the United States Senate:

"The adverse vote in the other body in regard to U.S. support for Turkey threatens to undo a quarter of a century of successful American policy in the eastern Mediterranean and strikes directly at the underpinnings of the North Atlantic Treaty.

"If ever there were a moment for Senatorial leadership on the model of Arthur Vandenberg, Walter George and Richard Russell, that moment is *now*.

"It is to the Senate, and most directly to its leadership that 1.8 million members of the V.F.W. turn to reverse the damage done yesterday in the House.

"The crude pressure of narrow domestic politics, reflected in the House vote, calls into question the ability of our Congress to deal with wide foreign policy considerations.

"The strategic link to Turkey is stark and irreplaceable.

"Stand up for America.

"Please advise me of your reaction."

I agree totally with that telegram as, apparently did Honorable Thomas E. "Doc" Morgan (Pa.), Chairman of the House Committee on International Relations, who, on August 12th, wrote the V.F.W.'s National Security Director, stating *inter alia*:

"I was also disappointed that the House rejected the compromise measure which was designed to promote improved relations among the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus and to strengthen the security of the United States and the North Atlantic Alliance.

"The proposal to relax the embargo is not dead, however. On July 29 I introduced an almost identical bill (H.R. 9025) which was referred to the Committee on International Relations. Furthermore, on July 20, 1975 the Senate passed S. 2230 which contained the same authorities which had been rejected by the House on July 24. A copy of both bills is attached.

"It was not possible to take action on either of these bills prior to the August recess.

"In my opinion another effort will be made to lift the arms ban on Turkey shortly after the Congress returns in September. In order to amend existing laws, however, it will be necessary for several members of the House to change their votes.

"For this reason I am grateful to learn of the interest of the Veterans of Foreign Wars in this matter.

"You can be assured that I will do what I can to influence passage of legislation which will permit the President to relax the terms of the embargo if he determines that it will serve the cause of peace and the security interests of the United States. It is my hope that such action will induce the Government of Turkey to seek a peaceful solution to the Cyprus conflict. Such a solution is essential to the well being of the people in Cyprus, to relations between Greece and Turkey and to the security of the United States and NATO."

A final word. In the V.F.W., we do not unthinkingly either support or oppose Presidential policy initiatives. Our positions arise from mandates which best reflect the views of our 1.8 million plus members. As to "The Strategic Importance of Turkey," Resolution Number 472, enclosed, was passed unanimously at our National Convention held last month in Los Angeles.

I also enclose an internal V.F.W. memorandum prepared on this subject by Colonel Phelps Jones who represented me at a White House meeting on Turkey called earlier this month.

I strongly urge you to make your vote count for America, for NATO, and for the entire non-Communist world by voting to lift the arms embargo on Turkey.

Sincerely,

THOMAS C. "PETE" WALKER,
National Commander-in-Chief.

RESOLUTION NO. 472, THE STRATEGIC IMPORTANCE OF TURKEY

Whereas, ever since Turkey acceded to NATO in 1951 and CENTO in 1954, Turkey has been a loyal and effective ally of the United States, having earlier fought at our side in Korea; and

Whereas, Turkey, with a long tradition of hostility to both Czarist and Communist Russia, commands the air, sea, and land approaches to the oil-rich Middle East; and

Whereas, the U.S., with Turkish cooperation, has created an *indispensable* network of bases on Turkish soil which can monitor Soviet missile flights, nuclear weapons tests, and aerial overflights, capabilities which *cannot* be matched elsewhere in the region and which bear importantly on the United States ability to verify Soviet compliance with the SALT agreements; and

Whereas, in a blind surrender to domestic political considerations, the 94th Congress has voted to deny Turkey military aid to include arms and spare parts Turkey has paid for; and

Whereas, the proud Turks, stung by this insensitive Congressional rebuff, have moved to close down U.S. bases, deny PX and mailing privileges and, in other ways, have moved to terminate their close association with the U.S.; now, therefore

Be it resolved, by the 76th National Convention of the Veterans of Foreign Wars of the United States, that the Commander-in-Chief of the Veterans of Foreign Wars of the United States clearly and unequivocally seek to reverse this Congressional blunder and impress upon Congressional leadership the overriding strategic importance of Turkey, and the U.S. bases therein, to the United States of America.

Adopted at the 76th National Convention of the Veterans of Foreign Wars of the United States held in Los Angeles, California, August 15 through 22, 1975.

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
OFFICE OF DIRECTOR,
NATIONAL SECURITY AND FOREIGN AFFAIRS.

To: National Officers, National Council of Administration, Past Commanders-in-Chief, Department Commanders, Department Adjutants, Department Publications.

From: F. P. Jones, Col., USA (Ret.), Director National Security and Foreign Affairs.

Date: September 23, 1975.

Subject: What Turkey means to the United States.

1a. A few days ago, as Chief "Pete" Walker's representative, I attended a White House briefing called to lay before the V.F.W. and other non-governmental organizations the deteriorating U.S. strategic position in Turkey.

b. Assistant Secretary of State (European Affairs) Arthur A. Hartman summarized the broad policy implications, and Brigadier General Charles D. Youree of the Joint Chiefs of Staff organization laid out the military situation. The President joined the group and emphasized, in the most serious way, the importance of Turkey to America's strategic position overseas.

c. A summary of the persuasive White House briefing follows:

(1) Background: The U.S. arms embargo against Turkey has stopped delivery on approximately $100 million of prior funded grant aid plus $189 million of foreign military sales items, much of which has been paid for and a part of which we are now charging storage cost. Included are F–4 aircraft, radars, communications equipment and missiles, and most important, spare parts and supplies to keep the U.S.-equipped Turkish armed forces in operation. In retaliation, the Turkish Government ordered the U.S. to cease operations at all non-NATO facilities in Turkey, including some key intelligence sites.

(2) Discussion:

U.S. Forces and facilities in Turkey support two basic U.S. strategic interests—support of NATO and support of U.S./Turkish bilateral and U.S. regional interests other than NATO.

Turkey is the key to the defense of the Southern Region of NATO and the Eastern Mediterranean—not only does she tie up large numbers of Soviet divisions near her borders, but she controls access between the Black and Mediterranean Seas.

Turkish military forces are almost completely dependent on the U.S. for logistics support. If the embargo is continued, the deterrent potential of Turkey's 475,000-man armed forces and almost 400 combat aircraft will be gravely lessened. (Largest Army in NATO other than the U.S.)

Continuation of the embargo could result in U.S. having to withdraw from Turkey. (Total cost of U.S. facilities in excess of $700 million.)

Impact on NATO's Southern Flank would be severe. This could cause other countries to examine their own positions vis-a-vis NATO—and possibly precipitate an unraveling of NATO.

Loss of key intelligence facilities. The U.S. has already been forced to cease operations. This has sharply reduced our ability to collect Soviet military information and to assess Soviet capabilities, since the effectiveness of the sites is dependent on their unique location. Likewise, our ability to monitor Soviet missile test ranges and space programs has been seriously degraded.

Loss of Turkish overflight rights would complicate access to Iran and the Indian Ocean.

As Turkish warfighting capability decays (as it already has begun with the embargo in effect) the USSR can prudently risk moving large numbers of troops from the Turkish flank to the European Central Region where they would face other NATO and/or U.S. Forces.

2. Additionally, the following points were underscored:

(a) a continuation of the U.S. arms embargo against Turkey *decreases* the chances for America to get the Turks to negotiate seriously over Cyprus. We have, in effect, lost our ability to influence the stronger (Turkey) participant in the Greek-Turkey dispute; and

(b) a militarily-weakened and isolated Turkey increases the ways by which the Soviet Union can intervene in the Middle East to the detriment of Israeli security; ie, a secure and strong Turkey helps Israel—a point missed by many in this country who favor Israel vis-a-vis the Arabs and Greece over Turkey.

3. V.F.W. Resolution Number 472, which calls for a prompt end to the senseless and self-defeating arms embargo against Turkey, is right for America, right for NATO, and just for the proud Turks.

Cordially in comradeship,

F. P. JONES,
Colonel, USA (Ret.), Director National Security and Foreign Affairs.

AD VALOREM TAXES AS "USER CHARGES"

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. DERWINSKI. Mr. Speaker, on July 9, 1975, I introduced H.R. 8493, a bill which would amend the Water Pollution Control Act to allow the use of ad valorem taxes as a "user charge" provided that such tax results in an equal distribution of sewage costs among the various user classes.

My sponsorship is motivated by the fact that I represent suburban Cook County which has received very efficient service from the Metropolitan Sanitary District of Greater Chicago whose trustees support the proposal to use ad valorem taxes as "user charges."

Mr. Nicholas J. Melas, president of the Metropolitan Sanitary District testified very effectively this past Wednesday, September 24, before the House Subcommittee on Water Resources of the House Committee on Public Works and Transportation.

In his testimony, Mr. Melas brought out the following points:

> At present, Chicago has the largest and most efficient treatment system in the world . . . valued in excess of $4 billion, serving 5.5 million people and over 11,000 industries. It is financed by ad valorem taxes. The ad valorem tax is based on property values and industrial surcharges based upon volume and concentration of waste water contributions by industries.

Melas stated unless Congress acts to rescind an EPA ruling that ad valorem taxes do not constitute a proportionate means of sharing the costs of waste water treatment, Chicago must set up a dual billing system to provide for "user charges" in addition to ad valorem taxes which the city has used for 86 years; "1.3 million Chicago taxpayers will face a $6 milllion yearly increase in water billing costs which will not improve the quality of our water," Melas told the House subcommittee.

Mr. Speaker, I direct this to the attention of the House. Many other areas of the country are facing this basic issue. Positive action by Congress is absolutely necessary lest we add substantially to the cost of homeowners if ad valorem taxes are not properly considered to be "user charges."

S. 622 AS PASSED BY THE HOUSE, TITLE VIII

HON. JOHN E. MOSS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. MOSS. I wish to take this opportunity to address an articulated concern about the effect of the substitute which I offered to title VIII of H.R. 7014 as reported.

Representatives of the accounting profession have come to me asking for a clarification of subparagraph 801(d)(2) of that title. It was their concern that that subparagraph might allow GAO access to all of the books and records of an accounting firm auditing an integrated energy company.

This is assuredly not the case. It is clear that subparagraph 801(d)(2) can only be read in the context of subparagraphs 801(b) (1) and (2), subparagraphs defining the sweep of GAO's oversight audit authority. When these provisions are read in concert with subparagraph 801(d)(2), it is clear that the "books and records" referred to in that subparagraph must bear a reasonable relationship to a CPA's financial examination of an integrated energy company.

No fishing expedition has been mandated by the language of title VIII as amended, nor was one intended.

THE MILWAUKEE JOURNAL COMMENDS H.R. 9005, THE INTERNATIONAL DEVELOPMENT AND FOOD ACT OF 1975

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ZABLOCKI. Mr. Speaker, on September 14, the Milwaukee Journal editorially commended the House for its action in passing an economic assistance bill which dealt solely with overseas development aid and contained no military or short-term political assistance.

As a member of the House International Relations Committee which drafted and sponsored the bill, I was gratified by the response of the Journal.

The editorial, however, expressed one reservation about the bill—a reservation which I share.

It referred to a provision added to the bill on the House floor which would ban aid to any country "which engages in a consistent pattern of gross violations of internationally recognized human rights—or other flagrant denials of the right to life, liberty and the security of a person."

The editorial quite rightly pointed out that if the bill were to pass with the amendment intact, and was narrowly interpreted, hardly a country in the developing world would be able to qualify for development assistance.

More than that, the retention of the human rights amendment would repoliticize economic development aid, after a determined and successful effort has been made to depoliticize it.

Mr. Speaker, this provision in H.R. 9005 as passed by the House would penalize the poor people of the developing countries without any compensating benefits to their personal or political freedoms. It is my hope that it will be eliminated or modified in the Senate.

Because of the relevance of the Milwaukee Journal editorial to this issue, I am inserting the edtiorial, in its entirety, in the RECORD at this point:

[From the Milwaukee Journal, Sept. 14, 1975]

WHO'D GET OUR AID?

> There is a certain amount of idealism built into the economic foreign aid programs of the US. The idea of helping others to help themselves build a better life has been one of the concepts stressed in support of such aid. This theme becomes more dominant now that the House has successfully passed a foreign aid bill that deals solely with economic assistance. House leaders commendably separated economic aid from military assistance, an approach to foreign aid that was ignored for too many years.
>
> One wonders, however, if the House carried idealism too far. The bill, sent to the Senate, contains a provision that would ban aid to any country "which engages in a consistent pattern of gross violations of internationally recognized human rights . . . or other flagrant denials of the right to life, liberty, and the security of a person."
>
> Most of the underdeveloped world, where the majority of the aid is destined to flow, is ruled by dictators or one party governments that ignore the kind of human rights that we take for granted. If this bill were to pass with this provision intact, and Congress were to interpret it narrowly, then it is hard to think of a major underdeveloped country in Asia, Africa or Latin America that would be eligible for help.
>
> Congress, though its motives are worthy, may be falling into the same kind of trap it did in trying to tie US trade concessions to the Soviet Union to a more liberal Soviet emigration policy. For all its boundup idealism, foreign economic aid remains a tool of foreign policy, and foreign policy needs flexibility.

NEW YORK'S FINANCIAL CRISIS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. McDONALD of Georgia. Mr. Speaker, New York City is on the verge of bankruptcy. Extreme pressure has been put both on the Congress and the executive branch to provide the funds to keep New York City functioning. A few weeks ago, thousands of New York City police officers, who had been fired as an economy measure, visited Capitol Hill to lobby for a bill that would provide funds for essential services in cities like New York.

A friend in New York has sent me a shocking document. It is a poster put up in the New York City subways by the New York City Transit Authority. The poster urged attendance at two meetings, on September 23 and September 24, 1975. The first meeting was a public hearing on a New York City Transit Authority request of $488,800,000 from the Federal Government for capital expenditures. The meeting on September 24 was a public hearing on the request of the city of New York to borrow 50 percent of the fiscal year 1976 Federal grants for capital improvement. This money would be used for operating expenses. If a private citizen attempted to use Federal funds granted for one purpose, for another use, he would find himself in jail.

New York City has wasted billions of dollars of its taxpayers money and of Federal funds taken from taxpayers in the rest of the country. New York City provides such excessive welfare payments that the flood of welfare recipients into the city now totals 1 million. This is one out of eight residents.

Most of the welfare recipients are not the aged or the ill, as we are usually told, by the defenders of the welfare give away system. Most welfare money is paid to the mothers of dependent children, who are themselves able to work. They do not work because they find it easier to produce children and raise their take from welfare.

If New York City wants Federal help to get out of this mess, they really must start helping themselves. They have to cut the welfare give away. Even now the Federal and State governments are contributing 70 percent of the city's welfare budget. A cut would help, not only the New York City taxpayer, but the taxpayer in your district and my district as well. What New York City should not do is misappropriate Federal funds, as was suggested on the poster that I referred to. The text of the poster follows:

The New York City Transit Authority invites the public to attend two public hearings:

Tuesday, September 23, 1975 in relation to the request of $488.8 million in Federal UMTA funds to progress a three-year program to improve the existing New York City Transit System.

Wednesday, September 24, 1975 regarding the request of the City of New York to temporarily use 50 percent of fiscal year 1976 Federal UMTA capital grants for the payment of NYCTA and MABSTOA operating expenses.

Each of these hearings will be held in the Biltmore Hotel, Madison Avenue at 43d Street, Manhattan at 4 p.m. on the date shown. The hearings will recess at 6:30 p.m. and reconvene at 7:30 p.m.

CASIMIR PULASKI MEMORIAL DAY

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. FLORIO. Mr. Speaker, 196 years ago on October 11, 1779, Gen. Casimir Pulaski died of mortal wounds which he received while heroically leading a cavalry charge during the Battle of Savannah 2 days earlier. Thus culminated the brief though remarkable life of one of the most distinguished American patriots. Few men in history have devoted themselves so selflessly and diligently to the cause of freedom than General Pulaski. He and his family fought for this goal in Poland where he lost both family and fortune. Undaunted, he turned his attention to the noble struggle which General Washington was commandeering, the American Revolution.

Casimir Pulaski merited the immediate respect of General Washington and shortly was commissioned as a brigadier general. His exploits in the American cause took him throughout the colonies from Brandywine to Savannah. General Pulaski was not content with rank and status alone, but ardently desired to make a full and lasting contribution to the Revolutionary War. Never having his zeal for freedom diminished, he persisted before Washington and the Continental Congress for a more activist, substantive role in the fight for independence. He achieved his desire, ultimately giving of his young life.

It is with great respect and pride that I ask to join our Polish-American friends in the memory of Casimir Pulaski and to celebrate Pulaski Day. We can never repay the debt owed to General Pulaski for his donation to democracy. By this small measure of recognition we are justly memorializing his life. But perhaps more importantly, Pulaski Day is not merely recognition of a great patriot, but a great people, the Polish Americans. Our Nation and the world is enriched because of our Polish-American citizenry and I would like to offer a personal salute to them and to their admirable fellow countryman, Gen. Casimir Pulaski.

NEWSLETTER TO CONSTITUENTS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. WOLFF. Mr. Speaker, periodically, I distribute a newsletter to my constituents in a continuing effort to keep them informed of my activities as their Representative in Washington.

Often, as in the present case, I use the newsletter as a vehicle to obtain their views on major issues, thus allowing me to function more effectively on their behalf on Capitol Hill.

I would like to share with my colleagues my latest newsletter:

CONGRESS OF THE UNITED STATES

DEAR FRIEND AND CONSTITUENTS: I wish I could report to you that our nation's economy is on the upswing and that all is going well in Washington, but I cannot. The efforts of Congress to deal effectively with the many problems before us are being blocked by the reckless use of the Presidential veto with the result that special interests continue to reap enormous profits while the average American is caught up in a financial squeeze so gripping he can barely cope with day-to-day expenses.

Now, we are faced with even higher prices for oil, gasoline and related products and with new Russian grain deals that once again will drain our domestic supply and adversely affect the consumers' purchasing ability. These increased costs will be reflected in our home heating bills, rent, electric and gas bills, transportation expenses, taxes and in our grocery baskets.

While Congress has been criticized for its "lack of achievement", the fact is that, to date, this 94th Congress has been one of the most productive in history, having compiled an imposing record of legislation, including the Tax Reduction Act, Health Revenue-Nurse Training Act, Homeowners Relief Act, emergency job funds, increased benefits for disabled veterans and an appropriation bill for elementary, secondary, higher and adult education.

In the week and months ahead, we will continue to do all we can to resolve the pressing problems of our economy, health care, unemployment and social welfare with the hope that prompt action can be forthcoming to serve the best interests of the American consumer.

I would appreciate it if you would complete the questionnaire on the reverse side of this page and mail it to me at my District Office. I seek your opinions on these matters of genuine concern to us all for, just as it is essential for you to know my record and positions, it is vital for me to know your views in order that I may reflect constituent consensus in the legislation and programs I advocate and support in the Congress.

Sincerely,

LESTER WOLFF.

WHAT'S YOUR OPINION?

1. Rising fuel prices: (A) Do you believe there should be governmental controls on domestic oil prices? Yes. No. No opinion.

(B) Do you feel that gasoline rationing should be instituted to conserve energy sources? Yes. No. No opinion.

2. Rising food prices: Do you approve of the most recent foreign grain deal that the Administration has entered into with Russia? Yes. No. No opinion.

3. Rising problems of the elderly: Do you believe that the cost-of-living increase for the aging living on Social Security should be held to 5 percent as advocated by the Administration or raised to a level more reflective of the actual rise in today's living costs? Held to 5 percent. Increased. No opinion.

4. Rising health costs: Do you believe the federal government should enact a comprehensive national health insurance program? Yes. No. No opinion.

If your answer is "Yes," which method would you prefer? (Check only one.)

(A) Complete health care program administered by the federal government.

(B) Program administered by the federal government but limited to major medical and disaster aid.

(C) Federal subsidies for programs administered by private insurance companies.

5. Rising crime: (A) Do you feel that the federal government should require registration of all weapons? Yes. No. No opinion.

(B) Do you feel there should be federal controls over the sale and distribution of all hand guns? Yes. No. No opinnion.

CONGRESSMAN HEINZ CALLS UPON THE PRESIDENT TO SIGN SCHOOL LUNCH AND CHILD NUTRITION ACT AMEDMENTS

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. HEINZ. Mr. Speaker, one of this Nation's most successful programs to improve the nutrition of thousands of lower income women, infants, and children, the WIC program, may have to close its doors on October 1. Legislation to continue funding for the WIC program past the October 1 deadline now awaits the President's signature.

This legislation, H.R. 4222, the School Lunch and Child Nutrition Act amendments, has won overwhelming approval in both the House, on a vote of 380 to 7, and the Senate, where it passed on a voice vote. For this reason, I am confident that the majority of my colleagues share my hope that the President will quickly sign H.R. 4222, to insure that WIC agencies need not terminate their employees and, even more importantly, need not deny adequate nutrition to the disadvantaged.

In the past, with a budget of just $200 million, the WIC program has created more than 1,500 clinic sites, and has enrolled over 648,000 women, infants, and children in its efforts to improve the diet of low-income individuals. In my own congressional district, WIC has reached over 7,000 residents in little over a year, many of whom have advised me in person and in writing of the importance of WIC in improving the health and vitality of their children.

Mr. Speaker, to insure the continuity of WIC and related child nutrition programs, and to reassert the dedication of Congress to providing adequate nutrition to all of our people, I call upon the President to sign the School Lunch and Child Nutrition Act amendments, and hope that my colleagues will similarly ask the President to take immediate action.

MONTHLY LIST OF GAO REPORTS

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The monthly list of GAO reports and/or copies of the full texts are available from the U.S. General Accounting Office, room 4522, 441 G Street NW., Washington, D.C. 20548. Phone (202) 275-6241. The September 1975 list includes:

Some Problems Impeding Economic Improvements of Small-Farm Operations: What the Department of Agriculture Could Do. RED-76-2.

What the Department of Agriculture Has Done and Needs to Do to Improve Agricultural Commodity Forecasting and Reports. RED-76-6.

Audit of Financial Statements of Saint Lawrence Seaway Development Corporation Calendar Year 1974. FOD-76-1.

Improved Planning and Management of Information Systems Development Needed. LCD-74-118.

Federal Aviation Administration's Airport Certification Program: Has It Resulted in Safe Airports? RED-76-5.

Department of Labor's Past and Future Role in Offender Rehabilitation. MWD-75-91.

More Assurances Needed that Colleges and Universities with Government Contracts Provide Equal Employment Opportunity. MWD-75-72.

Extending the Government's Policy of Self-Insurance in Certain Instances Could Result in Great Savings. PSAD-75-105.

Better Evaluation Needed for Federal Civilian Employee Training. FPCD-75-120.

Better Overall Planning Needed to Improve the Standard of Living of White Mountain Apaches of Arizona. FGMSD-75-47.

Case Study of Department of Labor and Office of Management and Budget Activities Under the Federal Reports Act. GGD-75-85.

Technology Transfer and Innovation Can Help Cities Identify Problems and Solutions. PSAD-75-110.

Increased Compliance Needed with Nursing Home Health and Safety Standards. MWD-76-8.

Effect of Certain Policies and Procedures of Blue Cross and Blue Shield of Greater New York on Reasonable Charge Reductions Under Part B of Medicare. MWD-76-12.

Management of the Community Action Against Addiction Program in Cleveland, Ohio. MWD-75-92.

Need to Reexamine Some Support Costs Which the U.S. Provides to NATO. ID-75-72.

Problems in Coordinating Multilateral Assistance to Thailand. ID-76-6.

Behavior Modification Programs: The Bureau of Prisons' Alternative to Long Term Segregation. GGD-75-73.

Improvements Needed in Regulating and Monitoring the Manufacture and Distribution of Licit Narcotics. GGD-75-102.

More Effective Criteria and Procedures Needed for Pretrial Confinement. FPCD-76-3.

Millions Could Be Saved Annually and Productivity Increased If Military Support Functions in the Pacific Were Consolidated. LCD-75-217.

Single Manager Needed to Obtain Cost and Fuel Savings in Spectrometric Oil Analysis Program. LCD-75-431.

Evaluation of the Navy's Ordnance Facility at Seal Beach, California. LCD-75-330.

Potential for Consolidating Pilot and Navigator Training Programs. FPCD-75-145.

Need to Direct Cooperative Forestry Programs Toward Increasing Softwood Sawtimber Supplies. B-125053.

Environmental and Economic Issues of the Corps of Engineers' Red River Lake Project in Kentucky. RED-76-9.

Fundamental Changes Are Needed in Federal Assistance to State and Local Governments. GGD-75-75.

Veterans Assistance Program in the Philippines Should Be Revised. MWD-76-6.

Additionally, letter reports are summarized including:

Information on an unreported impoundment of budget authority for the Housing for the Elderly or Handicapped Program. ACG-76-4.

Comments on deferrals and proposed rescission of $67.2 million of FY 1976 budget authority. ACG-76-5.

Progress in establishing effective independent review systems for the World Bank Group and the Asian Development Bank. ID-76-3.

GAO views on the Army's concept study for the establishment of the Harry Diamond Development Center. LCD-76-402.

Government Printing Office costs for filling requests for publications. B-114829.

Recommendations for improving the Equal Employment Opportunity complaint system at three Army installations. FPCD-76-1.

Use of independent investigations may improve Department of Labor's procedures for handling unfair labor practices complaints. FPCD-75-165.

The Commodity Credit Corporation should eliminate hazard insurance coverage on grain for which it pays storage charges and obtain a commensurate reduction in storage rates. RED-76-12.

Followup study of the economic and logistical impact of the announced closure of Fort MacArthur. LCD-76-302.

Noncompliance with maintenance contract staffing requirements by Action Industries, Inc., at the Air Force Space and Missiles Systems Organization. PSAD-76-6.

Operation of the industrial fund accounting system for printing and duplicating services in the Department of the Air Force. FGMSD-76-4.

RUSSIAN JEWS SEEK TO EMIGRATE TO OTHER COUNTRIES

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. BRODHEAD. Mr. Speaker, each year thousands of Russian Jews seek to emigrate to other countries but are forbidden from doing so by the Soviet Government's discriminatory emigration policies. These policies are not only in direct contradiction of the inherent rights of all people to make their choice of country in which to reside, but, unfortunately, are only a small part of a larger pattern of the Soviet Union's oppressive and discriminatory treatment of its Jewish citizens. Many Americans, including myself, are deeply concerned about these flagrant abuses of basic human rights.

One of my constituents, Mrs. Rae Sharfman, has worked extensively in the movement to facilitate emigrations from the U.S.S.R. and recently brought to my attention the plight of the Stolyar-Razovsky family in the Soviet Union.

Although the family was originally granted official permission to emigrate to Israel, Soviet officials stepped in and took away their visas as the family was seated in the airplane that would have taken them to freedom.

The family presently faces an uncertain future, and I have written to the Secretary of State, Ambassador Dobrynin, and Secretary Brezhnev in an effort to help facilitate this family's emigration to Israel.

I want to share an article which was written about Abraham Stolyar with my colleagues:

[From the Chicago Tribune, July 13, 1975]

STATELESS, BROKE JEW YEARNING FOR DIVISION ST. HOME

(By James O. Jackson)

MOSCOW.—Abe Stolar was born on West Division Street in Chicago and loves the city. As a boy he roamed its streets, played ball in its parks, went to movies in the Loop, and looked at the pictures in the Art Institute.

He would very much like to visit his home town once more, but he cannot. Forty-four years ago he came to the Soviet Union, and the Russians have never let him out.

Solar, 63, told his strange, sad story this week after he had exhausted his efforts to obtain official permission to emigrate with his wife, Gitta, and his 16-year-old son, Mikhail.

"We're stateless, broke, and desperate," Stolar said, his speech edged with the flat Midwestern accent he picked up on the streets of Chicago so long ago. "I figure our best hope is to make as much noise as we can."

Stolar does not look like the noisy type. He is shy and bookish, with thinning gray hair and sad brown eyes. He has never before delivered a protest, sought publicity, nor talked with foreign newspapermen.

He began by explaining how he came to be transplanted from Division Street to Moscow. He said his father, who was a Jew and a Communist, fled the persecutions of Czarist Russia in 1909 and settled in Chicago. He worked as a printer, but the Depression struck so in 1931 he took his family and returned to Russia, full of hope and Communist fervor.

Soon, hope turned to anxiety, and then to fear as the great Stalinist terror of the thirties swept the land.

"They arrested my father one night in 1937," Stolar said. "They just took him away for no reason, and of course we never heard from him again. Things like that happened all the time in those days."

Stolar said he managed to avoid arrest, altho both his sister and her husband were taken. He worked first as a poster artist, and then as a translator for Moscow radio. Sometimes he dreamed of leaving, he said, "But I didn't try to go to the American embassy. In those days, people who went to the American embassy always disappeared later."

But in 1971 when other Jews began getting permission to emigrate to Israel, Stolar decided to try. He applied, with his family, to go to Israel.

"At first things went well," he said, "in May, they finally said we could go so we sold all our things, got rid of our apartment, and on June 18 we went to meet the flight."

"We cleared customs," he said, "but at passport control they said something was wrong with my wife's visa."

The Stolars went back to the city to straighten out the problem, but at the visa office officials took all their documents from them.

"The officials said my wife, who was a chemist, had done secret work," he said. He shook his head ruefully. "But she retired two years ago, and she hasn't done any secret work since the war. It's ridiculous, and we just don't understand."

Now, he said, he is without work, low on money, and low on hope. He is especially worried about his son, who is nearing the age for the military draft. Once in the army, it would be years before he could hope to leave the country.

"He's a bright kid," Stolar said. "I don't want him to have to live here. I don't want him to have to think one thing, but say another, like I have done all my life."

Stolar said he has visited the United States embassy and asked for help. Embassy officials are checking to determine if he still is considered a U.S. citizen, and, if so, they can formally intervene with the Soviet government.

Stolar said he does not know whether he would rather go to Israel or to America. "We have a joke here," he said. "It's not so much a matter of where you're going to. What's important is where you're going from."

But Chicago was the place of his youth, he said, and his eyes soften when he remembers it. "I used to play in Humboldt Park, and later we lived out by Portage Park," he said.

"I worked in my uncle's drug store on Grand Avenue.

"I loved that city, I really did," he said. "I have lots of good memories."

Stolar sat silent, looking at the gray Moscow day.

"I'd sure like to see that town again," he said.

HANDGUN CONTROL

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. MIKVA. Mr. Speaker, I recently received a letter from the president of the Committee for Handgun Control which I would like to share with my colleagues. The letter speaks for itself:

SEPTEMBER 23, 1975.

To our Representatives in Congress:

When will Congress act on hand gun control? The fact that Mrs. Moore could be disarmed by the police on one day, then step out and buy another hand gun the following day is incredible.

Must we wait for still another successful assassination? Must we completely isolate the President and other national leaders?

What becomes of a government of the people when the President and other officials cannot safely come before the public?

As Senators and Congressmen, you—each and every one—are targets too. You also make up the only body with the power to do something about hand gun violence.

A Member of Congress was reported to recently say that, "Americans should have the right to own guns because justice traditionally has always come from the ballot box, the jury box but, those failing the cartridge box."

Surely we have had enough of the cartridge box. We have seen what preoccupation with guns and ammo can do. Lets at least try effective hand gun control. It is not the only answer, but making hand guns unavailable would decrease the odds now so heavily against us.

At the present rate, over the course of a normal life span, more than one in every 200 Americans are likely to be murdered. On the average 69 persons per day, three per hour, are killed by guns in the United States. Enough!

We beg, we plead, we demand that Congress pass an effective hand gun control law now!

Respectfully,

GEORGENE CAMPION,
President, Committee for Hand Gun Control.

CONGRESSMAN DRINAN CRITICIZES FEDERAL RESERVE BOARD FOR ITS DRAFT REGULATIONS ON THE EQUAL CREDIT OPPORTUNITY ACT

OF MASSACHUSETTS

HON. ROBERT F. DRINAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. DRINAN. Mr. Speaker, on Septemper 10, 1975, the Board of Governors of the Federal Reserve System published in the Federal Register revised draft regulations under the Equal Credit Opportunity Act of 1974. Those proposals contain a number of deficiencies which should be corrected before the draft regulations are finalized.

One of the proposals, for example, allows a creditor to "request and consider information concerning the probable continuity of an applicant's ability to repay." Section 202.5(h). Standing alone, that regulation is relatively innocuous. Unfortunately it is part of the regulation which purports to prohibit a creditor from requesting "information about birth control practices or childbearing capability." Ibid.

The juxtaposition of these two requirements will have the effect of discriminating against women. They take with one hand what they give with the other. It may be that "continuity to repay" a loan is a valid consideration. But it should hardly be limited to women. All persons, male and female, have health problems, for example, which may bear on their ability to repay a debt. Thus if the consideration is a legitimate factor, it should be applied across the board to all applicants.

This is just one of the many difficulties which these draft regulations raise. As a consequence, I wrote to the Secretary of the Board of Governors last Friday to bring a number of these problems to his attention. For the information of the other Members, I am having that letter printed here:

HOUSE OF REPRESENTATIVES,
Washington, D.C., September 26, 1975.

Mr. THEODORE E. ALLISON,
Secretary, Board of Governors of the Federal Reserve System, Washington, D.C.

DEAR MR. ALLISON: On September 10, 1975, the Board of Governors published in the *Federal Register* a revision of its proposed regulations under the Equal Credit Opportunity Act, initially published on April 25, 1975. It invited comments and asked that they be submitted by September 26. I am writing to present my views of the proposals and to ask your consideration of them.

The Equal Credit Opportunity Act is a sweeping condemnation of all credit practices which differentiate among persons on account of sex or marital status. In language intended to proscribe all such conduct, the Congress made it unlawful "for any creditor to discriminate against any applicant on the basis of sex or marital status with respect to any aspect of a credit transaction." 15 U.S.C. 1691(a). To insure that such prohibitions would not be enforced niggardly, Congress gave the Board equally broad authority to promulgate regulations which "may contain but are not limited to such classifications, differentiation, or other provision." 15 U.S.C. 1691b.

In view of the broad statutory proscriptions, it is with some discomfort that I examined the revised draft regulations of the Board. In my judgment, they fall quite short of the expansive congressional intent. The basic prohibition of the regulations, contained in Sections 202.2 and 202.3(m) and referenced throughout the draft rules, fails to indicate that acts which have a discriminatory effect, as well as those which have a discriminatory purpose, are unlawful. The purpose and effect duality, which is contained in many agency civil rights regulations, is conspicuously omitted from the draft regulations.

The Supreme Court has long recognized that conduct which, on its face, may be racially neutral, for example, may well have a discriminatory impact when viewed in the context of its application. Only three years ago the Court held: "The existence of a permissible purpose cannot sustain an action that has an impermissible effect." *Wright* v. *City of Emporia*, 407 U.S. 451, 462 (1972); see also *Griggs* v. *Duke Power Co.*, 401 U.S. 424 (1971). It is of the highest importance that regulations, which seek to define illegality more explicitly than the statute, be perfectly plain about the unlawfulness of conduct which has a discriminatory impact.

The failure to specify the illegality of credit practices which have a discriminatory result has serious consequences. In regulations of general applicability, it would be difficult to predict and list every practice which would have such an unlawful impact. Therefore it is essential that the regulations give notice to creditors that the effect of their practices will also be examined. For example, allowing creditors to omit a jointly owned car, whose title is in the name of a male spouse, from the female spouse's credit application would have a discriminatory impact on women. Similarly permitting creditors to inquire into and take account of an applicant's military record might well have a discriminatory effect on male applicants. Because the impact of a wide range of inquiries cannot be predicted, a general prohibition against credit practices which have a discriminatory effect must be included in the regulations. Needless to say, if such a proscription were written into the regulations, as it should be, at least two of the general provisions, Sections 202.4 (a) and 202.5 (a), would need to be revised so as to preclude the use of practices not expressly made illegal.

The failure of these regulations to outlaw credit practices having an illegal result is not merely an error of omission, however serious that is. It is also an error of commission for the Board has written into the regulations a "good faith" defense for certain unlawful acts. As a defense to a charge under Section 202.4, the draft rules allow a creditor to escape liability by showing that "at the time of the alleged violation the creditor maintained reasonable procedures to assure compliance with that section." Section 202.10(b).

That is precisely the kind of defense which the Supreme Court has regularly rejected in cases involving discrimination. "It is of no consolation to an individual denied (equal credit opportunity) that it was done in good faith." *Burton* v. *Wilmington Parking Authority*, 365 U.S. 715, 725 (1961). The only "good faith" defense permitted by the Act is when a creditor relies on a "rule, regulation, or interpretation" of the Board, not the creditor's own practices. 15 U.S.C. 1691e (f). The "good faith" defense contained in Section 202.10 (b) of the draft regulations is an unwarranted expansion of a limited statutory exemption.

A second area of major concern is the period of delay which the Board has adopted into its regulations. Section 202.13 postpones the effective date of parts of the regulations for as much as one year. In my view that delay, euphemistically referred to as "transition periods," is inconsistent with the mandate of the Act. In authorizing the Board to promulgate regulations, the Congress directed that they be "prescribed as soon as possible after October 28, 1974, but in no event later than the effective date of this Act." 15 U.S.C. 1681b. The effective date is October 28, 1975, and that is the date upon which all the regulations are to take effect.

Furthermore I am dismayed at other omissions in the proposed regulations. There is no blanket prohibition against credit inquiries which seek to secure the marital status or sex of the applicant. Except for compliance purposes, no useful goal is achieved by such questions. Indeed the act authorizes a very limited exception, restricted to marital status, "for the purpose of ascertaining the creditor's rights and remedies applicable to the particular extension of credit." 15 U.S.C. 1691 (b).

That section is intended to authorize a creditor to ask whether any assets of the applicant are jointly owned, and if so, whether the co-owner has a marital relationship with the applicant. The exception is not intended to authorize indiscriminate inquiries into the applicant's marital status. In fact such inquiries, when the applicant is a divorced or separated woman, have frequently resulted in discriminatory treatment and a denial of credit. The Equal Credit Opportunity Act was intended to prohibit "sophisticated as well as simple-minded modes of discrimination." *Lane* v. *Wilson*, 307 U.S. 268, 275 (1939). The regulations do not take account of such subtleties.

To the extent that inquiries into the sex or marital status of the applicant are needed for compliance purposes, such questions are, of course, fully authorized. In such instances, however, the application form must expressly state the purpose of the question that answering it is voluntary, and that no penalty will result for failing to respond. The Equal Employment Opportunity Commission developed guidelines on this matter several years ago and should be consulted for its expertise on that subject.

In this context there is no need to ask, even on an optional basis, the applicant to designate a title (*e.g.* Mr., Mrs., Ms. etc.). More frequently than not, such inquiries also lead to discriminatory or offensive practices toward women. If "Mrs.," for example is listed on a credit card application, the card might well be printed with the designation on it, or worse yet, it might come back with the husband's name (*e.g.*, Mrs. John Jones rather than Mary Jones).

There may be occasions when the applicant wishes to be addressed by a courtesy title. The regulations should specify that, if the applicant wishes to be so addressed (*e.g.*, in correspondence), he or she must affirmatively indicate such a preference. Otherwise the creditor will uniformly use a neutral title which does not indicate marital status (*e.g.*, Mr. or Ms. or M.) or use no titles at all. In this connection the regulations should state expressly that the name of the applicant will appear on the credit card, checks, and other documents relating to credit as he or she desires it.

In addition I am concerned with the absence of a strong provision which would require creditors to take account of joint assets, whose ownership is shared by women prior to October 28, 1975, but which are in the name only of the male partner. There are a number of women who have contributed, for example, to the repayment of a family loan which was taken out in the man's name. A credit bureau or check would not ordinarily uncover the contribution made by the woman to the debt reduction. The regulations must take account of such histories of credit worthiness so that women will benefit now by them.

In my judgment the regulations should establish a presumption that all assets or liabilities which are the result of a male-female relationship must be attributed to both partners unless there is evidence to the contrary. Thus the regulations should require every creditor to advise each applicant of such "hidden" assets or other indicia of credit worthiness so that the reach of the Act will be fully extended to all without regard to sex or marital status.

Finally I should note that the regulations also have several procedural deficiencies. Four of them are of particular concern:

(1) the failure of the regulations to require a creditor, when denying credit, to set forth the reasons for such a denial;

(2) if such credit is denied, the applicant should have a right of review with the creditor. The regulations should require creditors to provide a mechanism for such review and to advise applicants of its availability;

(3) the regulations do not require creditors to collect only that information which is "relevant and necessary," not merely desirable, to determine whether to extend credit. That is the standard under the Privacy Act of 1974, which goes into effect on September 27, and that should be the standard under these regulations; and

(4) the period of time for the preservation of records should be longer than one year. While the one year period might ordinarily be adequate (though barely so) for an individual since it is co-terminous with the statute of limitations, that period is much too short for compliance reviews by Government agencies and for private class action suits. Even in the case of an individual, past records would be helpful to establish her or his claim of discrimination.

I hope the Board will carefully consider these comments with a view to making the appropriate modifications in its draft regulations. It should be recalled that the statute authorizes the Board to promulgate regulations which "are necessary or proper to effectuate the purposes of this subchapter, to prevent circumvention or evasion thereof, or to facilitate or substantiate compliance therewith." 15 U.S.C. 1691b. In my judgment, the suggestions made in this submission are well within that statutory directive and the broad proscriptions of the Equal Credit Opportunity Act.

I should add that my constituents, including members of the Massachusetts legislature, have expressed serious doubts of the vitality of these regulations. I think it is fair to say that this letter is a reflection of those concerns. I appreciate your attention to it.

Cordially,

ROBERT F. DRINAN,
Member of Congress.

J. KEVIN MURPHY AWARDED SECRETARY OF DEFENSE MEDAL FOR OUTSTANDING PUBLIC SERVICE

Hon. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. MONTGOMERY. Mr. Speaker, as chairman of the House Select Committee on Missing Persons in Southeast Asia, I am proud today to pay tribute to an outstanding American who has gone the extra mile on behalf of the children of our POW's/MIA's.

On September 10, 1975, the Deputy Secretary of Defense, William P. Clements, presented the Secretary of Defense Medal for Outstanding Public Service to Mr. J. Kevin Murphy, president of Purolator Services, Inc., for his service as chairman of the National Prisoner of War/Missing in Action Scholarship Committee during the period November 1971 to November 1974.

Under Mr. Murphy's leadership, the Scholarship Committee, working closely with the American Legion and the Veterans of Foreign Wars, encouraged State legislatures to provide free tuition for the children of POW/MIA servicemen at State-supported colleges, universities, and vocational schools. Nearly all 50 States now provide these educational benefits to POW/MIA children and more than 95 percent of the children of our missing and captured servicemen are assured of tuition grants.

Mr. Murphy did not stop with tuition grants for these children. He has continued his efforts to assure them of an education. His latest endeavor is a $2,500 annual cash scholarship program sponsored by Purolator Services, Inc. The scholarship program, which will be continued until all children of POW/MIA's have passed college age in about 1995, will provide a 4-year period to each winner. A new scholarship will be awarded each year. The 1975 award will be in the name of Adm. James D. Stockdale, the senior Navy prisoner, who was held for 7 years in North Vietnam. The winner will be selected on the basis of SAT tests which are available at high schools throughout the country.

I wish to extend my heartiest congratulations to Mr. Murphy.

I insert Secretary Clements' remarks at the award ceremony:

J. KEVIN MURPHY AWARDED SECRETARY OF DEFENSE MEDAL FOR OUTSTANDING PUBLIC SERVICE

Ladies and gentlemen, we welcome you to the Pentagon, where today we of the Department of Defense are delighted to have this opportunity to recognize another of the many people who have given of their time and effort in behalf of our prisoners of war and missing in action.

We are particularly happy to have some of our returnees with us today, and also many of you who have been involved in one form or another with our returnee and missing in action programs.

If you look around, you just can't tell who is a returnee, can you?

I think this speaks volumes about how well our returnees are doing.

Before we talk about Kevin Murphy's contributions, I do think it appropriate to tell you the latest information we have about our men who are in a missing status.

Simply put, the situation looks difficult: We have no access to the places where our men were lost.

And though we are in contact with the other side, I am sorry to say that their position of total intransigence has not changed.

But we here at the Defense Department have not forgotten nor will we forget.

You know, the man who is most directly involved in our prisoner of war and missing in action matters is a former returnee himself, (working for Dr. Roger Shields) so we are trying to stay on top of the situation.

Now, as I said before, many people have given of their time and effort to help the returnees and the missing in action. But some are more talented than others, and such a person is J. Kevin Murphy.

He is a lawyer, and a graduate of Colgate and Fordham.

He served in the Navy during World War Two.

And he is now the president and chief executive officer of a company which operates the world's largest ground and air service and the world's largest armored car organization. That company is Purolator Services Incorporated.

(They also had the biggest hold-up and robbery in the history of the United States, but that wasn't Kevin Murphy's fault!!)

Now, Kevin Murphy came to see Roger Shields, who has run our program from the start, and he had an idea to provide tuition free schooling for the children of our prisoners of war and missing in action. This was back in 1971, and Kevin Murphy wanted to know if it was a workable, good idea.

It was, and he took it from there. He formed a committee, became its chairman, and now, four years later, almost all of the States have come on board and have passed legislation providing for free tuition at State supported colleges, universities and vocational schools for children of those servicemen.

It was a tremendous effort, and it took many people working together but the main effort and the leadership came from J. Kevin Murphy.

We are proud to be able to honor Mr. Murphy and we are deeply appreciative.

WAR POWERS RESOLUTION FULFILLING INTENDED OBJECTIVE

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ZABLOCKI. Mr. Speaker, when Congress passed the war powers resolution on November 7, 1973, by overriding a Presidential veto, its primary objective was to reclaim for Congress, war powers and authority as provided under the Constitution. What we did, in effect, was to restore our rightful voice in a full and meaningful partnership with the executive branch in the formulation of foreign policy.

Now, nearly 2 years later, Public Law 94–148 has been implemented on four different occasions, albeit partially and inadequately. Yet, despite that limited test it is not premature to say that those portions of the war powers resolution which have been exercised have worked reasonably well.

The growing awareness of that fact within the media and other quarters is reassuring to me personally as chief House sponsor of the resolution. Certainly it should also serve to reaffirm the conviction of all those who voted for the legislation.

In the Washington Post of Friday, September 19, 1975, Clayton Fritchey discusses the proven effectiveness and value of the war powers resolution. Of particular interest are his references to recent opinion polls which reflect wide citizen support for this type of increased congressional role in foreign policy made possible by the war powers resolution.

In order to bring Mr. Fritchey's views to the attention of my colleagues, I am pleased to place the article in the RECORD at this point.

The article follows:

THE END TO THE WHITE HOUSE BLANK CHECK

(By Clayton Fritchey)

Since returning from the Middle East, Secretary of State Henry Kissinger has spent most of his time on Capitol Hill giving Congress an apparently full and forthright account (including secrets) of the interim peace agreement he worked out with Egypt and Israel. It is a belated but welcome recognition of Congress' constitutional role.

Specifically, it is a welcome contrast to the hooded account given to Congress by the Nixon administration in 1973 after it concluded the "peace with honor" pact that supposedly ended the Vietnamese war.

As we now know, Congress was not informed that former President Nixon had made a secret pledge to South Vietnam to "respond with full force" should the settlement fail. That commitment became known only when South Vietnam called on the United States for help when its army collapsed last spring.

Fortunately, Congress had meanwhile (August 1973) enacted a new War Powers Act that forbids presidential military intervention without the approval of Congress. That is what prevented President Ford from resuming U.S. armed force in Vietnam this year. He openly lamented that the War Powers Act "took away from the President the power to move in a military way to enforce the agreements that were signed in Paris." He said he felt "frustrated."

Both Mr. Ford and Dr. Kissinger have repeatedly grumbled over the determination of Congress to have a hand in the conduct of foreign policy. Despite the administration's complaints, however, its candid dealings with Congress on Arab-Israeli settlements suggest it is becoming reconciled (even if grudgingly) to at least some of the limitations imposed by the legislative branch.

Two years ago the Nixon White House was calling the War Powers Act both unconstitutional and unwise. It contended that it would "seriously undermine this nation's ability to act decisively and convincingly in times of international crisis."

If the Ford administration is now prepared to accept Congress as a serious partner on foreign policy, it will find itself applauded by the American people, for the polls show four out of five citizens strongly in favor of congressional oversight.

In an effort to get a new line on public thinking, the Senate Foreign Relations Committee several days ago called in eight of the nation's leading pollsters. Americans, said Dr. George Gallup, believe that the "public and Congress should have greater influence on U.S. foreign policy." Also, he said, they want more "candor and openness" from political and military leaders. In California, pollster Mervin Field testified, a majority have adopted the "rather revolutionary idea" that "Congress, not the President, should have the strongest voice in foreign policy." On the very day the Senate was hearing this testimony last week, the House passed (388 to 5) a bill designed to curb peacetime emergency powers of the President in much the same way the War Powers Act limited his authority to wage undeclared war. The Senate passed a similar bill unanimously.

Congress feels it is irrational for the country to be governed in normal times by laws voted up years ago for emergency conditions that are now nonexistent. The United States has existed under one national emergency or another since March, 1933, when Franklin D. Roosevelt asked for and got emergency powers to deal with the Great Depression.

When a state of emergency prevails, the President may use extraordinary powers conferred on him by 470 different provisions of the law. The new bill would end four different holdover emergencies: Roosevelt's 1933 one, Truman's 1950 Korean war one and two proclaimed by Nixon with a postal strike and foreign balance of payments. Further, it would enable Congress to end at any time a national emergency by a majority of votes of both houses.

Congress has also put its foot down on the White House substituting foreign "executive agreements" for formal treaties which, under the Constitution, must be ratified by the Senate. In still another hedge against war, legislation was recently passed requiring the administration to get congressional approval for foreign arms sales. All in fall, the jingoistic blank-check days for the White House Caesars are about over.

CAPITOL HILL SCHOOL IS SOMETHING SPECIAL

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. COTTER. Mr. Speaker, urban education has not enjoyed a good press this fall, what with strikes and busing and budget controversies. So it is refreshing now and again to read about a city school that is working despite some monumental odds.

My attention was first drawn to the Edmonds-Peabody School in the District of Columbia by my administrative assistant, Malcolm Campbell, whose children, Malcolm III and Leah, are second and first graders at the school. But it was an article in Monday's Washington Post about this school which articulated a simple, though neglected, truth—education works when parents commit themselves to make it work.

I commend the following article by Washington Post staff writer Lee Daniels to those who are discouraged by the current state of urban education.

The article follows:

CAPITOL HILL SCHOOL IS SOMETHING SPECIAL

(By Lee Daniels)

The school on Capitol Hill has two, small, battered brick buildings. Its playgrounds are not grass, but dirt and concrete, and from the library to the auditorium there is nothing about the place to suggest it is anything special.

The Edmonds-Peabody public school succeeded where most others have failed. It has managed to persuade affluent white parents to forgo private schools and instead send their children to an inner-city school where most of the student population is black.

In 1973, for instance, the school had only about six nonblack students. Now, thanks to a PTA-led recruitment effort more typical of a private than a public school, nonblack pupils number 95—nearly one-quarter of the school's 376 pupils.

The school is one of a small number of D.C. elementary schools where in recent years parents of school pupils have set out to persuade their middle-income neighbors to enroll their children.

While no one thinks these efforts signal an end to declining enrollment for the city's 96 per cent-black school system, or an end to its desertion by affluent blacks and whites, what has occurred at Edmonds-Peabody indicates one way that determined parents and staff can provide academic quality in a racially integrated public school.

The parents involved are convinced they made the right decision.

Listen to Betty Ann Kane, white, an at-large school board member and an eight-year Capitol Hill resident whose two children, Jessica, 6, and Justin, 5, attend the school:

"We believe very strongly in public education and also in the sociological education that comes from mixing with a varied group of children," she says. "We put our children there to demonstrate those beliefs."

Or listen to Henry and Charlotte Jackson, black parents who own a townhouse near the school and whose daughters, Rachael, 5, and Stephanie, 4, attend it:

"We don't believe in sending our kids to private schools when we pay taxes to support public education," says Henry Jackson, a pharmacologist at the U.S. Department of Health, Education and Welfare and president of the PTA.

"Edmonds-Peabody has a very good staff, so we didn't even think about them (private schools)."

The resurgence of the school began three years ago, after parents in the PTA forced the removal of a principal they considered incompetent. They hand-picked Veola M. Jackson, a veteran teacher and administrator for the principalship.

Since 1973, the school's parents and staff have:

Reversed the declining enrollment so that the school is now slightly overcrowded;

Racially integrated the previously heavily black student body;

Increased PTA membership from less than 50 per cent to about 85 per cent of the parents;

Sought and won a $40,000 federal grant to enrich the curriculum, building on the student body's racial and ethnic diversity.

Edmonds-Peabody has been selected as a pilot school for an innovative mathematics program by the National Institute of Education.

Edmonds-Peabody draws its students from a triangular slice of northeast Capitol Hill bounded by 2d and 10th Streets NE., Maryland Avenue and East Capitol Street. Its two buildings are about four blocks apart at 5th and C Streets NE., and at 9th and D Streets NE.

All students will attend classes at both schools for some period of time under a reorganization plan drawn up last year by parents and staff.

The plan replaced graded classes with multi-age, multi-level groupings (for example, 6-to-9-year-old students can comprise one class) and placed some of the groupings at both school buildings, For instance, 6-to-9-year-old students generally go to the Peabody building, while 9-to-12-year-olds use the Edmonds building.

Mrs. Jackson said the plan was aimed at promoting better cooperation between parents and more in-school integration. Under the old plan most white pupils would have gone to class at the Peabody building because they live closer to it.

Some white parents, like the Kanes, needed no coaxing to enroll their children.

Others, however, made the decision only after the PTA in 1973 organized a vigorous recruiting campaign aimed at whites.

The campaign included mailing leaflets to neighborhood residents explaining the school's programs, inviting residents to visit the school, and meetings of PTA members with groups of parents.

"We had to deal with the fear of many parents that their child would be the only white child in the classroom," says PTA vice-president Gary Orfield, a three-year Capitol Hill resident who spearheaded the project.

In 1972 the Orfields were one of three white families whose children attended the school.

"We had to convince everyone to see ourselves as a group and to come in as a group so that no one would be the 'first' to enroll, so that white families wouldn't think they were alone," Orfield, a political scientist at the Brookings Institution, remarks.

"We felt that if people knew the quality of education available at the school, they'd come in."

A meeting to acquaint non-school parents with Edmonds-Peabody held at Orfield's house in the spring of 1974 marked the turning point of the PTA's efforts.

"We thought no more than 30 parents would show up," Orfield remembers. "But about 80 parents came and so did Mrs. Jackson and several teachers."

The first arrivals gathered somewhat nervously in the living room, then, as more arrived, spread to the den, and finaly pushed out into the hallway.

For three hours, as those present sipped coffee and munched doughnuts, questions were raised: Do you have a pre-school? What's the student-teacher ratio? How are teachers selected? What about play space? Won't the multi-level approach be too chaotic?

When it ended, Orfield recalls, still with some wonderment, about 30 parents had decided to enroll their children.

"I had thought it (enrolling more white families) might take two or three years, but it happened quickly," he says and offers a reason why:

"I think people here are really attracted to an integrated school. They think it (fostering integration) is the right thing to do. After all, they're living in an integrated neighborhood." Parents convinced by the PTA effort say several things influenced their decision.

"They have a greater variety (of programs) than the private school which costs $1,000 a year to attend," says Robert Boyd who enrolled his six-year-old daughter, Rebecca, in Edmonds-Peabody last year.

He cited the school's hot lunch program and its foreign language course (his daughter is learning Spanish) as advantages over the private school his daughter attended the previous year.

"Parents trust us to do a job," principal Veola Jackson says in listing reasons for the school's success.

"When you have that trust, the children come to school motivated and the parents get involved in school affairs. When you have parental involvement, motivated children, and dedicated teachers, you have a school that works."

John E. Warren, the ward's school board representative, praises the school as "a unique effort. I wish there were more like it in the ward." Warren attended the Edmonds school in the mid-1950s.

"You have parents there who have the time and money to get involved. Many low-income parents don't," he adds.

Edmonds-Peabody isn't without its share of problems, however.

It started the school year without the two extra classroom teachers it had sought under the school system's school-by-school budgeting policy. School department officials said budget cutbacks forced a deviation from the policy of automatically granting individual schools their self-determined priority needs.

Last week, however, the school got one of the extra teachers and may get the second one soon.

Mrs. Jackson says the new teachers are needed to lower the student-teacher ratio from above 30-to-1 in some classes to the school board-mandated policy of 27 students for each teacher.

Also, the crucial position for its year-long federal grants, that of curriculum coordinator, won't be filled until at least October because school department officials are still considering applicants. The grant will end next July 1.

And, Mrs. Jackson says the school needs such things as additional office help and a full-time librarian and counselor for each school building.

Despite these deficiencies, the mood among parents and staff at the school is a determined, at times buoyant, optimism.

Several parents are already looking ahead to enrolling their children in the city's junior high schools, the level at which many middle income parents opt for private education.

"I do have negative feelings about the junior highs and high schools," Henry Jackson muses, "maybe because I'm not involved at that level."

"We have to fight the urge to pull the kids out," he said. "If we can get the same kind of (parents) input there, then the school system will have to answer to us on that level as they do on this one."

THE BASICS FOR TEACHING CHILDREN

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. FUQUA. Mr. Speaker, in the Nation's quest for a better public educational system, we are encountering many roadblocks. But in order to improve on any system, first the basic problem should be defined.

Recently, in the editorial column of the Tallahassee Democrat, a brief but excellent assessment of this very problem was published. I consider it especially enlightening and have included it in the RECORD and commend this thought-provoking item to my colleagues.

The editorial is as follows:

SCHOOLS MUST RETURN TO TEACHING BASICS

Average scores on college entrance examinations have been declining steadily over the past decade. Last year they fell further than in any previous year.

It does no good to criticize the tests themselves. There may be flaws in the test questions and the manner in which they are given. But that is no defense for the continued decline in national test score averages.

Educators are busy trying to justify themselves. That is to be expected, for the test scores indicate a deplorable situation in the American educational system. Instead of doing a better job of teaching, our schools are getting progressively worse.

And this failure has come about during the decade in which public spending on education has reached fantastic proportions. Instead of buying better education, the American taxpayer has subsidized a system which has done progressively worse by its students.

The educators are still clamoring for more money. The American system seems to have an insatiable appetite, demonstrating great efficiency for spending but little for doing its basic job of teaching children.

It should be clear by now, however, that more money will not buy what the public wants and expects from its education system. There must be basic changes within the system itself.

The first step, in our opinion, is renewed emphasis on the basic skills of reading, writing and arithmetic. This means changes in classroom instruction instead of the constant lip service we get from school administrators.

The children who can't read and write need to be put in special classrooms where they can be taught these basic steps. Without the ability to read and write, no child is going to make use of the educational opportunity being offered him.

Even worse, he is going to join those massive numbers of Americans who have pieces of paper to show they've been through the school system but still can't balance a checkbook or figure basic weights and measures and prices.

Instead of going off on scatterbrained experimental tangents, educators all over the country must devote more classroom time and money to giving students the basic elements they need. No building contractor would think of attempting to build a house without a sound foundation, yet our educators attempt to do this every day. It is past time for a change. A little elementary common sense would be helpful.

The educators are not totally responsible for the intolerable decline in educational standards. There have been outside pressures. Social problems have developed which clearly are beyond their capacity to solve. Legislators, reacting to current fads, have mandated the teaching of courses. Judges have forced their own ideas on the schools. Federal bureaucrats have superimposed their ideas without concern for the educational welfare of the students.

But these things do not excuse the failure of the schools to carry out their basic functions. That is where the real failure has taken place. Educators can't blame anybody but themselves.

Pointing a finger at the culprits, however, isn't going to correct the situation. Public insistence may force misguided educators to do what they are supposed to do.

Let's teach our children to read, write and figure first. After that, we can add all the frills we choose.

VARIETY OF PROBLEMS FACING THE AVIATION INDUSTRY

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. BEARD of Tennessee. Mr. Speaker, on the third of this month Mr. J. S. O'Donnell, the current president of the Airlines Pilots Association, delivered an address to the Greater Miami Aviation Association. Mr. O'Donnell's comments deal with the variety of problems facing the commercial aviation industry. This is a vital industry and I recommend Mr. O'Donnell's remarks to my colleagues. Mr. Speaker, I would like to request that Mr. O'Donnell's address appear in the RECORD.

The article follows:

AIR TRANSPORTATION—TWO CHOICES ONLY: A HEALTHY ECONOMICALLY SOUND SYSTEM OR NATIONALIZATION

When I was invited to address this august group, I felt confident that preparing my remarks would be easy. However, once the task was undertaken, I came to realize that Bob Orben, President Ford's speechwriter, was accurate when he observed that: "Confidence is what you start off with before you completely understand the problem."

In surveying the aviation community and its problems, from the perspective which we get in Washington and from my travels and visits with those operating within the industry, it is apparent that the problems facing our industry are not easily defined, and there is a shortage of simple solutions. Observing the lack of response or concern throughout the Executive Branch of the Federal Government these days, and the unfortunate regulatory positions taken by the CAB these past two decades, one is not surprised at the current state of this industry.

The litany of current difficulties is almost endless: De-regulation, de-control of fuel prices, loss of direction and leadership in the Federal Aviation Administration, no coherent national or international transportation policy, constant bickering and jockeying for position and power between the various regulatory agencies, economic instability in the world and a mindless "consumerism" running amuck with little or no concern for the consequences, worsening labor relations in those companies in which management is under attack for past mistakes and is seeking a fall-guy, an indecisive Congress lacking leadership and direction. And the list goes on and on!

In considering the problems confronting us, one is suddenly struck by the question: How could this industry which so recently held such high promise and which contributes so much to the national interest get in so much trouble so quickly? Is it because of our shortcomings? Were we too ambitious, foolhardy, was it greed on our part? Were we and are we bad planners and managers? While we were clearly over-confident and while we did make some mistakes, the root causes of our problems are clearly external to our industry! Commercial aviation is a regulated industry. And it is bad regulation by and large. But is the cure de-regulation, as some are simplistically suggesting?

Those advocating de-regulation remind me of H. L. Mencken's definition of a liberal "as one who finds a rose more attractive than a cabbage . . . and as a result is convinced that it would make a better soup." The fuzzy logic of deregulation will not make a better soup, but rather will put us in it! If we abruptly attempt to transform this quasi-public utility into a laissez-faire free competition industry, only chaos can result. What is needed is financial stability with the potential for profit, capital accumulation and the ability to cope with the problems induced by inflation. It is also a must that lenders have confidence in and an understanding of the climate which is going to exist. If this is not accomplished, then this capital intensive industry will have but two options . . . public funding with the resultant nationalization as with the railroads or massive dislocations in terms of service to the people and jobs of the employees, as well as staggering losses to the private financial institutions who have invested so heavily in our industry. What is needed is better regulation, not no regulation.

And this brings us to the crux of the situation. Until there is a clearly articulated national transportation policy, we in aviation are destined to continue to play blindman's bluff, with one hand fighting rear guard actions against disjointed government programs and with the other, trying to build an industry without a set of blueprints. There must be a recognition by the Executive Branch of the government and the Congress that aviation is this nation's intermediate and long haul transportation system, notwithstanding the nostalgic 19th century recollections of the iron-wheel advocates who abound in Washington. To continue to beat the dead iron-horse with a bludgeon of federal money while allowing aviation to atrophy is a national scandal. There are even those who appear to take a perverse delight in the fact that aviation is finally "getting theirs" because we haven't as yet gone bankrupt as have the railroads and urban mass transit systems.

What can be done? Former CAB Chairman Secor Browne spelled out a number of options in a recent speech:

"What can government—meaning the President and Congress—do, other than wait for the first in a series of airborne Penn Centrals? Some of the options: It can decide to allocate fuel to the air transportation industry and control its price; it can force its regulatory agency to set fares at compensatory levels and reject those which dilute or divert revenue; it can assume the cost burden of government-mandated safety and environmental aircraft modifications. . . .; it can further subsidize routes and services found to be in the national interest; it can fund programs of transport aircraft and engine development and production; it can bring financial relief to the carriers through a multitude of tax policies."

It can do all these things, but will it? It takes political courage to run counter to the position endorsed by the social Luddites who seek to destroy the goose through short-sighted and expedient policies while still anticipating more golden eggs. Policy reappraisal and regulation reform must address the earning power and financial health of the industry even though it dims the short-term expectations of the consumerists. A healthy industry must be the first priority. And, we surely need not be ashamed of our track record. The low cost of air transportation and the productivity increases of the industry are one of the few bright spots in all of the nation's industries.

A classic example of the impact of the lack of a national transportation policy is found in the inequitable handling of fuel. Aviation was the only mode of transportation which was not recognized as public transportation and given priority at the time of the shortage. And, now the potentially disastrous cost impact which will result from de-control of the fuel prices is totally ignored. This is the case even though the major part of our industry's present financial difficulties flow from this one source. In the last year the air line industry used one billion fewer gallons of fuel, but paid over a billion dollars more for it than was the case in 1973. In the first six (6) months of this year we have the added cost of over $250 million, or about $1.4 million a day. And the hidden cost is often not considered, 10,000 jobs were lost in 1974 alone. If the rumored 7 cent increase in fuel prices results from decontrol, the immediate impact on the industry would be an annual increase of almost three quarters of a billion dollars in fuel costs the first year.

The direct cost would be higher than the country can afford! It would result in the loss of thousands of jobs in the industry and the secondary supporting industries. The resulting contraction would deny adequate air service to hundreds of communities and probably some whole states. It would render impossible timely debt service by the carriers and the drying up of the availability of risk capital for both short and long term requirements. It seems that the Administration is serious when it tells us there is a Ford in our future. Or a Chevy. Or a bus. Or a train. But there won't be adequate air service unless there is a recognition and accommodation to the needs of the aviation systems which now accounts for over 80% of the inter-city public passenger miles, and 8 of every 10 pieces of inter-city first class mail. The de-control decision must be delayed until a solution is found which will not work irreparable harm. An orderly de-control with attendant federal action to eliminate its catastrophic impact on this vital national resource is essential.

Air safety is another area which receives very little meaningful federal attention. Millions of dollars are spent but much of this effort results in little or no near term return. And most is spent to react to a disaster rather than to prevent one. We are heartsick over the recurring number of instances in which our warnings are subsequently proved correct with the resulting high costs in terms of lives and damage to the industry. The FAA has been allowed to drift with an Acting Administrator for almost six (6) months with the erosion of its authority and destruction of its initiative accelerating on a daily basis. And, when goaded into action, we see a very conservative "more of the same" reaction. More regulation, more ground control, and more ground based equipment, more warning systems, more people, more rhetoric detailing its good intentions but not more innovation or a more open mind.

If we are to improve on an already excellent safety record, what we must do is return the decision-making responsibility in aircraft operations to the pilot. We must reverse the current trend which seeks to centralize the critical information in the ground based system with the judgments as to what is relevant information being made on the ground. The basic safety problem which we now have is one of information transfer. No one in the system is qualified by either education, training experience or his awareness of the prevailing situation than the pilot to make the necessary instantaneous decisions affecting safe flight. Yet he does not always have access, in a timely fashion, to the information vital to successful decision-making. This defect must be eliminated. The air line pilot is dedicated to continually strive for the ultimate in air safety.

Aviation safety receives a tremendous amount of publicity, most of it bad. This is unfortunate for, by any yardstick, the safety record of commercial aviation is outstanding. Last year we had 7 fatal accidents in over 10.2 million air carrier operations. The dialogue within the aviation community regarding safety is prompted by a sincere effort to improve upon this already excellent record. But this is often not understood by the press or the public. We must all be careful to insure that we qualify our criticism or we will compound this problem.

While the recitation of the list of problems confronting our industry is formidable, I by no means want to convey the impression that the situation is hopeless. Commercial aviation is a dynamic industry with an unlimited potential for contribution to the national interest. It is too important to allow indifference or ignorance of our needs and concerns by the Federal Government to irreparably damage it. If we are to avoid this, and it surely will happen if something isn't done, then we must accelerate our cooperative efforts to educate and inform. We must work to emphasize our common concerns and minimize the impact of our differences. The over 200 million passengers who depend on this public service, and the million and a half people whose employment or life are touched by this dynamic industry, depend on all of you. An economically viable free air transport system is an essential part of our nation's continued health and development. And we in this industry must speak out at every turn against those who seeks our destruction to advance the iron-wheel bureaucrats in the Federal Government.

GOP HOUSE LEADER OPPOSES ADMINISTRATION PLAN TO DESTROY TRUST FUND

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. SHUSTER. Mr. Speaker, Congressman JOHN RHODES, our minority leader, deserves great credit for rising above partisan politics to oppose the administration's attempt to destroy the highway trust fund.

Congressman RHODES testified before the Surface Transportation Subcommittee today stating:

> The Trust Fund is a fiscal vehicle that has a 20-year record of non-stop success in providing a steady flow of multi-billions of dollars to sustain a long-term building program of national priority, simultaneously in every State in the Union. It has delivered interest-free dollars when they were needed, where they were needed . . . dollars that came from the purse of the users. Clearly, on the basis of delivering results, the Trust Fund concept has no peer . . . I submit that having firmly established a workable mechanism for transportation progress, we retain it and address ourselves to assessing the proper "goals" to which we will direct this powerful, proven mechanism of public finance in the days ahead.

Mr. Speaker, it is time for the administration to rethink its position. America needs the highway trust fund and we need a U.S. Transportation Department which recognizes that fact.

BILLY SIMPSON: A REMINISCENCE

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. CLAY. Mr. Speaker, the recent, sudden death of William—Billy—Simpson was a loss not only to the city of Washington, but to mankind. Billy, as he was familiarly known, greeted each day with love in his heart. With that love he converted enemies into friends and friends into brothers. He forever sought to praise rather than criticize.

Billy was a man of many qualities. But perhaps what a friend of his wrote September 4, 1975 can best describe what Billy's life was all about. Mr. Speaker, I commend the following to my colleagues:

> BILLY SIMPSON: A REMINISCENCE
>
> Do you suppose anybody ever called him anything but Billy?
>
> I can't imagine anyone who ever knew Billy Simpson (and was there ever anybody who didn't know Billy Simpson?)—I can't imagine anyone calling him Bill, or Will, or William. He had an identity, a whole world of meaning conveyed in the mention of his name: "Billy Simpson."
>
> For Billy Simpson was at once the elfin, puckish, chubby youth I knew more than forty years ago in junior high school—and the same cheerful, rotund friend—diminutive in height but towering in presence—of ten thousand days since.
>
> We were in a play together, Billy and I, at Garnet Patterson Junior High School in Washington: Snow White and the Seven Dwarfs. I played the role of the Wicked Stepmother and Billy was cast, with some perception on the part of our drama teacher, as the cheerful, optimistic and talkative Doc—a role he fitted both in appearance and natural manner, even then.
>
> Each person who knew Billy Simpson knew him in his or her own way, of course, and perhaps the whole story of his life will never be told the way it should be told, in concert by all of us who knew and were touched by him.
>
> Billy Simpson was born William Walton Simpson in Washington, D.C., on May 3, 1914. Except for Navy service during World War II, his entire life was spent in the District of Columbia . . . and as one of his friends said shortly after his death, it seemed that he felt an indebtedness to his native city which he was always repaying. Another friend added that Billy was not the innovator, not the designer of grand plans for the city—he was just the one who made them work.
>
> After school, we went our ways and I didn't encounter Billy Simpson again until the late forties, after he had opened his 652 Club on Newton Street—and who of my generation doesn't remember "652," that magnet for members of the Black Establishment from all over the country . . . and for the ordinary citizens of Washington who came because it was one of the few establishments of that day where they knew they were welcome.
>
> In 1956, Billy opened Billy Simpson's House of Seafood and Steaks on Georgia Avenue. Like the 652 Club before it, the new restaurant was to become a worldwide magnet, reaching out and drawing in the great and the near-great from all over the world . . . and Billy Simpson's fellow citizens from all over the city. It was the meeting place of local and national politicians, of African diplomats . . . of black activists and white . . . of Councilmen and clergymen.
>
> For Billy Simpson was far more than a restaurateur, far more than a host. He was at once the magnet drawing people together and the catalyst converting frequently alien elements into useful and productive forces. For years intensely aware of the need for a strong political system in the then-voteless District of Columbia, he provided both a meeting place and a forum for the many diverse elements of the city. Billy was not the type of man you would call an activist, and yet he made activism possible; when some contingents in the Poor People's March arrived ahead of schedule and without food, it was Billy Simpson who on 24 hours' notice was able to come up with over 1,000 box lunches. A year later, he provided food for student sit-in demonstrators at Howard University—not to make a political judgment but simply because he felt the demonstrators shouldn't be forced to abandon their stand because of simple hunger. Weeks before his death, he was providing meeting space for dissident elements in a bitter controversy concerning our schools; again, he was not taking sides, but doing his part to help support free expression that might otherwise find no forum for rational expression.
>
> Internationally, Billy Simpson had many ties with the African diplomatic corps in the District of Columbia. And there were ties on many levels. The upstairs Ebony Room at his restaurant was established in their honor, with its Gold Coast Bar and overhead map of the African continent. At the same time, Billy was helping young Liberian students in this country—sometimes with a loan, or perhaps a meal . . . an introduction, useful advice. In 1964 he was invited to Liberia as guest of that country's treasury secretary to attend the inauguration of President William V. S. Tubman; he was honored by Liberia that same year with its African Star of Redemption award.
>
> In the city, Billy was ever active. Described by his friends as a "one-man welfare department," he achieved a spectacular record as fund-raising chairman for the 12th Street YMCA in a drive to provide 5,000 free memberships for youth in the area. He sponsored several Little League baseball teams and a number of adult bowling teams . . . he was on the boards of a dozen civic organizations—never the up-front man, just the man who got things done. A lover of political debate, and an intense partisan in his own way, he could often be found at the center of heated arguments in his own Ebony Room—debates that he would leave without hesitation to escort a female patron down the steps and out to her car or a cab.
>
> For he was a gracious man, above all. A man who thanked you for thanking him. A man whose most frequently-used expression was "Always a pleasure"—who said it from the heart and meant it.
>
> What kind of a man was this—a man who could feed the lowliest with his own hands, and who would also be called upon to second the nomination of a Democratic candidate for the Presidency of the United States? He was a man, his longtime friend Mayor Walter E. Washington said, who knew exactly who he was. He could be a delegate to the Democratic convention, just as he could be a man among men—he could be a director of the Howard University Cancer Research Center, as he was, a board member of the Washington Urban League . . . and he could

be Billy Simpson, wangling two more places in a summer camp for two needy kids he had learned about.

Many of my own contacts with Billy Simpson were in civic activities over the years, although because of my own business background I had particular regard for his entrepreneurial activities both with his restaurant and as president of Black Enterprise. (Billy Simpson believed that Black Enterprise was a high and meaningful calling. Although he started as a restaurateur under segregation, he never believed that he had a "captive audience;" he believed that his establishment should be as good as the best "downtown" restaurant in food as well as in service, in atmosphere as well as in cleanliness and sanitation. As an outpost of Black Enterprise, his undertaking was a showcase of what Blacks could do in the community. It is characteristic of the man that at a time when virtually no Black-owned establishments had them, he fought and gained acceptance by the major credit card organizations . . . a small thing in the community at large perhaps, but one of many milestones in the march toward full equality. And it was equally characteristic to find him on the board of the integrated Independence Federal Savings and Loan Association, a Washington organization which has some 80% of its mortgages in the city proper—an extremely significant statistic.

It sounds almost trite to say that one of Billy Simpson's outstanding characteristics was his concern for others—and yet in the end "concern" is the one word that describes and epitomizes his outlook. Curiously self-effacing in the expression of that concern, I never fully realized his impact on others until the special four-hour radio program which was broadcast September 1, not to mourn his passing but to celebrate his contributions to his city. Four hours is a long time, or so it would seem, and yet at the end of that time there were still those who had not been heard from. His friend City Council Chairman Sterling Tucker was the principal host for this program, and those who came to speak and reminisce about Billy Simpson were legion: his friend the Mayor, the Liberian Ambassador . . . City Councilmen, City Department Heads, clergymen, businessmen, neighbors . . . friends. It was the kind of tribute few men receive, and yet oddly fitting—there were no tearful eulogies, no emotion-charged sermons, but the small talk of people remembering well one whose presence among them would not be extinguished by his death.

Perhaps the most telling aspect of the four-hour program was the frequent mention of Billy Simpson's wife of 18 years, Edith Berkley, who survives him. They were married in 1957 in a ceremony performed by the late Rep. Adam Clayton Powell. For Edith was so much part of the scene; like Billy, she never sought the limelight, and yet it was her efforts and management that made it possible for him to do as much as he did in the community. It is not enough to say that Edith and Billy were a perfect "team"—they were Edith and Billy, and whoever knew them and knew the relationship to each other and to the community knows immediately what words cannot describe.

"Washington will never be the same without him." I heard this said more than once after his death. I do not agree. The proper statement is: Washington will never be the same because of him, because of his contribution to its political viability, its economic development . . . its human resources.

Billy Simpson is survived by his wife, by his son Roger and his daughter Betty Cornish, and three grandchildren—but he is survived also by a spirit which has touched and will continue to touch many individuals in many generations—and will make us all better for it.—A Friend.

THE RAILROAD MESS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. HAMILTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my Washington report entitled "The Railroad Mess":

THE RAILROAD MESS

How to get our railroads back on the track is one of the nation's most urgent public policy problems.

The United States railroad system, once the undisputed transportation king, has been jolted in recent years by major railroad bankruptcies, by the necessity of public subsidy to maintain certain services, and by a discouraging cycle of flagging railroad earnings, poor service, and uncompetitiveness. Of course, not all the nation's railroads are in trouble, and some are making money. The problem centers on how to deal with the ailing, bankrupt rail lines in the Northeast and Midwest and how to provide good passenger service nationwide.

Few of us realize how indispensable railroads are to the nation. The United States cannot get along without them. They haul nearly 40% of all intercity freight—more than trucks, barges, and air carriers combined—over 60% of the shipments by manufacturers, and over two-thirds of the grain from the North Central states. Rails move the greatest quantity of freight the longest distance of any form of transportation, and railroads carry people and goods at low per-unit cost, with relatively low pollution and fuel consumption.

The Congress took a major step toward improving rail passenger service by establishing Amtrak in 1970. Although bedeviled by mechanical and human failures, Amtrak has done a creditable job of bringing back rail passenger service in its first four years of operation. Last year Amtrak carried 18.5 million passengers on 225 daily trains serving 424 communities coast to coast. However, Amtrak is losing money. So far the federal government has provided nearly $1.5 billion in grants and loan guarantees to Amtrak. At present, it would lose an estimated $90 million a year even if every seat on every train could be filled.

The Congress has also tackled the challenge of restructuring the Penn Central and five other bankrupt railroads in the Northeast and Midwest. Created in 1973 to plan a consolidated rail system (Conrail) and carry out the biggest corporate reorganization in the nation's history, the U.S. Railway Association has completed the blueprint for the new system, and the Congress must decide if it will accept it. One of the most difficult problems with the final plan is the impact the proposed abandonment of some 5,700 miles of unprofitable branch lines would have on the economies of hundreds of communities in the Northeast and Midwest. The goal is to create a single, unified railroad company which will be financially self-supporting in the future. Critics say it cannot be done, and they contend that the near $7 billion of federal funds needed to rehabilitate and modernize the bankrupt Northeastern railroads will not be enough and that Conrail will continue to need federal support.

Over-regulation and inequitable governmental policies greatly hamper the railroads. Although railroads are regulated 100%, truck traffic is regulated 39%, and barge line traffic is regulated only 13%. Regulation of the railroads prevents competition and stifles innovation Airports, highways, and canals are subsidized while railway roadbeds are not. The railroads also pay a greater proportion of their revenues than other carriers for taxes on right-of-way facilities, and, at least in the past, they have received little federal aid.

Another problem facing the industry is the lack of capital to rehabilitate and maintain deteriorating rail facilities. The rate of return of U.S. railroads has been too slender to accommodate the approximately $7 billion needed to bring all of the nation's tracks up to standard.

The problems of the railroads are real, and there are no simple solutions. Proposals have been made for nationalization of the railroads or federal takeover and maintenance of all trackage and roadbeds. But these proposals, besides being enormously costly, offer no guarantee of efficient or wise management. I see no way to avoid putting large sums of federal dollars into the railroads, and the best solution will be the one to assure that the taxpayer gets the most for his dollar. Hard questions confront us on the best type of transportation system for the country and on the appropriate role of government in its achievement.

There is just too much at stake in the consideration of how to deal with the railroads for anything less than the most careful scrutiny and a comprehensive approach. The cost of living and the quality of life for millions of Americans are involved as well as the kind of relationship which will exist between private industry and government for many years to come.

LEIF ERIKSON DAY

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ZEFERETTI. Mr. Speaker, President Ford has officially proclaimed October 9 as Leif Erikson Day and Norwegian-American Day. It is not only a fitting tribute to the man who led explorations of the North Atlantic many centuries ago, but recognition of the invaluable contributions made by Norwegian-Americans since their first organized migration to the United States 150 years ago.

Since the landing of 52 Norwegian-Americans in New York on October 9, 1825, they and their ancestors have added their own life style and culture to America. The Norwegian culture is a rich one, a culture we are certainly proud to have been able to add to our own. Norwegian-Americans have also proven to be a source of deep patriotism, men and women who have been proud to call themselves American, and who have contributed immensely toward the building of our strong and powerful Nation.

The people of the United States will be honored by the visit of His Majesty, King Olav V of Norway on October 4 to celebrate this Sesquicentennial Anniversary of Norwegian Immigration. King Olav will visit New York, Minneapolis, Chicago, Seattle, Los Angeles, San Francisco, and Anchorage. I am personally honored by his visit and tribute to the growth and development of the Norwegian-American community here. I welcome His Majesty to America, and on behalf of my constituents and colleagues, extend my best wishes for a successful stay in our country.

THE HUD MESS IN DETROIT

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. BRODHEAD. Mr. Speaker, I would like to bring to the attention of my colleagues the testimony I gave regarding the HUD mess in Detroit before the Subcommittee on Manpower and Housing of the House of Representatives Committee on Government Operations. That testimony follows:

THE HUD MESS IN DETROIT

(By Representative WILLIAM M. BRODHEAD)

Mr. Chairman and Members of the Committee: The history of the Department of Housing and Urban Development's operations in the City of Detroit is a tragic failure. It is a story of corruption, stupidity and ineptness. It is the story of a government agency which, though originally intended to serve the people's needs, has instead added greatly to their problems.

HUD officials would like to erase Detroit from their memories. They hang their heads in shame whenever the city is mentioned. To them, Detroit represents the abject failure of their policies. It is the classic example of waste in government spending and of bureaucratic bumbling. It has resulted in more than 100 indictments of government officials, speculators and unprincipled contractors.

Perhaps the most terrible example of this failure is the stark statistic of homes demolished and condemned in the past five years.

Since 1970, HUD has been forced to demolish some 8,400 homes in Detroit . . . homes that were sound and livable when HUD acquired them. More than 3,500 additional homes have been condemned and are awaiting demolition.

If we assign the conservative value of $15,000 to each of these 12,000 homes, we can begin to see the outrageous cost of HUD mismanagement to the people of Detroit . . . and ultimately to the taxpayers of the United States.

The bill for this bumbling is already $180 million . . . and it's growing every day. These demolished homes represent a total failure:

A failure of HUD's management.

A failure of HUD's rehabilitation program.

A failure of HUD's sales program.

A failure to the surrounding homeowners.

And a failure to this country's taxpayers who are footing the bills.

In terms of population, Detroit is the fifth largest American city. However, in terms of its problems with HUD, Detroit dwarfs the larger cities of New York and Chicago. The inventory of HUD-owned properties in the Detroit area is more than twice the combined totals for Chicago and New York. Over one-fifth of HUD's entire inventory of some 64,000 properties is located in Detroit. It is estimated that it costs the taxpayers about $100,000 a day to maintain this property and that, in HUD's own estimate, it will take 15 years to eventually eliminate the inventory.

To put the problem in perspective, the Detroit HUD inventory of 14,800 homes could house a city of 50,000 persons. And these figures fall short of describing the full magnitude of the problem, especially its destruction of the quality of life in Detroit neighborhoods.

In some of the older parts of the city, block after block of abandoned HUD homes stand open to vandals in a scene reminiscent of the bombed-out cities of Europe during World War II.

In other sections of Detroit, a city once famous for its high percentage of owner-occupied single-family homes, one abandoned HUD house—poorly maintained and often vandalized—works its rot on an otherwise beautiful block of gracious homes. And that scene, too, is repeated on block after block of the city—especially in that portion of Detroit which falls in my 17th Congressional District.

When we total the cost of this tragic failure, we must add such things as:

The losses in property value to the surrounding homeowners;

The encouragement to crime occasioned by abandoned houses;

The flagging morale of Detroit citizens faced on every side with this growing cancer; and

And, not least of all, the tremendous tax loss to a city already severely strained by inflation and unemployment.

Small wonder, then, that Detroit Mayor Coleman Young has characterized the Detroit HUD operation as a "disaster" and Council President Carl Levin has called it "an unbelievable bureaucratic mess." Councilman Clyde Cleveland was only half joking when he said, "HUD has done for Detroit what the Boston Strangler did for door-to-door salesmen."

THE MAINTENANCE FAILURE

Mr. Chairman, let me turn to the HUD maintenance program for these abandoned homes. HUD calls it the "area-manager" system.

According to information supplied to me in July, 1975 by HUD, area managers are responsible for initial and continuing services including, as needed; winterizing, interior and exterior housekeeping, inspection, lawn maintenance, keying of property, maintaining security of property, posting proper forms and signs, and correcting safety and health hazards. For providing this care, area managers are paid an amount ranging from $6.95 to $15.00 per unit per month.

I think that these regulations are fairly specific and would, if followed, insure proper care of government property and at the same time keep it from becoming an eyesore or otherwise burdening the neighborhoods in which it is located. However, these regulations are apparently ignored.

Mr. Chairman, I have with me several photographs of HUD-owned homes in Detroit which were taken by my staff just last week. All of these homes are located in my District. As you can see, these neighborhoods, with some exceptions, are well-kept and the homes are cared for with considerable pride and attention. Although I have not marked the HUD-owned properties, I am sure that you can pick them out. They are the structures that are boarded up, the ones with the broken windows, trash on the property, unmowed lawns, etc. One of these homes is located on Glastonbury Road, where my Detroit home is located.

The appearance of these homes does not seem to be an important concern of either HUD or the area managers. Their care invites vandalism and arson; it presents a substantial safety hazard to youngsters in the neighborhood; it provides nesting areas for rodents and other pests; and it destroys the character of many fine neighborhoods. I am sure that the Committee can appreciate the effects of living next door to to these rotting hulks for a couple of years, which is not an unusual length of time for a house to remain in the inventory.

It appears that HUD relies almost exclusively on residents of the neighborhood to keep the area managers on their toes. I have received reports from many residents who have complained to HUD that the Department is excessively slow in correcting these conditions, if it does so at all. Local residents are put in the absurd position of paying the Federal Government to maintain health and safety hazards in their neighborhoods.

I might add that, on the average, each of the 23 area managers in the City of Detroit receives fees of $31,000 per year, based on the smallest per unit, per month price of $6.95. Obviously, under the present system, area managers stand to increase their profits substantially if they do not carry out their duties. This is especially true since the prospects of being caught or sanctioned for non-performance are apparently very small.

During the July hearings of this Committee, Mr. Robert Odle, Deputy Assistant Secretary for Housing Management, spoke of the goal of improving the quality of services obtained from HUD's area managers. To this end the Department was developing an "Area Managers Handbook" to clearly and concisely spell out the area managers' duties and requirements. Regulations covering required duties for area managers were in force at the time that Mr. Odle made his statement. When good regulations already exist but are not enforced, it seems ridiculous to respond to the problem by developing a "handbook."

Mr. Odle added that Housing Management is "working with Development and Research to devise and test incentive-type payment schedules for area managers to improve timeliness and quality of performance." It is a giant step forward that the Department is at least talking about this problem, but based on past experiences I fear any actual changes in the pay schedule will be years in coming.

In light of the above, it seems obvious that the best way to deal with homes in well-kept neighborhoods such as these is to get them out of the inventory as quickly as possible. However, HUD has proven inflexible in adopting procedures to fit its needs.

THE REHABILITATION FAILURE

This brings us to the second great failure of the HUD program . . . the failure of its rehabilitation program.

During the years of 1972 through 1974, HUD was rehabilitating some 2,000 properties per year in the Detroit area. The idea was to put only livable, rehabilitated homes back on the housing market.

Since July of 1974, HUD has all but abandoned this program, dumping thousands of run-down homes on the market in their "as-is" sales program. In the past 15 months, only 300 properties were let out on bids for rehabilitation . . . and only 200 have been completed.

As an excuse for this shoddy performance, HUD cites the goal of the "maximum return to the insurance fund." Surely this is a laudable goal, and I endorse it. However, I cannot endorse the means.

How can HUD claim that the return to the insurance fund is greater if a delapidated house is sold for $4 thousand . . . when that same house could be sold for $12,000 with an expenditure of two or three thousand for repairs?

HUD claims that rehabilitated homes are often vandalized before they can be sold. To that claim, I would answer . . . you are paying your area managers to provide security . . . make them earn their pay.

HUD claims that the rehabilitation program takes too much time. To that claim, I would answer . . . cut the red tape.

Where a home is basically sound and can be repaired with minimum cost . . . especially where it is located in a sound residential area, I believe that HUD should take immediate steps to rehabilitate it and sell it to a private owner.

Homes beyond repair should be demolished immediately to remove safety and health hazards from the community. This is not done; however, the average waiting period from the time a house is ordered demolished until it is actually torn down is 10 months.

As I pointed out earlier, demolition is relied on fairly extensively in Detroit. One of the problems presently facing the people in Detroit is the possibility of having to live for an indefinite period with 3,500 condemned structures in their neighborhoods. These dilapidated houses—many no more than skeletons of brick and wood—are beyond repair, and are hazardous to residents. They must be demolished as soon as possible. The source of the delay is a dispute between HUD and the Detroit demolition firms that bid on HUD contracts.

Because four contractors have been indicted and one has pled guilty to an information of failure to remove and carry away debris and rubble and for burying debris on the demolition sites in violation of their contract specifications, HUD suspended 39 of the 41 firms in the city that can do the Department's demolition work.

Because the decision to suspend these 39 firms was made in Washington and because it seemed to me that all the facts relevant to this action were not disclosed, I wrote to Secretary Hills about the matter and requested a meeting of top-level HUD and city officials.

In her reply, the Secretary observed that only "a number of contractors"—and not all 39 suspended firms—failed to meet contract specifications. The Department's reasons for some suspensions are clear; however, I am greatly concerned about HUD's reasons for suspending all 39 contractors, when apparently their only crime was guilt by association. This appears to be an arbitrary action by HUD, a dangerous precedent that warrants careful scrutiny. I intend to pursue this matter further, and I ask the Committee to bring it up with Secretary Hills when she appears before you next week.

THE SALES FAILURE

The final failure which I will mention today is the failure of the HUD sales program.

As I stated before, HUD estimates that it will take 15 years to eliminate its current inventory. I believe that this estimate is wildly optimistic. In many months, the number of new homes acquired by HUD actually outstrips the number disposed of.

Even at best, this is 15 years too many of continued devastation for our cities. It is 15 years too many of red tape and bungling and mismanagement.

HUD is relying more and more on as-is sales. Because of the shortage of mortgage money and the high cost of making these houses livable, in most cases only speculators can afford to buy them. As was pointed out in last week's hearings, it is indeed a sad state of affairs when speculators can buy houses as-is for a few thousand dollars, fix them up and sell them for many thousands more.

This failure . . . this tremendous time lag between acquisition and disposal . . . has done more than anything else to make the Detroit HUD operation a prime example of government at its worst;

RECOMMENDATIONS

I believe that the Department can correct the situation I have described here today by implementing the following recommendations.

1. To stem HUD's high rate of foreclosures, the Department needs to implement immediately its own recommendations for *pre- and post-occupancy counseling* and *default counseling*, both of which have proven effective in reducing the number of foreclosures.

2. HUD should begin *immediate rehabilitation* of houses in areas where blight has not yet set in, and these houses should be given top sales priority to get them into the hands of private owners as quickly as possible.

3. HUD should move ahead with programs designed to *get HUD properties out of the control of the Federal Government* and into local hands, where responsibility to the community is greatest. This includes accelerated programs to provide salvageable housing to state and local authorities for rehabilitation and subsequent sale or rental.

4. Local HUD offices must have *greater flexibility* in dealing with special problems. For example, the Department should allow local officials to experiment with using block clubs and other community-oriented organizations to care for HUD homes.

5. *Innovative marketing techniques* should replace the older, unsuccessful methods. For example, HUD should pattern its advertisements after those used by private realtors . . . advertisements geared to sell rather than to confuse.

6. Complex and archaic bidding procedures and other forms of *red tape must be simplified* so that the Department's operations are more efficient and more understandable.

7. *Greater supervision* needs to be exercised over contractors to identify and correct errors quickly and to protect the public interest.

At the beginning of my testimony, I stated that HUD officials hang their heads in shame at the mention of Detroit. They'd like the Detroit mess to go away.

I would recommend to the Secretary that the best way to make the problem disappear is to solve it!

Secretary Hills should gather the best minds in the HUD system . . . from Washington and from other cities where there are successful operations. She should accompany them to Detroit . . . tour the streets devastated by HUD bungling . . . and then sit down with them until they have come up with a viable solution. In this way, she could replace shame with pride.

In closing, Mr. Chairman, I want to thank the Committee Members for their courteous attention. May I suggest that this Committee . . . or any other Committee working on housing legislation would do well to hold a meeting in Detroit to view at first hand the terrible problems created by a government agency.

SPAIN UNDER ATTACK

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Government of Spain has executed five terrorists for murdering police officers. A tremendous outcry arose in Europe to protest the executions. Western countries with Socialist Governments, such as England and Sweden, recalled their Ambassadors. Demonstrations and terrorist attacks on Spanish property in Western Europe took place.

The protests are aimed at the wrong party. The Spanish Government has a right and a duty to protect its people against terrorism. The real protest target should be Red China, a government which gives support to the Maoist terrorists in Spain, three of whom were among the executed murderers. The other two murderers were Basque separatists, who have formed one party with the Trotskyite Communists. Protests should be lodged against France, which tolerates those who plan terrorism in Spain, and gives them refuge. The Trotskyite Fourth International has its headquarters in Paris, as do the Basque separatists.

I hope that our Government does not fall victim to the campaign against Spain. We should support the Government of Spain in its campaign against terrorism. The same terrorists may be committing acts of violence against us next year.

THE FUTURE AND CONGRESS—II

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ROSE. Mr. Speaker, Ted Gordon was one of the featured speakers at the recent Congressional Seminar on the Future called, "Outstanding Crisis: Futures Thinking in Congress."

Mr. Gordon is president of the Futures Group, a management research and consulting organization devoted to long range forecasting and policy analysis.

Mr. Gordon has been involved in questions of policy analysis and in 1971 formed the Futures Group to apply the forecasting and analytical methods used in the space industry to other fields. Since then he has been involved in studies covering such diverse topics as geothermal energy, science, technology and world food problems, and crises in the future.

He describes the relevance of various futures research and forecasting methods for congressional operations. A summary of his remarks follows:

CONGRESSIONAL PROBLEMS SOLVING

From studies of Congressional operations, we in the Futures Group have found that the decision making process begins with problem detection and problem definition. From there, committees and staff explore possible policy changes and formulate new legislation.

Problems are detected by routine Executive Branch publications, by informal networks such as a phone call from a constituent, or by media detection, mail responses or lobbyist actions.

Problems are defined by staff analysis or by outside studies undertaken by CRS, GAO or other consultants.

Policy exploration is carried on in committee hearings or by contracted studies and legislation is formulated by committee members and staff.

The problems with this method of decisionmaking as Mr. Gordon's group sees them are that there is a lack of coordination among committees; there is a lack of time to review relevant data; there are pressures for immediate action.

In addition, conflicting input data cause problems with this method, as well as deficient recordkeeping concerning previous actions taken. "Champions" have to emerge as leaders of legislative ideas or the policy changes may not reach fruition.

The ideal approach would be to have some early warning apparatus that could alert Members of Congress to emerging problems. Then, several policies might be tested to see which one could most easily solve the problem, as well as provide time for an identification of the side effects for each possibility. The approach would also be systemic, cutting across various fields and interest areas.

A planning system may involve a monitor which detected problems. Forecasts might be developed to test outcomes of the problem. Each forecast could be assessed to decide if it was leading us toward the desired state at which we hoped to be, and toward what actions we needed to take to reach that state. Then action on the problem would take place, based on our choice of the best option, judged by its ability to take us in the direction we wanted to go.

Forecasts may be based on consensus, trend extrapolation or simulation. We would need to apply the possibility of unprecedented events into each of the other three as well so that our forecasts would be more realistic.

And in order to assess our possible solutions, we could ask the Office of Technology Assessment to assist us. We could study the goals and objectives of participatory citizen groups, and we could build simulation models based on our several choices to study alternative solutions.

THE NEED FOR A TRANSIT SUBSIDY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. RANGEL. Mr. Speaker, as the inflation rate continues to climb and threatens to overwhelm us all, no one in this body has to be reminded of the disastrous ripple effect that higher prices can cause. The recent increase in the mass transit fare in New York is destined to place an even greater burden upon many of our economically deprived citizens.

Raising the fare to 50 cents will cause larger deficits for New York City as a result of decrease in ridership in our transit system. In the midst of a fiscal crisis in New York City and an energy crisis nationwide, we are following a policy which will lead to the abandonment of the potentially strongest mass transit system in the United States. This is lunacy and we must mobilize to fight this self-defeating fare increase.

Solutions are needed now, because New York City is just an example of what is to happen to smaller cities as they become victims of inflation. With this in mind I would like to insert in the RECORD an editorial comment by Theodore W. Kheel, president of the Authority for Coordinating Transportation in New York City. His views and policy recommendations are refreshing and will hopefully serve as a catalyst for congressional action in this area. The full text of his statement follows:

TRANSIT SUBSIDY R–2

(I'm Theodore W. Kheel, president of the Authority for Coordinating Transportation, replying to a Channel 2 editorial.)

Channel 2 is wrong to say that the 50-cent fare is "economically and socially acceptable" nor is it necessary to entice investors to buy our bonds.

The 50-cent fare is generating a substantial rise in the cost-of-living. This in turn will cost hundreds of millions of dollars in wage increases under contracts with cost-of-living clauses. The inflationary impact will rival the consequences of the Russian wheat deal.

Transit ridership has always declined after every fare increase. A great portion of the lost riders switch to automobiles, producing greater costs in congestion and air pollution. Fare increases also discourage off-peak riders, who are most often shoppers. The economic decline of New York City parallels its transit decline—fewer riders, fewer shoppers.

Instead of raising fares, we should be lowering them. That will encourage business and make our bonds a better buy. Our experience with half-fares on Sunday and similar reduced fare experiments in Atlanta, Seattle and other cities, proves that cutting back on fares pays off. The subways represent a $50 billion capital investment but they are hardly used at all in non-rush hours. Like the telephone company, we should cut the price in off-hours to encourage greater use of this neglected resource.

The 50-cent fare is a tax on people least able to pay. A regional tax on automobile users is more economically and socially acceptable.

TURKISH ARMS EMBARGO

HON. DAN DANIEL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. DAN DANIEL. Mr. Speaker, in his appearance before the American Legion during its 57th national convention in Minneapolis, Minn., August 15–21, 1975, the President placed great emphasis on the difficulties being experienced in the conduct of foreign policy due to the embargo on the shipment of arms to Turkey. Partly as a result of the President's emphasis on this matter, and also due to consideration of the matter in some depth by the Foreign Relations Committee of the convention, the convention adopted a forthright resolution recommending that the Congress immediately lift the embargo on military aid to Turkey.

There have been instances when, having taken a position, the Congress has reversed itself. Such action is in order on the question of lifting the embargo on Turkey. For myself, I supported the embargo, because I felt that Turkey had clearly violated the terms under which military supplies were accepted. It is apparent that the point has been made, and in the interest of all parties the embargo should be lifted.

It seems to me that my colleagues will want to take prompt action on this matter. I am placing the American Legion resolution in the RECORD so that it may be read by the Members of this body in its entirety:

GREECE AND TURKEY

Resolution No. 336 (Texas), as amended:

Whereas, Greece and Turkey are allied with the United States in the North Atlantic Treaty Organization; and

Whereas, Current diplomatic differences between Greece and Turkey and the United States are gravely weakening the NATO alliance; and

Whereas, Both nations are essential to the security of the United States and the Free World in the Mediterranean area, providing military bases for NATO as well as furnishing troops and materiel; and

Whereas, The strategic locations of Greece and Turkey which, together, anchor the southeastern extremity of the NATO defense against possible Soviet expansion into the Mediterranean and the Indian Ocean; and

Whereas, The American use of *military* bases in Greece and Turkey under NATO authority has been suspended; and

Whereas, The United States has longstanding friendships with both Greece and Turkey and is vitally interested in seeing these two allies compose their mutual differences; now, therefore, be it

Resolved, by The American Legion in National Convention assembled in Minneapolis, Minnesota, August 19, 20, 21, 1975 that we express our appreciation for the contributions made by the Greek and Turkish peoples to the cause of the Free World and support mediation or other peaceful efforts to assist them in resolving their differences; and be it further

Resolved, that we strongly urge the United States to take every possible measure to insure that present U.S. and NATO bases in Greece and Turkey operate without restrictions, and we urge the Congress immediately to lift the embargo in military aid to Turkey.

TERRORIST CONTROL NOT GUN CONTROL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. McDONALD of Georgia. Mr. Speaker, twice in 3 weeks the President of the United States has been miraculously saved from assassins' bullets. In each case, a member of an extremist, violence-oriented group attempted to shoot the President. The communications media are almost unanimous in calling for "gun control"—as they term what would amount to gun confiscation. Some of our colleagues have echoed these same cries.

As a medical doctor, I know the history of my profession. I know that only 60 or 70 years ago medical practitioners had to fight against the false remedies of the quacks and snake oil salesmen. Now quacks are trying to sell gun confiscation as "gun control" to cope with assassinations. It would be no more effective than snake oil.

The problem of assassination attempts is the problem of terrorism. We are rapidly approaching the Bicentennial and there is every reason to believe that the Marxist-Leninist terrorists will carry out their threats to increase violence during the Bicentennial celebrations. The tempted assassinations of President Ford are part of this problem.

Severe restrictions on gun ownership will not prevent criminals and revolutionary terrorists from obtaining them. We already have gun control. Possession of submachine guns and other fully automatic weapons, hand grenades and bazookas has been outlawed by Federal legislation for decades. Yet the Black Liberation Army terrorists were able to obtain these for use against the police.

The Symbionese Liberation Army terrorists were able to modify their weapons into fully-automatic machineguns. No law could stop criminals and revolutionaries from having guns. Only the law-abiding citizen would be denied defensive weapons.

Revolutionary terrorists and criminals have access to all the bombs and guns they need. Removing handguns from law-abiding citizens will not hinder terrorists' ability to commit acts of mayhem, it would encourage such acts.

What we need is terrorist control. We need an effective national and local internal security apparatus to penetrate those organizations and to keep them under surveillance in order to prevent them from carrying out violent acts.

For the past few years, we have heard the raucous cries against our intelligence community. We have now reached the point where those agencies with a responsibility of coping with terrorism and assassinations no longer can function properly.

Local police departments have disbanded their intelligence units and pulled undercover agents out of violence oriented groups. The military can no longer function in the civilian sector. Various intelligence units in executive branch agencies have been disbanded. The Internal Security Division of the Justice Department has been reduced to a small section. The Subversive Activities Control Board has been abolished.

The Attorney General's subversive list, outdated though it was, could still have been of value. It has been abolished. The House Committee on Internal Security has been abolished and its functions given to the Judiciary Committee. However, the Judiciary Committee has done none of the work assigned to it by Congress in this area. No hearings have been held on the gentleman from Ohio's (Mr. ASHBROOK) terrorism bill, nor has any other investigation been done on the violence-oriented groups by the Judiciary Committee.

On the Senate side, the Internal Security Subcommittee has had its budget cut for the second time. It now receives 25 percent of its budget of a few years ago. Plans are underway in the Senate to abolish that subcommittee as the House counterpart was abolished. The FBI has been curtailed in its surveillance of proterrorism and violence oriented groups. Now the Attorney General intends to curtail it even further, according to his speech to the bar association last month:

> For decades the FBI has been conducting investigations of groups suspected by it or other government agencies of being involved in subversive activities. Unlike conventional criminal investigations, these investigations have no built-in necessary, automatic conclusion. They continue as long as there is a perceived threat. They are not reviewed outside the FBI. They come close to first amendment rights.
>
> The proposed guidelines would limit domestic intelligence activities to the pursuit of information about activities that may involve the use of force or violence in violation of Federal law in specified ways.

This statement by the Attorney General is incredible, in view of what actual policy has been, and in view of the situation we face.

The FBI's investigations have never been of groups "suspected" of subversive activities. They have maintained long-term investigations of organizations either controlled by unfriendly foreign countries or who advocate violence or both. The Attorney General's guideline would prevent the FBI from investigation of groups that have not yet used force and violence, but plan to do so in the future. The FBI could not have investigated the SDS in 1967 if these guidelines had been in force. Yet by 1969 they were already planting bombs. It is very difficult to place an informant in a terrorist group after they begin their acts of violence. The FBI coverage of the Communist Party over many years has interferred with the ability of the Soviet Union to use CPUSA members as espionage agents.

The Weather underground has publicly stated that they intend to intensify the terrorist campaign in 1976 and to coordinate their operations with the Puerto Rican terrorist movement. Various foreign terrorist groups including the Palestine Liberation Organization have contacts in the United States and would like to carry their terrorist activities into our country to celebrate our 200th anniversary. Trotskyite terrorists carrying on kidnapings and murders in Latin America have contacts in the United States. The possibility exists that they will attempt to conduct activities here.

This is no time to allow our defenses to remain weak. I urge my colleagues to ask the Judiciary Committee to hold hearings on Congressman ASHBROOK's terrorism bill and to develop the information necessary so that legislation can be passed to cope with terrorists and assassins. Antigun legislation is a cop-out, it will not do the job, it will simply allow the criminals to get away with their crimes. We need the reestablishment of a House Committee on Internal Security. The gentleman from Ohio (Mr. ASHBROOK) has also introduced a bill to establish a joint committee of the House and Senate on Internal Security. I would urge my colleagues to support this bill and to demand that the Rules Committee report it out. We need information in this Congress about the groups that are organizing violence. We need legislation to cope with them. Let us register terrorists, not guns.

LEGISLATION TO ADD TO THE PRIVACY ACT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ANDERSON of California. Mr. Speaker, today, I am introducing legislation to deal with the situation which has arisen between Government agencies and our responsibilities to our constituents; the restrictions on accessibility of information to Members of Congress under the Privacy Act.

It is common and invaluable practice for Members of either House to serve as ombudsmen in order to cut through the redtape and secure responsive, responsible answers for constituents who request help from their Representatives when they themselves are unable to successfully deal with the Government bureaucracy. In asking us to intervene, I believe that consent is given to know the necessary facts about the situation at hand. The Privacy Act was never intended to interfere with this important relationship.

This interpretation of the Privacy Act effectively ties our hands—we cannot deal with the agencies in a two-way communication under this situation. And if the citizen cannot go to his Congressman for help, then who can he go to?

Therefore, Mr. Speaker, today I am introducing legislation which, simply by adding words to include congressional inquiries in the Privacy Act, will allow us to fulfill this part of the job we were elected to do.

HOW DEFICITS PRODUCE UNEMPLOYMENT AND RAISE INTEREST RATES

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. KEMP. Mr. Speaker, already there is evidence that the deficit, which is supposed to restore prosperity, is impeding it. The Treasury bills and Treasury notes which must be issued to finance the deficit are pulling money out of the savings and loan associations, thus impeding recovery in the home construction industry, and crowding out private borrowings in credit markets. Corporations in recent weeks have postponed or canceled $700 million of proposed new offerings of bonds and debit issues.

Last week the interest rate on 2-year Treasury notes was almost 8½ percent. The fixed interest rate savings and loan associations are allowed to pay on 2-year certificates of deposit is about 6¾ percent. Kenneth Harney reports in the September 27 Washington Post that even short-term Treasury bills are now above the top savings and loan rates.

When people cannot buy and sell homes because of the unavailability of mortgage money, employment is directly affected. The loss of construction jobs is obvious. Those who deplore the depression in the construction industry are the same ones who have run up the very deficit that is discouraging its recovery.

Dr. John Wetmore, chief economist for the Mortgage Bankers Association, reports that in 1975 the Federal Government has become the biggest single user of private credit for the first time since World War II. In the second quarter of 1975 the Federal Government's borrowings is running at the astounding annual rate of 44 percent of total savings available. It was only a short time ago that many Members were assuring me that the Government's deficit would result in no crowding out. They clearly were wrong. For the benefit of my colleagues who were mistaken on this crucial matter, I introduce into the RECORD Kenneth Harney's article, "U.S. Spending Forces Mortgage Rates To Rise."

The article follows:

U.S. SPENDING FORCES MORTGAGE RATES TO RISE

(By Kenneth R. Harney)

If you're interested in buying or selling a home but are waiting for lower mortgage interest rates, don't hold your breath.

All the warning lights are on again in the mortgage market. Rates are likely to get higher before they get lower—and possibly go above 9½ per cent as they did in the 1974 crunch. By next spring we may see mortgage interest back in the 9 per cent-and-below category, with the possible exception of a relatively small federally subsidized home buyer assistance program.

Savings and loan associations and mutual savings banks, which provide the bulk of home mortgages, are nervous again. After nine months of the largest deposit inflows in history, many lenders in the past three weeks have suddenly found withdrawals equalling or exceeding new deposits. With less money coming in and demand for mortgages relatively strong, S&Ls are defensively raising their rates.

Depositors have begun taking their money out of the S&Ls because they can now earn far more elsewhere as the economy heats up. Savings and loans pay 5¼ per cent to 6 per cent on regular passbook accounts, but the federal government paid 8.44 per cent last week to thousands of savers who were willing to buy $3 billion worth of two-year Treasury notes. Even short-term Treasury bills are now above the top S&L rates.

Uncle Sam is paying high interest rates for money because Uncle Sam is in competition for those funds with a lot of other people—including corporations, local governments, states and your neighborhood savings institutions. The federal government is paying more because it needs more money to finance its ballooning budgetary deficit. Dr. John M. Wetmore, who watches the money markets for the Mortgage Bankers Association, where he is chief economist, says that in 1975 the federal government has become the biggest single user of private credit for the first time since World War II. In 1974, he reports, Uncle Sam took $12 billion out of the $180 billion raised by all participants in the credit markets. In the second quarter of 1975, in contrast, the government's demand hit an astounding annual rate of $93 billion out of $210 billion in total funds raised.

The federal government, in short, is one of the principal reasons why mortgage interest rates have gone from about 8½ per cent earlier this year to about 9¼ per cent. Uncle Sam is taking money that otherwise might have been available for your mortgage loan and spending it on all the things Congress has ordered it to spend it on—food stamps, nuclear submarines and the like.

One potential—and ironic—bright spot in all this gloom is the Department of Housing and Urban Development's likely move into the mortgage market soon with a middle-income mortgage assistance program. Known as the "Tandem," the program could involve up to $5 billion worth of mortgages at a maximum 7½ per cent interest to the consumer. HUD is mum at the moment on its plans and may use a sizable chunk of the money to help provide mortgage funds for apartment builders. But some action to use at least part of the $5 billion for single family home buyers this fall is virtually certain.

By the way, if HUD does decide to use the subsidized Tandem, the Treasury will eventually have to go into the money market and—you guessed it—will compete for savings and loan deposits which might otherwise be available for conventional, unsubsidized mortgages!

Kenneth Harney is managing editor of the Housing and Development Reporter, published here by the Bureau of National Affairs, Inc.

HUNGARIAN CONTRIBUTIONS TO AMERICAN CULTURE

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. HORTON. Mr. Speaker, this year marks the 150th anniversary of the Hungarian Academy of Sciences—an appropriate time for us to review the contributions of Hungarian-born scientists to the advancement of knowledge in America and indeed worldwide.

Dr. Francis S. Wagner of the Library of Congress has prepared an excellent study of Hungarian contributions to American culture. For the benefit of my colleagues, I insert Dr. Wagner's study at this point in the RECORD:

HUNGARIAN CONTRIBUTIONS TO AMERICAN CULTURE

The current year marks the 150th anniversary of the establishment of the Hungarian Academy of Sciences by Count István Széchenyi and several other reform thinkers. It is most interesting to note that the Hungarian Academy initiated its first foreign contact not with the then already flourishing royal institutions of continental Europe and Great Britain, but with the Benjamin Franklin-founded and Philadelphia-based American Philosophical Society. Apart from the principles of American democracy, the intellectual life of Franklin's Philadelphia made the deepest impact upon the thinking of contemporary Hungarians and this was so eloquently expressed by Academician Sándor Bölöni Farkas in his widely publicized travel notes of his brief sojourn (September 4–November 24, 1831) in the New World.

As the immediate consequences of Bölöni Farkas' American experience, another Academician, Karoly Nagy (1797–1868), himself a noted astronomer-mathematician and physicist, also journeyed to the United States. Nagy sent a letter dated December 25, 1832, from Philadelphia, to Peter Duponceau, then President of the American Philosophical Society requesting establishment of a reciprocal relationship between the newly founded Hungarian Academy of Sciences and the American Philosophical Society. President Duponceau reacted very quickly the next day to Nagy's letter. Thus began a prolific exchange of publications between these two institutions in 1832. Since then mutually productive relations have developed between the United States and Hungary in many fields of human knowledge. For well over a century, generations of Hungarian scientists, technologists, as well as scholars and artists, have been making individual contributions to American culture.

Hungarians' contributions to our intellectual life have as a rule coincided with the great epoch-making events of history—American, Hungarian, and world—and quite naturally with large waves of immigration. Joseph Pulitzer (1847–1911), father of modern journalism for whom the Pulitzer Prize is named, is one of many such immigrants. Discharged from the Union Army on July 7, 1865, Pulitzer served his country further when elected to the U.S. House of Representatives from New York in 1885.

János Xántus (1825–1894) was one of several thousand to set foot in America after the abortive Hungarian Revolution of 1848–1849. During his stay in America from 1851 to 1864, Xántus rose from obscurity to international fame as a pioneer in the natural history of the United States: he collected and classified 390 zoological and botanical species—mainly vertebrates—entirely new to science. His collections were deposited for the most part in the Smithsonian Institution but a generous portion was housed in the Hungarian National Museum in Budapest. Xántus made a significant contribution to geography as well by his discovery of 89 islands and shoals between America and Australia. He also dealt extensively with some topics of ethnography, including the life and customs of the American Indians. Having returned to his native Hungary, Xántus organized the renowned Budapest Zoological and Botanical Garden and was named its first director.

Following our Civil War, but especially in the last quarter of the 19th century, the rapid advance of American industry and technology exerted a great impact on the men of science everywhere. During this period Benjamin Franklin was gradually replaced in the foreign image by Thomas A. Edison, perhaps the most prolific inventor of our country and the world. In the sphere of telecommunication Tivadar Pushás (1844–1893), who was a close associate and European representative of Edison between 1866 and 1877, developed the principle and the first form of telephone exchange and invented the telephonograph.

The exciting news of Edison's and other American achievements in applied science were received with utmost enthusiasm in many countries of the Old World and helped open new vistas in technical progress by prompting technologically-focused new research trends. This great American technical progress was more or less responsible for the reorientation of Hungarian science which in turn benefited the United States. Already in the years between 1884 and 1886 Károly Zipernowsky (1853–1942) together with Ottó Titusz Bláthy (1860–1939) and Miksa Déri (1854–1938) constructed the first transformer which made possible the conduction and distribution of electric current over long distances. The achievements of this highly successful team of inventor-engineers together with the fundamental work of Lóránd Eötvös (1848–1919) in geophysics made possible the high-level training of a long series of physicists and technologists in Hungarian universities. Geophysicist Lóránd Eötvös' measuring method was subsequently improved upon by the American Dicke. Eötvös' Law was declared by Albert Einstein to be one of the pillars of his theory of relativity.

During the period between the two world wars many a prominent figure of science left Hungary. One of them was chemist George Hevesy (1885–1966) who was awarded the Nobel Prize for the discovery of hafnium. In this period a good many Hungarian physicists emigrated to the USA. Notable were among them Kornél Lánczos (1893–) who worked for years as Einstein's assistant, and those who later became world famous as important members of the Manhattan Project, like Leo Szilárd (1898–1964); Eugene P. Wigner (1902–) the 1963 recipient of the Nobel Prize in physics; Edward Teller (1908–), "the father of the hydrogen bomb"; and John von Neumann (1903–1957), a genius in mathematics who in 1945 became director of the Electronic Computer Project, Institute for Advanced Study, Princeton, N.J., which developed several major electronic computers.

These Hungarian-born scientists worked closely with Enrico Fermi and received the highest honors that science and the United States can bestow and they rank among the architects of the atomic age.

In various branches of the technical sciences noticeable results were obtained by many Hungarian-born American scientists and engineers. Theodore von Karman deserves a special place among them for his significant contributions to the theory of aircraft structures and thermodynamics. Von Kármán's influence was felt throughout the world because of his rare capacity for stimulating international scientific cooperation.

One of the giants of modernday psychology, Hans Selye (1907–) was awarded a Rockefeller research fellowship and was for a time associated with Johns Hopkins University. His revolutionary concept of stress opened up entirely new avenues of treatment for many diseases. This list of pre-World War II scientific luminaries can be closed with the name of John G. Kemeny (1926–), a noted mathematician and president of Dartmouth College.

Following World War II, a large number of Hungarian scientists, engineers and scholars appeared on the American cultural scene. The level of education of these post-war immigrants was extraordinarily high and physicists and chemists featured prominently among them. The 1937 Nobel Prize winner in medicine and physiology, biochemist Albert Szent-Györgyi (1893–) emigrated in 1947 to the United States and became director of the Institute of Muscle Research at the Marine Biological Laboratory at Woods Hole, Mass.

Physicist Georg von Békésy (1899–1972) won the 1961 Nobel Prize for medicine for research into the mechanism of stimulation of the human inner ear, and Dennis Gábor (1900–) won the 1971 Nobel Prize in physics. His most important publications include his papers on holography.

The aftermath of the Hungarian Revolution of 1956 produced a real exodus of Hungarian intellectuals. At least 1500 refugees with university and college degrees entered the USA among them noted scientists, engineers and physicians, scholars and artists. Some years ago an agreement was reached between our National Academy of Sciences and the Hungarian Academy of Sciences leading to a very fruitful exchange of scientists and scholars between these two countries.

This very brief outline of Hungarian contributions to our cultural life would not be sufficient without making at least passing references to some other fields of endeavor. Marcel Breuer (1902–) left Hungary to become one of the best-known modern architects of our age. In the wide fields of the humanities there have also been many leading scholars of Hungarian descent like András Alföldi (1895–) who for a long period of time was associated with the Institute for Advanced Study, Princeton, N.J., and is esteemed as one of the top experts on Roman archaeology in the world. Franz Liszt (1811–1886) has long been one of the most popular composers in America. Internationally acclaimed composers of the twentieth century, Béla Bartók (1881–1945), Ernest von Dohnányi (1877–1960) and Zoltán Kodály (1882–1967), further enriched our musical life by virtue of their capacities as educators and musicologists.

Nowadays a great many Hungarians function in all phases of America's cultural and intellectual life. Their contributions to our culture and civilization has been immense since 1832, the year when the Hungarian Academy's first foreign exchange program was initiated with the American Philosophical Society.

CATALOG OF COVERT ACTIONS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. HARRINGTON. Mr. Speaker, I want to draw my collaegues' attention to the fact that the Congressional Reference Service has compiled a handy catalog of covert actions known to have been carried out by the CIA from 1950 to 1974—CRS 75-50F. Besides being a useful reference work, this study stands as a reminder that both the House and Senate Select Committees on Intelligence have thus far failed to come to grips with the most fundamental intelligence issue: Should the CIA and other agencies established to gather intelligence serve also as covert political and paramiltary forces?

In my view, this covert action side of CIA activity is wrong on the three counts of immorality, illegality and stupidity. It is immoral because it violates the very principle of national self-determination that we routinely espouse; it is illegal because the CIA charter, which calls for the collection of intelligence, in no way authorizes a secret police or paramilitary function; and it is stupid because these efforts are almost impossible to keep secret indefinitely and they therefore tend to damage our international standing in the long run, even if they achieve their immediate purpose.

I am inserting the body of the CRS report—without footnotes—in the Record at this point:

Reported Foreign and Domestic Covert Activities of the United States Central Intelligence Agency: 1950–74

1950—The CIA began operating on Formosa in 1950 under the cover of Western Enterprises, Inc., training Nationalist Chinese commandos for raids on the mainland of China.[1]

1950—Beginning in 1950 until 1966, the Congress for Cultural Freedom, a private cultural organization that was strongly anti-Communist, was subsidized by the CIA. The Congress received over $1,000,000 in grants during the above period.[2]

1950—The Center for International Studies at Massachusetts Institute of Technology was established in 1950, receiving a CIA grant of $300,000. Additional grants in substantial amounts were provided by the CIA to the Center until 1966.[3]

1951—CIA Director William E. Colby stated that from 1951 until 1965, the CIA "employed telephone wiretaps directed against twenty-one residents of the United States." All but two of the individuals tapped were either current or former CIA employees. The purpose of the taps was "to check on leaks of classified information."[4]

1951–52—Thomas Braden, head of the CIA's Division of International Organization from 1951 to 1954, stated that in 1951 or 1952 he gave Walter Reuther of the United Auto Workers $50,000 in CIA funds, which were ultimately spent by Reuther's brother Victor in West Germany to support anti-Communst labor unions there.[5]

1952—Since 1952 the CIA provided a subsidy to George Papadopoulos, the Greek colonel who later led the military coup in Greece in 1967. The CIA also gave subsidies to many Greek military and political figures for years after 1952. The subsidies apparently ended in 1972.[6]

1952—In the early 1950's, CIA Special Operations Division agents made attempts to develop resistance movements inside Communist China. On November 9, 1952, CIA agents John Thomas Downey and Richard George Fecteau were captured on the Chinese mainland where they had been organizing and training two teams of Nationalist Chinese agents to stir up mainland Chinese against their Communist government.[7]

1952—From 1952 until 1966, the CIA gave the National Student Association some $3.3 million to support the organization's operations. During certain years as much as 80 percent of the Association's budget came from CIA funds. As the result of its support of NSA in this manner, the CIA gained and exercised considerable influence over the activities and policies of the student organization.[8]

Early 1950's—Radio Free Europe and Radio Liberty, purportedly "nonprofit, privately managed" American radio stations, which were established in the early 1950's, received the vast bulk of their financing from the CIA. The combined budget of the two stations was between $30 and $35 million annually, with the CIA providing over 95 percent of this amount.[9]

Early 1950's—From the early 1950's until 1953 Air Force Colonel Edward Landsdale, under CIA auspices, gave advice and assistance to Philippine leader Ramon Magsaysay in his struggle against the local Communist Huk guerrillas. Millions of American dollars were provided by the U.S. secretly for Landsdale's use in this program. The program was instrumental in bringing about the ultimate defeat of the guerrillas.[10]

1953—Thomas W. Braden, head of CIA's Division of International Organization, from 1951 to 1954, stated that by 1953 the CIA was "operating or influencing international organizations in every field where Communist fronts had seized ground, and in some where they had not even begun to operate." These activities noted by Braden were conducted through private, "legitimate, existing organizations".[11]

1953—The CIA directed and organized the coup that on August 19, 1953, successfully overthrew the government of Iranian Premier Mohammed Mossadegh, who had connived with the Iranian Communist party and nationalized certain foreign oil holdings in his country. Kermit "Kim" Roosevelt, grandson of former U.S. President Theodore Roosevelt was the CIA agent who masterminded the downfall of Mossadegh and enabled Shah Mohammed Reza Pahlevi to keep his throne.[12]

1953—CIA Director William E. Colby stated that from 1953 until February 1973, the CIA "conducted several programs to survey and open selected mail between the United States and two Communist countries." According to a secret Senate memorandum the CIA survey focused on mail sent to and received from the Soviet Union and China and was centered in New York City and San Francisco. Colby stated that the purposes of the programs were "to identify individuals in active correspondence with Communist countries for presumed counter-intelligence purposes," to attempt "to learn the foreign contacts of a number of Americans of counterintelligence interest," and "to determine the nature and extent of censorship techniques."[13]

1953—After the election of Jose (Pepe) Figueres as President of Costa Rica in 1953, the CIA worked with opposition forces in the country in attempts to overthrow the government. Of particular concern to the CIA was Figueres policy of granting asylum in Costa Rica to Communists and non-Communists alike. Figueres, a moderate Socialist, stepped down from power after his candidate lost the Presidential election in 1958.[14]

1954—The CIA, on June 18, 1954, led the coup in Guatemala that overthrew the Communist-dominated regime of President Jacobo Arbenz Guzman. Frank G. Wisner, CIA Deputy Director for Plans, had the major responsibility for carrying out the operation. CIA agents trained and supported the forces of Colonel Carlos Castillo-Armas who assumed power after the defeat of Arbenz. Agency support included the provision of CIA-piloted World War II fighter-bombers, as well as guns and ammunition.[15]

1955—From 1955 until 1959 Michigan State University was utilized by the CIA to conduct a covert police training program for the South Vietnamese. Five CIA operatives were concealed in the staff of the program, and were carried on the University's payroll as its employees. Originally, the University had entered into a $25,000,000 contract for its participation in the program, but in 1959 refused to continue to provide a cover for the operation and it was transferred out. In the period from 1955–1962, Michigan State received $5,354,352.75 for the services that it had rendered.[16]

1958—In early 1958 the CIA gave direct aid to rebel groups on the island of Sumatra that were attempting to overthrow Indonesian President Sukarno. CIA pilots flew B–26 bombers on missions in support of the insurgents. On May 18, 1958, during such a bombing mission, CIA pilot Allen Lawrence Pope was shot down and captured by the Indonesians.[17]

1958—In 1958 the CIA established a secret base at Camp Hale near Leadville, Colorado where the agency gave training to troops of the Dalai Lama, the temporal and religious ruler of Tibet. The Tibetan guerrillas were trained and re-equipped by the CIA in order to support the struggle of the Dalai Lama's forces against the Communist Chinese. Guerrilla raids into Tibet by these forces did occur, sometimes led by CIA contract mercenaries and supported by CIA planes. The training program appears to have ended in December, 1961.[18]

1960—Beginning in 1956, CIA pilots began flying high-altitude U–2 spy planes over the Soviet Union to photograph a variety of missile and defense related installations. On May 1, 1960, Francis Gary Powers, a CIA pilot, had his U–2 plane shot down over Sverdlovsk in the Soviet Union, prompting Soviet Premier Nikita Khrushchev to cancel his scheduled conference at Paris with President Dwight Eisenhower.[19]

1960—In early 1969 President Dwight Eisenhower gave his approval to a CIA-sponsored project to train Cuban exiles for the purpose of overthrowing Cuban leader Fidel Castro. The Guatemalan President, Miguel Ydigoras Fuentes, permitted the CIA to use his country for its training camp. In November 1960 a rebellion broke out in Guatemala against President Ydigoras. Because of his assistance to the CIA to that point the agency secretly came to his aid, sending its B–26 bombers against the rebels. The insurgency was crushed and Ydigoras kept in power.[20]

1961—Prior to the scheduled invasion of Cuba by Cuban exiles in April 1961, the CIA attempted to have Cuban leader Fidel Castro assassinated. To help set up the assassination, the CIA enlisted Robert Maheu, a former FBI agent, who was later to direct billionaire Howard Hughes' Nevada businesses. Maheu recruited John Roselli to arrange for the murder attempt. The CIA assigned two operatives, James O'Connell and William Harvey, to accompany Roselli on his trips to Miami to put together the assassination teams. The first attempt to kill Castro, made in March or early April 1961, was a failure. Five more assassination teams were subsequently sent against the Cuban leader in the next two years. All ended in failure. The last attempt was made in late February or early March 1963.[21]

1961—A force of Cuban exiles that had been trained and equipped by the CIA made an unsuccessful invasion of Cuba at the Bay of Pigs in mid-April 1961 in an attempt to overthrow the regime of Fidel Castro. The person responsible for overall supervision of the operation was Richard M. Bissell, Jr., the CIA's Deputy Director for Plans. Four Americans flying CIA planes, and nearly 300 Cubans died during the invasion. Over 1,200 survivors were captured by Castro's forces.[22]

1961—Following the Bay of Pigs invasion of 1961, Cuban exiles were directed and paid by CIA agents to compile secret files on and watch over other Cubans and Americans "who associated with individuals under surveillance." By the late 1960's such activities were being supported by the CIA in several key American cities—including Los Angeles, New York and San Juan. Southern Florida was also covered by these Cuban operatives. It was estimated that at the height of these activities, roughly 150 informants were on the payroll of a Cuban "counterintelligence" office located in Florida.[23]

1961—Former CIA agent Philip Agee stated that the agency began efforts in 1961 to bring down the regime of President Jose Velasco Ibarra of Ecuador after he refused to sever diplomatic relations with Cuba. Iberra was overthrown in November, 1961. His successor, Carols Julio Arosemena, soon fell out of favor with the United States and once again the CIA used "destabilizing tactics" to overthrow his government in July 1963. Agee noted that while on assignment in Ecuador, he and five other CIA agents managed to gain economic and political control over Ecuador's labor movement. His CIA team, said Agee, ultimately "owned almost everybody who was anybody." [24]

1961–64—In the early 1960's the CIA became involved in the political struggle in the Congo. The agency paid cash to selected Congolese politicians and gave arms to the supporters of Joseph Mobutu and Cyril Adoula. Eventually the CIA sent mercenaries and paramilitary experts to aid the new government. In 1964 CIA B–26 airplanes were being flown in the Congo on a regular basis by Cuban-exile pilots who were under CIA contract. These pilots and planes carried out bombing missions against areas held by rebel forces.[25]

1962—Beginning in 1962, the CIA became involved in a "secret war" in Laos against the Communist forces there. The CIA recruited and trained a private army of at least 30,000 Meo and other Laotian tribesmen. This group was known as L'Armee Clandestine Pilots hired by the CIA flew supply and bombing missions in CIA-owned airplanes in support of this secret army. Expenditures by the U.S. to assist this army amounted to at least $300 million a year. Forty or fifty CIA officers ran this operation, aided by several hundred contract personnel.[26]

1964—E. Howard Hunt, former CIA agent, stated that during his tenure with the CIA's Domestic Operations Division he was ordered, in 1964, to arrange for the pick-up, on a daily basis, of "any and all information" that might be available at Senator Barry Goldwater's Presidential campaign headquarters. Hunt said that the documents obtained about Goldwater were delivered to Chester L. Cooper, a White House aide who formerly worked for the CIA.[27]

1964—The CIA, with the cooperation of the Agency for International Development and the State Department, secretly funneled up to $20 million into Chile to aid Eduardo Frei in his successful attempt to defeat Marxist Salvador Allende for the Presidency of the country. Richard Helms, as chief of the Clandestine Services (Directorate of Plans), was actively involved in the planning of the secret efforts by the CIA to defeat Allende. Cord Meyer, Jr. was also one of the CIA's key directors of the operation.[28]

Mid-1960's—During the mid-1960's the CIA secretly aided the government of Peru in its fight against rebel guerrilla forces. The agency flew in arms and other equipment. Local Peruvian troops were trained by personnel of the Special Operations Division of the CIA as well as by Green Beret instructors loaned by the U.S. Army. Because of the assistance the Peruvian Government was soon able to crush the revolt against it.[29]

1965—It was reported that in 1965, John M. Maury, the CIA station chief in Athens, became directly involved in Greek politics. He was reported to have helped King Constantine buy Deputies of the Greek Center Union Party, thus bringing about the downfall of the Government of George Papandreau.[30]

1966, 1969, 1971—In 1966, and 1969 and 1971, the CIA conducted three separate domestic breaks-in into premises occupied by CIA employees or ex-employees. All three of the entries were made because the agency believed that security concerns warranted such actions.[31]

1967—The CIA gave assistance to Bolivian soldiers in 1967 in their successful effort to track down and capture Ernesto "Che" Guevara, the revolutionary who was stirring up rebellion against the government. Guevara was captured on October 8, 1967, by CIA-advised Bolivian rangers. He was executed shortly thereafter.[32]

1967—It was reported that the CIA engineered the Greek military coup in 1967 that brought Colonel George Papadopoulos to power. It was further reported that the CIA was able to maintain control of the military regime because it had documentation of Papadopoulos's "wartime collaboration with the Nazis." [33]

1967—In the wake of the revelation in 1967 that the CIA had subsidized the National Student Association, it was disclosed that the CIA had funded many other labor, business, church, university and cultural organizations through a variety of foundation conduits. It was estimated that at least $12,422,925 had been secretly spent in this manner by the CIA.[34]

1967—In 1967 the CIA's Far East Division of Clandestine Services developed a program that came to be known as Phoenix. The program entailed a coordinated attack by all South Vietnamese and American military, police and intelligence units against the infrastructure of the Viet Cong. CIA funds served as the catalyst for the project. William E. Colby played the key supervisory role in its implementation. In 1971, Colby revealed that between 1968 and May 1971, the Phoenix program led to the death of 20,587 persons in Vietnam.[35]

1967—On August 15, 1967, Richard Helms, Director of the CIA set up a unit within the Counterintelligence office of the agency "*to* look into the possibility of foreign links to American dissident elements." This unit, "periodically thereafter", drew up reports "on the foreign aspects of the anti-war, youth, and similar movements, and their links to American counterparts." [36]

1967—In 1967 the CIA's Office of Security "inserted ten agents into dissident organizations operating in the Washington, D.C. area" in order to collect "information relating to plans for demonstrations, pickets, protests, or break-ins that might endanger CIA personnel facilities and information." The program was terminated in December 1968.[37]

1969—The CIA in 1969 reportedly directed that a Special Forces team in South Vietnam should execute a man named Thai Khac Chuyen on the grounds that he was a double-agent. The man was executed by the Special Forces unit.[38]

1970—CIA Director, Richard Helms joined with the directors of NSA, DIA and FBI in recommending to President Nixon "an integrated approach to the coverage of domestic unrest," which come to be known as the Huston Plan.[39]

1970—To secure "access to foreign circles" the CIA, after the Huston Plan was rescinded, "recruited or inserted about a dozen individuals into American dissident circles." It was believed that in this manner these individuals would "establish their credentials for operations abroad." In the course of their work some of these individuals "submitted reports on the activities of the American dissidents with whom they were in contact." This information was kept in CIA files and reported to the FBI. In 1973 the program of information gathering was limited to collections made abroad.[40]

1970–73—Under CIA direction over $8 million was channeled into Chile from 1970 to 1973 to "destabilize" the government of President Salvadore Allende. The money was used to support various groups within Chile who were opposed to Allende. CIA agents infiltrated the Socialist Party in Chile, and organized street demonstrations against the regime. Ultimately a coup was produced in September 1973. Allende died within hours after its start.[41]

1971—At the request of the White House the CIA provided a psychological profile of Dr. Daniel Ellsburg in 1971.[42]

1971—The CIA's Technical Services Division supplied technical equipment to White House aide E. Howard Hunt in 1971 which he later utilized in connection with the break-in and burglary of the office of Dr. Daniel Ellsburg's psychiatrist.[43]

1971–72—In 1971 and 1972 the CIA employed physical surveillance against "five Americans who were not CIA employees." This was done because the CIA had "clear indications" that the five "were receiving classified information without authorization." It was hoped that the surveillance would "identify the sources of the leaks." A secret Senate memorandum indicates that four of the five subject to CIA surveillance were columnists Jack Anderson and Les Whitten, *Washington Post* reporter Michael Getler, and author Victor Marchetti.[44]

1971–72—It was revealed that the CIA, from roughly 1971 through 1972, had secretly provided training to about 12 county and city police forces in the United States on the detection of wiretaps, the organization of intelligence files and the handling of explosives. The training program, involving "less than 50 policemen", was reported to have included representatives from the police forces of New York City, Washington, D.C., Boston, Chicago, Fairfax County, Virginia and Montgomery County, Maryland. John M. Maury, legislative counsel for the CIA, stated that the program, in his view, did not "violate the letter or the spirit" of the National Security Act of 1947. Further, said Maury, the CIA's actions were "entirely consistent with the provisions of the Omnibus Crime Control and Safe Streets Act of 1968."[45]

1973—It was revealed in late 1973 that the CIA had approximately 40 American journalists "working abroad on its payroll as undercover informants, some of them as full-time agents." Roughly 25 of these journalists were "free lance magazine writers, part-time 'stringers' for newspapers, news magazines and news services." Eight were writers for "small, limited circulation specialty publications," while "no more than five" were "full-time staff correspondents with general circulation news organizations."[46]

March 1974—After having compiled files on "about 10,000" American citizens since 1967, the CIA ended its formal program of collecting domestic counter-intelligence information.[47]

FULL EMPLOYMENT BILL

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. SIMON. Mr. Speaker, as one of the 111 cosponsors of the Equal Opportunity and Full Employment Act—H.R. 50—I am pleased to present, for the information of my colleagues, the text of an article written by the principal sponsor of H.R. 50, AUGUSTUS F. HAWKINS of California. Congressman HAWKINS has succeeded, in my judgment, in presenting both the urgency and the genuine need for a full employment program in the United States today. I appreciate his leadership and I know that many of my colleagues join in that appreciation. Mr. HAWKINS' article, which appeared in the September 27, 1975, edition of the Washington Post, effectively outlines the procedures by which H.R. 50 would implement a full employment program. As the attention of many of the Nation's leading economists rightfully begins to focus on the apparent institutionalization of unemployment in the U.S. economy, we should also begin, in my judgment, to center on feasible alternatives such as H.R. 50's full employment program as the means by which the Nation can be put back to work and further decay in our economy prevented. The text of Mr. HAWKINS' article follows:

[From the Washington Post, Sept. 27, 1975]

THE FULL EMPLOYMENT BILL

(By AUGUSTUS F. HAWKINS)

In 1928 upon assuming office, President Herbert Hoover triumphantly announced that, if given the opportunity to continue the policies of the Harding-Coolidge era, we would in our lifetime be within sight of the abolition of poverty in America.

Less than one year later these same policies plunged the nation into its worst depression and political crisis in our 200-year history.

Sadly we have been politicized into accepting recessions as normal and necessary evils that must be endured every few years as a price for a questionable kind of economic stability.

Our current troubles spring directly from the lack of economic growth, from managed prices, low productivity and the inability of persons to buy what they need because of unemployment, low wages, discrimination and insecurity from fear of losing one's job.

Why should we have unemployment, idle plants and unused equipment when we have both unmet needs and the resources to produce the goods and services we badly require as a people?

To avoid the necessity of resorting to Band-Aids every few years to patch things up, a full employment bill was introduced in the Congress in 1945. After a bitter fight, this bill, emasculated and stripped of its strength, became the Employment Act of 1946. While it sets the national economic policy of requiring "maximum employment, production and purchasing power," there is no binding mandate on the President to act responsibly.

Thus, the Equal Opportunity and Full Employment Bill (H.R. 50), which I have introduced with Rep. Henry Reuss (D-Wis.) and 106 other members in the Congress, seeks to establish a national economic policy that is (1) unmistakably clear, (2) economically sound and (3) morally imperative. Sen. Hubert Humphrey (D-Minn.) has introduced a companion bill, S. 50, in the Senate.

H.R. 50 establishes the right to useful employment at fair wages.

This right does not imply that the job programs developed in the bill will be handouts or even an extensive public service operation, although obviously there is a necessity for some of the jobs to be in the public sector where vital needs exist. The bill specifically encourages jobs in the private sector and discusses ways in which business expansion can assist in this effort.

Reponsibility is fixed on the federal government to enforce this right by developing and administering short-term and long-term policies and programs to maintain *genuine* full employment in relationship to America's larger national purposes and priorities within the context of "full employment, production and purchasing power."

Methods of achievement are left to the administration in power (headed by the President) but guidelines for achieving the national goal (by specific policies and programs) must be contained in the annual Economic Report of the President submitted in January of each year. Such goals must also be consistent with not more than 3 per cent full-time unemployment within 18 months after the first report.

Such methods (in addition to fiscal and monetary policies) might include a multitude of much needed programs such as these few examples:

Housing construction, maintenance, and rehabilitation.

Adequate health care at costs within fair means.

Improvement and expansion of mass transportation.

Development of basic sciences, theoretical and experimental and expansion of applied science.

Promotion of small business and competitive private enterprise, etc.

Specific implementation in addition to or in conjunction with current conventional methods of employment would be through the U.S. Employment Service (renamed U.S. Full Employment Service) which would create useful employment opportunities, including the establishment of a reservoir of public and private projects, and would utilize the Job Guarantee Office of the USFE, as a vehicle for job assignments.

A Standby Job Corps would provide temporary, public service jobs whenever the Job Guarantee Office could not immediately provide jobs.

In another context, full employment, critics say, will cost too much.

Of course it costs more today to have a labor force of 92 million than one of only 42 million as in 1950. Would anyone be so foolish as to suggest we could save by reducing it again to 42 million?

The contention that full employment involves astronomical costs implies that our private enterprise system is unable to achieve a higher potential and that full employment requires millions of meaningless and unproductive public jobs. Nothing could be further from the truth.

There is no doubt it will cost to put people to work, but productive people earn for us more than wages.

However, let us assume we want to bear the costs of reviving the economy by, for example, directly putting people to work on public jobs. What would the price tag be?

Four million public service jobs would require an expenditure of $40 billion. These would generate no less than 1½ million direct jobs in the private sector, with the multiplier effect ending in 5½ million wage earners.

However, we would save $20 billion in unemployment compensation, several billions in welfare, and billions now paid out in food stamps, Medicare and social services. These savings would thus reduce our expenditures to less than $20 billion.

With these people now working, we would increase revenues by over $10 billion in income, sales, and payroll taxes resulting in a conservative cost of putting 5½ million people into jobs at less than an outlay of $10 billion—which is one half of what we are already spending on a tax reduction program of doubtful value. At the same time, we would enjoy the goods and services from this production and be spared much of the evils of unemployment, such as slums, drug addiction, crime and mental and physical deterioration.

Critics who would label full employment as visionary, costly and impractical, stoutly defend current economic policies that have produced severe unemployment and gnawing inflation, together with five recessions since 1953. The economic cost of this waste in this period exceeds $2.1 trillion in lost goods and services, over $550 billion in revenues and inordinate social costs (welfare, health deficiencies, crime, slums, etc.) on which a price tag cannot really be figured.

Ironically, critics, including public officials, do not object to using full employment as a phrase—if we just leave it at that. They strongly oppose the idea of anyone in government being held responsible for producing the jobs and economic growth that will more evenly and justly distribute income.

The federal obligation for dealing with human problems must be at least on par with similar government concerns for protecting the banks, saving the railroads and helping bankrupt industrial giants survive.

We ought to develop a full employment economy now. To do less constitutes the greatest folly.

CALL FOR PRESIDENTIAL ACCOUNTABILITY

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ROSE. Mr. Speaker, in the Washington Post on September 7, I read a fine article by Joseph A. Califano, Jr., lawyer and former top assistant to Kennedy and Johnson, entitled "Making Our Presidents Accountable," an excerpt from his book, "A Presidential Nation."

Mr. Califano suggests that the gap between rhetoric and national reality has weakened the public trust, and that we currently have no method for measuring the political success or failure of certain programs until it is too late. He makes several suggestions which I believe are thought-provoking and worth consideration.

For example, each year the President should give to the Congress a "National Posture Statement, with reports that provide a specific measure of his branch's performance against legislative programs enacted by the Congress and promises the President has made about those programs."

In addition, "if the President were required to provide a series of public reports directed at specific aspects of American life," Mr. Califano suggests that "the gap between rhetoric and reality would begin to close."

This gap is most obviously perpetrated during political campaigns when words often surpass realism. What would happen if politicians had to give 5-year cost estimates for programs they propose?

Mr. Califano suggests that "every Presidential message to the Congress proposing a new Federal program should indicate the cost of that program" with a 5-year span, and data supporting those cost estimates should be submitted to the press and the Congress.

Candidates for the Presidency should provide cost estimates for fulfilling their campaign promises, and these commitments would be monitored by the Fair Campaign Practices Committee and the press. This practice would keep campaigners honest and their rhetoric more realistic.

Mr. Califano also suggests that Presidential terms of office be extended to 6 years and that House Members' terms be extended to 4 years. He claims that due to rapid changes in national problems and priorities of major issues, Presidents and House Members need more time to evaluate proposed action. Long-range planning would be easier and "the 6-year Presidential term can be expected to encourage more responsible Presidential proposals and contemporary accountability, as well as ease the pressure on the White House to employ exaggerated rhetoric and instant programmatic cures."

In addition, a 2-year House term almost prohibits a House Member from focusing on "a single Federal budgetary cycle, much less acquire any profound understanding of the Federal Government. No political official has more pressure on his time than a Member of the House of Representatives," and Mr. Califano contends that the 2-year term sets up Members as "sitting ducks for any shrewd President." A 4-year term would increase the power of the Congress because it would release 435 Members of its body to legislate instead of working toward reelection.

Mr. Califano concludes that partnership between the executive branch and the Congress is essential if honesty is to be restored. He says that a "strong Presidency will be accountable, responsive, and credible only where independently effective institutions are available to temper its exercise of power."

Mr. Speaker, I believe that we would do well to study these ideas of Mr. Califano as they relate to our business here in the Congress of the United States.

IN HONOR OF ST. JOSEPH CHURCH, BAY CITY, MICH.

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. TRAXLER. Mr. Speaker, this year on October 2, St. Joseph Church in Bay City, Mich. will be celebrating its 125th anniversary. St. Josephs has been very important to the citizens of Bay City during its existence and in many instances has helped the city develop to its present well-being. The principal objective of the year's special events has been to bring the members of the parish together as a "family" to share the riches that have been reaped from the labors of a few devout Catholic early settlers in the Bay City area 125 years ago. I would like to tell you some of the story of this historic parish.

The church was established in 1850 by Father Kendikens to provide a place of worship for the city's 20 Catholic families. It was the common place of lumber, railroad and factory workers; miners, farmers, shopkeepers and various professionals. Like the early settlers in the Saginaw Valley region, the church was French and maintained this distinction by dividing some of its 7,000 members with the English-speaking St. James Church in 1868. In 1872 the Catholics on the west side of the Saginaw River formed St. Mary's parish and in 1873 the German-speaking people formed St. Boniface. The areas religious expansion continued with the construction of St. John the Evangelist in Essexville.

Following the provision assignment of priests to the parish, in 1888 the Holy host Fathers represented by Father Roth were enlisted to maintain St. Joseph as a place of religious glory, and to retire the church's heavy debt.

In the beginning the parish was served by the Sisters of Charity who staffed the school along with other willing teachers in the area. Ever since 1882 the French-speaking Sisters of St. Dominic have continued to provide a sound education with religious background to many of the city's children. Today these nuns, whose motherhouse is located at Marywood, Grand Rapids, Mich., with their lay assistants provide some of the finest elementary education in the area.

The school has always been an educational leader. Father Roth, pastor in the late 1800's, believed that all should know at least two languages, so he introduced French into the grade school before the turn of the century. Even today the faculty is continuously looking for ways to improve the educational program.

Physically, the parish has grown from a simple church structure to include school buildings, a gymnasium, convent and rector. As the city grew so did the parish. Its organizations offered additional opportunities for the parishoners to work together for personal betterment and a common good. Various parish groups work to increase and develop the good spirit of their members. St. Joseph's is always capable of mustering sufficient committees to help with any other parish matter as it may develop.

Even in its early years the parish prospered due to the hard work of the parishioners to raise money for a new church in the early 1900's and new school buildings. The Sodality of St. Anne still today raises funds for the construction and renovation of buildings, and provides assistance for the other parish expenses.

The first Parent-Teachers Association was founded at St. Joseph by Father

Eugene Caron. It was the first association of this type in Bay City. Today it is known as the Home and School Association. This group attempts to familiarize all parents with the operation of the school and assists the school in meeting its many needs.

The choirs at the parish have always used their voices to praise the glory they worship. The sound of these joined voices is quite inspirational to anyone who has the good fortune to attend one of the many weekly masses.

Throughout its history, however, St. Joseph has not been a stranger to local and internal strife. Conflicts existed between labor groups and others within the city in the 1800's, and ultimately spread to the congregation. But the peaceful, sobering atmosphere of this holy place seemed to stifle the anger of individuals and bring out a richer sense of friendship and cooperation to all who followed its calling.

Other conditions at times stifled the continued growth of St. Joseph. The high school had to be closed in 1932 due to the adverse economic conditions of the period, but by 1936 is was again in full operation with both academic and commercial classes.

The cooperation and dedication of the parishioners is well demonstrated by the current plans for the jubilee celebration. Father John McHugh, the parish pastor, must be very pleased to have such dedicated assistance. The honorary chairman, Father Vincent, is equally dedicated. He was the pastor between May 17, 1938 and October 10, 1958. He promoted the many athletic programs during his pastorate. Through his work and with the very able assistance of Father Paul Murray, the Athletic Association of St. Joseph was registered with the State of Michigan in 1947. This association along with its athletic programs was responsible for the construction of the Village Hall and is still responsible for its operation as a meeting place, for receptions, parties, and other gatherings. Mr. Robert Tabor, the chairman of all events, must be commended for putting together an excellent program of dances, socials, card parties, fairs, and liturgical celebrations.

On October 26 the celebration reaches its high point with a concelebrated mass, with Bishop Francis F. Reh as principal celebrant. He will be joined by Very Reverend Philip Haggerty, provincial of the Holy Ghost Fathers; Father Siegfried O. Eckert who was pastor between mid-February 1969 and June of this year and had been at St. Joseph since 1960 where he turned his attention to the construction of a new convent for the Sisters. Also celebrating the mass will be Father John J. McHugh, the current pastor, the associate pastors, Father Melvin C. Wieman, Father Stanley J. Trahan, a graduate of St. Joseph Schools, and many other former parish priests and area priests.

I am most pleased to be able to participate in this most memorable celebration. All of these festivities have been made well known to all by the very capable communications chairman Aline Lynch who has been well assisted by the very capable Virginia LeRoux, the rectory office manager. Mr. Larry Glynn has prepared an excellent history of St. Joseph which has been invaluable to me in providing information regarding the great story of St. Joseph Church. Sister Elizabeth Rose has provided all of these individuals with an undying spirit of accomplishment throughout their preparations.

Mr. Speaker, I am certain that you and all of my colleagues can recognize and understand the true devotion demonstrated by the 3,000 St. Joseph parishioners. The persistence of this church is due to these persistent believers and workers. I ask you and all my colleagues to extend our best wishes for now and the future upon the priests, nuns, and parishioners of St. Joseph Church, a religious memorial located on 1005 Third Street in Bay City, Mich.

INTANGIBLE DRILLING

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. ARCHER. Mr. Speaker, I hope that every Member of Congress will take the time to read carefully the following letter, which graphically details the problems relating to the removal of incentives for the exploration and development of oil and gas. Mr. Speaker, these comments are not theory, they are fact. Every Member of Congress should take note of them.

The letter follows:

SEPTEMBER 23, 1975.

Re Intangible drilling.
Mr. W. A. SCHMID, Jr.,
American Quasar Petroleum Co.,
Fort Worth, Tex.

DEAR SIR: You have asked my opinion as to the overall effect the loss of intangible drilling credits would have on the economics of development drilling.

Perhaps I can best illustrate by example:

The Spraberry Trend area of West Texas is an example of a large reserve but one which has marginal economics. This field, as of January 1, 1975 had produced approximately 380 million barrels of oil and according to the Oil and Gas Journal, had remaining reserves of 130 million barrels.

The field has been characterized by high initial flow rates, followed by rapid drop off and low ultimate recovery per well.

Industry opponents would argue that escalating oil prices have made economics sufficiently attractive that intangible write-offs are no longer needed. However, such is not the case. In 1971, a completed well cost on the order of $90,000 (intangible drilling costs—$55,000). Today, the same well would cost $250,000 (intangible drilling costs—$125,000) and I would call your attention to the loss of depletion during the interim to essentially all operators.

At today's new oil prices, and assuming intra-state gas prices, (Note, new oil of $13.00 v. $5.25 allowed for old oil and gas prices of upwards of $2.00 vs. 51c allowed by the federal government), the operator is looking at a payout of three years if successful and a return on his investment over an 18 year period of less than 2:1. In other words, for each dollar invested, ignoring interest and income taxes, he will receive the invested dollar plus something less than one additional dollar. If intangible write-offs are eliminated, and recognizing interest on his money and the future income taxes, the producer would be far better off to buy municipal bonds rather than drill the well.

I have been told by parties responsible for drilling over a thousand Spraberry wells, that they will not continue drilling if the intangible write-off is eliminated. They believe that if no changes are made in the tax laws and prices are left alone, at least two thousand more wells will be drilled. These wells would develop 100,000,000 barrels of new primary reserves, and offer an opportunity to attempt secondary and tertiary operations on the 1,500,000,000 barrels of oil-in-place unrecoverable by primary means.

I feel that this is not an isolated example, but one which could be repeated many times over throughout the industry. The loss of intangibles would be another blow which in the long run would eliminate the exploitation of potential reserves. These resources would now become lost to a nation in dire need of just that resource.

I might mention there are those in Congress who are attempting to reduce both the crude oil and gas prices used here. If that occurs, of course the economics become even worse.

Yours truly,
BOBBY F. ABERNATHY, P. Eng.,
Vice President—Operations.

MONTHLY LIST OF GAO REPORTS

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The monthly list of GAO reports and/or copies of the full texts are available from the U.S. General Accounting Office, room 4522, 441 G Street NW., Washington, D.C. 20548. Phone 202—275-6241. The August 1975 list includes:

Unsafe Bridges on Federal-Aid Highways Need More Attention, RED-75-385.

Improvements Needed in the Mobile Home Park Mortgage Insurance Program. RED-75-383.

Leased-Housing Programs Need Improvements in Management and Operations. RED-75-380.

Need to Reduce Public Expenditures for Newly Arrived Immigrants and Correct Inequity in Current Immigration Law. GGD-75-107.

Need for a Comparability Policy for Both Pay and Benefits of Federal Civilian Employees. FPCD-75-62.

Further Action Needed to Make All Public Buildings Accessible to the Physically Handicapped. FPCD-75-166.

Opportunity for Savings of Large Sums Acquiring Computer Systems Under Federal Grant Programs. FGMSD-75-34.

Examination of Financial Statements Government Printing Office Fiscal Year 1974. FOD-75-15.

Opportunities to Improve the Utilization and Management of Automatic Data Processing Resources. FGMSD-75-12.

Examination of Financial Statements of the National Credit Union Administration for the Fiscal Year Ended June 30, 1974, Limited by Restriction on Access to Credit Union Examination Records. FOD-75-18.

Need for Improved Reporting and Cost

Estimating on Major Unmanned Satellite Projects. PSAD–75–90.

Financial Problems Confront the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds. MWD–75–105.

Action Required to Improved Management of United Nations Development Assistance Activities. ID–75–73.

Review of U.S. Import Restrictions—Need to Define National Sugar Goals. ID–75–80.

Considerations on Increased Quotas for the International Monetary Fund. ID–75–78.

If the United States Is to Develop an Effective International Narcotics Control Program, Much More Must Be Done. ID–75–77.

Balance of Payments Deficit for Fiscal Year 1974 Attributable to Maintaining U.S. Forces in Europe Has Been Offset. ID–75–75.

Productivity of Military Below-Depot Maintenance—Repairs Less Complex Than Provided at Depots—Can Be Improved. LCD–75–422.

Personnel and Cost Reductions Possible Through Eliminations of Personal Services at Officers' Quarters and Closed Messes. FPCD–75–150.

Evaluation of the Phasedown of the Pueblo Army Depot. LCD–75–344.

Use of Temporary Lodging Units at the Newport Naval Base, Rhode Island. LCD–75–344.

Outer Continental Shelf Oil and Gas Development—Improvements Needed in Determining Where to Lease and at What Dollar Value. RED–75–359.

Concession Operations in the National Parks—Improvements Needed in Administration. RED–76–1.

Environmental Assessment Efforts for Proposed Projects Have Been Ineffective. RED–75–393.

The Liquid Metal Fast Breeder Reactor: Promises and Uncertainties. OSP–76–1.

Federal and State Solar Energy Research, Development, and Demonstration Activities. RED–75–376.

Forest Service Efforts to Change Timber Sale Payment Method. RED–75–396.

Environmental Protection Agency Transfer of Pesticide Laboratories from Beltsville, Maryland and Washington, D.C. to Cincinnati, Ohio, Should Be Reconsidered. RED–75–388.

Case Studies for Revenue Sharing in 26 Local Governments. GGD–75–77.

Additionally, letter reports are summarized including:

Status of work to develop standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information for use by all Federal agencies in supplying such information to the Congress. ACG–75–29.

Deferral of Youth Conservation Corps funds not reported to the Congress as required by the Impoundment Council Act of 1974. ACG–76–1.

GAO comments on deferrals and proposed rescissions of fiscal year 1976 budget authority. ACG–76–2.

Confirmation of release of $10 million in impounded budget authority for the Youth Conservation Corps. ACG–76–3.

Extent of GAO involvement in reviewing and auditing activities of U.S. intelligence agencies. B–179296.

Corps of Engineers' procedures for acquiring land for the LaFarge Lake dam and reservoir project in Wisconsin. RED–75–390.

At least 201 people with former ties to oil companies work in GS–12 and above positions in energy-related Federal agencies. FPCD–75–160.

Information on vocational aptitude tests administered by the Department of Defense and the Department of Labor. FPCD–75–174.

The Veterans Administration needs to improve followup actions for on-the-job training programs for Vietnam veterans. MWD–75–94.

The Veterans Administration needs to strengthen procedures for evaluating performance of architect-engineering firms. MWD–75–100.

Information on Federally owned submarginal land within and adjacent to Crow Creek Reservation in South Dakota. B–147652, B–147655.

Information on Federally owned submarginal land within the Fort Peck Reservation in Montana. B–147652, B–147655.

Need for the Urban Mass Transportation Administration to set standard specifications for buses bought with Federal funds. RED–75–391.

Ways to streamline the Army's program for procuring commercial construction equipment instead of military-designed construction equipment. PSAD–75–103.

Problems in administration of Air Force contract with Cooper Airmotive, Inc. for overhaul and repair of the J–57 engine. PSAD–75–111.

Actions needed to improve the Upward Mobility program of the Department of Health, Education, and Welfare. FPCD–75–163.

The Federal Energy Administration should phase out its special program to audit fuel oil suppliers of major utility companies. OSP–76–2.

Problems involving computer security and inter-connections in the Department of Defense World-Wide Military Command and Control System. LCD–75–116.

The Veterans Administration should loan—not permanently issue—durable medical appliances, such as wheelchairs and hospital beds, to veterans who need them only temporarily. MWD–75–104.

Continued improvement needed in the Army's security measures for arms and ammunition to keep them from falling into the hands of terrorist organizations. LCD–76–203.

Military Sealift Command tariff rates are not commensurate with the cost of services provided. FGMSD–75–51.

The accounting system of the Railroad Retirement Board is being operated, for the most part, in accordance with the design approved by the Comptroller General. FGMSD–75–50.

RESULTS OF POLL

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. MICHEL. Mr. Speaker, a recent survey by the National Federation of Independent Business of their members resulted in some interesting results, which demonstrate the attitude of America's small businessmen about important public issues.

I would like to have these poll results printed at the conclusion of my remarks here. The federation has tallied the results in my own 18th Congressional District, for the State of Illinois and for the Nation. I include all three results because I believe the remarkable similarity of feeling which these figures show is in itself interesting.

I was particularly interested to note the attitudes expressed on the three questions which addressed problems in the food stamp program. As the principal sponsor of the national food stamp reform bill, I was interested to note the overwhelming feeling among the small businessmen that income, property and work registration restrictions on food stamp recipients are needed. Such restrictions are a vital part of the Michel-Buckley bill, and would go a long way toward eliminating some of the most flagrant abuses of the food stamp program.

The poll follows:

RESULTS OF POLL TAKEN AMONG N.F.I.B. MEMBERS
AUGUST, 1975

Questions: Are you for or against:	Results in percent		
	18th (Illinois) Congressional District	State of Illinois	The Nation
1. Are you for or against limiting food stamps to people with incomes below poverty index (currently $5,050 for family of 4)?			
For	90	88	86
Against	9	11	12
No opinion	1	1	2
2. Are you for or against setting food stamp eligibility by limitations on value of personal and real property?			
For	79	72	71
Against	18	25	25
No opinion	3	3	4
3. Are you for or against work registration-job search requirements for ablebodied food stamp recipients (except mothers of children under 6 years)?			
For	92	89	89
Against	5	9	9
No opinion	3	2	2
4. Are you for or against any change in the Robinson-Patman Act to allow more competition in business pricing practices?			
For	38	36	40
Against	56	57	53
No opinion	6	7	7
5. Are you for or against continuing the Federal Highway Trust Fund?			
For	59	58	60
Against	32	33	31
No opinion	9	9	9

RED CROSS CERTIFICATE OF MERIT

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. LLOYD of California. Mr. Speaker, I am honored to have two constituents who have earned the title, "hero," and who have received the Red Cross' Certificate of Merit.

California Highway Patrolmen James A. Neeley, of Pomona, Calif., and Michael V. Shaw, of Alta Loma, Calif., on March 21, 1975, saved the life of a heart attack victim.

They administered lifesaving, first aid measures until an ambulance arrived at the scene. The victim was then taken to a nearby hospital, where, I am most happy to say, he recovered.

Without a doubt, the quick thinking and lifesaving skills of Patrolman Neeley and Patrolman Shaw, saved a man's life. On behalf of my colleagues in the Congress, I would like to express gratitude and appreciation for these two fine men. They are a credit to my 35th district, law enforcement, the Red Cross, and their family and friends.

THE GUNS OF AUTUMN MISFIRED

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. WALSH. Mr. Speaker, within the past few weeks, the citizens of this country who enjoy the sport of hunting have come under another vicious attack, this time by the CBS television program, "The Guns of Autumn," aired on national television on September 5, 1975.

Rarely has any group in this country been singled out for such biased and shabby treatment. Words such as distorted, prejudicial, false, untrue, malicious, and vengeful are inadequate to describe the grossly distorted image the program attempted to portray of the thousands of men and women who enjoy one of the oldest sporting activities of civilization.

Fortunately, the reaction to the program was swift and sure and most of it as accurate as the inaccuracies the program portrayed. Gene Mueller, the outdoors writer for the Washington Star, stated—

> What I viewed was a tragic comedy of TV cutting room clippings that subtly attempted to show hunters as two-legged animals, superior in equipment and know-how to their prey. . . . What a pity CBS didn't realize such episodes hardly can be classified as representative of the 20 million American hunters.

Mr. Mueller quoted several comments from Washington Star readers.

Robert Iseman, a hunter from Bowie, Md. said:

> I've hunted for 16 years now and I definitely did not think the program represented hunting in the least.

Roy Hutchinson, from Ellicott City, Md., protested:

> I don't think the game farm portions of the program should have been shown because such activities do not accurately describe hunting.

Paul Poteat, a hunter who lives in Lanham, Md., stated:

> I thought the program was disgusting and one-sided.

Mal Lee, a nonhunter from Rockville, Md., said:

> Hunters have done more to aid wildlife than any other group of people in this country.

In his article, Mr. Mueller concluded:

> In all, I thought the Guns of Autumn lacked basic honesty and clumsily showed anti-hunting sentiments by the producers throughout, not exactly desirable in anything classified as a news program.

Rod Hunter, the outdoor editor for the Syracuse Post-Standard, labeled the September 5 telecast as "a deliberate attempt to emphasize the least sporting and most gruesome aspects of using weapons on animals. It did a remarkable job."

Mr. Hunter continued:

> What worries me most about the Guns of Autumn is that some people in its audience will think that the telecast portrayed the absolute, complete and gospel truth about all of hunting. It was a 90-minute show with what seemed to be 70 minutes of dead animals with their tongues hanging out and flies crawling on their tongues.
>
> The hunters I pick up briars and blisters with know that the kill is secondary to the chase. The setter on point, the retriever in the surf, the big track in the snow and the stories around the fire; they make it a sport and not an exercise.
>
> One of my favorite hunting pictures is one I made of three gent sprawling in a field of goldenrod and blackberries. A pair of dogs are worrying about getting back into action. We had been hunting for partridge and woodcock for hours and we're still a mile from the road.
>
> It was a great day.
>
> There isn't a dead bird in sight.

Mr. Hunter concluded by saying—

> The telecast gave me another fear: the great strength and skill of the anti-hunting group. They are everywhere and they are determined to win.

The outdoor editor of the Syracuse Herald-Journal, Fred David, called the Guns of Autumn "the most sickening, uncivilized, outrageous pictures depicting the American hunter ever aired or printed for public use."

Fred David said:

> What is worse, it was not only a direct slap in the face to legitimate hunters, but to each state conservation department and the federal fish and wildlife service for the work they have done to preserve our animals and birds through hunter control of harvest and strict humane rules.

Nelson Bryant, the outdoors editor of the New York Times, properly pointed out that the gore and gang shooting was overdone and nothing in the show portrayed the aesthetic part of hunting.

An objective critique in the September 22 issue of Sports Illustrated entitled, "A Potshot Angers Its Quarry," had this to say:

> On the evening of September 5th when it was shown, switchboards at CBS affiliates in Chicago and Albuquerque and New York were overloaded with complaints. At WCCO in St. Paul, Minnesota, station personnel fielded an estimated 300 calls. Most of the calls were from outraged hunters. In the days following the telecast CBS probably got even more attention than it desired in the Nation's press, as paper after paper castigated the show for assorted prejudices and inadequacies.
>
> Some characterized it as a new low in standards of electronic journalism, extreme and inflammatory, massively ignorant or deliberately false.

The Sports Illustrated article continued:

> Guns showed its viewers a series of bizarre scenes, most of them far out on the freakish periphery where no self- or game-respecting hunter would be found.

The article also quotes Tom Opre of the Detroit Free Press as saying:

> What patent garbage! Where were the guys with bird dogs patiently seeking wild pheasants, quail or partridge? Where were the fellows who tromp mile after mile looking for rabbits? Where were the hunters scrambling up steep cliffs and mountains after sheep, wild deer and elk that outwit them, more often than not, at the last minute? Where was the camaraderie? Where was the fair chase that most hunters do experience?

Finally, the Sports Illustrated article quoted Bill Cochran, an editor of the Roanoke Times. Cochran said:

> Most of the so-called hunting on the show was done by one Irv Drasnin, whose prey was the hunter himself.

There were other reactions. Gary Warner of the Kansas City Star wrote:

> The Guns of Autumn had a far more ambitious goal, the ending of hunting in America.

Bill Clede of WTIC in Harford, Conn., said:

> Freedom of the press is the key to democracy, but, like all freedoms guaranteed Americans, the right has a responsibility. The Guns of Autumn show fails the test of honesty.

According to Jerry Tidwell of Western Outdoors in Newport Beach, Calif.:

> If CBS's goal was to mislead the general public and to alienate the 20 million Americans who engage in hunting as a sport, they have certainly succeeded.

One of the finest reactive statements was released by the New York Chapter of the Wildlife Society. In part that statement read:

> The intent of CBS producers was clearly to sway public opinion against hunting and game management in the U.S. To achieve this objective, CBS editorially selected hunting scenes, sound effects and hunter conversations depicting American hunting and game management in the worst possible light, rather than presenting a fair and unbiased report.
>
> Hunting scenes were selected by CBS which are not representative of American hunting as a whole. For example, duck and geese hunting in congested flyway areas represent but a fraction of the 12 percent share which waterfowl hunting contributes to the total number of hunting recreation days (204 million in 1970) expended in the U.S. . . . Preserve hunting, particularly for exotics, is so uncommon in most parts of the U.S. that it takes diligent effort to find it at all. . . .
>
> CBS indirectly portrayed game management as a profession with narrow philosophies, catering to poor sportsmanship. Nothing could be further from the truth. Game management is a sophisticated aspect of wildlife management, sensitive to human esthetics as well as wildlife management as a whole. The field of game management has played a large part in fathering today's environmental conservation movement.
>
> CBS owes more than an apology to the American people for attacking an old and honest tradition at a time when genuine traditions are at a premium in an increasingly artificial, passive and homogenous world.

CBS billed the program as purely and simply a telecast about hunting. It would be about what hunting really is and would seek to explain why people hunt and what the rules are. From the reaction of hunters and nonhunters alike, it appears that CBS was far more interested in producing a completely biased and inaccurate distortion.

Judging from these reactions and those of the many people I talked with about this program, there is complete disgust with CBS' attempt to discredit the thousands of men and women who enjoy hunting simply as a sport and a relaxation.

Censorship is totally abhorrent and undesirable but the use of the mass media for such a biased purpose raises serious questions about the need to subject the TV networks to closer supervision by the Federal Communications Commission.

ROUDEBUSH SPEAKS AT CLEVELAND VA HOSPITAL DEDICATION

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. VANIK. Mr. Speaker, on Saturday, September 27, 1975, it was my privilege to attend a ribbon cutting and dedication of a new research building at the Cleveland Veterans Hospital, 10701 East Boulevard. It is my hope that this research facility will contribute to the development of methods and procedures which may reduce the prolonged pain and suffering of the veterans who are confined in veterans' hospitals throughout America.

Ultimately, it is research which can reduce the duration of illness, hasten the recovery of the patient and utilize the experiences of the hospital in the interests of all mankind.

I was pleased to be present at the important occasion at which the Honorable Richard L. Roudebush, Administrator of Veterans' Affairs, gave the principal address. Following are the remarks of Administrator Roudebush:

REMARKS BY HON. RICHARD L. ROUDEBUSH

It is always satisfying to take part in a program that has as its purpose the dedication of a new facility that will enable the Veterans Administration to do its job better.

A building dedication is a time when feelings of accomplishment and anticipation merge and when we look both to the past and to the future.

We have planned and we have built and that part is behind us.

The important tasks we have set for ourselves are still ahead but we approach them with confidence and as challenges that may be met because we have equipped ourselves well for success.

It is a pleasure for me to be here today and an honor to participate in these ceremonies with persons who have done so much to make this new research wing a reality.

I greet you all—government officials, hospital and university administrators and staff, builders and architects, veterans' organization representatives, friends of the hospital and veterans who use its services—with a great deal of pride in what has happened here and a great deal of appreciation for contributions each of you may have made.

This is a significant day in the life of the Cleveland VA Hospital and this is an occasion that holds great promise and meaning for veterans of this area.

We give formal recognition to the fact that a valuable new facility is in use and we perform the ritual of officially opening its doors.

It is a modern facility, an attractive facility, a functional facility . . . one that those who are interested in the Cleveland VA Hospital can take great pride in.

It is an important physical addition to this hospital and to the VA system of hospitals.

But we do more here today than say to the people, "Here is another building ready for use."

This is a research addition. We say by our dedication of it that we are ready to try to cross new frontiers of medical knowledge and to try to put that knowledge to work.

As I have learned of some of the research projects being conducted at this hospital and of investigations planned for the modern and more efficient facilities we dedicate today, it has occurred to me that most Americans would be amazed at the sophistication of these studies, at the skill with which they are pursued and at the results they may bring.

Certainly the studies into the unknown that take place here are a different activity from the generally recognized and understood functions of a VA hospital, those that have to do with patient care and rehabilitation.

But if we at VA understand our medical mission . . . and I am certain we do . . . and if we and the nation's foremost medical authorities are correct in our judgment concerning the best way to accomplish our mission . . . and I believe we are . . . VA hospital activities deemed traditional will benefit handsomely from the addition of this structure.

For there is no question that in modern medicine competent research is a valuable complement to good treatment.

And, I might add, so is effective training of medical personnel in institutions where treatment is being provided.

Both research and training add to our ability to carry out the most immediate function of VA hospitals and the function they were created for, that of relieving suffering and restoring veteran-patients to health.

VA budgets nearly one-hundred million dollars a year for research, a million dollars of it at this hospital. VA helps train some 70,000 health personnel every year.

Today we are adding a wing to a hospital. We are increasing our research ability. And, in so doing, we are reaffirming our determination to provide the best possible care for our special clientele, those who have served the Nation in time of danger and conflict.

We are, of course, proud that here and in comparable facilities across the country we are able to gain knowledge that may be applied generally, not confined to one hospital, to a group of hospitals . . . or to one segment of the population.

We are proud that medical problems have been probed successfully within VA and that solutions valuable to all mankind have been found.

We look forward with great anticipation to the possibility of substantive accomplishments . . . if not dramatic breakthroughs . . . at this new facility.

I don't know if you have ever thought of VA medicine in philosophical terms beyond the obvious philosophy that good and effective treatment is demanded for those who have suffered injury or illness in war.

Providing this treatment is our primary purpose, of course.

But I think the fact that every citizen can gain from what we do provides an interesting example of how even the most tragic and cataclysmic events often have their compensatory aspects, producing some positive results along with all the negative.

Or, as Emerson once wrote, "Every evil has its good."

The fact that circumstances have required America to go to war five times in the last three-quarters of a century is something none of us can take comfort in.

And the fact that the cost of these wars has been so heavy in terms of the health of those who fought them that we have to maintain a system of 171 VA hospitals is certainly no cause for satisfaction.

But if these hospitals, and other VA health installations, can help us solve baffling riddles of disease and can add to the total health of America and all its people, we have gained something from the tragedy of war.

And if we can produce results that go beyond our borders, the whole world will reap a little profit from its past suffering.

Now I don't mean to infer that either VA or its medical program is big enough or wise enough to appreciably sublimate more than a small measure of the horror of war to the benefit of mankind.

But successes in our research and training programs can result, and are resulting, in better medical care for large numbers of people, reducing suffering and prolonging life.

This much, at least, we can be thankful for.

We know that we can do more and I believe that our future looks good.

One reason for this, an obvious one today, is that we are adding new facilities, giving researchers and other staff members more room to work in, better equipment with which to carry out their investigations and other duties.

But I believe an even better reason to be optimistic about the future of VA medicine is the success we have had in forming partnerships with outstanding institutions of learning across the country.

Their staffs and our staffs work together. Their physical plants and equipment and ours are shared. Their knowledge and expertise and ours are merged to solve important problems and to accomplish important tasks.

The total good that comes from this sharing is always more than the sum of individual contributions.

One of our most cherished and productive affiliations is the one VA has here with Case Western Reserve University. We are honored to get to work so closely with the medical school of this great university and with members of its staff.

We look forward to a long relationship with this distinguished group, a relationship that we hope will be even more productive and successful with the addition of the fine new structure they help us dedicate today.

It seems to me that when you dedicate an important building, or part of a building, you indicate a measure of self-dedication as well.

So today as we make this wing an official VA facility I call on my VA colleagues, our associates at Case Western Reserve University and all others who may use it to join me in pledging a renewed effort to gain the knowledge and to reach the goals that this new structure represents as being possible.

Let us dedicate this research wing—and ourselves—to increased medical learning. Let us dedicate it—and ourselves—to the imagination, the discipline and the hard work of difficult research.

Let us dedicate it—and ourselves—to the proper and productive application of each piece of information gained along the way, so that we may be successful in human as well as scientific terms.

And let us carry this spirit of dedication—this enthusiasm of dedication—long beyond this day which has been set aside for special observance.

I have enjoyed being with you this morning. I thank you on behalf of VA for your interest and your attendance. And I thank you for showing those of us who came from out of town such a welcome and such hospitality.

CORRECTION OF RECORDED ABSENCES

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. LEHMAN. Mr. Speaker, the CONGRESSIONAL RECORD of September 26 lists me as being absent for three quorum calls, rolls number 550, 551, and 556. I would like to state that I was present on the floor for all three of these calls. I had misplaced my voting card and had accordingly filled out the proper form; however, it was not registered and I was counted as absent.

TAX INDEXING: ADJUSTING GOVERNMENT'S BITE TO OFFSET INFLATION

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 30, 1975

Mr. CRANE. Mr. Speaker, under present tax rules, the Government receives what is, in effect, a "tax windfall" when inflation-plagued citizens are continually pushed into higher and higher tax brackets.

Thus, a man earning $11,000 in 1975 will be in a significantly higher bracket than a man earning $9,000 in 1973, although his actual disposable income will be far less. When the inflation rate is 12 percent a year, an individual must receive a pay increase of more than 12 percent before he receives any disposable addition to his income. The income tax regulations are blind to this fact of life. Inflation lowers the value of each dollar an individual worker receives at the same time that it increases the tax on each dollar. Obviously, the individual citizen is the loser.

What is needed is a tax rate which reflects economic realities. To this end, a "tax indexing" measure has been introduced and I am pleased to be a cosponsor of this legislation. This bill would require annual adjustments to reflect changes in the cost of living as measured by the Consumer Price Index in income tax rates, the standard deduction, personal exemptions, depreciation, and the interest rate on U.S. savings bonds, saving certificates, and certain other U.S. obligations.

Highlighting the need for this legislation, Ray Howard, writing in the Chicago Sun-Times describes a situation—

> If you paid $50,000 for a corporate security in 1967 and sold it seven years later for $74,000, you would barely get back the original price adjusted for the 47.7 increase in the Consumer Price Index. Yet Uncle Sam would sock you for more than $6,000 on the sale.

Mr. Howard points out that—

> As things stand now, individuals and corporations pay the total cost of inflation. The government, because it benefits from inflation, is not seriously motivated to arrest its growth.

In his two-part series on this subject, Ray Howard quotes from an article by tax attorney Henry R. Cheeseman in the Journal of Accountancy. He writes that—

> The best solution, according to Cheeseman, is to work out a new tax schedule that allows our incomes to be adjusted according to inflation. Cheeseman's idea is a new tax schedule that tends to keep you paying the same percentage of your income in taxes when the gains are largely attributed to inflation.

Tax indexing is clearly an idea whose time has come.

I wish to share with my colleagues the articles on this subject by Ray Howard as they appeared in the Chicago Sun-Times of September 2 and 4, 1975, and insert them into the RECORD at this time.

[From the Chicago Sun-Times, Sept. 2, 1975]

WHEN EARNING MORE MIGHT MEAN HAVING LESS

(By Ray Howard)

Sarah Sums is a single gal doing pretty well. Crazy about math, Sarah has become a successful accountant. Last year she made $16,000. She has a bright future. But she is scared.

Sarah's brother, Bill Sums, is a bank executive specializing in international lending. Bill is good at his job, well liked by his superiors and faced with a great future. Happily married with two healthy children, he has it made. Last year he earned $25,000, but like Sarah, he is scared.

What's bothering the Sums? Crime on the streets? World tensions? Personal problems? Nope. It's Uncle Sam's double-digit inflation.

Sarah had hoped to increase her salary by about 10 per cent a year for 20 years. Starting with $16,000 in 1974, she figured she would be making $107,640 by 1994—a worthwhile objective. But if double-digit inflation stays with us, Sarah may have no more real income in 1994 than she has now.

Discouraging? Yes. But now comes the scary part. If Sarah's salary increases 10 per cent a year and inflation runs at 10 per cent a year, she will suffer a terrible decline in her real, after-tax income. This is where Uncle Sam comes in. According to the 1974 tax rates, Sarah's 1994 income of $107,640 would throw her into the 70-per cent tax bracket—leaving her with very little real income.

Bill Sums is in terrible shape, too. His 1974 income of $25,000 would have to expand to $168,188 in 20 years to keep pace with a 10-per cent annual inflation rate. But even so, Uncle Sam would rip him off. In 1974, Bill paid federal income taxes of $6,020—or 24 per cent of his income. This left him 76 per cent of his gross income for frivolities like food, shelter, clothing and state and local taxes.

But in 1994, Bill's inflation-swollen income of $168,188 would require federal income taxes of $89,148—a whopping 53 per cent of his income. In 1994, he will have only 47 per cent of his income left over for food, shelter and local tax goodies. Bill Sums and his family will suffer a 38-per cent drop in their standard of living.

As inflation throws us into higher tax brackets, Uncle Sam collects higher taxes without legislation. By taxing ever increasing percentages of our incomes, Uncle Sam is subtly and quietly transferring purchasing power from the private sector to the public sector.

A lot of people worry that big government spending will lead to socialism. But I think the real danger will come from big government collecting.

It's a kind of shell game where Washington politicians can pretend to give us tax cuts while secretly collecting bigger tax increases created by inflation.

Maybe instead of Uncle Sam, we should call him Uncle Skim.

[From the Chicago Sun-Times, Sept. 4, 1975]

ADJUSTING TAX BITE TO OFFSET INFLATION

(By Ray Howard)

Tax reform is urgently needed to neutralize the destructive effects of double-digit inflation and the progressive federal income tax.

You don't believe that? Then look at a few examples.

You are single and made $15,000 in 1974. A 10 per cent annual inflation rate means you would have to earn $100,913 in 1994 just to break even before taxes. If you were able to keep that pace, your after-tax income would be a disaster because you would be thrown into the 70 per cent tax bracket.

You are married and made $25,000 in 1974. If prices go up 10 per cent a year, you will have to make $168,188 by 1994. But because your effective tax rate will more than double, your standard of living will plunge.

If you paid $50,000 for a corporate security in 1967 and sold it seven years later for $74,000, you would barely get back the original price adjusted for the 47.7 increase in the Consumer Price Index. Yet Uncle Sam would sock you for more than $6,000 on the sale.

You pay $45,000 for a house today. At an annual inflation rate of "only" 8 per cent, you would have to sell it for $209,743 in 20 years just to cover your original investment. But Uncle Sam would step in and sock you for over $40,000 in capital gains taxes on your "$164,743 profit" (assuming you did not put the money into another, more expensive house). Thus, the government is in the business of taxing capital—not simply capital gains.

Those examples of the horrendous effects of inflation and the federal tax system are given by tax lawyer Henry R. Cheeseman in the Journal of Accountancy.

In addition to analyzing the problem, Cheeseman offers some solutions. He says we can compensate for inflation by moving all tax brackets down one notch, or by taxing each bracket with the rate of the bracket just below it.

Cheeseman ultimately rejects this solution because the system would not be adjusted automatically with inflation. Instead, it would depend on the periodic stirrings of Congress.

Congress has failed to adjust taxes to inflation in the past. Things like the standard deduction and the personal exemption remained unchanged for years despite a constantly weakening dollar.

Or, we might allow each taxpayer to adjust his taxable income down each year according to the level of inflation. If you made $12,000 and the inflation rate was 10 per cent, you would only have to report income of $10,800.

That would solve all our problems jim dandy, according to Cheeseman—except for one thing. The government would go broke as inflation increased its expenses without corresponding increases in tax collections. (Some experts think such pressure would be a good thing because it would force Washington to be more responsible in budget-making.)

The best solution, according to Cheeseman, is to work out a new tax schedule that allows our incomes to be adjusted according to inflation. Cheeseman's idea is a new tax schedule that tends to keep you paying the same percentage of your income in taxes when the gains are largely attributable to inflation.

He accomplishes this by widening the tax brackets according to the inflation rate expressed by the Consumer Price Index. Thus, if inflation is 10 per cent, your tax bracket would be expanded 10 per cent so you would avoid being thrown into a higher tax bracket by inflation. By similarly adjusting deductions and exemptions, you could only be forced into higher brackets through changes in "real" income.

Cheeseman offers other ideas for adjusting capital gains and business taxes to compensate for inflation. What he wants to accomplish is clear. He feels that the taxpayer and government should share equally in the problems of inflation.

As things stand now, individuals and corporations pay the total cost of inflation. The government, because it benefits from inflation, is not seriously motivated to arrest its growth.

HOUSE OF REPRESENTATIVES—*Wednesday, October 1, 1975*

The House met at 10 o'clock a.m.

Rev. C. Wade Freeman, Jr., Capitol Hill Metropolitan Baptist Church, Washington, D.C., offered the following prayer:

Our scripture this morning comes from II Corinthians 9: 8:

And God is able to make all grace abound toward you; that ye, always having all sufficiency in all things, may abound to every good work.

Eternal God, we express our gratitude that You are actively involved in our lives. In our attempt to live life at our best, we are continually reminded of our need for Your wisdom and guidance.

In the deliberations of this body today, we pray Your blessings upon each Congressman. Grant that now, as they face their individual tasks and assigned responsibilities, they will seek Thy will and act accordingly.

Bless now our President, and these elected leaders of our land, with health and strength. Create within us a lasting desire for righteousness and forgive us our sins, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 672. Joint resolution to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 539. An act to amend the Jury Selection and Service Act of 1968, as amended (28 U.S.C. 1861 et seq.), by revising the section on fees, section 1871, and by adding a new section 1875, and for other purposes; and

S. 1488. An act for the relief of Dr. Timothy Kam-Hung Chung.

A NEW INITIATIVE ON CYPRUS

(Mr. SARBANES asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SARBANES. Mr. Speaker, when the House considers S. 2230, legislation to authorize resumption of arms shipments to Turkey, a number of us supporting the Turkish arms ban will propose a major initiative to break the deadlock on the Cyprus issue. This initiative responds to the pressing humanitarian problem of the Cypriot refugees while maintaining the fundamental principle in our law that U.S.-supplied arms must not be used for aggressive purposes. We will offer an amendment permitting shipment of the $185 million in arms contracted for before February 5, 1975, provided the President certifies significant progress has been made regarding the refugees on Cyprus.

S. 2230 is unacceptable. Turkey has taken no steps whatever to redress the consequences of military aggression last summer. Yet the House is being asked to approve exactly the same military shipments and sales to Turkey—going well beyond the $185 million contracted for before February 5—which were rejected barely 2 months ago. The July 24 vote reaffirmed the House's determination not to condone the use of U.S.-supplied arms in carrying out acts of aggression. This fundamental principle of our foreign policy is explicitly set forth in law. It must be retained.

Recognizing the desperate situation of the Cypriot refugees, thousands of whom will soon begin a second winter in tents, we have consistently stressed our willingness to consider arms shipments provided that Turkey take significant action to meet the refugees' plight. This amendment seeks to encourage action on the humanitarian problem of the Cypriot refugees while holding fast to principle and the rule of law. It is fully explained in a letter signed by 17 Members of this House appearing in the Extensions of Remarks to the RECORD and distributed to the office of every Member. We urge support for the amendment.

PERMISSION FOR SUBCOMMITTEE ON PUBLIC HEALTH AND ENVIRONMENT OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT TODAY DURING 5-MINUTE RULE

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Health and Environment of the Committee on Interstate and Foreign Commerce may be permitted to sit today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON CRIME OF COMMITTEE ON THE JUDICIARY TO SIT TODAY DURING 5-MINUTE RULE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Crime of the Committee on the Judiciary may be permitted to sit today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

U.S. IMAGE SUFFERS FROM EVENTS IN SPAIN

(Mr. KREBS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KREBS. Mr. Speaker, I am deeply concerned about the image of the United States that has been developed in the world vis-a-vis our relationship to the events that have unfolded in Franco's Spain within the last few days. I am afraid that the Spanish people who in the near future will hopefully be liberated from the Fascist dictatorship of Francisco Franco are going to be left with a bad image of the United States with their recollection of our President riding down the main street of Madrid with Dictator Franco only a few months ago and with this country being conspicuous by its silence in relation to the events that took place last week.

It is for this reason that I hope the Spanish people will realize that this attitude does not represent the attitude of the majority of the American people.

PERMISSION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO SIT TODAY DURING 5-MINUTE RULE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be permitted to sit today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

STUDENT PAPER'S GRISLY JOKE IS "SICK SHOT" AT PRESIDENT

(Mr. CEDERBERG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CEDERBERG. Mr. Speaker, in the Sunday Detroit Free Press on September 28, under a title called "Cheap Shot"—and I call it a "Sick Shot"—it reads: "Student Paper's Grisly Joke Angers Ford Press Aide."

The article says:

> Wayne State University's student newspaper, "The South End" published Friday what it now calls a joke contest: "The Official South End Name the State Where Ford Finally Gets It Contest." First prize, the contest promotion says, is a "handshake and a genuine 8mm Mauser cartridge." Included in the promotion is a picture of Ford superimposed on the back of a .357 cartridge. Asked for comment, White House press aide Jack Hushen, nearly speechless with anger, said "that kind of humor is too sick to even think about." A South End editor admitted the staff was divided on whether or not to run the "contest."

APPOINTMENT OF CONFEREES ON S. 622, STANDBY ENERGY AUTHORITIES ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 622) to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement U.S. obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery, with a Senate amendment to the House amendments thereto, disagree to the Senate amendment to the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. STAGGERS, DINGELL, MACDONALD of Massachusetts, MOSS, ROGERS, BROWN of Ohio, and BROYHILL.

DISAPPROVING THE FEDERAL PAY COMPARABILITY ALTERNATIVE PLAN PROPOSED BY THE PRESIDENT

Mr. HARRIS. Mr. Speaker, I offer a privileged motion to discharge the Committee on Post Office and Civil Service from further consideration of the resolution (H. Res. 688) disapproving the Federal pay comparability alternative plan proposed by the President.

The SPEAKER. Is the gentleman from Virginia (Mr. HARRIS) in favor of the resolution?

Mr. HARRIS. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion.

The Clerk read the motion as follows:

Mr. HARRIS moves to discharge the Committee on Post Office and Civil Service from the further consideration of House Resolution 688, disapproving the alternative pay plan submitted by the President to Congress on August 29, 1975, for pay adjustments for Federal employees under statutory pay systems.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution as follows:

H. RES. 688

Resolved, That the House of Representatives disapproves the alternative plan for pay adjustments for Federal employees under statutory pay systems recommended and submitted by the President to Congress on August 29, 1975, under section 5305(c) of title 5, United States Code.

The SPEAKER. The gentleman from Virginia (Mr. HARRIS) is recognized for 30 minutes, and the gentleman from Maryland (Mr. BAUMAN) is recognized for 30 minutes in opposition to the motion.

The Chair now recognizes the gentleman from Virginia (Mr. HARRIS).

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. If at this point a motion to lay on the table the motion to discharge were made, would that conclude further debate on the matter?

The SPEAKER. A motion to table is not debatable and if carried would conclude the matter without debate.

Mr. BAUMAN. Mr. Speaker, I send a privileged motion to the desk.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. BAUMAN moves to lay the motion to discharge the resolution, House Resolution 688, on the table.

The SPEAKER. The question is on the motion offered by the gentleman from Maryland (Mr. BAUMAN).

The question was taken and the Speaker announced that the ayes appear to have it.

Mr. HARRIS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 278, nays 123, answered "present" 1, not voting 31, as follows:

[Roll No. 566]

YEAS—278

Abdnor
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Bauman
Beard, R.I.
Beard, Tenn.
Bell
Bennett
Bergland
Bevill
Blanchard
Blouin
Boggs
Boland
Bowen
Breaux
Brinkley
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Carr
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Cotter
Crane
Daniel, Dan
Daniels, N.J.
Danielson
Davis
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fascell
Fenwick
Findley
Fish
Fithian
Flowers
Flynt
Foley
Ford, Tenn.
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gibbons
Gilman
Goldwater
Gradison
Grassley
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harsha
Hastings
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hightower
Hillis
Hinshaw
Holland
Horton
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kelly
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCollister
McCormack
McDonald
McEwen
McHugh
McKinney
Madden
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Metcalfe
Meyner
Michel
Mikva
Milford
Miller, Ohio
Mills
Mineta
Minish
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mosher
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nichols
Nowak
Obey
Patten, N.J.
Pattison, N.Y.
Pepper
Pettis
Peyser
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Riegle
Rinaldo
Roberts
Robinson
Rogers
Roncalio
Rooney
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Simon
Skubitz
Slack
Smith, Nebr.
Snyder
Staggers
Stanton, J. William
Stanton, James V.
Steelman
Steiger, Wis.
Stephens
Stratton
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Vander Veen
Vanik
Waggonner
Walsh
Weaver
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Zablocki

NAYS—123

Abzug
Adams
Addabbo
Ambro
Badillo
Barrett
Baucus
Biaggi
Biester
Bingham
Bolling
Brodhead
Brooks
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Chisholm
Clay
Cleveland
Conyers
Corman
Cornell
Coughlin
D'Amours
Daniel, R. W.
de la Garza
Delaney
Dellums
Drinan
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Fisher
Flood
Florio
Ford, Mich.
Forsythe
Giaimo
Gonzalez
Goodling
Green
Gude
Harrington
Harris
Hawkins
Hays, Ohio
Heinz
Helstoski
Hicks
Holt
Holtzman
Howard
Howe
Jacobs
Johnson, Calif.
Jordan
Karth
Ketchum
Keys
Koch
Leggett
McDade
McFall
McKay
Melcher
Mezvinsky
Miller, Calif.
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Morgan
Moss
Natcher
Nix
Nolan
Oberstar
O'Neill
Ottinger
Patman, Tex.
Patterson, Calif.
Perkins
Pike
Rangel
Rees
Reuss
Richmond
Risenhoover
Rodino
Roe
Rose
Rosenthal
Roybal
Sarbanes
Scheuer
Schroeder
Sikes
Smith, Iowa
Solarz
Spellman
Spence
Stark
Steed
Stokes
Symington
Thompson
Udall
Van Deerlin
Vigorito
Wampler
Whalen
Whitehurst
Wirth
Wolff
Young, Ga.
Young, Tex.
Zeferetti

ANSWERED "PRESENT"—1

Haley

NOT VOTING—31

Andrews, N.C.
AuCoin
Bedell
Bonker
Brademas
Breckinridge
Burke, Fla.
Dingell
Fary
Fraser
Ginn
Hébert
Kemp
Long, Md.
McCloskey
Macdonald
Madigan
Matsunaga
Moffett
Murphy, N.Y.
O'Brien
O'Hara
Passman
Santini
Sisk
Steiger, Ariz.
Stuckey
Teague
Vander Jagt
Waxman
Young, Alaska

Messrs. LONG of Louisiana, BREAUX, LEVITAS, MAHON, METCALFE, WRIGHT, WINN, MAGUIRE, and Mrs. COLLINS of Illinois changed their vote from "nay" to "yea."

Messrs. RICHMOND, CONYERS, WAMPLER, and BIESTER changed their vote from "yea" to "nay."

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FEDERAL PAY INCREASE

Mr. HARRIS. Mr. Speaker, we are called on today to vote on a measure that goes to the heart of effective government. Surrounding—and even shrouding—the issues are percentages, predictions, promises, and mostly politics. For the moment, I want to put all of these aside and to clarify the basic issues before us.

The basic question is whether we give 1.4 million Federal employees, 2.1 million members of the uniformed armed services and 355,893 black lung benefits recipients the full comparability increase which the President's advisers have recommended for this coming year. By enacting the Comparability Act in 1970, this Congress made a promise to Federal and military employees, that they would receive an annual increase in salary based on an objective survey of private industries. The objective then—and it is as sound today as it was then—was to insure a stable civil service, to make sure that we attract and hold the best possible personnel in the Federal service. Our underlying goal was to give the taxpayer the most for his or her tax dollar by making sure our Government is run by competent people. That goal must guide us as we hear the many arguments that will be raised today.

Under the law, the President can propose an alternative plan—a recommendation differing from that of his pay agents—the Office of Management and Budget and the Civil Service Commission—and the Advisory Committee on Federal Pay. In his August 29 message to the Congress the President said:

> The pay act gives me the authority to propose whatever alternative pay adjustment I consider appropriate in the light of economic conditions affecting the general welfare. . . . It is my considered judgment that the salary adjustment should level off at the five percent increase which I called for last January.

Under the law, either House of the Congress can overturn the President's alternative proposal. I chose to seek House disapproval and today call on my colleagues to join me. I believe this issue is important not only to the affected groups—Federal employees, military personnel and black lung beneficiaries—but it is important to the country. I believe it is imperative that this Congress keep its commitment to adequately compensate those who work for the public and make certain that the people's business is carried on by the best possible individuals.

There are several reasons why I stand firmly behind the full 8.66-percent increase embodied in House Resolution 688:

First, 8.6 percent is the fitting and proper amount due those affected. I find it quite compelling that all the agents empowered by the comparabiilty statute to make recommendations to the President endorsed the 8.6 percent figure. The Joint Annual Report of the Director of the Office of Management and Budget and the Chairman of the U.S. Civil Service Commission, dated July 21, 1975, states:

> After comparing Federal and private enterprise pay rates and considering the recommendations of the Federal Employees Pay Council and employees organizations, we have determined that an 8.66 percent pay increase is appropriate.

Similarly, the Annual Report of the Advisory Committee on Federal Pay of August 4, 1975, states:

> The Advisory Committee endorses the uniform increase of 8.66 percent in General Schedule pay scales, agreed to by the President's Agent and the Federal Employees Pay Council, to go into effect the first pay period in October 1975. This endorsement stems from the Committee's belief that, in the absence of overwhelming reasons, it should not recommend reversal or modification of an agreement . . . We recommend an across-the-board 8.66 percent increase in Federal pay scales to go into effect the first pay period in October.

There is no question in the minds of those who computed the percentage that 8.66 percent is the appropriate amount. These recommendations are based on objective data of the Bureau of Labor Statistics which surveys the rates of pay of work in private enterprise; the President's pay agent and the Advisory Committee then compare these salaries with those of Federal employees.

Data from the "Report of the Advisory Committee on Federal Pay" shows the following average salary increases in the private sector:

Occupational group:	*Percent increase, 1974–75*
Experienced professional and administrative	8.7
Entry and developmental professional and administrative	8.5
Technical support	8.5
Clerical	9.9

I might note here that the largest increase came in the clerical group at 9.9 percent.

Second. In addition to guaranteeing an annual increase in the original 1970 legislation, this Congress went on record against a 5-percent cap on May 1, on a 234-to-117 vote approving the O'Neill amendment to the fiscal year 1976 budget resolution (H. Con. Res. 218). Thus, the 94th Congress in no uncertain terms told our Federal and military personnel that we would not clamp a 5-percent lid on their salaries. We cannot in good conscience now reverse our position and maintain our integrity, our promise of a mere 4 months ago.

My third reason for supporting the full 8.6 percent is that holding the increase to 5 percent places an arbitrary wage control on one segment of our population. It unfairly discriminates against and singles out one group of employees, both in the Federal work force and in the private sector. The freeze does not apply to the approximately 500,000 Federal wage grade or blue collar employees or to approximately 740,000 postal employees who receive their annual increases through other methods. Both these groups received an average pay increase in excess of 8.66 percent. And there is no such wage control on employees in private enterprise.

Fourth. The 8.6 percent figure, in and of itself, is already 6 months out of date since the figure was based on March 1975 data and does not reflect increases in private employee salaries since that time. 8.6 percent is not reckless or excessive during a year when inflation has cruelly climbed, during a year when the cost-of-living increase has been in the neighborhood of 12 to 13 percent, and for food as high as 14 or 15 percent; 8.6 percent is 6 months late and it is a modest increase.

Another reason I support the 8.6-percent increase is that I feel that this Congress must fulfill its rightful role granted to us by the comparability statute. This is the fourth time since 1970 that the President has submitted an alternative plan. The President's repeated deviation from the recommendations of his own advisors constitutes a violation of the spirit and intent of the comparability law. The Advisory Committee's report of August 4 puts it this way:

> Constant resort to emergency procedures makes the whole process envisioned by the statute meaningless and the BLS survey of private industry pay a futile exercise.

In last year's report, the Advisory Committee stated that—

> The single effort to invoke an alternative plan attempted to enlarge executive power under the statute . . . It is imperative that an alternative plan be invoked only under extraordinary circumstances.

Inflation is no doubt high, but the administration has proposed a cap—with no documentation or justification of a "national emergency or economic conditions affecting the general welfare." The President submitted a mere one-page message and declared in a terse, one-sentence caveat, a "national emergency." We the Congress must stand up and counter this repeated circumvention of a process designed to insure fairness.

Sixth. The cost of the 3.6-percent increase over the 5 percent is minimal. The proposed 3.6-percent cut will result in less than one-fifteenth of 1 percent reduction in Federal expenditures. The conference report on the 1976 budget resolution points out that the 8.6-percent adjustment is within our budget targets. The report (H. Rept. 94–198) says:

> If Congress should decide not to limit increases in defense salaries and retirement allowances, there are sufficient funds within this total to support that decision. (Page 4.)
>
> The conferees assume that the levels agreed upon are sufficient to cover civilian agency pay raises under existing law . . . (Page 8.)

In essence, we have allowed for the full increase.

Seventh. Repeated abrogation of the recommendations of the President's pay agents and the submission of alternate plans will provoke demands for repeal of the comparability statute entirely and the substitution of collective bargaining by all Federal employees. Again, the Advisory Committee maintains:

> Labor relations is a very fragile entity. In the judgment of this committee, if an alternative plan is again proposed, it is inevitable that more pressures will build up to scrap the present statute. The Federal unions will petition Congress to substitute some form of collective bargaining more akin to that prevailing in the private sector. This pressure will mount and eventually become irresistible.

Eighth. The refusal of an 8.6-percent increase would represent a "pull back" on our part as the Federal employer.

Employees take their jobs with the understanding that they will receive an annual adjustment. Since they have no bargaining power, they expect their employer to hold up his side of their "contract." A 5-percent increase is not what they or we agreed to.

My final reason for supporting this resolution is that our refusal to grant the full 8.6 percent will add another 3.6 percent to next year's effort when we have to act on the comparability question. In other words, if we approve only 5 percent, the additional 3.66 percent will be added on to the recommendation made to the President next year. Our decision will be that much harder next year, and much more politically difficult.

We the Congress, must today take a stand for effective government. We must fulfill our promise to those who execute the laws and protect the country. We cannot condone a policy of singling out those dedicated persons in the public service to be the scapegoats for the economic ills facing the country today. We cannot let the President—a President who one day says inflation is tearing us up and the next day says that economic recovery is around the corner—use the wages of Federal employees as a misplaced bandaid for his economic failures. The 5-percent ceiling is in effect a wage control imposed by a President who refuses to do anything meaningful to control inflation. The 5-percent cap is but a whimsical fiscal device designed to throw his failures to curb inflation back in the face of the Congress. I will not stand for it and I call on my colleagues to join me.

Mr. FISHER. Mr. Speaker, I have opposed the President's recommendation that the Federal pay increase be held to 5 percent since he first announced it in January. I said at that time that his suggestion was ill-advised and discriminatory. In April, when the first budget resolution was considered in the House, I worked to insure that the budget figure provided for a full increase for Federal and military employees. More recently, I have supported the resolution disapproving the President's 5-percent pay increase introduced by Mr. HARRIS, my colleague from northern Virginia.

I realize that the pay issue has been complicated by the inclusion of congressional pay in the increase. I wish that we could have separated Federal and congressional pay, so that we could have dealt with the Federal pay question more objectively than has been possible under the present circumstances.

In any case, I would like to share with my colleagues my views on this issue as contained in a letter of mine published in the Washington Post earlier this month.

[From the Washington Post, Sept. 16, 1975]

REPRESENTATIVE FISHER ON FEDERAL COMPARABILITY PAY

The President has proposed limiting to 5% the scheduled October comparability pay raise for federal civil service and military personnel, instead of giving them the full 8.66% recommended by his pay advisors. I oppose the President's proposal and hope that Congress will veto it.

The Federal Comparability Pay Act of 1970 was enacted to ensure that white collar and military personnel would receive compensation for their work which is comparable to what they would be receiving for similar work in the private sector. Although the law does allow the President to recommend a less than full comparability pay raise, this provision was intended for use in special circumstances. Instead, Presidents have tried to defeat the automatic, equitable, and non-political features of the law every year since it went into effect.

Pay in the private sector has been increased in the last year, largely as a response to the increase in the cost of living. The latest figures from the Department of Labor show that in the year ended August, 1975, the hourly earnings index for workers in nonfarm jobs increased by 8.6%. The recommendation of the federal comparability pay panel, although based on older data, was also for an 8.6% increase. The full recommended increase would put federal and military workers on an equal basis with private workers in terms of pay and buying power.

Before the pay comparability law was passed, raises for federal civil and military personnel were approved when Congress decided to pass them, and were sometimes affected by factors unrelated to the needs and requirements of the workers. An important purpose of the 1970 law was to place federal pay on an objective and predictable basis. Federal workers should be able to observe the trend of pay in the private sector and know what effect it would have on their own pay. For several months, they have known in October they would be entitled to an 8.66% pay raise. The President, by his proposal, is attempting to undermine the intent of the law. In more human terms, he is reducing a pay raise that the federal workers had every right to expect.

The President's rationale for his proposal is that he is attempting to restrain so-called wage-push inflation. I, too, would like to bring inflation under control. In periods of inflation, I would favor a policy of salary and wage settlements throughout the economy, both private and public, which are somewhat less than the increase in the cost of living. But this would be an acceptable policy, only if it were applied across the board. To subject only federal civil and military employees to such a policy is patently unfair, and would not accomplish the purpose of holding down inflation.

Next week my colleagues in the Senate are expected to vote on a resolution to disapprove the President's proposal. A vote by only one house of Congress is necessary to veto his plan. I sincerely hope that members of the Senate will see the situation as I have outlined it and vote against the President's unfortunate proposal.

JOSEPH L. FISHER,
Member of Congress.

WASHINGTON.

Mr. CLEVELAND. Mr. Speaker, I intend to vote against the motion to table for procedural reasons. First of all, the motion is not debatable. For this reason it denies the House an opportunity to discuss the issues. I am one of those who feel that there should be a square-cut vote on the proposed 8.66-percent increase and again on the 5-percent increase and, for that matter, whether or not there should be any increase at all.

I also agree that the House should have an opportunity to separate the congressional pay increases from the general ones for other Federal employees. None of this will be possible if the motion to table prevails. There are many who feel that the vote on this particular issue will be whether or not we are supporting the President's position but I strongly disagree. On a number of occasions over the past years I have spoken out against interpreting strictly procedural votes as votes on substantive issues when in effect the issues are being avoided by the resort to parliamentary procedures.

Mr. DERWINSKI. Mr. Speaker, I hope an overwhelming majority of the Members will support the motion offered by the distinguished gentleman from Maryland to table the pay raise resolution. Support for the motion means we are supporting the President's 5-percent Federal pay raise plan and rejecting an increase of 8.66 percent. There is nothing complicated about the motion. It spares us hours of needless oratory and preserves intact the basic question now awaiting resolution: Are we going to renege on our pledge of fiscal restraint and responsibility to the American taxpayer? That really is the only issue confronting us here today. I do not intend to burden the Members with a long recitation on the fiscal facts of life. I think it is sufficient to say that we did adopt a budget which includes revenues and outlays which will result in a deficit of almost $70 billion.

If we intend to keep our word and operate within our imposed budgetary guidelines, we will give overwhelming approval to the President's plan for an alternate 5-percent pay increase. If we want to irresponsibly add to the pressures of inflation, then I say vote for an increase of 8.66 percent.

While the difference between a 5-percent increase and an 8.66-percent increase is only 3.66 percentage points, I am sure the taxpayers would be most appreciative of congressional action which would save them an additional outlay of $1.6 billion. Perhaps at no other time during this session will the House have the opportunity, with a single vote, to impose savings of $1.6 billion.

Since so much of the Federal budget is uncontrollable, we must take advantage of our opportunities and concentrate on items which are within our control. Clearly, this issue presents us with one of those opportunities.

The President's alternate pay plan does not lessen the Government's esteem for its employees. Instead, it demonstrates an overriding concern to continue the assault on inflation and to provide a healthy economy of all citizens.

At a time when so many of our citizens are unemployed, Federal employees, who are in a relatively secure job situation, should recognize they have a role to play in the battle against inflation. I share the opinion of millions of Americans who believe that much of the existing economic dilemma is attributable to excessive Federal spending.

As a member of the Committee on Post Office and Civil Service, I am proud of the action of our committee on this resolution. Last Thursday, the committee, with a bipartisan 14 to 8 vote, rejected the resolution for an 8.66-percent increase. This body can write the final chapter on statesmanship today by supporting the President and overwhelmingly rejecting the 8.66-percent increase.

Mr. ADAMS. Mr. Speaker, while considering the merits of House Resolution 688 many of my colleagues have inquired about the budgetary impact of granting an 8.66-percent Federal pay raise, and whether funds were assumed in the first budget resolution for a full cost-of-living increase for Federal employees. I am pleased to supply this information.

I have stated on many occasions, the first budget resolution itself was not specific as to how money should be divided among the various functional categories of the budget, or, indeed, among the various programs. The assumptions underlying the resolution were expressed generally in the committee report. In regard to cost-of-living increases for pay and social welfare benefits, the legislative history of the resolution was quite specific.

LEGISLATIVE HISTORY

During floor consideration of the first budget resolution, the House voted the so-called O'Neill amendment. This amendment which revised the House resolution was specifically intended to cover full cost-of-living increases in pay, retirement, and welfare benefits, as well as other matters.

This view carried in conference with the Senate, as noted in the conference report on House Concurrent Resolution 218. I will quote the relevant portions. The first quote, on page 4 of the report, deals with military pay:

> If Congress should decide not to limit increases in defense salaries and retirement allowances, there are sufficient funds within this total to support that decision.

The second quote, on page 8 of the report, deals with civilian pay:

> The conferees assume that the levels agreed upon are sufficient to cover civilian agency pay raises under existing law. . . .

COST OF 8.66-PERCENT INCREASE COMPARED TO 5-PERCENT INCREASE

The President estimates the gross increased cost of approving an 8.66-percent pay increase compared to a 5-percent increase to be $1.6 billion. This figure is exclusive of absorption within agency budgets of as much of the pay raise as possible—a method traditionally used to curb such costs. Taking absorption into account, the President's estimate for net increased costs of an 8.66-percent increase is $1.3 billion. This amount was assumed in the first resolution. A vote to reject the 8.66-percent increase could result in a reduction from the amounts assumed in the first budget resolution of $1.3 billion, but I shall support the first concurrent resolution target as set forth. above and vote to maintain the 8.66 percent which was provided for in the resolution.

Mr. KETCHUM. Mr. Speaker, I would like to take this opportunity to urge my colleagues to give their favorable consideration to House Resolution 688; disapproval of the President's pay plan.

Unless the House votes today in support of this resolution, thousands of Federal employees as well as the military will receive a cost-of-living increase of 5 percent, as compared to the 8.66 percent recommended by the President's advisers. Recently, our colleagues in the Senate, whose track record relative to passing legislation within the President's budgetary guidelines is not particularly noteworthy, voted to uphold the President's recommendation. The reason for this is obvious. In a hastily passed measure earlier this year, Congress voted to include itself in this pay raise. Faced with the wrath of the Nation over this unconscionable move, many Members of Congress are reluctant to be tagged as having voted the 8.66 percent for themselves.

I am personally opposed to raises for Members of Congress and voted against the salary increase. Further, I have no intention of accepting that increase. But this does not mean that I will not vote to impose sanctions on Federal employees because of this previous ill-advised congressional action.

I see no valid reason to use Government employees as an excuse for inflation when the real problem is congressional spending programs. I have watched this House pass again and again bills that bust the budget by phenomenal amounts. To pay lipservice to the need for fiscal restraint in this matter is hypocritical.

It seems to me that the issue we are faced with here today is twofold. Do Government employees deserve the 8.66-percent increase recommended by the President's advisers to make their salaries comparable to private industry? Should Members of Congress increase their own salaries—by any amount—at this time? To the first, I say "Yes"; to the second, a resounding "No." Let us be fair to Government employees and vote them what they are due. And then, let us begin to take some action on the various proposals which have been introduced to repeal that raise for ourselves.

Mr. WON PAT. Mr. Speaker, we are facing a decision which could cause a great unfairness for a large segment of our population, those public servants who are employed by the Federal Government and military personnel.

On my own home district of Guam, approximately 25 percent of the residents are affiliated with the military services. They already experience financial hardships trying to cope with the effects of runaway inflation with income which is constantly decreasing in purchasing power. In Guam, the per capita earnings is substantially less than the lowest state.

Three administration advisory groups have completed detailed studies of this problem which is present in all parts of our Nation. The result of these studies was a recommendation that Federal employees deserve a pay increase of 8.66 percent just to keep pace with inflation and to simply maintain a constant position in the national economy.

The Administration has decided to — completely disregard the recommendations of its own studies and has instead arrived at a 5-percent increase without even claiming this figure is based on any legitimate rationale or has been anything more than arbitrarily determined.

The administration has attempted to justify its position by claiming a pay increase of less than parity is necessary to diminish expected inflation and Federal deficits.

These are laudable goals. We are all very aware of the continuing problems of inflation in the national economy and the undesirable effects of governmental deficits. However, to place the burden of correcting these ills on the shoulders of that single segment of our economy that keeps our governmental processes operating and those who maintain our national defense is totally inequitous.

Until recently, there was little question Congress would overrule the arbitrary administration decision as it has done with similar unjustified decisions in recent years. Now, however, pay increases for members of Congress themselves are included, threatening the entire issue.

I agree the pay of Members needs updating. However, this consideration should not stand in the way of authorizing fair pay for our employees. For this reason, I support maintaining a congressional pay raise to 5 percent but allowing the millions of military personnel and Federal employees the well deserved 8.66-percent pay adjustment.

Members of the Senate have already failed to resolve this dilemma. The final opportunity to avoid unfairly jeopardizing our public employees now rests with the Members of the House. I strongly urge my colleague to take whatever action is necessary to see that proper action is taken to provide fair and deserved treatment to our military people and other employees.

Mr. AMBRO. Mr. Speaker, unfortunately the House today passed a motion to table a motion to discharge House Resolution 688, disapproval of the President's pay plan, thereby refusing itself the opportunity to express its will on the President's proposed 5-percent pay raise for Federal employees.

Votes on this matter are subject to several interpretations, and I would like to make my vote quite clear. I voted against the motion to table House Resolution 688 for several reasons. First, it is undemocratic to refuse to debate a bill on its merits on the floor. Second, Federal workers should have an opportunity to have true costs of living adjustments made in their salaries, and should not be pinpointed as scapegoats by the administration's anti-inflation rhetoric. A true pitch by the administration to drive down inflation would be better demonstrated in an energy program that would control oil prices and give some relief to the consumers.

But third, and perhaps most important, is my strong feeling that salary increases for Members of Congress should not have been included in this Federal pay plan. I voted against H.R. 2559, in July, when the amendment to provide Federal executive salary increases was tacked onto that postal occupational safety provisions bill. Had the House either the wisdom or the courage today to bring House Resolution 688 to the floor, we would have had the only opportunity to remove Members of the House and Senate from that bill.

Had the House brought House Resolution 688 up for vote, the Harris-Spellman bill to limit Members' payraises to 5 percent would have been offered. It was my intention to go one step further and offer my own amendment which would have stricken Members of Congress from the salary increase, limited Federal executives to 5 percent, and provided the 8.66 percent recommended by the President's own advisers to the Nation's military and civil service employees.

Mr. DU PONT. Mr. Speaker, I am impressed with the fiscally conservative attitude that has been expressed as we consider the limitation on Federal salaries, but I am at a loss to see how we can claim to be fair to the employees of the Federal Government by the action we are taking today.

For the past few years I have fought in the House against a parade of spending bills that could not have any other outcome than firing up a raging inflation, inflation that is just as much a thief to salaried employees as an embezzler is to a bank. Both work quietly but with a consistency that overcomes their lack of flair.

So now the Congress is about to take the position that after voting one spending bill after another and promoting inflation in excess of 10 percent, that Federal employees cannot have an 8 percent increase as recommended by the Bureau of Labor Statistics. The equity of such action escapes me entirely.

For 4 years in a row previous to this, the Chief Executive has recommended a freeze of some type on Federal salaries and for 4 years in a row the Congress or the judiciary has overturned the recommendation. But now, with inflation at its height, we are taking the opposite course and approving a less than equitable increase that greatly lags behind the rate of inflation in the country.

A look at the economic statistics of the past 2 years illustrate this inequity. From September 1973 to October 1974, the rate of inflation was 12.1 percent. Federal employees received a 5.5 percent salary increase. From October 1974 to August 1975, the rate of inflation was 8.6 percent. The Bureau of Labor Statistics recommended a salary increase of this amount, but the Congress wants to reduce it to 5.5 percent again. Such a course of action would leave Federal employees with a net loss in purchasing power of 9.7 percent for the past 2 years—a net loss that the House is about to approve by a large margin.

The reason for this unusual conclusion is obvious: For the first time Members of Congress will benefit from the cost-of-living increase. I would have preferred that we did not raise our salaries, but the difficulty is that we have no opportunity to sever the two issues. Earlier this year we were forced to vote on a pay increase for all supergrade employees. Procedurally we were faced with a choice of continuing the inequity of freezing supergrade salaries, or voting for the increase which included Members of Congress. This group of supergrade Federal employees had seen their salaries decimated by an inflation factor of over 40 percent over the past 6 years—6 years during which the best of the Federal employees and judges were leaving Federal service and those remaining were becoming increasingly disgruntled. On balance I thought it would be irresponsible to continue the freeze of these salaries. If I had a chance to vote on it separately, Members of Congress would not have been included in the increase, but that choice was not available to me.

My feelings on this issue are illustrated by my legislative initiatives. I have cosponsored measures which would unhook our salaries from any others in the Federal Government. I have also cosponsored legislation which would provide that no increase voted for Congress can take effect in that Congress. I also cosponsored Representative HARRIS' bill which would have made the increase for Congressmen in this bill 5 percent, although I must admit that it was my intention to amend it so that Members of Congress would have been deleted entirely from this increase. But none of these initiatives could be brought to the floor in time to affect today's vote. I do not support a pay increase for Members of Congress. When we ran for election we knew what the salary was and if we did not like it we should not have taken the job. I further believe that if we do want to raise our salaries we should have a vote on it without any extraneous issues involved.

But I cannot bring myself to hold all the employees of the Federal Government hostage to our desire to make an increase in our own salaries as politically palatable as possible. We have established a sound method of adjusting Federal pay to meet the rising cost of living—namely a recommendation after careful study by the Bureau of Labor Statistic. We should follow that method rather than subverting it for the short-term political needs of 435 Congressmen. Therefore, I am going to vote against the President's recommendation, and for the recommendation of the Commission.

Mr. HOWE. Mr. Speaker, I have cast my vote against tabling the Harris motion for the purpose of clarifying the procedure for the open and frank discussion of the entire question of cost-of-living increases for Government employees and the unfortunate entanglement that this entire subject has now had with the highly controversial issue of increases in salaries for Members of Congress.

I would have preferred to be able to speak directly on the question of whether or not Federal employees and Members of Congress should receive cost-of-living adjustments at this time to their salaries. Unfortunately, with the decision of the majority not to discuss this matter, it will not be possible to do so in the context of the actual proposal now lying in the Post Office and Civil Service Committee.

At the time that the cost-of-living adjustment for Members of Congress was added in the Senate as a rider to the Postal Reform Act, I indicated then, as I repeat now, that I deplore this backdoor method of handling this issue. I am opposed to the procedure of ducking a four-square debate on this issue because I think it only breeds misinformation and further distrust of public servants. I did not believe at that time, nor do I now, that Members of Congress should be tied to any automatic cost-of-living formula. Further, I do not believe that Members of Congress should be asked to vote on any cost of living or other salary adjustment for the salary of the office which they hold to be effective during the time for which they hold said office. For this reason, I voted against the cost-of-living adjustment for Members of Congress as a part of the Postal Reform Act when it was before the House sometime ago. I have since that time cosponsored two bills, one which would remove Members of Congress from automatic cost-of-living adjustments and the other which would prohibit any such increases for Members of Congress from taking effect until the beginning of the next term of office or in this case, January 1977.

With reference to the debate over whether Federal employees should receive a 5 percent or an 8.6 percent cost-of-living increase at this time, I frankly still have some doubts in my mind but I did feel that the question should have been aired on its merits and we should have had the opportunity to receive answers to questions in our minds and make proper comparisons between that which is being asked for Federal employees and that which may have already been received by many other public employees at the State and local level and in the private sector to compensate for the ravages of inflation on the buying power of the working people of our country. The unfortunate turn of events today is that we will have no opportunity to further explore that matter which could have been accomplished by the adoption of the Harris motion to bring the bill from the committee to the floor for discussion and vote.

Mr. SKUBITZ. Mr. Speaker, I am voting to table the motion to discharge the Post Office and Civil Service Committee from further consideration of House Resolution 688, the resolution disapproving the Federal pay comparability alternative plan proposed by the President. I do so because the degree of latitude I would have in voting on this resolution as drafted is about like being confronted with the question, "Have you stopped beating your wife?"

By voting "yea," on the motion to table, I am voting against the 8.66-percent increase in pay. However, my vote can also be mistakenly construed as an endorsement of the President's recommendation of a 5-percent increase in pay for Federal employees.

With this resolution, I do not have the liberty of voting either for or against a pay raise. Rather, it is for one percentage figure or another. Mr. Speaker, inasmuch as I do not favor any increase in pay at this time, I must vote to table this resolution.

GENERAL LEAVE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the motion just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON AGRICULTURAL LABOR OF COMMITTEE ON EDUCATION AND LABOR TO MEET TODAY DURING 5-MINUTE RULE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that the Agricultural Labor Subcommittee of the Committee on Education and Labor be permitted to sit in hearings today during debate under the 5-minute rule.

The **SPEAKER**. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight tonight to file certain privileged reports.

The **SPEAKER**. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON SCIENCE, RESEARCH, AND TECHNOLOGY AND SUBCOMMITTEE ON DOMESTIC AND INTERNATIONAL SCIENTIFIC PLANNING AND ANALYSIS OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET TODAY DURING 5-MINUTE RULE

Mr. THORNTON. Mr. Speaker, I ask unanimous consent that the joint hearing of two subcommittees of the Committee on Science and Technology, the Subcommittee on Domestic and International Scientific Planning and Analysis and the Subcommittee on Science, Research, and Technology, be permitted to meet today during debate under the 5-minute rule.

The **SPEAKER**. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PERMISSION FOR COMMITTEE ON BANKING, CURRENCY AND HOUSING TO MEET TODAY DURING 5-MINUTE RULE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Currency and Housing be permitted to sit today during debate under the 5-minute rule.

The **SPEAKER**. Is there objection to the request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET TODAY DURING 5-MINUTE RULE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research, Development, and Demonstration (Fossil Fuels) of the Committee on Science and Technology be permitted to meet today during debate under the 5-minute rule.

The **SPEAKER**. Is there objection to the request of the gentleman from Washington?

There was no objection.

ANNOUNCEMENT AS TO VOTE

(**Mr. DANIELSON** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I missed rollcall No. 559. I wish the RECORD to show how I would have voted on this question had I been present.

MONDAY, SEPTEMBER 29, 1975

Rollcall No. 559. House Resolution 726, the rule under which H.R. 8603, to amend title 39, United States Code with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, was considered. I would have voted "yea."

ODYSSEY CHOIR

(**Mr. PEYSER** asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PEYSER. Mr. Speaker, this morning at breakfast, Members from eight States were entertained by the nationally acclaimed Odyssey Choir. The choir is composed of 60 children who have overcome drug addiction or other antisocial behavior through the rehabilitative services of Odyssey House, which operates drug-free rehabilitative programs in all regions of the country.

I want to tell the Members who were unable to attend the breakfast that they missed a memorable experience. Not only did the choir perform exceptionally, but those who attended also heard the remarks of Dr. Judianne Densen-Gerber, the founder and president of Odyssey House. Dr. Densen-Gerber called for the establishment of a Cabinet position for the concerns of American children. This is a proposal that should certainly receive serious attention. There is absolutely no doubt in my mind that unless we give greater consideration to the concerns of our children immediately, the 4 million abused and neglected children of today will be the juvenile criminals and drug addicts of tomorrow.

The Odyssey Choir is a vivid example of what can be done with forgotten children when someone cares for them. To listen to them sing and at the same time realize what they were like and how they lived before coming to Odyssey House is to recognize that there is hope for all our children, if only we care enough for them.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members of the House may be permitted to revise and extend their remarks with reference to H.R. 9861, the Defense appropriation bill which will be before the House of Representatives today.

The **SPEAKER**. Is there objection to the request of the gentleman from Texas?

There was no objection.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1976

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. MAHON).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 9861) with Mr. ROSTENKOWSKI in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the committee rose on yesterday, the Clerk read through page 29, line 17, of the bill. There was pending the amendment of the gentleman from Connecticut (Mr. GIAIMO). Without objection, the Clerk will again report the amendment offered by the gentleman from Connecticut (Mr. GIAIMO).

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. GIAIMO: Under "Other Procurement, Air Force," on page 29, line 17 after "September 30, 1978.", strike the period and insert in lieu thereof: ": *Provided*, That none of the funds in this appropriation shall be available for expenditure by the Central Intelligence Agency."

Mr. YATES. Mr. Chairman, I move to strike the last word.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Ohio.

(By unanimous consent, Mr. HAYS of Ohio was allowed to speak out of order.)

INFORMATION ON CONSEQUENCES OF CONTRIBUTIONS TO GOVERNMENT BY MEMBERS FROM PAY INCREASE

Mr. HAYS of Ohio. Mr. Chairman, I have some important information for those Members who have said that they do not want to take the proposed salary increase and that they are going to turn that part of their salary back.

On August 1 when the bill was on the floor to include Members of Congress and others in the cost-of-living increase, I read a letter informing the Members that those who do not desire to take the increase may make a contribution to the Government and that it is tax deductible. In view of the fact that some have since indicated that they are going to contribute $2,125 per year to the Government, I am sure they would like to have the information as to the amount that should be donated in order to make a net gift of $2,125 per year or $175 per month.

For a person who does not file a joint tax return or someone whose spouse is on some payroll—and you would be surprised how many of those there are around—and who happens to reside in one of the few States that has no State income tax, in order to make a net contribution of $175 per month, the amount that should be contributed would be $430 a month. If such a Member resides in a State that has a 10-percent income tax, the amount that should be contributed is $480 a month.

If the Member involved files a joint return and neither he nor his spouse has other income, the amount to be contributed would be $350 for those in a State with no income tax and $390 per month for those from States with a 10-percent State income tax.

The above are minimum amounts to be contributed and the amount would be higher for any one who has additional income or who comes from a State that has more than a 10-percent State income tax.

Since Members would always be able to file amended returns for up to 3 years previous and claim deductions for any such contribution, I assume most Members would claim that he need not contribute the full amount because he is not going to take the deduction. We have seen how that works when some of the Members talked the most about not using their stationery allowance and then drew it out just as soon as they left Congress.

It has been noticed that most of those who are turning in money are only turning in $175 per month and either have a wife on some payroll or have substantial outside income. What they are really doing is beating their home State out of several hundred dollars in State income taxes and taking a cheap shot of publicity which costs them very little. Their constituents should want to know how much it really cost them for this publicity stunt.

I am sure Members would want to have this information so that some Member who claims he is making a $2,125 contribution back to the Government will be sure to contribute at least the proper amount.

Finally, Mr. Chairman, if there is any trouble getting that information from the Clerk's office, the Committee on House Administration will order the Clerk to give it to any person who wants it.

Mr. ADDABBO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Connecticut (Mr. GIAIMO).

As a member of the Defense Subcommittee, for the first time this year, I was able to extensively question the CIA as to their budget and operations. The answers given to the subcommittee were candid, forthright and to the point.

We discussed the CIA budget in great detail and frankly, I was surprised to learn the cost of the Agency was not greater. Most of us on the subcommittee felt the same way, I believe.

I do not believe that the CIA has been in any way adversely affected because the members of the subcommittee know its budget. I do not believe that the new rules allowing all Members of the House to review classified information, including the budget figures for the CIA, will adversely affect the operation of the CIA. I do not believe the operations of the CIA would be adversely affected if the citizens of the nation know the budget total. We are not suggesting that how each dollar is spent be revealed. We suggest only that the dollar figure be revealed. I think it is a proper thing to do in this nation to make public wherever possible the budgets of Federal agencies, be their operations secret or open to public scrutiny.

My primary complaint with the operation of the CIA is that requests for action by the Agency are not made by written direction of the President. I think they should be. I also believe that certain activities which are now reported to the committee after the fact should be made known to the subcommittee before they take place. I see those issues less as restraints on the Agency but rather as a form of protection for the Agency, the President and the Congress so that future activities of the CIA do not cause a split in the united front of the American Government. Better to argue over the merits of a vital operation before it takes place rather than after it has been committed and cannot be undone.

I had intended, Mr. Chairman, to offer an amendment to this bill which would have added those two matters. I have been advised, however, that the amendment would be out of order as legislation on an appropriation bill. It is now my intention to offer the amendment to the foreign-aid authorization bill.

In closing, Mr. Chairman, the amendment before us is perhaps an unusual way to get to the heart of the question we in the Congress face as to the openness of our Government.

We certainly believe that the CIA ought to be funded; I especially consider the Agency, whatever its faults in years past, to be a vital part of our national security. But simply as a move to get the issue to debate, we have brought forward this amendment to determine the sentiment within the House concerning the question of full and open disclosure of all Federal Agency budgets.

Whether the CIA budget be a million dollars or a billion dollars, or two or three times those amounts, the people, the taxpayers, have a right to know.

And if the Russians would then also know, let them suffer, for disclosure will only show that our intelligence agencies can do as good a job as theirs can do, and for a lot less money.

I ask your support for the amendment offered by Mr. GIAIMO.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Giaimo amendment.

When I first came to Congress in 1969, like most freshmen, I received an invitation from almost every agency for a briefing on its functions.

I went to a number of them. One day I was invited to visit the CIA. I went. My recollection is that there were 18 freshmen Members of Congress who were present. We went upstairs to the breakfast room, and we were served a very elaborate breakfast. CIA Director Helms was there. His staff briefed us with flip charts. It was very impressive.

Then Director Helms said to us: "Gentlemen, this is the first and last time that you will have an opportunity to ask any question you have concerning the CIA, so use it."

A number of people asked questions. I put up my hand, and I was recognized.

I said, "I have two questions, Mr. Helms. What is the size of your budget, and how many employees do you have?"

He said, "There are two questions that we don't answer. Those happen to be the two."

I said, "Are you telling me, that I, a Member of Congress, do not have the right to know what the budget is so that when I vote, I do not know what I am voting on?"

He said, "Yes." He said, "The item is placed in some other larger item, and you do not know."

I said, "Do you mean that it might be included under social security?"

He said, "We have not used that one yet, but that is not a bad idea."

Now, 6 years later, we are debating the Giaimo amendment, which has been offered by the gentleman from Connecticut.

As a result of a lot of exposés concerning the CIA, many people are very distressed about the nature of their activities. I am, and I am not one of those who believe that we do not need a CIA. I think we need a CIA, an agency to engage in intelligence gathering but I am opposed to their illegal activities, although at the same time I do not want to hinder them in the pursuit of their lawful activities.

What is it that the Giaimo amendment seeks to do?

Again, going back to the 6 or 7 years that I have been here, I was told that, in fact, the CIA budget was only known to a very few select people, the Speaker, the chairman of the Committee on Appropriations, the comparable chairman over on the Senate side, and perhaps two or three others.

As a result of the latest revelations, we have changed that.

Now the whole subcommittee is aware of the CIA's activities and the country has not been destroyed. The country has not been damaged at all.

The Giaimo amendment caused something else to happen in that Committee on Appropriations. Now not only can everybody on the Defense Subcommittee of Appropriations be given this information pursuant to a new regulation, but all Members of Congress share this right. Notwithstanding whatever some Members may have been told, this right did not previously exist. Now we can all go to the file; yes, I suspect that we will be asked to agree in writing to respect the confidentiality of the materials because this is secret information. But we will be told the amount of the CIA's budget.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield

Mr. KOCH. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I will ask the gentleman from New York if it is a fair conclusion to draw that it is only since we offered this amendment in committee the other day that Members have been allowed to go down and get this information?

Mr. KOCH. It is not only a fair conclusion, it is the only conclusion.

Now everybody in the Congress, if they sign the appropriate papers, will be permitted access to the CIA budget. So now 435 Members of the House of Representatives can know, and do you know who else knows? The Russians. They undoubtedly knew, even before the subcommittee knew. The only people who do not know it are the American people.

We do know now the dimensions of the budget because it cannot be more than the $2 billion-plus amount that is in that particular section of the bill, so it has got to be less than that because that section includes other items as well.

And the country, with this new knowledge, has not fallen apart. I doubt that the Russians are in a better position today than they were yesterday before that particular information was available to the American people. Indeed, in the Committee on Appropriations, our distinguished chairman made a very significant point and I give the gentleman credit for it. He looked at the nine volumes concerning the defense budget and he said this, and I am paraphrasing him because he said it much more articulately than I could. He said, "Those volumes are worth their weight in gold. We are the only country in the world that tells the whole world what our defense budget is. They know every plane, they know every ship that we build. They know everything about our armaments, everything. It is there in those nine volumes and it is available. You can buy it."

The distinguished chairman indicated that the Russians buy it regularly.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. KOCH was allowed to proceed for 2 additional minutes.)

Mr. KOCH. So, Mr. Chairman, what I am saying is the fear that something terrible is going to happen to our country if we operate so that the American public knows the size of the CIA budget, is not a realistic fear. It is not realistic at all. The real fear on both sides of the aisle that some have expressed is, "Gee, if we do that, that is the first step."

Maybe it is, but, whatever the second step is, it is what this House wants it to be, and if this House decides that this is the last step, so be it. If the House decides that it wants to have more information it will have to have a vote on it.

What is wrong with that? That is what is called the democratic system. We are sent here to be a part of that system.

Mr. ROBINSON. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, in rising in opposition to the Giaimo amendment, I not only urge my colleagues to consider most carefully, in relationship to the overall national security interest of our country, what undoubtedly would be its effect; but what also looms disturbingly as its purpose.

I submit that they are one and the same—to kick an essential security agency while it is down; to make the CIA appear more disreputable, in the public view, than even its current representation by the news media; to disintegrate further its credibility and usefulness.

Before we risk compromising the remaining effectiveness of an organization vital to the gathering and analysis of security-related information, let us evaluate what already has been done toward insuring that further commitment of the taxpayers' money to the operations of this agency is justified fully as to purpose and amount.

For the first time, a full subcommittee—not only a few especially anointed members—has scrutinized the CIA budget. The agency was entirely cooperative. There was no disposition to withhold information. I am satisfied that there was full disclosure. I have the utmost respect for my distinguished colleague from Connecticut, but I cannot find any basis for sharing the gentleman's doubts as to this.

Full budget review was conducted. There are approximately fifteen hundred pages of testimony in the hearing record. The report process was followed fully. Then—after all the information we had requested was before us—we did not give the CIA a blank check; we did not give the CIA a check for the budgeted total. We reduced the CIA money by a significant amount. True, the precise amount of the reduction is not disclosed in the bill, or in the report. What is disclosed, however, is that we reduced the funding of the intelligence community—including the CIA—by a total of $344 million—$263 million for fiscal 1976 and $81 million for fiscal 1976T.

Still, there is this demand for full disclosure of the amount proposed to be allocated to the CIA. Does anyone genuinely doubt that this would serve any significant purpose other than to give aid and comfort to potential enemies—to enable them to be sure, through our own open acknowledgment, just how much we intend to spend in the area of intelligence responsibility assigned to this Agency; to ascertain the trend of our commitment to such activity—intensification or deemphasis?

Does anyone not realize that this would be the foot in the door—that the next demand likely would be for full public report language as to our intelligence appropriations?

The gentleman from Colorado (Mr. EVANS), a member of the committee, reminded us of several of the immediate possibilities which could flow from specific public disclosure of the CIA budget total—a breaking down of this budget by category of expenditure; proposals for flat percentage reductions, or increases; proposals to write in limitations against expenditures for particular purposes.

I ask you this:

Is there another country in the world that does what we now are considering doing—reveal specifically the magnitude of its intelligence effort, and its cost?

I ask, further: What is the purpose to be served by long hearings by two select committees, if we are going to decide to reveal this most significant figure, in advance of their findings, as to the appropriate level of public disclosure of the extent and nature of the intelligence operations of the prime power of the free world?

I mentioned earlier that the CIA budget had the scrutiny, for the first time, of an entire subcommittee. Let me emphasize that the subcommittee has not reserved to itself the right of access to the details of the CIA budget, nor has the full committee.

All of this information is available to each and every Member of this House. I repeat—any Member may see and make an independent personal evaluation of this mass of material. All that is needed is to present one's self and request access. The only restrictions—and I believe any reasoning Member will acknowledge them as reasonable in the circumstances—is that the material not be taken from the room in which it is made available for examination, and that notes not be taken down.

I can state that I have shared the concern of many of my colleagues as to certain actions and judgments of the intelligence community. As a member of a committee delegation which visited our outposts in the Far East during the August recess, however, and had the opportunity of being briefed by CIA officials in several countries, I can state that I came away with a reinforced conviction that substantial secrecy is essential to the operations of this Agency, and that its operations are essential to the national security.

The amendment before us has been characterized as merely "a first baby step" in the direction of better public understanding and appraisal of our intelligence investment. I submit that it is no "baby step" but, rather, a quantum jump toward destruction of our entire intelligence community, with immediate grievous damage to its effectiveness.

Secrecy in Government is distasteful to a free society, but preservation of our free society demands that we maintain a prudent cloak over vital intelligence operations, so long as the representatives of the people have the right to examine what is covered—as they do in this situation.

The ability of the United States to acquire and utilize the information required for its continued safety in an uncertain and perilous world would suffer from the adoption of this amendment. It must be voted down.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, may members of your Defense Subcommittee take notes from the testimony of the CIA, and use that information when they leave the room?

Mr. ROBINSON. I say to the gentleman from Illinois we were requested that we not do so.

Mr. YATES. You were requested not to but the fact remains you could do so.

Mr. ROBINSON. I would presume as a Member had I chosen to violate the request I might have done so, but we were requested not to do so and no material was taken from the room.

Mr. YATES. By whom were you requested to do that?

Mr. ROBINSON. By the chairman.

Mr. YATES. Is it the gentleman's contention that only the subcommittee should be allowed to hear the testimony in view of what the gentleman said that the CIA revealed everything to the committee and there was not a single thing that the CIA did that was not revealed in response to a question by the subcommittee? If that is true, why is it better than the previous system when only a few Members of Congress were allowed to hear the information from the CIA? Where does the gentleman propose to draw the line as to which Members of Congress are entitled to know the information of the CIA activities?

Mr. ROBINSON. I say to the gentleman the proper place to draw the line at least at the present time is the boundaries of the Defense Subcommittee with respect to this particular activity. It seems to me when this is the first time, the first budget, that has been brought before a full subcommittee, that subcommittee should have at least an opportunity to scrutinize the budget and do what it will with the budget, which it has done. If this does not meet the approval of the House, the House of course will have an opportunity to react at a later date. This is the first occasion, however.

Mr. YATES. Does the gentleman think it well then to have the procedure that the chairman of the Appropriations Committee has authorized, namely to permit all Members of the House to look at the information that the agency has given?

Mr. ROBINSON. I certainly agree that it is an appropriate procedure.

Mr. YATES. Then why should not the Giaimo amendment be approved?

Mr. ROBINSON. Because I believe that we would be thus revealing the information to the public. That is what it amounts to, because once the information is printed in the report, it is there for everyone to see. Over the years it will give information to our potential enemies that they would not otherwise receive.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(By unanimous consent, Mr. ROBINSON was allowed to proceed for 1 additional minute.)

Mr. EVANS of Colorado. Mr. Chairman will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Colorado because I mentioned his name.

Mr. EVANS of Colorado. I appreciate the gentleman's yielding to me since he commented on the remarks I made yesterday about obtaining the precise figures. For the benefit of those who were not here yesterday and in an effort to put that in proper context I was talking about whether or not we were going to be able to offer any amendments if the amount is disclosed, than we could now when we do not know the amount. My point was whether or not we know what the lump sum figure is we can put limitations on the bill right now.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(On request of Mr. EVANS of Colorado, and by unanimous consent, Mr. ROBINSON was allowed to proceed for 1 additional minute.)

Mr. EVANS of Colorado. Mr. Chairman, if the gentleman will yield further, right now, before consideration of the Giaimo amendment, I could put an amendment on adding to or cutting from the budget by a simple blind percentage amendment. I could offer an amendment now, even before adoption of the Giaimo amendment, limiting the CIA action on spending these funds in one area or another.

So I did not want the gentleman to feel that my comments were directed against the revealing of the total figure.

Mr. ROBINSON. I realize I was placing a somewhat different interpretation on the gentleman's remarks than the gentleman intended.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I wanted to ask the gentleman if he does not think that the real problem if there is a fluctuation in the budget that it would be a signal readily recognizable to a potential enemy. It is not just the publishing of a raw figure that is at stake. It is whether that figure waxes or wanes over a period of time due to extenuating circumstances that would be telegraphing to an adversary that there was something going on that was extremely vital to the security of the United States in terms of intelligence gathering.

Witness the fact that the recovery of a Russian submarine was extremely valuable to our intelligence community in the United States so as to assess what an adversary was doing.

We must have accountability, those very strong steps toward greater accountability have been taken through the various oversight and special committees and I submit this amendment is a complete mistake and misnomer.

Mr. ROBINSON. Mr. Chairman, I thank the gentleman for his contribution.

Mr. OBEY. Mr. Chairman, I move to strike the requisite number of words.

I rise in support of the amendment.

Mr. Chairman, before I make a few remarks of my own, I would like to ask the gentleman from Connecticut a question.

Is it true that—without commenting on the exact accuracy of the figures—there have been published various accounts of the CIA budget at the present time in magazines, in newspapers, in pamphlets, which we can pick up anywhere we want around this city and that any potential enemy by assessing the source of that information and the people who put it out and comparing the relative similarity of cost estimates can make a fairly decent estimate as to what our intelligence in the CIA is right now?

Mr. GIAIMO. Mr. Chairman, the gentleman is correct. I do not want to comment on the accuracy of the figures, but just this week I received some mail from an organization in Washington, D.C.—I think it was Morton Halperin who sent it to me—which shows a breakdown of the CIA budget totaling $750 million.

Then Victor Marchetti's book has a breakdown with the same amount. There are many other publications.

I recall some time ago the Saturday Evening Post had an estimated breakdown of the CIA budget. I do not want to comment on the accuracy of those figures either, except that I would suggest to the Members that they go to the Committee on Appropriations room and compare the figures with the figures now allowed by the committee and draw their own conclusions.

I would also say that the breakdown of the disclosure of the CIA budget would come as no surprise to any possible enemies of the United States. It has even been indicated by people in the CIA that that is not the real reason they do not want to disclose their budget figure. The real reason they do not want to disclose the figure is we right here in the Congress. They know that once we see the figure, we will be able to question it and we will be able to analyze its growth from year to year, and they will not have the same free ride that they have had in not having to respond at all.

Mr. OBEY. Mr. Chairman, I thank the gentleman from Connecticut.

I would just like to make a few remarks. I am sure all of us have heard the old political maxim from time to time that: "If you can't dazzle them with brilliance, then baffle them with B.S." In plain English that is really what we have heard in good large measure on this issue in the last few days.

I think the best thing we can do is cool our rhetoric on this subject. We are not taking any great step forward by publishing as a line item in this budget the total amount for the CIA. We are not harming in any significant way at all the national security interests of the United States by publishing this figure in the budget, as the gentleman's amendment would do. We are taking no great steps. We are doing no damage. All we are doing is making it more likely that each individual Member of this House, because that figure will be in that bill at a specific place, we are making it a little bit more likely that individual Members of this House will exercise their own personal responsibility and seek to find out more about what that figure means by taking advantage of the offer made by the chairman of the committee.

With that figure in the bill, it provides a greater incentive for us to do this, because we are going to be asked by our constituents, not what the amount is—I have never been asked what the amount is which we spend for the CIA—but they like to know if I know; they want to know if I am doing my job.

I think the fact that this figure will be there in the budget will be a prod for us to make certain that we do our jobs. It just seems to be that the gentleman from Connecticut is right, that any intelligent human being in the intelligence operations of the Soviet Union or any other country can make reasonably accurate estimates at this amount about what we are spending on the CIA. I suspect that we can probably do, not quite as good a job, but we probably have a fairly decent estimate of what the Russians are doing as well.

I think, most importantly, what adoption of this amendment would do, would be to symbolize that we are going to deal with this issue in a manner which is a little less silly than we have dealt with it in the past.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(By unanimous consent Mr. Obey was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, I think we would be doing a little bit more to convince our constituents that we are being a little less Mickey Mouse about this whole affair. No one is asking that any great intelligence secrets be revealed, but we are asking that this figure be put in the budget so that each of us will have a little more prod to exercise our own personal responsibility in overseeing the activities of the CIA.

I submit that there is some value, in contract to the statement made by the previous speaker, in having the American public know that there are fluctuations in the intelligence budget of the country, because that will prod them to ask questions which should have been asked for the last 10 or 15 years.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, I think the point the gentleman is making is excellent, but it stops short of another thing I think we ought to keep in mind.

If we are going to have a hidden figure in the budget for the CIA, we have to hide it someplace. Where do we put it? We have got to put it with something else. When we put it with something else, then we cannot disclose how much that something else is because all of us can add and subtract.

So, in effect, when we are tucking it away in another pocket in the budget, we are also making a secret of something else that should not be a secret. So, we should bring a little more sunshine in places other than the CIA.

Mr. OBEY. I thank the gentleman.

Mr. COHEN. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Maine.

Mr. COHEN. Mr. Chairman, I am concerned about the issue, but more concerned about the gentleman's statement about making it a line item figure. That is going to prod me and any other member of the committee to do a better job of investigating CIA activities. In looking down those figures and reading the transcript of the gentleman's subcommittee hearings, I honestly cannot say I know the figures in advance, but I am going to do a better job of making an evaluation unless I am able to question the witnesses as the gentleman from Wisconsin and the gentleman from Connecticut (Mr. Giaimo) have done.

Mr. OBEY. Let me make it clear that I am not a member of the defense subcommittee. My only point is that right now we have an easy out. Whenever anybody asks us: "What do you know about the CIA?" I can say, "I do not know a blessed thing about it because I am not on the subcommittee which deals with it," and if the money is not there in the bill we have a very easy out.

Mr. YOUNG of Florida. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I still have the same questions I had before the full committee. I touched on them just briefly yesterday afternoon about what the end result is going to be as far as the sponsors of this amendment are concerned. The gentleman from Connecticut (Mr. Giaimo) told us yesterday in his testimony that this was a circuitous route of first getting the will of the House.

I still would like to know what his end result is going to be, what he eventually wants to accomplish. I know this: I know that this year seems to be the year to kick around the CIA. It seems that every year we pick on somebody new.

I would not come to this floor and try to suggest to my colleagues that the CIA was totally clean and had never done anything wrong. Nor would I come to this floor and say that Members of Congress were totally clean and had never done anything wrong.

Mr. Chairman, I want to say this to the Members as sincerely as I can: The Government of the United States gave the CIA a dirty job to do. One just cannot do a dirty job without getting his hands dirty once in awhile. The Congress has already initiated an effort to clean up the CIA and get it out of any illegal activities.

Mr. Chairman, I am interested in whether the sponsors of this amendment really merely want this amendment adopted or whether they want something else, or whether they just want it to be another issue.

Mr. Chairman, let me take the Members back several years when the great issue was the Pentagon papers. We will not forget that very soon. The big deal then was the secret Pentagon papers. There was a great outcry from the Congress that Members of Congress and the general public had a right to see the Pentagon papers.

Through the sponsorship of the House Committee on Armed Services the Pentagon papers were made available to the Members of the House and Senate who wanted to see the Pentagon papers. All they had to do was go to the committee office and read the Pentagon papers for as long as they wanted. Within 30 days after the Pentagon papers were made available to this House, despite the many outcries, less than 12—less than 12—of our colleagues went down to that office to read the Pentagon papers. Once the big issue was decided, the interest in the issue of the Pentagon papers faded.

Mr. Chairman, I think that once the big issue is decided now as to whether or not we are going to open up the CIA for the world to see, the damage will be done, the issue will be over, and then we will look around for somebody else out to kick around.

As I said, this Government gave the CIA a dirty job to do. Espionage, intelligence-gathering and covert activities that must be engaged in to perform that duty is a dirty job, and anybody who carries on that job is going to soil his hands. That is just a fact of life that all the debate in the world cannot change.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman.

Mr. GIAIMO. I thank the gentleman for yielding.

Does the gentleman personally know about anything of those dirty jobs the CIA has done legally, illegally, or otherwise?

Mr. YOUNG of Florida. The gentleman knows that during our committee discussions last week I offered an amendment that would allow him to tell me that.

Mr. GIAIMO. If the gentleman will yield further, the gentleman is not answering my question.

Mr. YOUNG of Florida. The gentleman told me he knows of some things that were very, very bad, and I asked the gentleman in that committee to tell me, and he did not.

Mr. GIAIMO. Does the gentleman know anything about these dirty jobs that the gentleman is claiming that our Government gave the CIA to do? Does the gentleman know anything about the CIA?

Mr. YOUNG of Florida. The gentleman from Connecticut may be assured that I do know something about the CIA.

Mr. GIAIMO. I submit that the gentleman knows very little about these activities from his committee work.

That is exactly what we are trying to remedy here, to get the Members of Congress to know what is going on, because our people back home expect us to know.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Wisconsin said that there was a lot of BS on the floor here. I imagine he was referring to anyone who opposed the Giaimo amendment was full of BS and what they were saying on their side was the Giaimo amendment was fine rhetoric.

Mr. Chairman, let me set the record straight. I am not happy about the CIA, and the gentleman from Connecticut knows it. But I think we should be very open about this situation. The big argument here today and yesterday is that the Members do not have the knowledge, except a little subcommittee work for the first time, of what the CIA does or what the budget is. This is not so. This is not so. Any member of the Committee on Appropriations, the gentleman from Wisconsin, the gentleman in the well, myself, any Member, as I understand it—if the Chairman feels I am wrong in my interpretation, I would like to hear from him—has the opportunity, when the CIA is being heard by the Subcommittee on Defense, to attend those hearings. I understand that those are the rules of the committee.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. Conte, and by unanimous consent, Mr. Young of Florida was allowed to proceed for 2 additional minutes.)

Mr. CONTE. Mr. Chairman, will the gentleman yield further?

Mr. YOUNG of Florida. I will yield to the gentleman.

Mr. CONTE. Mr. Chairman, that rule came about maybe 2 years ago, that any Member can sit in any other subcommittee and listen to the evidence.

So as far as I am concerned, under the new rule any Member of the Congress now has a right to go over here across the hall to the Committee on Appropriations and that Member can get the budget or can get anything else over there; is that true?

Mr. YOUNG of Florida. To my knowledge, that is true.

(By unanimous consent, Mr. Young of Florida was allowed to proceed for 2 additional minutes.)

Mr. CONTE. Mr. Chairman, will the gentleman yield further?

Mr. YOUNG of Florida. Yes, I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I will ask the chairman of the committee, is that true? Do we have these rights and these privileges? Do I have a right to go over to the subcommittee of the Committee on Appropriations on CIA hearings and sit in on those hearings?

Mr. MAHON. Mr. Chairman, if the gentleman from Florida will yield, it is the policy of the Committee on Appropriations that members of the committee may attend hearings of a subcommittee of which they are not members. This has not always been the policy of the committee for a number of years.

Mr. YOUNG of Florida. Mr. Chairman, I refuse to yield any further.

Mr. GIAIMO. Mr. Chairman, if the gentleman from Florida will yield, I would like to know when the chairman of the committee changed this rule.

Mr. YOUNG of Florida. Mr. Chairman, I refuse to yield any further.

Mr. GIAIMO. Mr. Chairman, I want to hear the answer to that. Let us get these things out here. We want to get the facts out.

The CHAIRMAN. The gentleman from Florida (Mr. Young) has the floor.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. Not at this time.

Mr. Chairman, If I may use my time, I want to make this comment to the gentleman from Connecticut (Mr. Giaimo) in response to his earlier question: I will tell the gentleman it is true that as a member of the Committee on Appropriations I have heard very little discussion about the CIA and its activity.

Prior to serving on the Committee on Appropriations, however, it was my privilege to serve on the Committee on Armed Services, which has oversight jurisdiction of the CIA. If that is not the place to learn about the CIA, I do not know what would be. I do not know a better place to learn about the CIA. Except from the CIA itself.

Mr. Chairman, I would be happy now to yield again to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I would like to ask the chairman of the committee when he changed the rule allowing members of the full committee to sit in on subcommittee hearings involving the CIA.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the distinguished chairman of the committee.

Mr. MAHON. Mr. Chairman, traditionally, for the last 28 years, the Committee on Appropriations has undertaken to maintain the secrecy of the Central Intelligence Agency and of certain other highly classified, top secret matters. Generally, we have not encouraged members of the Committee on Appropriations to attend hearings of a subcommittee of which they were not a member when classified and top secret information was being presented.

That has generally been the procedure which we have followed.

Mr. GIAIMO. And I would like to know from the chairman of the committee, when that was changed?

Mr. MAHON. Mr. Chairman, let me continue.

Now, since all Members of the House are permitted to read the hearings and to read the budget, it would seem folly not to consider having a rule that would permit all members of the committee who wanted to attend hearings of the subcommittee when they are considering top secret matters.

This is a matter on which I would like to have some more mature reflection so we can submit these issues to the Committee on Appropriations for further consideration.

That is my general feeling. I have no desire to be autocratic, as the gentleman well knows. I want to work with the members of the committee in determining some sort of solution with respect to this matter.

Mr. GIAIMO. Mr. Chairman, will the gentleman from Florida yield further?

Mr. YOUNG of Florida. Mr. Chairman, I will be happy to yield to the gentleman from Connecticut if he will first tell me and this Committee what his plan is for the ultimate step after this first baby step. Where will this lead us? What is the end result of the gentleman's efforts along this circuitous route?

Mr. GIAIMO. Mr. Chairman, if the gentleman has enough time, I will answer him.

Mr. YOUNG of Florida. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, the "circuitous route," I will say to my friend, the gentleman from Florida, only deals with the preliminary test amendment which is presently pending before us.

I could have come here openly with an amendment naming the CIA figure and offering that as a line item. I chose to use this circuitous route to preserve the integrity of the amendment.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask a further question of the chairman of the committee to follow up the question asked by the gentleman from Connecticut (Mr. Giaimo).

I believe that 2 years ago a new rule was established by the Committee on Appropriations that any member of the Committee on Appropriations could sit on any other subcommittee even though he was not a member of that subcommittee; is that right?

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Let us get at this piece by piece.

I yield to the gentleman from Texas, the chairman of the committee.

Mr. MAHON. It is correct to say that at some past time, maybe it was 2 years ago, I encouraged members of the Committee on Appropriations to spend as much time as they wished and could in learning about the whole spectrum of appropriations and in attending the meetings of all subcommittees.

Mr. CONTE. Let me ask this further question: At that time the CIA budget was considered only by yourself and the gentleman from Michigan (Mr. Cederberg)?

Mr. MAHON. No, no, no. It was considered by a group of members of the Subcommittee on Appropriations.

Mr. CONTE. This year the procedure was finally changed and the Subcommittee on Defense now acts on the CIA budget?

Mr. MAHON. The Subcommittee on Defense consists of 13 members, including an ex officio member. The Subcommittee on Defense heard the whole testimony with respect to the Central Intelligence Agency and other intelligence agencies.

Mr. CONTE. For the first time?

Mr. MAHON. It was the first time that the full subcommittee had done it. Earlier a smaller group had done it.

Mr. CONTE. That is the point I am trying to get at. Therefore, then, under the rules of the committee, any member of any other subcommittee could sit in on those hearings?

Mr. BAUCUS. Mr. Chairman, will the gentleman yield on that point?

Mr. CONTE. I am trying to get this straight. Yes, I yield to the gentleman from Montana.

Mr. BAUCUS. On that very point, it is with very deep regret, even though I have heard what the chairman has said, that several months ago, when the Subcommittee on Defense was getting around to considering the CIA budget, I, a member of the appropriations full committee, but not a member of the Subcommittee on Defense, asked the chairman if I could sit in on the deliberations on the CIA's budget. I was at that time informed that I could not.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Yes, I yield to the gentleman from Texas.

Mr. MAHON. The statement of the gentleman from Montana (Mr. BAUCUS) is correct.

We have tried and tried and tried to hold the secrecy of these matters as closely as we could. It is true that I discouraged attendance at such meetings and asked the gentleman from Montana (Mr. BAUCUS) not to undertake to attend the meeting. The rules of the House state: "All committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office record of the member serving as chairman of the committee, and such records". That is, the records of all committees, including the special or Select Committees on Intelligence, perhaps—"such records shall be the property of the House, and all Members of the House shall have access to them."

With respect to my conversation with the gentleman from Montana (Mr. BAUCUS), and in view of possible implications of this rule, the complexion of the whole situation has changed.

What I say now, on more mature consideration of the whole matter, is that I would like to present this to the full Committee on Appropriations to determine how we want to handle this in the future. Probably it will be decided that all Members may attend the CIA hearings.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Yes, I yield to the gentleman from Connecticut.

Mr. GIAIMO. Did the gentleman have a question?

Mr. CONTE. I just want to get this straight.

Mr. GIAIMO. The gentleman from Massachusetts (Mr. CONTE) referred to a meeting of 2 years ago. I recall it well. It was with the chairman.

That was a new first, too. We have had many new firsts in our committee, as the gentleman knows, in recent years, when the gentleman allowed members of the full committee to go to any subcommittee hearing.

When we discussed that, the chairman of the Subcommittee on State, Justice at the time, the gentleman from New York, indicated that other members would not be allowed in his subcommittee.

Does the gentleman remember that?

The chairman handled the intelligence matters, and obviously, one could not go and attend an intelligence hearing on the DOD Subcommittee because even we members of the subcommittee did not know about them.

It is only this year, for the first time, that we have seen the budget. In effect, what we are saying is that since last Thursday the rule was relaxed. Since then all Members of Congress are allowed in to look at the budget.

Mr. MOSS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

(On request of Mr. MAHON and by unanimous consent, Mr. Moss was allowed to proceed for 2 additional minutes.)

Mr. MAHON. Mr. Chairman, will the gentleman yield for a brief question?

Mr. MOSS. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, 2 years ago I emphasized the freedom of all members of the committee to attend the hearings of all subcommittees. I did not announce that as a change in policy, that has been the policy for the 10 years that I have been the chairman of the committee. My predecessor did not follow that policy and I remember vividly not being able to attend certain hearings. I have never supported the idea that members of the House Committee on Appropriations should not be able to attend the day-by-day and ordinary hearings of the subcommittee.

Mr. MOSS. Mr. Chairman, I do not want to kick the CIA. I am convinced that this Nation needs a strong and effective intelligence agency. I am equally convinced that the amendment offered by the gentleman from Connecticut (Mr. GIAIMO) will in no way diminish the effectiveness of the Central Intelligence Agency. On contrary, if the House and the other body had acted some 21 years ago when I joined with a large group of Members in introducing legislation to create a Joint Committee on the Central Intelligence Agency, it would not today be in the mess it now finds itself in.

I think that the disclosure of this line item is the minimum that the American taxpayer has a right to know. The American taxpayers need to know about their Government. It is not going to impair in any way the effectiveness of this Agency's operations—and I am not unfamiliar with its operations. I chaired for 16 years the Information Subcommittee of this House. For 12 of those 16 years its jurisdiction also included Foreign Operations, foreign operations where oversight was maintained with a great deal of care throughout the period of the war in Southeast Asia. I am quite familiar with the operation of the agency in Southeast Asia.

I point out to those Members who do not know the difference between this country and others, and the fact that we become unique in disclosing this that, thank God, we do become unique. We have grown great and have maintained our strength as an open society and we should continue to be an open society to the maximum consistent with our true security requirements.

I do not want us to emulate the Russians or the Chinese or even our British brethren in the operation of the various agencies of their governments under their officials secrets acts and other areas. I want us to realize the strength that we gain from an alert electorate and an informed electorate. God knows they pay enough in taxes to entitle them to have a better idea of where their dollars are going.

Let me say this also, it is very important that we take corrective steps in this House to reestablish fully the credibility of our Government and we have not done that. We are beginning to make the right moves to reestablish that credibility.

This Nation experienced severe trauma following the disclosures that led to the first resignation of a President of the United States.

Make no mistake about it, there is great cynicism and a great lack of trust in the institutions of Government on the part of our people today.

This step, modest, indeed—and it is a most modest step—to put a line item in saying, "CIA, *x* number of hundreds of millions of dollars," I can assure the Members, is not going to break as some new and startling revelation on any sophisticated nation maintaining intelligence activities.

We have been told we have given this agency a dirty job, but we did not give it a job as dirty as the job it has done, and we did not intend that in some instances it be given as dirty jobs as it was given. In fact the agency, had it been under better supervision of the Congress, would not have taken the assignments, which clearly were unlawful, as our other domestic intelligence agency which does have a line item in the budget. It would not have undertaken some of its dirty and unlawful jobs with proper oversight.

As to this matter of disclosure within the committee, let me make it very clear on this record that the rule which says that all of the papers and records of the committee shall be kept separate from those of the chairman and be open to the inspection of any Member of this House has been the rule of this House for many, many years, long before I became a Member of this House. I recognize that many Members and many chairmen were not aware of this. I recall when the late Claire Hoffman of Michigan utilized that rule in my Committee on Government Information, and I recall that in connection with his use of it, the late Speaker Rayburn made a ruling as to what it entitled the Member to.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Moss was allowed to proceed for 3 additional minutes.)

Mr. MOSS. It entitled him to inspect the records, not to remove them. In that case Mr. Hoffman wanted to remove them. So it is not a new rule; it is just one of those instances where it is being apparently now observed.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I am pleased to yield to my colleague, the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

I would like to associate myself with his remarks. I think it is fair to say that the Governments of the People's Republic of China and the Soviet Union know more about the intelligence activities and the amount of money spent on them than do the American people. I would just point this out. Any time one drives into Washington, D.C., from Dulles, he sees a great big road sign that points to the CIA Headquarters.

Mr. MOSS. Oh, but may I say to my friend that that did not used to be true. One could not even find a sign. Everyone knew it was there, but no one acknowledged it.

Mr. JOHN L. BURTON. If the gentleman will yield further, that is the point I am making. The sign is there for all to see. As far as I know, no damage except from within has come to the CIA with the public disclosure by the turnoff sign on that highway.

Mr. MOSS. The gentleman is correct.

Mr. YOUNG of Florida, Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. I thank the gentleman for yielding.

Would the gentleman tell us whether or not this amendment that is pending now, if adopted, would satisfy him?

Mr. MOSS. This amendment, as the gentleman from Connecticut explained in using the term "circuitous," would then require an additional amendment setting out the line item, because it would say that the funds in this figure of $2,010 billion could not be expended for intelligence purposes. Then, of course, a technical amendment to make necessary transfer of one item to another would undoubtedly be required.

Mr. YOUNG of Florida. Will the gentleman yield further?

Mr. MOSS. I yield to the gentleman.

Mr. YOUNG of Florida. At this point, now the gentleman has discussed three amendments. Is there going to be a fourth amendment and a fifth amendment and a sixth amendment? Where is this going to stop?

Mr. MOSS. No; if the gentleman will reflect upon parliamentary procedure, he is faced with really a very simple and not a complicated matter. It is merely a logical progression from one point to a final objective, which is not unusual and is not complicated.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. MOSS. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. STRATTON. Reserving the right to object, Mr. Chairman, the sponsors of this amendment have had a great deal more time than the opponents and it seems to me there ought to be a more careful apportionment of the time. Therefore, I object to the extension of the gentleman's time.

The CHAIRMAN. Objection is heard.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been impressed with the number of people who have spoken here in support of the amendment who have also indicated their strong support for the CIA. I am reminded of the statement that was made by someone: "I can take care of my enemies but God protect me from my friends."

This is a dangerous amendment and I strongly oppose it. I oppose it for three specific reasons.

First of all, this is an exercise in what I would regard as legislative brinksmanship. The amendment before us would actually abolish the CIA. It would take away all of its money, and if the amendment succeeded the CIA would cease to be operative unless of course it were rescued perhaps by the other body or in conference. Let us not make any mistake about that.

The gentleman from Connecticut tells us he is going to offer another amendment later on if this one carries, but I think there is a real question as to whether another amendment would be germane because that would put money back into this bill for the CIA and this happens to be a defense bill not a foreign intelligence bill.

This is too important a matter for us to be tinkering with it through this kind of legislative legerdemain.

The people who are offering this amendment say: "We are all for the CIA. We just want to improve it a little bit." But what many of us have been worrying about is that these efforts to investigate the CIA and improve the CIA could well end up destroying the CIA. We have been urged even by such liberal publications as the New York Times to be cautious here in Congress and not throw out the baby with the bath. But this is precisely what is very likely to happen if we adopt this amendment and start down this particular road.

The second point I want to make is that obviously there is a great deal more to this legislative effort than just putting in one line item of the total amount of the budget of the CIA, since this much, as has been indicated, is already available to many Members of Congress. In fact, I think there are more than 50 Members of the House and the Senate who exercise oversight control over the CIA today. There is the CIA Subcommittee of the Armed Services Committee, the Defense Appropriations Subcommittee, and similar committees of the other body, a subcommittee of the Committee on International Relations, and the Committee on Government Operations.

I believe it is perfectly obvious that if Members really want to protect the CIA, if they really think it is important that we should have an intelligence agency, then there have got to be secrets. Any 5-year-old knows that the more people who know a secret the less chance there is of keeping that secret a secret.

What good does a CIA line item do in the budget? Once we have the specific line item there, then we will have to defend the line item. We are not talking here about what the members of the Appropriations Committee know about the activities of the CIA or the amount of money expended. What we are talking about is what is made public. You simply cannot discuss a line item and justify it and defend it here on the floor without thereby broadcasting it to the world and to our enemies, to the Soviet Union and to the KGB. That is what this amendment is all about. The only purpose of having a line item is so that we can argue it one way or the other on the floor.

But how can the gentleman from Colorado (Mr. EVANS) get up and say he wants to reduce this item by so much unless he also discusses what is the activity that he wants to reduce and why he thinks it ought to be reduced. So let us not kid ourselves as to what we are talking about here.

My third point is that this amendment is seriously premature. What is it that we have gone through in this body in the last few months? We have decided as a result of a lot of trauma that we have got to establish more congressional oversight over the CIA.

Some of us have felt that if we are going to exercise that oversight, if we are to be able to carry it out in such a way that we do not destroy the CIA and yet at the same time protect the procedures of democracy, we have concluded that we here in this body and in the other body ought to set up new select committees whose primary function is not primarily to go through all the past horrors of intelligence and get all the publicity on television, but to consider carefully some of these detailed and complex question that concern the proper functioning of intelligence operations in a free society and then come back here and make their specific recommendations to this body.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. STRATTON was allowed to proceed for an additional 2 minutes.)

Mr. STRATTON. Mr. Chairman, we have set up these select committees to make recommendations to this body after they have considered all the implications involved of questions such as these: Should we publish and what should we publish about our intelligence operations? How many Members of the House should be privy to the CIA secrets?

Can we operate a secret intelligence agency in a democracy? These are the kinds of questions that have to be answered by this House on the recommendation of the select committee. Why we do not even have in this body, with all our rules, a single rule that relates to the protection of classified material. That is a serious oversight. That is the essence of the present hassle between the gentleman from New York (Mr. PIKE) and the President of the United States. Certainly we ought to have some rules and guidelines to deal with this very vital matter.

So, why in heaven's name are we trying now to proceed to answer these questions on the basis of the half-baked amendment that is before us now, without even waiting for the recommendations of our own committees? Let us not try to do this thing hastily. We have waited long enough for these recommendations. Let us give the gentleman from New York (Mr. PIKE) time to conclude his hearings and make some recommendations on these matters, before they take the ball away from him and run with it.

The gentleman from Connecticut (Mr. Giaimo) who offers this half-baked amendment is himself a member of that select committee, yet for some strange reason he does not even want to give his own committee the opportunity to make its recommendations on one of the most important items on its agenda.

So let us vote this amendment down. Let us continue as we have done and wait in an orderly way for the recommendations of the Select Committee on Intelligence.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to my friend, the gentleman from New York.

Mr. KEMP. Mr. Chairman, I want to congratulate the gentleman for his statement and also to underscore what the gentleman has said, with regard to the steps that have already been taken to bring accountability to CIA. The proponents of the amendment are trying to tell us this is the only step that we have taken that this step will have to be made toward accountability or else there won't be any. This is wrong.

The committees of Congress; the investigation of illegalities by the Senate and House; and the willingness to allow all Members to see the so-called concealed budget figure are examples of reforms. Let me say this word "conceal" is just a pejorative euphemism for "classification." I believe we need certain information vital to the national security of America classified and every President and Congress from 1932 till today agrees. I thank my friend Mr. Stratton for his leadership.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. Sikes and by unanimous consent, Mr. Stratton was allowed to proceed for an additional 2 minutes.)

Mr. STRATTON. Mr. Chairman, I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I, too, want to commend the distinguished gentleman in the well for a most effective and penetrating statement that I trust will be very carefully considered.

Now, Mr. Chairman, I hope that we in the House will ask ourselves what earthly good could come from disclosing everything that can possibly be revealed about America's defense and America's security.

It seems to me it should be obvious that if we take this first step on the disclosure of intelligence information, it is the beginning of full disclosure on anything and everything that we have tried to keep secret from our enemies. It should be clear enough that the only people who really want this information, who do not have it now, are our enemies and the American press, each for their own purposes.

The American people are not asking that these secrets be divulged. The American people want our country to be just as secure as it possibly can under present conditions and circumstances.

I trust that we in the Congress will use sound judgment and wise discretion and vote down this amendment.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, I think the gentleman makes an argument that will not hold water. The gentleman says, if we bring the figure out, we have to defend it. I suggest that I can put an amendment in right now to strike 3 percent, 5 percent, or whatever, and the figure would have to be defended, even though not disclosed. That is true, regardless of the figure in the bill, even though we do not know what the amount is.

Mr. STRATTON. Mr. Chairman, I think it is obvious once we have a dollar figure there is going to be some detailed, public discussion of what activities the dollar figure supports and then, obviously, the next step is going to be an insistence that we publish the entire breakdown within that figure.

Mr. LONG of Maryland. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I just wanted to ask the gentleman from New York a question, among other things.

Let me point out that I know what this figure is. I have taken the trouble to look it up. But, it has already been pointed out by the gentleman from New York that 50 Members know this figure. Knowing the past behavior of our colleagues, I would be thunderstruck if they had all been so discreet as to make sure that nobody on their staffs knew about it and that it was not known by the enemy. I believe even the press has considerable information on it. Only the American people do not know how much is spent by the CIA.

We have nine volumes of the appropriation hearings telling the enemy all about our national defense—every aspect of it. We have admitted that we cannot discuss national defense without letting our people and the enemy know about it. What is the difference on intelligence? I wonder if the gentleman could tell me just exactly what use the enemy can make of the figure?

Do not tell me that this would confirm their knowledge of it, but just tell me: Even if the enemy absolutely knew how much we spent on the CIA, what use can they make of it?

Mr. STRATTON. If the gentleman will yield, I think the answer is obvious, considering the kind of debate which takes place on this floor. When we talk about the school lunch program, for example, somebody may want to cut the program by 5 percent. If they do so they may point out the number of children from $20,000 homes who are standing in lines in schools and getting free lunches. When you move to increase or reduce figures on the floor of the House regardless of what the bill is, you have to discuss the actual operations those figures finance.

So if one is going to cut the CIA, one might say, "I do not think we ought to know what other countries are broadcasting on their communications circuits. This is interfering with their individual human rights and we ought to eliminate communications." And when he says that he discloses something about CIA operations.

Mr. LONG of Maryland. With all due respect to the gentleman, I did not ask him about school lunch programs. I asked him about CIA operations.

Mr. STRATTON. What I have said is that we cannot discuss any reduction of any program, including intelligence, here on this floor, without talking about the details of the particular program. If we have a line item in the bill for the CIA, and if the gentleman from Colorado (Mr. Evans) wants to reduce it say by 15 percent, he is going to have to tell us what particular operation he wants to reduce and why he thinks that operation is not effective. And thereby we are going gradually to get the detailed operations of secret intelligence agencies out to the public and to our enemies.

Mr. LONG of Maryland. I want to say to my friend from New York that in my estimation he is esteemed as one of the staunchest defenders of our national defense, and I am also one. I asked him what specific use the enemy would make of that figure. The gentleman has not told me.

Mr. STRATTON. Well, suppose the discussion got heated, and some Member wanted to cut down on the number of overseas CIA employees. In that case somebody else might stand up and say "Oh, you cannot do that because we have got 10 employees in Peking who are giving us a detailed report on everything that Mao Tse-tung eats for breakfast." Perhaps Mao Tse-tung might not know that we have got 10 CIA employees over there, and that remark could do grave damage to our intelligence operations, to say nothing of the lives of the agents involved.

Mr. LONG of Maryland. Could the gentleman from New York tell me where the amendment offered by the gentleman from Connecticut (Mr. Giaimo) has anything to do with the number of employees in intelligence?

Mr. STRATTON. Once we have a dollar figure for CIA included in the budget which we are going to discuss on the floor of the House, we are then much more likely to disclose vital information about the operations which are funded under that figure when it comes to defending that figure, or comparing it with the figure from a previous year.

Mr. LONG of Maryland. Could the gentleman tell me just exactly how knowledge of that figure would lead to that? I do not understand.

Mr. STRATTON. I do not know how I can express it in any more simple words than what I have already used. If we have a specific budget figure, then it is bound to provoke a detailed discussion on the floor, just as we are doing in this discussion now and such a discussion is very likely going to deal with specific operations of the CIA that are funded by this amount and which should not be made public.

Mr. LONG of Maryland. Can the same answer be given that is given so far, that we are not free to disclose the number of people in Peking, but how much are we spending on the CIA altogether here?

Mr. STRATTON. I do not honestly believe that all Members of the Congress are as dedicated as is the gentleman from Maryland to not discussing publicly some of this highly sensitive information.

Mr. LONG of Maryland. The gentleman agrees that not every Member of Congress is so dedicated, but the gentleman already admits that there are 50 people who already know. Does the gentleman honestly believe that the Russian high command does not know how much we are spending? Does the gentleman honestly believe that the Russians do not know how much we are spending?

Mr. STRATTON. Mr. Chairman, the gentleman has missed the point that I made. It is not that we have 50 Members who know what the CIA is doing. My point is that when we start discussing on this floor what those 50 Members know then there is a grave risk that facts may get into the public press and thus get directly to our enemy.

Fortunately, the 50 Members who are now privy to these details have not, so far as I know, leaked any of them, and I hope that continues. But if we get heated floor discussions of the CIA budget, then these facts are bound to be leaked.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this subject has been exhaustively debated, and I will try to be brief.

I do want to say that we started for the first time this year to require the intelligence community to appear before the Defense Subcommittee which has the original jurisdiction over this budget. It has been my observation, Mr. Chairman, as a first-year member of that subcommittee that this has worked well. It is my opinion that the intelligence agencies have been forthcoming, they have been complete, they have been thorough in their response to questioning by our subcommittee. So I am saying that, if it has worked so well to this point after one year, why not see if it will continue to work?

Mr. Chairman, the alternative to that is the amendment offered by my friend, the gentleman from Connecticut (Mr. GIAIMO). In essence, it will mean that not one subcommittee of the House or two subcommittees of the House and a comparable number on the Senate side will be privy to the line item appropriations. It means that the whole country, and the enemy as well, will be.

Mr. Chairman, it is my feeling that the oversight of our subcommittee has temporized and moderated the intelligence community and its activities. If the amendment offered by the gentleman from Connecticut is approved, we will not have a moderation or a temporizing of those activities; we will have an elimination, a termination, of them.

There is no way that we can have a line item in the appropriation for this agency—and all of the other agencies in the intelligence community, which will be the next step—and still have a secret intelligence operation. There is no way that it can be done.

Mr. Chairman, the gentleman from Connecticut, in response to my question yesterday, pointed out that his amendment goes only to the CIA, and he agreed that there are a number of other components of the intelligence community. So not only is his amendment the first step, the line item, which next year will be broken down into "clandestine" or "covert," or the other breakdowns within the CIA budget, but it will also include as the next step the rest of the intelligence community.

Mr. Chairman, I submit to the Members that, if the amendment offered by the gentleman from Connecticut is agreed to, the public and this House is really not going to know essentially more than they know now because the CIA is just one segment, one element, of the intelligence community.

In conclusion, Mr. Chairman, if this amendment is adopted it will totally paralyze the intelligence community.

Perhaps with the present climate in this body and the present climate in this country, that has to come. Maybe that is what ought to be done; maybe that is what must be done.

I am just telling the Members that if this amendment is adopted, that will be the effect of it. We cannot have an intelligence operation with this approach.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, I will ask the gentleman, is there not a provision in the Rules of the House on matters that are so vital to national security that if we were discussing the CIA's activity, the House could convene in secret session and at least the Members of the House would know these things but not the taxpayers who pay for this information? Is that not the effect of the rule on these matters contained in the Rules of the House of Representatives?

Mr. BURLISON of Missouri. Perhaps the gentleman is correct in what the procedure could be. I would submit to the gentleman that in the judgment of this Member, the new rules as promulgated and announced by the chairman of the full committee should certainly be adequate for that purpose.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have refrained so far from participation in this debate. I served for some years as a career officer with the Central Intelligence Agency, and I have been apprehensive that my participation might seem self-serving in some sort of retrospective way. However, I feel compelled now to emphasize one point against this amendment offered by the gentleman from Connecticut (Mr. GIAIMO). This point has been touched upon before.

As a previous speaker said, as hard as we look, it would not be possible to discover from overt sources the budget or staffing levels of the intelligence services of the world; not of West Germany's B.N.D. or Israel's Mossad or the SDECE of France or the Kung An Pu intelligence service of Communist China.

The reason for such secrecy is very clear, because among the major targets of any intelligence service are those intelligence services which oppose it. Any information whatever about the opposition service is valuable, information such as budget trends and budget components. It is a characteristic of intelligence work that conclusions and estimates are built up like mosaics, out of many bits of information which, when put together, form a pattern and perhaps a revealing picture.

Mr. Chairman, I might feel differently about this amendment if it were the sole objective of the gentleman from Connecticut (Mr. GIAIMO) to make budget information available to the Members of this body, because I feel strongly that the Congress should exercise an effective oversight function over the CIA and the rest of the intelligence community.

However, the beneficiaries of this amendment will not be the Members of Congress, because the budget information in question is already available to them if they want to take the trouble to go and look at it. The beneficiaries of this amendment will be the public at large, and this includes the intelligence services of the world.

A vote for this amendment will be a vote to enhance the knowledge of opposing intelligence services about our own intelligence community. I could predict with confidence that this would only fuel further demands for more public revelations about our intelligence operations.

A minute ago we were talking about what these line item figures could mean year to year to opposition intelligence services. They could be of great use. If on year a promising technical means of collection were developed against hostile powers at a given budget figure and the next year that figure had swollen tremendously, somebody would ask the question: Why? There would then follow debate about the intelligence collection technique. Would we not then be clueing the target country so they could then defend themselves against this means of collection? To me, nothing could be more simple.

Mr. Chairman, I cannot understand how any Member of this body who places the interests of this country first can support this amendment, and I very strongly urge its defeat.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ROBERT W. DANIEL, JR. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague's yielding.

I do not think it is self-serving at all for the gentleman to speak, because he has had experience in this Agency and specific intelligence experience. I think it can be helpful to many of us who cannot now see the advantages or disadvantages of this Giaimo amendment.

Will the gentleman describe a little further how further scrutiny in greater detail of the dollar amount given to the CIA could be helpful to a potential enemy?

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I think a point was well made a minute ago by one Member who was speaking for the amendment who indicated that it would not be any great windfall for the KGB or the Kung An Pu to have the absolute dollar figure for the CIA revealed. However, the trends of the dollar figure, and the size and trends of the components and as they relate to the total, if they were revealed, would be very damaging to the Agency.

The money, after all, is for intelligence operations; and the figures would let them know what we are doing.

Mr. ROUSSELOT. What the gentleman is saying is that when the dollar figure would be debated on the floor and if the House were given minute data that open action on the floor could in fact hinder the intelligence-gathering capability. In answer to the question that the gentleman from Alabama (Mr. Edwards) raised yesterday, if someone wanted to reduce the CIA budget 5 or 10 percent and somebody on the subcommittee who had knowledge of the purpose for which those dollars would be used, such a member of the committee, in his efforts to try to prevent such cuts could, in fact, cause detrimental problems for our U.S. intelligence-gathering operations. Is that correct?

Mr. ROBERT W. DANIEL, JR. The gentleman is entirely correct.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROBERT W. DANIEL, JR. Yes, I yield to the gentleman from New York.

Mr. KEMP. Without trying to sound dramatic, I think it is also important to recognize that there are people's lives at stake. For instance, there are many dedicated agents' lives at stake. They are carrying out vital functions on behalf of the security of this country, and at some point if there was a fluctuation in the budget of our intelligence-gathering Agency it might again, as I mentioned several times, signal to the enemy that there is a project under way, and jeopardize lives and the success of their mission. I think it would be a vast mistake to start this process especially when these dedicated men and women are risking their lives to gather the intelligence so necessary to peace and the Nation's defense.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this has been a very enlightening debate, and one that is of great concern to the parties on both sides.

I am greatly concerned. I wonder how many ways there are in which I can talk about disaster in 5 minutes. This is what I feel would be the result of this amendment.

The gentleman from Connecticut (Mr. Giaimo), a gentleman for whom I have great respect, said in his remarks yesterday that Rome was not built in a day, and that we will be going further in this direction later.

I think herein lies the great problem. It is not just a matter of putting a figure in the budget today, but, as others have said, it is a matter of how we amend that figure in the future. It is also a matter of how one compares that figure to other figures in future years, and it is also a matter of when we then move to other intelligence operations and put those figures in the budget.

Where do we finally stop in an open general debate on the subject of our intelligence activities in the years to come?

This is the problem that I see. We can talk about all the past years of secrecy in this Government and how there is precedent for what we are doing. We can talk about all the legal reasons by which we can justify what we are doing, but that is really not what we are here to talk about today. What we are talking about today is whether we, in fact, are going to open up, not for our citizens and our colleagues and our voters, but for the enemies of this Nation to see, what we are doing in the intelligence field. That is the only issue before us today.

Mr. Chairman, I happen to believe that the good folks of this country do have a basic faith in the people in this Congress and in our committee to try to do what is right as far as the intelligence activities of this Nation are concerned.

It is fine to talk about the fact that we have a unique and open society, as the gentleman from California did. I am proud of that unique and open society. It is fine to talk about credibility in Government, and I think we need credibility in Government. However, I think we destroy the credibility of this very Government when we start handing out, for the world to see, everything we are doing in the intelligence field.

I think it is foolhardy not to pay attention to the way the enemy operates and somehow be able to meet him on the intelligence battle, if you will, in a way that will bring about the right kind of information that we need in this country.

I want to commend the gentleman from Connecticut (Mr. Giaimo), not for offering the amendment because I wish he had not done it, but for the way in which he tried to do it. Yet, I must say that even in the offering of the amendment that he has proposed, he has divulged for the first time where CIA money is in the budget. Therefore, now, if the gentleman from Connecticut is right, everybody knows it is in "Other procurement, Air Force."

I think that even this is going too far, if we are going to have a proper intelligence community to work for the benefit of this Nation.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, the gentleman from Alabama asks, Where do we go from here? The whole thrust of this debate by those who oppose the amendment is that anything which we do or say or divulge is going to give aid to the enemy.

Mr. EDWARDS of Alabama. The gentleman is correct.

Mr. GIAIMO. Obviously, if we are going to look solely on what we do here as it affects a possible enemy then we would do absolutely nothing, and we would know absolutely nothing about these agencies. That would be the safest course. But there is another course, as the gentleman knows, and I know the gentleman is troubled by it, and that is to restore a balance.

The balance being the danger from external enemies and the danger from secret internal enemies or their agents. There are dangers from possible secret big governments. This concerns the American people, particularly today when we are reading that some of these very agencies are violating the laws, spying on the President of the United States, reading his mail, breaking the law in reading the mail of Senators and Congressmen. We may say, well, they are not sacrosanct, but we live in a real world. Just imagine what an agency that does not hesitate to spy on the President of the United States would not hesitate to do with the average citizen. This concerns me. I want to restore the balance.

I do not think that we are going very far in doing something to restore the balance. Certainly, we do not want to give evidence of our intelligence operations to any possible enemies of our country. The gentleman knows that I agree with him on that. But I think our people would rest more securely if they felt that we in the Congress were really concerning ourselves with what these agencies are doing.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. Giaimo and by unanimous consent, Mr. Edwards of Alabama was allowed to proceed for 2 additional minutes.)

Mr. GIAIMO. I think the American people would rest better if they knew that we in the Congress were looking into what these agencies are doing. The fact is that to date we have not done so. We are beginning to do it now. In fact, we have made great progress in the last year, as the gentleman well knows, but we have more to do. I think this is a necessary step.

Mr. EDWARDS of Alabama. In retrospect, I think it is fair to say that there might have been a better way to handle the CIA's budget in the past. I don't fault those who have been responsible for the budget in the past. But I do think we took a tremendous step this year in bringing the budget to the full subcommittee on defense where it has had the closest scrutiny it has ever had in the history of the CIA. I do not think there is any question about that.

The thing I am trying to say is let us let that system work.

I do not agree for a minute that the gentleman from Connecticut is interested in divulging these things to our enemies, but I do agree that the import of what the gentleman is starting to do will lead toward that just as sure as I am standing in this well. And I further argue that neither the gentleman from Connecticut nor the gentleman from Alabama can stop it once it starts. That is what concerns me so greatly and that is why I think we must defeat this amendment at this time.

Mr. GIAIMO. We are not asking very much, we are not divulging anything by offering this amendment, we are not jeopardizing security, so why must we follow the same old concealment route? It is time this concealment be stopped. In recent times we have seen the damage which concealment in big government causes to our Nation.

Mr. EDWARDS of Alabama. I suppose I might agree with the gentleman from Connecticut if I thought it would stop here, but it is not going to stop here.

I reiterate what I said a moment ago that with all the best intentions of the gentleman from Connecticut and all the best intentions of the gentleman from Alabama, once we set this chain of events in motion there is no way we can get on top of it. That is the concern that I have. I urge the Members to vote down this amendment.

Mr. MAHON. Mr. Chairman, I move to strike the last requisite number of words.

Mr. Chairman, I never did think I would see the day in the House of Representatives when we would be debating whether or not to reveal certain heretofore important secret information to the Soviet Union and the Communist conspiracy.

I do not rise in defense of the CIA. The CIA has made mistakes and committed illegal actions. So has the FBI. So has every other agency in the Government. I rise in defense of none of them. I denounce all of them who have violated the laws of the land—HEW, and everybody else. I think we ought to do everything in our power to have a Government of integrity.

The Congress has not in the past rubber-stamped the Central Intelligence Agency. Those who have had oversight over the Central Intelligence Agency have made numerous reductions over the years, as we have in the current bill, to impress our will upon the Central Intelligence Agency and upon the Government in general.

The argument is made the Soviet Union knows the amount of the CIA budget. The Soviet Union no doubt has some information, of course, but are we to document and authenticate all of this information and give them more and more and more in addition to what they have already received? I say no.

Under our rules we do not now propose to keep secrets from our own Members. In the executive branch one is given top secret information only if he has a specific need to know. That is in the executive branch. In the House every Member is entitled to top secret information under certain circumstances if he feels that he needs to know.

When I go home to Texas I do not want somebody to meet me on the street and say, "Congressman, why did you vote to give away our secrets to the U.S.S.R. and the Communist conspiracy? The information was available to you. We trust you. We thought you would protect our interests. We did not need to know the information."

I do not think many people outside of Congress have ever asked me how much money is in the defense bill for the Central Intelligence Agency. All Members now have the mechanism by which they can get this information.

So I rise in opposition to the amendment which has been proposed by my good friend, the gentleman from Connecticut. The subcommittee agonized over this issue, and it appeared to me that by about 10 to 2 they were opposed to making public the information. The vote in the full committee was 38 against making the information known and 14 in favor. So that gives the views of the Committee on Appropriations. The CIA budget should not be made public.

I also have a concern that this amendment is only the opening wedge. What we are really debating is the ultimate release of all secrets of our Government. In my opinion, history would prove this wrong. The inevitable result would be a serious breach of national security if we start down this road.

The Founding Fathers were not foolish. In George Washington's time the President asked for certain secret funds "to facilitate the use of informal agents."

They kept this secret information in George Washington's time in a separate journal in the Treasury and I do not think we ought to forsake a policy which has such good endorsement as the one we have before us.

Commonsense also dictates that we should not upstage the select committees of the House and the Senate that are studying intelligence. Why not let the information be made available to them and let them make their recommendations to us before we decide what actions we should take with respect to this matter?

In summary let me just put it this way.

First. It is unwise to begin the unveiling of the innermost secrets of the Government and become the only nation on Earth—it is incredible—to thus jeopardize its security.

Second. The precedents of 200 years, since the days of George Washington sanction the validity of the position those of us who are opposed to this amendment are taking today.

Third. We cannot justify upstaging the select committees of the House and Senate that are working now with respect to this matter.

The Rockefeller Commission said Congress should give consideration as to whether or not we should reveal the information regarding the CIA. We are giving consideration to it. That is what we are doing. It is perfectly legitimate to give consideration to it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. MAHON was allowed to proceed for 3 additional minutes.)

Mr. MAHON. Mr. Chairman, I would trust and I earnestly believe that the Members will vote down this amendment.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Michigan.

Mr. CEDERBERG. Mr. Chairman, I associate myself with the remarks of the gentleman from Texas. I just cannot believe this House will support this amendment. It strikes at the very vital security interests of the United States.

I have heard the arguments that the opposition knows the figure, and so forth. That is not the point at all. The point is here is an agency that is dedicated to gathering intelligence, a very difficult assignment, and it is trying to gather it in the best interests of the United States so we know what is going on around the world. For us to take a first step which will ultimately and inevitably lead to other steps which will involve revelation of certain things then as we move along, to me that would be most disastrous.

I would certainly hope the Members of this body would give very, very serious consideration as to the actions we are going to be asked to take today.

I have been with the chairman on this matter of the intelligence for some time. I think we have tried to do what was in the long term best interests of this country. Some information has been made available to us which certainly if it got out would be seriously damaging to the capability of the United States to know what is going on, as we do know now. I would hope very seriously that the House would not accept this amendment.

Mr. MAHON. The gentleman is correct. The persons on the Appropriations Committees of the House and the Senate have been looking at this budget and the details of this budget for years and trying to do a creditable job. Under the new procedures everyone will be advised of the dollar amounts and the hearings will be available to be seen. So I do think we have gone far enough. If we know ourselves what the situation is, why do we insist on telling the Soviet Union and Red China and everyone else? It is beyond me. If there were a great tidal wave of demand from the public, it would be different. But I do not think many of the people feel it would be wise for us to spill our innermost secrets of the Government to the whole wide world.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, is it not correct that in the State-Justice budget there is a line item on the FBI and they are also an intelligence-gathering bureau and there has been no damage to their ability because they are a line item in that budget?

Mr. MAHON. The budget of the FBI is published in the President's budget that is submitted to the Congress every year and that is available to the public. The action of the Congress on the President's request is included in the bill presented by the Justice, State, Commerce Subcommittee of the Committee on Appropriations. The budget provides for every activity of the FBI—criminal investigations, fingerprint identification, pursuit of Federal fugitives, civil rights investigations, and every other function of the Bureau. There is no line item or any other indication in the budget that identifies the amount the Bureau spends of intelligence or counterintelligence activities.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I know about the FBI budget and I can say there is within that intelligence gathering responsibilities in the FBI budget that are not line items and are used for the specific purpose of gathering intelligence.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Ms. HOLTZMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Ms. HOLTZMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Ms. HOLTZMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MAHON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 40 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Texas?

The motion was agreed to.

The CHAIRMAN. The Chair will state that all Members standing at the time the motion was made will be recognized for 1¼ minutes each.

(By unanimous consent, Mr. John L. Burton yielded his time to Ms. Holtzman.)

(By unanimous consent, Messrs. Addabbo, LaFalce, Stokes, and Harrington yielded their time to Mr. Giaimo.)

(By unanimous consent, Mr. Cederberg yielded his time to Mr. Kemp.)

Mr. TALCOTT. Mr. Chairman, I believe we have made a serious mistake which degrades our intelligence gathering capability, and therefore jeopardizes our national security. Perhaps the damage will not be apparent today, but the damage to our successors will be known too soon to the regret of our grandchildren.

The initial step of announcing the place in our budget where the CIA budget is contained is valuable to our enemies. This gives them valuable information, it gives them a "base line" from which they can deduce useful information, it enables them to watch and track trends, it enables them to discontinue their search for this useful information in other places, it enables them to confirm other information from clandestine sources, it opens the floodgates of opening all CIA activities to the scrutiny by our enemies.

We need intelligence to survive. We are dealing with closed hostile societies. Our enemies have almost completely open access to our defense forces. This is a tremendous disadvantage to us and an advantage to our enemies. We should not knowingly impose such disadvantages upon ourselves and give such advantages to our enemies.

Every Member of the House can obtain all of the information concerning the CIA very simply. This ought to satisfy every Member's curiosity about the CIA without allowing the information to become known to our enemies.

It does absolutely no good to claim that one wants to maintain a "strong intelligence facility" and do one thing after another to degrade it and to jeopardize our security.

No other nation discloses its intelligence and security activities, no other democracy, ever. Their wisdom should not be ignored.

What help or advantage does the American citizen derive from exposing the CIA budget to public and enemy scrutiny? I can see none. Any Member can obtain all the information available to satisfy any inquiry by any loyal constituent.

We can all very clearly understand the advantages to our enemies. Why do something that helps our enemies and does nothing to help ourselves?

I want as little secrecy as possible. But some secrecy is absolutely necessary in intelligence gathering. I believe it is wise to maintain this secrecy.

Our present rules satisfy me. They may not satisfy our enemies. If any constituent is curious about our intelligence operations and the costs, I will try to deal with him or her without disclosing information which will be helpful to our enemies.

I trust the Giaimo amendment will be defeated. If it passes, there will be no appropriation for the CIA. Mr. Giaimo says that if his amendment prevails he will offer another amendment to disclose the total amount of the CIA budget. But, as the gentleman from Connecticut well knows, his next amendment might not pass. The procedure is faulty. The objective is therefore suspect.

Unintentionally, or not, this amendment is detrimental to our intelligence services and it will jeopardize our national security with no enhancement to representative democracy or our right to know.

Sometimes, we can provide our citizens with some information which is of no value to them but of great benefit to our enemies.

Intelligence information is one of those budgetary items which is greatly more valuable to our enemies, than to our citizens.

(By unanimous consent, Mr. Dan Daniel yielded his time to Mr. Stratton.)

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. Obey).

Mr. OBEY. Mr. Chairman, all I can say is try to emphasize the point I tried to emphasize before. We are revealing nothing which is not obtainable from other sources in roughly equivalent form right now. All we are doing is making this Congress look a little less silly in the process of considering how we manage the intelligence-gathering budget of the United States. Virtually every negative argument I have heard, save two, has been made against some future amendment which might occur in some future session of the Congress.

I would submit that they do not fit in this place on this amendment. I heard the chairman of the Appropriations Committee say that he never thought that he would see the day when the House would be debating revealing certain heretofore secret information to the Soviet Union and other Communist countries involved in the Communist conspiracy. He and I must be reading a different amendment, because nothing in this amendment does anything similar to that this afternoon, and anyone who has read it and listened to the debate, even to the objections of those who are opposed to the amendment, certainly would understand that.

Mr. DAN DANIEL. Mr. Chairman, I rise in opposition to this amendment.

Basic to the compact that exists between the people of the United States and the Government, is the people's right to know. Ours has by and large been an open government, putting its trust in the collective good judgment of the electorate.

Also basic, and it is stated in the Preamble to our Constitution, expanded upon in article I, is provision for the common defense. I believe if we defeat this amendment, we will still meet both of these basics.

This amendment is downright dangerous and it is not quite so simple in its application as it may appear at first blush. It would be meaningless in the context of budget oversight to publish a total figure for CIA operations and it can virtually be guaranteed that another year will see a demand for greater detail.

For with only a flat dollar figure assigned to CIA activities, there would be no way the Congress as a group could intelligently exercise any more oversight than is currently the case. It could only assist our adversaries.

It is dangerous for several reasons. I assume there is no disagreement in this Chamber that there are other nations on earth which are engaged in intelligence gathering operations directed at us. The published knowledge of an increase in funds for our intelligence gathering would immediately alert other nations, bent on mischief, that they should increase their own efforts. Certainly, this would be my own reaction, were I in their shoes. On the other hand and again if I were in a decisionmaking position for a potential adversary this would be my reaction—an announcement of a reduction in appropriations for this purpose would be immediately interpreted as a reduction in effort to maintain a body of knowledge sufficient to make rational defense decisions.

We have only to look at the period immediately preceding World War II to know that more adequate intelligence gathering could have alerted the Allies, providing time for preparation.

I cannot say that war would have been avoided, but it might have been shortened, and loss of lives and human suffering minimized. I would hope we have learned something since our then-Secretary of State declared that "gentlemen do not read other people's mail."

A defense capability without the knowledge of when and where and under what circumstances it may be needed would be as useless as a safety pin at a nudist camp. And there is one other point to be made in this regard.

The charge has been leveled that "only a handful" of Members know the amounts appropriated for CIA activities. Thirty-one Members of the House and the Senate are provided this information. This is considerably more than a handful, and I would not for one moment question the integrity or the honesty of any of these 31.

Nor is that all. Other Members can also obtain sufficient information to evaluate the intelligence function and meet their oversight responsibilities.

The gathering of information on foreign governments and the provision of funds for this purpose is as old as our Nation. The matter was debated in Constitutional Conventions, and secret funds were employed by Presidents Washington and Madison.

It is therefore not an issue recently risen. I submit, Mr. Chairman, that we are talking about secrecy, when we should be talking about discretion. In our intercourse with other nations—friend and potential foe alike—it is necessary that certain elements not be made too public.

The other body confirms the Director of the CIA, and only after considerable investigation as to his background and qualifications, and as to his character. Thirty-one of our number know the specifics of this appropriation.

Prior excesses have been pretty thoroughly explored, so that those exercising oversight are now alerted to any potential abuse. Let us vote down this dangerous amendment.

(By unanimous consent Mr. Wampler yielded his time to Mr. Stratton.)

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. Pepper).

Mr. PEPPER. Mr. Chairman, and members of the committee, this is not an easy vote for any of us to take. I very reluctantly am going to vote against this amendment, but I want to say to those who have the authority to do something about this problem and do not exercise it in the future, that this is probably the last time I am going to vote against such an amendment.

This country has not approved of the way the Congress has permitted abuses by our intelligence agencies. Those who have had authority to oversee these agencies have been remiss in their duty in exercising oversight, in exercising scrutiny and authority over these activities. The monstrosities which have been committed could not have occurred if Congress had been on the alert.

If the whole House is not going to have the prerogative of examining the conduct and the items of expenditure of these intelligence agencies, then the committees having jurisdiction over these agencies are going to have to do so in a way that will satisfy the country that the public interest is being protected. I realize that if we adopt this amendment we could not, on the floor, do more than deal with the whole figure. We could not go into the items that make up the bill, but as I understand it, the Defense Subcommittee of the Appropriations Committee does do that, and other members of the Appropriations Committee have access to the details.

I believe, therefore, the delicate matters involved in the operations of the CIA—the amount of money to be appropriated and the character and extent of the activities of the Agency—can better be handled—the national interest as well as the rights of our citizens can better be protected—by the appropriate committees of the Congress. I hope they have been shocked into a new concern about their responsibilities by recent disclosures of CIA activities which are repugnant to the American way of life. But let the committees understand that if they do not do the job the House and Senate will have to undertake it even at the risk of what may be serious injury to the national interest.

The CHAIRMAN. The Chair recognizes the gentlewoman from New York (Ms. Holtzman).

Ms. HOLTZMAN. Mr. Chairman, I rise in strong support of this amendment which will require disclosure of the amount of the CIA budget, because it raises issues not only about fiscal responsibility of the Congress, not only about the balance of power between Congress and the President, but also about what the Constitution requires of us.

I recently read a thoughtful article which I placed in the Congressional Record last July, that was published by a committee of the Bar Association of the City of New York. This bar association committee examined the Constitution of the United States and concluded that the way in which we were appropriating money for the Central Intelligence Agency violated the constitutional requirements. I want to read the relevant section of the Constitution.

Article I, section 9 of the Constitution says that, "No money shall be drawn from the Treasury but in consequence of appropriations made by law." I submit to each Member that if we do not know what is in the CIA budget and do not even know its total, then we are not appropriating money knowingly. We are not fulfilling the constitutional mandate.

Second, the Constitution requires that "a regular statement and account of the receipts and expenditures of all public moneys shall be published from time to time." Here again, we do not meet the requirements of the Constitution.

There has been some concern raised in debate about the disaster that will come to this country from abiding by the constitutional requirement that at least we put in the bill the lump sum of the CIA appropriation. I would just like to point out that the Atomic Energy Commission has had its lump sum appropriation published, and it has been a matter of public record for a long time. That publication has not led to the disclosure of national secrets and it has not endangered security of this country. I think that is an important example.

Mr. Chairman, I would suggest to the Members that there has been no real proof—just bland unsupported assertion—that publication of the total amount given the CIA would in any way endanger this country. We ought to adopt the amendment offered by the gentleman from Connecticut (Mr. Giaimo).

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Anderson).

Mr. ANDERSON of Illinois. Mr. Chairman, I think we have an illustration in the debate this afternoon of the fact that the most difficult decisions that confront us and that we have to make are those when two very important and necessary principles seem to be in conflict with each other.

Mr. Chairman, here, I think, we have the principle of the matter of the accountability of government agencies, a very important principle.

We also have the principle, I think, in some measure, of the necessity for secrecy in the carrying out of the intelligence function.

I want to congratulate the Committee on Appropriations. I think they have made some progress in confiding examination of the CIA budget to the entire subcommittee, and in permitting access to such material to every Member of this body. I shall avail myself of that access this afternoon.

I think we will further have the right, on the 31st of January, when we examine the recommendations of our own select committee, to then decide this very, very important basic policy question. Therefore, I am going to reserve my judgment today and, in fact, vote against the amendment, reserving, however, the right—and I think the very great responsibility—to reexamine this question when we have a report from our select committee.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. Nedzi).

(By unanimous consent, Mr. Stratton yielded his time to Mr. Nedzi.)

Mr. NEDZI. Mr. Chairman, it is really with mixed emotions that I rise to comment on this amendment and, on balance, to oppose it, because some time ago I expressed myself both publicly and privately in favor of making public the total budget of the CIA. I did so in the belief that our foremost adversary had a pretty clear idea as to what that figure was and there would be little or no damage done, as long as the component parts of the total were not revealed.

On the other hand, the arguments against the revealing of the total budget were not entirely without merit, and there did not seem to be any overriding public interest in making this figure known.

But I am going to vote against this amendment, because I believe, as has been mentioned by some of our colleagues, that this question of making the total budget public is a matter which should be considered in a calm and reasoned atmosphere in both the House and the Senate Select Committees on Intelligence and should be included in the final package of recommendations.

Mr. Chairman, I know that when I voted for our select committee, I assumed that this was going to be one of the matters that they were going to consider very, very seriously. This matter of making the CIA budget public is not a new question. It has been around for a number of years and is one of those gnawing things about which there has been all kinds of debate; and that debate, it seems to me, should take place in the select committees where they have the advantage of calling upon witnesses from both sides and then presenting their recommendations to the House, which we then should consider. Neither committee, obviously, has reached this point. We have endowed these committees with ample budget and staff, and for the first time in history we have mandated a complete investigation of the intelligence agency. The charters of these committees are as broad as legislative language could make them and, accordingly, it seems to me ill-advised, if not ludicrous, for us to be considering this problem in such a haphazard manner.

Mr. Chairman, we seem to be operating for the moment in an atmosphere of confrontation and, accordingly, I think we should reserve judgment until the atmosphere is calmer and the committees have reported.

Moreover, with the Central Intelligence Agency seemingly under attack from several directions, it might be well if we do not open up yet another front for the Agency at this time. It has an ongoing responsibility to do its work, and it must be responsive to the Congress, but there is something to be said for not opening up yet another area of controversy, especially when we do not have the benefit of the recommendations of these two select committees.

Mr. Chairman, these budget figures have remained secret throughout our history, and as the gentleman from Texas has pointed out, George Washington had some budget secrets which he kept from the Congress and from the public. It just appears to me that there is no urgency in taking this step at this time, and I, therefore, urge that we reserve judgment and reserve decision and vote down this amendment.

The **CHAIRMAN.** The Chair recognizes the gentleman from California (Mr. Leggett).

Mr. LEGGETT. Mr. Chairman, I rise in support of the amendment.

I think it is time that the sunshine were allowed to come in a little bit. This is not a question of secrecy or no secrecy.

We have a book here the committee report of about 4,000 secrets of the Department of Defense in which they talk about the money for the SAM–D. But yet do we know how the SAM–D works? The answer is: No.

We have the details of the money for Thailand, and it is spelled out. But do we know what the money is actually used for? No.

We can go through the FBI budget. Does that tell us what they are doing? The answer is: No.

I have sat on the Defense Committee for 12 or 13 years, and I have heard the CIA come in and talk to us, and I have heard the other intelligence agencies come in and give us information. They come in and brief us in secret sessions. But I will tell the Members that the bulk of what they tell us is just about what we read in the newspapers. It just so happens that the information presented to committees in secret session is very much like what we read in the newspapers.

Mr. Chairman, the gentleman from Connecticut (Mr. Giaimo) has a point. He is trying to reveal something he wants to get at the details in these assassinations and the violations of Presidential orders about keeping poisons.

Mr. Chairman, we must get at these things, and this is a start in that direction.

Mr. Chairman, I wish to register my support for the effort being made by Congressmen Giaimo, Addabbo, and Obey to take one step toward greater congressional scrutiny and oversight of intelligence activities. Their amendment would bar the use of the funds provided by the appropriations bill before us for the CIA. Their purpose is obviously not to prevent appropriations of funds for the Agency. It is clearly to ask the Members of the House to face squarely the question of whether they want the overall budgetary total for the CIA made public. As I understand it, if that effort proves successful, a second amendment will be offered specifying the actual amount of appropriations to be included in the bill for CIA operations.

Mr. Chairman, I believe we should answer that question in the affirmative. We must start the process of establishing meaningful legislative control over our intelligence agencies and making them really accountable to the Congress for their programs and resources. Focusing on the funding total for the Agency is only a modest step toward that end. Yet how can we "oversee" in any fashion if we have no knowledge of the Agency's command on our resources? How can we set budgetary priorities in a meaningful fashion if we have no basis for comparing intelligence with unemployment, health or other competing program areas?

I want to say that I do not believe this small step, if taken, should subsequently be extended to revealing the details of the Agency's funding and activities. It is apparent that many of the Agency's activities, if undertaken at all, must be done in secrecy. What we must have, however, is strong congressional scrutiny and control of intelligence activities and programs before, rather than after they are initiated.

The virtual total autonomy of intelligence agencies, particularly the CIA, must be brought to an end. If that can be done by committees operating in secrecy, then so be it. But the Agency must be accountable to the people and their representatives in a truly effective form. The previous approach of having an "inner circle" operating in total secrecy has obviously not prevented an autonomous agency from abusing the public trust. The proper role of our intelligence agencies must be reexamined, and a new method of congressional oversight established. We have constituted a select committee in the House to do just that. I believe that the modest step being proposed today toward greater CIA accountability for the funds it commands should be consistent with that process.

Let me emphasize, finally, that proponents of this amendment are not attempting to bring an end to vital intelligence activities or to undermine the CIA. We know that for better or worse the United States will need some sort of central agency, if for no other purpose than to coordinate the intelligence activities and evaluations of the many existing civilian and military intelligence organizations. Opponents of the amendment who insist that we seek to destroy the Agency are in error.

What we want is an agency under effective control, both executive and legislative, and with more precisely defined authority. This is supposed to be a government of laws, and such a government has no place for an agency completely without the legislative purview. Even if a wholly secret and autonomous CIA could have been justified during the height of the cold war, which I doubt, that day is clearly over.

Mr. Chairman, we cannot go on with the old ways of the pre-Watergate era. We must find means to prevent abuses like domestic spying here or the Chilean atrocity abroad. And we must insure that extravagant programs like the Glomer Explorer are made to compete effectively against other claimants on the public purse.

Mr. Chairman, I urge my colleagues to support the proposed amendment as a small but useful step in the direction of better congressional oversight of intelligence.

(By unanimous consent, Mr. Miller of Ohio yielded his time to Mr. Devine.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. Devine).

Mr. DEVINE. Mr. Chairman, I wish to speak today not as a member of the Committee on Appropriations but as one who a number of years ago did have some experience in this area, having been an FBI agent for a period of 5 years.

Intelligence work is a complicated work, it is a sophisticated work, and I think we should understand exactly what we are doing here.

I am aware of the fact that there are Members of this body who were once connected with the Central Intelligence Agency. We have a number of former FBI agents, and we have Members here who were in Naval Intelligence and in the Counterintelligence Corps; we have Members who were in G-2 during World War II, during the Korean conflict, and perhaps during the Vietnam war. They understand the necessity of confidentiality and of secrecy in intelligence for the security of this Nation.

I would say there are a number of Members in this House whose vote on this matter could be predicted, who could not track an elephant after a snowstorm through a flowerbed. They do not know the value of surveillance work, they do not know the importance of confidentiality, and they do not know the value of sources of information to an intelligence agency.

There has been a movement around this country during the last few years to destroy our intelligence agencies. There have been scurrilous attacks on the FBI by persons who did not have the courage to attack J. Edgar Hoover during his lifetime. They would like now to derogate that agency, and they would like the opportunity to open up all the files of the CIA in an effort to destroy that Agency.

The words that worry me more than anything else and, I think, the words that the gentleman from Connecticut (Mr. Giaimo) probably wishes he could swallow are the words, "benchmark" and "first step." That is what concerns all of us here, not just the idea that the line item amount of the CIA is in question before the House. We are worrying about what step 2, step 3, and step 4 are going to require. Will every special agent of the FBI and every special agent of an intelligence agency in the Nation be required to reveal his name, rank, serial number, date of birth, what his assignments are, and what cases he is working on?

Mr. Chairman, these are the things that concern the American people, and I, therefore, urgently ask the Members of this House to vote down the Giaimo amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. Myers).

Mr. MYERS of Indiana. Mr. Chairman, I am certain that each of us here this afternoon is concerned and is frustrated over some of the activities that reportedly the CIA has been accused of conducting. However, Mr. Chairman, is this amendment offered by our colleague from Connecticut the proper remedy?

I am sure that the author of this amendment—in fact, I know—is concerned about and believes in having a strong Central Intelligence Agency. We are all concerned about having an agency that will be able to interpret and will be able to make some prediction about the future activities of other countries.

Some Members are saying, what harm could happen if we just merely report how many dollars are going into this agency? That all they wish to do is require that the money for our intelligence efforts be in a specific line item of the appropriation bill. That, in itself, probably is not all that vital to our country's security. It is probably true that the enemy knows as much about this as many in this country and maybe more than some of the Members here. Generally, I believe that the taxpayer has the right to know and should know how this tax dollar is spent. Yet, the overwhelming majority of the people I have talked to in each case are more concerned that we keep a strong intelligence than they are interested in how much money is spent for it.

I feel we need some supervision over the activities of the CIA. I am confident the select committees will arrive at that decision. It seems to me a joint committee along with representatives of the executive would be the proper way to supervise those activities.

If we are required as this amendment requires to provide the needed funds by a line item, we are going to get provisos. There are more than 35 provisions in this bill, H.R. 9861, restricting and directing how the funds may be spent.

If we put a line item in here, we are going to be conducting and directing the CIA's intelligence-collection efforts from the floor of this House. I am sure this would defeat our very important intelligence efforts.

Mr. Chairman, do we want a Central Intelligence Agency or not? If we do, we should vote no on this amendment. A yes vote will destroy the country's ability to collect vital information for our security and peace.

(By unanimous consent, Mr. Johnson of Colorado yielded his time to Mr. Rhodes).

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Chairman, it seems to me that today we are going to learn one very important thing—that the rest of the world just does not operate under the same rules that we do.

I might be more inclined toward revealing the budget of the CIA if the Russians would reveal the budget of the KGB, but they do not and are not going to.

I also have the feeling, although I do not know that this is true, that the KGB and other related Communist intelligence operations have a lot more money than our CIA does. For that reason, I am concerned about the Russians getting this knowledge because then, they would know whether we are falling behind in what I think is a very important area. In spite of détente, unfortunately world confrontation still exists with the better part of the world.

Mr. Chairman, it just seems to me that we are putting the cart before the horse. I do not condone activities of the CIA or the FBI, which have violated the rights of American citizens unduly in the past. However, I submit, Mr. Chairman, that this is completely irrelevant insofar as getting to those abuses is concerned. The amount of money involved is beside the point.

I think that the investigation of such alleged abuses is the responsibility of the Select Committee on the CIA. I hope that the select committee is cranking up to do its job now instead of jockeying with the President of the United States. When it does crank up, and when it does do that job, I am satisfied that it will come up with a report as to what has happened in the intelligence-gathering agencies, and with some recommendations which can help us do a better job of oversight than we have in the past. However, this present amendment is not the way to do it.

Some say that this amendment would not be revealing secrets. When they say that, I think they miss the fact that there are some very intelligent people around this world who have been in the intelligence business for a long, long time. If we give them something to take hold of, if we give them a total sum of money, then all they have to do is similar to what one does with a jigsaw puzzle. They put things together and they know that the CIA is engaging in certain activities. They also know that there are certain *x*'s involved. There is a certain amount of money that they cannot account for. It would not be too difficult, however, for them to find out or to take some pretty good guesses as to how to come up with the information they want.

Mr. Chairman, I urge my colleagues to reject the amendment.

Mr. ADDABBO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole House is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Chair recognizes the gentleman from *California* (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Chairman, I should like to direct a question to the maker of this amendment, the gentleman from Connecticut (Mr. Giaimo). Is it the gentleman's intention only to have the figure for the CIA so revealed as a line item, or is it the gentleman's intention additionally to reduce that amount? Is the gentleman satisfied as a member of the committee with the figure that now exists?

Mr. GIAIMO. Will the gentleman yield? Yes, I am satisfied with the present figure. We do not intend to reduce the budget appropriation for the CIA.

Mr. ROUSSELOT. All right. So the gentleman is satisfied evidently with the present figure, whatever it may be. Therefore, I do not understand the necessity for this amendment. The gentleman is on both the subcommittee and the full Committee on Appropriations. The gentleman participates in the debate and the hearings of how the funding shall be allocated for the CIA. I do not understand why we need to have this as a specific line item so that other people who do not have as much knowledge on the issue can then come to the floor and change it by endless amendments.

The Chairman. The time of the gentleman has expired.

(By unanimous consent, Mr. Bauman yielded his time to Mr. Rousselot.)

Mr. ROUSSELOT. Further I still cannot understand why just making this a specific line item will improve the quality of intelligence-gathering. My belief was that the purpose of our House Select Committee on Intelligence was to carry out that very job, and to try to come here with definitive suggestions on how we could improve U.S. intelligence-gathering. So I do not believe that the amendment of my colleague, the gentleman from Connecticut, nor evidence presented in debate, have shown us why we need, by just having a specific line item, to better understand the quality of the present CIA intelligence and how that single figure is going to improve the quality of intelligence-gathering in the future. That is really the major issue.

So I am sorry that my colleague has not been willing to wait for the Select Committee on Intelligence to complete its job, because as I understand, the prime purpose of that effort is to come to the Congress with ways and means to improve the intelligence-gathering systems including the CIA.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Virginia (Mr. Robinson).

Mr. ROBINSON. Mr. Chairman, in qualifying his remarks in support of the amendment one Member said that we should reveal intelligence information, budget included, to the extent and to the maximum consistent with our essential security requirements. Can anyone who has been here listening to this debate doubt that our essential security requirements would be harmed if this information is revealed?

Another said that it is not an easy vote. For this Member it is an easy vote and it has gotten easier and easier as we have discussed the ramifications of what this amendment would do, because one significant argument has not been refuted. That is the argument that this is the first step in the direction of totally revealing the budget of the intelligence community.

"Sunshine should be allowed in," it was said. If the full light of day of public disclosure is allowed to fall on the CIA, it will destroy that agency. Do we want that?

We must defeat this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut (Mr. Giaimo).

Mr. GIAIMO. Mr. Chairman, several minutes ago the minority leader spoke in opposition to this amendment. He made two telling points. He said the rest of the world does not operate like the United States, and he said he would be in favor of releasing the CIA budget, meaning I suppose by releasing it that we would include it as an item in the budget, if the KGB—which is the Soviet counterpart of the CIA and which engages in some other activities that our CIA does not do—would do likewise.

I think that is what is at the nub of this argument today. We have heard ad infinitum of the dangers that would be involved to the national security of the United States in adopting this amendment, but from the opponents of this amendment we hear not one word of concern for the American citizen because of the activities of the secret agencies of the Government—the powerful secret agencies of the Government.

From what has transpired these last several years, from the revelations of wrongdoings and illegal activities by these agencies, I submit to the Members that it is a very real and proper interest of ours to be concerned about what they are doing. Indeed, we should do more than we have done in this Congress to exercise some oversight in order to make sure that we at least begin to know what those agencies are doing. If some of our committees in the past had exercised that kind of oversight, we would not be in such a sorry plight as we are now.

But ours is an open society. It is not like that of the Soviet Union. I will tell the Members a story. My father came to the United States in 1908 from Italy as a young lawyer. He fell in love with this Nation as only an immigrant can. Do the Members know the one thing that was the most astonishing to my father in the United States from the time he came until the day he died? He said: "My God, in the United States the cops are friends of the people." Do Members know what that means in an open society to have the law enforcement agencies as friends rather than as arms of an all-powerful government?

I submit we run the danger, as has come forth in the last 2 years, that some of our law enforcement agencies, some of our secret agencies may now in their overconcern for the national security no longer be friends of the American people.

That bothers me, because as the gentleman from New York (Mr. Stratton) said:

> I can take care of my enemies. It's my friends I am concerned about.

I agree with the gentleman. That is a very true statement today.

I just came back from the Pacific and saw the might of the American power. I have seen it in Europe. I am not concerned about the ability of this Nation to take care of itself vis-a-vis the Soviet Union. I am concerned about the ability of this Nation to take care of itself and protect itself against a secret all-powerful government which can turn evil. We saw this in the last 2 years. We have to begin to take steps to protect ourselves from it. Here we are in Congress voting on this amendment and some Members are saying that they do not want to know what the CIA does. We have heard that they have committed acts of impropriety, but yet some Members do not want to know; whereas, our people expect us to know. Our people are only confident when we are exercising oversight over these agencies, but we are not doing this at the present time. We are only now beginning to. We only now are beginning to see the committee move and allow greater information to come forth as to what the CIA is doing. We have got to do much more.

This publication of the budget does not jeopardize national security. It serves as a warning to the executive agencies, particularly the intelligence agencies, that Congress at long last is going to assume its oversight functions, something which it has not done.

One other point. Remember, the CIA has only been in existence since the late 1940's and early 1950's. The idea that they must continue the way they are going only arose in the cold war days of the early 1950's.

Let us bring them back into line so that they are responsive to Congress, so that we know, within reason, what they are doing and we know where they are spending their money and how. Within reason—I emphasize these words to my friend from California who asked me before about this. We do not intend to publish all the activities. We want to get a reasonable approach, so that we can have an oversight control.

Mr. Chairman, I urge the adoption of the amendment. I will repeat; the United States is not to be compared with the Soviet Union or what the Soviet Union does.

Mr. RONCALIO. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from Wyoming.

Mr. RONCALIO. Mr. Chairman, I could not feel more deeply an affinity for the statement of the gentleman. I associate myself with the gentleman's position.

As an elected Representative of the people, I have a duty and I believe in and support the security of this country. I also believe in support for my constituents. I believe that the constituents should know what is going on.

Now, if I vote for the B-1 bomber and the vote turns out to be something other than the B-1 bomber, that some of these funds that are appropriated for the B-1 bomber go to the CIA, that is clearly wrong.

Let us vote for the amendment and keep America free.

Mr. GIAIMO. Mr. Chairman, I thank the gentleman for his support.

One final point. From what we have seen and read this past year, should we not question the activities of people in the Central Intelligence Agency? Do we really think they are entitled to a carte blanche vote of confidence from us? I do not think so.

Mr. STOKES. Mr. Chairman, I rise in support of the amendment by the gentleman from Connecticut (Mr. GIAIMO). Mr. Chairman, I think that the lessons of history dictate the necessity of this amendment. Our most current lesson of history is Watergate. If Watergate taught us anything Mr. Chairman, it is that nothing is more threatening or dangerous to a democracy than unbridled, unchecked, arrogant power. Watergate occurred, Mr. Chairman, because the American people did not know and had no mechanism to find out what was being done to them by the President of the United States in the Oval Room of the White House. Now we are confronted each day with some new and sordid revelation of what the CIA has been doing to the American people. These are ugly revelations relating to crimes, assassinations, and other revolting things being done to the American people with their tax money in the name of "intelligence."

These sordid revelations have now resulted in committees in both bodies of Congress being appointed to investigate the CIA's activities. One Member of this body in debate today said that we are making the CIA appear more disreputable. Mr. Chairman, if the CIA had conducted themselves in a reputable manner, they would not today be under investigation by both bodies of Congress. It seems to me that requiring a line item of their budget is a small step by this body in making the CIA accountable to the American people for whom they are providing security and intelligence.

One of the arguments which I have heard over and over again during this debate is that the American people do not want to know. At the same time I have heard over and over again that the Russians do know. This it seems to me is an insult to the American people to say that they do not want to know what the Russians already know about them. Watergate happened, Mr. Chairman, because of arrogant men who were privileged to operate in the dark with the license to make decisions for people whom they feel do not know what is best for them. I am not going to try, Mr. Chairman, to tell the people who elected me to office that I know what is best for you do not need to know. Neither am I going to buy the argument that any handful of men in this body have the God-given power to know what is best for over 200 million people.

Mr. Chairman, a few months ago I saw a similar handful of men on the Judiciary Committee of this House defending to death the actions of a President who subsequently resigned in disgrace. Prior to his resignation they made one authoritative statement after another about the American people. I knew then that they had never talked to the American people. I submit that if those who are here today telling us what the American people do not want were to check with the American people, they would find out that he who pays the piper would still like to call the tune. I urge passage of the Giaimo amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I addressed the House yesterday on a number of important factors relating both to the role of intelligence agencies and to the amendment to disclose the total amount of CIA and related intelligence funding offered by the gentleman from Connecticut (Mr. GIAIMO).

Mr. Chairman, the author of this amendment has been standing in the well of the House suggesting that no steps have been taken at this point to bring accountability or responsibility to the oversight functions by the Congress of the CIA. That is just not true. We have taken very strong steps. I would suggest that the investigative committees of the Senate and the House are doing so, the Committees on Appropriations of both the House and the Senate, as well as the Armed Services Committees of both Houses of Congress. So these important steps are being taken despite the allegations of this amendment.

In reviewing the RECORD this morning, however, I came to the conclusion that additional points need to be made before we take a vote on the proposed amendment, and I wish to do that at this time.

There are essentially two points which need to be stressed—the role of intelligence agencies in free societies, such as ours, and the basis at law for why no disclosure of total funding need be publicly made.

Assertions have been made in recent months that the CIA is an invisible government, a law unto itself, engaged in provocative covert activities repugnant to a democratic society and subject to no controls. I assume this is an outgrowth of an inherent American distaste for the peacetime gathering of intelligence, for the CIA mission, examined in a vacuum, does appear to be in conflict with some of the traditions and ideals of a free society.

As I indicated yesterday, no one likes secrets and secrecy. It hints of "something to hide," and in a free and open society, such as ours, we do not like to have activities carried out in secret. But the goal of operating in the open is necessarily balanced here with other goals to which we are as equally committed—detecting potential flareups between nations before they occur, so as to protect the fragile peace that exists in many areas; detecting violations of international agreements to which the United States is a party and on which we are relying for our national defense; protecting classified material from those who do not have our country's best interest at heart. This does not mean we are less committed to openness, but it does mean that we have looked at the realities of what certain openness might bring about and have, therefore, opted for balancing openness with other goals.

If we disclose how much we know, the opposition is handed on a platter highly damaging indications of how and where we obtained the information, in what way his security is vulnerable, and who may have helped us. You can often tell from what we know, what its source was. Our opposition can then seal off the breach, roll up the agents, and shut off the flow of information which we need.

What the CIA and related agencies does, however, is not secret to those who must know in order to act in the Nation's best interest—charged with that responsibility by Constitution and statute. The President of the United States and the National Security Council know what the agencies are doing. The Congress—through the four specific subcommittees charged by the Congress with the responsibility for oversight of intelligence functions—knows what the agencies are doing. The Subcommittees on Defense of the House and Senate Committees on Appropriations and the Subcommittees on Intelligence of the House and Senate Committees on Armed Services know what the agencies are doing. In a tradition begun during the Continental Congress, these committees are charged with the responsibility of acting in behalf of the whole House and the whole Senate, because to have the whole bodies working with this information simply runs a very high risk of inadvertent disclosure of information which could render our activities much less effective.

There are other oversight safeguards as to the agency's activities also. The agency operates under the constant supervision—and direction—of the National Security Council. No significant foreign program of any kind is undertaken without the prior approval of an NSC subcommittee which includes representatives of the President, the Secretary of State, and the Secretary of Defense.

In addition, the agency reports in detail on the whole range of foreign intelligence activities to the President's Foreign Intelligence Advisory Board, a group of men who have distinguished themselves in government, industry, education, and the professions. The agency budget is gone over line by line by the Office of Management and Budget, just like every other agency's budget is reviewed. Then, we have congressional oversight layered on top of this.

The National Security Act of 1947 forbids the CIA to have any police, subpena or law enforcement powers, and this is strictly enforced and closely monitored by the oversight committees and the administration.

The agencies provide intelligence data to our Nation's policymakers. Their evaluations reflect the considered and agreed judgment of all of the intelligence components of our Federal Government. The production and dissemination of this national intelligence is the responsibility and the primary function of the CIA. They have no stake in policy debates, and they cannot and must not take sides. They make estimates based on their judgments, but they do not assume advocacy positions, and the reasons are obvious. If they assumed advocacy positions, the policymakers to whom they provided the information would believe the raw facts, the sheer evidence was weighed to support the conclusion advocated by the agency or agencies.

Only when our policymakers—in the Congress and in the administration—know as many of the real facts as humanly possible, can we then reduce the risks of misjudgment, of error in our evaluations. Removing items from the realm of conjecture and putting them into the known facts category is the central role of intelligence, and it is vital to protecting a free society in a world where nations are dedicated to a destruction of our way of life. These facts are the foundations for making the right decisions—not just in times of war but rather in the continuing process of how to preserve the peace and avoid war.

Our policymakers must not be taken by surprise, and this requires a continuous flow of accurate information to the policymakers. Informed judgment helps us maneuver more effectively in foreign policy, and an awareness on the other side that we do in fact have complete and accurate information helps keep them honest and reduces their maneuvering. There is simply no substitute for having thorough intelligence gathering, and President after President—the instrument of Government charged by the Constitution with the responsibility for carrying our foreign policy—has recognized this.

President Truman called the CIA a "necessity—from one who knows."

President Eisenhower, who had seen the role of intelligence as a commanding general as well as President, stated it very well:

> In war nothing is more important to a commander than the facts concerning the strength, dispositions, and intentions of his opponent, and the proper interpretation of those facts. In peacetime the necessary facts are of a different nature. They deal with conditions, resources, requirements, and attitudes prevailing in the world. They and their correct interpretation are essential to the development of policy to further our long term national security and best interests.
>
> No task could be more important.
>
> Upon the quality of your work depends in large measure the success of our effort to further the Nation's position in the international scene.
>
> In the work of Intelligence, heroes are undecorated and unsung, often even among their own fraternity. Their inspiration is rooted in patriotism—their reward can be little except the conviction that they are performing a unique and indispensable service for their country, and the knowledge that America needs and appreciates their efforts. I assure you this is indeed true.

President Kennedy summed it up this way in speaking to the personnel of the CIA:

> Your successes are unheralded—your failures are trumpeted. . . . But I am sure you realize how important is your work, how essential it is—and how, in the long sweep of history, how significant your efforts will be judged.

President Johnson was very strong in his support of the agency:

> Long ago in the infancy of this Nation Americans were told that their liberty and the price of it was eternal vigilance. In this 20th century that truth is stronger than ever.
>
> We live in a dangerous world, a world which cannot be predicted, a world which moves and is shaped by great forces, forces which we faithfully believe can serve for good as well as for evil.
>
> The purpose of this [Central Intelligence Agency] effort, like the purpose of all that we do, is to strive for an orderly, just, and peaceful world. In this effort more than in many others a high order of selflessness, of dedication, of devotion, is asked of man and women. The compensation of them comes not in fame, certainly not in rewards of salary, but in the reward of the sure knowledge that they have made a contribution to freedom's cause.

As to the legal basis for the special funding authorities in furtherance of the CIA mission and functions, I think the first thing which must be said is that the secrecy in funding is a concomitant of secrecy in operations—they go hand in hand. Without secrecy in funding, there is no chance that the secrecy of the programs themselves can be maintained. Knowing the direction and the volume of money flow within the intelligence community can be every bit as revealing as knowing the commitment of manpower or hardware to a particular program, for program funding—both in its overall sizing and apportionment—is a rather direct and accurate measure of allocation of resources at any given point in time. The ability to make allocations of resources without revealing either the magnitude of the ends of the allocation to adversaries is in itself a national resource that the executive and the legislative branches have carefully preserved and jointly controlled throughout the agency's history.

The Constitution requires that—

> No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

The way in which the Congress has proceeded on this with respect to the CIA budget clearly meets this test. The appropriations bill which we will pass today will become a law in full compliance with requirements. Contained in this bill are the funds for the CIA and related functions, and any Member can at this very moment obtain on a classified basis exactly what those amounts are and where they are in the bill before us. Furthermore, these appropriations are reflected in the Treasury's statement and account or receipts and expenditures in compliance with article I, section 9, clause 7 of the Constitution.

As to the statutory framework, section 102(d) (3) of the National Security Act of 1947, as amended and as codified as 50 U.S.C. 403(d) (3), provides that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure. And, it should be stressed that the overall budget amount is highly classified information necessitating such protection.

Nowhere in the Rules of the House is there provided any procedure either for the handling or for the release of classified information, although rule XI, section 712(k) (7), does forbid the release of any evidence or testimony taken in executive session without the consent of the committee—of which there has been none here.

Moreover, Congress has on occasion—many occasions—provided by statute for the safeguard of classified material and severe penalties against the disclosure of classified material to unauthorized parties. One statute, for example, forbids the publication or use of certain classified material "in any manner prejudicial to the safety or interest of the United States." In addition, in that statute the term "classified information" is defined to mean information which is "for reasons of national security, specifically designated by a U.S. Government agency for limited or restricted dissemination or distribution."

Nowhere has Congress ever acted to withdraw these mandates—which certainly raises substantial question about the propriety and legality of the disclosure of the overall funding amount should that be incorporated in an amendment today.

The proposed amendment should be rejected. I believe it will be rejected, and probably by a substantial vote of almost 2 to 1 against it. That will show the lack of support for this disclosure. It will show the strong support for continued classification of this budget item by the Congress and the people we represent.

Mr. Chairman, I yield the balance of my time to the gentleman from Texas (Mr. MAHON), the distinguished chairman of the Appropriations Committee.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, in his argument earlier today in support of this amendment the gentleman from California (Mr. Moss) said very persuasively that the United States has grown great and has maintained its strength as an open society. What he failed to say, Mr. Chairman, is that during the time our great Nation was becoming great and strong, specific activities of our intelligence agencies were not made public.

Mr. Chairman, most of our debate today has been directed to this specific "first baby step." Mr. Chairman, this Congress has an obligation to be wary of any first baby step in an issue of this sensitive nature unless we have a reasonable idea of where its sponsors are determined to lead us ultimately.

Mr. Chairman, I yield the balance of my time to the distinguished gentleman from Texas (Mr. Mahon).

The CHAIRMAN. The Chair recognizes the gentleman from Alabama (Mr. Edwards).

Mr. EDWARDS of Alabama. Mr. Chairman, I have already spoken on this matter and feel strongly that it would be a terrible mistake to adopt this amendment. I urge the Members to vote against it.

Mr. Chairman, I yield the balance of my time to the chairman of the committee, the gentleman from Texas (Mr. Mahon). We are of like mind on this issue.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. Mahon) to close debate.

Mr. MAHON. Mr. Chairman, each year through the years representatives of the Congress have looked at the CIA budget in detail and have made certain reductions and suggestions from year to year. This year was no exception. Greater emphasis was placed on the matter this year than in previous years because of all the concern about the intelligence agencies and because of illegal actions by some of the people in the CIA.

We have deleted $263 million in 1976 from the overall intelligence services of the Government, both the CIA and the Department of Defense—$263 million. We deleted an additional $81 million in the transition period. The Director of CIA has appealed to the Senate for a restoration of most of these funds.

The Committee on Appropriations must have done a good job because not one man has said that the figure was wrong, that it is too high or too low for the Central Intelligence Agency. The author of the amendment is in agreement that the sum is correct. So, we have done a good job there. The author of the amendment participated in the drafting of the legislation.

But, there have been illegalities, and we cannot condone them. How are we going to prevent illegality in the executive branch of the Government? It is going to be up to the President, up to the head of the Central Intelligence Agency, whoever may be there through the years, to try to get good administration and prevent instances of errors and wrongdoing. There is no way in which Congress can oversee the activities of every one of the millions of employees in this executive branch.

So, it seems to me that since we have the information which the Members need; since we have done a good job in reducing the request, there is no use in publishing to the whole wide world just what we are doing. This is not a favor which we should grant to the U.S.S.R. and the Communist conspiracy.

Mr. Chairman, I urge that the Members vote down this amendment by a resounding vote of no.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. Giaimo).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GIAIMO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 147, noes 267, not voting 19, as follows:

[Roll No. 567]

AYES—147

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Andrews, N.C.
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biester
Bingham
Blanchard
Blouin
Bolling
Bonker
Brodhead
Burke, Calif.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clay
Collins, Ill.
Conyers
Corman
Cornell
Cotter
Dellums
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Evans, Colo.
Fascell
Findley
Fisher
Florio
Ford, Mich.
Giaimo
Gibbons
Green
Gude
Hamilton
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Helstoski
Holtzman
Horton
Howard
Howe
Hungate
Jacobs
Jordan
Karth
Kastenmeier
Keys
Koch
Krebs
Krueger
Leggett
Lehman
Litton
Lloyd, Calif.
Long, Md.
McHugh
McKinney
Madden
Maguire
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Mosher
Moss
Mottl
Natcher
Nolan
Oberstar
Obey
Patterson, Calif.
Pattison, N.Y.
Perkins
Pike
Preyer
Rangel
Reuss
Richmond
Riegle
Rodino
Roe
Roncalio
Rosenthal
Roush
Roybal
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Solarz
Spellman
Stanton, James V.
Stark
Stokes
Studds
Symington
Thompson
Traxler
Tsongas
Udall
Vander Veen
Vanik
Waxman
Weaver
Whalen
Wilson, Tex.
Wirth
Wolff
Yates
Young, Ga.

NOES—267

Abdnor
Alexander
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Barrett
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biaggi
Boggs
Boland
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fenwick
Fish
Fithian
Flood
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hanley
Hansen
Harsha
Hastings
Hays, Ohio
Heckler, Mass.
Heinz
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
LaFalce
Lagomarsino
Landrum
Latta
Lent
Levitas
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Michel
Milford
Miller, Ohio
Mills
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nichols
Nix
Nowak
O'Brien
O'Neill
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Pepper
Pettis
Peyser
Pickle
Poage
Pressler
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rogers
Rooney
Rose
Rostenkowski
Rousselot
Runnels
Ruppe
Russo
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Wis.
Stephens
Stratton
Stuckey
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Ullman
Van Deerlin
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Winn
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—19

AuCoin
Brademas
Burke, Fla.
Diggs
Dingell
Fary
Fraser
Ginn
Hébert
Macdonald
Mikva
Murphy, N.Y.
O'Hara
Santini
Sisk
Steiger, Ariz.
Teague
Vander Jagt
Wilson, Bob

The Clerk announced the following pairs:

On this vote:

Mr. Brademas for, with Mr. Hébert against.

Mr. Diggs for, with Mr. AuCoin against.

Mr. Mikva for, with Mr. Murphy of New York against.

Messrs. HALL and DICKINSON changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $3,146,050,000, to remain available for obligation until September 30, 1977.

AMENDMENTS OFFERED BY MR. CHAPPELL

Mr. CHAPPELL. Mr. Chairman, I offer two amendments and I ask unanimous consent that they may be considered en bloc.

The Clerk read as follows:

Amendments offered by Mr. Chappell: on page 31, line 10, strike out "$3,146,050,000" and insert in lieu thereof the following: "$3,093,150,000";

And on page 31, line 14, strike out "$801,419,000" and insert in lieu thereof the following: "$796,119,000".

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. STRATTON. Mr. Chairman, I reserve a point of order against this amendment.

The CHAIRMAN. The gentleman from New York (Mr. Stratton) reserves a point of order.

(By unanimous consent, Mr. Chappell was allowed to proceed for 5 additional minutes.)

Mr. CHAPPELL. Mr. Chairman, this is a very simple, noncontroversial amendment which I have proposed to the appropriations bill. I want to say at the beginning I do not know where the F–18 was conceived—whether it was on a wild-goose hunt or not—but I do feel the presently proposed F–18 program will put us on a wild-goose chase.

The amendment to the bill which we propose here simply strikes from the appropriations bill $58.2 million. It leaves in the bill the $64.2 million for engine development. I emphasize that there is no intent by this amendment to stop the Navy light fighter program. It is intended to keep the engine development going, if this should be adopted. This is in nowise intended to kill the lightweight fighter program. I feel, as a number of others feel, however, that we have not explored all of the alternatives that ought to be considered before we embark on this kind of a program.

The Members are asked by this appropriation to provide these moneys, which are going to amount to some $4.2 billion in new programing between now and 1981—$4.2 billion in new programing.

Let me emphasize also that this airplane, the F–18, is a paper airplane. It has never flown. There have never been any hearings in the House on this particular airplane. We have heard every kind of figure imaginable from all kinds of sources on the cost of the F–18 as compared to the program which is set forth as the alternative by the Navy in the record which has been before the various committees.

I have before the Members here the proposed alternatives to which the Navy addresses itself in the development of the F–18 program. I would like to have the Members understand that this is the Navy program, and all of the computations which I have made relate to the Navy program. We have accepted, even though we did not agree with them, the Navy's figures, except in one instance. That is where they put forth the figure of the 13.2, which is rolled into this figure, as opposed to the 11.1 which we have rolled into the computation as to the cost of the F–14. The reason is that the charts which the Navy itself gave to us in the committee reflect that the 11-point figure is the proper figure and that the 13-point figure is the one which takes into account the total program on the F–14 including R. & D.

The question arises here how much capability can we buy from this moment on? How much capability can we buy from this moment on? In the F–14 program we have already spent the R. & D. That is behind us.

The F–14 is in production. The F–18 is strictly a paper program. This chart as we see it now rolls into it the total cost of the F–14. This obviously is incorrect since all R.D.T. & E. is behind us with the F–14. But even if we take the Navy's figures on this and add into it the main component and that was omitted in this chart, the two lines representing the respective costs of the alternative programs never cross in the applicable time frame. That factor is the cost of the investment of the F–18. Why the Navy left it out I do not know.

The Navy has posed two alternatives and they show these figures:

Alternate 1 calls for 744 F–14 aircraft and 450 A–7 aircraft. Alternate 2 calls for 224 F–14's, 202 A–7's, and 806 F–18's.

Keep in mind these are the programs to be compared. When we roll into the formula the cost of the investment money, as is required by the Department of Defense and by the Navy itself, we find the lines on these two programs will not cross until way out beyond the year 2000.

What does this mean to us? It means if we take the same base, the same cost periods, the same number of aircraft produced on the same schedule, we can buy more F–14's and A–7's than we can the same force of F–18's. The principal reason they do not cross is that the saving cost on the F–18 exceeds the cost of investment money required. That is the difference between the cost of the two programs until they finally meet out sometime in the future.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, these figures the gentleman is using are not life cycle costs, are they?

Mr. CHAPPELL. These are the figures the Navy uses and these include the cost. When we say life cycle we have to understand what we are talking about. It would not be proper to take the total life cycle of the F–14 into account because the research and development has already been done.

Mr. BURLISON of Missouri. Since the gentleman's figures do not use life cycle cost, that does not take into account 40-percent savings in operation and maintenance of the F–18.

Mr. CHAPPELL. Yes, sir. Every savings the Navy has computed is written into this chart.

Mr. Chairman, I will not yield further at this point.

It should be obvious then that if F–14's can be purchased for less than F–18's, out through the 1980's and 1990's, we will be smarter to take the F–14's and A–7's, and sometimes at a later date develop the attack aircraft, which is really the problem?

Let me talk now about capability at this point. Let me go into the comparison between the various aircraft we are talking about.

The F–14 will perform the task of at least two F–18's. Now I am not running down the F–18. I am sure it will be a beautiful airplane. There is nothing wrong with it in and of itself. It just does not do enough.

Let me compare, for example, first of all the F–14 and the F–18. The F–14 has a target acquisition distance three times that of the F–18. It reaches out 75 miles. It reaches out there with six Phoenix missiles. The F–18 has no such capacity.

The F–14 has a missile range three times that of the F–18. The F–14 has the ability to engage six times the number of aircraft the F–18 has.

The CHAIRMAN. The time of the gentleman from Florida has expired.

(At the request of Mr. Charles H. Wilson of California, Mr. Chappell was allowed to proceed for an additional 5 minutes.)

Mr. CHAPPELL. Mr. Chairman, let me give some more statistics which are important. The F–18 is 31 percent slower than the F–14. It carries 31 percent less payload than the F–14. It has 25 percent less weaponry than the F–14. It has 75 percent less surveillance capability.

It is more maneuverable and nobody discounts that. The principal advantage it has is that it is more maneuverable. It can operate better in a dogfight; but I think all of us know the dogfights basically went out with World War II; so I do not think we can buy an airplane mainly on the basis of its dogfighting ability.

If we compare the F–18 to the A–7 which is already in the fleet, we find the same sort of comparison. As a matter of fact, I have a Navy document which says, and I quote, "First payload/radius is markedly inferior to the A–7E".

The F–18 as compared to the A–7 has substantially less payload-to-target capability.

What I am saying in the final analysis, we get more capability for the same or a lesser amount of money. We can continue right now the F–14 and the A–7 program to buy sufficient numbers of F–14's and it can be done for the same amount of money or less, then develop an attack plane in the proper way.

I remind this House that the Navy is not talking about the F–18. It is not talking about one airplane. I have the documents to prove that they are talking about three. They are talking about a fighter plane, an attack airplane, a reconnaissance airplane of varying configurations, with the specific requirement that the attack airplane have a much bigger fuselage, which requires additional development costs.

If we want the most capability for our money we should adopt this amendment and have the Navy back in proper time come to us with its best alternative. It might yet be the F–18. If so, I would support it. But let us go through the regular legislative process and get the best capability we can for the Navy and for this country.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, the gentleman threw out a lot of figures. I wonder if the gentleman has included in his figures the latest selected acquisition report, which shows a $2 million additional cost per unit for the F–14.

Mr. CHAPPELL. Yes, sir; I have taken that into consideration. That comes about by the juggling of the schedule on the production of the F–14. We can juggle production schedules with predetermined preferred results. We must however compare oranges and oranges—not oranges and apples. The F–14 must be compared on this F–18 production schedule. Now if you want to consider cost growths, the F–15 had a 34.8-percent cost growth and the F–14 had almost a 22.4-percent cost growth; so if we want to talk about that, add that to the F–18 and those lines will shoot off drastically in the opposite direction.

Mr. CHARLES H. WILSON of California. Is the weapons system included in there, included in that cost?

Mr. CHAPPELL. The weapons systems are not included in either one. It is not a comparison. We are not talking about weapons. We are talking about airplanes.

Mr. CHARLES H. WILSON of California. The gentleman yesterday in explaining his amendment said part of the money included in his amendment would be for the development of the F–401 engine.

Mr. CHAPPELL. The F–401 and F–404.

Mr. CHARLES H. WILSON of California. What reference is there in the gentleman's amendment to the two engines? Any at all?

Mr. CHAPPELL. I am told by the staff that by doing it this way—and we could do it right here on the floor—the intent and purpose of the amendment is to maintain the program of development on the F–401 and F–404. I am sure that by this colloquy today that intent will be shown and be controlling.

Mr. CHARLES H. WILSON of California. The gentleman states that the purpose of his amendment is to continue development on the F–401 and F–404?

Mr. CHAPPELL. Yes, absolutely.

Mr. CHARLES H. WILSON of California. I thank the gentleman.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from New York.

Mr. ADDABBO. The figures the gentleman has given on the operating costs of the F–18, those figures are based on the performance of the A–7 in subsonic flights, not on what the F–18 is supposed to have.

Mr. CHAPPELL. That is correct.

Mr. ADDABBO. And it would be assumed that this will result in increased operating costs of the F–18.

Mr. CHAPPELL. No question about it.

Mr. ADDABBO. Between now and 1981 or 1982, there will be spent over $2 billion on the research and development for the F–18, and we will not receive one plane into the service for that.

Mr. CHAPPELL. Absolutely. That is exactly correct.

POINT OF ORDER

Mr. STRATTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. STRATTON. Mr. Chairman, as I understood the gentleman's explanation, he says that this continues research on the F–401 engine, but I would point out to the Chair that on page 285 of the report, it is indicated that this fiscal year 1976 budget requests $2 million for additional termination charges for this engine, and any money that would continue the research and development on this would not have a proper authorization. Therefore, this would constitute legislation in an appropriation bill.

The CHAIRMAN. Does the gentleman from Florida desire to be heard?

Mr. CHAPPELL. I do, Mr. Chairman.

Mr. Chairman, if that be determined to be illegal, I am certain that would be clearly eliminated, but I urge the overruling of the point of order for the reason that we are talking about the money in the appropriation bill and we are simply explaining that the intent and purpose here is to take out the airframe moneys for the time being so that we do not slip the program more than 2 months down the way.

There is no question on F–404 moneys, and in my opinion, no question on F–401, because the language there simply says that it will be withheld until the airframe into which the engine must be applied be done. That was an appropriation language to begin with in the report, and certainly this Congress at this moment, by this amendment, has the right and has the legal right to change or amend that provision.

Mr. ADDABBO. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman from New York is recognized.

Mr. ADDABBO. Mr. Chairman, the Chappell amendment totally reduces the figure reported in the bill. There is no other language in the amendment, so therefore it must be pointed out, Mr. Chairman, that the point of order must be overruled because there is no other legislative language included in this amendment. It strictly goes to the dollar figure in the bill.

Mr. LEGGETT. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman from California is recognized.

Mr. LEGGETT. Mr. Chairman, the gentleman has indicated that it is the intent of his amendment that the program is terminated by the House Armed Services Committee, and if that is so, clearly it is legislation on an appropriation bill. He admits his amendment is bad. If the amendment does not say what he says it does, then he is confused.

The CHAIRMAN. The Chair is ready to rule.

For the reasons so eloquently stated by the gentleman from New York (Mr. ADDABBO), and where as here an appropriation for an object not authorized by law is allowed to remain in an appropriation bill under a resolution (H. Res. 752) waiving points of order against unauthorized items in the bill, an amendment merely changing the amount of such appropriation is in order (Chairman Graham, July 27, 1954). Also it is obvious that the amendment offered by the gentleman from Florida reduces amounts covered in the bill, and is in order under clause 2, rule XXI.

The Chair overrules the point of order.

Mr. SIKES. Mr. Chairman, I rise in opposition to the amendment.

(By unanimous consent, Mr. SIKES was allowed to proceed for 5 additional minutes.

Mr. SIKES. Mr. Chairman, insofar as my personal knowledge is concerned, the F–18 was not conceived in a goose blind. But I will say that the amendment offered by my distinguished friend, the gentleman from Florida (Mr. CHAPPELL), for whom I have the highest regard, would lead the Congress on a wild goose chase.

Regretfully, I could not accept an invitation to go on the goose hunt which has been referred to, but some elements of the press are not renowned for accuracy in their reporting. I have not been on a goose hunt in years, and again I say regretfully, I enjoy the out of doors.

Mr. Chairman, I have here a digest of the report of the decision of the Comptroller General on the protest filed against the award of the contract for the F–18. The GAO throws out the protest, upholds the validity of the award, and says that it meets congressional intent. This I think is significant.

Mr. Chairman, the amendment proposed by my good friend, the gentleman from Florida (Mr. CHAPPELL), would cut the funds for the F–18 from the bill.

I am impressed that we shall hear later today from a gentleman who probably knows more about combat aircraft, who has flown more of them, who has a distinguished military record. I speak of our distinguished colleague, the gentleman from California (Mr. LLOYD). He is for the F–18. He knows airplanes. That means something to me.

To vote for cuts in this bill is, of course, attractive to many. But if we vote for the proposed cut, it simply means greater expenditures later—50 percent more, 100 percent more, nobody knows with certainty but obviously it means more expenditures later. This amendment will not simply delay the development of the F–18. It will kill the development of the F–18. The cut won't mean a delay of 2 or 3 months; it will mean a costly delay of years.

Mr. Chairman, this amendment is a first step for the purchase of more F–14s. There is no other logical conclusion.

Mr. Chairman, let me state the F–14 is a great airplane. I am glad we have it in inventory. I wish we had more. I wish the Congress felt we could afford more. But I want to call to the attention of the House that even the F–14 has its problems. It is not home free. The admiral in charge of the Navy's fighter wing on the Pacific coast is quoted at length in a recent San Diego publication. In this he says it is not possible to meet even the minimum of 30 hours per month of service from the F–14 because the engine is riddled with problems. And then a few days later someone possibly took the distinguished admiral to task. He then said it was a good airplane; that he did not mean it to sound like criticism of the aircraft. The fact remains that the Navy has found it necessary to have the F–14 engines modified at a cost of $1.14 million each. This would not be necessary unless there were serious engine problems. And we see that the Pentagon disclosed a $2 million increase in the cost of the F–14 as of September 15, 1975. It has not suddenly become an economy package.

One of the stories circulated is that the Navy does not want the F–18. I certainly do not care to support the program if the Navy does not want the aircraft.

So I asked one official after another whether they wanted the F–18. I asked Secretary Schlesinger, I asked Secretary Middendorf, I asked Admiral Holloway. And I asked others who would have to fly the aircraft. In each case they said, "Yes, we want the F–18," and they put it in writing.

Here is what Admiral Houser said to the Committee on Appropriations about the plane.

> The F–18 is smaller, should excel in aeronautical agility and thus in individual air combat. The F–18 should provide an excellent lower cost complement to the F–14A.

Admiral Holloway said this to the committee:

> In its cost class the F–18 provides an unsurpassed capability to perform the Navy's fighter and attack missions. It can augment effectively the F–14 in fighter missions, and for some missions, specifically those requiring maneuverability and agility, the F–18 is somewhat better than the F–14.

What is the position taken by Secretary Schlesinger? As of September 23d, he stated this in a letter to the chairman of the committee, the distinguished gentleman from Texas (Mr. MAHON):

> This letter is written to reiterate that the Department of Defense, including the Navy, is completely agreed on the need for the F–18. There is complete unanimity in the Department of Defense that the F–18 is the best solution to the Navy's fighter inventory requirements for the 1980's.

There is much more in the letter, all of it laudatory. He speaks for the Marine Corps also. So does the Commandant of the Marine Corps.

I have talked also in person to these leaders. They assured me time and time again that this is the plane they want.

They also said yes, if the Navy were required to start over again at this date, they probably could design a better aircraft. The state of the art is improving all along. Two or three years hence they should be able to design a better airplane, but whether or not Congress would then fund it is another question.

The Navy wants a new lightweight fighter now. This is the airplane they want. This airplane is available now. We cannot hope to build a cheaper airplane 2 or 3 years from now. The cheapest effective airplane now available is the F–5. It is a very good little airplane, but it has reached the limit of its development. In a few years its effectiveness will become more and more limited, yet it costs over $5 million. It is not carrier suitable. I use it only as an example of the problem of providing a low-cost effective aircraft under present or future conditions.

In the meantime, while we wait for the development of another aircraft, the Navy's inventory would be getting older and its air arm less effective. That is not the situation we want for the U.S. Navy at a time when we are heavily outnumbered by enemy aircraft.

Mr. Chairman, let us talk about costs of the F–14 and the F–18. The F–14 is a larger and a more sophisticated aircraft. Regardless of the propaganda we have been subjected to about the low cost of the F–14, it is an expensive plane and we cannot possibly reduce the cost to the approximate level of the F–18. If, in fact, the F–14 could be built for $13 million to $15 million, which appears the absolute minimum, depending on equipment and weapons, the comparable cost for an F–18 would be $7 million to $8 million, just a little more than half as much.

I have, in addition, something that is very significant: The annual operating cost for an F–14 is $1.42 million, while for an F–18 it is only $0.78 million, and again that is just a little more than half as much. That counts up fast when we have several hundred aircraft in inventory.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield on that point?

Mr. SIKES. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, the gentleman, of course, is familiar with the testimony of Dr. Currie, who is the head of the Research and Development Section of the Department of Defense. His testimony came before our subcommittee back months ago before this most recent increase of $2 million a copy for the F–14.

But even before that the testimony of the Department of Defense was that the F–14 would cost $20 million, approximately twice the programed cost of the F–18.

For the benefit of the Members who are interested in finding that evidence and other conclusions to be drawn from collateral statements, I refer them to page 340 of volume 9 of our hearings.

Mr. Chairman, I thank the gentleman for yielding.

Mr. SIKES. Mr. Chairman, the gentleman has made a useful contribution.

The Navy can have the bigger air fleet that it needs if it supplements the F–14 with the F–18.

This Congress is not going to provide 600 to 800 additional aircraft at $15 to $20 million each if an acceptable aircraft is available for less than $10 million each, and we know it very well.

Please note this point: The Navy in a few years will have to replace the A–7 and F–4. Both have been great planes, but they are running out of time. We shall need a successor for both. The F–18 will avoid additional development costs and problems.

The CHAIRMAN. The time of the gentleman from Florida (Mr. SIKES) has expired.

(On request of Mr. CHAPPELL and by unanimous consent, Mr. SIKES was allowed to proceed for 5 additional minutes.)

Mr. SIKES. Mr. Chairman, those aircraft, the F–4 and the A–7, will not be able to survive in the hostile environment of the mid-1980's. We must have replacements. The F–18 is a replacement. The F–18 will have the developmental costs of the A–7. That means $2 billion, $3 billion, up to $5 billion that we can avoid spending by using an aircraft on which further development costs can largely be avoided.

It has been said the Navy will need 300 airplanes. The Navy needs 800 airplanes to fill out its inventory of modern aircraft. If we buy as many as 600 of the new aircraft, the break-even figure on comparative costs with the F–18 come at number 260, not 350 or 400, as we have been told, and it can come in the period 1981 to 1985, not 1986 to 1991, as we have been told.

The important thing is that Congress probably will not fund 600 additional costly F–14's plus their much higher operating and flyaway costs plus the expense of development and replacement of the A–7.

The Navy says that the F–18 will do what it needs and wants and will speedily insure a new plane which has both attack and fighter capabilities. This dual capability also is important.

Now listen to this figure: The life cycle saving for the F–18 over the F–14, including all costs will be $3.5 billion. These are Navy figures, but I am willing to believe that they are as reliable as those that are provided by rivals of the F–18 that want the contract. The Navy wants the F–18. The Navy needs a new fighter and attack aircraft now, not at sometime in the future.

Statements have been made that the F–18 is a paper aircraft with a paper engine. The F–18 is not a paper aircraft. The F–404 engine is not a paper engine. The F–18 is based on proven technology from the YF–17, with which it has a high degree commonality. The F–404 engine is a modest derivative, with 90 percent commonality with the highly successful J–101 engine employed in the YF–17.

The YF–17, which is a predecessor of the F–18, has completely explored the fighter envelope in over 300 flights to provide a data base for predicting F–18 performance with a high degree of confidence.

Mr. Chairman, this Congress can vote down the amendment with an equally high degree of confidence.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. SIKES. Yes, I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, I thank the gentleman for yielding.

I commend him for his statement.

We are getting mixed up here in comparing the F–14 program and the F–14BA and B program with a new F–18 superior fighter.

It seems to me, as the gentleman has pointed out, that we are comparing apples and oranges or apples and walnuts, because is it not a fact that the F–14 program has been pretty well put to bed? We have reviewed that before the authorization committee and before the Committee on Appropriations.

We have determined that the 401 engine and the F–14–B is just too expensive so that our idea of 800 of those airplanes could never materialize. So 2 years ago, about that time, we decided that the most that we could afford were 380 F–14A's. That is an interceptor airplane and not an air-to-air superiority aircraft. Is that correct?

Mr. SIKES. That is right, the F–18 is both an attack and a fighter aircraft.

Mr. LEGGETT. I thank the gentleman.

Mr. SIKES. Mr. Chairman, I now yield to the gentleman from Florida (Mr. CHAPPELL) for whom I have the highest regard.

The CHAIRMAN pro tempore. (Mr. SYMINGTON). The time of the gentleman has again expired.

(On request of Mr. ADDABBO and by unanimous consent, Mr. SIKES was allowed to proceed for 2 additional minutes.)

Mr. CHAPPELL. Mr. Chairman, I might say that I have always, almost, followed everything the gentleman from Florida has suggested.

Mr. SIKES. And I do not understand why my good friend does not do so now.

Mr. CHAPPELL. Because this time the gentleman from Florida is on the wrong side with the wrong information.

I would ask the gentleman whether he has read the letter from the Secretary of Defense dated September 23, 1975, wherein the Secretary says that the investment alone will be about the same between the F–14 and the F–18? If the gentleman is not familiar with that letter, I have it here for his perusal.

Mr. SIKES. Let me say to the gentleman from Florida that the letter I have here from Secretary Schlesinger, also dated September 23d tells how much pleased all members of the Department of Defense are with the F–18. The arguments it advances are very convincing. The letter speaks of the excellence of design, superior acceleration, power, and other qualities. The Secretary says the F–18 will have superior agility for air combat.

Mr. CHAPPELL. Apparently the gentleman from Florida is not familiar with the statement in the letter that says:

> This factor of life cycle cost savings is conclusive in our choice of the F–18 even though the investment alone will be about the same. . . .

Mr. SIKES. Obviously the gentleman has not considered the cost of maintenance or the cost of operations.

Mr. CHAPPELL. Yes, it is included.

Mr. SIKES. Again I emphasize the fact that there will be a saving of 3½ billion dollars during the life cycle of the F–18.

Mr. CHAPPELL. I wish that were true. Will the gentleman yield further?

Mr. SIKES. I think I should now yield to the gentleman from New York, Mr. ADDABBO.

Mr. ADDABBO. Mr. Chairman, I know the gentleman in the well is not going to mislead the committee on the figures. We have the justification figures.

Mr. SIKES. With all respect to my friend, that is why I gave the correct figures in my discussion.

Mr. ADDABBO. Reading from the justification figures it shows the estimated cost in 1969–76 on the F–14 at $11 million with the out year 1980 building in inflation with a total cost of $17.5.

With the building in of inflation on the F–18 we look at the first plane that might be delivered——

The CHAIRMAN pro tempore (Mr. SYMINGTON). The time of the gentleman has again expired.

(On request of Messrs. ADDABBO and FREY and by unanimous consent, Mr. SIKES was allowed to proceed for 5 additional minutes.)

Mr. ADDABBO. If the gentleman will yield further, I would point out again that the first FY–7–A will cost $60 million, and we will not get to the $9.6 the gentleman mentioned until 1986. And that is on 1975 dollars without any inflation.

Mr. SIKES. I simply would say that there are many different figures floating around. My figures show that you can reach commonality at the 260th aircraft, and possibly can reach it as early in the 1980's.

Now I yield to the gentleman from Florida (Mr. FREY).

Mr. FREY. Mr. Chairman, I thank the gentleman for yielding since this is an all-Florida discussion and I would ask the gentleman in the well for myself, and maybe there are other Members who would appreciate this information also, if the gentleman can tell us how the F–18 fits in and what it can do that the F–14 or the F–7 does not do and how it does not better it? I have been following the debate, and I have been reading up on this and I think it would be very helpful to me in making my decision.

Mr. SIKES. Mr. Chairman, I will try to do it very briefly because I have taken far too much time. I have said that the F–14 is a good airplane and it is a good airplane but we can buy the F–18 for less money, for half as much, and operate and maintain it for about half as much. The Navy needs many airplanes as replacements for the F–4 and A–7. To use the F–14 would be far too costly. The A–7 is a good airplane, but it is aging and in the 1980's it will have to be replaced in inventory. We would then have the development costs of another airplane. The F–18 will do the job of the A–7. That way we would get two for the price of one.

Mr. FREY. As I understand the gentleman, the F–18 will be able to do the penetration work and the A–7 the attack work that it does.

Mr. SIKES. That is right.

Mr. FREY. Also it would do some of the interceptor or cap, or whatever they call it today, of the F–14.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. MONTGOMERY, and by unanimous consent, Mr. SIKES was allowed to proceed for 1 additional minute.)

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

I think a good reason for keeping the F–18 in this bill is a point that I do not believe has been mentioned here on the floor today and that is how does this effect the Marine Corps. As I understand it, the Commandant of the Marine Corps in one of his first actions when becoming Commandant; he took the F–14 of which he had three squadrons and said the F–14 is too expensive and takes too many man-hours to maintain the one-mission concept. The Commandant asked the Navy to take the three squadrons of F–14's and put in the naval inventory, which the Navy did.

What the Marines need is a fighter aircraft, but also they need a close support aircraft. So what I am saying, Mr. Chairman, is that the Marines gave back the F–14's. They need the type of aircraft such as the F–18, which would cost less. It would take less manpower to operate it. It would be less expensive to the Marine Corps and would give two missions: the fighter mission and also the close air support.

If we were to adopt this amendment—and I hope the Committee will not—it would in effect send us back to the drawing boards and delay us another 6 years to come up with a lightweight aircraft with a dual mission. It just makes common sense to move ahead and to defeat this amendment so that the Marine Corps, one of our first lines of defense, can get the F–18 to strengthen its capability to fight on both land and sea.

Mr. SIKES. The distinguished gentleman has stated the situation very ably.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

As I said during general debate, unlike any available alternative, the F–18 is a plane the Navy can use; it is a plane the Navy needs; and it is a plane the Navy wants. It is not only an aircraft that can fill the Navy's mission requirements, it will also result in substantial savings over the only other feasible way in which the Navy can maintain its readiness.

I want to emphasize again that if we deny the F–18 procurement and still expect the Navy to be responsive to feasible demands, we will be forcing the Navy to develop and buy additional F–14's. And the cost involved for the F–14 would be $18.9 million each, as opposed to $9.6 million for each F–18. In addition, it costs almost twice as much per year to operate the F–14 as compared to the F–18.

Now those who support this amendment are trying to ignore these cost-saving factors by suggesting that there is some other alternative. They would have us believe, solely on the basis of language inserted in the fiscal 1975 conference report, that an alternative exists in some kind of a modification in the Air Force's F–16.

Now, I am not going to deny that the conference report and its language exist. Their existence is a fact. What is not a fact is the existence of a modified F–16 that will meet the Navy's needs.

The Navy studied, and studied extensively, three different derivatives of the F–16 and rejected them. It rejected them for the immensely logical reason that they could not meet naval performance standards and were not even carrier-compatible.

I think we have to face the fact, Mr. Chairman, that this attempt to strike funding for the F–18 is nothing more than a poorly disguised attempt to insure that centain contractors for the Air Force's F–16 also receive the contracts for the Navy's new aircraft.

This attempt to use the Congress to force the Navy to buy a more expensive, less efficient craft is an affront to the American taxpayer and evidences a shocking disregard for the military posture of this country.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, the gentleman from Massachusetts is making a very important point. Up until a few hours ago it was my understanding that the proponents of this amendment were hanging their hat on the protest that had been filed with the General Accounting Office. Is it not true, I would ask the gentleman from Massachusetts, that the GAO, an arm of the Congress, has just denied that protest and thus taken the ground out from under the proponents of the amendment?

Mr. CONTE. The gentleman from Missouri is absolutely correct. In full committee that was discussed at great length, that they were hanging their hat quite heavily on the General Accounting Office report and the General Accounting Office report came out today stating that the F–18 contract was a proper one.

Mr. Chairman, contrary to some of the rumors that have been floating around the cloakrooms and in the corridors, the F–18 is not something that has been forced on the Navy by the Defense Department, by the OMB, or by anyone else. The Navy and the Marine Corps want this plane. They have asked for it and they have more than justified their request. I do not believe we should deny their request merely because last year's conference report suggested that they look elsewhere. They did look elsewhere and they found nothing suitable.

The Navy was aware of the conference report language when it asked for this appropriation. The Appropriations Committee was also aware of the conference report language when it approved this appropriation.

Rather than adhere blindly to the suggestion of the conference report, both the Navy and the Appropriations Committee have looked at the facts. They found that the F–18 would provide both what the Navy needs and what would give taxpayers the most for their money. These are the findings we can and should adhere to by rejecting this amendment.

I might say the amendment was defeated in the subcommittee and was defeated in the full committee and I hope it will be defeated on the floor of the House here today.

Mr. FLYNT. Mr. Chairman, I move to strike the last requisite number of words.

Mr. Chairman, I shall try to put this debate back into the perspective where I feel it belongs. Shortly after I make my introductory remarks I am going to make every effort to answer a very good question raised by the gentleman from Florida (Mr. FREY) when he asked a previous speaker if he would define the comparative capabilities of the F–18 and other aircraft. In just a few moments, if time permits, I will endeavor to make that comparison between the F–18, three U.S. naval aircraft, and one Russian aircraft. I am going to have to be very careful in making the comparison with the Russian aircraft because I do not want to infringe upon classified material, but within that limitation I will do the best I can.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield on that point?

Mr. FLYNT. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, while the gentleman mentioned comparisons, I would ask my friend, would the gentleman also compare the assessments of the F–18 with the competition of the F–18?

Mr. FLYNT. I wonder if the gentleman would ask me that question after I have made the comparisons I have available.

First of all, let me say, I have no parochial interests whatever in the F–18, the F–14, the A–7, the F–4, or any competitor aircraft. As a matter of fact, up until about 3 or 4 weeks ago it was my inclination—I am not going to say my intent, but it was my inclination—to support the F–18. The thing that changed my mind at this time is that I do not think that either our committee or the Congress has enough hard evidence at this time to make a decision.

We are dealing with what can only be described as a paper aircraft or a model of an aircraft which has not been put into production, which is not expected to come off the production line as even a test aircraft for a number of years. It is not expected by even the most optimistic estimates that the F–18 will go into an operational squadron prior to 1982. If we can judge the future by the past, there will be slippages which could change this date to at least 1984 or later.

So the statement made by my dear friend, the gentleman from Florida (Mr. SIKES) that a commonality of costs might be reached by 1981 is just not tenable, because by 1981 we will not even have a test aircraft of the F–18 configuration that we can fly at that time.

I am not opposed to the F–18 program. If the vote today were a vote to kill it or let it survive, I would vote to let it survive.

The adoption of this amendment can only delay the research and development and future projected production by approximately 60 days. We have heard it will either kill or delay it for at least a year. That is nonsense. The money for the development of the engines that are going to power this aircraft is deliberately left in the bill. The engines are pacing the development of this aircraft.

In my best judgment, the worst thing that could happen by the adoption of this amendment with regard to loss of time would be approximately 60 days, and in no event, Mr. Chairman, more than 90 days.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(By unanimous consent, Mr. FLYNT was allowed to proceed for an additional 5 minutes.)

Mr. FLYNT. Mr. Chairman, I take the position that I take today because I am intensely concerned about the future and the sea-based technical air power of the U.S. Navy. In the out years when we will be confronted with almost an entirely different type of air warfare than we can visualize in our mind's eye today, I do not want an aircraft which is a step backward from what we already have in inventory. I want a better aircraft than what we have now.

Mr. Chairman, we are going to spend upwards of $4 billion, which could very easily escalate to $6 or $7 or $8 billion by 1988. I do not want an aircraft at that cost which in many respects will be substantially inferior to aircraft that we already have.

Mr. Chairman, it may be that additional hard evidence can be brought to the committee and the Congress that the F–18 is what we want, but, Mr. Chairman, from what I know about it, the F–18 is not the aircraft that I would want my children or grandchildren to fly against the potential threat in the decade of the eighties.

I would now like to try to address myself to the question so wisely raised by the gentleman from Florida (Mr. FREY). I am going to make the comparisons with the F–4, presently in inventory; the A–7, presently in inventory; the F–14, presently in inventory; all operational, and with the best thing that the Russians have at this time. First, all of the evidence which we have been able to obtain shows that the F–18 lightweight fighter would be 20 percent slower than the F–4, which is made by the same company which would be the prime contractor for the F–18. I cannot give the Members the exact figure of how much slower it is than the best that the Russians have in inventory today. I will simply say that, in my judgment, based on the information which we have received in classified sessions, the F–18 would not have a ghost of a chance against the best MIG that the Soviets have today.

The F–18 has a 30 percent smaller

lethal range than even the F-4. The weaponry on the F-4 is comparable to the F-18. The sizes of the F-4 and the F-18 are within 8 percent of each other. The F-18 is 10 percent heavier than the A-7 which it replaces, and yet the thrust of the argument for the F-18 is that it is to be a lighter weight, less expensive aircraft. Mr. Chairman, it is a heavier aircraft; it is more expensive.

This impresses me that the F-18, while more agile and more maneuverable than the F-14 and is also much more maneuverable than the A-7, and has a capacity to get away from a target once the payload has been dropped.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, the gentleman has been making a number of statements up here that are extremely difficult to refute, because as the gentleman well knows, he reported on extremely classified information.

Mr. FLYNT. I will say to the gentleman that I have tried to avoid infringing upon any classification.

Mr. LEGGETT. The preliminary statement, almost everything the gentleman has said, is directly contrary to the classified information I have got in my hand, but I am completely unable to use it because it is classified.

Let me ask the gentleman this: Is he familiar with the $50,000 study the Navy made?

Mr. FLYNT. I will say this: The information I am basing these statements on in reply to the gentleman from Florida, were furnished to me——

Mr. LEGGETT. Furnished to the gentleman within the last few days?

Mr. FLYNT. Within the last 2 weeks. I have seen them for the first time within the last 7 days.

Let me complete my statement, and then answer the gentleman.

It appears that the F-18 would be nearly a third slower than the F-14; would carry nearly a third less payload than the F-14.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

(By unanimous consent (Mr. FLYNT was allowed to proceed for 2 additional minutes.)

Mr. FLYNT. It would have nearly a fourth less weaponry than the F-14. It is indicated that the lethal range of the F-18 would be approximately half, 50 percent, of that of the F-14. The F-18 would have only 25 percent of the surveillance capability of the F-14.

It is a more maneuverable aircraft, but with the speeds that have been indicated I would not want the F-18 to engage an enemy fighter of the class they have now, and certainly not of the class that they will have in the decade of the 1980's.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

I find it difficult to understand some of the figures the gentleman has recited. I do not question them at all. I am just wondering who in the Navy gave these to the gentleman. Was it Admiral Holloway? Was it anyone with any authority?

Mr. FLYNT. I say to the gentleman from California that these figures were furnished to us by the Navy, that we have gone over them with the Navy, except in two instances which I have not recited.

Mr. CHARLES H. WILSON of California. Was it Admiral Houser? Will the gentleman tell me who in the Navy presented this to the gentleman?

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Florida.

Mr. CHAPPELL. Mr. Chairman, I would like to reply that I went over this personally with Admiral Houser sitting in my office less than 10 days ago, and he concurred in every one of the figures.

Mr. CHARLES H. WILSON of California. Admiral Houser?

Mr. CHAPPELL. Admiral Houser.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. TEAGUE and by unanimous consent, Mr. FLYNT was allowed to proceed for 2 additional minutes.)

Mr. FLYNT. Mr. Chairman, I would conclude by saying that the importance of the tactical air power of the U.S. Navy is highlighted by its unique ability to project our military power into any area of the world. Army and Air Force units often must occupy foreign territory and are very difficult to withdraw once they have been committed in any area.

These planes can be projected for 1 day, 1 week, 2 weeks, a month, or longer, and provide the most mobile fighting power that any of the uniformed services have.

Mr. Chairman, I am not saying kill the F-18, but I am suggesting to delay it by what will be the equivalent of 60 to 90 days at the very most in order that we can make a determination, based on hard evidence and facts. Then we can make the final decision to go forward with an aircraft and a weapons system which is going to cost somewhere between $4 and $8 billion.

I want to emphasize that I have no interest in either this aircraft or any of its competitors, but I want us to make sure, Mr. Chairman, that the decision which we make will produce a better aircraft than we already have in inventory. The cost will be almost astronomical, and if we guess wrong and go into a multibillion dollar program at this time and later find out that we made a mistake, the results would be catastrophic.

Mr. ROBINSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I subscribe completely to the remarks of the gentleman from Georgia (Mr. FLYNT), who just preceded me in the well. The GAO report and the aircraft industry lobby notwithstanding, I rise in support of the amendment of the gentleman from Florida out of a firm conviction that we are proceeding precipitously. We are proceeding in the direction of approving a plane that will cost at least $1.4 billion in R. & D. before it could go into production.

Mr. Chairman, let us get down to brass tacks with regard to this debate and see why it is that the vote was close in the subcommittee and was close in the full committee. There was a two-vote difference in the subcommittee. There was a vote of 29 to 21 in the full committee.

Mr. Chairman, it all goes back to this: The report of the conference committee last year read as follows:

> The Managers are in agreement on the appropriation of $20,000,000 as proposed by the Senate instead of no funding as proposed by the House for the VFAX aircraft. The conferees support the need for a lower cost, alternative fighter to complement the F-14A and replace F-4 and A-7 aircraft; however, the conferees direct that the development of this aircraft make maximum use of the Air Force Lightweight Fighter and Air Combat Fighter technology and hardware. The $20,000,000 provided is to be placed in a new program element titled "Navy Air Combat Fighter" rather than VFAX. Adaptation of the selected Air Force Air Combat Fighter to be capable of carrier operations is the prerequisite for use of the funds provided.

That is a portion of one paragraph in the report.

Mr. Chairman, I do not claim that the Navy proceeded illegally, and the GAO report has so determined. But I do claim that as a result of that language which was put before them, not by OMB, and not by DOD, but by this Congress, the Navy was then forced to begin development of a lightweight fighter before it was ready to do so.

As a result of that, we now have before us the consideration of a plane which—and, yes, this is admitted—did ignore the directive of that conference report of last year.

This plane, which is a derivative of the F-17 which was beaten out in competition by the F-16 to become the Air Force's lightweight fighter, has now been developed by the Navy on a hurry-up basis and brought to us as the answer to their lightweight fighter problems.

I have been convinced that the Navy needs a lightweight fighter, and that it is not the F-16. By the time the Navy puts everything on the F-16 that it has to have on it in order to be carrier-capable, the F-16 weighs so much that it has got to have a new engine. And so the F-16 is not the answer.

I am convinced just as thoroughly and just as fully that the F-18 is not the answer either, because it does not take advantage of the highest state of the art that exists, and that is what we need, as was pointed out by the gentleman from Georgia (Mr. FLYNT).

We do not have an alternative to the F-18 as we had when the F-16 was selected over the F-17. We are going on the basis of a paper plane that exists only in the minds of those who are developing it. Certainly we do better than that if we have time to allow competition to play its part.

A great deal has been made of the fact that the Marine Corps has said that this plane is satisfactory with them. That is about as far as they go, I will say to my colleagues, because the Marine Corps says this in the letter to Senator McClellan, the chairman of the Committee on Appropriations of the Senate—and this is a letter from General Wilson, dated September 23, 1975—

> We are in agreement with the Navy's concept for developing two F–18 variants, fighter and attack. Although the Marine Corps' requirement for a V/STOL Light Attack Aircraft precludes our current interest in the attack version of the F–18, the fighter variant configuration must possess.

Various qualifications, and then he goes on to describe them.

The point I am making is this: This is not the Marine Corps' first priority. The point is further that the Navy has under development at the present time not one but two V/STOL aircraft, and the Marine Corps thinks they are more important than the F–18.

So I think we need to look at that in terms of alternatives, because alternatives are something that we do not have.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Robinson) has expired.

(By unanimous consent, Mr. Robinson was allowed to proceed for 1 additional minute.)

Mr. ROBINSON. Mr. Chairman, we have heard much of the problems with the F–14 engine. Let us be sure we have the best engine in our Navy lightweight fighters, and let us be sure that the airframe does what it is supposed to do.

Recent evidence with the F–10, which we are now funding, indicates that it is in trouble.

Let us put the best technology, the highest form of the art, in the Navy lightweight fighter, and let us take the time to do it and adopt the Chappell amendment.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I thought that the GAO would have disposed of the principal issue involved in this controversy, but the gentleman from Virginia (Mr. Robinson) apparently does not feel that it has finally resolved it.

I do want to say to the committee that it was my assessment, from all of the "Dear Colleague" material that we have had from various Members, that their interest in this controversy indicated that that was the issue involved.

It has already been noted that the GAO has resolved that by today's decision and that there was nothing illegal, nothing improper in the granting of the F–18 contract.

The gentleman from Virginia's subcommittee, under the direction of the gentleman from Texas, in two letters in response to letters from the Under Secretary of Defense, very clearly reprogramed these funds for the purposes for which the Department requested them and for which the committee approved them.

The issue has really been determined by the GAO, and all of this other conversation that we hear is really irrelevant.

Therefore, let us go to what is left of the issues. The gentleman from Florida and the gentleman from Georgia appear worried about one or two issues, and I think that is what we have to spend the rest of our time discussing.

The gentlemen have sought to compare the capability of the F–18 with other aircraft, the F–4 and the A–7, which, incidentally, will be out of our inventory since they will be worn out in the mid-1980's, when the F–18 will be coming on the line in numbers. However, they have failed to address the real issue, and that is what airplane was shown in the competition to be capable of carrying out the mission that the Department of the Navy and the Department of Defense has assigned to it.

Mr. Chairman, I think this most important issue in our debate, which has been totally overlooked up until now, must get some attention.

Let me say that not just one person made this determination. There was, first, the Chief of Naval Materiel to serve as the source selection authority. To aid him was a Source Selection Advisory Council to present to him a source selection plan. To assess the work of the Source Selection Advisory Council there was a Source Selection Evaluation Board.

From all of these boards and councils came 559 Department of Navy people; engineers, technicians, logistic specialists, who worked on the designing, flying, and maintaining of the naval aircraft. They spent 5 uninterrupted months full time, daily, nights, and weekends, in evaluating the aircraft that were competing for this contract.

What did this evaluation determine?

This evaluation determined that the competition was virtually nonexistent. The LTV and the General Dynamics competitiors from Texas could not meet virtually any of the requirements of the Navy for its new lightweight fighter.

For instance, the Evaluation Board found that on the characteristics of "performance," the F–16 derivatives, three of them, were unacceptable.

On "flying qualities" they were found unacceptable. On "air frame design" none of the three candidates were acceptable.

On "carrier adaptability," the most important under these circumstances when you are trying to adopt a plane that is going to be used by the Air Force for ground operations.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Burlison of Missouri was allowed to proceed for 5 additional minutes.)

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. Mr. Chairman, I will attempt to yield to the gentleman from Texas when I have completed my statement.

As I say, Mr. Chairman, on the matter of "carrier adaptability" all three candidates were unacceptable.

On the issue of "mechanical systems," all three candidates of the F–16 derivatives were unacceptable.

On the question of "flight controls," they were unacceptable.

On the matter of "armament," they were only marginally acceptable, while the F–17 derivative was highly acceptable and satisfactory for the Navy requirements.

On the characteristic of "survivability" all three of the F–16 candidates were clearly unqualified and could not be acceptable to the department or the Navy.

So, I would say to the Members, Mr. Chairman, there was no competition.

Mr. Chairman, I do not want to prolong the debate or take more time than I should, but there has been so much said about the F–18 being a paper airplane that that argument should be dispelled. We heard that argument all through the hearings.

I would like to quote to the Members what Vice Admiral Lee said about this issue. Admiral Lee was the admiral in charge of the evaluation of the F–17 and F–16 derivatives for this competition. On page 230 of part 9 of our hearings our staff asked:

> So we are talking really about a paper exercise?

And here is Admiral Lee's response:

> I would like to point out that through the years, whether it was the F–14, F–4, A–7 or the S–3, the same type of source selection was made; namely, the company submitted engineering designs, these were evaluated by our technical evaluation group and a winner was selected using the same basic procedures we used in this competition. Prototypes were not built for the S–3 or the various other successful planes that we have selected after determining their carrier suitability.

So the conclusion is that there is much less paper in the F–18 than there was in the F–14 and the S–3 and the F–5 and others.

Mr. MILFORD. Mr. Chairman, will the gentleman yield on that point?

Mr. BURLISON of Missouri. Mr. Chairman, please let me conclude this point. We had two F–17 prototypes. We had the J–101 engine, which is slightly modified in the competition for the F–18. We call it the F–404. I will not go into the detail of all of those small changes. But we had the engine. We had the two prototypes that were flown in competition. This aircraft, the F–18 is less a paper plane than any of the recent selections of the Navy to fulfill its carrier mission.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. I yield to the gentleman from California.

Mr. LEGGETT. I thank the gentleman for yielding.

I think everybody familiar with procurement knows that it is one of the classic tried-before-proven procurements where we flew the F–16 and flew the F–17. It is interesting to note allegations that were made by LTV and GAO that this was a paper airplane. In the report that was just filed with the Congress 2 hours ago, GAO, an independent group, stated:

> Our review indicates that this F-404 engine—

And that is the engine in this aircraft—

> is not a new "paper" engine, but with certain modifications, is the basic J-101 engine which was developed for use in the F-17. We note that the basic core elements of the J-101, consisting of the compressor, combustor, and turbine, remain the same for the F-404 except for some minor physical changes.

They point up a 0.9-inch increase in the fan diameter, the addition of a minimixer, a 0.4-inch increase to the diameter of the low pressure turbine. It is essentially a proven, feasible engine.

Mr. BURLISON of Missouri. I appreciate the gentleman's contribution.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

I shall be very brief. The F-14 and A-7 have been injected into this debate at some length. I really do not see that as the heart of the argument. Personally I feel very strongly that we need lightweight fighters. I think that the Navy must proceed at a fast pace and develop one, but I am impressed with the argument made by the gentleman from Virginia that any way we cut it, the Navy simply ignored the will of this committee and the Congress. He quoted the language to us in the conference report from last year, and I shall not do that again. I am not even sure I agree with the language because I am not wedded to the idea that we have got to try to fit both the Navy and the Air Force into the same airplane.

I have no problem with two different airplanes, one suitable for the purposes of the Navy, and one suitable for the purposes of the Air Force. But I think that the Navy clearly ignored the will of this Congress.

The GAO report, that for some uncanny reason appeared about 2 hours ago—and I should like to meet the person who programed that—examined this point, and the report said that there is nothing illegal about this, but it does say, and I would like to quote:

> This does not mean agencies are free to ignore clearly expressed legislative history applicable to the use of appropriated funds. They ignore such expressions of intent at the peril of strained relations with the Congress.

Well, Mr. Chairman, they have strained their relations with me. I think that if they wanted to ignore the language of that conference report, it would have been very simple to come in to our committee and sit down and say, "We cannot go along with this. We would like to get relieved of the burden. Let us sit down and talk it over."

I know that there has been a lot said about the letters that changed hands between the Navy and the chairman, but I have read those letters, and in my view they do not come close to any agreement to supersede the language in the conference report.

This may be another fine line interpretation, but I think that this committee and this Congress, if we are ever going to make our appropriations worth something, if our clear intent is ever going to be carried out, have to be hard-nosed about this. It is my view that it will take just a few months to work this thing out and let everybody have another crack at it and come back to the committee with a new proposal.

As a believer in the lightweight fighter concept in the first place, I will be right in there working to see that it gets through, but I just do not think it is a good thing for the military or any other agency of this Government to completely ignore the clear intention of this Congress.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(On request of Mr. Burlison of Missouri, and by unanimous consent, Mr. Edwards of Alabama was allowed to proceed for 2 additional minutes.)

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Alabama (Mr. Dickinson).

Mr. DICKINSON. Mr. Chairman, I do have a couple of questions. I am somewhat familiar with this and I agree with my friend, the gentleman from Alabama, that the Navy did, in my opinion at least, circumvent or ignore the expressed wishes of the gentleman's committee and the Congress.

But the thing that bothers me and that I would like to have someone answer for the Record and for me personally is this: The gentleman from Missouri (Mr. Burlison) says on a number of items that the F-16 was not acceptable. Why was it not acceptable? Can it not be adapted or made acceptable? What weapons systems will this F-18 aircraft carry, for instance, that the F-16 cannot carry?

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, the F-14 carries the Phoenix missile, for instance. The F-18 does not carry that weapons system. The F-18 will not have some of the capability the F-14 has. It is logical as the F-14 costs twice as much to build and twice as much to maintain.

Mr. DICKINSON. Mr. Chairman, if the gentleman will yield further, my question was not directed to the F-14. It was directed to the F-16 versus the F-18, if the gentleman knows the answer.

Mr. BURLISON of Missouri. There were a number of differences between the F-14 and F-18.

Mr. EDWARDS of Alabama. Mr. Chairman, I believe the gentleman from Missouri has not understood the question of the gentleman from Alabama (Mr. Dickinson).

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(On request of Mr. Burlison of Missouri, and by unanimous consent, Mr. Edwards of Alabama was allowed to proceed for 2 additional minutes.)

Mr. EDWARDS of Alabama. Mr. Chairman, I yield further to the gentleman from Alabama (Mr. Dickinson).

Mr. DICKINSON. Mr. Chairman, if the gentleman will yield further, let me ask someone who has flown a plane off the Navy carriers because obviously the gentleman from Missouri (Mr. Burlison) does not understand the question I am asking. What weapons systems can be carried by the F-18 that cannot be carried by the F-16?

Mr. LLOYD of California. Mr. Chairman, if the gentleman will yield I will attempt to answer the gentleman from Alabama. The weapons systems are almost the same.

Mr. DICKINSON. Let me ask this. It was my understanding it was the intent to carry the Sparrow on the F-18 that could not be accommodated on the F-16. Am I correct?

Mr. LLOYD of California. That is correct.

Mr. DICKINSON. I assume the F-16 cannot be adapted to carry the Sparrow system?

Mr. LLOYD of California. It could be adapted. There is no reason why it could not be adapted.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. DAVIS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 568]

Andrews, N.C.
AuCoin
Brademas
Breaux
Brown, Mich.
Burke, Fla.
Burton, John
Burton, Phillip
Chisholm
Clausen, Don H.
Conyers
Diggs
Dingell
Drinan
Esch
Fary
Fraser
Ginn
Hanley
Harsha
Hébert
Holland
Kastenmeier
McDade
Macdonald
Moss
Murphy, N.Y.
O'Hara
Pike
Railsback
Rees
Rogers
Rosenthal
Santini
Scheuer
Sisk
Slack
Steiger, Ariz.
Udall
Wright
Yatron

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Rostenkowski, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, H.R. 9861, and finding itself without a quorum, he had directed the Members to direct their presence by electronic device, whereupon, 392 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have spent about an hour and a half on this amendment. There is other legislation before us which is also to be considered this afternoon, and I would like to speak only for a few moments if I may.

The Department of Defense is largely responsible for bungling the F-18 lightweight fighter program. The will of the Congress has been ignored by the Pentagon.

I rise, I will say to my colleagues, in support of the amendment offered by the gentleman from Florida (Mr. CHAPPELL).

I do not often support amendments to appropriation bills, but my position today is the same position I have taken all along in regard to this problem in the subcommittee and in the full committee, and I have no alternative other than to oppose the methods that have been used in making this selection.

There is just no need today for the F–18. The Members will note that I say, "today." One of our major problems in the Defense Department is that we develop too many weapons systems and tend to buy too few of each, thus contributing to additional costs. Development costs are high. We need to develop new equipment, but we start development of a new aircraft, for example, too soon after the initiation of the production of existing aircraft. This is exactly the case with the F–18. It is premature, and certainly it can wait a few months or a few weeks.

This plane is basically the loser in the prototype fly-off competition for the Air Force Air Combat Fighter. It should be forgotten as a loser, and a new Navy fighter should be developed through the normal procedures of allowing the entire aircraft industry to compete in the program.

Mr. Chairman, truly, I have never seen such fierce lobbying by the aircraft industry, and the reason for that in my opinion is because of the inequities that have been evident in the handling of this program, because all aircraft manufacturers did not have an equal opportunity to compete for the F–18 contract.

That procedure was not followed in the selection of the F–18. A very unusual procedure was followed under which the two prime contractors in the competition for the Air Force lightweight fighter were allowed to pick the two prime contractors for the Navy lightweight fighter. That is an indefensible position. The rest of the aircraft industry was not allowed to compete. These are some of the reasons why the Committee on Appropriations, when we had a vote on striking out the F–18 in committee, came out with a vote of 21 to 29. Normally the subcommittee would have been fully supported, but there is a great deal of controversy about this F–18 program.

This was a most unusual procedure, and could, perhaps, be justified if the Navy had no aircraft in production and was facing a crisis. But no such crisis exists. Both the F–14 fighter and the A–7 attack plane are in production, and both are good aircraft. In time the Navy will need a new fighter, but I think we need to proceed cautiously in the selection of a new fighter.

The Navy will get a better fighter and the taxpayer will get a better break if the regular procedure requiring full competition is followed.

Mr. Chairman, we have had an hour and a half of debate, as I have said, on this issue, and we have other legislative business for the afternoon. The matter has been thoroughly discussed.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. LEGGETT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. LEGGETT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MAHON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Texas (Mr. MAHON).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 223, answered "present" 2, not voting 22, as follows:

[Roll No. 569]

AYES—187

Adams
Albert
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashley
Barrett
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bingham
Blouin
Boland
Bonker
Bowen
Brinkley
Brooks
Broomfield
Brown, Calif.
Broyhill
Burleson, Tex.
Butler
Casey
Cleveland
Collins, Ill.
Collins, Tex.
Conable
Conlan
Cotter
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
de la Garza
Dellums
Dent
Dickinson
Diggs
Downing, Va.
Early
Eckhardt
Eilberg
English
Eshleman
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fisher
Fithian
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Frenzel
Gaydos
Goodling
Gradison
Grassley
Guyer
Haley
Hamilton
Hanley
Harkin
Harris
Harsha
Hastings
Hays, Ohio
Hefner
Helstoski
Henderson
Hightower
Hillis
Holt
Hubbard
Hyde
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Ketchum
Krebs
Krueger
LaFalce
Landrum
Latta
Lehman
Lent
Lloyd, Tenn.
Long, La.
McCollister
McCormack
McDade
McHugh
McKinney
Madden
Mahon
Martin
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mikva
Miller, Ohio
Mills
Minish
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
O'Brien
O'Neill
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Perkins
Pettis
Peyser
Pickle
Poage
Preyer
Pritchard
Quie
Quillen
Railsback
Rhodes
Risenhoover
Robinson
Roe
Runnels
Ryan
St Germain
Schneebeli
Sebelius
Sharp
Shipley
Shriver
Simon
Smith, Iowa
Snyder
Solarz
Staggers
Stanton, James V.
Steed
Steelman
Taylor, N.C.
Thompson
Traxler
Tsongas
Ullman
Van Deerlin
Vander Veen
White
Whitehurst
Whitten
Wiggins
Wilson, Tex.
Wright
Wydler
Wylie
Yates
Yatron
Young, Ga.
Young, Tex.

NOES—223

Abdnor
Abzug
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashbrook
Aspin
Badillo
Bafalis
Baldus
Baucus
Bauman
Bevill
Biaggi
Biester
Blanchard
Boggs
Bolling
Breaux
Breckinridge
Brodhead
Brown, Mich.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Byron
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Brown, Ohio
Clay
Cochran
Cohen
Conte
Conyers
Corman
Cornell
Coughlin
Crane
D'Amours
Danielson
Davis
Derrick
Derwinski
Devine
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Erlenborn
Esch
Evans, Colo.
Fenwick
Fish
Flood
Flynt
Forsythe
Fountain
Frey
Fuqua
Giaimo
Gibbons
Gilman
Goldwater
Green
Gude
Hagedorn
Hall
Hammerschmidt
Hannaford
Hansen
Harrington
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hinshaw
Holtzman
Horton
Howard
Howe
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jeffords
Jenrette
Jones, Ala.
Karth
Kasten
Kastenmeier
Kelly
Kemp
Keys
Kindness
Koch
Lagomarsino
Leggett
Levitas
Litton
Lloyd, Calif.
Long, Md.
Lott
Lujan
McClory
McCloskey
McDonald
McEwen
McFall
McKay
Madigan
Maguire
Mann
Mathis
Matsunaga
Mezvinsky
Michel
Milford
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Moore
Moorhead, Calif.
Moss
Myers, Ind.
Nolan
Oberstar
Obey
Patterson, Calif.
Pattison, N.Y.
Pepper
Pike
Pressler
Price
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Rodino
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Ruppe
Russo
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Seiberling
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Spellman
Spence
Stanton, J. William
Stark
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Teague
Thone
Thornton
Treen
Vander Jagt
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
Wilson, C. H.
Winn
Wirth
Wolff
Young, Alaska
Young, Fla.
Zablocki
Zeferetti

ANSWERED "PRESENT"—2

Gonzalez
Rostenkowski

NOT VOTING—22

AuCoin
Brademas
Burke, Fla.
Burton, Phillip
Carney
Delaney
Dingell
Fary
Fraser
Ginn
Hébert
Holland
Johnson, Calif.
Macdonald
Murphy, N.Y.
O'Hara
Rogers
Santini
Sisk
Steiger, Ariz.
Udall
Wilson, Bob

Messrs. LONG of Maryland and KEMP changed their vote from "aye" to "no."

Mr. BENNETT changed his vote from "no" to "aye."

So the motion was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The SPEAKER resumed the chair.

The SPEAKER. The Chair will receive a message.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on September 29, 1975 the President approved and signed a bill of the House of the following title:

H.R. 9524. An act to extend the Emergency Petroleum Allocation Act of 1973.

The SPEAKER. The Committee will resume its sitting.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1976

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. CEDERBERG. Mr. Chairman, I rise in opposition to the amendment. I sincerely believe defeat of this amendment is in the best interest of the defense of this country and the size of the defense budget. I recognize there are all kinds of parochial interests involved in this. There is nothing improper about that. That is all right.

We have a classic dispute between many of the aircraft manufacturers in this country. Many of them have been in to see me and visited on this very subject.

I have no aircraft manufacturing in my district at all; but let me just say this. At a time when we are concerned about defense budgets, it seems to me that we would be ill-advised to vote for this amendment, which in any way we cut it, as far as I can see, is going to cost the defense budget more money.

Now, here we are faced with this very basic fact. The Secretary of Defense is in favor of the F-18. The Secretary of the Navy is in favor of the F-18. The Chief of Naval Operations is in favor of the F-18. The Commandant of the Marine Corps favors the F-18.

The simple facts are the Navy needs this lightweight fighter. It can get this at less cost than the F-14. No one questions the ability of the F-14 being a fine aircraft. Certainly it is a fine aircraft. The F-18 is to complement the F-14. It is substantially lower in cost per unit price. It is 40 percent less in cost of maintenance and operation. That ought to convince us.

Now, there is not anybody on this floor that I know of that knows anything about the designing of aircraft. I certainly do not. I am perfectly willing to leave this matter up to those in the Navy who have been living with this matter year after year.

It just seems to me that the wise thing to save money in the budget and to assure the Navy of a lightweight fighter, that we ought to turn down this amendment. I would urge everybody to consider this very seriously, because if we are going to go and delay this, this would be the first time in history that we delayed a project of this kind and then state we are going to come in at a later date and it will only take 2 months, when we know it will take substantially longer than that time and the cost will be higher.

So if we are interested in the defense budget, if we are interested in providing the Navy what it needs, a low-cost fighter, then we should be in opposition to this amendment.

Mrs. BURKE of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there has been some discussion in recent weeks about the Navy's new lightweight fighter aircraft, the F-18. In reviewing the F-18 program, one point has struck me as particularly noteworthy, namely, that it was developed by the Navy in response to congressional and DOD appeals for lower cost military systems.

At a time when the economic strain is growing for Americans, we are asked to tighten our belts and examine all national programs with a view toward eliminating waste and encouraging efficiency. It is more important than ever to get the most from our defense dollar. Certainly the F-18 is a needed step in that direction.

In addition, the Navy assures us that the F-18 is a superior aircraft. During recent hearings before the Defense Subcommittee of the House Appropriations Committee, Admiral Houser, Deputy Chief of Naval Operations, made this statement:

> We have been told by both Congress and the Department of Defense to look for a lighter and cheaper alternative to complement the F-14's already approved. We have done this and believe the F-18 is an excellent solution to obtaining a complementary fighter for the planned F-14 force and a superior light attack airplane to replace the A-7 when it commences phasing out of the Naval inventory in the mid-1980's.

The evidence I have seen points up a number of key elements in support of an F-18 choice. There are four critical areas that must be mentioned. They are spotting size, operating cost, aerial maneuverability, and the capability this aircraft has to assure continued cost-cutting competition within the aerospace industry.

Spotting size for a carrier based aircraft is the area which the plane needs for storage. The current A-7 is used as a base against which all other aircraft are measured. The F-14 is 2.5 times as large as the A-7. The F-18 is only 1.17 times the A-7. A modification to the F-18 tail assembly allowing it to fall away during storage in a manner similar to the folding wings with which most of us are already familiar, lowers that spot size to 1.1. Clearly a given aircraft carrier can carry twice as many aircraft in the same space, a factor of great importance.

The operating cost of the F-18 is about 40 percent lower than the F-14. At a time when all budgets are stretched, this is a large savings for the taxpayers of America. It means each dollar buys more operational time for each aircraft, leading to more experienced pilots, better maintained aircraft, and improved fleet readiness. All Members agree on the need for efficiency and economy within the defense budget. This is a clear opportunity for that to be applied.

Aerial maneuverability is a third distinct area of advantage for the F-18 over the F-14. A more compact and less complex aircraft, the F-18 excels in the close quarter aircraft-to-aircraft combat which is so important in aerial operations. The Vietnam conflict and the several Middle East wars are evidence that aerial combat is not something out of our military past, but rather a necessary and important consideration for the present.

The fourth advantage for the F-18 over the F-14 is the potential savings inherent in having competition among aerospace firms. Pratt & Whitney engines power the F-14 and the F-16. General Electric will be the engine builder for the F-18. Experience with all sectors of aviation, civil as well as military, has shown time and again the value of having two or more major firms engaged in the production of components. Designs are more imaginative, more efficient, and more prone to reducing procurement and operating dollars when two or more firms are involved in competition. F-18 procurement insures that competition will remain in jet engine manufacture, airframe production, and component design. The F-18 is clearly an intelligent choice for this Congress, and the American people.

Mr. LLOYD of California. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from California (Mr. LLOYD).

Mr. LLOYD of California. Mr. Chairman, I thank the gentlewoman from California for yielding.

Mr. Chairman, I would like to bring these charts up, not because it has to do with a lot of figures. We have heard figures all afternoon, but only to show that there are other persons in the business of charts and figures who do not happen to agree with the figures presented before. I ask those who are interested, and I am not going to go into these, because we have heard all the figures. The only thing I can tell this House, the figures show this to be an economically feasible airplane. It is in the right place at the right time. The Navy wants it. The pilots want it. The Chief of Naval Operations wants it. The men on the flight decks want it. As a result, I think it is important that we take a quick look at these things. We talk about life cycles. We talk about all these figures. I am not going to get into the issue of figures lie and liars figure and all the rest of it.

Everybody is doing his best to present his point of view. I think the majority point of view is that which belongs to the Navy. I do not think the Navy point of view has been adequately presented.

I call upon my own experience as a carrier pilot, having served aboard 14 carriers, as a person who has flown a great number of aircraft, not only aboard carriers, but in combat situations.

I can only tell this House that I am personally more committed to and tremendously convinced this is the right airplane for the Navy. It is what they want. They are not lying to anyone. This is a good airplane. It is not the answer to everything overall. But it is a fundamentally sound airplane. It has a very workable engine and the key factor is that it is an airplane that can serve best on a carrier deck.

I have heard something to the effect it does not have the performance of the F–14. The proof for that is the F–14 is also needed. This is an augmented fighter aircraft which has an attack capability infinitely better, by the way, than the A–7.

There is nothing wrong with the A–7; it is a great airplane. I have seen the airplane in operation, and it is a fine airplane. It is not what the Navy wants in the 1980's or 1990's. That is what this is all about. They want this airplane. Any Member who votes against it does it a disservice.

I remember very clealry when I was in the Navy some of the aircraft which were foisted—and I use that word underscored—foisted upon us as aviators. Frankly, we were sick of it. Do not do that to these people. Do not say, "Go back to the drawing board for 90 days."

We are not coming back in 90 days. They are going to go back all the way and delay this aircraft for a period of a great many months and possibly years in the hopes that some other contractor will be involved. That is not the prime consideration. The prime consideration is, does the Navy need it? The answer is "Yes." Does the Navy want it? The answer is "Yes." Is it economically feasible? The answer is "Yes."

Mr. ROUSSELOT. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague yielding to me. Let me address my questions to my colleague, Mr. LLOYD.

As a pilot and an individual who has had experience as a Navy flier, is the gentleman convinced that the Navy has, in fact, carried out the cost and quality mandates of the Congress with the F–18?

Mr. LLOYD of California. The answer is absolutely "Yes."

Mr. ROUSSELOT. I appreciate the gentleman's comment. So many of the claims made about the F–18 program being neglectful of congressional requirements are not true.

Mr. LLOYD of California. In continuing on this, I am not going to harangue the Members; they have heard all the arguments today. I think we are at a point where each Member is going to have to say to himself, "I am going to vote on this." I ask sincerely that the Members consider the ease with which this airplane will be operated on the carrier deck compared to other airplanes that might be coming down the line we do not know about.

I have literally sat in the plane at Edwards Air Force Base. It is a good plane. It does not mean that the F–16 is not a good plane; it is great. It does not mean that the F–15 is not a good plane; it is great. It does not mean that the F–14 is not a good plane; it is great. I assure the Members, as a person who has flown this type of aircraft, the F–18 is a great airplane.

Mr. SYMINGTON. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from Missouri.

Mr. SYMINGTON. Mr. Chairman, there is some discussion that with regard to the F–16, the Navy did not want this airplane.

Mr. LLOYD of California. Yes, that is correct, they did not want the F–16 or the derivatives of the F–16, which was the 1600 series. There was 1600, 1601, 1602. The major changes which have been made in that aircraft were the updating or upgrading of the engine, which is a 100 engine going to the 401 engine. Also, the Navy does not want a single-engine aircraft.

I flew single-engine airplanes off carriers. I am not pushing that reason but they clearly stated their choice when they selected the F–4.

The CHAIRMAN. The time of the gentlewoman from California has expired.

(On request of Mr. SYMINGTON and by unanimous consent Mrs. BURKE of California was allowed to proceed for 5 additional minutes.)

Mr. SYMINGTON. Mr. Chairman, would the gentlewoman yield further?

Mrs. BURKE of California. I yield to the gentleman from Missouri.

Mr. SYMINGTON. The F–18 is a lightweight fighter costing half as much as the F–14. However, it is not really in direct competition with the F–14, is it?

Mr. LLOYD of California. Correct. It is an augmenting fighter. Electronically, the F–14 has two or three times the avionics in it that the F–18 does, and it was designed that way because it can use the Phoenix missile system, or the F–14 on an attack situation including a mix of the F–18 plus the F–14, the F–14 provides what I call the high cover, which is the aircraft first coming out. The F–18 then can go in and deliver the load, come back out and perform as a fighter.

I know someone talked about three different aircraft. They are not different. We can make basic changes so that they tactically can perform the fighter role or perform the strategic role. That change can be done on the carrier deck.

Mr. SYMINGTON. The A–7–F airplanes are about 20 years old?

Mr. LLOYD of California. Yes, but are great airplanes.

Mr. SYMINGTON. Is not the F–18 superior in most categories to the A–7?

Mr. LLOYD of California. In the assigned tasks of the F–18, it is tactically and strategically superior in all areas.

Mr. ICHORD. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, the point has been made—and I submit erroneously by some of the proponents of this amendment—that the airplane has never been looked at by the Congress.

The gentleman in the well not only has more experience in flying fighter aircraft, he is also a member of the R. & D. Subcommittee of the House Armed Services Committee.

Have we not looked intensively, I would ask the gentleman in the well, at the F–18 fighter aircraft?

Mr. LLOYD of California. We certainly have. I would tell the gentleman from Missouri not only have we done that, but if the gentleman will recall, we asked Admiral Houser—the gentleman was right there—and we said, "OK, we will give you your choice." We said, "Why don't you go ahead, take the F–14?"

He said, emphatically, "That does not solve our problem."

Mrs. BURKE of California. Mr. Chairman, I would like to make one statement.

What effect does the gentleman think the removal of the F–18 will have on the competition or actually the providing of a monopoly in the manufacture of the jet engines?

Mr. LLOYD of California. Obviously it means that General Electric will be forced out of the competition. They have a very fine engine in the 404, which is an upgrade of the J–101. That is not to say the 100 series engine, which will be in the F–16, is not a good engine. It is a great engine. It has had some problems.

Let me tell a quick story at this point. I remember the F9F–B8, which is a derivative of the 5's, which is a derivative of the 3's, and so forth. It had been in inventory over a long period of time. I remember very clearly sitting at the end of the runway in Kingsville in 1960, 1959, and having an engine blow up on me, on a proven engine. It can happen. You take your chances.

But what I am telling the Members is that this engine is fundamentally sound. It is not a paper engine. It is a good engine. I think we need the development of two sources.

Mrs. BURKE of California. Mr. Chairman, I have one further question.

When we talk about spotting size and space on an aircraft carrier, would the gentleman make a comparison concerning the F–18 and the amount of space it will utilize in comparison with other competing aircraft? It is compared, as I understand it, usually with the A–7.

Mr. LLOYD of California. They are not really competing, but as the A–7 takes one deck space, the F–18 takes one deck space, the F–14 will take 1½ times the deck space, which means you can carry only two-thirds as many aircraft.

If we were to take the F–14, we would have to be back in here and demand an additional number of carriers, four or five perhaps.

Mr. HINSHAW. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from California.

Mr. HINSHAW. I thank the gentlewoman for yielding.

Mr. Chairman, I, too, serve on the Subcommittee on Research and Development with the gentleman in the well, and I accompanied him on a trip to Edwards Air Force Base and looked at this aircraft.

I would like to ask what the gentleman can tell us about some of the factors of that plane. What can the gentleman tell us about the cost comparison and capabilities, for example?

Mr. LLOYD of California. Let us talk about the capability for a minute.

The CHAIRMAN. The time of the gentlewoman has expired.

(On request of Mr. HINSHAW, and by unanimous consent, Mrs. BURKE of California was allowed to proceed for 3 additional minutes.)

Mrs. BURKE of California. Is the gentleman finished?

Mr. HINSHAW. No.

Mr. LLOYD of California. The answer is that it is a state of art aircraft.

I am sorry we are so short of time.

It meets the requirement of 1975 in the design competition area. We have to remember one thing. This airplane basically set out as a combat fighter, and at the time it was using a less-than-planned-for engine. We now have an upgraded engine.

Mr. GIAIMO. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Is it not true that the Secretary of Defense indicated and the Navy indicated they are contemplating very seriously smaller scale aircraft carriers and it is expected that they will be proposing and suggesting these to us in Congress, and if so, the F-14 will not be able to land and take off from those carriers and we would have to have an aircraft such as the F-18?

Mr. LLOYD of California. Mr. Chairman, the answer to that is that they could land and take off from the carriers, but they could not operate as long-range tactical fighters under the new concept of carrier operations, whereas the F-18 could.

Mr. GIAIMO. So if we did have that type of medium-sized carriers, we would have to have the F-18 rather than the F-14?

Mr. LLOYD of California. The gentleman is correct.

Mr. LEGGETT. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, there was some indication given by the chairman of the full committee that this procurement was irregular.

Is it not a fact that this was one of the most regular kinds of procurements, in that we spent $114 million of Government money for the competition between the F-16 and the F-17 and these two aircraft bubbled to the top, and, therefore, the Government today has an investment of $60 million or $70 million in the F-17 and the derivatives of that aircraft?

Mr. LLOYD of California. Mr. Chairman, if the gentleman from California will yield further, my colleague is absolutely correct.

I would like the Members of this House to listen to what the gentleman just said, because those are the economic facts which ought to be considered in our decision to turn back this amendment.

Mr. CHAPPELL. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from Florida.

Mr. CHAPPELL. Mr. Chairman, will the gentleman from California tell us where he sat in the F-18?

Mr. LLOYD of California. Did the gentleman ask where I sat in the F-18? I believe I said I sat in the F-17.

Mr. CHAPPELL. No, not the F-17. The gentleman did not sit in the F-18?

Mr. LLOYD of California. Mr. Chairman, if the gentlewoman from California will yield further, I was at Edwards Air Force Base. I sat in the F-17, which is the ongoing aircraft for the development of the F-18.

Mr. CHAPPELL. Mr. Chairman, the gentleman implied, though, that the F-18 had been completed, but there is not even a model. Of course, the gentleman did not mean to say he had seen the F-18, did he?

Mr. LLOYD of California. I did not see the F-18.

The CHAIRMAN. The time of the gentlewoman from California (Mrs. BURKE) has expired.

(On request of Mr. MILFORD and by unanimous consent, Mrs. BURKE of California was allowed to proceed for 1 additional minute.)

Mr. MILFORD. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from Texas.

Mr. MILFORD. Mr. Speaker, I would like to ask the gentleman from California (Mr. LLOYD) one more question.

First, I recognize that he does indeed have an expertise in flying, but I do not know anything about his expertise in aircraft design.

When we talk about using the F-17 as an example of being the same as the F-18, I would point out to the gentleman that they have different engines, that the airframe will have to be changed considerably by enlargement and by the addition of leafing, and that there will have to be the addition of fuel tanks. So we are talking about a totally different airplane rather than just a modified version of the F-18, are we not?

Mr. LLOYD of California. Mr. Chairman, if the gentlewoman will yield, I would agree on that point with the gentleman from Texas.

The gentleman also spoke about my expertise. I had the opportunity while I was in the Navy of working with a photo unit to help design a photo installation in fighter aircraft. That involved a fighter photo unit, so I have had some experience, although I am not a design engineer.

I have also had actual practical experience in testing aircraft and proving my own ideas, so I think I do have some expertise in this field.

Mr. FLOOD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, one thing I learned a long time ago is never to overplay a scene. After that brilliant performance by the gentleman from California, I can take a cue when I hear one.

I was going to go down and take the well and make a world-shattering statement about another phase of this matter. My name is FLOOD, and I come from Wilkes-Barre. I was up there again last night, and we have another problem, as we know. We have all been through that.

I believe I should mention that there was one situation that developed that burned me up, and I have been hearing about that in the last couple of weeks.

But first, this discussion has been brilliant. I have been in these defense appropriations since this was set up many years ago, and this discussion today by the Members has been one of the most brilliant and knowledgeable discussions I have heard of any phase of arms for our defense forces. There is no question about that. It has been sincere; it has been very good.

I have no parochial interest in this, as my friend, the gentleman from Georgia, said in his brilliant presentation on the other side of this matter. But I do think the operation that has been going on here has affected the Congress and this Committee, and I do not like that. I speak about this operation having to do with the circumstances surrounding the F-18.

I have noticed with some increasing shock here—and I have these papers here—that there have been flagrant operations by what we might call special interests, whatever they are, especially before this body on the F-18.

That is subjecting the Navy to attack—not Congress, but the Navy I am talking about.

I have been on the Board of Governors of the Naval Academy for 20 to 25 years, bringing these young officers along.

This attack upon the Navy I do not like.

The only reason I am saying this, Mr. Chairman, is that this campaign is being conducted all over the place. I have not seen too much of it, but I certainly heard a lot about it. I know that this affects the integrity of the Navy, the integrity of its officers, and the integrity of its command.

That is why I say that with respect to certain opposition to this F-18, there has been a scandalous attack upon the officers of the Navy. That is not right.

As an example, there is an anonymous paper floating around the halls here, not toilet paper, but some kind of paper, one of these white papers.

The Members have seen it. It refers to the Navy conducting a diabolical exercise.

How do the Members like that? Everything in the Navy is a charade. It is a fake and a sham, the whole Navy presentation.

This is printed and is being distributed to the offices of Members. That is not the question. It is separate and distinct from the technical presentations I have heard from these experts on both sides of this thing. This is a horse of another color. It affects all kinds of things from now on. They are flooding the entire Congress, not only the committees. There is no mistake about that.

There have been incorrect statements here about OMB. We got in touch with OMB. These statements mysteriously appeared in the news media. The OMB denied this. Some jerk down there, some glorified clerk made a statement. Somebody else put an insertion in the other body's RECORD.

The OMB denies all of this vehemently. We know how vehement they can get down there. Anyone on the Committee on Appropriations does.

This was false. It not only was denied by OMB; all of this was denied by the Navy.

Mr. Chairman, I do not mind these free-and-open discussions that we are having. They are good for the soul. They are good for one's ears. However, these Navy officials have testified before the Committee on Armed Services, before the Congress, before the Committee on Appropriations and before the Subcommittee on Defense about this F-18 right down the line and in the other body, being subjected to searching examination.

The gentleman from California (Mr. LLOYD) just made a brilliant presentation on the technical aspects of this subject.

Mr. Chairman, this has been a scandalous campaign attacking the Navy with reference to this particular weapon. I have been interested for many years in weapons systems and have seen attacks before, but nothing like this. This is a bad precedent.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield for a question?

Mr. FLOOD. Yes, I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Is the gentleman opposed to the amendment of the gentleman from Florida (Mr. CHAPPELL)?

Mr. FLOOD. I was going to wind up by saying that I am opposed to the amendment.

Mr. CLANCY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, early in this debate my good friend, the gentleman from Virginia (Mr. ROBINSON) made reference to a letter that was written by the Commandant of the Marine Corps, General Wilson, to the Senate Committee on Appropriations.

What my good friend, the gentleman from Virginia, failed to mention concerning that letter were the last two paragraphs, and we are about to vote on this matter, so the record should be straight.

The last two paragraphs say this:

> Since I have assurance that the Marine Corps essential requirements can and will be accommodated, I am in full agreement that the F-18 will be an adequate replacement for the aging F-4 inventory. It is essential that we proceed now with the F-18 to assure force level maintenance and modernization of our multi-mission fighter forces during the 1980's.
>
> The Marine Corps joins with the Navy in soliciting your support for the development and procurement of the F-18.

Mr. Chairman, I urge defeat of this amendment.

Mr. ROBINSON. Mr. Chairman, will the gentleman yield?

Mr. CLANCY. Yes, I will be very happy to yield to the gentleman from Virginia.

Mr. ROBINSON. Mr. Chairman, I am sure that my colleague, the gentleman from Ohio (Mr. CLANCY), will recall that when I was quoting from the letter I said that the Marine Corps has a higher priority than the F-18 in terms of the V/STOL light attack aircraft, which is in the second paragraph.

Mr. CLANCY. I understand that, but the gentleman failed to mention the last two paragraphs which indicate the Marine Corps favors developing the F-18.

Mr. ROBINSON. If the gentleman will yield, I would call the attention of my colleagues to the fact that General Wilson refers to the F-18 as "only adequate."

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. CLANCY. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I thank the gentleman for yielding. Just let me say this. I do not know an F-18 from an F-14 but I do happen to have some faith and confidence in the Defense Department, the Navy, the Army, the Air Corps, and the Marine Corps. These individuals are supposed to be specialists dedicated to and concerned with the defense of this country. They should not be concerned with whether or not an F-18 is to be built here, there, or elsewhere, or where an F-14 is built. They should be concerned with the defense of this country, first, last, and always.

This is my concern. If they recommend the F-18 or the F-14, I am going to take their counsel and advice notwithstanding where it is built, in my district, in my State, or in some other State.

Whenever we get to the place where we are voting in this Congress on where a piece of military equipment is going to be built or which company is going to build it rather than on the capability of that piece of equipment to fill one of our defense needs, we can forget about having an adequate defense for this country. Hopefully, this House will make a determination based on the need and the capabilities of the aircraft and not on some unrelated matter.

Mr. DOWNEY of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have sat here for 2 hours waiting to speak with the very quaint notion that possibly what I was about to say would be listened to or that it would make any difference.

The Members have seen "Dear Colleague" letters. We get scores daily and thousands of them in a session. These Dear Colleague letters are on the F-18. Some attempt to explain which weapons system is better and why we should select the F-18 over any other aircraft.

For the last 2 hours, the Members have listened to the advocates and the opponents of the F-18 get up here with charts—and each one has a chart. The proponents of the amendment have a chart that says that the F-18 will cost more money and that the F-14 and the A-7 are better airplanes. Then the opponents of the amendment stand up here and they say that the F-18 will cost less money and that there will be a savings.

Probably the most interesting thing about it is that very few people, if anybody, here knows whether or not there will be a savings or not because, quite to my astonishment today, I learned that the Subcommittee on Research and Development of the Committee on Armed Services never held hearings specifically on the F-18. That is astonishing. I have never seen or heard from the Committee on Armed Services that they held hearings. Maybe they talked about the F-17, but they have not had hearings on the F-18 to my knowledge.

When one is predicting what an airplane is going to cost or whether one should select one weapons system over another, then you must get a fix in your mind what the mission of the airplane is. Is the mission air combat? Is the mission interdiction bombing? Is the mission fleet defense? That is No. 1.

The F-18 has two supposed missions, and we have heard about them.

Then one has to fix in his mind the cost.

If we would examine the record tomorrow we will find that there have been 15 or 16 different cost estimates made today, life cycle costs, procurement costs, flyaway costs.

The last thing one would need to determine on a weapons system one selects is that one might like to know how many we are going to buy. Are we going to buy 624 for the air combat mission, with some planes for attrition and some to the National Guard, or are we going to buy an additional 500 for the close air support missions? We do not know that.

What the gentleman from Florida (Mr. CHAPPELL) wants to do, and I do not think it is terribly unreasonable, is wait a year. It may set the plane back 60 days, 30 or 60 days, or even further, but it will at least give this House an opportunity to look at and assess critically, and I hope dispassionately, whether or not this is the weapons system that suits the national interests and whether or not it is cost effective.

I think we owe it to ourselves to spend another year and look at it, and I rise in support of the amendment.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY of New York. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

The gentleman questioned whether or not hearings had been held by the Committee on Armed Services of which he is a member. The chairman of the Committee on Armed Services is sitting back here. He is chairman of the Research and Development Subcommittee. Perhaps the gentleman would like to ask him if there have been hearings held upon it. I think he should be heard on it in connection with that statement, which is a rather amazing statement. The gentleman from Missouri (Mr. ICHORD) was on the committee. The gentleman from California (Mr. LLOYD) was on the committee, and I hardly believe they would make an untruthful statement.

Mr. PRICE. If the gentleman will yield, I will say to the gentleman and to the members of the committee we had hearings, not just one session, but several days of hearings.

Mr. DOWNEY of New York. On the F–18 specifically?

Mr. PRICE. Yes, on the F–18. I would also like to put to rest the idea that this is a new type of aircraft. We have been seeking a new air combat fighter for years. In 1971 the Air Force started development of a light-weight fighter. I think it is now about time, since we have gotten to the point of selection and the competition has been resolved by the Department of the Navy—to move ahead.

Mr. DOWNEY of New York. I would like to ask the chairman a question. Can he give me some idea what the F–18 is going to cost, or how many we are going to buy? I would like to have the chairman answer the question.

Mr. PRICE. If the gentleman will yield, when we talk about the cost of aircraft today, it is an estimate.

Mr. DOWNEY of New York. It is pretty much up in the air; is it not?

Mr. PRICE. I would say it would cost about $10 million at present inflationary cost.

Mr. DOWNEY of New York. Is that flyaway cost? Is that a unit-programed cost? Gentlemen, that is the problem—we do not really know the cost, are skeptical of the mission, and unsure of the number.

Mr. PRICE. Yesterday Chairman MAHON inserted in the record of debate a letter from the Secretary of Defense relating to comparative cost between the F–18 and F–14. At the same time he gave an estimate of the comparative operating costs.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILFORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will try not to cover ground that has already been covered, but I would like to get a few things straight on the record. First of all, I think we will all agree, proponent and opponent alike, that we are talking about a paper airplane not at all unlike the one I hold in my hand. The big difference is that we know what this one that I hold in my hand will cost and we know that this one will fly. We do not know that about the F–18. Regardless of what those who are talking about the merits of the F–18 say, they do not know.

We have not followed normal defense procurement policy of going out to the aviation industry, to all of the industry, and saying, "Look, we want a lightweight fighter for the Navy; give us your best design." We have not gone through a selection process with all of the aviation industry. We have not gone through a prototype selection, as a result of industrywide bids. We have not followed the fly-before-we-buy concept. We should not be discussing an F–17, sitting out at Edwards Air Force Base, but an F–18 that has gone through the selection process where we are getting the best airplane at the lowest possible dollar. This has not been done in the case of the F–18.

Further, we have heard before here that we had great competition, and that LTV submitted three different models. I would respectfully disagree. LTV submitted three versions of the same model where different options were offered. There has been no competition.

Finally, there has been talk here about the 20-year-old A–7 that the F–18 is going to replace, as if the A–7 is about to fall apart. There are brand new A–7's coming off of the line right now. Furthermore, a mix of F–14's and A–7's is one of the options that is before us, and an option that I might add would save billions of dollars. So it is not an old 20-year-old A–7 we are talking about; it is a brandnew airplane available now.

Mr. MILFORD. Mr. Chairman, since some have stated that I have a parochial interest in the selection of the F–18 aircraft, I shall not dwell on the merits or demerits of this particular airplane.

Instead, I would like to point out to this committee some bad features—concerning the F–18 program—which in no way involve parochial interests.

If you vote against this amendment, you will establish a precedent that will totally prostitute the authorizations and appropriations processes of Congress.

If you vote against this amendment you will not only be giving an executive agency carte blanche authority to violate specific congressional mandates, but you will also render floor amendments of this nature absolutely meaningless.

If you vote against the amendment, you will be committing the Congress to a $16 billion project before either the House or Senate Armed Services Committees have held hearings on the merits or demerits of the F–18 airplane.

If you vote against the amendment, you will have changed the very sensible defense procurement policy of evaluating new aircraft on the basis of "fly before you buy". This responsible procurement policy has prevented past fiascos that wasted billions of dollars in the procurement of the TFX and C–5 airplanes. The "fly before you buy" policy requires industrywide competition for design and prototype construction and proof of performance before the DOD commits to a full purchase.

Let us first look closely at the bad precedent that will be established if you vote against this amendment.

Historically, Congress appropriates money in lump sum form with broad language in the appropriation bills. For example, in the present bill under consideration, the bill language can be found on page 31 beginning on line 7. It simply states:

> For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $3,146,050,000, to remain available for obligation until September 30, 1977.

Nowhere in the bill is an F–18 mentioned. You must go behind the basic bill to the bill report in order to find mention of an F–18 aircraft purchase.

In other words, the Congress exerts control over the budget by means of specific instructions in the bill reports—not in the basic bill itself.

In the case of the F–18 controversy, the bad precedent arises from a position taken by the Navy concerning language found in the conference report accompanying the Department of Defense Appropriations Act of 1975.

In that conference report, the conferees had approved a $20,000,000 expenditure for the design of a Navy air combat fighter. However, the conferees tied a specific set of strings to the expenditure by stating that the $20,000,000 could only be spent in designing a derivative of the Air Force lightweight fighter—the F–16. The language can be found on page 27 of the conference report.

The Navy defied the congressional mandate and spent the funds for a preliminary design of the F–18, an airplane that has absolutely no resemblance to the Air Force lightweight fighter.

Therefore, if you allow the Navy to proceed with the procurement of the F–18 fighter aircraft, you will have conceded to their position that instructions in a bill report can be ignored by an administrative agency.

If this precedent is established, Congress will be giving carte blanche authority for any executive agency to divert funds at will, rather than using them for the specific purposes listed in the bill report.

The entire history of the F–18 program shows every indication of being a "budget-busting fiasco" that will make the TFX and C–5 programs look like a kindergarten exercise.

Look closely at what you are doing if you leave the F–18 program in this appropriation bill. Not a single hearing has been held by the House Armed Services Committee to study the merits or demerits of this particular aircraft model.

If we leave the F–18 program in this bill, you will be giving your blessings to a $16 billion program that absolutely makes a mockery of responsible procurement practices.

The proponents say the F–18 is a good airplane. How do they know? There has been no design competition among the various aircraft manufacturers for a Navy air combat fighter. Who is to say that the F–18 is a better airplane than a design from Republic, or Grumman, or North American?

At this point in time, we do not even know whether or not the F–18 will fly. It is a paper airplane. Even before it is off the drawing board, the Navy has admitted to a $1.6 billion cost overrun in their estimates.

What has happened to the very sensible "fly before you buy" defense procurement policy? Why did not the Navy follow the example set by the Air Force in the selection of a lightweight fighter? Why did not the Navy advertise the need for a new fighter to all aircraft manufacturers and allow them to compete freely and fully for the design? Why did not the Navy require a prototype competition?

These are questions that go begging for an acceptable reply. I urge you to support this amendment and strike the funds for the F–18.

If you support this amendment, you will require the Navy to allow all aircraft manufacturers to compete for this multibillion-dollar project.

Mr. AMBRO. Mr. Chairman, will the gentleman yield?

Mr. MILFORD. I yield to the gentleman from New York.

Mr. AMBRO. I thank the gentleman for yielding.

I would like to associate myself with the remarks of the gentleman. I would like as well to support this most conscientious amendment.

I rise today in opposition to funding of the lightweight F–18 aircraft, for a variety of reasons. I would be less than honest if I did not preface my remarks with the statement that the Third District, New York, which I am proud to have the honor of representing, is the home of Grumman Aerospace Corp., producers of the F–14 aircraft. Be that as it may, it is my intention to objectively state the case against funding the Navy air combat fighter, NACF, known as the F–18.

A brief synopsis of development of the F–18 shows that at the outset the Navy was instructed by Congress to, "build a plane for the Navy as a derivative from whatever plane was selected by the Air Force." A noble, sensible objective which hopefully would achieve the elusive tradeoff of, "more bang for the buck." The Air Force chose the F–16, which was subsequently found impractical and unsuitable for the rigors of carrier operation.

The Navy, still acting under constraints imposed by Congress, sought then to derive the NACF from the F–17. The commonality turned into diversity as the F–17 had to be modified to such an extent as to render it suitable for carrier use. The turbojet engine became a fanjet, and while the physical appearance was the same, structural details negated any commonality of the F–18 with the F–17 it was to be derived from.

Now, it seems to me the onus has been shifted back to where it properly belongs in this instance—after a drill in futility—that is to the U.S. Congress.

Given, that the F–18 can merely complement the F–14, and perhaps ultimately replace the A–7, the cost benefit which was highly touted to the extent of being oversold, has been overtaken by events. For all the talk in recent years of a low-budget fighter aircraft during this recessionary period, an eminently practical idea, there has been an inability on the part of DOD to back up its premise. First, we were told in testimony in April 1974, by Secretary Schlesinger and Dr. Currie, Director of Defense Research and Engineering, that a new fighter program will be pursued that would result in an aircraft with almost the same performance as the F–14, but at approximately half the cost. Now, a year later, we are told by the Secretary of Defense in his letter to the chairman of Committee on Armed Services, dated September 23, 1975, that, whereas, the performance goals may be reached, the cost of this new aircraft would be approximately the same as the F–14. The compromise is already upon us. This substantiates testimony last spring before the Appropriations Committee of the other body by Admiral Houser, Deputy CNO for Air Warfare, "The F–14 is overall a superior fighter," and he goes on to say that the F–18, "should provide an excellent lower cost complement to the F–14.

Should, but does not, if we consider Secretary Schlesinger's letter, in comparing the F–18 to the F–14, in which he says that, "The investment alone will be about the same."

For all of these reasons, Mr. Chairman, I feel that the F–18 appropriation should be deleted from today's Defense appropriation bill for fiscal year 1976.

Mr. GOLDWATER. Mr. Chairman, will the gentleman yield?

Mr. MILFORD. I yield to the gentleman from California.

Mr. GOLDWATER. I thank the gentleman for yielding.

I have one question concerning the A–7. I am sure the gentleman did not want to leave a misconception about the A–7, because it is a good airplane and has given fine service to our Armed Forces. I think what the gentleman meant to say is: That it is a new airplane but an airplane designed 20 years ago, based on technology that may be 20 years old.

Mr. MILFORD. Yes.

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. MILFORD. I yield to the gentleman from Florida.

Mr. CHAPPELL. Is it not a fact the Navy considers the A–7 at mid-life?

Mr. MILFORD. They certainly do.

Mr. LEGGETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think we have pretty well exhausted all the figures and numbers and perhaps the effectiveness of the House of Representatives with respect to making our judgment felt on a competitive design and I think we have found that this is a complex matter.

I want to say this: When the lightweight fighter for the Navy first came before our House R. & D. Subcommittee I objected to it because I raised the point in the committee that the Navy had not looked at the lightweight fighter being developed by the Air Force. I had been very instrumental and had worked with David Packard to get the lightweight fighter for the Air Force because I thought it was essential that this country develop a cheap airplane that we could develop in quantity. I was rather amazed to find the Navy had not done this.

But that was not yesterday or last year. That was 2 years ago. What happened then is that we put some conditions on the appropriation bill and we did require that the Navy work with the Air Force. The Air Force did not accept the Lockheed version, the AX, which I thought was a beefed-up version of the F–104 mach 2 fighter. They put it out to industry and came up with two competitors and they were the two best fighter companies in the business, to wit the Texas company, General Dynamics, and the California company which is Northrop.

Meanwhile the Grumman airplane was going out of sight and Grumman was going out of business in New York and we had this special problem to keep them in business and the special problem of cash flow; we had all these confoundments.

We had determined they had developed one big expensive F–14 aircraft. Unfortunately the main aircraft we wanted was the F–14B but we could not afford the engine, so we decided to compromise that total program back down to 380 interceptor-type aircraft with the regular engine. It has got a limited capability. Perhaps the 14B would have been an air-to-air fighter with a thrust of better than 1 to 1, but it so happens that we are now in the situation where we have got these two aircraft before us.

I want to say that we have had a great deal of misinformation. The Bureau of the Budget has put out a statement some months ago indicating that the F–14 might be the better way to go. The Navy critiqued the criticism of the Bureau of the Budget, and it so happened they did not include the new costs of the F–14 and they did not include the costs of the Phoenix system and they did not include the modernization of the program and they did not include competitive with the attack air program and they did not include the operative costs for a 15-year period.

The record is unimpeached at the present time that the F–14, which is the only operational aircraft that can operate from a carrier at the present time, would cost $3.7 billion more than the F–18 over a 15-year period.

It may well be that these estimates may be wrong but they are the best estimates we have at the present time. The record is totally and completely unimpeached on this point.

I mentioned that the F–14 and F–16 and F–18 and F–17 are the four different airplanes. The F–17 was a demonstration model. It served its purpose. In order to carry the Sparrow missile which would be required for a Navy version of the carrier-based aircraft, the F–16 would have to be completely redesigned because the fuselage of the F–16 is not suitable to operate from the carrier, and is just not large enough to handle the Sparrow missile that the gentleman from Alabama (Mr. DICKINSON) was inquiring about a few moments ago.

Now, on this aircraft that we have, the

F–18, we have had the Navy go to considerable trouble and difficulty to compare that with the Mig–21, with the Mig–17, with the Mig–23, with the F–4, the slatted F–4, with the F–17, with the F–16, and we come up with some conclusions. Unfortunately, I cannot print them. They are classified.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. LEGGETT was allowed to proceed for an additional 2 minutes.)

Mr. LEGGETT. Mr. Chairman, what we can say is this and the record in this respect is not impeached, that the F–18 can climb 11 percent faster than the F–14.

It can accelerate 15 percent better than than the F–14.

At 20,000 feet it can transcend the speed of sound 35 percent better than the F–14.

At 30,000 feet it can do the job 48 percent better than the F–14.

At 7.5 G's to attain maximum altitude, the F–18 is 103 percent superior.

With respect to range, and this is a realistic range, not where they go out to the target and put on full throttle where they maneuver and return to home base, the F–18 is 38 percent superior.

In medium- and short-range weapons, the F–14 and F–18 are identical.

With respect to short-range, it is identical.

Small size, we can get half again as many F–18's on a carrier as we can the F–14.

As far as maintainability, the reason that this aircraft is $3.7 billion cheaper over a 15-year period than the F–14 is because it does not require nearly so many man hours to maintain. It is 52 percent cheaper.

I would think this kind of figure should appeal to the Committee on Appropriations. I am sure that this is the reason the majority of the subcommittee voted for the aircraft and the reason that the full committee voted for the aircraft, as did the Chief of Naval Operations, and many others.

I say vote for the F–18 and we cannot go wrong.

Mr. Chairman, within the next decade we will be needing a new carrier-based fighter aircraft. The F–14 was a fine plane for its day. But while it has done well as a fighter it was never designed for that purpose, and in any case, it is becoming outdated; 10 years from today, it will probably no longer be a match for the Soviet fighter it will have to oppose. In addition, its design dates from a period in which fuel economy and maintainability were not major design considerations; accordingly, it is expensive and difficult to operate.

Of the available alternatives, a Navy version of the Air Force F–16 does not perform up to requirements, and an entirely new fighter would be prohibitively expensive. Therefore, the choice is between the F–18 and buying additional copies of the F–14, the Navy's large fighter which has been in production for several years.

Opposition to the F–18 can be summarized as follows: "The F–18 was supposed to be a lower cost, lower capability fighter than the F–14, which would complement the F–14 in low-threat areas. It has lower capability all right, but it also costs as much as or more than the F–14. Therefore, we should buy the more capable F–14 since it does not cost any more."

My own investigation has convinced me that this claim is incorrect on both counts: The F–18 costs substantially less than the F–14, and is also a far more capable close-in fighter.

COST

Costs can be figured in many ways, many of them misleading. I have expended considerable effort in doing as straightforward a comparison as possible, including as many factors as can be quantified to give the most complete picture of the costs of owning and operating the two aircraft. All figures have either been supplied by the Navy or have been checked and affirmed by the Navy. They assume 470 F–14's to have been built previously, and compare the cost of additional F–14's against the cost of producing F–18's from scratch.

A convenient starting place is a recently leaked staff study done by OMB, which reported the unit procurement cost of the F–14 as $10.36 million against $9.29 million for the F–18. However, development is already completed on the F–14, whereas it remains to be done on the F–18. Since development was prorated at $2.99 million per aircraft, the cost of the F–18 rose to $12.28 million, or 18 percent more than the F–14.

But in order to be complete and accurate, we must also consider the following:

First. The OMB study, by the admission of OMB, contained errors and misjudgments in its cost calculations.

Second. Since the OMB study was written, Grumman has requested a higher price for the aircraft to be bought in fiscal year 1976.

Third. The F–14 requires the expensive Phoenix missile in order to be effective, whereas the F–18 does not use Phoenix. Therefore, we must add the cost of buying additional Phoenixes to the cost of buying additional F–14's.

Fourth. The OMB study assumed 480 fighter aircraft would be purchased. This failed to include the Naval Reserves which are also slated for the aircraft, raising the buy to 624.

Fifth. Once purchased, aircraft do not operate themselves. Operation costs nearly as much as procurement; therefore, operation costs should be added on to each plane.

This is how it works out in dollars and cents:

ALL FIGURES UNIT COST IN MILLIONS OF FISCAL YEAR 1975 DOLLARS

	F–14	F–18	Difference
OMB study:			
Procurement, 480 planes	$10.36	$9.29	
Development	0	2.99	
Total purchase	10.36	12.28	F–18, 18 percent more expensive.
I. Rectify OMB errors	+1.03	+.04	
New figures	11.39	12.32	F–18, 8 percent more expensive.
II. Add fiscal year 1976 increase	1.94	0	F–14, 8 percent more expensive.
New figures	13.33	12.32	
III. Include 4 Phoenix per F–14	+$1.20	0	
New figures	14.53	$12.32	F–14, 18 percent more expensive.
IV. Economy of scale from increasing buy to 624 aircraft.	–.39	–1.47	
New figures	14.14	10.85	F–14, 30 percent more expensive.
V. Operating costs, 15 years per aircraft.	+11.51	+7.15	
New figures	25.65	18.00	F–14, 43 percent more expensive.

In addition, there are two further refinements which do not deal directly with buying fighters for the inventory, but which are quantifiable and which, in my view, will affect the real costs we will encounter:

Sixth. In the mid-1980's, the Navy will require a new attack aircraft; it intends to meet this need with a very slightly modified F–18, possibly called the A–18. This will permit further economies of scale on the F–18 program.

Seventh. Cost per aircraft on the deck is a good measure, but these aircraft are no use to us if they cannot fly. There is a considerable chance that the next war, if there is one, will be short and very intense and we will need as many aircraft in the air as possible as frequently as we can get them. In this respect, since the F–18 is simpler than the F–14 and takes advantage of newer labor-saving technology—it requires less than half as many maintenance man-hours per flight hour as the F–14—an F–18 squadron will be able to put more aircraft in the air than will an F–14 squadron containing the same number of aircraft.

To quantify the previous two points:

	F–14	F–18	Difference
VI. Economy of scale from 500 F–18 attack aircraft.	0	–1.41	
New figures	25.65	16.59	F–14, 55 percent more expensive.
VII. Combat flights per week, 1-week short war.	(1)	(1)	F–14, 209 percent more expensive per mission.

(1) F–18 twice as many as F–14.

Finally, there is one consideration which, while highly significant, is not precisely quantifiable:

Eighth. If additional F-14's are chosen instead of F-18's for the fighter role, the Navy will then have to develop and purchase a brandnew attack aircraft in the 1980's, since the F-14 costs too much to risk in this role and is too vulnerable. Nobody can predict the cost of an aircraft which has not even been defined, but it is sure to be substantial and should be considered in making our decision.

PERFORMANCE

Much of the discussion over whether the F-14 or the F-18 is the more "capable" aircraft has involved confusion between the two distinct missions of interceptor and fighter.

The interceptor mission is that of defending the aircraft carrier against attack by long-range bombers and/or cruise missiles. It assumes that unknown approaching aircraft will be presumed to be hostile and will be shot down without ever seeing them. Primary requirements for this mission are long-range radar, long-range weapons system, long-range aircraft, and long loiter time.

The F-14, with its Phoenix missile and associated radar which can shoot down enemy aircraft at ranges of 40 miles or even better, is the best interceptor in the world by a wide margin. But the jet interceptor mission does not require many aircraft—in fact, it has never been used in Vietnam nor anywhere else—and is more than satisfied by the 390 F-14's the Navy is buying in any case.

In contrast, the fighter mission involves closing with and shooting down highly maneuverable hostile fighters which are, first, attempting to shoot down friendly bombers; second, escorting hostile bombers; or third, attacking friendly troops. Most frequently—in all cases in Vietnam—this combat occurs in a congested environment with many aircraft in the area and visual identification is required to distinguish friend from foe. Since visual identification requires closing to within 1 to 2 miles of the other aircraft, long-range weapons cannot be used. Requirements for the fighter mission are rapid climb and acceleration, tight turning ability, range, medium- and close-range weapons, pilot visibility, small size so the pilot can maneuver out of sight of the enemy while keeping the enemy within his own sight, and low operating cost so we can afford to give pilots sufficient training time.

Here is how the F-14 and F-18 compare as fighters:

First. Climb: F-18—11 percent superior.

Second. Acceleration: F-18—15 percent superior.

Third. Turning: At 20,000 feet, transonic speed: F-18—35 percent superior. At 30,000 feet, transonic speed: F-18—48 percent superior. At 7.5G's, attain maximum altitude: F-18—103 percent superior.

Fourth. Range, Air Force air combat mission: F-18—38 percent superior.

I should explain why I am using the Air Force rather than the Navy combat mission as my criterion. It is not because this shows the F-18 in a better light, although it does: under the rules of the Navy mission, the F-14A is about 10 percent superior. I use the Air Force mission because, as even the Navy people will admit, it is far more realistic.

The Navy mission uses the old-fashioned range test in which the aircraft is required to fly out, operate for 2 minutes at full power, and return. The Air Force test mission, in contrast, requires the aircraft to fly out, perform a very rigorous series of turns and accelerations, and return.

Obviously, the latter mission is the more valid. You get no points in combat for the number of minutes you can operate at full throttle; rather, you win by turning and accelerating faster than your opponent and by possessing the fuel to stay with him until you can get him in your gunsight. The F-18, with its superior power and maneuverability, flashes through the Air Force maneuvers in a relatively short time. But the F-14A must take many minutes to lumber through the maneuvers, all the time burning up fuel at full throttle. This explains why the F-18 is 38 percent better on one test but 10 percent inferior on the other.

Fifth. Medium- and short-range weapons: F-18 and F-14 identical for real-life missions.

Sixth. Pilot visibility: Both aircraft excellent and essentially identical.

Seventh. Smallness: F-18 48 percent smaller in front or rear view, 35 to 38 percent smaller in top or bottom view.

Eighth. Maintainability: F-18 requires 52 percent fewer maintenance man hours per flight hour; F-18 total cost per flight hour is 38 percent less.

Mrs. SULLIVAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from Florida (Mr. CHAPPELL). During the past weeks of debate over the Navy's new lightweight fighter, the F-18, one theme keeps recurring—the relationship between the new F-18 and the existing Navy fighter, the F-14. Some are asking why not an all F-14 force and some say why not more of the cheaper F-18's. I think that the Navy people are the ones we should turn to to answer these questions—they are the experts and they know what their force requirements are.

Dr. Malcolm R. Currie, Director of Defense Research and Engineering, explained the Navy's "high-low" procurement plan before the Senate Appropriations Committee Subcommittee on Defense. He noted that the F-18 is the "low" of the basic high cost-low cost mix philosophy and the F-14 is the "high":

> One great benefit of the high-low mix approach is that, having both types of aircraft in production simultaneously provides us the opportunity to increase or decrease the production of either in proportion to changes in the emerging threat.

Mr. Chairman, the Navy maintains that the F-18 will have the capability to meet the projected fighter threat of the 1980's. It says the F-18 performs better than the F-14 in some areas and not as well in others. These airplanes perform different missions—they complement each other. The F-18 is a close-in fighter, a ground attack, and a reconnaissance aircraft. It has faster acceleration, higher sustained load factor, and greater maximum structural "G" limit.

The F-14, on the other hand, has greater radar detection range and capability and greater missile capability so it can defend the fleet at long range. So we see, Mr. Speaker, the F-14 is like a boxer with a long reach and the F-18 is like a close-in puncher. Both essential to our national defense.

Adm. J. L. Holloway, Chief of Naval Operations, stated in a recent letter to the House and Senate Armed Services and Appropriations Committees:

> . . . acquisition of the F-18 is in the best interests of the Navy and I believe, in the best interests of the United States. It is affordable. In conjunction with the F-14, it meets our operational requirements at lowest cost. I solicit your support of this very important Navy Program.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had misjudged before the desire of the House at an earlier time to try to limit debate to 30 minutes. I want to be sure that no one is denied the opportunity to speak. I ask unanimous consent that all debate on this amendment and all amendments thereto conclude in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. TALCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TALCOTT. Mr. Chairman, may I inquire whether or not the Members who have already spoken on this amendment may speak again during limited time?

The CHAIRMAN. When time is limited, Members are permitted to speak again under the allocation of time.

Mr. TALCOTT. And they can yield their time to other Members?

The CHAIRMAN. That is a unanimous-consent request.

Mr. TALCOTT. I thank the Chairman.

PARLIAMENTARY INQUIRY

Mr. GOLDWATER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOLDWATER. Mr. Chairman, under the unanimous-consent request to limit debate to 15 minutes, how many Members have requested time?

The CHAIRMAN. The allocation of time will be approximately 25 seconds per Member.

Mr. GOLDWATER. Mr. Chairman, that does not appear to be very just to those who are going to have an opportunity to speak.

The CHAIRMAN. Consent has already been granted. The Chair has observed Members standing.

Mr. GOLDWATER. I understand, but I ask unanimous consent that the time be extended another 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. HINSHAW. Mr. Chairman, reserving the right to object, if we were to accede to the unanimous-consent request, would that open the door for additional Members to stand up to seek additional time?

The CHAIRMAN. The Chair has already announced his allocation of time.

Mr. HINSHAW. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Chair recognizes the gentleman from Ohio (Mr. Regula).

(By unanimous consent, Messrs. Charles A. Wilson of California, Conte, Lloyd of California, and Symms yielded their time to Mr. Goldwater.)

(By unanimous consent, Messrs. Robinson, Flynt, Downey of New York, Ambro, Teague, Evans of Colorado, Milford, and Lent, yielded their time to Mr. Chappell.)

(By unanimous consent Mrs. Sullivan yielded her time to Mr. Symington.)

(By unanimous consent Mrs. Burke of California yielded her time to Mr. Anderson of California.)

Mr. REGULA. Mr. Chairman, during recent debate over the F–18, a new lightweight fighter asked for by the Navy, there has been some question about whether the Navy plane has sufficient degree of commonality with the Air Force's new fighter, the F–16.

The Congress had originally wanted the Navy to buy an airplane that was a derivative of the one chosen by the Air Force. As my colleagues are aware, however, significant effort was applied without success to make the Air Force fighter suitable for carrier operations. The Navy, therefore, chose the competitor in the Air Force flyoff, the F–17, which it found to be better suited for the redesign necessary for "carrier suitability."

However, Mr. Chairman, by choosing the F–18, the Navy will get commonality, for this new fighter is replacing four other aircraft. An aircraft carrier today, according to Admiral Houser, Deputy Chief of Naval Operations, might have four tactical airplanes aboard ship. Procurement of the F–18 will permit the operation of just two—the F–18 and the F–14. Admiral Houser stated before the House Appropriations Committee Subcommittee on Defense as follows:

> One of our big problems . . . is the ability to support our . . . ships and squadrons in . . . far flung places. . . . We now operate the F–14's or F–4's, and A–7's and A–6's and RA–5C's on board. We have four tactical airplanes on board ship. . . . We believe that between the F–14 and F–18 all of the tactical missions can be accomplished. We will thus remove at least two support sites from each ship and have only two remaining, the F–14 and the F–18. This would be reflected throughout the establishment, in support, spares, training, and procurement.
>
> It is this savings that we would get by the commonality of doing many missions with this same airframe/engine combination.

Mr. Chairman, the commonality to which the admiral refers is most important. The Department of Defense shares this view as stated by Deputy Secretary of Defense Clements before the House Defense Appropriations:

> From a management standpoint, you can see that this has great long-term benefits to the Department of Defense and the Navy in particular . . . Trying to shrink these kinds of units to where we can train people more easily and maintain the equipment more easily has never been done before. Our inventory problems would be much less and the whole thing would start to make sense instead of having this proliferation of a specialized type of airplane for every little mission.

Some question about the propriety of the Navy action as raised by LTV Aerospace Corp. has been injected into the debate. I would point out that a report by the Comptroller General of the United States dated October 1, 1975, file B–183851, concluded as follows:

> For the various reasons discussed above, we have concluded that the Navy's actions were not illegal or improper and that therefore the protest must be denied.
>
> As indicated in the Introducton section, the Congress has manifested significant interest in DOD's LWF/ACF programs and has closely monitored the Navy's attempts to develop a lightweight, low cost fighter that could operate effectively from aircraft carriers. The statement in the Conference Report on the 1975 DOD Appropriation Act that "future funding is to be contingent upon the capability of the Navy to produce a derivative of the selected Air Force Air Combat Fighter design" suggests that the Congress will be closely scrutinizing the Navy's choice before full-scale development funds will be provided. Thus, the ultimate determination regarding further F–18 development has yet to be made.
>
> Elmer B. Staats,
> *Comptroller General of the United States.*

Mr. Chairman, the F–18 makes sense from both a management and performance standpoint. I urge that the committee action be supported and the amendment defeated.

Mr. TALCOTT. Mr. Chairman, I rise in opposition to the amendment and to voice my disapproval of this kind of procedure.

Mr. Chairman, I want to associate myself with the gentlemen from California (Mr. Lloyd) and from Ohio (Mr. Latta).

Mr. Chairman, the arguments here today, both for and against selection of the F–18 as the Navy aid combat fighter, have generally missed the single most important point on this issue. The first, and most important, qualification of any aircraft for selection as an operational naval carrier aircraft is that it must be fully capable of carrier operations.

We should be concerned about cost and performance. On these concerns we should defeat the amendment.

Some opponents have charged that the F–18 was improperly selected, because the conferees last year had directed that the Navy should select a derivative of the Air Force air combat fighter. As Members know, the Air Force selected the F–16 earlier this year. The contractor building the F–16 then provided not one, not two, but three separate and distinct models of the F–16 for the Navy to evaluate. Each of these aircraft had a common failing. Not one of them was qualified for Navy carrier operations, because at the low speeds necessary for carrier landings the aircraft had to be flown at such a high angle of attack that each presented a totally unacceptable risk of striking its tail on the carrier deck on each carrier landing. Picture that, Mr. Chairman, a Navy fighter which cannot be landed on its carrier, because of the risk that it will self-destruct.

Now this risk is neither trivial, nor is it acceptable. We cannot spend the taxpayer's dollars on an aircraft that cannot perform the most basic mission assigned to it, and we would not be willing to let the Navy do so, either.

When the naval officers in charge of this project became aware of the fact that it was impossible for them to select a derivative of the Air Force version of the ACF they took the next reasonable course in deciding to utilize, wherever possible, the technology developed in the Air Force ACF program. That course led them to examine the other ACF version, the F–17. The decision was made that this aircraft, in its original configuration, needed certain structural strengthening to withstand the shock of carrier operations, and that a slightly different engine configuration would be required. These minor modifications were done, which included the lengthening of the fuselage by 1 foot, and the aircraft was redesignated the F–18 to distinguish it as the Navy version. After exhaustive testing, and detailed examination, the Navy has decided that this aircraft is the less-costly complement to the F–14 Tomcat, and the replacement aircraft for both the aging F–4 Phantom and the A–7 attack aircraft.

There have been some inaccurate charges that the Navy does not really support the adoption of the F–18, but the senior naval officer of this country, Chief of Naval Operations Adm. J. L. Holloway III, wrote Senator Stennis, the chairman of the Senate Armed Services Committee:

> In its cost class, the F–18 provides unsurpassed capability to perform the Navy's fighter and attack missions. It can augment effectively the F–14 in fighter missions, and for some missions, specifically those requiring maneuverability and agility, the F–18 is somewhat better than the F–14.
>
> For attack missions, we believe that the F–18 will provide an excellent replacement for the A–7 light attack plane. It would be significantly more capable than the A–7, notably in its ability to get to the target, deliver its weapons, and escape. In an attack configuration, it will retain good fighter performance and armament, thereby achieving a credible self-escort capability.
>
> The F–18 will replace those F–4s not replaced by the F–14's, and all A–7's with one airframe-engine platform, a most important consideration in optimizing use of limited space aboard aircraft carriers. The cascade effect of this simplification will be felt throughout the Naval Establishment, in terms of reduced cost for personnel, training, support equipment, intermediate and depot facilities, overhaul, spares and repair parts.

Those, Mr. Chairman, are the words of the Chief of Naval Operations. To me they say that the Navy not only wants this aircraft, but that we should give it to them, because it is necessary to their important mission.

Finally, Mr. Chairman, let me say that

the arguments against this aircraft have been couched in many terms. First it was that the Navy had acted improperly in selecting the F–18. Well, I have shown that they could not have selected the other competitor since it cannot be landed on Navy carriers. Also, I am told that the General Accounting Office has just completed a review of the selection process and has determined that the Navy was acting properly in selecting the F–18 as the Navy ACF.

Next we are told that the competition was not fair, and that the selection of the F–18 is therefore invalid. But the facts show that three different models of the only qualified competitor, the F–16, were evaluated fully, and that not one of them was capable of landing on a carrier. Not only do we have the word of the Chief of Naval Operations that the Navy wants the F–18, but we have proof that the only competitor did not meet the most basic qualification for Navy selection.

I urge Members to support the authorizing committees of both the House and the Senate, who have included this aircraft in the military procurement authorization which was approved by the House only last Wednesday, and also support the Appropriations Committee which has delved into the questions involved in this issue most deeply. The alternative to the F–18 is great delay while the Navy conducts another industrywide competition, which can only lead to a more costly program. Finally, let me remind my colleagues that Deputy Defense Secretary Clements has expressed strong doubt that the Navy would be able to find a better aircraft if another competition is held.

I am surprised somewhat that the chairman of our committee has finally changed from his committee position apparently on the basis of the procedure his committee followed and condoned. He is responsible for procedures. We are responsible for procuring an aircraft that can accomplish its mission, perform superiorly to the enemy, at a reasonable cost, and still be safe for the pilots and aircraft personnel.

The F–18 meets all the criteria. No other aircraft does. We should not handicap our naval air defenses. We should not penalize the taxpayer by unnecessary and unwarranted delay. We should defeat the amendment.

The Chair recognizes the gentleman from Texas (Mr. White).

Mr. WHITE. Mr. Chairman, the gentleman from Illinois (Mr. Price), a great chairman, has agreed to hearings next year on the F–18. If my memory differs from the other members of the R. & D. Subcommittee, we have considered the YF–17 air combat fighter. The F–18 was not formally presented, in my memory. The decision was made in June of this year.

The amendment offered by the gentleman from Florida (Mr. Chappell) is reasonable, it allows R. & D. on the engine, and will give us on the Committee on Armed Services the opportunity to have hearings next year on this matter.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. Ichord).

Mr. ICHORD. Mr. Chairman, in answer to the gentleman from Texas (Mr. White), I would point out to the Members of the House the letter and figures "F–18" are just a Navy designation of the development airplane, the YF–17. The F–18 is the Naval air combat fighter and we have held extensive hearings on the NACF. On March 12, 1975 the Subcommittee on Research and Development, of which I am a member, heard both Assistant Secretary Maury and Admiral Moran. On March 19, 1975, the full committee heard Admiral Houser and Admiral Lee. On April 14, 1975, the Subcommittee on R. & D. heard both Dr. Currie and Admiral Houser. Those hearings are in the Record. The Subcommittee on R. & D. has been studying the lightweight fighter for both the Navy and the Air Force since 1971.

For the further benefit of the Members and the Record I will recite the complete chronology of events surrounding the ACF since the very beginning:

January 6, 1972: The Air Force solicited proposals for the development of Lightweight Fighter (LWF) prototypes.

April 14, 1972: The Air Force awarded development contracts of $38M and $39.1M for the General Dynamics (GD) YF–16 and the Northrop YF–17, respectively.

August 1973: The Secretary of Defense directed the Navy to actively pursue a lower cost alternative fighter to the F–14. The Navy thereupon undertook numerous studies to identify the military missions and operational parameters of such an aircraft.

May 1974: The Deputy Secretary of Defense testified before the Tactical Air Power Subcommittee of the Senate Armed Services Committee (SASC) that this alternative (the VFAX) would supplement the F–14, replace the F–4, and eventually replace the A–7.

May 10, 1974: The House Armed Services Committee (HASC) submitted its report on the FY 1975 DOD Authorization Act (H.R. Rep. No. 93–1035) recommending deletion of all VFAX funds due to the Navy's inadequate justification (i) for the need to augment the F–14, and (ii) for not using a derivative of either the YF–16 or YF–17. The Committee did state, however, that it would be willing to consider a request in the FY 1976 Authorization Act if the Navy could adequately demonstrate a requirement, supported by reasons why existing lightweight fighter aircraft would be not suitable.

May 29, 1974: The Senate Armed Services Committee (SASC) submitted its report on the FY 1975 DOD Authorization Act (S. Rep. No. 93–884) recommending inclusion of the entire $34M requested for the VFAX.

June 1974: NAVAIR released a pre-solicitation notice (PSN) to the aerospace industry soliciting expressions of interest and comments on the proposed VFAX development program.

Undated and July 30, 1974: Conference Reports (H.R. Rep. No. 93–1212 and S. Rep. No. 93–1038) on the FY 1975 DOD Authorization Act were submitted to each House recommending the inclusion of $30M for the VFAX.

August 1, 1974: The House Appropriations Committee (HAC) submitted its report (H.R. Rep. No. 93–1255) recommending that all funds for VFAX be deleted from the appropriation since the Navy was not proceeding to buy a LWF derivative.

August 5, 1974: The FY 1975 DOD Authorization Act was enacted and, in pertinent part, stated the following:

"TITLE II—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Sec. 201. Funds are hereby authorized to be appropriated during the fiscal year 1975 for the use of the Armed Forces of the United States for research, development, test and evaluation, as authorized by law, in amounts as follows:

* * * * *

For the Navy (including the Marine Corps), $3,153,006,000, of which $57,500,000 shall be available only for application to surface naval gunnery (excluding the Close-in Weapon System), including gun fire control systems, gun mounts, unguided and guided ordnance, and fuzing: ——"

August 16, 1974: The Senate Appropriations Committee (SAC) submitted its report (S. Rep. No. 93–1104) recommending the inclusion of $20M for the VFAX.

August 28, 1974: The Chief of Naval Operations released the formal VFAX Operational Requirement and directed NAVAIR to prepare an industry solicitation for VFAX Contract Definition and FSD.

September 3, 1974: The Air Force solicited full-scale development (FSD) proposals for its Air Combat Fighter (ACF) from the two LWF contractors, GD and Northrop, whose prototype aircraft—the YF–16 and YF–17 respectively—had been undergoing an exhaustive competitive "Fly-Off."

September 1974: The Office of the Secretary of Defense directed NAVAIR to limit the planned VFAX solicitation to derivatives of the LWF and ACF designs.

September 18, 1974: Conference Report (H.R. Rep. No. 93–1363) on the FY 1975 DOD Appropriations Act was submitted to both Houses recommending that $20M be appropriated for the development of the Navy Air Combat Fighter (NACF) which was to make maximum use of the Air Force LWF and ACF technology and hardware.

October 2, 1974: MDC and Northrop entered into a teaming agreement.

October 8, 1974: The Department of Defense Appropriation Act for FY 1975 was enacted as P.L. 93–437, and, in pertinent part, stated the following:

"The following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1975, for military functions administered by the Department of Defense, and for other purposes, namely:

* * * * *

"Research, Development, Test, and Evaluation, Navy"

"For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law: $3,006,914,000, to remain available for obligation until June 30, 1975."

October 12, 1974: The Air Force Systems Command requested GD and Northrop to submit quotations for the NACF FSD. The cover letter forwarded a NAVAIR prepared RFQ, and provided additional instructions for the preparation of alternative NACF design studies and development/production quotations.

October 1974: All other firms which had responded to the June 1974 VFAX PSN requested and were given copies of the RFQ.

October 25, 1974: GD and LTV entered a teaming agreement whereby they agreed that LTV would be the NACF prime contractor if the Air Force chose the F–16 as its ACF and the Navy chose a derivative of the F–16 and that GD would be the NACF prime contractor if the F–16 was not selected by the Air Force but was selected as the NACF.

November 1, 1974: The Air Force received responses for the FSD of its ACF.

November 1, 1974: The Deputy Secretary of Defense forwarded letters to the Chairman of the SAC and HAC requesting authority for the Navy to utilize $12.5M of the funds apropriated for the NACF prior to the selection of an ACF design by the Air Force, in order to fund the NACF efforts of the LWF/ACF contractors and other related studies and engineering efforts.

November 20 and 21, 1974: The respective Chairman of the SAC and the HAC responded that no objections would be interposed as to such uses.

December 2, 1974: Preliminary responses on the NACF were received from LTV and MDC.

January 10, 1975: Technical debriefings were held with both NACF offerors on their preliminary responses.

January 13, 1975: Complete responses were received on all NACF designs except the LTV Model 1602.

January 13, 1975: The Air Force announced the selection of the F–16 (GD's entry) as the Air Force ACF winner.

January 14, 1975: The Secretary of Defense announced publicly the intention of the Navy to make a source selection of whichever ACF was "most appropriate from the Navy's standpoint," independent of the selection action of the Air Force.

January 13, 1975 to March 4, 1975: Discussions were held with the NACF offerors, and revisions resulting from those discussions were received.

February 19, 1975: The Secretary of Defense, while testifying before the HASC concerning the DOD Authorization for FY 1976, again stated that the Navy had complete freedom to recommend the selection of either of the competitor's designs as its choices for the NACF development.

February 21, 1975: NAVAIR letter to LTV inquiring whether it intended to submit a complete proposal on its Model 1602 and, if so, to furnish it by March 4.

March 4, 1975: Complete LTV response received on Model 1602.

March 7, 1975: The Deputy Secretary of Defense informed the Chairman of the HASC, SASC, HAC, and the SAC that the Navy intended to make its source selection for the NACF and requested their concurrence in awarding the sustaining engineering contract to whichever firm was selected.

March 13 and 17, 1975: The respective Chairman of the HAC and SAC responded that no objections would be interposed to such a use of the appropriated funds.

March 17, 1975: Navy personnel testifying before the SASC again made clear that the source selection for the NACF could be a derivative of either the F–16 or F–17.

April 4, 1975: "Best and Final" offers were requested from LTV and MDC for FSD of the NACF.

April 15, 1975: "Best and Final" offers were received.

May 2, 1975: The Navy announced the selection of the MDC design and the award of sustaining engineering contracts to MDC and GE (the engine developer). The selected aircraft was designated the F–18 and the engine the F–404.

May 10, 1974: The HASC submitted its report (H.R. Rep. No. 94–199) on the FY 1976 and 197T DOD Authorization Act recommending inclusion of the $132M requested for commencement of FSD of the NACF (F–18).

May 19, 1975: The SASC submitted its report (S. Rep. No. 94–146) on the FY 1976 and 197T DOD Authorization Act recommending inclusion of the $132M requested for commencement of FSD of the NACF (F–18), and noted the Committee's continued support of this program.

May 20, 1975: The FY 1976 and 197T DOD Authorization Act was passed by the House.

June 6, 1975: The FY 1976 and 197T DOD Authorization Act was passed by the Senate including the NACF FSD funds. The Act, as passed by the Senate contains the following General Provision:

"Sec. 202. None of the funds authorized to be appropriated by this Act, including funds authorized to be appropriated under Title VII, may be used to conduct any research, development, testing or evaluation in connection with the Navy Air Combat Fighter, designated the F–18, until the Comptroller General of the United States has rendered an official decision in the LTV Aerospace Corporation protest filed with the General Accounting Office (GAO File B–183851) against the award of Contract N00019–75–C–0448 to the McDonnell Douglas Corporation or until 31 July 1975, whichever is sooner."

September 30, 1975: GAO denies the protest of LTV and held that the award of the contract to MDC was legal.

Mr. Chairman, I hope that a further development today will be the overwhelming defeat of this amendment and the Navy proceeding with the development and production of the naval air combat fighter now designated as the F–18.

(By unanimous consent, Mr. Rousselot yielded his time to Mr. Anderson of California.)

(By unanimous consent, Mr. Burlison of Missouri yielded his time to Mr. Symington.)

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. Symington).

Mr. SYMINGTON. Mr. Chairman, a number of individuals have taken the well and in passing asserted that they had no parochial interest in this affair. I cannot make that claim quite so emphatically, so I sat back and listened with proper deference to the arguments, both for and against this amendment. And I must say, Mr. Chairman, I was very favorably impressed with the arguments against the amendment.

Clearly the Navy's choice should be the choice of the House of Representatives, and I urge the defeat of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Anderson).

Mr. ANDERSON of California. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Florida.

We have seen the charts. We have heard from the experts. Now, let us try to get this down in simple, understandable terms.

Mr. Chairman, the Congress directed the Navy to come up with an aircraft less expensive than the F–14, to replace the F–4 and A–7. But, this plane had to also meet strict aircraft carrier performance criteria.

Although the F–16 won an Air Force competition over the F–17, it was subsequently found by the Navy that the F–16 would not meet their performance requirements. The Navy, in effect, carried out a competition between a modification of the F–16 and a modification of the F–17, to see which model would be more suitable for use on aircraft carriers. It was found that the F–18, a modification of the F–17, would be better performing and more cost-effective.

In choosing the F–18, the Navy has carried out the cost and quality mandates of the Congress. I see no reason why we should not proceed to further develop the F–18. The $132.8 million appropriated for the next 15 months will give us the opportunity to further refine and improve this airplane.

Mr. Chairman, the Navy wants the F–18.

The Appropriations Committee, by a good vote has approved the F–18.

The Secretary of Defense has pointed out that the F–18 will save approximately 40 percent in operating and support costs versus the current model, the F–14.

I urge my colleagues to oppose this amendment for the good of the national defense and savings to the taxpayer.

Our rejection of this amendment will express our support for a strong national defense at minimum cost.

(By unanimous consent, Mr. Sikes yielded his time to Mr. Leggett.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Leggett).

Mr. LEGGETT. Mr. Chairman, I am going to include in the Record the GAO report that was filed this afternoon. First, however, I will just read for the benefit of the Members the general captions contained in this report:

Protester's assertion that Navy properly could select only derivative of model selected by the Air Force is incorrect * * *.

Protester's claim that Navy did not treat offerors on equal basis is not supported by record * * *.

Assertion that engine selected by Navy was not authorized for use with lightweight fighter is without merit * * *.

Navy's cost evaluation of competing proposals was conducted in accordance with proper procedures * * *.

Navy selection was in accordance with solicitation criteria regarding commodity.

Finally:

Mr. Chairman, I include at this point the report of the GAO:

The Comptroller General
of the United States,
Washington, D.C.

Decision in the Matter of LTV Aerospace Corp.

DIGEST

1. Protest raising issues concerning interpretation of appropriation act and "congressional intent" as public policy will be considered in this case involving selection of a Navy Air Combat Fighter (NACF), whether or not timely filed, since protest raises significant issues concerning relationship of Congress and Executive on procurement matters. Issues regarding evaluation and competition will also be considered since they are substantially intertwined with first issue and since GAO has continuing audit interest in NACF program.

2. Navy is not required as matter of law to expend funds provided in lump-sum appropriation act for a specific purpose when statute does not so require, notwithstanding language contained in Conference Report. Absence of statutory restriction raises clear inference that the Report language paralleled and complemented, but remained distinct from, actual appropriation made. Therefore, Navy selection of particular aircraft design for its Air Combat Fighter and resultant award of sustaining engineering contracts cannot be regarded as contrary to law.

3. While protester argues contract award

by Navy should be regarded as void since it is not in accordance with public policy as expressed in congressional Conference Report, award is not contrary to statute, contract does not require any actions contrary to law, and does not represent a violation of moral or ethical standards. Therefore no basis exists to conclude that award is contrary to public policy.

4. Although protester argues that Navy did not comply with DOD reprogramming directives, those directives are based on nonstatutory agreements and do not provide a proper basis for determining the legality of expenditures.

5. Provision in appropriation act which prohibits use of funds for presenting certain reprogramming requests cannot operate to invalidate contract awards even if awards resulted from reprogramming action since a violation of such provision cannot serve to invalidate an otherwise legal contract award.

6. Protester's assertion that Navy properly could select only derivative of model selected by the Air Force is incorrect, since reasonable interpretation of RFQ, read in context of applicable documents, indicates that Navy sought aircraft with optimum performance (within cost parameters) and with due consideration of design commonality with prior Air Force prototype program and with selected Air Force fighter.

7. Protester's claim that Navy did not treat offerors on equal basis is not supported by record, which indicates that overall evaluation was conducted in accordance with established criteria and that both offerors were treated fairly.

8. Assertion that engine selected by Navy was not authorized for use with lightweight fighter is without merit, since record indicates selected engine is modified version of baseline engine listed in solicitation. Also, record indicates Navy did not improperly estimate offerors' engine modification costs.

9. Navy's cost evaluation of competing proposals was conducted in accordance with proper procedures and established criteria since the Navy's development of its own estimates in determining cost credibility was consistent with sound procurement practices and award of contract to higher priced offeror was not improper.

10. Restriction of competition in Navy procurement for Air Combat Fighter (ACF) to offerors furnishing designs derived from Air Force ACF program was proper even though Navy selected derivative of design different from that chosen by Air Force, since solicitation was intended to maximize commonality of both technology and hardware between Air Force and Navy designs and Navy selection was in accordance with solicitation criteria regarding commonality.

INTRODUCTION

LTV Aerospace Corporation (LTV) has protested the selection by the Department of the Navy of the McDonnell Douglas Corporation (MDC) to develop the Navy Air Combat Fighter (NACF), which is intended to be a low cost complement to the operational F–14 fighter and a replacement for the F–4 and A–7 aircraft. The NACF has resulted from the DOD effort to turn away from the increasingly complex top-of-the-line fighter aircraft, as exemplified by the Navy F–14 and the Air Force F–15, and to seek less expensive complements to these weapon systems.

The selection of MDC followed a lengthy competition between MDC and LTV, in which both firms sought to modify aircraft originally designed for the Air Force under the Air Combat Fighter (ACF) program so that they would be suitable for aircraft carrier operation. While the Navy was evaluating the designs proposed by both offerors, the Air Force selected the F–16 for its ACF. Although LTV's designs were in varying degrees based on the F–16 design, the Navy ultimately determined that only the MDC entry, which was based on the F–17 design not selected by the Air Force, was suitable for the Navy. As a result of that determination, the Navy selected the MDC entry, designated it the F–18, and on May 2, 1975, awarded sustaining engineering contracts to MDC and also to General Electric Company (GE) (which is to develop the engines for the aircraft).

Upon announcement of the Navy's selection, LTV filed a protest with this Office, claiming that the Navy's selection was illegal, contrary to public policy, and not in accordance with the established selection criteria.

Specifically, LTV argues that the Navy selection of the F–18 violated the 1975 fiscal year DOD Appropriation Act since the F–18 is not a "derivative" of the F–16 and not common with it, requirements which LTV believes were contemplated by the act. Also, LTV contends that at the very least the selection of the F–18 must be deemed void as against public policy since the selection was contrary to the language of the Conference Report which led to the passage of the act.

With respect to the competition itself, LTV contends that MDC and LTV were not properly evaluated in the areas of commonality, engines, and cost, and that the competition itself was unduly restrictive. The relief sought by LTV is initiation of a new competition by the Navy.

The Navy denies all of LTV's allegations. It is the Navy's position that selection of the F–18 complied with both the letter and spirit of the 1975 DOD Appropriation Act, that both LTV and MDC were evaluated fairly and on the same basis, and that the F–18 is the best design for the Navy's requirements.

In considering this protest, we have carefully examined the submissions from the Navy, LTV, and MDC. Also, in view of the technical and cost arguments made in this case, we conducted an audit investigation, the results of which are reflected herein. In addition, we have considered the views expressed in two reports issued by the Library of Congress which deal with some of the points raised by the protester. It is our considered opinion that the Navy's actions were not contrary to statute or public policy and that the selection was fair and impartial and in accordance with the established selection criteria. Accordingly, for the reasons more fully discussed below, the protest is denied.

It should be noted, however, that this does not mean that the Navy is free to proceed with full-scale development of the F–18. In reaching our conclusion we have not considered the wisdom or cost effectiveness of the Navy's decision, nor have we examined the various alternatives available to the Navy. Our decision, therefore, does not encompass any broad policy questions that might be raised concerning the Navy selection. Rather, it concerns only the award of the short-term sustaining engineering contracts. Award of full-scale development contracts will depend upon congressional authorization of funds for that purpose.

PROCUREMENT HISTORY

LTV's protest can best be understood in the context of the procurement history of the NACF. The present NACF program is the result of several years of exchanges between Congress and the Department of Defense (DOD) regarding the type of aircraft considered most appropriate for future Navy use, and has evolved from earlier Navy efforts to procure needed levels of combat aircraft. Up until 1971, DOD had intended to procure an all F–14 force for the Navy. However, this plan was altered to a limited procurement of 313 F–14A aircraft (as then indicated in the 5-year defense plan) with possible future procurement. Hearings on the Lightweight Fighter Aircraft Program Before the Defense Subcommittee of the Senate Committee on Appropriations, 94th Cong., 1st Sess. 35 (1975) [hereinafter cited as 1975 Senate Appropriations Hearings].

During this same time period, the Air Force was evaluating the concept of advanced prototyping of aircraft as a means to reduce defense costs and risks by demonstrating the feasibility of utilizing advanced technology before effecting large scale production. The Air Force intended to demonstrate and evaluate the technology for a small, high performance aircraft. Hearings on Advanced Prototype Before the Senate Committee on Armed Services, 92d Cong., 1st Sess. 23–27 (1971) [hereinafter cited as 1971 Senate Armed Services Hearings]. Accordingly, on January 6, 1972, the Air Force issued a request for proposals to conduct a prototype development of the lightweight fighter (LWF) aircraft. (The LWF program was the predecessor to the Air Force's present ACF program, and was intended to implement the concept of a low cost and high performance aircraft, the same concept on which the NACF is based.) In February 1972 five companies responded. Northrop Corporation responded with two proposals and the following four companies responded with one each: Boeing, General Dynamics (GD), Lockheed, and LTV. Evaluation of the six proposals was completed in March 1972, with Northrop and GD announced as the winning competitors. Lightweight fighter development contracts in the amounts of $38 million and $39.1 million for the GD YF–16 and the Northrop YF–17, respectively, were released on April 14, 1972.

While the Air Force was proceeding with the LWF program, the Navy in 1973 was evaluating various options regarding the procurement of a new aircraft. Initially, it was proposed that a prototype flyoff program between a lower cost version of the F–14 and a Naval version of the F–15 be held. This program, however, was regarded as too expensive. 1975 Senate Appropriations Hearings at 36. Ultimately, it was decided to investigate a lighter weight, lower cost, multi-mission aircraft which could serve as a fighter to replace certain F–4 aircraft and also eventually replace the A–7 aircraft in the attack mission. Id. This multi-mission airplane was designated the VFAX. In June 1974, the Naval Air Systems Command (NAVAIR) released a presolicitation notice to the aerospace industry soliciting expressions of interest in and comments on the proposed VFAX development program. Industry responses were received in July 1974.

At this time, the VFAX program was meeting with some opposition in the Congress, in part because the VFAX was not tied to the Air Force prototype program. This led the House Armed Services Committee to recommend deletion from the 1975 DOD Appropriation Authorization Act of the entire $34 million requested by the Navy to initiate the development of the VFAX. However, the Senate Armed Services Committee recommended inclusion of the entire $34 million requested for the VFAX. S. Rep. No. 93–884, 93d Cong., 2d Sess. 95 (1974). The subsequent conference report on the bill recommended inclusion of $30 million for the VFAX, and ultimately the bill was enacted into law on August 5, 1974, as Public Law 93–365 (88 Stat. 399).

The passage of the Authorization Act did not signal the end of congressional opposition to the VFAX. When the 1975 DOD appropriation bill came before the House Appropriations Committee, the Committee recommended deletion of all funds requested for the VFAX. However, the Senate Committee on Appropriations recommended the inclusion of $20 million for the VFAX. S. Rep. No. 93–1104, 93d Cong., 2d Sess. 174 (1974). This difference was finally resolved by the conference committee on the bill, which also recommended an appropriation of $20 million but indicated that the funds were to be spent on a new program element which was designated the NACF:

"The Managers are in agreement on the appropriation of $20,000,000 as proposed by the Senate instead of no funding as proposed by the House for the VFAX aircraft. The conferees support the need for a lower cost alternative fighter to complement the F–14A and replace F–4 and A–7 aircraft; however, the conferees direct that the development of this aircraft make maximum use of the Air Force Lightweight Fighter and Air Combat Fighter technology and hardware. The $20,000,000 provided is to be placed in a new program element titled 'Navy Air Combat Fighter' rather than VFAX. Adaptation of the selected Air Force Air Combat Fighter to be capable of carrier operations is the prerequisite for use of the funds provided. Funds may be released to a contractor for the purpose of designing the modifications required for Navy use. Future funding is to be contingent upon the capability of the Navy to produce a derivative of the selected Air Force Air Combat Fighter design."

H.R. Rep. No. 93–1363, 93d Cong., 2d Sess. 27 (1974). The DOD Appropriation Act was enacted on October 8, 1974, as Public Law 93–437 (88 Stat. 1212). However, the language of the Act itself did not include any specific direction as to how the funds were to be spent. It stated only the following:

"[T]he following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1975, for military functions administered by the Department of Defense, and for other purposes namely:

"Research, development, test, and evaluation, Navy.

"For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $3,006,914,000, to remain available for obligation until June 30, 1976."

While Congress was considering the relative merits of the VFAX, NACF, and ACF programs, both the Air Force and the Navy were moving ahead on their respective programs. On September 3, 1974, the Air Force solicited full-scale development proposals for the ACF from both GD and Northrop, whose prototype aircraft had been undergoing comprehensive flight test programs. At approximately the same time, the Chief of Naval Operations released the formal VFAX Operational Requirement and directed NAVAIR to prepare an industry solicitation for VFAX Contract Definition and full-scale development. However, in view of the language in H.R. Rep. No. 93–1363, quoted above, DOD directed NAVAIR to limit the planned solicitation to derivatives of the LWF and ACF designs. This limitation, the Navy believed, was in accord with the Congressional guidance provided in that report. Hearings on Department of Defense Appropriations for 1976 Before Defense Subcommittee of the House Committee on Appropriations, 94th Cong., 1st Sess. 337 (1975) [hereinafter cited as 1975 House Appropriations Hearings].

Since neither GD nor Northrop (the ACF competitors) had built carrier-capable aircraft, the Navy asked each contractor to develop a partnership arrangement with carrier-capable companies for the NACF procurement in accordance with Armed Services Procurement Regulation (ASPR) § 4–117 (1974 ed.). After a period of discussion, MDC and Northrop entered into a teaming arrangement on October 2, 1974, with MDC as the prime contractor for the NACF effort. On that same day, GD and LTV also entered into a teaming agreement, which provided that GD would be the prime contractor to the Air Force and that LTV would be the prime contractor to the Navy for any derivative versions of the YF–16. The agreement further provided that if the YF–16 were not selected by the Air Force, then GD would be the prime contractor to the Navy for the NACF. Those contractor relationships were approved by the Navy. 1975 House Appropriations Hearings at 338.

On October 12, 1974, the Air Force, on behalf of the Navy, issued request for quotations (RFQ) No. N00019–75–Q–0029 to the ACF contractors. The RFQ was originally designed for the VFAX. However, as issued, it solicited proposals for the design, development, test and demonstration of the NACF.

The RFQ called for a cost reimbursement type contract, incrementally funded in part, with proposals to be submitted on a cost-plus-incentive-fee basis. It indicated that proposals should be based on the incorporation of the essential characteristics of the former VFAX into the design of the NACF, and that significant emphasis would be placed on the design-to-cost method of contracting and on life cycle costing. It also advised that proposals should include a technical proposal and trade-off analysis, a test and evaluation plan, a management/capability/facility submission, a design to cost analysis, an ACF derivative analysis, a cost proposal, and an executive summary.

To support the contractor design effort called for by the RFQ, the Navy proposed to utilize approximately $12 million of the $20 million designated by the congressional conferees as available for the NACF program. By letter dated November 1, 1974, DOD so informed the Chairmen of the Senate and House Committees on Appropriations. Both Chairmen subsequently responded that their Committees had no objection to the proposed expenditures.

Preliminary responses from both LTV and MDC were submitted on December 2, 1974. Complete RFQ responses were received on January 13, 1975, and contractor technical discussions were held a few days later. LTV proposed two designs essentially based on the YF–16 model, the model 1601 and model 1600, while MDC proposed its model 267, which was essentially based on the F–17. The Navy regarded these initially proposed designs to be unacceptable for carrier use. However, both sets of designs were determined to merit further consideration as capable of being made acceptable. The Navy then entered into discussions with LTV and MDC, pointing out what it considered to be acceptable areas in the proposals. Discussions and proposal revisions continued into March 1975, when LTV offered an additional design it designated the model 1602.

During this period, the Air Force, on January 13, 1975, announced the selection of the General Dynamics design, redesignated as the F–16, as the Air Force ACF choice over the F–17. This decision was explained by the Secretary of Defense at a January 14, 1975, news conference as follows:

"In the case of the YF–16 selection by the Air Force, that is one of those happy circumstances in which the aircraft with a higher performance happened to provide the lower cost. * * * We have carefully reviewed the data, and, according to the Air Force data, over a 15-year life cycle, with constant 1975 dollars, the savings for the Air Force by going in the direction of the YF–16 should amount to something on the order of $1.3 million in R&D, in production costs and in life cycle costs—operation to maintenance costs. * * *"

On April 4, 1975, the Navy solicited "best and final" offers from LTV and MDC. Also on that date, the original RFQ was redesignated request for proposals (RFP) No. N00019–75–R–0084 (for MDC) and RFP No. N00019–75–R–0085 (for LTV). Both RFPs were essentially the same (with certain clauses and provisions individually tailored to the proposals of the specific contractors) and essentially similar to the RFQ, except that the RFPs contemplated a letter contract and revised the contract fee arrangement from an incentive fee basis to an incentive fee/award fee basis.

"Best and final" offers were received on April 15, 1975. On May 2, 1975, the Navy announced the selection of the MDC design and the resulting award of sustaining engineering contracts to MDC ($4.4 million) and GE ($2 million), the engine developer. Both contracts were to last approximately 4 months, pending award of full-scale development contracts.

TIMELINESS OF THE PROTEST

Before reaching the merits of the protest, we must consider the Navy's assertion that the protest should be dismissed because it was untimely filed. While recognizing that the protest was filed within 5 working days of the Navy's selection announcement on May 2, 1975, the Navy considers this date to be well after the time that LTV knew or should have known the basis for its protest. The Navy's consideration (and ultimate selection) of a design other than a derivative of the F–16 is what the Navy views as the basis for LTV's protest. Since the Air Force selected the F–16 as its ACF on January 13, 1975, the Navy believes LTV was required to protest within 5 days of whenever after that date LTV knew or should have known that the NACF competition was not limited to the LTV designs. The Navy asserts that LTV should have known that the competition was not so limited from the "clear and unambiguous statement of evaluation criteria of the RFQ," from the times in January and February when the Navy indicated its intent to continue the competition, and from the language of the April 4 request for best and final offers, which solicited offers from both contractors.

The procedures governing the timeliness of this protest are located in 4 C.F.R. § 20.2 (a) (1975) (this protest was filed prior to the effective date of our new Bid Protest Procedures; see 40 Fed. Reg. 17979 (1975)). They provide in pertinent part as follows:

"(a) * * * Protests based upon alleged improprieties in any type of solicitation which are apparent prior to bid opening or the closing date for receipt of proposals shall be filed prior to bid opening or the closing date for receipt of proposals. In other cases, bid protests shall be filed not later than 5 days after the basis for protest is known or should have been known, whichever is earlier. * * *

"(b) The Comptroller General, for good cause shown, or where he determines that a protest raises issues significant to procurement practices or procedures, may consider any protest which is not filed timely."

We do not believe it is necessary to determine the timeliness of the issues raised by LTV, since we think it is abundantly clear that they are significant and thus proper for consideration by this Office regardless of whether they were timely raised. Fiber Materials, Inc., 54 Comp. Gen. 735 (1975), 75–1 CPD 142. In our view, the protest essentially presents two distinct issues: whether the F–18 selection was in violation of a "congressional directive" and whether the F–18 award resulted from improper and unfair competition. The first issue, raising questions concerning interpretation of a Federal appropriation act and "congressional intent" as public policy, are threshold questions of widespread interest.

In addition, the second basic issue, relating to the propriety, fairness, and equality of the evaluation, is substantially intertwined with the first issue since it in part involves the effect of certain legislative history on the interpretation of a solicitation's evaluation criteria. Accordingly, we deem it appropriate to consider these issues. See Fiber Materials, Inc., supra; Ira Gelber Food Service, Inc., et al., 54 Comp. Gen. 809 (1975), 75–1 CPD 186. Furthermore, our continuing audit interest in the NACF program militates against our declining to consider the issues raised. PRC Computer Center, Inc., et al., B–178205, July 15, 1975, 55 Comp. Gen. —, 75–2 CPD 35.

LEGALITY OF CONTRACT AWARD

LTV asserts that the Navy's actions in awarding contracts which will lead to development of the F–18 were illegal because they involved the expenditure of funds in violation of the 1975 DOD Appropriation Act. Title V of that Act, as pointed out above, appropriated for use by the Navy in excess of $3 billion for "expenses necessary for basic and applied scientific research, development, test, and evaluation * * *." LTV argues that this statutory provision must be read in light of its legislative history, particularly the Conference Report, H.R. Rep. No. 93-1363, 93d Cong., 2d Sess. (1974), which was was adopted by both houses of Congress when the Act was passed. See 120 CONGRESSIONAL RECORD 32026-32039 (Sept. 23, 1974) and id. 32408-32413 (Sept. 24, 1974). The Conference Report explicitly stated that $20 million was being provided for a Navy Combat Fighter, but that "Adaptation of the selected Air Force Air Combat Fighter to be capable of carrier operations is the prerequisite for use of the funds provided." The Report also stated that "future funding is to be contingent upon the capability of the Navy to produce a derivative of the selected Air Force Combat Fighter design."

The Navy does not dispute that the F-18 is not a derivative of the F-16 or that the language of the Conference Report precluded the expenditure of the $20 million on anything other than a derivative of the fighter aircraft design selected by the Air Force. However, it disagrees with LTV's assertion that the Act must be construed in accordance with such language. Rather, the Navy argues that the Act in question appropriates a lump sum, that it is clear and unambiguous on its face, and that under the establishment and traditional "budgeting and appropriation process" used by Congress and the Defense Department the law cannot be construed as incorporating any restrictions on spending authority which might appear in the Conference Report but which do not appear in the law itself. Although it admits that the congressional desire as to how a lump sum appropriation is to be spent may be indicated by legislative history, the Navy maintains that compliance with that intent when it is not manifested in the law itself is not a statutory or legal requirement, but merely a practical one dictated by an agency's need to maintain good relations with Congress in order to obtain future appropriations. The Navy states that in such situations it either complies with such nonstatutory guidance or else obtains congressional approval for deviating from it through "a mutually-developed DOD Congress working relationship referred to as 'reprogramming.'" The Navy asserts that while it did not formally reprogram in this instance, it did obtain the congressional approval.

On the other hand, LTV argues, in accordance with traditional concepts of statutory interpretation, that Title V of the Act can only mean what Congress intended it to mean and that resort to the legislative history and the Conference Report in particular is necessary to establish that intent. In this regard, LTV claims that Title V contains only broad, general language and does not indicate which projects are encompassed by the words "basic and applied scientific research, development, test, and evaluation," how the total appropriation amount is to be apportioned among the Navy's projects, or what expenses might be "necessary."

In determining the meaning of and proper effect to be given to laws enacted by Congress, the courts and this Office generally follow traditional principles of statutory interpretation. A fundamental principle basic to the interpretation of both Federal and state laws is that all such statutes are to be construed so as to give effect to the intent of the legislature. *United States* v. *American Trucking Association, Inc.*, 310 U.S. 534 (1940); 2 A. Sutherland, *Statutory Construction* § 45.05 (Sands ed. (1973)); 38 Comp. Gen. 229 (1958). This intent may be determined from the words of the statute itself, from the "equity of the statute," from the statute's legislative history, and in a variety of other ways. See Sutherland § 45.05, *supra*. The legislative history of a statute may be examined as an aid in determining the intention of the lawmakers when the statute is not clear, see, e.g., *United States* v. *Donruss Co.*, 393 U.S. 297 (1969); 54 Comp. Gen. 453 (1974); 53 *id.* 401 (1973), or when application of the statutory language would produce an absurd or unreasonable result, *United States* v. *American Trucking Association, Inc., supra;* 46 Comp. Gen. 556 (1966), or if that legislative history provides "persuasive evidence" of what Congress intended. *Boston Sand and Gravel Company* v. *United States*, 278 U.S. 41, 48 (1928).

In construing appropriation acts, we have consistently applied these traditional statutory interpretation principles so as to give effect to the intent of Congress. In many cases, when the meaning of an appropriation act seemed clear, we resolved questions concerning the propriety of expenditures without resort to legislative history. See 54 Comp. Gen. 976 (1975); 53 *id.* 770 (1974); 53 *id.* 328 (1973); 52 *id.* 504 (1973); 52 *id.* 71 (1972); 51 *id.* 797 (1972); 45 *id.* 196 (1965); 34 *id.* 599 (1955); 29 *id.* 419 (1950). In other cases, we have referred to the legislative history of an appropriation act in order to properly interpret language in the act that purported to impose qualifications, requirements, or restrictions. For example, in 53 Comp. Gen. 560 (1974), we reviewed Congressional hearings and reports to determine whether a statutory provision stating that loans may be insured "as follows: * * * operating loans, $350,000,000" precluded an agency from making or issuing loans in excess of that amount. Similarly, in 49 Comp. Gen. 679 (1970), we examined the legislative history of various DOD appropriation acts to determine whether a provision in the 1969 Act precluded payment of certain tuition fees for ROTC students. See also 54 Comp. Gen. 944 (1975); 53 *id.* 695 (1974); 51 *id.* 631 (1972); 40 *id.* 58 (1960); 39 *id.* 665 (1960); 34 *id.* 309 (1954); 34 *id.* 199 (1954); B-173978, September 7, 1973.

LTV asserts that resort to the legislative history of the 1975 DOD Appropriation Act in this case is necessary to give effect to the intent of Congress. The objective of statutory construction, of course, whether applied to appropriation or other acts, is to ascertain legislative intent with respect to the actual statutory language employed. This necessarily assumes that statements in committee reports and other sources of legislative history are meant to address, explain, and elaborate upon the words of the statute itself. As illustrated above, we have, of course, examined legislative history for such purpose in construing restrictions or other provisions contained in an appropriation statute. At the same time, we have also recognized that, with respect to appropriations, there is a clear distinction between the imposition of statutory restrictions or conditions which are intended to be legally binding and the technique of specifying restrictions or conditions in a nonstatutory context.

In this regard, Congress has recognized that in most instances it is desirable to maintain executive flexibility to shift around funds within a particular lump-sum appropriation account so that agencies can make necessary adjustments for "unforeseen developments, changing requirements, incorrect price estimates, wage-rate adjustments, changes in the international situation, and legislation enacted subsequent to appropriations." Fisher, "Reprogramming of Funds by the Defense Department", 36 The Journal of Politics 77, 78 (1974). This is not to say that Congress does not expect that funds will be spent in accordance with budget estimates or in accordance with restrictions detailed in Committee reports. However, in order to preserve spending flexibility, it may choose not to impose these particular restrictions as a matter of law, but rather to leave it to the agencies to "keep faith" with the Congress. See Fisher, supra, at 82. As the Navy points out, there are practical reasons why agencies can be expected to comply with these Congressional expectations. If an agency finds it desirable or necessary to take advantage of that flexibility by deviating from what Congress had in mind in appropriating particular funds, the agency can be expected to so inform Congress through recognized and accepted practices.

On the other hand, when Congress does not intend to permit agency flexibility, but intends to impose a legally binding restriction on an agency's use of funds, it does so by means of explicit statutory language. Such explicit provisions are not uncommon and are usually found in the DOD appropriation acts. For example, section 624 of the 1970 Act, Public Law 91-171, 83 Stat. 484, approved December 29, 1969, provided that "no part of any appropriation contained in this Act shall be available for the procurement of any article of food, clothing, cotton, woven silk * * * or wool * * * not grown * * * or produced in the United States * * *." See 49 Comp. Gen. 606 (1970). The 1974 Act, Public Law 93-238, 87 Stat. 1026 approved January 2, 1974, appropriated $2,651,805,000 for Navy research, test, development, and evaluation activities but provided "that no part of the appropriation contained in this Act shall be used for Full Scale Development of Project Sanguine." Even the 1975 Act, upon which LTV relies, contained several of these specific restrictions. Title III of the Act provided that "not less than $355,000,000" of the Army's operation and maintenance appropriation of $6,137,532,000 "shall be available only for the maintenance of real property facilities." Similar restrictions were placed on the Navy, Air Force, and other DOD elements. Title III also provided that "of the total amount of this appropriation made available for the alteration, overhaul, and repair of naval vessels not more than $1,130,000,000 shall be available for the performance of such work in Navy shipyards." Title VIII contained several other restrictions or prohibitions on the use of the funds appropriated by the Act. See also 49 Comp. Gen. 679, supra; 40 id. 58, supra; and 39 id. 665, supra.

Accordingly, it is our view that when Congress merely appropriates lump-sum amounts without statutorily restricting what can be done with those funds, a clear inference arises that it does not intend to impose legally binding restrictions, and indicia in committee reports and other legislative history as to how the funds should or are expected to be spent do not establish any legal requirements on Federal agencies. Our position in this regard is reflected both in our decisions, see 17 Comp. Gen. 147 (1937); B-149163, June 27, 1962; B-164031 (3), April 16, 1975, and in various communications to members of Congress. In 17 Comp. Gen. 147, supra, we advised the President of the Board of Commissioners of the District of Columbia that the District was not precluded by the applicable appropriation act from reclassifying administrative positions within the school system merely because of the budget estimates presented to Congress which provided the basis for the appropriation. We said that "Amounts of individual items in the estimates presented to the Congress on the basis of which a lump sum appropriation is enacted are not binding on administrative officers unless carried into the appropriation act itself." 17 Comp. Gen. at 150.

Similarly, in B-149163, supra we held that the Administrative Office of the United States Court could properly expend appropriated funds for rules revision purposes even though the budget estimates did not include any sum for that activity. We stated that:

"* * * in the absence of a specific limitation or prohibition in the appropriation un-

der consideration as to the amount which may be expended for revising and improving the Federal Rules of practice and procedure, you would not be legally bound by your budget estimates or absence thereof.

"If the Congress desires to restrict the availability of a particular appropriation to the several items and amounts thereof submitted in the budget estimates, such control may be effected by limiting such items in the appropriation act itself. Or, by a general provision of law, the availability of appropriations could be limited to the items and the amounts contained in the budget estimates. In the absence of such limitations an agency's lump sum appropriation is legally available to carry out the functions of the agency."

In B-164031(3), supra, we held that the Department of Health, Education, and Welfare was not precluded by its lump sum appropriation act from spending in excess of $9.2 million for certain research and development activities. We said that the "references in the legislative history * * * to $9.2 million for carrying out the research and development activities * * *are not statutory limits. Rather, these references are reflective of justifications by HEW and indications by the House and Senate Appropriations Committees as to how $9.2 million of the lump sum appropriation should be applied."

We have also taken this position recently in a letter and two reports to addressed members of Congress, which resulted from certain reviews of DOD spending. In a March 17, 1975, letter to the Chairman of the Subcommittee on Research and Development, Senate Committee on Armed Services, which has been reprinted at 121 Cong. Rec. S8148–51 (daily ed. May 14, 1975), we construed Title V of the 1975 DOD Appropriation Act, the very provision at issue in this case. We said:

"Since the RDT&E appropriation is not a line-item appropriation, the amounts appropriated for each department * * * represents the only legally binding limits of RDT&E obligations except as may be otherwise specified in the appropriation act itself."

Also, in our Reports LCD–75–310 and LCD–75–315, both entitled "Legality of the Navy's Expenditures For Project Sanguine During Fiscal Year 1974" [hereinafter cited as Project Sanguine Report] and dated January 20, 1975, we examined a situation somewhat analogous to the instant case. DOD had requested $16,675,000 for Project Sanguine. The Senate Committee on Appropriations voted to give DOD the full amount, while the House Committee on Appropriations deleted all of it. The Conference Committee approved $8.3 million for the Project on the condition that none of the funds be used for full-scale development. The bill that was ultimately enacted into law provided a lump sum in excess of $2.6 billion for Navy RDT&E, but with the restriction, referred to above, that none of the funds could be used for full-scale development of Project Sanguine. The Navy spent in excess of $11.7 million of such 1974 year funds on the Project. After quoting from our decision at 17 Comp. Gen. 147, supra, we said that the fact that the Conference Committee limited Project Sanguine funds to $8.3 million "cannot operate so as to insert in a statute a limitation not imposed by its terms" and that "the action of the Committee of Conference is not legally binding unless carried into the appropriation act itself."

We further point out that Congress itself has often recognized the reprogramming flexibility of executive agencies, and we think it is at least implicit in such condition that Congress is well aware that agencies are not legally bound to follow what is expressed in Committee reports when those expressions are not explicitly carried over into the statutory language. See, e.g., H.R. Rep. No. 408, 86th Cong., 1st Sess. 20 (1959); H.R. Rep. No. 1607, 87th Cong., 2d Sess. 21 (1962); Hearings On Department of Defense Appropriations for 1971 Before Defense Subcommittee of the House Committee on Appropriations, Part 5, 91st Cong., 2d Sess. 1114–15 (1970); see also Fisher, supra, particularly at 80–87. In addition, however, there is also explicit Congressional recognition of the legal effect of enacting unrestricted lump sum appropriations. Last year a report of the House Committee on Appropriations included the following statement:

"In a strictly legal sense, the Department of Defense could utilize the funds appropriated for whatever programs were included under the individual appropriation accounts, but the relationship with the Congress demands that the detailed justification which are presented in support of budget requests be followed. To do otherwise would cause Congress to lose confidence in the requests made and probably result in reduced appropriations or line item appropriation bills." H.R. Rep. No. 93–662, 93d Cong., 1st Sess. 16 (1973).

However, despite our case holdings and the sundry manifestations of Congressional understanding of the distinction between imposing spending restrictions as a matter of law and imposing them on a non-statutory, legally non-enforceable basis, LTV argues that "the process of interpretation applicable to general appropriation statutes" is no different from the process "applicable to all other statutes." LTV cites several cases for the proposition that such statutes do not give the Navy "unbridled discretion in the face of specific limitations in the legislative history."

We have carefully reviewed the cases cited by LTV; however, we do not find that our view of appropriation acts is erroneous. We note that in none of the cases cited was the court faced with the issue presented here. In Beck v. Laird, 317 F. Supp. 715 (E.D.N.Y. 1970), which LTV relies on for the statement "An appropriations act is like any other act of Congress," it is clear that the court was not talking about statutory interpretation, but about how an act becomes law. See 317 F. Supp. at 728. In United States v. Dickerson, 310 U.S. 554 (1940), the Court consulted the legislative history of a Public Resolution which imposed a restriction on the use of fiscal year appropriated funds to determine the proper interpretation of that restrictive provision. The case, however, involved neither a general appropriation act nor the legislative history of such an act, and was merely another case in which a restrictive provision was construed in light of its legislative history. See cases cited, p. 13, supra.

In *Winston Bros. Co.* v. *United States,* 130 F. Supp. 374 (Ct. Cl. 1955), the court relied on a statement attached to a Conference Report by the Managers of an appropriation bill from the House of Representatives to uphold an agency's allocation of funds with respect to construction work on a reclamation project. The statement indicated that the conferees agreed that the funds being appropriated, which were insufficient to fund the entire project, should be allocated for power generation purposes. Although the appropriation act itself contained no such allocation, the agency did allocate the money in accordance with that statement. As a result, irrigation contractors experienced delay and disruption because funds were not provided for their portion of the project work.

The court, in considering the contractors' claims, upheld the Bureau's allocation, stating:

"The officials of the Bureau of Reclamation took the statement * * * as law. While it was not in the Conference Report, it said that the conferees had agreed that that was the intention of the appropriation. * * * In the circumstances it was the duty of the Bureau of Reclamation to respect the known intent of the responsible managers of the legislation." 130 F. Supp. at 377.

LTV argues that since it was the duty of the agency in Winston Bros Co. to respect the known intent of the Congressional managers, it was the duty of the Navy in this case "to respect the known intent of Congress as expressed by the mandate of the Conference Report." Although the case does appear to lend some support to LTV's position, we do not believe the case may be read as establishing a general statutory duty on the part of the agency to comply with nonstatutory legislative statements as to how funds should be spent since the court did not have to consider the question of whether the agency would have violated the appropriation act if the funds had not been allocated in accordance with the statement.

In *United States* v. *State Bridge Commission of Michigan,* 109 F. Supp. 690 (E.D. Mich. 1953), the court relied on the testimony given by an agency official at hearings on an appropriation bill to uphold a particular expenditure. The case involved a suit brought by the United States for recovery of certain lease payments. The Government argued that the lease was invalid because a specific appropriation for the lease payments had not been enacted. The court held against the Government after an examination of the legislative history of the agency's general appropriation revealed that Congress had increased the agency's appropriation in response to an agency request for additional funds to pay for the lease in question. On these facts, the court held only that "Congress is not required to set out with particularity each item in an appropriation as a requisite of validity. It is enough that the appropriation be identifiable sufficiently to make clear the intent of Congress." 109 F. Supp. at 694. We think it is evident that this case concerned no more than the question of whether an expenditure for a particular activity or purpose was within the purview of the agency's general appropriation. The fact that the court resorted to legislative history, as indeed we have done to resolve questions involving both authorization and appropriation statutes, see, e.g., 51 Comp. Gen. 245 (1971); 39 *id.* 388 (1959), does not establish that spending restrictions indicated in legislative history are binding on an agency when the resulting appropriation statute is silent as to those restrictions.

In *Morton* v. *Ruiz,* 415 U.S. 199 (1974), the Supreme Court examined in detail the legislative history of various appropriation acts to resolve the "narrow but important issue" of whether general assistance benefits are available for Indians living off, although near, a reservation. The Bureau of Indian Affairs (BIA), relying on a provision in its Indian Affairs Manual, had ruled that the respondent Indians were ineligible for assistance because they did not live on a reservation. The appropriation acts provided funds "For expenses necessary to provide education and welfare services for Indians * * * and other assistance to needy Indians * * *." The Court noted that neither the Snyder Act, which authorizes most BIA activities, nor the appropriation acts imposed any geographical restrictions on eligibility for assistance, but that BIA officials, in hearings on bills providing for BIA appropriations, had frequently stated that assistance was available for Indians who lived on or near reservations. The Court therefore concluded that BIA's appropriated funds were "intended to cover welfare services" for Indians residing "on or near" reservations, 415 U.S. at 230, and then went on to hold that BIA could not deny those benefits to the respondents since it had failed to comply with the Administrative Procedure Act in promulgating the restrictive provision in its Manual.

We fail to see how this case supports LTV's position. In essence, what the Court did was to utilize legislative history to determine whether an expenditure for a particular purpose was intended by Congress to be encompassed by a general appropriation provision, which is precisely what was done in *United States* v. *State Bridge Commission of Michigan, supra*. With respect to the absence of restrictive language in the statute, the Court stated while it was "not controlling, it is not irrelevant that the 'on reservations' limitation in the budget requests has never appeared in the final appropriation bills." 415 U.S. at 214. We would regard that statement as consistent with our view that Congress, when it intends to impose a legal spending restriction, does so through specific statutory language. However, LTV, relying on the words "not controlling," asserts that this language represents explicit Supreme Court recognition that the absence of restrictive statutory language is not "controlling" in determining whether Congress intended to impose a legally enforceable limitation on spending. We do not believe that the Court's statement should be read that way. As indicated above, the *Ruiz* case involved judicial resort to legislative history to aid the court in determining whether a particular expenditure was within the purview of the applicable general appropriation act. In such a situation, of course, the absence of a specific restriction in a general appropriation act indeed is not controlling. See, e.g., in addition to *United States* v. *State Bridge Commission of Michigan, supra,* 53 Comp. Gen. 770, supra; 53 id. 328, supra; and 52 id. 504, supra. Accordingly, in view of the context of the case in which it was used and in view of the otherwise uniform interpretation of Federal appropriation acts as discussed herein, we believe the Court's language reasonably must be construed as referring only to those situations in which it must be determined whether a particular expenditure is encompassed within a general appropriation.

If anything, we think the *Ruiz* case reflects Supreme Court recognition of executive agency flexibility to manage funds within the general framework of the applicable statutory language. Thus, Mr. Justice Blackmun, writing for the unanimous Court, stated:

"Having found that the congressional appropriation was intended to cover welfare services at least to those Indians residing "on or near" the reservation, it does not necessarily follow that the Secretary is without power to create reasonable classifications and eligibility requirements in order to allocate the limited funds available to him for this purpose. * * * Thus, if there were only enough funds appropriated to provide meaningfully for 10,000 needy Indian beneficiaries and the entire class of eligible beneficiaries numbered 20,000, it would be incumbent upon the BIA to develop an eligibility standard to deal with this problem, and the standard, if rational and proper, might leave some of the class otherwise encompassed by the appropriation without benefits." 415 U.S. at 230–31.

Finally, in *Scholder* v. *United States,* 428 F. 2d 1123 (9th Cir. 1970), cert. denied, 400 U.S. 942 (1970), the court considered a claim that BIA's expenditure of appropriated funds on an Indian irrigation project which included work that would benefit solely a non-Indian was unauthorized. The appropriation act merely referred to "construction, major repair, and improvement of irrigation and power systems." The court looked at both BIA's authorization act and the legislative history of the appropriation act, noted that the budget requests presented to Congress indicated that non-Indians would benefit from the irrigation projects, and concluded that Congress did not intend to preclude expenditures that would benefit non-Indians. The court stated that "If Congress had wanted to impose on the Bureau the restrictions urged by appellants, it could have done so easily." 428 F. 2d at 1129. LTV cites this case for the proposition that "reliance may be placed on the legislative history of a general appropriation act to determine the precise authority of the executive agency with respect to the expenditure of the appropriated funds." Once again, however, in Scholder the Court merely referred to legislative history to determine if expenditures that would benefit non-Indians were within the language of the broadly worded appropriation statute. The court did not at all consider whether an expenditure clearly within the purview of the appropriation language was nonetheless prohibited because of statements in legislative history.

We think it follows from the above discussion that, as a general proposition, there is a distinction to be made between utilizing legislative history for the purpose of illuminating the intent underlying language used in a statute and resorting to that history for the purpose of writing into the law that which is not there.

If a statute clearly authorizes the use of funds for the procurement of "military aircraft" without restriction, it must be construed to provide support for the validity of procuring any such aircraft. The fact that the legislative history makes clear that one type of military aircraft rather than another is to be acquired does not restrict the unequivocal grant of authority carried in the statute itself. To be binding as a matter of law, an intention to so restrict the legal availability of the funds provided would have to be expressed in the statute. However, if the issue is whether a particular aircraft is in fact a "military aircraft," as that term is used in the statute, resort to legislative history is required.

An accommodation has developed between the Congress and the executive branch resulting in the appropriation process flexibility discussed above. Funds are most often appropriated in lump sums on the basis of mutual legislative and executive understandings as to their use and derive from agency budget estimates and testimony and expressions of intent in committee reports. The understandings reached generally are not engrafted upon the appropriation provisions enacted. To establish as a matter of law specific restrictions covering the detailed and complete basis upon which appropriated funds are understood to be provided would, as a practical matter, severely limit the capability of agencies to accommodate changing conditions.

As observed above, this does not mean agencies are free to ignore clearly expressed legislative history applicable to the use of appropriated funds. They ignore such expressions of intent at the peril of strained relations with the Congress. The executive branch—as the Navy has recognized—has a practical duty to abide by such expressions. This duty, however, must be understood to fall short of a statutory requirement giving rise to a legal infraction where there is a failure to carry out that duty.

Accordingly, for the reasons discussed above, we believe that the Conference Committee statement on which LTV relies constitutes, in effect, a "directive" which parallels and complements—but, in a strict legal sense, remains distinct from—the actual appropriation made. Therefore, it is our conclusion that the Navy's award of contracts to MDC and GE did not violate Title V of the 1975 DOD Appropriation Act and in that regard the contracts cannot be considered illegal.

PUBLIC POLICY CONSIDERATIONS

LTV also argues that the award to MDC must be considered "invalid and void" because it was contrary to "a clear public policy in favor of the utilization of one basic aircraft technology and design to fulfill the needs of both the Navy and the Air Force for a lightweight Air Combat Fighter."

We think this public policy argument is misplaced. It is true that courts have long declared contracts "to be illegal on the ground that they are contrary to public policy." 6A A. Corbin, Contracts § 1375 (1962). In some instances such contracts call for a result which is contrary to statute. See, e.g., *Lakos* v. *Saliaris,* 116 F. 2d 440 (4th Cir. 1940). In other instances the contracts, while themselves not illegal per se, result from behavior which is contrary to law. *United States* v. *Mississippi Valley Generating Co.,* 364 U.S. 520 (1961); *United States* v. *Acme Process Equipment Company,* 385 U.S. 138 (1966). In the Mississippi Valley Generating Co. case, the Supreme Court held unenforceable a Government contract resulting from behavior which was violative of a conflict of interest law. In the Acme Process case, the Court held that the Government could cancel a contract because of violations of the Anti-Kickback Act. In both cases the Court found that nonenforcement and cancellation were "essential to effectuating the public policy embodied" in the statutes. 364 U.S. at 56; 385 U.S. at 145.

Contracts, however, are not lightly treated as invalid. "It is a matter of public importance that good faith contracts of the United States should not be lightly invalidated," *Muschany* v. *United States,* 324 U.S. 49, 6 (1945), and such contracts will not be regarded as invalid unless they are plainly or palpably illegal. *John Reiner and Company* v. *United States,* 385 F. 2d 438 (Ct. Cl. 1963), *cert, denied,* 377 U.S. 931 (1964); *Coastal Cargo Company, Inc.* v. *United States,* 351 F. 2d 1004 (Ct. Cl. 1965); *Warren Bros. Roads Co.* v. *United States,* 355 F. 2d 612 (Ct. Cl. 1965); 52 Comp. Gen. 215 (1972); 50 id. 679 (1971); 50 id. 565 (1971); 50 id. 390 (1970). When a contract is alleged to be illegal on public policy grounds, "there must be found definite indications in the law * * * to justify the invalidation of a contract as contrary to that policy. * * * In the absence of a plain indication of that policy through long governmental practice or statutory enactments, or of violations of obvious ethical or moral standards, [the Court will not] * * * declare contracts * * * contrary to public policy." *Muschany* v. *United States,* supra, at 66–67.

Here, while it is clear that the Congressional Conference Committee desired the Navy to develop a derivative of the Air Force ACF suitable for carrier operations, there was not, as discussed above, any statutory requirement or "indication" compelling the Navy to do so. Thus, unlike the situations in the *Mississippi Valley* and *Acme Process* cases, supra, there were no statutory violations attending the award of the contract to MDC. It is also clear that the awarded contract does not require any actions which are contrary to law, and we do not perceive any violation of moral or ethical standards. Accordingly, in view of the strong presumption in favor of the validity of contracts, we are unable to conclude that the Navy's award to MDC is void as contrary to public policy.

REPROGRAMING

LTV next argues that even if the Navy's actions were not contrary to statute or public policy considerations, those actions cannot be upheld because the Navy did not comply with the applicable DOD Directive and Instruction on reprograming. LTV claims that since the provisions of the directives were not followed, the Navy did not effectively reprogram its RDT&E funds and therefore was without authority to fund the MDC & GE design efforts or to award the sustaining engineering contracts.

As discussed above, the Congress has recognized the desirability of maintaining executive flexibility to shift funds within a particular appropriation account. The methods by which agencies accomplish this have become known as reprograming. See generally, Fisher, supra. Although Congress, in enacting unrestricted lump-sum appropriations, has continued to provide this reprograming flexibility, it has also from time to time manifested a desire to subject reprograming to closer congressional scrutiny and control. See Fisher, supra, at 79, 97. In response to this congressional desire, DOD developed a set of instructions on reprograming. Fisher, supra, at 82. The current DOD instructions, DOD Directive 7250.5 and DOD Instruction 7250.10, both dated January 14, 1975, contemplate that in many instances approval of the Congressional Appropriations Committees and in some instances the Armed Services Committees as well is a prerequisite to a reprograming action.

The Navy believes that it complied with both the direction of Congress and with the spirit and intent of the reprograming directives by obtaining the necessary approval from the House and Senate Appropriations Committees. In this regard, the Navy refers both to the November 1, 1974, letters, and responses thereto, sent to the Chairmen of the two Appropriation Committees (see p. 8, supra), and to letters sent to both Chairmen again on March 7, 1975. Those letters, written after the Air Force selected the F–16, stated that the Navy was completing "its evaluation of both firms' proposals in a fully competitive atmosphere," and that if "an acceptable design [could] be found it will be necessary to use the remainder of the present appropriation to contract with the selected firm to refine its design and sustain its engineering effort pending formal program approval to undertake full scale development in FY 1976." Once again, the Chairmen did not express any objections to the Navy's intended course of action.

LTV argues that reprograming is a narrowing structured method for obtaining congressional approval for shifting funds within an account, and that what the Navy did here fell far short of meeting reprograming requirements. For example, LTV points out that the Navy did not utilize the formal reprograming form (DD Form 1415) required by DOD Instruction 7250.10 and did not even refer to reprograming in the correspondence sent to the Committee Chairmen.

While it may be that the Navy did not literally comply with the applicable DOD directives on reprograming, these DOD directives, unlike laws and regulations, do not provide this Office with a proper basis for determining the legality of expenditures. See Project Sanguine Report at 11. As previously noted, reprograming is a nonstatutory device based on nonstatutory agreements and understandings. See Fisher, supra, at 79. Thus, the propriety of what the Navy did in this case is properly a matter for resolution by Congress and the Navy rather than by this Office.

LTV also argues that if what the Navy did here can be characterized as reprograming, then the 1975 DOD Appropriation Act was violated because section 843 of that Act precludes the use of funds appropriated by the Act for preparation or presentation of a reprograming request (with certain exceptions not relevant here). Section 843 of the Appropriation Act provides:

"No part of the Funds in this Act shall be available to prepare or present a request to the Committee on Appropriations for the reprograming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which reprograming is requested has been denied by the Congress."

Section 843 may have been violated if the Navy's actions amounted to reprogramming. Even assuming—without conceding—that this is the case, since the conference language is not to be read into the statute, a violation of section 843 cannot serve to invalidate an otherwise legal contract award. See Project Sanguine Report at 12.

Accordingly, we are unable to object to the awards on the basis of LTV's reprogramming arguments.

THE COMPETITION

Introduction

The Navy utilized formal source selection procedures in evaluating proposals submitted by MDC and LTV and selecting a winner. For evaluation purposes, the RFQ/RFP established the equally weighted factors of performance and cost as the most important criteria. Commonality was the third most important factor. Other factors included reliability and maintainability, logistics support, development risk, lot I cost, DT&E program, management, and facilities and resources.

Rejection of the three LTV designs was based on unsatisfactory ratings in the performance area, particularly combat performance and overall carrier suitability. Although LTV does not concede the nonsuitability of its designs, it does not argue, in the context of this protest, that the Navy should have regarded one or more of its designs as acceptable. Rather, LTV argues that the competition was not fairly conducted and that it was prejudiced as a result. It also asserts that there came a point in the evaluation when the Navy was obligated by both statute and regulation to terminate the competition rather than award a contract to a firm offering an NACF design other than a derivative of the F–16.

LTV objects to the evaluation of proposals on several grounds. It argues that the LTV and MDC submissions were not evaluated on an equal basis and that MDC and LTV were not accorded equal treatment during the competition. The primary basis for LTV's argument is its belief that it was penalized by the Navy for complying with the applicable evalution criteria while MDC was permitted to deviate from those criteria. LTV also questions whether its cost proposal was evaluated against the solicitation's criteria and in the same manner as the MDC cost proposal. Finally, LTV asserts that the Navy's conduct of this procurement resulted in a violation of the Armed Services Procurement Act, 10 U.S.C. § 2304(g) (1970) and section 3–101 of the Armed Services Procurement Regulation because the Navy improperly restricted competition.

LTV's assertions here, as they relate to its technical proposal, essentially revolve around the RFQ/RFP evaluation criterion concerning "commonality" and a listing of equipment in the RFQ that included certain aircraft engines. LTV claims that the commonality criterion referred to commonality with the F–16 and required that the NACF be a derivative of the F–16. LTV states that it complied with this requirement but MDC did not. The thrust of LTV's position here is twofold. First, LTV states that its proposal was regarded as unsuitable by the Navy precisely because it complied with the evaluation criteria and offered designs that incorporated F–16 derivative features (LTV identifies two of these features as automatic angle of attack limiter and fly by wire control system). With regard to the engines, LTV believes that the RFQ listed four engines as acceptable and that the Navy did not properly evaluate the MDC design which proposed the use of a nonlisted engine.

Commonality

As indicated above, the third most important evaluation criterion was listed as "the proposal which demonstrates the highest degree of commonality with, and makes the maximum use of Air Lightweight Fighter and Air Combat Fighter technology and hardware."

It is LTV's position that this criterion implements that statement in H.R. Rep. No. 93–1363 that the NACF be a carrier-suitable adaptation of the selected Air Force ACF and must therefore be read to require commonality with the F–16.

In support of its position, LTV focuses on the relationship between the RFQ/REP commonality criterion and the Air Force's October 12, 1974, letter which accompanied the RFQ. That letter provided in pertinent part as follows:

"1. The Navy is initiating a program for the development and production of a new carrier based fighter/attack aircraft weapon system to be a derivative of Air Force Lightweight Fighter program. In the House of Representatives Report No. 93.1363 of 18 September 1974, it was directed that the development of this aircraft make maximum use of the Air Force Lightweight Fighter (USAF LWF) and Air Combat Fighter (ACF) technology and hardware.

"2. Enclosure (2) [the RFQ] reflects performance characteristics and other parameters of the aircraft as described in the Navy's operational requirement. Achievement of these characteristics and parameters is an important goal. Contractors should provide at least one point design of an aircraft which responds to the operational requirement as defined by the requirements specification and the desired maximum use of the USAF LWF and ACW technology and hardware. Trades should be performed which analyze the gains and penalties associated with achieving this goal. Gains may include cost and scheduled savings during development, and acquisition and lower overall life cycle costs based on commonality with the ACF Aircraft. Penalties may include failure to meet performance and specification goals, thereby reducing the potential effectiveness of the Navy aircraft. The trade studies should quantity derived benefits and identify and penalties so that the Navy can determine an acceptable balance between the two. In order to assure that all opportunities for commonality are explored, the contractors must provide a design including the same engine which they propose for use with the USAF ACF. In addition, the contractors also are requested to provide a variant which has only provisions in place of the full all weather air-to-air missile capability and identify gains and penalties associated therewith.

"3. It is the Navy intent to consider reliability , maintainability, survivability, schedule and cost along with performance and capability in accordance with the solicitation evaluation criteria in judging designs. Flexibility and tradeoffs are encountered where significant cost savings can be realized or reliability and maintainability can be enhanced. These trade-offs should be documented to the Navy. It may not be possible in the time allowed to submit a fully documented engineering development proposal. * * *

"4. The new Navy aircraft is intended to replace F–4 aircraft in both the Navy and Marine Corps and eventually the A–7 in the Navy. Accordingly, the aircraft should have a capability to effectively perform long range fighter escort and strike missions into high threat areas. The aircraft must possess good carrier suitability features and be fully compatible with that environment. It must also provide a significant improvement in reliability, maintainability, and survivability over current Navy tactical aircraft. Furthermore, it must offer affordable acquisition and life cycle costs. Initial Fleet deliveries are required no later than calendar year 1981."

The letter also encouraged the ACF contractors to prepare their proposals so as to achieve "lower costs and increased commonality between the ACF and the Navy derivative" and stated that if a Navy derivative of the LWF program could be developed, it was anticipated that full-scale development of the NACF would be initiated by the Navy. Attached to the Air Force's cover letter was a document captioned "Criteria for Evaluation and Source Selection." That document provided that "Proposals for Full Scale Development received in response to this solicitation will be evaluated by the Naval Air Systems Command pursuant to a formal source selection procedure. The following evaluation criteria apply, in the context of the considerations outlined in the covering letter." The document then set out criteria that were essentially the same as those contained in the attached RFQ.

LTV points out that this letter indicated that: 1) an important goal to the Navy was maximum reasonable commonality between the ACF and "the Navy derivative"; 2) at least one point design was desired which represented the maximum use of LWF and ACF technology and hardware; 3) contractors were encouraged to use imaginative approaches in achieving lower costs and increased commonality between the ACF and the Navy derivative; and 4) that full-scale development was anticipated if a derivative of the LWF program could satisfy Navy needs. LTV places considerable weight on the references to a Navy derivative of the ACF as establishing the type of aircraft desired by the Navy. It also finds significance in the statement that the evaluation criteria were to be applied "in the context of the considerations of the covering letter." LTV argues that the only reasonable reading of these documents is that the commonality criterion required that the NACF be a derivative of the ACF, and that commonality could be maximized only if measured against the F–16. In addition, LTV asserts that its interpretation was buttressed on several occasions when it was told by DOD officials that the NACF would be a derivative of the ACF. While LTV recognizes that the F–16 was not chosen as the ACF until January 13, 1975, it argues that after that date the Navy was required to consider the F–16 as the basic NACF design.

The Navy concedes that the F–18 is not a derivative of the F–16. However, it is the Navy's position that the RFQ/RFP did not contain a requirement that the ACF be adapted for Navy use. Rather, the Navy states that the RFQ/RFP was designed to solicit the optimum lightweight fighter for the Navy that would, within the performance and cost parameters established for the NACF, maximize commonality of both technology and hardware of the LWF and ACF programs. The Navy contends that its selection of the F–18 is entirely consistent with that interpretation.

We think the Navy is correct. The language of the third criterion leaves little doubt that commonality was to be sought with both the LWF and ACF programs and, more specifically, with both the technology and hardware associated with the two programs. As noted, however, LTV argues that the criterion must be interpreted in light of the Air Force letter accompanying the RFQ which, LTV believes, would establish that commonality in this instance meant only a derivative of the F–16. We agree with LTV that the evaluation criteria should be read in connection with the accompanying Air Force letter. Cf. Xerox Corporation, B–180341, May 10, 1974, 74–1 CPD 242. We do not agree, however, that the letter can be reasonably read as LTV argues.

We think it is clear that the language of the letter was directed toward the overall LWF program, of which the YE–17 was a significant part, and not merely the selected F–16. For example, the initial paragraph of the letter stated that the NACF was to be a derivative of the "Air Force Lightweight Fighter Program," and characterizes the Conference Report as desiring maximum use of both LWF and ACF technology and hardware. Furthermore, the letter advised that NACF development would be initiated if a derivative of the Air Force Lightweight Fighter program was satisfactory. In addition, many of the references to "ACF" appear to refer not to the selected Air Force design (the Air Force ACF had not yet been chosen), but to the entries of each of the offerors competing for the Air Force ACF award. See, in this regard, the second paragraph of that letter, which advises "contractors * * * [to] provide a design including the same engine which they propose for use with the USAF ACF."

It is also clear from the letter that while maximum commonality was desired (and we agree that the maximum possible commonality would result in a close derivative of the Air Force selection), contractors were expected to make tradeoffs in order to satisfy cost and performance requirements. Thus, the letter specifically referred to commonality as a goal rather than a mandatory feature. In this connection, we also point out that commonality in fact was not a requirement, but rather an evaluation factor, pursuant to which proposals would be rated on the degree to which commonality (with the totality of the LWF and ACF programs) was attained. No minimum level of commonality was ever established by the RFQ/RFP or associated documents.

LTV argues that such an interpretation would not permit realization of the significant cost savings which is the very goal of the commonality objective. We think the record suggests otherwise. The Navy has pointed out that the LWF program, which ultimately resulted in the ACF program, involved "a considerable investment * * * toward studying advanced technological developments, with particular emphasis on * * * mandates for simplification and the elimination of frills. This extensive study, including testing, was reflected in the surviving F–16 and F–17 designs * * *." How this LWF technology was utilized in the F–17 is explained by MDC as follows:

"The MDC/[Northrop] teaming agreement assured that LWF prototype technology and cost saving would be incorporated in an NACF * * *. Cost benefits of $125 million flowed from the use of prior YF–17/J101 development effort and inured to the benefit of the Model 267. Moreover, because the Model 267 drew heavily from the extensive YF–17 and J101 design, development and test efforts, the F–18 NACF was able to incorporate the excellent high-lift aerodynamics of the unswept wing with leading edge extension; the outstanding handling qualities made possible through the aerodynamic configuration and the closed-loop electronic control augmentation system with mechanical backup; a new ejection seat which had already been subjected to sled tests; and the J101 (now the F404) engine with its solid development background. Consequently, the F–18 has a demonstrated technological base which substantially reduces the risks otherwise inherent in developing a new aircraft. * * *"

Furthermore, the savings available through achieving commonality with technology is also indicated in the following statement in the Navy's report filed in response to the protest:

"'Commonality of hardware' between two aircraft designs would naturally be greatest if each and every component of the two models was identical—its engines, landing gear, armament, electronics, flight control systems and even rivets. 'Commonality of technology,' on the other hand, could be achieved even though the individual components of the two aircrafts were different. For example, their communications equipments could be different in size, operate at different frequencies and use different antennae, but their internal designs could share a 'commonality of technology' because they both employed sub-miniaturized components. 'Commonality of technology' could also be manifested in the use of metal parts with different shapes and sizes, but whose metallurgical properties were similar in the common technology employed in their smelting, milling, and forming operations. 'Commonality of technology' produced the greatest savings in time and money in the early research and development phases of a program, whereas 'commonality of hardware' has the greatest beneficial effect in reducing later production and support costs."

In addition, we note that approximately $114 million was devoted to the demonstration phase of the LWF program, with about 60 percent of that amount being spent on the YF–17. We think the Navy acted properly in attempting to utilize in its own program the technology and hardware that resulted from that expenditure.

With regard to the assertion that DOD officials led LTV to believe that its interpretation of the RFQ was correct, LTV states that it was told by the Deputy Secretary of Defense that "commonality with the Air Force plane and cost would determine the Navy's selection." LTV also claims that it was told by the Deputy Chief of Naval Operations that, in view of H.R. Rep. No. 93–1363, "the Navy was limited to selecting a derivative of the aircraft selected by the Air Force."

The Navy strongly denies these allegations. The Navy also advises that the meeting between the Deputy Secretary and the NACF contractors was held on October 16, 1974, inter alia, to answer any questions regarding the competition. It further advises that a summary of the notes of the meeting reveals that at "no time did the Deputy Secretary state or imply that the NACF must be a derivative of the selected ACF, or that performance was of lesser importance than commonality and cost, or that the evaluation criteria were other than those clearly set forth in the solicitation."

While both the Navy and LTV have submitted differing statements as to what they believe occurred at these meetings, or record does not indicate which version is correct. See Bromley Contracting Co. Inc., B–180169, December 13, 1974, 74–2 CPD 336; Phelps Protection Systems, Inc., B–181148, November 7, 1974, 74–2 CPD 244. We do note, however, that LTV's proposals reflected an awareness that offerors were not restricted to achieving commonality only with the F–16. For example, LTV's proposed model 1602 was so different from the F–16 that the Navy suggests that it "might more accurately be described as an entirely new aircraft design both as to airframe and engine." Also, the LTV 1600/1601 proposal contained the following statement:

"* * * One of the keys to the feasibility of a Navy derivative of the ACF is the preservation of 'technological and hardware commonality' in transitioning from ACF to NFA. A successful transition process is more directly related to 'technology commonality' than to 'hardware commonality.' The single ingredient that most directly determines the ultimate degree of program success is the validity of the technology base. If the technology base is not sound and thoroughly established early in the program, no amount of 'hardware commonality' can make up for this deficiency."

In light of the above discussion it is our conclusion that the concept of "commonality" as that term was used in the RFQ/RFP clearly referred to the technology and hardware of the LWF and ACF programs and not solely to the F–16 design. With respect to the evaluation of commonality itself, our review indicates that it took into account these three aspects: (1) the extent of commonality of the offeror's model with the F–16; (2) commonality of the offeror's model with LWF hardware and technology; and (3) commonality with regard to the use of Government Furnished Equipment and Navy Ground Support Equipment. In conducting this evaluation, the Navy requested, and the offerors provided, individual commonality estimates of the respective NACF designs with their prior ACF designs. The MDC design obviously had little hardware commonality with the F–16, and the Navy reports that this was taken into consideration when it evaluated LTV far higher than MDC on this criterion. This was consistent with the provisions of the RFQ, and it thus appears that both offerors were treated equally and fairly in this regard.

Engines

LTV argues that it was also prejudiced by the Navy's alleged failure to act properly in considering the contractors' proposed engine selections. It argues that four engines (J101, F100, F101, F401) were called out by the RFQ as acceptable and that MDC design was selected with an engine (F404) not listed in the solicitation. Furthermore, the protester believes that evaluation criterion F placed emphasis on the design which employed "demonstrated technology" and represented the "lower developmental risk against development cost and schedule milestones," and that weight was therefore to be accorded engines which were in the final development stage. LTV contends that its position is consistent with the Navy's desire to determine the optimum engine and airframe which would lead to the earliest possible operational engine. Since LTV considers the selected engine to be an untested "paper" engine, it questions the selection of the MDC design.

The Navy asserts that under the RFQ, MDC has discretion to propose whatever engine it desired and that the four engines listed in the RFQ only represented what the Navy intended to furnish as Government Furnished Equipment (GFE). Accordingly, it believes MDC did not propose an unauthorized engine. At any rate, argues Navy, the F404 engine represents only a minor modification to the J101 engine and that the change from J101 to F404 is merely a nomenclature change. Accordingly, the Navy asserts that the F404 is much more than a "paper" engine and is still considered to represent low-risk development. In this regard, the Navy points out that MDC's proposed engine is similar to LTV proposed engine in that LTV's designs also relied on growth versions of the engines listed in the RFQ. The Navy also states that its calculations establish the F404 to be more than adequate for its designed task.

The RFQ contained a list of equipment, including the four engines referred to above, which would be GFE if used by the contractor. However, an enclosure to a supplemental Air Force letter which provided "corrections, classifications or changes" to the RFQ, under the heading "Acceptable Engines", stated that "The following baseline engines will be considered acceptable when modified to meet Navy requirements * * *." The engines were identified as the F100–PW–100, the F101–GE–100, the F401–PW–400A, and the J101–GE–100.

MDC proposed J101 engines. It first proposed a J101/J7A7; it subsequently proposed a J101/J7A8 engine. This latter engine was ultimately accepted by the Navy and redesignated the F404–GE–400.

Our review indicates that this F404 engine is not a new "paper" engine, but with certain modifications, is the basic J101 engine which was developed for use in the F–17. We note that the basic core elements of the J101, consisting of the compressor, combustor, and turbine, remain the same for the F404 except for some minor physical changes. The modifications that are to be made to the J101 involve a .9 inch increase in the fan diameter, the addition of a "mini-mixer," a .4 inch increase to the diameter of the low pressure turbine, a 2.4 inch increase in the diameter of the afterburner casing, and an increase of 3.1 inches in the engine's nozzle. These modifications are intended to increase the thrust available from the basic J101 which is necessitated by the increased weight of the F–18 as compared with the F–17. Since, in our view, the F404 is a modified version of the J101, we find that LTV's claim that it was prejudiced by the engine selection is without merit.

Finally, LTV believes the Navy may have improperly evaluated engine upgrading costs since the Navy allegedly estimated that modifying the J101 to the F404 would only cost $12 million while the "marinizing" cost of the F100 would be $300 million. The protester's analysis of the F404 costs, however, does not include the basic cost involved with upgrading the J101 from the YJ101, which was estimated to be approximately $264.2 million (1975 dollars). Since the Navy estimate for upgrading the F404 is thus approximately $276.2 million (1975 dollars), there appears to be no basis for questioning this evaluation.

Cost

LTV also challenges the Navy's selection on the ground that the Navy did not properly evaluate cost. LTV asserts that by choosing the F–18 the Navy acted contrary to the selection criteria because the F–18 "will be billions of dollars more costly than the rejected YF–16 derivatives" as well as more costly than the F–16 and possibly even more costly than the F–14. In addition, LTV asserts its belief that the Navy increased LTV's proposed dollar figures "to arrive at an estimated price hundreds of millions of dollars higher than LTV's estimate" without increasing MDC's figures. LTV also questions the escalation rate used by the Navy in evaluating proposals.

We recognize that the objective of this procurement was the development of a low cost fighter that would be an acceptable alternative to the F–14. However, in considering this protest it is not our function to examine the various alternatives available to the Navy or the cost effectiveness of the alternative it selected. Rather, we are concerned solely with the legality and propriety of the Navy's selection decision in view of the applicable law and regulations. Accordingly, while we have not evaluated the cost effectiveness of the Navy's selection, we have reviewed the Navy's actions to determine if the cost evaluation was conducted in accordance with proper procedures and the established selection criteria. For the reasons discussed below, we believe the Navy's cost evaluation met those standards.

The solicitation indicated that the equally weighted areas of cost and performance would be the paramount evaluation items. With regard to cost, credibility of proposed costs was listed as the primary concern. The solicitation further indicated that the evaluation would take into account all costs related to design, development and production.

In evaluating proposed costs, the Navy developed its own independent estimates for the MDC entry and each of the LTV entries. In arriving at its estimates, the Navy utilized both parametric pricing and analogous system techniques. Parametric cost estimating involves a process in which the cost of an item is estimated by relating its cost to specific physical and/or performance characteristics. The relationship is based on empirical data observed on similar items. The analogous technique relies on cost experience with analogous systems. In addition, the Navy considered each offeror's "business base and organizational structure, the anticipated higher costs of the increased reliability and maintainability requirements in the NACF program over prior aircraft programs, and those lower costs which would flow from ACF 'commonality.'"

The Navy estimates for development of the LTV designs were substantially higher than LTV's proposed costs, while the Navy estimate for the MDC entry was only slightly higher than MDC's proposed costs. Thus, while the estimated costs of the MDC design were somewhat higher than the estimated costs of each of the LTV designs, the Navy regarded the MDC proposal as the more acceptable one, particularly in view of the technical superiority of the MDC design. As the Navy puts it, "* * * while cost was of equal importance, it was not determinative due to the F–18's vast superiority in performance over all of the F–16 derivatives."

The Navy's use of estimates in this case was entirely consistent with sound procurement practices. We have repeatedly observed "that the award of cost-reimbursement contracts requires procurement personnel to exercise informed judgments as to whether submitted proposals are realistic concerning the proposed costs and technical approach involved," 50 Comp. Gen. 390, 410, *supra*, and that it is proper to use independent Government cost estimates as an aid in determining the reasonableness and realism of cost and technical approaches. Dynalectron Corporation; Lockheed Electronics Company, Inc., 54 Comp. Gen. 562 (1975), 75–1 CPD 17; Raytheon Company, 54 id. 169 (1974), 74–2 CPD 137, and cases cited therein. Furthermore, although LTV suggests that the use of parametric pricing techniques is inappropriate, we have recognized that it is an acceptable method for estimating costs, see, e.g., Raytheon Company, supra, and we think the decision to utilize such a technique is within the sound discretion of the procuring activity. Raytheon Company, supra; Vinnell Corporation, B–180557, October 8, 1974, 74–2 CPD 190; B–176311(1), October 26, 1973.

The fact that the MDC design was estimated to cost more than any of the LTV designs does not indicate that the Navy acted improperly in selecting the MDC proposal. Under the evaluation criteria, cost was not to be controlling, but was to be considered along with performance and certain other, less important, factors. The record here clearly establishes that the Navy considered the estimated cost differences among the proposals, but regarded the cost difference between the MDC proposal and the LTV proposals to be completely offset by the technical difference between LTV's designs and the MDC design. It is, of course, well established that agencies have the discretion to award a negotiated contract on the basis of a proposal's technical superiority notwithstanding that proposal's higher cost. 52 Comp. Gen. 198, 211 (1972); 50 id. 113 (1970)); Stephen J. Hall & Associates, et al., B–180440, B–132740, July 10, 1974, 74–2 CPD 17. (We also note that the Navy regarded each of LTV's designs to be unsuitable and could have treated LTV's proposals as unacceptable for technical reasons alone, thereby negating any requirement to consider cost. See 53 Comp. Gen. 1 (1973); 52 id. 382 (1972)). Accordingly, in light of the evaluation criteria applicable to this procurement, the Navy's selection of the higher-priced proposal was not improper.

With regard to LTV's claim that the Navy increased LTV's proposed costs, it is clear from our review that the Navy did not revise LTV's costs, but relied on its own estimates of what those costs would actually be. As indicated above, we have no basis for challenging the Navy's estimating techniques. With regard to the escalation factors, the proposals of both offerors reflect the escalation rates used by the Air Force in evaluation of the F–16 and F–17. However, the Navy felt that those rates were too low and devised its own inflation rates. Our review indicates that the Navy applied these rates uniformly to both the MDC proposal and the LTV proposals. Thus, while the Navy's evaluation apparently resulted in higher estimated costs for the proposals than would have been computed by using Air Force rates, it is clear that both offerors were treated equivalently by the Navy in this regard and that neither offeror was prejudiced thereby.

Necessity to Recompete

LTV also argues that the Navy violated 10 U.S.C. § 2304(g) and ASPR § 3–101(b) because it did not obtain the maximum competition required by those statutory and regulatory provisions. According to LTV, "once the Navy determined that it was not going to select a derivative of the F–16 as the NACF, the Navy was no longer justified in excluding Grumman, Lockheed, Boeing, and others from competing for NACF selection * * * hence the Navy was required to cancel the NACF procurement and to resolicit the entire aerospace industry on an unrestricted basis."

The Navy argues that LTV "has no standing to raise this issue since it knowingly and fully participated in the competition and was not one of those allegedly excluded from the competition." On the substance of the LTV allegation, the Navy claims that its actions were entirely in accord with the "principles governing the competitive source selection process" as those principles are set out in Hoffman Electronics Corp., B–182577, June 30, 1975, 54 Comp. Gen. ——, 75–1 CPD 395.

In that case, we reviewed the statutory requirement that agencies maximize competition in their procurements of supplies and services, noting that while such competition "is the cornerstone of the competitive system * * * restrictions of competition may be imposed when the legitimate needs of the agency so require." Furthermore, we upheld the use of dual prototype contracting and the restricting of competition for a follow-on production contract to the two prototype development contractors, since it appeared that under the circumstances the restriction was both legitimate and reasonable. See also Bell Aerospace Company, B–183463, September 23, 1975, 55 Comp. Gen. ——. LTV does not disagree with the Hoffman case, and agrees that the Navy did not act improperly in initially soliciting (through the Air Force) only General Dynamics and Northrop for its NACF requirement. However, LTV argues that the continuance of this restriction was not reasonable and legitimate because the Navy, when it decided it could not or would not select an F–16 derivative, abandoned its initial requirement for commonality.

On the Navy's first point, we might well agree that LTV is not in a position to raise this issue if its concern was directed entirely toward the exclusion of other firms from the competition. However, LTV's argument also goes to the restriction which LTV believed was imposed on it by the RFQ, as indicated by its assertion that the Navy had no "lawful justification for restricting competition and thereby denying the majority of airborne manufacturers the opportunity to compete for NACF selection *and denying LTV the opportunity to submit a design not derived from the F–16*." (Emphasis added.) Thus, LTV essentially argues that it and the aerospace industry in general should have been given an opportunity to compete for the NACF unencumbered by any requirement to achieve commonality with another airplane.

This argument, however, is predicated on LTV's erroneous belief that the solicitation's commonality provisions limited selection to a derivative of the design selected by the Air Force. As discussed above, we have concluded that the commonality requirement was not so limited and that in fact the Navy's selection was consistent with a proper reading of the RFQ/RFP provisions. Accordingly, we find no basis for concluding that the Navy unduly restricted competition in this case.

CONCLUSION

For the various reasons discussed above, we have concluded that the Navy's actions were not illegal or improper and that therefore the protest must be denied.

As indicated in the Introduction section, the Congress has manifested significant interest in DOD's LWF/ACF programs and has closely monitored the Navy's attempts to develop a lightweight, low cost fighter that could operate effectively from aircraft carriers. The statement in the Conference Report on the 1975 DOD Appropriation Act that "future funding is to be contingent upon the capability of the Navy to produce a derivative of the selected Air Force Air Combat Fighter design" suggests that the Congress will be closely scrutinizing the Navy's choice before full-scale development funds will be provided. Thus, the ultimate determination regarding further F–18 development has yet to be made.

ELMER B. STAATS,
Comptroller General of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, regarding the F–18 fighter program and whether or not it should be funded in this bill, it has my full and complete support and endorsement. It was originally hoped that the YF–17 competition would produce the greatest single fighter aircraft ever developed and deployed by this country. It was further hoped that a single aircraft, suitable for all American military forces and missions and marketable to our allies, would be the result of the competition. There is no doubt that the F–16, which was selected by the Air Force is an excellent plane. By comparison to past fighter programs it is more economic to produce. It is capable of a multitude of missions. It knows no superior in performance. It is equally apparent that it cannot be efficiently and reasonably modified to meet the requirements of the Navy.

Fortunately for the American taxpayer and the military, the F–18 has most of the performance and reliability and efficiencies of the F–16. DOD has concluded that it will be more economical to undertake the F–18 program than to modify existing aircraft, such as the F–14 and the A–7. The facts show that the life-cycle costs of the F–18 program will be less expensive and provide greater mission flexibility and reliability than could be achieved under optimal conditions by modifying or extending the F–14 and the A–7. The evidence is overwhelming and compelling.

It is true that the adoption of the F–18 program will mean the termination over the next 5 to 7 years of several existing fighter programs. Obviously, this will mean the termination of several important and valuable contracts and subcontracts. It will also mean that many jobs will be readjusted to meet the new program. Such considerations are important and cannot be taken lightly. It is being alleged that the end of these programs will cause permanent business and employment harm to many areas of the United States and to southern California in particular. I have studied all the facts carefully and have reached the conclusion that in reality the adoption of the F–18 program will mean far more to southern California, the Nation, and our national defense than the retention of the existing programs I have mentioned.

More importantly, the record is clear that the F–18 is definitely the way to go to meet our anticipated national defense needs for the 1980's. While it is still a young effort other programs will be obsolete and incapable of fully assisting our basic national defense. Thus, for reasons of economy and sound national defense, I will vote to retain the F–18 program.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank my colleague, Mr. GOLDWATER, for yielding. Mr. Chairman, I think what our colleague, the gentleman from California (Mr. LEGGETT), has just revealed as to the findings of the General Accounting Office, which is an arm of the Congress, has shown that many of the charges made against the F–18 are not true. The GAO report just mentioned, dissipates the argument that the F–18 is not a viable alternative to other aircraft such as the F–14. I think we should heed the General Accounting Office Report which has stated very clearly that many of the claims that the F–18 has not been properly researched, et cetera, are false. My colleague, the gentleman from California (Mr. LEGGETT), has just reviewed these sound reasons from the GAO report which further substantiate those points.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. RANDALL).

Mr. RANDALL. Mr. Chairman, some Members have spoken who have a parochial interest in this, but have neglected to mention their interest. Others have spoken on one side of the issue or the other, unashamedly admitting their interest.

As to the F–18, perhaps part of it may be manufactured in Missouri. I am not sure, but we can leave parochialism completely out of this debate.

The important question is: What is the cost comparison of the F–18, F–14, and the A–7? The facts are that the F–14, even minus the attached missiles, is going to run around $13 million apiece while it is only $7½ million apiece for the F–18 and about $7 million for the LTV A–7, which is not close to being comparable in performance to the F–18. I urge my colleagues to vote down the amendment of the gentleman from Florida and get on with the work of the F–18.

The CHAIRMAN. The Chair recognizes the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, I have listened to the debate. There is no need to review it. To my knowledge no one has argued there is not a need for a F–18 type aircraft. Recent history has demonstrated the need. The future is going to require replacement for the present aircraft, the F–4 and the A–7. This is not a B–1 issue, where considerable dispute exists as to the need.

I give no credence to the issue that we are precluded from supporting the F–18, because of committee language. Congress can do what it wants. Further the GAO report refutes the allegations of illegality.

The F–18 meets the specifications requested. The Department of Defense wants it. The Navy wants it. The Marine Corps wants it.

I think at this time we should examine the goal, and then look at the options given by a "yes" vote.

What is needed is a suitable airplane, in time to meet our needs, at least cost.

Let us examine what the various opposing positions would do to this goal. What do the proponents seek for their interests by a "yes" vote.

The F–16 proponents need and want a whole new competition. Because of the failure of the F–16 to be adaptable to the Navy—a whole new design would be needed—and time to do it. Fears of delay would be required if that position ultimately were accepted. The goal of a timely replacement could not be met. Their argument that only short delays would result by passage would only be true if the F–18 was finally agreed upon. There our argument defeats them. They need and want long delays.

The F–14 proponents give us an ever more unlikely solution. Their proposition, both in production and maintenance, will cost billions more. Also, we end up continuing to use the A–7, which admittedly has poor survivability. Those who want to vote to cut Defense spending should think twice before voting yes. For a vote to cut spending here is a vote to increase spending if the F–14 plan is adopted. And of course, in reference to our goal, we would not be getting a suitable plane at least cost.

Mr. Chairman, the amendment should be defeated.

Mr. EVANS of Colorado. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

One hundred and six Members are present, a quorum.

The Chair recognizes the gentleman from Florida (Mr. CHAPPELL).

(By unanimous consent, Mr. MAHON yielded his time to Mr. CHAPPELL).

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. Yes, I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, in the full committee I voted in support of the position of the gentleman from Florida (Mr. CHAPPELL).

After having heard many aspects argued during this debate, there is still one aspect that we should review. I would like to pose some questions to the gentleman and get his answers so that we can review them.

My first question is with respect to the economics, the comparative costs. It is my understanding that the gentleman's objection to what the Navy has done is that they have not taken comparable time figures or comparable cost figures in comparing the F–18 with the F–14; is that correct?

Mr. CHAPPELL. Yes, that is absolutely correct.

Mr. EVANS of Colorado. It is also my understanding that the gentleman's objection is that in considering the cost of the F–18, they have not taken into account the initial investment and the cost of those funds over the period of time; is that correct?

Mr. CHAPPELL. That is absolutely correct.

Mr. EVANS of Colorado. I wish the gentleman from Florida (Mr. CHAPPELL) would speak to that because that is one of the points which troubles me in the comparison that we are making.

Mr. CHAPPELL. Mr. Chairman, we have heard a good many figures here today. Many are actually without foundation in fact. I have used authentic facts and figures provided by the record.

We have heard some comments here by our good friend, the gentleman from California, whom I respect very keenly as a neighbor and a pilot, but the figures he gives us include no comparable programs, not even alternatives. There is no BXF aircraft considered in the Navy alternatives submitted for the committee record. Yet, we see it on his chart.

With reference to the cost specifically, the item left out and left out by omission to me by the Navy is the cost of money. There is a great deal of argument made here about procurement and the operating expenses. In every event, the cost saved in the operation of the F–18 is more than eaten up by the cost of money. The requirements are that if one compares two programs, he takes the difference in the cost of those two programs—called investment money—and extend it for the lifetime of that difference. For that time period the use of the investment money is charged as interest. It has not been done in this case.

Mr. Chairman, it is absolutely certain—and I defy anybody to disprove it—that when one runs those figures out—when they are run out to the year 1988, and we are talking about the 1980's only—he will find that the F–14 and A–7 are considerably cheaper than is the F–18.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield for further clarification?

Mr. CHAPPELL. Yes, I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. When we talk about the cost of money, would it be correct to say that the gentleman means that when anyone is going to build a brandnew aircraft like the F–18, the original cost of investment in plant and equipment and dies and all other costs that have to be considered before one can begin to manufacture the aircraft, including those costs and the investment of funds? Is that correct?

Mr. CHAPPELL. That is absolutely true.

Mr. EVANS of California. Is it this kind of money that the gentleman is saying has not been taken into consideration, including that initial cost and the interest cost of money out into the future? Am I correct in that statement?

Mr. CHAPPELL. That is absolutely true.

This is required by the Navy and required by the Defense Department. It has not been rolled into this figure at all by the Navy.

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from New York.

Mr. LENT. Mr. Chairman, I rise today in support of the amendment by the gentleman from Florida (Mr. CHAPPELL) to strike $58.2 million from the Defense Department Appropriations Act for fiscal year 1976 intended for the development of the F–18 fighter/attack aircraft, which we do not need and which will not, as it has been alleged, save us any appreciable amount of money, if it saves us any at all.

Mr. Chairman, the suggested development of this new airplane, which has not even advanced to the final design process, is like buying a "pig in a poke." We already have in the F–14 a fully developed and delivered aircraft, the capabilities of which are unequaled anywhere in the world. This fact is admitted to by even the proponents of the F–18. We are doing no more by authorizing this expenditure than wrenching more and more dollars from our desperately hard-pressed taxpayer constituents, to gratify ourselves with the development of something we do not need and which is not equal to what we already have—all under the guise of only the possibility of some huge price-tag reduction, the estimate of which seems to have been based on unrealistic factors.

Navy testimony shows that through 1985 the F–18 will cost $700 million more than would the F–14; the F–18 cost estimate makes no provision for "growth" or "overrun", and none of us in this Chamber can be so naive as to expect none. The F–14, in fact, grew some 22 percent during its R. & D. and early production stages.

Further, the Office of Management and Budget admitted on June 16, 1975, that "procurement of 480 F–18's will cost $.9 billion more than procurement of 480 additional F–14's."

Mr. Chairman, I appeal to my colleagues in the interest of real rather than imagined economy, and on behalf of some 22,000 Long Islanders employed by Grumman Aerospace, the manufacturer of the F–14, to support the Chappell amendment.

I ask whether we can afford to throw away the millions of dollars we have already spent to develop the F–14—which everyone agrees is the best fighter aircraft in the world—to enter into the initial design stage of an inferior airplane at a price estimate that can best be described at this early point as "fuzzy."

Mr. CHAPPELL's amendment should be passed.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, there has been considerable talk about procurement of the F–14. If this amendment carries we will cut funds from the bill not to go ahead with the building of the F–18?

Mr. CHAPPELL. We are saying in this amendment: Let us wait to be sure the

Navy can prove to us that all alternatives have been considered.

Mr. ADDABBO. There is no additional money that is going to be put into this bill to build additional F-14's, is that correct?

Mr. CHAPPELL. That is correct.

Mr. ADDABBO. We have already passed that section of the bill and there are just so many F-14's we are going to build, there are no more F-14's that will be projected.

Mr. CHAPPELL. That is correct.

If the Members want to have the necessary capability, then they should vote for the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, the Navy and the Marine Corps needs a lightweight fighter, and I am prepared to help them get it, but I think they ought to get it in the right way. I contend they did not go about this in the right way in view of our conference report last year so I urge support of the Chappell amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. CHAPPELL).

The question was taken; and on a division (demanded by Mr. CHAPPELL) there were ayes 27, noes 72.

RECORDED VOTE

Mr. CHAPPELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 173, noes 243, not voting 17, as follows:

[Roll No. 570]

AYES—173

Abzug
Adams
Addabbo
Ambro
Andrews, N. Dak.
Archer
Armstrong
Aspin
Badillo
Bafalis
Baldus
Baucus
Bauman
Bedell
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Bonker
Breaux
Brodhead
Brooks
Buchanan
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Byron
Casey
Chappell
Chisholm
Collins, Tex.
Conyers
Cornell
Cotter
Crane
Daniel, R. W.
de la Garza
Delaney
Dellums
Derrick
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Ala.
Erlenborn
Evans, Colo.
Evans, Ind.
Fascell
Fish
Fisher
Fithian
Florio
Flynt
Foley
Forsythe
Frenzel
Fuqua
Gibbons
Gonzalez
Goodling
Gude
Hamilton
Harkin
Harris
Hastings
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Hefner
Helstoski
Hicks
Hightower
Holtzman
Hughes
Jarman
Johnson, Colo.
Jones, N.C.
Jordan
Kastenmeier
Kazen
Koch
Krueger
LaFalce
Landrum
Lehman
Lent
Levitas
Lloyd, Tenn.
Long, Md.
McClory
McCormack
McDonald
McEwen
McHugh
McKay
McKinney
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Milford
Mink
Mitchell, Md.
Moffett
Nolan
Nowak
Oberstar
Obey
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Pattison, N.Y.
Peyser
Pickle
Pike
Poage
Pressler
Pritchard
Rangel
Reuss
Richmond
Riegle
Roberts
Robinson
Roe
Rose
Rosenthal
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Seiberling
Shuster
Smith, Iowa
Solarz
Spellman
Stark
Steelman
Steiger, Wis.
Stuckey
Taylor, N.C.
Teague
Thompson
Traxler
Udall
Vanik
Wampler
Weaver
White
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Young, Ga.
Young, Tex.
Zeferetti

NOES—243

Abdnor
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Ashbrook
Ashley
Barrett
Beard, R.I.
Beard, Tenn.
Bell
Bennett
Biester
Boggs
Boland
Bolling
Bowen
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Carney
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Corman
Coughlin
D'Amours
Daniel, Dan
Daniels, N.J.
Danielson
Davis
Dent
Derwinski
Devine
Dickinson
Diggs
Downing, Va.
du Pont
Early
Edwards, Calif.
Eilberg
Emery
English
Esch
Eshleman
Fenwick
Findley
Flood
Flowers
Ford, Mich.
Ford, Tenn.
Fountain
Frey
Gaydos
Giaimo
Gilman
Goldwater
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hanley
Hannaford
Hansen
Harrington
Harsha
Hawkins
Heckler, Mass.
Heinz
Henderson
Hillis
Hinshaw
Holland
Holt
Horton
Howard
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Lagomarsino
Latta
Leggett
Litton
Lloyd, Calif.
Long, La.
Lott
Lujan
McCloskey
McCollister
McDade
McFall
Madden
Madigan
Martin
Mathis
Metcalfe
Michel
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
O'Brien
O'Neill
Patterson, Calif.
Pepper
Perkins
Pettis
Preyer
Price
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Rodino
Roncalio
Rooney
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Russo
Ryan
St Germain
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Sikes
Simon
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Thone
Thornton
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Waxman
Whalen
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wylie
Yatron
Young, Alaska
Young, Fla.
Zablocki

NOT VOTING—17

AuCoin
Brademas
Burke, Fla.
Dingell
Evins, Tenn.
Fary
Fraser
Ginn
Hébert
Macdonald
Murphy, N.Y.
O'Hara
Rogers
Ruppe
Santini
Sisk
Steiger, Ariz.

The Clerk announced the following pairs:

On this vote:

Mr. Brademas for, with Mr. Hébert against.

Mr. Rogers for, with Mr. Murphy of New York against.

Mr. AuCoin for, with Mr. Sisk against.

Mr. Ginn for, with Mr. Macdonald of Massachusetts against.

Messrs. PEYSER, OBEY, STARK, and MEZVINSKY changed their vote from "no" to "aye."

Messrs. RUSSO, FORD of Tennessee, FOUNTAIN, and NEAL changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. SIKES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to discuss the surface effects ship program which has been very significantly reduced—possibly to the point that the program could be destroyed. The surface effects ship is a new concept of oceangoing vessels which ride on a cushion of air and travel at speeds of 80 to 100 miles per hour. No other vessel approaches that speed. They use marine adaptations of aircraft jet engines. With this great speed, a successful version of the surface effects ship would have a distinct advantage against submarines or as escort vessels or cargo vessel or a loading craft for troops. They could be fitted with current weapons and used by helicopter-type aircraft. They would have particular value in coastal waters.

Currently the Navy is testing two 100-ton surface effects ships. From this small version the Navy expects to learn the facts necessary for a larger, efficient and usable surface effects ship. I have photos of Russian surface effects ships in the 300-ton category. Some of my colleagues seem to object to having the attention of the House called to the fact that the Russians have superiority on us in numbers and sometimes in quality of weapons. Facts are facts. They are ahead in this concept, too. It is our belief that they are constructing a ship in the 2,000- to 3,000-ton class. The U.S. Navy wants to move into the same category and expects to be ready to do so at the conclusion of this year's testing.

A larger ship is necessary for an effective payload. We have spent $197 million on the program. There is definite apprehension that the current funding in this bill will be inadequate to carry forward the testing that is necessary for us to benefit from the money already spent and to permit us to have the information required to complete plans for a larger ship. Additional money for testing does not commit us to build another ship.

A majority of the committee took the position that the Navy does not seem to know what it wants; therefore we should not provide as much money as the budget requested. The Navy says we simply made a mistake; that they cannot know what version of this ship they want until testing is completed. Without the testing now programmed, we may have nothing. If the testing is completed, a decision can be reached on whether to proceed and for what size and type of ship. This may be the most significant new shipbuilding program in recent history. It does not command the Congress to continue the program, but it completes needed testing.

The budget request for fiscal year 1976 is $38 million plus $17 million for fiscal year 1976T. The amounts provided by the committee were $20,110,000 for fiscal year 1976 and $8.4 million for fiscal year 1976T. I feel that we have cut far too deeply. The Navy strongly supports my position. Dr. Currie, the Director of Research and Development for the Department of Defense, feels equally strongly that the committee has made a mistake. I trust the funds will be restored in the Senate.

Let me call attention to the fact that the Navy Department has required $5 million from this account to be earmarked for advance naval vehicle study. This amount will not be available for use in the SES program. Of the remaining $33 million in the budget, $6 million has already been expended in fiscal year 1976. If the $38 million budget figure is cut to $20 million, as the committee recommends, only $9 million is ready to finish the year's test and development programs. The result of this impact would be a very serious reduction in the SES technology development and to cut back the operational testing of test craft.

It should be obvious that the Navy would be badly handicapped and probably unable to carry on the program in an effective way. This cutback could mean that $197 million already spent could largely be wasted. The anticipated design effort would be technically deficient. The design work is dependent to a large extent on the subsystem program and the test results; in other words, the cuts could paralyze the effect of the program for the rest of the fiscal year.

It is probable that both the 100-ton contracts would have to be terminated unless funds are restored in the Senate. That could be quite costly and it could further complicate an already complicated problem. This is the only advanced ship design which is now under test by the Navy. It would be very unfortunate not to permit testing and subsystem development and other needed programs at this stage.

Mr. MELCHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time briefly to establish by colloquy with the chairman of the Appropriations Committee the intent of the bill as it pertains to appropriations for the naval petroleum reserves.

Since the House passed H.R. 49, which would remove from the Navy the operation of the naval petroleum reserves, there is a question if it is proper to allow the appropriation in the bill for about $117 million to the Navy for operation of the petroleum reserves. H.R. 49, the bill that the House passed, is in conference or about to be in conference.

Should the conferees agree and the President sign the bill in the form that the House passed it, I ask the chairman, the gentleman from Texas (Mr. MAHON), what would be the outcome then of the appropriation carried in the bill for the naval petroleum reserve operation for expenditure by the Navy.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I am delighted to yield to the distinguished chairman.

Mr. MAHON. Of course, at this time the appropriation for the naval petroleum reserve is in accordance with law, and the gentleman is correct that the House had passed legislation which would transfer the jurisdiction over reserve to the Interior Department.

If the legislation as passed in the House is enacted into law, then this money would not be available to the Navy and could not be used for this purpose. It could be rescinded and recaptured because, as I understand it, no provision is included in the legislation as passed which would provide for the transfer of the funds from the Defense to the Interior Department.

Mr. MELCHER. I thank the chairman for his comments.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this opportunity to create a little legislative history that I think needs clearing up, because there might be an area of ambiguity in the bill, particularly as it relates to those who have served honorably in the military and have received their discharge, but are still technically susceptible and, in any cases, are called back for 2 weeks active-duty training during the summertime or during some other part of the year.

When they have been drafted or draft-induced to go into the service, they have gone in and served 22 or 24 months, were discharged, went back home, have not joined anything else, have not obligated themselves any further, then it has been the practice of the Army, in particular, in order to fill out some of their Reserve slots, to call these people back involuntarily and say: "You have to serve 2 more weeks because you have a 6-year obligation, technically, even though we discharged you."

For that reason there was language put in here setting out the intent of the Committee on Appropriations that these people in category D should not be called back involuntarily, but the ambiguity—if there is one—might lead some to construe this as meaning that those who volunteered and joined after the draft was over, those who had nothing to do with draft-induced volunteering or joining, and contracted for a 6-year obligation, that this would exclude them from being called back.

I would like to have the chairman explain, if he would, the intent of the committee in putting that language in there, and did I state it correctly, it had nothing to do with those who joined the Army after the draft ended but only those who were draft-induced.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the distinguished chairman of the committee.

Mr. MAHON. Mr. Chairman, I have been made aware of the gentleman's question, and I have prepared a response for it.

Mr. Chairman, I believe that the gentleman is referring to the section of the report entitled "Pay Group D" on page 120.

It is the committee's desire that personnel who are currently serving in the Individual Ready Reserve—IRR—not be forced to attend 2 weeks of active duty training as fillers in a Reserve unit in which they are not members. It is the committee's intention that in the future, personnel who were drafted or who enlisted in the armed services during the period when the draft was in effect should not be forced to participate in annual summer training. The act of forcing these men to participate in 2 weeks annual training is not consistent with the All-Volunteer Force.

However, this direction is not intended to apply to those personnel who enlisted in the armed services after the draft was terminated. These individuals enlisted freely and with full knowledge that they incurred a total obligation of 6 years, a portion of which would be served in the IRR if the active duty enlistment did not cover a 6-year period.

Mr. Chairman, I believe that responds to the gentleman's inquiry.

Mr. DICKINSON. It does indeed, and I thank the chairman for his comments.

Mr. FLYNT. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Georgia.

Mr. FLYNT. Mr. Chairman, first let me say that I am in accord with what the chairman of the Committee on Appropriations just said.

As to the inquiry made by the gentleman from Alabama with reference to those members of the Armed Forces who do not wish to serve 2 weeks in summer training and entered the armed services during the draft, they shall not be required to do so. For those who enlisted in the Armed Forces at their own request and with their consent in a Reserve unit, and those who simply want to keep abreast of the new developments in the service of which they have been a part, they may serve, but only with their consent.

Mr. DICKINSON. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 728. During the current fiscal year, the Secretary of Defense shall, upon requisition of the National Board for the Promotion of Rifle Practice, and without reimbursement, transfer from agencies of the Department of Defense to the Board ammunition from stock or which has been procured for the purposes in such amounts as he may determine.

Such appropriations of the Department of Defense available for obligation during the current fiscal year as may be designated by the Secretary of Defense shall be available for the travel expenses of military personnel, including the Reserve components, and members of the Reserve Officers' Training Corps attending regional, national, or international rifle matches.

POINT OF ORDER

Mr. YATES. Mr. Chairman, I make a point of order against this section 728.

The CHAIRMAN. The gentleman will state his point of order.

Mr. YATES. Mr. Chairman, I make a point of order against the paragraphs in section 728 as being legislation in an appropriations bill.

There is no authority in law for the appropriations set forth or the actions set forth for the Secretary of Defense.

In fact, the first paragraph of section 728 is obviously legislation prescribing additional duties for the Secretary of Defense.

The second paragraph is subject to the same defect. It is legislation on an appropriations bill. It expands the duties of the Secretary of Defense. There is nothing in the basic law that authorizes the Secretary of Defense to act as this paragraph gives him authority to do. Such authority as there is in basic legislation is granted to the Secretary of Defense.

Therefore, Mr. Chairman, I think there is no basis in the law for this authority granted in an appropriations bill.

The CHAIRMAN. Does the gentleman from Florida (Mr. SISK) wish to be heard on the point of order?

Mr. SIKES. I do, Mr. Chairman. I concede the point of order.

The CHAIRMAN. The point of order is conceded and sustained.

AMENDMENT OFFERED BY MR. SIKES

Mr. SIKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIKES: On page 49, line 4, insert the following general provision:

"SEC. 728. Appropriations of the Department of the Army available for obligation during the current fiscal year shall be available for the purposes of issuance of ammunition as authorized by Title 10, U.S.C. 4308.

Appropriations of the Department of Defense available for obligation during the current fiscal year shall be available for the travel expenses of military personnel, including the Reserve components, and members of the Reserve Officers' Training Corps attending regional, national, or international rifle matches as authorized by Title 10, U.S.C. 4308."

POINT OF ORDER

Mr. YATES. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. YATES. Mr. Chairman, I make a point of order against the amendment as being legislation in an appropriations bill.

There is no authority at all for either of the appropriations seeking to grant additional duties, and it is obviously legislation on an appropriations bill.

The CHAIRMAN. Does the gentleman from Florida (Mr. SIKES) wish to be heard on the point of order?

Mr. SIKES. I do, Mr. Chairman.

The amendment specifically states, "as authorized by title 10, U.S.C. 4308" in the first paragraph.

Again, in the second paragraph of the amendment it says, "as authorized by title 10, U.S.C. 4308."

It seems that the authorization is quite clear.

The CHAIRMAN. Does the gentleman from Florida feel that this is confined to funds in this bill or does the amendment extend to another appropriation already made?

Mr. SIKES. Yes, it is, Mr. Chairman.

Mr. YATES. Mr. Chairman, the line is broad enough to influence other appropriation bills, and I suggest that it goes much beyond this bill.

Mr. SIKES. Mr. Chairman, it is covered in this bill and this bill only.

The CHAIRMAN. As the Chair reads the amendment, it says:

Appropriations . . . available . . . during the current fiscal year.

It does not confine the availability to funds "in this bill."

Mr. SIKES. Mr. Chairman, it is for the current fiscal year. That is what the bill is, for fiscal year 1976 and 197T. This is for the current fiscal year.

The CHAIRMAN. The language of the amendment, however, does not seem to be confined to the funds in this bill and would permit a reappropriation of unexpended balances in violation of clause 6, rule XXI.

The Chair sustains the point of order made by the gentleman from Illinois (Mr. YATES).

Mr. SIKES. Mr. Chairman, I ask unanimous consent to include the words "in this bill" in the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. YATES. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

SEC. 752. None of the funds contained in this Act available for the Civilian Health and Medical Program of the Uniformed Services under the provisions of section 1079(a) of title 10, United States Code, shall be available for (a) services of pastoral counselors, or family and child counselors, or marital counselors, (b) special education, except when provided as secondary to the active psychiatric treatment on an institutional inpatient basis, (c) therapy or counseling for sexual dysfunctions or sexual inadequacies, (d) treatment of obesity when obesity is the sole or major condition treated, (e) reconstructive surgery justified solely on psychiatric needs including, but not limited to, mammary augmentation, face lifts, and sex gender changes, (f) perceptual or visual training, or (g) any other service or supply which is not medically necessary to diagnose and treat a mental or physical illness, injury, or bodily malfunction as diagnosed by a physician.

Mr. BAUMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the chairman of the Committee on Appropriations a question.

Mr. Chairman, the question I have refers to section 753 which the Clerk has just read.

In this section there is contained a prohibition against the use of any funds for the construction of "new ammunition plant facilities" except in certain areas where existing facilities are being closed or production is curtailed. At the present time the U.S. Army is considering the consolidation of certain arsenal facilities under the so-called AMARC plan.

My question is whether this prohibition in section 753 in any way would interfere with the AMARC report, or in other words, does this just apply to ammunition plant facilities? Or does the section also include arsenals?

Mr. MAHON. I would say to the gentleman that, having been alerted to the interests of the gentleman from Maryland in this matter, I have prepared a statement about it, and I would say that our committee discussion with respect to section 753 did not involve Army arsenals per se. Indeed, the language of section 753 addresses only ammunition plants and not arsenals. If the committee had intended to include arsenals in the prohibition, the word "arsenal" would necessarily have been included in the language.

The gentleman will note that our report, in discussing this matter, mentions only Army ammunition plants, of which the Army has 26 at the present time. Ten of these Army ammunition plants are in an inactive status, and disposal of two of these inactive ammunition plants is now pending. The remaining Army ammunition plants usually are contractor-operated and are referred to as Government-owned, contractor-operated.

On the other hand, arsenals normally are Government-owned and Government-operated facilities. I believe that would answer the question of my distinguished friend, the gentleman from Maryland.

Mr. BAUMAN. I appreciate the chairman's response, and I think that does answer the question.

I have one further question for the chairman. Are there any funds contained in this bill for the transfer of the Army Ordnance School and Center, as far as the chairman knows?

Mr. MAHON. We understand that the move of the Army Ordnance School from Aberdeen, Md., to Huntsville, Ala., is under consideration by the Army. I know the gentleman is aware of that. However, there are no funds specifically in this bill to pay for such a move. If the Army decides to move the school to Huntsville, the funds to accomplish the move undoubtedly would be included in the fiscal year 1977 defense budget.

Mr. BAUMAN. I thank the gentleman.

Mr. LEGGETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise at this point not to offer an amendment but to point out that we have taken action on section 752 which would purport to put this Congress on record as terminating pastoral counseling and family-child counseling and marital counseling for members of the Armed Forces. As I understand, this is an economy move, and I think we ought to recognize that we are regressing with respect to our overrall social priorities when we take this action.

The Congress passed, I believe, in the last Congress, a child abuse program. Treatment for child abuse has been available to members of the Armed Forces from the period 1967 to 1974. Action was taken as an accounting measure by the Department of Defense to wipe out a whole series of actions that on the surface looked as though they might be frivolous. This total expenditure in this CHAMPUS, as I understand it, is a total amount of $505,000 out of a total program expenditure of $503 million. So really we are not saving a lot of money in this report.

I might point out that when the court just a few months ago reversed the Department of Defense when they attempted to accomplish this very same result by regulation, the Department of Defense stated in their affidavit in reply in the court case that this change could mean increased costs per unit of care, that is, a 60-minute session with a marriage counselor may cost on the average less than a 60-minute session with a psychiatrist, which tends to disprove the opinion that the change was made solely to save money, and it may mean an increase in unit costs.

So I think this action that has been taken by the committee tends to reverse now the court opinion.

The action taken by the committee tends to reverse the court case, tends to reinforce the Department of Defense higher echelon position and reverse the working echelon of the Defense Department. I believe it is not an economy move. I am not going to offer an amendment to restore the money at this point because obviously we are at a point very late in the day but I do hope the Senate will seriously consider this matter before they agree to these reductions made by the House.

Mr. Chairman, section 752 of the bill as proposed by the committee is an unfortunate provision; I can find no evidence that the committee held any hearings on this matter this year, which would have been helpful in ventilating all sides of the controversy. As it is, the section raises several very serious questions.

The legislative history underlying the enactment of the Dependents Medical Care Act clearly demonstrated the intent of Congress to include marriage, family, and pastoral counseling under the broadened mental health benefit language. Leading advocates of that legislation emphasized the special reasons for liberalizing mental health benefits for service personnel and dependents; they referred to data furnished by then Secretary John Gardner of HEW in support of his proposal, concerning "a number of factors which contribute to special strains on children in military families and at the same time make adequate psychiatric care difficult to obtain," including:

> 1. Frequent moves which are not only unsettling, but which prevent eligibility for local public health services requiring a period of residence.
>
> 2. Assignment to communities where there are no public psychiatric services.
>
> 3. Absence of the father for long periods of time—often for hazardous duties.
>
> 4. The increased responsibility placed on the mother in serving both parental roles.
>
> 5. Little interaction with other families of local communities.

Based on these factors, the Secretary of HEW suggested specific types of mental health care which should be provided by CHAMPUS under the specific language subsequently adopted by Congress, including "preventive services such as family counseling." HEW went on to stress that "group therapy for adolescents and wives of servicemen and family therapy are especially needed."

Immediately after enactment of the 1966 legislation, the Department of Defense promulgated regulations which specifically authorized marriage, family, and pastoral counseling as a recognized type of treatment of "nervous, mental, and chronic conditions." The only requirements were that the charges for these services be reasonable and that the treatment be ordered by a physician, which requirements are currently in effect.

From 1967 through February 28, 1975, CHAMPUS beneficiaries were consistently reimbursed for treatment rendered by qualified marriage, family, and pastoral counselors. Moreover, Congress effectively ratified DOD's interpretation of the 1966 mental health care amendment by appropriating funds each year since 1966, funds which were requested by DOD and which were in fact spent for marriage, family, and pastoral counseling.

Without prior notice to either patients or providers, CHAMPUS issued a bulletin, dated February 28, 1975, entitled "CHAMPUS Changes." It stated:

> Several changes to the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) took effect Friday, February 28. The changes were directed by the Department of Defense and resulted from a continuing study of the program to enhance its management and conserve appropriations.
>
> The following are no longer CHAMPUS benefits.
>
> The services of pastoral, marriage, family and child counselors even though the services are prescribed or recommended by a physician.

Aside from this terse notice, the only official explanation of the cutoff is embodied in a document released by DOD, on March 20, 1975, to Members of Congress. The document states that:

> The . . . decision . . . is one of several steps recently taken to return CHAMPUS coverage to only those medical services . . . considered necessary for the treatment of an illness, injury or bodily malfunction. Pastoral counselors, family and child counselors, and marital counselors are nonmedical therapists. They generally deal with the problems of daily living, interpersonal relationships and marital conflicts, rather than physical or mental illness. Continued coverage for the services of this type of therapist on an independent fee-for-service basis by a program of medical treatment was determined to be inconsistent with the original intent of Congress.
>
> This action is consistent with the policy of the two major medical insurance programs providing coverage for Federal Civilian Employees, the Government-wide Service Benefit Plan offered by the Blue Cross-Blue Shield Association, and the Government Wide Indemnity Benefit Plan offered by the Aetna Life Insurance Company. Both programs also exclude marital, family or other counselling or training services from their covered benefits.

The document raised quite a furor, not the least of which was caused by the fact that absolutely no prior notice of this decision was given by the Department of Defense, and notification to Members of Congress occurred substantially after the fact.

It came to my attention that at least one affected group, the American Association of Marriage and Family Counselors, intended to bring suit to reverse this ruling. I attempted to mediate this dispute between AAMFC and CHAMPUS officials, including at least one meeting in my office. Unfortunately, these efforts proved unsuccessful and the American Association of Marriage and Family Counselors—AAMFC—and eight individual CHAMPUS beneficiaries filed a lawsuit in April 1975 against these officials, seeking reinstatement of these benefits. This lawsuit, which was filed in the U.S. District Court for the District of Columbia, argued, among other things, that the CHAMPUS action was arbitrary and capricious and in violation of due process of law.

The individual plaintiffs consisted of retired servicemen, as well as the dependents of active duty servicemen. One of the plaintiffs was a double amputee paraplegic, confined to a wheelchair, as a result of combat injuries received in Vietnam on January 15, 1969. At the time of his injury, he had been married for less than 1 year.

When he returned to California and resumed his family life, he developed a serious drinking problem, and, in his words, "suffered a great deal of anxiety and strain due to the adjustments necessary with my disability."

His wife, another plaintiff, and their son, age 6, were obviously affected by his physical disability and the resulting emotional problems. Consequently, when the wife first saw the marriage and family counselor treating the family—who is licensed by the State of California on October 29, 1974—it was his opinion that she was suffering from extreme anxiety, depression, and was nearly nonfunctional. It was also his opinion that if this family had not entered therapy, the marriage would have ended in divorce, and the family disintegrated.

Both of these plaintiffs and their son have responded well to therapy. However, the plaintiffs and their therapist submitted affidavits which stated that termination of their treatment because of the withdrawal of CHAMPUS reimbursement would adversely affect the family's mental condition and threaten the stability of their marriage and family life.

On June 9, 1974, after a hearing on this lawsuit, Judge Charles R. Richey of the U.S. District Court of the District of Columbia issued a preliminary injunction, ordering the reinstatement of benefits for marriage, family, and pastoral counselling—retroactive to February 28, 1975—pending a final trial on the plaintiffs' request for a permanent injunction, Judge Richey supported his order with a 14-page opinion.

Basically, the court concluded that CHAMPUS had failed to demonstrate that the services in question were "not medically related to treatment, medically necessary, and medically therapeutic."

Accordingly, the court found that these services were eliminated for "improper reasons," and therefore that the defendants had "abused their discretion" in violation of the Administrative Procedure Act.

DOD did not appeal this decision, and the case is still pending in the district court, awaiting a final trial on the merits.

That state of affairs existed until the Appropriations Committee reported this bill, complete with the precipitous section 752. Based solely upon the arguments of Defense officials, and without affording any notice or opportunity to interested individuals and organizations to present a contrary viewpoint, the committee has decided to prohibit funds for marriage, family, and pastoral counseling.

Obviously, the Congress is entitled to change the CHAMPUS legislation, and to delete these benefits or any other services under the CHAMPUS program. But there is little justification for making such a change in the structure of this important program without affording any opportunity for CHAMPUS beneficiaries and interested organizations to be heard.

Furthermore, if the CHAMPUS program is to be changed, the appropriate forum for amendments to the authorizing legislation is in the House and Senate Armed Services Committees. While I am sure the Appropriations Committee did not deliberately intend to do so, the effect of this section of the bill is to circumvent the committees which originally drafted this legislation, and which are responsible for amending and revising the programs.

In its report on this legislation, the committee offers four justifications for prohibiting funds for these services.

First, it is argued that this action will reduce the costs of this CHAMPUS program.

According to figures from the Department of Defense, the total annual cost to CHAMPUS for this aspect of the program is approximately $550,000, out of total CHAMPUS budget of approximately $503,000,000—less than one-tenth of 1 percent of the total budget.

Furthermore, even this savings of funds is illusory. Aside from the incalculable costs in human terms which will result from the deletion of these services, the committee's action inevitably will require CHAMPUS beneficiaries to seek similar treatment from psychiatrists; and psychiatrists will generally charge their time at a much higher hourly rate than that used by a nonmedical mental health professional, such as marriage, family, and pastoral counselors. Thus, those who need this type of treatment will be required to obtain it at a higher cost to themselves and to the Government.

This fact was explicitly acknowledged by Vernon McKenzie, the principal Deputy Assistant Secretary of Defense for Health and Environment, in an affidavit submitted to the court in connection with the litigation now pending in the U.S. district court. In the last paragraph of that affidavit, Mr. McKenzie stated:

> . . . this change could mean increased costs per unit of care, i.e., a 60-minute session with a marriage counselor, may cost on the average less than a 60-minute session with a psychiatrist (which) tends to disprove the opinion that the change was made solely to save money. . . . it may mean increased unit costs.

Thus this amendment will cost, not save, tax dollars.

The second justification offered by the committee is that marriage, family, and pastoral counseling is not available under the Federal employees' health benefit program. However, the legislative history underlying the enactment of the 1966 amendments broadening the CHAMPUS program makes it clear that the Congress rejected the argument under a particular civilian insurance program.

Again, if Congress wants to change the CHAMPUS program so that it offers only those benefits available under Blue Cross-Blue Shield or other civilian programs, it is obviously free to do so. But such a decision should only occur after hearings and a full opportunity to explore the impact of such a change. In my opinion, it should not happen at all.

The third justification offered by the committee is that these services are "nonmedical" and therefore outside the scope of the CHAMPUS program. On the basis of expert testimony, the courts have rejected CHAMPUS' attempted rationale that these providers were "nonmedical therapists."

It should be emphasized that any CHAMPUS beneficiary seeking marriage, family, or pastoral counseling must be referred for such treatment by a physician. This has been the consistent CHAMPUS policy since 1967, and that policy has not been in dispute.

If the committee is claiming that nonmedical mental health professionals—who hold themselves out as marriage, family, or pastoral counselors—are not qualified to treat "nervous or mental conditions," as stated under title 10, United States Code, section 1077(a)(5), then this conclusion is equally lacking in merit and is totally unsubstantiated.

To begin with, for approximately 9 years, CHAMPUS recognized that the services of these providers were reimbursable under the CHAMPUS program.

Furthermore, even after the February 28, 1975, cutoff order, CHAMPUS continues to reimburse the services of other nonmedical mental health professionals, such as clinical psychologists, psychiatric social workers, and psychiatric assistants. These services are not affected by the committee's proposal under section 752; thus, we have the anomalous result of a small segment of mental health professionals being excluded under the CHAMPUS program, whereas treatment by other nonmedical therapists will continue to be reimbursed. There is absolutely no justification for this distinction offered by the committee.

And finally, expert medical opinion recognizes that qualified marriage, family, and pastoral counselors are fully capable of treating the type of mental and nervous condition of the plaintiffs in the law-suit and other CHAMPUS beneficiaries. After reviewing the affidavits of each of the therapists treating these plaintiffs, Dr. E. James Lieberman, a psychiatrist specializing in the treatment of marital and family problems, concluded as follows:

> As a member of the American Association of the Marriage and Family Counselors, and one familiar with the requirements for clinical membership, I am satisfied that each of these plaintiffs' service providers, who are members of that Association or similar associations, are qualified to render services of the type described in these affidavits. Specifically, I believe that they are qualified to treat nervous and mental conditions as referred to in 10 U.S.C. § 1077(a)(5). Again, this statement is not to be taken as a blanket endorsement or the endorsement of any particular service provider, but a generalization in support of the standards set and the competence that is involved and that is necessary for the proper treatment of nervous and mental conditions.
>
> I believe that non-medical therapists from a variety of training backgrounds, properly qualified in clinical work of counselling or psychotherapy, are qualified to treat nervous and mental conditions. The quality of such service needs to be maintained in all provider disciplines, psychiatry included, by mechanisms of peer review and quality control. Furthermore, it should be noted that the services needed can often either be provided at lesser cost through non-medical resources or even more appropriately because the therapeutic modalities offered by those providers are unfortunately in short supply among psychiatric practitioners in general. To remove marriage and family counselling as a treatment modality for our patients would deprive them of the full spectrum of treatment necessary in alleviating and perhaps preventing nervous and mental conditions as described above.

The committee's rationale in support of this action seems to be that mental and emotional problems arising in the context of marriage and family life somehow fall outside of the scope of what Congress intended when it mandated treatment of "nervous and mental" conditions. In an affidavit submitted to the court by Joseph B. Trainer, M.D., a professor of medicine at the University of Oregon and a physician who has practiced internal medicine and marriage counseling for more than 25 years, this rationale is sharply contradicted.

According to Dr. Trainer:

> Marriage at this time is the generator of a major part of the mental illness seen in this country, and concomitantly is the basis of much of the physical illness, such as hypertension, heart disease, peptic ulcer, chronic dermatitis, and colitis.
>
> The breakdown rate of marriage is such that the annual ratio of divorces to marriages now stands between six hundred and eight hundred per thousand marriages. Between a fourth to a half of these breakdowns can be successfully treated by marriage counselors.
>
> A sixth of the visits to Family Physicians, Urologists, and Gynecologists are for sexual and marital problems. Nearly eighty percent of visits to psychiatrists fall in that category. There is not possibly enough physicians time to manage this vast proportion of mankind's maladies.
>
> Members of the American Association of Marriage and Family Counselors are well educated and trained in their specialty and fully able to take up this important load. As competent therapists who can work independently or in conjunction with physicians, they should be fully supported in any insurance program. They will likewise prove to be a fiscal asset to a program.

The final justification offered by the committee is that the services offered by marriage, family, and pastoral counselors are readily available at military hospitals and military facilities.

This assertion was contradicted by Dr. James Granger, an active duty Army psychiatrist, who is Chief, Child Guidance Service, Walter Reed Army Medical Center. According to Dr. Granger's testimony in the litigation discussed above. Walter Reed and other major military installations do not have sufficient personnel to treat the number of active duty military members, retired members, and their families seeking this type of treatment. Dr. Granger made it clear that the CHAMPUS effort to delete these services would overwhelm the capabilities of his staff, as well as those of other military medical centers; and he expressed serious concern about the impact of the elimination of these services on those families desperately in need of this type of treatment.

When asked about his assessment of what the elimination of these services under the CHAMPUS program would mean in human terms, Dr. Granger testified as follows:

> If you have people with marginal resources, they are going to fall through the cracks . . . They drop out of therapy and go back to being depressed and drinking. It takes a very resourceful person to navigate through the system and find resources and a lot of people do not have that resourcefulness.

There is absolutely no evidence or data offered by the committee to support this particular justification for eliminating these benefits, or to support any of the other justifications. Indeed, the available evidence is to the contrary.

For 9 years, DOD officials, with congressional approval, have pursued a policy of reimbursing the type of treatment which the committee now seeks to prohibit. Those CHAMPUS beneficiaries and their families who have relied on this policy—and who today are being treated for serious mental and emotional problems directly traceable to the unique stresses and strains of military life—are entitled, at the very least, to a full and thorough examination by the Congress of this proposed elimination of benefits.

Yet, despite the fact that members of the House Armed Services Committee expressed serious reservations about this proposed cutback, the Appropriations Committee has decided to prohibit any further funding for marriage, family, and pastoral counseling.

There is no explanation whatsoever to justify precipitous congressional action, without due regard to the normal legislative process.

I am saddened at the action taken by the Appropriations Committee, apparently without regard to the divergence of public opinion on the matter, but most of all, I am sorry for the military personnel and their dependents who will be subjected to unnecessary hardship by this capricious provision.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. LEGGETT. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I would like to join the gentleman in this discussion because I feel we have not had adequate hearings and there has been an inadequate accounting of the savings that might be brought about by this cut. Many people have said this cut would prevent adequate services for the people involved. This undocumented anticipated savings, I believe, will lead to higher costs. Before we move ahead, I hope we will give very serious consideration to the effect it will have on the mental health and needs for counseling of military personnel.

On June 18, 1975, joined by a bipartisan group of 12 members of the House Armed Services Committee, I wrote to Secretary Schlesinger, requesting an explanation of proposed CHAMPUS cutbacks, including the attempt to delete the services in question here. A response to this letter was received on July 14, 1975, and a followup to that response was sent by me on September 15, 1975.

This correspondence clearly demonstrates that many unanswered questions remain concerning the rationale for eliminating this type of benefit under the CHAMPUS program. Yet, despite the fact that members of the House Armed Services Committee expressed serious reservations about this proposed cutback, the Appropriations Committee has decided to prohibit any further funding for marriage, family, and pastoral counselling.

There is no explanation whatsoever to justify precipitous congressional action, without due regard to the normal legislative process.

If DOD can make a case for elimination of these particular benefits—or any other benefits under the CHAMPUS program—then so be it. But all interested parties are entitled to be heard on this issue, particularly those who are now receiving treatment under the court's ruling ordering reinstatement of these benefits.

My purpose is not to create a new type of benefit under the CHAMPUS program. Rather, it is to preserve the status quo, and to insure that benefits which have been provided under CHAMPUS since 1967 will not be arbitrarily eliminated.

Because of the lack of adequate facilities and staff to care for all members, former members, and dependents, the Congress has also provided a safety valve for the care of dependents and retired members—on a cost-shared basis—in civilian facilities by civilian health providers.

The resulting system providing health care under these sections is known as the CHAMPUS program.

In 1966, Congress significantly broadened the benefits available under CHAMPUS, and specifically mandated the "treatment of nervous, mental, and chronic conditions"—both on an inpatient and outpatient basis.

The legislative history underlying the enactment of this amendment clearly demonstrated the intent of Congress to include marriage, family, and pastoral counselling under the broadened mental health benefit language. Senator Robert Kennedy, the leading advocate of this amendment, emphasized the special reasons for liberalizing mental health benefits for service personnel and dependents; he referred to data furnished by then Secretary John Gardner of HEW in support of his proposal, concerning "a number of factors which contribute to special strains on children in military families and at the same time make adequate psychiatric care difficult to obtain," including inter alia:

> 1. Frequent moves which are not only unsettling, but which prevent eligibility for local public health services requiring a period of residence.
>
> 2. Assignment to communities where there are no public psychiatric services.
>
> 3. Absence of the father for long periods of time—often for hazardous duties.
>
> 4. The increased responsibility placed on the mother in serving both parental roles.
>
> 5. Little interaction with other families of local communities.

Based on these factors, the Secretary of HEW suggested specific types of mental health care which should be provided by CHAMPUS under the specific language subsequently adopted by Congress, including "[p]reventive services such as family counseling." HEW went on to stress that "group therapy for adolescents and wives of servicemen and family therapy are especially needed."

Immediately after enactment of the 1966 legislation, the Department of Defense promulgated regulations which specifically authorized marrage, family, and pastoral counseling as a recognized type of treatment of "nervous, mental, and chronic conditions." The only requirements were that the charges for these services be reasonable and that the treatment be ordered by a physician.

From 1967 through February 28, 1975, CHAMPUS beneficiaries were consistently reimbursed for treatment rendered by qualified marriage, family, and pastoral counselors. Moreover, Congress effectively ratified DOD's interpretation of the 1966 mental health care amendment by appropriating funds each year since 1966, funds which were requested by DOD and which were in fact spent for marriage, family, and pastoral counselling.

Without prior notice to either patients or providers, CHAMPUS issued a bulletin, dated February 28, 1975, entitled "CHAMPUS Changes." It stated inter alia:

> Several changes to the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) took effect Friday, February 28. The changes were directed by the Department of Defense and resulted from a continuing study of the program to enhance its management and conserve appropriations.
>
> The following are no longer CHAMPUS benefits.
>
> The services of pastoral, marriage, family and child counselors even though the services are prescribed or recommended by a physician.

Aside from this terse notice, the only official explanation of the cutoff is embodied in a document released by DOD, on March 20, 1975, to Members of Congress. The document states inter alia that:

> The . . . decision . . . is one of several steps recently taken to return CHAMPUS coverage to only those medical services . . . considered necessary for the treatment of an illness, injury or bodily malfunction. Pastoral counselors, family and child counselors, and marital counselors are nonmedical therapists. They generally deal with the problems of daily living, interpersonal relationships and marital conflicts, rather than physical or mental illnesses. Continued coverage for the services of this type of therapist on an independent fee-for-service basis by a program of medical treatment was determined to be inconsistent with the original intent of Congress.
>
> This action is consistent with the policy of the two major medical insurance programs providing coverage for Federal Civilian Employees, the Government-wide Service Benefit Plan offered by the Blue Cross-Blue Shield Association, and the Government Wide Indemnity Benefit Plan offered by the Aetna Life Insurance Company. Both programs also exclude marital, family or other counselling or training services from their covered benefits.

After negotiations with CHAMPUS officials proved unsuccessful, the American Association of Marriage and Family Counselors—AAMFC—and eight individual CHAMPUS beneficiaries filed a lawsuit in April 1975 against these officials, seeking reinstatement of these benefits. This lawsuit, which was filed in the U.S. District Court for the District of Columbia, argued, among other things, that the CHAMPUS action was arbitrary and capricious and in violation of due process of law.

On June 9, 1974, after a hearing on this lawsuit, Judge Charles R. Richey of the U.S. District Court for the District of Columbia issued a preliminary injunction, ordering the reinstatement of benefits for marriage, family, and pastoral counseling—retroactive to February 28, 1975—pending a final trial on the plaintiffs' request for a permanent injunction. Judge Richey supported his order with a 14-page opinion.

Basically, the court concluded that CHAMPUS had failed to demonstrate that the services in question were "not medically related to treatment, medically necessary, and medically therapeutic." Accordingly, the court found that these services were eliminated for "improper reasons," and therefore that the defendants had "abused their discretion" in violation of the Administrative Procedure Act.

DOD did not appeal this decision, and the case is still pending in the district court, awaiting a final trial on the merits.

Faced with a court's ruling that their action of February 28, 1975, deleting these benefits was illegal, CHAMPUS decided to take its case to the House Appropriations Committee. Based solely upon the arguments of these officials, and without affording any notice or opportunity to interested individuals and organizations to present a contrary viewpoint, the committee has decided to prohibit funds for marriage, family, and pastoral counseling.

Obviously, the Congress is entitled to change the CHAMPUS legislation, and to delete these benefits or any other services under the CHAMPUS program. But what justification is there for making such a change in the structure of this important program—without affording any opportunity for CHAMPUS beneficiaries and interested organizations to be heard?

Furthermore, if the CHAMPUS program is to be changed, the appropriate forum for amendments to the authorizing legislation is in the House and Senate Armed Services Committees.

While I am sure the Appropriations Committee did not deliberately intend to do so, the effect of this section of the bill is to circumvent the committees which originally drafted this legislation, and which are responsible for amending and revising the program.

In its report on this legislation, the committee offers four justifications for prohibiting funds for these services.

First, it is argued that this action will reduce the costs of this CHAMPUS program.

According to CHAMPUS' own figures, the total annual cost to CHAMPUS for this aspect of the program is approximately $550,555 out of total CHAMPUS budget of approximately $503,000,000—less than one-tenth of 1 percent of the total budget.

Furthermore, even this savings of funds is illusory. Aside from the incalculable costs in human terms which will result from the deletion of these services, the committee's action inevitably will require CHAMPUS beneficiaries to seek similar treatment from psychiatrists; and psychiatrists will generally charge their time at a higher hourly rate than that used by nonmedical mental health professionals, such as marriage, family, and pastoral counselors. Thus, those who need this type of treatment will be required to obtain it, at a higher cost to themselves and to the Government.

This fact was explicitly acknowledged by Vernon McKenzie, the Principal Deputy Assistant Secretary of Defense for Health and Environment, in an affidavit submitted to the court in connection with the litigation now pending in the U.S. District Court.

The second justification offered by the committee is that marriage, family, and pastoral counseling is not available under the Federal employees' health benefit program. However, the legislative history underlying the enactment of the 1966 amendments broadening the CHAMPUS program makes it clear that the Congress rejected the argument that CHAMPUS benefits should be tied to those supplied under a particular civilian insurance program. This issue was extensively briefed and argued by both sides in the pending litigation, and Judge Richey concluded that the legislative history did not support CHAMPUS' arguments on this point.

Again, if Congress wants to change the CHAMPUS program so that it offers only those benefits available under Blue Cross-Blue Shield or other civilian programs, it is obviously free to do so. But such a decision should only occur after hearings and a full opportunity to explore the impact of such a change.

The third justification offered by the committee is that these services are nonmedical and therefore outside the scope of the CHAMPUS program. On the basis of uncontradicted expert testimony by two prominent psychiatrists and a prominent physician, the court rejected CHAMPUS' attempt to justify elimination of these benefits on the rationale that these providers were nonmedical therapists.

It should be emphasized that any CHAMPUS beneficiary seeking marriage, family, or pastoral counseling must be referred for such treatment by a physician. This has been the consistent CHAMPUS policy since 1967, and that policy is not in dispute.

Again, the evidence before the court on this point was overwhelming that each of the plaintiffs was clearly within the required CHAMPUS coverage mandated by Congress in 1966. In an affidavit submitted by Dr. E. James Lieberman, a psychiatrist specializing in the treatment of marital and family problems, Dr. Lieberman concluded as follows:

> In my opinion, each of these Plaintiffs are suffering from "a nervous and mental condition" under any medically recognized definition of those terms. The case descriptions as presented are indistingushable from those routinely found in the case records of practicing psychiatrists, and the diagnoses given are also indistinguishable from those that would correctly be applied in usual psychiatric practice.

If the committee is claiming that nonmedical mental health professionals—who hold themselves out as marriage, family, or pastoral counselors—are not qualified to treat "nervous or mental conditions," as stated under 10 U.S.C. 1077(a)(5), then this conclusion is equally lacking in merit and is totally unsubstantiated.

To begin with, for approximately 9 years, CHAMPUS recognized that the services of these providers were reimbursable under the CHAMPUS program.

Furthermore, even after the February 28, 1975 cutoff order, CHAMPUS continues to reimburse the services of other nonmedical mental health professionals, such as clinical psychologists, psychiatric social workers, and psychiatric assistants. These services are not affected by the committee's proposal under section 752; thus, we have the anomalous result of a small segment of mental health professionals being excluded under the CHAMPUS program, whereas treatment by other nonmedical therapists will continue to be reimbursed. There is absolutely no justification for this distinction offered by the committee.

And finally, expert medical opinion recognizes that qualified marriage, family, and pastoral counselors are fully capable of treating the type of mental and nervous condition of the plaintiffs in the law suit and other CHAMPUS beneficiaries. After reviewing the affidavits of each of the therapists treating these plaintiffs, Dr. Lieberman concluded as follows:

> As a member of the American Association of the Marriage and Family Counselors, and one familiar with the requirements for clinical membership, I am satisfied that each

> of these plaintiffs' service providers, who are members of that Association or similar associations, are qualified to render services of the type described in these affidavits. Specifically, I believe that they are qualified to treat nervous and mental conditions as referred to in 10 U.S.C. 1077(a)(5). Again, this statement is not to be taken as a blanket endorsement or the endorsement of any particular service provider, but a generalization in support of the standards set and the competence that is involved and that is necessary for the proper treatment of nervous' and mental conditions.
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> I believe that non-medical therapists from a variety of training backgrounds, properly qualified in clinical work of counseling or psychotherapy, are qualified to treat nervous and mental conditions. The quality of such service needs to be maintained in all provider disciplines, psychiatry included, by mechanisms of peer review and quality control. Furthermore, it should be noted that the services needed can often either be provided at lesser cost through non-medical resources or even more appropriately because the therapeutic modalities offered by those providers are unfortunately in short supply among psychiatric practitioners in general. To remove marriage and family counselling as a treatment modality for our patients would deprive them of the full spectrum of treatment necessary in alleviating and perhaps preventing nervous nad mental conditions as described above.

The committee's rationale in support of this action seems to be that mental and emotional problems arising in the context of marriage and family life somehow fall outside of the scope of what Congress intended when it mandated treatment of nervous and mental conditions. In an affidavit submitted to the court by Joseph B. Trainer, M.D., a professor of medicine at the University of Oregon and a physician who has practiced internal medicine and marriage counseling for more than 25 years, this rationale is sharply contradicted.

According to Dr. Trainer:

> Marriage at this time is the generator of a major part of the mental illness seen in this country, and concomitantly is the basis of much of the physical illness, such as hypertension, heart disease, peptic ulcer, chronic dermatitis, and colitis.
>
> The breakdown rate of marriage is such that the annual ratio of divorces to marriages now stands between six hundred and eight hundred per thousand marriages. Between a fourth to a half of these breakdowns can be successfully treated by marriage counselors.
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> A sixth of the visits to Family Physicians, Urologists, and Gynecologists are for sexual and marital problems. Nearly eighty percent of visits to psychiatrists fall in that category. There is not possibly enough physician time to manage this vast proportion of mankind's maladies.
>
> Members of the American Association of Marriage and Family Counselors are well educated and trained in their specialty and fully able to take up this important load. As competent therapists who can work independently or in conjunction with physicians, they should be fully supported in any insurance program. They will likewise prove to be a fiscal asset to a program.

The final justification offered by the committee is that the services offered by marriage, family and pastoral counselors are readily available at military hospitals and military facilities.

This assertion was contradicted by Dr. James Granger, an active duty Army psychiatrist, who is chief, child guidance service, Walter Reed Army Medical Center. According to Dr. Granger's testimony in the litigation discussed above, Walter Reed and other major military installations do not have sufficient personnel to treat the number of active duty military members, retired members, and their families seeking this type of treatment. Dr. Granger made it clear that the CHAMPUS effort to delete these services would overwhelm the capabilities of his staff, as well as those of other military medical centers; and he expressed serious concern about the impact of the elimination of these services on those families desperately in need of this type of treatment.

When asked about his assessment of what the elimination of these services under the CHAMPUS program would mean in human terms, Dr. Granger testified as follows:

> If you have people with marginal resources, they are going to fall through the cracks . . . They drop out of therapy and go back to being depressed and drinking. It takes a very resourceful person to navigate through the system and find resources and a lot of people do not have that resourcefulness.

There is absolutely no evidence or data offered by the committee to support this particular justification for eliminating these benefits, or to support any of the other justifications. Indeed, the available evidence is to the contrary.

For 9 years, DOD officials, with congressional approval, have pursued a policy of reimbursing the type of treatment which the committee now seeks to prohibit. Those CHAMPUS beneficiaries and their families who have relied on this policy—and who today are being treated for serious mental and emotional problems directly traceable to the unique stresses and strains of military life—are entitled, at the very least, to a full and thorough examination by the Congress of this proposed elimination of benefits.

Mr. MAHON. Regarding the gentleman's remarks on section 752, under permission granted to extend my remarks, I would like to point out that the purpose of this section is to reduce the cost of the civilian health and medical program of the uniformed service—CHAMPUS—program. The Appropriations Committee has been pointing out for several years that a reorientation of CHAMPUS would save millions of dollars a year. As in the case of section 751 which provides for a mileage limitation for obtaining a certificate of nonavailability, there are other administrative and program areas which required close review; such as, the payment for certain benefits under CHAMPUS.

Last year the Department endeavored to reduce costs by eliminating certain fringe benefits not medically oriented but paid for under CHAMPUS. This is fully explained on pages 146 and 147 of the committee's report.

The Department denied payment for such services as pastoral, family, and marital counseling, as well as the treatment of obesity when obesity is the sole or major condition to be treated. Also eliminated were the payments for therapy or counseling for sexual dysfunctions or sexual inadequacies. All of the services eliminated were considered nonmedical in nature.

You must remember that CHAMPUS is a medical program for civilians, dependents of the military, and is similar in nature to the Federal employees health benefits program to which most employees of the executive, legislative, and judicial branches of the Government belong. Now, the point is that none of the benefits eliminated from the CHAMPUS program are obtainable under the Federal employees program. As stated in the report, once they got started under CHAMPUS there is much resistance to their being discontinued.

How are you going to reduce costs if nonessential benefits are not discontinued, especially when they are not related to a medical problem. In this bill there are funds for the employment of thousands of counselors of all types who are directly employed by the military departments and whose services can be used by eligible CHAMPUS recipients. All religious denominations have chaplains and assistant chaplains in the military which can be used for pastoral counseling. As stated on page 81 of the report, the Department estimates that it will have between 12,000 and 13,000 counselor type positions in fiscal year 1976 which will cost the American taxpayers about $190 million. That is a lot of money to pay for counseling.

Mrs. FENWICK. Will the gentleman yield?

Mr. LEGGETT. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I would like to ask a question of the chairman of the Committee on Apppropriations and I hope I will be forgiven a parochial interest in this.

In my district or close to it we have an arsenal and I too am deeply concerned about the possible loss of 5,000 jobs in one of the most depressed States in the Nation, my own. I would like to ask if there are any funds in this bill which would enable the moving of that arsenal out of that district in New Jersey?

Mr. MAHON. Mr. Chairman, if the gentleman will yield, the question propounded by the gentlewoman from New Jersey relates to arsenals. I do not think the language provided in section 753 will be helpful. We did not include arsenals in the language of that section which I discussed a short time ago with the gentleman from Maryland.

Mrs. FENWICK. I missed part of that discussion. I wanted to be sure I understood properly. There are no funds in this bill to provide for transfer of arsenals from one area to another.

Mr. MAHON. No funds are specifically identified for that purpose. However, funds are provided in very broad categories. In those instances where transfers are proposed during fiscal year 1976, the funds are in the bill.

Mrs. FENWICK. I thank the gentleman from Texas.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 753. None of the funds appropriated in this Act may be expended by the Department of the Army for the design, procurement of plant equipment, or construction of new ammunition plant facilities except in areas in which existing ammunition plant facilities are being closed, placed in layaway, or at which production has been curtailed.

AMENDMENT OFFERED BY MRS. SPELLMAN

Mrs. SPELLMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SPELLMAN: On page 58, after line 6, insert the following new section:

"SEC. 754. None of the funds appropriated in this Act may be expended for any expenses of a relocation of the National Oceanographic Office headquarters of the Navy."

Mrs. SPELLMAN. Mr. Chairman, I am offering this amendment to prevent relocation by the Department of Defense of the National Oceanographic Headquarters from Suitland, Md., to Bay St. Louis, Miss. Of course, the primary purpose of my amendment is to prevent the snatching of jobs from over 1,200 civilians in my county and to prevent the dislocation of more than a thousand families.

I specifically want to have this amendment inserted to follow section 753 as included by the Appropriations Committee because section 753 and my amendment are kindred souls.

Why was section 753 included by the committee? Because at the same time the Army was closing down existing ammunition plant facilities, it came to the committee to ask for more than $45 million to initiate a new ammunition plant at the site of the NASA facilities at Bay St. Louis, Miss. The ultimate cost, as currently estimated, of that facility was to be $228.5 million.

Can we imagine spending that sum of money for a new ammunition plant, when existing plants in Members' districts are being closed and unemployment is being increased?

Well, the committee said, "Not on your life," and rightly so. So the committee granted the $45.2 million with the stipulation set forth in section 753 prohibiting the use of such funds for the construction of new ammunition plant facilities, except in areas in which existing ammunition plant facilities are being closed, placed in layaway status, or at which production has been curtailed.

Listen to what the report states. On page 328:

> Unnecessary and detrimental turbulence is created when facilities are closed and skilled personnel laid-off in one area when at the same time new facilities are constructed in other areas.

To that I say "Hallelujah and Amen," and I thank our blessings that we have such wise members on this committee.

I suspect that had the committee had the information on the plans of the Navy, as it did for the plans of the Army, it would have provided that Navy Oceanographic Headquarters also not be moved to Bay St. Louis, Miss.

All I am asking is equal treatment for the employees of Oceanographic. Do not take their jobs from them. Do not disrupt their lives. Do not force families to be uprooted. Do not take their children out of schools and send them off to other school systems that are not ready to take care of them. Do not force women to have to give up their jobs to go with their husbands to Mississippi. Do not turn our backs on the black employees who have nothing waiting for them in Mississippi.

The committee words apply here:

> Unnecessary and detrimental turbulence is created where facilities are closed and skilled personnel laid off in one area when at the same time new facilities are constructed in other areas.

I must point out that the Navy is fickle. At one time these facilities were to be divided between the districts of the chairman of the Senate Armed Forces Committee and the chairman of the House Armed Forces Committee. Interestingly enough, when there was a change in the chairmanship in the House, the Navy decided that only the district of the chairman of the Senate committee was the proper place to go.

I want to make this important point, that it is going to cost the Navy over $20 million just to relocate the civilian personnel involved if they decide to go. It will cost many additional millions of dollars to relocate the military personnel involved and it makes no sense to be spending all of this money now to relocate the Oceanographic headquarters. By Navy's estimates alone, the costs will be high and we can bet when the Navy gives an estimate, it will end up costing far more, judging from what we have seen of their estimates in the past.

So, Members of the House, I beg that we stop this nonsense of moving people, of moving families, of disrupting their lives and taking them from one district to another just to play these political games. Let us recognize that our citizens are people, not chessmen on a chess board to be used as pawns.

I sincerely request a vote in support of my amendment.

Mr. GIAIMO. Mr. Chairman, I move to strike the last word. I rise in support of the amendment.

Mr. Chairman, in general what the amendment would suggest is that unless there are compelling reasons to move the National Oceanographic Office of the Navy away from where it presently is in Maryland down to Louisiana or Mississippi, I forget which, it was proposed to be on both sides and now it is just going to be on the Mississippi side; unless there are compelling reasons for this change, it seems to me with these efforts to save money and not to undertake new starts that we ought to at the very least slow down and not move precipitously.

I confess that I did not question this in the committee, as probably I would have, but the gentlewoman from Maryland makes compelling arguments and when the gentlewoman spoke to me, I think it is a signal that should be raised that we should question.

Mr. Chairman, I would like to ask what compelling reasons and savings are to be made by moving the Oceanographic Office from Maryland to Mississippi?

Mr. MAHON. The Navy officials claim that they are in about 19 different locations in oceanographic work, and that it would be in the long-range best interests of the Navy and the taxpayer if the services were consolidated down in Mississippi. That is the information that has been presented.

As the gentleman knows, it is not really the purpose generally of the Committee on Appropriations to try to determine where facilities should be located. That is a matter that is left primarily to the executive, and the executive has made its decision, not the Members of Congress. That is the best comment I can give the gentleman.

Mr. GIAIMO. I understand, but I do think we ought to move slowly and adopt this amendment. Nothing is to be gained if we move precipitously. I understand that if they move there will have to be a great deal of new construction. We have a lot of this oceanographic work in New England at Long Island Sound, Woods Hole, and Rhode Island. I want to make sure that this does not mean they are going to be moved out of there to some other place in warmer climes. I urge that we go slowly in this area and that we adopt this amendment.

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, of course, we all recognize that generally it is a traumatic experience for facilities to be moved out of the district of a Member, and the gentlewoman's position is understandable. It is true, as I stated a few moments ago, that the Navy claims that this oceanographic work is now in 19 different locations in the National Capital area and could be consolidated in 1 location at Bay St. Louis. The Navy believes that it is in its long-range best interests that the move be made.

Section 613, of Public Law 568 of the 89th Congress, states that there must be a 30-day notice given to the Congress on the closing of posts or bases. I understand that perhaps this provision does not apply in this particular instance, but the House was officially advised of this proposed relocation. I just want you to recognize that it is up to the House to work its will with respect to this important matter.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, I oppose this amendment, and support the position of the committee.

To put the oceanographic work in an area that is not overcrowded and where attention can be given to the many aspects of this important work makes sense to me.

The decision was made by the Navy, and I am sure they had sound reasons for this decision. The Navy has gone a long way toward getting ready for the change, and I do not think we should overturn it at the last minute.

I can understand the feeling of some of my friends from other areas. Having had these things, they do not want to lose them.

I do not know how much time I have

spent in the years I have been on this committee trying to save facilities in Maryland or other areas, or to reactivate them. But in this instance it makes sense to put these things in a relatively undeveloped area so that they can do what is needed for the safety of the country rather than keeping them where they are just because they happen to be there now.

I want to repeat again we cannot let local interests dissuade us from what the military itself says is in the best interests of the country.

Mr. Chairman, I trust that the amendment will be defeated.

Mr. MAHON. I trust that the amendment will be defeated also.

Mrs. HOLT. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentlewoman from Maryland.

Mrs. HOLT. Mr. Chairman, I would like to support the amendment strongly and urge its adoption.

Mr. Chairman, I would like to take exception to the statement of the distinguished chairman that this is a traumatic experience for those Members in whose districts these facilities lie. This is more than that. This is an arbitrary move of a facility, upsetting 1,300 people who have been employed there, without any justification whatsoever.

Mr. Chairman, we had hearings, and we heard all of the testimony. There was some allusion to the fact that they were going to be able to consolidate the oceanographic operations. But each time we delved into that, we find that they were going to have to spread them around the countryside in Mississippi. Also that the Navy was going to have to build more buildings, and that there really was not going to be the easy move that was stated.

When we had conversations with the Secretary of Defense and asked him if there was any consideration of the cost effectiveness of the move, he said that the move was going to take place regardless of the cost, and that cost did not enter into the consideration of this relocation.

So if they could not show that it was going to improve the oceanography program, and the Subcommittee on Oceanography certainly did not believe that that was taking place, then I think no justification for the move has been made at all, and I would certainly urge the adoption of this amendment.

Mr. LOTT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to speak just a minute on behalf of the sunshiny, golden coast of Mississippi. I had intended not to do so this afternoon, because this is not an issue of whether this facility is going to be located in Mississippi or Maryland; it is a question of what is best for the Navy and the country. And, quite frankly, it is not a move that was decided upon after careful examination, not only of sites in the South, but sites in other parts of the country.

I understood that Congress, through hearings and reports, has decided that attention be given to moving some of the facilities out of the Washington, D.C., area, and this is an example of where that is being accomplished.

The main thing that I wanted to point out is that there is a $2.8 million saving per year involved here. After the centralization costs are amortized over 7.1 years, a substantial savings will occur. There is a need for it, just on the basis of saving $2.8 million a year, if nothing else.

Mr. Chairman, I want to emphasize this: This is strictly an oceanographic program, a growing program that is now dispersed in the Washington area at 19 different sites. This is an effort to centralize the oceanographic program at one site, and there will not be any initial need for new construction. There are facilities there now, at the site of a NASA operation which has been phased down. It is certainly not going to be a precipitous move. There have been environmental impact studies, economic studies, hearings, and every possible effort to consult with all parties. It has been very carefully done.

I would like to urge the Members to oppose this amendment.

Mr. BAUMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I appreciate the volume of sunshine the State of Mississippi is able to radiate, particularly as personified by the gentleman who just spoke. But this issue has a little more depth in its implications than the gentleman admits.

It is true that this agency, like a good many of them, is scattered in many parts over the Washington, D.C., area. But the Subcommittee on Oceanography of the Committee on Merchant Marine and Fisheries of which I am a member held a full day's oversight hearing on this matter. Some of the Members are here who heard that testimony.

The testimony paralleled the concern expressed by the gentleman from Connecticut (Mr. Giaimo) in stating that if the Navy moves the National Oceanographic Office from the Washington area, they will lose a very important interrelationship with the Department of Commerce and with most of the other agencies involved with the oceanographic facilities, including the National Oceanographic and Atmospheric Agency. Not only will their work be seriously impaired, but this move will not be cost effective. It will be damaging to the entire oceanographic program, not just to the Navy but to all other agencies involved. We heard no testimony contradicting this disruption which will be caused by the Navy's proposal.

This move does not affect my district greatly. This installation happens to be located in the districts served by the gentlewoman from Maryland (Mrs. Spellman) and the gentlewoman from Maryland (Mrs. Holt). In my district it may affect only a minimal number of people. But there is an issue of simple equity involved.

Mr. Chairman, I believe that if the entire story of this should come before the membership at this time, the Members would support this amendment. I think that the one point alone that the gentlewoman from Maryland (Mrs. Spellman) and I agree on any issue should weigh heavily with the Members of the House. I urge support of the amendment.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. Yes; I yield to the distinguished chairman of the committee.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that at the conclusion of the remarks by the gentleman from Maryland (Mr. Bauman) all debate cease on the pending amendment and all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. GREEN. Mr. Chairman, reserving the right to object, before I make up my mind whether or not to object, I would like to propound a question.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. Green) object to the unanimous-consent request?

Mr. GREEN. Mr. Chairman, I am reserving the right to object, and I would like to ask the chairman of the committee a question.

Mr. Chairman, did the chairman of the committee say earlier that there were no funds in this act in connection with arsenals in any fashion?

Mr. MAHON. Mr. Chairman, if the gentleman will yield, there are no funds specifically identified in the bill for the removal of arsenals from one place to another. I believe that is correct.

Mr. GREEN. Then, Mr. Chairman, would the gentleman be willing to accept an amendment which would read like this:

> No funds appropriated in this Act may be used to close or facilitate the closing of the Frankford Arsenal in Philadelphia?

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, I am not aware of the status of the plans with respect to the Frankford Arsenal itself, so I could not accept the amendment.

Mr. GREEN. Mr. Chairman, did the gentleman say he would or would not accept the amendment?

Mr. MAHON. I could not accept the amendment without being better advised of the situation.

I will say to my friend, the gentleman from Pennsylvania, however, that this does not relate to the amendment which is pending.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. GREEN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. GREEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was led to believe earlier in a colloquy that took place on the floor that there were no funds in this bill to facilitate or assist in the closure of any arsenals, that the word "arsenal" was never used, and I want to make sure that is the case at this point.

I would like to give my friends from Maryland an opportunity to stand up and say that they do not want any of the jobs that are now being held in Philadelphia to go to Maryland, where some of those jobs are currently scheduled to go.

I did not want this debate to end before there was an opportunity for the Members from Maryland here to make it perfectly clear that they certainly would not want any jobs to leave the city of Philadelphia, considering its desperate unemployment situation. I wanted the debate to continue just to that extent, Mr. Chairman.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, I would just like to say to my distinguished colleague from Philadelphia, the gentleman from Pennsylvania (Mr. GREEN) that there are no plans to transfer any jobs from Pennsylvania to Maryland at this point. The gentleman can rest assured that I would not tell him that if I knew otherwise.

There are no such plans. They may be considered at some point in the future, but nothing if that sort is proposed at this particular point.

Mr. GREEN. And the gentleman from Maryland would make no special effort in that direction?

Mr. BAUMAN. Mr. Chairman, the gentleman from Maryland would have to consider the situation at the time if such an event would occur.

Mr. GREEN. Mr. Chairman, I would like to give the sponsor of this amendment, the gentlewoman from Maryland (Mrs. SPELLMAN), an opportunity to stand up and say that none of the jobs existing at the Frankford Arsenal would wind up in Maryland or Illinois or any place else.

First, Mr. Chairman, I will ask the chairman of the committee one more question.

Mr. Chairman, assuming that debate on this amendment would end and the amendment is voted on, I would still have an opportunity to offer my amendment as section 754 of this bill to make sure there are no funds expended as I indicated earlier?

Mr. MAHON. Mr. Chairman, if the gentleman will yield, that would be up to the Chair to decide, but I assume the gentleman is correct.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words.

Mr. MAHON. Mr. Chairman, I believe my unanimous-consent request is still pending.

The CHAIRMAN. The Chair will state that the unanimous-consent request was objected to.

Mr. MAHON. Mr. Chairman, I do not want to take my friend, the gentleman from Alabama (Mr. EDWARDS) off his feet, but as I understood it, my unanimous-consent request that there would be no further debate on the amendment was still pending.

The CHAIRMAN. The Chair will state that there was an objection to the request. The gentleman from Pennsylvania (Mr. GREEN) objected to the unanimous-consent request.

The Chair recognizes the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, I shall speak only briefly, but I think the last colloquy points up very vividly why this House historically has tried desperately to stay out of problems involving locations of facilities in various Members' districts.

The Department of Defense for generations has been moving facilities and changing bases and sending servicemen here and there. Every once in a while, a Member tries to thwart that purpose here on the floor. Historically, this House has been reluctant to do that because we cannot sit here and make those kinds of judgment with any degree of particularity.

Therefore, Mr. Chairman, I would think in view of that and in view of the wisdom that goes along with that, we ought to reject this amendment and leave this bill intact.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Maryland (Mrs. SPELLMAN).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mrs. SPELLMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 219, noes 193, not voting 21, as follows:

[Roll No. 571]

AYES—219

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Aspin
Badillo
Barrett
Bauman
Beard, R.I.
Bedell
Bennett
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boland
Bonker
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carr
Chappell
Chisholm
Clancy
Clay
Cleveland
Cohen
Conte
Conyers
Corman
Cornell
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Derrick
Devine
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Esch
Fascell
Fenwick
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Forsythe
Fuqua
Giaimo
Gilman
Goodling
Grassley
Green
Gude
Guyer
Hagedorn
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Helstoski
Hicks
Hillis
Holt
Holtzman
Horton
Howard
Howe
Hughes
Hungate
Jacobs
Jenrette
Johnson, Pa.
Jones, N.C.
Karth
Kastenmeier
Ketchum
Keys
Koch
Krebs
Latta
Leggett
Lehman
Lent
Litton
Lloyd, Calif.
Long, Md.
McCloskey
McCollister
McDade
McEwen
McHugh
McKinney
Maguire
Matsunaga
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Mosher
Moss
Mottl
Neal
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Pettis
Peyser
Pike
Pritchard
Quie
Randall
Rangel
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rousselot
Roybal
Runnels
Russo
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Sharp
Shuster
Skubitz
Slack
Smith, Nebr.
Solarz
Spellman
Staggers
Stark
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Thompson
Traxler
Tsongas
Udall
Ullman
Vander Veen
Walsh
Waxman
Weaver
Whalen
Wiggins
Wilson, Bob
Wilson, C. H.
Wirth
Wolff
Yates
Young, Alaska
Young, Fla.
Young, Ga.
Zeferetti

NOES—193

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baldus
Baucus
Beard, Tenn.
Bell
Bevill
Biester
Boggs
Bolling
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Carney
Carter
Casey
Cederberg
Clausen, Don H.
Clawson, Del
Cochran
Collins, Ill.
Collins, Tex.
Conable
Conlan
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
de la Garza
Dent
Derwinski
Dickinson
du Pont
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Flowers
Flynt
Ford, Tenn.
Fountain
Frenzel
Frey
Gaydos
Gibbons
Ginn
Goldwater
Gonzalez
Gradison
Haley
Hamilton
Hammerschmidt
Hansen
Harsha
Hastings
Hays, Ohio
Hefner
Heinz
Henderson
Hightower
Hinshaw
Holland
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Levitas
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McDonald
McFall
McKay
Madden
Madigan
Mahon
Mann
Martin
Mathis
Mazzoli
Melcher
Michel
Milford
Miller, Ohio
Mills
Montgomery
Moore
Moorhead, Calif.
Morgan
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
O'Brien
Passman
Perkins
Pickle
Poage
Pressler
Preyer
Price
Quillen
Railsback
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rostenkowski
Roush
Satterfield
Schulze
Sebelius
Shipley
Shriver
Sikes
Simon
Smith, Iowa
Snyder
Spence
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Wis.
Stephens
Stuckey
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Vander Jagt
Vanik
Vigorito
Waggonner
Wampler
White
Whitehurst
Whitten
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yatron
Young, Tex.
Zablocki

NOT VOTING—21

Ashley
AuCoin
Brademas
Burke, Fla.
Dingell
Evins, Tenn.
Fary
Fraser
Hébert
McCormack
Macdonald
Murphy, N.Y.

O'Hara
Rees
Rogers
Ruppe
Santini
Sisk
Steiger, Ariz.
Teague
Van Deerlin

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of New York for, with Mr. Hébert against.

Mr. Macdonald of Massachusetts for, with Mr. Sisk against.

Mr. Brademas for, with Mr. Teague against.

Mr. Van Deerlin for, with Mr. Evins of Tennessee against.

Messrs. BRINKLEY and RAILSBACK changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. PICKLE. Mr. Chairman, over the years the military family has been asked to make many sacrifices. Often, a family may search and search for adequate housing if none were available on the base, look for good schools for their children to attend, and when they thought they were settled, orders might come in during the middle of the night, informing them that they must pick up and move again.

I am informed that these are not isolated cases for those who have spent their career in the service of their country. In years past, those of us in the civilian world felt that at least we were providing the underpaid military service personnel and the retiree, with adequate fringe benefits: Medical care, recreational facilities, and reduced prices for groceries at the commissaries.

Last February, in an "economy" move the Pentagon suggested that the commissary no longer be maintained as a plus to active duty and retired military. This proposal caused a storm of protest and rightfully so. I added my voice to this condemnation of what seemed to me a misdirected plan of expenditure reduction.

Granted that pay scales for the active duty have improved over the years, but they still are not comparable to civilian wages. The military are being asked to risk life and limb to provide the first line of defense for this country. I think that it is worth the comparative small cost to continue this privilege that the men and women of the armed services have earned during this Nation's 200 years.

I applaud the action of Chairman MAHON and the other members of the Appropriations Committee who saw to it that the commissary would retain its present status. Thus, we are keeping our word to our military personnel.

Mr. BADILLO. Mr. Chairman, I supported the Giaimo amendment that would delete the CIA budget from whatever part of the defense budget it appears in right now—and I would like to thank Representative GIAIMO for solving that riddle for us all—and give it an allocation of its very own. If this were not a matter of such deadly seriousness, it would have been tempting to play "find the budget." Certainly the committee report itself provides a clue any puzzle manufacturer would be proud of—"the committee does believe that it can safely be revealed that all funds for the Central Intelligence Agency, the National Security Agency and Defense Intelligence Agency are included in the Department of Defense appropriations covered by this bill and report."

But, as I said, we are not dealing with games, we are dealing with the right of this country's citizens to know how its Government functions. The Constitution of the United States says—

> No money shall be drawn from the Treasury, but in consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

That is all public money. The committee report states that extensive legal briefs have been presented citing precedents and constitutional bases for maintaining secrecy, and claims its documentation lists examples of secrecy going back to our first President. But because George Washington hid expenditures from the people, does it automatically follow that Gerald Ford shall hide expenditures from the people?

We are told that the doors have been opened wide, that the backroom secrecy of the Nixon era is past, and the sunlight is being let in on the processes of government. Yet, every time we turn around, we are faced with another example of continuing duplicity, of other instances where we are told one thing and another thing is going on behind our backs—or perhaps in front of our faces. And unless someone accidentally stumbles on it, there is no acknowledgment of the people's right to know.

I do not dispute the need for some secrecy, and cannot argue with the committee report statement that "intelligence operations must remain secret in order to be successful." The issue before us today is not the nature of intelligence operations, however, but the extent of the secrecy. And I am at a total loss to explain how the publication of a total dollar figure for a CIA budget would jeopardize our security. In fact, I would be surprised if those from whom we are trying so hard to protect that figure did not already know it, and where to look for it in this appropriation bill long before Representative GIAIMO did his detective work.

The report says that once we had the dollar figure, we might demand the publication of ever-increasing amounts of data. Is it not the role of the Congress to push for that kind of specificity? We have been willing to accept appropriations for such items as "Heavy aircraft, Army" for a long time, and perhaps the debate over the F–18 bomber would not be taking place today if we had been more diligent in our demands for specificity.

The Congress has allowed itself to be victimized for too long by the "need for secrecy." And victimized we have been, as even those of us in this Chamber have discovered the files that have been kept on us and our constituents, and the methods that have been used to spy on ourselves as well as our purported enemies. I appreciate an opportunity to agree with Vice President ROCKEFELLER—admittedly it is a rare one, but one of the clear recommendations of the report to the President on the CIA is that the budget of the Central Intelligence Agency should be public knowledge. I had hoped that today the Congress will take another step to mandate honesty in government where the administration has failed to do so.

Mrs. SCHROEDER. Mr. Chairman, I truly do not pretend to know all of the true motivations for the various positions taken on this F–18 debate. There are clearly enough facts to go around for all of the opposing arguments, however.

I agree wholeheartedly with the principle that congressional instructions should not be circumvented as easily as they have been in the Navy's decision to pursue development of the F–18. However, I am also quite concerned about the rumors circulating that the Navy has orchestrated a masterful strategy to maneuver Congress into a course of action that will require expanded purchases of the controversial F–14 fighter aircraft.

I am, therefore, inserting in the RECORD an account of the various interests involved in what has developed into a political dogfight over the F–18. The article, titled "Aerospace Concerns Fight for Lucrative Contracts," was written by John Finney of the New York Times on June 29, 1975. The full article describing all of the innuendos of the present debate is rather lengthy. Because of this I would like to read only the last portion of the article for my colleagues' consideration. This section suggests that a master manipulation of Congress might be pulled off by the Navy if we decide to cut the research and development funds for the F–18. The section follows:

> There is a suspicion in some congressional and Pentagon circles that the Navy would not be too unhappy if LTV won its case, although the admirals are annoyed that the company brought the dispute out into the open, using such words as "sham" to describe the Navy's selection process.
>
> What the admirals really want is to buy more F–14's and to design a new attack bomber to replace the A–7. There is a suspicion, therefore, that the Navy deliberately chose the F–18 in defiance of the congressional mandate, hoping the program would be killed by Congress.
>
> Even some high-ranking Pentagon officials, including Defense Secretary James R. Schlesinger, are beginning to wonder whether the admirals are not playing a charade to kill the F–18 program.
>
> Asked at a news conference last week whether he had any suspicions that the admirals were playing "a giant charade" on him and that their real desire and intent was to build more F–14's and produce a new attack bomber. Mr. Schlesinger, who, as an Assistant Director of the Budget Bureau, reviewed the budget of the three services, replied:
>
> "As a former denizen of the Bureau of the Budget, having watched over the three agencies, I have acquired some degree of bureaucratic suspiciousness that will never disappear."

The entire article follows:

[From the New York Times, June 30, 1975]

AEROSPACE CONCERNS FIGHT FOR LUCRATIVE CONTRACTS

WASHINGTON, June 29.—What started off as a Defense Department program to build a "low cost" fighter plane for the Air Force and Navy has turned into a back-biting dogfight among the major companies that have shared in the multibillion-dollar business of making airplanes for the military.

In the past, there was a cozy relationship between the plane manufacturers and the military, which saw to it that contracts were spread around so that each company stayed in business. But the military market is shrinking now, partly because the planes have become so expensive that the Air Force and Navy have to restrict the number they order.

The major manufacturers are having difficulty adjusting to the new situation, and some of them are fighting to stay in business. The comity that once prevailed has gone, and now charges of "sham," "foul" and "charade" are being hurled around at the military and at competing companies.

A FORMAL COMPLAINT

The LTV Aerospace Corporation has taken the unusual step of filing a formal complaint with the General Accounting Office, the investigative arm of Congress, against the company's principal customer, the Navy, for selecting the fighter offered by the McDonnell Douglas Corporation and the Northrop Corporation.

The Grumman Aerospace Corporation—with some tacit support from the admirals—is openly challenging the Defense Department's judgment that its Navy F–14 fighter is too expensive to build in quantity.

Behind the scenes, high-priced lobbyists have been hired, members of Congress are being given speeches and amendments to offer, and Congressional delegations are being rallied to support the cause of one contractor or another.

The dogfight has taken a particular acerbity because the Defense Department has been in the process of placing orders for fighter planes for the next 15 to 20 years. The companies that do not get any orders now face the prospect of going out of the fighter plane business.

Over the last few years, the Defense Department has been ordering a combination of "high-cost and low-cost" fighters that are expected to serve the military for almost the rest of the century.

Initially, the Defense Department started off on the "high-cost" side. For the Air Force, the Pentagon ordered the F–15 fighter from McDonnell Douglas. The Navy purchased the F–14 from Grumman.

As the cost of these two planes mounted to $12-million and then $18-million per plane, the Defense Department decided something cheaper was needed if the two services were to buy the quantities of planes they thought they needed.

CONGRESSIONAL MANDATE

The Pentagon came up with the "high-low" concept. For use in "high threat" areas, the Air Force and Navy would be permitted to buy the expensive F–15's and F–14's. For "low threat" areas, the Air Force and Navy would buy "low-cost" fighters—a designation that proved so distasteful to the services that it was changed to "air combat fighter."

Last January, after a flyoff competition, the Air Force selected as its "air combat fighter" the F–16 proposed by the General Dynamics Corporation over the F–17 offered by Northrop. That left one remaining order to be placed—the low-cost fighter for the Navy.

The initial Defense Department concept was that, to save cost through standardization, the Navy should select a version of the low-cost fighter selected by the Air Force. Congress incorporated that concept in the House-Senate conference report on this year's defense appropriations bill by specifying that the Navy plane should be a "derivative" of the fighter chosen by the Air Force.

The idea of buying an Air Force-developed plane was never completely acceptable to the admirals, who like to emphasize that their planes have to be particularly designed to operate from aircraft carriers. It came as little surprise in military circles, therefore, when the Navy announced last month that, instead of the F–16, it had selected a carrier version of the F–17 proposed by McDonnell Douglas. Just so there would not be any confusion with the plane developed for the Air Force, the Navy redesignated its fighter as the F–18.

LTV, which has developed a carrier version of the F–16, promptly cried foul. It filed a formal protest with the G.A.O., contending that the Navy selection violated the Congressional mandate that its plane should be a "derivative" of the fighter selected by the Air Force and complaining that it was restricted to the F–16 concept while McDonnell Douglas was left free to make design and engine changes to meet Navy requirements.

For LTV, which has been making planes for the Navy for 60 years including the famous Vought F–4–U Corsair in World War II, the stakes, according to its lawyers, are "a matter of life or death" in the airplane business.

With the aid of the Texas Congressional delegation, the Dallas-based company has succeeded in getting orders over the years to produce about 1,000 A–7 attack bombers for the Navy and Air Force. But the A–7 production run is now coming to an end, and without a new plane, LTV will lose about 80 per cent of its business.

To the winner of the Navy contract goes a multibillion-dollar prize. The "low cost" fighter has turned out to be somewhat more expensive than expected. Current Navy estimates are that the F–18 will cost $7.5-million per plane. With an anticipated order of 800 planes, that adds upto a $6-billion program.

TEXAN DEFENSE

In its fight with the Navy, LTV has retained the Washington law firm of Fried, Frank, Harris, Shriver and Kampelman, which has considerable Democratic connections on Capitol Hill. As a registered lobbyist, the concern has hired James D. Hittle, a retired Marine Corps brigadier general, who has served in both the Defense Department and as a consultant to the House and Senate Armed Services Committees.

The Texas Congressional delegation also is coming to the defense of LTV. Senator John G. Tower of Texas, a senior Republican on the Senate Armed Services Committee teamed up earlier this month with Senator William Proxmire, Democrat of Wisconsin, to place an amendment in the military procurement bill specifying that the Navy could not spend any money before July 31 for the F–18 until the G.A.O. had ruled on the LTV protest.

LTV contends that it is not trying to force the Navy to accept its version of the F–16. Rather, the company says the Navy should reopen the competition, thus permitting LTV to design a new fighter or attack bomber that would come closer to meeting Navy specifications.

Such an outcome would also suit Grumman, which sees its production run of 390 F–14's running out by 1980 and would like to build more of the fighters for the Navy. A reopened competition would mean a two-year delay, during which time Grumman might build at least 100 F–14's to meet the Navy's fighter replacement needs toward the end of this decade.

DISPUTED BY PENTAGON

In its lobbying on Capitol Hill, Grumman is arguing that the F–14, produced in larger quantities, would be cheaper than the F–18. But this argument is disputed by Pentagon officials who see their whole "high-low" concept coming under attack.

To the delight of the Navy, Grumman and LTV, the White House Office of Management and Budget on June 16 sent a memorandum to the Defense Department arguing that an additional 400 F–14's would be $900-million cheaper than developing and producing a comparable number of F–18's. The confidential memorandum was promptly leaked by Navy officers to aviation trade publications.

Somewhat the same argument is being made by McDonnell Douglas, which contends that its F–15 would be cheaper than the F–16. McDonnell Douglas, however, is not being so forceful in presenting its case, partly because it now sits in the dominant position in the business with potential orders for 720 F–15's and 800 F–18's.

Northrop, which faced a bleak future when it lost out in the Air Force competition, also has been bailed out by the Navy's selection of the F–18. Northrop, which designed the plane, will serve as the principal subcontractor to McDonnell Douglas in production of the plane for the Navy and will be the principal contractor on overseas sales.

General Dynamics, whose plane was rescued by the Air Force contract, meanwhile is not enthusiastic about the F–18 program lest it cut into its foreign sales of the F–16.

The engine manufacturers are also being drawn into the dogfight. The jet engines for the F–18 would be developed by the General Electric Company in East Lynn, Mass. Without that contract, General Electric would be shut out of the fighter plane business. All the engines for the new generation of fighters would be built by Pratt & Whitney of East Hartford, Conn.

ADMIRALS ANNOYED

There is a suspicion in some Congressional and Pentagon circles that the Navy would not be too unhappy if LTV won its case, although the admirals are annoyed that the company brought the dispute out into the open, using such words as "sham" to describe the Navy's selection process.

What the admirals really want is to buy more F–14's and to design a new attack bomber to replace the A–7. There is a suspicion, therefore, that the Navy deliberately chose the F–18 in defiance of the Congressional mandate, hoping the program would be killed by Congress.

Even some high-ranking Pentagon officials, including Defense Secretary James R. Schlesinger, are beginning to wonder whether the admirals are not playing a charade to kill the F–18 program.

Asked at a news conference last week whether he had any suspicions that the admirals were playing "a giant charade" on him and that their real desire and intent was to build more F–14's and produce a new attack bomber, Mr. Schlesinger, who, as an assistant director of the Budget Bureau, reviewed the budget of the three services, replied:

"As a former denizin of the Bureau of the Budget, having watched over three agencies, I have acquired some degree of bureaucratic suspiciousness that will never disappear."

My suspicions about the current controversy surrounding development of the F–18 are further fanned by the fact that the Navy was trying to increase its purchase of F–14's less than a year ago. The Navy request was not approved at the time, but a discussion of the reason not to approve such an increased purchase of F–14's would be useful to consider at this time. Discontinuation of the Navy effort to produce any lightweight fighter would probably require us to approve expanded purchases of the F–14. However, we have no basis to judge whether the F–14 is capable of filling the air combat role as effectively as a lightweight fighter like the F–18. We have never seen a flyoff between the two types of planes.

I would like to further explain the questions surrounding the F–14's ability to fulfill the air combat role which the lightweight fighter is designed for. I am, therefore, also including in the RECORD a discussion of these problems offered by Senator EAGLETON last November:

SENATOR EAGLETON'S SPEECH IN THE U.S. SENATE, NOVEMBER 21, 1974

Mr. President, on October 11 I sent a letter to the Secretary of Defense inquiring about "extensive tests . . . performed to determine the comparative air combat capabilities of the F–14 (the Navy fighter) and the Air Force fighter, the F–15." I expressed my concern to Secretary Schlesinger that the results of these tests were being kept from him in order to conceal the embarassing inferiority of the F–14 as an air combat fighter.

I expressed my concern to Secretary Schlesinger that the F–14, which costs at least 50 percent more than the F–15, could be 50 percent less effective. Since there has been some criticism of the cost comparison I used, I should point out that the cost figures I quoted were from the Defense Department's own Selected Acquisition Report of January 1974. In a June 11, 1974 letter to Senator Symington the Director of Defense Research and Engineering, Dr. Currie, said the program unit cost of the F–14 was $19.8 million, as opposed to $11.1 million for the F–15. That represents a differential even larger than 50 percent.

The briefing charts, copies of which I have in my possession, plot the planes' performance at ten, twenty and thirty thousand feet. The charts measure the performance of the two planes while using maximum after-burner and military power in such vital air combat categories as sustained and maximum G-force, turn rate, turn radius and specific excess thrust. In each category, the F–14 was vastly inferior.

The Pentagon's reaction to my letter has been just as disturbing to me as the F–14's poor performance. Until as recently as last week, the Navy and Air Force denied the existence of the briefing charts to which I have referred. Not knowing whether I actually possessed the charts, they apparently felt they could continue to keep the comparison of the planes from the Congress and the Secretary of Defense.

I understand that these charts have now been found and that a response to my letter is now being prepared. The explanation should be interesting.

The integrity of Pentagon officials is not, however, the primary subject of my remarks today. I am more immediately concerned about the attempt being made by the Navy to expand the mission of the F–14 far beyond its capacity in order to justify buying a greater number of planes. This effort, if it succeeds, can only bring danger to the Navy's own pilots and more waste and less security to the American taxpayer.

I am referring to a request the Navy has made to the Secretary of Defense to increase the number of F–14 squadrons from 16 to 18. That represents a drastic change in the total planned procurement of 334 planes to 390, and will mean a significant monetary increase in the $6.3 billion program.

Mr. President, at a time when our economy is beset with problems and when other vitally needed weapons are being reduced in quantity and quality, we cannot afford to ignore the original deployment premise on which the F–14 program was based. Secretary Schlesinger explained the official deployment rationale for the F–14 last year in his quote from his posture statement on the FY–75 budget:

"We now plan to buy a total of 334 F–14s, enough to equip 12 squadrons for the Navy carrier air wings and four squadrons for the Marine Corps wings. While some minimum number of F–14As is clearly essential for fleet air defense, we cannot afford, nor do we need, an all F–14A carrier or Marine Corps fighter force."

Mr. President, the Navy's effort to increase from 16 to 18 squadrons directly contradicts the Secretary's statement. This effort is extraordinary in light of the planned reduction of the Navy's carrier force from 15 to 12 beginning in FY–76. Using the deployment rationale of one F–14 squadron per carrier and including 4 squadrons for the Marine Corps—which, by the way, the Marine Commandant testified on one occasion, were unnecessary—16 squadrons is the only valid requirement.

It is apparent, therefore, that the Navy seeks to expand the F–14 buy at a time when the Secretary of Defense, by reducing the carrier force, has seemingly recognized that carriers have a limited utility, especially in high-threat areas. In addition, this attempt is being made in the face of strong evidence that the F–14 could not adequately fulfill its secondary role—air superiority—against modern Warsaw Pact fighters. This second point is dramatized by the F–14, F–15 comparison and by additional information which I will discuss today.

Mr. President, before getting into a discussion of the air combat capabilities of the F–14, I would like to state that the plane appears to be adequate for its primary role—fleet air defense. In performing this mission, the F–14 can make good use of the long-range missiles of the Phoenix system to counter enemy attacks and possibly even cruise missiles.

Parenthetically, I would have to seriously question the judgment of those who decided to use the F–14 as the platform for the Phoenix. A long-range system such as Phoenix could have been more efficiently and economically deployed on a long-endurance, subsonic aircraft such as the A–6. It is likely that many of the F–14's problems today can be traced to this unfortunate decision—a decision apparently based solely on the Navy tradition that the best aircraft on the carrier has the primary responsibility for the defense of the fleet. The F–14, therefore, had to have the best (and most expensive) fleet-defense weapon available—the Phoenix.

As I mentioned in my letter to Secretary Schlesinger, the Phoenix, which does not distinguish between friend and foe in a crowded air theater, cannot be used in a dog fight situation. In fact, it becomes a very heavy burden for the F–14.

A sub-system which the Navy argues can be used in air combat—and in theory will compensate for the F–14's poor maneuverability—is the AWG–9, a look down, shoot down radar system. The AWG–9 has the capability to simultaneously track 24 targets at long-range, providing fire control for the Sparrow, Sidewinder and M61 Vulcan, as well as the Phoenix. The AWG–9 is, therefore, the very heart of the F–14.

As is characteristic of so many of our weapons systems, however, the F–14 is overly dependent upon a subsystem which is so sophisticated it is rarely operable. The specifications for the AWG–9 system require that it operate an average of only 33 hours between failures. Just imagine the outcry if home appliances were to fail an average of once every 33 hours. Congress would certainly have less trouble passing consumer protection legislation. The most appalling aspect is that with military equipment such as the AWG–9, the very lives of our pilots are at stake.

But the Navy would be ecstatic if it could get a mean time between failure of 33 hours out of the AWG–9. In tests conducted on the F–14 by the Navy's Board of Inspection Survey between January 1, 1973 and September 3, 1973, the mean time between failure of the AWG–9 was only 2.2 hours.

And this poor performance continues. The Navy is now asking for approximately $100 million for a Reliability and Improvement Program for the F–14.

The large bulk of this money will be used to perform extensive modifications on the AWG–9 radar system. We are, in short, being asked to spend $100 million to correct the mistakes made by the contractor.

Mr. President, it is unwise to depend so heavily on a radar subsystem. Even if the AWG–9 is operable, it can be jammed any number of ways in an air combat situation. Without his radar, the pilot is left with the air combat maneuvering capability of his aircraft . . . which brings me back to the air combat comparison of the F–14 and the F–15 and the Navy's request to increase the F–14 buy.

The poor performance of the F–14 in the air combat mode can be attributed to a number of factors, most of which stem from a fundamental mistake—the Navy wanted a plane that would be all things to all missions. They ended up with a very expensive platform for the Phoenix missile which is so heavy it cannot fulfill its secondary missions.

According to the most recent Selected Acquisition Report, the F–14 now weighs 3,750 pounds more than the original specification. At 69,171 pounds, it is a ponderous aircraft now weighing more than the ill-fated F–111B, which was scrapped because the Navy said it was too heavy for carrier use. The weight penalties of the swing-wing design have greatly undermined the maneuverability that that sophisticated system was supposed to provide.

But perhaps the most important cause of the F–14's poor performance is the 12-year-old TF–30 engine. The TF–30 is not a bad engine, but with a thrust of only 20,000 pounds, it cannot provide the thrust-to-weight ratio the F–14 needs to compete with other modern fighters. With the cancellation of the disastrous F–401 program, there is no alternative engine available and there will be no F–14B—the improved version originally planned.

For these reasons and others, the F–14 has failed in every important respect to meet its performance specifications. According to the latest report to Congress, the heavier F–14 fails to meet maximum speed specifications by 6.2%. Its maximum ceiling is down by 5.2%. The sustained load factor is short by 3.1%. And its acceleration is off by 5%. Perhaps most importantly, the combat time of the F–14 in performing carrier air patrols is down by 20%—which may explain why the Navy feels it must purchase 20% more aircraft . . . to perform the fleet defense role. It should be pointed out, Mr. President, that the original specifications were set by way of negotiation and agreement between the government and the contractor and were not in themselves very demanding.

The question we must now ask on behalf of the taxpayer is what kind of plane are we getting for our investment? The research and development costs of the F–14 program rose from approximately $900 million to $1.5 billion. Yet when we compare the F–14 with the F–111B, the predecessor to the F–14 which was cancelled because of its failure to meet performance goals, we find that the 60 per cent R&D cost overrun has hardly resulted in a 60 per cent better plane. To the contrary, when comparing such crucial fleet defense factors as maximum mach number, service ceiling, combat radius and range, the F–111B is in each case superior.

> Mr. President, the controversy over which is the best fighter aircraft in the world continues. The French with their Mirage have challenged the lightweight fighters, and the President of Grumman, the company which makes the F-14, has reportedly agreed—reluctantly, I understand—to fly his plane in a more exacting test against the F-15. In my opinion, the cut-throat competition among allies to sell conventional weapons is a highly destructive element in a Western world of diminishing resources. But if we are going to get at the real facts about these aircraft and eliminate those unworthy of the expense, then we should fly the modern fighters against one another under carefully monitored conditions.
>
> Even with a 16-squadron F-14 force, the aircraft will have certain air combat requirements. The F-14 will provide an escort for attack aircraft and the Marine Corps will use the F-14 in a beachhead operation. In each case, the F-14 will engage land-based aircraft. It is, therefore, all the more important that we resolve once and for all the conflicting claims about the effectiveness of the F-14 in air combat. If, as the charts which I possess clearly indicate, the F-14 has severe limitations in dogfights against modern aircraft such as the F-15, then it is better now to ascertain those limitations rather than to risk the lives of our pilots in the future simply because we believed our own erroneous propaganda.
>
> I would, therefore, recommend that a carefully measured fly-off take place between the F-15 and the F-14 at the Air Combat Maneuvering Range at Yuma, Arizona. The scientific facilities at Yuma would be perfect for measuring the capabilities of the two aircraft in an objective manner.
>
> Since the F-15 is not a carrier-based fighter alternative, it would also be worthwhile to have the F-14 fly against the two lightweight fighter prototypes. These planes will closely represent the Soviet threat of the 1980s. I feel confident that the results of these tests would effectively rule out any increased buy of F-14's for use in an air superiority role. If the Defense Department refuses to fly these planes against one another, the taxpayer can only deduce that their defense dollars are being spent by those who don't really want their decisions to be effected by the facts.

I think that we in Congress find ourselves caught between the fire and the frying pan when trying to decide on approval of the F-18 program. I share the suspicions of the Secretary of Defense that the Navy may not have been completely innocent while the current controversy was allowed to develop. Regardless of our vote today, the Navy is likely to come out ahead. I admire the Navy's shrewdness if charges of their quiet approval of the F-18 controversy are accurate. But I resent the manipulation of Congress in this manner.

Mr. BEVILL. Mr. Chairman, I rise in strong opposition to the proposed amendment to H.R. 9861 which would not make any part of this defense appropriation package available for expenditure by the Central Intelligence Agency.

While I have the greatest amount of respect for my distinguished colleague, the gentleman from Connecticut, in my opinion this is one of the worst amendments I have ever seen offered in Congress. The eventual consequences of this proposal could be frightening.

It is my opinion that this amendment would accomplish nothing other than eventually furnishing the Soviet Union and other Communist nations of the world more information about our main intelligence-gathering agency.

Disclosure of this classified information is not in the best interests of our Nation and adoption of the proposed amendment would serve no possible useful purpose.

While it is rather obvious that some members of the CIA have at times violated the law throughout the agency's many years of outstanding service to our country, and while I do not for a second condone this type of activity, I am still of the opinion that the Agency is of vital importance to our country's welfare.

I believe the time has come for this Congress to begin giving more attention to our pressing economic and energy problems and other matters which are in the best interests of our country as opposed to spending time in debate over a proposal which would seek to force disclosure of information which would help the Communist nations in their efforts to destroy our American way of life.

Furthermore, I am of the opinion that the people of the United States expect Congress to see to it that information which would endanger the national security of this Nation be kept out of the hands of our enemies.

I urge each Member of this lawmaking body to vote against this amendment and by doing so help preserve the integrity of the CIA.

Releasing information as to how the CIA spends all of its appropriations will not prevent some members of the Agency from violating the law. I am in favor of appropriate punishment for those members of the CIA who are found guilty of violating our laws.

But, at the same time, I think it is absurd to believe that the releasing of this information will act as a deterrent for individuals in this Agency of our Government who violate the law and abuse their authority as a member of the Agency.

Punishment for abusers of CIA authority is certainly necessary, but I can in no way condone the disclosure in our appropriation bill of the amount and exact expenditures for the CIA in hopes of deterring future violaters.

It is obvious that such action would merely open the door to detailed discussion of this classified information on the floor of the House, making it public information and thus sending it, in effect, to the Soviet Union and other Communist nations.

Again, let me urge you to help defeat this dangerous proposal.

Mr. HICKS. Mr. Chairman, reduction of the U.S. AWACS program to a number lower than six costs approximately 25 percent more per unit than buying six per year. There are at least four good reasons for this:

First. If three were procured it would take twice as long to manufacture the total number required so inflation rates are applied over twice as many years and that is 12 percent per year.

Second. Tooling and facilities peculiar to AWACS production were designed to produce two units per month—building one every 4 months means that these items are used one-eighth of the time and standing unused seven-eighths of the time.

Third. The quantities of materials, subassemblies and major components which are provided by subcontractors are reduced to such low levels that premium prices must be paid. Almost all these items are of extra high quality and must be extensively tested to qualify for use in AWACS. These procedures require precisely calibrated equipment and exceptionally skilled labor to set up and execute. With the extremely low production rate of one each every 4 months, a manufacturer simply cannot afford to leave these setups intact and tie up production space without a substantial increase in end item price.

Fourth. A production crew with all the required individual skills simply cannot be used on a continuing efficient basis if only one system is produced every 4 months.

It takes the richest skill mix available to support a production rate of one system every 2 months. In short, six systems per year is the minimum viable production rate without gross inefficiencies that cause costs to skyrocket.

It is very important to note that buying less than six AWACS systems could also have a catastrophic effect on upcoming NATO and Iranian buys. The NATO study contract clearly assumes prior U.S. production of 12 systems. A U.S. production slowdown would not only have a disastrous effect on a NATO AWACS decision but could negate all current United States-European coproduction planning.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ROSTENKOWSKI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock a.m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, the problem that part of us have had today with the 10 o'clock meeting in the House, we were debating an important issue relating to this bill that we just had before us on the CIA and it was extremely difficult for those of us to try to be present at committee meetings to struggle back and forth, especially when there were important discussions on an issue that many of us felt was important on the floor.

Can the majority leader assure us that he will discourage the committees from meeting at 10 o'clock?

Mr. O'NEILL. May I say, if the gentleman will yield?

Mr. ROUSSELOT. Yes. I will be happy to yield to the gentleman.

Mr. O'NEILL. May I say, between the hours of 10 o'clock and 1 o'clock, I believe there was only one quorum call and it really did not disturb us.

Mr. ROUSSELOT. Let me again reserve the right to object and say that is not true with many of the subcommittees and committees. It was impossible to give attention. There were four bills before the Committee on Banking and Currency. Maybe that saved us by breaking the meeting up; but my point is that it is difficult to give attention to legislative work in the committees if we have a bill, such as from the Committee on Appropriations, which affects all of us in many important ways, and also try to meet.

Can the majority leader assure us that he will persuade the chairmen of the various committees not to meet?

Mr. O'NEILL. It is my understanding there would be no objection.

Mr. Speaker, I ask unanimous consent that all committees may meet tomorrow.

Does the gentleman object to the second point?

Mr. ROUSSELOT. I have only reserved the right to object.

Mr. RHODES. Mr. Speaker, reserving the right to object, and I shall not object, I would like to ask the distinguished majority leader what the probable schedule is for tomorrow.

Mr. O'NEILL. The schedule for tomorrow will be that we will conclude the Defense appropriations bill of the gentleman from Texas (Mr. MAHON). This will be immediately followed by the beef research and information bill and then we will get to the bill with the Greek-Turkey-Cyprus provision.

Mr. RHODES. Can the distinguished majority leader inform the House of the plans for Friday?

Mr. O'NEILL. We are intending to put on the insecticide bill and on Friday we can anticipate the Post Office bill, so we can plan for a Friday session.

Mr. HUNGATE. Mr. Speaker, reserving the right to object, I would like to first make a statement. I find it very difficult to get the subcommittees to function when we come in at 10 o'clock. We had a passing quorum for about 5 minutes. Because of the importance of this material that is on the floor, it deserves the Members' attention on the CIA question.

We have a meeting tomorrow that has been scheduled for the Chairman of the CAB and others coming down and, bang, we get hit and we have the same problem.

I wonder if there is some way we could come in at even 11 o'clock? It would help some of us quite a bit to do the work of the committees.

Mr. O'NEILL. In regard to the statement of the gentleman, it had been my intention to ask that the committees could meet. I do not know whether the gentleman is objecting to the first point or the second point.

Mr. HUNGATE. My objection is to the first request.

Mr. O'NEILL. It was my intent to ask that we come in at 10 o'clock tomorrow morning.

If there is no objection to that, I would ask unanimous consent that committees may be able to meet. If there is an objection to that, there is an objection. I surely would hope that in view of the fact that the schedule we do have will be extensive, we keep that in mind. We still have two or three pieces of legislation to handle.

Mr. HUNGATE. Mr. Speaker, under my reservation of objection, there is certain legislation in the Judiciary Committee which we are urged to get through and get done with. I find that when we have a 10 o'clock meeting, I am getting nowhere. When it is something like the CIA on the floor, I really do not expect the Members to come to the committee meeting.

The other part is that when we go after these people downtown in these agencies as we are trying to do in the Small Business Committee, we schedule these meetings months ahead. They get ready and they come, and then we have a foot race back and forth because someone has a lot of quorum calls as we had a week or so ago. I wonder if we could work out something where this could be eliminated.

Mr. O'NEILL. May I suggest to the gentleman that we have been trying to set a policy to prevent night sessions. That is the policy we have been setting. From what I can understand, that has been agreeable with the Members.

Mr. HUNGATE. Under the reservation of objection further, we are going to prevent night sessions because my subcommittee will get nothing out the way we have been working.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. HUNGATE. I yield to the gentleman from Indiana.

Mr. MADDEN. Mr. Speaker, I might say for the information of the gentleman from Missouri and the Members of the House that the Rules Committee has been meeting from 10:30 all day and for the last 3 days, and we have been answering quorum calls and votes and exercising our duty.

Mr. HUNGATE. I appreciate the gentleman's contribution and look forward to exchanging our committee rooms with him next week.

Mr. Speaker, I do not want to be more obstructionist than I am, and I shall not object, but I should like to state that beginning next week, unless we can come in at least at 11 a.m. so that we may conduct our work, I will object.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. SEIBERLING. Mr. Speaker, reserving the right to object, we all have problems of the kind the gentleman from Missouri has laid out. In the Committee on Interior and Insular Affairs, we have been having a markup in full committee now for, it seems, a month on a very simple little bill. Every time we try to get a quorum together, we run into this 10 o'clock session business.

I simply ask the majority leader to make a check of the various committees and try to work this out a little better, because we are going to end up with no legislation to consider on the floor.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

REQUEST FOR PERMISSION FOR ALL COMMITTEES TO MEET TOMORROW

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that all committees may have permission to meet during the session of the House tomorrow, October 2, 1975.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

H.R. 9497, AMENDING COMPUTATION OF LEVEL OF PRICE SUPPORT FOR TOBACCO—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 94-271)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 9497, an Act "To amend the computation of the level of price support for tobacco."

Although I am concerned about the hardships that many U.S. tobacco growers have encountered this year due to adverse weather conditions and lower-than-expected export markets, the long-range interests of the grower will be best served by a vigorous domestic tobacco industry which can compete successfully in international markets. H.R. 9497 would be an obstacle in achieving this goal. In the face of slackening world demand for U.S. tobacco, higher prices would make our product less competitive, thus endangering the $1 billion net trade surplus we now enjoy in this commodity.

At a time when we are attempting to reduce inflationary pressures in the economy by holding down the size of Federal deficits, H.R. 9497 would increase budget outlays during this fiscal year and the transition period by an estimated $157 million.

In summary, I believe this bill would adversely affect our tobacco exports, lower farm income in the long run and increase Federal spending at a critical time in our economic recovery.

GERALD R. FORD.

THE WHITE HOUSE, *September 30, 1975.*

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the message and bill will be printed as a House document.

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the message, together with the accompanying bill, be referred to the Committee on Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERSONAL EXPLANATION

Mrs. FENWICK. Mr. Speaker, on last Thursday, September 25, I was absent due to illness when the House considered the bill H.R. 1287. I wish the Record to show that had I been present, I would have voted "aye."

REQUEST FOR PERMISSION FOR THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO MEET TOMORROW

Mr. TAYLOR of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be permitted to meet during the House session tomorrow.

The SPEAKER pro tempore. (Mr. McFall). Is there objection to the request of the gentleman from North Carolina?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON PUBLIC LANDS OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO MEET TOMORROW DURING THE 5-MINUTE RULE

Mr. RONCALIO. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Lands of the Committee on Interior and Insular Affairs be permitted to meet in the afternoon tomorrow during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wyoming?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

REQUEST FOR PERMISSION FOR THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET TOMORROW DURING THE 5-MINUTE RULE

Mr. RONCALIO. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation be permitted to meet tomorrow, October 2, 1975, during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wyoming?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. RONCALIO. Mr. Speaker, I move that the Subcommittee on Public Lands of the Committee on Interior and Insular Affairs and the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation be permitted to meet during the 5-minute rule tomorrow.

The SPEAKER pro tempore. The Chair will inform the gentleman from Wyoming a motion of that type is not in order.

PERSONAL EXPLANATIONS

Mr. BRECKINRIDGE. Mr. Speaker, due to a meeting at the White House concerning the tobacco bill, I was unable to make quorum call No. 547 on Thursday, September 25, 1975.

Mr. Speaker, due to a court hearing in Lexington, Ky., I was unable to be here for the proceedings on Friday, September 26, 1975. Had I been here, I would have voted "yea" on roll No. 552, the amendment to H.R. 6844, Consumer Product Safety Act, that strikes the section expanding the power of the Commission to conduct its own civil litigation. I would have voted "yea" on roll No. 554 to extend the Emergency Petroleum Allocation Act of 1973. I would have voted "yea" on roll No. 555—Federal Insecticide, Fungicide, and Rodenticide Act—which agreed to a motion that the House resolve itself into a Committee of the Whole. Further, on roll No. 557, I would have voted "yea" on the motion that the Committee rise. I would have voted "yea" on roll No. 553, House Joint Resolution 734, the rule under which the bill was being considered.

Mr. Speaker, due to personal illness, I was unable to be here for the proceedings on Tuesday, September 30, 1975. Had I been here, I would have voted "yea" on roll No. 561, the rule waiving certain points of order against the bill H.R. 9861 Defense Appropriation. I would have voted "nay" on roll No. 563, the amendment to H.R. 9861 that sought to add $5 million to the funds for recruiting for personnel counseling services. I would have voted "yea" on roll No. 564, a substitute amendment to H.R. 9861 that sought to restore $15.6 million in funds for Army recruiting activities.

PERSONAL EXPLANATION

(Mr. O'BRIEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. O'BRIEN. Mr. Speaker, yesterday I had the opportunity to meet with President Ford on Air Force I bound for Chicago to discuss problems of grave concern of the Illinois 17th District. Due to scheduling of this meeting, I was unavoidably absent for several votes during Tuesday's session. Had I been able to be present I would have voted "no" on rollcall No. 563 which sought to add $5 million to the funds for recruiting for personnel counseling services and "aye" on rollcall No. 564 which sought to restore $15.6 million in funds for Army recruiting activities. Since the return trip could not be scheduled until this morning, I was not present for today's first vote on the motion to table all further consideration on House Resolution 688, disapproval of the President's pay plan. Had I been present I would have supported the tabling motion.

JIM BUCKLEY WON'T YOU PLEASE COME HOME

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, I read with interest the column of Bill Buckley of September 27 entitled "Honor vs. Politics." In that column he defends his brother, Senator James Buckley who has been criticized recently by the New York delegation for his announced opposition to any Federal intervention in New York's financial problems. Mr. Buckley awarded his brother the badge of "honor" and the Senator's critics, the badge of "politics," setting as opposites these two qualities.

I was one of the Senator's critics. Bill Buckley apparently found particularly unfair my statement quoted in the New York Times that—

> It is regrettable that one of the two Senators from the State of New York should be half-hearted in his support of the people of New York City. If I lived in Connecticut, I might have a distant feeling too.

It particularly rankled Bill Buckley, whose intellect and charm, I admire enormously, that I commented on his brother's Connecticut residence. Columnist Buckley points out,

> He (me) never made such a reference to the previous residences of Senator Robert Kennedy.

This is true, and if I thought that James Buckley would be another Robert Kennedy, I would promise never to raise that issue. But such is not the case. Of course I feel no animus toward Bill Buckley for his onslaught on me in defense of his brother. I would expect no less from my brother. That is what brothers are for—and it is all the better if they have newspaper columns through which to do it.

Now to the issue of whether the Federal Government should be providing any aid to New York City. Most economists and bankers have concluded that whatever happens to New York City in its financial crunch will have a gross impact, affecting every other city and State in our country. Indeed, this is not hard to predict for those who will look see that the impact of New York's present problems are already affecting other cities. The president of Chase Manhattan Bank of Central New York, Dennis Longwell, delivered the following prediction in a letter prepared in Chase Manhattan's corporate offices in New York:

> We feel from both a local and national perspective that temporary Federal support for New York City is of the highest priority. Throughout the country, the capital market

> for municipal securities is in turmoil. It can safely be assumed that any failure by either New York State or City to meet maturing obligations will further erode the national market for municipal securities and cause vital government programs at the state, county and local level to go unfunded through the nation.

Key is the following statement included in the Chase Manhattan letter:

> What we believe to be the only viable alternative is a temporary substitution of Federal credit for the city's, in order to insure the marketability of city debt until investor confidence is restored by a year or two of demonstrated performance in meeting the targets which have been set forth.

What the New York delegation is asking for is not a permanent financing of New York City's bonds, but a temporary substitution of Federal credit for the city's credit. To receive this guarantee it is reasonable that the city of New York meet certain budgetary criteria imposed by the Federal Government to provide reasonable assurances that the loans will be paid off. Senator BUCKLEY seems to object to such Federal standard setting. No one wants the Federal Government to run New York City, least of all New Yorkers. But, the city can—like a private business getting a loan—meet certain budgetary procedures and criteria in exchange for a Federal guarantee.

The fact is that with State intervention and limitations imposed on the city of New York, the State legislature has put an end to what has been viewed as extravagant spending. And were the municipal bonds to be examined on their financial merits, they should be salable today. But there is a public lack of confidence in the credit worthiness of New York City. Until a period of observation lapses and confidence is restored, Federal guarantees are necessary. In dealing with the Soviet Union and Europe in SALT talks and at Helsinki, we constantly talked of "confidence building measures": such confidence building measures are what is required today in the urban community and they can only be provided by the Federal Government.

I do not intend to enter in an extended defense of the city of New York and those responsible for having spent moneys in excess of income. But I think it is important to note that the goal of providing decent homes, medical services, education, and jobs for the oppressed who came to the city of New York from the Deep South and Puerto Rico, as well as refugees from other countries was a laudable one. The city of New York's fault was that it sought to do too much and to take on the burdens that legitimately belong to the Federal Government. It was beyond us and while we must acknowledge that our attempts failed both in achieving our goals, as well as understanding the problems involved, we can take a certain pride in having attempted the impossible: yes, we have dreamt the impossible dream. While learning the lessons of life we should never regret our aspirations. They were decent and honorable but not achievable with the means available to us.

Given the need for Federal assistance and the Federal Government's ability to extend such aid without undue meddling in local affairs, one comes to the question of whether the Government should extend such assistance. One has to acknowledge that New York City's problems, while perhaps singular in gravity, are not unique in kind. Other cities are suffering similar problems and find themselves on the same road to insolvency already traveled by New York City. In the past several years our cities have suffered a tremendous toll as a result of the recession in our national economy. The Joint Economic Committee has determined that in fiscal year 1975, 18 States with unemployment rates equal to or above the national average are experiencing severe financial problems. The result is that municipalities are being forced to increase local taxes, reduce municipal employment, impose hiring freezes, and reduce working hours—all in the context of high unemployment in the private sector and expanding welfare rolls. High unemployment in a city—some 12 percent in New York City—is not the result of principally local factors, but of rather national economic problems. Thus, having taken budget cutting steps, it is not inappropriate or unreasonable for localities to look to the Federal Government for some assistance as well.

A Federal guarantee of a particular institution's debt is not without precedent. Ironically, President Ford, who continues to oppose such Federal aid for New York City, was a staunch advocate of the $250 million loan guarantee for Lockheed Aircraft Corp. when it was suffering financial difficulties a few years ago. Indeed, as minority leader he argued on the floor that "the Government is not going to lose a dime because they have all the assets of Lockheed available." New York City having the means to raise revenue is surely a more bankable risk than Lockheed, having spare parts and drawing plans to offer.

During the House Banking and Currency Committee's consideration of the Lockheed loan question, witness after witness testified that Lockheed's debt was not bankable and thus the reason a Federal guarantee was so critically needed. New York City's critics fall short of saying the city's bonds are not bankable but most agree that their marketing would be greatly eased by a Federal guarantee, reducing the cost to the city and not costing the Federal Government "a dime."

Finally, during the Lockheed floor debate, the then Minority Leader Ford argued that the arrangement with the banks to advance Lockheed the additional $250 million with a Federal guarantee had been "finely drawn after much negotiation." He warned if the whole thing fell apart, "you will have the most adverse impact on the economy of the United States. . . ." While President Ford challenges the predictions of the gravity of the impact of a default by New York City on the Nation, I should think that he would agree that this impact would be far greater than that of a Lockheed bankruptcy.

Mr. Speaker, I would propose a twofold response by the Federal Government to the problems of the cities today. First, the immediate development of mechanisms to provide a Federal guarantee for local taxable municipal bonds to aid on a temporary basis cities that are having difficulty marketing their own tax free municipal bonds. This would give cities two options: the continued marketing of tax free municipal bonds and the temporary substitution of Federal credit for local credit through federally guaranteed taxable municipal bonds. By the very nature of such a dual option system, when investor confidence in a city's finances has been restored, purchasers will return to the tax free bond. In the meantime, the Federal guarantee and thus aid would be provided if the city has met certain standards to assure that anticipated revenues in a city meet expenditures, and short-term borrowing has been reduced.

My second proposal is a longer term one; that President Ford sponsor a national conference before the end of the year on the problems of our cities. Such a conference, patterned after the economic conference held last fall in Washington and the White House conferences in previous years on aging, children and youth, the industrial world ahead, and food and nutrition and health, would provide a needed total examination of the problems, assets and changing circumstances of our cities today. No such White House Conference has ever been held even though our cities have undergone dramatic changes in the past decade and the Conference would relate to the lives of the greater majority of our population.

I should suggest that included in the conference's consideration should be the impact of our cities of national economic problems, rising local tax burdens, increased demands for social services, municipal labor relations, changes in educational patterns, sanitation and pollution problems, racial relations and transportation. An assessment must also be made of local versus State and national responsibilities in providing social services, local municipal management, and the impact of technological changes on rural versus city living patterns.

President Ford may wish to ignore New York City's crisis and the similar crises of other cities. Senator BUCKLEY may urge that the Federal Government not get involved in such "local" problems. But our society and economy are too closely knit for such ostrich in the sand, hands off, attitudes. The problems of our cities are similar, varying only in magnitude, and impacting on each other and eventually the whole country, rural and urban alike. They bring to mind John Donne's famous statement of 1623 commencing with:

> No man is an island, entirely of itself.

And concluding—

> Therefore never send to know for whom the bell tolls; it tolls for thee.

JIM BUCKLEY, won't you please come home.

A NEW APPROACH TO RESTORING CONSTITUTIONAL POWERS TO "PROTECT LIFE"

(Mrs. SULLIVAN asked and was given permission to address the House for 1 minute, to revise and extend her remarks and include extraneous matter.)

Mrs. SULLIVAN. Mr. Speaker, as Members of Congress, we are obligated to frequently make decisions which are both difficult and troublesome. At times it would be much easier and perhaps politically more expedient to ignore such concerns. However, there are crucial issues which demand action. Although the House of Representatives as a whole has failed to address the Supreme Court decision of January 22, 1973, legalizing abortion on demand, the people of this country continue to denounce that decision. As legislators and representatives of the people, we can no longer remain outside of this controversy.

Today, I am introducing a constitutional amendment which protects life, including the unborn. Due to the legal expertise of Prof. John J. Noonan of the University of California, the wording of this amendment properly speaks to the concerns of many.

First. It is an amendment which is pro-life, empowering the law to protect life from its very beginning. The protection of the unborn is included in the Constitution.

Second. It is an amendment which negates the holdings of the Supreme Court in Roe against Wade and Doe against Bolton.

Third. It is an amendment which is pro-States' rights restoring to the States the power taken from them by the Supreme Court.

It is my belief that this amendment incorporating the testimony of John Noonan before the Senate Subcommittee on Constitutional Amendments merits the enthusiasm of all of those already committed to the pro-life movement.

The American Citizens Concerned for Life has endorsed this amendment and hopefully many others will join their ranks.

This amendment is not a retreat from the so-called human life amendments which I also support. It is, however, a new approach which may be more acceptable to those of us who are undecided. It is my sincere hope that this measure can be a vehicle for advancing a concern of primary importance—the sanctity of life itself.

The following is an explanation of what the amendment does and does not accomplish:

Amendment XXVIII

The Congress within federal jurisdictions and the several States within their respective jurisdictions shall have power to protect life, including the unborn, at every stage of biological development irrespective of age, health, or condition of physical dependency.

WHAT THE AMENDMENT ACCOMPLISHES

1. The Amendment negates the holdings of the Supreme Court of the United States in *Roe* v. *Wade* and *Doe* v. *Bolton* that the Constitution of the United States is violated by law which penalizes the killing of unborn life. Under the Amendment, Congress in all places particularly governed by federal law, and the States within their own borders, are empowered by the Constitution to protect life, born or unborn.

2. The Amendment negates the teaching of the Supreme Court in *Roe* v. *Wade* that life in the womb, prior to viability, is no more than "a theory of life," incapable of protection of law. Under the Amendment, Congress and the States within their respective jurisdictions may protect life from the beginning of new life.

3. The Amendment negates the teaching of the Supreme Court in *Doe v. Bolton* that the law must always prefer a physician's prescription for the well-being of a mother to the life itself of her child. Under the Amendment, the law may protect the child, although he or she is within the womb and physically dependent on the mother.

4. The Amendment negates the teaching of the Supreme Court in *Roe* v. *Wade* that "capability of meaningful life" is a criterion by which the protectability of life is to be determined. The Amendment assures that federal or state legislation protecting the life of the aged, the mentally-afflicted, or the chronically ill cannot be declared unconstitutional by application of such a criterion. Under the Amendment, life may be protected irrespective of the health, physical or psychological, of the life being protected.

WHY THE AMENDMENT DOES NOT ATTEMPT MORE

1. The Amendment does not make abortion murder. In Anglo-American legal tradition, discrimination has always been made between the crime of murder and the crime of abortion. No good reason eixsts to end the traditional distinction.

2. The Amendment does not outlaw any particular acts of abortion. In the federal structure of the United States, it has been the responsibility of the States to design the protection of life within their borders, and the responsibility of Congress to protect life in federal areas. No good reason exists to alter the traditional allocation of responsibilities.

3. The Amendment does not mandate a particular or uniform degree, level, or kind of protection. A Constitution is not a criminal statute. If an Amendment is to act at a Constitutional level, it is not the appropriate place to incorporate the details and qualifications of a specific criminal law.

4. The Amendment does not make contraception an act which Congress or the States may prohibit under the Amendment; it does not overturn *Griswold* v. *Connecticut*. Contraception is directed to the prevention of life. The Amendment authorizes the law to act from the beginning of new life.

THE ADVANTAGES OF THE AMENDMENT

The Amendment is modeled on the Sixteenth Amendment, overturning the decision of the Supreme Court in *Pollock* v. *Farmers' Loan and Trust Company*. The Amendment, therefore, conforms to an established pattern in which a decision of the Supreme Court is negated by Constitutional correction.

The Amendment is pro-life. Empowering the law to protect new life from the beginning, it creates the expectation that life will be protected.

The Amendment is pro States' Rights. Restoring to the States the power taken from them by the Supreme Court, it gives the state legislatures the opportunity to shape the protection of life.

The Amendment is pro-People. Returning to the People what was taken from them by the decision of the Supreme Court, it gives the People power to safeguard the lives of future generations.

The Amendment is general enough to have the breadth, dignity, and freedom of detail appropriate for the Constitution.

The Amendment is specific enough to restore the protectability of life within the womb.

The Amendment is moderate enough not to permit *ad terrorem* arguments by advocates of abortion who will try to stretch the language of any proposed Amendment to make it appear mischievous or monstrous.

The Amendment is strong enough to withstand interpretation by a judiciary likely to be initially unsympathetic to its purpose.

The Amendment is conservative enough to satisfy not only the defenders of life but the proponents of States' rights and the critics of judicial radicalism.

The Amendment is bold enough to win the enthusiasm of everyone dedicated to the elimination of the holdings and teachings of *Roe v. Wade* and *Doe v. Bolton*.

A TRIBUTE TO EARLE CABELL

The SPEAKER pro tempore (Mr. McFall). Under a previous order of the House, the gentleman from Texas (Mr. Roberts) is recognized for 60 minutes.

GENERAL LEAVE

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order, the life, character, and public service of the Honorable Earle Cabell and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROBERTS. Mr. Speaker, it is with a mixed sense of pride and sorrow that I rise to speak in behalf of the memory of a civic leader, a colleague and one of my dearest friends, the late Earle Cabell.

I know I speak for the Texas delegation as well as the entire U.S. House of Representatives in mourning his death Wednesday, September 24, in a Dallas hospital.

I was privileged to serve in the House with Earle Cabell during the 88th, 89th, 90th, and 91st Congresses where he represented the Texas Fifth Congressional District. He was a dedicated spokesman and tireless worker for his district.

My friendship with this outstanding member of a pioneer Texas family goes back many years prior to our joint service in the House, back to the years when Earle Cabell and his brothers launched a budding dairy business in northeast Texas.

Earle Cabell's dedication to duty and service was a matter of family tradition. His grandfather was a Confederate general during the Civil War. His father served as both sheriff of Dallas County and mayor of the city of Dallas. Congressman Cabell's brother, Gen. Charles P. Cabell, once served as Assistant Director of the Central Intelligence Agency.

Born on a farm in Dallas County, Earle Cabell graduated from North Dallas High School, attended Texas A. & M. University and Southern Methodist University. With his two brothers he organized Cabell's, Inc.; served as secretary-treasurer, executive vice president, president, and chairman of the board of Cabell Dairies. He also served as chairman of the board of Patio Party Products, Inc., and the Trolex Corp.

Although he was a tremendously successful businessman and a devoted family man, he was ever mindful of his civil duty. He was elected mayor of Dallas in 1961 and served in that capacity until he was elected to Congress in 1964.

During his tenure in the House of Representatives, I was honored to work with him in passage of legislation vital to Texas and the Nation. Those of you who also served with Earle Cabell will attest to his vast knowledge of the issues before the Congress and his willingness to explore all avenues in seeking viable solutions to local and national problems.

Earle Cabell once said:

> The only man who is really ever defeated is the man who quits—the man who stops trying.

In the words of one of his hometown newspapers the Dallas Morning News:

> On that count, Cabell never met defeat, for he never quit trying, striving, reaching for the goals he set for his city. And on that count, too, Dallas has been the winner.

Because of his devotion and service to the Nation, to his home State, and his beloved hometown, I am proud to have been instrumental in the changing of the name of the Federal building in Dallas to the Earle Cabell Federal Building 2 years ago.

My deepest condolences go to his family at this time, especially his beloved wife, Dearie, who was such a source of inspiration and support during his entire distinguished career of public and private service.

Mr. COLLINS of Texas. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. I yield to my good friend from Dallas, the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, America lost a great citizen when we lost Earle Cabell of Texas. Many of you served with Earle during his four terms in Congress.

Those of us in Dallas who have known Earle all of our lives always thought of Earle Cabell and Dallas, Tex., in the same spirit. Earle was mayor of our city, his father was mayor, and his grandfather was mayor of Dallas. The legend of the Cabells in Dallas is part of our history. It includes old General Cabell who came back from the Civil War. It includes Sheriff Cabell who kept law and order in the growing frontier community.

Earle Cabell carried on the Cabell tradition. He was loyal and dedicated to everything that made our community a more progressive city in which to live.

Earle Cabell was a great legislator because when he ran the city and when he voted in Congress, his stand was one of commonsense. Cabell stores which featured the best milk and the most delicious ice cream were known in every neighborhood of Dallas. He was a civic leader as he served as president of the Texas Manufacturers Association and the Dallas Crime Commission. When we had a community drive, Earle was always in the forefront.

Earle was a plain spoken man and it was easy to work with him because you always knew exactly where he stood.

We all love Dearie. No matter how intense the pressure, Dearie always kept her equilibrium. And all of us here in Congress join all of Cabell's friends and neighbors in Dallas in extending to Dearie our warmest and deepest sympathy on the loss of Earle Cabell. He was a great personal friend and I will always cherish the years that I served with Earle in Congress. Earle was an excellent Congressman and he was a great friend. Texas has lost one of her finest sons, but the memory of Earle Cabell will be with us always.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. Yes, I yield to the gentleman from Texas.

Mr. POAGE. Mr. Speaker, as one who comes not from Dallas, but from that portion of Texas which is influenced by that great city, we knew Earle Cabell. We admired Earle Cabell, and we loved him.

I am reminded of the requirements of the military and the armed services schools now, when they give a grade on the whole man.

Earle Cabell was one of those who met the measure of the whole man. He was not simply a great legislator, although he ranked highly in this House. He was not simply a great community leader, although he contributed much to the building of a great city. He was not simply a great businessman, although he had a great deal to do with the establishment of one of the fine business institutions of north Texas. He was not simply a friend well met, although he was a lovable character and one with whom we all enjoyed to visit.

Mr. Speaker, he was and he exemplified the whole man. He was a citizen of the United States. He was a builder of Texas. He was a pillar of strength in the House, and he was the friend of all of those who knew him.

Reference has been made to his beloved wife, and we all love Dearie. We extend to her our sincere sympathy and join her in the feeling of loss of this great leader.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. Yes, I am pleased to yield to the gentleman from Texas.

Mr. BROOKS. Mr. Speaker, I join my colleagues today in paying tribute to our former colleague and my close and cherished friend, Earle Cabell.

While I concur with those who cite his outstanding public service, his dedication to the people of Dallas, of Texas, and all of the United States, I feel his real greatness lay elsewhere. The public man established a record that few people ever parallel, but Earle Cabell had no peer when it came to his love of people, particularly his family and his friends. It is rare, indeed, that a busy, overworked public servant can completely meet his responsibilities to his family. Earle Cabell was able to do so and to spread that attention and concern to his friends and neighbors as well.

Earle Cabell was a great American. He also was a great father, a great husband, and a great friend. His lovely wife, Dearie, his son and daughter miss him, as do those of us who were honored to be his friends.

My wife, Charlotte, and our children will always recall with deep love and affection our moments with Earle and Dearie.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. Yes; I yield to the gentleman from Texas.

Mr. MAHON. Mr. Speaker, I thank my friend, the gentleman from Texas (Mr. ROBERTS), for yielding.

I want to join in the expression of sorrow and regret over the passing of a great Texan and a great American.

Earle Cabell performed nobly for his city, for his State, for the Nation, and for the Congress.

He was a tower of strength in his home city of Dallas. I join my colleagues in words of praise and reverence for the memory of this distinguished friend and extend deepest sympathy to his lovely wife, Dearie, and all the family.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. I yield to my colleague from Texas.

Mr. WHITE. Mr. Speaker, I want to join my other colleagues in commemorating and remembering a man of great heart, Earle Cabell. I did not have the priviledge of knowing Earle prior to coming to the Congress. Earle was the mayor of Dallas during a very critical time in the history of that particular city and demonstrated his good judgment at that time. He kept good order and he very well demonstrated that quality to the Members in the Congress when he came into the 89th Congress. I was one of the freshmen here at that time. Throughout the years that I served with him Earle certainly continued to demonstrate those good qualities and good commonsense.

His daughter and son-in-law were fortunate at that time to come to El Paso, my hometown, and Earle would come there to visit in what to him must have been a foreign city and he learned our particular style. We had many conversations about that.

I have great admiration for his entire family and certainly his wife Dearie, who is a woman who would have been called a pioneer lady in the old days. She demonstrates that gentility and formality and yet durability that was certainly characteristic of those people.

Again I thank the gentleman from Texas (Mr. ROBERTS) for giving me this opportunity to remember our friend.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. I yield to our colleague the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, of all the men I have served with in the Congress, Earle Cabell comes closest to being the person who most steadfastly held to his ideals. He was strong in his beliefs and was willing to debate and fight for them.

His independent nature and outspokeness left on imprint not only on the business community of Dallas, Tex., but also as mayor of that city. As businessman and public servant—in both arenas—he established an enviable record. His expertise in the business world and city affairs prepared him uniquely for his service in the U.S. Congress. He had not only known the experience of meeting a payroll in the early days of his public career but understood the needs of modern urban areas for such complicated issues as transportation, housing, and social services.

Rarely have we had a man come to Congress so qualified in advance. And, to complement this good man he had a wonderful partner in his dear wife, Dearie, who always gave support and help. Not only is Dearie lovely and a great lady, but she was also an active and effective participant in Earle's efforts to serve his city and country.

Earle Cabell was a gentleman at all times and one of the truely genuine Americans of our day. The major will be missed here and everywhere that men enjoy freedom.

It was often said that Earle Cabell would fight a buzz saw, and he would if he believed in something, or in some one. But he was equally compassionate and understanding if he was convinced of that sincerity. One thing for sure, you never had any doubt where Earle stood on anything—unless you could not hear or understand in the first place.

Mrs. Pickle and I will always remember our association with this good man, particularly our trip to Williamsburg with Earle and Dearie was a memorable event—never to be forgotten.

Here I learned to know Earle perhaps as I had not previously. He knew what was worth seeing at Williamsburg and he could put proper value on it for this man was steeped in American history. Perhaps Earle was no saint—but this I know: When the roll is called up yonder, Earle will be there. He lived a productive life helping others—what more could we ask?

Mr. GONZALEZ. Mr. Speaker, I am saddened to know of his passing, for Mr. Cabell had endeared himself to us all. He was a distinguished son of illustrious lineage. He became an excellent Congressman after he had served as the mayor of the great city of Dallas.

I wish to share in the expressions of sentiment so eloquently put forth by my colleagues today and wish to extend my sincere condolences to Mrs. Cabell and the family.

Mr. TEAGUE. Mr. Speaker, a few days ago Texas lost one of its finest products, the Honorable Earle Cabell. He was a former mayor of Dallas, an astute businessman, and a most distinguished former Member of this body. I am proud to be able to say that he was also my friend.

Earle's body was laid to rest, but his memory lives with all those that knew him. In his memory I would like to have a recent article reprinted here that appeared in the September 25 Dallas Times Herald.

The article follows:

Political Fighter Cabell's Funeral Slated Friday

(By Ron Calhoun)

Services for former Congressman and Mayor Earle Cabell, who died Wednesday after a long struggle with emphysema, will be at 11 a.m. Friday at St. Michael and All Angels Episcopal Church.

A private burial will follow at Restland Memorial Park.

The son and grandson of Dallas mayors, Cabell served as the city's chief executive from 1961–64 and was 5th District U.S. Representative from 1965–73.

A conservative Democrat, he was known as a "fighter" in the local political wars for almost three decades.

But he also was well known in Texas business circles for many years. With his late brothers, he founded Cabell's, Inc., a dairy and drive-in grocery firm, back in the mid-1930s.

It grew from a small enterprise, best known for its five-cent double-dip ice cream cone during the depression years, to a $19 million business by 1959 when it was sold to the Southland Corp.

Cabell died at 11:15 a.m. Wednesday in St. Paul Hospital. He had suffered from what his doctor described as "congenital emphysema" for some time. A hospital spokesman said Cabell had been "in and out of St. Paul over a period of about four months" before he died.

Survivors include his wife, the former Elizabeth "Dearie" Holder; a daughter, Mrs. William Pulley of El Paso; a son, Earle Jr. of Denver, and five grandchildren.

Pallbearers are R. O. Alexander, Dr. Louis C. Johnston, City Councilman Garry Weber, Dr. Murphy Bounds, David Condray, Woodrow W. Pugh, Hugh G. Hart Jr., Thomas W. Massey Jr., Sid Pietzsch, James N. Tardy and Harry Crutcher III.

Pietzsch headed Cabell's Dallas congressional office for many years.

City flags were lowered to half staff in Cabell's honor. They also were at half staff at the Cabell Federal Building, named in his honor in 1973.

After his election to Congress in 1964 over former U.S. Rep. Bruce Alger, Cabell was able to carry out a campaign pledge to free funds for the long-delayed federal building.

Expressions of sympathy for the family and praise for Cabell came from longtime friends and associates.

U.S. Rep. Olin "Tiger" Teague recalled Cabell's first committee assignment in Washington—the District of Columbia Committee which oversaw Washington municipal activities.

"He was the most ideally suited member of Congress for that job. Having been mayor of Dallas he knew what it was all about. It was a difficult job and Earle made a great contribution to it," said Teague.

"I don't believe I ever met anybody more dedicated to their purpose than Earle Cabell," said former Mayor Pro Tem Carle Welch, who served under Cabell when he was mayor.

"We were able to discuss things openly, and although we had differences of opinion at times, we never differed in the goals we were trying to accomplish," Welch said.

U.S. Sen. Lloyd Bentsen said although Cabell's death "saddens each of us, he leaves a legacy of service that will be long remembered."

Weber, who headed a group of young businessmen for Cabell in his early campaigns, said Dallas had lost "a great leader and I have lost a good friend."

"Our city can never forget the achievements of Earle Cabell or the benefits of his leadership in business and civic life as mayor during one of the most difficult periods of our history, or as an outstanding congressman," Weber said.

Crutcher, who served as Cabell's administrative assistant during his early years in Congress, said, "I knew the public Earle Cabell and the private Earle Cabell. The hallmark and virtue of the man was that he loved Dallas. His efforts and energies were dedicated in a manifestation of that love."

Present Mayor Wes Wise said Cabell was always "responsive" and had a knack for "getting things done."

"He continued to do things for the benefit of Dallas long after his service as mayor," Wise said.

U.S. Rep. Ray Roberts, D-McKinney, said Cabell was "a great spokesman for Dallas and Texas.

"I knew him very well as a businessman and mayor of Dallas and as a colleague in the House of Representatives. The country has lost a great man and spokesman for the better things our country stands for," Roberts said.

County Democratic chairman Manuel DeBusk said Cabell's death was "a great loss to Dallas County because he contributed so much during his lifetime."

State Rep. Jim Mattox, who once served as a summer intern in Cabell's Washington office, said he had wanted to ask Cabell's help in a campaign he is planning next year in the 5th District.

"He was a man who contributed to the betterment of the community," said Mattox. "He provided strong leadership in Dallas following the Kennedy assassination."

Cabell was a "wonderful mayor, a great congressman and above all a great American," said County Court-at-Law Judge Fred Red Harris.

Earl Luna, who was county Democratic chairman while Cabell was in Congress, said Cabell was "one of the finest business leaders we have ever had in this area, and I thought he did an outstanding job as mayor."

"He was one of the outstanding members of Congress and quite properly reflected the views of his constituency. He was one of the few people I've known who didn't know how to do a bad job."

Steelman said although he and Cabell "waged a spirited campaign" against each other in 1972, he always held Cabell in the highest regard.

"His family has always exemplified dedication to duty," Steelman said. "Earle's example as a capable and concerned public leader is one that many of us should follow."

Mr. WRIGHT. Mr. Speaker, I am saddened as a neighbor, as a former colleague and as a friend over the death of Earle Cabell.

Mr. Cabell had a truly distinguished career which might in fact be described as several careers. Eminently successful in business, he devoted the last portion of his active life to public service. He was an outstanding mayor of Dallas, a neighboring city to mine.

It was his farsighted leadership and determined effort which, among other things, resulted in one of the first and best low-cost housing projects in Texas. Many thousands of citizens at the lower end of the economic spectrum, including many of the minority ethnic groups, are and have been the beneficiaries of his vision in the field of low-cost public housing.

As a Member of Congress, Earle Cabell was in every sense a serious and dedicated legislator. He gave to the task his full time and undivided energies. He and his beloved wife, Dearie, were an inseparable team whom all of us came to love and respect.

After having given several years of his time and talents to city government, Earle had no real desire to devote himself to those pursuits while in Congress, but his rich background and experience made it only natural for the Speaker to ask him to serve on the House Committee for the District of Columbia.

There Earle Cabell dipped into his own well of experience to provide insight and guidance during the period of transition for the citizens of the Federal district to a home rule city. Many of the hundreds of thousands who live here, some of whom no doubt do not recall his name, owe a debt of gratitude to Earle Cabell.

His advice was always good. His counsel was always frank. His friendship was always genuine. Some of us knew him personally and socially as a hunting companion or as a fierce competitor at gin rummy.

In everything that he did, the juices of humanity flowed freely through the life and style of Earle Cabell. He will be sorely missed, and he will be long remembered by those of us who were privileged to share the rich treasure of his friendship.

Mr. ROBERTS. Mr. Speaker, I want to thank my colleagues for joining with me at this time in memory of our late colleague Earle Cabell.

Again, Mr. Speaker, I want to renew my request in case some of the Members did not hear it, that all Members may have 5 days in which to revise and extend their remarks.

STATEMENT ON ENERGY LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 15 minutes.

Mr. MICHEL. Mr. Speaker, it is said that Nero fiddled while Rome burned, but the legend's modern counterpart is slightly different. The Democratic Congress is fiddling around while America is running out of fuel to burn.

And we are running our of fuel. Domestic production of crude oil has shown a steady decline throughout the year, and is now just about 8.3 million barrels per day. Last year at this time, it was about 8.6, the year before that 9, and the year before that 9.5. Our need to import petroleum thus grows daily, and our dependence on Arab and other nations increases. We now import almost 7 million barrels a day, and the OPEC nations, exploiting their monopoly position, have just announced another price hike.

Natural gas shortages are even worse than crude oil shortages. It is projected that shortages for 1975–76 will be 19.4 percent, up from 13.5 percent just 2 years ago. U.S. gas reserves have declined by almost 25 percent since 1967, and marketed production drops continue this year.

Coal is the one fossil fuel we have in abundance in this country, but coal production is stagnant. Nuclear power has great promise, but construction of nuclear powerplants continues to lag far behind what is needed; our uranium mills are operating at a fraction of their capacity, and most of the enriched uranium production in this country is still exported abroad, simply because we do not have the facilities to use it.

Writing in the current issue of Petroleum Today, Dr. Paul H. Giddens, president emeritus of Hamline University, traces the history of the American energy industry, and notes that there have been other crises, which have always been overcome by American ingenuity and technology. At the conclusion of his article, he asks:

> Can science and technology again make the United States more self-sufficient in oil and energy? The answer is yes.

That is correct. They can. But that is not to say that they will, and indeed they will not, unless the politicians and the Government allow them to. "Given a chance," Giddens says, "today's scientists and technologists will again make breakthroughs."

But they are not being given a chance, because the Congress, through its muddleheadedness and inaction have stifled the whole process. We need to get off our duffs, and we need to do it quickly, or there will be hell to pay.

The origins of the energy crisis are many and complex; they are geological, economic, and technological in nature. But as to the perpetuation of the crisis, there is one overriding cause and it is politics.

It is time for the politicians to start acting responsibly, and to take that action which is desperately needed. If we do not act now, we will be condemning the American people to a generation of energy shortages.

Today, I am announcing my support and sponsorship of four separate measures which will move us in the direction of ending the energy crisis. In so doing, I call upon the Democratic leadership in Congress to move speedily and forthrightly on these bills, and to end their session-long record of confusion and inaction.

Three of the bills relate in turn to our three vital fossil fuels: oil, natural gas, and coal. The fourth is designed to remove some of the institutional impediments to action on energy by the Congress.

The first bill (H.R. 9777) goes to the heart of the petroleum supply problem. It would phase out, over a 39-month period, price controls on crude oil. Price controls clearly have not worked. They have brought about a decline in oil production which has served to increase our dependence on foreign sources, the price of which is controlled not by us and not by the market, but by an international cartel of unstable oil-producing nations which has shown no compunction at all about constantly raising prices. Because of their monopoly position, they have been able to get away with it. But the best way to fight a monopoly is to give it competition, and by stimulating our domestic production operations through the decontrol mechanism we will be doing precisely that.

The bill would also phase out controls on natural gas liquids, or propane, on the same schedule, and would reduce confusion and redtape by streamlining and clarifying provisions for the many exemptions from oil and LNG controls which are part of existing law.

In addition, the bill would assure that revenues received by oil producers were in fact invested in supply-increasing activities, by imposing a deregulation or "windfall profits" tax set at 90 percent of the difference between the sales price of a barrel and the price at which that barrel would sell if it were controlled. The only avenue by which producers can mitigate the effect of the tax is by reinvesting their profits in creation of new supplies. If a producer acts responsibly in this regard, he will be forgiven up to 50 percent of the tax. Thus, this so-called plowback provision provides a powerful incentive for increasing domestic oil supplies, which ought to be the end of all oil legislation.

The second bill (H.R. 9708) deals with natural gas, and is aimed at alleviating both immediate and long term shortages of that vital energy source. It provides emergency measures to minimize the effects of natural gas shortages this winter combined with a permanent phased-in deregulation of new natural gas beginning July 1, 1976.

Under the emergency provisions, consumers of natural gas would be permitted to acquire supplies in the coming months at market prices. This action will particularly affect industrial users, and should serve to prevent massive layoffs and factory closings which may result this winter if nothing is done.

Deregulation will occur as a single stroke in terms of the legislation, but the effect will be a phased approach, because it would apply only to new gas—gas committed to interstate commerce for the first time, gas from expiring contracts or gas from new wells. Many contracts run for as long as 20 years, and thus serve as protection against sudden sharp increases in consumer prices.

The third bill (H.R. 9906) is very close to my heart, because it deals with coal and our need to greatly increase our utilization of this, our most abundant fossil fuel. Substantial increases in coal usage will be good economic news for the 18th District and the State of Illinois, which has the second largest reserve of coal of any State in the Union, over 65 billion short tons. This bill provides incentives to double the current production and utilization of coal, including its substitution for other energy sources, establishing and maintaining compatibility between energy and environmental goals and insuring the adequacy of coal transportation systems and skilled manpower availability.

Powerplants and large industrial boilers would be required to convert to coal to the fullest extent practicable. The environmental overkill of the Clean Air Act would be mitigated, but there would be assurance that appropriate environmental goals, such as air quality standards needed to protect the public health, are maintained. The principal method utilized by the bill in this regard is greater flexibility in the method of environmental improvement.

It thus assures that an orderly approach to a number of promising new antipollution technologies can occur.

An important aspect of the bill relates to the transportation of the increased coal production. At present, our railroad system is incapable of handling large new volumes of coal, and this bill contains tax advantages and low-cost loans for railroads who seek to construct or improve facilities to be used primarily for coal transportation.

The bill also deals with the need for advanced mining technology research, manpower problems, and research and pilot demonstration projects having to do with the reclamation of mined-out land.

It is my opinion that this is the most constructive coal bill ever offered, and one of the most important energy bills to come before the Congress.

The fourth and final bill in this series—House Resolution 123—is designed to clean up the energy mess in the Congress. I have referred earlier to the appalling lack of action on energy here on Capitol Hill. To some extent this is due to philosophical and policy disagreements, but it is also a result of inefficient organization with regard to energy matters.

The executive branch recognized years ago that it needed a centralized agency to deal with energy, and so the Federal Energy Office was created. But in the Congress, we are still faced with a maze of overlapping committees, a situation which leads to jurisdictional disputes, fragmented consideration of energy legislation and intercommittee jelousies.

We desperately need to sort this out, and assign clear lines of authority on this vital subject matter. Therefore, a part of my package is a resolution to create a new Select Committee on Energy. Instead of dozens of separate committees and subcommittees all fighting for a piece of the energy action, we would have one committee in charge. This would go a long way toward reducing the confusion in Congress and clear the way for a comprehensive energy policy.

A solution to the energy crisis is desperately needed. These four bills represent significant steps toward that solution. Congress can repair its shoddy energy record by passing them. More importantly, it can do an immense and lasting service to the Nation, and lead the way to a new era of energy abundance with reasonable prices.

It is not too late for that, but it soon may be. If we delay much longer, we will be remembered for generations as the Congress that turned off the lights, failed to recognize a desperate national need, and fiddled away its opportunity to set things right and prevent the coming energy disaster.

REMARKS ON DISAPPROVAL OF PRESIDENT'S PROPOSED 5-PERCENT PAY RAISE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, I may be a cry in the wilderness, but I rise in opposition to the administration's alternative 5-percent pay plan and in favor of the recommended 8.66-percent pay raise.

We have heard the arguments for and against the alternative plans in committee and today before the full House. A few facts remain constant: The President's agent—the OMB—says a 5-percent limit is improper; the President's Advisory Committee says a 5-percent limit is improper; the Federal Employees Pay Council says a 5-percent limit is improper; the Federal Pay Comparability Act of 1970 says such a limit is improper. Congress should say the 5-percent limit is improper—but it will not.

One reason—and I do not hesitate to say it—is politics. The President has his reasons for proposing 5 percent, but Congress will not disapprove the 5 percent for different reasons. The reason Congress will not vote for House Resolution 688 is that it is afraid to vote itself a justifiable pay raise. There is no doubt the general schedule Federal employee deserves the 8.6-percent pay adjustment. The Federal employees will not receive the increase they deserve because Congress is in the precarious position of being on record favoring a pay raise for themselves but now do not want to appear too greedy.

The Senate demonstrated that they do not consider themselves worthy of a proper pay adjustment even though Congress has not had one in 6 years. I think every Member of the House should vote for the amount he or she feels they are worthy of. We are forcing ourselves into a position of telling citizens they will be represented by the rich—or if they are not rich, then less than honest politicians. The economic demands this job will soon make it unfeasible for a person of average means to run for Federal office.

That is the politics of the vote. There is another reality I think we should consider. With the gap in pay growing between comparable private sector jobs and Government jobs, we can look forward to having the Government run by temporary, less qualified workers in the future. In Alaska, the plight of our Federal workers has already advanced to an acute stage. The cost of living in Alaska is the highest in the country. First, the Civil Service Commission saw fit to reduce the cost-of-living allowance for Anchorage by 2.5 percent for Federal employees. Now we are asking them to be the sacrificial lamb in the fight on inflation.

I have personally talked to Federal employees in Alaska who say they have no choice but to leave their jobs. Some take jobs in the private sector, some move completely out of the State. The Federal Government is very heavily involved in Alaska as you know. Alaska is a storehouse of resources and in many ways the key to energy independence for the United States. If a mass exodus of qualified, experienced Federal employees occurs, Alaska and the Nation will suffer for it. No amount of money could buy that back.

Let us put politics aside and look to the future. I believe it is imperative that House Resolution 688 pass, in fairness to our Federal employees and for the good of the country.

STATEMENT ON PAY RAISES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 5 minutes.

Mr. WHALEN. Mr. Speaker, the focus of my consideration of House Resolution 688, which disapproves the President's Alternative Federal Pay Comparability Plan, was the 24,446 Federal civilian employees who reside in Montgomery County, Ohio. Specifically, in arriving at a decision, I had to answer the question: "which is more equitable for them, a 5-percent or an 8.6-percent wage adjustment?" In addressing myself to this issue, I used three criteria: First, effect of inflation on Federal workers; second, pay adjustments in the private sector; and third, budgetary impact.

1. EFFECT OF INFLATION ON FEDERAL WORKERS

Between October 1, 1973, and September 30, 1974, the Consumer Price Index—CPI—which measures the cost of living, increased 12.1 percent. The Federal pay increase which became effective in October 1974 was 5.5 percent. This means that the executive branch and the Congress allowed the buying power of Federal civilian employees to decline by 6.6 percent between the end of the third quarter, 1973, and the same period in 1974.

Between September 1, 1974, and August 31, 1975—September 1975 figures are not yet available—the cost of living increased 8.6 percent. The Federal Pay Advisory Group recommended an 8.66-percent pay hike. If invoked, this merely would offset the consumer price advances which occurred during the past 12 months. However, if Congress approved the President's 5-percent recommendation, Federal employees' buying power would be eroded by yet another 3.6 percent. Over a 2-year period this would mean a decline of 10.2 percent in Federal worker's real wages.

2. PAY ADJUSTMENTS IN THE PRIVATE SECTOR

The Bureau of Labor Statistics, Department of Labor, advises me that in 1974 the average wage adjustments in the private sector were 9.8 percent—as opposed to the 5.5-percent increase awarded Federal employees. Wage rate adjustments negotiated in the private sector during the first half of 1975 averaged 11 percent for the first contract year. This is 2.33 percent greater than the Advisory Group's 8.66 proposal and 6-percent higher than the salary boost recommended by President Ford. How is this translated in terms of the Dayton area?

Delco, Delco-Moraine, Delco-Air, and Inland blue-collar workers will receive an overall pay increase of 9.6 percent for 1975. This exceeds the Advisory Committee's recommendation by 1 percent and the President's by 4.6 percent.

Standard Register Co. employees were awarded raises of 8 percent in 1975. This is slightly less than the Advisory Committee's proposal but 3 percent greater than President Ford's recommendation.

From the foregoing statistics it is evident that Montgomery County Federal employees, regardless which plan is adopted, will receive substantially less in 1975 than their private enterprise counterparts nationally and locally.

3. BUDGETARY IMPACT

Proponents of the 5-percent salary adjustment argue that this will reduce Federal expenditures—and hence the deficit—by a $1.6 billion. This, however, represents a gross savings, the net budgetary reduction will be substantially less.

Approximately 25 percent of the additional $1.6 billion salary boost will be returned to the Federal Government in the form of income tax payments.

When applying a 2.5 "multiplier"—an economics principle which recognizes that each additional dollar received is respent several times by subsequent recipients—an additional $2.4 billion is added to the Nation's total personal income. Subjecting this additional income to a 25-percent Federal tax rate would yield another $600 million in revenue. Overall, therefore, the effect of an 8.66-percent wage adjustment would cost the Federal Treasury approximately $600 million while, concurrently, providing greater stimulus to a depressed economy.

In summary, the President has asked Federal civilian employees to accept an effective 10.2-percent pay cut over a 2-year period. Too, he has asked them to accept an adjustment which is substantially less than that which private enterprise has accorded its employees in response to inflationary pressures. While sacrifices are necessary in periods of economic distress, Government employees should not be required to bear the brunt of the burden. For this reason, I supported House Resolution 688 by voting against Representative BAUMAN'S motion to table it.

DOD HAS TO EXPLAIN TO CONGRESS ITS $90.3 BILLION BUDGET; SHOULD NOT THE FEDERAL RESERVE HAVE TO EXPLAIN ITS $93 BILLION?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 20 minutes.

Mr. PATMAN. Mr. Speaker, the House of Representatives is currently considering a Department of Defense appropriation bill totaling $90.3 billion.

This $90.3 billion is to provide for the defense of all the citizens of the United States. And no one would deny the importance of this budget.

And yet, Mr. Speaker, every penny in this budget went through the congressional appropriations process. That is, hearings were held on the individual items, changes were made, some deletions were made, some additions were made and Congress, in line with the Constitution, worked its will on the budget for this most important department of our Government.

On the other hand we have an agency—the Federal Reserve System—holding a portfolio of $93 billion—a figure the same size as the Defense Department budget—in its Open Market Committee at the New York Federal Reserve Bank on which Congress has never worked its will.

The Federal Reserve does not come to the Congress for this money and it earns nearly $6 billion annually in interest on these U.S. Government securities out of which it takes its expenses and returns what it pleases to the U.S. Treasury. No congressional committee scrutinizes the Federal Reserve's budget; no congressional committee makes additions or deletions—in short, Congress does not have a word to say about this part of the Federal Government.

Now why is it that the Defense Department which is providing for the common defense of all Americans has to come to Congress and defend its budget while the Federal Reserve—which affects the economic well-being of all Americans—does not?

Why does the Congress, year after year, continue to let the Federal Reserve build up its portfolio of holdings of U.S. Government securities—from $62 billion at year-end 1970 to $93 billion today—without demanding an accounting?

Why does the Congress, year after year, continue to let the operating expenses at the Federal Reserve increase—the operating expenses of the Federal Reserve have increased 70 percent since 1970—without demanding an explanation of the necessity of these increases?

If we demand a line by line justification and explanation from the Department of Defense on their very important budget of $90.3 billion, the very least the Congress can do is make the Federal Reserve account for its portfolio of $93 billion in Government bonds.

Mr. Speaker, I place in the RECORD a copy of a table showing the portfolio of U.S. Government securities held in the Open Market Committee at the New York Federal Reserve Bank and how it has grown since the Federal Reserve began its operations:

Portfolio of bonds held in Open Market Committee, 1914–74 (year-end holdings)

[In millions of dollars]

Year:	Bonds held in Open Market Committee
1914–15	$16
1916	55
1917	122
1918	239
1919	300
1920	287
1921	234
1922	436
1923	134
1924	540
1925	375
1926	315
1927	617
1928	228
1929	511
1930	729
1931	817
1932	1,855
1933	2,437
1934	2,430
1935	2,431
1936	2,430
1937	2,564
1938	2,564
1939	2,484
1940	2,184
1941	2,254
1942	6,189
1943	11,543
1944	18,846
1945	24,262
1946	23,350
1947	22,559
1948	23,333
1949	18,855
1950	20,778
1951	23,801
1952	24,697
1953	25,916
1954	24,932
1955	24,785
1956	24,915
1957	24,238
1958	26,347
1959	26,648
1960	27,384
1961	28,881
1962	30,820
1963	33,593
1964	27,044
1965	40,768
1966	44,282
1967	49,112
1968	52,937
1969	57,154
1970	62,142
1971	70,000
1972	70,600
1973	76,000
1974	81,059

Source: 1974 Annual Report of the Board of Governors of the Federal Reserve System, table 17, page 312.

HEARINGS ON INDOCHINA REFUGEES AND WESTERN HEMISPHERE IMMIGRATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, I wish to advise the House that my Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary has scheduled 2 days of public hearings, October 8 and 9, 1975. Both hearings will be held in room 2141, Rayburn House Office Building, and commence at 10 a.m.

The hearing on Wednesday, October 8, will review the administration of the Indochina Migration and Refugee Assistance Act of 1975. The Congress recently received a comprehensive report required under section 4 of that act, and during these hearings we will discuss the status of the resettlement program and consider any particular problems that have arisen. The Department of Justice and the Director of the Interagency Task Force for Indochina have been invited to appear on this date.

On Thursday, October 9, the subcommittee will continue hearings on H.R. 367 and H.R. 981, bills which would establish a preference system for immigrants from the Western Hemisphere.

Members of Congress and other interested parties who wish to testify on the Western Hemisphere legislation should address their requests to the Committee on the Judiciary, room 2139, Rayburn House Office Building.

CHAIRMAN ANNUNZIO'S CONSUMER WORK PRAISED BY PARADE MAGAZINE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE) is recognized for 5 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, the September 28 issue of Parade magazine, a Sunday supplement which appears in newspapers across the country, carried an interesting article concerning the outstanding work being done by the gentleman from Illinois (Mr. ANNUNZIO).

The article outlines a number of questionable tactics being used by some debt collecting agencies in trying to collect money from debtors. Some of the abuses cited in the article are shocking and border on Gestapo-type techniques.

The article points out, however, that

Congressman Annunzio is planning to introduce legislation that will outlaw these abuses and as Mr. Annunzio is quoted as saying:

> The legislation would either put out of business or put in jail those individuals who view debt collection as a God-given right to engage in any type of ploy or tactic to collect money, regardless of the results of the action.

Since Congressman Annunzio came to the House of Representatives in 1965, he has been a champion of the rights of individuals and has been a strong supporter of consumer legislation. Thus, it was extremely fitting that he was elected chairman of the Consumer Affairs Subcommittee of the House Committee on Banking, Currency and Housing at the beginning of this session. Chairman Annunzio has turned the Consumer Affairs Subcommittee into a dynamic force for consumer legislation and has been responsible for winning many battles to aid consumer causes. For instance, he was successful in getting the Federal Reserve System to rescind a proposed regulation that would have allowed merchants to add surcharges onto all credit card purchases. Had this regulation gone into effect, it would have cost American credit card users billions of dollars a year in excess costs. When Chairman Annunzio brought this matter to the attention of the Federal Reserve Board, that agency responded by removing the proposal, thus providing Mr. Annunzio with another consumer victory.

Mr. Speaker, the Members of this body can be proud of the record established in the consumer field by Chairman Annunzio and his Consumer Affairs Subcommittee. I am including as part of my remarks a copy of the Parade magazine story which appeared in the Washington Post. I urge my colleagues to read the article as it covers an area where consumer protection is vitally needed. Chairman Annunzio's past performance proves that we can depend on his leadership. The people of Chicago are fortunate to have this able Congressman.

The text of the article in Parade magazine follows:

The Unscrupulous Bill Collectors: Pay Up—Or Else!

(By Jack Anderson)

Washington, D.C.—The harsh jangle of the phone jarred her awake. It was the hospital. Her husband had been in a serious car accident; could she come right down?

She rushed downtown, terrified and crying, fearing the worst. A bill collector grabbed her as she burst through the hospital doors. There had been no accident. He wanted payment for furniture that had never been delivered.

Such are the tactics of that unloved species called bill collectors. They harass, threaten, intimidate and cajole until they get your money.

You don't have to be a deadbeat to become one of their targets. Your name could be mistakenly spit out by an impersonal computer. Or you might be dunned for faulty merchandise. Or perhaps you slipped a month or two behind because of an unexpected expense.

Most of the collectors' victims, however, are the poor and powerless—people who cannot obtain bank loans because of minimal assets or unstable employment.

They are driven into the clutches of small loan companies or unscrupulous businessmen who offer easy credit at Pikes Peak interest rates. The collectors don't waste time with hopeless deadbeats, but zero in on well-intentioned people who clearly meant to pay.

BIG BUSINESS

But it doesn't matter to the bill collectors whether you are rich or poor, deadbeat or reliable. They contract with businesses to collect "uncollectible" debts on a percentage basis, and go to work on you. Last year, they collected more than $3 billion.

American shoppers are running up bills at the rate of $150 billion a year. There is an obvious need, therefore, for collection agencies. Most are reputable agencies performing an unpleasant but necessary job. But because of lax regulations, the business is infested with fast-buck artists, small-time thugs and fly-by-night operators.

Some collectors get away with conduct that would make a storm trooper blanch. His first step is to find out as much as possible about the target.

A collector may start out with only the name of the debtor. By using the phone book and a little perseverance, he can usually find a relative. He then identifies himself as an insurance company representative, who wants to settle a claim in the relative's favor. The unsuspecting relative will usually furnish the address and phone number.

The collector then calls the debtor and identifies himself with a parcel delivery service. There is a package at our warehouse for you, he tells the debtor. The nonexistent warehouse, invariably, is on the other side of town, and the package can be claimed only between 6 and 8 a.m. But the bill collector helpfully offers to deliver the mythical package to the debtor's place of employment, thereby discovering where the debtor works.

WHICH BANK?

The next step is finding out where he banks. On the letterhead of an imaginary company, the collector mails a phony bill for $500 to the debtor. There is a phone number to call if he has any question about it. The debtor calls to straighten things out; the collector agrees that it must be a mistake. Then he starts asking questions on the premise that he needs the information to correct the mistake. The information includes, of course, the debtor's bank.

Next, the collector writes the bank, this time using the letterhead of a nonexistent law firm, to request specific banking information on the debtor for an alleged lawsuit.

Armed with all this information, the collector is now ready to close in.

It usually starts with phone calls—maybe 50 to 60 at all times of the day and night. The calls start out courteous, but quickly become insulting.

Then the collector starts calling neighbors, friends, business associates and merchants you do business with. They tell them you are a deadbeat, and they should persuade you to pay the bill for your own good. Often, these acquaintances will pressure the debtor to pay simply to get the collectors off their backs.

In one documented case, a collector started "dunning" a man about a late payment just 24 hours after his home burned to the ground and his 5-year-old son had been admitted to the hospital, for smoke inhalation.

If phone calls do not produce the desired results, the collector may have prominent eviction notices or overdue bill notices posted on your door.

A persistent collector, if he can identify you, may even follow you to a restaurant or other public place and accost you, loudly complaining about the money you owe.

EMPLOYEE'S CHOICE

The most effective tool, however, is to badger your boss. Many harassed employers, rather than put up with the annoyance, tell the employee to pay or get out.

If the hapless debtor still hasn't come across, the collector moves into the last, most deadly phase of his campaign. He will threaten both legal and physical action.

A favorite tactic used by some collectors is to telephone you and announce it's the sheriff's office calling. He asks whether the deputy sheriff has arrived yet to evict you. When you stammer that the deputy has not yet arrived, you are told there is still time to stop the eviction if you pay up at once.

Another trick favored by the money vultures is to call and identify himself as a lawyer retained to file suit against you. If the bill is paid immediately, of course, the papers won't be filed.

Many collection firms have drawers full of phony, legal-looking documents they use to scare the debtors. Some look like "Western Union" telegrams, others like court papers, replete with Old English script and impressive seals.

A Florida man received one of these. He had brought his car into a service station to have the airconditioner fixed. But on the way home from the shop the cooling unit broke down again. He refused to pay the bill.

He subsequently received a "document" in the mail that looked like a summons. It ordered him to appear at a certain address at a certain time. The address, of course, was the home office of the collection agency.

RARE, BUT INCONVENIENT

When a collection agency does file a legal suit—and such cases are rare—the agency will often do so in a different locality. This way, the debtor has more difficulty appearing to defend himself. Some collection agencies use this technique to take advantage of more favorable local laws.

The threats, of course, are sometimes physical. A New Jersey man was told to "pay or else." When he asked "or else what?" he was told or else he would find himself floating down the river, face down.

There have been thousands of cases of debtors who were beaten or robbed at the time when a collection agency was after them. Making the direct link, however, has always been difficult for the police.

There have been documented suicide cases caused by overzealous collectors. The debtor finally cracks, and believing the collector's threats, does the job himself.

Federal legislation is now being drafted by Rep. Frank Annunzio (D., Ill.) to crack down on the shady collectors. His proposal would establish federal guidelines for the collection business, and provide civil and criminal penalties for those who use threats, misrepresent themselves, or engage in harassment.

Annunizo contends that his legislation would not prevent a businessman from collecting legitimate debts in an honorable way. "But the legislation would either put out of business or put in jail those individuals who view debt collection as a God-given right to engage in any type of ploy or tactic to collect money, regardless of the results of the action," the Congressman said.

"NO PLACE FOR THIS TYPE"

"To these people, the end justifies the means, and they are not even interested in finding out whether or not it is a bona fide debt. There is no place in American business for this type of operation, and I intend to do everything in my power to put them out of business."

Annunzio is still gathering evidence against unscrupulous collectors, and wants to hear from any persons who feel they have been abused. You can write him at his office, 2303 Rayburn House Office Building, Washington, D.C. 20515.

SUPPORT FOR SEPARATE PAY RAISE FOR FEDERAL CIVILIAN EMPLOYEES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. EVANS) is recognized for 5 minutes.

Mr. EVANS of Indiana. Mr. Speaker, the issue before this House in dealing with Resolution 688 is exceedingly complex and is for many Members a "no-win" vote.

We are faced with the following dilemma: If we disapprove the President's plan, thereby accepting the 8.6 percent increase, we will be adding an additional $4 billion deficit to the U.S. Treasury. If we vote "no" on the resolution of disapproval thereby approving the President's plan, we will increase the Treasury's deficit by only $2 billion. I find it deplorable that we are requesting the taxpayers of this Nation to foot the bill again for Members of Congress to boost their own salaries.

Let me say that I believe in and support a separate salary increase for our Federal civilian employees—excluding Members of Congress—for persons in our armed services, and for disabled black lung beneficiaries.

We have set up a continuing conflict of interest by including Congressmen and Senators within the ranks of Federal employees. I think it is a terrible error that the present parliamentary situation precludes a straight up-or-down vote, with no ability to separate these votes relating to a pay raise for the general Federal employees, coupled with the pay raise for Congressmen and Senators. This makes it impossible for those who would like to vote for a pay raise for others not to vote for a pay raise for themselves.

While I do believe that the Federal civilian employees deserve a pay raise, this issue cannot be voted on separately; therefore, I cast the only vote of protest which I can by voting "yea" on the motion to table the resolution (H. Res. 688) approving an 8.6-percent pay increase.

THE VIETNAM EMBARGO: A POLICY OF RETRIBUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 10 minutes.

Mr. BINGHAM. Mr. Speaker, the Subcommittee on International Trade and Commerce, which I chair, has conducted two hearings relating to the imposition by the executive branch of a total embargo on U.S. trade with Vietnam—both North and South Vietnam. This embargo was imposed under broad authority granted by Congress to the executive branch in the Trading with the Enemy Act and the Export Administration Act of 1969.

Based upon the hearings conducted by my subcommittee to date, it is my personal conclusion that the administration's economic policy toward North and South Vietnam is one based far more on past realities than present possibilities. It is in a very real sense a policy of retribution and recrimination, rather than one looking toward reconciliation.

For that reason, I have introduced in the House legislation that would lift the administration's trade embargo on Vietnam except, of course, with respect to security-related materials. I plan to reintroduce that bill shortly, and am currently circulating it for cosponsorship by other Members of the House.

Mr. Speaker, we seek certain measures from the Governments of Vietnam—such as full accounting for American MIA's. But continuation of a total trade embargo seems to me to contribute little to achieving that or any other goals we may have with respect to Vietnam. Far from constituting a "bargaining chip," it seems to me to weaken our position. It invites persecution, rhetoric, and retaliation. It encourages expropriation. It denies nothing in the way of critical goods or services to the Governments of Vietnam—all of which are available from other sources. It gives support to those who would portray the United States before the world community as vengeful. It runs counter to our tradition of reconciliation with former enemies.

The administration estimates that private American firms have investments in South Vietnam of about $110 million. About $60 million of that is directly related to petroleum exploration. So far, the Governments of Vietnam have refrained from expropriating this American property. On the contrary, statements by Vietnamese officials and reports from individuals who have visited Vietnam in recent months indicate considerable interest on the part of the Vietnamese Governments in reestablishing commercial relations with American firms.

Nothing in the bill I have introduced would in any way authorize or encourage U.S. Government aid to Vietnam. Major differences between us and the Governments of Vietnam would need to be resolved before any such resumption of Government assistance would be appropriate.

Removal of the trade embargo proposed by my bill, however, would ease restrictions on humanitarian assistance to the people of Vietnam which private humanitarian organizations wish to provide. Hearings before the International Trade and Commerce Subcommittee indicate that the embargo is being used by the administration as a basis for severely restricting such humanitarian assistance offered by private groups such as the American Friends Service Committee, the Mennonite Central Committee and the National Council of Churches who have long been engaged in humanitarian work in Vietnam. Such restrictions seems to me both morally indefensible and counterproductive to our hopes for reestablishment of normal relations with Vietnam.

I urge my colleagues in the House to give their support to legislation to lift the U.S. embargo against Vietnam.

Mr. Speaker, the text of my bill to lift the embargo on Vietnam, a list of American firms with investments in South Vietnam, and related newspaper reports follow:

H.R. —

A bill amending the Trading With the Enemy Act to repeal the embargo on United States trade with North and South Vietnam

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(b) of the Trading With the Enemy Act as amended (50 U.S.C. App. 5) is further amended by adding at the end thereof the following new subsection:

"(4) Notwithstanding any provision of this or any other Act, no embargo on trade with North or South Vietnam shall be authorized or implemented except with respect to war and other materials defined by the Mutual Defense Assistance Control Act of 1951 as amended (22 U.S.C. 1611–13) and regulations pursuant thereto.".

AMERICAN INDUSTRIAL AND COMMERCIAL FIRMS IN VIETNAM

This is a list of American firms legally established and authorized to do business in Vietnam. It does not include those companies or contractors who are in the country exclusively to provide goods and services to the U.S. Armed Forces or other U.S. Government agencies nor does it include contractors who are in Vietnam only to procure and remove U.S. surplus property. The list was prepared by the Commercial Office of the American Embassy in Saigon, but does not constitute an endorsement by the Embassy of the firms contained therein. The firms have been arranged alphabetically, and there is no other significance to the arrangement.

FIRM

American Chamber of Commerce in Vietnam.
American International Underwriters Vietnam Inc.
American Trading Co., Vietnam S.A.
Asia Design & Development Associates.
Asian American Transportation.
Bank of America.* (7).
Barclay & Co., Inc.
Bekins Wide World (VN) S.A.R.L.
Bristol-Myers Company International Division.
Brownell Lane Engineering Co. (ENGINECO).
Caltex (Asia) Limited* (2).
Chase Manhattan Bank* (6).
Connell Bros. Co. (VN) S.A.R.L.
Esso Eastern Inc.* (1) Vietnam/Cambodia Division.
Etablissements Olympic.
First National City Bank* (5).
Foremost Dairies V.N.* (3).
Getz Bros. & Co. (Vietnam).
IBM World Trade Corp.
International Consultant Services.
International Personnel Services.
Kirkwood Kaplan Russin & Vecchi.
PAC–SEA Consultants Inc.
PAE International.
Pan American Airways, Inc.
Pfizer S.A.R.L.
H. B. Schwinger and Co.
Sea-Land Service, Inc.
States Marine Int'l, Inc (Isthmian Lines).
Summit Industrial Corp.
Upjohn Overseas Company.
Vietnam Tourist Bureau.
VIMYTEX, S.A.
Associated Pacific Corp.
Merck Sharpe Dohme—Sterling Drug Intl.
Etablissement Olympic Saigon.
The Flying Tiger Line, Inc.
3M Far East Ltd. Hong Kong.

*Indicates firms with major investment. Numbers in parentheses denote relative importance of the firm as an investor.

[From the Los Angeles Times, May 21, 1975]

THE "Z" LIST GETS LONGER

The Export Administration Act of 1969 provides the United States with a powerful economic weapon—the authority to deny all trade to another nation.

As a kind of ultimate weapon short of war, this law, you just might think, would be reserved for significant threats to American security and sovereignty. But not at all. For the moment, at least, it is applied only to the relatively puny. Cuba, North Vietnam and North Korea are long-standing members of the "Z" list. Cambodia and South Vietnam were added Friday.

We wondered why.

There was a possible explanation for Cambodia. The secretary of state may have felt it justified by the Mayaguez affair.

But South Vietnam? And just after the rulers in Saigon had made a conditional proposal for opening diplomatic relations with the United States.

We called the State Department. Well, came an admittedly hesitant answer, didn't we understand that South Vietnam was a hostile regime?

An acquaintance who studies things like this had a more sophisticated explanation. Perhaps the State Department ordered the trade embargoes so that there would be something to negotiate away once Washington and Saigon get down to the brass tacks of whatever new relationship they are going to develop. The old bargaining-chips theory.

But we were not impressed.

In fact, we were left with a dull suspicion that Henry Kissinger was still having trouble with his priorities, the same trouble that led to prolong too long the American commitment to Indochina.

The secretary of state and the President, too, have been concerned lest the American withdrawal from Saigon be misunderstood. They have suggested that they welcome the rescue of the Mayaguez as a fortuitous opportunity to demonstrate that "there are limits beyond which the United States cannot be pushed," as Kissinger put it.

We have thought the anxiety of the President and the secretary of state misplaced. It was not the American withdrawal from Indochina but the American commitment to Indochina that seemed most likely to telegraph to friend and foe alike a failure in the American evaluation of foreign policy priorities. That same failure seems reinforced by this arbitrary and unnecessary decision to prohibit trade with these battered, bleeding nations of Southeast Asia.

Furthermore, the sanctions against Saigon risk delaying the offshore oil development already started by Americans, a project of world consequence in the face of the global energy crisis.

If the United States wants to communicate its own self-confidence, its reliability as an ally, it should get on with the normalization of relations with all nations, including the small and desperate. To pour truck factories and computers into the Soviet Union while denying all trade with Vietnam is only to invite doubts about American leadership.

As President Ford himself told Congress April 10: "Our use of trade and economic sanctions as weapons to alter the internal conduct of other nations must also be seriously reexamined. However well-intentioned the goals, the fact is that some of our recent actions in the economic field have been self-defeating."

He was speaking of congressional limitations on Soviet trade. But he could just as well have been anticipating the additions to the "Z" list.

[From the New York Times, July 26, 1975]

AID GROUP SAYS U.S. CURBS EXPORT OF ITEMS TO VIETNAM

(By Ellen Shanahan)

WASHINGTON, July 25.—The American Friends Service Committee disclosed today that it had been denied a license to ship agricultural and fishing equipment to North or South Vietnam and charged that the action represented a change of policy on the part of the Government.

An official of the Treasury Department, which grants licenses for purchases and shipments of this type, denied that there had been any policy change, but admitted that shipments of such materials to Communist-controlled areas of Vietnam had been permitted in the past.

The action with respect to the American Friends Service Committee was the second of a similar nature with respect to Vietnam within a month.

In June, the Internal Revenue Service ruled that contributions to the Bach Mai Hospital Emergency Relief Fund would no longer be tax-deductible, although such contributions had been permitted to rebuild and resupply the bombed-out North Vietnamese hospital while the war in Vietnam was still going on.

The ruling disallowing deductions for contributions to the hospital fund was withdrawn this week, after the Bach Mai case was publicized. Internal Revenue said that it was giving the matter further study.

CANVAS, NETS AND FARM GOODS

The denial of the American Friends Service Committee's application for a license to ship "tent canvas, fish nets, cord for fish nets and certain agricultural equipment" to Vietnam was issued by the Treasury Department's Division of Foreign Assets Control last Friday.

Licenses to send similar or identical items to areas of Vietnam governed by the Communists had been granted in 1973, according to the committee and also to a Treasury official.

The official, Stanley L. Sommerfield, director of the Foreign Assets division, said in answer to questions that the denial of the license last week "was not intended to be any change in policy."

"Fundamentally, I gather, somebody looked at it this time and said it was economic aid and last time they looked at it and said it was humanitarian," he said.

The United States has a current policy of not giving economic aid to North or South Vietnam.

Mr. Sommerfield said that he had checked with the State Department before making his assertion that there had been no change in policy.

ROLE OF STATE

He said that it "would be going a little too far" to say that the State Department "calls the shots" on licensing of shipments to Communist-controlled countries, but that "generally speaking, we [Treasury officials] realize that this is part of our foreign policy, and we work very closely with State."

"Generally speaking, we'd be guided largely but not exclusively by what they thought," he added.

There have been reports of disagreement within the Ford Administration over whether economic aid to Vietnam by private organizations should be permitted and that Mr. Ford himself decided that it should not be permitted. According to these reports, Secretary of State Kissinger had tentatively suggested that private aid should be permitted.

The denial of tax-deductible status to contributions to the Bach Mai Hospital fund had caused considerable concern among tax-exempt organizations because the revenue service's now-withdrawn ruling in the case appeared to deny deductibility for any donations that went directly to a foreign government.

When disaster relief and other kinds of aid are given by such organizations as the Red Cross the aid goes directly to governmental entities in countries where there are few or no private relief agencies.

Whether there was any connection between the initial denial of tax deductions to the Bach Mai fund and the refusal to relicense American Friends Service Committee export program could not be ascertained. Both actions, however, were a crackdown on activities that had been permitted while the war in Vietnam was being fought.

[From the New York Times, Aug. 18, 1975]

INDOCHINA IN FLUX

The Communist bloc's own power struggle for preeminence in Indochina shows signs of intensifying, just three months after the United States abandoned the region in defeat. A complex tangle of ideological and historical rivalries is provoking friction, not only between China and the Soviet Union but between Vietnamese and Cambodians, and among differing factions in their revolutionary regimes.

Long-standing strains between Hanoi and Peking showed up openly in the correct but low-key treatment accorded a North Vietnamese delegation visiting Peking last week. Their rivalry is also evident in the maneuvering of both sides' partisans in the shadowy leadership of Cambodia. When Phnom Penh recently announced the appointment as new Deputy Premiers of two politicians linked to Hanoi's Vietminh movement. Peking radio hastened to reveal that a top-level Cambodian delegation was about to visit the Chinese capital—the first foreign trip by any of the Cambodian leadership since the Khmer Rouge took control last April. On arrival in Peking, the Cambodians were received with warmth and fanfare.

Especially baffling is the status of Prince Norodom Sihanouk, former Cambodian head of state who lived in exile in Peking for five years. Though the rebel forces who nominally recognized his leadership have assumed power, the Prince made no apparent effort to return to his capital; indeed, he even left Peking for a long sojourn in North Korea.

The United States is hardly in position to influence these obscure maneuvers, even if it had an interest in doing so. But increased flexibility in Washington's approach to the new Communist regimes could help them maintain their independence of both Moscow and Peking.

There is no visible logic, for example, in the Ford Administration's attitude toward private economic initiatives that could lessen Vietnamese dependence on Communist aid. A prominent American banker is permitted to visit Hanoi on an exploratory mission, yet American voluntary organizations are explicity barred from sending economic and development aid to affiliated institutions in Vietnam—aid that they were permitted to supply even while the war was raging!

President Ford himself imposed this ban, reportedly against the recommendation of Secretary of State Kissinger. At least one affected organization, the American Friends Service Committee, intends to keep fighting the decision.

Fishnets and tractors donated by private Americans are not going to change the course of Indochina's Communist politics. But they are symbolic of the change in official American attitudes which will have to occur if the United States ever expects to play a more constructive role in Vietnam's peace than it did in Vietnam's war.

OMB MISCONSTRUES PRIVACY ACT TO INTERFERE WITH THE RIGHT OF INDIVIDUAL MEMBERS AND THEIR STAFFS TO OBTAIN INFORMATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. FORD) is recognized for 5 minutes.

Mr. FORD of Michigan. Mr. Speaker, my caseworker was in for a big surprise last week when she learned that she could no longer obtain information on behalf of constituents from Government agencies over the telephone.

The Privacy Act of 1974, which went into effect on September 27, has now limited our access to obtain information on casework matters without the prior written consent of the constituent. Although the Privacy Act lists 11 exceptions to the conditions of disclosure, including "to either House of Congress, or, to the extent of matter within its jurisdiction, any committee or subcommittee thereof, any joint committee of Congress or subcommittee of any such joint committee," the Office of Management and Budget has misconstrued this to mean "the language does not authorize the disclosure of a record to Members of Congress acting in their individual capacities without the consent of the individual." The interpretation, which is totally inconsistent with the intent of Congress, is published in the Federal Register of July 27 under the implementation of the Privacy Act.

I am sure all of the Members have received a letter from the Assistant Secretary of Defense informing them of this procedural change. Federal agencies are now in the process of instructing their liaison officers not to give information via telephone to Congressional staff regarding constituent records on file with that agency.

If our staffs are prohibited from using the telephone to expedite constituent business, it may take up to 8 weeks for an agency to respond. Our constituents come to us with the hope that we can cut through the paperwork to solve their problems quickly and efficiently. No longer will we be able to do so.

The Office of Management and Budget is aware of the tremendous ramifications the enforcement of this act has on each congressional office. On speaking with a representative from the OMB on Friday, my office was informed that it was not their intent to substantially alter the procedure now followed between congressional offices and Federal agencies. In fact, a letter was sent out on Monday from OMB saying, in part, that inquiries by Members seeking access to records pertaining to their constituents on their behalf, constitutes a special case in which the consent of the individual may be implied rather than expressed.

We cannot afford to wait around for the OMB to reinterpret its regulation.

Therefore, I am proposing legislation which would amend the Privacy Act to explicitly state "an individual Member of Congress, or his designate for that purpose" to be included in the section 552a(b)(9) exception under conditions not requiring a written request from the constituent.

Mr. Speaker, this legislation would not have been necessary had not OMB wrongfully construed the intent of Congress in the first place. The Congress never anticipated that by enacting the Privacy Act, it was limiting its own access or the access of its staff to information legitimately necessary to provide service to our constituents.

I hope this amendment will clarify the intent of the Congress with respect to the Privacy Act to each Federal agency, and I hope it will be enacted without delay.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

Mr. BEDELL. Mr. Speaker, earlier this morning the House of Representatives voted on a procedural motion to table a motion to dicharge House Resolution 688, a resolution to disapprove the President's proposal to hold the cost of living pay increase for Federal employees to 5 percent. Passage of House Resolution 688 would have set the cost of living increase for Federal employees at 8.6 percent. Thus, adoption of the procedural motion to table the motion to discharge House Resolution 688 served to prevent full House consideration of that resolution, thus holding the cost of living increase for Federal employees to 5 percent.

Mr. Speaker, I missed this vote, and I would like to take a moment to explain why I was absent and how I feel about the pay raise issue.

I recently developed a dental problem which required prompt attention. The earliest dental appointment I was able to secure was for this morning at 9:45. It was my understanding that no votes would be scheduled prior to 11 this morning.

When I returned to my office at approximately 10:30 I was surprised to learn that the House had voted on a procedural motion which in effect killed further consideration of the pay raise issue, thus holding the pay increase to 5 percent. Had I been present for this procedural vote, I would have voted to table the motion to consider House Resolution 688, and I am extremely pleased that the motion carried by the overwhelming margin of 278 to 123, with one Member voting "present."

Since the rules of the House do not allow a Member to "pair" on a procedural vote, I would like to take this opportunity to state unequivocally for the record that, had I been present, I would have voted for the motion to table the motion to discharge House Resolution 688.

Earlier this session I voted against a bill that included Members of Congress in the Federal Pay Comparability Act, thus making them eligible for annual cost of living pay increases along with other Federal employees. I also oppose the proposal which would have provided an 8.6-percent increase to Federal employees. I do so because I believe that this cost of living pay increase should be limited to 5 percent.

A BILL TO AMEND THE PRIVACY ACT OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. SHARP) is recognized for 5 minutes.

Mr. SHARP. Mr. Speaker, like many of my colleagues I was dismayed early this week to learn that several agencies of the Government were interpreting the Privacy Act of 1974 to make it more difficult for Congressmen and women to assist their constituents in problems with the Federal Government.

Several agencies have informed me that they cannot release information contained in the files of an individual unless that individual provides a written request authorizing the Member of Congress to obtain the information.

Mr. Speaker, I believe that this would greatly increase the paperwork burden in our offices and in the executive agencies. On many occasions my staff and I have been able to obtain with a phone call the necessary information to answer a constituent's question about a social security problem or a pension matter or an emergency military leave. Under the new rulings of the executive agencies, we would apparently be required to tell a constituent phoning my office that he must mail us an authorization, which we would then have to mail to the agency. Obviously, help for the constituent would be greatly delayed.

I was not in the Congress when the Privacy Act was passed, but I cannot believe that it was the intent of Congress to prevent or delay the type of inquiries which Members make to the agencies every day on behalf of their constituents. Clearly we would not be making the inquiry if we had not been asked to do so by the individual concerned, and the individual's request for assistance, whether written or spoken, is logically equivalent to an authorization for disclosure of any relevant records.

Because the Office of Management and Budget and the executive agencies do not agree with this interpretation, however, and since there appears to be no legislative history clearly specifying that the Privacy Act meant to exempt inquiries by Members of Congress, we should resolve the question by amending the law.

Therefore, Mr. Speaker, I am joining with my respected colleague from Indiana, Congressman ROUSH, in sponsorship of a bill to amend the Privacy Act of 1975 by inserting the words "or any Member of either House of Congress" immediately after "House of Congress" in section 552a(b)(9) of title 5 of the United States Code.

I do not believe that this amendment does, nor should it, give Members of Congress the right to receive information about an individual if that individual has not asked for our help. We should impose upon ourselves the same limits and restrictions against invasions of privacy that the act imposed upon others. It may be useful to make this point in the committee report.

One of the most useful services a Member of Congress can perform for his constituents is to assist them in dealing with the sometimes confusing, sometimes intimidating Federal bureaucracy. I am not aware of any invasions of privacy that have occurred because of an inquiry by a Member of Congress, but I am aware of many constituents in my own District who were unable to receive a satisfactory response from an agency until they asked their Congressman to intercede. In this regard the system is working. Let us assure that it can continue to work by enacting the amending legislation I am cosponsoring.

CONGRESSIONAL INITIATIVE ON TURKEY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FASCELL) is recognized for 5 minutes.

Mr. FASCELL. Mr. Speaker, when the House considers S. 2230, to restore military aid to Turkey, tomorrow, I intend to offer on behalf of Congressmen Brademas, Sarbanes, Rosenthal, myself and others an amendment to help break the present impasse on this issue.

Our amendment will offer the President the opportunity to restore a limited amount of military aid to Turkey when he can certify to the Congress that significant progress has been made on the refugee problem on Cyprus.

This initiative, which we hope the House will support, seeks to respond to the pressing humanitarian problem of the refugees on Cyprus while adhering to the fundamental principle in our law that U.S.-supplied arms must not be used for aggressive purposes.

The text of my amendment follows:

Amendment to S. 2230, as Reported

By Mr. FASCELL for himself, Mr. Rosenthal, Mr. Brademas, and Mr. Sarbanes

Page 3, line 6, strike out "(1)"; in line 15, strike out "and to issue licenses" and all that follows thereafter through "thereto)" in line 18 and insert in lieu thereof "if the President determines and certifies to the Congress that significant progress has been made with respect to the refugee problem on Cyprus"; on page 4, line 1, strike out ", and the issuance of licenses" and all that follows thereafter through "ammunition" in line 2; and on page 4, strike out line 9 and all that follows thereafter through line 16 on page 6.

AMENDMENT TO ALLOW RELEASE OF INFORMATION IN FEDERAL FILES TO MEMBERS OF CONGRESS

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, the Privacy Act of 1974 became effective with the concurrence of many of us now in this Congress who supported the principle of protecting the privacy of individuals from the oppressive eye of the Federal Government. However, we now find an unintended and reprehensive aspect has resulted. I am offering an amendment to section 552a(b)(9) of Public Law 93–579, to allow the release of information contained in Federal files to Members of Congress. The current law allows such release of material only to either House of Congress or any committee or subcommittee thereof, or so the regulations interpret the law.

I have had telephone calls from the Veterans' Administration, the Social Security Administration, and branches of the military. I find that under the current law, Federal agencies cannot release information contained in the files of individuals unless those individuals provide Members of Congress with written requests for congressional assistance.

This law will greatly impede and impair my capability to aid Indiana residents, especially those in my district who are elderly, disabled, or face an emergency situation. In addition to my three Indiana offices, I have a Washington office, through which I receive an average combined total of 35 cases each day, many of which are handled telephonically.

Through my experience after 15 years in the House of Representatives, I have discovered that most of the individuals who reach out to me for assistance are coming to me as a last resort.

Many of my constituents contact my office in behalf of their friends and relatives, who are unavailable or unable to contact me directly. I have been told by the above agencies that under the current law, information concerning these individuals cannot be released to Members of Congress under any circumstances.

I receive countless emergency calls which require immediate attention. These too cannot be fully resolved until a written request is received.

The elderly, the less well-educated, and those who have attempted to resolve their personal difficulties through the obvious channels, are those who need help most desperately, but are now going to be denied that assistance.

Mr. Speaker and Members of Congress, I urge you to support this amendment to aid us all in our duty to aid others. I ask for immediate attention to this vital piece of legislation. This is a situation which requires a careful balance. While we must retain this new protection against invasions of privacy, we cannot afford to have legislation intending to protect one right; namely, privacy, end up corroding another right; namely, the right of constituents to the free and unfettered assistance of Members of Congress.

MEDICARE LONG-TERM CARE ACT OF 1975, H.R. 1354

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the Subcommittee of Health Maintenance, and Long-Term Care which I have the honor of chairing, has held four formal hearings and two informal hearings since it became operational in April of this year. I am proud to serve as chairman of this Subcommittee No. 2 of the House Select Committee on Aging which is chaired by the able gentleman from Missouri who has made an outstanding record in this field, the Honorable William J. Randall.

In our subcommittee's investigations it has become very apparent that legislation is vitally needed to provide long-term care for older Americans. We have heard from some of the outstanding people in the country who are most knowledgeable in this area; and we are working toward: First, a comprehensive program of home health care for the elderly; second, the establishment of multipurpose senior centers where older Americans may have nutritious meals, social, educational, and recreational services; and third, an adequate system of outpatient clinics where the elderly may receive periodic medical checkups and other medical care which can be provided without admission to hospitals.

Today, some of these benefits are available under provisions of Federal law. However, we need amendments to existing legislation in order to provide comprehensive programs, and we need additional Federal funds beyond those already levied upon the elderly recipients.

The testimony presented before my subcommittee has convinced me that H.R. 1354, the Medicare Long-Term Care Act of 1975, which I reintroduced in this session of the Congress, achieves these objectives. The bill provides for a system of community long-term care services for older Americans, including home health services, homemaker services, nutrition services, long-term institutional care services, day care and foster home services, and community mental health center outpatient services. These benefits would be funded out of Federal general revenues and the States would be eligible for Federal grants covering 75 percent of the cost incurred in the planning and development of the long-term care centers.

I urge my colleagues, careful study of the policy and provisions of H.R. 1354 which I discussed in my statement before the Health Subcommittee of the Ways and Means Committee on September 26, 1975, and which I request permission to insert in its entirety at this point in the Record:

Mr. Chairman and distinguished members of the Committee, I commend you on your decision to include home health in your current hearings designed to review specific Medicare issues, and I am grateful for this opportunity to urge the Committee's consideration of my bill, H.R. 1354, the "Medicare Long-Term Care Act of 1975."

This Act provides for a system of community long-term care services for older Americans including home health services, homemaker services, nutrition services, long-term institutional care services, day care and foster home services, and community mental health center outpatient services. These services would be provided by or through community long-term care centers which would coordinate and direct the long-term care services. Such centers would be planned and developed under the aegis of the States' health and social welfare functions and the States would be eligible for Federal grants covering 75% of the cost incurred in the performance of such functions.

The Center would evaluate and certify older Americans' needs for services through a team composed of individuals with the skills necessary for such evaluation and certification. The care prescribed is based on the maintenance of an individual in an independent living arrangement which is reasonable given such individual's state of health and other circumstances at any given time. Hospitals, skilled nursing facilities, or home health agencies would be considered to have in effect a transfer agreement with a community long-term center when such transfer is medically appropriate as determined by the attending physician. Interchange of medical and other information necessary or useful in the care and treatment of individuals transferred between such hospitals and other facilities is provided for in determining whether patients can be adequately cared for otherwise than in a hospital or skilled nursing facility.

Older Americans who are entitled to supplementary medical insurance benefits under Part B shall be entitled to the benefits of this program, without additional cost to such individuals, from premium payments made under Part B together with contributions from funds appropriated by the Federal Government. In addition, any individual who is eligible for supplemental security income benefits under title XVI, shall be entitled to the benefits of the program. The Secretary of Health, Education and Welfare is directed to pay into the Federal Supplementary Medical Insurance Trust Fund (on behalf of each individual) the premiums due under this amendment.

H.R. 1354 is identical to H.R. 9607, the Medicare Long-Term Care Act which was first introduced by my colleague Representative Barber B. Conable, Jr., with respect to (1) the creation and functions of long-term care centers in every community; (2) the scope of benefits which place the emphasis on care in the home or on an outpatient basis; and (3) eligibility of participants; and the restriction that Long-Term Care Centers must be either a public or non-profit organization.

The bills are also identical with respect to the composition of the governing board of a community long-term care center. Such board must be composed of one-half of people covered under the program who reside in its service area; at least one-quarter have been elected by the people covered under the program; and at least one-quarter appointed by locally elected government officials. Members can serve only two terms and full membership must change at least every six years.

My bill differs from the Conable bill with respect to (1) the fact that participation in the new Part D program would be voluntary on the part of eligible individuals under the Conable bill and under mine the benefits would be added at no additional premium charge to the benefits now available to all individuals eligible for Part B benefits; (2) the Conable bill financing provides for the establishment of A Federal Long-Term Care Trust Fund which would receive its monies from the $3 premiums of those who enroll, 10% from the States and the balance from Federal general revenues. My bill provides for the financing of the Part D benefits from funds appropriated by the Federal Government. The states would pay 25% of the total amount expended for the planning and developing of such centers and overseeing their operation with a 75% federal match.

Mr. Chairman, my bill, the Conable bill and others, notably the Koch bill which I joined in cosponsoring as Chairman of the House Subcommittee on Health Maintenance and Long-Term Care, may differ with regard to some provisions and some funding policy, but all this legislation recognizes the urgent need to provide alternatives for the elderly and handicapped to institutionalization. (I was pleased to be informed this week by Congressman Koch's office that he plans to introduce an amendment to his bill, H.R. 4772, the National Home Health Care Act, to provide for the funding of these additional benefits out of general revenues rather than increasing the premium payments under Medicare.)

My bill and the Conable bill, however, are unique with regard to the restriction on certification and this provision must be earnestly considered before any additional amendment to the Medicare or Medicaid legislation is enacted. The bills provide that "a community long-term care center shall not certify the need for inpatient institutional services for an individual unless a determination has been made that the needs of such individual cannot be met through the provision of the services covered under section 1883 or other community resources available to such individual." Section 1883 provides for the six categories of alternative benefits to institutionalization.

I urge the Committee's consideration of the importance of a recent decision handed down by the Supreme Court of the United States, *O'Connor* v. *Donaldson*, decided June 26, 1975, Docket No. 74–8. The respondent, Kenneth Donaldson, was civilly committed to confinement as a mental patient in the Florida State Hospital at Chattahoochie in January 1957. The commitment was made by his elderly parents and was involuntary. The commitment, under Florida statutory provisions that have since been repealed, was for "care, maintenance, and treatment". After 15 years of confinement, during which time Donaldson received no treatment, he filed an action for habeas corpus relief ordering his release, and further sought declaratory and injunctive relief requiring the hospital to provide adequate psychiatric treatment. A civil action for damages against Dr. J. B. O'Connor who was the hospital's superintendent during most of the period of his confinement is still pending in the Florida courts.

The Supreme Court found the case raised a single, relatively simple, but nonetheless important question concerning every man's constitutional right to liberty. The jury had found that Donaldson was neither dangerous to himself nor dangerous to others, and also found that, if mentally ill, Donaldson had not received treatment.

The Court held a State cannot constitutionally confine without more a non-dangerous individual who is capable of surviving safely in freedom by himself or with the help of willing and responsible family members or friends. Since the jury found upon ample evidence, that O'Connor, as an agent of the State, knowingly did so confine Donaldson, it properly concluded that O'Connor violated Donaldson's constitutional right to freedom.

Mr. Justice Stewart's opinion further states:

"May the State confine the mentally ill merely to ensure them a living standard superior to that they enjoy in the private community? That the State has a proper interest in providing care and assistance to the unfortunate goes without saying. But the mere presence of mental illness does not disqualify a person from preferring his home to the comforts of an institution. Moreover, while the State may arguably confine a person to save him from harm, incarceration is rarely if ever a necessary condition for raising the living standards of those capable of surviving safely in freedom, on their own or with the help of family or friends."

Mr. Chairman, how many elderly have been committed to mental institutions because their communities lacked homemaker and home health services? According to Senate Report No. 93–1420, published December 19, 1974, prepared by the Subcommittee on Long-Term Care, U.S. Senate, the Subcommittee found after several years of hearings, that "at the end of 1971, a little over 5 percent of the elderly were in institutions. Some 1,106,103 were in nursing homes and about 100,000 were in mental institutions. (The aged constitute almost 30 percent of mental hospital inpatients.)

Later, the Committee reported testimony indicating that 25 percent of the total aged population (or about 5 million people) require some type of care for chronic illness. Two million receive care in nursing homes or elsewhere. Among the remaining 3 million requiring care, the breakdown would be as follows: nursing homes, 600,000; home health care, 1.3 million; congregate living facilities or help in preparing their meals, another 1.1 million.

Therefore, 2.4 million or more elderly do not have their needs for home health, supportive service and meal services met, and they are destined for the nursing home or mental institutions at more cost to the Federal government, unless Medicare is amended to provide the supporting services under the Long-Term Care Center delivery system provided for in this legislation.

Preventive health benefits have been the major concern of the Subcommittee on Health and Long-Term Care of the House Select Committee on Aging which became operational on April 15 of this year. I have the honor of chairing the Subcommittee on Health and Long-Term Care and we have met informally with numerous experts on aging including representatives of national organizations representing senior citizen interests; and formal hearings also have been held here in Washington, in Rhode Island, and in Miami, Florida, We have heard in excess of 100 leading witnesses and all have been unanimous in their support of expanding home health services. Not a single witness has stepped forward in opposition!

The House Subcommittee is coordinating work with the Senate Subcommittee and I invited Senator Edmund S. Muskie to inform our new House Subcommittee of the work of the Senate Special Committee on Aging. Senator Muskie stated:

"In summary, witnesses before my Subcommittee have made an overwhelming case for greater use of in-home services, not merely as an alternative to institutional care, but as a positive program having its own worth and value. It is true, I think, that we need to continue to acquire more data on comparative costs between home care and nursing home or other institutional care. But I do not think we should wait for more and more studies before testing the value of home health care in actual use. Obviously, for some chronically ill persons there is no substitute for a home-care institution. But it is equally clear that the present nelect of in-home services cannot be tolerated any longer."

Testimony presented to my Subcommittee on Health and Long-Term Care has described the great proliferation of homemaker and home health services at the Federal, State, and local level, and this proliferation is dissipating the benefits of every single Federal dollar intended to help older Americans. Most recently, the House passed amendments to Title III of the Older Americans Act which recognized the need to establish national objectives for a variety of home services. The Senate, however, differs with the House in the need to establish the home health services program, according to the Senate Report No. 94–255 accompanying S. 1425, on the grounds that:

"The newly enacted Title XX will make funds available to the states for the provision of a wide variety of social services to various categories of individuals—including a great many older persons. The funds available under Title XX are ten times the current funding level of the entire Older Americans Act. Thus, it is most important that state agencies on aging participate actively in developing and implementing the Title XX plan so as to insure that maximum coordination is achieved in providing services under this Act and under Title XX."

We know the Social Security Act specifically requires coordination of programs and the new language in Title III of the Older Americans Act is for the purpose of expressly directing the state agencies on aging to undertake that role. But the fact remains that the Governor of each state is ultimately responsible for seeing that such coordination is accomplished. In addition, many object to the utilization of the new Title XX possibility of providing home health services to older Americans because they must submit to a demeaning means test which many of our most needy elderly refuse to do!

The cost factor is, of course, of paramount importance in any consideration of Medicare amendments. In my Subcommittee hearings there has been some divergence of opinion as to the actual cost savings of home health services versus other modalities, but by a preponderance of the evidence, one could reasonably conclude that the cost savings might be significant and substantial and, more importantly, the savings in human dignity and quality of life in the twilight years are incalculable.

We know that Medicare recipients are paying more for the cost of medical care than they paid when the legislation was enacted a decade ago. In the last decade too we have experienced changes in the value of money, changing family structure and other changes in our society and our culture which defeat the assumption that Americans may plan for independence and security when they retire.

Today, social security provides more than half of the income for nearly all elderly couples and for two-thirds of those older people who live alone. In spite of Congressional efforts to improve social security benefits, the average monthly benefit for retired couples is $337; for retired workers $202 a month; and for aged widows $195. Average nursing home charges in the United States are about $600 a month and range up to $1,500 in New York City and other metropolitan areas.

I am sympathetic with those who are concerned about the costs of increasing benefits under Medicare. But I too am concerned about the future costs of building more mental institutions, more hospitals, more skilled nursing facilities, when the great majority of our aging population really needs the benefits provided for in this legislation, more out-patient clinics, and multi-purpose senior centers to preserve their mental and physical health and their dignity in their own communities.

I am concerned about what the costs will be if we don't enact this legislation now! Let us now provide physicians the option to prescribe the home health services, homemaker services, nutrition services, long-term institutional care services, day care and foster home services, and community mental health center outpatient services, provided for in this bill. Let us eliminate all five conditions, including hospitalization, which must be met under the Medicare law now to qualify the great majority of older Americans for even the limited skilled nursing care or skilled rehabilitation services currently provided.

SEIBERLING AMENDMENT TO CLOSE LOOPHOLE IN TURKISH ARMS BILL

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, when the Turkish aid bill (S. 2230) comes to the floor, I plan to offer an amendment to authorize congressional oversight of commercial military sales to Turkey.

The purpose of the amendment is to close a major loophole in S. 2230 which will permit unrestricted commercial military sales to Turkey. This amendment would assure Congress some control over all military sales to Turkey—not just those negotiated under the Foreign Military Sales Act.

Section 36(b) of the Foreign Military Sales Act, FMS, requires the President to report to Congress certain information concerning any offer to sell any defense article or defense service for $25 million or more under FMS. If Congress adopts a concurrent resolution objecting to the sale within 20 calendar days, the offer shall not be issued.

This provision was adopted by Congress last year, and is an important assertion of Congress authority in the area of foreign policy. However, its impact is limited because it does not cover commercial sales which are authorized under the Mutual Security Act of 1954. My amendment would simply extend the language of 36(b) to commercial sales to Turkey.

If S. 2230 passes without change and FMS sales to Turkey are resumed, Congress will still retain veto power over any FMS transaction exceeding $25 million. However, Congress will have no control over commercial military sales to Turkey once the ban is lifted.

In the past, Turkey has purchased very little U.S. military equipment through commercial sales—$3.3 million in fiscal year 1974. But if it is the purpose of the authors of the resolution to retain effective congressional control over future sales of military equipment to Turkey, then it is essential to close this loophole.

The text of my amendment follows these remarks:

Amendment to S. 2230, as Reported, Offered by Mr. Seiberling

Page 3, line 18, immediately before ": *Provided*," insert the following: "; except that no such license for the transportation to the Government of Turkey of arms, ammunition, or implements of war having a value of $25,000,000 or more, or of any arms, ammunition, or implements of war if the value of such arms, ammunition, or implements of war will cause the aggregate value of all arms, ammunition, and implements of war to be transported under all such licenses to Turkey during the fiscal year in which such arms, ammunition, or implements of war are to be transported to Turkey to exceed $50,000,000, shall be issued unless (i) the President submits to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a statement containing (I) a brief description of the arms, ammunition, or implements of war with respect to which such license is proposed to be issued, (II) the dollar value of such arms, ammunition, or implements of war, and (III) the name and address of the person applying for such license and if such person is not the manufacturer of such arms, ammunition, or implements of war, then the name and address of such manufacturer; and (ii) in any case in which the President does not certify in such statement that an emergency exists which requires that such license be issued in the national security interests of the United States, the Congress has not, within twenty calendar days after receiving such statement, adopted a concurrent resolution stating in effect that it objects to the issuance of such license".

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Patman, for 30 minutes, on October 2, 1975: and to revise and extend his remarks and include extraneous matter.

Mr. Patman, for 30 minutes, on October 3, 1975; and to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. Kasten) to revise and extend their remarks and include extraneous material:)

Mr. Young of Arkansas, for 5 minutes, today.

Mr. Whalen, for 5 minutes, today.

(The following Members (at the request of Mr. Levitas) to revise and extend their remarks and include extraneous material:)

Mr. Patman, for 20 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Sarbanes, for 5 minutes, today.

Mr. Eilberg, for 5 minutes, today.

Mr. Ford of Tennessee, for 5 minutes, today.

Mr. Burke of Massachusetts, for 5 minutes, today.

Mr. Evans of Indiana, for 5 minutes, today.

Mr. Bingham, for 10 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

Mr. Bedell, for 5 minutes, today.

Mr. Sharp, for 5 minutes, today.

Mr. Fascell, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Leggett and to include extraneous matter in the Committee of the Whole today.

Mr. Stokes his remarks on the Giaimo amendment in the Committee of the Whole today.

(The following Members (at the request of Mr. Kasten), and to include extraneous matter:)

Mr. Findley.

Mr. Crane.

Mr. Young of Florida in five instances.

Mr. Young of Alaska.

Mr. Whitehurst.

Mr. Derwinski in four instances.

Mr. Moore.

Mr. Shriver.

Mr. Robert W. Daniel, Jr.

Mr. Kemp in three instances.

Mr. Kasten.

Mr. Ashbrook in two instances.

(The following Members (at the request of Mr. Levitas) and to include extraneous matter:)

Mr. de la Garza in 10 instances.

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mrs. Lloyd of Tennessee in five instances.

Mr. Sisk in two instances.

Mr. Giaimo in 10 instances.

Mr. Hefner.

Mr. Udall in two instances.

Mrs. Spellman.

Mr. Sarbanes in five instances.

Mr. Drinan in two instances.

Mr. Won Pat.

Ms. Abzug.

Mrs. Keys in two instances.

Mr. Evins of Tennessee in three instances.

Mr. McDonald of Georgia in three instances.

Mr. Matsunaga in two instances.

Mr. Rangel.

Mr. Fisher.

Mr. Macdonald of Massachusetts.

Mr. Cornell in five instances.

Mr. Satterfield.

Mr. Jones of Oklahoma.

Mr. Patman.

Mr. Howe.

Mr. Breckinridge.

Mr. Ford of Tennessee.

Mr. Simon.

Mr. Blanchard.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 539. An act to amend the Jury Selection and Service Act of 1968, as amended (28 U.S.C. 1861 et seq.), by revising the section on fees, section 1871, and by adding a new section 1875, and for other purposes; to the Committee on the Judiciary.

S. 1488. An act for the relief of Dr. Timothy Kam-Hung Chung; to the Committee on the Judiciary.

ENROLLED JOINT RESOLUTION SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 672. Joint resolution to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months.

A BILL AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill and joint resolution of the House of the following titles.

H.R. 1757. An act for the relief of Plotemia Mabanag Bareng and Bastania Lilian Mabanag Bareng; and

H.J. Res. 672. A joint resolution to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months.

ADJOURNMENT

Mr. WHITE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 56 minutes p.m.), under its previous order, the House adjourned until tomorrow, October 2, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1808. A letter from the Under Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Food Stamp Act of 1964, as amended; to the Committee on Agriculture.

1809. A letter from the Administrator, Law Enforcement Assistance Administration, Department of Justice, transmitting volume one of the first annual report of the Office of Juvenile Justice Delinquency Prevention, pursuant to section 204(b)(5) of the Juvenile Justice and Delinquency Prevention Act of 1974; to the Committee on Education and Labor.

1810. A letter from the Assistant Attorney General for Administration, transmitting a report on the Department of Justice's disposal of foreign excess property during fiscal year 1975, pursuant to section 404(d) of the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

1811. A letter from the Administrator, U.S. Energy Research and Development Administration, transmitting a report on ERDA's disposal of foreign excess property during the period July 1, 1974, through January 18, 1975, pursuant to section 404(d) of the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

1812. A letter from the Chairman, Federal Election Commission, transmitting a revised proposed regulation pertaining to accounts used to support the activities of Federal officeholders, pursuant to section 316(c) of the Federal Election Campaign Act of 1971, as amended (H. Doc. No. 94–269); to the Committee on House Administration and ordered to be printed.

1813. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to designate a segment of the New River Gorge in West Virginia as a component of the National Wild and Scenic Rivers System, and for other purposes; to the Committee on Interior and Insular Affairs.

1814. A letter from the Administrator, Federal Energy Administration, transmitting a draft of proposed legislation to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until June 30, 1978, and for other purposes; to the Committee on Interstate and Foreign Commerce.

1815. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the Endangered Species Act of 1973; to the Committee on Merchant Marine and Fisheries.

1816. A letter from the Chairman, East-West Foreign Trade Board, transmitting the Board's second quarterly report on trade between the United States and nonmarket economy countries, pursuant to section 411(c) of the Trade Act of 1974 (H. Doc. No. 94–270); to the Committee on Ways and Means and ordered to be printed.

1817. A letter from the Chairman, U.S. International Trade Commission, transmitting the third quarterly report on trade between the United States and nonmarket economy countries, pursuant to section 410 of the Trade Act of 1974; to the Committee on Ways and Means.

Received From the Comptroller General

1818. A letter from the Comptroller General of the United States, transmitting a report that the urban rat control program is in trouble; jointly, to the Committees on Government Operations, and Interstate and Foreign Commerce.

1819. A letter from the Comptroller General of the United States, transmitting a report on the review of pharmacy systems used in Veterans Administration hospitals; jointly, to the Committees on Government Operations, and Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MOAKLEY: Committee on Rules. House Resolution 760. Resolution providing for the consideration of H.R. 200. A bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes (Rept. No. 94–525). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHLEY:

H.R. 9939. A bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DELANEY:

H.R. 9940. A bill to extend tax relief benefits to single individuals; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee:

H.R. 9941. A bill to establish a reduced rate for postage for letters sealed against inspection mailed by private individuals; to the Committee on Post Office and Civil Service.

By Mr. FORD of Michigan:

H.R. 9942. A bill to amend section 552a of title 5, United States Code, to authorize the disclosure to Members of Congress or their designates of information regarding individuals for casework purposes; to the Committee on Government Operations.

By Mr. FORD of Michigan (for himself, Mr. Hannaford, Mr. Helstoski, Mr. Karth, Mr. Nedzi, Mr. Nowak, Mr. Oberstar, Mr. O'Hara, Mr. James V. Stanton, Mr. Traxler, and Mr. Vander Veen):

H.R. 9943. A bill to stabilize labor-management relations in the construction industry, and for other purposes; to the Committee on Education and Labor.

By Mr. GIBBONS:

H.R. 9944. A bill to amend title 23 of the United States Code with respect to cost estimates applicable to certain routes transferred within the Interstate Highway System; to the Committee on Public Works and Transportation.

H.R. 9945. A bill to amend section 103(e)(2) of title 23, United States Code, relating to the cost of certain routes on the National System of Interstate and Defense Highways; to the Committee on Public Works and Transportation.

By Mr. GRASSLEY (for himself, Mr. Bafalis, Mr. Brown of Michigan, Mr. Broyhill, Mr. Burgener, Mr. Devine, Mr. Hannaford, Mr. Hayes of Indiana, Mr. Jenrette, Mr. Krebs, Mr. O'Brien, Mrs. Smith of Nebraska, Mr. Walsh, and Mr. du Pont):

H.R. 9946. A bill to repeal the recently enacted provisions authorizing increases in the salaries of Senators and Representatives; to the Committee on Post Office and Civil Service.

By Mr. GUDE:

H.R. 9947. A bill to amend the Chesapeake and Ohio Canal Development Act so as to expand the boundaries of the Chesapeake and Ohio Canal National Historical Park to include certain lands within the areas from North Branch to Cumberland, Md.; to the Committee on Interior and Insular Affairs.

By Mr. LUJAN:

H.R. 9948. A bill to amend the Atomic Energy Community Act of 1955, as amended, to authorize the Administrator of the Energy Research and Development Administration to make assistance payments to the Los Alamos School Board and the county of Los Alamos, N. Mex., after June 30, 1976, in the case of the Schools and after June 30, 1977, in the case of the county; to the Joint Committee on Atomic Energy.

By Mr. MATSUNAGA:

H.R. 9949. A bill to amend title II of the Social Security Act and chapter 2 of the Internal Revenue Code of 1954 to provide optional coverage under the social security program for householders; to the Committee on Ways and Means.

By Mr. MOAKLEY (for himself, Mr. Brodhead, Mr. Conyers, Mr. Diggs, Mr. Edgar, Mr. Helstoski, Ms. Holtzman, Mr. Mikva, Mr. Miller of California, Mr. Rangel, Mr. Roe, Mr. Russo, Mr. Scheuer, and Mr. Udall):

H.R. 9950. A bill to improve public understanding of the role of financial institutions in home and commercial real property financing; to the Committee on Banking, Currency and Housing.

By Mr. PERKINS:

H.R. 9951. A bill to amend the Privacy Act of 1974 to allow the disclosure of information regarding individual constituents to Members of Congress; to the Committee on Government Operations.

By Mr. TRAXLER (for himself, Mr. Vander Veen, Mr. Brodhead, Mr. Ford of Michigan, and Mr. Riegle):

H.R. 9952. A bill to amend the Regional Rail Reorganization Act of 1973 to require the Consolidated Rail Corporation to provide rail service over certain light density lines, to provide increased financial assistance for local rail services, to direct the Rail Services Planning Office to conduct an analysis of certain rail lines not designated for inclusion in the final system plan, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. UDALL:

H.R. 9953. A bill to repeal certain provisions of law allowing prospecting and mining within important components of the National Park System, to prohibit prospecting and mining activities within such areas, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 9954. A bill to amend section 162 of the Internal Revenue Code of 1954 with respect to the income tax treatment of living expenses of State legislators; to the Committee on Ways and Means.

By Mr. VIGORITO:

H.R. 9955. A bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Florida, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WIRTH:

H.R. 9956. A bill to establish and to change the procedure for establishing the rates of compensation of Members of Congress, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WOLFF (for himself, Mr. Addabbo, Mr. Biaggi, Mr. Delaney, Mr. Gilman, Mr. Guyer, Mr. Murphy of Illinois, Mr. Rangel, Mr. Rodino, and Mr. Scheuer):

H.R. 9957. A bill to provide for the termination of all American assistance to any country which fails to take adequate steps to control illegal trade in narcotics; to the Committee on International Relations.

By Mr. DIGGS (by request):

H.R. 9958. A bill to transfer certain real property of the United States to the District of Columbia Redevelopment Land Agency; to the Committee on the District of Columbia.

By Mr. DUNCAN of Tennessee:

H.R. 9959. A bill to amend title XVIII of the Social Security Act to modify the requirements for coordination between the medicare program established by that title and the Federal employees health benefits program, and for other purposes; to the Committee on Ways and Means.

By Mr. FLYNT:

H.R. 9960. A bill to direct the Secretary of Housing and Urban Development to convey certain lands to the city of Fayetteville, Ga.; to the Committee on Banking, Currency and Housing.

By Mr. HARRIS:

H.R. 9961. A bill to amend section 313 of the National Housing Act for the purpose of raising the limitation on the amount of the principal obligation of a mortgage which may be purchased under such section and for the purpose of mandating that a certain percentage of the mortgages purchased under such section be secured by residences located in certain metropolitan areas; to the Committee on Banking, Currency and Housing.

By Mr. HUGHES:

H.R. 9962. A bill to neutralize the impact of foreign oil price increases upon the domestic economy, by removing oil import tariffs and establishing a maximum price for domestically produced crude oil, and for other purposes; jointly to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. TRAXLER (for himself, Mr. Vander Veen, Mr. Brodhead, Mr. Ford of Michigan, Mr. Riegle, and Mr. Carr):

H.R. 9963. A bill to amend the Regional Rail Reorganization Act of 1973 to require the Consolidated Rail Corporation to provide rail service over certain light density lines, to provide increased financial assistance for local rail services, to direct the Rail Services Planning Office to conduct an analysis of certain rail lines not designated for inclusion in the final system plan, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VIGORITO:

H.R. 9964. A bill to amend section 1114 of title 18, United States Code to include certain employees of the Corps of Engineers of the Department of the Army within the protective provisions of title 18; to the Committee on the Judiciary.

By Mrs. SULLIVAN:

H.J. Res. 681. Joint resolution proposing an amendment to the Constitution of the United States with respect to State and Federal power to protect life; to the Committee on the Judiciary.

By Mr. WHALEN:

H. Con. Res. 412. Concurrent resolution expressing the sense of the Congress that the signing in Helsinki of the Final Act of the Conference on Security and Cooperation in Europe did not change in any way the long-standing policy of the United States on nonrecognition of the Soviet Union's illegal seizure and annexation of the three Baltic nations of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. SIMON:

H. Res. 759. Resolution to amend the Rules of the House of Representatives to allow Members to revise and extend their remarks in the Congressional Record without the approval of the Speaker of the House; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FLOWERS:

H.R. 9965. A bill for the relief of Boulder Daily Camera, Boulder, Colo.; to the Committee on the Judiciary.

By Mr. STAGGERS:

H.R. 9966. A bill for the relief of Muriel R. Gernand; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

241. By the **SPEAKER**: Petition of the Western Governors' Conference, Sun Valley, Idaho, relative to the National Health Planning and Resources Development Act; to the Committee on Interstate and Foreign Commerce.

242. Also, petition of the Kansas Independent Oil and Gas Association, Wichita, Kans., relative to oil prices; to the Committee on Interstate and Foreign Commerce.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

S. 2230

By Mr. LEVITAS:

Page 3, line 18, immediately after "thereto)" insert the following: "; except that the authority contained in this subparagraph to furnish defense articles and defense services and to issue licenses for the transportation to Turkey of arms, ammunition, and implements of war (including technical data relating thereto) shall not become effective with respect to defense articles, defense services, arms, ammunition, implements of war, and technical data relating to arms, ammunition, or implements of war, which were not available for delivery to Turkey on October 1, 1975, until the end of the 90-day period beginning on the date of enactment of this Act."

Page 4, immediately after line 15, insert the following new paragraph:

"(3) The authority contained in subparagraph (A) of paragraph (1) of this subsection may be terminated, in whole or in part, by the Congress by the adoption, during the 60-day period (excluding days when both Houses of Congress are not in session) beginning on the date on which the first report required by the amendment made by subsection (c)(2) is submitted to Congress, of a concurrent resolution declaring that such authority or part thereof, as the case may be, is terminated. Such termination may include the suspension of any licenses issued under subparagraph (A) prior to the adoption of such concurrent resolution."

By Mr. RANGEL:

Page 3, line 6, strike out "(1)"; in line 15, strike out "and to issue licenses" and all that follows thereafter through "thereto)" in line 18 and insert in lieu thereof "if the President determines and certifies to the Congress that significant progress has been made with respect to the refugee problem on Cyprus and certifies to the Congress that the Government of Turkey has taken adequate measures to control the diversion of opium poppy into illicit channels"; and on page 4, strike out line 9 and all that follows thereafter through line 16 on page 6.

Page 3, line 6, strike out "(1)"; in line 15, strike out "and to issue licenses" and all that follows thereafter through "thereto)" in line 18 and insert in lieu thereof "if the President determines and certifies to the Congress that the Government of Turkey has taken adequate measures to control the diversion of opium poppy into illicit channels"; and on page 4, strike out line 9 and all that follows thereafter through line 16 on page 6.

Page 4, line 4, strike out "and" and insert in lieu thereof, "Provided further, That the President determines and certifies to the Congress that the Government of Turkey has taken adequate measures to control the diversion of opium poppy into illicit channels: *Provided further*, That the President places the highest priority upon the achievement of significant progress with respect to the refugee problem on Cyprus"; and on page 4, strike out line 9 and all that follows thereafter through line 16 on page 6.

H.R. 8672

By Mr. EDGAR:

At the end of section 4(d) add a new subsection (e) to read as follows:

"(e) The Secretary is authorized to make grants to public and private nonprofit institutions of higher learning to assist in establishing or carrying on comprehensive training, planning, research in the problems of rail transportation. Such grants shall be used to conduct competent and qualified research and investigations into the theoretical or practical problems of rail transportation, or both, and to provide for the training or retraining of persons to carry on further research to obtain employment in private or public organizations which plan, construct, operate, or manage rail transportation systems. Such research and investigations may include, without being limited to, the design and functioning of rail transportation systems; the interrelationship between various modes of transportation; the role of transportation planning in overall planning; public preferences in transportation; the economic allocation of transportation resources; and the legal, financial, engineering, and esthetic aspects of rail transportation. In making such grants, the Secretary shall give preference to institutions of higher learning that undertake such research and training by bringing together knowledge and expertise in the various social and managerial sciences and technical disciplines that relate to rail transportation problems, and that have demonstrated a commitment and contribution to research and training in rail transportation issues."

By Mr. SOLARZ:

Page 25, line 15, insert immediately after "subsection" the following "or subsection (e)".

Page 26, immediately after line 2, insert the following new subsection:

"(e) Acquisition Price—Whenever the United States or any agency or instrumentality thereof acquires, by purchase or otherwise, any roadbeds and facilities which have been repaired, restored, rehabilitated, or improved with financial assistance under this Act, there shall be deducted from the acquisition price thereof an amount equal to the amount of Federal financial assistance expended pursuant to this Act for the repair, restoration, rehabilitation, or improvement of such roadbeds and facilities."

H.R. 8841

By Mr. SEIBERLING:

(Amendment to the committee amendment.)

Page 3, line 3, insert the following new sentence immediately after the period in such line: "Notwithstanding any other provision of this subsection (b) and Section 25 (d), in the event that the Administrator determines that suspension of a pesticide registration is necessary to prevent an imminent hazard, then upon such a finding the Administrator may waive the requirement of notice to and consultation with the Secretary of Agriculture pursuant to subsection (b) and of submission to the Scientific Advisory Panel pursuant to Section 25(d) and proceed in accordance with subsection (c)."

SENATE—*Wednesday, October 1, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by Hon. Hugh Scott, a Senator from the State of Pennsylvania.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father create in us clean hearts and renew a right spirit within us that we may fitly serve Thee. Show us that what we need is not more things but new men, men just such as we, cleansed, renewed, empowered with souls aflame with truth and love.

When we long for life without suffering or work without difficulty, teach us that all progress is by strain and pain—that difficulties produce dividends in grace and goodness and character. Grant us the wisdom to take things as they are and make them what they ought to be for America and the world.

And to Thee shall be all the praise and thanksgiving. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., October 1, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Hugh Scott, a Senator from the State of Pennsylvania, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. HUGH SCOTT thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Tuesday, September 30, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the majority leader seek recognition?

Mr. MANSFIELD. No, Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Does the acting minority leader desire recognition?

DELAY ENDANGERS SINAI ACCORD

Mr. GRIFFIN. Mr. President, there is growing concern that delay on the part of Congress in approving participation by up to 200 American civilians in the Sinai early warning system could jeopardize success of the entire Middle East accord.

That agreement was reached a month ago today. Developments since then in the Middle East have proceeded according to schedule. The Israeli-Egyptian military working group has met and, within the prescribed 2-week period, has worked out a protocol for implementation of the Sinai agreement. Egypt has signed the protocol. However, because of the delay on the part of Congress, Israel, thus far, has only initialed it.

The terms of the Sinai agreement stipulate that its provisions are to be implemented within 2 weeks after the protocol is signed. With the expiration this weekend of a 2-week period since Egypt signed the protocol, there is a growing risk that further delay on the part of Congress could lead to a confrontation in the Middle East. Some observers believe that the success of the entire agreement is threatened now by the procrastination of Congress.

Mr. President, the interests of peace in the Middle East require prompt congressional action with respect to the proposed early warning system. I can understand—and I share—the concern of many, including some Senate colleagues, who take the position that we should not act impetuously or improvidently.

Precisely because I recognize the dangers of acting in the dark, I have favored efforts in the Committee on Foreign Relations to report a very limited resolution which would not suggest or imply any approval beyond what is actually requested by the administration at this time; that is, approval only of participation of no more than 200 American technicians in the early warning system.

For example, I would favor inclusion in the resolution of language such as the following:

> Nothing in this resolution shall be deemed to constitute a commitment to any nation beyond that set forth in the United States proposal. Requests for military or economic assistance from the parties to the agreement will continue to be considered on the basis of the national interests of the United States, on the legitimate needs of the parties involved, and on the interests of securing peace and stability in the region.

It seems to me that if similar language were included, Congress could deal promptly with the immediate question of whether to allow up to 200 U.S. civilian technicians to participate in the early warning system, without implying approval of anything else.

I see no need at this time to consider the future level of foreign aid, for example. Indeed, I see some danger in the position of those who are so determined to flush out all details now concerning possible future aid requests by the administration. If we insist on a complete schedule of future administration aid requests, as a prerequisite to approving the proposed early warning system, we might put ourselves in the position of appearing now to approve such requests. Would it not be wiser to consider each such request on its merits when it is formally submitted?

During the course of negotiating the Sinai agreement, the administration may have committed itself to submit a particular request to Congress. But, in that event, the administration did not, and could not, bind the Congress. Rather than implicitly binding ourselves now, by taking such requests into account now, would it not be preferable for Congress to wait and consider each such request at the appropriate time on its merits?

Yesterday morning the New York Times featured a lead editorial which concluded:

> [A] general wariness about avoiding further unwitting entanglements should not be allowed to endanger a specific and promising diplomatic achievement which most of the Congress appears to support.
>
> The wisest course now would be for both houses promptly to endorse and certify those parts of the Sinai package of which they have been officially informed by the President, making clear that no undisclosed undertakings—whether written or oral—have the force of any binding commitments of the United States Government.

I also call the attention of the Senate to a column in yesterday's Washington Star by Crosby Noyes, and to an editorial in this morning's Washington Post, both of which articulated a similar position.

Mr. President, I ask unanimous consent that two items be printed in full in the Record at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Star, Sept. 30, 1975]

CONGRESS SHOULD MOVE ON MIDEAST PEACE PLAN

(By Crosby S. Noyes)

If they really put their minds to it, our statesmen on Capitol Hill may yet succeed in wrecking the chances of a peaceful settlement in the Middle East. The administration's timetable for ratification of American commitments under the new Israeli-Egyptian interim agreement has already been delayed a month. Further congressional stalling could imperil the whole plan for disengagement of Israeli and Egyptian forces in the Sinai.

The House and Senate seem to be competing with each other to see who can split more hairs over the proposal to send 200 American technicians to man surveillance installations in the new demilitarized zone. Word from the Hill is that approval will not be forthcoming at least until the week of October 5. After that, Congress will be in recess for Columbus Day until October 20.

Meanwhile, things will not stand still in the Middle East. In initialing the protocols of the agreement in Geneva last Tuesday, the Israelis made it clear that nothing will be implemented until the American commitment on observers is approved by Congress. The timetable set up for the Israelis withdrawal was based on the assumption that would happen by September 30. If Congress fails to act, the timetable will be delayed accordingly.

On October 5, Egyptian forces were supposed to begin reoccupying the Ras Sudar oilfield in the southern Sinai, still under Israeli occupation. It now appears that this first step will be put off at least by several days. If the delay is much longer than that—as appears possible—the whole agreement could begin to come apart.

It is not as if Congress had any serious objections to the agreement or as if anyone felt that the administration was trying to stampede the legislators into action. On the contrary, great care has been taken to explain the American commitment fully and the impression is that there is overwhelming support for these commitments in both houses.

It is rather the predictable problem of congressional prerogatives that is involved here, together with the inevitable complaints about secrecy and lack of consultation before the agreement was concluded—all of which contributes to the tendency to be as ornery as possible, regardless what the price.

Thus, the Senate Foreign Relations Committee is insisting that all of the secret documents relating to the agreement be made public before its approval is given. It is not enough that these documents have been made known to the Congress and published verbatim in the press. What is demanded is formal public acknowledgment by the administration—a precedent which promises considerably to complicate diplomacy in the future.

Thus also, the House Internal Relations Committee is talking about summoning Defense Secretary James R. Schlesinger to discuss the military implications of the agreement. It isn't that the members have any serious reservations about the American role—simply that they don't want to appear more compliant to the administration than their colleagues in the Senate.

This joint exercise in congressional ego-massaging would be of no consequences except that it jeopardizes a tentative and precarious movement toward peace in the Middle East. In political terms, the Israeli-Egyptian agreement has a significance that goes far beyond a simple military disengagement. Pressures on both parties to the agreement are enormous, and neither Israelis nor Egyptians can wait indefinitely for Congress to make up its mind. Any further delay could be as dangerous as it is frivolous.

[From the Washington Post, Oct. 1, 1975]

THE SINAI ACCORD: LET'S GET ON WITH IT

Congress has had a full month to mull over the Sinai agreement. It should now promptly approve the one part of it in its immediate domain—the dispatch of 200 technicians to man early-warning stations. Further delay risks upsetting the already agreed timetable of Egyptian-Israeli implementation of this accord, and setting back preparation of subsequent diplomatic steps. Egypt needs the agreement to have something tangible to show for the large political risk it has taken in making what Arab critics decry (falsely) as a separate peace. Israel needs the agreement as its ticket to the billions in aid and the political partnership it seeks in Washington. The United States needs the agreement to get on with the vital business of helping produce a comprehensive Mideast settlement.

In a month, no substantial challenge has arisen to the substance of the Sinai accord. Only a few legislators still profess to believe that the 200 mutually requested, civilian cease-fire monitors are analogous to the 16,000 military advisers which Washington sent to Vietnam to help one side fight in an active war. The 200, of which only an easily evacuable 60 will be on duty at one time, will be protected by some 5,000 United Nations soldiers. Many legislators ask, as have we, whether the United States will have the necessary political appetite and diplomatic leverage to spur the prompt negotiation of further steps. But a broad—if nervous—consensus is evident that the chances of another Arab-Israeli war would have been greater without the break in the stalemate brought about, at least for a time, by the Sinai accord.

The holdup in Congress springs in large part from a genuine but overdone concern with certain other assurances the United States made to Israel and Egypt to obtain their consent to the Sinai accord. To both countries in various degrees, Washington promised economic and military aid and diplomatic cooperation; the promises to Israel, being larger, have drawn the most attention. Although the administration has gone to unprecedented lengths in informing Congress of these undertakings, some on the Hill insist that they amount to commitments or agreements which the administration should make public or ask Congress to approve or both. On its part, the administration replies that to make these undertakings officially public (they have already been unofficially leaked), would violate the diplomatic confidentiality needed for future exchanges. Moreover, as the President points out, the United States cannot be bound by any undertaking not approved by Congress. None of the parties concerned could have had any illusions on that score.

The Congress is understandably alert to the possibility of stumbling into a hazardous enterprise with eyes only half-open. But in demanding to make diplomatic exchanges public, and to vote on them, it is far overstepping the proper limits of its power. The appropriations process assures it full opportunity to pass timely judgment on all aid assurances made to Tel Aviv and Cairo. Nor has the Congress any authority at all to offer anything more than its non-binding advice on how the administration should conduct its Mideast diplomacy. The administration's promise to Israel to "consult promptly" regarding help in a crisis "in accordance with [American] constitutional practices" has the force of custom and sentiment, whatever they may be worth, but not the force of a treaty (whatever *that* might have been worth).

The choice before Congress is whether to take the small but important step, in approving the 200 technicians, that would allow the United States to get on with the most promising endeavour it has ever made to bring peace to the Middle East. Having contemplated this step and probed its implications for a month. Congress has no further good reason not to take it—unless Congress is prepared to accept responsibility for all of the possible consequences of letting the process break down.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. Harry F. Byrd, Jr.) is recognized for not to exceed 15 minutes.

NEW YORK'S FINANCIAL CRISIS

Mr. HARRY F. BYRD, JR. Mr. President, last week, a group of leading bankers from the city of New York came to Washington and met with President Ford. The purpose of the meeting was to discuss New York's severe financial difficulties.

Over the weekend, a letter was released to the press from Dennis Longwell, president of Chase Manhattan Bank of Central New York. The purpose of the letter was to urge Congress and the President to bail out New York City from its financial difficulties.

I know personally most of the bankers who came to Washington last week to urge a course of action on the President. All of them are fine men. I do not know Mr. Longwell, but I am sure that he is a fine man also.

It is natural, of course, that the bankers—the New York bankers, I want to emphasize—should have a keen interest in having the Federal Government guarantee New York City bonds. These banks hold hundreds of millions of dollars, perhaps billions of dollars, of such bonds. At the appropriate time, if it should come to legislation, I shall seek to find out just how many hundreds of millions of dollars of New York bonds are being held by the various New York banks.

So it is logical, I suppose, that the bankers of New York should seek to have the Federal Government guarantee the bonds.

But I hope President Ford will stand firm in his determination not to support such proposals.

Both President Ford and Secretary Simon have taken a strong position against bailing out New York City. Should the Federal Government, through the President and Congress, seek to guarantee New York bonds, thus bailing out that city from its financial problems, that would represent a bottomless pit—let me repeat, a bottomless pit—for American tax funds.

I am convinced the American people are strongly opposed to any such action. I doubt that there are many Members of the Senate who get around their States with greater frequency than does the senior Senator from Virginia. This past weekend I was in five different counties and cities in Virginia, and I brought this subject up before various groups and dozens and dozens of individuals.

First, I find them well versed in the subject; and, second, I find them to be almost unanimous in their belief that the Federal Government should not involve itself in the affairs of New York.

New York finds itself in its present unfortunate financial situation because of the excesses of its own politicians. If the Federal Government should seek to bail out New York City under political and banking pressure, that would be an invitation to politicians all over the United States to give in to every demand of every pressure group with the knowledge that if the funds are not available in that locality to meet those demands then the Federal Government can pick up the tab.

So while I have some sympathy for the difficulties in which New York City finds itself involved, and the difficulty in which the bankers holding these bonds find themselves, that sympathy does not extend to supporting any proposal to have the American taxpayers bail out New York City.

Why should the people of Norfolk, Va., Portsmouth, Va., Chesapeake, Va., Hampton, Va., Virginia Beach, Va., Newport News, Va., Richmond, Va., Alexandria, Va., Roanoke, Va., all cities of more than 100,000 population, why should they or the citizens of Oregon or Ohio or Mississippi or West Virginia be called upon to pick up the tab for the mismanagement of New York City?

So far as I am concerned, I am prepared to fight to the last ditch against any such proposal.

The nonpartisan Tax Foundation has made a study of the spending programs and the cost of government in the various cities of the United States. It finds that the New York City government is spending at the rate of $1,223 per capita while the average of all other cities in the country is $295 per capita. No wonder the city is in financial difficulties. I say that the politicians themselves and the people themselves must clean up their own mess and not ask the Federal Govenment to bail them out.

Another thing about guaranteeing these bonds, these are tax-exempt bonds. The holders of those bonds have been receiving high interest rates. As a matter of fact, the current bonds are selling now, according to today's report, at a yield of between 12 and 13 percent tax-free. That means banks which have bought those bonds or individuals in the 50 percent bracket who have bought those bonds, are getting an interest rate yield on their money of more than 25 percent. My heart does not bleed for those people. They bought the bonds for the high yields.

But if the Federal Government comes in, then the investors and speculators are going to pick up a nice piece of change by the Federal Government's guaranteeing such bonds. For many reasons it would be a great mistake to bail out New York City.

Yesterday I sent the following telegram to the President, and I shall read it into the Record at this point:

September 30, 1975.

Hon. Gerald R. Ford,
The White House,
Washington, D.C.

I note that New York bankers, in addition to New York politicians, are pressuring your administration to bail out New York City from the financial mess created by its own political leaders.

I urge that you stand firm in your announced opposition to a Federal Government bail out of New York City. Such a precedent would create a bottomless pit for demands on the Federal Treasury. It would encourage politicians in other cities to follow the same reckless course as that pursued in New York, knowing they could turn to Washington when the well ran dry.

If you will stand firm, Mr. President, we can beat the bail out effort. I have already begun work in the Senate. You will have strong support here in resisting efforts to have the Federal Government intervene in New York City's financial problems.

Harry F. Byrd, Jr.,
U.S. Senator.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 15 minutes with statements therein limited to 5 minutes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Ford). Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. Hugh Scott) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILL AND JOINT RESOLUTION SIGNED

At 9:38 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolution:

H.R. 1757. An act for the relief of Plotemia Mabanag Bareng and Bastiana Lilian Mabanag Bareng.

H.J. Res. 672. A joint resolution to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months.

The enrolled bill and joint resolution were subsequently signed by the Acting President pro tempore (Mr. Hugh Scott).

At 12:20 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House disagrees to the amendment of the Senate to the amendments of the House to the bill (S. 622) to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, to implement U.S. obligations under international agreements to deal with shortage conditions, and to authorize and direct the implementation of Federal and State conservation programs consistent with economic recovery; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Staggers, Mr. Dingell, Mr. Macdonald of Massachusetts, Mr. Moss, Mr. Rogers, Mr. Brown of Ohio, and Mr. Broyhill were appointed managers on the part of the House.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs, without amendment:

S.J. Res. 134. An original joint resolution to extend the authority for the direct purchase of U.S. obligations by Federal Reserve banks (Rept. 94-405).

By Mr. HUMPHREY, from the Committee on Foreign Relations, with amendments:

H.R. 9005. A bill to authorize assistance for disaster relief and rehabilitation, to provide for overseas distribution and production of agricultural commodities, to amend the Foreign Assistance Act of 1961, and for other purposes (Rept. No. 94-406).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Arthur C. Nielsen, Jr., of Illinois, and

George H. Gallup, of New Jersey, to be members of the U.S. Advisory Commission on Information.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. SPARKMAN. Mr. President, as in executive session, I report favorably from the Committee on Foreign Relations sundry nominations in the Foreign Service which have previously appeared in the Congressional Record and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the Congressional Record of September 3, 1975, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. TALMADGE:

S. 2436. A bill to create a special tariff provision for imported glycine and related products. Referred to the Committee on Finance.

By Mr. KENNEDY:

S. 2437. A bill to amend the Internal Revenue Code of 1954 to provide a 15 percent tax credit for net new investment, and for other purposes. Referred to the Committee on Finance.

By Mr. WILLIAMS:

S. 2438. A bill to authorize certain filling and construction in the Hackensack River, Hudson County, N.J. Referred to the Committee on Public Works.

By Mr. HUMPHREY:

S. 2439. A bill to amend the Solid Waste Disposal Act to provide assistance and incentives to municipal governments for the recovery of resources and energy from solid wastes. Referred to the Committee on Public Works.

By Mr. CHILES:

S. 2440. A bill to amend section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes. Referred to the Committee on Agriculture and Forestry.

By Mr. THURMOND (for himself, Mr. Goldwater, Mr. Tower, and Mr. Young):

S. 2441. A bill to provide for additional income for the maintenance and support of the U.S. Soldiers' and Airmen's Home by appropriating nonjudicial forfeitures of pay for the support of such Home; by authorizing the Board of Commissioners of such Home to collect a fee from the members of the Home; and by increasing the amount that may be deducted from the pay of enlisted men and warrant officers for the support of such Home. Referred to the Committee on Armed Services.

By Mr. MONDALE:

S. 2442. A bill to establish a program for the prevention and control of Dutch elm disease. Referred to the Committee on Agriculture and Forestry.

By Mr. MOSS:

S. 2443. A bill to reduce unnecessary paperwork burdens placed by the Federal Government upon the American people, and for other purposes. Referred to the Committee on Government Operations.

By Mr. PERCY (for himself, Mr. Ribicoff, and Mr. Bellmon):

S. 2444. A bill to provide for the orderly transition to the new October 1 to September 30 fiscal year; and

S. 2445. A bill to provide permanent changes in laws necessary because of the October-September fiscal year. Referred to the Committee on Government Operations.

By Mr. PROXMIRE:

S.J. Res. 134. An original joint resolution to extend the authority for the direct purchase of U.S. obligations by Federal Reserve Banks. From the Committee on Banking, Housing and Urban Affairs (Rept. No. 94-405).

By Mr. WILLIAMS:

S.J. Res. 135. A joint resolution to reevaluate U.S. participation in International and Regional Organizations. Referred to the Committee on Foreign Relations.

By Mr. MOSS (for himself and Mr. Hugh Scott):

S.J. Res. 136. A joint resolution to repeal the China Trade Act, 1922. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KENNEDY:

S. 2437. A bill to amend the Internal Revenue Code of 1954 to provide a 15-percent tax credit for net new investment, and for other purposes. Referred to the Committee on Finance.

FIFTEEN PERCENT CREDIT FOR NET NEW INVESTMENT

Mr. KENNEDY. Mr. President, I send to the desk a bill to amend the Internal Revenue Code of 1954, and I ask that it may be referred to the Committee on Finance.

The purpose of the bill is to increase the 10-percent investment credit now in the tax code to 15 percent for a taxpayer's "net new investment." Net new investment is defined as the amount of investment that exceeds the taxpayer's average investment over the 3 preceding years.

The proposed legislation will provide an additional antirecession and anti-inflation incentive to businesses, by rewarding firms that continue to grow. In general, under present law, as adopted by the Tax Reduction Act last March, a credit equal to a flat 10 percent of investment in plant and equipment is allowed against income taxes—the so-called investment tax credit.

Under the bill I am proposing, a "bonus" of 5 percent on the investment tax credit would be available to firms that exceed their prior growth record.

The extra 5-percent credit would be both an antirecession and an anti-inflation measure. I would provide an immediate antirecession stimulus to the economy by encouraging additional investment in plant and equipment. And it would also provide an important long-run anti-inflation incentive. It will encourage firms to develop the capacity the country will need to meet the inevitably growing demand for goods in the future, and thereby to prevent the shortages that have helped to fuel inflation in the past.

A major drawback of the flat 10-percent investment credit in the current law is that it is no incentive at all for many firms—it is simply a tax windfall that rewards them for the investment they would be making anyway.

A "net new investment" tax credit has an important advantage over such a "flat" credit. It will reward only those firms that are growing, and it will encourage growing firms to engage in even greater growth.

Thus, under the proposal, every firm will receive a 10-percent investment credit for its investment in new plant and equipment. But firms that exceed their prior 3-year average investment will qualify for a 5-percent bonus, or a total credit of 15 percent on their incremental new investment.

The cost of the proposed legislation is estimated at $500 million in 1976, which is a modest price for what I regard as an important long run innovation in the tax law.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2437

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 46(a)(1)(C) of the Internal Revenue Code of 1954 is amended to read as follows:

"(C) Fifteen percent credit.—Except as otherwise provided in this paragraph, the amount of credit allowed by section 38 for the taxable year shall be an amount equal to 15 percent of the net new investment (as defined in subsection (g))."

(b) Section 46 of such Code is amended by adding at the end thereof the following new subsection:

"(g) Net New Investment.—For purposes of this section, the term 'net new investment' means, with respect to any taxable year, the amount by which the qualified investment of the taxpayer for such year, determined without regard to investment credit carryovers and carrybacks and without regard to subsection (a)(6) or subsection (d), exceeds the average amount of qualified investment of the taxpayer per taxable year, as determined on the basis of the 3 most recent previous taxable years, determined without regard to investment credit carryovers and carrybacks and without regard to subsection (a)(6) or subsection (d)."

(c) Section 46(a)(4) of such Code is amended by inserting "nor net new investment" immediately after "qualified investment".

Sec. 2. The amendments made by this Act apply to property described in section 46(a)(1)(D) of the Internal Revenue Code of 1954, except that in applying such section "October 1, 1975" shall be substituted for "January 21, 1975" each place it appears therein.

By Mr. WILLIAMS:

S. 2438. A bill to authorize certain filling and construction in the Hackensack River, Hudson County, N.J. Referred to the Committee on Public Works.

Mr. WILLIAMS. Mr. President, I am introducing legislation today which would declare a portion of the Hackensack River in New Jersey to be nonnavigable. The purpose of this bill is to clear a technical impediment to title for a portion of the land involved in the development of the Hackensack meadowlands.

This is a project which in one fashion or another has been considered quite literally for centuries. However, only in recent years has the development become feasible.

It is a massive development involving the meadowlands of northern New Jersey in an area near New York City. The project involved years of most intensive study in which all factors—social, economic, and environmental were most carefully considered.

The plan finally adopted by the Hackensack Meadowlands Development Commission will provide jobs, homes, and recreation space while still preserving the balance of nature. Within its scope there will even be an extensive sports complex.

The project in question here will provide much needed housing for the area. It has been thoroughly reviewed from an environmental standpoint and the builder has agreed to donate a total of 72 acres of adjacent land to the New Jersey Fish and Wildlife Service and to the Meadowlands Commission to be used as a bird sanctuary in the Sawmill Creek Wildlife Preserve.

What is involved is only a portion of the overall development. However, it is an essential portion if New Jersey's dream of a carefully developed and balanced project is to be realized.

By Mr. HUMPHREY:

S. 2439. A bill to amend the Solid Waste Disposal Act to provide assistance and incentives to municipal governments for the recovery of resources and energy from solid wastes. Referred to the Committee on Public Works.

MUNICIPAL SOLID WASTE RECOVERY ACT OF 1975

Mr. HUMPHREY. Mr. President, today, I am introducing legislation to accelerate the recovery and reuse of solid wastes by municipal governments. This legislation has two objectives:

To conserve energy now used both in the destruction and disposal of urban solid waste and in the production of goods which can be recycled; and

To generate net revenues for hard pressed local governments from the sale of recycled solid waste as well as energy produced in that process.

Only a handful of localities are now engaged in efforts to recycle solid waste. The Environmental Protection Agency estimates that, by 1980, less than 30 urban areas will have implemented energy recovery systems. As a result of this rather slow growth in the number of waste recovery systems, only 40,000 barrels per day of oil will be saved by 1980.

That is progress. But it is slow progress. It is progress more in tune with the days and times prior to the Arab oil embargo. Now is the time for effective action to obtain the benefits which solid waste recovery systems offer to a national striving for energy independence.

And, these benefits are large. An EPA analysis, entitled, "Energy Conservation Through Solid Waste Management," reveals that over 500,000 barrels of oil daily could be saved in 1980 if our larger urban areas had solid waste recovery systems. That is equal to 1 of every 12 barrels of oil we now import—at a total annual cost in excess of $2.3 billion. Even if international oil prices remain stable—and they assuredly will go up—that is a national energy savings of $23 billion in one decade from solid waste recycling.

Municipalities face four major constraints in adopting solid waste recovery systems: Technological constraints, market uncertainty for recycled products, lack of information and planning capability by localities, and financing.

The two most severe problems are financing and a lack of local data and planning expertise to move rapidly toward utilization of solid waste recovery systems. My legislation, entitled "The Municipal Solid Waste Recovery Act of 1975," will largely eliminate these two constraints.

First, it calls upon the EPA Administrator to conduct a solid waste recovery system feasibility study for each SMSA not now actively planning such a system. These studies shall be updated annually. They shall include an analysis of the benefits from the establishment of one or more specific waste recovery systems on the market.

This provision will enable the EPA to become much more actively involved with localities in the speedy selection of an appropriate waste recycling system. It also, of course, will enable municipalities to draw on expertise which they could otherwise acquire only at considerable cost.

A second provision of my bill provides construction grants to municipalities for installation of solid waste recovery systems; $100 million is authorized annually over the next 4 fiscal years for such grants. These grants will complement existing EPA authority to stimulate the construction of facilities to recover or dispose of sewage sludge in addition to facilities for the recovery of solid wastes.

In Minnesota, the type of project for which grants would be available under this legislation includes the Twin Cities' Metropolitan Sewer Board's pyrolysis system, now in the planning stage. This system will be capable of converting over 450 tons of water treatment system sludge into gas and oil to reduce the board's fuel costs, now running about $1 million annually. This legislation would provide resource recovery system planning assistance to the metropolitan council and Hennepin County without cost—assistance they are now purchasing from private consultants for a total of $275,000.

As drafted, this legislation could also provide planning and construction grants to stimulate the establishment of municipal waste recovery systems in St. Cloud, Rochester, Duluth-Superior, and Moorhead-Fargo.

Mr. President, I ask unanimous consent that data and explanatory material from the EPA regarding potential savings from solid waste recovery be included in the Record. I also ask unanimous consent that the text of the Municipal Solid Waste Recovery Act of 1975 be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 2439

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Municipal Solid Waste Recovery Act of 1975."

Sec. 101 (a) The Congress finds that—

(1) our nation is heavily dependent on insecure foreign sources for energy;

(2) our Nation's production of goods and services requires the energy-intensive extraction and fabrication of scarce natural resources;

(3) the recovery of resources and energy from solid municipal wastes will conserve the equivalent of 500,000 barrels of oil per day; and

(4) the rapid establishment of municipal solid waste recovery facilities can most effectively be encouraged by technical assistance and construction grants.

(b) It is the purpose of this Act is provide for programs to provide technical assistance and financial incentives for the establishment of municipal solid waste recovery facilities.

TECHNICAL ASSISTANCE FOR MUNICIPAL SOLID WASTE RECOVERY FACILITY PLANNING

Sec. 102. Section 204 of the Solid Waste Disposal Act as amended by the Resources Recovery Act of 1970 (84 Stat. 1230), is amended by adding at the end therefor the following:

"(d) The Administrator is authorized and directed to provide technical assistance to counties, municipalities, and intermunicipal agencies for the implementation of programs to establish solid waste recovery facilities, and to provide solid waste management services.

"(1) Such assistance shall include assistance for facility planning; for the evaluation of competing solid waste recovery systems and feasibility studies; expert consultation; surveys and analyses of market needs; marketing of recovered resources; technology assessments; legal expenses; construction feasibility studies; fiscal or economic investigations or studies; and compilation of all available solid waste recovery systems.

"(2) To encourage the widespread and rapid utilization of solid waste recovery systems by municipalities, counties, and intermunicipal agencies, the Administrator will—

"(A) Within 90 days following enactment of this section and each year thereafter survey each Standard Metropolitan Statistical Area or components or combinations thereof with populations in excess of 50,000, which are not actively planning the establishment of a solid waste recovery system, to determine which of the available solid waste recovery systems can feasibly be established there; and

"(B) Within 180 days following enactment of this section and each year thereafter, for each such area surveyed pursuant to subsection (2)(A) above, prepare a feasibility study evaluating the tax savings and environmental benefits realizable from establishment of the one or more solid waste recovery systems determined to be feasible for such area."

"(3) There are authorized to be appropriated $10,000,000 for each of the fiscal years 1976, 1977, and 1978, and $2,500,000 for the transition fiscal quarter ending September 30, 1976, to carry out this subsection."

CONSTRUCTION GRANTS FOR MUNICIPAL WASTE RECOVERY SYSTEMS

Sec. 103. (a) General—(1) The Administrator of the Environmental Protection Agency (hereinafter referred to as the "Administrator") is authorized and directed to make grants, in accordance with the provisions of this section and such rules and regulations as he shall prescribe, to municipalities, counties, or intermunicipal agencies for the construction of a resource recovery system for mixed municipal solid wastes or any component thereof necessary to the creation of such a system: *Provided,* that no grant shall be made under this section after September 30, 1979.

(2) An applicant for a grant under this section shall provide evidence in writing to the Administrator in such form and with such content and other submissions as the Administrator deems necessary to protect the interest of the United States. Each grant shall be extended in such form, under such terms and conditions, and pursuant to such

regulations as the Administrator deems appropriate.

(b) CONDITIONS.—The Administrator shall grant or make a commitment to grant under subsection (a) of this section, with respect to municipal solid waste recovery facilities or components thereof, only if—

(1) such assistance under this section is not used for the acquisition of land or interests in land;

(2) the applicant agrees that such system or component will be consistent with any applicable requirements of the Solid Waste Disposal Act as amended by the Resources Recovery Act of 1970 (84 Stat. 1230);

(3) such system or component is consistent with applicable State and area-wide plans or programs;

(4) the Administrator is satisfied that the proposed resource recovery system is appropriate for the area to be served, that the proposed system does not duplicate or displace existing resource recovery services in the area, and that a realistic plan for achieving operational and financial self-sufficiency within a reasonable time exists for the proposed system, including adequate, stable markets for a significant proportion of the recovered resources or energy;

(5) such system or component will comply with effluent limitations under the Federal Water Pollution Control Act and with new source emission limitations or requirements of air quality implementation plans under the Clean Air Act;

(6) the Administrator is satisfied that competition among private entities for the construction or operation of the system or component to be assisted under this section will be in no way limited or precluded;

(7) the amount to be granted does not exceed 50 per centum of the total project cost of the facility assisted; and

(8) the Secretary of the Treasury and the Administrator are satisfied that the grant applied for is not otherwise available from other Federal agencies.

(c) AUTHORIZATION.—There are authorized to be appropriated $100,000,000 for each of the fiscal years ending on June 30, 1976, September 30, 1977, September 30, 1978, September 30, 1979, and $12,500,000 for the transition fiscal quarter ending September 30, 1976, to carry out this section.

ENERGY CONSERVATION THROUGH IMPROVED SOLID WASTE MANAGEMENT

(Source: Environmental Protection Agency)

INTRODUCTION

Recent concern about energy supplies and environmental quality has focused attention on how resources are used and on the effects of resource use on the environment. Continued growth in the consumption of materials and the generation of wastes—with their attendant use and waste of energy—is neither inevitable nor necessary. Energy could be conserved by improving upon current materials use and waste management practices. This paper presents four opportunities to conserve energy through better solid waste management:

1. Source Reduction: Reducing consumption of products or reusing products, resulting in the use of less energy and materials and in the reduction in waste generation.
2. Energy Recovery: Using solid waste as a fuel in place of coal, oil or gas.
3. Recycling: Using recycled materials that consume less energy than virgin materials in manufacturing processes.
4. Improved Collection: Using waste collection trucks more efficiently, reducing fuel consumption.

Considered separately, the "maximum possible" energy savings from each of these four measures is:

	B/DOE[1] (thousand)	B/YOE[2] (million)	Btu's[3] (trillion)
Source reduction	115	42	244
Energy recovery	393	143	832
Recycling	80	30	172
Improved collection	3	1	6

[1] B/DOE, barrels per day of oil equivalent.
[2] B/YOE, barrels per year of oil equivalent.
[3] Btu's, British thermal units. 1 trillion=1×10^{12}.

When considering the combination of these four energy conservation measures, the reader should be aware that the total energy benefits from improved solid waste management cannot be determined by adding the potential savings listed above. This is because the four areas are interrelated: energy saved in one area may reduce the potential for savings in another. For example, banning nonrefillable beverage containers (a source reduction measure) will reduce the amount of material available for recycling. Recycling combustible materials like paper will reduce the amount of waste available for energy recovery.

Some of the energy savings are additive. For example, energy recovery can be accompanied by the recycling of inorganic (noncombustible) materials. In fact, energy recovery improves the economics of materials recycling. This occurs because an energy recovery system can usually be economically viable without materials recovery, although the opposite is not true. In an energy recovery system, the noncombustible recyclable materials are typically separated from the mixed waste (and therefore available for recycling) even if they are not going to be recycled. The additional cost of removing the recyclable materials appears to be less than the additional revenues from the sale of those materials.

In general, the largest quantity of energy is conserved by combining measures despite the reductions in certain categories. The potential energy savings from combining all measures in one possible scenario are:

	B/DOE[1] (thousand)	B/YOE (million)	Btu's (trillion)
Source reduction	115	42	244
Energy recovery	357	131	757
Recycling	46	17	98
Improved collection	3	1	6
Total	521	191	1,105

[1] From scenario 3 on table 8 in the summary.

Note: See footnotes to table 8.

Examples of the effects of certain energy conservation measures on other measures will be presented in the Energy Recovery and Recycling sections. An overview of the combined energy savings from three possible energy conservation scenarios will be presented in the Summary.

To put these four energy conservation opportunities in perspective they should be understood in the context of the flow of materials from acquisition of natural resources, through processing and manufacturing, to product use and waste disposal.

Existing methods of materials use and waste generation have two important consequences. First, a large portion (almost 50 percent) of the Nation's energy supply is consumed by the industrial sector. For example, fuel is consumed by the equipment that removes iron ore from the ground and transports the ore to the steel mill. Then energy is used to melt the ore and process it into steel. Next, energy is required for the equipment that transforms the steel into usable products in the manufacturing process. Finally, energy is consumed in the disposal operation (tractors on a landfill or in a resource recovery system). And all along, energy is consumed in transporting the material or product from each step to the next, including the final transport step: waste collection. Therefore, any reduction in the consumption of materials and products could conserve energy. The section on Source Reduction will discuss this further.

Secondly, conventional disposal methods—landfill or incineration without energy recovery—waste energy. A large portion of the materials discarded into the waste stream are combustible and can be converted into energy, thereby conserving valuable fossil fuels. The waste stream also contains valuable materials—steel, aluminum, paper, glass—that can be recycled. Generally, although not in all cases, it takes less energy to manufacture a product from recycled materials than from virgin materials when all stages of materials acquisition, processing, manufacturing, and transportation are considered. To get a better appreciation for the opportunities for recovering energy and recycling materials, a closer look at the waste stream would be desirable.

TABLE 1.—MUNICIPAL SOLID WASTE GENERATION BY MATERIAL AND SOURCE, 1971

Kinds of materials	Product source categories							Material totals			
								"As-generated" basis		"As-disposed" basis	
	Newspapers books, and magazines	Containers and packaging	Major household appliances	Furniture and furnishings	Clothing and footware	Food products	Other products	10^6 tons	Percent	10^6 tons	Percent
Paper	10.3	20.4		tr.	tr.		8.4	39.1	31.3	47.3	37.8
Glass		11.1	tr.	tr.			1.0	12.1	9.7	12.5	10.0
Metals		6.1	1.9	.1	tr.		3.8	11.9	9.5	12.6	10.1
Ferrous		5.4	1.7	tr.			3.5	10.6	8.5		
Aluminum		.6	.1	tr.			.1	.8	.6		
Other nonferrous		.1	.1	tr.			.2	.4	.3		
Plastics	tr.	2.5	.1	.1	.2		1.3	4.2	3.4	4.7	3.8
Rubber and leather		tr.		tr.	.5		2.7	3.3	2.6	3.4	2.7
Textiles	tr.	tr.		.6	.5		.7	1.8	1.4	2.0	1.6
Wood		1.8		2.3	tr.		.5	4.6	3.7	4.6	3.7
Food wastes						22.0		22.0	17.6	17.7	14.2
Product total	10.3	41.9	2.1	3.2	1.2	22.0	18.4	99.1	79.3	104.9	83.9
Yard wastes								24.1	19.3	18.2	14.6
Miscellaneous inorganics								1.8	1.4	1.9	1.5
Total waste								125.0	100.0	125.0	100.0
Percent product source composition	8.2	33.5	1.7	2.6	1.0	17.6	14.7		79.3		83.9

The waste stream

EPA estimates that about 125 million tons of municipal wastes were generated from residential and commercial sources in the U.S. in 1971 (3.32 lbs/person/day).[1] Table 1 shows the breakdown of the waste stream, cross-referenced by material and by product. Product source categories are presented in millions (10^6) of tons on an "As Generated" basis. The materials in the waste stream are presented in millions of tons on both an "As Generated" and an "As Disposed" basis. "As Generated" measures the weight of the material before it is mixed with other wastes. "As Disposed" measures the weight of the material after being mixed in trash cans and collection trucks. The difference between the two is the result of the migration of moisture from the wetter materials (food and yard wastes) to materials that absorb moisture (note the increase in the weight of paper) and of products to whose surface the moisture adheres (such as glass and metals).

The figures in Table 1 include wastes generated in household, commercial and business establishments and institutions (schools, hospitals, etc.) and excludes industrial process wastes, agricultural and animal wastes, abandoned automobiles, ashes, street sweepings, construction and demolition debris, and sewage sludges. The 125 million ton figure includes only those materials discarded into the waste stream and, therefore, excludes certain amounts of newsprint, corrugated and other materials that are already being recycled.

Large quantities of agricultural, forestry and industrial wastes and sewage sludge are generated each year. The amount of energy recoverable from these wastes may be significant; however, these wastes are not included in this analysis because the economic feasibility of recovering energy from them has not been determined.

The amount of products consumed and wastes generated has been growing at a rate estimated at 3 percent per year over the last decade. The population increased about 13 percent during the 1960's. Although the population is growing slower now than in earlier years, the generation of wastes continues to increase.

These trends indicate a projected 3 to 4 percent annual increase in the amount of wastes generated in the years ahead. This means that more wastes will be available for energy recovery and materials recovery. More importantly, however, it means that the demand on supplies of natural resources will be greater and that more energy will be required to convert those resources into usable products. Thus, the need to conserve energy and to consume fewer products should become more apparent.

ENERGY RECOVERY FROM WASTE

Theoretical energy potential

About 70 to 80 percent of residential and commercial wastes is combustible with an energy content of about 9 million Btu's per ton. Theoretically, if all solid waste in the U.S. had been converted into energy in 1971, about 1.1 quadrillion (1.1×10^{15}) Btu's per year would have been generated. This is the equivalent of over 522,000 B/DOE, or 190 million B/YOE. The growth in population and per capita waste generation would cause these figures to increase to 1,440 trillion Btu's per year by 1980, or about 680,000 B/DOE or 248 million B/YOE. These and other findings are summarized on Table 2.

Available energy potential

Not all waste is available for energy recovery. Energy recovery systems require large quantities (at least 200 to 250 tons per day) of waste delivered for processing at one site in order to achieve economies of scale. For this reason, energy recovery appears feasible only in more densely populated areas, such as Standard Metropolitan Statistical Areas (SMSA's). If energy recovery had been practiced in all SMSA's in 1971, over 832 trillion (832×10^{12}) Btu's would have been recovered. This is equal to over 393,000 B/DOE, or 143 million B/YOE. By 1980, the energy potentially recoverable from the SMSA waste stream is projected to be about 1,085 trillion Btu's per year, the equivalent of over 512,000 B/DOE, or 187 million B/YOE.

TABLE 2.—ENERGY POTENTIALLY RECOVERABLE FROM WASTE

	1971			1980		
	British thermal units (trillions)	Barrels per day of oil equivalent (thousands)	Barrels per year of oil equivalent (millions)	British thermal units (trillions)	Barrels per day of oil equivalent[1] (thousands)	Barrels per year of oil equivalent (millions)
Theoretical	1,106	522	191	1,440	680	248
Available	832	393	143	1,085	512	187
Projected implementations				85	40	15
Potential candidates				558	263	96

[1] Assuming 5,800,000 Btu's per barrel of oil and 365 days per year.

Using solid waste as an energy source offers several distinct benefits:

1. Replaces the use of fossil fuels.
2. Produces low sulfur oxide emissions because solid waste has a low sulfur content.
3. Reduces the amount of land needed for dispoal sites.
4. Is a readily available, growing—rather than depleting—domestic source of energy.

Projected implementations of energy recovery systems

Interest in energy recovery is increasing across the country. Several systems (including two Federally-supported demonstration plants) will be operating before the end of 1975. About 40 additional communities are seriously considering the recovery of energy from waste.

Based on energy recovery projects existing or planned at the present time, it is projected that by 1980 almost 30 cities and counties around the country should be operating the equivalent of about thirty-six 1,000 ton-per-day plants, recovering an estimated 85 trillion Btu's per year, or 40,000 B/DOE, or 15 million B/YOE.

A list of communities where energy recovery systems are underway or planned is included in Table 3. This list represents those communities that have already taken definite steps (by conducting a feasibility study, by vote of the county legislative body, or by some similar step) towards implementation of an energy recovery system. However, there are many other cities that are potential candidates for energy recovery systems.

TABLE 3.—PROJECTED IMPLEMENTATIONS OF ENERGY RECOVERY SYSTEMS BY 1980

State, city	Tons of solid waste per day (1980)
California: San Diego	200
Connecticut: Bridgeport	1,200
District of Columbia: Washington	1,000
Illinois:	
Chicago	2,000
Chicago area, outside city	1,000
Iowa: Ames	200
Maryland:	
Baltimore	1,000
Montgomery County	1,200
Massachusetts:	
Braintree	240
East Bridgewater (near Brockton)	1,200
Lawrence	1,000
Saugus (near Boston)	1,200
Missouri: St. Louis	8,000
New Jersey:	
Essex County (Newark area)	1,000
Hackensack Meadowlands	2,000
Union County (Elizabeth) or Middlesex County (New Brunswick)	1,000
New York:	
Albany	500
Hempstead, Long Island	1,000
Monroe County (Rochester)	500
New York City	2,000
Westchester County (White Plains)	1,500
Ohio:	
Akron	1,000
Cleveland	500
Oregon: Eugene	700
Pennsylvania: Philadelphia	2,400
Puerto Rico: San Juan	1,000
Tennessee:	
Knoxville	500
Memphis	500
Nashville	750
Total tons per day in 1980	36,290
Number of equivalent 1,000 tons-per-day plants	36
Energy recoverable in 1980:	
Trillion Btu's per year	85
Barrels per day of oil equivalent	40,000
Million barrels per year of oil equivalent	15

By Mr. CHILES:

S. 2440. A bill to amend section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes. Referred to the Committee on Agriculture and Forestry.

Mr. CHILES. Mr. President, I introduce today an amendment to section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937. Currently, section 8e subjects tomatoes and certain other imported fresh fruits and vegetables to the same or comparable grade, size, quality, or maturity marketing restrictions as imposed by Federal marketing order on the shipment of domestically produced commodities. This section of the act was originally sponsored by the late Senator Spessard Holland of Florida and was intended to require that all restrictions imposed by marketing order on the handling of domestically grown agricultural commodities should apply equally to imported commodities.

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[1] This waste generation rate is lower than the widely quoted 190 million tons/year (5.3 lbs/capita/day) estimated in the 1968 National Survey of Community Solid Waste Practices. The National Survey was based on a sample of collected tonnage estimates (rather than systematic measurements) that were extrapolated to a national scale. These more recent estimates are primarily based on national material production and product marketing data. It is the judgment of EPA that these new figures are accurate to within approximately 25 percent and the 1968 survey over-estimated the national municipal solid waste stream.

The amendment I am proposing regarding restrictions imposed by marketing order on the "pack" of the container in which domestically produced tomatoes are marketed is necessary in view of the fact that the Secretary of Agriculture interprets section 8e as not authorizing the application of "pack" restrictions to imported tomatoes that are imposed by Federal marketing order on shipments of tomatoes grown in the United States.

The interpretation which the Secretary has placed upon section 8e has resulted in the promulgation of regulations which allow foreign shippers to ship in a single container tomatoes of varied size, grades, and maturities; a practice which is forbidden domestic growers. The fact of this unequal treatment of foreign and domestic growers is, of course, detrimental to the U.S. grower and disruptive to the tomato market. Further, the failure to apply equal "pack" restrictions on foreign tomatoes counters the policy of Congress, as provided in section 8e, to establish orderly marketing procedures.

Mr. President, at this point in my remarks I ask unanimous consent that the text of the bill I am introducing be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2440

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence (1) by inserting after "eggplants" a comma and the following: "or regulating the pack of any container of tomatoes" and (2) by inserting a comma and "and in the case of tomatoes any provisions regulating the pack of any container," after "provisions" wherever it appears, and in the fourth sentence by inserting a comma and "and with respect to imported tomatoes such restrictions on the pack of any container," after "classifications."

By Mr. THURMOND (for himself, Mr. Goldwater, Mr. Tower, and Mr. Young):

S. 2441. A bill to provide for additional income for the maintenance and support of the U.S. Soldiers' and Airmen's Home by appropriating nonjudicial forfeitures of pay for the support of such home; by authorizing the Board of Commissioners of such home to collect a fee from the members of the home; and by increasing the amount that may be deducted from the pay of enlisted men and warrant officers for the support of such home. Referred to the Committee on Armed Services.

Mr. THURMOND. Mr. President, I rise today to introduce a bill to provide three additional sources of income for the U.S. Soldiers' and Airmen's Home, as follows: First, authorize the Board of Commissioners of the home to collect a fee from the members; second, appropriate nonjudicial fines and forfeitures; and third, authorize the Secretary of the Army, with the concurrence of the Secretary of the Air Force, to increase the deductions from the pay of enlisted and warrant officer personnel.

The home's development, upkeep, and operation have not been a burden on the taxpayers of this country, since it is supported by funds derived from the soldiers and airmen themselves and set apart by law in a trust fund known as the Soldiers' and Airmen's Home Permanent Fund, whose moneys are generated from three principal sources: First, deductions from the pay of enlisted and warrant officer personnel of the Regular Army and Regular Air Force; second, fines and forfeitures imposed upon these personnel by sentence of courts-martial; and third, interest on this permanent fund.

Recent studies by the Board of Commissioners of the Home show that additional income is necessary in order to avoid an unacceptable depletion of the Home's permanent fund; and that without these additional sources of income, continuation of the Home's operation would be in jeopardy. In the two decades from 1950 through 1969, income to the permanent fund averaged $10.5 million per year. In the same period, costs to the Home—operation, maintenance, and construction—averaged $6.7 million. As a result, the Home's permanent fund grew from $35.4 million in 1950 to $110.1 million in 1969.

Despite this apparently sound financial position, current projections through the year 1990 indicate that the fiscal viability of the Home is in danger. The paramount problem of the Home has been the continuing and accelerated depletion of its permanent fund balance, which started in fiscal year 1971 when, for the first time in recent history, operating expenses exceeded income by $2.1 million. This financial reversal was brought on by a combination of greatly increased costs of goods and services; decreased income resulting from a reduction in the size of the active forces, and the 1963 Comptroller General's ruling which denied accrual of nonjudicial fines and forfeitures to the Home's permanent fund; and, an increasing Home membership. If the Home must continue to rely solely on its current income sources, the permanent fund balance will be depleted by the fall of 1986.

Mr. President, I ask unanimous consent that this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2441

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4818 of the Revised Statutes is amended by—

(1) inserting "(a)" immediately after "Sec. 4818.";

(2) inserting "and all forfeitures of pay imposed under authority of section 815 (article 15) of title 10, United States Code" immediately after "courts-martial"; and

(3) adding at the end of such section a new subsection as follows:

"(b) The Board of Commissioners of the Soldiers' Home is authorized to impose and collect from inmates of the Home a fee which may be used solely for the operation of the Home. The amount of the fee shall be determined by the Board of Commissioners on the basis of the financial needs of the Home and the ability of the inmates to pay.".

Sec. 2. The Act entitled "An Act to provide further for the maintenance of the United States Soldiers' Home", approved February 13, 1936 (49 Stat. 1137; 24 U.S.C. 44a), is amended by striking out "25 cents" and inserting in lieu thereof "one dollar".

By Mr. MONDALE:

S. 2442. A bill to establish a program for the prevention and control of Dutch elm disease. Referred to the Committee on Agriculture and Forestry.

Mr. MONDALE. Mr. President, I am today introducing legislation designed to help curb the epidemic of Dutch elm disease sweeping the Nation's 20 million elm shade trees.

The Dutch elm disease, unknown in America before 1930, has become the most destructive shade-tree disease in the United States. The disease has spread until it now occurs from the east coast to the Rocky Mountains and from North Carolina and Arkansas to Canada. The disease is causing extremely heavy losses of both wild and planted elms in many parts of this area.

This disease, which is caused by a fungus that chokes off the tree's vascular system, kills an estimated 400,000 elm trees in 30 States each year. Elms are being virtually eradicated in the cities, where they constitute most of the trees along the streets and in the parks; and a similar danger exists for elms in rural forests and park lands.

The U.S. Forest Service estimates that the Dutch elm disease will infect shade trees in all 50 States within the next 15 years because of its alarming and rapid spread.

The Dutch elm disease results in rapid wilting of foliage. Some trees die a few weeks after becoming infected. Other trees wilt slowly and survive for a year or longer. All native elms, including the American elm and all European species are susceptible to this disease.

If no control measures are used, almost all the elms may die in a short while, leaving naked cities, reduced property values and requiring the immediate expenditure of millions of dollars in removal costs.

In terms of real estate, an elm represents a large factor in the value of the home it shades. Where elms have fallen to disease, the value of costly property has fallen with them. The elm trees' cooling shade actually reduces summer temperatures 15° to 25° and the trees help purify the air by utilizing carbon dioxide and liberating oxygen. As a factor in noise abatement, tree-lined streets absorb a high percentage of sound, reducing the nervous strain from mounting city traffic.

It costs from $100 to $400 to remove a large elm such as the type usually found lining the streets and in the backyards of cities and towns across the Nation. The monetary losses and costs to such areas as Des Moines, Omaha, Minneapolis, and Kansas City—to name just a few—have been enormous. Proper control measures are not excessively costly, however, when compared with the cost of doing nothing.

At the present time, there is no known cure for Dutch elm disease. Infected trees must be destroyed. Until research provides a cure, proper control measures can help limit tree losses and, hopefully, the majority of the elm trees can be kept alive while orderly efforts to plant different types of trees take place.

The bill I am introducing would help local communities institute control programs to halt the Dutch elm disease epidemic by authorizing the Secretary of Agriculture to conduct surveys, either independently or in cooperation with State or local governmental agencies, to detect and appraise the extent and nature of Dutch elm disease in both forest and urban areas and provide technical, financial, and other assistance for protecting, treating, or destroying trees which are infected with Dutch elm disease or which constitute a threat to other elm trees. It would also provide for an accelerated research program for discovering and developing methods of prevention and control of Dutch elm disease.

The appropriation is minimal, only $5 million for the first fiscal year, $7½ million for the second year, $10 million for the third year, and such sums as may be necessary for the succeeding fiscal years. There is also an additional $400,000 for each of 5 years for research into the control and prevention of this disease.

We must act now, or suffer the fate which has befallen so many municipal environments where elms were the predominant shade tree species.

Mr. President, I ask unanimous consent that the full text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 02442

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture shall establish and maintain a program for purposes of preventing and controlling Dutch elm disease in forest, urban, and other areas. Under this program, the Secretary, subject to section 2, shall—

(1) conduct surveys, either independently or in cooperation with State or local government agencies, to detect and appraise the extent and nature of Dutch elm disease in forest, urban, and other areas;

(2) provide technical, financial, and other assistance in forest, urban, and other areas, in cooperation with State or local governmental agencies and subject to whatever conditions the Secretary deems necessary, for the purposes of protecting, treating, or destroying trees which are infected with Dutch elm disease or which constitute a threat to other elm trees; and

(3) accelerate research, either independently or in cooperation with State or local governmental agencies, for the purpose of discovering and developing methods of prevention and control of Dutch elm disease.

Sec. 2. The Secretary may not perform the activities authorized by this Act on any land owned by and entity other than Federal Government unless that entity contributes, or agrees to contribute, to the work to be done on its land in an amount and in a manner determined by the Secretary.

Sec. 3. (a) There are authorized to be appropriated, for the activities performed under paragraphs (1) and (2) of the first section of this Act, $5,000,000 for the first fiscal year ending June 30, 1976, $7,500,000 for the fiscal year ending September 30, 1977, $10,000,000 for the fiscal year ending September 30, 1978, and such sums as may be necessary for the succeeding fiscal years.

(b) There are authorized to be appropriated, for the research conducted under paragraph (3) of the first section of this Act, $400,000 for each of the five fiscal years beginning with the fiscal year ending June 30, 1976.

By Mr. MOSS:

S. 2443. A bill to reduce unnecessary paperwork burdens placed by the Federal Government upon the American people, and for other purposes. Referred to the Committee on Government Operations.

GOVERNMENT FORMS JUSTIFICATION AMENDMENTS OF 1975

Mr. MOSS. Mr. President, we have allowed the bureaucrats to invade every facet of American life and in particular to allow a small businessman to be inundated in a sea of paperwork. During the August recess in Utah people all over my State complained to me about the ease with which the Federal Government slaps more and more requirements upon an already staggering citizenry.

The man-hours required to prepare and then to shuffle this mound of paper is absolutely staggering and in most instances appears to be totally unnecessary to meet the requirements of the law.

U.S. News & World Report for October 6 states that a company with 40,000 employees has to maintain 125 file drawers of records to meet Federal reporting requirements on personnel. This is ridiculous, and I want to put a stop to it now and without waiting for any study commission to produce more paperwork to tell me that there is too much redtape in Government.

This is a simple bill. It requires each unit of Federal Government to file each year a list of forms required to be filed with such governmental unit. The Office of Management and Budget, which ought to live up to its name, is mandated to declare obsolete and withdraw from further usage all forms which are not explicitly authorized by statute.

Mr. President, we could move on this bill right away and relieve the country from a paper tidal wave.

By Mr. PERCY (for himself, Mr. Ribicoff and Mr. Bellmon):

S. 2444. A bill to provide for the orderly transition to the new October 1 to September 30 fiscal year; and

S. 2445. A bill to provide permanent changes in laws necessary because of the October–September fiscal year. Referred to the Committee on Government Operations.

ORDERLY TRANSITION TO THE NEW FISCAL YEAR

Mr. PERCY. Mr. President, today, along with Senators Ribicoff and Bellmon, I am introducing legislation which will provide for the operation of governmental programs during the period of July 1 through September 30, 1976, and amendments to the statutes which are necessary because of the change in the fiscal year of the Federal Government.

With the enactment of the Congressional Budget and Impoundment Control Act of 1974, we made significant changes in the budget process and improvements in fiscal procedures. One change made by that act was to provide that the fiscal year of the Government begin on October 1. This provision takes effect in 1976 with a 3-month transition quarter bridging the old fiscal year to the new.

While that act accomplished this change, it left to the Director of the Office of Management and Budget the responsibility for submitting to Congress legislation necessary for the orderly transition to the new fiscal year. The legislation which I am introducing today was submitted by the Director pursuant to that provision.

The proposed Fiscal Year Transition Act would prescribe the transitional operation of programs and activities which are based, by statute, on the fiscal year. This legislation is designed to continue operations during the summer of 1976 without disruption or uncertainty because of the altering of the fiscal year.

The proposed Fiscal Year Adjustment Act would make permanent changes in laws which are necessary, or appropriate, because of the October–September fiscal year.

I have been assured that these proposals are not intended to alter the operations of any activities in a substantive manner, and that great care has been taken to restrict the legislation to those matters where clarification was needed for the operation of programs during the transition period, and to accomplish the fiscal year change with as little disruption as possible.

I encourage all committees to look carefully at this legislation to see that programs within their jurisdiction have been provided for.

The Government Operations Committee will be holding hearings soon on these bills as rapid action on the part of Congress will be most helpful to OMB in helping agencies plan for the transition to the new fiscal year.

Mr. President, I ask unanimous consent that the text of both bills—the Fiscal Year Transition Act and the Fiscal Year Adjustment Act—be printed in the Record.

There being no objection, the bills were ordered to be printed in the Record, as follows:

S. 2444

A bill to provide for the orderly transition to the new October 1 to September 30 fiscal year

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fiscal Year Transition Act".

TITLE I

Sec. 101 (a) For the purposes of sections 222(d)(1), 421, 506(d), 516, 705, 901(e)(2) and (f), 902, 905(b)(2), 1108, 1115, and 2002 (a)(2) of the Social Security Act, the term "fiscal year" includes the period of July 1, 1976, through September 30, 1976, and the exercise of authority pursuant to these provisions for that period shall be subject to the conditions stated in the following paragraphs:

(1) notwithstanding the provisions of section 222(d)(1), 42 U.S.C. 422(d)(1), the amount authorized to be transferred from the Trust Fund pursuant to that section in the period beginning July 1, 1976, and ending September 30, 1976, may not exceed 1.5 percent of the total of the benefits certified for payment in the preceding twelve months;

(2) the fixed dollar allotment to each State under section 421, 42 U.S.C. 621, shall be $17,500;

(3) the reduction required by section 506 (d), 42 U.S.C. 706(d), shall be the amount by which the sum expended from non-Federal sources for that period is less than one-fourth the sum expended from such sources for the fiscal year ending June 30, 1968;

(4) the amount allotted to each State under section 516, 42 U.S.C. 716, shall be the excess of one-fourth the amount of the allotment for the State under sections 503 and 504 of the Social Security Act, 42 U.S.C. 703 and 704, for the fiscal year ending June 30, 1973, plus the amount of any grants to the State under sections 508, 509, and 510 of that Act, 42 U.S.C. 708, 709, and 710, over the amount of the allotment of the State under sections 503 and 504 of that Act for the period;

(5) the limitation imposed by section 705 (b), 42 U.S.C. 906(b), on the amount that may be available for carrying out section 705 (f) shall be $500,000 for that period;

(6) the percentage referenced in the second sentence of section 901(e)(2), 42 U.S.C. 1101(e)(2), shall be reduced to 10 per centum for the purpose of advances to be made in that period;

(7) notwithstanding the provisions of section 901(f)(3)(A), 42 U.S.C. 1101(f)(3))(A), for the fiscal year beginning October 1, 1976, the excess in the employment administration account shall be retained until the amount in such account is equal to 160 per centum of the amount of the total appropriation by the Congress out of the account for the period of July 1, 1976, through September 30, 1976, and 3/32's or $37.5 million of the amount in the employment security administration account, whichever is the lesser, is authorized to be made available for that period under the conditions provided therein;

(8) the determinative calendar year for the purpose of a transfer to the unemployment account pursuant to section 902(a), 42 U.S.C. 1102(a), at the beginning of the fiscal year beginning October 1, 1976, shall be calendar year 1975;

(9) the determinative calendar year for the purposes of a transfer to the extended unemployment compensation account pursuant to section 905(b)(2)(B), 42 U.S.C. 1105 (b)(2)(B), at the beginning of the fiscal year beginning October 1, 1976, shall be calendar year 1975;

(10) the limitations imposed by section 1108, 42 U.S.C. 1308, on amounts certified by the Secretary shall be one-fourth of the limitations imposed by that section with respect to the fiscal year ending June 30, 1976;

(11) the dollar limitation imposed by section 1115, 42 U.S.C. 1315, on the amount available for payments to the States for the cost of projects under that section shall be $1,000,000 of the aggregate amount appropriated for payments to the States for the period; and

(12) notwithstanding the provisions of subparagraph (A) of section 2002(a)(2), 42 U.S.C. 1397(a)(2), the limitation imposed by that subparagraph on payments with respect to expenditures by a State for the period shall be one-fourth of the limitation imposed on such payments with respect to expenditures by the State for the fiscal year beginning July 1, 1975; and notwithstanding the provisions of subparagraph (B) of section 2002(a)(2), the maximum allotments under that subparagraph for the period shall be $3,750,000 for Puerto Rico, $125,000 for Guam, and $125,000 for the Virgin Islands, but nothing in this Act shall apply to the second sentence of section 2002 (a)(2)(A).

(b) Notwithstanding the provisions of sections 503 and 504 of the Social Security Act, 42 U.S.C. 703 and 704, and fixed dollar allotment to each State under each of these sections for the period of July 1, 1976, through September 30, 1976, shall be $17,500.

(c) Notwithstanding the provisions of section 1101(a)(8)(B), of the Social Security Act, 42 U.S.C. 1301(a)(8)(B), the Federal percentages promulgated under that subparagraph in 1974 shall be conclusive for each of the nine quarters in the period beginning on July 1, 1975, and ending on September 30, 1977.

(d) Notwithstanding the provisions of section 2006(c) of the Social Security Act, 42 U.S.C. 1397e(c), the report on the operation of the program established by Title XX of that Act during the fiscal year ending June 30, 1976, shall include the operation of that program during the period of July 1, 1976, through September 30, 1976, and shall be submitted to the Congress prior to April 1, 1977.

Sec. 102. For the purposes of section 401 of the Social Security Amendments of 1972, 42 U.S.C. 1382e note, the term "fiscal year" includes the period of July 1, 1976, through September 30, 1976, and the limitations imposed by section 401(a) on the amount payable to the Secretary by a State shall be one-fourth of the non-Federal share of expenditures as aid or assistance for quarters in calendar year 1972, as determined under that section.

Sec. 103. For the purposes of the provisions of sections 110 and 120 of the Rehabilitation Act of 1973, 29 U.S.C. 730 and 740, the term "fiscal year" includes the period of July 1, 1976, through September 30, 1976, and the exercise of authority pursuant to those provisions for that period shall be subject to the conditions stated in the following paragraphs:

(a) the fixed dollar minimum allotment for any State (other than Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands) under section 110 shall be $500,000, and

(b) the minimum allotment to any State under section 120 shall be $12,500.

Sec. 104. For the purposes of the first sentence of section 202(a) of the Community Mental Health Centers Act, 42 U.S.C. 2682(a), the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year and the amount of $100,000 specified in section 202(a) shall be decreased to $25,000 for that period. For the purposes of the last two sentences of section 202(a), the period of July 1, 1976, through September 30, 1976, shall be considered part of the fiscal year beginning July 1, 1975.

Sec. 105. (a) For the purposes of sections 210(a) and 307(c) of the Older Americans Act of 1955, 42 U.S.C. 3020(a) and 3027(c), the period of July 1, 1976, through September 30, 1976, shall be considered part of the fiscal year beginning July 1, 1975, and the exercise of authority pursuant to those provisions shall be subject to the conditions stated in the following paragraphs:

(1) the term "appropriation Act" in section 210(a), 42 U.S.C. 3020(a), shall be considered to include any appropriation Act for the period of July 1, 1975, through September 30, 1976; and

(2) notwithstanding the provisions of section 307(c), 42 U.S.C. 3027(c), a State's allotment under section 303 for the period of July 1, 1975, through September 30, 1976, shall be reduced by the percentage by which its expenditures for such period from State sources under its State plan approved under section 305 are less than 125 per centum of its expenditures from such sources for the preceding fiscal year, and, notwithstanding the provisions of section 307(c), a State's allotment under section 303 for the fiscal year ending September 30, 1977, shall be reduced by the percentage by which its expenditures for that year from State sources under its State plan, approved under section 305, are less than 80 per centum of its expenditures for the period of July 1, 1975, through September 30, 1976.

(b) For the purposes of sections 303(b) and 306(b) of the Older Americans Act of 1965, 42 U.S.C. 3023(b) and 3026(b), the period of July 1, 1976 through September 30, 1976, shall be considered a fiscal year, and the exercise of authority pursuant to those provisions shall be subject to the conditions stated in the following paragraphs:

(1) the amount specified in section 303(b) (2)(c) shall be decreased by 75 per centum for that period;

(2) the amount of $160,000 specified in section 306(b)(1)(A) shall be decreased to $40,000 for that period; and

(3) the amount of $50,000 specified in section 306(b)(1)(B) shall be decreased to $12,500 for that period.

Sec. 106. (a) For the purposes of sections 314(d)(3), 1516(c)(2), 1525(b), 1610(b), and 1640(b) of the Public Health Service Act, the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year and the exercise of authority pursuant to those provisions for that period shall be subject to the conditions stated in the following paragraphs:

(1) each State's allotment pursuant to section 314(d)(3), 42 U.S.C. 246(d)(3), for that period may be less than the total amounts, but shall not be less than 25 per centum of the total amounts, allotted to that State under formula grants for cancer control, plus other allotments under section 314, for the fiscal year ending June 30, 1967;

(2) notwithstanding the provisions in the exception clause in section 1516(c)(2), 42 U.S.C. 3001–5(c)(2), the amount of $175,000 specified shall be reduced to $43,750 for that period;

(3) notwithstanding the provisions of the exception clause in section 1525(b), 42 U.S.C. 300m–4(b), the amount concerning which assurances are required in respect to the period shall be 75 per centum less than the amount specified, and funds expended in previous years shall not, for the purposes of that clause, include funds expended during that period;

(4) notwithstanding the provisions in section 1610(b)(1), 42 U.S.C. 300p(b)(1), the amounts of $1,000,000 and $500,000 specified shall be decreased to $250,000 and $125,000, respectively, for that period; and

(5) notwithstanding the provisions of section 1640(b)(2), 42 U.S.C. 300t(b)(2), the amount of $1 specified in section 1640(b)(2) shall be decreased to $0.25 for that period.

(b) Section 308(c) of the Public Health Service Act, 42 U.S.C. 242m(c), shall not apply to any funds obligated or grants or contracts made or entered into for the period of July 1, 1975, through September 30, 1976. The aggregate number of grants and contracts made or entered into under sections 304 and 305 of the Act, 42 U.S.C. 242b and 242c, for the period of July 1, 1975, through September 30, 1976, respecting a particular means of delivery of health services, or another particular aspect of health services, may not exceed twenty-five, and the aggregate amount of funds obligated under grants and contracts for that period under those sections respecting a particular means of delivery of health services may not exceed $6,250,000.

(c) No grant under section 395 of the Public Health Service Act, 42 U.S.C. 280b–7, for the period of July 1, 1976, through September 30, 1976, shall exceed $50,000.

(d) Of the sums appropriated under the Public Health Service Act for the National Institutes of Health for the period of July 1, 1976, through September 30, 1976, not less than $125,000 shall be obligated for basic and clinical orthopedic research as prescribed under section 431(c), 42 U.S.C. 289a(c).

(e) Notwithstanding the provisions of section 1516(b) of the Public Health Service Act, 42 U.S.C. 3001–5(b), the amounts specified in sections 1516(b)(1)(A), 1516(b)(1)(B), 1516(b)(2)(A)(i), 1516(b)(2)(A)(ii)(II), and 1516(b)(3) for purposes of grants made under section 1516 in the period of July 1, 1976, through September 30, 1976, shall be reduced by 75 per centum.

(f) For the purposes of section 1305(b)(1) of the Public Health Service Act, 42 U.S.C. 300e–4(b)(1), the period of July 1, 1976, through September 30, 1976, shall be considered part of the fiscal year beginning July 1, 1975 and the limitation specified in the second sentence of section 1305(b)(1) shall be $1,250,000 for the period beginning July 1, 1975, and ending September 30, 1976.

Sec. 107. For the purposes of the Development Disabilities Services and Facilities Construction Act, 42 U.S.C. 2670 *et seq.*, the term "fiscal year" includes the period of July 1, 1976, through September 30, 1976, and the minimum allotment to any State (other than the Virgin Islands, the Trust Territory of the Pacific Islands, American Samoa, and Guam) under section 132(a)(1) of that Act, 42 U.S.C. 2672(a), for that period shall be $25,000.

Sec. 108. (a) For the purposes of section 302(c) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, 42 U.S.C. 4572(c), the period of July 1, 1976, through September 30, 1976, shall be considered part of the fiscal year beginning July 1, 1975, and the limitation of $50,000 specified in section 302(c) shall be increased to $62,500 for that period.

(b) For the purposes of section 302(a) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, 42 U.S.C. 4572(a), the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year and the amount of $200,000 specified in section 302(a) shall be decreased to $50,000 for that period.

(c) For the purposes of section 304(c) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, 42 U.S.C. 4574(c), the period of July 1, 1975, through September 30, 1976, shall be considered a fiscal year, and the 10 per centum limitation specified in section 304(c) shall be increased to 40 per centum for that period.

Sec. 109. (a) For the purposes of the first sentence of section 403(c)(1) of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, 42 U.S.C. 2693(c)(1), the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year, and the limitation of $50,000 specified in section 403(c)(1) shall be decreased to $12,500 for that period; and that period shall be considered as part of the fiscal year beginning July 1, 1975, for the purposes of the second sentence of section 403(c)(1).

(b) For the purposes of section 403(c)(2) of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, 42 U.S.C. 2693(c)(2), the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year. The amount required to be expended from State sources under section 403(c)(2) shall be decreased by 75 per centum for that period.

Sec. 110. For the purposes of sections 1079 and 1086 of Title 10, United States Code, the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year, except that for the purposes of computing the minimum fixed dollar amounts prescribed by sections 1079(b) and 1086(b), that period shall be considered as part of the fiscal year ending June 30, 1976.

Sec. 111. (a) Except where the context otherwise requires, or where otherwise provided in this section, the phrase "fiscal year" shall include the period of July 1, 1976, through September 30, 1976, wherever it appears in sections 3, 4, 6(a), 7, 8, 10, and 11 of the National School Lunch Act, as amended, 42 U.S.C. 1752, 1753, 1755(a), 1756, 1757, 1759, and 1759a.

(b)(1) The phrase "fiscal year ending June 30, 1972", in section 4 of the National School Lunch Act, 42 U.S.C. 1753, shall be construed to mean the period of July 1, 1971, through September 30, 1971, in computing the minimum aggregate amount of food assistance payments to be made by the Secretary to each State educational agency for the period of July 1, 1976, through September 30, 1976.

(2) For the purpose of the sixth sentence of section 7 of the National School Lunch Act, as amended, 42 U.S.C. 1756, for the period of July 1, 1976, through September 30, 1976, State revenue shall constitute at least 8 per centum of the matching requirement for the same 3-month period in the preceding fiscal year.

Sec. 112. (a) For the period of July 1, 1976, through September 30, 1976, the limitations on expenditures in sections 15(d)(5) and 15(d)(7) of the Peace Corps Act, 22 U.S.C. 2514(d)(5) and 2514(d)(7), shall be $1,500.

(b) For the period of July 1, 1976, through September 30, 1976, the limitation on expenditures in section 301(b)(2) of the Peace Corps Act, 22 U.S.C. 2510(b)(2), shall be $100,000.

Sec. 113. For the purposes of section 3(d) of the Act of March 2, 1887, as amended, 7 U.S.C. 361c(d), the period of July 1, 1976, through September 30, 1976 shall be treated as a fiscal year and the figure $90,000 in section 3(d) shall be construed to be $22,500 for that period.

Sec. 114. (a) For the purposes of section 13 of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 8311, the Corporation shall, for the period of July 1, 1976, through September 30, 1976, make payments in lieu of taxes on such bases and in a manner which is consistent, to the fullest extent practicable, with the payments authorized and made for the immediately preceding fiscal year and to be made for the fiscal year immediately following, in accordance with the applicable provisions of that section.

(b) Pursuant to the provisions of section 15c of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 831n–4, the Corporation shall make a payment of $5,000,000, on September 30, 1976, as repayment of the appropriation investment plus a payment as a return on the appropriation investment for the period of July 1, 1976, through September 30, 1976, computed at the average interest rate payable by the Treasury upon its total marketable public obligations as of July 1, 1976, applied to the balance of said appropriations as of July 1, 1976.

Sec. 115. For the purposes of sections 409(b) and 409(c)(1) of the Drug Abuse Office and Treatment Act of 1972, 21 U.S.C. 1176(b) and (c)(1), the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year and the exercise of authority pursuant to these provisions for that period shall be subject to the conditions stated in the following paragraphs:

(1) notwithstanding the provision in section 409(b)(3), the limitation of $50,000 specified in section 409(b)(3) shall be decreased to $12,500 for that period; and

(2) notwithstanding the provision in section 409(c)(1), the amount of $100,000 specified in section 409(c)(1) shall be decreased to $25,000 for that period.

Sec. 116. Notwithstanding the provisions of section 406(d) of the General Education Provisions Act, 20 U.S.C. 1221e–1(d), the report of the Assistant Secretary for the Department of Health, Education, and Welfare required by section 406(d) to be submitted in 1976 shall include a description of the activities of the National Center for Education Statistics during the period of July 1, 1976, through September 30, 1976.

Sec. 117. For the purpose of the Comprehensive Employment and Training Act, Public Law 93–203, the period of July 1, 1976, through September 30, 1976, shall be treated as part of the fiscal year beginning on July 1, 1975, and for the allocation of funds and the comparison of activities between fiscal years pursuant to that Act, amounts applicable to the period of July 1, 1975 through September 30, 1976 and the statistical measurements pertaining to those amounts, shall be reduced by 20 percent.

Sec. 118. (a) For the purposes of sections 201(a) and 202(a) of the Immigration and Nationality Act of 1952, as amended, 8 U.S.C. 1151(a) and 1152(a), the period of July 1, 1976, through September 30, 1976, shall be considered part of the fiscal year beginning July 1, 1975, and the limitations of 170,000 specified in section 201(a) and 20,000 specified in section 202(a), shall be increased to 212,500 and 25,000, respectively, for the period of July 1, 1975, through September 30, 1976.

(b) For the purposes of section 21(e) of the Act of October 3, 1965, 79 Stat. 921, the period of July 1, 1976, through September 30, 1976, shall be considered part of the fiscal year beginning July 1, 1975, and the limitation of 120,000 specified in section 21(e) shall be increased to 150,000 for the period of July 1, 1975, through September 30, 1976.

Sec. 119. For the purposes of sections 5008(c), 5142(b), 5801, 5802 and 5851 of the Internal Revenue Code, the period of July 1, 1976, shall be considered part of the fiscal year beginning October 1, 1976, and the exercise of authority pursuant to those provisions shall be subject to the conditions stated in the following paragraphs;

(1) for section 5008(c)(3), 26 U.S.C. 5008(c)(3), the following table shall apply:

If total completions during the fiscal year in proof gallons are:	The maximum allowable loss in proof gallons is:
Not over 30,000	2 percent of completions.
Over 30,000 but not over 150,000	600 proof gallons plus 1% of excess over 30,000.
Over 150,000 but not over 750,000	1,800 proof gallons plus .6% of excess over 150,000.
Over 750,000 but not over 3,000,000	5,400 proof gallons plus .3% of excess over 750,000.
Over 3,000,000	12,150 plus .2% of excess over 3,000,000.

(2) for the purpose of section 5142(b), 26 U.S.C. 5142(b), the tax for part II (occupational tax) shall be reckoned proportionately for the 15-month period beginning July 1, 1976, and ending September 30, 1977, provided that on commencing any trade

or business on which such tax is imposed, it shall be reckoned proportionately from the first day of the month in which the liability to a special tax commenced, to and including September 30, 1977; and

(3) for the purpose of section 5801, 26 U.S.C. 5801, the following rate of tax shall apply for the 15-month period commencing on July 1, 1976:

Importers	$625
Manufacturers	625
Dealers	250

Except an importer, manufacturer, or dealer who imports, manufacturers, or deals in only weapons classified as "any other weapon" under section 5845(e) shall pay a special (occupational) tax for each place of business at the following rates: Importers, $31.25; manufacturers, $31.25; dealers, $12.50.

SEC. 120. For the purposes of section 8147(b) of Title 5, United States Code, each agency and instrumentality of the United States dependent upon an annual appropriation and having an employee who is or may be entitled to compensation benefits under this subchapter or any extension or application thereof shall deposit in the Treasury to the credit of the Employees' Compensation Fund, no later than July 15, 1976, but no earlier than July 1, 1976, 25% of the amount stated in the August 15, 1975, statement.

TITLE II

SEC. 201. The period of July 1, 1976, through September 30, 1976, shall be treated as a fiscal year for the purposes of the following provisions of law—

(1) Section 3(b) (2) of the Act of March 2, 1887, as amended, 7 U.S.C. 361c(b) (2);

(2) Section 6(b) of the Act of July 22, 1963, 7 U.S.C. 390e(b);

(3) Section 204(b) of the Agricultural Marketing Act of 1946, 7 U.S.C. 1623(b);

(4) Section 16(b) of the Food Stamp Act of 1964, 7 U.S.C. 2025(b);

(5) The Act of June 30, 1932, 16 U.S.C. 557a;

(6) Section 1 of the Act of June 29, 1966, Public Law 89–473, 31 U.S.C. 628a;

(7) Section 2 of the Act of December 23, 1944, Chapter 716, as amended, 31 U.S.C. 492b;

(8) Section 3(a) of the Act of July 15, 1957, Chapter 509, 31 U.S.C. 581d;

(9) Section 10(c) of the Act of June 29, 1935, as added by the Act of August 14, 1946, as amended, 7 U.S.C. 427i(c);

(10) Section 208(d) of the District of Columbia Public Post Secondary Education Reorganization Act, Public Law 93–471;

(11) Sections 2209, 2210, 3201, 3202, 5401, 5402, 7581, 8201, and 8202 of Title 10, United States Code;

(12) Section 305(b) of the Social Security Amendments of 1972, Public Law 92–603, 42 U.S.C. 401 note;

(13) Sections 302(a), 403(g), 424, 431, 502, 901 (b) and (c), 903 (a) (1) and (b) (1), 1203, and 1841 (h) and (i) of the Social Security Act, 42 U.S.C. 502(a), 603(g), 624, 702, 906, 1101 (b), (c) and (f), 1103 (a) (1) and (b) (1), 1323, and 1395 (h) and (i);

(14) Part C of Title IV of the Higher Education Act of 1965, 42 U.S.C. 2751–56a;

(15) Section 7652(b) of the Internal Revenue Code of 1954, 26 U.S.C. 7652;

(16) The second sentence of Section 3(b) (2) of the Act of May 8, 1914, as added by the Act of June 23, 1972, 7 U.S.C. 343(b) (2);

(17) Section 15(b) of the Peace Corps Act, 22 U.S.C. 2514(b);

(18) Sections 206(d), 209(c), 311(c), 313 (b), 314(d) (4), 317(b), (d) (4) and (f), 318 (f) and (g), 324(b), 328(b), 331, 1206(e), 1516(a), 1610(a), 1611(c), and 1640(a) of the Public Health Service Act, 42 U.S.C. 207(d), 210b(c), 243(c), 245a(b), 246(d) (4), 247b(b), (d) (4) and (f), 247c(f) and (g), 251(b), 254a(b), 255, 300d–5(e), 300l–5(a), 300p(a), 300p–1(c), and 300t(a);

(19) Sections 303(c) and (e), 306(c), 307 (a), 501(b), 703, 705(a) (2) (B), and 706 of the Older Americans Act of 1965, 42 U.S.C. 3023 (c) and (e), 3026(c), 3027(a), 3041(b), 3045b, 3045d(a) (2) (B), and 3045e;

(20) Section 402(b) of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, 42 U.S.C. 2693(b);

(21) The first sentence of Section 221(c), the phrase "for the year" in the last sentence of Section 224(a) and Section 264(a) of the Community Health Centers Act, 42 U.S.C. 2688a(c), 2688d(a), and 2688r(a);

(22) Section 513(a) of the Headstart-Follow Through Act, 42 U.S.C. 2928b(a), except the material following the semicolon in the third sentence of that section shall not apply to funds appropriated for the period of July 1, 1976, through September 30, 1976;

(23) Section 4(b) of the Act of July 22, 1963, 7 U.S.C. 390c(b);

(24) Section 3(c) of the Act of May 8, 1914, as amended, 7 U.S.C. 343(c);

(25) The last sentence of Section 520(a) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 U.S.C. 3768(a);

(26) Section 3(a) of the Act of September 30, 1950, 20 U.S.C. 238(a);

(27) The Act of June 15, 1935, as amended, 16 U.S.C. 715s;

(28) Section 203(d) of the Act of June 26, 1934, as amended, 12 U.S.C. 1783(d);

(29) Section 4 of the Act of July 18, 1958, 15 U.S.C. 633;

(30) Section 316 of the Act of August 10, 1965, 15 U.S.C. 694;

(31) Section 2(e) of the Act of August 4, 1950, 31 U.S.C. 181a(e);

(32) Section 7 of the Act of February 22, 1921, 31 U.S.C. 491;

(33) Sections 4 and 20 of the Act of June 26, 1934, 31 U.S.C. 725c and 725s;

(34) Sections 102 and 103 of the Act of December 6, 1946, 31 U.S.C. 847 and 848;

(35) Section 257 of the Revised Statutes, 31 U.S.C. 1027;

(36) Section 15 of the Act of July 31, 1894, 31 U.S.C. 1029;

(37) Section 1 of the Act of February 26, 1907, 31 U.S.C. 1030; and

(38) Section 401 of the Act of December 31, 1970, 31 U.S.C. 1033.

SEC. 202. The period of July 1, 1976, through September 30, 1976, shall be treated as a fiscal year for the purposes of the following provisions of law insofar as they relate to matching requirements—

(1) Section 2 of the Act of March 1, 1911, 16 U.S.C. 563;

(2) Sections 2, 4, and 5 of the Act of June 7, 1924, as amended, 16 U.S.C. 565, 567, and 568;

(3) Section 4 of the Act of October 10, 1962, 16 U.S.C. 582a–3;

(4) Section 2 of the Cooperative Forest Management Act, as amended, 16 U.S.C. 568d; and

(5) Section 402 of the Rural Development Act of 1972, 7 U.S.C. 2652.

SEC. 203. For the purposes of the paragraph captioned "Commodity Credit Corporation", "Reimbursement for Net Realized Losses" of Title III of the Department of Agriculture and Related Agencies Appropriation Act, 1966, 16 U.S.C. 713a–11a, the period of July 1, 1976, through September 30, 1976, shall be considered a fiscal year and the words "June 30 of the fiscal year" shall be construed to mean September 30, 1976, for that period.

SEC. 204. The period of July 1, 1976, through September 30, 1976, shall be treated as part of the fiscal year beginning July 1, 1975, for the purposes of the following provisions of law—

(1) the following provisions of the Public Health Service Act—

Section 207(b), 42 U.S.C. 209(b)
Section 301(c), 42 U.S.C. 241(c)
Section 308(a), and the second sentence of section 308(i) (1), 42 U.S.C. 242m(a) and 242m(i) (1)
Section 314(d) (6) and (7), 42 U.S.C. 246 (d) (6) and (7)
Section 398, 42 U.S.C. 280b–10
The last sentence of Section 419B, 42 U.S.C. 287i
Section 434(f), 42 U.S.C. 289c–1(f)
Section 436, 42 U.S.C. 289c–3
Section 437, 42 U.S.C. 289c–4
Section 439(f), 42 U.S.C. 289c–6(f)
Section 439 (h), 42 U.S.C. 289c–6(h)
Section 513, 42 U.S.C. 229b
Section 1207(a) (2), 42 U.S.C. 300d–6(a) (2)
Section 1303(i), 42 U.S.C. 300e–2(i)
Section 1304(k), 42 U.S.C. 300e-3(k)
Section 1305(b), 42 U.S.C. 300e-4(b)
Section 1305(e), 42 U.S.C. 300e–4(e)
Section 1610(c), 42 U.S.C. 300p(c)
Section 1611(d), 42 U.S.C. 300p–1(d)
Section 1621, 42 U.S.C. 300q–1
Section 1625, 42 U.S.C. 300r

(2) Sections 208, 304(a), 305(a), 307(b), 505(b), 707, and the last sentence of Section 708, of the Older Americans Act of 1965, 42 U.S.C. 3018, 3024(a), 3025(a), 3027(b), 3041d (b), 3045f and 3045g;

(3) Section 503(d) of the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4843(d);

(4) Section 224(b), the last sentence of Section 261(a), and Section 261(c) of the Community Mental Health Centers Act, 42 U.S.C. 2688d(b), 2688o(a) and 2688o(c);

(5) Sections 401(h) and (j) of the Mental Retardation Facilities and Community Health Centers Construction Act of 1963, 42 U.S.C. 2691(h) and (j);

(6) Section 417(a) (1) and 437(a) of the General Education Provisions Act, 20 U.S.C. 1226c(a) (1) and 1232f(a);

(7) Section 2(c) of the Sudden Infant Death Syndrome Act of 1974, 42 U.S.C. 289g note;

(8) the following provisions of the Social Security Act—

Section 201(c) (2), 42 U.S.C. 401(c) (2)
Sections 403(c) and (f), 42 U.S.C. 603(c) and (f)
Section 423(c), 42 U.S.C. 623(c)
Section 1118, 42 U.S.C. 1318
Section 1817(b) (2), 42 U.S.C. 1395i(b) (2)
Section 1841(b) (2), 42 U.S.C. 1395t(b) (2)
Section 1842b(3), 42 U.S.C. 1395a(b) (3)

(9) Sections 409(c) (2) and 412(d) (2) of the Drug Abuse Office and Treatment Act of 1972, 21 U.S.C. 1176(c) (2) and 1179(d) (2);

(10) Section 302(b) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, 42 U.S.C. 4572(b);

(11) Section 7 of the Act of September 30, 1950, 20 U.S.C. 241–1;

(12) Section 410 of the Act of November 19, 1969, Public Law 91–121, 50 U.S.C. 1436;

(13) Sections 1012, 1013, and 1014(e) (1) of the Impoundment Control Act of 1974, Public Law 93–344, 31 U.S.C. 1402, 1403, and 1404(e) (1).

SEC. 205. The period of July 1, 1976, through September 30, 1976, shall be treated as part of the fiscal year beginning October 1, 1976, for the purposes of the following provisions of law—

(1) Section 5532(c) (ii) of Title 5, United States Code;

(2) Section 4(a) of the Federal Aid in Wildlife Restoration Act, as amended, 16 U.S.C. 669c(a);

(3) Sections 3, 4, and 5 of the Federal Aid in Sport Fish Restoration Act of 1950, as amended 16 U.S.C. 777b, 777c, and 777d;

(4) Section 26 of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 831y;

(5) Section 303 of the Act of September 30, 1950, 20 U.S.C. 241bb;

(6) Titles I, II, III, IV, and V of the Elementary and Secondary Education Act of 1965, 20 U.S.C. 241a–o, 821–27, 841–a, 861–69a, and 1801–32;

(7) Section 612 of the Education of the Handicapped Act 20 U.S.C. 1412;

(8) Sections 704 and 705 of the Emergency School Aid Act, 20 U.S.C. 1603 and 1604;

(9) Section 713 of the Education Amendments of 1974, 20 U.S.C. 1943;

(10) Sections 404, 501(d), and 502(g) of the Rehabilitation Act of 1973, 29 U.S.C. 784, 791(d) and 792(g);

(11) Section 3646 of the Revised Statutes, 31 U.S.C. 528(c);

(12) Section 40 of the Act of August 10, 1956, as amended, 31 U.S.C. 649c;

(13) Sections 3 and 5 of the Act of July 25, 1956, 31 U.S.C. 705 and 706;

(14) Section 103 of the Act of June 6, 1972, 31 U.S.C. 1203;

(15) Section 105(a)(2) of the Act of October 20, 1972, 31 U.S.C. 1224(a)(2);

(16) Section 407(b) of Title 37, United States Code;

(17) Section 413 of the Domestic Volunteer Service Act of 1973, 42 U.S.C. 5053;

(18) Section 701 (b) and (f) of Title 10, United States Code; and

(19) Section 1 of the Act of July 11, 1947, as amended, 31 U.S.C. 132.

Sec. 206. The period of July 1, 1975, through September 30, 1976, shall be considered one year for the purposes of the following provisions of law—

(1) Sections 407(b), 435(b), 646, 1210, and 1315 of the Public Health Service Act, 42 U.S.C. 286a(b), 289c-2(b), 291o-1, 300d-9, and 300e-14;

(2) Section 409(e) of the Drug Abuse Office and Treatment Act of 1972, 21 U.S.C. 1176(e);

(3) Section 303 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, 42 U.S.C. 4573;

(4) Section 204(a) of the Community Mental Health Centers Act, 42 U.S.C. 2684(a); and

(5) Section 205(b)(1) of the Water Pollution Control Act, 33 U.S.C. 1285(b)(1).

S. 2445

A bill to provide permanent changes in laws necessary because of the October-September fiscal year

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fiscal Year Adjustment Act".

Sec. 2. The following provisions of law are amended by deleting "June", wherever it appears, and inserting "September" in lieu thereof—

(1) Section 4(a)(2) of the Agriculture and Consumer Protection Act of 1973, as amended, Public Law 93-347, 7 U.S.C. 612c note;

(2) Section 406(c) and 410(a) of the Rural Electrification Act of 1936, 7 U.S.C. 946(c) and 950(a);

(3) Sections 5234, 5451, 5662(b), 5711(b), 5785, and 6386 of Title 10, United States Code;

(4) Section 203(d)(2) of the Federal Credit Union Act, 12 U.S.C. 1783(d)(2);

(5) Section 4(c)(6) of the Small Business Act, 15 U.S.C. 633(c)(6);

(6) Section 403 of the Small Business Investment Act of 1958, 15 U.S.C. 694 note;

(7) Section 301 of the Act of November 2, 1965, 15 U.S.C. 713a-11a;

(8) Section 2 of the Land and Water Conservation Fund Act, as amended, 16 U.S.C. 4601-5;

(9) Section 4(c) of the Fish and Wildlife Act of 1956, as amended, 16 U.S.C. 742c(c);

(10) Section 1 of the Act of September 18, 1972, 16 U.S.C. 576c;

(11) Section 4 of the Central, Western, and South Pacific Fisheries Development Act, 16 U.S.C. 758a note;

(12) Section 16(b) of the Wild and Scenic Rivers Act, 16 U.S.C. 1287(b);

(13) Section 305(h) of the Coastal Zone Management Act of 1972, 16 U.S.C. 1454(h);

(14) Section 102 of the Elementary and Secondary Education Act of 1965, 20 U.S.C. 241b;

(15) Section 3 of the Act of September 23, 1950, 20 U.S.C. 633;

(16) Section 3(a) of the Special Projects Act, 20 U.S.C. 1852(a);

(17) Paragraphs (1) and (2) of Section 406(f), and Sections 409 and 843(d) of the Education Amendments of 1974, 20 U.S.C. 1865(f)(1) and (2), 1867, and 241c note;

(18) Section 20 of the Act of June 26, 1934, as amended, 31 U.S.C. 725s;

(19) Section 402 of the Act of November 13, 1966, 31 U.S.C. 757f, except for the reference to June 30, 1967;

(20) Section 112 of the Marine Protection, Research, and Sanctuaries Act of 1972, 33 U.S.C. 1421;

(21) Section 2 of the Act of May 6, 1974, Public Law 93-274, 37 U.S.C. 313(e) note;

(22) Section 756(e) of Title 40, United States Code;

(23) Section 2(a)(2)(A) of the Employment Security Administrative Financing Act of 1954, as amended, 42 U.S.C. 1103(a)(2)(A);

(24) Sections 435(b), 1305(d), and 1620 of the Public Health Service Act, 42 U.S.C. 289-2(b), 300e-4(d), and 300q;

(25) Section 11(d) of the Railroad Unemployment Insurance Act, 45 U.S.C. 361(d);

(26) Section 1118 of the Social Security Act, 42 U.S.C. 1318.

(27) Section 3 of the Act of September 6, 1958, 42 U.S.C. 1893;

(28) Sections 203 and 505(b) of the Public Works and Economic Development Act of 1965, as amended, 42 U.S.C. 3143 and 3185 (b);

(29) Section 304(a) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, 42 U.S.C. 4574(a);

(30) Section 246 of the Juvenile Justice and Delinquency Prevention Act of 1974, 42 U.S.C. 5656:

(31) Section 201(b) of the Act of August 28, 1937, as amended, 43 U.S.C. 1181(b); and

(32) Section 303 of the Act of September 8, 1950, as amended, 50 U.S.C. App. 2093(b).

Sec. 3. The following provisions of law are amended by deleting "July", wherever it appears, and inserting "October" in lieu thereof—

(1) Section 4 of the Act of August 30, 1890, 7 U.S.C. 326;

(2) Section 7 of the Act of March 2, 1887, as amended, 7 U.S.C. 361g;

(3) Section 5(a) of the Commercial Fisheries Research and Development Act of 1964, 16 U.S.C. 779c(a);

(4) Section 5(b) and 201(b) of the Land and Water Conservation Fund Act, 16 U.S.C. 4601-7(b) and 4601-11(b);

(5) Sections 2, 3(b), 4(a), 5(e)(1), 7(a)(1)(A) and (B), and 303(a)(1) of the Act of September 30, 1950, as amended, 20 U.S.C. 237, 238(b), 239(a), 240(e)(1), 241-1(a)(1)(A) and (B), and 241bb(a)(1);

(6) Section 842(a) of the Education Amendments of 1974, 20 U.S.C. 246(a);

(7) Section 16(a)(1)(A) of the Act of September 23, 1950, 20 U.S.C. 646(a)(1)(A);

(8) Section 723(a)(2) and 731(c)(1) of the Bilingual Education Act, 20 U.S.C. 880b-9(a)(2), and 880b-10(c)(1);

(9) Sections 148(c), 151(1), 305(c) and 309(c) of the Elementary and Secondary Education Act of 1965, 20 U.S.C. 2411(c), 241o (1), 844a(c), 847a(c);

(10) Section 439(h)(2) of the Higher Education Act of 1965, 20 U.S.C. 1087-2(h)(2);

(11) Section 311(b) of the Adult Education Act, 20 U.S.C. 1209(b);

(12) Section 442(a) of the Education Amendments of 1972, 20 U.S.C. 1221g(a);

(13) Section 412(b) of the General Education Provisions Act, 20 U.S.C. 1225(b);

(14) Section 104(a)(1) of the Vocational Education Act of 1963, 20 U.S.C. 1244(a)(1);

(15) Sections 604(b) and 612(a)(1)(B) of the Education of the Handicapped Act, 20 U.S.C. 1403(b) and 1412(a)(1)(B);

(16) Section 3(c)(1) of the Environmental Education Act, 20 U.S.C. 1532(c)(1);

(17) Section 306(c) of the Controlled Substances Act, 21 U.S.C. 826(c);

(18) Section 7(e) of the Fisherman's Protective Act of 1967, as amended, 22 U.S.C. 1977;

(19) Sections 5801, 5802, and 5851(b) of the Internal Revenue Code, as amended, 26 U.S.C. 5801, 5802, and 5851(b);

(20) Section 301(a) of the Rehabilitation Act of 1973, 29 U.S.C. 771(a);

(21) Section 8 of Chapter 283 of the Act of March 4, 1923, as amended, 36 U.S.C. 131;

(22) Section 106(f)(3) of the Water Pollution Control Act, 33 U.S.C. 1256(f)(3);

(23) Section 301a(e) of Title 37, United States Code;

(24) Section 48b(6) of the Wagner-O'Day Act, as amended, 41 U.S.C. 48b(6);

(25) Sections 903(a)(2) and 903(b)(1) of the Social Security Act, as amended, 42 U.S.C. 1103(a)(2) and 1103(b)(1);

(26) Section 715 of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000e-14; and

(27) Paragraph (2)(A)(i) of Section 305 (a) of the Education Amendments of 1974, Public Law 93-380, 88 Stat. 533.

Sec. 4. The following provisions of law are amended by deleting "June" and "July", wherever they appear, and inserting "September" and "October", respectively, in lieu thereof—

(1) Section 4(a) of the Federal Aid in Wildlife Restoration Act as amended, 16 U.S.C. 669c(a);

(2) Section 4 of the Federal Aid in Sport Fish Restoration Act of 1950, as amended, 16 U.S.C. 777c;

(3) Section 2 of the Commercial Fisheries Research and Development Act of 1964, 16 U.S.C. 779;

(4) Section 5008(c)(3)(C) and 5142(b) of the Internal Revenue Code, 26 U.S.C. 5008(c)(3)(C) and 5142(b);

(5) Section 410(a)(7) of the Act of November 19, 1969, 50 U.S.C. 1436; and

(6) Section 1310(d) of the Supplemental Appropriation Act, 1952, as amended, 5 U.S.C. 3101 note.

Sec. 5. The following provisions of law are amended by deleting "December", wherever it appears, and inserting "March" in lieu thereof—

(1) Section 9 of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 831h;

(2) Section 657(a) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2417 (a);

(3) Section 8 of the Act of June 13, 1888, as amended, 29 U.S.C. 6;

(4) Section 103(a) of the Act of June 6, 1972, 31 U.S.C. 1203(a); and

(5) Section 519 of the Omnibus Crime Control and Safe Streets Act, as amended, 42 U.S.C. 3767.

Sec. 6. The following provisions of law are amended by deleting "December" and "June", wherever they appear, and inserting "March" and "September", respectively, in lieu thereof—

(1) Section 15d of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 831n-4(e);

(2) Section 634(f) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2394 (f); and

(3) Section 35 of the Act of February 25, 1920, as amended, 30 U.S.C. 191; and

(4) Section 2677(c) of Title 10, United States Code.

Sec. 7. The following provisions of law are amended by deleting "September", wherever it appears, and inserting "December" in lieu thereof—

(1) Section 9(a) of the Act of July 22, 1963, 7 U.S.C. 390h(a);

(2) Section 308(a) of the Public Health Service Act, 42 U.S.C. 242m(a); and

(3) Sections 901(b) and 901(d) of the Agricultural Act of 1970, 42 U.S.C. 3122(b) and 3122(d); and

(4) Section 603(b)(4) of the Rural Development Act of 1972, 7 U.S.C. 2204(b).

SEC. 8. The following provisions of law are amended by deleting "September 30", wherever it appears, and inserting "December 31" in lieu thereof—

(1) Section 3(a) of the Act of July 25, 1956, 31 U.S.C. 703(a);

(2) Section 46(i) of the Wagner-O'Day Act, as amended, 41 U.S.C. 46(i); and

(3) Section 204(b)(5) of the Juvenile Justice and Delinquency Prevention Act of 1974, 42 U.S.C. 5614.

SEC. 9. The following provisions of law are amended by deleting "July" and "September", wherever they appear, and inserting "October" and "December", respectively, in lieu thereof—

(1) Section 2 of chapter 941 of the Act of August 30, 1890, 7 U.S.C. 324;

(2) Section 5 of the Act of March 2, 1887, as amended, 7 U.S.C. 361e;

(3) Section 103(d)(2) of the Vocational Education Act of 1963, 20 U.S.C. 1243(d)(2); and

(4) Section 314(d)(6) of the Public Health Service Act, 42 U.S.C. 246(d)(6), but this clause shall take effect June 30, 1976, with respect to "September" and the first occurrence of "July."

SEC. 10. The following provisions of law are amended by deleting "July" and "September 30", wherever they appear, and inserting "October" and "December 31" in lieu thereof—

(1) Section 8(a)(2) of the Rehabilitation Act of 1973, 29 U.S.C. 707(a)(2); and

(2) Section 401(j)(1) of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, 42 U.S.C. 2691(j)(1).

SEC. 11. The following provisions of law are amended by deleting "January", wherever it appears and inserting "April" in lieu thereof—

(1) Section 5 of the Act of May 8, 1914, as amended, 7 U.S.C. 345;

(2) Section 10 of the Rural Electrification Act of 1936, 7 U.S.C. 910;

(3) Sections 279, 686, and 2110(b) of Title 10, United States Code;

(4) Sections 106 and 203 of the Government Corporation Control Act, 31 U.S.C. 851 and 858;

(5) Section 3(f) of the National Science Foundation Act of 1950, as amended, 42 U.S.C. 1862(f);

(6) Section 21 of the Interstate Commerce Act, as amended, 49 U.S.C. 21; and

(7) Section 6 of the Trading With the Enemy Act, as amended, 50 U.S.C. App. 6.

SEC. 12. The following provisions of law are amended by deleting "March" and inserting "June" in lieu thereof—

(1) Paragraph (1) of Section 406(d) of the General Education Provisions Act, 20 U.S.C. 1221e–1(d);

(2) Section 105(a)(2) of the Act of October 20, 1972, 31 U.S.C. 1224(a)(2); and

(3) Section 204(b)(6) of the Juvenile Justice and Delinquency Prevention Act of 1974, 42 U.S.C. 5614.

SEC. 13. The following provisions of law are amended by deleting "March 31" and inserting "June 30" in lieu thereof—

(1) Section 405(c)(3)(F) of the General Education Provisions Act, 20 U.S.C. 1221e(c)(3)(F);

(2) Section 442(b)(6) of the Education Amendments of 1972, 20 U.S.C. 1221g(b)(6);

(3) Section 604(b) of the Education of the Handicapped Act, 20 U.S.C. 1403(b); and

(4) Section 731(a) of the Education Amendments of 1974, Public Law 93–380, 88 Stat. 596.

SEC. 14. The following provisions of law are amended by deleting "November", wherever it appears, and inserting "February" in lieu thereof—

(1) Section 313(a) of the Coastal Zone Management Act of 1972, 16 U.S.C. 1462(a);

(2) Section 417(a)(1) of the General Education Provisions Act, 20 U.S.C. 1226c(a)(1); and

(3) Sections 410(b)(1) and (d) of the Act of November 19, 1969, 50 U.S.C. 1436(b)(1) and (d).

SEC. 15. Section 4 of the Act of May 8, 1914, as amended, 7 U.S.C. 344, is amended by deleting "July" the first time it appears, and "January" the last time it appears, and inserting "October" and "April", respectively, in lieu thereof.

SEC. 16. Section 201(b)(2) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. 1817(b)(2), is amended by deleting "January", "June", "July" and "December" and inserting "April", "September", "October" and "March", respectively, in lieu thereof.

SEC. 17. Section 437(b) of the General Education Provisions Act, 20 U.S.C. 1232f(b), is amended by deleting "October" and inserting "January" in lieu thereof.

SEC. 18. Section 209(e)(1) of the Highway Trust Fund Act, as amended, 23 U.S.C. 120 note, is amended by deleting "March" and "June 30" and inserting "June" and "September 30", respectively, in lieu thereof.

SEC. 19. Section 522 of Title 28, United States Code, is amended by deleting "at the beginning of each regular session of Congress" and inserting "by April 1 of each year in lieu thereof.

SEC. 20. Section 2(b) of the Act of July 31, 1947, 30 U.S.C. 602(b), is amended by deleting "January" and "July" and inserting "April" and "October", respectively, in lieu thereof.

SEC. 21. Section 13 of the National Capital Planning Act of 1952, 40 U.S.C. 74, is amended by deleting "December" and "September" and inserting "March" and "December", respectively, in lieu thereof.

SEC. 22. Sections 423(c) and 1101(a)(8)(B) of the Social Security Act, 42 U.S.C. 623(c) and 1301(a)(8)(B), are amended by deleting "July" and "August 31", wherever they appear, and inserting "October" and "November 30", respectively, in lieu thereof.

SEC. 23. Section 2(a)(2)(B) of the Employment Security Administrative Financing Act of 1954, as amended, 42 U.S.C. 1103(a)(2)(B) is amended by deleting "May", wherever it appears, and inserting "August" in lieu thereof.

SEC. 24. Section 6 of the National Aeronautics and Space Administration Authorization Act, 1971, as amended, 42 U.S.C. 2462, is amended by deleting "July", "June", "November", and "December" in Sections 6(a)(6), 6(b)(1), and 6(d), and inserting "October", "September", "February" and "March", respectively, in lieu thereof.

SEC. 25. Section 510 of the Public Works and Economic Development Act of 1965, as amended, 42 U.S.C. 3189, is amended by deleting "January 31" and inserting "April 30" in lieu thereof.

SEC. 26. Section 707 of the Public Works and Economic Development Act of 1965, as amended, 42 U.S.C. 3217, is amended by deleting "January 3" and inserting "April 1" in lieu thereof.

SEC. 27. Section 213 of the Merchant Marine Act, 1936, as amended, 46 U.S.C. 1123, is amended by deleting "July" and inserting "April" in lieu thereof.

SEC. 28. Section 1111 of Title 44, United States Code, is amended by deleting "November" and "December", wherever they appear, and inserting "February" and "March", respectively, in lieu thereof.

SEC. 29. Section 10(5) of the Service Contract Act of 1965, as amended, 41 U.S.C. 358(5), is amended by deleting "For the fiscal year ending June 30, 1977, and for each fiscal year thereafter" and inserting "On or after July 1, 1976" in lieu thereof.

SEC. 30. Section 139 of Title 2, United States Code, is amended by deleting "at the beginning of each regular session" and inserting "not later than April 1" in lieu thereof.

SEC. 31. Section 27(j) of the Consumer Product Safety Act, 15 U.S.C. 2076(j), is amended by deleting "on or before October 1 of each year" and inserting "at the beginning of each regular session of Congress" in lieu thereof.

SEC. 32. Section 263(b) of the Juvenile Justice and Delinquency Prevention Act of 1974, 42 U.S.C. 5601 note, is amended by deleting "thirty first day of the eighth" and inserting "thirtieth day of the eleventh" in lieu thereof.

SEC. 33. Section 704 of the Social Security Act, 42 U.S.C. 904, is amended by deleting "at the beginning" and inserting "within 120 days after the beginning" in lieu thereof.

SEC. 34. The Migratory Bird Hunting Stamp Act of March 16, 1934, as amended, 16 U.S.C. 718 *et seq.*, is amended by deleting the word "fiscal" wherever it appears therein.

SEC. 35. (a) Section 15d, Chapter 32, of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 831n–4, is amended by adding the following at the end thereof:

"As of October 1, 1975, the five year periods described herein shall be computed as beginning on October 1 of that year and of each fifth year thereafter.".

(b) Section 26, Chapter 32, of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. 831y, is amended by deleting "at the end of each calendar year" and inserting "on March 31 of each year" in lieu thereof.

SEC. 36. Section 208 of the Merchant Marine Act, 1936, as amended, 46 U.S.C. 1118, is amended by deleting "at the beginning of each regular session" and inserting "by April 1 each year" in lieu thereof.

SEC. 37. Section 4 of the Strategic and Critical Materials Stock Piling Act, 50 U.S.C. 98c, is amended by deleting "every six months" and inserting "not less often than twice annually" in lieu thereof.

SEC. 38. Sections 6(a)(1)(D) and (E) of the Alaska Native Claims Settlement Act, 43 U.S.C. 1605, are amended to read as follows:

"(D) $40,000,000 during the period beginning July 1, 1976, and ending September 30, 1976; and

"(E) $30,000,000 during each of the next five fiscal years, for transfer to the Alaska Native Fund in the fourth quarter of each fiscal year.".

SEC. 39. Section 901(f)(3)(A) of the Social Security Act, 42 U.S.C. 1101(f)(3)(A), is amended by deleting "fiscal" the last time it appears therein.

SEC. 40. Section 1304(j) of the Public Health Service Act, 42 U.S.C. 300e–3(j), is amended by (1) striking out "the fiscal year ending June 30, 1976" and inserting in lieu thereof "September 30, 1976", and (2) striking out "June 30, 1977" and inserting in lieu thereof "September 30, 1977".

SEC. 41. Section 903(c)(2)(D) of the Social Security Act, 42 U.S.C. 1103(2)(D), and the sentence following subparagraph (D), are amended to read as follows:

"(D) the appropriation law limits the total amount which may be obligated during a 12-month period (as prescribed in the law of the State, or during a transitional period of less than 12 months caused by a change in the 12-month period (as prescribed in the law of the State), to an amount which does not exceed the amount by which (i) the aggregate of the amounts transferred to the account of such State pursuant to subsections (a) and (b) during such 12-month period or transitional period of less than 12 months and the 24 preceding 12-month periods (including the transitional period of less than 12 months if it is within such twenty-four 12-month periods) exceeds (ii) the aggregate of the amounts used by the State pursuant to this subsection and charged against the amounts transferred to the account of such State during such twenty-five 12-month periods (and the transitional period of less than 12 months if it is within the twenty-five 12-month periods).

"For the purposes of subparagraph (D), amounts used by a State during any 12-month period of transitional period of less than 12 months shall be charged against equivalent amounts which were transferred and which have not previously been so charged; except that no amount obligated for administration during any such period may be charged against any amount transferred during a 12-month period or transitional period of less than 12 months earlier than the twenty-fourth preceding 12-month period (including the transitional period of less than 12 months if it is within such twenty-four 12-month periods)."

SEC. 42. Section 8147(b) of title 5, United States Code, (Federal Employees' Compensation Act) is amended by (1) striking out "fiscal year" in the first sentence and inserting "July 1 through June 30 expense period" in lieu thereof, (2) striking out "next" and, after "fiscal year", inserting "beginning in the next calendar year", in the second sentence and (3) inserting "during the first fifteen days of October following the furnishing of the statement" after "control" in the fourth sentence.

SEC. 43. Section 313(e) of title 37, United States Code, is amended by deleting "April 30" and inserting "July 31" in lieu thereof.

By Mr. WILLIAMS:

S.J. Res. 135. A joint resolution to reevaluate U.S. participation in International and Regional Organizations. Referred to the Committee on Foreign Relations.

THE NEED TO REEVALUATE U.S. PARTICIPATION IN INTERNATIONAL AND REGIONAL ORGANIZATIONS

Mr. WILLIAMS. Mr. President, I am today introducing legislation to provide for the reevaluation of the U.S. role in the United Nations, NATO, SEATO, and the OAS. The unquestionable need to examine our positions in these organizations stems from several factors including the dynamics of changing international conditions and the domestic crisis facing us.

The American public is becoming ever more cautious about our commitments abroad and demanding that the public and Congress share a greater role in the shaping of foreign policy. Our citizens are justly demanding candor and detailed explanations of what our international involvements are now and what their implications are for the future. We have experienced a truly profound change in our national sense of priorities with domestic concerns becoming ever more dominant in the public mind. The public's attitudes toward our foreign policy in recent years have ranged from bewilderment, to frustration, to anger, to confusion, to a strong distrust of our national policies and those who formulate them. These negative public attitudes have been reinforced by a lack of public debate and information about what our national interests really are. I am convinced that only public involvement in the policymaking process will effectively establish national goals that will have the full support and trust of our people. I believe that what I am proposing will be a major step in gaining needed public support for achieving the objectives which the American people agree are in their best interests.

My bill establishes a commission which will provide a forum for a public review of U.S. foreign policy in the areas which have had the greatest criticism in recent years. These certainly deserve our most careful scrutiny. During this process, the American people will legitimately insist on thorough justifications of our international commitments and their costs.

THE UNITED NATIONS ORGANIZATION

In the 30 years since its inception, the United Nations can boast of many major achievements in promoting international peace and cooperation. The United States can take pride in its own contributions toward attaining these goals while also recognizing the mutual benefits which have accrued from our participation. But, despite these successes, each facet of the vast U.N. system has increasingly become the subject of widespread criticism. While this is in part a reaction to recent steps taken by the U.N. General Assembly and by certain of the specialized agencies, the underlying issue is the very future of a United Nations which has deviated widely from the principles under which it was formed. It is an organization whose members and agencies have become heavily politicized and in some cases hostile in their convictions.

Today, we are witnessing a growing disassociation in the United Nations between authority and power. We must evaluate this changed situation, try to understand its causes, and ultimately find a means of resolving the tensions. This must involve a serious examination of our own role within the context of dynamic national and international interests.

PEACEKEEPING OPERATIONS

First, let me discuss the accomplishments of the U.N. system. A central function of the United Nations has been to reduce conflict between nations. Ad hoc peacekeeping forces have been used as one approach in the maintenance of international peace and security. While this activity currently consumes only one-tenth of the organization's expenditures, the existence of these forces has prevented large-scale warfare in several areas and removed the prospects of committing U.S. Forces to keep the peace. On two occasions, in 1948 and again in 1965, the United Nations successfully arbitrated the dispute between Pakistan and India over Kashmir. In 1950, 15 U.N. members joined the United States in assigning troops to combat North Korean aggression.

A United Nations Commission for the Unification and Rehabilitation of Korea, UNCURK, was established the same year and continued its work until 1973, when it was dissolved by a consensus in the General Assembly. The U.N. Command which remained in the area to enforce the Armistice Agreement of 1953 has now been recommended for termination. The United States has concurred in an arrangement to transfer the responsibilities of the command to military officers from both the United States and the Republic of Korea. Between 1956 and 1967 the first U.N. Emergency Force, UNEF, maintained an uneasy peace in the Middle East. In 1960 U.N. forces went into the Belgian Congo to prevent the distintegration of this area.

At the moment our attention is focused on Cyprus and on the Middle East where U.N. Forces have reportedly played a critical role in the search for peace. While the United Nations was unable to prevent the outbreak of war in Cyprus in 1974, one must agree with U.N. Secretary-General Kurt Waldheim, that people should not overlook the 10-year period from 1964 to 1974 when the 2,000 or so U.N. troops stationed there successfully kept the peace between the two communities. A cease-fire has now been established within a framework set down by Security Council resolutions. The U.N. Force, UNFICYP, was recently extended through December 15, 1975, and intercommunal talks are continuing under the aegis of the Secretary-General's Special Representative.

The mandates of both the second United Nations Emergency Force, UNEF, and the United Nations Disengagement Forces, UNDOF, in the Middle East have also been extended, thus allowing for a continuation of the step-by-step negotiations which this country feels is crucial to a political settlement in the area. But perhaps the most successful recent peace-keeping effort by the United Nations is also the least discussed. In 1974 the Secretary-General sent his representative, Mr. Weckman-Munoz, to mediate a particularly dangerous border dispute between Iran and Iraq with the result that a compromise solution was agreed to and a major outbreak averted.

ECONOMIC AND SOCIAL COOPERATION

The remaining nine-tenths of the United Nations budget is channeled into the fields of economic and social cooperation where many of the specialized agencies have performed far-reaching tasks to improve the human condition. As a major contributer to these agencies, the United States has been able to provide economic aid throughout the world while avoiding the stigma attached to bilateral programs. A second advantage of this form of aid was outlined in recent hearings before the Senate Foreign Relations Committee. It was indicated there that U.S. contributions assume a sixfold increase in value as it is measured in development work if they are handled multilaterally.

WHO

The World Health Organization, WHO, carries out a three-fold task of world-wide services, assistance to individual members, and the encouragement of medical research. It is concerned primarily with coordinating international health activities and establishing international health standards and technical assistance to governments. An example of its achievements is the smallpox eradication program which has reduced the number of countries considered to be endemic areas from 30 in 1967 to 4 in 1973. It is also active in reducing the problems of drug abuse, sanitation, cholera, and malaria. Of the many specialized agencies which are regularly funded by the United Nations, the WHO remains a top priority.

FAO

The Food and Agriculture Organization, FAO, has attempted to raise levels of nutrition, to improve agricultural production, and to stimulate more effective distribution and utilization of food and agricultural products. Together with the United Nations, the FAO has sponsored the world food program. In its first 10 years, it grew in membership from 29 to more than 100 contributing countries. Pledges grew from $85 million in the first 3-year period to $355 million in 1972–73. The FAO has been very active in the last year as the sponsor of the World Food Conference in Rome. This 2-week Conference took the first steps toward resolving the world food crisis we are now facing. And it stands with the Law of the Sea Conference and the 1974 World Population Conference as representative of the use of international forums to define and debate universal issues.

UNICEF

The U.N. Children's Fund, UNICEF, continues to provide relief to children all over the world with the recent approval of $69.5 million in new commitments. Projects in 111 countries range from the purification of drinking water to its largest expenditure: maternal and child health care. Other high priorities include education and emergency funds. The emergency funds have meant relief for flood victims in Pakistan, for droughts in Ethiopia and the Sahelian region of Africa, and for the war-torn areas of the Middle East.

ITU

The International Telecommunications Union, ITU, sets the basic standards for world telecommunications. It also assists developing nations in improving their telecommunications through the establishment of training institutes and seminars. The ITU recruits experts from the developed nations, including the United States, to advise on development projects and to conduct research. This and other technical agencies, such as the Universal Postal Union, UPU, furnish necessary international services and illustrate the breadth of the United Nations System.

U.N. PROBLEMS AND SHORTFALLS

These are just a few of the worthwhile programs and institutions which the United Nations supports. But, the same organization is beset with problems in each of these same subject areas. These tensions and shortfalls should be clearly defined in the hope of providing a constructive basis for resolving them.

The most volatile debates at the 29th session of the General Assembly centered on the decisions to adopt the Charter of Economic Rights and Duties of States, to suspend the South African Delegation from participation in that session, and to extend to Yasir Arafat the privilege of participation in an Assembly debate.

As to the first, the charter asserts the rights of the less developed countries and the duties of the developed ones to promote economic improvement. But in the view of our own delegation, it does not adequately protect the interests of private investors nor those of the developed countries. The charter was accepted overwhelmingly by a vote of 120 in favor with 6 against, including the United States, Great Britain, and West Germany. Japan, France, and Canada numbered among the 10 abstentions. The lineup of votes was similar in the second case where the South African Delegation was suspended from General Assembly participation on very precarious legal grounds.

This was executed despite the veto in the Security Council by ourselves, France, and Great Britain of a resolution to expel South Africa from the United Nations organization. Regarding the invitation extended to Arafat, there is little question that the Third World "bloc" was flexing its muscles. This was positively confirmed when they proceeded to limit debate on the Palestine question to one speech per country. It was an obvious move against Israel. These actions outraged the American Delegation and led John Scali to deliver his now famous "Tyranny of the Majority" speech in which he claimed:

> During this 29th General Assembly, resolutions have been passed which uncritically endorse the most far-reaching claims of one side in dangerous international disputes. With this has come a sharply increased tendency in this Assembly to disregard its normal procedures to benefit the side which enjoys the favor of the majority, and to silence and even exclude, the representatives of the Member States whose policies the majority condemns. . . . We are all aware that true compromise is difficult and time-consuming while bloc voting is fast and easy. But real progress on contentious issues must be earned. Paper triumphs are, in the end, expensive even for the victors. . . . The function of all parliaments is to provide expression to the majority will. Yet, when the rule of the majority becomes the tyranny of the majority, the minority will cease to respect or obey it, and the parliament will cease to function. Every majority must recognize that its authority does not extend beyond the point where the minority becomes so outraged that it is no longer willing to maintain the covenant which binds them.

In the ensuing "Grand Debate" one point on which there was general agreement was that the configuration of today's world had changed radically from the early days of the United Nations. The United States has found itself unable to command a majority of votes on issues in the General Assembly where until the 1960's the majority consisted of this country, West Europeans, and Latin Americans. The degree of U.S. dominance in the United Nations could also be measured by a comparison of the use of the Security Council veto by the United States and by the U.S.S.R. From 1945 to 1970 the United States was never forced to exercise the veto while the U.S.S.R. in the same period used it 105 times. On the hand, between 1970 and June 6, 1975, the United States has used the veto seven times in contrast to the U.S.S.R.'s five.

U.S. MANIPULATION OF U.N. POLICIES

The United Nations was in effect an instrument of our own foreign policy and in this capacity was only selectively utilized. Robert Riggs, author of U.S./U.N. Foreign Policy and International Organization," offers two examples to suggest American "manipulation" of the U.N. The first was in Greece, where the United States was quick to see the value of an international organization to expose and deter Communist aid to the Greek rebels, and the second in Korea where support could be found for American initiatives. Benjamin Becker takes this one step further and exposes the general U.S. ambivalence toward the U.N. with examples like Berlin; the North African quarrels in Tunisia, Algeria and Morocco; the landings in Lebanon and the Dominican Republic; and finally Vietnam. He effectively illustrates how often we ignored the United Nations as a forum for conflict resolution. In the words of John Scali:

> In 1946, the United States as the driving force behind the creation of the United Nations, as host country and as the unchallenged leader of the West, was in a position to treat the World Organization almost as an instrument to American policy to be used when we thought it desirable, to be bypassed when we did not.

THE NEW POWER ALINEMENT

The presence of the Third World voting bloc seems to have permeated the traditionally depoliticized halls of the specialized agencies. In what seemed a blatant political act, the General Conference of the United Nations Educations, Scientific, and Cultural Organization, UNESCO, cut off support for its programs in Israel on the grounds that Israel was altering the physical and cultural character of Jerusalem in defiance of U.N. and UNESCO resolutions. In his July 14 speech before the Institute of World Affairs in Milwaukee, Secretary of State Kissinger included the International Labor Organization and the recent session of the World Food Council—a result of the World Food Conference—on the list of politicized agencies, and in the case of the latter he claimed that—

> The very nations who desperately need, and would most benefit from, food assistance threatened to abort its work by disruptive tactics unworthy of an international organization.

On a more general level, the United Nations has yet to establish the arrangement for peacekeeping forces that prescribed in article 43 of the charter to facilitate the maintenance of international peace and security. Because of the absence of any permanent agreement on the availability of forces, the Security Council has had to collect and provide for the financing of peacekeeping forces on an ad hoc basis. We must direct our attention to solving this problem and to the basic unresolved questions regarding the establishment, direction, and control of peacekeeping operations.

On the question of disarmament, the General Assembly has proclaimed the 1970's as the "Disarmament Decade" while all around us we have witnessed a continuing proliferation in nuclear technology with several countries on the threshold of nuclear weapons development. In most cases this technology is earmarked for peaceful programs, but we have no real assurance that the "threshold" countries will stop short of building nuclear arsenals? The Non-Proliferation Treaty has 100 parties. But, as Ambassador Joseph Martin outlined in a speech before the Assembly in 1974, there is a heavy responsibility weighing on the United Nations to strengthen efforts in this area. This is particularly true since the treaty presently excludes several nations which have recently acquired nuclear programs.

As of this time, only three members of the "nuclear family" have agreed to the Partial Test Ban Treaty of 1963—the United States, the U.S.S.R., and Great Britain—and, despite repeated condemnation of nuclear testing, the United Nations has not moved forward in producing an inclusive treaty. Bilateral discussions between the United States and the Soviet Union have yielded some results in the proper direction, but the U.N. membership as a whole has exhibited an apparent unwillingness to commit itself to the goals espoused in one resolution after the other over the past two decades.

EVOLVING U.S. PARTICIPATION IN REGIONAL ORGANIZATIONS

As we examine the United Nations, its problems, and our participation in it, we should keep in mind our other international commitments. They too must be reviewed to determine whether they meet our evolving national interests and the economic, social, and political changes in the areas concerned.

In recent testimony before a House subcommittee, Dean Rusk outlined the necessity of organizing a durable peace. Offering regional arrangements as one means toward achieving this goal, he also warned of the dangers inherent in unequivocal commitments. Under article 52 of the U.N. Charter, which provides for and encourages this forum for settling local disputes, the United States has become a party to several regional structures. It is time to reevaluate the efficacy of these arrangements.

NATO

The North Atlantic Treaty Organization is the longest and among the most successful military alliances in U.S. history. It has played a key stabilizing role in Europe for more than 25 years, and fostered an environment of cooperation among its members. Yet, the codification of mutual deterrence in the SALT agreements and the loss of U.S. nuclear superiority have seriously eroded the credibility of the nuclear guarantee to Europe. In addition, the independent stance of France, political upheaval in Portugal, the uncertain future of Spain, the hostilities on Cyprus with Turkish overtures toward the Soviets all undermine the assumptions upon which the NATO alliance rests.

It is also being suggested that the growing trade, monetary and other economics differences will result in the United States "decoupling" itself from its strategic commitment to Western Europe. The political and military relationship with Western Europe is also being changed by the U.S. emphasis on bilateral relations with the Soviet Union and China. On every front the United States and the nations of Western Europe seem to be engaged in rivalry as well as partnership.

With nuclear guarantee, American ground forces in Western Europe remain a principal factor linking the defense of Europe with the United States. These forces are designed to deter and resist Soviet aggression. By their presence they are also supposed to enhance the confidence and sense of security of the Allies. However, to the west Europeans, these forces are also hostages to guarantee the involvement of the United States in a war in Europe. The U.S. Seventh Army is considered to be the main link in the escalatory chain which would eventually trigger the U.S. strategic retalitory forces. For this reason, American efforts in previous years to increase European conventional force levels and delay the use of nuclear weapons received little support from European governments.

Pressures to reduce U.S. force levels in Europe are once again growing. With the withdrawal of American troops from Vietnam complete, some have suggested heavy cuts in all overseas forces. It is not yet clear that the All Volunteer Armed Forces will provide enough volunteers to fill the presently planned 13-division, 800,000-man Army. The balance-of-payments situation remains a problem in spite of the successive devaluations of the dollar. As the U.S. defense budget rises, the temptation to consider Europe for any reductions is unavoidable.

With the growth of European economic strength and the reduction of intensity in the cold war, the American public seems to be less understanding about such a huge U.S. military responsibility for the defense of that region. The future strategic pattern of the American commitment to Europe will depend to an extensive degree on our own domestic debate and the skill used by American diplomats. Our allies will react to a wide range of U.S. positions on SALT, trade, troop levels, monetary policy, and the quality of the transatlantic political dialog. In developing the U.S. positions, it is vital to have an explanation of what our goals and obligations are for the American people. Without the acquiescence and, most importantly, the prior approval of our citizens, the credibility of any U.S.-NATO policy is reduced substantially.

SEATO

SEATO was formed in 1954 as a reaction to the threats facing the non-Communist nations in Asia. At that time, regional military pacts seemed essential as a self-defense measure there. An examination of current needs and priorities indicates that military alliances might actually inhibit a more positive approach to problems in that area of the world. Looking back, money and resources diverted into defense expenditures may have reduced the necessary attention which should be given to political and economic cooperation and raising the standards of living in that area.

The assumption that the United States, through an organization such as SEATO, was obliged to suppress subversion and insurgency, drew the United States into a war that did not serve our national interests and may even have involved our Nation in struggles against some revolutionary causes which are compatible with our long-range interests. The uses of the SEATO treaty and support unpopular governments maintained a level of frustration and tension which led to the instability of individual nations and general instability in the region.

As the level of violence increased in Southeast Asia, SEATO members did not feel obligated to deploy military forces in defense of each other, and the organization has never responded collectively and effectively to produce a united counterforce. In addition, SEATO duplicated many of the U.S. mutual defense treaties which already exist in that part of the world.

It is interesting to note that the Council of the Southeast Asia Treaty Organization has now agreed to phase itself out "in view of changing circumstances."

It is imperative that the United States review whether it will continue to have any security interests in Southeast Asia and how our small trade and investment interests should best be served. We must evaluate the programs and exercises which were conducted by SEATO and what advantages, if any, they have provided to the United States and to regional stability and development programs in that area of the world. It is incumbent upon us to assess the extent to which maintaining any active role in Southeast Asia would benefit our Nation.

OAS

A third regional body, the Organization of American States, should be of more immediate concern to the United States in light of the proximity of its members and the economic and military ties we have established in the area. On July 29, the OAS voted to lift the 11-year old economic and diplomatic sanctions against Cuba. The Cuban issue has dominated the Assembly sessions for many years with the result that problems in other crucial areas have been ignored and critics in this country are *calling for* a radical change in U.S. policy toward the organization. Now, with questions on the Panama Canal, human rights in Chile, and U.S. Trade Act still to be answered, and faced with a new Secretary-General, who has called for strengthened relations between the United States and the OAS, we must come to grips with these and other issues. Once again, we must recognize the significant changes as they have occurred in the members' environment and in their perceptions of the United States and its intentions.

CONCLUSION

The list of problems presently facing the international and regional organizations in which we participate is long and often frightening. Their articulation has led to demands for reforms, limits on our involvement or even our complete withdrawal. Unfortunately, those who claim that the present tensions are irreconcilable in these several cases seem to ignore the vast implications of their position.

As I have pointed out, the multilateral approach has resolved tensions which bilateral action could not address, and it has provided both a safety valve in conflict situations and indispensable services to the entire world community. We are living in an interdependent world. No longer is it possible to withdraw from international commitments without feeling reverberations in every aspect of our lives.

This interdependency encompasses the routine activities of national exchange. It also could determine the very survival of civilizations in a world of finite resources and explosive growth. There is no question of the need for multilateral mechanisms in the face of these facts. It is in the collective interests of the world's nations that we must commit ourselves to an intensive reevaluation of both the role of the United States in fostering an atmosphere of international cooperation and the existing structures which were designed to further this end.

Mr. President, I ask unanimous consent that the text of my resolution be printed in the Record.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 135

Joint resolution to Reevaluate U.S. Participation in International and Regional Organizations

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Whereas, the United States has assumed a preeminent role in providing leadership for the defense of the Western World and in the protection of cherished humanitarian and democratic ideals:

Whereas, the United States has joined in several regional agreements and arrangements to promote collective security interests, including the North Atlantic Treaty Organization (NATO), the Southeast Asia Treaty Organization (SEATO), and the Organization of American States (OAS);

Whereas, the United States has supported the modernization, strengthening, and reform of international arrangements, agreements, agencies, and organizations, particularly the United Nations and its specialized agencies, to encourage cooperation among nations and the pacific settlement of disputes in accordance with the highest aspirations of mankind;

Whereas, many of the relationships among nations and the perceptions of their national interests have been drastically altered since the creation of these various regional and international arrangements, agreements, agencies, and organizations;

Whereas, changes of circumstances internally and in the foreign relations among nations have resulted in reduced responsiveness and effectiveness of international and regional organizations and an increasing reluctance to resort to them.

Whereas, disappointments in the performances of international and regional organizations and their inability to deal adequately with important issues have engendered substantial criticism by the American public about United States Government participation;

Now, therefore, be it *resolved* by the Senate (the House of Representatives concurring), that it is the sense of the Congress that the United States can best promote its national interest by continuing in its historic role of seeking multi-lateral mechanisms to promote the collective interests of the world's nations;

(2) In order to evaluate the appropriate role of the United States in regional and international relationships, a thorough reappraisal of our previous, current, and prospective participation in them is a matter of the highest urgency;

(3) To carry out this evaluation, there is established a Commission on the United States participation in International Organizations (hereinafter referred to as the "Commission.");

(b) The Commission shall be composed of the following twelve members;

(1) four members appointed by the President, two from the executive branch of the Government and two from private life;

(2) four members appointed by the President of the Senate, two from the Senate (one from each of the two major political parties) and two from private life; and

(3) four members appointed by the Speaker of the House of Representatives, two from the House of Representatives (one from each of the major political parties) and two from private life.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) Seven members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(e) Each member of the Commission who is not otherwise employed by the United States Government shall receive $145 a day (including traveltime) during which he is engaged in the actual performance of his duties as a member of the Commission. A member of the Commission who is an officer or employee of the United States Government shall serve without additional compensation. All members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(4) The Commission shall conduct a review and appraisal of the organization, operation, detriments, benefits, and potential value and hazards associated with United States Governmental participation in major regional and international organizations, including the United Nations and its specialized agencies, the North Atlantic Treaty Organization, the Southeast Asia Treaty Organization, and the Organization of American States, and shall make recommendations which the Commission considers appropriate to provide improved governmental and intergovernmental mechanisms and programs, including, but not limited to

(a) the revision and reorganization of the major international and regional arrangements, agreements, agencies, organizations, establishments, and instrumentalities in which the United States participates;

(b) the establishment of more effective bilateral arrangements between the United States Government and the governments of other nations to protect the national interests and Constitutional obligations of the United States, and the legitimate interests of other nations, while promoting international cooperation and the peaceful resolution of differences;

(c) the improvement of procedures among regional and international organizations to provide for efficient coordination in the conduct of the various national foreign policies;

(d) the abolition of procedures, policies, functions, and participation in major international and regional organizations to the extent they are not consistent with the protection of the vital national interests of the United States and the promotion of peace, economy, efficiency, and improved administration in international relationships;

(5) The Commission shall submit a comprehensive report to the President and Congress, not later than January 1, 1978, containing the findings and recommendations of the Commission with respect to its study and investigation. Such recommendations may include proposed constitutional amendments, legislation, and administrative actions the Commission considers appropriate in carrying out its duties. The Commission shall cease to exist on the thirtieth day after the date on which it files the comprehensive report under this subsection.

(6) The Commission, or on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this title, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman of the Commission, of any such subcommittee or any designated member, and may be served by any person designated by such Chairman or member. The provisions of sections 102 through 104 of the Revised Statutes of the United States (2 U.S.C. 192–194) shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this section.

(b) The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purposes of this title. Each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed, to the extent authorized by law, to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

(7) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

By Mr. MOSS (for himself and Mr. Hugh Scott):

S.J. Res. 136. A joint resolution to repeal the China Trade Act, 1922. Referred to the Committee on Commerce.

REPEAL OF THE CHINA TRADE ACT

Mr. MOSS. Mr. President, I introduce for myself and Mr. Hugh Scott, a joint resolution to repeal the China Trade Act of 1922.

Mr. President, the China Trade Act was signed into law during a period in which most nations considered China to be an inferior trade partner. Under the China Trade Act, corporations doing business in China were required to conduct their business according to certain unique extraterritorial requirements which offered little in the way of recognition of the sovereignty of the Chinese people.

Clearly, this legislation is outmoded, ill suited, and something of an insult to the Chinese were it stringently enforced. A recently prepared analysis of the China Trade Act, as well as a 1968 analysis by the Library of Congress, demonstrates the China Trade Act of 1922 as a useless vehicle for regulating commerce.

More importantly, in my view, is what the China Trade Act stands for. It is an archaic statute that has outlived its utility and could act as a hindrance in further development of our relations with the People's Republic of China. For these reasons, the minority leader and I offer a joint resolution to repeal the China Trade Act.

The China Trade Act provided incentives, primarily through tax benefits, for U.S. corporations to expand trade with China. However, the act set up criteria for the creation of China trade corporations which had to be registered with the U.S. Department of Commerce.

Only four China trade corporations, three of them active, are currently registered. They account for a low volume of trade. The repeal of this act will not hurt any domestic concern and will promote and act as a sign of our respect for the independence and the sovereignty of the People's Republic of China.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the Record.

There being no objection the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 136

Joint resolution to repeal the China Trade Act, 1922

Whereas the Senate and Congress in 1922 enacted legislation to promote trade with China; and

Whereas China in that era was a weak nation over which other nations exercised extraterritorial jurisdiction and within which merchants from other nations applied the laws and regulations of their own countries; and

Whereas the China Trade Act, 1922 was enacted to provide tax benefits and other incentives, in the context of this situation, to promote American trade with China; and

Whereas this situation no longer exists in China which is now recognized as an equal trading nation that applies its own laws for the control and promotion of its commerce with other nations; and

Whereas this Act is no longer necessary and its continuance as a law of the United States could be interpreted as an affront to the dignity and equal international status of the People's Republic of China: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the China Trade Act, 1922 (15 U.S.C. 141–162) is hereby repealed in its entirety.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 5

At the request of Mr. Chiles, the Senator from Utah (Mr. Moss) was added as a cosponsor of (S. 5) the Federal Government in the Sunshine Act.

S. 63

At the request of Mr. Beall, the Senator from Florida (Mr. Chiles) was added as a cosponsor of the bill (S. 63) to amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for certain income of condominium housing associations, homeowner associations, and cooperative housing corporations.

S. 1353

At the request of Mr. Williams, the Senator from South Dakota (Mr. Abourezk) and the Senator from Ohio (Mr. Taft) were added as cosponsors of the bill (S. 1353) to amend Section 306 (a)(7) of the Consolidated Farm and Rural Development Act.

S. 1611

At the request of Mr. Roth, the Senator from Alaska (Mr. Stevens) was added as a cosponsor of the bill (S. 1611) to amend title II of the Federal Water Pollution Control Act to provide for State certification.

S. 1715

At the request of Mr. Javits, the Senator from Minnesota (Mr. Mondale) was added as a cosponsor of (S. 1715) the National Genetics Diseases Act.

S. 2135

At the request of Mr. Thurmond, the Senator from Nevada (Mr. Cannon) was added as a cosponsor to the bill (S. 2135) to authorize the construction and maintenance of the Gen. Draza Mihailovich Monument in Washington, District of Columbia, in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II.

S. 2293

At the request of Mr. Helms, the Senator from Arizona (Mr. Fannin) was added as a cosponsor of the bill (S. 2293) to amend section 402 of title 23, United States Code, relating to highway safety programs.

S. 2300

At the request of Mr. Bellmon, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of the bill (S. 2300) to direct the Secretary of the Army to issue permanent easements for certain docks constructed on property under his jurisdiction.

S. 2321

At the request of Mr. Bellmon, the Senator from Oklahoma (Mr. Bartlett) was added as a cosponsor of the bill (S. 2321) to amend the Voting Rights Act of 1965.

S. 2350

At the request of Mr. Symington, the Senator from Arkansas (Mr. Bumpers) was added as a cosponsor of the bill (S. 2350) to amend the National Security Act of 1947, as amended, to provide that the Secretary of the Treasury become a statutory member of the National Security Council.

SENATE JOINT RESOLUTION 29

At the request of Mr. Roth, the Senator from Tennessee (Mr. Baker) was added as a cosponsor of the joint resolution (S.J. Res. 29) proposing an amendment to the Constitution of the United States to guarantee the human rights of pupils attending public schools.

SENATE RESOLUTION 272—SUBMISSION OF A RESOLUTION RELATING TO THE FARMER ELECTED COMMUNITY COMMITTEEMAN SYSTEM OF THE DEPARTMENT OF AGRICULTURE

(Referred to the Committee on Agriculture and Forestry.)

Mr. ABOUREZK (for himself and Mr. McGovern) submitted the following resolution:

S. Res. 272

Resolution relating to the farmer elected community committeeman system of the Department of Agriculture

Resolved, That the Senate hereby expressly affirms its continued support for the grassroot participation of farmers in the programs of the Department of Agriculture through the farmer elected community committeeman system and strongly urges the Secretary of Agriculture to take such actions as may be necessary to provide for increased involvement of farmers in the policy and decisionmaking operations of the Department of Agriculture.

Sec. 2. It is the sense of the Senate that the Secretary of Agriculture should discontinue any actions of the Department of Agriculture designed to eliminate or reduce in number the community committeeman program administered by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.

Mr. ABOUREZK. Mr. President, Senator McGovern and I are today submitting a sense of the Senate resolution that would put the Senate on record in support of grassroots input into the policies and administration of the Agricultural Stabilization and Conservation Service—ASCS—a major division of the U.S. Department of Agriculture.

It is unfortunate that today, in 1975, with all the rhetoric from this administration about the need to take decisionmaking to the local level, we have to introduce a resolution to force the ASCS to preserve some power that has been at the grassroots level since 1936.

The forerunner of the ASCS, the Agricultural Adjustment Administration, was where the concept of farmer-elected committeemen started. This is said to be the first great American attempt to democratize a nationwide program by letting the people make decisions at the grassroots level. It is the only agricultural program that extends to every county of the continental United States.

For the most part, the farmer-elected committeeman system has been a shining example of the success of letting local people make decisions about a program that affects their lives. The only problem with this system has come not from the farmers but from administrations in Washington, both Democratic and Republican, that have been jealous of the amount of authority to delegate to the committeemen. It is always difficult for Federal bureaucrats to avoid paternalism and to encourage democracy.

The loss of community committeemen, who represent the various types of agricultural production in each county, would be a setback for the Federal farm program and would be a serious blow to farmer involvement in decisionmaking at USDA.

Senator McGovern and I feel that instead of cutting back the farmer-elected committeeman system, USDA should be taking steps to delegate more responsibility to the local level.

Officials at the ASCS have argued that they could save tax dollars by eliminating community committeemen while keeping three at-large committeemen per county. That would be the worst kind of "false economy."

Agriculture Department officials are

trying to build a smokescreen to cover up the fact that they want to reduce the voice of farmers in departmental policies and decisions. It is the old story of running the Government from the top down and bureaucratic power-grabbing.

I urge my colleagues in the Senate to support this resolution in the interests of keeping some grassroots democracy in the Federal farm program and in the interests of keeping alive this concept in the first program to successfully involve grassroots people.

AMENDMENTS SUBMITTED FOR PRINTING

APPOINTMENT OF ADDITIONAL DISTRICT COURT JUDGES—S. 287

AMENDMENT NO. 946

(Ordered to be printed and to lie on the table.)

Mr. WILLIAM L. SCOTT (for himself, Mr. Allen, Mr. Harry F. Byrd, Jr., Mr. Buckley, Mr. Tower, Mr. Helms, Mr. Thurmond, and Mr. Fannin) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 287) to provide for the appointment of additional district court judges and for other purposes.

LAND AND WATER RESOURCE CONSERVATION ACT OF 1975—S. 2081

AMENDMENT NO. 947

(Ordered to be printed and referred to the Committee on Agriculture and Forestry.)

Mr. HUDDLESTON (for himself and Mr. Eastland) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2081) to provide for furthering the conservation, protection, and enhancement of the Nation's land, water, and related resources for sustained use, and for other purposes.

REFINEMENT OF THE LAND AND WATER CONSERVATION ACT OF 1975

Mr. HUDDLESTON. Mr. President, on July 10, I, along with my distinguished colleague from Mississippi (Mr. Eastland), introduced S. 2081, a bill to provide for furthering the conservation, protection and enhancement of the Nation's land, water, and related resources.

The legislation was designed as a companion to the Forest and Rangeland Renewable Resource Planning Act of 1974, in an effort to establish natural resource policy in a systematic and rational way so that we can deal with our resource needs in a timely and efficient manner.

Since introducing the legislation, we have worked with some of the Nation's leading conservationists to refine and improve the bill. I believe the amendment in the form of a substitute to S. 2081 which Senator Eastland and I are submitting today represents a considerable improvement over the original bill, and it is the vehicle on which the Subcommittee on Environment, Soil Conservation and Forestry will hold hearings in early November.

I would like to take this opportunity to express the thanks of Senator Eastland and myself to the following persons for their assistance on this legislation:

Dan Poole, Keith Harmon, and Lonnie Williamson of the Wildlife Management Institute; Mary Garner, Dave Unger, Gordon Zimmerman, and Ray Heinen of the National Association of Conservation Districts; Donald Williams; William Hyde of Resources for the Future; Lawrence Libby of Michigan State University; Bob Dennis of Zero Population Growth; Robert Wolf of the Congressional Research Service; John Gottschalk of the International Association of Game and Fish Commissioners; Carl Sullivan of the Sports Fisheries Institute; Dennis LeMaster of the Society of American Foresters; Tom Barlow of the Natural Resources Defense Council; Douglas MacCleery of the National Forest Products Association; William Towell of the American Forestry Association; and Kenneth Hampton of the National Wildlife Federation.

All of these people were invited by the subcommittee to submit suggestions for the improvement of the bill, and all of them responded magnificently. Using the "areas of agreement" approach of the American Forestry Association, I believe we have developed legislation on which all parties can agree, and of which we can be proud.

Mr. President, I ask unanimous consent that the amendment in the nature of a substitute to S. 2081 be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment 947

FINDINGS

Sec. 2. (a) The Congress finds that—

(1) There is a growing demand on the land, water, and related resources of the Nation to meet present and future needs for food and fiber, rural and urban development, agricultural, industrial, and community water supply, fish and wildlife habitat, recreational facilities, and other needs of the people.

(2) These resources are essential to the Nation's economic and social well being, and they must be conserved, protected, and enhanced to promote their wise use and to avoid their loss, misuse, and damage.

(3) It has been the continuing policy of Congress to maintain and improve the resource base of the United States while using the resources to meet the needs of the Nation.

(4) The Congress, in its concern for sustained use of the resource base, created the Soil Conservation Service of the United States Department of Agriculture which possesses information, technical expertise, and a delivery system for providing assistance to land users with respect to conservation and use of soils; plants; woodlands; watershed protection and flood prevention; the conservation, development, utilization and disposal of water; animal husbandry; fish and wildlife management; recreation; community development; and related resource uses.

(5) Resource appraisal is basic to wise land and water conservation. Since individual and governmental decisions concerning land and water resources often transcend administrative boundaries and affect other programs and decisions, a coordinated appraisal and program framework is essential.

DECLARATIONS OF POLICY AND PURPOSE; PROMOTION THEREOF

Sec. 3. (a) In order to further the conservation of land, water, and related resources, which for the purpose of this Act shall include those resources coming within the scope of the programs administered by the Secretary of Agriculture through the Soil Conservation Service, it is declared to be the policy of the United States and purpose of this Act to achieve and maintain—

(1) quality, quantity, and productivity of the natural resource base for sustained multiple uses;

(2) quality in the environment to provide attractive, convenient, and satisfying places to live, work, and play; and

(3) quality in the standard of living based on community improvement and adequate income.

(b) Recognizing that the arrangements under which the Federal Government cooperates with State soil and water conservation agencies and other appropriate State natural resource agencies such as those concerned with forestry and fish and wildlife and, through conservation districts, with other local units of government and land users, have effectively aided in the protection and improvement of the Nation's basic resources, including the restoration and maintenance of resources damaged by improper use, it is declared to be the policy of the United States that these arrangements should be utilized to the fullest extent practicable to achieve the purpose of this Act.

(c) The varying demands on the Nation's land and water resources often present conflicts between competing interests and, as a consequence, planning for the conservation and use of such resources should reflect an understanding of, and a concern for, the respective interests involved.

(d) The Secretary shall promote the attainment of the policies and purpose expressed in this Act by—

(1) appraising on a continuing basis the land, water, and related resources of the Nation;

(2) developing and updating periodically a program for furthering the conservation, protection, and enhancement of the land, water, and related resources of the Nation; and

(3) providing to Congress and the public, through reports, the information developed pursuant to paragraphs (1) and (2) of this subsection, and by providing Congress with an annual evaluation report as provided in section 6.

APPRAISAL

Sec. 4. (a) In recognition of the importance of and need for obtaining and maintaining information on the current status of land, water, and related resources, the Secretary is authorized and directed to carry out, through the Soil Conservation Service, a continuing appraisal of the land, water, and related resources of the Nation. The appraisal shall include, but not be limited to:

(1) data on the quality and quantity of land, water, and related resources;

(2) an analysis of the potential of those resources for various uses;

(3) a determination of the changes in the status and condition of those resources resulting from various uses;

(4) a discussion of current laws, policies, programs, rights, regulations, ownerships, and other considerations associated with the land.

(b) The appraisal shall utilize data collected under this Act and pertinent data and current information collected by the Department of Agriculture and other Federal, State, and local agencies and organizations. The Secretary shall establish an integrated system capable of using combinations of resource data to determine the quality and potential for alternative uses of the resource base and to identify areas of local, State, and national concerns pertaining to land conservation, resource use and development, and environmental improvement.

(c) The appraisal shall be made in cooperation with conservation districts and with State soil and water conservation agencies and other appropriate State agencies under such procedures as the Secretary may prescribe to insure public participation.

(d) A report of the appraisal shall be completed by December 31, 1976, by December 31, 1979, and at each five-year interval thereafter.

LAND AND WATER CONSERVATION PROGRAM

Sec. 5. (a) In order to establish a framework for achieving the national land and water policy and purpose of this Act, the Secretary is hereby authorized and directed to develop, through the Soil Conservation Service, a National Land and Water Conservation Program (hereinafter called the "program") for furthering land and water conservation on the private and non-Federal lands of the Nation. The program shall set forth the direction for future soil and water conservation efforts based on the current land, water, and related resource appraisal developed in accordance with section 4 of this Act, taking into consideration both the long- and short-term needs of the Nation. The program shall also include, but not be limited to:

(1) analysis of the Nation's land, water, and related resource problems;

(2) analysis of existing authorities and adjustments needed;

(3) an evaluation, based on a system to determine the effectiveness of the soil and water conservation ongoing programs and the progress being achieved in meeting the soil and water conservation objectives of this Act;

(4) identification and evaluation of alternative methods for the conservation, protection, environmental improvement, and enhancement of land and water resources, in the context of specific time frames, and a recommendation of the preferred alternative; and

(5) analysis of the Federal and non-Federal inputs required to implement the program.

(b) The Secretary, in the development of the program, shall provide for participation by the public through conservation districts, local and State organizations and agencies, and other means.

(c) The program plan shall be completed not later than December 31, 1976, be updated December 31, 1979, and at each five-year interval thereafter.

REPORT TO CONGRESS

Sec. 6. (a) On the first day Congress convenes in 1977, in 1980, and at each five-year interval thereafter, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate, the appraisal report and the program as required by sections 4 and 5 of this Act, together with a detailed statement of policy intended to be used in framing budget requests of the Administration for Soil Conservation Service activities. Following the transmission of such appraisal report, program, and statement of policy, the President shall, subject to other actions of the Congress, carry out programs already established by law in accordance with such statement of policy or any subsequent amendment or modification thereof approved by the Congress, unless, before the end of the first period of sixty calendar days of continuous session of Congress after the date on which the President of the Senate and the Speaker of the House are recipients of the transmission of such appraisal report, program, and statement of policy, either House adopts a resolution reported by the appropriate committee of jurisdiction disapproving the statement of policy. For the purpose of this subsection, the continuity of a session shall be deemed to be broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the sixty-day period. Notwithstanding any other provision of this Act, Congress may revise or modify the statement of policy transmitted by the President, and the revised or modified statement of policy shall be used in framing budget requests.

(b) Commencing with the fiscal budget for the year ending September 30, 1978, requests presented by the President to the Congress governing Soil Conservation Service activities shall express in qualitative and quantitative terms the extent to which the programs and policies projected under the budget meet the policies approved by the Congress in accordance with subsection (a) of this section. In any case in which such budget so represented recommends a course which fails to meet the policies so established, the President shall specifically set forth the reason or reasons for requesting the Congress to approve the lesser program or policies presented. Amounts appropriated to carry out the policies approved in accordance with subsection (a) of this section shall be expended in accordance with the Congressional Budget and Impoundment Control Act of 1974, Public Law 93–344.

(c) The Secretary, during budget preparation for fiscal year 1978, and annually thereafter, shall prepare a report which evaluates the program's effectiveness in attaining the purposes of this Act. The report, prepared in concise summary form with appropriate detailed appendices, shall contain pertinent data from the current resource appraisal required to be prepared by section 4 of this Act, shall set forth the progress in implementing the program required to be developed by section 5 of this Act, and shall contain appropriate measurements of pertinent costs and benefits. The evaluation shall assess the balance between economic factors and environmental quality factors. The report shall also indicate plans for implementing action and recommendations for new legislation where warranted.

DEFINITIONS

Sec. 7. As used in this Act—

(1) The term "Secretary" means the Secretary of Agriculture.

(2) The term "land, water, and related resources" means those resources which come within the scope of the programs administered by the Secretary of Agriculture through the Soil Conservation Service.

(3) The term "land and water conservation program" means a framework for attaining the purposes of this Act.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 8. There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this Act.

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENT NO. 948

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON (for himself, Mr. Hollings, and Mr. Moss) submitted an amendment intended to be proposed by them to the bill (S. 2310) to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes.

NOTICE OF HEARINGS

Mr. JACKSON. Mr. President, I wish to announce, for the information of the Senate and the public, the scheduling of 2 days of public hearings before the Senate Committee on Interior and Insular Affairs.

The hearings have been scheduled in order to afford the five central Indian tribes of Arizona, the Ak Chin, Fort McDowell, Gila River, Papago, and Salt River, an opportunity to establish a public record relating to their respective requirements for water and related water rights issues and alternative solutions to such issues.

The hearings have been scheduled for October 23 and 24 beginning each morning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Further information is available from Forrest Gerard or Russell Brown of the committee staff. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Committee on Interior and Insular Affairs, 3106 Dirksen Senate Office Building, Washington, D.C. 20510.

ANNOUNCEMENT OF HEARINGS

Mr. KENNEDY. Mr. President, as chairman of the Health Subcommittee, I want to take this opportunity to announce what in all likelihood will be the concluding set of subcommittee hearings on the health manpower legislation now pending before the subcommittee. An additional four days of hearings have been scheduled October 29, 30, 31, and November 4, 1975. Persons interested in testifying should contact the Health Subcommittee staff director, Mr. Lee Goldman, at 202 224–7675.

NOTICE OF HEARINGS

Mr. NELSON. Mr. President, I wish to announce that the Subcommittee on Monopoly of the Senate Small Business Committee has scheduled hearings for October 29 and 30 on the effects of promotion and advertising of over-the-counter tranquilizers, sedatives, sleep-aids, and stimulants on competition, small business, and the health and welfare of the public. The witnesses will be announced later.

The hearings for both days will begin at 10 a.m. and will be held in room 1202 of the Dirksen Senate Office Building.

ANNOUNCEMENT OF GOVERNMENT OPERATIONS HEARINGS ON PRESIDENTIAL PROTECTION AND FEDERAL FIREARMS CONTROL

Mr. RIBICOFF. Mr. President, on October 7, 8, and 24, the Government Operations Committee plans to hold hearings on the problems of Presidential protection and the related issue of Federal firearms control. The committee currently has before it S. 2152, a bill to establish a Firearms Safety and Abuse Control Administration within the Department of Justice, and S. 2166 and H.R. 1244, bills to provide procedures for the protection of the President. Hearings will begin each day at 10 a.m., in room 3302, Dirksen Senate Office Building.

The witnesses for the hearings will include:

Robert Morgenthau, district attorney for New York County.

H. Stewart Knight, Director, U.S. Secret Service.

Louis Harris, public opinion pollster.

Dr. Milton Eisenhower, Director, National Commission on the Causes and Prevention of Violence.

Rufus Youngblood, former Secret Service agent.

A panel of police chiefs: Robert Digrazia, Boston; Edward Peters, San Antonio; Reggie Eaves, Atlanta; Pete Pitches, Los Angeles; and Hubert Williams, Newark.

ANNOUNCEMENT OF HEARINGS

Mr. **INOUYE**. Mr. President, I am pleased to announce that the Committee on Commerce has scheduled hearings on metric conversion legislation for October 8 and 10. The bills under consideration are S. 100, S. 1882, and H.R. 8674.

Hearings will begin at 10 on both days. The first day of hearings will be held in room 1318, Dirksen Senate Office Building, and on the second day in room 5110, Dirksen Senate Office Building. Individuals who wish further information about the hearings may contact Eric Lee of the Commerce Committee staff at 224-6742.

CANCELLATION OF HEARINGS

Mr. **HUMPHREY**. Mr. President, I wish to announce that a hearing on U.S. grain export policy, scheduled for Thursday, October 2, before the Subcommittee on Foreign Agricultural Policy of the Committee on Agriculture and Forestry, has been postponed until further notice.

ADDITIONAL STATEMENTS

LACK OF GRAIN EXPORT POLICY

Mr. **DOLE**. Mr. President, the junior Senator from Kansas would just like to make a few comments about a report that appeared in the newspapers yesterday morning concerning grain purchases by the Soviet Union.

The Wall Street Journal yesterday reported in the commodity section that over the weekend, Argentina announced that the Soviet Union bought 27.5 million bushels of wheat and 9.9 million bushels of corn. At conservative prices of $4 per bushel on wheat and $3 per bushel on corn, those sales amount to $110 million worth of wheat and $30 million worth of corn.

Some Members of the Senate may recall a couple of weeks ago when the Russians purchased one million tons of soybeans at a conservative price of $5.50 per bushel. That comes to a total of about $202 million worth of soybeans.

SELF-DEFEATING POLICY

The essence of this is that our current policy of embargoing sales to the Soviet Union has lost American agriculture and the American economy the opportunity to make export sales of about $342 million, according to my calculations.

That means $342 million worth of farm commodities that American farmers will not be selling the Russians. It means that the U.S. balance of payments is potentially worse off by about $342 million.

Of course, $342 million is a relatively small drop in the bucket compared to the $22 billion worth of farm products we sold overseas last year. However, the implication of the Russians buying elsewhere is important and should not be overlooked.

The situation we are in now is ominously reminiscent of a similar situation last year.

In early October 1974 a freeze was placed on sales to the Soviet Union. That sale was renegotiated and subsequently allowed to go through. At the same time it was anticipated that the Russians would come back into our market for further purchases. Farmers and grain traders waited through late 1974, the winter of 1975, and the spring of 1975 and there were no further purchases of grain by the Soviet Union. In other words, the Russians were able to meet their needs elsewhere or else they were willing to tighten their belts and do without American grain.

Reportedly this year, the Russians are so short on grain that they are in a position to neither tighten their belts nor to adequately cover their needs in other producing countries. The United States is supposedly the only supplier with an adequate amount of grain to cover the Russian import requirements.

But the point is that we are losing opportunities that may be openly or secretly included in the moratorium on further sales every week that it is continued.

FRUSTRATION IN AGRICULTURE

As a Chicago trader, quoted in yesterday's Wall Street Journal, succinctly put it:

> It seems as if every time somebody gets serious about buying U.S. grain, the government steps in and blocks it.

I think that concisely sums up the frustration that farmers in Kansas and other States are feeling. They have now seen $342 million worth of potential market eroded away from them.

And that means fewer jobs in those industries related to agriculture. It means less work for seafarers and shippers and longshoremen—although with George Meany representing them, those workers are probably convinced that they no longer need to work for a living.

The lost $342 million worth of market means that farmers will be buying less equipment and less consumer goods that are important to the other industries of this Nation.

In spite of the importance of that export market, it appears that we continue to have no clear-cut export policy. The unilateral and apparently extralegal moratorium on sales to Poland which was imposed by the State Department continues to exist. Even my own inquiry to Secretary of State Kissinger requesting the authority under which that embargo was imposed has gone unanswered.

CLEAR EXPORT POLICY NEEDED

The upshot of all of this is that we greatly need a clear-cut export policy, and we need it promptly.

I was encouraged by Secretary Butz' meeting day before yesterday with the Polish Minister of Agriculture with the idea of working out further sales to that country. Hopefully, further steps can be taken in that same direction in the near future.

And hopefully, the Secretary of State or the Secretary of Labor or the head of the AFL-CIO will not again impose an embargo on further sales once they are resumed.

The President reportedly said yesterday that he was confident sales would be resumed. That is encouraging. But Kansas farmers are wondering when that will happen. As the lost opportunity for at least $342 million worth of sales indicates we need that change of policy soon.

I think Kansas farmers are hopeful that further sales with the Soviet Union and Eastern European countries can be worked out. In a business as risky as farming, where a year's labor all wrapped up in a mature crop can be wiped out in a matter of minutes by fire or hail, a farmer has to be hopeful. But farmers have lost a great deal of optimism toward this administration that only a few months ago promised them "unfettered access to world markets." They would be pleasantly surprised, no doubt, if export sales were resumed.

HENRY KEARNS—HOW HE FEATHERED HIS NEST WHILE HOLDING PUBLIC OFFICE

Mr. **PROXMIRE**. Mr. President, I am today releasing correspondence between myself and the Justice Department in which I ask Attorney General Edward H. Levi to "overturn the outrageous decision of Assistant Attorney General Richard L. Thornburgh" that there was "insufficient evidence" to support criminal charges against Mr. Henry Kearns, former head of the Export-Import Bank.

As chairman of the committee on Banking, Housing and Urban Affairs which confirmed Kearns, and chairman of the Appropriations Subcommittee on Foreign Aid at a time when Kearns appeared before it, I have a special interest in this matter.

While Mr. Kearns was head of the Export-Import Bank he personally sold 100,000 shares of Siam Kraft Stock to Mitsui & Co. in direct violation of the promise he made when confirmed by the Senate that his stock would be placed in a blind trust entirely outside his control. Kearns made $500,000 from the deal. The Thornburgh letter indicates that Kearns solicited the sale from Mitsui.

Not only did Kearns actively trade in the stock in violation of the trust agreement and his confirmation promise, but he took part or voted on some 37 loan guarantees by the Export-Import Bank involving Mitsui.

In my letter to Attorney General Levi I wrote that—

> Kearns obviously feathered his own nest at a time when he was President of the Bank and openly solicited the purchase of his stock from a company with which he was dealing officially as President of the Bank and for whom he was not only in a position to help but did help.

I was so flabbergasted by Mr. Thornburgh's letter that I wrote:

> I am therefore asking you, as Attorney General, to review this matter and to write to me directly stating whether or not proceedings will go forward.

In the letter I also said:

Unless that position is reversed, it will appear to millions of American citizens that there is a double standard in the law, one for the ordinary citizen and quite another for those who hold high positions in government and make thousands of dollars in personal profit as a result of official actions.

I ask unanimous consent that the text of the letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
Washington, September 17, 1975.

Re: Henry Kearns, former President, Export-Import Bank of the United States.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: For some time the Criminal Division, in conjunction with the Federal Bureau of Investigation, has been examining certain allegations of improprieties by Mr. Henry Kearns during his tenure as President of the Export-Import Bank of the United States. The investigation centers around Mr. Kearns' involvement in the sale of some 108,000 shares of stock in the Siam Kraft Paper Company to the Mitsui Company (USA) in December, 1972. Of the 108,000 shares sold, 100,000 were held for Mr. Kearns, in trust, by the Bank of America, while the remaining 8,000 shares were held by Mr. Donald P. Bostwick, former Vice-President of the Export-Import Bank.

While insufficient evidence has been developed to date to support criminal charges, information has come to light which we feel might be of interest to you for whatever action you may deem appropriate. A Synopsis of the available facts is as follows:

In March 1969, Messrs. Henry Kearns and Donald P. Bostwick assumed the positions of President and Vice-President of the Export-Import Bank of the United States (Eximbank). Both held substantial blocks of stock in Siam Kraft Paper Company (SKPC) during a time in which the bank was rescheduling loan repayments from that company. In an attempt to avoid the appearance of a conflict of interest, elaborate procedures were established at Eximbank to insulate Mr. Kearns from bank matters concerning SKPC. In addition, Mr. Kearns established a trust arrangement whereby his SKPC stock was to be held by the trustee, Bank of America, during Mr. Kearns' tenure with Eximbank. The trustee was charged with the responsibility of determining when and to what extent the trust assets were to be sold, and how the proceeds were to be reinvested, without any participation by Mr. Kearns.

In January 1972, Mr. Kearns, during a contact with officers of Mitsui Company, inquired as to Mitsui's interest in obtaining his SKPC stock. Mr. Kearns was offering 108,000 shares at $5/share, though the market price was $1.64–$1.74/share. Investigation within Mitsui resulted in a determination that Mitsui was not then interested in purchasing the stock.

In December 1972, Mr. Kearns again raised the possibility of selling his stock to Mitsui. After contacting the Tokyo office, Mitsui agreed to purchase the stock. Being unable to negotiate a lower price with Mr. Kearns, Mitsui purchased the stock at $5/share. The purchase consisted of 108,000 shares, 100,000 of which belonged to Mr. Kearns, in trust, and the remainder belonging to Mr. Donald P. Bostwick. The transaction was consummated through Mr. Kearns' attorney in Pasadena, California.

During the relevant period of time Mitsui was doing considerable business with Eximbank. No formal procedure for disqualification had been established to bar Mr. Kearns or Mr. Bostwick from matters pertaining to Mitsui. In fact, Mr. Kearns directly participated to some degree as a member of the Eximbank Board, on matters concerning Mitsui, though there is no indication that he attempted to "pressure" any other board members to vote in a particular manner.

Commensurate with the sale of stock to Mitsui Company on December 28, 1972, the Kearns trust received a Mitsui check in the amount of $500,000 in payment for the 100,000 Kearns SKPC shares. The check was deposited in a trust savings account at the Lake-Green Branch of the Bank of America. Subsequently, according to the investigation, all of the money in the trust account ($514,494.86, which includes in addition to the initial check for $500,000, $14,494.86 in earnings) was disbursed to a commercial account under the exclusive control of Mr. Kearns. The dates and said amounts of disbursements to the Kearns commercial account are as follows:

January 2, 1973	$175,000.00
April 9, 1973	100,000.00
August 6, 1973	18,000.00
November 7, 1973	19,999.00
November 30, 1973	200,000.00
December 19, 1973	61.09
December 19, 1973	1,416.64
January 2, 1974	17.13
January 2, 1974	1.00
Total	$514,494.86

On February 29, 1972, the month following Mr. Kearns' initial contact with Mitsui (USA), he was called to testify before the Senate Committee on Appropriations. During questioning by you the following occurred, at pages 45 and 46 of the Subcommittee's fiscal 1973 hearings:

Senator PROXMIRE. Your holdings are about a million dollars; is that right?

Mr. KEARNS. It is 100,000 shares with a par value of roughly $5 a share.

Senator PROXMIRE. As a par value, but the market value was $1 million? Or is that exaggerated?

Mr. KEARNS. The market value would be about half of that, I think. I don't know, but immediately following my confirmation hearing when I agreed to place my stock in a blind trust, I did so, and I have had no communication with it whatever since then.

Following the sale of the Kearns trust stock to Mitsui and the disbursement of $275,000 to the Kearns commercial account, Mr. Kearns was again called to testify before the Senate Subcommittee on Appropriations. On May 8, 1973, the following discussion took place as reflected at pages 298 and 299 at the Subcommittee's fiscal 1974 hearings:

INTEREST OF EXIM CHAIRMAN IN SIAM KRAFT

Senator INOUYE. Now I am certainly aware that this subcommittee is continuing to receive questions relating to this matter and, therefore, in fairness to you, and in order to enlighten the subcommittee, I would appreciate your advising us on the following:

First, do you own or have in trust 100 thousand shares of stock in Siam Kraft?

Mr. KEARNS. I have been informed that the trust has sold the shares, so I now have no interest. Following the instructions of the Senate at the time of my confirmation I engaged the Bank of America in California that has administered this blind, no-control trust. I have received no information other than learning that they have now sold those shares.

Now, as far as Eximbank is concerned, Mr. Sauer has been in complete charge of anything to do with Siam Kraft since I have been with the Bank. I have not involved myself in any way at any time; Mr. Sauer has.

Senator INOUYE. Are you saying you have not exercised any control over this stock since it was placed in trust?

Mr. KEARNS. That is correct.

Senator INOUYE. And you have just received word that the stock has been sold?

Mr. KEARNS. Yes.

Senator INOUYE. Was it sold to Mitsui & Co.?

Mr. KEARNS. Yes.

SALE OF SIAM KRAFT STOCK

Senator INOUYE. What is the fair market value of the stock at the present time?

Mr. KEARNS. I don't know.

Senator INOUYE. Do you know what it was sold for?

Mr. KEARNS. I have not had a statement from the trustee, but I understand it was sold for par value, or something like that.

Senator INOUYE. It has been suggested that at the time of the sale the company stock was traded on the Bangkok stock exchange at approximately $1.75 per share and that Mitsui purchased this for approximately $5 a share.

Mr. KEARNS. Well, 100 baht, which is approximately $5.

I might also comment, Mr. Chairman, that when I was up for confirmation, the committee suggested that I sell all of my stock in Siam Kraft, and in another Thai company. The Siam Kraft stock was not salable because the plant was not in operation, and to have offered 100,000 shares on the market at that time would have done irreparable damage to the company. I was asked by the other stockholders not to offer it for sale. I did, however, have a substantial block of shares in another company that I had developed in Thailand, and I sold those shares to Mitsui & Co. The dividends on those shares since that time have been more than the total price that they paid for the shares. The company paid dividends of some 100 percent on the par value every year, so I would imagine that Mitsui would think kindly on my shares that they purchased. Now, that may have had something to do with their decision.

In retrospect, based on the investigative materials presently available, it would appear that Mr. Kearns, though not under oath, was perhaps less than candid with the Subcommittee during his testimony in 1972 and 1973.

As previously indicated, this information is furnished to you for whatever action you may deem appropriate. Since insufficient evidence is presently available to support a criminal charge, we are hopeful that its confidentiality may be maintained. We are advised by the Federal Bureau of Investigation that Mr. Kearns is presently serving as Chairman of Kearns International, a corporation involved in international trade and headquartered in San Francisco. Mr. Bostwick, we are advised, is Vice President, Marketing, Chemical Construction Corporation, with offices on Connecticut Avenue, NW., Washington, D.C.

We stand ready to assist you and your staff in any aspect of this matter that may be desirable. Contact may be made with this Division through Mr. Carl W. Belcher, Chief, General Crimes Section, attention Mr. Neal J. Shulman, attorney, telephone number 739–2346.

Sincerely,
RICHARD L. THORNBURGH,
Assistant Attorney General.

JOINT ECONOMIC COMMITTEE,
Washington, D.C., September 26, 1975.

(Created pursuant to sec. 5(a) of Public Law 304, 79th Congress)

The Hon. EDWARD H. LEVI,
Attorney General, the Justice Department,
Washington, D.C.

MY DEAR ATTORNEY GENERAL: I am writing to you concerning the Justice Department's position on whether Henry Kearns, the former President of the Export-Import Bank violated any criminal laws while he headed that agency.

Frankly, I am flabbergasted at the conclusion in the letter of September 17, 1975 sent to me by Mr. Richard L. Thornburgh, an Assistant Attorney General.

In view of the facts in the situation his statement that "Insufficient evidence has been developed to date to support criminal charges" is impossible to believe. I am therefore asking you, as Attorney General, to review this matter and to write to me directly stating whether or not proceedings will go forward.

I take this unusual step because of the following facts.

First, when Mr. Kearns was confirmed he pledged to put his 100,000 shares of Siam Kraft in a blind trust. He testified on Page 11 of the confirmation hearings that

"Because of my inability to conclude a sale at this time, I have submitted to the General Counsel and Vice Chairman of the Civil Service Commission, a suggested trust arrangement, a blind, no-control trust, that would completely remove any administration, interest, control, or other association with this company during my tenure of office in the Export-Import Bank."

A copy of the trust agreement was submitted to the Committee and appears on page 25 of the hearings. Point 4 of the Trust Agreement states:

"4. The primary purpose of this trust is to entrust to the Trustee decisions as to when and to what extent the original assets of the trust are to be sold or disposed of and in what investments the proceeds of sale are to be reinvested without any participation in such decisions by the Settlor."

Second, notwithstanding his statement and the Trust Agreement provision itself, according to Mr. Thornburgh's letter both in January 1972 and in December 1972 Mr. Kearns himself solicited the purchase of his stock from Mitsui and company.

In December, 1972, Mitsui purchased the stock for $5 a share, or for $500,000.

Third, during Mr. Kearns time in office he was involved in numerous actions and loan guarantees which directly benefitted Mitsui. My information is that some 37 loan guarantees were involved.

Fourth, except for favorable action by the Export-Import Bank in 1970 with respect to Siam Kraft, Mr. Kearns stock would probably have been worthless. In any case, it was worth no more than $1.75 a share and probably 25¢ to 30¢ a share when it was bought at $5.00 by Mitsui.

In 1970 the Export-Import Bank without Mr. Kearns participation, made the terms of the Siam Kraft $14 million loan the most favorable terms ever offered in the history of the Bank. Instead of 12 semi-annual payments starting in 1970 to be paid off in 1976, the first payment was postponed until 1973, the number of payments extended to 40, and the final payment extended until 1993.

Fifth, even while he was President of the Export-Import Bank Mr. Kearns received some $293,000 from proceeds of the sale which was placed in a commercial account over which he had personal control. This appears to be in violation of Section 4 of the Trust Agreement.

Finally, at a time when Mr. Kearns had solicited the sale of the stock or received $275,000 in disbursements, he testified before two sessions of the Senate Appropriations Committee to the effect that he had had "no communication" with the stock in the blind trust since his confirmation and that he had had no control over the stock since it was placed in the trust.

Clearly, Mr. Kearns lied about these matters.

Mr. Kearns was confirmed on the basis that his Siam Kraft stock would be put in a blind trust and that he would have no "interest, control, or other association with the company" during his tenure in office.

He clearly violated that promise and the terms of the blind trust.

Further, he obviously feathered his own nest at a time when he was President of the Bank and openly solicited the purchase of his stock from a company with which he was dealing officially as President of the Bank and for whom he was not only in a position to help but did help.

In these circumstances the failure of the Justice Department to act is unbelievable.

Further, it makes a mockery of the confirmation procedures if a man can enter into a blind trust agreement as a condition of confirmation for public office and then violate both his promise and his agreement with impunity.

I must therefore ask you first to review the position of the Department as expressed by Mr. Thornburgh as well as the information, which he did not deal with, which I am providing concerning Mr. Kearns' testimony at confirmation, and second, to write to me under your signature stating the position of the Department on this matter.

Unless that position is reversed, it will appear to millions of American citizens that there is a double standard in the law, one for the ordinary citizen and quite another for those who hold high positions in Government and who make thousands of dollars in personal profit as a result of official actions and against the requirements for confirmation to office.

With best wishes.

Sincerely,

William Proxmire, U.S.S.

IS OUR ACCOUNT OVERDRAWN?

Mr. GARN. Mr. President, I have recently had called to my attention a fascinating article found in a special issue of the American Mining Congress Journal, and authored by two analysts from the Department of the Interior. The subject matter of their article is the magnitude of the withdrawal of public lands from development and exploration of mineral resources.

These two young men, Gary Bennethum and L. Courtland Lee, are not trying to point fingers, or argue a particular point of view. They are trying to get before a somewhat indifferent public some very startling figures. In their view, such information is necessary if we are to make informed decisions about proper use of the land and resources in the United States.

And the figures are startling. For instance, they point out that mineral exploration and development under the mining law is now prevented or discouraged in an area the size of the States of California, Arizona, Washington, Oregon, Nevada, Utah, Idaho, and half of Colorado. Now that is a fact which is truly startling. And as far as the mineral leasing laws are concerned, exploration and development is restricted in an area the size of the entire United States east of the Mississippi, except Maine. That fact is overwhelming.

The authors of this article point out that withdrawals are made: First, by the Congress; second, by the executive branch pursuant to laws passed by Congress; and, third, by the executive branch pursuant to "asserted inherent nonstatutory power." In my view, Mr. President, we must examine these types of withdrawal very carefully, with an eye to the future production of minerals in the United States. The time is coming when we will be at the mercy of foreign suppliers, as we are with oil, if we continue to lock up the mineral wealth of this Nation. I do not believe we can speak out strongly enough, and I am grateful for the authors of this article for bringing this matter to our attention in such a forceful responsible way.

In the hope that each Senator will take the opportunity to read this article, and to learn from it, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Is Our Account Overdrawn?

(By Gary Bennethum and L. Courtland Lee)

Over the years, withdrawals of public land from operation of the mineral laws have taken many forms and been initiated by many interests with no overall accounting of the withdrawals. Withdrawals have been encouraged with little regard for their cumulative effect. The key question is: Have we withdrawn so much land from mineral exploration and development as to seriously affect the long-term mineral position of our country?

With increasing awareness of the importance of mineral resources to the vitality and security of an industrial nation, considerable attention is focusing on the availability of these resources on public land. There is a general feeling, particularly in the mining community, that following a half decade of acute interest in the environment coupled with governmental shortsightedness of the unique problems associated with development of mineral resources, the mineral disposal laws have been made all but meaningless by piecemeal withdrawal, both legislative and administrative, on increasing amounts of public land.

The power to withdraw lands from the operation of the public land laws, including the Mining Law of 1872 and the 1920 Mineral Leasing Act, is one of the most important governmental powers affecting the mining industry. The mineral potential of an area is of little value if the area has been put off limits to mineral exploration and development. Yet, withdrawals are one of the least appreciated and understood government powers.

The withdrawal process involves complex interrelationships between Congress and the executive branch of government. It is so fundamental that our founding fathers saw fit to give to the Congress the power over the disposition of the public lands. Article IV of the Constitution states that Congress has the power to dispose and to make rules respecting the Territory belonging to the U.S.

Public land withdrawals made in three ways

In more recent times the executive has asserted, the Congress has acquiesced, an authority to make withdrawals without specific statutory authorization. Basically, withdrawals (and reservations) of public lands are accomplished in one of three ways: (1) withdrawal of specific lands by an Act of Congress, (2) withdrawal by the executive pursuant to specific Congressional delegations, and (3) withdrawals by the executive based on an asserted inherent nonstatutory power.

Aware of the need for information in this area, the writers' undertook an independent analysis in order to determine the extent of the withdrawal of land from operation of the mineral laws. To better understand the results of this study, we have considered all the publically owned land of the United States as a mineral-land bank account.

Lands which have been put off limits to mineral exploration can no longer be considered as assets in our account. History has shown that, after lands have been withdrawn for certain uses, only rarely are they reopened by a revocation of the withdrawal specifically to allow mineral exploration and development to again occur. Realistically, nothing short of a national emergency will provide the incentive for reopening many of these withdrawn lands to mineral development. In the vast majority of cases the lands were withdrawn without any realistic evaluation of their mineral potential. Thus, the minerals in these lands cannot be considered to be available in a national emergency since there is no way of knowing which withdrawn lands should come back into our account should a serious shortage of a mineral commodity occur. Also, long lead times and the uncertainty of mineral exploration and development seriously limit the contribution these withdrawn lands could make.

This account, which contains over one-third of the nation's onshore land with its associate minerals, is owned by all the people of the United States. We have used acres of land as the medium of exchange in this account and, for simplicity, we have assumed that land with high mineral potential has the same value as land with low mineral development potential. As a practical matter, of course, mineral deposits are not distributed randomly, but are often associated with certain geologic conditions. Thus, one could effectively eliminate all future domestic copper production by withdrawing a few relatively small areas where certain geologic conditions exist.

Withdrawals initiated by many interests

Over the years, access to this land for mineral exploration has been restricted or precluded through the removal of lands from operation of mineral laws. These actions, or withdrawals, have taken many forms and have been initiated by many interests with the net effect of withdrawing from our account areas for mineral exploration and development. In those cases where lands once withdrawn have been reopened to operation of the public land laws, in actions called revocations, they have been considered to be deposits to our mineral land account.

The key question, which has tremendous national and international implications is—have we withdrawn so much land from mineral exploration and development as to seriously affect the long term mineral position of our country? Have we overdrawn our account and thereby mortgaged our future to international cartels made up of supplier countries who will be able to band together to control key mineral raw materials?

Two basic laws cover mineral disposal

In order for anyone to answer these crucial questions, we must have some idea of the status of our minerals land account. In other words, we need a national audit. We have attempted to provide this audit by considering what has been formally withdrawn from operation of the mineral laws, where mineral exploration and development have been precluded, and what has been removed through executive and legislative actions which have the effect of *de facto* or "in fact" withdrawals, where access to the lands for exploration and development is so restricted that "as a practical matter" they are also withdrawn. These "in fact" exclusions are the result of conditions which create such a disincentive to exploration and cloud the mineral title to such an extent that making the necessary large investments for mineral development is unacceptably risky. Both the withdrawals by law and the withdrawals in fact constitute debits to our account. If the net withdrawals are subtracted from our initial assets, what is left is the acres of land theoretically open to the mineral laws.

For the vast majority of mineral resources on public lands, mineral disposal, including access for exploration and development, is provided under two basic laws: the Mining Law of 1872 and the Mineral Leasing Act of 1920. The Mining Law of 1872, hereafter referred to as the Mining Law, is still in effect on public domain lands, which are those lands that have never passed out of federal ownership. The Mining Law applies to all minerals exclusive of oil, gas, coal, phosphate, sodium, oil shale, sulfur, potash and certain other hydrocarbons and nonmetallics which are provided for under the Mineral Leasing Act of 1920.

Mineral disposal on all lands which have been acquired by the federal government is made under the Acquired Lands Act of 1947. Acquired lands are not considered public domain. Disposition of geothermal steam is made according to the Geothermal Steam Act of 1970. Not considered here are common variety minerals which are mostly used for construction purposes and are disposed of by the Material Sales Act of 1947 as amended by the Common Varieties Act of 1955. Hereafter, the term "mineral leasing laws" will include the Mineral Leasing Act of 1970, as amended, the Acquired Lands Act of 1947 and the Geothermal Steam Act. The term mineral laws will refer to both the Mining Law of 1872 and the mineral leasing laws.

Over 700 million acres subject to Mining Law

Due to the guaranteed access under the location patent system of the Mining Law of 1872 and the discretionary authority resting with the Secretary of the Interior to issue leases under the leasing laws, the two laws were dealt with separately in our study. The original assets in our account, prior to accounting for withdrawals and deposits (revocations), are shown in table 1. As of 1974, we had 824 million acres of land theoretically subject to the leasing laws and 742 million acres subject to the Mining Law, exclusive of withdrawn land.

In addition to presenting for the first time an overall audit of the total account, we have examined the history of some of the major withdrawal categories and the recent trends in executive withdrawals. To do this we analyzed all the public land orders published between 1964 and 1974 which specifically withdrew or opened public land to the mineral laws. In taking this approach, we have attempted to focus attention on what has been happening to our account in recent years and what our balance presently is.

TABLE 1.—*Original public land assets subject to operation of the mining and leasing laws*

LEASING LAW	
Original assets (1974 figures):	*Acres*
Public domain	704,750,000
Acquired land	56,250,000
Mineral estate reserved	63,200,000
Total assets subject to the leasing laws prior withdrawals (all states) *	824,200,000
MINING LAW	
Lands subject to operation of the Mining Laws: Alaska, Arizona, Arkansas, California, Colorado, Florida, Idaho, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming.	
Public domain	703,000,000
Mineral estate reserved	39,300,000
Total assets subject to location under the Mining Laws prior to withdrawals *	742,300,000
Total acres of land in the 50 United States	2,263,587,000

* Note that these figures include areas where both laws apply.

OVERVIEW OF THE TOTAL ACCOUNT

If all the withdrawals "by law" and withdrawals "in fact" are subtracted from our total assets we can determine fairly accurately what our present situation is. Fig. 1 and 2 present the startling results of this analysis for the Mining Law and the mineral leasing laws, respectively. We have included withdrawals made in all three ways; (1) by an Act of Congress; (2) by executive action pursuant to general authority delegated by Congress; and (3) by the executive's inherent nonstatutory withdrawal authority. Each of the major withdrawal categories in fig. 1 and 2 will be discussed later in more detail.

Due to the constantly changing nature of our account, a fixed point in time had to be chosen in order to make a comparison. The year 1968 was chosen because, (1) it ushered in the new wave of environmental concern and (2) withdrawal activity was fairly constant in the previous years. Summaries of all withdrawals have been made for 1968 and 1974 to focus on the effect of recent withdrawals on our account.

Whenever possible, overlapping withdrawals have been eliminated to avoid double accounting. Overlapping is surprisingly slight, probably due in part to executive agencies' desire to maintain their own authority over lands they administer.

However, where overlapping withdrawals have occurred, for example, between military reserves and game ranges, or roadless areas and Alaskan lands, they have been eliminated. Some administrative and recreation sites may overlap the roadless areas category and proposed BLM primitive areas overlap some Classification and Multiple Use Act withdrawals, but these have been corrected to the maximum extent possible. Also, acreages under mineral lease, 63.0 million in 1968 and 73.8 million in 1974, may overlap to some extent the withdrawn categories. Mineral leases issued prior to any withdrawal remain in force for at least the primary term of the lease (usually 10 years for oil and gas and 20 years for other leasable minerals). The vast majority of these leases, however, would be located in other than withdrawn areas and have therefore been included as a separate category.

Mining law

In fig. 1 for the Mining Law, we have arranged the withdrawal categories in order of descending authority and effectiveness. The National Parks system containing lands specifically withdrawn by Congress, withdrawals for military reservations, and state selections are made under firm statutory authority. Of similar authority, but more recent, are specific categories of legislative segregation under the Wilderness Act, Wild and Scenic Rivers Act, and the Alaska Native Claims Settlement Act (ANCSA), and the Classification and Multiple Use Act (C& MUA). Of somewhat lesser authority or effectiveness are certain executive withdrawals such as the utility corridor, oil shale withdrawals, and proposed withdrawals. Under Department of the Interior procedures, approval of a request to file a withdrawal application segregates the land from the operation of the public land laws. Thus, although not officially withdrawn, since no withdrawal notice is published in the Federal Register, the lands are effectively removed from the mineral laws. There are cases where such withdrawal applications have remained in effect for decades without any withdrawal notice being published.

In 1968, only about 17 percent of the 740 million acres of public domain in our original account was withdrawn from operation of the Mining Law. The remaining land was theoretically open to mineral exploration and development but was encumbered by existing leases and an estimated 10 million unpatented mining claims. These unpatented claims have an impact on the availability of the lands for mineral exploration and development. Due to the impossibility of checking the validity of outstanding mining claims, we have ignored this complication affecting the remaining public domain and have assumed that existing unpatented mining claims have no affect on our account.

In 1974 approximately 53 percent of our original assets were withdrawn from the Mining Law. An additional 14 percent is included in *de facto* withdrawals. In some of these areas, one could theoretically explore for and develop a mineral deposit if no vehicular equipment is used or if certain other "restrictive" conditions are met. In other areas, mining claims are contested immediately, thus affording no opportunity to perfect a discovery. The test of whether or not a *de facto* withdrawal exists obviously cannot be based on the superficial determination of the existence of specific legislation or a public land order affecting the lands. But rather it must be the "real world" test of whether or not access for discovery and tenure after discovery are sufficient to justify capital risk taking.

In 1974 the total acreage completely or partially (e.g., nonmetalliferous only) withdrawn from the Mining Law amounted to 67 percent or two thirds of all public lands. What is perhaps even more alarming is the fact that the cumulative effect of this situation has occurred without the knowledge of government.

Leasing laws

Fig. 2 shows the situation for the mineral leasing laws. We have again arranged the categories in descending order of authority and effectiveness. The basis for the ranking is the certainty of the withdrawal authority, how long it has been in effect, and how effectively the areas have been withdrawn from our account.

Unlike the Mining Law, Congress included specific provisions in the mineral leasing laws and their amendments which removed certain classes of lands from mineral leasing. Thus, National Parks and Monuments and the Naval petroleum and oil shale reserves are excluded from the coverage of the laws. There are some exceptions here which will be discussed in more detail later. Withdrawals pursuant to state selection have long standing authority and, therefore, rank rather high on our list; most of this land is in Alaska. More recent legislation such as ANCSA, the Wilderness Act, and the Wild and Scenic Rivers Act provide specific statutory authority for withdrawing lands from the leasing laws. However, future congressional action will further define the areas to be withdrawn so we have rated these lower in our chart.

Following the legislatively authorized withdrawals we have placed the executive withdrawals such as the utility corridor, oil shale and game range withdrawals. The latter are specifically closed to oil and gas leasing by regulation but leasing may be allowed where drainage occurs. In addition, there are classes of land where the mineral leasing agency, the Bureau of Land Management (BLM), must get the surface administering agencies' consent before any lease is issued. In certain cases, published policy, as in the public land order for the utility corridor and oil shale withdrawals, precludes mineral leasing. In other cases, it is internal agency policy not to consent to mineral leasing, as in the Forest Service's roadless areas. The result on our account is the same and these actions constitute *de facto* or "in fact" withdrawals.

Power site withdrawals constitute another class of *de facto* withdrawal. In some power site withdrawals, leasing may occur, however, should an area be flooded, no compensation will be made to the lessee. Who will invest exploration and development capital to explore and develop a mine in an area which could be flooded with no compensation for the lessee? One of the lowest withdrawal categories on fig. 2 is the BLM primitive and roadless areas. These are placed at the bottom not because their impact is the least but because their legal authority is the most uncertain.

In 1968 about 17 percent of the 824 million acres theoretically available were withdrawn from the leasing laws. Another 63 million acres were encumbered by existing mineral leases, mostly for oil and gas development. Leasing in already leased areas may be allowed but the physical impossibility of developing more than one mineral deposit in the same area; especially where non oil and gas leases exist, severely restricts new leasing in many of these areas. They have, therefore, been categorized as restricted for new mineral leasing recognizing that this restriction is more serious where non oil and gas leases or a producing oil and gas field exist.

The remaining acreage, although encumbered with mining claims, was theoretically open to mineral leasing.

Between 1968 and 1974 the situation for mineral leasing changed dramatically. For one thing, surface managing agencies developed and implemented land use planning systems. Also, significant new legislation was enacted which severely impacted the availability of lands for mineral leasing. The result is that as of 1974, 64 percent of our initial assets have been withdrawn from our account. Another 9 percent is mildly to severly restricted by already existing leases. The remaining 27 percent is open but subject to land use planning, which may zone out an area for mineral leasing because of "unacceptable environmental" impacts or some other reason.

Because leasing is discretionary, it is impossible to determine what percentage of our remaining lands is actually available. It is logical, and indeed the case, that where areas have been withdrawn "to protect them from the Mining Law" such areas would also not be leased for many forms of non oil and gas mineral development under the leasing laws.

Unfortunately, it is almost impossible to accurately survey all of the surface managing agencies to determine how their discretion would be exercised. In order to calculate exactly what remains open, such data should be analyzed to determine the cumulative effect of these decisions on the remaining lands in our account.

Even without this data, the fact remains that 73 percent of the land in our account is totally or partially withdrawn or restricted from the operation of the mineral leasing laws. The main reason this situation has occurred is the lack of any governmental mechanism for assessing the cumulative effect of individual withdrawal decisions.

CONGRESSIONALLY DIRECTED WITHDRAWALS

Withdrawals and reservations of public lands were initiated shortly after the founding of our country. The Congress enacted specific statutes authorizing the President to withdraw lands for military reservations, townsites, trading posts, etc. During this period, Congress carefully controlled the specific delegations of withdrawal authority to the executive branch.

The establishment of National Parks in 1872 and National Forests in 1891, the 1902 Reclamation Act and the 1906 Antiquities Act all reflected Congress' intent in designating specific areas or general classes of public lands for specific purposes. Under these acts, Congress withdrew specific lands or delegated withdrawal authority to administrative agencies pursuant to criteria and standards established by Congress.

The following discussions relate to the more important congressionally directed withdrawal categories in fig. 1 and 2.

Park system

Since the creation of Yellowstone Park in 1872, the withdrawal of public lands for National Parks has been usually undertaken through enactment of specific legislation by Congress. In most cases, Congress has provided that the parks be withdrawn from the mineral laws. These withdrawals are the highest form of withdrawal authority and represent one of the most legitimate reasons for withdrawing land from our mineral account.

The National Parks are administered by the Park Service, which also administers lands withdrawn for national monuments. National monuments are sometimes established by congressional action but usually are established through executive initiated withdrawals. Many national monuments are withdrawn under the 1906 Antiquities Act which authorizes the President to establish places of historic or scientific value as national monuments. National monuments are generally closed to the Mining Law, and leasing activity within national monuments is prohibited under the 1920 Mineral Leasing Act; thus, mining in national monuments is precluded unless expressly authorized by an act of Congress. Where Congress has created national monuments it has expressly authorized mining in a few instances. Glacier Bay National Monument in Alaska is an example.

Overall, about 14.6 million acres of public domain in the National Parks system are withdrawn from the Mining Law. This figure is exclusive of areas within Mount McKinley National Park, Death Valley, Glacier Bay, and Organ Pipe National Monuments, which are partially open to the Mining Law.

About 24.6 million acres of public domain and acquired lands have been taken out of our mineral leasing account for the National Parks system.

The Park Service also administers National Recreation Area (NRA). Most of these are created by the executive on lands already withdrawn for reclamation purposes. In several cases, controlled mineral leasing may be allowed in NRA's. Thus, in the Lake Mead NRA and the Whiskeytown-Shasta-Trinity NRA, mineral leasing may be allowed under special conditions and regulations which the Secretary of the Interior prescribes. Most of the remaining NRA's are managed cooperatively between the Park Service and the Bureau of Reclamation. And, except for the few areas mentioned, they constitute *de facto* withdrawals from our account. However, these withdrawals are not included in the National Parks statistic in fig. 1 and 2. They are accounted for under the reclamation withdrawal category.

MILITARY WITHDRAWALS

The history of public lands withdrawals for military purposes reflects all of the complex interrelationships between the executive and legislative branches of government in the area of withdrawal authority. Prior to 1909 the executive freely withdrew public lands to establish military reservations and bases. But in 1909, President Taft withdrew large areas of petroleum reserves which later became Navy Petroleum Reserves. This action lit the flames of controversy within the legislative branch of government and resulted in the only law ever enacted by Congress which dealt with the general withdrawal power of the executive, The General Withdrawal Act of 1910 or the Pickett Act.

Subsequent to passage of the Pickett Act, some of the lands previously withdrawn by executive order were rewithdrawn under the authority of this act. But even after the Pickett Act no effective statutory authority existed for controlling military withdrawals since the executive frequently used executive orders and public land orders to effect withdrawals without citing this act as authority. To remedy this situation, Congress in 1958 passed the Defense Withdrawal Act for the express purpose of modifying the asserted nonstatutory authority of the executive to make withdrawals for military purposes. The act requires that all proposed military withdrawals over 5,000 acres be established by specific congressional authorization. Many such withdrawals have been approved by Congress since passage of the Defense Withdrawal Act.

Although some areas withdrawn for military purposes are theoretically open to the minerals laws, there remains about 41.3 million acres of public domain which are withdrawn from the Mining Law. This includes 23.9 million acres in withdrawals for Naval petroleum and oil shale reserves. Also, approximately 48.1 million acres of public domain and acquired land are as a practical matter withdrawn from the mineral leasing statutes. Legislation in the 94th Congress affecting certain Naval petroleum reserves could slightly reduce this figure. Today's need for separate military hydrocarbon reserves is questionable at best, but this subject is beyond the scope of this discussion. Nevertheless, since petroleum and oil shale reserves are expressly excluded from leasing by the provisions of the 1920 Mineral Leasing Act, only through an act of Congress could these valuable energy reserves be deposited back into our account.

Overall, withdrawals from our account for military reserves constitute one of the major classes of withdrawal actions. With the exception of the Naval petroleum and oil shale reserves many of these withdrawals are for national defense purposes. It is, therefore, unlikely that any major portion of these areas will be deposited back into our account in the near future.

Alaska Native Claims Settlement

The land use and ownership situation in Alaska is extremely complicated and requires some historical background to fully understand what has happened to our account in recent years and what will likely happen in the future.

By the time it entered the Union in 1959, only 600,000 acres of land in Alaska were in private ownership. The remainder was public domain which included significant withdrawals from the mineral laws, mostly in military reservations, national parks, wildlife refugees and petroleum reserves. As the state started to select lands granted to it in its statehood entitlement, native groups protested that the state was selecting lands to which they had rights. To protect the lands until the native rights could be determined, Secretary of Interior Stewart Udall in 1966 imposed a freeze on all Alaskan public land actions, including withdrawals. Pressures to resolve the native question were intensified after the discovery of oil in 1968 and culminated in passage of the Alaskan Native Claims Settlement Act (AN-CSA) of 1971, which was supposed to end the freeze and finally settle the land issues.

The act effectively withdrew all unreserved public lands in Alaska from the Mining Laws (except for metalliferous minerals) and the mineral leasing laws for a period of 90 days and authorized the Secretary to make any necessary withdrawals under the existing law and authority to protect the land from state and private ownership and mineral entry.

Under the act, Congress awarded the natives nearly $1 billion for regional development corporations and 40 million acres of land to be selected from a pool of 25 townships adjoining each native village. Withdrawals for villages and regional deficiencies for villages withdrawn by the act itself terminate Dec. 18, 1975; however, the subsequent withdrawals made by the executive pursuant to the act remain in effect until revoked by the Secretary of Interior. There are basically two types of executive withdrawals mentioned within the act. The first, section 17, d-1, withdrawals are to be made in the public interest under the Secretary's existing authority. The d-1 withdrawals permit metalliferous location under the Mining Laws except where they overlie a withdrawal that previously withdrew the lands from all forms of mining. The section 17, d-2 withdrawals were withdrawn by the Secretary for possible inclusion into the four systems; national park, forest, wildlife refuge, and wild & scenic river systems. Section d-2 withdrawals, withdrew the land from all minerals exploration under the mining laws. Both d-1 and d-2 withdrawals remove the land from operation of the leasing laws.

Basic provisions of the act required that 1220 million acres be withdrawn in aid of native selection pursuant to provisions of ANCSA. These lands are withdrawn from both the Mining Law and the mineral leasing laws. The natives will select about 43 million acres. Of the remaining 77 million acres, some will go to satisfying state selection rights of which Alaska's remaining entitlement is about 35 million acres. Not all the 35 million acres will be selected out of the 77 million. The remaining acreage may be reopened to the Mining Laws and mineral leasing laws at the Secretary's discretion.

A second provision of ANCSA permitted the withdrawal of up to 80 million acres for possible inclusion within the four systems. The Secretary withdrew approximately 80 million acres of d-2 lands initially with- In September 1972, the Secretary made a series of adjustments to these withdrawals. As a result, about 14 million acres of the 80 million acres of 4-2 lands initially withdrawn in March for the four systems were shifted to withdrawals for native deficiencies, state selections or d-1 (public interest) purposes. However, the d-2 withdrawal status (which withdraws lands from all the mineral laws) was not removed from the mineral estate.

Approximately the same acreage of lands initially withdrawn for d-1 in March was added to the d-2 withdrawals, thereby holding the overall d-2 withdrawals close to the 80 million acre statutory limitation.

Under the act, the Secretary of Interior had to submit to Congress by December 1973 his plans for dividing up Alaska into parks, refuges, forests, multiple use areas (which hopefully includes mineral exploration and development) etc. The bill submitted by Interior Secretary Rogers C. B. Morton would set up three new national parks (two are more than four times larger than Yellowstone), double the size of Mt. McKinley National Park and enlarge and redesignate Katmai National Monument to park status, and establish four new national monuments; it would add 31.6 million acres to the National Wildlife Refuge System (which now contains about 30 million acres), and among other things, adds 18.8 million acres to national forests and 20 areas containing 800,000 acres to wild and scenic rivers. These proposals total 83.4 million acres or 23 percent of the land area of Alaska.

Morton's recommendations included approximately 65 million acres of d-2 withdrawals and 18.4 million acres of d-1 withdrawals. The 18.4 million acres of the d-1 withdrawals in the Secretary's legislative proposal at present are open only to metalliferous mineral location under the 1872 Mining Law. The 65 million acres of d-2 lands remain closed to both the mining laws and the mineral leasing laws.

As soon as the Secretary's proposal was made known, it was immediately attacked by environmental groups who placed a full-page newspaper ad of protest urging Morton to change his recommendations. One of the groups' major concerns was that *large* areas of Alaska would go to *multiple use!* The groups, including the Sierra Club, Wilderness Society and the National Audubon Society, later drafted and had introduced in Congress their own bill which includes vastly larger areas for parks and refuges.

Various other interest groups and legislators will be sponsoring their own bills. Congress is not bound by the Secretary of the Interior's recommendations. It can add any lands it wishes to the parks and refugees, including some mineralized areas disputed by the state of Alaska. Congress has until Dec. 18, 1978, to act on the proposals, and during that time the proposed areas are required to be "protected," including the possibility of additional withdrawals on the d-1 and other lands.

It is certain that, in the years ahead, various preservation and "public interest" group will be pressuring Congress to preserve entire "ecosystems" for future generations. And during the ensuing months, pictures of snowy mountain peaks and analogies to the destruction of the great buffalo herds will be presented to the public as the strawman argument of preservation versus destruction is raised in defense of America's last frontier. Very few will consider whether the "buffalo" being destroyed is America's future mineral wealth.

Because of the many changes and complexity of the public land orders concerning ANCSA, a determination of the precise acreage of the public domain closed to entry under the Mining Law and the leasing laws by ANCSA was difficult to make (see table 2). Our calculation required knowing the total acreage of public domain in Alaska, and in additions and withdrawals under Sections 11 and 16 of ANCSA; this excludes large areas of forest effected by power site withdrawals. By deleting these reserved lands, state selected lands, pending state selection, unperfected entries, and utility corridor lands from the total U.S. lands in Alaska and then comparing this figure to what is open in unreserved public land subsequent to ANCSA, the specific withdrawal by both legislative and executive actions associated with this act was obtained. As shown in table 2, a total of 206,049,000 acres of Alaskan public domain were withdrawn by ANSCA from entry under the Mining Law of 1872 for metalliferous and non-metalliferous mining, and an additional 43,555,000 acres were withdrawn from non-metalliferous only. Also, as shown in table 2, there was a total of 249,621,000 acres withdrawn from operation of the mineral leasing laws by ANCSA.

Presently, the only public domain in Alaska open to the mining laws includes: 46 million acres of d-1 withdrawn lands left open to metalliferous location by ANCSA, 2.9 million acres open for metalliferous location by the utility corridor withdrawal and 18.6 million acres in National Forest lands. Ironically, 2,952,592 acres are open to the Mining Law in Mt. McKinley National Park and Glacier Bay National Monument; the 1,013,100 acres remaining open in Glacier Bay National Mounment cannot be patented; and 3,152,026 acres in the Clarence Rhode and Cape Newenham Wildlife Ranges. Accounting for withdrawn Alaska lands not included in ANCSA is made separately under the appropriate individual categories in fig. 1 and 2.

The land withdrawn for native claims and the land selected by the state of Alaska may eventually be available to some form of mining pending the discretion of the owners, but remain forever closed to the Mining Law and mineral leasing laws. Additional restrictions will certainly affect the public domain which is left. For example, under authorities proposed in Congress, roughly 70 million acres of roadless Alaskan public domain would be studied for intensive management as *primitive* or roadless areas. Those lands entering the four systems are sure to be withdrawn or severely restricted for mineral exploration and development.

Ignoring these uncertainties, approximately 45 million acres of leftover public domain could eventually be reopened to the Mining Law and mineral leasing laws by a Secretarial order and some portion of the 80 million acres left over after native selection could be opened to the mineral laws at the Secretary's discretion. Finally, portions of the National Forests and a few other areas may be opened for mineral exploration and development in the future. At this point it is not possible to determine what our future mineral land account will be; except only a relatively small fraction of the pre-ANCSA public domain will ever be again opened to the mineral laws.

In any event, through 1974 all lands affected by the ANCSA, except 46 million acres open for metalliferous location only, remain closed to the mining and leasing laws, and will remain so until ANCSA is completed. These lands remain withdrawn from our account.

TABLE 2—*Alaska Native Claims Settlement Act (ANCSA)*

MINING LAW (METALLIFEROUS)

Total U.S. lands owned in Alaska	353,383,000
Reserve acreage prior to ANCSA including open National Forest lands	72,919,000
Acquired lands	17,000
State selected lands, patents, tentative approval of patents (unperfected entries)	−25,500,000
Net public domain open to location prior to ANCSA	254,947,000
Acres withdrawn from metalliferous location (utility corridor)	−2,898,000
Lands open to metalliferous location after ANCSA	−46,000,000
Net lands withdrawn from metalliferous and non-metalliferous location by ANCSA	206,049,000

MINING LAW (NON-METALLIFEROUS ONLY)

Net public domain open to location prior to ANCSA	254,947,000
Withdrawn for utility corridor	−5,343,000
Withdrawn from metalliferous and non-metalliferous by ANCSA	−206,049,000
Net withdrawn from non-metalliferous only by ANCSA	43,555,000

LEASING LAWS

Total U.S. lands owned in Alaska	353,383,000
Reserved acreage prior to ANCSA including open national forest lands	−72,919,000
Lands selected by States, patents and tentative approval of patents (untentative approval of patents unperfected entries)	−25,500,000
Area withdrawn for the utility corridor	−5,343,000
Area withdrawn from leasing by ANCSA	249,621,000

THE WILDERNESS ACT

On September 3, 1964, Congress passed the Wilderness Act to establish a National Wilderness Preservation System. At the time of eactment, 9.1 million acres already being managed as wilderness by the Forest Service were included within the system.

The act required that within 10 years after Sept. 3, 1964, the Secretary of Agriculture should review each area classified by Agriculture as primitive and report on its suitability for preservation as wilderness. The Secretary of the Interior was also given a similar mandate for areas in excess of 5,000 roadless acres in the park system, national wildlife refuges and game ranges. Each area recommended by the executive would become wilderness only if approved by an act of Congress.

Under the act, the agency administering the land is responsible for "preserving the wilderness character of the area" until 1984. "Subject to valid rights then existing, effective Jan. 1, 1984, the minerals in lands designated by this chapter as wilderness areas are withdrawn from all forms of appropriation under the mining laws and . . . mineral leasing. . . ." The act further identifies what prohibitions and restrictions must be imposed to "preserve" the wilderness areas in their pristine state. There "shall be no commercial enterprise and no permanent road . . . no temporary road, no use of motor vehicles, motorized equipment or motorboats, no landing of aircraft, no other form of mechanical transport, and no structure or installation within any such area." Although, theoretically open to the mineral laws until 1984, these areas are as a practical matter withdrawn. In addition, any mineral patent granted prior to 1984 must reserve to the U.S. title to the surface.

By the close of 1974, there were 125 wilderness units comprising 12.6 million acres within the system. Of these, 85 or 11.6 million acres are in National Forests and 10.7 million acres in states where the operation of the Mining Law of 1872 is still in effect. An additional 3.8 million acres of National Forests were classified as primitive areas.

In conjunction with the act, the Forest Service has inventoried all "Roadless and undeveloped areas" comprising 5,000 acres or more for possible inclusion within the system. An additional 1,449 areas with 55.9 million acres were examined and screened to 274 areas of 12.3 million acres worthy of study. These 12.3 million acres are presently being managed as wilderness and are subject to special wilderness management regulations.

In 1972 in the U.S. District Court of Northern California, the case of Sierra Club vs. Butz arose out of Sierra Club objections that not enough acreage had been selected for study under the act. In an agreement between the Forest Service and the Sierra Club to discontinue the litigation, the Forest Service adopted a policy of managing to the maximum extent possible all 55.9 million acres as roadless, with no surface occupancy until such time as these areas not selected for study as wilderness are covered by land use plans and environmental statements which consider the wilderness alternative.

Perhaps the most misleading section of the act is the requirement for the Geological Survey and Bureau of Mines to evaluate the mineral values present and make public the results of such surveys on all areas to be included within the system. Although the areas proposed and included in the system continue to grow, these agencies are confined to the statutory 1984 time-frame for their evaluation. These "thin skin" mineral surveys are grossly misleading since they create a false sense of security in those who will use them to make tradeoff decisions between wilderness and mineral values. Who can say that minerals for the future do not exist beneath these lands? The history of mining is replete with examples where an individual, through perseverance, luck and deep drilling, found valuable mineral deposits where others, who had gone before, said they did not exist.

In late 1974, President Ford sent his recommendation on additional wilderness areas to Congress. It included 37 areas encompassing over 9 million acres to be added to the existing wilderness system and left open the inclusion of large segments of three western game and wildlife refuges until mineral surveys are completed.

The pending 1984 withdrawal coupled with present severe limitations on modern commercial exploration techniques, many of which require some road access and all of which require surface occupancy, has practically precluded the necessary exploration to discover commercial mineralization prior to 1984 when the areas will be withdrawn. Even though theoretically open, these severe exploration restrictions on image conscious mining corporations, and the tenuous future title in event of discovery, effectively remove these areas from our account under the Mining Laws.

The present policy of the Forest Service is to recommend no leasing in those areas already within the system, existing primitive areas, and all 55.9 million acres of roadless areas, including acquired land. These recommendations are, with few exceptions, accepted by the Bureau of Land Management which has the statutory authority to lease. All these lands therefore have been removed from operation of the leasing laws and remain withdrawn from our account.

Wild and Scenic Rivers Act

On Oct. 2, 1968, Congress passed the Wild and Scenic Rivers Act and at the same time designated eight rivers for inclusion within this system.

The act establishes three classifications for rivers; wild, scenic and recreation. It provides that all areas classified by Congress as wild are to be permanently withdrawn. Until Congress makes this classification, all areas subject to the Mining Law and located within ¼ mile from either bank of a designated or proposed river are withdrawn from operation of the Mining Law until such time as Congress should act upon a positive recommendation for inclusion into the system or until Oct. 2, 1976, whichever comes first. Areas other than wild may be withdrawn from the mining laws by special request to Congress or by administrative action. In those river sections designated scenic and recreational in excess of the ¼ mile corridor, access for location of a claim under the Mining Law is still possible.

However, other limitations such as rights of way needed by the mining operation may be prohibitively expensive in terms of public image and in terms of high development cost. While most of these areas may meet our definition of *de facto* withdrawals we have not considered them to be withdrawn from our account because no accurate acreage figures are available.

Some mining activity could be permitted in those river areas designated as recreational, though it would be severely restricted and controlled. Although these areas may not be formally withdrawn from the leasing laws, it is general administrative policy not to issue any leases in areas designated wild or scenic.

The total land withdrawn from the operation of the mineral laws under this act is about 246,000 acres of public land administered by BLM and 224,000 acres of land administered by the Forest Service. Alaskan rivers have not been included since they were withdrawn by d-2 overrides under the ANCSA.

In early 1975, Congress enlarged the existing system of eight designated and 27 study rivers to include 29 additional river study areas. Public land, although withdrawn within the ¼ mile corridor of these additional river study areas, has not been included in the statistics in this study. Furthermore, our statistics do not reflect proposed amendments to the present federal acreage in the original eight rivers and 27 study rivers. The size of these amendments varies from less than ¼ mile up to 1 mile or greater from the banks of the designated rivers. Most of these amendments take into consideration topography and scenic values with no explicit consideration of potential mineral values. Leasing of minerals would not be permitted on federal lands within any area being studied for possible inclusion within the system, except perhaps oil and gas on a case-by-case basis. We have not considered those areas outside the ¼-mile statutory zone or areas potentially affecting water quality in tributaries to these rivers as being withdrawn from the mineral laws. Both categories of areas are here considered open under the Mining Law, although they might not be explored or developed due to high costs, water quality risks and damage to public image. Decisions to lease would be handled on a case-by-case basis by the Bureau of Land Management office having jurisdiction. With the possible exception of some oil and gas drilling, leasing would not likely be permitted in any of these areas.

In summary, the act has presently withdrawn 470,000 acres of federal land in ¼-mile corridors from the Mining Law in eight existing and 27 study river corridors. This figure does not include designated rivers in Alaska and the 29 additional study rivers proposed in 1975. These 470,000 acres are also withdrawn from leasing. This statistic also does not include public land study areas in excess of the ¼-mile zone being studied for inclusion within the system which are also effectively withdrawn from our account. It should be emphasized that the impact of the Wild and Scenic Rivers Act is considerably greater than indicated in our statistics. Surface managing agencies are studying at least 17 rivers involving public and acquired land for inclusion in this system. Many of these areas are effectively zoned off limits to mining through land use plans or the withholding of leasing approval and access. As better data develops and classifications are made, lands in addition to the 470,000 acres will be withdrawn from the mineral laws of our account.

Atomic Energy Commission

Withdrawals for Atomic Energy Commission purposes (now ERDA and Nuclear Regulatory Commission) are of two types, consisting of congressionally directed withdrawals and those initiated by the executive without specific statutory authority.

In 1945, President Truman, citing only his authority as President, withdrew all public lands of the United States which contained deposits of radioactive minerals from operation of the public land laws. This executive order (E.O.) was subsequently modified in 1946 and 1947 by new orders which provided for the reservation of source materials in certain U.S. lands. It is interesting to note that these sweeping executive withdrawals cited no specific authority. Finally, in 1954, the Atomic Energy Act was passed, which, among other things, granted the Atomic Energy Commission authority to lease deposits of source materials in lands which, presumably, are not subject to location under the General Mining Law. Shortly after passage of this act, in 1955, E.O. 10596 was issued, which revoked the previous orders used to withdraw source materials in certain lands.

The Atomic Energy Commission did not have authority to withdraw public lands for its own use. It had to rely on Congress and the executive to withdraw lands it needed. There are basically two reasons for most of the AEC-sponsored withdrawals: to establish research or storage sites and to effect control over source materials. The public land orders issued by the Department of the Interior for the AEC usually withdraw lands from all mineral laws. Some do not withdraw lands from the leasing laws since leasing is a discretionary act. The biggest portion, about 83 percent, of the lands withdrawn from our account for AEC uses are for three testing and research facilities: the Nevada Test Site, the National Reactor and Testing Station in Idaho, and the Hanford facility in Washington. A total of about 1.4 million acres are withdrawn from the Mining Law for AEC uses. An additional 0.6 million acres are expressly or in fact withdrawn from the leasing laws.

Small Tract and R and PP Act

Small tracts of public domain can be leased or sold under the Small Tract Act of June 1, 1938. Acreages designated for this purpose have remained fairly constant in recent years, amounting to 457,000 acres in 1974. Many of these are business site leases. Applications for such sites segregate the lands from the mineral laws and when approved these tracts are withdrawn from our account.

The BLM has in effect withdrawn and reserved areas from the mineral laws for recreational use under the authority of the Recreation and Public Purposes Act of 1926. This statute authorizes the Secretary of the Interior to dispose of public lands to states, municipalities, etc. for recreational projects. The act does allow for classification of lands in Alaska. If no application is filed within 18 months following such classification, the Secretary "shall restore such lands to appropriation under the applicable public land laws." Interior has extended this classification authority to all lands of the U.S. through use of section 7 of the Taylor Grazing Act of 1934. Departmental regulations in two different places provide that, "Lands in Alaska and lands in the states classified pursuant to the act under section 7 of the act of June 28, 1934, will be segregated from all appropriations including locations under the mining law. . . ."

Nothing in section 7 of the Taylor Grazing Act authorizes classifying lands as closed to the mining laws. In fact, the Taylor Grazing Act specifically provides that nothing therein should restrict operation of the mining or mineral leasing laws.

While the legal authority for classifying these lands as closed to the mineral laws is rather tenuous, fortunately, not very much acreage is involved. In 1973 and 1974, only 17,000 acres were segregated under this category and 57,155 acres were under recreation and public purposes leases. These acres are withdrawn from our account. In more recent years, recreation areas have been withdrawn under the inherent non-statutory authority of the executive. These more recent withdrawals have been accounted for under the administrative and recreation category in fig. 1 and 2.

Classification and Multiple Use Act (C & MUA)

On Sept. 19, 1964, the Classification and Multiple Use Act was passed by Congress. Authorization for segregating and classifying public land under this act expired on June 30, 1969; however, classifications made prior to its expiration remain in effect. The effect of these classifications is to exclude from entry under the Mining Law onto the acreages listed below:

Alaska*	3,246,624
Arizona	158,497
California	123,774
Colorado	7,466
Idaho	15,099
Montana	16,423
Nevada	137,180
New Mexico	54,573
Oregon	59,675
Utah	31,085
Wyoming	59,855
Total	3,910,251
Total (exclusive of Alaska)	663,627

*This segregation was included in the ANCSA withdrawals and has been excluded in the summary sheet for the Mining Laws under 1974 to eliminate double accounting.

Miscellaneous

There are a host of other laws under which relatively small amounts of land are withdrawn from our account for specific uses. Also, the executive, under its nonstatutory withdrawal authority has been withdrawing large numbers of areas for uses ranging from the creation of a 12,200-acre reserve for the desert tortoise in California to the withdrawal of one of the first gold mining camps in Montana. Table 3 identifies some of these miscellaneous withdrawal categories with estimated acreages for 1968 and 1974.

TABLE 3.—MISCELLANEOUS WITHDRAWALS

[Millions of acres]

	1968 withdrawals		1974 withdrawals	
	Mining law	Leasing laws	Mining law	Leasing laws[1]
Townsites and other spacial uses	2.5	1.5	2.5	2.5
Water uses (other than reclamation and power site withdrawals)	1.4	.2	1.5	1.5
Wildlife (other than F. & W.S.)	.3	.3	.5	.5
Stock driveways (nonmetalliferous only)	3.1		2.5	
Research, science, and education	.4	.4	.4	.4
Other miscellaneous	1.0	1.0	1.0	1.0
Less miscellaneous overlaps	−.8	−.8	−.8	−.8
Total net withdrawn	7.9	2.6	7.6	5.1

[1] This includes what has been effectively withdrawn.

In table 3, townsites and other spacial uses include areas on public domain within incorporated cities, towns or villages, some of which are former mining camps. Other spacial uses refer to withdrawn easements for roads, power lines or irrigation ditches.

Other water uses include watershed withdrawals, natural springs, public water reservoirs, irrigation projects, underwater research and development, water salvage projects and underground water supplies.

Areas withdrawn for wildlife other than game ranges and wildlife reserves include withdrawals for wildlife management areas, waterfowl protection areas, desert pup fish areas, and withdrawals for various other species of wildlife.

One of the larger of the miscellaneous categories is stock driveways. These lands were historically reserved for driving cattle to the railroads and were usually not withdrawn from the Mining Laws.

Research, scientific, and educational areas include botanical sites, archaeological areas, ecological plots, national historic sites, experimental forests, scientific study sites, experimental range and pasture, pine and seed orchards, geologic sites and certain Science Foundation lands.

Other miscellaneous withdrawal categories include post office, air navigation and lookout sites, rockpits, airports, fire control centers, test sites, fish hatcheries, pumping projects, creek channels, job corps sites, hospital sites, prisons and others.

EXECUTIVE WITHDRAWALS

Many of the withdrawals from our account are initiated by the executive without any specific statutory authority.

It is not clear at what point the executive began to assert its nonstatutory withdrawal power, but in the early 20th century President Taft issued Temporary Petroleum Withdrawal #5, which withdrew from the mineral laws approximately 3 million acres of oil lands in California and Wyoming. There was no specific statute authorizing this withdrawal and it was subsequently challenged and affirmed by the Supreme Court in the famous Midwest Oil Case. The court upheld the President's authority to withdraw these lands based on an implied acquiescence in such withdrawals by Congress. It is important to understand that the court did not state that the President possessed this inherent withdrawal power, it merely stated that the practice of withdrawing without statutory authority was known to Congress for some time and Congress' acquiescence (by not overturning the withdrawals) operated as an implied grant of power to withdraw.

Shortly after the petroleum withdrawal in 1909, the then Secretary of the Interior expressed concern over his legal authority to make withdrawals. President Taft, concerned about this problem, asked Congress to enact legislation to authorize temporary withdrawals. This request eventually resulted in the Pickett Act, the first and only statute Congress has enacted affecting the general withdrawal authority of the executive. Although the legislative history of the Pickett Act strongly supports the contention that the act was intended to cover the entire range of the executive's withdrawal power, the executive has continued to exercise a nonstatutory authority to make permanent withdrawals. The Pickett Act specifically prohibits the withdrawal of public lands from metalliferous location under the Mining Law.

The authority usually cited for withdrawing lands from the Mining Laws is a 1941 Attorney General's opinion which held that the Pickett Act was only intended to control "temporary" withdrawals, leaving open the authority of the executive to make permanent withdrawals. Interestingly, an earlier draft of this opinion reaches the exact opposite conclusion, but because of arguments from the Secretary of the Interior it was not issued. In more recent times the use of this asserted nonstatutory authority has even been used to make temporary withdrawals from the Mining Law even though the Pickett Act expressly forbids making such withdrawals for metalliferous minerals.

In 1942, the President delegated all of his authority to withdraw public lands to the Secretary of Interior. This delegation was subsequently amended and in 1952 Executive Order 10355 was issued. This E.O. effectively gives the Secretary of Interior complete control over the executive's withdrawal process, including the President's powers under the Pickett Act and the exercise of the inherent power referred to in the 1941 Attorney General's opinion. The Department of the Interior has increasingly relied on its nonstatutory authority, especially where removal of the land from the Mining Laws is considered necessary.

Oil shale

One of the best examples of the scope of the executive's withdrawal authority is provided by President Hoover's 1930 E.O. 5327 which "temporarily" withdrew deposits of oil shale and lands containing such deposits from leasing under the Mineral Leasing Act. This floating "temporary" withdrawal was modified by three subsequent orders to more precisely identify the lands affected and allow sodium leasing. The fourth withdrawal occurred in 1968 when Interior issued Public Land Order 4522, which withdrew 3,676,000 acres in Colorado, Utah and Wyoming from the mining laws. This withdrawal did not rely on the Pickett Act "temporary" withdrawal authority even though the previous "temporary" oil shale withdrawals were in effect for 37 years. But rather, Interior withdrew the oil shale from Mining Laws, an action expressly prohibited by the Pickett Act, through use of its asserted nonstatutory withdrawal power delegated from the President by E.O. 10355.

The purpose of this withdrawal was to protect the oil shale lands from appropriation under the Mining Law after the presence of aluminum bearing dawsonite attracted a flurry of claim staking and for the protection of other resources in the lands. In 1972, there was a series of revocations and restorations affecting 917,000 of these acres prior to the prototype oil shale lease sales. The withdrawn areas which were not affected by these revocations remain withdrawn from our account for metalliferous minerals and mineral leasing for sodium.

Fish and wildlife refuges

As of 1974 there were 24.4 million acres of public domain land withdrawn for the purposes of the Fish and Wildlife Service. About 24.3 million acres of this are in states subject to the Mining Law (see table 4). Withdrawals for fish and wildlife purposes are usually accomplished through executive or public land orders, however, it is often not clear whether these orders are based on the statutory authority under the Pickett Act, and therefore open at least to metalliferous mineral location, or whether they are based on implied nonstatutory authority of the executive.

In a report to the Public Land Law Review Commission, the Fish and Wildlife Service (F&WS) identified 27 reserves created prior to the 1910 Pickett Act. These the agency considers to be close to all the mineral laws. Withdrawals subsequent to the Pickett Act usually cite the "authority vested in the President" or E.O. 10,355 as authority but do not contain specific language concerning operation of the mineral laws. But since the F&WS considers these areas also to be withdrawn from the mineral laws, it is likely the authority relied on is the implied nonstatutory authority of the executive. This situation has created some confusion, however, especially where Pickett Act language is used in the withdrawal order. The creation of the Kenai National Moose Range (E.O. 8979, 1941) demonstrates the confusion among administrators as to whether or not these orders close an area to the mineral laws. This particular case went to the Supreme Court in *Udall vs. Tallman*, but the ruling only held that mineral leasing wasn't expressly precluded. The F&WS considers this area to be closed to the Mining Law. There are also examples of orders which cite the Pickett Act as authority but which the F&WS still consider to be closed to the Mining Law, e.g., E.O. 8592, Nov. 1940.

Finally, there are situations where Congress has enacted statutes which give, some have been interpreted as giving, authority to withdraw lands for fish and wildlife purposes. Most of these, however, grant authority to create refuges on lands already withdrawn for specific purposes, usually national forests or reclamation purposes. Where such overlaps have occurred in our statistics, we have corrected for it by reducing the other withdrawal category, e.g. reclamation purposes.

In more recent years, the Interior Department has attempted to clarify this situation by specifically stating in the orders that the "lands are withdrawn from the mining laws but not the mineral leasing laws." The situation is further clarified by departmental regulations which provide that the filing of mining claims and prospecting and removal of minerals is prohibited on national wildlife refuges. The exception provided in the regulations is for oil and gas leasing where drainage occurs.

With respect to leasing for other minerals, the F&WS manual states: "Application for leases are referred to the service by BLM for recommendations. In conformance with service policy—the service usually recommends against leasing." This same policy also applies to lands which are not in the F&WS system but are jointly managed by F&WS and another agency. Such policies, of course, do not permit individual assessment of potential mineral values so that intelligent land use decisions can be made between mineral and wildlife habitat values. Nevertheless, the F&WS lands withdrawn from the Mining Law in fig. 1 and 2 are also withdrawn from mineral leasing.

Almost all wildlife refuges are withdrawn from the Mining Law. At the close of 1974 there were only three game ranges clearly open to the operation of the Mining Laws, and one, the Charles M. Russell Game range with only 357,000 acres left open to the Mining Law, was segregated from mineral entry by a proposed withdrawal filed in early 1975. There are four additional game ranges in Alaska comprising 3,260,000 acres which are not specifically segregated from mineral entry in the withdrawal order but by F&WS interpretation of the order (see table 4). These have been withdrawn from our category. It is unlikely that lands withdrawn for fish and wildlife purposes will be reopened to the mineral laws and they will remain withdrawn from our account.

TABLE 4.—*Fish and wildlife lands subject to the Mining Law*

Total Fish & Wildlife public domain lands subject to the Mining Law	24,299,115
OPEN TO THE MINING LAW (1974)	
Game range and State:	
Clarence Rhode, Alaska	2,887,026
Cape Newenham, Alaska	265,000
Charles Russell, Montana*	357,000
Kofa, Arizona*	660,000
Cabeza Pride, Arizona*	[1] 34,000
Charles Sheldon, Nevada*	520,000
Desert Game Range, Nevada*	[2] 975,749
Game ranges not specifically withdrawn from mining in the withdrawal order [3]:	
Aleutian Island Wildlife Refuge, Alaska	480,000
Nunivak Wildlife Refuge, Alaska	1,011,000
Bering Sea Wildlife Refuge, Alaska	39,000
Kenai Moose Wildlife Refuge, Alaska	1,730,000
Net wildlife refuges closed to the Mining Law	15,340,340

* Segregated by proposed withdrawals.

[1] Excludes 827,000 acres withdrawn for military purposes.

[2] Excludes 612,800 acres withdrawn for military purposes.

[3] According to Fish & Wildlife Service, these are withdrawn from the Mining Law.

Utility corridor—Alaska

On Dec. 29, 1971, Interior issued Public Land Order 5150, which withdrew lands for reservation as a utility and transportation corridor. This affects approximately 5,343,300 acres of land in Alaska. Of this acreage, 2,897,520 acres were withdrawn from the mining laws and the leasing laws. The remaining 2,445,780 acres were left open to metalliferous location under the mining laws only. All 5,343,300 acres were withdrawn from the mining laws and the leasing laws.

Although nearly contemporaneous with the Alaska Native Claims Settlement Act this public land order constitutes a separate executive action on nonoverlapping land areas and therefore represents a separate withdrawal from our account.

Primitive and roadless areas

The Bureau of Land Management can affect the lands in our account in two important ways. First, it is the responsible federal agency for reviewing all agency withdrawals and recommending to the Secretary of the Interior what action to take. In short, it administers the executive's total withdrawal authority delegated to Interior under E.O. 10355. Second, as the major public land managing agency, it may withdraw (both *de jure* and *de facto*) lands from our account in implementing its own resource programs. Executive withdrawals from the mining or mineral leasing laws have been initiated by BLM for numerous reasons.

Many of these have been accounted for in our study under several other withdrawal categories, such as administrative and recreation, proposed withdrawals, utility corridor, and miscellaneous categories. However, some of the major withdrawals from our account are for the creation of "primitive" and roadless areas.

The concept of a BLM "primitive" area is said to evolve from the Classification and Multiple Use Act. While no such mandate is in this act, which expired June 30, 1969, the act did recognize the classification of lands for wilderness values but did not authorize withdrawals for this purpose. In fact, wildernesses can only be established by Congress, which did not provide for inclusion of BLM lands in the system established by the Wilderness Act of 1964.

Under the nonstatutory withdrawal authority delegated by E.O. 10355, the BLM has withdrawn about 0.2 million acres from the mineral laws for establishment of primitive areas. About 0.1 million acres of this has been corrected for overlaps with classification and Multiple Use Act segregations (see fig. 1). Also, withdrawal applications for creation of primitive areas have been proposed on an additional 1.6 million acres. These areas have thus been segregated from the operation of the mineral laws and are effectively withdrawn from our account. Finally, there are 3.9 million acres pending designation as primitive areas. According to BLM internal instructions "to qualify for designation the proposed area must either be withdrawn or have been classified . . . under the C&MU Act."

Designation of an area is not a withdrawal in the legal sense, rather, according to BLM, "it is merely a process of naming and morally obligating the Bureau to a specific course of action." The BLM recognizes that "a proposed primitive area can be protected from incompatible intrusion long before the actual designation is finalized." But BLM does make an attempt to limit withdrawals and to "concentrate on key and significant areas or features within the total area being proposed for designation." Interior regulations provide criteria for primitive area use. Travel is restricted to nonmechanized forms, construction is not allowed *in* or on the land except where authorized, roads, mechanized equipment, nontransient occupancy and the landing of aircraft is prohibited except for certain authorized activities and then only under conditions specified (43 CFR section 6221.2).

Mineral leasing is usually not permitted in proposed primitive areas and mining claim activity is restricted to the point where it meets our definition of a *de facto* withdrawal. The 3.9 million acres of proposed primitive areas (as of 1974) are therefore withdrawn from our account in fig. 1 and 2.

BLM roadless study areas include those areas withdrawn as primitive areas and those areas where withdrawal or designation is pending. There were about 89.5 million acres of roadless areas identified by BLM at the time of this study. Some 64 million acres are in Alaska and overlap ANCSA withdrawals. Of the remaining 25.5 million acres, 5.6 million acres overlap existing and proposed BLM primitive areas and 0.7 million overlap C & MU Act lands which have been segregated from mineral entry. This leaves 19.2 million acres of nonoverlapping areas within this category. The identification of these roadless areas is the first step in the creation of primitive areas. How many acres of this eventually are withdrawn as primitive areas is uncertain. But once an area has made it to the last step of the BLM planning process the BLM considers itself to be "obligated" to the protection of the primitive values. In addition, several bills were introduced in the 93rd and 94th Congress which would provide more specific authority to consider and withdraw these roadless areas for their primitive and wilderness values.

DE FACTO WITHDRAWALS FROM LEASING LAWS

Many public land orders withdraw lands from operation of the Mining Law but do not specifically withdraw the lands from mineral leasing. But, because the issuance of a lease depends on the exercise of administrative discretion, many of these areas are also effectively withdrawn whenever the administrator chooses not to exercise his discretion. In many cases, it is agency policy not to approve mineral leasing whenever requested by the mineral leasing agency, the BLM. In other cases, a local administrator will choose not to issue a mineral lease in order to further protect the areas already withdrawn from the Mining Law. Some reports accompanying proposed withdrawal requests boldly state that although the proposed order only withdraws the lands from the Mining Laws, no mineral leasing applications will be approved! It is impossible to precisely determine how many acres withdrawn from the Mining Laws are also withdrawn from mineral leasing. However, where certain categories of land have been withdrawn to "protect them from the Mining Law" it is unlikely that mining under a lease would be allowed. In table 5, we have attempted to estimate the acreages which are closed to the Mining Law and also closed to mineral leasing. These estimates are based on agency policy and responses to requests from the leasing agency. It should be noted that there are some exceptions for the issuance of oil and gas leases.

TABLE 5.—AREAS WITHDRAWN FROM MINING LAW AND CLOSED TO LEASING

[Millions of acres]

	Withdrawn from the mining laws	Withdrawn from the leasing laws	Net withdrawal
Military reserves	41.3	34.5	6.8
Indian purposes	4.2	0	4.2
Classification and multiple use	.7	0	.7
Reclamation	5.7	0	5.1
Atomic Energy Commission	1.4	0	1.4
Administration and recreation	1.9	0	1.9
Natural areas	.3	0	.3
Small tract and recreation and public purposes classification	.5	0	.5
Effectively withdrawn from leasing (total)			20.9

TABLE 6.—SEGREGATION AS A RESULT OF OUTSTANDING PROPOSED WITHDRAWALS 1970–74

Year	Number of proposed withdrawals	Terminated or furthered into PLO's	Outstanding proposals	Outstanding acres withdrawn from mining laws	Outstanding acres withdrawn from leasing laws
1974	43	1	42	[1] 3,532,804 [2] 32,987	1,702,990
1973	32	2	30	84,026 [3] 2,400	1,064 [2] 9,171
1972	53	10	43	65,414	19,737
1971	55	25	30	66,865	26,069 [3] 1,280
1970	65	33	32	54,407	3,869
Total for 5 yr	248	71	177	3,803,516 [1] 35,387	1,753,729 10,451
Net withdrawn, including effective elimination from leasing except oil and gas				2,578,912	[4] 1,209,716

[1] Includes 1,439,800 acres overlap with military areas previously withdrawn from the mining law.

[2] Nor nonmetalliferous only.

[3] Withdrawn for all but oil and gas.

[4] Includes areas specifically withdrawn for leasing, exclusive of oil and gas, and areas withdrawn from the mining law only.

Tennessee Valley Authority

Leasing on acquired lands requires the consent of the surface managing agency prior to issuance of a lease by the Bureau of Land Management. The Tennessee Valley Authority administers 916,000 acres of acquired lands. In 1974 the TVA was witholding consent on the lands it administers, thereby effecting a withdrawal from the leasing laws of this land from our account.

Proposed withdrawals

The filing of a withdrawal application and noting of the records effects an immediate segregation of that land from mineral entry. This segregation remains in effect until terminated or until a final public land order is published. Table 6 shows the acreage segregated by outstanding withdrawal applications. There are outstanding withdrawal applications which date back to 1956, although the data presented here includes only the applications filed the last five years.

Of the 3.7 million acres segregated from mineral entry in 1974, we have removed 1.4 million acres since they were previously withdrawn from the mining laws for military uses. Eliminating this overlap produces a net of 2.3 million acres which have been segregated and effectively withdrawn from entry under the Mining Laws in 1974 alone. This includes 167,000 acres withdrawn for geothermal exploration and development, and numerous miscellaneous proposals, mostly for recreational purposes. There remain numerous outstanding proposed withdrawals prior to 1970 and several large proposed withdrawals in early 1975 (e.g., 980,000 acres in the C. Russell Game Range in Montana, of which only 357,127 were still open to Mining Laws). Large withdrawals for primitive areas also loom on the horizon. We have only withdrawn from our account those segregations shown in table 6. Should these proposals be terminated, they would be deposited back into our account; should they ripen into public land orders they will be withdrawn permanently. At this point in time, however, they are withdrawn from our account.

WITHDRAWAL TRENDS

In order to examine recent trends in executive initiated withdrawals, we have examined over 1500 public land orders for their specific effect on mineral lands. This analysis considered all published withdrawals and revocations in excess of 20 acres between 1964 and 1974. Our purpose was to get some idea of which land use categories were making deposits and withdrawals from our account and to see if any meaningful average annual withdrawal rate could be established.

Fig. 3 shows the total executive withdrawals less revocations by major land use category for the 10-year period. Keep in mind that this chart does not represent all the withdrawals put into effect during this time period, but only those initiated by the executive. Furthermore, the recent increases in proposed withdrawals have not been included. For the Mining Law, military, wildlife, and administrative and recreation uses took the most land out of our account and deposited the least. All remaining withdrawals and revocations were lumped into the "other" category. Because this account included Alaskan withdrawals, it shows the biggest deficit over revocation (for this category, please note the difference in scales between withdrawals and revocations).

For leasing, fig. 3 shows that there was relatively less executive initiated withdrawal activity during this period except for military withdrawals and the "other" category. The withdrawal problem for leasing cannot be analyzed simply by looking at published withdrawal notices. The exercise of leasing discretion by the surface managing agencies and the effect of congressional enactments are the key factors in assessing the impact of withdrawals on the mineral leasing laws.

An examination of withdrawal trends in this 10-year period indicates that during the Department of Interior's withdrawal review program, revocations almost balanced withdrawals. However, beginning in 1967 the level of withdrawals began increasing substantially, perhaps due in part to a de-emphasis in the withdrawal review program. In 1971 withdrawals (exclusive of ANCSA) took quantum jumps as concern for the environment and wildlife habitat became a major national goal. Because of the large variations in the net acreage withdrawn, we were not able to calculate a meaningful average annual withdrawal rate.

Because of the large variations in the net acreage withdrawn, we were not able to calculate a meaningful average annual withdrawal rate. However, certain broad withdrawal trends can be predicted. In the years ahead, the recent increases in executive initiated recreation, primitive and national area withdrawals will continue. Additional withdrawals to establish new wilderness and legislative authorized primitive areas can also be expected along with large acreages for wild and scenic rivers.

Some agencies, in attempting to comply with the Endangered Species Act, have proposed that "critical habitat" of endangered and threatened species be identified along with a list of actions which cannot take place on the designated areas. Identification of these areas would result in special regulations or other administrative and management actions designed to protect these endangered species "enclaves." Various other bills, all providing authority to zone out or "control" mineral exploration and development, in certain areas, are also on the horizon. The problem with most of these bills is that they do not consider the large areas that have already been withdrawn from mineral development. None of these bills, contain provisions for reviewing and eliminating the single use oriented withdrawals now in effect.

CONCLUSION

We have shown that through governmental actions we have firmly withdrawn nearly 400 million acres from the operation of the Mining Law and over 500 million acres from the leasing laws. In addition, over 100 million acres for the Mining Law and 70 million acres for the leasing laws are encumbered or are being managed in such a way as to constitute a *de facto* withdrawal from mineral development.

This means that, for the Mining Law, mineral exploration and development is specifically prevented or discouraged in an area the size of the states of California, Arizona, Washington, Oregon, Nevada, Utah, Idaho and one half of Colorado.

For the mineral leasing laws, exploration and development is prevented or discouraged in an area equal in size to all states east of the Mississippi except Maine. This does not include acreages which are presently under lease where further leasing may be restricted, especially in areas of non oil and gas leases and producing oil and gas fields. For mineral leasing, portions of what remains may be withdrawn through *a priori* zoning under various land use planning systems, although the magnitude of this latter problem cannot be assessed at this time.

One of the major reasons this situation has occurred is the lack of any mechanism for assessing the cumulative impact of thousands of discrete withdrawal actions. Each interest group working to have more land withdrawn does not consider the cumulative impact of its, and other group's, successful efforts. Rather, it tends to see its own reasons for withdrawing lands as more important and more in the national interest than land needs for mineral exploration and development. The rhetoric behind these withdrawal debates results in most areas being totally withdrawn from mineral development and what remains being totally open.

This kind of a land use strategy is economically unsound and is simply bad public policy. Since there is now more public land withdrawn from mineral development than is open we must create a middle ground where the mineral industry will have to accept reasonable conditions on its activities while the preservationists and others will have to accept the fact that somewhere in that million acre wilderness area, there is a mine. Given the present situation and our minerals-land account, it may be already too late. What ever happened to multiple use anyway?

And government exploration and development is not the answer, although there will be those who have no concept of what is involved in discovering and developing a mineral deposit who will argue that only the government is capable of exploring for minerals on federally-owned lands. If past government involvement in private industry is any indication, this alternative would be a total failure and an unacceptable burden on the already burdened American taxpayer.

The other major reason this situation is not appreciated is because the consequences are long term. In fact, the withdrawal of mineral lands today will not be felt for decades to come.

However, there will be consequences, both for our economy and for our national security. Our actions increase the likelihood of national problems brought about largely through artificial altering by foreign cartels of supply and prices. Recently, the U.S. Geological Survey forecast that within the next 25 years the United States shall be 100 percent dependent on imports for 12 essential mineral commodities, more than 75 percent for 15 and more than 50 percent for 26 commodities. The implications are staggering. But the purpose of this article is not to point a finger of blame but only to make the public aware of what we are doing. Intelligent land use decisions must be very finely balanced. Such balance in tradeoff decisions is not possible if we do not know what the mineral side of the scale contains.

We began this article by asking whether our mineral lands account was overdrawn. We don't pretend to know the answer, but if it is and we continue to make withdrawals regardless of our total assets then, when will we be required to balance our account; who will be asked to make up the deficit; and at what price?

FOOTNOTES

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TRIBUTE TO JUDGE DURWARD AULTMAN

Mr. NUNN. Mr. President, on August 24, 1975, one of Georgia's outstanding citizens, Judge Walter Durward Aultman, celebrated his 80th birthday. I was not there to join his many friends who paid tribute to this great Georgian, but I would like to take this opportunity to honor him by sharing excerpts from his exemplary life with my colleagues in the Senate.

It was Judge Aultman who admitted me to the bar in June of 1962. Through the years, my respect for this man, and our friendship, have steadily grown.

Mr. President, as I recall a long list of accomplishments, one attribute stands out: his unselfish devotion of his time and talent to serving the people of his own community. He is a man who has consistently sought to explore new avenues of service to his fellow man.

Born in Byron in 1895, Judge Aultman attended public school, and was graduated from the Georgia-Alabama Business College in 1916. In 1921 he was admitted to the Georgia Bar and, after attending Atlanta Law School, was graduated with his L.L.B. degree in 1926. He is a member of both the American and Georgia Bar Associations.

In addition to his distinguished and highly respected private practice, Judge Aultman's life has been dedicated to public service. From 1918 to 1925 he was justice of the peace of Crawford County. From 1926 to 1939 he was the mayor of Byron. He has served in the past as a member of the board of trustees of Byron Consolidated Schools. He has been a member of the Georgia Senate and was a member of the Georgia House of Representatives representing Peach County from 1941 to 1942.

In 1961 Judge Aultman was appointed judge of the Macon Judicial Circuit and was elected in 1962 to a 4-year term when he ran as the Democratic candidate. He did not seek reelection in 1967.

In addition, Judge Aultman has worked with many civic organizations in his community, and he has served as president of the Byron Lions Club.

But more important in Judge Aultman's life has been his deep commitment to the Byron Methodist Church. For over 42 years, Judge Aultman has been honored for his perfect attendance at Sunday school. During most of those years he taught Sunday school and was honored many years ago when his class was named the Judge W. D. Aultman Class.

When the former superior court judge broke his hip several months ago, while attempting to prevent a lady from falling, his Sunday school class brought Sunday school to the hospital. His class, insisting his perfect attendance record be kept intact, came to the hospital, then to his home, several Sundays during the period of his recovery.

Since 1952 Judge Aultman has been listed in "Who's Who in the Methodist Church." During his years of religious service, he has served as chairman of the official board for 30 years, as a trustee of his church for 17 years, as a lay leader of the Byron Charge for 20 years, lay leader of the Macon District for 13 years, and as Macon district steward for 30 years.

He is presently the secretary of history and records of his church and its district steward.

As a retired judge of the superior court, Judge Aultman, while confessing a state of semiretirement, is busy in the legal profession. The doors of his office are always open for business and a discussion of community affairs, politics, and sometimes a refreshing period of reminiscing.

Mr. President, at 80 years of age, Judge Aultman continues a life of total involvement in the affairs of his community and is an outstanding example of the American citizen who cares enough about his country and his fellow man to become involved. The record of his life reflects a man of dignity and stature, and I am proud to honor such a distinguished American.

STEPHEN J. WEXLER

Mr. JAVITS. Mr. President, this past Saturday, the Nation and the Congress experienced a great loss in a tragic and unnecessary accident which took the life of Stephen J. Wexler. Mr. Wexler served ably for many years on the majority staff of the Senate Committee on Labor and Public Welfare. In this capacity he made a great contribution to Federal legislation as it affects education, the arts and humanities.

As the senior Republican on the Labor and Public Welfare Committee for the last 10 years, many members of my staff worked closely with him and profited from his expertise and the stimulation of the association. I personally have often had the benefit of his keen insight in legislative problems and his resourcefulness in solving them. Steve had a rare gift for placing the broad substantive knowledge of statutes and programs in his area of responsibility into the complex political context that surrounds this legislation. This consistently enabled him to provide invaluable assistance to many Senators in creating the wide range of Federal education programs now in law. The results of these efforts are plain to see. During his service as majority counsel, the Education Subcommittee produced major omnibus education bills in 1972 and 1974, and is currently well along in creating a major new education bill. Numerous other smaller bills have also been passed. A large number of new education programs have been created which now reach every family and community in America. Other previously existing programs have been revised and improved.

Possibly the greatest legislative achievement in education during his fine service was the initiation of the basic educational opportunity grants program, which may benefit 1 million needy students in the coming year by helping them pay for postsecondary education. Steve Wexler was tireless in supporting the BEOG concept and his great talents and dedication contributed much to its enactment.

In the arts and humanities, he continuously exhibited his sensitivity and judgment in helping construct the proper participation of the Federal Government without stifling the necessary independence and freedom. Among those in the fields of education and the arts who work at the Federal level, Steve Wexler was widely respected and admired. He was one whose counsel was sought and weighed with the consideration due his ability and his character, and his counsel was always sought. His service was a notable example of the highest level of professionalism which is provided by the best of the congressional staff. He will be greatly missed by all those who have worked with him in the vital process of creating and improving the laws governing education and the arts.

On behalf of myself and my staff, I want to express my sincerest sympathy to Steve's wife, Elizabeth, and to his family in their time of such great sorrow. I hope that they can be consoled in the recognition of the great contribution made by Steve to our Nation during his all too short lifetime.

THE IMPACT OF INTERNATIONAL ECONOMY ON INTERNATIONAL POLITICS

Mr. HUDDLESTON. Mr. President, an excellent paper on the subject of international economics has come to my attention which was written by Nancy Osborne, a student at Transylvania University in Lexington, Ky. The topic of the paper is cartels and raw materials, which is very timely at this moment in history.

I am heartened by the indepth economic understanding exhibited by Miss Osborne, a college junior, in this paper. I recommend this paper to my colleagues and their staff members who are responsible for international economic policy, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

THE IMPACT OF INTERNATIONAL ECONOMY ON INTERNATIONAL POLITICS

The international economy is a fragmented, multifaceted system that inherently is based on the laws of supply and demand. Historically, there have been attempts by individual actors to manipulate the system to reach various economic, social, or political goals. In this paper, I will discuss the probable formation of alliances or cartels based on the possession of certain raw materials, the degree of their potential impact on the international political system, and the internal weaknesses/strengths of such coalitions.

A BIT OF BACKGROUND

International economics is that segment of macroeconomics that focuses on international trade, finance, aid, etc. The degree of economic integration has been dynamic over the centuries. Basically we can talk of three waves of integration. The first was the internal integration of single states, beginning with the single states of Great Britain, France, America and expanding into the idea of bloc integration within certain states (i.e., E.E.C. and COMECON). All of the 150 state-actors of today's political system have some degree of internal economic integration, although some are less developed than others and some are weaker than others. From the 1700's to the 1870's, the world witnessed a staging of economic developments on purely supply and demand levels—although colonization, exploitation, and imperialization ran rampant in those days.

From the 1880's through World War II, the economic intergration of the system waned, marked by attempts to regulate purchasing, production, and marketing of goods. Ideas of protectionism and economic nationalism set the mood of that time, disintegrating large amounts of world trade. The apex of economic isolationist policy in a global sense was World War II.

Throughout these economic developments, there were attempts to institute international cartels or centralize contractual units. These units were betwen two or more actors which attempted to monopolize the market by fixing prices, dividing world market, regulating competition and controlling production. The vast majority of such attempts were unsuccessful.

A prime example of the ineffectiveness of such monopolies was the Dusseldorf accord signed by Germany and France on March 16, 1939, to "replace destructive competition by constructive cooperation on world markets by creating a comprehensive network of international cartels." A few days later the aggreement was dissolved due to political considerations. Another attempt to squeeze industries into an imposed international structure as a basis for economic cooperation and world peace was the Bruning-Laval accord of 1931, signed by French and German governments. It established fifty "ententes", although only one, the market on electrical material, became a successful fixture.

One reason for the failure of such cartels to survive was the availability of raw materials from other states and the overwhelming urge to purchase items at their lowest cost (transcending urges to promote cooperation in a cartel to support a political ideal.) Other factors, internal weaknesses of the coalition, new technology, political pressures, elasticity of demand, underly the breakdown. Now let's turn to the contemporary counterparts of the cartels and analyze their structure.

STATISTICS

I have chosen ten raw materials for study: wheat, copper, nickel, bauxite, zinc, crude petroleum, phosphorous, iron ore, uranium, and coal. The rationale for selection was based on their critical role in the industrial world, (iron ore, wheat, copper, nickel, zinc, coal), imbalance in global distribution of some materials (crude petroleum, bauxite), the shortage of real substitutes for others (uranium, phosphorous).

Commodity[1]	Top producers		Top importers	Least producers
Wheat	United States	42,043.0	United Kingdom, Japan, India.	Cyprus, Portugal, Lebanon, Sudan, Guatemala.
	China	24,500.0		
	France	18,123.0		
Nickel	Canada	232,663.0	United States, German Federal Republic, United Kingdom.	Republic of Korea, Burma, Democratic Republic of Germany.
	U.S.S.R	127,000.0		
	New Caledonia	102,200.0		
Zinc	Canada	1,279.5	United States, German Federal Republic, United Kingdom.	Brazil, Greece, Burman, Turkey, Guatemala.
	U.S.S.R	650.0		
	United States	433.0		
Coal[2]	U.S.S.R	4,121,603.0	Japan, France, Belgium.	Spain, Nigeria, Italy, Mongolia.
	United States	1,100,000.0		
Iron ore (U.S.S.R. excluded).	China	25,300.0	Japan, United States, German Federal Republic.	Burma, Denmark, Guinea.
	Canada	24,387.0		
	France	16,525.0		
Copper	United States	1,510.3	German Federal Republic, United Kingdom, France.	Algeria, Brazil, Bolivia, Burma, France.
	U.S.S.R	1,050.0		
	Chile	723.5		
Phosphorous (1971).	United States	35,377.0	Underdeveloped nations.	Indonesia, Philippines, Chile.
	U.S.S.R	21,650.0		
	Morrocco	15,105.0		
Bauxite	Australia	13,697.0	German Federal Republic, United States, United Kingdom.	Spain, Austria, German Federal Republic.
	Jamaica	12,989.0		
	U.S.S.R	4,700.0		
*Crude petroleum.[2]	Saudi Arabia	18,658.0	Japan, United Kingdom, Italy.	Cuba, Israel, Burma, Sweden, Morrocco.
	Kuwait	10,197.0		
	Iran	8,515.0		
Uranium (U.S.S.R. excluded).	United States	259,000.0	France, Pakistan, German Federal Republic.	Sweden, Italy, Mexico.
	South Africa	212,000.0		
	Canada	185,000.0		

[1] Most data is based on years between 1963–72, with only the final year being stated.

[2] Indicates million metric tons, others are thousand metric tons.

These statistics are valuable on many grounds. They indicate areas of strength based on the production and exportation of raw materials. The degree of importation implies the dependence of one actor on the world market and the lack of domestic production of that material. But these statistics carry with them many weaknesses. Often key actors are not included in a set of figures, thus automatically eliminating complete comparison and analysis. Trade statistics, import and export data, and production levels do not reflect a true value for the amount of commodity reserve on hand, or potential reserve.

In some tables, reserve figures were indicated but in most cases these statistics were antiquated, as in the case of China's coal reserve. It was estimated at 1913 levels while the majority of countries were marked for the 1960's. The statistics also do not indicate to what degree one actor is dependent upon another. I thus supplemented my readings with Bureau of Mine statistics to estimate levels of reserves. I also took into consideration the lack of data on the Soviet-bloc and People's Republic of China and, therefore, drew some facts from several atlases.

Some peculiarities must be made explicit before analysis can occur. The Soviet bloc consists of Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, and the USSR which consists of a highly centralized and structured economic system with power ascending from top to bottom. The People's Republic of China is also highly integrated with all industries owned and operated by the state. The foreign trade of each Communistic country is a type of monopoly of the state and is conducted as a segment of that state's integral economic plan. The goal of the bloc is to develop into a self-sufficient economic unit. This is not to say that the bloc is free from internal dissent. Romania has resented it's role as the bloc's vegetable garden and is creating some disturbance.

The EEC is a loosely constructed organization with power concentrated at the root level. Most other nations operate on a type of continuum ranging from a wholly free market to a tightly controlled system. The degree of internal integration is calculated as a variable to determine weakness/strength of a cartel, based on the principle of internal cleavages as developed by Peter Wallensteen. While the U.S. historically has had little trade transactions with the USSR since the 1917 Revolution, or China which is frequently openly hostile towards external trade, the majority of the western world have taken advantage of the sparse interactions. The most active in eastern trade negotiations is West Germany. The U.S.'s restrictive policies exist mostly out of political fears.

Another typology or distinction that can be made is on the basis of a less developed or a highly developed economy. Those less developed include Latin America, Africa (except South Africa), Asia (except Japan, PRP, North Korea, Vietnam, Mongolia), and Oceania (except Australia and New Zealand).

Some characteristics of the less developed nations are:

1. A dependence on primary commodities for major export income (in 1960, 86% of export of these countries pivoted around raw material production).
2. Dependence on a single product for half of this export earning.
3. Little capital and technology.

Developed nations have:

1. A diversified economy;
2. Industrialized facilities;
3. Generally stable economies; and
4. High levels of technology and capital.

An interesting thing to note is that the value of commodity exports increased only 10% from 1956–61 while the prices on manufactured goods rose rapidly. Also, there has been a marked tendency for the demand for food material for high-income countries to increase proportionately with population growth (1.5% yearly), rather than in proportion to income growth (4% yearly). There has also been a trend toward industrial countries to use smaller amounts of raw materials per unit of final output due to more efficient production methods and the discovery of new synthetic substitutes (i.e., technology). The US used 22.5¢ of primary material in production for each dollar Gross National Product, GNP, in 1900. By 1960, this figure had been slashed to half to 11.5¢ for each dollar GNP.

These facts do not negate the critical role that primary commodities play in our industrial world, it just puts them into a more realistic framework.

"Overall prospects for food and industrial raw materials exports from less developed nations are not at all bleak. Consumption of some primary products will rise more rapidly than average for example crude petroleum, bauxite, aluminum, and the newer materials." (Butler)

The traditional goal for any cartel is to raise the price of a primary commodity. Even the OPEC nations declared this as their goal when forming in 1960. To raise prices that are regulated on a purely competitive market supply and demand, one has to have relative scarcity of the good, no real or close substitutes, and a high demand. In economic terms, a good or service, identified by these characteristics, is said to be in inelastic supply. Some of my selected materials failed to pass this first definition and can be eliminated from any further analysis. These raw materials are: iron ore, coal, zinc, copper, nickel, and wheat. The distribution of these commodities are such that cartel formation would be difficult. Each has relatively accessable substitutes. Coal may become more important regionally because of an energy-production scarcity. Trade agreements and policy formation may be based on any one of these ten commodities on a bilateral basis (US to USSR wheat deal) but are not relevant to this topic.

This leaves bauxite, uranium, crude petroleum, and phosphorous as pivotal commodities. The case of phosphorous is based primarily on the fact that it is critical as a fertilizer and it has no real known substitute as a plant-food element. It is highly crucial to the Third World nations, where great amounts of phosphorous are not found or accessible. Another factor is that while the Soviet bloc has sufficient amounts of phosphorous, its reserves of sulphur (needed in the synthesizing of superphosphate or fertilizer) are very low.

The case of bauxite is made on the assumption that it has great military potentials in the aircraft industry and use in other weapon systems. The traditionally integrated economies, U.S., UK, France, Germany are slightly weak in bauxite reserves. I labelled this my Soviet Bloc, plus Jamaica cartel.

The case of uranium is more reasonable, considering its gigantic potential role as a primary energy source for the 1980's–90's (or when efficient reactors are established). Uranium is a nuclear "fuel" substituting for coal, oil, and natural gas. It is a very scarce commodity as dictated by known reserves. Considering the wide disparity between the have's and the have not's, this cartel belongs to the U.S.-Canada-South Africa and perhaps Australian faction.

The case of crude petroleum as a pivotal commodity is already established and will be dealt with more fully later. The interesting thing to note is that its top producers are typologized as the less developed nations. It is the only existing cartel out of my ten fictional "would-be's."

Some factors that should be emphasized when predicting the outcome of my "imaginary" cartels are proximity and competing interests. Coplin suggests that there is an increasing trend for bargaining interactions to occur more frequently within specific geographical areas and between actors who can sympathize with one another's structure. The proximity variable is not as significant as the competing interest factor, in my opinion. I have tried to build my coalitions considering these notions.

The main deterrent for already mature economies to attempt to restrict the market is the fact that the policy would probably hurt those same countries in the long run. It has been popular to think that the U.S. can be a self-sufficient economic unit, if so desired: likewise, the Soviet bloc could develop as a soloist. These notions are highly idealistic, regressive, and unrealistic. None of the international actors have all of the primary commodities it needs and desires. The growing interdependence of all people's of the world make states more vulnerable to other states.

Most pro-western states are dedicated to the idea of comparative advantage, which allows for specialization of production, based on the most efficient allocation of land, labor, and capital. In addition most western economies are highly fragmented and rarely trade internationally under the direct auspices of the government. All investors and businessmen in the US must have permission of the government to trade, but they are not tightly controlled, nor restricted. The red tape involved in setting up a deal with a satellite country is a deterrent in itself.

Another commonality that runs through the analysis is that all ten commodities have top producers and top importers that fall into the categories of being the highly developed, highly integrated economies (with the exception of Jamaica, bauxite; New Caledonia, nickel; Morocco, phosphate; and the oil producing states). This top-ranking indicates several things:

1. That these countries are very interdependent and diversified;
2. They have the capability to exploit their own resources; and
3. They overproduce, using primary products (imports) to produce industrial outputs (exports).

The less developed nations often just barely produce enough for self-sufficiency in any one area or they can only afford to import relatively small quantities of raw materials. It is these commonly called "Third World" countries who seem to suffer most from the formation of cartels. Ironically, I believe that these countries would be more apt to use the tool of cartelization for the purpose of raising prices. (Note: historically, as mentioned, most cartels had serious political overtones and were dedicated to political goals. Maybe cartels are more effective when dedicated to primarily economic goals). Less developed countries use cartels more effectively because:

1. High fundamentality;
2. Uusually high internal cleavages; and
3. Few alternatives left for raising prices.

Take the case of OPEC which is composed of less developed nations. OPEC has been somewhat successful in its goal of raising prices, but at the same time, the countries struck most deeply are small, single-product based, economic units. Also, highly isolated states, like UK and Japan, who, coupled with their lack of primary commodities, are having to suffer deeply.

Although not specifically chosen for study in this paper, I would consider it important to add a few notes on other possible, pivotal commodities, relevant to Third World actors. Tropical exports, such as sugar, coffee, tea, cocoa, and bananas are relatively inelastic. These provide over 57% of all exports for the less developed actors in the Tropics.

When sugar prices doubled in 1963, the consumption was relatively little. Over 40% of the market is imported by the US, 40% by Western Europe, and the rest is divided between Oceania and the Soviet bloc. Sugar prices have been in fact, regulated for years. Another example is the International Coffee Agreement, signed in September, 1962, by many tropical governments. The sugar pricing raise was due mostly to market fluctuations; there was little sugar supply to be had. Also, it is harder for people to manage without sugar than it is for them to go without a cup of coffee. Sugar is more inelastic than coffee. The coffee deal had less severe impact because of lack of international organization, cooperation, and control. The agreement called for a storage of surplus to create higher prices, but there existed no storage systems in most of the states. The individual governments had little control over the farmer's needs. Some actors fudged on the agreement, selling volumes at lower prices, thinking to get a higher profit in the long run.

This analysis of the coffee and sugar agreement supports an axiom of coalition behavior: the greater the number of critical members in a coalition, the more possible the intra-block conflict. Also, given Wilkenfeld's index on types of nations, the majority of countries involved in the coffee accord were polyarchic and not designed for higher centralized planning. The attempt at cartel formation was geared to high fundamentality. As I suggested earlier, this is an integral factor, but does not insure success.

Economic strengths, such as an abundance of primary commodities, indicate capability, not behavior. Rosenau speaks of societal factors and Coplin simply refers to them as economic factors. Both agree that economic strengths effect, but do not determine actual foreign policy behavior. My potential cartels then do not indicate any specific type of behavior, nor do they carry with them any normative values of good or bad cartels. Cartels are intergovernmental actors, IGO's, and potential policy-influencer systems. They are intergovernmental by virtue of the fact that they are agreements signed by governmental heads. They are potential policy-influencers because cartels are geared for one expressive purpose: to raise primary commodity prices. They are also alliances, aimed at a collective benefit for the good of the whole. Cartels may be symmetrical or asymmetrical. My uranium cartel would be asymmetrical with many big powers involved, counter-balancing. It may have too many chiefs and no followers and therefore may not be too successful. My bauxite cartel would be asymmetrical with the Soviet Union leading the way. The internal cohesion would depend, in part, on the degree of perceived value derivable from the benefit of higher prices (received at some costs). Cohesion would also depend upon the degree of cooperation and communication between the actors.

W. W. Rostow proposed that there is a clear relationship between economic growth and foreign policy behavior. He contends that mature economies tend to exhibit expansionistic tendencies. This may be true to an extent where either:

1. The developed economies can exploit less developed actors; or
2. The developed economies channel their aggressive tendencies into beneficial areas, as more free trade.

These are polar extremes. I personally believe, and hope, that the mature states will choose the latter path. From an economic viewpoint, the latter would be more beneficiary to both developed, and less developed, nations in the long run. Cartels are usually short-run affairs, because of the dynamically changing world and the inevitable limit on natural resources in one area.

From a purely economic standpoint, the formation of cartels is regressive except in crisis and extremely stressful situations (i.e., war). In times of war, cartels have been formed for strategic and political reasons:

"Under war conditions, the entire process is reversed . . . Competitors must become cooperators in order to meet the very minimum demand for shortage items. Control of this cooperation rests in government." (Hippelheuser)

Putting an intergovernmental organization, such as a cartel together, is a hard enough job, as evidenced by the preceding pages, but putting together a strong, successful cartel takes quite a bit of diplomatic engineering added to the fundamental capabilities necessary.

The requirements for an ideal, working cartel, would be:

1. Internal cleavages within single states;
2. High, inelastic demand for the good;
3. Production control internally;
4. Common scope of ideology within member states;
5. Exclusion of any technological advances and new entries into the market; and
6. A limited supply of the commodity.

Added to this list of requirements for the utopian coalition, I might add some type of mandatory policing control to be instituted to insure playing the game fairly. This last requirement would be novel in the scope of international relations. This rule would also be practically impossible to institutionalize. Even IGO's that make their own rules, tend to break them occasionally. At the Teheran Conference, in 1971, the OPEC coun- this approach is wrong. More than one-third guaranteed stable price which they have been raising ever since.

As the system stands now, economic IGO's are policy-influencer systems, sometimes powerful ones. But they, in themselves, do not directly alter the structure of international politics.

The OPEC IGO is one that is constantly used as an example of "cartelism" and I will again use it to illustrate the strengths and weakenesses of a cartel. OPEC started in 1960 as an alliance between five members: Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. These were the five most affected by low world oil prices. Their goal: to raise commodity prices. It was a countervailing force to resist unilateral action by developed oil consumers to force down already low prices. Soon six new countries became interested in joining this coalition (visions of minimum winning coalition plus one and the bank wagon effect). It took almost a decade before the world as a whole recognized the "threat" of this coalition. Many politicians have decreed the cartel as that Arab-group which is disrupting the international money market, financing Palestinian terrorism groups, and sustaining Arabian hopes of destroying Israel which would kill peace in the Middle East. Factually and conceptually, this approach is wrong. More than one-third of all OPEC, including Iran, is non-Arab and in the improbable event that Saudi Arabia felt strong enough (i.e., foolish enough) to punish the Western world by cutting off all oil, the void would be filled by some non-Arab country. Also, refer to Wallensteen's article: the sanction would be highly fundamental, highly expressive and would probably be met with strong opposition. The success of OPEC depends heavily on the cooperation of the consumer bloc (cooperation within competition as in game theory). In early 1971, the Shah of Iran stated that:

"If oil-producing countries suffer even the slightest defeat, it would be the death knell for OPEC, and from then on the countries would no longer have the courage to get together." (Aldeman)

Some foreign relation experts advise against an on-front confrontation, such as a consumer-cartel because:

1. The bloc may jeopardize possibility of rational compromise and mutual accommodation.
2. The bloc is bound to be counterproductive and may trigger negative feelings.

This shows the possible escalation theory of action/reaction. Some foreign advisors say that there is no real oil shortage, but rather a serious imbalance in the distribution of primary commodities and the lack of substitutions in the short run. In the long run, though, it may be a blessing in disguise if it leads to conservation of present resources, a reevaluation of wasteful habits, and a more efficient use of other energy sources (natural gas, gas, coal, nuclear enery, solar energy).

The issues of the oil "shortage" are not highly relevant to this paper but the theories played out in the analysis do apply. Cooperation in conflict, escalation of actions based on perceived images or irrational decisions, issues of normative values and elasticity of supply and demand are all embedded in the above analysis. Monopoly control of a commodity is potential economic and political clout. A cartel is as strong as its capabilities lend it to be, its goals channel it to be, and the international context allows it to be. Past success will reinforce future attempts. One of the major effects of the cartels on international politics is the strengthening of weak nations to bargain with stronger ones.

The most common effect is a reevaluating of economic policies, possible increment adjustments of foreign policy, and a potential lowering of the standard of living. Cartels can not destroy any developed economy as long as the states make up their own rules as they go along.

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VETO OF THE TOBACCO PRICE SUPPORTS BILL BY PRESIDENT FORD

Mr. THURMOND. Mr. President, I am extremely displeased and disappointed to learn that President Ford has today vetoed H.R. 9497, a bill which would modestly increase tobacco price supports. In this particular instance, I think the President has been poorly advised by persons who fail to understand the current plight of the average American tobacco farmer. By disapproving this bill, the President may have jeopardized the economic security of some 600,000 tobacco producers, their families, and thousands of others who are directly dependent on a healthy tobacco production sector for their own economic well-being.

Mr. President, I, personally, and a number of other Senators and Congressmen, discussed this vitally important farm bill with President Ford, and I sincerely regret that he was not persuaded by our arguments. I am still convinced that our arguments were good ones, and that the merits of this bill more than outweigh its possible detrimental effects. Very briefly, I would like to summarize for the record the reasons why President Ford should have allowed this bill to become law.

First, this bill would have provided a small measure of greatly needed, additional security for nearly 600,000 tobacco farmers and their families. For the most part, tobacco growers operate relatively small, family-type enterprises, and they are heavily dependent on tobacco leaf sales for their income. In recent months, these farmers have seen their margin severely eroded on both ends by the increasingly severe cost-price squeeze.

Specifically, tobacco growers are now having to pay for production inputs that are costing them an average of 35 percent more than for the 1974 crop. Yet, 1975 prices received for flue-cured tobacco are about 8 percent below the season average for 1974. Thus, tobacco farmers are being forced to pay out more, while less is coming in—a disastrous situation for many of them. H.R. 9497 would have given much-needed relief from this ominous cost-price squeeze by slightly boosting minimum prices and stimulating higher average market prices.

Second, President Ford should have approved this bill because it would have corrected an inequity in the tobacco price supports formula. Throughout most of the history of the tobacco program, prices were supported at 90 percent of parity. Then, in 1959, the formula was extensively modified. This modification placed the tobacco farmer at an economic disadvantage which has worsened over the years. The fact is that, under the present price support formula, farmers are not even assured of receiving 65 percent of parity for their crop. This bill would have brought the price support formula up to date, so that it more accurately reflects the enormous increase in production costs of very recent months. Yet, the adjustment would have been a modest one—certainly not a guaranteed success for any farmer.

Third, the proponents of this bill are convinced that it would not have been an added cost to the taxpayers. I realize this was one of the principal concerns of the President, and I share his conviction that Federal Government spending should be curtailed wherever possible. However, I think President Ford was ill advised about the potential cost of this bill.

Those who are familiar with the operation of the tobacco program know that the price supports program functions as a loan to farmers. When buyers fail to bid the support price, the tobacco is purchased by a farm cooperative, which advances the farmer the support price as a loan, through a contract with the USDA Commodity Credit Corporation. The tobacco which is thusly received by a stabilization corporation is virtually always later resold at prices sufficiently above support levels to pay off the loans and the administrative costs of the program. In fact, the record of the tobacco price stabilization program is so good that it has cost the taxpayers virtually nothing in the past 5 years. No other major farm commodity program has fared nearly as well. This bill would not have changed the favorable cost-benefit record of the tobacco program. Any increased Government outlays would have been later repaid.

Fourth, those who favored this bill are of the opinion that a modest increase in price supports would not have been a hindrance to the tobacco marketing programs. The President was advised by some that enactment of this bill would hurt our tobacco exports. However, most tobacco marketing experts agree that an increase in tobacco prices in U.S. domestic markets would not result in a decline in the value of exports.

Any slight reduction in the amount of tobacco purchased for export would be balanced by the higher prices paid for tobacco leaf. Thus, the total revenue coming into the United States from tobacco exports would remain relatively constant. Furthermore, American-produced tobacco is of superior quality to that grown in other countries and would still be desirable throughout the world.

Mr. President, our hard-pressed tobacco farmers desperately needed the increased security and protection from the tightening cost-price squeeze which this bill would have afforded. The bill would not have been costly and would not have hurt tobacco leaf exports. I deeply regret that President Ford vetoed it, and I hope this administration will be more sensitive to the tobacco farmers' needs in the future. As long as I am privileged to serve in this position of public trust, our hard working and poorly rewarded farmers can be assured that I remain ready to be of service to them in any way I can.

I.R. & D.—A BILLION DOLLAR HOLE IN THE BUDGET

Mr. PROXMIRE. Mr. President, the subject of independent research and development, known as I.R. & D., bewilders many people and many of us in Congress, because of its technical nature and apparent complexity. However, there are several fundamental principles and basic issues which are easy to comprehend and which can no longer be ignored.

ABSENCE OF CONGRESSIONAL CONTROL

First, the Pentagon is spending about $1 billion annually for research projects that are not specifically authorized or appropriated by any committee.

What we have is nothing less than a billion dollar hole in the budget.

Congress exercises virtually no control over I.R. & D.

Decisions as to how much to spend and what to spend it for are made entirely by officials within the executive branch through negotiations with Government contractors.

Congress is not informed of proposed research projects nor does it review the results of the research.

There is no congressional surveillance over I.R. & D. expenditures.

OF DUBIOUS VALUE

Second, the expenditures are justified on the grounds that they enable contractors to do innovative research independent of the constraints that accompany contracts. Thus, the Government does not award contracts for this type of research activity. Instead it reimburses contractors for the costs of their I.R. & D., charged as overhead costs against their current Government contracts.

But serious questions have been raised about the value of this type of research and whether the benefits to the Government outweigh the costs.

VIEWS OF ADMIRAL RICKOVER

Among those who have been highly critical of I.R. & D. is Adm. H. G. Rickover.

No one can seriously question Admiral Rickover's credential to speak as an expert on the subject of military R. & D. and procurement. His distinguished career and many accomplishments speak for themselves.

The fact that he is willing to speak the truth and tell Congress the facts about military procurement and to denounce practices which are not in the public interest has earned for him the respect and admiration of most Members of Congress.

It is, therefore, of great significance that Admiral Rickover considers the I.R. & D. program to be ill founded and wasteful. In testimony given on September 29, 1975, during a special hearing conducted by the Armed Services Committee and the Joint Economic Committee, Admiral Rickover said:

> From my experience in charge of a major defense program, I believe the IR&D program is a waste of taxpayers' money.

Admiral Rickover believes that the billion dollars spent annually on I.R. & D. is a subsidy the Nation cannot afford, and he went on in his testimony to state the following summary recommendations and conclusion. I ask unanimous consent that they be printed in the Record.

There being no objection, the summary and recommendations were ordered to be printed in the Record, as follows:

SUMMARY

Obviously, some beneficial ideas have resulted from independent research and development. However, we are faced with the need to make decisions in a climate of limited funds. A philanthropist might donate large sums to enable individuals or organizations to pursue their personal interests. But an ordinary citizen with limited income must conserve funds by spending his money where it will benefit him directly. Since philanthropy is not in the Defense Department's charter, I believe it should confine its spending for research and development to specific projects where companies and individuals can be held accountable for expenditures and results. In this way, Congress could also properly exercise its oversight function over IR&D expenditures—something the Congress is presently not doing. If it is considered that private research warrants public support on a basis other than military needs, such support should be authorized by Congress, and administered on that basis, not hidden in the price of defense contracts.

The current IR&D program does not provide benefits to the Government anywhere near the cost. It is a subsidy the Government can no longer afford. Nor is the nation served by the further concentration of economic power in the hands of a few large defense contractors, which the present policy assists.

RECOMMENDATIONS

1. The present system of DOD payments for independent research and development and bid and proposal expenses should be eliminated.

2. The Department of Defense should allow costs of independent research and development projects only when such costs are specificially provided in the contract and then only to the extent such work benefits the contract work itself.

3. The Department should receive, in the name of the Government, patent and data rights commensurate with costs financed by the Government on independent research and development projects.

4. In cases where company proposed research and development projects have sufficient benefit to warrant the cost, the Department should finance the work by direct contract, rather than through IR&D. Responsible Government officials would supervise the work, as they are supposed to for all work the Government undertakes.

5. If federal subsidies of private independent research and development are necessary in other areas, such subsidies should be administered by the appropriate Government agency which has expertise in that area; subsidization would then be aboveboard and measurable by Congress. Appropriate controls could be established to preclude concentration of technology among a few favored industries; to provide adequate direction over the work; and to ensure the Government retained rights to work financed with public funds.

CONCLUSION

The present situation with respect to IR&D is in effect "taxation without representation." Congress has, in essence delegated its rights and duties under the Constitution to Defense officials. There is little surveillance by the Department or by Congress of these large expenditures. Appointed Defense officials are under no constraints as to the amount that can be approved.

Just think how popular you can become with contractors when you have a billion dollars to give away with no strings attached. To put this into perspective, I remember from my high school days that the entire federal budget in 1916 was about $700 million.

I contrast this easy way of spending money with the one I have to face when I ask for hard-to-get, relatively small sums for research and development from the very same people who approve the IR&D. And when they agree, the request must still be justified and defended before the authorizing and appropriations committees of Congress.

The recipients of IR&D largesse do not have these problems. They can simply initiate a program and charge the cost to Government contracts, without justifying the expenditure to the Defense Department, to Congress, or to anyone else. Defense contractors contend that their reimbursement is subject to ceilings set by the Defense Department. But if they can persuade Defense officials to accept a higher ceiling, they can get it.

It is inevitable that favoritism may enter into such a practice. Yet no one could ever be proved guilty of wrongdoing because the technology despite mounting expenditures judgment of those in charge.

I sometimes wonder what the ordinary citizen, who has to labor in making out his income tax, would think if he knew and understood this strange system of handing out government funds. He might even wonder why he also is not given some of the free money, when it is so readily given to large defense contractors.

How do you suppose he would vote on this issue were he to have the opportunity?

Mr. Chairman, I deeply appreciate the opportunity to present my views on this subject to your two committees.

Mr. PROXMIRE. Mr. President, I request unanimous consent that the testimony of Admiral Rickover be printed in the Record at the close of my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Mr. Chairman, you have asked me to testify before this joint session of the Senate Armed Services Committee and the Joint Economic Committee on the topic of independent research and development. I know of no area of defense procurement that is more in need of Congressional attention and action. We are devoting scarce Government funds on a program that is, in my opinion, ill-founded and wasteful. For convenience, I will refer to independent research and development and bid and proposal expense as IR&D since the distinction as to which category the work falls into is a matter of semantics.

Over the years, defense contractors have vigorously defended the IR&D program on the basis that they must develop new concepts to be able to compete in the defense market; that companies are most innovative when they are free to explore promising ideas without Government interference. They conclude that IR&D is a necessary business expense which benefits the Government and which therefore should be recognized and reimbursed by the Government, but with rights to technical data and inventions to be retained by them.

Some of these arguments might have more validity if there were true competition in defense procurement. However, the vast majority of defense procurement is actually noncompetitive, with only a few large firms competing for major weapon systems because of the large amount of technical, financial, and productive resources required. Even when more than one firm is capable, prior experience, shop loading, or other factors can effectively insulate the successful bidder against competitive pressures.

One of the problems with IR&D—the lack of incentive to control costs—stems from this situation. When there is no true competition, prices are based on the actual costs incurred and these costs generally can be passed on to the Government. Thus, contrary to what industry spokesmen might claim, the Government cannot safely rely on competition in the marketplace to ensure IR&D expenditures are reasonable.

The Defense Department exercises practically no surveillance over IR&D expenditures These IR&D costs are charged through overhead. Thus, at predominantly defense oriented plants, the Government ends up paying most, or sometimes all, IR&D costs. Yet, the Government has no say in how the money is spent. Therefore, we have developed a system where public funds are spent without proper accountability.

Today the Defense Department is having increasing difficulty obtaining the funds necessary for national defense. After lengthy study, the General Accounting Office concluded that it could not determine whether the benefits to the Government from contractors' IR&D efforts are worth the cost to the Government. From my experience in charge of a major defense program, I believe the IR&D program is a waste of taxpayers' money.

Here are some of the important considerations which determine my belief.

COST OF I.R. & D.

IR&D costs have increased as a percentage of total defense sales from 2.73% in 1968 to 3.73% in 1974. In fiscal year 1974, the Defense Department reported IR&D expenditures of $808 million. These reported figures are significantly less than the amount actually spent because they cover only 90 of the largest defense contractors. The total figure for all contractors probably exceeds $1 billion.

Year after year, before the budget request is submitted to Congress the Navy has had to eliminate important submarine research and development projects due to a shortage of funds. Congress then makes even further cuts. In fiscal year 1973, for example, Congress cut the DOD research and development budget more than $800 million. In FY 1974, Congress cut more than $400 million, and in FY 1974 nearly $800 million. When actual defense needs are not funded, why should we spend up to a billion dollars a year financing IR&D projects, because of the vague hope that someday something of value will result?

IMPACT ON COMPETITION

Rather than enhancing competition, as large defense contractors claim, IR&D actually inhibits competition. Since the largest IR&D payments, this helps them to perpetuate their dominant position in the market. Furthermore, these contractors can charge Government contracts for developments they hope to exploit in their commercial business. Obviously, the smaller the company, the less advantage it gets from IR&D.

Here is an example. At a shipyard where about 99 percent of the work is being done for the Navy, the company charged us over $500,000 for "bid and proposal expenses." This was related to the development of a large, nuclear-powered commercial submarine tanker to transport oil under the Arctic ice cap. This was strictly a commercial proposition; it had absolutely no military value. In fact, the company could not have undertaken the project without the expertise acquired in the performance of Navy work. Yet the company took the position that the Navy would benefit from the work and should pay its design and engineering costs. The company has taken its case to the Armed Services Board of Contract Appeals where a decision is pending.

What bothers me is this: Why should the Department of Defense subsidize commercial developments when it is unable or unwilling to fund military submarine research and development projects?

PROMOTING A MODERN INDUSTRY TECHNOLOGY BASE

Large defense contractors argue that IR&D is necessary to keep an up-to-date and modern industrial technology base for defense needs. But the grant of large IR&D subsidies to large defense contractors, smaller subsidies to smaller defense contractors, and no subsidies at all to firms without defense contracts does not broaden the industrial base. In fact, it narrows it. The Defense Department's IR&D payments help only those firms which already have defense contracts. Firms that desire to enter the defense market must find another source of financing.

The Department of Defense already makes a substantial contribution to maintaining a modern industrial technology base throughout American industry—without IR&D. From what I have seen, the flow of ideas and technology from Department of Defense-funded major weapon systems contracts to non-defense areas far exceed the ideas and technology the contractor brings to the job from non-defense work.

BENEFITS FROM I.R. & D.

From the past several years, defense contractors and the Defense Department have been trying to collect examples of innovations under the IR&D program. By now, they have impressive lists showing that work performed under IR&D was "instrumental to this program," or "led to the development of that piece of equipment." IR&D is frequently cited as a contribution to the success of laser development, the Huey helicopter, integrated circuits, and so on. But, I could name hundreds of actual, not claimed, improvements in nuclear plant technology which resulted from direct Navy or AEC funded research and development. The issue is not whether discoveries have been made under IR&D, but whether the Defense Department can afford to pay a billion dollars annually for contractors to spend as they see fit, in hopes that our defense will at some future unspecified date benefit directly or indirectly from such expenditures.

I.R. & D. AS A NORMAL BUSINESS EXPENSE

Defense contractors argue that IR&D costs are as legitimate as rent, heat, light, maintenance and the like. This is not a valid comparison. There is no incentive for a contractor to waste heat or light. However, increased IR&D spending can enhance the company's profits and strengthen its market position, military and commercial. When major defense firms face declining sales, they can use IR&D in any way they wish, and with no strings attached, to pay the salaries of engineers and other technical employees not needed on other work.

RIGHTS TO INVENTIONS, PATENTS, AND TECHNICAL DATA

Under the IR&D program the Defense Department gives away all rights to inventions, patents, and technical data, even though the Government may pay for most of the work. If the DOD wants to use an invention financed under IR&D, the contractor may extract a royalty. One contractor developed at Government expense and patented an automatic welding machine. This was then marketed to defense suppliers and to Government installations. As it turned out, the Government paid not only for developing the invention but also royalties for the right to use it on Government work.

In my view, the Government should insist on rights to the technology it finances. If, as contended, the Government destroys a company's incentive to innovate by acquiring rights to patents, inventions, and technical data, why is it proper to have a double standard wherein companies do not grant rights to their employees and subcontractors for new concepts that are developed on the job?

DOD ADMINISTRATION OF I.R. & D.

In an attempt to establish some semblance of control over IR&D expenditure, Congress has required the Defense Department to set, in advance, annual ceilings on the maximum amount of a contractor's IR&D that the Department will reimburse. Congress also requires that IR&D projects, to be allowed, must have a potential military relationship. But these controls are not effective.

When the Defense Department's annual share of a contractor's IR&D exceeds $2 million, the Department negotiates an advance IR&D ceiling agreement with the contractor. However, in these negotiations, the Defense negotiators are in a weak bargaining position. Large contractors can hold out for a higher ceiling amount and usually get it.

Four years ago, a large defense contractor refused to agree to an IR&D ceiling that the contracting officer considered reasonable. The contractor insisted on a higher amount and in the Court of Claims challenged the Government's right to set the lower figure. The matter is still pending.

Although negotiations to establish IR&D ceiling amounts are based on technical review of the IR&D proposals, the process is largely "brochuremanship." Defense personnel review the contractor's IR&D submittals and briefings and comment on them. These evaluations, however, have little or no impact on how much IR&D will be handed out.

Those who conduct the reviews for the Government have no incentive to challenge the projects or amounts. Unless Government reviewers can *prove* that a project has no "potential military relationship," the cost of the project is allowed. Projects have been accepted such as development of sewage treatment systems for coin operated laundries; energy studies for heating high rise buildings; and the development of home appliances. These were considered as having a potential military relationship.

I cannot envision a project that could not be defended as having a potential military relationship. What is to prevent a turbine manufacturer from studying fruit flies since fruit is eaten by the piccolo player of a military band? What if the contractor decides to open a catering service—would there not be a potential relationship with the work of military servants assigned to officer's quarters? Under the current IR&D program, the Government is committed to supporting any new venture a defense contractor decides to undertake.

Even if an IR&D project were challenged as a result of technical review, determinations that it does not have a potential military relationship cannot be made without the prior approval by the Office of the Director of Defense Research and Engineering. Even if the challenge were sustained, this rarely would effect the amount of IR&D the Defense Department pays. Any amount so disallowed is considered as included in the costs allocated to non-defense work.

As you can see, the technical reviews have not been effective. In the words of the Comptroller General, "Our studies have found that the PMR (potential military relationship) has had no effect on DOD's reimbursement of contractors' costs."

So far I have been discussing the situation where the Defense Department's annual share of a company's IR&D is $2 million or more. Where the Department pays less than $2 million, the ceiling is set as a percentage of the company's prior year IR&D expenditures. Also, there is then no requirement for technical review of the work to be performed—the costs are automatically accepted.

Thus, while there may appear to be a degree of control over IR&D as a result of past Congressional directives, there is not. The safeguards are largely cosmetic.

IMPACT OF NATIONAL DEFENSE

The argument has been made that *the* Soviet Union is spending twice as much on research and development as the United States in an effort to close a technological gap that developed because of the superiority of the free enterprise system; that IR&D helps finance the ingenuity and innovations which have contributed so much to the success of the free enterprise system; and that therefore continued Government support of IR&D is essential. The impression is left that IR&D helps us hold our lead in technology despite mounting expenditures by the Soviets.

It is dangerous to think that the United States can maintain indefinitely a technological lead over countries that are willing to devote substantially more resources to the task, regardless of their political or economic system. In my view, the fact that the Soviets are spending far more than we are for research and development is all the more reason to spend our limited funds in areas that are most likely to be profitable from a technological standpoint.

Elimination of Defense Department support for IR&D would not mean the end of technological breakthroughs. Nor would it cause the United States to become a second rate research and development country. Prior to 1960, the Department of Defense had a firm policy limiting IR&D. The Atomic Energy Commission followed a policy of allowing independent research and development costs only when such costs were specifically provided in the contract, and only to the extent that such work benefited the basic contract work. When the Commission did participate in a contractor's independent research program, is obtained for the public the rights to technical data and inventions commensurate with the Government's investment. That policy did not impede the development of atomic energy. Neither do

I believe that elimination of IR&D would impede national defense.

SUMMARY

Obviously, some beneficial ideas have resulted from independent research and development. However, we are faced with the need to make decisions in a climate of limited funds. A philanthropist might donate large sums to enable individuals or organizations to pursue their personal interests. But an ordinary citizen with limited income must conserve funds by spending his money where it will benefit him directly. Since philanthropy is not in the Defense Department's charter, I believe it should confine its spending for research and development to specific projects where companies and individuals can be held accountable for expenditures and results. In this way, Congress could also properly exercise its oversight function over IR&D expenditures—something the Congress is presently not doing. If it is considered that private research warrants public support on a basis other than military needs, such support should be authorized by Congress, and administered on that basis, not hidden in the price of defense contracts.

The current IR&D program does not provide benefits to the Government anywhere near the cost. It is a subsidy the Government can no longer afford. Nor is the nation served by the further concentration of economic power in the hands of a few large defense contractors, which the present policy assists.

RECOMMENDATIONS

1. The present system of DOD payments for independent research and development and bid and proposal expenses should be eliminated.

2. The Department of Defense should allow costs of independent research and development projects only when such costs are specifically provided in the contract and then only to the extent such work benefits the contract work itself.

3. The Department should receive, in the name of the Government, patent and data rights commensurate with costs financed by the Government on independent research and development projects.

4. In cases where company proposed research and development projects have sufficient benefit to warrant the cost, the Department should finance the work by direct contract, rather than through IR&D. Responsible Government officials would supervise the work, as they are supposed to for all work the Government undertakes.

5. If federal subsidies of private independent research and development are necessary in other areas, such subsidies should be administered by the appropriate Government agency which has expertise in that area. Subsidization would then be aboveboard and measurable by Congress. Appropriate controls could be established to preclude concentration of technology among a few favored industries; to provide adequate direction over the work; and to ensure the Government retained rights to work financed with public funds.

CONCLUSION

The present situation with respect to IR&D is in effect "taxation without representation." Congress has, in essence, delegated its rights and duties under the Constitution to Defense officials. There is little surveillance by the Department or by Congress of these large expenditures. Appointed Defense officials are under no constraints as to the amount that can be approved.

Just think how popular you can become with contractors when you have a billion dollars to give away with no strings attached. To put this in perspective, I remember from my high school days that the entire federal budget in 1916 was about $700 million.

I contrast this easy way of spending money with the one I have to face when I ask for hard-to-get, relatively small sums for research and development from the very same people who approve the IR&D. And when they agree, the request must still be justified and defended before the authorizing and appropriations committees of Congress.

The recipients of IR&D largesse do not have these problems. They can simply initiate a program and charge the cost to Government contracts, without justifying the expenditure to the Defense Department, to Congress, or to anyone else. Defense contractors contend that their reimbursement is subject to ceilings set by the Defense Department. But if they can persuade Defense officials to accept a higher ceiling, they can get it.

It is inevitable that favoritism may enter into such a practice. Yet no one could ever be proved guilty of wrongdoing because the amounts approved are left entirely to the judgment of those in charge.

I sometimes wonder what the ordinary citizen, who has to labor in making out his income tax, would think if he knew and understood this strange system of handing out government funds. He might even wonder why he also is not given some of the free money, when it is so readily given to large defense contractors.

How do you suppose he would vote on this issue were he to have the opportunity?

Mr. Chairman, I deeply appreciate the opportunity to present my views on this subject to your two committees.

HEW MARIHUANA SURVEY

Mr. JAVITS. Mr. President, a comprehensive nationwide survey commissioned by the National Institute on Drug Abuse, U.S. Department of Health, Education, and Welfare, recently sampled public beliefs, attitudes and behavior with regard to a wide range of legal and illegal drugs.

The data was gathered by Response Analysis Corp. of Princeton, N.J., from personal face-to-face interviews—3,071 adults, 952 youth—between November 1974 and March 1975. This data complements similar surveys by Response Analysis undertaken for the National Commission on Marihuana and Drug Abuse in 1971 and 1972.

Mr. President, I ask unanimous consent that a brief summary of the survey results concerning marihuana be printed in the RECORD.

There being no objection, the survey summary was ordered to be printed in the RECORD, as follows:

TABLE I.—MARIHUANA AND HASHISH EXPERIENCE

[In percent]

	Adults			Juveniles (12 to 17)		
	1971	1972	1974	1971	1972	1974
Ever used marihuana	15	16	19	14	14	23
Current user [1]	5	8	7	6	7	12
Began smoking marihuana within last year [2]	(2)	(2)	2	(2)	(2)	9
Ever used hashish	(2)	(2)	9	(2)	(2)	10
Current user	(2)	(2)	2	(2)	(2)	3
Began smoking hash within last year	(2)	(2)	1	(2)	(2)	5

[1] Current user defined as having used within past month.
[2] Not included in 1971 and 1972 surveys.

TABLE II.—MARIHUANA EXPERIENCE AMONG PARTICULAR SUBGROUPS

[In percent]

	Have ever used	Current users
Age: (adults):		
18 to 25	53	25
26 to 34	29	8
35 to 49	7	1
50 plus	2	
Age (youth):		
12 to 13	6	2
14 to 15	22	12
16 to 17	39	20
Sex (adults):		
Male	24	9
Female	14	5
Sex (youth):		
Male	24	12
Female	21	11
Education (adults):		
Below high school graduate	9	3
High school graduate	20	7
Currently in college	61	33
Some college completed	27	10
Region (adults):		
Northeast	22	7
North central	17	7
South	13	4
West	29	11
Region (youth):		
North	26	14
North central	21	11
South	17	6
West	30	19
Population density (adult):		
Large metropolitan	25	9
Other metropolitan	19	8
Nonmetropolitan	11	3
Population density (youth):		
Large metropolitan	27	14
Other metropolitan	22	11
Nonmetropolitan	18	10

TABLE III.—SUBSTANCES REGARDED AS DRUGS

[In percent]

	1972	1974
(Adults):		
Alcohol	39	48
Tobacco	27	32
Marihuana	80	82
(Youth):		
Alcohol	34	40
Tobacco	16	21
Marihuana	80	81

TABLE IV.—SUBSTANCES REGARDED AS ADDICTIVE

[In percent]

	1971	1972	1974
(Adults):			
Alcohol	74	75	78
Tobacco	70	67	72
Marihuana	65	59	68
(Youth):			
Alcohol	69	71	78
Tobacco	58	58	62
Marihuana	48	50	54

TABLE V

[In percent]

	Adults		Youth	
	1972	1974	1972	1974
AGREEMENT WITH STATEMENTS ABOUT MARIHUANA				
1. You can try marihuana once or twice with no bad effects	44	46	42	49
2. You can use marihuana without ever becoming addicted to it	26	24	31	33
3. Marihuana makes people want to try stronger things like heroin	65	62	65	59

TABLE V—Continued

[In percent]

	Possession	Sale
PREFERRED HANDLING OF MARIHUANA OFFENSES (ADULTS)		
No penalty	16	7
A fine only	15	15
Probation	21	10
Require treatment	34	1
Up to 1 yr in jail	6	27
More than 1 yr in jail	4	36
No opinion	4	4

Note: A total of 52 percent now favor only a fine and/or probation, and 86 percent oppose the imposition of any jail penalty.

TABLE VII.—TOBACCO AND ALCOHOL USAGE RATES

[In percent]

	1971	1972	1974
Adults:			
Current smoker	39	38	41
Do not smoke	55	59	58
Youth:			
Current smoker	15	17	25
Do not smoke	80	82	74
Adults:			
Current drinker	(1)	(1)	58
Drank in past, but not within month	(1)	(1)	81
Always a nondrinker	(1)	(1)	24
Youth:			
Current drinker	(1)	(1)	34
Drank in past, but not within month	(1)	(1)	20
Always a nondrinker	(1)	(1)	44

[1] Not included in 1971 and 1972 surveys.

IMPROVING THE MILITARY DISCHARGE REVIEW PROCEDURE

Mr. McGOVERN. Mr. President, earlier this year the Department of Defense announced plans to expand the military review system by establishing review boards in several geographic locations outside Washington, D.C., currently the only site of the service review boards. At the time of this announcement I stated that this was a welcome step and hopefully one toward a truly equitable system of recourse for veterans who have suffered unduly and unjustly from the stigma of less than honorable discharges—handicaps which have crippled too many vets for too long.

However, I coupled my praise with a strong reservation that this move might not be as significant as it appears. DOD has a long way to go in this area and I have suggested further needed steps in the provisions of S. 1254, the bill I introduced seeking changes in the review procedure. I also joined several of my colleagues in sending a letter to the Secretary of Defense pointing out the shortcomings of the new DOD plan and asking what effort will be made to correct the faults, improve the procedure and make it more effective as a whole.

What we are trying to tell the Department of Defense, and I hope they are listening, is that this is a problem which will not go away until we do something to resolve it. As long as there are veterans who are suffering because they unfairly received a less than honorable discharge and have no real system of redress, we will continue to be faced with this problem. Changes in the system are needed and demanded. Veterans cannot ignore this, and Members of Congress must not.

In the latest issue of "The Vietnam Vet," published by the Wisconsin Veterans Union at the University of Wisconsin, a statement from the Vietnam Veterans Coalition appeared. While the recommendations listed differ in part from those I outlined in S. 1254, I think the piece makes a strong case for the need to improve the military discharge review system. To bring this problem again to the attention of my colleagues, and to emphasize the priority we must attach to it, I ask unanimous consent that this article by Dave Baumann, together with a recent Stars and Stripes editorial by John M. Reed, Jr. of Eastland College, be printed in the RECORD.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

DISCHARGE REVIEW BOARDS

(By Dave Baumann)

(The following is a statement from the Wisconsin Vietnam Veterans Committee:)

To the soldiers who come home with drug problems and to the men who come back physically disabled must be added still another group who carry with them the bitter legacies of the Vietnam War—those who returned marked dishonorable and unfit. From the Gulf of Tonkin Resolution in 1964 through the summer of 1974, more than 650,000 soldiers were dismissed with less than honorable discharges. If the reception that other veterans have received has been ambivalent, the homecoming these men have faced has been even more dismal.

Were their discharge papers their only handicap, the prospect for these veterans might not be that serious, but typically a bad discharge is only the most recent problem in a biography of misfortune. Often poor, almost always with limited education, disproportionately black veterans with less than honorable discharges have a series of strikes against them. Employers who have more than enough jobless veterans to choose from will consider these men last and, usually, not at all. Even if they had a job before being drafted, the character of their discharge precludes them from asserting legal rights to reemployment upon return.

An Undersirable Discharge, former California Congressman Clyde Doyle once observed, is "not only a stigma" but, "a life sentence", unless it is changed. It is a life sentence, one might add, given to men sometimes only nineteen or twenty years old. Youths who drop out or are expelled from high school have some chance to return and redeem themselves. Youths who are expelled from the army are not.

Until recently, very few discharges were changed after a soldier became a veteran. Men were discouraged from appealing because the process usually took years and required legal assistance beyond their means. They have been told, moreover, that appeals are usually fruitless, and the records bear this out. During a six-year period from 1966 to 1971 the Army Discharge Review Board upgraded approximately 14% of the discharges of those persons who appealed to it. Since, at the most, only one out of every five veterans who receives a bad discharge ever appeals, those who had their discharges upgraded probably represented no more than 3% of the total.

Vietnam-Era veterans groups along with a number of church groups recognized the problems faced by veterans wishing a hearing and representation before the Discharge Review Boards. These groups began to establish Discharge Upgrade Projects to aid the veteran. The projects encountered a long and protracted process of assembling data and forming a brief for the individual veteran followed by a wait of four months to a year for a hearing date. Along with this the veteran was saddled with the expenses of going to and from the hearing and in many cases retaining legal representation in Washington to appear with the veteran at the hearing.

The importance of the veterans' personal appearance at the hearing (while not required) is dramatically illustrated by the following figures:

Percent upgraded	With appearance	Without appearance
Air Force	65.0	30.4
Army	18.5	11.7
Navy	67.1	22.7
Marine Corps	35.8	16.8

It has become a question of whether a veteran can literally afford justice from the U.S. Armed Forces.

The statistics also dramatically point out the large incidence of reverals on the part of the Armed Forces in the meting out of less than honorable discharges.

It is our experience that the long waiting periods which discourage all but the most persistent veteran are indicative of the gross inadequacies of the Department of Defense and the Discharge Review Boards themselves. The fact being that even with the extra boards and only a fraction of the veterans applying for a hearing, it could conceivably take 50 years for the Discharge Review Boards to hear all of the appeals.

The veteran's ability in getting a just and adequate hearing seems to hinge on his ability to get a hearing date. With these facts in mind, we are strongly recommending the following procedures and policies in conducting the Discharge Review Boards (D.R.B.s):

(1) Granting the large numbers of veterans with less than honorable discharges along with the financial hardship placed upon veterans who wish to attend their hearing, we are urging the establishment of a D.R.B. in every state and territory of the United States.

(2) That the D.R.B.s in part consist of civilians to include Vietnam-Era Veterans, minorities, Military Law experts, Doctors and Clergy.

(3) The publishing of defined procedures and regulations governing the adjudication process on the part of D.R.B.s.

(4) The Department of Defense should be mandated to inform all veterans eligible for hearing before the D.R.B. of this opportunity available to the veteran.

(5) Because justice should not be based on financial ability the expenses incurred in traveling to and from the hearing as well as attorney fees should be payed, if the veteran is unable to pay.

(6) A separate unit at the Military Records Center in St. Louis should be established to expedite requests for records by both the D.R.B.s and the individual veteran.

(7) Federal funding should be made available to established community-based discharge upgrade centers which would conduct outreach in order to make the veteran aware of the existence of the D.R.B.s, as well as providing legal assistance to help prepare the veteran for his/her appearance.

We feel that these recommendations, if implemented, will greatly alleviate the problems facing the veteran with a less than honorable discharge.

REVIEW OF DISCHARGE MADE EASIER?

(By John M. Reed, Jr.)

I would like to take this opportunity to commend the Department of Defense for establishing a program which is almost equal in "white-wash" value to the V.A. Vet Rep Program. The Vet Rep Program has done little to solve pay problems; it has simply placed dedicated Vietnam Era Veterans into the "field", and given them nothing but excuses to work with. Comparably, DOD has made the review boards more accessible but has done nothing to solve major problems with the review system itself.

The meager 15 percent correction rate for discharges should be investigated, when well versed authorities estimate that over 50 percent merit correction. The major contributing factor to this discrepancy is probably the make-up of the boards. Since the boards are comprised totally of military personnel, it is extremely difficult to persuade them to reverse a discharge given by other military personnel. The composition of the boards should be expanded to include Vietnam Veterans, Clergymen, Representatives from Veterans Organizations, Veteran Program Administrators, etc. If these persons do not actually sit on the boards, they should at least sit on an advisory committee with the ability to make a major impact on the boards' decisions. I hope that our people in Houston and New Orleans will deal with this problem, and assist veterans to professionally plead their cases. Law Schools may be interested in the case problems.

DOD has also chosen to completely ignore the questionable legality of "Administrative Discharges" (General and Undesirable), which comprise over 90 percent of all "Less than Honorable Discharges". Military officers have been virtually unmonitored as they merrily mete out thousands of unjust and unnecessary Administrative Discharges. Obvious legal rights (such as "due process", "equal protection under the law", "fair and impartial hearing", etc.) have been completely avoided in many cases; and numerous Administrative Discharges were handed out simply over personality conflicts. It amazes me that Congress and the Courts have stood idly by during this entire fiasco.

We have been seen what happens when a Government Agency, the C.I.A., goes unmonitored. When the military issues a "Less than Honorable Discharge", they have "branded" a person for life, and I only hope that concerned persons across the country do not allow the Department of Defense to continue to circumvent Constitutional guarantees.

CONGRESSIONAL SUPPORT FOR THE INDIAN HEALTH CARE IMPROVEMENT ACT

Mr. FANNIN. Mr. President, on September 25 and 26, the Subcommittee on Indian Affairs of the House Interior and Insular Affairs Committee held hearings on the Indian Health Care Improvement Act. Participating in these hearings was a panel of congressional leaders composed of Congressman Rhodes, the minority leader, Senator Goldwater, Senator Jackson, and myself. To indicate to the Senate our conviction that legislation is needed to resolve the deficiencies in our Indian health care programs, I ask unanimous consent to have printed in the Record my statement as well as those of our colleagues.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Statement of the Honorable John J. Rhodes Before the Subcommittee on Indian Affairs

Mr. Chairman, Members of the Committee: It is a pleasure for me to address you this morning, in the company of these Senatorial colleagues, and express my strong endorsement of the Indian Health Care Improvement Act.

The unmet health needs of the American Indian people are extensive and severe. By all accounts, it is evident that the general health status of these native Americans is considerably below that of the general population of the United States. I am certainly aware of the severe health conditions existing on many, if not all, of the reservations in Arizona, and therefore appreciate the opportunity to assure you, as members of this Committee, that there is a need for affirmative action, and to establish the fact that there is strong bipartisan support for this legislation.

I know that each of you is familiar with the contents of this bill. It creates a comprehensive Indian health manpower program. It provides for additional expenditures in the area of needed curative and preventive services, as well as appropriating monies for the renovation or construction of IHS hospitals, health centers and health stations. The severe problem of safe water and sanitary waste disposal facilities is acknowledged and dealt with.

The Department of Health, Education, and Welfare has in the past advocated authorizing Medicare and Medicaid reimbursements for services provided to eligible beneficiaries in IHS facilities. This bill provides for just such reimbursement.

These important provisions, in conjunction with several others I have not specifically mentioned, fit together to create a complete, well-planned program for the future of Indian health.

Mr. Chairman, this committee has been exposed to countless statistics outlining the condition of Indian health services today. The fact that tuberculosis is eight times more prevalent among Indians than other Americans, and facts such as those establishing the high occurrence of otitis media and infant mortality must leave little doubt in your minds of the needs of legislation such as the Indian Health Improvement Act

I believe it is true that tremendous progress has been made in modernizing health care provided to the native American. Yet, it still falls short of where it ought to be and where it could have been if expenditures and planning had been sufficient to meet the continuing need.

Statement by Senator Paul J. Fannin on the Indian Health Care Improvement Act

Mr. Chairman, I appreciate the opportunity to appear before your Committee and to participate with Congressman Rhodes, Senator Goldwater, and Senator Jackson in urging, as strongly as possible, the approval of the Indian Health Care Improvement Act. This legislation, which has twice been approved by unanimous consent in the Senate, represents a major effort to assure quality health care for our Indian citizens. While most Americans have access to a wide range of health services our Indian people must rely on the Indian Health Service which is attempting to meet the demands for services under conditions which can at best be described as a gamble and at worst, a disaster.

For far too long the Indian Health Service and the Indian people themselves have experienced government policies which resulted in adequate funds, inadequate manpower, and inadequate facilities. In the place of a comprehensive plan to meet the health needs of Indian people, government policies have had the effect of a band-aid. Budgets for the Indian Health Service were often designed to meet the minimum needs of patient care and field health services. And in particular, construction funds for the Indian Health Service have been totally inadequate to meet the glaring need for better facilities. With only a few construction projects authorized in recent years, most of which were the result of congressional intrevention, the Indian Health Service has had to face continued deterioration in most of its facilities and do what it could to keep them going for yet another year, despite the knowledge that most of these facilities were out of date, beyond repair, and unsafe. In short, the Indian Health Service cannot, under present circumstances, provide quality health care to the nearly 500,000 Indian citizens for which it is responsible.

The Indian Health Care Improvement Act, as passed by the Senate, was primarily designed to respond to these deficiencies. It attacks the shortages in manpower by establishing a program emphasizing the development of Indian health care professionals. To overcome inadequate services, the Indian Health Care Improvement Act would provide additional resources to remove the backlog in surgical cases, dental service, eye care, as well as other needed services such as the treatment of alcoholism. Finally, the bill proposes to provide funds to eliminate the vast number of inadequate and unsafe facilities of the Indian Health Service.

These goals represent the basic outline of the Indian Health Care Improvement Act, but more importently, they represent the basis for a comprehensive plan to guide the Indian Health Service over the next seven years in curing the deficiencies in Indian health care programs. In our consideration of this legislation we endeavored to produce a program which, if enacted, would not only assure the realization of the objectives of the Indian Health Service but it would provide an important reference point to judge whether progress is being made in meeting those objectives. This element of accountability is one of the most significant aspects of this legislation. By establishing a plan we have in essence established a process by which Federal resources are utilized in a rational way and by which Indian people can be assured of progress in eliminating the deficiencies in their health care programs.

Finally, the Indian Health Care Improvement Act stands as a testament to the conviction that the Federal Government has a clear responsibility to assure a quality health care program for our Indian citizens. Our response to the health needs of Indian people has been decidedly weak, but if approved, this legislation will substantially strengthen that commitment and the opportunity for achieving greater economic and social progress among Indian people.

Mr. Chairman, in closing I would like to respond to the criticism of this bill. It is said that the expenditure of $1.6 billion over the next seven years is unnecessary and unrealistic. Let me assure you and the members of your Committee that these funds, if expended under the comprehensive health plan that we have devised, will prove to be a worthy investment in realizing better health care for our Indian citizens. Without additional funds, any serious effort to respond to the deficiencies in our Federal Indian health care programs will not only fail, but the crisis in Indian health care will continue unresolved.

Thank you, Mr. Chairman.

Statement Before the House Interior Subcommittee on Indian Affairs

(By Senator Goldwater)

Mr. Chairman, Thank you for giving us the opportunity to come before your committee to request your support of the Indian Health Care Improvement Act. There's not much more I can add to what my colleagues have already said except that this legislation is long overdue. I think in some ways it does not go far enough, but it certainly is a very good start.

I have lived with the Indians of my state all my life; not just knowing them but living intimately with them, operating a trading post on the Navajo Reservation for a number of years and I have seen the whole history of neglect unfold.

Though we in Congress may have appropriated yearly increases for the Indian Health Service, we've merely sustained a "status-quo" health delivery system for the Indians which is less than substandard to the white man's health care. $1.6 billion over 7 years is not that much to ask for when considering the disgraceful conditions that the Indians and the Indian Health Service have had to put up with for so many years.

You know, we talk a lot about self-determination for the Indians and at times, this talk is the only action the Indians get. You have before you a bill which would give the Indians an incentive for self-determination in the health field and which would allow them the opportunity to get involved in providing health care to their own peoples. The Indian Health Care Improvement Act is a concrete structured plan and *it will work*. Let's show these first Americans that their government is responsive to their health needs and in doing so it recognizes its responsibility not only to help the Indians but to enable them to help themselves.

STATEMENT BY SENATOR JACKSON BEFORE INDIAN AFFAIRS SUBCOMMITTEE

Mr. Chairman and Members of the Committee: I am pleased to join with my distinguished colleagues, Senators Fannin and Goldwater and the Minority Leader of the House of Representatives, John Rhodes, to offer my strong support for the Indian Health Care Improvement Act.

In my view, there are two basic reasons why Congress should move quickly to shape the pending bills on this subject into an acceptable proposal and enact it into law at an early date.

First, as an act of humanitarianism, we must authorize a health delivery system for American Indians and Alaska Natives that will put an end to the illness and disease which are contributing to needless deaths and disabilities in the Native American community.

The poor health status of Indian and Alaska Native peoples is a matter of record. I need not belabor you with a recitation of the sad statistics. But let me emphasize that tuberculosis, diabetes, respiratory and gall bladder illnesses, and inner ear infections affecting children are commonplace among the Indians and Alaska Natives. These afflictions are no longer considered a health threat to the general population. We can no longer accept their prevalence among the Indians and Alaska Natives.

Second, Congress must enact this vital Indian health legislation as an adjunct to the Indian Self-Determination and Education Assistance Act approved by the 93rd Congress. This landmark Indian policy initiative institutionalizes the concept of self-determination by authorizing Indians and Alaska Natives to assume the control and management of programs currently administered by the Bureau of Indian Affairs and the Indian Health Service.

However, our hearing record and Committee report on the original Senate version of the Indian Health Care Improvement Act make all too clear that the Federal health care delivery system is incapable of meeting the overriding health needs of the Indian people. It would be unwise and grossly unfair to expect Indians and Alaska Natives to assume control of this deficient health care system. By enacting the Indian Health Care Improvement Act into law, the Congress can give meaning and substance to this important Indian policy initiative today and in the years ahead.

Through a strong bipartisan effort in the Senate, the Indian Health Care Improvement Act was tailored as a measured response to the far-reaching health needs of the Native Americans. Its various provisions hold promise to open the professional health ranks to Indians for service in their own communities; to expand existing curative and preventive programs; to establish community mental health and alcoholism programs; to construct modern and safe hospitals, health centers and clinics; to improve the environmental climate of the Indian community; to open national health resources to Indians; and to establish health programs addressed to urban Indian health needs.

Mr. Chairman, the Indians and Alaska Natives are joined in support of this legislation. Moreover, the major national professional health organizations concur in its purpose and intent.

We cannot buy good health for Native Americans at bargain basement prices. This legislation authorizes programs costing $1.6 billion over a seven year period. That is the price of a century or more of neglect of the health status of the entire population of the Native American community. Let us view this legislation as an investment in the Native Americans that will guarantee to them a right to good physical and mental health; a right that most Americans already enjoy. That is an investment I hope we will make in the 94th Congress.

SOLAR-ASSISTED HEAT PUMP INSTALLATIONS

Mr. ABOUREZK. Mr. President, Fred S. Dubin, a New York engineer, is nationally and internationally known for his work in solar energy, especially for systems to cool and heat buildings. Recently Mr. Dubin presented a paper at a workshop sponsored by the Pennsylvania State University, an event sponsored by the Energy Research and Development Administration and the American Society of Heating, Refrigerating, and Air-Conditioning Engineers.

The subject of Mr. Dubin's paper was: "Solar-Assisted Heat Pump Installations in Cold Climatic Zones."

In South Dakota, Mr. President, and in many other States of the Midwest, the only energy source available for new homes or for new buildings is electricity. In one small area of my State, more than 250 electric heat pumps have been installed in the past year. The Pennington County Housing and Redevelopment Commission in Rapid City, S. Dak., is proposing a solar-assisted heat pump installation for a new 54-unit public housing project for the handicapped.

Mr. Dubin in this paper describes this type of installation in six projects in various parts of the Nation. He presents a series of conclusions and recommendations concerning the use of solar systems with electric heat pumps. His paper is a valuable addition to the knowledge of this type of installation and will be useful for many Members of Congress whose States must also turn to electricity as the major source of energy.

I am convinced that a solar system with an electric heat pump is the best opportunity to conserve energy for many areas of the Nation. I ask unanimous consent that Mr. Dubin's paper be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

SOLAR ASSISTED HEAT PUMP INSTALLATIONS IN COLD CLIMATIC ZONES

(By Fred S. Dubin, P.E., Fellow ACEC, President of Dubin-Mindell-Bloome Associates, P.C. Consulting Engineering and Planners, and Chairman of the Energy Committee of the American Consulting Engineers Council)

INTRODUCTION

The observations, conclusions, and recommendations presented in this paper are based on the following criteria:

Cold climatic zones are those geographical areas that experience an average of 4,000 heating degree days (base 65 ° F) or more.

Solar energy is utilized primarily for space heating alone or also for domestic hot water.

Flat plate collectors, or other non-focusing collectors, are used to heat water (could be air) which is used directly in heating coils or terminal heating devices when collection temperatures are adequate, and as a heat source for a heat pump to deliver warm air or warm water to the building when collection temperatures from the collector above are not high enough.

The heat pumps are essentially vapor-compression cycle prime-movers which are used to extract heat from water which is heated by the solar collector (by chilling it) and delivering warm water or air to the building at a temperature which is elevated above that of the warm water from the collector or available from storage.

Heat pumps are water-to-water, water-to-air, or air-to-water or air. The latter two types employ a water coil supplied from the solar collector or storage tank to raise the temperature of the air heat source to improve the C.O.P. of the heat pump and its available capacity for space heating.

When the heat pump is used in the refrigeration mode for air conditioning (without the use of solar energy) the economic feasibility of the total system is enhanced; but there are situations when the economic feasibility of the system is still attractive although no air conditioning is required and the solar assisted heat pump operates only in the heating mode.

There are few basic facts which might be well to review before proceeding further:

For any given solar collector, the efficiency increases as the average temperature of the circulating fluid in the collector decreases (inlet temperature + outlet temperature ÷2).

The coefficient of performance (C.O.P.) of a heat pump operating in the heating mode is the ratio of useful heat delivered to the building (the heat of compression plus heat extracted from the evaporator) vs. the heat equivalent of the energy input to the heat pump. For a given condensing temperature, the C.O.P. increases as the temperature of the heat source increases, and the capacity of the heat pump (expressed in Btus/hr.) also increases.

The total amount of electricity or fossil fuel energy required annually to heat the building and/or domestic hot water in a solar assisted heat pump system is the sum of the power required to operate the heat pump, the circulators and fans plus any additional electricity or fossil fuel required to supplement the solar-heat pump system.

For each KWH consumed by the heat pump, the heat equivalent of approximately 3.3 KWH are consumed at the electric generating plant. This energy is often referred to as "raw source energy", while energy consumed directly in the building is referred to as energy used "at the building boundary". From a national standpoint, we are interested in reducing the amount of raw source energy used.

In analyzing the economic feasibility of a solar assisted heat pump system vs. either a direct solar heating system alone, or a heat pump system alone (usually both of the latter systems will require a supplementary conventional source of energy as well) the sum of the annualized capital costs, maintenance costs, and energy costs for each system must be compared.

For a given solar collector, the conduction and convection losses increase as the ambient temperatures decrease, and as the wind velocity increases (except evacuated collectors). In cold climatic zones, the losses are more severe than in warmer climates. These losses can be compensated for by increasing collector area, changing the collector configuration, or by more efficient collectors, all of which increase the capital costs of the solar collector. The collectors contribute the major costs in a solar energy system.

It should be quite evident now, that the use of heat pumps with solar energy heating systems in the cold climatic zones can be cost-effective. With a solar assisted heat pump system, the strategy is to use the lower cost collector (rather than to use higher cost collectors to offset the conduction and convection losses which are greatest in cold climates) to provide a warm fluid heat source. In many cases, the heat storage system, mainly hot water in tanks at present, can also be smaller with the heat pump as compared to a solar system without heat pump assistance.

As domestic gas and oil reserves diminish, and imports increase in costs, we may move quite rapidly to an all-electric economy, at least until alternative energy sources are more highly developed. It behooves us then to examine our use of electricity with a very very much more critical eye. The heat pump consumes only ½ to ¼ of the amount of electricity that electric resistive heating requires and can reduce peak electric power requirements by 30 to 50%. Solar assisted heat pump systems which are designed so that direct solar energy supplies on the order of 50 to 60% of the seasonal heating requirements directly (the heat pump is inoperative during these periods) and the solar system provides a heat source for the heat pump to supply an additional 35% of the annual heat energy required (and at a relatively high C.O.P.), leaving only about 15% or less of the annual energy use to be supplied by supplementary heat from electricity or fossil fuels appear to be the most economically feasible for most cold climate installations. To attain that performance, it is most cost effective to design the building and select building materials which reduce the heat loss to about 50% of that of the typical building erected in the past 10 years. The more efficient thermal building permits the use of low temperature heating media to handle the load.

The building, the solar collector and storage system, the heat pump, the heat distribution system, and the supplementary heating system must be considered synergistically. The design of any one of the components or subsystems affect the others and the total annual thermal performance and costs as well.

The upper limit of the fluid temperature which a heat pump can deliver to a building is about 110°F–115°F. These temperatures determine the heating coil or radiator sizes, and water and air quantities which will be greater than would be needed if designs were based on than the usual design criteria of 130°–160° air temperatures, or 180°F–200°F water temperatures. Heating elements in the building, sized for the lower temperatures available from heat pumps, also permit extended use of the solar collectors directly. However, the lower fluid temperatures require larger air handling or terminal heating devices. By reducing the building heat loss, the following advantages accrue:

Less supplementary heat is required annually.

The lower media temperatures are capable of handling peak heat losses.

A less expensive supplementary system can be used since it will operate only a fraction of the number of hours in the heating system.

Reducing the heat loss lowers the quantity of air or water required, thus reducing the initial and operating costs of the circulating systems which are already penalized by the lower media temperatures.

A variable air volume system, even in a residence, can further save energy, since peak air quantities are required less than 10% of the hours in the winter, and for a majority of the heating hours, the energy consumption for the fans is reduced. (water systems can be variable volume also.)

BACKGROUND

We have not found any computer programs which can provide an accurate analysis of a solar assisted heat pump system to optimize the equipment selection and building construction for each of the dozens of alternatives available. Some of the alternatives include:

The number and size of storage tanks,
The control cycle,
The collector type and size,
The specific heat pump characteristics,
The building envelope, and
The building HVAC systems.

In the solar assisted heat pump projects which are briefly described in the following section entitled CURRENT PROJECTS, we utilized a number of computer programs for building load and system analyses, and performed a large number of hand calculations before finalizing design. It remains to be seen whether the final designs are optimum or not. However, in all of the systems there are sufficient controls, valves and piping arrangements to permit modifying the mode of operation in order to gather data for future designs. As a matter of fact, we view all solar energy projects at this time as test-bed installations to develop design procedures, analytical methods and gather test data. The conclusions which are summarized below are based upon our experiences gained during the analyses and/or design of the projects which are described below.

SUMMARY OF CONCLUSIONS

Solar collectors can produce 35 to 50% more usable Btus per year when coupled with heat pumps; and

There is a greater savings in fossil fuels and electricity per dollar invested in collector and storage systems.

Always use solar heat fluid from the collector or storage directly to the heating coils or radiation in the building when the temperature of the fluid is high enough, before operating the heat pump.

It is always cost-effective to first reduce the building heat loss through energy conservation construction techniques and materials.

All of the buildings for which we have designed solar energy systems have loads less than 50,000 Btus/sq. ft./yr., for all energy requirements, the standards we developed for GSA office buildings.

Reflectors located in front of collectors to increase the concentration of radiation on the solar collectors reduce the operating hours required of the heat pump.

Each project requires a separate and detailed analysis—someone else's description of a design for their building can provide ideas, but cannot be used for any other specific project. It is impossible to extrapolate from some other person's experience as a design tool for yourself.

It is usually cost-effective to utilize solar assisted heat pumps in cold climatic zones as compared to using direct solar heat alone.

Solar assisted heat pump systems to heat domestic hot water only, can be cost-effective in all climates. Cost-effective means different things to different people. For the purpose of this discussion, cost-effective means a pay-back period of the initial investment for solar and heat pump equipment of less than 20 years for State and Federal buildings, less than 10 years for residences, and less than 3 years for speculative buildings.

When supplementary heat is required it should be introduced into the system as close to the ultimate load as possible, rather than used to boost storage temperatures.

The thermal losses and thermal inertia of the storage systems reduces the amount of effective heat gained from the supplementary source.

Use multiple storage tanks rather than a single heat storage tank, so that higher grade heat stored in the first tank will not be degraded by lower temperature fluid from the collectors.

The high temperature tank can be used as a source for direct heating and the fluid in the low temperature tank, which might otherwise have been discarded if only a single tank had been used, provides the heat source for the heat pumps.

It is generally more cost-effective to use a solar assisted heat pump during the heating mode, and the vapor-combination heat pump for cooling rather than a system which employes solar heating directly and provides the solar cooling with an absorption refrigeration system.

It is difficult to provide a sufficient number of Btus at 180°F or more for absorption cooling with standard flat plate collectors; if solar cooling with absorption refrigeration cannot provide more than 60 percent of the seasonal cooling requirements, the electric or gas engine driven refrigeration unit will use less raw source energy for cooling.

It is essential to install efficient and compatible HVAC systems with solar energy installations. I emphasize compatible, because a variable air volume system which I mentioned before, does save fan horse power, but must be carefully designed when used with direct expansion heat pumps.

A few particularly favorable energy conservation ideas include modular pumping; modular boilers if used for auxiliary heating in large buildings; ventilation air reduced to 5–8 cfm per person; a hot gas heat exchanger in the refrigerating system to heat domestic or service hot water; efficient lamps and luminaires to reduce the power required for lighting and hence the magnitude of the cooling load.

The heating and cooling load profiles should be controlled by the design of the building to optimize the performance of the total system when used year around.

In existing buildings which are retrofitted for solar and, or, heat pump heating, use the cooling coil during the heating season, since the larger coil surface will permit the use of lower fluid temperature to attain the same thermal performance.

CURRENT PROJECTS

There are common characteristics in all of the projects which are briefly described below. However, each project has some unique features. It is not possible to describe each project in detail, but separate papers are available upon request which does describe each of the following buildings.

1. GSA energy conservation demonstration office building, Manchester, New Hampshire:

This is a 7 story, 126,000 sq. ft. building, not including the underground garage now under construction. The solar energy system includes approximately 4,700 sq. ft. of solar collector, mounted on the roof in four rows. The collector performance and space requirements are based on flat plate collectors, facing south and arranged with a mechanism to provide adjustable tilt from 20° to 80°. The angle adjustment will be done seasonally to provide the amount of heat and temperature required for heating and cooling—the lower angles in the summer are best for cooling. The three storage tanks are used to store hot water from solar collectors, or waste heat from the diesel-gas engine, and chilled water in the summer time. Heating coils were selected to permit operation with hot water at low temperatures to increase the collector efficiency.

The solar collectors provide a heat source to supplement heat from the interior spaces for a heat pump, driven by the emergency diesel engine-generator set, and as a heat source for the closed-loop heat pump installation which is installed in 3 of the 7 floors. There are different types of heating and lighting on each floor, so that their relative performance may be compared during operation.

In addition to the heat pump systems there are variable air volume systems, fan coil systems which can operate as 2, 3 or 4 pipe systems; separate air handling units for interior and each of the four exterior perimeter zones; blow-thru air handling units; compressors piped in series arrangements; enthalpy control with economizer cycle; recirculated toilet exhaust air through charcoal filters; air filters with low frictional resistance; electric ignition instead of gas pilots; and CO_2 monitoring system in garages. The lighting systems include photo-cell control for a natural light floor; selective lighting on all floors to include low level ballasts; average power for lighting, 1.9w/sq. ft.; furniture mounted task lights on first floor; multi-level ballasts and polarized lighting; high output lamp sources including sodium on one floor; mercury vapor lamps in garages.

2. Administration and Research Building for the Cary Arboretum of the New York Botanical Gardens:

This is a 2-story, 28,000 sq. ft. building now under construction in Millbrook, N.Y. It will be used as the administrative offices and research laboratories to support the arboretum program and provide class rooms for educational purposes. The major features include the following:

The lowest level is below grade and is served with light shafts to supplement electric lighting—the building is set back into wooded area where the trees provide a windbreak on the north and sun shading on the west—the east facade is bermed up to 4 ft. above the ground level—masonry walls with insulation located on the external surface of the outside wall provide thermal mass and thermal resistance—the window area on the northern facade is less than on the west and east facades, and considerably less than the south facade—all glazing is equipped with external solar control to permit the solar rays to enter the building in the winter, especially on the south facade to reduce heating loads, and shade all windows during the summer time to control the heat gain—all windows are equipped with sliding insulating shutters on the interior to reduce heat loss at night and during unoccupied periods—the U-factors of the opaque walls and roofs are less than .06—the roof is designed in a sawtooth fashion and the solar collectors are located on the south facing slope of each peak—the building will be equipped with approximately 6,000 sq. ft. of solar collectors, 3 tanks for storage of solar heat and excess heat from internal source for use during sunless periods—a heat pump installation, using solar heat gain as a heat source supplemented with well water from a deep well, provides winter heating with variable volume zoned air heating systems—the two 25 ton double bundle condensers and evaporators operate in a heat pump mode. Both condensers can operate with each 25 ton chiller which materially increases the C.O.P. at part-load conditions.

Well water will be used directly in cooling coils for air conditioning and for condenser cooling for the small amount of refrigeration needed. An experimental greenhouse will be fitted with thermal shades that can be closed at night to reduce heat loss and will be fitted with a combination water-air solar collector for heating—the same collectors will be used to temper makeup air for laboratory hoods—laboratories and all cold and hot water faucets will be fitted with flow restrictors to minimize water usage—an underground cistern will collect rain water which will be used for flushing water closets and laboratory requirements.

These and other features indicate that this building will use well under 40,000 Btus/sq. ft./yr. for all services. The solar energy system is expected to provide virtually all of the domestic hot water and service hot water requirements and more than 70% of the yearly heating requirements. It is interesting to note that the construction budget has not been increased due to energy conservation measures, except for the cost of the solar energy system which will add approximately $100,000 to the initial cost.

3. Cheney Junior High School, Spokane, Washington:

The preliminary design for this school for 900 number of pupils is designed to reduce heat loss and heat gain by 50% compared to conventional construction. Approximately 10,000 sq. ft. of solar collectors are located on the roof providing direct heating to air handling units in the building and as a heat source for a 100 HP double bundle condenser water-to-water heat pump. An anti-freeze protection system developed by our firm for the Town Elementary School in Atlanta, Georgia which is the first solar heated and cooled school in the country, is included in the design system for the Cheney School. In order to reduce stand-by losses and the cost of an expensive heat exchanger and anti-freeze solution, the collectors will be drained whenever the circulating pump is not circulating fluid through the collectors and nitrogen will be introduced into the collector water passages to provide an inert atmosphere to inhibit corrosion.

4. Grassy Brook Village, Newfane, Vermont:

Two 10 dwelling unit condominiums will be erected on one site. The design for the first 10 units has been complete. The buildings are designed to conserve energy by the use of extra insulation, double glazing, thermal barriers which can be drawn over windows at nights, and reduced infiltration by the use of special window sash. The solar energy system includes 4500 sq. ft. of flat plate collector, arranged in 3 rows, and mounted on grade adjacent to the building. The collectors will serve all 10 units. Two 10 HP water-to-water heat pumps with condensers that can be used with one or both units will utilize heated water from the solar collectors as a heat source. The sloping site permits the use of the concrete foundations as storage tanks. Insulation is applied to the exterior surfaces of each of the three 10,000 gallon tanks.

A separate solar assisted heat pump is used to provide domestic hot water for the 10 families. In order to use concrete tanks, it was necessary to provide a heat exchanger, so that the tanks will not be subjected to high pressures due to the elevation of the solar collectors. A special oil will be used in the secondary circuit for anti-freeze protection. The oil is non-toxic, has a high boiling point, low freezing point and relative low specific weight and viscosity making it superior to glycol which is generally used in such systems.

5. Suffolk and Nassau County energy study, Long Island, N.Y.:

This project is representative of new opportunities for consulting engineers to concentrate their expertise and time on energy related matters which will have a significant effect upon electric utility plant operations, requirements, and costs.

Under contract to the County of Suffolk, N.Y., Department of Environmental Control, DMBA first analyzed the Long Island Lighting Company's (LILCO) forecast for future electrical energy requirements, demographic projections and current energy use in Long Island, a region of approximately 2,600,000 people. After adjusting LILCO's projections in accordance with forecast methods developed by DMBA, a large number of energy conservation options which could be applied to existing and projected future buildings were analyzed in order to determine the effect such programs would have upon peak electric demands and yearly consumption.

In the next phase of the study, we analyzed the potential reduction of peak demand and consumption that a solar energy program could accomplish. We determined that energy consumption and peak demands could be reduced by more than 40% below the 1995 forecast of LILCO. Seeking further ways of reducing consumption and peak demands, we considered the use of total energy systems for all installations in Long Island for buildings and developments with peak loads greater than 500 KW. These installations could reduce peak demand and consumption to an even greater extent.

In the next phase of this project, we worked with Professor William Heronemus of the University of Massachusetts to analyze the potential for using wind energy on Long Island. Meteorological data provided the wind patterns and velocity to determine the potential horse power available from winds on a seasonal basis.

A number of wind generator sizes and configurations were selected for analyses with two major modes of operation. 1) Using wind energy as a solar furnace to use the electricity for heating hot water to replace all electrical resistance heating and 2) to generate electricity for end use. Both on-shore and off-shore wind generating stations were considered. The results were interesting. There is sufficient wind power available on Long Island which can be harnessed with conventional wind generators, although with sizes not generally in use today, to supply all of Long Island's electrical needs

Our analyses of solar energy for an entire region indicated that the solar assisted heat pumps would not only reduce energy consumption of all fuels by a factor of 3 or more as compared to electric resistive heating, but that solar energy in combination with heat storage can also materially reduce the peak electrical demands and be instrumental in reducing the need for additional power generation facilities. The combination of solar assisted heat pumps and wind energy as a solar furnace was one option that appears to be economically competitive with nuclear power plants.

6. 3M R & D Center, Oakdale/Lake Elmo site, St. Paul, Minnesota:

3M Management retained the Architectural Alliance team of Minneapolis, Minnesota with DMBA and Michaud, Cooley, Hallberg, Erickson and Associates, Inc., Engineers and Planners, as well as other team disciplines to develop a long range master plan for research and development facilities to be erected on a new 570 acre site. The new center contemplates a new 10.5 million sq. ft. of building for research activities to be constructed in addition to their present R & D facilities which now comprise a total of 4.5 million sq. ft. of space.

A major requirement of the planning team included energy conservation and minimum use of natural resources. Our energy studies recommended building construction and mechanical and electrical systems which would use no more than 60,000 Btus/sq.ft/yr. for office space (hours of operation would be longer than for the GSA building) and 130,000 Btus/sq.ft./yr. for laboratories. The study for the master plan showed that using solar assisted heat pumps in Minnesota for selected systems is feasible for systems such as tempering makeup air for laboratories (more than 8 million cfm will be required for this project), preheating heavy oil before combustion, and preheating combustion air.

Other projects for which we have completed preliminary design include 2 major buildings for Argonne National Laboratories at Argonne, Illinois and a project for NASA to retrofit an existing building for solar heating and cooling, provide additional insight into the performance and economics of solar assisted heat pumps vs. direct solar heating and absorption cooling with solar energy as the heat source. Because of specific conditions peculiar for each of the individual projects, the solar assisted heat pump was not as feasible as the absorption system—again indicating the importance of making a specific analysis for all projects, even in cold climates such as Illinois. In the case of the Argonne projects, the refrigeration systems consisted of two 150 ton double bundle condensers driven by steam turbines in addition to the absorption units. The double bundle condensers are operated in a heat pump mode.

CONCLUSION

In order to develop solar energy, and solar assisted heat pumps so that they will be commercially available in large numbers and at competitive life-cycle costs, the following is required:

1. Develop more efficient heat pumps. The theoretical maximum C.O.P. is 20, which of course could never be achieved, but heat pumps with a C.O.P. of 8 or 9 are achievable through design by a greater amount of extended heating surfaces, variable speed compressors, and different working fluids.

2. Tax incentives or subsidies are required to offset the higher capital costs, so that the nation can benefit in conservation of our non-renewable resources.

3. Manufacturers must be prepared to give a warranty with each collector for the consumer's benefit. Perhaps a government sponsored insurance program covering the special equipment is in order.

4. Each solar project which is built should be monitored to provide data on performance, meteorological conditions, and costs as a basis for future design.

5. Schools of engineering and architecture must expand their educational programs to train design professionals who are capable of understanding and implementing intricate energy relationships and produce workable designs.

6. Educational programs are required for students in the lower grades to stimulate their interest in solar energy by early exposure to the concepts.

7. Low cost long term mortgages must be made available for the installation of the solar assisted heat pump systems, so that cash flow does not become an impediment in taking advantage of lower life-cycle costs.

8. Manufacturers must issue a greater amount of factual data on part-load performance of all mechanical and electrical equipments.

9. Energy conservation measures for buildings must be pursued, with programs to develop reasonable energy budgets for all buildings, and the know-how to do so disseminated to the design professions and the public.

10. Solar energy systems with, and without, heat pumps should be considered for all new Federal and State buildings. Such a program would save the tax payer money in the long run, will not drain non-renewable resources, and most important will demonstrate the feasibility of such systems to stimulate the private sector to follow suit.

11. All States should require that solar energy be used for all water heating and swimming pool heating immediately, and in a graduated program, require that a percentage of all new construction include solar energy.

The development of other solar energy uses such as wind energy, ocean thermal differences, photovoltaic cells for direct electric power generation, and solar collectors which can provide higher temperatures for thermal engines are all essential to prepare for the not-too-distant future when fossil fuels may no longer be available at a competitive price.

THE NEIGHBORHOOD GOVERNMENT ACT OF 1975

Mr. HATFIELD. Mr. President, on July 28 of this year, I introduced legislation in the Senate entitled the "Neighborhood Government Act of 1975." This bill would allow individuals to contribute a percentage of their Federal income tax directly into neighborhood government associations for the purpose of providing their own community services and enhancing political participation by members of these communities. I ask unanimous consent that the full text of that bill, S. 2192, be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2192

A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for contributions to a neighborhood corporation and to provide other financial assistance to such corporations organized under State law to furnish their own neighborhood services

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Neighborhood Government Act of 1975".

DECLARATION OF PURPOSE

Sec. 2. It is the purpose of this Act to encourage communities and neighborhoods to incorporate for the purpose of providing their own neighborhood services, to provide additional operating funds for such corporations, to increase the sense of neighborhood participation by individuals in such neighborhoods by providing a tax credit for contributions thereto, and to provide additional Federal revenue to such corporations.

TAX CREDIT FOR CONTRIBUTIONS

Sec. 2. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credit against tax) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"Sec. 40. Contributions to Neighborhood Corporations.

"(a) General Rule.—There shall be allowed as a credit against the tax imposed by this chapter for any taxable year any amount contributed to a certified neighborhood corporation and paid during that year, subject to the limitations of subsection (b).

"(b) Limitations.—

"(1) Amount.—Except as provided in paragraph (2), the amount of the credit under subsection (a) shall not exceed—

"(A) 80 percent of the amount of the contribution if the contributor's taxable income for the taxable income for the taxable year is $10,000 or less;

"(B) 60 percent of such amount if his taxable income for the taxable year is more than $10,000 but not more than $15,000;

"(C) 40 percent of such amount if his taxable income for the taxable year is more than $15,000 but not more than $20,000;

"(D) 20 percent of such amount if his taxable income for the taxable year is more than $20,000 but not more than $25,000; and

"(E) 10 percent of such amount if his taxable income for the taxable year is more than $25,000.

"(2) Nonresidents.—In the case of an individual who does not reside in the neighborhood served by the neighborhood corporation to or for the use of which he makes a contribution, or a corporation which does not have an office or other establishment in the neighborhood served by the neighborhood corporation to or for the use of which it makes a contribution—

"(A) the amount of the credit under subsection (a) shall not exceed one-half of the amount of the credit under such subsection as determined under paragraph (1) of this subsection; and

"(B) credit shall be allowed during any taxable year for contributions to only one neighborhood corporation.

"(3) Application with other credits.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"(c) Certification of Neighborhood Corporations.—A corporation may be certified by the Secretary or his delegate for purposes of this section upon application by the corporation for certification if it—

"(1) is organized under the laws of the State in which it is located as a corporation not for profit and restricts its operations to the single neighborhood it was designed to serve;

"(2) is organized for the purpose of supplying services to its members, and other persons residing within the neighborhood it is designed to serve, which were supplied by a municipal or other government prior to the establishment of the corporation, or similar services; and

"(3) demonstrates a capacity to supply such services and to perform the activities for which it was established in an adequate and satisfactory manner.

No corporation may be certified for purposes of this section which is formed for the purpose, or with the effect, of preventing the implementation, within the neighborhood it is designed to serve or within the larger neighborhood within which it is located, of any plan or program designed to carry out the laws of the United States, or for any purpose which is contrary to public policy, or which would have a substantial adverse effect upon adjacent neighborhoods. No corporation may be certified for purposes of this subsection unless it is so organized as to permit a high degree of participation by members of the neighborhood it is designed to serve in making major policy decisions.

"(d) Nondeductibility of Contributions.—No deduction shall be allowed under section 170 for any contribution to or for the use of a neighborhood corporation to the extent that a credit is allowed (after the application of subsection (b)) for such contribution under subsection (a).

"(e) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section.".

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Contributions to neighborhood corporations.
"Sec. 41. Overpayments of tax.".

(c) The amendments made by this section shall apply to taxable years ending after the date of enactment of this Act, but only with respect to contributions payment of which is made after such date.

COMPENSATION FOR STATE AND LOCAL TAXES

SEC. 3. (a) Upon application from a neighborhood corporation certified under section 40 of the Internal Revenue Code of 1954, the Secretary of the Treasury is authorized to pay to such corporation for general corporate use an amount equal to a part (determined under subsection (b)) of the amount of non-Federal taxes paid by members of that corporation to State and local governments. Such payments may be made annually or as otherwise determined by the Secretary.

(b) The amount of the payment which the Secretary may make under subsection (a) to a neighborhood corporation is an amount equal to a percentage of the total amount of non-Federal taxes paid by members of that corporation to State and local governments. That percentage shall be determined in accordance with the following table:

Per capita annual income of individuals residing in the neighborhood served by the corporation:	Percentage
$10,000 or less	80
$10,001 to $15,000	60
$15,001 to $20,000	40
$20,001 to $25,000	20
More than $25,000	10

(c) The amount payable under subsection (a) may be reduced by the Secretary whenever he determines that such reduction is necessary in consideration of the total amount of funds available to him for such payments and the total amount of payments for which application has been or may be expected to be made. Before making any payment under subsection (a), the Secretary shall require that any applicant provide for such fiscal control and fund accounting procedures as he deems necessary to assure proper accounting for Federal funds so paid. The Secretary may require such reasonable reports as to the use of funds paid under subsection (a) as he deems necessary, and he shall make an annual report to the Congress with respect to payments made and reports received under this section.

AUTHORIZATION OF APPROPRIATIONS

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

THE VOTING POWER OF 9 MILLION PEOPLE

Mr. FANNIN. Mr. President, in Arizona a great number of people live in comfortable mobile homes located in attractive mobile home parks. An article which appeared in the September 16, 1975, edition of Arizona Mobile Citizen pointed out that more than 9 million persons in the Nation live in mobile homes. Writer James C. Hughes suggests that these people are a constituency to be considered.

Mr. President, I ask unanimous consent that the brief article by Mr. Hughes be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE VOTING POWER OF 9 MILLION PEOPLE

(By James C. Hughes)

As a mobile home resident, your votes have an important impact upon the outcome of your local, state, and national elections. This may be an overlooked aspect by some present elected officials and/or some of those seeking elected offices.

In addition to over 9 million people living in mobile homes, you are probably aware that:

1. It has been estimated that there are more than:

4 million mobile homes in use (45% are located in mobile home parks);

34,000 mobile home parks of all sizes, shapes, and descriptions (with new ones being built at the rate of over 1500 per year);

11,000 mobile home dealers;

500,000 mobile homes being built each year;

96% of all new single family home sales under $20,000 are mobile homes.

Mobile home housing has proved suitable and popular for all climates, ranging from those with icy winds to those with hot summer sun. This is borne out by statistics showing that the percentage of single family homes that are mobile homes is:

More than 15% in Alaska,
More than 15% in Nevada, and
More than 7% in Florida.[1]

2. There are more than:

900 mobile home manufacturing plants;

1,000 supplier firms to the mobile home industry;

60 mobile home associations.

3. Thousands of part-time and full-time employees servicing mobile homes

So, in effect, you are an important part of an ever-growing voting power. And, as time goes on, you can look forward to an increasing awareness of extra respect and recognition of your votes in local, state and national elections.

A COMMEMORATIVE STAMP TO HONOR ALFRED STIEGLITZ

Mr. McINTYRE. Mr. President, 130 years ago, the study of photography was considered to be the sterile subject of scientific curiosity. Had it not been for the creative genius of one man, many more decades might have passed before photography earned its right to be considered legitimate beside the other great historical achievements of the graphic arts.

Alfred Stieglitz was born in Hoboken, N.J., on the first day of 1864, the son of a wealthy Jewish wool merchant. He was educated at City College of New York and Berlin Polytechnic, where he majored in engineering simply because a friend of his father's had thought it to be a good field for a young man to study. He was interested, but never inspired.

Then, one day, he spied a camera in a shop window, bought it, and never again resumed his study of engineering. Instead, Stieglitz made a discipline out of his hobby and began to study photochemistry and physics, using Polytechnic labs for his experiments. He believed then, for the first time, that he had found a right to life.

Within a few short years after his discovery of that camera, Stieglitz made the decision to dedicate his life's energies to the fight for the recognition of photography as an art. In order to put himself in the best possible position to help his profession, he set out to become the world's photographic expert. He won his first prize in an amateur show in London in 1887, photographed and experimented constantly, and eventually won more than 150 medals in important exhibitions all around the world. He fought his battles as an artist, scientist, and publisher. His integrative approach to the art made him its original pundit; and his creative eloquence made him a skillful spokesman for the cause.

As a scientist, he was one of the most innovative of his time. He was the first photographer to experiment with limited light; he was the first to experiment with three color photography. Outside the protection of his lab, Stieglitz was the first to take successful photographs in a snowstorm, and later, a rainstorm. True to his convictions, Alfred Stieglitz always shared his discoveries with the rest of the photographic community, pacing the technical advancements of the field, while engendering a spirit of excitement that introduced photography to the world, and especially the United States.

Because he treated photography as an art, Stieglitz was a perfectionist. He printed his work with a fanatical zeal, often making a hundred or more prints from a single negative before reaching the one that satisfied him. His was not a search for technical perfection, but rather a search for the one print whose emotional impact was most powerful. When Pablo Picasso saw Stieglitz' Steerage, he is reported to have declared, "This is exactly what I have been trying to say with paint."

But Alfred Stieglitz was not satisfied to be just a photographer, he was destined to be an artistic leader as well. In the 1890's, he published and edited American Amateur Photographer, and Camera News.

By 1903, he had perfected and polished his literary style to the point where his next photographic magazine, Camera World, set a standard of quality which remains unexcelled today in American periodicals. In 1924, the Royal Photographic Society of Great Britain conferred upon Stieglitz its progress medal, the highest honor in the photographic world, "for services rendered in founding and fostering pictorial photogaphy in America, and particularly for his initiation and publication of Camera Work, the most artistic record of photography ever attempted."

To Alfred Stieglitz, we owe our thanks. He dedicated his life to combining the science, business, and creativity of photography; carefully perpetuating the creative system with his genius. Indeed, it is fair to claim that Alfred Stieglitz epitomized the American spirit. His dedication to his beliefs should be an inspiration to all.

It is a tradition of ours to pay tribute to our most distinguished citizens with the issuance of a commemorative stamp in their honor. To that end, I have written Mr. Stevan Dohanos, chairman of the Literary Stamp Advisory Committee, and have encouraged him to seriously consider this nomination. It is my hope that many of my colleagues may agree with me on this matter, and will also contact

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[1] A large percentage of the 9 million people who live in mobile homes are of voting age. The remainder are future voters.

Mr. Dohanos in support of a man who truly deserves the honor, Alfred Stieglitz.

AMERICA'S WORKERS SUFFER UNDER WEAK ECONOMIC RECOVERY

Mr. HUMPHREY. Mr. President, on September 8, I had the honor of addressing the annual convention of the Minnesota AFL–CIO.

In those remarks, I outlined my deep concerns with the present policies of the Ford administration and their impact on the economy. I am convinced that unless steps are taken now to stimulate a strong sustained recovery, our citizens will confront a prolonged period of "stagflation" for the next several years.

Mr. President, I ask unanimous consent that my remarks to the Minnesota AFL–CIO be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks by Senator Hubert H. Humphrey

Seven years under the disastrous economic policies of the Nixon-Ford team is enough. The failure of these policies to achieve an improved way of life for America's working families is clear. It is time that the failure be admitted and that a new approach be tried.

Isn't it incredible that these self-proclaimed inflation fighters—the inventors of WIN buttons—have given our country its highest levels of inflation in three decades?

Isn't it strange that these champions of the balanced budget—apostles of the "old time religion"—have given us the largest peace time federal budget deficits in the history of our nation?

Isn't it tragic that these vocal proponents of the "work ethic" have given us more unemployment than at any other time in the history of the United States, except for the Great Depression?

It is clear that the mistakes, the miscalculations, and the misplaced priorities of the Nixon-Ford economic team have cost America's workers and their families dearly.

Every day the President and his economic spokesmen put on their rose colored glasses and fill the air with their "happy talk" of economic recovery.

Well, there may be a modest business recovery, and a modest profits recovery, but the jobs recovery—the people recovery—is a long way off, and won't be produced by Presidential proclamation.

Republican economic mismanagement has thrown our economy into the ditch of recession and tragic unemployment—a ditch from which we will only emerge after a long hard struggle.

During the first half of this year, the "official" unemployment rate averaged 8.6 per cent. That means eight million workers—the highest number of unemployed since the Depression. This year 75 million Americans will feel the sting of unemployment in their families.

During the past year, the output of our economy dropped an incredible six per cent—by far the worst drop in U.S. Gross National Product since the 1930's.

During the first half of this year, the real income of the American worker dropped all the way back to its 1964 level.

This Great Recession has cost 15 million American workers their jobs at some time during the last two years.

It has cost us $300 billion, already, in income that never will be in the paycheck.

It has cost our families 2.5 million new homes that have not been built.

It has cost our cities and states $42 billion in revenues that never will be collected.

And, it will cost our economy one trillion, $500 billion in lost goods, production and income by the end of the 70's.

Recession is a tragic and colossal waste of our nation's great human, capital and natural resources:

It is a waste of labor, of skills, of education, of management talent;

A waste of factories and equipment;

A waste of income not earned and goods not produced;

A waste of government revenues not gained, and public funds that must be spent to help the victims of recession;

It is a waste of our unemployed and underemployed young men and women, and

A waste of savings used up to carry us through the hard times and dried up by the fires of inflation.

Such waste, in the face of the richness and resources with which we are uniquely blessed, is the shame of a great nation. There is so much that remains to be done to make it even greater.

The Employment Act of 1946 requires the Federal government to "promote maximum employment—maximum production—and maximum purchasing power." It clearly was recognized in that Act that maximum employment must be the central focus of our nation's economic policy.

This promise to America's workers has been broken—this law of the land has been violated and trampled upon.

Today we must recommit America to the goal of full employment—a decent job for every American who is willing and able to work.

And we must rededicate ourselves to some other cherished goals that we all share.

A decent home in a good neighborhood for every American family.

A quality education for every boy and girl in our nation.

Comprehensive health care available to every man, woman and child in this country, regardless of their wealth.

These are the kinds of goals that we must rededicate ourselves to as we celebrate our nation's bicentennial. These are the goals that give meaning to the concepts of "life, Liberty and the Pursuit of Happiness" enshrined by our founding fathers in the Constitution.

The absence of a strong sense of urgency and compassion for the unemployed in America by the present Administration is a national tragedy and a source of shame to all of us. Its often callous and calculated negativism, on a wide range of issues, if allowed to continue could wipe out decades of slow and painful progress toward social and economic justice in the United States.

But, perhaps, this lack of understanding should have been expected. After all, this Administration's economic policymakers never have been in the unemployment lines or on the picket lines. The Ford Administration's economic "brain trust" is from Wall Street, not Main Street, from the corporate board rooms and not the union halls.

I wish I could tell you that I have all of the answers—the magic formula—a foolproof way of getting our economy on the fast track of economic recovery and all of our people back on the job. But I don't have all the answers, and I won't deceive you.

However, we can do much more to create jobs and income now and to speed economic recovery than this Administration is willing to do.

Unfortunately, every proposal to move the economy ahead and create jobs is attacked by the White House as inflationary. As a result, since Mr. Ford became President last August, he has vetoed 36 pieces of legislation—many of these vitally important job creating measures.

The press and the media always are pointing out that President Ford is a nice, friendly man. I know President Ford well, and he is a good man—but he wields a cruel and vicious pen. His vetoes amount to nothing less than a "lockout" of Congress and the people from the benefits their Government should provide.

The inconsistency of the Ford vetoes is clear to all. While he strikes down programs to educate our children, improve the health of our citizens, and provide jobs for our workers, as too inflationary, he leads the rally to decontrol the price of oil and provide additional tax loopholes for big business.

This distortion of priorities is reflected in the concerns of the Administration's top officials. Mr. Simon's cries of horror are not for those without work. Oh no, his tears are shed for the poor Wall Street financial houses and the problems they may experience in handling a large federal deficit.

I know very well the dangers of too large a deficit and of double digit inflation. But it is unfair, unjust and unthinkable that 8 to 10 million Americans should be asked to bear the entire burden of fighting inflation by losing their jobs.

The seriousness of the present economic crisis and the depth and duration of the current recession require bold action. We cannot live with the Administration's plans to let nature take its course. This would subject millions of Americans to years of lost opportunity, lost income, lost pride and lost hope in our nation.

The Administration's plan is bad economics, bankrupt politics, and tragic social policy. It is time that the American people were relieved of the crushing yoke of these economic naysayers.

There are many things that we can do that will make a difference.

First, we can and we must take better care of the unfortunate victims of recession—the jobless, the elderly, the poor, the young families of America, many of whom have never seen economic good times.

We need both an extension of unemployment compensation and an increase in its level. Today, the average unemployment check is a mere $65 a week—a national disgrace.

We can and we must provide an emergency program of health insurance for those who lose coverage because they lose their jobs. We cannot let the health of our people be determined by the vagaries of the economy and the whim of management.

We can, we must and we will continue to oppose the President's plans to cut social security, retirement benefits and food stamps. Congress has rejected his cruel proposals.

Second, we must get the economy moving ahead once again—and, moving much more rapidly than is likely under the Administration's approach.

And there are many ways to do this.

We need to continue the tax reductions that were enacted by the Congress last year. The rate of economic recovery during the rest of this year require this additional shot in the arm, early in 1976. If we fail to act, your families will see their taxes go up on January 1st.

We need an accelerated program of emergency public works employment. Both the House and the Senate have passed such legislation, and it soon will be sent to the President. With unemployment in the construction industry at a 20 per cent level nationwide, there can be no question that such a program is urgently needed, right now.

We need to create a greatly expanded program of public service jobs. We need to have, permanently on the books, legislation that will assure that if the unemployment rate goes up, the number of public service jobs available also increases.

Congress must enact a mortgage subsidy

program for low, moderate, and middle income families that will reduce mortgage levels to a maximum of 6 per cent. We must establish a National Housing Bank, as I have proposed, to do this.

Regrettably, even a modest step by the Congress in this direction in June was vetoed by President Ford. Obviously, he does not agree that there is no way out of a national recession while the housing industry is in a depression.

We must continue to work toward a housing policy in this country that will bring home ownership back within the reach of the majority of American families, and at the same time assure steady progress toward our nation's housing goals.

These are the vital job creating measures America must have right now.

The tax cuts and the programs that I have discussed will be useless if interest rates continue to rise and credit remains tight. The policies of the Federal Reserve Board are a major cause of the current recession.

Even now, we see the itchy trigger finger of Chairman Burns of the Federal Reserve Board ready to knock off any economic recovery, any improvement in employement, that threatens to increase inflation.

It is time that we made some major changes at the Federal Reserve Board to assure closer cooperation with Congress.

It's time that the people of this country had some representation on the Board and not just the bankers and the financial interests.

It's time that someone spoke up for labor, for the consumer, for the farmer and for the small business person within the inner sanctum of the Federal Reserve.

We need a long term energy policy that does not depend solely on higher prices to consumers and higher profits to the oil companies to reach national energy independence. Oil decontrol—regardless of the tax, tariff, and rebate schemes that are devised—will raise prices, cut economic growth and increase unemployment.

There is no way that you will recoup the losses you will suffer from this unwise course of action. Unfortunately, the Ford Administration's misguided energy proposals reflect the same kind of ideological blindness that gave us the recession

It is time for an end to these mistaken ideas.

We need a comprehensive National Food Policy that will, above all else, assure an adequate supply of food at reasonable prices for America's needs. The great productivity of our farmers can meet our needs and provide a surplus for export abroad.

This is good for all of us. But, we must not permit the speculators and export traders to empty our own granaries, hijack the American consumer, and threaten the economic stability of our Nation.

Americans are learning a very bitter lesson from the economic catastrophe of the 1970s. And, this lesson in Republican economics is one that we must never forget.

But, I have faith in America—I know we can get America moving again—I am confident that we have what it takes.

We have the most highly trained and able workers in the world.

We have a democratic society that has been the envy of the world for almost two centuries.

We have the most advanced science and technology to be found anywhere.

We have rich farmland, trained and able farmers, and the most productive agriculture ever known.

We have the finest educational system, vast natural resources, experienced and talented management—yes, we have so much.

That is why it is so frustrating to witness what is going on in America today—the lost pride, the lost confidence, the fear and foreboding, and the dwindling hope.

Then what is wrong?

Well, as I see it, we lack the strong, dynamic, effective, compassionate, and progressive leadership that we must have. With it, problems can be boldly attacked. Without it, we flounder in confusion and frustration.

We don't need a President to increase oil prices, the OPEC nations will do that. We need a President who will lead the fight to keep oil prices down.

We don't need a President who uses his position to keep interest rates up, Dr. Burns and the bankers will see to this.

We need a President who will bring interest rates down and get the economy moving.

We need a President who will lead the fight for more and better jobs, for improved housing, for re-built cities, for a modern rail system, for comprehensive health care, and for a responsible national food policy.

Let me remind you that it is only 16 months until January 20, 1977—14 months until November, 1976.

In the meantime, Congress must do a much better job in providing the progressive leadership that this nation so desperately needs. Congress must work, speak and act in the great tradition of Franklin Roosevelt, Harry Truman, John Kennedy and Lyndon Johnson.

We must rededicate ourselves to those cherished traditions of adventure, pioneering, promise, opportunity and faith in the future that have made America great, the values that can make America all that we want it to be.

The great challenge to all who would claim a share in our nation's leadership is to find the key that will unlock the great strengths of the American spirit and set free, once again, the great potential with which America is so uniquely blessed.

A REFRESHING PERSPECTIVE ON THE SCHOOLBUSING CONTROVERSY

Mr. STONE. Mr. President, many individuals throughout our country have expressed many different viewpoints concerning the busing of schoolchildren to achieve racial balance. It seems to me that we hear too seldom from those who perhaps know the most about this subject—teachers and students. Therefore, I was particularly pleased to receive recently an article on this subject authored by an outstanding Florida educator, Malvina W. Liebman.

Entitled, "Busing Is Irrelevant: The Need Is More Fundamental," this article cuts through the slogans and myths associated with the controversial subject of busing and addresses the fundamental issues facing our system of public education.

I can especially commend Malvina Liebman's article to the Senate because I had the distinct advantage of being a student in her third-grade classroom several years ago. In addition to understanding what happens in the classroom, she is thoroughly acquainted—as her article demonstrates—with the important social and economic factors which affect public education.

Mr. President, I ask unanimous consent that her article which appeared in the December 1972 edition of Intellect, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Busing Is Irrelevant: the Need Is More Fundamental

(By Malvina W. Liebman)

Concern regarding the education of black children has come to be dominated by the emotionally charged question, "Should children be bused to schools out of their neighborhoods?" Embroiled in the violence, shouting, non-debates, slogans, and sentimentalized platitudes are agitated parents, leaders in both black and white communities, opportunistic politicians, and harried educators. All of these people identify themselves as persons most concerned that "quality education" be made available for every child. Yet, the thinking upon which arguments for or against busing are based has little or nothing to do with the goals of education or the means for achieving them. The recently enacted Congressional moratorium on busing has been attacked both by those who favor busing and those who are opposed to it. The busing issue carries such emotional voltage that it has galvanized into action sociological confusion and educational frenzy in the name of democracy.

A reconsideration of the relationship between democracy and education is indicated. One of the main purposes of busing children in order to integrate student bodies is to eliminate the inferior quality of education which exists in many schools where all the students are black. It has been strongly pointed out that, within the democratic concept, as established by our founding fathers, each child is entitled to the same kind of education. The statement, although factually true, is conceptually so erroneous as to defeat the intent of democracy and negate respect for the individual. Even a democratic form of government can not give assurance that each man will be created the equal of every other. The promise made by democracy is that men will be equal under the law and that each will have an equal opportunity for free public education. Because people are unequal in natal endowment and post-natal experience, the aim should not be for education to result in equal achievement. On the contrary, education should provide the means by which each man can achieve his unique potential. Tiger and Fox, professors of anthropology at Rutgers University, point out that "the perfect system would be a true democracy, not because it renders men equal, but because it gives them an equal chance to become unequal. . . . Democratic ideology and theory only [become] self defeating when they confuse the democratic process with egalitarianism."[1]

Let us consider an analogy. Suppose there were a hospital full of patients, each of whom claimed, in the name of democracy, the right to the same treatment. If that claim were honored literally, heart patients, and those with broken legs, high blood pressure, diabetes, skull fractures, and labor pains all would be given the same diets, medicines, and treatment. The moral and ethical components of the democratic concept demand that each person be given equal opportunity for success. Obviously, "the same," literally interpreted, not only does not provide equal opportunity for desirable outcome, but actually handicaps almost all to whom it is applied. The goal is to provide each student with the maximum opportunity to become what he can be.

Examination of the factors required for achieving the goal reveals that some fall outside the function of the school, and that those which are academic should cover a very broad spectrum of possible experiences. None of the requirements are met automatically as a result of a child attending any particular school in whatever economic or social setting. Ideally, all students should attend schools where the motivating philosophy provides for meeting individual needs. This provision consists of a constellation of elements which includes adequate facilities and materials and teachers who can effect individualization. In this context, busing is irrelevant. Under some circumstances, these conditions could not be provided without busing; in others, busing would not be necessary. It well may be that indiscriminate busing actually reduces the opportunity for desirable conditions. In any case, the decision to bus or not to bus cannot be justified educationally on the basis of the proportion of racial groups in a school. Racial balance, *per se*, has but nebulous correlation to the quality of education offered to any student, white or black.

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[1] Lionel Tiger and Robin Fox, *The Imperial Animal* (New York: Holt, Rinehart and Winston, 1972), p. 43.

Not all black children are educationally deprived, and not all white children have adequate educational opportunity. In some schools where not a single black child is in attendance, the quality of education leaves much to be desired. However, there are built-in obstacles to success for black children who are educationally disadvantaged. The curriculum is one of traditional design, having changed far less in the last 50 years than the society from which students derive their orientation and interests. The curriculum is not completely appropriate for the average white student; imagine how much less relevant it is for the average black student! With teaching methods, the materials, and the curriculum geared to the idealized experiences, aspirations, vocabulary, and value system of the white middle class, the black child is thrown into a foreign world scholastically. He is expected not only to master the techniques of reading, but to do so in the framework of a vocabulary that is frequently puzzling or meaningless to him, and which is put together to express ideas which are equally unfamiliar. He is required to respond as "expected" or fail. He is supposed to succeed in a game where he does not understand the language or know the rules. He is tested against arbitrary and illogical measures, and the results often are publicized or published. All of this confirms his sense of failure and further weakens his already poor self-concept, which he then tries to refute by escapist, disruptive, or otherwise socially unacceptable behavior.

It long has been recognized that instruction focused on the individual needs of students is the main factor in academic success. To that end, hope has been held out through the use of instructional organization such as team teaching, open classrooms, ability grouping, non-graded classrooms, and others. None of these types of organization have resulted in measurable change in student achievement. Many other kinds of remedies have been tried, at great cost and effort. Teaching machines, performance contracts, and Head Start are among those which have come under the purview of the President's Commission on School Finance. Part of the many-volumed report of the commission is an analysis by the Rand Corporation of the various methods which have been tried in an effort to improve educational quality. Their conclusion was that "none of them were consistently and clearly useful." A reason for this notable lack of success lies in the fact that efforts have been directed toward finding more effective ways to teach the standard curriculum to students who, by reason of their cultural experience, aspirations, value system, language patterns, and attitudes toward their own and other races, are unprepared to learn it. The need is not for better techniques to do what is inappropriate, but, rather, for working on those aspects of experience which contribute to learning success.

Few thoughtful individuals are unaware of the relationship between the quality of home and community life and motivation and success in school. Teachers frequently attribute school failure to "the home." Studies have indicated that certain ethnic groups—Chinese, Jews, etc.—produce a higher proportion of academic success among their numbers than do others. The religious and sociocultural patterns of these groups foster strong family relationships and responsibility, traditional and deeply motivating educational aspirations, a "sense of community," and a willingness to forgo immediate satisfactions for the sake of long-range goals. These factors, identified with academic success, seem to originate in a value system not ordinarily found among people living in the ghetto, slums, or other depressed areas. Fundamental to the problem of improving classroom achievement is the imperative to encourage a value system which would move toward producing some of the sociological priorities which underlie academic motivation and success.

The President has asked Congress to appropriate very large sums of money for the educational effort, but, if these billions of dollars are poured into classroom-level "panaceas," they will produce results similar to those already deemed ineffective. The skill and creativity of many educators are needed, but immediate and urgent help is required from other sources as well, including anthropologists, socialogists, city planners, psychologists, leaders in the numerous black communities, and informed policymakers of the white majority.

One aspect of the problem is the enormous degree of ignorance and misunderstanding about each other which exists in both Negro and white groups. Yet, decisions are made, attitudes are formed, and actions are taken based upon the limited or warped information which constitutes their frames of reference. Unrealistic expectations of quick change in behavior patterns and value systems have resulted in serious impediments to understanding. The disgruntlement of both Negroes and whites is based on views which fail to take into account the total cultural experience of each group and the behavioral attitudes resulting from it.

Cultures vary because of differences in value systems, rites of passages, family organization, food habits, religion, sources of status, kinds and degrees of reciprocal responsibility, and other facets of social organization. Our country derives many of its characteristics and much of its richness of life from its cultural pluralism, but, when the values and attitudes of one culture come into conflict with another, it behooves us to learn more about—rather than to judge—other cultures as well as our own. Stuart Chase said that "he knows only one culture has none." An anthropologically founded study would lead to reinterpretation of some of the problems, and would place attempts at solutions in a more valid context. Teachers, especially, need this background. Since behavior is a response to one's perception of a situation, a more enlightened perception would result in more useful and intelligent guidance of learning.

Hopefully, the emergence of new understandings and perceptions would permit Caucasians more freely to accept, encourage, and respect a legitimate black culture as part of America. Hopefully, also, new understandings would diminish the need for Negroes to attempt to identify with African cultures through what is, basically, an artificial relationship. Individual blacks, generally, do not know their hereditary or tribal origins. There are no cultural memories or mores with which to identify. There is no link of language or literature. New perceptions of both black and white should go far toward stimulating black people toward recognition of their own worth and potential as contributing members of the American culture.

Change in family and community structure is a process of evolution rather than revolution, but even comparatively superficial directions for change must be promulgated in order to hasten those kinds of activities which have served to prosper other ethnic groups in our country. For instance, the establishment of small businesses is essential. According to Glazer and Moynihan: "The small shopkeeper, small manufacturer, or small entrepreneur of any kind has played such an important role in the rise of immigration groups in America that its absence from the Negro community warrants some discussion. The small shopkeepers and manufacturers are important to a group for more than the greater income they bring in. Very often, as a matter of fact, the Italian or Jewish shopkeeper made less than the skilled worker. But as against the worker, each businessman had the possibility, slim though it was, of achieving influence and perhaps wealth. The small businessman generally had access to that special world of credit which may give him for a while greater resources than a job. He learns about credit and finance and develops skills that are of value in a complex economy. He learns, too, about the world of local politics, and . . . he may also learn how to influence it, for mean and unimportant ends, perhaps, this knowledge may be valuable to an entire community.

"The small business created jobs. . . . These were not only jobs, they also taught skills. In addition, the small businessman had patronage stayed within the ethnic group."[2] Some small businesses might be started as cottage industries by women who are confined to the home by the presence of small children. In such cases, efforts could be pooled by a group of women. Aid in developing marketable skills and finding outlets for the products should come from those having proficiency in these areas.

Various aspects of education such as budgeting, food preparation, sewing, simple carpentry or upholstering, and family relations should be brought to the neighborhoods where the people feel at home and can *attend* without having to resort to public transportation.

Churches, once the most influential of influential of institutions among black populations, need to reassert strong leadership of their congregants through translating religious precepts into practical action toward elevating the quality of family and community life. The formation of self-help organizations should have high priority, not only for the direct service they can afford in terms of counseling, scholarships, clinics, family service, loan agencies, and so-operative groceries, but for the equally important cause of increasing a community sense of mutal responsibility and accomplishment. Concerted effort is warranted in involving the youth in the satisfactions which come from making essential contributions to the community welfare.

There are people in the Negro community who are well-qualified to serve as models for the young. The talents of leaders have been used, to a great extent, in communicating with various governmental bodies or agencies, but even more important is the use of these talents to help the group to help itself at the grass-roots level.

Benefit accrued through spending exhorbitant amounts of Federal funds on innovative methods, teaching aids, or exotic school design is infinitesimal. According to Sidney P. Marland, Jr., U.S. Commissioner of Education, "The evidence is very thin of gains from Federal money aimed at bringing up the achievement levels of children—perhaps as many as twelve million—from disadvantaged homes." Available funds might be directed more profitably toward encouraging the development of a viable and supportive community structure and toward changing the perspective from which the purposes, procedures, materials, and methods of education are viewed.

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[2] Nathan Glazer and Daniel P. Moynihan, ***Beyond the Melting Pot*** (Cambridge, Mass.: M.I.T. Press, 1963), pp. 30–31.

Improvement in teacher effectiveness needs attention in at least three areas: qualification standards for acceptance as an education major, pre-service education, and in-service growth. With knowledge and information being amassed at a headlong rate, the old saw that "education is knowing where to find the information" seems to be confirmed as a verity. With the advent of information retrieval methods, an "educated" person might need to know only which buttons to push. The increasingly complex and demanding problems of human existence require that we know where to find information and how to apply it. Intellectual curiosity, mental and psychological vigor, and recognition of the necessity of continuous learning are important ingredients of meaningful education. Can these characteristics be encouraged by teachers who, by themselves, are devoid of them?

In accepting students for admission to teacher education programs, these and other essential qualities and attitudes rarely are taken into consideration. In a profession where intelligence and academic interest should be *sine qua non*, the most mediocre accomplishment is acceptable. The methods of teaching and the kinds of standards which generally prevail in teacher education usually do not require or inspire more than minimal student effort. Although some change is taking place in the orientation and content, the weight of traditional requirements, content, and method rests heavily upon many professors and state certification agencies. With too few exceptions, the lecture is used to extol the virtues of other preferable methods of teaching. Alternatives to note-taking as the principal conduit of learning must be utilized if teacher education is to assume its full responsibility for more adequately preparing its graduates to resolve the urgent problems of education.

In-service education for teachers usually takes the form of courses, seminars, workshops, or conferences. These forms sometimes have practical value, but the time and money expended might have more significant results if the participants, with competent supervision, had the opportunity for immediate practice and application in their classrooms of the things learned. With the exploration of theory and practical application occurring simultaneously—along with other kinds of direct, concentrated help to teachers—a more optimistic view could be taken of the possibility of prompt improvement in the quality of education.

Lack of funds is the reason for the postponement of reduction of class size, probably the most eagerly sought change toward improving instruction. However, teachers who are ineffective through lack of qualification will remain ineffective, regardless of any magically reduced class size. Teachers who are skilled and involved with children could be vastly more effective if classes were smaller.

Time and effort—and money—should be spent in drastically revising curricula in the direction of much greater flexibility, with emphasis placed on internalizing experience, rather than on material to be covered. Creative materials of types different from the usual textbooks, films, and maps must be developed. They must include more relevant content, realistic vocabulary, and meaningful orientation, and they must provide a variety of stimulating experiences which go beyond the classroom. Textbooks, which for so long have influenced—both positively and negatively—what was taught, may have outlived their usefulness in the context of their philosophy and format. Perhaps there should not be textbooks in any subject, but, rather, a series of smaller books or pamphlets, each devoted to a single topic, area of interest, or problem. This would encourage the designing of individual courses of study out of a very large number of possible combinations. Such materials could be constructed to be used in tandem with films, stereo-cassettes, field trips, experiences with community agencies, or other teaching devices.

Fundamental change has taken place in the sources and scope of learning to which students are exposed as part of their daily environment, and in their interests and needs, as well as in techniques for obtaining, reproducing, and storing information. It seems self-evident that techniques in teaching should parallel these changes; yet, they have not done so. With only superficial changes, schools still are organized as they were 50 years ago. Children still are sitting and listening for most of the day. They still are reading material from the same book at the same time, and this may have meaning for far fewer than the majority of them. They still are responding in recitation settings to questions which exercise their powers of recall rather than their ability to apply knowledge or to extend thinking.

Psychological research indicates that the variety of learning styles to be found in any classroom can be accommodated better in settings less structured than that of grade levels. The trend to knock down walls to permit a more flexible physical environment should be the forerunner to knocking down the walls of tradition and habit in order to provide more flexible learning groups. Marking systems and promotion policies, now often considered sacrosanct, would be irrelevant in the revised educational philosophy. Evaluation of student need would replace judgments of failure or superiority.

People of economic privilege in our own and other countries sometimes send their children to private boarding schools so that they may profit from a higher quality of education than that available in their communities. In a controlled and enriched environment, more attention is given to individual needs, interests, and learning styles. Acquiring positive social attitudes and good study habits are among the priorities.

Some private schools are organized in a series of cottages where students share a "family" life, developing feelings of responsibility and belonging. Such educational experiences should be considered for economically and educationally disadvantaged children of any ethnic derivation. Some funds designated for educational improvement might be used to establish a few such schools as prototypes. The programs of these schools should not have as their purpose the "flattening out" of cultural differences, but, rather, the encouragement of biculturalism which, like bilingualism, permits living more comfortably and constructively in more than one culture.

Although some students come eagerly to their first school experience, their eagerness soon is replaced with boredom and resistance. The current educational process only briefly engages the voluntary attention of those who, in the future, will determine the kind and quality of life in our country. Educational funds must be directed toward the significant and productive goals of changing the orientation of teacher education, developing challenging and relevant curricula and materials, and offering the kind of help to culturally depressed groups which will encourage the evolution of attitudes of family and community responsibility and feelings of self-worth.

Success in education is dependent upon these fundamentals, rather than upon techniques for teaching the inappropriate or upon the educationally myopic policy of indiscriminate busing.

COMMON SITUS PICKETING

Mr. FANNIN. Mr. President, as the time approaches for full Senate consideration of S. 1479, I hope that our colleagues will think seriously about the problems that will be created if the so-called common situs picketing bill becomes law.

Passage of this bill would allow building trade unions an exemption from the ban on secondary boycott picketing which is currently illegal under our Federal labor laws. This bill, which has been before the Congress many times, is currently pending before the Labor and Public Welfare Committee. The House recently passed a similar bill, H.R. 5900.

Mr. President, over the years the National Labor Relations Board has established a series of conditions covering situs picketing which, in my opinion, are fair and equitable to both employers and union employees. To eliminate these rules, as S. 1479 and H.R. 5900 would do, is to permit the employees of one small subcontractor and a union to shut down an entire construction job.

This legislation would be extremely harmful to our economy, particularly to housing and the construction industry. It would slow recovery from our current recession and have strong inflationary impact on every citizen. In addition, the bill works to the disadvantage of nonunion employees and responsible members of organized labor who do not wish to be put out of work or stop completion of needed construction projects.

Mr. President, passage of this legislation can only demonstrate to the American people that big government responds only to the special interests of big labor. It would do nothing to convince the consumers that Congress is concerned about the economy, about inflation, unemployment and the working man.

As I have told the thousands of Arizonans and other concerned Americans who have written to me about this matter, I shall do all I can to defeat this unwise, ill-considered bill when it is debated on the Senate floor. This will be the fourth time that I have engaged in this fight during my service in the Senate. Apparently, the big labor unions never give up.

SERENITY IN SPAIN

Mr. KENNEDY. Mr. President, I am once more deeply concerned at the values and priorities adhered to by this administration in many of its foreign policy considerations. Last weekend, five people were executed in Spain, despite pleas for clemency by Pope Paul VI, the Secretary General of the United Nations, virtually every government in Western Europe, and respected international humanitarian organizations. Along with others in the United States, I, too, contacted the Spanish Government urging that the sentences of death be commuted. No one can condone the rise of terrorism in Spain; but neither can we ignore the increasing repression in that country, and the suppression of human rights by a regime that should long since have passed from the scene. Rather than preparing for the evolution of democracy, and a return to the mainstream of European political tradition, the Franco regime is taking another step into the past.

Yet the U.S. administration said virtually nothing. Understandably, there was widespread concern by our European allies at our failure to join in a virtually unprecedented consensus of reaction against the Spanish Government's actions—where now 11 West European governments have withdrawn their Ambassadors from Madrid. Nor apparently has this most recent evidence of a continuing disrespect of humanitarian values of due process and freedom in Spain prevented us from expressing undiminished support of the Franco regime. Nor has it in any way delayed continued negotiations for use of Spanish bases or affected the continued affirmation by the executive branch of a desire for closer ties with this Spanish Government, a position which has yet to be approved by the Congress.

In this situation, I will urge that any proposed agreement with the Spanish Government be brought to the Congress for full disclosure, full inspection and the closest inquiry.

The level of internal protest within Spain should be a clear warning to an administration which has seen its past shortsighted support of reactionary regimes in Greece and Portugal ultimately work against U.S. interests when changes of government occurred.

In these instances, as now with the case of Spain, a policy that reflects humanitarian concern and allegiance to our own democratic values is also the most pragmatic and interest-oriented policy for this Nation in the long run. It may, in fact, be the policy most likely to insure the security of base arrangements in the future.

Mr. President, I ask unanimous consent that an editorial from yesterday's Baltimore Sun, concerning this subject, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Sept. 30, 1975]

SERENITY IN SPAIN

The favorite word and policy goal of Spain's rulers is "serenity." Spain is anything but serene today. Before the executions Saturday of five convicted terrorists, Pope Paul pleaded with Generalissimo Francisco Franco to avoid "the path of murderous repression." After them, President Ford "expressed regrets at the cycle of violence which leads to such a tragic outcome." The unknown regime that must soon succeed Franco will remember the Pope's anguished outrage, and the President's lack of it. Washington obviously feels hostage to Franco's goodwill while American base rights are renegotiated. But the regime cannot last as long as the agreement being sought.

The "cycle of violence" deserves attention. When Generalissimo Franco suspended his own powers as chief of state last year, Spain became relatively tranquil. The many kinds of opposition groups were waiting and seeing. But the 82-year-old dictator forsook the opportunity to hand the symbols of power permanently to the pliable young king-apparent he has chosen. Instead, in September, he resumed as chief of state. He canceled out the liberalization measures and political activity charted by his own premier, Carlos Arias Navarro. Then this round of violence began. It included a dozen murders of police and Civil Guard officers. Basque separatists with popular support and Madrid leftists with none were responsible.

Such assassinations succeeded when they induce government over-reaction that drives the populace into the terrorists' camp. This is what the Franco regime did, with an anti-terrorist law last month. Unless Franco changes courses, another dozen accused terrorists will soon die with no appeal. Spain now has, in the words of a Spanish lawyer quoted by the *Times* of London, a "death machine." It is also the death rattle of a dictatorship that cannot survive the aged and failing dictator, if it lasts that long.

The weekend executions set the Basque country aflame and spread disquiet through Spain. They brought the sacking of the Spanish embassy in Lisbon, damage elsewhere, an exodus of European ambassadors from Madrid, postponement of talks on economic association with the Common Market and a denunciation by the Pope. None of this can have surprised Madrid. Substantial parts of the cabinet and the army—Franco's most important pillar of support—opposed the executions.

The most likely reason Franco did not heed moderate counsel is that his regime is no longer unified or self-confident. The police and Civil Guard, whose men are targets, demanded retribution. So did the "old shirts" of Franco's former Falangist party. Apparently the old man, who for nearly four decades has balanced the demands and goals of his various supporters, felt he must give in or lose the ultras. But he has as good as lost the Church hierarchy. Signs of Portuguese-style leftism are popping up in the military. If the regime blows, Spain will be Portugal writ large. Premier Arias had a chance to ease into a more humane and tolerant regime that might accommodate Spain's modern diverse society. The strange practical alliance between terrorists of the regime and terrorists of the opposition stopped him. Spain's present troubles have only begun.

STEPHEN WEXLER

Mr. WILLIAMS. Mr. President, it is with a feeling of great sadness and profound loss that I join my colleagues in mourning the death of Steve Wexler. Steve died at the age of 40, and in the prime of his life, as an innocent traffic victim in an accident just half a mile from his home in Annapolis.

Steve, as counsel to the Subcommittee on Education, was a key figure in the work of the Committee on Labor and Public Welfare, and indeed of the Senate as a whole. In the nearly 5 years that I have been chairman of the committee, I have developed a keen appreciation of the role Steve played in shaping our Nation's educational system. He was a central figure in development of the Elementary and Secondary Education Act Amendments of 1971 and 1974, and the landmark Higher Education Act Amendments of 1972. Steve had a great commitment to his work, which he saw as doing everything he could to assure quality education for every American child, and he brought to it a deep compassion and human understanding.

There are few people in the Senate better known, or more widely liked and respected, than Steve Wexler. A native of Providence, R.I., Steve had lived in the Washington area since 1960 when he became a student at Georgetown University Law School, from which he graduated.

He was a familiar figure in the Senate, and had worked as a professional staff member on the Labor and Public Welfare Committee since 1966. For close to a decade he had been of enormous assistance to me and other members of our committee.

Steve was well known for his outgoing and invariably good-natured personality. His life was filled by his deep devotion to his wife, Elizabeth, and 10-month-old son, Adam; by his work; and by his long attraction to the world of sailing and the sea, which prompted him and his wife to move several years ago to a house on the water in Annapolis.

Mr. President, Steve Wexler was a key figure in the work of the Senate, but more than that he was to me, and to so many others who had the privilege to know him, an old and valued friend. Steve will be deeply missed, and Mrs. Williams joins me in conveying our most heartfelt condolences to his family.

FIREARM LEGISLATION

Mr. BAKER. Mr. President, on Tuesday, September 30, my distinguished colleague from Idaho (Mr. McCLURE) presented a message to the Sportsmen's Policy Conference here in Washington. In his usual forceful manner, Senator McCLURE stated a cogent and straightforward assessment of and argument against the current movement to enact legislation curbing the private ownership of firearms. I believe that these views are shared by literally millions of Americans who own and enjoy firearms in a lawful manner. Consequently, I ask unanimous consent that the text of Senator McCLURE's speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF U.S. SENATOR JAMES A. McCLURE

If there were any message that I would give you today, it's that we are up against the wall. This is it.

If there were ever a call to battle for gun owners, it is being issued by the 94th Congress, by the likes of John Conyers, Abner Mikva, Birch Bayh and their allies.

A few years ago when those of us who predicted the total confiscation of firearms would be a major and very real threat, the anti-gunners in the Congress and in the media said we were crazy. But here it is just one year away from our Bicentennial and a major proposal has been made by the Chairman of the House Judiciary Subcommittee on Crime to outlaw all private ownership of handguns—a proposal aimed at all handguns owned and used for perfectly lawful purposes by 40 or 50-million law abiding Americans.

And what is the reason for such a proposal? Supposedly to curb violent crime that has gripped our cities and towns. Nonsense. The simple fact is—that neither gun registration, gun confiscation, licensing of firearms owners, or a curb on the sale of any category of now-legal firearms—none of these proposals will do anything but further strangle the legitimate rights of our citizens—citizens whose only crime would be the lawful pursuit of a right guaranteed in the Constitution.

For a moment, I want to assess what we are up against. In the Congress. In the courts. In the media.

The Washington Post editorialized last week in favor of a total ban on private owners of handguns. "The wise gun policy toward which this nation must move"—said the Post, "and quickly—is one that erects as many hurdles as are possible between citizens and handguns."

The Post didn't say anything about erecting hurdles between criminals and handguns. It said citizens. The Post also said, in that same editorial—"As the incidents involving President Ford have made clear, gun violence and derangement frequently go hand in hand." Because there are a small handful of deranged radicals who would snuff out the life of a president, the Post would have the rights of 50-million totally law abiding citizens revoked.

The same Washington Post, in an earlier editorial, had something quite different to say on the subject of innocence. The object this time was a controversy over the release on personal recognizance of a man charged and indicted for the stabbing murder of a young aide to Senator Robert Morgan of North Carolina. Purely and simply the court refused to set bail. In weighing the controversy, the Post said, in part, "The practice (of allowing defendants in murder cases free on personal bond) is, in fact, not uncommon. Experience has shown murder suspects to be well behaved while awaiting trial, particularly in comparison with suspects in certain other types of cases—for example, armed robbery. It needs to be repeated that the suspect is presumed innocent until convicted. . . ."

Indeed, it needs to be repeated. The Post could repeat it 50-million times for each and every innocent owner of a firearm whom the Post would condemn.

For the Post to even weigh such a comment clearly demonstrates one of the fundamental wrongs in our institutions.

Those institutions are disarming the public from the rule of law. And now they would have law abiding citizens literally disarmed.

We have an Attorney General who says he is at a loss over violent crime in America. He says we should get used to it and live with it, that is a way of life. What nonsense.

There is a segment of the media, of the Congress, of the Executive and of the criminal justice system in this country—a segment which is desperately looking for something to blame for their total failure to either understand or deal with the grim rise of criminality. In simple fact, they blame everything in our society but the criminal. And the same segment controls many of our institutions, and they have chosen as a symbol the handgun. Last week it was the Saturday Night Special. Today, it is all handguns. That's the way they think.

You and I know that if tomorrow all handguns in legitimate ownership and circulation were to be confiscated and destroyed, the net impact on crime would be, in fact, negative. It would leave our citizens literally at the mercy of armed criminals.

We are all, as we must all be, concerned about criminal use of firearms, and we must support legislation that will deal harshly with criminals. Mandatory sentencing is a step in the right direction.

The criminal is the real instrument of violent crime. And the tide of crime—the terrible threat of violence to our people won't end until the prevailing attitude of those who refuse to reckon with that simple fact is changed. It must change.

For those who think the answer to the criminal use of firearms is in prohibition—all we have to do is look at hard narcotics. Nothing is more prohibited than heroin—yet criminals sell it and criminals pump it into their veins. Why would anybody think the criminal and illicit trade in firearms for use in crime be any different. It would not. The answer in both instances is, again, in changing the way in which we deal with the people who commit crime.

There have now been filed in both the House and the Senate over a score of anti-gun bills. They range from measures calling for outright confiscation—to Federal registration—to severe cut-backs on Federal firearms licenses—to bans on Saturday Night Specials. And in none of these is there really any answer to crime. None of these proposals—if they ever became law—will make a dent in street crime. We know that and so do an awful lot of Americans.

The proposals that are getting the greatest press are the most radical measures. And we must not allow ourselves to react only to the extremes. It is what the anti-gunner would call moderate that are most dangerous to us.

They are demanding everything—and in reality, they are willing to settle for less. They will settle for the principle that it is the gun that is the cause of crime. The loss of that principle in any part, must be measured as a loss of everything. Reason should not allow us to concede to the wholly faulty argument that the firearm is the cause of crime. And therein is the issue of the Saturday Night Special. We cannot give the principle away.

There is something even more immediately threatening in the Saturday Night Special issue. There may be even a few of you here today who might well argue that the Saturday Night Special should be, for us, a line of compromise. It is not. And I'll tell you why. For me personally, this conclusion has been the result of a lot of soul searching. But my conclusion is firm.

Congress has been giving away power at an alarming rate. Almost every law it enacts, it instructs some Secretary or some agency head to write all the rules and regulations he might think are needed to implement that law. It is carte blance power. And for us, that power give-away is especially threatening.

Let me briefly tell you about some recent regulations published in the Federal Register by the Consumer Product Safety Commission. These regulations, by the way, were written by a staff bureaucrat within the CPSC whose name none of us will ever know—a bureaucrat none of us ever elected—a bureaucrat none of us will ever be able to vote out of office.

In these particular regulations, CPSC will give itself immense authority to deal with something it calls "substantial product hazards".

The regulations require that any manufacturer, importer, distributor, wholesaler or retailer of any consumer product must report any complaint he receives about a product he deals in. He must report it for investigation to the CPSC within 24 hours after he receives it.

Literally, this would mean that if an individual accuses any businessman who deals in consumer goods that his product is "a risk to the public", that businessman must turn himself in. The CPSC does not consider the Fifth Amendment applicable to business.

At another point in the regulations, it is spelled out that where there is reasonable doubt about a complaint, the staff shall resolve "in favor of a finding that the product could present a substantial hazard." The ultimate end of that resolve could well be a ban on that product. Again, the presumption of innocence that the Washington Post wrote about doesn't apply to business as far as the CPSC is concerned.

CPSC and other fourth branch agencies also guarantee anonmity to the accusers. The right to be faced by an accuser doesn't apply to business in the CPSC's book.

This was the agency that was going to protect shooters and hunters from the dangers of ammunition.

This all brings me back to the Saturday Night Special. If any such ban is enacted into law, I guarantee—surely as the sun will come up tomorrow—that it won't stop there. The bureaucracy will have the principle. No matter how well drafted the formula or the definition—no matter how artfully or carefully they write the legislation to protect the so-called "sporting arms", we, the shooters, the hunters, the gun owners, will have lost everything. We will have lost because that law will give some agency authority to write the rules and regulations to carry it out. It doesn't matter which Secretary gets it—Treasury, Commerce, the Attorney General. The Second Amendment rights of all of us will hang on the whims, convictions and personal politics of one man. And if he believes as our present Attorney General does that the Second Amendment can indeed be infringed—then an army of youthful regulation writers will begin work—and they will be lost on a simple Saturday Night Special bill.

If it were not for the mail that we here in Washington receive—and if it were not for our direct touch with the average American—we might well believe the Washington Post or . . . CBS.

Unfortunately, there are a pretty large number of Senators and Congressmen who don't have that direct touch—who have let themselves be caught in a closed-circuit of influence. They pay close attention to the New York Times, the Washington Post and the networks. And to get press attention, they in turn say what the media here wants them to say. And in that closed-circuit, the thoughts and feelings and opinions of the average American are left out totally. We see it every night on the news.

It is our job to break that circuit. It is our job to plug back in some input from the people who count—the folks back home.

Again, if you only listened to CBS or to the Washington Post, you would have to believe that it is all over for us.

But I didn't come here to spell doom, and you didn't come here to be told all is lost. On the contrary, we can win. Make no bones about it, it's going to be hard.

But let me say something about the power of individual Americans. Because there is the key. That is why this conference is so important. That is why cooperation and communication among the believers is so important.

In January, those of us here in Congress—those of us in this fight—surmised there would be a gun bill by Spring. It didn't happen.

There was an attempt by anti-gunners to use a new weapon—the fourth branch of the government—the Consumer Product Safety Commission.

That attempt ultimately failed because those individual Americans who were directly threatened did something. They acted. They wrote. They called. They signed petitions . . . they broke that closed circuit.

In the Senate, on the direct roll-call vote demanded by Senator Kennedy to kill by prohibition against any CPSC back-door gun control, we delivered a drubbing.

When the smoke cleared, the anti-gunners numbered only 11 Senators—including Senator Kennedy.

We won in part because all of use who represented any kind of a constituency of gunowners and sportsmen worked together. And we refused to compromise. We won a total victory. The attempt to give the CPSC partial authority to ban what it might find hazardous ammunition—that foot in the door—was rebuffed.

And everybody in this room had a hand in that victory. But make no mistake. We won this only because of a concerted effort; because everybody involved in this fight did his part. And most of all, because, in concert, we got the word to the individual sportsman, the individual gun owner. They were the element that made the difference.

Early on in this fight, when we were first counting votes, I asked a member of my staff to come up with some arguments that could be used to convince Senators who are not normally with us on the gun control issue. He came up with a number of good arguments. But none of them would have been good enough. The real answer—the real power in the debate—was in numbers, in people. It boiled down to a simple civics lesson.

The folks back home responded to the issue by writing their Senators and Congressmen—they wrote literally by the millions. And Congress paid attention to that mail. To be perfectly honest, there were many legislators who simply were never convinced on the merits of any logical arguments. But they were convinced by that singular message from 20,000 or 40,000 of their constituents.

That response from people—that response that moved the Congress was a plebiscite stronger than any poll ever taken on the gun control issue. When it all started, when CPSC asked for public comment on its proposed ban, Representative Abner Mikva told a radio interviewer that "now the real citizens lobby would be heard and that they want strict gun control." When the Commission finished counting its mail on the issue, the Mikva plebiscite was 300,000 individual pieces of mail against CPSC gun control to 500 for. Now that indeed is a citizens lobby. It is 60-million people who don't want their rights destroyed—rights that include pursuit of their sport, their hobby or their means to lawfully defend their homes, their businesses, their families and their lives against deadly force.

People—Americans—that's the gun lobby. It is ironic—and perhaps the greatest sign of the failure of the system—that while the cry for gun controls grows in pitch and volume as a result of assassination attempts by radicals on President Ford, there is also a continued cry for a disarmament of the very agencies that could prevent that kind of radical violence. And both cries are coming from the same quarter. We stop insane radical violence by stopping insane radicals. But in the press, this so-called urban guerrilla movement is treated as though it were some normal part of our national way of life. And statements of radicals who would murder presidents and corporate executives—radicals who threaten openly the very foundations of our society, our liberties—those statements are not treated by the networks with outrage or even shock. Those statements are given the same treatment as if they were normal everyday news. Squeaky Fromme makes the cover of news magazines and her lawyers are negotiating contracts for her memoirs. Something is very wrong, very rotten.

We must get past the media hysteria over recent events. We must get out people—sane, rational people, threatened people—to react. We must get our message across. We must again call upon millions of individual Americans to make their views known to the media and most important, to Congress. You are the catalyst. We can and we must win this fight.

LEGISLATIVE PRIVILEGE AND THE DECLASSIFICATION OF INFORMATION

Mr. CRANSTON. Mr. President, I am concerned about the efforts of the executive branch both to withhold information from the House Select Committee on Intelligence and to dictate what it may or may not release to the public once it has obtained classified information. In effect, the executive reserves the right to censor the output of legislative committees and to restrict the flow of information to committees.

The situation is intolerable. It is fundamental to effective legislative oversight that the executive not have final control over the dissemination of information. Otherwise, crimes and bureaucratic bungling can be covered up indefinitely. Of course, the burden then falls upon congressional committees to be responsible in the handling of information. This is a risk that we must accept in a representative democracy.

Chairman Pike, of the House Select Committee, tried to set a useful precedent for legislative independence. After consulting with executive officials to hear their security concerns—which is the fair and proper procedure—the House Select Committee decided not to be bound by a CIA determination of what words could not be declassified and released to the public. It is important to note that the committee accepted Agency deletions many places in the document at issue.

At the center of the dispute was the committee's decision on September 11 to make public four words from a 1973 intelligence summary, over objections of the intelligence community. The Pike committee voted to disclose the four words in making public a paragraph from a Defense Intelligence Agency secret summary of a list of activities taking place in Egypt the day the 1973 Arab-Israeli war broke out.

It is important to note, Mr. President, that Chairman Pike had cited the House resolution creating the committee—and the rules of the committee later adopted—as establishing the right of the committee to declassify Government documents as it deems necessary.

Yesterday, Mr. President, some compromises were apparently reached between the House Select Committee on Intelligence and the White House. I was glad to see that the CIA finally delivered the bulk of the national security documents subpenaed 2 weeks ago by the committee, with only a few deletions in the materials. These are the intelligence community's reports prior to the Tet offensive in South Vietnam in 1968.

However, I regret that the material was delivered with questionable stipulated conditions under which the Executive was making the documents available. They include the condition that the House committee provide "reasonable notice" if it plans to make any portion of the secret material public. Fair enough. But, after the objections of the intelligence agencies to declassification are heard, there can be a "final appeal" to the President. And the White House, as I understand it, can prevent disclosure.

Perhaps this is a good time to remind the Senate of the discretion placed in the hands of our own select committee when it was established. I call attention to page 969 and following pages of the debate on Senate Resolution 21, January 27, 1975. The legislative history makes it clear that, first, the Senate committee was to have the power to declassify documents over Executive objection, and second, the committee was to have the broadest access to information held by executive agencies. I mention this legislative history, because of press reports on the difficulty the Church committee has had in gaining access to the minutes of the 40 committees charged with approving covert operations.

The Senate Select Committee, headed by Senators Church and Tower, is trying diligently to fulfill the mandate we gave it. The members and staff of that committee deserve our full support.

I ask unanimous consent, Mr. President, to have printed in the Record this article by Anthony Lewis from the New York Times detailing the difficulty Congress encounters when seeking information on the intelligence agencies.

There being no objection, the article was ordered to be printed in the Record, as follows:

"Only Congress Itself"

(By Anthony Lewis)

Washington, September 17.—The Senate Intelligence Committee, with its televised hearings on secret C.I.A. poisons, provides the immediate drama in Washington. But the parallel House investigation may have a more profound impact on the larger issues raised by American intelligence activities in recent years. The reason lies in contrasting attitudes toward the crucial question of Executive secrecy.

Senator Frank Church and his committee have followed what an assistant attorney general, with what may have been excessive candor, called the "traditional approach" to getting classified documents. That is to negotiate with Executive officials about what will be provided and promise how it will be handled.

Representative Otis Pike and the House committee are insisting on their right to examine all the relevant evidence on their own terms. They will make no promises on what they will do with subpoenaed documents.

Why is that so important? One experienced person put it as follows:

"On that position hangs the whole question of whether Congress can exercise effective oversight of the intelligence community in future. If a Congressional committee cannot say 'we want X' and get it without negotiating and promising, you open yourself to the charm and the lawyers and the whispering in the ear."

What that observer was describing was the process that has effectively protected Presidents and their intelligence men from serious scrutiny for a generation. Congressional curiosity, when it arose, was headed off by a confidential chat with a friendly member, or a whispered warning of grave consequences to our security.

To know how the charm works one has only to watch Richard Helms, the former C.I.A. director, testify to the Senate committee so smoothly and smiling. A C.I.A. employe who violated orders by keeping poison followed "the human impulse to do the greater good," he said; yes, and good was self-defined—which is the essence of danger in secret C.I.A. activity. It was an "aberration," he added; yes, like the Bay of Pigs and Chile and the Phoenix assassination program in Vietnam.

The larger point underlying the various intelligence inquiries is the need for accountability. Intelligence agencies do need privacy, but our system requires that they be ultimately accountable to a detached scrutineer, which is Congress.

Accountability is inconvenient to Presidents and their agents. That is why, as Congressman Pike said, the executive branch urgently wants to continue the old charm-and-whisper approach in dealing with Congress. It is why President Ford has seemed so strangely agitated over the House investigation—because it might not be subject to control.

The President chose to draw the issue of power with the committee over a molehill, its release of four words from a classified document. The words, "and greater communications security," supposedly might have told someone that we knew something about communications in Egypt's Army, the subject of the report.

Why, if a private citizen had published those four words, Mr. Ford said, it would be "a serious criminal offense." Do his lawyers really think a judge and jury would convict on those innocuous words? In any event, his analogy is false. If a C.I.A. director were a private citizen, he would be subject to different rules, too. If a horse had stripes, it would look like a zebra. Congress is not a private citizen.

Mr. Ford's remark is actually extremely revealing. It shows the old attitude that "the Government" means only the executive branch; Congress is a second-class branch, which gets information—and thus a share of power—only by the executive's charity. If that is the attitude, nothing has been learned from the Presidential excesses of recent years.

If American intelligence had produced a series of triumphs, there might be something to say for this attitude. In fact, Congress has at length been aroused from its lethargy only by successive intelligence wrongs and disasters, But the reason for independent Congressional oversight is more than pragmatic.

In the deepest sense the safety of liberty in this country rests on respect for the separation of powers—on Congress as a balance to the growth of Presidential power. Anyone who needs to be reminded of that truth should read the late Alexander M. Bicke's remarkable book, "The Morality of Consent," about to be published by the Yale University Press. The secret of our "disorderly" system, he says, is the assurance of freedom given by the continuing contests of power, within government and between government and citizenry.

The great Supreme Court decision on separation of powers was the steel case of 1952, striking down President Truman's seizure of the mills because it went beyond the limits of law. Justice Robert H. Jackson, in his concurring opinion, said the Court rightly refused to extend Presidential power. But in the long run, he warned: "Only Congress itself can prevent power from slipping through its fingers."

THE PRICE OF RED INK

Mr. PACKWOOD. Mr. President, yesterday in the Wall Street Journal appeared the following article concerning Federal borrowing. It confirms my fears that we have not at all dealt with the gargantuan problem of funding our massive, ever-increasing national debt. Short-run solutions are not designed to cure long-run problems.

We are now paying interest of over $36 billion per year on our national debt. As the article points out, this puts funding the debt the third most expensive Federal activity, directly following social-welfare spending and national defense. The difference between paying the interest and spending on welfare or defense programs is one of obligation: we must pay the interest or lose our credit. However, we can survive without additional welfare or defense programs.

The decision must be made by Congress. We can continue to fund additional programs, worthy programs which we cannot afford, or we can take action, as unpleasant as it may be, to put our financial house in order.

Mr. President, I ask unanimous consent to have printed in the Record the article by James P. Gannon of the Wall Street Journal.

There being no objection, the article was ordered to be printed in the Record, as follows:

Officials Worry More Over Economic Strains of Federal Borrowing—Some Damage to Recovery Inevitable Treasury Says; Telling the Market More; "Nothing but Bad Choices"

(By James P. Gannon)

Washington.—In a heavily guarded pressroom at the Bureau of Engraving and Printing here, foreman Arthur Baron stands almost surrounded by tangible evidence of a great economic abstraction: the national debt.

Around him stand more than a dozen waist-high stacks of half-printed Treasury bills—government IOUs in the making. Each tightly bound pile consists of 5,000 large sheets of square paper, on which are printed six bills to be valued at $10,000 apiece. Every stack represents $300 million but just looks like an oversize bundle of crisp stationery.

"Those machines over there," says Mr. Baron, pointing to two whirring presses, "used to be printing currency, but now we have them working pretty steadily on the debt."

The fact that Mr. Baron's presses have switched from printing money to printing U.S. debt securities is a telling sign of the times. The federal government, short of money, is long on debt these days. Its money machines are cranking out millions upon millions of these pretty pieces of paper—purple, blue and green and bearing engraved likenesses of long-forgotten Treasury Secretaries and bearded Presidents.

THE INEVITABLE DAMAGE

The Treasury is issuing these fancy pieces of paper at a once-unthinkable pace of more than $1.5 billion a week. The attractive interest yields—lately reaching as high as 8.5%—offered on these supersafe securities are luring funds away from the stock market, corporate bonds, savings accounts and other competing havens for money. Treasury debt managers are working hard to reduce the damage this can do to the fledgling economic recovery, but they concede that some damage is inevitable.

Treasury Secretary William Simon warned the House Budget Committee yesterday that "unprecedented" government borrowing is draining funds away from housing and business investment, thus weakening the economic upturn. "Unfortunately," he said, "the hoped-for recovery of residential construction and business investment will be hampered by the disruptive impact of massive federal debt-financing requirements." At a separate House hearing yesterday, the Treasury asked Congress for another temporary increase in the federal debt ceiling to accommodate its big borrowing plans.

Government borrowing in the fiscal year that began last July 1 is expected to top $80 billion, up from $51 billion in the past year, fiscal 1975, and from just $3 billion in fiscal 1974. At the beginning of the current fiscal year, the federal debt already totaled $544 billion, up 68% in a decade. Just paying interest on the debt now costs $36 billion a year, which makes that the government's third most expensive activity, right behind social-welfare spending and national defense.

The heavy borrowing, of course, reflects the fact that the government is running deeply in the red, mainly because the recession eroded tax receipts and swelled spending on such things as unemployment benefits and food stamps. This fiscal year's deficit is likely to hit a record $70 billion or more, up from $42.6 billion in fiscal 1975, and the early guessing on next year's red ink ranges from $35 billion to $50 billion. Thus, big borrowing will continue indefinitely.

Last winter, Treasury Secretary Simon touched off a debate by contending that the Treasury's hefty borrowing would "crowd out" other borrowers, such as corporations, local governments and home buyers. At the time, the debate was academic. No crowding-out occurred in the first half of calendar 1975 because the recession sharply reduced business and consumer borrowing and left the Treasury ample elbow room in the credit markets.

SIGNS OF STRAIN

But the second half of 1975 and all of 1976 may be different, government officials and many private economists warn. They don't see any early credit crunch, but they do see these signs of strain in financial markets that could point to difficulties ahead:

Corporations in recent weeks have postponed or canceled roughly $700 million of proposed new offerings of bonds and other debt issues. The would-be borrowers that backed away from the credit markets include blue-chip outfits, such as J. P. Morgan & Co., the prestigious New York bank-holding company, and lesser-rated borrowers, such as Consolidated Edison Co., New York City's electric and gas utility.

Interest rates, influenced by fears of renewed inflation and the Federal Reserve Board's restrictive monetary policy as well as heavy Treasury borrowing, have been on the rise since midyear after falling in the first half of calendar 1975. Bank interest charges, mortgage rates and yields on Treasury securities have been moving up. A mid-June offering of two-year Treasury notes provided investors an average return of 6.61%, but the yield at this month's sale of such notes jumped to 8.44%, well above the return that savers can earn at a bank or a savings and loan association.

The inflow of funds to savings institutions is dramatically slowing as savers seek the higher rates in Treasury securities. The August increase in deposits at savings and loan associations was less than half the record inflow of July, and some industry executives fear that September figures may show a net outflow of funds. Such a development, if sustained a few months, would dry up mortgage credit and retard any rebound in the depressed home-building industry—a rebound considered vital for a general recovery.

Viewing these trends, Treasury Secretary Simon is sounding the "crowding-out" alarm again—but this time with more outside support. "Unfortunately," says the former Wall Street bond trader, "crowding out isn't just a fear any longer, it's a reality." The economic recovery is stronger than he had expected, Mr. Simon says, leading to financial strains earlier than he had thought likely.

While Mr. Simon's warnings may be somewhat exaggerated for effect (he hopes they will scare Congress away from enlarging the deficit further), his concern is shared increasingly by outside experts.

In a recent analysis of credit-market conditions, economist Henry Kaufman of the

Wall Street securities firm of Salomon Brothers commented that although borrowers felt little strain in the first half of the year, "crowding-out now is surfacing with the emergence of some real growth, an acceleration of inflation and huge Treasury financing demands."

David M. Jones, vice president and economist of Aubrey G. Lanston & Co., a New York dealer in government securities, says that "postponement of corporate bond issues suggests there has been, if not crowding-out, at least opting-out by corporate borrowers to wait for better market conditions." He adds that as a stronger economy fuels business demand for credit early next year, chances of a "head-on confrontation" between Treasury borrowing and business needs will increase.

The housing industry is growing particularly vocal in warning that Treasury borrowing is threatening to jeopardize a homebuilding comeback. "The federal government's mushrooming credit demands will push interest rates higher," warns economist John M. Wetmore of the Mortgage Bankers Association of America, and "in turn all private sectors of the economy, including the mortgage market, will get crowded out." Mortgage lenders, such as savings and loan associations, are particularly alarmed that this month's Treasury auctions prompted many depositors to withdraw their savings to buy higher-yielding Treasury notes; an unusually large proportion of the notes were bought by individuals, rather than banks and other financial institutions.

Treasury officials are trying hard to reduce the ill effects of their borrowing, but the government's huge cash needs leave little room for maneuvering. And at the Federal Reserve Board, there is little inclination to fully accommodate the Treasury's needs by pumping up the nation's money supply; the Fed fears that such a course would only feed inflation.

The Fed, insiders say, is willing to watch interest rates rise and to see some tightening in mortgage-money markets as the price of sticking to its self-imposed limits on money-supply growth. "We've tried not to make any easing in policy because of Treasury needs," one Fed source says. He admits that "there are some signs of strain developing" in financial markets and that "housing could stand to lose" as the Treasury's borrowing and the Fed's firm stance push interest rates up. But he argues that greater damage would be done if the Fed relaxed its credit grip to make the Treasury's borrowing easier—and thus abandoned its anti-inflation policy.

Treasury debt managers, trying to dream up ways to borrow more than $80 billion this fiscal year, are trapped between the rock of the Fed and the hard place of their own cash needs. "You have nothing but bad choices," comments Edward Snyder, a veteran Treasury debt-management specialist, who likens the present situation to the borrowing binge needed to finance World War II.

Under these circumstances, the Treasury must constantly, rather than occasionally, tap the credit market. Sales of intermediate and long-term issues—notes and bonds—are being scheduled two and three times a month, usually in bites of $1 billion to $3 billion, instead of quarterly as before. Weekly auctions of three-month and six-month Treasury bills are raising $700 million to $1 billion of "new money"—money beyond that needed to pay off maturing bills.

"We're operating in a fundamentally different climate," from that in which the Treasury has operated in the past," contends Edwin H. Yeo III, the former Pittsburgh bank economist who became under secretary for monetary affairs—chief debt-juggler—two months ago. Not only are the Treasury's needs much bigger, Mr. Yeo says, but financial markets are "more volatile"—subject to wider and more frequent ups and downs as inflation fears and other psychological factors dictate.

The Treasury is adjusting its financing operation to this jittery climate in different ways, the official suggests. One effort is minute-by-minute monitoring of bond- and stock-market activity. In his otherwise antique-filled office, Mr. Yeo has installed an electronic gadget with a keyboard like a typewriter and a picture tube like a TV set. By punching the right combination of keys, Mr. Yeo can order up an instant display of bond prices, stock-trading activity, commodity quotes, the hour's news headlines or other information.

"I like to know what's going on," says the 41-year-old Mr. Yeo, who has a penchant for vested suits, button-down shirts, slicked-down hair and Simon-says conservatism. "You have to know what is going on and why to design a financing that will catch the tide of events."

Besides watching the market more, Treasury men are trying to tell the market more about their financing plans. They recently outlined in public their elaborate plan for raising $44 billion to $47 billion in new money during the current July-December period. Why? "Our feeling was that the markets were uncertain about our plans, and uncertainty is anathema to markets," Mr. Yeo remarks. By letting dealers and investors know well in advance the amounts and types of coming Treasury debt issues, Mr. Yeo hopes to calm some of the jitters that can result in wide price swings and interest-rate changes.

In an effort to reduce upward pressure on short-term interest rates and lengthen the maturity of government debt, Mr. Yeo also is lessening the Treasury's reliance on short-term bills in favor of longer-term notes and bonds. He thinks this will ease the problem of "disintermediation"—meaning the outflow of savings from thrift institutions—and the resulting harm to housing. Further, selling two-year notes now instead of three- or six-month bills means that the Treasury will have less maturing debt to "roll over" in 1976, when business demand for credit may be strong, he notes.

These and other damage-control adjustments in Treasury financing techniques can have only a limited impact on the general structure and level of interest rates, Mr. Yeo readily admits. When the national deficit is so gross, its impact can't be fine-tuned.

Only half in jest, debt manager Ed Snyer sums up the Treasury's problem: "Debt management today is easy. There aren't too many choices to make. You just do all of everything that you can think of and hope that it is enough."

JEC HEARINGS ON NEW YORK FINANCIAL CRISIS

Mr. HUMPHREY. Mr. President, on Wednesday, September 24, 1975, the Joint Economic Committee held the first in a series of hearings about the national financial and economic consequences of New York City's financial crisis. The committee received testimony from a panel of mayors and from the Secretary of the Treasury, William Simon. Needless to say, the mayors and the Secretary expressed greatly disparate views about the national implications of a default by New York.

The mayors, from such far ranging communities as San Leandro, Calif., and Anchorage, Alaska, expressed concern that the prospect of default by New York City had cast a pall over the entire municipal bond market. Many of them suggested that New York's problems were typical of other communities, although further advanced. Others, that did not share New York's malaise, expressed great concern that their citizens would be directly affected by a New York default. This opinion was best summed up by Moon Landrieu, mayor of New Orleans and chairman of the U.S. Conference of Mayors, who stated that:

> We (the Mayors) are concerned that the collapse of New York City, or default by New York on its obligations will make it difficult, if not impossible, for any city to borrow money.

Secretary Simon's views were a sharp contrast to those expressed by the mayors. He foresaw no great danger to either the municipal bond market or the banking system if New York were to default. He maintained his position that the impact of a possible default had already been discounted by the financial markets and that the true default would have little further impact. He did concede that there is a great deal of uncertainty affiliated with any assessment of the impact of default.

Since this is an issue of great national concern, I would like to share the testimony of the witnesses and other related material with my colleagues. I ask unanimous consent to incorporate in the Record the testimony received from the mayors and Secretary Simon, a letter to me from William Eagleson, Jr., chairman of the board and president of Girard Bank in Philadelphia, letters to Mayor Lee Alexander of Syracuse from Dennis Longwell, president of Chase Manhattan Bank and John Trimble, counsel to a law firm of Mudge, Rose, Guthrie & Alexander, an article by Hobart Rowan from Sunday, September 28 issue of the Washington Post about the JEC hearing, and a letter from James Redden, State treasurer of Oregon, to Secretary Simon.

There being no objection, the material was ordered to be printed in the Record, as follows:

Conference of Mayors President Calls for Emergency Programs to Deal With Fiscal Problems of Cities

Washington, Sept. 24.—The President of the United States Conference of Mayors, Mayor Moon Landrieu of New Orleans, today proposed two solutions which could aid financially troubled municipalities such as New York.

In testimony before the Joint Economic Committee, Mayor Landrieu called for municipal bond guarantees for cities at the brink of default or emergency federal loans.

Mayor Landrieu, testifying with 14 other Mayors who are members of the Executive Committee of the Conference of Mayors, said such municipal bond guarantees or emergency federal loans should "contain strict limitations concerning applications and be directed only to those units of society which are vital to our economy and cannot obtain credit from the private sector, or from a higher level of government."

Other Mayors who were scheduled to testify on the subject are:

Mayor Kenneth A. Gibson, Newark, N.J.

Mayor Lee Alexander, Syracuse, N.Y.

Mayor Joseph L Alioto, San Francisco, Calif.

Mayor Henry W. Mater, Milwaukee, Wisc.

Mayor Jack D. Maltester, San Leandro, Calif.
Mayor John J. Buckley, Lawrence, Mass.
Mayor Richard G. Hatcher, Gary, Ind.
Mayor William H. McNichols, Denver, Colo.
Mayor Ralph J. Perk, Cleveland, Ohio.
Mayor Carlos Romero Barcelo, San Juan, P. R.
Mayor George M. Sullivan, Anchorage, Ak.
Mayor Kevin H. White, Boston, Mass.
Mayor Abraham Beame, New York, N.Y.
Mayor Coleman Young, Detroit, Mich.

In a day-long lobbying campaign here in Washington, the Mayors were scheduled to meet with President Ford later in the day and were also to meet with ranking members of the House and Senate Banking Committees. These committees would hold jurisdiction over legislation which would federally guarantee emergency municipal bonds or allow for federal emergency loans.

Mayor Landrieu said tentative support for such emergency proposals had been voiced by representatives of organizations of state, county and city governments.

In addition, he pleaded for support from the leadership of the Congress and said the Conference of Mayors would carry its campaign to President Ford later in the day.

"The impact of default by New York City would be catastrophe and cause additional and serious new economic burdens to local governments across the country," Mayor Landrieu said.

"Such a default would at the least force municipal bond interest rates up across the country and cost local taxpayers additional millions of dollars working against the economic upswing already in precarious condition," Mayor Landrieu said.

Explaining that the two proposals might not be the "final solution" to the problem, Mayor Landrieu said the Conference of Mayors would welcome other proposals which might meet the issue of municipal default.

"This country cannot allow New York City to default," he said.

Here are the outlines of the two proposals made by the Conference of Mayors President:

LOAN GUARANTEES

Such federal loan guarantees would remove the tax-exempt status for municipal bonds so insured and would be issued only if credit was not available from other sources. There would have to be evidence that revenues are sufficient to cover repayment. There would be a clear statement that such loan guarantees in no way endangers the tax exempt status of obligations issued by local governments not seeking such guarantees.

EMERGENCY LOANS

The alternative proposal to direct loan guarantees would be creation of a 1975 version of the Reconstruction Finance Corporation (RFC). The program would not be limited to New York City; such assistance being in the form of direct cash loans, at a favorable rate of interest. Although the grant of authority to the RFC by the legislation would be broad, it would be clear that balanced budgets, full faith and credit of the borrower, and other criteria would be strictly enforced. If their criteria were strong enough, the number of applicants for assistance would be limited to only those in emergency need.

STATEMENT OF THE HONORABLE WILLIAM E. SIMON

NEW YORK CITY'S FINANCIAL SITUATION

Mr. Chairman and Members of this Distinguished Committee:

I am here today at the express invitation of the Chairman, who has called upon me to testify about the possible impact of a financial default by New York City.

This is an occasion that none of us can welcome. All of us share the hope that a default can be avoided. Personally, I am confident that if the proper steps are taken, default will be avoided. One of the great pleasures in my life was to spend some 20 years working in the financial community in downtown Manhattan. I gained from that experience not only a love for the City but also enormous respect for the wisdom and strength of its people. I sincerely believe that if those great resources are properly marshaled, New York City will emerge from its current difficulties.

As your invitation to me recognizes, however, it is also important that we seek to understand what the implications would be if default does occur. I am sure that the Members of this Committee, as well as the American people, want this inquiry to be as honest and objective as possible. This cannot be a time when we delude ourselves with excessive optimism and thus fail to act wisely. By the same token, we should not engage in excessive pessimism. Impassioned statements that a default would have catastrophic consequences for the financial markets as well as the economy—statements which have no foundation in observable facts—can only make the situation worse. This is a time, then, for an honest appraisal, devoid of emotionalism or partisanship. My testimony today is offered in that spirit.

I have appeared before this Committee many times to discuss economic and financial issues. I have enjoyed our dialogues and I recognize their value in exposing your colleagues in the Congress and the nation as a whole to a wide range of views on the issues which confront us.

Our job today is not a pleasant one. This Committee has an obligation to inquire into the major economic matters which face the nation and I have a corresponding obligation to present the Administration's views: responsively, accurately and fairly. And neither of us meets these obligations unless we deal with all sides of the issues: the unlikely as well as the likely, the worst case as well as the best.

Moreover, these obligations extend beyond evaluation. To the extent we identify the potential for harm in a default, we must implement measures designed to minimize harm in the event default occurs. Properly designed, such measures should not enhance the possibility that default will occur. Nor should they reflect a judgment that a default will necessarily occur. They simply involve the Government carrying out one of its most important roles: protecting its citizens.

It is for these reasons that we have carefully evaluated the potential impact of default. Because default has two aspects—the objective and the psychological—any evaluation of the impact must involve highly subjective judgments. Absolute certainty is simply not possible.

With these considerations in mind, let me outline the substance of my remarks today.

First, although the challenges and the task are great, New York City, with the assistance of the State, has both the mechanisms and the resources to avoid default.

Second, if default were to occur, the event would be primarily legal in nature: the political and social infrastructure of the City would remain intact.

Third, while a default could adversely affect the capital markets, the effect in my judgment would be tolerable and temporary.

Fourth, a default would cause little, if any, damage to our financial structure: the banking system would remain intact, no bank customers would lose their deposits, and the system would continue to be able to provide credit to all levels of the economy, including consumers.

Finally, the costs and risks associated with any program to provide special federal financial assistance to prevent default substantially outweigh the benefits which prevention would provide.

The administration program

At the President's request, I have put together an informal inter-agency task-force, chaired by my Under Secretary Edwin H. Yeo III, to deal with every aspect of a potential default by New York City. The evaluations and the plans outlined in my testimony today are the result of these efforts. We did not, however, feel that it would serve anyone's interests to publicize the activities of this group until this time.

Working through this group, and with the cooperation of other agencies of government, we have developed a program designed specifically to minimize harm in the event of a default. Particular aspects of the program are described in detail throughout my testimony, but let me summarize it now.

To complement action by the State Legislature, we have prepared, and will shortly submit to the Congress, legislation amending Chapter 9 of the Federal Bankruptcy Act to facilitate use of the protections of that Act by New York City. In addition, we are also studying the feasibility of a Chapter 11 type reorganization procedure as an alternative mechanism.

We will continue to provide for the flow of Federal assistance payments to New York City.

To protect the banking system and thus assure the continued availability of resources that system provides to consumers, corporations and governments, the FDIC will, in appropriate cases, provide capital to institutions where such action is necessary to maintain solvency. Moreover, as Chairman Burns reported to this Committee earlier this month: "the Federal Reserve will act promptly to relieve liquidity strains on the banking system, whatever the cause of those strains may be."

Let me repeat, default can be avoided. But it is our responsibility—to the Congress and to the nation—to design programs for any eventuality.

Current status

Let us now consider the current efforts of New York City and New York State to prevent a default.

On September 9, a special session of the New York State Legislature enacted legislation calling for:

Creation of a State dominated Emergency Financial Control Board to assume plenary control over the City's finances;

Authority to issue $750 million in short term State notes, the proceeds to be used to purchase MAC bonds;

A mandate to State and City employee pension plans to purchase $750 million in MAC bonds (and relief for the State Comptroller with respect to his fiduciary responsibilities regarding these plans);

An increase in MAC's borrowing authority from $3 billion to $5 billion; and

Authorization for the City to file a petition in bankruptcy under Chapter 9 of the Federal Bankruptcy Act.

Two days later, New York State sold $755 million of short term notes, including $250 million earmarked for the City. MAC is beginning to raise from other sources the $800 million necessary to complete the $2.3 billion package which is required to finance the City through December 1.

At the City level, meanwhile, Mayor Beame has appointed a top financial executive to serve as the chief financial officer of New York City and to develop, by mid-October, an expense reduction plan to return the City to a sound fiscal basis.

These laudable efforts reflect a renewed sense of dedication to attack the causes of the problems I discussed with Congressman Rosenthal's subcommittee last June. Will these measures work? Can the City do enough between now and December to restore investor confidence? Some have answered in the negative, but I cannot agree. I would be less than candid with this Committee if I suggested the task will be easy. I would be less than candid if I failed to say that more in the way of immediate actions—immediate expense reductions—is required now than would have been required at some earlier time. But it would be equally untruthful to suggest that the job cannot be done. Appropriate mechanisms are now in place. It is essential that they be used promptly and well.

Impact of a default

Necessary Concepts

To set the framework for my analysis of the impact of default, it is important to define some relevant terms and concepts. I sense that the dialogue concerning the issue has been hampered by confusion over the meaning and import of certain key words. First, there is "insolvency" which, simply stated, means that a person or a city has current obligations which exceed its available funds. "Default" is a technical legal term describing a debtor's refusal or inability to pay a creditor who has demanded payment. "Bankruptcy" describes a legal proceeding—provided for in the Constitution—under which an insolvent party in default turns over to a court the job of deciding how his financial resources will be apportioned among creditors.

In looking at default and bankruptcy, we should also draw a distinction between the options available in the event of a corporate default and those available with respect to a municipal default. If a corporation defaults and is subsequently brought under the jurisdiction of a federal bankruptcy court, one option—albeit often not the most desirable one—is liquidation: the sale of assets to satisfy the claims of creditors and the subsequent disappearance of the corporation as a continuing entity. Both common sense and Constitutional principles preclude such an option with respect to municipal defaults.

In this respect, a default by a state or local government is closely analogous to a a default by an individual person. In either case, if a bankruptcy proceeding ensues, resources essential to the maintenance of life in the one case and essential services in the other, are protected from the demands of creditors.

It is important to re-emphasize this point: If New York City defaulted, it would continue to exist and to operate. Tax payments, Federal and State assistance payments and other sources of revenue would continue to flow. Schools and hospitals would remain open; police, fire and sanitation services would be provided and paid for.

In short, it is essential not to confuse the legal and idiomatic meanings of the term bankruptcy. In common parlance, we may use bankruptcy to define a condition devoid of substance or resources. By that definition, New York has not been, is not now, and will not be bankrupt. If New York City does default, however, to deal with its creditors in an orderly way, a proceeding under the Federal bankruptcy laws is the most appropriate solution.

As I have often said, no observer who is asked to predict the impact of a default can do so with absolute certitude. A default—like any major financial reversal—has two aspects: a tangible, objective aspect on the one hand and a psychological aspect on the other. It would be inadequate to limit the analysis to only one of these aspects. And confusing the two would further cloud our evaluation of the impact of default. Indeed, I sense that such confusion is in large part responsible for some of the more extreme predictions which have been made in recent weeks.

Moreover, as I cautioned in my letter of last week, it is important to be sensitive to the risk that the evaluation process itself may aggravate reaction to a default. Let us suppose, for example, that leaders of major financial institutions contend that their institutions and the markets in which they function would be devastated by a default. Objective factors notwithstanding, such contentions would measurably enhance the impact of default.

Let me turn to a sector-by-sector analysis.

ESSENTIAL SERVICES

If New York City defaulted on an obligation to redeem a maturing note issue for cash, a question of immediate importance is whether the City could continue to provide essential services: police and fire protection, sanitation, mass transit, water and sewerage facilities, and the like. We evaluate the outlays required to provide these services against the City's level of receipts. While, as I have indicated on earlier occasions, levels of outlay for these services are extreme in relation to the outlays of other cities, New York City's revenues appear sufficient to provide an adequate level of services in the event of default.

Federal assistance programs

Another potential concern relates to continuation of the various Federal Assistance programs which benefit the citizens of New York. The Office of Management and Budget and the Domestic Council have completed a survey of the most important of these programs with the objective of identifying the potential consequences on scheduled assistance flows in the event local mechanism temporarily become unavailable. As the Committee knows, certain assistance to the City and its citizens depends upon local matching funds. The great bulk of this assistance is matched by the State of New York. However, under State law, the City is required to provide some share of the State portion. In our view, and under current Federal law, the State is responsible to make the matching payments if the flow of Federal assistance is to continue.

Speaking more broadly, programs of assistance to the disadvantaged are fundamental in a compassionate democratic society. But if such programs lose the support of the American people—if they are perceived as too often providing the wrong benefits to the wrong recipients—our ability to provide any assistance of this nature will be limited.

For these reasons, the President has asked Vice President Rockefeller, as Chairman of the Domestic Council, to conduct a thorough re-evaluation of all Federal assitance programs and to develop proposals for reform. While that review is not yet complete, my views are well known. I personally have long favored a simple program of income maintenance as the most efficient approach to our responsibilities in this area.

Debt adjustment

The requirement that the City continue to provide and finance essential services underscores the importance of insuring that there is an orderly mechanism for allocating the City's financial resources and effecting a restructuring of the short term debt. Absent such a mechanism, there is the risk of a multitude of lawsuits, each seeking a legal injunction against the payment of City funds to one class of creditor or another.

It is for this reason that we have prepared, and will submit shortly to Congress, legislation amending Chapter 9 of the Federal Bankruptcy Act. This legislation is designed to insure that the claims of all legitimate creditors would be dealt with in a single proceeding. It would be complementary to the legislation enacted by the New York State Legislature authorizing New York City, in the event of default, to seek reorganization of its debt under the plenary jurisdiction of a federal court.

Specifically, our proposal would modify existing law by eliminating the existing requirement that a city must file a reorganization plan and written assents to the plan from 51% of the creditors before obtaining the protection of a Federal bankruptcy court. Under the revised procedure, Federal protection would be provided upon the filing only of a simple petition by the City. As is the case with respect to other types of reorganizations under our bankruptcy laws, the reorganization plan and the creditors' assent thereto would be developed in the course of the proceeding. In the interim, however, the City would be protected from conflicting claims and injunctions regarding its resources, and could continue to conduct its affairs in an orderly manner.

I would point out that this proposal is substantially consistent with the recommendations of the National Commission on the Reform of the Bankruptcy Laws, embodied in S. 235.

Financial markets

In assessing the impact of a default on the financial markets, we are dealing in the realm of judgment; as I have said, absolute certainty is simply not possible. My analysis is based on a detailed review of all the factual circumstances, discussions with a wide range of market professionals in the private sector, and my own conclusions, based on more than twenty years of experience in the investment banking business.

The impact of a default on markets other than the municipal market is, in the final analysis, closely related to the impact on the overall economy. As I shall discuss more fully in a few moments, it is our judgment that a default would not damage the prospects for the Nation's economic recovery. The public understands that New York City's problems are unique in most important respects. Moreover, over the past six months and in the months to come, the public has had, and will have, ample opportunity to decide whether a default by New York City is merely representative of a more fundamental flaw in our economy. Only if such a conclusion were reached—and there is no objective reason why it should be—could we expect a serious and lasting adverse impact on these markets.

Municipal bond market

Our conclusions with respect to the municipal bond market are at once more precise and more complex. Over at least the past year, the municipal market has been unsettled due to a variety of complex factors.

First, the enormous volume of tax-exempt securities coming to market—more than $51 billion of bond and notes in 1974 and more than $40 billion in the first eight months of this year alone—has not been matched by a corresponding increase in demand for such securities. Second, inflation and now its inevitable handmaiden—the anticipation of future inflation—caused by massive Federal demands on the market has dampened investor interest in committing funds for the long term. Finally, a series of events—the repeal of the Port Authority covenant by the legislatures of New York and New Jersey; the default by UDC, occasioned by the New York State Legislature's initial refusal to carry out its "moral obligation;" and the problems of New York City itself—have all sharpened investor awareness of risk and created an element of doubt about the willingness of public bodies to carry out their financial obligations.

To a significant extent, these doubts have already led to some adjustments in the market. In the event of defaut, we would expect only a temporary period of moderate adjustment. And over a slightly longer time frame, we can see some potentially favorable signs. We understand that numerous intermediaries and investors are currently withholding funds from the municipal market because of the current uncertainties. When the New York City situation is resolved—one way or another—we can expect a substantial return of funds to the market, improving liquidity and lowering borrowing costs.

But the implications of default are broader than short range fund flows or price adjustments. Since at least the beginning of this decade, there has been a marked increase in the tendency of investors to restrict themselves to higher-grade instruments—or a "flight to quality" to use the terminology of the market. Inflation and its by-products is the primary cause, but there is little question that major financial reversals—the Penn Central bankruptcy, for example—have served as important catalysts.

Clearly, New York City's situation has caused this trend to accelerate. Issuers whose obligations are viewed as less than prime are paying high rates of interest relative to the general structure of interest rates. Conversely, well-run issuers are benefitting in the form of lower rates.

In short, when we move away from this period of uncertainty, underlying credit characteristics—financial soundness—will be the dominant factor in the pricing of all municipal debt. The result will be a better and more efficient municipal bond market.

At the same time, we cannot ignore the way in which the municipal market has performed even under these seriously unsettled conditions. During August alone, four states and 225 municipalities raised nearly $2.6 billion in long term debt. And contrary to widely held opinion, such funds were raised at a cost not grossly disproportionate to historical levels.

Traditionally, there has been a 30% spread between tax-exempt and taxable issues of comparable quality. When we hear complaints about the record rates municipalities are paying for funds, we must keep in mind that conditions in the corporate market are no better. This month, the spread between long term prime municipals and comparable utility issues was squarely on the 30% figure.

This is not to suggest that the municipal market has not been impacted by the uncertainty surrounding New York City's condition. But it does place the reaction of the market in a more accurate perspective than some of the rhetoric of recent months.

Finally, the disruptions which have occurred in the market place can provide an impetus for some very important reforms. One reason our capital markets are the finest in the world is that, under our laws and procedures, investors are provided with detailed and accurate information concerning potential investments. To the extent investors begin to receive such information from tax-exempt issuers, the market will clearly benefit.

New York State and its agencies

We have taken a particularly careful look at the credits within New York State to determine whether any credit would be able to withstand an increased level of scrutiny. We now believe there is little risk that a default by New York City would directly precipitate a default by New York State or its agencies.

Impact on the banking system

As the Committee is aware, the Treasury Department, in conjunction with the Comptroller of the Currency, the Federal Reserve Board and the FDIC, has taken a close look at the holdings of New York City securities in our banking system. While significant amounts of New York City's debt is held by commercial banks, we do not believe a default would have a material impact on the banking system.

Specifically, our analysis revealed that only an infinitesimal number of the nation's 14,000 commercial banks could face serious capital impairment if New York City defaulted. Moreover, all of the nation's larger banks would be secure in the event of default.

But as is the case in other areas, we have felt an obligation to develop mechanisms to minimize all risks, however small. Accordingly, with respect to any bank which may be impacted, various mechanisms are now available to insure that none will fail as a result of a decline in the value of their holdings of New York City obligations. Bank customers have no need to fear for their funds.

1. Where possible, bank directors will be required to contribute additional capital.

2. Certain banks may be sold to, or merged with, other banks or bank holding companies.

3. As a last resort, in appropriate cases, the FDIC may provide capital in the form of convertible subordinated debt, at the same time imposing appropriate sanctions on the bank officials directly and indirectly responsible for the bank's exposure.

In addition, in recognition of the likelihood that any default could be cured promptly, the bank regulatory agencies have agreed that in the event of default, no bank will be required to write its holdings to market for six months.

Overall economic impact

As I suggested earlier, we cannot conclude that a default by New York City would result in a broad-based decline in consumer or investor confidence or in the adoption of unnecessarily restrictive lending policies by financial institutions. The American people know the reasons New York City is having financial difficulties and they know that there is little, if any, direct relationship between these difficulties and the condition of the national economy.

New York City is facing a possible default because for years it has spent far more than it takes in. New York City is facing a possible default because, until recently, it has not shown itself willing to implement the necessary reform measures required to restore confidence and regain access to the capital markets. No change in the national economic picture will measurably improve conditions in New York. And by the same token, no change in New York's condition will materially influence the economy as a whole.

Federal Financial Assistance

The only event which could modify this conclusion would be the provision of Federal financial assistance to avert a default. Indeed, such assistance—be it in the form of a guarantee or a loan, insurance or a grant—would, in my view, cause many problems for the process of recovery.

As the chief financial officer of this great country I have a responsibility to all the people, not simply to particular groups or sectors at particular times. My job, in essense, is to protect and restore the eroding fiscal and financial integrity of the United States for the benefit of every citizen. To state my views on special financial assistance for New York City most directly: I would be ignoring this fundamental responsibility if I were to support such assistance.

For years, government at all levels has been promising more than it can deliver. This is the cause of New York City's problem and, in my view, it is the cause of our severe problems at the Federal level as well. More and larger deficits and the increased level of Federal borrowing required to finance these deficits have combined to threaten our economic system with fundamental change: No longer can we be confident that our private sector will have access to the capital required if it is to meet the needs of all our citizens. Yet some would have us accelerate these changes to deal with the consequences of fiscal irresponsibility at the local level.

Any form of financial assistance would directly increase the burden the Federal Government imposes on the capital markets. Who would suffer? All borrowers, including every other state and local government, would pay higher interest rates. And certain sectors—housing, small and medium-sized companies, for example—could discover that funds were not available at any price.

Moreover, we do not escape these problems by making the assistance slightly less direct; by providing a guarantee or insurance for municipal debt. Indeed, such a program would create a security superior to those of the Federal Government itself: Backed by the full faith and credit of the United States and exempt from Federal taxes. The impact on any municipal issuer which did not have a guarantee would be direct and severe: The guaranteed bonds would skim the cream of the market and all other issuers would pay higher rates.

And what would such a program do to fiscal policies at the local level? Today, the desire to maintain access to credit at the lowest possible rate is the most important incentive for fiscal restraint. A Federal guarantee program would provide all participants with the credit of the United States: This critical restraint on spending would be lost entirely.

But, some will ask, why not have the Federal Government impose these restraints as a condition for the guarantee? That possibility concerns me more than any other because it would amount to no less than a Federal takeover of the fiscal and financial decision-making process at the State and local level.

We would have to create a new bureaucracy, simply to concoct and enforce the guidelines as to local priorities we here in Washington would be imposing on the Governments of the nation. We would be confronted with the sorry spectacle of duty-elected local officials lining up outside my door, attempting to persuade me that they were carrying out their responsibilities in a satisfactory fashion. We would, in short, be contravening constitutionally—imposed principles of Federalism; principles which lie at the heart of the structure of government in this nation.

Thousands, perhaps tens of thousands, of governments would resist this intrusion into local affairs. And they would be absolutely right. But in the final analysis, theirs would be a Hobson's Choice: Submit to Federal control or pay the price of independence in the bond markets. Are we really prepared to inflict this choice on the nation?

Finally, there are those who say that New York City is a special case; that helping New York will not obligate us to help other cities in the future. But we are already obligated. We are obligated to local officials throughout the country who have risked their careers by insisting on fiscal restraint. Would financing the deficits of New York City be consistent with our obligation to them? And can we really draw the line at New York City? I doubt it. Assistance to one city would create an intolerable precedent for the future.

Before concluding, I must return once again to an important point—As strong as our economy and our financial system may be, it remains somewhat vulnerable to attacks from within. We in the Administration have done all we can to evaluate the risks a default presents and, where possible, to provide mechanisms to minimize those risks. But if I may borrow a thought from Justice Holmes, the most elaborate fire protection system in the world may not protect theater-goers from the man who cries "fire."

Mr. Chairman, fiscal restraint is not an easy task for any economic unit in our society—a person, a corporation, a partnership, a city. I do not want to deviate from the subject at hand, but I must point out that even we as a nation are not immune. Only our printing press allows us a greater opportunity for postponement, while we daily risk mortgaging away the financial health and prosperity of future generations.

But our economy—however weakened by excesses at the Federal level—remains able to withstand even the most severe shocks. I do not wish a default upon New York City. I do not believe it has to default and I expect it to take the measures necessary to avoid such an event. But if it does default, the economy of this nation and its financial system will survive, with enough strength not only to repair the damage, but also to start our greatest city along the road to recovery.

GIRARD BANK,
Philadelphia, Pa., September 18, 1975.
Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: The financial press has recently reported an exchange of correspondence between you and Secretary Simon concerning the financial and economic consequences to be expected in the event of a default by New York City. It is apparently the view of Secretary Simon that only minor, temporary damage would be caused to financial markets and to the economy by such an event.

In my opinion, Mr. Simon greatly underestimates the impact which a New York City default would have, not only on financial markets but on our nation's economy. The situation of the City of Philadelphia is in no way comparable to that of New York City. Philadelphia's finances have been capably handled and its credit is sound. Nevertheless, it will be necessary for Philadelphia to go to the public markets for an amount in excess of $100 million during 1976 to refund maturing obligations and for other purposes. It will be impossible to find buyers for any such amount of bonds if investors as well as the market makers are faced with the reality of a New York City default. A similar situation will be faced by other municipalities, regardless of their credit standing, and a chain reaction of additional defaults could occur.

It is my judgment that a New York City default would have most serious and widespread consequences in terms of damage to financial institutions, injury to private investors and impediments to further economic recovery. Although I am an advocate of a reduced role for the Federal Government in the economy of our nation, I feel nevertheless, that intervention in this situation is not only desirable but imperative in view of the probable economic cost of any alternative course of action.

Sincerely yours,
WILLIAM B. EAGLESON, Jr.

CHASE MANHATTAN BANK,
Syracuse, N.Y., September 22, 1975.
Hon. LEE ALEXANDER,
Mayor of the City of Syracuse, City Hall,
Syracuse, N.Y.

DEAR MAYOR ALEXANDER: I know that you, as a Chief Executive of one of New York's major cities, are vitally concerned about the financial problems of New York City and the potential impact of these problems on the well-being of our own City and that of New York State. I thought it might be useful for you to have the views of our Corporation on this issue, as we are deeply involved with the financing of New York City, and through our statewide banking activities with the financial management of Syracuse and other major cities in the State.

The problems of New York City have been well documented, as have been the major organizational and financial steps taken to deal with them. The management of our Corporation feels that the steps which have been taken and the structure which has been put into place will, over time, restore New York City's financial integrity and viability. Time is the critical ingredient, however. Investor confidence in New York City will not be restored in a few months. Investor confidence in New York State will be seriously impaired if the State underwrites City credit for the 2–3 years which may be needed to turn the corner. What we believe to be the only viable alternative is a *temporary* substitution of Federal credit for the city's, in order to insure the marketability of City debt until investor confidence is restored by a year or two of demonstrated performance in meeting the targets which have been set forth.

What are the implications for New York State, Syracuse, and other major cities if sufficient time to demonstrate improvement is not made available to New York City in the form of limited and temporary Federal support? The question goes far beyond the financial viability of New York Communities. Throughout the country the capital market for municipal securities is in turmoil. Rates have soared and the willingness of investors to purchase the obligations of *any* municipal government have diminished considerably.

Rating agencies have warned New York State that any further State support to New York City will jeopardize the State's credit rating. It can be safely assumed that any failure by either New York State or City to meet maturing obligations will further erode the national market for municipal securities and cause vital government programs at the state, county, and local level to go unfunded throughout the nation. Here in Syracuse I am certain that even though local debt issues might remain marketable because of the sound financial history of the City, the rates these issues would command might well cause their postponement and thus the abandonment of some vital programs and services.

Thus we feel from both a local and a national perspective that temporary Federal support for New York City is of the highest priority. Some critics appropriately question whether this sort of solution would lead to open-ended Federal underwriting of many cities. This is a valid concern, but we believe that such an unfortunate result can be avoided. New York City has taken drastic steps and will take more to restore financial viability. Federal assistance can be tied to the achievement of savings resulting from these steps so that improvement will be assured. In short, sufficient controls and checkpoints could be installed to insure that New York City's Administration would be motivated to seek an early end to Federal support, and other cities, by observation of these mechanisms in action, would be motivated to do everything in their power to avoid Federal involvement in their own finances.

I'm pleased to have this opportunity to share our viewpoint with you. While our mutual priorities involve principally the Syracuse community and it's economy, we are inevitably involved in the affairs of the nation's economy and financial markets. As a concerned corporate citizen, Chase speaks out on issues of importance. We may not always be popular in doing so, but we believe our positions to be well formulated, and can therefore make a positive contribution to effective public debate.

I would welcome your questions or comments.

Sincerely,
DENNIS LONGFELLOW.

MUDGE ROSE, GUTHRIE & ALEXANDER,
New York, N.Y., September 23, 1975.
Hon. LEE ALEXANDER,
Mayor of the City of Syracuse,
Syracuse, N.Y.

DEAR MR. ALEXANDER: You have requested my opinion, as Bond Counsel for the City, as to the effect a default on bonds or other obligations of the City of New York would have on the bond market for other cities and political subdivisions.

I think such a default by New York City would seriously depress the municipal bond market in the entire country. New York City has always been considered the financial capitol of the United States and its bonds and other obligations in the past have been very highly regarded in the municipal bond market. According to my recollection, bonds of New York City are the only municipal bonds which have been listed on the New York Stock Exchange. Consequently, I think a default by New York City would be the most serious default which could possibly happen to the municipal bond market, and would adversely affect the municipal bond market in the entire country, and would be particularly damaging to the State of New York, and the municipalities and other political subdivisions in New York State, and cities in other states which have problems somewhat similar to those in New York City.

I think it is impossible for a default by the largest City in the country not to create doubts in the minds of investors as to the stability of other municipal bonds.

The adverse effect of such a default has already been amply demonstrated by the mere possibility of default which has been discussed in the newspapers and other media. The Buffalo Sewer Authority failed to obtain a bid at public sale, and notes recently issued by the State of New York carried a record high rate of interest. I think it is safe to state that the entire municipal market has already been deeply depressed by the possibility of default by New York City.

The situation is somewhat comparable to the depressed municipal bond market in the great recession of the 1930's. The municipal bond market was so depressed in the early years of 1930 that many cities and political subdivisions could not market their bonds. The situation became so desperate that the Federal Government, through one of its agencies, purchased the bonds or other obligations of many cities and other political subdivisions in the country, including the Buffalo Sewer Authority and the Pennsylvania Turnpike. This action by the Federal Government was the major factor in the stabilization of the municipal market so that municipal bonds and other obligations could again be sold without assistance from the Federal Government. It is further my recollection from published reports that there was no loss to the Federal Government after the resale of the bonds and other obligations which it had purchased in the municipal market after its stabilization.

In conclusion, it is my opinion that an actual default by New York City would be disastrous to the market for municipal and public securities over the entire country and that it would be a substantial period of time before the adverse effects of such a default could be eliminated.

If I can be of any further assistance in the matter, please advise me.

Sincerely yours,
JOHN T. TRIMBLE.

RISKY ROAD TO A NEW YORK CITY DEFAULT

(By Hobart Rowan)

It has been clear to the financial sophisticates for some time that if New York City—the nation's biggest and heretofore the wealthiest—couldn't pay off its bonds, the same fate might befall the holders of other such bonds issued by other cities and states.

This is a frightening thought, and accounts for some of the panicky effort being put into staving off a default by New York.

But the extent to which New York's financial nightmare might be extended to other cities wasn't dramatized until a group of some 14 mayors descended on Washington last Wednesday and laid it on the line to the Joint Economic Committee of Congress.

What the mayors said, in effect, was that New York is not unique, except perhaps in size and in the depth of its problem. "We all look on New York as symptomatic of a national urban crisis overlooked in Washington," said Mayor Coleman Young of Detroit.

This crisis had been generating for a decade or more, in New York and in urban centers elsewhere. But in the last 18 months, as no one knows better than Mayor Young, recession has exacerbated the problem, boosting welfare rolls and slicing tax revenue.

Already, as mayor after mayor pointed out to the JEC, cities needing to borrow money have had to pay 2 and 3 per cent more in the tax-exempt market to borrow funds, as jittery investors worry about the cities' ability to repay. If New York can go belly-up, why not any city in the nation?

All urban America experienced a sharp budgetary explosion from 1965 to 1975, with massive increases in outlays for welfare, health services, other poverty-related programs—and in municipal payrolls. New York was extra-generous with welfare. One result, wryly noted by Mayor Carlos Romero Barcelo of San Juan, is that "there are more Puerto Ricans in New York, by one million, than there are in San Juan."

In the earlier years of the decade, as a First National City Bank analysis notes, a 15 per cent annual growth in New York's budget was pretty well covered because both the state and Uncle Sam picked up larger shares of the tab.

Even though the New York City spending jamboree slowed to an annual rate of increase of 12 per cent in the second half of the decade, the availability of state and federal funds began to slow even more. But the crusher was supplied by inflation and the 1973–74 recession.

Obviously, New York City's financial structure has had to be reorganized. Temporarily, New York State has bought time for the city, at the expense of its own credit rating. What New Orleans Mayor Moon Landrieu and his colleagues were telling everyone in Washington who would listen is that federal help for New York is now an absolute necessity.

But in Treasury Secretary Simon's Calvinist view, New York has been a profligate spender and must suffer. The "costs and risks" of help to New York, he says, "would outweigh the benefits." In terms of the rest of the country, "default would be tolerable and temporary."

That's Simon's guess. He really doesn't know, because no one can predict precisely what would happen. But if a stony-faced Ford administration follows Simon down this road, it is taking an enormous risk.

Mayor Henry W. Maier of Milwaukee, which enjoys a triple-A rating reflecting a happy financial situation, warned that a New York default would have a "chilling effect" in his town and elsewhere.

SIMON BRUSHES all aside as sheer rhetoric. Yes, he admits, municipal borrowing costs are higher because all interest rates have been pushed up by inflation. The really well-run cities and states will benefit as investors seek "quality."

And as for a federal guarantee, the Secretary says that would make city bonds a better buy than federal securities, and get Washington into the business of running the nation's cities.

But reasonable men could work out a compromise on those issues if they want to, and one is left to suspect, as does Sen. Jacob Javits (R.-N.Y.), that Simon would rather let New York go down the drain. Guarantees of local taxable, instead of tax-exempt, bonds, for example, is one way of assuring that local bonds would not enjoy a status superior to federal bonds. There is ample precedent for doing this.

The mayors make a convincing case that federal help for New York is critical, not only for New York but to prevent an ugly situation from spreading.

If they are right and Simon is wrong (and some of his friends at Chase Manhattan and elsewhere in the financial district think he is) a New York default would create chaos across the board in municipal financing. That would be followed by a sharp retrenchment in local/state spending, cancellation of projects, increases in unemployment, and a deepening of recession.

That's only the economic side. Does Mr. Simon also have ready for Mr. Ford a contingency plan for riots and social upheaval?

State of Oregon,
Salem, Oreg., September 26, 1975.

Hon. William Simon,
Secretary of the Treasury,
Washington, D.C.

Dear Secretary Simon: As the State Treasurer of the State of Oregon, and one of those most closely concerned with the vagaries of the Municipal Bond market, I am writing to you to express my concern about the course of events in New York City, both past and present.

I recently read an article in a local newspaper headlined: "Simon Throws New York to the Wolves." I was even more distressed when I read the text of the article which legitimatized that headline.

I write because I wonder if you have fully considered the implications of a major default by the City of New York. I hope that you will bear with me, so that I can explain the viewpoint of a state official that has no ties with the politics of that city.

You have been quoted as saying that the present situation has not had an effect outside of the City of New York, and that a default by the City will not have an adverse effect but will, in fact, have a beneficial effect on the balance of governmental units in this nation. How could that be? Last May, the State of Oregon sold a $125 million bond issue for the benefit of our veterans' housing program. Those bonds were rated AAA by Moody's Rating Service and AA by Standard and Poors'. This established housing program is, probably the most successful public housing program in the United States. Oregonians are justly proud. The bonds were sold at 6.024%. The previous issue, of the same amount, sold at 5.190%. I do not attribute the financial woes of the City of New York for the entire difference in those rates. Obviously, many factors go into that determination. I have, however, concluded that the State of Oregon paid at least ⅛% more because of the dislocation and disarray of the municipal bond market. That dislocation and disarray were, in fact, caused by the woes of New York City.

There are few of us, concerned with the municipal market, that would suggest that the federal government simply bail the City out. There are few who believe that an outright federal guarantee for future issues of "Big Mac" would be a logical solution. There are other avenues, however, that should be considered. The Administration has considered, and apparently rejected, the concept of a guarantee which would strip away the tax exempt status of the bonds, I believe that this should receive further consideration. The one benefit of this plan, as far as municipalities are concerned, is that the tax exempt market would not be totally occupied by those particular issues.

Another approach might be to guarantee those bonds only if purchased by bond buyers who do not customarily purchase tax exempt paper. An example would be the various public and private pension funds operating on a tax exempt status. Approaches such as these, coupled with increased federal take over of welfare expenditures by the City, would be of assistance.

I firmly believe that any such assistance must be met with supervised guarantees by the City of New York that their fiscal house will be kept in order.

I believe that many citizens in this nation wonder why the federal government is willing to "save" a Penn Central Railroad, Lockheed and Franklin National. There may be logical reasons, but they are most difficult to explain.

I also believe that the problems unique to the City of New York must be considered when determining the possibility of assistance. No one can deny fiscal gimmickry on the part of the managers of the City. It is true, however, that their problems are magnified as compared to other cities and states of this union. The fact that federal and state taxation systems remove more dollars from New York than they replace, is also worth consideration.

I realize that there is a school of thought that a defaut on the part of New York City will somehow cleanse the municipal soul and, hence, be of lasting benefit to us all. I doubt that this is so. The effect on the municipal market, short of default, has been adverse. A default could be disastrous.

I strongly urge that the expertise within the administration be marshalled to decide how best to succeed in assisting New York City, rather than simply stating the reasons why this should not or cannot be done.

Very truly yours,

James A. Redden.

LOCKING UP OUR NATURAL RESOURCES

Mr. FANNIN. Mr. President, while some of the more vocal politicians in our country go around spouting slogans and calling for extensive actions to lock up our natural resources, other thoughtful men are starting to look carefully at the consequences of such policy. There is a clear collision course between those who think we should maintain pristine beauty and those who see the need to improve the living conditions of all people.

We simply cannot follow a policy of blindly locking up our natural resources unless we are willing to sacrifice our standard of living—and more importantly, the standard of living for our children and their children.

Americans consume a huge quantity of resources each year, and this will not change unless Government dictates a sharp reduction in the social expectations of our people. In other words, everyone will be poorer in the future—a sharp reversal of the American dream.

Mr. President, the hard facts we in Congress must face up to were presented Monday in a speech by Dr. Jack W. Carlson, Assistant Secretary for Energy and Minerals, U.S. Department of the Interior. His speech before the American Mining Congress convention in San Francisco points to the alarming steps which have been taken in the past 7 years to lock up our mineral resources so they cannot be used to the benefit of, or to maintain the security of, the people of the United States. This is an excellent summary of where we stand, and it dramatically points up the necessity for Congress to reevaluate our laws. If we do not, we may well be condemning the

American people to foreign dominance and poverty. I ask unanimous consent to have this speech printed in the RECORD so that my colleagues can weigh these facts and decide if this is really what we want for America.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Reliable Mineral Supply for the Future?

(By Dr. Jack W. Carlson)

When I took the oath of office August 14, 1974, as the first Presidential Appointee under President Ford, I swore to defend the Constitution and uphold the laws of the country. One of those laws for which I have primary responsibility is the Mining and Minerals Policy Act of 1970. That law very clearly states:

"The Congress declares that it is the continuing policy of the Federal Government in the national interest to foster and encourage private enterprise in (1) the development of economically sound and stable domestic mining, minerals, metal and mineral reclamation industries, (2) the orderly and economic development of domestic mineral resources, reserves, and reclamation of metals and minerals to help assure satisfaction of industrial, security and environmental needs, (3) mining, mineral, and metallurgical research, including the use and recycling of scrap to promote the wise and efficient use of our natural and reclaimable mineral resources, and (4) the study and development of methods for the disposal, control, and reclamation of mineral waste products, and the reclamation of mined land, so as to lessen any adverse impact of mineral extraction and processing upon the physical environment that may result from mining or mineral activities."

In particular, my oath of office requires me ". . . to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources to help assure satisfaction of industrial, security and environmental needs. . . ." When you consider how totally dependent we are upon an ample and uninterrupted supply of minerals and metals, it is easy to understand why Congress was concerned about "industrial, security and environmental needs."

Let's look at some of the figures. American citizens today consume four billion tons of minerals a year. In 1950, it was two billion tons, but by the year 2000, mineral consumption may well reach ten billion tons.

Let's try to bring that down to more comprehensible terms, since many of us have trouble really grasping the enormity of the figure one billion. When you say that today, every man, woman and child in the country consumes 40,000 pounds of new minerals each year, it begins to mean something. In case you were wondering, that 40,000 pounds breaks down to 8,000 pounds of petroleum, 5,150 pounds of coal, 4,700 pounds of natural gas, a mere 1/10 pound of uranium, 1,300 pounds of iron and steel, 65 pounds of aluminum, 25 pounds of copper, 15 pounds of zinc, 15 pounds of lead, and 35 pounds of other metals, and 20,750 pounds of stone, sand, gravel, cement, clay and salt and other nonmetals and non-energy minerals. By the turn of the century, that 40,000 pounds will have grown to 100,000 pounds. Think of having to find the minerals to satisfy that standard of living.

In 1974, the value of mineral raw materials ultimately consumed by Americans was $79 billion, or 6% of the value of all goods and services consumed during the year. Mineral processing increased the value to $232 billion or 17% of the 1974 GNP. Most of the extraction and processing of these minerals—73% of the value of extraction, or $58 billion and 90% of the value of the processing, or $209 billion—occurred within the United States. Thus, we have relied on our own sources primarily to satisfy our industrial and security needs. In the past, this has been a source of great strength and of self-reliance.

But, in recent years, the winds of change have been blowing across our landscape. There has been a noticeable increase in trade in raw and processed minerals, so that our dependence on raw materials from foreign sources has grown from 16% in 1950 to 27% today. Now, as a general policy, the U.S. government welcomes trade. Benefits to consumers in both trading countries can be gratifying with a resultant higher standard of living than would be possible if trade did not take place.

But there are limitations to trade particularly when it makes us vulnerable. I am thinking of cases where there are few suppliers who could interrupt our economy and escalate prices simply by withholding supplies. This was dramatized in the case of oil. Our reliance on foreign sources of oil rose from 13% in 1948 to 36% in 1973, and it is even higher today. As we all know, many of the suppliers joined together and arbitrarily cut off two million barrels of oil shipment per day to the U.S. This amounted to 15% of our oil consumption, 7% of our energy consumption, and 3% of our mineral consumption.

And then, when the suppliers resumed shipping, they arbitrarily increased the price more than 5 times, from $1.88 to $10.46 a barrel. This action was a contributing cause of the 1974–75 recession and inflation, the worst in 30 years. Our gross national product declined 8% between the fourth quarter of 1973 and the first quarter of 1975. Unemployment almost doubled from 4.8% in the fourth quarter of 1973 to 8.9% by the second quarter of 1975. Inflation increased from 8% to over 12% when it should have been declining.

The message was clear. We must not rely on foreign supplies of minerals when it might threaten consumers, business and national security, and this was one of the things that the Mining and Minerals Policy Act of 1970 was meant to guard against.

What happened with oil could happen with other minerals, although the consequences might not be as catastrophic. Early in 1974, I was asked to chair a task force to review our dependence on foreign supplies for other materials. This review revealed that at least three other minerals were vulnerable, 10 vital minerals were potentially susceptible to oil-like restrictions, and several others would become vulnerable in the future if past trends continued.

In a message to the American Mining Congress last year, I recommended several policies to reduce vulnerability and to achieve Mineral independence to match Energy Independence.

(7) Greatly improve data on minerals—

Expand mineral attaches—doubled since last year;

Model important minerals for policy and forecasting purposes such as copper, aluminum and iron and steel;

Conduct special studies of mineral development such as one for China to be released in November;

Audit raw mineral data for accuracy—such as oil and gas reserve estimates;

Improve public access to mineral information, such as a new monthly publication, *Mineral Survey* and hot line 202-634-1004.

(2) Encourage additional inventories of vulnerable minerals—combining defense, defense-related, and civilian-oriented industries needs.

(3) Encourage additional private R&D—catalyzed by our research contracts and cooperative work with industry and educational institutions, our alumina and coal work being major examples.

(4) Expand public R&D on a selective basis, such as has occurred with health and safety and reclamation.

(5) Assure that the legitimate interests of our mineral industries are fully considered at the highest levels of Government when it comes to such matters as consideration of commodity agreements, trade, tax, and regulation policies, such as the review of air quality legislative amendments and regulations of smelters and electric power generation plants.

(6) Encourage and provide the proper legal and risk environment for exploring, developing and producing minerals from the deep sea, such as our effort this last year to complete the Law of the Sea negotiations and the creation of the Ocean Mining Administration.

(7) Continue incentives for exploration, development and production, such as our efforts to retain free prospecting on public lands and initiation of orderly coal leasing.

In the area of major legislation, the President's energy proposals have yet to be acted upon by the Congress:

Develop and produce the naval petroleum reserves;

Establish strategic reserves (civilians);

Deregulate natural gas;

Encourage conversion of electric power plants from oil and natural gas to coal;

Amend the Clean Air Act to permit more coal to be used in electric power plants;

Provide assistance for electric power utility financing;

Provide an orderly and timely process for siting energy facilities;

Encourage development of additional energy resources;

Encourage construction conservation standards for building;

Provide assistance for winterizing homes;

Require appliance and motor vehicle labeling of energy consumption;

Provide standby energy authority.

In addition, the President is proposing financial assistance for key energy investment, including accelerating and development of new oil shale and coal gasification industries. He is proposing $100 billion during the next 10 years, or about one-sixth of new plant and equipment needed for energy expansion.

Both energy independence and the broader mineral independence was based upon ultimately finding the additional raw materials from U.S. land—where we have always obtained them before in time of need.

One year ago, I asked for a review of the situation affecting our minerals supply on lands of the United States. To my surprise, no one, at least since 1968, was keeping track of the overall change in the status of Federal lands, let alone other public and private lands. But recently, two career professionals in the Interior Department have spearheaded a good first effort to aggregate the Federal lands that have been effectively withdrawn. The two professionals are mineral economists: Gary Bennethum and L. Courtland Lee. You can read their report in the September issue of the Mining Congress Journal.

In addition to their efforts, Dr. Rolland Reid, Deputy Assistant Secretary for Minerals has reviewed some policies affecting all lands—public and private. Also I benefited from some initial analysis by Dr. Ernest Ohle concerning withdrawal in a key public land State in the West. The comments that follow are based on their initial efforts.

After studying these analyses, I have some idea of how Alice felt when she went through the Looking Glass. In the face of our sharply growing need for new sources of minerals, and in spite of the lessons we learned about undue dependence upon foreign sources of vital raw materials, it seems as though this Nation has been working overtime to make it harder than ever to obtain raw and converted minerals from domestic sources. We don't need a foreign cartel to tell us that we can't have certain minerals. Americans in Government have been telling Americans in mining that they cannot explore for minerals or develop mines on vast acreages of Federal lands. We have been putting a lock on some of the greatest treasures that have been put in the ground for our use and have been saying, "Get these minerals from abroad and hang the price."

When I started this effort to find out about the withdraw lands, I would not have believed the results that we now have. But there it is—we are meeting the enemy and it is us.

In all of our history up until 1968, the Federal Government had effectively withdrawn from mining and exploration about 17% of all Federal lands. This comparatively small amount was something we could all live with.

But suddeny, in 1968, it seemed as though the dam had burst as withdrawal after withdrawal piled up. Without coordination, without knowledge of what was being done elsewhere in the Government, and certainly with no desire to cripple domestic mineral capability, the Congress and Federal agencies totally withdrew or significantly restricted vast acreages of land. Today, some 500 million acres, the size of every State east of the Mississippi except Maine—67 percent of all Federal lands—are off limits to miners.

And, there has been no let up. More withdrawals were identified last year than the previous year. The momentum is growing and we can expect the percentage of withdrawals to increase. If the rate established in 1974 were to continue, we could close all public lands, one-third of the land area in the U.S. and some of our best mineralized areas—by 1980. This cannot happen. Not only must we stop withdrawal from mineral access, we must reverse the process and restore some of the land to multiple use.

Multiple use. Here we have another point that zealots tend to overlook. The whole intent of the Congress was to encourage multiple use of public lands—not single purpose or even limited purpose—but multiple use. And mining is certainly a vital use that must be given the highest priority, particularly in view of the great progress that has been made in reclamation techniques, and recognizing that mining production uses only about 0.2% of the land at any point in time.

This view has been lost sight of in the present climate, where decision makers adopt an all-or-nothing, black-or-white approach to a land problem. What we have to do is develop aggregate accountability for public lands, to see what the sum total of each bureau's or agency's action means for other uses. This overview is needed within the executive branch as well as in the Congress.

We have fallen far from the ideals expressed in the Mining and Minerals Policy Act of 1970. In fact, it is ironic that even as Congress was debating and voting on the Act, other branches of the Government may have been acting in contravention of its spirit for at least two years.

How could this have happened? A review of the mechanism operating within the executive and legislative branches and in some cases the judicial branch, shows that withdrawal occurred on a piecemeal basis, with no one looking at the aggregate effect. It was like the fabled death of a thousand cuts. Each cut in itself was uncomfortable but not dangerous, but taken together they killed the victim.

We have been inflicting the death of a thousand cuts on our mineral capability because each proposal for new withdrawal has been treated by itself, apart from all other considerations, and by itself appeared desirable. This included withdrawals for Alaska natives, military reservations, wilderness areas, scenic rivers, forests, Atomic Energy Commission facilities, transportation rights-of-way, wildlife refuge, oil shale, primitive areas, national parks and others. But what was thought to be individually desirable withdrawals adds up to a bad situation for the Nation.

In an apparent sop to the mining industry, some of the withdrawals have been conditioned upon the completion of a mineral survey. This is useful to identify a small proportion of the minerals likely to be withdrawn but it is largely ineffectual. The discovery two weeks ago during a survey in Alaska of lead, zinc, and silver in likely withdrawn lands (d-2) of the Western Brooks Ranger is an example. In the first place, funds have not been available and will not likely to be available even for the surface survey that is expected before the deadline expires. Secondly, even when the surveys are accomplished, they won't reveal what is below the surface. Extensive drilling would be impractical and too expensive. Nor would the surface surveys anticipate new technology that can discover and process mineral structures not now available, such as occurred with the so-called invisible gold in Carlin, Nevada. Surface mineral surveys are of limited value and therefore are unsatisfactory solutions.

The only viable solution is a return to multiple uses of public lands, now and in the future. Many of the lands that have been administratively and legislatively withdrawn need to be reconsidered, and access provided. And we have to look ahead to what will happen with the land after the mining phase is completed. Where the use creates a scar, or pollution, we would require reclamation and pollution abatement. Because, once the reserve is extracted, we have the means to convert the land to other long-term uses.

The alternative to a reversal of the withdrawal policy is staggering. Now I am far from a prophet of doom. But, unless we change our attitude and our ways, we will wind up exporting mining jobs to foreign countries. Those countries could be expected to supply an increasing proportion of minerals to us and to use their increasing market power, as occurred with oil and bauxite within the last two years. Price increases of 50% or more may be too modest when transportation costs are added to market power. Then cost-plus inflation could be several percentage points for American consumers during the next decade from this source alone.

In addition, withdrawal policies condemn several communities to perpetual depression. For example, within the State of Utah, two-thirds of the land area is Federal lands and two-thirds of these Federal lands may be already withdrawn, with prospects for the proportions to increase. As withdrawals increase, the job opportunities decrease and change from generally better paying and steady mineral industry jobs to seasonal recreational jobs. Per capita income will fall even farther behind the national average. Parents will observe the departure of children to other areas in order to make a living. The same could occur in other public land States and elsewhere across the country. It is patently unfair to allow this to happen.

If growth in mineral extraction is required to occur outside the United States, the U.S. will slowly change its industrial base toward light manufacturing and services and become increasingly vulnerable to supply interruptions of life-sustaining minerals from abroad. An independent foreign policy becomes less likely. We have all seen in the past two years the many ways in which the oil interruption and OPEC price actions have decimated our foreign policy. In contravention of the Mining and Minerals Policy Act of 1970, our security needs will not be satisfied.

The Mining and Minerals Policy Act also requires the Federal Government to "foster and encourage private enterprise." We must review tax, expenditure and regulation policies to see if they support private enterprise. The President has emphasized this by calling attention to the growth of Government and the web of excessive regulations. Beginning last year we have attempted to review these policies. In cooperation with other agencies, we are reviewing the air quality amendments, proposed regulations for copper, lead and zinc smelters, MESA regulations, GS regulations, and others. The modest effort clearly indicates the need for review and the need to work for less regulations in all areas. Otherwise private enterprise will be strangled and Government will take over exploration, development and production of mineral resources. This will reduce not only producer's freedom but consumer and political freedoms. We must guard against that now and for our children.

Lest the American people think that we are advocating reversal of the withdrawal policy at the expense of the environment, let me assure you that the Mining and Minerals Policy Act mandates me to the concerned about environmental needs. Clearly, through this Act, other Acts, opinion polls and elections, Americans have indicated that they want environmental quality. From 1966 to 1968, when I was responsible for coordinating executive branch consideration of environmental quality, there were many differences of opinion on how to achieve it and at what cost. One step is diligent reclamation of mined lands, such as was proposed in our draft strip mining regulation on Federal lands. It requires meeting generally acceptable environmental quality standards. We support the National primary and secondary air-quality standards, too.

But the search for environmental quality was never intended by most adversaries to be a means of locking out our mineral resources. We have to consider the total effect of new legislation or administrative orders on all of America, and not just a particular area that may be under consideration.

Mining requires only a small amount of land—much less than the interstate highway system. Unlike highways, which are permanent, mined land can be converted to parks, farms, game preserves and other long-term uses, after the reserves have been extracted. But in the interim, it will have contributed precious ores into the mainstream of American life and made our economy and many jobs more secure. Let us all work together to make this cycle more acceptable to all Americans—and not try to prohibit it from working at all.

THE FOOD STAMP PROGRAM

Mr. STENNIS. Mr. President, the Agriculture appropriations bill contains tremendous sums to meet the costs of the food stamp program. The budget request was for $3.4 billion for fiscal year 1976, and $1.4 billion for the transitional quarter. Both the House and Senate bills provide the amounts requested, so although the legislation is still in conference there is no disagreement on these amounts.

The magnitude of these sums is appalling, but they are only half the story, for it is generally agreed that by January the $3.4 billion will be exhausted and supplemental appropriations will be necessary. The amount used in fiscal year 1975 was $4.9 billion, and the program is growing every month.

Both of the Appropriations Committee reports express strong concern at abuses and excesses in the food stamp program.

I am very pleased indeed that the distinguished chairman of the Senate Committee on Agriculture and Forestry, the Senator from Georgia (Mr. TALMADGE) has announced that hearings on this subject will be held the week of October 6. I understand that the Agriculture Committee in the other body has a review study of the food stamp program underway, and that hearings will follow at a later date.

Last winter the President announced his intention to increase the price of food stamps as a means of controlling the cost of the food stamp program, which was growing very rapidly and showed signs of getting completely out of hand. Congress did not go along with this proposal, and passed a bill in February freezing the price of food stamps at the present level. I voted against that bill because the food stamp program is in fact getting out of control.

The Senate did, however, pass a resolution in February calling on the Department of Agriculture to report to the Congress on the growth of the food stamp program and to outline means of controlling abuses that exist within the program.

I believe that it is very clear that steps have to be taken to put reasonable limits on the growth of the program, stop the abuses that occur in it daily, and see that sale of food stamps is limited to those who truly need them.

The food stamp program started out in 1961 as a pilot program to test ways of assisting those whose poverty prevented them from obtaining adequate nutrition. It was accepted as a regular program in 1965 at a cost of $60 million per year. By 1969, 3 million people were receiving food stamps, and in 1971, 9.4 million. This year the monthly totals of people receiving food stamps has reached 20 million, and the cost is over $4 billion and rising fast.

As my colleagues know, this is a so-called open-ended program, one in which there is no way of knowing how many people will be eligible, and how many will apply, so it could continue to grow at a runaway pace. Allowances for stamps are adjusted upward twice a year, depending upon food prices, so the costs are unknown in advance, just as the number of participants.

The Department of Agriculture estimates that there are over 40 million people in the United States that are eligible for food stamps at some time during the year, and some estimates go as high as 50 million people, or almost one person in four.

Under present law, eligibility for food stamps depends upon size of family, income, and certain recognized deductions that can be taken from income. Using average deductions, a family of four making $8,500 a year can still qualify for food stamps. Welfare families are automatically eligible, even if they are benefiting from several welfare programs.

Mr. President, the food stamp program is so large and so complex that it is almost impossible to administer in a way that its benefits are equitably distributed and that abuses are minimized. At present the growth is virtually uncontrollable. In its present form the program is a taxpayer's nightmare.

With food stamps and foreign aid running rampant it is no wonder that a balanced budget seems unattainable.

That part of the population that receives food stamps is growing every day. Using stamps at the store is a practice to which many will readily become accustomed, and if this goes on and on it will become a way of life, and be viewed as an inalienable right. Changing this trend is not going to be easy, nor will it be popular, but it is absolutely essential. What was intended as a moderate program to help the truly needy and poor has become a runaway program headed for the poorhouse, as far as the national budget is concerned. It is time to bring this runaway under control.

Specifically, it seems to me that it is up to the Congress to reduce the cost to the taxpayers imposed by this program. I hope the forthcoming hearings will develop all the facts and that the committee will recommend legislation based on these facts that will clamp down on both the eligibility to share in this program and also tighten up on the administration and policing of the program. The people who pay the tax money that pays for this wasteful program are entitled to some relief from the burdens of these high taxes. They are overtaxed now. These same taxpayers are driven to the wall on high prices they already have to pay for the necessities of life—food, clothing, medicine, fertilizer, electricity, gasoline, and other fuels.

Furthermore, with food stamps so plentiful, this same taxpayer finds it more and more difficult and often impossible to locate people that he or she can employ at good wages to carry on that enterprise he is in to make a livelihood. This taxpayer is at the breaking point in making ends meet while at the same time indolence is encouraged on some of the recipients of the food stamps.

It is time for Congress to speedily get the full facts and reduce these growing costs of this program. I commend the Senate Committee on Agriculture and its chairman, the Senator from Georgia, Mr. Talmadge, for planning and conducting these hearings.

EPA'S BOTTLE DEPOSIT PROPOSED GUIDELINES

Mr. PACKWOOD. Mr. President, last Friday, September 26, 1975, I joined with 10 of my colleagues in sending a letter to Russell Train, calling for the immediate publication of the proposed guidelines concerning deposits on beverage containers sold on Federal lands and in Federal installations.

Support for publication of these guidelines is growing, in my opinion, despite the heavy lobbying efforts of the can and bottle manufacturers. A recent editorial which appeared in the Washington Star by James J. Kilpatrick goes a long way in citing the reasons for actions to halt the proliferation of throwaway beverage containers. Mr. Kilpatrick's eloquence in calling for the enactment of the EPA's proposed guidelines is profound, and I ask unanimous consent that it be printed in the Record for the benefit of my colleagues and those interested in this issue.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Star, Sept. 23, 1975]

Beer-Can Issue Overcomes Libertarian Theory

(By James J. Kilpatrick)

The Environmental Protection Agency (EPA) is about ready to publish some proposed guidelines for the use of federal agencies. The EPA's purpose is to discourage the use of throwaway containers for beer and soft drinks. Understandably, the beer, soft-drink, bottle and can manufacturers are having conniption fits, but the EPA is on the right track.

The issue here, it seems to me, is more an issue of political philosophy than of economic impact. At the moment, the guidelines are merely proposals; they could not become final until some time next year. Once made final, the guidelines would not have mandatory effect; if a federal agency concluded that returnable containers were not available at reasonable cost, the agency could get out from under the guideline plan.

Even if every federal agency went along with the proposition, sales of beer and soft drinks in throwaway containers would not be significantly affected. The EPA estimates that such sales at federal outlets amount to only 2 to 4 per cent of total sales. The EPA also believes the effect on employment in the can and glass industries would be minimal. Under the proposed guidelines, a 5-cent deposit would be required on every carbonated container sold at a federal installation. Nonreturnable containers could still be sold; but they would cost a nickel more.

What we have here is one more conflict between the freedom of the individual and the power of the state. The doctrines of a free society hold that customers should have the greatest possible freedom of choice: They should be able to purchase any drink they please, in any size and kind of container they desire, and the marketplace alone should limit their selection.

But even the most libertarian view of a free society acknowledges that individual rights are not absolute. The community also has rights that may be defined and protected. In this case, A's right to purchase beer in throwaway cans does not give A the right to throw the cans on B's lawn.

Agreed, say the can and bottle people: The solution is to arrest A for littering. But as a practical matter, the community responds, this is an impossibility: There are not enough police, prosecutors, judges and juries in the whole country to enforce the anti-litter laws now on the books. If these throwaway containers constitute a public nuisance—and they do—the only effective way to abate the nuisance is by attacking the problem at its source: the container itself.

Speaking simply as one citizen who is fed up with litter, I will buy the EPA's approach. The can and bottle manufacturers are fine folks, but their non-returnable containers constitute an ugliness no civilized community should have to tolerate. Neither should the people be put to the burden of massive law enforcement machinery merely to serve libertarian theory.

The most high-flown theories get shot down by human nature. God made tidy people, but God made trashy people also, and the trashy people have the tidy people outnumbered. No anti-litter laws ever devised will deter the swinish multitudes from hurling their empty six-packs all over the countryside, but the experience of Oregon with its law on non-returnables indicates that the economic pressure of a mandatory deposit will lessen the evil.

Ours is a beautiful country. Neither the special interests of the can and bottle makers, nor the libertarian's theories of individual freedom, should override society's effort, in this especially pervasive and obnoxious matter, to keep the country beautiful. Other such efforts have been sustained by the courts. Historic zoning laws, anti-billboard laws, junkyard screening laws—these and many other regulations are infringements upon property rights and personal freedom, but they command widespread public support.

It was Prof. Louis D. Rubin Jr., I believe, who once speculated upon the time, thousands of years hence, when archeologists from a distant galaxy would stumble over the dead planet Earth. Alighting from their spacecraft, they would explore what obviously had been roads and highways, and they would be puzzled by millions of identical small green artifacts. The archeologists would take these to be symbols of the religion practiced by the vanished race of Americans. No deposit, no return. Surely, our civilization could leave something more meaningful behind.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, it has consistently been my position that ratification of the Genocide Convention would enhance the reputation of this Nation in the critical eyes of the world. However, this body of Congress has consistently refused to acknowledge the moral principles involved in the convention and has never acted for its ratification. Instead of acting in line with the general American feelings of humanity and compassion, the Senate has the tendency of getting bogged down in technicalities which have precluded the passage of this important element of the entire human rights spectrum. What bothers me most about the Senate reaching an impasse in its deliberations is that it was the conclusion of the Senate Foreign Relations Committee report in 1973 that:

> We find no substantial merit in the arguments against the convention. Indeed, there is a note of fear behind most arguments—as if genocide were rampant in the United States and this Nation could not afford to have its actions examined by international organs—as if our Supreme Court would lose its collective mind and make of the Treaty something it is not—as if we as a people don't trust ourselves and our society.

It is shameful that we do not resolve this issue because of a fear of ourselves. As a matter of fact, I believe that the legislators of this Nation should realize by now that the people of the United States do trust themselves and their society. They realize that when the chips are down, the Nation has always come through acting in the best interest of everyone involved.

Genocide is recognized as an international crime in most nations, yet the United States is not one of those nations and technically is not committed to the survival of ethnic, religious, national, and racial groups. Passage of the convention will put us down on the record as a nation who is committed against the heinous violation of human rights called genocide. I urge that we promptly consider the convention once again and act affirmatively.

CONSERVATIVE BLUEPRINT FOR THE 1970'S

Mr. FANNIN. Mr. President, last week former California Gov. Ronald Reagan, delivered a speech to the Executive Club in Chicago in which he laid out a conservative blueprint for the 1970's. The Governor advocates a program of "creative federalism," by a reduction in Government spending by more than $90 billion, a systematic transfer of authority and resources to local government and a comprehensive reform of Government's regulatory system.

Mr. President, whatever one may feel about Governor Reagan's Presidential ambitions, what he proposed for America contains many notions which conservatives have been talking about for years. In addition, the Reagan formula includes many striking new ideas, such as a "statutory limit on the growth of our money supply, so that growth does not exceed the gain in productivity" and a "wider diffusion of ownership to America's workers." The former Governor's approach to creative federalism, besides promising to be his campaign theme, will be a topic of serious conversation for some time; and it merits the consideration of my Senate colleagues.

Mr. President, I ask unanimous consent that Governor Reagan's speech of September 26 be printed in the RECORD as it appeared in Human Events.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

[From Human Events, Oct. 4, 1975]

CONSERVATIVE BLUEPRINT FOR THE 1970'S

(By Ronald Reagan)

In his first Inaugural, nearly a century and three-quarters ago, President Thomas Jefferson defined the aims of his Administration: "A wise and frugal government," he said, "which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government."

Jefferson believed the people were the best agents of their own destines, and that the task of government was not to direct the people but to create an environment of ordered freedom in which the people could pursue those destinies in their own way. But he also knew that from the very beginning the tendency of government has been to be player as well as umpire. "What has destroyed liberty and the rights of man in every government that has ever existed under the sun?" Jefferson asked. "The generalizing and concentrating all cares and powers into one body."

If Jefferson could return today, I doubt that he would be surprised either at what has happened in America, or at the results. When a nation loses its desire and ability to restrain the growth or concentration of power, the floodgates are open and the results are predictable.

Fiscal Year 1976 ends four days before our Bicentennial. In this fiscal year government at all levels will absorb 37 per cent of the Gross National Product and 44 per cent of our total personal income. We destroy the value of our pensions and savings with an inflation rate that soars to 12 per cent a year. At the same time we suffer unemployment rates of 8 and 9 per cent.

Every minute I speak to you, the federal government spends another $700,000. (I'd stop talking if they'd stop spending.) Washington is spending a *billion* dollars every day and goes into debt a billion-and-a-third dollars every week. I don't think it would surprise Jefferson to learn that the real spendable weekly income of the average American worker is lower than it was a decade ago—even though in these four years that same worker has increased his productivity 23 per cent. As Jefferson said, that is taking from the mouth of labor the bread it has earned.

If government continues to take that bread for the next 25 years at the same rate of increase it has in the last forty, the per cent of GNP government consumes will be 66 per cent—two-thirds of all our output by the end of this century. A single proposal now before Congress, Sen. Kennedy's national health insurance plan, would push the share of GNP consumed by government from 37 to more than 45 per cent, all by itself.

The absorption of revenue by all levels of government, the alarming rate of inflation, and the rising toll of unemployment all stem from a single source: The belief that government, particularly the federal government, has the answer to our ills, and that the proper method of dealing with social problems is to transfer power from the private to the public sector, and within the public sector from state and local governments to the ultimate power center in Washington.

This collectivist, centralizing approach, whatever name or party label it wears, has created our economic problems. By taxing and consuming an ever-greater share of the national wealth, it has imposed an intolerable burden of taxation on American citizens. By spending above and beyond even this level of taxation, it has created the horrendous inflation of the past decade. And by saddling our economy with an ever-greater burden of controls and regulations, it has generated countless economic problems, from the raising of consumer prices to the destruction of jobs to choking off vital supplies of food and energy.

As if that were not enough, the crushing weight of central government has distorted our federal system and altered the relationship between the levels of government, threatening the freedom of individuals and families. The states and local communities have been demeaned into little more than administrative districts, subdivisions of Big Brother government in Washington, with programs, spending priorities, and tax policies badly warped or dictated by federal overseers.

Thousands of towns and neighborhoods have seen their peace disturbed by bureaucrats and social planners, through busing, questionable education programs, and attacks on family unity. Even so liberal an observer as Richard Goodwin could identify what he correctly called "the most troubling political fact of our age: that the growth in central power has been accompanied by a swift and continual diminution in the significance of the individual citizen, transforming him from a wielder into an object of authority."

It isn't good enough to approach this tangle of confusion by saying we will try to make it more efficient, or "responsive," or modify an aspect here or there, or do a little less of all these objectionable things than will the Washington bureaucrats and those who support them. This may have worked in the past, but not any longer. The problem must be attacked at its source. All Americans must be rallied to preserve the good things that remain in our society and to restore those good things that have been lost.

We can and must *reverse* the flow of power to Washington; not simply slow it, or paper over the problem with attractive phrases or cosmetic tinkering. This would give the appearance of change but leave the basic machinery untouched. In fact, it reminds me of a short fable of Tolstoy's: "I sit on a man's back, choking him and making him carry me, and yet assure myself and others that I am very sorry for him and wish to lighten his load by all possible means—except by getting off his back."

What I propose is nothing less than a systematic transfer of authority and resources to the states—a program of creative federalism for America's third century.

Federal authority has clearly failed to do the job. Indeed, it has created more problems in welfare, education, housing, food stamps, Medicaid, community and regional development, and revenue sharing, to name a few. The sums involved and the potential savings to the taxpayer are large. Transfer of authority in whole or part in all these areas would reduce the outlay of the federal government by more than $90 billion, using the spending levels of Fiscal 1976.

With such a savings, it would be possible to balance the federal budget, make an initial $5-billion payment on the national debt, and cut the federal personal income tax burden of every American by an average of 23 per cent. By taking such a step we could quickly liberate much of our economy and political system from the dead hand of federal interference, with beneficial impact on every aspect of our daily lives.

Not included in such a transfer would be those functions of government which are national rather than local in nature, and others which are handled through trust arrangements outside the general revenue structure. In addition to national defense and space, some of these areas are Social Security, Medicare, and other old-age programs; enforcement of federal law; veterans' affairs; some aspects of agriculture, energy, transportation, and environment; TVA and other multi-state public-works projects; and certain types of research.

Few would want to end the federal government's role as a setter of national goals and standards. And no one would want to rule out a role for Washington in those few areas where its influence has been important and benign; crash efforts like the Manhattan and Apollo projects, and massive self-liquidating programs like the Homestead Act and the land-grant colleges. Certainly, the federal government must take an active role in assuring this nation an adequate supply of energy.

Turning back these programs would not *end* the process of reform in Washington. In the immediate years ahead:

In our regulatory agencies dealing with nonmonopoly industries, we must set a date certain for an end to federal price-fixing and an end to all federal restrictions on entry.

We must take steps to keep the spending and borrowing of off-budget agencies under control.

We must reform our major trust funds to ensure solvency and accountability. Particularly important is the need to save Social Security from the colossal debt that threatens the future well-being of millions of Americans, even while it overtaxes our workers at a growing and exorbitant rate.

We must put a statutory limit on the growth of our money supply, so that growth does not exceed the gain in productivity. Only in this way can we be sure of returning to a strong dollar.

And we must radically simplify our method of tax collection, so that every American can fill out his return in a matter of minutes without legal help. Genuine tax reform would also make it more rewarding to save than to borrow, and encourage a wider diffusion of ownership to America's workers.

In the months ahead, I will say more on each of these major areas of national policy. But for now, let me tell you what I think the massive transfer of federal programs to the states would mean.

It would be a giant step toward solving the problem of inflation that is sapping the strength of our economy and cheating American wage-earners and pensioners. There is no mystery about inflation. It is caused by spending money that has not yet been earned. Without the enormous pressure of a $60-to-$80 billion deficit, the Federal Reserve System would have no mandate to pump too many dollars into the economy—which is the ultimate cause of inflation. The federal deficit provides the chief motive for the debauching of our dollar.

Add to this the gain in purchasing power that will accrue to all Americans from a sharp reduction in federal income taxes—the biggest spending burden the average family must absorb. Indeed, taxes of all kinds are a bigger family expense item than food, shelter, and clothing combined. Last year, according to a study by the Joint Economic Committee of Congress, income taxes at all levels rose by 26.5 per cent—the largest increase of any item in the family budget. By far the greatest part of this growing load of taxation is the federal personal income tax, whose bite gets sharper as inflation pushes taxpayers into higher surtax brackets. Government doesn't have to raise the tax rates to profit by inflation. The progressive income tax is based on the number of dollars earned, not their purchasing power, thus a cost-of-living pay increase results in a tax increase.

An immediate tax cut, some of which might have to be balanced by tax rises in the states, would be only the beginning of the savings that could be achieved. When we begin making payments on the national debt, we will also begin making further reductions in the tax burden. American taxpayers are currently being billed an average of $1 billion every 10 days just to pay interest on the debt. As the debt is retired, we can progressively reduce the level of taxation required for interest payments. Sen. Hubert Humphrey, excusing government spending, once said, "A billion here and a billion there—it adds up." Well, it can work the other way around.

With the spending reduction I propose, the federal government will no longer be crowding capital markets to finance its deficits. That will make available billions in new capital for private investment, housing starts, and job creation—and the interest rates will come down.

The transfer I propose does not mean that the specific programs in question are not worthwhile. Many are, though in my opinion many others are not. But the point is that *all* these programs are losing effectiveness because of the federal government's preemption of levels of government closer to the problems, coupled with Washington's ability to complicate everything it touches. The decision as to whether programs are or are not worthwhile—whether to continue on course—will be placed where it rightfully belongs: with the people of our states.

It is theoretically possible that local governments will simply duplicate programs as they now exist, and if that is what the people in the states desire, that is exactly what will and should occur. Certainly the bureaucrats who run them now will be available, for they will have no further work in Washington.

I think it likely, however, that some of the more worthwhile programs will be retained essentially as they are, many will be dropped, and others may be modified. But all the surviving programs will be run at much lower cost than is presently the case.

The present system is geared for maximum expenditure and minimum responsibility. There is no better way to promote the lavish outlay of tax money than to transfer program and funding authority away from state and local governments to the federal level. This ensures that recipients of aid will have every reason to spend and none to conserve. They can get political credit for spending freely, but don't have to take the heat for imposing the taxes. The French economist Bastiat, a hundred years ago, said: "Public funds seemingly belong to no one and the temptation to bestow them on someone is irresistible."

SPENDING SOARING OUT OF SIGHT

So long as the system continues to function on this basis, we are going to see expenditures at every level of government soar out of sight. The object is to reverse this: to tie spending and taxing functions together wherever feasible, so that those who have the pleasure of giving away tax dollars will also have the pain of raising them. At the same time we can sort out which functions of government are best performed at each level. And that process, I hope, would be going on between each state and *its* local governments at the same time.

The transfer of spending authority to Washington blurs the difference between wasteful states and prudent ones, and this too destroys incentives toward economy. If a state spends itself into bankruptcy on welfare, under the present system it is bailed out when Washington picks up the tab; indeed, many federal programs are geared toward encouraging this kind of behavior, bestowing greater aid in proportion to spending levels imposed by the states. The way to get more is to spend more.

By the same token, efforts at state economy are *punished* under the present system. A state that keeps its fiscal house in order and, for example, prevents the welfare problem from getting out of hand will find it derives no benefits from its action. It will discover, as we did in California, that efforts to impose some common sense in welfare will run afoul of federal bureaucrats and guidelines. Its citizens will be called upon to pay in federal taxes and inflation for other states that don't curb their spending.

Another benefit of localizing these programs is that state and local governments are more accessible to the local citizen, and in most cases prevented by statute from going in debt. When tax increases are proposed in state assemblies and city councils, the average citizen is better able to resist and to make his influence felt. This, plus the ban on local deficits, tends to put an effective lid on spending.

Federal financing is the spenders' method of getting around these restraints. Taxes are imposed at a level where the government is far away and inaccessible to the average citizen. The connection between big spending and high taxes is hidden, and the ability to run up deficits and print more money makes efforts to control the problem through the taxing side alone almost meaningless.

The proposals I have outlined will bring howls of pain from those who are benefiting from the present system, and from many more who think they are. Another Frenchman, Theirs, said, "For those who govern, the first thing required is indifference to newspapers."

We must turn a deaf ear to the screams of the outraged if this nation and this way of life are to survive. The simple fact is the producing class in this nation is being drained of its substance by the non-producers—the taxpayers are being victimized by the tax consumers. We may be sure that those in Washington and elsewhere whose life style depends on consuming other people's earnings while working people struggle to make ends meet, will fight to the last limousine and carpeted anteroom.

But if we ignore the taxers and the centralizers and do the things I know we can do, we'll do more than survive; we will inaugurate a new era of American diversity.

Take education. The United States built the greatest system of public education the world has ever known—not at the federal level, not even at the state level, but at the level of the local school district. Until a few years ago, the people had direct control over their schools—how much to spend, what kind of courses to offer, whom to hire. Is it an accident that as this local control gave way to funding and control at the federal and state level, that reading and other test scores have declined? It has just recently been announced that scores in college entrance exams have been nosediving for 10 years, and this year took the greatest plunge of all and yet spending on education in that same period has been skyrocketing. The truth is a good education depends far more on local school control than on the amount of money spent.

There is no question but that under local agencies certain abuses took place and certainly they needed to be cured, sometimes by federal intervention. This was certainly true of racial segregation in the South. But now that according to some estimates the South is the most integrated area of the country—now that there is an ongoing enforcement structure in the Department of Justice—is there any further reason to deny local control and funding of our schools?

Or take welfare. For years, the fashionable voices have been calling for federal takeover of welfare. (Well, the old-age portions of welfare have been taken over—and in the first 18 months, more than a billion dollars have been paid out by mistake.) If there is one area of social policy that should be at the most local level of government possible, it is welfare. It should not be nationalized—it should be localized. If Joe Doaks is using his welfare money to go down to the pool hall and drink beer and gamble, and the people on his block are paying the bill, Joe is apt to undergo a change in his life style. This is an example of why our task force in California found that the smaller and more local government becomes, the less it costs. The more government is localized, the less you will see a situation like the one in Massachusetts, where a mother of six was receiving through cash and services the equivalent of a $20,000 earned income. That is twice the average family income of the state.

UNRESPONSIVENESS OF WASHINGTON

The truth is that people all over America have been thinking about all of these problems for years. This country is bursting with ideas and creativity, but a government run by bureaucrats in Washington has no way to respond. If we send the power back to the states and localities, we'll find out how to improve education, because some districts are going to fail with others, and the word will spread like wildfire.

The more we let the people decide, the more we'll find out about what policies work and what policies don't work. Successful programs and good local governments will attract bright people like magnets, because the genius of federalism is that people can vote with their feet. If local or state governments grow tyrannical and costly, the people will move. If the federal government is the villain, there is no escape.

I am calling also for an end to giantism, for a return to the human scale—the scale that human beings can understand and cope with; the scale of the local fraternal lodge, the church congregation, the block club, the farm bureau. It is the locally owned factory, the small businessman who personally deals with his customers and stands behind his product, the farm and consumer cooperative, the town or neighborhood bank that invests in the community, the union local.

In government, the human scale is the town council, the board of selectmen, and the precinct captain.

It is this activity on a small, human scale that creates the fabric of community, a framework for the creation of abundance and liberty. The human scale nurtures standards of right behavior, a prevailing ethic of what is right and what is wrong, acceptable and unacceptable.

Three and a half centuries ago, peoples from across the sea began to cross to this great land, searching for freedom and a sense of community they were losing at home. The trickle became a flood, and we spread across a vast, virtually unpeopled continent and caused it to bloom with homesteads, villages, cities, great transportation systems, all the emblems of prosperity and success. And we did this without urban renewal or an area redevelopment plan. We became the most productive people in the history of the world.

LEADERSHIP BY THE PEOPLE

Two hundred years ago, when this process was just begining, we rebelled when, in our eyes, a mother country turned into a foreign power. We rebelled not to overturn but to preserve what we had, and to keep alive the chance of doing more. We established a Republic, because the meaning of a republic is that real leadership comes not from the rulers but from the people, that more happens in a state where people are the sculptors and not the clay.

We are losing that chance today, and we know we are losing it. Two hundred years ago it was London that turned into a foreign power. Today, and it is a sad thing to say, it is Washington. The coils woven in that city are entrapping us all, and, as with the Gordian knot, we cannot untie it, we must cut it with one blow of the sword.

In one reference book, cutting the Gordian knot is defined as follows: "to solve a perplexing problem by a single bold action." The Gordian knot of antiquity was in Phrygia, and it was Alexander the Great who cut it, thereby, according to the legend, assuring the conquest of Persia.

Today the Gordian knot is in Washington, and the stakes are even higher. But this is a Republic, and we have no king to cut it, only we the people, and our sword has been beaten into ballot boxes. What applies to the role of government applies equally to the means of changing that role: leadership is necessary, but even more necessary is popular choice. The anonymous sage who defined leadership must have lived in a republic, for he said, "He is not the best statesman who is the greatest doer, but he who sets others doing with the greatest success."

FAIL TO MEET THE OPEC CHALLENGE

Mr. STONE. Mr. President, Joseph Kraft, in his Washington Post article of September 30, 1975, "The OPEC Charade," writes that "the Ford administration—despite much official huffing and puffing—actually helped the cartel raise prices." Although this may at first glance appear to be harsh criticism of our Government, I am compelled to share Mr. Kraft's concern.

On several previous occasions I have been critical of our Government's failure to develop and implement an effective response to the unjustifiable pricing policies of OPEC. Unfortunately, my criticism and that of many others seems to have fallen on disinterested or deaf ears. As a result, OPEC has succeeded in maintaining its pricing policies and has recently agreed upon a 10-percent increase in oil prices.

Mr. Kraft's article challenges the administration once again to develop an effective policy with respect to the oil producing cartel. I sincerely hope that his challenge will soon be answered. The well-being of our great Republic depends on it.

Mr. President, I ask unanimous consent to have this article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 30, 1975]

THE OPEC CHARADE

(By Joseph Kraft)

The price rise set by the foreign oil cartel last week shows how little this country has a foreign economic policy. For the increase comes at a time when excess supplies should have forced the cartel of exporting countries known as OPEC to cut prices.

That OPEC was able to stick together and then to hike prices at all is only thanks to help from major Western oil companies. The big companies favored the foreign cartel largely because they got no contrary signals from their own governments, notably from the Ford administration in Washington.

To understand all this it is necessary to have a feel for the strengths and weaknesses of OPEC. The cartel is powerful when demand for oil exceeds supply. It can then set very high prices which member countries will gladly adopt and enforce. That is what happened in 1973 and 1974.

An excess of supply over demand, however, poses vexing problems for OPEC. In order to hold prices high, production has to be cut. Deciding which member countries should accept which cuts in production—and therefore in income—has up to now proved beyond the capacity of OPEC.

Thus Abdul Amir Kubbah, a former OPEC official, mentions in his book on OPEC that its first resolution spoke of the need to ensure the "regulation of production." "But," he adds mournfully, "nothing ever came of it."

Thanks to the recession and a mild winter 1975 was a time of oil glut which put OPEC to the most severe test in its history. Consumption of OPEC oil fell from a capacity of about 40 million barrels a day to an actual figure of about 25 million barrels per day.

So if the cartel was to hold, if prices were to be kept steady, the exporting countries had to withhold from the market 40 per cent of their productive capacity. They had to eat—or, as the term goes, "lock in"—15 million barrels a day.

The great miracle of 1975 is that the OPEC countries passed the test. They sustained prices (at a basic level of about $10.50 for the marker crude) all through the year by huge cutbacks in production.

Moreover, they assigned the cutbacks not in a crude, across-the-board manner, but in a highly sophisticated way which inflicted least harm on those countries least able to bear pressure. Thus the biggest producer, Saudi Arabia, which takes in much more revenue than it can spend, absorbed by far the biggest cut in production. It locked in nearly 50 per cent of production in April and well over 40 per cent subsequently.

Conversely, countries heavily dependent on oil income for current expenditures were allowed to get by with only tiny cuts in production. Thus the second-biggest producer, Iran, which consumes almost all of its oil income in development, cut back its production by only between 15 and 20 per cent.

Exactly how the cutbacks were arranged in a way so well calculated to minimize friction among OPEC members is not known. But it is very clear that the OPEC countries and the international oil companies were in collusion.

For example, Aramco, a conglomerate of American companies which runs the Saudi oil industry, decided on the level of Saudi production each month according to the world market. But the Aramco decisions were subject to the control of the Saudi government which owns 60 per cent of the company. In this way Aramco combined with the Saudi government to make the cartel work.

Conversely, American companies did not use their power to break the cartel. Iran, for example, would have been highly vulnerable to a threat by companies to cut back, say 90 per cent of their purchases from that country. Under such a threat the Shah would have probably been forced to break the price and bust the cartel. Precisely such a strategy was in fact suggested by one major American company. But the State Department discouraged any such counter-cartel actions by the American companies.

What all this seems to say is that the Ford administration—despite much official huffing and puffing—actually helped the cartel raise prices. The OPEC deliberations of last week were a kind of charade which made it possible for some members—notably the Saudis—to look pro-American.

In fact, the cartel stood together from beginning to end. It will do so again—and to the great damage of the Western economies—until the United States and other consuming countries come up with an international energy policy. While there are some signs of progress now, I am reminded that the Saudi oil minister, Zaki Yamani, once asked me: "Does the United States really have an oil policy?"

NEW PROTEIN RICH PLANT: A POSSIBLE ANSWER TO MALNUTRITION IN THE TROPICS

Mr. HUMPHREY. Mr. President, I wish to bring to the attention of this body an article in the September 28 New York Times in which a new protein rich plant—the winged bean—was revealed as a possible plant which would help alleviate a protein shortage in the humid tropics.

The National Academy of Sciences has uncovered this plant which appears to be in some ways dietarily superior to the soybean.

This winged bean was discovered by the National Academy of Sciences last year during an extensive search for underexploited edible tropical plants. The winged bean offered exceptional promise among the 36 species that the academy indicated as offering special promise. I am hopeful that intensive research on this plant can be launched in order to discover whether it truly holds the promise which has been outlined in this article.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Plant Is Praised as Rich in Protein: Winged Bean Is Compared Dietarily With Soybean

(By Jane E. Brody)

The National Academy of Sciences has uncovered a remarkable but little-known bean plant that, if developed as a major crop, the academy believes, would go a long way toward alleviating protein shortages in the humid tropics.

The high-protein plant, called the winged bean, is grown only as a backyard crop in Papua New Guinea and Southeast Asia but is believed to be readily adaptable to the humid tropical zone, which includes large parts of Central and South America, the Caribbean, Africa, Oceania and West Africa, where protein malnutrition is common.

On the basis of the meager information available, the winged bean appears in some ways to be dietarny superior to the soybean, which is grown as a protein source and supplement for people and animals throughout the temperate zones.

Unlike the soybean, whose edible portion for humans is limited to the bean, virtually the entire winged bean plant can be a protein-rich food source for man—the green pods, mature seeds (or beans), leaves, flowers, shoots and tubers (enlarged roots). Only the stalks remain, and they make an excellent animal feed, the academy found.

"It's like an ice cream cone—you eat the whole thing," remarked Dr. Theodore Hymowitz, University of Illinois agronomist, who is one of the few American researchers who knows much of anything about the winged bean.

The winged bean also lacks the bitter, beany flavor that limits the palatability of the soybean for many people. In using the soybean to develop protein supplements or substitutes for foods like meat, the beany flavor must be destroyed or disguised.

But, Dr. Hymowitz said in an interview yesterday, the winged bean's main advantage for the humid tropics is that it thrives in areas of high rainfall, which the soybean cannot tolerate.

The winged bean was "discovered" by the National Academy of Sciences last year during an extensive search for underexploited edible tropical plants. Among 36 species the academy found that offered promise as crop plants, the winged bean appeared so "exceptional" that it was singled out for more thorough examination.

Last fall, an international panel was convened to assess the knowledge about the bean, culminating in the recent academy publication: "The Winged Bean, a High-Crop for the Tropics."

According to the report, nutritionally the winged bean is similar to the soybean, with the seeds containing 34 per cent protein and 17 per cent oil (mostly polyunsaturated) on a dry weight basis. In amino acid composition, the seed is a nutritionally excellent accompaniment to grain or corn. With corn it has the protein value of milk. The techniques for processing soybeans would also be applicable to the winged bean seed, the academy said.

It is not known whether, like the soybean, the winged bean produces flatulence.

The immature pods of the winged bean taste like green beans and can be eaten raw or cooked as can the leaves and flowers. The latter are said to taste something like mushrooms when fried in oil. All are relatively rich in protein.

The winged bean's tuberous roots contain about 20 per cent protein on a dry weight basis, compared with 1 to 2 per cent protein in cassava, potatoes, yams and taro, which are nutritionally deficient staples in some tropical areas.

Because the roots of the winged bean house bacteria that can turn atmospheric nitrogen into fertilizer, the plant can thrive on poor soil. It can be planted between rows of other crops, providing nourishment for them as well, Dr. Hymowitz said.

The academy recommended that the winged bean be subjected to intense investigation for possible development as a major cultivated crop in the tropics.

Dr. T. N. Khan at the University of Papua New Guinea is collecting and cataloguing seeds of the different winged bean varieties, to be distributed to interested researchers. Dr. Hymowitz said that studies were under way in, among other places, Papua New Guinea, Ghana, Nigeria and Brazil as well as in his Illinois greenhouses.

CURRENT U.S. POPULATION

Mr. PACKWOOD. Mr. President, I wish to report that, according to current U.S. census approximations, the total population of the United States as of October 1, 1975 is 214,569,600. This represents an increase of 1,836,427 since October 1 of last year. It also represents an increase of 158,586 since September 1 of this year, that is, in just 1 short month.

Thus, in this last year, Mr. President, we have added enough additional people to fill Houston, Tex. and New Orleans, La., combined.

BUSING: A CONFUSION OF QUESTIONS

Mr. RIBICOFF. Mr. President, on September 28, the Washington Post published two excellent articles relating to the very urgent subject of school integration that we discussed Friday. One of these, a lengthy one on our colleague from Delaware, Mr. Biden, and the second, which I commend to my colleagues, is a piece by Noel Epstein entitled "Busing: A Confusion of Questions." It makes the point that all too often those who discuss the subject of busing and desegregation are really addressing themselves to different questions. They talk past each other. The debate with respect to busing of school students has often focused on the question of whether busing is an effective and acceptable method of achieving equal educational opportunity. But there are other questions—questions raised by those who contend that busing has other goals, such as breaking down supposed barriers of "caste" and "class." We must address these questions, the article contends, or we will end up "merely talking to ourselves."

These two articles support my own feeling that we are going to have to work out new approaches to the task of school integration. Our present approaches have proven inadequate. Indeed, they have hastened the erosion of our cities and our society. This body must make a determined effort to rethink these issues and to reshape the national dialog in a constructive way. Otherwise, the turmoil that we observed this fall in Louisville and Boston will be repeated in countless cities around the country.

I ask unanimous consent that these two articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 28, 1975]

Biden: A Liberal Breaks Ranks

(By Eric Wentworth)

In the frenzied, us-or-them national debate over school desegregation, Sen. Joe Biden, Jr. seems at first glance to perch on the pinnacle of a paradox. How else explain a man who wants the best break for blacks yet so vehemently denounces busing?

But during a two-hour interview the other day, the young Delaware Democrat emerged as someone picking a rather precise path through shibboleth and stereotype.

While criticized at one point or another by either pro or anti-busing factions, Biden hasn't simply settled on some muddled middle ground—if any, in fact, could exist these days. No, he is foursquare against busing. But not necessarily for the same reasons as a Jesse Helms of North Carolina or a James Allen of Alabama.

Biden sees himself stepping in where liberal angels fear to tread. If only a conservative like Richard Nixon could open the door to Mainland China, perhaps only a liberal like Joe Biden can slam the door on busing.

Biden said he is convinced that a full 65 of the Senate's 100 members, many liberals as well as conservatives, "don't believe busing is a good idea."

You wouldn't know it from their voting records. But Biden contended a number of fellow liberals have been locked into opposing anti-busing measures, despite their growing private doubts, because votes on busing have become the civil rights lobby's litmus test for sorting out friend and foe. He can understand why, Biden added, given government retreats in other fields like housing, "the black community justifiably is jittery."

After the Senate 11 days ago adopted his own surprise anti-busing amendment by seven votes, Biden said, "A couple who did not vote with me—could not—came up to me and said, 'I'm glad you're doing what you're doing—I can't do it.' "

He continued, "Others who have been viewed as supporters of busing came up to me as long as eight months ago and said, 'Joe, you've got to do something. I can't—we can't—because of our standing in the community. We'll be misread. Yet we think you're right on it.' "

As a liberal who has broken ranks to oppose busing, Biden said, "I think what I've done inadvertently . . . is, I've made it—if not respectable—I've made it reasonable for longstanding liberals to begin to raise the questions I've been the first to raise in the liberal community here on the floor."

Over the next several years, he predicted, those liberals "are going to see the light" and switch sides on busing too.

Significant switches have already been occurring, to the dismay of civil rights lobbyists, in the Senate's latest convoluted floor fight over busing to desegregate schools.

Biden's own anti-busing amendment picked up votes from Majority Leader Mike Mansfield and Lee Metcalf of Montana and such other once-reliable Democratic liberals as Quentin Burdick of North Dakota, Gaylord Nelson of Wisconsin, Warren Magnuson of Washington, and Stuart Symington and Thomas Eagleton of Missouri.

Some switched back on related later votes. But what has clearly emerged from this latest struggle is that civil rights groups can no longer count as before on a slim but stalwart Senate majority to fend off attacks on busing and other disruptive school desegregation remedies.

And Joe Biden, at 32, the youngest Senator, will be remembered for his amendment that first illustrated the Senate's new tilt. He'll stand in Senate civil rights lore alongside Abraham A. Ribicoff of Connecticut, another liberal who dramatically broke ranks five years ago.

Ribicoff, declaring the North "guilty of monumental hypocrisy," became the first Northern liberal to endorse a Southern proposition that school desegregation pressures should apply equally across the entire nation. The Southerners foresaw then that as desegregation brought upheavals to Northern school systems, the whole movement could falter—easing pressures on their schools too. And this, it would appear, is just what's happening today.

Busing, to Biden, is a "bankrupt concept." In countenancing it, he said, "I think we violated the most cardinal rule that a politician can violate in the eyes of the American people . . . the cardinal rule of common sense."

Biden insisted he has been consistent in opposing busing—as he defines it—since before his 1972 Senate election. He recalled, for example, forgoing some campaign contributions from white liberals because, at a 1971 cocktail party, he refused to take a pro-busing position.

At the same time, he has accumulated some very credible civil rights credentials since adolescence—as a participant in a high school restaurant boycott and in sit-ins along Route 40, as a debater against racial discrimination while at Syracuse Law School, as a young criminal lawyer with a largely black, even black-militant clientele, as a suburban public-housing advocate when he ran in 1970 for the New Castle County Council, and as a middle-class white with many friends and political contacts in Wilmington's black community.

"I still walk down the street in the black side of town," he boasted, "and you get—maybe they're my clients—but Mousey and Chops and all the boys at 13th and—I can walk in those pool halls, and I quite frankly don't know whether another white man involved in Delaware politics can do that kind of thing."

Biden acknowledged that his simultaneous advocacy of blacks' civil rights and opposition to busing has led to repeated misunderstandings and landed him in political crossfires. He added that he has brought his own views into sharp focus only in the past years or so—inspired by Senate busing debates and a court case threatening busing for Wilmington and its suburbs.

Busing, in Biden's current lexicon, is more than the physical transportation of children to schools far from home. It's "the assignment of students to a school other than what is traditionally their neighborhood school for the purposes of redressing some racial imbalance." He would oppose reassigning a child from one walk-in school to another walk-in school for that purpose.

What he's basically attacking, Biden explained, is the concept that school systems should bear the full burden of affirmatively integrating society where they haven't been guilty themselves of gerrymandering or other clearly illegal acts.

Where court proceedings have found school systems actually guilty of such acts to exclude blacks, Biden unlike some would let the judges order busing when it's the necessary remedy. But he would like somehow—if he can ever find the right legislative phrasing—to bar court-ordered busing in other cases, where guilt, for example, stems from decades-old housing bias.

So far, Biden conceded, he has found only a partial solution—to limit the Health, Education and Welfare Department's administrative enforcement efforts. By last December, he had drafted an amendment that would simply bar HEW from using federal funds "for assigning students to schools because of race."

Ironically, that wasn't the amendment he successfully sponsored in the Senate 11 days ago. He went over to the floor that day to hear debate on a far broader measure offered by Jesse Helms, the North Carolina Republican.

"Let me just level with you—I made a mistake," he recalled. "I tried to emasculate Jesse Helms' amendment . . . I wanted to accomplish stopping busing. I didn't want to accomplish what Jesse Helms did. Jesse Helms had in his amendment sex, recordkeeping stuff and everything else . . . So I took his amendment and amended it. This was not a planned thing, to introduce it at this time. It shocked the staff . . . I had no prepared speech, nothing. It just went, you know, from the hip . . . I literally took a pencil and scratched out words in his amendment."

Unfortunately, Biden continued, he neglected to scratch out three words: "teachers," "courses" and "classes." Thus the impromptu Biden amendment adopted that day would bar HEW not only from requiring student desegration school-by-school, through busing or mere reassignment, but from trying to desegregate school faculties or an individual school's classrooms.

When Biden tried to correct his mistake, Senate civil rights stalwarts and lobbyists at first turned him down lest "cleaning up" his amendment make it any more palatable.

Then, three days ago, Biden won Senate approval for a narrower amendment which would bar HEW only from requiring busing—in the literal sense—of students "for reasons of race." This time, he had the votes of most civil rights stalwarts. Caught by then in a parliamentary straitjacket, they were in the ironic position of voting for an anti-busing amendment as the lesser of two evils.

As Biden himself put it, "They had no place to go."

But while the liberal alignment on this last vote was for many an aberration, Biden is convinced that a growing number in the next few years will change their views on the busing issue.

"They're going to have to do what I started to do two years ago, and that is, to really look at the issue. I don't think they've really looked at the issue. Quite frankly, I don't think they understand the issue . . .

With the lawmakers still reeling from their latest busing donnybrook, Biden was already looking ahead to the next battle on the Senate floor when he'll "go at it tightly and concisely, and no mistake about it."

[From the Washington Post, Sept. 28, 1975]

BUSING: A CONFUSION OF QUESTIONS

(By Noel Epstein)

It sometimes seems that our national dialogues have been ghost-written by Chekhov: groups of people talking past each other into space, not really discussing the same matters at all.

This was often the case during the Vietnam era. Protesters' placards screamed about conscience, about the immorality of the war, while government spoke back of consequences, of the strategic and other risks in pulling out. Rarely did the two even communicate, much less agree. Now we seem determined to go through the same kinds of difficulty in the growing debate about the wisdom of busing for school desegregation.

Once again, in the Congress, in the press, on the streets, the debaters frequently are not really arguing about the same point. After more than two decades, there turns out to be little agreement on what school desegregation in America is all about.

Is it still, as some suggest, chiefly a movement to abolish a caste system? Is it at heart actually a class struggle intensified by racism? Should it be measured strictly in constitutional terms? By educational yardsticks? By how much it may unite or separate the races? By its importance as the centerpiece on which many other civil rights gains have been balanced? By some combination of these elements?

It should be self-evident that the question chosen will determine the answer reached on where desegregation should go from here, but this fact seems to be eluding many in the drama. All too often they are simply answering their own questions while disregarding those which others are addressing.

The results so far are not very enlightening and certainly not the basis for tinkering with the Supreme Court's landmark *Brown* decision, which is the direction in which the new desegregation doubters are headed.

In a Senate debate 11 days ago, for example, Democrat Joseph R. Biden Jr. of Delaware selected "better educational opportunity" as his question, answered that busing has not provided it, and proceeded to try to prevent the Health, Education and Welfare Department from ordering any busing.

Biden, one of a member of new doubters formerly identified with the desegregation forces, also made it clear that, if he had his way, he would not stop with HEW. "I would like to see us be able to prevent the courts from ordering busing" as well, he declared, but added that he had not yet figured out how to do this.

Biden did not get to the Senate without knowing that in many instances "busing" and "desegregation" are synonymous. He surely knows this to be true for his constituents in Wilmington and surrounding suburbs, where a court order to bus between school districts is now on appeal to the Supreme Court.

But, more fundamentally, he and others choosing the "equal educational opportunity" question must know that this was precisely what was rejected in *Brown*, that the civil rights movement purposely avoided raising it, that so long as school systems are illegally segregated, not only equal but even superior education for blacks is unconstitutional.

"Does segregation of children in public schools solely on the basis of race, even though the physical facilities and other 'tangible' factors may be equal, deprive the children of the minority group of equal educational opportunities? We believe that it does." So the education question was asked and answered by the Supreme Court in 1954.

This is certainly not to suggest that better schools for black and other minority children—indeed, for all children now being shortchanged—are not a vital social goal. But that has never been the ground for ordering desegregation and—unless Brown is dramatically revised—it cannot be the basis for halting buses in purposely segregated school systems.

What Biden and company do not address are the questions others are picking. Like breaking the caste system. Norman Chachkin chooses that one. Until recently Chachkin coordinated school desegregation cases for the NAACP Legal Defense Fund, Inc.; he is now with the Lawyers' Committee for Civil Rights. "I consider ending a caste system to be adequate reason for desegregation, whole and apart from anything else," he remarks.

Because of this, he is among those who do not question the value of desegregating heavily black school systems, such as those in Detroit or Richmond, along with all others. "All the Richmond schools are now reflective of the population—70 per cent black—and I still count that as an advance over the situation in 1969 when the system was only slightly majority black but there were heavily white schools and heavily black schools and everybody knew the difference," he says. For him, "It's a gain to do something to eliminate institutional racism."

Although we tend to lose sight of it among all the other question-picking, the caste issue is the foundation of school desegregation. Separate drinking fountains, separate bathrooms, separate seats in the back of the bus, separate schools—that is what underlies it all.

"To separate them from others of similar age and qualifications solely because of their race," the Court held, "generates a feeling of inferiority as to their status in the community that may affect their hearts and minds in a way unlikely ever to be undone." This is what made segregated schools inherently unequal and what Brown promised to end, not poorer test scores, rundown schoolhouses, fewer teachers or other strictly educational problems.

What is inexplicably not being asked much now is whether this conclusion is still valid. At a Notre Dame symposium a year and a half ago, however, Constance Baker Motley, an NAACP attorney in the Brown cases who is now a federal judge in New York, said that for many black youths it may well be invalid.

The reasons, she suggested, are the successes of the civil rights movement itself, including the "black is beautiful" drive, black studies classes concentrating on black leaders, and a television industry that now "portrays blacks as people who use the same toothpaste as their white counterparts, eat the same cereals and buy the same patent medicines."

By now, she found, "it may be meaningless to talk about feelings of inferiority to a black youth in the central city where blacks no longer consider themselves inferior to whites and no longer believe that any institution which is all white is necessarily good and ought to be integrated. *Brown* has been a second Emancipation Proclamation in that it has freed blacks from their own feelings of inferiority and absolved the white leadership class of its feelings of guilt. Thus, the rationale for *Brown* may have slipped away."

A new rationale, she said, may be needed.

Other blacks as well as some whites go even further, seeing the suggestion that blacks need white schools or anything else white as the racial insult of today.

It is obviously dangerous to generalize about how an entire race views itself, even if attitudes were not changing as swiftly as they have been. Different families, teachers, friends, towns, neighborhoods and many other factors will affect children's feelings about their worth as human beings in different ways. Even those researching the subject disagree sharply about their conclusions.

Among the more surprising examinations has been that of Gloria Powell, a black psychiatrist at the University of California at Los Angeles. After reviewing other studies and doing her own, she published her conclusions in a 1973 book called "Black Monday's Children." Her essential finding: Black children in the South actually had higher feelings of self-esteem than white children before desegregation because of the cohesiveness of the black community, and desegregation hurt the blacks' sense of worth.

Dr. Powell says she has been apprehensive about discussing her work during the current busing furor for fear it will be used to help undermine the civil rights movement's position. "If you take away *Brown*, we haven't got anything else to replace it with yet," she explains.

Other researchers do not subscribe to the Motley or Powell views. In a smaller study published two years ago, for example, black psychiatrist Jeanne Spurlock reported that her results "were highly suggestive that the mouthing of black beauty by many black children is reaction formation." Poorer black children, particularly, she said, "react by saying that black is beautiful, but they really do not feel it as being so."

Dr. Spurlock, deputy medical director of the American Psychiatric Association, stresses that her conclusions were tentative. "As far as I'm concerned, it remains a very controversial issue," she states.

At Yale, black psychiatrist James Comer doubts whether any of the self-image examinations have ever had serious validity. "The studies continue to measure children who are very young, and there's no longitudinal study I know of that traces changes over time," he says.

Many civil rights lawyers maintain that *Brown* does not rest chiefly on how black children feel in segregation situations anyway. "It doesn't matter whether people are happy or unhappy in their chains," says William L. Taylor, former staff director of the U.S. Civil Rights Commission. "The objective fact was the massive racial insult that *Brown* was dealing with." The question—his question—is "whether the segregation that remains today is a product of that massive racial insult."

That, however, is not Dr. Comer's question. "My concern," he says, "is that the Court dealt with the wrong issue and the wrong rationale in the first place. By not paying attention to the issue of low-income housing in the suburbs and going for busing, they (the civil rights leaders) fought a battle they are going to lose, and that will make the other one more difficult."

He adds: "What I'm afraid of is that people will stick very closely to what the court said and whether it has changed in subsequent years. I'm afraid they will use that for not doing anything about the resegregation of black children" resulting from white flight to the suburbs.

The issue Dr. Comer picks, then, is the new "railroad tracks" between many heavily black cities and their largely white suburbs, a worry increasingly being chosen by others in the wake of sociologist James S. Coleman's controversial new study of the subject.

Coleman contends that "desegregation"—by which he simply means more blacks going to school with whites, whether because of court orders or not—is itself to blame for a "sizeable loss of whites" from these cities and their public schools. He does not measure how much other factors—such as increases in crime, taxes, suburban jobs, have been contributing to this white exodus since the 1940s. But he urges the courts to stop ordering busing in many cases because of this trend, a step neither he nor other liberals proposed when flight to segregated white academies in the South was much more clearly linked to desegregation.

Coleman has in fact attacked the courts now as the "worst instrument of social policy" in this area, a statement which assumes that *Brown* and its offspring are somehow responsible for the behavior of the whites, and presumably the middle-class blacks, who have been trekking to the suburbs.

Since judges have never ordered desegregation in most of the 22 large cities he is discussing, his broad attack on the courts is difficult to understand. But even if the courts had acted, his position would raise serious questions yet to be answered. Could an end to busing as a major desegregation tool be the key to undoing an exodus that has been going on for three decades even where there has never been court-ordered desegregation? And, more fundamentally, is desegregation never to happen in many of America's largest cities because an indeterminate number of whites seek to escape it?

Nobody doubts the importance of the fact that, in many major metropolitan areas, we are fulfilling the prophecy of the 1968 Riot Commission Report: "Our nation is moving toward two societies, one black, one white—separate and unequal." But that report, it will be recalled, urged a wide array of measures—affecting housing, jobs and many other areas besides education—to meet the problem. Whether Americans are committed to a goal of racial togetherness is itself open to debate. But there is no doubt that this question extends far beyond court-ordered busing.

What the growing city-suburb split has done, however, is to draw more attention to the class element in big-city desegregation plans, as has been frequently noted in the Boston battle and elsewhere. In Boston, the school committee purposely segregated blacks through gerrymandered school districts and other Northern variations on the South's old segregation laws. There is little disagreement on this point. The argument is in the remedy.

What sense does it make to bus largely less advantaged black and white kids across town to share each others' troubles? What good is it if the children of the more comfortable families who are supposed to make the educational difference sit securely in suburban sanctuaries? These questions are the ones selected by many parents and professors alike.

Constitutionally, of course, the answer is this: because the white community, whatever its economic class, has treated black children as if they were members of an inferior caste.

Civil rights lawyers naturally don't prefer this kind of desegregation; they want to move the buses across the city-suburb lines, and they are attempting in several court cases to prove that the lines were deliberately drawn by officials to segregate blacks. They succeeded in Louisville, which is why the busing began there with surrounding Jefferson County, and they are trying in Wilmington and Indianapolis.

The class issue also shows up in a number of other ways, including the reluctance of some middle-class blacks in such heavily black school systems as Detroit's to see their children bused back into a slum-area school. This was made clear for example, in a recent remark by Joseph E. Madison, executive director of the NAACP's Detroit chapter;

"There are housewives in the NAACP who don't like the desegregation plan or the concept of busing, just as there are some middle-class professionals in the NAACP who don't like the concept of having to bus their children out of the neighborhood they've just recently moved into."

Or take Washington. Educationally, it would probably make sense to bus black children between the middle-class Shaw neighborhoods. All the research suggests it would raise the Shaw children's test scores. But ask 20 Washingtonians how the Shepard Park parents would react and all assume they would kick and scream as much as any other parents.

These are by no means the only questions. Will a retreat on school desegregation signal a retreat on other civil rights fronts as well? What of the frustration many parents feel about losing control over their children's lives? Is Northern desegregation, where a parent may not have the slightest notion that remote school districts had been gerrymandered, the same as Southern segregation, with its overt laws?

Nor are these the only ways in which all the questions can be phrased. The point is that each of us is jumping on one or two questions and forgetting about others. But we cannot seriously decide one of the most important and complex issues in the history of this country by merely talking to ourselves.

ADMINISTRATION INDIFFERENCE ON CHILD NUTRITION PROGRAMS

Mr. HUMPHREY. Mr. President, this administration is again trying to play Russian roulette with our child nutrition programs.

H.R. 4222, a measure proposing a number of significant improvements in our child nutrition programs, has been sitting on the President's desk for over a week awaiting his decision.

So far we have received no word. There has been confusion among project administrators regarding the continuation of the women, infants and children—WIC—feeding program.

As the author of the WIC program, I am concerned that it not be hamstrung administratively, contrary to congressional intent. An earlier continuing resolution on WIC and the special food program expired on September 30.

However, the General Accounting Office rendered an opinion yesterday to allow the continuation of these programs until the passage of the agricultural appropriations legislation.

The crippling of programs of vitally needed assistance for our people, through default and delay by the administration, must come to an end.

I understand the USDA and OMB have recommended a veto of H.R. 4222. But so far the President has not spoken as to his intentions.

A great deal of time and effort has gone into developing H.R. 4222. It is a good bill. The House of Representatives passed it by a vote of 380 to 7, and the Senate by a unanimous voice vote.

The administration earlier had proposed a block grant approach which would have served to destroy and dismantle these vital programs.

Fortunately, the Congress rejected this approach and developed sound, realistic legislation in the form of H.R. 4222.

It should be clear to all that Congress has made its commitment to continue and improve these programs. And I think it is safe to say that the Congress will override a Presidential veto.

The issue is: Does the White House want to support these vital programs without interruption, so that millions of children, taxpayers, and administrators will benefit? Or, does the administration intend by design or inadvertence to force a disastrous, even if only temporary, break in the flow of benefits?

Today we needlessly face a confused situation with the threatened withdrawal of nutritional support from millions of our most vulnerable citizens.

If the President wants positive legislation which is fiscally responsible, then he should sign H.R. 4222 without further delay. This is the right and responsible course for our children and families in need.

STEVENSON ENERGY PROPOSALS SOUND

Mr. McGOVERN. Mr. President, I commend the distinguished Senator from Illinois for his thoughtful, realistic, and responsible approach to energy policy. I am pleased to cosponsor his amendments to S. 692.

According to recent newspaper reports, the President now seeks a real compromise with the Congress on energy policy. I hope that the reports are correct. To date, the President has offered us a choice between his program now and his program later.

The main weakness in the administration energy program is the stubborn belief that free market solutions can work even when a free market does not exist.

Classically defined, a free market is one in which no single producer or combine can control the market. New firms can enter with relative ease. Prices are determined by supply and demand. Because of free entry, price comes to reflect the cost of production.

In a true market, profits are temporary phenomena. They are rewards for innovation which soon diminish as competition moves into the new product or technology. Profit does not mean a permanent claim on consumer pocketbooks.

It is patently absurd to argue that these conditions pertain in the energy industry. There can be no free entry when a few giant corporations—four of them super giants—control the world petroleum market. All of these firms are merchandisers, transporters, and refiners as well as producers.

In a free market, the companies dominant in oil might face competition from producers of substitute products. In the market as it is, the oil companies are integrated horizontally as well as vertically. Like the great trusts of the last century, they have acquired the competition.

Since the two resources are often found together, it is not surprising that oil producers dominate natural gas. But petroleum producers are also deeply involved in mining and processing uranium for nuclear powerplants. The oil industry has a powerful position in coal, particularly in coal reserves.

When the energy conglomerates speak out for freedom in the marketplace, they mean freedom to raise prices at will. When they say that the Government should get out of the energy market, they mean that all sources of energy should be allowed to rise to meet the price of the highest. Natural gas should go to the level of OPEC oil. With Btu pricing, coal should follow.

The Ford administration argues that we need to bribe the energy industry with extortionate profits in order to end our dependence on the foreign oil producers. For occult reasons known only in the White House and the oil company boardrooms, energy producers cannot live with a 14- or 15-percent return on investment. They need much more. Perhaps it has to do with living in the style to which they have become accustomed.

On the other hand, it is true, as the President has often said, that the days of cheap energy are over. We are certain to pay higher prices in the future than those to which we became accustomed in the past. But I find it incomprehensible that an administration as devoted to free enterprise as this one professes to be is prepared to accept a pricing system set and administered by Saudi-Arabia, the Shah of Iran and the Seven Sisters.

Mr. President, I believe that the Stevenson proposals represent a genuine and workable compromise in energy pricing.

If enacted, Senator STEVENSON's amendments will remove domestic oil production from the OPEC pricing orbit. Senator STEVENSON proposes to set a high enough oil price to assure a very reasonable return on investment for the industry. His amendments would not, however, permit domestic oil to follow OPEC prices to ever higher and ever more destructive levels. He would offer legitimate incentives instead of massive windfall profits.

While setting new domestic oil prices at a rational level, Senator STEVENSON recognizes that natural gas is underpriced in the interstate market. His proposals would place a natural gas price ceiling at the current intrastate level, thereby encouraging greater supplies. He would abolish the pernicious interstate-intrastate distinction.

Mr. President, the Stevenson amendments provide protection for American businessmen and consumers from domestic monopoly and from the international oil cartel. At the same time, they safeguard the legitimate interests of the industry. I believe that Senator Stevenson has offered a program on which all parties to the energy debate should be able to agree in the end.

GET DUMB GOVERNMENT OFF OUR BACKS

Mr. FANNIN. Mr. President, the public is increasingly disgusted with "big dumb government." This anger is reflected in recent opinion surveys which show that Americans are disenchanted with Government institutions, most notably Congress, which seem remote and unresponsive to their needs and concerns.

Small businessmen in Arizona tell me that what upsets them most is the Federal redtape and paperwork which substantially increase their overhead, and hence the costs of running their businesses. It seems they cannot make an ordinary business decision without clearing it with Washington first or running afoul of a bureau or commission decision somewhere or even several, often conflicting, little known regulations. I hear, too, from my constituents in Arizona who are "fed up to here" with the maze of regulations and special forms they encounter daily.

The recent recession has made consumers and businessmen everywhere acutely aware of the mounting cost of regulatory programs, now estimated at $130 billion. They have begun to realize that, in addition to the higher taxes they pay directly to Government, there are many hidden taxes imposed by Government regulation in the form of higher prices on essential goods and services. True, there are some industrialists who feel unusually comfortable with regulation, because they believe it cushions them from the rigors of competition. By and large, however, business community and ordinary citizens are upset with the role being played by Government, and they are demanding action from their elected representatives. They want something to be done to cut out unneeded Federal programs and costly regulations, to cut back on excessive Federal spending, and to cut down on big brother bureaucracy.

Mr. President, the gripes about Government overregulation are becoming louder and more numerous. Let me cite a few examples uncovered by Prof. Murray Weidenbaum, the noted economist, and mentioned in an article in U.S. News & World Report:

> A company with 40,000 employes has to maintain 125 file drawers of records to meet federal reporting requirements on personnel.
>
> An Oregon company operating three small TV stations filed 45 pounds of forms for its license-renewal application. A small radio station in New Hampshire paid $26 in postage just to mail its application to Washington.
>
> A Philadelphia electric utility preparing to build a plant needed 24 different kinds of approval from five federal agencies, five State agencies, two townships and a regional commission.
>
> Agents of the Occupational Safety and Health Administration ordered that trucks on a construction site install alarms that sound when vehicles are backing up. Then it ordered workers to wear ear plugs to protect them from excessive noise.
>
> The Consumer Product Safety Commission ordered hearings to determine if 4 million electric frying pans were hazardous—even though not a single injury from the use of such pans had been reported to the Commission.
>
> The Environmental Protection Agency required auto manufacturers in 1973 to install catalytic converters on new cars to cut air pollution. After hundreds of millions in added costs to buyers, the Agency found the converters emit sulphuric-acid fumes that injure the lungs.

Washington's response to these complaints has been predictably slow. President Ford has taken the initiative on this matter, I am pleased to say, by calling for decontrol in energy and reorganization in the transportation industry. Regulatory reform has become a major plank in the President's reelection platform and in the campaign program of Governor Reagan. A number of my liberal colleagues are beginning to react to the popular mood by joining with us conservatives in criticizing the performance of Government. I am pleased to have been participating in the fight for deregulation in the energy field as the surest approach to easing current oil and gas shortages, ending our dependence on costly foreign oil and encouraging conservation, exploration, and development of domestic reserves. I am also working on several bills to promote overdue reforms of the regulatory system. The important task for all of us, liberals and conservatives, is to take responsible, positive action to improve the workings of Government and to get "big dumb government" off the people's backs.

In this regard, Mr. President, I recommend to my colleagues a published interview with James T. Lynn, Director of the Office of Management and Budget, in the October 6 issue of U.S. News & World Report. Mr. Lynn discusses the problems of Government regulation, the prospects for reform and the measures being taken, particularly within the executive branch, to eliminate redtape and foster competition in the marketplace. I call special attention to the starting OMB estimates which indicate that there are currently over 100,000 employees in the independent regulatory commissions and workers with regulatory jobs in other Federal agencies. This latest tally attests to the alarming growth of Government control and influence in our free society.

Mr. President, I ask unanimous consent that the article, "Rising Furor Over Federal Redtape," and the interview with OMB Director James Lynn be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Rising Furor Over Federal Redtape

Evidence keeps piling up to underline the growing burden of federal regulation—in dollars and in encroachment on people's day-to-day lives.

Government red tape keeps more than 100,000 federal workers busy writing, reviewing and enforcing Washington's edicts.

The number of approved Government forms, according to one estimate, has risen to 5,146—exclusive of tax and banking forms. It takes individuals and companies more than 130 million manhours a year to fill them out. The cost to consumers of Washington's regulatory programs is about 130 billions a year—an amount more than one quarter as big as the whole federal budget.

Now there's a rising clamor to reform this regulatory maze. It comes from the White House, from businessmen and from ordinary citizens who say they resent so much dictation.

FUELING INFLATION?

For several months, President Ford has been attacking the regulatory agencies for fueling inflation and hindering competition. His proposals for deregulation promise to be a basic part of the 1976 political campaign. Mr. Ford has noted:

"In many industries—transportation, energy, communications—federal regulatory commissions have virtually ruled out competition. What was begun as a protection for consumers now guarantees that in many, many cases they will pay higher prices than a free market would call for."

Adds a former Treasury official:

"When Government requires actions that increase the costs of production and raise the prices of products and services sold to the public, that's just as significant a form of inflationary pressure as a top-heavy budget or an excessively easy money policy."

IMPACT ON DECISIONS

Businessmen complain that Government-imposed rules are not only driving up the cost of their operations but also cutting into business decision-making.

A Chicago executive comments: "More and more, the management of our company is being taken out of our hands and being lodged with regulatory agencies in Washington."

Consumers are frustrated by rules they find costly and often conflicting.

New-car buyers, for example, paid some 3 billion dollars extra in 1974 for buzzers, harnesses and other mandatory safety equipment. The furor over seat-belt interlocks—which prevent a car from starting unless the driver is buckled in—was so violent that Congress overturned that regulation.

Mothers of small children generally applauded a requirement that sleepwear be made flame-retardant. But then came a ban in some areas, including New York State, on detergents that contain phosphates—and such detergents are considered essential for assuring the fire resistance of fabrics after repeated washings.

How effective the White House campaign will be to trim paper work and red tape remains to be seen. The regulatory bureaucracy has a built-in tendency to grow. In the past decade alone, Congress has authorized a dozen new agencies, including the Environmental Protection Agency, the Equal Employment Opportunity Commission, the Federal Energy Administration, the Consumer Product Safety Commission and many others.

Pending legislation to assure consumer privacy would require businesses to file "impact statements" involving extensive paper work.

SOME ARE HELPED

Moreover, as one Washington observer comments: "Regulation, like politics, can make strange bedfellows." For example, the trucking industry has supported Interstate Commerce Commission rules that tend to limit competition on certain routes. Ship operators and the maritime unions generally see eye to eye on rules designed to protect that industry.

Thus it appears that Mr. Ford and his supporters who favor deregulation will not find it easy to hack away at the bureaucratic jungle.

GETTING GOVERNMENT OFF PEOPLE'S BACKS

(Interview With James T. Lynn, Director, Office of Management and Budget)

Is there any real hope of cutting back the federal bureaucracy, ending excessive regulation, trimming the paper work that hobbles business? "Yes" says President Ford's budget chief—"but it won't be easy."

Q. Mr. Lynn, President Ford says he wants to get Government off people's banks. Can it be done?

A. Yes, Government's involvement in people's lives can be reduced. We're starting to move in that direction right now, but it won't be easy.

Q. Isn't it true that federal programs keep right on expanding and multiplying all the time, despite what Presidents say?

A. They have in the past, but I don't think it necessarily has to continue that way forever. All we have to do is exercise restraint on the old business that goes: "Here's a new program that we've given you American people. Here's a new program for you and you and you—for business, for consumers, for the cities, for the States, for whoever it may be, ad infinitum."

It's one of the greatest "stings" in history, and I think the American people are beginning to wake up to it. The sting is that we give everybody money for something and then take it out of their back pocket—in the form of inflation. It's just a con game, and it's a con game that's got to end.

Q. Can anyone really end a federal program, once it has begun?

A. It's true that people are schizophrenic in this regard. If you sent out a poll asking people if they want to cut back on federal spending, probably 85 per cent would say, "Yes, cut it back." But if you listed 150 programs out of the 1,009 federal domestic-assistance programs we have today, about 80 per cent of the people you polled would list at least one of them where they think more money should be spent. Therein lies the rub.

The American people have not yet put the totals together and realized what it's doing to them, what it's doing to their jobs, what it's doing to their pocketbooks. There's still the attitude of people who run for office, saying: "Spend, spend, spend. Re-elect, re-elect, re-elect."

I detect, however, a growing awareness that people are catching on in this regard. Voters are becoming edgy about whether the old politics makes sense.

Q. Do people in general feel the Government bureaucracy is too large?

A. There's no doubt that this is true. People see federal employs doing things, and they wonder why they're doing them at all. They'll go into a Government office and see all those people sitting there, and they wonder what their functions are. People are asking themselves: "Are my tax dollars really being spent effectively?"

Q. Do you have any idea what the cost of federal paper work adds up to?

A. We don't have any really good figures, but the total figures have to be huge. And we are trying to cut down the amount of paper work. Every time a Government agency comes out with a request for a new form, our office asks people how much time it takes to fill it out and—where applicable—what it costs the Government to process the form.

We also have created the Commission on Paper Work, comprised of Government officials and people representing private industry and consumers. I don't know how much frustration we'll run into, but we mean business. The President has said several times that we're going to reduce the number of federal forms substantially in the near future. You don't make a statement like that unless you expect your people to perform and carry it out.

You may be interested to know there was a net reduction of 175 federal reports last year.

Q. What is the usual response when a federal agency is found to have fouled up some program?

A. Many times a program officer will add still another regulation to solve the problem. He says, "That's never going to happen again, because we passed a new regulation to avoid it."

What we have to do is to get some backbone into the Federal Government to resist that kind of cosmetic solution. The real answer may well be to simply say, "That's right—somebody goofed." Rather than adopt new rules or add more people to the federal payroll, we're going to have to put up with some mistakes now and then. Now, that isn't easy to admit in public, but I think there's a lot of room to have that done.

Q. What can agencies themselves do to eliminate excessive regulations?

A. I think there is quite a bit we can do without legislation. One thing that we're trying to get the departments to do is take a look at their major programs—some that have been on the books for years—as if they had just been enacted by Congress. We want them to see how many barnacles have become encrusted on the bottom over the years by way of new regulations.

Q. Won't Congress have to change a lot of laws?

A. If we're really going to cut back on Government's role, it will certainly require some legislative changes, too. A lot of the forms we have in Government are mandated by the design of a program specified in a statute. If we're really to have meaningful reform about how much we're hassling people who do business with the Government, we'll have to change some statutes.

I have to say in that connection, though, that many laws on the books today are broad enough so that agencies could reduce the red tape and long delays if they really wanted to do it. But after many efforts have failed in that direction, it's now felt that the only way it is going to get done with some agencies is by congressional action.

Q. Is there anything the White House can do to put pressure on federal agencies to cut their red tape?

A. With independent regulatory agencies, not much in the form of direct action. Have you ever seen what happens if a President or somebody in the executive branch tries to tell a regulatory agency what to do?

If a President doesn't like what the Secretary of X, Y or Z Department is doing, he can fire him and get somebody else. But with an independent regulatory agency, neither the President nor Congress—even together—can get rid of those people. Usually, they are appointed for a fixed term, and they cannot be removed from office except for reasons specified in law. Disagreement with the President or the Congress on matters of regulatory policy is not one of those reasons. This is no accident. The studies intended that such agencies be *independent*.

Now the President has been urging the agencies to take action on their own, and we have seen some signs that are encouraging. The Civil Aeronautics Board, for example, is trying some innovations. The Federal Trade Commission and the Federal Communications Commission also are taking a hard look at how they operate.

Q. Then Mr. Ford is getting some support in his attempt to reduce Government's role in everyday life—

A. To some extent, yes. It is a mixed situation.

Frankly, this direction the President is on is not one that is going to give him uniform kudos from everyone involved. Every time you change an existing regulation that alters the competitive balance in an industry, somebody wins and somebody loses. The people who are going to lose will be very vocal and make great efforts to keep changes from being made.

Is it going to be easy to change the ways of fifty, one hundred years? No, it isn't. We have some areas where we have an uphill struggle just keeping even, but we are determined to make real progress.

Q. Can't your office force agencies to act by holding back part of their funds?

A. There's really very little we can do on that now. Until recently, the President had some authority to withhold appropriated funds if he felt that the agency was not performing the way it should. But under the Congressional Budget and Impoundment Control Act of 1974, Presidents no longer have that authority. Now if we want to withhold appropriated funds, even for a limited period of time, the Congress has to approve the action—explicitly or implicitly.

What the new law did was to establish new bodies in Congress—the budget committees, plus the congressional budget office—in spending areas formerly controlled almost exclusively by the executive branch and the appropriations committees. That's why it is absolutely vital that the new budget process in Congress be made to work. If it doesn't work, we've gotten rid of the old handle on runaway spending without putting an effective control in its place.

In another area, the movement is more and more away from having most of the budget-review function within the executive branch. I hope it won't happen, but I think that Congress may rue the day that they moved in this direction. Maybe some of it was provoked by Watergate and a response to the problems in the executive branch at that time.

Q. What is your own Office of Management and Budget doing to cut down the size of the bureaucracy?

A. Last fiscal year the President announced he would trim planned employment in fiscal year 1975 [starting July 1, 1974] by 40,000 persons. When the year was over, we actually had reduced the planned work force by about 53,000. We did it by telling the agencies: "Look, don't come to us for more people. Even though Congress has given you more responsibility, we believe that your particular department is too heavy in this area or that on manpower."

Sometimes that isn't true. Sometimes a department does need more people. But often it's amazing that, if we get a little bit firm with regard to this, they can find ways to get along with fewer people. The President wants us to recommend to him another cut this year.

Besides that, we're doing a lot on productivity measurement: what kind of work hours it takes to perform certain tasks, and whether the agencies can justify the manpower they already have. We're getting pretty hard-nosed about this. I think it's essential, because it's one way for a budget examiner to gauge whether the taxpayers are just being ripped off because some program head wants to keep the people he has and use any new program as an excuse to add personnel.

Q. Do you look into cases of overregulation? There's the report about the Iowa mayor who got three calls from federal officials telling him that his city had to have flood insurance, when they didn't even have a creek there—

A. We certainly do investigate these things. When something like that comes to our attention, we write a note to the people involved and expect a reply. Most of the time you can tell whether the answer coming back is a gobbledygook response or a genuine one.

Sometimes it takes two or three cracks, but we have follow-ups on those.

Q. Do Government regulations cost consumers instead of saving them money, as originally intended?

A. My own judgment is that in many, many cases it raises the cost to the consumer. One example is fair-trade laws, which the President has proposed to repeal. It is nothing but a price-maintenance program.

But there are even more vicious regulations that contain hidden costs to us. Rules on railroads and the trucking industry are costing people one heck of a lot of money by increasing the price of products we buy.

Q. Are there instances where a regulation meant to protect consumers really acts to restrain free competition?

A. There's no way of making an all-encompassing statement on that. It is true that there are numerous regulations which do more to protect the industry than the consumer. But you can argue that unless you keep the people who are already in that industry healthy, there won't be any business at all for the consumer to utilize.

But I do think that the balance has gotten out of whack in many, many cases. Some areas are especially hard to judge. Take product safety, for instance: If you can prevent injury to a single child by adding 25 per cent to the cost of pajamas, can you justify not taking that step? Or the new regulations on job safety: If you try to implement them too fast, you can end up with a plant shutdown that puts lots of people out of work.

The rhetoric on both sides can become very high. And there's no way of solving it by any sweep of the pen. That's why I want to see the departments and agencies go toward more and more open hearings before they make policy decisions.

TRUST-BUSTING TO FOSTER COMPETITION

Q. Does the White House intend to use the antitrust laws in lieu of adding new regulations on business?

A. Yes, there will be some of that. I think the President believes that the Sherman Act is the most important consumer-protection law on the books.

The other side of it is that if you have a monopoly, you have to have price control. The best example is a public utility. It is given monopoly protection against competition in exchange for giving up the freedom to charge what rates it thinks the service is worth. Sometimes utilities get the worst of both worlds, and sometimes consumers think utilities get the best of both worlds. You can choose whatever argument you want.

The important thing is that if we are going to get rid of the red tape that tells a businessman when to get up in the morning, then we ought to tell him, "Go out and compete."

Q. Do people expect too much from the Government?

A. What I'm saying is that it is rare that a correction of a problem by the Federal Government does not overcorrect. Take the environment issue as an example:

For years, pollution was neglected as a problem. The philosophy was to churn out the goods and services, and if you fouled the streams and the air—well, that's the price of jobs, and so be it.

Finally, the problem became so acute that people became worried and organized themselves. They became very strong politically. Now, in some instances at least, the pendulum has swung too far the other way. It has gone beyond simply cleaning up the air and water to protect people's health. Nobody argues against doing that. But the isue now in some cases is how fast we can clean up things beyond the basic health requirement.

It seems to me that you should pay some attention to trade-offs. How many jobs is it going to cost? Will spreading out the time a little mean development of a technology to do the job better or cheaper so that consumer-product prices don't go up so rapidly?

Q. Do you think that we're in too much of a hurry to create a perfect society?

A. Sometimes that is the case. It's a little like football. You've got the long touchdown pass—the "bomb," as they call it. But most problems can't be handled that way. What we need, if the President will forgive me, is the kind of football that Woody Hayes coaches at Ohio State—3 yards and a cloud of dust.

We're not going to solve all these problems in one year—even five years. But the American people deserve to see a real start and some real steps toward progress.

Q. Will people accept this slower approach?

A. It might not be popular politically, because nobody wants to talk about those trade-offs.

I could make every street in America safe against jaywalking, for instance. I could simply put up a 9-foot concrete wall along the road on each side—concave, with oil dripping down the sides and underpasses at every corner. Now, that's absurd, but it makes my point that there are always trade-offs on these matters.

Q. Mr. Lynn, are you doing anything to improve the caliber of federal employes and their efficiency?

A. Well, first, let me say there are many fine, dedicated people in Government, but as for upgrading this potential, there are a number of things we can do, and I think we are doing some of them, but more will be done.

One thing we are trying to do is get a better handle on our own executive-training programs. We've had programs on the books over the years that are called executive-training or refresher courses and so on. But in many cases those programs have either been abused or we haven't had the right selection of people going into them.

We're trying to identify, agency by agency, who the "comers" are—the really able people who have imagination and drive and energy, who want to go ahead. We intend to single those people out and give them special training, give them an upwardly mobile track into the executive slots of Government. We've made a start in that regard, but we've got a long way to go.

Q. How do you measure efficiency in Government when there is no such thing as a profit or loss in an operation?

A. We have to do it by evaluation—by getting every program manager to constantly look for ways to do things better.

It's much more fun to announce a new program or increase the size of a program than it is to go down and do the dirty, day-to-day work that has to be done. That isn't very "pizzazzy," but nonetheless it's the only way we're going to get a handle on this whole thing.

Q. Isn't one of the reasons for complaints today the fact that people don't see any response from bureaucrats with whom they have to deal?

A. I think in some cases it even goes deeper. When the President met with members of Congress recently on regulatory reform, there were many instances cited around the table of downright impoliteness or worse on the part of some people in the Federal Government. The President made his position very clear. He will do everything in his power to prevent that kind of thing from happening.

There are two ways of being a policeman if you have to be a policeman under the law. One is to do your job but do it with grace and understanding that you were hired by those people out there that you're regulating. The other way is just to think that you own the world and be nasty about what you're doing.

The President followed up that meeting with a very strong discussion with the Cabinet. He asked the Cabinet to go back to their departments and make it top priority to treat the public with respect and consideration.

GOAL: "BETTER, CHEAPER SERVICE"

Q. You do see some hope, then, that Government regulations can be cut back—

A. Yes. As I said, it won't be easy. But we're already seeing within the regulatory agencies the beginning of a response to a kind of coalition formed between the executive branch and Congress. If a regulatory agency sees that Congress and the President mean business, it won't take them long to look harder at ways to reduce the red tape, enhance competition, improve the consumer's lot, and improve business' lot.

We hope the result will be more-efficient service, better service and cheaper service than Americans have received from their Government in the past.

LATEST TALLY OF FEDERAL REGULATORS

A summary of rough estimates by the Office of Management and Budget shows this breakdown of employes in regulatory agencies and workers with regulatory jobs in other agencies—

Agriculture Department (animal and plant-health inspection; Forest Service; stabilization, conservation and marketing services; commodity-credit functions)	25,187
Environmental Protection Agency	11,208
Department of Health, Education and Welfare (food and drug rules, medicare regulation)	9,000
Treasury Department (tax regulation, Comptroller of the Currency, Bureau of Alcohol, Tobacco and Firearms)	7,705
Labor Department (employment standards, occupational safety)	4,790
Commerce Department (Maritime Administration, Patent Office)	4,724
Interior Department (mine safety, land management)	3,713
Federal Energy Administration	3,257
Federal Deposit Insurance Corporation	2,966
National Labor Relations Board	2,404
Department of Transportation (traffic safety, marine safety)	2,285
Equal Employment Opportunity Commission	2,220
Nuclear Regulatory Commission	2,141
Interstate Commerce Commission	2,076
Federal Communications Commission	2,060
Securities and Exchange Commission	1,959
Federal Trade Commission	1,622
Army Corps of Engineers (inland-waterways regulation)	1,500
Federal Reserve Board	1,488
Federal Home Loan Bank Board	1,435
Federal Power Commission	1,316
Consumer Product Safety Commission	1,098
Department of Housing and Urban Development (housing regulations, federal insurance rules)	826
Justice Department (Antitrust Division)	768
Civil Aeronautics Board	718
Other agencies	2,514
Total	100,980

THE SINAI ACCORD—OR DISCORD?

Mr. STEVENSON. Mr. President, what passes for American foreign policy is not policy, but a series of fitful reactions: The unpremeditated and largely personal reactions of our leaders to events they no longer shape.

Without purpose or policy, the United

States pursues tactics without strategy. It seeks short-range accommodations with cash, arms, grain, and promises.

The fitfulness of U.S. diplomacy is illustrated by the Sinai accord recently revealed by the columnist, Jack Anderson. With no discernible strategy, the United States is again reacting. Public attention has focused on the proposal for U.S. technicians in the Sinai—but that is not the issue. The technicians are invited by both sides to maintain a truce, not by one side to maintain a conflict, as in Vietnam.

The reported price for the second step in Sinai is high. Egypt is promised about $600 million in economic assistance. Israel is promised $2.3 billion in economic and military assistance. The total dollar costs of aid to Israel and Egypt are estimated as high as $15 billion for 5 years.

While Israel's longer term military supply needs are promised a positive response by the United States, the Egyptians are also promised technical assistance for an early warning system and, in the future, the possibility of military aid. The United States assures an Israeli oil supply, including a 1-year reserve and, in case of a boycott, oil from United States domestic supplies. The United States supports, with an implied promise of American intervention, if needed, Israel's freedom to navigate the Straits of Gibraltar and the Babel Mandeb Straits. By reference to the wording of mutual defense agreements, section 10 of the accord appears to be a commitment of the United States to defend Israel in the event of attack.

Some of Israel's stoutest friends and defenders—and I count myself among those friends—are disturbed by these commitments. We know too well what can befall the United States when it makes promises beyond its power to keep.

The weapons, including F–16's, dangled before Israel, cannot fail to spur the arms race in the Middle East. Particularly disturbing is the promise that the United States will consider Pershing missiles and other military items of "high technology." The Pershing is designed to carry a nuclear warhead. Few states in the area, of whatever political stripe, will be reassured by the statement that these particular Pershings will carry "conventional" warheads. Since Israel has Jericho missiles capable of delivering nuclear warheads to the capitals of its neighbors, it would seem that the purpose of the Pershings is to make the United States commitment to Israel more formidable to the other Middle East states. We then open wider the Middle East door to the Soviet Union after having sought to close it.

These provisions are no longer secret. If the Congress, with knowledge of them, acquiesced by failing to disapprove or express clear reservations, U.S. freedom of action in the Middle East would be severely limited. The Congress would have limited its freedom to judge whether a future conflict required intervention or abstention. Secret commitments of questionable validity would be validated by congressional acquiescence.

The step-by-step approach to peace in the Middle East is valid, the commitment reasonable, if one step leads logically to another; if the end result in view is a coherent and permanent settlement.

The documents to which the American people have so far been made privy and public statements by the President and the Secretary of State have included references to a resumption of the Geneva Conference, to a bilateral settlement in the Golan Heights, and now to an informal conference—all of which indicates that the administration has no plan.

We can only measure the value of a single step by knowing the Secretary's conception of an attainable settlement. In other words, what comes next—and what will be its cost? If there is a plan—what is it? On September 22, the Secretary of State told the General Assembly of the United Nations that the United States would support "whatever process seems most promising."

If all we are buying is some time, I question the wisdom of the Sinai accord. More time acquired could continue to disadvantage moderate elements on all sides, including the Sadat government. Indeed, President Sadat, reacting to the earlier disclosures, has now disclosed more apparent promises by Secretary Kissinger, including efforts to disengage the parties in Syria, which have been rejected predictably by the Syrians, and an assurance of Palestinian participation in a settlement process, which may be unacceptable to the Palestinians and the Israelis.

The movement of a few miles in the Sinai is not enough, if followed only by protracted stalemate in negotiations, an accelerated arms buildup, the danger of conflict later at a higher level of violence, or another still more costly installment. Such prospects are not in the long-term interests of Israel, the other nations of the region or of the United States.

By nature and by law, the Congress cannot conduct foreign policy. It cannot oversee the interests of the United States in all parts of the world. But certainly the Congress has no duty to acquiesce in national folly; it can say "no." It can attach qualifications to its support of a policy.

Without reassurance on these questions about the Sinai accord; without answers to the questions about the administration's plan for a settlement in the Middle East, Congress should not approve any part of the Sinai accord, except with plainly stated reservations that will maintain the Nation's freedom of action in the future.

GRAIN SALES EMBARGO TO EASTERN EUROPE

Mr. McGOVERN. Mr. President, at the urging of the Secretary of Agriculture, the American farmer produced a 2.4-billion bushel wheat crop this year. The Secretary knew well in advance that domestic needs for wheat would run no higher than 700 million bushels. This leaves a huge amount for carryover and export. Several weeks ago the administration, in a plan devised by the Secretary of Labor, dispatched Undersecretary of State Robinson to Moscow to negotiate long-term commiments with the Soviets. Though I applauded the objectives of such a venture, I did question the procedures the administration took in isolating the Congress and the Department of Agriculture from these negotiations.

In the meantime, the administration first embargoed sales to Russia and now has included Poland in the embargo. At my suggestion, the Senator from Minnesota, Mr. HUMPHREY, chairman of the Senate Subcommittee on Foreign Agricultural Policy, has called hearings on October 2, 1975, to determine why the administration is isolating the farmer and the Department of Agriculture from these negotiations as well as the Congress.

In a current news release from Great Plains Wheat, Inc. Joseph Halow, its executive vice president, reaches a similar conclusion. I ask unanimous consent that the text of this release be printed in the RECORD.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

GREAT PLAINS WHEAT, INC.,
Washington, D.C., September 23, 1975.

KANSAS CITY, MISSOURI.—"We are now in a potentially very dangerous era in agriculture," stated Joseph Halow, Executive Vice President of Great Plains Wheat, in Kansas City today. Speaking before the Agricultural Association Executives' Council, Halow pointed out that "agriculture has made a sharp change in direction before most of the agricultural community knew what was happening. The most recent example of what is happening is provided by what appears to be a unilateral extension of a grain sales embargo to Eastern Europe," Halow stated.

Apparently without consultation with even the Department of Agriculture, the State Department has asked Poland not to purchase further quantities of grain from the United States before mid-October. "The State Department decision appears not to be based on any inventory consideration," Halow stated, "and one wonders what could have motivated the action. It is, in any event, an example of what can and is happening when decisions on agriculture are controlled by an agency which is not responsible for agriculture but for international policy. It is not difficult to surmise that agricultural marketing decisions will probably be made for—or at least strongly influenced by—political rather than economic considerations. The State Department has apparently taken seriously the suggestions that food should be used as a political weapon."

The Department of Agriculture has, in the meantime, indicated that so far as it is concerned there is no ban on further sales to Poland. "This leaves one wondering seriously who is in charge," Halow said. "Such contradictory statements coming from the two agencies can only create greater confusion and uncertainty in world markets," he added. "With what amounts to be a green light from the U.S.D.A. and a red light from the State Department, both buyers and U.S. exporters will certainly have to play it safe and not move, so that despite what the U.S.D.A. may have indicated in this instance, the ban on further sales to Poland has to be considered to be in effect."

The United States, which has taken pride in describing its agricultural marketing system as "free", has now a system in which Government is playing an even greater role. This could be even more restrictive than a national wheat board. In countries with wheat boards, the wheat boards have at least been responsible for the grain economies of the country. Marketing decisions in the United States are now being made by a Government agency which has no farm constituency and no real responsibility to the farmer or for agricultural production.

"Food and fuel have to be considered as completely separate and different commodities," Halow stated. "Fossil fuels are a national resource, the supplies of which can be depleted and a case can be made for having governments attempt to regulate supplies," he added. "Food is, on the other hand, not really a natural resource with stocks which can be permanently depleted. Food supplies are replenished annually by farmers who do so because of incentives which the world markets provide them. This type of government restriction can be highly disruptive because it can seriously reduce production incentives."

Great Plains Wheat, Inc., is a wheat market development organization supported by the wheat producers of Colorado, Kansas, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Washington.

GOVERNMENT OPERATIONS COMMITTEE REGULATORY REFORM ADVISORY PANEL

Mr. RIBICOFF. Mr. President, the Committee on Government Operations met this morning and approved the appointment of a distinguished panel of advisers for our regulatory reform effort.

Senate Resolution 71, which was approved by the full Senate this September, authorizes the expenditure of nearly $500,000 by the Committee on Government Operations and the Committee on Commerce to conduct a joint investigation of the Federal regulatory agencies.

This study, which is the first such comprehensive review of Federal regulation by the Congress, will examine many of the pressing problems that have plagued regulatory agencies and make recommendations for needed reforms.

The joint committee investigation will explore the need for tighter regulation or the need for deregulation in certain areas, the problem of regulatory delays, the relationship between the agencies and the regulated industries, the quality of regulators, the need for greater public participation in regulatory proceedings, and other issues of vital concern to all Americans.

We are prepared to take a hard look at the facts and let the chips fall where they may.

When after 33 years the FCC is unable to resolve a single dispute between two broadcasters, when the ICC and CAB promulgate regulations which increase consumer costs by $4 to $10 billion yearly, when the FAA fails to require that a known defect in the DC–10 airliner be corrected and 344 people die in an ensuing crash—then it is clear that something needs to be done about the regulatory agencies. This investigation will enable Congress to act on these problems.

The Government Operations Committee is fortunate to have the assistance of the distinguished panel of experts which includes leading authorities on the problems and practices of Federal regulatory agencies. Included in this diverse group are lawyers and economists, practitioners and academicians. Many members of the committee made valuable contributions in the selection of this panel. In particular, Senator Brock's suggestion of Roger Noll at this morning's meeting was most welcome. The formation of this panel will help ensure that this investigation is both comprehensive and objective.

The members of the panel are: Peter Hutt, former General Counsel, Food and Drug Administration; Harry McPherson, former Special Counsel to President Johnson; Roger Noll, professor of economics, California Institute of Technology; Merton Peck, former chairman, Department of Economics, Yale University, former Member Council Economic Advisers; Robert Pitofsky, former Director, Bureau Consumer Protection, Federal Trade Commission; William Ruckleshaus, former Administrator, Environmental Protection Agency and Lee White, former Chairman, Federal Power Commission.

I ask unanimous consent that brief biographies of the Government Operations Committee Advisory Panel on Regulatory Reform be printed in the Record.

There being no objection, the biographies were ordered to be printed in the Record, as follows:

Regulatory Reform Study—Advisory Panel

Peter Hutt. A.B., 1956, L.L.D., Harvard, 1959. Asst. General Counsel, Food and Drug Administration, 1970–75. Author: "Introduction to the Law of Trade Regulation", 1969.

Harry McPherson. A.B., University of the South, 1949, Columbia, 1949–50, L.L.B., University of Texas (1956); Asst. General Counsel 1959–61; Deputy Under Secretary International Affairs Department of the Army, 1963–64; Assistant Secretary State Educational and Cultural Affairs, 1964–65; Special Assistant and Counsel to President Johnson, 1965–66; Special Counsel to President Johnson, 1966–69; private practice law, Washington, 1969–. Member Woodrow Wilson International Center for Scholars. Arthur S. Fleming award as one of the ten outstanding men in government in 1968.

Roger Noll. A.B., California Institute of Technology, 1962; M.A., Ph.D., Harvard (Economics) 1965, 1967. Assistant Professor, Caltech, 1967–69; Senior Staff Economist, Council of Economic Advisors, 1967–68; Associate Professor, Caltech, 1969–71; Senior Fellow and Co-Director, Brookings, Studies in the Regulation of Economic Activity, 1970–73; Professor, Caltech, 1973–. President's Task Force on Communications Policy, 1967–68; Commerce Technical Advisory Board Panel on Venture Capitol, 1968–69; Task Force on Application of Economic Analysis to Transportation Problems, National Research Council, 1970–73; Advisory Panel for Project SAGE, National Science Foundation. Author: "The Behavior of Regulatory Agencies", "The Economics and Politics of Regulation", "The Price Commission and Regulated Public Utilities", "Economic Aspects of Television Regulation", "Regulating Prices in Competitive Markets".

Merton Peck. A.B., Oberlin College, 1949, M.A. Harvard, 1951, Ph.D., 1954 (economics). M.A. (honors) Yale, 1963. Director systems analysis Office of the Secretary of Defense, 1961–63; Professor Economics, Yale 1963–, Chairman, Department of Economics, Yale University, 1967–74. Member Council Economic Advisers, 1968–69; Consultant in field, 1954–. Author (with others): "The Economics of Competition in the Transportation Industries", 1959; "Competition in the Aluminum Industry, 1945–58", 1961; "The Weapons Acquisition Process, An Economic Analysis", 1962; "Technological Change, Economic Growth and Public Policy", 1967; "Federal Regulation of Television", 1973.

Robert Pitofsky. A.B., N.Y.U. 1951, L.L.B., Columbia 1954. Attorney civil division Deparment of Justice, 1956–57. Professor of Law, N.Y.U. Law School, 1963–; Director, Bureau Consumer Protection, Federal Trade Commission, 1970–73, Commission Counsel American Bar Association Commission to Study Federal Trade Commission, 1969; Professor Law, Georgetown University, 1973. Author: "Cases and Materials on Anti-trust Law," 1967.

William Ruckleshaus. A.B. cum laude Princeton 1957, L.L.B. Harvard, 1960, Indiana Bar, Attorney Rucklehaus, Bobbitt, and O'Connor, 1960–68; Office of Attorney General, Chief Counsel (Indiana), 1963–65; Minority Attorney for the Indiana Senate 1967–69, Member of Indiana House of Representatives, 1967–69, Majority Leader, 1967–69, nominated by the Republican Party, U.S. Senate, 1968, Asst. Attorney General (Justice), 1969–70. Administrator, Environmental Protection Administration, 1970–73, Acting Director, FBI, 1973, Deputy U.S. Attorney General, 1973. Outstanding Republican Legislator in the Indiana House of Representatives by the Working Press, 1967, nominated Outstanding First Year Legislative House of Representatives by the Indiana Broadcasters Assoc., 1967, Man of the Year Indiana Junior Chamber of Commerce, 1967.

Lee White. B.S., Electrical Engineering, University of Nebraska, 1948, L.L.B., 1950 Attorney, legal division TVA, 1950–54, legislative assistant to Senator John F. Kennedy, 1954–57; assistant to Joseph P. Kennedy, member Hoover Commission, 1954–55; counsel U.S. Senate Small Business Committee, 1957–58; assistant special counsel to President Kennedy, 1961–63; associate counsel to President Johnson, 1963–65, special counsel, 1965–66; chairman, Federal Power Commission, 1966–69.

INLAND NAVIGATION: A KEY TO A BETTER TOMORROW

Mr. HARTKE. Mr. President, in this time of serious concern about the need to stimulate our lagging economy and to seek solutions to the critical energy shortages, it is refreshing to note that innovative proposals are being formulated to deal with these problems.

Recently, the Wabash Valley Association, an organization of some 6,000 concerned citizens in the Indiana and Illinois area deeply involved in the development of the region along that great river basin, held a conference to discuss ways to turn the present situation around.

One presentation especially noteworthy was given by Bill Hull, of the Ohio Valley Improvement Association. Mr. Hull is well-known throughout the 10 State region along the Ohio River as the most important individual in the field of waterway development. It was Mr. Hull who led many of the battles which led to the navigation projects along the Ohio River that have heavily contributed to the economic development of the entire area.

For example, 78 new plants were constructed in the Ohio Valley during the late 1960's. The annual payrolls of these plants in 1970, exceeded $447 million, a figure which would be much higher today. The top executives of these plants stated flatly that they would not have established this installation on the Ohio except for the availability of water transportation.

I ask unanimous consent to print Mr. Hull's paper in the Record.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

REMARKS BY WILLIAM J. HULL

I am honored to appear on this Panel in such distinguished company to consider a group of subjects related to the Nation's energy, economic and environmental concerns, with particular emphasis on the role of water transportation in the context of this set of problems. The subject assigned to me, as announced by Dr. Logan, is, I believe, particularly timely.

Navigation has a profound impact on industry and commerce and it is my conviction that water transportation under present and foreseeable conditions should be assigned a position of the highest priority on the scale of national objectives.

The setting for consideration of the role of navigation in today's economy is established by the paradox which confronts the Nation. For the first time in our history, we find ourselves struggling simultaneously with deep recession and destructive inflation. The newspapers have already begun to compare the levels of unemployment with those of 1940. Meanwhile, government officials hold out the prospect that by the end of this year, the cost of living will still be rising at an annual rate of 6 to 7%. At this rate, 44% of the purchasing power value of the Nation's savings and fixed investments would be wiped out in 10 years and millions plunged into poverty.

We are caught in a dilemma. Whatever we do to relieve unemployment exacerbates inflation, and vice versa. In the past, these problems were viewed as mutually contradictory and their concurrent presence as impossible. Our national program had to deal with only one of them at a time. We may well ask ourselves why, for the first time in our history, massive unemployment and destructive inflation afflict the nation simultaneously. Obviously some new force is at work—a force we have never previously encountered on such a scale. We do not have to look far to find what this force is.

Surely, it is no accident that inflation began to get out of hand with the oil embargo in the fall of 1973, and that it soared to higher levels with the subsequent rise in the prices of fuels. The price of imported oil has almost quadrupled during the past year and a half and our dependency on imports has continued to rise to levels of about 40% of supply, which, as you know, are a matter of grave national concern. The average price of domestic crude oil has also more than doubled, even with controls maintained on so-called "old oil". As consumers sought alternatives, the prices of other fuels have likewise soared. In 1966, the TVA had a coal contract at $3.45 a ton. In 1974, this contract was renewed at $28.50 a ton. This is representative.

We are now paiyng an extra $45 to $50 billion per year for a little more energy than we used back in 1973. The effect on the cost of living is pervasive. Energy costs are built into the price of steel, aluminum, of building materials, and of farm products. They raise the cost of home heating. Through their effect on petrochemicals, energy costs are charged into the production of fabrics, furniture, food containers, and innumerable other consumer goods. We live in an energy civilization.

On the other side of the picture, the energy shortage throws people out of work and deepens the recession. Local shortages of natural gas have meant numerous plant layoffs during the northern winters. Who can doubt that the drop in sale of automobiles has been greatly influenced by the higher costs of driving a car? The shock to the automobile industry is communicated throughout the economy. One out of every seven workers in the country is dependent for his job, directly or indirectly, on the motor vehicle. Automobile production consumes about one-fifth of the nation's steel production and substantial portion of the total national output of glass, fabrics, rubber, and general industrial equipment. Workers who are laid off in all these industries cut down sharply on their spending, and the recession seeps through the distribution channels from the retail store back into the countless industries supplying every variety of consumer goods.

I don't mean to imply that the energy crisis is the sole cause of our unemployment and inflation problem. But, without this critical factor, the problem would be manageable by conventional means. It is the energy problem which demands that we diagnose the nation's ills in new terms and seek our solutions in a matrix for which there is no precedent. This is the context, then, for a fresh evaluation of our comprehensive water resource program and its role in the total structure of the nation's economy.

A wisely designed and comprehensive program to make the fullest use of our water resources is the key to an expanded and counter-inflationary supply of the country's basic needs and to enlargement of job opportunities. One of the most fundamental problems of the American economy is the insufficiency of plant capacity in our basic industries. We need industrial growth to augment the supply of goods as a check on inflation. We need growth, also, to provide jobs and incomes to turn the recession into recovery.

Dr. Paul W. McCracken, former Chairman of the Council of Economic Advisors, puts the problem in these terms:

"The amount of capital formation so far in this decade is about 20% below what we should have had, given the growth in the labor force, and our plant capacity is now too small to offer the number of job opportunities required for reasonably full employment."

Dr. McCracken adds:

"The decade ahead will be an era, however, of special additional requirements for domestic capital formation."

Water resource development is a powerful stimulus to the most efficient and economical forms of capital formation. By way of illustration, let me refer to the program carried on in the Ohio River Valley under the auspices of the Army Corps of Engineers. This program embraces flood control, navigation, recreation, drainage, domestic and industrial water supply, and water quality control. While retarded in recent years, this program has long been carried forward with wisdom and consistency.

To test the results of water resource development, the Ohio Valley Improvement Association conducts a biennial survey of major new plant construction and expansion projects in counties bordering the Ohio River and its navigable tributaries. These counties lie within 10 states. From 1950 to 1972, this investment amounted to the enormous sum of $42.8 billion. Water transportation alone, was a major factor in this development. The executives of 78 new plants constructed in the Ohio Valley during the late 1960's stated flatly that they would not have sited their plants on the river but for the availability of water transportation. The annual payrolls of these 78 plants in 1970, exceeded $447 million, a figure which would be much higher today.

Consider, if you will, the meaning of this massive growth in private investment to the state and local tax base. The taxes paid by these industries contribute substantially to the availability and quality of public services, to schools, hospitals, and police and fire protection. In addition, they represent opportunity to innumerable small businesses. Payrolls are respent at local retail stores and on local professional activities and services. Big, water-based plants call on local contractors for a wide variety of services. Benefits in jobs and incomes are diffused throughout the valley communities. I do not believe there is a single household in the valley communities which does not benefit, directly or indirectly, from the water-based industrial activity of this region.

This multiplication of benefits is graphically evidenced by the results of a study of the effects of waterborne commerce on the Louisville, Kentucky Metropolitan Area conducted by the Urban Studies Center of the University of Louisville, showing a combined direct and indirect economic impact of waterborne commerce on the area of some $588 million in wages and salaries in 1972. I would suggest that such a study of the Evansville Metropolitan Area would yield comparable results.

Other water resource functions are interdependent with navigation. A carefully engineered system of upstream reservoirs performs the joint functions of flood control, local water supply, and outdoor recreation, while providing channels of adequate depth for year-round navigation on the main stream. Water supply on the banks of our rivers crucial for a number of basic industries: electric power production, chemicals, iron and steel, and oil refining, to name a few. As plants are established for conversion of coal to liquids and gas, the needs for water will mount, both for process use and navigation, to unprecedented heights, and the Ohio River Basin, with its fortunate endowment of coal and water supply potential may well become the center of a new industry of crucial importance to the national welfare. In this context, the canalization of the Wabash, whose Valley contains vast deposits of coal, assumes the most pressing urgency.

The economic stimulus reaches inland for scores or hundreds of miles from the water's edge. The waterside plants are producers of the basic materials and fuels serving innumerable fabricating and finishing industries. They produce steel, aluminum, fuel oil, chemicals, and electric energy, and their availability at low cost in the region attracts a wide variety of consuming industries. Low-cost electric power, produced from waterborne coal is transmitted long distances by high-voltage lines, and the basic materials of industry are distributed by rail and truck throughout the region. The movement of coal on the Ohio River deserves special mention. In 1970, the Ohio carried 58.5 million tons of coal alone, and in 1973, the figure went to 65.1 million tons. In addition to that, there were 70.6 million tons of other freight floated on the Ohio in 1973. That adds up to over six times more river freight on the Ohio in 1973 than there was in 1929.

To put it another way, it would take 9,305 railroad trains, each 100 cars long, to haul past your front door the coal that was transported on the Ohio River in 1973. Or, if you strung all those coal cars together, they would reach from New York to Tokyo—with 28 miles of train left over.

Not only are water resources a fertile base for industrial development. The development they induce is highly productive. Over the coming years, the efficiency and conservation of investment funds must occupy a high priority on the national agenda. The scarcity of money and credit is reflected daily in the persistence of interest rates which for many promising enterprises remain prohibitive and block new construction and modernization.

Water-based industrial development achieves maximum output at lowest cost on a minimum investment. Consider, for example, that hundreds of millions of dollars worth of Ohio Valley steel is shipped by river barges, much of it to the Gulf Coast, at a cost which is only a fraction of the charge for overload carriage. Again, the Upper Ohio Valley chemical industry flourishes on a base of waterborne feedstocks, a large portion of which comes from origins as distant as Louisiana and Texas. Electric power, aluminum, oil refining, and coal mining multiply the illustrations. No alternative locations could achieve so much incremental production and employment per dollar of investment.

Water transportation contributes to industrial efficiency in particular because of its low cost. In the special category of large-volume haulage of major bulk commodities and fuels, for each dollar spent on rail transportation, the same tonnage can be moved just as far by water for only 25 to 40 cents.

But, it is not only through this contribution to the shipping industries that water transportation conserves productive investment. Transportation by lake and river achieves enormous investment saving in the transportation function itself. In its 1972 National Transportation Report, the U.S. Department of Transportation projects an incremental capital requirement of U.S. railroads to 1980 of about $32.30 for each 1,000 ton-miles of railroad freight projected for that year. This leaves out of account public funds for railroad rescue and subsidization. By contrast, the corresponding figure for water carriage is only $6.84, including not only private investment by the carriers, but also all public investment in river and harbor improvements. This five-fold advantage of water carriage in capital conservation surely counsels a high priority in water transportation development.

Specifically in the context of the energy situation, water transportation offers special advantages in respect to fuel conservation in freight movement. Vice Admiral Paul E. Trimble, President of the Lake Carriers Association, reports that the Great Lakes fleet hauls an average ton of freight a distance of 1,000 miles on only 2 gallons of fuel. Dr. William E. Mooz of the Rand Corporation, reports over-all waterway fuel consumption at the moderately higher rate of 3.7 gallons and consumption by railroad trains at the still higher level of 5.5 gallons. All other modes of freight transportation report much higher rates of consumption. There are, of course, many variations in operating conditions of the several modes, but these averages establish the general picture of water carriage as the most economical in its use of scarce energy resources.

Considering the manifest values of water resource development and the heightened priority to which these values entitle water programs in today's world, it is bitterly ironic that they are given only hazy recognition by the American public and the Federal bureaucracy.

During the latest ten years of rapid growth in domestic water transportation, annual federal appropriations for new work on river and harbor navigation projects actually declined by one-half. Looking at the broader picture of new work under the auspices of the Army Corps of Engineers, not only for navigation but, in addition, for flood control, bank erosion and multiple purpose water resource undertakings, federal appropriations failed seriously to keep pace with the drastic rise in costs of construction. In fact, where federal appropriations are measured in dollars of constant purchasing power, for every dollar appropriated for water resources in fiscal 1964, the Congress appropriated in fiscal 1974 only 71 cents. It is not over 20 years since the modernization of the Ohio River navigation system was started. The modernized system was to have consisted of 19 new high-lift lock-and-dam installations and was programmed for completion in the early 1970's. Yet, as of 1975, only eight of these 19 installations have been completed. Another two are now scheduled for completion in late 1976, and four more in 1977. Construction work has not even begun on replacement at Gallipolis, Ohio, where existing facilities constitute the most serious bottleneck on the river system between Pittsburgh and New Orleans. While annual appropriations for this program have increased moderately in recent years, they have not kept up with the rising costs of construction. Stated in dollars of constant purchasing power, the federal appropriations for the Ohio River modernization in 1974 were only 80 percent of what they were ten years ago.

It is small wonder that Professor Arthur Maas of Harvard in recent testimony before a Congressional Committee characterized the navigation program of the Executive Branch of our Government in these words: "The navigation program * * * has in my view fallen woefully behind national needs in recent years. * * * It has been in the Executive's doghouse."

This laggard treatment of a program so vital to the attainment of national objectives, reflects a negative and shortsighted philosophy which has appealed to federal officials, some of whom appear progressively out of touch with the practicalities of development. Projects are evaluated by the federal agencies on the basis of projected benefits and costs, and the scope of public benefits taken into account has been narrowly constricted. A campaign has been carried forward to shackle project evaluation with interest charges for discounting future benefits and imputing costs so that any project which is estimated to bestow its benefits over a long period of time on an upward trend—that is, with its benefits increasing through time—would likely be rejected. Application of this policy tends to rule out navigation improvements whose benefits take time to develop and other capital intensive projects such as major multipurpose reservoirs. The view of the theoretical economists who have supported this campaign are in sharp conflict with our traditional conception of government as bearing a special responsibility for the welfare of future generations. Such emphasis upon immediate returns, the tendency to take the cash and let the credit go, to gobble up the goodies today and go begging for tomorrow's needs—seems to me to be more in harmony with the behavior patterns of aboriginal peoples than with those of civilized men and women. I thought we'd learned that lesson when Joseph persuaded Pharoah to store the grain of the bountiful years against the needs of the lean years. But perhaps theoretical economists don't read Genesis.

The rate of increase in applied interest/discount factors for evaluating water projects has been slowed down by Congressional action in the Water Resource Development Act of 1973. But the battle is only in suspense; final victories are rarely won against the Office of Management and Budget. The continuing vigilance of all who are concerned is as necessary as ever.

The campaign to impose waterway user charges at levels which would inevitably destroy much of the waterborne traffic has been renewed. Indeed, the draft bill submitted to Congress by the Administration last year would impose charges on some of the tributaries of the Ohio River at levels which would have closed them completely to commercial navigation. This predictable effect would be achieved by taxing each segment of the system at a rate sufficient to recover to the federal government the costs of operation and maintenance peculiar to that segment. On some rivers costs would multiply to severalfold their present levels, and our industries and shippers simply could not afford any longer to use them as navigation channels. Robbed of this tributary traffic, of course, the volume of commerce on the main rivers, such as the Illinois, the Mississippi and the Ohio, would be drastically reduced. And since operation and maintenance costs are largely fixed, the user tax would require rising tax rates per ton-mile to meet the cost-recovery target even on the main rivers, further diminishing the volume of commerce. By eliminating traffic on some waterways and by drastically reducing it on all, the benefits-cost test for bottleneck relief would turn negative, still further curtailing the modernization and development of our rivers and harbors.

This proposal contemplates imposition only on the shallow-draft waterways of the ocean harbors and the deep-draft portions of the rivers entering the oceans and the Gulf and all the coastal rivers. It would strike a grossly discriminatory blow against the interior of the country and would stimulate development in the already overcrowded coastal regions.

Impairment of massive investments based upon continued availability of low-cost water transportation would inevitably follow, together with competitive dislocations of far reaching consequence. It is difficult to conceive that even the most doctrinaire economic theorists could seriously propose such a scheme for Congressional consideration, without any serious studies to determine its effects upon national and regional economies and upon allocation of transportation resources.

This proposal raises, I submit, grave constitutional issues under the clauses of the Constitution prohibiting preferences of the ports of one state over those of another and requiring that indirect taxes be proportionately uniform. I am confident that so gross an inequity could not long be sustained and that once user taxes are imposed on the inland rivers they would soon be extended to the Great Lakes and deep-draft channels.

As a mere lawyer, I find it difficult to believe that discouragement of use of the most destructive taxation could be regarded as compatible with the nation's interests.

We arrive now at the hour for new departures and a fresh start. A new Congress has convened on Capitol Hill. President Ford has presented his message on the State of the Union. His budgetary proposals for the fiscal year, 1976, have been submitted. The hour is opportune for an enterprising and coordinated program geared to the stern realities and, at the same time, to the high potentials of the day.

Now is the critical time to carry the message of the waterways to the people of Ohio and throughout the Ohio Valley, to their representatives on Capitol Hill and in the State capitols, and to the federal administration to place on the agenda a restored priority for expeditious water resource development geared to the challenge of this era. No other program offers so high and certain a promise for meeting urgent national goals and for the future economic progress of Ohio and the Nation.

STEPHEN J. WEXLER

Mr. PELL. Mr. President, I grieve the loss of Stephen J. Wexler who was counsel to the Subcommittee on Railroad Retirement from 1966 to 1969, and since then has been counsel to the Subcommittee on Education of the Labor and Public Welfare Committee as well as to that on Arts and Humanities.

Steve Wexler was killed by a drunken driver who smashed into him this past Saturday, September 27, 1975.

Not only did I know Steve as a close personal friend, but I depended very heavily upon him for the carrying out of my responsibilities in those periods when I was chairman of the Subcommittees on Railroad Retirement and Education.

Particularly in recent years, Steve and I worked very closely together to develop and improve the quality of education in our Nation.

Steve's knowledge in this field, his forthright way of handling problems and his ability at getting along with his colleagues all added immeasurably to the ability with which our Subcommittee on Education was able to perform.

I know I speak for my colleagues on both sides of the aisle when I say that Steve was unstinting in the advice that he gave to all that were in need of his expert knowledge.

I am not only sad in my spirit at his death, but I feel as if a portion of my own brain has been removed.

What made his needless slaughter even sadder was that he and his lovely wife, Elizabeth, had their first child, Adam, just 10 months ago and Steve was enjoying a wonderful, full family life.

I remember asking him once years ago what his ambition was, and he said it was to be counsel to a Senate committee.

Lord knows, he was a wonderful counsel to a subcommittee and did a job that was excellent in every sense of the word.

Steve's immense contributions to education legislation are well known to all of us in the Senate concerned about improving education and educational opportunities in the United States. He had an unrivaled knowledge of education programs and law, and he skillfully combined that knowledge with his great understanding of the legislative process to make it possible for the Education Subcommittee, and indeed for the entire Senate to produce land-mark education legislation.

His competence and knowledge brought him the respect, not only of those of us who worked closely with him in the Senate, but of the entire national educational community.

Steve was a native of Rhode Island, born in Providence, and a graduate of the University of Rhode Island, and the Georgetown University Law Center in 1962.

I was delighted when Steve joined the Labor and Public Welfare Committee staff in 1966. He showed his legislative skills in his early years on the Senate staff by helping to shape the legislation that enabled the newly-created National Foundations on the Arts and Humanities to take root and grow.

Steve played a particularly important part in the development of major educational bills. The Elementary and Secondary Education Act amendments reshaped the multitude of Federal education programs into a more comprehensive and cohesive program, and the Education Amendments of 1972 established for the first time a comprehensive program to assist young people of modest means to obtain postsecondary education or training.

Both of these acts, as they emerged from the Congress, bore the stamp of Steve's imaginative suggestions, legislative skill, and legal knowledge.

Steve brought another much-appreciated talent to the long, sometimes tedious, and occasionally contentious meetings of committees and conference committees on education legislation—his good humor, and his piercing wit which often eased tensions.

I will sorely miss Steve's sitting at my side and counsel and friendship. I know his loss will also be felt by other Members of the Senate and by all persons who are concerned about educational quality and educational opportunity.

I and my wife attended his funeral service in Providence which was a lovely one, simple and forthright and just like Steve.

I extend my deepest sympathy to Steve's wife, Elizabeth, to his mother, Mrs. Anne Wexler of Providence, his sister, Mrs. Arnold Fellman of Cranston, R.I., and to all members of his family and his many friends. I hope it is some comfort to them to know that their sorrow is widely and deeply shared.

I ask unanimous consent that several newspaper articles on Steve Wexler be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Providence (R.I.) Journal, Sept. 29, 1975]

Pell Education Aide Dies in Cycle Crash

Annapolis, Md.—Stephen J. Wexler, 40, who as chief legal counsel to Sen. Claiborne Pell's subcommittee on education influenced every piece of education legislation passed by Congress since 1969, was killed here Saturday in a motorcycle accident.

Annapolis police said Mr. Wexler's motorcycle was struck by one of two cars that were drag racing at about 70-miles-an-hour. The drivers of both cars, men in their 30s, have been charged with drunken driving. A charge of motor vehicle manslaughter has been brought against one of them and a similar charge is pending against the other.

Mr. Wexler was married and had a 10-month-old son. A native of Providence, Mr. Wexler received his bachelor's degree from the University of Rhode Island in 1956. He was graduated from Georgetown University Law School in Washington in 1962 and served in the Army from 1958 until 1960.

Mr. Wexler was a lawyer for the American Federation of State, County and Municipal Employes in Washington in 1963 and 1964. He maintained a private law practice from 1964 until 1966 and was a consultant for the U.S. Department of Labor. Mr. Wexler also directed the re-election campaign of David J. MacDonald for the presidency of the United Steel Workers of America.

In 1966, Mr. Wexler became an associate general counsel for the Senate Committee on Labor and Public Welfare and advised Pell's subcommittees on railroad retirement and arts and humanities.

When Pell was made chairman of the subcommittee on education in 1969, the senator made Mr. Wexler the subcommittee's chief counsel.

The subcommittee handled all education legislation that came into the Senate.

As the subcommittee's chief lawyer Wexler played a central role in the consideration of two major elementary education bills, once in 1971 and then again in 1974, and also the Higher Education Act of 1972, which is still considered the most important education legislation ever passed by Congress.

Mr. Wexler's job often brought him in contact with Rhode Island school superintendents and education commissioners for consultation ranging from preparation of grant applications to securing impact aid.

A spokesman for Pell's office said that whenever a Rhode Island school department turned to the senator's office with a problem, the office turned to Mr. Wexler.

Pell said, "I am deeply grieved at the death of Steve Wexler, not only because he was a valued legislative aid and adviser on whom I relied very much, but also because he was a very close friend whom I admired and cherished.

"In his seven years as counsel to the subcommittee on education, his contribution to legislation enacted in those years was immense. Every action of the subcommittee bore his stamp.

"He was intensely devoted to improving the quality of education at all levels across our nation and to insuring that quality education was available to all citizens.

"His loss will be felt not only by me and by other members of the Senate, but by all persons who care about education."

Besides his wife the former Elizabeth Maiden, and son, Adam, Mr. Wexler is survived by his mother, Mrs. Anne (Dubinsky) Wexler of Providence and a sister, Mrs. Arnold Fellman of Cranston.

Funeral arrangements are incomplete.

[From the Washington Post, Sept. 29, 1975]

Education Counsel of Senate Unit Dies

(By Richard E. Prince)

Stephen J. Wexler, 40, Democratic counsel of the education subcommittee of the Senate Committee on Labor and Public Welfare, was killed Saturday in Annapolis when the motorcycle he was riding was involved in a collision.

Mr. Wexler lived on Harness Creek Road in Annapolis.

Born in Providence, R.I., Mr. Wexler attended public schools there and was graduated in 1956 from the University of Rhode Island. He served in the Army from 1958 to 1960 and was graduated from the Georgetown University Law Center in 1962.

Mr. Wexler served as associate counsel for the American Federation of State, County and Municipal Employees (AFL–CIO) from 1963 to 1964, before entering private practice.

While in private practice, from 1964 to 1966, he also served as a consultant to the Labor Department and directed the unsuccessful reelection campaign of David J. McDonald, former president of the United Steelworkers of America.

Since 1966, when he began his Senate career, Mr. Wexler had been a key figure in shaping major education legislation and helped create the federal government's role in supporting the arts and humanities.

From 1966 to 1969, he was associate general counsel of the Labor and Public Works Committee, working with the railroad retirement and the arts and humanities subcommittees.

Since 1969 Mr. Wexler had been majority counsel for the education subcommittee, shaping such major legislation as the Higher Education Amendments of 1972, which today is the cornerstone of the U.S. government's student aid program.

In a statement issued yesterday, Sen. Claiborne Pell (D-R.I.), chairman of the education subcommittee, said Mr. Wexler "was intensely devoted to improving the quality of education at all levels across our nation, and to assuring that quality education was available to all citizens."

Survivors include his wife, Elizabeth and a son, Adam, of the home; his mother, Anne of Providence and a sister, Jeanne Fellman of Cranston, R.I.

[From the Washington Star, Sept. 29, 1975]

KEY SENATE EDUCATION AIDE DIES IN MOTORCYCLE CRASH

(By John Mathews)

Stephen J. Wexler, 40, chief counsel for the last six years of a key Senate education subcommittee, was killed Saturday when his motorcycle collided with a car in Annapolis. He lived in Annapolis on Harness Creek Road.

Annapolis police said Wexler was thrown about 10 feet through the air when his motorcycle and another vehicle collided head-on in an intersection about 4 p.m.

Wexler, police said, was dead on arrival at Anne Arundel General Hospital. Police said Joseph E. Rawlings, 39, of Annapolis, driver of the other vehicle, has been charged with manslaughter and driving while intoxicated and is free on $2,500 bond.

During his career as chief counsel of the education subcommittee of the Senate Committee on Labor and Public Welfare, Wexler had a critical role in shaping revisions of the basic federal aid program for local schools, the Elementary and Secondary Education Act, as well as legislation affecting higher education and vocational education.

As the key aide to Sen. Claiborne Pell, D-R.I., the subcommittee chairman, Wexler considered a major accomplishment of recent years the establishment under the 1972 Education Amendment of the Basic Education Opportunity Grant Program.

The program, which Wexler developed, provides federal scholarships for college and other post secondary education for students from low income families.

Pell said in a statement that Wexler was "a valued legislative aide and adviser on whom I relied very much. . . . In his seven years as counsel to the subcommittee on education his contribution to education legislation enacted in those years was immense.

"Every action of the subcommittee bore his stamp. He was intensely devoted to improving the quality of education at all levels across our nation and to insuring that quality education was made available to every citizen."

Prior to becoming chief counsel of the education subcommittee in 1969, Wexler was for three years associate general counsel of the Senate Labor Committee's subcommittees on railroad retirement and arts and the humanities.

He helped form the legislation which created the National Foundation of the Arts and the National Foundation of the Humanities.

A short, young-looking man with a sharp wit and intellect, Wexler was widely known on Capitol Hill and in education circles here.

Before becoming a Hill committee staff member, Wexler from 1963 to 1964 was assistant general counsel for the American Federation of State, County and Municipal Employes.

For the next two years he was in private practice here and a consultant for the Department of Labor.

Wexler was born in Providence, R.I., attended public schools there and in 1956 received a B.S. degree from the University of Rhode Island. He received his law degree from Georgetown University Law Center in 1962 and was a member of the D.C. Bar Association. He was in the Army from 1958 to 1960.

He leaves his wife, Elizabeth Maiden, and a son, Adam, both at the home; his mother, Ann E. Wexler of Providence, and a sister, Mrs. Arnold Fellman, of Cranston, R.I.

Services will be held tomorrow in Providence. The family suggests that expressions of sympathy be in the form of contributions to the Heart Fund.

CITY MAN, 40, THROWN FROM MOTORCYCLE, DIES

(By Joan Mower)

A 40-year-old Annapolis man was killed Saturday afternoon when his motorcycle was hit by a car which was allegedly drag-racing on Forest Drive, city police say.

The accident, which claimed the life of Stephen J. Wexler of Harness Creek Road, was witnessed by Ptl. Jeffrey Eser of the city police.

An Annapolis resident for the past five years, Wexler was the legal counsel to the U.S. Senate subcommittee on education.

Eser unraveled a bizarre series of events, leading to the 4:15 p.m. accident in front of the Annapolis Junior High School. His story included a tale of drag-racing, alleged drunk driving and recklessness in the height of Saturday afternoon traffic on Forest Drive.

According to the police officer, he noticed a 1965 Mercury riding on the shoulder of Forest Drive near Hilltop Lane. The vehicle was operated by George A. Harrison, 35, of 1816 Bowman Drive.

Eser, riding in his police cruiser, immediately started chasing the Mercury. The eastbound car went through a red light at the intersection of Spa Road and Forest Drive at a "high rate of speed," Eser said.

About 100 yards down the road, the Mercury lost control and ended up on a curb near the school, said Eser. Eser got out of his cruiser.

At that point, Eser glanced around and noticed "a body flying 10 feet in the air," he said. He realized that another accident had occurred and radioed for help.

An ambulance and additional officers arrived to find Wexler's body lying on the ground. Eser estimated Wexler died almost immediately.

His motorcycle was struck head-on by a 1969 Plymouth driven by Joseph E. Rawlings, 39, of 712 F Newtowne Drive in Annapolis. Further investigation revealed that Rawlings' car had crossed the middle line and hit the westbound motorcycle, police said.

After talking to witnesses, Eser charged that Harrison and Rawlings had been drag-racing on Forest Drive.

One witness, Diane Jones of 712 H Newtowne Drive, told police the two cars were behind her on Forest Drive. She said "They (the cars) were speeding. Whatever one car did, the other did. They would weave in and out of lanes and they were trying to get both lanes," said Mrs. Jones.

Rawlings, who was slightly injured, was charged with manslaughter.

Both Rawlings and Harrison were charged with driving while intoxicated, failure to obey a red light, reckless driving and participating in a speed contest.

Rawlings' bond was set at $2,500. Harrison's bond was $1,000.

Both drivers had passengers in their cars. Charles E. Kirby of 705 Newtowne Drive was in Rawlings' car, and James Evans of 701 C Newtowne Drive was in Harrison's car.

Wexler's death brought tribute from Sen. Claiborne Pell (D-R.I.) who is chairman of the subcommittee on education.

Pell said, "I am deeply grieved at the death of Steve Wexler, not only because he was a valued legislative aide and adviser on whom I relied very much, but also because he was a close personal friend whom I admired and cherished."

A native of Providence, R.I., Wexler attended public schools in that state. He received a degree from the University of Rhode Island, and a law degree from Georgetown University Law Center in Washington, D.C. in 1962.

For the last 10 years Wexler had worked with the U.S. Senate. He was instrumental in shaping major education legislation and also helped create the federal role in arts and humanities programs.

He is survived by his wife Elizabeth, and an infant son, Adam. Survivors also include his mother Mrs. Anne Wexler of Providence, a sister Mrs. Jeanne Feldman of Cranston, R.I.

Services and interment will be held in Providence tomorrow. The family suggests contributions be made to the Heart Fund.

CONCLUSION OF MORNING BUSINESS

The **PRESIDING OFFICER.** Is there further morning business? If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The **PRESIDING OFFICER.** Under the previous order, the Senate will now resume consideration of S. 2310, which the clerk will state.

The second assistant legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. GLENN. Mr. President, during yesterday's discussion of S. 2310, we got into a discussion or debate on the Senate floor that I found unpalatable because I was unable to reply to certain allegations that were incorrect regarding our legislation. We were not able to get the floor during that time period. It becomes even more aggravating when those who make such charges against a piece of legislation, or who find themselves misrepresenting it for whatever reason, immediately upon completion of their statements then leave the floor. They, thus, are not available for comments and corrections of misconceptions they may have had when making their comments on the bill.

I regret not having been able to get the floor during the colloquy between the distinguished Senator from Texas (Mr. BENTSEN) and the Senators from Florida (Mr. CHILES and Mr. STONE), and subsequent to their yielding the floor to the Senator from California (Mr. TUNNEY). The comments made by the Senator from California were unanswered since we could not get the floor. Now, I do wish to make some comments this morning so that the record will show that we did not let some of these charges go unanswered.

There was such a deluge of comments, criticisms, misstatements, and misunderstandings of the bill put forth yesterday that it is difficult to know quite where to start. So my comments this morning will obviously ramble following the general pattern of how they were expressed on the floor yesterday.

I might say I did have some opportunity to reply to the comments that were made by the distinguished Senator from Oklahoma (Mr. BARTLETT), who is present in the Chamber this morning, so I did not include him in that particular group that we were unable to reply to yesterday. At one time during that discussion yesterday afternoon, I believe the record will show that he commented on our trying to push for a price lower than the going price, of course, that is neither the intent nor the letter of this bill. In fact, our bill calls for the existing free market intrastate price as being the price which could not be exceeded on sales at this time. If I am not correct as to what the Senator said, I would appreciate his comments at this time, reserving my right to the floor.

Mr. BARTLETT. Yes. Is it not true that the position of the Senator on S. 2310 called for an average of the prices in a certain area, not designated, in August 1975?

Mr. GLENN. The average of the new contracts entered into during August in a particular production area. It is true that there would be a few cents difference either above or below, depending on production, but I emphasize it is true only for the average for a specific production area.

Mr. BARTLETT. I think we have a different apprehension of the reality of what the situation is. I happen to know, for example, of one contract that was let, maybe not in August, possibly July, but within the last couple of months. This happened to be within the State of Kansas, for a price of around 80 cents. Some of the other prices in Kansas, and I do not know whether it would be in exactly the same area that would be considered such according to the Senator's bill, and I do not know whether he would know, either, because those areas have not been designated, have run up to $1.25, $1.50, and even higher. So there is a great difference in the prices within a State at the present time; and because there will be an averaging effect, there would be some gas that would receive a price far less than what it would receive in the free market.

Second, there could very well be a change within just a few months, 6 months or 8 months, in the price structure, so that the price that would be received on the average basis would be, say, considerably over what a free market intrastate price would be.

Third, I pointed out yesterday that the demand in a completely unregulated interstate and intrastate market would be much larger than the current intrastate demand, and I would think that this would have an effect on the price.

So I do not think that the price that the Senator had in his bill and that of the distinguished Senator from South Carolina would reflect a free market intrastate price.

Mr. GLENN. Let me respond to that, if I may.

I think there has been some misunderstanding, and perhaps there is some misunderstanding in the mind of the Senator from Oklahoma, as to what is a producing area. We in no way envision this area as being what the Senator just referred, namely the price differences within a whole State. An area where the pricing was approximately the same would be designated as a production area. I think the Senator from Oklahoma is quite right in pointing out that where there is 80-cent gas in one corner of the State and a dollar and whatever in another corner of the State, averaging those prices out on an emergency basis as we propose to do would not be fair. We do not intend to do that.

We intentionally gave the Chairman of the Federal Power Commission quite wide latitude in setting those areas, so there would not be those disparities. I think the discussions that have occurred on the floor here in the last couple of days will show that we have brought that up in the discussions here, as a guide to him in the event the legislation passes.

Mr. BARTLETT. Will the distinguished Senator from Oklahoma tell me what the bill provides as to the time which the Federal Power Commission has to set or establish the average price and establish the areas in which the average prices prevail?

Mr. GLENN. Yes; the bill sets 15 days for that, admittedly a short period of time. But, I think the Senator from Oklahoma should be aware that the Chairman of the Federal Power Commission has already indicated to us on September 15 in the hearings of the Committee on Commerce that they are moving in this direction and are getting their information together. So the clock is running as far as the time requirement goes. He felt at that time, and he said this, that they could probably get all the information together to implement exactly what we wanted to accomplish with this bill in a 30- to 45-day time period.

Figuring that they have already been going on this for 2 or 3 weeks and because they testified at that time that their basic intrastate data regarding pricing producing area data would soon be available. All these August figures would be in by September 20.

So even though they were doing work on it prior to September 15, at the time of testimony. They now had that additional 2 weeks, so we are up somewhere around a 2- to 4-week period right now into that 30 to 45 days that he said he needed.

Thus, the 15 days is admittedly a short time, but I do not wish to let the idea get abroad that something is not being done right now. We are pinning him to that 15-day period.

This same issue was brought up in the Chamber yesterday afternoon by the distinguished Senator from Kentucky (Mr. FORD), who is in the chair at the present time, with an amendment he proposed that would cover events in case we wind up with FPC lacking data for a certain area. That proposal is being considered at the present time.

So we are trying to cover all bases on this, but I wish to make it clear that FPC is moving ahead. They are not delaying until this bill is passed. So we think they can obtain the data within that 15-day time period, at least for most producing areas.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. GLENN. I yield, reserving my right to the floor.

Mr. BARTLETT. I very heartily disagree with the statement that the Senator attributes to some Members, maybe it is the Chairman of the Federal Power Commission, or whoever it is. I do not think it can be done mechanically.

In the first place, I am not aware that they have the right and the facilities today to acquire this information currently as the Senator indicated they are doing. So I am not sure that they could acquire it at all.

Second, the whole situation is much more complicated than the distinguished Senator from Ohio realizes.

Within the areas that the Senator is talking about there are differences. I am not sure what he has in mind for a producing area. I certainly do not think he has in mind an individual field because there are hundreds of individual gas fields, but even within some of the large fields, such as the Hugoton field, and so on, there are different conditions that could exist, different distances from pipelines; there could be within a very close area—I am not referring to the Hugoton field—differences in contracts based on deliveries, based on Btu, based on years, and based on a lot of other provisions that exist in a contract that would affect the price.

For them to take all this and somehow come up with some kind of an average price and do it with some reasonableness is impossible.

Third, and maybe more important to me, I think it is vital that we understand that this is a price control bill, and it is taking the intrastate market, that now exists within a State, which is free and which has worked, we know, as we look at this problem, that we have two distinct approaches to the exploration and development of gas in this country.

One is the intrastate market, which is confined to a State, as the Senator knows, and it has worked very effectively from all aspects: It has worked for the consumer in Oklahoma. For example, he has been paying in recent years an increase of about 4.7 percent per year on his utility bill for his house, even though during that period there has been an increase of 300 percent, from 50 cents to $1.50 per thousand cubic feet at the wellhead. It has worked from a reserve point of view, which is of benefit to industry, job seekers, and the consumer to know that he is going to have a reliable supply. Our reserves have gone up some 25 percent while the national reserves in the interstate market have gone down.

So this to me is the disaster that exists in this bill. This is why I, the Governor of our State, and the Governors of other producing States feel so strongly. Our gas going to be confiscated, and it is gas that, in my opinion, belongs to the citizens of our State, who have paid this higher price and, in some cases, a higher price than is paid outside of our State for our own gas, because of price controls on the interstate market. Because of this we are concerned about not only losing our gas at prices that do not permit replacement, but losing the system by which we have been successful in finding gas.

Then where are we going to all be in the 50 States?

There is no reluctance, as I think the Senator knows, on the part of Oklahoma to provide excess gas to the States which are now short. We are doing this, at the present time, on a voluntary basis with FPC approval, for 60 days at a time, in an uncontrolled market where the company that is doing it knows that the price will be such that it can replace the gas. I think that is only fair.

Mr. GLENN. The Senator is off again onto the longer versus shorter term aspects of this issue. These time frames are basic differences between the provisions of S. 2310 and the Fannin and Pearson-Bentsen proposals which will be voted on and, of course, which we have a time agreement to vote on. I think that is really one of the basic differences between these two approaches.

We use the approach of trying to take care of an emergency situation with a full commitment toward the longer term considerations. Immediately thereafter we have a commitment, reflected on the Senate calendar, to take up long-term questions next. I think the Senator spoke very eloquently yesterday of resentment that would run deep in Oklahoma and of the Governor's concern there. I can only add that, if the Senator thinks he is going to see resentment in Oklahoma by remaining at an unregulated market price in the face of demand exceeding shortfall threefold, I would invite him, if this bill does not pass, to come with me to some plant gate in Ohio about February of this year. I can assure him of resentment like he has not seen for many years if the unemployment goes as predicted with about 60,000 unemployed in Ohio and 500,000 unemployed across this country. Consider the impact this will have upon the economics of this country. It is a dismal thought.

I wish to move on now to some other comments on this.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. GLENN. I will yield for a short comment, but I have several other points I wish to make.

Mr. BARTLETT. I am not really trying to make a speech or assume the floor by asking questions. But I comment, though, on the short-term, long-term aspect and to see if the Senator cannot understand the concern here.

We think we should approach the emergency provisions at the same time we approach the long term. We could end up here with only an emergency bill that could be extended from year to year. I do not think that the Senator from Ohio advocates or wishes that. Certainly I will agree with him that there will be real resentment in Ohio, New Jersey, and North Carolina this winter, regardless of what we do here, because there is still going to be tremendous shortages. The resentment is going to be against those in the Senate and the House of Representatives who have for years resisted any effort to solve the problem on a short-, mid-, and long-term basis.

It is only proper that we address all aspects of the problem. It does not neatly divide up. But the Senator will recall that I made the point on the offshore gas that, because the interstate contracts would have to continue, gas committed to the interstate market would continue to be controlled by the FPC and that these low prices would continue with the Fannin approach basis.

He indicated that we are not addressing the long-term aspects. But at the same time, it is rather interesting with the price that is provided that we were discussing the average price. This would be a rather sizeable increase in drilling activity offshore, where I think the Senator knows there are large potential reserves that could be developed quickly.

Mr. GLENN. We hope.

Mr. BARTLETT. I do not think there is any question about that.

Mr. GLENN. I should like to comment on that. We have had some seven holes drilled in the eastern gulf, and they were dry holes. We have discussed that in committee. We do not know what might happen offshore.

Mr. BARTLETT. All the experts indicate that there are, and we have been finding it. And the information I have is that there would be a flurry of drilling.

Let me make one more point. My question is this: The Senator would provide a lower price for some gas in the intrastate market onshore, and perhaps in a matter of a few months it would be a lower price for all the gas that would be found, and for that there would be new drilling; whereas, offshore it would be undoubtedly an increase over the 52 cents currently permitted. How does the Senator rationalize that? It does not make sense to reduce the price in one area and refuse to raise it in the other, when the sales would be the same, with a difference of a month or two.

In other words, the offshore development is not much lower in cost than the onshore, particularly the big reserves in Oklahoma, in the Anadarko Basin. The depths range there down to 30,000 feet. The wells take a long time to drill.

The Senator would provide a price reduction in one area for some gas onshore and is refusing to provide any increase offshore, where the big reserves undoubtedly lie.

Mr. GLENN. Short term, nothing that is offshore right now would help this winter, because you cannot get rigs out and drill that fast, as the Senator is aware.

We are talking about curtailments starting November 1. We are talking about a mere 4 weeks from now, curtailments starting up to 65 percent. We cannot get rigs out and drill that rapidly of course. Testimony in the House by industry executives revealed that 4 to 6 months was the minimum onshore production time. Offshore, of course, can take 3 to 5 years. That was one of the reasons why we did not get into that area. It would not be a significant factor, no matter what we did. If we appropriated a billion dollars right now to drill offshore, it would not affect this winter.

Mr. BARTLETT. The onshore drilling in the Anadarko Basin, to depths of 30,000 feet, and the offshore drilling could not make a difference of more than a month or two, and the Senator is talking about a period up until June or so that this pricing would prevail.

Mr. GLENN. With this bill, we did not set out to try to produce more supply. We tried to take inefficient uses, situations where new gas, uncommitted, is coming out of the ground, possibly a few new wells, and give that gas priority to distress areas. We are not taking gas away from anyone, except in the conversion. Even then, there would not be any conversions unless it was mandated and other fuel to take up the slack were available.

So far as OCS is concerned, that is a development for the future. We have provided for that, as the Senator is aware, by incentives written into the proposed legislation in the Committee on the Interior, and we hope those things will be effective. But none of those things are going to be effective between now and November 1, or April 1.

Mr. BARTLETT. Does the Senator feel it is fair or sensible to force a controlled market on the intrastate market when it has worked so well and when the controlled market on the interstate has failed?

Mr. GLENN. The market has run higher, of course, than the unnaturally low FPC prices for that interstate market. Certainly, those things have to be considered. But, as repeated testimony from FEA and FPC reveals, no amount of deregulation right now, whatever the form, will help this winter.

I should like to continue on some more items.

Mr. BARTLETT. Mr. President, will the Senator yield for one more question?

Mr. GLENN. I yield.

Mr. BARTLETT. Does the Senator realize that some of the gas priced in Oklahoma by the FPC today is one twenthy-fifth of what the intrastate market is—7 cents?

Mr. GLENN. I was not aware of one twenty-fifth. But, once again, we are back on long-term—short-term, past FPC pricings that have nothing to do with S. 2310. We continually mix up these things. I am committed to bringing up the longer term considerations immediately after this bill is disposed of.

I thank the Senator very much.

I should like to comment on several items, particularly with regard to comments on the floor of the Senate yesterday by the Senator from Texas (Mr. BENTSEN). He started out by stating that he did not want us to drift into a national policy of long-term pricing policies with this bill. Time and again on the floor, we have covered that; and I am sorry that the Senator saw fit yesterday to make his statements, then refused me the floor, and then left the Senate Chamber before I was able to reply. I hope he reads the RECORD, so that he will know this was not our intent.

He brought up a second area that I was

very surprised to see him bring up. He brought up the role that Presidential politics will play in this matter. He talked about the heat of a Presidential election, which he certainly has an interest in, and how these misguided policies in the heat of a Presidential political period would tend to drift us into extending this emergency bill. Nothing is further from the intent.

I repeat what I said a few moments ago in the discussion with the Senator from Oklahoma: So far as the heat of Presidential politics is concerned, I hope we have enough people running for the top office in this land who are interested in the good of this country. If so, they will stop playing Presidential politics with what can be an emergency situation this winter, with 500,000 potentially unemployed and a devastating impact on our fragile economy of this Nation, just at a time when we hope we are about to move into a recovery situation. I hope that this heat among our Presidential candidates will perhaps lead us into the heat of considering what is best for these potentially unemployed and not put off something like this emergency bill, S. 2310, which we are proposing and which can help out this winter.

The FPC has said it can help out. The FEA has said it can help out. It is not a panacea, and we have never made any claim that it was. But it can help out this winter and, at best, will supply perhaps only a third of the shortfall of 1.3 trillion cubic feet this winter.

The Senator from Florida, in his colloquy with the distinguished Senator from Texas (Mr. BENTSEN) yesterday, commented about the difficulties of replacing natural gas boiler fuel with oil in certain areas of Florida. I believe he made statements in the colloquy about how this shrinks the pie and that we should have no illusions about the ability to make those conversions and those transfers.

We are under no illusions—no illusions whatsoever—about this shrinking pie. All we are trying to do, as I stated earlier, is to make sure that there are not capped-in wells, inefficient uses, while other parts of the country suffer from natural gas shortages. We are trying to make sure that there is a maximum efficient use by converting wasteful use of boiler fuel, giving that gas to a better use, but only where those conversions can be easily made to fuel oil or where it can be converted back to coal.

If both Senators from Florida would read the bill very closely, they would see that we do not mandate those conversions unless they are feasible.

The Senator from Louisiana, in getting into that colloquy yesterday, also brought up the advantage of deeper wells. But, once again, we are under the longer term aspects of what would be provided.

The Senator from California (Mr. TUNNEY) yesterday made a number of comments on the floor of the Senate and had to leave for a committee meeting, I understand. But he talked about forced sales, about there being absolutely no judicial review, and about there being no provision for bringing up the long-term aspects along with this bill.

Nothing could be farther from the truth. We are not forcing sales. We are not forcing sales on anyone; nor are we prohibiting judicial review. All we prohibit is the stopping of flowing gas into the interstate pipelines servicing distressed areas while judicial review proceeds. We have protected fully the rights of individuals to judicial review, we feel.

There was quite an argument made yesterday afternoon, too, about the complications of this bill. It is complicated. That is admitted. I would be the last one to deny that this is a complicated bill. But I submit that it is worth the effort we put into trying to work out the complications of this bill, because being unemployed gets a little complicated, too. If we are tossing a half million unemployed into our budding economic recovery and thwarting that recovery, that is also going to be a little complicated. I think that trying to work out these things is well worth the complications, thus we are happy to put up with what is an admittedly complicated situation.

The 15-day limitation was also brought up which I have already discussed this morning with the Senator from Oklahoma. The fact is that FPC is already working on this. Our 15-day limitation, we feel, will be a realistic one by the time this gets through.

The distinguished Senator from Kentucky has brought up the consideration of what to do in case these areas are not adequately defined at the end of this 15-day period, and that, also, is being considered.

The Senator from California (Mr. TUNNEY) got into a discussion where he made such statements as if this went through, we would be bordering on nationalization of our natural gas and this eventually would lead to nationalization, perhaps, of all of our total energy industry and lead into other industries. He raised the specter that somehow, we were less than American in trying to push for averting a disastrous situation this winter.

We are not pushing, Mr. President, for any nationalization. We are as interested in preventing the nationalization of our energy industry as anyone. We want to do all this under the free enterprise system. Indeed, we use the pricing mechanism that the intrastate market has provided to show us what price gas in those markets should be sold for during this emergency period.

The Senator from California also raised some questions concerning our interest in consumers. If any bill here shows an interest in consumers, it is this bill, S. 2310, that tries to keep a lid on during an emergency period, as we have done in other areas with other commodities, in Cost of Living Council price controls, at times in the past when we have had shortages in particular items. Indeed, if there is any bill here that shows an awareness of the consumer problem in trying to prevent excesses where the price of natural gas has been predicted by FPC, if left unlimited, to go up to a $2 average, perhaps, and in some spot areas, as high as $3 a thousand cubic feet. Our bill tries to keep the lid on and prevent that rise. If there is any bill that shows a heartfelt interest in seeing that the consumers get some gas at a fair price, that price established by the intrastate market, this is that bill. At the same time, we are keeping our commitment toward solving our long-term problems.

The distinguished Senator from California also raised questions concerning production of fertilizer and feedstocks with natural gas. He stated that some 35 percent of California's fertilizer came from two plants that are going to be cut back, that this affected some 10 million tons of food and fiber products. I am sorry he is not here this morning to discuss this. He said that California has 42 percent of its energy coming from natural gas and 82 percent of California's industry is dependent in some respect on natural gas.

I can only say to the Senator from California that if he would read our bill, actually read the provisions of it, he would see the agricultural provisions, where we gave priority for agricultural uses. We gave priority for feedstock use to prevent exactly this tragic situation, with regard to reduction of fertilizer, that he is laying at the feet of this bill. I hope the Senator from California would think very hard about what he said yesterday on the floor regarding this bill. I think his people back home that he referred to, once they read this bill and understand it completely, will see that this bill benefits them, California being one of the curtailed States.

As to concern over fertilizer, which does have a high priority and which does play such a vital role in all of California's agricultural production, this bill will give them the best possible guarantee.

Mr. President, there have been several misconceptions regarding this bill and I wish to address them in a 1, 2, 3, 4 fashion. This will be a summary of things that were brought up on the floor yesterday, after the Senator from Texas (Mr. BENTSEN) made his comments and left. It will be a summary of the comments made by the Senator from California yesterday on the floor before he left. I hope that they will read the RECORD and I hope too that perhaps some of this information will reach them and correct some of their misconceptions before voting starts this afternoon.

No. 1, there is a misconception that S. 2310 could direct the sale of new gas which the producer wanted to sell intrastate or preferred to sell intrastate. The answer to that is that there is no authority in this bill to do that. All we do is raise the interstate price to intrastate levels during this emergency period so that interstate pipelines can compete for excess supplies. A seller who wants to sell intrastate at that same price is perfectly free to do so.

No. 2, there is a misconception that this bill would prohibit judicial review of the Federal Power Commission and other regulations under this act. That is absolutely false. Judicial review would remain on the same basis as for most other judicial review procedures—on an "arbitrary and capricious" basis.

That is the normal grounds for judicial review of administrative proceedings authorized by any act which are, in turn, subject to the normal proceedings generally used by regulatory agencies.

We do, however, prohibit stays; gas could not be stayed during this emergency period. We thus keep the lawyers from tying up the gas sales, an objective that the Senator from Texas and the Senator from California seem to support. I am surprised that they would be for cutting off these crucial supplies and setting up a situation where hundreds of thousands of people can be turned out of jobs this winter and show such little concern for their benefits.

The number three misconception abroad, Mr. President, is one that says that this bill would require the Federal Government to compensate gas producers for damage to their resource caused by requirements to exceed the maximum efficient rate of production. That is a misconception because that is no longer in the bill. We had reservations about that provision. We knew some of the concerns of people about that provision and removed that from the bill. So that is no longer part of the new amendment 934 that is a replacement for the original version of S. 2310.

The fourth misconception is that this bill would delay consideration of long-term legislation for which S. 2310 will be a substitute. I can only say, Mr. President, that we have leadership's commitment, and correct me if I am wrong, but I think that S. 692, the longer-term consideration bill, is next on the calendar. It is not just a promise of the proponent of this bill, S. 2310, that we will work toward getting that bill on the calendar; it is, in fact, on the calendar. I ask the Chair if he can confirm that at this time.

The PRESIDING OFFICER (Mr. FORD). The Senator is correct. The order was entered on September 17.

Mr. GLENN. I thank the Chair very much.

We do have S. 692, the longer term consideration of natural gas, on the calendar for the Senate as the next item of business after 2310. So to say that we are somehow trying to thwart the longer term consideration of the natural gas problem, Mr. President, is just not the case, obviously.

Mr. President, I had dealt in a rather summary fashion with many of the objections and many of the comments made yesterday on the floor, which we were not given the opportunity to reply to before those making the comments left the floor. I hope they can be convinced to read the RECORD to see that some of the misconceptions that they were putting forth yesterday are just not the case. We shall have, perhaps, some more comments on this at a later time today, when they are, we hope, back on the floor to respond to some of these replies that I have made in summary fashion this morning.

Mr. HOLLINGS. Mr. President, we are delighted this morning to pursue the debate with the Phillips 66 team and our WIN team.

As we said yesterday when we commenced this debate, we would like to get the captain of the WIN team, President Ford, back on our side. He abruptly left us in January, joining OPEC, and the Phillips 66 crowd.

I have an article "Inflation by Oligopoly." I did not realize I was going to be deluged with so many articles and treatises with respect to the actual tie-in of the major oil companies with OPEC.

I wish our distinguished colleague, the Senator from Idaho (Mr. CHURCH), was not involved at the moment in the intelligence investigation because I am sure he, of all persons, would be a great help in bringing to the forefront what is actually happening.

I do not believe I am picking up any votes around here. There is hardly anybody here to talk to.

I guess it is fairly indicative of the American public that here at this point when you try to limit debate and agree on a time, in essence, what you have done is turned it over and rather than the debate and exchange of ideas and experiences of the Senators from the various sections of America and the various walks of life that they represent, rather than that good exchange in the Senate, the most deliberative body, this has become more or less a pay window where everything else is done without, and then we all come in and vote.

If someone could tell me where the debate is being carried on, and where the coaches are for that Phillips 66 team, I would feel a lot better about it because somehow or other I am fearful that we might be losing out.

I ask unanimous consent that an article "Inflation by Oligopoly" by Bennett Harrison from MIT which is printed, in the August 30 issue of the Nation be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TWO CASE HISTORIES: INFLATION BY OLIGOPOLY

(By Bennett Harrison)

It is a tenet of radical political economy that the most important systematic explanation for the severity of modern capitalist inflation is the increasing power and influence (if not numerical incidence) of oligopoly throughout the capitalist world. It is these concentrated employers who have the most market (i.e., price-making) power, who can most easily influence their government regulators (e.g., through promises of jobs at six-digit salaries), whose employment discrimination has the greatest consequences (because so many "good" jobs are involved), who can afford to withhold output from the market, who can, through their connections, anticipate government economic policies and thereby change the conditions originally assumed by the policy makers, and whose investment decisions are the most sensitive to international opportunities for making a profit.

To be sure, our economy experiences some inflation from labor or other supply bottlenecks in one or another sector from time to time (although even that often occurs from the lack of public planning—itself caused in large part by the opposition of private corporations, at least in the United States, to public planning). And no one can escape occasional shortages due to real physical scarcities (although, again, planning could facilitate the process of shifting to less-scarce alternatives). But overwhelmingly, we suffer from inflation that is sometimes caused, and always exacerbated, by oligopoly. It works in three ways: by profit-push: administered increases in prices, often in anticipation of increased consumer spending; by obtaining government protection against price reductions; and by the vertical integration of entire industries, which eliminates external market exchange entirely in whole areas of the economy.

Orthodox economists are aware of at least some of the influences of oligopoly on inflation. The general tendency of oligopoly prices to rise quickly in response to (or in anticipation of) expanded demand but not to fall quickly (if at all!) in response to (or in anticipation of) declining demand imparts an upward bias to prices that has been recognized by Charles Schultze and Robert Solow (although neither of them seriously proposes action to weaken this power). In twelve months between October 1, 1973 and September 30, 1974, General Motors raised the average retail price of its cars ten separate times for an average increase of more than $800. At the same time, its sales fell by 21 percent. To be sure, many of its costs rose significantly, notably labor (an additional cost of $2 per hour) and steel (an additional $65 per ton). Nevertheless, if faced with strong competition from other producers or from other means of transport, G.M. would have been forced to absorb some of these higher costs. That it did not—and padded the administered prices even further, by making standard some devices that were formerly optional, by adding in "inflationary expectations," etc.—illustrates the inflationary consequences of oligopoly.

Early in 1975, Federal Trade Commission Chairman Lewis Engman announced his findings that "most regulated industries have become federal protectorates living in a cozy world of cost-plus, protected from the ugly specters of competitive efficiency and innovation." He pointed to decisions of the Civil Aeronautics Board, Interstate Commerce Commission, Department of Agriculture and Federal Communications Commission: "Our airlines, our truckers, our railroads, our electronic media and countless others are on the dole. We get irate about welfare fraud, but our system of hidden regulatory subsidies makes welfare fraud look like petty larceny."

Perhaps the two most dramatic examples in modern times of "larceny" by oligopoly are provided by the automobile industry's systematic destruction of potential competition from mass transit, and the oil industry's power to effect a drastic redistribution of income from labor to capital and to reduce the future independence of consumers from the oil cartel. These case studies illustrate some of the effects of oligopolistic concentration on important areas of the economy.

Transportation. Introspection and fragmentary evidence have always suggested to some people that it is by no accident that we have become so dependent on cars, buses and trucks for the movement of people and freight. Of all possible forms of transportation, the automobile is socially and privately the most expensive. As urban land becomes more valuable, and the external diseconomies of sprawl become more apparent, the social consequences of underdeveloped mass transit increase. The real cost of "accessibility" rises and that, too, is inflation.

New evidence has appeared to support the view that our dependence on the private automobile is deliberate. A study, "American Ground Transport," conducted for the Senate Subcommittee on Antitrust and Monopoly by Bradford Snell has unearthed data which show that, beginning in the 1930s, "General Motors and allied highway interests acquired the local transit companies (first in Los Angeles, then in cities across the country), scrapped the pollution-free electric trains, tore down the power transmission lines, ripped up the tracks, and placed G.M. motor buses on already congested . . . streets.

The noisy, foul-smelling buses turned earlier partons of the high-speed rail system aways from public transit, and in effect, sold millions of private automobiles."

G.M. also began in the same years to use its virtual monopoly of rail locomotive production and its leverage as the nation's single largest shipper of rail freight to force railroads to scrap their pollution-free electric locomotives in favor of G.M.'s more expensive, less durable and far less efficient diesels. "The switch to diesels prevented the railroads from competing effectively with the cars and trucks G.M. was fundamentally interested in selling." Most of the commuter rail systems, and nearly all of the railroads, were operating in the black until G.M. "invaded" their turf.

For example, Snell writes, "During fifty years of electrified operation [the New Haven Railroad] never failed to show an operating profit. Then, in 1956, G.M. persuaded it to tear down the electric lines and scrap an entire fleet of powerful, high-speed electric locomotives. By 1959, three years after dieselization, the New Haven lost $9.2 million. In 1961, it was declared bankrupt; by 1968, when it was acquired by the Penn Central, it had accumulated a deficit of nearly $300 million." After a review of these facts, the ICC, in an unprecedented move, found that General Motors had contributed to the New Haven's "financial ruin."

Snell reminds us that there is more at stake than simply the relative profitability of different private corporations. "The most disturbing aspect of G.M.'s dieselization program is that it eliminated a technological alternative, electric trains, which would have helped the railroads compete with highway transport. Today, when virtually every other advanced nation has electrified its trains, America and what is left of America's railroads are still locked in to G.M. diesel locomotives." These examples seriously challenge the "revealed preference" theory—that we "love our cars" and cannot be persuaded to part with them—so close to the hearts of neoclassical economists. Snell's study makes it clear enough that the addiction to road transport hardly resulted from free consumer choice among competing alternatives.

Inflation and the Oil Cartel. Events in the past year have enabled many observers to find in the Arab states a new bogey, responsible for much of our current inflation. But the problem of cartelized oil, with attendant high prices and artificially restricted supplies, existed long before there were any independent modern Arab states. This example merits the closest examination; it tells much about the "wire frame" of Tom Vietorisz's "birdcage." In his words: "Millions of unimportant decisions are made every day in local markets—the soap film covering the wire frame of the birdcage. The really important decisions—the wire frame itself—are less numerous, but far more fundamental. And they are explained by an analysis of power, not competitive advantage."

"The central fact of the petroleum industry," writes Melville Ulmer (*The New Republic*, January 5–12, 1974), "is that the demand for its product is 'inelastic.' . . . So long as the oil barons can maintain discipline in their industry, as they regularly manage to do, it always pays to keep prices on an upward track." The Snell study gives an important part of the explanation for the high-price inelasticity of demand for gasoline in America; competing modes of transportation have been systematically destroyed by the auto-gasoline-highway interests. Consumers must continue to pay ever higher prices. What are their alternatives? Intrasuburban mass transit? It does not exist. Commuter railroads? Only a handful of cities have them. Mechanical modes of travel, such as bicycles (or even walking)? Impossible when in the largest cities the average journey to work is longer than 5 miles.

The extraordinary power of the oil industry has not come despite government regulatory constraints. There is ample evidence that regulatory agencies, the White House and Congress have strongly supported and promoted this development. Here again is Ulmer:

"Because of the inelastic demand just described, it is financially advantageous for petroleum producers to keep their customers a little hungry. Here, government has cooperated magnanimously. The Hot Oil Act of 1935 enabled the major producers to exercise control over the nation's output with the obsequious assistance of state agencies. A waiver of the anti-trust laws permits them to integrate fully from oil wells through pipelines, tankers, refineries and retail outlets. The same governmental benevolence encourages them to buy up sellers of potentially competing fuels, especially coal, and to join with British, French, Dutch and Italian companies in international 'consortiums.' Import quotas, administered by complacent government officials, serve to crown the perfection of their control over the nation's energy supply, and hence of the prices at which it sells. . . . To cap the financial bliss of this sector of our free enterprise system, a 22 per cent depletion allowance virtually absolves the oil companies from the corporation income tax.

"The oil industry has been carefully planned, but in the interests of monopoly profits . . . the majors sell part of their crude oil to independent, nonintegrated refiners. By hiking the prices, they can squeeze these potential competitors at will, narrowing their profit margins until they cry "help." Help means sellout or merger. Between 1950 and 1967, according to the Federal Trade Commission, the majors in this way absorbed 73 large independents with aggregate assets of more than six billion dollars. . . .

"Regulation by government seems no more effective than hiring Boy Scouts to rout out the Mafia. The oil moguls have demonstrated their talent for cowing or confusing public officials, whether in the Interior Department, the state oil prorating agencies or the White House's Office of Emergency Preparedness. Nor has any government official, concerned with "truth in advertising," even dared to suggest that the oil companies reveal the homogeneity of gasoline—the treasured trade secret that all gasoline of the same octane rating, like all aspirin, is the same, regardless of the label under which it is sold."

The Economics Division of the Library of Congress recently reported to Rep. John Moss's House Commerce and Finance Subcommittee that Congress and the White House were directly responsible for much of the increase in oil prices. First, it was charged, the Cost of Living Council allowed the companies to increase the price of "old oil" (that from existing wells) from $4.25 to $5.25 a barrel, even though "this is oil that cost, roughly, less than $1 to produce." Excess oil costs to the consumer totaled about $2 billion. Then, the council allowed the price of "new oil"—which costs no more than $2 a barrel, including allowances for depreciation and depletion—to rise to $10.50. This cost consumers about $3.25 billion extra. Then, for each barrel of "new oil" produced, the majors were allowed to raise the price of a barrel of "old oil" still further, resulting in an increased revenue of about $2.23 billion. During the "shortage" of the winter of 1974, the Federal Energy Office permitted retailers to raise their profit margins from 7.25 cents a gallon to 11 cents; that increase has not been cut back since the advent of the summer 1974 sudden "surplus." The Library of Congress researchers estimate that this added almost $3 billion to consumer costs.

In view of these cost and revenue data, the claim by the oil companies that the supply of oil has not been artificially curtailed is unacceptable. The record shows that the shortages are the result of deliberate policies to restrict output. Since 1956, the industry has cut back its exploratory drilling by 60 per cent. As late as 1967, fields in Texas and Louisiana were operating at only 40 per cent of capacity. No new refineries have been built in the United States for ten years; the new ones are being located abroad, near more lucrative markets (India now pays American firms $1.50 retail per gallon). *U.S. News & World Report* estimated that the United States had underground oil deposits of 400 billion barrels (we now consume about 4.3 billion barrels per year). *Business Week* (November 10, 1973) announced that Texas oil wells were pumping only about 30 per cent of the oil lying under their facilities.

The connection between the cartelization of the American-dominated oil industry and the recent behavior of the Mideastern oil countries is only dimly perceived by the media and the public. Last spring, Sen. Frank Church's Foreign Relations Subcommittee released its long-awaited study of this relationship. It charged that the oil companies are the "senior partners," helping the Arabs at State Department request, and being rewarded with the kinds of regulatory and legislative favor described above. One witness, a law professor who worked in President Truman's Justice Department, reported that his 1952 investigation revealed unmistakable evidence of an American-European-Middle Eastern cartel, but that the investigation was called off by the President himself because he feared "it might harm 'national security' by weakening our oil supply coming from the Middle East." The witness, Prof. Leonard Emmerglick of the University of Miami, said the cartel, known as the "Seven Sisters"—Exxon, Texaco, Standard of California, Gulf, Mobil (all American), Shell and British Petroleum—was formed around 1928.

The interests of the cartel were clearly served by the Arab oil boycott of 1973–74. American oil companies still earn dividends on Arab oil sales to other countries (and they own most of the tankers that transport the oil). The U.S. General Accounting Office estimates that, while ARAMCO (Exxon, Mobil, Texaco and Standard of California) sustained production costs of about 12 cents a barrel in 1973 at its Middle Eastern wells, the cartel's profits per barrel rose from 62 cents in 1963 to $1.23 during the 1973 embargo. "These were profits after the payment of royalties and taxes to the Arabian governments," according to GAO accountant Shirley Ward.

Oligopolistic power extends beyond price making and the withholding of supply. It means that oil companies can buy up potentially competing fuels such as coal and natural gas (the top four oil companies now own 50 per cent of the natural gas; the top eight own 70 to 80 per cent). They can use their power and wealth to control—usually in order to suppress—new technologies. For example, during World War II, the Nazis made gasoline from coal. After the war, the U.S. Government set up a research project to develop it here. In 1954, under pressure from the oil companies, the Eisenhower administration abandoned the project. The power to destroy competing independent retailers or refiners has already been remarked upon; according to *The Wall Street Journal*, there were more failures of independent gas stations in 1973—5,000 such failures—than in any other postwar year. Independent truckers are also being injured.

Findings such as those I have reported here have led even the conservative Sen. Henry Jackson to conclude that "the fuel shortage is a deliberate, conscious contrivance of the major integrated petroleum companies to destroy the independent refiners and marketers, to capture new markets, to increase gasoline prices and to obtain repeal of environmental protection legislation." An FTC study leaked to the press in the summer of 1973, but never subsequently published, similarly concluded that "the oil companies have behaved . . . as would a classical monopolist: they have attempted to increase profits by restricting output." This charge received support when the Senate Foreign Relations Committee, in March 1974, disclosed a confidential memo written by economists working for Standard Oil of California back in 1968—long before any Arab boycott threats. According to *The Wall Street Journal*, the company economists "recommended strong measures to prevent an oversupply of crude oil, including production cutbacks. [They] also assured that all of the major international companies would act concurrently to hold production down rather than see prices drop."

Finally, an unusual grand jury in New York returned a report to the state's Attorney General, concluding that "the recent petroleum shortages [in New York] were clearly avoidable and may have triggered the Arab oil embargo. . . . It's a fair question to ask whether the Arabs would have imposed the embargo at all if the [United States] had had adequate reserves."

What was the Nixon administration's (and now, presumably, the Ford Administration's) response to all of this? In February 1974, Budget Director Roy Ash announced a preliminary "plan," in which "the government's role will be primarily to assist industry. . . . Antitrust laws may be modified to permit cooperation among oil companies. Environmental laws will have to be reshaped to permit rapid development of offshore oil, coal strip mines, oil shale, and other energy sources. Research and development programs of new sources of energy, such as solar and geothermal energy, will be promoted. This, burden will have to be borne primarily by the government," Ash said, "because the costs will be very high and the return too remote to interest private investors." Ash minimized the effects of the price increases. He said "it will amount to a 'one-time' cost of only about $50 billion—or only 4 per cent of the GNP. Once the economy has adjusted to the higher price level . . . it will continue to grow without long-term ill effects."

These two brief case studies demonstrate, I believe, the overt use of political and economic power by two highly concentrated industries to increase their share of the national income, enhance their power and destroy potential competitors—not by offering a better product, more efficiently produced, but by bludgeoning their opponents to death. And all with the active support of the state.

A study of inflation that fails to assign a central role to the power of concentrated industry cannot hope to succeed. The giant corporation is the central institution of advanced monopoly capitalism; it affects every aspect of economic life. Magazine writers may concoct lists of *ad hoc* causes of inflation until the cows come home. The *systemic* causes are to be found in the industrial structure.

Mr. HOLLINGS. Mr. President, this article emphasizes exactly what we were pointing out yesterday in the Sampson article in the New York magazine, and the interconnection between OPEC and the American-European-Middle Eastern international oil cartel. It is quite strikingly defined in this article.

Mr. President, while we continue to make history, I think the record should show that we will be able to discuss it with the distinguished Senator from California because he is bound to come back to the floor at some time. The record should not be allowed to stand as it is without the points he raised yesterday, totally in error, being rebutted. We had a colloquy later on, and if we could have had it immediately with the Senator from California we would have seen where our distinguished friend, the Senator from Kansas, finally came around in an honest misunderstanding of the reading of that particular section 6 pertaining solely to interstate pipelines. He had misinterpreted it to pertain to intrastate pipelines. I think this is the reason for the exchange, because people are out spreading rumors. You get a new rumor every hour, and you can see the rumors coming out into the speeches here on the floor. That is the advantage of debate.

The Senator from Kansas pointed out before he left the floor yesterday that he now, in the exchange with the Senator from Arkansas (Mr. BUMPERS), was mistaken and saw that it pertained only to the interstate pipelines.

Again moving to some of the points being made, the record will show that the Senator from Kansas, the Senator from Washington (Mr. MAGNUSON) and I introduced S. 2244 at the request of the Federal Power Commission. We were very familiar with the reasons for that request by the FPC.

Just prior to leaving for the August recess we introduced that bill, and we considered what would happen this winter and whether we could provide the gas necessary for the emergency.

It became crystal clear to everyone that the emergency bill would add a lot of demand to an awfully short supply in the intrastate market, running the price up to such an extent that it would really put the fire of inflation under natural gas as a fuel.

We have seen what OPEC has done. Each day it continues to do its dirty work. That intrastate price in the home State of my good friend from Oklahoma has gone from below 40 cents just 2 years ago, to a 72-cent average on new contracts for last year; and then, trying to hold off there, he is talking about a dollar and a half and $2 gas, and we are very, very fearful—that it could go to $3—and that point finally came out in the record exchange we had with Mr. Nassikas on S. 2310. Well, once we had put that $3 floor through public policy on the intrastate gas on the interstate pipelines, you cannot turn the clock back economically in a case of this kind, and we could get a slight alleviation of an emergency here in the winter of 1975, but we would be creating an even greater emergency nationally with respect to inflation. That is public enemy No. 1, and that is what we have been engaged in battle with.

So, after talking with several others, we began to develop, with the distinguished Senator from Ohio and the Senator from Georgia (Mr. TALMADGE) S. 2310, and we began to work it around.

As has been pointed out, this was done with our House colleagues, with the administration, with the interstate pipelines. This was not willy-nilly thrown on the floor to get a headline; we were trying to make constructive headway. After considering all of the misgivings, adopting and converting and changing the various provisions, we have come up with what we think is a solid 8- or 9-month solution to this winter's particular emergency in S. 2310, as amended by amendment No. 934.

The administration, having looked at their own bill, at their request back in July, at S. 2244, came in with their emergency bill. There is where the Senator from California (Mr. TUNNEY) was all over the lot; running around picking up all the little bits of information he had and putting it into an eloquent talk of misinformation.

But an emergency bill of the administration was put on the desk and, rather than try to discuss it now because my friend from Kansas is not on the floor, we will see therein, for example with propane, a whole new gas court has been instituted.

We believe the normal judicial review, save injunctions, we have contained in S. 2310—which is contained—and he went off into a two-page discussion of no judicial review, the Constitution was falling, and the Senator from Texas was waxing heavy and hot about martial law, no such thing as a free lunch, and calling the bill a lawyer's administrative relief act of 1975.

The fact of the matter is that the administration's view of a gas appeals court ought to take care of our gas lawyers for the next 5 years, if we institute it. That is where the Lawyers' Administrative Relief Act is.

We could not point this out as the Senator from California (Mr. TUNNEY) roamed the field. The next thing we knew, he was talking in that particular record of various other concerns that he had. One minute he was agreeing with Senator LONG on the unconstitutionality, saying that there would be no contracts, the law would never become effective, and everything else. In the next breath he said, "No, what really bothers me is that this temporary law is going to become a permanent law and this is going to be the policy."

Then he got down into the point of saying in dismay that he could not understand it. He called it a civil liberties issue. Can one imagine that? An emergency gas bill, he called a civil liberties issue.

He could not understand why a proponent of the free enterprise system, like myself, would even advocate—would even advocate—the greatest threat to civil liberties that we have in this country to our freedom, that greatest threat being in his view, the allocation, and the man sitting here in Washington in the bureaucracies.

I hasten to jump right to the point of that being discussed by the California Public Utilities Commission, and I refer specifically, Mr. President, to decision No. 84–729 of the Public Utilities Commission of the State of California.

This was filed in April and it is a most interesting discourse on exactly what would occur if we did not continue regulation, because even under regulation, the utilities commission has been trying to resist the onslaught of Arco in its arbitrary, monopolistic way of bringing gas into the State of California. But instead we see the greatest floor charge ever made to a group of people, namely, the population of the State of California, by big oil, specifically Arco, who is to deliver.

Incidentally, they run around here about nationalization. This Prudhoe base started with the U.S. Navy, and the facts and figures there, I say to our other Senator from California, about nationalization and government in it, is Elk Hills, it was developed by the U.S. Navy, the U.S. Government. The first drilling in Teapot Dome was by a Navy lieutenant.

The bill that passed the Senate earlier this year allowed drillings in the reserves, Navy drilling, in petroleum reserve No. 4.

So the Government has been a leader in this particular field, specifically as it affects the State of California.

For a California Senator to come around here talking about his fear of nationalization because we have got the rules and regulations for noncompetitive enterprise is incredible. Specifically with natural gas, they cannot dicker and negotiate as in coal and oil they are fixed by a pipeline, they have got a monopolistic, physical layout, and here comes the ARCO Co., proposing to the State of California that they are going to borrow on the private market, and as they borrow millions of dollars, some $420 million, from the bank to finance Prudhoe Bay gas fields, they are asking the customers of the State of California to come up with surcharges over the next 7 years of over $400 million.

What do we get? What do we get for that money? If we are going to represent the State of California, which I am trying to do my best for this morning, all of these United States, I hate to see many citizens of California treated this way.

For that money, those billings of customers over the next 7 years to pay for the loan, Southern California Gas will be entitled to "negotiate" for 60 percent of the gas reserves ARCO discovers.

They will be able to negotiate and then they will come in at the highest price possible and still they are not guaranteed gas. It is just a cover charge—just a charge to retain a chance to bid.

I could read at length from the decision, but I hate to waste the good time of the Senate when the Senator from California, particularly since Mr. TUNNEY, is not here. But here is the decision of the Public Utilities Commission of California, with all signing it save the president, who was absent, but it is signed by Mr. Symons, Mr. Sturgeon, Leonard Ross, and Robert Batinovich the commissioners.

For over two decades, the gas producers have attempted to eliminate Federal regulation over the wellhead prices.

These are the commissioners of the State of California.

It could be that I should do my homework and find out. I do not know whether they are appointed or elected.

Mr. CRANSTON. They are appointed by the Governor.

Mr. HOLLINGS. Do we have any conservative free enterprise appointees among them?

Mr. CRANSTON. There are some Republican Reagan appointees. There are also some appointees of the current Governor.

Mr. HOLLINGS. Well, that is a good balance.

I say affectionately to Jerry Brown, that he is making quite a name for himself, particularly along the lines against regulation—against regulation—and bringing government services down to the people and protecting the people, I might say, protecting the people as best they can be protected.

So here is the exact language now of our conservative friend, the present Governor Brown, his appointees, and the conservative former governor, Mr. Reagan's, appointees:

> For over two decades, the gas producers have attempted to eliminate Federal regulation over wellhead prices. Recently, many observers have come to the conclusion that wellhead regulation was doing more harm than good. Some members of this Commission who are joining in this opinion have expressed that view. But they have been forced to reconsider as a result of this transaction.

Now comes the clincher, and I continue to quote:

> The outline of a proposed purchase contract contemplates a price, in the event of deregulation, set according to the highest of three measures: (a) the highest price obtained by any producer in any other substantial, long-term Prudhoe Bay contract.

That makes sure a California citizen pays the highest. We can get a wildcat purchase in Prudhoe Bay and whatever that price is—ipso facto—the residents of Sacramento, San Diego, and everybody else in California, start paying that price, plus transportation and the like.

> (b) the commodity value of the gas less treating and transportation costs; (c) a negotiated minimum price not otherwise defined. The key term is the first, known as a "most favored nations" clause. Quite simply, it states that ARCO will receive not only what it negotiates for, but any higher price received by any other Prudhoe Bay producer. The other producer's contracts contain similar terms. Under this clause the price of gas will be set, not at a bargaining table, but in a hall of mirrors.

Listen to that, Mr. President. It is not at a bargaining table. Under the ARCO proposal they had to approve it will not be done there but in a hall of mirrors.

> The price arrived at by the most desperate buyer, dealing with the most powerful seller, will be the price for all.
>
> Such a clause might be less worrisome if there were many competitive sellers who could serve a market; scholars have argued that, in the past, the domestic market for natural gas has been more competitive on the sellers' side than on the buyers'. If ever true, this argument no longer holds. Four major companies control the Prudhoe Bay gas supply, by far the largest reserve of natural gas uncommitted to the United States market.

I interpose at this point, Mr. President, that I think it was 3 billion barrels of oil and 30 trillion cubic feet. Using the U.S. Navy's 1948 statistical funds and everything else, industry using the information furnished by Government made this tremendous find.

> Alternative major supplies involve risks of technology and international relations, as well as future regulatory policy. Bluntly, "most favored nation" pricing in Prudhoe Bay is cartel pricing.

Cartel pricing. I just wanted to see my friends from the Phillips 66 team. We have a new member this morning, Mr. President, who has come on board. I have been trying my level best to represent the WIN team that we started with our captain, President Ford, last year when he came compaigning to North Carolina and South Carolina and when he was for holding the price down. I heard his talks. I read his vetoes. When Henry Kissinger came in as the waterboy and became the energy czar, Captain Ford left that WIN team. Now we have him on the OPEC team being assisted by the Phillips 66 team.

> In discussions with ARCO, our staff has pursued alternatives to the "most favored nations" clause. ARCO rejected all such alternatives (although it did discuss minor modifications of the most favored nations clause, which it finally refused as well).

Now, Mr. President, and if my friend, the distinguished senior Senator from California, will listen, I want to read just a couple of sentences which I think are highly important. This is the unanimous decision of the public utilities commission after considering the problem in California.

> The choice, then, seems to us to be a simple one: either the price for Prudhoe Bay gas will be set by five Federal Power Commissioners, or by four oil companies. Whatever the frailties of regulation, we are unwilling to risk the consequences of a monopolistic market. We urge Congress to oppose deregulation of natural gas.

That is that august body. I appreciate the Senators' attention, because that is exactly the question that is posed in the discourse of the Senator from California (Mr. TUNNEY). He said either we are going to have free market, or we are going to have the clammy hand, that's what he called it. Clammy? It has been a very warm hand since 1938.

Mr. CRANSTON. If the Senator will yield, I would like to thank him for calling that to my attention this morning in a phone call and giving me the quote now. I was aware that they were moving in that direction. I have talked to members of the public utilities commission in California, but I had not received the precise word. I thank the Senator for that word.

I would like to add that I am in the Chamber because I have not made up my mind about this matter. There are many people who think that Members are not persuaded by debate in the Chamber. I am here because I will be influenced by what I hear in this Chamber, what I read and what I hear elsewhere.

Mr. HOLLINGS. Everyone knows the Senator from California is the most deliberate of all the Senators. Unfortunately, he is an exception. There are not many others around like that. I have been trying to persuade some of the 66 team to come over to our side. How can they disabuse themselves of all this misinformation?

Mr. President, what is being proposed

here when they talk about these nasty regulations? No one in his right mind would suggest that Duke Power Co. be deregulated. Duke Power Co. is one of the finest public utilities regulated by the laws of the Federal Power Commission and the North Carolina Utilities Commission that I know of. They have excellent leadership. They have been a tremendous boon to Senator HELMS' State and mine. We know it intimately. We work with it. Yet nobody at Duke has asked me to deregulate them and give them the private free enterprise system. With the regulation and with the protection they have grown and prospered and served, and therein, Mr. President, is the natural gas story in America as well.

They came in in 1938, the utilities commissions from all the States, with Sam Rayburn and people of Texas. They asked for this. They wanted to develop a market. They said: "We can get the power condemnation; we can lay our lines; we can put $100 million into this deal and spread out all over the land."

They were burning it off in the noonday Sun. It was just nothing in the natural gas industry. The Senator from North Carolina and I were caught up. We had a discriminatory freight rate that we fought and fought for 15 years and finally got equalized by a Supreme Court decision. I think it was about 1967. It was after I was here, but I was chairman of the Southern Governor's Committee on Railroads and Freight Rate Discrimination at the time we commenced the case.

We did not have any oil refineries, but when we started to develop North and South Carolina industrially, we did it by the billions of dollars and the thousands of jobs. We went into that yesterday.

My good friend Luther Hodges and I were Lieutenant Governors together. He got up into that New York area and the next thing we know he was just buying and selling and bringing them down South, showing them the opportunities in a great industrial State like North Carolina. My goal for 4 years was to try to equal or better Luther's record. I finally did it with $1 billion in new industry and 120,000 jobs. Ninety-five percent of that development was done with cheap, regulated, controlled natural gas. Not intrastate, that crowd in Oklahoma.

The late Gov. Howard Edmondson who served in this body came to South Carolina and tried to enact some of the particular initiatives we had in our technical training system, our development board and otherwise. They had all the intrastate gas but were not getting the industry. I tried to point out that intrastate and interstate gas was practically priced the same until a couple of years ago when OPEC and the monopolistic cartel came in. The world price of oil was kept down at $2 a barrel. A utility in Tulsa would say, "Look, I will buy a shipload of $2 oil if you get above 40 cents for gas."

Of course, we protected the oil industry. They are talking about free enterprise now, but we protected them then with import quotas. We artificially raised, from 1959 until 1970, the domestic price of oil so that it was $3.40 for American oil; but the Texas intrastate folks and the Oklahoma intrastate folks said, "We are going to get a big old shipload of world oil," and it would have paid them to have done so if gas had gotten above an intrastate price.

But the point is that we consumed and we used this price. I do not know the North Carolina figures for industrial development, but I would say perhaps they are ahead of us in South Carolina. I always tried to compete, and when I could not get it all, I tried to get as much as I could. I got Walter Harper for North Carolina; I got Jerry Albright; I got Wayne Martin. So I have tremendous respect for the leadership in our State of North Carolina. In 15 years we got over $4 billion in new industry, and over 500,000 new jobs—all with controlled, regulated, FPC, non-free-market price natural gas.

Let me request the Senator's attention, because it is hard to get one Senator's attention here. This is an honest man, and I think I can persuade him. Because he knows his State, and I know mine.

Having developed it, put out all the pipelines, gotten the market developed, and everything else like that, it would be like Duke Power coming in this morning and saying, "Yes, we have the pipelines, we have the backup, we have the market, and now what we want is a free enterprise price for nuclear power. Let us get away from the FPC market and all these regulations. This thing that is dragging us down—the clammy hand as one colleague calls it—let us get away from nationalization."

That is exactly what the gas industry is asking for. They have the development; they have the production protection and everything else of that kind. They do not have to serve, we know that, like the power companies do, but there is a moral commitment to 33 million American homes using natural gas, dependent upon this source of supply.

Now they come in under the aegis of regulation causing shortage. That is absolutely false. Regulation caused the abundance. How? Because every time I went up and asked for a pipeline, I had to prove public convenience and necessity. I had to prove a 20-year supply. So the regulations guaranteed a backup, and abundance.

Senators may ask, "Where is the shortage?" There are various things that have occurred. No. 1 I have described. There has been a tremendous consumption of natural gas. "Give 'Em Hell Harry" Truman, that everyone has been watching this week, vetoed price deregulation in 1950, stating that tremendous demands and pressures were coming from expanded, enormous usage. He foresaw a shortage with unregulated gas all over this country, with no regulation, in 1950, 25 years ago.

So that has brought about some of it. The Clean Air Act—a lot of our utilities said, "Why fool with coal?" When that came in, in 1968, they stepped up use of gas. But we have got all the facts and figures to show that while long range there is a shortage, it is a manufactured shortage, a contrived shortage for you and me right here this winter.

Why? For the simple reason that Mr. Nixon was elected. When he was elected, the word went out through the hinterland that the President sponsored a free market—he ran on that platform; there was nothing fraudulent or deceitful about that—that he was against regulation.

He put in, as Chairman of the Federal Power Commission, Mr. Nassikas. There is an interesting story about Mr. Nassikas. Anyone practicing natural gas law will say that under Nassikas, instead of area rate prices, he gave them all kinds of prices for all kinds of things—deeper drilling, amelioration, all kinds of little escapes, and first thing you know, it went from a 20-year supply to a 12-year deliverability, and from there, in the last 4 or 5 years, every one of the lawyers I have talked to in the gas companies have said 5 or 6 years.

In other words, a very good regulation and policy broke down at the administrative level, because everyone has been looking for deregulation. I was ready to debate this with the Senator from New York (Mr. BUCKLEY) last year, as Senators know. I was ready to debate it the year before. But when OPEC came along, they gave them economic justfication to keep it in the ground. They did not have to use cautious judgment to bring the pressure. Instead, we looked around, and there was an absolute, calculated judgment to shut it in. We have put the facts and figures into the RECORD.

Do not say they do not have incentive to drill, because we corrected that when the poor fellow from Oklahoma started down that road. The facts and figures show otherwise. Drilling is on the increase in America, 1973 over 1972, 1974 over 1973: More wells are being drilled, but they just cannot find any more, because they are keeping it all locked up. The shut-in wells have soared; the active wells have soared. They can, all of a sudden, talk about intrastate; but it was not regulation.

I will give you a better example. After we had had 20 years successful experience, if that had been adhered to, there would be a 20-year supply, and there would be no shortage. There is no shortage, geographically, in the better part of South Carolina.

I went home, and they have been writing editorials, and everybody thinks I have gone kooky; but you do not work for years to build the industry and get the gas without learning a little something about the gas business. They set up a big office in the Bankers Trust Building, in Columbia, up there on the top floor, for a conference, and Mr. Dave Pickett of Piedmont Natural Gas started his speech.

He reached his peroration, and he said, "I'll tell you what they are doing. They are taking South Carolina and North Carolina gas, taking the gas from South Carolina and from North Carolina and putting it into New Jersey." He said, "That is exactly what has happened," and tried to pass it off as one of these patriotic things, that those who are going to be for South Carolina ought to represent South Carolina, and those for New Jersey represent New Jersey.

I said, "Wait a minute, let's look at the curtailment of New Jersey and the curtailment of South Carolina." It is substantially more in New Jersey. Of course, it is a bigger State, but the actual cubic feet of gas almost doubled in New Jersey.

But I said, "Let's bring it right to the point, Mr. Pickett. You have Piedmont. Here is Mr. John Warren over here, who has Carolina Pipeline. Carolina Pipeline; I will jump out of the window here from this top story if it is curtailed any natural gas. Why is Carolina Pipeline not being curtailed? Because, under the 20-year system, it has been run in a good, businesslike way. But Transco either oversold or misrepresented, their geologists have been inaccurate and mistaken, or whatever it is, or they are withholding it and shutting it in. But it is a business judgment, and poor business."

I said, "Don't blame poor business run organizations on the politicians." That is what he was doing. He said, "Because of the politicians up in Washington, we got a shortage."

I said, "The fact is, with the politicians, we have got an abundance in this line right over here, and we are going to increase politically that man's supply."

I will tell you how. Southern Natural is coming in through Birmingham, Alabama, to Georgia and South Carolina, and Alabama, and on that line alone there are 13 utilities, powerplants, that were constructed to consume coal. When the Clean Air Act came in, they converted to natural gas. It was more convenient and cleaner, cost a little bit more at one time, but it was a good business judgment they thought. Rather than pay lawyers and struggle with the environmentalists they went to natural gas.

Now we do have a national problem in energy. We need that gas. We know two-thirds of it is wasted under those boilers. That is a very useless waste for a finite product in this country.

So what we have, even in Senator PEARSON's bill, is that we cannot do it under boiler fuel even under the administration bill. Frank Zarb agrees on that. About everyone agreed on that perhaps, except the Senator from Florida (Mr. CHILES). I would hope he would come in the Chamber, and we could argue about that a little bit.

But everyone agrees that if those particular utilities, constructed to consume coal, went back to burning coal by converting back, we would free that gas up for curtailments in South Carolina, North Carolina and the like. I do not know for sure that this would go into North Carolina. I do not want to mislead. But I do know for South Carolina it is 63 billion cubic feet, and instead of having a 23-percent curtailment, that one political regulation, anti-free enterprise control, would create a 50-percent increase in the supply of natural gas. We could do it this winter. We have been trying to debate, argue, and get it on through since May.

But I am trying to bring to the Senate that we not get caught up in free enterprise talk, because I am a big free enterprise man. I know free enterprise when I say that.

No one will say to do away with FDIC on the banks. We had Franklin National Bank. I had a bank in my State go broke, and there was a lot of North Carolina interest in it. There would be a run on that bank if we did not have good banking regulations.

No one says take Carolina Light and Power and Duke Power and give them private free enterprise prices, but that is exactly what we are trying to do today in the Fannin amendment.

They say, controls have caused the shortage where, on the contrary, controls have caused the abundance and developed the whole market. We should take the Federal Power Commission regulations and certainly streamline them. I agree. Since 1938 the natural gas law has not been amended. The Constitution has been amended more than that.

We who worked on the problem know that we need to update this law and get the Federal Power Commission out of the price-fixing business so we will stop all the appeals and indecision. Industry cannot operate with a question mark in America. They are fed up with paying lawyers and wondering what the decision is going to be.

So we are as much in support of decisiveness as we possibly can be, but we have to take gas and make it a national commodity. Oil is a national commodity. Coal is a national commodity. Why should gas, having been sponsored, nurtured, spawned, grown, and prospered under Federal regulations, all of a sudden become an intrastate commodity?

Mr. President, I ask unanimous consent to have printed in the RECORD a descriptive analysis of the Fannin amendment No. 938.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

FANNIN AMENDMENT NO. 938 TO PROVIDE FOR IMMEDIATE DEREGULATION OF NEW NATURAL GAS AND DEREGULATION OF MOST OLD NATURAL GAS

A motion to table this amendment will be voted on at 2:30 PM Wednesday, October 1 under a unanimous consent agreement.

DESCRIPTION

This amendment comes close to decontrolling all natural gas—old as well as new. It would:

(1) deregulate as of July 1, 1975 all natural gas from new wells,

(2) deregulate all natural gas committed to interstate commerce on or after July 1, 1975, and,

(3) deregulate all natural gas previously committed to interstate commerce (old natural gas) when contracts for such gas expire. There is no prohibition against cancellation of existing contracts.

Thus, for all practical purposes most natural gas (flowing and newly drilled) would be deregulated as of July 1, 1975.

RESPONSE

The Fannin amendment is defective for the following reasons:

(1) The huge price increases authorized for both flowing and new gas cannot be justified even on the theory or maximizing production. Not even the Administration advocates the decontrol of old natural gas that has been produced at minimal cost. Such decontrol could even reduce the incentive for finding new gas.

(2) By allowing the price to go to OPEC levels for all natural gas produced from new wells, there is incentive to simply sink new holes in existing reservoirs still under contract so as to pump out the natural gas through a hole that entitles the producer to the highest price. Why risk capital looking for new gas when you can get the higher prices by using your rigs to sink new holes in places where you know there is gas.

(3) While enormous excess profits and huge inflation would result from this massive decontrol, there is no indication, assurance, or guarantee that additional supplies of natural gas would be secured. An alternative approach of establishing a reasonable price ceiling and streamlining the regulatory process assures a maximization of supply and a minimization of inflation and excess profits.

(4) The emergency provisions of this substitute will in no way alleviate this winter's emergency by decontrolling natural gas for all purchasers. The healthy pipelines can get healthier, while the curtailed pipelines can experience even greater curtailments. Even the Administration's emergency proposal only allows pipelines in curtailment to purchase new natural gas at a decontrolled price.

PROPOSED ACTION OF THE FLOOR MANAGERS OF S. 2310

The floor managers will move to table this amendment for three reasons:

(1) The subject of permanent changes in the Natural Gas Act is one for consideration during the debate on S. 692 which will immediately follow the disposition of S. 2310;

(2) The emergency provisions of the amendment will not solve the emergency; and

(3) The floor managers see no justification, even assuming a person wants to combine the emergency and the permanent legislation, for deregulating natural gas and letting the prices being controlled by OPEC.

Mr. HOLLINGS. Mr. President, I yield now for a question to the distinguished Senator from California.

Mr. CRANSTON. Mr. President, will the Senator yield to me for the purpose of making a unanimous-consent request?

Mr. HOLLINGS. Yes. I will yield the floor and answer any questions the Senator asks.

Mr. CRANSTON. I thank the Senator very much.

SENATE RESOLUTION 271—SUBMISSION OF A RESOLUTION RELATING TO DISCLOSURE AND COMMITMENT UNDER THE INTERIM SINAI SETTLEMENT

Mr. CRANSTON. Mr. President, I rise for the purpose of sending to the desk a resolution, and I ask unanimous consent that it go on the Calendar, not that it be considered immediately.

It is a resolution that states the following, and I will read it for the Members in the Chamber to be aware of it.

"Resolution on Disclosure and Commitment under the Interim Sinai Settlement"

Resolved, It is the sense of the Senate that (a) Congress shall promptly approve, by joint resolution, only those parts of the interim Sinai agreement of which Congress has been officially and fully informed by the President of the United States; (b) Congress has been officially and fully informed regarding the proposed stationing of American volunteers in the Sinai, and that part of the agreement should therefore be immediately approved; and (c) any assurances or undertakings in connection with the interim agreements, whether written or oral, which have not been officially transmitted to Congress in full, shall not have the force of binding commitments by the Government of the United States.

I understand that the Committee on Foreign Relations may well take steps before this week is over that will bring about this sort of action. I therefore, am not asking immediate consideration or action on this resolution, but I wish to have it available to the Senate in case it becomes the Senate's will and necessity to act in the absence of affirmative action by the Committee on Foreign Relations consistent with its responsibilities and with what I believe to be the general view of Congress and the country.

Mr. HUGH SCOTT. Mr. President, will the distinguished Senator from South Carolina yield for the purpose of allowing me to make a comment without losing his right to the floor?

Mr. HOLLINGS. Yes.

Mr. HUGH SCOTT. I say to the distinguished Senator from California that I am in general agreement with him.

I think the full or almost the full membership of the Committee on Foreign Relations is in agreement with the broad intent of what he has stated. I am glad that he has made the point that the matter of observers should be promptly referred to the Senate. That has been my position and the position of others. It has been the editorial position of a number of newspapers lately as well.

The committee yesterday adopted the Javits resolution unanimously requesting the President to furnish us with all material, commitments, and undertakings of the United States which would leave out, presumably, only those undertakings between the parties themselves where the United States has no commitment or undertaking, and that information has been conveyed to the Secretary of State.

We also adopted the Percy resolution, also I believe unanimously, which set up an order of procedure whereby the Secretary of State was to have testified today but will now testify tomorrow. I believe he is at the United Nations. Following, there will be one or more executive sessions of the committee, and the committee will vote on what it believes should be declassified, if necessary. I then hope we can have a vote on reporting out the technicians by either Friday or Monday. It is important to get it to the Senate.

The President has asked for action by October 3. What we seem to be involved in is the authentication as to what shall be in a summary. All would favor the submission of a summary to the Senate. There is some talk of an executive session of the Senate, for example. But at least there should be a summary, and the determination is that that summary shall clearly state all of the United States undertakings, commitments, and the extent of its involvement in that area.

I believe we are on the road toward a solution, but the Senator is well-advised to call the Senate's attention to this. The need for prompt action is important. The need for full information is important.

I thank the Senator.

Mr. CRANSTON. I thank the Senator very much.

I am in full agreement with his views, and I express my respect for the great care that the Committee on Foreign Relations and all of its members have devoted to this matter.

I fully agree with their desire to see to it that we know exactly what we are doing before we do it.

I have been in touch with Secretary Kissinger, not about this particular resolution, but in regard to what I think were his great efforts in the Middle East, and I did offer to help in regard to the matter of having approval by Congress of the American volunteers.

For those reasons, I now send to the desk this resolution and ask unanimous consent that it be placed on the calendar.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request that it be placed on the calendar?

Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I said a bit ago, in discussing the pending natural gas legislation, that I have not yet taken a position on the various approaches before us, I stated that I am on the floor to be educated on the issue, and that—contrary to the views of some cynics—I will be influenced by the views impressed by my fellow Senators.

Similarly, in this Sinai matter, I have been influenced by what I have read in the press. I decided long ago to support, the stationing of American volunteer peace monitors in the Sinai. I decided to offer this resolution after reading an editorial in yesterday's New York Times, and another in this morning's Washington Post.

So—cynics take note—Senators do listen to each other, and they do read. And they heed good sense, when they hear it or read it. I am, of course, not alone in this practice. I know that many of my colleagues, both Democrats and Republicans, do this from day to day and from issue to issue.

Mr. President, I ask unanimous consent that the two editorials—supporting and inspiring the approach set forth in my resolution—appear in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 30, 1975]

ACCORD ENDANGERED

A dangerous delay has crept into the process of Congressional endorsement of the Israeli-Egyptian agreement. The suspicion has been growing on Capitol Hill that Secretary of State Kissinger may be less than candid in revealing the extent of future commitments which the United States would be undertaking. But such suspicions, whether or not justified, should not be allowed to inhibit the carefully circumscribed Congressional approval of an American civilian crew of technicians to man the early warning systems of the Sinai.

A bipartisan bloc of the Senate Foreign Relations Committee, led by the ranking Republican, Senator Case of New Jersey, seems prepared to hold up all action on the accord until Mr. Kissinger and the Administration issue an official summary of all the provisions in the agreement package. Such a summary has been prepared by Administration officials in cooperation with the committee, but Mr. Kissinger has so far failed to make a convincing case for his reluctance to submit this summary as an official executive branch report.

It may be, for instance, that he had promised President Sadat of Egypt or Prime Minister Rabin of Israel not to make official public disclosure of certain undertakings—even though their existence has been made informally available to Congress and the press. The less charitable belief, gaining frequency on Capitol Hill, is that the Administration is ducking responsibility for the memorandum because there are, in fact, more undertakings than are being disclosed.

Congress approaches this accord against a background of disillusionment about Executive secrecy in foreign affairs, from the 1964 Gulf of Tonkin Resolution to former President Nixon's secret commitments to former President Thieu in Saigon. But a general wariness about avoiding further unwitting entanglements should not be allowed to endanger a specific and promising diplomatic achievement which most of the Congress appears to support.

The wisest course now would be for both houses promptly to endorse and certify those parts of the Sinai package of which they have been officially informed by the President, making clear that no undisclosed undertakings—whether written or oral—have the force of any binding commitments of the United States Government.

[From the Washington Post, Oct. 1, 1975]

THE SINAI ACCORD: LET'S GET ON WITH IT

Congress has had a full month to mull over the Sinai agreement. It should now promptly approve the one part of it in its immediate domain—the dispatch of 200 technicians to many early-warning stations. Further delay risks upsetting the already agreed timetable of Egyptian-Israeli implementation of this accord, and setting back preparation of subsequent diplomatic steps. Egypt needs the agreement to have something tangible to show for the large political risk it has taken in making what Arab critics decry (falsely) as a separate peace. Israel needs the agreement as its ticket to the billions in aid and the political partnership it seeks from Washington. The United States needs the agreement to get on with the vital business of helping produce a comprehensive Mideast settlement.

In a month, no substantial challenge has arisen to the substance of the Sinai accord. Only a few legislators still profess to believe that the 200 mutually requested, civilian cease-fire monitors are analogous to the 16,000 military advisers which Washington sent to Vietnam to help one side fight in an active war. The 200, of which only an easily evacuable 60 will be on duty at one time, will be protected by some 5,000 United Nations soldiers. Many legislators ask, as have we, whether the United States will have the necessary political appetite and diplomatic leverage to spur the prompt negotiation of further steps. But a broad—if nervous—consensus is evident that the chances of another Arab-Israeli war would have been greater without the break in the stalemate brought about, at least for a time, by the Sinai accord.

The holdup in Congress springs in large part from a genuine but overdone concern with certain other assurances the United States made to Israel and Egypt to obtain their consent to the Sinai accord. To both countries in various degrees, Washington promised economic and military aid and diplomatic cooperation; the promises to Israel, being larger, have drawn the most attention. Although the administration has gone to unprecedented lengths in informing Congress of these undertakings, some on the Hill insist that they amount to commitment or agreements which the administration should make public or ask Congress to approve or both. On its part, the administration replies that to make these undertakings officially public (they have already been unofficially leaked), would violate the diplomatic confidentiality needed for future exchanges. Moreover, as the President points out, the United States cannot be bound by any undertaking not approved by Congress. None of the parties concerned could have had any illusions on that score.

The Congress is understandably alert to the possibility of stumbling into a hazardous enterprise with eyes only half-open. But in demanding to make diplomatic exchanges public and to vote on them, it is far overstepping the proper limits of its power. The appropriations process assures it full opportunity to pass timely judgment on all aid assurances made to Tel Aviv and Cairo. Nor has the Congress any authority at all to offer anything more than its non-binding advice on how the administration should conduct its Mideast diplomacy. The administration's promise to Israel to "consult promptly" regarding help in a crisis "in accordance with [American] constitutional practices" has the force of custom and sentiment, whatever they may be worth, but not the force of a treaty (whatever that might have been worth).

The choice before Congress is whether to take the small but important step, in approving the 200 technicians, that would allow the United States to get on with the most promising endeavour it has ever made to bring peace to the Middle East. Having contemplated this step and probed its implications for a month, Congress has no further good reason not to take it—unless Congress is prepared to accept responsibility for all of the possible consequences of letting the process break down.

Mr. CRANSTON. I thank the Chair. I thank the Senator from South Carolina for yielding.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the point should be made of what will really occur with decontrol. I have lost my good friend from North Carolina, but I wish him to know that immediately OPEC would be in control. When we take it out from under the Federal Power Commission, we put it under the Arab Power Commission. Everyone berates the influence of OPEC, and they lament it. The President called the latest OPEC increase inflationary; Zarb said, "Outrageous." We see now that it is going to cost Americans $2.5 billion, and it will have the ripple effect and everything else of that kind.

There is talk about Btu equivalency and everything. Equivalency to what? Equivalency to a monopolistic, foreign control cartel, assisted by the major oil companies of America.

So they say, "Get it away from the politicians in Washington." But they would put it under Shiek Yamani, who cannot even get a telephone call from Vienna back to his own land. "Let them administer it."

How can we really relinquish our responsibility as a Congressman? As for the "clammy hand of government," the Government is pretty good. If there is something clammy about the hand, we had better get someone else to "unclam" it.

It is wonderful to run around and berate and deride Congress and its membership and its activities, but we are here. As Pogo said, "We have met the enemy. It is us." It is easy to run around and talk about Congress, in which the President served for some 25 or 27 years and was a leader. But in a year's time, Congress has all of a sudden become clammy and all these other descriptive things. Under decontrol we are taking our responsibility in the U.S. Congress and putting it under the "Arab congress"—that is No. 1—when we vote for the Fannin amendment. Our system, then, immediately breaks down—the allocations, the supplies, and everything else.

There is a shortage in 14 States, I say to my distinguished friend, the Senator from Idaho. We have a 15 percent shortage under natural gas, a controlled product, but when we look at the uncontrolled new oil, there is a 40 percent shortage there, and no one stops to think of that. Since it is noncompetitive, since the supply of gas is limited to the area reached by the pipeline it cannot go and bargain all around. You have to bargain on site, in place, exactly where you are. As President Truman said in his veto message, it is a noncompetitive situation.

So, not being able to negotiate, what happens under decontrol is that immediately every big consumer sets up, a gas purchasing division, and gets on the plane and heads for Houston. The rich will gobble up the poor, and the greedy will take over the needy.

Who will protect the gas supply for the hospitals, the institutions, the fertilizer plants, and the schools of America, which they all talk about? We hear from Mr. Nassikas, in public hearings, about an allocation, saying that no schools will be closed this winter: "No hospitals, Mr. Senator, will be without a supply of natural gas, due to the very mechanics of allocation."

The pipelines are there in order to supply the product to all their customers. But under decontrol, the Du Ponts, the General Electrics, the big buyer systems will go in there and pick off the available gas. The desperate fertilizer plants will pay any price for it. The utility in Florida will pay any price for it, because they say, "We are protected. All we have to do is pass it on in our rates. We can't lose." No wonder they take a relaxed attitude toward this particular measure.

There was a rumor going around about the senior citizens. Let us look at the senior citizens' electric rates and retirement in Florida after this bill goes through, because they will zoom up. Momentarily, it will sound like a good thing: "We got rid of Federal regulation. I do not know what's the matter with those fellows. Everybody wants to regulate everything."

The hospitals, the schools, the residences, and everybody else without gas buying departments will start losing out. There are 33 million homes and more than half of the industrial jobs of the Nation served by natural gas.

We are trying to bring on the alternative fuels. We are trying to get coal gasification so that we can put that gas through the pipelines by 1980, 1990, and 1995. We have enough natural gas perhaps for 20 years, but if one votes for the Fannin amendment and we get decontrol, we will have rampant inflation and no more gas, in fact, shorter commitments to the interstate market.

Mr. Nassikas said that just in this little emergency, decontrol would run the price up to $3 per M ft^3. The Senator from Oklahoma earlier was talking about 7-cent gas. I did not think he would remember it. Do Senators know what the average price was in 1954? Less than 15 cents per M ft^3. Do Senators know what the average price is in the interstate market all over the United States? Thirty cents. On new gas, it is 51 cents.

We are trying to get the Federal Power Commission to go in and fix a price, cut out the indecision, the appeals, the interminable court proceedings, the big backlog.

It is a monument to Government bureaucratic boondoggling. It is a disgrace. You could not get a decision for years and years.

Under our reform of the Natural Gas Act we now have come up to $1.30 per Mcf as a ceiling price. The avearge intrastate price is $1.26 or new sales which was the testimony last week by the chairman of the Federal Power Commission, from their records.

Be that as it may, if we get decontrol, if we go from 30 cents to three bucks, 10 times as much, what are we going to do to the homeowner?

The principal charge, obviously, is not the price at the wellhead. It is the transportation, the administration. Thirty-cent gas will mean paying $1.50 when it is brought into the home. It will affect the gas bill for 33 million American homes, and it will affect one-half million or more jobs in America lost through the drain on consumer spending. All of these losses in the name of jobs and so-called free enterprise. What this would mean is that America loses its advantage in cheap energy and productivity. It is that simple.

Everybody around here is beating his breasts about free enterprise and about comparing us to the $2 per gallon gasoline in Israel or in Italy. Our economy and our big suburban market and everything else were developed on reasonably priced energy.

We do not have any bus or subway to get to a job in Orangeburg or Aiken or Columbia or Greenville, S.C. The industries did not locate in downtown areas, but 5 and 10 miles out.

Decontrol takes that energy cost and by zooming it up, it says specifically to the textile industry in my home State, accounting for more than half of the industrial jobs, "Farewell, Mr. Textile Job."

I remember, Mr. President, that I had Senator Muskie come down to South Carolina to see "his" textile industry some years ago, when he was campaigning. It had left Maine, and had come to Greenville, S.C. His opening comment was,

> I am glad to get down here and find out what had happened to my industry and to see it here and prospering.

What will happen is that with decontrol, we cannot and would not compete with foreign labor rates. We could not, on the raw materials or otherwise, compete. We lose our energy advantage in cost of manufacture. So we tell my textile industry, all under the aegis of free enterprise, we just tell them all to go to different countries—Korea, Formosa, the Philippines. I have one friend who sends me a Christmas present of handkerchiefs from South Carolina made in the Philippines.

I was in Jakarta and they were opening up Springs Mills, from Fort Mills, S.C.; in Jakarta, Indonesia. I want to see that moving and exporting of jobs stopped. It is not just a multinational question being looked into by our distinguished colleague (Mr. Church) and his committee. It is an energy question, right here on the floor of the Senate, at 2:30 this afternoon.

We can run for reelection on doing something to stop OPEC but our President is encouraging them—that is what Prince Faisal the Saudi Arabian minister said. The Senator from Vermont (Mr. Leahy); who was on the floor a moment ago, turned to Prince Faisal for a moment at a breakfast the week before last and said, "What effect does the President's tariff have on OPEC and its price negotiation? Prince Faisal said, "It encourages us."

The President is leading the way. We lost him from the WIN team that he was on last year, and he has now joined the OPEC team.

I yielded a moment ago for the Sinai agreement. This is a political government. We do not look at the long range. The whole idea under that Sinai agreement is to get us past November 1976.

"Defensible boundaries." Does the Chair remember that phrase? Where are we going to get a defensible boundary? Do we in the Senate have the power to agree that, ipso facto, U.N. Resolution 242 will give us a defensible boundary, this afternoon or even in a year? There ought to be a defensible boundary for a U.S. Senator so he will know what he is voting on, so we do not get bogged down over there.

Give us a defensible boundary and put it on top of the table and say, "This is it? Are we really going along with the formal, official, U.N. position on Resolution 242 or not?"

No one is even talking about it. That is not in the agreements or any of the discussion we have had here on the floor. They will not even mention it in the Committee on Foreign Relations. The Chair and I know that.

Part and parcel of it is that Secretary of State Kissinger is the energy czar. That is what he is. He came in January and said, "Gerry, to run, you have to control the Mideast turmoil. Make sure there is no embargo, no uprising, no war or whatever it is. So we will put disagreements over oil prices on the back burner. Instead of pushing WIN (Whip Inflation Now) and vetoing the cargo preference bill, because it would raise oil prices 12 cents a barrel, join them and totally decontrol oil prices. Tell them, 'we are with you.' Just get us by November 1976."

That is part and parcel of this vote this afternoon at 2:30 on decontrol.

Our coach has joined OPEC. I would like to get him back on the WIN team that we were playing on together last year at this time.

The point is very simple. I have worked as Governor and in the Senate to promote private business and enterprise. I am going to continue to do so.

I believe in the capitalistic, free enterprise system, but part and parcel of its success has been the regulated price of natural gas under the law since 1938. It has brought an industrial boom and expansion and business success all over this country. Natural gas is now the sixth largest industry in the Nation. But the producers have always wanted to repeal the law. They tried to do so under Eisenhower and they tried to do it under Harry Truman. Now they try again. At 2:30 we will all vote.

I shall be glad to try to answer any questions about the control of natural gas, the regulation of it, what the Fannin amendment does. I will say, and be ready to yield in just a few moments, that of course, we do have an emergency. We have developed our bill by working with the administration, with Mr. Dingell and with leaders on both sides of the aisle in the Senate on this emergency approach. The President agrees that an emergency approach is needed if we are going to get anything done to prevent up to 500,000 jobs being lost this winter. I hope that we are going to be able to debate S. 692 and all the major amendments to it later on. But first we should pass this emergency bill that can be handled in the House this fall. Mr. Dingell has written Mr. Glenn that it cannot be passed if the comprehensive permanent legislation is tied to the emergency bill.

The Congress would be at fault if we debated whether to get something done on an emergency basis and could not do it for this particular winter. The President has agreed to this emergency approach; we have agreed to the approach. The difference is now confined to the price, whether we get more inflation under the Pearson S. 2330 and the administration bill, or whether we improve a ceiling at the free market price under S. 2310. And contracts for this market freely could be entered into under rules and guidelines subject to judicial review.

I am happy to yield.

Mr. McCLURE. Mr. President, I shall take just a few moments to review one or two things that have been touched upon by the distinguished Senator from South Carolina and to correct one or two misapprehensions that may have been injected into the record. Perhaps they are not frequently involved in this debate, but nevertheless, they are important.

I think the first one I wish to make some reference to is the comment attributed by the Senator from South Carolina to Senator Leahy in regard to a conversation with a man whom I would take is Prince Saud, the Foreign Minister of the Kingdom of Saudi Arabia, in which he was asked what their reaction was to the President's action of putting on a tariff. As I recall, the comment was, "We are encouraged," the implication being that, "We are encouraged to strengthen our demands against the United States."

If that was the impression that the Senator from Vermont gave the Senator from South Carolina, then I think that, perhaps, it might be well to correct that misapprehension, because I know from my conversations in Saudi Arabia and with others here——

Mr. HOLLINGS. That was the impression we all received. I was present and I heard the question and I heard the answer. I received that impression and all of us received that impression.

Mr. McCLURE. I appreciate the comment of the Senator, because I think the comment needs to be put in the context of how I would understand it from the conversations I have had in Saudi Arabia, just shortly after the start of the October War in 1973, and again in a visit there last January, as well as with other contacts of the various leaders of the Saudi Arabian Government and with Sheikh Yamani.

They are encouraged when it looks like the United States is taking some kind of action to develop an energy policy which will develop energy self-sufficiency in the United States, an increased capacity in the United States, to provide our own needs. They are encouraged when we move in the direction of greater domestic energy production. I think that would be the context in which the answer given to the question should be understood, because they have no fear that they are not going to be able to sell their oil. They know that in the future of this world, there is going to be a market for the oil which they produce, and it is going to be at good prices.

So, without attempting to defend what they may or may not be doing, I think we ought at least to understand their feeling toward increased energy production in the United States. They favor it.

I think, too, that one other, similar, comment might be made with respect to OPEC. I make this only, again, in order to make certain that the record of this debate may be clear.

OPEC is an organization of petroleum exporting countries that includes many friends of the United States, and it is not exclusively Arab. The leaders in this pricing mechanisms within OPEC are not Arab. The Shah of Iran and his Ministers are the ones who are most forceful in asking for increased prices. If the Senator has been reading the news lately, as I have, following the recent round of talks within OPEC, it was not Saudi Arabia that was forcing prices up within OPEC. It was they who were seeking to moderate the forces that the Shah of

Iran was marshaling to force prices even higher. The argument was whether it should be a 10-percent or a 5-percent increase.

As I recall the statement that appeared in the press, the Shah of Iran and his people in Iran wanted an immediate 15-percent increase, and Saudi Arabia said no, it ought to be an immediate 5-percent increase, and that was the debate. So let us, I think, just for the purposes of this debate at least make a distinction between OPEC price pressure and Arab price pressure because they are different; and there are differences within the Arab world as well, with some Arab nations indeed seeking to have prices pushed up higher, and there are reasons why each of these nations has their own individual and separate policies with respect to the pricing of the products they sell in the foreign market.

If we really want to break the dependency upon the OPEC cartel in the pricing of oil and the pricing of our domestic energy, that break must come in building our independence from it, and we can build our independence from it by increasing supplies of energy in our own markets independent of OPEC markets.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. McCLURE. I am happy to yield.

Mr. HOLLINGS. I understand the Senator. If we can develop our own independence—alternate fuels and everything else—that is the way the Senator said to break OPEC——

Mr. McCLURE. Yes.

Mr. HOLLINGS. And in his initial comment he definitely said, and I do not want to misunderstand, that OPEC was very much interested in the United States developing its own.

Mr. McCLURE. No. The Senator misunderstood my comment. They might well indeed be, but my comment had to do with the reported comment of Prince Saud.

Mr. HOLLINGS. Right.

Mr. McCLURE. He is not OPEC. He represents the Government of Saudi Arabia; he does not represent OPEC. That was the distinction I was trying to make.

Mr. HOLLINGS. The Senator was saying he was encouraged. But the President raised the price of oil and they can raise it higher and justify it more, and the Senator was saying no, they were encouraged by our rise in the prices to see us develop our own independent supplies.

Mr. McCLURE. That is true of Saudi Arabia.

Mr. HOLLINGS. Right.

But in Saudi Arabia alone what the Senator is saying is that they would like to help us break OPEC. If we encourage and increase our domestic supplies the Senator said that is the way to break OPEC. Is the Senator saying Saudi Arabia is now joining us in helping to break OPEC?

Mr. McCLURE. Well, I will not try to attribute motives to them in the words of the Senator from South Carolina. I will let them speak for themselves, although that might be the result of what they are suggesting because it is very clear from the conversations that I had that they do not see increased energy supply within the United States as any threat to them.

Mr. HOLLINGS. None to them, but a threat to OPEC?

Mr. McCLURE. Well, I do not say that they see it. The Senator may, and I might.

Mr. HOLLINGS. Yes.

Mr. McCLURE. But I am trying to be very careful that I do not put words in their mouths that are the Senator's words or mine.

Mr. HOLLINGS. I understand.

Mr. McCLURE. But they are not the all fearful and they, indeed, encourage us to develop our own energy resources. I think if we are going to develop an independence from the Arab and OPEC nations on the policy of pricing our energy it has got to come through the building of our own energy self-sufficiency. So the only argument the Senator and I would have on that score is how best to do it, and how do we bridge the gap from here until the time that that is accomplished.

The Senator wants us to continue Government regulations in order to increase supply. I heard him argue that regulations are the reason we had supply, and I assume from that then the more regulations we put on the industry the more supply we will have.

My argument, on the other hand, would be that the more we free them from regulations the more supply we will have and the quicker we will move to energy self-sufficiency and without reliance upon the foreign sources that dictate price to us.

I think we need to define two things in our debates: one is what is self-sufficiency. I hear all this talk, and I just heard the President talk about energy self-sufficiency by 1985; that is, if we are talking of a 100 percent self-sufficiency, that is absolute nonsense. I think anyone who has been active in the energy field over any period of time, and looking at the facts, knows that we cannot, no matter how we try, unless we scrap all kinds of other goals in our country, and we will not achieve a total energy self-sufficiency by 1985.

But we can increase energy self-sufficiency that will reduce our dependence upon foreign supplies so that we are not totally dependent upon them in fixing energy prices. We can limit future increases and if, indeed, we are afraid of the OPEC cartel and its ability to affect 30 million homeowners in this country, then we have to move very rapidly toward the point where OPEC can no longer dictate the price that 30 million homeowners in this country will pay for their natural gas.

The way to do that is to build enough alternative supplies so that 30 million homeowners in this country can get supplies that are independent of the pricing policies of OPEC and not subservient to them.

So the question should not be whether or not we want to achieve that degree of independence, but how we get there. If we look at past history, it certainly does not indicate that we can get additional supplies by additional Government regulations. I have seen the cartoons, and I am sure the Senator from South Carolina has, that show the U.S. Capitol, with a great big pipe coming out of the dome siphoning off all of the gas that is produced here. I suspect that the only constructive thing we have really done recently in gas is all that is introduced in these Halls. I do not think the politicians have yet increased the supply of natural gas or of any other energy. Politicians do not produce.

There are men and women out there in the field who marshal together the money to provide the equipment and to pay for the manpower to do the work that produces additional energy. It is not done in these Halls. It is done out there in the oilfields, in the gasfields, and in the coalfields, and while we may provide some constructive role, there is a great danger that the role we play will be more destructive than constructive.

Mr. HOLLINGS. Well, here is a constructive role. Pipeline cannot invest hundreds of millions of dollars in laying pipelines throughout the country without proving public convenience and necessity and, in turn receiving some type of protection in the market in which they operate. Regulation has protected their investment. It has been orderly. Duplicate investment in pipelines has been avoided. Markets for natural gas have been created. Producers have been encouraged to drill and dig. The aegis of Government has protected the natural gas consumer controlling prices and assuring supply for the pipelines. That is the constructive part. I guess the Senator would agree with me on that.

Mr. McCLURE. I am glad the Senator raised that point. I was about to get into that because the Senator earlier had suggested, as I understood him, that a small part of the delivered price to our consumers was the actual cost of the gas, and a large part of it, a large percentage of it, was in the form of transmission costs.

Mr. HOLLINGS. That is right.

Mr. McCLURE. I agree with those facts, and I think it is essential for us to understand that the increased delivered cost of natural gas to our homeowners has been largely the result of increased costs in transmission, not increased costs or increased price at the wellhead, although that has played some part in it, too.

Mr. HOLLINGS. What would the Senator do with decontrol then? You would have everybody coming down and buying at any price. That is going to zoom up its prices; is it not?

Mr. McCLURE. I would say to the Senator, that is a possibility, a theoretical possibility. But when we are discussing the amendment offered by the distinguished Senator from Arizona, the so-called decontrol, immediate decontrol amendment, let us make sure we understand what it does.

It does absolutely nothing on the decontrol of the pipeline, as such; absolutely nothing on the decontrol of the transmission costs; absolutely nothing to take away the question of public convenience and necessity; absolutely nothing to reduce the Federal Power Commission's authority to require a showing of 20-year reserves.

All of these things which the Senator from South Carolina has pointed to as being beneficial results of existing regulation would stay in place, even though the Senator from Arizona's amendment would be passed.

Mr. HOLLINGS. Just one question. Suppose we formed the McClure-Hollings pipeline and we went to Texas with decontrol to get a 20-year contract, does the Senator really think we could get it?

Mr. McCLURE. Let me say, any contract, even under existing controls, does not have to be a 20-year contract.

Mr. HOLLINGS. But we are talking about securing a 20-year supply.

Mr. McCLURE. A 20-year supply.

Mr. HOLLINGS. Yes.

Mr. McCLURE. The two are unrelated, the Senator knows that.

Mr. HOLLINGS. Well, a 20-year supply, rather than of language——

Mr. McCLURE. It is not an indicated question of language, not at all.

Mr. HOLLINGS. It has got to be dedicated to one's supply.

Mr. McCLURE. A 20-year supply. The Senator said it is made up of a multitude of contracts.

Mr. HOLLINGS. Right.

The Senator said before, that decontrol did not take away the policy of a 20-year dedication of supply to justify public convenience and necessity for a pipeline, but once decontrol lets the price go, and we have the OPEC cartel forcing the price up, does the Senator think those intrastate producers will make 20-year dedications?

Mr. McCLURE. They do not have to, and again the Senator certainly knows a pipeline does not have a single contract. It has many, with many producers.

Mr. HOLLINGS. Right.

Mr. McCLURE. And that, in aggregate, makes up their 20-year supply.

Mr. HOLLINGS. Does the Senator think we could do that?

Mr. McCLURE. I think if the amendment is passed, we have to do it. We do not have to do it under the emergency provision of the Senator's amendment, because the Senator waives those provisions.

Mr. HOLLINGS. Yes. Under our emergency bill, sales can be made for a few months and——

Mr. McCLURE. The Senator scraps all those regulations in the short run, and the Senator from Arizona does not scrap them in the long run.

Mr. HOLLINGS. But we have a willing buyer and a willing seller. The intrastate seller does not have to——

Mr. McCLURE. All right, if the Senator believes that is good, let us join with the Senator from Arizona and broaden his.

Mr. HOLLINGS. I do not think it is good at all, I merely say what the emergency bill provides.

Mr. McCLURE. All I am saying to the Senator is that the amendment of the Senator from Arizona does not do some of the things the Senator raises in his argument.

It does one thing, it decontrols the wellhead price of natural gas. The Senator from South Carolina knows the statistics as well as I do.

There are 16,000, approximately 16,000, different producers in this country that produce and sell natural gas. They can sell in interstate markets, they can sell in intrastate markets.

The amendment of the Senator from Arizona would simply say they have equal access to the interstate markets. They do not have to sell only in the intrastate markets to get the price which they can get in the intrastate market.

So it would free up supplies to move in the interstate market that now are dedicated wholly to the intrastate market, but it does not do—let us at least understand what it does not do—it does not take away those regulations, it does not remove the Federal Power Commission supervision over the pipelines.

It simply decontrols the price of the gas that flows in that pipeline, so that pipeline or the people who get gas flowing through a pipeline have access to markets.

That seems to me to be wholly desirable and it certainly is desirable if it is going to contribute to the increased supply which alone can reduce our dependence upon the OPEC cartel and the prices that are fixed now by a cartel that has a grip on the jugular of the energy markets of this country.

We impose our own restrictions. It is not they.

The Senator from South Carolina a moment ago said that the politicians are not to blame for this and then turned around a moment later and was pointing to the environmental restrictions that have contributed to a shortage of supply.

I am not saying we should do away with the environmental restrictions, but it was not free enterprise that imposed those, it was politicians acting in behalf of the American public in a way we thought was best in respect to environmental safeguards.

Mr. GRAVEL. Will the Senator yield on that point?

Mr. McCLURE. I am happy to yield to the Senator from Alaska.

Mr. GRAVEL. The Senator from South Carolina made the point that politicians were innocent of any mistake in this regard. It was really the Congress that sustained the action of the courts in 1954 that distorted our entire energy picture from that point forward. It was no one else. It certainly was not the people in the marketplace; it was certainly not OPEC at that time.

So I do not know how my colleague from South Carolina can make the statement that it was not the politicians. It is all a fabrication of the Government.

What we hoped—and I think I understand the Senator from Arizona—was that this amendment, though it retains a number of controls, in point of fact will demonstrate conclusively that the marketplace can handle and solve the problem.

I think many of our colleagues are afraid of this. They are afraid to undergo a period of tests that will demonstrate irrevocably the idiocy of the past two decades of policy.

Mr. McCLURE. The Senator is absolutely correct, it is political controls that have disrupted this market as badly as it is and every control calls for another set of controls.

We put a control on the price of natural gas and then we put environmental controls on energy and the two controls together very markedly shifted the consumption of energy into natural gas. So we stimulated demand and we restricted supply.

Then we wring our hands and say that there is a shortage.

Why does it not occur to us that if regulation, Government interference, has caused this problem, we ought to get the Government out of the way instead of injecting the Government in a more insidious way, creating more problems, for more politicians to make speeches about protecting the public from the benefits of our own actions.

Mr. GRAVEL. I would like to ask my colleague a question. But apparently the Senator from South Carolina, who upbraided the people on our side for not being here for the debate, has just exited from the floor.

I would like to know if there is anyone at all who would like to debate it. If not, I will ask for a quorum call and if——

Mr. McCLURE. Will the Senator withhold that?

Mr. GRAVEL. I will withhold it, but if that does not do the job, I will move for a recess afterward.

Mr. McCLURE. If the Senator will withhold that, I want to make a further comment because I had overstated—I guess we all are guilty sometimes of overstatement in our debates—I said the Congress has contributed nothing to the solution of the problem, we just create the problems.

The Senator from Alaska should have prompted me to remember the one constructive action the Congress has taken in the energy field, the matter in which the Senator from Alaska was very deeply involved; that is, the question of the Alaska pipeline construction.

That was a positive action taken by the Congress to redress some of the overreactions which the Congress had earlier created.

Mr. GRAVEL. But how close a positive action it was. It passed by one vote and it took the Vice President to break the tie on a procedural aspect of that.

Mr. McCLURE. That is true, it was close, and it was tardy, and it was only to correct an overreaction on our part earlier, but at least it was a positive action.

If we look back over what the Congress has done in recent years to resolve the energy crisis, I think we ought to at least recognize that one act.

Mr. GRAVEL. I thank my colleague for bringing that up. That was a high point of my service here in this body.

But now we have the presence of the Senator from South Carolina, so I would like to address what I think is the most fundamental question of all whether we are proceeding to an interim solution or a long-term solution.

What does the Senator think has caused the crisis we have in natural gas today?

I think that is really the touchstone. From that answer we can go forward and assess where the solutions might be. What, really, caused the problem?

Mr. GLENN. I would like to reply to that.

Mr. HOLLINGS. Fraud.

Mr. GRAVEL. I would like to give both Senators a chance. The Senator from Ohio spoke first. Later, I would like to hear the Senator from South Carolina expand on fraud.

Mr. HOLLINGS. Yes.

Mr. GRAVEL. But I would like to hear from the Senator from Ohio first.

Mr. GLENN. I think a lot of long-term pricing aspects have been at the heart of the problem. I do not know all of it, but I think it has been part of it. The long term, we have to consider that.

There are many different proponents on this floor to consider that. We have a Btu proposal, we will consider that, and many things.

I am committed to those considerations and want to see that get through. That is the reason I have worked and have S. 692 which is on the calendar next. It is not just something promised but it is on the calendar now as the next item to be brought up before the Senate. But those considerations will take such time that we cannot get the emergency legislation through, and the emergency starts November 1. That is when we start our 65 percent cutbacks in various areas. As far as long-term aspects, I will be happy to discuss that. This is a time critical item.

Mr. GRAVEL. I was just asking the question about the cause; what caused it?

Mr. GLENN. I agree a lot has been the disparity in pricing between the interstate and intrastate price. We cannot correct that in time to do any good this winter.

Mr. GRAVEL. I think we ought to understand that. On the interstate price, the disparity that the Senator speaks of was caused by what?

Mr. GLENN. FPC held the prices down.

Mr. GRAVEL. Right. And the Congress did not act to create a free market in the gas area.

Mr. GLENN. On the sins of Congress through the years in this regard in not coping with this, I agree with the Senator from Alaska wholeheartedly. It has been a tragedy and has led us into the situation we are in now. But, here we are. It is like driving your car down the road and it is full of gas and you decide to pass this gas station and that gas station. You made those decisions and it was negligence on your part. Pretty soon you run out of gas and you are out hiking to get enough to last you to the next filling station. That is where we are now, we have done run out of gas.

Mr. GRAVEL. But the Senator did say that there were other reasons. What were some of the reasons other than the court decision to hold the price down and the Congress aiding the court in its action?

Mr. GLENN. That is a major factor.

Mr. GRAVEL. What are the other factors?

Mr. GLENN. I think it is questionable, too, as to the performance of some of the companies, whether they have brought on all the gas they have or whether they have kept a lot of it capped in, waiting for higher prices.

Mr. GRAVEL. Does the Senator think there are a lot of companies that over a decade have capped their wells and held in gas? Does he think that many have done that?

Mr. GLENN. I think enough have done it so that it probably has affected production to some extent.

To answer the question, I have no figures that would back that up, so I hesitate to make such a positive statement.

Mr. GRAVEL. The Senator has no figures. Does he have any specific case where he can give me the name of a company that did it?

Mr. GLENN. Might I ask in return does the Senator know this has not happened? Would he say that the companies have all been pristine pure in all of their dealings?

Mr. GRAVEL. No, but I understand how our public companies work. I know they are in business to maximize profits because that is what makes the president of the company look good.

Mr. GLENN. It is not only that. They are in business for a lot of other purposes than making the president look good.

Mr. GRAVEL. The Senator did not hear me. I said maximize profits. If the Senator knows of any reason other than maximizing profits, I would like to hear it.

Mr. GLENN. If we are talking about going to unlimited pricing on a scarce item, the history of this country is replete with the cost of living indexes and price monitoring and controls when there is a scarce item that may drive our economy out of sight.

Mr. GRAVEL. We are talking from an historical point of view. The Senator is prepared to admit and I agree, I do not have any evidence that the companies have or have not capped wells. But everybody makes the assumption that they have held gas off the market. That cries against logic. I do not misunderstand why a president of a company would insist on not making a profit or not making money for a decade. That is how long the problem has been with us.

Does the Senator think there are many companies that have subverted their economic interest for a decade or more?

Mr. GLENN. It may have happened. I do not know whether it has or has not. Would the Senator say it has not?

Mr. GRAVEL. Yes.

Mr. GLENN. Is the Senator willing to state in the Chamber of the Senate that no company has withheld gas, waiting for higher prices, which has contributed to this shortage we have now, that he would absolve every company?

Mr. GRAVEL. Not every company.

Mr. GLENN. Then the Senator is saying they have contributed to the problem.

Mr. GRAVEL. No.

Mr. McCLURE. If I may, because the charge is easily made and hard to refute, the Senator from Ohio said, "Would you say that all companies are pristine pure?" No. The Senator from Ohio is not and the Senator from Alaska is not. Maybe the Senator from South Carolina is. The Senator from Idaho is not.

Mr. HOLLINGS. I thank the Senator.

Mr. McCLURE. But when it comes down to the question of whether or not there has been shut-in gas, let us look at the facts. Let us look at the results of the best information and studies we have. There have been a number of people who have asked precisely the kind of question the Senator from Alaska has asked and received precisely the kind of response the Senator from Ohio gave. "Can you prove they did?"

"Can you prove they did not?"

I do not know of any facts that will be cited that will satisfy this debate, but I think this ought to lend some light to the debate. The Department of the Interior has done its best to find shut-in fields. I have done what I could, and I have found some, and I found the reasons. I found some areas where wells were drilled and they are now remote from pipelines. Their production is low enough that it is uneconomic to get them to the pipeline.

Mr. GLENN. I could not agree more. Will the Senator yield for a comment?

Mr. McCLURE. Certainly.

Mr. GLENN. Let us bring it back to the here and now.

Mr. GRAVEL. But we agree that is the basis of the problem?

Mr. GLENN. Thirty days from now we are in a bind in this Nation, economically and employment-wise. It can be a tragedy. That is all we are trying to avert. I agree on the sins of the past. I agree that pricing has contributed to a major part of it.

Mr. GRAVEL. I would hope the Senator is trying to solve the problem, but not with band-aids. How long has this been considered in the Congress?

Mr. GLENN. This particular bill is not designed to solve the long-term problem.

Mr. GRAVEL. But it should.

Mr. GLENN. It cannot.

Mr. GRAVEL. Why should it not?

Mr. GLENN. How can it?

Mr. GRAVEL. The Commerce Committee has had this issue ever since I have been a Member of the Congress, over 7 years. They have had this bill, they have been working on this issue, and now they come to the floor with legislation and say, "We can only solve the short-term problem. We cannot go to the long-term problem." Why not? We can have one vote on the floor here and solve both the short-term and long-term problems.

Mr. GLENN. Were the Senators from Alaska and Ohio to appropriate $10 billion for gas this winter, it would not solve the problem. If we went to unlimited pricing, we will not get enough wells down to take care of this problem this winter.

Mr. GRAVEL. If the Senator recognizes, as I do, and he just did so, that the origin of our whole problem is that we regulated gas, obviously the next step is to deregulate and solve the problem. We can do other things to solve the crisis of the next 2 or 3 months, but why not just turn around and deregulate? That is one vote.

Mr. GLENN. I come back to my analogy. We have run out of gas and we are walking carrying a can to help us out.

Mr. GRAVEL. But the Senator is not focusing on the point I am making. Why cannot we spend 20 minutes to vote on deregulation?

Mr. McCLURE. Mr. President, if I may make one comment, I will yield the floor to my good friend and he can conduct the colloquy in whichever way he wishes.

Mr. GLENN. This is a colloquy?

Mr. McCLURE. I do want to return for a moment to this question of shut-in gas because I think the record ought to bear the best information available to us. If there is anyone else who has any better information than this, I hope they will bring it forward. They may have suspicions, they may have heard stories, but I would like to have some facts, if we can.

Just for a moment I want to refer to my notes because I want to be exactly correct on this.

In January 1975, with a great deal of fanfare and publicity, the Department of the Interior launched an investigation of 10 oil companies operating 17 leased tracts in the Gulf of Mexico. There were a lot of people who made charges at that time, a lot of antioil groups, who were quick to point out what they called mounting evidence suggesting a conspiracy or, as the Senator from South Carolina would suggest, the word "fraud," to shut in gas wells, to deprive the Nation's consumers of needed fuel, and then rip the consumers off with anticipated higher prices somewhere down the road.

Big deal. Too bad the results of that study did not receive as much notoriety as the announcements of its undertaking. The results are now available. Rather than a conspiracy to defraud the American public, the Interior Department found the following: On 7 of 17 leases, because of higher costs and risky returns on new wells, negotiations were in progress for joint ventures or for approval of higher rates from the FPC.

Interior agreed with the companies that for good reason these seven leases should be continued in suspension. Two others were given up, either because of inadequate reserves or dry holes. Three other leases were in a stage where the reservoirs were spread out and test wells were planned to determine the best location for a production platform. The remaining five leases were awaiting such facilities as drilling rigs and pipelines.

I use the results of that particular test only as evidence of the facts that come out when an investigation is conducted on the rather vague and nebulous charges we hear all the time. I am not here to defend the oil companies, the pipeline companies, the natural gas producers, or the transmission companies that move it from wellhead to consumer. They can make their own defenses. I do not own any stock in them. I am not involved in any fraudulent conspiracies. It is no skin off my nose one way or the other whether their profits are higher or lower, except that I know if the oil companies and gas companies are inadequately financed and get inadequate returns on their financing, they are not going to be able to attract the capital or invest the capital in the production of energy which alone can protect our consumers from the pricing practices of foreign producers.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. McCLURE. Yes.

Mr. HOLLINGS. Before I get back to the bill, I wish to comment on a remark made by the distinguished Senator from Idaho, if he has no objection, by asking unanimous consent to have printed in the Record at this point, with his permission, the testimony of the Honorable John E. Moss before the Subcommittee on Energy and Power dated September 25. It is relevant here.

Mr. McCLURE. I have no objection, Mr. President.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

H.R. 9464, Natural Gas Emergency Act of 1975

(Testimony of the Honorable John E. Moss)

Mr. Chairman, I would like to commend you and the Members of the Subcommittee on Energy and Power for considering legislation to alleviate this winter's anticipated shortage of natural gas. In addressing ourselves to this problem, I cannot urge too strenuously, however, the need for Congress to refrain from enacting measures that would appear to open the door to the ultimate deregulation of natural gas.

The current shortage of natural gas is not, as some contend, the inevitable result of Federal regulation which provides natural gas producers with a generous 15 percent rate of return on their investment. It is rather the result of two factors, the failure of Congress to extend regulation to the intrastate market and, more importantly, the result of industry speculation concerning future increases in the price of natural gas. As a result of the growing gap between intrastate prices and the FPC regulated price, since 1971 almost all new gas supplies produced onshore have been consumed in the producing state. Texas, Louisiana and Oklahoma now consume more than one-third of the Nation's total gas supply. Federal price regulation of natural gas has not, and will not, work until such time as Congress convinces the petroleum industry that regulation is here to stay. Haskell P. Wald, Chief Economist of the FPC, for example, has referred to "the damaging effects of public pronouncements by government officials that FPC regulation of gas producers was unworkable and should be abandoned." According to Dr. Wald:

"On the one hand, the Commission's official position, as in the Southern Louisiana area rate proceeding, was that its new ceiling rates offered 'reasonable incentives to find gas and dedicate that gas to the interstate market,' but on the other hand the industry was being told by responsible officials that the regulated prices were too low to make exploration and production attractive. The undermining of the Commission's policies by the mounting anti-regulation campaign, along with other developments which had the effect of encouraging the expectation of higher future prices, goes a long way toward explaining the deteriorating gas supply after 1968."

In mid-1969 John N. Nassikas, in assuming Chairmanship of the FPC, told the New York Times that he favored a "Nassikas Round of gas rate increases." We've had our "Nassikas Rounds" of price increases that have increased the ceiling price of new natural gas from 16.5 to 20 cents per thousand cubic feet in 1969 to the present 52 cents per MCF. We have had on top of this a Nassikas round of alternative pricing procedures that permit producers to get prices even higher than those permitted under the FPC's standard area rates and still we face critical shortages of natural gas. After a 250 percent price increase, we have even less gas available than before the increase.

What is needed now is not price increases but a final round in which the Congress of the United States ends industry expectations concerning future windfall increases in the price of natural gas and the abandonment of Federal regulation.

Evidence of the speculative withholding of natural gas has been incorporated into the record of various proceedings before the Federal Power Commission. In July 1973 in a rate case involving a small gas producer, an FPC administrative law judge noted that "the seller is in a pre-eminent position and may be able to refuse an offer of an interstate pipeline when there is not an extant intrastate purchaser. That is so because there is a strong possibility that the carrying costs for holding gas off the market are so low compared to future possible benefits . . . that the producer may shut in the well if the application is denied even if he has no other immediate market." The Judge projected that the carrying costs in that case—even assuming interest rates as high as 20 percent—would be less than $40,000 annually, as opposed to a possible gain of more than $2 million if he waited for higher gas prices.

In another proceeding before the FPC in 1973 a witness for the Okmar Oil Company was asked what he would do if his application to sell gas to a particular pipeline at 61 cents per MCF was denied. He replied that he would sell to the unregulated intrastate market or "not market the gas at all. Uncommitted gas reserves now are apparently among the finest assets that a company can have," he testified. "We are being contacted by other gas producing companies who are interested in buying the reserves in situ. They have expressed their willingness to bid on the 'come' so to speak, to take the gamble that the reserves would appreciate in the ground."

Mr. Chairman, I would like to introduce into the Record at this point an article from the June 23, 1975, issue of The Oil and Gas Journal. The article notes that only 48 of 1068 Gulf of Mexico tracts leased since 1970 are producing. Many of those leases have not even been explored. The Subcommittee on Oversight and Investigations has identified more than 60 leases that have been held for two years or more for which not a single exploratory well has been drilled.

Additional evidence of speculative withholding emerged when the Subcommittee on Oversight and Investigations uncovered serious discrepancies between testimony before the Federal Power Commission and the facts about the reasons for the curtailments last winter to Transco, the interstate pipeline. Mr. Chairman, I would like to leave with you, if I may, a copy of the Subcommittee's recent hearing and preliminary staff study on the matter. Transco serves the residential gas needs of 25 million people and the industrial needs of factories employing over 1.25 million workers.

With respect to Cities Service—one of the majors and a supplier to Transco—the Subcommittee examined management decisions to delay starting a four-month workover from May 1974 until September, which extended it into the winter months when uninterrupted gas supplies are more critical. The wells in question were supplying Transco with a daily average of 85-90 million cubic feet of gas.

At the FPC hearing, Cities officials testified that the reasons for the delay in starting the workover were unavailability of a rig and unavailability of tubing. Staff investigators found that both tubing and a rig were available, and that if Cities had shown due diligence, it could have brought this gas on line before the start of the winter heating season.

Cities was locked into a long-term contract with Transco to supply gas at the area rate of $.25 MCF, but there is reason to believe that Cities may have delayed the workover to influence the debate over decontrol.

In another case, Mitchell Energy Corporation, a large independent, contracted with Transco to deliver gas in the Gulf of Mexico by November 1—well in advance of the '74–'75 winter heating season. However, the gas was not brought on line until seven months later, and the loss to Transco was at least 2.4 billion cubic feet.

At the FPC fact-finding proceeding, a Mitchell official testified that there were no records concerning the delay, that a month was lost due to bad weather in the Gulf, and that the fabricator of the production equipment had wasted time looking for used rather than new equipment. Whereas the facts—as uncovered by the Subcommittee—reveal that there were continuing design changes in the production equipment by Mitchell and over 30 documents in Mitchell's files concerning the delay; that only six days—not a month—were lost to bad weather; and that Mitchell's contract with the fabricator called for the use of used equipment.

What was Mitchell's motive? On June 21, 1974, the FPC issued Order 699 eliminating area rates and setting a national rate of $.43 MCF. Petitions started pouring in to the FPC from industry saying the rate was too low.

On August 2, the FPC announced it would reconsider, and the assumption within the industry was that it would be reconsidered upwards. On December 3, 1974, the FPC issued Order 699–H raising the wellhead price of gas to $.51 for gas from wells hooked up after January 1. By bringing the gas on line after January 1, at the higher rate, Mitchell stood to gain $496,000. This case has now been referred by the Subcommittee to the Justice Department which has referred it to the U.S. Attorney's Office for appropriate disposition, pursuant to the criminal laws of the United States.

Other evidence that producers may be holding out for a higher price is contained in a study by a major oil company that I would like to introduce into the record. The study seeks to project future increases in the price of new interstate natural gas. Under the heading "Most Likely" the study projects an increase in the price of new natural gas of 57 cents per thousand cubic feet in 1976; 64 cents in 1977; 92 cents in 1979; $1.06 in 1980 and a $1.21 in 1981. This increase in the price of new natural gas from the current 52 cents per MCF was predicted, moreover, on the basis of continued FPC regulation. In the event of deregulation, the study projects prices "above the BTU equivalent market price for crude oil" that would result immediately not in a doubling, or even a tripling of the current price of new natural gas but a 450 percent increase in the price of new natural gas of $2.25 per million cubic feet.

The message of this Subcommittee and of the Congress of the United States to the speculators who prepared these forecasts should be NO. No, we are not going to permit you to get $2.25 per MCF or anything like it. No; we are not going to permit big oil to destroy chances of economic recovery, to increase unemployment, and to raise havoc with the economy by replacing Federal price regulation with OPEC regulation. The choice is not as some would have it between regulation and no regulation. Rather, it is between having our government set the price of natural gas based on cost plus a fair rate of return, or in having the OPEC nations do it for us by permittting natural gas producers to peg the price of natural gas to the OPEC set price of oil.

Now, insofar as the particulars of H.R. 9464 are concerned:

I accept fully the stated purpose of the bill concerning the need "to establish temporary emergency authorities for minimizing the detrimental effects on employment, food production, and public health, safety and welfare caused by natural gas shortages. I would be most reluctant to accept, however, one of the means by which the bill seeks to accomplish that goal by having the FPC establish area ceiling prices applicable to any first sale of onshore new natural gas, based on the August 1975 intrastate prices. Those prices currently average from $1.00 to $2.00 per MCF as contrasted to the current interstate price of 52 cents per MCF.

This tremendous price hike in the interstate price of new onshore natural gas, although limited to June 30, 1976, cannot help but to reinforce industry expectations concerning the speculative bonanza that would await it in the event of de-control and may contribute to a deepening rather than a lessening of current gas shortages. Granted the bill contains a penalty provision to prohibit the future sale of natural gas that "could have been produced or sold" during the period in which the Act is in effect, the temptation to withhold gas for sale to the intrastate market after June 30, 1976, remains great as compared to the ability and desire of the FPC to determine instances of withholding, as evidenced by the FPC's admitted failure to adequately investigate the Cities Service and Mitchell withholdings.

I recommend to this Subcommittee the following measure to aleviate this winter's anticipated shortage of natural gas:

(1) A permanent extension of FPC price regulation to the intrastate market at current ceiling prices.

(2) A system of end use controls that would restrict the sale of gas to essential users. End use priorities should be based on need rather than means. For that reason, I oppose provision in H.R. 9464 that exempts sales of new natural gas by producers to pipelines that result from advance payment arrangements entered into prior to September 9, 1975. The advanced payments program should be recognized for what it is. Namely, a device by which producers have been encouraged by the FPC to extract bonus payments from pipelines for the purpose of providing the producers with free capital, the cost of which has already been provided for in the FPC's area rates.

(3) In this coming winter we have been assured that there are going to be serious curtailments of natural gas supplies across the country. Large segments of our Nation's industry are going to be without the basic fuel to keep going. The reason they are going to be without fuel is because the pipelines who have promised to deliver the gas are now not able or not willing to deliver on their commitments. This deliverability problem has been around for some time and I am sorry to say that the FPC has, "by oversight, neglect or sheer dereliction, failed to take affirmative action in accordance with its own regulations." And those words, Mr. Chairman, are the words of Mr. Nassikas.

FPC regulations governing applications for certificates for the interstate sale of natural gas (Section 157.23) require the producer in his application to set forth the contract volumes to be delivered on a daily or annual basis. You will recall, Mr. Dingell, the assurance the two of us received this past July 18 from FPC Chairman John Nassikas that the FPC was planning "to examine in depth whether the pipelines are diligently pursuing their contractual remedies against producers to compel maximum deliveries." In order to compel these deliveries the contracts must specify volumes.

Yet, Oversight and Investigations Subcommittee staff investigators determined yesterday that the FPC has been ignoring the requirement holding producers to a deliverability requirement as a condition of certification. Mr. Nassikas admitted to my Subcommittee investigators that the volume requirement is essential for purposes of maintaining deliverability. The FPC, he said has no idea of the number of contracts that have been certified without any specification of this required deliverability. Nor, he said, did the Commission know how long these regulations have been ignored, although he indicated that these violations may have been going on for more than two years.

I believe the Commission must immediately undertake the steps necessary to insure that all certificates on file with it include a deliverability requirement. This is simply requiring the producers to fulfill their lawful obligations. Having done so, the Commission should proceed to enforce those minimum supply requirements through court action if necessary, as we were promised last July.

(4) Rather than authorizing the Secretary of the Interior to establish a "temporary emergency production rate" for a particular field in excess of the established maximum efficient rate of production as called for in H.R. 9464, the FPC in the event that a producer is not meeting its minimum supply obligations should be authorized and directed to compel the producer to drill such additional wells or completions as may be necessary to meet that contract obligation. Such a course can be undertaken without jeopardizing the amount of natural gas of crude oil that may be obtained from those fields.

(5) The FPC currently classifies 8.5 trillion cubic feet of offshore Gulf of Mexico gas in the category of "non-producing dedicated reserves." This term refers to gas that has been discovered and dedicated for sale to a pipeline but which is not being produced. According to the FPC, the bulk of the non-producing reserves "behind the pipe," that is, that the gas is included in a zone above that currently being worked. The drilling of an additional well to capture the gas from the higher zones can be undertaken without threatening the amount of gas to be recovered from a particular field. The FPC should require the drilling of all such wells as may be required to enable a producer to meet his minimum contractual obligations.

(6) The Oversight and Investigations Subcommittee is currently investigating two major gas fields that are committed to the interstate market to determine why production has declined more rapidly than anticipated. Preliminary indications are that the drilling of additional wells could substantially increase the amount of gas from these fields to the interstate market. The Subcommittee investigation suggests, moreover, that the companies involved have assigned higher priority to the development of small intrastate fields at the expense of their larger interstate fields.

(7) A mandatory allocation system among pipelines that would lessen the impact of the shortage on customers of pipelines that are most critically short of gas.

For the longer term, Congress, while giving full support to continued FPC cost-based price regulation, should take additional steps to insure the prompt long-term production of our oil and gas reserves. Such steps to include a requirement that producers explore and develop offshore leases in a timely fashion, the establishment of a Federal oil and gas corporation for use as a yardstick in regulating oil and gas production and stepped up antitrust enforcement to reduce the major's hold over the Nation's fuel resources.

Mr. HOLLINGS. He provides the particulars on the underreporting, and the withholding of natural gas.

The natural gas withholding question became such a matter of national concern that even James Nathan Miller wrote, in the August Reader's Digest, the article, "Is There Really a Shortage of Natural Gas?" And he went into detail about it.

The particular investigation by the Secretary of the Interior that the Senator refers to was subsequent to being asked at a Commerce Committee hearing; I asked Secretary Morton, "Has the Department ever brought a proceeding or canceled a lease for shutting acreage in or failure to produce?"

His answer was, "No."

Then, as the Senator indicated, there was a big headline about a new Interior study. But what the study shows that, for financial reasons, negotiation, joint ventures, what they are saying is, there is gas. But it is locked in, or shut in.

Of course, asking the Interior Department to look into natural gas shortages is like asking Gordon Liddy to look into Watergate.

Mr. McCLURE. Whom would the Senator get?

Mr. HOLLINGS. Certainly not the House of Oil—not the Interior Department. The Federal Trade Commission is trying to conduct an investigation. We have asked——

Mr. McCLURE. How many congressional committees have looked at it? How many congressional committees have had hearings about it? How many pages of testimony, reams upon reams of testimony, have been presented to congressional committees? Are we completely inept? Are we totally unable to find out anything?

Mr. HOLLINGS. No. I would refer to page 15 of the report, the Commerce Committee report on S. 692, and state that all of a sudden, while new wells continue to be completed at a rate of 300 or 400 a year, but at the same time, according to the U.S. Geological Survey, the number of offshore shut-in wells jumped from 953 in 1971 to 2,996 in 1972, and again to 3,054 in 1973. And the active wells, the ones that were being worked and producing, all of a sudden started dropping from 5,704 in 1972 to 3,814 over the same period.

We have been through this before. I have talked about the increased supplies to the interstate market under regulation, the increased usage of natural gas over the last 25 years, the industrial boom in the South and all over this Nation; but then I talked about the debilitation in the administration of the regulations; I talked, above everything else, about OPEC, and how that increase in oil prices exacerbated interstate natural gas shortages.

If you have to give a one-word answer about what caused the interstate gas shortage, it is OPEC. But the Senator is talking about the last 10 years. OPEC did not shut in anything over the last 10 years. It is only recently, under OPEC, that the great increase in shut-ins have occurred. We brought that out in our hearings. The Senator is talking about the amendment of the Senator from Arizona, that nothing would be done——

Mr. McCLURE. Let me talk for a moment on the point the Senator suggested then. He says that Interior is not competent to look into it.

Mr. HOLLINGS. No; they did not look into withholding until they were asked, and the Department has never canceled a lease for lack of due diligence in development by the producer. All we have really been doing is transferring title on these leases. We just gave them the land, and hope to find out something about it should the producer discover oil and gas later. But no oil company in history has been brought up for failure to produce or develop.

Mr. McCLURE. Let me point out what the U.S. Geological Survey said in their recent review of offshore drilling in the Gulf of Mexico.

In August of 1973, there were 2,977 gas completions in the gulf. Of this total, 2,034 were producing gas, and 943 were shut in.

The reasons for the shut-in gas completions, as listed by the USGS, are as follows.

I will list them for the Record: 325, water problems; 218, temporarily abandoned; 120, sanded up; 111, low pressure; 55, mechanical difficulties; 45, suspended operations; 36, awaiting facilities; 33, platform maintenance and repair. For the total of 943, out of the 2,977 gas completions.

The Senator has indicated that there was no shut in prior to the OPEC cartel increase in price. The USGS report went on, in listing these, to say that some of these wells had been shut in since the 1950's. I do not think OPEC was very effective in raising the price back in the 1950's.

Mr. HOLLINGS. The Senator from Colorado mentioned OPEC. I was not even going to get back to that point. Saudi Arabia has cut its production 40 percent, about 4 million barrels a day, to keep OPEC alive.

Mr. McCLURE. Yes.

Mr. HOLLINGS. Yet when we initially started our description here, the inference was that Saudi Arabia was certainly not trying to break OPEC, because they were "encouraged" that the United States was becoming independent and reducing imports from those sources.

So that is where we are. It is my firm belief that Saudi Arabia has been the keystone in all of OPEC. I know the Senator from Idaho has a good deal of experience and knowledge in the matter, but the fact is, they are very much tied up with OPEC. I just cannot be encouraged by Saudi Arabia's actions.

Mr. McCLURE. All I am saying in regard to their position is that it is not the Arab countries alone that are causing the price increase. I am sure the Senator has read in the newspapers, as I have in the last several days, that Iran was pushing for a 15-percent increase.

Mr. HOLLINGS. Right.

Mr. McCLURE. And Iran is not an Arab nation. Is that not correct? The Senator would agree with me on that, would he not?

Mr. HOLLINGS. That is true.

Mr. McCLURE. Saudi Arabia was asking for a smaller increase than Iran was; is that not correct? Will the Senator agree with me on that?

Mr. HOLLINGS. Iran and all the rest were asking for more, according to the press reports.

Mr. McCLURE. All right. Iran was asking for a 15-percent increase immediately.

Mr. HOLLINGS. Right.

Mr. McCLURE. Saudi Arabia was asking that it be held to 5 percent; is that not correct?

Mr. HOLLINGS. Right.

Mr. McCLURE. Those are facts at least——

Mr. HOLLINGS. Five and five are ten.

Mr. McCLURE. At least so far as they were reported by the newspaper; is that correct?

Mr. HOLLINGS. They compromised that. Yamani wanted 5 and 5, ultimately 10, over the 9-month period, but the Kuwait compromise, for an immediate 10-percent increase, was adopted.

Mr. McCLURE. I agree with the Senator that Saudi Arabia is a keystone in the OPEC and OAPEC organizations because of the tremendous capacity that they have which is excess to their immediate economic demands. There is no question that, if they were independent of all outside pressures and wished to break the price, they probably could break the price. I suspect that the Senator and I would probably agree on the fact that there is tension in the Arab world, there is tension in the Middle East, and there is a cohesion among Arab countries, which is greatly heightened because of the political tensions in the Arab-Israeli conflict. I think the Senator would agree with that; would he not?

Mr. HOLLINGS. Very definitely.

I go along with the finding by Senator William L. Scott that the Palestinians are a problem to Israel.

Mr. McCLURE. The Senator agrees with that, too?

Mr. HOLLINGS. That is right.

Mr. McCLURE. So I think that we at least have an area of agreement with respect to the pricing question and the influence that OPEC and OAPEC may have upon it. That really does not get to the questions that we are discussing here today, but I thought the record should accurately reflect what facts we have with regard to the pricing questions.

Mr. HOLLINGS. That is what concerns me, I say to the Senator. We are going to vote in less than an hour and the Senator's statement, if I understand it correctly, was to the effect that the Fannin amendment would not affect long-term dedication requirements under current law. I read the amendment differently. I am reading from amendment 938 to S. 2310:

> Section 1. Subsection 1(b) of the Natural Gas Act is amended by inserting before the period at the end thereof the following: "or to the sale or delivery by a producer to a natural gas company, of natural gas in interstate commerce . . .

When we look at the Natural Gas Act, subsection 1(b), it says the provisions of the act shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas—what Senator FANNIN proposes is to exempt certain gas sales from the jurisdiction of the Commission.

So when we eliminate the jurisdiction of the Federal Power Commission how could we, in good conscience, say it does not have any effect on the pipelines, the supplies, and the dedication requirements, when the FPC does not have any jurisdiction over the delivery.

Mr. McCLURE. They have no jurisdiction over the sale and delivery to the pipeline.

Mr. HOLLINGS. That is right.

Mr. McCLURE. But that has to do with wellhead price. It does not say what will be regulated in the transmission cost and the delivery to the ultimate consumer. That is the very point I was trying to make, and I thank the Senator for helping me.

Mr. HOLLINGS. Evidently we do not understand the English language, because it is the price and it is the dedication jurisdiction that is terminated. If the FPC does not have any jurisdiction over the delivery of gas to a pipeline how in the world are the pipelines going to get long-term contracts——

Mr. McCLURE. It has no jurisdiction over delivery to the pipeline system. That is what the clear language says.

Mr. HOLLINGS. That is right. If they have no jurisdiction, how do they require a dedication?

Mr. McCLURE. The Senator was saying earlier that a large proportion of the costs paid by the consumer, these 30 million little people out there heating their houses, that the Senator is concerned about, and so am I, that the large part of that price was not the price of the gas but the cost of transmission. I am trying to say to the Senator that the Fannin amendment does not deal with the question of regulation of the cost of transmission; it deals only with the wellhead price, and that is exactly what that language says.

Mr. HOLLINGS. I was not talking about distribution. I was talking about the ultimate effect of the Fannin amendment is that pipelines will not get long-term supplies. The FPC is divested of jurisdiction over the delivery term, and if they do not have jurisdiction over the delivery there can be no requirement of long-term dedication.

I read the gas facts from the 1973 "Gas Facts" by the American Gas Association. The average price of natural gas to the residential customer was $1.25 per million Btu for the year up from $1.19 in 1972; the average price of natural gas for commercial use was 95 cents per million Btu in 1973 up from 91 cents in 1972, while the average industrial price climbed from 45 cents per million Btu to 50 cents in 1973.

If we enact decontrol, the Chairman of the Federal Power Commission is forecasting wellhead prices of up to $3 per thousand cubic feet. The average price to residential users was $1.25 in 1973, including an average wellhead price that was below 30 cents. If all of a sudden the wellhead price goes to $3, as it may under the Fannin amendment, the gas bill to 33 million homes in America that are dependent on gas will more than triple.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. McCLURE. I will make one comment. The Senator from California indicated he wished to ask some questions of the Senator from South Carolina. I shall be happy to yield the floor in a moment for that purpose. But I do wish to at least put this much in context: The larger part of the increased cost has been not the wellhead price but the cost of transmission, and that cost of transmission is still going to remain regulated under the Fannin amendment. The Senator from South Carolina earlier said that was the larger cost.

That is the only point I was trying to make.

Certainly, if there is an increased cost in wellhead price, the delivered cost of natural gas will go up. But in the short run, it might go up more if we do not deregulate, and here is where the curious mathematics come in that may confuse some people: As the availability of natural gas declines the unit cost of transmission goes up and so the ultimate consumers pay more for less gas than they would pay if they paid more in order to have more gas. The result is that, if we wish really to protect the consumer, then, allow us to produce enough gas to fill those pipelines and keep the transmission costs down.

Mr. President, I yield to the Senator from California.

Mr. HOLLINGS. Is the Senator from Idaho maintaining the floor still?

Mr. McCLURE. No. I yield the floor.

Mr. HOLLINGS. Mr. President, we have the presence now of the distinguished Senator from California. We only have some 40 minutes before we vote.

Mr. TUNNEY addressed the Chair.

Mr. HOLLINGS. Wait a minute. I am not going to yield. I want the Senator to stick with me, though, for just 10 minutes. It will not take but 10 minutes.

I have a long list, and I have the statement of the Senator from California to substantiate the accuracy of this list because I want to reply to the Senator's remarks from yesterday—he was talking all over the lot. He ended up with me seeking to protect consumers, and I thought he was going to ask to be a cosponsor of S. 2310. There is one thing we do look out for in S. 2310, and that is the consumer.

We wish to clarify the record that S. 2310 provides for traditional judicial review. We wish to get away from this talk about martial law. We wish to get away from this talk that S. 2310 is the Lawyers Benefit Act of 1975.

In all candor we have a whole new system under S. 2330, the administration's bill which apparently appeals to the Senator from Kansas, where there is a special gas court of appeals that will take care of all the lawyers. We will all be gas judges under that approach.

But let us narrow down to one point, because I wish to limit this discussion. We can go into the other points as time permits.

The distinguished Senator from California said:

> I cannot understand why proponents of the free enterprise system, such as men like the Senator from South Carolina, cannot understand that the greatest threat to the civil liberties that we have in this country, to our freedoms—the greatest threat we have—is allocators, the men sitting here in Washington in the bureaucracies allocating out the shortages. They are not going to allocate out surpluses. They are allocating out shortages. He who controls the shortages of energy is the person who is going to control the profit and loss statements of one company after another in this country, and he is going to control the health and the well-being of the average citizen when he tells him whether or not he will have a job or can have natural gas to heat his home.

The Senator from California says the basic issue is a civil liberty issue—that was in his remarks about the clammy hand of Government allocating gas and whether it should be the Government or industry.

Since we were talking about California, I refer my distinguished friend to the ARCO case and the unanimous decision of the Public Utilities Commission of the State of California, signed by the appointees of either Governor Brown or our good free enterprise friend, Governor Reagan. We can include their names in the RECORD. They were William Symons, Jr., Vernon L. Sturgeon, Leonard Ross, and Robert Batinovich.

The commission referred to the ARCO case as the greatest of all ripoffs.

They describe this situation. California consumers need gas. They want to be at the bargaining table where Alaskan gas is sold, but there is a cover charge in order to participate: California will not get any gas unless its consumers pay a cover charge imposed by ARCO. The public service commission was forced to place on the residents of the State of California surcharges to build up a fund of $600 million to pay the cover charge—in order to participate, just in negotiations, hoping to later be able to buy the Alaskan gas. The producers did not guarantee anything. This was just a cover charge.

This is what the California Commission had to say—I can read the whole thing, but I will just read a portion under "Deregulation" on page 23, which we have included in the RECORD:

> For over two decades, the gas producers have attempted to eliminate federal regulation over wellhead prices. Recently, many observers have come to the conclusion that wellhead regulation was doing more harm than good. Some members of this Commission who are joining in this opinion have expressed that view. But they have been forced to reconsider as a result of this transaction.
>
> The outline of a proposed purchase contract contemplates a price, in the event of deregulation, set according to the highest of three measures: (a) the highest price obtained by any producer in any other substantial, long-term Prudhoe Bay contract; (b) the commodity value of the gas less treating and transportation costs; (c) a negotiated minimum price not otherwise defined. The key term is the first, known as a "most favored nations" clause. Quite simply, it states that ARCO will receive not only what it negotiates for, but any higher price received by any other Prudhoe Bay producer. The other producers' contracts contain similar terms.

We were talking about protecting consumers, when our distinguished friend left the floor.

> Under this clause the price of gas will be set, not at a bargaining table, but in a hall of mirrors. The price arrived at by the most desperate buyer, dealing with the most powerful seller, will be the price for all.
>
> Such a clause might be less worrisome if there were many competitive sellers who could serve a market; scholars have argued that, in the past, the domestic market for natural gas has been more competitive on the sellers' side than on the buyers'. If ever true, this argument no longer holds.

We are talking about 1975, in California.

> Four major companies control the Prudhoe Bay gas supply, by far the largest reserve of natural gas uncommitted to the United States market. Alternative major supplies involve risks of technology and international relations, as well as future regulatory policy. Bluntly, "most favored nation" pricing in Prudhoe Bay is cartel pricing.
>
> In discussions with ARCO, our staff has pursued alternatives to the "most favored nations" clause. ARCO rejected all such alternatives (although it did discuss minor modifications of the most favored nations clause, which it finally refused as well). The choice, then, seems to us to be a simple one.

The Senator from California was talking about the choice of Government, the clammy hand, the great social issue of civil liberties. This is an issue of civil liberties. This is what the Governor Reagan-Governor Brown appointees said in their decision:

> either the price for Prudhoe Bay gas will be set by five Federal Power Commissioners, or by four oil companies.

This is what the free enterprisers say:

> Whatever the frailties of regulation, we are unwilling to risk the consequences of a monopolistic market. *We urge Congress to oppose deregulation of natural gas.*

That is what we will be voting on at 2:30.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. TUNNEY. I point out to the Senator that the Pearson-Bentsen substitute, when and if it becomes the order of business after the vote on the Fannin amendment, contains a provision on page 29 which was incorporated by the sponsors of this amendment, at my request, which in my view is going to cure substantially the problem that was created by the overreaching by ARCO and Exxon in requiring advance payments, without adequate provisions for payback of those advances when the gas starts to flow.

On page 29, section 25(b)——

Mr. HOLLINGS. That is not in the Fannin amendment that we will vote on at 2:30.

Mr. TUNNEY. This is in the Pearson-Bentsen amendment.

Mr. HOLLINGS. That will be tomorrow, at 3 o'clock.

Mr. TUNNEY. This is a provision in the amendment offered by Senator PEARSON and Senator BENTSEN.

> (d) Any contract entered into after the date of enactment of the Natural Gas Act Amendments of 1975 for the sale of new natural gas for resale which involves the receipt by the seller of funds in advance of production of the natural gas covered by such contract shall be filed with the Commission at least 60 days in advance of deliveries thereunder. The Commission may thereafter require, after notice and opportunity for hearing, that the sales rate specified in such contract be reduced or modified as necessary to repay in full to the advancing party the principal of the advance and any interest thereon, upon such terms and conditions as the Commission may determine proper in the public interest.

I asked the sponsors of this amendment to include that language, which they did, because I felt that it was very important that we protect the ratepayers of California utilities who were being made to put up substantial advances. In the case of Southern California Gas, it was $300 million; but in order to get the $300 million, with the Federal tax structure, they had to raise $600 million from the ratepayers. In the case of Pacific Gas & Electric, it was somewhat less than that amount that Exxon was demanding as an advance payment, perhaps $200 million; and they then would have to raise $400 million from existing tax structures in order to be able to enter into negotiations with those two companies for the purpose of getting their gas into the California system, into the utility system.

The way the contract read, if the two utilities could not reach agreement with the oil companies, then the money that was advanced would be paid back with interest.

However, if they entered into agreement, it was clear that what they were intending was to have these advances apply to the interest payment that ARCO was going to have to be making from the loans that they were taking out with banks. In other words, very little, if any, of the principal that was advanced by the utility would ever be paid back to the utility, and certainly, interest would not be paid on the advances.

I felt that that was an outrage. I felt that that was overreaching by Exxon and ARCO, and because of the fact that they do have a position in Alaska which is not competitive, in my view, in the way that it should be, I feel that it is important that we incorporate language in any gas bill that passes which will require the repayment of those advances with interest.

I wish to express this one further thought as to Alaska. Alaska is one part of the supply area around the world. It is one supply area, it is not the totality of the supply areas. I think it is clear that in the lower 48, we can substantially increase production if we have deregulation. I point out the Fort Worth basin in Texas, the experience that they had in the Fort Worth basin.

In 1972, when gas was selling in the intrastate market for an average of 28 cents a thousand cubic feet—this was in 1972. This is the intrastate market. Gas was selling on the average in that year from the Fort Worth basin for 28 cents a thousand cubic feet and there were 261 wells drilled. In 1973, the price increased, on the average, to 75 cents a thousand cubic feet and there were 388 wells drilled. In 1974, the average price was $1.57 a thousand cubic feet, and there were 738 wells drilled.

One of the things that is interesting, according to testimony that was given to the House of Representatives in the last few days by Mr. Frank Pitts, is that drilling in the two Texas counties in the Fort Worth basin has increased over the past 2¾ years by 1,500 percent, a 1,500-percent increase in the past 2¾ years in this basin. The reason for it is that the price has floated freely for the intrastate gas and it now pays the producers to make the investment for the drilling of gas. They are not going to drill for gas, as I mentioned in my remarks yesterday, if they can get four times as much on a Btu equivalency basis by drilling for oil.

I know the Senator from South Carolina to be a most intelligent man. I have the deepest respect for him personally, as well as professionally. He is someone I have fought many battles with and I hope to fight many battles with in the future. I know that he is sensitive to market conditions. I know he is sensitive to the needs of the free enterprise system. I ask the Senator a question: How does he expect a capital investor to invest a lot of money, maybe up to a million dollars, maybe more, in drilling a well for natural gas when, on a Btu equivalency basis, it is a quarter of what he could get if he went after oil? How does he expect an investor to go for gas when he could be going for oil and be making 4 times as much on a Btu equivalency basis?

Mr. HOLLINGS. I respond to my distinguished colleague, Mr. President, since I believe I have the floor. I hope he will restate the question, because I did not hear it. I think that, in some measure, he and I are looking at the glass and one is saying it is half full and the other is saying it is half empty.

Let us go to his particular analysis, because he gave one piece of testimony on the floor of the Senate that I have been begging for. I have some FPC decisions, which support my view because I was debating with the Senator from Oklahoma as to what was the prevailing intrastate price. I was trying to prove that the intrastate and interstate prices were practically the same until 1973, when we got the OPEC cartel price for oil. I knew it was in the range of 30 cents in Oklahoma at the end of 1972. Now the Senator has told me that the 1972 Fort Worth intrastate price, according to the record, was 28 cents.

Mr. TUNNEY. Average.

Mr. HOLLINGS. Average. What the gentleman is saying, Mr. President, is that under regulation——

Mr. TUNNEY. This was in the intrastate market.

Mr. HOLLINGS. That is all right. Under the regulated price ceiling by the Federal Power Commission the major oil companies, free enterprise, had ample incentive to go into Alaska, when they knew the prevailing price in intrastate markets was 28 cents. At this price they drilled and found 30 trillion cubic feet of gas.

The last part of the Senator from California's summation was what would make a producer drill for gas when he could get four or five times the return on oil. The problem with gas prices since OPEC was formed is that it has gotten to where nothing is enough; no price is high enough. We used to bring witnesses and at this time last year, between 50 and 75 cents was a generous ceiling. A majority of the Committee on Commerce reported S. 692 with ceilings at the 50- to 75-cent level. Then we were offering producers a dollar, saying, like the Mafia, "I want to make you an offer you cannot refuse." When we got to the $1 offer, they finally smiled and quit answering, like who would ever think of $1 gas? Now, we have a dickens of a time getting producers to agree to $1.30. Mr. Nassikas, Chairman of the FPC, said on September 15, that if we have immediate decontrol now, prices will jump to $3 a thousand cubic feet.

But the Senator from California, in asking his question about the adequacy of the financial incentive for the industry under regulation, must examine the facts about Alaskan oil and gas development. The U.S. Navy developed the statistical, geological, and seismic reports and that is fine. And industry came in 1968, using the data developed by the Navy and drilling for oil found 10 billion barrels of oil and 30 trillion cubic feet of gas. And the Senator called the Alaskan situation noncompetitive. That was the description of the Senator from California, up in Alaska, it is noncompetitive.

I want to get back to that main point. How can the Senator from California, in good conscience, know that the market is noncompetitive, know that under regulation industry had the incentive to discover and develop one of the biggest finds of natural gas and oil in the history of the country. Alaska was developed when oil prices were $3 a barrel and now, under inflation, let us say it is $4 or $5 a barrel. Now they can get $13.50 a barrel. But it was explored and developed when oil and gas prices were much lower.

Now, when prices are set by OPEC, how can the Senator from California come in and say, "I have a little amendment that takes care of the problem."

That amendment could not possibly be effective. It may take care of the cover charge. But it does not solve the problem of monopoly pricing. Let us assume the amendment works. It is only saying to the monopolistic Exxon-Arco cartel, in Alaska that is noncompetitive as described by the Senator from California, "All right, we give you relief on that cover charge, but we have not decided on a price."

The companies in a monopolistic market, will just take the amount of the cover charge and add it to the price of gas and hold up California consumers on the other end.

Returning to fundamentals, the question is, whether or not price is to be controlled by five Public Service Commissioners, responsible to the public generally—consumers, producers, everybody—under a system that is a success story in America, or to have four oil companies set the price at monopoly levels. The California Commission made its decision right then and there and urged opposition to decontrol.

They said, "Look, we have listened to all the arguments about deregulation, but we have changed our mind. We urge Congress to oppose deregulation of natural gas."

Mr. TUNNEY. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. TUNNEY. If Alaska were the only source of supply in the world, I think that the Senator's remarks would obtain. Alaska is not the only source of supply for gas in the world. If we only had two producers in the Fort Worth Basin and the Fort Worth Basin were the only source of supply, then we would have a monopoly in the Fort Worth Basin.

However, we have, today, 16,000 gas producers, 4,000 major gas producers, and they are not producing gas, necessarily, in Alaska. They are producing gas in other parts of the country, in the lower 48. So Alaska has to be looked at as a source of supply.

One of the reasons that California is in difficulty with Exxon and Arco, and one of the reasons that the PUC of California was required, in their own minds, to approve this advance payment to the oil companies was because California needed a substantial additional supply of gas.

We have lost a lot of the gas we thought we were going to get, we thought we had guaranteed to us actually, from the Four Corners area because the El Paso pipeline was ordered by the FPC to divert gas to the Middle West.

There has not been, unfortunately, in the last few years the kind of drilling activity for the interstate market that provides the natural gas that California needs. We are the largest per capita consumer of natural gas, and we also happen to be in total terms the largest consumer of natural gas, we in California, and we need new supplies.

Only about 17 to 18 percent of our consumption in the State is intrastate gas. The rest comes interstate, and what the Senator has demonstrated so clearly in his arguments, as far as I am concerned, is that unless we get significant new supplies we are going to have a situation where a few companies in a virgin area like Alaska will have increasing monopoly power.

I might also say that the Senator from California has been one who is a strong supporter of antitrust legislation——

Mr. HOLLINGS. On that point——

Mr. TUNNEY (continuing). As it applies to the oil companies.

Mr. HOLLINGS. On that point about the monopolistic nature——

Mr. TUNNEY. Yes.

Mr. HOLLINGS (continuing). The Senator remembers well the 1971 finding that major oil companies controlled approximately three-fourths of the natural gas production, 50 percent of uranium, and 25 percent of the coal.

Mr. TUNNEY. There is no question. The Senator from California has had legislation in for 3 years as it related to divesting the oil companies of their pipelines. The Senator is a cosponsor of a new antitrust bill which four or five of us have introduced, Senator BAYH being the principal sponsor, which would require the oil companies to choose one of the four major components of the business to stay in, and to spin off the other three.

Mr. HOLLINGS. On that score, does the Senator think we ought to get his divestiture bill passed first and then consider decontrol? Is he not putting the cart before the horse, because what he said is that in order to provide adequate incentives to drill and produce natural gas you must conform the gas price to the oil price, and the oil price is a monopolistic cartel price. Under this theory you have to put gas prices into the hands of the monopolies.

Mr. TUNNEY. But gas is different from oil. There is a surplus of oil in the world. There is a deficit of gas in this country. There is no problem of supply of oil if we could just get the OPEC countries to practice the same kind of free enterprise that the antitrust laws provide for in this country. Unfortunately, the OPEC countries are hanging together, they are cutting back on production and, therefore, they are able, to date, to maintain the prices, although I understand there is a bit of a softening now in the international markets for oil, and one of the things they are doing is not requiring payment. The oil companies are not requiring payment for 3 months when they deliver their oil or their product and this, of course, saves a significant amount to the purchaser in interest rates on the money.

But that is another point. There is a surplus of oil in the world.

Mr. HOLLINGS. But not in the United States: there is no surplus in domestic production.

Mr. TUNNEY. No question about it.

Mr. HOLLINGS. Only a 30-year supply of oil in the country, and there is only about a 20-year supply of gas.

Mr. TUNNEY. Well, there is a surplus at the moment in the world. If you are going to reach out 30 to 35 years, we are running out, no question about it.

Mr. HOLLINGS. That is right.

Mr. TUNNEY. And if you take the 7-percent exponential growth rate that obtained 2 or 3 years ago, we probably would run out worldwide in 20 years. No one knows when we are going to run out because nobody knows how much more we are going to discover in the way of reserves and what the cost of obtaining that oil is.

But it is clear that we are dealing with a finite resource, nobody denies it. But at the moment, at the moment, there is a surplus of oil production capacity in the world, a substantial surplus.

Mr. HOLLINGS. But what about the United States?

Mr. TUNNEY. No.

Mr. HOLLINGS. With new oil——

Mr. TUNNEY. We have a deficit.

Mr. HOLLINGS. Under the Senator's theory of decontrol, new oil completely decontrolled with that free enterprise market the Senator described, but we have a 40-percent shortage in domestic production in the United States.

Mr. TUNNEY. Right.

Mr. HOLLINGS. But where we have

controlled gas prices and there is only a 15-percent shortage—How does the Senator explain that?

Mr. TUNNEY. But there is a difference between oil and gas. In the case of oil in this country you do have a substantial deficit. One of the main reasons for it is that it paid the oil companies to go overseas and look for oil, where they knew it was, as a result of tax incentives, many of which this Congress approved, some of which Congress did not directly approve, as in the case of the foreign tax credit, but which Congress did not do anything about changing, which encouraged the oil companies to take their capital over to the Middle East and produce oil there for 10 cents a barrel. Ten cents a barrel is what it costs over there. You could hardly blame them for going over there with the costs being so low.

Mr. HOLLINGS. What would the cost be in the United States?

Mr. TUNNEY. The cost in the United States varied. I would suppose back in 1952 it might have been a dollar.

Mr. HOLLINGS. The Senator says a dollar. What would it be today?

Mr. TUNNEY. I have no idea. It depends upon where it is being drilled. If it is off shore, it could be $7 a barrel. If we are talking about secondary and tertiary recovery, it could be more than that. In some areas it is probably $3 a barrel, I do not know, because I do not think you can really use the kind of data that are available to us and extrapolate from that an average price that makes any sense.

Mr. HOLLINGS. Let us look at the profit though. The price, whether it was that $3 price the Senator used or $7, either end of the spectrum, certain it is that the $13.50 they are getting would take care of it; is that not correct?

Mr. TUNNEY. I happen to feel that the $12 the OPEC countries are charging us or what the world price is is much too much.

Mr. HOLLINGS. Right.

Mr. TUNNEY. It is much too much.

Mr. HOLLINGS. Is that sufficient to bring forth domestic oil; is that not right?

Mr. TUNNEY. I would certainly believe that in certain areas the world price is more than enough.

Robert Nathan, that economist who testifies frequently, and who is a well-known economist, a distinguished economist in the Washington area, testified recently that he thought it would take $12.50 to produce oil in the future. I do not know whether he is right or whether he is wrong. I am not an oil economist. But the one thing I do know is that there is a difference between oil and gas. In oil we have a world surplus; we have a deficit in this country, but we have a world surplus, and if we are willing to pay the price, we can get the oil.

In the case of gas——

Mr. HOLLINGS. That restricts the surplus.

Mr. TUNNEY. In the case of gas there just is not enough supply. We do not bring into this country vast amounts of liquefied natural gas, and liquefied natural gas is very expensive. It is selling for about $2 an Mcf. We do not have a lot of synthetic gas, and the synthetic gas they are talking about costs $4 an Mcf.

What we have in this country in the utilization of natural gas is a domestic supply that is responsible for close to 100 percent of consumption. We do not have offshore gas that we are bringing in in large quantities to supply the domestic market. So it is a different question between oil and gas. We have a net deficit of gas.

Mr. HOLLINGS. Is that not the reason why we should control natural gas prices?

Mr. TUNNEY. It is a reason why we should encourage people to start looking for gas and to start drilling for gas, and to give them the economic incentive to do it. If they can get much more for oil than they can for gas they are not going to drill for gas, and that has been the historical result of a regulatory policy that was disastrous.

The FPC, when they started controlling gas in the early sixties, and you began to have an agreement—not any kind of formal agreement but an understanding on the part of industry—that they would not be able to make as much of a profit for drilling for gas, which was at a controlled price that was below what they considered to be, economywise, what was necessary for them to put up in the form of risk capital, you began having a shortfall of supply.

First of all, a cutback in the amount of drilling and then a shortfall in supply.

In 1968, for the first time, we had less gas being discovered than we had being consumed. Now we are finding only about 50 percent as much gas annually as we are consuming. We have got about a 9-year reserve and we are heading for disaster.

That is why we have to get this regulation off the back of the capital markets.

I can just say from my own perspective, I think to reaffirm and bring it closer and down toward home, one looks at what his own investment policy would be. I do not invest in oil and gas because of the fact I am in the Senate. If I were not, I might very well invest in oil and gas, but I would like to invest in coal, too.

But the point I am making is, as an investor, I would not invest in the drilling of a well for gas which is going to go into the interstate market, if I had that choice, as opposed to the choice of drilling for oil that was unregulated, for gas that was unregulated in the intrastate market. I think one would have to be a fool to do so.

What the capital markets are telling us is that my position, as expressed here today, is replicated across the country because they are not investing in wells for the interstate market.

That Fort Worth experience is a perfect example of what we are talking about, 22 cents was too low a price to get the kind of drilling activity that was needed to increase supplies substantially.

Mr. HOLLINGS. Will the Senator yield?

Mr. TUNNEY. Yes.

Mr. HOLLINGS. From 28 cents to 22 cents. I understand, but we do have——

Mr. TUNNEY. Excuse me, 28 cents is the price.

Mr. HOLLINGS. Very well.

What we are trying to do is compare and try to find what happens under an uncontrolled market where we get all that incentive, and compare it to a regulated market.

Let us look at the uncontrolled market because the Senator and I were talking about the cost of a barrel of oil here in this country.

Here in the United States, when the price was $3.40, and cost was around $2 to produce, the Senator and I both agree to that, prior to the Arab embargo in October 1973.

The October 1973 figure on domestic production in thousands of barrels per day was 9,224,000. But then we got higher world oil prices and there were no domestic controls on new oil—we had a "free market" where the price was determined by the OPEC cartel.

The oil companies had the finest thing in the world because someone else was raising their profits with no relation to cost, with no relation to demand.

Under that picture, an uncontrolled market, domestic production has gone down to the latest figure in June of this year under the Bureau of Mines and Federal Energy Administration reports down to 8,352,000 barrels a day. We now have a 40-percent shortage in domestic oil production. Price incentives have not worked to increase domestic production.

But, with the major oil companies backed by the Arab embargo, they moved up on the "Fortune 500" and monopolize over half of the first 25 on the Fortune 500, with all kinds of soaring profits, because their prices are determined by a cartel.

They are bound to make money, they are going to own offshore California, and then President Ford will give them $100 billion to develop other kinds of things.

I am not worried about nationalization, as the distinguished Senator mentioned yesterday in his comments, nationalization by the Government of oil. I am worried about nationalization of the Government by the oil companies, that is what bothers me.

Yet domestic production is down 872,000 barrels.

Now, why is domestic production down under the Senator's approach? Under the Pearson-Bentsen approach?

Mr. TUNNEY. The Senator is mixing apples and oranges.

Mr. HOLLINGS. I am not mixing apples and oranges.

Mr. TUNNEY. The Senator is mixing apples and oranges. He keeps talking about oil.

Mr. HOLLINGS. The Senator does not want to talk about an uncontrolled market?

Mr. TUNNEY. I am willing to talk about it.

Mr. HOLLINGS. We are debating the merits of a controlled market versus an uncontrolled market.

Mr. TUNNEY. If the Senator wants to

talk about oil, I will, but it is different from gas.

Mr. HOLLINGS. Let us talk about the uncontrolled market on oil and what happened when we took off all controls.

Mr. TUNNEY. One of the things we have to realize in the lower 48, we have discovered, probably, most of the oil we are going to discover. Certainly, we have discovered the major reserves. There just is not as much oil as some people at one time thought, particularly the Geologic Survey.

They keep changing their figures by hundreds of billions of barrels, depending upon the year it is, and particularly, as it relates to offshore.

I remember them talking about 400 billion barrels in reserve, offshore. Now it is down to 128 billion, or 130 billion, whatever the last figure was, in a period of a couple of years.

Mr. HOLLINGS. Right.

Mr. TUNNEY. Nobody knows what the oil reserve situation or supply situation is in this country.

But there is certainly one thing clear, there is certainly not as much oil in this country in the lower 48 as some people thought a few years ago, and the last remaining frontier is, in fact, the offshore areas.

The Senator from South Carolina has done monumental work, and I have supported him in the work he has done trying to avoid allowing the taxpayers and the consumers of this country to be robbed of their national birthright, which is the ownership of those public lands, and I supported him strongly on that.

That, however, is a different question from the one we are talking about.

What we are talking about is, why did not the increased price allow for a substantial increase of the production of oil and the finding of reserves in the lower 48?

There just is not the oil, obviously.

Mr. HOLLINGS. So Mr. Ford's program cannot work?

Mr. TUNNEY. And they have not really moved offshore.

Now, if they start to move offshore we might find substantial additional supplies, and if they start exploration in Alaska they may find substantial additional supplies up there.

But I will say, they are not going to get it down to the lower 48 with the pipeline that only carries 2 million barrels a day.

That pipeline is conveniently built quite small. So if they could produce 6 million barrels per day up in Alaska, they have no way of transporting the 4 million barrels a day down here. But that is something which may come in the future.

There may be additional oil supplies offshore and in Alaska, but there is a shortage in the lower 48.

In the case of natural gas, almost all the experts I have talked to indicate that there are substantial areas where new natural gas can be discovered, or where it could be produced that it has not been produced in the past.

They are talking about going to West Virginia and to Pennsylvania, to some of those old coal fields, coal areas, and oil areas, and producing gas from those areas. It would pay if we had free enterprise. It would pay if we had a regulated price which the FPC now sets at 51 cents an Mcf.

Mr. HOLLINGS. If the Senator will yield?

The Senator's presumption is that there is no offshore oil ready to be produced when the Senator from California, working with the Senator from South Carolina, knows that there is no rush for the Department of the Interior to lease 10 million acres now because it will not improve the Nation's oil supply picture for many years, especially since the companies have not developed the lands they have already leased.

Mr. TUNNEY. The Senator is talking about offshore now?

Mr. HOLLINGS. Offshore.

When we get down to examining statistics about oil, they also pertain to gas. I return to the California Commission decision. With a monopoly, pricing at noncompetitive levels, why does the Senator think it is better to deal with a crowd which has been described by his own public service commission as demanding negotiation not at a bargaining table but at a hall of mirrors? How can we turn pricing over to a crowd that puts a gun at your head and says, "Give me all your money or you get no gas." In fact, in order to participate at the bargaining table, not even guaranteeing any gas supply, you have to first pay a huge cover charge. After you pay the cover charge, the monopolists tell you that if any well does come in, the price will be arrived at by the most desperate buyer dealing with the most powerful seller. This is what they are going to charge you.

Here comes a conservative Reagan appointee who says, "There is a breaking point. Too much. Enough is enough. For heaven's sake, Congress, do not deregulate natural gas."

Mr. TUNNEY. If the Senator from South Carolina will yield, we are back now to gas and I am happy to talk about gas. We were talking for a while about oil.

Mr. HOLLINGS. Let us talk about California gas.

Mr. TUNNEY. If the Senator wants to talk about offshore oil, and I would like to address that for a moment, there is no question in my mind. I sit on the Subcommittee on Antitrust in the Senate and I heard the testimony given last week about production in the gulf. It was very clear, from what we heard, that the companies are only producing at about 50 percent of the maximum efficiency rate in the gulf. That is oil. The question is why? I do not think anybody can answer with precision, but I will tell the Senator why I think they are not producing at the maximum efficiency rate. I think they are getting the squeeze from the OPEC countries. I think that the OPEC countries want to keep their sales in this country at as high a level as possible. If we have substantial production in the offshore areas, and there is a limited market in this country, that is going to cut back on the amount of oil that is sold in this country from OPEC.

Mr. HOLLINGS. So OPEC and the major oil companies have the same interest.

Mr. TUNNEY. I think that is right. That is why I am supporting the antitrust bill. I am supporting it because I think we ought to eliminate anticompetitive——

Mr. HOLLINGS. But the major oil companies control at least 72 percent of the gas. The Senator has nowhere else to go. If the gas industry was competitive, California would not have to go to Alaska for gas at such unconscionable terms. How else can we get it to the homeowners in California? With all the stands that the distinguished Senator has taken on consumerism, how will he protect that homeowner?

Mr. TUNNEY. In the case of gas, there is no competition between OPEC and domestic gas producers. There is competition between OPEC and the domestic oil producers. There is no competition in the gas markets. We do not import a lot of gas from any place, except Canada.

Mr. HOLLINGS. Now the Senator is saying there is no competition but a moment ago he said that we should allow the gas price to get up to the oil price in order to provide the financial incentive to get the gas. Now the Senator is saying there is no competition between OPEC and gas.

Mr. TUNNEY. What I am saying is that we live in a world of reality, not a world of hopes or aspirations of what things should be. What I am saying is that insofar as the capital markets are concerned, insofar as capital investment is concerned, we in this country have decided collectively that we are not going to have the kind of investment that is needed in the drilling of wells for natural gas to be put into the interstate pipeline. I did not make that decision because I am not an investor. The Senator did not make it because he is not an investor. But there are thousands and thousands of investors in the oil and gas industry who have made that decision, that they are not going to make an investment in drilling for gas that goes into the interstate market at the controlled price. I grant that if we want to federalize totally the capital markets—already two-thirds of the capital investment in this country is made by State, local, and Federal Government—if we want to have it 100 percent, then we can take the money the way they do in Great Britain. The government controls the money as far as the development for oil and gas is concerned. We can just take the money and we can spend it where we want to spend it. We can hire the oil companies, if they are domestic or foreign companies, to do the drilling for us. If they are not nationalized, we might give them a percentage of the royalties. Or if we have nationalized them, we just tell them, these technocrats and engineers, to go out and drill where we want them to drill. But that is a fundamental change in our economic system.

What I cannot help but feel, as I mentioned yesterday, is that if we are going to keep controls on the price of gas, it is going to lead to a nationalization of this industry.

I will also say in the alternative that if these companies are not subjected to the antitrust laws and they become totally greedy, they are going to be nationalized anyway. They are going to get it on the right or the left. What we need is deregulation. Let the capital flow where it will. What we need is enforcement of the antitrust laws and passage of new antitrust laws to make it more competitive.

Mr. GLENN. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. GLENN. I would like, too, to ask exactly what the Senator from California asked a moment ago, and that is for a return to reality. The reality is that we are on bill S. 2310, as amended by amendment 934, which has to do not with nationalizing, not with great capital buildups of $100 million which has been proposed by the President, and all these other things that have been brought into the conversation. It has to do with what we do between now and November 1 when the emergency starts with regards to natural gas. It provides for maximum efficient rate of production, conversion to other fuel sources and new gas being brought into the interstate pipelines. Those are the things that it concerns.

In our conversation yesterday, when I was denied the right to reply when the Senator had to go to his committee meeting——

Mr. TUNNEY. Not by me.

Mr. GLENN. The Senator had the floor at the time, I believe. I replied this morning, and I hope the Senator will read the RECORD of this morning. I tried to note the major points made yesterday and I tried to rebut them as best I could this morning when the Senator from California and the Senator from Arizona were not present in the Chamber.

But we are on S. 2310. I believe this dialog on the floor has gone far afield from what we are considering and will have to vote on. I appreciate the long-term considerations of this. We have S. 692 as the next item on the calendar after this is over. It is there now. We clarified that this morning for the RECORD. So the long-term considerations that the Senator from Calfiornia is concerned with I am concerned with also. But I am concerned immediately with the Emergency Natural Gas Act and then we will get to the long term.

I think trying to piggyback them is just guaranteeing that they will not get through, as Mr. DINGELL has indicated in the House. If they are kept together he sees very little chance of these things getting through in the House. So we are just locking us into a winter where the distribution of natural gas is still all askew, and in which we are going to cause economic devastation in the country. I would like to keep the discussion on this.

I know the Senator from Arizona (Mr. FANNIN) has been patiently waiting for an opportunity to have a few words on the amendment since we will vote on it at 2:30. Perhaps we should let him get those in at this time.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. FANNIN. I appreciate the remarks of the Senator from Ohio. He is very kind and considerate.

I do wish to make some points which I feel are important in the consideration of the vote that we will take at 2:30. That is a vote to table amendment No. 938.

A vote to table this amendment, I think, would be against the best interests of the American people.

This is an opportunity to deregulate new natural gas. The amendment is substantially identical to the new natural gas deregulation amendment offered to S. 2776 on December 19, 1973. It was then tabled by only 2 votes: 45 to 43.

Today we have a situation that is much more severe than we had at that time. We are facing a winter that, if there happens to be inclement weather, could well be almost a disaster.

My amendment would deregulate only new natural gas effective July 1, 1975. It would force old natural gas under existing interstate contracts to remain under FPC price controls. Therefore, it would keep 92 percent of the probable 1975 interstate gas under FPC price controls.

Mr. President, that certainly should correct the impression that many seem to have that this would just mean a wide-open market. Its impact on the consumer would be negligible and would result in price increases for interstate gas of no more than 13 to 18 cents per thousand cubic feet by 1977.

Mr. GLENN. Mr. President, will the Senator repeat the last couple of paragraphs? He spoke so rapidly I did not understand him. I was very much interested in that. Could he repeat what he said about interstate controls?

Mr. FANNIN. I am very pleased to do it.

It would keep 92 percent of the probable 1975 interstate gas under FPC price controls. Its impact on the consumer would be negligible and would result in price increases for interstate gas of no more than 13 to 18 cents per thousand cubic feet by 1977.

That is all contained in an FEA report to which I would be very pleased to have the distinguished Senator from Ohio refer.

It is entitled "Analysis of the Economic Impact of the Deregulation of New Natural Gas Wellhead Prices, July 1975, Office of Economic Impacts, Office of Analysis, Federal Energy Administration."

Additionally, it incorporates one of the provisions of the administration's winter emergency bill (S. 2330), which provides for a 180-day exemption for interstate pipeline purchases from FPC price control jurisdiction, which accordingly would enable interstate pipelines to go into the Outer Continental Shelf and the intrastate market and purchase natural gas for whatever price they are able to negotiate.

Mr. President, I think this point is critical: That when the companies know that they can make plans over a long period of time, and not just be limited to a 180-day period, they can do much more in providing for the gas supply during that 180-day period.

Many have used figures that were utilized by the Senator from Ohio and by others which conclude that this amendment would only make up for a third or less of the shortage that would exist, while others maintain that it would take care of a greater proportion of the shortage. In a State by State analysis we find that the estimates are that it would probably take care of as much as two-thirds of the anticipated shortage.

Why would this result? It would result because the companies would have an incentive to take immediate action, and they would not be concerned as to whether they are going to be under this regulation, under the FPC, or about what was going to happen to them. They would know that when they made a decision to go forward with a program, they could follow that program.

I certainly understand the position of the distinguished Senator from Ohio in wanting to solve the immediate problem. I join him in that endeavor. I feel that it is very important, and, of course, that is exactly what we have been talking about.

But my amendment would do exactly that, to a far greater extent than anything else that has been offered; and I feel that this is of vast importance to what we are considering.

Based upon the foregoing conclusions, it is anticipated that this 180-day emergency provision would result in making 200 to 250 billion cubic feet of natural gas available to interstate pipelines for the 1975–76 winter season.

We can all use figures, and they are all guestimates. They are estimates made by people who are involved in the industry or in the agencies that control the industry, or have a great interest in trying to determine what can be done about the problems that face us this coming winter. It is just a matter of how severe a winter we will have, as to the difficulties we will encounter.

When we talk about the extent of the shortages, we are all using guestimates, because we cannot outguess the weatherman. We do not know just what he is going to provide.

But I do know that this is an opportunity for us to provide the very best program to take care of both the immediate and the long-range problems.

The Federal Power Commission, of course, has brought this about. We had long discussions this morning about why this has come about. I agree with the distinguished Senator from California when he stated that this came about because of the regulations. I do not know whether or not that is the view of the Senator from Ohio, but I think it is generally agreed upon that that is the reason for many of our shortages.

I feel that what my amendment does is free up this market, with the exception, of course, of what is now under contract, and that is most of the market. At the same time, the plus gas we are talking about is to be freed up, and that is what will assist with the winter's shortages.

We are not talking about the gas that is already included in the 92 percent that I have discussed; we are talking about that other 8 percent or more—I say more, if we are fortunate enough to get increased activity and more gas made available, that has not been looked upon as available up to the present time. By increasing the amount of gas demanded and decreasing the amount supplied, increased shortages and increased prices are inevitable.

Mr. President, let us just look at what has happened, and why I am so concerned about doing something now, to see if we cannot, either in the 180 days or 2 months ahead that we are talking about, have a greater incentive for switching to the plentiful coal supplies that are available in this country. If we could just switch over a small percentage, it would make a tremendous difference this winter.

I realize that that cannot be done readily. It will involve a considerable amount of money. That money will not be expended if the companies do not have an opportunity to continue their programs. How can we expect a company to spend a large sum of money for conversion, if they know that they cannot continue the utilization of that fuel? They do not know where they stand. They do not know whether it is going to be possible. But if the economics of it work out to where the gas price will be such that it will be advantageous for them to convert to coal, it will make a vast difference.

The support for complete deregulation has certainly been established around the country.

To be sure, the most vocal support for natural gas decontrol is coming from industrial and agricultural customers who are badly hurt by deep cuts in their supplies. But even the general public—the residential consumer who has not yet felt the real brunt of a severe cut-off—seems increasingly disposed toward the removal of Federal restraints on natural gas production.

This public attitude is reflected in a recent Louis Harris poll of public opinion. Some 1,525 householders were asked whether they favor or oppose President Ford's proposal to take off price controls on natural gas to increase production.

A plurality of 44 percent of those polled said they favored deregulation, compared with only 35 percent who said they opposed it. The remaining 21 percent were uncertain.

That is quite a switch from the poll that was taken a year or so ago.

Despite this generally favorable attitude toward deregulation, the American public is not getting what it wants and needs out of Congress. The amendment that I have offered would give the American public what it wants and needs.

This amendment to the Natural Gas Act would take price-fixing jurisdiction away from the Federal Power Commission and allow the free marketplace to determine the price of natural gas as is done with other commodities.

Agriculture, which depends heavily on natural gas for fertilizer, propane, and pesticides, was among the first industries to speak out for deregulation. Alarmed by a 10- to 15-percent shortage of nitrogen fertilizer, Ed Wheeler, president of the Fertilizer Institute, a trade association which represents 90 percent of that industry, told a subcommittee:

> Surely, over 20 years of experience of wellhead regulation has proven what a disaster that policy is. We honestly and earnestly recommend that newly discovered gas—

Exactly what we are talking about in my amendment—

> should be permitted to flow through the interstate pipeline system at whatever the market is willing to pay.

In a letter to the Commerce Committee chairman (Mr. MAGNUSON) in late 1974, the 2-million-member American Farm Bureau Federation urged immediate action, and they said:

> Farm Bureau members long have recognized the pitfalls of politically mandated economic policies. It is our firm belief that the free market system will assure the production of enough natural gas to fill the needs of farmers and all Americans.

By returning to a free market, we will go a long way toward inducing production in order to fulfill those needs.

Other agricultural groups are joining the forces of those who realize that deregulation will be far less costly to the public than alternate fuels such as liquefied natural gas imported from unreliable foreign sources. I know there have been many statements over the last day or two regarding cost equivalency of natural gas to oil. When we start comparing it and even talking about $2 a thousand cubic feet on natural gas, it is still within the range of what we expect oil to be after the expected increase.

Resolutions supporting deregulation have been passed by the 650,000-member National Grange, the National Agricultural Aviation Association composed of 600 crop-spraying companies, the 80,000-member National Association of Wheat Growers, the National Canners Association consisting of 600 member companies, and the 11,000-member American National Cattlemen's Association.

The dairy industry is also strongly backing the removal of price controls as indicated by resolutions from the International Association of Ice Cream Manufacturers and the Milk Industry Foundation representing 1,750 plants in the United States. Support also comes from the National Milk Producers Federation composed of 70 dairy coops.

Other backers include the National Council of Farmers Cooperatives, the National Grain and Feed Association, the 5,000-member Society of American Florists, and the American Seed Trade Association.

A recent avalanche of misleading news articles has grossly exaggerated the inflationary effects of legislative proposals to lift the price restraints from natural gas. But the logic of a regulation is obviously more apparent to those who write the editorials for some of our leading newspapers.

In its first editorial favoring deregulation, the Washington Post said that:

> . . . our national policy for natural gas has turned into a failure. . . . It would now best serve the consumers' interest to end Government regulation of prices at the wellhead . . . (deregulation) will mean more money for the gas industry, but much more important it will mean adequate and reliable supplies for consumers.

Mr. President, another Washington Post editorial noted that—

> FPC regulation has been holding the price of natural gas far below the figures that would have been bid on an unrestricted market.

The Chicago Tribune reminded its readers that—

> the story of natural gas is worth remembering, because it teaches us that misguided efforts to appeal to consumers by holding down prices can do far more damage to the country than good—and the implications of this goes far beyond natural gas.

Mr. President, I think that if we will look at what has happened as far as the burning of coal is concerned, we can illustrate what is covered in that particular statement.

At the turn of the century, coal was the primary industrial fuel. Even as recently as 25 to 30 years ago, coal was supplying 30 to 50 percent of the energy in this country. Today, coal represents only 18 percent of our energy consumption.

So we find that we are relying less and less on the most abundant energy resource in this country. In fact, we have larger reserves of coal than any other country in the world, and we have a great opportunity in the years ahead to utilize this great resource either directly or indirectly through coal gasification or coal liquefaction.

Mr. President, editorial support for deregulation has also come from such well-known newspapers as the Christian Science Monitor, the New York Times, and the Wall Street Journal.

On the academic front, the list of specialists in the field of energy economics who support deregulation is growing day by day. The names include Stephen Breyer, professor of law at Harvard, and Paul MacAvoy, professor of economics at Massachusetts Institute of Technology.

In a recent published report, the two educators said that—

> . . . Natural gas regulation has hurt more consumers than it has helped. It is widely recognized that regulation brought about a reserve shortage in 1962, which grew into an actual production shortage in 1969 . . .

Industry—from glassmakers to auto manufacturers—has issued a strong plea for decontrol of natural gas. In the auto industry, much of the gas is consumed in processing automobile parts where critical direct flame applications are required and for which natural gas is the only practicable fuel. General Motors Corp., in August 1974, told the Committee on Commerce that:

> . . . the most effective action which Congress can take now to improve the serious situation in the natural gas industry is to remove Federal controls. . . .

Mr. President, we have been working on this problem now for many months. I come from a nonproducing State, but my State is dependent on the import of natural gas. We have a serious natural gas shortage. I am sure that our utilities would welcome the opportunity to pay a fair price for natural gas if they could obtain it.

Cutbacks in Tucson, Ariz., have placed the Tucson utility in dire fiscal difficulties. Cutbacks in Phoenix have resulted in unemployment.

In examining the American peoples' thinking on deregulation of domestically produced oil, we find that close to 2 in every 10 people openly admitted to the Harris survey that they had changed their minds on the energy decontrol issue. When asked why they had switched their position, this reason was volunteered:

> Deregulation will bring in more production at home and eventually this will bring prices down.

As a truck driver in Denver, Colo., put it,

> Under price controls, we have been producing less and less oil in the United States. By letting the price go up, we will get more production, and that will finally bring the price down.

When we are talking about natural gas we are talking about petroleum products. We know that 30 percent of the natural gas comes from the refining process of oil and that 70 percent comes from the natural gas well.

People have said that with decontrol we are going to encourage rather than discourage exploration for new oil and natural gas. That was cited by another person who has changed her mind and now favors deregulation.

A young secretary in Rochester, N.Y., said:

> It's clear that by keeping controls on the price of oil and gas produced here at home, we are discouraging the oil companies from finding new sources of these fuels. We ought to try now to give them an incentive to see if more oil and natural gas will be produced.

"By encouraging exploration at home, we can move toward less dependence on Middle East oil," offered by 1 in 6 of the people who have shifted their views toward favoring deregulation. As a businessman in Moline, Ill., put it,

> I'm fed up with our being at the mercy of the oil potentates in the Middle East who keep raising prices and then holding back on the oil. If we get to produce more in this country, we will be able to tell those Arab countries where to go.

I am not saying that I endorse those statements. I am just pointing out that there are statements that endorse deregulation, and they have come from a variety of areas of our country. They certainly have been very helpful in determining how the people of this Nation feel about the deregulation of new natural gas.

Mr. President, we face a very difficult situation. As we develop this legislation, we are making decisions that I think will be very important as to what happens in this country in regard to the economy. If we have sufficient natural gas to take care of the needs, it would be a tremendous boost to our economy. By each percentage point we cut that supply, it will be a great detriment to our economy.

Substitutes for domestic natural gas will raise the consumer's bill much higher than deregulated gas. Within the gas-utility distribution system, foreign liquified natural gas—LGN—and synthetic natural gas—SNG—from coal or petroleum will add substantially to the costs of being a gas utility customer. Those customers who cannot be supplied by gas utilities will be forced to other fuels, primarily imported oil.

It seems unfair to me that in some areas of the country we are cutting back on the utilization of gas to the extent that they will not take on new customers. One only has to talk to people around the country to find that this is a very unfair situation.

Mr. President, I yield to the distinguished Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I commend the distinguished Senator from Arizona for very appropriate remarks on his amendment in the form of a substitute.

He was talking about the long-range problems and the short-range problems, all the problems that are connected with the shortage we have had for many years, which we have known about for many years, which has been approaching us for many years, in the natural gas area.

I have discussed with the Senator from Ohio various aspects of this legislation, and he has consistently mentioned that this bill is an emergency legislation proposal for the short term and not for the long term. I have expressed myself on this—that I am quite concerned that it does not include all aspects, because the long term interests are very important, as also is the short term. It all ties together in one proposal, in my mind.

S. 2310 is being advocated as emergecy legislation to relieve a shortage of natural gas that we know we will have this winter, just as we did last winter, except that it will be of greater proportions. The supposition is that this bill guarantee that there will be relief for the distressed areas of this country. I believe it is very evident that S. 2310, if passed and signed into law, would not provide emergency relief this winter. I do not think there is any way it could, because it expects the producing States to surrender natural gas that is now in the intrastate market, and to provide gas to the distressed areas, gamble that it would come under permanent FPC jurisdiction.

If the proponents of this bill question my statements, I think that all they need do is talk to those producers in the producing States who temporarily have extra gas, gas that may be committed to a fertilizer plant or some kind of processing plant, that would be available this winter for use in the East or in the North. If the producer knew that he would be able to have full replacement price for his gas, so that he could replace it and still fulfill his contract with the fertilizer plant or the processing plant he would gladly sell it to the curtailed pipelines. Or, at the same time, for the larger volumes of gas that are available in the producing States, they could talk to the pipeline companies which have the gas and find that they have approximately, in three States, 1 billion cubic feet of gas per day, which for 180 days could become 2 billion cubic feet for the 180 days and would take care of roughly two-thirds of the projected shortage. That, coupled with alternate fuels, particularly fuel oil, could make up the difference, so that there would not be any real discomfort or loss of jobs to any great extent this winter.

What I have just outlined is what would happen under the Fannin-Bartlett proposal or under the proposal by the distinguished Senator from Kansas and the distinguished Senator from Texas, the Pearson-Bentsen proposal; because under these proposals, those people who have the gas will make it available on a voluntary basis at a price that will permit them to have replacement.

There is also clear-cut language in the amendment sponsored by the Senator from Arizona to assure the producer or to assure the pipeline company that it will not lose its gas, that its gas will not be jeopardized by the interstate market, so that it would no longer be intrastate gas when the emergency period is over.

Just ask him what he thinks of the proposals in Senate bill 2310. We will find that he is most reluctant and will avail himself of every legal means to forestall providing this gas, according to the requirements, under the force and pressure of Senate bill 2310. To anyone who has the illusion that Senate bill 2310 will provide relief for the shortage this winter, I honestly and sincerely believe that if they open up their eyes, they will find out they are unfortunately mistaken; that it will not provide the relief that the advocates think, that it will be a complete failure. Nonetheless, I agree with the proponents of the bill that there is a dire shortage. There has been. There was one last winter and one the winter before. And this winter will be worse and the next winter will be worse than that, and the third winter still worse.

The people who have the gas are interested in two things: one, that they can remain in the intrastate market, free, uncontrolled, and not come under the jurisdiction of the Federal Power Commission, that they can have the right to have a fair price, a replacement price for the gas, so that they can replace it.

They also want to know that there is going to be a solution to this problem for the long range. They certainly do not have any confidence in S. 2310 as being part of a package of short-range emergency legislation, coupled later with talked-about, long-range resolutions that will really do the job.

There is another reason, I say, that the people who have this gas, particularly the pipeline companies, would be most reluctant to make it available under S. 2310. They are being advised by their attorneys, and I think the advice is good, that they would be subject to lawsuits in their own States from their own customers for complying, because they would be selling gas at a price that they could not replace it at. They would be, perhaps, jeopardizing the future of that gas, which was found, developed, and marketed for the intrastate market. If they jeopardized that gas permanently and lost it to the interstate market and placed it under Federal Power Commission control, forever lost to the intrastate market, then they could very definitely lose in lawsuits large amounts of settlements in their own State.

It would not be fair to those who have made this gas available, to the consumer, the individual in his household account, and the large producer, to have this gas become commingled with interstate gas and forever become lost to the intrastate market, where it was born and created.

I think that the advocates of this bill must recognize, when they are talking to their colleagues, that it is not a solution, even in the very narrow area that they have talked, for providing any relief whatsoever this winter.

There is some relief being provided today on a voluntary basis in Oklahoma and, I understand, in the other producing States, and there is relief that all the States which have excess gas would like to provide. But it certainly must be on a fair and equitable basis so that relief can be enjoyed this winter. But if this bill is passed, it will be a guarantee that that relief is not forthcoming—this winter, the next winter, and so on—as long as this bill is on the books. This bill could undoubtedly be delayed in the court for a long time.

I think that the advocates of the bill need to address themselves to changes in the bill that will convince the owners of the gas, the pipeline companies, the producers who have excess gas for a short period of time, that they could sell gas at a fair and equitable price, a replacement price, and have no concern about losing their rights to the intrastate market, where the gas was first developed.

I strongly support the bill by the distinguished Senator from the consuming State of Arizona. I commend him for introducing this good legislation, because it does address itself to the problem of the shortage. It would provide the maximum amount of effort to bring on new supplies of gas. It will do more than any other thing that can be done today to establish an energy policy and send to the OPEC nations the very clear and unequivocal impression that this country and this Congress do have a consensus on an energy policy that will solve the problem.

Therefore, I commend the distinguished Senator from Arizona because he is coming up with an answer, a very clear answer, that is consistent with actions of this body and every other area of endeavor in commerce today, of not having price controls. Why is it that in the one area in which we have the greatest shortage, in which there is the most importance from the national security point of view, the economic point of view, that we have shortages on that product in the shortest supply, I do not know. But I do commend the Senator for his interest in correcting this in a very forthright, direct way.

Mr. FANNIN. Mr. President, I thank the distinguished Senator from Oklahoma. I consider him one of the best-informed Senators on the issue of petroleum products. Many industries have moved to States where they could be assured of long-range supplies of natural gas. So, when he has taken the position that we are going to share this gas with other areas of the country and has fought for a fair and equitable price for that gas to be distributed around the country, I think he has taken a statesmanlike position, for which he is certainly to be commended.

We have discussed the issues many times, and the Senator from Oklahoma (Mr. BARTLETT) has explained just exactly what is involved, more clearly than any other Member of this body, because he has vast experience and knowledge on the subject. We are very fortunate to have him in the Congress and be able to rely upon him for advice and counsel.

Certainly, what is happening today is important, not only to his State and not only to the industry of this Nation but is very important to all the people of this country. We are talking about supplying products that are needed to employ our people.

This country has progressed because we have had low-cost energy in an abundant supply. We have been able to pay higher wages, and to do more in our competitive position than other countries of the world because we have had this low-cost energy.

Of course, I agree with the Senator from Oklahoma that we have misused the natural gas, and certainly, by having a control on it, we did not have a free market. We did not have an opportunity to seek its fair price so that there would be a return on the investment for greater exploration, and greater development. I know that he has gone into, at great length, the potential that we have if the petroleum industry could have exploration funds and be in a position to do what is necessary to bring on more gas supplies for this country. He is certainly to be commended for this.

Mr. BARTLETT. I thank the distinguished Senator from Arizona. He made a point that I think is quite interesting. Then I shall yield to the Senator from Wyoming.

The Senator from Arizona made the point that the producing States, which do have extra supplies of energy and of natural gas, have it because of the intrastate market, the free market. Our State is enjoying a relatively low unemployment. It has been from 2 to 3 percent under the national average during this recession, and this is because, in part, we have a sufficient supply of natural gas.

I want to mention that the State of Oklahoma has always wanted to share its gas with the other States just as we want them to share what they have, that we do not produce, with us. We expect to pay them a fair and equitable uncontrolled price for their product, and a price at which they can replace that product. But, believe it or not, we are selling gas today in our State to people back here in the East and North at a price of 7 and 8 cents a thousand cubic feet, and this happens in the States of Tennessee, Kentucky, and Kansas and others. This is one-twentieth of the current going price.

Now, is this fair and just? I do not think so. But I think it is fair and it is very just to insist that we do have an emergency solution that will work and have it tied in with a long-term solution that will work and will provide gas for everyone, not just in the producing States.

Federal Power Commission regulations is just legalized thievery that has been going on for a long time. For 21 years it has taken place in increasing degrees up until the present time, and I think it is fair to terminate this.

The proposal by the Senator from Arizona does not terminate all of it overnight, but over a 20-year period there would be a phaseout of the contracts that now exist, and they would undoubtedly be negotiated or renegotiated at the going price.

What is fairer than this? For those people in the East who are concerned about the uncontrolled price of gas at the wellhead, which is a small part of the total cost. I would like them to know what happens in our State with our uncontrolled price system. The price at the wellhead has gone up from 50 cents to $1.50 in the last several years, a 300-percent increase. The price to the consumer, because of the roll-in effect of a contract, has gone up 4.7 percent per year. Now, this is far below the inflation we have had in the last few years, and it is certainly a very reasonable increase, but it is also important to know that in these States we do have a sufficient supply for our own people and an extra amount.

Now, if we are forced into a price control situation, as S. 2310 would do, then where are all 50 States going to get gas when we all have shortages? From whom will we receive extra gas when we are deficient? So this is the beauty of the proposal by the Senator from Arizona, and I am very pleased to join him in this very worthwhile endeavor.

Mr. President, I will just terminate my remarks very quickly. I know there are others who want to talk. I know the Senator from Ohio wants the floor, and I will just make one very quick statement and I will then yield the floor.

I just want my colleagues to know that this proposal, S. 2310, will not provide emergency gas this winter or next winter or the winter thereafter, and I encourage them to support the Fannin proposal which will provide relief or if they find it not as much to their liking as the Pearson-Bentsen bill, then I would urge them to support it because it, too, will have, it does have, an emergency provision that does work and will provide relief this coming winter and into the future.

I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I have been listening to this argument about the oil and gas shortage for the almost 8 years I have been here.

Even before the Arab embargo of 2 years ago, we had some gasoline and fuel oil shortages caused by the oil import program because our domestic production was going down while we were using more and more oil.

Gas usage was also going up while new drilling for reserves was going down.

Most of what I hear now from those

who want to keep the price of both oil and gas under control is that higher prices have not brought on any more production.

What is not mentioned is how much less domestic production we might now have if prices had not risen as much as they have. And how much more production we might have if interstate gas had been allowed to compete with the intrastate market and if all oil price controls had been removed.

We are still talking about a top price of 52 cents for interstate gas as compared with $1.50 to $2 for uncontrolled intrastate gas and $1.40—soon to be $1.60—for the gas we import from Canada.

Rather than confuse the issue further with erroneous assumptions and projections, this body should take the only step which can cure the oil and gas shortage: eliminating price controls on both oil and gas. Full relief will not come by tomorrow morning. But it will work. It is the only honest, real solution to the problem.

In refuting a Senate Interior Committee staff analysis of his oil price study, Robert R. Nathan said the staff report was critical of the study because it is "totally unable to relate a particular crude price to the level of production which would be forthcoming at that price." Nathan commented that while such information would indeed be valuable, it does not exist today, nor is it likely to exist in the immediate future.

He put the matter more succinctly and clearly in his testimony before the Senate Finance Committee on July 10, 1975 when he said:

> If Senator Nelson or Senator Long had said to me, "Mr. Nathan, if you let new oil prices go to $12.83 are you confident you are going to get a tremendous amount?" And I would say no. I do not know. All I am saying is that if you do not let it go near the cost, you are never going to know because you will not get the drilling.

I quote from the LaRue report on which Mr. Nathan based his comments:

LA RUE, MOORE & SCHAFER,
Dallas, Tex.

CALCULATION OF NEW OIL COSTS—UNITED STATES—YEARS 1959 THROUGH 1974

FOREWORD

Scope of investigation

A study has been made to estimate the economic cost of finding, developing, and producing crude petroleum in the United States, exclusive of the Prudhoe Bay field in Alaska, for each year during the period from 1959 through 1974. Yearly historical additions to the United States oil reserve inventory were analyzed as were the expenditures associated with petroleum exploration and development and production. Projections of production and revenue attributable to the reserves added were processed using an economic model designed specifically for the purpose. As an aid to interpreting the significance of derived economic oil costs, various petroleum activity indicators were compiled and compared to the selling price of oil. While this study is specifically concerned with crude petroleum and its associated gas, the techniques used are also generally applicable to natural gas exploration since many economic factors are common to both.

Authority

This study was authorized by Mr. Robert R. Nathan, President of Robert R. Nathan Associates, Inc.

Source of information

Information used in this study was obtained from published sources which we consider to be the most reliable and complete, our own files, and work papers compiled during previous work on cost data for Project Independence. The calculations of new oil cost are consistent with those developed by the Interagency Task Force on Oil, chaired by Dr. V. E. McKelvy of the U.S. Geological Survey. Some of the more important published references may be found in Appendix A and other sources are given as footnotes on various tables and figures in this report.

SUMMARY AND CONCLUSIONS

A series of computations have been made for each of the years from 1959 through 1974 to estimate the economic cost of crude petroleum in the United States, exclusive of Prudhoe Bay, increased from $2.86 per barrel in 1959 to $8.70 per barrel in 1973. During the same period, the typical selling price of new oil increased from $3.25 to $4.00 per barrel.

As a consequence of the ever increasing disparity between the actual economic cost and selling prices, petroleum exploration during the period declined sharply. Between 1959 and 1973 total drilling activity dropped 50 percent, drilling rigs in service declined by 60 percent, and over 100 producers, many of substantial size, found it more attractive to sell their properties to larger international firms than to continue exploration activities.

Nationwide costs have not been compiled for 1974, but we have estimated capital expenditures based on the number of wells drilled and have calculated the economic cost of oil found in 1974 to be $12.84 per barrel. As a result of the Arab embargo, the 1974 selling price for crude oil increased to approximately $10.00 per barrel, providing great stimulus to exploratory drilling and a marked reversal in the 15-year trend of declining activity.

Economic cost is defined as the cost of finding, developing, and producing crude petroleum plus the minimum return on the operator's capital necessary to sustain exploration. The economic costs of new oil supplies are calculated by the discounted cash flow rate of return method whereby revenues from the sale of oil and their attendant costs are projected yearly over the expected life of the reserve. Oil prices are adjusted within the economic model until the discounted cash flow rate of return to the producer (after federal income taxes) is 15 percent, the minimum required, in our opinion, to maintain exploration levels. Detailed results of the economic calculations and the methods used in their derivation are contained within the text of the report.

One important factor affecting economic oil costs is the depletion allowance which has now been repealed for the nation's major producers. Calculations made previously using the same economic model but not included in this work have shown that elimination of the depletion allowance will increase economic costs of new oil by approximately 20 to 24 percent.

Submitted,

JOHN D. LARUE, P.E.

Mr. President, while the study was primarily concerned with the price of oil and associated gas—about 25 percent of total gas supply—you will note in the report: "The techniques used are also generally applicable to natural gas exploration since many economic factors are common to both."

As a further indication of the validity of the Nathan report the weekly Energy Information published in Denver by Petroleum Information Corp., a subsidiary of A. C. Nielson Co. in their latest issue forecasts that 1975 will be the biggest drilling year in a decade.

They predict on present trends that a total of 36,952 wells will be drilled this year, an increase of 4,583 wells, or 15.1 percent over the 1974 totals.

The report continues:

> The projected total of 36,952 compares with a rig-and-manpower-availability drilling-potential estimate of 36,040 made earlier this year (EI 3-5-75). It assumed full use of men and iron in keeping with the 1974 pattern. But the pattern has changed, and the higher total, if attained, will in large part result from the change in operational pattern.
>
> First, new-field-wildcat drilling appears likely to be below that of 1974. There's an increase in development and close-in drilling which should result in more wells per rig. Second, average total depth of all wells drilled will be less this year than in 1974. Projections do indicate an increase in footage, but not as much, percentagewise, as the increase in wells completed.
>
> Trend-line projection of new field wildcats indicates a 1975 total of 6,539, which compares with 6,710 in 1974. The projected total falls 2.5% short of last year.
>
> For the Chase Manhattan Bank group of larger operators, it appears that the decline will amount to 3.5%. New-field wildcats drilled by all other operators are predicted to decline by 2.4%.
>
> High-risk, high-cost, remote and deep exploratory work appears to have been negatively impacted by cash flow reduction because of elimination (for the majors) and reduction (for others) of percentage depletion.
>
> However, projections indicate that "other exploratory" and development drilling will increase over 1974 by 19.8%. The Chase Group totals are headed for an increase of 11.6%, while all other operators apparently will increase this type of drilling by 22.2%.
>
> This trend in drilling reflects an emphasis on increasing domestic productive capacity. It may also reflect attempts on the part of smaller operators to increase their production to the 2,000 barrels per day provision for percentage depletion as rapidly as possible. On the part of the larger companies, replacement of cash flow lost to elimination of percentage depletion can be more reliably accomplished by emphasis on properties providing the most certain and most favorable application of cost depletion.
>
> Projections indicate a whopping 29.8% increase in the number of oil wells completed. The 1974 total was 12,931. Projection for this year is 16,786.
>
> An increase in gas well completions is also indicated, but it amounts to only 4% more than the 1974 total of 7,131 wells. This would appear to reflect the less attractive economic position of gas production as compared to oil at this time.

Mr. President, it seems to me that there is a rather obvious message here.

First, new gas well completions were far below those for oil and the great majority of the oil wells were development wells rather than wildcat or exploratory wells.

As you know, the price of new oil has been exempt from price control and for each additional barrel produced from a lease already in production in 1973, another or "released" barrel is exempt. So naturally the companies drilled where they had the better chance of increasing production rather than taking the risks of dry holes on wildcats.

Total gas well completions are predicted to be only 4 percent above 1974 compared with an increase in all oil well completions of 15.1 percent.

So here is proof of what the Nathan study meant in its summary and conclusions for the series of computations made for each of the years from 1959 through 1974 to estimate the economic cost of crude petroleum in the United States:

> Between 1959 and 1973 total drilling activity dropped 50 percent, drilling rigs in service declined by 60 percent, and over 100 producers, many of substantial size, found it more attractive to sell their properties to larger international firms than to continue exploration activities.

The Nathan report also concluded that the calculated economic cost of oil found in 1974 to be $12.84 a barrel.

On a comparable Btu basis—6,000 cubic feet of gas to a barrel of oil—and on the assumption that it costs as much to drill and complete a gas well as an oil well, then the economic cost of gas should be somewhere in the range of $2 per thousand cubic feet and that is about what the uncontrolled intrastate price has gone to in Texas—up to $1.90.

Two case histories of intrastate gas illustrate the point.

Intrastate gas in Oklahoma, that is new gas sold intrastate increased from 2.8 billion in 1972 to 7.6 billion in 1974. In 1972 the bulk of gas sold intrastate went for 20 cents to 60 cents per thousand cubic feet. By 1974 by far the larger volume sold for 60 cents to $1.

And one of the most convincing examples of the operation of the law of supply and demand is the Fort Worth basin in Texas, a five-county area. In 1972 there were 261 wells drilled with gas selling at 23 cents up to 50 cents. In 1973, 388 wells were drilled with the intrastate price rising to more than $1 per thousand cubic feet and in 1974, 738 wells were drilled as the price rose to $1.60.

Compare that with the July 29 report from the Federal Power Commission of April 1975 costs of natural gas purchases from domestic producers, almost entirely under rates regulated by FPC—32.87 cents per thousand cubic feet. Prices for purchases from Canadian and Mexican sources averaged 102.77 cents per thousand.

For the 12 months ending April 1975, the average price paid to domestic producers was 23.84 cents per thousand so is it any wonder that unless gas could be sold intrastate at the market price, very few were interested in making the tremendous investments and taking the risks involved if 52 cents per thousand was all they could expect from their gas.

But we can have more gas and I believe we can have substantial amounts for this winter's shortage if we will just forget about area ceiling rates and let the pipeline people go into the intrastate market and offer intrastate prices.

And then go the next step and decontrol the price of all new gas.

My good friend and colleague from Ohio (Mr. GLENN) reminds us that this is a Federal problem, a national problem, and not a sectional problem and I agree with him. If those in Ohio who must have the gas to keep their factories operating are willing to pay the price now being paid by producing State consumers, in Texas, Oklahoma, Louisiana, California, New Mexico, and Wyoming, then I believe they can get the gas.

And under the emergency provisions of the Fannin amendment, I believe they can get enough of it this winter to pull them through.

Then if they will go the next step and vote to decontrol the price of all new gas, you will see the biggest spurt of drilling activity in 20 years both on and offshore and gas coming back into the interstate system.

As my esteemed colleague from Arizona has pointed out, offshore is where a lot of the gas is but it costs more to find it and bring it ashore.

And as contrasted with a royalty of one-eighth on Federal onshore lands and most private lands, the Federal share on offshore production is one-sixth of the gross value of everything produced.

The history of offshore production in the Gulf of Mexico has not been as profitable as many had hoped. And unless the price of oil and gas is high enough to repay the economic cost, it will not be discovered and produced.

And neither will extension of FPC price controls, end priorities, and other regulations put intrastate gas into the interstate system.

You can lead a horse to water but you cannot make him drink. Those who have risked their capital in drilling gas wells that cost $2 to $3 million each will not willingly submit to the FPC controls and regulations that have been such a miserable failure and are responsible for the gas shortage we are now trying to remedy.

Domestic oil producers did not bring on OPEC cartel prices. If it had not been for FPC gas pricing and bargain rate crude oil prices kept low by the threat of more cheap imports, we would not be over the barrel of dependency on high-priced foreign oil and the threat of more embargoes.

And the only way we will get out of it is by paying the economic cost of finding and producing more oil and gas—increasing our own supply.

Congressman OTIS PIKE, chairman of the House Intelligence Committee, wrote a guest editorial for the Los Angeles Times recently that ended this way:

> We as politicians and the American people as voters have drifted into a mental attitude which assumes there is a legislative cure for every ailment of mankind. There is no such thing.
>
> Whether or not Congress passes a health care bill, Americans will sicken and suffer and die.
>
> Whether or not Congress passes an energy bill, petroleum is a finite commodity which is disappearing; accordingly it will become greatly more expensive as it becomes scarcer and eventually disappears.

In its effort to protect the consumer from higher gas prices, this Congress can assure a continuation of the gas shortage.

Or it can get the government out of the gas business and get more gas into the interstate system.

These are my reasons for supporting the amendment of my good friend from Arizona (Mr. FANNIN) to decontrol the price of all new gas and give the pipelines authority to buy intrastate gas at intrastate prices for a 180-day period.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Ann Wray of my staff have the privilege of the floor during the consideration of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I ask unanimous consent that Rose O'Hare of my staff be granted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, I ask unanimous consent that Darla West be granted the privileges of the floor during the debate on this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, we have reached the hour that has been agreed upon for the vote—and perhaps I should make the motion to table.

So, Mr. President, I move to table the Fannin amendment, No. 938, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. Now, Mr. President, let me clear up some matters with respect to the Fannin amendment. The first section of the distinguished Senator's amendment would remove FPC jurisdiction over "the sale or delivery by a producer to a natural gas company of natural gas in interstate commerce." That goes right to the heart of ending the requirement for the dedication of supplies to a particular interstate pipeline.

The Senator guarantees with his particular decontrol amendment that the Federal Power Commission no longer will have control over the delivery of gas, and since they have no authority or jurisdiction cannot require a dedication. There being no dedication requirement, what we have guaranteed is total chaos in the natural gas markets, for what will occur in the next 2 or 3 years, is that the most powerful and the most wealthy will prevail. The needy will be set aside by the greedy. The rich will overcome the poor, and the hospital, without a gas-buying divisions, and the institution school, or the fertilizer manufacturer would be at the total mercy of that uncontrolled market for an essential commodity.

We will have tremendous inflation in the food market, and a complete breakdown of dedicated supplies to the interstate pipelines. We have built up a magnificent supply system of relatively cheap and reliable natural gas for America in 33 million homes and for over one-half of the industrial jobs in the country.

Then here today the Fannin amendment would strike it all aside after the shortages and the grief occur, they will come back here to Congress. In the meantime, there would be inflation, and a breakdown of supply to essential users in the interstate market. We will be pouring extra money into coal gasification plants trying to fill the gap. This is exactly what happens with total decontrol. I do not know any better way to put it to my colleagues on the floor. Go to your own hometown and your own home State and answer the question of whether or not you would take the public service utility and decontrol it.

ADDITIONAL STATEMENTS SUBMITTED

Mr. GRIFFIN. Mr. President, I have reservations about some provisions of the Fannin proposal. But I believe there should be an opportunity to consider it on its merits, and to consider amendments to it. In general, it points the way toward a long-term solution of the natural gas problems, which is very much needed.

ACTION ON NATURAL GAS NEEDED NOW

Mr. HELMS. Mr. President, I have at hand a copy of recent testimony presented by Honorable Marvin R. Wooten, chairman of the North Carolina Utilities Commission, before the Subcommittee on Energy and Power of the House Interstate and Foreign Commerce Committee. Since it addresses the natural gas question now pending, I desire to share it with Senators.

It is uncontroverted that the natural gas curtailment situation in North Carolina is critical. It is retarding the economic and industrial development of the State, and as the winter heating season grows nearer, many responsible and informed individuals are wondering just how many employees will be out of work because their particular industry cannot obtain the essential natural gas to operate. I will not now attempt to recap the seriousness of the situation.

In his testimony, Chairman Wooten makes the point very clearly. He also suggests, and rightly so, that Senate bill 2310 will not resolve the natural gas crisis in North Carolina this winter. Rather, he favors the 180-day emergency purchase concept, contained in S. 2330 and the Pearson substitute, as the only realistic short-term solution. Ideally, he states, this emergency purchase approach should be supplemented by the direct sale authority recently approved by the Federal Power Commission.

Mr. President, I ask unanimous consent that the complete text of Chairman Wooten's testimony be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF MARVIN R. WOOTEN, CHAIRMAN, NORTH CAROLINA UTILITIES COMMISSION, BEFORE THE HOUSE COMMERCE ENERGY SUBCOMMITTEE

As many of you are already aware, North Carolina is expected to have less natural gas this winter with which to supply its traditional demands for this vital product than any other state in the nation. This situation is not new to us, since we have experienced some of the most severe curtailments of natural gas in recent years of any state. However, we have never before faced an energy crisis of the magnitude that looms in front of us this winter.

There are several reasons why North Carolina has been placed in this frightening and unenviable position. First of all, within the boundaries of North Carolina, there is, at present, no production of natural gas, petroleum or any other natural hydro-carbon product. Our state, like many others, is totally dependent on production from our sister states, Louisiana and Texas, and from the federal offshore domain to meet our needs for gas. Second, North Carolina is one of a very few states in America that has only one interstate pipeline system serving the state, namely, Transcontinental Gas Pipeline Corporation (Transco). Third, Transco at present has one of the highest levels of curtailment of any major interstate gas pipeline in this nation. Fourth, relative to other states on Transco's system, North Carolina has a relatively higher percentage of industrial use of natural gas and a correspondingly lower percentage of small commercial and residential use. This fact alone mandates, under present Federal Power Commission curtailment priorities, that our State will have a larger curtailment than the Transco system average curtailment. The addition of all these factors has meant that natural gas customers in North Carolina have suffered immeasurably as a result of the ever deepening curtailments of recent years.

Some results of these curtailments have been higher gas costs to residential and small commercial customers, pressure on alternate fuel supplies and prices, loss of some existing industrial plants and the loss of numerous new potential industrial plants in North Carolina. During the last two winter seasons, all industrial customers that have experienced curtailment, except for one fertilizer plant which had to cease production altogether for approximately one month last winter, have been able to continue operating, because (1) all had the capability of using alternate fuel sources and were successful in securing adequate alternate fuel supplies, (2) both winters were much warmer than normal in terms of degree days, (3) in response to pleas by our Commission, residential and firm commercial customers conserved 15% of the gas previously used by them, even after adjustments for warmer than normal temperatures, and finally (4) industrial production and energy demands were greatly depressed in 1974–1975 due to the economic recession.

For the first time since North Carolina has faced curtailment, this upcoming winter season of 1975–76 holds the definite possibility that firm industrial customers without alternate fuel capability, most of whom use the natural gas for high priority feedstock, process and plant protection uses, will be curtailed for the entire winter season from November 16 to April 15. The results of such a curtailment will be the loss of billions of dollars of production, in such fields as textiles, fertilizer, brickmaking, food processing, aluminum and nuclear fuel, and the loss of thousands of jobs—these drastic results will come at a time when our economy is just beginning to recover from the recession of 1974.

Present data available to the North Carolina Utilities Commission projects that the curtailment for the upcoming winter season will be in the range of 50–60%, depending upon which of the many curtailment plans presently being considered by the Federal Power Commission is finally approved. Even if the lowest percentage presently projected of 50% is experienced this winter, many of the high priority industrial and commercial customers in North Carolina face the real and present danger of being without any energy source for the upcoming winter season.

If there is to be any reversal of the present trend of ever increasing curtailments, and any hope of relief for North Carolina from the bleak picture which I have sketched, there must be definite and immediate action from the President and the Congress of the United States. The Congress now has before it two bills, (1) Senator Hollings' Senate Bill 2310, which has been introdced by Representative Dingell as House Bill 9464; and (2) the Administration's Bill No. 2330, introduced by Senator Pearson, which has likewise been introduced by Representative Devine as House Bill 9755. Both of these bills have been written to attempt to provide emergency help in eliminating the present serious shortfall of natural gas in this nation for the upcoming winter.

It is my understanding that both of these bills cannot and will not be enacted into law. At most, only one or the other, but not both, will be enacted. In light of this fact, I must say that House Bill 9755 (Senate Bill 2330) holds the most potential for helping to soften the effects of curtailment of natural gas for the upcoming winter season. House Bill 9464 (Senate bill 2310) has some features that arguably have merit, but due to the extended time frame and multiple agency actions necessary to administer this bill, it holds little or no reasonable hope of securing additional gas volumes for the interstate market during the upcoming winter.

There are many features of House Bill 9755 (Senate Bill 2330) that should give a boost to the present sagging interstate natural gas supply situation. I would like to elaborate on why I feel that this bill holds such definite promise.

TITLE II

"Interstate Pipeline Emergency Natural Gas Purchases Act of 1975"

Section 204 in my opinion is the sole most important short term feature of this bill. Without question this 180 day exemption should allow interstate pipelines, such as Transco, to purchase short term emergency gas for the upcoming winter. It is not unrealistic to believe that, by utilizing this exemption, enough increased supplies of natural gas can flow into the interstate market almost immediately to allow curtailment levels no greater than last winter and to allow high priority North Carolina industrial customers to survive the impending serious crunch that now looms ahead.

Thus, valuable time can be gained in which to decide upon more long range solutions to our energy problem. It should be noted that the language of the exemption is permissive and not mandatory, in that the word "May" rather than the word "Shall" is used with regard to the duty of the Federal Power Commission to exempt emergency purchases from the provisions of the Natural Gas Act. While we would, and do, support the bill as it, we feel that the intent of Congress would be better expressed, unless there exists valid reasons to the contrary, by using the word "Shall" rather than "May". We feel that there are sufficient protections against abuse of the emergency purchase authority to allow this change to be made.

Specifically, before any emergency purchase can be made, the Federal Power Commission must determine that the affected interstate pipeline "does not have a sufficient supply of natural gas to fulfill the requirements of its high priority consumers of natural gas" and that such pipeline "is curtailing deliveries pursuant to a curtailment plan on file with the Commission". In any event, even if a mistake were made, the authority will expire at the end of no more than one hundred and eighty days.

TITLE III

"Curtailed Consumers Emergency Natural Gas Purchases Act of 1975"

Section 304 would allow high priority industrial consumers of natural gas to purchase directly from the intrastate market their own natural gas supplies and arrange for the transportation of such gas by regulated interstate pipeline companies. This section of House Bill 9755 (Senate Bill 2330) coincides with the present Federal Power Commission policy on this matter as proposed in FPC Docket No. RM75-25 and adopted by the Federal Power Commission as its general policy in FPC Order No. 533 issued on August 28, 1975. Title III also contains much merit in that it provides another method for securing much needed natural gas supplies into the interstate market for the upcoming winter season. Several industrial consumers in North Carolina have already shown a sincere desire to exercise this option to purchase their own natural gas supplies, and the North Carolina Utilities Commission has just recently approved rates for transportation of this gas by several of the regulated intrastate distributing companies in North Carolina.

Section 304(b) of Title III clarifies and eliminates the feared possibility that the Federal Power Commission might assert jurisdiction over any intrastate gas distribution company in North Carolina or the nation which attempted to transport the natural gas purchased by the individual consumers as allowed in Section 304 of Title III. We wholeheartedly support this provision as being in complete accord with the letter and spirit of the "Hinshaw Amendment" to the Natural Gas Act.

Let me conclude by saying that the present energy crisis, particularly the severe shortage of natural gas now faced by North Carolina and this nation, has the potential to cause a loss of valuable public services, industrial production and jobs, and irreparable economic loss and hardships beyond the imagination of anyone here. I feel that the only viable solution to this problem lies in swift and responsible action by the President and the Congress of the United States.

The PRESIDING OFFICER. The hour of 2:30 having arrived, under the previous order, the Senate will proceed to vote on a motion to table the Fannin amendment No. 938 in the nature of a substitute for the Hollings amendment No. 934, also in the nature of a substitute.

The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Arkansas (Mr. Bumpers), the Senator from Nevada (Mr. Cannon), the Senator from Idaho (Mr. Church), and the Senator from Montana (Mr. Metcalf) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Hart) is absent because of illness.

On this vote, the Senator from Nevada (Mr. Cannon) is paired with the Senator from Alaska (Mr. Stevens).

If present and voting, the Senator from Nevada would vote "yea" and the Senator from Alaska would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. Curtis), the Senator from Nebraska (Mr. Hruska), the Senator from Nevada (Mr. Laxalt), the Senator from Alaska (Mr. Stevens), and the Senator from Oklahoma (Mr. Bellmon) are necesarily absent.

I also announce that the Senator from Arizona (Mr. Goldwater) is absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) would vote "nay."

The result was announced—yeas 57, nays 31, as follows:

[Rollcall Vote No. 426 Leg.]

YEAS—57

Abourezk
Allen
Beall
Biden
Brooke
Burdick
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary W.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevenson
Stone
Symington
Talmadge
Tunney
Weicker
Williams

NAYS—31

Baker
Bartlett
Bentsen
Brock
Buckley
Byrd, Harry F., Jr.
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Johnston
Long
McClure
McGee
Montoya
Packwood
Pearson
Percy
Scott, William L.
Stennis
Taft
Thurmond
Tower
Young

NOT VOTING—12

Bayh
Bellmon
Bumpers
Cannon
Church
Curtis
Goldwater
Hart, Philip A.
Hruska
Laxalt
Metcalf
Stevens

So the motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 919 (AS MODIFIED)

Mr. PEARSON. Mr. President, I send to the desk Amendment No. 919, as modified, which is an amendment in the nature of a substitute to amendment No. 934.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. Pearson) for himself and Mr. Bentsen, proposes an amendment numbered 919, as modified.

Mr. Pearson's amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

"TITLE I—EMERGENCY NATURAL GAS AUTHORITY

"SHORT TITLE

"Sec. 101. This title may be cited as the 'Natural Gas Emergency Standby Act of 1975'.

"FINDINGS AND PURPOSES

"Sec. 102. (a) The Congress finds and declares that the Nation will suffer severe shortages of natural gas during the heating season from November 1975 through March 1976. The Congress further finds and declares that such imminent shortages in our Nation's natural gas supply constitute an emergency which can be alleviated by providing for limited exemptions from regulation of natural gas and for the prohibition of the use of natural gas as boiler fuel.

"(b) The purpose of this title is to grant the" Federal Power Commission authority to allow natural gas companies which transport natural gas in interstate commerce with inadequate quantities of natural gas to meet the requirements of their high priority consumers of natural gas to purchase gas from sources not in interstate commerce and from other such companies on an emergency basis free from the provisions of the Natural Gas Act (15 U.S.C. 717 et seq.), except for the reporting requirements of such Act; to grant the Federal Energy Administration authority to prohibit the use of natural gas as boiler fuel; and to provide the President with standby authority to allocate propane during periods of actual or threatened severe shortages of natural gas.

"DEFINITIONS

"Sec. 103. For the purposes of this title—

"(1) 'Natural-gas distributing company' means a person involved in the distribution or transportation of natural gas for ultimate public consumption for domestic, commercial, industrial, or any other use, but such term does not include a natural-gas company as defined in section 3(6) of the Natural Gas Act, as redesignated by the Natural Gas Act Amendments of 1975 (15 U.S.C. 717a(6)).

"(2) 'High priority consumer of natural gas' means a person so defined by the Commission by rules and regulations.

"(3) 'Independent producer' means a person, as determined by the Commission, (i) who is not affiliated with a person engaged in the transportation of natural gas in interstate commerce, and (ii) who is not a producing division of such a person engaged in the transportation of natural gas in interstate commerce.

"(4) 'Boiler fuel use of natural gas' means the use of natural gas as the source of fuel for the purpose of generating electricity for distribution.

"(5) 'Propane' means a hydrocarbon whose chemical composition is predominantly C_3H_8, whether recovered from natural-gas streams or crude oil, or any mixture containing such hydrocarbon to the extent of 10 percent or more by volume.

"(6) 'United States' means the States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

"(7) 'Administrator' means the Administrator of the Federal Energy Administration.

"(8) 'Commission' means the Federal Power Commission.

"EMERGENCY EXEMPTIONS

"Sec. 104. Section 8(c) of the Natural Gas Act, as redesignated by the Natural Gas Act Amendments of 1975 (15 U.S.C. 717f(c)), is amended by designating the two unnumbered paragraphs thereof as paragraphs (1) and (2), by deleting the period at the end of paragraph (2) as designated hereby, and inserting in lieu thereof the following: ': *Provided further*, That within 15 days after the enactment of the Natural Gas Emergency Standby Act of 1975, the Commission shall by regulation exempt from the provisions of this Act, except for reporting requirements, any activities, operations, facilities, or services relating to the transportation, sale and delivery, transfer, or exchange of natural gas from any source, other than any offshore Federal lands, by an independent producer, a natural-gas company which transports natural gas in interstate commerce, a person who transports natural gas in other than interstate commerce, or a natural-gas distributing company to or with a natural-gas company which transports natural gas in interstate commerce which does not have or which under reasonably foreseeable circumstances may not have, a sufficient supply of natural gas to meet the requirements of its high priority consumers of natural gas and which is curtailing during the heating season from November 1975 through March 1976 pursuant to a curtailment plan on file with the Commission. Exemptions granted pursuant to the proviso shall be for periods of no more than 180 consecutive days. Persons who are exempt under section 2(b) or (c) of this Act shall not have their exempt status affected in any way by making the sales or deliveries contemplated by this subsection: *Provided further*, That the Commission shall have no power to deny, in whole or in part, recovery by any natural-gas company in its jurisdictional rates of the amount paid by it for natural gas delivered to it pursuant to sales and contracts as described herein, except to the extent that an interstate transporter purchases natural gas from an affiliate at a rate in excess of the price paid by the transporter to nonaffiliated sellers in comparable sales transactions: *Provided further*, That natural gas sold and delivered or transported pursuant to any exemption granted under section 104 of the Natural Gas Emergency Standby Act of 1975 shall not be or become subject to the jurisdiction of the Commission because of such sale and delivery or transportation whether or not such sale is a sale for resale in interstate commerce or such transportation is in interstate commerce.'

"PROHIBITION OF USE OF NATURAL GAS AS BOILER FUEL

"SEC. 105. (a) The Administrator may, by order, prohibit boiler fuel use of natural gas in any facility if—

"(1) the Administrator determines that—

"(A) such facility had on June 30, 1975 (or at any time thereafter), the capability and necessary plant equipment to burn petroleum products, coal, or derivatives thereof.

"(B) the burning of petroleum products, coal or derivatives thereof by such facility in lieu of natural gas is practicable,

"(C) petroleum products, coal or derivatives thereof will be available during the period such order is in effect,

"(D) the prohibition under this subsection will not impair the reliability of service in the area served by the facility,

"(E) the prohibition under this subsection will result in making natural gas available for sale to a natural-gas company which transports natural gas in interstate commerce and which does not have adequate quantities of natural gas to meet the requirements of its high priority consumers and which is curtailing pursuant to a curtailment plan on file with the Commission, and

"(2) the Administrator of the Environmental Protection Agency has not certified to the Administrator within 15 days of the issuance of such order that its implementation will violate the Clean Air Act (42 U.S.C. 1857 et seq.) (including applicable implementation plans).

"(b) The Administrator may specify in any order issued pursuant to subsection (a) of this section the periods of time during which such order will be in effect and the quantity or rate of use of natural gas that may be burned by a facility during such periods, including the burning of natural gas to meet peaking load requirements: *Provided, however*, That no order issued pursuant to this section shall extend beyond April 4, 1976.

"(c) The Administrator shall exempt from any order issued pursuant to subsection (a) of this section the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility.

"(d) The Administrator shall modify or suspend any order issued pursuant to subsection (a) of this section to the extent necessary to alleviate short-term air quality emergencies or any other danger to the public health, safety, or welfare.

"(e) Any order issued pursuant to this section shall provide for just compensation of the facility and transporter affected by such order. Such compensation is (i) to be measured by the increased fuel costs, if any, incurred by a facility and the loss of revenue, if any, incurred by a transporter as a result of such order, and (ii) to be paid ultimately through increased rates and charges by those users, in proportion to the volumes of natural gas consumed by such users, who are determined by the Commission to benefit as a result of such order: *Provided, however*, That nothing contained in this subsection shall be construed to extend the jurisdiction of the Commission to any rates and charges not otherwise subject to the jurisdiction of the Commission under section 2 of the Natural Gas Act, as redesignated by the Natural Gas Act Amendments of 1975 (15 U.S.C. 717). For the purposes of this subsection, the term 'users' means high priority consumers of natural gas who consume natural gas transported by that natural-gas company which obtains the natural-gas supplies made available for nonboiler fuel use by an order issued pursuant to this section.

"(f) The Administrator and the Commission shall have authority to issue such rules and orders applicable to any person as the Administrator or the Commission determines are necessary or appropriate to carry out the provisions of this section.

"PROPANE STANDBY ALLOCATION AUTHORITY

"SEC. 106. (a) Upon finding that shortages of natural gas exist or are imminent and upon finding that such shortages or potential shortages constitute a threat to the public health, safety, or welfare, the President is authorized to issue such orders and regulations as he deems appropriate to provide, consistent with subsection (d) of this section, for the establishment of priorities of use and for equitable allocation and distribution of propane to classes of consumers, who are historical users of propane, and where energy and feedstock (other than synthetic natural-gas feedstock) needs have historically been met through the use of propane, and equitable pricing of propane, in order to meet the essential needs of various sections of the United States, to lessen anticompetitive effects resulting from shortages of natural gas and to provide sufficient incentive to maximize the extraction and production of propane. In issuing such orders and regulations, the President shall, to the extent practicable, insure that the needs of residential and small users, hospitals and similar services vital to the public health and safety, agricultural producers, food processors, and food packagers are met. The President shall next insure, to the extent practicable, that the needs of users of propane for petrochemicals, feedstock (other than synthetic natural-gas feedstock), and process uses are met. Only after all of the foregoing needs are met shall propane be made available for any other use.

"(b)(1) Whoever violates any order or regulation under this section shall be subject to a civil penalty of not more than $2,500 for each violation.

"(2) Whoever willfully violates any order or regulation under this section shall be fined not more than $5,000 for each violation.

"(3) Any person or agency to whom the President has delegated his authority pursuant to subsection (j) of this section may issue such orders and notices as are deemed necessary to insure compliance with any order or regulation issued pursuant to subsection (a) of this section or to remedy the effects of violations of any such orders or regulations.

"(c) There shall be available as a defense to any action brought under the antitrust laws, or for breach of contract in any Federal or State court arising out of delay or failure to provide, or sell, or offer for sale or exchange any product covered by this section that such delay or failure was caused solely by compliance with the provisions of this section or with any regulations or any orders issued pursuant to this section.

"(d)(1) Subject to paragraphs (2), (3), and (4) of this subsection, which shall apply to any rule, regulation, or order having the applicability and effect of a rule as defined in section 551(4) of title 5, United States Code, and issued pursuant to this section, the functions exercised under this section are excluded from the operation of subchapter II of chapter 5, and chapter 7 of title 5, United States Code, except as to the requirements of sections 552, 553, and 555 (e) of title 5, United States Code.

"(2) Notice of any proposed rule, regulation, or order described in paragraph (1) of this subsection shall be given by publication of such proposed rule, regulation, or order in the Federal Register. In each case, a minimum of 10 days following such publication shall be provided for opportunity to comment; except that the requirements of this paragraph as to time of notice and opportunity to comment may be waived where strict compliance is found to cause serious harm or injury to the public health, safety, or welfare, and such finding is set out in detail in such rule, regulation, or order.

"(3) In addition to the requirements of paragraph (2) of this subsection, if any rule, regulation, or order described in paragraph (1) of this subsection is likely to have a substantial impact on the Nation's economy or large numbers of individuals or businesses, an opportunity for oral presentation of views, data, and arguments shall be afforded. To the maximum extent practicable, such opportunity shall be afforded prior to the issuance of such rule, regulation, or order, but in all cases such opportunity shall be afforded no later than 45 days after the issuance of any such rule, regulation, or order. A transcript shall be kept of any oral presentation.

"(4) The President or any officer or agency authorized to issue the rule, regulations, or orders described in paragraph (1) of this subsection shall provide for the making of such adjustments, consistent with the other purposes of this section, as may be necessary to prevent particular hardship, inequity, or unfair distribution of burdens and shall, by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, rescission of, exception to, or exemption from such rules, regulations, and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the President or the officer or agency to whom he has delegated his authority pursuant to subsection (j) of this section and may obtain judicial review in accordane with subsection (e) of this section when such denial becomes final. The President or such officer or agency shall, by rule, establish appropriate procedures, including a hearing where deemed advisable, for considering such requests for action under this paragraph.

"(e)(1) The district courts of the United States shall have exclusive original jurisdiction of cases or controversies arising under this section or under regulations or orders issued thereunder, notwithstanding the amount in controversy; except that nothing in this paragraph or in paragraph (7) of this subsection shall affect the power of any court of competent jurisdiction to consider, hear, and determine any issue by way of defense (other than a defense based on the constitutionaliy of this section or the validity of action taken by any agency under this section) raised in any proceeding before such court. If in any such proceding an issue by way of defense is raised based on the constitutionality of this section or the validity of actions under this section, the case shall be subject to removal by either party to a district court of the United

States in accordance with the applicable provisions of chapter 89 of title 28, United States Code.

"(2) Except as otherwise provided in this section, exclusive appellate jurisdiction is vested in the Temporary Emergency Court of Appeals, a court which is currently in existence, but which is independently authorized by this section. The court, a court of the United States, shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such designated judges as chief judge of the Temporary Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. Except as provided in subparagraph (B) of paragraph (5) of this subsection, the court shall not have power to issue any interlocutory decree staying or restraining in whole or in part any provision of this section, or the effectiveness of any regulation or order issued thereunder. In all other respects, the court shall have the powers of a circuit court of appeals with respect to the jurisdiction conferred on it by this section. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases over which it has jurisdiction under this section. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

"(3) Appeals from the district courts of the United States in cases and controversies arising under regulations or orders issued under this section shall be taken by the filing of a notice of appeal with the Temporary Emergency Court of Appeals within 30 days of the entry of judgment by the district court.

"(4) In any action commenced under this section in any district court of the United States in which the court determines that a substantial constitutional issue exists, the court shall certify such issue to the Temporary Emergency Court of Appeals. Upon such certification, the Temporary Emergency Court of Appeals shall determine the appropriate manner of disposition which may include a determination that the entire action be sent to it for consideration or it may, on the issues certified, give binding instructions and remand the action to the certifying court for further disposition.

"(5)(A) Subject to subparagraph (B) of this paragraph, no regulation of any agency exercising authority under this section shall be enjoined or set aside, in whole or in part, unless a final judgment determines that the issuance of such regulation was in excess of the agency's authority, was arbitrary or capricious, or was otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, and no order of such agency shall be enjoined or set aside, in whole or in part, unless a final judgment determines that such order is in excess of the agency's authority, or is based upon findings which are not supported by substantial evidence.

"(B) A district court of the United States or the Temporary Emergency Court of Appeals may enjoin temporarily or permanently the application of a particular regulation or order issued under this section to a person who is a party to litigation before it. Except as provided in this paragraph, no interlocutory or permanent injunction restraining the enforcement, operation, or execution of this section, or any regulation or order issued thereunder, shall be granted by any district court of the United States or judge thereof. Any such court shall have jurisdiction to declare (i) that a regulation of an agency exercising authority under this section is in excess of the agency's authority, is arbitrary or capricious, or is otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, or (ii) that an order of such agency is invalid upon a determination that the order is in excess of the agency's authority, or is based upon findings which are not supported by substantial evidence. Appeals from interlocutory decisions by a district court of the United States under this subparagraph may be taken in accordance with the provisions of section 1292 of title 28, United States Code; except that reference in such section to the courts of appeals shall be deemed to refer to the Temporary Emergency Court of Appeals.

"(6) The effectiveness of a final judgment of the Temporary Emergency Court of Appeals enjoining or setting aside in whole or in part any provision of this section, or any regulation or order issued thereunder shall be postponed until the expiration of time for filing a writ of certiorari with the Supreme Court under paragraph (7) of this subsection. If such petition is filed, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the action by the Supreme Court.

"(7) Within 30 days after entry of any judgment or order by the Temporary Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Temporary Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Temporary Emergency Court of Appeals, shall have exclusive jurisdiction to determine the constitutional validity of any provision of this section or of any regulation or order issued under this section. Except as provided in this paragraph, no Federal or State court shall have jurisdiction or power to consider the constitutional validity of any provision of this section or of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this section authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"(f) Whenever it appears to any person or agency authorized by the President pursuant to subsection (j) of this section that any individual or organization has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any order or regulation under this section, such person or agency may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing, a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any such order or regulation. In addition to such injunctive relief, the court may also order restitution of moneys received in violation of any such order or regulation.

"(g)(1) An agency or person exercising authority pursuant to subsection (j) of this section shall have authority, for any purpose related to this section, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths.

"(2) Upon presenting appropriate credentials and a written notice to the owner, operator, or agency in charge, any agency or person exercising authority pursuant to subsection (j) of this section may enter any business premise or facility and inspect, at reasonable times and in a reasonable manner, any such premise or facility, inventory and sample any stock of energy resources therein, and examine and copy books, records, papers, or other documents in order to obtain information as necessary or appropriate for the proper exercise of functions under this section and to verify the accuracy of any such information.

"(3) Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this subsection, the agency or person authorizing such subpena may request the Attorney General to seek the aid of the district court of the United States for any district in which such person is found to compel such person, after notice, to appear and give testimony, or to appear and produce documents before the agency or person.

"(h) Any person suffering legal wrong because of any act or practice arising out of this section, or any order or regulation issued pursuant thereto, may bring an action in a district court of the United States, without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment, writ of injunction (subject to the limitations in subsection (e) of this section), or damages.

"(i) Section 5(b) of the Federal Energy Administration Act of 1974 (15 U.S.C. 763 (b)) is amended by adding the word 'and' after the semicolon in paragraph 10; by deleting paragraph 11; and by redesignating paragraph 12 as paragraph 11.

"(j) The President may delegate the performance of any function under this section to such offices, departments, and agencies of the United States as he deems appropriate.

"(k) No law, rule, regulation, order, or ordinance of any State or municipality in effect on the date of enactment of this title, or which may become effective thereafter, shall be superseded by any provision of this section or any rule, regulation, or order issued pursuant to this section except insofar as such law, rule, regulation, order, or ordinance is inconsistent with the provisions of this section, or any rule, regulation, or order issued thereunder.

"EXPIRATION DATE

"SEC. 107. (a) This title shall expire on midnight April 4, 1976.

"(b) The expiration of this title and the authority granted under this title shall not affect any action or pending proceedings not finally determined on the date of such expiration, or any action or proceeding based upon any act committed prior to such date.

"TITLE II—NATURAL GAS ACT AMENDMENTS

"SEC. 201. This title may be cited as the 'Natural Gas Act Amendments of 1975'.

"SEC. 202. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); (2) redesignating sections 1 through 23 thereof (15 U.S.C. 717–717v) as sections 2 through 24 thereof; and (3) inserting therein the following new section 1:

"'SHORT TITLE

"'SECTION 1. This Act may be cited as the "Natural Gas Act".'.

"SEC. 203. Section 2(b) of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717(b)), is amended (1) by deleting 'The' at the beginning thereof and by inserting in lieu thereof immediately after '(b)' the following: '(1) Except as provided in paragraph

(2) of this subsection, the); and (2) by inserting at the end thereof the following new paragraph:

"'(2) Subject only to the provisions of section 25 of this Act, after the effective date of the Natural Gas Act Amendments of 1975, the authority of the Commission to regulate the sale of natural gas to a natural-gas company for resale in interstate commerce pursuant to this Act shall cease to exist with respect to, and shall not apply to, new natural gas: *Provided, however,* That nothing contained in the Natural Gas Act Amendments of 1975 shall modify or affect the authority of the Commission in effect prior to the date of enactment of such amendments to (i) regulate the transportation in interstate commerce of natural gas or the sale in interstate commerce for resale of old natural gas, or (ii) regulate sales for resale of natural gas by any natural-gas company which transports natural gas in interstate commerce or by an affiliate thereof which transports natural gas in interstate commerce.'

"SEC. 204. (a) Section 3 of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717a), is amended by redesigning paragraphs (7) through (9) as paragraphs (12) through (14), and by inserting the following new paragraphs:

"'(7) "Boiler fuel use of natural gas" means the use of natural gas as the source of fuel for the purpose of generating electricity for distribution.

"'(8) "New natural gas" means natural gas sold or delivered in interstate commerce (i) which is dedicated to interstate commerce for the first time on or after January 1, 1975, (ii) which is continued in interstate commerce after the expiration of a contract by its own terms (and not through the exercise of any power to terminate or renegotiate contained therein) for the sale or delivery of such natural gas existing as of such date, or (iii) which is produced from wells commenced on or after such date.

"'(9) "Old natural gas" means natural gas other than new natural gas.

"'(10) "Affiliate" means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person, as determined by the Commission pursuant to its rulemaking authority.

"'(11) "Offshore Federal lands" means any land or subsurface area within the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).'

"SEC. 205. (a) Section 5(a) of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717c(a)), is amended by adding at the end thereof the following new sentence: 'The rates and charges made, demanded, or received by any natural-gas company for, or in connection with, a contract for the sale of new natural gas produced from offshore Federal lands shall be deemed to be just and reasonable, if they do not exceed the applicable national ceiling, established by regulation of the Commission or subsequently modified by the Commission pursuant to section 25 of this Act, in effect at the time when such new natural gas is either first sold or first transferred under such contract to a natural-gas company: *Provided, however,* That rates and charges in excess of such national ceiling may be authorized by the Commission to provide special relief to meet extraordinary expenses that could not be anticipated at the time the national ceiling was established or modified.'

"(b) Section 5(e) of the National Gas Act, as redesignated by this title (15 U.S.C. 717c(e)), is amended by adding at the end thereof the following new sentence: 'Notwithstanding the foregoing, the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (i) to the extent that such rates or charges, or such portion thereof, for new natural gas produced from offshore Federal lands exceed the national ceiling, established or modified by regulation of the Commission pursuant to section 25 of this Act, or (ii) in any case where a natural-gas company purchases natural gas from an affiliate or produces natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by any person who is not affiliated with any natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.'

"SEC. 206. Section 6(a) of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717d(a), is amended by striking the period at the end thereof and by adding the following ': *Provided further,* That the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (i) to the extent that such rates or charges, or such portion thereof, for new natural gas produced from offshore Federal lands exceed the national ceiling, established or modified by regulation of the Commission pursuant to section 25 of this Act, or (ii) in any case where a natural-gas company purchases natural gas from an affiliate or produces natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by any person who is not affiliated with any natural-gas cmpany; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.'

"SEC. 207. Section 15 of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717m), is amended by adding at the end thereof the following two new subsections:

"'(h) The Commission is further authorized and directed to conduct studies of the production, gathering, storage, transportation, distribution, and sale of natural or artificial gas, however produced, throughout the United States and its possessions whether or not otherwise subject to the jurisdiction of the Commission, including the production, gathering, storage, transportation, distribution, and sale of natural or artificial gas by any agency, authority, or instrumentality of the United States, or of any State or political subdivision thereof. It shall, insofar as practicable, obtain and keep current information regarding (1) the ownership, operation, management, and control of all facilities for such production, gathering, storage, transportation, distribution, and sale; (2) the total estimated natural-gas reserves of fields or reservoirs, the current utilization of natural gas, and the relationship between the two; (3) the rates, charges, and contracts in respect to the sale of natural gas and service to residential, rural, commercial, and industrial consumers, and private and public agencies; and (4) the relationship of any and all such information to the requirements of conservation, industry, commerce, and the national defense. The Commission shall report to the Congress and may publish and make available, as provided by subsection (a) of this section, the results of studies made pursuant to this subsection.

"'(i) In making studies, investigations, and reports pursuant to this section, the Commission shall utilize, insofar as practicable, the services, studies, reports, information, and programs of existing departments, bureaus, offices, agencies, and other entities of the United States, of the several States, and of the natural-gas industry. Nothing in this section shall be construed as modifying, reassigning, or otherwise affecting the investigative and reporting activities, duties, powers, and functions of any other department, bureau, office, or agency of the Federal Government.'

"SEC. 208. The Natural Gas Act, as amended by this title, is further amended by adding at the end thereof the following three new sections:

"'NATIONAL CEILING FOR RATES AND CHARGES

"'SEC. 25. (a) The Commission shall, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1975, and pursuant to rulemaking procedures under section 553 of title 5, United States Code, establish by regulation, and may from time to time modify, a national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas produced from offshore Federal lands on or after January 1, 1975, through December 31, 1980. In establishing such national ceiling the Commission shall consider the following factors and only these factors:

"'(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of natural gas;

"'(2) the rates and charges necessary to encourage the optimum levels of (i) the exploration for natural gas, (ii) the development, production, and gathering of natural gas, and (iii) the maintenance of proved reserves of natural gas;

"'(3) the promotion of sound conservatect consumers of natural gas from price innecessary to contribute to the maintenance of a supply of energy resources at reasonable prices to consumers; and

"'(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraph (1) through (3) of this subsection.

"'(b) The Commission shall monitor the national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas, and during the period such ceiling is in effect, commencing on July 1, 1976, the Commission shall report to the Congress not less than annually on the effectiveness of such national ceiling in meeting the factors set forth in subsection (a) of this section.

"'(c) The Commission may authorize a person to charge an amount in excess of such national ceiling for new natural gas produced from offshore Federal lands from any high cost production area or vertical drilling depth as designated by the Commission pursuant to its rulemaking authority. In establishing such amount in excess of such national ceiling, the Commission shall consider the factors set forth in subsection (a) of this section and only those factors.

"'(d) Any contract entered into after the date of enactment of the Natural Gas Act Amendments of 1975 for the sale of new natural gas for resale which involves the receipt by the seller of funds in advance of production of the natural gas covered by

such contract shall be filed with the Commission at least 60 days in advance of deliveries thereunder. The Commission may thereafter require, after notice and opportunity for hearing, that the sales rate specified in such contract be reduced or modified as necessary to repay in full to the advancing party the principal of the advance and any interest thereon, upon such terms and conditions as the Commission may determine proper in the public interest.

" 'NATURAL GAS FOR ESSENTIAL AGRICULTURAL PURPOSES

" 'SEC. 26. Except to the extent that natural-gas supplies are required to maintain natural-gas service to residential users, small users, hospitals, and similar services vital to public health and safety, and notwithstanding any other provision of law or of any natural-gas allocation or curtailment plan in effect under existing law, the Commission shall, by rule, prohibit any interruption or curtailment of natural gas and take such other steps as are necessary to assure as soon as practicable the availability in interstate commerce of sufficient quantities of natural gas for use for any essential agricultural, food processing, or food packaging purpose for which natural gas is essential, including but not limited to irrigation pumping, crop drying, use as a raw material feedstock, or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants (for present or expanded capacity) and in new plants. The Secretary of Agriculture shall determine by rule the agricultural, food processing, or food packaging purposes for which natural gas is essential. The Secretary of Agriculture shall also certify to the Commission the amount of natural gas which is necessary for such essential uses to meet requirements for full domestic food and fiber production.

" 'NATURAL GAS CONSERVATION

" 'SEC 27. (a) Except as provided in subsection (d) of this section, the Commission shall by rule prohibit boiler fuel use of natural gas affecting commerce not contracted for prior to January 1, 1975, unless, upon petition by the user, the Commission determines that—

" '(1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user; or

" '(2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination.

" '(b) Except as provided in subsection (d) of this section, boiler fuel use of natural gas contracted for prior to January 1, 1975, shall be terminated by the user of such natural gas as the expiration of such contract or 10 years after the date of enactment of the Natural Gas Act Amendments of 1975, whichever is earlier, unless, upon petition of such user, the Commission determines that (1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user, or (2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination. The Commission shall modify or terminate certificates of public convenience and necessity relating to such contracts to the extent necessary to carry out the purpose of this subsection.

" '(c) Except as expressly provided in subsection (b) of this section, the Commission shall not (1) modify, amend, or abrogate contracts entered into prior to January 1, 1975, for the sale or transportation of natural gas for boiler fuel use, (2) modify, amend, or abrogate certificates of public convenience and necessity authorizing the sale or transportation of natural gas under such contracts, except upon application duly made by the holder of a certificate under section 8 of this Act; or (3) prevent, impair, or limit, either directly or indirectly, the performance of any such contract or certificate: *Provided, however,* That the provisions of this subsection shall not otherwise modify or affect the authority of the Commission under this Act.

" '(d) The Commission shall not prohibit the boiler fuel use of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility, or for the purpose of alleviating short-term air quality emergencies or any other danger to the public health, safety, or welfare.

" '(e) In implementing the provisions of this section, the Commission shall, to the extent necessary, apply the provisions of section 18 of this Act.

" '(f) Nothing in this section shall impair any requirement in any State or Federal law pertaining to safety or environmental protection. The Commission, in determining feasibility or practicability where required by this section, shall not assume that there will be any lessening in any safety or environmental requirement established pursuant to State or Federal law.' ".

Amend the title so as to read: "A bill to provide authority to institute emergency measures to minimize the adverse effects of natural gas shortages, to provide authority to allocate propane, to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes.".

The PRESIDING OFFICER. The Senate will please be in order. The galleries will please be in order. The Senator from Kansas may proceed.

Mr. PEARSON. Mr. President, I yield for unanimous-consent requests to the distinguished Senator from South Carolina, the distinguished Senator from New Mexico, the distinguished Senator from South Dakota, the distinguished Senator from Florida, the distinguished Senator from Virginia, and the distinguished Senator from Mississippi.

PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. Bill Coates of my staff be accorded the privilege of the floor during the consideration and action on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Charles Gentry of my staff be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. I ask unanimous consent that Bethany Weidner, a member of my staff, be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STONE. Mr. President, I ask unanimous consent that Mr. Bill Pursley of my staff be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. I ask unanimous consent that John I. Brooks of my staff be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHANGE OF REFERENCE—S. 2207

Mr. STENNIS. Mr. President with reference to another bill, S. 2207—and this has been cleared by both sides of the aisle—I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of S. 2207, and that the bill be referred to the Committee on Armed Services. This bill provides for the exclusion of industrially funded personnel in computing the total number of civilian personnel authorized by law for the Department of Defense in any fiscal year, and is completely within the jurisdiction of the Committee on Armed Services since the basic law providing for ceilings on the number of civilians in the Department of Defense is a part of the annual military authorization legislation. This action has been discussed with Senator FONG who introduced the bill.

As Senators may recall, this matter was fully debated this year during Senate action on the military procurement authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENT NO. 919, AS MODIFIED

Mr. PEARSON. Mr. President, throughout the initial debate on the pending bill, S. 2310, we have consistently heard from the proponents of this procedure——

Mr. HELMS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. PEARSON. Mr. President, we have continually and consistently heard the proponents of the bill (S. 2310) argue that we should continue only this natural gas emergency bill, and that we ought not and should not tie it to the consideration of any long-term solution to our natural gas supply problems such as S. 692, or the amendment now pending.

Mr. President, I would like to point out that the long-range proposal, S. 692, was ordered reported by the Commerce Committee on May 6, 1975, almost 5 months ago. Indeed, Mr. President, this whole subject has been the concern and the subject of consideration by many committees, particularly the Committee on Commerce, for more than 4 years. But it was reported by the Committee on Commerce on May 6, 1975, almost 5 months ago. The bill was actually reported and placed on the Senate calendar on June 12, 1975, almost 4 months ago. On that same day, I introduced along with 11 cosponsors amendment No. 586, which has now been succeeded by amendment No. 919, as modified.

Thus, we have been prepared to debate the issues relating to the long range deregulation of natural gas for several months, and I do not believe that the delay in joining that debate can be attributed to many of those of us proposing such deregulation, who have had a great deal of interest in this bill, including the proponents of S. 2310. But I cite that to indicate that the long-range bill has been here for some time, and while that bill would not, of course, have alleviated a great deal of the emergency situation that exists in the country because of the shortage of natural gas and the curtailment, particularly, of industrial customers, who hold interruptible contracts and are low in priority for use, I think it is time we move on to the long-term consideration.

The failure of the Congress to act on this issue years ago has precipitated the impending crisis of a shortage of natural gas for this winter.

Mr. President, why should we not tie these two proposals together? I, for one, know of no compelling reason why we should not do so.

On the contrary, I can think of several compelling reasons why both the short-term and the long-term bills should be considered together.

First, if the Senate were to consider legislation addressed to both short-term and long-term natural gas supply needs, which would function concurrently, then, in my opinion we probably would diminish the pressures to increase natural-gas prices resulting from the short-term effects of the emergency legislation.

Second, by tying these two bills together I believe that we would afford the natural-gas industry the degree of certainty and incentive needed to overcome the shortfall in our natural-gas supplies.

Mr. President, yesterday the distinguished Senator from Texas, a cosponsor of these measures, pointed out that in his view this would not be a short-term emergency, that indeed at the end of the 6 months or the termination date of June 30, 1976, it would be continued on.

I think he expressed then a fear that concerns an awful lot of people, that this emergency bill will be continued on and on, which will not be the case if we go ahead and act now on a long-term arrangement.

If S. 2310 is enacted with the kinds of restrictions and controls we have today, I think we will see great concern in the industry itself, and while the statistics are confusing and vary from speaker to speaker, I think we would soon see a downturn in the number of wells drilled, in the pipeline construction, and in the proven reserves we have, which would constitute alarming figures for the years ahead.

Third, Mr. President, from a pragmatic standpoint, and associated with some of the views I have just expressed, the bill, S. 2310, will expire on midnight, June 30, 1976. There is little doubt in my mind, when we get to recognize that we are going into the 1976 Presidential and congressional year, Congress will in all likelihood be loath to undertake consideration of legislative action needed to bring about a long-term solution in this crisis.

Mr. President, proponents of S. 2310 also have argued that passage of this natural gas emergency legislation does not necessarily preclude passage of other legislation addressing long-term solutions. This is an easy argument to make. But the fact remains that an agreement to consider legislation, such as S. 692 with amendments thereto, does not necessarily insure that it will be brought to a vote and be passed.

Moreover, the fact, which some may argue, that the House of Representatives has yet to consider long-term legislation should not preclude the Senate from acting. We in the Senate, and especially those of us who serve on the Committee on Commerce, have wrestled with this problem for more than 4 years. The time for action by the Senate on this most crucial issue, Mr. President, is long overdue.

So, I for one, Mr. President, urge that our colleagues in the Senate not be dissuaded from facing up to this issue by arguments which are overburdened by the anxiety of this winter's problems. The Senate has now pending before it emergency legislation, and it was pending on the Senate calendar on a long-term legislative basis for a very long time. As I recite, the time for the Senate, Mr. President, to act, is now, and in fairness to the citizens of this country, who are looking to their Government for some solution, I urge that the Senate tie these two bills together as proposed in amendment No. 919 on both the short-term and the long-term basis. Both are compatible. Both can move concurrently in coming forward with some sort of solution to our Nation's problems in this particular way.

Mr. President, I speak only now for a few more minutes to very briefly outline, and I will do that tomorrow in greater detail, the provisions of the amendment No. 919 as modified and as offered and also first make reference to title I of that bill which is the emergency program.

It would provide on the basis of 180 days, some 6 months, that the FPC could determine the curtailed pipelines, those who have curtailments affecting high priority customers, that they, pursuant to existing FPC regulations, buy gas anywhere at any price without the price regulations. It contains emergency boiler conversion by FEA, subject to eight criteria.

It would provide for compensation to the high priority industry users, who would get the gas to pay back to the alternate and the pipeline, very similar to the proposal we have been discussing.

Last, it would have a propane authority for the President to allocate and set prices during times of great natural gas shortages.

Mr. President, there is the long-term running concurrently with the deregulation of new onshore interstate gas, the new gas to be defined as that gas first sold in the interstate system after January 1, 1975.

It would provide for new wells and old reservoirs, and that gas in old reservoirs after the contract has terminated by its own terms after January 1, 1975.

It would provide for the full performance of existing contracts, and continue the FPC regulation of old gas, transportation regulations, curtailment regulations.

It would deregulate offshore gas in 5 years by 1980 using a very new criteria which would take into account the prospective costs, the need for maximum production, conservation considerations, consumer considerations. From time to time in that period between now and 1980, subject to that criteria, the FPC could modify the rates that they had set, and thus phase out this large part of the offshore regulation we provided in this bill by 1980.

Mr. President, there are other provisions in this bill, such as the agricultural priorities, the priorities that exist now, the extended provisions for the FPC for authority for gathering information and for making studies. It has a boiler phase-out which is similar to those that we have been discussing.

The Senate, of course, is on notice that on tomorrow at 3 p.m. this amendment will be subject to a tabling motion.

I urge, for the reasons set forth very briefly here today, that we get on with the business of trying to do something about the emergency this year, to do it on a basis with a bill that is workable and can be passed and go forward at the same time with a compatible and a long-term solution to this very serious problem.

It is true that the long-term solution will not provide any new gas. I think the emergency will be to the extent of 200 or 250 billion cubic feet this year. We may be able to alleviate some of the unemployment, although the long-term or the permanent solution will not do anything about this winter. If we had acted last year or the year before, we would not be having an emergency bill here today.

So, Mr. President, I hope that this will be seriously considered by the Senate and that they will see it within their wisdom to move forward on a very broad front to respond to a very serious problem facing this country.

I yield the floor.

Mr. BEALL. Mr. President, there is general agreement that there is no issue facing Congress that is more urgent than assuring our citizens and businesses that they will have energy resources available in sufficient quantities to meet residential demands and to enable industry to operate at full capacity. Indeed, in the United States, where 6 percent of the world's population consumes 30 to 35 percent of the world's energy, our standard of living is directly proportional to the availability of reliable energy supplies. Although we must emphasize the need for conservation in our approach to the energy supply problem, it is also critical to recognize that conservation alone is not the answer. We must begin immediately to expand the effort for exploration and production of all domestic energy forms if we expect to meet the Nation's constantly growing energy demands.

Natural gas is our most dominant domestic energy resource. It supplies 40 percent of the Nation's domestic energy production, 50 percent of the energy now used by U.S. industry, and delivers heat to 160 million Americans through a network of 1 million miles of pipeline. Natural gas is our cleanest fuel, making it the most environmentally superior. Clearly the availability of adequate natural gas supplies is essential if we are to continue our economic recovery and maintain a sound, stable economy.

Yet, despite a vast resource base of potential natural gas reserves in the United States, gas curtailments of firm deliveries have escalated rapidly since 1970. For example, in 1970, virtually every retail outlet of the Columbia Gas Transmission Co., which serves Maryland and several neighboring States, began restricting additions of new industrial loads. By 1972, they had placed a freeze on all new loads, including residential. During the winter of 1974–75, the situation worsened substantially when industrial cutbacks ranged from 10 to 85 percent, and curtailments started into large commercial customers. As a result, industry's ability to maintain normal production levels was seriously impaired, many plants were forced to shut down completely, and still others had to convert to higher priced alternate fuels, where it was available and could be burned in compliance with environmental standards.

Unfortunately, this deplorable situation is generally representative of natural gas service throughout the Nation and, based upon present estimates, will continue to worsen into the coming winter. Last Monday, September 22, I presented to the Senate a natural gas study, prepared in my office, that detailed the impact of this year's natural gas shortage on our Nation in general, and on the Maryland economy in particular. This examination shows that as our gas curtailments continue to mount—as they have since 1970—so do the costs to the Nation's economy. Even at our current national shortfall of 3.2 trillion cubic feet, my office calculates that the added cost of alternate fuels needed to replace these curtailments will exceed $4 billion. In addition, when the increased unit costs of transmission and distribution are calculated, the cost to the Nation for 1975–76 approaches $5 billion.

However, even this $5 billion figure is optimistic because it does not anticipate the consequence to hard-hit States of employee layoffs or industrial slowdowns. A study from the Department of Commerce, dated September 1974, indicates that of the 25 industries which consume 70 percent of the Nation's industrial gas, only three—that is petroleum refining, steel, and automobile manufacturing—are properly equipped to make the switch to alternate fuels.

While this may be true, the information received by my office seems to indicate that this situation has improved somewhat from the 1971 data upon which the Commerce Department's study was based and that many firms, reacting to the fear that no natural gas would be available to them in the future, have begun their costly conversion process. Nonetheless, many industries will face extremely high costs, either in the form of high priced alternate fuels and accompanying conversions, or worse, in the form of operational slowdowns and employee layoffs.

Unfortunately, as bad as the national picture is, the White House has identified Maryland as one of the 10 States expected to suffer severe curtailments this winter, where deficiencies of 27.7 percent over 1972 consumption levels are anticipated. Fuel oils needed to replace curtailed natural gas service will cost Maryland hospitals and nursing homes an additional $3 million, schools and universities an additional $4.5 million, multifamily dwellings such as apartment houses and condominiums an additional $3.4 million, and industrial consumers an additional $62.4 million. For those who are overly concerned about the increased consumer costs resulting from deregulation of "new" gas prices, it is interesting to note that these additional expenditures for alternate fuel requirements represent an increased energy cost of about 40 percent.

Furthermore, additional costs of curtailments that are often overlooked are the indirect costs to residential and small commercial users stemming from lower volumes transported by pipelines which increases the unit cost of transportation. Based on current curtailments of 17 percent, the average M.c.f. cost of transporting natural gas from the wellhead to distributors stands at 34 cents as contrasted with 28.5 cents when full requirements are met. Similarly, distributors are facing an even greater loss of efficiency due to curtailments which will result in residential price increases of 19.9 cents and commercial price increases of 15.4 cents per M.c.f. When these figures are multiplied by sales volume for noncurtailed users in Maryland, the additional costs of reduced efficiency translate into $17.7 million and $6.5 million for residential and commercial users respectively.

The combined effect of increased unit transportation and distribution costs and conversion to alternate fuels on Maryland approaches $100 million during November 1975, to October 1976.

Mr. President, I am convinced that the situation I have just described is the direct and inevitable result of the past 20 years of natural gas wellhead price regulation by the Federal Power Commission. In 1954, the U.S. Supreme Court extended authority to the Federal Power Commission to fix the price at which thousands of producers could sell their gas to pipelines for ultimate resale to the public in other States. Since then, exploratory drilling activity has fallen by 50 percent with a corresponding drop in reserves to the point where we are now using more gas than we are finding. During this 20-year period, the FPC has attempted to set the price of natural gas utilizing utility-type or cost related ratemaking techniques which has proven to be totally unacceptable from the standpoint of both encouraging exploration and encouraging prudent use of this most precious natural resource.

Perhaps the most onerous threat FPC regulation poses to encouraging production is the imprecision of pricing techniques used to determine what price producers may receive for their natural gas. As we have stated in the minority views of S. 692:

> The Federal Power Commission has repeatedly cited the overwhelming complexity of the rate setting process. Undoubtedly, it is extremely difficult, if not impossible, to predict accurately the correct price of natural gas, since costs vary constantly and widely.

In addition, some 40 percent of the costs of natural gas exploration and production are incurred jointly with the production of other hydrocarbons.

The resulting natural gas "cost" computation may differ as much as by 200 to 300 percent, depending on the method of allocation used.

In the Texas gulf coast area rate proceeding opinion, the FPC stated:

> The cost computations used in this and other area rate proceedings seem to be mathematically precise. They are not. Allocations of costs are by nature matters requiring a substantial amount of judgment.

The error is further compounded because the FPC necessarily must use average or aggregate cost figures which represent no company's actual costs. In fact, price ceilings based on average cost insure that roughly half the gas currently onstream cost more to develop than the producer can receive for it. In other words, if these producers could have foreseen what their price ceiling would be, they would not have developed any gas which would cost more than the existing ceiling. Obviously, the ambiguity of national price ceilings injects an additional element of irresolution into an already risky venture which has inevitably resulted in a downward spiral of exploratory activity.

Even the Commission itself has acknowledged that its past regulatory policies have established rates at minimum cost-based levels which have been administered within a framework fraught with uncertainty and delay. To be sure, current area rulemaking procedures have greatly expedited the ratemaking process, but even these rates are not immune to the delays of appellate review. Some of the Nation's major areas of production have waited more than 10 years for a final wellhead price determination.

More concisely, price uncertainty means that producers have not been able to safely assume that marginal prospects would be worth drilling. The obvious effect has been to dampen the search for new supplies and to reduce proven inventories to improvident levels resulting in chronic deliverability problems. Unrealistically low regulated prices have increased the demand for natural gas, with much of it directed toward less efficient uses, and have diverted gas away from the nonproducing interstate market for intrastate consumption. This is the policy we have followed since 1954.

Mr. President, the bill now under consideration, S. 2310, offered by Senators HOLLINGS and GLENN, is purportedly designed to "establish temporary emergency authorities for minimizing the detrimental effects on employment, food production, and public health, safety, and welfare caused by natural gas supplies." Yet this bill, S. 2310, directs the Federal Power Commission to establish area ceiling prices based on average, August 1975 intrastate contracts which will freeze the wellhead price of all new onshore natural gas sales, including presently unregulated intrastate sales, for the 10-month period commencing on September 9, 1975. I congratulate Senators HOLLINGS and GLENN for their attempt to alleviate some of the immediate hardships we are facing this winter.

However, it seems to me that to extend FPC controls into the intrastate market for the first time, when that market has functioned effectively only because intrastate producers have not had to contend with administrative and judicial delays, and the imprecision of FPC pricing techniques represents a move in exactly the opposite direction of where we should be going.

First of all, the price natural gas producers receive for their product will determine how much gas is brought onstream to meet the needs of natural gas consumers. The price freeze at August levels may be satisfactory for a while, but no one knows if it will maintain a supply-demand balance until June 30, 1976, when S. 2310 is scheduled to expire. During the Commerce Committee hearings on S. 692, the so-called long term approach to our natural gas production policy, expert witnesses could not agree upon what price natural gas should bring at the wellhead. They could not agree because, as I have stated earlier, pricing techniques are not mathematical certainties—they are complex matters requiring judgment on the basis of constantly varying costs which are different for each producer. Congress simply does not have the expertise to set a ceiling on natural gas prices, especially when this monumental task is subject to such controversy, even among those who have spent years attempting to arrive at an acceptable level for wellhead gas prices. I am, therefore, unwilling to endorse an extension of FPC controls into the intrastate market when these controls will profoundly influence the supply of more than 50 percent of the energy consumed by U.S. industry and which serves millions of American homes.

Furthermore, Mr. President, S. 2310 fixes prices as close as practicable at the average sales price of August 1975 intrastate contracts. The word "average" here perpetuates and expands a major deficiency of existing FPC interstate pricing techniques into the intrastate market for the first time. Specifically, as I have said before, average or aggregate cost figures represent no company's actual costs, and, in fact, insure that roughly half the gas onstream must be sold at a price below that which a producer could receive for it in the absence of such controls.

In addition, S. 2310 represents a foot in the door for FPC controls over intrastate prices. We have already seen the difficulty of lifting price controls that are supposedly temporary during our recent experience with the Emergency Petroleum Allocation Act. I would be surprised indeed if the same kind of reluctance did not confront us on June 30, 1976, when S. 2310 is scheduled to expire.

Again, I congratulate Senators HOLLINGS and GLENN on what they are trying to accomplish, but I feel strongly that their approach will only compound our difficulties rather than cure them.

On the other hand, Mr. President, amendment No. 919, offered by Senator PEARSON, would allow interstate pipelines which do not have or which under reasonably foreseeable circumstances may not have, a sufficient supply of natural gas to meet requirements of their high-priority consumers, to contract for 180-day emergency purchases directly from intrastate sources at free market prices. Thus, consumers will have an alternative to shutting down where alternate fuels cannot be substituted for curtailed natural gas service.

The Federal Energy Administration has testified that previous experience with emergency sales initiated by the Federal Power Commission has demonstrated that these short-term contract prices will not rise to exorbitant levels, and purchasers will pay only what a commodity is worth. In any case, purchasers will not pay prices which exceed the cost of alternate fuels. In addition, pipelines will be able to average the price of higher cost gas with their regulated volumes. Since the additional volumes made available by the emergency sales will be small in relation to the total gas carried, end users will not experience significant price increases.

But most important, Senator PEARSON's amendment would not expand FPC rate regulation, which for the last 20 years has proven to be a disaster, leaving interstate consumers with curtailments, industrial shutdowns, and loss of jobs. Rather, his amendment will expand a program of deregulation which has successfully provided the intrastate market with all of their natural gas needs and would, for the first time in 20 years, allow interstate pipelines to compete effectively for available natural gas supplies to meet their requirements of residential and commercial customers, and of industrial users who need natural gas for feedstock processes or other high priority uses.

According to the testimony presented to the Commerce Committee on this emergency legislation, we can anticipate an additional 200 to 350 bcf of natural gas to come onstream as a result of the emergency 180-day sales provision offered by Senator PEARSON. This additional gas could ease some of the economic and personal hardships which threaten us this winter.

Title II of the Pearson amendment, commonly known as the Pearson-Bentsen amendment to S. 692, addresses the long-term fundamental question of wellhead natural gas pricing policy. I believe it is now essential for us to consider both the short-term and the long-term policy issues concurrently. It is now nearly 5 months since the Commerce Committee ordered S. 692 reported. It has been nearly 4 months since S. 692 was placed on the calendar and Senator PEARSON introduced his substitute amendment to S. 692. The natural gas pricing issue has been with us for years, especially since the 93d Congress, and it has been congressional reluctance to face this issue squarely that has brought us to the point where natural gas curtailments are so severe, that emergency legislation is necessary.

I have heard the argument time and again that "decontrol of natural gas prices will not elicit any immediate additional supplies." Undoubtedly, if we had decontrolled wellhead prices the first time that statement was made, that I mentioned a minute ago, we would not be in the natural gas emergency where we are now. Be that as it may, the Chairman of the Federal Power Commission has stated before the Commerce Committee that:

> It (deregulation) will increase the overall supply of gas for this winter. If the price goes up, there will be some wells that will be developed. There will be additional compression added, and other steps to increase recovery and deliverability.
>
> There will be some additional short-term drilling, where there are prospects available and possibly next February there may be some additional gas that may be flowing.

The American public is looking to their Government for solutions to the energy crisis. If Congress once again avoids resolving the long-term natural gas wellhead pricing issue, we will inevitably face an even more severe gas shortage next winter, resulting in more emergency legislation which does not address the fundamental problem. It is therefore imperative that we consider a long-term solution to the natural gas crisis, such as that envisioned by title II of Mr. PEARSON's amendment.

Title II would immediately deregulate "new" gas produced from onshore wells but continue FPC offshore wellhead price regulation for the next 6 years. This approach would not box onshore producers into a statutory price ceiling but it would maintain FPC price supervision over offshore production. Neither would it require producers to petition the Federal Power Commission every time their costs of production exceeded the national ceiling rate, which is a monstrous pitfall of current procedures and which can only cause further administrative expense and delay.

Furthermore, eliminating the uncertainty caused by onshore price ceilings will greatly reduce a producer's hesitancy to recover gas which might otherwise be left in the ground. For example, a producer will not have to appear before the FPC, if the use of compressors, reconditioning, or deeper drilling will mean costs in excess of the applicable price ceiling. He may proceed with these techniques without fear that the FPC or the courts will prove his decision to have been in error and that these wells should have been abandoned as "uneconomic."

In addition, intrastate gas is selling at free market prices 3 times the price of regulated interstate sales, which has had the disturbing but inevitable effect of depriving interstate pipelines of the opportunity to compete effectively with intrastate purchasers for gas that is needed so desperately by interstate consumers. As a result, intrastate reserve additions have remained relatively stable while interstate reserve additions have fallen drastically over the past several years. S. 2310 would attempt to achieve parity between the intrastate and interstate markets by extending FPC controls into the intrastate market. But it does not serve the public interest to achieve "parity" if the result is simply to dampen the enthusiasm of producers in producing States and make less gas available to all markets.

Senator Pearson's approach, on the other hand, would not address the inequality between the two markets for expanding a program that the last 20 years has proven to be a disaster, and left us with pipeline curtailments, unemployment, industrial shutdowns, and caused consumers to switch to higher priced alternate fuels. Rather, his alternatives would expand the program which for years has successfully provided intrastate consumers with their natural gas requirements into the interstate market for onshore "new" gas production. Interstate purchasers would thereby have an opportunity to compete effectively with intrastate purchasers, which will undoubtedly assist our effort to channel a greater amount of natural gas into nonproducing States and ease the hardships being caused by the current interstate shortage.

S. 2310 requires a temporary price rollback for natural gas sales after September 8, 1975, which offers no incentive for future drilling activity. Senator Pearson's amendment, on the other hand, will provide immediate assistance to curtailed interstate natural gas consumers and will immediately encourage producers to begin exploration and production of new gas supplies. I therefore urge my colleagues to support the Pearson amendment to S. 2310 in order that the natural gas industry can get on with the job of bringing natural gas onstream that will relieve traditional users from the burdens of high priced substitute fuels and again enable U.S. industry to operate at full productivity.

Mr. President, I have been on the Committee on Commerce in this body since January 1973. I point out that ever since I have been on the Committee on Commerce in the U.S. Senate, we have been debating the natural gas question. In January of 1973, we were talking about the very serious problems that were facing the people of the United States, particularly those of us who live in the Eastern part of the country, because of natural gas shortages. In 1973, I was visited by labor and management from the city of Baltimore, representing industries around the Baltimore Harbor, who at that time were being threatened with natural gas curtailments. Now these curtailments, more than 2 years later, are with us, and we still do not have any action from Congress.

Mr. President, it is extremely important, in my opinion, that if we are going to prevent further curtailments of natural gas, if we are going to prevent a further adverse impact on the economy of those areas adversely affected in the form of employment slowdowns, job losses, and reductions in production by manufacturing plants, then we have to solve not only the emergency situation for this winter, but concurrently with seeking that solution, we have to find some long-range answers to this problem. In my opinion, that answer is best found in the Pearson substitute and in the so-called Pearson-Bentsen amendment, which provides a long-range answer.

Mr. PEARSON. Will the Senator yield?

Mr. BEALL. Yes, I am happy to yield.

Mr. PEARSON. I said to the distinguished Senator from Maryland when he first spoke about the study, which I have also looked at, which pertains to his own State of Maryland, which will be under severe curtailment, under the shadow of considerable unemployment, that I shall put into the Record at a later time various computer readouts as to the proposed cost of deregulation, either under S. 692, the committee bill, or the bill that the Senator from Texas and I have introduced, or the administration bill, which, for all intents and purposes, was just defeated by the tabling motion in the earlier vote today. The national record, the national figures as to the future, as to whether or not we stay where we are, not do anything, or whether we go to deregulation, indicate that in the years 1930 to 1985, we are going to be in a very, very severe situation, much worse than we are today.

I really want to say to the Senator from Maryland that the experience he has recited heretofore in the Senate, and today, is also the national experience. It is essential, it seems to me, to get on with not only an emergency bill, but an effort to make a long-term attempt to manage this problem to the point where we can have adequate supplies of this very, very high priority fuel.

I make one other point to the Senator in thanking him for his statement. That is that long-term and short-term bills, which are not compatible, probably ought not to be joined. Part of the problem of 2310 is the effect it is going to have on the producers throughout this country. They see an emergency bill staring them in the face; they do not know what is beyond that. It might be extended. They understand politics as well as we do, they know about an election year. If we can have an emergency program now that is combined and running concurrently with a long-term program, where they know where we are, not just next winter but the winter after that and the years ahead, I think it will give a sense of certainty and that we will have great development and exploration in the natural gas industry in those producing States.

I thank the Senator for his statement and indicate to him that the national experience and the national projections are in the same vein as those that he recited for the State of Maryland.

Mr. BEALL. If the Senator will yield, I thank him for his remarks with reference to the study we made about the impact on the State of Maryland and the fact that computer readouts show the same to be true for other States of the country. I think if we carry that one step further, as we found in Maryland, the additional cost, measurable cost, of switching to alternate fuels this year is $75 million. If we carry that one step further—and it is difficult to do; at best, it is a loose compilation of figures, but at the same time, it is accurate—we will find that.

Mr. PEARSON. If the Senator will yield, it is the cost of conversion and the cost of alternate fuels.

Mr. BEALL. That is right, but if we project what it will cost them with a deregulated natural gas price at the highest intrastate price now in effect, we have only come up with 40 percent of that cost. So by doing nothing, we are costing the American people a lot more than doing the worst thing we could possibly do.

Second, I appreciate the Senator's remarks about the indecision, the uncertainty that is left in people's minds if we pass only a temporary emergency bill that purportedly will take care of the situation this winter. I happen to serve on the Committee on the Budget. As the Senator knows, we have been hearing testimony for weeks now by economists and others who come in to talk about the state of the economy and what Congress ought to be doing. To a man, almost everybody who is asked to talk about capital output and investment in our country says that the most important thing that Congress and the Government can do is to leave people with a feeling of certainty that there is going to be a specific policy for a specific period of time in this country. In the absence of certainty, people will not make the kind of investment that is required to develop a natural resource or to build a new manufacturing plant or do anything that will improve the economic base of our country.

I think that it is extremely important, as the Senator does, that the long-term answer be passed through this Congress at the same time that we seek a short-term solution.

Mr. PEARSON. Would the Senator be surprised if the Senate passed the short-term emergency bill and then, when we had moved to consider—when we had moved to consider—a long-term solution, would the Senator be surprised if there would be some among our brothers who would say, "Why don't we wait and find out what the short term does? We have a new vehicle here, let us see how it works. This may give us a new insight as to what we ought to do."

Would the Senator be surprised if, next year, at the end of this period, there would be come clamor for a new emergency and a new extension of the bill, maybe with modifications?

Mr. BEALL. I would be surprised if that was not the case. I fully expect if this Senate passes only an emergency bill when the bill that has been reported out of the Commerce Committee is then brought up, if it is brought up, and I understand it will be, I understand that there is an agreement, the argument will be that we have taken care of the situation this year and, therefore, we do not have to act and we will not act.

I would suspect next year then rather than my State being curtailed by 22 or 23 percent, we will be facing a 30-percent curtailment, and the situation will be much worse than it is right now. There will be a further cry for an emergency situation, and we will be further away from a solution.

Mr. PEARSON. I thank the Senator.

Mr. BEALL. Mr. President, I yield the floor.

Mr. WEICKER. Mr. President, I want to commend the distinguished Senator from Kansas (Mr. PEARSON) and the distinguished Senator from Texas (Mr. BENTSEN) for bringing their amendment before this body, which as I see it, is designed to avoid the type of confrontation we presently have relative to energy as defined by oil-gasoline.

It was with a great deal of reluctance that I voted to table the amendment of the distinguished Senator from Arizona because, philosophically, decontrol is what I believe has to take place.

On the other hand, that is one extreme view as opposed to another extreme view as presented by the Hollings-Glenn amendment. Rather than come to a point of confrontation, which can only take a great amount of time as far as Congress is concerned, why not get to the business of compromise on the middle ground right away. That is why I commend the Senator from Kansas and the Senator from Texas for getting right to the heart of the matter now, when the American people look to this body for leadership and not for political confrontations.

Now, following up on the comments made in the dialog between the distinguished Senator from Maryland and the distinguished Senator from Kansas, let me say we are not paid to continue postponing decisions. In effect, what we do is to dump both the problem and the payment into the laps of our children because that is what is politically expedient.

Would it not be refreshing, as an exercise in leadership, if this Senate, this Congress, stated the problem clearly and truthfully to the American people and said that it is our generation which should meet up to the realities of this time rather than to politically postpone the very necessary decisions that have to be made?

The law of supply and demand does not in any way change when you relate it to price. Price is going to be determined by those two factors, demand and supply. Now, certainly I have not found anybody on the Senate floor or in Congress or in the White House who has advocated a rationing system relative to natural gas. The good Lord knows they will not even buy it when it comes to oil and gasoline. The Senator from Connecticut knows because the Senator from Connecticut has proposed it. So the part of the equation that relates to demand is not going to be faced up to either by Congress or by the White House. I am not so sure the American people will not face up to it, but they will not even get that chance.

So there is no way you are going to reduce price by reducing demand. Nobody wants to bite that bullet.

The other part of the equation relates to supply. If you get enough of the supply onstream price can be lowered. But nothing proposed in the Hollings-Glenn amendment, nothing proposed in earlier measures when it comes to fuel oil, will do anything to encourage additional supplies. So the net result is that the law of supply and demand, as it relates to price, has not been heeded either as to demand or as to supply. Therefore, you have short supply, high-priced energy, whether it applies to fuel oil and gas, or whether it applies to natural gas. That is a simple statement, and a very true statement of the situation which confronts this country today.

You can ignore it, you can fudge it, you can bury it with a lot of statistical detail but, very simply, price is going to be affected by that law, and it is as applicable in this generation as it has been in generations before and will be in generations to come.

Mr. President, I am supporting the Pearson-Bentsen substitute to S. 2310 because it makes better sense for Connecticut and for the people of the entire country. This amendment addresses the immediate problems of severe shortages of natural gas this winter by establishing emergency procedures for the redistribution of excess natural gas as well as the long-term problem of guaranteeing an adequate supply for the future.

Make no mistake about it, they should be tied together, the short term and the long term.

Is there anybody in this Chamber, either on the floor or listening, who believes that, if you postpone the decision until June 1976—mind you, 5 months before an election—that any long-term solution is going to be enacted in June? At the minimum, we will have another short-term bill carrying us until, let us say, December 1, 1976. There will be nothing further done as of June 1976. It is postponing the problem to what I call the after-the-next-election generation of Americans.

So if the problem confronts us, it is deserving of a total, complete, solution, both short term and long term. Let us all be adjudged and let our parties be adjudged on the view that we take to the solution rather than by sleight-of-hand to fake the American people out by giving no answer at all.

The seriousness of the natural gas situation should be clear. The Federal Energy Administration estimates this winter's curtailment of natural gas will be 30 percent more acute than last winter, which was unseasonably mild. The winter's severe curtailment could be 45 percent worse, and this will result in significant unemployment, economic disruption, and personal hardships.

I have to repeat again on the floor for those who thought the energy crisis went away when the gas lines disappeared, the gas lines have been supplanted by unemployment lines. In the case of my State of Connecticut we are talking 12 percent unemployment right now, 52 percent among young people and minorities. And if there is an inadequate supply of natural gas this winter you can take those figures and add substantially to them.

As I understand politics, a little playing of politics here and there is always going to be with us. There is nothing evil or wrong about it. But, for heaven's sake, when we are talking about people out of jobs, about an inability to take care of themselves and their families, what price for politics in this country? It seems to me that price is getting exceedingly high.

I do not believe anyone who has committed some time and effort on the natural gas problem would deny the present regulatory policy will not suffice for the future.

If we want a classic example, I am accused, because I am for deregulation, of being against the consumer.

I think, basically, the politician who says that is relying on a certain ignorance in people understanding the overall problem.

If one wants a classic example of regulation or nonregulation, side by side, see what has happened with interstate and intrastate gas, one could not have a clearer example both as to the adequacy of the supply and the price of the product.

Nor do I believe that any responsible legislator could claim that regulatory policy over the natural gas industry has succeeded in encouraging the expansion of exploration and development efforts for new natural gas. There is a finite supply of natural gas. We must guarantee that maximum recovery efforts are assured.

When I first came to Congress in 1969, my good friend, Dick Rosan of Greenwich, Conn., with the Columbia Gas System, sat down and warned me then—nobody thought about energy, we were on our binge, nobody thought about controls or about rationing, we had all we wanted. Dick explained carefully to me about the storm that lay over the horizon as far as the shortage of gas, and high-priced gas, and nobody wanted to listen.

Every single thing he told me then in 1969 has come true in 1974 and 1975.

The facts of the situation are evident enough. Since 1970 demand for natural gas has exceeded available supplies. Production has been leveling off, and demand has been increasing. Shortfalls in the supply of natural gas promise to become more and more serious, especially in the absence of effective remedial action. And we cannot find ourselves in the position of year after year, prior to the winter season, passing short-term legislation to meet the emergency shortages.

The Connecticut Natural Gas Corp. has experienced significant curtailments in recent winters and expects more severe curtailments in the future. The situation has forced Connecticut Gas to make up shortfalls in expensive propane gas and synthetic natural gas and to rely upon an $11 million LNG facility to store liquified natural gas during the summer months for use in the winter. The irony of the situation is that Connecticut Gas has been forced to pay up to $3 m.c.f. for urgently required propane gas and synthetic natural gas, imported from Canada or Algeria, to supplement their supplies of domestic natural gas, mainly from Louisiana and Texas. This gas company, like others in New England, is paying up to three times as much for these additional supplies than it estimates it would have to pay if more domestic supplies were available.

Let us let the record state it very clearly, that if there will be some additional cost, I would rather it go into the pockets of Americans and American labor than to be in the form of a totally artificial tax that goes abroad.

Yet, to go ahead and preserve certain political fortunes with the sleight of hand—that is exactly the charade that will continue. No. I want this country back at work. I want the money to stay in this country. For a particular political gain I do not want to preserve the artificiality of low prices at home while, in fact, the money goes abroad.

Connecticut consumers last year had to make up a $3 million deficit because Connecticut Natural Gas was forced to acquire the very expensive synthetic natural gas in the absence of sufficient natural gas.

In New England, and throughout the entire Nation, a continuing shortage of natural gas will result in widespread industrial unemployment. In my own home State of Connecticut, there are over 100,000 workers in gas-dependent industries.

Remember, the total population in the State of Connecticut is only 3 million.

We have 29,500 commercial establishments dependent upon natural gas, as well as 2,600 industrial facilities which depend upon the use of natural gas for manufacturing processes. Insufficient natural gas will adversely affect business expansion, seriously discourage new construction, force conversion to other fuels on a broad basis and impose, in most cases, much greater basic energy costs. It will also increase our dependency on foreign oil.

The question, then, is: How should we approach the problem of the natural gas shortage? What is the best way to encourage an ambitious production effort for natural gas?

Not what is the best way to select candidates in 1976, but rather, what is the best way to encourage the American people's production effort for natural gas?

S. 2310, which its sponsors even admit is a patchwork solution to the present shortage situation, is for that reason not the proper course of action. This bill extends FPC regulation into the intrastate pipeline system by designating curtailed pipelines as priority purchasers and permitting them to buy into the intrastate market at prevailing average wellhead prices. Regulation of the interstate system will merely further depress the efforts of producers to explore for new natural gas. The process of seeking and drilling for natural gas is extremely costly. Presently, the only excess of natural gas is in the uncontrolled intrastate market where independent producers have had the financial incentives to seek new sources of natural gas. To control the intrastate system, even for the short period of 9 months as proposed in S. 2310, will truly be counter-productive to any discovery of new gas. Next June, when the emergency measures of S. 2310 are due to expire we will find ourselves with the same problem, and no doubt greater shortages than are presently projected for next winter. It is, I believe, unwise and unnecessary for the Federal Government to step into the previously unregulated intrastate system.

Also, by interjecting itself into the intrastate system, S. 2310 will destroy that healthy competitive market. What we are referring to are many independent gas producers and small businesses, rather than just the big oil companies. What will be the economic impact of controlling—that is lowering—the prices in this market?

Mr. President, I cannot support such a bill. Instead, I have joined my distinguished colleagues, Senators PEARSON and BENTSEN, in sponsoring a substitute bill which addresses not only the short-term emergency situation, but also looks to the future.

The Pearson substitute would authorize the FPC to designate within 15 days, priority purchasers for the purpose of permitting them to acquire natural gas from the intrastate market at unregulated prices. This emergency provision would remain effective for only 180 days, expiring midnight on April 4, 1976. The substitute would further prohibit boiler fuel use of natural gas in any facility with some exceptions; provide for the emergency allocation of propane; deregulate wellhead prices of new natural gas; and, phase out regulation of Outer Continental Shelf gas by December 31, 1980.

The Pearson legislation provides the proper response to our current natural gas crisis. I support this substitute amendment recognizing the fact that continuing restraints on the wellhead price of natural gas will only exacerbate the present shortage of one of this country's most important sources of energy. Natural gas supplies 40 percent of this Nation's energy requirements, 55 percent of which is to heat homes.

Deregulation of natural gas prices is the best means of assuring an ambitious effort of recovery of new natural gas sources. Reregulation, in the guise of consumer interest, is the best way to encourage additional shortfalls in natural gas. We must not delay taking the necessary long-term steps to assure adequate supplies of natural gas for the future.

Mr. President, I sincerely hope that my colleagues give serious consideration to the implications of the legislation before us today. We must understand that energy independence for America will not be achieved without cost or sacrifice.

As I stated on the floor during my speech on oil and gasoline, there is no such thing as a free lunch. Politicians try to keep selling that theory.

Fortunately, the American people have gotten smarter and recognize a lie when they see it and hear it.

We may reject the tough answers now, but no one will benefit by that short-sighted course of action. For it is my strong feeling that if the Congress decides to continue and even extend a restrictive policy over natural gas, we will all pay very dearly for it in the near future.

I note that when it came to the vote on deregulation relative to fuel oil, when I voted to deregulate, I was the only New England Senator to do so. People indicated that was foolhardy, politically unwise, or and that I, was anticonsumer.

I know the Governors and political figures in the various States that are facing severe unemployment that do not have enough natural gas are starting to hedge. A little deregulation is in order on some of the gas.

Well, I do not understand why that applies in the gas area but not the fuel oil area. Either the theory of deregulation and bringing additional supplies and, therefore, lowering the price can stand the test and is a good theory or it is not. It is a good theory. The only thing that makes it bad is politics. The only reason why this illogic, insanity flies, is that the American people have not yet been thoroughly educated on the economics of the situation. So the politicians prey on that lack of knowledge. But there is a price to pay. Postpone, postpone all you will, but eventually the price has to be paid.

I stated several weeks ago in a speech in New York that I am sure the people of the city of New York today have a far different view of the commitments that were made by politicians years ago in New York City and a far different view of their own silence to those commitments, today, than they did then.

I said in that same speech, so that my good friend from New York will not feel miffed at all, that I do not think New York is the only situation where the politicians are postponing decisions to the future and having the future pay for them. That same postponing philosophy is going on right here in Washington, D.C.

The time has come to go ahead and stop it.

If we are going to stick it to our kids, let us tell them what we are doing. Let us have the honesty to stand up and say so, whether it is natural gas, whether it is fuel oil, whether it is another bill. Tell them what it is we are going to go ahead and do. Do not give them 1930 and 1940 style politics in 1975. Somehow they look a little askance. They cannot quite understand why we have not received the message here; and we have not. All we are leading up to, if we vote for the Hollings-Glenn bill, is another confrontation such as we have had on fuel oil. Senators BENTSEN and PEARSON, I think, in their substitute, are trying to have us act as statesmen, to act now.

As I said, we can go to the extreme. Yes, I reluctantly voted against Senator FANNIN, and certainly I would not be for Senator HOLLINGS. I realize that action is demanded of the Senate, today if, indeed, we are going to resolve this winter's crisis and if, indeed, for the first time, we are going to engage in a leadership exercise which is meaningful to our children's future.

Mr. BEALL. Will the Senator yield?

Mr. WEICKER. I yield.

Mr. BEALL. I congratulate the Senator on a very fine statement. He has made excellent points with regard to the natural gas situation, developing candor and an understanding of the problems among the people around the country.

The Senator made a fine statement with respect to the effect on consumers. Consumers do not always accurately understand the pricing policy involved, particularly in an instance like this. It is important to point out that when we are talking about the price to the consumer of natural gas, the wellhead price plays a very small part in the total price charged to consumers. As a matter of fact, the wellhead price currently represents only 17 percent of the residential natural gas bills, with 83 percent of the cost of natural gas that we all pay for at our residences attributable to transportation and distribution charges. So, really, the consumer probably suffers more because of inaction than he will because of any action that is going to be taken by the Senate in the way of deregulating natural gas prices.

Incidentally, I share the view of the Senator from Connecticut on the amendment of the Senator from Arizona. I reluctantly voted against it because I thought the Pearson-Bentsen approach was a better approach.

There was an article in the Washington Post this morning that pointed out that the Washington Gas Light Co. yesterday proposed a rate increase for District of Columbia customers.

As I was on my way to the Chamber to vote on the Fannin amendment, an individual said to me in the lobby, "See what happens when you deregulate natural gas?" I said, "What do you mean, see what happens? This has nothing whatsoever to do with the wellhead price of natural gas. If you read the article you will find out in the article that they are asking for a rate increase, which may or may not be granted by the local public service commission, because of the methods they are going to use in charging industrial and residential consumers for the amount of natural gas that is consumed here in the District of Columbia."

I pointed out that the retail price to the consumer is controlled by local public service commissions and the wellhead price of natural gas only represents 17 percent of the total cost of natural gas to the consumer.

Also, significantly in this article in the Post, it points out that the utility, and that is referring to the Washington Gas Light Co., has been unable to hook up new customers since 1972 because of declining supplies.

So each year the customers of natural gas in the Washington metropolitan area are losing economies of scale that come as we increase supplies of a commodity to the market.

As the report that Senator PEARSON alluded to that we did in our office indicates, when we talk about economies of scale, we pointed out that based on the current year curtailment, estimates of the average MCF cost of transporting gas from the wellhead to distributors stands at 34 cents as contrasted with 24 cents. Similarly, distributors face a greater loss of efficiency due to curtailments. As a result, they must pass on increased costs of both transportation and distribution to offset the higher costs.

I think it is abundantly clear that the consumer is paying more for his gas at his house because this Congress has not done anything in the last 3 years about improving the supply of natural gas.

Mr. WEICKER. The distinguished Senator from Maryland is entirely correct. The record speaks for itself. We continue to get a lot of political bombast and roar in total contradiction to the facts. I stated to the people of the State of Connecticut, when they were hepped up on these great controls proposed by the Senator from South Carolina, that we have had the greatest rise in prices in Connecticut in the last several years and we have had less of the product and more unemployment. This great system of controls is what we want to go ahead and continue?

I remember during the course of that debate, and this was the debate in August, as I recall, "Senator, we cannot control what the Arabs are going to do."

"We can talk to the Arabs and tell them we do not want them to go ahead and raise the prices."

The Arabs took a look at what we did here, which was nothing, and they just thought, "We will do it again to these fellows to the tune of another 5 or 10 percent."

When the day comes that Congress wants to confront the Arabs, not with their own hot air but a little hot action, those fellows will level off and bring it down. Until that day comes, they will keep on jacking it up and no amount of talk and politics in this Chamber is going to affect them.

I yield to my distinguished colleague from New York.

Mr. BUCKLEY. I thank my friend from Connecticut. I believe he has made an excellent statement.

I would like to follow along on the theme that the Senator from Maryland was developing. As the throughput goes down, the price goes up. The cost of the pipeline and distribution system must be charged against a smaller volume of gas. This is an absolute and necessary economic fact. Every alternative, including doing nothing, involves higher costs to the consumer. I do not know how it is in Maryland or in Connecticut, but I know that increasingly in New York, to make up for shortfalls, the utilities must turn to expensive substitutes such as liquefied natural gas from Algeria. I assure you this is not a secure source and I assure it is far more expensive than the alternative of allowing the interstate pipelines that supply our constituents to compete in the open market for gas that is now going off contract and that can be purchased for commitment to interstate lines.

The thing that concerns me, Mr. President, is the continuing failure of the Congress to grasp certain elementary facts of economic life. I think we all recall that 2 years ago we had shortages not just of energy but of more than 100 commodities important to our industries. Why did we have those shortages? Because we had wage and price controls in effect at that time. As a result of these controls manufacturer after manufacturer began to find it could no longer afford to manufacture or produce a certain item, a certain chemical, a certain gasket and sell it at prices which would cover the cost of production. So they stopped manufacturing them.

Price controls, as an elementary fact borne out by our own experience in recent years, result in shortages. The one way to address a shortage is to lift price controls. It is no different in energy than in anything else.

So I think that we have to address the very real problem facing all of us in the only intelligent way that will channel the investment required to meet our needs.

Second, I want to pay my compliments to the leadership of the Senator from Kansas (Mr. PEARSON) and the Senator from Texas (Mr. BENTSEN) for coming up with what I believe to be a reasonable compromise between the diverse points of view, and one which is addressing the long term as well as the short term.

The thing that I fear about the Hollings-Glenn proposal is that it is a short-term expedient that will not really address the problem of focusing more investment where it is required, and that we will be back here a year from now arguing the same arguments, and will have lost a year in setting our economy on such a course that we will begin developing new sources of natural gas, so that our consumer States will be given a fair crack, in competition with the consumers in the producing States, at getting the natural gas which they need.

This is the objective we should address, and I think Congress would be doing the Nation a disfavor if we were to pass this particular buck and condemn the country to the specter of another year in which we are consuming more natural gas than we are discovering.

This is our challenge, and it is a challenge that will not be met by temporary emergency legislation; it will only be met by the kind of legislation the Senator from Kansas has offered.

Moreover, the kind of legislation he has offered will meet our near-term emergency needs, because it will permit the interstate pipelines servicing New York, Connecticut, and Maryland to compete and buy the gas as it becomes available. I think we must be frank enough in our discussions to the public to admit there is not anything we can do this winter to prevent major curtailments in our respective States, because there simply is not that much gas available at the present time.

I thank the Senator from Connecticut for his very fair statement.

Mr. WEICKER. I thank the distinguished Senator from New York. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 o'clock tomorrow morning.

The **PRESIDING OFFICER** (Mr. Bellmon). Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR BARTLETT TOMORROW

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that after the leadership has been recognized tomorrow, the distinguished Senator from Oklahoma (Mr. Bartlett) be recognized for not to exceed 15 minutes.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS TOMORROW

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that following the remarks of the distinguished Senator from Oklahoma, there be a period for the conduct of routine morning business of not to exceed 15 minutes.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. **HOLLINGS**. Mr. President, I was trying to keep up with the speech of my distinguished colleague from Connecticut. I do not find his prepared remarks nearly as interesting as his remarks on the Senate floor. He speaks about the future generations, 1935 politics, looking out for the next generation, and about fooling ourselves. If the Senator would reiterate them, we could take them up one by one.

But the point is that in this emergency, Mr. President, we have tried to work out a long-term solution. The Senator serves with me on the Committee on Commerce, and the Senator from Maryland serves on that committee. With the Senator from Maryland and the Senator from Connecticut, we were ready to try to report a bill out last year. We tried all spring this year. But the opponents of S. 692 delayed the vote asking for more hearings and advancing as reason for delay the fact that the Senator from Louisiana had the floor manager's responsibility for the rebate tax reduction bill. They delayed and delayed, and when we reported the bill in May, they asked for several weeks for minority views.

I was ready to go in May. We brought it up in our Policy Committee. The delay was on the other side of the aisle.

The way we went about developing an emergency bill was to try to streamline a measure acceptable to all parties. The reason that we chose the "patchwork route" was recognized by the Federal Energy Administrator. We can talk about that, if Senators would like to. But the administrator of Czar Kissinger's program—he is the coach on that team—said himself that an emergency bill was needed—that we had to have an emergency measure.

So we agreed, by unanimous consent, to take their proposal for patchwork and put it on the desk without reference. And we agreed to take the bill cosponsored by Senator Glenn and Senator Talmadge—our version of patchwork—and put it on the desk.

When we talk about patchwork, let us remember also that we had to consider the House of Representatives. The Senator from Connecticut says rather than hot air, we need hot action. Over in the House they gave him hot action. They rolled the price of oil back. There has been some good congressional hot action.

The Senator from Connecticut talks about protecting his particular employees in Connecticut. Let me go specifically to the point the Senator raises.

Mr. **WEICKER**. Mr. President, will the Senator yield for a question on a point he made?

Mr. **HOLLINGS**. I yield.

Mr. **WEICKER**. Did the Senator say the House rolled back the OPEC price?

Mr. **HOLLINGS**. Oh, yes, the House rolled it back on new oil, where the President had allowed decontrol on new oil.

Mr. **WEICKER**. How can the House roll back the OPEC price?

Mr. **HOLLINGS**. The OPEC price in America. We have, you know, been yielding to the "Arab congress." The Congress of the United States has failed to exercise its responsibility, and the House has said that new oil should be rolled back to $7.50, except under special higher cost circumstances.

Remember in January when the President was saying "I've got a program and you haven't"?

He had an excise tax. He said he wanted decontrol by Apirl 1. But when September rolled around he said, "Save me from my own program."

One of the best members of the decontrol team came in here today and said: "We have got to live in the real world."

We are living in the real world and trying to go along and trying to reconcile with the House of Representatives. We have been trying since January, as the Senator well knows. I was on that ad hoc committee working with Chairman Wright on the House side and the Speaker's ad hoc committee. Now it is in the purview and the jurisdiction of our distinguished colleague from West Virginia (Mr. Staggers) and Congressman John Dingell, who is chairman of that special Energy Subcommittee of the House Commerce Committee.

We have already submitted in the Record a joint news conference with John Dingell, in which he pointed out that tying decontrol to the emergency bill makes it impracticable for the House to enact an emergency bill.

I say to our distinguished colleague, I have a representation in a letter from Chairman Staggers this afternoon. We asked him one more time if there were any misunderstanding. He said:

Committee on Interstate and,
Foreign Commerce,
Washington, D.C., October 1, 1975.

Hon. Ernest F. Hollings,
U.S. Senate,
Washington, D.C.

Dear Senator: This letter responds to your request for a status report with respect to various proposals which have been assigned to this Committee pertaining to natural gas pricing policy.

As you may know our Subcommittee on Energy and Power has recently concluded hearings on various bills of an emergency charter designed to deal with the curtailment problems of this ensuing winter. To date, the Subcommittee has not held hearings on any measure which proposes to make permanent amendments to the Natural Gas Act of 1938. As Subcommittee Chairman Dingell noted in his opening remarks, the Subcommittee would confine its deliberations to the singular purpose of arriving at agreement on emergency legislation.

I understand there is some prospect that the Senate will combine emergency legislation with proposals which seek to arrive at a long-term solution to this nation's natural gas supply problems. Let me say that, should the Senate choose this course of action, I would feel it incumbent upon me to recommend to the Committee that they hold complete and detailed hearings on the matter. I do not believe that the House could responsibly confer with the Senate on any bill of this charter without the fullest opportunity to hear the views of the various parties in interest. The combination of long-term and emergency proposals would, therefore, seriously imperil (if not doom) chances for House and Senate agreement on emergency legislation to address this winter's emergency situation.

It is hoped that the Senate will take cognizance that the long-term solutions which they are today considering in general and open debate have been the product of a searching analysis which has proceeded in the Senate Commerce Committee for a period of many months. Prudence and common sense would dictate that the House reserve to itself a similar period for consideration of issues of such magnitude and sweeping implication. As you know, our Committee has worked very hard to bring to conference comprehensive proposals dealing with energy conservation and oil policy. That has been a chore which has both preoccupied and strained the capacities of the Committee. I can promise you early consideration of long-term proposals addressed to the natural gas question. But I must again emphasize that this analysis will take time. In the interim period, it is hoped that the House and the Senate can focus their attention and their efforts on a more narrowly purposed emergency bill that is capable of being enacted within the next 30 to 45 days. We are simply not prepared at this time to confer on any matter which has more sweeping objectives. Previous conversations between Subcommittee Chairman Dingell and myself have been to the same effect and I believe we share common views on this matter.

Sincerely yours,
Harley O. Staggers,
Chairman.

Mr. **PEARSON**. Mr. President, will the Senator yield for a question?

Mr. **HOLLINGS**. Yes.

Mr. **PEARSON**. I do not know the answer. Does the Senator know whether or not the House of Representatives has been holding hearings and studying the natural gas solution? We have been doing it in our committee. I introduced a bill 4 years ago. We have been having hearings, discussions, and looking at bills back and forth. I do not know what the calendar dates are. But I know, and the Senator may be able to confirm it, that we have been working on this year after year after year.

Has the House of Representatives not been doing the same thing?

Mr. **HOLLINGS**. No, unfortunately.

That is why I rather take exception to the chastisement of our colleague from Connecticut. I am trying to protect the jobs in Connecticut the best I know how.

The Senator from Kansas, and other Members—and I think perhaps the Senator from Connecticut helped—wanted to alleviate the problems that permeate every agency and department. We have a Council of Economic Advisers that collects, correlates, and coordinates economic policy. On energy there is no condition and no one knows what the national policy is.

So I said, let us get an energy policy council, so when we got to natural gas, electric utilities siting, automobile fuel economy, and strengthening the railroads to transport coal, that we would have the facts and figures at hand.

I say to the Senator from Kansas I do not believe the House ever had a hearing on that particular bill, even though we passed it three times in the U.S. Senate. It was passed 2 years ago—in May 1972, and I think previously in 1971—I know it has passed the Senate three times. But I could not get it to a hearing in the House. I tried to get a natural energy policy just like the Senator from Kansas. I helped organize the Energy Fuels Policy Study with the Committees on Commerce, Interior and Insular Affairs, and Public Works.

We are sort of organized in this Senate where we can cut across committee lines, jurisdictional fights, and jealousies and treat with the problem.

But I am not speaking in criticism of the House of Representatives. I am trying to answer the question of the Senator. We have been trying to press this natural gas bill, just as the Senator from Kansas has.

Mr. PEARSON. If the Senator will yield further, Congressman STAGGERS is a very honorable man. I have known him a long time.

Mr. HOLLINGS. That is right.

Mr. PEARSON. His assurance there that they are going to promptly and expeditiously look into this long-range thing does not fill me with a great deal of confidence. They have not done anything about it yet. They said they will do something about it in the future, but they have not made any real direction that way.

I think that if we can pack these two together, since they are comparable, send them over there in a sensible package, maybe that will encourage them to move and to move quickly.

Mr. HOLLINGS. When the gentleman says doomed? He says attach them together, brother, and you are doomed.

I can read and understand the English language. I know our House colleagues. I have been in conferences with them. They are the finest of Congressmen, the greatest of leaders, and men of integrity, but they tell it like it is.

What I read in that letter is that, "For heaven's sake do not try to give us the long range."

The Senator from Kansas and I are not trying to delay long range. We have an agreement under the leadership. Immediately, if we could pass the short range this afternoon, the Senator from Kansas and I would be going to the long range.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. GLENN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield to the Senator from Maryland.

Mr. BEALL. I am surprised that the Senator from South Carolina would even suggest that we in the Senate should be intimidated by the House of Representatives.

Mr. HOLLINGS. The Senator from Maryland has been there. We are not intimidated. We just understand the facts of life.

Mr. BEALL. I was in the House for one term. I would not accuse them of this, but I have heard it said in the House and sometimes in the Senate: I predict that the people in the House are saying, "We will consider the natural gas situation when the Senate does something about it. We're going to wait for the Senate to act."

I predict to the Senator from South Carolina that if this body has the courage to consider the long-range results and the short-range answer to a very serious national problem and sends a legislative package across the hall to the other body, they will deal with it expeditiously, because the public pressure will be on them to do something about it. I do not think we should be intimidated by the House of Representatives. We should recognize that we have not only a short-range policy but also a long-range policy. People in my State are going to be out of jobs this winter and next winter and the year after that if we do not get a long-range answer.

I am not going to be intimidated by the House of Representatives. I hope we can send the bill over there and say, "The bill is in your hands. Now do something about it."

Mr. HOLLINGS. I have the floor, Mr. President.

The gentleman says he is going to deal with it expeditiously.

Mr. BEALL. Let us put it to the test.

Mr. HOLLINGS. He is not intimidating. He says, "We are going to have our hearings."

The PRESIDING OFFICER. The Chair points out that, under the precedents, it is not good form to refer to the actions of the House.

Mr. HOLLINGS. Under our rules, we can praise them, and I want to praise the House. [Laughter.]

In praising the House, I am saying that they are going to deal with it expeditiously—as the gentleman says—and intelligently. He did not say he is intimidating.

Let me complete the thought, because the Senator misread Chairman STAGGERS, who is a hard worker. The House people have been working around the clock. It was not an intimidation. It was a fact of life.

Chairman STAGGERS has been working on oil price controls, automobile fuel and on all these measures. They have not been dilatory. He says "working expeditiously"—not to intimidate but he has to listen to witnesses. A lot of producers are interested in this legislation. I do not know whether they have been heard adequately or not, but Oklahoma and other States are vitally interested in natural gas, and they will have enough witnesses to keep Mr. STAGGERS busy for a week.

As I read his letter, Chairman STAGGERS will try to complete his solution on the long-range aspect this year. But to do that in December begs the question. The jobs are gone and the contracts have not been made. There is no emergency bill.

I will agree, on the need to update the law. I say to the Senator from Connecticut, We need to streamline the natural gas law.

The Federal Power Commssion and the administration, sent up in July an emergency bill, S. 2244. At their request, the Senator from Kansas, the Senator from Washington, and I introduced that bill.

In August, we began to look at the bill to see exactly what it would do. Our judgment on the basis of the best evidence is that unless there is a cap on the market price, with all the increased demand, you're opening the door to inflation. And under S. 2244 the big powerful companies, the duPonts and those with gas-buying departments will be in Houston and bid up the price and buy it away from smaller essential users. Although a pipeline may be preferred and curtailed, it will get nothing, and we will have unemployment.

Therefore, Senator GLENN, Senator TALMADGE, Representative DINGELL, and I started to work the S. 2310 approach. We do not roll back anything but permit the free market price to be paid by distressed pipelines and intrastate purchasers alike.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. PEARSON. The Senator will recall that when we had our deliberations in the committee—they went on and on, and we had many different proposals and different views—I believe it was my suggestion that we put a bill on the floor. It was just that necessary to move forward. I think it was my suggestion that if we could get a bill on the floor, we would make an agreement that anyone who had any ideas on natural gas could raise them on the floor and not be met with the objection, which is traditional here, that we have not had hearings and have not considered this in committee. It seemed to me at that time that it was so essential to move to the floor that we made this agreement.

I could not have stopped it from going on the calendar. It went on the calendar, and that was the proper thing to do, within the agreement we had and within the confines of the emergency situation. But has the House considered it? We had one day of hearings, and I was not there; I was in Kansas. Has the House had any hearings on anything comparable to S. 2310?

Mr. HOLLINGS. Yes.

Mr. PEARSON. Are they going to take what we send over?

Mr. HOLLINGS. They completed them this past week. Representative DINGELL has just completed them.

Mr. PEARSON. Is that bill now on the floor?

Mr. HOLLINGS. I think it is in committee. I put testimony in the RECORD earlier as to that bill.

For example, I recall JOHN MOSS, in a news account, testifying on an emergency bill.

Mr. PEARSON. I recall the news stories, too.

Mr. HOLLINGS. I know that he testified. Representative DINGELL has been trying to move forward in good faith. Our House colleagues have been cognizant of the emergency and have moved forward in good faith. In all fairness to the Senator from Kansas, he worked and had hearings for 2 years and marked up his bill only to receive a letter from Mr. Simon and Mr. Sawhill that they oppose the bill of the Senator from Kansas.

Mr. PEARSON. Yes.

Mr. HOLLINGS. And the Senator from Kansas was ready to bring forward a bill a year ago last August.

We have been trying to get a bill through. This has been a struggle since 1938. It has a terrible political background.

I yield to the Senator from Arkansas.

Mr. BUMPERS. I thank the Senator.

I am sympathetic with people who are impatient and find that we are moving slowly on this bill. I do not see why we could not have voted on all the substitutes and amendments yesterday, if we had really stayed at it, and been on S. 692 right now. I think to presume that we would be better off by considering the long-range problems of natural gas right now—I disagree with that, because I think it presumes that this body and the House are both going to vote to deregulate natural gas, either new natural gas or old natural gas. I do not think either body is going to do that. I do not think this is an emergency that ought to be handled immediately.

We waste so much time around here. I am reminded of Maury Maverick, who came to southwest Arkansas one time and stopped at a farmhouse and asked the farmer, "What are all those animals out there?"

The farmer said, "Those are razorback hogs."

Maverick said, "They are kind of scrawny, aren't they?"

"Yes," said the farmer.

"How long does it take to get them up to size," asked Maverick.

"About 3 years."

"That is an awful long time, isn't it?"

"Well," he said, "what's time to a hog?"

Well, what is time around here? I think it is important enough that we ought to move on these bills, particularly bills that we call emergency bills, a lot faster than we do.

But I did not come over here to entertain. I came over to ask the sponsors of this bill if they would look with me at page 13 of section 6(e). We talked about this briefly in a colloquy yesterday afternoon. The more I think about it, the more I believe that the sponsors would accept a slight change in language there to make this bill more equitable. I hope so. I have not offered the amendment, but I think I am going to, and I wish to ask the sponsors if they agree with me that there is an inequity and perhaps ask them if they will accept this amendment.

In the middle of the section, it says:

> In addition, the person to whom such sale is made shall compensate the curtailed user, and any supplier of such curtailed user, in an amount which is equal to any net increase in such user's reasonable costs for the replacement fuel or replacement power . . .

It goes on and says:

> And any net increase in such supplier's reasonable costs and any other losses which are incurred by such supplier, as a result of the application of the order issued under this section.

This language treats the compensation to which a user is entitled to recover differently from the way it treats a supplier. Under the language of this section, the supplier is entitled to recover an amount which is equal to any net increase in his reasonable cost and any other losses. The way this reads, a user is not entitled to that same treatment. He is entitled to recover his reasonable costs, but not any other losses.

I do not know what the other losses might be, but I do think that both users and suppliers ought to be treated equally in recovering any costs that they might sustain as a result of being curtailed.

Mr. HOLLINGS. I see that, and I commend the Senator for constantly getting right back to making this as clear as possible as a result of the colloquy with the distinguished Senator from Arkansas.

Mr. BUMPERS. I thank the sponsor.

Mr. HOLLINGS. In the colloquy with the Senator from Kansas, I saw no difficulty with clarifying that the notification requirement does not provide a priority over intrastate purchasers.

What would the Senator propose in this compensation section?

Mr. BUMPERS. Here is the way it would read under my amendment:

> In addition, the person to whom such sale is made shall compensate the curtailed user, and any supplier of such curtailed user, in an amount which is equal to any net increase in such user's reasonable costs for replacement fuel or replacement power.

At that point, I would insert, "and any other losses," and then delete the rest of that sentence down to "which," then pick up, "which are incurred by such supplier." Then I would insert "or user" and continue, "as a result of the application of the order issued under this section."

I think it could be shortened even more than that. I did not come prepared to offer the amendment, but I think just 2 or 3 words would straighten that out.

Mr. HOLLINGS. Would the Senator be good enough to let my staff work with his staff?

Mr. BUMPERS. Certainly.

Mr. HOLLINGS. I am putting a bracket around those words. We will bracket that and work it out.

There may be some reason. Really, what I am saying on the floor of the Senate is, let me check with my lawyers.

Mr. BUMPERS. I thank the sponsor very much for his consideration.

Mr. HOLLINGS. Let me summarize for my distinguished friend because the best part of the opposition in this whole natural gas fight is the Senator from Kansas. He gives that team dignity. He gives them credibility. Everybody respects him and I just hate to have to oppose him. I find, in the light of realism, I knew that I could not just barrel over the Senator from Kansas and say, "Oh, that is a dumb amendment, a crazy amendment, and you do not have the courage, and you are not looking at the next generation," and all that political talk we heard earlier on the floor.

So, looking at it as carefully as I could, let me say what is wrong with this particular amendment? In a capsule, Mr. President, here is what is wrong with it.

No. 1, the Pearson substitute provides for onshore decontrol. We just voted that down 57 to 31. The Senator from Alaska has been pleading, for decontrol but now we know the vote on total decontrol: no chance in the House, no chance in the Senate. So we take total decontrol on shore and say, that has been voted down. Then we look at what the Pearson bill does with the offshore gas.

The Pearson-Bentsen amendment, rather than taking us out of the world of regulatory delays, rulings, uncertainties, and judicial review, visits a whole new body of law upon the Federal Power Commission. It would spawn and nurture a new set of standards for offshore natural gas pricing for the next 5 years. Power Commission lawyers over the land would be made rich.

You know, when we debated oil depletion, it was not the poor little royalty user or the little man who came here to lobby. Wall Street came down here, because Wall Street had been advising their fine doctor clients, their lawyer clients, and everybody else who had made a lot of money, "If you really want to hide it, stick it in oil depletion."

The Pearson substitute provides a different set of criteria for fixing rates offshore. It would start anew with more or less a new Federal Power Commission. As for the Senator from Texas, I want him to have to eat his own words. It is his bill, not mine, that should as he said, "Ought to be entitled the Lawyers Relief Act of 1975."

This really would become the lawyers relief act. Every lawyer of good will and acumen in this particular field will come up and have something to say. The corporation's pay by the hour, there is nothing to lose; the consumer pays. And it would all happen in the name of trying to get rid of regulations.

Then just as we are trying to bring in added supplies of natural gas, down go the brakes and up go the prices.

The Pearson bills speaks of "phased control over a 5-year period" offshore. Those are words of art. It says to the natural gas companies, "You have total decontrol onshore where you can make all the profits and then you can hide those profits, invest them, offshore and hold tight. Do not bring in any gas until 1981 when its decontrolled offshore. It will be to your interest, to your interest financially, to build, create, and maintain that shortage."

During the 5-year period the gas in the ground is just like money in the bank. You are getting more money each day the price is going up. It is like Cato's famous couplet:

> The politician makes his own little laws and sits attentive to his own applause.

They sit attentive, Mr. President, to their financial applause that comes in 1981. In 1981 the producers really hit a bonanza, and for the economy the skids go down, and there is recession. We start paying more unemployment compensation, tax rebates, and other pump-priming to turn the economy around because in 1975 Congress did not have the courage—did not have the courage, I remind you—to either decontrol or not decontrol. It would be the worst way possible. I say that respectfully to my distinguished colleague from Kansas because it looks palatable on its face. Every time you say "phase" what you really have been hearing from the administration is, "Get me by the November 1976 election." That has been President Jerry Ford all year long. Everything is phased, whether it is the Sinai agreement, the oil price agreement, the natural gas approach, or whatever it is. All he is saying is, "Get me by November 1976."

The Pearson-Bentsen bill decontrols all your onshore gas immediately. Producers can start making big profits, put them into offshore and hold tight for 5 years. That is exactly what the Pearson-Bentsen amendment is to me. I tried to say that in more polite language in the prepared remarks.

I will be glad to yield to the Senator from Oklahoma. Did the Senator from Oklahoma have a question?

Mr. BELLMON. Mr. President, will the Senator yield for a question? I am, of course, from a gas-producing State and very interested in trying to help resolve the shortages that are going to occur in other parts of the country this year because those of us from the gas States know it will not do us any good if there are factories shut down and people out in the cold.

But I am curious to know how long the Senator feels this will take for gas to be made available under the terms of this Act.

Mr. HOLLINGS. Under the terms of the Pearson-Bentsen amendment?

Mr. BELLMON. Under the terms of S. 2310, unamended by Pearson.

Mr. HOLLINGS. S. 2310 itself just "bulls-eyes" into the available gas.

Mr. BELLMON. I see that on page 4, line 19, it states:

> The Commission shall designate areas to which such ceiling prices shall apply. Such ceiling prices shall, to the maximum extent practicable, approximate the average sales price.

Is the Commission ready to move on that?

Mr. HOLLINGS. They are moving. FPC chairman Nassikas appeared Monday a week ago and he said he was starting right away to correlate the August sales. This question disturbed the Senator from Kentucky, and he has offered an amendment that removes the uncertainty if the FPC fails to act in 15 days. It permits a producer to sell at the price of his most recent nearby sale until an FPC ceiling in his area is fixed.

Mr. GLENN. Mr. President, will the Senator yield for a comment?

Mr. HOLLINGS. Yes.

Mr. GLENN. Mr. Zarb of FEA testified he felt a good chunk of the gas that would become available under this bill would come from the fuel conversion part of the bill that would release gas from some of the public utilities, electrical generating plants, and those conversions could be completed from within 30 to 45 days, and that gas would become immediately available at that time. So I think the direct answer to the Senator's question is the first gas would become available in from 30 to 45 days.

Mr. BELLMON. Does Mr. Zarb take the position that some of the utilities can convert within 30 to 45 days?

Mr. GLENN. Yes, that is correct, because a number of them—there were 33 major plants already identified that used major amounts of gas, and quite a number of those plants—I do not recall the exact number——

Mr. HOLLINGS. Seventeen.

Mr. GLENN. Seventeen have been plants that previously used fuel oil, and that all that is required is a change of burners in most of those; that the piping and pumping and the tankage are all available here and could be used immediately; that those could be converted within a matter of days back to the burners that were previously used, and they already have the figures on those.

Mr. HOLLINGS. That would account for 180 billion cubic feet.

Mr. BELLMON. Why are those plants not presently using oil?

Mr. GLENN. I am sorry, Senator.

Mr. BELLMON. Why are those plants not using oil?

Mr. GLENN. It is cheaper to get natural gas.

Mr. BELLMON. Does this bill raise the price of oil to those plants?

Mr. HOLLINGS. The curtailed user makes him whole. He has to pay for the increased price of oil or whatever fuel he switches to.

Mr. GLENN. He can convert to oil, but in a very few cases of oil he can convert to coal.

Mr. BELLMON. The reason I ask it is I have never known the FPC to make a decision in less than 6 months, and it always has to be settled in court.

I have a copy of the telegram sent by the Governor of Oklahoma, Governor Boren, and he says:

> It will do nothing to create any new production. In addition, it fails to realize that we cannot simply shut off the natural gas in Oklahoma, and the States like Oklahoma, because there is not the capability of immediate transfer to other fuels. Such an action would be disastrous to us and will hurt the entire country in the long run.
>
> As the Governor of Oklahoma, I will not stand idly by and allow this to happen. In my opinion, there are grave constitutional questions about the counterproductive nature of this act. Congress should be under no illusion. We would use every resource available to us to prevent it from happening.

I think every Governor is in that position. He cannot sit back and see gas needed in his State given away by fiat.

Mr. HOLLINGS. There may have been inaccurate information communicated to Governor Boren, so that this telegram is understandable.

S. 2310 does not bring any new gas or disturb the intrastate market; it does not force that producer to sell.

Mr. BELLMON. Where does it come from?

Mr. HOLLINGS. It comes from the converted boilers, and surplus.

Mr. BELLMON. Why does not that gas come in anyway?

Mr. HOLLINGS. The powerplants that may be involved now, of course, use gas rather than oil. In addition there is a surplus intrastate we are told which is available of about 300 billion cubic feet. It would have to be surplus. Producers are not going to disturb their contracts or positions with their intrastate customers. This bill does not envision that. It does not envision creating new gas; it does not envision being a permanent solution. It has a self-destruct provision. What we tried to do is to make gas available to distressed pipelines where it was available and pick up about 300 billion cubic feet that could be made available for customers that would otherwise be curtailed.

The serious curtailments in my area started with Transco. Unemployment of 7,000 people was a prospect at Danville, Va.

By the end of January Transco found extra gas. A subcommittee investigation on the House side questioned how they found the extra gas and what had occurred. They found that Transco's supplier, Cities Service, in one particular production area offshore had delayed repairs until the period of peak demands in the fall, and they had their main source of supply cut off. Serious questions of withholding were raised—see preliminary staff report concerning delays in natural gas production by Cities Service Oil Co., House Committee on Commerce, July 18, 1975.

We went into the question of time to implement S. 2310 with FPC Chairman Nassikas. He said he thought he could do it in 45 days by the time he ended his testimony. He said:

> Well, you are working and I am working on it now, if you pass it in the House and Senate by October 15 and I have to have it ready by November 1, we think we could have that prevailing August price in this area.

Mr. GLENN. Will the Senator yield?

Mr. BELLMON. Yes.

Mr. GLENN. There are three sources of gas under this bill.

One, any new gas not already contracted for, new wells drilled, given priority in interstate pipelines servicing distressed areas.

Mr. BELLMON. Will the Senator yield?

The Senator knows that goes into the interstate pipeline, it is forever dedicated to that pipeline.

Mr. GLENN. No; this would terminate as of the end of this bill. It could not go beyond the end of this bill. It is for an emergency time period only, it self-destructs at that point.

Mr. BELLMON. May I inquire further?

Mr. GLENN. Certainly.

Mr. BELLMON. If I were a producer knowing Congress continued to extend controls over oil, I would be concerned this bill may also be extended and once I am hooked on the interstate pipeline at some phony price, I will be there forever.

Mr. GLENN. All I can say to the distinguished Senator is that to show our good faith that we are not trying to do something that would be perpetuated on ad infinitum in coming years, we have worked to get this bill, the long-term considerations, on the floor here.

We got, first, an agreement between the leadership on both sides of the aisle and it is now, in fact, the next item of pending business after S. 2310.

We are really trying to move along.

Mr. BELLMON. Is not the effect of the Pearson amendment to tie that in with the temporary?

Mr. GLENN. It is tied in, but we know that on the long-term considerations there will be lengthy debate. The House has given us information through Mr. STAGGERS, which the Senator from South Carolina referred to, and in earlier correspondence and conversation with me which has been introduced into the RECORD from Representative DINGELL, they both agree that very rapid consideration of the long-term aspects are not likely in the House in time to do any good for this winter.

They are willing to take up the long-term aspect. They have assured us of that. But it will not be completed and set up there.

They are concerned about the legislative history and that will not be through in time for any good this winter.

The first was the new gas that comes on; second, conversion where boiler fuel is being used for electrical generating facilities and, where possible, to make those switches to fuel oil, or in a few instances back to coal. Those changes could be mandated and that would release quite a batch of gas, over half, I believe, according to the figures of the Senator from South Carolina.

Three is where we will put our kept capital in and just hold for a higher price—it could be mandated; they do produce at an efficient rate, or where production is being held down specifically—that during this emergency period they could be forced to produce at a maximum efficient rate, which I do not like, either, along with, I am sure, the distinguished Senator. But we are in an emergency situation. Sometimes we do things during an emergency situation we would rather not be doing during a budding economic recovery.

We are facing a possible addition of 500,000 to the ranks of unemployment this winter, 40,000 to 60,000 in my State of Ohio, and to avert this tragedy we may have to do a couple of things we would otherwise not be tempted to do.

Those are the three areas, the new fuel, the new gas, the conversion, and the mere production.

The Senator is absolutely correct when he says this bill does not produce any new gas. That has to come under the long-term considerations.

Mr. BELLMON. Would the Senator agree that the reason the House and Senate are now taking up this bill is because of the pending emergency situation, would the Senator feel then we ought to deal with the long-range problems?

Mr. GLENN. I agree with the first part, I do not agree with the second.

I am just as committed toward getting long-term considerations as any Senator in this room right now. I want to see them out and settled because I think, for lack of definition in this area, we have gotten ourselves in the pickle we are in now. I do not want to see this perpetuated to another generation.

Mr. BELLMON. Just one further question, and then I will yield the floor.

The problem that rankles consuming States is that we are paying now probably triple for our own gas used inside our States as the interstate users are paying for that same gas. What in this bill corrects that inequity?

Mr. HOLLINGS. We come up to the Senator's price level, if that is the way to correct it.

Mr. BELLMON. On all interstate gas?

Mr. HOLLINGS. No, just that amount purchased under S. 2310 that comes to a curtailed user.

Going back to the Senator's first point about this becoming permanent law, it would not.

In fact, we say on page 3:

> Except as provided in this act, new natural gas shall not be subject to commission jurisdiction.

So we really eliminate and tie down and bull's-eye this amount of gas for this winter's emergency in the bill. We say it shall not be subject, which goes to our point that we will have to have a permanent solution and this will not be continued on and on, like allocation.

Mr. BELLMON. Will the Senator yield further?

Mr. HOLLINGS. Yes.

Mr. BELLMON. Are the sponsors of this act now committed to decontrol of old gas, is this what I get from what the Senator has just said?

Mr. HOLLINGS. Decontrol of old gas? No, no one is for that, not even Senator BARTLETT and Senator FANNIN.

Mr. BELLMON. The Senator just said they are in favor of the interstate gas up to the price——

Mr. HOLLINGS. No, I say that in this bill I do not like to do it, but I have got to for the emergency.

I am proposing——

Mr. BELLMON. The Senator is proposing then that gas will be at intrastate prices this winter and go back to interstate prices at the termination of this bill?

Mr. HOLLINGS. Unless we pass a permanent solution.

The leadership has laid down S. 692 immediately after the emergency bill is handled.

If we fail tomorrow on Pearson-Bentsen, I have an amendment to fix it at $1.30, which is S. 692.

Mr. BELLMON. What is the Btu value of gas compared to that of new crude oil?

Mr. HOLLINGS. We have the data on it, about one-third.

I wish we could reproduce the chart. But new natural gas and oil have gone right along constantly, and under this exhibit the Senator will see the natural gas price, the Btu equivalency.

It has always been about one-third of that of oil, whether new or old or——

Mr. BELLMON. Does that explain the reason for the shortage?

Mr. HOLLINGS. No, it does not, with that same one-third Btu equivalency for decades we had no shortage. We had no shortage until recently, until, really, OPEC.

Mr. BELLMON. Why did the shortage come?

Mr. HOLLINGS. If the Senator wants to hear, I will give him about five good reasons.

One, as a nation we developed industrially with natural gas. We were very successful in the last 15 years. One little Southern State brought in $4 billion in new industry, creating 500,000 jobs, all on regulated, interstate, federally-controlled natural gas.

Mr. BELLMON. Cheap natural gas?

Mr. HOLLINGS. Cheap. Very good, very good. It might be cheap to the Senator, but the Senator had the same intrastate price, the Senator had the same intrastate price when I was Governor, the Senator had it in 1970 when he was Governor.

Mr. BELLMON. Intra or inter?

Mr. HOLLINGS. Intrastate and interstate. Does the Senator wish to make a bet on that? It was the same, generally speaking, until about 3 years ago.

We had yesterday Senator BARTLETT. I asked him what it was in 1972. Does the Senator know what the 1972 price of intrastate gas was in Oklahoma?

Mr. BELLMON. I know very well.

Mr. HOLLINGS. What was it?

Mr. BELLMON. About 14 or 16 cents.

Mr. HOLLINGS. It was way down.

Mr. BELLMON. Is the Senator speaking now of intrastate or interstate?

Mr. HOLLINGS. Intrastate. What was the intrastate price?

Mr. BELLMON. Now?

Mr. HOLLINGS. No; 1972, before OPEC, before the Arab embargo.

Mr. BELLMON. Probably close to 40 cents.

Mr. HOLLINGS. Just below 40 cents, right. That is where it was. That is where the average price of interstate gas is right now.

Mr. BELLMON. The intrastate gas at that time was about 16 cents.

Mr. HOLLINGS. But the intrastate price—it was not at 16 cents in 1972.

Mr. BELLMON. Yes, it was.

Mr. HOLLINGS. Intrastate?

Mr. BELLMON. Right.

Mr. HOLLINGS. No, it was not 16 cents in 1972.

In any event, relatively, it was competitive. Oklahoma did not have any industry really leaving on account of the shortage of supply until OPEC came and prices began to zoom right straight up. There is the shortage because of the increased usage over the country.

Mr. BELLMON. But that usage is because gas is the cheapest fuel, is that not correct?

Mr. HOLLINGS. Yes, that is right. That is a healthy thing. What is wrong with that?

Mr. BELLMON. If we get the price of gas up where other fuels can compete, then industry shifts over to other fuels.

Mr. HOLLINGS. It does not have to compete. It is on its own basis. All we need is for them to make a satisfactory profit. They can do that. They have testified before our committee for $1 per Mcf less than a year ago.

Mr. BELLMON. But the point is there are many uses that coal and oil can meet equally as well as gas. The reason gas is used for those purposes is because it is cheaper. If we get the Btu price of gas up to oil and coal, then many of the shifts that this bill will bring about by law will occur by economics.

Mr. HOLLINGS. The Btu equivalency argument is all tied to the Arab-OPEC prices. When we had less than a $2 per barrel world price prior to 1972, was anyone around here arguing Btu equivalency?

Mr. BELLMON. Absolutely not. We were arguing then to keep the price of oil high enough so that our domestic industry could survive.

Mr. HOLLINGS. There it is.

Mr. BELLMON. That is exactly what was going on.

Mr. HOLLINGS. That is right. Why did we not say the world oil price was too cheap?

Mr. BELLMON. We did.

Mr. HOLLINGS. And the Senator had it regulated and protected, did he not?

Mr. BELLMON. We had an import control, trying to maintain a domestic price high enough. Will the Senator consider what would have happened to us if we had not done that?

Mr. HOLLINGS. The Senator is the first who has come on the floor who told us that the oil industry was protected by big Government.

Mr. BELLMON. That is right. It was protected so that this country would be able to continue to produce oil domestically. Otherwise we would now be, who knows, maybe 70 percent dependent on imports.

Mr. HOLLINGS. So we had Government protections, rather than Btu equivalency. Now the Senate knows in the same breath he is talking about the cartel prices, not free market, demand and supply control. He is talking about the OPEC cartel.

Mr. BELLMON. These prices were originally set by the OPEC cartel, but they now have come very close to the cost of production. Everything that goes into producing oil and gas has gone up dramatically since the cartel price was established.

Mr. HOLLINGS. Does the Senator know what the estimated price of a new barrel of oil today is?

Mr. BELLMON. It depends on the production when the well is drilled.

Mr. HOLLINGS. It does. It depends on a lot of things. I am talking about the average high cost estimated by the Federal Power Commission using the API statistics.

Mr. BELLMON. If the Senator will——

Mr. HOLLINGS. I want to complete the answer. I have the floor. I asked what is the cost of an old barrel of oil and what is the cost of a new barrel of oil. The latest figures were 1972 figures on the old barrel of oil and they came with the interpolated figures, with the inflation, with the 15-percent profit of old oil. Today, as of the last part of August, it is $3.75, and the high part on new oil is at $6.

It is a $6 cost including profit when they are arguing for $13.50. We want them to make a good profit, but the Senator asked why we have a shortage. The shortage was in part from increased consumption. Another reason was that the producers had President Nixon telling them every day that they were going to get that intrastate price, "If you could bring pressures we can break the Federal price controls" and they really started withholding. There is little question about withholding. Reader's Digest has written about it.

Mr. BELLMON. There is a serious question about it. I do not accept the Senator's conclusion. We have a two-price system for coal and do we figure what it costs to produce a new ton and an old ton of coal? Why do we pick out the oil industry and set these artificial prices in just one segment of the industry?

Mr. HOLLINGS. If the Senator will give me my way, we will have one price for gas, $1.30. What is the average price now of interstate gas?

Mr. BELLMON. Delivered at the wellhead or at the burner tip?

Mr. PEARSON. 52 cents.

Mr. HOLLINGS. That is the new market. I am talking about the average.

Delivered in South Carolina or anywhere around, just generally.

Mr. BELLMON. Delivered to the burner tip?

Mr. HOLLINGS. That is right.

Mr. BELLMON. Well, I would have to guess. I am sure the Senator knows. It is probably something in the range of $2.50 per thousand.

Mr. HOLLINGS. No; I mean the interstate wellhead price. It is a little above 30 cents.

Mr. BELLMON. That is at the wellhead.

Mr. HOLLINGS. Yes.

Mr. BELLMON. I am talking about at the burner tip, what the consumer pays.

Mr. HOLLINGS. Well, we can look at Washington Light. It was $1.50, I think, on that one. Maybe $1.50 or maybe $2, if Washington Gas gets to raise my bill. The wellhead price is at 30 cents. Delivery from the wellhead costs $1.30. The average intrastate price as of the testimony the week before last by the Federal Power Commission was $1.26. Does the Senator know the average intrastate price in the State of Oklahoma for last year?

Mr. BELLMON. The average intrastate price?

Mr. HOLLINGS. Intrastate price.

Mr. BELLMON. I would have to guess, probably close to $1.

Mr. HOLLINGS. No, sir, 72 cents. I will name the number of contracts.

Mr. BELLMON. Why do we have these figures? Why set this figure of $1.30?

Mr. HOLLINGS. I tried to limit the ceiling to 75 cents per Mcf, using the Senator's figure.

Mr. BELLMON. Why not let the market set the price?

Mr. HOLLINGS. I am talking about the new market setting the price. In new intrastate contracts in the State of Oklahoma for the year 1974, from January 1, to January 31, 1975, 13 months—there were 283 contracts in Oklahoma—there was a price of 72.29 cents. So we put in a 75-cent price in S. 692 that was higher than your free market price. In the State of Oklahoma, the effects of the OPEC cartel had already pushed the average wellhead price up from 30 cents. We were doubling the price to 75 cents. Now in order to try to get a bill passed the price is up to $1.30 per Mcf. My amendment on the desk says fix it at $1.30. How much is enough?

Mr. BELLMON. That is what I cannot understand. Why does the Senator want to set a price that is so much higher than the free market price in the States where the gas is produced? Why not let the market set the price and also let the market decide who uses coal, who uses oil and who uses natural gas? I fail to understand the reasoning. The Senator is obviously not doing his South Carolina customers any good if they are going to pay us $1.30 for gas that they could otherwise buy for 70 cents.

Mr. HOLLINGS. No, we cannot do that. That was the 1974 figure. We are trying to find out what the August price is.

Mr. BELLMON. I can tell the Senator.

Mr. HOLLINGS. What is the August price?

Mr. BELLMON. The price is coming down.

Mr. HOLLINGS. The price is coming down on intrastate?

Mr. BELLMON. The August price is lower than it was in June or earlier because there is a surplus of natural gas for the intrastate market.

Mr. GLENN. Will the Senator yield for a short comment?

Mr. HOLLINGS. Let me comment on one thing and then I will.

The Senator is a rarity. He is the only fellow who talks about big oil being subsidized and protected up until 1973 and now he is telling us that intrastate prices are going down?

Mr. BELLMON. They are going down. The reason is, as I have said, that there is a surplus for the intrastate gas.

Mr. HOLLINGS. I wish I could make the Senator the energy czar. He would be the best thing I had seen.

Mr. GLENN. Will the Senator yield?

Mr. BELLMON. I yield.

Mr. GLENN. I think this discussion which has just gone on here is the most eloquent thing I have heard as an argument for why we should not consider short and long-term together. This little discussion right here between the two distinguished Senators has covered the long-term pricing domestically, internationally; compared international prices of fuels; has gotten into Btu equivalencies; has talked about the oil pricing effect on gas prices, has talked about the effect that other fuels should have and whether other prices should be set for fuels on these different equivalencies or other bases. Those are just a few I recall here after we got pretty well into this.

Those are the types of things that are going to be debated long and loud in the House, and long and loud here; but we are committed to bringing them out next.

I submit that if we take the number of days or possibly weeks we will be involved in trying to do this, we will not have emergency pricing that will do any good this winter.

I think this has been the most eloquent exchange I can think of as an example of why we want to keep the long- and short-term aspects of this problem separate, pass a simple, straightforward bill to try to get some of this released gas, admittedly not new production, but there is no incentive in it for new production. That is what should come under the long-term aspects, what incentives will be there for the long haul.

I agree completely with the statement the Senator from Oklahoma made a little while ago that the pricing disparity is what has gotten us into this situation. I agree with that completely. But this matter is going to have extended debate on whether we go to Btu equivalencies, pricing controls, or no control whatever. I think that illustrates completely why we should keep these two things separate, in attacking this problem that has been 20 years in the making.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

Mr. BELLMON. This problem is nothing new. Back in the 1960's, we were trying hard to get the consuming States to see the ridiculous situation that was building up. We realized that gas was being overutilized, because it was the cheapest fuel around. It was also the cleanest and most convenient fuel. We knew our gas was being wasted. In my State today, every kilowatt of electricity that is being generated, except that by our two or three hydroelectric facilities, is being generated by the burning of gas. That is the most wasteful use you can imagine. But the reason is that it was the cheapest fuel around, and available in abundant supply; therefore, it went for boiler fuel.

The problem is that if we set an artificial price of $1.30 for gas now, it is still far below its Btu value compared to oil and coal, and we are still going to have overutilization.

But back in those days, when we talked about decontrol, no one was interested, because the consuming interests had a good deal. Now that good deal is about over with; but once we solve the problem for this winter, we will not hear anything about decontrol in a serious way until this time next year. The Senator says, and I am sure he says in good faith, that we are going to go ahead and work on a decontrol bill; but based on past experience, I am sure it will not be an acceptable bill, and probably worse than no bill at all.

Mr. GLENN. I can assure the Senator that as far as I am concerned, if I thought we were setting up something deliberately to prejudice the long-term situation, I would not be a party to it.

Mr. BELLMON. The point is, everyone knows as much as we are ever going to know about the whole issue of decontrol. We have been talking about it ever since I have been here, over 6 years. It will not take any time to go ahead and debate and act on a permanent solution to the energy problem. We are either going to do it, or we are not going to do it. Waiting 6 months will not make us any more enlightened than we are right now. I think if the Senator is really interested in solving the gas problem for Ohio or South Carolina, we ought to go ahead and do it.

Mr. GLENN. Here is the problem, 4 weeks from now, on November 1, we start 65 percent cutbacks, and we will have industries going out of business in 4 weeks.

Mr. BELLMON. I realize the truth of what the Senator is saying. I was in Akron 4 years ago, and three of the big rubber plants were shut down when I was there, because of a lack of gas. It is a very serious problem.

Mr. GLENN. Let me bring us back to this bill.

There are two basic issues involved with the present major efforts to amend S. 2310, the Emergency Natural Gas Act of 1975—HOLLINGS, GLENN, TALMADGE—which deals only with the present natural gas emergency, and applies for just this winter:

Issue 1. Changes which would combine the short- and long-term considerations of natural gas.

The Fannin amendment, which was defeated this afternoon, would have deregulated all new gas from now on.

The Pearson-Bentsen has two parts: One covers the emergency period, the other is a long-term proposal.

As far as trying to keep the short and long-term discussions together is concerned, the natural gas emergency is upon us now, with 65 percent cutbacks in some areas going into effect on November 1. There is not sufficient time to consider the varied long-term approaches which will be debated and still get a bill through which will do any good for this winter.

Second, regardless of Senate action, it is the opinion of leaders in the House that if long- and short-term considerations are combined, it will not be possible to get rapid House action.

The second issue is pricing.

If we succeed in keeping the short- and long-term aspects separated, so there is a good chance of early House action, the issue of pricing remains.

Both the Fannin and the Pearson-Bentsen amendments would take all limits off pricing, immediately, both short and long term.

The Hollings-Glenn-Talmadge proposal embodied in S. 2310 would keep existing intrastate free market prices during this emergency period while we determine what long-term pricing policies will be.

We are fully aware of the long history of inaction by the Congress with regard to natural gas, and have agreement on both sides of the aisle to bring the long-term bill S. 692 onto the floor immediately upon disposal of S. 2310. S. 692 is on the calendar now, so that is not just an idle promise. It is vitally important that we fully consider all ramifications of long-term policies that will set the pattern for the long-term future. With the varied ideals to be presented, completion of action would be highly unlikely in time to cope with the natural gas emergency with us now.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. GLENN. Just give me 30 seconds more.

We firmly believe that the only approach that will do the job for this winter on an emergency basis is immediate enactment of the Hollings-Glenn-Talmadge approach taken in S. 2310. It will help alleviate this winter's shortages, while keeping prices as status quo, with a full agreement to then turn immediately to long-term natural gas consideration encompassed in S. 692.

Most importantly, this is the only approach likely to get sufficiently early House action to do any good this winter.

Mr. BELLMON. Will the Senator yield?

Mr. GLENN. I yield.

Mr. BELLMON. I believe in the Senator's remarks he mentioned long-term policies. Do these policies contemplate continued price controls for various types of gas, and old and new oil, and so forth?

Mr. GLENN. There are a dozen different proposals. Some involve pricing, some involve complete deregulation, some involve Btu equivalency, and some involve comparative pricing to oil and coal, and all different types of things, so that there are really a number of different proposals.

Mr. BELLMON. My reason for asking the question is that I hope we have learned something from our experience with natural gas, and the ultimate result of fixing prices at an artificially low level.

Mr. GLENN. I hope so, too. I was not advocating any of these other things that may be presented on this floor from both sides of the aisle. I am just saying these are among the things we know will be considered.

Mr. BELLMON. Mr. President, I yield the floor.

OPPOSITION TO PEARSON-BENTSEN AMENDMENT

Mr. HOLLINGS. Mr. President, the Pearson-Bentsen amendment would remove price controls from most natural gas. It raises the basic issue of whether consumers are to be protected against runaway prices for a basic fuel that is a necessity of life.

The proponents of decontrol are trying to link decontrol with the emergency legislation. They know that if the issue of jobs is laid to rest—as it is by the emergency legislation, then the case for decontrol is exposed as having no foundation.

The petroleum industry and the administration have cleverly tried to imply that sky-high prices would mean an end to the natural gas shortage. Yet when pinned down, they admit that the shortage of natural gas will persist, and indeed get worse, no matter how high the price rises. The plain truth is that the ceiling price of $1.26 per Mcf in S. 2310 will bring forth essentially the same volume of natural gas as the decontrolled price of $2, $3 or higher. The decontrol simply means that consumers will pay billions more for the same volumes of natural gas.

Obviously, Senator PEARSON does not believe that decontrol is necessary to bring forth maximum supply, because his amendment would delay decontrol in the offshore Federal domain until 1980. If decontrol will end the gas shortage, surely we should not suffer 5 more years of curtailment.

The Pearson-Bentsen amendment would, in fact, make the shortage of natural gas worse. Producers would have every incentive to hold onto their discoveries of new natural gas until 1980, when they could charge sky-high prices. Rather than sell their gas subject to the uncertain standards for price controls in the Pearson-Bentsen amendment, producers would keep it in the ground where it would grow in value faster than money in the bank.

Actually, it is the prospect of decontrol held out by the President that is contributing to the current shortage of natural gas. Until the Congress votes down this multibillion dollar bonanza for the petroleum industry, we cannot expect prudent businessmen to make an all-out production effort. Why sell now when the President of the United States promises you prices four times as high tomorrows?

The proponents of decontrol have latched onto the natural gas shortage to justify a position they have been unsuccessfully pushing for the last 20 years. The problem for the Nation is that this is the worst time in all those years to decontrol natural gas prices. The reason is that if the U.S. Government removes price controls, the price will be fixed by the OPEC cartel. It is not a question of Government price controls versus the free market, but rather, which Government is going to set the price, the United States or the OPEC nations. The wrong answer to that question will cost the American consumer over $100 billion in the next 10 years.

Those advocating decontrol do not like to talk about inflation, which was last year's Public Enemy No. 1, according to the President. And if the Pearson-Bentsen amendment is approved, it will be Public Enemy No. 1 again next year. The decontrol advocates do not talk about inflation, because it would mean a massive income transfer from energy consumers to energy producers. The disposable income of the energy consumers—individuals and businessmen alike—would be severely reduced. Reduced spending on other goods and services, combined with a high level of inflation, would reduce the Nation's purchasing power and would contribute substantially to the cascading economic downturn.

Every Member of the Senate is, I am sure, concerned about gas supply as well as inflation. Let me stress that a vote for decontrol is not a vote for any larger volume of natural gas for consumers than would be produced under the reasonable price controls. The Commerce Committee bills would raise the price of natural gas high enough to bring forth all the natural gas that money will buy. All that decontrol would mean is that the American consumer would pay many billions of dollars more for the same volume of natural gas.

Natural gas prices would go up under the ceiling price approach of our emergency bill, but surely an increase which would bring the price of new natural gas up from 50 cents to about $1.26 per Mcf is enough? Under decontrol, the price would go to $2 per Mcf—the OPEC equivalent and probably higher, as the pipelines desperate for supply would bid against each other, average the price with their old gas and pass it on to the consumer. All of these extra billions will not buy any significant quantities of additional gas.

The key fallacy in the decontrol argument is that beyond a certain level, higher prices just will not produce more natural gas. If the price covers costs and a high enough profit to attract capital, then the price is not a bottleneck. The Project Independence blueprint report indicated that a price of 80 cents per Mcf would produce substantially the same volumes as would $2 per Mcf. With inflation, and to err on the generous side, a price of $1.26 is allowed to assure maximum production. Certainly the billions of dollars more which would be charged under decontrol would be a pure windfall to the oil industry.

The reason higher prices will not cure the natural gas shortage is that there is not enough easy-to-find natural gas remaining in the ground. What remains is in smaller formation, more difficult to find, and in sensitive areas such as offshore, where undue haste in drilling can damage the coastal zone. Therefore, the existing and potential demand for natural gas in the years to come is much larger than the supply that can be found and produced regardless of the wellhead price or the drilling effort undertaken by producers.

S. 2310 and S. 692 as we propose to amend it will do more to alleviate the gas shortage than would decontrolling prices. The volumes of natural gas available will be substantially the same, but S. 2310 and S. 692 will facilitate the use of coal and synthetic gas made from coal to avoid future shortages. This would be accomplished by regulations phasing out the use of natural gas as a boiler fuel where coal can be used as a substitute, and by making the synthetic gas plants a certified part of the pipeline system. In that way, financing can be obtained and construction at public interest locations facilitated. S. 692 also assures that natural gas found on the Federal domain is actually produced and that producers cannot continue to withhold or go slow in developing the natural gas resources.

The Pearson-Bentsen amendment would completely eliminate Federal price controls on new natural gas, except on the Federal offshore domain. First of all, it is important to understand just what is meant by new natural gas. Senator PEARSON uses the fountain of youth approach under which old natural gas becomes new after the expiration of existing contracts. Also, producers can drill new wells in existing reservoirs to qualify for the sky-high prices. Thus, drilling will be encouraged that produces no new gas supply, but just more money for the producers. With these giant loopholes, most of the old natural gas will soon become new, the quantities will not change, but the price will jump from an average of 30 cents for all natural gas to upward of $2 under decontrol. It is no wonder that the industry supports the Pearson-Bentsen amendment.

When I suggest that decontrolled natural gas will jump from the 51 cents the FPC now allows to upward of $2 per Mcf, I am being conservative. Actually, the prospects are very real for natural gas prices to escalate to $3 or higher if controls are suddenly lifted. The reason is that the existing shortage is very large—some 2.4 trillion cubic feet per year. If this huge interstate pipeline appetite for natural gas is unleashed on the very much smaller supply prospects without controls, prices will go up and up. The pipelines can, and indeed are paying $3 or even $4 for supplemental gas now. They can average it in with the old gas and still be competitive with the sky-high prices of OPEC oil.

The extra bill to the consumer—for the same volumes of gas as under S. 2310 and S. 692—is truly enormous. The extra expense is relatively small at first, but builds up rapidly. In 1980, Senator PEARSON's alternative would cost the Nation's consumers $15.4 billion more. That is $290 for every American family. In 1985, it would be $25.1 billion more per year. And all this money would not produce any significant quantities of additional natural gas.

As I previously mentioned, the Pearson-Bentsen proposal postpones decontrol for 5 years. It thus builds in an incentive for producers to delay and has none of the production requirements in the offshore domain contained in S. 692. It would thus assure a natural gas shortage in the 1970's and more runaway inflation in the 1980's. There would be inflation in the 1970's also from the decontrol onshore, and the uncertain but unnecessarily high prices that the criteria for regulation offshore that the Pearson-Bentsen amendment would provide. One criteria suggests that prices should be high enough to "promote sound conservation." This is a seemingly laudable objective, but could be a basis for fixing prices higher than the OPEC priced oil to discourage the use of natural gas.

Actually, no one can say what the price offshore would be under the Pearson-Bentsen amendment. It will probably take the FPC most of the 5-year period they are in effect to determine them. In the meantime, gas producers, as prudent businessmen, will sit on the sidelines waiting for that glorious day of decontrol in 1980.

The Pearson amendment should be defeated, because it will deal a body blow to economic recovery in the years ahead, and do less to solve the gas shortage than S. 2310 and S. 692. It is inflationary. It would take money—pots of money from hard-pressed American working people and transfer it to oil and gas producers whose profits already exceed those of most Americans in any business. Let us not use the energy crisis as an excuse to ripoff the American consumer.

Mr. PACKWOOD. Mr. President, the natural gas shortage can only be solved by striking at the source of the problem. The problem is inadequate supplies of natural gas. The solution is increasing the supplies of natural gas, not extending Federal regulations and controls to allocate a continued shortage. Any approach which only allocates shortages of natural gas, natural gas which is already on the market, is not a long-term solution. The natural gas producing industry needs sufficient incentives to develop new natural gas supplies.

Enactment of legislation, conceived in the negative attitude of allocating a shortage rather than in a positive attitude of encouraging more supplies, only exacerbates the problem.

The natural gas debate can be discussed on two levels: The short term—this winter—and the longer term. Although they can be discussed on two levels, they are inseparable. What action we take to cope with the winter shortages is obviously linked to a long-range solution, but temporary emergency relief is no substitute for long-term remedies. Congress has a tendency to forget about a problem after legislation is enacted to cope with an immediate crisis. After hammering out an agreement for a short-term solution, even with a unanimous-consent agreement to discuss the long-range solution, the natural gas situation will be diffused in the minds of many Senators. Even with the best of intentions, looking at the legislative calendar ahead, we would be crowding our overloaded schedule to essentially have a repeat of the natural gas debate.

Although I do not believe that separation of the debate into long term and short term is wise, I feel strongly that any bill we pass will have to take into account this winter's shortages. My State of Oregon has 223,600 residential consumers, 27,100 commercial establishments, and 600 industrial-manufacturing facilities dependent upon the use of natural gas. We in Oregon use an estimated 98.4 billion cubic feet of natural gas annually. Curtailments of natural gas this winter are expected to be about 1 billion cubic feet below our requirements.

Because of the problems facing the pipeline suppliers serving Oregon, it is imperative that supply be increased at the earliest possible time to prevent unnecessary dislocation and unemployment. You do not do this by resigning yourself to allocating shortages. You do not increase supplies by extending Government price control at arbitrary levels. We must act positively.

The Hollings bill, S. 2310, intended to cope with the winter emergency, would be, according to recent Senate Commerce Committee testimony:

> Administratively impossible to implement the complex procedures which are required prior to the commencement of (the) heating season within the next six weeks.

Under that bill, the Federal Power Commission, already overloaded by cumbersome regulations, would be required to establish essential user categories, a lengthy task inequitable at best and malicious at worst. I do not want some bureaucrat in Washington deciding which of Oregon's 223,600 residential consumers, 27,100 commercial establishments, and 600 industrial-manufacturing facilities deserve natural gas. Is a middle-class family trying to make ends meet, who has no alternative source for heating their home during the Oregon winter, less deserving than a business or manufacturing plant which is dependent upon gas? Is the business that employs 300 people more deserving than one which employs 20? Is the business that makes fertilizer more deserving than food processing? Or processing wood products? I refuse to grant any Federal Government agency the right to make those decisions, an agency which operates out of Washington, 3,000 miles from Oregon.

No, Mr. President, the solution is not to grant more regulatory authority to the Federal Power Commission or any other agency. The solution is to stimulate production of the supply of natural gas. No amount of regulations will force producers to produce and explore. The alternative to deregulation of natural gas is a continuing allocation of diminishing natural gas supplies, more and more regulations, more and more Federal commissions and agencies and more and more Federal control. Mr. President, I cannot accept this alternative.

Mr. HUGH SCOTT. Mr. President, it is now long past time to have done something about the natural gas crisis. We must either act now or face the millions of unemployed, who will stand not only as a drain on our economy, but as evidence of our folly.

It is true, we can continue to tell ourselves we are protecting the consumers of America by keeping the price of natural gas down, but what will we actually be doing? For one thing, we will be creating more critical job shortages in the future, because we are not acting now to develop new sources of natural gas.

What else will happen? Americans will be forced to find alternate forms of fuel, if these alternate forms are available. Petroleum, due to our inaction, has not become more plentiful for we have not provided incentives for production. The OPEC nations have just voted us another increase in the cost of crude oil; something they will continually be able to do until we have established our energy independence.

Electricity could be substituted in some areas, but the cost of electricity is approximately quadruple the cost of natural gas and its cost is increasing constantly. The power companies are asking for increases and passing the increases in petroleum through to the customer with the fuel adjustment rates.

It has been estimated that the additional cost to replace natural gas with an alternate fuel will be $5 billion. Let me remind you that this will be the cost if there are alternate fuels available.

If there are no alternate fuels available, the consequences are far more frightening. A 20-percent reduction of gas could potentially place 2 million manufacturing and related industrial workers out of work across the country. This is a significant part of the 63 million employed labor force, exclusive of Government and agricultural workers. Think of that, Mr. President, over a million people unemployed, because we, the elected representatives will not act.

One million people may sound like a high estimate, however, think about this; there are certain industries such as the primary metals industry and the glass industry which cannot use any other form of fuel in their processing. If, in Pennsylvania, these industries are curtailed by the expected 35 percent, their output will be similarly curtailed. That will cause a drop in steel production, in turn causing even greater unemployment.

The loss of jobs is going to cost each State dearly. In Pennsylvania, the estimate is that there will be 108,000 jobs lost directly due to the gas shortage. This will cost the Commonwealth approximately $13 million a week in unemployment compensation payments alone. This is just in Pennsylvania and only includes the people unemployed from the primary metals and glass industries. These figures will go up when the unemployed in the related manufacturing and construction industries are included. If we use the expected 1 million figure from the entire Nation, the drain will be $250 million a week.

When the Nation's unemployed point a finger toward the guilty, Mr. President, they will be pointing at us, unless we enact a program to encourage increased production. This program should decontrol new natural gas at the well-head and it should have provisions to phase out inefficient uses such as boiler fuel for generating electricity. Lastly, we should implement an excess profits tax on all profits from both fuel oil and natural gas, with rebates to consumers.

I ask unanimous consent to have printed in the RECORD a letter to me from the Senator from Kansas (Mr. PEARSON) outlining the job impact and costs involved if the shortage of natural gas is not alleviated.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
September 26, 1975.

Hon. HUGH SCOTT,
U.S. Senate,
Washington, D.C.

DEAR HUGH: I want to provide you with some material collected by my staff on the natural gas supply emergency faced Pennsylvania in the coming heating season (December 1975–March 1976).

On a statewide basis, Pennsylvania has 2,173,900 residential natural gas consumers. Your state has 147,900 commercial establishments dependent upon natural gas, as well as 8,600 industrial facilities which depend upon the use of natural gas for manufacturing processes.

It is estimated that the state of Pennsylvania consumes 758.6 billion cubic feet of natural gas annually. The most recent estimates of curtailments show that the aggregate supply available to Pennsylvanians during the 1975–76 heating season will be 106 billion cubic feet below requirements. Because Pennsylvania has 854,000 workers in gas-dependent industries, the Federal Energy Administration in August, 1975, listed your state as one of the 15 which will be "hardest hit" by curtailments during the coming winter. The Pennsylvania industries which are considered major consumers of natural gas include primary metal, stone, and clay and glass products.

The major interstate pipelines serving your state include (1) Tennessee Gas Pipeline, (2) Texas Eastern Tx, (3) Transcontinental Gas Pipe, (4) Algonquin Gas Tx, (5) Columbus Gas Tx, (6) Consolidated Gas Supply, (7) Carnegie NG, (8) Eastern Shore NG, (9) Equitable Gas, (10) North Penn Gas, (11) Pennsylvania Gas, and (12) Pennsylvania and Southern Gas United NG. Of these pipelines, Tennessee Gas Pipeline, Texas Eastern Tx, Transcontinental Gas Pipe, Columbus Gas Tx, and Consolidated Gas Supply have been identified as curtailing their customers.

Assuming for the purposes of illustration that the entire gas supply shortfall expected in Pennsylvania could be met by using fuel oil, the increased fuel costs to Pennsylvania would be $156,032,000. Of course, not all facilities can convert. There will be increased unemployment in such situations.

Needless to say, because of the problems faced by the pipelines serving Pennsylvania, it is crucial that supply availability be increased at the earliest possible time to prevent dislocation, unemployment and substantially higher alternate fuel costs in the Commonwealth of Pennsylvania.

With kindest personal regards,

Sincerely,

JAMES B. PEARSON,
U.S. Senator.

Mr. TUNNEY. Mr. President, yesterday, I introduced two amendments, 940 and 941, to amendment 919, the Pearson-Bentsen substitute to S. 2310. I would like to now explain the substance of these amendments.

The first of these amendments narrows the definition of new natural gas found in the Pearson-Bentsen amendment to exclude gas now flowing in interstate commerce as the present contracts on that gas expire. I do not believe it is necessary or desirable to provide producers with a windfall gain on gas which, by law, must be produced and sold in interstate commerce. Allowing the price of this old gas to go free will not result in any additional production of natural gas. It will only result in the transfer of wealth from consumers to producers. My amendment would retain the price incentive where it is really needed, for new natural gas, and I urge its adoption.

My second amendment would eliminate the termination date for regulation of new natural gas produced from the Outer Continental Shelf. I agree with the authors of the Pearson-Bentsen amendment that liberalized regulation of new natural gas from the Outer Continental Shelf is needed. I believe, however, that we must give this regulation a fair chance to work, free from the shadow of a fixed-termination date. It seems to me that the effect of terminating offshore regulation in 1981, by statute at this time, would be to slow the rate of development of offshore reserves so that as much as possible can be reserved for dedication in 1981 and after. I suggest that we not now fix a termination date for offshore regulation. If the Federal Power Commission is not able to provide responsive regulation with the liberalized criteria provided in the Pearson-Bentsen amendment, and I believe it will, then Congress can and will reappraise the offshore regulatory question. Right now, however, let us give offshore regulation under new criteria a chance to work.

In a moment, I will send my amendment No. 940 to the desk and ask for its immediate consideration. Right now, however, I would like to take a few moments to comment on several important provisions of the Pearson-Bentsen amendment which were included by my request.

First, I would like to draw the attention of the Senate to section 208 of amendment 919, which three new sections to the Natural Gas Act, including a new section 25. Subsection (d) of this new section 25 pertains to the practice of advance payments in connection with the sale of natural gas. This amendment has the very simple and equitable purpose of requiring that any seller who receives funds in advance of production of the natural gas shall repay the party that has advanced money to the seller the full amount of the money that is advanced, plus interest. The Federal Powers Commission is directed to reduce the sales rate specified in the gas purchase contract by whatever amount is necessary to insure such repayment. For the purposes of legislative history, as the author of this subsection, I would like to point out that the permissive language which states that the "Commission may" require, after hearing, reduction in the sales contract is necessary to insure that this subsection meets due process requirements. I want to stress, however, that it is the legislative purposes that the Commission should take such action as will be required in the public interest to return all moneys paid, plus interest, in advance of production of natural gas under advance payments agreements.

Mr. President, I would also like to take this opportunity to make legislative history with respect to subsections 105 (c) and (d) and, in section 208, creating a new section 27 in the Natural Gas Act, subsection 27(d) which prohibit the Federal Power Commission from prescribing the boiler fuel use of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization or for the purpose of alleviating short term air quality emergencies or any other danger to the public health, safety, or welfare. The purpose of these subsections is to permit the continued boiler fuel uses of natural gas where such uses are small in amount and high in efficiency. The amount of gas used for ignition, startup, testing, and flame stabilization is very small. Nevertheless, the cost to consumers of electricity of conversion to light fuel oil, which may not always be available, is most substantial. Therefore, it is necessary to continue this limited boiler fuel use.

It is also desirable to allow the use of natural gas for boiler fuel purposes to generate electricity where there is a short term air pollution crisis. It is the intention of these subsections that the Commission shall permit such use when a responsible local or State government official notifies the Commission, by telephone or otherwise, that an air pollution or other emergency is in progress or is imminent and that the use of natural gas will help to preserve the public health, safety, or welfare.

AUTHORITY FOR THE COMMITTEE ON FOREIGN RELATIONS TO HAVE UNTIL MIDNIGHT TO FILE ITS REPORT ON H.R. 9005

Mr. GLENN. Mr. President, on behalf of the Senator from Alabama (Mr. SPARKMAN), I ask unanimous consent that the Committee on Foreign Relations be given until midnight tonight to file its report on H.R. 9005, the International Development and Food Assistance Act of 1975.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 10 a.m. tomorrow.

After the two leaders or their designees have been recognized under the standing order, Mr. BARTLETT will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business for not to exceed 15 minutes, with a 5-minute limitation on statements therein.

At the conclusion of routine morning business the Senate will resume consideration of S. 2310. The rollcall vote will occur at 3 p.m. on the motion to table Mr. PEARSON's amendment No. 919, as modified.

Other rollcall votes may occur during the day.

RECESS UNTIL 10 A.M.

Mr. HOLLINGS. Mr. President, I move that the Senate stand in recess until 10 a.m. tomorrow morning.

The motion was agreed to; and at 5:19 p.m. the Senate recessed until tomorrow, Thursday, October 2, 1975, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate on October 1, 1975:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Marjorie Ward Lynch, of Washington, to be Under Secretary of Health, Education, and Welfare, vice Frank C. Carlucci, resigned.

IN THE JUDICIARY

Charles H. Haden, II, of West Virginia, to be U.S. district judge for the northern and southern districts of West Virginia, vice Sidney L. Christie, deceased.

EXTENSIONS OF REMARKS

FEDERAL FINANCING FOR ENERGY

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, October 1, 1975

Mr. HARRY F. BYRD, JR. Mr. President, on September 22, 1975, I spoke briefly on President Ford's proposed Federal Energy Corporation.

As I said at that time, I will want to study the proposal before making a firm decision. This is an ambitious and expensive program, and it will require close scrutiny.

Most recently, editorials have been published in both the Wall Street Journal and the Washington Post, opposing the President's proposal.

I ask unanimous consent to have printed in the Extensions of Remarks, the Wall Street Journal's editorial of September 25, 1975, captioned "Thinking Big" and the Washington Post's editorial of September 26, 1975, captioned "Federal Financing for Energy."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

THINKING BIG

Whatever happened to Jerry Ford? The President's proposed $100 billion Energy Independence Authority is a grand, sweeping idea worthy of Lyndon Johnson, John Lindsay and Nelson Rockefeller.

It rests on the magnificent assumption that if the government would only spend $100 billion on urban renewal, it could build a Great Society; that if it only spent $100 billion on poor people, it could eliminate poverty; and that if it only spent $100 billion on energy research, the United States will have energy independence.

The idea is all the more beautiful for its financial wizardry. The federal government will not spend money, only direct it. The Energy Authority, modeled after the Export-Import Bank, will only guarantee loans and tap the credit markets. The funds thus raised will be directed into projects "too risky" for private enterprises, or in other words, into the least promising energy alternatives. The economic effect is to soak up $100 billion in scarce capital, just as if the federal government increased its deficit by this amount and spent the money directly.

But none of this will appear in the "official" budget, thereby enabling Mr. Ford to continue railing against Congress for busting the budget. It combines the magic of President Johnson's interest subsidies, Mayor Lindsay's revenue-anticipation notes and Governor Rockefeller's Urban-Development bonds. Now you see it. Now you don't.

"My vision," the President told a cheering AFL–CIO Building and Construction Trades Council, "is of dramatic action to produce oil and gas from coal, safe and clean nuclear and coal-generated electric power, harness the energy of the sun and the natural heat within the earth and build numerous other energy facilities." The craft unions cheered, of course, because Mr. Ford's vision would necessarily be built at top dollar, under the provisions of the Davis-Bacon Act. It's easy to see why the Vice President, who originated and sold this big idea to Mr. Ford, has always been a hero to the building trades.

The President apparently has been able to swallow the idea, even though his economic advisers choked on it, because so much of the cash will flow through the private sector. But it makes little difference whether the bureaucrats direct the flow of subsidies or spend them directly through a Federal Oil and Gas Company. In either case, the government could cause $100 billion to be spent on, say, solar energy, bringing its cost down but still leaving it uneconomic. At the same time $100 billion in capital would be withdrawn from the rest of the economy, putting all other prices up, and perhaps making uneconomic energy solutions that would otherwise have been privately financed.

While the liberals are already blasting the Ford-Rockefeller plan as a giveaway to the big oil companies, the companies themselves know that the country would be better off without it, that the only real solution can come through sound private capital markets and less government interference. Jack Bennett of Exxon, recently the Treasury Undersecretary, immediately denounced the plan as one that simply "throws money at the problem." Energy executives say they would be forced to compete for federal grants and loan guarantees, fitting their research and development proposals to the latest bureaucratic and political energy whims and fancies.

How did the President make such a horrendous mistake, endorsing a package so uncharacteristic of his thinking during his quarter-century of public life? In one swoop, he's embraced the principle of government preemption of the private sector, credit allocation, fiscal gimmickry, bigger bureaucracies and multi-billion-dollar subsidies. His economic advisers fought the plan and so did some of his closest personal advisers.

It can only be assumed that the President wants to do something, something big and dramatic to persuade the public that he really does want to put people back to work and solve the energy problem. And the only big, dramatic plan around was this one that the Vice President cooked up. We suspect Mr. Ford will come to regret his impetuosity and wish that it could somehow be forgotten, but we also suspect that his critics on the left and on the right will not be so charitable.

FEDERAL FINANCING FOR ENERGY?

President Ford's proposal for a federal energy investment corporation is a remarkably bad idea—born, apparently, of confusion and frustration. The President wants, understandably, to see some movement. But he's looking in the wrong direction. The beneficiary here would be an industry dominated by some of the biggest companies in the world. Federal loans are, after all, federal subsidies. New subsidies to the oil, coal and nuclear power producers are precisely what the country ought not get into.

This whole concept is strangely uncharacteristic of the Ford administration. It calls for $100 billion worth of federal financing for the energy industry over the next 10 years. The basic assumption is that, without this support, the country cannot achieve independence in energy by 1985. Independence is defined as a reduction of imports to a point at which no single coalition of producers—that is, the Arabs—would be able to hold the United States hostage to another embargo.

The capital requirements of the energy industry have been repeatedly analyzed, and the weight of the evidence suggests that Mr. Ford is simply wrong. Last November the Federal Energy Administration published its "Project Independence Report," a massive economic survey. It concluded that, with a price of oil only slightly higher than the present level, imports could actually be brought to zero by 1985. These high prices would generate investment and production while dampening down demand. The whole Ford oil policy until now has been based on this strategy. Mr. Ford offers no explanation why huge federal loans and guarantees are now suddenly necessary.

The same ground was covered by the Federal Energy Research and Development Administration in the plan that it published just three months ago. ERDA said that it had reviewed the FEA's estimates of capital requirements, as well as those of several banks and private consultants, and it concluded: "The consensus of these studies is that the capital markets will be capable of meeting the energy investment demands within the range of the historic proportion of energy investment to total business investment. If these projections turn out to be reasonably accurate, the other sectors of the economy will not be greatly affected in competing for available funds."

Both the FEA and ERDA observed that the electric utilities may be special cases requiring special help. But it also needs to be noted that the utilities' troubles are not solely financial. They still do not know how much power the country will want to buy, at the high prices toward which it is moving. One school of thought holds that, as consumers get over the shock of the price increases, they will revert to the steady increases of 7 per cent a year that they followed up to 1973. But another school is reading the current figures, which show very little increase over the past two years. Some of the recent cancellations of new generating plants have resulted, not from a fiscal squeeze, but from doubts over future markets. There may be a case for federal loans to certain hard-pressed electric utilities. But that's a far cry from shovelling out $100 billion to everybody in the energy industry.

Part of the utilities' current troubles arise from the unforeseen complications of nuclear engineering. The President takes it for granted that the country needs a huge expansion of nuclear generation, regardless of their rising prices. But there is another way to look at the pattern of inordinate construction delays, the succession of newly discovered hazards, and the spectacular cost overruns. Perhaps these accumulating troubles are a signal and a warning that nuclear power is not going to be the ideal power source of which everyone has been dreaming. The President is urging federal loans to build nuclear facilities that, on conventional financial terms, look increasingly uneconomical.

If the President's investment plan suggests a degree of confusion in the administration's energy policy, it reflects double confusion in its fiscal policy. The administration doesn't want to bail out the American cities, which are crying for help, but it is panting to bail out the energy industry, which hasn't asked for it. The administration resists larger federal deficits to stimulate the economy and employment, on grounds that the capital markets can't stand the additional borrowing. But it wants to raise $100 billion in risk capital for energy projects. And it wants to do that in the face of findings from its own agencies that, with the possible exception of the electric utilities, the energy industry doesn't need it.

What's going on here? Mr. Ford appears to be chafing at the long stalemates with Congress over legislation. Winter's coming, and this time the country may suffer a serious fuel shortage. He wants action. But action for action's sake is an expensive diversion. There is a proper role for the federal government in the development and demonstration of new technology. ERDA is already spending $1.6 billion on it this year. But beyond the pilot demonstrations, commercial applications are the responsibility of a private industry that is notably well equipped to take care of itself.

PAY RAISE

HON. ROBERT W. DANIEL, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. ROBERT W. DANIEL, JR. I believe my record in this House clearly indicates my support of measures to curtail nonessential Federal expenditures and opposition to those measures which fuel the fires of inflation. In keeping with that philosophy, I voted on August 9 against including Members of Congress in the automatic cost-of-living pay increase. I felt then as I do now that this in effect insulates the Congress against the effect of inflation. However, the increases with which we were dealing here today would have provided to white collar employees an increase comparable to that already in effect in the private sector. There was no procedural way of removing Members from this resolution. Even though I opposed the inclusion of Members of Congress in this increase, I could not support a move which singles out white collar employees as the only ones not entitled to pay based on comparability.

The pay fixing policy of the Federal Government is greatly misunderstood by those who are not so closely alined with it. There are basically two types of Federal employees: the graded employee, or so-called white collar employee; and the wage board, or the so-called blue collar employee. We were dealing here today with the white collar employee whose salary is fixed as a result of the President's action on recommendations made by the Pay Advisory Council, unless, as we were attempting to do here, the Congress overrides the President. The wage board wage rates are adjusted based on the rates in the private sector in the specific area of Federal activity.

It is important to point out that we have permitted wage board employees increases to go into effect without restriction across these United States.

There are approximately 135 wage board areas in the United States. It is my understanding that employees in 33 of these areas have already received this year increases in excess of 10 percent. These increases were approved in these areas because the surveys showed that the private sector employees in those same areas had received increases in excess of 10 percent. Many unions in the private sector have already negotiated increases in excess of 10 percent. It is upon those increases on the principle of comparability that the President's advisers determined the white-collar employees are entitled to an 8.6-percent increase.

The wage board employees in one facility in my district just recently received increases averaging better than 8½ percent. If we accept the President's proposal, we are saying, notwithstanding increases in the private sector and notwithstanding increases to the wage board employees which have been fully substantiated "you as white-collar employees working side by side with your fellow workers are entitled only to 5 percent." We are saying to them "you must bear the larger share of the fight against inflation, along with your military counterparts." I do not believe this to be fair.

If the calculations which determine the wage rates resulted from a guessing game, I would say you can justify any arbitrary figure. It is not a guessing game, and the figures have not been arrived at by Federal bureaucrats.

This is not a merit increase. If we limit the white-collar employee to 5 percent while all around him wages have gone up from 10 to 13 percent, we will cause a hardship for another year on those individuals whose salaries are already lagging behind their fellow workers in the Government and employees in the private sector.

I therefore must vote in support of the recommendation which is based on documentary evidence, and to overturn the proposal to limit the increase to 5 percent.

CHARLES F. WILLIAMS

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. FORD of Tennessee. Mr. Speaker, I rise today to call the attention of my colleagues to a truly noble and selfless Memphian, Charles Franklin Williams, on the occasion of his 5th year as a member of the fraternal order of Free and Accepted Masons.

He was initiated in Eureka Lodge No. 3, F. & A.M., on June 5, 1925, Brother George W. Hulsey, worshipful master. In August 1947, he was elected most worshipful grand master of the Prince Hall Grand Lodge of Tennessee. Having served for 28 consecutive years, he has received distinction in this field of endeavor. A 33d-degree mason, he is an active member of the United Supreme Council, AASR of Free-masonry, southern jurisdiction.

Grand Master Williams has also been active in political, civic, and social affairs in Memphis and the State of Tennessee for more than 30 years. He was one of the founders and the first president of the Tennessee Voters' Council. Appointed by the late Gov. Frank G. Clement, he served for several years on the original Tennessee Council of Human Relations.

Among the awards he has received are the Citizen of the Year Award by the Grand Lodge in 1962; Outstanding Fraternal Leader Award by the Memphis Chapter of the National United Law Enforcement Officers Association in 1970; Distinguished Service Award by the United Supreme Council, AASR, S.J., in 1972; Distinguished Masonic Service Award by Keblah Temple No. 78 in 1973; Brother of the Year Award by Eureka Lodge No. 3 in 1974; Devoted Service Award by Hella Temple No. 105 in 1974, and Past Right Eminent Grand Commander Award by Austin W. Williams Grand Commandery, K.T., in 1975.

In addition to all of the aforementioned accomplishments, Grand Master Williams is an ordained minister. In August 1959, Reverend Williams was called to the pastorate of the Mount Lebanon Baptist Church in Memphis, Tenn., and has continuously served this congregation since that time.

Mr. Speaker, it is a matter of great personal pleasure for me to congratulate Grand Master Williams for his 50 years of masonry and I look forward to his continued leadership with great delight.

COMMENTARY ON THE ENERGY BILL

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. DERWINSKI. Mr. Speaker, a very frank commentary on the energy bill, which was passed last week in the House, appeared in the September 26 edition of the Chicago Tribune.

The failure of the Congress to develop meaningful legislation for our long term energy needs can only be termed as one of the saddest chapters in the history of our legislative branch of Government.

The article follows:

[From the Chicago Tribune, Sept. 26, 1975]

A POTLUCK ENERGY BILL

The idea that oil prices and energy policy are questions of importance to the nation seems to be shared by everybody but congressmen. The energy bill passed by the House Tuesday, after eight months of debate in committee and on the floor, does not look like a major statement of congressional policy; it resembles a potluck supper thrown together by blindfolded cooks.

The bill restores price ceilings to most domestic crude oil, in flat conflict with President Ford's program to encourage more oil production by decontrolling prices. It sets up an incredibly complicated four-tier system of pricing, with ceilings ranging from $5.25 a barrel for "old" oil [meaning, generally, oil from wells that were producing before 1973] to $11.50 a barrel, rising by 5 cents a month, for the first 3,000 barrels a day from wells owned by independent producers.

Finally it including, of all things, an anti-busing provision. Rep. James M. Collins, a Texas Republican who has carried on a years-long crusade against busing school children for integration, saw his chance in this bill: He offered an amendment forbidding the sale of gasoline or diesel fuel for vehicles that may be used to transport students to a public school other than the one closest to them unless it is for some important purpose like a football game. This unenforceable provision would have little chance of surviving a court test and appears to be primarily a vote-getting stunt. The House, however, adopted it without debate, 204 to 201—which may indicate how seriously it takes its own energy bill.

Even the supporters of this tacked-together measure do not seem impressed by it. Rep. John Dingell [D., Mich.], chairman of the energy subcommittee admitted that the bill has "flaws" and that he does not fully support it. But he argued that it provides the basis for a House-Senate compromise bill—and that, in turn, will be the basis for a compromise with Mr. Ford on oil price controls.

In short, House members seem to regard their own bill merely as something to be thrown into the debate and disposed of by someone else. If that is a sample of Congress' ability to deal with urgent national issues, we'd better stock up on good-luck charms.

AMERICAN LEGION SUPPORTS INCREASE IN MARITIME CADET ALLOWANCE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. BIAGGI. Mr. Speaker, for some time now, I have been attempting to secure passage for legislation to increase the subsistence allowance to students of the State maritime academies. I am pleased to inform my colleagues that the American Legion at their recent national convention passed a resolution recommending that the Maritime Administration subsidy be increased from the present amount of $600 per cadet to $1,200 per cadet. Such a recommendation is embodied in my bill, H.R. 9864, now pending before the Merchant Marine Subcommittee.

This demonstrates a point I have been trying to make over the years: The legislation has broad support among the American public. Groups like the American Legion recognize the vital contribution these cadets make to our national defense and also recognize the need to continue adequate Federal support in this area.

For the benefit of my colleagues I am including the full text of the resolution at this point in the RECORD:

RESOLUTION 432—INCREASE SUBSISTENCE ALLOWANCE TO STUDENTS OF THE STATE MARITIME ACADEMIES

Whereas, the six State Maritime Academies train more than two-thirds of the nation's merchant marine officers; and

Whereas, these schools receive less than one-third total federal support; and

Whereas, these graduates constitute the largest body of trained merchant marine officers in our nation; and

Whereas, today's high technical vessels require the skills of individuals of superior ability, it is imperative to attract sufficiently qualified students into our nation's maritime colleges; and

Whereas, the Maritime Administrative subsidy of $600 per cadet has never been increased since the existing law was enacted back in 1959, in these inflationary times this is obviously inadequate; now, therefore, be it

Resolved, by the American Legion in National Convention assembled in Minneapolis, Minnesota, August 19, 20, 21, 1975, that the annual subsistence allowance from the Maritime Administration to the students of the state maritime academies and colleges be increased from $600 to $1200."

ENDING THE CYPRUS IMPASSE

HON. PAUL S. SARBANES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. SARBANES. Mr. Speaker, included below is a "Dear Colleague" letter which sets out a new and constructive approach to ending the impasse on the Cyprus issue. This initiative seeks to respond to the pressing humanitarian problem of the refugees on Cyprus while adhering to the fundamental principle in our law that U.S.-supplied arms must not be used for aggressive purposes.

The letter follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 1, 1975.

DEAR COLLEAGUE: When the House on Thursday considers S. 2230, legislation to resume arms shipments to Turkey, we will propose a major initiative to break the present impasse on this issue.

This initiative seeks to respond to the pressing humanitarian problem of the refugees on Cyprus while adhering to the fundamental principle in our law that U.S.-supplied arms must not be used for aggressive purposes.

We will offer an amendment to allow a limited shipment of military aid to Turkey—$185 million in arms contracted for before February 5, 1975—provided the President certifies that significant progress has been made on the refugee problem on Cyprus.

S. 2230 is clearly unacceptable. It would authorize exactly the same military shipments and sales to Turkey as the bill which the House rejected just two months ago, including not only (a) the $185 million contracted for before February 5 but also (b) commercial sales, and (c) military sales and credits automatically on passage of this year's Military Assistance Act. S. 2230 would therefore authorize resumption of virtually all arms shipments despite the fact that Turkey has taken no steps whatever to remedy the consequences of its aggressive actions.

As supporters of the ban on arms to Turkey, we have consistently made clear our willingness to consider arms shipments provided that Turkey take action to relieve the deplorable conditions created by last summer's military offensive on Cyprus, particularly the plight of the nearly 200,000 refugees.

For the following reasons, we urge your support of our amendment as a constructive effort to break the deadlock on Cyprus:

It maintains the fundamental principle of U.S. foreign policy, set forth in our laws, that the use of U.S.-supplied arms for aggressive purposes shall not be permitted.

It encourages action on the humanitarian problem of the refugees on Cyprus, many of whom today face their second winter living in tents.

It provides the President with the opportunity to send a limited amount of arms to Turkey after significant progress on the critical refugee problem has been achieved.

We offer this amendment as an approach which holds fast to principle and the rule of law while at the same time providing an opportunity for positive movement on the Cyprus issue. We urge your support.

Dante B. Fascell, John Brademas, Benjamin S. Rosenthal, Paul S. Sarbanes, Edward J. Derwinski, Yvonne Braithwaite Burke, Norman Y. Mineta, Mario Biaggi, Phil Burton, Paul E. Tsongas, Martin A. Russo, Abner J. Mikva, Toby Moffett, John L. Burton, Gus Yatron, Fortney H. (Pete) Stark, Gladys Noon Spellman.

STOP MINING IN NATIONAL PARKS

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. UDALL. Mr. Speaker, today I am introducing legislation which will provide additional necessary environmental protection to the National Parks System. Unbelievable as it may sound, surface and underground mining can occur in a number of national park units. Of specific critical concern are: Organ Pipe Cactus National Monument, Ariz.; Coronado International Memorial, Ariz.; Death Valley National Monument, Calif.; Mount McKinley National Park, Alaska; Glacier Bay National Monument, Alaska; and Crater Lake National Park, Oreg. Not only are the environmental impacts from such mining incompatible with the objectives and operations of national parks but also the mining activity itself destroys the values that American people seek out in their park system.

Some companies recognize the higher land use, environmental and social values inherent in these parks and have been working diligently with the National Park Service to trade mineral rights within the parks for similar rights on other Federal lands. I congratulate both these companies and the National Park Service for this work.

Unfortunately though, not all companies have equivalent concepts of social and public responsibility. Last July a firm filed for 47 claims within the Death Valley National Monument to strip mine borate—a mineral in abundance in other deposits outside of the national monument. This is the same area in which another firm had agreed to trade mineral rights.

Similarly, active exploration for metal mining is underway in Glacier Bay National Park and such exploration under current law automatically assures the right to mine if commercial quantities of ore are discovered.

Both of these pending mining operations threaten substantially these park units and will obviate the purposes for which they were established.

It is time for Congress to act to cut off these current developments and to protect all park areas from future claims and mineral development inroads.

This proposed legislation requires that existing operations must be stopped, recaptures to the Federal Government valid existing claims, and withdraws all National Park System areas from any new claims. The legislation also provides for Federal compensation for the owners of the operations and valid claims.

Here is a clear case for expeditious

congressional action to protect our National Park System and to support the diligent efforts of the National Park Service in managing these areas.

PRIVATE INDUSTRY AND THE ENERGY CRISIS

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. KASTEN. Mr. Speaker, I have long believed that Government has the ability to enhance or impede our Nation's efforts to find solutions to the energy crisis—but I do not believe that Government is capable of resolving the energy crisis single-handedly. Indeed, whether or not we succeed will in large measure depend upon whether we actively seek and encourage private industry to bebecome involved.

I recently encountered a very encouraging statement of the Northwestern Mutual Life Insurance Co. of Milwaukee, the Nation's seventh largest life insurance company, concerning its positive contributions to resolving the energy crisis. I would like to bring the details of this one company's efforts to the attention of my colleagues:

NORTHWESTERN MUTUAL LIFE AND BATTELLE EMBARK ON NEW SOLAR ENERGY PROGRAM

A multimillion dollar contract for a research program designed to speed development of practical applications of solar energy was announced today by the Northwestern Mutual Life Insurance Co., Milwaukee, and Battelle Memorial Institute, Columbus, Ohio.

Northwestern Mutual Life, the nation's seventh largest life insurance company, will initially invest $2.5 million to further develop five studies previously funded by Battelle, as well as other promising concepts. Battelle is one of the world's largest not-for-profit research and development organizations.

The program calls for development efforts on:

A solar powered field irrigation pump.

A process for making an inexpensive material for solar cells that produce electricity or for solar energy absorption systems for heating and cooling.

A photochemical method to collect and store the sun's energy for use in heating and cooling homes and businesses—whether or not the sun is shining.

A technique to make photovoltaic cells which convert sunlight to electricity.

An innovative concept for a solar powered engine.

Some of the program's experimental work will take place at NML's 76,000 acre Gila Bend Ranch in Arizona, an agricultural investment in one of the country's most arid regions where constant irrigation is required. Under terms of the agreement, the research results will be commercialized and made available to the public. The agreement extends through 1977 and is subject to renewal.

We have a philosophy of investment with social responsibility," said NML President Francis E. Ferguson. "This project is our national contribution to the Bicentennial, a private sector boost to President Ford's "Project Independence." We are pleased to continue with Battelle a pattern of concern for energy resource development which Northwestern has shown through the decades.

NML was the first life insurance company to invest in offshore gas and oil properties, begining in 1972. To date, the company has invested about $85 million in offshore drilling in the Gulf of Mexico, with two discoveries made in its tracts. NML was also the first company to finance the development of geothermal steam wells for electric power generation 12 years ago in Northern California.

Dr. Sherwood L. Fawcett, president of Battelle, said, "We are extremely pleased with the opportunities the program presents for both parties to make meaningful contributions in meeting the nation's energy needs. It represents a combination of private fiscal resources and innovative technology that ultimately will help mankind harness the limitless energy of the sun in practical and economical ways."

The solar powered irrigation pump program aims to design and demonstrate a solar energy system capable of powering a 50 horsepower pump during daylight hours. It involves designing a solar collector, a heat-transfer fluid system and a vapor expansion engine. The 50 horsepower size was chosen because it is big enough to demonstrate the system at Gila Bend and to reliably project a later scale-up to 200–250 horsepower units for deep water wells.

To produce an inexpensive material for solar cells, technological advances are required to make silicon economical as an absorbing material. Silicon is a promising solar cell material, but making it has been expensive or inefficient. The process being developed at Battelle could possibly provide silicon films for uses such as silicon photovoltaic cells for direct conversion of sunlight to electricity or for solar energy absorption systems for heating and cooling. The process might also provide a cheaper source of high purity silicon for conventional manufacturing.

A major problem in using solar energy for homes and businesses has been the lack of an efficient collection and storage system. For nearly three years, Battelle scientists and engineers have been working on a more efficient photochemical system for capturing, storing and using solar energy. The stored energy can be recovered as heat when needed.

Battelle Memorial Institute, which began research operations in 1929, has a worldwide staff of 6,100 and its 1974 research volume was $149 million. It has major laboratories in Columbus; Richland, Wash.; Frankfurt, Germany; and Geneva, Switzerland, with other facilities scattered across the United States.

Northwestern Mutual Life has assets of over $7.5 billion invested in such projects as shopping centers, skyscrapers, hotels, industrial parks and condominiums, as well as in securities of many major American companies.

LET US STOP FOREIGN AID—OVERT OR COVERT

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. EVINS of Tennessee. Mr. Speaker, there have been many reports of financial involvement by the Central Intelligence Agency in the internal affairs of a number of foreign countries, the most recent being Spain.

I am not informed as to the amounts the CIA has poured into Spain or various other countries but according to reports the total runs into millions.

This is just another reason why this Nation should cut, reduce and finally stop foreign aid in the public interest—whether it is overt or covert.

REFLECTIONS ON THE SINAI AGREEMENT

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. DRINAN. Mr. Speaker, the Sinai agreement is neither the best nor the worst arrangement that could have been devised for the management of Israeli-Egyptian conflicts in the Sinai. But its limitations constitute no reason why the U.S. Congress should decline to put whatever approbation is required from the Congress to make this agreement operational.

The contention that American participation by way of some 200 civilian technicians could be another Vietnam is clearly without substance. Unlike Indochina, the Sinai cease-fire is under a U.N. mandate. Unlike Vietnam, the American civilians will not be advisers for one side but impartial observers of the radar screen for both sides.

If there is any analogy to the Vietnam situation, the invitation by both Egypt and Israel for the civilian technicians would be comparable to a request in 1962, before any American intervention in Indochina, from both Hanoi and Saigon for impartial American observers to be stationed on both sides of the demilitarized zone between North and South Vietnam.

Those who object to American participation in the implementation of the Sinai agreement undoubtedly do not know that for many years Americans have participated in the UN Sinai cease-fire arrangement; 35 Americans are there now.

The volunteers who are accepted for the 200-man team in the Sinai can be compared to those individuals who volunteer for positions with the U.S. Corps of Engineers or with private industry in Saudi Arabia or Kuwait. There are dangers associated with such positions, but the individual volunteer or employee assumes the risk and not the Nation or the Federal agency which accepts his volunteered services.

If one of the civiilan technicians in the Sinai is injured by hostile action from an agent of the PLO or by wildcat enemy activity, such unfortunate incident is not to be deemed to be cause for American involvement or American reprisal.

Obviously the ideal solution would have Egyptians and Israelis settling their own disputes without the presence of 200 neutral American scientific personnel. But there is no "ideal" solution for the 28-year-old dispute between Israel and her Arab neighbors. There is only the least unsatisfactory resolution, and in my judgment the participation of 200 civilian technicians can be seen as the extension and continuation of the diplomatic efforts that the United States has made to work out a détente between Israel and Egypt.

WILL THE SINAI AGREEMENT BRING PEACE TO THE MIDDLE EAST?

One can hope that President Sadat has at least opted to admit the legitimacy of Israel and to coexist in peace. Israel and every observer of the Middle East has a right and indeed a duty to be skeptical of the newly discovered peace-loving characteristics of the President of Egypt.

On the assumption that Egypt will live up to its promises there is reason to hope that the removal of the most important nation in the Arab world and the anti-Israel objectives of other Arab nations would make it impossible for Syria or Jordan, individually or together, to mount an effective assault against Israel. Nonetheless, Syria could be assisted by the oil-rich Arab nations so that it could constitute a much greater threat to Israel than it has been able to do during the past several years.

Obviously the inscrutable intentions of the U.S.S.R. conceal the future and the fate of the Sinai agreement. There seems no reason to predict that the U.S.S.R. will give up its 20-year-old struggle for hegemony in the Middle East. The silence of Russia at this particular time appears to be mysterious and perhaps foreboding.

The commitments in the near future which Congress must make with respect to military assistance for Israel and economic aid for Egypt cannot be made until there is a complete spelling out of what military hardware Israel needs and is not able to purchase. The projected $250 million in economic assistance to Egypt quite possibly would have gone to that nation even if the Sinai agreement had not been arrived at. In addition, the total amount for the aid to Israel and Egypt must be viewed in the light of the total sums which the United States would have been granting to these nations even if the Sinai agreement had not been concluded.

It must be remembered, however, that Israel received virtually no gift of military assistance from the United States until 1974. During all of that time Israel paid its own way and received only some $420 million from the United States—while the surrounding Arab nations received seven times that particular sum.

It would be hoped, furthermore, that the package of military assistance which the United States will give to Israel will bring that nation to a state of preparedness so that no further massive or even substantial military aid from the United States will be necessary.

The Sinai agreement, despite its limitations, is worthy of endorsement for the simple reason that for the first time in 28 years Israel has been able to persuade one of its Arab neighbors to sign a written agreement about guaranteed borders. That is not merely a milestone in the desert; it is a milestone in the history of Israel's search for peace in the Middle East.

ORGANIZED UNITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. CRANE. Mr. Speaker, I wish to commend these comments by Edward Miller, the executive editor of the Allentown Call-Chronicle to my colleagues. Mr. Miller reminds us that in the People's Republic of China, there is no freedom. Everything that anyone does is regimented, even sex. That is a sad commentary for the 800 million people who live in China:

> ### Organized Unity
>
> China is totally organized. The only music heard anywhere spurs people on to greater efforts for the state. The only billboards promote unity of the workers of the world or other dogmatic slogans; the only news in the "newspapers" is devoted to educating the people to the official way of thinking.
>
> The schools, the universities, the banks, the farms, the townships, the industries, the street sweepers, the vice premiers, the dancers, the dam builders, the acrobats, the doctors—everyone and everything is organized by the state. Even sex.

MAY 30 SHOULD AGAIN BE DESIGNATED AS MEMORIAL DAY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. DERWINSKI. Mr. Speaker, an editorial, which appeared in the September 13 edition of the Press Publications, serving west suburban Cook and DuPage, Ill., Counties, commends the Congress for passing the recent legislation to restore the traditional November 11 date as the observance of Veterans' Day.

The editorial goes on to emphasize that May 30 should again be designated as Memorial Day, a point to which I wholeheartedly subscribe.

This commentary follows:

> ### One To Go
>
> If President Ford signs a bill approved by the House 410–6, our Veterans Day celebrations will return in 1978 to the old date of Nov. 11, once known as Armistice Day.
>
> In the past seven years, 46 of the 50 states have switched their Veterans Day celebrations and observances to the Nov. 11 date from the fourth Monday in October. The anniversary marking the end of hostilities in World War I was one of several changed to permit more three-day holiday week ends across the nation.
>
> Veterans groups strongly opposed the change and the State of Illinois was one of the first to switch state observances back to the Nov. 11 date. Thus, federal workers were observing the holiday on the fourth Monday in October while state workers and schools observed the Nov. 11 date.
>
> Now that we just about have that holiday straightened out (or it will in 1978), perhaps we can get back to Memorial Day and do something about that horribly confusing week.
>
> The first major holiday of the summer season is usually Memorial Day week end. However, in a number of states, Illinois included, the legislative bodies have returned Memorial Day to its traditional date of May 30 rather than the fourth Monday in May.
>
> The end of May has become utter confusion with some persons observing one day for the holiday and others still another date while some observed both days off.
>
> Celebrating these war-related holidays on the same day at federal and state levels would do much to improve the first summer holiday as well as to help businessmen who lose all the way around with two holidays observances in one week.
>
> Now if they just leave Christmas, New Year's and the Fourth of July alone, we'll be in great shape!

DISSENTING VIEWS

HON. ROBERT J. CORNELL

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. CORNELL. Mr. Speaker, next Monday Members of the House will be voting on H.R. 9576, a measure that would terminate all educational benefits for those who enter the Armed Forces after December 31, 1975. When the Veterans' Affairs Committee reported out this bill, my colleagues, ROBERT EDGAR and HAROLD FORD, joined me in filing dissenting views. We indicated at that time that we intended to oppose the bill when it reached the floor.

In the past few days I have received letters from several veterans' organizations uging support for H.R. 9576. Their position is somewhat surprising in view of the nature of the statement presented to the subcommittee during hearings on this subject on July 29.

In explanation of my position I would like to include in the RECORD my response to a letter from the national director of legislation for the Disabled American Veterans, Mr. Charles L. Huber, who requested that I reconsider my stand on this bill:

> DEAR MR. HUBER: Thank you very much for your letter expressing support of H.R. 9576 by the Disabled American Veterans. While there are few organizations I regard with more respect, I must nonetheless take issue with you over termination of the G.I. Bill and restate my intention to try to have H.R. 9576 defeated on the floor of the House.
>
> Even though it seems contradictory not to apply the same historical criteria for termination of educational benefits—which you support—to termination of housing benefits—which I assume you do not support—let us consider educational benefits alone as this appears to be the crux of our disagreement.
>
> First of all, the language used in the statement made by Mr. Robert Edgar and myself to the press (as well as the statement of dissent which included Mr. Harold Ford) was carefully worded, not couched. We said, and the testimony of the subcommittee verifies, that the veterans' organizations testifying all favored continuation of some kind of educational program. Indeed, the National Association of Concerned Veterans clearly stated that its membership favored continuation of the G.I. Bill.
>
> I, too, favor continuation of an educational program for veterans, whether it be the present G.I. Bill package of benefits or a completely new and distinct peacetime program, administered by the Department of Defense or any other agency Congress deems appropriate.
>
> Let me say, Mr. Huber, that if the ideal situation were presented, I think you and I would be in total agreement. Judging from past comments and present critiques of the G.I. Bill, it would appear that a peacetime program administered by the Department of Defense which would offer limited educational benefits would be satisfactory to all, including myself.
>
> However, the ideal obviously is not at hand—nor was it even attempted. In a single-minded fashion, the committee set out to abolish the model G.I. Bill program without

considering any type of replacement. Lacking the ideal, I am left with only the realities of the situation to consider. These realities are clear.

(1) The Veterans Administration does not want any type of new program for educating future veterans. It doesn't even want to extend existing benefits or remove restrictions.

(2) The Department of Defense has given absolutely no indication that it will institute its own program now or in the future.

(3) The House Committee on Veterans' Affairs has focused solely on termination of educational benefits, and there is no hint of any forthcoming proposal to establish a replacement.

These together lead me to a final, hard reality: were it up to these bodies, there would be no educational program for future volunteer veterans—not the G.I. Bill, not a new program, nothing. For reasons with which you are familiar, I think this would be a grave error.

There is yet one more reality to face in considering this bill, and that is the unemployment situation which has plagued veterans. While there are probably a number of reasons that vets are hit hard by unemployment, I think it is safe to say that three in particular play a heavy role: isolation from civilian life, lack of marketable skills, and the shape of the general economy. Sadly enough, it is my studied opinion that these factors will be even worse for the volunteer veteran who will be isolated from society for a minimum of four years, not two, have no way to gather marketable skills through an educational program, and will enter an economy which experts say will still be strapped by high unemployment.

Almost to a man, supporters of this termination bill have listed historical integrity as the mainstay of their argument. Is it not just as valuable—and certainly more wise—to give equal consideration to the future?

Lastly, it occurs to me that an educational program for future veterans can be whatever Congress determines it to be and can be administered by whatever agency Congress deems appropriate. I, for one, am not about to wait for the VA or the Department of Defense to beg to administer a program before taking the responsibility to provide one if it is necessary. To be frank, while I appreciate the historical context of a program, in this instance it is secondary to making sure veterans have a fair chance at making a living.

To summarize, let me say that I feel our differences on this issue seem to be minor and technical in nature, yet they have led us down divergent paths. It seems that these incidental arguments may cause us to lose sight of a common goal—the well-being of veterans. I am certain that if, through the defeat of H.R. 9576, the committee were to reconsider the topic in a futuristic as well as historical scope, we could design a peacetime educational program which satisfies veterans' groups, the economic climate, and most importantly, all veterans. It is with this intention in mind that I seek to defeat H.R. 9576.

Further, I would like you to know that I appreciate and understand your position in this matter. Veterans, especially those with service-connected disabilities, certainly could use and are entitled to greater consideration than they now receive from the VA programs. I realize that an educational program places other benefits in a competitive situation with only limited funding. I think it would be overly optimistic to assume that termination of the G.I. bill's educational benefits will make different benefits more readily available. We on the committee have been made fully aware that the Executive views termination first and foremost as a significant way to cut federal spending, not as a means to maintain historical integrity, or allocate the money elsewhere.

Again, I thank you for expressing your position and indicating your reasons for opposing defeat of H.R. 9576. Democratic institutions work much better with this kind of dialogue taking place. Should you wish to discuss this topic in more detail or share your views on any other veterans' issue, do not hesitate to contact me again.

Sincerely,

ROBERT J. CORNELL,
Member of Congress.

USDA'S ENFORCEMENT OF FIFRA IN THE PAST

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. FISHER, Mr. Speaker, the House will shortly be considering amendments to the Federal Insecticide, Fungicide, and Rodenticide Act—H.R. 8841. This bill contains provisions that require the Environmental Protection Agency to notify the Department of Agriculture prior to issuing notices of intent to cancel or change the classification of pesticides, and prior to publishing proposed or final regulations. In view of these proposed notification requirements, I think all Members should be aware of what the Government Operations Committee calls USDA's almost complete failure to protect the public from hazardous pesticides during the years it had the responsibility for enforcing FIFRA, 1947–70. I would like to insert the "Findings and Conclusions" of the Committee on Government Operations' report on "Deficiencies in Administration of FIFRA—House Report 91–637.

The article follows:

FINDINGS AND CONCLUSIONS

1. Until mid-1967, the USDA Pesticide Regulation Division failed almost completely to carry out its responsibility to enforce provisions of the Federal Insecticide, Fungicide, and Rodenticide Act intended to protect the public from hazardous and ineffective pesticide products being marketed in violation of the act.

Prior to mid-1967, no effort was made to systematically remove potentially hazardous or ineffective products from the market; instead, only the amount of illegal product found at the single location where a violative sample had been obtained was seized.

Not a single criminal prosecution had been initiated for more than 10 years prior to mid-1967, despite evidence of repeated violations by some shippers.

Notices of judgments obtained in seizure actions were not being published, even though publication is required by law.

Significant improvements in PRD enforcement produres have been made since mid-1967.

In late 1967, after appointment of Lowell E. Miller as Assistant Director for Enforcement, PRD began requesting manufacturers to voluntarily recall violative products from the market.

Formal procedures for requesting recall action, to be followed by multiple seizure action if necessary, were approved in May 1969.

Operating guidelines for referral of cases to the Department of Justice have been established and an indictment has been returned in a case so referred. A Prosecutions and Import Section has been established to handle referral of cases; however, its staffing—consisting of the part-time services of only one person at the professional level—is obviously inadequate.

2. Numerous pesticide products have been approved for registration over objections of the Department of Health, Education, and Welfare as to their safety without compliance with required procedures for resolving such safety questions.

The subcommittee investigation disclosed that HEW objected to proposed registrations for more than 1,600 pesticide products during the 5-year period ending June 30, 1969.

Many, if not most, of these products were registered for uses to which HEW had objected. The exact number is not known because PRD does not keep records of products registered over HEW objections and has failed or even refused to inform HEW of action taken with respect to its objections.

The subcommittee investigation disclosed that PRD was, in effect, demanding that HEW supply scientific proof of hazard to support its objections, rather than asking the would-be registrant to resolve any doubt by providing adequate evidence of the product's safety.

Although a 1964 interdepartmental agreement requires that unresolved HEW objections be referred to the Secretary of Agriculture for determination before a registration is approved, not one of the more than 1,600 HEW objections was so referred. A task force headed by the present PRD Director noted in a 1965 report that PRD was not complying with the agreement, but no action was taken to correct the matter.

3. The Pesticides Regulation Division has approved pesticide products for uses which it knew or should have known were practically certain to result in illegal adulteration of food.

The subcommittee investigation disclosed that PRD has registered or reregistered products such as lindane vaporizers or DDVP strips for use in restaurants or other food-handling establishments despite evidence that such uses would leave residues on food and despite the fact that other Federal agencies refused to permit use of the products in food-handling establishments.

Pesticide residues on food in interstate commerce constitute adulteration, unless a tolerance has been issued for such residues by the Food and Drug Administration. In the above instances, no such tolerances had been issued or even applied for. Moreover, FDA's authority to issue a tolerance for addition of a pesticide to prepared food in restaurants is questionable.

4. The Pesticides Regulation Division has failed to take adequate precautions to insure that pesticide product labels approved for registration clearly warn users against possible hazards associated with such products.

Examination of a relatively small number of pesticide products labels during the subcommittee investigation disclosed several instances where warning statements and directions for use on the same label were confusing or even directly contradictory. At least one instance where a misleading effectiveness claim had been approved and widely used was also found.

Preliminary results of a study being made under a contract with PRD indicate that most pesticide users do not read labels and those who do have difficulty understanding them.

5. Information available to Federal agencies concerning pesticide poisonings is inadequate and incomplete. The Pesticides Regulation Division has failed to make effective use of even the limited data available.

According to its Director, the Pesticides Regulation Division has placed considerable reliance on accident reports as a means of detecting dangerous pesticide products. During 1968, PRD received reports of 52 pesticide poisoning incidents involving a total of 163 persons, a figure characterized as representing a fair share of all pesticide poisonings.

The subcommittee investigation disclosed that the reports received by PRD were actually only a tiny fraction of the approximately 5,000 pesticide poisoning cases reported annually to HEW, even though the reports received by HEW were estimated to reflect only one of every eight or 10 pesticide poisonings actually occurring.

The subcommittee found no evidence that PRD has made any systematic use of the HEW reports; in fact, PRD's Director was not even aware of the volume of reports received by HEW.

6. The Pesticides Regulation Division did not take prompt or effective cancellation action in cases where it had reason to believe a registered product might be ineffective or potentially hazardous.

Although PRD has had specific cancellation in cases where it had reason to believe *never* secured cancellation of a registration in a contested case.

The subcommittee investigation disclosed evidence of lengthy and unwarranted delays in initiating cancellation action after facts sufficient to justify such action became known to PRD.

Until a few weeks ago, PRD did not even have procedures for conducting hearings or studies which registrants may request as a matter of right before cancellation action can become effective. When registrants receiving cancellation notices requested hearings or studies, prosecution of the cancellation action was halted and the product left on the market.

A mistaken belief that positive evidence of hazard—rather than simply a lack of adequate assurance of safety—is necessary to support a cancellation action appears to have been a factor in PRD's failure to initiate such action in cases where it was obviously justified.

Cancellation action against a number of products has been initiated during the subcommittee's investigation.

7. The Pesticides Regulation Division has consistently failed to take action to remove potentially hazardous products from marketing channels after cancellation of a pesticide registration or through suspension of a registration.

Although PRD has never secured cancellation of a registration in a contested case, there have been instances where registrations of potentially hazardous products have been canceled by consent or through failure of the registrant to contest the action. The subcommittee investigation disclosed that PRD has no procedures for taking action to remove such products from the market after cancellation of the registration or even for notifying the Enforcement Branch that the registration has been canceled.

PRD has no procedures or criteria for determining when a registration should be suspended on the ground that a product constitutes an "imminent hazard" to the public. Such action has been taken only once; but a product containing an identical amount of the same active ingredient was allowed to remain on the market without even bearing a required warning notice on its label.

In some cases, hazardous products were *deliberately* allowed to remain on the market after cancellation of registrations.

8. The Pesticides Regulation Division has no procedures for warning purchasers of potentially hazardous pesticide products.

Although removal of dangerous pesticides from marketing channels obviously does not protect buyers who already have the product in their homes, PRD has no procedures for issuing warning notices to the public when it becomes aware of possible hazards from particular pesticide products. By contrast, other units of the Agricultural Research Service apparently have procedures for warning against possible hazards to animals from regulated products which have already been sold.

PRD has recently issued warning notices concerning several pesticide products discussed during subcommittee hearings.

9. The Agricultural Research Service failed to take appropriate precautions against appointment of consultants to positions in which their duties might conflict with the financial interests of their private employer. Facts disclosed by the subcommittee investigation raised a number of serious conflict of interest questions.

Although Shell Chemical Co. is one of the country's largest producers of registered pesticide products, Dr. T. Roy Hansberry, an official of one of the company's affiliates, was appointed to a 1965 task force examining criteria used by PRD in determining whether pesticide registration applications should be approved. Before the appointment was made, an individual in the ARS Personnel Division (whom ARS officials report they have been unable to identify) certified on Dr. Hansberry's personnel clearance form that the agency did not know of any official business with his private employer which might constitute a conflict of interest.

Minutes kept by the task force's executive secretary are available for only one of its meetings; they indicate that he reminded the group of legal restrictions on disclosure of confidential information which should be kept in mind in view of Dr. Hansberry's association with a private firm. The executive secretary was subsequently dismissed by the task force chairman, and no further minutes were kept.

Dr. Mitchell R. Zavon, a medical consultant to Shell Chemical Co., served simultaneously as a consultant to the Pesticides Regulation Division. Documents examined by the subcommittee indicate that Dr. Zavon was actively concerned as a Shell consultant in scientific studies and in negotiations with Federal agencies relating to Shell's DDVP strip. The subcommittee investigation also disclosed that Dr. Zavon participated as a PRD consultant in a meeting at which safety questions relating to DDVP strips were discussed, but no action was recommended.

USDA records indicate that Dr. Zavon was originally appointed for the specific purpose of advising PRD on problems relating to Dieldrin, a pesticide produced by Shell Chemical Co. The subcommittee investigation did not disclose whether or not Dr. Zavon actually advised USDA, as a consultant, on any matter involving Dieldrin in which Shell had a financial interest.

Registration of Shell's DDVP strip was originally approved in 1963 after John S. Leary, Jr., then PRD's Chief Staff Officer for Pharmacology, overruled an objection raised by a subordinate. In November 1966, Mr. Leary gave notice that he was leaving PRD to accept employment with Shell Chemical Co. In December 1966, before leaving PRD, Mr. Leary recommended that PRD ignore a Public Health Service report opposing continued sale of DDVP strips. In 1968, as a Shell employee, Mr. Leary participated in a meeting at which Shell opposed addition of a warning notice to the label of its DDVP strip.

In view of the conflict of interest questions raised by the subcommittee investigation, the matters involving Dr. Hansberry, Dr. Zavon, and Mr. Leary have been or are being referred by USDA to the Department of Justice.

BUSINESS WEEK DESCRIBES PRESIDENT'S PROPOSED $100 BILLION ENERGY PROGRAM AS "THE WRONG REMEDY"

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. EVINS of Tennessee. Mr. Speaker, criticism continues to mount against the administration's proposal for a new $100 billion Government corporation to parcel out loans and guarantees to industrial giants in the energy field.

Business Week in its current issue in an editorial headlined "The Wrong Remedy" concluded that funding for such a program "instead of going where it would be most effective—would go where it made the biggest splash or pleased the most influential politicians."

The article added,

> [The U.S.] does not need the grandiose program the President has described.

Because of the interest of my colleagues and the American people in this most important matter, I place the editorial from Business Week in the RECORD herewith.

The editorial follows:

THE WRONG REMEDY

President Ford's proposal for a $100-billion crash program to develop new energy sources may be a good way to dramatize the problem. It is a poor way to set about meeting the energy needs of the U.S. economy.

The President's Energy Independence Authority would put the government *in the* power business on an unprecedented scale—with loan guarantees, loans, and perhaps actual construction in some cases. In doing so, it would bypass the market mechanism that forces every investment to meet basic standards of feasibility and payout. Instead of going where it would be most effective, the government money would go where it made the biggest splash or pleased the most influential politicians.

Since the agency would do its own borrowing, this money would come out of the regular financial markets, making it harder for other investors to raise capital for more productive but less dazzling projects. The net result could be a diversion of resources from the most promising to the way-out energy ventures. With this would go a massive increase in the federal deficit—neatly concealed by the fact that the new agency would be an "off-budget" operation.

Energy independence is a goal that offers some political and perhaps some economic advantages for the U.S. But it is only a partial answer to the problem.

In its broadest context, the energy crisis is a problem of excessive energy growth. Moderating that growth rate is even more important than achieving energy independence. To the extent that the President's plan would shift the emphasis away from conservation and back to supply, it would make any real solution of the problem impossible.

The U.S. needs a federal program to sponsor energy research and in some cases to help with the financing of experimental projects. It does not need the grandiose program the President has described.

HARRY G. WILES ELECTED NATIONAL COMMANDER OF THE AMERICAN LEGION

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mrs. KEYS. Mr. Speaker, Harry G. Wiles of Kansas has been elected National Commander of the American Legion and will serve in that distinguished office during the U.S. Bicentennial observance. We Kansans are proud of Harry Wiles, and appreciative of the distinction and honor he brings to our State through his leadership of the American Legion. I am especially proud of the fact that Commander Wiles resides in the Second Congressional District of Kansas, the citizens of which I am privileged to represent in this body.

I wish to share with my colleagues the expression of determination, faith, and dedication contained in the acceptance speech of National Commander Harry Wiles:

ACCEPTANCE MESSAGE OF HARRY G. WILES, NATIONAL COMMANDER, THE AMERICAN LEGION

Distinguished guests, delegates to this 57th Annual National Convention, ladies of the Auxiliary, my fellow American Legionnaires, ladies and gentlemen, I am grateful for the vote of confidence you have given me today by electing me to the high office of National Commander of the world's greatest veterans organization—The American Legion.

I am proud, I am honored, I am humbled as I contemplate the year ahead. I expect the next twelve months to bring to me the greatest challenges of my life—the challenge of bringing to reality the new mandates of The American Legion, and the challenge of holding the gains we have made through our years of service to God and country.

Commander Wagonseller, from time to time through these proceedings here in Minneapolis, has made reference to a gain in national membership during his term as National Commander. For that, and for a year of firm, fair and effective leadership to our American Legion, will you join me in a round of applause for a great leader and a great commander, Commander Jim.

Before proceeding, I ask you to pledge to me the same effort for another year of membership growth such as we are now completing. Herein lies the strength of The American Legion or any other organization which must rely heavily upon legislative achievement as a measure of its effectiveness.

I want, and I intend to see to it that The American Legion becomes even more effective through this coming year. I know you will work to keep it that way for I'm sure you believe, as I do, that The American Legion has a great deal left to give to America, and that America needs, in fact must have, the kind of service we are capable of providing.

To be named National Commander by this particular Convention is doubly significant to me for it means I will hold this office through the major part of America's Bicentennial celebration, and this is an observance that is extremely important to all of us.

As an organization we are involved, and it is my fervent hope that we will become even more deeply involved at the local post level, in making this Bicentennial a meaningful and memorable experience for all of America.

It offers an opportunity, a badly needed opportunity, for Americans to reunite in a oneness of purpose for the good of our beloved country—an opportunity to start pulling together again as our ancestors did some 200 years ago.

The bitter divisiveness that afflicted our nation during the Vietnam War has, for the most part, been put behind us. For those who haven't put it behind them, I suggest that it would be the proper thing for them to do.

The American Legion never has claimed that ours is a perfect society. We don't believe there ever will be a Utopia. But we do believe we have the basis for one of the most nearly perfect societies ever known to man if we keep working within the framework of the Declaration of Independence, the Constitution and its Bill of Rights. Within that framework, we can work with confidence to bring about any changes that may be needed to move closer to perfection.

No, my friends, we do not claim to be perfect, but we do claim that the machinery which exists within our system may be used for peaceful, orderly change for the better. We stand for this principle just as firmly as we stand in opposition to any effort to change this government by force or to overthrow it by force.

I get a bit tired, as I'm sure do most Americans, of constantly hearing about our shortcomings and the inequities of our American system, real or imagined—while at the same time, hearing nothing good about America. The whole fact of the matter is there is a whole lot more good about America than there is bad. You would never know it from reading or hearing the daily news.

Violence, fraud, deceit and scandal seem to command major news attention, while the good things that happen in our midst are buried, if reported at all.

Taking an optimistic view of this situation one might consider this to be a good sign regarding the health and strength of America. One might rationalize that the good things that happen are supposed to happen, and, therefore, those things really aren't news. However, a steady diet of negativism will, sooner or later, cloud even the most optimistic of outlooks.

We have a sweeping mandate passed at the spring 1975 National Executive Committee meeting by which we urge the news media to give emphasis to the positive role America must play in this imperfect world, and "to objectively report this need to the American people."

That resolution renounces the no-win policies that failed us in Korea and Vietnam.

That resolution calls upon the Congress and the Administration to restore the United States to a position of World military superiority.

That resolution calls upon the American people to disavow partisanship in foreign affairs in order that America might provide responsible leadership and cooperation throughout the world.

It is a sweeping measure. It is an important mandate. It is a mandate that will serve us well as we move into this Bicentennial year with the announced intent of bringing the American people together in new unity and unprecedented strength. The Legion believes that preparedness is the best and perhaps the only assurance of peace. For the sake of America, it is our obligation to keep this message before the American people.

We have some things going for us right now that should help achieve our objective. Our funding of the Freedom Bell, which is travelling with the Freedom Train and which eventually will be given by The American Legion and our Auxiliary, as a gift to the nation on behalf of America's children, is one of those projects.

The cooperative effort with the American Cancer Society which was also approved by the spring NEC and officially launched at this Convention, is another great effort that could be an even more meaningful gift to the nation, and to the world, if the extra dollars attracted to this cause might do, indeed help eliminate, cancer in our time.

If this should happen, The American Legion's niche in history would be secure for all time to come.

As we approach our country's 200th Birthday, and with special emphasis on special projects, let me assure you that the continuing programs and principles of The American Legion will be pursued as vigorously in the coming year as they have throughout all of our history.

Our efforts on behalf of a strong and free United States of America, with adequate military deterrent strength to discourage any would-be aggressor, will continue unabated.

Our efforts on behalf of America's veterans, to secure for them and their survivors the benefits a grateful nation has accorded them likewise will continue. We will exert every effort to keep those programs relevant to the times in which we live. He will maintain our unrelenting opposition to any national health insurance program that would involve the existing medical hospital program of the Veterans Administration. This is a program America wouldn't even have but for the insistence of veterans and veterans organizations. Since it was brought into existence by veterans, we insist that it be continued as a service for veterans only.

Our efforts on behalf of young America are most important. Our children and Youth programs which cater to the health and social needs of young Americans, and our Americanism programs of sportsmanship—citizenship—leadership training will continue at an accelerated pace during the year ahead. Plans already are well underway for an expanded program of Boys and Girls Nation in connection with the Bicentennial observance. American Legion Baseball is now completing its 50th year of competition. Our oratorical contest and Boy Scout sponsorship must continue to grow, and with your help, they will.

As some of you already know, the basic theme of The American Legion for the next year, the Bicentennial year, will very appropriately be "America's Calling," and a second phrase "Pledge Allegiance to Freedom."

Yes, "America's Calling" for us to "Pledge Allegiance to Freedom," by rededicating our country and all of its citizens to the principles upon which our democratic form of self-government was started and has throughout the years become the most successful in the history of the world.

It was recently written: "The American promise of self-government in freedom under law and with self-restraint, remains the most stirring and hope-giving in the catalog of political systems. What's needed for its survival is a rigorous concentration on its meaning, including a concentration on some things the Declaration (of Independence) left out. Freedom, like the Declaration itself, is not a gift but a permanent demand on us to keep giving."

The writer continues, "Perhaps in our minds we need to insert in the Declaration some words like these, . . . that all men are endowed by their Creator with certain inexpressable duties, and that among those duties are work, learning and the pursuit of responsibility."

It is to this principle that I ask you of The American Legion to stand with me and "Pledge Allegiance to Freedom" for America and for her people.

We must work, for work deals the kind of life we deserve.

We must learn, for a willingness to learn, keeping an open mind both to the new and the old, is necessary to keep liberty real.

And, responsibility, not hedonism alone, is necessary for that elusive goal of happiness.

And, finally, only our willingness to perform certain duties can guarantee our rights.

In closing, I want to say a special thank you to Kansas American Legionnaires and to Legionnaires throughout the country who helped me see this long and vigorous campaign through to a successful conclusion here today. To my wife, Dorothy, and to all of my family, none of whom are strangers to The American Legion and the American Legion Auxiliary, I thank you and ask you to bear with me in the coming year.

Again, my thanks to all of you for your support, and as this memorable Convention comes to its conclusion, let's all resolve, as we leave here, to help America celebrate her best birthday ever, and to give The American Legion its finest hour in service to God and Country.

ARAB SPLIT, SADAT STAND SHOW VALUE OF SINAI PACT

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. DERWINSKI. Mr. Speaker, while the debate rages over the value and significance of the Sinai Pact, we must recognize that more than the issues of budget items and the positioning of U.S. technicians are involved in this agreement.

The vital geopolitical value of the pact is discussed in an editorial by Crosby S. Noyes, in the September 25 edition of the Washington Star-News:

Arab Split, Sadat Stand Show Value of Sinai Pact

(By Crosby S. Noyes)

The acknowledgment comes a bit late. But the way things have been developing in the Middle East since the initialing of the new interim agreement between Egypt and Israel may bear out the claim that it was one of the great diplomatic achievements of the decade, if not of the century.

At first, the claim seemed utterly absurd. The fact that Israel had agreed to pull back a few more miles in the Sinai in return for a number of ambiguous political concessions from Egyptian President Anwar Sadat was not, on the face of it, much to shout about. Since then, attention has been focused on relatively trivial details, such as the stationing of American observers in the Sinai and the new weapons that Israel is demanding.

These are not matters of real importance. What is important is the deep division that has developed within the Arab world in the wake of the interim agreement and the resolution that Sadat has shown in holding to his decision. That in itself could be crucial in the ultimate resolution of the Arab-Israeli conflict.

Sadat himself is reported to be disturbed by the vehemence of the attacks directed against him by other Arab leaders. He expected a show of protest from the radicals, including Syria's President Hafez Assad and Yasser Arafat of the Palestine Liberation Organization. He apparently did not anticipate the increasing bitterness of the attacks, or the fact that moderate Arab leaders, such as Jordan's King Hussein, would join in the criticism.

Nevertheless, Sadat has shown no sign of backing down. Instead, he has fought back shrewdly, denouncing the Soviet Union as the chief enemy of Arab unity, defending his deal with Israel as the only way of regaining lost Arab territories and holding out the prospect of new concessions from Israel to its other Arab neighbors.

The longer this division continues, the more impressive the diplomatic achievement appears. For if Sadat survives this crisis, and if Egypt appears to profit from it, the other so-called "confrontation" states, including Syria and Jordan, will eventually fall into line.

The conflict between Sadat and Arafat may well be irreconcilable. Sadat and Arafat have come to represent the opposite poles of Arab opinion. And as Egypt moves down the road of negotiation and conciliation, the fortunes of the PLO leader will continue to decline.

Behind the split in Arab ranks, the recent developments reflect an impressive success for the United States in its competition with the Soviet Union for influence in the Middle East. Sadat unequivocally, has opted for the American side. The Soviet Union backs all of the critics. But Egypt, as the most powerful of the Arab states, is the country that counts.

For a long time, American policy has been based on a simple proposition: If Egypt could be eliminated as an active participant in the Arab-Israeli conflict, the problem would be well on its way to a solution. Without Egypt, the threat of another war in the Middle East is negligible. That is why the whole American diplomatic effort has been directed toward the achievement of seemingly insignificant progress on the Egyptian-Israeli front. That is why the seemingly insignificant breakthrough that has been achieved is so important.

Admittedly, the situation is fragile. Sadat, both physically and politically, is vulnerable to his many enemies. By claiming too much in the way of a diplomatic victory, the United States could compromise the results it seeks. But so far at least, things are going well.

CONTROLS DO NOT WORK

HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. SHRIVER. Mr. Speaker, as the Congress and the administration seek a workable compromise which can lead to a national energy program, I wish to bring to the attention of my colleagues an excellent editorial from the McPherson (Kans.) Sentinel which emphasizes the importance of supply and demand through the free enterprise system. The editorial correctly reminds us that price and wage controls are not a permanent solution, and it further points up the damage which controls have caused insofar as domestic exploration for oil and gas is concerned. Under leave to extend my remarks in the Record, I include the editorial:

Controls Don't Work

Once upon a time people believed price and wage controls would stop inflation. When it was tried, prices did slow their rise for awhile but, when the spree was over and the controls dropped, the hangover was worse than if there never were any controls.

Now we are going through the same foolish belief that we can control prices and supplies of oil and natural gas by setting limits on production and prices. What those controls have done is to discourage development of new sources until we now face near disaster in both these fields. Everybody knows we are running out of both.

Again we have the same hangover as in price and wage controls.

This nation was founded on the principle of free enterprise. In simpler words, that means that the founders of our nation wanted every citizen to do as he pleased within the limits of the law. He could buy or sell anything he wanted at whatever price he could get. That's what is called free enterprise.

Our founders were wiser than we have been.

They knew rigid controls wouldn't work and we are proving once again that these wise men were very right.

REVENUE SHARING

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. MOORE. Mr. Speaker, this morning I was provided an opportunity to testify before the Government Operations Committee's Subcommittee on Intergovernmental Relations and Human Resources in support of the proposed 5¾-year extension of the State and Local Fiscal Assistance Act of 1972 which authorized revenue sharing as we know it today. Due to the importance of this extension to the taxpayer-citizens of Louisiana and those elsewhere in the Nation, I urge my colleagues in Congress to join me in support of prompt passage of the proposed extension and I offer the following testimony I submitted to the subcommittee this morning as evidence of the program's success:

Revenue Sharing

Mr. Chairman and members of the Subcommittee, your kindness in honoring my request to appear today is genuinely appreciated. Your legislative experience in the realm of revenue sharing far exceeds mine, but I would like to share with you a few observations I have made as one of the thousands who have helped determine how revenue sharing funds have been obligated on a grassroots level.

My previous experience with revenue sharing in Louisiana has led me to believe that the current program is one of the few federal programs your neighbor and mine have some knowledge about because our local mayors, town councils, or parish police juries determine how our revenue sharing dollars are spent. An absence of red tape and a presence of local official accountability add up to a combined feeling of confidence in revenue sharing and in government. We all know that is sometimes hard to find these days. Revenue sharing is no longer in its infancy. It is mature and it works. Sometimes our good intentions on the legislative drawing board do not work well when implemented; but the theory of revenue sharing when applied and carried out is a sound structure throughout. Its premise is that local government can best handle local problems because it is the unit of government closest to the people. This premise is valid in theory and it remains true when placed into action.

All of us here have witnessed imperfections in Washington-based direction of various grants, loans and other federal subsidies and we realize that there is no way Washington can handle diverse local needs and vast size of all local community interests. Federal bureaucratic inflexibility coupled with delays caused by federal red tape often lead to frustration on the part of local officials and this message has been repeatedly conveyed to me during my few months in Congress. Programs that require annual authorizations and appropriations cause us to receive a constant flow of inquiries from our constituents, but the present revenue sharing program and its 5¾-year extension weather this test well. Constituents and local officials I have talked to respect and have confidence in revenue sharing. Because it is a long range program, they know what to expect from it, no more and no less. This simply means that our local officials don't have to come to Washington with their hats in their hands every few months.

The expectation of scheduled revenue sharing funding must lead us to admit another fact about the program regardless of our differing views on it. That is, States and their municipalities have come to depend on revenue sharing funds as an integral part of their budget making process. Past, present and future budgets reflect this fact of economic life as can be seen on the ledgers of even the smallest communities.

Insofar as future budget expectations are concerned, it is my firm belief that the present satisfaction with the program would be greatly damaged should Congress decide to scrap the existing formula in favor of any special interests. Revenue sharing must not become a program to bail out anybody. It is not a welfare program and to turn it into one would in my opinion be subterfuge to those who presently give revenue sharing high marks. The present theory of revenue sharing works and I sincerely hope you will agree with me that we must keep it that way.

Moreover, the present record of revenue sharing success should not be endangered by more federal strings applied by Washington. Our local officials have performed their job well in determining the distribution of these funds as I have personally witnessed in my own district. If we apply volumes of rules and regulations as to how the funds are allocated, we will have changed the basic concept of the program and will force it to become as administratively top-heavy as some other well-known government programs. The theory that local governments know best how to spend their returned tax money is a sound one, and one which should not be tampered with. We don't want to turn it into a grant program. To the contrary, we must leave it as it is, a definite and dependable return of revenues to local governments. At a time when our economy is struggling to recover, we should not delay the flow of these funds which aid economic recovery.

At the expiration of the present revenue sharing program, the six parishes in my District will have received slightly more than $10 million in revenue sharing funds and the 30 municipalities which participate in revenue sharing within those parishes will have collected $49.5 million. According to data provided me this week by Treasury Secretary Simon, these amounts will increase to $12.2 million and $66 million respectively between January of next year and September of 1982 under the present language of H.R. 6558. To eliminate this source of funding would require the local areas to increase taxes on an already overburdened taxpayer. It is as simple as that.

I am sure many of you have small towns and inner cities in your district which like mine are faced with a rapidly declining tax base. The severity of this declining tax base, however, is particularly apparent in Louisiana where property taxes, a six percent sales tax, a state income tax, an occupational license tax, a tax on cigarettes and alcohol all work together to meet the operating revenue demands of certain localities. In order to elevate Louisiana's weak economy revenue sharing funds are a must. Without them, our citizens who are already taxed to the limit would be saddled with Alpine-high taxes. Without revenue sharing monies, taxes in Louisiana would have to be further increased to provide necessary operational and capital revenues and this would work to the detriment of economic recovery at the very time it so desperately needs to be stimulated. With revenue sharing assistance, our existing tax structure in Louisiana has been able to keep pace with on-going operating expenses including those of local school systems, but our tax base is simply not of sufficient strength to carry the load of operating expenses and capital improvements. It is at this juncture that general revenue sharing has played a vital role in improving our economic well-being. We have been able to put construction workers at job sites and build needed government structures that replace outmoded and crowded facilities while employing construction workers that would otherwise be out of a job. Unemployed construction workers are in large numbers in my district as I am sure they are in many of yours. Revenue sharing has helped provide jobs for them in Louisiana, thereby reducing dependence upon welfare and other forms of public assistance. Revenue sharing has helped immensely our economic climate and it is my sincere hope that this Subcommittee will take appropriate action to allow this assistance to continue.

A close examination of how revenue sharing funds have been spent in my district illustrates our desire to lower unemployment. In Baton Rouge construction of a new city-parish government complex is now underway. It will consolidate courts and administrative offices currently scattered throughout Baton Rouge in temporary structures, rented offices and in one instance a former junior high school. Revenue sharing funds in the amount of $9 million—or slightly less than one-half of the total project cost—will assist in placing all of these functions under one roof thereby reducing citizen confusion, red tape, and time lost in travelling between buildings. Elsewhere in Baton Rouge, revenue sharing monies will help build a new communications center for civil defense, sheriff's department and allied needs. Another $400,000 will assist in the construction of a new main fire station replacing a structure more than fifty years old and some distance from a major thoroughfare. In Hammond, revenue sharing funds have been used to replace an aged water system and construct a new correctional facility. Likewise, Bogalusa has used most of its revenue sharing funds for non-recurring expenditures and capital improvements. Franklinton has built a new city hall with its revenue sharing monies while Amite has purchased garbage trucks and improved its street lighting. Independence has repaired its failing water and sewer system. In the Tangipahoa Parish community of Kentwood the city dump which has long been an eyesore and health hazard is now being closed down because revenue sharing funds have helped purchase a garbage truck with a trash compactor that can haul six times that of the previous vehicle. Trash from that community is now used as land fill.

I believe these examples speak volumes as to the care given revenue sharing money by all of our local officials. I cannot stress enough that there are extremely few instances that I know of where these projects would have been possible without revenue sharing.

The examples I have cited are typical of revenue sharing use throughout the Sixth District of Louisiana, regardless of community size. For example, Montpelier, a town of 211 people in St. Helena Parish, had for some years been unable to afford a fire truck. Upon receipt of $1200 in revenue sharing funds, the citizens of Montpelier were able to purchase through the federal surplus property program a used fire truck which they reconditioned on their own.

It is clear to me that this record is salutary. But it is also much more. Without revenue sharing as we presently know it, many cities in my district would be forced into deficit spending in order to complete ongoing capital improvement projects. I believe this would be a perilous course none of us want to thrust upon our constituents. If our local governments are ever forced to embark on a course of deficit spending as Congress and New York City have so unwisely done, this nation will have reached a point of financial calamity from which there is no return.

We all know that long range construction plans require long financial expectations. It is with this thought foremost in mind that I respectfully urge you to vote for an extension of the present revenue sharing formula and program at the earliest opportunity.

FEDERAL RESERVE BOASTS ABOUT THE ROLE OF THE BANKS IN BLOCKING THE FEDERAL RESERVE AUDIT BILL

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. PATMAN. Mr. Speaker, if anyone questions why H.R. 7590—the bill to audit the Federal Reserve System—is stalled, let them ask the Federal Reserve itself.

Today's editions of the American Banker, a daily trade newspaper, carries a news story from Hot Springs, Va., in which a leading Federal Reserve official tells of the bankers' role in blocking the GAO audit of the Fed.

Robert W. Lawson, chairman of the Federal Reserve Bank of Richmond, is quoted in the newspaper:

> The bankers in our district and elsewhere did a tremendous job in helping to defeat the General Accounting Office bill.

Mr. Lawson spoke at a joint meeting of the Federal Reserve and the American Bankers Association.

This Federal Reserve official went on to say:

> (It) shows what can be done when the bankers of the country get together.

Mr. Speaker, this is right from the horse's mouth. The Federal Reserve official is telling exactly what has happened to the audit bill and for once I am convinced that this agency is accurate.

Mr. Speaker, I want to place in the RECORD at this point the news article with the headline, "FRB Official Hails Bank Role in Killing GAO Audit of Fed."

The articles follow:

FRB OFFICIAL HAILS BANK ROLE IN KILLING GAO AUDIT OF FED

HOT SPRINGS, VA.—Bankers played a key role in blocking a congressional audit of the Federal Reserve Board, according to Robert W. Lawson, chairman of the Federal Reserve Bank of Richmond.

"The bankers in our district and elsewhere did a tremendous job in helping to defeat the General Accounting Office bill," he said here Tuesday in the first of a series of meetings launched by the Fed in conjunction with the American Bankers Association.

The measure, a perennial bill sought by Rep. Wright Patman, D., Tex., would open up the Federal Reserve Board to inspectors from the General Accounting Office for the first time. The GAO is the auditing arm of Congress.

The House Rules Committee tabled the legislation last week.

It "shows what can be done when the bankers of the country get together," Mr. Lawson said.

THE KRMG GREAT RAFT RACE

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. JONES of Oklahoma. Mr. Speaker, I would like to take this opportunity to report to my colleagues on what has become, in only 3 years, one of the most popular events in Tulsa, Okla.—the KRMG Great Raft Race.

This year, some 3,000 contestants on 569 rafts raced from Sand Springs River City Park to the new pedestrian bridge in Tulsa. Along the river, approximately 125,000 spectators, many of whom came to Tulsa for the occasion, cheered the contestants on.

The festivities began on August 30 with a parade in Sand Springs, in which I was delighted to participate as honorary parade marshal. As a result of the judging of the Sand Springs Great Raft Race Parade, the *Batmobile* was chosen as most unique raft, and the *Viking Ship* swept the board, winning in the categories of most original raft, best decorated raft, and best dressed crew.

The next morning, the rafts took to the water to race the 9.3-mile course. The winners, in each of five categories, were: First, in the gang raft category, the team led by Crew Chief Bill Hodges of Tulsa won with a time of 1:16:55; second, two-man raft, Crew Chief Dick Clary of Tulsa, time 1:20:00; third, rubber raft, Crew Chief Joe Gates of Tulsa, time 1:40:40; fourth, Huck Finn raft, Crew Chief Tien Jordan of Tulsa, time 1:25:58; and fifth, paddle wheel raft, Crew Chief Frank Capps of Jenks, time 1:39:30.

All of the winners received their trophies on September 18 in ceremonies at the Southroads Mall Shopping Center.

One of the most impressive things about the Great Raft Race is the amount of tremendous support which is generated in the community for this event. Over 25 persons from KRMG Radio, which conceived and continues to direct the race, gave their time and effort to make it a success, including General Manager Ron Blue, Program Director Jerry Vaughn, and Janna Lang of the special KRMG Raft Race staff. Joe Gannom, Sand Springs' acting city manager, did an outstanding job; and the Tulsa River Parks Authority, Tulsa County Commission, Southwest Power Administration, and U.S. Army Corps of Engineers were all of great assistance.

In addition, about 150 people took part in safety and security operations, including those from the Tulsa Chapter of the American Red Cross, Tulsa Central Ambulance Co., U.S. Coast Guard Auxiliary, Tulsa Ham Repeater Organization, Tulsa Fire Department, Tulsa Police Department, Tulsa Auxiliary Police, Oklahoma Highway Patrol, Sand Springs Police Department, Sand Springs Fire Department, U.S. Navy, U.S. Marine Corps Reserve, Oklahoma Army National Guard, and MED-EVAC Helicopter Ambulance Service.

The 1975 Great Raft Race continued the success of the two previous years. It gives people an occasion to get together and have a great deal of fun.

IN MEMORY OF ARTHUR WEBSTER THOMAS

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. HEFNER. Mr. Speaker, I was saddened to learn of the death, this past week, of a close personal friend, Arthur Webster Thomas, Jr., of Concord, N.C.

Not only have I lost a dear friend, but the people of Cabarrus and Union Counties have lost a friend as well as a dedicated public servant.

Art had a very refreshing outlook on life. He was a man of fine spirit, with a good sense of humor, and he believed in the wholesome things in life. He had a true and firm belief in God—exemplified by his work on behalf of his church. He was president of the board of trustees at Concord's United Methodist Church.

Art had a high purpose in his approach to public affairs. His record as a member of the North Carolina General Assembly will reflect this.

He gave unselfishly of his time and talents in working toward making his community a better place to live, work, and play.

Cabarrus County has lost a distinguished citizen; North Carolina has lost a dedicated servant; and many, including myself, have lost a dear and wonderful friend.

Mrs. Hefner joins me in extending our deepest sympathy to the members of Art's family.

Mr. Speaker, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the tribute to Arthur Webster Thomas given at his funeral by the Rev. Harold E. Wright, pastor at the United Methodist Church in Concord:

A MAN FOR ALL SEASONS

(By Harold E. Wright)

We come here in the presence of Christ to seek his comfort for the Art Thomas family and to praise Christ for the life of his servant Arthur W. Thomas, Jr. Our hearts and minds are saddened by this tragic and untimely death. It affects us as a state, as a church and community and as a family. And, yet there is a light and joy, even in the midst of this tragedy. That light and joy comes from the quality of this man's life and from the thanksgiving we all have that God used him so adequately for his private and public service.

The words of a faithful employee say it beautifully: "He was with me for 30 years."

He did not say how long he had been Art's employee, but rather pointed to Art's presence with him.

The beautiful words spoken by God's servant Jeremiah to the stranded children of Israel could well have been the motto of Art Thomas. It reads like this:

"Seek the welfare of the city where I have sent you. . . and pray to the Lord on its behalf, for in its welfare you will find your welfare" (Jeremiah 29:7).

It is unnecessary and without wisdom to list the great accomplishments of Art Thomas. The quality and power of this man's life speaks loudly for itself. Yet, it is important, wise and necessary for me to point to the depth of integrity and deep commitment to the Kingdom of God that possessed this man's inner being. This quality of Christian Character informed his decisions and permeated the pivotal direction of his life. I do not say that as a pious preacher, but out of a faithful and devoted relationship forged by the fire of faith in Christ and an open confidentiality of personal friendship—Art Thomas was a man who lived life fully each day and whose primary goal was to embrace all the life he could each day for the good of all concerned. He was not motivated by narrow selfishness or a provincial spirit; but by an integrity fashioned in the crucible of the best possible right at that point in history. In essence his style was powerful because it was both noble and practical.

Art understood the Old Testament admonition of the preacher, which you heard read under the familiar title Ecclesiastes:

"For everything there is a season and a time for every matter under heaven: a time to be born, and a time to die; a time to plant, and a time to pluck up what is planted: a time to kill, and a time to heal; a time to break down, and a time to build up; a time to weep, and a time to laugh; a time to mourn, and a time to dance; a time to cast away stones, and a time to gather stones together; a time to embrace, and a time to refrain from embracing; a time to seek, and a time to lose; a time to keep, and a time to cast away; a time to reap, and a time to sow; a time to keep silence, and a time to speak; a time to love and a time to hate; a time for war, and a time for peace."

With this addition: The 22nd verse of the same chapter:

"So I saw that there is nothing better than that a man should enjoy his work, for that is his lot; who can bring him to see what will be after him?"

He thrived on the pressure of his work and found joy within it.

Whatever was seasoned by the most pressing need of his family, community and state possessed him and called forth his vivid intentionality and consuming desire to achieve the best solution.

Art was truly a "man for all seasons." In fact, a great resemblance was borne between Art and Sir Thomas More for whom the title "a man for all seasons" found its origin. As the biography of Sir Thomas More reveals, while Sir Thomas was a man of integrity and great inward commitment he would not condemn Henry VIII for his marriage and attempted to make adjustment to reality without denying his inner faithfulness to God as his only sovereign Lord and Judge. However, when Henry VIII issued his act of supremacy declaring that he was the "Head of the Church," Sir Thomas resigned and went to prison, not to recant.

Art Thomas was such a man who knew the seasons of triumph and tragedy, celebration and sorrow, accomplishment and defeat. He was a man equal to the task at hand, willing to embrace the risks of pioneering an uncertain path for the hope of paving a new and better way. He struggled with the season that brought the chill of criticism and worked to warm it with the sun of reconciliation and compromise. A sense of integrity was always the balance wheel that many times brought him frustration, but this source eventually brought peace within himself. He was used of God for the accomplishments of great tasks God had in mind for this faithful Congregation. Thank God for that season and for the positive response this servant made by saying "yes" to God's invitation to journey with him.

Many of us know that as you open yourself to God and your fellowman in service we experience the agony of full exposure and the ungrateful acceptance of good accomplishments. We experience the painful cry put into words by Eugene O'Neill in "A Long Day's Journey Into Night":

"In the long, dark, night of a man's soul it is always three o'clock in the morning."

Christ felt this in Gethsemane, Sir Thomas More felt this as he left his family. Art Thomas felt this in his private and public life. His family painfully feels it now; each of us experiences it now, and often. And yet, it is not the last word or the full story. There is another word. It is the word that ought to possess us all: A part of this word is the beautitudes:

"Blessed are those who mourn for they shall be comforted."

A part is the word of Christ said this day to Mrs. A. W. Thomas, Sr., to Bette, to Tina, Terre and Tom and to each of us:

"I will pray the Father, and he will give you another Counsellor, to be with you forever; I will not leave you desolate, I will come to you." (John 14: 16, 19).

The New Testament said it:

"I am sure that neither death, nor life, no angels, nor principalities, nor things present, nor things to come, nor powers, nor height, nor depth, nor anything else in all creation, will be able to separate us from love of God in Christ Jesus our Lord." (Romans 8: Selected).

This means simply that God's love is for us and will uphold us. It means that a life of love and service directed by the author and Redeemer of the world cannot be silenced by death.

Surely that is why that as we bereave the death of Art Thomas we can also shout "Hallelujah, the Lord Reigns" because the uniqueness of His personality and his style of living shall never die—in fact the resurrection of Christ assures its present reality.

This is the time and season for each of us to embrace this life before us and realize the marching orders are already in effect. They were not given in theory, but acted out by God's new man, Jesus Christ. It is stated for us in the 13th Chapter of Romans:

". . . you know what hour it is, how it is full time now for you to wake from sleep. For salvation is nearer to us now than when we first believed; the night is far gone, the day is at hand. Let us then cast off the works of darkness and put on the armor of light . . . " (Romans 13: 11–12).

KEITH A. TREXLER

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. BYRON. Mr. Speaker, this summer it was my pleasure to meet and to gain great respect for Keith A. Trexler, assistant project leader for the National Park Service Alaska task force. I was stunned to learn recently that Keith, a private pilot and six other Government employees were killed in a plane crash in Alaska. I want to express my profound sympathy to his family and his many friends.

In the short period of time in which I knew Keith, I realized how dedicated he was to the work for which he was so well trained. Alaska fascinated him. He wanted very much to contribute to the effort of creating new national parks and wilderness areas out of the vast potential of this immense area.

I know that Keith Trexler, his enthusiasm, his knowledge, and his dedication to preservation will be missed not only by those who knew him personally but also by those throughout the country who care about the quality of life in this country.

MULTINATIONAL CORPORATIONS—A LAW UNTO THEMSELVES

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. EVINS of Tennessee. Mr. Speaker, we continue to be shocked and outraged by the activities of multinational corporations, those giants of big business that operate throughout the world behind a screen of subsidiaries, and which, it has been said, have no real loyalty to any nation—their patriotism is said to be their profit motive.

Recently it was disclosed in testimony before a Senate committee that Exxon, one of the big multinational oil firms which continues to raise its gasoline prices in the United States despite huge profits, made more than $46 million in political contributions in Italy over a 9-year period, including, apparently, $86,000 to the Italian Communist Party.

Exxon officials admitted that they had authorized its Italian affiliate—Esso Italiana—to contribute $27 million to Italian political parties from 1963 to 1972—and the affiliate on its own, according to testimony, chipped in another $19 to $22 million.

And testimony indicated that these payments were disguised by such accounting procedures as the use of dummy vouchers—bogus vouchers for goods that were never bought.

Gulf Oil Corp., another multinational giant, admitted last May that it had made $5 million in illegal political contributions in foreign countries, mostly in South Korea, the New York Times reported in an article on July 13 last. This same article also indicated that Mobil Oil had made similar contributions to foreign political parties.

I also recall the involvement of International Telephone and Telegraph in the overthrow of a former President of Chile who was assassinated—and the bizarre maneuvers involved in the effort by ITT to avoid a divestiture of an insurance property—the Dita Beard memo, the shredding of documents in ITT offices, and other efforts of this powerful company to have its way, no matter what the consequences.

Many of these giant companies operate, scheme and maneuver in nations throughout the world, and many of them like ITT have become huge conglomerates which own business and industrial operations in many separate fields.

They maneuver behind their many foreign subsidiaries—for example, when asked about their swollen profits, the line of the big oil companies is that their huge profits really do not reflect profits on sales in the United States—but on sales in other parts of the world.

Gail Williams new book "Multinational Corporations" points out that by using foreign subsidiaries many multinational firms originally based in the United States avoid substantial U.S. taxes—as a matter of fact, many of these giant firms pay a very small percentage of U.S. taxes, much smaller than the average American or the average American business.

Multinational companies are said to avoid taxes by situating themselves in low-tax countries, by extensively deferring repatriation of profits, by exaggerating tax credits.

The book points out:

> In the future, the assets, sources of supply, production facilities, work force and markets of the multinational corporations will be increasingly transnational.
>
> The nationality of corporations in all probability will be an increasingly fictitious appellation. . . . Its objectives and interests to a degree already transcend national corporation.
>
> The impact of the multinational corporation thus raises questions ranging from sovereignty over resources to collusion over distribution and disruption of national priorities. . . .

More than one-third of the manufacturing output in the United States is represented by 187 U.S. multinational manufacturing corporations with subsidiaries and trade all over the world. In certain industries the consolidated sales of these corporations account for more than three-fourths of the sales of all U.S. firms and in petroleum, refining, chemicals, rubber and electric machinery, for more than half.

A group of 264 multinationals is responsible for half of all U.S. exports of manufactured goods.

These industrial nations within nations—states within states—are obviously in large measure a law unto themselves.

This is an alarming development—another step in economic concentration and giantism on both a national and international scale—and a trend which the appropriate committees of the Congress must continue to thoroughly explore and investigate. Oversight is needed.

NEW REGULATIONS PERMIT AERIAL WOLF HUNTING

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. WHITEHURST. Mr. Speaker, the following brief article appeared in the October 1975 issue of Not Man Apart, and I would like to take this opportunity to share it with my colleagues, so that people who wish to express their views will know to whom they should write:

> NEW REGULATIONS PERMIT AERIAL WOLF HUNTING
>
> In spite of massive protests last spring, the Alaska Board of Fish and Game has issued new regulations that will permit the hunting

of wolves from airplanes this winter. In the Board's language, the permits are for "the administration of wildlife [in keeping with] the best available scientific information on predator-prey relationships in areas where removal of wolves is contemplated, and by full consideration of all beneficial uses of the predator and prey species."

Apparently, permits would be issued on a limited basis at the discretion of the Commissioner. In many areas of Alaska there would be no closed season and no limits established for the number of wolves to be pursued and shotgunned from aircraft. In addition to fixed-wing aircraft that can be used by private pilots, the Department itself may use helicopters for the slaughter.

Anticipating the ire of wolf lovers, the Department has prepared and now distributes a little brochure that paints the wolf as a heartless killer. It leans heavily on an instance last winter when some dogs near Fairbanks were killed and eaten by wolves. The dogs' owners, mind you, urged that reprisals *not* be taken against the wolves.

What You Can Do: The Department of Fish and Game's address is Subport Building, Juneau, Alaska 99801. Let 'em have it.

HOUSEWIVES TO RECEIVE SOCIAL SECURITY BENEFITS UNDER MATSUNAGA BILL

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. MATSUNAGA. Mr. Speaker, the purpose of social security is to provide income security in old age or disability, yet 14 percent of aged women have no direct income and are not direct participants in social security. This alarming statistic is due in large measure to the fact that under the present law, labor in the home is not covered under social security. As a result, no old age or disability benefits can be awarded to homemakers under the system.

On September 10, the new House Select Committee on Aging, on which I serve, held a hearing on inequities in the social security system confronting women. Testimony was received from Ms. Tish Sommers, coordinator of the Task Force of Older Women, national organization for women. Ms. Sommers charged that the social security system is falsely represented as a universal retirement system. In fact, a large body of about 30 million workers are still not covered by the system: the homemakers.

The system has decided that the homemaker can receive benefits through her husband, but only if they have been married for 20 years or more. If a homemaker is divorced from her husband at any time before the 20-year period, she loses all rights to social security as his dependent, even though her labor at home made possible her husband's labor at a job covered by social security.

To rectify this obviously unfair situation, I have introduced a bill to provide social security coverage for homemakers.

The mechanism to accomplish this proposal would be provided by title II of the Social Security Act, which applies to the self-employed. In the case of the homemaker the rate of earnings would be based on a 40-hour workweek at the current nonfarm minimum wage level.

Eligibility would be open to anyone aged 18 or over who is a nonsalaried homemaker, not in any other way employed. If the homemaker is employed elsewhere, such employment must be for fewer than 120 hours per month; otherwise her earnings must be less than the monthly wage earned by someone who worked 40 hours a week at the Federal minimum wage scale.

A key element in this bill is that participation in the program is strictly voluntary. Any individual who was a homemaker—within the prescribed definition—at any time during the taxable year could elect to be covered as a self-employed individual, with respect to homemaker services performed during such taxable year.

This voluntary aspect of the bill is very important, since it is designed to exempt families which cannot afford to pay double taxes—first on the husband's earnings and second on the assumed earnings of the wife as a homemaker—without double income.

Mr. Speaker, under present law, if a husband hired someone to perform his wife's household duties and paid the employee cash wages of as little as $50 in a 3-month period, he would be required to pay social security taxes on the employee's earnings, and the employee would be accumulating "covered employment" time.

Mr. Speaker, in addition to providing equal opportunity for women in the labor market, we must recognize in a tangible way that the homemaker is a valuable professional in our society, and that the services of the homemaker are indispensable to both the economy and well-being of America. We can do this by early passage of this bill which I have introduced.

I include at this point the text of my bill:

H.R. 9949

A bill to amend title II of the Social Security Act and chapter 2 of the Internal Revenue Code of 1954 to provide optional coverage under the social security program for householders

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 211 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Optional Coverage for Householders

"(h)(1) Notwithstanding any other provision of this title, for purposes of determining entitlement to and the amount of any monthly benefit for any month after the month in which this section is enacted, or entitlement to and the amount of any lump-sum death payment in the case of a death occurring after such month, payable under this title on the basis of the wages and self-employment income of any individual, and for purposes of section 216(i)(3), such individual shall be deemed to have engaged in self-employment in each calendar quarter during all of which he or she was a householder (within the meaning of paragraph (2)) and with respect to which an election under section 1402(j) of the Internal Revenue Code of 1954 was applicable, and to have derived net earnings therefrom in the amount determined (with respect to such quarter) under paragraph (3).

"(2) For purposes of this title, an individual shall be considered as a householder (and as performing householder service) during any quarter if such individual—

"(A) maintains or participates in the maintenance of a household and conducts or supervises its affairs, not for a wage or salary, during such quarter,

"(B) is not less than 18 years of age at the beginning of such quarter, and

"(C) does not perform employment or engage in self-employment during such quarter (or performs employment or engages in self-employment during such quarter (without regard to this subsection) but at a rate of wages or self-employment income which is insufficient to make the quarter a quarter of coverage).

"(3) The amount of the net earnings from self-employment which an individual is deemed to have derived for householder service under paragraph (1) in any quarter, for purposes of this title, shall be the amount determined with respect to such quarter, under section 1402(j)(3) of the Internal Revenue Code of 1954, for purposes of contributions by such individual under chapter 2 of such Code."

Sec. 2. Section 1402 of the Internal Revenue Code of 1954 (definitions relating to tax on self-employment income) is amended by adding at the end thereof the following new subsection:

"(j) Optional Coverage for Householders.—

"(1) In general.—Any individual who was a householder (within the meaning of paragraph (2)) at any time during the taxable year may elect, in such manner and form as may be prescribed in regulations made under paragraph (6), to be covered as a self-employed individual under the insurance system established by title II of the Social Security Act with respect to householder service performed by him or her during such taxable year.

"(2) Definition.—For purposes of this chapter, an individual shall be considered as a householder (and as performing householder service) during any quarter if such individual—

"(A) maintains or participates in the maintenance of a household and conducts or supervises its affairs, not for a wage or salary, during such quarter,

"(B) is not less than 18 years of age at the beginning of such quarter, and

"(C) does not perform employment or engage in self-employment during such quarter (or performs employment or engages in self-employment during such quarter (without regard to this subsection) but at a rate of wages or self-employment income which is insufficient to make the quarter a quarter of coverage as defined in section 213 of the Social Security Act).

"(3) Extent of coverage.—The amount of the net earnings from self-employment which an individal is deemed to have derived as a householder in any taxable year by reason of an election under subsection (a) shall be an amount equal to 40 multiplied by the minimum hourly rate or rates currently in effect under section 206(a)(1) of title 29, United States Code, for each full week in such year any part of which falls within a quarter to which such election applies, which amount shall be credited to calendar quarters in the manner provided in section 212 of the Social Security Act except that no amount shall be credited to any calendar quarter to which such election does not apply.

"(4) Limitations.—An election made by an individual under subsection (a) shall not apply with respect to any calendar quarter—

"(A) in which such individual (without regard to this subsection) receives wages or derives self-employment income sufficient to make such quarter a quarter of coverage for purposes of title II of the Social Security Act, or

"(B) during any part of which such individual (for any other reason) was not a householder within the meaning of paragraph (2).

"(5) Election irrevocable.—Any election made by an individual under this subsection with respect to any taxable year shall be irrevocable.

"(6) Regulations.—The Secretary or his delegate (in consultation with the Secretary of Health, Education, and Welfare) shall prescribe such regulations (including regulations designed to facilitate proof of householder status) as may be necessary or appropriate to carry out this section."

Sec. 3. (a) Section 211(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"The term 'net earnings from self-employment' also includes any amount deemed under section 1402(j)(3) of the Internal Revenue Code of 1954 to have been derived by an individual as a householder."

(b) Section 1402(a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

"The term 'net earnings from self-employment' also includes any amount deemed under subsection (j)(3) to have been derived by an individual as a householder."

Sec. 4. (a) The amendments made by this Act shall apply with respect to taxable years beginning after the date of the enactment of this Act.

(b) In the case of any individual who is entitled to a monthly insurance benefit under title II of the Social Security Act for the month in which this Act is enacted on the basis of the wages and self-employment income of a person (himself or another individual) who has performed householder service within the meaning of section 211(h)(2) of the Social Security Act during one or more calendar quarters beginning on or before the date of the enactment of this Act, the Secretary shall upon application filed by such individual within six months after the date of the enactment of this Act (notwithstanding section 215(f)(1) of the Social Security Act) recompute the primary insurance amount of such person as provided in section 215(a) of the Social Security Act and as though the year in which this Act is enacted were the last year of the period specified in section 215(b)(2)(C) of the Social Security Act. A recomputation under this subsection shall be effective for monthly benefits beginning with benefits for the month following the month in which this Act is enacted.

(c) The requirement in section 202(f), (g), or (h) of the Social Security Act that proof of support be filed within two years after the date of the insured individual's death in order to establish eligibility for benefits, in any case where such individual would not be an insured individual without the application of section 211(h) of such Act (as added by the first section of this Act), shall be deemed to be satisfied if such proof of support is filed within the two-year period beginning on the date of the enactment of this Act (and such two-year period shall be deemed to be the applicable period prescribed for purposes of section 202(p) of the Social Security Act).

SERIOUS ENERGY PROBLEM

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. RUPPE. Mr. Speaker, although we currently are not confronted by long gasoline lines, there is no question that we have a serious energy problem facing us here in this country.

Domestic petroleum production peaked in May of 1972 and has declined steadily ever since. Domestic demand, on the other hand, has continued to rise, forcing us to import nearly 40 percent of the petroleum we consume. This has resulted in a massive outflow of U.S. dollars—25 billion of them in 1974—and has left us increasingly vulnerable to the severe economic disruptions another embargo would create.

There is general consensus, then, that a comprehensive energy program must achieve three interrelated goals: First, reduce our dependence on foreign oil-producing nations; second, encourage the conservation of existing supplies; and third, stimulate domestic energy production. At the same time, though, such a program must not trigger a new round of inflation or unemployment and it must not place an unsupportable burden on American consumers. A large order, to be sure.

To its credit, the Congress has taken steps to achieve several of these goals. For example, the energy bill which we passed last week, H.R. 7014, establishes energy efficiency standards for automobiles and appliances, encourages conversion from oil and gas to coal, and establishes a strategic petroleum reserve to guard against the dangers of "oil-blackmail."

We have also made it clear that we will never adopt a program which fails to adequately protect consumers. However, we have not come close to fashioning a comprehensive energy program, and the American people know we have not come close to fashioning such a program, because we have done nothing to achieve our third goal.

In fact, the pricing provisions of H.R. 7014 actually discourage domestic oil production at the same time that they encourage consumption and increase our reliance on imported petroleum. They do so by continuing price controls on "old" oil indefinitely and rolling the price of "new" oil back to $7.50 per barrel. Currently, this oil sells for between $11.50 and $12 a barrel. There are, of course, several exceptions to this $7.50 ceiling; but these chiefly serve to create confusion. As one of my colleagues so aptly put it: only the Mad Hatter or a politician could love this pricing formula.

While these price rollback provisions may be politically attractive in the short run, they can only be disastrous in the long run because they will do nothing to achieve our goal of energy independence. We have heard testimony to indicate that the economic cost of finding and producing new oil runs between $10 and $13 a barrel; and we all realize that developing our remaining petroleum reserves will involve deeper drilling, the application of expensive enhanced recovery techniques, and exploration in difficult geographical and weather conditions. With an artificially low ceiling placed on the price of domestic oil, this exploration and development is less likely to take place.

For this reason, I feel that an effective energy program should provide for gradual decontrol to increase domestic energy production and decrease our dependence on foreign oil. However, decontrol should be coupled with the imposition of a windfall profits tax to insure that the oil industry does not take unfair advantage of consumers. I feel, too, that the revenue which is raised through such a tax should be refunded to low- and middle-income individuals; and I believe an adjustable ceiling should be placed on domestic oil prices to prevent them from soaring every time OPEC increases its ante to the United States.

In my view, this is a pricing program which will stimulate domestic energy production without placing American consumers at the mercy of the large oil companies, and that is exactly the sort of program this country needs. In this regard, a Commerce Committee study estimates that the incentive created by an $11.50 ceiling on domestic oil will increase domestic supply by 370,000 barrels a day; while the Federal Energy Administration estimates that gradual decontrol coupled with an $11.50 ceiling would only boost petroleum prices by 5 to 6 cents per gallon by the end of 1978.

In my view, too, this is a pricing program which could obtain enough bipartisan support to be enacted law. The President has recently expressed a renewed willingness to compromise with the Congress on the decontrol issue. We must not let this opportunity pass us by. If we can add progress toward increasing our domestic energy supplies to our past progress toward conserving energy and reducing our dependence on imported oil, then we will finally have begun to fashion the comprehensive energy program this country so desperately needs.

POVERTY AND ISOLATION AMONG AMERICA'S ELDERLY SHOULD BE A MATTER OF CONGRESSIONAL CONCERN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. BIAGGI. Mr. Speaker, last week a report was issued by the New York City Department of the Aging which painted a very tragic picture of the deteriorating economic condition of the elderly living in the city of New York.

The report indicates that both the numbers of elderly living alone and living in poverty are increasing very dramatically. It is now estimated that 373,000 persons 65 and over in New York City live alone. It is further estimated that close to 300,000 elderly in the city are living in or near poverty.

Social security benefits comprise the most important source of income for older New Yorkers; 91 percent of the city's elderly receive social security. Despite the fact that benefits have increased by more than 50 percent in the past 5 years, inflation has consumed the increase to such a point that the real income for elderly households has declined by more than 12 percent in the past 3 years.

These and other statistics in this report are shocking. Although the study was conducted in New York, these are national problems in scope. The 1971 White House Conference on Aging pointed to inadequate income as being the number one problem confronting older Americans.

It is more imperative than ever that Congress address itself to the economic plight of our senior citizens, many of whom are reliving the depression.

We must avoid having arbitrary and unnecessary obstacles obstruct the path to economic security for our older Americans. One such example was the effort by the Department of Health, Education, and Welfare to impose individual means tests on senior citizens wishing to participate in senior center programs. This provision was part of title XX of the Social Security Act passed by Congress in late 1974. Under the plan senior citizens with incomes of more than $6,000 would be ineligible to receive free senior center services. This would have meant that thousands of senior citizens would be unable to utilize senior centers and instead would become captives in their own homes. For thousands of others it would have meant going through a demeaning and costly procedure merely to certify their eligibility to participate.

After intensive efforts by myself and other members of the New York City delegation, the Department of Health, Education, and Welfare postponed for 6 months the implementation date for this test. The entire means test issue will be reviewed by Congress and HEW in the period. I will work for passage of H.R. 8456 legislation I introduced to repeal the test outright.

We must pass legislation to bolster older American incomes to make them reflective of the true cost of living in this Nation. The annual cost of living increase for social security must be adequate. We must prevent increases in one Federal benefit program from reducing benefits in another. We must provide an exemption from taxation of the first $5,000 of retirement income and we must eliminate the outside earnings limitation. I have sponsored or cosponsored many of these proposals.

Mr. Speaker, we are a nation which is more than generous in alleviating poverty and hunger around the world. Hunger and poverty exist in this nation as well as increasingly among our elderly. They deserve assistance as well. Let us commit ourselves to promoting a life of dignity free from the shackles of poverty and isolation for all senior citizens.

I now enclose a copy of the article from the New York Times which summarizes the aforementioned study:

THE ELDERLY HERE LIVING ALONE RISES: A 26.3% INCREASE IS FOUND BETWEEN 1970 AND 1973

(By Peter Kihss)

The number of older people living alone in New York City has been accelerating, rising by 26.3 per cent since 1970 to 373,000 in 1973, according to a study by the city's new Department for the Aging.

At the same time, the number of persons 65 years old or older living with their families decreased by 3.4 per cent, to 603,000, the study said. In addition, 31,000 were living in institutions, so that the total of 1,007,000 elderly people represented 13 per cent of the population.

An "increasingly important" explanation for the rise in the proportion of "live-alones," the study said, is "the tendency for middle-income elderly couples to leave the city either prior to or upon retirement."

Another factor, it added, is that women outlive men—for every 10 elderly men, there are 16 women—and "widowed men tend to more frequently remarry."

"It is the live-alones who have traditionally had to face the most severe economic plight" and who make up "the large majority of elderly poor," the study said.

If recent trends continue, it asserted that "New York City could be left with a population made up heavily of the unemployed and the elderly poor."

In making public the 51-page study, Commissioner Alice M. Brophy declared that inflation had virtually wiped out the 52 per cent cumulative increase in Social Security benefits for New York's elderly from 1970 to 1973, even before inflation sped up thereafter.

"Because of the special nature of the elderly population in New York City with its rapidly accelerating number of elderly live-alones," Commissioner Brophy said, "the real income for all elderly households declined by 12.6 per cent during that same three-year period."

NINETY-ONE PERCENT GET SOCIAL SECURITY

The study, whose author was Menachem Daum, a departmental research associate, said Social Security benefits were the most important source of income for older New Yorkers. A total of 91 per cent in a citywide sample reported receiving such benefits.

Only 33 per cent were reported to have income from assets, such as savings or rent (in contrast to 50 per cent nationally); 35 per cent had pensions (a rate higher than the nation's because of union efforts and government employee retirement allowances here), and 13 per cent had aid from contributions.

Only 7 per cent had been on welfare in 1970, the study said. But with the Supplemental Security Income program that proportion was raised to 10 per cent—103,000 enrolled at the end of last year.

Census samplings, the study said, show New York City families headed by an individual over 65 had median incomes virtually unchanged from 1969 to $6,730 in 1972, despite three Social Security benefit increases. Nationally, the median income of the elderly rose by 24 per cent.

MORE AFFLUENT LEAVE CITY

This contrast between the city and nation was also held to indicate that middle-income and more affluent elderly families were moving away from the city. The median income of live-alone elderly was $2,430 in 1972.

On the basis of a national definition of the poverty as $2,005 for individuals and $2,530 for couples in 1972, the study estimated the city then had 258,000 elderly poor or near-poor.

Commissioner Brophy called for "more intensive outreach efforts and a streamlining of program by reducing its welfare-like aspects" to bring more elderly here into the Supplemental Security Income Program.

The study noted the program now requires annual recertification of eligibility, to be made in person rather than by mail, and a monthly redetermination of eligibility for Medicaid.

Federal Supplemental Security Income grants are below the poverty level, the study said. The maximum benefit even in New York State—with the nation's fourth highest supplement after Massachusetts, California and Wisconsin—"just reaches the poverty level."

MEDICARE ALLOWANCE REDUCTIONS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. YOUNG of Florida. Mr. Speaker, we are all aware of the severe impact of inflation on those who are trying to live on small or fixed incomes, especially the elderly of this Nation. One area in which inflation has been especially severe is the cost of medical services and health care. For those Americans who utilize medicare to help with this burden, the gap between what medicare pays and what the doctor is charging has grown increasingly wider, leaving the individual to bear the extra costs.

The Bureau of Health Insurance of the Social Security Administration has now implemented new regulations which are forcing those on medicare to pay even more of their medical costs. The Subcommittee on Health of the House Ways and Means Committee is holding hearings on problems associated with medicare, and in testimony before the subcommittee I have pointed out the injustice of the new regulations and asked the subcommittee for legislative relief. Following is the text of my testimony, and I hope my colleagues in the House will join with me in urging early action to relieve older Americans from the heavy burden of inflated health care expenses:

TESTIMONY OF THE HONORABLE C. W. BILL YOUNG OF FLORIDA

MEDICARE ALLOWANCE REDUCTIONS

Mr. Chairman, I appreciate the opportunity to submit testimony before this Subcommittee on Health, and want to express my thanks to the Subcommittee for its efforts in investigating the many problems which plague Medicare recipients.

As I am sure the members of the Subcommittee know, one of the most insistent of these problems is the question of "allowable charges." I am constantly asked by my constituents about the often wide disparity between what a doctor charges for a given service, and what Medicare considers to be a reasonable or allowable charge for that service. The Social Security Administration, Bureau of Health Insurance, has a pat bureaucratic answer to all of my inquiries on this subject, involving such terms as "prevailing area rates," "Weighted geographic averages," and the like.

But the simple fact is—that what the Bureau of Health Insurance says are reasonable and prevailing charges bears no relation to what most physicians are charging for these services. Which means that my constituents, many of whom are trying to subsist in this inflationary period on small fixed incomes, are paying the difference out of their own pockets and having to give up other necessities of life in order to pay their medical bills.

This injustice is bad enough on its own. But now the Bureau of Health Insurance has come up with a new regulation, claiming that it is mandated by the Social Security Act of 1972; this regulation will have the net effect of rolling back certain of the prevailing community allowances to even lower levels. This, of course, will make the disparity between what the doctor bills and what Medicare will pay even larger.

Blue Cross-Blue Shield of Florida has announced that, effective August 11, a new limitation has been placed on the maximum prevailing (or community) levels of payment to physicians and beneficiaries. As of this date, the Bureau of Health Insurance has required Blue Cross-Blue Shield to limit increases in the prevailing allowances to 17.9 percent of allowances over the last three years. This 17.9 percent limitation will be applied to those prevailing allowances calculated using charges for services rendered in calendar year 1971 and compared to allowances calculated using 1974 charges for services.

Since there have been two updates in these allowances since 1971, some allowances (when compared with 1974 charges) have already risen by more than 17.9 percent and these higher amounts have been in force already one or two years. But because of the new BHI regulation, these higher amounts will have to be rolled back to the 17.9 percent permissible increase.

Members of this Subcommittee are far more expert than I regarding the cost of medical services, and I am sure that you have appropriate figures on hand. I do know, however, that medical costs have risen far more quickly than any other item in the economy, and that a recent estimate placed the increase over the past *two* years at 44 percent.

Apparently, however, the Bureau of Health Insurance lives in its own statistical dream world, since it feels that a 17.9 percent increase over the last *three* years is sufficient. But the inequity of this limitation is clearly demonstrated by the fact that Blue Cross-Blue Shield of Florida will have to roll back certain allowances—allowances which are already insufficient to pay the actual charges!

Florida Blue Cross-Blue Shield estimates that the new regulation could result in reductions of up to 19 percent in some prevailing allowances for medical charges. Some elementary arithmetic tells me that my constituents will wind up paying, under Medicare Part B, not 20 percent of their bills but closer to 40 percent in some cases.

I do not believe that this was the intent of Congress in passing the Medicare legislation or in enacting the Social Security Amendments of 1972. I do not believe the Congress ever intended that the elderly seeking to live on small fixed incomes should carry the burden of the staggering increases we have seen in medical costs. While I can understand the desire of the Social Security Administration to cut costs, I do not believe this is the correct or even justifiable means of doing so. It strikes at the very heart of the program itself—the mandate to ease the burden of medical costs for the elderly.

Mr. Chairman, I sincerely hope that the Subcommittee will address itself to this problem and devise a legislative remedy which will bring allowable charges paid under Medicare into line with the real world of medical costs.

ON A VICIOUS CIRCLE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. DERWINSKI. Mr. Speaker, one of the most frustrating problems facing this country is that of strikes by teachers and other public service employees.

This subject is discussed in a very frank fashion by John Weigel, editor of the Park Forest (Ill.) Reporter, in the September 10 edition of that publication. Although this article was motivated by the situation in the communities which are served by the Reporter, I am sure that it would apply to similar circumstances across the country.

The article follows:

ON A VICIOUS CIRCLE

(By John Weigel)

Eugene V. Debs should have had his head examined and not by a phrenologist.

Had the old time labor reformer known that he was creating an immediate solution to long term problems with no absolute answers, he probably would have gone in for oral surgery to have his mouth wired shut. Unlike Demonsthenes, Debs should have kept pebbles in his mouth permanently.

What the great labor leaders of the late 1800's and early 1900's forged out of the guts and blood of their own followers has developed into institutionalized fiscal thuggery. And who pays for it? Every one of us, including the union member who fought and sacrificed for the issues and increases to begin with.

The discouraging fact is that whatever gains are made in the present will pale in the light of future demands.

Education and public services are two areas of particular concern because taxpayers have no other place to go for the services rendered by public employees. What do you do when the police go on strike? Go to the store and buy a policeman of your own?

With consumer products and services you can usually go elsewhere. Automobiles are one exception because Detroit knows how much it can get away with. According to one published account, a Cadillac is really a Chevrolet Impala. Detroit adds $300 worth of gizmos and charges an additional $3,000 on the price tag. Take that, Cadillac gas-buyers, and pollute with it.

In the consumer market we're all pretty much fair game but in the public service market we're literally hamstrung. People are locked into an abyss. On one side there is the public servant and his union and on the other is the administrator of the public servant who is either elected or appointed to look out for the taxpayer.

By the nature of the adversary situation, the public, the people who are paying for the entire scenario, winds up in the middle waiting to see who is going to be the next to make the big grab for its pocketbooks.

In Park Forest School District, the custodians are striking for salary increase of eight percent and increased medical benefits. These demands do not cover the annual 14 percent cost of living increase.

Now anyone who has received a 14 percent salary increase during the last year, please raise both hands. Those who have received an eight percent salary increase or an increase in medical benefits, raise one hand. Those with their hands raised close your eyes until I say so.

(Those who do not have their arms raised, hold on. With both hands in the air, those with the 14 percent increases are leaving themselves wide open. Go ahead, stick your hand in their pockets and purses. Get their money because if you don't somebody else will. The ones who have only one hand in the air are not as vulnerable, but I've made it a lot easier for you to borrow from them too.)

Okay, everybody open your eyes.

There's no doubt that people need salary increases to keep pace with the times and prices. For example, rents everywhere have jumped an average of 25 percent in two years. That increase is for the same unit with no additional services. The only reason that could explain the cost increase is greed. To live here, people have to earn more money.

Members of the Park Forest School District 163 administration are much in the same boat as everybody else. Of course they can demand good salaries because they are usually intelligent, competent employees. Although the administration is generally paid pretty well, administrative employees need salary increases to keep up with inflation.

Would all members of school administrative staffs stand up? Now that you're up, will you bend over and grab your ankles. (Everybody else, go for their back pockets. The men usually keep their wallets in the right rear pocket. The women have left their purses on their chairs. I must caution all union members and disgruntled parents from taking undue advantage. No kicking.)

The administration is not alone in its need for more money. The custodians of the schools have to pay for things too. But it is the taxpayer who has to foot the bill and in public service strike situations, it is usually the taxpayer who gets euchred.

All right, I want all taxpayers who are not members of unions or adminsitrative staffs in school to stand up and jump up and down saying, "Hey, hey! We won't pay."

(Now it's your turn, union members and school administration members. While all those taxpayers are jumping around. Pick up the small change on the floor that they have dropped. With the flurry of activity, here's your chance to rifle the taxpayer's pockets. After all, didn't they take it from you?)

The situation has come full circle. Everybody keeps trying to get something for nothing from someone else. Call it inflation if you like. Call it greed. Call it expensive and ultimately not enough.

Unlike Hanes, it doesn't make any one feel good all under. Not even Eugene V. Debs in his union suit.

COLORADO TERRORISM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. McDONALD of Georgia. Mr. Speaker, a 27-stick dynamite bomb fused to explode within 15 minutes after priming was seized on September 17, 1975, in Denver, Colo. The bomb was being transported in a car believed to be headed for a Denver police substation. Arrested were John Haro, 45, a leader of the militant Mexican-American organization, the Crusade for Justice—CJ; Anthony Gerald Quintana, also known as John Vallejos, 22; and an unnamed 17-year-old juvenile.

On September 20, police who were tracing a woman seen leaving 121 sticks of dynamite at a dump arrested Clorinda Nuanez, 30. Reports in the Denver Post indicate the abandoned dynamite was of the "same make, content and date" as that found in the car with Haro and the others. A search of the Nuanez house turned up 6,000 rounds of ammunition, assorted firearms, Crusade for Justice files, Denver police rosters, and the Anarchist's Cookbook, whose recipes include those for homemade bombs and booby-traps.

Press reports indicate that the bombing attempt may have been timed to coincide with the annual meeting of the International Association of Chiefs of Police—IACP—being held in Denver this month attended by over 3,000 police chiefs from across the country.

Haro and Quintana were charged with a criminal attempt to commit first degree murder. Currently one John G. Maetas, allegedly driving a car with 17 grenade-type bombs in the trunk, is being sought by police.

Reports indicate that the capture of the bomb was due to proper surveillance of members of the Crusade for Justice, a militant and revolutionary group with a past history of violence:

> Police set up a surveillance, followed some people around and identified two stolen cars that they had. We followed them back and forth, and finally saw them coming out of a house carrying a package. A cache of dynamite was found on the floor of the backseat, together with a fuse, a stopwatch, batteries and an electric blasting cap.

At a press conference also held on September 20, Rudolfo "Corky" Gonzales, 46, president and founder of the Crusade for Justice, termed the arrested CJ members victims of harassment and claimed that "the CJ's solidarity with Puerto Rican liberation, the Mexican guerrillas, the American Indian Movement, and others had made it an object of hatred by the multinational corporations that control President Ford.

Gonzales continued,

> Because of the stands we have taken including our fight against the war in Indochina, the government considers us enemies of this system.

The record of the Crusade for Justice and its associated groups is enlightening on the subject of whether or not the CJ may be considered an enemy of the system.

The Crusade for Justice was founded in Denver in 1965 by Corky Gonzales, a former amateur featherweight champion who was the 1960 Colorado director of the Democratic Party's "Viva Kennedy" campaign. Gonzales appeared in the early 1960's to be headed for a successful career within the traditional American political framework. For several years a top official of various antipoverty agencies in the Southwest, Gonzales quit under pressure over mismanagement.

Since its formation, the Crusade for Justice has organized around demands similar to those of other militant minority pressure groups—an end to alleged "police harassment," "community control" of the police and the courts; better government-provided housing; et cetera.

Strongly nationalist-separatist, the Crusade for Justice's past activities have included an appeal to the United Nations to support the CJ secessionist plan for creation of a Mexican-American state, to be called Aztlan, from five Southwestern States—a demand similar to that of various black nationalist groups for the five Deep South States to be made over into an all-Negro country.

In 1968, Corky Gonzales joined with Reies Tijerina, fresh from his raid on the Tierra Amarilla courthouse, to lead a Mexican-American contingent in the Poor People's March on Washington.

Subsequent support for the Crusade for Justice has been provided by such varied groups as the Socialist Workers Party—SWP, a Trotskyist Communist organization; the Communist Party—CPUSA, whose nationally active front, the National Alliance Against Racist and Political Repression—NAARPR—listed Gonzales and the CJ among its founding sponsors and workshop participants; and Goddard College in Plainfield, Vt., which provided Crusade schools with accreditation through a contract association.

The Crusade for Justice works closely in Colorado with the La Raza Unida Party—RUP; Gonzales having held leadership positions in the RUP and many CJ members having run for office on the La Raza Party slate. John Haro was an unsuccessful RUP candidate for mayor of Denver in 1971.

In March, 1973, a shootout with police at Crusade headquarters resulted in the death of one CJ member, the wounding of three men, and the arrests of 33. On March 17, 1974, the anniversary of the violent outburst, the Crusade organized a commemorative rally which provided ample evidence of national and international revolutionary support for the Crusade.

Speakers at the rally included Corky Gonzales; Ramon Arbona, a leader of the militant Marxist-Leninist Puerto Rican Socialist Party—PSP—which has the closest ties to the Cuban Government; Russell Means of the American Indian Movement—AIM, responsible for the armed takeover of Wounded Knee, S.D.; Bert Corona, an identified member of the Communist Party, U.S.A., and a leader of the Mexican-American Political Association—MAPA—and the Center for Autonomous Social Action—CASA—in Los Angeles; and revolutionary advocate William Kunstler who recently stated his goal as,

> Keeping people on the street who will forever alter the character of this society: the revolutionaries.

Messages of support for the Crusade for Justice were read at that time from Angela Davis, a top CPUSA and National Alliance Against Racist and Political Repression leader; Cesar Chavez, head of the United Farm Workers Union; and from Mrs. Hortensia Allende, widow of Chile's Marxist-Leninist president and a leader of the Soviet front, the World Peace Council.

It is noted that the chief marshal or head of security for the CJ rally was John Haro.

Other recent terrorist incidents in Colorado related to the Crusade for Justice, La Raza Unida, and other militant organizations such as the United Mexican-American Students—UMAS—include:

The January 1974, indictment of Francisco "Kiko" Martinez, described by the SWP's newspaper, the Militant, as a "well-known Chicano movement lawyer" for mailing three letter bombs to foes of the Chicano movement in Denver. His brother, Reyes Martinez, was also arrested and the home of a Madeline Navarro, RUP candidate for school board in 1973, was searched for evidence.

The May 27, 1974, explosion of a bomb in a car parked in an isolated area killed Reyes Martinez, Neva Romero of UMAS, and Una Jaakola, Martinez' girl friend. Reports indicated the probability that the bomb had exploded prematurely.

The May 29, 1974, explosion of a bomb in another car in Boulder which killed Florencio Granada, a former president of UMAS and 1972 RUP candidate for University of Colorado regent; Francisco Dougherty and Heriberto Teran; and which gravely wounded Antonio Alcantar.

The arrests on September 17 took place following the observance of Chicano Liberation Day on September 16. Organized by the ad hoc September 16 Committee in which John Haro played an active role, some 2,000 Mexican Americans, mostly of high school age and younger, marched through downtown Denver chanting "Chicano power" and "Viva la Raza." Leaflets distributed by the Crusade for Justice stated:

> The history behind the 16th of September dates back to 1810 when a priest by the name of Miguel Hidalgo y Costilla rang the church bells and gave 'El Grito de Dolores' [Cry of Dolores] beckoning the people to rise in protest against Spanish rule for racial equality, and redistribution of land and wealth. From that day forward, the 16th of September has been celebrated as Mexican Independence Day not only in Mexico but also in the five Southwestern states of Aztlan.

The Crusade for Justice and several of its ad hoc front groups including the Denver Chicano Liberation Committee and the Denver Chicano Liberation Defense Committee operate from P.O. Box 18347, 1567 Downing Street, Denver, Colorado 80218 [303/222-9348].

In view of the penchant for violence shown by the Crusade for Justice which has only been touched upon in this brief report, and the support provided by a broad range of militant and revolutionary organizations, some of whom have records for revolutionary violence in their own right, the Crusade for Justice is a suitable subject for the closest scrutiny by both Federal and local law enforcement agencies.

U.S. CIVIL RIGHTS COMMISSION OPPOSES ILLEGAL ALIEN BILL

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. DRINAN. Mr. Speaker, the Judiciary Committee recently voted to report favorably the illegal alien bill, H.R. 8713. Among other things, that measure would make it illegal for an employer knowingly to hire or continue in employment any person who is not lawfully in the United States. While the bill has laudable objectives, the means it utilizes to achieve those goals will produce greater harm than the evils they seek to remove.

On August 28, 1975, Arthur Flemming, chairman of the U.S. Civil Rights Commission, wrote to Congressman DON EDWARDS, the chairman of the Judiciary Subcommittee on Civil and Constitutional Rights, expressing the position of the Commission. In that letter, Chairman Flemming stated:

> It is the view of this Commission that the passage of H.R. 8713 in its present form will have a direct discriminatory effect on minority persons seeking employment, whether

they are citizens or aliens authorized to work in the United States.

The central thrust of the Commission's view is that the illegal alien bill will encourage employers to discriminate against citizens and lawfully admitted aliens merely because they look "foreign" or speak with an "accent." This is because the bill shifts enforcement responsibilities from Federal officials to private employers.

The transfer of obligations forms the core of the Commission's judgment on this measure. The discrimination which flows from that transfer "will be the natural result of the passage of H.R. 8713, given the fact that employers and not the Federal Government will be making the determination of legal status, and given the present system where many persons possess no proof of citizenship."

The illegal alien bill is moving toward the floor for final action by the House. So that each member may be fully apprised of its impact, I am having reprinted here the full text of the letter from the Civil Rights Commission:

U.S. Commission on Civil Rights,
Washington, D.C., August 28, 1975.

Hon. Don Edwards,
Chairman, Subcommittee on Civil Rights and Constitutional Rights, Committee on the Judiciary, Washington, D.C.

Dear Mr. Chairman: This letter is in response to your request for this Commission's analysis of HR 982, now HR 8713, which makes it unlawful to knowingly employ illegal aliens. It represents this Commission's official position on HR 8713, expanding upon the staff analysis of the bill which was sent to you on July 28, 1975. Our comments herein are addressed to the bill as reported out by the full Judiciary Committee on July 30, 1975.

It is the view of this Commission that the passage of HR 8713 in its present form will have a direct discriminatory effect on minority persons seeking employment, whether they are citizens or aliens authorized to work in the United States. Because there is no uniform system for accurately identifying the citizenship or alien status of all persons in this country, this difficult determination will rest solely with the employer. Faced with the threat of civil and criminal sanctions if an illegal alien is found in his or her employment, the employer will take steps to minimize the risk of hiring an alien not authorized to work. Those persons whom the employer suspects of being illegal aliens will have a greater burden of giving definitive proof of their legal status than will persons not so suspected. Because of their identifiable physical characteristics, surnames, or language patterns, minority applicants will more often be suspected of being illegal aliens than will majority group applicants. Mexican Americans, other persons of Spanish origin, and Asian Americans will be among those who will be most subjected to discrimination by passage of the bill in its present form.

The stated objective of HR 8713 is to make unlawful the "knowing" employment of illegal aliens. The bill requires that in order to assess civil or criminal penalties for violations of the law the government must show that the illegal alien was knowingly hired. An initial warning citation, however, can be served on the employer without the government showing that the employer knew of the person's illegal status.[1] Employment discrimination against suspect minority applicants will be particularly severe in the employer's attempts to protect himself or herself from an initial citation, against which the employer cannot raise the defense that he or she did not know the person was an illegal alien. Given the fact that all persons do not possess proof of citizenship, the employer's safest protection against the threat of a citation is simply to avoid hiring all persons suspected of being illegal aliens, a disproportionate number of whom will be minority persons.

The threat of civil or criminal penalties would likewise give rise to employment discrimination against minority persons. Under this proposed legislation, penalties can be assessed at the second and third stages, if it can be shown that the illegal alien was knowingly hired. The employer is then placed in the position where, should an illegal alien be found in his or her employment, he or she may eventually need to show that the employee's illegal status was not known to the employer. In effect, this places the responsibility on employers, faced with the threat of civil or criminal penalties, to make a good faith effort to determine the applicant's status. The bill however, does not specify the procedure by which the employer can show a good faith effort to determine the applicant's legal status; nor does it require the employer to request the same proof of status from all job applicants in a non-discriminatory manner.

The employment discrimination resulting from the employers' attempts to protect themselves against the various sanctions of HR 8713 could take several forms. First, minority applicants suspected of being illegal aliens may simply be denied employment altogether, as discussed above. Second, minority applicants may be required to present additional documents or signed statements prior to consideration for employment which will not be required of other applicants. Third, even if employers were to request the same proof of status from all applicants, the difficulties in making determinations of citizenship or alien status will inevitably result in employers hiring less minority applicants in order to minimize the risk of hiring illegal aliens. Minority citizens as well as minority legal aliens will be the victims of discriminatory hiring. Because many U.S. citizens, majority as well as minority group members, do not possess birth certificates or other verifying documents, it is impossible for employers to obtain proof of citizenship from all job applicants. Faced with a choice between two U.S. citizens with no proof of citizenship, one a majority group applicant and the other a minority applicant whom the employer considers "suspicious", the employer, no matter how well intentioned, will defensively tend to select the majority applicant over the minority applicant.

Likewise, minority persons who are legal aliens authorized to work may be discriminated against in employment because employers are unprepared to make the difficult determinations among the numerous categories of aliens in this country, some of whom are authorized to work and some of whom are not. Because of the difficulties in making such determinations, or fearing the falsification of alien documents, many employers may simply decide to refuse to hire any aliens. This is a realistic possibility, particularly in view of the Supreme Court's recent decision in *Espinoza* v. *Farah*, 414 U.S. 86 (1973) which held that Title VII of the Civil Rights Act of 1964 does not prohibit employment discrimination on the basis of citizenship.

The discriminatory process discussed above will be the natural result of the passage of HR 8713, given the fact that employers and not the Federal government will be making the determination of legal status, and given the present system where many persons possess no proof of citizenship. The amendment to HR 8713 which authorizes the Attorney General to bring civil actions against employers who practice employment discrimination against individuals on the basis of national origin is not an acceptable solution to the systemic discrimination which will result from the passage of this legislation. Rather than solve the serious problems created by the bill, the amendment merely gives minority persons an additional avenue for filing discrimination complaints, after the bill has given cause for greater employment discrimination against them.

In order to protect against the discriminatory results of HR 8713 several measures must be taken. First, sanctions *should not* be imposed on an employer of an illegal alien without the government having to show that the employment took place "knowingly". As long as all persons do not possess proof of citizenship, the imposition of any such sanction—without allowing the employer to show a good faith effort to determine legal status as a defense—can only result in hiring discrimination against minority persons. Second, the bill should include a provision stating that employers must require proof of status from *all* job applicants, and not merely of suspected illegal aliens. Further, the bill must specify the procedures by which the employer can show a good faith effort in determining if the job applicant is an illegal alien, and it must be assured that such procedures will protect against discrimination in hiring. These specific provisions relating to the enforcement of the bill cannot be left to be defined in regulations, given the likelihood of discriminatory results if such procedures are not specified in the legislation. Congress should take upon itself the burden of devising such non-discriminatory procedures before passing HR 8713 in order to assure that the objectives of the legislation can be accomplished in a non-discriminatory manner.

Due to the complexities in this area and the wide variation in types of employers which will be covered by the bill, there are difficulties in developing non-discriminatory procedures. However, precisely for this reason, it is necessary to assure against discrimination before passing legislation in this area. Although HR 8713 is considered experimental legislation, which has the important objective of reducing critically high rates of unemployment in this country, such experimentation should not be undertaken when it is clear that discrimination against minority persons will be a natural result.

As you well know, the problem of illegal immigration is an extremely complex one which affects many other aspects of the American economy. Its impact on minority communities is a significant one, although the exact nature and the extent of the impact is not known. Further study is needed in order to develop legislation in this area which will effectively reduce illegal immigration, while at the same time preventing discrimination against minority citizens and legal aliens. In further developing this legislation Congress should consult with agencies having expertise in the development of equal employment standards, such as the Equal Employment Opportunity Commission. It is possible that effective non-discriminatory solutions to this major problem may require much more comprehensive and long range planning on the part of Congress than that completed to date.

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[1] It is the opinion of this Commission's Counsel that this inconsistency results in an unclear definition of the crime of employing an illegal alien in HR 8713. Sec. 2 states that it is unlawful "knowingly to employ, continue to employ, or refer for employment, any alien in the United States who has not been lawfully admitted to the United States for permanent residence, unless the employment of said alien is authorized by the Attorney General." Nonetheless, the bill authorizes the serving of a citation solely for the employment of an illegal alien whether or not the employer had knowledge that such person was an illegal alien. Although no criminal or civil penalties may be assessed at this stage, the service of a citation for employing an illegal alien, whether with or without knowledge, sets in motion the chain of circumstances and is a prerequisite to the subsequent imposition of civil or criminal penalties for the offense of knowingly employing an illegal alien.

The objective of HR 8713 in reducing the high rates of unemployment in this country is an extremely important one to which a high priority should be given. As you well know, it is the minority communities which are the most affected by rising unemployment and recession. However, attempts to solve this country's serious economic problems cannot be made at the expense of the civil and constitutional rights of minority persons. The passage of any legislation which has such discriminatory effect threatens to set back significantly that progress in civil rights which has been achieved in this country only through long and laborious efforts.

The U.S. Commission on Civil Rights is opposed to the passage of HR 8713 unless the bill is amended to include provisions which will effectively protect against systemic employment discrimination.

Sincerely,

ARTHUR S. FLEMMING,
Chairman.

NORWAY CHOOSES ITS FUTURE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. BROWN of California. Mr. Speaker, we have all given thought to the way this country has grown since World War II, and, since the OPEC oil embargo of 1973, we have given increasing thought to the role that energy, and especially oil, has played in our growth.

If our current dependence upon oil could have been foreseen 20 years ago, it is possible that we would not have allowed ourselves to grow as we have. One country which apparently believes that it can choose its own future, and its growth can be planned, is Norway. The September 28 edition of the New York Times carried an article about a recent decision by Norway's Premier, Trygve Bratteli, to place controls on oil production to avoid a boom and bust cycle in Norway's economy.

The reasoning in Norway is that only steady, moderate production of its oil will thwart rapid inflation, maintain coherent economic growth and leave the social fabric of Norway's 4 million people undisturbed.

Mr. Speaker, perhaps the United States, which has traditionally allowed itself to go through boom and bust cycles, can learn from this reasoned decision by Norway. Certainly our current energy production proposals are comparable to the situation in Norway.

The article from the New York Times follows:

NORWAY WILL CURB PRODUCTION OF OIL—PREMIER SEES A "DISASTER" IF BOOM DRAINS WORKERS FROM OTHER SECTORS

(By Bernard Weinraub)

OSLO, NORWAY, September 27.—Norway's Premier Trygve Bratteli, said today that his nation was placing a firm lid on oil production and that the looming bonanza in revenues would be tightly controlled.

With Norway due to emerge as Europe's biggest oil exporter, Mr. Bratteli said it would be "a disaster" if increased oil-industry activity lured Norwegians out of industries in small towns in the north and drew them to the prosperous south; if the economy was distorted by the flow of oil revenue; if the pattern of traditional life was altered beyond recognition.

"Certainly in this country you have a green wave, a dream of a peaceful life in the countryside," the 65-year-old Premier said in an interview. "There will be big changes, profound changes, in the Norwegian way of life, but I think people know what they want. They are aware of the possibilities and dangers."

Mr. Bratteli, a mild-mannered former lumberjack who was in a German concentration camp for four years during World War II, announced on Thursday that he would leave the premiership in January. He had served as Premier from March, 1971, until September, 1972, when Norwegian voters rejected membership in the Common Market, a proposal that Mr. Bratteli's Labor party supported strongly.

He was appointed Premier again in October, 1973. A popular if low-keyed figure, he has been the object of rumblings within the dominant Labor party, which has governed Norway on and off since 1935. Party officials say that young voters are disaffected and bored with politics, that new faces are needed in the party leadership.

TENFOLD INCREASE FORESEEN

Mr. Bratteli, seated in his office this morning overlooking his glistening capital, said with a smile: "You don't have an eternal life. I have been in politics for 40 years. I'll be 66 soon. In such jobs there should be an age limit. I'll still be in Parliament, I'll still be active."

Norway's oil production this year will probably reach 9 million tons, two-and-a-half times Norway's consumption. In 1977, the expected production is 33-million-tons. By the start of the nineteen-eighties, Norway is aiming to produce 90 million tons of oil and oil equivalents, 10 times her needs.

Businessmen and a growing number of trade unionists, as well as Western nations, argue that Norway should exploit her North Sea resources at a faster pace. Farmers, fishermen, environmentalists and leftists urge lower production goals. The Labor Government maintains that only steady, moderate production of 90 million tons a year will thwart rapid inflation, maintain coherent economic growth and leave the social fabric of this nation of four million undisturbed.

STRESS ON QUALITY OF LIFE

"Professors and so-called experts from other countries make speeches and give us advice to speed up production as much as possible," said Mr. Bratteli. "We don't want it. We want to keep 90 million tons' production for a long time, at least for 100 years. Oil activity will be 15 per cent of our gross national product."

Mr. Bratteli emphasized repeatedly that the oil boom would not drastically alter the way of life in Europe's northernmost country. "We are four million people, two-thirds in the east and south," he said. "You have thin population around the coast. We have small towns, farm districts. It would be disastrous if this pattern of population is smashed by speeded-up oil activity."

"We will solve our problems," he added. "When I first visited the United States in 1949 I was impressed by the economic efficiency, high productivity, big cars, high standard of living. The problem for us is how to get similar efficiency without running into the stress, the kind of life where people are sitting in cars for hours to get to work, the crowded subways, always rushing, never taking life easy."

DRILLING IS LIMITED

In controlling oil exploitation, the Government has limited drilling to areas south of the 62d parallel, virtually the northern tip of the 1,500-mile coastline. Explorations farther north may start in 1977. Some officials believe there are more reserves off the Norwegian coast than in the whole of the Persian Gulf.

Even if Norway sticks to her self-imposed limit, more than $2-billion a year will be flowing into a nation whose people enjoy one of the world's highest standards of living. Within five years oil revenues will amount to the equivalent of 25 per cent of the present Norwegian budget.

BUSING IN 1849

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. RANGEL. Mr. Speaker, the 1975–76 school year is now underway and, as has been the case in previous years, the issue of court ordered busing continues to sharply divide many of the Nation's cities and adjacent suburbs. One of the most frequent objections to the transportation requirement is that the time and distance it takes to be transported places an undue hardship on those students being bused. Mr. Speaker, I think it only fair to note these feelings are not restricted to any single race or ethnic group. History has in fact recorded, some 125 years ago, the outcome of one black parent's concern for his 5-year-old daughter who was compelled to attend the nearest "colored" school which was further from her house than was the nearest school for whites. Mr. J. Clay Smith, Jr., discusses this case in some detail in his letter to the editor of the Washington Star, entitled "One Lone Kid in Boston, 1849." The letter appeared in the Washington Star on September 5 and places the busing issue in an interesting historical perspective. I commend it to my colleagues at this point:

ONE LONE KID IN BOSTON, 1849

Disputes concerning the education of Afro and white Americans in Boston, Mass., under the same schoolhouse roof is not a new phenomenon. Such disputes existed in New England before the Civil War.

One dispute began as early as 1849 when a member of the Massachusetts bar, Robert E. Morris, the second black attorney in the nation's history, brought suit to desegregate the Boston public school system in the celebrated case of *Roberts v. City of Boston*, 5 Cush. 198, 59 Mass. 158 (1849). Ironically, Mr. Morris was joined in the case by a white attorney in Boston, Charles Sumner, later elected to the U.S. Senate from the Commonwealth of Massachusetts.

In view of today's issues concerning neighborhood schools, housing patterns tied to socio-economic conditions and patterns, and the great national debate which has both political, educational and social overtones, it is fitting to revisit the Boston of 1849, and the law suit filed in *Roberts v. City of Boston*.

As is readily apparent from this case, the issues surrounding colocated education of blacks and whites today are more complicated. However, issues concerning desegregation decisions requiring children to go greater distances to public schools to achieve a truly integrated system are very similar and to some degree support the argument made by some that the system has not been concerned about or sympathetic to black children, who traveled long distances to public schools because the nearby school was segregated.

The complainants in the law suit of *Roberts* vs. *City of Boston* were Sarah Roberts, a 5-year-old Afro-American, and her father, Benjamin F. Roberts. Mr. Roberts contended that a resolution passed by the local school board requiring "colored children" to attend "colored schools" was illegal and unjust, especially since the resolution compelled his infant child to attend a "colored school," "the nearest of which was about a fifth of a mile or seventy rods (some 2,100 feet) more distance from her house than the nearest primary school."

The nearest school for whites was only 900 feet from Sarah's house. In fact five schools for white children lay between Sarah's home and her school. It is reported that Mr. Roberts wanted his child to attend a school nearer to her home; that the longer distance placed a hardship on his household, especially in severe weather.

Before the Massachusetts State Supreme Court, both attorneys, Robert E. Morris, the black man, and Charles Sumner, his white partner in this case, argued that Afro-Americans should be incorporated into the general school system without regard to race; that a unified school system would alleviate the great inconveniences faced by Afro-American students with regard to the long distances they were required to travel in order to attend a segregated public school.

Further, both of Sarah's attorneys argued that the dual system of education was contrary to the Constitution of Massachusetts and "American institutions," even though their opposition argued "that the separation of the schools (in Boston) was originally made at the request of the colored people."

Mr. Morris, Sarah's black attorney, argued that "the separation of the schools, so far from being for the benefit of both races, is an injury to both."

The Supreme Court of Massachusetts was faced with a politically hot question—whether to uphold the local school board resolution segregating the schools (having as a consequence the gross inconveniences suffered by Sarah and other Afro-Americans), or to strike down the resolution and thereby do away with a dual school system and the uncontested claims of inconvenience to Afro-American descendants in the Boston community.

Five-year-old Sarah Roberts lost her law suit.

While the Massachusetts' Supreme Court agreed with Morris' argument that the "constituton and laws of Massachusetts" make "all persons without distinction of age or sex, birth or color, origin, or condition . . . equal before the law," it held that such principles did not apply to Afro-Americans in so far as integrated school system was concerned. So, the regulation of the local school board segregating the Boston School system in 1849 was upheld.

As an historical fact, it is interesting to note how the court handled the busing-type issue as it then pertained to and affected Afro-Americans required to travel greater distances to reach the "colored schools."

The court seemed bound to maintain the separate school system and took pains to justify why it was not inconvenient for persons like Sarah to travel a greater distance to attend a "colored school." The court reasoned that it was "quite unreasonable" to require citizens in towns of "large territory, over which inhabitants are thinly settled" to travel "long distances from their homes" merely to maintain a segregated school system.

The court further held that, under the facts and circumstances of the case, it was "reasonable" and "practicable" to require black children in Boston to travel further distances to attend "colored schools."

The court stated:

"*But in Boston,* where more than one hundred thousand inhabitants live within a space so small, that it *would be scarcely an inconvenience* to require a boy of good health *to traverse daily the whole extent of it . . .*" (emphasis added).

One could ask, if in 1849 a healthy child could travel, on foot, greater distances to school to maintain a segregated school system, why is is that in 1975 both black and white children cannot be "traversed daily the whole extent" of Boston and other cities to achieve desegregation?

It has been 126 years since 5-year old Sarah Roberts sued the City of Boston so that she could attend a school nearer to her home. The badges of slavery have returned to the North for resolution. What will the outcome be this time?

As the Boston school system opens its bicentennial school year, historians are bound to ask: What if Sarah Roberts, through her integrated legal advocates, had won her case in the Massachusetts Supreme Court in 1849?

But, that's the way it was?

THE CENTENNIAL OF AGRICULTURE EXPERIMENT STATIONS

HON. ROBERT N. GIAIMO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. GIAIMO. Mr. Speaker, it is my distinct pleasure to call to the attention of my colleagues the centennial of the Agricultural experiment stations in America. I take particular pleasure in focusing attention on this anniversary, for the very first such station in this country began its operation on October 1, 1875, within my congressional district at New Haven, Conn. Today, every State and territory of this Nation has an agricultural experiment station, and the system of people-oriented research stations has contributed immeasurably to the well-being of our countrymen and mankind as well as having enhanced our trade and relations with all nations. This system of stations is not only important, but indeed is vital to the quest for bountiful harvest and economical good and to the achievement of a favorable balance of trade.

After the auspicious beginning in New Haven, Congress recognized the value of this effort toward putting science to work for society. In 1887, with the enactment of the Hatch Act, the establishment of other stations was spurred through the provision of Federal funds for cooperative research by experiment stations in each State. The record of achievement of this network of stations over the past century is awesome indeed. Because of the outstanding increase in agricultural technology, one farmworker supports 40 to 50 persons as compared to 100 years ago when a single farmworker supported 4 or 5 persons.

Thanks to this splendid research and cooperative effort, the American diet today is more varied and healthy. Even with our present concern over high food prices, Americans today spend the smallest percentage of take-home pay on food of any nation in the world.

Of equal importance, however, is the contribution which this network has made as one ingredient of a successful industrial nation in freeing workers from the fields for employment in factories, schools, and countless services of a civilized society. In addition, the sale of billions of dollars of farm products abroad has contributed significantly to the Nation's economy.

The benefits have extended far beyond the laymen's perception of agriculture. The wonder drugs, streptomycin and aureomycin, for example, were discovered by experiment station scientists. Their research into the nutritional requirements of animals led to the discovery of the first vitamin. Indeed, Mr. Speaker, it appears that the scope of this research extends as far as the dreams of participating scientists.

Although my district lies outside the major food producing areas of the Nation, I point with pride to several achievements made by the Connecticut Agricultural Experiment Station over its years of existence. Practical hybrid corn, which has greatly increased yield over unimproved varieties, was invented at the New Haven location. Connecticut station scientists share the honor of discovering the first vitamin and for demonstrating that certain amino acids must be provided in the diet. This work alone has freed millions from the threat of deficiency diseases that were commonplace only a few generations ago.

Connecticut station scientists have contributed significantly to the well-being of the city dweller by developing a means to rid apartment buildings of insect infestation prior to inhabitation of tenants. The suburban dweller has benefited from research which identified a tiny wasp which eradicated the elm spanworm, an insect pest responsible for denuding our forests and woodlands.

While taking pride in their past, scientists at the Connecticut Agricultural Experiment Station look with great anticipation to the challenges of the future. They recognize the urgency of more food production from fewer acreage; of relief for the consumer beleaguered by high prices in the grocery store. Even today, scientists in New Haven are involved in the effort to merge biochemistry and genetics in the hope of creating crops that are more efficient in turning sunlight into food. Others are now engaged in work to control new plant diseases, to control insects without pesticides, and to prevent the loss of fertilizers into water.

Mr. Speaker, I know that my colleagues in the House of Representatives will join me in extending congratulations to the agricultural experiment stations of America and to the Connecticut Agricultural Experiment Station, where it all began. For the past 100 years, these scientists have been in the vanguard of productive research. I am confident that their second century will be no different.

FULL EMPLOYMENT—IT IS TIME TO LIVE UP TO OUR DUTY

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. UDALL. Mr. Speaker, under the leave to etxend my remarks in the RECORD, I include the following: Nearly 30 years ago the Government of the United States made a pledge to its people, embodied in the Full Employment Act, to seek to provide every ablebodied American with the opportunity to share the benefits of our economic might through useful employment.

For 30 years we have broken that compact. Only rarely have we approached our stated, statutory goal of full employment, and for the past year we have strayed further from it than at any time since the cataclysmic Depression of the 1930's.

It is time to live up to our duty. It is time to set up the machinery for achieving full employment by drawing on the combined resources of the private economy and all levels of government.

More than a hundred Members of this House have demonstrated their commitment to this goal by cosponsoring the Equal Opportunity and Full Employment Act.

Our distinguished colleague from California, Representative AUGUSTUS F. HAWKINS, is the chief House sponsor of that act. In an article in the Washington Post on September 27, Representative HAWKINS described the mechanics for achieving full employment—and, of paramount concern to many doubters, the costs to the public.

In clear and forceful terms, he set forth the economic case for full employment. As a cosponsor of the Equal Opportunity and Full Employment Act, I urge my colleagues to study Representative HAWKINS' article, and to join with him in accomplishing this most fundamental form of economic justice for our people.

The text of Representative HAWKINS' article follows:

[From the Washington Post, Sept. 27, 1975]

THE FULL EMPLOYMENT BILL

(By Augustus F. Hawkins)

In 1928 upon assuming office, President Herbert Hoover triumphantly announced that, if given the opportunity to continue the policies of the Harding-Coolidge era, we would in our lifetime be within sight of the abolition of poverty in America.

Less than one year later these same policies plunged the nation into its worst depression and political crisis in our 200-year history.

Sadly we have been politicized into accepting recessions as normal and necessary evils that must be endured every few years as a price for a questionable kind of economic stability.

Our current troubles spring directly from the lack of economic growth, from managed prices, low productivity and the inability of persons to buy what they need because of unemployment, low wages, discrimination and insecurity from fear of losing one's job.

Why should we have unemployment, idle plants and unused equipment when we have both unmet needs and the resources to produce the goods and services we badly require as a people?

To avoid the necessity of resorting to Band-Aids every few years to patch things up, a full employment bill was introduced in the Congress in 1945. After a bitter fight, this bill, emasculated and stripped of its strength, became the Employment Act of 1946. While it sets the national economic policy of requiring "maximum employment, production and purchasing power," there is no binding mandate on the President to act responsibly.

Thus, the Equal Opportunity and Full Employment Bill (H.R. 50), which I have introduced with Rep. Henry Reuss (D-Wis.) and 106 other members in the Congress, seeks to establish a national economic policy that is 1) unmistakably clear, 2) economically sound and 3) morally imperative. Sen. Hubert Humphrey (D-Minn.) has introduced a companion bill, S. 50, in the Senate.

H.R. 50 establishes the right to useful employment at fair wages.

This right does not imply that the job programs developed in the bill will be handouts or even an extensive public service operation, although obviously there is a necessity for some of the jobs to be in the public sector where vital needs exist. The bill specifically encourages jobs in the private sector and discusses ways in which business expansion can assist in this effort.

Responsibility is fixed on the federal government to enforce this right by developing and administering short-term and long-term policies and programs to maintain *genuine* full employment in relationship to America's larger national purposes and priorities within the context of "full employment, production and purchasing power."

Methods of achievement are left to the administration in power (headed by the President) but guidelines for achieving the national goal (by specific policies and programs) must be contained in the annual Economic Report of the President submitted in January of each year. Such goals must also be consistent with not more than 3 per cent full-time unemployment within 18 months after the first report.

Such methods (in addition to fiscal and monetary policies) might include a multitude of much needed programs such as these few examples:

Housing construction, maintenance, and rehabilitation.

Adequate health care at costs within fair means.

Improvement and expansion of mass transportation.

Development of basic sciences, theoretical and experimental and expansion of applied science.

Promotion of small business and competitive private enterprise, etc.

Specific implementation in addition to or in conjunction with current conventional methods of employment would be through the U.S. Employment Service (renamed U.S. Full Employment Service) which would create useful employment opportunities, including the establishment of a reservoir of public and private projects, and would utilize the Job Guarantee Office of the USFE, as a vehicle for job assignments.

A Standby Job Corps would provide temporary, public service jobs whenever the Job Guarantee Office could not immediately provide jobs.

In another context, full employment, critics say, will cost too much.

Of course it costs more today to have a labor force of 92 million than one of only 42 million as in 1950. Would anyone be so foolish as to suggest we could save by reducing it again to 42 million?

The contention that full employment involves astronomical costs implies that our private enterprise system is unable to achieve a higher potential and that full employment requires millions of meaningless and unproductive public jobs. Nothing could be further from the truth.

There is no doubt it will cost to put people to work, but productive people earn for us more than wages.

However, let us assume we want to bear the costs of reviving the economy by, for example, directly putting people to work on public jobs. What would the price tag be?

Four million public service jobs would require an expenditure of $40 billion. These would generate no less than 1½ million direct jobs in the private sector, with the multiplier effect ending in 5½ million wage earners.

However, we would save $20 billion in unemployment compensation, several billions in welfare, and billions now paid out in food stamps, Medicare and social services. These savings would thus reduce our expenditures to less than $20 billion.

With these people now working, we would increase revenues by over $10 billion in income, sales, and pay-roll taxes resulting in a conservative cost of putting 5½ million people into jobs at less than an outlay of $10 billion—which is one half of what we are already spending on a tax reduction program of doubtful value. At the same time, we would enjoy the goods and services from this production and be spared much of the evils of unemployment, such as slums, drug addiction, crime and mental and physical deterioration.

Critics who would label full employment as visionary, costly and impractical, stoutly defend current economic policies that have produced severe unemployment and gnawing inflation, together with five recessions since 1953. The economic cost of this waste in this period exceeds $2.1 trillion in lost goods and services, over $550 billion in revenues and inordinate social costs (welfare, health deficiencies, crime, slums, etc.) on which a price tag cannot really be figured.

Ironically, critics, including public officials, do not object to using full employment as a phrase—if we just leave it at that. They strongly oppose the idea of anyone in government being held responsible for producing the jobs and economic growth that will more evenly and justly distribute income.

The federal obligation for dealing with human problems must be at least on par with similar government concerns for protecting the banks, saving the railroads and helping bankrupt industrial giants survive.

We ought to develop a full employment economy now. To do less constitutes the greatest folly.

NO MODEL FOR AMERICA

HON. DAVID E. SATTERFIELD III

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. SATTERFIELD. Mr. Speaker, Mr. Anthony Lejeune of London, special correspondent to the Richmond Times Dispatch, has published an article in that paper reflecting upon his recent visit to the United States. In it he comments upon his observation of movement in this country towards socialized medicine and comparisons between that movement and earlier actions in England which led to its National Health Service. As we move toward a more active consideration of national health insurance, these observations and his comments about a cardinal error to be avoided merit careful consideration by every

Member of the House. I commend his remarks which follow, to my colleagues:

[From the Richmond Times-Dispatch, Sept. 19, 1975]

No Model for America—Britain's Health Service a Poor Example

(By Anthony Lejeune)

WASHINGTON.—I came to Washington a few days ago, with a group of British doctors, to testify before a congressional committee on the subject of Britain's National Health Service, and to participate in a conference with American doctors who are concerned about the move towards socialized medicine in the United States.

What effect we had on the congressmen I don't know, but certain points seemed to me to emerge very clearly.

The belief does appear to exist—how widely spread, it's hard to tell, since there is a good deal of political propaganda involved—that America faces some kind of crisis in medical care, that the only solution lies in federal legislation and that Britain's National Health Service may provide the example to be followed.

But I doubt if there really is a crisis, as distinct from a problem which has been exacerbated for political reasons. I very much doubt whether intervention and control by central government is either helpful or necessary. And I'm quite sure that it would be the height of folly to repeat the mistakes which have brought the National Health Service (and therefore the whole structure of medical care in Britain) near the point of collapse.

That the Health service is indeed in a very bad condition, and getting progressively sicker, would scarcely be disputed by any British doctor. The facts speak for themselves. Far too many hospitals in Britain are squalid with age. Doctors and nurses are underpaid and overworked. Some casualty departments have been closed for lack of staff.

Emergency care is generally excellent, but patients may have to wait as long as four years for non-urgent operations. The latest official figures show that 37 per cent wait more than a year, and nearly 20 per cent for more than two years. Partly in order to avoid these waiting lists, and so that they can choose their own surgeon and have a room to themselves in the hospital (rather than just a bed in a public ward), some 2.5 million people in Britain have taken out private health insurance, even though this means paying twice over for medical care and no tax deduction is allowed.

Despite pressures of inflation and penal taxes, this figure continues to grow. And significantly, it includes 10,000 doctors, one-third of all the doctors in Britain.

Other British doctors are voting against the Health Service with their feet. The number who emigrate each year now constitutes a noticeable proportion of the entire medical work force. Since last January, there has been a fivefold increase in the number of doctors inquiring about emigration to the United States.

At its best, British medicine is extremely good, and British doctors are not by nature any less dedicated and conscientious than American doctors. But something has evidently gone wrong. And the cause must lie in the organization of the National Health Service.

The cardinal mistake was to offer (or purport to offer, since actually it can't be done) every kind of medical care totally free at the time of use. The demand for free medical attention has proved virtually unlimited; and, since the supply can never be unlimited, a form of rationing by delay, perfunctory treatment and thinly spread funds has supervened.

This mistake might be avoided, or lessened, as it has been in other countries, with less extreme systems of socialized medicine. In order to protect people against the financial disaster of catastrophic or chronic illness (which is the real problem), it is simply not necessary—indeed, it is counter-productive—to offer them, at apparently nil-cost, the whole range of medical services, major and minor, necessary and unnecessary.

But even avoiding this mistake would still leave untouched the root cause of the trouble. When medical care is organized by the state, decisions which ought to be personal or professional become subject to state control and are influenced by political pressures. That, more than any other reason, is why so many British doctors are emigrating.

NEUTRALIZING THE LATEST OIL CARTEL SHAKEDOWN

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. HUGHES. Mr. Speaker, the time has come for Congress to act to break the collusion between the oil cartel and the multinational oil companies they do business with. There is absolutely no justification for raising uncontrolled domestic oil another 10 percent in price as dictated, effective today, by the Organization of Petroleum Exporting Countries—OPEC.

I am today introducing a bill that would, in effect, neutralize the 10-percent hike by removing import duties and imposing a price ceiling on uncontrolled domestic oil. I will further actively seek cosponsor support, and should the legislation pass, make its provisions retroactive to October 1, 1975.

This latest action to exact tribute from consuming nations makes nonsense of the arguments of the oil industry to remove all domestic price controls. Such action would result in total capitulation to the monopolistic practices of the oil exporting countries. American firms should not be permitted to share in this latest pricing outrage, as they have in others.

The House Judiciary Subcommittee on Monopolies and Commercial Law, on which I serve, has for several weeks now been conducting inquiries into whether or not it is desirable to permit oil companies to operate as vertically integrated enterprises controlling all phases of the business; from production to transportation to refining to retail sale. That uncontrolled domestic oil has been paralleling increases in costs set by the OPEC cartel calls into serious question whether or not a free market exists. There is absolutely no justification for raising uncontrolled domestic oil another 10 percent. Everybody will lose except the major, mostly multinational, oil companies, which stand to make an immediate profit of about $1.2 billion.

Specifically, my legislation would place an $11.50 ceiling on all domestically produced crude oil not presently under control, for the same 9-month period that the OPEC action covers—until June 30, 1976. Removal of the oil import tariff of $2 a barrel would more than compensate for the price increase mandated by the oil cartel today. Any price increases of domestic oil would be refundable to the U.S. Treasury by the oil companies retroactive to October 1, 1975, upon enactment. Approximately 60 percent of domestic crude oil is selling at controlled prices of $5.25 a barrel, while the remaining 40 percent or thereabouts is selling for up to $13.50 a barrel.

As you know, Mr. Speaker, the U.S. Court of Appeals has declared the $2 tariff unconstitutional. The Ford administration has filed an appeal and been granted a stay while the issue is pending before the U.S. Supreme Court. Technically, President Ford, under the Emergency Petroleum Allocation Act, in effect through November 15, could prevent American oil companies from raising uncontrolled prices by Presidential edict. Unfortunately, he is not likely to do so since he continues to follow the unsound advice of his energy advisers who advocate the removal of all oil controls.

The direct cost of decontrol would be an additional cost to consumers of approximately $13.1 billion with further indirect costs for about $50 billion. An estimated 323,000 Americans would be added to the unemployment role.

Partial price decontrol has already enabled oil prices to rise 400 percent and produce a 97.2 billion adverse impact on the economy—about $1,755 per family. Production, I might add, has decreased 9 percent over this same period which does not help those who argue that higher prices will stimulate production. The reverse has been true. Full decontrol will cost an additional $62.8 billion in direct and indirect cost—about $1,575 per family, bringing the total price tag to $160 billion by the end of 1976.

I intend to send a colleague letter encouraging other Members to join with me in this legislation. Please contact either Michael Petit or John Spear in my office at 56572 if you would like to add your name to the list of cosponsors.

SUIT CHARGES FOOOD STAMP ADS MISLEAD THE PUBLIC

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. RICHMOND. Mr. Speaker, I would like to draw my colleagues' attention to a lawsuit filed yesterday against two organizations which published two misleading advertisements about the food stamp program. If you will remember, one of the ads, published on a full page of the June 8 Sunday Parade magazine, has created much of the furor which now fires a highly misinformed debate about the food stamp program.

The lawsuit was initiated by the New York-based Food Research and Action Center—FRAC—a public interest law firm and advocacy center which works on behalf of the recipients of Federal food assistance. FRAC charges the two Ohio organizations with false and misleading advertising with regard to the food stamp program and with regard to a booklet offered in the ads. The June 8 ad, you will recall, headlined the fact that families with $16,000 yearly incomes can participate in the food stamp program. The suit says that since there are virtually no families participating in the program with even a $10,000 after-tax income, the ad misleads the public—and, I am afraid, many of my colleagues—into thinking that their tax dollars are being used to feed the rich and middle class.

The facts clearly belie such an assertion. As a member of the House Agriculture Committee, which is charged with overseeing the operation of the food stamp program, I applaud FRAC's suit as it cries "fraud" at these advertisements. The ads do a great deal of harm—and a tremendous disservice—to the needy recipients of food stamp assistance and to the program itself.

In addition to distorting the impact of the program, the ads advertised a $3.50 booklet which supposedly would tell its purchasers whether or not they were eligible for food stamp aid. Though they said the booklets were their own, the Ohio organizations simply took the material verbatim from FRAC's "Guide to the Food Stamp Program" which the advocacy organization publishes in order to inform low-income people and their community organizations about the program and participants' rights. FRAC carefully updates its booklet—which is distributed at no charge to needy people and organizations—every 6 months to take into account changes in the law and regulations. The ads' booklets, however, did not update the material, thus making the information out-of-date and inaccurate even at the time the ads were run.

For example, FRAC updated its booklet to take into account the change made in the program which denied food stamps to students claimed as tax-dependents by nonneedy parents. Despite this programmatic change, directed at one of the most widely-criticized aspects of the program, the ads still advertised the fact that students could get food stamps, even though most students would, in fact, be ineligible.

This Parade magazine advertisement has been repeated as fact by many public officials, legislators, and by the media. Though the ad is the grossest distortion of the program, it has come to be perceived as fact through its repetition. I therefore would like to submit to the Record during the next 3 days some explanatory material with regard to the advertisements and recent attacks on the food stamp program. This material, written by the Food Research and Action Center, explains how the June 8 Parade ad has misled its readers into thinking the program was operating improperly.

Simply stated, the food stamp program is providing important assistance to those who need an increase in food purchasing power in order to obtain a nutritionally adequate diet. It is not serving those who are not in need of such assistance. We cannot repair the mistaken impression which the public has gleaned from the ads, but we can attempt to keep the facts straight as we look at the only family food assistance program available to meet the nutritional needs of low-income Americans.

The Parade Magazine Advertisement

The full page advertisement which appeared in Parade magazine (June 8, 1975) and other Sunday newspapers has generated heated and often ill-informed debate about the Food Stamp Program. As if the ad itself did not cause the dissemination of misleading and false information, its impact has grown as the ad has been cited as fact by Treasury Secretary Simon, Senator Talmadge, and other prominent public figures. Similar ads appeared last winter, and such ads continue to be published today. These ads, especially the Parade ad published by the "Center for Public Information" in Ohio, is misleading advertising of the worst sort. Not only does it mislead the reader into buying a booklet whose source is falsified and the material outdated, but it does a great disservice to the millions of needy Americans who have chosen to assert their right to use food stamps.

The advertisement in Parade and a previous Parade ad, the subjects of the FRAC lawsuit filed on September 30, 1975, distort the facts to such a degree as to be false. A summary of the ads' misleading nature follows below:

The Parade ad offers a $3.50 booklet allegedly prepared by the Center for Public Information which would enable families to see if they were eligible for food stamps and the amounts for which they would qualify.

In fact, the booklet is a virtual word for word reproduction of a booklet prepared by the staff of the Food Research and Action Center (FRAC) which it distributed free to those who could not afford it and for $.50 to all other people and organizations. It is based on information from USDA's regulations. FRAC updates its booklet every six months to take into account changes in the Program's regulations. However, the booklet offered in the ad—at the time of the ad—had incorrect information in it which would lead some people to erroneously conclude that they were eligible, and discourage others who were eligible from seeking assistance.

The ad proclaims in its headline that "Taxpayers Making Up To $16,000 a Year Now Eligible."

The fact is that this $16,000 figure was picked out of a hat, and their ad misleads the public into thinking that there are middle-income families participating in the Program. Moreover, it invites non-needy households to send for their $3.50 booklet in the hopes that they would increase their income.

USDA statistics show that virtually no households with an income in excess of $10,000 a year (after taxes) participate in the Program. Unpublished data from the Census Bureau "indicates that as of July 1974, only 3 percent of households participating in the food stamp program had gross incomes, before taxes, above $10,000." ["Who Gets Food Stamps," Senate Select Committee on Nutrition and Human Needs, p. 7]. The few households participating in the Program with incomes over $10,000 have an unusually large number of members.

Perhaps the most misleading aspect of the ad with regard to its $16,000 claim is that it deceived by omission. The ad implied that income is the sole determinant of eligibility. In fact, eligible households cannot participate if they have resources (usually cash assets) in excess of $1,500 (or $3,000 if there is an elderly person in a household with two or more members). Moreover, by saying that taxpayers can "now" be eligible, it implies that some substantial change had, or has, taken place that would grant eligibility to "taxpayers" not previously eligible.

Finally, as evidence of the ad's misleading nature, USDA's Food and Nutrition Service referred the ad to the Federal Trade Commission on July 10 for investigation as misleading advertising. Moreover, the California agency charged with the operation of the Food Stamp Program has referred the ad to the State Attorney General's office for possible action.

The ad describes a "typical" family of four that qualifies for food stamps. It is a family earning $10,000 a year and which pays $1,800 a year in alimony and child support, and $600 in medical expenses.

The fact is, however, that USDA studies show rare use of the alimony and child support deduction, and that if it is used, it is rarely $1,800 a year. The fact is that only an insignificant number of people with incomes in the $10,000 range participate in the Program and almost all of them are in very large families.

The ad says that: "A July 74 ruling extended food stamp coverage to over 20,000,000 new Americans."

The fact is, however, that there was no July 1974 ruling which extended benefits to 20,000,000 people. The only change in July 1974 was the 5.7% semi-annual update in coupon allotments and eligibility which USDA implements in July and January to conform with its statutory requirements. This raised the eligibility level for a four-person household from $473 a month to $500. Perhaps this created several thousand new eligibles, but certainly not the 20,000,000 referred to in the ad.

In addition, there are other errors in the ad under the section "eye-opening facts", eye-opening because they are untrue. Moreover, the previous ads which appeared in *Parade* and other places (published by "Americans United," another defendant in the lawsuit) were even more misleading and deceptive. For examples, the earlier ads proclaimed that "You Don't Have To Be Poor To Receive Your Fair Share" and that there are 43 million American *families* eligible for food stamps (43 million people might be more on the mark).

In sum, the ads—through errors, misleading "facts," and by omission—have seriously distorted the aim and impact of the Food Stamp Program. Many members of the public and Congress, accepting the ads' message and "facts" as truth, have reacted with anger directed at the Program and its participants. Indeed, such hostility would be justified if the Program did serve $16,000 households. However, the Program instead serves the poor and near poor who vitally need food stamp assistance. The ads do a great disservice to these families and others who need food stamps by creating an inaccurate impression of the Program's operation—Food Research and Action Center, New York City.

PANAMA CANAL

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. SIMON. Mr. Speaker, some weeks ago we adopted what has been commonly called the Snyder amendment regarding the negotiations on the Panama Canal.

I voted against that amendment and wrote a column which appears below, following that amendment.

Since that time it is becoming increasingly clear that the Panama Canal situation is one that we can easily mishandle and if Congress continues to vote as it did on the Snyder amendment and as we did more recently we will be asking ultimately for the closing of the canal and irreparable damage in our relationships with the rest of Latin America.

I hope we will wake up to political reality as far as the canal is concerned.

I want to commend my colleagues, particularly Representatives Ralph Met-

CALFE, DANTE FASCELL, JAMES WRIGHT, YVONNE BURKE, and CHARLES WHALEN, for their leadership for what I believe is an enlightened position on this canal matter.

The article follows:

THE PANAMA CANAL CONTROVERSY

A member of Congress owes the people he represents not only the willingness to reflect their needs and wishes, but sometimes also the willingness to lead public opinion, rather than follow it, and the Panama Canal controversy is a good example.

The House recently voted 246–164 to bar any use of funds by the State Department for negotiations with Panama on the status of the canal, and there is no question that vote reflects public opinion back home.

But it does not reflect good common sense.

Forty per cent of the foreign goods we buy go through the Panama Canal. If those goods have to travel all the way around the tip of South America it will cost all of us, and add to inflation. At least as important, or more important, the defense requirements of the nation call for keeping the canal open.

Those needs caused the United States to enter into an agreement of principles signed by Secretary of State Henry Kissinger and the Panamanian Foreign Minister in 1974, an agreement which called for negotiating a treaty which would give Panama a greater share in administering the canal.

Practically, that is the only way we are going to assure the continuation of the canal. With 18,000 Panamanians working in the canal area each day, any one of them with a hand grenade can stop the operation. They have to view the canal as not solely a U.S. operation but something they have a major share in.

But the importance of this issue is more than the canal, important as that is.

It is one of the key issues in Latin America where the people of those countries sense whether Uncle Sam—in their eyes—is a big bully, or whether we have some sensitivity to their needs and concerns.

As Kempton Jenkins of the U.S. State Department told me the other day, "It is not a question of substance so much as a question of attitude."

I recall one time visiting the home of the president of Costa Rica and in his living room one picture hung, that of Hubert Humphrey. I asked the Costa Rican president why.

"We sense that he cares about us," he replied.

That's what we have to show the world. Too often we have not shown that.

It is not a matter of dollars either. Nor is it generally a matter of substance.

John F. Kennedy did not do much more than some of the presidents who succeeded or preceded him, but in small villages and tiny homes all over the world you find a picture of Kennedy. Because somehow he showed that he cared.

We can pass resolutions saying we won't talk to Panama about the canal.

It's a good way to start troubles which will close the canal.

And it's a good way to convey just the opposite of what we as a nation must stand for.

THE FEDERAL BUDGET: A PROGRAM FOR TOMORROW

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. BLANCHARD. Mr. Speaker, on July 28, I introduced the Truth in Budgeting Act of 1975. The object of this bill is to control the ever-increasing Federal budget. So far, 58 of my colleagues have joined me in cosponsoring this legislation.

The Truth in Budgeting Act presents a great opportunity for Members of Congress to harness the mushrooming Federal budget. It offers Congress a vehicle to cut wasteful Government spending, to allocate our resources in the most productive manner and to fulfill its important oversight function regarding Federal spending and programs.

Our basic problem now is that in the jet age we are using horse and buggy budgetary tools. These methods worked in the simpler days gone by. But things have changed.

Since the day George Washington took office in 1789, our population has multiplied 60 times, our bureaucracy by 8,170 times.

Today we are a nation of 212 million people where 2¾ million people are paid $35 billion a year to work for Uncle Sam. This numer is roughly equal to the population of 24 other States and the District of Columbia.

As a result of this bureacratic population explosion, some tragically comic results have occurred. For instance, the cost of Federal paperwork alone to our Government is $15 billion each year. This amounts to over $70 for each and every American.

Also, I know many organizations have numerous offices and titles, but that is nothing compared to what bureaucrats have done. For instance, in some departments you find such titles as: Secretary to the Secretary, secretary attendant to the Secretary, and chauffeur to the Secretary.

Apparently the chauffeur does not have a secretary himself.

Furthermore, bureaucracies tend to perpetuate their immortality. Take the Federal Metal and Nonmetallic Safety Board. The Board in its 4 years of existence never had anything to review, and its $20,000-a-year employee spent his working hours reading books and listening to Beethoven. Thanks mostly to the publicity this situation received in the press, and with little thanks to the current budget review process, the Congress abolished this boondoggle.

With spiraling pressures and outmoded tools, it is little wonder we are spending vastly increasing sums of money.

Total Federal spending in 1789 amounted to $4 million. Today, the Federal Government spends that much in less than 6 minutes.

It took 186 years for the Federal budget to reach the $100 billion mark, a line we crossed in 1962. It took only 9 more years to reach the $200 billion mark, and then only 4 more years to break the $300 billion barrier.

Indeed, more now is paid out in a day than was spent in 1916, the last pre-World War I year. The budget now rises more in 1 year than was spent in 1941, the last pre-World War II year.

These are lots of facts and figures, but how do they translate into meaningful numbers? We probably understand most clearly how things hit us in the pocketbook, so it is quite sobering when we see that the tax burden of the average family increased nearly 100 percent during the period 1953–74.

My hope is that the Truth in Budgeting Act will reduce spending, shrink the national debt, and increase Government efficiency. The bill's aim is to run the Government on a more business-like basis.

At present, a budget review, if done by a committee at all, usually looks only at increases over the previous year.

If an agency spent a million dollars last year on a program, and given 10-percent inflation, no questions are usually asked if the new request is $1.1 million. Once established, many of these programs assume their own momentum and immortality. That is how the Federal Metal Safety Board stayed around for so long.

An even greater problem is that the fastest growing part of the budget is open-ended budget authority, where no price tags, guidelines, or time limits are suggested at all. Without reviews these programs go on and on and on.

The 93d Congress took a big step forward in passing the Congressional Budget and Impoundment Control Act of 1974. This act went a long way in returning to Congress its rightful control over the budget. If the Congress is to remain a full and coequal branch of Government, however, we must go one step further. That is where the Truth in Budgeting Act comes in.

The Truth in Budgeting Act will require a detailed evaluation of all Federal programs every 2 years from the ground up. Among other things, the evaluating committee will look to see whether a program's objectives remain relevant, whether the methods used continue to be the most cost effective, and whether the program is having the intended effects—and if not, why not.

Administrators will be required to justify their programs' existence on a regular and continuing basis. The bill will help transform the budget into a statement of current—not past—national priorities. No longer will the dead hand of the past lock future taxpayers into unreviewed programs.

If we are to deficit spend now to get the Nation out of its economic slump, we must have a surplus, thereafter, to get on a sound financial footing. If we are to have new programs, we must eliminate useless ones since it is unrealistic and undesirable to increase taxes.

The lessons of the last few years have awakend us from the idyllic American dream of the 1960's. Our resources are not unlimited. If we are to have new programs, we must limit old ones. The Truth in Budgeting Act will have, I hope, a significant impact upon allocating our limited resources in the most efficient manner possible.

The philosopher, Ortega y Gasset, has written that nations are formed and kept alive by the fact that they have a program for tomorrow. If we all work together the Truth in Budgeting Act can become a part of that program. We can then move a step closer to what Thomas Jefferson envisioned in his first inaugural—"a wise and frugal government." We can move closer to the American ideal that we celebrate during our Bicentennial.

A list of cosponsors follows:

State-by-State List of Cosponsors—Truth in Budgeting Act

California: Brown, Burgener, Hannaford, Ketchum, Krebs, Lagomarsino, Miller, Mineta, Patterson, Pettis, and Wilson.
Colorado: Wirth.
Florida: Bafalis and Fuqua.
Georgia: Levitas.
Illinois:Russo.
Indiana: Sharp.
Iowa: Bedell, Blouin, Grassley.
Kansas: Keys.
Kentucky: Hubbard.
Louisiana: Treen.
Maryland: Byron and Spellman.
Michigan: Brodhead, Carr, Diggs, and Riegle.
Missouri: Symington.
Montana: Baucus.
Nebraska: McCollister.
Nevada: Santini.
New Hampshire: D'Amours.
New Jersey: Fenwick, Helstoski, Meyner, Roe.
New Mexico: Runnels.
New York: Downey, LaFalce, Nowak, Ottinger.
North Carolina: Jones.
Oklahoma: English, Jones.
Oregon: AuCoin and Weaver.
Pennsylvania: Johnson.
Rhode Island: Beard.
South Dakota: Abdnor.
Tennessee, Lloyd.
Texas: Milford, Wilson.
Utah: Howe.
Virginia: Whitehurst.

SYMPOSIUM ON THE WORLD FOOD CRISIS—VI—UNIVERSITY OF KENTUCKY OVERSEAS

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. BRECKINRIDGE. Mr. Speaker, on September 24, I inserted in the Record an overview of an agricultural technical assistance project in which the University of Kentucky—UK—participated in Thailand. The discussion was part of the World Food Crisis Symposium at UK, April 1 and 2.

Today, I commend to my colleagues another part of that discussion involving practical problems encountered in the conduct of the project. Participants included Dr. Russell Brannon, agricultural economist at UK; Dr. Charles Barnhart, dean and director of the UK college of agriculture; Dr. Herbert Massey, former chief of party of the Thailand project; Dr. Robert Rudd, chairman of the UK agricultural economics department; Dr. Eldon Smith, economic adviser for the Thailand project; Jerry Skees, an academic intern who helped organize the symposium; Dr. Willis Griffen, director of UK office of international programs; Dr. John Robertson, UK associate dean for college of agriculture; Dr. James Kemp, UK animal sciences department; and Dr. Lewis Cochran, UK vice president for academic affairs. The discussion follows:

Symposium on the World Food Crisis

Dr. Brannon. We have assembled a panel composed of people who have been active in the Thailand program. . . . I would now invite any of you to address questions to any member of the group up here. We have Dr. Fred Knapp who was entomology advisor in the program, Dr. S. C. Bohahan who is the campus coordinator of the program, Dr. Herbert Massey who was the first Chief of Party and who was responsible for getting the field program going over there, and Dr. Eldon Smith who was the first economics advisor in Thailand. So, if anyone has questions, please be recognized and I'm sure one of the panelists will try to address the question.

Question: I'd like to know, given the political changes in Southeast Asia, how you feel about the future of the Center?

Dr. Barnhart: I think this is always one of the potential problems in assisting in developing programs of this nature. In the time that we have been in Thailand, there have been several changes in government structure and in key personnel. Despite this fact, there has been a continued interest in this program and it would be my personal opinion that the Thai people are sufficiently impressed with the necessity of improving technology in agriculture and are sufficiently familiar with the importance of the agricultural economy to the total future success of their country that whoever is in power or authority will continue this kind of a program. Thailand has a long history of supporting programs in agriculture and is basically an agricultural nation. I would hope that changes in government, or any instability in government, would not have a serious effect on the program there.

Question: Are there any plans for the University's continued involvement in Thailand following the conclusion of the current program?

Dr. Barnhart: We expect to continue to be an avenue of communication for further growth and development of the program. We have had some discussions with the Thai government about the possibility of continuing our participation in that program on the basis of short term advisors going from this college to the Northeast Center on a contract basis, or some agreement between the Thai government and the University of Kentucky. We have developed some close relationships between Thailand and this college—much closer than if we had contracted for the services of technical personnel outside of UK as many institutions have done under these AID contracts.

Dr. Massey: With respect to the question dealing with the long term prospects of the Center, I believe that it has developed to the point that it will continue as long as the Thai government views it as an important part of its agricultural program. The ability to continue the program is there, and I can't really visualize that over the long run the Thai government will not continue to see this as an important national objective.

Dr. Rudd: Dr. Brannon, would you comment on the organizational and administrative arrangements which might improve the University's capabilities in such programs as the current one in Thailand?

Dr. Brannon: Yes, at the risk of getting myself into a great deal of administrative difficulty I will take the first shot at that one. I think that if I were a department chairman with the responsibility for providing people to staff such a program, one of the things I would be very interested in is some sort of an arrangement whereby the University would provide funding for what once was called "overstaffing." I've never liked that term, but the idea is that when a team member goes overseas on one of the projects, there would be funding available to hire a replacement during that time. Or, perhaps if an institution really takes the responsibility seriously, increasing its staff by some percent so that there would always be people available for overseas work on a rotating basis without necessitating curtailment of the domestic program in any critical areas. Another thing which I think would make this kind of program a bit more attractive to departments and department chairmen, whose primary responsibility has to be to the building of the domestic programs of this institution, would be some form of earmarked flow of funds back into that department in return for the services provided. I say, jokingly that this may get me into some administrative difficulty, but the fact remains that this kind of a program does generate a certain amount of funds. Little of this really accrues directly to the building of the capability to continue this kind of a program within a specific department or area.

I would also like to make one contrast between this program and the previous Indonesian program as I understand it to have operated. Under the Indonesian program, professors who went overseas apparently felt that during that time period they were penalized for being away from campus—that essentially, the administration tended to regard them as either having been doing nothing, or at least not contributing to the program here on campus, and that they suffered in terms of salary. I don't think that has been the case at all for any members of the program who have served over the eight years in Thailand. I think that is a very positive step forward. I'd let other people here take a shot at that.

Dr. Smith. In addition to the improvements in the formal reward system for our faculty serving in Thailand, there were some important informal changes that were quite helpful for those of us that served on this second major UK foreign technical assistance contract program.

Faculty members serving on these programs eventually have to reenter the campus community. Others necessarily assume their teaching and research responsibilities in their absence. Upon returning, overseas personnel find that programs and personnel have changed. They cannot pick up where they left off two or three years earlier. Roles must be redefined! If they are, so to speak, orphaned and cut off from their home departments these people not only feel unappreciated, but lose track of the events which are shaping the environment in which they will work upon returning. This makes process of role definition much more difficult. Moreover, the reception one receives upon returning depends somewhat on the department's faculty having some awareness of the efforts of the faculty member who is working overseas. It is, indeed, a deflating experience to have someone say after you have worked for two years or so overseas something like "I haven't seen you around for a month or so!"

On this contract communication with the home departments was, on the whole, quite good, although some problems could be cited. While carving out a new niche upon our return was a problem, I am sure that the problem was much less severe because we maintained this regular communication. And for this reason I could honestly recommend to my colleagues that they avail themselves of the opportunity to serve on the team.

A source of some frustration to most of us, I suspect, was somewhat unrealistic expectations about what a professional person can do in his capacity as a technical advisor. The capability for doing research can be supplied through equipment purchases, training programs and technical assistance provided by the donor agency. Even an organizational system can to some extent be developed and tested in collaborative efforts of indigenous and foreign technical assistance personnel. But one cannot insure that the necessary condition for research effectiveness, that of doing things in ways that are maximally effective, is carried out. This depends on the willingness of the indigenous officialdom operating within whatever political and bureaucratic constraints exist in the situation to take the ball and run with it. It is they, not technical assistance people, who must provide the incentives both material and intangible that will motivate researchers to effectively utilize the fund of technical capabilities and the physical means for doing the research which are at their disposal.

I think that it is probably fair to say that the U.K. Thailand effort provided the required capability and the physical facilities. Dr. Massey, our Chief of Party, developed a so-called "task force" mode of organizing research which was further developed and implemented by the team after our first cadre of team members had returned home. Results of this pooling of professional effort were impressive, demonstrating the potential of such a system. Enough people have now completed their training so that if properly mobilized they can be a very effective research unit. The physical facilities are quite adequate in most respects. But I think that anyone who would predict how effectively the abilities of the Thai staff will be utilized is rather foolhardy. The long term effects of changes in the government of Thailand and the changes in international power relations on the functioning of the Thai governmental structure in general, and the research establishment in particular, are very difficult to predict. We must content ourselves with the knowledge that they now have the required capability to do the job. The Thai politicians and those who administer the system will determine whether it can be and is, in fact, utilized in a manner which benefits the people of Thailand, especially the poor peasant farmers of the Northeast region.

Dr. MASSEY: I would like to get back to Dr. Rudd's question. I feel that one of the things we need at this point, if we are going to continue to be active in programs of this type, is to make perhaps a little more formal commitment that this is a part of our program and is something we are going to do. And when I speak of making this commitment I don't mean just having Dean Barnhart, Dr. Cochran or department chairmen say this is the policy. I mean more the consensus of our faculty—which I think is an important thing—that this is an integral part of our program.

QUESTION: Will the Center fold up after Kentucky completes its contract this June and AID ceases financial support to that institution?

Dr. BRANNON: This is a point that we probably should have clarified at the outset; there was so much to cover that we didn't. Really, the American contribution to the development of this Center has been relatively small. It has been more the seed money, the technical assistance, some ideas, and the provision of some equipment. The Thai government has put in all of the money for the building of all the structures, purchasing the land, paying all the salaries of all the Thai specialists and laborers. The US dollar component, as channeled through UK, has paid the salaries of the Kentucky professors who have been involved in the program, has provided the "in U.S." training costs of Thais who come to the United States to study, and has provided a certain amount of money for laboratory equipment. Essentially, I guess, this is the way I'd put it—we feel there is a very strong, very well qualified group of Thai scientists either now trained or here in the U.S. completing their training. So that component of it is taken care of. Their salaries are all covered already by the Thai government. There is not a penny of U.S. money going into their salaries. The laboratories are very well equipped; the land is all purchased; the structures are up; money is gradually being increased in the Ministry of Agriculture budget for upkeep, operation, and maintenance of the program and the physical plant. So, regardless of what direction political realities tilt Thai-American relationships in the coming decade, this is an internal policy matter of the Thais; and the Thais alone will make this policy decision. They have made a substantial internal commitment to developing increased agricultural output in Northeast Thailand. It is a matter of degree as to how much emphasis is there, but I think essentially we at Kentucky have done our job and the Center is a functioning institution with a great deal of potential.

JERRY SKEES: What has UK done about developing a program of extension of research findings of the Center to the farm user level?

Dr. BRANNON: Our initial charge in the contract was to help the Thais build and staff a research complex. Later, the obvious need for getting this research out into the field was recognized by AID, and UK was asked to also assist in the extension function. We have not, however, had a large involvement in extension. There is a relatively large extension program in Thailand which, over a number of years, has received assistance from various countries, including direct assistance from the U.S. government by way of the Agency for International Development. Our work in this area at the Center has been more in bringing in these existing extension agents, providing training programs for them, field days, and developing materials that could be provided to them. For example, our extension advisory group helped to produce the first handbook on the production of crops and livestock in Northeast Thailand. In working together, it was done first in English so that the Thais and Americans could communicate, and then was put into Thai and distributed to extension workers. It is cataloged so that if questions arise, for example, on the disease problems of peanuts, the agents can turn to a section where there are pictures of these diseases, identification of them, a listing of control methods, and this sort of thing. Most of the extension workers have very low educational levels, have had very little training, and have been very handicapped due to the scarcity of useful materials for dissemination.

The World Bank and the Thai government have, for some time, been negotiating a loan for the creation of a Regional Extension Training Center, and there has been a great deal of discussion as to where this center should be located. We, of the Kentucky team, argued very strongly that it should be located at the existing research facility on the same site as the research center so that extension and research could be brought more closely together. It now appears that the loan will go through if the extension training facility is built in conjunction with the existing research facility. So, I think our role has been more a catalytic one, helping to provide improved training within an existing extension structure. There is a long, long way to go in tying together research and extension throughout Thailand, perhaps particularly in Northeast Thailand. This is not unusual; this is a weak link in most developing countries. We do recognize the need; I think the Thais also recognize the need, and I think they are moving in the right direction.

QUESTION: How was it that UK's College of Agriculture first became involved in this sort of program with Thailand?

Dr. BRANNON: Dr. Willis Griffin came in a bit late. He is the Director of our Office of International Programs, and I will ask him to address himself to this question.

Dr. GRIFFIN: There are a number of strands that ought to be cited to explain the background of the decision. One was that in 1966 this country was still in a period when foreign aid development assistance was prominently funded and programs were going on in many countries. There had been established in the late 1950's and the early 1960's a practice of our State Department foreign aid program calling on universities to practice in keeping with their strengths, their research experience, and their teaching programs. So the American foreign aid program's decision to turn to UK and ask us to consider providing assistance to the establishment of an agricultural research station in Northeast Thailand was in keeping with established tradition. On two prior occasions the University had been invited to enter into international technical assistance programs in agriculture—the first one back in the 1950's in Guatemala, and the second one was a project that ended in the spring of 1966 after 10 years of assistance in developing an agriculture institute in Indonesia. It was natural for the foreign aid agency to turn to us when the UK/Indonesian program phased out a little early because of the revolution and to explore our interest in participating in the Thailand project.

Dr. BRANNON: Any other questions?

DEAN ROBERTSON: UK's assistance is phasing out in Thailand at the end of this fiscal year. What is the next logical phase of the development of the Center?

Dr. BRANNON. As I stated earlier, John, I think the Center is well staffed; it has the equipment it needs and the people it needs. I think very usefully there could be a continued relationship on a basis of short termers going out periodically to help in specific problem areas. I think the continued interchange by students coming here for advanced training from time to time might be useful. Before I left Thailand, both the Mission Director and the Director of the Agricultural Program were talking in that context. They had become quite impressed, incidentally, with the Auburn fisheries program which provided assistance to Thailand, and the fact that these Auburn people would go out periodically and, the way it was expressed to me "do something like an experiment station review," sit down with many of the people who had been their former students, look at their research program seminar on it for a few days, give their suggestions as to ways it might be changed to be more effective, provide a little bit of on-the-spot guidance. If this sort of thing were feasible, I think it might have a relatively high payoff in any program which is similar to this.

QUESTION: Can you comment on the bill before Congress to provide assistance to Land Grant type institutions in the less developed countries?

Dr. BRANNON: Are you addressing yourself to the Findley Bill? This bill was introduced by Congressman Paul Findley of Illinois and endorsed by several members of the Agriculture Committee and the Committee on Foreign Affairs. It would provide funds for assisting land grant type institutions abroad. Do you have any current information on this, Congressman Breckinridge?

Congressman BRECKINRIDGE: My understanding is that the proposed legislation would provide financial assistance to land-grant universities in the United States to help them strengthen their capabilities in teaching, research, and extension work relating to food and fiber production, distribution and utilization in the developing countries, and would actually support work overseas in assisting foreign nations in the development of their own land-grant type programs. The initial bill calls for funding up to $150 million in any given fiscal year. Hearings will be held and testimony will be taken, and the situation will be reported to the floor of the House for whatever the will of the House might be.

Dr. GRIFFIN: This bill is, of course, a response to the world food crisis, and it is a response that is intended to provide a fairly quick return. Therefore, I believe it is to fund American university land grant colleges in association with land grant type of universities already established. I don't believe it is for bringing into being new land grant type of universities overseas. The U.S. land grant university system has been a model for agricultural development for a good number of years and has taken root in a number of countries. So there would be a significant number of land grant type universities in many countries for which the Findley Bill would be appropriate.

Dr. JAMES KEMP: During my brief stay in Thailand, it appeared that there were some serious coordination problems in the Ministry of Agriculture's research program. Would you comment on this?

Dr. BRANNON: I think that is an excellent observation, Jim. I first became involved with Thai agriculture back in 1958, and I recall that at that time AID had teams coming out from USDA, and the land grant institutions, etc., to look at agricultural research. Practically every team suggested the need for coordination of the research program in Thailand. I think there has been some improvement in this coordination, but they are still a long ways from what we might characterize as an ideal organizational structure. The problems are those of any bureaucracy, with people staking out their turf and defending it in competition with one another. I think one of the hopes for the NE Agricultural Center was improved coordination since the Center did combine all of the disciplines, all of the departments, in one place and bring them into direct communication in a research program. This is one of the few institutions in Thailand where this had been done. I don't see any early solution to the problem. The land grant concept as we know it does not exist in Thailand since the agricultural universities are under a different ministry from the agricultural research and there is only limited coordination between research, teaching, and extension. A problem there is, no doubt.

JERRY SKEES:

Dr. BRANNON: The question that Jerry has raised is that the Thailand program is ending at the end of this fiscal year. Do the University and the college have any plans in the mill for similar programs either in Thailand or anywhere else in the world?

Dr. COCHRAN: I'm not aware of any discussions involving agriculture at the present time that appear to have any real potential for development. I did mention in the beginning that there is a program in business that will apparently get under way some time this summer in Malaysia but that will be fairly limited. It is really a modified master's program in economics.

CHIEF ROCHFORD FAVORS GUN CONTROL

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. ASHBROOK. Mr. Speaker, as a member of the Judiciary Subcommittee which is currently hearing testimony on a variety of so-called gun control bills and is preparing for mark-up, it has been my privilege to hear a great deal of testimony pro and con on the subject. While my position is well known, it is my interest to present both sides of the issue to the law enforcement officials of my district for their opinions.

Chief James Rochford of the Chicago Police Department appeared before our committee and gave one of the strongest statements we heard in favor of confiscation of firearms. He went so far as to say that guns should be declared as contraband and taken away from the citizen.

In the interest of presenting both sides of the controversy, I am inserting his remarks at this point in the RECORD:

TESTIMONY OF JAMES M. ROCHFORD, SUPERINTENDENT OF POLICE, CHICAGO, ILL.

Mr. ROCHFORD. Thank you, Congressman Metcalfe, for your warm welcome and thank you to the committee.

As police superintendent of the second largest city in the United States, I welcome the opportunity to discuss with you the problem of the increasing criminal misuse of handguns.

Both as superintendent and as a member of the Chicago Police Department, I have consistently sought Federal legislation which would control the manufacture, sale and possession of handguns.

As of last Monday, 556,143 guns were registered with the city collector in the city of Chicago. My own estimates have been made that at least another half million guns exist in Chicago, and are not registered. Too many guns are available in our city and other cities throughout the Nation. They are misused every hour of every day by immature, emotionally maladjusted, irresponsible and intoxicated individuals.

In 1974, 970 people were murdered in the city of Chicago. In 71 percent of the homicides, the offender and the victim were either friends, relatives, or acquainted with each other.

In 524 of these murders, or 54 percent of the total, the killing took place in an indoor location, leading to the conclusion that murder is not a type of criminal offense which can be prevented by aggressive police patrols, but is most affected by readily available firearms. Because of this ready availability of firearms, most of which were handguns, arguments between friends and relatives too often resulted in a murder or serious injury by shooting.

Of the 970 murders, 669, or 69 percent, were perpetrated by the use of firearms. Four hundred and ninety of these were committed by the use of a handgun. Handguns play a significant role in the incidence of murders in our city.

While 669 people were murdered with a firearm during 1974, an additional 4,055 people were wounded, some of whom will remain crippled for the balance of their lives.

An analysis of armed robberies in Chicago from January 1 through October 31, 1974, discloses that out of 11,626 reported armed robberies, 10,646, or 91.5 percent, were committed while the offender was armed with a firearm. In 95 percent of these cases with a handgun.

During 1974, 18,867 guns were seized by Chicago police officers. Since World War II, the number of guns seized by the Chicago Police Department has increased 2,300 percent from 870 in 1944 to 18,867 in 1974.

The city of Chicago has good ordinances and fair State statutes dealing with the legality of firearms. These not only proscribe illegal possession and usage but, at the State level, require the registration of firearms owners and, at the local level, the registration of the firearm itself.

Persons arrested for State or local firearms violations are prosecuted but generally to no avail. More than a thousand cases are sent to the court each month, but convictions are rare. When there are convictions, the penalty, if imposed by the court, is generally probation, supervision, a suspended sentence or a small fine.

Prosecution of these cases is seriously hampered by liberal interpretations of the exclusionary rule and other evidentiary interpretations most favorable to the defendant. Too often the matter is suppressed in a preliminary motion. Judges seem reluctant to impose the stringent penalties permitted or required by law, when convictions are obtained.

People are purchasing an increasing number of guns from many sources. Local ordinances controlling the sale and possession of firearms are easily circumvented by people crossing city limits or State boundaries and purchasing the weapons in other communities.

At present, no local ordinance or State statute can constitutionally have a positive impact on the interstate transportation of firearms. Even persons who are not legally qualified to purchase a firearm in Chicago or Illinois still can do so without leaving the city or the State because of the availability of weapons through black market sources and, also, through the commission of burglaries and thefts.

Public clamor and need for national gun control has increased significantly during the past decade. Despite this, we are faced with more firearms on our streets, more murders being committed by the use of firearms, more people being seriously wounded every day and more armed robberies.

State legislatures and local city councils have been helplessly trying to stem this burgeoning increase by passing legislation which theoretically would at least have local impact, but in practice has little effect. The public seems to be arming at an alarming rate. Where are we going?

We have developed a local "patchwork quilt" of legislation to cope with a national problem. It is an understatement to say this has proven ineffective. While this desperate but futile exercise has been going on at the local level, Congress has not been sensitive to the problem and has not passed strong national gun control legislation.

Special interest groups have thus far been able to convince Congress that their interests are far greater than the concerns of public officials regarding the slaughter that is going on in our communities. Until such time that Congress passes legislation dealing with the manufacture, sale, and possession of handguns, the problem will only escalate. Deaths and injuries will mount. Police agencies are now equipping their personnel with armored vests for protection. What next?

The law enforcement profession has never advocated, nor are they now advocating the confiscation of all guns, participation in licensed gun clubs and the sport of hunting are recognized as legitimate activities. Traditionally, youngsters in rural areas have looked forward to the gift or purchase of their first rifle. This tradition has become an American way of life. Overshadowing these traditionally legitimate activities is the development of a new and another American way of life, the continuing increase of handgun violence in our urban communities.

We have not as yet been able to fully identify the legitimate uses of handguns. Experience has taught us that people use handguns against other people. The results of these confrontations between people with handgns is sadly demonstrated by the data previously presented.

The violence depicted statistically can never fully portray the tragic consequences of handgun violence because numbers are generally impersonal. The sadness of individuals cases never really manifests itself in a simple reporting of numbers. The tragedy of accidental shootings involving youngsters who are playing with guns kept in the home for protection is one that is most difficult for all of us to face. Unfortunately, these accidental shootings in the home, especially among children, occur all too frequently. The aches in the hearts of the relatives never goes away.

Many times criminal confrontations between individuals or groups of individuals not only result in death or serious injury to the participants, but very often to innocent bystanders. This situation was most vividly exemplified recently in Chicago when two groups of youth confronted each other for a gun fight. Shots were fired, and all of the combatants escaped injury.

However, a 13 year-old girl, playing nearby had her face torn open and her brain ripped away by a stray .22 caliber bullet. She died a short time later in a hospital.

In the same incident, a 12-year-old boy was likewise playing a short distance away. His chest was ripped open, also by a .22 caliber bullet and he was dead on arrival at a nearby hospital. No one there can fully appreciate the grief of the two families who each had a part of themselves extinguished in this senseless youthful encounter.

No one here can appreciate the summary denial to both of these children of the pursuit of life, liberty and happiness which they had a right to look forward to as they approached adulthood. They are no longer here because of the ready availability of firearms ot irresponsible, reckless and immature individuals.

The criminal misuse of firearms is more than a local problem. In the past 10 years, handgun homicides in the United States have more than quadrupled in number. If the present rate of handgun homicides is to continue, we will have more people killed in the United States in the next 4 years than American soldiers died on the field of battle in the Vietnam conflict during the 12-year period of 1961 to 1973.

The argument might be advanced that if we were to have Federal handgun control, only the criminals would have firearms and the law-abiding citizens would be left to the mercy of these criminals. However, in a 5-year study of victim/offender relationships conducted in Chicago, we found that 71 percent of the homicides had some acquaintanceship or relationship with the offender. In essence, the danger of being shot and killed is greater as a result of an altercation between a friend, neighbor or relative than it is as a result of arousing the ire of a criminal.

Congress is the only legislative body that can effectively and constitutionally impair the present, unhampered flow of handguns to the people in our communities. Congress is the only legitimate legislative body that could effectively and constitutionally bring about the changes necessary to reduce the mayhem, slaughter and overall violence being perpetrated on our streets, and in every community in the Nation.

These hearings are not precedent setting. Congress has held previous hearings concerning handgun violence. Despite these past attempts to cope with the problem, strong Congressional action has not been codified into law. Timeliness is not an issue, because the situation in our communities mandates that action must be taken now.

The question to be answered is whether or not the Congress will meet its responsibility or will it continue to avoid the issue.

We in the urban community look to you gentlemen with your insights, with your wisdom, and with your leadership to unravel this complex national dilemma, to remove this national disgrace. Our Nation is watching what is done here. What will your response be?

CHILDREN AND THE LAW

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. CONYERS. Mr. Speaker, juvenile crime is a tragic phenomenon in America. It has risen by 1,600 percent in 20 years. Few statistics illustrate the horror story of wasted young lives and of a society unwilling to provide all of its young with decent, productive outlets for their energies as this one does. Appalling too is the fate of the victims of juvenile crime, disproportionately the elderly and poor, those least able to protect themselves.

As the crime figures soar upward, we can draw the conclusion that far from being uneducatable or unproductive, violent youths have learned society's lesson well—crime can offer real material rewards, while other avenues are shut. For the boredom that plagues youths, violence, tragically, can offer an exciting alternative. As job opportunities for our young shrink almost to nonexistence, as their schooling becomes increasingly irrelevant, can we really expect a decline in youth crime?

Despite public clamor for either more punishment or more rehabilitation, neither is obviously working. This is not so surprising when we consider that the institutions charged with remedying this horrendous condition have at their foundation an unjust economy and an irresponsible polity. Last year the Ford administration actively opposed passage of the first comprehensive Federal juvenile crime legislation and subsequently funded its programs at one-third the level authorized by the Congress.

The following article from Newsweek is sobering: It gives us some idea of the enormity of the problem and the inability of our society to arrive at answers. I recommend that my colleagues read this article so that we may deal with juvenile crime and the criminal justice system more deliberately and responsibly:

[From Newsweek magazine, Sept. 8, 1975]

CHILDREN AND THE LAW

Bobby was 9 when he was arrested for shoplifting. As they always do with first offenders, Los Angeles police spoke sternly to him and released him. Three months later, Bobby had graduated to burglary, and was released with a warning. Bobby's sixteenth arrest—he was 12 years old by then—earned him his first jail term, two years at a California Youth Authority Camp, from which he escaped four times. A few days after his release, at age 14, he killed a man. He has been charged with 26 crimes, including murder. But now that he has turned 18, he is, so far as the law is concerned, no longer a juvenile. He is a free man.

Mark's mother was a junkie and he was born in 1965 with heroin withdrawal symptoms. He spent his first six years in a foster home before being returned to his mother, whom he did not know. When she went to work, she regularly tied Mark to a bed. A year later, she told New York juvenile authorities that he was disruptive and uncontrollable, and Mark was institutionalized. Last year he was in court, charged with fighting with his peers and being difficult to control. He is 10 years old.

Bobby and Mark are both products of the American system of juvenile justice. One has compiled an awesome criminal record; the other has never committed a crime. Yet they both have juvenile records and they have been confined in institutions for about the same time. Both are poisoned products of one of the starkest shortcomings of American justice: how to cope with children who fall into trouble with the law. "The system has failed," says veteran Detroit Judge James H. Lincoln. "We do no more than clean the boil without treating the disease." No one is well served—neither the youngsters nor the nation—and no one—not police, judges, legislators or theoreticians—has figured out what to do about it.

MORE CRIME AND MORE FEAR

The statistics on child criminals are awesome. Juvenile crime has risen by 1,600 per cent in twenty years. More crimes are committed by children under 15 than by adults over 25—indeed, some authorities calculate that half of all crimes in the nation are committed by juveniles. Last year, police arrested 2.5 million youngsters under 18. In Los Angeles, juveniles account for more than one-third of all major crimes, and in Phoenix, officials estimate that juveniles are responsible for 80 per cent of law violations. In Atlanta, juvenile arrests for arson have tripled since 1970, and in New York, since 1972, burglary and rape charges against juveniles have nearly doubled.

The headlines cry out the grim news every day. In Florida, a 15-year-old boy is sentenced to death for sexually molesting and murdering a 12-year-old girl. Then two boys, 13 and 15, are accused of murdering a 4-year-old boy—"to have some fun," as they later tell police. Six New York teen-agers, one of them 13, are charged with murdering three impoverished men in their 70s and 80s. In the city's Brownsville section, a gang leader orders the punishment of one of his foot soldiers; the gang burns down the boy's house and six people die. A boy of 12 in Phoenix carries a .38 revolver to school and holds his horrified teacher and classmates at gunpoint for an hour before surrendering.

PINS, CHINS, JINS AND MINS

These crimes—which the law calls "juvenile delinquency"—are no more difficult to understand than a knife at the throat. But they are only part of the story. For fully one-third of the cases that reach juvenile courts are what are termed "status offenses," which means acts that would not be criminal if they were committed by an adult—truancy, running away from home, disobeying parents. These children are called, in different states, PINS or CHINS or JINS or MINS, for persons or children or juveniles or minors "in need of supervision." Status offenders, more often than not, are emotionally beleaguered kids whose home life is so shattered that they will do anything to break free from it. In pathetic contrast to the street-wise young criminals, who often can cite the Miranda decision by heart, the children who become status offenders drift helplessly through an endless legal maze.

The reasons for today's high rate of juvenile crime are a familiar litany. Poverty and overcrowding in city slums; soaring rates of unemployment among minority teen-agers that instill in them a "don't give a damn" bitterness; violence that flickers into every home on the television screen; the lure of drugs that can quickly become a dependence, and the easy availability of knives and guns—all contribute to crime at any age level. In the U.S. today, "society seems to be flying apart," Phoenix school psychologist William Hall says. "The kids just feel the vibrations much more than adults."

The juvenile-justice system in the U.S. pivots on an array of human decisions, often made with too little knowledge and too little time. "The system works on the kids like an octopus," says Marian Wright Edelman, director of the Children's Defense Fund, "with lots of arms picking them up and dropping them at different times." Even when the personnel are trained and the decisions are sincere, a series of interlocking bureaucracies has so diffused responsibility that no one has final control—not cops, judges, prosecutors, public defenders, probation officers, social workers, welfare clerks, foster-care centers, adoption agencies or penologists. The buck never stops. "It's like a Shakespearean tragedy," says Milton Luger, the former director of the New York State Division for Youth. "Everybody stabs everybody to the left."

From the moment a youngster becomes caught up in the legal system, humane intentions clash with practical limitations—and nobody wins. "If our goal is to rehabilitate, we're not doing it," says Wayne Mucci, director of the national juvenile Justice Standards Project, "and if wer're supposed to be punishing, we're not doing that either."

OUT THE REVOLVING DOOR

A cop arrests a youngster. It doesn't seem fair to detain him for days or weeks while he awaits a hearing, so he is released almost instantly—perhaps to commit another crime. "The kids get out of Juvenile Hall before the cop gets his report made out," complains San Francisco police Capt. Gus Bruneman. When the hearing date arrives, it seems reasonable to bring the child's parents to court with him. This can mean that a mother may have to give up a day's wages and sometimes must drag along the rest of her brood, which turns juvenile courts into squawling day-care centers. In many New York courts, these hearings average five to seven minutes, and cynical clerks sometimes keep a 25-cent daily pool on how many cases they will dispose of.

Some youngsters repeat this process so often that "it's like an immunization shot—they lose their fear of the law," says Atlanta Judge Tom Dillon. "These kids have to be seen to be believed," marvels Brooklyn cop Louis Eppolito. "They have no regard for property or life. In the station house, they dance on the tables like it was 'Soul Train'."

Sometimes months will pass after a criminal act before the social workers, lawyers and a judge decide what to do with a youngster. Usually a delinquent will be released in the charge of an overworked probation officer, who in theory will counsel him thoughtfully and monitor his progress. In Denver, typically, a harried staff of only seventeen probation officers tries to cope with a stream of 1,100 delinquents at any given time. If a youngster commits several offenses, or some particularly serious crime, he may be sentenced to reform school—often called a "training school."

In the best of these, children may attend classes as if they were in school. They will be counseled about their anxieties and the background of their problems. They may be taught a useful trade. But in most juvenile centers, a youngster seldom receives appropriate rehabilitation. What he does learn, says Georgia youth services director John Hunsucker, "is how to break into houses instead of stealing a bag of pecans."

Venality did not bring about these conditions; on the contrary, the juvenile-justice system is a product of noble reform. In 1646, the Puritans of the Massachusetts Bay Colony decreed the death penalty for "a stubborn or rebellious son," and for more than two centuries afterward children were treated by the law more as possessions than as persons. But at the turn of the twentieth century, the same reformers who were plumping for women's rights and the rights of the immigrant poor also discovered children. In 1899, Illinois passed the nation's first juvenile act and by 1925 46 states had set aside special courts and procedures for children.

Rehabilitation was the watchword, and the child was to be protected as he was led through the system. In practice, however, most children were just shoved through it. Finally, in 1967, an Arizona boy named Gerald Gault became one of the historic figures in American jurisprudence. At the age of 15, Gerald had made an obscene telephone call to a woman neighbor, a misdemeanor for which an adult might serve two months in jail. Police offered him no legal counsel, and he was sentenced to reform school until he became 21—a six-year term. But Gerald Gault's case was appealed to the U.S. Supreme Court, which finally ruled that when juveniles face the threat of jail, they are entitled to counsel, to notice of the charges and to the privilege against self-incrimination.

CHALLENGING THE SYSTEM

Even now, no children have an adult's right to trial by jury or to bail. A new generation of reformers intends to carry kids' legal rights still further. In Washington, D.C., the Children's Defense Fund is challenging the authority of a parent to commit a child to a mental hospital indefinitely without a hearing. In New York, the Civil Liberties Union and the Legal Aid Society have filed a class-action suit on behalf of all black Protestant children, charging that religion-affiliated child-care agencies—which received close to $150 million in public funds last year—systematically discriminate against minorities. In Atlanta, the ACLU is asking a state court to rule that status offenders may be confined only at centers in their own communities instead of being shipped to penal institutions.

In what could become the most significant juvenile decision since Gault, U.S. District Judge William W. Justice last fall condemned the entire Texas institutional structure for its "widespread physical and psychological brutality." Juveniles were not rehabilitated but "warehoused," Justice charged in a 204-page opinion. He said they were beaten and tear-gassed as punishment and given tranquilizers to quiet them without medical supervision. The judge ordered the state to close two of its reform schools and convert the rest to halfway houses and group homes. Texas officials responded that the total cost of such changes makes them impossible, and the state is appealing. Eventually the U.S. Supreme Court will be asked to pronounce a judgment on the conditions of juvenile incarceration that would apply to every state.

But the fact that young offenders are often treated badly is sometimes overwhelmed by anger and fear as violent juvenile crime spreads through the nation. "I don't care what kind of a background this kid comes from or how misguided his parents were," says Larry K. Schwartstein, a prosecutor of juvenile cases for the City of New York. "Why should a person be afraid to walk the streets in broad daylight? Why should the innocent victim be the one removed from the community?" New York Gov. Hugh Carey put the problem succinctly last winter. "A 15-year-old killer may be too young to send to prison," he said, "but he is too dangerous to return to the streets."

TOUGH TACTICS

Many states are searching for a new line between the point at which a teenager can still be rehabilitated and the time when he should be treated like an adult criminal. Most states cut off juvenile treatment at the age of 18, and allow courts to waive youngsters to adult courts at 16 for such serious felonies as murder and rape. Two years ago Georgia decided that capital felons could be tried in adult courts at 13, and this year New Mexico lowered to 15 the age at which defendants could be tried for first-degree murder. In California, the waiver age of 16 for serious crimes is discretionary, but the Los Angeles district attorney's office is pushing to make it mandatory.

But merely lowering the age at which all juveniles become adults in the eyes of criminal law may serve little purpose. "Kids today have a greater wealth of knowledge about adult life than children years ago," says child psychologist Lee Salk, "but this sophistication doesn't mean that youngsters are better able to cope with their impulses."

What most law-enforcement officials would prefer is firmer treatment of the hard-core delinquents, who commit a disproportionate share of all juvenile crimes, especially the violent crimes. In a major study published three years ago, University of Pennsylvania criminologist Marvin Wolfgang and his colleagues found that of 10,000 Philadelphia boys born in 1945, only one in six had ever been arrested for more than one offense. Six per cent of these, however, had committed five or more crimes and that group accounted for 66 per cent of all violent crimes.

Law-enforcement officials contend that the hardened teen-age criminal must learn that he will not be coddled but will pay a quick, sure price for repeated, violent crimes. "I don't put the blame for crime on discrimination or poverty or TV," says Brooklyn assistant police chief Jules Sachson. "I put it squarely where it belongs, on the lack of a deterrent. These kids are getting more violent because they know they can get away with it. We would stop it tomorrow by putting them away to stay."

Tough tactics for the few, however, do not reach the occasional or potential young offenders, and authorities have not given up on them. "If you can't rehabilitate a 13-, 14- or 15-year-old, who can you rehabilitate?" asks Charles Schinitsky, head of the New York Legal Aid Society's juvenile-rights division. At California's Hidden Valley Ranch School, near San Francisco, youngsters are put through a 90-day evaluation period before they are guided into a rehabilitation program. In New York, which like other states has been accused of warehousing its charges, the Division for Youth is attempting to increase preventive counseling. But though local, state and Federal officials are all groping for answers, few have confidence that they will be found soon.

TOURING THE TROUBLE SPOTS

Last year, over stiff opposition from the White House, Congress passed the first comprehensive Federal law to deal with juvenile crime. Chiefly, the act authorizes Federal grants to develop community programs aimed at preventing delinquency. "The only way to deal with the problem is to start early enough," says Indiana Sen. Birch Bayh, whose juvenile-delinquency subcommittee pushed the measure. The Ford Administration, giving the program low priority, has reluctantly committed only $25 million, one-third of the budget request. Juvenile crime costs the U.S. $12 billion annually, responds Bayh, and "if we think we're saving money this way, we're kidding ourselves."

How would a community crime-prevention program work? Detroit has hired 25 civilian youth advisers, all with college experience, who tour potential trouble spots learning to know the kids better. These advisers work with probation officers in counseling first and second offenders and their parents. Cleveland has started a touring panel, made up of a policeman, judge, lawyer and teacher, that discusses the law and answers questions for junior-high-school students. San Francisco last year established a "diversion" plan that treated 77 youthful auto thieves, only four of whom have since committed another crime. Under the plan, the youth and his parents signed a contract enrolling the offender for six months in a community counseling program sponsored by agencies such as the YMCA. The pilot project was successful enough that the city is extending it this year to nearly 300 delinquents. But the money will run out by the end of the year and the program may die.

NO ANSWERS

One simple way to unclog the juvenile courts would be to eliminate status offenders, who are not criminals, from their jurisdiction. "You can't use courts, judges and lawyers to rehabilitate kids," says Patrick T. Murphy, the former director of Chicago's Legal Aid Society juvenile office. "Obviously some are thugs and belong in prison. Why charge youngsters with delinquency, though, just because they got into a fight, ran away or cut school?" But retired Judge Justine Wise Polier, an official of the Children's Defense Fund, contends that many families need a court's help. "These parents file status petitions only when they are at their wits' end," Polier says, "when they are terrified that the children are going to destroy themselves or commit a really serious crime." The issue is now causing fierce debate in the entire juvenile-justice system, but no solutions are in sight, partly because if the courts are no longer to deal with these children, no one really knows who will.

For the moment, no one is sure what to do about almost anything in the juvenile-justice system. "I'm not going to tell you it's not hopeless," says University of Virginia Law School dean Monrad G. Paulsen, "because it may be hopeless." "The juvenile-justice system suffers from lack of a constituency," says New York's Luger. "Nobody gives a damn until some kid commits murder or sodomy in their neighborhood and then there's hell to pay."

On some propositions, everyone can agree. Juvenile crime must be controlled. Violent young criminals must be punished. Children who suffer from forces over which they have no control must be treated. Youngsters must have protection by the law and from the law. Yet down every avenue, so many interests clash—so many factors interplay—that the solutions remain tantalizingly out of reach. "There are no quick answers," warns Justice Joseph B. Williams, chief of New York City's Family Court. "All of a sudden, the juvenile-justice system is supposed to come up with an answer that wipes out all the experience in a child's life and all that has been done to him. I don't think any system can do that." Juvenile justice, troubled as it is by its own failures, is just like the youngsters—as much victim as offender.

OIL MAGNATE ARMAND HAMMER PLEADS GUILTY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Washington Star, of October 1, 1975, proclaims that oil magnate Armand Hammer has pleaded guilty to illegally concealing campaign contributions to former President Nixon. There is much more to Armand Hammer than that. Whatever he contributed to former President Nixon, he certainly received back in spades in lucrative East-West trade. The story from the Washington Star follows as well as a recent article from the Review of the News for October 1, 1975, in order to expand on the strange background of this "mere" oil magnate.

Those who have followed the trail of the Hammer family have noted a policy of support for internationalist objectives. This has at times included support to international Communists and at times support to those who have espoused the objective of a New World Order. The Hammer support has been consistent with the Jan Kozak formula of pressure above and pressure below. The Jan Kozak—Czechoslovakian Communist strategist—maneuver has had Hammer support at both ends of the pincer.

The articles follow:

[From the Washington Star, Oct. 1, 1975]

Oil Magnate Armand Hammer Pleads Guilty

Multimillionaire Armand Hammer pleaded guilty today to illegally concealing $54,000 in contributions to the 1972 re-election campaign of former President Richard M. Nixon.

Chief U.S. District Judge William B. Jones accepted the plea from the Occidental Petroleum Corp. chairman and said a date for sentencing would be set later. Hammer, 77, was released without bond.

The plea came after a highly unusual series of exchanges between the slight, gray-haired Hammer and the judge. When the judge asked if Hammer understood that a guilty plea could result in imprisonment, Hammer demurred.

Hammer replied that whether he could be sentenced to jail was legally disputed.

At least six times Jones asked if Hammer understood the possibility of imprisonment. Each time Hammer said that the matter was disputed.

Finally the judge said, "If I cannot get an affirmative answer to that (question), I cannot accept this plea."

He called a recess to allow Hammer to consult with his attorney, Edward Bennett Williams.

On his return, Hammer again was asked if he understood he faced the possibility of imprisonment by pleading guilty.

Hammer quietly replied, "Yes, sir."

The money was funneled through former Montana Gov. Tim M. Babcock, who pleaded guilty nearly 10 months ago to similar charges. Babcock was a vice president in Occidental's Washington office.

After Hammer's plea was accepted, a spokesman for Occidental issued a statement saying that the charges against its chairman did not involve any corporate funds.

At issue was an ambiguous section of the law which defense lawyers have interpreted as prohibiting any jail term.

Another section of the statute sets a maximum one-year jail sentence and $1,000 fine for each violation. Hammer pleaded guilty to three separate counts.

The information, or charge, to which he pleaded said three separate contributions totaling $54,000 were made by Hammer but listed as coming from Babcock and four other men.

Asst. Special Prosecutor Thomas McBride said in addition to those specific charges, an apparent cover-up attempt was made to conceal the contributions as various Watergate investigations got under way.

McBride said Hammer was aware of an attempt to attribute the $54,000 to a fictitious loan source. Later, the prosecutor said, false answers were given in response to a questionnaire sent by the Senate Watergate committee.

The prison term issue forms a major portion of an appeal by Babcock before the U.S. Court of Appeals, which is expected to rule on the issue within a few months.

However, Jones told Hammer that regardless of the appeal, Hammer could receive the maximum three-year jail term.

[From the Review of the News, Oct. 1, 1975]

Correction, Please!

Item: From Abigail Van Buren's column "Dear Abby" for September 8, 1975:

"If you enjoy biographies, beg, borrow or buy "The Remarkable Life of Dr. Armand Hammer," by Bob Considine. It's a fascinating book about one of the world's most successful, creative, talented, yet warmly human men of our time. I loved it!"

Item: From the book jacket of "The Remarkable Life of Dr. Armand Hammer:"

"Bob Considine documents the life of one of the most fascinating and successful private entrepreneurs of all time."

CORRECTION

To speak of Armand Hammer as a "private entrepreneur" is a travesty of language. A socialist by conviction, Hammer made his fortune in Communist Russia because his close friends Lenin, Khrushchev, and Brezhnev guaranteed his monopolistic ventures.

When the "capitalist" Armand Hammer arrived in the Worker's Paradise, shortly after his graduation from Columbia University in 1921, the Communist gangsters greeted him warmly as the son of a founder of the American Communist Party. Hammer was soon developing various enterprises for the Communists and receiving very special treatment from Lenin. For example (union men please note), Lenin promised "full protection of our government" against any labor troubles. In other words, Hammer accumulated his wealth in the U.S.S.R. by keeping his employees under the gun of the secret police.

One of Armand Hammer's more successful ventures was manufacturing pencils in a factory he built in Moscow. Hammer admitted in his book, "The Quest Of The Romanoff Treasure," that Lenin's Government supported the venture by banning all pencil imports. That, wrote Hammer, "gave us further stimulus as we were enjoying a virtual monopoly." Considine and Dear Abby would have us believe that Hammer was an entrepreneur in the American sense of the word, when in fact he was the beneficiary of slave labor and an exploitative monopoly.

Considine quotes Dr. Hammer describing Lenin as follows: "To talk with Lenin was like talking with a friend one knew and trusted, a friend who understood. His infectious smile and use of colloquial expressions, even slang, his sincerity and natural ways, put me completely at my ease. He has been called ruthless and fanatical, cruel and cold. I refused to believe it. It was his intense human sympathy, his warm personal magnetism and utter lack of self assertion or self-interest that made him great and enabled him successfully to hold together and produce the best from the strong and conflicting wills of his associates."

The facts about Lenin during the years that Armand Hammer dealt with him were summarized as follows in the American Legion magazine for April 1970: "Once in power he founded the oppressive 'dictatorship of the workers and peasants,' the Cheka or secret police, the Revolutionary Tribunals (imitated later in Castro's Cuba), concentration camps, the four year civil war, the cult of the modern dictator and the international Communist revolutionary apparatus. All of these deeds were accomplished by Lenin in the short space of six years, from 1917 until 1924 when he died, presumably of a stroke. . . . The toll in lives stemming from those six Lenin years was a staggering twelve million victims." There is no mention of any of this in Considine's biography of Dr. Hammer.

The brutal suppression of the Russian people, from which Armand Hammer has profited so handsomely, even being paid at one point in art objects stolen by the Bolsheviks from the murdered aristocracy, has continued down to the present day. The Senate Internal Security Subcommittee reported in 1971 that organized mass terror has always been "a cardinal tenet of Bolshevik policy" and that it has been responsible *for the* deaths of "nearly 35 million human lives as a minimum estimate, and 45 million as a more probable estimate," all at the hands of Dr. Hammer's good friends. But we hear not a word of this from Bob Considine, and Dear Abby calls Hammer "warmly human."

Certainly Aleksandr Solzhenitsyn has recognized the significance of Armand Hammer and phony capitalists like him. Solzhenitsyn told a huge audience in Washington, D.C., on June 30, 1975, that there is an "alliance between our Communist leaders and your capitalists. This alliance is not new. The very famous Armand Hammer, who is flourishing here today, laid the basis for this when he made the first exploratory trip into Russia, still in Lenin's time, in the very first years of the Revolution. He was extremely successful in this . . . mission and since that time for all these 50 years, we observe continuous and steady support by the businessmen of the West of the Soviet Communist leaders.

"Their clumsy and awkward economy, which could never overcome its own difficulties by itself, is continually getting material and technological assistance. . . . And if today the Soviet Union has powerful military and police forces—in a country which is by contemporary standards poor—they are used to crush our movement for freedom in the Soviet Union—and we have western capital to thank for this also."

Hammer selected as his biographer a writer who could be counted upon to tell the story as he, Hammer, wanted it told. Considine obligingly overlooked the Communist record of Hammer's father and the record of bestiality compiled by Lenin, Khrushchev, and Brezhnev—all with the help of Dr. Hammer. We know that Lenin called Armand Hammer *Comrade*. What do you suppose Hammer calls Considine?—W.E.D.

SENATE—*Thursday, October 2, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. PATRICK J. LEAHY, a Senator from the State of Vermont.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, the Father of Man and the Ruler of Nations, we thank Thee for this Nation, born in Thy faith and nourished in Thy truth. We commend to Thy care and to the guidance of Thy spirit all who serve in the Government that they may be given wisdom and strength to know and to do Thy will. Amid all the turbulence and changes of the present age may all the people hold steadfast to that vision of an order whose builder and maker is God.

Now unto Him that is able to keep you from falling, and to present you faultless before the presence of His glory with exceeding joy; to the only wise God our Saviour, be glory and majesty, dominion and power, both now and ever.—Jude 1: 24, 25. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 2, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. PATRICK J. LEAHY, a Senator from the State of Vermont, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. LEAHY thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, October 1, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE RESOLUTION 228 PLACED UNDER "SUBJECTS ON THE TABLE"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 352, Senate Resolution 228, be placed under the heading "Subjects on the Table."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CERTAIN BUDGET AUTHORITY RESCISSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to consideration of Calendar No. 395, H.R. 9600.

The bill (H.R. 9600) to rescind certain budget authority recommended in the message of the President of July 26, 1975 (H. Doc. 94-225), transmitted pursuant to the Impoundment Control Act of 1974, was considered by unanimous consent, ordered to a third reading, read the third time, and passed.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar under New Reports.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

U.S. ADVISORY COMMISSION ON INFORMATION

The legislative clerk proceeded to read the nominations in the U.S. Advisory Commission on Information, as follows:

Arthur C. Nielsen, Jr., of Illinois, to be a member of the U.S. Aid Advisory Commission on Information, and George H. Gallup, of New Jersey, to be a member of the U.S. Advisory Commission on Information.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The legislative clerk proceeded to read sundry nominations in the diplomatic and foreign service placed on the Secretary's desk.

Mr. MANSFIELD. I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

(All nominations confirmed today are printed at the end of the Senate proceedings.)

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

SENATE JOINT RESOLUTION 16 PLACED UNDER "SUBJECTS ON THE TABLE"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 10, Senate Joint Resolution 16 be placed under the heading "Subjects on the Table."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the majority leader seek recognition?

Mr. MANSFIELD. Mr. President, I yield my 5 minutes to the Senator from Kentucky (Mr. FORD).

Mr. FORD. I thank the majority leader.

Mr. President, I have a few remarks I would like to make and shall take approximately 5 minutes.

WHERE DOES THE PRESIDENT OF THE UNITED STATES REALLY STAND?

Mr. FORD. Mr. President, I am compelled to express my disappointment, and in fact, my wonderment, over recent actions and comments by the President of the United States, Gerald Ford.

Once more, President Ford has demonstrated his lack of concern toward the tobacco farmer by vetoing the tobacco support bill. This was a noninflationary measure. This was a means by Congress to help over 600,000 farm families. This was a means by Congress to help prevent the influx of foreign tobacco or synthetic sources.

To those who would oppose the growth of tobacco in this country, I hope they know that over 164 million pounds of burley tobacco was imported into this country in the year 1974.

In all candor, I cannot understand his insensitivity toward the small farmer whose very livelihood rests with tobacco production.

Just this week, President Ford said he at one time had an ambition to be an FBI agent. That may be true, but it is obvious he never had any ambition to be a farmer, and I can assure you that farming is also a most honorable vocation.

As a matter of fact, I wonder what this President really feels toward domestic needs in our country. He says he is against forced busing, but then turns around and admits he will not support a constitutional amendment to eliminate forced busing.

Where does this President really stand?

He claims to support education, but turns around and vetoes the educational appropriations bill.

Where does this President really stand?

He goes right along with an increase in salary for Members of this body, for high level Government employees, and others, but he will not give the farmer a price support boost which, in effect, helps guarantee that tobacco grower's ability to get a loan on his crop.

Where does this President really stand?

We have heard him speak out against abuse by Federal regulatory agencies. I even attended a White House meeting on how improvements can be achieved. Yet during all of this rhetoric, and I might say rhetoric for political rallies, has anyone questioned why, after 20 years in the House of Representatives, he suddenly is against overregulation?

Where does this President stand?

The same holds true in so many other areas—in jobs for the summer, in new housing, in nurses training. All of these are domestic needs, and we only have to look at his vetoes to logically question where his real priorities are.

If ever this country needed a bond of cooperation between the White House and Congress, it is now. Yet, we do not have it, and the prospects are growing dimmer. Time and again, President Ford has criticized Congress, and let me say, Mr. President, we are not immune from criticism, nor should we be free from criticism. But neither is this President, who serves without a national mandate, but acts in defiance of those of us who are here by mandate. That mandate is the vote of the people, who also are asking, Where does this President really stand?

I thank the majority leader for the time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Oklahoma (Mr. BARTLETT) is recognized for not to exceed 15 minutes.

NEW YORK CITY'S FINANCIAL CRISIS

Mr. BARTLETT. Mr. President, a default by New York City on its bond payments would have serious repercussions among the holders of the debt as well as among municipal financial markets in general. The city moves from one financial crisis to another, virtually living on a hand-to-mouth existence.

The financial bankruptcy of New York City is still up in the air. The political bankruptcy of the policies which have brought this great city to such a low state is unequivocal.

Understandably, New Yorkers often express the fear that those who represent other sections of the country are insensitive to the special plight of their city.

It has been charged that non-New Yorkers are insensitive to the "generosity" which New York City has always displayed to those in need—immigrants from distant lands, the homeless, and the poor. In fact, Oklahoma itself springs from a tradition of similar concern about people. Our difference is not in attitude, but in the philosophy of how we believe Government can go about dealing with problems of people. As Oklahoma's generous sponsorship of Vietnamese refugees demonstrates, we want to help people, too, but we want to help them help themselves. We no longer believe in overpromising or overspending.

Just as New Yorkers are now discovering, the people of Oklahoma learned the hard way that Government cannot be all things, do all things for all the people, and do it on borrowed money—without eventual disaster.

In the early years of Oklahoma statehood, the State government undertook ambitious spending projects. At one point, the cumulative State debt had reached $36 million and the State was forced to sell short-term warrants to meet its payments.

So, financial crisis, resulting from a big heart but an empty pocketbook, is not a new observation for Oklahomans.

The point which I bring to my colleagues is the manner in which we dealt with our crisis. The people of Oklahoma, in 1941, enacted a stringent budget bal- today. The price of overspending is dev- ancing amendment which stands strong astating, but Oklahomans paid that price. I recognize that stringent economies of government will not be easy to face for the leaders of New York, but it must be done.

In the end, a New York City which is on a sound financial footing will be of far greater benefit to all its citizens than a New York City which is staring bankruptcy in the face.

It is simply a myth that an adequate, decent, and human quality of life is inconsistent with sound and prudent standards of financial management. I might point out that in a survey earlier this year Oklahoma was one of only two States which had two cities in the top 10 based on the quality of life—Tulsa was second and Oklahoma City was ninth.

According to Treasury Secretary William Simon, expenditures have been increasing in New York at the rate of 15 percent per year, while revenues have been growing at only 8 percent per year. The per capita expenditures of New York City are far above those of other American cities. As a comparison, one can cite the per capita debt outstanding and per capita Government expenditures, using 1971 Department of Commerce data. I ask unanimous consent that this comparison table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

THE 1971 PER CAPITA OUTSTANDING DEBT AND ANNUAL EXPENDITURES

	Debt	*Spending*
New York	$1,287.54	$1,207.40
Chicago	361.12	258.54
Los Angeles	550.71	309.13
Houston	392.54	156.44
Seattle	230.32	446.33
Philadelphia	571.58	395.90

The 1971 expenditures of New York City are greater than the combined expenditures of the next 24 largest cities, composing over 23 million people—though New York has but 8 million people.

Mr. BARTLETT. Mr. President, according to Fortune Magazine, during recent months New York City has repeatedly entered the market to sell more and more debt, while during their last fiscal year, Boston, Baltimore, Los Angeles, Philadelphia, Denver, and San Francisco all operated without debt or paid back any temporary borrowings by the close of the fiscal year.

Any solution to New York City's problem which fails to face up to the facts of economic life is no solution at all, and merely puts off the inevitable. Because the citizens of Oklahoma and many other governments can, and must, live with a balanced budget, there is no reason why they should be asked to support the refusal of New York City to do so.

The people of Oklahoma do not understand why they should be asked to subsidize the extravagant *programs* which New Yorkers apparently desire, such as the free college tuition and municipal employee salary and retirement benefits, which are far more generous than most Oklahomans working in private enterprise have.

What is particularly frightening to me is that the same political policies which have brought New York to its knees are still in vogue here in Washington. The majority of Congress still believes that the way to solve a problem is to throw money at it—and, for good measure, create a new agency.

The plight of New York City stands before us as a stark vision of what is developing on a national scale. All of the elements which have produced economic stagnation in Britain and financial chaos in New York are flourishing in Washington and continue to form the foundation for the majority wisdom of Congress.

The manifestations of the stagnation caused by excessive big government are growing throughout our economy: The death of individual initiative, mistrust of private enterprise, and bureaucratic regulations which entangle business and distort the marketplace.

Every failure of big government is greeted not with a call for less government, but with urgent cries for still more government.

To pay for this increasing burden, our tax system squeezes the middle class and business while viewing profits as something to be ashamed of rather than essential to economic growth. The problems of New York City were aggravated when these groups said that they had had enough of high taxes and big governments—enough of the helplessness of the taxpayer against the conspiracies of big government politicians and big labor bosses—they fled New York for the suburbs. But where can the American people flee when their National Government reaches the point of bankruptcy.

It was only the direct intervention of the State government which avoided a default of New York City's September bond payments. The effect on the interest rate required of New York State bonds was immediate. Investors sensed that no real solution to the problem of New York City had been found, and, more disturbingly, that the financial integrity of the Albany government is no longer as secure as it had been. I would like to point out that the State of Oklahoma is prohibited from bailing out a bankrupt city or town. The mayors and city councilmen of Oklahoma know they cannot go begging to the Governor and State legislature if they cannot pay their bills.

Before State intervention, New York City and the Big Mac could not find purchasers for their debt. New York City was saved by the direct intervention of the finances and full faith and credit of New York State. To whom does the Federal Government turn in 20 or 30 or 50 years when the public debt becomes so overwhelming that the Secretary of the Treasury is unable to sell Government bonds?

New York City is now confronted with its "day of reckoning." If Congress pursues its present fiscal policies, the Federal Government cannot escape the same fate.

The Federal Government has received several proposals to "bail out" New York City. Secretary Simon and the administration have wisely rejected these proposals.

Now, it is Congress which must have the backbone to say "no." We have before us several proposals for various forms of Federal intervention in the New York City financial crisis. Some measures would have the Federal Government guarantee municipal securities directly for localities through a Federal version of the Big Mac. The distortions which would be caused in bond markets by selective intervention are unknown, but there is no reason to reward the wayward at the expense of those cities which have acted responsibly. To get a drunk home safely, you do not give him another beer and the keys to your car.

Also, there are proposed amendments to allow an advance of two periods of revenue sharing funds. Besides the same argument which I have just elaborated, this is really no solution at all. It is only a predictable rerun of all the proposals to simply postpone the inevitable. The idea that 1- or 2-month bailouts will solve what is basically wrong in New York City is a fantasy. It would be unfair to endanger the future of revenue sharing with this tactic.

Those responsible for the politics of "overspend, overpromise, overspend" must bear the responsibility of telling New Yorkers in clear and uncompromising terms that the party's over—that they must start paying for the free lunches. This is the only real solution to the threatened default by our Nation's largest city.

I hope that the frightening spectacle of what is happening in New York City will alert us in the Congress to the most overriding fact of life—a government cannot live indefinitely beyond its means.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes.

NEW YORK CITY'S FINANCIAL CRISIS

Mr. HARRY F. BYRD, JR. Mr. President, the able Senator from Oklahoma has made an excellent presentation of a very important matter. The question will probably be before Congress as to whether the Federal Government should guarantee New York City bonds and, in effect, bail out that city from its financial difficulties.

The Senator from Oklahoma brought out vividly that the city government is being operated at a cost of from 2 to 4 times higher per capita as compared to the cost of other major cities of our Nation. The per capita cost of government in New York City is over $1,200, while the average per capita cost of other cities in the United States is $295.

Mr. BARTLETT. Will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Oklahoma.

Mr. BARTLETT. I congratulate the Senator from Virginia for his leadership in this area. He has been speaking out very strongly and effectively and convincingly to the people, not only of his own State of Virginia but to his colleagues and the people of the United States, as to what a mistaken course it would be for this Congress to guarantee the indebtedness of New York City. I congratulate him for this leadership.

Mr. HARRY F. BYRD, JR. I thank the Senator from Oklahoma. I think it would be a tragic step for the Federal Government to take to become involved in the problems of the many cities throughout the Nation.

I commend President Ford for his strong and determined opposition to a bailout for New York City.

President Ford has taken this position despite tremendous pressure which has been put on him. He has faced tremendous pressure from the politicians in New York and from most of the New York delegation in Congress, which is the second largest delegation in Congress.

More recently, he has faced tremendous pressure from the bankers in New York City, whose banks hold many of these bonds. Naturally, they would like to be bailed out. But I do not believe the Federal Government should become involved in bailing out the banks of New York City in regard to the tax-exempt bonds which they hold.

Those who have bought these New York City bonds have received tax-free interest, thus, very high interest rates. Undoubtedly, the bonds have been bought up by speculators as well as by the banks. Some bonds are yielding 12 to 13 percent tax free. In this free enterprise system of ours, as I conceive it, the people in our country have the opportunity to make a success of an enterprise, but if they lose, then they must take the consequences and not seek to have the Federal Government make up for their losses.

I am very glad that the able Senator from Oklahoma raised this question on the floor today. His comment on this situation will be tremendously helpful. I commend him and I commend President Ford. I hope he will continue to stand firm—and I believe he will.

I talked with him at the White House this morning. He gave every indication of continuing to stand firm on this issue.

If he does, I am convinced that Congress will never go along with guaranteeing the bonds of New York City.

It would create a bottomless pit. There would be no end to the demands that would be made on the Federal Government from politicians throughout our land.

One industry it probably would help, however, is the airlines. Public officials from throughout America would be coming to Washington to be bailed out of their self-created difficulties. It would help the hotels in Washington, D.C., because they would be filled with people from all areas of the Nation.

I am convinced, from getting around the State of Virginia, and I do that with great frequency, that the average citizen of our Nation does not want his tax dollars used to clean up the mess created by New York City politicians. They must face the consequences and get spending under control. This is not anti-New York talk. I would take that same position against any city, whether it be in Virginia or New York or California or Mississippi or what have you, that seeks to have the Federal Government guarantee its bonds.

FULL DISCLOSURE OF COMMITMENTS IN THE MIDDLE EAST

Mr. HASKELL. Mr. President, I ask unanimous consent that the distinguished Senator from North Carolina (Mr. HELMS) be added as a cosponsor to Senate Resolution 245.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HASKELL. Mr. President, Senate Resolution 245 is the resolution that I introduced with the Senator from Oregon (Mr. HATFIELD) on September 17, to make public all U.S. commitments either to Israel or to Egypt. I would like to read for the record the letter from the distinguished Senator from North Carolina (Mr. HELMS) dated September 30, 1975:

> DEAR FLOYD: I would be pleased to join as a co-sponsor on S. Res. 245, introduced by you and Senator Hatfield. It seems to me to be crucial to establishing a national consensus for the public at large to have the firm conviction that their representatives are voting upon this momentous issue with complete knowledge. Indeed, my only reservation about S. Res. 245 is that it does not go far enough, and ought to include disclosure of agreements between other parties, instead of just the bi-lateral agreements of the United States. If we are going to support peace-keeping arrangements, we are entitled to know the full extent of those arrangements. You may want to consider modifying your resolution when it comes to the floor, or I could propose such an amendment myself if you prefer.
>
> I am enclosing a complete text of my remarks on the floor last week, to which you so graciously made reference.
>
> Sincerely,
>
> JESSE.

Mr. President, I would like to point out that after Senator HATFIELD and myself introduced Senate Resolution 245 on September 17, this resolution has been cosponsored by the Senator from South Dakota (Mr. ABOUREZK), the Senator from California (Mr. CRANSTON), the Senator from North Dakota (Mr. BURDICK), the Senator from Maine (Mr. HATHAWAY), the Senator from Connecticut (Mr. WEICKER), and the Senator from North Carolina (Mr. HELMS).

I would like to point out that this desire for complete disclosure to the American public of agreements not only has bipartisan support, but cuts across the entire political spectrum of this institution.

NATURAL GAS EMERGENCY ACT OF 1975

UNANIMOUS-CONSENT AGREEMENT

Mr. HASKELL. Mr. President, I am going to turn to another matter. I have a unanimous-consent request which I made yesterday. At that time, the Senator from Arizona (Mr. FANNIN) had an objection.

Since then I have talked with him twice and he does not object. I talked to the Senator from Kansas (Mr. PEARSON) this morning, and he does not object.

I have talked to the Senator from South Carolina (Mr. HOLLINGS), the Senator from Ohio (Mr. GLENN), and there apears to be no objection on either side.

My unanimous-consent request is that at the hour of 4 p.m. this afternoon the reserve reporting amendment which I discussed and which I will introduce on behalf of myself, Mr. HATHAWAY, Mr. HUMPHREY, Mr. RIBICOFF, and Mr. STEVENSON, will be voted upon. This amendment will be offered either to the amendment of the distinguished Senator from Kansas (Mr. PEARSON), if he prevails on the previous vote, or will be offered as a perfecting amendment to the Hollings amendment, if he does not prevail.

I would also request that whoever has the floor prior to the vote on my amendment not lose the right to the floor. In other words, they will have the floor after my amendment is voted upon.

I would also request if a Senator moves to table my amendment the motion be in order, but should I prevail on the tabling motion the vote upon my amendment occur immediately following thereon. I intend to ask for the yeas and nays at a later time.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. HASKELL. I yield.

Mr. PEARSON. I have not read the Senator's amendment very carefully, but I have looked it over. As a matter of fact, it is almost identical with section 7 of the bill we have.

I concur in the Senator's view that broad and extensive powers of investigation, factfinding, are essential for the Federal Power Commission. They have asked for them for a number of years.

If it turns out that the so-called Pearson-Bentsen amendment is the vehicle to attach this to, it would be my intention to urge my cosponsors to accept the Senator's amendment. In the event he wants to go ahead and get a record vote, he might include that in his unanimous-consent request.

Mr. HASKELL. I appreciate the remarks of the Senator.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous-consent request?

Mr. MANSFIELD. Mr. President, I understand this has been cleared all the way around and, on that basis, I urge its adoption.

The ACTING PRESIDENT pro tempore. Is there objection to the request? Without objection, it is so ordered.

NUTS TO TIME

Mr. MANSFIELD. Mr. President, in the September 22 issue of Time there was an article on Butte, Mont., which certainly did not sit well with me and does not sit well with the people of Butte nor with the people of the State which I have the honor to represent.

Time, in that article, refers to Butte by saying, "Today it is shabby because it is dying."

It is true that Butte is not one of the most beautiful cities in the United States, but it certainly is one of the most picturesque and, as far as its people are concerned, they just do not come any better.

Butte is a city in which I worked in the mines for 9 years, where I met my wife, who was a teacher in the Butte High School, and where I got my start in higher education by attending the Montana School of Mines, now known as the Montana College of Science and Technology. It is, incidentally, one of the great mining schools in the world, and it has a reputation which is surpassed by few, if any, other institutions of like caliber.

It has the opportunity not only to teach theory but also to put into effect the practice of mining and metallurgy because the degrees which are forthcoming from Montana Tech are in mining, engineering, metallurgy, geology, and petroleum engineering, just to mention a few.

Furthermore, Butte is going to be one of the coming centers in the area of magnetohydrodynamics, usually known as MHD, and the groundwork has been laid there for an expansion of this most important program in the development of coal for use for electrical purposes, and to do it in a way which will reduce the cost and make it a cleaner fuel.

Time indicates that Butte will run out of ore reserves in a decade. As a matter of fact, on the basis of the latest information given to me by the Anaconda Co., they have reserves there for at least 50 years, possibly longer, and the reserves are of a higher grade than those which have been worked up until recently.

It is true that there is a good deal of unemployment in Butte at the present time because of the low price of copper. But it is not true to refer to Butte as shabby nor as dying because, while many epithets of that sort have been applied to Butte in the years and decades gone by, none of them has borne fruit.

I recall, for example, when some FBI agent was testifying before a committee of Congress some 10 years or so ago he mentioned the fact that because he did not carry out the orders of J. Edgar Hoover, as he was supposed to, he was being exiled to Siberia, and Siberia meant he was being exiled to Butte.

Well, Butte is not Siberia. It is the headquarters of the Montana-Idaho District of the FBI. Approximately 35 agents are stationed there, and the record of that group of agents will compare with the record of any other group in any other part of the country.

Furthermore, Butte is surrounded by a beautiful scenic area, good hunting, good fishing, good hiking, and if I were a member of the FBI I would say, frankly, I would not know of a better place to which to be assigned, to raise a family, to be away from the social difficulties which confront the urbanized, congested East and West, and a place where one can really live as Americans used to live in decades gone by.

So I want to ask unanimous consent, Mr. President, that an editorial on the front page of the Montana Standard—this is most unusual—entitled "Nuts to Time" by D. R. Campbell, Jr., publisher of the Montana Standard, be incorporated at this point in the RECORD. I hope that those detractors of Butte from now on, who do not know what they are talking about, will take the opportunity to go to Butte, see what it is really like, become acquainted with the finest people I have ever known, and to read this editorial by Scotty Campbell, which I request be printed in the RECORD at this time.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Montana Standard, Sept. 28, 1975]

NUTS TO TIME

(By D. R. Campbell, Jr.)

Time magazine's blast at Butte in its Sept. 22 issue is irresponsible journalism and certainly not worthy of a publication of that stature. Some of Time's statements are true, but more are completely false and misrepresented. The worst aspect of the story is the "slant" or feeling left with the reader that Butte's days are numbered, God rest her soul. Or as Time says of Butte: "Today it is shabby because it is dying."

Nuts!

A lot of publicity seeking people and uninformed publications have been saying that about Butte for the past 40 years. It hasn't happened, and won't happen for some time to come! Certainly not in this century.

So, what about the Time inaccuracies?

The article says Butte's population "which stood at 80,000 during the boom early in the century, has plummeted to 24,000 as many citizens fled in search of employment.

The fact is that while the 80,000 figure was a total count, the 24,000 figure is a city limits corporate population figure that ignores 18,000 Butte people that live in the country, contiguous with the city population and within 5 miles of the city center. Butte's population is actually 42,000 plus, and use of the gerrymandered corporate figure is completely deceptive.

Time inaccurately said further, "With the remaining ore reserves due to run out in a decade, (emphasis ours) the next step would be to dig into the rest of the mineral-rich hill on which the city stands."

Fact is that as recently as Aug. 28, the Anaconda Co. confirmed reports that in addition to other long-known reserves, a higher quality ore zone has been discovered beneath the Berkeley Pit. Company geologists figure 2 or 3 times as much copper remains under the Hill, as has been mined already. A long-time supply of reserves is here, deposited deep in the earth—like money in the bank. However, getting some of this "deep" ore to the surface is an economic problem, but one which is certain to be solved. Estimates of reserves in terms of years of mining range from a conservative 40-50 years to as high as the older ton-for-ton program estimates of 100 years.

It is true that if, and it's a big "if", but not impossible—if Butte can be moved off the Hill at some future date and fair compensation paid to the people and firms displaced and relocated, then the area covered by the "uptown" city could be profitably mined.

Time magazine also said in a blatant blooper, "with the exception of one small bank building, no major construction has taken place in Butte since 1962."

Fact is there has been a tremendous amount of construction in all areas of Butte since 1962. Millions and millions of dollars have been spent in both new building and remodeling in that time span. We need only to cite some of the projects of the past few years to completely rout that statement: Besides the beautiful First Metals Bank building to which Time must have been referring (and that institution has had considerable remodeling and construction since then, including a new drive-in installation completed just this year). Butte has had new and impressive quarters constructed for the Miners Bank of Montana; and for the First National Bank, including a separate and tastefully constructed drive-in building. Also adding to Butte's impressive financial complex is the entirely new and modern Montana Bank of Butte on Harrison Avenue. The relatively new Prudential Federal Savings and Loan structure would be a compliment to any city.

That's just the beginning! How about the substantial new construction and remodeling of the Montana Power Co. state headquarters at 40 E. Broadway; the current $500,000 remodeling of the old Murray Clinic to house Montana Power engineering departments and its sprawling new 46,000-square-foot structure on South Montana Street? The latter will be an M.P.C. central system warehouse.

How about the recent $1.5 million Mountain Bell spent on remodeling its main office and the very recent $3.5 million this telephone utility spent on installation and building in South Butte?

The Butte Plaza shopping center built in 1970 houses 26 retail stores and service firms and represents a sizable investment, including the "anchor" stores—Woolworth's department store, Skaggs and Buttrey Foods. Others in this complex are Austin's Fashions, Buttrey's Suburban, Curls and Swirls Beauty Salon, GAC Finance Co., Gallenkamp Shoes, Gamer Shoes, Goodie Shop, Harrison Avenue Realty and Insurance, House of Fabrics, How Clever Shop, Jay Vee's, Maggi-Ann's Junior Fashions, Mr. Mac, Plaza Barber Shop, Plaza OK Hardware, Plaza Pub, Plaza Family Restaurant, Plaza Twin Theaters and Lenz Cards and Gifts.

What about the medical complexes and clinics that have recently been built up around St. James Community Hospital and in other areas of Butte? They are simply tremendous.

What about commercial real estate complexes such as the new and attractive Executive Village on Front Street that houses a good representation of Butte firms?

What about Bob Ward's, Radio Engineering, Admiral Tape Deck and Showcase, Thurman Supply, Radio Shack, the new Eggers Food store complex; the new Circle K stores; the new restaurants—Country Kitchen, Lydia's, A&W Family restaurant; El Taco, Arctic Circle and John's Pork Chop Sandwich. There are others, too.

For that matter, what about the Ramada Inn and War Bonnet Inn, and the extensive remodeling done at dining-out places like the 4 B's, Terri's and Fred and Millie's Cafe and Lounge?

What about the beautiful new quarters of radio and FM station KBOW, and the recent remodeling done and still remaining to be done by KXLF radio and TV?

What about the new building that Currie Tire-Service put up on East Park Street, and the remodeling done by Cobre Tire?

What about Jim Kraut Chevrolet building and grounds, an all-new dealership complex out on Harrison Avenue; 93 Leasing Co. on Montana Street, the Highland Motor new building on Front Street; Mitchell Ford and Subaru of Butte, both on Harrison Avenue?

How about Montana Tech's newest structure, a $1.5 million classroom-laboratory complex which will be ready for use during this fall semester? That beautiful new Student-Union building was built just a few years ago.

How about the beautiful and tasteful new Richards Funeral Home, the plush new Butte Country Club, and the new Butte Aero Sales building?

Recently completed or still under construction is a $1.9 million nursing home, a new $650,000 community facilities building, a new $2.2 million apartment complex, a new hospital annex, a new public safety building, and Safeway Stores' $1.2 million expansion of its food warehouse. Then there's the Country Club Estates, Sunset Apts. and Hillcrest Apts.

Perhaps 500 new residential units have been provided in Columbus Plaza, Highland View Manor and the Legion Oasis.

There's no way to estimate the number of new homes built in Butte since 1962. But, for openers, we can site the 113 fine homes in the Hillcrest Addition, about 90 similar homes in Highland Park, and dozens more in the Skyway development near the Country Club and along Continental Drive to the Nine Mile.

The Time writer apparently never heard of Evel Knievel, who thinks Butte is a good place to live. He reportedly has invested about $600,000 in his mansion and grounds.

And, just so everyone doesn't think Butte's going to the devil too fast, there have been several beautiful churches constructed in recent years.

If you get into remodeling, the list is endless, but a few outstanding projects include the new J.C. Penney store on Harrison Avenue, Wein's Men's store, and Thomas' Family Apparel on West Park, Diana Hughes, JaVee's of Butte, the Elegant Jon on East Broadway, Hadnagy Photography on West Park, Finlen Hotel, Sportemen of Butte, Daniel Insurance Agency, Inc., and Eddie Thomas Insurance on West Broadway, Ossello's, Marty's Pharmacy, Rudolph's Standard Furniture, D.A. Davidson & Co., Jerry's Mobile Homes, Gilman Excavating, Dugdale Construction Co., General Constructors, Rite-Way Asphalt and Construction, and Moyle-Aanes and Associates.

I have taken the trouble to mention this incomplete, and I emphasize "incomplete" listing mainly to impress on Butte's citizens that Butte has not been stagnant and that we've got a base of modern up-to-date business and service facilities—and that we are in no way "shabby" in the sense Time reported, or a "dying" city. I'm absolutely certain, too, that I've overlooked many construction or remodeling jobs completed in recent years by Butte firms, so wherever I've been guilty of this oversight, it would be appreciated if you'd notify The Montana Standard, and we'll be happy to publish the fact of your construction or remodeling.

One other point. Time magazine's statement that "arson has become common as people who are unable to sell their devalued buildings burn them down for the insurance." There's no argument that the number of fires in Butte certainly suggests arson, but it is a ridiculous, irresponsible position to flatly state that these fires are being set by businessmen to collect insurance, and to make that statement borders on journalistic insanity.

So much for Time magazine. I would hope that it will be big enough to apologize for the damages done to Butte, Mont.

Our city is going to be around for a long time after all of us are gone.

In addition to the future impact of the Anaconda Co., Butte will be the site of a multimillion dollar experimental facility for magnetohydrodynamics (MHD), employing 200 to 300 scientists and professional people. By 1979, Butte will have become an all-important east-west, north-south Interstate hub. The new difference is "Interstate" and this fact will have great impact on our trade sector, as well as increase our tourism economy. We also have great expectations for the Port of Butte and the industrial park. The long-term outlook for Butte is good, and particularly from 1980 on into the future!

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. Leahy) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 10:09 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (S. 2375) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 3 months, with amendments in which it requests the concurrence of the Senate.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 506. A bill to amend the Water Resources Planning Acts to extend the authority for financial assistance to the States for water resources planning (Rept. No. 94-408).

MARITIME APPROPRIATION AUTHORIZATION ACT OF 1975—SUBMISSION OF CONFERENCE REPORT (REPT. NO. 94-407)

Mr. LONG submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1542) to authorize appropriations for fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Earl J. Silbert, of the District of Columbia, to be U.S. attorney for the District of Columbia.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. THURMOND. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nomination of Maj. Gen. George Sammet, Jr., USA, to be appointed to the grade of lieutenant general. I ask that this name be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. In addition, there are 3,015 in the Navy and Reserve of the Navy to the grade of captain and below; and, in the Marine Corps and Marine Corps Reserve, there are 2,434 for appointment to the grade of colonel and below. Since these names have already appeared in the Congressional Record and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the Record of September 3 and 16, 1975, at the end of the Senate proceedings.)

CHANGE OF REFERENCE—S. 545

Mr. PROXMIRE. Mr. President, the Committee on Banking, Housing and Urban Affairs has agreed to request that the committee be discharged from consideration of S. 545, which amends the Small Business Act to provide for compensation for small business and other losses arising out of the disturbances at Wounded Knee, S. Dak.

Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be discharged from consideration of this legislation and that S. 545 be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

REFERRAL OF H.R. 9005 TO THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. HUMPHREY. I ask unanimous consent that H.R. 9005, which has been reported favorably by the Committee on Foreign Relations, be referred to the Committee on Agriculture and Forestry for that committee's consideration of title II of H.R. 9005 with instructions that it be reported back to the Senate not later than October 11, 1975.

Mr. President, H.R. 9005 is an act to authorize assistance for disaster relief and rehabilitation, to provide for overseas distribution and production of agricultural commodities, to amend the Foreign Assistance Act of 1961, and for other purposes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. CHURCH (for himself, Mr. Ribicoff, Mr. Kennedy, and Mr. Williams):

S. 2446. A bill to amend the Social Security Act to freeze medicare deductibles. Referred to the Committee on Finance.

By Mr. EASTLAND (for himself and Mr. Hruska):

S. 2447. A bill to amend title 5 of the United States Code to make it clear that Members of Congress may not, for purposes of State income tax laws, be treated as residents of any State other than the State from which they were elected. Referred to the Committee on the Judiciary.

By Mr. HARTKE:

S. 2448. A bill for the relief of Cesar, Amor M., and Cesar, Jr., Sison. Referred to the Committee on the Judiciary.

By Mr. ALLEN:

S. 2449. A bill to designate the library of the University of Alabama in Birmingham as a depository of Government publications. Referred to the Committee on Rules and Administration.

By Mr. TAFT:

S. 2450. A bill to amend the National Security Act of 1947, as amended, to include the Attorney General as a member of the National Security Council. Referred to the Committee on Armed Services.

By Mr. DOLE (for himself and Mr. McGovern):

S. 2451. A bill to reform the food stamp program. Referred to the Committee on Agriculture and Forestry.

By Mr. HASKELL (for himself and Mr. Gary Hart):

S. 2452. A bill to authorize the Secretary of Transportation to approve construction of a section on Interstate Route 70 as a parkway. Referred to the Committee on Public Works.

By Mr. HARTKE (for himself and Mr. Pearson) (by request):

S. 2453. A bill to authorize the Interstate Commerce Commission to take preventive action when a rail car service emergency is imminent, and for other purposes;

S. 2454. A bill to increase the exemption from Commission approval for certain motor carrier tranfers, and for other purposes;

S. 2455. A bill to amend the Interstate Commerce Act, to grant additional authority to the Interstate Commerce Commission regarding conglomerate holding companies involving carriers subject to the jurisdiction of the Commission and noncarriers, and for other purposes;

S. 2456. A bill to amend the Interstate Commerce Act to allow exemption from regulation when such regulation serves no public purpose, and for other purposes;

S. 2457. A bill to authorize the Interstate Commerce Commission to make its orders effective in less than thirty days for good cause shown, and for other purposes; and

S. 2458. A bill to amend section 20(5) of the Interstate Commerce Act and for other purposes. Referred to the Committee on Commerce.

By Mr. KENNEDY (for himself, Mr. Hartke, Mr. Pastore, Mr. McIntyre, Mr. Durkin, Mr. Pell, Mr. Stafford, Mr. Brooke, Mr. Hathaway, Mr. Clark, Mr. Ribicoff, and Mr. Leahy):

S. 2459. A bill to provide a program for the rehabilitation of the Nation's railroads. Referred to the Committee on Commerce.

By Mr. BUMPERS:

S. 2460. A bill for the relief of Dimitri A. Cotseones. Referred to the Committee on the Judiciary.

By Mr. BROOKE:

S. 2461. A bill to amend the Tax Reduction Act of 1975 to make it clear that refunds based on credits for earned income under section 43 of the Internal Revenue Code of 1954 are to be disregarded in the administration of Federal and federally assisted programs. Referred to the Committee on Finance.

By Mr. BUCKLEY:

S. 2462. A bill to amend title II of the Federal Water Pollution Control Act to provide for State certification. Referred to the Committee on Public Works.

By Mr. CLARK (for himself, Mr. Hugh Scott, Mr. Hartke, and Mr. McGovern):

S. 2463. A bill to insure fair treatment for women and, to carry out the recommendations of the Presidential Task Force on Women's Rights and Responsibilities, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. PACKWOOD:

S. 2464. A bill to revise the Real Estate Settlement Procedures Act of 1974. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. McCLURE:

S. 2465. A bill to accelerate the formation of investment capital required to expand both job opportunities and productivity in the private sector of the economy. Referred to the Committee on Finance.

By Mr. FANNIN (by request):

S. 2466. A bill to amend title XX of the Social Secuirty Act to require that State social services plans comply with the Federal interagency day care requirements, subject to the existing penalties (termination of Federal payments or 3-percent reduction therein) in cases of noncompliance. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHURCH (for himself, Mr. Ribicoff, Mr. Kennedy, and Mr. Williams):

S. 2446. A bill to amend the Social Security Act to freeze medicare deductibles. Referred to the Committee on Finance.

FREEZING MEDICARE HOSPITALIZATION DEDUCTIBLE AND COPAYMENT CHARGES

Mr. CHURCH. Mr. President, on behalf of myself and the Senator from Connecticut (Mr. Ribicoff), the Senator from Massachusetts (Mr. Kennedy), and the Senator from New Jersey (Mr. Williams) I introduce for appropriate reference a bill to freeze the medicare hospitalization deductible and copayment charges.

The administration announced 2 days ago that the medicare hospitalization deductible will increase from $92 to $104 on January 1, 1976.

Under existing law this increase is mandatory because the deductible is adjusted annually according to changes in the average per diem hospital costs covered by medicare.

As things now stand, the part A deductible is scheduled to increase by 13 percent at a time when millions of older Americans are scrimping on limited, fixed incomes.

This sharp increase—coupled with the runaway inflation during the past year—can have the effect of financially crippling many older Americans.

If the increase in the part A deductible goes unchecked, I fear that large numbers of aged persons will simply delay seeking necessary hospitalization—or perhaps wait until treatment is no longer effective.

The $104 deductible would also have a ripple effect—resulting in increased coinsurance charges for nursing home care and lengthy stays in the hospital.

The coinsurance change for qualifying skilled nursing care, for example, would rise from $11.50 to $13 per day for patients who are in long-term care facilities from 21 to 100 days.

Aged patients who are hospitalized from 61 to 90 days would also have their daily coinsurance charge raised from $23 to $26. And medicare beneficiaries who must draw upon their 60-day lifetime reserve would have their coinsurance charge boosted from $46 to $52 per day.

The effect of our proposal is to freeze the hospital deductible and coinsurance charges at their 1975 levels.

Nearly 5.8 million aged and disabled medicare beneficiaries are expected to be hospitalized in 1976.

Our bill can provide long overdue relief for these individuals.

Older Americans now account for about 27 percent of all medical expenditures, although they represent only 10 percent of our population.

Per capita health care costs for the aged amounted to $1,218 in fiscal year 1974, almost seven times the level for individuals under 19 and nearly three times as great for Americans in the 19 to 64 age category.

The harsh reality is that the elderly now pay more in out-of-pocket payments for medical care than the year before medicare became law. In fiscal year 1974 their per capita direct payments totaled $415, or $178 more than in fiscal 1966.

These out-of-pocket payments, moreover, do not include the part B premium, which now amounts to $80.40 per year for an individual.

It is time to put a lid on the rising hospitalization deductible, which hits those hardest who can least afford this cost.

Quite clearly, true security in retirement can never be a reality until our Nation overcomes the mounting health care costs which still pose a serious threat to the economic well-being of the elderly.

For these reasons, I urge prompt and favorable action to freeze the part A deductible at $92 for 1972.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2446

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) (1) Section 1813(b) (1) of the Social Security Act is amended—

(A) by striking out "$40" and inserting in lieu thereof "$92"; and

(B) by striking out "1969" and inserting in lieu thereof "1977".

(2) Section (b) (2) of such Act is amended—

(A) by striking out "1968" and inserting in lieu thereof "1976";

(B) by striking out "$40" and inserting in lieu thereof "$92"; and

(C) by striking out "1966" and inserting in lieu thereof "1974".

(b) The amendments made by subsection (a) shall be effective with respect to services provided after December 31, 1975.

Mr. WILLIAMS. Mr. President, I wish to join my colleagues from Idaho (Mr. Church), Massachusetts (Mr. Kennedy) and Connecticut (Mr. Ribicoff) in proposing a bill to freeze the medicare hospitalization deductible and copayment charges. In the past, I have sponsored legislation to freeze rising medical costs. Therefore, I give my strongest support for this legislation to resist administration attempts to make medicare and copayment charges even more expensive to elderly participants than they now are.

As a member of the Senate Committee on Aging, I have held many field hearings in New Jersey on the needs of our senior citizens. Within recent weeks, I have heard very moving testimony relating to the increasing costs of medical care. Time and time again, the elderly expressed their inability to meet the costs of rising medical bills.

Yesterday the administration stated that the medicare part A hospitalization deductible will increase by 13 percent on January 1, 1976. Under the administration's plan, the out-of-pocket expenses for medicare patients for hospital care would soar. Although this increase is mandatory under existing law, I feel it would be unacceptable to allow such increases in health care while the elderly struggle to adjust to steadily rising prices in budget areas of special importance to older Americans—food, shelter, and energy.

Despite its valuable protection, medicare still covers only 40 percent of the elderly's medical costs. It would, indeed, be a bitter "bullet to bite" to shrink medicare coverage even further. Increasing the deductible from $92 to $104 would result in increased coinsurance charges for nursing home care and lengthy hospitalization. To older persons trying to live at today's prices, such increases would result in a reluctance to seek proper medical care.

Increases in coinsurance charges will create additional hardships on the elderly's budget. Aged persons would see their coinsurance charge raised from $23 to $26 for hospitalized care for periods of 61 to 90 days. For extended nursing home care after release from the hospital, the beneficiary will be charged $13 compared with the present $11.50 for the 21st through the 100th day. Medicare also provides a lifetime reserve of 60 extra days that a beneficiary can use when he needs more than 90 days to recover from an illness. These beneficiaries drawing upon their 60-day lifetime reserve would have their copayment charge raised from $46 to $52 per day. These increases, accompanied by present inadequate compensation for losses in real income, will severely limit availability of health care services to the aged.

This legislation will offer an immediate solution to proposed increases in the medicare part A deductible. It simply freezes the deductible at the 1972 rate of $92 and heads off the increases in coinsurance payments which would follow.

Mr. President, senior citizens are least able to do anything to help themselves due to their limited incomes. We cannot ask them to absorb additional increases in health care. Therefore, I urge quick adoption of this measure to forestall further hardships on the elderly.

Mr. TAFT:

S. 2450. A bill to amend the National Security Act of 1947, as amended, to include the Attorney General as a member of the National Security Council. Referred to the Committee on Armed Services.

Mr. TAFT. Mr. President, I am today introducing legislation that would place the Attorney General on the National Security Council.

In reading the Rockefeller report, one aspect that stood out in my mind was the lack of coordination between those agencies that have jurisdiction over domestic intelligence gathering and those that have jurisdiction over foreign intelligence information. It seems to me that one very simple, yet logical step, would be to place the Attorney General on the National Security Council.

I believe that by placing the Attorney General on the National Security Council two goals could be achieved. The Attorney General could serve as legal adviser to the National Security Council and its decisions on whether or not to undertake a covert operation. By having the Attorney General or his representative at National Security Council meetings, there would be the opportunity to bring the FBI into discussions of any potential need to have domestic surveillance for those rare opportunities when it might be necessary in the national interest. By having the Attorney General on the NSC there could also be coordination between the FBI and the CIA, when it is necessary to coordinate the intelligence gathering information.

As the FBI falls under the jurisdiction of the Attorney General this seems like a logical step to take to avoid some of the misdirections that have been reported in the past. It would provide coordination at the highest decisionmaking levels.

I have written to the members of the Select Committee on Intelligence and have requested that they make this one of their recommendations and I will urge the Armed Services Committee to consider this matter.

By Mr. DOLE (for himself and Mr. McGOVERN):

S. 2451. A bill to reform the food stamp program. Referred to the Committee on Agriculture and Forestry.

THE FOOD STAMP REFORM ACT OF 1975

Mr. DOLE. Mr. President, on behalf of myself and the Senator from South Dakota (Mr. McGOVERN), I am today introducing "the Food Stamp Reform Act of 1975," a bill which fundamentally restructures the Nation's food stamp program to make it more responsive to both food stamp recipients and taxpayers.

As I am sure every Member of this body knows, an inordinate share of the debate over public assistance programs has been focused on food stamps in recent months. Such a focus is not surprising in light of the fact that it has grown most visibly during the recession, from about 14 million participants in the summer of 1974 to a peak of nearly 20 million earlier this year. Expenditures are now running at an annual rate of around $6 billion, amounting to well over half of the total budget of the Department of Agriculture.

That the program should grow at a rapid pace during a period of substantial economic decline is not, in and of itself, objectionable. For it is programs like food stamps, unemployment compensation, and other public assistance efforts which help cushion the effects of the recession on those unfortunate enough to be temporarily without the means to suppose themselves and their families.

What is objectionable is exploitation of the program by the nonneedy, unconscionable delays in getting assistance to the truly needy, and generally sloppy—and consequently wasteful—administration of the program by both Federal and State government. The bill I am introducing today is designed to correct each of these infirmities in the food stamp program by reducing wasteful expenditures and concentrating benefits on those most in need of assistance.

Passage of the simplified administrative procedures and tightened eligibility criteria of this bill, along with other reforms, could save the taxpayers hundreds of millions of dollars in a program which administrators admit has misspent 1 out of every 5 tax dollars. I am hopeful that these reforms of the program, with an improving economy, will result in savings of a billion dollars over the next year or two.

THE STANDARD DEDUCTION

The single most important section of this reform bill provides for elimination of the present cumbersome system of itemized deductions from income and institution of a single "standard" deduction formula which will be used by all food stamp applicants. Under current program regulation, an applicant household is permitted to deduct from gross income a variety of expenses including income and earnings taxes, social security payroll taxes, mandatory union dues, court-ordered alimony and child support, some shelter expenses, and a variety of additional expenditures.

The original purpose of allowing these deductions before computing eligibility for food stamps was to disregard the portion of a food stamp applicant's income which is spent on deductible items in order to determine the applicant's total resources available to purchase food. In practice, the complex itemized deduction system has permitted some households with income well beyond the scope of what is generally thought of as "needy" to qualify for food stamps. Itemized deductions are as the Department of Agriculture pointed out in its recent report to the Senate, the "loophole through which households who would not be considered poor can gain entry into eligibility." In addition, itemized deductions are a burden to many poverty level food stamp applicants since they necessitate an application form considerably more complex than the standard "1040" income tax return.

From a purely fiscal standpoint, the itemized deduction system accounts for literally millions of wasted taxpayer dollars. In the recently released quality control report which revealed that nearly $800 million had been improperly paid out in food stamp benefits, the USDA said that calculations of income accounted for over 43 percent of all errors with itemized deductions accounting for nearly 29 percent of errors.

Clearly, the savings attributable to a reduction in the error rate due to simplification of the income computation formula could save as much as $300 million in wasted food stamp program expenditures. Thus, the bill I am introducing today provides for a standard deduction of $125 from after-tax income of an applicant household and a $150 standard deduction if the household contains at least one elderly recipient. This standard deduction, which will be modified on a regional basis to reflect variations in the cost of living, will generally provide larger benefits to the poorest recipients while curtailing outlays to less needy households. It will reduce benefits—and participation—to higher income households who presently claim deductions larger than the standard while increasing benefits to poorer households whose itemized deductions are not as high as the standard. Under the bill, the only additional deduction from after-tax income would be for unusual disaster or casualty losses.

In addition to administrative savings and elimination of higher income individuals from the program, this simple standard deduction plan will also greatly reduce the redtape in the program by shortening substantially the application process which has caused unconscionable delays in getting food stamps to needy persons.

Finally, the standard deduction will effectively set absolute maximum income levels based on household size to assure that nonneedy middle-income households do not qualify for food stamps. For example, the maximum cash income for a family of four would be set at $7,776. Any household with income beyond that level will be absolutely ineligible to participate in the food stamp program. And, of course, the benefits at incomes near the maximum level are quite small.

Preliminary estimates by the Department of Agriculture are that as many as 1.5 million persons who are presently receiving food stamp benefits could be cut off the program if this provision was enacted. Many who presently get food stamps—especially the extremely poor—would have their benefits increased. And still others who do not now participate could be expected to apply. All in all, this provision redirects the emphasis of the food stamp program to those most in need and will lead to more efficient use of the taxpayer's dollar.

THE PURCHASE REQUIREMENT

Another major provision of the bill would eliminate the "purchase requirement" sections of the present law. Under current procedures, eligible persons—except for the very poor—must purchase the stamps in accordance with their income and family size. For example, a family of four with net income of $250 pays $71 for a monthly allotment of $162 worth of stamps. Families with less income pay less for the same $162 food stamp allotment and households with net income in excess of $250 pay more.

Under the bill I am introducing today the purchase requirement is eliminated. Instead, the qualifying recipient would be given an amount of stamps equal to the difference between the allotment level and what he would otherwise have had to pay for the stamps under existing law—the "bonus." This streamlined system is expected to provide an administrative cost savings of at least $50 to $100 million at current participation levels.

Elimination of the purchase requirement, while still giving participating households basically the same Government subsidy which they presently receive, will cut in half the number of food stamps in circulation. Thus, the thriving black market for food stamps will be substantially reduced.

OTHER PROVISIONS

In addition to those provisions already outlined, the bill contains several other sections designed to improve the operation of the program. One provision eliminates so-called categorical eligibility of public assistance households. Under the bill, all public assistance recipients, including those receiving aid to families with dependent children—AFDC—and supplemental security income—SSI—will be treated like all other food stamp applicants. To qualify for participation in the food stamp program, they will have to meet the same income and resource guidelines. This provision will eliminate the discrepancy between welfare and nonwelfare applicants which exists in about 30 States and which permits some welfare applicants to receive food stamps at income levels which would disqualify them if they were not receiving other—nonfood stamp—public assistance. This inequitable situation was criticized by the General Accounting Office in its recent report on the food stamp program.

The bill also contains provisions which prohibit participation in the program by students who are tax dependents of ineligible families, a section which is designed to encourage more prosecutions of those who attempt to defraud the program, a section enabling elderly persons to use their food stamps to purchase meals on wheels, and several other modifications of the program.

OTHER BILLS

I am hopeful that the Senate Committee on Agriculture and Forestry will move quickly to report out a meaningful food stamp reform bill. The legislation I am offering today provides the framework for an improved food stamp program. In addition, other proposals which address the many administrative problems which plague the food stamp program should be given close scrutiny.

In particular, I am impressed by several provisions contained in S. 1993, the bill introduced by the Senator from New York (Mr. BUCKLEY). The sections on fraudulent transfers, work registration requirements, accountability for stamps, and identification of recipients have much merit. Similarly, I would hope that the Agriculture Committee would view with favor the provisions in S. 1993 which tighten up substantially on quality control in the administration of the program.

MERELY A STOPGAP

Of course, each of these suggested reforms in the food stamp program serves merely as a stopgap on the road to comprehensive reform of the Nation's social welfare system. For food stamps are only one part of the irrational web of Federal social programs which few, if any, Congressmen or Senators understand, which fewer of the needy can comprehend, and a decreasing number of taxpayers can defend. Clearly, the time has come for a fundamental reexamination of many, basic restructuring of others, and overall improvement in the coordination among all programs. But unfortunately, rationalization of this crazyquilt income security system is not likely in the immediate future. Nevertheless, we have an obligation to both the taxpayers and the needy to make existing programs fiscally responsible and responsive to human needs.

The bill I am introducing today is designed to achieve this limited objective. For in contrast to the morass of Federal social welfare schemes, these changes in the food stamp program amount to only so much elementary tinkering. But that does not mean they should be taken lightly. They would vastly improve the food stamp program and can serve to restore a bit of the public's faith in the integrity of Government's efforts to help the needy. In the irrational and fiscally inefficient world of Federal social welfare programs, that would be no small achievement.

Mr. President, I ask unanimous consent that the "Food Stamp Reform Act of 1975," together with a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 2451

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food Stamp Reform Act of 1975."

ELIMINATION OF CATEGORICAL ELIGIBILITY

SEC. 2. The Food Stamp Act of 1964, as amended, is amended by:

(a) deleting in Section 3(e) the following: "No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household or an elderly person for any purpose of this Act for any month if such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603, as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture."

(b) Inserting in section 5(b) after "for participation by", the following: "public assistance and nonpublic assistance".

(c) Deleting the period in the first sentence of section 5(b) and inserting in lieu thereof the following: ": *Provided,* That Supplemental Security Income recipients in (1) a State which provides State supplementary payments of the type described in section 1616(a) of the Social Security Act, and (2) the level of which has been found by the Secretary pursuant to section 8 of Public Law 93-233 to have been specifically increased so as to include bonus value of food stamps, shall continue to be ineligible to participate in the food stamp program pursuant to this Act."

RELATEDNESS

SEC. 3. Section 3(e) of the Food Stamp Act of 1964, as amended, is amended by deleting the following: "related individuals (including legally adopted children and legally assigned foster children) or nonrelated individuals over age 60" and insert in lieu thereof the word: "individuals".

COOKING FACILITIES

SEC. 4. Section 3(e) of the Food Stamp Act of 1964, as amended, is amended by adding after the second sentence the following: "*Provided,* That households in which a member is eligible to participate in the nutrition program for the elderly under title VII of the Older Americans Act, or is authorized by section 10(h) of this Act to use coupons for meals on wheels, shall not be required to have cooking facilities.

STUDENTS

SEC. 5(a). Section 5(b) of the Food Stamp Act, as amended, is amended by deleting: "Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period.".

SEC. 5(b). Section 5 of the Food Stamp Act, as amended, is amended by redesignating 5 (d) as 5(e) and inserting a new section 5(d) as follows:

"(d) (1) Notwithstanding any other provision of law, a household shall not be available for assistance under this Act to the extent that the entitlement is attributed to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household."

"(d) (2) Exclusions from income shall include but not be limited to all educational loans, including scholarships to the extent they are used for tuition and mandatory school fees at an institution of higher learning or school for the handicapped."

WORK REGISTRATION AGE LIMIT

Sec. 6. Section 5(c) of the Food Stamp Act of 1964, as amended, is amended by deleting "sixty-five" and inserting in lieu thereof "sixty".

EMPLOYER HOUSING

Sec. 7. Section 5(b) of the Food Stamp Act, as amended, is amended by deleting:

": *Provided*, That such standards shall take into account payments in kind received from an employer to members of a household, if such payments are in lieu of or supplemental to household income: Provided further, That such payments in kind shall be limited only to housing provided by such employer to such employee and shall be the actual value of such housing but in no event shall such value be considered to be in excess of the sum of $25.00 per month." and inserting in lieu thereof a period.

STANDARD DEDUCTION

Sec. 8. Section 5(b) of the Food Stamp Act, as amended, is amended by striking out the colon preceding the first provision in the second sentence and inserting in lieu thereof a period and the following:

"In computing the income of any household for purposes of determining the eligibility and coupon allotment of such household under this Act, the Secretary shall allow a standard deduction after disaster or casualty losses, taxes and other mandatory deductions of $125 plus, if the household has one or more elderly persons, $25. Such standard deduction shall be adjusted semiannually to reflect any changes in the cost of living during the preceding six months (based on the Consumer Price Index published by the Bureau of Labor Statistics). Such standard deduction shall be modified by the Secretary on a regional and metropolitan—nonmetropolitan, basis to reflect variations in the cost of housing and utilities in different areas of the United States.

ELIMINATION OF THE PURCHASE PRICE

Sec. 9. (a) The first sentence of section 4(a) of the Food Stamp Act, as amended, is amended to read as follows: "The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with a supplement to their incomes, through the use of a coupon allotment, sufficient to provide such households with an opportunity to obtain a nutritionally adequate diet."

(b) The section head of section 7 of the Food Stamp Act of 1964 is amended by striking out: "AND CHARGES TO BE MADE".

(c) Section 7(a) of such Act is amended by striking out that portion preceding "adjusted semiannually." and inserting in lieu thereof the following: "The face value of the coupon allotment which State agencies shall be authorized to issue for any period to any household certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, reduced by an amount equal to 30 percent of such household's income: *Provided*, That for single person households and two person households the minimum allotment shall be $10: *Provided further*, That all other households shall be ineligible if the allotment is less than $5. The coupon allotment shall be adjusted semiannually by the nearest dollar increment that is a multiple of two to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor to be implemented commencing with the allotments of January 1, 1974, incorporating the changes in the prices of food through August 31, 1973, but in no event shall such adjustments be made for households of a given size unless the increase in the face value of the coupon allotment for such households, as calculated above, is a minimum of $2.

(d) Sections 7(b) and 7(d) of the Act are repealed.

(e) Section 7(c) is redesignated as 7(b) and the following is deleted: "which is in excess of the amount charged such household for such allotment."

(f)(1) Clause (7) of the second sentence of section 10(e) of the Food Stamp Act of 1964 is amended to read as follows:

"(7) notwithstanding any other provision of law, the institution of procedures under which any household participating in the program shall be entitled to have its coupon allotment distributed to it with any grant or payment to which such household may be entitled under title IX of the Social Security Act; and".

(2) Section 10(g) of the Food Stamp Act of 1964 is amended to read as follows:

"(g) If the Secretary determines that there has been gross negligence or fraud on the part of the State agency in the certification of applicant households, the State shall, upon request of the Secretary, deposit into a separate account established in the Treasury, a sum equal to the face value of any coupon issued as a result of such negligence or fraud. Funds deposited into such account shall be available without fiscal year limitation for the redemption of coupons."

(g)(1) The third sentence of section 16(a) of the Food Stamp Act of 1964 is repealed.

(2) Subsections (b) and (c) of section 16 of such Act are repealed and subsection (d) is redesignated as subsection (b).

(h) The amendments made by this section shall become effective with respect to coupon allotments issued on and after July 1, 1976.

NUTRITION EDUCATION

Sec. 10. Section 10(a) of the Food Stamp Act, as amended, is amended by deleting the second sentence and inserting in lieu thereof the following:

"To encourage purchases of nutritious foods, the Secretary shall carry out a program of nutrition education for recipients, including distribution of brief printed materials designed to teach recipients how to buy and prepare nutritious and economical meals, and, in addition, he shall enlist the voluntary cooperation of existing Federal, State, local or private agencies which carry out informational and educational nutrition programs for consumers. On January 1, of each year following the year of enactment, the Secretary shall report to the Congress, in twenty-five pages or less, on the steps he has taken with respect to nutrition education and the extent to which such nutrition education efforts have improved the diets of recipients.

RETROACTIVE BENEFITS

Sec. 11. Section 10 is amended by adding a new subsection (j) as follows:

"(j) Wrongfully denied food coupons shall be restored through a lump-sum cash payment."

MEALS ON WHEELS

Sec. 12. Section 10(h) of the Food Stamp Act of 1964, as amended, is amended by deleting the first sentence and inserting in lieu thereof the following:

"Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, household members of persons who are elderly, housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals, may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private nonprofit organization which: (1) is operated in a manner consistent with the purposes of this Act; and (2) is recognized as a tax exempt organization by the Internal Revenue Service."

BILINGUAL ASSISTANCE

Sec. 13. Section 10 is amended by adding a new section (k) as follows:

"(k) In such areas wherein numerous potentially eligible persons speak a language other than English, multi-lingual personnel, and printed material shall be used in the administration of the program."

PROGRAM NOTIFICATION

Sec. 14. Section 10(e)(5) is amended by inserting after the word "including", the following:

"notification of all Social Security, AFDC (Aid to Families with Dependent Children), Supplemental Security Income, and unemployment compensation recipients of the existence of the food stamp program and its income and resource guidelines, and"

CRIMINAL PENALTIES

Sec. 15. Subsections (b) and (c) of section 14 of the Food Stamp Act, as amended, are amended by striking out "$5,000" and inserting in lieu thereof "$1,000."

ASSETS

Sec. 16. The Secretary of Agriculture shall conduct a survey of households participating in the food stamp program under the Food Stamp Act of 1964 for the purpose of determining the average and distribution of assets held by such participants. The Secretary shall submit a written report to the Congress within 180 days after the date of enactment of this section disclosing the results of such survey including such explanations and comments on such results as he deems appropriate.

PILOT PROJECT AUTHORITY

Sec. 17. The Food Samp Act, as amended is amended by adding a new section as follows:

"Sec. 18. In carrying out the provisions of the Act, the Secretary is authorized to carry out on a trial basis, in one or more areas of the United States, experimental projects for purposes of increasing the program's efficiency and improving the delivery of benefits to eligible households: *Provided, however*, that no project shall be implemented which shall have the effect of reducing or terminating benefits to households eligible for assistance under this Act."

Food Stamp Reform Bill

SECTION BY SECTION ANALYSIS

Section 2

Section 2 of the bill deletes Section 3(a) of the Food Stamp Act, the section relating to eligibility of supplemental security income recipients for food stamps. The current temporary provision under which supplemental security income recipients may automatically participate in the food stamp program will expire on June 30, 1976. On July 1, 1976, the complicated and costly provisions of Public Law 93-86 will become effective.

Subsection (b) of Section 2 contains a new provision governing the eligibility for food stamps of S.S.I. recipients. It would become effective on July 1, 1976.

Under the new provision, all welfare recipients, including S.S.I. recipients, would be treated like all other food stamp recipients. To qualify for participation in the food stamp program, they would have to meet the national income and resource guidelines. This provision will eliminate the discrepancy between welfare and non-welfare applicants which exists in about 30 States and which permits some welfare applicants to receive food stamps at income levels which would disqualify them if they were not receiving such public assistance. This inequity was criticized by the General Accounting Office in its recent report on the program. (The only exception would be for S.S.I. recipients in those States which exercised their option pursuant to Section 8 of P.L. 93-223 to cash out food stamps to S.S.I. recipients and include an extra amount in the S.S.I. check. These states are New York, Massachusetts, Nevada, and California.)

Section 3

Section 3 of the bill amends Section 3 of the Food Stamp Act of 1964, as amended, which defines the terms used in the Act.

Subsection (e) which defines the term "household" is amended to delete the requirement that household members under age 60 be related in order to qualify for the food stamp program. This requirement was ruled unconstitutional by the Supreme Court in its decision in the case of *Moreno* v. *USDA*, 413 U.S. 528. The amendment will bring the Act into conformance with the Supreme Court decision.

This provision was introduced at the request of the administration in the 93rd Congress, but no action was taken.

Section 4

Section 4 eliminates the "cooking facilities" requirement for elderly applicants who are eligible to participate in a senior citizens congregate meals program or who are authorized by Section 10 of this Act to use coupons to purchase meals on wheels. The requirement that a household have cooking facilities in order to qualify for food stamps has disadvantaged many elderly applicants who have their main hot meal at a congregate eating center.

Section 5

Section 5 deletes that portion of Section 5(b) of the Food Stamp Act which prohibits the participation of certain tax dependents in the food stamp program. The Supreme Court, in *Murray v. U.S.D.A.*, 413 U.S. 508, ruled that the "tax dependency" provisions of the Act is unconstitutional. Thus, the "tax dependency" provision is not enforceable.

This deletion was introduced at the request of the administration in the 93rd Congress, but no action was taken.

In lieu of this provision, the bill makes permanent the temporary student provision in the appropriation bill. It would eliminate all students who are tax dependents of an ineligible household.

Section 5 also provides that student loans and scholarships, to the extent they are used to pay tuition and mandatory student fees, are not to be included in computing income for purposes of participation in the program.

Section 6

Section 6 of the bill lowers the maximum age to which the work registration provisions of the Food Stamp Act apply from sixty-five to sixty. This is in accordance with a U.S.D.A. recommendation contained in the report by the Department in response to S. Res. 58.

Section 7

Section 7 revises subsection 5(b) of the Act, deleting in kind housing benefits from the computation of income.

The inclusion of housing payments in kind not in excess of $25 is most unpopular among the States. To determine the value of in kind income, State agencies must develop expertise in estimating the value of housing or obtain guidance on the matter through other agencies or organizations. In either case, any possible savings to the program are more than offset by the complexities, if not impossibilities, of effectively administering this provision.

This provision was introduced at the request of the administration in the 93rd Congress, but no action was taken.

Section 8

Section 8 establishes for the first time in the food stamp program a standard deduction formula for the purposes of determining the eligibility and coupon allotments of applicant households. The after-tax deduction of $125, plus $25 if the household has an elderly person, will replace the current itemization of deductions employed in determining an applicant's net income.

The use of a standard deduction will have a substantial effect on the administration of the food stamp program:

It will establish a gross income limitation for the first time.

Reduce the error rate by 28.8%.

Eliminate two of the six pages in the USDA food stamp application, expediting the certification process.

Greatly reduce the lengthy calculations that are now required of food stamp caseworkers.

The $125 standard deduction represents a reasonable substitute for the current itemization of hardship allowances based on the best estimates of the deductions now being claimed.

Mandatory tax withholdings and disaster or casualty losses are deducted in addition to the standard deduction, as was suggested by the Department of Agriculture. Assistant Secretary Feltner testified before the Nutrition Committee on July 31st that:

"Even with a standard deduction it may be desirable also to allow deductions for mandatory tax withholdings and disaster losses. This would assure equity and retain work incentives between households with income from public assistance which is not taxed and those with earned income that is taxed."

In addition, this $125 standard deduction ($150 if the household contains an elderly person) is modified on a regional, and metropolitan, non-metropolitan basis to reflect variations in the cost of housing and utilities in different areas of the United States. The following table illustrates the effect of applying the Bureau of Labor Statistics housing index to the standard $125 deduction:

Region	BLS index (percent)	Standard deduction
Northeast:		
Metropolitan	106	$132.50
Nonmetropolitan	96	120.00
North Central:		
Metropolitan	97	121.25
Nonmetropolitan	100	125.00
South:		
Metropolitan	94	117.50
Nonmetropolitan	78	97.50
West:		
Metropolitan	113	141.25
Nonmetropolitan	98	122.50

The benefit levels under this standard deduction are as follows:

Monthly income	1 person	2 persons	4 persons	8 persons
0	$48.00	$90.00	$162.00	$278.00
$100	48.00	90.00	162.00	278.00
$200	25.50	67.50	139.50	255.50
$300	10.00	37.50	109.50	225.50
$400		10.00	79.50	195.50
$500			49.50	165.50
$600			19.50	135.50
$700				105.50
$800				75.50
$900				45.50
$1,000				15.50

The maximum allowable cash (after tax) income based on household size is as follows:

Family size	Maximum income	Percent of poverty line
1	$4,080	152
2	5,100	148
3	6,420	152
4	7,776	144
5	8,976	141
6	10,176	142
7	11,292	127
8	12,420	139

Section 9

Section 9 of the bill provides for elimination of the purchase price. This provision, coupled with institution of the standard deduction and implementation of a uniform benefit reduction ratio (30%) is expected to provide an administrative savings of at least $50–100 million at the current participation levels. This does not include the savings expected from a large reduction in the error rate.

Under this proposal each participating household would receive the same government subsidy which they presently receive. The food stamp benefit would be what is now referred to as the "bonus", the net difference between the allotment and the purchase price.

Elimination of the purchase price will cut in half the number of stamps the government has to print and eliminate billions of dollars in transactions which must be monitored and accounted for.

It would also benefit those persons eligible for the program but not able to raise the purchase price at any one time during the month.

Section 10

Section 10 of the bill provides for a program of nutrition education for recipients to encourage purchase and preparation of nutritious and economical meals by food stamp recipients.

Section 11

Section 11 of the bill provides that wrongfully denied food stamp coupons be restored through a lump-sum cash payment rather than by temporarily reducing food stamp purchase requirements. This is in accord with a recommendation of the Department of Agriculture.

At present, if a recipient has had their food stamp benefits incorrectly denied, delayed, or terminated, the recipient is compensated through a "retroactive benefit", this means that the recipient's purchase price is lowered in future months until the amount owed them is paid back.

This procedure is administratively cumbersome and leads to error. USDA doesn't like it, the States don't like it, and the recipients don't like it. All agree that it would be cleaner and easier to compensate recipients for lost benefits with a cash payment. This is already done in cases where a recipient is over-charged for his stamps.

Section 12

Section 12 allows all food stamp recipients who are housebound, feeble, physically handicapped, or otherwise disabled, as well as all those over 60 years of age, to use food stamps for meals-on-wheels. Without this section, recipients must be both incapacitated and elderly to be able to get meals-on-wheels with stamps.

This section does not extend eligibility for the program, it simply says that those people who already qualify for food stamps and meals-on-wheels can use the stamps to pay for the meals.

This amendment offered on the floor by Senator Hugh Scott, passed the Senate by voice vote earlier in the year.

Section 13

Section 13 mandates that the Secretary, in such areas as is appropriate, shall provide the standard printed material in languages in addition to English. Personnel with bi-lingual skills should be among the employees.

Section 14

Section 14 of the bill provides for notification of all Social Security, S.S.I., A.F.D.C., and unemployment compensation insurance recipients of the existence of the Food Stamp Program and its income and resource guidelines.

Section 15

Section 15 of the bill amends Subsections (b) and (c) of Section 14 of the Food Stamp Act by reducing the maximum penalty for misdemeanors from the current $5000 to $1000. A reduction of the penalties would permit misdemeanors to be prosecuted before magistrates under the Federal Magistrates Act. Consequently, the number of cases on the criminal dockets of the U.S. District Courts would be reduced, encouraging swifter and more frequent prosecution of food stamp abuses.

This provision was introduced last year at the request of the administration and was recommended in the U.S.D.A. Report to the Senate in response to S. Res. 58.

Section 16

Section 16 requires U.S.D.A. to conduct a study of the resources of food stamp recipients. This survey will enable Congress to enact reasonable asset limitations which will insure that households with substantial resources do not qualify for food stamps.

Section 17

Section 17 of the bill grants to the U.S.D.A. authority to carry out experimental (pilot) projects in order to determine more efficient methods of operating the program. Under present law, the Department does not have such authority.

Mr. McGOVERN. Mr. President, I am proud to join my distinguished colleague from Kansas, Senator DOLE, in introducing this far-reaching and important legislation to streamline and strengthen the food stamp program.

In the President's July 25, 1975, food stamp message to the Congress, he urged us to work with him for a better, more equitable program. He set an agenda for reform:

> We must work toward two goals:
>
> In fairness to those truly in need, we must focus food stamp assistance on them;
>
> In fairness to the overburdened taxpayers who must pay the bills, we must tighten eligibility and participation requirements.

I believe this bill meets both goals. It improves the program for those in need and prevents possibilities of abuse.

The Food Stamp Act states that the purpose of food stamps is "to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income families." And, during the current recession, the food stamp program has done exactly what Congress intended. As unemployment rose from 5.4 percent in August 1974, to 8.6 percent in June 1975, food stamp participation increased by 5 million recipients, from 14 million to 19 million.

Food stamps, which traditionally have served Americans trapped in poverty, more recently have provided some protection to lower middle class and middle class workers who suddenly had low incomes or no incomes. People who once thought that they would never need food stamps now regard them, and rightly so, as a basic necessity of their lives. Their taxes supported the program over the years and now they are drawing on it to sustain their families through the worst recession since World War II, a national economic crisis that is a personal economic catastrophe for each of them.

One result of their participation and the consequent change in the composition of food stamp recipients has been to raise new questions about the program.

A recent Department of Agriculture report, in response to Senate Resolution 58, described the impact of program growth:

> The sudden and dramatic increases in program participation which have occurred since last November are creating an even greater strain on program operations. The sudden influx of households seeking program benefits has seriously strained a system already nearing the limits of its capacity. Stories of long lines at certification centers have made headlines in local papers. The new visibility of the program and the growing numbers becoming affected by the economic situation have combined to generate debate of the program's pros and cons in Congress, among the public, and by Federal and State administrators.

The debate over the program has been intensified as advertisers in national publications have offered, at an apparently low price, what seems in effect to be a "how to" pamphlet about food stamps, which supposedly tells middle class families how to qualify for a sumptuous diet on a Government subsidy. One such advertisement, in Parade magazine was headlined: "Taxpayers Making Up to $16,000 a Year Now Eligible."

In this atmosphere, it may be hard, but it is essential to separate fact from exploitative fears and smears. The truth, however, according to USDA data is that 77 percent of food stamp recipients have incomes after taxes below $5,000 a year; 92 percent are below $7,000; virtually all earn less than $10,000. In fact, the food stamp program continues to be what it is supposed to be: A low-income program to feed those who otherwise cannot afford to feed themselves and their families.

Treasury Secretary William Simon has characterized the food stamp program a "haven for chiselers and rip-off artists," and warned of its runaway growth. In fact, the Department of Agriculture has reported a fraud rate of eight one-hundredths of 1 percent. In fact, growth in the program since July 1974, when it was first extended to all counties, has been less than 30 percent.

Nonetheless, certain structural features of the food stamp law are clearly a source of difficulty and of some abuse. Food stamp legislation was drafted to reflect the needs of people with persistently low incomes, without any significant capital assets. There seemed little prospect that large numbers of middle-class families would be reduced suddenly to low-income status. Few if any observers worried that the Food Stamp Act might include provisions that under certain circumstances would permit middle-income families to participate.

It has never been my intention, or as far as I know the intention of others who support food stamps, to provide Government subsidies for those who are not truly needy. To the extent that the Food Stamp Act allows such individuals or families to participate, the act must be changed. The changes must guard against excess and abuse. They need not, and they must not, deprive needy recipients of food stamps.

The legislation we are introducing today will conform the program to these principles. This legislation will:

Establish a standard deduction of $125 a month—$150 for the elderly—to replace the itemization of hardship allowances;

Eliminate the purchase price for food stamps, so that recipients will receive the same subsidy without the redtape of a cash transaction, and adopt a uniform benefit reduction ratio of 30 percent;

Eliminate automatic eligibility for welfare recipients, so that they are subject to the same national eligibility guidelines as nonpublic assistance households;

Eliminate all students claimed as tax dependents by taxpayers who themselves do not qualify for food stamps.

In the words of Assistant Secretary Richard Feltner:

> A standard deduction and uniform reduction formula would greatly reduce the lengthy calculations that are now required of food stamp caseworkers.
>
> There would be only four steps to be taken: (1) Determination of the gross income; (2) subtraction of mandatory allowances such as income taxes and casualty losses; (3) subtraction of standard deduction; (4) multiply by the standard percentage.

Elimination of the purchase price would provide even greater administrative efficiency.

For example, to determine the allotment of a family of four with an after-tax income of $400 a month, or $4,800 a year: First, subtract $125, getting a net food stamp income of $275; second, multiply by 30 percent, which yields $82.50; third, subtract $82.50 from $162, the cost of a nutritionally adequate diet, and fourth, the family receives $79.50 in food stamps.

It should be emphasized at this point that the 30-percent benefit reduction ratio in this bill is not to be confused with a 30-percent purchase price. The Congress spoke decisively on this issue last spring when it disapproved the President's proposal to charge all food stamp recipients 30 percent under the present system. A 30-percent benefit reduction without another major change we are proposing—elimination of the purchase price—would be opposed as strongly as it was earlier in the year.

This legislation by eliminating the purchase price, adopting a uniform benefit reduction ratio of 30 percent, and setting a standard deduction of $125, will save at least $50 to $100 million annually, at current participation levels, with other savings from a concomitant reduction in the error rate.

I ask unanimous consent to have some tables printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

FOOD STAMP PARTICIPATION BY INCOME

Income (after taxes)	Participation (thousands)	Percent of total
Under $1,000	937	7
$1,000 to $1,999	2,338	19
$2,000 to $2,999	2,356	19
$3,000 to $3,999	2,602	21
$4,000 to $4,999	1,472	12
$5,000 to $5,999	1,236	10
$6,000 to $6,999	737	6
$7,000 to $7,999	401	3
$8,000 to $8,999	217	2
$9,000 to $9,999	311	2
	Cumulative participation (thousands)	**Cumulative percentage**
Under $1,000	937	7
$1,000 to $1,999	3,275	26
$2,000 to $2,999	5,631	45
$3,000 to $3,999	8,233	65
$4,000 to $4,999	9,705	77
$5,000 to $5,999	10,941	87
$6,000 to $6,999	11,678	92
$7,000 to $7,999	12,079	95
$8,000 to $8,999	12,296	97
$9,000 to $9,999	12,607	100

Note.—Data compiled from USDA, Food and Nutrition Service, "Food Stamp Program," a report in accordance with Senate Resolution 58, table 17, p. 50.

TABLE I

PERCENT DISTRIBUTION OF FOOD STAMP PARTICIPANTS BY GROSS MONTHLY INCOME CLASS AS REPORTED ON THE JULY 1975 CURRENT POPULATION SURVEY AND SIMULATED FOR JULY 1975

Monthly income class	Reported July 1974	Simulated July 1975
0 to 0	2	2
$1 to $99	6	5
$100 to $199	31	25
$200 to $299	25	24
$300 to $399	16	17
$400 to $499	9	11
$500 to $599	5	5
$600 to $749	3	5
$750 to $999	2	5
$1,000 and up		1
Total	99	100

TABLE II

DISTRIBUTION OF ELIGIBLE AND PARTICIPATING FOOD STAMP HOUSEHOLDS, PARTICIPATION RATES, AND DISTRIBUTION OF NONPARTICIPATING ELIGIBLES BY GROSS MONTHLY INCOME CLASS

Gross monthly income class	Eligible households	Participant households	Participation rate	Nonparticipating households
Less than or equal to 0	456.3	113.0	0.25	343.3
$1 to $99	708.6	281.8	.40	426.8
$100 to $199	3,452.5	1,436.4	.42	2,016.1
$200 to $299	4,402.3	1,388.1	.32	3,014.2
$300 to $399	2,960.4	993.8	.34	1,196.6
$400 to $499	1,930.9	632.2	.33	1,298.7
$500 to $599	1,456.4	310.6	.21	1,145.8
$600 to $749	1,670.3	294.4	.18	1,375.9
$750 to $999	1,525.2	264.1	.17	1,261.1
$1,000 and up	394.5	81.2	.21	313.3
Total [1]	18,944.8	5,794.4	.31	13,150.4

[1] Figures may not total due to rounding.

TABLE III.—DISTRIBUTION OF PARTICIPANTS AND ELIGIBLES AS A PERCENT OF TOTAL PARTICIPANTS AND ELIGIBLES

Gross monthly income	Unit size								Total households
	1	2	3	4	5	6	7	8	
Participants (households) 5,794,417:									
<or =0	0.7	0.6	0.1	0.2	0.1	0.2	0.1	0	1.9
1 to 99	1.8	1.5	.8	.4	.1	.1	.1	(1)	4.9
100 to 199	13.3	5.4	2.5	1.7	.9	9.5	.3	.2	24.8
200 to 299	8.5	7.5	3.4	2.1	.8	.8	.2	.5	23.9
300 to 399	2.4	4.9	3.7	3.1	1.5	.7	.4	.5	17.1
400 to 499	.5	2.5	2.0	1.7	1.7	1.6	.7	.4	10.9
500 to 599	.1	.6	1.1	1.2	.6	.7	.7	.4	5.4
600 to 749	.1	.3	.6	1.4	1.0	.5	.8	.5	5.1
750 to 999	0	(1)	.2	.9	.9	.9	.8	.9	4.6
1,000 and up	0	0	(1)	.1	.2	.2	.3	.7	1.4
Total	27.3	23.4	13.2	12.7	7.8	6.1	4.4	4.1	100.0
Eligibles (households) 18,944,752:									
<or =0	1.2	.6	.2	.1	.1	.1	(1)	0	2.4
1 to 99	1.8	1.1	.4	.2	.1	.1	(1)	(1)	3.7
100 to 199	12.4	3.3	1.2	.6	.3	.2	.1	.1	18.2
200 to 299	11.3	7.6	2.0	1.2	.4	.3	.1	.2	23.2
300 to 399	3.4	6.2	2.6	1.9	.9	.4	.2	.2	15.6
400 to 499	.8	2.9	2.2	1.7	1.2	.8	.3	.2	10.2
500 to 599	.3	1.1	2.0	1.7	1.1	.8	.5	.3	7.7
600 to 749	(1)	.4	1.6	2.5	2.0	1.0	.7	.5	8.8
750 to 999		.1	.4	1.5	2.1	1.8	1.0	1.1	8.1
1,000 and up		(1)	.1	.1	.3	.4	.5	.8	2.1
Total	31.3	23.3	12.8	11.6	8.4	5.8	3.4	3.4	100.0

[1] Less than 0.05 percent.

TABLE IV.—DISTRIBUTION OF PARTICIPANTS AND ELIGIBLES AS A PERCENT OF THE TOTAL FOR EACH HOUSEHOLD SIZE

Monthly income	Unit size								Total units
	1	2	3	4	5	6	7	8 plus	
Participants:									
≦or=0	2.7	2.5	1.0	1.2	1.3	2.9	1.4		2.0
1 to 99	6.6	6.4	5.7	3.4	1.6	1.7	1.3	0.6	4.9
100 to 199	48.6	23.3	17.3	13.3	11.4	7.4	7.4	6.1	24.8
200 to 299	31.0	32.3	23.7	16.8	10.6	13.9	5.6	12.3	24.0
300 to 399	8.7	21.0	25.6	24.5	19.6	10.9	8.4	12.8	17.2
400 to 499	1.8	10.7	13.7	13.1	21.8	25.6	15.8	8.6	10.9
500 to 599	.3	2.4	7.6	9.3	7.7	11.6	16.8	9.9	5.4
600 to 749	.2	1.2	3.9	10.8	12.6	8.5	18.2	12.7	5.1
750 to 999		.1	1.3	6.7	11.4	14.6	19.2	21.0	4.6
1,000 up			.2	.9	2.0	3.0	6.0	16.0	1.4
Total (5,794,417)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0
Eligibles:									
≦ or =0	3.7	2.6	1.8	1.2	1.4	1.7	1.0		2.4
1 to 99	5.7	4.9	3.3	2.1	1.0	1.0	.8	.2	3.7
100 to 199	39.7	14.2	9.2	5.3	3.9	2.8	3.4	2.3	18.2
200 to 299	36.2	32.5	15.7	10.4	4.9	5.9	4.0	5.8	23.2
300 to 399	10.8	26.4	20.5	16.3	10.2	6.1	5.2	5.7	15.6
400 to 499	2.7	12.5	17.3	14.2	14.4	14.2	9.1	6.1	10.2
500 to 599	1.1	4.6	15.4	14.6	12.6	13.0	13.6	10.3	7.7
600 to 749	.2	1.9	12.7	21.8	23.5	17.2	20.6	14.3	8.8
750 to 999		.3	3.5	13.2	24.7	31.9	29.0	31.8	8.1
1,000 up		.1	.6	.8	3.5	6.2	13.3	23.5	2.1
Total (18,944,752)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE V.—CURRENT PROPORTION OF PARTICIPATING HOUSEHOLDS WITH MONTHLY INCOME BELOW THE POVERTY LINE, AND HEAD OVER AGE 64

[Thousands of households]

	Aged	Nonaged	Total
Poverty	$1, 109	$2, 751	$3, 860
Percent	19	48	67
Nonpoverty	$580	$1, 354	$1, 934
Percent	10	23	33
Total	$1, 689	$4, 105	$5, 794
Percent	29	71	100

By Mr. HASKELL (for himself and Mr. GARY HART):

S. 2452. A bill to authorize the Secretary of Transportation to approve construction of a section on Interstate Route 70 as a parkway. Referred to the Committee on Public Works.

Mr. HASKELL. Mr. President, today I introduce, for myself and my distinguished colleague, Mr. GARY HART, a bill which is brief and simple but very significant in its impact for the people of Colorado—particularly those who live, work, and travel in the western part of the State.

This legislation would authorize the Secretary of Transportation to approve construction of a section of Interstate 70 through the Colorado mountains as a parkway. The section involved would total 17.5 miles through one of America's most spectacular scenic attractions, Glenwood Canyon. My bill would exempt from strict interstate highway design standards that short section.

The canyon now is the route for U.S. Highway 6 and 24 which connects at both ends of the canyon with completed four-lane segments of Interstate 70, the main auto route between the western part of the State and Denver on the eastern slope. Both the routing of the interstate through Glenwood Canyon and its design have been very controversial. There is no right or wrong in this case, Mr. President, just genuinely conflicting needs. The people of Colorado can resolve the conflicts, but only with the legislation I introduce today.

First, let me describe the canyon for you: The canyon is narrow, accommodating through much of its length only the Colorado River which carved it and the present highway on one side and railroad tracks on the other. Its depth ranges between 3,000 and 4,000 feet with sheer walls in some places, steep slopes and flat areas of vegetation in others.

Because of its depth, intersecting side canyons and the ever-changing light patterns depending on time of day and season, Glenwood Canyon is—without exaggeration—a kaleidoscope. In addition to the gorgeous scenery, the lucky traveler may see wild turkeys, mule deer, or bighorn sheep. In any event, even regular travelers are not apt to see the same scene twice as they round one of the many sharp curves in the road as it follows the course of the river.

And that is the other side of the problem, Mr. President. Western slope residents are forced to rely upon the present highway through Glenwood Canyon to get to Denver to conduct their business. They are not insensitive to the beauty of the canyon, but that appreciation is tempered with the knowledge that the narrow, winding road which is such a delight on a sunny afternoon can become a real hazard at night or when it is covered with rain or snow.

For these western Colorado residents, the accident rate in the canyon is unacceptably high. It has been pointed out that the accident ratio for the completed four-lane segment just east of the canyon is actually higher than in the canyon itself. But that does not alter the fact that there are too many accidents in the canyon and too many plunges into the Colorado River. The canyon is not very forgiving: With sheer walls rising on one side of the highway, there is nowhere left to go but the river for a car which has swerved out of control.

It is a rare western Coloradoan who has not either known someone who encountered that kind of difficulty in Glenwood Canyon or seen rescue groups searching the river for crash victims.

That is the conflict, Mr. President. The road through the canyon must be improved to link sections of the interstate. But present interstate design specifications will not permit that upgrading without destroying much of the canyon's natural beauty.

What I ask with this legislation is that the Secretary of Transportation grant the people of Colorado the widest possible latitude in selecting a design for the interstate through the canyon. This will accommodate both the scenic and the safety needs which exist. A scant 17 or 18 miles of the more than 2,000 along Interstate 70 are at stake—and I think it is safe to say they are among the most spectacular along the route.

The Governor of Colorado has met with Transportation Secretary Coleman and gained his assurance that the State will have full flexibility to examine alternative designs during that phase of the project. Furthermore, the Governor has promised the people of Colorado—both those who know the canyon best for its scenic values and those for whom it is a daily link with Denver—full participation in designing the highway through the canyon. So allowing an exemption from strict interstate standards locks no one into a two-, three-, or four-lane design; it merely assures them the flexibility to develop the best design for the circumstances.

There is ample precedent for relaxing interstate standards to take into account special natural and scenic values. Such exemptions have been made for the Franconia Notch in New Hampshire and Overton Park in Tennessee. Similar provisions were made near San Antonio, Tex., and in parts of West Virginia, indicating that Congress understands it cannot develop standards which will be workable throughout the Interstate System. What works in Kansas will not work in Glenwood Canyon, Colo. The legislation I introduce today is consistent with that understanding.

By Mr. HARTKE (for himself and Mr. PEARSON) (by request):

S. 2453. A bill to authorize the Interstate Commerce Commission to take preventive action when a rail car service emergency is imminent, and for other purposes;

S. 2454. A bill to increase the exemption from Commission approval for certain motor carrier transfers, and for other purposes;

S. 2455. A bill to amend the Interstate Commerce Act, to grant additional authority to the Interstate Commerce Commission regarding conglomerate holding companies involving carriers subject to the jurisdiction of the Commission and noncarriers, and for other purposes;

S. 2456. A bill to amend the Interstate Commerce Act to allow exemption from regulation when such regulation serves no public purpose, and for other purposes;

S. 2457. A bill to authorize the Interstate Commerce Commission to make its orders effective in less than 30 days for good cause shown, and for other purposes; and

S. 2458. A bill to amend section 20(5) of the Interstate Commerce Act and for other purposes. Referred to the Committee on Commerce.

Mr. HARTKE. Mr. President, at the request of the Interstate Commerce Commission, Mr. PEARSON and I are introducing several bills which would amend the Interstate Commerce Act.

These bills would increase the Commission's jurisdiction over conglomerate holding companies of transportation companies, increase the Commission's record inspection powers, permit more expeditious decisionmaking at the Commission, permit the Commission to eliminate certain regulations when regulation is no longer in the public interest and permit more expeditious action during emergency car shortages.

Mr. President, I ask that these bills and the Commission's explanation and justification for its proposals be printed in the RECORD.

There being no objection, the bills and material were ordered to be printed in the RECORD, as follows:

S. 2453

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1(15) of the Interstate Commerce Act (49 U.S.C. 1(15)) is amended to read as follows:

"(15) Whenever the Commission is of opinion that shortage of equipment, congestion of traffic, or other emergency requiring immediate action exists or is likely to occur in any section of the country, the Commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, if it so orders, without answer or other formal pleading by the interested carrier or carriers, and with or without notice, hearing, or the making or filing of a report, according as the Commission may determine: (a) to suspend the operation of any or all rules, regulations, or practices then established with respect to car service for such time as may be determined by the Commission; (b) to make such just and reasonable directions with respect to car service without regard to the ownership as between carriers of locomotives, cars, and other vehicles, during such emergency as in its opinion will best promote the service in the interest of the public and the commerce of the people, upon such terms of compensation as between the carriers as they may agree upon, or, in the event of their disagreement, as the Commission may after subsequent hearing find to be just and reasonable; (c) to require such joint or common use of terminals, including mainline track or tracks for a reasonable distance outside of such terminals, as in its opinion will best meet the emergency and serve the public interest, and upon such terms as between the carriers as they may agree upon, or, in the event of their disagreement, as the Commission may after subsequent hearing find to be just and reasonable; and (d) to give directions for preference or priority in transportation, embargoes, or movement of traffic under permits, at such time and for such periods as it may determine, and to modify, change, suspend, or annul them. In time of war or threatened war the President may certify to the Commission that it is essential to the national defense and security that certain traffic shall have preference or priority in transportation, and the Commission shall, under the power herein conferred, direct that such preference or priority be afforded."

Explanation and Justification

This proposal adds the phrase "or is likely to occur" to the statute, thus giving the Commission needed authority to exercise its emergency powers in a preventive manner so as to eliminate or mitigate the adverse effects events can cause in the supply and utilization of the nation's rail car fleet.

Now, the Commission can invoke its powers under section 1(15) only after it finds that an emergency exists. With enactment of the new language proposed here, the Commission would be able to initiate preventive action before a crisis develops in order to lessen the effects of an emergency situation.

Essentially, section 1(15) provides emergency powers whenever the Commission is of the opinion that shortage of equipment, congestion of traffic, or other emergency requiring immediate action exists in any section of the country. Briefly stated, the authority conferred by this section is (a) to suspend any or all of the rules, regulations, or practices established by the carriers with respect to car service for such time as may be determined by the Commission, (b) to make just and reasonable directions with respect to car service which will best promote the service in the interest of the public and the commerce of the people, (c) to require the joint or common use of terminals, and (d) to give directions for preference or priority in transportation, embargoes, or movement of traffic. Car service orders are utilized in many ways to prevent shortages, both localized and general in nature. Generally, they require the carriers to vary temporarily from their published rules and regulations, order the performance of certain functions, or prohibit practices that are detrimental to efficient car handling. Some subjects that have been covered by service orders are prompt handling of cars by carriers, penalties for detaining cars, restrictions on light-loading, limits on the use of particular types of cars for certain commodities, determination of free time for loading and unloading cars, demurrage rates, restrictions on the movement of certain commodities, rerouting of traffic in emergencies, furnishing empty cars for loading, distribution of grain cars, return of cars to the owning carrier, prohibiting peddling from refrigerator cars, and priorities for the movement of certain commodities.

The proposed amendment would strengthen the Commission's position for handling these situations. For example, if events in various parts of the world threaten foreign fuel supplies, the Commission would be authorized to take action to insure a greater availability of cars for transportation of domestic coal. In such an anticipated emergency, the Commission could issue orders to restrict the number of coal cars to be used for transporting commodities other than coal, limit the number of cars containing export coal to be held at the ports, and issue other such orders needed to improve the car supply at coal mines so as to insure continued maximum production to meet our nation's energy needs.

Similar actions could be taken to insure a sufficient car supply in connection with all heavy seasonal movements including grain, fertilizer, cotton, sugar beets, perishables, aggregates, lumber, etc.

Another advantage would be that if the order with respect to car placements is served prior to the actual emergency, any unforeseen inequities or defects in the order could be rectified in time to avoid the emergency or respond properly to it.

We are convinced that by giving us this power the Congress would be taking another necessary step in helping us to move expeditiously to solve the nation's freight car supply problem.

S. 2454

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(10) of the Interstate Commerce Act (49 U.S.C. 5(10)) is amended to read as follows:

"(10) Nothing in this section shall be construed to require the approval or authorization of the Commission in the case of a transaction within the scope of paragraph (2) where the only parties to the transaction are motor carriers subject to part II (but not including a motor carrier controlled by or affiliated with a carrier as defined in section 1(3)), and are Class III motor carriers as defined by the Commission.

"Nothing in this section shall be construed to require the approval or authorization of the Commission in the case of a transaction within the scope of paragraph (2) where the only parties to the transaction are street, suburban, or interurban electric railways none of which is controlled by or under common control with any carrier which is operated as part of a general steam railroad system of transportation."

Explanation and Justification

Under section 5 of the Interstate Commerce Act, Commission authorization is required for consolidation, merger, leasing, or acquisition of control of two or more carriers, or for the purchase by one motor carrier of the operating rights of another. Section 5(10) of the Act exempts from these provisions transactions where the parties involved are motor carriers whose aggregate gross revenues for a twelve-month period are less than $300,000. The proposed amendment would increase this exemption by extending it to all Class III motor carriers. The Commission presently classifies all motor carriers of property with average annual gross operating revenues of less than $500,000 and all motor carriers of passengers with less than $200,000, as Class III carriers. (See 49 C.F.R. 1240.4, 1240.5). Thus, under the amendment, mergers involving aggregate gross revenues of up to $1,000,000 could be exempted from section 5 procedures. Also, by basing the exemption amount on the Commission's administrative classification rather than on a set statutory figure, the amendment gives the Commission the flexibility to raise the amount when circumstances warrant.

The reason for this amendment is that Commission experience demonstrates that there is no strong public interest reason for subjecting carriers of this magnitude to a full adjudicatory proceeding under section 5. The raising of the exemption limit has the dual benefit of allowing more of these small mergers to occur without being impeded by unnecessary governmental interference and of enabling the Commission to focus its resources on other areas of greater public interest.

Transfers of operating rights would still be subject to Commission jurisdiction under section 212(b) of the Act (49 U.S.C. 312(b)); however, the proposal would increase the number of cases that could be processed by the Commission under the informal, expeditious section 212(b) proceedings, rather than the more stringent, formal section 5 procedures. Pursuant to its authority under section 212(b), the Commission has promulgated rules (49 C.F.R. part 1132), which provide an expedited approval procedure for operating rights transfers falling under that section. Pursuant to this procedure, the Commission, on a showing of fitness and nonapplicability of section 5, will approve a transfer without formal proceedings and subject only to petitions for reconsideration, which may be disposed of like any other such petition. This type of proceeding greatly reduces the procedural burdens for both the parties involved and the Commission and is plainly appropriate in cases such as the ones covered by this amendment, which have relatively little impact on the national transportation system.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(2)(a) of the Interstate Commerce Act (49 U.S.C. 5(2)(a)) is amended by striking out the period at the end of the subparagraph (ii) and inserting in lieu thereof "; or" and by adding at the end thereof the following new subparagraph:

"(iii) for any person which is not a carrier, or two or more such persons jointly, to acquire control through ownership of its stock or otherwise of any Class I railroad or motor carrier or Class A water carrier or freight forwarder, as defined by the Commission."

Sec. 2. The first and second sentences of section 5(3) of the Interstate Commerce Act (49 U.S.C. 5(3)) are amended to read as follows: "Whenever a person which is not a carrier is authorized by an order entered under paragraph (2), to acquire control, or whenever a person which is not a carrier is found by the Commission to be in control of any Class I railroad or motor carrier or Class A water carrier or freight forwarder, as defined by the Commission, or of two or more carriers, such person thereafter shall, to the extent provided by order of the Commission be considered as a carrier subject to such of the following provisions as are applicable to any carrier involved in such acquisition of control: section 20(1) to (10), inclusive, of this part, sections 204(a)(1) and (2) and 220 of part II, and section 313 of part III (which relate to reports, accounts and so forth, of carriers), and section 20a(2) to (11), inclusive, of this part, and section 214 of part II (which relate to issues of securities and assumptions of liability of carriers), including in each case the penalties applicable in the case of violations of such provisions. To the extent, if any, and at such time as the Commission orders the application of such provisions of section 20a of this part or section 214 of part II, in the case of any such person, the Commission shall authorize the issue or assumption applied for (a) if it finds that such issue or assumption could not affect the activities of any carrier under the control of such person, subject, however, to concurrent jurisdiction to be exercised by the Securities and Exchange Commission, or (b) if it finds that such issue or assumption (i) could affect the activities of any carrier under the control of such person, (ii) is consistent with the proper performance of service to the public by each carrier under the control of such person, and (iii) will not impair the ability of any such carrier to perform such service. In the event, however, that the Commission neither approves nor disapproves such issue or assumption within 30 days after receipt of a properly completed application, or within 60 days if the Commission finds, for good cause shown, that the additional time is necessary, such person may issue the securities or assume the liabilities without Commission approval."

Sec. 3. Section 5(3) of the Interstate Commerce Act (49 U.S.C. 5(3)) is amended by inserting "(a)" immediately after "(3)" and by adding at the end thereof the following new subparagraph:

"(b) Any Class I railroad or motor carrier or Class A water carrier or freight forwarder, as defined by the Commission, which proposes to participate in any dealings or transactions involving the receipt and expenditures of moneys, transfers of land and buildings, or equipment, or any other financial transactions (other than those involving issuances of securities as provided in section 20a of Part I or those considered necessary to and normally conducted in the course of its carrier business) between any such carriers and any person controlling, controlled by, or under common control with such carrier, or any affiliate of such person, shall file an application with the Commission for approval of any such dealings and transactions prior to putting it into effect. The Commission shall disapprove any such transaction where it finds that it may result in impairment of the operations of the carrier or its ability to respond to the needs of the public. If, however, the Commission neither approves nor disapproves the proposed dealing or transaction within 30 days after receipt of a properly completed application, or within 60 days if the Commission finds, for good cause shown, that the additional time is necessary, the parties to the proposed dealing or transaction may put it into effect without Commission approval."

Sec. 4. Section 5(4) of the Interstate Commerce Act (49 U.S.C. 5(4)) is amended to read as follows:

"(4) It shall be unlawful for any person, except as provided in paragraph (2), to enter into any transactions within the scope of subparagraph (a) thereof, or to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management of a carrier or of two or more carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this amendatory paragraph and in violation of its provisions. As used in this paragraph and paragraph (5), the words 'control or management' shall be construed to include the power to exercise control or management. For the purpose of this section, any person owning beneficially 10 per centum or more of the voting securities of a carrier shall be presumed to be in control of such carrier unless the Commission finds otherwise."

Sec. 5. Section 5 of the Interstate Commerce Act (49 U.S.C. 5) is amended by adding at the end thereof the following new paragraph:

"(17) Whenever the Commission, after notice and hearing, determines that control—of a carrier by another carrier or two or more carriers, or by a person which is not a carrier, or two or more persons—is being threatens to impair the ability of the af- used in a manner which is impairing or fected carrier properly to perform its service to the public, it shall by order direct cessation of any actions or practices of the controlling party or parties and direct such affirmative conduct as in its judgment will enable any such carrier properly to perform its service to the public, or, where warranted by the facts and circumstances, the Commission shall require such further action as in its opinion is necessary or appropriate, including, among other things, the divestiture of control of the carrier whose service to the public has been impaired or threatened."

Sec. 6. Section 20(5) of the Interstate Commerce Act (49 U.S.C. 20(5)) is amended by inserting "(a)" immediately after "(5)" and by adding at the end thereof the following new subparagraph:

"(b) Any person having legal or beneficial ownership, as trustee or otherwise, of more than 1 per centum of any class of the capital stock or capital, as the case may be, of any Class I railroad, as defined by the Commission or 5 per centum of any class of the capital stock or capital, as the case may be, of any Class I motor carrier or Class A water carrier or freight forwarder as defined by the Commission, shall submit at such times and in such form as the Commission may require a description of the shares of stock or other interest owned by such person, and the amount thereof."

Sec. 7. Section 20(1) of the Interstate Commerce Act (49 U.S.C. 20(1)) is amended to read as follows:

"(1) The Commission is hereby authorized to require annual, periodical, or special reports from carriers, persons controlling, controlled by or under a common control with such carriers, lessors, and associations (as defined in this section), to prescribe the manner and form in which such reports shall be made, and to require from such carriers, persons controlling, controlled by or under a common control with such carriers, lessors, and associations specific and full, true and correct answers to all questions upon which the Commission may deem information to be necessary, classifying such carriers, persons controlling, controlled by, or under a common control with such carriers, lessors, and associations as it may deem proper for any of these purposes. Such annual reports shall give an account of the affairs of the carrier, persons controlling, controlled by, or under common control with such carrier, lessor, or association in such form and details as may be prescribed by the Commission.".

Sec. 8. Section 20(3) of the Interstate Commerce Act (49 U.S.C. 20(3)) is amended to read as follows:

"(3) The Commission may, in its discretion, for the purposes of enabling it the better to carry out the purposes of this part, prescribe a uniform system of accounts applicable to any class of carriers subject thereto, persons controlling, controlled by or under common control with such carriers, and a period of time within which such class shall have such uniform system of accounts, and the manner in which such accounts shall be kept.".

Sec. 9. Section 20(5)(a) of the Interstate Commerce Act (49 U.S.C. 20(5)(a)) as so redesignated by section 6 of this Act, is amended to read as follows:

"(5)(a) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by carriers, persons controlling, controlled by or under common control with such carriers, and their lessors, including the accounts, records, and memoranda of the movement of a traffic, as well as the receipts and expenditures of moneys, and it shall be unlawful for such carriers, persons controlled by, or under common control with such carriers, or lessors to keep any accounts, records, and memoranda contrary to any rules, regulations, or orders of the Commission with respect thereto. The Commission or any duly authorized special agent, accountant, or examiner thereof shall at all times have authority to inspect and copy any and all accounts, books, records, memoranda, correspondence, and other documents of such carriers, persons controlling, controlled by, or under common control with any such carriers, lessors, and associations. The Commission or its duly authorized special agents, accountants, or examiners shall at all times have access to all lands, buildings, or equipment of such carriers, persons controlling, controlled by, or under common control with such carriers, lessors, and other records, memoranda, correspondence, and examine any and all such lands, buildings, and equipment. Such carriers, persons controlling, controlled by, or under common control with such carriers, lessors, and other persons shall submit their accounts, books, records, memoranda, correspondence, and other documents for the inspection and copying authorized by this paragraph, and such carriers, persons controlling, controlled by, or under common control with such carriers, and lessors shall submit their lands, buildings, and equipment to inspection and examination, to any duly authorized special agent, accountant, or examiner of the Commission, upon demand and the display of proper credentials."

Sec. 10. Section 20a(3) of the Interstate Commerce Act (49 U.S.C. 20a(3)) is amended by striking out the period at the end thereof and inserting the following: ": *Provided, however,* That in the case of a person considered a carrier pursuant to section 5(3) of this part, modifications, terms, or conditions may be specified only after a finding by the Commission that, otherwise, the proposed issue or assumption of securities would not be consistent with the proper performance of service to the public by each carrier which is under the control of such person and would impair the ability of any such carrier to perform such service in the absence of such modification, terms, or conditions.".

Sec. 11. Section 204(a)(1) of the Interstate Commerce Act (49 U.S.C. 304(a)(1)) is amended to read as follows:

"(1) To regulate common carriers by motor vehicles, persons controlling, controlled by, or under common control with such common carriers, as provided in this part, and to that end the Commission may establish reasonable requirements with respect to continuous and adequate service, transportation of baggage and express, uniform systems of accounts, records, and reports, and preservation of records.".

Sec. 12. Section 204(a)(2) of the Interstate Commerce Act (49 U.S.C. 304(a)(2)) is amended to read as follows: "To regulate contract carriers by motor vehicles, persons controlling, controlled by, or under common control with such contract carriers, as provided in this part, and to that end the Commission may establish reasonable requirements with respect to uniform sytems of accounts, records, and reports, and preservation of records.".

Sec. 13. Section 220(a) of the Interstate Commerce Act (49 U.S.C. 320(a)) is amended to read as follows:

"(a) The Commission is hereby authorized to require annual, periodical, or special reports from all motor carriers, persons controlling, controlled by, or under common control with such carriers, brokers, lessors, and associations (as defined in this section); to prescribe the manner and form in which such reports shall be made; and to require from such carriers, persons controlling, controlled by, or under common control with such carriers, brokers, lessors, and associations specific and full, true, and correct answers to all questions upon which the Commission may deem information to be necessary. Such annual reports shall give an account of the affairs of the carrier, persons controlling, controlled by, or under common control with such carrier, broker, lessor, or association in such form and detail as may be prescribed by the Commission. The Commission may also require any motor carrier or broker to file with it a true copy of any contract, agreement, or arrangement between such carrier and any other carrier or person in relation to any traffic affected by the provisions of this part. The Commission shall not, however, make public any contract, agreement, or arrangement between a contract carrier by motor vehicle and a shipper, or any of the terms or conditions thereof, except as a part of the record in a formal proceeding where it considers such action consistent with the public interest: *Provided*, That if it appears from an examination of any such contract that it fails to conform to the published schedule of the contract carrier by motor vehicle as required by section 218(a), the Commission may, in its discretion, make public such provisions of the contract as the Commission considers necessary to disclose such failure and the extent thereof.".

Sec. 14. Section 220(d) of the Interstate Commerce Act (49 U.S.C. 320(d)) is amended to read as follows:

"(d) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by motor carriers, persons controlling, controlled by, or under common control with such carriers, brokers, and lessors including the accounts, records, memoranda of the movement of traffic, as well as of the receipts and expenditures of moneys, and it shall be unlawful for such carriers, persons controlling, controlled by, or under common control with such carriers, brokers, and lessors to keep any accounts, records, and memoranda contrary to any rules, regulations, or orders of the Commission with respect thereto. The Commission may issue orders specifying such operating, accounting, of financial papers, records, books, blanks, tickets, stubs, correspondence, or documents of motor carriers, persons controlling, controlled by, or under common control with such carriers, brokers, or lessors, as may after a reasonable time be destroyed, and prescribing the length of time the same shall be preserved. The Commission or its duly authorized special agents, accountants, or examiners shall at all times have access to and auhority, under its order, to inspect and examine any and all lands, buildings, or equipment of motor carriers, persons controlling, controlled by, or under common control with such carriers, brokers, and lessors; and shall have authority to inspect and copy any and all accounts, books, records, memoranda, correspondence, and other documents of such carriers, persons controlling, controlled by, or under common control with such carriers, brokers, lessors, and associations (as defined in this section). Motor carriers, persons controlling, controlled by, or under common control with any such carriers, brokers, lessors, and persons shall submit their accounts, books, records, memoranda, correspondence, and other documents for the inspection and copying authorized by this paragraph, and motor carriers, persons controlling, controlled by, or under common control with such carriers, brokers, and lessors shall submit their lands, buildings, and equipment for examination and inspection to any duly authorized special agent, accountant, or examiner of the Commission upon demand and the display of proper credentials.".

Sec. 15. Section 313(a) of the Interstate Commerce Act (49 U.S.C. 913(a)) is amended to read as follows:

"(a) The Commission is hereby authorized to require annual, periodical, or special reports from water carriers, persons controlling, controlled by, or under common control with such carriers, lessors, and associations (as defined in this section), and to prescribe the manner and form in which such reports shall be made, and to require from such carriers, persons controlling, controlled by, or under common control with such carriers, lessors, and associations specific and full, true, and correct answers to all questions upon which the Commisison may deem information to be necessary. Such annual reports shall give an account of the affairs of the carrier, any person controlling, controlled by, or under common control with such carrier, lessor, or association in such form and detail as may be prescribed by the Commission. Said annual reports shall contain all the required information for the period of twelve months ending on the thirty-first day of December in each year, unless the Commission shall specify a different date, and shall be made out under oath and filed with the Commission at its office in Washington within three months after the close of the year for which the report is made, unless additional time be granted in any case by the Commission. Such periodical or special reports as may be required by the Commission under this paragraph shall also be under oath whenever the Commission so requires.".

Sec. 16. Section 313(c) of the Interstate Commerce Act (49 U.S.C. 913(c)) is amended to read as follows:

"(c) The Commission may in its discretion, for the purpose of enabling it the better to carry out the purposes of this part, prescribe a uniform system of accounts applicable to any class of water carriers, persons controlling, controlled by, or under common control with such carriers, and period of time within which such class shall have such uniform system of accounts, and the manner in which such accounts shall be kept.".

Sec. 17. Section 313(e) of the Interstate Commerce Act (49 U.S.C. 913(e)) is amended to read as follows:

"(e) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by water carriers, persons controlling, controlled by, or under common control with such carriers and lessors, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of money, and it shall be unlawful for such carriers, persons controlling, controlled by, or under common control with such carriers, or lessors to keep any accounts, records, memoranda contrary to any rules, regulation, or orders of the Commission with respect thereto.".

Sec. 18. Section 313(f) of the Interstate Commerce Act (49 U.S.C. 913(f)) is amended to read as follows:

"(f) The Commission or its duly authorized special agents, accountants, or examiners shall have authority to inspect and copy any and all accounts, books, records, memoranda, correspondence, and other documents, of such water carriers, persons controlling, controlled by, or under common control with such carriers, and lessors, and of associations (as defined in this section). The Commission or its duly authorized special agents, accountants, or examiners shall at all times have access to all lands, buildings, or equipment of such carriers, persons controlling, controlled by, or under common control with any such carriers, or lessors, and shall have authority under its order to inspect and examine any and all such lands, buildings, and equipment. All such carriers, lessors, and persons shall submit their accounts, books, records, memoranda, correspondence, and other documents for the inspection and for copying authorized by this paragraph, and such carriers, persons controlling, controlled by, or under common control with such carriers and lessors shall submit their lands, buildings, and equipment for inspection and examination, to any duly authorized special agent, accountant, or examiner of the Commission, upon demand and the display of proper credentials.".

Sec. 19. Section 412(a) of the Interstate Commerce Act (49 U.S.C. 1012(a)) is amended to read as follows:

"(a) For purposes of administration of the provisions of this part, the Commission is hereby authorized to require annual periodical, or special reports from freight forwarders, persons controlling, controlled by, or under common control with such freight forwarders, and associations (as defined in this section), and to prescribe the manner and form in which such reports shall be made, and to require from such forwarders, persons controlling, controlled by, or under common control with such forwarders, and associations specific, full, true, and correct answers to all questions upon which the Commission may deem information to be necessary. Such annual report shall give an account of the affairs of the freight forwarder, persons controlling, controlled by, or under common control with such forwarder or association in such form and detail as may be prescribed by the Commission. The Commission may, in its discretion, for purposes of administration of the provisions of this part, prescribe a uniform system of accounts applicable to freight forwarders and persons controlling, controlled by, or under common control with such forwarders, and the period of time within which they shall have such uniform system of accounts, and the manner in which such accounts shall be kept. The Commission may also require any such forwarder to file with it a true copy of any contract or agreement between such forwarder and any person in relation to transportation facilities, service, or traffic affected by the provisions of this part.".

Sec. 20. Section 412(c) of the Interstate Commerce Act (49 U.S.C. 1012(c)) is amended to read as follows:

"(c) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memorandums to be kept by freight forwarders and persons controlling, controlled by, or under common control with such forwarders, with respect to service subject to this part, and the length of time such accounts, records, and memorandums shall be preserved, including the accounts, records, and memorandums of the movement of traffic, as well as of the receipts and expenditures of money, and it shall be unlawful for freight forwarders and persons controlling, controlled by, or under common control with such forwarders to keep any accounts, books, records, and memorandums contrary to any rule, regulation, or order of the Commission with respect thereto.".

Sec. 21. Section 412(d) of the Interstate Commerce Act (49 U.S.C. 1012(d)) is amended to read as follows:

"(d) The Commission or its duly authorized special agents, accountants, or examiners shall at all times have access to and authority, under its order, to inspect and examine any and all lands, buildings, or equipment of freight forwarders and persons controlling, controlled by, or under common control with such forwarders; and shall have authority to inspect and copy any and all accounts, books, records, memorandums, correspondence, and other documents of freight forwarders and persons controlling, controlled by, or under common control with such forwarders and of associations (as defined in this section). Freight forwarders and persons controlling, controlled by, or under common control with such forwarders shall submit their accounts, books, records, memorandums, correspondence, and other documents for the inspection and copying authorized by this subsection, and freight forwarders, persons controlling, controlled by, or under common control with such forwarders shall submit their lands, buildings, and equipment for examination and inspection, to any duly authorized special agent, accountant, or examiner of the Commission upon demand and the display of proper credentials.".

SEC. 22. Section 660 of title 18, United States Code, is amended to read as follows:

"§ 660. Carrier's fund derived from commerce, State prosecutions.

"Whoever, being a president, director, officer, or manager of any firm, association, or corporation engaged in commerce as a common or contract carrier, person controlling, controlled by, or under common control with such carrier, or whoever being an employee of such common or contract carrier riding in or upon any railroad car, motortruck, steamboat, vessel, aircraft, or other vehicle of such carriers moving in interstate commerce, embezzles, steals, abstracts, or willfully misapplies or willfully permits to be misapplied, any of the moneys, funds, credits, securities, properties, or assets of such firm, association, or corporation arising or accruing from, or used in, such commerce, in whole or in part, or willfully or knowingly converts the same to his own use or to the use of another, shall be fined not more than $5,000 or imprisoned not more than ten years, or both.

"The offense shall be deemed to have been committed not only in the district where the violation first occurred but also in any district in which the defendant may have taken or had possession of such moneys, funds, credits, securities, properties or assets.

"A judgment of conviction or acquittal on the merits under the laws of any State shall be a bar to any prosecution under this section for the same act or acts.".

SEC. 23. The amendments made by the foregoing provisions of this bill shall become effective ninety days from the date of their enactment.

EXPLANATION AND JUSTIFICATION

For a number of years it has been apparent that there is a trend for conglomerate holding companies and other non-carriers to assume control of carriers subject to this Commission's jurisdiction and for the carriers themselves to enter other fields. The possibility that this trend might ultimately result in a weakened common carrier system incapable of responding to the needs of the public has caused great concern in both the governmental and private sectors.

The trend towards conglomerates has reached the point where railroads controlled by conglomerates now account for approximately two-thirds of total industry revenues and ton-miles. Likewise, conglomerates control a substantial portion of the motor carrier industry. This trend has had disastrous consequences for the surface transportation industry. We estimate that the total cash loss of transportation companies to their conglomerate parents since 1968 is in the neighborhood of $3 billion. This financial drain plainly has had a substantial impact on the weakened financial position of many railroads and yet the Commission has insufficient regulatory tools to prevent it.

The Commission is increasingly concerned that the indiscriminate acquisition to transportation enterprises by holding companies having little or no interest in the performance of needed services for the shipping or traveling public may be inimical to the public interest. Similarly, the employment by carriers of the device of establishing a parent company to escape Commission jurisdiction also causes concern since it may serve to impair their ability to render efficient and economical services. We are also aware, however, of the potential benefits that corporate diversification can provide.

The Commission has, therefore, undertaken to draft a bill which we believe would provide us with the needed additional authority, and which, at the same time, would not unduly impede carriers from participating in profitable ventures unrelated to transportation.

The draft legislation has been written in terms that will enable the Commission to deal with major problem areas without, however, imposing undue burdens of administration upon the carriers regulated by us or our staff. This is accomplished by provisos that generally if the Commission does not approve or disapprove within 30 days of their receipt, applications for securities issuances covered by section 2 of the bill and intercorporate transactions governed by section 3, such actions may be taken without Commission approval. Furthermore, most provisions of the draft bill apply only to Class I railroads and motor carriers and to Class A water carriers and freight forwarders, as defined by the Commission. Thus, only the carriers in the class with the greatest annual operating revenues are affected by most of the provisions.

THE CONGLOMERATE TREND

Tables 1 through 5 of Appendix A show statistics for conglomerates in the railroad industry. The recent trend toward conglomerates of Class I railroads is reflected in Table 2. During 1962, two Class I railroads, the Missouri Pacific and Kansas City Southern, were acquired by parent holding companies.

At that time, the two carriers' share of total Class I railroad operating revenues and ton-miles was 3.6 and 4.0 percent, respectively. By the end of 1972, fourteen roads were under the control of conglomerate companies, the affected carriers accounting for 50.2 percent of total Class I operating revenues and 50.9 percent of total ton-miles. As may be seen in the tables, the extent of "conglomeratization" was only slightly greater in 1972 than in 1969, the banner year for conglomerate formation. However, with the formation of the Chessie System, Inc., on June 15, 1973, railroads controlled by conglomerate holding companies now account for approximately two-thirds of total industry revenues and ton-miles.

The intercity bus business is dominated by two systems, Greyhound and Trailways, both controlled by firms involved in conglomerate activities—The Greyhound Corporation and Holiday Inns, Inc. Approximately 85 percent of total Class I operating revenues in the bus industry were accounted for by conglomerates in 1973. This information is reflected in Tables 6 and 7.

Tables 8 and 9 indicate the extent of conglomerate involvement in the trucking industry. Although acquisition activity has slowed appreciably in this area recently, it is our belief that, if an economic upturn accompanied by easier financial market conditions occurs as is predicted for the latter half of this year and next year, there will be a resulting acceleration in the conglomerate trend in the trucking industry.

QUESTIONABLE AND IMPROPER PRACTICES OF CONGLOMERATES

In recognition of this growing trend towards conglomerates, the Commission initiated a review of carriers controlled by diversified holding companies. The complexity of transactions involving intercompany relationships made these reviews exceedingly difficult. However, the Commission developed special audit procedures which were instrumental in bringing to light many intricate transactions. Among the practices uncovered by the Commission were the following:

Carrier's assets were removed through questionable dividend practices.

Spin off of Carrier's valuable nontransportation assets.

Carriers required to pay special dividends to liquidate holding company loans.

Carriers required to pay dividends with highly appreciated assets.

Carriers required to obtain loan from holding company in order to finance payment of dividends back to holding company resulting in depletion of carrier's retained income and contributing to future cash problems.

Carriers' assets were removed at less than fair market value resulting in holding company profiting from appreciated value.

Carrier's assets were removed through payment of management fees, in excess of fair market value, for non-existent or negligible services.

Carriers were denied short term investment opportunities because of holding company restrictions on its use of cash.

Carriers required to maintain excessive bank balances for holding company credit.

Carriers required to advance cash to holding company at no interest or at below market interest rates.

Carriers' costs were increased because of arbitrary billing by holding company of intercompany transactions, such as leases, rental agreements and improper allocation of expenses.

Carriers' costs were increased and their cash position weakened because of being required to pay higher Federal income taxes by holding company tax allocation methods, such as:

Carriers were not given credit for losses of their subsidiaries.

Carriers did not receive any benefits from tax losses contributed to a consolidated return.

Carrier investment tax credits which produce a lower tax payment for the holding company were not passed down from the holding company.

Carrier management talent was diverted to non-carrier activities without compensation.

Specific examples of the above practices, some of which have been previously reported to Congress, are set forth in Appendix B.

PROPOSED LEGISLATION

In order to control these questionable practices, the Commission requests that the attached draft bill, which is reviewed below, be enacted.

Section 1 of the draft bill would confer jurisdiction over the Commission to authorize single carrier acquisitions, limited, however, to the requirement that authorization be obtained for any Class I railroad or motor carrier or Class A water carrier or freight forwarder, as defined by the Commission.

Section 2 of the draft bill would authorize the Commission to designate a person not a carrier to be a carrier for purposes of reporting, maintaining accounts and issuing securities, as the Commission may deem appropriate, at such time as the acquisition of control is authorized by the Commission or subsequently in the cases of any Class I railroad or motor carrier or Class A water carrier or freight forwarder, as defined by the Commission. The section further provides that any issuance or assumption not approved or disapproved by the Commission within 30 days can be put into effect without Commission approval, unless the Commission for good cause shown, extends the review period to 60 days.

Section 3 of the draft bill would require the Commission to approve or disapprove all transactions between affiliated companies and any Class I railroad or motor carrier or Class A water carrier or freight forwarder, as defined by the Commission.

Any transaction not approved or disapproved by the Commission within 30 days could be put into effect without Commission jurisdiction, unless the Commission for good cause shown, extends the review period to 60 days.

Section 4 of the draft bill would establish a presumption of control where any person owns 10 percent or more of the voting securities of the carrier.

Section 5 of the draft bill would enable the Commission to enter such orders as may be required, including divestiture, whenever it finds that the continued maintenance of control will impair the ability of the affected carrier to render its services.

Section 6 of the draft bill would require the recording, in the manner prescribed by the Commission, of the beneficial or record ownership of those who hold more than 1 percent of any class of stock of any Class I railroad or 5 percent of any Class I motor carrier, water carrier or freight forwarder.

Section 10 of the draft bill adds a proviso to section 20a(3) of the Act so that it will conform to change made in section 2 of the draft bill.

Sections 7 through 9 and 11 through 21, inclusively, of the draft bill would authorize the Commission to prescribe the accounts and reports to be rendered by persons controlling, controlled by and under common control with carriers, as well as those of the carriers themselves, and would permit the inspection of the records of such persons, as well as those of the carriers themselves.

Under separate cover, the Commission is sending a recommendation to Congress that section 20(5) of the Act be amended to allow the Commission to obtain financial forecasts from carriers. The proposal here is to be considered independently of that recommendation. If, however, Congress enacts both recommendations, a re-draft of the amendment to section 20(5) of the Act will be necessary.

Section 22 of the draft bill would make it a crime to misappropriate funds by the officials of carriers and, additionally, persons controlling, controlled by or under common control with such carriers.

Finally, section 23 of the draft bill would establish an effective date 90 days from the date of approval of the legislation.

As previously stated, the draft bill does not attempt to prevent carriers from availing themselves of profitable opportunities unrelated to transportation but rather seeks to control the flow of assets out of carriers connected with conglomerates. We believe that the enactment of the safeguards contained in the bill are necessary to the maintenance of a profitable surface transportation system.

TABLE 1.—*Major railroads directly controlled by holding companies and date of involvement*

RAILROAD AND EFFECTIVE DATE

Kansas City Southern Ry. Co., Jan. 29, 1962.

Missouri Pacific R.R. Co., Dec. 31, 1962.

Illinois Central Gulf R.R. Co., Mar. 26, 1963.

Boston & Marine Corp., May 1, 1964.

Bangor & Aroostook R.R. Co., Oct. 13, 1964.

Missouri-Kansas-Texas R.R. Co., Aug. 24, 1967.

Atchison, Topeka & Santa Fe Ry. Co., Aug. 19, 1968.

Seaboard Coast Line R.R. Co., Jan. 21, 1969.

Union Pacific R.R. Co., Feb. 17, 1969.

Denver & Rio Grande Western R.R. Co., Apr. 25, 1969.

Penn Central Transportation Co., Oct. 1, 1969.

Southern Pacific Transportation Co., Nov. 26, 1969.

Western Pacific R.R. Co., June 17, 1971.

Chicago, Milwaukee, St. Paul & Pacific R.R. Co., Mar. 23, 1972.

Chesapeake & Ohio R.R. Co., June 15, 1973.

NOTE.—Prior to 1972 Illinois Central Gulf R.R. Co. was Illinois Central R.R. Co.; new name adopted August 10, 1972, when Illinois Central merged with Gulf, Mobile & Ohio R.R. Co.

TABLE 2.—SELECTED STATISTICS FOR MAJOR CLASS I RAILROADS IN THE UNITED STATES DIRECTLY CONTROLLED BY CONGLOMERATE HOLDING COMPANIES YEARS 1969-74

	1969	1970	1971	1972	1973	1974
Operating revenues (thousands):						
Total class I railroads	$11,450,325	$11,984,994	$12,790,311	$13,585,893	$15,015,234	$17,228,641
Railroads under conglomerate control	$5,702,267	$5,922,820	$6,370,481	$6,824,997	$7,989,670	$9,067,738
Percent of total under conglomerate control	49.8	49.4	49.8	50.2	53.2	52.6
Freight revenues (thousands):						
Total class I railroads	$10,346,258	$10,915,771	$11,786,431	$12,571,707	$13,793,688	$15,783,726
Railroads under conglomerate control	$5,079,086	$5,323,494	$5,892,685	$6,406,739	$7,483,414	$8,456,611
Percent of total under conglomerate control	49.1	48.8	50.0	51.0	54.3	53.6
Ton miles (millions):						
Total class I railroads	767,841	762,544	739,746	777,851	851,629	853,886
Railroads under conglomerate control	370,891	368,899	367,733	395,969	462,573	453,876
Percent of total under conglomerate control	48.3	48.4	49.7	50.9	54.3	53.2

Sources: "Transport Statistics in the United States", annual reports forms A and R-1, 4th quarter R.E. & I. and OS-B, and statement No. 100.

TABLE 3.—SELECTED STATISTICS FOR CLASS I RAILROADS IN THE UNITED STATES DIRECTLY CONTROLLED BY CONGLOMERATE HOLDING COMPANIES, YEARS 1973-74

	Total operating revenues (thousands)		Freight revenues (thousands)		Ton miles (millions)	
	1973	1974	1973	1974	1973	1974
Bangor & Aroostook	$14,363	$15,692	$13,547	$15,087	488	495
Boston & Maine	82,723	93,639	67,956	77,492	2,749	2,798
Penn Central	1,963,673	2,247,261	1,702,876	1,939,364	86,061	87,382
Illinois Central Gulf	525,993	577,843	492,356	535,983	34,103	32,122
Seaboard Coast Line	614,404	680,104	590,939	654,906	34,979	35,151
Santa Fe	947,743	1,071,993	901,595	1,023,042	59,125	56,858
Denver & Rio Grande	118,874	140,814	115,902	137,487	8,320	8,799
Kansas City Southern	120,953	132,188	114,082	123,864	8,748	7,340
Missouri-Kansas-Texas	90,042	93,305	85,409	88,318	6,112	5,541
Missouri Pacific	532,035	633,591	510,045	607,031	36,960	37,730
Southern Pacific	1,192,914	1,323,391	1,159,993	1,287,454	71,920	70,008
Union Pacific	870,923	989,016	843,034	958,520	58,523	55,626
Western Pacific	89,578	105,395	88,117	103,940	5,496	5,638
Chicago, Milwaukee, St. Paul & Pacific	335,390	394,676	329,752	362,903	19,533	18,745
Chesapeake & Ohio	490,062	568,830	467,811	541,220	29,456	29,643
Total	7,989,670	9,067,738	7,483,414	8,456,611	462,573	453,876
U.S. total	15,015,234	17,228,641	13,793,688	15,783,726	851,629	853,886
Percent of U.S. total	53.2	52.6	54.3	53.6	54.3	53.2

Source: See table 2.

TABLE 4.—SELECTED STATISTICS FOR CLASS I RAILROADS IN THE U.S. INDIRECTLY CONTROLLED BY CONGLOMERATE HOLDING COMPANIES, YEARS 1973-74

	Controlled by	Total operating revenues (thousands)		Freight revenues (thousands)		Ton miles (millions)	
		1973	1974	1973	1974	1973	1974
Detroit, Toledo & Ironton	PC	$45, 213	$48, 477	$42, 439	$44, 869	1, 454	1, 377
Ann Arbor	PC	10, 542	9, 477	10, 237	8, 926	616	480
Lehigh Valley	PC	58, 057	69, 476	56, 178	67, 464	3, 231	3, 603
Monongahela	PC	7, 468	8, 362	7, 386	8, 302	399	398
Pennsylvania-Reading SSL	PC	9, 828	11, 683	8, 310	9, 992	124	133
Pittsburgh & Lake Erie	PC	42, 797	52, 753	39, 082	48, 084	1, 389	1, 588
Toledo, Peoria & W	PC-ATSF	12, 621	14, 606	11, 989	13, 729	505	549
Chicago & Eastern Illinois	MP	44, 368	53, 558	43, 687	52, 767	2, 988	2, 892
Texas & Pacific	MP	128, 685	149, 073	124, 624	144, 745	7, 537	7, 901
Missouri-Illinois	MP	6, 949	8, 491	6, 843	8, 263	266	294
Clinchfield	SCL	39, 225	49, 894	38, 610	48, 845	3, 537	3, 597
Louisville & Nashville	SCL	504, 687	607, 231	489, 185	590, 221	35, 881	38, 103
Georgia, Lessee Corp	SCL	11, 258	14, 666	10, 707	14, 235	696	926
Northwestern Pacific	SP	12, 792	12, 492	12, 715	12, 436	546	470
St. Louis Southwestern	SP	163, 405	183, 987	161, 527	182, 197	10, 311	10, 411
Baltimore & Ohio	C. & O.	555, 426	648, 383	532, 882	624, 133	28, 896	29, 729
Western Maryland	C. & O.	54, 367	74, 165	50, 811	69, 550	3, 097	3, 552
Total		1, 707, 688	2, 016, 774	1, 647, 212	1, 948, 758	101, 473	106, 003

Sources: "Transport Statistics in the United States" and annual report forms A and R–1.

TABLE 5.—SELECTED STATISTICS FOR CLASS I RAILROADS IN THE U.S. CONTROLLED BY CONGLOMERATE HOLDING COMPANIES, YEARS 1973-74

	Total operating revenues (thousands)		Freight revenues (thousands)		Ton miles (millions)	
	1973	1974	1973	1974	1973	1974
Total of directly controlled railroads	$7, 989, 670	$9, 067, 738	$7, 483, 414	$8, 456, 611	462, 573	453, 876
Total of indirectly controlled railroads	1, 707, 688	2, 016, 774	1, 647, 212	1, 948, 758	101, 473	106, 003
Total	9, 697, 358	11, 084, 512	9, 130, 626	10, 405, 369	564, 046	559, 879
U.S. Total	15, 015, 234	17, 228, 641	13, 793, 688	15, 783, 726	851, 629	853, 886
Percent of U.S. total	64. 6	64. 3	66. 2	65. 9	66. 2	65. 6

Sources: Tables 3 and 4.

TABLE 6.—A COMPARISON OF SELECTED STATISTICS OF CLASS I MOTOR CARRIERS OF PASSENGERS OWNED BY NONTRANSPORTATION FIRMS INVOLVED IN CONGLOMERATE ACTIVITIES YEARS 1973-74

[Thousands]

	1973			1974		
	Total	Aggregate U.S. totals [1]	Percent of U.S. totals	Total	Aggregate U.S. totals [3]	Percent of U.S. totals
Total operating revenues	$793, 145	$951, 128	83. 4	$877, 681	$1, 057, 172	83. 0
Passenger revenue:						
Intercity service, regular route	511, 554	577, 069	88. 6	579, 675	652, 896	88. 8
Local service	68, 012	87, 397	77. 8	66, 933	88, 135	75. 9
Charter, sightseeing and other special services	100, 992	146, 600	68. 9	96, 897	167, 464	57. 9
Total number of revenue passengers carried	222, 522	319, 818	69. 6	219, 715	317, 031	69. 3
Revenue passengers carried:						
Intercity service, regular route	98, 042	129, 145	75. 9	99, 127	129, 884	76. 3
Local (excluding transfer)	110, 405	152, 071	72. 3	106, 691	149, 620	71. 3
Charter, sightseeing and other revenue passengers	45, 075	37, 972	37. 1	13, 897	37, 527	37. 0

[1] Revised.

[3] Preliminary figures, all class I motor carriers of passengers.

Source: Statement No. 750 and individual carrier reports to the Commission.

TABLE 7.—SELECTED DATA, MAJOR MOTOR CARRIERS OF PASSENGERS CONTROLLED BY CONGLOMERATES, 1973-74

[Dollar amounts in thousands[

	1973			1974 [2]		
	Totals	Aggregate U.S. totals [1]	Percent of U.S. totals	Totals	Aggregate U.S. totals	Percent of U.S. totals
Greyhound Corp.:						
Total operating revenues	$507, 076	$951, 128	53. 3	$562, 365	$1, 057, 172	53. 2
Passenger revenues:						
Intercity service, regular route	361, 149	577, 069	62. 6	406, 171	652, 896	62. 2
Local service	17, 438	87, 397	20. 0	16, 879	88, 135	19. 2
Charter, sightseeing, and other special services	47, 722	146, 600	32. 6	53, 822	167, 464	32. 1
Holiday Inns (TCO Industries, Inc.):						
Total operating revenues	163, 531	951, 128	17. 2	190, 532	1, 057, 172	
Passenger revenues:						518.
Intercity service, regular route	104, 254	577, 069	18. 1	123, 862	652, 896	19. 0
Local service		87, 397			88, 135	
Charter, sightseeing, and other special services	23, 943	146, 600	16. 3	28, 518	167, 464	17. 0
Other:						
Total operating revenues	122, 539	951, 128	12. 9	124, 784	1, 057, 172	11. 8
Passenger revenues:						
Intercity service, regular route	46, 151	577, 069	8. 0	49, 642	652, 896	7. 6
Local service	50, 574	87, 397	57. 9	50, 054	88, 135	56. 8
Charter, sightseeing, and other special services	29, 326	146, 600	20. 0	14, 557	167, 464	8. 7

[1] Revised.

[2] Preliminary figures, all class I motor carriers of passengers.

Source: Statement No. 750 and individual carrier reports to the Commission.

TABLE 8.—SELECTED STATISTICS OF CLASS I MOTOR CARRIERS OF PROPERTY OWNED BY NONTRANSPORTATION/CONGLOMERATE FIRMS, YEARS 1973-74[1]

[In thousands]

	1973			1974		
	Totals	Aggregate U.S. totals[2]	Percent of U.S. totals	Totals	Aggregate U.S. totals[3]	Percent of U.S. totals
Operating revenue	$3,109,172	$16,600,133	18.7	2,726,359	$18,150,000	15.0
Intercity freight revenue	3,004,507	15,677,911	19.2	2,616,081	17,142,000	15.3
Tons of revenue freight carried intercity	103,598	698,127	14.8	81,181	676,100	12.0

[1] The change in the operating revenue requirement for class I motor carriers of property from $1,000,000 to $3,000,000 effective Jan. 1, 1974 affects the comparability of the 1973 and 1974 data.

[2] Revised.

[3] Estimates.

TABLE 9.—SELECTED STATISTICS FOR CLASS I MOTOR CARRIERS OF PROPERTY CONTROLLED BY CLASS I RAILROADS UNDER CONGLOMERATE HOLDING COMPANY CONTROL, YEARS 1974-73

[In thousands]

	Controlled by—	Total operating revenues		Intercity freight revenue		Tons of revenue freight service	
		1974	1973	1974	1973	1974	1973
Missouri Pacific Truck Lines, Inc.	MP	$23,887	$22,316	$10,025	$9,320	$526	533
New England Transportation Co.	PC	(1)	4,203	(1)	3,318	(1)	433
Pennsylvania Truck Lines, Inc.	PC	35,994	45,549				
Rio Grande Motor Way, Inc.	DRGW	14,650	13,492	14,013	12,799	333	352
Santa Fe Trail Transportation Co.	ATSF	39,185	39,504	28,729	25,719	482	471
Pacific Motor Trucking Co.	SP	72,886	79,213	38,612	43,740	1,959	2,859
Southern Pac. Transp. Co. of Texas and Louisiana	SP	22,830	19,954	15,958	12,283	489	412
Southwestern Transportation Co.	SLSW	18,897	17,228	13,916	12,280	429	407
Texas & Pacific Motor Transport Co.	TP	13,042	12,039	7,118	6,388	358	332
Union Pacific Motor Freight Co.	UP	4,418	4,216	123	192	145	177
Seacoast Transportation Co.	SCL	(2)	3,575	(2)	842	(2)	310
Total		245,789	261,289	128,494	126,881	4,721	6,286

(1) Not available.

(2) Class II carrier.

Source: Motor carrier annual report form M-1.

S. 2456

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SEC. 1. Section 12(1) of the Interstate Commerce Act (49 U.S.C. 12(1)) is redesignated as section 12(1)(a) and is amended by adding a paragraph "(b)" thereto to read as follows:

"(b) Whenever the Commission, upon its own motion or upon application of any interested party, determines that the requirements of this part, in whole or in part, should not be applied to any person or class of persons or to any services or transportation performed under this part because such requirements are not necessary in order to effectuate the National Transportation Policy declared in this Act or to effective regulation by the Commission thereunder, and would serve little or no useful public purpose, it shall by order exempt such person or class of persons or such services or transportation from the provisions of this part for such period of time as may be specified in such order. The Commission may by order revoke any such exemption whenever it finds, after notice and reasonable opportunity for hearing, that the subjugation of the exempted person or class of persons or exempted services or transportation to the requirements of this part, in whole or in part, is necessary to effectuate the National Transportation Policy and to achieve effective regulation by the Commission and would serve a useful public purpose."

SEC. 2. Section 204 of the Interstate Commerce Act (49 U.S.C. 304) is amended by adding a paragraph "(g)" to read as follows:

"(g) Whenever the Commission, upon its own motion or upon application of any interested party, determines that the requirements of this part, in whole or in part, should not be applied to any person or class of persons or to any services or transportation performed under this part because such requirements are not necessary in order to effecuate the National Transportation Policy declared in this Act or to effective regulation by the Commission thereunder, and would serve little or no useful public purpose, it shall by order exempt such person or class of persons or such services or transportation from the provisions of this part for such period of time as may be specified in such order. The Commission may by order revoke any such exemption whenever it finds, after notice and reasonable opportunity for hearing, that the subjugation of the exempted person or class of persons or exempted services or transportation to the requirements of this part, in whole or in part, is necessary to effectuate the National Transportation Policy and to achieve effective regulation by the Commission and would serve a useful public purpose."

SEC. 3. Section 304 of the Interstate Commerce Act (49 U.S.C. 904) is amended by adding a paragraph "(f)" thereto to read as follows:

"(f) Whenever the Commission, upon its own motion or upon application of any interested party, determines that the requirements of this part, in whole or in part, should not be applied to any person or class of persons or to any services or transportation performed under this part because such requirements are not necessary in order to effectuate the National Transportation Policy declared in this Act or to effective regulation by the Commission thereunder, and would serve little or no public purpose, it shall by order exempt such person or class of persons or such services or transportation from the provisions of this part for such period of time as may be specified in such order. The Commission may by order revoke any such exemption whenever it finds, after notice and reasonable opportunity for hearing, that the subjugation of the exempted person or class of persons or exempted services or transportation to the requirements of this part, in whole or in part, is necessary to effectuate the National Transportation Policy and to achieve effective regulation by the Commission and would serve a useful public purpose."

SEC. 4. Section 403 of the Interstate Commerce Act (49 U.S.C. 1003) is amended by adding a paragraph "(g)" thereto to read as follows:

"(g) Whenever the Commission, upon its own motion or upon application of any interested party, determines that the requirements of this part, in whole or in part, should not be applied to any person or class of persons or to any services or transportation performed under this part because such requirements are not necessary in order to effectuate the National Transportation Policy declared in this Act or to effective regulation by the Commission thereunder, and would serve little or no useful public purpose, it shall by order exempt such person or class of persons or such services or transportation from the provisions of this part for such period of time as may be specified in such order. The Commission may by order revoke any such exemption whenever it finds, after notice and reasonable opportunity for hearing, that the subjugation of the exempted person or class of persons or exempted services or transportation to the requirements of this part, in whole or in part, is necessary to effectuate the National Transportation Policy and to achieve effective regulation by the Commission and would serve a useful public purpose."

EXPLANATION AND JUSTIFICATION

This amendment would allow the Commission to exempt certain segments of surface transportation from all or part of the regulatory requirements of the Interstate Commerce Act when such regulation serves no useful public purpose. The proposal is beneficial in two respects—it allows for the removal of regulatory controls when such controls are not in the public interest and it permits the Commission to commit its resources more efficiently to those regulatory areas that are necessary.

A considerable amount of controversy has been generated in recent months over the extent to which regulation of surface transportation is in the public interest. We firmly believe in the need for regulation of surface transportation; however, we disapprove of regulation for the sake of regulation and believe that the transportation modes under our jurisdiction should be subject to the restraints of the Interstate Commerce Act only to the extent that regulation furthers the public interest. Presently, however, the Interstate Commerce Act does not provide the Commission with a means of exempting specific or classes of transportation services from the Acts requirements. Consequently, we are forced to exact compliance with franchise, rate, and other regulatory provisions from all carriers. This unnecessary regulation places a burden upon the Commission, the carriers, and potentially the public.

There are many ways in which this exemption authority could be exercised. There may well be many relatively unique commodities such as homing pigeons or race horses, the transportation of which is not likely to have any effect on the maintenance of an adequate, stable transportation system. Commodities such as these would be likely candidates for exemption. Also, it could be that certain services, because of their nature, are simply not appropriate for Federal regulation. The services that may fall in this category could include mass transit motor bus or rail operations that cross state lines and passenger boat operations conducted on bodies of water located in more than one state. There may also be some logical extensions of presently existing statutory exemptions.

Two important aspects of this legislation are the fact that it allows the Commission, if it finds it appropriate, to lift some, but not all regulatory requirements and the fact that it authorizes the Commission to reimpose regulation if the public interest requires. These provisions give the Commission considerable flexibility to try innovative, experimental programs to determine exactly what kind of less stringent regulation may work. A great deal of economic theory has been propounded concerning what may occur if regulatory requirements are eased, but there is no empirical information available on what the results of such changes may be. This proposal could provide a way to institute experiments leading to the gathering of such data, while at the same time protecting the public from any untoward consequences of these experiments.

While individual and specific legislative recommendations could be submitted from time to time with respect to each commodity or transportation service found by this Commission to be susceptible to statutory exemption, we believe enactment of the proposed general exempting power is in the best interest of all concerned. Not only would such authority relieve the Commission and the affected carriers of undue regulatory burdens, it would also tend to free the Congress of much of the legislative workload that would be encountered by a piecemeal approach. As an example, such authority probably would have eliminated the need for the last statutory exemption in section 203, which exempted from regulation the emergency transportation of accidentally wrecked or disabled motor vehicles.

Finally, it should be reemphasized that this exemption authority should have a beneficial effect on the Commission's efficiency in processing its caseload. By removing unnecessary regulatory functions, the Commission can allocate more resources to the more expeditious processing of the rest of its caseload. In light of the Commission's substantial and growing caseload, the efficient use of available resources is extremely important.

S. 2457

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SEC. 1. Section 15(2) of the Interstate Commerce Act (49 U.S.C. 15(2)) is amended to read as follows:

"(2) Except as otherwise provided in this part, all orders of the Commission other than orders for the payment of money, shall take effect within such reasonable time as shall be prescribed in the order, which time shall not be less than thirty days from date of service unless the Commission for good cause shown, provides in the order that it shall take effect in less than said thirty days. Orders of the Commission shall continue in force until further order, or for a specified period of time, according as shall be prescribed in the order, unless the same shall be suspended or modified or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction."

SEC. 2. Section 221(b) of the Interstate Commerce Act (49 U.S.C. 321(b)) is amended to read as follows:

"(b) Except as otherwise provided in this part, all orders of the Commission other than orders for the payment of money, shall take effect within such reasonable time as shall be prescribed in the order, which time shall not be less than thirty days from date of service unless the Commission for good cause shown, provides in the order that it shall take effect in less than said thirty days. Orders of the Commission shall continue in force until further order, or for a specified period of time, according as shall be prescribed in the order, unless the same shall be suspended or modified or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction."

SEC. 3. Section 315(d) of the Interstate Commerce Act (49 U.S.C. 915(d)) is amended to read as follows:

"(d) Except as otherwise provided in this part, all orders of the Commission other than orders for the payment of money, shall take effect within such reasonable time as shall be prescribed in the order, which time shall not be less than thirty days from date of service unless the Commission for good cause shown, provides in the order that it shall take effect in less than said thirty days. Orders of the Commission shall continue in force until further order, or for a specified period of time, according as shall be prescribed in the order, unless the same shall be suspended or modified or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction."

SEC. 4. Section 416(c) of the Interstate Commerce Act (49 U.S.C. 1016(c)) is amended to read as follows:

"(c) Except as otherwise provided in this part, all orders of the Commission other than orders for the payment of money, shall take effect within such reasonable time as shall be prescribed in the order, which time shall not be less than thirty days from date of service unless the Commission for good cause shown, provides in the order that it shall take effect in less than said thirty days. Orders of the Commission shall continue in force until further order, or for a specified period of time, according as shall be prescribed in the order, unless the same shall be suspended or modified or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction."

EXPLANATION AND JUSTIFICATION

This proposal would allow the Commission to make its orders effective in less than thirty days from the date of service "for good cause shown." Presently, sections 15(2), 221(b), 315(d), and 416(c) require that, except when otherwise provided in the Act, all Commission orders be effective in not less than thirty days. This precludes the Commission from making its orders effective on relatively short notice even when the situation clearly calls for expeditious action.

A prominent example of this problem was the implementation of the Commission's final order in Ex Parte No. MC-43 (Sub-No. 2), *Adjustment of Compensation for Equipment Leased by Motor Carriers of Property Because of Rising Fuel Costs,* which required the modification of all contracts between carriers and owner-operators to provide for fuel cost increases. Although the order was intended to bring immediate relief to the owner-operators who were engaged in a nationwide truck strike, the Commission was powerless to make it effective on less than this thirty-day statutory period. Congress responded to that crisis by passing Joint Resolution 185, which allowed the Commission to make the order effective immediately.

Numerous situations may arise where time is of the essence, and the Commission should have the flexibility to make its final orders effective immediately or on short notice when the public interest so requires.

It should be noted that the thirty-day requirement was originally promulgated in the Hepburn Act of 1906. At that time, communications were such that at least thirty days were needed for adequate notice of Commission decision. But with improved communications, the need for the full thirty-day period clearly has diminished.

Under this proposal, the thirty-day period would remain in ordinary situations so that those affected could make whatever justifications are necessary. But the proposal would give the public the opportunity to seek more expeditious implementation of Commission orders when special circumstances exist which require such expedition.

S. 2458

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 20(5) of the Interstate Commerce Act (49 U.S.C. 20(5)) is amended by striking out the entire paragraph and inserting in lieu thereof:

"(5) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by carriers and their lessors, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of moneys, and it shall be unlawful for such carriers or lessors to keep any accounts, records, and memoranda contrary to any rules, regulations or orders of the Commission with respect thereto. The Commission or any duly authorized special agent, accountant, or examiner thereof shall at all times have authority to inspect and copy any and all accounts, books, forecasts, records, memoranda, correspondence, and other documents, of such carriers, lessors, and associations, whether or not related to their prescribed or authorized accounting and corporate records, and such accounts, books, forecasts, records, memoranda, correspondence, and other documents, of any person controlling, controlled by, or under common control with any such carrier, as the Commission deems relevant to such person's relation to or transactions with such carrier. The Commission or its duly authorized special agents, accountants, or examiners shall at all times have access to all lands, buildings, or equipment of such carriers or lessors, and shall have authority under its order to inspect and examine any and all such lands, buildings, and equipment. Such carriers, lessors, and other persons shall submit their accounts, books, forecasts, records, memoranda, correspondence, and other documents for the inspection and copying authorized by this paragraph, and such carriers and lessors shall submit their lands, buildings, and equipment to inspection and examination, to any duly authorized special agent, accountant, or examiner of the Commission, upon demand and the display of proper credentials.

EXPLANATION AND JUSTIFICATION

The purpose of this amendment is to clarify the power of the Interstate Commerce Commission to inspect and copy all books and records of carriers regulated by it, including such items as the carrier's forecasts concerning its future finances and operations. This clarification would be accomplished by the addition of the word "forecasts" in lines 9, 12 and 20 of the proposal and the addition of the phrase, "whether or not related to their prescribed or authorized accounting and corporate records" in lines 11 and 12 of the proposal. Recent developments in the railroad industry have reemphasized the need for long-range planning by both the carriers and the regulatory agency. Thus, we believe that this amendment is a particularly timely piece of legislation.

In the past, our efforts to obtain necessary rail revenue forecasts have been stymied. Several years ago, in response to a request from Senator Hartke to supply his Subcommittee with a list of marginal railroads based on our analyses of the carriers' anticipated earnings, we attempted to get such data. In September 1970, we wrote to the Burlington Northern's Chief Accountant questioning the apparent practice of that carrier in declaring dividends in excess of earnings. In order to determine Burlington Northern's financial condition, we repeatedly requested the carrier's income and cash flow forecasts for 1970 and 1971. Lengthy litigation subsequently resulted when the Burlington Northern declined to comply with the Commission's request.

On December 22, 1970, in *Burlington Northern, Inc.* v. *Interstate Commerce Commission*, 323 F. Supp. 273, the District Court ruled in favor of the railroad's position that section 20(5), as presently worded, does not authorize the Commission to inspect income and cash flow forecasts of the carriers. On January 31, 1972, the United States Court of Appeals upheld the lower court's decision (462 F. 2d 280 (1972)). A writ of certiorari to the Supreme Court was denied (409 U.S. 891 (1972)), thereby creating the need for the attached legislation.

We believe that various other types of forecasts could be of substantial value to the Commission including:

(1) Projected traffic movements (carloadings, tonnage, ton miles, revenues), on a composite basis and by principal commodities.

(2) Anticipated new developments including expected shifts of large industries or companies to or from a trade area.

(3) Expected changes in competition from other modes.

(4) Budgets and projections of maintenance and capital programs.

Such information is essential to the performance of our regulatory mandate in our ever-changing economic climate. A few specific reasons for these forecasts are:

(1) Forecasts would enable the Commission to better plan and anticipate problems. For example, we would be able to estimate the timing and extent of future rate increase applications or detect anticipated changes in a carrier's traffic volume or commodity mix.

(2) Forecasts would provide the Commission with an oversight or monitoring tool. We would be able to determine and evaluate whether planned actions, such as maintenance or capital programs were actually undertaken or fulfilled.

(3) by analyzing forecasts submitted, the Commission would be able to detect or evaluate expected changes in regional characteristics, such as industry shifts, changes in commodity mix, and shifts in use of transportation modes.

(4) Forecasts would enable the Commission to better evaluate the prospects of carriers in poor and marginal condition. In the case of railroads, the Commission would be better able to anticipate and plan for possible directed operations under section 601(e) of the Regional Rail Reorganization Act of 1973.

(5) Information derived from forecasts could aid the Commission in evaluating applications by carriers to merge, issue securities, revise rates, and abandon track.

(6) Forecasts would enable the Commission to determine whether a railroad is adequately planning to correct maintenance deficiencies.

In Ex Parte No. 275, *Expanded Definition of Term "Securities,"* 344 I.C.C. 114, the Commission found that any carrier proposing to issue a security or assume any obligation or liability pursuant to section 20a of the Interstate Commerce Act would have to file with the Commission (1) a pro forma income statement showing its forecasted revenues, expenses, and net income for the 12 months following the application dates, and (2) a cash flow statement for the 12 months preceding the filing of the application and a forecasted cash flow statement for the 12 months subsequent to such filing.

This decision is presently pending on reconsideration. This limited requirement for forecasts is under attack as beyond the jurisdiction of the Commission. We, therefore, cannot overemphasize the importance of the attached legislation.

This amendment is necessary for another important reason. One of our present responsibilities is to keep the Congress informed of the financial condition of the major railroads and other carriers subject to regulation, particularly those in financial difficulty. The recent Congressional hearings on the financial condition of the Penn Central and the Rock Island bear out the need for accurate data on the true condition of such carriers. Yet without any knowledge of future plans affecting the carrier, it is next to impossible for the Commission to render a proper determination of the railroad's continued viability.

The information that the proposal would authorize the Commission to gather could be helpful in carrying out a number of other regulatory functions. It could be used:

To support the basis of equalization of maintenance expenses by the carrier. Since equalization accounting is based on budgetary considerations, we need to know what the annual projections show to determine the propriety of the accounting performed. Such projections are actually the basis for the equalization of such maintenance costs.

To determine long-range plans regarding the use of carrier funds.

To determine proposed uses of carrier assets in non-carrier activities that might adversely affect a carrier's financial status.

To compare long-range dividend plans and related cash needs.

To provide advance notice of possible reorganization proposals that would tend to weaken the carrier.

To analyze long-range financing needs, and a carrier's ability to meet long-term debt obligations when due.

To determine the propriety of charges to be assessed against a carrier by its parent or affiliates in the future.

To provide insight into management's outlook toward a carrier, such as, whether resources are to be used to improve the carrier's ability to serve the public, or to finance diversified activities.

To determine the effect of expansion or retrenchment programs, such as possible deferral of maintenance.

To gauge the effect of income projections on present accounting practice, which is important in understanding current accounting decisions and in detecting possible manipulation of income.

To determine the effect on a carrier of proposed intercompany transactions, including the transfer of assets to other members of a conglomerate group.

The foregoing listing is not intended to be all-inclusive; however, it does indicate some of the more important reasons for us to have access to such information.

By Mr. KENNEDY (for himself, Mr. Hartke, Mr. Pastore, Mr. Clark, Mr. Ribicoff, Mr. McIntyre, Mr. Durkin, Mr. Pell, Mr. Stafford, Mr. Brooke, Mr. Hathaway, and Mr. Leahy):

S. 2459. A bill to provide a program for the rehabilitation of the Nation's railroads. Referred to the Committee on Commerce.

NATIONAL RAIL REHABILITATION PROGRAM

Mr. KENNEDY. Mr. President, I am introducing today, for myself and for the distinguished chairman of the Senate Surface Transportation Subcommittee, Mr. Hartke, and for Senators Pastore, McIntyre, Durkin, Pell, Stafford, Brooke, Hathaway, and Leahy a bill to provide a national rail rehabilitation program.

A similar measure will be introduced in the House of Representatives.

The Rail Rehabilitation Act of 1975 authorizes the voluntary transfer of all rail rights-of-way to the Federal Government beginning with those in the Northeast in exchange for the Government rehabilitation, improvements, and maintenance of those lines.

It is designed to remedy serious flaws within the final system plan. More important, this bill will create for the first time a real possibility that our rail system can regain its previous strength and vigor.

For all too long, America's railroads have been traveling fast in only one direction, and that is down. Perhaps the clearest symbol of this decline is that in 1929, there were 20,000 intercity passenger trains. Today we are barely operating 200.

In the area of freight service, so crucial to our national economy, the statistics show a decline both in total ton miles of intercity freight carried and in freight revenues received.

How distorted we have allowed our transportation system to become is demonstrated by the Library of Congress finding that while carrying some 40 percent of intercity freight today, railroads only earn 20 percent of total freight revenues. The Interstate Commerce Commission has estimated that a minimum average annual rate of return of 6 percent, is necessary for the economic well-being of the railroads, yet they have exceeded 4 percent only 5 of the past 25 years.

The Northeast rail crisis only signifies the most glaring example of the national financial and physical deterioration of the railroads. The complex set of reasons for this fact is less important today than the realization that the rehabilitation of the Nation's railroads is vital to our achieving long term economic growth.

To a substantial degree, it also is a critical element to bring our energy needs into some balance, with available resources. Intercity rail is substantially more efficient than other forms of transportation in its use of fuel. Whether carrying passengers or freight, the long distance railroad is a crucial conservation tool.

This measure also would instill a desperately needed balance to the Federal role in transportation. It would set railroads in a more equal position with their competitiors than they have been in the past 30 years.

The Federal Government, for various reasons, determined that it would both fund and maintain the "rights of way" for the automobile and the airplane in intercity travel. We have financed the Interstate Highway System almost entirely from Federal funds and a substantial portion of the noninterstate highway system as well. We have paid for virtually all of the airport and runway construction and we have aided domestic waterways.

To demonstrate the disequilibrium in the Federal role in transportation, let me note that the Federal Government, in the Northeast corridor alone, spent $10.3 billion on highways between fiscal year 1959 and fiscal year 1973. We did not spend a single Federal tax dollar on the interstate rail system.

We need a balanced national transportation system based on a mixture of the different modes of travel. We do not have it now. One of the most important causes has been the Federal Government's treatment of the railroads as the ugly duckling of transportation.

With the bankruptcy of six carriers in the Northeast, the inadequacy of this attitule has convinced most Americans of the need for a fundamental change in the way we treat the railroads.

The Regional Rail Reorganization Act of 1973 directed that a plan be developed which conformed to congressional criteria and which provided for the rehabilitation and restructuring of the Northeast system.

Yet, the final system plan now submitted to the Congress has several serious failings which not only may doom its possibility of long-term financial survival without periodic and unfettered transfusions of Federal dollars but surely will limit its capacity to improve rail service.

Major defects in the plan are the slowness of the rehabilitation program, the neglect of New England lines at all in the priority rehabilitation stages, the exclusion of the nonbankrupt railroads, overly optimistic costs of its financial situation and the massive abandonment program. An equally distressing failure is the lack of compliance with the requirement for action to implement the Northeast corridor rail passenger program, a provision that it introduced in the Senate.

The National Rail Rehabilitation Act I am introducing today attempts to meet these defects in a way that will boost rail transportation—both freight and passenger—to a more equitable level of Federal funding.

This proposal has been endorsed by the New England Regional Commission. But it is not a New England plan or even a Northeast plan. It is a national plan to meet the national needs of assuring a viable rail system throughout the country. It is open to railroads in every region of the Nation.

It should be emphasized that this measure clearly defines the Federal role and obligation and protects the public investment. Federal dollars will not go out to private carriers with no guarantee that service will be improved. Federal dollars will go to improve Federal rights of way.

The bill contains the following elements:

First, a Federal Railroad Property Administration would be established within the Department of Transportation as a seperate entity. It would acquire and maintain the rail rights-of-way.

Second, the acquisition would be through a voluntary transfer of rail properties by those railroads seeking to participate. The attraction of Government maintenance and improvement, and responsibility for the rights-of-way should be a sufficient inducement to attract profitable as well as bankrupt railroad participation.

Third, the new agency would have the responsibility for maintaining and upgrading the roadbeds and rail facilities to improved standards. All too many railroads operate today at speeds below what they did 20 years ago because of the deteriorated condition of the roadbeds.

Fourth, the railroads participating would be charged a user fee for the use of the lines. While it would not fully cover the costs, it would represent a reasonable charge for the service being performed by the Federal Government.

Fifth, funds as needed would be provided from the General Treasury through the appropriations process, subject to budgetary control.

Sixth, the bill establishes a mechanism for national rail planning including full public input to permit the establishment of an approved interstate railroad system plan, including the ConRail system as finally approved in a final system plan.

Seventh, the bill includes the provisions of S. 2368, which I previously introduced, to protect branch lines not included in the final plan.

Eighth, the bill requires scheduling of improvement and completion up to improved standards.

Ninth, requires the completion of the Northeast rail corridor project by January 1, 1979, up to the level of service established in the Secretary's 1971 report of 2½-hour service between Washington and New York with five stops. An overall authorization of $4 billion is included for this program.

These are the major elements in the Rail Rehabilitation Act which I hope will be part of the congressional consideration of the final system plan.

We can ill afford any further delay in setting the Nation's course on the rehabilitation and reinvigoration of our freight and passenger railroads.

I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2459

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rail Rehabilitation Act of 1975".

TITLE I—FINDINGS, PURPOSE, AND DEFINITIONS

FINDINGS AND PURPOSE

Sec. 101. (a) The Congress finds that modern, efficient rail service is essential to interstate commerce and to national defense; that the international energy crisis requires more intensive use of fuel-economic freight and passenger trains; that better utilization of existing rail rights-of-way is more compatible with the environment in terms of land use, air pollution, and noise levels than is expansion of facilities for other modes of transportation; that many railroad tracks and roadbeds have greatly deteriorated in recent years; that such deterioration has resulted in inferior railroad transportation for both freight and passengers, together with a sharp increase in train derailments; that rehabilitation of such tracks and roadbeds will provide substantial public benefits through improved rail freight and passenger service; that both the efficiency and quality of railroad service and the economic utilization of the railroad plant can be improved by freer access by rail carriers to rail lines and facilities they do not own.

(b) The purpose of this Act is to designate an Interstate Railroad System; to organize an Administration of the Department of Transportation to acquire, rehabilitate, maintain, modernize, and to restructure the rail lines included within such System; to transfer to the States responsibility for maintenance of rail lines not included within such System; to require minimum standards of maintenance for rail lines; to establish rights of access by rail carriers to rail lines they do not own; and to provide Federal funding to the Administration and to the States for rehabilitation of rail lines.

DEFINITIONS

Sec. 102. For the purpose of this Act, the term—

(1) "Administration" means the Federal Rail Property Administration created by this Act;

(2) "Administrator" means the Administrator of the Federal Rail Property Administration as established by this Act;

(3) "Association" means the United States Railway Association established by the Regional Rail Reorganization Act of 1973;

(4) "bridge traffic" means any traffic carried by a railroad which neither originates nor terminates on the railroad, but is received from and delivered to another carrier for further movement;

(5) "Commission" means the Interstate Commerce Commission;

(6) "Conrail" means the Consolidated Rail Corporation established by the Regional Rail Reorganization Act of 1973;

(7) "Governor" means the governor of any State and includes the Mayor of the District of Columbia;

(8) "Office" means the Rail Services Planning Office of the Interstate Commerce Commission established by the Regional Rail Reorganization Act of 1973;

(9) "overhead traffic" means any freight traffic carried over a rail line but which neither originates nor terminates on the line, nor is halted in its movement over the line for any purpose other than those incidental to freight transportation operations;

(10) "rail carrier" includes any railroad company; mail, express, or less-than-carload rail freight carrier; State, regional, or local transportation agency; the National Railroad Passenger Corporation; and any other private rail passenger carrier;

(11) "rail line" includes any main rail track (or tracks), side track, and yard track adjacent to such main track; the roadbed supporting such track, any signaling, communication, and power transmission structure and device as is permanently installed on or adjacent to such track and roadbed; any bridge, culvert, fill, tunnel, and other structure occupied by such track and roadbed; any real estate occupied by such track and roadbed; real estate adjacent to such track and roadbed which is used for drainage of, maintenance of, access to, and protection of such track and roadbed; any rail yard; any station and terminal track and facility, including air rights over, and mineral rights under, such track and roadbed and other property as acquired;

(12) "**railroad company**" means any class I or class II railroad, including the Consolidated Rail Corporation and switching and

terminal companies, as designated by the Interstate Commerce Commission and subject to part I of the Interstate Commerce Act, together with all subsidiaries, affiliates, and leased lines of such railroads;

(13) "Secretary" means the Secretary of Transportation;

(14) "State" includes the several States and the District of Columbia;

(15) "System" means the Interstate Railroad System established by this Act; and

(16) "transportation property other than rail lines" includes any facility or equipment used for the repair and maintenance of rolling stock, track, signals, power transmission facilities or any moveable property specifically designed for primary operation on rails; but shall not include any vehicle used or designed for personal transportation use primarily on highways, air, or water.

TITLE II—INTERSTATE RAILROAD SYSTEM

ESTABLISHMENT OF SYSTEM

SEC. 201. (a) Within ninety days after the date of enactment of this Act, each rail carrier shall provide the Secretary with the following items:

(1) A map showing each rail line owned, controlled, operated, or any combination thereof by the rail carrier including any leased line, rail property operated for the account of another, and rail line out of service but not abandoned or taken out of service pursuant to the provisions of the Interstate Commerce Act.

(2) One copy of the latest edition of each employee operating timetable of such carrier with related special instructions; all temporary and semi-permanent "slow orders" on such track in effect on the date of transmittal to the Secretary; all other restrictions on train operations on such date not included in the preceding items.

(3) A statement verified by the chief operating officer of such railroad, identifying each rail line or portion of rail line which is out of service on date of transmittal to the Secretary, but which has not been abandoned, or taken out of service pursuant to the provisions of the Interstate Commerce Act.

(4) A statement verified by the chief operating officer of such railroad identifying the reasons why each rail line identified pursuant to paragraph (3) of this subsection is out of service together with an estimate, if available, of the cost of restoring each of such rail lines to operation.

(5) Track charts, or other documents sufficient to identify all parameters of track geometry, including but not limited to radius of curvature, which preclude improving the track to Federal Railroad Administration Class VI for each main line and Federal Railroad Administration Class IV for all other lines.

(6) A statement verified by the chief operating officer of such railroad identifying the maximum speed authorized on each rail line identified pursuant to paragraph (1) of this subsection at any time since January 1, 1935, including the dates between which such speed was authorized.

(7) A statement verified by the chief operating officer of such railroad concerning each rail line where the present authorized speed for such line, identified pursuant to paragraph (2) of this subsection, is less than the highest maximum authorized speed authorized on such line since January 1, 1935, identified pursuant to paragraph (6) of this subsection; and identifying for each such rail line the reasons why the present authorized speed is less than previously authorized highest maximum speed.

(8) A statement verified by the chief operating officer of such railroad identifying the location, type, and condition of all signals, interlockings, and controls.

(9) Such data as is deemed by the Secretary as adequate to determine all rail lines owned or used by such rail carrier, which consist of more than one track, and identification of the information required pursuant to paragraphs (1) through (8), inclusive, of this subsection for each track in such rail lines containing more than one track.

(b) Upon request by the railroad, the Secretary may modify or waive any of the provisions specified in subsection (a) of this section for any railroad company designated as a Class II carrier by the Interstate Commerce Commission, provided that alternative information is offered by the rail carrier which the Secretary deems adequate to satisfy the intent of this section.

(c) Additions, deletions, and changes in the information required pursuant to subsection (a) of this section shall be forwarded by the rail carrier to the Secretary within seven days of any event which causes such additions, deletions, and changes to be made. The provisions of this subsection shall apply during the period of time beginning with the submission required in subsection (a) of this section, and ending with conveyance of any such rail line to the Administration pursuant to the provisions of this Act. Notwithstanding provisions found elsewhere in this subsection, no notice is required to be given of temporary show orders which are expected to be removed within fifteen days.

(d) Within one hundred and twenty days of the enactment of this Act, each rail carrier shall provide to the Secretary a verified statement identifying all rail lines of such carrier, or segments of such rail lines upon which have originated and terminated a total average of less than fifty loaded carloads of revenue traffic per mile during the 365 days preceding the date of enactment of this Act. Such Statement shall identify the stations on said rail lines where revenue traffic originated or terminated along with the number of carloads which originated or terminated at each such station during the 365 days preceding the date of enactment of this Act. Such statement shall also identify the amount of overhead traffic carried on each such rail line during the 365 days preceding date of enactment of this Act, the points of each such rail line between which such overhead traffic was carried, and the number of days that each such rail line was out of service during the 365 days preceding the date of enactment of this Act.

(e) Information supplied by the rail carrier to the Secretary pursuant to this section shall be, when practicable, on magnetic tape or other machine-readable form determined by the Secretary to be acceptable.

(f) The Secretary may waive or modify any of the provisions of subsections (a) and (d) of this section for any individual track within terminal and yard areas provided that such waiver or modification is deemed by the Secretary to be consistent with the intent of this Act.

INITIAL DESIGNATION OF THE SYSTEM

SEC. 202. (a) Except as provided in subsection (b) of this section, the Initial Interstate Railroad System (hereinafter called the Initial System) shall consist of:

(1) All rail lines operated within the United States by railroad companies on the date of enactment of this Act; all rail lines within the United States owned, leased or otherwise controlled by domestic railroad companies which are out of service on the date of enactment of the Act, but which have not been abandoned or taken out of service pursuant to the provision of the Interstate Commerce Act; and such rail lines outside the United States which are operated by a railroad company which primarily operates within the United States and which are deemed essential to the System by the Secretary.

(b) Notwithstanding the provisions of subsection (a) of this section, the Initial System shall not include any rail line which meets any of the following criteria:

(1) A rail line which has carried no overhead traffic during the 365-day period preceding date of enactment of this Act, except overhead traffic to and from other rail lines not in the Initial System, provided that such a rail line has been designated as unnecessary by the Governor of each State in which the rail line is located.

(2) A rail line ten miles or less in length which has been in service for not less than 350 of the 365 days preceding date of enactment of this Act; which has carried no overhead traffic in the 365 days preceding enactment of this Act, except overhead traffic to and from other rail lines not in the Initial System; which has carried no passenger service in the 365 days preceding the date of enactment of this Act; upon which service has been offered at least 100 times in the preceding 365 days; and upon which has originated and terminated a total average of less than twenty-five loaded carloads of revenue traffic per mile in the 365 days preceding the date of enactment of this Act.

(3) Rail lines between ten and fifty miles in length which have been maintained during the 365 days prior to enactment of this Act to or better than the Federal Railroad Administration Class II track standard, and which otherwise satisfy all of the conditions specified in subsection (b) (2) of this section. or

(4) Rail lines fifty miles or more in length which have been maintained during the 365 days prior to enactment of this Act to, or better than, the Federal Railroad Administration Class III track standard and which otherwise satisfy all of the conditions specified in subsection (b) (2) of this section.

(c) Within 180 days of the date of enactment of this Act, the Secretary shall prepare a report containing a concise description or summary, together with a map, of all rail lines included within the Initial System. Copies of the report shall be transmitted by the Secretary to the Association, the Office, the Governor of each State, the Public Utilities Commission of each State, the Congress, each court having jurisdiction over a railroad in reorganization, and interested persons. The Secretary shall further cause a copy of the report to be published in the Federal Register.

(d) Within 180 days of the date of enactment of this Act, the Secretary shall prepare a statement identifying all rail lines excluded from the Initial System pursuant to subsection (b) of this section, along with a statement of the reason for each such exclusion, and along with the data upon which each such exclusion is based. Copies of the Statement shall be transmitted by the Secretary to the Association, the Office, the Governor of each State, the Public Utilities Commission of each State, the Congress, each court having jurisdiction over a railroad in reorganization, and interested persons. The Secretary shall further cause a copy of the Statement to be published in the Federal Register.

HEARING BY THE OFFICE

SEC. 203. (a) Thirty days after release of the Initial System, pursuant to section 202 of this Act, the Office shall hold public hearings to solicit comments on the Initial System. Notice of date, time, and place of each such hearing shall be given in a manner as to assure a full and fair opportunity to be heard for consumers, shippers, rail carriers, rail passengers, industry, labor, state and local governments, and other interested persons.

(b) The Office shall employ and utilize the services of attorneys and such other personnel as may be required in order properly to protect the interests of those communities and users of rail service which, for whatever reason, such as their size or location, might not otherwise be adequately represented in the course of the hearings and evaluations which the Office is required to conduct and perform under other provisions of this Act.

RECOMMENDATIONS OF THE OFFICE

Sec. 204. (a) Within 150 days after release of the Initial System by the Secretary under section 202 (c) and (d), the Office shall release and report to the Secretary its recommendations for additions to and deletions from such System.

(b) Such recommendations shall include, whenever possible, proposals for re-routing of through-train operations of one or more railroad companies onto a single rail line as long as adequate capacity appears to exist on such rail line for all present traffic and for all re-routed traffic and so long as such a re-routing will not seriously harm the quality or cost of rail services presently available, and so long as such a re-routing shall not constitute the granting of access to additional markets to the railroad companies whose traffic is to be re-routed, and so long as such re-routings do not create unreasonable circuity or require the use of connections with significant operational problems for any rail carrier so re-routed.

(c) Each recommended re-routing of through-train traffic operations shall be accompanied by a recommendation by the Office as to how adeqaute local rail service is to be maintained on the rail line from which through-train operations are recommended to be re-routed.

(d) The Office may recommend inclusion of any individual rail line into the System that was excluded by the Secretary pursuant to subsection (b) of section 202 of this Act. Each such recommended inclusion shall be accompanied by a report of findings by the Office that continued rail service on such line recommended for inclusion appears to be necessary to provide adequate rail service, to avoid significant violation of the Clear Air Act, to prevent excessive unemployment, to provide efficient transportation of fossil fuel resources from their source to their user, or to provide for the continued transportation of hazardous materials that should for reasons of safety, be transported via rail rather than via alternative modes.

(e) The Office may recommend exclusion from the system of rail lines designated by the Secretary as part of the Initial System. Each such recommended exclusion shall be accompanied by a report of findings by the Office that continued rail service on each such line recommended for exclusion appears to be not necessary to provide adequate rail services, to prevent excessive unemployment, to provide efficient transportation of fossil fuel resources from their source to their user, or to provide for the continued transportation of hazardous materials that should, for reasons of safety, be transported via rail rather than via an alternative mode.

(f) The Office may, as it deems necessary, publish from time to time addenda to the recommendations released pursuant to this section.

INTERMEDIATE DESIGNATION OF THE SYSTEM

Sec. 205. (a) Upon receiving the recommendations of the Office, the Secretary shall within 90 days, after giving full consideration to such recommendations and after giving consideration to whatever other information is available to the Secretary, prepare and release a concise descriptive summary, along with map and other description adequate to enable specific identification of the rail properties involved, of an Intermediate Interstate Railroad System (hereafter called the Intermediate System).

(b) The report of the Secretary shall include findings in support of each addition to or deletion from the Initial System.

(c) The Intermediate System shall reflect to the extent possible, the result of potential re-routed through-train operations recommended by the Office pursuant to subsection (b) of section 204 of this Act.

(d) The report of the Secretary shall include a detailed description of revisions to the System which would be necessary if re-routed through-train operations were not implemented due to failure of a railroad company to convey its rail facilities to the Administration pursuant to section 304 of this Act.

(e) The Intermediate System shall designate the future maintenance standards of each rail line in the System according to the following criteria:

(1) On all rail lines, ten miles or less in length, on which the Secretary anticipates no overhead traffic: FRA Class I.

(2) On all rail lines, between 10 miles and 50 miles in length, on which the Secretary anticipates no overhead traffic: FRA Class II.

(3) On all rail lines, 50 miles or greater in length on which the Secretary anticipates no overhead traffic: FRA Class III.

(4) On all rail lines on which the Secretary anticipates overhead traffic: FRA standards allowing the highest speeds operated at any previous time since January 1, 1935 on each given rail line.

(5) On all rail lines greater than ten miles on which the Secretary anticipates more than ten million gross ton miles per mile per year: FRA Class IV.

(6) On all rail lines on which the Secretary anticipates a total of more than twenty intercity passenger trains in all directions, daily: FRA Class IV.

(7) For the passenger corridor between Boston, Massachusetts, and Washington, D.C.: Standards allowing 150 miles per hour operation.

(8) For all lines upon which the Secretary anticipates a total of more than two intercity passenger trains in all directions daily: FRA Class III.

(f) When more than one standard applies to a given rail line pursuant to subsection (e) of this section, the higher standard shall apply.

(g) Notwithstanding the provisions of subsection (f) of this section, the Secretary may designate the maximum track standards allowed by the geometry of the right-of-way of a given right-of-way where such standards are lower than the standard prescribed pursuant to subsection (e) of this section. Such lower track standards shall apply only to portions of the rail line where such limited right-of-way geometry exists.

(h) The Secretary may set standards for any rail line higher than those specified in subsection (e) of this section.

(i) The Secretary may upon publication of findings that passenger service or service to freight shippers will not be adversely affected, reduce the standards specified elsewhere in this section for a given rail line by not more than one FRA Class, provided that no reduction of standards below FRA Class I shall be made.

HEARINGS BY OFFICE

Sec. 206. (a) Commencing thirty days after release of the Intermediate System, the Office shall hold public hearings to solicit comments on the Intermediate System. Notice of date, time, and places of such hearing shall be given in a manner as to assure a full and fair opportunity to be heard for consumers, shippers, rail carriers, rail passengers, industry, labor, State and local governments, and other interested persons.

(b) The Office may employ and utilize the services of attorneys and such other personnel as may be required in order properly to protect the interests of those communities and users of rail service which, for whatever reason, such as their size or location, might not otherwise be adequately represented in the course of the hearings and evaluations which the Office is required to conduct and perform under other provisions of this Act.

RECOMMENDATIONS BY THE OFFICE

Sec. 207. (a) Within 90 days after release of the Intermediate System by the Secretary, pursuant to section 205 of this Act, the Office shall release and report to the Secretary its recommendations for additions to and deletions from and changes to the system along with the reasons for such recommendations. A copy of the recommendations shall be published in the Federal Register.

FINAL DESIGNATION OF THE SYSTEM

Sec. 208. (a) Upon receiving the recommendations of the Office, the Secretary shall within 60 days, after giving full consideration to such recommendations, and with the cooperation and assistance of the office, prepare and transmit to the Congress the Final Interstate Railroad System (hereinafter called the Final System). The Final System shall be designed to promote and enhance the ability of rail carriers to provide modern, efficient, and economical interstate rail freight and passenger service responsive to present and future needs and demands. The report of the Secretary shall include findings in support of each addition to or deletion from the Intermediate System.

(b) The Final System shall contain no deletions from the Intermediate System other than deletions which were recommended by the Office pursuant to section 207 of this Act or deletions which were approved by the Governor of the State in which the rail lines to be deleted are located. The Secretary may choose to designate as part of the Final System any rail line designated as part of the Intermediate System notwithstanding recommendations by the Office or approval of deletion by the Governor of the State in which the rail line is located.

(c) The Final System shall contain future maintenance standards for each rail line which are no lower than those contained in the Intermediate System unless:

(1) A lower standard for any individual rail line was recommended by the Office pursuant to section 207 of this Act, and

(2) Such lower standard was approved by the Governor of the state in which such rail line is located, or

(3) The individual rail line was recommended for deletion from the Final System by the Office pursuant to section 207 of this Act, and

(4) Deletion of the individual rail line from the System was approved by the Governor of the State in which the rail line is located.

(d) The Final System shall be deemed approved at the end of the first period of sixty calendar days of continuous session of Congress after transmittal thereto unless either the House of Representatives or the Senate passes a resolution during such period stating that it does not favor the System. If either such body passes a resolution of disapproval, the Secretary with the cooperation and assistance of the Office shall prepare and transmit to Congress a revised System within 60 days of the date of passage of such resolution. Each such revised System shall be submitted to Congress for review pursuant to this subsection. Each such revised System shall be deemed approved at the end of the first period of sixty calendar days of continuous session of Congress after transmittal thereto unless either the House of Representatives or the Senate passes a resolution during such period stating that it does not favor the system. For purposes of this subsection, continuity of session of Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period. Upon becoming effective after review by Congress, the System shall not be subject to review by any court.

REHABILITATION, CAPITAL IMPROVEMENT AND MAINTENANCE PROGRAM

SEC. 209. (a) Upon receiving the recommendations of the Office made pursuant to section 207 of this Act, the Secretary shall within 90 days determine and publish a rehabilitation, capital improvement, and maintenance program for the restoration of all rail lines in the System to the future maintenance standards set forth in the Final System. Within such program projects scheduled to take place during the four years following enactment of this Act shall be individually scheduled. Each project within such program scheduled to take place more than four years after the enactment of this Act shall be identified as to approximate year of expected completion. If either body of Congress passes a resolution of disapproval pursuant to subsection 208(d) of this Act, the Secretary shall, within 90 days of passage of such resolution, publish a revised rehabilitation, capital improvement and maintenance program to correspond with the revised System prepared pursuant to subsection 208(d).

(b) The entire program shall be scheduled by the Secretary for completion within 12 years following enactment of this Act.

(c) Within three years after the date of enactment of this Act, the Secretary and the Secretary of the Army shall jointly undertake and carry out a study of the long-term capital needs for modernization of signal systems, line relocation, tunneling, highway grade crossing elimination, electrification, and other major upgrading to the Final System as revised. The study shall include recommendations for investment priorities among the various upgrading projects.

(d) Upon completion of the study, the Secretary and the Secretary of the Army shall submit to the President and to the Congress, and shall release to the public, a full report thereon together with their recommendations for such legislative, administrative, and other actions as they deem appropriate for implementing the report.

(e) Within 90 days of completion of the study, the Administrator shall determine and release a revised rehabilitation, capital improvement and maintenance program showing the schedule for completion of each element of the program. All elements of the program shall be scheduled for completion within twelve years following enactment of this Act. Provision shall be made for revision of such schedule should one or more railroad companies fail to transfer railroad facilities to the Administration pursuant to section 305 of this Act.

(f) The Administrator may, from time to time, revise the program as deemed necessary because of failure of one or more railroad companies to transfer in a timely fashion, railroad facilities to the Administration pursuant to section 305 of this Act.

RAIL PROPERTIES REORGANIZED UNDER THE REGIONAL RAIL REGIONALIZATION ACT OF 1973

SEC. 210. (a) Notwithstanding the contrary provisions in sections 201 through 208 of this title, all rail lines designated to be transferred to ConRail or to be offered for sale to a profitable railroad or to be purchased, leased, or otherwise acquired by the National Railroad Passenger Corporation pursuant to the Final System Plan of the Association developed under section 206(c) of the Regional Rail Reorganization Act of 1973, shall be part of the Final System.

REVISION OF FUTURE MAINTENANCE STANDARDS

SEC. 211. (a) The Administrator shall, from time to time, revise the future maintenance standards designated pursuant to subsection (e) of section 205 and pursuant to subsection (c) of section 208 of this Act so long as such revision shall reflect changes in the anticipated use of the individual rail lines. The Administrator may at any time specify future maintenance standards higher than those required to be specified pursuant to sections 205 and 208 of this Act.

VERIFICATION OF DATA SUPPLIED BY RAILROADS

SEC. 212. (a) Within 210 days of the date of enactment of this Act, the Secretary shall publish an inventory of all rail lines in the United States. Such inventory shall include, but not be limited to a listing of the maximum allowable speed for freight and passenger trains on July 1, 1975, on each portion of each rail line.

(b) Within 120 days after the date of enactment of this Act, all rail carriers shall supply the Secretary with a verified statement describing each slow order, speed restriction and change in employee operating timetable that became effective on or after July 1, 1975. Such verification statement shall also give the reason for each such slow order, speed restriction and timetable revision.

(c) The Secretary may make whatever physical inspections or other investigations which he deems necessary to insure that the inventory is correct.

(d) Upon receipt of satisfactory evidence that the inventory is incorrect, the Secretary shall correct such inventory.

TITLE II—FEDERAL RAIL PROPERTY ADMINISTRATION ESTABLISHMENT OF ADMINISTRATION

SEC. 301. (a) There is hereby established an Administration of the Department of Transportation to be known as the Federal Rail Property Administration. The Administration shall be deemed not to be a railroad for purposes of the Interstate Commerce Act.

(b) The management, powers, and duties of the Administration shall be vested in an Administrator to be appointed by the President, by and with the advice and consent of the Senate.

(c) To assist the Administrator there shall be a Deputy Administrator who shall be appointed by the Administrator. The Assistant Administrator shall perform such duties as the Administrator may from time to time designate.

(e) The Administrator shall prepare a budget and staffing plan within 30 days from his appointment, and shall submit the proposed budget and plan to Congress for review. Congress shall have 30 legislative days in which to revise this budget, or failing, shall allow the budget to stand as if approved. The staffing plan shall make provision for the employment of sufficient personnel at all levels to carry out the purpose of the Act.

GENERAL POWERS OF THE ADMINISTRATION

SEC. 302. (a) The Administration may acquire rail lines and transportation property other than rail lines from any railroad company operating in the United States or whose principal place of business is in the United States. Such property may include properties of United States railroads outside the United States in contiguous portions of Canada and Mexico where such properties are part of and necessary to the functioning and operational integrity of the Interstate Rail System established pursuant to this Act.

(b) The Administration may, pursuant to section 303 of this Act, enter into leases with a railroad company which deeds rail lines to the Administration. Any such lease shall be for the purpose of providing common carriage rail service over rail lines previously owned by the railroad, and shall be granted for a term of not more than 25 years and shall be renewable upon certification by the Interstate Commerce Commission that the carrier is fit, willing and able to perform common carriage services in the territory and over the tracks covered by the lease. The Commission shall, not later than 90 days before the expiration of the lease, make a determination as to whether the carrier is fit, willing and able to perform common carriage services in the territory and over the tracks covered by the lease. In the event that the Commission fails to make such a timely determination, the Administrator shall grant an extension in time of the lease for a period of one year from the date of termination of the lease. No further extension or renewal shall be granted until the Commission has issued such certificate. Each such lease shall be subject to the provisions of the following paragraphs:

(1) During the term of the initial lease, the railroad company shall have exclusive rights to use the railroad facilities, except as provided in paragraph (1) and (9) of this subsection.

(2) Under the terms of the lease, the carrier shall provide common carriage freight service to all stations, shippers and receivers located along or adjacent to the *properties* leased in the manner normally prescribed in law.

(3) Under the terms of the lease, the rail carrier shall agree to pay the Administration a user charge pursuant to section 402 of this Act.

(4) The lease shall include terms for the maintenance of the rail properties as determined pursuant to section 305 of this Act.

(5) The lease shall include terms for rehabilitation and capital improvement projects on the rail properties determined pursuant to section 304 of this Act in accordance with the program and schedule established pursuant to section 209 of this Act or pursuant to section 303(d) or 304(g) of this Act.

(6) In the event that the Commission finds that a carrier is not fit, willing, and able to provide services as required under the provision of the lease, the Commission shall order the termination of the lease and shall evoke the provisions of paragraphs (15) and (16) of section 1 of the Interstate Commerce Act, as amended.

(7) The terms of the initial lease shall be for the exclusive use of the property previously owned or controlled by the carrier with the following exceptions:

(A) the terms and conditions of existing agreements for joint usage of rail properties shall remain in force unless terminated by mutual consent of the parties to the agreement and with the concurrence of the Administrator.

(B) the Administrator may grant bridge trackage rights to another railroad (hereinafter referred to as the Bridge Railroad), if the Administrator finds that:

(i) sufficient capacity exists on the rail property of the leaseholding railroad so that the bridge traffic does not materially impair the operations of the leaseholding railroad company;

(ii) said bridge trackage rights do not permit diversion of traffic to the bridge railroad from the leaseholding railroad;

(iii) the bridge trackage rights do not permit the bridge railroad to serve markets previously not served by the bridge railroad; and

(iv) the bridge railroad shall pay to the leaseholding railroad $0.10 per thousand gross ton miles carried as bridge traffic.

The Administrator shall specify operating rules for such bridge traffic to insure that the operations of the leaseholding railroad are not materially affected by the bridge operations. The Administrator shall suspend or revoke such bridge trackage rights if he finds that traffic normally carried by the leaseholding railroad is being diverted to the bridge railroad because of such bridge trackage rights.

(C) the Administrator may grant operating rights to the National Railroad Passenger Corporation or to a State, local, or regional rail passenger authority for the operation of a passenger service over the former property of the leaseholding railroad company so long as:

(i) the operation of such passenger service does not materially impair the operations of the leaseholding railroad;

(ii) the leaseholding railroad is fully compensated by the operator of the passenger service for all costs resulting from the operation of said passenger service including the costs resulting from the operation of such passenger service and including the cost of delays to freight trains because of the passenger train operations.

The Administrator may specify operating rules to give passenger trains priority over freight trains when appropriate.

(D) the lease may allow other operating rights to railroads other than the leaseholding railroad provided that the granting of such operating rights to another carrier be for the purposes of system rationalization and shall not constitute a penetration of the market served by the leaseholding carrier unless such a penetration shall have been agreed to by the leaseholding carrier.

(8) The terms of each lease shall be modified to exclude service over properties over which discontinuance of service has been ordered by the Commission in accordance with the Interstate Commerce Act whenever such orders are issued.

(9) Within one year from the enactment of this Act, the Administrator shall establish regulations for the planning and implementation of plans for projects to coordinate, and rationalize operations of railroads. Such regulations shall specify:

(A) the parties to the planning process;

(B) goals, standards and criteria for such planning;

(C) social, economic and environmental impact standards to be met under the process; and

(D) such other criteria as may be required by the Administrator.

Upon approval by the Administrator, such project may be implemented by the railroads concerned, and upon implementation shall be included in the terms of the lease for the affected properties.

(10) The Administrator may impose such conditions for the renewal of the lease as he may determine to be necessary to implement plans approved under the preceding paragraph.

(11) The Administrator shall under no circumstances grant any operating rights for private or contract carriage.

(12) Upon application by the leaseholding carrier, the Commission may grant permission for the lease or a portion of the lease to be assigned to another carrier so long as such assignment is consistent with the standards which the Commission normally uses in allowing the voluntary transfer of operating rights from one carrier to another. The Commission shall within 180 days from receipt of such an application either grant permission to assign or shall refuse such permission for specific reasons.

(13) The lease shall contain such provisions as shall be determined by the Administrator to be necessary to ensure reasonable reuse of materials removed from existing track or other properties owned by the Administration during maintenance and rehabilitation of such properties, and shall further apply such conditions as shall ensure that materials provided by the Administration shall not be used in a wasteful manner.

TRANSFER OF RAIL FACILITIES

Sec. 303. (a) At any time after the Final System as designated by the Secretary is deemed approved pursuant to section 208 of this Act, any railroad company may offer to transfer all of its rail facilities which are included in the System to the Administration. For purposes of this subsection, the term "railroad company" shall be taken to include all and not less than all railroad subsidiaries of the company and railroad subsidiaries of its parent company.

(b) Within 120 days of receipt of an offer to transfer rail properties of a railroad company pursuant to subsection (a) of this section, the Administration shall enter into a lease described in section 302 of this Act, and shall accept title of the rail facilities so offered.

(c) At any time after 120 days after the date of enactment of this Act, Conrail may offer to transfer to the Administration all of its rail facilities, as designated by the Association in the Association's Final System Plan pursuant to section 206 (a) (1) of the Regional Rail Reorganization Act of 1973, provided, however, the Corporation has not previously disposed of such rail facilities so designated in the Final System Plan.

(d) Within thirty days of receipt of notification of an offer pursuant to subsection (c) of this section, the Association shall submit to the Corporation and to the Administration a detailed program plan for the rehabilitation, modernization and maintenance of the rail lines to be transferred by Conrail.

(e) Within 120 days of receipt of an offer from Conrail to transfer its rail facilities pursuant to subsection (c) of this section, the Administration shall enter into a lease as described in section 303 of this Act, and shall accept title of the rail facilities so offered. For purposes of such lease, the program plan submitted by the Association pursuant to subsection (d) of this section shall be used rather than the program plan to be published pursuant to section 209 of this Act, until such program plan published pursuant to section 209 of this Act becomes available.

(f) At any time after 120 days after the date of enactment of this Act, but prior to the date that the Final System is deemed to be approved pursuant to section 208 of this Act, any railroad company other than Conrail may offer to transfer to the Administration all of its rail facilities provided, however, that said rail facilities shall include all rail facilities owned or operated by the railroad company on June 1, 1975, and further provided that the railroad company agrees to accept a return transfer of any such rail property which is not included in the Final System and which the Administrator wishes to return to the railroad company within 30 days of the date that the Final System is deemed approved pursuant to section 208 of this Act.

(g) Within 120 days of receipt of an offer of transfer of rail facilities pursuant to subsection (f) of this section, the Administration shall enter into a lease as described in section 302 of this Act and shall accept title to rail facilities so offered provided that there exists an interim program plan for rehabilitation, modernization and maintenance agreeable to both the Administration and the railroad company and which shall be applicable until the date that the Final System is deemed acceptable pursuant to section 208 of this Act. The Administration shall set forth as a term of the lease an interim maintenance program specifying track standards not lower than those existing on the rail facilities on the date of transfer, and not higher than standards which the Administrator anticipates will be specified in the Final System, the interim standard offered shall be equal to the standard existing on the date of transfer. Any lease entered into pursuant to this subsection shall contain a provision under which the Administrator may, within 30 days of the date that the Final System is deemed accepted pursuant to section 208 of this Act, transfer any such rail property not included in the Final System to the railroad company and under which the railroad company shall accept any rail facility so transferred. Upon the date that the Final System is deemed accepted, the interim standards specified pursuant to this subsection shall be superseded by the program plan published pursuant to section 209 of this Act.

(h) At any time after the date that the Final System is deemed accepted pursuant to section 208 of this Act, a railroad company may offer to transfer to the Administration any portion of the rail facilities owned or operated by the railroad company on July 1, 1975, and included in the Final System, as revised pursuant to section 208 of this Act.

(i) The Administrator may enter into a lease and accept title to rail facilities offered for transfer pursuant to subsection (h) of this section, provided that the Administrator finds that the rail facilities offered for transfer will represent a lower cost per mile to the Administration for rehabilitation, modernization, and maintenance less any user fees than would exist if all of the rail facilities owned or operated by the railroad company on July 1, 1975, and included in the Final System as revised were transferred to the Administration, and further provided that the Administrator finds the transfer of rail facilities so offered to be more consistent with the intent of this Act than would be the transfer of all rail facilities owned or operated by the railroad company on July 1, 1975, and included in the Final System as revised. For purposes of this subsection, the Administrator may set user charges greater than those specified in section 402 of this Act, and may specify the conditions of lease agreements more favorable to the Administration than the conditions specified in section 302 of this Act.

(j) Notwithstanding any other provision of this Act, the Administrator shall not enter a lease agreement, or accept title to rail facilities pursuant to subsections (b), (e), (g) or (i) of this section where any of such rail facilities are restricted to maximum speeds lower than those existing on July 1, 1975, unless payment is made to the Administration by the railroad company to fully compensate the Administration for the costs of restoration of the rail facilities to either the condition existing on July 1, 1975, or the condition specified in the future maintenance standards in the Final System as revised, whichever condition is lower.

(k) At any time after the Final System is deemed approved pursuant to section 208 of this Act, any State which has acquired railroad properties excluded from the Final System Plan pursuant to the Regional Rail Reorganization Act of 1973, may offer to the Administration transfer of all properties which are included in the Final System. Within 120 days of such an offer or conveyance, the Administration shall accept title to such properties and shall make payment to the State for any State funds expended in the acquisition and modernization of such rail properties.

REHABILITATION OF RAIL FACILITIES

Sec. 304. (a) The Secretary shall develop programs of rehabilitation and capital improvements for rail properties owned by the Administration and these programs shall be incorporated into and be made terms of the lease of such property. These programs shall be consistent with the provisions of sections 209, and 303 (d) and (g) of this Act.

(b) The Administration shall pay the costs of such programs. The Administrator shall contract with the leaseholding railroad to perform such programs unless, in the determination of the Administrator the railroad does not possess forces sufficiently large or skilled to perform the work, or unless in the determination of the Administrator, the terms and conditions of such a contract make it a cost to the Administration sufficiently greater than the cost of having the project performed by some other responsible party.

(c) The Administrator shall, within 30 days of completion of any program or project for rehabilitation of a line or facility, or of the completion of a capital project on any line or facility make an inspection of the property, and shall make a determination of compliance of the work with the standards set forth in the contract and the program covering such work. If, in the determination of the Administrator, work has been performed in a fully satisfactory manner, he shall issue a certificate of rehabilitation or a certificate of completion as the case may be.

MAINTENANCE OF RAIL PROPERTIES

SEC. 305. (a) The Administrator and any rail carrier leasing property from the Administration shall establish within 30 days from the date of certification by the Administrator that the property has been rehabilitated to the standard set by the Secretary under section 208(c), a schedule of maintenance whereby such leased property shall be maintained at a standard not less than that established under section 208(c).

(b) Maintenance of facilities of the Administration used exclusively by one carrier shall be the responsibility of that carrier. Where more than one carrier utilizes a facility of the Administration, responsibility for maintenance shall be as provided in the respective leases. In all cases maintenance shall be to standards set by the Secretary in designating the System, which standards shall be incorporated in the lease. The Administrator shall make all materials and equipment necessary for maintenance available to the responsible carrier or carriers.

(c) Failure to maintain to standards shall be a violation of the lease and shall require the payment by the carrier to the Administration of $1,000 per day per mile of track not meeting standards as specified in the lease unless in the determination of the Administrator, such failure shall have been for causes beyond the control of the carrier. Failure to provide requisite maintenance materials or equipment as needed shall require payment by the Administration to the responsible carrier or carriers of an aggregate of 2 per centum of the material value or 2 per centum of the equipment operating cost per day of delinquency.

ANNUAL REPORT

SEC. 306. The Administrator shall report annually on the First of January of each year to the President and to Congress on the extent and condition of all properties owned by the Administration, and on the condition of all other rail properties in the Nation.

TITLE IV—FUNDING

AUTHORIZATIONS FOR REHABILITATION AND MAINTENANCE

SEC. 401. There are authorized to be appropriated each year beginning with the year in which this Act is enacted and continuing for a period of ten years such sums as are necessary for (1) rehabilitation of lines as required under section 209 of this Act, and (2) to provide the materials used in maintenance as required under section 209 of this Act.

RAIL USER CHARGE AND OTHER REVENUES

SEC. 402. (a) There shall be a Rail User Charge (hereinafter referred to as "User Charge"), imposed on all railroads operating on facilities of the Administration. The User Charge shall be $0.20 annually per thousand gross ton miles of freight, passengers, and rail equipment moved on the facilities of the Administration. The User Charge shall be collected from the railroad by the Administration at the end of each calendar quarter for the period of the preceding quarter, and shall be deposited in the Treasury as miscellaneous receipts.

(b) Other such revenues as the Administration shall earn from the sale or lease of property, or interests or uses thereof or from all other sources shall also be so deposited in the Treasury.

ADDITIONAL AUTHORIZATIONS

SEC. 403. (a) There are authorized to be appropriated to the Secretary for purposes of preparing the reports and exercising other functions to be performed by him under this Act such sums as are necessary, not to exceed $20,000,000 to remain available until expended.

(b) There are authorized to be appropriated to the Commission for the use of the Office in carrying out its functions under this Act such sums as are necessary, not to exceed $5,000,000 to remain available until expended. The budget for the Office shall be submitted by the Commission directly to the Congress and shall not be subject to review of any kind by any other agency or official of the United States or used by the Commission for any purpose other than the use of the Office. No part of any other moneys appropriated to the Commission shall be withheld by any other agency or official of the United States to offset any money appropriated pursuant to this subsection.

(c) There are authorized to be appropriated to the Administrator for purposes of carrying out its administrative expenses under this Act such sums as are necessary, not to exceed $50,000,000 to remain available until expended.

MAINTENANCE MATERIALS

SEC. 404. (a) The Administrator is authorized to make necessary expenditures for purchase of materials to be used in maintenance, modernization or improvement of facilities owned by the Administration.

(b) There are authorized to be appropriated such amounts as are necessary for the purpose of this section.

TITLE V—STATE AND LOCAL RAIL SERVICE DISCONTINUANCE AND ABANDONMENT

AUTHORIZATION

SEC. 501. (a) Except as provided in subsections (c) and (e) of this section, rail service on rail properties not designated as part of the System of a railroad which transfers to the Administration as part of the System may be discontinued to the extent such discontinuance is not precluded by the terms of the leases and agreements referred to in this Act if—

(1) not sooner than 30 days following the effective date of conveyance to the Administration the railroad or the trustee or trustees of a railroad in reorganization give notice in writing of intent to discontinue such rail service on a date certain which is not less than 60 days after the date of such notice; and

(2) the notice required by paragraph (1) of this subsection is sent by certified mail to the Governor and State transportation agencies of each State in which such rail properties are located and to each shipper who has used such rail service during the previous 12 months.

(b) Rail properties over which rail service has been discontinued under subsection (a) of this section may not be abandoned sooner than 120 days after the effective date of such discontinuance except as provided in subsection (c) of this section. Thereafter, except as provided in subsection (c) of this section, such rail properties may be abandoned upon 30 days' notice in writing to all those required to receive notice under paragraph (2) of subsection (a) of this section. In any case in which rail properties proposed to be abandoned under this section are designated by the Governor of the State as rail properties which are suitable for use for other public purposes (including roads or highways, other forms of mass transportation, conservation and recreation), such rail properties shall not be sold, leased, exchanged, or otherwise disposed of during the 180-day period beginning on the date of notice of proposed abandonment under this section unless such rail properties have first been offered upon reasonable terms for acquisition for public purposes.

(c) Rail service may be discontinued and rail properties may be abandoned under subsections (a) and (b) of this section notwithstanding any provision of the Interstate Commerce Act (49 U.S.C. 1 et seq.), or the constitution or law of any State or the decision of any court or administrative agency of the United States or of any State. No rail service may be discontinued and no rail properties may be abandoned under subsections (a) and (b) of this section—

(1) if after two years from the date of conveyance of the railroad's facilities to the Administration or more than two years after the final payment of any rail service continuation subsidy is received whichever is later; or

(2) if a shipper, a State, the Federal Government, a local or regional transportation authority, or any responsible person offers—

(A) a rail service continuation subsidy which covers the difference between the revenue attributable to such rail properties and the avoidable costs of providing service on such rail properties plus a reasonable return on the value of such rail properties, and standards published by the Office pursuant to the Regional Rail Reorganization Act of 1973 shall be used to determine avoidable cost and reasonable rate of return;

(B) a rail service continuation subsidy which is payable pursuant to a lease or agreement with a State, or a local or regional transportation authority, under which financial support was being provided at the time of the enactment of this Act for the continuance of rail passenger service; or

(C) to purchase, pursuant to subsection (d) of this section, such rail properties in order to operate rail service over such properties.

If a rail service continuation subsidy is offered, the Government or person offering the subsidy shall enter into an operating agreement with the railroad or any responsible person (including a Government entity), under which the railroad or such person (including a Government entity), will operate rail service over such rail properties and receive the difference between the revenue attributable to such properties and the avoidable costs of providing service on such rail properties and a reasonable rate of return on the value of any rail properties for which a rail service is operated under such subsidy.

(d) If an offer to purchase is made under subsection (c)(2)(C) of this section, such offer shall be accompanied by an offer of a rail service continuation subsidy. Such subsidy shall continue until the purchase transaction is completed, unless a railroad assumes operations over such rail properties on its own account pursuant to an order or authorization of the Commission. Whenever a railroad gives notice of intent to discontinue service pursuant to subsection (a) or (e) of this section, such railroad shall, upon the request of anyone apparently qualified to make a purchase offer promptly make available its most recent reports on the physical condition of such property together with such traffic and revenue data as would be required under subpart (B) of part 1121 of chapter X of title 49 of the Code of Federal Regulations and such other data necessary to ascertain the avoidable costs of providing service over such rail properties.

(e) (1) Two years after transfer by any rail carrier of its rail facilities to the Administration, the Commission may authorize a railroad carrier to discontinue service which is found to be not required by the public convenience and necessity. The Commission may, at any time after the effective date of transfer, authorize additional rail service or authorize the abandonment of rail properties which are not being operated. Determinations by the Commission under this subsection shall be made pursuant to applicable provisions of the Interstate Commerce Act, as amended by this Act.

(2) Rail properties over which rail service has been discontinued under subsection (e) (1) of this section may not be abandoned by the administration sooner than one hundred twenty days after the effective date of such discontinuance.

(3) No rail service may be discontinued and no rail properties may be abandoned under subsection (e) of this section if any of the provisions of subsection (c) (2) of this section are fulfilled.

(f) (1) The Secretary shall establish a program of Federal aid in support of State rail planning as required by the provisions of the Regional Rail Reorganization Act of 1973. Such program shall be administered by the Administrator who shall require of each State the submission of a work program and budget for activities to be undertaken. Such program and budget shall be submitted by each State at the end of the third quarter of each fiscal year for the fiscal year beginning July 1 thereafter. The Secretary shall establish regulations concerning State rail planning and shall cause them to be published in the Federal Register. Such aid shall be provided to each State at the rate of 1 per centum of the budgeted cost of all rail rehabilitation and capital improvement projects scheduled to be undertaken during that fiscal year within the State.

(2) There are authorized to be appropriated such amounts as are necessary for the purpose of this subsection.

TITLE VI—LABOR CONTRACTS

MAINTENANCE OF EXISTING CONTRACTS

SEC. 601. All contracts between rail carriers and labor organizations for maintenance of properties transferred to the Association shall remain in full force, notwithstanding any other provision of this Act.

CONTRACT AUTHORIZATION

SEC. 602. The Association is authorized to contract with rail carriers, responsible firms, or any other person deemed competent for the performance of maintenance, rehabilitation or capital improvement projects required to fulfill the provisions of this Act, provided that all employment pursuant to such contracts shall be subject to the terms and conditions of labor contracts in force at the time on the property affected.

TITLE VII—NORTHEAST CORRIDOR

PASSENGER SERVICE

SEC. 701. (a) (1) The National Railroad Passenger Corporation is hereby authorized and directed to operate high speed rail passenger service in the Northeast Corridor in conformance with section 206(a) (3) of the Regional Rail Reorganization Act of 1973, the approved Final System Plan, and the plans prepared under section 601(d) (3) of the Regional Rail Reorganization Act of 1973.

(2) Rail properties designated in accordance with section 206(c) (1) (C) of the Regional Rail Reorganization Act of 1973 shall remain with Conrail and be leased to the National Railroad Passenger Corporation: *Provided*, That if Conrail conveys its facilities to the Administration, such properties as are designated in section 206(c) (1) (C) of the Regional Rail Reorganization Act of 1973 shall also be conveyed to the Administration and shall be available to such Corporation for operation of said high speed passenger service.

(3) Prior to any such transfer, the Secretary shall be responsible for improving the Northeast Corridor to attain the goals of section 206(a) (3) of the Regional Rail Reorganization Act of 1973 by January 1, 1979. Subsequent to any such conveyance, the Administration shall assume such responsibility.

(b) There are authorized to be appropriated to the Secretary or the Administrator as the case may be, $4,000,000,000 for improvement of the Northeast corridor. There are authorized to be appropriated to the National Railroad Passenger Corporation $800,000,000 for equipment, rolling stock, and other appropriate improvements for the attainment of the goals of section 206(a) (3) of the Regional Rail Reorganization Act of 1973.

TITLE VIII—BRANCH LINE PROTECTION

SEC. 801. That (a) section 302 of the Regional Rail Reorganization Act of 1973 is amended by striking "and" at the end of clause (c), striking the period at the end of clause (d) and inserting in lieu thereof a semicolon and the word "and", and inserting after such clause the following:

"(e) establish and clearly define branch line management functions to give explicit attention to the operation and marketing of rail branch line services for branch lines acquired by the Corporation and operated by it under subsidy, and the cost of this management function shall be allocated to the avoidable costs of operating the branch lines.".

(b) Section 402 of such Act is amended to read as follows:

"RAIL SERVICE ASSISTANCE FUNDS

"SEC. 402. (a) GENERAL.—The Secretary shall provide financial assistance in accordance with this section for the following purposes:

"(1) rail service continuation subsidies in conformance with a State rail plan approved by the Secretary;

"(2) acquisition and modernization of rail properties by a State or by a local or regional transportation authority in conformance with a State rail plan approved by the Secretary;

"(3) acquisition or preservation of rail properties for future transportation use by a State or by a local or regional transportation authority in conformance with a State rail plan approved by the Secretary, including the payment of 'a reasonable return on the value' as defined pursuant to section 205(d) (3);

"(4) providing rail related solutions to loss of rail service which are less expensive than continuing rail service, in conformance with a State rail plan approved by the Secretary; and

"(5) rail planning purposes as specified in subsection (e).

The Federal share of any program or project pursuant to this section shall be 100 per centum of the cost thereof during the first year for which payments are made pursuant to this section, 90 per centum during the second and third such year, 80 per centum during the fourth such year, and 70 per centum during the fifth such year.

"(b) ENTITLEMENT.—(1) Each State in the region is entitled to an amount for the purposes of subsection (a) from 50 per centum of the sums appropriated each fiscal year for such purpose in the ratio which the total rail mileage in such State, as determined by the Secretary and measured in point-to-point length (excluding yard tracks and sidings), bears to the total rail mileage in all the States in the region, measured in the same manner, except that the entitlement of each State shall be no less than 3 per centum, and the entitlement of no State shall be more than 10 per centum, of 50 per centum of the funds appropriated. In the event that the total amount allocated under this formula, due to the application of the maximum and minimum limitations which it establishes, is greater or less than 50 per centum of the funds appropriated, the excess or deficiency, as the case may be, shall be added to or deducted from the Secretary's discretionary fund provided for in paragraph (2) of this subsection. The entitlement of any State which is withheld in accordance with this section and any sums not used or committed by a State during the preceding fiscal year shall be paid into the discretionary fund provided for in paragraph (2) of this subsection.

"(2) The Secretary is authorized to provide discretionary financial assistance to a State or a local or regional transportation authority in the region for the purposes of subsection (a).

"(c) ELIGIBILITY.—(1) A State in the region is eligible to receive rail service assistance funds pursuant to subsection (b) of this section in any fiscal year if—

"(A) the State has established a State plan for rail transportation and local rail services which is administered or coordinated by a designated State agency and such plan provides for the equitable distribution of such subsidies among State, local, and regional transportation authorities;

"(B) the State agency has authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail services; employs or will employ, directly or indirectly, sufficient trained and qualified personnel; and maintains or will maintain adequate programs of investigation, research, promotion, and development with provision for public participation;

"(C) the State provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid under this title to the State; and

"(D) the state complies with the regulations of the Secretary issued under this section.

"(2) Rail freight services eligible for funds pursuant to subsection (b) of this section are—

"(A) those rail services of railroads in reorganization in the region which the final system plan does not designate to be continued;

"(B) those rail services in the region which have been at any time during the five-year period prior to the date of enactment of this Act, or which are subsequent to the date of enactment of this Act, owned, leased, or operated by a State agency or a local or regional transportation authority or with respect to which a State, a political subdivision thereof, or a local or regional transportation authority has invested at any time during the five-year period prior to the date of enactment of this Act, or invests subsequent to the date of enactment of this Act, substantial sums for improvement or maintenance of rail service; and

"(C) those rail services in the region with respect to which the Commission issues a certificate of abandonment effective on or after the date of enactment of this Act.

"(d) REGULATIONS.—Within ninety days after the date of enactment of this Act, the Secretary shall issue, and shall from time to time amend, regulations with respect to payments pursuant to this section.

"(e) RAIL PLANNING.—Each eligible State

shall receive assistance for rail planning required under this Act up to (1) 5 per centum of entitlement funds plus (2) 5 per centum of discretionary funds awarded for the purposes of subsections (a) (1), (2), (3), and (4). Such assistance shall be paid on an annual basis, retroactive to January 1, 1974, with initial two-year State awards to be fully allocated from the first year appropriation for sections 402(b)(1) and 402(b)(2).

"(f) PAYMENTS.—The Secretary shall pay to each State in the region an amount equal to its entitlement under subsection (b)(1) of this section. Any amounts which are not expended or committed by a State pursuant to subsection (b) during the ensuing fiscal year shall be returned by such State to the Secretary, who may use such amount in accordance with subsection (b)(2) of this section.

"(g) RECORD, AUDIT, AND EXAMINATION.—(1) Each recipient of financial assistance under this section, whether in the form of grants, subgrants, contracts, subcontracts, or other arrangements, shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and diposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

"(2) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of three years after completion of the project or undertaking referred to in paragraph (1) of this subsection, have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which in the opinion of the Secretary or the Comptroller General may be related or pertinent to the grants, contracts, or other arrangements referred to in such paragraph.

"(h) WITHHOLDING.—If the Secretary, after reasonable notice and opportunity for a hearing to any State agency, finds that a State is not eligible for rail service continuation subsidies under subsections (c) and (d) of this section, payment to such State shall not be made until there is no longer any failure to comply.

"(i) AUTHORIZATION FOR APPROPRIATIONS.—(1) There is authorized to be appropriated to carry out the purposes of this section such sums as are necessary for each of the five fiscal years including and following the effective date of the final system plan. Such sums as are appropriated shall remain available until expended.

"(j) DEFINITION.—As used in this section, 'rail service continuation subsidies' means subsidies calculated in accordance with the provisions of section 205(d)(3) of this Act to cover costs of operating adequate and efficient rail service, including where necessary improvement and maintenance of tracks and related facilities.".

(c) Section 403 of such Act is amended (1) in subsection (a) by striking out all beginning with the colon to the period at the end thereof, and (2) in subsection (b) by striking out the last sentence.

(d) Such Act is further amended by inserting at the end thereof the following:

"TITLE VII—RECERTIFICATION OF RAIL SERVICES

"REQUIREMENT OF RECERTIFICATION

"SEC. 701. Upon request of the involved State, the Corporation or the most appropriate railroad, as determined by the Secretary, must acquire and operate rail lines which have been operated under subsidy pursuant to title IV of this Act which meet the minimum safety standards established by the Secretary for railroads and which have revenues equal to or in excess of avoidable costs plus return on investment for two sequential years. The Commission shall issue pursuant to the Interstate Commerce Act a new certificate of public convenience and necessity for such lines.".

By Mr. BROOKE:

S. 2461. A bill to amend the Tax Reduction Act of 1975 to make it clear that refunds based on credits for earned income under section 43 of the Internal Revenue Code of 1954 are to be disregarded in the administration of Federal and federally assisted programs. Referred to the Committee on Finance.

Mr. BROOKE. Mr. President, today, I am introducing legislation to assure that the earned income tax credit, which the Congress included in the Tax Reduction Act of 1975 accomplishes the purposes for which it was enacted—to increase the spending power of low-income working families, and to make work more attractive than welfare.

This legislation is identical to an amendment which I offered last March, when the Tax Reduction Act was on the floor of the Senate. That amendment would have provided a disregard of the work bonus tax return when calculating benefits under other Federal programs. At that time, in a late night effort to get the bill to conference, the amendment was tabled by a close vote of 50 to 40. Now, the adverse impact of the credit without the disregard is even clearer: thousands of families are threatened with the loss of their benefits under other Federal programs. It is essential that the Senate act to correct this problem before these payments are made next spring.

Members of the Senate will recall that our principal purpose in enacting the Tax Reduction Act was to provide additional income to individuals and families in order to help stimulate economic recovery. In proposing the earned income credit, or the so-called "work bonus," the distinguished chairman of the Senate Finance Committee, Senator RUSSELL LONG, explained an additional objective: "to encourage people to find employment and to make their income adequate so that they will not need to seek Federal and State help and live at the expense of the taxpayer."

Unfortunately, Mr. President, without my amendment, neither objective will be accomplished. Low-income working families who receive welfare to supplement the money they earn will not get an extra penny from the work bonus. Instead, their welfare grant will just be reduced, dollar-for-dollar, by the amount of the tax credit they receive. What is even worse, if the credit makes them ineligible for welfare, then they may also lose other benefits which are tied to their eligibility for welfare—such as medicaid and the day care services that enabled them to work in the first place.

In other words, the net effect of the work bonus could be to put the working welfare recipient in a worse position than the one who is not employed. I do not believe that is something anyone in the Senate wishes to do.

In addition to the harmful effects on individual families, our failure to disregard the credit will result in enormous and costly administrative burdens for State welfare agencies. Most, if not all, families eligible for the work bonus will receive it in the form of a lump sum payment next spring, when they file their income tax returns. Unless that payment is disregarded, the State welfare agency will be required to reexamine each such family's eligibility and either recalculate their welfare grant, suspend payments, or remove them totally from the welfare roles. Then, once the work bonus is gone, the agency will have to go through the entire process again, to restore the family to its original status.

Faced with a risk of losing more than they would gain, some families might be tempted not to claim the work bonus to which they are entitled. However, the State agency still would require to consider the bonus as "resources available to the family." In each State, there is a limit to the amount of resources a family may have and still be eligible for welfare—some States allow no resources at all. Thus, it is possible that the work bonus could make a family ineligible for welfare, even if the family never applied for the benefit.

Mr. President, Congress has recognized this problem before and has done something about similar situations. In title I of the Tax Reduction Act we did include a specific disregard of the 1974 tax refund, to make certain that no one would lose other Federal benefits as a result of that payment. The amendment I am introducing today would do exactly the same thing for the working families who otherwise will be penalized when they receive the 1975 work bonus next spring.

In conclusion, I would simply like to point out that this is just the latest example of the kinds of problems we cause whenever we begin to tamper with the welfare law. The entire system is fraught with inequities and administrative complexities. Every time we do something to try to make the system a little better—like the work bonus or the child support amendments—which we had to patch up before the August recess—we end up creating as many new problems as we solve. What is needed is a complete overhaul of the system, replacing the crazy welfare quilt we have put together over the years with a new equitable, humane and efficient income maintenance program. The Domestic Council has undertaken a major effort toward that end, under the very capable direction of the former Under Secretary of HEW, John Venneman. But if this effort is to be any more successful than the fruitless exercise over the last administration proposal for welfare reform, then all of us—the White House, the Congress, the advocates, and the critics—must set aside our rhetoric, eliminate the myths, and commit ourselves to finding a way for the wealthiest nation in the world to provide every capable person the opportunity for dignified work and to assure that every individual and family has an adequate income to maintain a decent standard of life. I can think of no better goal for this Congress in the Bicentennial year.

By Mr. BUCKLEY:

S. 2462. A bill to amend Title II of the

Federal Water Pollution Control Act to provide for State certification. Referred to the Committee on Public Works.

Mr. BUCKLEY. Mr. President, the Federal Water Pollution Control Act has been an enormously beneficial piece of legislation. However, several administrative snags have developed under its implementation. In particular, an incredible mass of redtape has delayed progress and increased the cost of the program. The Federal Government has, for example, been duplicating the work done by State agencies. These problems in the construction grants program were disclosed during investigatory hearings held in the House in 1974.

I am today offering a bill which would permit those State environmental agencies with a proven record of accomplishment and capability in the clean water program to obtain approval of Federal matching grants by certifying that the projects meet the requirements of the 1972 act, which calls for accelerated expansion and upgrading of municipal sewage treatment systems. EPA would be authorized to enter into formal agreements with the States whereby they would assume responsibility for certifying to their compliance with any or all of the requirements involved in project applications. They could use a small portion of construction funds to build the staff capability at State level to assume the added responsibilities.

It thus would eliminate costly delays in the construction grants program under the act which stem from duplicate review of numerous Federal requirements. EPA personnel would thus be freed for other management functions in keeping with its ultimate responsibility for the program.

Should a State fail to carry out its responsibilities under such an agreement, EPA, after public hearings, could suspend its acceptance of the State's certification. In addition, EPA would continue to be responsible for its full responsibilities under the National Environment Policy Act of 1969.

Mr. President, this bill is essentially similar to one introduced by my distinguished colleague, Senator ROTH, and by Congressman CLEVELAND in the House. However, there are some changes which I have made pursuant to the sound recommendations of the New York State Department of Conservation.

My bill would permit State certification of all 12 elements of the section 201 facilities plan, rather than only a portion of the plan, as is found in other proposals. This is consistent with EPA regulations published last October, but never implemented.

Rather than have EPA reserve 2 percent of allotments to a State for the purpose of increased staffing under this proposal, my bill would authorize the States to reserve these funds for this purpose, if they so choose. This is consistent with the decision of the Supreme Court in Train against City of New York last winter, which held that the act does not permit EPA to allot to the States less than the entire amounts authorized to be appropriated by section 207. Furthermore by not tying this 2 percent of funds to the date of enactment of the bill, my legislation gives some measure of immediate effectiveness to this proposal, since no further allotments will be made under the program until after September 30, 1977.

Finally, my proposal makes a technical change with regard to the funds to be available to the States for the reasonable costs of carrying out their certification. It would make such funds available from amounts "appropriated for liquidation of contractual obligations under section 203(a)." These funds are contained in the annual appropriation. This would eliminate the need to make a separate appropriation, as the wording of other bills perhaps inadvertently requires.

Mr. President, the case for the passage of this legislation—to increase the State role and responsibility in the clean water program, and to accelerate the achievemental goals, while at the same time putting the unemployed back to work in the construction industry and stimulating the economy—is strong. I urge its favorable consideration.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2462

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That title II of the Federal Water Pollution Control Act (33 U.S.C. 1281 et seq.) is amended by adding at the end thereof the following new section:

"CERTIFICATION

"SEC. 213. (a) The Administrator may discharge any of his responsibilities for actions, determinations, or approvals under section 201, either in whole or in part, including but not limited to sections 201(a) (2) and (3), 203 (a) and (d), 204 (a), (b) (1), and (b) (3), and 212(2) (B) of this Act with respect to projects or proposed projects for treatment works by accepting a certification by the State water pollution control agency of its performance of such responsibilities.

"(b) The Administrator shall not accept any certification provided for in subsection (a) of this section unless the Administrator determines that the State water pollution control agency has the authority, responsibility, and capability to take all of the actions, determinations, or approvals for which certification is submitted under subsection (a) of this section.

"(c) If the Administrator determines after public hearings that a State water pollution control agency, with respect to any requirement, condition, or limitation for which he has accepted a certification under subsection (a), fails to meet the requirements of this Act, he may suspend his acceptance of certification as to such requirement, condition, or limitation with respect to any project, or with respect to all projects in such State, as he determines necessary, and during such suspension he shall be responsible for such requirement, condition, or limitation.

"(d) (1) The Administrator is authorized to conduct interim and final inspections and audits, and to require such information, data, and reports as he may determine necessary to carry out this section.

"(2) Nothing in this section shall affect or discharge any responsibility or obligation of the Administrator under any other Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

"(e) (1) Each State exercising certification authority under this section, may reserve an amount not to exceed 2 per centum of any allotment made to it under section 205. Sums so reserved shall be available for making grants to such State under paragraph (2) of this subsection for the same period as sums are available from such allotment under subsection (b) of section 205, and any such grant shall be available for obligation only during such period. Any grant made from sums reserved under this subsection which has not been obligated by the end of the period for which available shall be added to the amounts last allotted to such State under section 205 and shall be immediately available for obligation in the same manner and to the same extent as such last allotment.

(2) The Administrator is authorized to grant to any State exercising, or proposing to exercise certification authority under this section, from amounts appropriated for liquidation of contractural obligations under section 203(a), the reasonable costs, as determined by the Administrator, of carrying out such authority.

"(f) The Administrator shall promulgate such rules and regulations as may be necessary to carry out this section. The initial rules and regulations necessary to carry out this section shall be promulgated not later than the ninetieth day after date of enactment of this section.".

By Mr. CLARK (for himself, Mr. HUGH SCOTT, Mr. HARTKE, and Mr. MCGOVERN):

S. 2463. A bill to insure fair treatment for women and, to carry out the recommendations of the Presidential Task Force on Women's Rights and Responsibilities, and for other purposes. Referred to the Committee on the Judiciary.

Mr. CLARK. Mr. President, today I am introducing legislation that will move us closer to realizing the goals set by the Presidential Task Force on Women's Rights and Responsibilities. The task force submitted its recommendations in 1969, and although some of these have since been implemented, unfinished business remains.

In the days of the task force—the late 1960's—we were becoming very aware of the emergence of a dedicated and widespread movement that sought to end the centuries-old discrimination against women. The movement grew rapidly as increasing numbers of women and men experienced consciousness raising and became deeply committed to assuring every individual the basic human rights guaranteed in the Constitution.

Besides producing changes in some laws, the movement has resulted in serious rethinking of the role of women in our society. For some, that role still remains the source of unrest, but the basic premise of the women's movement—the guarantee of equal rights—is unclouded, and the Federal Government clearly has great responsibilities in this area. Through the law, we have managed to institutionalize, and therefore encourage, discrimination against women. While it is sometimes difficult to change opinion about the role of women, we certainly should not find it difficult to change public law that discriminates against women.

The legislation I am introducing today seeks to remove some of the last vestiges of discriminatory law, and if enacted, will set in motion the machinery for making permanent changes in social security, civil service retirement, taxation, and military laws which do not presently treat men and women on an equal basis.

Additionally, this legislation offers incentives to State commissions and agencies to take a more active role in improving the status of women. These groups have a special understanding of the problems of women in their States, and by encouraging activity on their part we can more successfully involve State and local governments in the campaign for equal opportunity for women.

Specifically, this legislation covers several areas:

First. It prohibits discrimination on the basis of sex in any program or activity receiving Federal financial assistance. This section gives the force of law to a provision that currently is only an Executive order.

Second. It provides funds for State commissions for studies of discrimination against women and solutions.

Third. It requires the appropriate cabinet secretaries to recommend changes in the law to equalize treatment of men and women in social security and civil service retirement benefits, to improve tax laws relating to deduction of child care expenses, and to equalize treatment of married and unmarried women and men with regard to tax laws.

Fourth. It requires annual reports from the Secretary of Defense on the status of women in recruitment, promotions, and job assignments in the military and on the status of the military services' affirmative action plans.

Fifth. It prohibits the Armed Forces or the Veterans' Administration from treating men and women differently with regard to benefits, and it repeals several sections of the code discriminatory to the dependents of female members of the Armed Forces.

As this legislation illustrates, women's rights efforts often go hand in hand with men's rights. In social security and military benefits, for example, it is the dependents of women—often the husbands—who are discriminated against. Clearly, we cannot allow such inequities to continue.

It is long past time that we finished the business of guaranteeing women an equal opportunity to participate in our society as well as an equal chance to reap the rewards of their efforts.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2463

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fair Treatment Act of 1975".

PURPOSES

SEC. 2. It is the purpose of this Act—

(1) to prevent sex discrimination in federally assisted programs,

(2) to authorize the Secretary of Health, Education, and Welfare to make matching grants to States for the establishment of, or continued work of, commissions on the status of women,

(3) to eliminate certain provisions in Federal law that discriminate against women and to require the Secretary of Health, Education, and Welfare and the Secretary of the Treasury to make recommendations to equalize the treatment of the sexes under the Social Security Act and the Internal Revenue Code of 1954,

(4) to require the Secretary of Defense to report to the Congress annually on the treatment of women in the armed services, and

(5) to eliminate sex discrimination in the armed services and in programs for veterans.

FEDERALLY ASSISTED PROGRAMS

SEC. 3. No person in the United States shall, on the ground of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

GRANTS FOR FINANCING STATE COMMISSIONS ON THE STATUS OF WOMEN

SEC. 4. (a) The Secretary of Health, Education, and Welfare is authorized to pay up to 50 per centum of the cost of commissions, boards, and advisory panels established by the legislatures or Governors of the several States to study any of the following subjects:

(1) the denial of equal protection of the laws to women under the laws, ordinances, rules, regulations, or procedures of the State or of any political subdivision thereof,

(2) private discrimination against women, especially denial of equal employment opportunity, equal access to public accommodations and services, equal educational opportunity, or

(3) affirmative steps necessary by public officials and private citizens to insure equality of opportunity to women and equal participation by women in all aspects of National and State life.

(b) There is authorized to be appropriated the sum of $3,000,000 to carry out the purposes of this section.

STUDIES AND REPORTS TO CONGRESS

SEC. 5. (a) Within one year from the date of the enactment of this Act, the Secretary of Health, Education, and Welfare shall submit to Congress a report containing recommendations for legislation—

(1) to provide Social Security benefits to husbands and widowers of women workers under the same conditions as such benefits are provided under existing law to wives and widows of men workers, and

(2) to provide equitable retirement benefits to families with working wives under the Social Security Act, and the civil service retirement system.

(b) Within one year from the date of the enactment of this Act, the Secretary of Treasury shall submit to Congress a report containing recommendations for legislation to amend the Internal Revenue Code of 1954—

(1) to permit families in which both spouses are employed, families in which one spouse is disabled and the other employed, and families headed by single persons, to deduct from gross income as a business expense a fair and adequate amount paid to a housekeeper, nurse, or institution for care of children or disabled parents, and

(2) to ensure equal treatment of married males and females.

(c) On or before January 31 of each year, the Secretary of Defense shall submit to Congress a report which shall include—

(1) a detailed service-by-service report of the status of women in the armed services, including in such report information with respect to the numbers, ranks, and promotions of, and military specialties and assignments given to, female members, as well as information with respect to any discrimination based on sex against military members in the availability and administration of military benefits.

(2) service-by-service affirmative action plans to provide equal treatment and opportunity in enlistment, promotions, rights, privileges and benefits for women in the armed services, and

(3) a statement with respect to the extent to which affirmative action plans are on schedule and with respect to the progress attained by the armed services in providing to women equal treatment and opportunity in enlistment, promotions, rights, privileges and benefits in the armed services.

(d) There are authorized to be appropriated such funds as are necessary to carry out the provisions of this section.

ARMED SERVICE MEMBERS AND VETERANS

SEC. 6. (a) Section 101 (32) of title 10, United States Code, is amended by adding at the end thereof the following new sentence: "There may not be established, by regulation or otherwise, any requirement with respect to dependency of a spouse of a female member of an armed force, or a veteran of an armed force, for purposes of entitlement to rights, privileges, or benefits, which is not provided by law with respect to the spouse of a male member, or veteran, of an armed force."

(b) Section 101 (36) of such title is repealed.

(c) Clauses (C) and (D) of section 1072 (2) of such title are amended to read as follows:

"(C) the husband;"

"(D) the unremarried widower."

(d) The penultimate sentence of section 401 of title 37, United States Code, is repealed.

By Mr. McCLURE:

S. 2465. A bill to accelerate the formation of investment capital required to expand both job opportunities and productivity in the private sector of the economy. Referred to the Committee on Finance.

Mr. McCLURE. Mr. President, today I am introducing the "Jobs Creation Act of 1975", a companion bill to one being introduced by my colleague, Congressman JACK KEMP. The objective of this bill is to accelerate the formation of the investment capital required to expand both job opportunities and productivity in the private sector of our economy.

A look at history gives adequate evidence of the extent to which our prosperity depends on the availability and use of private capital. Not so long ago both men and women worked 6 days a week, 12–16 hours a day. Children were found laboring in factories and mines. There was no electrical power. The use of machines was in its infant stages.

But our growth and prosperity did not come from working longer and harder. It came from better, more efficient tools. As Congressman KEMP has previously pointed out, James Watt, the inventor of the steam engine, which started to revolutionize the modern world, and those who followed him in the competitive struggle to make a better engine and sell it for less, did more to take women and children out of the coal mines and off the towpaths of the canal boats, more to take children out of the factories, than all the 19th century social activities combined. Yet Watt would be unknown today if a man named Matthew Boulton had not risked $150,000 of capital on Watt's invention.

Just 100 years ago, it took a week to produce the same amount of wheat that today can be produced with just a single hour of human labor. What did it? The steel plow, tractor, harvester, better seed and cheap transportation. All of these in turn were made possible by the use of investment capital.

Capital is the key word. Capitalism—the use of funds to build plants and to buy and to replace equipment—has been the most important factor in raising our standard of living and it can be the answer to a steady economic recovery and continued stable growth.

The proposed act consists of the following provisions:

First, it allows an exclusion from gross income of qualified additional savings and investments made during a tax year—an exclusion up to $1,000 or $2,000 for a married couple filing a joint return.

Second, it eliminates the present system of double taxation of common dividends by excluding dividends paid by domestic corporations from corporate gross income.

Third, it grants a $1,000 exclusion from capital gains for each capital transaction qualifying.

Fourth, it grants an extension of time for payment of estate taxes where the estate consists largely of small business interests.

Fifth, it increases the estate tax exemption for family farming operations to $200,000.

Sixth, it amends the corporate normal tax rate and increases the corporate surtax exemption, including provisions for reduced taxes for small business, to give an effective corporate income tax reduction in the range of 6 percent.

Seventh, it increases the investment tax credit to 15 percent and makes it permanent.

Eighth, it allows taxable year price-level adjustments in property and allows increases in class life variances for purposes of depreciation—the latter increasing the asset depreciation range—ADR—from a factor of 20 to a factor of 40 with respect to asset life.

Ninth, it provides for a complete write-off in 1 year of required but nonproductive pollution control facilities and equipment.

The Jobs Creation Act will do just that—create jobs in the private sector of our economy. It would eliminate the need for expanded Federal grants and loan programs by reducing unemployment and returning persons to self-sufficiency and a tax-generating rather than a tax-consuming status. It would encourage additional savings and investments by the individual, stimulate home construction, cause major new equipment purchases, assure an increase in real purchasing power by the work force and help assure continuity of family businesses and farming operations.

Congress is today faced with many pressing economic issues—inflation, unemployment, capital and energy needs—none of these being distinct problems within themselves. They are interdependent with respect to their comprehension and solution. The question facing us is how do we deal with these problems. Should Congress increase Federal spending providing public service employment and public works programs or should it return decisionmaking to the people by way of the marketplace? I opt for the second solution. Reliance on Government assistance is not the answer. For every full $1 billion spent on public employment, no more than 50,000 jobs are created, and they are not usually permanent.

Therefore, if Congress were to spend $8 billion as some have proposed, unemployment would be reduced by only 400,000 persons. This is not a substantial decrease in light of the further effects on the economy due to increased Federal spending. Increased spending means either an even larger Federal budget deficit—which is already predicted to reach $75 billion—or increased tax demands.

The unavoidable truth is that deficits must be financed. The Government has two choices—to borrow from the Federal Reserve or to finance by borrowing from the private sector. When the Government borrows from the Federal Reserve, the supply of money increases relative to the supply of goods, thus sooner or later forcing prices to rise and the value of dollars to fall. Government agencies with their newly created dollars are able to bid away goods and services from the private sector where the majority of capital formation takes place.

When the Government borrows from the private sector, no new money is created. The Government sells bonds to the private sector which in turn must reduce either private current consumption or investment. Because Government expenditures consist heavily of transfer payments which go for current consumption, the net effect in time is increased demand for currently produced goods rather than a demand for goods produced in the future. In short, more now can only be achieved at the price of less in the future.

The supply of goods relative to the demand is therefore decreased and average prices rise. The Federal Reserve could step in to purchase the bonds in order to keep private investment dollars available, but this action would only cause an increase in the total money supply and further inflation. In either case, inflation or crowding out is the ultimate result. Formation of capital drops due to the lack of available investment capital.

Because we have been so caught up in our ever-increasing rate of consumption, America has fallen behind in its investment rate. Investment in new plant and equipment, per person added to the labor force, in the 1970's was 22 percent less than that invested in 1956 and 1965. Our rate of capital formation was one of the lowest in the major industrialized nations. On the other hand, France and Germany have doubled their industrial capacity and Japan has tripled its capacity. America has gradually lost a competitive edge in the world market and consequently fewer jobs are available. The United States will have to provide jobs for 7 million more people in the labor force by 1980 and in addition upgrade productivity and earning power of the present labor force. An average investment of $35,000 to support each worker with plant and equipment will be needed.

Every dollar invested in capital does not necessarily go into expansion alone. Some does go into expansion but it must also be used for replacement of aging capital—at inflated prices, conversion of existing assets into similar but more technically advanced ones, or to purchase pollution abatement equipment and OSHA-mandated compulsory but nonproductive items. Those dollars which are ultimately invested in new plant and equipment are the keys to an expanding and fully employed economy. This bill recognizes that fact and further recognizes that this investment activity can be most efficiently undertaken within the private sector and in response to free market forces.

Up to now I have been concentrating on the point that Congress must curtail expenditures and reduce deficits thus putting the financial wherewithal back in the hands of the private sector. Government must also reduce its tax demands on individuals and businesses. The Jobs Creation Act will help to accomplish these objectives. This bill alone cannot accomplish all that is necessary to assure an adequate investment in job-creating capital for the next 10 years, but it is an initial step in the right direction.

One thing we must always remember is that people pay taxes and ultimately people bear the tax burdens of corporations. They pay direct taxes: Individual income tax, sales tax, gasoline and fuel taxes, gifts and estate taxes. They pay indirectly through high prices paid for purchased goods and services. Corporation income tax, real estate and sales taxes paid by businesses are passed on to the consumer.

Commerce Secretary Morton recently announced that each household pays $14.06 in taxes for every $1 billion spent by the Federal Government. This amount is found by dividing the number of U.S. households—71,120,000—into $1 billion and is known as the T-dollar used to show the impact of Federal spending on the average taxpayers. The average consumer cannot relate to $1 billion, $10 billion or $100 billion spent by the Government. But when Congress spends $10 billion on a Federal project the consumer, by use of the T-dollar, will realize it is $140 of his own money. In 1929 Federal, State and local tax collections constituted only 13 percent of total national income. By 1950, it had risen to 26 percent. By 1974, it had risen to 40 percent. By 1985, total Government's share of national personal income could be 54 percent—more than half the people's earnings—if present trends are allowed to continue. These figures do not reflect the effects of inflation—the great unlegislated tax. When the Government spends money, it is spending tax dollars—hard earned dollars of the consumer.

My proposed bill addresses not only the need for additional savings by private citizens by allowing a tax credit of up to $1,000 on savings and investments, but it also confronts the need to reduce the heavy tax burden of corporations, a burden which is ultimately passed onto the consumer. We must reduce corporate taxes for a number of reasons:

First, high taxes are passed along to the consumer as higher charges for goods and services. Lower corporate taxes would mean lower prices for you and me;

Second, high corporate taxes mean that corporations have fewer net dollars to spend for inventory and equipment replacement, expansion and purchase of new equipment. This means a loss of jobs. There is no new construction, so construction trade unemployment remains high or continues to escalate. Jobs are also lost within the company itself for a lack of replacement of older equipment. Plans to expand are postponed and no new jobs are created;

Third, with more money going to taxes, less is available for salaries and increased fringe benefits for employees; and

Fourth, fewer funds are available to pay dividends to the company's stockholders. The stockholders come from all walks of life with one thing in common—they depend upon dividends to maintain their standards of living.

The ability of business to create jobs and thereby reduce unemployment depends on its ability to equip present workers with the proper tools and equip new workers with more plant and equipment. All this requires further investment.

Now you may ask—what kind of loss to the Treasury will result from enactment of the bill? This could mean less revenues, thereby increasing the deficit. Crowding out of investment capital and inflation could follow the financing of that deficit. Let me make some points in this regard which I think will interest you.

Time and time again through legislation, areas where spending should be cut have been cut. And there can be more reductions. It is my hope the ever-increasing growth of Government can be reduced in order to avoid more deficit spending.

There is much evidence that the losses in revenue will be substantially offset by additional revenues generated through increased productivity and jobs created. Federal expenditures will decrease with people moving from a nonproductive, Government-supported status to a tax-generating status.

It is my contention that any decline in revenues would soon be renewed and overcome. Several years ago the Canadian Government cut corporate taxes drastically. The effective rate of taxation was reduced from 49 percent to 40 percent, amid cries that it would bring a substantial decline in revenue. But because of the large increase in productivity and jobs generated by that tax cut, there were no losses in revenue. Instead, a surplus was generated.

The Jobs Creation Act is just one attempt at tax reform but all tax reform shares the same objectives:

First, assuring more jobs within the private sector, so as to reduce unemployment and to return persons to a tax-generating, instead of a tax-consuming, status;

Second, increasing our standard of living in real, not inflated, terms;

Third, improving production efficiency, so as to produce more goods at less cost, goods which are improved in their quality; and

Fourth, attaining a durable, stable economic recovery without added reliance on the instrument of Government and Federal policies, which too often have unforeseen and counterproductive effects.

These reforms can help us move toward real, sustained growth built on productivity and real wages. The rejection of them can hurt us by sending us into self-defeating artificial inflationary growth. Congress must make a choice and make it soon and there is little room for error.

Mr. FANNIN (by request):

S. 2466. A bill to amend title XX of the Social Security Act to require that State social services plans comply with the Federal Interagency Day Care Requirements, subject to the existing penalties (termination of Federal payments or 3-percent reduction therein) in cases of noncompliance. Referred to the Committee on Finance.

Mr. FANNIN. Mr. President, I am introducing today, on behalf of the administration, legislation to resolve the problems associated with the implementation of day care center staffing requirements as established under Public Law 93–647, the Social Services Amendments of 1974.

Under the social services program a major component is day care services and because of the importance of insuring an effective day care program the Congress and the Department of Health, Education, and Welfare mandated staffing ratios which were to be met on October 1. Despite this mandate many child care centers have expressed the view that these requirements would disrupt existing programs, lead to increased costs, and perhaps force some centers to close. In response to these complaints the House of Representatives passed H.R. 9803 which would extend, for 6 months, the effective date of compliance. Without such an extension any day care center failing to comply with the mandated standards would lose their entire share of social service funds.

The Senate Finance Committee, in considering this issue, rejected the House passed bill as well as S. 2425, a proposal to add additional social service funds to help States to meet the staffing requirements. Instead, the committee agreed to a 1-month extension with the understanding that hearings would be promptly scheduled so further consideration could be given to this issue.

Regrettably the administration's proposal was not considered by the Senate Finance Committee. The administration's approach would reduce the penalty provision from 100 percent for failure to comply to 3 percent and permit the Department of HEW to negotiate with the States to develop a program for achieving compliance with the mandated standards. The administration firmly believes that this approach is more reasonable in view of the fact that the social services amendments direct the Department to complete, within 18 months, a study concerning the appropriateness of the existing standards. According to the administration, it would not make any sense to impose these standards with the present penalty provisions when the Congress itself has indicated its own doubts by ordering a study to determine whether these standards are acceptable or not. Because the committee will be holding hearings soon on this issue, I have agreed to introduce the administration's proposal so that it could be considered by the committee in its further deliberations on this issue.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with a letter to Vice President ROCKEFELLER from Acting Secretary Kurzman, and a statement by Mr. Kurzman, presented to the Subcommittee on Public Assistance, Committee on Ways and Means.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2466

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2003(d)(1)(G) of the Social Security Act is amended by striking out all that follows "standards for such services" and inserting instead "which (i) in the case of care provided in the child's home, are reasonably in accord with recommended standards for such services, including standards related to admission policies for facilities providing such services, safety, sanitation, and protection of civil rights, and (ii) in the case of care provided outside the child's home, are identical with the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare and the Office of Economic Opportunity on September 23, 1968, except that (I) subdivision III of such requirements with respect to educational services shall be recommended to the States and not required, and staffing standards for school-age children in day care centers may be revised by the Secretary, (II) the staffing standards imposed with respect to such care in the case of children under age 3 shall conform to regulations prescribed by the Secretary, and (III) the staffing standards imposed with respect to such care in the case of children aged 10 to 14 shall require at least one adult for each 20 children, and in the case of school-aged children under age 10 shall require at least one adult for each 15 children;"

(b) Section 2003(e)(3) of such Act is amended by striking out "The Secretary" and inserting instead the following:

"Except for noncompliance with subsection (d)(1)(G)(ii) found under paragraph (2) with respect to the first sentence of 45 CFR § 71.12 (pertaining to licensing of day care facilities) or 45 CFR §71.13(b)(1) (pertaining to the safety and sanitation of the facilities), the Secretary".

(c) Section 2003(e)(3) of such Act is further amended by inserting before the period at the end of that section the following: "or, in the case of noncompliance with subsection (d)(1)(G)(ii) (other than with the first sentence of 45 CFR § 71.12 or 45 CFR § 71.13(b)(1)), he is not yet satisfied that there will no longer be any such failure to comply, nor, in the alternative, is he satisfied that a good faith effort is being undertaken to enable the State to comply with that subsection".

(d) Section 2002(a)(9(A)(ii) of such Act is amended by striking out all that follows "September 23, 1968" and inserting instead ", with regard (I) to the licensing, or approval as meeting the standards of such licensing, of a facility, and (II) to the application to the facility or grounds used by children of the appropriate safety and sanitation authorities."

(e) Section 2002(a)(9)(B) of such Act is amended by inserting "and section 2003(d)(1)(G)" after "subparagraph (A)" both times it appears.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
October 1, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Please find enclosed for the consideration of the Congress a draft bill "To amend title XX of the Social Security Act to require that State social services plans comply with the Federal Interagency Day Care Requirements, subject to the existing penalties (termination of Federal payments or 3-percent reduction therein) in cases of noncompliance."

Effective October 1, title XX of the Social Security Act, as added by the Social Services Amendments of 1974, prohibits payment for child day care services outside of the home under that title, or under title IV–A (AFDC) or IV–B (Child Welfare Services) of the Act, unless the care meets certain statutory standards. These standards are known as the "Federal Interagency Day Care Requirements" (FIDCR) and were approved by the Department and the Office of Economic Opportunity on September 23, 1968. In addition, the care must also conform to additional strictures, engrafted on FIDCR either by title XX or by the Secretary's regulation provided for under title XX, governing the ratio of staff to children.

Briefly stated, the draft bill would preserve the obligation of the States to assure compliance with FIDCR, but would allow the Secretary to set the consequences of noncompliance (except in the case of noncompliance with licensure, health, or safety standards) at a penalty of 3 percent of title XX payments which is the same penalty already set in the Act for noncompliance with other requirements. No penalty need be imposed if the State is making a good faith effort to upgrade day care facilities in order to come into compliance with FIDCR. This feature would also parallel the flexibility provided in the Act for compliance with other requirements. The bill is explained in detail in the appended "Technical Summary of Draft Bill".

The States' social services plans, which go into effect October 1, project day care for up to 1.3 million children during the first year of operation under title XX. This care will cost nearly $800 million, of which the Federal share is to be about $600 million. A number of States advise us that a loss of Federal reimbursement because of day care services that do not fully meet the FIDCR standards may cause substantial service cutbacks or greatly increased State costs to make up for the loss.

For these reasons, we urge your speedy and favorable action on the enclosed draft bill.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this proposal to the Congress from the standpoint of the Administration's program.

Sincerely,

STEPHEN KURZMAN,
Acting Secretary.

TECHNICAL SUMMARY OF DRAFT BILL

CURRENT LAW

Section 2002(a)(9)(A)(ii) of title XX of the Social Security Act prohibits any payment under title XX for child day care services provided outside the child's home unless the care meets the Federal interagency day care requirements (FIDCR) as approved by the Department and the Office of Economic Opportunity on September 23, 1968, subject to certain modifications. First, the educational requirements of FIDCR are reduced to recommendations, and staffing standards for school-age children in day care centers may be revised by the Secretary. Second, the staffing standards imposed in the case of children under age 3 must conform to regulations prescribed by the Secretary. (FIDCR would otherwise merely require that the State establish acceptable standards for the care of children under 3 years of age.) Third, the staffing standards imposed with respect to children aged 10 to 14 shall require at least one adult for each 20 children, and in the case of school-aged children under age 10, shall require at least one adult for each 15 children. (FIDCR would otherwise require, in the case of day care center care, a ratio of no more than 5 children to one adult for children 3 to 4 years of age, a ratio not greater than 7 to 1 for children aged 4 to 6, and no more than a 10 to 1 ratio for children from 6 through 14.

Section 3(f) of the Social Services Amendments of 1974, which Amendments enacted title XX, requires that any child day care services provided under any plan of a State approved under part A, or developed under part B, of title IV of the Social Security Act must also meet the above-described requirements.

"CONFORMITY" VS. "FFP"

As we have described it, current law governs federal financial participation (FFP) in the services provided by qualifying day care facilities. A failure of any facility to comply with FIDCR (modified as previously explained) subjects the State to a termination of FFP for the facility's services. However, the State would not lose FFP, on this account, for child day care services provided by complying facilities, or for other services for which title XX provides FFP.

Section 1(a) of the enclosed draft bill would, in effect, transfer the section 2002 (a)(9)(A)(ii) imposition of FIDCR to a section of title XX, section 2003(d)(1)(G), that deals with the requirements of the plan each State must have in order to enjoy any FFP under title XX. In other words, subject to a significant limitation explained below, day care services outside the home would have to be in conformity with FIDCR in order for a State to participate in title XX.

The limitation is that current law, in section 2003(e)(3), authorizes the Secretary to suspend implementation of any termination of payments for nonconformity with State plan requirements and instead reduce the amount otherwise payable to the State by 3 percent. That is, the State loses 3 percent of its title XX payments base for each provision of its State plan which is not in conformity with the title XX requirements, or which is violated in administering the title XX program.

One effect of section 1(a), therefore, would be to permit the Secretary to reduce a State's title XX payments by 3 percent in the event that a State failed to conform to the requirement that child day care services provided outside the home comply with FIDCR.

THE LICENSING, HEALTH, AND SAFETY EXCEPTION

FIDCR now requires, *inter alia*, that "Day care facilities . . . must be licensed or approved as meeting the standards for such licensing" (45 CFR § 71.12), and that "the facility and grounds used by the children must meet the requirements of the appropriate safety and sanitation authorities" (45 CFR § 71.13(b)(1)). Under section 1(b) of the draft bill, the Secretary would be denied the authority to suspend termination of title XX payments in any case in which a State is found to be out of conformity with the above-quoted FIDCR licensing, health, and safety requirements.

GOOD FAITH EFFORT TO COMPLY WITH FIDCR

Under current law section 2003(e)(3) of the Social Security Act, which provides for a suspension of FFP termination after a finding of nonconformity, the Secretary may also withhold imposition of the 3 percent penalty provided that he is satisfied that the State has come into compliance. Because many States will be unable immediately to come into compliance with FIDCR, section 1(c) of the enclosed draft bill would amend this section to permit the Secretary to withhold imposition of the 3 percent penalty, in the case of FIDCR nonconformity, if he is satisfied that a good faith effort is being undertaken to enable the State to comply.

TECHNICAL CONFORMING CHANGES

Section 1(d) of the draft bill would conform section 2002(a)(9)(A)(ii) of the Social Security Act to the transfer of the FIDCR standards to the State plan; section 1(e) of the draft bill would preserve the requirement for a FIDCR study contained in section 2002 (a)(9)(B).

STATEMENT OF STEPHEN KURZMAN, ASSISTANT SECRETARY FOR LEGISLATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

I am sure that each member of the Subcommittee is quite familiar with the issue at hand today. Thus, I will be as brief as possible in presenting the Department's views on the question of what might be done to ameliorate the potential impact of implementation of the new Title XX Social Services program on federally subsidized day care.

As the Subcommittee knows, the Social Services Amendments of 1974—creating a new Title XX of the Social Security Act—expressly forbid any Federal reimbursement for any day care which is not delivered in strict conformity with a modified version of the 1968 Federal Interagency Day Care Requirements (FIDCR).

The law now requires that, effective October 1, the Department will have no choice but to cut off all Federal reimbursement for any individual day care provider found not to be in compliance with these standards.

These requirements, initially drawn up in 1968 by the Department and the then-Office of Economic Opportunity pursuant to Section 522(d) of the Economic Opportunity Act, establish staffing ratios for day care provided in centers as well as in family day care settings.

Since their inception, these standards have evoked controversy among child care professionals and service providers, with shades of opinion ranging across a broad spectrum. There are those who believe that these standards are not strict enough and thus deny children in day care the opportunity to receive effective, quality, safe and productive services.

And there are those who believe that these standards are far too rigid, are not demonstrably effective, and, if fully enforced, would be counterproductive in that the cost of full compliance would price day care out of the market for significant numbers of the working parents for whom day care services are made available.

While we share the Congress' concern that any federally-aided day care services be of as good quality and of as reasonable cost as possible, the Department has long believed that the 1968 FIDCR standards should be re-examined to determine whether they are the most appropriate means to those ends. Thus we argued in 1972, and again during the long deliberations leading to enactment of Title XX, that these standards should not be incorporated into the law, but instead be left open to regulatory amendment following a reasoned study of their effectiveness, appropriateness and cost. Pending any such changes, of course, the Department would continue to enforce the existing standards.

The Congress chose to meet us part way in Title XX, mandating that the States comply with a slightly modified version of the 1968 standards between October 1, 1975, and July 1, 1977, and directing that the Department conduct a study of the appropriateness of the standards and propose whatever changes that study might indicate to be advisable. Such changes, however, may not be implemented before April 1, 1977, or 18 months after the effective date of Title XX.

Pending the outcome of the study, the sole areas of discretion open to the Secretary with respect to the FIDCR standards under Title XX are:

1. Educational service requirements embodied in the FIDCR would be recommended, rather than mandated, to the States;

2. Staffing standards for school age children could be revised; and,

3. Staffing standards for children under 3 years of age—not detailed in the FIDCR standards—could be specified via regulation.

As you know, the Secretary has exercised this limited discretionary authority to the maximum extent possible, and the Department has begun to organize the exhaustive appropriateness study authorized under the statute.

Specifically, with respect to children aged six weeks to 36 months, the Department regulations provide for a staffing ratio of four children to one adult, or one fewer child per adult than the law mandates for children aged 36 months to four years. As you know, these pre-school age groups have been the focus of greatest concern among the States and day care providers.

Despite the limited relaxation of the FIDCR standards permitted under the statute, it is apparent that the immediate enforcement of these standards in the manner established under title XX could lead to wholesale cutbacks in day care services or to major increases in State costs for those services.

This could result because, as noted earlier, the Department now has no choice under Title XX but to terminate all Federal reimbursement for any day care not found to be in conformity with the FIDCR standards. Under previous law, a State's failure to enforce these standards was regarded primarily as evidence of the State's non-compliance with Federal law and regulations. As such, the issue, like other program issues, was subject to Federal-State negotiations aimed at orderly improvement in the State's performance. In extreme cases, this process could ultimately lead to a cutoff of all Federal reimbursement to the State for the program in question.

Based on estimates incorporated in the States' social services plans which go into effect October 1, the States hope to provide day care for up to 1.3 million children during the first year of operation under Title XX at a total cost of nearly $800 million. The Federal share of this amount would be approximately $600 million. While we have no way of accurately estimating the proportion of day care services which will not fully meet the FIDCR standards, a number of States have indicated to us and to members of Congress that they fear substantial service cutbacks or greatly increased State costs to make up for loss of Federal reimbursement.

As you know, some States, service providers and parents of children in need of day care have been mounting increasing pressure on the Department and the Congress to modify these standards before October 1 to avoid service cutbacks and economic losses that could result.

Options open to the Department in this area are extremely limited, as I have noted. We have gone as far as possible, given the restraints of the law, to balance the need to ensure quality of day care services with the need to stretch the Federal day care dollar to help as many families as possible.

Options open to the Congress are, of course, at issue here today. One option—to simply suspend the sections of Title XX mandating strict enforcement of the FIDCR standards—is undesirable as it would accomplish nothing more than put off the day of reckoning on this issue and even contribute to the uncertainty of the States, the providers and parents over what standards will or won't apply, and when. We would strongly oppose such a move.

A second option—to change the thrust of the enforcement provision—would be far preferable for the reasons I will outline here.

We believe—and trust the Congress will agree—that the underlying intent of Title XX with respect both to the provision of as much quality day care as possible and the examination of issues surrounding what standards are most appropriate to govern delivery of that care, will not be well served if the Federal Government is put in the position of closing down some day care services even as it studies anew what rules should govern those services.

Thus we suggest that if the Congress decides that something must be done now with respect to the day care standards issue, it should act not to simply delay imposition of any standards at all, but rather to make it possible for the Department and the States to work together over the coming year to at once upgrade day services and arrive at a reasoned consensus on new standards for those services.

This could be achieved if the Congress were to amend Title XX as follows:

1. To remove the provisions expressly denying Federal reimbursement to any day care provider not fully in compliance with the 1968 FIDCR standards as modified in the statute;

2. To make it clear that those States whose day care services are not provided in accord with those standards, whether because of lax enforcement in the past or because of lesser standards written into State law, must immediately begin good faith efforts to upgrade day care services by bringing staffing ratios closer to the 1968 FIDCR standards on a reasonable timetable;

3. To give the Secretary of HEW authority to reduce total Federal reimbursement for all Title XX services by the three percent whenever he determines that a State is failing to make a good faith effort to upgrade its day care services in a way acceptable to the Department; and

4. To mandate that in no instance will Federal reimbursement be available for day care provided in centers of family day care homes which fail to conform with applicable fire and life safety standards established by the jurisdictions in which they operate.

What we are suggesting is a realistic, enforceable penalty provision strong enough to encourage the States to work with the Department to upgrade day care services in an orderly way and on a reasonable timetable. This provision would parallel the penalty provisions of Title XX establishing the States' obligations to report on their administration of all social services programs funded under the Act and to certify that they are not using Title XX funds to replace State and local services expenditures. Under those provisions, the Secretary may, after a reasonable notice and opportunity for a hearing to the State, withhold all Title XX funding to the State or, to withhold 3 percent of that funding for violation of either of these mandates.

Should the Congress adopt the concept I have outlined here, the new provisions could be made coterminous with implementation of changes in the FIDCR standards which may be indicated following the appropriateness study.

Given the authority outlined here, the Department could at once avert a possible shutdown of significant amounts of day care services and work effectively with those States not now meeting or reasonably approximating the FIDCR standards to upgrade their day care services.

With the new authority to exact a three percent penalty against total Title XX funding, we trust that States will cooperate effectively and willingly in this area.

Throughout the coming months, we believe the process of working closely with States having varying day care standards will yield hard data on the effectiveness of varying levels of child-to-adult staffing ratios, data which will be most useful to the appropriateness study.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 5

At the request of Mr. Chiles, the Senator from Tennessee (Mr. Baker) and the Senator from Wyoming (Mr. Hansen) were added as cosponsors of S. 5, the Federal Government in the Sunshine Act.

S. 327

At the request of Mr. Johnston, the Senator from Minnesota (Mr. Humphrey) was added as a cosponsor of S. 327, a bill to amend the Land and Water Conservation Fund Act, as amended, to establish the National Historic Preservation Fund and for other purposes.

S. 425

At the request of Mr. Williams, the Senator from California (Mr. Tunney) was added as a cosponsor of S. 425, a bill to amend the Securities and Exchange Act of 1934.

S. 1625

At the request of Mr. Packwood, the Senator from Arizona (Mr. Fannin) was added as a cosponsor of S. 1625, a bill to extend and revise the State and Local Fiscal Assistance Act of 1972.

S. 2290

At the request of Mr. Taft, the Senator from Connecticut (Mr. Weicker) was added as a cosponsor of S. 2290, a bill to establish a consumer protection study commission in order to study the desirability and feasibility of establishing various administrative courts and transferring to such courts the adjudicatory, licensing, and rulemaking functions of various regulatory agencies, and for other purposes.

S. 2329

At the request of Mr. Stevenson, the Senator from North Dakota (Mr. Burdick) was added as a cosponsor of S. 2329, a bill to amend the Export-Import Bank Act of 1945 with respect to nuclear exports.

S. 2386

At the request of Mr. Taft, the Senator from Georgia (Mr. Nunn), the Senator from Alabama (Mr. Allen), the Senator from Montana (Mr. Metcalf), and the Senator from New York (Mr. Javits) were added as cosponsors of S. 2386, a bill to deny Members of Congress any increase in pay under any law passed, or plan or recommendation received, during a Congress unless such increase is to take effect not earlier than the first day of the next Congress.

S. 2436

At the request of Mr. Talmadge, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of S. 2436, a bill to create a special tariff provision for imported glycine and related products.

S. RES. 251

At the request of Mr. Biden, the Senator from Oregon (Mr. Packwood), the Senator from Illinois (Mr. Percy), the Senator from South Carolina (Mr. Thurmond), the Senator from Rhode Island (Mr. Pell), the Senator from Illinois (Mr. Stevenson), the Senator from Utah

(Mr. Garn), the Senator from Louisiana (Mr. Johnston), the Senator from Florida (Mr. Stone), and the Senator from North Carolina (Mr. Helms) were added as cosponsors of Senate Resolution 251, relating to the President's trip to China and American POW's and MIA's.

SENATE CONCURRENT RESOLUTION 63

At the request of Mr. Biden, the Senator from Minnesota (Mr. Humphrey) was added as a cosponsor of Senate Concurrent Resolution 63, relating to Child Health Day.

SENATE JOINT RESOLUTION 119

At the request of Mr. Roth, the Senator from Arizona (Mr. Fannin) was added as a cosponsor of Senate Joint Resolution 119, to establish a National Commission on Schoolbusing.

SENATE CONCURRENT RESOLUTION 68—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO AN INTERNATIONAL TREATY BANNING LETHAL CHEMICAL WEAPONS

(Referred to the Committee on Foreign Relations.)

Mr. McINTYRE (for himself, Mr. Gary Hart, and Mr. Leahy) submitted the following concurrent resolution:

S. Con. Res. 68

Whereas it has been a longstanding policy of the United States not to make first use of lethan chemical weapons in war; and

Whereas the United States in 1974 unanimously gave consent to ratification of the Geneva protocol prohibiting the use of both chemical and biological weapons in warfare; and

Whereas the United States has decleared its intent at Vladivostok and elsewhere to seek a treaty banning the manufacture and possession of lethal chemical weapons and is engaged in negotiations to this end at the Conference Committee on Disarmament in Geneva; and

Whereas the unilateral United States policy declaration to abandon manufacture and possession of biological warfare agents was a major stimulus to the International Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons, and on Their Destruction, approved unanimously by the United States Senate in 1974: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring) That the Congress of the United States—

(1) would support the President in a declaration of policy against any further United States manufacture or possession of lethal chemical weapons (such as nerve, mustard, and asphyxiating agents); and

(2) urges an international treaty cosponsored by the United States and the Union of Soviet Socialist Republics, banning the manufacture and possession of lethal chemical weapons by all nations.

Mr. McINTYRE. Mr. President, I submit, for appropriate reference, a concurrent resolution regarding an international treaty banning lethal chemical weapons.

This resolution, which is being introduced simultaneously in the House by Representative Clement Zablocki, is cosponsored by my distinguished colleagues on the Senate Armed Services Committee, Senator Gary Hart and Senator Pat Leahy, who have already demonstrated leadership in this field.

The resolution states that the Congress "would support the President in a declaration of policy against any further U.S. manufacture and possession of lethal chemical weapons." Further, the resolution urges an international treaty to ban the production and possession of such weapons by all nations.

Mr. President, it has been the longstanding policy of the United States to renounce the first use of lethal chemical weapons. We have ratified the Geneva protocol which prohibits the first use of chemical weapons in war. And we are currently engaged in discussions at the Conference Committee on Disarmament in Geneva to obtain an international treaty totally banning lethal chemical weapons.

Unfortunately, progress at the Geneva talks has been minimal. And I am sad to report, Mr. President, that we are perhaps as much to blame for this lack of progress as any other participant in the negotiations. The United States has not even put forward a draft treaty for discussion.

I believe, Mr. President, that the time has come to give the Geneva talks some momentum. The concurrent resolution we have introduced today is designed to do just that. A declaration of congressional support may give the administration the impetus to take the first steps toward a comprehensive international ban on lethal chemical weapons.

President Ford has demonstrated leadership in this area by his actions last year which led to the Senate's unanimous ratification of the Geneva protocol and the convention prohibiting bacteriological and toxin weapons. This resolution would be a logical followup to those actions. It is an attempt to work with the President in a spirit of cooperation by demonstrating widespread support for the renunciation of lethal chemical weapons.

As the resolution points out, the unilateral U.S. renunciation of biological weapons in 1969 was a major stimulus to the eventual treaty which extended the prohibition on an international level. I would hope that our experience with the ban on biological warfare will provide a precedent for similar action regarding lethal chemical weapons.

Mr. President, I know that there are many who say we need to continue to produce and stockpile lethal chemical munitions, because our adversaries do so. I recognize and appreciate this concern. However, the best deterrent we can have against the possibility of chemical warfare is the development of effective defensive techniques. Our enemies would then know it would be futile to continue their efforts in offensive chemical warfare.

Unfortunately, Mr. President, our defensive efforts are totally inadequate. The conferees on the military procurement authorization bill recognized this, stating:

> All of the Conferees expressed serious concern over the inadequacy of our chemical warfare defensive programs. The Conferees believe that the Department of Defense is not putting forth an acceptabe level of effort in this area and strongly urges the Department to advance our military posture in this area.

Only if we put aside our preoccupation with offensive lethal chemical weapons can we devote more resources and effort to defensive techniques. It is in our own self-interest to take such steps.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENT NO. 949

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT (for himself and Mr. Fannin) submitted an amendment intended to be proposed by them jointly to amendment No. 934, proposed to the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENTS NOS. 950 THROUGH 953

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI. Mr. President, immediately after the introduction of S. 2310, I contacted the Governor of New Mexico and arranged for appropriate people on his staff to examine the bill from the viewpoint of protecting the interests of New Mexico and New Mexicans. I also contacted other individuals and entities within the State for the same purpose.

It became evident immediately that I had plenty of reason to be concerned because S. 2310, as originally introduced, utterly failed to address some of the legitimate interests of producing States and their citizens, both consumers and producers. Last Saturday, I conducted an emergency meeting in Albuquerque, attended by all the major interests affected by natural gas legislation, where the particular focus was on amendment No. 919 to S. 2310. From that exercise, and from other contacts I have had with concerned and informed New Mexicans, I have determined that there are several provisions in amendment No. 919 which are unjustifiably detrimental to New Mexico.

Our part of the country recognizes that there are severe gas shortages developing for some other parts of the country. While those problems are in no way our fault, we feel an obligation to help fellow Americans, regardless of the fact that the system those people now seek to circumvent has for many years been prejudicial to New Mexico interests. It has decreased returns to producers and increased prices to most New Mexico consumers.

Still, Mr. President, my constituents and I recognize that some modification on a temporary basis to relieve certain undue hardships is in order. But, that modification must be linked to reform of the system which has produced the hardship—an unreasonably low wellhead price of interstate gas. Consequently, I support amendment No. 919 with certain changes which I now submit in amendment form.

TEMPORARY DIVERSIONS FROM POWERPLANTS

The amendment allows reimbursement to curtailed utilities only for the increased fuel costs occasioned by the curtailment. This is not sufficient allowance to cover other costs that may be required for certain conversions, such as storage for liquid fuel and increased operational and maintenance costs, particularly for pollution control equipment. Accordingly, one of the amendments I intend to propose would provide for reimbursement of all costs of conversion and all increases in operational costs required by reason of natural gas being diverted from boiler plants under this legislation.

OPERATION OF POLLUTION ABATEMENT EQUIPMENT

I think everyone agrees that boiler plants should be allowed to use natural gas when required for pollution control purposes. Accordingly, I am proposing amendments which provide an exemption from the boiler fuel prohibition for natural gas required for the operation of pollution abatement equipment.

PROPANE ALLOCATION AUTHORITY

With increased curtailments of natural gas, there will be a corresponding increased pressure on propane supplies in many of the more remote parts of the country, including New Mexico. In fact, in many isolated areas of the Western United States, propane is the principal fuel for home and commercial heating and there are no alternative fuels which can be substituted for natural gas in these areas. Add to this situation the fact that users of propane in these areas tend to represent economically impacted end-users and persons on fixed incomes, it becomes essential that controls be instituted to maintain the integrity of propane markets and the solvency of propane users.

Generally, amendment No. 919 offers adequate protection for propane users through its propane allocation provisions. I am concerned, however, that rural schools using propane where there is no substitute fuel may be overlooked unless specifically included in the legislation. I have drawn an amendment to accomplish that specific inclusion.

AMENDMENT NO. 954

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK (for himself, Mr. Philip A. Hart, Mr. Gary Hart, Mr. Nelson, Mr. Church, Mr. Kennedy, Mr. Moss, Mr. Proxmire, Mr. Clark, Mr. Hathaway, Mr. Metcalf, Mr. McGovern, Mr. McIntyre, Mr. Leahy, and Mr. Durkin) submitted an amendment intended to be proposed by them, jointly, to amendment No. 919 to the bill (S. 2310), supra.

AMENDMENT NO. 955

(Ordered to be printed and to lie at the desk.)

Mr. DOMENICI. Mr. President, several States, including New Mexico, have enacted legislation allowing the State to take its royalty from gas production "in kind"—that is, gas instead of money. One of the main purposes for such action is to give the State the ability to use its gas to alleviate emergency shortages that occur within the State. That is a valid purpose, but its achievement has been thwarted in most cases because of a lack of means to transport the gas from point of production to point of need, although the point of need may be on an interstate pipeline. That exact situation exists right now in several cities in New Mexico which are served by an El Paso natural gas pipeline.

The Federal Energy Research and Development Administration tells us that there are at least 500 trillion cubic feet of natural gas locked in the Devonian shale formations in Ohio, Michigan, Illinois, Indiana, Kentucky, Alabama, Tennessee, West Virginia, Pennsylvania, and New York.

That is enough gas to supply the industrial needs of 23 industrial States for 100 years.

Ohio, a State which is very concerned about curtailments has gas which could be used to ease the shortage; however, they cannot use it, because they cannot transport it from the area where it is produced to the area where it is needed.

The residential consumer will have to pay for the pipeline whether it operates at full capacity or not. If pipeline and distribution companies are unable to fully utilize their facilities their unit costs increase, resulting in increasing prices to the consumer. Pipeline and distribution costs already make up more than 80 percent of the average residential consumer's bill, so an increase in their cost has a greater price impact on the residential consumer.

There is gas in Appalachia which could help during this critical time, however, it cannot be used because there is no means for transporting the gas.

I am proposing an amendment which would allow interstate pipelines to transport gas not owned by them when the pipeline has excess capacity. This would provide a degree of flexibility to allow States with royalty gas to utilize it more effectively for the benefit of its citizens.

AMENDMENTS NO. 956 AND NO. 957

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS. Mr. President, on Wednesday, I indicated my concern, in a colloquy with the sponsors of S. 2310, that the bill's provisions for the compensation of curtailed users of natural gas might not be adequate. In its present form—as amendment 934—the bill distinguishes between the compensation that can be paid to curtailed users and the compensation that can be paid to suppliers. Users are entitled to compensation only "in an amount which is equal to any net increase in such user's reasonable costs for replacement fuel or replacement power," whereas suppliers are entitled to compensation equal to "any net increase in such supplier's reasonable costs and any other losses which are incurred by such supplier * * *." Clearly, suppliers' claims for compensation rest on a much broader base than do the claims of curtailed users. In our colloquy, the distinguished Senator from South Carolina (Mr. Hollings) indicated his belief that the only additional expense that would be incurred by users would be for additional fuel, for which, in his words, "they would be made whole."

It has come to my attention that the cost of replacement fuel may not in fact be the only additional expense incurred by those utility companies that are required to shift from natural gas to some other fuel this winter. For example, I have been told that boiler operation and maintenance costs rise substantially when oil is burned in place of gas. Arkansas Power & Light Co. periodically shuts down its plants for 3 days at a time, to cleanse the boiler furnaces of oil residue. A.P. & L. says that the sulphuric acids have caused corrosion in air preheater fans and other auxiliaries. The company asserts as well, that other costs will rise substantially if it becomes necessary to burn oil over a long period of time, rather than on a brief, temporary basis, as has been the case in previous winters.

Without passing judgment on the merits of particular claims, it seems obvious to me that a compensation provision restricted solely to the increased costs of fuel may not be adequate. Curtailed users may very well incur other costs that are attributable to their forced conversion from gas to oil. If S. 2310 contains no provision for compensating them for such costs, then they—and their ratepayers—will be required to bear an unfair burden. I think it is important that we guard against that possibility, by putting users and suppliers on an equal footing in regard to compensation. Accordingly, I am introducing an amendment that would accomplish that.

The problem of boiler-fuel use of natural gas is one of the thorniest we face in dealing with the larger problem of natural gas regulation. Everyone agrees that boiler-fuel use of natural gas must be ended; but it is vital that such use not be ended in a manner that is even more costly than the continued use of gas would be. I hope that this question will be explored carefully in the ensuing debate over S. 692.

However, the immediate question before us is how best to compensate those boiler-fuel users whose gas must be curtailed to prevent hardship this winter. I think that the amendment I have proposed will contribute to a fairer distribution of the inevitable gas shortage.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 944

At the request of Mr. Stevenson, the Senator from Rhode Island (Mr. Pell) was added as a cosponsor of amendment No. 944, intended to be proposed to S. 692, the Natural Gas Production and Conservation Act of 1975.

ADDITIONAL GAO BILLS TO BE HEARD BY SUBCOMMITTEE ON REPORTS, ACCOUNTING AND MANAGEMENT

Mr. METCALF. Mr. President, on September 10, I announced that hearings will be held on October 2 by the Subcommittee on Reports, Accounting, and Management, on legislation regarding the General Accounting Office. I stated at that time—page 28365—that one of the bills which we shall consider is S. 2268, the General Accounting Office Act of 1975, and that another is S. 2206, which provides for the appointment of the Comptroller General and Deputy Comptroller General by the Speaker of the House and President pro tempore of the Senate, after considering recommendations from the Senate and House Committees on Government Operations.

At the October 2 hearings we will also receive testimony regarding two other bills, introduced since my original notice of the hearings, which deal with the GAO. One is my bill, S. 2352, which provides for an audit by the Comptroller General of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms. This legislation has been approved by a House Government Operations Subcommittee. The other bill on which we will receive testimony is S. 2418. It is Senator Chiles' bill—identical to S. 2481 of the 93d Congress—which provides for GAO audit of the Federal Reserve Board, Federal Reserve Banks and their branches, the Internal Revenue Service, the Comptroller of the Currency, and the Office of Alien Property.

Questions regarding the hearing should be directed to the subcommittee staff at 224–1474—majority, or 224–1490—minority.

ANNOUNCEMENT OF PUBLIC HEARINGS

Mr. CHURCH. Mr. President, I wish to announce for the information of the Senate and the public, the scheduling of a public hearing before the Energy Research and Water Resources Subcommittee of the Senate Interior Committee.

The hearing is scheduled for October 16, beginning at 9:30 a.m. in the Showboat Hotel and Lanes, Las Vegas, Nev. Testimony is invited regarding the Water Resources Planning Act of 1965, Public Law 89–80.

For further information regarding the hearing, you may wish to contact Mr. Ben Yamagata of the subcommittee staff on extension 49894. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Energy Research and Water Resources Subcommittee, 3106 Dirksen Senate Office Building, Washington, D.C. 20510.

ANNOUNCEMENT OF PUBLIC HEARINGS

Mr. CHURCH. Mr. President, I wish to announce for the information of the Senate and the public, the scheduling of a public hearing before the Energy Research and Water Resources Subcommittee of the Senate Interior Committee.

The hearing is scheduled for October 17, in Idaho Falls, Idaho. Testimony is invited regarding the progress of the Raft River geothermal project, the difficulties encountered by the Fall River Rural Electric Cooperative in obtaining geothermal leases on National Forest Service lands, and the relationship of geothermal development in the Western States with respect to the national plan for geothermal development.

For further information regarding the hearing, you may wish to contact Mr. Ben Yamagata of the subcommittee staff on extension 49894. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Energy Research and Water Resources Subcommittee, 3106 Dirksen Senate Office Building, Washington, D.C. 20510.

ANNOUNCEMENT OF HEARING

Mr. BIDEN. Mr. President, I wish to announce that the Consumer Affairs Subcommittee, which I chair, will hold hearings at 2 p.m. on October 9, 1975, on several issues which have arisen under the Fair Credit Billing Act. This hearing is called to produce information so that the full Banking Committee can consider possible amendments to the Fair Credit Billing Act in markup sessions later this month. Persons wishing to testify or submit statements should promptly contact Ralph Rohner, staff counsel for the subcommittee, on 224–0893. The exact location of the hearing will be available from the Banking Committee office—224–7391—within the next few days.

The issues the subcommittee wishes to address arise from section 167 of the Fair Credit Billing Act which permits merchants to sell at different prices to cash and credit card customers: First, should that provision expressly supersede State law to assure that these price differentials do not violate State usury laws? Second, should the provision be amended to expressly include "surcharges" imposed on credit card users?

In addition, the subcommittee will receive testimony on an amendment offered to pending legislation which would establish certain procedures and authorize judicial review of regulations promulgated by the Federal Reserve Board.

Mr. President, I request unanimous consent that three documents bearing on these issues be printed in the Record at the conclusion of this announcement. These documents are: First, a letter from Chairman Burns of the Federal Reserve Board to Senator Brock stating the Board's views on the question of usury under Fair Credit Billing Act section 167; second, a letter from Chairman Burns requesting legislative clarification of the inclusion of surcharges in Fair Credit Billing Act section 167; and third, the pending amendment to establish procedures for regulation-writing by the Federal Reserve Board.

There being no objection, the material was ordered to be printed in the Record, as follows:

Federal Reserve System,
Washington, D.C., September 16, 1975.

Hon. Bill Brock,
U.S. Senate,
Washington, D.C.

Dear Senator Brock: We are glad to respond to your letter of August 7, 1975, regarding the relationship between Sec. 167 of the Fair Credit Billing Act (P.L. 93–495) and the usury laws of certain States, especially Tennessee.

Your letter points out that Sec. 167 provides that a "discount not in excess of 5 per centum offered by the seller for the purpose of inducing payment by cash, check, or other means not involving the use of a credit card shall not constitute a finance charge" if certain conditions are met. Section 111(b) of the original Truth in Lending Act, which also applies to the Fair Credit Billing Act, provides that the Federal Truth in Lending Act does not alter or affect State usury laws.

It appears to be the opinion of certain Tennessee bank attorneys that if a merchant grants a five per cent discount for cash, this would amount to a corresponding addition to the creditor's "time price differential" under Tennessee law and that, if the differential was previously at the State usury ceiling, the addition would violate that ceiling. The attorneys feel that such violations of State law would arise from the use not only of credit cards issued in Tennessee, but also of those issued in several other States.

Your constituents fear that unless Congress amends Sec. 167(a) of the *Fair Credit* Billing Act to permit a credit card issuer to prohibit a seller from offering any discount in excess of five per cent and also amends Sec. 111(b) to provide expressly that Sec. 167 pre-empts State usury laws, financial institutions (as distinguished from merchants who issue credit cards) in Tennessee and other States will be precluded from offering credit card services.

You ask whether the Board's legal counsel agree with the Tennessee attorneys, and how the Board would view possible legislation such as the Tennessee attorneys have suggested.

Attorneys on the Board's staff have not attempted to make an extensive study of the relevant laws of Tennessee and the other States mentioned in your letter. However, they are not inclined to disagree with the conclusion of the Tennessee lawyers that, under the laws of Tennessee and some other States, there may be a violation of State usury laws in the circumstances described. There seems to be a strong possibility that the courts would so hold. If such violations are found, however, they are solely attributable to the relevant State laws and can in no way be considered to be the result of Sec. 167.

Section 167 does not require merchants to offer a discount for cash. It merely provides that, if a merchant chooses to offer a discount, and if he discloses to all prospective customers that the discount is available, he may exclude it from the finance charge that he would otherwise have to disclose to a credit card purchaser under the Federal Truth in Lending Act. Since a credit card issuer presumably would not be required to accept credit card transactions that violate State law, the effect of the State laws in question might well be to inhibit the offering of discounts for cash in connection with cards issued in the affected States, but this result would obtain even if Sec. 167 had not been enacted. The only effect of Sec. 167 is to facilitate the offering of discounts, where they may be lawfully offered under State law, by relieving the seller from disclosing the amount of the discount as part of the finance charge in a credit transaction.

The question you raise would seem to confront Congress with the kind of issue it has faced in some other instances in connection with State interest ceilings. As stated in my letter to you of June 21, 1974, on the proposals that became Public Law 93–501, and Governor Bucher's testimony on that measure on July 31, 1974, before the Senate Committee on Banking, Housing and Urban Affairs, the Board feels that remedial action at the State level would be the more desirable way to deal with the problem caused by such State laws. On the other hand, the confusion and inequities that could result from the present situation may be of such importance as to merit Federal action in the absence of suitable State legislation.

In summary, we do not agree that Sec. 167 places creditors in jeopardy of violating State usury laws. It does appear, however, that in connection with credit cards issued in some States it may be difficult for merchants to offer a cash discount of the sort covered by Sec. 167 without running afoul of usury laws of the card issuer's State, and that a card issuer acquiring credit card paper might be unable to determine from the paper whether it violated such laws. If Congress considers that such laws are inconsistent with the purpose of Sec. 167, we believe that it would be appropriate for it to consider pre-empting such laws to that extent, as suggested by the Tennessee attorneys.

Sincerely yours,

ARTHUR F. BURNS,
Chairman, Board of Governors.

FEDERAL RESERVE SYSTEM,
Washington, D.C., September 16, 1975.

Hon. JOSEPH R. BIDEN, Jr.
U.S. Senate,
Washington, D.C.:

DEAR MR. CHAIRMAN: I am writing to request the assistance of the Congress in resolving a difficult question of Congressional intent which has arisen in the Board's efforts to prescribe regulations required under Section 167 of the Fair Credit Billing Act (Title III of P.L. 93–495).

That Section, which becomes effective October 28, 1975, provides as follows:

"§ 167. Use of cash discounts

"(a) With respect to credit card which may be used for extensions of credit in sales transactions in which the seller is a person other than the card issuer, the card issuer may not, by contract or otherwise, prohibit any such seller from offering a discount to a cardholder to induce the cardholder to pay by cash, check, or similar means rather than use a credit card.

"(b) With respect to any sales transaction, any discount not in excess of 5 per centum offered by the seller for the purpose of inducing payment by cash, check, or other means not involving the use of a credit card shall not constitute a finance charge as determined under section 106, if such discount is offered to all prospective buyers and its availability is disclosed to all prospective buyers clearly and conspicuously in accordance with regulations of the Board."

Subsection (b) has been the focus of the problem. You will note that the Section does not require any merchant or card issuer to take any action. It merely provides that if a merchant chooses to offer a discount of up to 5 per cent for payment by cash, that discount is excluded from the credit finance charge for the purpose of Truth in Lending disclosures. The discount can thus be offered without making Truth in Lending disclosures at the point of sale.

While the provision appears straightforward, it has given rise to perplexing problems. For example, when merchandise with a posted price of $100 is available at that price by use of a credit card, and at $96 for cash, the differential is clearly a "discount" covered by the Section. But if an article has a posted price of $96, and is available at that price for cash, and at $100 by credit card, there is doubt as to the status of the $4.00 differential. Is the $4.00 differential a "discount" within the meaning of the Section, or is it a "premium" or "surcharge" and not a "discount"?

It has been represented to the Board that the economic effect may be largely the same in both cases and that sometimes it may be difficult or impossible in practice to distinguish one type of situation from the other. From this it has been argued that the differential in both cases is a "discount". On the other hand, it has been contended that the two may differ widely in their marketing and operating aspects, that the wording of the statute refers only to "discount", and that the price differential in the second case falls outside the statute.

On April 30, 1975, the Board published proposed regulations on the subject that would have excluded the second type of differential from the special treatment provided by the statute. On July 30, 1975, the Board published revised proposals taking the opposite position. Chairman Proximire of the Senate Banking Committee has urged that the "premium" or "surcharge" differential be treated as a "discount". Chairman Annunzio of the Consumer Affairs Subcommittee of the House Banking Committee has urged that it not be treated as a "discount" within the meaning of the statute.

After extended consideration the Board decided by a 4–3 vote to approve a regulation that excludes the second type of price differential from the special treatment provided by the statute. The Board unanimously agreed to seek your assistance in obtaining express legislative action that would make clear the intended application of Section 167 of the statute. The lack of such clarifying action, with attending differences of opinion as to Congressional intent, may well lead to costly litigation and impose substantial burdens on creditors, consumers and the courts.

I am sending similar letters to the Chairmen and ranking minority members of the Senate and House Banking Committees and the Consumer Affairs Subcommittees of those Committees.

Sincerely yours,

ARTHUR F. BURNS,
Chairman, Board of Governors.

AMENDMENT ON PROCEDURAL DUE PROCESS AMENDMENT

Intended to be proposed by Mr. Garn to Committee Print No. 2, to add a new section 708.

"On page 14, after the sentence on line 3, add the following new section:

"SEC. 708. Administrative Procedures and Judicial Review.

(a) Rules and regulation under this title shall be prescribed in accordance with section 553 of title 5, United States Code, except that the Board shall afford interested persons an opportunity to present data, views and arguments orally as well as in writing, with respect to the proposed rule or regulation. In addition, it shall, by means of conferences or other informal procedures, afford any interested person an opportunity to question—

(A) Other interested persons who have made oral presentations, and

(B) Employees of the United States who have made written or oral presentations,

with respect to disputed issues of material fact. Such opportunity shall be afforded to the extent the Board determines that questioning pursuant to such procedures is likely to result in a more effective resolution of such issues. A transcript shall be kept of any oral presentation under this paragraph.

(b) (1) Any person who will be adversely affected by a rule or regulation promulgated under this title when it is effective may at any time prior to the sixtieth day after such rule or regulation is promulgated, file a petition with the United States court of appeals for the circuit wherein such person resides or has his principal place of business, for a judicial review thereof. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Board. The Board thereupon shall file in the court the written submissions to, and transcript of, the proceedings on which the rule or regulation was based as provided in section 2112 of title 28, United States Code.

(2) Upon the filing of the petition referred to in section (1) of this section, the court shall have jurisdiction to review the rule or regulation in accordance with chapter 7 of title 5, United States Code, and to grant appropriate relief as provided in such chapter. No rule or regulation under this title may be affirmed unless supported by substantial evidence.

(3) The judgment of the court affirming or setting aside, in whole or in part, any such rule or regulation shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code."

Renumber subsequent sections.

RATIONALE

The Federal Reserve Board is given broad authority under the proposed legislation to promulgate rules and regulations which will have a far-reaching effect on both creditors and consumers. The legislation is silent, however, as to what procedures shall be utilized in the promulgation of regulations.

The proposed amendment establishes a procedure which will achieve the dual goal of maximum input by affected parties, both business and consumers, and a minimum of delay for the Federal Reserve Board in carrying out its statutorily mandated requirements.

The proposed amendment establishes a procedure and review structure containing five basic characteristics:

(1) An oral hearing;

(2) An opportunity for interested parties to question other parties and government employees who have made written or oral presentations with respect to disputed issues of material fact;

(3) Clear discretion in the Board to limit and otherwise control the extent of questioning and the length of the hearing;

(4) A review of the regulation in the Court of Appeals if sought by an aggrieved party; and

(5) A determination by the Court as to whether the rule or regulation was based on substantial evidence.

The procedure outlined above not only provides a *minimum* of due process for affected parties but will result in the promulgation of better rules by the Board. Many of the issues before the Board will involve complex and technical issues which may have major economic consequences for creditors and unforeseen ramifications as to the availability of credit for consumers. Only through the participation of experts and the ability of these experts to question the assumptions of other participants will the Board be able to develop the best rule possible consistent with an expeditious proceeding.

There has been an increasing trend on the part of Congress to mold Administrative procedures to fit the needs and goals of a given Agency. In the Consumer Product Safety Act enacted in the 92nd Congress, a procedure was adopted for the development of consumer product safety standards which varies from the traditional 553 rulemaking approach. The Committee Report to that bill makes it clear that the modified procedure was developed to outline a process for the maximum use of experts available in the private section.

In the last Congress, the Magnuson-Moss Warranty/Federal Trade Commission Improvement Act was enacted. Title II of that Act provides a detailed procedure for the promulgation of Trade Regulation Rules by the Federal Trade Commission. That procedure goes considerably further than the proposed amendment in providing a right of cross-examination.

In the current session, many bills have procedures designed to meet the particular circumstance involved in the rulemaking required. For example, the provisions of H.R. 7014 which deal with the labeling of appliances as to their energy efficiency provides for an administrative procedure very similar to the one proposed in this amendment. The same type of procedure as proposed here is also mandated for the EPA in Air Quality drafts presently before the Senate Public Works Committee.

The procedures are particularly appropriate for the regulation required of the Federal Reserve Board because they will act on a subject outside of their main area of expertise. The procedure will produce better regulations and will not unduly lengthen the proceedings involved.

NOTICE OF HEARINGS ON BALANCING THE BUDGET

Mr. BAYH. Mr. President, the Subcommittee on Constitutional Amendments is scheduling hearings on Senate Joint Resolution 55, proposing a constitutional amendment on balancing the budget, and Senate Joint Resolution 93, proposing a constitutional amendment on balancing the budget, for Tuesday, October 7, 1975.

These hearings will be held in room 2221, Dirksen Senate Office Building, the Finance Committee hearing room, beginning at 10 a.m.

Any persons wishing to submit written statements for the hearing record should send them to the Subcommittee on Constitutional Amendments, room 108, Russell Senate Office Building, Washington, D.C. 20510.

ADDITIONAL STATEMENTS

TESTIMONY FROM A WILDCAT PRODUCER OF NATURAL GAS

Mr. TUNNEY. Mr. President, I earlier referred to the testimony of a wildcat producer of natural gas, Mr. L. Frank Pitts, in which he stated that the drilling of new wells has increased the supply of natural gas in two Texas counties by 1,500 percent in the last 2 years and 9 months. Mr. Pitts recently testified before the Energy and Power Subcommittee of the House Commerce Committee. Since Mr. Pitt's comments are extremely relevant to S. 2310, and its House companion bill, H.R. 9464, I ask unanimous consent that Mr. Pitts' testimony be printed in the Record.

There being no objection, the statement of Mr. Pitts was ordered to be printed in the Record, as follows:

STATEMENT BY L. FRANK PITTS

Mr. Chairman: My name is Frank Pitts. I am an independent oil and gas producer from Dallas, primarily engaged in finding and developing new natural gas, and producing this natural gas when we are fortunate enough to hit a producing well. I have been involved in the search for oil and gas since the middle 1940's. From 1960 to June, 1971, eleven years, I was President of Exploration Surveys, Inc., an international geophysical company which did seismic work and map interpretation of their data in all 48 States and Alaska. We did extensive geophysical work on the outer continental shelf areas of Alabama, Mississippi, Texas, Louisiana, and Florida, and in the middle sixties did 20,000 line miles of work in Federal waters along the northeast coast from Norfolk, Virginia, to the Canadian waters extending as far as 250 miles from shore, from which we delineated two prospective basins which are twice as large as the offshore developments of Texas and Louisiana combined. As of today there has never been a well drilled for oil and gas in these two huge basins.

Based upon this experience there are abundant prospective locations in the United States where new natural gas reserves can be found.

Since 1971 I have increased my drilling activities because of my belief that natural gas, the cleanest and most effective fuel for both the householder and manufacturer, is readily available within our nation's domain. The additional supply of natural gas desperately required will become available only if you, the Congress, enact legislation offering the needed incentives to the finder and developer.

Today we are considering House Bill No. 9464 entitled the "Natural Gas Emergency Act of 1975". The passage of this bill would preclude, or at least delay, the enactment of comprehensive gas legislation.

I am sorry, Mr. Chairman, but I must say that it appears H.R. 9464 is a sugar pill to tranquilize the public into a feeling that Congress is doing something about the natural gas shortage with this stop-gap measure. I know the problems attending the shortage are severe for some parts of the country. Some short-term relief is in order, but H.R. 9464 is merely window dressing that will not provide relief this winter and, more importantly, it will not begin to alleviate the natural gas shortage. It may well postpone long-term action. If you allocate shortages by taking away from one area, to solve the problem of another area, you still have a shortage. And that essentially is what H.R. 9464 proposes to do. Nowhere in the bill is there any suggestion that new natural gas prices should be deregulated permanently to provide the incentive for drilling new wells and finding new sources of supply. Before discussing the specifics of H.R. 9464, I would like to talk with you about my experience in the search for domestic natural gas and the economics of the exploration industry. Since 1969, we have been consuming approximately three times more natural gas than we have been finding in new reserves. That can't go on indefinitely. We simply must increase our supplies. This can be done only by drilling more wells. Yet we are not going to see those new wells under the present system of FPC regulation. Only deregulation of well head prices will furnish the incentive we need.

Currently, the average price of interstate gas at the well-head is about 32¢ per thousand cubic feet. The national price for new gas is 52¢.

Even if the price of new natural gas were to increase to $2.00 per thousand cubic feet, with deregulation, the cost per thousand cubic feet of natural gas to the consumer based upon 1980 supply estimates, would be approximately the same as it will be with regulation. For this reason: with regulation, the consumer will still pay the full amoritization costs of pipeline running at only 55% capacity—and, we would still have no new reserves to call upon to fill up that pipeline because all incentives to find them would have been stifled.

By way of analogy, if you buy a five room house and shut off two rooms, you still pay the mortgage on all five, but you only have the use of three rooms. So the effective rent on those three rooms is higher than it seems. Because it does nothing to increase the supply of gas, H.R. 9464 asks the consumer to pay the cost of 55% of unused pipelines and provides no guarantee that his hands will be warm enough even to sign the rental check. It simply moves in the wrong direction.

To give you an example of how proper incentives can produce the needed supplies of new natural gas, I will go back three years to a critical shortage that occurred in Texas. Prior to that time, intrastate prices were about as low as inter-state, and drilling activity had fallen off sharply. The environmental laws passed by Congress in the late 1960's put a premium on clean fuels like natural gas. So demand rose, but the supply wasn't there. Schools were closed, plants were shut down, people were thrown out of work, even the University of Texas was closed for awhile. The demand for gas drove up the intrastate price to a point where once again, it was reasonable to expect a profit from producing gas. We began drilling in the Fort Worth Basin area north of Dallas, which is low in reserves compared to some other areas of the state.

The increased number of wells drilled is a direct result of an increased price for natural gas. And in two counties where I operate, the drilling of new gas wells has increased the supply of natural gas by 1500%—in the last two years and nine months.

There is no current shortage of natural gas in Texas, because the free market for intrastate gas has spurred the exploration and production of ample supplies. As prices have gone up from 32¢ per thousand cubic feet to $1.52 per thousand cubic feet, the number of producing gas wells in Texas has increased more than 65%. This is a proven fact. There need not be a shortage of natural gas in the entire United States if the proper measures are adopted, which will permit the independent oil and gas man to do the job he knows best—drilling wells and providing sufficient quantities of gas and oil for disbursement to the consumer. There are abundant prospective locations in the United States where new natural gas reserves can be found.

The price of natural gas has been held so unrealistically low that the demand for it has skyrocketed, and a severe shortage has resulted. If natural gas is allowed to seek its own level in the marketplace, in competition with other types of energy, such as coal, fuel oil and nuclear energy, then the producer will have the incentive to find new sources of supply. The consuming public would have the natural gas it needs and save over $6 billion per year by 1980 over the cost of using suggested alternate fuels. Verifiable statistical charts are readily available to confirm these facts. And we would begin to fill up those pipelines. Consumers would quit paying for so much unused space.

To find adequate quantities of natural gas will require deeper drilling—well below 15,000 feet; the development of low reserve, but still profitable areas—of which there are many in this country; more offshore drilling; and the development of frontier areas such as Alaska. While this will cost more money, the deregulation of at least new natural gas affords the investor an incentive to develop such reserves.

My suggestion to solve the natural gas

shortage is not theoretical, but a practical solution already tested and proved in Texas and merely required to be used for the whole nation.

This subcommittee has proven itself prodigiously diligent and conscientious in its work this year on oil pricing. You know that gas fuels this country to an even greater extent than oil. You also know, therefore, that you must provide legislation in short order to guarantee adequate supplies of natural gas.

Obviously this is not an easy task. There is no simple solution to our natural gas shortage—but there is a solution. It is deregulation of new gas.

Independent producers found 94% of the new oil and gas fields in this country in 1974. We are anxious to get on with our work—unencumbered by additional restraints. The consuming public is equally impatient, not only for adequate energy resources, but for prompt and judicious action by the nation's lawmakers.

Gentlemen, the energy fate of the Nation is in your hands. You can make a historic decision to free the market for at least new natural gas and solve the problem, or you can vote out a measure that will not alleviate the shortage, but only perpetuate it.

Now let me address some of the specifics of H.R. 9464.

(1) The bill would extend federal price controls to the intrastate gas market. I agree with Mr. Zarb's comments on that feature of the bill. It would:

(a) Further impede natural gas production by destroying incentives to investors and producers.

(b) Encourage excessive use of natural gas through artificially low prices at a time when the nation must bring its use of gas into balance with our presently limited supplies.

(c) Require an immense administrative apparatus to regulate intrastate markets and put Government bureaucracies further into the business of deciding which industries and users of gas should receive priority. Worse yet, it would require the bureaucracy to make immensely complicated decisions for which it is presently unequipped within the unrealistically brief period of 15 days; and, (d) Cause lengthy and costly law suits challenging the rates to be established, delaying the flow of intrastate gas into interstate markets this winter.

(2) The bill would permit a roll-back of the current price of new onshore gas. The pricing mechanism of this bill would average intrastate and interstate contracts for a given area. Many independents would be subject to a price roll-back during the time it is in effect. This would retard exploration and development activities. And the "averaging" mechanism itself is unclear. I can't tell whether it means the numerical averaging of the August contracts, or a weighted average which would more precisely reflect the incentive prices being paid for the greater volumes of natural gas. Some pipelines have suggested an averaging of the three highest contract prices plus 10%. That, in effect, is the standard industry renegotiation clause mechanism. It would still impose a ceiling price on the intrastate market—which is bad policy—but it would, at least, reduce the magnitude of the roll-back.

(3) As currently written, the bill would permit non-efficient production methods which will result in less not more natural gas being produced. The bill requires the Department of Interior to establish the maximum efficient rate of production, as well as a temporary emergency rate of production. To force a well to flow at maximum levels, for even a short duration, is diametrically opposed to all conservation principles and can result in the irretrievable loss of the entire reservoir.

(4) The bill asserts federal control over the work of State conservation agencies.

(5) Unnecessary and unintended penalties may occur as the result of the provision stipulating that any gas which could have been produced and sold, but which for any reason was not during the Act's duration, could not at any time after expiration of the Act be sold at a price higher than the Act's applicable area ceiling rates. This provision will undoubtedly deter producers from looking as assiduously as they might for new gas during the Act's duration because they will legitimately fear that any gas found might arbitrarily forever be subject to an unrealistically low price.

(6) The Bill would authorize Federal ordering of mandatory inter-connections between pipelines.

(7) In addition, the bill does not contain a legislative pre-grant of abandonment authority. With pipeline interconnections in place, and with no provision for a pre-grant of abandonment authority, this bill would discourage independents from dedicating new wells to interstate commerce because it appears entirely possible that once they utilize the provisions of this bill and make an interstate connection they will be forever more subject to FPC controls and jurisdiction.

What this bill does not do is:

(1) Stimulate additional exploratory or production efforts of natural gas.

(2) Efficiently allocate area supplies to meet national emergencies; and,

(3) Lessen government control over industry.

In short, it does not solve problems, it compounds and increase them.

VIETNAM REFUGEE FAMILY BEGINS NEW LIFE IN NORTH CAROLINA

Mr. HELMS. Mr. President, the presence of many thousands of Vietnamese refugees in the United States is a constant reminder of the intolerability of Communist oppression and the attraction of American liberty. Rather than remain in their native land under a Communist dictatorship, these tragic victims of tyranny chose to leave their homeland and start life afresh in a strange country. I admire them for their courage and their commitment to freedom.

It has now been several months since the first refugees fled their conquerors and came to America. The vast majority were simple people who left with little more than the clothes on their backs and the few items they could carry. They were forced to leave the love of their relatives, the security of their homes, and the pride of their heritage. They were driven from those very aspects of life that we, as Americans, enjoy as our birthright.

True to their traditional ways of kindness and charity, Americans everywhere were ready to welcome them, to assist them in finding a meaningful life and occupation, and to become their friends and neighbors. Americans wanted to do something for the refugees that was direct and personal—the kind of charity that finds expression in voluntary sharing rather than Government paternalism.

Adjustment to American life has not been easy for the refugees, and there are still approximately 37,000 in the refugee "tent centers" who do not know what lies ahead for them in the days ahead. But we are making progress, Mr. President, in resettling many refugees through private endeavor. I have at hand two letters which are a light of hope for those who have not yet succeeded in becoming a member of the American community.

One is from the Reverend John W. Cobb, pastor of the Holy Trinity Church in Raleigh, N.C., and the other is from Nguyen Kuan Hieu, the head of a refugee family sponsored by that church. What the Holy Trinity Lutheran Church has done for this Vietnamese family exemplifies true Christian charity.

Mr. Nguyen and his family are now a part of the Raleigh community and are making a contribution to North Carolina. They have regained much of what they left behind and are rapidly becoming a part of the great American heritage. We can only hope that the thousands of refugees still living in tents will soon benefit from the meaningful charity that the Nguyen family has found in the Holy Trinity Church.

Mr. President, I ask unanimous consent that the letters of Reverend Cobb and Mr. Nguyen be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Holy Trinity Lutheran Church,
Raleigh, N.C., September 1, 1975.

Senator Jesse Helms,
Federal Building,
Raleigh, N.C.

Dear Senator Helms: Knowing of your interest in the resettlement of Vietnamese refugees I felt you would appreciate seeing the enclosed letter.

Mr. Nguyen, whose background included, Deputy Mayor of DaNang City, Assistant Chief of the Khanh Hoa Province and Director of Administrative Affairs, Ministry of Labor, has been willing to accept a very modest job here in Raleigh and seems to have adjusted quite well.

The enclosed letter speaks for itself and is most expressive of the relationship that has already developed between this family and our congregation.

Kind personal regards.

Respectfully,

John W. Cobb.

Raleigh, N.C., *August 9, 1975.*

Dear Mr. Director: Allow me to introduce myself: I am Nguyen Xuan Hieu, Vietnamese refugee. My family and I stayed in Fort Chaffee from May to July 1975. By means of the Lutheran Immigration and Refugee Service, my family have the sponsorship of Pastor John W. Cobb and the Holy Trinity Lutheran Church, Raleigh.

We are resettled now in Raleigh, a city in high land like our Dalat, but bigger and more and more beautiful.

Upon our arrival, the Church has provided for us a comfortable compartment (sic) with 3 nice bedrooms, located in the middle of a large garden where my sons play sports. In my house were many gifts of goods, clothes, furniture . . . my three sons have been placed in the public school three days after our arrival and by the assistance of the Church, I have a good job in a big establishment in Raleigh.

We are receiving much help and a precious community of friendship.

In short, we are very happy in the beginning of our new life in this great and generous County and it is thanks to Pastor John W. Cobb and the Holy Trinity Lutheran Church.

I express also my deep thanks to your philanthropic organization for providing for us this nice and precious sponsorship.

Sincerely yours,

—— ——.

PUBLIC HEARINGS AND THE NATIONAL PARK SERVICE

Mr. MOSS. Mr. President, 4 years ago the National Park Service made a decision to close the overnight lodging facilities at Zion and Bryce National Parks. This decision was made without public hearings or input from the local communities. Now, on the eve of the closing of the facilities, the National Park Service has granted public hearings to discuss their fait accompli. The reported "bored superiority" of those Park Service officials conducting these public hearings reflects the unwillingness of the Park Service to include public views in their decision. The policies of any Government agency should reflect the views of the citizenry. In this case, the disregard and contempt which the Park Service has shown for the prevailing public opinion is disturbing. Public hearings are not meant to be pro forma events. They are required because the citizen has a right to be heard and listened to. The Park Service is not listening. This must not go unnoticed. On this issue, the National Park Service has become a symbol of "unresponsive government."

I ask unanimous consent that a letter from Fred C. Adams be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Utah Shakespearean Festival,
Cedar City, Utah, September 24, 1975.

Senator Frank Moss,
U.S. Senate Building,
Washington, D.C.

Dear Frank: I am writing this letter to all four state elected representatives in Washington. Tuesday night (last night), my wife and I, along with 400 other concerned citizens of Cedar City, attended a public hearing on the Utah Parks' facilities removal. The Superintendent of Parks was about as communicative as a balloon, absolutely hearing none of our questions nor paying any attention whatsoever to hundreds of letters from all over the country urging the government to reconsider tearing out the Zion Park facilities. The group's arguments regarding summer employment for students, consideration for retired people, the historical significance of the facilities and the small expense that would be necessary for upgrading them, all were totally ignored and 400 people left that hearing last night so angry and so frustrated at the seeming bureaucracy that I felt that elected officials should know.

Look into it for us would you, as we are at our wit's end. Thank you in advance for any consideration. Best wishes to you.

Sincerely,

Fred C. Adams,
Producing Director.

STEPHEN J. WEXLER

Mr. TAFT. Mr. President, it was with great sadness and regret that I read about Steve Wexler's accident last Saturday. Steve had been a valuable staff member to both Democrats and Republicans while he served as majority counsel on the Education Subcommittee and the Subcommitee on Arts and Human Resources. His knowledge of education legislation and laws was a benefit to all of us who have worked with him. In addition, he was extremely helpful to me and my staff in working on the Arts and Humanities legislation. He was always ready with an answer, a willingness to help and a cheerful greeting or comment. My staff and I want to express our deepest sympathy to his wife and family during their time of great sorrow. His fine achievements and contributions to education and the arts will remain a tribute to his life.

ARTHUR BURNS: GOVERNMENT SHOULD BE EMPLOYER OF LAST RESORT

Mr. HUMPHREY. Mr. President, today I rise to praise Arthur Burns, Chairman of the Federal Reserve, for the intelligent and useful speech he made at the University of Georgia, on September 19, 1975. Although Chairman Burns and I have disagreed on some issues in the past, and I feel sure we will find much to debate in the future, I found much to agree with in the Georgia speech. I urge all my colleagues to carefully read it.

The central thrust of Chairman Burns' speech is that our economic theories and policies are inadequate and out of date. Monetary and fiscal policies, with their emphasis on deficit spending and the money supply, although important for economic growth and stability, are not by themselves adequate to return the country to full employment and stable prices. I believe we must open our economic minds, as Chairman Burns urges, reject the dogmas of the past, and seek new ideas and institutions for managing our economy.

We must open our minds first to the fact that this country suffers from an inflationary bias. There are many reasons for this, wasteful Government spending, outmoded Government regulations, shortsighted energy and food policies, the interrelated nature of our economy with the rest of the world, and the decline of competition in the private sector of our economy. Among other things, Chairman Burns suggested a vigorous search be made for methods and techniques to enhance price competition among the Nation's business firms. I agree.

Chairman Burns goes on in his speech to argue that there is no longer a meaningful tradeoff between unemployment and inflation. I am pleased to see that Chairman Burns finally acknowledges that unemployment does not reduce inflation. Today we are suffering primarily from cost-push inflation, which requires new solutions. We do not need to bleed the patient to reduce his fever. I only hope and pray that Chairman Burns can now convince the administration's economic advisors that higher unemployment is not the way to deal with the current inflation.

There were some suggestions made by Chairman Burns on how to deal with the current inflation. In addition to calling for efforts to invigorate competition in the private sector, he believes, as I do, that the Government should have an incomes policy. This means the Government should investigate excessive wage and price increases in the private sector of the economy and, when necessary, act to moderate those increases in the public interest.

This brings me to the most important aspect of Dr. Burns' speech—endorsement of full employment and a job guarantee. Let me quote from the speech:

> I believe that the ultimate objective of labor market policies should be to eliminate all involuntary unemployment. This is not a radical or impractical goal. It rests on the simple but often neglected fact that work is far better than the dole, both for the jobless individual and for the nation. A wise government will always strive to create an environment that is conducive to high employment in the private sector. Nevertheless, there may be no way to reach the goal of full employment short of making the government an employer of last resort.

Mr. President, much of what Dr. Burns suggests accords with my own views, views that I have been articulating for some time now as chairman of the Joint Economic Committee, and views that I have expressed in various legislative proposals.

I believe that we must reopen our economic minds and seek new ideas and institutions for managing our economy. This must include reforms and policies to invigorate the competition in the private sector. I believe our policies must include a job for every person able and willing to work. I believe that our policies must include an incomes policy that will end cost-push inflation.

Finally, Mr. President, I believe it must include an economic planning process that puts these pieces together into a long-range time frame so that the Nation can avoid crisis policies.

Mr. President, there are other useful and interesting insights given in the speech by Chairman Arthur Burns. I ask unanimous consent that the text of this speech be printed in the Record, as well as an article in the Wall Street Journal of September 22, 1975.

There being no objection, the statement and article were ordered to be printed in the Record, as follows:

The Real Issues of Inflation and Unemployment

(By Arthur F. Burns)

I am pleased to be here at the University of Georgia and to have the opportunity to address this distinguished audience. Tomorrow promises to be an exciting day for you, and you will need all the rest you can muster. I shall therefore not waste many words as I share with you my concern about our nation's future.

Our country is now engaged in a fateful debate. There are many who declare that unemployment is a far more serious problem than inflation, and that monetary and fiscal policies must become more stimulative during the coming year even if inflation quickens in the process. I embrace the goal of full employment, and I shall suggest ways to achieve it. But I totally reject the argument of those who keep urging faster creation of money and still larger governmental deficits. Such policies would only bring us additional trouble; they cannot take us to the desired goal.

The American economy has recently begun to emerge from the deepest decline of business activity in the postwar period. During the course of the recession, which began in late 1973, the physical volume of our total output of goods and services declined by 8 per cent. The production of factories, mines, and power plants fell even more—by 14 per cent. As the over-all level of economic activity receded, the demand for labor rapidly diminished and unemployment doubled, reaching an intolerable 9 per cent of the labor force this May.

The basic cause of the recession was our nation's failure to deal effectively with the inflation that got under way in the mid-sixties and soon became a dominant feature of our economic life. As wage and price increases quickened, seeds of trouble were sown across the economy. With abundant credit readily available, the construction of new homes, condominiums, and office buildings proceeded on a scale that exceeded the underlying demand. Rapidly rising prices eroded the purchasing power of workers' incomes and savings. Managerial practices of business enterprises became lax and productivity languished, while corporate profits—properly reckoned—kept falling. Inventories of raw materials and other supplies piled up as businessmen reacted to fears of shortages and still higher prices. Credit demands, both public and private, soared and interest rates rose to unprecedented heights. The banking system became overextended, the quality of loans tended to deteriorate, and, the capital position of many banks was weakened.

During the past year many of these basic maladjustments have been worked out of the economic system by a painful process that could have been avoided if inflation had not gotten out of control. As the demand for goods and services slackened last winter, business managers began to focus more attention on efficiency and cost controls. Prices of industrial materials fell substantially, price increases at later stages of processing became less extensive, and in many instances business firms offered price concessions to clear their shelves. With the rate of inflation moderating, confidence of the general public was bolstered, and consumer spending strengthened. Business firms were thus able to liquidate a good part of their excess inventories in a rather brief period. Meanwhile, as the demand for credit diminished, tensions in financial markets were relieved, and the liquidity position of both banks and business firms generally improved.

These self-corrective forces internal to the business cycle were aided by fiscal and monetary policies that sought to cushion the effects of economic adversity and to provide some stimulus to economic recovery. On the fiscal side, public employment programs were expanded, unemployment insurance was liberalized, and both personal and corporate income taxes were reduced. On the monetary side, easier credit conditions were fostered, resulting in lower interest rates and a rebuilding of liquidity across the economy.

With the base for economic recovery thus established, business activity has recently begun to improve. Production of goods and services turned up during the second quarter and is continuing to advance. The demand for labor has also improved. Both the number of individuals at work and the length of the workweek are rising again, and unemployment has declined three months in a row. Retail sales have risen further, and of late residential construction has joined the recovery process.

Along with these favorable developments, however, some ominous signs have emerged. Despite an occasional pause, inflation once again may be accelerating. By the second quarter of this year, the annual rate of increases in the general price level was down to 5½ per cent—about half the rate of inflation registered in the same period a year earlier. But over the summer, prices began to rise more briskly.

This behavior of prices is particularly worrisome in view of the large degree of slack that now exists in most of our nation's industries. Price increases in various depressed industries—aluminum, steel, autos, industrial chemicals, among others—are a clear warning that our long-range problem of inflation is unsolved and therefore remains a threat to sustained economic recovery.

History suggests that at this early stage of a business upturn, confidence in the economic future should be strengthening steadily. A significant revival of confidence is indeed underway, but it is being hampered by widespread concern that a fresh outburst of double-digit inflation may before long bring on another recession. By now, thoughtful Americans are well aware of the profoundly disruptive consequences of inflation for our economy. They also recognize that these consequences are not solely of an economic character. Inflation has capricious effects on the income and wealth of a nation's families, and this inevitably causes disillusionment and discontent. Social and political frictions tend to multiply, and the very foundations of a society may be endangered. This has become evident in other nations around the world, where governments have toppled as a result of the social havoc wrought by inflation.

If we in the United States wish to enjoy the fruits of a prosperous economy and to preserve our democratic institutions, we must come to grips squarely with the inflation that has been troubling our nation throughout much of the postwar period, and most grievously during the past decade.

A first step in this process is to recognize the true character of the problem. Our long-run problem of inflation has its roots in the structure of our economic institutions and in the financial policies of our government. All too frequently, this basic fact is clouded by external events that influence the rate of inflation—such as a crop shortfall that results in higher farm prices, or the action of a foreign cartel that raises oil prices. The truth is that, for many years now, the economies of the United States and many other countries have developed a serious underlying bias toward inflation. This tendency has simply been magnified by the special influences that occasionally arise.

A major cause of this inflationary bias is the relative success that modern industrial nations have had in moderating the swings of the business cycle. Before World War II, cyclical declines of business activity in our country were typically longer and more severe than they have been during the past thirty years. In the environment then prevailing, the price level typically declined in the course of a business recession, and many months or years elapsed before prices returned to their previous peak.

In recent decades, a new pattern of wage and price behavior has emerged. Prices of many individual commodities still demonstrate a tendency to decline when demand weakens. The average level of prices, however, hardly ever declines. Wage rates have become even more inflexible. Wage reductions are nowadays rare even in severely depressed industries and the average level of wage rates continues to rise inexorably in the face of widespread unemployment.

These developments have profoundly altered the economic environment. When prices are pulled up by expanding demand in a time of prosperity, and are also pushed up by rising costs during a slack period, the decisions of the economic community are sure to be influenced, and may in fact be dominated, by expectations of continuing inflation.

Thus, many businessmen have come to believe that the trend of production costs will be inevitably upward, and their resistance to higher prices—whether of labor, or materials, or equipment—has therefore diminished. Labor leaders and workers now tend to reason that in order to achieve a gain in real income, they must bargain for wage increases that allow for advances in the price level as well as for such improvements as may occur in productivity. Lenders in their turn expect to be paid back in cheaper dollars, and therefore tend to hold out for higher interest rates. They are able to do so because the resistance of borrowers to high interest rates is weakened by their anticipation of rising prices.

These patterns of thought are closely linked to the emphasis that governments everywhere have placed on rapid economic growth throughout the postwar period. Western democracies, including our own, have tended to move promptly to check economic recession, but they have moved hesitantly in checking inflation. Western governments have also become more diligent in seeking ways to relieve the burdens of adversity facing their peoples. In the process they have all moved a considerable distance towards the welfare state.

In the United States, for example, the unemployment insurance system has been greatly liberalized. Benefits now run to as many as 65 weeks, and in some cases provide individuals with after-tax incomes almost as large as their earnings from prior employment. Social security benefits too have been expanded materially, thus facilitating retirement or easing the burden of job loss for older workers. Welfare programs have been established for a large part of the population, and now include food stamps, school lunches, medicare and medicaid, public housing, and many other forms of assistance.

Protection from economic hardship has been extended by our government to business firms as well. The rigors of competitive enterprise are nowadays eased by import quotas, tariffs, price maintenance laws, and other forms of governmental regulation. Farmers, homebuilders, small businesses, and other groups are provided special credit facilities and other assistance. And even large firms of national reputation look to the Federal Government for sustenance when they get into trouble.

Many, perhaps most, of these governmental programs have highly commendable objectives, but they have been pursued without adequate regard for their cost or method of financing. Governmental budgets—at the Federal, State, and local level—have mounted and at times, as in the case of New York City, have literally gotten out of control. In the past ten years, Federal expenditures have increased by 175 per cent. Over that interval, the fiscal deficit of the Federal Government, including government-sponsored enterprises, has totaled over $200 billion. In the current fiscal year alone, we are likely to add another $80 billion or more to that total. In financing these large and continuing deficits, pressure has been placed on our credit mechanisms, and the supply of money has frequently grown at a rate inconsistent with general price stability.

Changes in market behavior have contributed to the inflationary bias of our economy. In many businesses, price competition has given way to other forms of rivalry—advertising, changes in product design, and "hard-sell" salesmanship. In labor markets, when an excessive wage increase occurs, it is apt to spread faster and more widely than before, partly becaues workmen have become more sensitive to wage developments elsewhere, partly also because many employers have found that a stable work force can be best maintained by emulating wage settlements in unionized industries. For their part, trade unions at times seem to attach higher priority to wage increases than to the jobs of their members. Moreover, the spread of trade unions to the rapidly expanding public sector has fostered during recent years numerous strikes, some of them clearly illegal, and they have often resulted in acceptance of union demands—however extreme. Needless to say, the apparent helplessness of governments to deal with this problem has encouraged other trade unions to exercise their latent market power more boldly.

The growth of our foreign trade and of capital movements to and from the United States has also increased the susceptibility of the American economy to inflationary trends. National economies around the world are now more closely interrelated, so that inflationary developments in one country are quickly communicated to others and become mutually reinforcing. Moreover, the adoption of a flexible exchange rate system—though beneficial in dealing with large-scale adjustments of international payments, such as those arising from the sharp rise in oil prices—may have made the Western world prone to inflation by weakening the discipline of the balance of payments. Furthermore, since prices nowadays are more flexible upwards than downwards, any sizable decline in the foreign exchange value of the dollar is apt to have larger and more lasting effects on our price level than any offsetting appreciation of the dollar.

The long-run upward trend of prices in this country thus stems fundamentally from the financial policies of our government and the changing character of our economic institutions. This trend has been accentuated by new cultural values and standards, as is evidenced by pressures for wage increases every year, more holidays, longer vacations, and more liberal coffee breaks. The upward trend of prices has also been accentuated by the failure of business firms to invest sufficiently in the modernization and improvement of industrial plants. In recent years, the United States has been devoting a smaller part of its economic resources to business capital expenditures than any other major industrial nation in the world. All things considered, we should not be surprised that the rate of improvement in output per manhour has weakened over the past fifteen years, or that rapidly rising money wages have overwhelmed productivity gains and boosted unit labor costs of production.

Whatever may have been true in the past, there is no longer a meaningful trade-off between unemployment and inflation. In the current environment, a rapidly rising level of consumer prices will not lead to the creation of new jobs. On the contrary, it will lead to hesitation and sluggish buying, as the increase of the personal savings rate in practically every industrial nation during these recent years of rapid inflation indicates. In general, stimulative financial policies have considerable merit when unemployment is extensive and inflation weak or absent; but such policies do not work well once inflation has come to dominate the thinking of a nation's consumers and businessmen. To be sure, highly expansionary monetary and fiscal policies might, for a short time, provide some additional thrust to economic activity. But inflation would inevitably accelerate—a development that would create even more difficult economic problems than we have encountered over the past year.

Conventional thinking about stabilization policies is inadequate and out of date. We must now seek ways of bringing unemployment down without becoming engulfed by a new wave of inflation. The areas that need to be explored are many and difficult, and we may not find quickly the answers we seek. But if we are to have any chance of ridding our economy of its inflationary bias, we must at least be willing to reopen our economic minds. In the time remaining this evening, I shall briefly sketch several broad lines of attack on the dual problem of unemployment and inflation that seem promising to me.

First, governmental efforts are long overdue to encourage improvements in productivity through larger investment in modern plant and equipment. This objective would be promoted by overhauling the structure of Federal taxation, so as to increase incentives for business capital spending and for equity investments in American enterprises.

Second, we must face up to the fact that environmental and safety regulations have in recent years played a troublesome role in escalating costs and prices and in holding up industrial construction across our land. I am concerned, as are all thoughtful citizens, with the need to protect the environment and to improve in other ways the quality of life. I am also concerned, however, about the dampening effect of excessive governmental regulations on business activity. Progress towards full employment and price stability would be measurably improved, I believe, by stretching out the timetables for achieving our environmental and safety goals.

Third, a vigorous search should be made for ways to enhance price competition among our nation's business enterprises. We need to gather the courage to reassess laws directed against restraint of trade by business firms and to improve the enforcement of these laws. We also need to reassess the highly complex governmental regulations affecting transportation, the effects on consumer prices of remaining fair trade laws, the monopoly of first-class mail by the Postal Service, and the many other laws and practices that impede the competitive process.

Fourth, in any serious search for noninflationary measures to reduce unemployment, governmental policies that affect labor markets have to be reviewed. For example, the Federal minimum wage law is still pricing many teenagers out of the job market. The Davis-Bacon Act continues to escalate construction costs and damage the depressed construction industry. Programs for unemployment compensation now provide benefits on such a generous scale that they may be blunting incentives to work. Even in today's environment, with about 8 per cent of the labor force unemployed, there are numerous job vacancies—perhaps because job seekers are unaware of the opportunities, or because the skills of the unemployed are not suitable, or for other reasons. Surely, better results could be achieved with more effective job banks, more realistic training programs, and other labor market policies.

I believe that the ultimate objective of labor market policies should be to eliminate all involuntary unemployment. This is not a radical or impractical goal. It rests on the simple but often neglected fact that work is far better than the dole, both for the jobless individual and for the nation. A wise government will always strive to create an environment that is conducive to high employment in the private sector. Nevertheless, there may be no way to reach the goal of full employment short of making the government an employer of last resort. This could be done by offering public employment—for example, in hospitals, schools, public parks, or the like—to anyone who is willing to work at a rate of pay somewhat below the Federal minimum wage.

With proper administration, these public service workers would be engaged in productive labor, not leaf-raking or other make-work. To be sure, such a program would not reach those who are voluntarily unemployed, but there is also no compelling reason why it should be done. What it would do is to make jobs available for those who need to earn some money.

It is highly important, of course, that such a program should not become a vehicle for expanding public jobs at the expense of private industry. Those employed at the special public jobs will need to be encouraged to seek more remunerative and more attractive work. This could be accomplished by building into the program certain safeguards—perhaps through a Constitutional amendment—that would limit upward adjustment in the rate of pay for these special public jobs. With such safeguards, the budgetary cost of eliminating unemployment need not be burdensome. I say this, first, because the number of individuals accepting the public service jobs would be much smaller than the number now counted as unemployed; second, because the availability of public jobs would permit sharp reduction in the scope of unemployment insurance and other governmental programs to alleviate income loss. To permit active researching for a regular job, however, unemployment insurance for a brief period—perhaps 13 weeks or so—would still serve a useful function.

Finally, we also need to rethink the appropriate role of an incomes policy in the present environment. Lasting benefits cannot be expected from a mandatory wage and price control program, as recent experience indicates. It might actually be helpful if the Congress renounced any intention to return to mandatory controls, so that businesses and trade unions could look forward with confidence to the continuance of free markets. I still believe, however, that a modest form of incomes policy, in some cases relying on quiet governmental intervention, in others on public hearings and the mobilization of public opinion, may yet be of significant benefit in reducing abuses of private economic power and moving our nation towards the goal of full employment and a stable price level.

Structural reforms of our economy, along some such lines as I have sketched, deserve more attention this critical year from members of the Congress and from academic students of public policy than they are receiving. Economists in particular have tended to concentrate excessively on over-all fiscal and monetary policies of economic stimulation. These traditional tools remain useful and even essential; but once inflationary expectations have become widespread, they must be used with great care and moderation.

This, then, is the basic message that I want to leave with you: our nation cannot now achieve the goal of full employment by pursuing fiscal and monetary policies that rekindle inflationary expectations. Inflation has weakened our economy; it is also endangering our economic and political system based on freedom. America has become enmeshed in an inflationary web, and we need to gather our moral strength and intellectual courage to extricate ourselves from it. I hope that all of you will join in this struggle for America's future.

[From the Wall Street Journal, Sept. 22, 1975]

Burns Proposes an Economic Blueprint That Blends Radical, Reactionary Ideas

Washington.—Blending a batch of radical and reactionary ideas, Arthur Burns put forth a far-reaching economic program about new ways to cope with inflation and unemployment.

The Federal Reserve Board chairman, declaring that conventional economic thinking is "inadequate and out of date," said the nation must "reopen our economic minds" to find new tools to deal with today's problems. The standard economic tools of fiscal and monetary policy can't restore full employment without risking ruinous inflation, Mr. Burns believes.

The Burns blueprint for economic-policy overhaul, outlined Friday night in a speech at the University of Georgia, sketches out sweeping "structural reforms" that range from the far left to far right. While suggesting that the federal government guarantee to employ anyone who can't find a private-sector job, the Fed chief also urges a sharp cutback in unemployment benefits and other government welfare programs.

Although Mr. Burns has publicly discussed some of these ideas before, associates say his Friday speech was an effort to kick off a major national debate. One Fed insider, who called the speech one of the most important of Mr. Burns's career, said: "He feels very strongly something has to be done to save the economy." A Ford administration official said Mr. Burns has informally discussed his ideas with presidential economic aides and has "decided to unload them" publicly.

EXPRESSES ALARM

The Reserve Board chairman expressed alarm that "inflation once again appears to be accelerating" even though the economy has barely begun to recover from the worst recession since the 1930s. Revival of consumer confidence, essential to recovery, "is being hampered by widespread concern that a fresh outburst of double-digit inflation may before long bring on another recession," he said.

While the blame for the inflation often is pinned on such events as a crop shortage or an oil-price increase, Mr. Burns said, inflation actually "has its roots in the structure of our government institutions and in the financial policies of our government." His specific ideas focus on ways to reverse this "inflationary bias" built into the economy.

Perhaps the most radical idea from this conservative economist is that of government guaranteed jobs. "There may be no way to reach the goal of full employment short of making the government an employer of last resort," Mr. Burns said. He added: "This could be done by offering public employment—for example in hospitals, schools, public parks and the like—to anyone who is willing to work." But the pay should be, in Burns' view, "somewhat below the federal minimum wage," currently $2.10 an hour for most workers.

Workers in the last-resort, low-pay jobs would be encouraged to find better-paying jobs elsewhere. The budget cost of the program "needn't be burdensome" because of a companion plan Mr. Burns links with the guaranteed-jobs idea: a "sharp reduction in the scope of unemployment insurance and other governmental programs to alleviate income loss."

LIMITED UNEMPLOYMENT BENEFITS

Unemployment benefits should be limited to a sort period, perhaps 13 weeks or so, compared with as many as 65 weeks under current law, Mr. Burns said. Jobless benefits are so "generous" currently that "they may be blunting incentives to work," he asserted.

As he has often done before, Mr. Burns urged that the government rethink the role of an "incomes policy," which is a term Mr. Burns uses to describe nonmandatory wage-and-price restraints. Wage-price controls don't promise any "lasting benefits," declared Mr. Burns, suggesting that it "might actually be helpful if the Congress renounced any intention to return to mandatory controls." The Fed chief added, however, that "a modest form" of wage-price restraints, perhaps mixing quiet government intervention in some cases with public confrontations in others, is worth considering.

Other ideas on the Burns list of policy changes include:

Steps to spur plant-and-equipment expansion and modernization, including unspecified tax-law changes to encourage investment.

A "stretching out of the timetables" for achieving environmental and job-safety goals to reduce the upward pressure on business costs that trigger price increases.

A "vigorous search" for ways to enhance price competition in industry, including a "reassessment" of antitrust laws and improvement of their enforcement.

Mr. Burns conceded it would be difficult to enact his ideas, many of which surely would stir strong opposition from organized labor and business interests. Noting their controversial nature, one Ford administration official stressed the White House isn't seriously considering the Burns ideas. "Only a 71-year-old man with a 14-year appointment could make such a speech," he remarked.

THE L. R. HARRILL CENTER

Mr. HELMS. Mr. President, a couple of weeks ago—on September 16, to be exact—dedication exercises were conducted in my hometown for the L. R. Harrill Center. I had planned to fly down to Raleigh for this event, but as the distinguished Presiding Officer knows, that was an unusually busy and hectic day in the Senate. So I regretfully canceled my plane reservation and stayed here.

In a moment, Mr. President, I shall ask unanimous consent that a brief tribute be printed in the Record at the conclusion of my remarks—a tribute to this man, L. R. Harrill. This tribute was a part of the printed program which was distributed to those assembled at the North Carolina State fairgrounds in Raleigh, where the L. R. Harrill Center is situated.

I wish, Mr. President, that my colleagues could know L. R. Harrill. He has been a blessing to me in many, many ways. He has been an inspiration to literally millions of young North Carolinians who participated in the 4–H Club program during the 37 years that he was, in every sense of the word, "Mr. 4–H."

Beyond that, Mr. President, L. R. Harrill has been a symbol of what we admire and treasure in our country. He is a thoroughly honorable and decent man. He is always cheerful. He is completely dedicated. He is a leader—in his church, as a Rotarian, as a civic leader, and in countless other ways. He has given zest and enthusiasm to everything and everyone his life has touched.

He has promised to come to see me. When he does, Mr. President, I want my friends in the Senate to meet my fine friend from Raleigh, L. R. Harrill.

Now, Mr. President, I ask unanimous consent that the text from the formal program, distributed at the dedication of the L. R. Harrill Center, be printed in the Record.

L. R. Harrill

For 37 years, L. R. Harrill was "Mr. 4–H" to over three million North Carolina youngsters.

His career began in Buncombe County in 1922 as the first county agent hired by the N.C. Agricultural Extension Service to work exclusively with 4–H.

Three years later, he moved to North Carolina State College to become leader of all 4–H Club work in the state, a post he held until 1963.

Under Harrill's leadership, North Carolina developed the largest 4–H program in the nation with over 168,000 boys and girls participating in projects and demonstrations.

Throughout his career, Harrill stressed the citizenship and character building qualities of 4–H as well as the specific skills that boys and girls can gain from their projects and demonstrations.

"If a boy produces a grand champion steer and has not become a grand champion himself, the project has failed," was L. R. Harrill's philosophy in dealing with 4–H.

Harrill, a native of Cleveland County, attended Gardner-Webb College and received his B.S. and M.S. degrees from State College.

He is a member of the Raleigh First Baptist Church, a Mason, past president of the Raleigh Rotary Club, and a member of National Recreation Association, National Camping Association, Alpha Zeta and Epsilon Sigma Phi.

In 1950, The State magazine picked Harrill as "North Carolina's Man of the Year," saying that "his work has been of such far-reaching benefit that it is impossible to estimate its true value."

In 1957, the U.S. Department of Agriculture gave Harrill a Superior Service Award. A year later, The Progressive Farmer magazine picked him as the "Man of the Year in Service to Agriculture.

Since 1952, this facility has been the center of 4–H activity at the State Fair each year and it is most appropriate that it be designated the "L. R. Harrill Center" to forever stand as a monument to "Mr. 4–H," L. R. Harrill.

FINANCIAL STATEMENT OF SENATOR LEAHY

Mr. LEAHY. Mr. President, I realize that, with the exception of my distinguished senior colleague Senator Stafford, members of the Vermont delegation have not made a practice of making public their financial statements. Senator Stafford, however, for years has made available complete disclosure of his own personal finances. During the years I was in public office in Vermont, I also made available similar information.

It will be my habit to make available on July 30 of each year a statement of my personal finances. I also will make available to anyone who is interested copies of income tax returns filed by me for each year I serve as a Member of the U.S. Senate.

I ask unanimous consent that the personal financial statement of both my wife and me dated July 30, 1975, be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Patrick J. and Marcelle P. Leahy, assets and liabilities, July 30, 1975

	ASSETS
$ 4,563.11	Savings Accounts
812.00	Checking Account
$ 5,375.11	Total of Savings & Checking Accounts
60,250.00	Appraisal Value, Residence at 27–29 Adsit Court, Burlington, Vermont
57,000.00	Appraisal Value, Farm, Middlesex, Vermont
15,000.00	Personal Property (Automobiles, furniture, etc.)
-----------	Stocks and Bonds
$137,625.11	Total Assets
	LIABILITIES
$ 42,911.00	Notes and Mortgages
$ 42,911.00	Total Liabilities
$ 94,714.11	Net worth

OVERSIGHT OF THE CIA

Mr. ROTH. Mr. President, earlier this week the Wilmington Morning News carried an excellent editorial on the need for effective oversight of the activities of the CIA which I believe merits the attention of the Members of this body. As a sponsor of legislation proposed by Senators BAKER and WEICKER for the establishment of a permanent committee to oversee the CIA, I am pleased that the Senate has set a March deadline for voting on a permanent oversight structure.

Mr. President, I ask unanimous consent that the editorial in the Morning News be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WATCHDOG NEEDS NEW LEASH

When the Rockefeller Commission issued its report last June on the investigation of the Central Intelligence Agency, it conceded that some of the CIA's activities were plainly unlawful and constituted improper invasions of the rights of Americans.

The CIA's charter bars it from domestic activity. We have a Federal Bureau of Investigation for that sort of thing. Nevertheless, the Rockefeller Commission reported that "a detailed analysis of the facts has convinced the commission that the great majority of the CIA's domestic activities comply with its statutory authority."

That was a reassurance to many Americans who were concerned that the CIA might have been zealously setting its own standards of procedure in disregard of U.S. law.

Take the mails for instance. The Rockefeller Commission reported that the CIA has been intercepting mail between the United States and the Soviet Union for more than 20 years. It handled as many as 4.3 million pieces of mail a year and opened as many as 13,000 letters annually.

U.S. law prohibits any tampering with first class mail. James J. Angleton, retired chief of the CIA's counterintelligence section, told a Senate committee this week that he was aware of that law but that the CIA went ahead and opened that mail anyway.

Eternal vigilance is the price of liberty, isn't it? Of course. That's why the CIA opened and read the foreign mail of such suspect individuals as Richard M. Nixon when he was a candidate for the Republican nomination for president; Arthur F. Burns, chairman of the Federal Reserve Board; Sen. Frank Church, chairman of the Senate committee conducting the current investigation; John D. Rockefeller IV, the Rev. Dr. Martin Luther King, Jr., Sen. Edward M. Kennedy and such institutions as the Ford Foundation, the Rockefeller Foundation and Harvard University.

The CIA had a "watch list" comprising the names of persons it considered especially suspect. None of the individuals or groups named above was on that list, however, so the mail surveillance must have been the result of patriotic zeal.

Why all the fuss? Doesn't it stand to reason that a prominent national figure who has done no wrong and plots none has nothing to fear from having his mail intercepted and read? That question has no relevance, since the free American society doesn't operate that way. It does stand to reason, however, that an agency able to defy for its own purposes federal laws against opening first class mail might also be capable of planting for its own purposes phony incriminating materials in such first class mail.

A CIA with no effective checks on its activities, legal or illegal, is an unrestrained menace. Not only must there be clear guidelines covering the operations of such an agency—which there were—but also there must be ironclad safeguards against the agency's ability to abuse its authority in what its agents alone decide to be the interests of national security.

TRIBUTE TO LESTER S. JAYSON

Mr. HUMPHREY. Mr. President, I wish to express my appreciation and commendation to Lester S. Jayson, who has resigned this week as Director of the Congressional Research Service in the Library of Congress to accept a law school teaching post in the District of Columbia.

It is appropriate that Mr. Jayson's new career is as a teacher, for in the 15 years which he served in CRS, as senior specialist in American public law, Chief of the American Law Division, Deputy Director and Director, he has been a teacher, both for Congress and its staffs and for the staff of the Congressional Research Service itself.

Mr. Jayson no doubt would object to my attempting to identify a list of his accomplishments as Director of CRS, for the CRS is largely anonymous in its work for Members and Committees of Congress and their staffs. It may well be that one of Mr Jayson's principal accomplishments, in fact, has been expanding CRS's policy analysis services for Congress, but still maintaining, as he would put it, its "objective, nonpartisan, nonadvocate, timely and relevant analytical service."

So I will not attempt to describe the significant changes which Mr. Jayson has directed in this research arm of Congress, such as the automated issue brief system and other advances in automated information systems for Congress; greatly increased multidivisional efforts, such as task forces to provide major interdisciplinary analysis; the major increase in CRS work for committees; the efficient management of large annual increases in inquiry workload; and his recruitment of a large number of very fine senior specialists.

I think we should note, however, that Mr. Jayson's major assignment from the Congress as Director of CRS has been to lead that organization through a period of substantial growth, both in size and the nature of its work.

In the Legislative Reorganization Act of 1970 Congress directed CRS to triple its size during a 5-year growth program, and to concentrate on providing new analytical services for committees of Congress and Members in addition to expanding its informational services. In fiscal year 1970, CRS had 323 employees; with the new positions authorized in the 1976 appropriations bill, it will have close to 800. Most of these additional staff perform policy analysis services for Congress, although some, of course, are more on the informational side to keep up with the constant increase in the workload, now up to more than a quarter-million requests a year.

A great deal more information of interest to Members could be cited about the activities of CRS, as they have grown and become modernized under Mr. Jayson's leadership. Mr. President, I ask unanimous consent that the highlights of Mr. Jayson's testimony recently before a House subcommittee be printed in the RECORD at the conclusion of my remarks.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, Mr. Jayson brought to the service of Congress, when he joined the staff of CRS in 1966, a distinguished record of public service in law. After receiving his J.D. Degree from Harvard Law School, he served from 1939 to 1942 in two New York City law firms. From 1942 to 1950 he was a Special Assistant to the Attorney General, stationed in the Justice Department's field office in New York City, working in the area of civil cases. From 1951 to 1957 he was a trial attorney in the appellate section of the Civil Division of the Department of Justice. From 1957 to 1960 he served as chief of the torts section of the Civil Division. In CRS, he first assisted Congress, from 1960 to 1962, as senior specialist in American public law and Chief of the American Law Division. He became Deputy Director of the CRS in 1962 and served in that position until he was appointed Director in 1966.

Mr. President, as one Senator who greatly appreciates the assistance CRS is able to provide the work of my personal office and the work of the committees on which I serve, I wish to express gratitude and high commendation to Mr. Jayson for his excellent and devoted service to the legislative branch and to the American public. I wish him well in his new career. We will miss him.

EXHIBIT 1

HIGHLIGHTS OF TESTIMONY OF LESTER J. JAYSON, DIRECTOR, CRS, BEFORE THE LEGISLATIVE BRANCH APPROPRIATIONS SUBCOMMITTEE, HOUSE OF REPRESENTATIVES, FEBRUARY 24, 1975

In fiscal year 1972, we initiated a 5-year program designed to strengthen our staff to enable us to meet our new and expanded responsibilities under the Reorganization Act. The House Committee on Rules, in its report on the 1970 act, estimated that CRS would need three times the staff it had in 1970 to perform its duties adequately. Quite prudently, the committee advised Congress to distribute this expansion over a 5-year period. Although our rate of growth was slower than hoped, the Service has nevertheless acquired significant new staff resources during the past 4 years and our assistance to Congress has grown correspondingly. The objective of the fiscal year 1976 appropriation request is to enable CRS to see that his five-year program is completed in a responsible manner.

TRADITIONAL ROLE OF CRS

Before discussing in more detail our efforts to implement the act and the specific elements of our appropriation request, let me say a few words about the more traditional functions of the Service. CRS is, as you know, fundamentally and totally a research and information arm of the Congress. As such, the work of the Service is a reflection of the research and information needs of the Members, committees, and staff of Congress itself.

Each Member's information needs vary with each of his multiple roles. A Member may want one kind of information support in a wide variety of formats for his role as a member of a committee, a different kind of support in other formats for dealing with legislative proposals before committees of which he is not a member, a third kind of informational support with respect to other measures and proposals upon which he must vote on the floor of his legislative body, and still a fourth kind to carry out his responsibilities to his constituents.

The Congressional Research Service is the only arm of the Congress that attempts to meet virtually all of these information and research needs just described. Members, committees, and staff turn to us for a whole catalog of products and services: Background reports on public and legislative issues; pro and con analyses of bills; studies of alternatives proposals for solutions of national problems; legal opinions; surveys of court decisions; spot factual information; newspaper searches; translations; legislative histories; the preparation of charts, graphs, and maps; bibliographies; tabulations of statistics; consultations with subject specialists; assistance in answering constituent inquiries; and dozens of others.

IMPACT OF LEGISLATIVE REORGANIZATION ACT ON CRS

The Legislative Reorganization Act of 1970 added new dimensions to our job over and above these traditional services that are available to all 435 Members, 325 committees and subcommittees, and the congressional staffs assigned to Member and committee offices. It also gave us new and expanded functions aimed at having us provide what the report of the House Rules Committee called massive aid in policy analysis to the committees of Congress.

The 1970 act directs CRS, upon request, to advise and assist all congressional committees in analyzing and evaluating legislative proposals. It requires us to provide whatever other research and analytical services committees consider appropriate. It directs us to provide committees with experts capable of assisting on any subject matter. We are required to establish and maintain continuous liaison with all committees so that they can be aware, and make better use of the Service's research and analytical resources.

With the additional resources you have authorized during the last 4 years, we have been able to take tangible steps toward fulfilling the goals set for CRS by the 1970 act. Our new statutory responsibilities have had a sharp impact on the Service's policy analysis workload for committees. We have just completed, for the second time since enactment of the Legislative Reorganization Act of 1970, preparing and transmitting to the committees of the 94th Congress, lists of subjects and policy areas and of programs scheduled to terminate which the committees might profitably analyze in depth.

MAJOR ANALYTICAL PROJECTS

The result of discussions with, and list transmittals to the committees has been a significant number of new analytical assignments to the Service. In this last month of January 1975, alone, 24 committees requested analytical support in the form of 42 major research projects, an increase of about 50 percent over the average monthly flow of new work of this nature.

Let me explain what I mean by the term "major research project." A major research project is one that is essentially analytical and policy oriented as distinguished from the compilation of factual material; it generally requires the services of our senior researchers; and generally it will require at least 2 weeks of research time.

The demand for major analytical projects all during this fiscal year has increased beyond our expectations. To illustrate the ways in which the Service operates, let me describe some specific examples. There are, occasionally, large projects for which we mobilize virtually all of the Service's resources, often on an immediate basis. Approximately 60 CRS staff members participated in the preparation of the "Analysis of the Philosophy and Public Record of Nelson A. Rockefeller," summarizing the Vice-Presidential nominee's public positions on over 50 issues. The preparation of a 276-page analysis, including the research writing, coordinating, and production stages, was completed in a little over a week in order to meet the hearings' schedule.

I believe this was one of the very basic documents used by the two committees in the two Houses when they examined the nominee. You will recall that the nominee never ran for election to a Federal office, and his position on national issues across the board expressed during his many years of other public service was of basic interest to the committees.

ASSISTANCE PROVIDED IN WATERGATE INVESTIGATION

The Watergate investigation by Congress created enormous challenges for the CRS staff. Throughout the hearings, CRS responded to hundreds of inquiries for legal and factual analyses and for background used in questioning witnesses.

In response to a committee request, the Service maintained a clipping notebook of Watergate related articles. Over 13,880 articles, housed in some 44 volumes, were selected and indexed. A similar task was performed relative to the House impeachment proceedings. The latter consisted of over 10,000 pages of clippings in 28 volumes. Also related to the Watergate investigation were CRS analytical reports on such subjects as election reform and merits and disadvantages of public financing of Federal elections, and many, many other subjects.

You will recall also that the Library of Congress provided computer programs and facilities which were of great aid to the two committees in connection with their work.

CONGRESSIONAL BUDGET AND IMPOUNDMENT ACT

Committee use of CRS talent is well illustrated by the history of staff work on the Congressional Budget and Impoundment Control Act of 1974. CRS analysts worked closely on a continuous basis with the committees, developing their legislation over a 2-year period from initial studies through the final reportings, revision and adoption stages. This required the preparation of literally dozens of specialized reports and explanatory statements.

VOLUME OF CONGRESSIONAL REQUESTS

The volume of congressional requests across the board in fiscal year 1975 has been unprecedented, already dwarfing last year's record-high clearance of over 202,000 requests. From July through December the Service surpassed the previous year's volume of Member and Committee requests by nearly 10 percent. Commencing with the new Congress in January, requests reaching at times 1,500 daily have poured into the Service; the third week of January reached the highest weekly receipt ever recorded in the history of CRS—6,400 requests. Our two House and Senate reference centers were deluged with 30 percent more inquires in January than their average monthly receipt during the previous 6 months. Although a new Congress typically generates an increased volume, this volume usually peaks in March; thus an even heavier demand is contemplated this spring.

We are continuing to act on the instruction contained in the House report on the 1970 Act urging CRS "to experiment and to be innovative" in carrying out its functions. For example, the availability of a major issue file, or issue brief as we sometimes call it, was announced to congressional members, committees and their staffs late last fall.

MAJOR ISSUES FILE

The new major issues file consists of current summaries or "issue briefs" on key topics of congressional and national concern. At present, the file contains about 160 issue briefs, which represent the work of some 140 analysts of CRS who, in addition to their regular duties, are assigned the task of preparing and keeping up-to-date one or more issue briefs each.

Each issue brief is regularly and frequently updated. Each contains a precise definition of the issue, a concise factual background discussion, information about pending legislation, congressional hearings and reports, a chronology, if applicable, and references to the professional literature.

I should mention that since the time the issues brief system was announced late last November through January 31 of the current year, some 400 members' offices called for 17,000 copies of these issue briefs.

Among the most popular to date are our issue briefs on: National Health Insurance, Budget Reform, General Revenue Sharing, and Food: U.S. and World Problem.

PILOT PROGRAM FOR TEMPORARY ASSIGNMENT OF SPECIALISTS

In this final stage of implementation, we have also begun to develop other new approaches to making CRS as effective as possible in satisfying the almost insatiable information needs of the Congress. Thus, we are requesting funds to permit the Service to utilize better the talents of the scholarly community through a pilot program of temporary assignment of specialists to the Service. We expect these researchers to provide tangible assistance on specific projects and bring fresh insights to the staff of CRS and the Congress. A CRS committee assignment program is being developed under which some of our staff will be rotated to committees for short-term assignments to better acquaint them with committee needs and activities.

IMPACT OF RECENT CONGRESSIONAL ACTIONS

In preparing this appropriation request we had to consider the impact of recent legislative and other congressional actions which are already increasing demands on CRS programs and staff beyond the assumptions we made in our 5-year plan. Thus, the Budget and Impoundment Control Act, even though the new Budget Committees and the Congressional Budget Office are not yet fully staffed, is resulting in a continuing and substantial increase in requests made of CRS. Upon request, the Service is developing overall analyses and background reports analyzing the Federal budget for fiscal year 1976. Such analyses involve every research division of the Service and specifically cover the major budgetary classifications of national defense, international affairs, human resource programs, community and regional development, and natural resources, environment, and energy. The Bolling-Hansen reforms contained in H. Res. 988, 93d Congress, now require House standing committees, and especially the Government Operations Committee, to expand their oversight activities, and, in some cases, to create new oversight subcommittees. The type of policy analysis performed in CRS is an essential part of oversight, and we are already receiving requests for such assistance from a number of committees.

SUPPORT OF OFFICE OF TECHNOLOGY ASSESSMENT

The Service has an explicit statutory obligation to support the Office of Technology Assessment. OTA has called upon the Service for numerous consultations with CRS subject analysts and the research products. Information and analytical reports have been prepared this year for OTA in such subject areas, among others, as international agricultural information systems, solar energy, public participation in technology assessment, and technical assistance activities of the National Science Foundation.

COOPERATIVE PROJECTS WITH GAO

A number of cooperative projects have been undertaken this year, with committee concurrence, by CRS and the General Accounting Office. Examples of such projects include a survey of the regulation of lobbying in selected States, an historic review of the Organization of Petroleum Exporting Countries (OPEC), drug research on humans, and budget authority requirements for public assistance.

MAJOR AREAS OF IMPROVEMENT IN 1976

An essential condition to our meeting these new demands and to completing the implementation process under the Legislative Reorganization Act continues to be the acquisition of proficient staff resources. The major increase requested in fiscal year 1976, therefore is for staff to provide adequate coverage of in-depth research and other committee related responsibilities of the Service, including a limited number of needed specialists and senior specialists.

Increases are also requested to support our documentation and status of legislation function. Funds are needed primarily to carry out the requirement assigned to CRS by House Rule X as amended by H. Res. 988 for publication of bill abstracts. The rule requires CRS to prepare a factual description (not to exceed 100 words) of the subject of each bill or resolution introduced in the House for publication as promptly as possible in the Congressional Record and in the Bill Digest.

Finally, resources are being requested for our information and reference services function to deal with the growing number of Member and committee information requests and provide more rapid information and messenger services within the congressional office buildings. Several staff positions are also requested to handle the increased workload in acquisition, maintenance and retreival of public documents and related materials, and expansion of the Selective Dissemination of Information service, which is a current awareness program, to all Member's offices.

Mr. Chairman, these are the areas of improvement we hope to achieve in fiscal year 1976. Our mission remains to respond to the research, analytical and information demands of Congress. At the same time we intend to continue seeking and implementing new and improved ways of fulfilling that mission. I sincerely hope that you will permit us to maintain our current momentum of achievement and complete this fifth and final year of our implementation program of providing Congress with objective, nonpartisan, nonadvocate, timely and relevant analytical service.

THE INTERNATIONAL RESCUE COMMITTEE

Mr. GARN. Mr. President, I would like to bring to the attention of all Members a statement on the Cuban political prisoner situation recently submitted by the International Rescue Committee to the House Subcommittee on International Trade and Commerce. For over 40 years this prestigious organization has been a close observer of human rights all over the world, and its reports are widely respected for their objectivity and accuracy.

Mr. President, this statement reflects what we have learned from other sources: that Cuba not only holds literally thousands of political prisoners, but that these men and women are forced to live under the most appalling conditions imaginable. These conditions have already been denounced by the OAS Human Rights Commission, Amnesty International, and the Inter-American Press Association, among others. Now the International Rescue Committee joins the growing list of world bodies to condemn Castro's brutal treatment of dissenters.

It is clear from recent actions by the State Department that our Government is headed toward full-fledged negotiations with Cuba for the reestablishment of relations. I am extremely concerned about this development—concerned about the nature of the concessions which might be made to Castro behind closed doors and presented to the American people as a fait accompli.

If negotiations take place, there are certain points on which compromise is inadmissible. One of these is the political prisoner situation. It would be a betrayal of everything our country stands for to extend a hand to a dictator holding perhaps 20,000 or 30,000 individuals in animal-like conditions.

Over the years, a few dozen letters written by inmates have been somehow smuggled out of prison and brought to this country. As a body, they constitute an overwhelming indictment of Fidel Castro's policies. They speak of starvation, crippling illnesses and, always, of torture and beatings. Often the writers refer to fellow inmates who are dying unattended or who have recently died. It is a horrifying picture.

The conditions of political prisoners should be of concern to us not only as human beings, but as Americans. Most of the men and women in Cuban prisons have relatives in this country, and an increasingly large number of these relatives are now American citizens. So in speaking of conditions in Cuban political prison camps, we are not only talking about the torture of human beings—as untenable as that is in itself—but we are speaking of the brutal mistreatment of relatives of American citizens.

Mr. President, only 90 miles from our shores, relatives of Americans are being methodically tortured, beaten, denied food and medical attention, and in the end, simply allowed to die.

This is intolerable.

All efforts should be made to stop the inhumane treatment of political prisoners in Cuba; the practice of incarcerating individuals for their political beliefs should itself cease. Above all, Mr. President, under no circumstances must our country reestablish relations with the Castro government as long as this regime continues its policy of brutal repression toward political dissenters.

At this time, Mr. President, I ask unanimous consent that the statement submitted by the International Rescue Committee to the House Subcommittee on International Trade and Commerce be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

CUBAN POLITICAL PRISONERS

(Statement submitted by the International Rescue Committee to the House Subcommittee on International Trade and Commerce)

1. There are no reliable figures about the number of Cuba's political prisoners. A strongly pro-Castro author who visited Cuba in 1973 and had access to Cuban judicial authorities and penal institutions, reported as follows: "Although no current figures are available, the number of political prisoners in Cuba in 1965 was estimated as 20,000 by Prime Minister Fidel Castro ... There is reason to believe that the 20,000 figure has been reduced over the years through completed terms and fewer arrests." (Robert Cantor, in *Cuba Resource Center Newsletter*, Volume III, No. 5–6, December 1973)

2. Cuba's political prisoners are divided into two groups, those who have submitted to what's referred to as "reeducation" or "rehabilitation" ("Regimen Progresivo") and those who have refused to do so. The former are moved from high-security prisons to work farms, i.e., labor camps, from which they have a chance of being released upon the completion of their terms or perhaps even earlier. The latter are detained in high-security jails like *La Cabana* in the City of Havana and Boniato in Oriente. Women prisoners who have refused to submit to reeducation were being held at *Granja "El Nuevo Amanacer,"* Kilometro 2½, Carretera El Guatao-Punta Brava, in the Province of Havana.

3. Conditions in the prisons have been described as dismal and worse. Lack of food, lack of water, lack of medical attention, lack of space, lack of exercise and brutal treatment have frequently been reported. A group of prominent prisoners is now being held at La Cabana, among them Huber Matos, a former Major in Castro's Army, which was then the highest rank; Eloy Guttierez Menoyeo, a former student leader; ex-officers Antonio Lamas and Silvino Rodriguez; also Jose Pujals, Lauro Blanco, Jorge Valls, Cesar Perez, Osvaldo Figueroa and Artilino Gomez. (Another student leader, a pro-Castro activist prior to Castro's seizure of power, Pedro Luis Boitel, died in prison three years ago.)

Most of the prisoners listed above have families in the United States. Many of their family members have since become American citizens. It is, in consequence, a proper concern to inquire into the reasons why they should not be released after so many years of detention. (The wife and children and Huber Matos live in New Jersey.)

4. The official position of the United States was first formulated in connection

with the *Memorandum of Understanding* which established the Cuban Refugee Airlift in 1965. The United States then offered to include in the airlift agreement a provision for the priority movement of political prisoners to the United States. When Cuba specifically excluded political prisoners, the U.S. government reaffirmed its readiness to grant entry to the United States to Cuba's political prisoners and stated: "The Government of the United States regrets that at this time the Government of Cuba has not permitted political prisoners to be included under the terms of the Memorandum of Understanding. The Government of the United States expresses the hope that the Government of Cuba will be willing to reconsider this position. The Government of the United States wishes to stress the particular importance which such reconsideration would have in permitting the reunion of many families."

5. In 1971 the International Rescue Committee in conjunction with the American branch of Amnesty International addressed an appeal to the governments of Chile, Norway, Sweden, Mexico and the United Kingdom—five nations which at the time had diplomatic relations with Cuba—urging them to intercede on behalf of political prisoners in Cuba. It is not known whether this intercession, if it took place, bore any fruit.

6. What is most appalling in the case of Cuba's political prisoners is the unconscionable length of incarceration. To them applies what Andrei D. Skharov stated in his appeal for the prisoners in the Soviet Union: "Do what you can, at least for some of the prisoners—the women, the old people, those who are ill, those who have been tried more than once . . . Bring about the immediate release of all who have been incarcerated for more than fifteen years, the maximum term fixed by law."

7. Since Cuba is quite vocal in denouncing the treatment meted out to the prisoners of the Chilean Junta, she cannot reasonably claim interference in internal affairs if the subject of her own political prisoners is raised. The humanitarian concern for the reunion of families separated for a decade and longer legitimates the expression of hope that the prisoners will be freed and permitted to leave, wherever and at whatever level a dialogue with Cuba is being conducted.

8. Many women who have refused to be reeducated are victims of the Cuban version of Gulag Archipelago, among them, as of January 1975, were Clara Alonso, Maria M. Alvarex, Zoila Aguila, Ana Bustamante, Teresa Bustanzuri, Georgina Cid, Dolores Correoso, Nilda Diaz, Maria Garcia Rangel, Felicia Garcia, Leopoldina Grau, Albertina O'Farrill, Leonor Olivera, Nereida Polo, Aracey Rodriguez, Aleja Sanchez, America Quesada, Caridad Cabrera, Lucrecia Sanchez, Ofelia Rodriguez, Xiomara Wong, Esther Castellanos, Fidelinal Suarez at Granja El Nuevo Amanecer; Ana Laza Rodriguez, Bertha Aleman, Maria A. Fernandez, Esther Campos, Miriam Ortega at Havana; and Doris Delgado and Mercedes Pena at the Boniato prison in Oriente.

What could be more fitting in 1975—International Woman's Year—than their release?

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, it is no secret that I feel very strongly about the entire issue of human rights and furthermore it is no secret that I would like to see this Senate ratify the Genocide Convention, which is a major human rights document. However, consistently since the convention was brought to the attention of the Senate about 30 years ago, the issue of genocide has received a negative response. In all candor, I must admit that this response has irritated me. I feel that when we get right down to the issues involved, we are talking basically about the systematic annihilation of an ethnic or religious group.

In real quantitative terms we are talking about the mass executions of Jews, Armenians, and Biafrans throughout history. We are talking about the tragedy of death and suffering, not to mention sterilization and severe mental damage. It seems obvious to me that the United States of America cannot tolerate witnessing another genocidal onslaught. We as a nation must join together and demonstrate to the world, in a reaffirmation of moral leadership, that we are morally, politically, and legally committed to world peace and freedom. This firm and official stand can only come about when it is recorded for the world to know that we feel the act of genocide is subject to punishment under international law.

There are those who oppose the passage of this convention for numerous technical reasons. One of the main critics has been the American Bar Association; therefore I feel it is crucial to point out what the ABA section on individual rights and responsibilities noted in 1969:

> In each of the states in the development of human liberty how much significance did a given document, amendment, or judgment have? In detail, of course, the answer varies from instance to instance. Speaking broadly, however, it is fair to say that the documents which became landmarks were produced when the time was ripe for them (or perhaps a little before), and that their impact went far beyond the immediate and enforceable issue. The lasting documents were persuasive documents, and they changed men's minds and men's lives.

Clearly the time is ripe for a document declaring genocide illegal. Mr. President, the time has come for us to act according to our conscience and ratify the Genocide Convention.

VISIT OF THE EMPEROR AND EMPRESS OF JAPAN TO THE UNITED STATES

Mr. BROOKE. Mr. President, for the first time in the history of our country we will be honored to have as our guests the Emperor and Empress of Japan. Their visit to the United States, which begins this week, will only be the second time in the history of Japan that an Emperor and his Empress have left its shores.

Emperor Hirohito is the 124th monarch in a line of authority that has its origins in the prehistory of Japan. While lacking political power in a constitutional sense, he wields significant influence in Japan, both because of the respect the Japanese still retain for the position of Emperor and because of the quiet strength he has exhibited during his many years on the throne.

Gen. Douglas MacArthur gives us a glimpse of the Emperor's character in his memoirs. MacArthur wrote that upon the surrender of Japan to the Allies at the conclusion of the Second World War, Emperor Hirohito called upon the general with the following message:

> I come to you, General MacArthur, to offer myself to the judgment of the powers you represent as the one to bear sole responsibility for every political and military decision made and action taken by my people in the conduct of the war.

General MacArthur, in his memoirs, expressed the deep emotion this meeting created in him:

> He was an Emperor by inherent birth, but in that instant I knew that I faced the First Gentleman of Japan in his own right.

Emperor Hirohito has provided a source of inspiration for his people as they have recovered from the agony of World War II to become one of the leading nations in the world. His sincerity, sense of honesty and decency and his self-evident kindness have epitomized the strengths of character that reside in the Japanese people. Moreover, his industriousness in becoming a widely respected expert on marine biology is a prime example of the industriousness of the Japanese people.

During their visit to the United States their Imperial Majesties will have the opportunity to visit my home State of Massachusetts to hold discussions with scientists at the Woods Hole Oceanographic Institute. It will be a great privilege for Massachusetts to be their host and on behalf of the people of my State I extend our heartfelt welcome to them.

Mr. President, the long history of the Japanese Emperors is a fascinating one. Edwin Reischauer has capsulated it in a brief article entitled "The Emperor of Japan." In the belief that it will be of interest to all readers of the Congressional Record, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Emperor of Japan

(By Edwin O. Reischauer)

In this age of easy travel by jet, heads of state seem to whiz all over the globe. American presidents make repeated visits abroad, and a veritable stream of foreign rulers and presidents flows through Washington. But the visit of the Emperor and Empress of Japan stands out as a significant first—the first official visit to the United States of any Japanese Emperor in the long line of 124 rulers that goes all the way back to shadowy prehistory. It parallels the visit last November of President Ford to Japan, making with it a pair of significant firsts in the relations between the United States and Japan, two great nations with unusually close and intimate contacts.

In a way it is surprising that this memorable first should be coming at this late date. Visits have repeatedly been exchanged with virtually all of the other close allies of the United States, with many countries of much smaller concern to the United States than Japan, and even with nations that have been more frequently regarded as rivals or enemies than friends. It is odd that Japan should have been missing from this list until now. The United States and Japan are close allies; they are two of the three largest economic units in the world, with the world's greatest trans-oceanic trade between them; and they face the problems of the world together from the shared basis of a common devotion to an open, free society and democratic institutions of government.

No foreign country is more important to Japan than is the United States. Japan does around a quarter of its foreign trade with us, shares a common defense through the Treaty of Mutual Cooperation and Security, and has far more cultural and intellectual contacts with America than with any other country. Conversely, Japan may well prove to be the most important country in the world for the United States. It is our second largest trading partner, following only Canada; in population, it is the largest of our close allies; and in economic terms, it is our largest intimate associate in facing the increasing complex economic problems of the world. And yet, at the same time, Japan stands in a special position as our only close partner with a totally different cultural background from our own—a point that may be of growing significance in a world in which inter-racial and inter-cultural relations become ever more important.

In a way, the lateness of these two visits is a sign, not of disinterest or distance between Japan and the United States, but rather of the closeness as well as the delicacy of the relationship. The American military occupation of Japan following World War II ended only in 1952, less than a quarter-century ago. It left America looming very large in Japanese eyes and Japanese-American relations enmeshed in domestic Japanese political dispute. When in 1960 Persident Eisenhower planned a trip to Japan, the proposed visit became entangled in political controversy there and had to be cancelled. The tragic assassination of President Kennedy intervened before he could make the visit to Japan which he had firmly in mind. As the years went on with presidential visits to countries all over the world but not to Japan, some people came to the conclusion that the Japanese suffered a permanent "presidential allergy." But last November President Ford finally did go to Japan for what was to prove a gloriously successful visit. The weather was superb, the Japanese people as well as the government welcomed him wholeheartedly, and his straightforward candor and obvious good will made a most favorable impression on them. This happy occasion together with the present visit of the Emperor and Empress show that Japanese-American relations, which have all along been extensive and vitally important to both sides, have now become relaxed as well, in a way that they were not in the earlier postwar period. Thus, these two visits symbolize a new and happier stage in Japanese-American relations.

The Emperor is the first member of the Japanese Imperial line ever to have gone abroad. As a young man in 1921, he spent seven months of travel in Europe. He and the Empress also visited six European countries in the autumn of 1971 and touched down briefly on the way there at Anchorage, Alaska, where they were greeted by President and Mrs. Nixon.

Another unique fact about the Emperor is that this is the fiftieth year he has been on the throne—the longest reign in Japanese history, unless one goes back to the semi-mythological rulers of the third century and earlier times. The Emperor was born in 1901, and in 1921, after his return from Europe, he became Prince Regent, or acting monarch, for his ailing father, Emperor Taisho. In late December 1926 he succeeded his father on the throne, and the remaining week of that year became the first year of his reign, known as the first year of the Showa year period. The year 1975 is the 50th year of Showa, a name meaning "Enlightend Peace."

The Emperor's name is Hirohito, which is what he signs on official documents, as he also did on a photographic portrait of him which I treasure in my home. But no one in Japan refers to the Emperor as Hirohito. Instead people use such terms as "His Majesty" or "the Present Emperor." Curiously, the Imperial family is the only family in all Japan which lacks a family name. Probably it was already so well established as the ruling family at the time that the Japanese first began to take family names, roughly a millennium and a half ago, that no family name seemed necessary.

Mythology places the beginning of the Imperial line in 660 B.C., when a descendant of the supreme Sun Goddess is said to have become the first Japanese Emperor. More sober history traces the line clearly back to the early sixth century A.D. and perhaps somewhat earlier. Even this reduced heritage makes it incomparably the oldest reigning family in the world, and the genealogy is precise, detailed, and indisputable the whole way back.

The early Japanese Emperors were semi-religious figures, being in a sense the high priests of the cults of the Shinto religion. The symbols of their authority were the Three Imperial Regalia—a bronze mirror representing the Imperial ancestress, the Sun Goddess; a sword; and a curved, comma-shaped jewel of uncertain significance. The shrine to the Sun Goddess at Ise has always been a particularly holy place in Japan. The feminine character of the mythological progenitress of the Imperial line as well as the existence of several ruling Empresses in early years suggest an original matriachal social organization in Japan.

In the course of the seventh and eighth centuries, the Japanese reorganized their governmental institutions on the model of the contemporary Chinese empire, where the Emperor was an all-powerful secular monarch ruling through an elaborate bureaucracy. Ever since, the Japanese Emperors have had a sort of dual character as both secular rulers of the Chinese type, at least in theory, and also semi-religous cult leaders derived from Japan's own early history. Even today, the Emperor performs a number of annual ceremonies, such as the symbolic first planting of the rice each spring, which faithfully reflect ancient rituals, though they are no longer considered to have religious significance.

Even in early times the authority of the Japanese Emperor was perhaps more symbolic than actual. Throughout Japanese history the Imperial line has always been recognized as the undisputed source of all legitimate authority, but individual Emperors have usually reigned rather than ruled, somewhat in the manner of the modern crowned heads of northern Europe. Already in the sixth century, when Japan first emerged into the light of history, Emperors, rather than dominating their courts, were more commonly manipulated by the great families that surrounded them. By the early eighth century, it had become almost the rule for Emperors to abdicate as soon as they had an heir old enough to perform the onerous ceremonial duties of the position. Occasional strong men on the throne did exercise some power, and for a while in the eleventh and twelfth centuries retired Emperors were the chief political force at the capital, but otherwise leadership at the Imperial court was in the hands of the Fujiwara family and its various offshoots from the ninth century until the nineteenth.

The spread of feudalism over Japan from the twelfth century onward pushed the Imperial family even further away from actual political power. It remained as the theoretical source of all authority but was increasingly removed from the levers of power, which fell into the hands of military men in the provinces. The last Japanese Emperor who actually attempted to rule was Go-Daigo (or Daigo II) in the fourteenth century, and his efforts resulted in a dangerous split of the Imperial line into the Northern and Southern Courts between the years 1336 and 1392.

The tradition that the Japanese Emperors did not rule but reigned as the symbol of national unity and the theoretical source of legitimate authority is probably the chief reason why the Japanese Imperial line has survived through all history and still performs its symbolic role today as it did in antiquity. Actual power might change hands, as it did a number of times in Japanese history, but the symbolic source of legitimacy continued unaffected.

One such change of power occurred in the middle of the nineteenth century. Japan had managed to isolate itself from the rest of the world for two centuries, but finally in 1854 an American naval expedition under Commodore Matthew C. Perry forced it to open its doors. Japan's pre-industrial economy and its feudal structure of government, under the Tokugawa shoguns, or military dictators, and some 265 semi-autonomous feudal lords, clearly could not meet the challenge of the industrial production and the more modernized military power of the countries of the West. Japan needed a more centralized as well as modernized form of government.

A group of revolutionaries managed to seize power in 1868, justifying their overthrow of the Tokugawa feudal system as a return to direct Imperial rule, based in part on the memories of a more central Imperial role in ancient times but also on the model of nineteenth century European monarchies, such as Germany, Austria, and Britain. Because the concept of direct Imperial rule was both an inspiration and rationale for the whole great change that swept Japan after 1868, this change has usually been called the Meiji Restoration. The name Meiji was that of the year period, given in 1868 to the reign of the new boy Emperior, who, 45 years later after his death in 1912, came to be known as Emperor Meiji.

The Meiji Restoration seemed to bring the Emperor back as the actual ruler of Japan, but this was more theory than actual practice. Everything was done in his name, and the Japanese leaders, even when they differed with one another, all claimed to be carrying out the "Imperial will." The Constitution adopted in 1889 as the final embodiment of the new system declared the Emperor to be "sacred and inviolable," assigned to him the "rights of sovereignty," and at least on the surface seemed to give him all powers of government, including "the supreme command of the Army and Navy." But a closer reading of the document shows that the Emperor was expected to take no action except on the advice of his ministers and on the basis of the acts of the Japanese parliament, called the Diet. And this is the way the system actually operated. Emperor Meiji may have exercised some influence on government decisions, but his son, Emperor Taisho, obviously did not, and by the time the present Emperor came to the throne he was clearly expected to validate the decisions of his government but not actually to participate in making them.

Since the present Emperor has always been a conscientious Constitutional monarch, it really is not proper to inquire what his own particular views may have been, even under the old system. But the few hints one can get about his attitudes at the time suggest a consistent opposition to the trends that were leading Japan into war abroad and toward military supremacy at home. The only political decision the Emperor is known to have made was at the time of the surrender at the end of World War II. The high command for the first time in history presented him with an evenly split vote on surrender and asked him to decide. This he did at once in favor of surrender, and he obtained the acquiescence of the Japanese people for this course by the unprecedented gesture of himself broadcasting the announcement of surrender to the whole Japanese nation.

Following the war, Japan adopted a new Constitution in 1947, and in this document theory and practice were perfectly unified for the first time. This document clearly states that "the Emperor shall be the symbol of the state and of the unity of the people, deriving his position from the will of the people with whom resides sovereign power." The Emperor's duties are then described to be simply symbolic in character. Since the mythology regarding the divinity of the Imperial line had been used in pre-war days to build up the mystique of the "Imperial will," the Emperor also issued on January 1, 1946, a statement denying his own supposed divinity. Again it is not really appropriate to speculate on the Emperor's own personal views regarding these postwar changes, because he is specifically denied a right to have or at least to express political opinions, but everything about his demeanor since the war gives the impression that he is thoroughly and happily in accord with the newly defined functions of the throne.

While the Emperor's duties are purely symbolic, they are nonetheless arduous, and he performs them with great conscientiousness and with noteworthy good will. He promulgates laws, convokes the Diet, proclaims general elections, attests the appointment or dismissal of officials, awards honors, receives foreign ambassadors, and performs a number of other formal duties, all with the advice and approval of the Cabinet. In addition, he and the members of his family are tireless in their attendance at events of national significance—reading greetings at opening sessions of great conferences, attending dedication ceremonies and sports festivals, and inspecting exhibits.

In the years immediately after the end of World War II, the Emperor was particularly energetic in seeking to change the popular concept of the throne and the people's relationship to it. Before the war the militarized leadership had had him appear in public in military uniform astride a white charger—a remote, forbidding, and "sacred and inviolable" figure. The common people were not even supposed to look at him directly. Now in mufti and a fedora hat he met his fellow Japanese face to face in the streets, in factories, and in coal mines. Not a facile conversationalist because in his austere upbringing he had never had the chance for verbal give and take, he usually fell back on "Ah! Is that so," in rejoinder to the replies to his inquiries. It was a limited sort of conversation, but for the first time it gave a sense of common human feeling between the Japanese people and their Emperor.

The Emperor has a private life aside from his public one. He and the Empress reside in the spacious Imperial Palace grounds in the heart of Tokyo. These grounds were the central core of what was once the great fortress headquarters of the Tokugawa shoguns, originally built by Dokan Ota in 1457 and restored by the Tokugawa shoguns after they moved there in 1590 and during the early years of their rule, which started officially in 1603. The broad moats and high embankments and walls of that early period are still impressive and beautiful sights, in no way dwarfed by the modern city.

The main buildings of the prewar palace were destroyed by wartime bombing, but a small and very private new residence for the Imperial couple was completed in 1961 and an impressive new Palace for public occasions in 1969. The latter was under construction for five years, an indication both of the care with which it was built and the modesty of the funds the Japanese government now assigns to the support of the Imperial family. The upkeep of the extensive Imperial Palace grounds is maintained largely by volunteer work by groups from all over Japan—a sign of the popular respect and affection in which the Imperial couple are held.

The Emperor's private life is a very private one indeed. There is none of the informal social mixing with others, practiced by some of the royal families of Europe. Traditional Japanese feelings about the uniqueness of the Imperial family preclude such easy sociability. The Emperor and Empress are surrounded by chamberlains and ladies-in-waiting, with whom their contacts remain rather formal by American standards. Beyond these court circles, their contacts are almost entirely formal. It is in a sense a rather isolated life. But it is much less isolated than it was before the war. Television in particular has made a great difference. Through it the Imperial couple has found a very enjoyable window on the life of their people and even a sense of participation in it.

The Emperor's chief personal interest has always been marine biology, and each Monday and Thursday afternoon, if he is not officially engaged, and every Saturday, he spends at his laboratory in another part of the palace grounds. He has written and published four books on his specialty, which happens to be hydrozoans, and these have been well received in academic circles. In addition, eleven other publications have centered around his studies. These have been directed particularly toward the marine life and the flora in the neighborhood of his two Imperial summer homes, one on the seashore south of Tokyo at Hayama on Sagami Bay, the other in the volcanic area of Nasu north of Tokyo. These eleven publications include works on the opisthobranchia, ascidians, crabs, corals, sea shells, and sea stars of Sagami Bay and the myxomycetes and flora of Nasu.

The Emperor, as one would guess, is a quiet, scholarly person, but at the same time he is a man of great personal warmth and extraordinarily wide interests. As the American Ambassador to Japan between 1961 and 1966, I had the opportunity to take many high government officials and other dignitaries from the United States for audiences with the Emperor, and I also met him on various state occasions each year. As the only foreign ambassador at that time who could converse with him in Japanese, I also had the chance for many personal conversations. I may in fact have had more opportunities to meet and talk with the Emperor than any other foreigner of any nationality.

Throughout my contact with the Emperor I have always been struck by his very genuine friendliness, sincerity, directness, and broad and informed interests. As mentioned before, he cannot be regarded as an easy conversationalist, but his qualities of personal warmth and concern nonetheless shine through even the court formalities that surround him and the necessities for translation in almost all of his contacts with foreigners. I have reason to believe that the Emperor does understand quite a bit of English, but for the sake of protocol all dealings with foreigners on formal occasions are carefully translated both ways. I remember that at my first meeting with him, which was for the formal presentation of my ambassadorial credentials, I replied directly to one of his comments but then had to wait while the interpreter formally translated his remark to which I had already replied, before being allowed to continue with the conversation.

The normal formal for an audience with the Emperor was for me to introduce each American in turn and for the Emperor then to engage each person individually in conversation, asking him a series of questions about his activities. The formality of the procedure is a bit inhibiting to easy personal contact, and it is made all the more formidable by the need for translation both ways. But I never took a fellow American to an Imperial audience without my countryman emerging from it impressed by the warmth, friendliness, and wide knowledge of the Emperor.

The Emperor is known to have a particularly close family life. When the first four children the Empress bore him were girls, some persons at the court advocated that the Emperor take a secondary consort to insure a male heir, as his grandfather had done, but it is understood that he steadfastly refused. The Imperial couple and their seven children have always been a veritable model of conjugal affection and warm family bonds.

The Empress almost always accompanies the Emperor on all occasions, except for certain Constitutional duties such as convoking the Diet. Two years his junior, she is the descendant of a collateral branch of the Imperial family and attended what in her youth was the exclusive Peers' School for Girls.

She is fond of poetry and music, and some of her Japanese-style paintings have been collected and published in two volumes. Like her husband, she plays a symbolic role conscientiously and with good will, serving for example as the Honorary President of the Japanese Red Cross Society. She is a person of unusual charm. While I was the American Ambassador, my wife and I had the opportunity to meet her on frequent occasions and found her to be one of the most genuinely warm, friendly, and gracious persons we had even known.

One of the daughters of the Emperor and Empress died before her first birthday, but the other four grew up and married thereby becoming commoners, as are all former nobles and collateral imperial lines since the war, except for the brothers of the Emperor. The eldest daughter, now deceased, was married to a member of a collateral Imperial line, the second to a scion of one of the branches of the Fujiwara family that so long dominated the Imperial court, and the two younger ones to descendants of feudal lords. The youngest, the former Princess Suga, is remembered around Washington as the extremely attractive and vivacious wife of Mr. Hisanaga Shimazu, who was stationed there for two years as a young official of a Japanese banking company.

The Imperial couple's fifth child is Akihito, the Crown Prince, now 42 years old. During the early postwar years, Mrs. Elizabeth Gray Vining of Philadelphia was one of his personal tutors. In 1959 he electrified the nation by choosing for his consort Miss Michiko Shoda, the daughter of a businessman who was a commoner even by prewar standards. The Crown Princess is a very talented and attractive graduate of Sacred Heart Women's University, and the couple met and fell in love through their common interest in tennis. The Crown Prince also shares his father's interest in marine biology and devotes much of his free time to the study of ichthyology. The Crown Prince and Princess have three children, Prince Hiro (born in 1960), Prince Aya, and Princess Nori. All three are being brought up by the Crown Prince and Princess themselves in an ordinary modern family atmosphere. This is a significant innovation, for heirs to the throne were traditionally separated from their parents at an early age and raised by court officials. The Crown Prince and Princess share the heavy burdens of ceremonial and public relations duties with the Emperor and Empress. They have already gone abroad on state visits twelve different times, visiting the United States in 1960.

The Emperor's younger son is Prince Hitachi, who like his brother shares their father's interest in biology. He graduated from Gakushuin University, and in 1964 married Miss Hanako Tsugaru, the descendant of a line of feudal lords Prince and Princess Hitachi as well as the brother and sisters-in-law of the Emperor also carry some of the public relations duties that surround the throne. The Emperor's second brother died not long after the war, but his extremely charming widow, Princess Chichibu, survives and is remembered in Washington from the time when in the 1920s she was the schoolgirl daughter of Tsuneo Matsudaira, the Japanese Ambassador. The third brother and his wife are Prince and Princess Takamatsu, and the fourth brother and his wife, Prince and Princess Mikasa. Only the latter have children, and Prince Mikasa is also noteworthy for his part-time position as a professor at several universities and for being a specialist in the history of the ancient East, particularly that of the early Hebrews.

Although all the members of the Imperial family help the Imperial couple with the various ceremonial tasks and with other matters of public relations, the main burden still falls on the Emperor and Empress. But of all their many activities, their present visit to the United States is one of the most significant, demonstrating as it does the relaxed warmth of relations between two great nations which are of such vital importance to each other.

There is reason to believe that the Emperor has for a long time wished to visit the United States, and so this occasion means the achievement for him of a long cherished hope. The American people for their part will recgonize and admire in the Emperor and Empress the epitome of personal friendliness, family virtues, cultural interests, and scientific devotion. Beyond these personal aspects of the visit, however, the presence in the United States of the Emperor and Empress affords the American people and government an opportunity to reciprocate to the Japanese people the warmth of their welcome to our President in the autumn of 1974 and to show them the strength and sincerity of our wishes to continue the friendly and mutually beneficial relations between our two countries, which lie at the root of our mutual hopes for world peace.

SYMPOSIUM ON THE ARTS, AT LYNDON BAINES JOHNSON LIBRARY

Mr. HUMPHREY. Mr. President, September 29, 1975, was the 10th anniversary of the signing of the legislation creating the National Endowment for the Arts by President Lyndon B. Johnson. It also was the occasion for a symposium program entitled "The Arts: Years of Development, Time of Decision." This remarkable symposium took place at the University of Texas under the auspices of the Lyndon Baines Johnson Library September 29 and 30. It brought together some of the leading artists in America as well as hundreds of persons vitally interested in and deeply involved in the arts of humanities.

It was my privilege to have the opportunity of addressing this remarkable gathering—a singular honor for me. The keynote address was delivered by the famed and admired opera singer, Beverly Sills. She truly inspired the audience and gave extra meaning and purpose to the deliberations that were to follow.

Members of Congress were present and participated in the panels—Senator Javits, Senator Pell, Congressman Pickle of Texas, and Congressman Brademas of Indiana.

I ask unanimous consent that my address to the symposium and the program be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Arts: Years of Development, Time of Decision

THE UNIVERSITY OF TEXAS AT AUSTIN, THE LYNDON BAINES JOHNSON LIBRARY—SYMPOSIUM PROGRAM

Monday, September 29, 1975—9:30 a.m.

Musical Welcome: Longhorn Band, The University of Texas at Austin and Vincent R. Dinino, conducting.

Presiding: Harry J. Middleton, Director, The Lyndon Baines Johnson Library.

Welcome: Lorene Rogers, President, The University of Texas at Austin.

Welcome: Daniel J. Reed, Assistant Archivist for Presidential Libraries.

Introduction of Beverly Sills: Elspeth Rostow, Acting Dean, Division of General and Comparative Studies, The University of Texas at Austin, Chairman, Symposium Planning Committee.

Keynote Address: Beverly Sills, Opera Singer.

Introduction of Panel: Lorrin Kennamer, Dean, College of Education, The University of Texas at Austin, Commissioner, Texas Commission on the Arts and Humanities.

Panel Discussion: "Art and the Participant," Presenter: Michael Straight, Deputy Chairman, National Endowment for the Arts, and Moderator: Charles C. Mark, Editor, Arts Reporting Service.

Other Participants: Maurice Abravanel, Musical Director and Conductor, The Utah Symphony, Schuyler Chapin, Former Manager, Metropolitan Opera Company, and Ann Colbert, President, Colbert Artists Management, Inc.

O'Neil Ford, Architect, Richard Hunt, Sculptor, Judith Jamison, Dancer, Robert Merrill, Opera Singer, Arthur Mitchell, Director, The Dance Theatre of Harlem, Inc., Joshua Taylor, Director, National Collection of Fine Arts, Smithsonian Institution, and James Wyeth, Painter.

Sumarizer: Kenneth Prescott, Chairman, Department of Art, The University of Texas at Austin.

Recess for lunch

Introduction of Afternoon Program: J. J. (Jake) Pickle, United States Representative, 10th District of Texas.

Panel Discussion: "Art and Politics," Presenter: James Backas, Executive Director, Maryland Arts Council, and Moderator: John Hightower, Former Chairman, Advocates for the Arts.

Other Participants: Darby Bannard, Painter, John Brademas, United States Representative, 3d District of Indiana, Kirk Douglas, Actor, Director, Producer, Thomas Fichandler, Executive Director, Arena Stage, Arlen Gregorio, State Senator, California, Jacob Javits, United States Senator, New York, Mickey Leland, State Representative, Texas, McNeil Lowry, Former Vice President, Ford Foundation, Donald Quayle, Senior Vice President, Corporation for Public Broadcasting, Frank Thompson, Jr., United States Representative, 4th District of New Jersey, and Donald Weismann, Profesor, Comparative Studies, The University, The University of Texas at Austin.

Summarizer: William B. Cannon, Dean, Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin.

Tuesday, September 30, 1975—9:00 a.m.

Musical Welcome: Lyndon Baines Johnson High School Band, and Don T. Haynes, conducting.

Introduction of Panel: Maurice Coats, Executive Director, Texas Commission on the Arts and Humanities.

Panel Discussion: "Art and the Community," Presenter: Nancy Hanks, Chairman, National Endowment for the Arts, and Moderator: Roger Stevens, Chairman, John F. Kennedy Center for the Performing Arts, Former Chairman, National Endowment for the Arts.

Other Participants: Gerald A. Bartell, Chairman, American Medical Buildings, Inc., Chairman, Wisconsin Arts Council, Sarah Caldwell, Artistic Director, The Opera Company of Boston, Lawrence Halprin, Landscape Architect, Lawrence Halprin & Associates, Jack Kroll, Senior Editor, Newsweek, Billy Taylor, Musician, Composer, and Thomas Willis, Music Critic, Chicago Tribune.

Summarizer: Peter Garvie, Dean, College of Fine Arts, The University of Texas at Austin.

Remarks and Introduction of Senator Humphrey: Mrs. Lyndon Baines Johnson.

Concluding Address: Hubert H. Humphrey, United States Senator, Minnesota.

* * * * *

This Symposium has been made possible through the generous support of several persons and organizations, including:

Friends of the LBJ Library; Mrs. Betty Bivins Childers; Meadows Foundation, Incorporated; Mobil Oil Corporation; Mr. and Mrs. Edwin Singer; Texas Commission on the Arts and Humanities; Mr. Robert L. B. Tobin.

Remarks of Senator Hubert H. Humphrey

Today is a birthday celebration, and we have every right to sing with considerable gusto that old refrain "Happy Birthday." It is the tenth anniversary of the signing by President Johnson of the legislation creating the National Endowment for the Arts. It represents ten years of growth, ten years of struggle, and ten years of progress. The establishment of the National Endowment for the Arts has given additional meaning and purpose to the American proclamation of independence wherein we proclaimed those God-given and natural rights of life, liberty, and the pursuit of happiness. But, like most things in a free society, the beginnings were small and limited but the hopes were great and unbounded.

Occasions such as this serve a number of useful purposes. Above all, they help us to remember how far we have come.

I was here when the civil rights papers of this Library were opened. It was a moving occasion, made all the more so by President Johnson's address and by his courage in the face of mortal illness.

Together we looked back to a time when human rights were denied and to the struggles that won them, and then we looked ahead to what was still to be achieved in the great march toward equality.

Some of the young people there had not lived through the earlier period; only the short-comings of this day had meaning for them; and that is all right. They helped to prevent the rest of us from becoming complacent about the victories of other years.

But it was important for all of us, while we concentrated on the present, to understand how much had been gained in the past. Free men and women need constantly to be reminded that nations can be made more just and more humane, if enough people of good will determine to make them so.

The same experience marked the opening of the education papers. We had come from a time when only a "lucky few" attended college, to one in which the opportunities of advanced education were available to millions. Again, there were shortcomings; but so much had been done.

In almost every field of human experience—medicine and health, the natural environment, economic growth and justice—the papers in this Library tell a story of struggle and achievement, of change for the better in the life of our country. I am proud to have been a part of this struggle. It has been a great time to be alive. It has tested and challenged us but, above all, demanded of us the best that is in us.

However, in meetings like this one, while the past is celebrated, the needs of the future fairly cry out for recognition. And President Johnson wanted it that way. Those of you who worked with him know that while he was proud of what he and his colleagues in the Congress and the executive branch had done, he was never satisfied, never content, so long as the inequities that he had recognized in our society were unremedied.

The same story can be told of the arts in America.

Effective support for the arts and humanities has been one of my primary concerns, not only during my term as Vice President where the leadership and encouragement of President Johnson were of decisive importance in this area, but also during 21 years as a U.S. Senator.

In 1957, I introduced one of several bills which culminated 7 years later in the enactment of legislation establishing the National Council on the Arts.

It was also my privilege to be involved in the promotion and development of the National Portrait Gallery, the Kennedy Center, the Museum of African Art, new directions by the Smithsonian Institution, and international cultural exchange programs.

So I have been through the school of hard knocks in learning how far we still need to go in the arts, despite the tremendous distance we have traveled in a short time.

Many of you can remember from first-hand experience—as I can—a time when the idea that public funds should be devoted to supporting the arts was regarded by a lot of people as either foolish, or outrageous, or both.

The fact that the Europeans and the Canadians had a completely different outlook was regarded as irrelevant. Many Congressmen regarded the Europeans as a decadent lot, what you might call effect snobs. Let them spend their tax revenues on opera houses and museums and symphony orchestras—we had more practical things to do, and besides, only New York and Boston really cared about such things as painting, sculpture, serious music, theatre, and ballet.

By the middle of the 20th century, anyone listening to Congressional talk about the arts might have concluded that we hadn't moved very far from the America of the early 19th century—when de Tocqueville saw us as a people with little interest in the fine arts, far more concerned with the useful than with the beautiful. So it was, he said, with democracies. It was in aristocracies that respect for elegance and taste, for the creative and speculative realms of the spirit, might flourish—not in the hurly-burly of egalitarian life.

But there had been a brief period, in the 1930's, when that general opposition to spending public funds for the arts yielded to something better. Artists and performers were out of work along with factory workers and shop clerks, and somebody had the bright idea that they might be put to work within their own disciplines.

They might paint murals on post-office walls, as Ben Shahn did, or adorn other public places, as Jackson Pollack and Stuart Davis did. They might write books about the regions of this country, or form theatre companies, producing both the classics of drama and new works that spoke to the conditions of the times.

Forty thousand people were engaged at one time in the publicly supported arts program of what was known as Federal One, the Federal Arts Project under the Works Progress Administration (WPA). In 1940 I served as the State Director of WPA projects that included the writers project, the music project, and the arts project. It was an experience I shall never forget and one that brought me into contact with a number of people who today are leaders in their fields.

It has been said that a majority of the leading painters and sculptors of the 40's and 50's were employed by those programs in the 30's. These same people might have raked leaves or poured concrete instead, and still survived; but we can be thankful that under Franklin Roosevelt, the government had the courage and foresight to help them develop their talents while they were feeding their stomachs. As a result, not only they, but we, the observing and listening public, benefitted. I will come back to the lessons of this period in a while.

Despite the successes of Federal One, opposition continued to the notion that hard-earned tax dollars should go to produce music, poems and pictures and dance. It wasn't just opposition in Congress and the Executive Branch. Whatever constituency there was out there in the state and districts was too weak to demand support for the arts.

Congress was willing to provide tax deductions for wealthy people who contributed to the symphony and the regional theatre. But it was reluctant to appropriate revenues for the same purpose. The idea that a community is enriched by the presence of art, and impoverished by its absence, had still not gained political currency.

But in the 1960's it did. Partly, that was because of John Kennedy and Lyndon Johnson and progressive Congresses. More importantly, I believe, it was because people throughout the country came to sense that the arts gave added meaning and dignity to life.

I will not attempt any kind of curb-stone sociological explanation of that development. Yet it interests me that the conventional belief, that art is supported chiefly in time of surplus—when there is surplus wealth to support it and surplus leisure to enjoy it—may not be altogether true.

The gross national product and per capita income were rising during the 1960's, but the opposite was the case in the 1930's, when Federal One was operating. What is similar about the two periods is that they were times of turmoil, of rapid change, simultaneously full of hope and despair. This is the productive environment for the arts.

It may be that people were looking for something beyond the circumstances of everyday life, something that brought order out of chaos, as visual art does; that added grace to life, as the dance does; that offered meaning and coherence, as both literature and music can do.

I mean something *more* than simple entertainment, more than mere assistance in passing time—the "visual chewing-gum" that much of television has been aptly called.

I mean that which answers the deepest spiritual needs of men and women, teaching and giving pleasure at once. In a time of unrest and trouble, the need for that enrichment is stronger than ever.

The people's physical well-being is highly important, and it is the government's first obligation to advance it; but it does not answer the quest for meaning and beauty in the human heart.

The beginnings of a Federal arts program were modest, as you know. We had to start with so little that public funds made no appreciable difference to the major institutions that needed help—to the great symphony orchestras, to the Metropolitan and the museums.

But it *was* a start. And under the skillful direction of Roger Stevens and later, Nancy Hanks and Michael Straight, the benefits began to be felt.

Some people thought more should go to the already proven institutions on the East and West coasts, meaning less should be spread around to the admittedly less advanced hinterland. Coming from Minnesota, where we think rather well of the Tyrone Guthrie Theatre, our Minnesota Symphony Orchestra, the Minneapolis Fine Arts Park, the Walker Gallery, and the St. Paul Science Museum, I had rather definite and contrary views about that.

In any event, I thought Roger and Nancy were practicing the art of politics pretty well when they offered help to people and groups in a large number of Congresssional districts. I was sure of it when the Endowment commissioned that Calder sculpture for Grand Rapids, Michigan—President Ford's hometown. I decided that the Corps of Engineers had nothing on the Endowment for foresight.

As people everywhere saw what could be done with Federal help, the level of their expectation began to rise.

At about the same time, the stock market started down, and this baffling animal call "stagflation"—a stagnant, yet inflated economy—came over the horizon. The cost of theatrical and musical productions shot up. The salaries of art gallery attendants shot up. So did what it costs poets and composers and sculptors to keep alive.

The traditional sources of support for the arts—private donors, foundations, and corporations—began to restrict their contributions at precisely the time when the cost of encouraging and presenting the arts was rapidly expanding, along with public interest in them.

Here I want to say a word in praise of former President Nixon. Despite the deeply troublesome aspects of his administration, he did offer substantial encouragement for our national arts effort. It would be remiss of me not to acknowledge his initiative in raising the Endowment's budget from the $10 million range, when he took office, to its 1975 appropriation of $75 million.

But even the present level of Federal funding—ten times what it was when we began back in 1965—is insufficient to meet the needs of the arts. It might have been enough in the days when only a few thousand people on the Eastern seaboard, and other thousands of Texans and Minnesotans who traveled East to enjoy the shows and galleries, really cared about the state of the arts.

But now everyone wants a part of that treasure. And they want it at a time when the Federal deficit is already high; when private contributions have reached a plateau, or declined; and when production and maintenance costs are staggering.

But, I'm happy to say, there is no way to put the genie back in the bottle. People everywhere have seen and felt the impact of the arts now, and they will not be satisfied with the occasional trip to the East or West coast metropolis, or the infrequent presentation of great drama or dance on television. They want to see paintings and to hear Beethoven in live performances.

There are enough young people in America now who want to make movies, to fill another Los Angeles. People want their public buildings made more attractive; no more long gray corridors and bland facades. They like having their young children taught to respond to life in verse, by poets hired for that purpose, because the poet's eye quickens life and reveals its inner meanings.

According to a Lou Harris poll, a large majority of the American people would be willing to pay an additional $5 per year in taxes in order to increase support for the arts. Even half those with incomes under $5,000 would do so. And nearly half of those polled would pay $25 more a year.

Think of what even $10 more from every tax-payer would mean:

It would more than wipe out the deficit of all the great artistic institutions, and enable thousands of artists to work at their art full-time. It would enable us to surpass even the European countries, which have for years assumed that the quality of life depended in substantial degree on the ready availability of fine art to their people.

There is in my view no question about it: The level of public appropriations for the arts *must* rise to meet the awakened needs of our citizens for them.

However, I would not be candid if I did not say that, despite the much greater political strength that the arts now carry into Congress, it will be difficult, given the present and forthcoming budgetary cycles, to increase funding for them to the levels they merit. But we can, and I believe will, achieve those increases in time.

The establishment of state art councils with the wide participation and interest of the local citizenry can be the political force that brings about greater attention to the arts and humanities. If there is to be an increase in Federal appropriations, it will only come when there is pressure from the local communities on the members of Congress to support the arts.

But, you build a political constituency not at the top but at the bottom. That is why people who are vitally interested in and involved with the arts must bring their cause to the attention of city councils, mayors, state legislatures and governors as well as members of Congress. There are some very important and influential people at the local community level who are members of state arts councils or serve on boards for a community theatre, a museum, an art gallery, or an orchestra. It is these influential citizens who must contact candidates for office as well as officeholders. It is these influential and concerned citizens who must insist that the press and the media of radio and television give greater attention to—yes, more space and time to—the arts and the humanities. It is not enough just to have the leading metropolitan newspapers give coverage to developments in the areas of music, poetry, painting, sculpture, and the theatre. Every community media outlet should be involved. May I suggest that you ask for this support; in fact, insist upon it.

We are in the Bicentennial period. In every state and in most every community there is a Bicentennial commission. This is a golden opportunity for state and local arts councils to join together with the Bicentennial commissions in a massive and extensive portrayal of American art and culture. Bicentennial commissions and arts councils should be allies.

Yes, there is much that can be done. The present unemployment figures—the highest we have seen in decades—include a great many actors, set designers, painters, writers, teachers, musicians, cameramen, graphic artists, ceramicists—artists and artisans of every variety. They must eat and clothe themselves just as auto workers and salesmen must do.

Under the Comprehensive Employment and Training Act, several hundred have been employed in roles that reflect their talents and experience. There is no reason why, with determination and imagination, we cannot increase this figure.

Congress designed the CETA in such a way that the responsibility for structuring public service employment should be fixed at the local level. This is basically a good idea.

I think an imaginative city government could produce a remarkable employment program under the current CETA authority:

Hiring unemployed actors and stagehands to perform in veterans' hospitals, schools, and homes for the aged;

Hiring artists to produce works for public buildings; sculptors to adorn the parks and playgrounds and the subway stations; craftsmen, graphic artists, designers and decorators to make public places more attractive;

Hiring potters, and men and women skilled in weaving, needlework, ceramics, and other handi-crafts to teach their skills to others;

Hiring musicians and dancers to teach and to entertain. The possibilities are limitless.

Those of us who care about the arts ought to urge such programs, for various *practical* reasons. Perhaps the most compelling of these is that the public would benefit directly from them.

I have always supported the Endowment's program of grants to individual artists, and I still do, because I know that the creative artist is the cutting edge of the human imagination. Among those grantees may be a Picasso, or a Stravinsky, or a Joyce, and I am selfish enough to want a role in encouraging them.

But it takes time, and perseverance, for the work of the experimenters to be appreciated by the public. In the meantime, taxes are high, inflation grows, and unemployment continues. Public enthusiasm for any government spending is limited, unless the benefits are obvious, and compelling.

That is why I would like to see artists paid for performing services which the public can feel and see and hear—which make immediate and obvious improvements in the conditions of public life.

But we *must* get our economy out of its present trough. Only then can we generate the public revenues that we need for adequately supporting the arts. Only then can corporations and foundations and individuals have the means to increase their vital contributions.

But as we work to end this long and costly recession, we can see to it that the upward thrust of the arts, which has already enriched the spirits of so many Americans, continues unbroken.

There is so much still to be done. The operas and symphony orchestras are all facing heavy deficits; the future of some of them is in doubt. Regional theatres are struggling. The American Film Institute, which President Johnson proposed, is counted among those programs struggling to fulfill their initial expectations. Small literary magazines are as ever an endangered species. There are still vigorous arguments over whether the Endowment should focus its support chiefly on artists and institutions of proven high quality, or whether aid should be broadcast to a wide variety of new performers and budding talents.

But while the future is rife with problems, it would be foolish to ignore how far we have come, and in such a short time.

Not long ago, the voices of hesitation prevailed in the Congress on questions of support for the arts. But now it is the voice of Claiborne Pell, Jack Javits, and John Brademas and Frank Thompson that carries the majority; and President Ford, thanks to Alexander Calder and the Endowment, is more sympathetic.

Ten years ago the Kennedy Center was only an idea; today it is a living reality—thousands of Americans go there every evening to lift their hearts and deepen their understanding.

Ten years ago the options on television were cowboys, give-away shows, and situation comedies; today, at least, there's a chance of seeing good theatre or dance. So, along with the budgetary headaches, there has been remarkable progress.

There will always be those who see the arts as unnecessary frills, as superfluous to the needs of society. But they are fewer now, and fewer still among the coming generations who quest for more than material well-being.

The arts themselves have always been fragile creations, a few notes of music in the winds of history, a glimpse of color in the gray of ordinary life.

But what strength there is in that fragility! Nations pass from the scene, great business endeavors rise and fall, manners and customs change, but Mozart and Botticelli endure.

And the creative spirit of man endures, even in wars and recessions.

What we must try to do is enable that spirit to express itself in all its forms, so that it may quicken the individual spirit in each of us, and ennoble the civilization of which we are a part.

OZONE AND AEROSOLS

Mr. BUCKLEY. Mr. President, in the last few months, the public has been exposed to a great deal of contradictory information regarding the protective ozone layer of the stratosphere and whether it is being slowly depleted by manmade chemicals.

Various technological innovations—jet aircraft, nuclear weapons tests, refrigerants, and the gases used in some aerosol spray—have been theoretically implicated one way or another with the potential threat to the ozone layer.

There seems to be relatively little dispute regarding the importance of high-altitude ozone to man and our climate. The ozone layer apparently plays a vital role in limiting the penetration of ultraviolet rays which may affect the health of mankind.

But there is substantial debate whether the zone layer actually is being reduced, as well as the extent to which man's activities may be responsible. Some respected scientists are deeply concerned that certain chlorofluorocarbon gases—mainly those used as propellants in a large number of aerosol consumer products and as refrigerants—may, over a period of time, reduce the ozone layer. These scientists, consumer and environmental groups and some Members of Congress are calling on the Government to limit or ban various uses of these chemicals either immediately or within the next few years.

Meanwhile, other equally respected scientists, industry groups, and other Members of Congress raise serious doubts about the ozone depletion theory. They believe there is ample time both to perform the kind of research needed to determine whether the hypothetical threat actually exists and to undertake whatever regulatory safeguards may be needed.

A Government Task Force on Inadvertent Modification of the Stratosphere has issued a report saying the matter is serious and warrants both further study and simultaneous actions to prepare regulatory machinery in the event it should be needed. Furthermore, the Senate Aeronautical and Space Science Subcommittee on the Upper Atmosphere is currently hearing from the scientific community as well as Government and industry representatives in an effort to accumulate, for the public record, all present knowledge available on the subject.

In any event, Congress is likely to be

faced with legislation in this area. As a nonscientist, I confess that I am puzzled. Furthermore, I am concerned that the debate has begun to take on an increasingly panicky tone. Accordingly, I was very pleased to come across an intelligent discussion of these ozone questions written by Tom Alexander in the August issue of Fortune, which contributes to the public awareness of the issues.

I ask unanimous consent that Mr. Alexander's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

What We Know—And Do Not Know—About the Ozone Shield

(By Tom Alexander)

In the array of environmental concerns that have been multiplying so rapidly, the ozone shield is hard to beat for sheer alarming bizarreness.

A little-known trace of rare gas floating far up in the already vanishing blue turns out to be absolutely essential in protecting man and his fellow creatures from the hostile radiation of our beneficent old sun. Then along come scientists with a growing list of human activities that they believe are capable of thinning that delicate ozone film and thereby exposing mankind to an array of afflictions that may include cancer, climatic change, and perhaps even famine.

The best studied of the potential threats to the ozone layer are jet aircraft, nuclear bombs, aerosol-spray cans, and refrigeration, but researchers are still bringing forth other possible villains. These include fertilizers, chemicals used to purify water and manufacture paper, and even the natural processes of agriculture itself.

Federal and state governments are deep in the tangled question of whether to outlaw many products of the huge refrigeration, air-conditioning, and aerosol-packaging industries. Oregon has banned the sale of the suspected spray cans after February, 1977, and some other states seem likely to take similar action. Manufacturers are trying to divine the outcome of all these regulatory moves and to revise their product lines accordingly. And both industry and government have started costly research campaigns to clarify the murky, neglected state of the science of the upper air.

Fortunately, in an era that seems to equate precipitate action with virtue, science, government, and industry on the whole have handled the ozone issue with a refreshing maturity and tentativeness. Even so, it now appears that some of the early accounts of the problem—the ones that naturally captured the most attention—were unnecessarily alarming. Some scientists were reported as prophesying "the end of the world," or "doomsday in twenty-five years."

As even the more sober statements were simplified for public consumption, the impression got about that the ozone layer was a fragile, nonrenewable resource rapidly and permanently being sprayed away with each casual *pfft* of an underarm deodorant and each exhaust plume from a high-altitude jet. The problem's complex and exotic nature, conjoined with the awful word *cancer*, tended to induce a sky-is-falling attitude and a panicky instinct for action. The Minneapolis *Star* not long ago summed up the freakish aspect of the whole problem in an inspired headline: "Can Dry Armpits Mean World Crisis?"

The ozone problem seems to be real, but its actual threat to human life now or even in the distant future appears to rank very low on the scale of hazards to which we are all routinely exposed—for instance, about one-tenth the risk of being struck by lightning. If the sky is falling, in other words, it is falling very, very slowly.

Stratospheric ozone should be viewed not as a nonrenewable quantity, but as the product of a fluctuating balance between natural forces of creation and destruction. The molecule itself is a poisonous, highly reactive arrangement of three oxygen atoms (O_3), in contrast to the two-atom molecules (O_2) that make up the bulk of the oxygen in our atmosphere. The major ozone supply is distributed throughout a thirty-mile-thick region that begins about ten miles up, at the lower edge of the stratosphere. There ultraviolet light from the sun splits ordinary oxygen into single atoms that can then recombine into the three-atom configuration.

In the early Seventies, Harold Johnston, a chemist at the University of California at Berkeley, and Paul Crutzen, a meteorologist at the National Center for Atmospheric Research, offered a theory of how processes on earth affect these photochemical reactions in the stratosphere. Crutzen discovered that a lot of ozone was being destroyed indirectly by bacteria in the ground. As symbiotic residents in the roots of certain plants, notably clover, peas, beans, and other legumes, these bacteria extract nitrogen from the air and incorporate it chemically into the structure of their hosts. When these plants decay, part of their nitrogen gets released to the atmosphere as nitrous oxide (N_2O), sometimes known as laughing gas. Relatively inert and insoluble, nitrous oxide accumulates in the lower atmosphere. Convective air movements carry it aloft to the bottom of the stable stratosphere. There it slowly diffuses up into the stratosphere itself.

As a nitrous oxide molecule rises through the ozone layer, it enters the energetic realm of ultraviolet photochemistry where, so to speak, almost nothing is inert anymore and almost everything reacts with everything else. The ultraviolet converts it into nitric oxide (NO), which goes on to engage in a chain of reactions involving ozone.

The net effect is that some ozone molecules are converted into ordinary oxygen while the nitric oxide molecules are freed to continue their attack upon other ozone molecules. Each nitric oxide molecule thus acts as a catalyst, destroying thousands of ozone molecules before it wanders back into the lower atmosphere and combines with water vapor.

Atmospheric scientist Michael McElroy, of Harvard, compares ozone's equilibrium between the processes of creation and destruction to the water level in a bathtub with an open drain and an open water tap. Obviously, anything that serves to increase the size of the drain would lower the water level. Similarly, any additional supply of nitrogen oxides—or any other substance capable of destroying ozone—would increase the rate of ozone depletion and to some extent decrease the supply.

The whole matter seemed scarcely more than a matter of academic interest until it came to the attention of the late James E. McDonald, a respected American atmospheric physicist but a man with a yen for seemingly crank causes. Among other things, McDonald had an interest in unidentified flying objects, and he once suggested that there might be some relation between power blackouts and UFO's. Another of McDonald's concerns was the proposed supersonic transport plane. Observing that SST engines would emit water vapor, another chemical enemy of ozone, he began campaigning to have the plane scuttled.

McDonald pointed out that ozone filters out most of a middle-frequency band of ultraviolet light known as "ultraviolet B." Since ultraviolet is damaging to organic molecules, he speculated that it was probably harmful to life. It might, for example, disrupt the complex DNA molecules in the skin, with skin cancer as one likely result.

Today, the cause-and-effect relationship between ultraviolet and some forms of skin cancer seems well established. Among white persons in the U.S. the incidence of skin cancer is around 150 cases per 100,000 population per year. Most of it occurs on exposed areas, such as the hands or face. The incidence roughly doubles with each ten-degree decrease in latitude. Recent measurements have also established that the thickness of the ozone layer *diminishes* with latitude (i.e., it is thinnest over the equator). The implication, of course, is that the additional ultraviolet exposure in tropical latitudes causes additional cases of cancer. A 1 percent decrease in overhead ozone appears to produce roughly a 2 percent increase in skin-cancer cases.

The effects of ultraviolet upon plants and climate remain much more problematical. Slight declines in plant growth have been detected in experiments now under way at the University of Florida, but these experiments are being carried out with powerful lamps that increase the ultraviolet dose by 100 to 400 percent, an amount that most ozone theorists now consider unrealistic. As for climatic effects, most speculation—and it is simply that—focuses on the possibility that deeper ultraviolet penetration could lower the stratosphere slightly, and somehow change the global circulation of the winds.

When McDonald brought the matter up, the links between ultraviolet and cancer were less widely known. And perhaps because of his reputation for unconventional beliefs, he was unable to convince many colleagues or policymakers of the seriousness of the threat. It was only after several other researchers, particularly Crutzen and Johnston, got interested in the matter that the SST-ozone issue acquired scientific respectability. They pointed out that the real damage would come not so much from water vapor as from the nitric oxides emitted by the engines. They calculated that the SST's might affect the ozone layer as much as vegetable decay.

The ozone-danger arguments, among others, figured in the successful effort to persuade Congress in 1971 not to subsidize the construction of an American SST. But the scientific concern spurred the Department of Transportation to start a belated $20-million research program known as the "Climatic Impact Assessment Program" (CIAP). The CIAP report, issued last December, substantiated the hypothesis that large fleets of SST's would weaken the ozone shield. But the study also concluded that improved engines and fuels would greatly diminish the damage.

Once CIAP focused scientific attention on interference with the ozone layer, it was only a question of time before other threats were thought of. In the Fifties, a British chemist named James Lovelock—a man who prefers the unusual role of a free-lance scientist to permanent ties to any institution—invented a device called the "electron-capture gas chromatograph." One of the most exquisitely sensitive analytical tools of chemistry, Lovelock's instrument can detect atmospheric gases in amounts as minuscule as a few parts per trillion. In 1970 he discovered that traces of two related, man-made compounds, trichorofluoromethane and dichlorofluoromethane, were omnipresent in the skies. These compounds are more widely known as fluorocarbon 11 and fluorocarbon 12, and often simply as Freon 11 and Freon 12, the trade names used by Du Pont, now the world's largest producer of fluorocarbons.

The compounds were originally formulated by the Frigidaire Division of General Motors, which introduced them in the 1930's as inert, nontoxic, nonflammable substitutes for such dangerous refrigerants as sulfur dioxide, ammonia, and methyl chloride. Since then, a chemically varied assortment of fluorocarbon gases have come to be manufactured by some forty companies throughout the world.

Today, however, refrigeration and air conditioning utilize only 28 percent of the output. About 22 percent goes to such industrial uses as solvents, fire extinguishers, and plastic-form "blowing agents." But the greatest use by far—about 50 percent—is as the propellant in those ubiquitous aerosol-spray cans.

Because they are expensive compared with other propellants, including propane or such compressed gases as carbon dioxide, fluorocarbons are used in only about half of the three billion aerosol cans sold every year in the U.S. They are utilized mostly with "personal" products—hair sprays, deodorants, and medicinals—where inertness and nonflammability are important. With shaving cream and other products that contain so much water that there's no flammability problem, propane is usually the propellant. Propane is also used with products such as paint, which are already so flammable that the propellant doesn't make much difference.

Lovelock's chromatograph strikingly confirmed the inertness of fluorocarbons 11 and 12. He found that the two compounds are present in the world's atmosphere in amounts averaging about 230 parts per trillion (equivalent to about one drop in five full railroad tank cars). It is also possible to calculate from his measurements and others that most of the fluorocarbons ever produced are still in existence, either locked up in refrigerators and aerosol cans or floating in the atmosphere.

Lovelock's measurements piqued the curiosity of F. Sherry Rowland, a chemist from the University of California at Irvine. He suspected that the fluorocarbons might not be permanently indestructible, as they seemed to appear. In mid-1974 he and research associate Mario Molina published a paper in the British scientific journal *Nature* theorizing that there probably was at least one "sink"—or site of destruction—for fluorocarbon molecules: the ultraviolet battleground of the stratosphere.

Drawing a direct analogy with oxides of nitrogen, Rowland and Molina argued that the fluorocarbons are making their way upwards, rapidly at first through the lower atmosphere, than much more slowly through the stable stratosphere. Finally, after ten or fifteen years, they would rise to the point where ultraviolet radiation would split them apart like any other molecular gas, releasing chlorine into the ozone layer.

Their analysis fitted in with other recent laboratory findings and raised new fears about ozone depletion. A British chemist, Michael Clyne, had reported that chlorine was apparently six times more efficient than nitric oxide as a catalyst of ozone extinction.

Researchers from Harvard and the University of Michigan had been looking for possible effects upon ozone of the chlorine-containing exhausts from the proposed space-shuttle rocket, but had found little cause for alarm. After all, neither the shuttle nor any other vehicle seemed likely to carry enough chlorine aloft to matter all that much. But Rowland and Molina suggested that such a vehicle did exist in the form of fluorocarbons 11 and 12, which were then being produced at a rate approaching a million tons a year.

Partly because of apparently incorrect assumptions in some of the early projections and partly because of overdramatic press accounts, a considerable confusion has arisen about the fluorocarbon threat. Even Rowland and Molina perceived the time of serious danger as fifteen years or more away, after exponential increases in production and the steady accumulation of the gases had brought the atmospheric loads to levels many times higher than they are now.

Immediately following the *Nature* article, several other theorists developed mathematical models, a few of which predicted eventual ozone depletion as high as 50 percent. These forecasts seemed so frightening as to require immediate and drastic action.

In more recent months, new data and refinements in the models have persuaded more scientists involved that the danger is probably much smaller and much further off than had been supposed. Some of the older models assumed growth rates for fluorocarbon production as high as 22 percent a year. But that figure has been reached only by fluorocarbon 11 and for only one year, 1972, apparently because there was an inventory buildup of aerosol products. Actually, total fluorocarbon output increased by an average of about 8 percent a year through the Sixties and early Seventies. But it rose only 3 percent in 1974, and during the first four months of this year, it fell 19 percent below the level of the same period a year earlier.

The recession undoubtedly accounts for part of the decline, but it is also clear that both consumers and manufacturers are responding to the adverse publicity. Such manufacturers as Johnson's Wax and Gillette are putting their advertising emphasis on fluorocarbonless aerosols, roll-on applicators, and finger-pumped sprays. Early this year, after a 40 percent drop in sales, Precision Valve Corp.—a company, founded by former President Nixon's crony, Robert Abplanalp, that dominates the spray-valve industry—closed a plant in Yonkers, New York. As matters stand now, it is a fair bet that few, if any, companies will risk introducing a major new product propelled by fluorocarbons.

One essential factor missing in some of the earlier ozone-depletion models was the property of "feedback," the comforting tendency of the ozone layer to heal itself. It is fairly obvious, though, that if ozone at high altitude is destroyed, ultraviolet light will penetrate a little deeper into the atmosphere and create more ozone at a lower altitude.

With new research funds from government and industry, experimenters have checked other critical assumptions in the models and found them overly pessimistic. Douglas Davis, a chemist at the University of Maryland, has measured the reaction between chlorine and ozone at stratospheric temperatures and found that it occurs more slowly than earlier investigators assumed.

On the other hand, Davis has also found that chlorine reacts more quickly than expected with another stratospheric component, methane. The product of this reaction is hydrogen chloride, some of which dissolves in water to form hydrochloric acid and then, heavily diluted, falls to earth with the rain. When Davis's new findings are introduced into the various ozone-depletion models, the effect is to reduce by one-half to two-thirds the predicted rate at which ozone is destroyed and therefore the amount of depletion that will occur before a new equilibrium point is reached. Scientists caution, however, that new data are still coming in, and that they might push the destruction rate up again.

A revised model prepared by Paul Crutzen from the newest data predicts that if fluorocarbon-propellant production ceases in 1978, the maximum effect will be an ozone depletion of 1.7 percent by 1988. This compares with depletion of 1.2 percent if a worldwide ban were to go into effect this year. Assuming that fluorocarbon production continues forever at the 1974 level, another model by Michael McElroy and Steven Wotsy at Harvard predicts that equilibrium wouldn't be reached until some time in the twenty-second century, when the ozone would be diminished by 7 percent.

A decrease of that magnitude cannot be dismissed as insignificant, but it seems to fall short of global calamity. For one thing, the ozone layer varies naturally by amounts far greater than 7 percent. Not only does it vary geographically—diminishing about 30 percent from Minnesota to Texas—but over any one spot it fluctuates about 25 percent from day to day, and another 25 percent seasonally. Increases of about 5 percent appear at eleven-year intervals, suggesting that the ozone layer may somehow be affected by sunspots.

The overall trend during the past twenty years has been an increase of about 8 percent over the Northern Hemisphere and a slight decrease in the Southern. This, of course, has occurred just when all those suspected man-made ozone destroyers were proliferating. The long-term increase reached a high point in 1970 and ozone has since declined nearly 2 percent.

Ozone's unpredictable behavior indicates that something is obviously incomplete—perhaps even wrong—about man's understanding of stratospheric chemistry. For example, are there unidentified reactions that serve to remove chlorine or to restore ozone? One of those who suspects this might be so is Jim Lovelack, the man who more or less started the fluorocarbon flap. "It's a funny thing about this game," declares Lovelock. "The instant you measure something, it becomes important. Freon happened to be easy for me to find, and everybody jumped the gun."

Recently Lovelock and others have been hunting further and finding the atmosphere to be full of assorted chlorine compounds—probably both natural and man-made—in total amounts that outweigh the fluorocarbons dozens of times over. These include carbon tetrachloride, methyl chloride, and methyl chloroform, all of which, Lovelock and others believe, must be capable of unloading some of their chlorine into the upper stratosphere. One implication is that nature may have some yet unidentified mechanisms for cleansing the stratosphere of chlorine before it can do much damage.

Other researchers take a different view: maybe many of those substances that Lovelock finds *do* have human origins and maybe their effects on the ozone layer haven't yet shown up strongly. Among those following up this line of thinking are Harvard's McElroy and Wofsy, who are now carefully examining the list of chemicals used in large quantities by man, trying to identify those with ozone-damaging potential.

Among those they have found to provide some cause for concern are the chlorine-containing substances used in water purification and papermaking; methyl bromide, which is increasingly used in agriculture as a soil fumigant; and nitrate fertilizers, which release nitrous oxide. McElroy speculates that even the legumes that man plants to feed his growing population and to improve his soil may pump enough additional nitrous oxide into the system to have significant effects. The contributions to ozone destruction from all such chemicals are likely to be cumulative.

McElroy believes that man is at the point where he may no longer be able to count on nature, and may henceforth have to control ozone-damaging agents from the oceans, the atmosphere, and living organisms. Doing so, of course, would require much more knowledge than we have now, and McElroy is among the majority of experts who contend that scientists should be allowed time to reach a better understanding of the problem before we adopt legislation, including any ban on aerosol sprays. Three to five years is most often mentioned by scientists as a reasonable time to resolve some of the more baffling questions.

If one accepts Crutzen's model, a three-year delay in barring fluorocarbons would mean about 0.5 percent additional ozone depletion. In the U.S. this might translate into around 3,000 more cases of skin cancer. The number may seem large, but the increase would be undetectable among the more than 300,000 cases that occur each year anyway.

The two commonest forms of skin cancer—those most clearly related to sunlight exposure—are fatal less than 1 percent of the time; they are usually cured by simple treatments in a doctor's office. (Another form, melanoma, is a lot more deadly but a lot less common—and its relationship to ultraviolet exposure is more problematical.) What all this seems to add up to is that by 1988 the fluorocarbons might cause the death of a few dozen people a year.

What, then, should be done about fluorocarbons? A federal task force recently recommended a ban on fluorocarbon sprays starting in 1978—provided that further investigation confirms their effect on the ozone shield. Delay is clearly in order, partly because of scientific uncertainties, partly to avoid sudden economic disruption for large numbers of people, and partly to let industry adopt substitutes. An immediate and total ban on fluorocarbon aerosols might even increase other health hazards. More babies and young children might die from ingesting common household substances such as medicines, pesticides, and cleaning agents. Tests indicate that it is much easier to swallow the contents of a bottle than those of an aerosol can and, in fact, that babies are repelled by the chilling spray.

Still, the aerosol problem is a minor one compared with the difficulties of dispensing with fluorocarbons for refrigeration. Given the heavy dependence of virtually every link of the food chain upon refrigeration, an immediate ban on their use would be a recipe for mass food spoilage, shortages, price increases, and wrenching economic dislocations.

The available remedies, all of which would take time, include the design of better-sealed cooling machines, particularly car air conditioners, which are notoriously leaky. Another possibility might be to introduce new or already developed refrigerants—such as fluorocarbons 22 and 31, which contain hydrogen atoms in their molecules. This makes them less inert and therefore less likely to reach the stratosphere. Fluorocarbon 22 is already widely used for commercial refrigeration.

Unfortunately, each refrigerant compound is carefully tailored to a specific range of temperatures, pressures, and compatible materials. Few are interchangeable without redesign of the equipment. Usually, a change would involve a loss of energy efficiency. A decade or more might be needed for research, redesign, retooling, and replacement—all at considerable cost. And a typical household refrigerator contains only about as much fluorocarbon as two to three aerosol cans. Considering all these circumstances, the slow-growing refrigeration industry may pose too small a hazard to worry about.

In dealing with the ozone question, it appears that we are lucky: thanks to scientific alertness, we have the grace of time. For the moment, it should be enough to have served notice upon the industries involved that there is good reason for concern. If we avoid hasty legislation, nature or the marketplace may continue to solve the ozone problem without the usual havoc from clumsy government intervention.

After three to five years, the whole matter can be reexamined once more. Who knows, it might even turn out by then that there's too much ozone up there and that everybody will have to get busy with his aerosol cans again.

RAIL REHABILITATION ACT

Mr. McINTYRE. Mr. President, I am pleased to add my name as a sponsor of the Rail Rehabilitation Act and to offer my support toward enactment of the legislation. The bill we introduce today may need further refinement, but the kernel of an idea is represented here which offers the answer to our present railroad dilemma.

Congress, in passage of the Rail Reorganization Act of 1973, began to investigate comprehensive plans for revitalizing a dying transportation mode in this country—a mode essential for a sound economy and a strong national defense. Our railroads have long been a backbone for America and will prove to be an important link toward energy self-sufficiency.

The economy of the Northeast region has suffered due to deteriorating rail freight lines. Many industries have been forced to relocate due to insufficient rail service while others have continuously suffered as our railroads declined.

While much of the transporting done by rail could not be shipped by any other mode, there is a fair share of commerce for while trucks, trains and barges compete. When this Nation committed itself to developing a Federal Interstate Highway System, we unwittingly undercut the rail industry by providing a low cost right-of-way and "track" for trucks. The same can be said for the millions of Federal dollars spent on our Inland Waterway System.

Railroads have not enjoyed these same privileges. Strictly controlled by the bureaucratic Interstate Commerce Commission for many years, the railroads have had to spend enormous capital on acquisition and rehabilitation of track and rights-of-way. While I will not single out this cause, I will state my belief that this unfair advantage has been a major contributing factor to the demise of rail transportation.

Once this spiral began and as costs continued to increase, maintenance was deferred. Slower track meant less commerce which meant decreasing revenues which further deferred maintenance.

Today most of our trackage is in deplorable condition, at many points safe only at speeds of 10 to 15 miles per hour. This situation must be remedied and remedied soon.

In the next few weeks Congress must decide on the multibillion-dollar final system plan presented by the U.S. Railway Administration. Two things have become clear to me during the development of the final system plan. First, that a bailout of the bankrupt railroads in the Northeast will not solve the railroad ills of the Nation. And secondly, that for the Northeast ConRail is at best a patch job, certainly not a cure.

The final system plan fails to meet the specific goals enumerated in the act. The evaluation of freight and revenue potential was calculated on questionable projections, and enactment of one of the projected industry structures could seriously threaten the financial viability of the rest of the Nation's rail industry. The plan requires massive Federal assistance with uncertain actual dollar return to the taxpayer.

As I have stated earlier, it is my belief that the voluntary release of burdensome property from the carrier to a Federal entity in return for a long-term revenue generating lease accompanied by guaranteed track maintenance on a national level, may be the best solution to our rail dilemma. Our proposal guarantees a return on the taxpayers' dollar, offers the carrier long-term stability, quality trackage, and protection from intrusion and supplies the bondholder with adequate compensation and favors no one region over another.

This consolidated facilities concept overcomes many of the flaws cited by the rail industry in similar earlier proposals. Our proposal, while not yet perfect, must certainly be viewed as a strong viable solution.

CASEY STENGEL

Mr. BUCKLEY. Mr. President, New York and the Nation have lost a valued friend with the death this week of Charles Dillon Stengel. The "Ol' Professor" was a man who brought humor, skill, success, and fans to the Dodgers, Giants, Yankees, and Mets. He was the only man who ever wore the uniform of every New York major league baseball team.

To a city accustomed to baseball eminence, Casey Stengel brought more success than any other man. He once commented that "I chased the balls Babe Ruth hit." But even the Yankee teams of the Babe Ruth era failed to achieve the success of the Yankees under Mr. Stengel.

Casey Stengel arrived in the major leagues in 1912 as a Brooklyn Dodger—remember them?—at a time when outfielders still had to dodge the trolleys that ran through center field. He played well. And he played with flair. On one occasion, legend relates, Casey Stengel discovered a drainage hole in right field. He soon disappeared from sight. Moments later, he climbed out of the hole carrying the manhole cover—just in time to catch a fly ball.

He was subsequently traded. When he returned to Brooklyn for his first game against the Dodgers, the crowd greeted him with enthusiasm. He walked to home plate, bowed elaborately, doffed his cap, and out flew a sparrow.

Casey Stengel moved on to the New York Giants in the days of John McGraw, starring in the World Series of the early 1920's. He left New York again to play in other towns, now forgotten, before returning to the city of his triumphs by becoming the manager of the Dodgers in the 1930's.

Again, he left to return again, this time to accomplish goals never equaled in baseball. Look at his record: Beginning in 1949, the New York Yankees under Casey Stengel, manager, won five successive World Series. Success of that magnitude is somewhat analogous to winning five successive Presidential elections—when there are 16 major candidates in each race. In a dozen years with the Yankees, Mr. Stengel's teams won 10 pennants and 7 world championships.

Success, you say? Of course, but what many consider his greatest accomplishments—and certainly his greatest personal fame—lay ahead in the eighth decade of his life. He was named the first manager of the Mets.

The new Mets. The upstart Mets. The glorious Mets. The 'Mazing Mets. Those were years of gloom on the field, but years of great success at the turnstiles. The Mets captured the heart of the Big Apple, proving that "nice guys finish last"—again and again and again.

After the 1965 season, Casey Stengel hung up his No. 37 uniform and stepped off the field as a manager. He devoted the remainder of his life to the creation of happiness among those who saw him, and some measure of perplexity among those who listened to the famed circumlocution of his speech. For example, he provided this enlightening statement to a Senate hearing a few years ago:

> I am in the baseball business and it has been run cleaner than was ever put out in 100 years at the present time.

Casey, New York, baseball, and the Nation will miss you.

AN INTERVIEW WITH SENATOR JOE BIDEN

Mr. CHURCH. Mr. President, on September 13 and again on September 20, a weekly newspaper in Newark, Del., the People Paper, published a lengthy, two-part interview with our colleague from Delaware, Mr. Biden.

In the interview, Senator Biden covers any number of topics of current interest—ranging from foreign policy to Presidential politics. All told, it is a comprehensive piece of work which I commend to my colleagues in the Senate, and I, therefore, ask unanimous consent that it be printed in the Record.

There being no objection, the interview was ordered to be printed in the Record, as follows:

[From TV News—the People Paper, Sept. 13–19, 1975]

An Interview: Senator Joseph R. Biden, Jr.

(Interview By Joe Farley—Part I)

(No Delaware politician's star has risen faster or higher than that of Joseph R. Biden, Jr. At the age of 29, Biden became the youngest man ever to be elected to the U.S. Senate after defeating J. Caleb Boggs, one of Delaware's all-time political favorites. A native of Delaware, Biden graduated from Archmere Academy and the University of Delaware before leaving the state to study law at Syracuse University. After receiving his law degree, Biden returned to Wilmington and established himself as a trial attorney. He entered politics via election to New Castle County Council and served there for two years, fighting to establish comprehensive long-range plans for county land development. Calling himself the U.S. Senate's "token young person," Biden has received considerable national attention by press and politicians alike, and has established himself as an energetic worker in many areas. He currently serves as a member of the prestigious Senate Foreign Relations Committee, the Banking, Housing and Urban Affairs Committee, and the new Senate Budget Committee and is fast becoming one of his party's most-requested speakers across the nation. Senator Biden, a widower, lives near Wilmington with his two sons and commutes to Washington daily while the Senate is in session. In this first installment of a two-part interview, Senator Biden talks about U.S. foreign policy, Henry Kissinger, nuclear power plants, and the 1976 presidential race.)

TV News. Senator, you've been in Washington since January, 1973. How would you assess your first two and a half years on Capitol Hill? Is it really what you expected it to be?

Biden. I've been surprised by two things. First, before I came here, I assumed that the United States Senate, as a body, had more influence on what occurs in the nation than it in fact does. And secondly, I came here thinking that a freshman senator could have no influence on the Senate as a whole. I've been proven wrong on both counts. The Senate has exercised less of its responsibility on the body politic than I believe it could and should, although things have gotten somewhat better during the last eight months. And I've found that a freshman senator—if he's done his homework—can have considerably more influence than I thought possible. I've been quite lucky in my committee assignments: the Foreign Relations Committee, the Budget Committee, and the Banking, Housing and Urban Affairs Committe. So, in a jurisdictional sense, I'm dealing with those areas in which I have both some expertise and interest—housing on one hand, fiscal and monetary responsibilities on the other, and foreign policy, which is probably my "first love." I really thought that for the first term I would be expected to be seen and not heard, to be limited in what I could get done, but that has not been the case.

TV News. You spoke of foreign policy as your "first love." How do you feel about President Ford's actions in that area? It has been said that foreign policy is not his strong suit.

Biden. President Ford has not taken any new initiatives in foreign policy; he's conducting it in the manner of the 50's and 60's—basically a "cold war" philosophy, with a tinge of détente. In his "state of the world" message about seven months ago, he discussed every part of the world and there was no fundamental change of policy in any area. He spoke of all areas as having equal priority. He is still married to the concept that we can police the whole world, that we must stand up and be counted whenever communism—whatever that means, in the international sense—is a threat.

There seems to be less emphasis on identifying U.S. self-interest than there is on that whole *machismo* thing that has guided foreign policy for so long. John Kennedy, a man I admired, may have been right for the early 60's, but his foreign policy would be wrong for 1975. Remember his inaugural address—we will fight any fight, light any torch, defend any freedom . . . that kind of thing. We just can't do that anymore. Secondly, I think that Gerald Ford relies extremely heavily on Secretary Kissinger for his position with regard to foreign policy.

TV News. Recent press points to an apparent loss of effectiveness on the part of Secretary of State Henry Kissinger. Many observers seem to be saying that he is not the diplomat we were led to believe he was during the Nixon years. Is that a fair evaluation?

Biden. It is a bit unfair to Secretary Kissinger, because he was never the superman his followers—Democrats and Republicans alike—made him out to be. We tend to make instant heroes out of our public figures, turn them into clay which then becomes very brittle. Then we break them. We say, "See, they never were what they said they were," but they never said they were what we said they were. Can you follow that? Now, Kissinger has done very little to shun that superman image; he apparently likes it. Yet, I think he was never as effective, nor could he have been as effective, as he was given credit for being at the peak of his succers. It is a considerable mistake to allow one man to carry the entire foreign policy on his shoulders, to have a one-man show. Because when he falters or makes a mistake—and every individual makes mistakes—then, in fact, the whole policy comes to a standstill.

The whole negotiating posture crumbles, as it did recently in the Middle East. People tend to say, "Well, if Henry can't do it, then no one can. We may as well forget it." That's a mistake. Another example: His actions with regard to the evacuation procedure and withdrawal from Southeast Asia (Vietnam) were incorrect; we took more of a risk than we needed to take. The thing that is so dangerous about a one-man foreign policy is that one man only has so much time; he can only concentrate on certain areas at a time. So while he focuses his attention on the Middle East, NATO falls apart. When he turns his attention to NATO, Southeast Asia comes unraveled. Various parts of the world are either neglected in fact or at least appear to be neglected; these foreign policy ramifications affect us domestically as well. Kissinger is less effective, or seems to be less effective now, in part because he was never what he appeared to be, and in part because his policies are bearing some bitter fruit at this point.

TV News. Do you see Secretary Kissinger remaining on with President Ford through 1976?

Biden. I'm always wrong when I get involved in political prognostication, so I'd like to defer on that one. The only two people who know the answer are Gerald Ford and Henry Kissinger.

TV News. In terms of this "watch-dog of the world" role, do you foresee any serious future involvements with regard to our troops in Korea? Will it turn into another "hot-spot"?

Biden. Sure, I can see that happening. We have troops stationed in Korea. Now, if the U.S. is sitting there with its hands in its pockets, troops and military equipment there, and the mad-man in the north decides to reinstitute open hostilities and invades across the border—we are in a war. There's no time to sit and think about what we should do, whether or not we want to get involved. We have 42,000 troops there, and you know how the public side of foreign policy works: the President goes on television, the camera shows American troops under siege, and right away the question becomes, "Are we going to sit here and take that?" Or, the more important question: "What do we need to do to protect the American boys there?"

But what I'm getting at is that, in this situation, we have very little choice—the policy consideration I believe we should go through would be vitiated by the circumstances. When we are talking about committment of American lives and money, we should be saying, "What is our self-interest here?" Not simply an altruistic reason—we're here to "save" democracy, for instance. We should be asking, "How does it affect America and American lives?" There are at least three primary self-interest considerations: (1) self-interest in terms of physical security; (2) economic self-interest; and, (3) moral self-interest. Physical security hasn't been a big problem for a while, but economic security certainly is a current problem. Are we having our markets cut off, creating an adverse impact on the domestic economy. When we have a trillion dollar Gross National Product, exports of $195 billions, then we are interlocked around the world, like it or not. An example of the moral self-interest would be the fact that we cannot renege on our committment to Israel. The repercussions domestically would be tremendous if we allowed Israel and two million Jews to be pushed into the sea. The same holds true for western Europe—we have strong cultural, ethnic, and hereditary ties there . . . everything from mothers and fathers who still live there, to our whole inheritance of a jurisprudential system. We simply can't let it "go down the tube." But these are the things, the real things, we should be considering.

TV News. How do you feel about Korea?

Biden. I feel that we should withdraw the troops. There is one argument that has some merit, though I'm not entirely convinced yet. The argument is that China and Russia do not want the U.S. to leave Southeast Asia because it will create a vacuum. China doesn't want Russia to move in, and Russia doesn't want China to move in any further. So far, both have refused to support North Korea in any further military action against South Korea. Now of course, China has another powerful army and potent political force in Southeast Asia: the Vietnamese. But it isn't in the interest of China or Russia to foster further confrontation there at this time, because they don't want the U.S. pulling out. The only real reason to stay is that, if we left, Japan would become very skittish. Right now, Japan—like West Germany—has been content to reap the economic benefits of not having to maintain a standing army or of becoming a nuclear power. And I would rather pay the economic price to keep those two powers disarmed, in effect, than to create a situation where they would have to rearm and become nuclear powers in their own self-interest. So the only justification I see for remaining in South Korea is Japan.

We're not there to save the South Koreans, or to fight to keep the dominoes from falling, or to be the last bastion of liberty on the Asian mainland. It is simply not in our self interest for Japan to become a major military and nuclear power in Asia.

TV News. What are your feelings about Portugal and its current state of flux?

Biden. Portugal is important to us in several ways. It is a cog in the NATO alliance, and if the government goes communist there are indications it would be a fairly radical brand of communism. That, of course, would have the effect of knocking hell out of NATO; our allies would be hardpressed, as we would, with regard to stationing of troops, use of bases, not to mention access to and dissemination of nuclear information. But I don't think the ball game is over yet in Portugal, though I'm not sure which way things will go. The Secretary of State should be keeping the Congress better informed of what is happening there so we can formulate a position with regard to which way we want to go. I'm not talking about military intervention, but the outcome in Portugal is more important to our self-interest than the outcome in Korea. We have more things directly affected by it.

TV News. Getting back to Delaware, how do you feel about the proposed nuclear power plant Delmarva Power and Light wants to build in Delaware?

Biden. I co-sponsored legislation with John Tunney (D.-California) which, in effect, said we would have delayed the development of the breeder reactor—which is being pushed as the next step in reactor development—until we get more information about safeguards in terms of construction and operation of nuclear plants. But, I'm not prepared today to take a position in opposition to construction of nuclear power plants anywhere. I am prepared, however, to say that we don't have enough information to construct such a facility and absolutely guarantee to the population that they need have no concern or fear, that regulations are so tight and construction techniques so good that we don't have to worry about any repercussions from leakage, accidents, or sabotage with regard to the maintenance of the plant.

TV News. You served on the New Castle County Council before coming to the U.S. Senate. What do you think about the recent movement in the General Assembly to abolish all county governments in Delaware? Is county government needed?

Biden. I think it is needed. And, if you look at its record since 1966, you will find that it has been more responsive than state government has been. For instance, the county government has a significant budget that affects the development of the county. The state has shown little or no inclination to deal with the very serious problems of land use and development, and I think there is a need for a county agency to determine exactly what happens in that area. I am aware, of course, that county government has received considerable bad publicity recently because of some indictments of both present and former members. I'm afraid that that has given impetus to the misnomer that county government is a "do-nothing" operation which is no longer needed. Yet, I firmly believe that the only reason things aren't worse than they are, in terms of random land development, is because county government has acted responsibly. It has generated a great deal of citizen participation, and by and large the caliber of people who have served on the council has been good. I think it would be a big mistake to abolish it.

TV News. Back on the national scene—what man do you feel could beat President Ford in '76?

Biden. I think any of them could beat President Ford.

TV News. Do you really believe that?

Biden. First of all, making predictions about what will happen 18 months from now is exceedingly difficult. But, let's face it—the President doesn't have a whole lot going for him.

The economy is not in particularly good shape, even though he keeps telling us it has "bottomed-out." Housing starts are down drastically, unemployment is at about 10%, inflation is on its way back up. Secondly, I don't think the American public is satisfied with our lack of a foreign policy. They still realize that foreign policy is the most important question—that's the thing that can blow them up.

Even if they don't think or talk about it on a daily basis, it is kind of the unstated standard for a President. So, if the economy doesn't turn around, if unemployment stays as it is now, and if the people continue to lack confidence in our foreign policy, then I think most of the people who have announced could—not would—beat him. But that depends on two factors: (1) the President not being able to turn things around and (2) one of the candidates currently running actually getting his campaign off the ground. Now based on what has happened so far, I would not be surprised if Gerald Ford were re-elected. But much will depend on how well the Democratic party does its business, and I'm not particularly hopeful that they will show any degree of unanimity. The first several primaries will wash out a lot of candidates, and the sooner the better.

Because the sooner the press and the American people can concentrate on just a few of the candidates, the more exposure they're going to get.

TV News. Many Delawareans are wondering about your endorsement of Milton Shapp.

Biden. I didn't formally endorse Shapp, though I know it came across that way. I said he was most qualified to be President. His economic policy is sound, which I feel is the most important issue this time around in terms of the election.

I would have no trouble getting out and campaigning for him. But I'm not sure I'm going to pick him to be the nominee.

TV News. Could you support Wallace?

Biden. No, I could not support George Wallace as the Democratic presidential or vice-presidential candidate under any circumstances. He's the only one I could say that about for certain.

TV News. Do you think Ted Kennedy will run?

Biden. No, I don't think Ted Kennedy will run. I hope he does not run. But let's look at some of the other "unknowns," like Jimmy Carter from Georgia. He's an extremely attractive candidate. Carter's bright, articulate, and has some experience. Yet, because of the number of would-be candidates in the field right now, he is suffering from "publicity anemia." He can't get the concentrated exposure in the press that he needs to be taken seriously as a candidate. What defines a "serious candidate"? It is someone the press takes seriously, and it becomes a self-fulfilling prophecy. It's a case of "them that's got, gets." And the press, because there are so many candidates, have to play percentages at this point. So they concentrate on the familiar names, frequently from the U.S. Senate. But what happens when the field gets narrowed down? Did anybody not know who George McGovern was after the last convention. One problem wasn't George's recognition rate, that's for sure—maybe that was his problem. So, when the press starts to really concentrate on just a couple of these guys, they could become serious contenders. Look at Milton Shapp—this guy came down here and settled a nationwide truckers' strike while we all sat here with our thumbs in our ears. Talk about reorganization plans for the nationwide railroad system—the only guy who has come up with a comprehensive plan is Milton Shapp. Jimmy Carter pioneered the zero-budget concept in Georgia. If the American people could only hear what these guys have been doing, all of a sudden they would be taken seriously.

Let me cite one last example of the power of media exposure. Who would have said Congressman Gerald Ford might be considered even as an aide to a President. Think about it a minute. Would anybody have taken him seriously as a candidate? If someone had said—assuming Nixon had not resigned—"Well, my candidate in '76 is Gerald Ford," they would have been laughed out of the room. I just thought I would point that out.

[From TV News—the People Paper, Sept. 20–26, 1975]

AN INTERVIEW: SENATOR JOSEPH R. BIDEN, JR.

(Interview by Joe Farley—Part II)

Delaware's junior senator is a man of strong opinions. In the first part of the in-depth interview with THE PEOPLE PAPER, Senator Biden discussed problems with our foreign policy, nuclear power plants, county government, and talked about prospects for the '76 presidential race. In this issue, he turns his attention to political corruption, the busing controversy, state politics, and his own future.)

TV News. Senator, Alexander Butterfield made a statement on "Sixty Minutes" recently that the American public would be appalled if they had any idea of the amount of corruption at the highest levels here in Washington. And recently a survey of public confidence and trust rated politicians at 1.8 out of a possible 10.0, with used-car salesmen receiving a 3.5. What about corruption at this level of government?

Biden. Well, first of all, I can understand why Alexander Butterfield would say what he did, in light of who he hung around with. I have not seen any of this corruption. Obviously, of course, that's the answer you'd expect even if I had seen some. Theoretically and practically, I think the reason Americans have this image of politicians being "on the take" is because of the way we've financed our campaigns in this country, accepting contributions from lobbying and special-interest groups. In that sense, the American people are justified in thinking they've been had. The problem is not "under the table" corruption—politicians taking money for their personal use, buying houses and yachts, that kind of thing. But I think the system is implicitly corrupt in the sense that very few, if any, people contribute for purely altruistic reasons. They give—legally—because they hope to have policies which favor them continued or implemented. That is why businesses, labor, charity-type groups contribute. That is even why "good-government" groups contribute.

They all have a legislative interest. And that is why I support public financing of elections, because I'd like to see that kind of impact lessened or eliminated. No one came to me and said, "Look, if I contribute, will you do thus and so?" But implicit in their giving was either that they agreed with a position I already held, or that they hoped I'd be sympathetic to a position they were interested in in the future. That's why we were very careful not to accept more than 2 or 2½% of our total income from any one group or individual. At that amount, how much influence can they have over you? If they said, "If you don't do this or that, we won't support you next time," you can say, "Take your 2% and go fly." In any case, the system is corrupt in so far as it forces you to prostitute your intellect: you say, "Well . . . I guess I'd better support this." Not because someone is going to give you money, but because they represent 500,000 people, or they represent Common Cause or some other group. If you aren't beholden to anyone as a source of campaign funds, it seems to me you can act as a more independent representative without the explicit or implicit restraints. The system has also been corrupted in another sense that is not often spoken to: frequently, the Congress has not exercised its responsibility, has not taken the initiative for governmental actions the way the president has. We've abdicated much of our responsibility to the president, with the result that he has become more powerful.

We've created a monster, and we don't know how to bring it back under control. I've seen a lot of this kind of "passing-the-buck" corruption, a reluctance to stand up and say, "This is where I stand—regardless of what it may cost in votes, contributions, etc." To a degree, though, the whole Watergate thing has been healthy in putting politicians on notice that the "paying-off" kind of corruption is just not acceptable. I think you should err on the side of being overly scrupulous in terms of how you maintain the public confidence.

The bad side of Watergate has been a gross overreaction, an overestimation—in my opinion—of the corruption which exists in government. I think the vast majority of women and men involved in government are decent, honest people who are involved because they want to see things changed for the better. Yet, the general public sees a system ineffective in meeting their needs, coupled with the very real corruption revealed by Watergate, and now read any ineffectuality—not as a prostitution of the system generally—but as direct political corruption where somebody is "on the take."

TV News. Senator, do you see room for two "junior" senators from Delaware after the '76 election?

Biden. Sure, I do. I'd like to make room.

TV News. Do you think Mayor (Tom) Maloney will run for the Senate?

Biden. I hope so. I think Tom Maloney is one of the strongest candidates we could have for any office in Delaware. He's bright, articulate, and he's got political guts. In the city of Wilmington, he took on the unions, the firemen; he's taken on everybody. I remember when I ran, they said nobody can accept a young Irish Catholic. Well, I'm sure if Tom runs, they'll say nobody will accept two young senators—both Democrats. But I think the people of Delaware are pretty sharp. Look at their voting record; they have no trouble crossing party lines. They gave Nixon the biggest majority ever, and at the same time elected Joe Biden. When Republicans were losing nationwide in 1974, they overwhelmingly elected Pete duPont.

TV News. So you would support Mayor Maloney if he runs?

Biden. Sure I would. I'd have no trouble supporting Tom Maloney at all.

TV News. Senator, as you know, busing is a very controversial issue in Delaware right now. What is your stand on busing? Why did you vote against the anti-busing Gurney Amendment that was defeated 47–46 in the Senate?

Biden. I oppose busing. It's an asinine concept, the utility of which has never been proven to me. I took that position—along with Howard Brown, a black candidate for mayor—long before the '72 election; we were the only Democrats on record as opposed to busing. Many people forget that—conveniently—now for their own political reasons. The Gurney Amendment was a political move which would have allowed anyone affected by a civil rights decision from 1954 onward to re-open their court case. 90% of those cases had nothing to do with busing. It would have created havoc in our court system. Five hundred law professors signed petitions saying the amendment was unconstitutional. My political opponents cast this as "A vote against Gurney is a vote *for* busing." In fact, everyone admitted there was no chance of it going into effect; it was one of those political "flag-waving" things to show the folks, nothing more. I've gotten to the point where I think our only recourse to eliminate busing may be a constitutional amendment. The unsavory part about this is when I come out against busing, as I have all along, I don't want to be mixed up with a George Wallace. I don't want anybody to give me credit for sharing any point of view George Wallace has. There are some people who oppose busing because they are racist, but the vast majority of the American people—the people of Delaware—oppose it for the same reason that the architect of the concept now opposes it. Professor Coleman, an educator, first suggested the possible benefits of busing in a 1966 report. Now in 1975 Coleman says, "Guess what? I was wrong. Busing dosen't accomplish its goal." We should be concentrating on things other than busing to provide for the educational and cultural needs of the deprived segment of our population. But we've lost our bearings since the 1954 "Brown vs. School Board" desegregation case. To "desegregate" is different than to "integrate." I got into trouble with Democratic liberals in 1972 when I refused to support a quota-system for the Democratic National Convention. I am philosophically opposed to quota-systems; they insure mediocrity. The new integration plans being offered are really just quota-systems to assure a certain number of blacks, Chicanos, or whatever in each school. That, to me, is the most racist concept you can come up with; what it says is, "in order for your child with curly black hair, brown eyes, and dark skin to be able to learn anything, he needs to sit next to my blond-haired, blue-eyed son." That's racist! Who the hell do we think we are, that the only way a black man or woman can learn is if they rub shoulders with my white child? The point is that if we look beyond the "old" left to the "New Left," almost all the new liberal leaders and civil rights leaders oppose busing.

TV News. If nobody wants it, where **did it** come from?

Biden. It has come from the courts primarily, from people who were—for the most part—appointed during the 60's, at the height of the civil rights activist movements. The thrust at that time was to force integration, to eliminate racial identities in the hope that then we'd all live happily ever after. It was probably a necessary first-step then, and I would probably have shared that viewpoint, had I been around then. So what we have now is a court-administered system that is ten or twelve years behind what I believe is accurate, rational thinking. There are other things besides busing that we should be addressing to deal with these problems. For example, during my campaign I went on record in support of a single statewide school district tax, and I got clobbered for it.

Well, if we'd done that, we wouldn't have to be talking about busing now; it wouldn't even be an issue. We would have undercut the argument about equal distribution of educational benefits. I was the only member of County Council to push for public housing in the suburbs of New Castle County. Well, one of the bases of the current suit is that they have been able to identify discrimination in housing patterns in the county.

TV News. How can you, as a U.S. Senator, work to remedy the situation now? What are you currently doing?

Biden. I have made my views known to state legislators, saying that I don't think busing is a good idea. But frankly, I have tried not to become too vocal on the subject while the case is still being litigated. I'm a conservative where the constitution is concerned, and I believe it would be inappropriate for me—as a U.S. Senator—to try to put pressure on the courts.

We've got to wait until the judicial remedy runs its course before moving in with a legislative remedy. We don't wait and do nothing, however. I think we can do three things: (1) Develop legislation saying that HEW cannot order busing—if it ever is ordered, it certainly shouldn't be through an administrative agency. (2) Draw legislation which says simply that children may not be assigned beyond their own school district, unless it can be proven that the district lines were deliberately drawn to exclude certain areas. And (3) draw up new legislation which more strictly defines de jure segregation, which is the basis on which the children are now being bused. Senator Roth and I are working on that legislation already.

The problem, you see, is that the courts have gone overboard in their interpretation of what is required to remedy unlawful segregation. It is one thing to say that you cannot keep a black man from using this bathroom, and something quite different to say that one out of every five people who use this bathroom must be black. It used to be that the pattern of use of a facility was one measure of segregation.

Discrimination can take subtle forms, and blatant racism is the exception rather than the rule.

For instance, a black man can be turned down for a job and the employer can offer many excuses other than the fact that the applicant was black. So the pattern of use test became one way to estimate real segregation. But it has now been turned into an affirmative program to insure integration, and that brings us right back to quota-systems. The ultimate result is a "planned society," which I abhor. It is the obligation of government to knock down any barriers thrown up to prevent someone from being able to participate in any aspect of our society.

But I do not buy the concept, popular in the 60's which said: 'we have suppressed the black man for 300 years, and the white man is now far ahead in the 'race' for everything our society offers. In order to even the score, we must now give the black man a 'head start' or even hold the white man back to even the 'race." I don't buy that. I don't feel responsible for the sins of my father and grandfather. I feel responsible for what the situation is today, for the sins of my own generation. And I'll be damned if I feel responsible to pay for what happened 300 years ago.

TV NEWS. You are still a liberal, aren't you, Senator?

BIDEN. I think I'm a true liberal. I think these other people are a little bit phony about being liberals. A true liberal says you allow as much flexibility in society as possible. A true liberal would say that it is wrong to penalize someone who has committed no wrong, based simply on the generalization of his race's violation of the civil rights of another race. It is true that the white man has suppressed the black man, and continues to suppress the black man. It is harder to be black than to be white. But you have to open up avenues for blacks without closing avenues for whites; you don't hold society back to let one segment catch up. You put more money into the black schools for remedial reading programs, you upgrade facilities, you upgrade opportunities, open up housing patterns. You give everybody a piece of the action.

TV NEWS. You believe that is possible?

BIDEN. I believe it is absolutely necessary, and I wouldn't stay here if I didn't think it was possible. Because if it's not possible, quite frankly, I don't hold much hope for our generation. If we cannot do this, we are going to end up with the races at war, because your children and my children are not going to stand up for having their civil rights violated in order to give some other group an opportunity to exercise their civil rights. This is the real problem with busing—you take people who aren't racist, people who are good citizens, who believe in equal education and opportunity, and you stunt their children's intellectual growth by busing them to an inferior school . . . and you're going to fill them with hatred. And what about the black student from Wilmington's east side? You send him to Alexis I. duPont, bus him through Centerville every day, then send him back to the ghetto. How can he be encouraged to love his white brothers. He doesn't need a look at "the other side," he needs the chance to get out of the ghetto permanently.

TV NEWS. How do you feel Delawareans are assessing your performance?

BIDEN. That's hard to judge. I'm trying to do the job the way I committed to do it—by speaking out on what I think, whether people like it or not, to stand up for what I think is right, and to vote my conscience. And to be responsive. I've made literally several hundred speeches in Delaware in 2½ years; I try to visit every high school at least once a year. There isn't a day goes by that I don't meet with some of my constituency. I still go out and knock on doors, asking people what they are thinking about things. Based on the reaction I get, it appears that they're generally satisfied. All I can do is continue to do what I think I should be doing and keep as much contact at home as possible.

One thing that worries me, quite frankly, is that down here there is a tendency to try to make me into a national figure—to make me a would-be presidential candidate for 1980, that kind of thing. I want to make sure the people of Delaware realize that my first priority is Delaware. I feel the important thing is for me not to change from the way I was before I was elected, except to make no pretense about being a U.S. Senator. When it comes to legislation, I won't pretend to be a 'good old boy' who doesn't know what he's talking about. I do my homework, I hope I'm "smarter than the average bear," and I hope that's why the people voted for me. If you hang around Washington, it's easy to start thinking you're important, and so it is a blessing in disguise that I commute every day and get out of this city. I do my work and get involved, but I steer clear of the social circuit. I prefer being home with my kids, and that way I'm home with my constituents too.

TV NEWS. The Biden "charisma"—it is becoming well-known regionally, even nationally. Can you see yourself as a presidential candidate at some point in the future? Is Delaware big enough to produce a national political figure?

BIDEN. That's very flattering, though I think a lot of the attention I've gotten is simply because I'm so young. I have no desire to run for those offices, but I'd be a damn liar if I said that I wouldn't be interested in five, ten, or twenty years if the opportunity were offered. I think it is totally unrealistic that it should be offered. If it were, well, anyone who runs for public office has a desire to affect what happens, and there is no place you can have greater effect than as president. So you're being phony to say you're not interested in being president if you really want to change things. But I'm certainly not qualified at this point, I don't have the experience or background. I do want to become a national political figure in the sense that I want to become someone who can affect things in the U.S. Senate. If I return for a second term, I would not want to be "just another senator"—I would want to be a "power" in the U.S. Senate. Otherwise, why be here?

As for your second question, Delaware clearly could produce a presidential candidate. Look at where the candidates have come from recently—South Dakota, Maine, Arizona—all states with populations under a million people. Because of electronic media, in particular, the place you come from is significantly less important than it was in the past. And because of changes in party rules, "bosses" and "machines" have much less power than before; they don't control as much of what happens. The net effect has been to dissipate the impact of major states, in terms of being a springboard for a presidential candidate. Delaware could have a presidential candidate if there were a man or woman qualified to run and able to get that much attention.

TV NEWS. Do you feel Pete DuPont can beat Governor Tribbitt?

BIDEN. Pete DuPont is the most formidable candidate the Republicans have, but I don't count Sherman Tribbitt out at all. He's a resourceful guy, a good campaigner, and he's done a pretty good job. I'd support him without reservations, but he's going to have his hands full, and he knows it. Pete duPont—whether he ran against Tribbitt, me, or anybody—would be formidable in whatever office he sought.

TV NEWS. Do you see yourself running for the Senate again in 1978?

BIDEN. Assuming my family situation is in the shape that it's continuing to be in, yes, I can see myself as a candidate. At least I'm going to conduct myself with that intention. But I'm not prepared to commit that I'll run again for this office.

TRIBUTE TO LESTER JAYSON

Mr. CANNON. Mr. President, Senators may be aware of the retirement this week of a distinguished servant of the public and the legislative branch of the Federal Government. Mr. Lester S. Jayson has resigned from his position as Director of the Congressional Research Service.

The past decade has been a period of extraordinary challenge for the Congress as it has sought to keep pace with the explosion of scientific and technological knowledge, with rapid social change, and with the tremendous growth of governmental responsibilities.

In order to meet such a challenge wisely and effectively, Congress must have the best possible information, up-to-date and objectively presented. Our information and research needs are unique. They encompass virtually every field of human knowledge about our society, our world, our universe. They require that knowledge be sifted, assembled and presented in usable form, so that it can be brought to bear on specific legislative problems at the time that it is needed. They demand a special kind of expertise that is taught at no university—not only expertise in a specialized field of knowledge, but knowledge of the congressional legislative process and the special requirements of that process for information.

The Congressional Research Service of the Library of Congress has been and is one of the important congressional groups helping us to meet this challenge. As its Director since 1966, Lester S. Jayson has led the Congressional Research Service in doing an outstanding job of service to Congress, especially in the areas of utilizing modern information technology and providing expended assistance to committee staffs.

Lester Jayson's administrative ability and distinguished leadership guided the development of CRS from a relatively small organization, the former Legislative Reference Service, into a modern research facility with more than 600 researchers, information specialists and support staff handling more than 200,000 congressional requests annually. His departure will be a great loss to CRS and to the Congress, which he has served so ably and with great distinction during a period of rapid change and growth.

A native of Long Island, Mr. Jayson graduated with special honors in history and government from the College of the City of New York in 1936. He was awarded his LL.B. by Harvard University Law School in 1939. At Harvard, he was the recipient of two faculty scholarships, and was appointed a Member of the Board of Student Advisors.

Upon his admission to the bar in New York State, Mr. Jayson practiced law in New York City, first with the firm of Oseas & Pepper, and then with Marshall, Bratter & Seligson. In 1942 he was appointed Special Assistant to the Attorney General of the United States to handle civil trial and appellate cases for the U.S. Department of Justice in the Federal courts in New York.

He moved to Washington, D.C., in 1950 and continued his service as a trial attorney in the Supreme Court section—later known as the appellate section—of the Department's Civil Division. During his 18 years with the Department of Justice he briefed and argued cases in the various courts of appeals and in the U.S. Supreme Court. Early in 1957 he was appointed assistant chief of the torts section in the Civil Division and later that same year he was appointed to Chief. The torts section is responsible for the defense of all damage suits arising out of negligent or wrongful conduct of all Federal employees. With a staff of 30 employees, mostly attorneys, Mr. Jayson was responsible for supervising, guiding and instructing the local U.S. attorneys in the handling of some 1,500 to 2,000 such cases annually, involving claims totaling approximately $250,000,000. He reviewed settlement recommendations, made final decisions involving compromises under the authority of the Attorney General, and frequently negotiated settlements personally. While at the Justice Department Mr. Jayson served as Vice Chairman of the Interdepartmental Federal Tort Claims Committee; he represented the Justice Department on the Legal Division of the Air Coordinating Committee of the International Civil Aviation Organization; and he served as the Department's spokesman on these subjects at various bar association conventions and other legal meetings.

Mr. Jayson is the author of the leading work on Federal tort litigation, "Handling Federal Tort Claims: Administrative and Judicial Remedies," originally published in 1964—Matthew Bender & Co.; 2 volumes—and revised and updated every year since. He was supervising editor of the most recent edition of a leading commentary on constitutional law, "The Constitution of the United States of America—Analysis and Interpretation," published for the Congress by the Government Printing Office—1964—and also served as supervising editor of the 1972 edition, to be published shortly.

A frequent lecturer, Mr. Jayson is also the author of articles in various publications, including: "The Legislative Reference Service: Research Arm of the Congress," volume 1, No. 3, the Parliamentarian 177 (1969); "The 1966 Amendments of the Federal Tort Claims Act," 1969 Personal Injury Annual 464; "Trial Counsel Warns: Problems Ahead," Trial (October-November 1966, page 19); and "Application of the Discretionary Function Exception," 24 Federal Bar Journal 153 (1964).

A member of the American Bar Association, Mr. Jayson has in the past served on its trial tactics committee of the section of insurance, negligence and compensation law. He is a member of the Federal Bar Association and over the years has frequently served as chairman and vice chairman of its tort law committee. He is also a member of the American Trial Lawyers Association, of the Technology Assessment Advisory Council of the Office of Technology Assessment, of the Cosmos Club—Washington, D.C.—and the Harvard Club—Washington, D.C.—and he has been awarded honorary membership in Pi Sigma Alpha. In addition, he is a Willton Park fellow—British Foreign Office.

Mr. Jayson's legal expertise and experience have made an invaluable contribution to the work of the Congressional Research Service. A distinguished scholar as well as administrator, he first came to CRS in 1960 as senior specialist in American public law and Chief of the American Law Division. In this position, he directed a staff of more than 40, mostly attorneys, providing legal research and analysis for Members and committees, including all inquiries of a legal nature received by CRS.

In 1962 Mr. Jayson was appointed Deputy Director of CRS, and in 1966 he was made its Director. Under his leadership and direction, CRS has made tremendous strides toward improving the quality of its research for the Congress, as well as its responsiveness in the face of changing needs and a rapidly expanding workload. Mr. Jayson himself has been an effective advocate before the Congress for the resources CRS needs to fulfill its legislatively mandated responsibilities.

I know I can speak for many other Members as well, in stating our great appreciation for his untiring efforts to provide Congress with the modern, sophisticated, comprehensive research organization it must have in order to legislate wisely and responsibly in this last quarter of the 20th century. That CRS has become such an organization is in very large part due to his outstanding guidance and leadership. His sound judgment and wise counsel will be very sorely missed. We regret his departure, but wish him every success in his new career.

MIAMI HERALD RAISES NEW QUESTIONS ON RESUMPTION OF RELATIONS WITH CUBA

Mr. STONE. Mr. President, for some time now the Miami Herald has editorially advocated that our Government should make good faith efforts toward seeking normalization of relations with Cuba. The Herald is truly one of the outstanding newspapers in the United States with an editorial policy which remains responsive to changing events. On Tuesday, September 30, the Herald published an editorial entitled "More Meddling by Castro Cuba" in which it aptly observed that only last Sunday, Fidel Castro restated his intention to continue his campaign for Puerto Rican independence, referring to Puerto Ricans as slaves of American colonialism. It also pointed out that Cuba's Vice Prime Minister, Dr. Carlos Rafael Rodriguez, has stated during a trade mission to Canada that Cuban exiles will never be allowed to participate in trade relations with Cuba should they be resumed with the United States. Accordingly, the Herald has properly questioned the sincerity of Havana's earlier overtures for normalization of relations. It concludes that normal relations are impossible as long as Cuba dicates trade terms and wages a propoganda campaign against Puerto Rico.

I wish to commend this editorial for study. It is particularly timely at this point when the State Department has apparently decided to move as quickly as possible toward resumption of relations with Castro's Cuba.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MORE MEDDLING BY CASTRO CUBA

If Fidel Castro really wants better relations with the United States, he has a strange way of showing it.

The Cuban dictator Sunday repeated his intention to press the issue of Puerto Rican independence. Haranguing a crowd in Havana's Plaza de la Revolucion, Castro referred to the Puerto Ricans as "slaves" of American colonialism even though they have voted in freee elections to continue their special relationship with the United States.

Castro also declared his intention to continue the campaign for Puerto Rican independence, even if it torpedoes chances for "normalization" of relations with the United States.

Meanwhile, Cuba's vice prime minister, Dr. Carlos Rafael Rodriguez, has taken a hard line against Cuban exiles. During a trade mission to Canada, Dr. Rodriguez said that even if trade relations resume between Cuba and the United States, the exiles may not participate. Apparently, Cuba expects to dictate the terms.

These hostile words from Castro and his top henchmen raise new doubts about the sincerity of Havana's earlier overtures for normalization of relations. Normal relations are impossible as long as Cuba insists on dictating trade terms and as long as Castro wages a propaganda campaign about Puerto Rico.

Cuba needs trade with the United States far more than the United States needs trade with Cuba. The U.S. government, *then*, certainly should make sure that if "normalization" does occur, it is on terms favorable to the United States.

Those terms should include an insistence that Cuba quit meddling with the Puerto Rican independence issue. Terms should also reject Cuban exclusion of exile businessmen, for a blacklist of Havana is no more acceptable than the Arab blacklist of firms doing business with Israel.

U.S. HOUSE MOVING TOWARD TV COVERAGE

Mr. METCALF. Mr. President, the House is continuing to move toward television and radio coverage of its floor proceedings. During the August recess the four major networks—ABC, CBS, NBC, and Public Broadcasting—conducted a feasibility study and experimental tests in the House Chamber. Three weeks ago, they reported their findings to an ad hoc subcommittee of the House Rules Committee, which plans hearings in October for further review of the broadcasting issue.

Representative B. F. SISK, of California, who chairs the subcommittee, is now optimistic that live radio and television coverage of House proceedings can begin early next year.

It is my understanding that, in connection with their study, the networks developed a carefully conceived proposal which could overcome a major obstacle to broadcast coverage—who would install and operate the cameras and related equipment.

I am informed that the network representatives have expressed a willingness to provide the necessary equipment, installation, and operating manpower on a pool basis.

The public and commercial networks would assume responsibility for making the audio and video available to other broadcasters, and the House would handle internal distribution and taping for library use.

No one anticipates, of course, that each day's House sessions would be broadcast live, gavel-to-gavel. But the cameras and microphones would be "on" throughout, permitting broadcasters to cut in for live coverage or taping for delayed use when and as they wished. And this continuous audio and video feed would be available for display of the full day's floor action on closed-circuit television or audio monitors, thus creating an important new information facility for Capitol visitors, Members, and staff.

Mr. President, the network representatives have also given assurances that "good" television coverage can be accomplished without the camera's presence intruding upon the proceedings or the lights discomforting participants in floor debate.

I have been advised that, according to their technical plan, the latest in low light level cameras would be used and the lighting required in the House Chamber for quality color pictures would not exceed 50-foot candles—compared to the 200-plus foot candles used during State of the Union telecasts and during the recent Rockefeller confirmation in the Senate—well within the capacity of a new lighting system presently being installed in the House.

Moreover, the network representatives feel that four cameras could be installed in the House galleries in such a way that they would not even be visible from the floor of the Chamber.

Mr. President, this is a forward-looking, constructive proposal. It comes at a time when Americans are increasingly concerned about the strength and vitality of their National Legislature and when a growing number of citizens are interested in seeing Congress at work.

As Senators know, Senate Resolution 39—introduced with 34 cosponsors on January 28 of this year—is designed to implement recommendations of the Joint Committee on Congressional Operations for a 1-year experiment with broadcast coverage by the Senate.

Today, based on findings of a survey by the Roper Organization, Inc., a large majority of Americans want at least partial television coverage of major debates in Congress. Overall, almost 7 in 10 now favor such coverage. And while a majority in all major subgroups favor partial coverage, the young and the urban resident are particularly supportive, overwhelmingly favoring television coverage of more than just major congressional events.

The news networks' proposal and the work of the Sisk subcommittee in the House are responsive to a clear message from the American people.

I believe that we in the Senate must also move forward—now—to test the potential of broadcasting as a means of reaching and informing more citizens about the workings of this body.

Mr. President, because of the interest of many Senators in this important question, I ask unanimous consent to have Representative SISK's recent announcement and a report of the special Roper survey printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSMAN B. F. SISK

WASHINGTON, D.C.—Congressman B. F. Sisk today said he is optimistic live radio and television coverage of House proceedings will begin January 1, 1976.

Sisk, chairman of an ad hoc subcommittee of the House Rules Committee studying the possibility of permitting broadcasts of House sessions, said he believes the House will revise its rules by late November or December to permit the live coverage.

The four major television networks—NBC, ABC, CBS and PBS—reported their findings to the subcommittee last Thursday on a feasibility study of broadcasting House proceedings they conducted during the August recess. The networks also conducted experimental tests in the House chamber last month.

Sisk said any problems in broadcasting House proceedings appear to be "easily solvable."

The Congressional Research Service of the Library of Congress is conducting a survey for the ad hoc subcommittee of all state legislatures to determine how many have considered allowing broadcasts of their sessions, which ones have experimented with live radio and TV coverage and what problems they encountered.

The Public Broadcasting Service, he said also is surveying its national outlets to determine how many of them have begun televising proceedings of local governmental bodies.

The ad hoc subcommittee, Sisk said, expects to begin hearings late next month to further review the issue of broadcasting House sessions. He said, however, he believes the ad hoc subcommittee and the full Rules Committee will recommend live coverage of the sessions by TV and radio beginning in January.

NATIONAL ASSOCIATION OF
BROADCASTERS,
New York, N.Y., September 15, 1975.

A MAJORITY OF AMERICANS BELIEVE TELEVISION SHOULD COVER CONGRESS

NEW YORK, N.Y., September 15.—A majority of Americans feel that television cameras should be allowed within Congress to cover important legislative sessions and debates, according to a special opinion poll conducted by The Roper Organizations, Inc. for the Television Information Office.

The findings—which reveal that 68 percent of a national sampling favor at least partial television coverage of major Congressional events—were announced by TIO Director Roy Danish this week.

The survey, conducted in July, shows that 53 percent of those queried feel there should be TV coverage of Congressional events while an additional 15 percent volunteered the opinion that there should be coverage of major events only. Of those questioned, only 27 percent feel it would be better if there were no television coverage of Congress.

The poll's sample of 2,000 adults 18 and over conforms to the demographic profile of the U.S. In all major subgroups of the population, a majority are in favor of at least partial coverage, but some are more strongly for it than others.

Respondents under 30 and those in the "A" (larger) markets show the greatest desire for at least partial coverage of Congressional debates—74 percent in each case. Within these groups, fully 60 percent of younger people and 56 percent of big city dwellers are in favor of television coverage of more than just major Congressional events.

Tabulating the data by family income shows seven in ten respondents in households earning $12,000 a year or more favor some coverage. Among the $12,000–$18,000 income groups, 56 percent want "television coverage" and an additional 14 percent want coverage of important events only. Comparable figures for the $18,000 plus group are 53 percent and 19 percent. Almost two-thirds of those in the lower brackets were in favor of some Congressional television coverage.

Among other key findings: residents in the Northeast and West are more in favor of Congressional TV coverage than those in the Midwest or South; high school and college graduates are more favorably disposed to this kind of coverage than those with less education; and union members and single people rank among the highest of all population groups favoring Congressional coverage. Occupation showed little bearing on respondents' attitudes; approximately 70 percent in all occupational categories are positively disposed toward TV coverage of Congress.

Danish commented, "The findings can be viewed as confirmation of the recent Roper study that showed television's credibility and ranking as the primary source of news at all time highs. People are given ample coverage of the President and apparently are interested in and concerned about the workings of the legislative branch of our government."

The full question asked by Roper was: "The two Houses of Congress have never permitted live television coverage of their debates. Some Congressmen feel that a few legislators might take advantage of the cameras to show off for the Television audience. And some feel that viewers would not understand that many Congressmen must be absent because they are working on committees or performing other important duties. But others believe it would be a good thing to televise important public Congressional activities in order to show how Congress deals with national problems and issues. How do you feel—that there should be coverage of events in Congress, or that it's better that there is no television coverage of Congress?"

Here is a summary of the Roper findings:

SHOULD EVENTS IN CONGRESS BE COVERED ON TV OR NOT?

[In percent]

	Sex		
	Total	Male	Female
Should be covered on TV	53	57	49
Should not be covered on TV	27	25	28
Should be TV for major events only	15	14	15
Don't know/no answer	6	3	8

	Age			
	18 to 29	30 to 44	45 to 59	60 plus
Should be covered on TV	60	53	49	48
Should not be covered on TV	23	27	28	30
Should be TV for major events only	14	17	17	11
Don't know/no answer	4	5	5	12

	Income			
	Under 6,000	6,000 under 12,000	12,000 under 18,000	18,000 plus
Should be covered on TV	52	50	56	53
Should not be covered on TV	23	30	28	26
Should be TV for major events only	10	15	14	19
Don't know/no answer	14	6	2	2

	Occupation		
	Executive professional	White collar	Blue collar
Should be covered on TV	50	51	56
Should not be covered on TV	27	30	25
Should be TV for major events only	21	17	14
Don't know/no answer	2	2	5

	Education		
	College	High school	Grade
Should be covered on TV	51	55	49
Should not be covered on TV	29	27	19
Should be TV for major events only	18	14	11
Don't know/no answer	2	4	21

Footnote at end of table.

SHOULD EVENTS IN CONGRESS BE COVERED ON TV OR NOT?—Continued

[In percent]

	Geographic area			
	Northeast	Midwest	South	West
Should be covered on TV	59	48	52	54
Should not be covered on TV	19	31	30	26
Should be TV for major events only	14	17	11	17
Don't know/no answer	8	4	7	3

	Market size			
	A	B	C	D
Should be covered on TV	56	54	46	49
Should not be covered on TV	19	32	32	34
Should be TV for major events only	18	10	16	10
Don't know/no answer	7	4	6	7

[1] Column totals may not add to 100 percent due to rounding to the nearest whole percent.

IT IS TIME WE LISTENED TO THE PEOPLE

Mr. MOSS. Mr. President, yesterday I introduced a bill requiring Federal governmental agencies either to justify the forms which they are requiring the American public to file with the Federal Government or to abandon their use.

This is my opening effort to cut back the Federal bureaucracy, and excessive regulation, and trim the paperwork which is attacking business. Like Topsy—the paperwork has "just growed." Some bureaucrats seem to take fiendish delight in making it difficult for the average citizen to deal with his Government. It is high time we reversed that attitude.

The Director of the Office of Management and Budget has created a Commission on Paperwork. I wonder how many pounds of unnecessary paper that Commission will stack up before it tells us there is too much paperwork in Government? The people have been telling us this for years. It is time the bureaucracy listened, and it is time for the Congress to listen to what the people are saying and to take a long hard look at statutory requirements. I hope in the days to come we will do just that. Senator Bentsen and Senator Nelson have a bill—S. 2409—to require just that. I commend them for it and wish we would speedily enact such a measure.

GUINEA

Mr. HARTKE. Mr. President, the Republic of Guinea is partial heir to the series of West African empires which at their height cast a degree of political and commercial influence over many ethnic groups. The empires of Ghana, Mali, and Songhai spanned the period from the 10th century to the 15th century.

Today modern Guinea under the able leadership of President Ahmed Sékou Touré follows a path of nonalinement. Although a former colony of France, Guinea does not have diplomatic relations with France and upon October 2, 1958, withdrew from the French sphere of influence.

Rich in bauxite, iron ore, gold, and diamonds, Guinea is steadily moving along toward total self-sufficiency. The economy is organized along state planning lines. The private sector, aside from the aluminum industry, is very small. The Guinea Government continues its efforts to attract new private foreign capital for developing some sectors of the economy.

Several American companies have large interests in the mining sector and produce about 11 million tons of bauxite per year.

We congratulate President Sékou Touré, the Government, and the people of the Republic of Guinea on their national day, October 2, 1975.

GOVERNMENT OPERATIONS COMMITTEE RULE CHANGES

Mr. RIBICOFF. Mr. President, at the committee's business meeting on October 1, the following changes to the committee's rules were approved. Pursuant to section 133B of the Legislative Reorganization Act of 1946, as amended, I ask unanimous consent to have them printed in the Record for the interest of my colleagues, for employees of the executive branch and the public.

There being no objection, the rule changes were ordered to be printed in the Record, as follows:

Rule 1 of the Rules of Procedure of the Committee is amended by adding the following new paragraph:

E. Prior notice of first degree amendments.

It shall not be in order for the Committee, or a subcommittee thereof, to consider any amendment in the first degree proposed to any measure under consideration by the Committee or subcommittee unless a written copy of such amendment has been delivered to each member of the Committee or subcommittee, as the case may be, and to the office of the Committee or subcommittee, at least 24 hours before the meeting of the Committee or subcommittee at which the amendment is to be proposed. This subsection may be waived by a majority of the members present. This subsection shall apply only when at least 72 hours written notice of a session to mark-up a measure is provided to the Committee.

Rule 1 of the Rules of Procedure of the Committee is amended by adding the following new paragraph:

E. Agency comments.

When the Committee has scheduled and publicly announced a mark-up meeting on pending legislation, if executive branch agencies, whose comments thereon have been requested, have not responded by the time of the announcement of such meeting, the announcement shall include the final date upon which the comments of such agencies, or any other agencies, will be accepted by the Committee.

SMALL BUSINESS ADVISORY COMMITTEE HOLDS FIRST MEETING WITH INTERNAL REVENUE SERVICE

Mr. NELSON. Mr. President, it is gratifying to announce that the initial meeting of the Small Business Advisory Committee to the Commissioner of the Internal Revenue Service will take place this afternoon, October 1, in the Commissioner's conference room 3313 at the IRS.

This is a milestone in the history of the small business movement. The Advisory Committee will provide an opportunity for small business persons, and their tax advisors, to meet with high officials of the revenue service periodically.

Commissioner Donald C. Alexander, who made the formal announcement of the committee earlier this year, has appointed a distinguished group of businessmen, accountants, tax attorneys, academicians, and others across the country, to advise him and his staff of special problems of new, smaller- and medium-sized, independent companies. I ask unanimous consent that the list of appointees and the announcement of this first session be printed in the Record.

There being no objection, the list and announcement were ordered to be printed in the Record, as follows:

IRS Commissioner Appoints Small Business Advisory Committee

Washington, D.C.—Commissioner of Internal Revenue Donald C. Alexander today announced the appointment of 19 *prominent* accountants, attorneys, business executives, and educators to serve on the Internal Revenue Service Small Business Advisory Committee.

The Small Business Advisory Committee will serve as a sounding board for new policies and programs relating to small business. The Committee will meet with Mr. Alexander and his staff at intervals of about four to six months. Former IRS Commissioner Randolph W. Thrower is serving as Committee coordinator.

"I am pleased to have such an outstanding group of individuals to serve on the Small Business Advisory Committee," Mr. Alexander said. "I am particularly gratified at the wide range of backgrounds and interests that the members represent. They will bring us a broad variety of small business viewpoints and problems and help provide better communication between IRS and the small business community on tax matters."

Mr. Alexander said that members of the Small Business Advisory Committee serve without compensation. The selection of members is based on suggestions submitted by professional organizations in the tax field, IRS officials, the small business community and other groups and individuals interested in the administration of the tax laws.

The first meeting of the group is expected to be held in early October.

A listing of members of the Small Business Advisory Committee follows:

INTERNAL REVENUE SERVICE COMMISSIONER'S SMALL BUSINESS ADVISORY COMMITTEE

Gilbert F. Abrego, Jr., Ft. Smith, Arkansas—Certified Public Accountant; Chairman, Executive Committee CPA Associates; Member, American Institute of Certified Public Accountants.

Harold C. Berry, Centerville, Ohio—Former President of Cincinnati Chapter, Tax Executives Institute; former Chairman of Dayton, Ohio Chapter of Service Corps of Retired Executives (SCORE).

Bernard S. Browning, Washington, D.C.—Business Executive; Member, Small Business Administration District Advisory Council.

Philip P. Cox, Martinsburg, West Virginia—Certified Public Accountant; Member, American Institute of Certified Public Accountants; past President of West Virginia Society of Certified Public Accountants.

Blaine E. D'Arcey, Denver, Colorado—Business Executive; First Vice President and Treasurer of National Association of Small Business Investment Companies.

Bruce G. Fielding, Mountain View, California—Certified Public Accountant; Member, Commission on Federal Paperwork; Secretary and Member of Board of Directors of National Federation of Independent Businesses.

William E. Hardman, Oxon Hill, Maryland—Trade Association Executive; Author.

Vester T. Huges, Jr., Dallas, Texas—Attorney; Author; Member, The American Law Institute; former Member of Council, Section of Taxation, American Bar Association.

Catherine E. Miles, Atlanta, Georgia—Chairman, Accounting Department, Georgia State University; Author; former Member of Executive Committee of American Accounting Association.

Malcolm Mintz, Washington, D.C.—Certified Public Accountant; Member, American Institute of Certified Public Accountants; Chairman, AICPA Tax Forms Subcommittee.

Charles M. Noone, Washington, D.C.—Attorney; Member, American Bar Association; Vice Chairman, American Bar Association Small Business Committee of ABA Section of Corporation, Banking and Business Law.

Vincent M. Panichi, Beachwood, Ohio—Certified Public Accountant; Educator, Member, Council of Smaller Enterprises.

Edward H. Pendergast, Jr., Boston, Massachusetts—Certified Public Accountant; former President of Smaller Business Association of New England; Member, American Institute of Certified Public Accountants.

Minor S. Shirk, Chandler, Arizona—Public Accountant; Member, National Society of Public Accountants; Chairman, NSPA Federal Taxation Committee.

Terence E. Smolev, Bellmore, New York—Attorney; Educator; Author; Member, American Bar Association.

Randolph W. Thrower, Atlanta, Georgia—Attorney; Former Chairman, Section of Taxation, American Bar Association; former Commissioner of Internal Revenue.

Kennard S. Vandergrift, Florissant, Missouri—Member, Small Business Administration Region VII Small Business Advisory Council.

Max Weil, New York, New York—Executive, Pension Consultant Firm; Lecturer.

Nathaniel Whitmal, Chicago, Illinois—Certified Public Accountant; Member, American Institute of Certified Public Accountants; Member, National Association of Minority Certified Public Accounting Firms.

Mr. NELSON. At its best, Mr. President, this committee can be a forum of the most constructive kind of two-way communication between the tax authorities and the nearly 13 million new, small, family, and independent enterprises that make up the small business community.

The former chairman of the select committee, Senator BIBLE, stated to the Senate at the end of the last year that:

> To the extent that such a constructive relationship can be fostered . . . I feel this will be a considerable achievement. . . . Innumerable problems and frustrations can be avoided, and the functioning of our tax and business systems can both be made more efficient.

The idea for the committee grew out of a series of meetings beginning in 1971 under the auspices of the select committee which were first directed at the revision of the "Tax Guide for Small Business," which was originally issued as a committee print in 1956. In the course of substantially revising the content and format of the Guide, the participation grew from 7 small business organizations in 1971 to 17 in 1973.

The meetings were also broadened to include various divisions of the Internal Revenue Service, such as audit, publications, and taxpayer services; and additionally, the work of several task groups drawn from the participating small business organization did independent "homework" and reported to general meetings on their efforts.

This is set forth in the recent annual reports of the committee—that is, 25th Annual Report of the Select Committee on Small Business; Senate Report 94–13, February 17, 1975—and the several floor statements cited.

I would like to take this opportunity to compliment Mr. Alexander for his actions in consistently fostering the small business liaison effort and establishing the advisory committee. In my view, they are typical of his conscientious performance as Commissioner of IRS, and the extraordinary efforts which he has been willing to shoulder to make the taxing process work more smoothly and more equitably.

On August 11, I joined with Senator JACOB K. JAVITS, ranking minority member of the committee, in writing to commend Commissioner Alexander, and to express our continuing interest in this project. We stated:

> This Committee will in the future, as it has in the past, give the Internal Revenue Service the widest possible cooperation in its efforts toward improving communications between the tax authorities and small business enterprise.

The committee will be represented at the inaugural session by its tax counsel, Herbert L. Spira, who had much to do with encouraging these developments, and the minority counsel, Judah C. Sommer.

DEDICATION OF FEDERAL EMPLOYEES

Mr. LEAHY. Mr. President, I have voiced my concerns in this Chamber and elsewhere over the lack of responsiveness on the part of many Federal departments and agencies. To help correct this problem, earlier this year I introduced Senate Resolution 197 to create a Select Committee to study and investigate, among other things, questions of incentive with respect to Federal employees; and patterns of administrative behavior which tend to decrease Government responsiveness.

While corrective action is necessary in that regard, we cannot lose sight of the fact that the vast majority of Government employees are competent, hardworking, and dedicated men and women who do their jobs and do them well. There are often times when Government employees go above and beyond the call of duty in responding to the needs of citizens. Unfortunately, we seldom hear about these people without whom our Government could not function.

Recently, an example of such dedicated service was brought to my attention by an article in the Washington Evening Star detailing how Nancy Garrett, an HEW employee, responded to a flood of requests sent to HEW as a result of misinformation inadvertently given by a nationally syndicated advice columnist. The letters could possibly have been ignored; more likely they could have been given a routine form answer advising them of the inaccuracy of the columnist. Nancy Garrett chose neither approach. Instead she "begged, borrowed, or stole" help from her colleagues in HEW and worked weekends and nights to see to it that each person was answered and, where possible, helped.

Mr. President, there are many Nancy Garretts in the bureaucracy. I wish there were thousands more. Her efforts deserve recognition, and I ask unanimous consent that the article in the Washington Star be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOME ADVICE TO DEAR ABBY—ONE LITTLE MISTAKE SENDS HEW INTO ONE BIG TIZZY

(By Thomas Love)

"I am a 20-year-old girl. I found out about two months ago that I have cancer. My father left when I was 4 years old and I haven't seen him since. I would love to be able to see my father again. I know he would be with me if he knew I was sick."

"Some time after my husband left me 40 years ago, I got a divorce and remarried. I am a Catholic and want to know if I am a widow so I can be remarried in my church if I can before I die."

"In order to make a will, I would like to know if my son is alive and to be included. We last heard from him in 1970."

In August, advice columnist Abigail Van Buren—Dear Abby—told her readers that anyone looking for a lost relative could write the Department of Health, Education and Welfare for help.

Abby's information was wrong, but her audience is large. As a result, Nancy Garrett of HEW has received more than 7,000 letters in the last six weeks.

The trouble was that HEW does not assist individuals in tracing relatives. What's more, the office mentioned by Abby is not in operation yet.

When it is, it will assist only state welfare agencies trying to track down fathers who have skipped out on court-ordered child support payments. Also, the address given by Abby doesn't exist.

Nevertheless, the letters have been finding Miss Garrett, whose office handles correspondence for the Welfare section. It has been easy for Miss Garrett to spot the letters because of the incorrect address.

What Abby apparently was referring to was a law Congress passed last year in an attempt to make fathers help support their children and cut down on the cost of Aid to Dependent Children, the nation's largest—and most costly—welfare program.

Under its provisions, the Social Security Administration, the Internal Revenue Service, the military services and other government agencies will use their files to help track down the missing men. However, the law limits this aid to state agencies seeking missing fathers, and only then as a last resort.

Miss Garrett is not your average bureaucrat. The people writing obviously needed help, even if hers was not the appropriate agency. So help they got.

"We answered almost all of the letters within 24 hours," she said. "I had to beg, borrow and steal typists. We've worked weekends and nights.

"These letters were so sad, so human, that I felt we just had to do what we could. If it was a humanitarian case obviously requiring immediate help, we would call the person on the phone."

Often, there just wasn't that much she could do. The Social Security Administration will advise someone if the missing person is dead or alive. That's all.

However, in some circumstances, the administration, by checking a Social Security number, would forward a letter to an individual's employer for delivery. After that, it's up to the individual to respond.

The process calls for sending Social Security an unsealed letter addressed with the individual's name and Social Security number.

It's up to the administration to determine if the letter reflects a legitimate humanitarian case and is worthy of forwarding.

In the case of emergencies involving missing relatives, Miss Garrett or some member of her staff would alert Social Security and telephone the person who wrote the letter, advising them of the action to take and the name of the person who was waiting to handle the case.

Other cases didn't lend themselves to such treatment. In many instances, the person was merely trying to get a missing husband to make court-ordered payments.

Then, the writer would be told just which state agency should be contacted for help—a personal letter including the address and phone number.

In some cases, a form letter with personalized salutation was used, but the specific information was always included, according to Miss Garrett. If the missing father was in the military, the writer would be told which military pay office to write.

Miss Garrett has mixed emotions about Abby's error. The 7,000 letters have created a terrific workload for her and her co-workers. But, she says, "In a way, this has been very rewarding. I never really knew that this many people didn't know where their parents are located.

"Many of the letters brought tears to my eyes. Particularly those in which a person wanted to find someone just to see them again—not to get money, but just to see them."

In one case, she discovered that one state's welfare agency had told a woman that the tracing assistance would only be given to women on welfare when the program started. This is not the intent of the law, so she told HEW's regional office, which promised to straighten out the state officials.

There is one thing she is sure of, though. "Dear Abby must be the most effective outreach program in the country. I wish ours worked as well."

STEPHEN J. WEXLER

Mr. BIDEN. Mr. President, it is with deep sorrow that I learned of the death of Stephen J. Wexler, counsel to the Senate Subcommittee on Education.

While many of us do not serve on the Senate Labor and Public Welfare Committee, I am certain that there is no Senator in this Body who is unaware of the contributions Steve Wexler made to the development of quality education.

My staff and I often sought Steve's advice and assistance, and he gave it willingly. Even in the most demanding situations, we could count on his wit.

With his tragic death the education community has lost a great champion, and those of us who knew Steve will not soon forget him.

I extend my deepest sympathies to his wife, Elizabeth, and to his son, Adam, and his mother.

ADMINISTRATIVE OUTRAGE

Mr. MOSS. Mr. President, in western Utah almost on the border is the Goshute Indian Reservation and the small town of Ibapah, Utah. The residents of this small community filed application with the Department of Housing and Urban Development for the construction of 10 homes over 3 years ago. To date construction of those homes has not even begun.

Mr. President, these residents presently live without inside plumbing or lavatory facilities. They suffer in houses which literally have paper-thin walls, they suffer through severe and extreme winters which are very common to that geographic area of Utah. To correct such living conditions, the U.S. Congress committed this Nation to the priority of providing every American with a decent home. This commitment was made more than 30 years ago. It was restated in the 1960's and for the last 15 years large amounts of money have been appropriated to the Department of Housing and Urban Development for the purposes of carrying out that goal and that commitment. I am angered to think that we in the Congress can make these large appropriations to HUD, or other departments or agencies, and then hear that congressional intent is being frustrated because of administrative inefficiencies and bureaucratic morass.

Mr. President, it is almost unbelievable that it has taken HUD more than 3 years to process the construction of just 10 homes. If this is any indication of what has been happening to our program monies, I would suggest that the time has long past for the Congress to closely review the administrative inefficiencies of those who allocate the dollars for direct services.

Mr. President, we hear again and again the criticisms of Congress for tax burdens, appropriations and expenditures. But it is proposals such as this one for only 10 dwelling units which exemplify where the tax dollar and our services are being lost. They are being lost to administrative inefficiencies. As long ago as October 18, 1974, I was told in correspondence from the Department of Housing and Urban Development that construction should begin within 3 to 4 weeks. That was almost a year ago and construction has not yet begun unless it was started within the last 5 days. I was also informed in that same letter that HUD planning had not taken into consideration the cost of such development in a remote site and that it was therefore necessary to revise their prototype costs limits to take into consideration the remote location of Ibapah.

I am incredulous that the Department of Housing and Urban Development could overlook transportation and remoteness as a factor in any development proposal. I was also informed by my constituents that early-on in the planning of the homes which were to be constructed, the San Francisco Regional Office of HUD lost the proposal and was unable to find it until more than 3 months had passed.

I was also informed in that October 18 letter that:

> It is not feasible to reduce the units below 10 to avoid increasing the total development cost. Ten units is considered the minimum number to obtain a construction contract or interest a contractor to submit a bid or proposal.

Now I am informed that:

> In September 1975, comments were received on plan reviews, but there was no indication that they could go out for bid because HUD had determined that the Annual Contribution Contract, which was signed in 1972, did not contain enough money to build the 10 units approved. HUD did indicate that they would try to obtain a waiver of Secretary Lubar's memorandum which had restricted Annual Contribution Contracts from being amended to increase costs, which means the number of units would have to be reduced from 10 to 6 to stay within the Annual Contribution amount, should waiver not be obtained.

And, finally, I am informed that in October HUD requested the fourth revised utility analysis, another absurd administrative inefficiency caused by poor planning and bureaucratic morass.

Mr. President, this statement is made in very strong terms, but not strong enough. I am firmly convinced that administrative inefficiency and bureaucratic morass are the greatest burdens we are suffering in Government today. It is time for the administrators who carry out the programs enacted by Congress to look into their shops and their departments and to bring them into order. They are there to serve the citizens of this great Nation, not to harass them. This case is only one of many.

I have here some copies of the correspondence between myself and the Department of Housing and Urban Development, the BIA, an article from the Ogden Standard-Examiner, by Roger Bennett, and letters from Mr. Edwin Naranjo which I invite my colleagues to read. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AUGUST 2, 1974.

Senator FRANK MOSS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MOSS: We are writing to you in the hopes that you will be able to help us with our request.

Several Indian families here on the Goshute Indian Reservation which straddles Utah and Nevada made applications for new homes thru the B.I.A. and H.U.D. over two years ago. We were told that the homes would be constructed that fall.

In March of this year, we again met with the housing authority and officials of the Bureau, this time they told us that the homes would be started in June 1974—to date, nothing has been started.

We were told that the reason for the delay was in the San Francisco HUD office. The floor plan had to be revised and resubmitted thru that office and apparently was lost, this was not discoverd until three (3) months had passed!

The local housing authority which has its office in Ely, Nevada informed us last week that a Mr. Price who is in charge of the San Francisco HUD office had been on leave and was sick and that during this time the floor plan was misplaced.

Sir, our people have been looking forward to moving into these new homes by this Fall—but it doesn't look like this will be possible at the present rate things are moving, unless something is done to speed things up.

The homes we presently live in were built in the early 1930's and are not adequate for our needs. The homes are two bedroom and have a combination kitchen and livingroom. Some homes are even smaller than this. Not one home located on the the reservation has indoor plumbing!

Our homes are heated by wood burning stoves and have no insulation from the winter winds. Electricity was only put onto the reservation last spring—1974.

Because of the poor construction of the homes we presently live in, our water buckets and food often freeze, this is inside of the homes.

Our children especially, suffer during the winter months as they are often times kept at home because of sickness from the cold. The nearest doctor is located at Ely, Nevada which is 90 miles from the reservation, 50 miles of the distance is on dirt roads, which in the winter are often impassable.

As our restrooms are located outside, away from our homes in the winter the cold is unbearable.

It sure would be nice to not have to suffer the discomforts of another winter. With the new homes, we will have indoor plumbing and showers. We now use the showers at the public school. Our children must heat buckets of water over the stove in order to take baths for school.

Senator Moss, the money for construction of the homes has already been appropriated and is now sitting in the bank at Ely, Nevada. It has been there for several months and still no construction has started.

If there are continued delays, the cost of material and construction will rise and more money will be needed which will probably result in more delays.

Other reservations have already had their homes built and are now starting on construction of their second housing projects. *We've had nothing!*

We invite you to come and see first hand the conditions that we live in.

We sincerely hope that you will be able to assist us in getting construction started on our homes before the winter sets in.

If you desire more information you can call at the Goshute Enterprise number JR0–3419 (801).

Mail is delivered here twice a week on Tuesday and Friday; correspondence should be directed to: Edwin Naranjo, General Delivery, Ibapah, Utah 84034.

Sincerely,

Edwin Naranjo,
Genevieve Henriod,
Jim Steele,
Darrell Pete,
Eugene McCurdy,
Hubert Steele,
Edmund Steele,
Rosa Naranjo.

Mr. Edwin Naranjo,
General Delivery,
Ibapah, Utah

Dear Mr. Naranjo: Thank you for your letter regarding the serious problems which you are having in obtaining adequate housing.

The problems which you have faced in getting some answers to your previous applications are entirely unacceptable. I have sent a copy of your letter to the BIA and HUD and have requested that representatives of these agencies provide an acceptable and immediate reply.

As soon as I get a response as to why a delay has occurred in making the necessary monies available, I will be back in touch.

Best wishes.

Sincerely,

Frank E. Moss,
U.S. Senator.

Department of Housing
and Urban Development,
Washington, D.C., October 18, 1974.

Hon. Frank Moss,
U.S. Senate,
Washington, D.C.

Dear Senator Moss: This is in response to your inquiry on behalf of Edwin Naranjo of Ibapah, Utah, regarding NEV. 15–3.

Currently, the subject project is under an annual contribution's contract executed on January 22, 1973. This total development cost is $223,440. Included in this amount is $190,300 budgeted for construction of the 10 units to be sited on the Goshute Indian Reservation.

The schematic plans and specifications have been approved and the architect is proceeding with completion of the final or working drawings. Due to the increase in construction costs caused by inflation, the above mentioned funds are inadequate. There are also added costs due to remoteness (location is over 350 miles from Reno). The current Prototype Cost Limits presently in effect for Nevada are based on Reno area construction costs and have not been increased since 1972. A field survey has been made by the Reno Insuring Office to establish new realistic prototype limits for locations such as Goshute. Our review of the survey has been completed and a recommendation, target date at October 18, 1974, will be made through the Regional Office to Washington. Our new prototype limit recommendations will cover Goshute and other remote Indian reservations in Nevada.

After these new prototypes are approved, we will be able to complete the budget cost estimates and request additional funds to cover the increased costs of this project. This procedure including printing the prototypes in the Federal Register may take one to two months from this date. In the interim, however, we are attempting through the Indian Housing Authority to negotiate a construction contract with an Indian contractor, hopefully within the current prototype limits. If this is successful, we may be able to achieve a construction start within 3 to 4 weeks. In any event, it is not feasible to reduce the units below 10 to avoid increasing the total development cost. Ten units is considered the minimum number to obtain a construction contract or interest a contractor to submit a bid or proposal.

In summary, the subject project costs have increased through inflation and up to date Prototype Cost Limits are being obtained to cover such increased costs. In the interim, we are trying to negotiate a construction contract within present funds available and within the current Prototype Cost Limits.

Sincerely,

(Miss) Nereid Maxey,
Assistant for Legislative Affairs.

November 5, 1974.

Mr. Edwin Naranjo,
General Delivery
Ibapah, Utah

Dear Mr. Naranjo: I have recently been informed by the Department of Housing and Urban Development that construction on the housing project at the Goshute Indian Reservation is expected to begin within the next four months. Apparently, the problem is the remoteness of the units to be constructed.

The costs that the Department of Housing and Urban Development had on the estimate were for construction costs in Reno, Nevada. Additionally, inflation has increased costs since 1973. The expense of the development will now be $223,440.

I hope this information is helpful and gives you at least some hope for near future construction. This is only the answer to the question of when future construction will begin. It does not of course, answer your questions nor mine concerning the unreasonable delay which has taken place on this project. I am not yet satisfied with the answers which have been provided by the Department of Housing and Urban Development. I do intend to pursue this matter further to determine precisely why there was such unnecessary delay. I would appreciate any correspondence you might think necessary to keep me advised on this project, and I hope that you will remember my office is certainly available for any further assistance in this matter.

Thank you.

Sincerely,

Frank E. Moss,
U.S. Senator.

July 8, 1975.

Mr. John T. Artichoker, Jr.
Phoenix Area Director, Bureau of Indian Affairs, Phoenix, Ariz.

Dear Mr. Artichoker: I am enclosing a copy of an article that was recently published in the Ogden Standard Examiner. This situation concerns me especially with regard to the proposed housing units that are expected to be built this summer. Will you please provide me with a summary of progress to date in uplifting the living standards of these native American citizens? Thank you in advance for your cooperation.

Sincerely,

Frank E. Moss,
U.S. Senator.

[From the Ogden (Utah) Standard-Examiner, June 22, 1975]

Forgotten Goshute Lives in Utah Squalor—"God's Land"

(By Roger C. Bennett)

Ibapah, Utah.—If there is a middle of nowhere in the United States, the Goshute Indians live in it.

A seemingly forgotten band of about 100 souls, the Goshutes live in primitive squalor on 110,000 dusty and windswept acres straddling the Utah-Nevada line.

"We like to call this God's country," says one resident, "because only God and the Goshutes could live here."

Forty miles of rough road lead to the only town on the reservation—a scraggly collection of tiny shacks and one-room cabins built more than four decades ago.

TINY SHACKS

The houses are at least as wretched as the worst urban slums—with whole families living in tiny shacks, their walls sometimes lined with cardboard against the fierce winter winds that howl down from the nearby mountains.

The best of the houses were built during the Depression by the Civilian Conservation Corps. They are essentially one-room cabins. The winds bore right through the crumbling plaster between the logs; last winter, a woman's bathwater froze in the tub.

In one woodshed-sized shack, an old man and his wrinkled wife ate noodles on a rickety wooden table. It and their bed took up more than half the floorspace. Outside, the wash sat in a pair of wooden tubs filled from a gutter-sized creek which is their only source of water.

There is no central water supply, only one indoor toilet, and the nearest shower is three miles away. Laundry and bath water are drawn from the creeks or pumped from ancient wells.

Few crops grow because of the lack of irrigation water. A few cattle and sheep graze the sagebrush, but the Indian men still hunt deer, antelope and rabbits for food. The meager meals are cooked on wood- or coal-burning stoves in many houses; a few have the luxury of an electric range since electricity came to the reservation three years ago.

LOG CABINS

One of the log cabins serves as a Bureau of Indian Affairs office with a small staff of Indian employees—a policeman, an alcohol program director and a secretary.

Nearby is the reservation's only modern building—a large, metal-sided structure housing "The Enterprise." In it, a white foreman directs a crew of eight Indian welders who make steel cattle guards and trailers under government contract.

"The Enterprise" is the Indians' only money-making venture. It is run by a private steel company located in Salt Lake City, 170 miles away. The steel supplier says his trucks are being torn apart by the rough road to the reservation, which is a dust bin in summer and a quagmire when it rains or snows.

Medical care is dispensed in the back room of the BIA office by a young Indian Health Service doctor who travels more than 100 miles once a month to give shots, hand out pills and perform examinations.

Dr. Paul Nicholls used to have a van equipped as a portable clinic, but he says the roads destroyed it two years ago.

MEDICINE MAN

A medicine man lives on the reservation and treats minor ailments with herbs and an acupuncture-like technique which the Indians say cures headaches and other pains.

"Our main problem is isolation," says Edwin Naranjo, the tribal policeman. "The people who could solve our problems don't seem to want to come here and see how we live. We're just too far away."

The nearest town of any size is Wendover, Utah, a community of 800 about 60 miles away. The Indian Agency which controls the reservation is more than 100 miles in Owyhee, Nev.

Like all reservation Indians, the Goshutes must deal with a labyrinth of government agencies. Officials from two states, two counties, the BIA, the Bureau of Land Management, plus a myriad of employment, economic and health agencies have a say in what happens in the valley of the Deep Creek Range.

Morris Cole, supervisor of the Eastern Nevada Indian Agency at Owyhee, says things on the reservation have improved a great deal in the two years since he took over.

"We have eight tribes in this agency," says Cole. "We have to spread our money around and in the past, frankly, the smaller tribes have not been getting the attention they need."

Two years ago, the Indians say, the Department of Housing and Urban Development promised to build 10 new houses on the reservation. Now HUD says the houses will go up this summer; but the Indians are doubtful.

Last year, the Public Health Service spent $71,000 drilling what turned out to be a dry water well. The Indians say the money would have been better spent on a storage tank to to catch and hold the spring runoff.

Their requests for a community center, which could be used for political and recreation activities and as a site for a permanent health clinic, have been turned down.

The Goshutes say everytime they try to get something done—housing, water, more cattle—they run into so many delays they eventually lose interest.

"Sometimes Indian people are just too nice," say Naranjo, adding that the Goshutes don't push hard enough for the things they need.

"The people here are used to being told what to do," he says. "They will ask for help, but if they run into resistance, they drop it rather than appear too pushy."

SISTER TRIBE

Their sister tribe, the Skull Valley Goshutes, recently pushed for and got a major rocket testing facility to be built by Hercules Inc. on their reservation about 50 miles southwest of Salt Lake City.

But the Deep Creek band doesn't see many companies wanting to locate "in the middle of nowhere."

The isolation also breeds the Indians' other major problem—alcoholism. Dr. Nicholls says it tops the malady list, followed by tuberculosis and diabetes.

"I drink to forget, to escape from this place, which is my home, but which is so lonely," says one young man.

"I feel so penned up here," he says, gazing out over the vastness of his unfenced desert homeland.

There are about 20 young men on the reservation, including eight who work in the welding shop. The foreman says they work hard and the enterprise turns a small profit.

"We don't do things here the way we'd do them in the big city," the foreman says. "Out here, if we get finished with something we go fishing. We don't sweat the small stuff."

Naranjo is one of the few Goshutes with more than a high school education. He lived several years in Ely, Nev., and only recently decided he could do more for his people by returning to the reservation.

OLD WAYS

He missed the tribe's "old ways" when he lived in town. But when he got back to the reservation, he found obtaining decent housing and getting water into parched fields became his concern, not preserving traditional dances and ceremonies.

"There must be a way to combine the old customs with the new realities," he says. "But I don't know how."

Dr. Nicholls recalls how a 7-year-old boy broke his leg last year, was put on a board in back of a station wagon and driven to Salt Lake City.

"These people are tough," the physician says. "There's a kind of Darwinian selection going on here. Only the strongest survive."

Then he tempered his comment, noting that the infant mortality rate has been slashed in recent years.

Some visitors to their remote reservation have asked the Goshutes why they don't pack up and move to a less hostile spot or join other Indians who have migrated to large western cities.

"Hell, they don't ask the white ranchers who live around here to leave because they could build a better spread somewhere else," says one man. "This is our home."

The normally friendly Goshutes will defend those ragged homes, frequently running off deer hunters who come onto the reservation.

Nearly 60 years ago, the tribe was the object of a United States military action which is still remembered.

WOULDN'T REGISTER

A detachment of armed troops from Salt Lake City stormed the reservation in 1917 to arrest a half dozen Goshutes who had refused to register for the draft.

The chief, Antelope Jake, didn't understand why his braves had to cross the ocean to fight the Germans.

Army officers told him the Germans had sunk American ships in the Atlantic.

"Whose ocean is it, any way?" asks Antelope Jake.

The Indians were willing to fight, he added.

"We'll kill any Germans who come into the valley," he said, even offering to do away with an Indian agent with a German-sounding name.

Their life is harsh. Many of their problems are caused by their failure to force changes, by their outlook on life. Others are due to a reluctant or slow-moving bureaucracy.

But the Goshutes don't want to leave.

The woman who said "only God and the Goshutes could live here" said it proudly.

SEPTEMBER 5, 1975.

Mr. JOHN T. ARTICHOKER, Jr.
Phoenix Area Director, Bureau of Indian Affairs, Phoenix, Ariz.

DEAR MR. ARTICHOKER: On July 8, 1975 I sent a letter to you regarding proposed housing units to be built on the Goshute Indian Reservation this summer. I have not received a reply from your office. Could you please advise me concerning this matter by September 29, 1975?

Sincerely,

FRANK E. MOSS,
U.S. Senator.

BUREAU OF INDIAN AFFAIRS,
Phoenix, Ariz., September 25, 1975.

Hon. TED MOSS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MOSS: This is in response to your request to my office to outline to you the two year delay on the Goshute housing. I will attempt to give you a chronological report on events since January 4, 1973, when the housing authority was first advised that they were to proceed under the Turnkey operation for mutual help construction. At that time they engaged an architect and signed a contract which was sent to the Office of Housing and Urban Development in San Francisco for approval. Approval was not received until May 1973.

From May until September 1973, the architect was preparing schematic drawings and developing site plat maps, which were completed and sent to HUD for their review and approval.

Nothing occurred until December 12, 1973, when the architect had a telephone call from the San Francisco Office of HUD notifying him that his contract with the housing authority was out of date. They would send him new forms to be negotiated by the housing authority. In January 1974 the architect again contacted the San Francisco office because he had not received the new contract documents. In February 1974 the architect received new contract documents, had them signed by the housing authority and himself, and resubmitted to HUD for approval.

Also in February 1974 HUD requested a third revised utility analysis study to be developed by the architect. HUD also requested more site information which was developed by the architect and forwarded to HUD for approval. They came back this time asking for more soils data, which was again gathered and submitted to HUD.

Nothing transpired then until June 1974 when schematic drawings were sent to HUD for their review and approval. On September 25, 1974, HUD advised they had reviewed schematic drawings and they were approved but did not advise the architect to proceed to final drawings. This was done October 1, 1974.

Also in October, HUD requested additional revised utility analysis.

By January 23, 1975, final working drawings were prepared, complete with cost estimates for the whole project, and forwarded to HUD for their review and approval. In July 1975 HUD requested that new market analysis information be developed, which was done and sent back to HUD for review and approval.

In September 1975, comments were received on plan reviews but there was no indication that they could go out for bid because HUD had determined that the Annual Contribution Contract, which was signed in 1972, did not contain enough money to build the 10 units approved. HUD did indicate that they would try to obtain a waiver of Secretary

Lubar's memorandum which had restricted Annual Contribution Contracts from being amended to increase costs, which means the number of units would have to be reduced from 10 to 6 to stay within the Annual Contribution amount, should waiver not be obtained.

For your information, it is our understanding that personal appeals of several housing authorities have been made to HUD in Washington, D.C. for removal or waiver of the restrictions imposed by the Lubar memorandum. This has gained favorable consideration and has been forwarded to the Secretary's office for final decision. If this should be approved, Goshute could be authorized to proceed to advertise for construction for 10 units of housing.

Sincerely yours,
John Artichoker, Jr.,
Area Director.

CHESTER C. DAVIS

Mr. CLARK. Mr. President, few periods in our Nation's history have been more tumultuous than the years of the Great Depression of the 1930's. Out of that experience came the innovative and courageous programs of Franklin Roosevelt's New Deal—programs that led this Nation back to economic stability.

Many persons were associated with that era and the New Deal. One of these was Chester C. Davis, an Iowa native, who served as Administrator of the original Agricultural Adjustment Administration and was instrumental in shaping the New Deal farm programs. Mr. Davis died last week in Winston-Salem, N.C., at the age of 87, and Richard Wilson, the former chief of the Des Moines Register's Washington Bureau, has captured in a Register article both the philosophy and the accomplishments of this man.

Chester Davis believed in the independence of the American farmer, and as Wilson notes:

> Davis came as close as any government administrator to finding a workable balance between farmers' desires for the benefits of collective action while they retained the maximum compatible freedom of choice in planting, harvesting and selling their crops.

After his service with the AAA, Davis became a governor of the Federal Reserve Board, where he continued his concern for the farmer by taking an active role in determining the Government's fiscal policies, and making sure those policies were in the best interests of the agricultural economy.

Mr. Chairman, I ask unanimous consent that the Des Moines Register article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Iowa's Davis Dies; Directed Big Farm Revolution of 1930's

(By Richard Wilson)

Washington, D.C.—Chester Charles Davis, 87, the nation's food administrator under President Franklin D. Roosevelt during the early years of World War II, died Thursday at a convalescent center in Winston-Salem, N.C., after a long illness. He had undergone brain surgery last April.

Davis, a native of Iowa, was a practical and conservative-minded man who administered a political and economic revolution during the New Deal of the 1930s.

It was a peaceful change to be ranked among the greatest reforms in American history—the organization of millions of American farmers under Washington's central direction to bring about a nearer balance between production and market demands at a fair price level.

Davis worked in a crisis atmosphere always tinged by the threat of violence. Farmers were in revolt against economic policies they thought had brought them to ruin under surpluses which reduced prices to painfully low levels.

They were being dispossessed, sometimes under the threat of the machine guns of the National Guard. They demonstrated and marched and on one occasion defied all civilian authority by symbolically casting a noose around a judge's neck while he sat on the bench.

Davis was hard-headed amidst dreamers and direct-actionists, and single-minded among intellectuals who foresaw broader collectivist reform.

Davis came as close as any government administrator to finding a workable balance between farmers' desires for the benefits of collective action while they retained the maximum compatible freedom of choice in planting, harvesting and selling their crops.

Davis' era as the longest remembered administrator of the original Agricultural Adjustment Administration was one of ideological conflict. He operated in intellectual ferment and in the atmosphere of continual economic crisis, ranging from ruinously low farm prices to the most damaging and universal drought in history.

Ideas, some of them revolutionary in nature, swirled about him. He felt the friction of the early New Deal intellectuals of the AAA—Rexford G. Tugwell, Jerome Frank, Alger Hiss, Lee Pressman, and a dozen others less well known.

A clandestine group, identified in congressional hearings and by the FBI as a Communist cell, operated in the Department of Agriculture. It was the only coherent group in government ever identified as a Communist cell, and some of its members either later confessed Communist attachments or were clearly linked with a Communist organization.

Davis was a protege of the first agricultural administrator, George N. Peek, a farm-industrialist from Illinois. Peek clashed with the more advanced thinkers after the first efforts to organize farmers for production and marketing control under the Agricultural Adjustment Act, adopted in May of 1933 when the New Deal was scarcely three months old.

Davis succeeded Peek as the choice of Agricultural Secretary Henry A. Wallace in trying to find the mean between Peek's conventional approach to farm problems and the advanced new era ideas of the Tugwell group.

It was an emotional clash in the spirit of a time when many men broke with the older ideas of individualism and moved toward the collective, government-organized and protected action which is taken for granted in many fields today.

Wallace, Davis, Peek and M. L. Wilson, were leaders in the group which drafted and helped to put through Congress the Agricultural Adjustment Act., and moved into the executive branch to carry through the great experiment. Davis was the restraining influence. He was less interested in social revolution than in farm prices.

For three years, from 1933 to 1936, Davis framed the programs which harnessed millions of farmers into contracts and production agreements of varying strictness and effectiveness.

In those days they even tried to control the rate of production of little pigs and considered similar birth-control arrangements for cattle. The little pig program was a catastrophe, and a political headache for Franklin D. Roosevelt, whose pre-presidential thinking in agriculture had run along conservation lines, and who was more interested in quieting the farm revolt as a political palliative than in social revolution in agriculture.

Davis rose to two critical occasions, the calamitous drought of the '30s which, in fact, helped to solve the farm price problem, and the invalidation of AAA by the U.S. Supreme Court. Net farm income rose as crops failed to germinate or mature for lack of moisture. Great canopies of dust swept eastward from the wind-swept plains so that the sky was even clouded in far away Washington.

Then the court struck its blow, holding invalid and unconstitutional a processing tax which underlay the financing of the farm programs, and the methods and procedures of those programs as a function of the federal government.

Davis' greatest and final contribution was the conversion of what had been direct control programs, some of them compulsory and onerous, into voluntary arrangements for soil conservation and management which enabled farmers to continue their collective action to hold down production and raise prices.

When he had organized, under Wallace's general direction, this massive shift, Davis' work as a farm administrator was about done. More frictions developed, Davis felt the pressure of overwork, and F.D.R. resorted to his usual technique of sending off trouble-worn administrators on a trip to Europe. Davis called it "honorable exile."

He found, in a six-week study, that there wasn't any chance of opening new markets in Europe for American surpluses, and Roosevelt appointed him a governor of the Federal Reserve Board.

His contribution to agricultural prosperity continued in this post, particularly in fiscal policies adopted when the farm economy began to slide again in 1937, and he was awarded the American Farm Bureau Federation medal for distinguished service to agriculture.

Davis was born near Linden, in Dallas County, Iowa, on Nov. 17, 1887. He attended Grinnell College as a contemporary of Harry L. Hopkins, who was to become Franklin D. Roosevelt's chief confidante and adviser in Roosevelt's latter years. But Davis and Hopkins had little in common.

Davis was, however, a reformer, and became a weekly newspaper editor in Montana and editor of the Montana Farmer when Henry A. Wallace was editor of Wallace's Farmer in Des Moines. He was appointed commissioner of agriculture and labor of Montana in 1921 after battling the copper companies, which got the better of him after four years.

Davis then joined Peek in Illinois as a lobbyist for the Illinois Agricultural Association. He campaigned for Alfred E. Smith and Franklin D. Roosevelt for president although he had been nominally a Republican.

Peek brought him to Washington as a subordinate official in AAA, and he then succeeded Peek. When his duties there and in the Federal Reserve Board were over he was named president of the St. Louis Federal Reserve Bank, where he served until 1951.

He was associate director of the Ford Foundation from 1951 to 1954, studied rural credit for the Indian government, moved to California as an economics professor, and was a consultant in various enterprises.

He is remembered in Washington as a slight, gray figure, modest in speech and appearance, and hardly the prototype of the administrator of revolutionary economic programs which were to cost scores of millions of dollars.

The farm programs today, and the cost of the regular services of the Department of Agriculture, are greater than the total farm income of the nation's immense farm establishment when Davis was operating in Washington.

JEROME S. ADLERMAN

Mr. RIBICOFF. Mr. President, it was with a great deal of sorrow that I learned of the death of Jerome S. Adlerman, the former General Counsel of the Senate Permanent Subcommittee on Investigations. Mr. Adlerman died Wednesday, October 1, 1975 at the Cedars of Lebanon Hospital in Miami after a long illness. He was 73 years old.

Jerry Adlerman was a brilliant lawyer, a dedicated public servant, a determined and responsible investigator and a gentle, considerate, kind man. All of us who knew Jerry and had worked closely with him over the years will miss him very much. My wife Lois and I extend our deepest sympathies to Jerry's widow, Evelyn, and to other members of his family.

When Mr. Adlerman retired in 1971, he could look back on a quarter of a century of service to the Permanent Subcommittee on Investigations and to its predecessor committees. For most of that period, the subcommittee was chaired by the distinguished Senator from Arkansas, Mr. McClellan.

Mr. Adlerman's career in the Senate paralleled the growth of the Investigations Subcommittee itself. Many of the subcommittee's finest moments occurred with Jerry in charge of the staff while reporting directly to, and receiving direction from, Chairman McClellan.

Jerry was Chief Assistant to the late Robert F. Kennedy when Mr. Kennedy was the Chief Counsel of the Investigations Subcommittee and the Select Committee on Improper Activities in the Labor or Management Field.

The select committee, which came to be known as the Labor Rackets Committee and was chaired by Senator McClellan, functioned from January 30, 1957, to April 11, 1960.

Composed for the most part of Investigations Subcommittee members and staff, the select committee exposed widespread corruption and improper activities in the labor-management field.

Important legislative reforms and corrective actions resulted from the work of the select committee. Its operations demonstrated the congressional investigative oversight function at its best.

Robert Kennedy came to have a deep and lasting respect for Jerry Adlerman. In his book, "The Enemy Within," Bob Kennedy said that "whenever an investigation was exceptionally difficult and needed sound organizational work, Jerry was the one I called on to straighten things out."

Senator McClellan appointed Mr. Adlerman general counsel of the Investigations Subcommittee April 22, 1960. Mr. Adlerman had been Acting Chief Counsel of the Select Committee, succeeding Robert Kennedy, who had resigned in September 1959.

The appointment of Mr. Adlerman as general counsel of the Permanent Subcommittee on Investigations marked the conclusion of the historic labor-management inquiry which Jerry had played such an important role in. Chairman McClellan also chose this occasion to announce that the Select Committee's functions, powers, and mandate would now be returned to the Permanent Subcommittee on Investigations.

In a manner of speaking, Chairman McClellan's announcement of April 22, 1960, signalled the end of an era—for the Select Committee's investigations, particularly those regarding the operations of the Teamsters and other unions, had generated nationwide interest. There had been few congressional investigations of such consequence. Fittingly, the first subcommittee staff witness to testify before the Select Committee hearings—on their first day, February 26, 1957—had been Jerome S. Adlerman. Over the next 4 years, the Select Committee compiled a thorough record, one that both Senators and staff could be proud of.

But neither Senator McClellan nor his General Counsel, Jerry Adlerman, were men to rest on past achievements. They went forward responsibly and constructively, continuing to build a record of solid investigative accomplishment and legislative achievement.

With labor rackets behind them, the subcommittee members and staff took on many more investigations of national significance.

Acting on a recommendation from a subcommittee member, the distinguished Senator from Washington, Mr. Jackson, Chairman McClellan ordered an inquiry into the award by the Department of Defense in 1962 of the $5.8 billion TFX airplane.

I came to the Senate as the investigation got underway in 1963 and, as a member of the subcommittee, saw at firsthand Mr. Adlerman's competence, professionalism, and fairness during the TFX probe. That inquiry, one of the most thorough in the history of congressional oversight investigations, exposed poor management practices and widespread waste of Federal funds. Much of the credit for the success of that investigation must go to Mr. Adlerman for the manner in which he managed the staff's work.

Chairman McClellan continued to direct the subcommittee's efforts in the direction of organized crime. One investigation in that area concerned a mobster named Joe Valachi and his testimony before the subcommittee was especially dramatic.

Through Valachi's words, the Nation learned much about the nature and structure of organized crime. Law enforcement authorities found they had to better organize themselves to combat organized criminals.

The so-called Valachi hearings were not simply the revelations of a hoodlum testifying about his life in crime. On the contrary, the Valachi hearing transcript is noted for vast amounts of sworn testimony, official documents and other evidence corroborating much that Valachi had to say.

Under Mr. Adlerman, the staff had, whenever possible, assembled considerable evidence that made Joe Valachi a credible witness. The Valachi investigation was, first of all, a reflection of Chairman McClellan's determination to control organized crime by exposing it; but the investigation was also a reflection of good staff work.

Always quick to respond to the Chairman's wishes and to the concerns of other Senators on the subcommittee, Mr. Adlerman directed other important staff investigations that ultimately resulted in hearings, including inquiries into white collar crime, riots, airport and postal thievery, the role of organized crime in the traffic in stolen securities and irregularities in foreign aid.

It was during one of the subcommittee's investigations into foreign assistance that I had the opportunity to work closely with Mr. Adlerman. In 1967, Senator McClellan asked me to serve as acting chairman of the subcommittee for the inquiry into alleged fraud in foreign assistance programs in Southeast Asia.

Following that investigation, Chairman McClellan asked me to remain as acting chairman for a new, much broader inquiry involving Southeast Asia, this case having to do with irregularities in the expenditure of nonappropriated funds used by the U.S. military and with illicit currency exchange in South Vietnam.

It was a complicated case. Preliminary investigation continued throughout 1968 and for several months into 1969 before public hearings were held. Currency exchange is a particularly difficult subject to understand. But Mr. Adlerman studied it, developed a sound working knowledge of how manipulation was used and then made every effort to see to it that each Senator on the subcommittee was thoroughly briefed. Owing to the especially sensitive nature of the investigation, Mr. Adlerman also saw to it that several of his most experienced staff personnel were assigned to this inquiry.

As a result, we went into those hearings in 1969, 1970, and 1971 with a comprehensive background on the Vietnamese black market in money as well as a thorough understanding of the allegations of irregularities in the management of military nonappropriated fund activities such as post exchanges and clubs and messes.

Not all his years in the Senate were spent under Chairman McClellan. In 1953 and 1954, Mr. Adlerman took leave from Senate Government Operations work to serve as Chief Counsel of the Strategic Materials Subcommittee of the Senate Interior Committee.

Jerry's first job in the Senate was as a counsel on the War Investigating Committee in 1947. William P. Rogers, later to be Attorney General and Secretary of State, was chief counsel at the time under Senator Owen Brewster of Maine.

The War Investigating Committee, originally chaired by Senator Harry S. Truman, was merged into the Committee on Government Expenditures, according to the terms of the Reorganization Act of 1946.

The Committee on Government Expenditures was later to become the Senate Committee on Government Operations of which I am chairman. Many of the rules and procedures currently used by the Senate Permanent Subcommittee on Investigations can be traced to the old Truman War Investigating Committee.

Before he came to the Senate, Mr. Adlerman was chief of the Prosecution Subcommittee of the War Crimes Commission convened in Germany following World War II. In that position, Mr. Adlerman was instrumental in gathering a major part of the evidence in those cases which had to do with medical experiments in concentration camps.

A graduate of the New York University Law School and a member of the New York bar, Mr. Adlerman practiced law in New York City from 1928 to 1941.

Among his clients was Yeshiva College and for a time he served as that institution's general counsel and was also active in the reorganization of the school's financial structure.

I know that at times he thought about returning to private practice. But Mr. Adlerman loved the congressional investigative process and was proud to be a part of it. I wish he had written a textbook for students of the legislative oversight function, for he knew it in theory and in practice as few men ever will.

Jerry Adlerman was a credit to the Permanent Subcommittee on Investigations, to the chairman he served so well and so loyally, Senator McClellan, to the Senate itself and, most importantly, to the principle that the legislative branch has, as a primary responsibility, the duty to oversee and investigate Government operations.

SENATOR CLARK'S AFGE SPEECH

Mr. McGEE. Mr. President, on September 26, 1975, my good friend Senator Dick Clark of Iowa delivered an excellent speech in Des Moines before local 1228 of the American Federation of Government Employees. The occasion was the 25th anniversary of local 1228.

Senator Clark expressed a disappointment which I share over the failure of the Senate to disapprove President Ford's ceiling of 5 percent on the salary increase of Federal statutory employees, thus depriving these employees of 3.66 percent in pay increases to which the President's own agent said they were entitled. Senator Clark said,

> If the concept of equal pay for equal work is the principle we believe in, we have betrayed our own principle in accepting the President's alternative plan. . . .

He pinpointed the crucial question posed by President Nixon's and President Ford's persistent efforts to deny Federal employees the pay they deserve. Senator Clark asked, "How can you maintain comparability if you never follow the comparability formula?" This is a question which the Congress must face each year as long as we have a President in the White House who believes that one single segment of American employees—the GS workers—must make sacrifices while all other employees in both the public and private sectors enjoy sizable raises.

Mr. President, I believe Senator Clark's incisive remarks on the Federal pay increase and on other matters will be of strong interest to Members of the Senate and that it deserves broad dissemination. Accordingly, I ask unanimous consent that the text of his remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Thank you. I'm pleased to be here this evening to help celebrate the 25th anniversary of Local 1228 of the American Federation of Government Employees and to have a chance to visit with your national president, Clyde Webber, and regional vice-president, Virgil Miller.

As I speak to you tonight I know how disappointed all of you are in the outcome of the pay bill fight. If the concept of equal pay for equal work is the principal we believe in, we have betrayed our own principle in accepting the President's 5 percent alternative plan for the 8.66 percent plan proposed by the President's own advisors. I want you to know that both Senator Culver and I supported you.

You know, every pay proposal since 1970 has been stripped down by the President—first Nixon and now Ford. How can you maintain comparability if you never follow the comparability formula?

Some people apparently think that the 8.66 percent figure came from the executive committee of the AFL–CIO or maybe Clyde Webber himself. Of course, that wasn't the case. The figure came from the Civil Service Commission and the Office of Management and Budget and were concurred in by the President's own advisory commission.

What this rejection of the proposed pay raise means is that, as Mike Causey pointed out yesterday, Federal employees are now the only American workers still operating under the Nixon era wage controls.

The President has issued no such guidelines for holding pay increases in the private sector.

Virtually everyone I talk to is opposed to wage-price controls—except for Federal employees. Why should people who work for our National Government be discriminated against in this way?

In spite of your disappointment on the pay raise there are other bills in Congress that offer better prospects of enactment. Let me tell you about them.

First, there are the Hatch Act amendments. Senator McGee tells me he is very interested in this legislation and expects to move on it. There is no reason why Federal employees should not be able to exercise more fully the rights of citizenship as long as they are protected from coercion to participate in political campaigns. That ought to be a basic civil liberty.

Second, there is the labor management relations bill, which I am advised is about to move in the House Post Office and Civil Service Committee. There are differences among various versions, and it's too early to know what language will emerge, but there seems great interest in getting a clean bill drafted very soon.

A third bill is one you may not have been thinking about but one which I believe is very important to all women in Government service. I am about to introduce it, along with Senator Hugh Scott, the minority leader, and others. It is a bill designed to combat sex discrimination in Federal agencies and programs, including the Armed Services.

The progress already made in women's rights can certainly be considered encouraging, but much still needs to be done. Discrimination against women by Federal agencies—while it is by no means as blatant as in the past—continues to exist. Men and women also continue to be treated differently in such areas as social security, civil service retirement and military benefits.

And then there is another proposal—one which you certainly didn't want and which I doubt is going anywhere. That's a plan to cut the rate of increase for civil service retirement annuities when the cost of living goes up. Isn't that a great idea?

But let me speak briefly about a most disturbing trend in Washington.

What I see more and more in evidence in Washington these days is a new policy of the Ford administration adopted, perhaps, to win conservative support for his nomination next year. And that policy is one of opposition to Federal programs, new or old. The other disturbing tendency is the President's proclivity to run against Federal employees.

I have seen several examples of this myself in recent days. One had to do with grain inspection. It seems obvious to nearly everyone that we have to do something about the grain inspection scandals that have shocked the country in recent months. For a while I thought the Department of Agriculture had a bill to deal with it. Secretary Butz even said as much when he visited the Senate Agriculture Committee in mid-summer. Yet the bill was never forthcoming—at least nothing worthy of the name. However, I have introduced and am holding hearings on legislation to establish a total Federal system—one that has credibility.

An even more dramatic case is that of packer bonding. After the American beef bankruptcy that *left midwestern* cattle raisers holding the bag for $20 million, I introduced legislation to require the bonding of packers. We had help in drafting it from the Packers and Stockyards Administration. Yet when that same bill was submitted for administration comments, it came back with an absurd, grammar school lecture on the immorality of Federal intervention.

The same argument could be used just as well to wipe out the Federal Deposit Insurance Corporation, social security or the Federal Aviation Administration. No one is eager for extension of Federal controls, but we cannot repeal the Federal Government.

The administration also complained about the $800,000 annual cost of the program. I did a little calculating and pointed out that just one of the 10 Trident submarines they want to build would fund that packer bonding program for 1,875 years. I noticed this afternoon that there were many people who could spend $30 billion on military hardware but could not find another 3.6 percent for the people who work for them.

The best example for me was the administration's attempt earlier this month to undercut the Federal system of meat inspection by encouraging the growth of a competing system of state inspection. An interesting additional reason was that this should reduce the power of Federal employee unions. An assistant Secretary of Agriculture actually told a member of my staff that this was a major reason for proposing to increase Federal support for State-inspected Talmadge-Aiken plants.

Now what are we talking about? I think we're talking about the health of the American people. We all recall the shocking stories that hit the papers in the mid-sixties about the filth that existed in State-operated packing plants around the country. Out of that scandal came the Wholesome Meat Act of 1967, which set out to bring State inspections up to reasonable levels of cleanliness, or if that couldn't be accomplished, to limit inspection in such States to Federal inspection.

Isn't that interesting?

Throughout the history of Federal meat inspection legislation there has been no showing of intent by Congress to replace the protection of Federal inspection of meat distributed interstate by State inspection.

Yet this is precisely what the Ford administration proposed to do.

Back in 1970 the General Accounting Office made a survey of eight so-called Talmadge-Aiken plants, where inspection was done by State employees under Federal supervision. In 7 out of 8 categories, the sanitation standards in those Talmadge-Aiken plants were below those at regular federally-inspected plants. This can be attributed, I believe, to the lack of in-depth training for State inspectors as well as their greater susceptibility to local pressures. Additionally, there are currently only 69 Federal "circuit supervisors" monitoring the 287 Talmadge-Aiken plants in this country—a number which provides less than minimal assurance of consistent adherence to high standards of cleanliness.

And this is the system the Ford administration wants to impose on the country.

I'm glad to say that Congressman Neal Smith and I, along with Senator Hart of Michigan, and ultimately the chairmen of the Senate and House Agriculture Committees were able to knock that proposal in the head!

An administration spokesman said the matter had been dropped "for the present time." I guess you know that means we have to stay alert to the time they will try it again.

As Federal employees you undoubtedly have thought a lot about what the Federal Government should and should not be doing. Surely we don't want any more Government programs than are necessary and useful. Surely some programs have outlived their usefulness and should be terminated, revamped or combined. There are some programs that had a purpose 40 years ago and don't have too much purpose anymore. We all know examples of tired agencies that have bogged down under listless or indifferent leadership. They need to be dealt with. In most cases, in my opinion, the solution is not to destroy the agency but to give it new life and imaginative leadership.

To say that the Federal Government has no role to play anymore—that the States must even handle matters of interstate commerce—is ridiculous.

Hobart Rowen, the business writer, has been following the President's anti-Federal rhetoric of late, and he said this week that if the Republican Party wants to go back to Herbert Hoover, it appears to have the right candidate in Gerald Ford!

The suggestion that the Nation would be better off if the Federal Government quit interfering in any way with private enterprise is highly irresponsible. The fact is that businessmen are among the first to seek and obtain Government aid and protection through quotas, subsidies and tax concessions.

Perhaps Mr. Ford will have us go back to the days before the Securities and Exchange Commission, when swindlers ran the brokerage houses. Or perhaps he would abolish the Federal Home Loan Bank Board and let savings and loan associations set their own standards of integrity.

I'm afraid Mr. Ford's attacks on the Federal Government, has laissez-faire philosophy, belong, as Mr. Rowen says, to a pastoral era long since relegated to the history books, not to a time of economic complexity.

Well, I didn't come here to make a political speech attacking the President. But I do strongly disagree with his attacks on Federal programs and his resistance to new programs vitally needed by the people of Iowa and the Nation. I oppose his policies which relegate Federal employees to second-class citizens.

What we ought to ask the President is where he stands on medical care for the aged, rural electrification and air traffic control. When you do that, you find there is broad support for what the Federal Government is doing. And it is you who are doing it—you are the dedicated civil servants who make the system work. I, for one, am proud of you.

RABBI JACOB B. AGUS

Mr. MATHIAS. Mr. President, among the multitudes of people that each of us meets in a lifetime a very few stand out as unusual men and women who are affecting and influencing the generation to which they belong. For me, one such man is Rabbi Jacob B. Agus, who has led Beth El Congregation in Baltimore for the last quarter of a century.

The strength and wisdom that Rabbi Agus brings to the community also reflects a paradox. The value of his advice and opinion is that it is always current and contemporary; directed at the problems we confront today or anticipate tomorrow. At the same time it is always consistent with the deepest traditions of mankind and deeply rooted in the lessons of history. In this way Dr. Agus brings the wisdom of the ages to the service of the present.

He has been my friend and Mrs. Mathias and I rejoice with Mrs. Agus and their family at the celebration being held over the coming weekend in his honor.

I ask unanimous consent that an article from the Baltimore Sun from October 2, 1975, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Beth El Honors Rabbi Agus

(By Isaac Rehert)

During a quarter-century of turbulence and confusion, while political activism and emotional immediacy have been running rampant, Rabbi Jacob B. Agus has been quietly but steadily upholding the primacy of man's intellect.

In spite of all the threats to his being, and the demands for immediate action and reaction, what will save man, the rabbi believes, is his ability to think, his capacity to think about his thoughts and where needed to change them.

As spiritual leader of Beth El congregation, Rabbi Agus performs all the regular duties of one of the city's leading Conservative congregations.

But meanwhile, as a scholar and interpreter of Judaism, he has attained national and international stature teaching at universities, writing books and participating in interfaith colloquies on the place and destiny of Judaism and all religion in the modern world.

This weekend, in commemoration of Rabbi Agus's 25th anniversary of serving to Beth El, the congregation is holding a 3-day celebration, beginning tomorrow evening with a reminiscent sermon by Dr. Agus and culminating Sunday night in a gala reception at which two leaders of the national Conservative movement will deliver addresses.

They are Rabbi Mordecai Waxman, president of the Rabbinical Assembly of America, and Rabbi Marc H. Tannenbaum, national director of religious affairs of the American Jewish Committee.

Rabbi Agus was born in Poland, graduated from Yeshiva College in 1933 and was ordained as a rabbi in 1935.

The beginnings of his career were simultaneous with the rise of Hitler in Germany, and the young rabbi, casting glances at world events, felt the need for further and deeper understanding.

Even as a child, he recalls, he was moved by the prejudice he encountered. Now, as an adult and a rabbi who had delved deeply into Jewish history and affairs, he felt a need to know more of the place of Jewish culture and belief in the world at large.

So he enrolled as a graduate student at Harvard University, in the department of philosophy and religion.

His faculty chairman was William Earnest Hocking, an eminent philosopher.

The two men immediately disagreed, Professor Hocking critical of the place of nationalism in the development of Judaism, spurring his younger student on to thorough study of this subject.

Later, as a result of that study, Rabbi Agus became a friend and consultant of Arnold J. Toynbee, and when the latter was writing Volume 12 of his "A Study of History," Rabbi Agus served as his Jewish consultant. Some of his letters are printed in the Appendix, and his collaboration is acknowledged in the preface.

Of Harvard, he recalls, "I found there a great heritage of misunderstanding and misinterpretation of Judaism.

"I found also a great openness and willingness to listen."

This openness, this williness to listen is what Rabbi Agus finds the most heartening aspect of the world today.

For he thinks the world's troubles are caused by two kinds of people: Those who just want to continue doing what they have been doing, and those who are willing to change only enough to do what is practical at the moment.

He describes them as "worshipers of the past" and "worshipers of the moment."

What is needed, he thinks, is an openness, a readiness to reexamine old attitudes and a willingness in dealing with practical affairs to look beyond just the moment.

He thinks that at the present time, perhaps more than ever before, there is such a willingness and readiness among the scholars and thinkers of the world.

After taking his Ph.D. degree at Harvard, rather than pursue a life of just scholarship, teaching and writing, Rabbi Agus returned to being a congregational leader.

He continued, of course, with his more scholarly pursuits.

He says that not only did his congregational work not interfere with his writing, it probably even enhanced it.

"Some intellectuals feel they can't be bothered with visits to the sick and the mourning, or with conducting bar mitzvahs, or with talking to brides and to grooms.

"I think that contact has lent a certain practicality to my work, that it has kept the feel of life in my ideas. It has kept them from being too pedantic."

Some of his books, in fact, were outgrowths of sermons he gave in understanding the meaning of Jewish history.

But others were the result of the many interchanges he has had with scholars and critics from outside the Jewish faith.

This dialogue with outsiders he considers most important.

"It is not mere verbal games," he says. "It is the most important activity in which the scholar can be engaged.

"Those six million Jews who died at the hands of the Nazis died not because of anything that they did but because of certain images of Jews that had built up over the centuries.

"That image needs to be taken apart and reexamined. We have to know what it is we are thinking.

"It isn't true, what some people are saying, that prejudice is all emotional and can be dealt with only on an emotional level.

"Prejudice takes an ideology, too.

"Those same hostile emotions that led to the Holocaust, without the ideology that guided them, could have been kept within human bounds.

"No, we can't do without thinking."

Rabbi Agus is now 63, a man of small stature and gentle voice, who chooses his words deliberately as he expresses himself.

Along with the seven books and innumerable magazine and journal articles he has himself written, he was for 12 years a consulting editor for articles on Judaism and Jewish history for the "Encyclopedia Brittanica."

He has also written on Jewish philosophy in the "Encyclopedia Americana" and has lectured at many universities.

At the weekend celebration, a portrait of Rabbi Agus by Henry Cooper, cantor of Har Sinai congregation, will be hung.

CONCLUSION OF MORNING BUSINESS

Mr. **MANSFIELD.** Mr. President, is there further morning business?

The **ACTING PRESIDENT** pro tempore. The time for morning business has expired.

NATURAL GAS EMERGENCY ACT OF 1975

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senate will now resume consideration of the pending business, S. 2310, which the clerk will state.

The second assistant legislative clerk read as follows:

> A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. **MANSFIELD.** Mr. President, I suggest the absence of a quorum.

The **ACTING PRESIDENT** pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. **PEARSON.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

OFFSHORE DEVELOPMENT WILL CONTINUE UNDER PEARSON-BENTSEN

Mr. **PEARSON.** Mr. President, during debate yesterday, the distinguished Senator from South Carolina (Mr. Hollings) suggested that producers offshore would withhold production of natural gas from the interstate market during the phaseout, transition period of regulation under the Pearson-Bentsen amendment now pending.

Let me say, Mr. President, that during the drafting of the permanent legislation, I was also concerned that we might have what we call a phaseout period under the new criteria of prospective costs and adequate production and conservation and consumer interest; and might have a phaseout over a production period that would not have very much oil, not because of withholding, but because of the very time element involved in production offshore.

There would be an operative part of the phaseout period under the new criteria because it is my understanding that of the two-thirds of the gas that is in the interstate system today, 20 percent of that now comes from offshore, particularly from the gulf area.

Mr. President, this is not the case. Under Pearson-Bentsen, development of offshore leases will continue—and increase with the incentives the amendment provides.

BACKGROUND ON OFFSHORE LEASING AND PRODUCTION

The Outer Continental Shelf, OCS, leasing program was begun in 1954. Over the past 20 years, more than 10 million acres have been leased. OCS production has increased to the point where it supplies 15 to 20 percent of all U.S. natural gas production.

Most leasing has been in the Gulf of Mexico. In the gulf, however, there is now relatively little remaining acreage with good potential for oil and gas production. Any significant increases in production, therefore, are expected to come from frontier OCS areas such as the Atlantic and Alaska. At the present time, the Department of the Interior is attempting to accelerate the leasing program. Under the plan, all frontier OCS areas should be open for exploration and development by 1978.

Overall, the Department of the Interior estimates—with a 95-percent probability factor—that the remaining undiscovered gas resources in the offshore domain equal 107 trillion cubic feet. These data, however, are based upon very sketchy information. Very little exploratory effort has been made outside the gulf. The exploratory, development and production costs in the frontier offshore areas are expected to be significantly higher than in the gulf.

Because all offshore production on the Outer Continental Shelf, as defined by law, must enter the interstate market, it is important that development be accelerated in order to alleviate the interstate shortage. It would be important to review the drilling activity and additions to proven reserves offshore in the recent past.

GULF OF MEXICO DRILLING AND DISCOVERY

Mr. President, I ask unanimous consent that data from the Bureau of Land Management, relating to energy activity in the gulf, be printed in the Record immediately following these remarks.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **PEARSON.** Mr. President, during 1972, the Department of the Interior leased 178 tracts, totaling 826,000 acres, in the gulf. Producers paid a total of $2.251 billion in bonus payments for these leases.

In 1973, 187 tracts, totaling 1.032 million acres, were leased for $3.082 billion in cash bonus payments.

In 1974, 356 tracts were leased, totaling 1.762 million acres, for a total bonus payment by producers of $5.022 billion.

During the first quarter of 1975, 113 tracts were leased, totaling 626,000 acres, for a cash payment of $274 million.

Mr. President, between January 1, 1972 and March 31, 1975, producers have paid $10.63 billion for the opportunity to explore for oil and gas in the Gulf of Mexico. This payment has been in cash bonus payments. This is an enormous amount of money. It represents an investment that producers cannot ignore. They must develop the tracts.

They have been developing the tracts.

Mr. President, from 1970 through the first quarter of 1975, inclusive, producers have developed 991 gas wells in the gulf. They have also drilled 2,209 dry holes, and 1,455 successful oil wells.

During 1973 and 1974, gulf producers have added 5.8 trillion cubic feet of natural gas to our proven reserves. They have actually produced 8.2 trillion cubic feet of gas from those same reserves.

The effort has been significant. The cost to the producers has been enormous. The effort must be increased. And it will be increased under the Pearson-Bentsen bill.

PRODUCTION OFFSHORE CANNOT BE DELAYED

Mr. President, the suggestion by the distinguished Senator from South Carolina (Mr. Hollings), that the phaseout of regulation offshore will deter development ignores the existing statutes and regulations with respect to development of the offshore domain.

Under the Mineral Leasing Act, 30 U.S.C. 226, and the Outer Continental Shelf Lands Act, 43 U.S.C. 1331, the Secretary of the Interior has the duty to lease oil and gas lands in the Federal domain and for overseeing exploration and development of those lands.

The Secretary has promulgated regulations which, subject to his supervision, are administered by the Director of the U.S. Geological Survey and the Director of the Bureau of Land Management. These regulations provide a comprehensive program of administration of lands and further provide safeguards to assure that development of lands is not delayed by the lessees.

The area *oil* and gas supervisor is required to inspect and regulate all operations and is authorized to issue OCS orders necessary for him to supervise operations and to prevent damage or waste of a natural resource (30 Code of Federal Regulations 250.12).

The regulations currently state that the supervisor "shall demand drilling in accordance with the terms of the lease and of the regulations." (30 CFR 250.15).

Under the regulations a lessee is specifically required to diligently drill and produce such wells as are necessary to protect the Government from loss by reason of production on other properties (30 CFR 250.33). This same regulation further provides, in section (b), that—

> The lessee shall promptly drill and produce such other wells as the Supervisor may reasonably require in order that the lease may be properly and timely developed and produced in accordance with good operating practices.

The lessee is required to submit a plan to the supervisor for approval prior to commencing each explanatory drilling program on a lease including the construction of platforms (30 CFR 250.34). This section also required that the lessee submit a plan prior to commencing a development program. Both plans must include detailed information to enable the supervisor to ascertain the advisability of the proposed programs.

Mr. President, the Government has the means to monitor exploration and development to insure that the public's resources are properly developed. This is a continuous process on each lease—a monthly report is required for each lessee.

If the supervisor is dissatisfied with the performance of a producer-lessee, he is authorized to give 30 days' notice of default and recommend to the Secretary of the Interior either cancellation of the lease or other—less severe—penalties (30 CFR 250.80).

Most of all, a lease is for a primary term of only 5 years. Those leases that have been let over the past 3 to 5 years—costing producers more than $10 billion, must be developed or the producer faces total loss of his investment—upon decision by the Secretary not to renew the lease.

Mr. President, if the leases let in the recent past, and those to be let under the accelerated program, are not timely developed, it will be the fault of the Department of the Interior, not of the Congress.

Under the law and the regulations, the Interior Department has every opportunity to insure that the offshore domain is developed and produced during the Pearson-Bentsen 5-year phaseout of regulation of the wellhead price.

Because of the unique nature of the lease arangement offshore, it is apparent that a phaseout of controls will work—without delaying any development of production or sales of new natural gas to interstate pipelines.

CONCLUSION

Mr. President, producers have an enormous investment offshore. They must produce their investment. They must produce to realize a return on this investment. If they do not produce, they face cancellation, or nonrenewal of their leases. There is no question that effective administration of the law and regulations by the Interior Department will result in maximum efficient gas production during the 5-year phaseout under the Pearson-Bentsen bill.

EXHIBIT 1

GULF OF MEXICO DRILLING (WELLS)

Year	Oil	Gas	Dry	Total
1970	386	168	344	898
1971	258	194	393	845
1972	255	145	458	858
1973	294	251	425	970
1974	217	162	450	838
1975 (January-March)	45	75	130	246
Total	1,455	991	2,209	4,655

Source: AAPG/API.

GULF OF MEXICO, FEDERAL SALES

	Number tracts leased	Acres leased	Total bonus	Average price per acre
1970:				
July 21, 1970	19	44,642	97,769,013	2,190
Dec. 15, 1970	116	543,898	845,832,785	1,555
Total	135	588,540	943,601,798	1,603
1971: Nov. 4, 1971	11	37,222	96,304,523	2,587
1972:				
Sept. 12, 1972	62	290,521	585,827,925	2,016
Dec. 19, 1972	116	535,874	1,665,519,631	3,108
Total	178	826,395	2,251,347,566	2,725
1973:				
June 19, 1973	100	547,173	1,591,397,380	2,908
Dec. 20, 1973	87	485,397	1,491,065,231	3,072
Total	187	1,032,570	3,082,462,611	2,985
1974:				
Mar. 28, 1974	91	421,218	2,092,510,854	4,968
May 29, 1974	102	565,112	1,471,851,831	2,605
July 30, 1974	19	100,241	30,236,800	302
Oct. 10, 1974	138	634,832	1,427,242,455	2,248
Oct. 16, 1974 (royalty)	8	40,755	1,018,875	25
Total	356	1,762,158	5,022,860,815	2,850
1975: Feb. 14, 1975	113	626,587	274,691,955	438

Source: Bureau of Land Management.

GULF OF MEXICO, RESERVES

	Additions	Production	Year end reserves
Oil (thousands of barrels):			
1970	529,428	372,890	2,924,095
1971	218,854	394,639	2,748,310
1972	224,614	407,062	2,565,862
1973	171,366	389,703	2,347,525
1974	222,496	358,013	2,212,008
Gas (MMCF):[1]			
1970			37,781,044
1971			38,397,675
1972			38,785,667
1973	2,164,062	4,164,421	36,785,308
1974	2,657,478	4,094,945	35,347,841

[1] Figures for additions and production of natural gas not broken out for Gulf of Mexico area in published data prior to 1973.

Source: API/AGA.

Mr. BENTSEN. Will the Senator yield at that point?

Mr. PEARSON. I am glad to yield to my distinguished colleague from Texas.

Mr. BENTSEN. Is it not also true that because of the factor of very high interest rates that they are having to pay for money in this day and time, because of the very major cost investment of these leases today, the cost of drilling that takes place where you are having to spend as much as $50,000 a day for some of these offshore rigs, with an ever escalating cost of that inflation, and looking forward to increased development costs at a later time because of expected inflation, that the economic forces are such to have them bring this production on early?

Mr. PEARSON. I believe the Senator is correct.

The total sum, I would say to the Senator from Texas, in cash bonuses alone is over $10 billion. The Senator now makes reference to the great investment that is required in a market where interest rates are going up, where there is inflation for every time that is used in the exploration and development of these wells. Besides the leasing, the pure economics of the matter require that they go ahead, and they have been going ahead, even in the period we are in now.

Mr. BENTSEN. We have the example of the Destin Dome purchase off Florida, which involved a purchase in excess of $1 billion. We saw them go ahead and do relatively early development, drilling 16 dry holes, I might say, trying to recover this enormous investment they made so they could get it back into their cash flow, so they could get back into the profits which might have been able to go to their stockholders.

Mr. STEVENS. Will the Senator from Kansas yield for a question?

Mr. PEARSON. I yield for a question or yield the floor.

Mr. STEVENS. My State comprises 65 percent of the Continental Shelf. The great frontier areas that we are talking about are primarily Alaskan areas. Has there been any indication that the Senator from Kansas knows of that there has been any withholding of gas that has been produced offshore of my State that would warrant a different standard of regulation for these great frontier offshore areas than would be provided or should be provided onshore in any place in the United States?

Mr. PEARSON. I would say to the Senator from Alaska I know of no such instance.

Mr. STEVENS. I thank the Senator.

Mr. President, it is my understanding that the proposal before us would effect a double standard and would primarily affect the State of Alaska and the offshore areas of Alaska where, as I said, 65 percent of the Outer Continental Shelf of the United States lies. As a matter of fact, half of the shoreline of the United States, as well as 65 percent of the Outer Continental Shelf, is off my State.

I know of no instance, and I would challenge the proponents of this double standard to show us an instance, in which any gas was discovered and withheld off the shores of Alaska. As a matter of fact, the history is just the contrary. When we first discovered gas in the Cook Inlet off Alaska, no one wanted it. As a consequence, for several years we have had to withhold the production of our oil because under our regulations it is impossible to produce gas associated with the oil and to flare it. Our conservation regulations prohibit that. So it was the other way around. It was the lack of a market for our gas for many years that required the holding back of our oil. It is only recently that there has been the development of the liquefied natural gas plants to convert our gas to LNG so that it could be shipped to what we call the south 48.

I see no reason for the provision that is before us that would create this double standard. That is one of the primary reasons that I support the Pearson-Bentsen substitute. I think if we are to have the incentive and to have the development off Alaska that we must have, there should not be a double standard. The effect of that double standard would be to deter the exploration, development, and production of the great and vast resources in the offshore lands off the shores of my State. That is a significant area. I am informed that more than half of the gas that the United States will consume in the future will come from my State, and a substantial portion of that is from offshore Alaska.

Mr. President, I am informed that during the course of debate yesterday, the distinguished Senator from South Carolina, Mr. HOLLINGS, suggested that the administration of amendment, No. 919, by the Federal Power Commission would result in extensive litigation with respect to the phaseout on the offshore domain.

This will not be the case.

Under section 208 of our proposal, the Natural Gas Act would be amended to add a new section 25 to the act. Under proposed section 25 of the Natural Gas Act, the Commission would establish ceiling rates and charges for sales by producers on the Federal domain offshore for the period ending December 31, 1980.

These ceiling rates and charges would be established consistent with the proposed statutory guidelines:

First, the Commission would consider exploration;

Second, the Commission would consider the promotion of sound conservation of energy resources;

Third, the Commission would consider the need for capital to obtain maximum levels of production from the offshore domain; and

Fourth, the Commission would consider the interests of consumers in obtaining fuel at a reasonable cost.

We have it on the authority of the Commission itself that such a program of economic criteria could be administered, in a critique of pending bills submitted to our committee earlier this year.

Not only that, Mr. President, but we have commonsense to rely upon. The pending Pearson-Bentsen measure directs the EPC to decide ceiling rates and charges by rulemaking—not by evidentiary proceeding. Under the law, the Commission's finding of ceiling rates and charges would be upheld in court under the "arbitrary and capricious" test. Unless the court found that the FPC acted in an arbitrary and capricious fashion in setting ceiling rates and charges, the decision of the Commission would stand.

There is litigation now pending in the courts of appeals whether the FPC has authority, by rulemaking, to set the national area rate, and special rates. The Pearson-Bentsen bill would settle this issue once and for all.

More to the point, by reforming an antiquated Natural Gas Act of 1938, in light of more recent administrative procedures laws and rulings, the Pearson-Bentsen proposal will provide certainty and a better degree of finality in all that the FPC does.

Mr. President, I would observe that the Pearson-Bentsen bill does not repeal the Natural Gas Act. All of the consumer protection provisions enacted by Congress in 1938 remain in force. Pearson-Bentsen does, however, repeal a judicial construction with respect to wellhead prices that Congress never explicitly enacted—or intended to enact.

Mr. President, my purpose in speaking today is to address the problem of reliance on foreign and substitute fuels our Nation will be again confronted with as a result of emergency natural gas legislation that we are asked to consider.

My purpose also is to let it be known that passing this kind of legislation by itself does not answer our deeper problem of restoring our vital reserves of natural gas, a problem, by the way, that is the direct result of ongoing Federal price controls on the wellhead price of natural gas.

I shall not belabor the fact that we already have, and have had before us a number of measures that will remove these repressive price curbs which created our shortages in the first place, but because of our own procrastination we have failed to act upon. So now, like the last few preceding years, we again find ourselves forced to take emergency action.

At this point, we cannot avoid consideration of this type of stop-gap legislation, no more than we can stop the snow from falling nor the cold from chilling our homes. But it should be apparent to all of us here that at the same time we also can act positively on legislation which provides for a more permanent solution to the continuous and crippling decline in our natural gas supplies.

The consequences of our failure to act now on measures that will remove price controls from the producer's price of new natural gas promise to remain with us for a long time to come. I need not remind you of the ineffectiveness of our past policies of allocations and the impact curtailments have had on the economy, particularly our country's industries, and businesses which supply us not only with jobs, but with the goods and services we need to maintain our standard of living.

This standard of living most certainly has to be severely affected again in view of the natural gas shortage which the Federal Power Commission and the Federal Energy Administration tell us will be 30 percent worse this winter than last and 45 percent worse for the entire year. And as in the past years, our basic production industries and our manufacturers will again shoulder the biggest burden.

They will, as a result, also have to seek other sources of fuel, either synthetics or foreign substitutes, which past history tells are more costly than the natural gas we domestically produce. The impact of this, as we all well know, is that the manufacturer's increased energy costs will almost certainly impact on the prices we pay for our goods. And unfortunately, the undeniable fact is that inexpensive alternate fuels will not be readily available.

Mr. President, if we are again forced to rely on foreign oil to fill the huge 2.9 trillion cubic feet shortfall in natural gas that is predicted for this year, the FPC estimates that it will take 516 million barrels of imported oil at a cost of about $6.2 billion to replace the shortfall. This is double the $3.1 billion paid to all U.S. producers for interstate gas sold in 1974.

In addition, attempts to offset the shortage with use of synthetic natural gas—SNG—will prove to be just as costly, if not more so. Today, for example, some pipelines are producing SNG from imported naptha at a cost equal to $30 per barrel of oil. Plans are also underway, I understand, to import liquefied natural gas—LNG—at costs many times higher than the domestically controlled price.

Moreover, and most importantly, use of such substitute fuels promises to have a far greater inflationary impact than the modest increase which would occur if new gas was deregulated. In fact, I am told that one recent and respected study warns that if we do not pay a modest amount to stimulate increased natural gas supplies now, we will pay far more for alternate fuels and increased transportation charges associated with the piping and delivery of natural gas. That increase, incidentally, is estimated at about $8.6 billion by 1980.

Mr. President, this figure is a staggering amount which our economy can hardly afford to absorb under any conditions, let alone the one we now find ourselves faced with. It would be all the more intimidating if we did not have an available answer.

But the fact is, Mr. President, we do have one standing at the ready that we have been woefully slow to act upon. Decontrolling the price of new natural gas, as every enlightened expert has told us, is the most reasonable and least costly alternative to the current natural gas crisis we now find ourselves locked into. Not only will it forever obviate the need to rush through emergency legislation and other measures which are incumbent on such action, but it will get this country back on the road to full-scale recovery of one of our most vital and important energy resources.

We must not be content to simply try and manage a crisis—rather, we must work to solve the crisis. We must not discourage the exploration and development of natural gas—rather, we must take those positive steps to stimulate new exploration.

Mr. President, Alaska is a State with huge supplies of natural gas. But the trillions of cubic feet of natural gas in Alaska cannot be developed and delivered to the lower 48 States unless the price of natural gas is high enough to pay for the massive costs involved in transmitting this essential fuel.

If we are going to be assured of new natural gas supplies from Alaska and other parts of our Nation, we must finally recognize the basic economics necessary to develop and deliver this energy.

We need not wait another year, or another Congress, or another Presidential election. We can and must do it now, for the sake of economy, our homes, our families, and our reputation as a self-reliant nation of free and independent people.

Mr. President, I might add that one of my young staff assistants has called my attention to a situation that might be of interest to the Senator from South Carolina. He points out that after the War Between the States, our whaling fleet was practically destroyed. The result was that the industry which supplied the major source of the country's lighting at that time, which was the whaling fleet and whale oil industry, failed.

Within a very short time, the price of whale oil shot up from literally pennies to more than $2 a gallon, and cries went up throughout the land that we would be ruined.

As a matter of fact, what happened was that men with vision discovered a way to make kerosene and began to market kerosene in place of whale oil; and what we had was the incentive that developed the great petroleum, oil, and gas industry, and the great public utility industry that now make this country one of the greatest countries on the face of the Earth.

The point, and I think it is a good point, is that by inhibiting the market price, we have in fact deterred industry from finding the alternative fuels and the substitute sources of energy that could move this country back into an era of self-sufficiency and as a matter of fact an excess supply, as far as energy to meet our needs is concerned.

Mr. PEARSON. Mr. President, during the course of the debate on S. 2310, the question of administration, the administerability of S. 2310, has constantly been before the Senate. I spoke on that subject a day or so ago.

I now ask unanimous consent that a table or statement indicating all of the actions that must be undertaken under S. 2310 by the Federal Power Commission, the Federal Energy Administration, the Environmental Protection Agency, the Secretary of Agriculture, and the Secretary of the Interior be printed in the Record at this point, together with certain quotations from statements by Mr. Zarb and Mr. Nassikas at the time of the hearing on the bill.

There being no objection, the material was ordered to be printed in the Record, as follows:

Administrative Problems

The Federal Power Commission, Federal Energy Administration, Environmental Protection Agency, Secretary of Agriculture and the Secretary of Interior all have various procedural and decision duties which are related and in some actions must be concurrent with other agencies or departments.

FEDERAL POWER COMMISSION (15 DAYS)

Designate priority interstate purchasers.

Determine the extent of their priority.

Determine the amount curtailed and essential purchasers.

Designate areas.

Set ceiling price per area.

Determine what is "new" gas.

Prohibit sales to those who are not priority purchasers.

Check exemptions.

Determine what gas is produced or could be produced.

Prohibit interruption for agricultural priority users.

Certify to the FEA that boiler conversions ordered will not impair service.

Determine compensation amount for transferred gas.

SECRETARY OF AGRICULTURE

Determine essential agricultural users and certify the period and the volume of gas required.

Deny use for boiler fuel.

Is alternative electric power available?

facility, can conversion take place, are alternate fuels available?

FEDERAL ENERGY ADMINISTRATION

Prohibit the use of natural gas for any power plant.

Capability of conversion.

Practicability.

Petroleum available.

Will natural gas go to priority purchasers?

Prohibit use of natural gas to electric power plants.

Is alternative electric power available?

No increase in the use of gas in overall production.

Will natural gas be available to priority purchasers?

Limit use of those not converted as to volume and period.

Determine small power plant exemptions.

Assess civil penalties.

SECRETARY OF INTERIOR (WITHIN 45 DAYS)

Determine the maximum efficient production on all Federal lands.

If State agencies have not determined maximum efficient production, the Secretary of Interior makes such determination in every producing State.

ENVIRONMENTAL PROTECTION AGENCY

Certifies boiler conversions—comply with clean air act.

QUOTATIONS FROM HEARING TRANSCRIPT ON "ADMINISTRABILITY OF S. 2310"

Zarb, p. 11—"I spent time this weekend trying to understand the difficulties of arriving at an average price, how such a system would work, and how much time it would take for the Federal Power Commission or another agency to put together the data base. . . .

"I wonder if we are perhaps putting in steps which administratively cannot be achieved and which will only hurt the ability to put this emergency program into place."

Zarb, p. 13—"Two things can occur, in our view. One, it can take so long to get the thing administratively laid out that we will be well into the winter before we have a viable system. While the price may arithmetically be correct in the marketplace, it may not achieve the desired result."

"It has happened in the past where an executive branch agency has been pushed into a tight timetable with respect to administrative actions to do the best they can. 'The best they can' results in a product which fouls up the market worse than it was before they began."

Zarb, p. 15—"Trying to set arbitrary prices in Washington continually has worked in the worst interest of the American people."

Zarb, p. 16—"When the consuming State Governors came to Washington and saw the President and outlined an appropriate proposal, they kept it simple and direct so it could be done quickly. They asked for a reinstatement of the 180-day methodology that has worked before and not try to interject anything that was new and that would cause difficulties."

Nassikas, p. 35—"(Under S. 2310) the price for such gas (that under section 4(g) could have been sold but was not sold) would remain frozen at the August 1975 intrastate level.

"This will result, I'm sure of it, gentlemen—and I urge you to reconsider that section. This will result in interminable litigation. Why? Because whether gas could be produced or sold is a question of fact which involves thousands of natural gas producers who would be subject to that particular provision.

"We vary anywhere from 5,000 to 15,000 gas producers in this country. . . . If you include only the larger ones, there are about 4,000 natural gas producers in this country."

Mr. HOLLINGS. Are they the letters the Senator mentioned?

Mr. PEARSON. Yes, I am going to put them in the Record also. What was the date of the 1-day hearing that we had?

Mr. HOLLINGS. It was on Monday, the 15th of September.

Mr. PEARSON. The quotations that I have asked to have included in the Record were from statements by Mr. Zarb and the Chairman of the FPC, Mr. Nassikas, at those hearings.

I hand the Senator from South Carolina copies of these other matters I intend to insert in the Record.

I inquired of both the Chairman of the Federal Power Commission and Mr. Zarb as to what their views are, after they have had a chance to look at this bill to a further extent, and I received last night, on October 1, responses from both of those gentlemen, which I shall ask to have incorporated in the Record.

I shall read, first, the letter from Mr. John Nassikas, who is Chairman of the Federal Power Commission, dated October 1. It says:

Dear Senator Pearson: I am writing in response to your inquiry as to whether I "find the provisions of S. 2310, as proposed to be amended by Senator Hollings' Amendment No. 934, as amended, administratively workable within the time period proposed." While Amendment No. 934 is a somewhat refined version of the original S. 2310, there still remain serious administrative problems that may very well impede the efficient and expeditious implementation of the various provisions of Amendment No. 934.

As I testified before the Senate Commerce Committee on September 15, 1975, I do not believe it is feasible for the Commission to establish intrastate rates for new onshore gas at the average new or renewed intrastate contract price for August 1975 within 15 days after date of enactment as provided in Section 4(b) of both S. 2310 and Amendment No. 934. The Commission does not presently have the information gathering authority under the Natural Gas Act to collect comprehensive intrastate pricing data from producers and pipelines who are not subject to our regulatory jurisdiction. Even if such information gathering authority were delegated to the Commission upon enactment of Amendment No. 934, the 15-day period for gathering and analyzing previously uncollected intrastate pricing data in order to set area rates would remain untenable.

Section 4(a) would require the Commission to determine what jurisdictional pipelines qualify as priority interstate purchasers within 15 days of the date of enactment of either S. 2310 or Amendment No. 934. The same 15-day requirement would adhere to a Commission determination of essential users who are the curtailed customers of priority interstate pipelines. The 15-day requirement of Section 4(a), while not as onerous as Section 4(b) discussed above, would impair the Commission's ability to make a well thought out determination of what pipelines should qualify as priority interstate purchasers and what end-users should qualify as essential users for the purposes of this emergency relief legislation.

I am still opposed to Section 4(g) which requires the Commission to determine what natural gas could have been produced or sold but was not pursuant to the provisions of Section 4 of both S. 2310 and Amendment No. 934. As I related to the Senate Commerce Committee in my September 15, 1975 prepared statement:

"I believe this provision could lead to protracted litigation and controversy because the question of what gas 'could have been produced or sold' during the period the Act is in effect—i.e. a period of six to eight months depending on date of enactment—would perforce be the subject of exhaustive investigation by the Commission requiring hearings relating to controverted facts and numerous court appeals from whatever findings may be made."

Except for Section 4(g) of both S. 2310 and Amendment No. 934, the substantive provisions of the proposed legislation would expire on June 30, 1976. Obviously, the "Natural Gas Emergency Act of 1975" is a temporary measure. However, there would be considerable administrative complexity in executing various provisions of this temporary relief legislation:

(1) Section 5 would require the Commission and the Secretary of Agriculture to coordinate with one another in establishing a high priority for agricultural end uses of natural gas;

(2) Section 6 would require the Federal Energy Administration, the Environmental Protection Agency and the Commission to make various findings in order to prohibit the boiler fuel use of natural gas by powerplants;

(3) Section 7 would require the Secretary of the Interior and/or the various States to determine maximum efficient rates of production for natural gas fields.

As you know, I have endorsed the temporary relief pricing concept of Section 104 of your Amendment No. 919, which section would permit curtailing pipelines to purchase natural gas at unregulated prices for up to 180 days. Furthermore, the Commission's ability to meet the administrative requirements of Section 104 would be considerably less difficult when compared to the numerous administrative requirements of either S. 2310 or Amendment No. 934.

Sincerely,

John N. Nassikas,
Chairman.

Mr. President, I also have a letter from Mr. Frank Zarb, the Administrator of the Federal Energy Administration, received last night, dated October 1, 1975, which raises numerous items of very difficult administrative procedures involved in the act now before us. Without taking the time to read it, I ask unanimous consent that this letter likewise be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Federal Energy Administration,
Washington, D.C., October 1, 1975.
Hon. James B. Pearson,
U.S. Senate,
Washington, D.C.

Dear Senator Pearson: This is in response to your request for FEA's comments on Amendment No. 934 to S. 2310, the Natural Gas Emergency Act of 1975.

The Administration is opposed to enactment of that amendment in its present form for the following reasons:

(1) It would regulate the price of new natural gas including presently unregulated intrastate gas. Such intrastate regulation is both unwise and unacceptable for several substantial reasons:

The principal reason for the present state of natural gas shortages is the current system of regulation, which inhibits production and should be removed from the interstate market instead of extended to the intrastate market.

An artificially controlled low price (relative to alternative fuels) encourages excessive consumption of natural gas.

Continued excessive consumption exacerbates shortages, and

Requires bureaucratic decisions as to what industries and other users will receive priority.

Since the amount of natural gas available over the short term is limited, the setting of priorities amounts to taking natural gas from some and giving it to others.

Regulation of intrastate prices will be an immense administration burden.

(2) The establishment of an "area ceiling price" within 15 days from enactment is unwise and administratively unworkable. It does not allow enough time and is so vague in its concept of "area" that the administrative problems would be insurmountable;

(3) It is not clear whether section 4(f) would include a high-priority, curtailed end-user purchaser as an "interstate purchaser." If not, the bill is deficient in not containing provisions clearly allowing end-user purchased intrastate gas to be transported through interstate pipelines;

(4) There is no clear statement of FPC jurisdictional authority under the Natural Gas Act for either priority interstate purchases or non-priority purchases. By not specifically exempting such sales, it could be argued, for example, that they are subject to FPC abandonment authority under section 7(b) of the Natural Gas Act. Producers could then be required to continue selling in the interstate market upon the termination of the emergency contract, and possibly at a lower interstate price upon expiration of the emergency legislation. If this is the case or if the vagueness of the bill even suggests the possibility it might happen, there would be a resistance on the part of intrastate producers to supply any emergency gas into the interstate market;

(5) Section 4(g), which provides that (supposedly) presently available natural gas shall never be sold above a particular price if not sold under the Act, is both a legal and administrative nightmare. It is almost impossible to determine whether natural gas "could have been produced or sold, or both, but was not. . . ." Furthermore, any such determination will surely be litigated and the provision might be unconstitutional;

(6) As you know, the Administration is greatly concerned with the priority needs of the agricultural sector. However, section 5, which arguably authorizes the Secretary of Agriculture to determine and allocate between individual end users as well as between pipelines, is vague and administratively burdensome. Furthermore, with the FPC's curtailment policies and the FEA's propane allocation regulation providing agricultural priorities, this provision is unnecessary.

(7) The authorities under this Act should extend for two years rather than one year, since they are necessary for next winter as well as this;

(8) The authorities prohibiting the use of natural gas as boiler fuel are incomplete and vague as to the priority of conversion between coal and oil. I discussed these shortcomings in greater detail in my letter of September 23, 1975, to Senator Randolph, and I am enclosing a *copy for* your information. Furthermore, section 6(e)(1), which provides for reimbursement to a curtailed user by another user is extremely administratively burdensome as drafted;

(9) While the Amendment wisely differs from S. 2310 in its removal of temporary emergency production authorities which would have resulted in loss of ultimately recoverable gas, we question whether the maximum efficient rate authority in section 7 would contribute any additional gas this winter, and are further concerned with the immense administrative task of determining MERs for an indefinite number of fields, particularly within 45 days;

(10) We are pleased to see the inclusion in this amendment of propane allocation authorities. However, authority to amend these regulations should be specified.

In summation, while we appreciate several of the objectives of Amendment No. 934, we find it overly vague in places, counterproductive in its regulatory approach, and so administratively burdensome that it would be extremely difficult, at best, to administer.

The Office of Management and Budget has advised that the submission of this report is in accord with the President's program.

Sincerely,

Frank G. Zarb,
Administrator.

The PRESIDING OFFICER (Mr. Johnston). The Chair announces that the pending question is on agreeing to amendment No. 919, as modified, which proposes to amend amendment No. 934, which in turn is an amendment in the nature of a substitute for S. 2310.

Mr. PEARSON. I thank the Chair. That is my understanding. I yield the floor.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, we are told that there is a natural gas emergency facing the country this winter, and I do not think anyone disagrees with that.

Mr. President, we are also told by some of our colleagues that the most appropriate response to the emergency is that found in amendment No. 934, to be offered as a substitute for S. 2310 by Senator Hollings and others. Here, Mr. President, I must disagree.

Most respectfully, I would offer here some thoughts concerning whether or not amendment No. 934 will accomplish what its sponsors concede must be done—that is, that the impact of the natural gas shortage must be mitigated to the extent possible, as quickly as possible.

Mr. President, in reviewing amend-No. 934, I have concluded that there is simply no possibility that this legislation will do anything to solve anyone's problems this winter, or at any time in the near future. Let me underscore the following points, as to why I think there will be interminable delays in trying to administer this particular piece of legislation, if it becomes law, and why it will take us right past the winter.

First. Amendment No. 934 cannot attract gas this winter to the interstate market through producer sales. I believe this to be true because amendment No. 934 requires the establishment by the EPC of ceiling rates, area by area, and until this is done, it is not reasonable to expect any sales to be made. In the proposed legislation, they are talking about doing that in 15 days. That is incredible. There is no way that the Commissioner can require that kind of information in that span of time, not having had the regulatory authority over this intrastate market in the past. So the accumulation of the vast amount of information for that purpose will not be consistent with the time frame involved.

Amendment No. 934 provides precious little guidance to the FPC in how it is to set these new ceiling rates, for at no place in the legislation is it made clear whether or not the FPC is to deal with weighted average prices, whether adjustments are to be made for quality and quantity variations in current intrastate contracts, whether adjustments should be made for Btu content of natural gas, and so forth. What I am saying, Mr. President, is that in my judgment the FPC will encounter difficulty in setting rates expeditiously area by area, and that no matter what determination is made by the Commission, an appeal of the rate levels must reasonably be expected. My colleagues will recall, of course, that amendment No. 934 expressly permits "any person" to take the FPC to court—in any district court of the United States—if any person feels aggrieved by what the FPC does under this legislation. Amendment No. 934 simply does not provide a mechanism for prompt response to a natural gas emergency.

Further, the amendment will not bring gas to the interstate market in sufficient time to alleviate problems this winter because the amendment, as drawn, still maintains FPC jurisdiction over all facilities necessary to make sales in interstate commerce. In every producer sale, the FPC presently has jurisdiction both over the sales rate and over the facilities employed to effect delivery of gas. While amendment No. 934 attempts to resolve the rate problem by giving the FPC some degree of latitude in considering intrastate before the Commission and received a determination of the "acquisition cost" applicable to the particular gas to be sold—that is a controversial item, how you allocate those costs to that specific bit of gas—and has secured from the Federal Power Commission a determination of the transportation rate which may lawfully be charged.

Mr. President, it is beyond belief that intrastate pipelines could go through this administrative machinery and receive final orders from the Federal Power Commission in sufficient time for their sales to make any significant contribution to easing the natural gas crisis this winter.

In conclusion, Mr. President, I suggest that amendment No. 934 has been drafted without appreciation of the real problems facing the natural gas consumer this winter, and without real understanding of possible solutions to our problems. I believe that amendment No. 919, which Senator Pearson and I and many of our colleagues on both sides of the aisles join in cosponsoring, does provide, in title I, for effective short-term solutions and effective long-term solutions to a critical national problem. I cannot believe that amendment No. 934 measures up to the responsibility of the U.S. Senate under the circumstances which confront us. Amendment 934 prescribes a dose of more regulation for a problem which was aggravated by regulation. It prescribes a dangerous prescription that is far more likely to compound our problems than solve them.

I respectfully suggest that my colleagues could profitably study the hearing record compiled for Representative DINGELL's Subcommittee on Energy and Power last week. During almost 1 full week of hearings, it became abundantly clear that producers, pipelines, distributors, State officials, and consumers of natural gas were of the near unanimous belief that the basic approach of S. 2310, and amendment No. 934, simply cannot operate to provide any relief to the natural gas crisis this winter.

Mr. HOLLINGS. Mr. President, I shall try again this morning to keep the entire subject in focus with respect to the President and his program. We started in January with the President boarding Air Force 1 and flying off in all directions: "I have a program; where is Congress' program?"

Along that line, Mr. President, with respect to the colloquy I had with the distinguished Senator from Idaho (Mr. MCCLURE) on the OPEC pricing, while we are not privileged to have a copy of the Washington Post this morning, there was brought to my attention the onsite coverage of the OPEC's huffing and puffing in Vienna by their correspondent, Jim Hoagland.

Mr. President, I ask unanimous consent to have this entire article printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OPEC'S HUFFING AND PUFFING: WAS IT ALL A SHOW?

(By Jim Hoagland)

VIENNA, September 28.—"I just can't understand what all the talking and arguing is about," a weary delegate new to the councils of the Organization of Petroleum Exporting Countries said after witnessing three days of animated debate among the world's major oil exporting nations.

"This could have been settled in one day. I don't see why it wasn't," he continued.

Diplomats, reporters and oil company executives who waited through the four day OPEC session, which ended last night by adopting a widely predicted 10 per cent increase in international oil prices, shared some of the delegate's mystification.

The increase was adopted after the OPEC oil ministers had given Vienna enough drama to upstage the renowned opera and theater found in the Austrian capital.

Included in the show and dutifully reported in headlines around the world were a sheikh flying off to London in a huff when his efforts to restrain prices seemed about to be thwarted, leaked reports from delegates that the meetings were becoming "violent" and a cliff-hanging ending in which the oil ministers lauded themselves for saving Western civilization by imposing only the increase that most experts expected from the beginning.

How much of this was theatrics designed to sugarcoat the new increase that will add $10 billion to the cost of OPEC oil, or how much was a genuine, bitterly fought bargaining process, cannot be known now.

What has become clear is that both oil producing and consuming governments are devoting almost as much time and energy to the staging of the energy crisis as they are to trying to solve it.

For OPEC delegates, there is a counterpart to suspicion that the haggling of the past four days was intended to soften the blow of a new increase worked out at the parley's beginning. The counterpart is the dichotomy of the Ford administration seeking to insure America's energy interdependence by raising the price of oil itself while hurling verbal thunderbolts at OPEC for raising the price of oil.

Suspicions have now arisen even in the Saudi Arabian camp, which has been the sole champion of trying to get prices reduced or frozen on a long-term basis, that the United States does not in its heart of hearts want oil prices lowered.

Sheikh Zaki Yamani, the Saudi petroleum minister, has told friends privately that the veiled threats against OPEC from Secretary of State Henry Kissinger and others serve only to increase the resolve of other OPEC countries to demonstrate their political independence by raising prices.

Iran, a close ally of the United States, manipulates such statements to strengthen resolve in the camp of the price hawks, Yamani is reported to have said. He is also known to have said recently that high level U.S. officials, including Kissinger, who visit Saudi Arabia have never seriously discussed lowering prices with him.

Those increasingly suspicious of American intentions point out that European and Japanese industry are more severely affected by oil price increases than the United States and that a price rise generates demand for more American dollars in international markets.

Whether any of this week's screaming among OPEC members, which some news agencies were quick to report as signs of OPEC's disintegration, was intended to convince consumers that they were lucky to get off with only 10 per cent, is known for certain only to the delegates of the key countries in the 13-member cartel.

But there are hints that the final decision was orchestrated at least in part to produce that result.

> "Five-plus-five," a well-informed source said Wednesday night after the conference had opened with Yamani insisting he would not support any price increase and Iran's Jamshid Amouzegar saying the conference would not accept an increase less than 15 per cent.
>
> Five-plus-five was the formula that Yamani did advance at the meeting—a 5 per cent increase now and 5 in January.
>
> The following night, after Yamani had flown off to London intimating to newsmen that the differences with Iran were very grave indeed, the source reported: "A compromise, 10 per cent at one time, now." Two days later, after the sheikh returned and the press was dutifully informed of continuing haggling, that was the exact result.
>
> After the conference Sheikh Yamani told friends that Saudi Arabia had again singlehandedly blocked price rise that would have damaged the world. He had threatened to break the OPEC price front if his position was not accepted. It was the third time within a year the sheikh told insiders that this scenario had worked.
>
> Amouzegar, meanwhile was calling on the consumers to note what nice guys OPEC had turned out to be after all. Spreading the glory around, Algeria, which had been cast in the role of a price heavy at past conferences, took the role of a moderate at this one, and the Algerian minister told French reporters that the five-plus-five formula had originally been his idea.
>
> Tiny Kuwait, which bases its entire foreign policy on the principle of not antagonizing any of its stronger Middle Eastern neighbors, played the role of moderator with finesse. Kuwait presented the final compromise proposal, which Saudi sources said actually came from Iraq and which other Arab sources said actually came from Saudi Arabia.
>
> Serious differences do exist within OPEC, especially between countries like Saudi Arabia, which is rich in both budget surpluses and long-term oil reserves that it wants to insure are not priced out of the market after a decade or two, and Iran, which needs cash for the shah's grandiose spending and will probably be a minor oil exporter in a decade.
>
> But the sheer theatrics of last week's OPEC meeting, coupled with Kissinger's refusal to take action to back up his pricing complaints, raise questions about what is really happening.

Mr. HOLLINGS. Mr. President, from the article itself about the OPEC haggling and position taking, I quote:

> The counterpart is the dichotomy of the Ford administration seeking to insure America's energy interdependence by raising the price of oil itself while hurling verbal thunderbolts at OPEC for raising the price of oil.
>
> Suspicions have now arisen even in the Saudi Arabian camp, which has been the sole champion of trying to get prices reduced or frozen on a long-term basis, that the United States does not in its heart of hearts want oil prices lowered.

He concluded in the final paragraph:

> But the sheer theatrics of last week's OPEC meeting, coupled with Kissinger's refusal to take action to back up his pricing complaints, raise questions about what is really happening.

That is the question this morning: What is really happening? We started off with an emergency bill. The distinguished Mr. Zarb, the Energy Administrator, wrote a letter, dated September 10, a letter of transmittal of his emergency bill. I quote from that letter:

> Even with immediate deregulation, however, the shortfall has become so acute that the Nation faces the certainty of serious curtailment for the next two winters.

And he submits an emergency bill. He goes on to say:

> Because certain areas of the country, particularly the Mid-Atlantic States and Midwestern States, face especially serious potential shortages, I urge prompt congressional action to enact this legislation. Without such action—

prompt congressional action—

> we will lack the ability to respond to these serious situations in the timely and effective fashion that their gravity warrants.

Mr. President, that was the position of the energy czar, Mr. Zarb. He is the czar; the coach of the team is Mr. Kissinger. He became the energy czar in the middle of January. But Mr. Zarb, the temporary administrator, agreed with Congress. We get little to agree on, but when we do, we take heart.

We agreed unanimously about the emergency report, for that very emergency bill submitted by Mr. Zarb in that letter of transmittal was placed on the desk, and by unanimous consent, we agreed that it should not be referred to a committee; it should lie at the desk for prompt consideration. Equally, our amendment No. 934, referred to by the distinguished Senator from Texas, the emergency approach of Congress, lies at the desk.

There was one thing we agreed on, the emergency approach. This has been fixed in fact as a matter of necessity with our colleagues from the House side. The distinguished Congressman, Mr. DINGELL, appeared when we had our open news conference relative to S. 2510, the congressional emergency approach, and he said that while they could start hearings on the emergency bill right away, and they did so, the development of a House approach to the permanent solution would require several more weeks of hearings and consideration.

They could turn that out by the end of November or the 1st of December from the House side, but that would be too late for this winter's particular emergency on jobs. So even the House agreed on the need to move quickly on an emergency measure.

Earlier this week, there was a celebration down at the White House and the President reaffirmed to the distinguished Senator from Ohio (Mr. GLENN) that we need to get action on the emergency bill now. As Jim Hoagland, out in Vienna, wants to know what is really happening, I find myself in Washington, D.C., asking the same question. I ask my friend from Texas about the breakfast. Did he enjoy the breakfast this morning at the White House with the President?

Mr. BENTSEN. Unfortunately, I did not have breakfast with the President this morning, but I did exchange some views and concerns about getting some legislation through that would bring a resolution of this problem and to try to solve it, not just with rhetoric, but to try to solve it with solutions. Not by spreading shortages across the country, but by trying to accelerate supplies in this country with a reasonable solution to restore the cost of gas and the price of gas to the marketplace.

I understand that the Senator from South Carolina has resolved most of his problems for his textile industry and that they can make their purchases of gas from some of the gas-producing States. My deep concern is for the rest of the States around the country, that will have some shortages this winter, and how we are going to try to resolve them. I believe we can do it with a combination of emergency legislation and a permanent solution to the problem such as that in the substitute that the Senator from Kansas (Mr. PEARSON) and I have proposed.

Mr. HOLLINGS. So the Senator did not attend the breakfast?

Mr. BENTSEN. I did not say that. I said I was there but I did not have breakfast; I said we exchanged views.

Mr. HOLLINGS. Oh, then the Senator was at the breakfast.

Mr. BENTSEN. If the Senator would listen, I said we had a meeting with the President this morning where we shared concerns and tried to find a solution.

Mr. HOLLINGS. Excuse me. "We met with the President this morning." Is it not a fact that the President pressed for the particular amendment of the Senator from Texas, the long-range solution combined with the emergency proposal?

Mr. BENTSEN. The President concurs, as does Mr. Nassikas and as does Mr. Zarb, that the proposal by Senator PEARSON and the Senator from Texas will do the most effective job in bringing about both an emergency solution and a long-term solution.

Mr. HOLLINGS. So, then, the President was pressing this morning for the long-term solution along with the emergency solution?

Mr. BENTSEN. A combining of the two.

Mr. HOLLINGS. Oh, now we do have that statement. So when we try to find out, Mr. President, what really is happening, the President talks of the emergency and solving it and says it has to be done, not by a long-range plan, but by an emergency bill. He says to Congress, with a letter and message from Mr. Frank Zarb, his Administrator, that it has to be treated with on an emergency basis. He tells the cosponsor of our particular measure, "Yes, we agree on that," on Monday, "We have to have an emergency solution." But then he has early morning meetings to press for the long-range solution. I just wanted to make this point clear.

Further, I want to make the point clear about the President's accusation, "I have got a program, where is Congress'?", because the President has been all over the lot on this particular stand.

Now we can go to what Mr. Nassikas and Mr. Zarb had to say and what they will say now.

Mr. BENTSEN. Will the Senator from South Carolina yield for a question?

Mr. HOLLINGS. Yes, I will yield for a question.

Mr. BENTSEN. Is it not also true, when the Senator talks about being all over the lot on the question of emergency legislation and long-term solutions, that the Senator from South Carolina has joined in sponsoring an amendment by the Senator from Illinois, an amendment to his bill, which, in effect, is talking about long-term solutions? So is not the Senator from South Carolina also trying, in effect, to deal with short-term emergency and long-term solutions and putting them together?

Mr. HOLLINGS. The hope of this Senator is that we will not go to that until we complete the emergency bill. That is what we agreed on. We did agree in good faith that we were not trying just to get a short-term solution and put aside consideration of the long-range problem and never deal with it. In fact, this Senator has been in hearings on that long-range solution since 1967.

The Senator from Texas knows full well that I have that S. 692, which is a long-range proposal, ready to call, if we are going to take that route now, if we are forced to do so by the duplicity of the President of the United States and others in this Chamber, who are talking about emergency, but in a power play, are trying, without even debate on the comprehensive nature of this particular problem, to force it onto the emergency itself and change horses in the middle of the stream. They tell the public earlier this summer, "Bring the Governors in,"; saying to the Governors, "We must have a short-term solution, we must face up to this problem. We need an emergency bill, now let us all get to work." To the Governors, the Congressmen in the letter, the Senators, and even the cosponsor of this particular bill, again and again, they said. "Let us use the emergency route." But when we try to restrict it to the emergency route, here he is coming now with a long-range one.

Mr. BENTSEN. Will the Senator yield?

Mr. HOLLINGS. Certainly I will yield.

Mr. BENTSEN. We are looking at the amendment of the Senator from South Carolina to S. 2310 which shows "Mr. STEVENSON for himself and Mr. HOLLINGS, an amendment to 2310," and thus the Senator is talking about long-term solutions at the very same time.

Mr. HOLLINGS. No, sir; we are not.

Mr. BENTSEN. Who is duplicitous, and who does it apply to?

Mr. HOLLINGS. Unless we get submarined here this afternoon at 3 o'clock telling Congress, on the one hand, "emergency," but, on the other hand, holding early morning meetings to say, "Put on the long-range; let us start a 2-week debate over there." That strategy will carry us way past the schedule in the Senate, and put the House solution beyond Thanksgiving into Christmas, and then the President can go on TV again and say, "I was for trying to get you these jobs, but Congress would not act in time and incidentally while you were not looking I had an early morning meeting and forgot about the jobs. Instead, we put the power play to them and went for the long-range, total decontrol."

Mr. BENTSEN. Mr. President, will the Senator from South Carolina yield for just a 30-second statement by the Senator from Texas?

The Senator from Texas, from the very beginning, has talked about having a long-term solution that takes care of the emergency provisions at the same time and that is what I propose and that is what I have supported. So the Senator from Texas has been quite consistent in that.

Mr. HOLLINGS. I am talking about the consistency of the President of the United States. I know the Senator from Texas wants total decontrol. There has been no mystery about that.

Mr. BENTSEN. I would prefer this amendment to what we saw yesterday, frankly. I think this is a better solution than the one we considered yesterday. Now, rather than having total decontrol, I prefer the phased out control that we have seen in the Pearson-Bentsen legislation.

Mr. HOLLINGS. Mr. President, I was going into the Zarb-Nassikas part, but I will go immediately into the Fannin amendment. Yesterday that was tabled by a 57-to-31 vote.

The Pearson-Bentsen amendment is nothing more than the Fannin amendment in Bentsen clothing. Let us take the various issues right here and now and find out, because this is where we are getting the sleight-of-hand operation, representing this amendment as giving us a phased decontrol, as if it were a sort of middle ground.

Let us listen for a second now with respect to immediate and total deregulation of new natural gas onshore. That was called for in the Fannin amendment and that is called for in the Bentsen amendment.

You get total deregulation of new natural gas produced offshore in the Fannin amendment and in the Bentsen amendment it is here when we get really to the heart of the problem, this alleged 5-year phaseout in the Bentsen amendment.

Let us look at that 5-year phaseout. Let us look at the schedule of the phaseout and let us look at the report of the Office of Technology, and the Department of Interior study, and we will read for you the drilling dates offshore. Based on the most realistic assumptions and based on starting the leasing program in all frontier regions in 1975, which have not started yet, in the mid-Atlantic with discovery in 1977, the first production will not come on until 1981. What price is going to be phased out?

In the southern California area, with the first discovery in 1978, the first production would be 1982. The phaseout does not affect the gas to be found; the phaseout will be over before the production can come on line in the frontier area.

In the Gulf of Alaska, according to the schedule, the first discovery would not occur until 1979 and the earliest production in one field would be 1983.

On down, the Government exploration program is the same. In the Mid-Atlantic discovery in 1978 means production in 1983; southern California discovery would be 1979, with the first production in 1984; in the Gulf of Alaska, first discovery would be 1980 and first production in 1985.

So what is the force and effect of the phaseout? If you had any doubt about it, all you have to do is ask Mr. Zarb. Mr. Zarb said in his Project Independence report last year, and I read from page 95:

> Because of the long lead times required to bring natural gas production onstream, and because of anticipated declining finding rates non-associated gas production from the Lower 48 States should continue to decline until 1980 regardless of price.

So he thought at that time even under decontrol there would not be any new gas brought on before the so-called phaseout is phased out under the Bentsen approach, and it is described as such a deliberate, carefully thought out, moderate phasing out of controls. You are getting the same thing under law with respect to the offshore as you would have had with the Fannin amendment.

Now what really happens, Mr. President? This phaseout says to the driller onshore, "You do not know about decontrol in the offshore but you know onshore all you have got to do is take the fields in which wells have been drilled in the past and gas found, and just drill a new well in that same field, the already found and producing field, gas from the new well becomes new gas under this Bentsen bill because it is now coming out of the new well instead of the old one, and you will be able to charge the decontrolled price." This is the same proposal which was voted down yesterday afternoon.

After they have done that for 5 years, taking their profits and put them into the Government leases, and the ripoff there is the greatest resource robbery of all time, with the gas and oil companies putting on the pressure to get the Government's land away from it at bargain basement prices, then, by that time they will have those leases, and will be ready to bring in their offshore gas, which according to the Department of the Interior's own schedule, begins in 1981 when there is no longer a phaseout, so there is no force and effect in that particular section.

It says instead, Mr. President, that where you are going to try to make up the supply, here we are trying, with the President talking about "self-sufficiency, lack of dependence, do not depend on Arab OPEC, so let us get decontrol and everything else of that kind." Here under the Bentsen proposal it tells you categorically, "Hold on. Do not bring on any supplies, both by way of the actual physical facts and your financing, the money to be received from those particular explorations and developments." It says, "You are not going to get the highest prices, so do not rush. Slow down, withhold, and make sure it is not brought in until after the full decontrol has occurred offshore."

So instead of satisfying a shortage, instead of bringing on increased production—and that is the title of the bill—to try to increase the production—under the Bentsen amendment what you do is decrease your production. At least it was done right under the Fannin amendment. If they are going to get anything like decontrol offshore, we might have started the movement forward under Fannin because there was no uncertainty, and it would go where everybody agrees a majority of the remaining gas is in the domestic United States, and that is offshore. So that was voted down 57 to 31.

But they come in now under this particular amendment and they tell you to withhold because in essence, they say, "Do not worry." It sounds pretty on paper. You can sell that to legislative assistants who have not worked on the bill, and they are trying to brief their Senators, and it is a difficult and complex subject, and we can put this over. We can tell them we have got phased decontrol.

Now, what does it do, speaking of legislative assistants, what does it do, Mr. President, for the lawyers?

The distinguished Senator from Texas was talking about our measure as the Lawyer's Retirement Act of 1975 on yesterday or the day before, I guess it was—the Lawyer's Retirement Act.

If there is any doubt about it, all we have got to do is take this particular measure and look at the emergency provisions in the first part. If we look at those provisions, we will find, Mr. President, and we will just take one item in the emergency provision, the propane part—under that propane section there is set up what is called a gas appeals court, something entirely different.

The President is authorized to issue such orders and regulations and he gets a special court for gas appeals and he gets the Chief Justice in on this; he gets the circuit court of appeals in on it; it is called the temporary emergency court of appeals for gas cases.

Of course, that is set up to handle the emergency on propane, not the rules and regulations that the Senators voted on for the continuation of allocation, but we are going to have a special gas court to appeal to and everybody is going to be a gas judge. Talk about the Lawyers' Retirement Act.

So under the emergency provision, which we have never had a real opportunity to get at and discuss because we have had to face up to the strategy of the White House on this one and the proponents of decontrol, let us look at it. In addition let us look at the emergency gas court—Incidentally, under the Administrative Rules and Procedures Act where we have 30 days for the rules and regulations, I do not see how in the world anybody can get any gas under 2330—the first part of the Bentsen, alias Fannin bill.

There is no difference in Fannin and Bentsen, only I rather like the forthrightness of the Fannin approach. It said, "Just come in and decontrol the new gas offshore and onshore, and let us really get at it from an economic and not a political problem, but use it."

In the Bentsen emergency procedure we find all of a sudden we get a special gas court.

Then we go to the offshore to make certain that does not come in under any kind of phaseout, they really ought to read page 27 of the amendment of the distinguished Senator from Texas during that 5-year period, national ceiling for rates and charges from January 1, 1975 to December 31, 1980.

In fact, that is how long it will take to decide these things.

Look at this:

> In establishing such national ceiling the Commission shall consider the following factors and only these factors:
>
> "'(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of natural gas;

The Commission has been doing that, they know how to sell it. That can be done, and they decide, say, 75 cents. They decided in December, less than a year ago, on 50 cents, but let us assume they would start off with a 75-cent price.

Then they go to consideration of No. 2:

> "'(2) the rates and charges necessary to encourage the optimum levels of (i) the exploration for natural gas, (ii) the development, production, and gathering of natural gas, and (iii) the maintenance of proved reserves of natural gas;

That is where the lawyer is coming in, "optimum levels." Could we not argue that is a good turnover before any and every court?

If they had any hesitation, a freshman law graduate could handle that one, but the senior member would enjoy paragraph 3 under the Bentsen solution to energy in this country:

> "'(3) the promotion of sound conservation practices in natural-gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to consumers;

What are we going to do to the 75 cents in order to promote conservation? Raise the price, let us say, above oil?

That has been their approach all along, trying to get above OPEC. There is not any doubt about how they are going to get conservation. Conservation by recession is what we have heard by the President of the United States and these proponents of decontrol since the beginning of the year.

So they decide that in order to promote that conservation, that price has got to be higher than oil, and if it has got to be higher than oil to promote conservation, then we have got an appeal, so we go all the way to the United States Supreme Court, and that takes at least 3 years.

Mr. President, talk about the Lawyer's Retirement Act of 1975. Why do we need all this when we have worked out the solution with the House, the Senate, and the administration?

Having worked that out, to come in and misrepresent the bill and say there is no judicial review when there is judicial review under amendment 934, let us go and look at the hearing record and see what these gentlemen, Mr. Nassikas and Mr. Zarb, have to say.

They write and they say now it is very difficult to even administer or collect figures, or anything else.

When Mr. Zarb appeared before the Commerce Committee on September 15, by himself, he was very agreeable.

That is the trouble. We see the two faces of Mr. Zarb all the time. Every time Representatives and Senators meet Mr. Zarb, we all go away with the feeling, "Gee, that's a nice fellow. He is not difficult to get along with."

He seems to be amenable until we see him on TV on some other statement.

Here is what he says on page 14 of the transcript, and I quote with respect to the interim period, emergency steps proposed by the President and the Congress:

> We seem to be reasonably close.

Mr. Nassikas, in closing out his testimony as head of the Federal Power Commission, the same gentleman that signed that letter that was just put in the Record, by the Senator from Kansas, said on page 98 of the transcript:

> I will hasten to add, I think the staff and this committee, the Senators, have done an excellent job in putting this bill together on a crash basis. I think you can see from the tone of my prepared statement, which I prepared Friday, largely prepared by myself, that I don't take great issue with the bill.

He was testifying on S. 2310. Now all of a sudden, by letter, it has become unadministerable, horrible, with terrible delays, and not having any character because it does not stand up to the long-range problem. But when he was talking at the September 15 hearings, he said:

> I think you can see from the tone of my prepared statement, which I prepared Friday, largely prepared by myself, that I don't take great issue with the bill. If I took great issue, you would have heard it. I am saying, you can pass your bill.

Here we are, trying to move forward. How? On an emergency basis.

We are finally closing in on the truth of the matter. Finally closing in on the gentleman. For here it is again with respect to the 15 days' time specified in S. 2310. When asked about that, it is interesting to note, of course, what Mr. Zarb can do with the records. We only asked to take August contract prices.

I will get to August contract prices now. We asked for August contract prices to find the most recent average prevailing price in each area.

They asked whether FEA could gather the necessary information to implement the bill, Senator Glenn asked:

> It is possible that you could submit the details on how much natural gas is used as boiler fuel and then of that amount of gas which is used as boiler fuel, how much can be converted?
>
> Could your statements be submitted by tomorrow evening?
>
> Mr. Zarb. That would be fine.

In 15 days? Within 24 hours they can get all the information there is in the country, all the industrial boiler fuel use, take all of that information and get it down to how much can be converted during the emergency period during the next 60 days to be contracted for in order to keep the jobs going. They can get that in 24 hours.

Later, Mr. Nassikas and his group said:

> We cannot get it within 15 days.

The distinguished Senator from Ohio was asking about working on that particular measure.

This is the exchange between Senator GLENN and Mr. Nassikas, the Chairman of the Federal Power Commission:

> Mr. GLENN. I know you don't go on speculative legislation. Is there a possibility you could have people putting together this pricing in the interim period while we get something through here, we hope?
>
> Mr. NASSIKAS. Yes, Senator Glenn. We already have the staff taking all contracts as of the very latest date, July 1975. That was my 20 companies. That showed the price of $1.2601. Yes, we will continue doing that.
>
> Mr. GLENN. Thank you very much.

The definite impression was that the Chairman of the Federal Power Commission, who had called for the introduction of a special bill back in July, had already started correlating the figures, was working on them in August, was working on them in September, and would continue, so if we could get this bill through by October 15, Mr. President, in that 15 days, by November 1, they would have had a particular fixed figure for a particular area.

The Senator from Kentucky (Mr. FORD) has an amendment to correct that, to say the prevailing figure in that area as of the time of the enactment of the bill. While they are correlating, we wanted to make sure that we did not put in anything that could not be administered. We are going along with that amendment.

What does Mr. Zarb say in contradiction to what the Senator from Texas is now representing about not being able to get those figures? He said 80 percent of them are right now on board the Federal Power Commission.

> The Federal Power Commission does not now regulate intrastate prices set by national companies who also sell natural gas to the interstate market. But with respect to those it does collect data on the intrastate prices from the major companies. It is estimated that these companies supply at least 80 percent of the gas sold in the intrastate market.

The FPC has been in business for years. It has figures for 80 percent of the market. They are already moving in on the intrastate market. Within 24 hours they can find out what the total boiler use is in the country that can be converted. But now they are, on the one hand, putting a roadblock into the emergency and on the other hand the total decontrol, the Bentsen proposal. It is very facile.

All we have to do is enumerate the particular points. They say decontrol onshore and offshore has no immediate effect because no offshore gas comes on during the 5 years. It is specified as new gas. They make their money onshore and hold up the offshore because they will get a bigger price. Instead of solving the energy problem in 1975, the problem that we have to account for now—what do they do? They put off a solution until after the election. They ask us to give them total decontrol, give them total inflation at the end of the 5-year period, plus no gas in the meantime.

That is exactly what the administration's position is on that bill, although they had told us that with the exigencies of time, the pressures for uemployment and everything else, they would use the emergency route. But they reneged on that promise.

They had a meeting this morning. They called the Senators in and said, "No, we want the Bentsen solution. We are going with our Texas friends down there to get the whole thing decontrolled. Don't worry about the jobs this winter. We have letters from Nassikas saying we cannot do it in 15 days" when they can do something else even far more difficult in 24 hours.

Here Mr. Zarb says:

> With respect to the interim period and emergency steps proposed by the President and the Congress, we seem to be reasonably close.

That is what Frank Zarb said on September 15, Mr. President, and that is exactly the frustration we have met in the Senate Chamber trying to keep track of these rascals, the way they run around and switch about and call it a policy.

I have tried to pass an energy policy council through here for the last 5 years. It has passed the Senate three times. That same White House wants to play the chicanery game of wheeling and dealing, bobbing and dobbing, going around and saying one thing to the Congress, the other thing on TV, and getting an early morning meeting together and saying,

> Forget about what we said before. We will kill them at 3 o'clock. We will get the whole thing decontrolled under the aegis of being reasonable about a phaseout.

The phaseout is worse than the Fannin bill. At least that was in an industry that is totally decontrolled.

> You try to bring it on as fast as you can to make your contracts, make your profits, make your wells, and get America moving.

Everybody agrees the majority of the remaining reserves are offshore of the United States of America.

We are working down on the other end with S. 521 to facilitate and accelerate the offshore movement, to reconcile the Governors of the coastal zone, to reconcile the environmental interests, so we will not have what we had with the Alaskan pipeline; working day and night and Saturdays and everything else, trying to accelerate. And they come with a solution saying:

> Put on the brakes. It is a money thing with us. It is a political thing with us. We will sell out to the Texas crowd. We will give them total decontrol onshore and offshore. They will get a price of total decontrol with an inflationary impact after November 1976. That is when you will get your inflationary impact.

I yield at this time, Mr. President.

Mr. BENTSEN. Mr. President, the Senator from South Carolina has referred to the Texas crowd. Let us talk about the Texas crowd for a minute. We have an adequate supply of natural gas in Texas, and we have that adequate supply because we have let the free marketplace work. What the Senator from South Carolina is proposing to us is that we come down and impose on the people of Texas, who are just as concerned about prices for their own homes, for their own industry, and just as concerned about jobs, the misguided policies and regulations that have compounded the problems of natural gas for many a year and led to many of these shortages.

We are quite willing to share the gas in Texas with the Senator from South Carolina and with his industry. We want to keep the jobs going. We understand the problems of a recession, people out of work, not being able to make ends meet. We do not want to see that problem resulting in Ohio, South Carolina, Virginia, and the other States in the Nation.

But it should not be a policy of just sharing shortages. What we ought to be trying to do is increase supplies so that everyone gets taken care of. To cut the piece of pie up just into smaller pieces does not take care of the problem.

Let us see if we cannot encourage the drilling of the marginal fields. This problem is not going to be settled by rhetoric; it is only going to be settled by solutions.

When I talked about area pricing, the Senator from South Carolina talked about how much of the gas went into the interstate system, and then he talked about the intrastate system, and he said he had the prices that the major companies were paying.

That is just the beginning of the problem, when we talk about area pricing. There is information far beyond that that has to be acquired, and to say that that can be accomplished in 15 days really just does not make any sense. We do not have that kind of information available, and we have not had the authority, in the past, to acquire that information.

Now, the Senator talks about determining the maximum efficient production of those wells, and, again, to do that in 45 days. It sounds easy. It is awfully easy to do that from the floor of the Senate, as you are speaking. But when you get to the practical problems of doing it, the maximum efficient rate on a well varies from day to day and from field to field. It is a constantly changing thing, and not something that is going to be resolved by the Federal Power Commission in that period of time.

The Senator from South Carolina wants to come and put his feet under the table. That is fine; we welcome him to the dinner table. But let us increase the supplies for all of us in the process, and let us not vest on Texas or Louisiana or California or Kansas the results of misguided policies that have resulted in the kind of problems where we see these shortages today.

We can resolve these problems now. We can bring this thing to a conclusion that will take care of the emergency problems and the long-term solution at the same time.

I discussed this with the Senator from South Carolina yesterday. I told him I thought we ought to have some assurances that we could have a timely conclusion of this debate, that we ought to set some time limitations on that.

The distinguished Senator from South Carolina, with all his urgency here, was not willing to agree that we have a limitation on the time and a resolution of the problem. I hope as we go along he will change his mind on that.

What we are talking about this afternoon is a vote, not really on the merits of the bill or the substitute, but on a motion to lay on the table. If that motion to lay on the table is defeated, then we will have a chance to continue to discuss the merits of this measure and amendments to it that the Senator from South Carolina tells me he has in mind that, if this tabling motion fails, he will introduce.

That is fine. They ought to be debated and considered by this body. Perhaps some of them I shall vote for. But let us have the opportunity to look at this bill, and the opportunity to vote it up or down on its merits, and not be shifted aside by a motion to lay on the table.

What we are talking about is a very major problem and concern of this country. We are looking at a substitute provision that has been in the making for 4 or 5 years, that has been given great consideration and great deliberation, and that I believe to be an adequate solution to the problem.

Mr. HOLLINGS. Now, Mr. President, the distinguished Senator from Texas knows my high regard for him and all my friends in Texas. My best friend lives in Texas. I have just come back from his hometown, from discussing this particular subject.

But I am concerned about the Senator's paternalistic and condescending approach. He talks about his gas, and that he will give other States a little. He says he will let us sit at the table.

Can you imagine the arrogance of that? Suppose the four States with uranium in this country were to say, "We will lock up all the uranium, and we will permit no more nuclear powerplants to operate, but we will let you come to the table if you pay our price." Texas is saying, "Let us have all your money before you get our gas."

Let us go back in time and examine how all this natural gas was developed.

Going back to the adoption of the Natural Gas Act in 1938, we find that the gas industry was for it. I quote here from Senator Burton K. Wheeler back then during the debate in 1937. Mr. Wheeler said, in the Record of August 19, 1937, page 9315:

> As a matter of fact, as I have said before, most of the high-class pipelines and gas people in the country have favored the bill, because if they are doing a legitimate business, they have no objection to it. . . . Likewise, as I say, every State regulatory body has asked for it, and there has not been an objection that I know of coming from the transporters or producers of gas anywhere in the United States. In fact, one of them spoke to me about the matter and said he hoped the bill would pass, because he felt that it would stabilize the industry, and stop the industry from being held up to ridicule, and so forth.

It goes on and on, and we could read the whole thing, but an interesting point was raised in a question that was asked by Senator Connally, who asked what the State of Texas thought of the Natural Gas Act.

I quote Senator Wheeler's response from the Record of August 19, 1937, at page 9316:

> Let me say to the Senator that Representative Rayburn called me up only yesterday and stated to me that he was very anxious that this bill be taken up, and asked me to make a special effort to get the bill passed . . . I do not think he would have called me up and asked me to have the bill passed, if it was going to hurt the State of Texas, or anybody down there.

Now, Mr. President, that summarizes the need for the act. Nobody got hurt by it. It was beneficial for all concerned. The natural gas industry in Texas was not developed until the late thirties, when this bill was enacted, because with the bill they could invest the massive resources and raise the capital to money, extend the pipelines. The capital would be raised based on a public convenience and necessity certification, which protected that investment. In return, there was reasonable regulation to protect the public.

Under regulation, the gas industry grew and they prospered to become the sixth largest industry in all of America.

The sixth largest industry in all of America. The interstate market and the consuming States developed the natural gas industry. This produced markets for gas and new jobs. The intrastate market contributed comparatively little to this development. The Senator from California yesterday stated what the intrastate natural gas price was in the Fort Worth field in 1972, prior to OPEC.

Since 1973, the Arab Power Commission that has taken over. That is what the major oil companies wanted. OPEC has taken over our domestic new oil pricing, and the Senator is saying this morning, with the Bentsen amendment, "Let us let them take over our gas pricing, too; away with the Federal Power Commission and natural gas under the Arab Power Commission."

Before the Arab Power Commission quadrupled the world oil price, what was the intrastate price of gas in Texas? Twenty-eight cents in the Fort Worth field. We had a long statement from the Senator from California on that particular matter yesterday. But now producers are drilling more and withholding gas, making only a few intrastate contracts to pay for limited development while waiting for total decontrol.

Did Texas develop that gas, or did South Carolina develop it? I can tell you we did. I brought industry into South Carolina. In a 4-year period, we brought $1 billion worth of industry, and 100,000 jobs, all fueled by natural gas. That was also the case with North Carolina, with Alabama, with Georgia, and with many other States. We accelerated the prosperity of our Southland. And this resulted in the development of the natural gas industry.

It was our goal to develop natural gas. Sit at your table? We built that table.

Mr. President, regulation has worked well until OPEC raised oil prices. When that happened intrastate gas prices zoomed artificially to the equivalent of the monopolistic oil price increase.

That is what the President of the United States was asking for when he had his meeting this morning. I thought it was a breakfast meeting. I was told it was an 8 o'clock meeting. I hoped they fed those present something else other than the Bentsen amendment to start the day off right. I can tell Senators here and now we must get some kind of an emergency solution enacted because the public will demand action, to keep these jobs going. Then we will move, perhaps to the Senator's solution or whoever else's solution prevails in the Chamber.

But we are not going to accede to talking about emergency legislation while the administration pressures everyone into the long-range solution which could not otherwise get through this Congress. Let us not use the guise of an emergency to deregulate in the long term.

What did Mr. Zarb say? He said, and again we keep quoting him, on September 27:

> I indicated in my testimony there is not expected to be any significant short-run supply response to increased wellhead prices for natural gas because of the long lead-time required to explore for, drill, and complete gas-producing wells.

That is the same thing he said in the Project Independence blueprint report last year, that with total decontrol this afternoon, with total decontrol, there will not be a supply response until 1980.

But with the Bentsen solution producers will say:

> Don't move. Make sure you don't come in with your offshore gas prior to the end of the phaseout, because that is when you hit a bonanza. That is when there will really be a gas shortage in this country, for which they cannot blame the gas industry, because that is what Congress did. That is what they established as the policy. And if those politicians would let business reign supreme in this country and quit making these political decisions, then we could have had enough gas.

Under the Bentsen solution we will have wasteful onshore drilling in existing fields—to get the new gas price. And no offshore new gas production for 5 years. This is the worst of both worlds.

Let us examine the situation under the current system of regulation. Most interstate pipelines are in reasonably good shape. For example, in my State, Southern Natural, feeding into Carolina Pipeline, has no curtailment. But, another pipeline serving my State is Transco. Either their geologists were mistaken, the company oversold, or they misrepresented the facts, or whatever it is, because FPC regulation calls not for shortage, the regulation calls for abundance. The pipeline was supposed to have a 20-year natural gas supply and a 12-year deliverability.

Unfortunately the FPC did not fully enforce its own regulations. But even with withholding and with OPEC, under regulation the natural gas shortage in America is only 15 percent, but as to decontrolled oil we are 40 percent short in this country.

We are 40 percent short of our domestic oil production in this country under the President's, program with OPEC, and an import tariff. We have a rise in gasoline prices from 35 to 65 cents, high unemployment, and a $69 billion deficit. We have it all. And in addition under the President's program, domestic oil production is down 872,000 barrels a day, and we have higher imports. The President is blaming Congress for the failure of his high price program, but Congress is trying to conserve, to end the boiler fuel use of gas and oil and establish, prices high enough to maximize domestic production. But nothing seems to satisfy the oil industry. How much is enough?

We have had hearings. We had hearings when the FPC established a national rate of 50 cents. S. 692, the Commerce Committee bill had a ceiling of 75 cents, a price higher than the intrastate price for all new gas say in Oklahoma, all new gas in Oklahoma, not old, not average, or anything else. That price was 72.02 cents for 283 contracts in the State of Oklahoma.

But that was not enough for the gas industry. So in our emergency bill we adopted the most recent intrastate unregulated price—the prevailing price in August 1975.

We are giving them the "free" market price and trying to avoid the inflationary, impact of short term prices beyond this level as the interstate demand is released on the intrastate market. We are trying to get some cutoff point above which the price would not jump. Mr. Nassikas said in his testimony, that if we passed the bill as proposed now in the Bentsen amendment, with no ceiling price to it at the current fair market value prices would go up to $3, and many users in greatest need would not get any gas. They could not afford it, on the emergency basis. Producers would hold back. The rich would gobble up the poor. The big gas purchasing companies with gas purchasing departments would siphon it all off. There we are left with all this hassle trying to take care of the unemployment this winter. We would have no results.

So we went even about the 75 cents and we got to the average intrastate price, free market bringing it right up to date. It was the gentleman, who was the chairman of the Power Commission who came and testified. He said:

> We have been going through and have been having these hearings and the average intrastate price, the free market price right now is $1.26.

So, we were all right. Let us fix $1.30. We could not pass one. We do not want to roll prices back. The House is voting to roll prices back. We said let us make the mistake on the side of making sure they have all they can possibly use in the way of incentives. Contracts were made all in the free intrastate market, and we came with a $1.30 that they are telling us this morning we are going to accept that and mind you me that intrastate and that interstate price, I say to my distinguished friend from Texas, was practically the same, until OPEC and President Nixon and Mr. Nassikas all jointed together to bring the pressures on to raise intrastate prices.

Now producers and their allies say, "It takes all your money to get our gas."

They stick a gun at your head and say, "That is the only way we are going to operate."

That is what gets us worked up about the thing, because when one thinks he is working with the administration, they have the conferences with us, we bring over the experts from the Federal Energy Administration, every one of these are for the emergency approach, and when we get down to the wire to try to say, "Well, we are going to take the administration emergency approach or Congress emergency approach," they say: "Oh, no, no."

The Senator knows the things that they have been hollering since they hollered under Harry Truman back in 1950:

> Decontrol, decontrol, the industry was not rolling, the industry was stultified, how can you get them to drill that deep? How could you go? This is the business. Where would you get the capital?

Well, heavens, even since 1954, when the Supreme Court said producers were natural gas companies, we have gone from a production of 9 trillion to 22 trillion cubic feet.

In Fort Worth 28 cents was the free market price less than 2 years ago. That is the record that has been made here by the proponents of the Bentsen amendment.

I say to the Senator if we give them $1 more now that is fine business, but heavens, let us not talk about decontrol, free market, when there is not any such thing with the OPEC cartel.

All we do, in essence, if we vote that Bentsen amendment, is we take it all out from the Federal Power Commission and put it under the Arab Power Commission.

If he could see this as closely as those in the field working on this particular problem, I do not believe our distinguished friend from Texas, Mr. President, would maintain his position. But Mr. Reagan is a pretty good conservative businessman. He made some appointments along with some by our distinguished friend Gov. Jerry Brown, and they form the California Public Utility Commission of the State of California. It is interesting to hear, after what they have been contending with everyone else, they admit they felt like the distinguished Senator from Texas about decontrol.

But they really bring it into focus when they say this, in the ARCO decision:

> The choice, then, seems to us to be a simple one: either the price for Prudhoe Bay gas will be set by the five Federal Power commissioners, or by four oil companies. Whatever the frailties of regulation, we are unwilling to risk the consequences of a monopolistic market. We urge Congress to oppose deregulation of natural gas.

Anybody who has worked in this field will oppose outright decontrol and deregulation, as we voted in Congress.

The Senator from Alaska said, "Only give us a chance." He has had his chance.

But now the Senator is talking about the Fannin amendment and dressing it up, and the Senator is talking about it being gradual and that there will be no impact. There is going to be nothing except a heyday for the gas producers in America. We are not going to get any gas. None of the new gas from offshore is going to come in, but we will have decontrol onshore, with all the attendant inflation and grief.

The fact is that we come here now with decontrol of so-called new natural gas onshore, but they have it rigged. So what a producer does is take an already-found field, put another well down, designate the gas production as new, and start off charging $3 and go up; and then hope that OPEC meets again for a big rally in Vienna. That is exactly what the Bentsen amendment is asking us to do.

We are trying our level best to resist this. We are trying our level best to amend the Natural Gas Act of 1938. The U.S. Constitution has been amended more since 1938.

We willingly tried to get the FPC out of adjudicatory price fixing and interminable court appeals. Do not come to those facing unemployment in this month of October and give us another 2 weeks of debate, at least with the Bentsen amendment, and with all these other amendments. None of them would be called up if I had my way. We even had the Democratic policy committee agree to a general policy of tabling if they did not relate to this particular emergency measure, even though one were to favor them.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

EXTENSION OF THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

Mr. TALMADGE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2375.

The PRESIDING OFFICER (Mr. GLENN) laid before the Senate the amendments of the House of Representatives to the bill (S. 2375) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 3 months, as follows:

> Page 1, strike out all after line 5, and insert: "There is hereby authorized to be appropriated to carry out the provisions of this Act for the period beginning October 1, 1975, and ending November 15, 1975, the sum of $5,983,500.".
>
> Amend the title so as to read: "An Act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for forty-five days.".

Mr. TALMADGE. Mr. President, I move that the Senate concur in the amendment of the House to S. 2375.

The PRESIDING OFFICE. The question is on agreeing to the motion.

The motion was agreed to.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. BENTSEN. Mr. President, the distinguished Senator from South Carolina is talking, again, about a solution which is regulation. The kind of regulation that we saw lead to the bankruptcy of the Penn Central has led to a decrease in the amount of new natural gas found in this country.

One of the reasons for regulation is to try to stop excessive profits. But what really happens when they are drilling for oil and gas is that they will drill only those that are profitable, and that means that they will only bring in what they take to be the big reserves, the shallow reserves, the reserves that are easy to find. It means that the marginal reserves, the more expensive reserves, just will not be drilled.

I understand the rhetoric and I understand the political popularity of the position of the Senator from South Carolina. I would like to say to the people of this country that energy prices will not be going up, that they will be able to find all the gas they want, under the Hollings amendment. But, unfortunately, that is not the case. You can have your severe shortages, and then the Senator from South Carolina can say, "Well, that was the fault of the oil companies, not the fault of price at all." Unfortunately, the risk reward ratios in that industry are just as they are in any other industry. They are not going to take those risks and they are not going to drill those wells unless they can pay off the mortgages at the bank and can show themselves a profit for that kind of operation.

Let us look at what it really means to deregulate and to do it over a phased period of time. The Senator from South Carolina talks about total deregulation, but what we are really talking about is phasing it in. We are talking about new gas that is found being deregulated, and we are talking about the old contracts as they expire over a period of time—those being deregulated.

What does it mean to the pipeline? Today, two-thirds to three-fourths of the cost to the ultimate receiver of the gas is the cost of transportation, not the cost of what it is to the wellhead. What we are going to see is 5 percent to 10 percent of that gas a year being classified as new gas, coming under the deregulated provisions—not all of it, not totally deregulated, as the Senator seems to infer.

What does it mean to the ultimate receiver? The estimates are that it will mean an increase in price of approximately $7 a year to the home user. I would rather say it is nothing, but that is what it is. Phased deregulation also will result in a saving of approximately $60 a year to that homeowner that would face curtailments of natural gas, unless we can increase the production in order to take care of them. Those curtailments would result in the cost of alternate fuels of about $60 a year.

So, ultimately, as a whole the homeowners will be better taken care of, because they are going to have this resource and they are going to have it available.

In my State of Texas, approximately 98 percent of our electricity comes from boiler fuel that is natural gas. This is talking about phasing that out and forcing us to alternative sources of energy. We understand that, and we accept that.

The Senator says that it is his natural gas. When the people there see it next door, they cannot help feel possessive about it. But we understand the long-term consequences for our country and the necessity that those resources be shared, whether it is the timber of South Carolina or the natural gas of Texas. No one is arguing that point.

What we are asking the Senate to do is not to visit on us a continuation and an acceleration of shortages brought about by bad regulation.

The statement has been made about underreporting of gas reserves by companies. One of the interesting features about that is that one of the problems we have had is overreporting of reserves by some of these companies, in trying to sell their bonds, in order to show that they have the long-term reserves, so that they can fund their additional exploration through the sale of bonds.

Some of the biggest lawsuits we have in Texas today are allegations that they have had an overstating of reserves by some of these companies for financial purposes.

Mr. President, what we are asking for in the vote at 3 o'clock is that this very carefully considered amendment, a great deal of time having been put in on it, one that provides both a short-term and a long-term solution, not be pushed aside, but that we have an up or down vote on it at some later date after the Senator from South Carolina, the Senator from Illinois, and many of the others have had their opportunity to attach such amendments or to have consideration of such amendments that they think will fit or take care of specific needs of their States and their regions. The measure is deserving of that kind of consideration. I strongly urge the Members of this body not to table this amendment, but to give it further consideration and a final up or down vote.

Mr. STEVENSON. Mr. President, this amendment is imperfectly understood by the Senate and it has not been accurately portrayed by the press. It has been portrayed as a compromise, as an amendment which provides for gradual decontrol of natural gas wellhead prices. In fact, it is, with one change, the amendment decontrolling wellhead prices for natural gas in the United States that was emphatically, resoundingly, defeated by the Senate just yesterday.

There are two solutions to the natural gas crisis in the country which, above all others, are the most unacceptable. First is so-called decontrol. There is no such thing as decontrol, for there is no argument that wellhead prices, decontrolled, will rise to a level established by foreign oil producers, OPEC, or higher. Indeed, they have already done so on a Btu equivalent basis in intrastate commerce.

If the demand of some 45 consuming States were added to the demand in those 4 or 5 producing States where natural gas has already reached as high as $2 per Mcf, it would clearly go much higher. The Chairman of the Federal Power Commission, among others, has testified that instantly, it would rise, on a spot basis, to $3, from a high now in interstate commerce of about 52 cents. That is a sixfold increase in the price of interstate natural gas. And that is only a beginning.

The decontrol of natural gas in interstate commerce not only leads to a substitution of OPEC control, but to energy priced at an even higher rate than the OPEC price for oil. That is one of the solutions that is suggested—not decontrol, but, in fact, OPEC control of domestic wellhead prices for natural gas.

The other solution which has been suggested, and which, after 2 years of hearings on this subject, is, to my own way of thinking, a most unacceptable proposal, is continued FPC ratemaking for the determination of wellhead prices for natural gas. The genius of this amendment is that it combines both OPEC controlled, or higher, interstate natural gas prices on the one hand, for natural gas at the wellhead onshore, and it perpetuates FPC ratemaking for a 5-year period for natural gas offshore. The standards for FPC ratemaking offshore are vague. They are new. There is no precedent in regulation or in case law to give these standards any interpretation.

They would lead not to a field day for the oil companies, as the Senator from South Carolina mentioned a moment ago, but, certainly, to a field day for lawyers. Rate cases would be involved in the courts for many years before those standards acquired any meaning. During that time, price uncertainty would occur, offshore producers would curtail production and curtail development, and the natural gas shortages caused by price uncertainty now would continue. Prices would be subjected to more uncertainty in the future.

This amendment, Mr. President, would produce no significant increase in natural gas supplies, if any increase at all. What it would increase, to a certainty, is more inflation, more unemployment, and continued recession. We cannot say how high the price for natural gas would go. Initially, on a spot basis, it would go to $3. That is the estimate of the Chairman of the Federal Power Commission. It is, in my judgment, a conservative estimate. In time, clearly, the natural gas prices would go higher.

We cannot say with certainty; no one can say, but we can make some reasonable assumptions, and, in fact, they have been made in the Committee on the Budget of the Senate, in the Joint Economic Committee, and by others who have, with us, been studying the pricing and the consequences of energy prices in the economy for about 2 years.

The effects of abdicating responsibility for the control of natural gas prices, after having accepted such responsibility with respect to oil prices, would be, according to estimates of the staff of the Committee on the Budget, an increase in the overall price level of 1.4 percent by next year and 2.2 percent by the end of 1977. Similar findings have been made by the Joint Economic Committee.

The staff of the Committee on the Budget concludes also that the Pearson-Bentsen amendment, by the end of 1977, would add 650,000 people to the ranks of the unemployed—without, I remind you, Mr. President, increasing natural gas supplies. Indeed, the administration's own "Project Independence" concluded that beyond a price of 85 cents for natural gas, increases in the natural gas supply are marginal. They simply cannot produce, no matter what the price, gas that does not exist. Beyond a reasonable price, without an OPEC price, marginal increases in gas supply are produced at such high prices that it becomes ridiculous. All they produce is hardship for industry, for agriculture, for the homeowner, and, of course, more windfall profits for the oil companies.

Mr. President, there is a better way than to perpetuate FPC ratemaking procedures for the establishment of natural gas prices.

There is a far better way of getting out of this than by conferring control over natural gas prices on foreign oil producers. There is a way which, conceptually, at least, has been accepted by virtually every witness who appeared before the Commerce Committee and its Subcommittee on Oil and Gas Production, which I chair, in the last year.

These economists 2 years ago did not all sound this way. They were saying—and members of the administration, too, the oil industry—"You wait, just let the price of oil go up and oil will begin flowing from all sorts of places in the world. There will be a glut of oil and the price will come down."

Only recently have the economists, representatives of the Central Intelligence Agency, the FEA, others, including the industry, conceded belatedly that the oil producers have it within their power and their intention to decrease the supply of oil before they decrease the price of oil. In fact, they have very recently increased the price of oil again.

So those economists, Mr. President, who came around proposing deregulation, come around today and say, "Yes, we are for deregulation but you have to establish some ceiling to protect the economy against extortionate OPEC pricing of domestic energy, oil or gas."

A better way, Mr. President, would be to establish a simple administrable single tier price ceiling for both oil and natural gas in the United States. As long as one fuel is priced at a level that is below the other we will face shortages. Natural gas has been priced artificially low, so the incentive has existed to burn the premium fuel in short supply, natural gas, and the incentive has existed to produce the higher priced fuel, oil, in relatively good supply, at least for the short term.

A rational approach which did not abandon responsibility for the pricing of gas and oil at the wellhead would not eliminate that disparity by letting oil prices go up to a level established by the Shah of Iran. It would bring down the oil price, which is too high, and bring up the gas price, which is too low. That would be a way in which the United States could exercise responsibility for the price of energy, which has become the principal cause of inflation in the United States and of the recession, too.

The administration's own Project Independence indicated that beyond 85 cents per thousand cubic feet the increases in gas supply were marginal.

I have introduced an amendment, Mr. President, which would establish an initial new gas price in the United States of $1.30. That figure would be more than sufficient to produce all of the incentives and resources which the industry needs to produce gas, and it would also establish a new equilibrium between natural gas prices and oil prices.

The same amendment brings down the oil price, the new oil price, to $9, and it phases out the old oil price over a period of 5 years. At the end of those 5 years, the United States would have a single tiered comprehensive price ceiling for both oil and gas. No longer would there be a need for any complex, unadministerable allocation system. The United States would have afforded itself some protection from arbitrary energy pricing by foreign producers.

That, Mr. President, would be a rational way of dealing with this problem. One of the reasons it has not been dealt with rationally or, for that matter, in any way so far, is because we have been unable, the executive branch and the legislative branch, to recognize the relationship between these two sources of energy. We have been unable to do that because we are not even structured in a way that makes it possible. One committee has jurisdiction over oil and another committee has jurisdiction over gas. The House has not even begun to consider long-term natural gas prices.

Additional studies, including studies by the Budget Committee of the Senate, have concluded that $1.30 for new natural gas and $9 for new oil, with an average price of about $6.75 for new oil, would not only provide all of the resources and incentives that are necessary for the industry and to protect the economy, but that beyond that you do not produce any more oil or gas—certainly not oil or gas in any significant quantities. All you produce are windfall profits for the industry and inflation and, I should add, a point that is rarely made, an inflation in the energy industry, prices which create large revenues which cause the producers to compete among themselves and drive up all of their costs, their costs for equipment, their costs for labor, their costs for leases, with the net effect that the increased prices do not produce increased exploration and development.

They are the victims of their own energy-induced inflation. They are producing not more energy. In fact, production is declining. These high prices are producing a very high-priced energy industry.

Mr. President, there is a far better way than to wed a continuation of FPC ratemaking for wellhead natural gas prices offshore with OPEC pricing of wellhead production onshore, and that is precisely what the Pearson-Bentsen variation of the Fannin amendment, repudiated yesterday, does.

All of these long-term pricing provisions could be brought up in connection with S. 692, which is on the calendar by order entered in the Senate and scheduled next for action.

The action on that bill, on S. 692, could follow or parallel the action in the conference with the House which is about to begin on oil.

We might, in connection with S. 692, have an opportunity to act rationally in the Senate at the same time that we are acting rationally with the House on oil in conference. We do not have that opportunity now.

This was to be an emergency bill, a bill to provide relief in the interstate market from critical natural gas shortages this winter.

If, in conjunction with this emergency bill, we take up long-term pricing, it is evident that we will be on this emergency bill for a long *time* and probably for too long to provide any relief this winter.

The better course would be to table the amendment and then try to approve an emergency bill, and as soon as that bill is approved turn to 692 which could offer a vehicle for long-term pricing of both oil and gas and, for the first time, an opportunity to recognize the relationship between the two.

The fact of the matter is that neither of them can be priced sensibly without reference to the other.

Mr. President, I do not, of course, know what the outcome will be on the vote to table the Pearson-Bentsen amendment. It is possible that such a motion will not prevail, in which case, the Senate will be preoccupied with long-term pricing of energy on this short-term emergency bill.

AMENDMENT NO. 948

Against that possibility, Mr. President, I call up my amendment No. 948 as a substitute to the substitute No. 919 to the amendment in the nature of a substitute No. 934, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

> The Senator from Illinois (Mr. STEVENSON), for himself and Mr. HOLLINGS and Mr. MOSS, proposes an amendment numbered 948 in the nature of a substitute for amendment No. 919, as modified.

Mr. STEVENSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CULVER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENSON. Will the Senator yield?

Mr. GLENN. I yield to the Senator from Illinois.

Mr. STEVENSON. Mr. President, I modify my amendment No. 948 to strike the language after "viz," starting with "strike" and ending with "thereof," and substitute "in lieu of the language pro-

proposed to be inserted, insert the following," and also, Mr. President, I modify it after reference to Senator Moss to insert "to amend No. 919 as modified."

The PRESIDING OFFICER. The amendment will be so modified without objection.

The amendment, as modified, is as follows:

Amendment No. 948, as Modified

In lieu of the language proposed to be inserted, insert the following:

That this Act may be cited as the "Natural Gas Production and Conservation Act of 1975".

Sec. 2. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by striking out section 24 thereof (15 U.S.C. 717w) in its entirety and by inserting immediately after the enacting clause thereof and before section 1 thereof (15 U.S.C. 717) the following: "That this Act may be cited as the 'Natural Gas Act'.

"TITLE I—GENERAL PROVISIONS".

Sec. 3. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by adding at the end thereof the following two new titles:

"TITLE II

"Purposes

"Sec. 201. The purpose of this title is to establish temporary emergency authorities for minimizing the detrimental effects on employment, food production, and public health, safety, and welfare caused by natural gas supply shortages.

"Definitions

"Sec. 202. As used in this title—

"(1) The term 'Administrator' means the Administrator of the Federal Energy Administration.

"(2) The term 'Commission' means the Federal Power Commission;

"(3) The term 'essential user' means a user or class of user who satisfies criteria to be established by the Commission, by rule, as indicative of a user for which no alternative fuel is reasonably available and whose supply requirements must be met in order to avoid substantial unemployment or impairment of food production or the public health, safety, or welfare.

"(4) The term 'Federal lands' means any land or subsurface area within the United States which is owned or controlled by the Federal Government or with respect to which the Federal Government has authority, directly or indirectly, to explore for, develop, and produce natural gas, including any land or subsurface area located on the Outer Continental Shelf.

"(5) The term 'intrastate commerce' means commerce between points within the same State not through any place outside thereof.

"(6) The term 'interstate commerce' has the same meaning as such term has in section 2(7) of the Natural Gas Act (15 U.S.C. 717a(7)).

"(7) The term 'Outer Continental Shelf' has the same meaning as such term has in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).

"(8) The term 'new natural gas' means (A) natural gas which was not, prior to September 9, 1975, committed by contract to interstate commerce, and (B) any natural gas (i) committed by contract to intrastate commerce which contract, on or after September 9, 1975, terminates and is not renewed or (ii) otherwise available for sale during the period that this title is in effect. Except as provided in this title, new natural gas shall not be subject to Commission jurisdiction. The term does not include 'transferred natural gas' as defined in subsection 205(e).

"(9) The term 'person' includes any governmental entity.

"(10) The term 'pipeline' means a person engaged in the transportation by pipeline of natural gas.

"(11) The term 'priority interstate purchaser' means (A) any interstate pipeline (or a person acting on behalf of an interstate pipeline) which the Commission, taking into account any existing curtailment plan of such pipeline and the natural gas supplies available to such pipeline, determines is, to a significant extent, unlikely to obtain supplies of natural gas adequate to meet the requirements of essential users under any agreement (without regard to whether such agreement is for interruptible or firm service) to supply natural gas to such user by—

"(i) such pipeline; or

"(ii) a person to which such pipeline supplies natural gas for purposes of resale,

or (B) any interstate pipeline that can demonstrate it will otherwise be unable to secure supplies of natural gas that are necessary to supply essential users on such pipelines through June 30, 1976, because of competition from interstate pipelines that have previously been designated as priority purchasers.

"(12) The term 'supply emergency period' means the period, or any part thereof, which begins on the date of enactment of this title and ends on July 1, 1976.

"Access by Priority Interstate Purchasers to Natural Gas

"Sec. 203. (a) The Commission shall, not later than the end of the 15-day period which begins on the date of enactment of this title, and shall as necessary throughout the supply emergency pediod, upon petition or upon its own motion, designate priority interstate purchasers.

"(b) The Commission shall, by rule, not later than the end of the 15-day period which begins on the date of enactment of this title, establish an area ceiling price applicable to any first sale of new natural gas (except first sales of new natural gas produced from lands located on the Outer Continental Shelf) for each area in the United States in which natural gas is produced during the supply emergency period. The Commission shall designate areas to which such ceiling prices shall apply. Such ceiling price shall, to the maximum extent practicable, approximate the average sales price, as determined by the Commission, for contracts entered into or renewed during the period from August 1, 1975, through August 31, 1975, for natural gas produced in the area and sold in intrastate commerce. If no such sales were made during the period from August 1, 1975, to August 31, 1975, in a designated area, the Commission shall establish a ceiling price by rule based on the average sales price for contracts most recently entered into or the average sales price in another similarly situated area during the period from August 1, 1975, to August 31, 1975.

"(c) No producer or other seller (as the case may be) may charge and no purchaser may pay a price for the first sale of new natural gas occurring between September 8, 1975, and June 30, 1976, which price exceeds the applicable area ceiling price established by the Commission or if purchased from an intrastate pipeline, the acquisition cost pursuant to contracts entered into prior to September 8, 1975, of such natural gas by the selling intrastate pipeline plus a reasonable charge for any transportation services rendered by a producer or other seller (as the case may be). Any contractual provision prohibiting such sales or transportation or terminating any other obligations of any gas supply or sales contracts as a result of such sales or transportation shall be unenforceable in respect to any such sale or transportation.

"(d) Any new natural gas produced from lands located on the Outer Continental Shelf shall be sold in interstate commerce.

"(c)(1) No new natural gas produced in the United States (except new natural gas produced from lands located on the Outer Continental Shelf) may be sold in interstate commerce unless—

"(A) the purchaser has been designated by the Commission as a priority interstate purchaser; or

"(B) the producer or purchaser has filed a notice of a proposal to sell new natural gas (whether in the form of an offer to sell or a proposed contract to sell such gas) with the Commission at least 15 days prior to sale.

"(2) The Commission shall, by rule, prohibit the sale in interstate commerce from lands located in the United States (except lands located on the Outer Continental Shelf) of any new natural gas to any person other than a priority interstate purchaser if, (A) a priority interstate purchaser, within the 15-day period specified by paragraph (1)(B), offers to purchase such new natural gas under terms and conditions substantially similar to or identical with the terms or conditions of such proposal to sell to which the notice prescribed by paragraph (1)(B) pertains, or (B) if the purchasing pipeline is directly or indirectly connected to a priority interstate purchaser and that priority interstate purchaser has not yet obtained sufficient quantities of natural gas to satisfy the needs of the essential users of such pipeline and the priority interstate purchaser indicates a willingness to purchase such natural gas within the 15-day period specified in paragraph (1)(B), under terms and conditions which the Commission determines are substantially similar to or identical with the terms or conditions of such proposal to sell to which the notice prescribed by subparagraph (B) pertains.

"(3) Paragraph (2) of this subsection shall not apply (A) to sales of new natural gas (i) by a producer that is an affiliate of an interstate pipeline, or (ii) by a producer to a pipeline in the case of an advance payment financing arrangement between such producer and such pipeline entered into prior to September 9, 1975, whereby such pipeline has been granted a right of first refusal, option, or other priority claim to natural gas produced from a property as consideration for advance payments made to such producer to finance exploration or development, or (B) to sales of new natural gas (i) sold pursuant to the Natural Gas Act, and (ii) committed by contract for a duration in excess of 2 years.

"(i) Any interstate purchaser may purchase new natural gas produced from lands located other than on the Outer Continental Shelf pursuant to the provisions of this title, for a period not to exceed 180 days, provided the price of the first sale of such new natural gas does not exceed the applicable price permitted to be paid pursuant to subsection (b) or (c) of this section. Any such sale price shall be deemed just and reasonable for purposes of section 4 of the Natural Gas Act (15 U.S.C. 717c) and any such sale to an interstate purchaser shall not require certification of such sale under section 7 of such Act (15 U.S.C. 717f), except certification shall continue to be required for the construction of facilities under the Natural Gas Act and the Commission shall continue to have jurisdiction over transportation charges of new natural gas sold for resale by an interstate pipeline over which the Commission exercised jurisdiction on or before September 8, 1975.

"(g) If the Commission determines that natural gas could have been produced or both, but was not produced or sold, or both, during the period that this title is in effect, such natural gas may not at any time thereafter be sold at a price above that permitted under this title.

"(h) A priority interstate purchaser shall obtain priority only to the extent necessary to meet the requirements of essential users and the Commission shall take such steps as are within its authority under the Natural Gas Act to assure that any additional supplies of new natural gas obtained by a priority interstate purchaser are made available to essential users.

"(i) The Commission shall encourage and expeditiously consider voluntary agreements between pipelines that are not inconsistent with this title to sell or exchange natural gas or other arrangements that increase the supply of natural gas available to priority interstate purchasers.

"AVAILABILITY OF GAS FOR AGRICULTURAL USERS

"SEC. 204. (a) (1) Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, the Commission shall, by rule, upon petition or upon its own motion prohibit any interruption or curtailment of natural gas supplies, and take such other actions under authority of the Natural Gas Act and this title as the Commission determines to be necessary and appropriate, to assure to the maximum extent practicable the availability of sufficient quantities of natural gas from the interstate pipelines serving the essential agricultural, food processing, or food packaging user for use for any essential agricultural, food processing, or food packaging purposes as determined by the Secretary of Agriculture, for which natural gas is necessary, as determined by the Secretary of Agriculture including, but not limited to, irrigation pumping, crop drying, and use as a feedstock or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants (for present or expanded capacity) and in new plants.

"(2) No prohibition pursuant to paragraph (1) of this subsection may be inconsistent as determined by the Commission with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies or with maintaining natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety.

"(b) For purposes of this section, the Secretary of Agriculture shall not determine any use of natural gas to be necessary if such gas is to be used as a boiler fuel to serve (1) expanded capacity of existing facilities, (2) an existing facility for which natural gas supply contracts have expired, (3) new facilities, or (4) an existing facility that has the capability and necessary equipment to burn petroleum products or other alternate fuels, the burning of petroleum products or other alternate fuel by such facility in lieu of natural gas is practicable, and petroleum products or other alternate fuels will be available to such facility. The Secretary of Agriculture shall certify to the Commission the volumes and identify the users of natural gas determined to be necessary for essential agricultural, food processing, or food packaging purposes.

"PROHIBITION OF USE OF NATURAL GAS AS BOILER FUEL

"SEC. 205. (a) The Administrator shall, by rule, prohibit any powerplant from burning natural gas if he determines that—

"(1) such powerplant had, on September 1, 1975 (or at any time thereafter), the capability and necessary plant equipment to burn petroleum products;

"(2) the burning of petroleum products by such plant in lieu of natural gas is practicable;

"(3) petroleum products will be available during the period the order is in effect; and

"(4) natural gas made available as the result of such prohibition could be available, directly or indirectly, to a priority interstate purchaser.

A rule under this subsection shall not take effect (A) until a date which the Administrator of the Environmental Protection Agency certifies is the earliest date on which such plant can burn, in compliance with the Clean Air Act (including any applicable implementation plan) petroleum products which the Administrator determines, under paragraph (3), are available, or (B) if the Commission certifies to the Administrator that the prohibition under this paragraph will impair the reliability of service in the area served by the plant.

"(b) (1) The Administrator shall, by rule, prohibit the use of natural gas by any powerplant if the Administrator determines—

"(A) that alternative supplies of electric power are available to the electric power system of which such powerplant is a part;

"(B) that the generation of such alternative supply of electric power will not result in an overall increase in consumption of natural gas; and

"(C) natural gas made available as the result of such prohibition could be made available, directly or indirectly, to a priority intertate purchaser.

"(2) A rule under this subsection shall not take effect if the Commission certifies to the Administrator that the prohibition would impair the reliability of service in any area served by those affected electric power systems.

"(c) (1) The Administrator shall exempt from any rule under this section the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by powerplants.

"(2) Subject to paragraph (1) of this section the Administrator may make a rule under subsection (a) or (b) of this section apply to all natural gas burned by the powerplant to which such rule applies or may specify the periods and amounts of natural gas to which such rule shall apply.

"(d) The Administrator shall, by rule, prohibit the sale, directly or indirectly, to any person other than a priority interstate purchaser of natural gas made available as a result of rules under subsections (a) and (b) of this section.

"(e) (1) If the application of a rule under this section results in a sale of transferred gas by a curtailed user or a supplier of a curtailed user to a person other than such curtailed user or a supplier of such user, such seller may not charge an amount for such transferred gas which exceeds the amount he would have charged such user or supplier (as the case may be). In addition, the person to whom such sale is made shall compensate the curtailed user, and any supplier of such curtailed user, in an amount which is equal to any net increase in such user's reasonable costs for replacement fuel or replacement power, and any net increase in such supplier's reasonable costs and any other losses which are incurred by such supplier, as a result of the application of the order issued under this section. Such compensation shall be in an amount agreed upon by the parties, or if the parties are unable to agree in an amount determined by the Commission in accordance with the provisions of this section.

"(2) For purposes of this subsection—

"(A) The term 'curtailed user' means a powerplant to which a rule under this section is applicable.

"(B) The term 'transferred natural gas' means natural gas which a curtailed user does not consume by reason of a rule under this section and which is made available to another person.

"(C) A person is a supplier of a curtailed user if he sold natural gas to such user, or sold natural gas to any person for resale (directly or indirectly) to such user.

"(f) This section shall not apply to any powerplant of which the maximum daily use of natural gas does not exceed fifty thousand cubic feet.

"(g) For purposes of this section, the terms 'powerplant' and 'petroleum product' have the same meanings as such terms have under section 2 of the Energy Supply and Environmental Coordination Act of 1974.

"(h) Section 2(f) (1) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out 'June 30, 1975' and inserting in lieu thereof 'June 30, 1976'.

"(i) This section (other than subsection (i)) does not affect any authority under the Energy Supply and Environmental Coordination Act of 1974.

"PRODUCTION OF GAS AT THE MAXIMUM EFFICIENT RATE

"SEC. 206. (a) The Secretary of Interior shall, by rule, require natural gas to be produced from fields, designated by such Secretary, at the maximum efficient rate of product determined for such field.

"(b) (1) Within 45 days after the date of enactment of this title, the Secretary of the Interior, by rule, shall determine the maximum efficient rate of production for each field on Federal lands which such Secretary determines produces, or has the capacity to produce, significant quantities of natural gas.

"(2) Each State or the appropriate agency thereof may determine the maximum efficient rate of production for each field (other than a field on Federal land) within such State which the State or appropriate agency determines produces, or has the capacity to produce, significant quantities of natural gas.

"(3) If, at the end of the 45-day period which begins on the date of enactment of this title, a State or the appropriate agency thereof has not determined the maximum efficient rate of producion for any field (other than a field on Federal land) within such State, which field the Secretary of the Interior determines produces, or has the capacity to produce, significant quantities of natural gas, the Secretary of the Interior may, by rule, specify the maximum efficient rate of production.

"(c) For purposes of this section the term 'maximum efficient rate of production' means the maximum rate of production of natural gas which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering principles.

"(d) Nothing in this section shall be construed to authorize the production from any Naval Petroleum Reserve subject to the provisions of chapter 641 of title 10, United States Code.

"PRICE CONTROL AND ALLOCATION AUTHORITY FOR PROPANE AND OTHER PRODUCTS IN SHORT SUPPLY

"SEC. 207. Notwithstanding the provisions of section 4(g) or any other provision of the Emergency Petroleum Allocation Act of 1973, as amended, the regulations promulgated by the President under section 4 of such Act and the authority of the President under such Act shall, with respect to propane and butane, remain in effect for the duration of the supply emergency period.

"PENALTIES

"SEC. 208. (a) (1) Any person who is deter- of section 4(g) or any other provision of the Secretary, after notice and an opportunity for a presentation of views, to have violated a provision of this Act or any rule or order under this title (for which such Commission, the Administrator, or the Secretary has responsibility), shall be liable to the United States for a civil penalty of not more than $10,000 for each violation; and if any such violation is a continuing one, each day of violation constitutes a separate offense. The amount of any such penalty shall be assessed by the Commission, the Administrator or the Secretary by written notice. In determining the amount of such penalty, the Commission, the Administrator or the Secretary (as the case may be) shall take into account the nature, circumstances, extent, and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

"(2) Such civil penalty may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate district court of the United States or, prior to referral to the Attorney General, such civil penalty may be compromised by the Commission, the Administrator, or the Secretary, as may be applicable. The amount of such penalty, when finally determined (or agreed upon in compromise), may be deducted from any sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

"(b) A person is guilty of an offense if he willfully violates a provision of this title or rule or order under this title. Upon conviction, such person shall be subject, for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both.

"ENFORCEMENT

"Sec. 209. (a) The Attorney General, at the request of the Commission, the Administrator, or the Secretary (as the case may be), may bring an action for equitable relief to redress a violation by any person of a provision of this title, or a rule or order under this title. Any other person may bring a civil action alleging a violation of a provision of this title or rule or order under this title.

"(b) The district courts of the United States shall have jurisdiction with respect to any civil action brought under subsection (a). The court shall have the power to grant such equitable relief as is necessary to prevent, restrain, or remedy the effect of such violation, including declaratory judgment, mandatory or prohibitive injunctive relief, and interim equitable relief, and the courts shall further have the power to award (A) compensatory damages to any injured person or class of persons, (B) costs of litigation including reasonable attorney and expert witness fees, and (C) whenever and to the extent deemed necessary or appropriate to defer future violations, punitive damages.

"(c) A rule or order prescribed under this title is subject to judicial review to the extent authorized by, and in accordance with, chapter 7 of title 5, United States Code, except that (A) the second sentence of section 105 thereof is not applicable, and (B) the appropriate court shall only hold unlawful and set aside such a rule or order on a ground specified in subparagraph (A), (B), (C), or (D) of section 706(2) thereof.

"RULEMAKING

"Sec. 210. The Commission, the Administrator, or the Secretary, in addition to the authorities specifically granted herein, may, notwithstanding any other provision of law, require the submission of such information as the Commission, the Administrator, or the Secretary, in their discretion, determines are necessary or appropriate to carry out the purposes of this title, and shall have authority to issue rules and orders applicable to any person which the Commission, the Administrator, or the Secretary (as the case may be) determines are necessary or appropriate to carry out the purposes of this title.

"EXPIRATION

"Sec. 211. Sections 203 (except subsection (g) thereof), 204, 205, 206, 207, and 210 of this title shall expire on midnight, June 30, 1976.

"TITLE III—PRODUCTION AND CONSERVATION INCENTIVES

"SHORT TITLE

"Sec. 301. This title may be cited as the 'Natural Gas Production and Conservation Act'.

"DEFINITIONS

"Sec. 302. As used in this title, the term—

"(1) 'affiliate' means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person as determined by the Commission pursuant to its rulemaking authority. In promulgating rules to implement this paragraph to specify when one person is an affiliate of another person, the Commission shall consider direct or indirect legal or beneficial interest in another person or any direct or indirect legal power or influence over another person, arising through direct, indirect, or interlocking ownership of capital stock, interlocking directorates or officers, contractual relations, agency agreements or leasing arrangements;

"(2) 'boiler fuel use of natural gas' means the use of natural gas or synthetic natural gas as the source of fuel for the purpose of generating steam or electricity in amounts in excess of 50 Mcf on a peak day;

"(3) 'Federal lands' means any land or subsurface area within the United States which is owned or controlled by the Federal Government or with respect to which the Federal Government has authority, directly or indirectly, to explore for, develop, and produce natural gas, except that nothing in this Act shall amend or change in any way any grant of land or right in land created by the Alaska Native Claims Settlement Act (18 U.S.C. 437) or any Act granting statehood to a State. The term includes the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)). The term excludes lands which the Federal Government acquired by mortgage foreclosures and continues to hold mineral interests;

"(4) 'includes' should be read as if the phrase 'but not limited to' were also set forth;

"(5) 'intrastate commerce' means commerce between points within the same State, unless such commerce passes through any place outside such State: *Provided*, That all sales of new natural gas or exempt natural gas produced from Federal lands within a State and consumed within the same State shall be treated as sales of natural gas in interstate commerce;

"(6) 'joint venture' means any undertaking by two or more persons who have a community of interest in the purposes of the undertaking, and who share the right to control or direct the conduct of the undertaking;

"(7) 'Mcf' means one thousand cubic feet of natural gas at 60 degrees Fahrenheit and 14.73 pounds per square inch pressure;

"(8) 'new natural gas' means—

"(A) any natural gas (i) which the Commission in its discretion determines was not dedicated to interstate commerce prior to September 1, 1975; and (ii) which is not natural gas associated with oil or natural gas occurring in the form of a gas-cap associated with an oil zone; or

"(B) any natural gas which is committed by contract to the intrastate market if such contract, on or after September 1, 1975, terminates and is not renewed or if such natural gas is otherwise available for sale;

"(9) 'old natural gas' means natural gas that, prior to January 1, 1975, was dedicated to interstate commerce on the date of the first delivery of such natural gas as determined by the Commission in its discretion;

"(10) 'paragraph' means a paragraph of the subsection in which the term is used;

"(11) 'pipeline' means a person engaged in the transportation by pipeline of natural gas in interstate commerce except that the term does not include persons who are exempt from the Commission's jurisdiction pursuant to sections 1(b) or 1(c) of the Natural Gas Act (15 U.S.C. 717(b) or 717(c));

"(12) 'producer' means a person who produces and sells natural gas;

"(13) 'purchaser' means a person who purchases or acquires natural gas from a producer or small producer;

"(14) 'residential user' means a person who uses natural gas for personal, family, or household purposes;

"(15) 'section' means a section of this title;

"(16) 'small user' means a person or governmental entity that used not more than 50 Mcf of natural gas on its peak day of natural gas usage in the preceding calendar year;

"(17) 'subsection' means a subsection of the section in which the term is used; and

"(18) 'user' means a person or governmental entity using any natural gas after it is delivered in interstate or intrastate commerce; the term includes a producer or small producer who consumes natural gas (except for transporting or processing natural gas) in facilities owned or controlled or under common control by such producer or small producer.

"NEW CRUDE OIL AND NEW NATURAL GAS PRICING

"Sec. 303. (a) New Crude Oil Price Ceiling.—Crude oil that is defined as new crude oil, pursuant to subsection (h)(4), may not be sold or transferred, after the date of enactment of this title, by a producer or crude oil or by an owner of oil-producing land receiving royalties, at a price in excess of $9.00 per barrel plus any increases authorized pursuant to subsection (c). Such ceiling shall apply only to any first sale of new crude oil in the United States.

"(b) Old Crude Oil Price Ceiling.—Crude oil that is defined as old crude oil, pursuant to subsection (h) (5), may not be sold or transferred, after the date of enactment of this title, by a producer of crude oil or by an owner of oil-producing land receiving royalties, at a price in excess of $5.25 per barrel. Such ceiling shall apply only to any first sale of old crude oil in the United States.

"(c) New Crude Oil Price Ceiling Adjustment.—Commencing with the month following the date of enactment of this title, and at monthly intervals thereafter, the new crude oil price ceiling enumerated in subsection (a) shall be adjusted by the Administrator for any inflation or deflation by multiplying it by a number whose numerator is the latest available quarterly implicit price deflator for gross national product as of the date of computation and whose denominator is the implicit price deflator for gross national product for the corresponding quarter of the base year 1974, as compiled by the Bureau of Economic Analysis as initially published by the Department of Commerce, but in no event shall such adjustment amount to an increase of more than 5 cents ($0.05) per barrel in any month.

"(d) Exceptions.—(1) The provisions of subsections (a), (b), and (c) shall not apply to any of the following categories of new crude oil production.

"(A) synthetic oil produced from coal, organic wastes or from other nonconventional sources;

"(B) shale oil;

"(C) heavy oil production; or

"(2) The Administrator may, by rule, promulgate a special price ceiling or exempt from price ceilings new crude oil produced by tertiary or a comparable advanced recovery technique or for any category of new crude oil production specified in paragraph (1) if he finds that such a ceiling or exemption is necessary and in the public interest. If any such ceiling or exemption is promulgated, the Administrator shall transmit a copy of such ceiling or exemption and findings to the Congress in writing together with a statement of the reasons therefor. Such a ceiling or exemption shall be known as a special new crude oil price ceiling or exemption. The Administrator may implement a special new crude oil price ceiling or exemption 60 days after the applicable transmittal to the Congress, unless either House of Congress approves a resolution of that House stating in substance that such House disapproves such ceiling or exemption, in accordance with the procedures set forth in section 1017 of Public Law 93-344 (31 U.S.C. 1407). If such a ceiling or exemption is disapproved by either House, the Administrator is authorized to modify the initially proposed special new crude oil price ceiling or exemption, taking note of the reasons for such disapproval. The Administrator may transmit to the Congress a revised special new crude oil price or exemption in accordance with the procedures for an initial transmittal.

"(c) New Natural Gas Price Ceilings.—(1) Not later than January 1, 1976, the Commission shall establish national price ceiling applicable to any first sale of new natural gas in the United States. Such price ceiling shall become effective midnight, June 30, 1976, and shall to the maximum extent practicable approximate the average sales price, as determined by the Commission, for contracts entered into or renewed during the period August 1, 1975, through November 1, 1975, for natural gas produced and sold in intrastate commerce but in no event shall such price ceiling exceed $1.30 per Mcf.

"(2) The Commission shall, by rule, provide that no producer may charge, and no purchaser may pay, a price for any first sale of new natural gas in the United States occurring after November 1, 1975, which exceeds (A) the national price ceiling established by the Commission under paragraph (1) plus any increases authorized pursuant to paragraph (3); or (B) the applicable special new natural gas price, if any, established pursuant to subsection (f).

"(3) Commencing with the month following the date of enactment of this title, and at monthly intervals thereafter (notwithstanding that the national price ceiling becomes effective midnight, June 30, 1976), the new natural gas national price ceiling enumerated in paragraph (1) shall be adjusted by the Commission for any inflation or deflation by multiplying it by a number whose enumerator is the latest available quarterly implicit price deflator for gross national product as of the date of computation and whose denominator is the implicit price deflator for gross national product for the corresponding quarter of the base year 1974, as compiled by the Bureau of Economic Analysis as initially published by the Department of Commerce, but in no event shall such adjustment amount to an increase of more than 1 cent ($0.01) per Mcf in any month.

"(f) Special New Natural Gas Price.—(1) The Commission may, by rule or order promulgate price ceilings in excess of the national price ceiling together with adjustments, if any, if it finds that—

"(A) new natural gas production at such price is in the public interest; and

"(B) such price does not exceed the current and prospective cost of exploration, development, and production of such new natural gas plus a rate of return on investment which is reasonable and conducive to attracting the capital necessary for such exploration, development, and production.

Such a special new natural gas price ceiling may be promulgated for any of the following categories of new natural gas production—

"(i) synthetic natural gas;

"(ii) new natural gas produced from wells that exceed 20,000 feet in depth;

"(iii) new natural gas produced from wells located in water of depths in excess of 600 feet; and

"(iv) new natural gas produced from low-porosity rock formations.

If any such ceiling is promulgated, the Commission shall submit a copy of such price ceiling and findings to the Congress in writing together with a statement of the reasons therefor.

"(2) Sixty days after the applicable submission to Congress, the Commission may implement a special new natural gas price ceiling promulgated pursuant to paragraph (1) unless either House of Congress approves a resolution of that House stating in substance that such House disapproves such price ceiling, in accordance with the procedures set forth in section 1017 of Public Law 93-344 (31 U.S.C. 1407). If such a price ceiling is disapproved by either House, the Commission is authorized to modify the initially proposed special new natural gas price ceiling, taking note of the reasons for disapproval. The Commission may submit a revised special new natural gas price ceiling, subject to the procedures for an initial submission.

"(g) Presidential Report.—On January 1, 1980, the President shall submit recommendations and the reasons therefore in writing to Congress together with any proposed changes in the price ceilings for new crude oil, new natural gas, or both. Such proposed changes in price ceilings for new crude oil and new natural gas shall be effective 60 days after the applicable submission to the Congress, unless either House of Congress approves a resolution of that House stating in substance that such House disapproves such change or changes, in accordance with the procedures set forth in section 1017 of Public Law 93-344 (31 U.S.C. 1407). If any such change is disapproved by either House, the President may modify the initially proposed recommendation and change, taking note of the reasons for such disapproval. The President may submit a revised proposed change in any such price ceiling, subject to the procedure for an initial submission.

"(h) Definitions.—As used in this section, the term—

"(1) 'Administrator' means the Administrator of the Federal Energy Administration;

"(2) 'base period production level' means a number which shall be computed monthly, subject to supervision by the Administrator, by each producer of crude oil and each owner of oil-producing land receiving royalties. Such number shall be equal to (A) the number of barrels of crude oil, defined by the Administrator under the 'old crude oil' definition in effect on August 31, 1975, pursuant to the Emergency Petroleum Allocation Act of 1973, produced during the year prior to the date of enactment of this section; (B) divided by 12; (C) reduced by 1.67 percent of such quotient for each month that has elapsed since the month following such date of enactment; and (D) increased by the amount, if any, by which the base period production level for any preceding months exceeded the actual production of such producer or owner during such month;

"(3) 'crude oil' means all hydrocarbons, regardless of gravity, that exist in a liquid in underground reservoirs and that remain liquid at atmospheric pressure after passing through surface separating facilities, and lease condensate, which is a natural gas liquid recovered in associated production by lease separators;

"(4) 'new crude oil' means the total number of barrels of domestic crude oil produced from leased or owned property during a specific month less the base period production level for such month; and

"(5) 'old crude oil' means the total number of barrels of domestic crude oil produced from leased or owned property during a specific month, up to the base period production level for such month.

"(i) Adjustments to New Natural Gas Price Ceiling.—A producer shall increase or reduce the price at which he sells natural gas to a purchaser by the following factors:

"(1) a gathering allowance as specified by the Commission for any gathering actually performed by the producer or small producer;

"(2) the actual costs of removing carbon dioxide, water, sulfur, or other impurities incurred by the producer or small producer to deliver pipeline quality natural gas;

"(3) any amount actually paid by a producer or small producer for State or Federal production, severance, or similar taxes;

"(4) a proportional adjustment for British thermal unit (Btu) content from a base of one thousand Btu's per cubic foot of natural gas at 60 degrees Fahrenheit and 14.73 pounds per square inch pressure; and

"(5) an amount equal to the uncompensated value of any advance payments or any other form of compensation paid to the producer or small producer.

"(j) Treatment of Other Gas.—After the date of enactment of this title, all sales of natural gas in interstate commerce that are not sales of old natural gas must comply with the provisions of this title concerning new natural gas.

"(2) After the date of enactment of this title, all dedications of natural gas in intrastate commerce must comply with the provisions of this Act concerning new natural gas.

"(3) Notwithstanding the provisions of paragraphs (1) and (2) and section 302(8), of this title, any Federal agency, State, political subdivision of a State, Indian tribes, bands, or Alaska Natives may, with respect to new natural gas that they are entitled to take as a royalty (not to exceed a combined and cumulative total of a one-eighth interest within any State), withdraw such gas from interstate commerce after deliveries are commenced and may use or resell such gas in intrastate commerce as new natural gas. Nothing in this paragraph shall restrict the amount of royalties that may be taken by any landowner.

"FILING REQUIREMENT

"Sec. 304. All purchasers shall file with the Commission all new natural gas sales contracts, transfer agreements, or any other transfer arrangements.

"OLD NATURAL GAS

"Sec. 305. The Commission, notwithstanding any other provision of law, shall not authorize an increase in the price charged by a producer of old natural gas unless such an increase is necessary—

"(1) to cover the cost of production (including deeper drilling or reworking operations) of such old natural gas and to provide a reasonable rate of return on investment to such producer or small producer; or

"(2) to afford (A) such a producer a price which is equal to a cost-based price which the Commission has authorized a similarly situated producer of old natural gas; or (B) such a small producer a price that is equal to a cost-based price which the Commission has authorized a similarly situated small producer to charge for old natural gas.

"RESIDENTIAL AND OTHER SMALL USERS

"Sec. 306. (a) General.—The Commission shall—

"(1) require all pipelines to file separate tariffs with respect to (A) old natural gas, (B) new natural gas, and (C) synthetic or liquefied natural gas, in such form and manner as to reflect the price and average annual volumes of each which enter each such pipeline;

"(2) require all pipelines to give first priority for sales or transfers under the applicable tariff for old natural gas to local distribution companies, to the extent such old natural gas is available, to meet the requirements of each such company's residential users and small users; and

"(3) promulgate rules to govern sales, exchanges, or transfers among pipelines and sales, exchanges, or transfers to local distribution companies served by multiple pipelines, to the extent necessary to achieve the purpose of this section.

"(b) Enforcement.—It shall be unlawful for local distribution companies to charge residential users and small users rates which do not reflect the lesser cost of old natural gas for such users. It shall be the duty of the State utility commissions to assure that the benefits of the old natural gas tariffs are reflected in the rates to such residential and small users.

"INCREASING NATURAL GAS SUPPLIES

"Sec. 307. (a) Prompt Certification.—All applications, except where two or more natural gas companies file competing and mutually exclusive applications under section 7(c) of this Act (5 U.S.C. 717f(c)), for the construction of pipeline facilities subject to the jurisdiction of the Commission shall be decided by the Commission in accordance with this subsection. The Commission shall grant (with or without conditions) or deny such applications within 120 days of the filing of an application, or within 120 days after the date of enactment of this title in the case of applications pending before the Commission on such date. The 120-day period shall commence on the date on which such applications contain all of the information required by the Commission. If the Commission fails to grant or deny any such application within the applicable 120-day period, the Commission shall be deemed to have approved such application as last submitted.

"(b) Exemption.—Notwithstanding any other provision of law, sales of new natural gas (except synthetic or liquefied natural gas) by producers or by small producers may be made without any application for a certificate of public convenience and necessity under section 7(c) of this Act (15 U.S.C. 717f(c)) and such sale shall be made at a price pursuant to the applicable provisions of section 303, and if applicable in accordance with section 202(8).

"(c) Common Carrier.—After date of enactment of this title the Commission shall, as a prerequisite to granting any certificate of public convenience and necessity for facilities for transporting or gathering natural gas on Federal lands, require such transportation and gathering facilities to be common carriers for use by any pipeline to transport natural gas upon payment of a reasonable transportation fee. The Commission shall require other natural gas gathering and transportation systems to operate on such a common-carrier basis for use by any pipeline to the extent that surplus capacity is available.

"(d) Production Requirement.—(1) Notwithstanding any other provision of law, any agreement (including a renegotiation) pertaining to natural gas or oil development on Federal lands which is consummated on or after the date of enactment of this title shall require, as a condition to such agreement, that the person granted the right of development shall design and immediately implement an exploratory and development program to obtain maximum efficient rates of production from such lands as soon as practicable, subject to submission of such program to, and its approval by, the Secretary of the Interior. The person granted any right of development shall in writing immediately inform the Commission of the discovery of natural gas on any such lands, and within 90 days after such a discovery shall submit to the Commission an estimate of volumes discovered and a timetable for commercial development. Such a person shall prepare and submit to the Commission a detailed timetable of the actions necessary for the speedy development and production of such natural gas. Such a person shall contract for the sale of such natural gas in interstate commerce within 2 years after the date of discovery unless the Commission finds, upon the petition of the person granted such rights, that the volumes of natural gas discovered or developed are not sufficient to be commercially viable or that other valid reasons exist (including the possibility in certain frontier areas, such as Alaska, where transportation costs are so high that additional discoveries of natural gas in the area are likely and could materially reduce transportation costs), but not including market demand prorationing, which justify delaying the production until a subsequent date certain. If such a petition is granted, the Commission shall require the person granted such rights to submit monthly reports of actions taken to begin production at the earliest possible time. The Commission shall also advise other interested Federal agencies and assure that all possible steps are taken to commence the production of this natural gas at the earliest possible time.

"(2) Unless a contract is entered into for the sale of such natural gas within 2 years after the date of discovery of natural gas on such Federal lands, or unless such a petition is granted, and in effect and its terms complied with, the rights that had been granted the person to develop natural gas or oil on the Federal lands covered by such agreement shall terminate and any sum paid for such rights shall be forfeited.

"(3) With respect to agreements pertaining to natural gas or oil development on Federal lands (other than agreements entered into for the purpose of establishing strategic reserves) consummated prior to the date of enactment of this title, the requirements of paragraphs (1) and (2) of this subsection shall be applicable to the fullest extent legally permissible. To the extent that such requirements cannot legally be made applicable to any such agreements, such agreements shall be terminated at the earliest possible date in order to make such requirements applicable.

"(4) In order to facilitate the enforcement of this subsection, the Secretary of the Interior shall report to the Congress and the Commission, within 90 days after the date of enactment of this title and annually thereafter, on the status of all Federal lands leased or planned to be leased in the subsequent year for natural gas and oil development. Each such report shall list all parcels planned to be leased in the subsequent year and parcels leased; the name, address, and affiliates of the holder of such lease; the Interior Department's prelease evaluation of probable quantities and values of natural gas and oil underlying such lease; the number of exploratory and developmental wells drilled to date; whether natural gas and oil have been discovered at the time of the report; the date on which any natural gas or oil not being produced was discovered; estimated reserves of natural gas and oil; and annual production of natural gas and oil therefrom.

"(e) Resource Evaluation.—In estimating the value of natural gas on Federal lands for the purpose of determining the sufficiency of any bid, the Secretary of the Interior shall utilize the appropriate applicable price ceiling established by the Commission as adjusted pursuant to section 303.

"(f) Dedication Requirements.—After the date of enactment of this title, all production of new natural gas from Federal lands shall be sold or transferred to a pipeline.

"(g) Reserve Information.—(1) The Commission is further authorized and directed to conduct studies of the production, gathering, storage, transportation, distribution, and sale of natural, artificial, or synthetic gas, however produced throughout the United States and its possessions whether or not otherwise subject to the jurisdiction of the Commission, including the production, gathering, storage, transportation, distribution, and sale of natural, artificial, or synthetic gas by any agency, authority, or instrumentality of the United States, or of any State or municipality or political subdivision of a State. It shall, insofar as practicable, secure and keep current information regarding the ownership, operation, management, and control of all facilities for production, gathering, storage, transportation, distribution, and sale; the total estimated natural gas reserves of fields or reservoirs and the current utilization of natural gas and the relationship between the two; the cost of production, gathering, storage, transportation, distribution, and sale; the rates, charges, and contracts in respect to the sale of natural gas and its service to residential, rural, commercial, and industrial consumers and other purchasers by private and public agencies; and the relation of any and all such facts to the development of conservation, industry, commerce, and the national defense. The Commission shall report to the Congress and may publish and make available the results of studies made under the authority of this subsection.

"(2) In making studies, investigations, and reports under this section, the Commission shall utilize, insofar as practicable, the services, studies, reports, information, and programs of existing departments, bureaus, offices, agencies, and other entities of the United States, of the several States, and of the natural-gas industry. Nothing in this section shall be construed as modifying, reassigning, or otherwise affecting the investigative and reporting activities, duties, powers, and functions of any other department, bureau, office, or agency in the Federal Government.

"NATURAL GAS CONSERVATION

"Sec. 308. (a) General.—The Commission shall by rule prohibit all boiler fuel use of natural gas in interstate and intrastate commerce if such use is not initially contracted for prior to January 1, 1975, by users other than residential or small user unless, upon petition by a user, the Commission determines that—

"(1) alternative energy supplies, other than crude oil or products refined therefrom or propane, produced in any State are not available to such user; or

"(2) it is not feasible to utilize such alternative fuels at the time of such Commission determination.

"(b) Existing Contracts.—The Commission shall promulgate, by rule, a national plan to prohibit as soon as practicable boiler fuel use of natural gas initially contracted for prior to January 1, 1975, by users other than residential or small users. In determining practicability, the Commission shall consider all relevant factors, including the availability of alternative energy supplies produced in any State, other than crude oil products refined therefrom or propane, the ability to satisfy applicable pollution prevention standards when using such alternative fuels, and the need to avoid imposing unreasonable economic hardships. The Commission shall coordinate its activities wih other Federal agencies to assure that boiler fuel use of natural gas by users other than residential or small users is ended to the maximum practicable extent 10 years after the date of enactment of this title. The Commission shall also encourage conservation and more efficient use of natural gas by all other users.

"(c) Procedure.—In implementing the provisions of this section with respect to intrastate commerce, the Commission shall apply the provisions of section 17 of this Act (15 U.S.C. 717p).

"(d) Effect on Other Laws.—Nothing in this title shall impair any requirement in any State or Federal law pertaining to safety or environmental protection. The Commission, in determining feasibility or practicability, where required by this section, shall not assume that there will be any lessening in any safety or environmental requirement established pursuant to State or Federal law.".

SEC. 4. Section 2 of the Natural Gas Act (15 U.S.C. 717a) is amended (1) by inserting in paragraph (7) thereof after "thereof," and before "but only insofar" the following: "or between a point upon Federal lands within a State and any other point,"; (2) by inserting in paragraph (5) thereof (A) after "gas" and before "unmixed" the following: "produced from a gas well or an oil well" and (B) by inserting after "natural" and before "and" the following: "synthetic"; and (3) by inserting the following new paragraph:

"(10) 'synthetic natural gas' means gas entering a pipeline or intrastate pipeline or local distribution company produced from any source other than a gas well or an oil well. As used in this paragraph 'intrastate pipeline' means a person engaged in the transportation by pipeline of natural gas in intrastate commerce.".

SEC. 5. Section 20 of the Natural Gas Act (15 U.S.C. 717s) is amended by adding at the end thereof the following new subsection:

"(d) Any district court of the United States in which venue is appropriate under section 1391 of title 28, United States Code, shall have jurisdiction, without regard to the citizenship of the parties or the amount in controversy, with respect to any civil action involving any alleged violation of (1) the Natural Gas Act (15 U.S.C. 717(a) et seq.), the Federal Power Act (16 U.S.C. 791a et seq.), or any other Federal law under which Congress directs the Commission to exercise any independent regulatory function; (2) any duly authorized rule, regulation or license issued under any such law; or (3) any condition of any certificate of public convenience and necessity issued by the Commission under any such law. The court shall have the power to grant such equitable relief as is necessary to prevent, restrain, or remedy the effect of such violation, including declaratory judgment, mandatory or prohibitive injunctive relief, and interim equitable relief, and the court shall further have the power to award (A) compensatory damages to any injured person or class of persons, (B) costs of litigation including reasonable attorney and expert witness fees, and (C) whenever and to the extent deemed necessary or appropriate to deter future violations, punitive damages. Any court of appeals of the United States in which venue is appropriate under section 1391 of title 28, United States Code, shall have jurisdiction, upon petition by the Commission, to grant appropriate mandatory or prohibitive injunctive relief, and, at any time interim equitable relief.".

SEC. 6. The Bureau of Economic Analysis shall continue to compile, and the Department of Commerce shall continue to publish, the implicit price deflator for gross national product, in accordance with procedures consistent with those in effect on January 1, 1975, in order to carry out the purposes of this Act.

SEC. 7. If any part of this Act is declared unconstitutional, or the applicability thereof to any person or circumstances is held invalid, the applicability of such part to other persons and circumstances and the constitutionality or validity of every other part of the Act shall not be affected thereby.

Mr. STEVENSON. I thank the Senator from Ohio.

Mr. GLENN. Mr. President, it is my belief that this bill we have offered, S. 2310, is the best possible hope of alleviating, at reasonable prices, at least a portion of the projected gas supply shortages for the coming winter.

Without emergency action on the part of Congress, widespread industrial and agricultural unemployment in areas supplied by the interstate pipeline system is inevitable.

In my State of Ohio, which experienced the largest firm curtailments in the country in the first quarter of 1975, as many as 40,000, and one prediction of 100,000, jobs may be lost.

This emergency, Mr. President, does not start at some vague future date. It starts in Ohio and some other States on November 1, 1975, the date set and announced as the start of 65 percent cutbacks to much of industry—65 percent cutbacks November 1.

Mr. President, I have talked some on the floor here about Ohio and I would like to include some remarks about other States and the effect that these curtailments may have on other States.

In Ohio, as a percent of our total employment, we have some 29 percent of our people employed in industries using gas in some form or another that is critical to that industry.

In terms of total numbers of people involved in the work force in those gas-using industries, we have 996,000 people involved. I would like to go through a listing of the other 13 States that are primarily affected by this gas curtailment this winter and to include in the RECORD their percent of total employment dependent on gas-using industries and the numbers of thousands of people so involved.

In New Jersey, 32 percent of the work force is in gas-using industry, which means 717,000 people.

In Maryland, it is 20 percent, affecting 202,000 people.

In Virginia, it is 9 percent of the total employment, with 116,000 people .

In North Carolina, with 33 percent, it is 552,000 people.

In South Carolina with 29 percent, it is 27,000 people.

In Pennsylvania, with 23 percent of the total employment, it affects 854,000 people.

The Ohio figures I have already given.

In New York, it is 21 percent of total employment affecting 1,249,000 people.

In Kentucky, it is 28 percent of employment, affecting 196,000 people.

In West Virginia, it is 19 percent of employment affecting 77,000 people.

In Delaware, it is 7 percent of employment affecting 11,000 people.

In Missouri, it is 18 percent with 249,000 people.

In Iowa, it is 14 percent of employment with 101,000 people.

In California, it is 18 percent of employment with 972,000 people.

Mr. President, we are not claiming that this nearly 6 million people total will all be unemployed. The best figures that we have been able to obtain are that probably somewhere around a half a million of these people will be unemployed as a direct result of the natural gas shortage this winter. But it does indicate the potential for expansion of unemployment so far beyond the half million figure as to be completely frightening for this winter.

S. 2310 is directed solely at this winter's problem and does not address long-term pricing policies for natural gas. This is an emergency act to cover a specific emergency period effective only from enactment through June 1976. Our objective in designing this bill as an emergency measure was to get meaningful legislation through the Congress expeditiously—to avoid getting mired down in the controversy surrounding gas deregulation and other long-term pricing alternatives—a debate that promises to be prolonged in both Chambers.

Mr. President, I might add that I think we have seen example after example on this floor of where any discussion of long-term pricing policies has resulted immediately in such topics as long-term pricing effects on international markets, on Btu equivalencies, on the effect on gas and the dollar price of oil products on gas. We have had other discussions on fuel price settings, whether the measure should be a ton or a Btu equivalency, or several other different ideas that are abroad. That has already resulted in a very extended debate in this Chamber and indicates that if we are to go ahead and combine the long and short term aspects of this problem, as proposed in the Pearson-Bentsen substitute amendment, we will indeed be sounding the death knell of early relief that might be effective this winter.

Mr. President, keeping these long term pricing alternatives separate was an objective that I thought we shared with the Administration. Throughout the development of this legislation and afterward the administration was extremely cooperative and fully as determined as the sponsors of S. 2310 to prevent shortage-induced unemployment in the coming winter months. In light of this background of cooperation, it was doubly disappointing and quite a disappointment to me, to learn from Frank Zarb, a man for whom I have great respect and admiration, that the administration—contrary to our previous understanding—will not be supporting our effort but rather will be taking the tack most likely to frustrate it, that of loading onto our consideration of emergency measures, the very long term questions that we originally agreed to avoid.

Mr. President, Mr. Zarb's deputy, John Hill, met with me and my staff 2 weeks ago and stated in no uncertain terms that the Federal Energy Administration preferred to see Congress deal separately with the short term and long term legislative proposals regarding natural gas.

In a letter to Senator MANSFIELD they backed up this desire by stating very clearly that they wish no emergency gas legislation would be tacked onto the extension of the Allocation Act, which was being considered at that time, another example of their desire to keep these two issues separate.

Moreover, he agreed with me that in view of the dire forecasts for unemployment this winter it was essential that Congress consider legislation dealing with our immediate problems first, and then move on to our long range policies.

That strategy was implicit in other statements. In Mr. Zarb's letter to Vice President ROCKEFELLER accompanying the submission of the administration's emergency bill, he wrote:

> Even with immediate deregulation, however, the shortfall has become so acute that the Nation faces the certainty of serious curtailment for the next two winters. The gravity of the immediate situation requires prompt steps to cushion the impact of shortages during this winter.

He noted that those prompt steps might be at hand, according to an article from the Journal of Commerce of September 12, 1975, observing "a 'growing indication' on Capitol Hill that the lawmakers believe that special measures are needed to cope with impending shortages, and said he is encouraged by the similarities between the Democratic proposals and Mr. Ford's". In the same vein, in hearings of the Senate Commerce Committee on September 15, Mr. Zarb stated:

> In brief, Mr. Chairman, we do need emergency steps. We are fairly close in most of the areas proposed.

The strategy explicitly endorsed by Mr. Hill and implicitly supported by Mr. Zarb is also the strategy of the majority leadership. It is the leadership's intent to move as quickly as possilbe to consider and act on the emergency steps needed to deal with this winter, and then, immediately thereafter, to call up S. 692, next on the calendar, and to tackle the long range problems.

Mr. President, I am convinced this strategy is essential if we are to deal adequately with this winter's gas shortage and the jobs that are imperiled by it. I received a letter from Congressman DINGELL confirming my view in this regard.

Introduced into the RECORD yesterday, was a similar letter from Mr. STAGGERS, which makes an even stronger point of the folly of hooking the long-term and short-term aspects of natural gas together. These letters are in the RECORD.

Rather than read through the letters at this point, let me simply point out to my colleagues Mr. DINGELL's assurance that while the House Subcommittee on Energy and Power, which has jurisdiction over natural gas legislation, intends to proceed immediately to consideration of short-term gas legislation, he does not believe it possible for the House to move as quickly on long-term bills.

Mr. STAGGERS' letter not only supports that stand but notes the connection of the long- and short-term legislation together will "doom" consideration of my short-term legislation this year. I point out the word "doom" is Mr. STAGGERS' choice.

Most significantly Mr. DINGELL, writes:

> In view of the urgent need for the Congress to enact emergency legislation in time for it to have a meaningful impact on the natural gas problems facing the nation this winter, I would urge that the question of permanent natural gas legislation not be permitted to delay enactment of appropriate emergency measures. Joining the emergency and permanent legislation is likely to produce such a result.

I firmly believe that Representative DINGELL and Representative STAGGERS are correct. Why have administration spokesmen, who once also shared that view, changed their position?

Why have they, after acknowledging that we were close to agreement and thus close to initiating the "prompt steps" needed for this winter, suddenly turned 180 degrees to inject new issues into the debate—time-consuming issues on which there is no semblance of agreement in the Congress?

Purely and simply because they favor long-term deregulation of the wellhead price of interstate natural gas and see the emergency bills which have been proposed as vehicles for obtaining that end, as a means of piggy-backing their other interest onto this emergency. That end I admit has attractive aspects. While I have not reached a firm position on long-term pricing policies for natural gas, I agree that the deregulation approach has some appeal. But whatever the merits of any long-term solution to our gas problems, I am convinced it cannot be enacted quickly. To insist that it be enacted as a condition to the passage of emergency legislation is thus to jeopardize the jobs and hold hostage the well-being of hundreds of thousands of Americans.

Mr. President, I submit that the legislative procedure now proposed by the Administration and a few of my colleagues are dangerous and ill-conceived. I strongly urge those who support this strategy to reconsider—to think through the damage that could be done by these tactics. Particularly I urge the administration to return to the strategy originally put forward by administration spokesmen, that of first considering emergency legislation to cope with an impending employment and economic disaster which starts in just 30 days, and then move on to consideration of the longer term aspects of gas and oil pricing, regulation, or deregulation, or whatever. If we fail to follow that path, I predict the administration and the Congress will subject itself to the harshest kind of criticism from the Nation's jobless and those concerned about their welfare.

Mr. President, when the vote occurs this afternoon, after all the rhetoric that has been exhibited in this Chamber in the last 2 days, there will be only two basic issues involved. Efforts that have occurred yesterday and today to amend the Emergency Natural Gas Act of 1975, deal with long-term policies, not with the present natural gas emergency. S. 2310 applies to only this winter.

The first issue is the desire to combine the short- and long-term considerations of natural gas.

The Fannin amendment, which was defeated yesterday, would have deregulated virtually all new gas from now on.

The Pearson-Bentsen amendment, which we shall vote on in a short time this afternoon, has two parts: One covers the emergency period, and the other is a long-term proposal.

The natural gas emergency is upon us now, with 65 percent cutbacks in some areas going into effect on November 1. There is not sufficient time to consider the varied long-term approaches which will be debated and still get a bill through which will do any good for this winter.

Regardless of Senate action, it is the opinion of leaders in the House that if long- and short-term considerations are combined, it will not be possible to get rapid House action.

The second major issue that will be voted on this afternoon is pricing. If we are successful, and succeed in keeping the short- and long-term aspects separated, there is a good chance of early House action. However, the issue of pricing remains, and that is a difference.

Both the proposal considered yesterday, the Fannin amendment, and the Pearson-Bentsen amendment of today, would, however, take all limits off of pricing immediately, both short- and long-term.

The Hollings-Glenn-Talmadge approach of S. 2310 would keep existing intrastate free market prices during this emergency period while we determine what long-term pricing policies will be.

We are fully aware of the long history of inaction by the Congress with regard to natural gas, and have agreement on both sides of the aisle to bring the long-term bill S. 692 onto the floor immediately upon disposal of S. 2310. S. 692 is on the calendar now, so that is not just an idle promise. It is vitally important that we fully consider all ramifications of long-term policies that will set the pattern for the future. With the varied ideas to be presented, completion of action would be highly unlikely in time to cope with the natural gas emergency with us now.

We firmly believe that the only approach *that will do* the job for this winter on an emergency basis is immediate enactment of the Hollings-Glenn-Talmadge approach taken in S. 2310. It will help alleviate this winter's shortages, while keeping prices as status-quo, with a full agreement to then turn immediately to long-term natural gas consideration encompassed in S. 692.

Most importantly, this is the only approach likely to get sufficiently early House action to do any good this winter.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. LEAHY. I ask unanimous consent that Herbert Jelovitz of my staff be accorded the privilege of the floor during the consideration and voting on the various energy proposals before the Senate this afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARTLETT. Mr. President, I would like to point out to my colleagues that the Pearson-Bentsen amendment addresses the natural gas problem in a complete way. It provides a workable procedure for the curtailed pipelines in the East and the North to secure gas supplies from the producing areas. Under the 180-day emergency exemption procedure in the bill, producers and intrastate pipelines with excess gas would willingly sell that gas to those who need it.

We received information yesterday that there is approximately 4 billion cubic feet of gas available from the pipelines in the intrastate markets of three States: Texas, Louisiana, and Oklahoma. This is on a yearly basis. So for 180 days, there would be 2 billion cubic feet available to fill a demand and shortage of 3 billion cubic feet.

That would take the sting out of the shortage in the Eastern and Northern States.

This bill provides a long-term stimulus to finding new gas supplies, both onshore and offshore. Onshore gas is deregulated immediately, permitting the last several years' drilling surge in the onshore producing areas not only to continue, but hopefully to expand considerably; and it would.

While the gas from the Outer Continental Shelf will not be deregulated immediately, which I would prefer, the criterion for setting the new gas price is vastly improved over that now used by the Federal Power Commission.

Mr. GLENN. Mr. President, will the Senator yield for a question?

Mr. BARTLETT. I yield.

Mr. GLENN. The Senator referred to 2 billion cubic feet. Did he mean 200 billion?

Mr. BARTLETT. Yes. I thank the Senator from Ohio.

The resultant higher price in the Outer Continental Shelf should greatly revive drilling activity in that area, where it has practically ceased because of the unfair discriminating and low FPC-controlled prices now in existence.

The Pearson-Bentsen amendment assures consumers that the price they pay for gas will not increase abruptly while at the same time making certain that new gas supplies will be forthcoming.

First, I emphasize that this bill is not total immediate deregulation. Only new gas is deregulated onshore and subjected to the higher but controlled prices offshore.

If no new gas is found and dedicated to the interstate pipelines, consumers will not have to pay for it. The producers still take the exploratory risk. Old gas continues under FPC control until existing contracts expire gradually over the next 20 years.

The wellhead price of natural gas is only 20 percent of the total cost to the ultimate gas consumer. Thus a wellhead price increase would impact a consumer in a modest way.

Again I emphasize that it is only new natural gas which will receive the higher price. Unlike S. 2310, the Pearson-Bentsen amendment does promise greater gas supplies for distressed areas this winter and in the future. It, therefore, protects consumers from unnecessary cost increases and in other ways.

I am glad to elaborate on why the S. 2310 proposal will not provide gas for distressed areas this winter.

If gas moves through an existing pipeline, which is guaranteed under S. 2310, consumer costs go up, amortization expenses and the consumers rate will have to be spread over less gas; therefore, the cost per unit increases.

It is almost unbelievable to me that the proponents of Senate bill 2310 would try to pass a bill which would guarantee some of their constituents a widening shortage of natural gas and the others, the ones who are not without it, a higher bill for the gas they do have to burn.

Also, in most States, industrial and commercial customers share part of the burden of pipeline amortization. As the shortages increase in the future, the industrial consumers will be denied gas entirely and will, therefore, not foot any of the bill. All costs will fall directly on the residential users.

In the long run, the Pearson-Bentsen amendment will deregulate all new natural gas at the wellhead. This is necessary to maximize the efforts of producers to explore for and develop natural gas supplies from all possible areas, both onshore and offshore.

If over the long term we limit the price in any way, then there will be some gas reservoirs which will not be found or, if found, will not be developed because of purely economic reasons or for those which are already developed and approaching the point of abandonment would be abandoned prematurely because of economic factors.

This country has a severe shortage of natural gas. If we do not want it to get worse, we have to find at least as much gas as we produce. If we want to restore gas service to those who have lost it in the last several years, we have to find more gas than we produce.

I think this is one of the things of which every Senator should be cognizant; that is, that we do have a declining reserve situation in our natural gas, declining production, and the price has not been sufficient to replace the gas that is produced. When the price is sufficient to replace the gas that is produced, then it is just going to stop the decline, but it is not going to provide additional reserves that can be produced to take care of those who no longer have gas supply.

If Senators from the consuming States will check with their constituents, they will find that there is a tremendous difference in the price of heating homes between those lucky, fortunate constituents that are connected up to natural gas and receive natural gas, as opposed to those who heat their homes with fuel oil or with electricity.

So there is an unfairness here which traces back to an unfairness at the wellhead where the owner of these resources, both the royalty owner and the producer, are not receiving a sufficient price.

The American people want to know that we do have an energy program which will not only stop the decline in our production of gas and oil, but which will reverse the trend and increase the supplies sufficient to take care of our needs now and in the future. Certainly, it is an American approach to be optimistic and to plan for a larger requirement in the future, even though we are also planning for conservation measures which have a likewise long-term period for attainment.

Additions to reserves at the 1973 production rate of 22.6 trillion cubic feet per year have occurred only once in the last 20 years, in 1956. The average rate of reserves additions during the period 1968 to 1974 was only a little more than half of that, 9.3 trillion cubic feet per year, far below what was needed and far below what is being used. I know there are some on the other side of the aisle, and I would say on this side of the aisle too, who believe that the estimated size of our undiscovered resource base is not great enough to warrant deregulation because, no matter how much our drilling effort is increased, supplies cannot be increased enough to do any good.

Therefore, we should keep prices low to protect our constituents from the oil companies. Such an attitude is one of being a self-defeatist. I predict that it will return to haunt those who expound it. The American people will wonder why their elected representatives made an arbitrary decision about an unknown activity, the undiscovered oil and gas resources in the United States and, therefore, were deprived of the opportunity to have the oil and gas which would have been found.

Again I stress that the higher prices that would be paid for new natural gas under this bill will only be paid on that gas that is found, delivered, signed, and sealed; and the effort that goes to find it, the exploration effort will be paid for by private enterprise.

We have no choice but to drill. The producer takes the risk, if nothing is found he loses money. The consumer does not pay.

This is especially true with natural gas because we are only proposing deregulation of new natural gas.

Two days ago, I listened to the Senator from South Carolina tell us how Federal regulation of the natural gas industry has succeeded, how it helped his State, and other States.

But I am afraid he is confusing the issue. The Natural Gas Act was passed by Congress in 1938 in order to regulate the natural gas pipeline and transportation industry, not the producing industry. It was recognized that the pipelines from the producing areas to the consuming areas would be natural monopolies. Consumers would have the choice of buying gas from the pipeline that served his area or of not buying gas at all. Regulation of the transportation of natural gas can be considered a success as the Senator said because it did permit the gas to be transported into the consuming areas of the country.

From this point on, however, the good Senator's logic falters. Regulation of the wellhead price of natural gas has been a dismal failure. Otherwise, there would not now be shortages in the interstate market and surpluses in the intrastate market.

As an illustration of what has happened, I shall use figures on U.S. gas well drilling.

In the late 1950's an average of 858 exploratory gas wells per year were drilled in the United States, with a high of 972 occurring in 1959. This declined to a low in 1971 of less than 440. The decline in activity was the result of low controlled interstate gas prices and the availability of adequate supplies to meet demand in the intrastate market. These supplies were developed because of previous drilling efforts.

When a shortage started to occur in the intrastate markets, the price increased, and the drilling activity picked up also. In 1972—601 exploratory gas wells; in 1973—900 exploratory gas wells; and in 1974—1,195 exploratory gas wells.

But because prices continued to be held at ridiculously low levels, very little of this recent drilling was for interstate gas. This is corroborated by the statistics on offshore gas well drilling which has practically ceased in recent years and by reserve addition figures for recent years which indicate that almost all gas found has been dedicated to the intrastate market.

The point here is that it was not until shortages began to appear in the intrastate market, that intrastate prices increased. This caused an upsurge in an increase in intrastate reserves. The number of exploratory gas wells drilled in 1974 was higher than in any of the previous 20 years.

The uncontrolled intrastate market worked to alleviate a shortage. The controlled interstate market failed, produced a shortage, is still failing and will continue to produce greater shortages unless we in Congress change the law and deregulate natural gas prices on a long-term basis.

The Senator from South Carolina apparently argues that FPC regulation of wellhead prices was successful because consumption increased. But he has confused regulation of the transportation of natural gas and regulation of wellhead prices. He has confused apples and oranges. I hope my colleagues see through what he has said.

There are many Members of this body concerned about propane supplies. So am I. The Pearson-Bentsen amendment will result in an increase in propane supplies because 70 percent of our domestic propane is derived from natural gas. As new gas supplies are found, propane production will increase.

The Senator from Ohio is quick to admit that S. 2310 is not designed to increase natural gas supplies. I agree with him on this, it will not increase natural gas supplies. So if it is enacted, we should all expect natural gas shortages, and propane shortages to be worse next winter. This simple fact should be consoling to the constituents of my colleagues who support S. 2310.

Justification for why expiring contracts should be included in the new gas definition:

To continue to price all old gas at the old FPC rate, denies producers the wherewithall to form capital for drilling new wells—that is, limiting producer to an out-of-date cost of service rate on old gas forces him into liquidation because he does not receive enough from current sales to replace them.

Carrying the replacement cost argument further, even though the FPC will permit producers to increase the rate on old gas if cost justified, this procedure is not adequate to support an ongoing exploratory drilling effort because this cost justified price for producing wells would still be far below replacement costs of new gas. Figures in AAPG statistical bulletin No. 3 show the number of exploratory wells drilled which are needed to find fields of a certain size. Good for making point on number of wells to be drilled and why it takes a big drilling effort.

If we do not permit producers the assurance of receiving a free market price on expired contracts, this action might exclude remedial operations on existing fields or the installation of compression facilities on low pressure fields which would decrease abandonment pressure and increase ultimate reserves. These operations can be done relatively quickly and could get gas into interstate pipeline.

Even though the FPC will in some cases raise a rate if cost justified, this occurs after the fact and a producer has no assurance that it will be adequate to cover all his costs plus a fair rate of return. Thus, he might be inclined to invest money elsewhere rather than risk doing the work plus the regulatory process. The FPC cannot stop a producer from abandoning a field he believes is not profitable to continue producing. Without expiring contracts included in the new gas definition, we risk this occurrence.

At the time the original contract was negotiated, it was recognized by both parties that it would expire sometime in the future and that a renegotiation process would occur at that time. This fact, in part, determined the nature of the contract. If gas is deregulated, the interstate pipelines are not without leverage because the pipeline connection is there. Furthermore, the pipelines are not going to pay the producer much more than the price of alternate fuels to its customers less transportation. Furthermore, the pipelines have good managers who should be capable of negotiating with producers.

Economists who have studied the natural gas producing industry claim it is "workably competitive" and generally greater economic power is possessed by the pipelines than by the producers. There are thousands of producers but relatively few pipelines, and even fewer pipelines with facilities in any given producing area.

I support the Pearson-Bentsen amendment. It is a good compromise solution to the natural gas problem of this Nation. It provides relief for the distressed areas of this country, relief they can be assured of having.

It provides a long-term solution to the natural gas problems. Deregulation occurs in the long run. This will guarantee a maximum drilling effort both onshore and offshore.

I commend the sponsors of this legislation for offering it. I warn those who plan to vote for S. 2310, that it will not work, will result in greater shortages, and will not provide any relief for the distressed areas this winter.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. BARTLETT. I will yield to the distinguished Senator from Kansas.

Mr. PEARSON. Mr. President, I ask unanimous consent to make a short statement and print matter in the RECORD.

Mr. President, great emphasis has been made upon the position of the House of Representatives in relation to combining the short- and long-term emergency and the permanent solution. The distinguished Senator from Ohio in his very able statement just a few minutes ago again most forcefully put forward the argument in that behalf.

We do not really wish to reduce this to a partisan sort of "who gets the most letters from someone." I emphasize that. But we did inquire of Mr. DEVINE and also Mr. BROWN of the House of Representatives who have enormous interest in this particular matter, as to what the position of the committee or some Members would be.

So, Mr. President, I will ask unanimous consent to print in the RECORD today a letter from SAMUEL L. DEVINE and CLARENCE J. BROWN, that indicated that they disagree with the position of the chairman of their own committee; that they have had hearings; that of the 39 witnesses who appeared there, they heard testimony as to the need of some form of deregulation; and that they thought it would be wise on their part and on our part to move ahead and to consider both of these matters at the same time.

So, Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated October 2 of this year.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON INTERSTATE
AND FOREIGN COMMERCE,
Washington, D.C., October 2, 1975.

Hon. JAMES PEARSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: This letter responds to your request for our views with respect to the prospect for enactment of natural gas pricing legislation in the House of Representatives. We understand that Chairman Staggers of our Interstate and Foreign Commerce Committee has written to Senator Hollings indicating that our Subcommittee on Energy and Power is confining its deliberation to the singular purpose of arriving at an agreement on emergency legislation and that any combination of long-term and emergency proposals would seriously imperil chances for House and Senate agreement on such legislation.

We must strenuously disagree with the Chairman's assessment of the situation in the House. In the first place, Mr. Brown of Ohio has introduced a comprehensive natural gas bill which combines emergency measures to deal with this winter's situation and long-term measures to phase in deregulation of natural gas prices. Secondly, in

> the four full days of hearings on the natural gas situation held before the Energy and Power Subcommittee last week, 36 of the 39 witnesses before the Subcommittee specifically came out in favor of deregulation of natural gas as the only real solution to our supply problems and most of these witnesses indicated that legislation dealing with the short-term only would be most short-sighted. With this sort of record overwhelmingly in favor of some form of deregulation, we plan to do all we can to see that the issue of long-term deregulation is combined with any consideration of emergency measures as natural gas legislation moves from the Subcommittee to the Full Committee and on to the Floor of the House.
>
> Our assessment of the attitude of House membership indicates that there is a growing concern for this country's natural gas shortage and that more and more Members are becoming convinced that the only rational solution to this supply problem is some form of comprehensive legislation similar to that which you and Senator Bentsen have introduced on the Senate side. It is our urgent hope that both Houses of Congress respond to this need and that we come to conference prepared to deal with both long-term and short-term issues regarding natural gas legislation.
>
> Sincerely,
>
> Samuel L. Devine,
> Clarence J. Brown,
> *House of Representatives.*

Mr. GLENN. Mr. President, will the Senator yield for a question?

Mr. PEARSON. I yield.

Mr. GLENN. I ask whether the hearings referred to, the extensive hearings, have been on all aspects of the long-term aspects of deregulation. It was my understanding that the hearings that were held recently have been on the short-term aspects only, and this would tend to substantiate what the Senator from Ohio has been pushing, that it only would delay if it went over there and they had lengthy hearings.

Mr. PEARSON. Perhaps I should have read the entire letter.

Mr. GLENN. I am willing to accept a summary.

Mr. PEARSON. I read from the second paragraph:

> We must strenuously disagree with the Chairman's assessment of the situation in the House. In the first place, Mr. Brown of Ohio has introduced a comprehensive natural gas bill which combines emergency measures to deal with this winter's situation and long-term measures to phase in deregulation of natural gas prices.

This is responsive, I think.

> Secondly, in the four full days of hearings on the natural gas situation held before the Energy and Power Subcommittee last week, 36 of the 39 witnesses before the Subcommittee specifically came out in favor of deregulation of natural gas as the only real solution to our supply problems and most of these witnesses indicated that legislation dealing with the short-term only would be most short-sighted. With this sort of record overwhelmingly in favor of some form of deregulation, we plan to do all we can to see that the issue of long-term deregulation is combined with any consideration of emergency measures as natural gas legislation moves from the Subcommittee to the Full Committee and on to the Floor of the House.

I have a copy of this letter, and I will give it to the Senator.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. PEARSON. I yield.

Mr. GLENN. I submit that the committee chairman, who has expressed himself in opposition to the expression of Representative Devine and Representative Brown, has stated that he feels that long-term considerations are necessary.

In following what he has described in the House, I believe some of the longer term aspects of deregulation that have come up in discussion here on the floor have not been addressed in the House as yet: the long-term pricing effects on production, the Btu equivalencies that are being discussed in this Chamber, the international aspects of this, the oil pricing effect on gas prices, the other fuel price setting comparisons that have been proposed by various Members.

In our discussions back and forth, I believe that it was consideration of these other items that the committee chairman and Representative Dingell and Representative Staggers wish to address themselves to, before committing themselves to long-term consideration.

I submit, Mr. President, that these types of considerations are not something we are going to solve in just a few days. A few days in connection with the emergency bill are critical. November 1, we will begin having 65-percent cutbacks in some areas of the country.

I would tend to take the committee chairman's assessment that longer term considerations will require extensive hearings and that that would delay beyond any hope of getting emergency legislation that would do any good this winter.

Mr. PEARSON. I say to the Senator from Ohio that I am well aware of the power of chairmen of committees, particularly in the House, and I have had a great deal of personal experience in the Senate.

I wanted to insert this letter in the Record to show that there is a division, as there always is, in sentiment on the House side. I do not think we have had any expression from anyone else.

What we have is an exchange of letters—a Democratic majority and a minority kind of exchange. I want to make that part of the record prior to the vote on the tabling motion today.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. PEARSON. I yield.

May I also say to the Senator from Ohio, as the Senator from South Carolina said yesterday, that the Senate—this is without criticism—is very much further advanced in its study of this matter. We have been going into it for some 4 years. I think they have slowly gotten into the whole natural gas study in the House.

Mr. GLENN. The Senator from Kansas has been very fair. He is pointing out things on both sides of the aisle. He has a reputation for being fair and pointing out both sides of an issue, and his reputation is well-deserved.

Mr. HOLLINGS. I ask this of either the Senator from Kansas or the Senator from Oklahoma: Are we not in essence, then, with the exchange of letters, pointing up and emphasizing that there is this diversity, that there is this strong feeling, that they both will come with their letters, and that time is of the essence? With that kind of diversity, neither side is going to give on the long term. That is the whole point.

No one expects to get that long-term solution, whatever it may be, before Thanksgiving or December, at the rate we are going. That is why we tried to streamline the matter, for this isolated emergency, for the jobs which may be lost during this month of October.

If we fail, if what Mr. Devine says in his letter is true, he, the minority, is fighting in one direction, and the majority is fighting in the other direction. That has been the division and the time-consuming aspect.

No one is going to deny the minority of its right to be heard, and it should be heard; and no one is going to deny the majority role when we get down to a vote. That is the point. That is what we have been emphasizing. But the long-term bill is one question and we need an emergency bill—to allow us to solve the unemployment problem this month.

Mr. PEARSON. The Senator is correct, that time is of the essence. But time is of the essence not only for the emergency bill but also for the permanent, long-range bill. It has been my position all through this that by combining them, we push forward, and we push forward on the permanent as well.

I believe that if we send the House this bill, they will move; they will be responsive to it. I understand what they have said in *their letters*, and I am sure they are quite sincere in feeling that way. But a little more of not pressure but greater opportunity, with something before them which has passed the Senate, can be done in the next few days. I am confident of that.

Mr. HOLLINGS. But since decontrol is the solution of the Senator from Kansas, along with the Senator from Oklahoma, and since if we had decontrol, at 12 minutes to 2, immediately, today, and we still could not bring on any added gas for this winter, where is the pushing forward? Are we not, in essence, pushing the people out of employment this winter?

Mr. PEARSON. We are arguing about two time frames. If another year goes by on a permanent solution, where does that put us?

Mr. HOLLINGS. No one is trying to say another year. I would be just as dismayed as the distinguished Senator from Kansas. I am worn with hearings, correspondence, friends, our constituents, and everything else on this issue. So I pray, along with the Senator from Kansas, that we surely do not put this off another year. The Senator has me on his side 100 percent on that score.

Mr. PEARSON. I do not doubt that. I understand also that once this emergency bill goes, then we are free, we are clear. Nobody has to do anything until June of next year. We have solved the winter thing. The Senator will see in the letter, which is to me from Mr. Zarb, that he wanted an emergency bill for 2 years.

Mr. HOLLINGS. That is right.

Mr. PEARSON. That is what they first sent up, 2 years. When we adopted some of their proposal, we took that out and made it only 6 months.

Mr. HOLLINGS. We did.

Mr. PEARSON. That is right, and the pressure will stay on. When this bill goes, and I hope one of them goes, leaves here, is passed, and goes to the House, all the pressure is off. Then, up from the Committee on Foreign Relations comes the Egyptian-Israeli agreement, and that is important. It has a time frame element to it. Then we go to something else. Then the Niagara of new crises falls on us day after day, and I do not think we will pass a permanent bill, that is what concerns me, even though the Senator and I want to. I do not think we will get one this year. This is the best chance to do it, in my judgment.

Mr. HOLLINGS. If we cannot get a permanent bill this year, what makes the Senator feel he can get an emergency bill this year?

Mr. PEARSON. I think we are going to pass an emergency bill.

Mr. HOLLINGS. Why not pass it by itself, either the Senator's or mine?

Mr. PEARSON. They are compatible, the ones we proposed. We are going to get a chance, I guess, with the Stevenson amendment coming in this afternoon.

Mr. HOLLINGS. I hope we would not be required to go that far. If we do table the Pearson-Bentsen amendment, we will be tabling the Stevenson-Hollings amendment along with it. So I hope we do not get into the long-term matter during this discussion.

The fact remains that the letter from our colleagues, Mr. DEVINE and Mr. BROWN on the House side, more than emphasizes what we have been trying to emphasize, that we just cannot make apples out of oranges, that no matter how thin the pancake, there are still two sides, and there is time involved. The month of October is now ticking off and these contracts have to be confirmed if we are going to avoid unemployment this winter.

That, Senator from Kansas, and that, Senator from South Carolina, we can accomplish. We know that. It can be done. But the power play for the long-term solution, whether it is passed this year or next year, is certainly going to run us right into the ditch of not being able to take care of the unemployed due to the lack of gas this winter.

Mr. BARTLETT. Mr. President, I wish, for just a minute or so, to comment on the comments made by the distinguished Senator from South Carolina.

Certainly, the producing States want to provide of their excess gas to the distressed States. But they are interested in how they would be required to do this.

There are two main reasons why the Senator's proposal will not work and will not deliver, in my opinion, any gas to the distressed States. That is because it provides a controlled price which would not guarantee to those who have the excess gas that they would be able to charge a price that would permit them to replace it. Since they have been required, in many instances in the past, and others have been required, in those producing States, to provide gas to the East, at far below prices that would permit replacement, they are not interested in any more of this.

Second, they have a deep concern, as the Senator knows, about the pitfalls of Federal regulation under the Federal Power Commission on prices and other matters, and they do not want to have their intrastate system come under the Federal Power Commission. They are of the opinion, right or wrong, that the provisions of his substitute would not guarantee them that they would not come under the requirements of the Federal Power Commission.

These are the reasons why, in my opinion, the Senator's proposal is very different from the proposal of the Senator from Kansas and the Senator from Texas.

It is my understanding, from talking to those who have the gas and who want to make it available in as large quantities as they can, excess gas, that they feel that they will be protected on price and free from ultimate, continual Federal Power Commission regulation under the proposal of the Senator from Kansas and the Senator from Texas. They do not feel the same about the proposal of the Senator from South Carolina and the Senator from Ohio.

Mr. HOLLINGS. Will the distinguished Senator yield?

Mr. BARTLETT. I am happy to yield.

Mr. HOLLINGS. I had the privilege of meeting last evening with the distinguished Governor of Oklahoma, Governor Boren.

Mr. BARTLETT. A very fine gentleman.

Mr. HOLLINGS. Yes, a fine gentleman. The conversation started out in the first instance about how he did not think it would work, that they could just not get the gas, as the distinguished Senator is now describing to the Senate. Then, as I was listening to Governor Boren, he explained that he had gotten together with users in North Carolina and South Carolina and gotten together with suppliers in his own State. Then he told of all the different meetings that had been held—and I do not want to misquote. This is only from sheer memory. I think he was talking in terms of about 800 million cubic feet. We are talking in terms of billions, I realize.

In Oklahoma, there is this feeling that there is a crisis. He understood the unemployment issue and that there are certain curtailed users for which he is trying to work something out. His objection, of course, was going into the intrastate market at any price. One could understand his point just as well as anything in the world. But other than going into that intrastate market at a price, the only other hurdle then was—how does one get the gas through the intrastate line? And, of course, that is what is intended by the Pearson bill and what is intended by the Hollings bill. We were originally requested in July to clean out that legal hurdle. We both believed that some kind of law was needed in order to get it through that intrastate line.

I clarified it, as well, in amendment No. 934. Intrastate buyers of natural gas were not affected by the priority accorded to interstate pipelines in deep curtailment. If the Senator will remember, our distinguished colleague from Kansas was talking about section 4(e) and now he agrees it pertains only to interstate buyers and we ought to say it in the affirmative. And we are going to do it. Governor Boren also had that misunderstanding.

When we concluded what I felt was a very enjoyable meeting, it came down to the fact that he was the Governor of Oklahoma and *like Churchill*, who was not elected to preside over the demise of the British Government, Governor Boren was not elected to release all of Oklahoma's gas, but, rather, to protect that particular gas. The invasion, as he saw it, was trying to fix that price. Even though it was a free market price, we just could not agree on that.

I told him that we had looked at that matter and studied it all during August with the approach, the Magnuson-Pearson-Hollings bill, S. 2244. It was open-ended. But to get that surplus gas and confirm those contracts at reasonable prices, we decided to require area ceiling prices to be set. This is what Governor Boren had already done on his own volition, and which we all commend him for and respect him for. My users have been down, not only to Oklahoma, but principally to Texas, and they have made tentative contracts. But I think we ought not wonder where we are going to get the gas. I think there is surplus gas. The Governor specified a particular industry or fertilizer plant with a priority. But he said, "After all, Senator, that construction cannot be completed in 9 months, so why not, during the next 9 months, give it to the unemployed or curtailed areas of the country, rather than just sit there on it, if we can agree on the terms."

I found him very understanding and I thought it was a healthy get-together, that we could discuss this thing dispassionately and boil it down. There is no reason for the distinguished Senator from Oklahoma and the Senator from South Carolina to continue to confront each other on the question of whether or not we think we can get the gas. We are talking only about surplus gas available, of which even the Governor of Oklahoma has said there is some, and he, on his own, has gotten access to some of that gas.

Now the question is the terms and he does not want the invasion of the intrastate market.

Mr. BARTLETT. Let me say to the Senator from South Carolina, there is no question, of course, about the gas being available. I was talking about that. There is no question about what the distinguished Governor of Oklahoma espouses and how he represents, in a way, many more States than just Oklahoma. He has a proposal which has received support from 35 Governors.

This is a proposal for 5 years to deregulate all new gas onshore and offshore, and I am certain he mentioned this to the distinguished Senator.

Mr. HOLLINGS. He certainly did; that is right.

Mr. BARTLETT. But the point is, in my opinion, those who have the gas available, including the producers who would have gas committed for the future, such as the fertilizer plant the Senator mentioned, are of the opinion that his bill, as it has been read by them, would not give them that protection, and I also mentioned that they are not satisfied with the price.

There is another consideration that is very important to the Governor of Oklahoma and myself and the Senator from Kansas, and that is it is not fair, it is not just, to merely take care of the short-term, the emergency, which we are doing now in the State of Oklahoma, by providing gas from our State to Transco which handles customers in the State north of the Senator, North Carolina, and in Virginia.

But it is most important that we look at this on a long-term basis, just as the Senator from Kansas was mentioning a moment ago. It is a combined package because of what we do do with price even in the price of the Senator's bill, which is higher than prices now controlled by the Federal Power Commission at 52 cents a thousand, to the extent that if that were applied offshore it would then stimulate drilling there.

But since the price in the Senator's bill is the average price of August there is going to be a rollback in certain areas, and in other places it will be an increase, but it is going to be a controlled price with no flexibility, so it is not going to have the beneficial effect. To the extent that it is a restrictive control, it will reduce the amount of energy, the amount of gas, to be found.

I feel in the kind of shortage I see—and I have been seeing for 15 or 20 years coming and now here—that we should not hold back; we should use every resource we can to solve this crisis as quickly as we can and to do it fairly and squarely.

Mr. President, I yield the floor.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. President, the junior Senator from Kansas has received a great deal of input from people in the State of Kansas about the emergency natural gas bill, S. 2310, we are considering. Without exception, this input has indicated that the bill in its present form would be detrimental to natural gas production and usage in Kansas and would also most likely be contrary to our national interests.

It is the strong feeling of this Senator that the best approach to this situation is embodied in the amendment introduced by the distinguished senior Senator from Kansas (Mr. PEARSON). For that reason, his amendment has my support.

LONG- AND SHORT-TERM SOLUTION

The problem confronting us in the area of natural gas has long-term and short-term aspects.

It is clear that in the long term, we must encourage the development and production of our natural gas resources. The economic importance of utilizing our vast but as yet undeveloped natural gas resources has been more than adequately discussed here and in committee hearings.

But to utilize those resources, we must reinstate some form of adequate incentive for natural gas producers to invest their time and money. The solution provided in the so-called Pearson-Bentsen amendment is the phased-in deregulation of new natural gas.

In my opinion, that approach is well suited to creating production incentives in Kansas and other States as well. It establishes that producers would receive the free market price incentive to get out and drill and develop and produce natural gas at the maximum rate.

At the same time, it would insure that price increases for consumers would be gradual and carried out over a period of time according to the gradual rate that new production is brought on stream, and the gradual rate of phasing-in deregulation.

Deregulation of new natural gas would also put that energy resource on a price level equivalent to the comparable price of oil and coal. That step would allow industry and commercial users of natural gas to plan on the cost of natural gas they might expect to pay in coming years so that they could make a conversion to coal or some other source of fuel. The net effect would surely be a greater conservation of natural gas and would encourage better usage of the high quality fuels characteristic of natural gas for feedstocks and process fuels.

In spite of the greatly increased incentive provided in the deregulation of new natural gas, it is generally accepted that there would be a continued shortage of natural gas for our current demand for a number of years. So there is a short-term problem.

The short-term problem, as this Senator understands, is that we need to alleviate to the greatest degree possible the hardships caused by natural gas curtailments. The Pearson-Bentsen amendment permits that by allowing high priority users under curtailment to go to the greatest source of new natural gas production—the intrastate market—and compete on an even basis there with intrastate consumers for new supplies of natural gas.

This amendment would not infringe upon the needs of intrastate consumers nor their ability to enter the intrastate market and purchase additional supplies of gas. Nor would that amendment amount to a disincentive for additional intrastate production.

So, in response to both the long-term and short-term problems, we have a long-term and short-term solution embodied in this amendment. It is my feeling that we should adopt it promptly.

SOLUTION NEEDED NOW

This Senator understands that the sponsors of S. 2310 would plan to bring up S. 692, their legislative proposal to resolve the long-term problem immediately after resolution of this bill, S. 2310, which purports to take care of the short-term problem.

But this Senator feels that the best solution would be to adopt the amendment before us and resolve the problem once and for all. It appears that it will be some time before we finish consideration of the bill presently before us, and even some time further before consideration of S. 692 could be completed in the best of circumstances. Natural gas consumers have been waiting for 20 years for a congressional policy to reverse the decline of natural gas production. While a few more days or weeks or months might not be much compared to 20 years, the junior Senator from Kansas believes that the best course of action is to adopt right now—once and for all—the amendment presently before us that will resolve the overall problem.

Mr. President, another matter that concerns the junior Senator from Kansas and others who come from agricultural States and, as I read section 5(a) (1) of S. 2310, and also in the substitute amendment No. 934, an attempt is made to establish an agricultural priority. Under this section, the Federal Power Commission is authorized upon petition or by its own motion to prohibit the interruption of natural gas supplies where such supplies are serving essential agricultural, food processing, or food packaging users. The agricultural priorities are to be defined by the Secretary of Agriculture to include but not be limited to irrigation pumping, crop drying, and use as a feed stock or process fuel in the production of fertilizer.

Yet paragraph a(2) of section 5 seems to give the agriculture priority defined in paragraph 1A low priority when compared with other users of natural gas. Specifically, the provision of paragraph 2 place the agriculture users beneath residential users, small users, hospitals, users involved in production and the delivery of services vital to public health and safety; and users for whom curtailment would result in increased unemployment. Lines 12 through 15 on page 10 state that nothing within the agriculture priority may be interpreted as inconsistent "with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies" outlined in the preceding portions of the bill. It would seem that this language places agriculture users beneath commercial users and would void the agriculture priority so long as unemployment was being caused by commercial or industrial curtailments.

The latest figures available project a 1.3 trillion cubic foot gas shortfall in the coming year. It is expected that even in the best of circumstances, emergency legislation would make available only about 200 to 400 billion cubic feet of the shortage from intrastate and new gas sources. These figures indicate that during the coming year, commercial curtailments are inevitable, unemployment will result, and the provisions of section 5(a) (2) will prevent the agriculture priority established in section 5(a)(1) from ever taking effect.

A thorough analysis of the specific provisions of the agriculture priority section of this bill and an analysis of the projected supplies that will be available in the coming year lead me to conclude that section 5 is only window dressing and there is no agriculture priority granted at all. I would appreciate any information which would lead me to different conclusions.

AGRICULTURE PRIORITY IN THE PEARSON-BENTSEN AMENDMENT

Mr. President, the Senator from Kansas feels that the agriculture priority provided in the Pearson amendment under proposed section 26 of the Natural Gas Act would be much better for farmers and for agricultural users than the provision in the so-called Hollings approach.

The farm priority in the Pearson amendment pertains in all cases "except to the extent that natural gas supplies are required to maintain natural gas service to residential users, small users, hospitals, and similar services vital to public health and safety and notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law." The farm priority of the Hollings approach would not pertain to those circumstances where it might be inconsistent "with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies or with maintaining natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety."

This Senator feels that farmers recognize the importance of continuing natural gas to hospitals and for public health and safety, but most farmers would probably have difficulty in understanding why natural gas supplies should be continued simply for the purpose of avoiding unemployment if those natural gas supplies were essential for food production.

It is a matter of importance. If a person is out of work, it is possible to obtain unemployment compensation with which to subsist on. The Senator from Kansas feels that is a very undesirable situation and that we should avoid unemployment to the greatest degree possible; but obviously, without an adequate supply of food, it becomes very difficult to subsist. So, it would seem more important to provide natural gas for agriculture than simply for the purpose of avoiding unemployment.

It is the opinion of the junior Senator from Kansas that the Pearson-Bentsen amendment does, in fact, provide for a priority for agriculture, whereas the Hollings amendment is nothing but an empty promise.

Finally, Mr. President, I would like to raise the issue of natural gas deregulation and its bearing on the propane situation.

I think we all recall the disastrous situation in the winter of 1973–74 when the price of propane rose over 30 cents per gallon and got up in the vicinity of 40 cents per gallon. That price was literally financial disaster for many rural people in Kansas and in many other States of the Nation; particularly, in the rural areas in the southern part of this country. Many of my colleagues from the South may recall that situation.

The high prices of the 1973–74 season were especially severe because many rural people are living on low incomes and could not afford the doubling and nearly tripling of their heating bills.

At the same time that prices were soaring, it was difficult to even obtain a supply in many cases.

PROPANE PRODUCED FROM NATURAL GAS

But the point is that phased-in deregulation, as provided in the amendment, is important for the price and supply situation of propane, for everyone knows about 70 percent of our propane supply comes from the processing of natural gas.

Obviously, as the supply of natural gas declines, the supply of propane also must decline.

As propane production declines in parallel with the natural gas production decline, we have to make up the deficit from imports or from crude oil. Propane from crude oil means that propane prices go up. Imported propane in the past has come from Canada and Venezuela, but neither of those countries have the capacity sufficient to cover our projected deficits.

IMPORTANCE TO AGRICULTURE

This Senator would like to mention a few facts that underscore the importance of propane to agriculture and food production.

Fifty-three percent of U.S. farms use propane.

In 1971, 1½ million farmers bought 28 percent of the U.S. sales of propane.

Propane runs engines, warms chickens and livestock, dries grains and peanuts, and cures tobacco.

Use of propane for drying grain, especially corn, has risen most rapidly. Corn belt needs for propane have doubled since 1964. As Senators from corn-producing States will know, corn is harvested wet in order to obtain the best threshing results and must be dried in order to be stored for any period of time. That drying requires propane or natural gas. We are now producing corn crops in the area of 6 billion bushels per year. It takes a lot of propane and natural gas to dry those crops. I am sure my colleagues from the south understand the importance of natural gas and propane for peanuts and tobacco.

PROPANE AS AN ALTERNATE FUEL

One of the problems that drove up prices in 1973 for propane and made propane a very scarce fuel was that large industries such as General Motors and other car manufacturers were trying to purchase propane as an alternate for natural gas. That problem has not gone away. When we have a natural gas curtailment, the market for propane increases. But as the supply of natural gas declines, so does the supply of propane decline.

So it is a vicious circle. In order to prevent the demand for propane from getting out of hand, we need to reduce natural gas curtailments as much as possible. That means increasing the supply of natural gas which is best done by natural gas deregulation.

PROPANE ALLOCATION

I am pleased to see that both the Pearson-Bentsen amendment and the amendment of the Senator from South Carolina contains a propane allocation program. Obviously we need to continue the propane allocation system to prevent a recurrence of the disaster of propane prices and supply of 1973–74.

But as every Senator knows, the allocation and price control program does not produce a single drop of propane. It does not produce a single cubic foot of natural gas.

So this Senator would hope that phased-in natural gas deregulation might be adopted so as to prevent a continuation of the price and supply problems in propane.

Mr. BENTSEN. Mr. President, I want to first congratulate the Senator from Kansas concerning the remarks on agriculture and the Pearson-Bentsen amendment.

Mr. President, we are now facing crucial decisions on what policies we should adopt in this natural gas shortage. Presently the shortage is being borne at the cost of crippling curtailments, higher priced alternative fuels, and by expensive imported petroleum. That does not make economic sense.

There is an alternative. The phased decontrol measure Senator PEARSON and I are sponsoring is the alternative of using the marketplace to generate increased supplies of natural gas. That is the only practical answer to the shortages we are experiencing.

S. 2310 is a measure to spread the shortages by bureaucratic regulation. I do not believe that anyone can call a policy of spreading shortages an adequate policy. A national policy must include increases in supply.

Our only sensible choice, Mr. President, is the enactment of a system of phased deregulation, and I firmly believe that our substitute amendment represents the best achievable compromise by providing for the immediate deregulation of the wellhead price of new onshore natural gas and a 6-year phase-out of regulation of new natural gas produced from offshore Federal lands within the Outer Continental Shelf.

In addition, our measure contains the emergency measures which everyone agrees are necessary this winter. First, a provision whereby severe shortage-plagued pipelines may purchase from intrastate sources for emergency periods of 180 days; Second, emergency allocation authority for propane; and third, authority for the Federal Power Commission to prohibit the use of natural gas as a boiler fuel. The provisions, being emergency related, would expire on April 4, 1976.

Mr. President, these provisions can have some immediate effect, we all agree here that in all likelihood no more than 200 to 300 billion cubic feet of gas is available for sale to the interstate pipelines for consumption this winter. I do not believe that the measure from the Senator from South Carolina will put that gas into the interstate system. I know amendment 919 will. The provisions which we have included in our amendment are tried and proven.

The Federal Power Commission in the past has experimented with deregulation of small producers and the results were most favorable. In the Texas Panhandle the year after the small producer exemption was approved by the Federal Power Commission, there was a 50-percent increase in the wells drilled in that area. Natural gas wells completed jumped from 68 in 1971 to 114 in 1972. I believe that this is a good test of what deregulation could mean. A recent study by Paul W. MacAvoy and Robert S. Pindyck, both of MIT, indicates that phased deregulation could reduce shortage of natural gas to negligible levels by 1980.

This study is complemented by a study by the Brookings Institution which concludes that the present method of price regulation has contributed significantly to the current natural gas shortages.

Mr. President, that is the reason that both the Washington Post and the New York Times have editorialized in favor of decontrol.

Mr. President, although it is billed as the solution to the immediate problem, S. 2310 will do nothing to relieve the shortage this winter. The bill creates an administrative quagmire through which it will be impossible to proceed in time to provide any relief for the 1975–76 winter.

S. 2310 requires the Federal Power Commission to set area price ceilings and select "essential" users of gas within 15 days.

This is impossible.

The Federal Power Commission has neither the information, nor the legal authority to obtain the background data for such determinations. It is optimistic that such determinations could be made in 15 months, much less 15 days. Compounding this difficult is the fact that the Federal Power Commission is already understaffed.

As a further difficulty, S. 2310 requires concerted actions by the Federal Power Commission, the Federal Energy Administration, the Secretary of the Interior, the Secretary of Agriculture and the Environmental Protection Agency. Disagreements among these agencies could result in protracted delays. Also, the provision permitting civil suits by private litigants would assure such uncertainty that no action would be likely this winter.

In addition to the totally impractical nature of the administrative procedures required, S. 2310 further displays irresponsibility in its many technical difficulties that have been discussed at length earlier in this debate. It was not idle rhetoric when S. 2310 was labeled as the "Lawyers Retirement Act of 1975."

Mr. President, the impracticability of S. 2310 can be understood because of the haste with which it has been written and considered. The bill was both introduced and considered in a span of 7 days last month. In contrast, the alternative Senator PEARSON and I are offering is the result of discussions, hearings, and debate which go back considerably prior to the 94th Congress. Events leading directly up to the introduction of this proposal can be traced back at least 2 years. Those who say we need to wait and consider the question later are only avoiding the question. And I can say that the American people are sick and tired of this Congress delaying and avoiding the energy question. We must not avoid the question any longer. We must vote today against the tabling motion so that this body can consider and decide the long-range answers to the natural gas shortage.

I fully recognize that this measure, if enacted, will ultimately result in higher gas prices. But I submit that the alternatives of a dependable supply of natural gas at modestly higher prices is infinitely preferable to that of no gas or drastically curtailed supplies for all classes of users. Conditions existing today on the interstate pipeline system indicate that curtailment levels on some pipelines could reach such a degree in the near future that service to even residential and commercial users could not be maintained on some systems.

The increase in price which most consumers would pay in the aftermath of partial deregulation of new gas would be relatively small. Transmission and distribution costs constitute two-thirds to three-fourths of the cost of natural gas delivered to residential users in the East and Midwest. These transportation costs will not increase and will not be removed from regulation. Furthermore, the new gas no longer subject to controls at the wellhead under this amendment would be expected to flow into the natural gas stream at the rate of only 5 to 10 percent per year.

It must be understood that interstate pipelines give to all customers, even the last to hook up, the benefit of the low-priced gas already in the pipe. Thus, it will take many years for the gas at the consumer end of the pipe to reach a Btu equivalence to oil.

The Federal Power Commission translated these facts into a study of the long-range economic impact of the amendment that Senator PEARSON and I are offering. The study considered the total impact on our economy that partial decontrol will have. Notice, Mr. President, I said the total impact. Not the partial impact of considering only those consumers now receiving reliable supplies of natural gas. Natural gas costs go beyond heating costs. Take for example the costs of the many consumer goods that are produced from natural gas and with the help of natural gas utilization. When we consider this total figure, including the impact that transportation expenses have on final consumer costs of natural gas, the figures become quite different than the ones we have heard from the proponents of S. 2310.

The Office of Energy Systems of the Federal Power Commission divided the impact among three classes of natural gas users, those families using natural gas and are assured of a continued supply, those families who face curtailments if we do not deregulate and increase supplies, and those nonresidential users of natural gas whose costs will be spread among all families in the goods and services they provide.

The study showed that in 1980, those families who now use gas and are assured of steady supplies will face a higher natural gas bill of $7 a year due to our amendment. However, this increase in price is offset by a savings of $60 a year for those families who are facing curtailments unless we deregulate and increase supplies, and a savings to all families of $216 million, or $40 a family in the goods and services they must purchase from those nonresidential users of natural gas.

That is a different picture than the one you have been hearing, Mr. President. It is different because it takes into consideration the total impact of our measure as compared to S. 2310. It is the long-range impact, and that is what this Congress must start considering. We must stop moving from crisis to crisis with makeshift emergency legislation. We must look ahead; we must plan ahead; we must stop putting off energy questions until later.

Mr. President, the vote today is a vote on whether to table the most workable proposal before the Senate. Even if all of the provisions of amendment No. 919 are not acceptable to my colleagues, I urge that it be put before the Senate as the vehicle for advancing the good we seek.

Mr. President, the alternatives are clear. Either we take the bold step today of easing Government regulation and gain increased natural gas production, or we increase the bureaucratic snarl of redtape and try to move the shortages around. I believe increased production is preferable to pitting one segment of our economy against another.

I hope my colleagues will agree.

Mr. GARY W. HART. Will the Senator yield?

Mr. BENTSEN. I yield to my distinguished colleague from the State of Texas.

Mr. GARY W. HART. Will the Senator from Texas yield for a unanimous-consent request?

Mr. TOWER. I yield for that purpose.

Mr. GARY W. HART. Mr. President, I ask that Peter Gold, Kevin Cornell, of my staff, and Harrison Wellford, of Senator PHILIP HART's staff, have the privilege of the floor during the deliberation of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARY W. HART. I thank my friend from Texas.

Mr. TOWER. I shall be very brief, Mr. President.

It occurs to me that all of the arguments on this matter have been stated and restated. They have been debated at considerable length. The issue is very clear and it is before us now. The question has become a political one and it should not be a political question.

Congress should face the reality of the natural gas crisis and put aside previously determined biases. The Congress should judge the issue on the hard economic facts that do justify deregulation.

Unfortunately, politicians are inclined—and I say politicians by way of including everybody in this body, and everybody down the hall in the other end—to deal with issues on a short-term basis. What is the immediate political impact?

Mr. President, I do not care about the

immediate political impact. What I think we had better look to is the long-term solutions, and if they appear to be politically unpopular at the moment, we had better swallow that. If the American people expect us to be statesmen, then let us try to act like statesmen. Even though the popular emotion of the moment might dictate that we do one thing, let us go back to the people and say to the people, "You perceive the situation wrongly. We propose to you to do what, over the long term, will be better for your interests. We can buy a little short-term comfort at the expense of some very long-term misery, indeed."

It is time that we got honest with people. Instead of just bending to the popular will that might demand immediate relief at the moment, why do we not have the guts around here to look at the long-term implications of what we do.

Mr. President, I have a statement I would like to present which was made by C. Jackson Grayson, Jr., who is the dean of the School of Business Administration at Southern Methodist University. From 1971 to 1973 he served as Chairman of the Price Commission back when we had wage and price controls which did not work, which he told us would not work when he took the job, and which he told us did not work after he left the job. If anybody is an expert on the question of economic controls in the regulation of business, it is Jack Grayson due to the pivotal role that he had on the Price Commission.

I would like to read his statement which was broadcast this morning on the CBS morning news.

> Oil and water don't mix. Neither do oil and politics. We are witnessing that in our energy problem. The President proposes. Congress disposes. The Congress proposes. The President vetoes. Meanwhile, prices rise. Imports rise. Production declines, and we sit paralyzed while the oil cartel dictates its prices to us.
>
> How can this happen? My opinion is that it is because we are mixing two things together that don't mix well—politics and economics. Politicians focus on the short run. Next election. Economics is long run. Ten years for a nuclear power plant. Five to six years for a major new oil field.
>
> Politics is a power system. Economics is a market system. Politicians fight for different interests (conservationists, business, labor,) and different geographical regions (New England, the South, the West.) Each wants a solution that doesn't hurt him. Results: Public bickering, partisan politics, horsetrading, hearings, stalemates.
>
> The solution they keep avoiding is complete separation of politics and economics—total decontrol. They fear what you will say next election if prices rise. "Economically, it makes sense," many say in private. "But politically out of the question!" But is it?
>
> I know you don't want prices to go up. Neither do I. But wouldn't you rather pay more, if necessary, and have oil and gas? Or would you rather face again waits in line at service stations, loss of jobs, fertilizer shortages, and more dependence on foreign oil?
>
> No political compromises, no price rollbacks, no gradual decontrols, no 100 billion dollar new Federal bureaucracy can avoid the fact; if demand is greater than supply, then either we cut back on demand, increase supplies, or both.
>
> Let's separate politics and economics. Until we do, we will have both bad politics and bad economics. At a time like this, we can't afford either.

Those are the comments of Jack Grayson who was, for 2 years, Chairman of the Price Commission.

Mr. President, are we going to have a market-regulated economy in this country or not? If we are going to partial Government controls, are we not going to precipitate anomalies and dislocations with a half-regulated system, a half-control system, and a half-free market system? Why do our friends, who contend against the legislation proposed here by Senator PEARSON and Senator BENTSEN, not come out and say that the ultimate goal is the nationalization of the energy industry in this country? Why can we not label this old-fashioned popularism for what it is? We have heard the echoes of "Pitchfork" Ben Tillman in this Chamber. We have been subjected to all sorts of exhortation, for the people, against big business. We have heard allegations about abuse on the part of business, on the part of industry. We have painted villains with black hats. We have politicked and demagogued this issue to death. It is time to look at it in the cold light of economics. If we want to nationalize the oil and gas industry in this country, let us say so. The only greater disaster I can think of is once having done so we invite the British Coal Board over to operate the thing, or maybe invite the Postal Service. We proceed on the assumption that the industry is crooked and evil, that the consumer is gullible and naive, and that Government is infallible.

That is arrogation of the powers of government that I, for one, cannot agree to.

I do not think this industry is crooked. Just remember that the American oil industry has for many years, for the lifetime of all of us, provided a surfeit of cheap energy and cheap fuel; until now, when circumstances over which we have no control, except that we do not discipline ourselves in terms of our requirements, have dictated that prices go up.

Now what is it suggestd that we do? Bring under the thumb of Government the very industry that, through the free market system, has made us industrially, technologically, the most powerful Nation in the world economically, and presented us with the highest standard of living in the world.

I reject all the demagoguery I have heard in this Chamber on this subject. If the Senate wants to discipline me for saying that, so be it. But we have heard a lot of it. We have heard enough of it, and it is time we heard a little honest comment on the economic facts of life.

Mr. HOLLINGS. Mr. President, what was the last part of that? Time we had honest comment on what?

Mr. TOWER. On cold, hard economic matters. Something like that. I do not recall exactly; I was speaking extemporaneously.

Mr. HOLLINGS. Yes. Well, the Senator can give a good extemporaneous talk on economics and politics, and not miss a thing; because, Mr. President, this comes, very interestingly, from the ranking Republican member of the Committee on Banking, Housing and Urban Affairs. I had the privilege of serving on the Banking Committee with the distinguished senior Senator from Texas.

If there is one regulated industry where the cold, clammy hand of Government holds sway, where economics is long term and politics is short term, it is banking.

We tried that short-term business before we got the banking laws of Franklin Roosevelt, and we found out what happened with that long-term economics during the twenties and the thirties. Now, under the leadership of the Senator from Texas, we have a plethora of rules and regulations in that industry, and it is growing all the time.

Mr. TOWER. Mr. President, will the Senator yield for a moment?

Mr. HOLLINGS. I yield.

Mr. TOWER. I have been summoned to the Select Committee to Investigate the Intelligence Community, for an important vote. I would like to engage in colloquy with the Senator, though I do not think any colloquy between us will change the outcome of the votes. Therefore, if he will withhold, I would be delighted to engage in colloquy with him later.

Mr. HOLLINGS. Mr. President, we have had enough hit-and-run drivers for the Phillips 66 team, under the leadership of the Senator from California. Now we have only 28 minutes before we vote, and I want to talk about the long-term political decisions that the representatives of the Senator's State have had in getting the benefits of that law.

Mr. TOWER. I would be delighted to debate that with the Senator from South Carolina, but I must be at the select committee.

Mr. HOLLINGS. All right.

Mr. President——

Mr. TOWER. I want the Senator to understand that I would be delighted to hear his comments, because I think it is very interesting. I think the alliance between the Senator from South Carolina and his New England friends is very interesting; and I think it would be very healthy and helpful to bring this matter out in open debate. I would like to join with him in that, but at the moment the Select Committee on the Intelligence Community is about to take a vote on a very vital matter, on the disclosure of sensitive information, and I think I should be there.

But I say again to the Senator from South Carolina I would be delighted to debate with him on this question, though, being pragmatic and realistic, I think probably what we say in this colloquy will not change the outcome of the vote. If I did, I would stay here. But I hope the Senator from South Carolina will excuse me. I will be glad to join with him at any other time certain that he may wish to designate, to debate this issue.

Mr. HOLLINGS. Mr. President, this is the time we all agreed on unanimously, and said it would be voted on at 3 o'clock.

Only now we have only a few of our colleagues on the floor, that we can exchange views with.

When the Senator from Texas goes into the long-term economic decisions and the short-term political decisions, and how they are difficult to mix, I want to hearken to that day when they really did mix for the benefit of Texas, when they had a sorry natural gas industry, in the cold light of the noonday sun, for the State of Texas. It was not any short-term political decision. We said, "We will establish a political authority and commission to hear your applications with respect to your long-term economic investments, and we will give you a long-term decision based on a 20-year backup supply. We cannot expect you to put $100 million or $200 million in pipelines all over America, to build this industry, without long-term political protection.

Now that they have had that long-term political protection, over the last 30 years, and have grown, if you please, to the sixth largest industry——

Mr. TOWER. What happened to that sixth largest industry?

Mr. HOLLINGS. Right now there is nothing wrong with that natural gas producing industry except some greed. Does the Senator know what the intrastate price was in the Fort Worth field before OPEC, 3 years ago? Without a Federal Power Commission, what was the intrastate price in Fort Worth, Tex.?

Mr. TOWER. What was the Fort Worth price?

Mr. HOLLINGS. Yes, the intrastate, free market price in the Senator's State, 3 years ago, before OPEC?

Mr. TOWER. Well, probably about 25 to 40 cents.

Mr. HOLLINGS. The Senator is very near it. For the record, it was exactly 28 cents. So it was a comparable price with the interstate price; we were going along right together, and doing fine, until OPEC came in, the Arab power commission.

Then they said, "Oh, now that we have our gas lines built, and we have the market, we have a return on investment, we have grown in volume and service; now let us just do away with the commission and have free market enterprise, and fix our own prices, because we have the cover, economically, of protection by the Arab power commission."

Mr. TOWER. Will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. TOWER. If we control the price of gas, crude oil, any of these things, should we not also control the price of tubular goods, drilling equipment, wages, so that wages do not rise above the 1972 level? Would that not be reasonable, to keep the costs down to 1972 levels?

Mr. HOLLINGS. The Senator mentioned Grayson Kirk, Grayson C. Jackson, or whatever his name is.

Mr. TOWER. Jackson Grayson.

Mr. HOLLINGS. Jackson Grayson, who used to be the head of the Price Commission. It seems to me that is where we are back to. President Nixon, when we were moving into an election year, and the decisions had to be made, we boomed into phase III, and that is where the inflation started. That is when we had them all regulated.

Mr. TOWER. It should be remembered that President Nixon never asked for wage and price control authority to begin with. As a matter of fact, he opposed the Conference on Wage and Price Controls, under authority of the White House, from its inception.

Mr. HOLLINGS. So we overrode his veto?

Mr. TOWER. But when he instituted them, it was because of pressure in Congress to institute controls, and he thought he had better do it on his own terms rather than the terms that Congress might dictate.

I think it was one of the worst mistakes that has been made. I do not exonerate President Nixon from having made a mistake in judgment on that. But if he had not done it, we would have pushed him into it, or mandated them or insisted on them.

It turned out to be one of the worst disasters we have had, and when we took them off, the lid went off.

If you are going to put controls on, you had better say how long they are going to stay on.

Mr. HOLLINGS. We do.

Mr. TOWER. How long are they going to stay on?

Mr. HOLLINGS. We do. We put them on for 180 days, ending June 30.

Mr. TOWER. And what is going to happen when they come off?

Mr. HOLLINGS. We hope we will have a long-term solution by then.

Mr. TOWER. How can we control one segment of the economy without controlling them all? If we are going to put controls upon the price of oil and gas, why not put controls on agricultural products, why not put controls on the production of steel, why not put controls on the production of tubular goods, on the production of drilling rigs, on wages—ah, the wages—if we are going to roll back prices to 1972, let us roll back wages to 1972, and let us roll back the production costs to 1972. Let us live in the real world as it is.

Mr. HOLLINGS. Yes.

Mr. President, let us live in the real world. I will hold the floor here a minute so I can answer because he is running me out of time here. He wanted to run me out of the Senate, and now he is going to go into the wage and price control discussion.

He and I know there is no OPEC for steel. There is no cartel on steel. There is no cartel on wages. There is no cartel on all these other commodities. But there is an economic cartel setting prices on petroleum products in this world, living in the real world, just at a time when we are trying to expand, go forward, and keep the economy uninflated. We are trying not to respond to the Arab embargo. We have already had all the unemployment and the $69 billion deficit. We have had gasoline prices zoom up. We cannot control it all. We had it go from 35 cents to 65 cents, under all of those circumstances, still trying to hold the line on inflation. Here comes this sing-song about a free market, when the gentlemen sort of laugh all the way to the bank, knowing that there "hain't no such thing." We either have the U.S. Congress or we have the OPEC congress setting our energy prices.

What he is asking us to do is to relinquish our responsibilities under this law under a program that worked well until we got President Nixon, Mr. Nassikas, a breakdown of the regulations, and OPEC. That is what caused the shortage. There was not any shortage in 1972. We did not have industries leaving. We did not have any shut-ins then affect gas service to the east coast, from North Carolina and South Carolina down to Texas, because it was a more competitive situation then. We had the world price of oil at $2, and he knows it, because down in Fort Worth, if they got too high on the gas, consumers would say, "We will get a shiploadful of world oil," if the price of gas went too high.

But now, that we have OPEC, we hear all about this free enterprise, the free market; and if we cannot have it our way, then control everyone. That is an unrealistic argument. Where are we? Where are we with respect to the Bentsen amendment?

I am going to answer and tell the Senator where we are.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. HOLLINGS. No. I am going to tell the Senator what Mr. FANNIN's amendment is and what the Bentsen amendment is.

Mr. GLENN. Mr. President, will the Senator yield to me for 30 seconds?

Mr. HOLLINGS. No. I wish to finish here for 10 seconds, because I wish the Senator to understand exactly what we have.

We have in the Bentsen amendment what the Senator argued we would never vote for, and that was decontrol.

I have always heard my friends say, "You wouldn't bring it up, you wouldn't bring it up, you wouldn't bring it up."

Well, we voted 57 to 31 to it yesterday. Now what do we have? What do we have if we improve the Fannin amendment.

At least under the Fannin amendment we knew what the price was. It was totally under control of OPEC, and then we all could vote to go to Vienna and get on the telephones and hope we get through to Yamani, and all the rest of that crowd, and find out what the public policy of the United States was going to be because they are the ones setting it.

But, be that as it may, under Senator FANNIN's amendment there was not this discombobulation and the pea and shell trick.

What does the Bentsen amendment say? It says simply to decontrol the onshore gas, decontrol the onshore gas. And then what does it say on offshore? It says over a 5-year period knowing what? Knowing that there is no significant gas coming in from offshore in 5 years.

They have the Department of the Interior, the house of oil, and here is what the Geological Survey says.

In mid-Atlantic in 1977 for first discovery earliest date possible, it presumes all regions start in 1975, and we are already into October. This was out the early part of this year, when the September schedules of bids and leases were issued by the Department of the Interior. In the Mid-Atlantic they cannot produce before 1981, southern California 1982, and Gulf of Alaska in 1983.

So the sponsors of the Bentsen amendment will be generous and tell us this is the middle of the road. We are going to have gradual decontrol. What it ends up with is an immediate shortage because the majority of our new gas is offshore. That will not be produced for 5 years but producers will get their windfall profit. They will drill into an already existing reservoir, calling it under the Bentsen amendment new gas. When they get that new gas, price for old gas out of an old reservoir they will take their profits and go offshore, but one may be sure it will not be produced for the next 5 years.

In this 5-year time, we will have all of that inflation onshore but an exacerbated shortage from the lack of offshore new gas production.

Here I am trying to bring about independence and trying to get a public policy. What have we done? We have guaranteed, I say to the Senator from Texas, a shortage in natural gas from offshore because there is no incentive to produce it. Your amendment put in a wholly new offshore pricing criteria.

The Senator's junior colleague came yesterday and said something about the Lawyers Retirement Act of 1975. Has the Senator seen the criteria under this Bentsen amendment, totally new criteria for the courts to determine? It took us 15 years under existing Natural Gas Act for the courts to interpret the current standards.

Here we should be trying to get decisiveness, we should try to do away with uncertainty. But the Bentsen amendment will send all the lawyers to the Supreme Court for the next 5 years, knowing, of course, the big profits are going to be made in decontrolled offshore gas to pay all the legal fees. That is what we have coming under the amendment the Senator is pleading for.

At least the Fannin amendment was a forthright provision to bring in the natural gas offshore from America where the remaining majority of our supplies exist.

Did the Senator have a question? I am glad to yield because I completed that thought and then I will move to another part.

Mr. TOWER. Go ahead, and I will respond in kind if I have time, after the Senator gets through.

Mr. GLENN. Mr. President, will the Senator yield briefly?

Mr. HOLLINGS. I yield to Senator GLENN.

Mr. GLENN. I respond to the original question on this of the time that this act is in effect. The Senator was inferring that this act goes on infinitum and sets some new policy. This act expires June 30, 1976.

Mr. TOWER. Mr. President, if the Senator from Ohio will yield, I have been around the Senate now for almost 15 years, and things that were enacted on a temporary basis sometimes have a way of hanging around for a long, long, long time.

We seek to meet temporary contingencies with temporary legislation. Usually the crisis that we intend to meet is at the point of passing at the time we enact legislation to meet it, and we keep statutes on the books that stay on and stay on, and we are not going to get any long-term legislation. If we get some kind of piecemeal temporary measure that says designed to get us just through a few months, then what we do is come back and renew it rather than get a long-term solution.

Now, the Senator from South Carolina has talked about all the money, the profits, that are being made by the industry in this country. Good heavens, does the Senator from South Carolina know how much it costs to produce a barrel of oil in the Middle East? What is the average?

Mr. HOLLINGS. Mr. President, the answer to the question of the cost of producing a barrel of oil in the United States of America is $6.04 for a new barrel of oil and $3.75 for an old barrel of oil—That was interpolated with the American Petroleum Institute's figures by the Federal Power Commission in August—including a 15-percent profit. That is the domestic cost. They tell me it only costs about 12 or 14 cents a barrel over in the Middle East.

Mr. TOWER. Well, that is about what it costs per barrel. That may be a little low. It may be 28 cents.

But, good heavens, when we consider the cost of producing a barrel of oil in this country, when we consider the cost of producing a thousand cubic feet of gas, the cost is higher than in any other producing country in the world because we maintain artificial standards for our working people, and that is one of the reasons. They do not do that in other countries.

Therefore, I think that makes it all the more incumbent on us, if we are going to maintain this high standard for our people in the working industry, to free up the price.

We heard a lot of talk about profit. What is profit? Profit is the cost of capital, and this country is facing up to a $4.1 trillion capital shortfall over the next 10 years, if we are to continue economic growth.

This is an example of what I have been talking about: But about our short-term thinking based on political expediency: Is it popular to go out and advocate profit? No, because everyone up there in the gallery is going to go out and print in their papers and report over their networks that we are trying to line the pockets of the rich. So it is not a popular thing to advocate profit, and we are not going to get a fair shake in the media when we do, and we have to answer that.

But what should be understood is that this country is facing up to a capital shortfall. Where does profit go? There are just so many fur coats and Rolls Royces that the rich can buy. Then that money goes someplace else, and the bulk of it goes into capital formation and capital recovery, and that is essential to jobs. If there is any industry in this country that ought to make a profit, it is the oil industry.

I am a little less than sanguine about the administration's $100 billion energy plan. I am afraid it might preempt capital that might otherwise flow freely into the business of producing energy.

We had better face up to the capital crisis, because it is on us. We have it. We are not going to create capital in this country unless we allow for profits. I do not care if the profits seem to be excessive from time to time, because where do the profits go? Most of the people who make excessive profits already have enough money to live in luxury. So where does the excess go? It goes into capital formation and capital recovery.

I think there is a movement afoot in this country to reduce profit, to reduce capital availability, so that that could be used as an argument for nationalizing industries. When that happens, we will see the Britainization of the United States. They have tried it over there, and it has not worked, and we are far better off than they are.

I am a little tired of all this demagoguery about profit. We had better face up to the fact that profit creates capital, which creates jobs. I do not know why on Earth we do not want to stimulate the additional production in the United States of oil and gas and keep the capital here and pay American workers to produce it, rather than send it to the Middle East or anyplace else, where the poor Arab fellaheen laborer who produces the stuff probably is not going to realize the benefit of the additional money, anyway. Why do we not keep it here, to produce American jobs, to produce capital formation in the United States?

We are facing up to a $4.1 trillion capital crisis in this country over the next 10 years, and we seem to be unwilling to do anything about it, because somebody—or a number of people, collectively—has made "profit" a dirty word. "Profit" is one of the best words I know.

I am a clergyman's son by background. I am a teacher by trade. I am not a businessman. I have no special axe to grind. But I am glad that I live in a system in which people make profit, in which capital is formed, which provides jobs and a higher standard of living and a better technology and a better life for us all.

I wish we could view this matter objectively, instead of appealing to popular emotions at the moment or appealing to what we consider to be the popular thing advocated in the mass media at the moment.

Mr. HOLLINGS. Mr. President, the argument here is not over the shortfall of capital in America. The administration and Congress have had little to agree upon with respect to energy, but they did agree to a point—until this morning. But what did we agree upon? We agreed upon what Mr. Frank Zarb said, as Administrator of the FEA, and what the President agreed upon when he called the Governors together and the Members of the House and the Members of the

Senate: That you could not treat with this emergency problem in the long-range bill because, as a practical matter, the emergency already would have passed on, the amounts of gas would have been allocated, the people would have been laid off from their jobs by the time the President and the Congress passed a long-term gas bill. The President agreed with it and we did. We are not talking about profit and capital.

This is a 180-day bill. The Senator from Kansas has improved upon the 2-year administration bill, to limit it to 6 months, or 180 days, and we have done the same. Hand in glove, we are trying to work this out, to be able to provide interstate access to the surplus gas in the intrastate market between a willing buyer and a willing seller, without any rollback in current prices.

We would also make gas available from powerplants that can convert to oil or coal. We can pick up 180 billion cubic feet this way and make it available to priority interstate purchasers.

We are looking at an emergency bill for relief of unemployment during the next 6-month period. That is the problem confronting us. That is what the administration agreed upon and submitted their special bill, and we held it at the desk without referral. That is what we agreed upon in our bill and held it at the desk without referral. We worked it down, and we are about ready for the vote. We have been ready since last Friday to vote on my version of it. Senator Pearson is ready to vote on his version.

In the meantime, in a power play, with all the shibboleths about how America is against profit and we ought to get wage controls, and the side arguments, we move in on a power play and try to jam down the throat of Congress, in a terroristic fashion, a so-called long-range solution that amounts exactly to what we voted down on yesterday. It is the Fannin amendment in Bentsen clothing.

I caution my colleagues to return their attention to the emergency at hand. We do not want to postpone consideration of the long-range solution. We have had S. 692 ready to debate since May. The leadership has spoken that S. 692 would be considered immediately following disposition of this particular emergency bill. Let us not change from this course, as apparently the President did this morning. He told the distinguished Senator from Ohio that we had to treat this matter on an emergency basis alone. This morning, at 8 o'clock, he had a meeting at the White House and said, "Let's keep the long-range solution tied to the emergency bill. We think we can get the votes. Let's bring the pressure."

That is what is happening at this critical hour. It is not a shortage of capital; it is not resentment of profits; it is not long-range legislation. It is no wonder that the people of America are disillusioned with Congress, if Congress cannot even take an urgent unemployment threat that everyone agrees can easily be alleviated if we pass simple short, 180-day emergency bill provision. Either pass Senator Pearson's emergency proposal or on the Hollings-Glenn-Talmadge, proposal. One or the other. But let us get into the long-range bill, after the emergency bill is passed.

Mr. President, I move to table the Pearson-Bentsen amendment, under the unanimous-consent agreement that it be voted on at 3 o'clock.

I yield to the distinguished Senator from Kansas.

Mr. TOWER. Mr. President, I believe that the Senator from South Carolina has reinforced my argument that we have to deal with this matter on a long-term basis. Our failure to deal with the energy crisis on a long-term basis over the last 5 years has brought us to the position where we have to deal with it on a short-term basis.

Let us be realistic. If we deal with it only on a short-term basis, then we will forget about the crisis once winter has passed, and again we will have no external discipline on us to deal with it on a long-term basis. That is why I think it is essential that we couple long-term solutions, or perceived solutions, to a short-term solution, or a perceived short-term solution.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. GLENN. There is only one reason why we cannot do that, and it is this: Time is running against us. On November 1 of this year, we go into 65 percent curtailments and greater of natural gas in some parts of this country. The unemployment picture in the country, by FEA's own figures, is bleak; there may well be approximately 500,000 unemployed this year. To couple the long-term aspects, which have already been debated on the floor today: But equivalencies; the international aspects of oil; the effects of oil pricing on gas; the price levels of other fuels indicates that we would not be able to get such a measure passed quickly. Time is running short.

Industries are going to shut down. This will cripple our budding economic recovery more rapidly than we are recovering. No leading economic indicators can compensate for that development. We are in a bind as far as time is concerned. That is the only reason we cannot take up long-term consideration at this time.

ADDITIONAL STATEMENTS SUBMITTED ON PEARSON AMENDMENT

NATURAL GAS: A FREE ENTERPRISE APPROACH NEEDED

Mr. HELMS. Mr. President, let me say at the outset that I am very glad that the Senate is now considering natural gas legislation. While our Nation faces energy problems of many varieties on numerous levels, none are more acute than the problems resulting from natural gas curtailments.

And, as my colleagues are aware, natural gas pipelines will very soon be going deeper and deeper into curtailment as the winter heating season approaches. Some pipelines will undoubtedly be curtailing more than others because their supplies will go down faster; some of the local distribution companies which buy their gas from the transmission companies will be curtailed more than others because of the end use to which the gas they sell is ultimately put. Instead of curtailing all users on a pro rata basis, the Federal Power Commission requires curtailment according to a set of priorities based on the end use and the availability of other forms of energy.

The situation of last winter provides a mild illustration of what we can expect this coming fall and winter. At that time, North Carolina, which is served solely by the Transcontinental Pipeline Corp.—Transco—was suffering a curtailment of 42.95 percent. That created an energy shortage which went far beyond anything that alternate fuels or energetic conservation programs could correct. And, since North Carolina's industrial base has been created in the past 20 years around Transco's pipeline, there was an imminent danger of plant closings, a stoppage in production, and the like. A very important fertilizer plant at Tunis, N.C., was actually forced to close for awhile. This plant produces vital fertilizer for agriculture throughout the Southeastern United States. Thus, people in other States who depend on North Carolina products were also threatened with shutdowns. More importantly, payrolls were threatened by plant layoffs.

Of course, North Carolina was not the only State that was sharply affected by curtailment. On the Transco pipeline alone, the following curtailments were in effect for part of last winter in addition to North Carolina's 42.95 percent:

Alabama, 54.70 percent; Georgia, 32.85 percent; South Carolina, 48.19 percent; New York, 21.49 percent; Virginia, 31.68 percent; Maryland, 31.85 percent; Delaware, 31.85 percent; New Jersey, 25.90 percent, and Pennsylvania, 26.84 percent.

Unlike North Carolina, some of these States are served by additional pipelines, but in most cases those pipelines were also in curtailment.

Now, by all projections, the situation this coming winter will be much worse. All estimates indicate that curtailments in North Carolina for this coming winter may exceed 60 percent. This will affect virtually every commercial or manufacturing use of natural gas in the State. Only residential use is considered to be secure. The large scale unemployment that will result from the inevitable plant closings, due to lack of natural gas, is obvious. Thousands upon thousands of employees will be out of work. Of course, the emergency in North Carolina will be repeated, in varying degrees, in other States. We cannot stand idly by while this happens.

The Senate is now being presented with the question of whether it will retain S. 2310, the so-called Natural Gas Emergency Act, as amended, or whether it will adopt the amendment in the nature of a substitute offered by the distinguished Senator from Kansas (Mr. Pearson). As Senators are aware, the fundamental philosophies of these two proposals are mutually contradictory. The measure offered by the distinguished Senator from South Carolina (Mr. Hollings), for whom I have the greatest respect, would proceed on the premise that continued and expanded Federal regulation is desirable. We would create "area price ceilings" on certain new natural gas for the life of the bill. However, these "price ceilings" would be applicable to both the interstate and the intrastate market. This application of such price ceilings in the intrastate market would constitute a radical extension of Federal regulation far in excess of any previous legislation. And, in my view, it would compound the errors of the past. Let me explain the basis for my view.

In addition to creating the area price ceilings, the measure offered by the Senator from South Carolina would direct the Federal Power Commission to designate certain interstate natural gas pipelines as priority interstate purchasers. Of course, I do not know which pipelines would receive the priority label. No one else knows either, but under the bill some would be so designated. These priority pipelines would be allowed to go into the intrastate market and bid for intrastate natural gas. However, they would not be allowed to bid in a free market on an unregulated basis. Rather, as indicated, a ceiling will be set up within the area and the so-called priority interstate pipelines would not be allowed to pay more than the ceiling price.

Additionally, the intrastate purchasers of such intrastate gas would not be allowed to pay more than that ceiling price either. The inevitable result will be that both the priority interstate pipelines and the regular intrastate purchasers will be bidding at the same level—they will be offering to buy the intrastate gas at the same price. Of course, that price will be the governmentally imposed ceiling because the shortage will be such that anyone will buy all natural gas that is available at that regulated price.

Therefore, how will the intrastate producers, with no price motivation, decide whether to sell the gas to the priority interstate pipeline or the regular intrastate purchaser? Obviously, the intrastate producers with no incentive to sell it interstate will, in most instances, sell the gas where they have always sold it—they will sell it to their traditional intrastate customers. It is possible that a little natural gas may find its way to the interstate market under this proposal, but I am convinced that there is another more efficient, productive way to attract a much larger volume of gas to the interstate market where it is so desperately needed. And, this can be achieved with less—not more—Federal regulation.

I refer to the concept contained in the Natural Gas Emergency Purchase Act (S. 504), which I introduced on January 30 of this year. This concept was a major feature in S. 2330, the Natural Gas Emergency Standby Act, which the distinguished Senator from Kansas (Mr. PEARSON) introduced on behalf of the administration a few weeks ago. It has been recommended by the Federal Power Commission. And, it is contained in title I, section 104 of the amendment in the nature of a substitute offered by the distinguished Senators from Kansas and Texas.

This emergency purchase approach represents a practical, workable short-term solution. It would allow the Federal Power Commission to exempt from the provisions of the Natural Gas Act the sale of such gas to an interstate natural gas pipeline company which is curtailing deliveries pursuant to a curtailment plan on file with the Commission and which does not have sufficient supply of natural gas to fulfill the requirements of its high priority consumers. Any such exemption would not exceed 180 days. And, the Federal Power Commission would define the term "high priority consumer."

Mr. President, this proposal is a sound approach that will work. As I stated in the Senate Chamber last January, the emergency purchase approach is a proven success. When the Federal Power Commission implemented this concept during the 1973–74 winter season, there were over 500 emergency sales made and committed to the interstate market. That over 172 million Mcf of natural gas were committed to the interstate market. That figure includes approximately 24 million Mcf of natural gas sales made by intrastate pipelines to interstate pipelines. But due to an unfortunate Federal court decision, the Federal Power Commission now lacks the authority to implement this much-needed provision.

The Federal Power Commission favors this approach. The administration favors this approach. The Governors of many States favor this approach. I believe that it is the duty of Congress to provide the Commission with this authority which it needs in order to do the job that Congress has assigned to the Commission.

Now, Mr. President, I will not impose on the Senate's time further. Others are in a far better position than I to explain the many merits of the other provisions of the Pearson-Bentsen substitute. Suffice it to say that emergency natural gas legislation is very much needed, and the Pearson-Bentsen substitute contains the most desirable emergency provision. I hope that the Senate will not gamble on an untested proposal while we approach the winter heating season but will instead adopt a proposal that is a proven success.

Mr. BAKER. Mr. President, as the Senate turns to consideration of legislation designed to deal with the severe natural gas curtailments expected to occur during the 1975–76 heating season, I would like to express my view that it should consider at the same time the various proposals which have been advanced to cope with the natural gas shortage on a long-term basis.

In my opinion, the delay of the Congress in coming to grips with the need to provide increased incentives for exploration and development of new sources of natural gas is inexcusable; and I feel that consideration of emergency legislation without concurrent attention to long-term solutions will be an invitation to disaster in years ahead.

Analysts on all sides of the deregulation issue seem to agree that gas supplies have been decreasing, while demand is increasing at a rapid rate. There is little doubt, in my view, that the current system of regulating wellhead prices of natural gas dedicated to the interstate market is a major cause of our present difficulties. By holding interstate gas prices at an unnaturally low level, we have both discouraged increased exploration and development and encouraged increasing and wasteful use of a premium fuel.

Another aspect of the natural gas issue on which all sides seem to agree is the need for some relaxation of current price controls to help alleviate shortages expected during the coming winter, as well as to stimulate increased supply in future years and to discourage wasteful uses of natural gas. Agreement breaks down, however, on two vital issues: The extent of relaxation which is needed to insure adequate supply, and the impact which increased costs of natural gas will have upon consumers.

S. 2310 and amendment No. 934 would establish new price ceilings on both interstate and intrastate gas, necessitating a Federal Power Commission rulemaking procedure which will undoubtedly result in litigation and delay. I am not convinced that extension of Federal regulation to gas sold in the intrastate market and the imposition of new regulatory restrictions upon producers will accomplish either an increase in natural gas supply over the long term or the redistribution of supplies needed to prevent massive unemployment in many parts of the country due to curtailments this winter.

It is for this reason that I strongly support and urge my colleagues to favorably consider amendment No. 919 to S. 2310, offered by the distinguished Senators from Kansas (Mr. PEARSON) and Texas (Mr. BENTSEN). This amendment proposes emergency procedures which will enable priority pipeline purchasers to obtain excess natural gas from intrastate or interstate sources for a period of 6 months at unregulated prices. The amendment would also facilitate the conversion of electrical utilities from natural gas to alternate fuels and provide standby authority for the President to allocate propane. By establishing a mechanism whereby the maximum possible amount of natural gas can be channeled into distressed areas easily and without undue administrative delay, the Pearson-Bentsen proposal offers, in my opinion, the most promising solution to the shortage which we are facing this winter.

The most important aspect of amendment 919, however, is title II, which would accomplish the immediate deregulation of new natural gas from on-shore wells, thereby encouraging the dedication of this gas to the interstate market and enhancing supply. The amendment provides for a 5-year phasing out of price controls on gas produced from offshore Federal leases, which is already required to be sold in the interstate market.

The continued, though temporary, price regulation of offshore gas, coupled with the continued regulation of natural gas already under contract, will insure that consumer price increases will be gradual and not catastrophic. I am hopeful that the House of Representatives will also give consideration to the desirability of enacting a windfall profits tax or some other provision to insure that excess profits gained by producers are devoted to further exploration and development.

Mr. President, in my opinion, the favorable impact of deregulation of new natural gas upon future supply has been more than adequately documented. A recent study completed by the Federal Energy Administration indicates that the current decline in natural gas production and exploration can be reversed through the provision of adequate price incentives.

With regard to the question of consumer costs, I believe that we must resign ourselves to the fact that costs of all fuels will be increasing steadily in years to come. In my view, consumer costs for natural gas will be increased regardless of whether the wellhead price of new natural gas is allowed to rise to competitive levels. The major difference will be that under deregulation, consumers will be paying more for an assured supply. With continued regulation, consumers will be paying more for a steadily decreasing supply.

The increased costs to consumers posed by natural gas curtailments which can be expected in the absence of deregulation must not be ignored. Not only will many consumers be forced to change to more costly alternate fuels, but the fixed costs of transmission and distribution will be spread over a reduced supply; and each customer receiving gas will pay a larger share of these costs.

In addition, we must not forget the economic dislocations which already have occurred in parts of the country as a result of industrial curtailments. A worsening of the curtailment situation will have an even more severe impact upon employment and production in all sectors of the economy.

I believe, therefore, that Americans would prefer that the Congress take that action which is necessary to assure the maximum production of natural gas in the years to come. Amendment 919 is, in my view, a realistic solution to the curtailment crisis which we are facing this winter, as well as to our long-term needs to expand production of natural gas. The prolongation of a Federal pricing policy which results in reduced quantities of natural gas can no longer be tolerated at a time when the Nation needs to explore and exploit every avenue which may lead to increased energy supplies. I urge the Senate to address both the immediate and future problems of natural gas regulation by taking favorable action on amendment 919 to S. 2310 this week.

Mr. PEARSON. Mr. President, we have had a lengthy and a somewhat exhaustive debate on the pending amendment No. 919, as modified, and are about to vote on the motion offered by the distinguished Senator from South Carolina (Mr. HOLLINGS) to table that amendment. But, before this vote occurs, I should like to present a summation of the principal reasons why I believe amendment No. 919, as modified, should not be tabled and why the Senate should proceed to debate this amendment on its merits.

Mr. President, I believe that amendment No. 919, as modified, should not be tabled for the following principal reasons upon which I will elaborate subsequently:

No. 1. Amendment No. 934 to which amendment No. 919, as modified, is pending as a substitute is administratively unworkable, ineffective, and so replete with legal issues to be litigated as to delay its implementation and render it a nullity;

No. 2. Amendment No. 919, as modified, is by far the best legislative vehicle for reaching a solution to both our short-term and our long-term natural gas supply problem; and

No. 3. There is no rational reason why the Senate should not proceed to consider both the short-term and the long-term solution to our Nation's natural gas supply problems, there being, on the contrary, several compelling reasons why both should be considered together.

First, Mr. President, amendment No. 934 to S. 2310 proposes an unworkable and an unduly burdensome administrative structure at a time when we should be cutting through bureaucratic redtape to arrive at viable solutions. For example, it would involve action in concert by the Federal Power Commission, the Federal Energy Administration, the Environmental Protection Agency, the Secretary of the Interior, and the Secretary of Agriculture. Additionally such actions, pursuant to the provisions of amendment No. 934, must be taken within time periods which, I believe most will agree, are wholly unrealistic.

As a matter of fact, Mr. President, yesterday, October 1, I received a letter from the Honorable John N. Nassikas, Chairman of the Federal Power Commission, commenting upon the "serious administrative problems" associated with amendment No. 934. I placed the complete text of this letter in the RECORD earlier today, but for the benefit of my colleagues in the Senate I wish to quote the following pertinent portions from his letter on this point:

> While Amendment No. 934 is a somewhat refined version of the original S. 2310, there still remains serious administrative problems. . . .
>
> I do not believe it is feasible for the Commission to establish intrastate rates for new onshore gas at the average new or renewed intrastate contract price for August 1975 within 15 days after date of enactment as provided in Section 4(b). . . .
>
> The 15-day requirement of Section 4(a) . . . would impair the Commission's ability to make a well thought out determination of what pipelines should qualify as priority interstate purchasers and what end-users should qualify as essential users for the purposes of this emergency relief legislation.
>
> *I am still opposed to Section 4(g)*. . . .
>
> *I believe this provision could lead to protracted litigation and controversy* because the question of what gas "could have been produced or sold" during the period the Act is in effect . . . would perforce be the subject of exhaustive investigation by the Commission requiring hearings relating to controverted facts and *numerous court appeals from whatever findings may be made*. . . .
>
> "I have endorsed the temporary relief pricing concept of Section 104 of your Amendment No. 919, which section would permit curtailing pipelines to purchase natural gas at unregulated prices for up to 180 days. . . . *the Commission's ability to meet the administrative requirements of Section 104 would be considerably less difficult when compared to the numerous administrative requirements of either S. 2310 or Amendment No. 934."* (Emphasis supplied)

On the same date, October 1, I received a similar letter from the Honorable Frank G. Zarb, Administrator of the Federal Energy Administration commenting upon amendment No. 934 to S. 2310. This letter, too, was printed in full in the RECORD earlier today. The following are but a few pertinent excerpts from Mr. Zarb's letter:

> The Administration is opposed to enactment of (Amendment No. 934 to S. 2310, the Natural Gas Emergency Act of 1975) . . . for the following reasons:
>
> * * * * *
>
> (2) The establishment of an "area ceiling price" within 15 days from enactment is unwise and administratively unworkable. It does not allow enough time and is so vague in its concept of "area" that the administrative problems would be insurmountable;
>
> * * * * *
>
> (5) *Section 4(g)*, which provides that (supposedly) presently available natural gas shall never be sold above a particular price if not sold under the Act, *is both a legal and administrative nightmare*.
>
> In summation, . . . we find it *overly vague* in places, *counterproductive* in its regulatory approach, and so *administratively burdensome* that it would be extremely difficult, at best, to administer. (Emphasis supplied)

Also, it should be noted that amendment No. 934 proposes to extend Federal price controls to the intrastate market; to establish Federal end-use controls of natural gas; and to inject the Secretary of the Interior into the work of the several State conservation agencies, if such agencies fail to act.

In connection with extension into the intrastate market, it has been stated repeatedly by the proponents of amendment No. 934 to S. 2310 that the FPC is already collecting intrastate pricing data in anticipation of enactment of the bill. However, as pointed out by Chairman Nassikas in his testimony on September 15, the only intrastate data that the FPC has the authority to collect regards jurisdictional producers. Thus, even if the FPC were able to establish area ceiling prices within 15 days, such prices would be based on significantly incomplete data.

Moreover, Mr. President, amendment No. 934 will do little or nothing to increase our supply of interstate gas. First, there is no economic incentive under amendment No. 934 for an intrastate pipeline to sell surplus gas available for an interstate pipeline, plus the pipeline could expose itself to a complete cost of service of its system by the Federal Power Commission. Second, according to Chairman Nassikas of the Federal Power Commission, amendment No. 934, which is quite similar to S. 2310, might produce "some place in between 200, 300 billion cubic feet" of natural gas. This represents a relatively small amount when considering that in terms of overall gas flowing there are some 22 trillion cubic feet. At worst, however, this questionable amount of production would be at the expense of establishing a very bad precedent.

Thus, in the final analysis, all amendment No. 934 can hope to accomplish is reallocate our existing natural-gas shortage by imposing further governmental regulation. Ironically, such a proposal comes at a time when both the President and the Congress are seeking to eliminate regulations which serve as an impediment to our national economy. Indeed, after careful study, I have concluded that this legislative proposal will serve to aggravate our existing natural-gas supply problem.

The fact of the matter is, Mr. President, that amendment No. 934 represents a very controversial proposal, if not one of dubious efficacy. Perhaps most onerous is section 4(g) of amendment No. 934 which states that if the Federal Power Commission determines that natural gas could have been produced or sold but was not during the effective period of this proposed legislation, then such natural gas may not at any time thereafter be sold at a price above that permitted under this amendment. This is a heavy-handed and drastic sanction which cannot help but be counterproductive to meeting our Nation's energy needs.

I, therefore, fear, Mr. President, that the greatest likelihood arising out of the passage of amendment No. 934 will be that this winter's crisis will be over before the litigation, in which it will become enmeshed, will be concluded.

Thus, my second principal reason for opposing the motion to table is that amendment No. 934 to S. 2310 is replete with issues which could result in litigation nullifying its objectives.

For example, amendment No. 934 requires the Federal Power Commission to establish by rule not later than 15 days after enactment an "area ceiling price," which of necessity means no opportunity to have a full evidentiary hearing, but rather only an informal rulemaking proceeding without opportunity for a hearing—section 4(b). Judicial review of this Commission rule or order would be limited by: First, denying the reviewing court the opportunity to stay the agency's action, and second, limiting the scope of the court's review, denying a petitioner the opportunity to have the court set aside such agency action when "unsupported by substantial evidence" or "unwarranted by the facts to the extent that the facts are subject to trial de novo"—section 10(c).

Furthermore, this bill would limit a producer or seller of natural gas to the price determined under the legislation (Sec. 4(b)), if the Federal Power Commission determines that "natural gas could have been produced or sold, or both, but was not" (Sec. 4(g)). It also provides for a civil penalty of not more than $10,000 for each violation determined by the Federal Power Commission, the Administrator of the FEA, or the Secretary of the Interior "after notice and opportunity for a presentation of views", or if a willful violation, upon conviction it would subject a person "for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both" (Sec. 9). All of these provisions, with the exception of the setting of an area ceiling price by the Commission (Sec. 4(b)), do not expire on June 30, 1976, but remain in effect, apparently, in perpetuity, and most, if not all, suffer from vagueness.

Based upon the foregoing, Amendment No. 934 to S. 2310 certainly would appear ripe for early litigation before a three-judge court, seeking "An interlocutory or permanent injunction restraining the enforcement, operation or execution of any Act of Congress for repugnance to the Constitution of the United States . . ." (28 U.S.C. 2282).

In such a proceeding, Section 2284 of title 28, United States Code provides, inter alia, the following:

> "If the action involves the enforcement, operation or execution of an Act of Congress or an order of any department or agency of the United States, at least five days' notice of the hearing shall be given to the Attorney General of the United States, to the United States attorney for the district, and to such other persons as may be defendants.
>
> * * * * *
>
> (3) In any such case in which an application for an interlocutory injunction is made, the district judge to whom the application is made *may, at any time, grant a temporary restraining order to prevent irreparable damage*. The order, unless previously revoked by the district judge, shall remain in force only until the hearing and determination by the full court. It shall contain a specific finding, based upon evidence submitted to such judge and identified by reference thereto, that specified irreparable damage will result if the order is not granted. (Emphasis supplied)

"The mere assertion of the unconstitutionality of a Federal statute does not in and of itself require submission of the issue to a three-judge court. . . . If, however, a substantial Federal constitutional question is presented a three-judge court must be convened . . ." *Television News System, Inc.* v. *Illinois Bell Telephone*, 210 F. Supp. 471, 477 (1962). And analogous to *Telephone News System* v. *Illinois Bell Telephone, Co.*, "The statute here in question is a new one. . . . The constitutionality of the procedure contemplated . . . has not, so far as this Court is aware, been considered by any other Federal court. Therefore, in the question of the Court the statute raises substantial constitutional questions . . ." (Ibid. 478).

Admittedly, "a litigant who invokes the power to annul legislation on grounds of its unconstitutionality 'must be able to show * * * that he has sustained or is immediately in danger of sustaining some direct injury as a result of its enforcement' * * * Respondents, to have standing in court, must show an injury or threat to a particular right of their own, as distinguished from the public's interest in the administration of the law'" *Lamont* v. *Postmaster General of the United States*, 229 F. Supp. 913, 917, 920 (1964).

Certainly, such standing can be alleged and should be capable of proof in the instance of amendment No. 934 which, without any congressional finding of a national emergency, subjects the owners of private property to an informal rulemaking proceeding establishing rates affecting such property, and then proceeds to deny that individual property owner the full scope of judicial review provided for under the Administrative Procedures Act—namely 5 U.S.C. 706. It would even deny the reviewing court the ability which it has under the Administrative Procedures Act to stay an agency action—namely 5 U.S.C. 705.

This is especially onerous, bordering on confiscatory, in the case of section 4(g) which would "freeze" in perpetuity the legally permissible price of natural gas to the August 1975 area price ceiling, where the Federal Power Commission determines that "natural gas could have been produced or sold, or both," but such was not done.

Additionally, amendment No. 934 must be taken in the context of its penalty provisions, both civil and criminal, which are vague and which may be assessed without due regard to procedural due process. Taking into account, for example, the civil penalty provision, which remains in effect beyond the termination date of June 30, 1976, "What is left therefore is the question of the constitutionality of §§ . . . to the extent that they, together and singularly, operate to deprive . . . an opportunity to contest, prior to payment, a penalty assertedly due to the government." *Spencer Press, Inc.* v. *Alexander*, 491 F. 2nd 589, 591 (1974).

The civil penalty provision of amendment No. 934 contained in section 9(a) provides for a determination simply upon "notice and an opportunity for a presentation of views", whatever this means. Yet, involved is a civil penalty of not more than $10,000 for each violation. This makes a mockery of the traditional concept of "fair play" in jurisprudence.

There is not even an adequate opportunity for a party to contest the rule or order which he may be charged with having violated. And, ". . . a statute which provides such penalties for noncompliance with an administrative order or regulation must afford reasonable opportunity to test the validity of the order or regulation in the courts." 16A C.J.S. Constitutional Law 640.

Moreover, amendment No. 934 provides that "if any such violation is a continuing one, each day of violation constitutes a separate offense." Thus, "If the act imposes penalties . . . for failure to comply with the order, any application of the statute subjecting appellant to risk of the cumulative penalties pending an attempt to test the validity of the order in the courts and for a reasonable time after decision would be a denial of due process." *Natural Gas Pipeline Co. of America* v. *Slattery, et al.*, 58 S. Ct. 199, 204; 302 U.S. 300 (1937).

Admittedly, the Congress may deny judicial review, and the U.S. Supreme Court frequently has upheld the constitutional validity of statutes which do so. Also, some may argue that the absence of an administrative hearing provision raises no constitutional question since such an omission is within the power of Congress. But, "The right to be heard does not depend upon an advance showing that one will surely prevail at the hearing * * * It is enough to invoke the procedural safeguards . . . that a significant property interest is at stake. . . ." *Fuentes* v. *Shevin*, 407 U.S. 67; 92 S. Ct. 1983, 1997 (1972).

Moreover, the truncated judicial review of actions by the Federal Power Commission proposed in amendment No. 934 may be convenient to attaining the objectives of its proponents, but ". . . administrative convenience or even necessity cannot override constitutional requirments of due process." 16A C.J.S. Constitutional Law 628.

In summary, amendment No. 934 runs the probable risk of protracted litigation challenging its constitutionality on such grounds as denial of due process and vagueness. If so, then this bill will be rendered useless in meeting this winter's natural gas emergency for which it is intended.

Mr. President, I, therefore, am constrained to oppose vigorously amendment No. 934 to S. 2310 in its present form. However, I firmly believe that there does exist a constructive and viable alternative to amendment No. 934 and that alternative is my amendment No. 919, as modified.

As I have noted on earlier occasion, amendment No. 919 in the nature of a substitute for amendment No. 934 includes the so-called Pearson-Bentsen substitute to S. 692—amendment No. 586—as well as certain modifications to provisions proposed in S. 2330, which I introduced earlier at the request of the Federal Energy Administration.

Mr. President, the proposed emergency provisions of amendment No. 934 are to be found in title I—Emergency Natural Gas Authority. Briefly, these provisions include emergency exemptions from regulation by the Federal Power Commission, except for reporting requirements; permissive authority vested in the Federal Energy Administration to prohibit the inefficient use of natural gas as boiler fuel; stand-by allocation authority vested in the President for equitable allocation and distribution of propane to classes of consumers, who are historical users of propane, and where energy and feedstock needs have historically been met through the use of propane; and an expiration date of this emergency title on midnight, April 4, 1976. It, therefore, would be temporary in nature to meet the near-term emergency for a period of approximately six months during the winter heating season of November 1975 through March 1976.

Title II, "Natural Gas Act Amendments" would consist of a modified version of the so-called Pearson-Bentsen amendment (No. 586) to S. 692. This title would provide for the immediate deregulation of on-shore "new" natural gas at the wellhead, and a phasing-out over a period of several years, ending December 31, 1980, of Federal Power Commission regulation over the wellhead price of "new" natural gas from the Outer Continental Shelf.

Such "new" natural gas produced from the Outer Continental Shelf during the phase-out period of Federal Power Commission regulation would be subject to national ceilings for rates and charges established pursuant to specified criteria. Additionally, this title would establish a priority with respect to natural-gas supplies for essential agricultural purposes, and require the Federal Power Commission, in the interest of natural gas conservation, to prohibit the use of natural gas as boiler fuel for the purpose of generating electricity for distribution.

Thus, Mr. President, amendment No. 919 is in its totality an "emergency" measure, meeting both the short-term and long-term needs necessary to alleviate our natural-gas shortage. It constitutes a two-pronged attack upon the problem which would take effect concurrently.

The third and final point I wish to make, Mr. President, is to reiterate my belief that we should consider simultaneously both the near-term natural gas emergency legislation and legislation proposing a long-term solution to our Nation's natural-gas supply problem. I am not persuaded by the arguments of those who would have us treat these as two separate and distinct issues, when, in fact, they are related problems which common sense dictates be considered together.

Moreover, Mr. President, the Senate has been on notice and has been prepared to debate proposals seeking a long-term solution for several months. And, as for the argument advanced that the other body is not prepared to undertake consideration of long-term nautral-gas legislative proposals, I can only observe, Mr. President, that I believe the Constitution of the United States established this Congress as a bicameral legislature, and that since the Senate now is prepared to address this issue, it should do so leaving to the other body the manner in which it will dispose of this facet of our natural-gas problem. By way of example, I foresaw no reluctance on the part of the other body to send over to us an omnibus Energy Conservation and Oil Policy Act of 1975, comprising some four different pieces of legislation considered by the Senate. Consequently, I fail to see any merit whatsoever in the argument that our action with respect to the natural-gas problem should have to be dictated by that of the other body.

Thus, Mr. President, I pose the rhetorical question, "Why shouldn't we tie these two proposals together?" I, and I would hope my colleagues in the Senate will agree, can find no compelling reason why we should not do so.

On the contrary, I can think of several logical and compelling arguments why both the short-term and the long-term bills should be considered together.

First, if the Senate were to consider legislation addressed to both short-term and long-term natural gas supply needs, which would function concurrently, then, in my opinion, we probably would diminish the pressures to increase natural-gas prices resulting from the short-term effects of the emergency legislation.

Second, by tying these two bills together, I believe that we would afford the natural-gas industry the degree of certainty and incentive needed to overcome the shortfall in our natural-gas supplies.

Third, from a pragmatic standpoint, the bill, S. 2310, will expire at midnight on June 30, 1976. There is little doubt in this Senator's mind that, recognizing 1976 as a Presidential and congressional election year, the Congress will in all likelihood be loath to undertake consideration of legislative action needed to bring about a long-term solution to the natural-gas crisis.

In summary, Mr. President, it is my belief, supported by the position taken by the Chairman of the Federal Power Commission and the Administrator of the Federal Energy Administration, that amendment No. 934 to S. 2310 is administratively unworkable, and contains provisions which are "both a legal and administrative nightmare." Moreover, it is "counterproductive in its regulatory approach," and will be of little effect in meeting the total shortfall in our natural gas supply for the coming winter heating season.

I further contend, Mr. President, that there does exist a constructive and a viable alternative to amendment No. 934, and that alternative is the pending amendment No. 919, as modified. And, lastly, Mr. President, there is no valid reason whatsoever for the Senate to table amendment No. 919 postponing consideration of it on its merits. In my opinion, the Senate should face up to its responsibility by considering amendment No. 919 on its merits and thereby afford the citizens of this Nation responsive action on this most critical issue. Even if one does not agree with every detail of amendment No. 919, it should be put before the Senate for debate, since it is by far the best vehicle for reaching a solution.

In contrast, what promise does amendment No. 934 hold forth? Amendment No. 934 virtually dictates who can buy natural gas and who can sell natural gas. It seeks to force production of natural gas by wielding a "big stick," albeit one of questionable constitutional validity because of the manner in which it slams the door in the face of those who would seek to protect their rights through judicial review.

Mr. President, Mr. Justice Jackson once observed—

> The wealth of Midas and the wit of man cannot produce or reproduce a natural gas field—FPC v. Hope Natural Gas Co., 320 U.S. 591, 629 (1944).

And, I submit, Mr. President, that the heavy-handed, short-sighted and misguided approach, however well-intended, taken by amendment No. 934 cannot produce or reproduce a natural gas field.

Mr. President, to rely upon S. 2310 to alleviate the natural gas shortage this winter adopts the concept that the end justifies any means. That we find a solution is important. How we find that solution is also important.

This bill adopts every precedent and mechanism which has led us to this particular part of the energy crisis.

Mr. President, we have talked a great deal about legal and technical matters. Statistics, percentages and definitions fill the record. I do not think, for example, that the art of our bureaucracy is up to administering this bill—and they say so. But beyond all those facets of argument, one point emerges, at least it becomes clear to me, and that is that this bill is not fair.

S. 2310 provides that an agency of the Federal Government says who may buy gas, how much gas he may buy, what gas may be bought and who must produce it. And if the appropriate agency fails to act, within a limited time, to set new maximum production rates then the Department of the Interior comes in and tells the producer how much he must produce. We set, by this bill, what the price shall be, according to what I believe to be a most arbitrary formula. If a producer or an intrastate pipeline doesn't sell at the price we dictate, then he is stuck. He may never again sell his natural gas at any price save that which a Federal Agency decrees.

And if a party is aggrieved, if anyone believes that any one of these acts is unjust or mistaken—well that is tough. This bill seeks to cut off any effective judicial review. If the bill is unconstitutional, an aggrieved party may have that determination, but only after his property has been taken away. The end justifies the means.

And, Mr. President, if other Senators just as concerned as the proponents of S. 2310 have another proposal, if they are so rash as to try to offer another way, if they seize this opportunity to offer not only an emergency approach, but also a long-term permanent solution, the proponents of S. 2310 would seek to bury that proposal by a tabling motion. Once again, the end justifies the means.

Accordingly, I earnestly urge my colleagues in the Senate to vote against this motion to table amendment No. 919 so that we may proceed to a consideration of this legislative proposal on its merits.

Mr. TUNNEY. Mr. President, I have studied the remarks of the Senator from South Carolina on natural gas and I must say I am unimpressed. Even the experts in his home State, the people in closest touch with the natural gas supply nightmare facing South Carolina, disagree with his position. Rather than a short-term measure which may or may not move gas into distressed pipelines, the South Carolina Energy Management Office believes that the Pearson-Bentsen substitute is the best chance South Carolina has to avert crippling unemployment in its factories this winter and every winter thereafter.

Yesterday, the Senator from South Carolina tried to speak as the representative of the people of California. Before he completely immerses himself in the affairs of my State, I would urge him to stop off in Columbia, S.C., to speak with his State energy experts. I would suggest he visit with the folks in Rock Hill, in Darlington, in Greenville and elsewhere throughout his State where thousands of jobs are on the line this winter; more than one-half of the jobs in South Carolina depend on the textile industry. In turn, the textile industry depends on synthetic materials made only from natural gas and natural gas liquids. I believe he will find that his own people are fed up with the bureaucratic mess that his friends at the FPC regularly visit upon consumers in those States which are not fortunate enough to produce their own natural gas.

Mr. President, I would also point out that the reason the major oil companies in Alaska have been able to exert such substantial bargaining advantage over consumers in the lower 48 is that Federal regulation has produced such a severe shortage that consumers everywhere are desperate for natural gas. It seems to me that there are essentially three ways to deal with this sort of situation.

The first is that preferred by the Senator from South Carolina, that is, keeping on tight-fisted regulation and spreading the shortages around for all to enjoy.

The second is deregulation of new natural gas, bringing on large quantities of new supply and breaking the backs of those producers who now have great leverage because of a regulation-induced, ever-worsening shortage.

The third is vigorous antitrust action to insure active price competition among the sellers of Alaskan natural gas.

Mr. President, regulation of wellhead prices has failed to protect consumers. Therefore, I support a combination of new gas deregulation and strong antitrust action to intensify competition in the production of oil and gas. Emphatically, I want to point out that no one is talking about doing away with the many forms of regulation of the natural gas industry which make sense and which have served this Nation well in the past 37 years. No one is considering terminating the authority of the Federal Power Commission to regulate pipeline transportation rates, to require certain dedication standards, to enforce requirements related to public convenience and necessity or to enforce any number of other measures which contribute to the efficient, consumer-oriented operation of this huge industry.

What we are talking about, Mr. President, is the deregulation of the most competitive segment of the industry, the production end. Over 16,000 producers are engaged in the production of natural gas. Under the economics of FPC regulation, most are forced to sell off their holdings to major oil companies, thereby creating the ironic, though not surprising, phenomenon of regulation increasing concentration of production and market power. Deregulation of the wellhead price, therefore, will not only increase supply, it will lead to a more competitive industry structure, especially when combined with new antitrust measures.

I am delighted that the Senator from South Carolina (Mr. HOLLINGS) mentioned the advance payments deal between the Atlantic Richfield Co., and the Southern California Gas Co. I know he shares my deep concern for over this deal and I hope he will support my efforts to guarantee a fair shake for California consumers.

Mr. President, I have introduced an amendment which was incorporated in the Pearson-Bentsen substitute to S. 2310 which will guarantee that the citizens of California are repaid, with interest, every penny of the amount of these advance payments.

If the Senate fails to table the Pearson-Bentsen amendment, I intend to offer my own perfecting amendments with respect to the definition of new natural gas and offshore regulation. I hope that the Senator from South Carolina will support my amendments to limit the scope of deregulation to those areas where it will be the most productive of new supplies and least expensive at the consumer's burner tip. Thank you.

Mr. HRUSKA. Mr. President, there are before the Senate two approaches to solving the natural gas shortage. One approach is to continue, and even to deepen, our reliance on price controls and allocation rules. The other approach is to end our dependence on Government regulations so that free market forces are permitted to come into play.

This latter approach is taken by the Senator from Kansas and the Senator from Texas in their amendment No. 586, in the nature of a substitute, to S. 692, the Natural Gas Production and Conservation Act of 1975. This amendment provides for the deregulation of new natural gas while requiring existing contracts to be honored in full in addition to providing allocation priority to agriculture and food-processing during the phaseout period. I am a cosponsor of this amendment because I believe that if we calmly and carefully examine the evidence, the greater wisdom of this approach will be clearly evident. The Senator from Kansas and the Senator from Texas have also offered this same approach in amendment No. 919, in the nature of a substitute, to S. 2310, the Natural Gas Emergency Standby Act of 1975.

Natural gas producers must receive a competitive rate of return for their efforts if the shortage is to end. This Nation does have extensive natural gas resources. The Senator from Kansas and the Senator from Texas admit that they do not know the price for new natural gas which will be necessary to insure producers a sufficient return, but they are prepared to allow the interplay of competing market forces to make that determination. On the other hand, the supporters of S. 2310 and S. 692 believe that they are qualified to make that determination and are unwilling to leave this decision to the producers and consumers of natural gas.

These are able, knowledgeable, and hard-working Senators. Yet, no matter how much time any one of us is able to spend solving the mysteries of the natural gas business without neglecting the numerous and important other responsibilities which compete for our time, I do not believe it is possible for any of us to know what is the sufficient price. Nor do I believe that any Senate staff member can hope to learn this information. Neither is it possible for us to write rules and regulations which will enable the Federal Power Commission to bring this result about. Market conditions are too complex and change too rapidly. Past experience is a poor guide to the future because all the easy-to-get natural gas has already been discovered. How are U.S. Senators to know the costs and the methods of finding and developing the harder-to-find deposits?

Practice in parliamentary debate would seem poor preparation for the business of finding new natural gas. The only way anyone can discern this information is to enter the market. There are numerous people eager to gamble with their own time and money on how to produce natural gas. Should a portion of this group be proved wrong, the public will not be asked to share in the resulting loss. If in testing their theories in the marketplace, some people prove their claims to be correct, then they shall prosper. More importantly, our Nation will have natural gas. The only test that counts—the test that identifies the true experts—is the acid test of the marketplace, not the test of parliamentary debate. The Senator from Kansas and the Senator from Texas have chosen the wiser course in relying upon this solution. It is in the best tradition of American free enterprise.

Opponents of this method argue that a free market for energy does not exist, nor can it exist as long as the OPEC cartel exists. Therefore, they claim that it is better for the United States to set energy prices than allow foreign producers to do so. I quite agree that the OPEC cartel exists: that it fixes prices for all the world to see, and that our own natural gas shortage must be considered within the entire energy picture. The sponsors of S. 2310 and S. 692 believe that the better way to achieve energy independence is to burden our own energy producers with price controls and production regulations. Mr. President, it seems to me that the more logical course in achieving energy independence from foreign producers is to free our own producers of burdensome rules and regulations.

The long experience of this nation for over 20 years with producer controls on natural gas sold in interstate commerce would seem to clearly support this position. Any measure that discourages domestic supply forces energy-users to look abroad. Price controls on domestic oil and natural gas have strengthened the bargaining position of OPEC by increasing our demand for its product. We might as well admit that OPEC exists and adopt measures which will reduce our reliance on foreign oil. A monopoly loses its power when alternatives to its product enter the market. The Senator from Kansas and the Senator from Texas have not lost sight of this fundamental economic truth.

The argument is often made that our domestic natural gas industry is not really competitive and therefore regulation must be retained. A dispassionate review of the industry shows it to be not a monolithic whole, but a collection of individuals and firms with conflicting interests. It is true that on occasions monopoly power is held: Sometimes by producers, sometimes by pipeline companies. This monopoly power however, has been infrequent and brief. Historical experience has shown that where it exists, monopoly power is more often a problem with pipeline companies than it is with producers.

Most academic studies have concluded that competition in the field markets is gas, as provided for by the Pearson-Bentsen alternative, does not free pipeline companies from the regulatory checks which they face. Nor does it free producers from the obligation of fulfilling existing contracts. It does free producers from regulation at the level of the industry where the conditions for competition are favorable. The experience of intrastate natural gas markets shows that competition at the wellhead exists and that keeping it free of regulation does serve the interests of both producers and consumers alike. If conditions at the wellhead are favorable to competition, it would seem wise to permit competition to operate and thereby obtain the benefits provided.

Mr. President, several of my colleagues have claimed that S. 2310, the Natural Gas Emergency Act of 1975, is designed to deal only with the problems anticipated for this winter. Their argument is that little or nothing can be done to increase supply in the short run and therefore there is no justification for permitting an increase in price at the wellhead beyond that which existed in the intrastate market as of August 1975. Although I fervently wish it were otherwise, I quite agree that little can be done to increase natural gas supply for this winter. Something can be done for next winter however, and still more can be done for the winter after that. We can allow price incentives to encourage future supplies.

At some point we will have to face the fact that deregulation must occur if we are ever to end the shortage. If there is little we can do for this winter's problems, at least let us now begin taking steps to reduce the problems of next winter. I cannot agree that it is wise to continue the shortage indefinitely because we are unable to find its cure immediately. The problems of this winter have been created by mistakes and forces of long-standing. These problems cannot be solved by stopgap solutions. The measure introduced by the Senator from Kansas and the Senator from Texas faces up to the realities of this situation.

The Pearson-Bentsen alternative takes into account the inability of the Congress to suspend the laws of economics. Violation of these laws harms the very persons who can least afford the damage. Price ceilings do not provide lower energy prices to those who must bear the brunt of the resulting shortage. Mr. President, deregulation of new natural gas would mean lower effective energy prices for these people since the shortage will force them to choose between high-priced energy substitutes or doing without entirely. Price controls decrease rather than increase the purchasing power of workers whose plants have been shut down because adequate natural gas supplies could not be obtained.

Instead, paychecks are replaced by unemployment benefits. The prices of products no longer produced by these firms will rise, rather than fall, as consumers bid for what is left. These are the actual results of natural gas regulation and they cannot be avoided. There is widespread support for regulation only because of the belief held by many that they will be able to buy all the gas they want at the regulated price. This is not true. The realization is beginning to spread that the actual result of Government regulation is the inability to buy natural gas. The Pearson-Bentsen alternative faces up to this harsh reality.

The State of Nebraska has, thus far, in comparison to most other consumnig States, been fortunate in avoiding lay-offs and production cuts which are the direct result of natural gas regulation. The outlook as projected by the Federal Energy Administration is relatively good for Nebraska for the coming winter. However, the picture for the longer term in Nebraska is bleak if natural gas regulation is continued. A study done by Massachusetts Institute of Technology professors Paul W. MacAvoy and Robert S. Pindyck for the American Enterprise Institute, entitled "Price Controls and the Natural Gas Shortage," concludes that:

> If all residential demands in the North Central and Southeast are met through FPC requirements that residential consumers be served first, the excess demand in these regions would be experienced by industrial buyers. Thus, from 90 to 100 percent of industrial demands in these regions would have to be cut off, with buyers going to alternative fuels or curtailing production of final products and services. Both would reduce employment, and consumers as job holders would lose.

Continued natural gas regulation means fewer jobs for Nebraska. Already, the signs of economic retardation are beginning to appear in my home State. Constituents have written me time and again of being unable to obtain essential natural gas supplies. As a result, they have had to postpone, even cancel entirely, their business plans. For some, this has meant being unable to dry their crops. For others it has meant not being able to build homes because these homes could not be connected to natural gas supplies and therefore have become difficult to sell. There are a thousand different ways that the natural gas shortage is halting on Nebraska's great economic potential. Its effect is just as great in other States, as well. Unless steps are taken immediately to begin reversing this process, the somber projections of Professors MacAvoy and Pindyck will become a complete reality. The Pearson-Bentsen alternative provides for these necessary steps.

It must be remembered that the Pearson-Bentsen alternative does not release producers from honoring existing contracts. The prices paid for supplies covered by the contracts will not increase until the contracts are completed. Some of these contracts run for a period of 20 years and more. There will not be immediate deregulation of all natural gas, but a phased deregulation as existing contracts expire with the passage of time and as new gas supplies are brought on line for future years.

The Pearson-Bentsen alternative also provides for allocation priority to agriculture and food-processing during the phase-out period. Since we do have a shortage which we cannot solve for the short term, it is essential that steps be taken to assure that farmers can get their crops to market and that consumers will have adequate food supplies.

We must realize however, that the amount of natural gas we can allocate has been decreasing and will continue to decrease as long as we continue on our present course. The day is fast approaching when not all essential uses for natural gas can be met.

Mr. President, the Pearson-Bentsen alternative appears the most promising option before us. It does not attempt a futile repeal of economic laws. It relies upon free enterprise which has served this Nation so well in its 200 years of existence. This is the wiser choice. It offers the greater chance of ultimate success. We can postpone reality no longer. This measure should be adopted.

The PRESIDING OFFICER. The hour of 3 o'clock having arrived, the question is on agreeing to the motion to lay on the table Mr. PEARSON's amendment as modified.

Mr. HANSEN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GRAVEL (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Indiana (Mr. BAYH). Were he present, he would vote "aye"; were I to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. FORD (after having voted in the negative). Mr. President, I have already voted "nay." If the Senator from Michigan (Mr. PHILIP A. HART) were here, he would vote "aye"; were I to vote, I would draw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I also announce that the Senator from Michigan (Mr. HART) is absent because of illness.

The result was announced—yeas 45, nays 50, as follows:

[Rollcall Vote No. 427 Leg.]

YEAS—45

Abourezk
Biden
Brooke
Bumpers
Burdick
Cannon
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary W.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Talmadge
Williams

NAYS—50

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Goldwater
Griffin
Hansen
Hatfield
Helms
Hruska
Johnston
Laxalt
Long
Mathias
McClellan
McClure
McGee
Montoya
Nunn
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Gravel, against.
Ford, against.

NOT VOTING—3

Bayh
Hart, Philip A.
Symington

So the motion to lay on the table Mr. PEARSON's amendment, as modified, was rejected.

Mr. BENTSEN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Illinois.

Mr. JACKSON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. STEVENSON. I yield, Mr. President, without losing my right to the floor.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

DEVELOPMENT OF NAVAL PETROLEUM RESERVES

Mr. JACKSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 49.

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 49) to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JACKSON. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. CANNON, Mr. STENNIS, Mr. SYMINGTON, Mr. NUNN, Mr. GARY W. HART, Mr. JACKSON, Mr. METCALF, Mr. HASKELL, Mr. THURMOND, Mr. WILLIAM L. SCOTT, Mr. TAFT, Mr. HANSEN, and Mr. BARTLETT, conferees on the part of the Senate.

INDIAN CLAIMS COMMISSION AUTHORIZATIONS, 1976

Mr. JACKSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 3979.

The Vice President laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 3979) to authorize appropriations for the Indian Claims Commission for fiscal year 1976, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JACKSON. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. JACKSON, Mr. METCALF, Mr. ABOUREZK, Mr. MCCLURE, and Mr. BARTLETT conferees on the part of the Senate.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

PRIVILEGE OF THE FLOOR

Mr. BROOKE. Mr. President, will the Senator from Illinois yield for a unanimous-consent request?

Mr. STEVENSON. I yield.

Mr. BROOKE. Mr. President, I ask unanimous consent that Meg Power of my office be permitted the privileges of staying on the floor for the duration of this bill.

The VICE PRESIDENT. Let us have order in the Senate, please. The Chair cannot hear the speaker. Thank you.

Mr. BROOKE. Mr. President, I ask unanimous consent that Meg Power of my staff be permitted to stay on the floor during the consideration of this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. STEVENSON. Without yielding my right to the floor I yield to the Senator from Nevada.

Mr. CANNON. Mr. President, I ask unanimous consent that Aubrey Sarvis of my staff be permitted the privileges of the floor during the consideration of this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Illinois yield for the same purpose?

Mr. STEVENSON. Yes, I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Peter Hughes of my staff be granted the privileges of the floor.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MATHIAS. Mr. President, will the Senator yield for the same purpose?

Mr. STEVENSON. I yield to the Senator from Maryland.

The VICE PRESIDENT. The Senator from Maryland.

Mr. MATHIAS. Mr. President, I ask unanimous consent that Mr. Stuart Janney of my staff be granted privilege of the floor during pendency of the present matter.

The VICE PRESIDENT. Without objection, it is so ordered.

The Senator from Illinois.

Mr. STEVENSON. Mr. President, may we have order in the Senate?

The VICE PRESIDENT. The Senator from Illinois.

Mr. STEVENSON. Mr. President, I had intended to bring up this amendment as an amendment to S. 692, but by its vote on the motion to table the amendment offered by Senator PEARSON and Senator BENTSEN, the Senate has now involved itself not only on emergency pricing of natural gas, but on long-term pricing.

So I offer this amendment as a substitute to the Pearson-Bentsen amendment as a better means of comprehensively controlling wellhead prices for both oil and natural gas.

It is substantially the same amendment offered earlier to S. 692 and I offer it on behalf of Senators MAGNUSON, HOLLINGS, MOSS, MCINTYRE, BIDEN, HATHAWAY, BROOKE, JAVITS, MCGOVERN, HUMPHREY and PELL.

Mr. President, the Pearson-Bentsen amendment gives us the worst of all worlds. Yesterday the Senate, by a decisive vote, 57 to 31 defeated the Fannin amendment to decontrol natural gas prices. The Pearson amendment decontrols natural gas prices with one exception, and that exception is for offshore production.

In the case of offshore natural gas production, the Pearson amendment would continue——

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. BROCK). The point is well taken, the Senate will be in order. The Senator will suspend for a moment until the Senate is in order.

If the Senator will bear with the Chair, we will obtain order before the Senator resumes.

The Senator from Illinois.

Mr. STEVENSON. Mr. President, this amendment, the Pearson-Bentsen amendment, decontrols onshore production of natural gas and it continues for 5 years Federal Power Commission ratemaking procedures with respect to the wellhead price for offshore natural gas.

It, therefore, gives us the worst of all worlds.

The Senate has already, by a vote of 57 to 31, emphatically repudiated decontrol of natural gas, which this amendment perpetuates for onshore production, and it continues FPC regulation of offshore production, which if anything is agreed, ought to be discontinued.

The result, Mr. President, of this amendment would be no significant increase in natural gas production. The result would be a resumption of double digit inflation, a resumption of recession and rising unemployment. In the case of the offshore production, the perpetuation of FPC ratemaking involving new standards would mean lengthy litigation during which the courts would attempt to give meaning to these new standards which now have no meaning in law, have no meaning in past regulation or in court precedents.

Litigation would tie up ratemaking for many years, during which time price uncertainty would continue and during that time producers of natural gas offshore would curtail both development of natural gas wells and production from those wells.

So it would, with the continuation of price uncertainty, aggravate shortages, at the very least continue its shortages which originate with inadequate production offshore.

As for the onshore production, the price would immediately go up.

There is no such thing as decontrol. It is really a question of U.S. control versus OPEC control.

To decontrol onshore production of natural gas would mean those prices now at a maximum of about 52 cents per Mcf in interstate commerce would rise immediately to at least $3.

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. The Chair would request that those Senators who are in conversation please conduct their conversations outside of the Chamber. The Chair will not proceed until the Senate is in order.

May the Chair respectfully request conversation be held outside of the Chamber; there are still conversations going on.

The Senator from Illinois.

Mr. STEVENSON. Mr. President, there is no such thing as decontrol. It is a question of U.S. control versus control by the governments of foreign oil producing countries, and that statement is verified by the experience with natural gas pricing in the unregulated so-called intrastate market. Intrastate natural gas prices have already hit $2.

If we were to add the demand in some 45 natural gas consuming States to the demand in the 5 States that also produce natural gas, the price would obviously go higher. How high, nobody can say.

The Chairman of the Federal Power Commission has testified that the price instantly, an on-a-spot basis, would reach $3. That, Mr. President, would only be a beginning and that, Mr. President, is a sixfold increase over the maximum interstate price now of about 52 cents.

The consequence of such severe inflation in energy prices is, according to estimates of the Budget Committee staff, a 2.2-percent increase in the overall price levels for the country by 1977, an increase of unemployment by the same time of roughly 650,000, and economic stagnation and with no significantly increased energy supplies.

Those conclusions are fortified by studies conducted by the Joint Economic Committee, among others.

Mr. President, beyond a certain point a high price for energy, whether it is oil or gas, produces no more energy. It cannot produce more natural gas if the natural gas simply does not exist.

The administration's Project Independence, for example, concluded that beyond the price of 85 cents per Mcf, natural gas production increased only marginally. The additional gas that is produced by such higher prices is extremely expensive.

This amendment, Mr. President, establishes an initial new natural gas price of $1.30. By studies of the Budget Committee, among others, that is a price which is more than adequate to provide all of the incentives and resources required by the oil industry. Beyond that point you simply do not get increased production. All we get is more unemployment, more recession and more inflation.

What has happened in the past is that we have not recognized the suitability of fuels and their comparable values. Natural gas in interstate commerce has been priced artificially low, and as long as such a disparity in pricing continues the incentives are to consume, in this case, the natural gas, the premium fuel in shortest supply. On the other hand, the incentives are to produce the higher priced oil, which is in greater supply.

The Pearson-Bentsen amendment would rectify that imbalance by letting them both go up to an OPEC level. In the case of natural gas, it would be to a price level in excess of the OPEC level because of the critical gas shortages which we face in the country.

A better way to rectify it would be to recognize that the price for natural gas is too low, the price for oil is too high, and bring one up and the other down over time to establish a single tier, administerable, comprehensive price ceiling for both oil and natural gas, a ceiling which establishes a comparable price at a level which, on the one hand, gives the industry all the resources and incentives that it needs, and, on the other hand, protects the economy from more energy induced inflation, recession, and unemployment.

That, Mr. President, is what this amendment which I offer does.

If unregulated, natural gas and oil prices at the wellhead would climb to OPEC levels or higher. If regulation continued to price oil too high and natural gas too low, producers would tend to produce oil at the expense of the gas consumers. So this amendment proposes a single tier, comprehensive price ceiling for both. It would first of all establish a $9 per barrel ceiling price for new domestic oil which would remain constant in real dollars over a period of 5 years. Quarterly increases in that price are limited to the GNP deflator, but not to exceed 5 cents per barrel per month.

Mr. BROOKE. Will the Senator yield?

Mr. STEVENSON. I yield.

Mr. BROOKE. As I understand the Senator's amendment, the Senator would support decontrol of natural gas over a period of 5 years. Is that correct?

Mr. STEVENSON. This whole legislation would expire at the end of the 5-year term, at which time the President would establish any pricing formulas he chose and they would go into effect subject to a congressional right to disapprove.

Mr. BROOKE. The Senator's amendment does not foreclose decontrol after a period of 5 years?

Mr. STEVENSON. No, it certainly does not, and it does phase out the existing controls on old oil after 5 years, to bring both oil and gas to a single tier ceiling.

Mr. BROOKE. If the Senator will yield further, is it correct that the Senator, in addition to not foreclosing decontrol after a period of 5 years, attempts, by this amendment, to establish a ceiling for new natural gas at $1.30?

Mr. STEVENSON. The initial ceiling under this amendment is at $1.30, which is the average price for unregulated intrastate gas.

Mr. BROOKE. Is it the Senator's contention that the $1.30 would supply enough incentive so that we could get new production of natural gas?

Mr. STEVENSON. Yes. That is the unregulated intrastate price now. It is also a price which is equivalent to the average oil price established in this bill. The oil disparity which increases incentives for oil and decreases incentives for natural gas would be gone. The studies of the Budget Committee, the Joint Economic Committee and others conclude that this would provide the industry with plenty of incentive and resources with which to produce both natural gas and oil, but, on the other hand, also build in some protection against arbitrary OPEC prices, which is a primary cause of inflation, recession and unemployment.

Mr. BROOKE. It is my understanding that the intrastate price in Louisiana at the present time is $1.90. The Senator's amendment would put the ceiling price at $1.30. Is this consistent with having sufficient incentive for us to have a sufficient supply of natural gas?

Mr. STEVENSON. The $1.90 price which the Senator has referred to is not the average intrastate rate. The average is about $1.30. That reflects the demand within the producing States. If we were to add to that demand within those producing States the pent up demand in some 45 States, many of which are faced with critical natural gas shortages, it does not take a genius to figure out what would happen to the $1.30 price and the $1.90 price which the Senator mentioned. It would go up at least $2 or $3 and way beyond the point at which you have the adequate resources, the adequate incentives, with which to produce the gas which is there to be produced.

In the judgment of the Joint Economic Committee and the Budget Committee, that is a generous price. It was not very long ago that the industry would have been satisfied with a much lower price, and it was not very long ago that the administration, in its Project Independence, indicated that 85 cents was an adequate price. This is a generous figure.

Mr. BROOKE. How does the Senator arrive at the $1.30 price?

Mr. STEVENSON. On the basis of studies by the Joint Economic Committee and the Budget Committee. The Senator from Utah (Mr. MOSS) is active as a member of that committee, and in directing those studies, partly based on cost assumptions, including assumptions about future costs, and on adequate returns as opposed to alternative economic endeavors; and I mentioned that in relation to oil production. We wanted to gear this natural gas price to a reasonable average for oil, and he came out, as did others, with $1.30.

I yield to the Senator from Utah.

Mr. MOSS. Mr. President, if the Senator will yield here, I would like to add, on that point that he has responded to about the return to the oil companies, panies would receive, the study that was made by the Energy Task Force of the what the exploration and drilling com- Budget Committee indicates that if we go to $9 oil and $1.30 gas, the average income or return on oil exploration and development would be 14 percent on capital investment. That would return an average of 14 percent on all the money spent on exploration and development, which the Task Force held was a sufficient incentive that it would encourage continued exploration and development of any gas supplies that are available, and that could be discovered and developed.

I for that reason have joined with the Senator from Illinois in his amendment. I think that we now have gone right down to the core of this problem of how we are going to encourage the greatest amount of exploration and production here in this country, and at the same time hold in check at least to some degree the inflation that will sweep upon us if energy prices suddenly take another jump.

As the Senator will remember, the President, at the beginning of the year, wanted total deregulation, and then later, after he had vetoed the bill when we gave him total deregulation, he announced that he did not want that. In fact, he had prior to that said we had to have a 39-month phaseout and he definitely did not want total deregulation and asked, indeed, if we could extend the control period for a time, and work out something so that we would not have this sudden spurt of prices.

So I think what the Senator from Illinois has done, if the Senator from Massachusetts will join with him, is try to work out some middle ground on this thing, as to how we can try to get maximum production in this country and at the same time hold it in line so that we do not have this sudden surge of inflation in prices, and so that our economy can absorb it more gradually, as we continue to recover—we hear every day how we are recovering now—as we continue to recover, and thus attain a balanced energy policy in which there is certainty, which is the basic problem of all, the uncertainty that exists at this time. If we could get this, we would have a certainty so that for 5 years ahead, those who wanted to invest their money in exploration and production would know what the return would be on their investment.

Mr. BROOKE. I thank the Senator. With that evidence, I make further inquiry of the Senator from Illinois, if the Pearson amendment becomes law, would the Senator have any estimate as to where the price of gas would go?

Mr. STEVENSON. First, let me add to what I said earlier. The $1.30 figure is supported not only by the sound analysis conducted under the direction of the Senator from Utah, but also by studies conducted by the Federal Power Commission and studies conducted by the Congressional Budget Committee.

On that point about uncertainty, that is one of the difficulties with the Pearson-Bentsen amendment: prolonged uncertainty. The Senator from Utah is absolutely correct; producers are withholding production in anticipation of higher prices. They are faced with certainty, and they will be as long as this debate continues about energy prices.

The Pearson-Bentsen amendment continues FPC rate-making with respect to offshore production. It establishes new standards, which will have to be defined in the courts. It prolongs the uncertainty in the pricing of production offshore.

That uncertainty will cause producers to withhold or to curtail their production in anticipation of higher prices.

No one can say exactly where the price, unregulated, will go. It is a question which I and others have asked the experts; and the answer you typically get, probably a conservative answer, is that it will immediately go as high as $3 on a spot basis. That was the answer given to that question recently by the chairman of the Federal Power Commission.

That means a sixfold increase over the maximum price prevailing in interstate commerce now for natural gas. The Senator mentioned $1.90 as a spot sale. There have been higher spot sales in the unregulated intrastate market. Add the demand from 45 States to the demand from the 4 or 5 producing States, and there is no telling where it would go. Three dollars immediately; it could be $4 or $5 in the near future, because of the premium quality of the product, the many uses, and the critically short supply.

Mr. HASKELL. Mr. President, I wonder if the Senator from Illinois will yield for 5 minutes. At 4 o'clock, I say to the Senator from Massachusetts, we have a vote scheduled on an amendment which I described at length on Monday. I merely want to offer it and recapsulize what I said about it at that time. Under the unanimous-consent agreement, after the vote the Senator from Illinois will have the floor, or will retain it under the unanimous-consent agreement.

Mr. STEVENSON. Without relinquishing any of my rights, Mr. President, I yield to the Senator from Colorado.

Mr. HASKELL. I thank the Senator.

I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. HASKELL) for himself, Mr. HATHAWAY, Mr. RIBICOFF, Mr. HUMPHREY, and Mr. RANDOLPH, proposes an amendment.

Mr. HASKELL. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL's amendment is as follows:

Strike section 207 (page 25, line 20 through page 27, line 6) and insert in lieu thereof a new subsection "H":

RESERVE INFORMATION.—(1) The Commission is further authorized and directed to conduct studies of the production, gathering, storage, transportation, distribution, and sale of natural, artificial, or synthetic gas, however produced, throughout the United States and its possessions whether or not otherwise subject to the jurisdiction of the

Commission, including the production, gathering, storage, transportation, distribution, and sale of natural, artificial or synthetic gas by any agency, authority, or instrumentality of the United States, or of any State or municipality or political subdivision of a State. It shall, insofar as practicable, secure and keep current information regarding the ownership, operation, management, and control of all facilities for production, gathering, storage, transportation, distribution, and sale; the total estimated natural gas reserves of fields or reservoirs and the current utilization of natural gas and the relationship between the two; the cost of production, gathering, storage, transportation, distribution, and sale; the rates, charges, and contracts in respect to the sale of natural gas and its service to residential, rural, and commercial and industrial consumers, and other purchasers by private and public agencies; and the relation of any and all such facts to the development of conservation, industry, commerce, and the national defense. The Commission shall report to the Congress and may publish and make available the results to the Congress and may publish and make available the results of studies made under the authority of this subsection.

"(2) In making studies, investigations, and reports under this section, the Commission shall utilize, insofar as practicable, the services, studies, reports, information, and programs of existing departments, bureaus, offices, agencies, and other entities of the United States, of the several States, and of the natural-gas industry, but such studies, investigations, and reports shall be based on information developed, or completely reviewed for accuracy, after the date of enactment of this subsection". Nothing in this section shall be construed as modifying, reassignment, or otherwise affecting the investigative and reporting activities, duties, powers, and functions of any other department, bureau, office, or agency in the Federal Government.

"(3) In order to assist in determining necessary actions to eliminate the national emergency which exists with respect to natural gas supplies the Commission shall carry out and complete, not later than ninety days after the date of enactment of this subsection, an initial such study with respect to the total estimated natural gas reserves of fields and reservoirs and the current utilization of natural gas and the relationship between the two. Such study shall include specific estimates for individual fields and reservoirs but shall not include reserves controlled by small producers. On January 1, 1977, and at the beginning of each calendar year thereafter, the Commission shall, within the following ninety-day period, complete a review of the previous study and revise the results thereof to the extent necessary. A report of such initial study and each such review shall be made, within the time provided for the completion thereof, to the President and the Congress.

Mr. HASKELL. Mr. President, this amendment is offered as an amendment to the Pearson amendment. Just to summarize very briefly what I said at great length on Monday: For the first time, if this amendment is adopted, without any question the FPC will have the right to determine the proven reserves in the United States. Up to this point, and for the last 20 years, the producing companies have successfully resisted such determination and, therefore, we only get our statistics through a trade association and, as I pointed out on Monday, those statistics are seriously flawed.

I ask on this amendment for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The nays and yeas were ordered.

Mr. HASKELL. Since I described this at great length on Monday, I shall not take up any more of the Senator's time. I yield to the Senator from Illinois.

Mr. STEVENSON. Mr. President, no one can say with certainty where the price would go if natural gas were deregulated and its price permitted to go up to and exceed the equivalent price established by the foreign oil producers for oil. That question has been asked of many, including Mr. Zarb of Federal Energy Administration, and he, too, like the Chairman of the Federal Power Commission, said $3.

We are asked to decontrol the price of natural gas with no assurance of what will happen and an inability on the part of those who urge it to predict the price that will follow. Some do concede that it will hit $3 immediately.

A year and more ago some of the witnesses that we have heard in the Committee on Commerce on this subject, supported a decontrolled natural gas price. They expected that the high price for oil would produce supplies of oil which would, in turn, bring down the price of oil. Those expectations have, of course, been disappointing. The oil cartel has demonstrated its ability to control the price, indeed to increase the price by decreasing production.

Many of those same witnesses, their expectations disappointed, including the Chairman of the Federal Power Commission, say, yes, we are in favor of deregulation but, of course, there must be a ceiling, some protection against arbitrary, extortionate OPEC pricing of natural gas in order to protect the economy from more energy-induced inflation, recession, and unemployment.

Mr. President, this amendment establishes an initial new oil price of $9. It also phases out price controls for old domestic oil over a 5-year period up to the ceiling established for new oil. Authority within the Federal Energy Administration is established, subject to congressional approval, to exempt from these oil price controls certain high-cost production categories such as tertiary recovery, heavy oils, and synthetic oils. The Federal Power Commission would have similar authority with respect to natural gas.

Unlike the House-passed bill, which deals with oil prices, this proposal would simply decontrol these high cost oils letting them rise to the world marketplace.

The House-passed bill establishes several tiers of pricing requiring the administration of a complex allocation system. This amendment establishes a single ceiling price for all new natural gas based on the average new natural gas price in the intrastate market from August to November of 1975, not to exceed $1.30 per Mcf with quarterly increases based, as in the case of oil, on the GNP deflater, but in no case to exceed 1 cent per Mcf per month.

Finally, Mr. President, this amendment would, as I had indicated a moment ago to the Senator from Massacusetts, establish Presidential authority after 5 years to modify or eliminate the pricing formulas but subject to disapproval by either House of Congress.

It would, therefore, eliminate the present pricing disparity between oil and gas, not by letting natural gas rise to an OPEC level or higher, but by holding down the average price of oil and bring ing up the price of natural gas.

The average initial price for oil, under this formula would be about $6.75, which is roughly equal on a Btu basis to the $1.30 price established initially for natural gas. A reasonable price relationship would, therefore, be established and maintain.

I think, Mr. President, that one of the reasons for the failure of the executive and the legislative branches to come to terms upon a sensible pricing proposal has been in the past our failure to recognize that it is impossible to sensibly control the price of one of these fuels without reference to the price of the other. We have not recognized this comparability in value, in part, because of the structure of Government. One committee will consider oil and another committee natural gas. The House of Representatives has not even begun to consider long-term pricing for natural gas.

Only now and for the first time are we bringing these two together in a comprehensive proposal. It strikes me as somewhat curious that the administration which, after supporting decontrol of oil, finally recognizes that there really was no such thing, that in fact it was supporting OPEC control of oil prices and agreed to support a ceiling on oil. But it has still not recognized that the same phenomenon or an even more dangerous phenomenon occurs with respect to the price of natural gas, more dangerous because the price of natural gas can go higher than oil on a Btu equivalent basis.

The arguments for a ceiling in the case of oil accepted by the administration are just as valid in the case of natural gas, more so, if anything, because of the critically short supply for natural gas which can send the prices higher than the OPEC price for oil.

A recent study by the Energy Task Force of the Committee on the Budget, under the direction of the distinguished Senator from Utah, who has given generously of his time and skill to the preparation of this amendment, a study also by the Federal Power Commission, and a study about to be issued by the congressional Budget Committee all indicate a price of $9 per barrel for new domestic oil production and $1.30 per Mcf for natural gas provide the domestic oil industry with a 14-percent rate of return on investment.

They also indicate that these prices, $9 per barrel for oil and $1.30 for Mcf for natural gas, would cause substantial increases in production and that increases in production diminish at prices above those levels.

So, Mr. President, I am hopeful that this amendment can finally establish a middle position on supply and price, the basis for compromise, and for action toward a coherent national energy pricing policy. It would create incentives for gas production as well as oil production. It would also protect the economy from unnecessary energy induced inflation and recession.

Mr. ABOUREZK. Mr. President, for the last 3 days we have been discussing ways to deal with an anticipated severe shortage of natural gas this winter. Now we are being asked to consider, without debate on the nature and causes of this shortage, a substitute measure which would end the cost-based regulation of natural gas in the interstate market. We have had no real debate. We have not arrived at any conclusion about the cause and nature of the shortage.

Senators may recall that in July I submitted for the RECORD a Reader's Digest article which posed precisely the critical question we have yet to answer: "Is There Really a Natural Gas Shortage?" My distinguished colleague from South Carolina has already referred to this article during earlier debate.

The claim of natural gas shortage is based on figures showing that our proved reserves of natural gas have been declining drastically since 1968. But the Reader's Digest brought forth troubling evidence that these very figures have been manipulated by the industry. In light of this, the article makes an unusual recommendation that Congress postpone consideration of legislation to meet the curtailment problem until we get the facts on proved reserves and answer to the shortage question.

It would be a cruel irony if the passage of emergency legislation helped to preserve the ignorance of the public and the Congress about the amount of natural gas actually available for production, and put the Nation permanently at the mercy of the gas producers.

Proved reserve estimates are collected by an American Gas Association committee composed of oil and gas industry employees. Once collected, the AGA reports that statistics on proved reserves in a generalized way so as to protect "trade secrets"—a practice which prevents the FPC from ever verifying the accuracy of the figures. The figures could indeed be doctored, and the FPC would never know it.

I referred a minute ago to a Reader's Digest article on this issue. I am going to introduce for the RECORD the secret correspondence between American Gas Association President F. Donald Hart and Hobart Lewis, the editor of Reader's Digest. This exchange occurred in August in response to the Digest printing of "Is There Really a Natural Gas Shortage?" The main point at issue in their letters is whether underreporting of proven reserve figures represents actual withholding or production and if so, what are the dimensions of this withholding. I do not need to remind anyone who has listened to the current debate that the existence of even 1 trillion cubic feet of withheld gas would directly affect both the fate of emergency legislation and long-term solutions of the natural gas problem—not to mention the fate of many people this winter.

In his unpublished letter, Mr. HART calls the Digest's efforts "irresponsible journalism." The AGA president's 24-page letter depends on innuendo and misstatement, and makes no conclusive refutation of the arguments in the original story. In its own word, the purpose of the AGA letter was to "assist" the Reader's Digest to a proper interpretation of the proven reserves question. It is my understanding that in fact the gas industry met in person with the editors of the Reader's Digest to apply pressure for a rebuttal or a new article posing the petroleum industry's point of view. Indeed, in advance of publication of the article, I believe an effort was made by the industry to seriously modify the contents.

It is certainly to the credit of the Reader's Digest and its editors that they yielded to none of this pressure. We should thank the magazine for posing these critical questions on the causes of the current shortage, and sticking to their guns in the face of the sort of persuasive propaganda that most of us are regularly subjected to by representatives of the same industry. Of course, the AGA letter is more of that same propaganda. The Reader's Digest editor, Hobart Lewis, remains clear that what his magazine printed was a request that decisions on a policy of great importance not be made "until Congress has had a chance to determine whether the figures on proven reserves of natural gas have been manipulated."

In fact, the editors considered that their reportage would do a distinct public service if it succeeded in getting Congress to order an independent investigation of natural gas curtailments. I could not agree more with Lewis' observation that "what the country needs, far more than the passage of any one law is public respect for the lawmaking process itself."

But Congress has not investigated, and here we are on the floor debating whether deregulation will end some shortage of natural gas. The questions that were raised by this article and which form the substance of the correspondence I am submitting, have not been answered. We cannot responsibly take up the problem of gas supply and availability without the answers to these questions. I want to lay them out so we are all very clear on why such an inquiry is demanded:

First. Based on a limited investigation into proved reserves for 31 leases in the Gulf of Mexico, the FPC found American Gas Association reports to have understated reserves by at least 54 percent: The AGA reported new proved reserves of 3.1 trillion cubic feet for 850 leases—while the FPC found 4.8 Tcf of new gas on a mere 31-lease sample. Later using subpenaed documents covering the same leases, the Federal Trade Commission found over 100 percent underreporting to AGA.

Second. In 1971, Senator PHILIP HART requested an investigation of the reliability of the American Gas Association proved reserves figures. In their inquiry, the FTC found serious underreporting by producers to the AGA. The discrepancies between the reports to the AGA and the private proved reserve ledgers of individual companies varied as much as 1,000 percent for some fields. Data on ledgers kept by 20 fields showed an overall discrepancy of 24 percent between AGA figures and FTC figures.

Third. The FPC staff is currently investigating dedicated nonproducing gas reserves in the Gulf of Mexico. FPC chairman John Nassikas recently told the House Subcommittee on Oversight and Investigation that these wells contain at least 8.5 Tcf of gas that is not being produced. These reserves have been committed to the interstate pipelines, and facilities do exist to carry the reserves to market, but on more than 31 percent of the total dedicated reserves, no production is taking place.

Fourth. On September 25 of this year, testimony before the House Subcommittee on Energy and Power underscored the possibility that the shortage results from speculative withholding. Congress itself must take some responsibility for this, because we have continued to hold out to producers the prospect of deregulation and higher prices. A secret memorandum obtained by the committee indicated that a major producer was anticipating a 450-percent increase in price over the regulated level. Congressman Moss also made clear the complicity of the Federal Power Commission in this situation. According to testimony, the FPC fuels the speculators' hopes by neglecting to implement its own rules and regulations and by failing to insist on delivery of contracted offshore reserves. Little more than 1 month ago, the District of Columbia Circuit Court ordered the FPC to investigate nondelivery of contracted gas saying "certainly a responsible administrator would have attempted to determine whether a shortage requiring curtailment presently exists."

We can only conclude that we do not have responsible administration of the regulations. The FPC is headed by men committed to the policy of deregulation. The FEA has had less success in getting accurate, reliable information out of the oil and gas industry than the FPC. As our colleague Senator HASKELL has pointed out, the issue of proven gas reserves and accurate information is germane to this emergency. The public does not know what gas is available to them this winter. It cannot know until Congress commits itself to a full investigation of the withholding question—and beyond that, to the question of systematic underreporting of reserves. The discussion here today is whether we shall accept the industry's prescription of the natural gas problem, and adopt the solution it has lobbied for since 1954. We are talking about basing a controversial and far-reaching policy change on misinformation and no information. Certainly, the discussion on the floor in the past week should have made us aware of the vital importance of a single billion cubic feet of gas, let alone the amounts which the charges of underreporting indicate exist.

Only an independent investigation will

show the real supply situation with regard to natural gas. The importance of this issue to the American people demands that Congress take responsibility for answering conclusively the charges that the current curtailments are the results of willful withholding, and the decline in additions to proven reserves the result of deliberate underreporting. After that, we can take up the issue of deregultion and regulatory reform of natural gas.

Mr. President, I ask unanimous consent that the correspondence be printed in the Record.

There being no objection, the correspondence was ordered to be printed in the Record, as follows:

August 1, 1975.

Mr. Hobart Lewis,
Chairman and Editor-in-Chief,
Reader's Digest,
Pleasantville, N.Y.

Dear Mr. Lewis: The article in the August issue of Reader's Digest, "Is There Really a Shortage of Natural Gas?" is appalling. In coming out strongly for a delay in deregulation of the field price of natural gas on the basis of a very poorly researched analysis into the so-called "hidden reserves" controversy, you are performing an uncharacteristic disservice to your millions of readers, and the overall public interest.

The impression is that of a "bombshell issue" which some writers hunger for when in reality this one has been around as long as the Federal Power Commission's unworkable 22-year regulatory experiment which has left the nation critically short of its premium fuel at the worst possible time. This "false shortage" hue and cry has been raised, answered, rebutted and counteracted numerous times over the years in every conceivable forum—Congress, Federal Agencies, and the courts.

For your publication to take a firm position—indeed, one of direct lobbying—on such a shallow treatment of a very technical and complex subject demonstrates an unbecoming naivete. Your publication has provided the opponents of deregulation—who will never admit there is a natural gas shortage—an unexpected forum, when you urge the public to speak out against deregulation of new natural gas, raising the question of a secondary issue just when virtually all the real experts agree that there is indeed a serious gas shortage. This is an issue which die-hard opponents of deregulation will continue to raise no matter how often or how comprehensively it is answered.

Inasmuch as the consequences of the gas shortage could be economic chaos if positive corrective action is not taken soon, Reader's Digest's recommendation that action be deferred is, in our opinion, irresponsible journalism.

A.G.A. does not represent the gas producers. Other than to continue service to its customers, A.G.A. has no direct economic incentive to urge deregulation of the wellhead price of new gas. It advocates doing so as the only feasible way to encourage exploration and development of new supplies and to protect the flow of gas to 160,000,000 American consumers.

Failure to deregulate will perpetuate a worsening gas shortage (regardless of who estimates the reserves), and will soon result in economic chaos as industry faces a 100% curtailment by the early 1980's if present trends continue. Domestic consumers unable to obtain gas will be forced to turn to alternate energies at costs several times that of deregulated natural gas.

The issue of deregulation and reserves reporting are only indirectly related. Regardless of whose figures are more believable with respect to proved reserves, these estimates do not produce any additional gas. Deregulation will.

On a less critical issue, we would be moved to apologize for the length of the attached memorandum. However, in view of the sensational and biased article you have published on this vital matter, we sincerely urge you to consider the facts we set forth.

We ask you to take steps to rectify the misrepresentations inherent in Mr. Miller's article, not only as a matter of principle, but in deference to the reputation Reader's Digest has earned as a reliable source of information.

We stand ready to assist you in any way we can. To this end, may we have an audience with you and your editorial board at the earliest possible date?

Sincerely,

F. Donald Hart.

Response to Reader's Digest Natural Gas Article[1]

It is difficult to respond with brevity to this article because it is so fraught with misstatements, quotes out of context, innuendoes, and one-sided presentations that we can only conclude there are deliberate omissions of the other side of the admittedly complex and controversial issue of reserves estimating. The outright misrepresentation that reserves estimates represent the key issue involved in the deregulation debate is unconscionable. The overwhelming weight of evidence in support of deregulation is based on the ascertainable and irrefutable fact that a real shortage of natural gas indeed does exist. However, we will proceed chronologically:

1. Let us begin with the title, "Is There *Really* a Shortage . . .". The underscoring makes clear at the outset the conclusions this author wishes to convey. The inflammatory nature of what is to come is obvious from the catch-phrases of the opening paragraph: ". . . explosive question . . . big energy companies . . . phony shortage . . . force Congress. . . ."

2. In the second paragraph he begins combining the catch-phrase with the misstatement. Can there be a more fearsome threat to the already overburdened consumer than: ". . . thus adding billions of dollars to the national fuel bill." This ties in with the comment on the next page: "Take off the ceiling, let the wellhead price go up (most estimates agree it would double or triple). . . ."

The author here buys hook, line and sinker the erroneous figures tossed about by deregulation opponents where they merely take some projected field price rise and apply it to current production of 21 trillion cubic feet per year, and through this mathematical exercise come up with a several billion dollar figure. This is an incorrect analysis of price change possibilities which grossly misleads the consumer-reader in three respects.

First, it fails to note that any of the interstate gas deregulation proposals, including that endorsed by A.G.A., relate only to the wellhead price of "new" gas. While the price of this "new" gas will indeed be substantially higher than present prices—that is the incentive for broader exploration—the cost of gas to the consumer will increase by only a fraction, as the new supplies are rolled in over the years with the large volumes of "old" supplies under long-term contracts at the present lower prices which will continue under Federal Power Commission regulation.

Second, it fails to state that the wellhead price, which probably would increase two or threefold through deregulation, represents only about 20% of the current residential gas price.

Both of these factors which make the consumer impact both relatively small and gradual are ignored. Yet the record before Congress is replete with evidence that the impact of field price deregulation on the consumer's gas bill is in the range of $10 per year or less than 5%. This will amount to between one and two dollars per month each year over the next 10 years.

Third, and perhaps most unforgivable, is the failure to even acknowledge the true potential impact of failure to deregulate on the national fuel bill. What is the alternatively natural gas is no longer available to some consumers. The answer is higher priced fuel oil with its added burden of oil imports or electric space heating at three to six times the burner tip price of deregulated natural gas.

3. Continuing the misstatements of the second paragraph, the author announces that ". . . the key figures around which the debate revolves come from the gas industry itself. . . ." Here he refers to proved reserve estimates which, as we will discuss later, are a happy hunting ground for industry critics. But these estimates are by no means the key issue. While this peripheral argument over reserves continues through Federal agencies and congressional committees, the truly persuasive reasons to deregulate the field price are based on other readily ascertainable facts. These are as follows.

Exploration and drilling for natural gas and oil in the United States dropped steadily after the Supreme Court imposition of Federal price controls on natural gas in 1954. Total wells drilled dropped from over 58,000 in 1956 to about 26,000 in 1971—less than half the peak level. During this period the demand for gas more than doubled. With such obviously negative trends, it was inevitable that there would be, at some point, a shortage. It hit in 1971, with the first actual curtailments to customers under existing contracts. These curtailments have increased each year with the most severe impact on industrial users—the first to be cut back. Curtailments this next winter are expected to be some 45% higher than last winter. Curtailments are not caused by reserves estimates and cannot be alleviated by debates over reserve estimates. Curtailments reflect the physical inability of existing gas reservoirs, committed by the producer under contract to the purchasing interstate pipeline, to produce any greater volumes. If everyone in the U.S. could suddenly know the exact volume of all proved reserves, natural gas production and deliverability would not be improved. The gas shortage would not be changed at all.

Now let us examine the plight of those interstate pipelines and their distributor customers who serve most of the country's 160,000,000 natural gas consumers. They have not been able to add any significant new supplies since the advent of curtailments. Why? Because interstate pipelines have been unable to compete with intrastate buyers for new gas supplies in much of the U.S. As the shortage became apparent to all natural gas buyers—both interstate and in the intrastate markets of such major producing states as Texas, Louisiana and Oklahoma—the intrastate price began to rise steadily to a range between 75 cents and $1.25 per Mcf. This compares with about 52 cents per Mcf that interstate pipelines can offer as a result of FPC ceiling prices, so they are hopelessly out of competition for new supplies. This is a disparity which virtually all in Congress recognize must be eliminated. This can only be done in one of two ways—you either deregulate the interstate sales or you extend the Federal controls to the states. In view of the dismal track record of past field pricing—which even opponents of deregulation admit is intolerable—is it any wonder that deregulation is gaining in favor among Members of Congress and their informed constituents?

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[1] "Is There *Really* a Shortage of Natural Gas?", by James Nathan Miller, Reader's Digest, August, 1975.

The "phony shortage" argument began to emerge in the late 1960's and intensified in the early 1970's when it did indeed become apparent that there was a shortage and the only hope for industry critics was to label it "phony". It has been raised and answered in congressional testimony on numerous occasions and the specific A.G.A. responses will be described later in more detail. For discussion purposes, let us assume that some proved reserves are being withheld awaiting the higher prices of deregulation and analyze this contention by industry critics.

First, in the unregulated intrastate markets onshore in the major producing states, producers can now receive the free market price, so there is no incentive to withhold. Second, in the offshore Federal OCS areas where the Federal Government is the lessor, there are prudent development obligations to the lessee which can be and are enforced. So the producer-lessee can hardly delay exploration and development obligations capriciously without incurring financial loss, including cancellation of his lease. These have been and are continuously reviewed by the U.S. Geological Survey of the Interior Department. Finally, the offshore producer who expends huge sums on lease bonuses and drilling costs is under intense pressure to earn current revenue from his investments—not to wait patiently for some congressional action which the author says the producer has been seeking "for the last 20 years".

What the producer clearly is withholding, however, is the expenditure of vast sums of money required for the exploration and development of new, potential gas supplies, because he does not think it is worth the risk at current interstate prices. Under the free enterprise system of government, thankfully you cannot make him do it. With adequate incentive, he will assume the risks.

In recent testimony before the Subcommittee of Representative John Moss (D-Cal), FPC Chairman John Nassikas put the "phony shortage" issue in perspective when he said:

"Those who emphasize the frailties of our present data and who would base national gas policy on the supposition that vast quantities of gas are being withheld from the markets are not, in my opinion, being realistic about the magnitude of the problem which we face. If natural gas is being withheld from the market, the potential for withholding is, in my view, simply not large enough to substantially alter the dimensions of the gas shortage as we now know it."

Thus, the real issues of the deregulation debate are a long expected and growing shortage of natural gas with a devastating impact on our nation's industry, and an equally devastating possible future impact on residential consumers, brought about by disincentive price levels imposed by our own Federal Government on our own premium source of domestic energy. The average field price level of the 21 trillion cubic feet of natural gas produced in the U.S. last year was 30 cents per Mcf or less than the equivalent of $2 per barrel crude oil. The Federal "incentive price" for new gas is 52 cents per Mcf, or about $3 per barrel equivalent. This situation prevails at a time when oil imports at a price of over $12 per barrel continue to increase, and when electricity rates for home consumption are virtually skyrocketing. The ridiculousness of continuing this policy is patently obvious.

Massive increases in U.S. drilling—improved domestic self-sufficiency in energy—jobs for our nation's workers—national economic recovery—consumer prices and mitigating the inflationary impact of all forms of energy—conservation, natural gas is our most efficient fuel—the environment, natural gas is our cleanest fuel. *These are the issues around which the deregulation debate must revolve,* not the endless controversy over reserves estimates. Let us now turn to this issue.

4. The final misstatement in the second paragraph refers to these reserve figures when the author says ". . . and the industry refuses to let the government see the records on which these figures are based." It is repeated later on page 128: "The industry has refused to release the data that would prove or disprove the charge of manipulation."

The short answer to this is that any time the government has provided a vehicle for assuring that this voluminous, complex data would be reviewed by technically competent people and that individual company confidential data—some of which has unique proprietary value—would be protected, *the industry has made it available.* It did so in the Southern Louisiana Area Rate proceeding before the FPC. It did so in the National Gas Survey, a comprehensive study also conducted by the FPC. It did so in the recent Federal Energy Administration study.

However, any time these government assessments are made—no matter how objective they are—the shrill voice of the "no shortage-ever" spokesmen quickly relegates the participants and their agencies to the role of "tools of the industry".

Much is made of the Federal Trade Commission investigation and the "staff" contention of "serious underreporting". The author refers to one bureau of the FTC in his consistently one-sided approach. He omits the findings of another bureau of the FTC, which has publicly presented a diametrically opposite finding that issuance of an FTC complaint would be "extremely ill advised". For now, let us just surmise that if the FTC accepts the latter staff recommendation, it too will be quickly categorized as a "handmaiden of the industry" by the "no shortage-ever" proponents.

5. Before proceeding to a discussion of the various charges as to the reserves estimates per se, it would be helpful to consider what is involved in making and evaluating such estimates.

A.G.A. started compiling an estimate of natural gas reserves in 1946, as a continuation of an effort which was conducted by the Government during World War II to establish an inventory of America's crucial resources for waging the war. This type of information was clearly necessary for long-range planning, and to provide general information for the natural gas transmission and distribution companies on the availability of future supplies to obtain public financial support for the construction of necessary facilities.

Since its inception, the A.G.A. Committee on Natural Gas Reserves has been composed of knowledgeable, professional geological and petroleum engineers, most of whom have served on the committee or its subcommittees for longer than 10 years, and has included a representative from the U.S. Bureau of Mines. As noted in the Reader's Digest article, many of the men who serve on these subcommittees are employees of natural gas producers, since they, through their companies, have access to the information which is necessary to formulate a reserves estimate.

These are the men most qualified to do the job. We agree with the FTC Bureau of Economics' comment on the implied accusation that by itself, just being producer employees might indicate readiness to misrepresent reserve figures: *"That a company pays a man's salary does not necessarily imply that it is purchasing a man's integrity."*

Along this same line the author states: ". . . that if the industry wanted to doctor them (the figures), the system is ideally designed to do it." This is similar to saying that since a man has hands, he is ideally suited to becoming a pickpocket.

In assessing the committee function, it should be remembered that reserves estimating is an activity which calls for great professional skill, but does not lend itself to great exactness. A petroleum geologist or engineer is trying to estimate, initially on the basis of a very small amount of data, how much oil, natural gas and water will be found in a geologic formation of uncertain size located at a great depth below the surface. To use an analogy, it is as though one were handed a large sack, told it was filled with pennies, nickels and dimes, and asked to estimate how much money was in it. Knowing the weight of the sack would not be enough information to make any more than a broad guess. Only after several handsfull of coins have been taken out could one begin to make any statistical estimates as to the probable mix of coins in the sack, and one would never really know exactly how much money is there until the last coin is removed.

In reserves estimating it is commonplace for reasonable, objective, technically qualified men to differ widely on individual field estimates when reviewing exactly the same data. When this process is subjected to the adversary proceedings of the regulatory or legislative arenas, *any* reserve estimates by *anybody* will inevitably be controversial and subject to second guessing.

There is no better example of this than the range of criticisms of the National Gas Survey, a comprehensive review by government geologists and engineers—Federal and state—of a statistically reliable basic data sample selected by government statisticians. These range from "damning with faint praise" to open vilification of the participants. To the diehards who say the shortage is contrived, these government studies simply came up with an answer unsuitable for their purposes.

6. A theme that runs throughout is the author's preoccupation with the producing companies' reluctance to make *all* of their basic proprietary data available under circumstances tantamount to being open to the public, including their competitors. This is reflected in the comment at page 131:

"The Information Gap. Perhaps the most troubling question is why the oil and gas industry—in the midst of a public relations campaign to re-establish its credibility with the public—is putting the whole campaign in jeopardy with its determined secrecy about the gas reserves. Many other industries routinely turn over their most closely guarded secrets to government agencies—patent applications, detailed financial figures, chemical and drug formulas, etc. If the oil and gas companies have nothing to hide, why do they insist on hiding so much?"

Item 4 above, spoke to the erroneous contention that ". . . the industry has refused to release the data . . ." There are valid reasons for the producer's reluctance to release all data sought by broad, scattershot requests without some reasonable ground rules.

As the author admits, much of this underlying data is of a proprietary nature and has great value to the company which accumulated it. Further, it is readily susceptible to being misunderstood or misinterpreted. The producing companies have shown repeatedly that they are prepared to permit their data to be inspected by knowledgeable outside parties who will protect its proprietary aspects. Precisely what they fear is having it made public so it can be picked over or shaped into misleading comparisons, either inadvertently by technically incompetent people, or deliberately to serve political purposes, all of which have occurred in the recent past.

The problem the producers face, in this respect, is highlighted in the Reader's Digest article by quotations from the Federal Trade Commission's complaint memorandum. The reserves information contained in that memorandum was given to the Federal Trade

Commission on the basis of its firm commitment to maintain its confidentiality—a commitment which it knowingly breached by turning the information over to Representative Moss, who then compounded this impropriety by making the report public. If the FTC will not honor its responsibilities, and if it seeks (as it did in the case of the subpoena discussed in the article) information which goes far beyond the legitimate scope of its inquiry, is it any wonder that such subpoenas are resisted?

An example of the specific concerns resulting from the FTC's evaluation of data submitted by the four companies who did not resist the FTC subpoenas of 1971, are statements such as that which appear on page 129:

"Among the huge disparities that the FTC cited were instances in which the companies' in-house reports on their reserves were ten times higher than what A.G.A. reported."

This charge has been repeated again and again to Congress despite the explanation by the company involved. The subject gas reserve was found in what was essentially an oil reservoir. A relatively small amount of associated gas cap atop the oil was reported in the A.G.A. *field* estimate of gas reserves. The much greater volume of gas dissolved in the oil was estimated by API reserves subcommitteemen in accordance with the published procedures of the A.G.A. and API reserves committees which recognize that dissolved gas estimates are a function of oil reserves estimating. Per normal procedures this reservoir estimate of dissolved gas was combined by API with all other South Louisiana dissolved gas estimates and provided to the A.G.A. subcommittee for addition to its summation of field-by-field estimates of non-associated and associated gas reserves. Since A.G.A. field estimates do not include dissolved gas, any comparisons of A.G.A. field estimates with company ledgers which happen to include dissolved gas should obviously differ. Thus, the FTC staff's failure to understand such technical details has resulted in widespread allegations of gross under-reporting and the explanation never seems to catch up with the more sensational sounding charge.

It is our understanding that the 11 companies involved now have responded to the subpoenas issued by Representative Moss' Subcommittee, referred to on page 131. A virtual room full of records and data have been deposited at the GAO building in Washington. It is our hope that the episode described above will not now be repeated time and again. It is our hope that the data will not be reviewed solely by lawyers, accountants, clerical staff and others without technical competence in this field. We would only hope that an organized responsible review be conducted.

Also, in the quote above, the analogy that the author tries to draw between patent applications, financial figures and chemical and drug formulas is not a valid one, since in the first instance, the purpose of revealing the secret is to obtain a patent monopoly, while in the latter two instances, the Government agency involved is under an obligation to, and has a track record of, keeping the information confidential.

7. With respect to the FTC investigation, we would offer two additional points.

First, when Senator Philip Hart (D–Mich.) asked FTC to investigate the accuracy of A.G.A. statistics some five years ago, the reserves estimates were originally questioned *not* to confirm or deny a gas shortage, nor to support or denounce deregulation. The question was whether alleged under-reporting led to unjustifiably high price setting since the FPC used these figures in setting area rates. But Chairman Nassikas has said in testimony that it makes little difference—area rates were adjusted to account for any perceived inaccuracy that might be in these figures. Further, as noted earlier the FPC national area rates are just now up to the 52 cents per Mcf level while intrastate gas now is averaging between 75 cents and $1.25/Mcf. And most importantly, there appears to be no intrastate shortage of gas at these market clearing prices. Can Reader's Digest or Representative Moss, or anyone, therefore, seriously contend that the A.G.A. reserve figures have caused the FPC to inflate gas prices unjustifiably?

It seems rather obvious that just the opposite is true. Gas reserves are down and they will continue to decline until the Federal Government gets out of the price control business. None of the alleged "inaccuracies" in reserves estimates would even approach offsetting the gross error of setting price controls to stimulate future exploration by averaging costs of past years. Any consumer can see the fallacy of expecting to purchase a product today at 1970 prices.

Second, the author presents a very one-sided view of the FTC staff's deliberations on this issue. He says on page 129:

"The documents that the FTC did get have convinced members of its staff that there is 'serious underreporting' that it is 'tantamount to collusive price rigging'."

This reference to the FTC "staff" is actually to the Commission's Bureau of Competition. Not so widely reported—including no mention whatsoever in this article—is the position of the FTC's Bureau of Economics, which also has been presented to Representative Moss' Subcommittee.

Memoranda by the Bureau of Economics say charges of collusion to increase prices by misrepresenting gas reserves cannot be substantiated and that a complaint against A.G.A. and the gas companies would be "extremely ill advised."

A memorandum of the Bureau of Economics dated May 28 says Bureau of Competition examiners used figures that were not comparable—comparing proved reserves reported to A.G.A. and "possible" or "probable" reserves reported to FPC.

In an April 16 memorandum, the Bureau of Economics says it is "frankly puzzled" by the charge of conspiracy between A.G.A. and oil companies to maintain a misleading reporting system.

It pointed out the examiners had no data from seven oil companies which are fighting FTC subpoenas for company information and the reports of four other companies disclosed no consistent or joint pattern.

8. The defamation of the "Independent Study" (the FPC's two-year National Gas Survey) on pages 129–130 casts an undeserved stigma on an outstanding example of government-industry voluntary cooperation in a major, comprehensive study which was considered for years to be urgently needed by the Commission in its overall regulatory role, and was not by any means for the gas reserves evaluation alone. Its undertaking had been strongly recommended by previous Commissions. It is virtually dismissed by the author with a comment such as that on page 130:

"The 'independent' study was actually designed by an 'advisory' committee dominated by industry executives from Exxon, Mobil, Gulf, Texaco, etc."

The National Gas Survey was designed and carried out by the FPC which, for this effort, used a vast array of academicians and government employees—accountants, engineers, geologists, statisticians, engineers and economists. There were industry "advisory" committees, but their purpose strictly was to advise and assist the FPC in this effort by providing such technical expertise, manpower and information as the FPC and its supervisory staff might request and employ under its own direction. There is a great deal that industry can and does provide other than the contested reserve data.

Chairman Nassikas and the Commission, in organizing this extensive effort, were well aware of their susceptibility to criticism by some as to industry participation. They have long been conditioned to *ex parte* matters and are sensitive to them. There are those who believe that objectivity can only come out of a monastery. Yet a knowledgeable study must involve those who know something about the industry—whether from government, academia or the industry itself—and this only comes from exposure to that industry and its operations.

In any event, ground rules were carefully formulated and followed to allay criticisms such as the author cites by one Member of Congress saying, "It gives every appearance of having been a put up job." Suffice it to say, it was no such thing, and Chairman Nassikas has described the program and its results in meticulous detail publicly and to Congress on numerous occasions.

Then there is the curious statement attributed to Dr. Paul Root, a distinguished petroleum engineer who came to the Commission from the University of Oklahoma. It leaves the impression that the 158-field sample was somehow deficient. We refer to the following quote:

"The study's director, University of Oklahoma Prof. Paul Root, admits that the 158-field sample was not designed to check the accuracy of A.G.A.'s figures." (The "not" was even in italics.)

Indeed it was not so designed. It was a completely independent study. The 158-field sample was selected by the government statisticians on the basis of its statistical validity to extrapolate a reliable total of U.S. proved reserve figure. Dr. Root, his Federal and state geologists, then proceeded to make their own evaluation of the basic raw data provided to them by producers and all other sources, including data in the files of the State Conservation Commission, the USGS, and the FPC. So while it was certainly not designed as an "A.G.A. audit," its usefulness as a comparison with the A.G.A. total speaks for itself.

The innuendo here is, in our opinion, a distinct disservice to a large group of dedicated government employees with a special professional competence who devoted much time and effort to a comprehensive study under the most objective circumstances possible.

8. With respect to "The Case of The 31 Leases" discussed on page 130, this is an example of some of the confusion that can result when all of the problems of estimating proved reserves under adversary circumstances are compounded by mixing these estimates with those of potential supplies which fall into such categories as "probable," "possible," and "speculative." This particular case has been the subject of written correspondence between A.G.A. and the Commission staff. It has been addressed as a matter of public record in Congressional hearings.

The FPC estimate of reserves was based on the sketchiest of information—in many cases one "test" well for up to 1,400 acres. To go back to our earlier analogy, this is like guessing the amount of money without even weighing the sack of coins, and represents a figure far too speculative for inclusion as a "proved reserve," under the consistent, long-standing procedures used by the A.G.A. Committee on Natural Gas Reserves. A.G.A. proved reserve procedures have, for reasons which have stood the test of time and experience, consistently allowed any one well to prove-up only much smaller areas. A.G.A. reserves are proved as drilling progresses. To go beyond this, it is the opinion of the experts, simply violates the "proved" part of the definition. Another often overlooked point is that when a gas field is fully developed the A.G.A. estimate and other estimates, which were more speculative at earlier time periods, will both be adjusted and come closer to agreement.

After substantial production has occurred, the estimates will essentially agree.

The FPC and its staff are continuing to make estimates of these 31 leases and others in the OCS area. But of greater importance, this entire controversy has been called to the attention of the Interior Department. If in its capacity of lessor of these Federal leases, it determines that there is in fact gas that could be available for commercial delivery, they have full authority to require prudent development and timely sale of the gas. As discussed earlier in Item 3, there are adequate legal, financial and practical pressures to see that this is done. It is certainly in the interest of the A.G.A. member companies to see that such development and sale is pursued and they encourage it by every means possible. This brings us to the next point.

9. We most vigorously object to certain of the author's references to A.G.A. and its motivation. We refer to quotes such as the following:

"Since 1946, the American Gas Association (AGA) has been making an annual survey of the producers' underground reserve stocks. . . . Is it possible that the AGA has been manipulating its statistics to make things look worse than they are? . . . The industry has both the incentive and the ability to manipulate the figures."

This displays a surprising lack of knowledge of the three segments of the gas industry and the role each has played throughout the 22-year old field pricing controversy. Because it is so important that the public fully understand the distinction between A.G.A. member companies and the producing segment of the industry—and their respective financial incentives—we offer as Appendix A a portion of the testimony presented to the Senate Commerce Committee on November 8, 1973 by a panel of five gas distribution company chief executives. It is therein emphasized that:

"A.G.A. members are the distribution and transmission segments of the gas industry, not the producers. There is no self-serving benefit for A.G.A. members to point to a non-existent gas shortage. . . . It absolutely defies logic to conceive that the distribution and transmission companies would help create or publicize a false shortage."

In the appendix is a detailed description of the distribution company role throughout the 22-year field price regulatory history, including their vigorous and successful opposition to field price increases when it was widely believed that gas supplies were adequate. As concerns over shortage began to grow in the late 1960's, witness G. J. Tankersley said:

"My own company, the Consolidated Natural Gas System, engaged the three largest geological consulting firms in the country to tell us if gas were being held back. The answer was no. Undoubtedly, numerous other gas companies did the same as well as utilized their own staffs of engineers, geologists, and petroleum scouts to ascertain that there were no significant unknown proved reserves. And they can look to data that must be filed with the states for all wells drilled in performing these checks."

This portion of the A.G.A. testimony concludes with the statement:

"So, again speaking for the gas companies who have the direct responsibility to serve consumer and who receive no monetary benefit from the economic incentives herein urged, we submit that the natural gas shortage is real, serious, and very much in the consumers' interest to be alleviated."

We earnestly invite your attention to the full portion of this testimony attached as Appendix A. It presents valid and deeply held views further reflected in the fact that it was presented in formal congressional testimony by an A.G.A. panel of five of the top gas industry spokesmen.

10. Our initial dismay over the prejudging of the shortage issue reflected in the title of this article is exceeded only by our outright shock at the final paragraph which openly urges your millions of readers to lobby Congress on the degregulation issue.

As we have emphasized in the foregoing, the shortage is real and worsening. There are incontrovertible facts which make this clear. This Nation is in the absolutely ridiculous situation of (a) urgently seeking domestic energy self-sufficiency and reducing high priced unstable foreign oil imports ($12 per barrel plus) while (b) simultaneously perpetuating a stifling price control mechanism ($3 per barrel equivalent) on natural gas produced in the U.S. When we consider that natural gas is presently the dominant source of domestic energy for 160,000,000 consumers; is by far the most critical energy used by our Nation's industries (accounting for over 50% of their usage—2½ times that of the next largest source); is our cleanest fuel in that it doesn't pollute our land or water; is our most efficient fuel in that it doesn't have to be transformed as do all of the primary fuels to form electricity or as crude oil must be refined; and when we consider that there is a very significant resource base of potential natural gas supplies in our own country which virtually cry out for development, the ridiculousness becomes almost unbelievable.

But believe it we can. Because this industry's one million mile underground pipeline network installed at an investment of $50 billion—and which is the most efficient, environmentally superior energy delivery system in existence—is being forced to ever lower levels of efficiency as curtailments increase, so that consumers will have to bear the dual adverse effects of shortages and higher costs due to this growing inefficiency. But the ultimate adverse effect will come when the consumer's gas gets cut off and he must resort to the sharply higher priced, less desirable form of energy.

This is a situation that can only be resolved by removing the blatant incentive price disadvantage imposed on this premium fuel. It will not be resolved in any way by the endless debate to achieve some mythical unanimity on reserves estimates. There is nothing—no matter how objective or how comprehensive the effort—which will satisfy the diehard opponents of deregulation and get them off their crusade to perpetuate this controversy. It has been raised, answered, rebutted and counteracted, *ad nauseam*.

Former Secretary of the Interior, Rogers Morton, now Secretary of Commerce, put it this way in recent testimony before the Senate Commerce Committee:

"The continually recurring claim that the shortage is contrived has been refuted by every knowledgeable effort to determine its veracity. The same arguments (that natural gas producers have underreported their reserves) have been raised and rejected (1) in six separate area rate proceedings by the Federal Power Commission; (2) by the United States Court of Appeals for the District of Columbia; (3) by the Fifth and Ninth Circuit Courts; (4) by the United States Supreme Court; and (5) by the Federal Power Commission's National Gas Survey."

Still the dilatory tactics of the "no shortage-ever" proponents continue. The author of this article has provided them a most unexpected forum. If, with the help of your publication and its communication channels to millions of Americans, this misguided effort is successful, the regulatory albatross remains and the shortage worsens to the point of genuine chaos, they will have a "solution" for the energy industries' failure to perform. Nationalization.

In view of your previous commitment to the principles which have made this Nation great, including the free enterprise system, does Reader's Digest really want to be a party to this?

Appendix A—Excerpts From Statement of the American Gas Association

(Presented by G. J. Tankersley, Chairman of the Government Relations Committee, American Gas Association, Chairman, The East Ohio Gas Co.; Herbert D. Clay, Chairman, American Gas Association, President, National Fuel Gas Co.; C. J. Gauthier, First Vice-Chairman, American Gas Association, Chairman, Northern Illinois Gas Co.; Paul Reichardt, Second Vice-Chairman, American Gas Association, President, Washington Gas Light Co.; and Harvey A. Proctor, Chairman of the Research and Development Executive Committee and Immediate Past Chairman of the Gas Supply Committee, American Gas Association, Chairman, Southern California Gas Co., before the Commerce Committee of the United States Senate, November 8, 1973, on S. 2048 and S. 2506, to amend the Natural Gas Act.)

2. A.G.A. MEMBER COMPANIES DERIVE NO BENEFIT FROM FINANCIAL INCENTIVES NEEDED TO EXPLORE FOR NEW SUPPLIES

As the above clearly indicates, this shortage is real. However, we realize that it has become increasingly fashionable to attack the A.G.A. proved reserve estimates as the supply shortage has worsened. The purpose of many of these attacks is to support a contention that there is no shortage and hence no need for incentives to alleviate it. In some instances these attacks are by those who were quite willing to accept these same estimates in past years when they indicated an excess of discoveries over production. I can only say that these critics, small in number but quite vocal, do not have the responsibility to serve consumers directly as do our A.G.A. member companies. So let me repeat what I have said before in Congressional testimony on this subject:

"A.G.A. members are the distribution and transmission segments of the gas industry, not the *producers*. There is no self-serving benefit for A.G.A. members to point to a nonexistent gas shortage. Quite to the contrary, as there is increasing public awareness of the supply problem—as there must be if we are to solve it—our competitors use this fact against us, our ability to finance is impaired, we cannot serve customers we have sought for years, and we are even forced into the very unhappy and complex situation of curtailing deliveries and allocating limited supplies among existing customers. It absolutely defies logic to conceive that the distribution and transmission companies would help create or publicize a false shortage."

There have even been specific erroneous contentions, some in public testimony before Congress, that gas distribution and transmission companies will earn an additional return on the higher field prices that will be necessary to stimulate domestic exploration. This is not so, and those who so contend do not understand either the Federal or State utility regulatory processes. These higher costs for new gas supplies will be passed along, dollar for dollar, to the consumer without any addition or handling charge by our member companies who recover only their actual costs—such as those for purchased gas—and a reasonable, regulated return on their investment in facilities.

In gas pricing matters, distributors represent the consumer, and so stated in their quite successful regulatory and judicial battles for lower prices in the late 1950's and 1960's when it was believed that adequate supplies were not in jeopardy. I emphasize this because some casual observers automatically assume that those who urge lower prices are "consumer spokesmen," regardless of the issues or the facts. And I merely restate for the record that when the facts appeared to justify lower prices, gas distributors were aggressive and persistent advocates.

AUGUST 20, 1975.

DEAR MR. HART: Thank you for your very complete critique of our article, "Is There *Really* a Shortage of Natural Gas?," by Digest roving editor James Nathan Miller in the August issue. It is good to have an official industry answer to the article, one that gathers together almost all the criticisms I have received, and I welcome the opportunity to reply to these objections as comprehensively as you have put them.

Let me say first, however, that certain of your comments—for example, the statements on pp. 4, 5, 6, 22, etc., that present the economic arguments for deregulation—wander considerably afield from the subjects covered by our article. For this reason I think it is important for me at the outset to make clear what the article did and did not say.

What it did attempt to do was simple and straightforward. It posed the important question of whether the American Gas Association figures on U.S. "proved" reserves (which are the key statistics on which government policies affecting natural gas are based) have been manipulated "to make things look worse than they are." While the article did not pretend to answer the question, it found considerable evidence that there may be manipulation, but little hope that the FPC or FEA, which have immediate oversight of the industry, will investigate this evidence. It therefore urged that a vote on deregulation be put off "until Congress has had a chance to determine whether the figures have been manipulated."

The article did *not* attempt to analyze the political or economic pros and cons of the deregulation argument. It did not oppose deregulation. (As you undoubtedly know, the Digest published an article favoring deregulation, "We Are Running Out of Gas—Needlessly," by Patricia Starratt, in April, 1973. In my opinion, this was an exceptionally strong and lucid statement of your industry's case.) It did not deal with discrepancies arising in the ill-defined area of "probable," "possible" and "speculative" reserves. (It dealt only with "proved" reserves.) It did not question the existence of a present shortage of gas at the consumer's end of the pipeline, as opposed to the producer's end. (On p. 127, it explicitly stated that such a shortage has already begun to appear.)

I will, therefore, limit my comments to the points the article did cover. What follows is a listing of your major specific criticisms, more or less in the order in which you made them, along with the Digest's response.

The "irrelevance" of the underreporting question. You say (p. 3) that underreporting is a "peripheral" factor in the present debate, and you quote chairman Nassikas as stating that ". . . the potential for withholding is, in my view, simply not large enough to substantially alter the dimensions of the gas shortage as we know it."

This may, of course, turn out to be an accurate appraisal, but you cite no evidence to back Mr. Nassikas's opinion, while there is considerable evidence supporting a contrary view. For instance, in the case of the 31 leases, our article points out that 1.7 trillion feet of gas appeared to be missing from AGA's estimates. More recent evidence (which was made public too late for inclusion in our article) indicates that the missing total was actually 2.6 trillion feet.

To put this figure in perspective, it should be realized that 2.6 trillion feet represents about 60 percent more gas than was involved in last year's delivery cutbacks by all U.S. pipelines. Yet the spot-check that uncovered this large amount of missing gas involved only four percent of the 850-odd leases in offshore Louisiana; if comparable underreporting exists in any substantial number of the remaining 96 percent of the leases, the 2.6 trillion feet would be only a small part of what is missing from the AGA's records for the Gulf alone.

As you know, this case is not unique. Other examples of possible underreporting and withholding of reserves have been of a similar magnitude. And while the AGA claims that each case has been satisfactorily explained, other responsible observers deny this. Thus, until the companies are willing to provide an impartial regulatory agency with the in-house figures that would prove or disprove AGA's figures, the public is in effect left in the position of having to accept the industry's word. For example, today, a year and a half after its report on the 31 leases, the FPC is still investigating the disparity; the AGA still refuses to provide the data the FPC has asked for, and the public has no explanation for the missing gas other than the one you state on p. 19 of your criticism of our article.

In another case, the FPC is now investigating a possibility of withholding that involves 7.9 trillion feet of gas that pipelines have contracted for but are classified as "nonproducing." In still another case, three weeks ago the U.S. Court of Appeals in the District of Columbia ordered the FPC to undertake an immediate investigation of charges that the Transcontinental Pipe Line's anticipated curtailments for this winter are caused by deliberate withholding of gas reserves in the Gulf. In its order, the court strongly criticized the FPC for not already having made an investigation. It said: "Certainly a responsible administrator would have attempted to determine whether a shortage requiring curtailment presently exists." In essence, this was a one-sentence summary of our article.

Finally, your own statement on p. 15 seems to demonstrate that the question of underreporting is central to the present debate. Summarizing the industry's position, you state: "Gas reserves are down and they will continue to decline until the federal government gets out of the price control business." Since the key figures showing that the reserves are down are the AGA's figures, the question of whether AGA is underreporting is crucial to your position.

The article's "misstatement" of the price effects of deregulation (pp. 1 and 2). Here, you do not point to an inaccuracy in the cited passage, but you accuse the Digest of bias because it fails to present the facts as the AGA would like to have them presented.

Nobody knows how rapid or large the rise in consumer prices will be. The industry has made a study that indicates it will be slow and of limited extent. The Library of Congress has made a study that indicates it will be sudden and massive. (If we had wanted to portray a "fearsome threat" to the consumer, as you charge (p. 1), we would have reported the Library of Congress's estimate that deregulation will cost $7.1 billion the first year and a total of $75.6 billion during the first six years.) We chose to take neither side of the argument; instead, we merely reported the undeniable fact that the wellhead price will double or triple and that this will add billions of dollars to the national fuel bill.

The industry's refusal to turn over records to government agencies. You say (p. 7) that the industry has demonstrated its willingness to provide the data whenever the government has been willing to guarantee secrecy and proper review by technically competent people. You cite three instances in which you say the companies have turned over the records. Two of these instances—the National Gas Reserves Study and the FEA survey—are mentioned in our article. (See below for a discussion of the National Gas Reserves Study. I do not deal with the FEA survey in this reply, since in your comments you do not attempt to refute our article's criticism of that study.)

The third case you mention is the Second Southern Louisiana Rate Proceeding (1969). It is surprising that you cite this as an example of the industry's willingness to reveal figures to the FPC. Surely you must be aware that this was one of the first cases in which serious doubts were raised about AGA's reporting; that as a result the FPC decided to issue a questionnaire that would get detailed, lease-by-lease reserves figures from the companies; that the companies then threatened to fight the questionnaire with a legal action that, they said, could delay the proceeding for five years; and that the FPC then withdrew the questionnaire.

On p. 11 you say that the reason for the reluctance to turn over figures to the government is a fear that the material will get into the hands of competitors. Yet the field-by-field reserves information that the companies refuse to give to the FPC is the same information that they give to the employes of their competitors on the AGA reserves committee.

On p. 11 you say that our article calls for the companies to make "*all*" (the underlining is yours) their secrets available to the public and their competitors. There is nothing in the article that even remotely suggests this. It asks merely that the companies make available to the regulatory agencies the figures that are needed for an adequate assessment of AGA's totals.

On p. 14 you attempt to differentiate between the gas industry and the industries that do make trade secrets available to government agencies. At a time when the public is being warned that an emergency exists—one that threatens to keep winter warmth from homes and hospitals and to cause unemployment to many thousands of Americans—it is difficult to understand why the gas industry, as opposed to other important segments of industry, should be allowed to pick and choose what information about this emergency it will provide, and to what regulatory agency.

The incorruptibility of AGA's reporting system. On p. 9, you defend the integrity of the members of AGA's reserves committee and imply that this in itself guarantees the accuracy of the figures. The question is not necessarily of the members' integrity. The Federal Trade Commission's Bureau of Competition has found that "even if the system were operated with utmost good faith, the system would still be woefully inadequate . . . ." The deficiencies that it found, said the Bureau of Competition, "subject the system to the potential of being manipulated to suit the producers' interest."

The difficulties of reserves reporting. On p. 10, you imply that the disparities that have been discovered can be explained by the fact that geologic estimation "does not lend itself to great exactness," and on p. 19 you refer to the confusion that can arise when "probable," "possible" and "speculative" estimates are compared. As I have already pointed out, no such confusion was involved in any of the cases mentioned in the article, all of which dealt only with "proved" reserves, which are the most precisely definable of all. With proved reserves, the normal judgmental differences are usually in the area of ten or 15 percent. But the disparities revealed in the cases mentioned by the Digest ran into the hundreds of percentage points.

The article's failure to mention the FTC Bureau of Economics recommendation that an FTC complaint against the gas companies would be "extremely ill advised." The Bureau of Economics memorandum was not made public until June 26, too late for inclusion in our article. However, if we had been able to include it, we would have had to point out to our readers that the passages you refer to in the memorandum contain internal evidence that raises the most serious questions as to both its motivation and its factual accuracy.

Briefly, the story behind the Bureau of Economics memo is this. In 1970, the Federal Trade Commission's Bureau of Competition began an investigation of possible underreporting by AGA. Last year the Bureau of Competition concluded there was "serious underreporting" and recommended that a complaint be issued against both the AGA and 11 gas-producing companies. The FTC's Bureau of Economics recommended against issuing a complaint. You cite two passages from the Bureau of Economics recommendation. Here are the facts behind these two passages:

The phrase, "extremely ill advised," was used under the heading, "Public Policy Considerations," which the memo described as follows: "As is well known, there exists presently a spirited debate as to whether natural gas regulation should be continued or terminated. If the FTC were to issue a complaint at this point, it would surely cloud the public policy debate . . . . In an environment where major gas producers are under serious suspicion of engaging in conspiratorial behavior, the chances of continuing rational debate on the issue would be seriously diminished."

It seems strange that officials of a law enforcement agency should cite "serious suspicion of conspiratorial behavior" as a reason for not proceeding with a complaint.

The second passage that you cite seems equally questionable. The passage criticizes the FTC's proposed complaint against the companies because the complaint cites cases in which pipeline companies' figures indicated that there were much larger reserves in certain fields than the AGA's figures showed—four and five times larger than AGA's in many cases, 25 times larger in one case. The memo said this comparison was unfair because pipelines use different methods of estimating proved reserves from those used by AGA, and therefore to compare pipeline figures with AGA figures was the same as comparing "apples with oranges."

However, the memo ignored the fact that in the cited cases there was sworn testimony by the pipeline officials who had made the estimates, in which they said they had used the same methods of measurement as those used by AGA.

The FTC's "failure to understand technical details." On p. 11, you refer to a case mentioned in our article in which the FTC found internal company records that exceeded the AGA's figure by ten to one, and you say that this discrepancy was due to the FTC's failure to realize that the company estimate included dissolved gas while the AGA's estimate did not. Actually, the FTC has specifically stated that it did add the dissolved gas to the AGA estimate before making the comparison. (See p. 258, Hearings on Competition and Concentration in the Natural Gas Industry, June 26–8, 1973, by the Senate Judiciary Committee's Subcommittee on Antitrust and Monopoly.)

The article's "defamation" of the National Gas Reserves Study (pp. 16 ff). (Your critique refers to the NGRS erroneously as the National Gas Survey.) I will go into some detail here, since the NGRS is the keystone of the industry's defense, the only piece of specific documentary evidence to which you point.

You criticize two points about our article's reference to the NGRS. First, you deny (pp. 16–17) that the study was designed by an industry-dominated advisory committee.

According to Vol. II of the FPC's National Gas Survey, p. 37, the genesis of the NGR was as follows: "The Supply-Technical Advisory Task Force—Natural Gas Supply was requested to develop procedures for a National Gas Reserves Study to provide an inventory of proved gas reserves independent of inventories used heretofore. The procedures developed were reviewed by experts in government, academia and the industry, endorsed by the National Gas Survey Technical Advisory Committee on Supply, reviewed by the Executive Advisory Committee of the National Gas Survey, and recommended to the Federal Power Commission. Following its modification to meet specific needs, the FPC implemented the National Gas Reserves Study . . ."

Thus three committees drew up the NGRS. (The "experts in government, academia and industry" referred to were the members of these committees.) Each of these committees was chaired by an industry executive. Two were also co-chaired by industry executives. On all three, the largest single group of members was composed of industry executives.

Your second criticism (p. 18) is that the article "leaves the impression that the 158-field sample was somehow deficient." Three separate analyses of the sample have been made by informed outsiders. All have reached the identical conclusion: that the sample was useless as a measure of AGA's accuracy. Here is what they found:

James T. Halverson, former director of the FTC's Bureau of Competition: the sample was "a prescription for overlooking AGA underreporting." Prof. Howard Pifer III, a Harvard Business School statistician who served as a member of the NGRS team: the fields in the sample "represented the least likely places to look for AGA underreporting." Prof. Rodney Stevenson of Michigan State University, a former FPC economist: "The NGRS sample is biased in such a manner as to minimize the possibility of detecting under-reporting by AGA."

If these criticisms are correct—that is, if the 158-field sample was specifically tailored to avoid looking at fields that might prove the inaccuracy of AGA's totals—it is hard to see how the study can be considered independent of AGA's figures, or how it can be an accurate estimate of U.S. reserves.

(A fourth critique of the NGRS, the Energy Research, Inc. report referred to in our article, cannot be included in the same category with the above analyses. In an interview with our article's author, ERI's chief investigator admitted that his investigation was limited and that he was unaware that any criticism had been made of the NGRS study, even though the Halverson and Pifer criticisms had been made at open Congressional hearings while the ERI critique was being prepared.)

One final point about your comments on the NGRS. Your statement (p. 18) that it was *not* designed to check AGA's accuracy is the first such admission by AGA that I am aware of. In the two years since the study was issued, the gas companies, the AGA and the FPC have cited it as their main item of proof of AGA's accuracy. This claim was made most recently by chairman Nassikas at a Moss subcommittee hearing July 22, 1975, about a week before our article was published. Contrary to your statement, Mr. Nassikas explicitly said that the study *was* designed to check AGA's accuracy:

Question: Was that study designed to check the accuracy of those figures at that time?

Nassikas: It was designed to check the accuracy of the AGA figures as part of the study. A second phase of the study . . . was to determine what year-end reserves were . . .

Question: I understand it was designed to get the figures. Was it designed to check the accuracy of the figures as well?

Nassikas: Yes.

The author's "confusion" in the case of the 31 leases. Your account of this case (p. 19) merely repeats the previous defense the AGA made before the FPC. It in no way contradicts the summary of this defense that was given in our article.

AGA's "motivation" and the author's "lack of knowledge" of the three segments of the gas industry (p. 20). Nothing you state here contradicts in any way the article's description, on pp. 126 and 127, of the three segments of the industry. The various statements you cite as to why the AGA supports deregulation throw no new light, as far as I can determine, on the question of underreporting or AGA's possible role in it.

Secretary Morton's statement. On p. 24, you quote former Secretary of the Interior Rogers Morton as claiming that the charge of a contrived shortage "has been refuted by every knowledgeable effort to determine its veracity." This is a claim that is difficult to accept at a time when five separate investigations are being conducted into serious unrefuted charges of possible underreporting or withholding of gas. The five are: the FTC's investigation of AGA's reporting system; the FPC's investigations of the 31 leases and of the case of the 7.9 trillion feet of non-producing dedicated gas in the Gulf; the investigation ordered by the District of Columbia Court of Appeals in the Transcontinental pipeline case, and the Moss subcommittee's investigation of the seven companies that refused to turn over the records to the FTC.

As to the FPC rulings cited by Mr. Morton, they tell us nothing of the accuracy of AGA's statistics. All of these rulings were based on the FPC's acceptance of AGA's accuracy with only the most cursory check on how AGA arrived at its figures. The only inquiry the FPC has made into AGA's reporting system was in 1970, when the agency questioned John Jacobs, chairman of the AGA Committee on Natural Gas Reserves; the FPC accepted Jacob's word that the system was reliable, and it looked no further.

However since then the Federal Trade Commission staff has conducted a lengthy and detailed investigation of the AGA reporting system in which sworn testimony was taken from a score of officials of the AGA, the producers and the pipelines. This investigation concluded that Jacobs's testimony to the FPC had been inaccurate on fundamentally important points, that there was "serious underreporting" in the AGA figures, and that this underreporting was "tantamount to collusive price rigging."

As to the court decisions cited by Mr. Morton, they are devoid of evidence one way or the other about the possibility of underreporting. The decisions accept AGA's estimates at face value; they involve no investigation of how the estimates were made. The most important of these decisions, that of the Fifth Circuit Court of Appeals, reached only the following conclusion about the possibility of a contrived shortage: "Obviously, the gas is not presently available . . . Given a system which depends on private stewardship and marshaling of natural resources, there is a supply shortage if the producers do not produce." These words do not refute the charge of a contrived shortage; in fact they are equally consistent with a confirmation of the charge.

Mr. Morton's final item of "refutation" is the National Gas Reserves Study, which has been dealt with above.

A "disservice" to our readers. In your covering letter you accuse the Digest of doing a disservice to our readers by possibly delaying or helping to prevent the passage of a deregulation law.

From your viewpoint, within the industry, this comment is understandable. But I ask you to consider the broader perspective a national magazine must bring to problems, and to try to assess the enormous public frustration and disillusionment with both industry and government in recent years. In that context, we believe that the Digest's article will contribute to the public's belief in the American system by helping to make that system work more openly.

Here we have a case in which a vitally important law, which will have profound effects on the American economy, seems close to passage even though it is under a cloud of serious unanswered charges brought by responsible men. It seems to me that the passage of such a law under these circumstances can do nothing but add to the public's feeling of its own helplessness and disillusionment in the legislative process.

I am certain that you recognize that the Digest has been a leading proponent of the free enterprise system for more than 50 years. We believe that no publication has done more to attack bureaucracy and needless government interference with business. At the same time, we have striven to maintain the balance between what must be private and what must be public.

To the extent that our article helps to bring about an investigation that will provide an answer to the questions it raises, I think it represents a distinct public service. For though I myself believe in the economic principles that favor deregulation of natural gas at the wellhead, I feel that today what the country needs far more than the passage of any one law is public respect for the lawmaking process itself. The investigation our article calls for, regardless of its outcome, cannot but help to strengthen that respect.

Our editors have already met with a delegation from the American Petroleum Institute and discussed with them at length most of the above points. On the basis of that discussion we see no need at this time to consider another article on the subject. However, if you feel that you might be able to make your points more effectively in a personal meeting with us, we would be more than glad to meet with you in Pleasantville at your convenience.

Yours truly,

———— ————.

The PRESIDING OFFICER. The hour of 4 o'clock having arrived, the Senate will now proceed to vote on the amendment of the Senator from Colorado.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the role.

Mr. MANSFIELD (after having voted in the affirmative). On this vote I have a pair with the Senator from Mississippi (Mr. STENNIS). If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Florida (Mr. CHILES), the Senator from Mississippi (Mr. STENNIS), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I also announce that the Senator from Michigan (Mr. HART) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Nevada (Mr. LAXALT) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I also announce that the Senator from Arizona (Mr. GOLDWATER) is absent on official business.

On this vote, the Senator from Alaska (Mr. STEVENS) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Alaska would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 77, nays 14, as follows:

[Rollcall Vote No. 428 Leg.]

YEAS—77

Abourezk
Allen
Baker
Beall
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Domenici
Durkin
Eagleton
Fong
Ford
Glenn
Gravel
Griffin
Hart, Gary W.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Magnuson
Mathias
McClellan
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevenson
Stone
Taft
Talmadge
Thurmond
Tunney
Weicker
Williams
Young

NAYS—14

Bartlett
Bellmon
Buckley
Curtis
Dole
Eastland
Fannin
Garn
Hansen
Long
McClure
McGee
Scott, William L.
Tower

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield, for.

NOT VOTING—8

Bayh
Chiles
Goldwater
Hart, Philip A.
Laxalt
Stennis
Stevens
Symington

So Mr. HASKELL's amendment was agreed to.

Mr. HASKELL. Mr. President, I move to reconsider the vote by which that amendment was agreed to.

Mr. MOSS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TALMADGE addressed the Chair.

The PRESIDING OFFICER (Mr. THURMOND). Under the previous order of the Senate, I believe the Senator from Illinois has the floor.

Mr. TALMADGE. Will the Senator yield to me for a perfecting amendment that I have agreed to with the floor manager of the bill? I do not think it will take more than 5 minutes.

Mr. STEVENSON. Mr. President, without losing my right to the floor, I am happy to yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, I send a perfecting amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TALMADGE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10, strike out lines 12 through 18 and insert in lieu thereof the following new subsection:

(2) No prohibition pursuant to paragraph (1) of this subsection may be implemented by the Commission in a manner that results in curtailing natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety. If an implementation of a prohibition pursuant to paragraph (1) of this subsection would necessarily and unavoidably result in curtailments to other essential users, the Commission shall, in its descretion, weigh the unemployment impacts to other essential users against the benefits of continuing or expanding natural gas service to the essential agricultural, food processing or packaging users and shall apportion the natural gas supplies available in the most equitable and beneficial manner.

Mr. TALMADGE. Mr. President, during the past few days of debate on our substitute version of S. 2310, which is amendment No. 934, several Senators have raised questions about the meaning and interpretation of subsection (a)(2) of the agricultural priority section of the bill, section 5. That particular subsection currently reads as follows:

No prohibition pursuant to paragraph (1) of this subsection may be inconsistent as determined by the Commission with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies or with maintaining natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety.

Mr. President, the cosponsors of S. 2310, which include Senators HOLLINGS and GLENN and myself, intended that this language be interpreted by the Commission to mean the following:

In those cases where meeting the natural gas needs of essential agricultural and food industry users may be in conflict with the objective of this bill regarding minimizing unemployment, that the Commission weigh the unemployment impacts to other essential users against the benefits of continuing or expanding natural gas service to essential agricultural and food industry users.

In short, Mr. President, we meant for these two needs for natural gas service to generally be treated equally. Furthermore, we would expect the Commission to apportion those supplies of natural gas available between these two needs in an equitable and beneficial manner.

However, since several Senators seem to feel that subsection (a)(2) in its present form is ambiguous, I have offered an amendment which I believe will clarify the meaning and interpretation of this particular provision.

I have discussed it, Mr. President, with the distinguished floor manager of the bill and it is my understanding that he is favorably inclined toward the amendment and will urge its adoption. It states clearly and specifically what the cosponsors of S. 2310 intended with the original subsection (a)(2) language. I hope that those Senators who have raised questions about this provision will now support this clarifying amendment.

Mr. HOLLINGS. Mr. President, we did discuss this. I do not know where my distinguished colleague from Kansas (Mr. PEARSON) is, but I believe the Senator from Georgia discussed this with the Senator from Kansas.

Mr. TALMADGE. Yes, I did.

Mr. HOLLINGS. It has been cleared on both sides of the aisle. Mr. President, unless there is some discussion of the language, which just clarifies what the amendment is, I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BEALL. Mr. President, before we vote, the Senator from South Carolina says that the Senator from Georgia has talked with the Senator from Kansas on this. I am not quite sure whether, in the proposed amendment, the Senator from Georgia is just making it clear that industrial users are going to have equal access to the gas in the distribution of old supplies.

Mr. TALMADGE. The Commission would consider the unemployment factor with industrial users along with the agricultural priority. They would be given equal weight. We hope that the Commission will offer a fair distribution of the available gas under those conditions.

Mr. BEALL. I understand. I thank the Senator. I read the amendment.

The PRESIDING OFFICER (Mr. THURMOND). The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TALMADGE. Mr. President, I thank my distinguished friend from Illinois.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATORS LONG, RIBICOFF, AND MANSFIELD TOMORROW, AND FOR ROUTINE MORNING BUSINESS AND RESUMPTION OF CONSIDERATION OF S. 2310

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order tomorrow morning, the distinguished Senator from Louisiana (Mr. LONG) be recognized for not to exceed 15 minutes; and that he be followed by Mr. RIBICOFF for not to exceed 15 minutes; and to be followed by Mr. MANSFIELD for not to exceed 15 minutes; after which there will be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes each, such period to be for the purpose only of the introduction of statements, petitions, memorials, resolutions, and bills in the RECORD; and that upon the conclusion of routine morning business the Senate resume consideration of S. 2310.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the Senator for yielding.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. STEVENSON. Mr. President, I yield to the distinguished Senator from Utah.

Mr. MOSS. Mr. President, I indicated earlier that I support the amendment that has been introduced by the Senator from Illinois and a number of cosponsors. This is an amendment that accomplishes what all of us have said we were seeking for a long period of time, and that is a reasonable compromise between the views of those who would roll back and hold down the price of energy in this country to a point that many think would be restrictive as to the production of energy, and would increase the dependence we have on foreign imports, and the other extreme of a complete deregulation of price and allocation of supply of energy that would result in the soaring of prices so swiftly and so far that impetus would be given to the inflation factor in this country and both inflation and unemployment would increase.

I ask unanimous consent that there be printed in the RECORD a page, page No. 11, of the report of the task force on energy of the Committee on the Budget, which is entitled "Decontrol Policy Options."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Decontrol policy options			
	Immediate	39-mo., $11.50 oil, $1.80 gas	66-mo., $9.00 oil, $1.30 gas	66-mo., $7.50 oil, $1.00 gas
(1) Change in:				
(a) Oil prices (percent) [1]:				
75:3 to 76:4	26.5	4.7	−2.9	−6.9
76:4 to 77:4	7.6	14.1	9.9	9.7
77:4 to 80:4	20.7	37.6	29.5	39.1
75:3 to 80:4	64.3	64.3	38.2	[2] 42.0
(b) Energy prices (percent) [3]:				
75:3 to 76:4	36.6	14.6	2.1	−2.9
76:4 to 77:4	20.1	24.3	16.5	14.0
(c) Inflation rate (percent) [4]:				
75:3 to 76:4	2.9	1.2	.3	−.1
76:4 to 77:4	1.8	1.9	1.1	.9
(d) Unemployment rate (percent) [4]:				
75:3 to 76:4	.9	.4	.1	0
76:4 to 77:4	.5	.6	.3	.3
(2) Import levels (MMBD):				
75:3	6.2	6.2	6.2	6.2
76:4	6.6	7.0	7.2	7.3
77:4	7.3	7.7	7.9	8.6
80:4	5.2	5.2	7.0	[2] 9.4
(3) Rate of return on oil exploration and development (percent) [5]	25.0 22.4	22.0 19.4	14.0 12.3	8.0 6.8

[1] The blend price of all oil—old, new and imported. Assumes removal of tariff; $1.00 OPEC price increase each year.

[2] The price increase is greater under the $7.50 option than it is under $9.00 because decreased domestic production increases the share ot higher-priced imports in total U.S. oil consumption. Import estimates do not reflect impact of mandatory conservation or other energy programs.

[3] Fossil fuel energy prices—weighted average of wellhead price of oil (including imports), natural gas, and 9 mo. price of coal.

[4] The inflation and unemployment figures reflect the estimated effects of increasing incomes and rising energy prices on energy consumption. The increase in unemployment and price levels from 75:3 to 77:4 is the sum of the changes in each year.

[5] The top row is computed using a 10-percent increase in drilling costs between 1974 and September 1975; the bottom row uses a 20-percent increase. The proper figure depends on the increase in drilling costs, not in drilling prices which, in turn, depends on oil prices. The difference between prices and costs are the profits that sellers of drilling equipment and services obtain in a period of rising oil prices. Both sets of calculations assume a continuation of recent trends in finding oil. Rate of return under immediate decontrol depends on size and frequency of OPEC price increases.

Note: At the end of 1980:4, the oil prices assumed are $17.50 for the 39-mo. alternative, and $12.30 for the 66-mo. $9.00 alternative. It should be noted that the end of the 66-mo. period occurs at the beginning of 1981:2 ,in the 2d quarter beyond the analysis. No assumptions are made as to any price increases in the 67th mo. or any impact anticipating such increases in the pattern of domestic production or imports.

Mr. MOSS. Mr. President, I would like to point out that this page consists of a table which makes comparisons as to the effect of several options. One is the immediate decontrol which would come about if we did not have any further legislation on this matter; the 39-month, $11.50 cap on oil, and $1.80 on gas proposal that the President made; a 66-month, $9 price on oil and $1.30 price on gas, which is the selected one in this table for optimum benefit; and, finally, a 66-month, $7.50 oil cap, and $1 on gas, which are essentially the figures that were proposed by the House in the Dingell bill.

There we have the four possible courses we might take in dealing with this problem.

If the Senators will study that table they will find out that the option there in the third column, with the $9 cap on oil, with a 5 percent a month increase to take care of the inflation factor, and 1½ percent per month increase on old oil until it got up to where it meets with new oil, and the $1.30 top price on gas, which is the average price of all intrastate gas being sold now, would produce the optimum so far as prices are concerned, energy prices, so far as the inflation rate is concerned. Therefore, I think that alinement, which is very close to that now proposed in the amendment before the Senate, would achieve what we have been looking for, and that is an element of balance and an element of compromise.

We are concerned at this time that we

need to conserve energy to the maximum degree possible so that we will not be dependent on imported petroleum and gas. We need to encourage to the maximum degree we can domestic production of oil and gas and, at the same time, we have the problem of dealing with the factors of inflation and unemployment in this country because we are still in a very critical stage so far as inflation is concerned, and another surge in energy prices would be the factor to turn upward again to double-digit proportions the amount of inflation that we have experienced.

Moreover, we still have more than 8.5 percent of our people unemployed and unemployment is going to be slow to recede, in any event. If we have a surge of inflation, there will be increased unemployment because business activity will stagnate and costs will go up, consumers will not be able to buy and the result, inevitably, will be that many of our citizens, additional in number, will lose their jobs.

The factor, in order to encourage the maximum degree of discovery and production of energy, is to be sure that there is an appropriate return on capital invested.

So this study indicates the amount of return that would be available under each of the options that I mentioned in the report and whereas, of course, the maximum return would be on immediate decontrol with a net profit after taxes of 25 percent, that grades on down so that in the column that approximates the amendment now before us there would still be a return on capital after taxes, a net return, of 14 percent.

It is the belief of the committee and the belief of those who support this amendment that a 14-percent return on capital is fully adequate to encourage the exploration and production of oil and gas in this country and that if this amendment becomes law, since there is a 5-year period and since the inflator factor is built in so that prices may move up as inflation takes its toll, that there is that element of certainty that we need to encourage capital to be invested and to produce oil and gas.

There would be no uncertainty that would encourage withholding of investment because not for a period of 5 years, at least, would there be any likelihood or any opportunity for the price to surge ahead.

As it is at the present time with the uncertainty that exists, capital is holding back and they are not utilizing their funds in their efforts to do the maximum amount of discovery and production.

Therefore, I think that the only reasonable thing for us to do is to come together on this central compromise between the various possible directions that we might take.

If we completely deregulate it, or if we take the first column in this list, then, certainly, we could not expect the House to go along because the House has already spoken and has chosen what is essentially the fourth column.

We might expect them to move over in between the two extremes, or the extremes here of the 39-month period of phaseout the President has proposed or the rollback to a lower level in the costs the House has proposed.

So I would urge my colleagues to study very carefully the impact of each of these proposals and I urge that they support the amendment that is before us.

If this is not done, we will wind up finally after the time has expired for the extension of allocations and controls, the time expires the middle of November, and we will have accomplished nothing. We will have then the extreme position of no control at all and the disastrous increase in inflation and unemployment that that situation would bring.

For that reason, I support this amendment and urge that it be adopted and that the bill then, as it is fashioned with the amendment in it, could become law and we could finally have fulfilled what we have said all along is our objective, to find a reasonable middle road to deal with this problem that has plagued our country, has brought us in large part the inflation we have now, and has contributed so severely to the unemployment that we experience in this country.

I hope that we can rather quickly come to the place where we can have a decision on this matter and having done that we can move on to the other business that we have before us.

I thank the Senator for yielding to me on this matter.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Illinois yield for a unanimous-consent request?

Mr. STEVENSON. I yield for that purpose to the Senator from West Virginia.

Mr. ROBERT C. BYRD. I thank the Senator.

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW AND FOR THE RECOGNITION OF SENATORS ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the convening on tomorrow be at 9 a.m., and that following the remarks of Mr. RIBICOFF, Mr. FANNIN be recognized for not to exceed 15 minutes, and that he be followed by Mr. EAGLETON for not to exceed 15 minutes, prior to the recognition of Mr. MANSFIELD under the order entered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the Senator.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. STEVENSON. Mr. President, I am grateful to the Senator from Utah for his remarks and I commend him for the efforts which he has put into this proposal.

I think he made a good point, a practical point; if the Pearson-Bentsen amendment is adopted, it is not likely to get very far in the House.

In fact, the House leadership has indicated that it will not go to conference with the Senate on such a long-term pricing provision. Of course, it is also possible that the conference on the House-passed bill, the oil bill, will produce an oil pricing provision which would be unacceptable to the President.

So, as I believe he indicated, this is not only a sound proposal, I might add a proposal that is the product of some 2 years of study, hearings and debate, but at this very late date may be the only proposal that is capable of enactment.

Mr. BUMPERS. Will the Senator yield?

Mr. STEVENSON. As he pointed out, the Allocation Act is due to expire November 1, at which point all control will expire.

I thank the Senator.

Mr. President, I yield to the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I want to ask the sponsor of the bill—really, this is in the nature of a parliamentary inquiry and I should be addressing the Chair and will be if the Senator does not know the answer to this—we are in the third degree on the amendment, as I understand it; the Stevenson amendment, which is now pending is a third-degree amendment and if it prevails in this Chamber it would not be subject to any further amendments, except modifications that were acceptable to the sponsors; is that correct?

The PRESIDING OFFICER. The Stevenson amendment is not a third-degree amendment, it is a second-degree amendment. It is not subject to further amendment.

Mr. BUMPERS. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Mr. President, does that mean that if a motion to table the Stevenson amendment is not agreed to that it is still the pending question and may not be amended?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. Could it be amended or modified by agreement of the author, or the sponsor?

The PRESIDING OFFICER. It can be modified by the author until the Senate takes action.

Mr. BUMPERS. But not amended?

The PRESIDING OFFICER. But not amended.

Mr. BUMPERS. So if the Stevenson amendment is agreed to here, that is the end of this whole question, 934, the Pearson-Bentsen amendment, the whole works, is that correct, with no amendments in order, no further amendments in order?

The PRESIDING OFFICER. The Stevenson amendment is not amendable. If agreed to, the question would be on the Pearson amendment as amended.

Mr. BUMPERS. What I am saying, certainly, that will be the next question to be presented to this body, and if that substitute is accepted here it is not subject to any amendment; in other words, this Chamber will be voting on the Stevenson substitute in its entirety without any amendment, and if that prevails that will be the end of this emergency gas question now pending before the Senate.

Mr. STEVENSON. Mr. President——

The PRESIDING OFFICER. There would be other votes, but they would be on other pending amendments—the Pearson amendment, as amended, and then the Hollings amendment, as amended.

Mr. STEVENSON. Mr. President, if this amendment were adopted, there could be no more amendments to it. For that matter, even if it is not adopted, no amendments, as I understand it, would be in order.

The Senator said it would be the end of emergency gas business. The Stevenson amendment contains not only the long-term pricing proposals which I have described, but also the so-called Hollings-Glenn emergency pricing provisions. So it would not be the end of emergency pricing.

Mr. BUMPERS. That was a misnomer. If I may pursue this a moment further, S. 2310 was the original so-called emergency gas bill. As I understood it, the Talmadge-Hollings-Glenn amendment was an amendment in the form of a substitute, No. 934. That was a substitute amendment.

The next amendment was the Pearson-Bentsen amendment to the Hollings-Glenn substitute. It was my impression that that was an amendment in the second degree.

Mr. HOLLINGS. A substitute amendment, that is right.

Mr. BUMPERS. And it is my understanding that S. 2310 may not be amended further. The question is, does that not make the Stevenson amendment, then, a third degree amendment substitute?

The PRESIDING OFFICER. The Hollings amendment is a complete substitute, and therefore, as the first substitute is considered as original text.

Mr. BUMPERS. Another parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Did the Hollings-Glenn substitute become the bill and was S. 2310 withdrawn, or is S. 2310 still the pending bill?

The PRESIDING OFFICER. S. 2310 is still pending and is still amendable. The Stevenson amendment is not amendable. The Hollings and Pearson amendments are amendable.

Mr. BUMPERS. The Hollings and Pearson amendments are amendments?

The PRESIDING OFFICER. Are pending amendments and are amendable.

Mr. BUMPERS. Are amendable, that is correct. In other words, they are subject to further amendment. And the Stevenson substitute is not?

The PRESIDING OFFICER. That is correct. That is what the Chair said.

Mr. BUMPERS. I thank the Chair.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the following Members be added as cosponsors of this amendment: Senators MCINTYRE, BIDEN, HATHAWAY, BROOKE, MCGOVERN, PELL, HUMPHREY, and MAGNUSON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. What was the request, Mr. President?

Mr. STEVENSON. The request was to add cosponsors to the amendment.

S. 2310, AND THE NATURAL GAS CHAPTER OF OUR ENERGY DEBATE

Mr. MONTOYA. Mr. President, during the last 2 years the Congress has spent a large portion of its time debating and considering the various phases of the energy issue. We in the Senate have recently been confronted with the complex and controversial problems which surround the issue of oil price decontrol. Now we are faced with another complex and controversial phase of the energy debate—deregulation of natural gas. The debate surfaces on the eve of the traditionally high natural gas consumption winter months. Our debate begins amid predictions of shortages of natural gas supplies in the Northeast up to 30 percent, or industrial shutdown, dwindling coal supplies, and while we remain under the ever-present specter of uncertain imports of petroleum crude from the OPEC cartel. Mr. President, some proponents of S. 2310 depict those of us from the energy-producing States as insensitive to the needs of the rest of the country and interested only in accumulating vast profits from an essential resource. But this is not true, Mr. President. Far from being insensitive to the needs of the Nation, we of the producing States are very mindful of, and sensitive to, the needs of the American people and the realities of our current natural gas emergency situation. The reality of the problem is the decreasing supply of natural gas and the lack of proper incentives for new exploration and development for natural gas producers to assure continued sufficient supplies of natural gas for all parts of the country. It is this concern of the producing States that has resulted in a call for deregulation of all new onshore natural gas, and the phased-out deregulation of new offshore natural gas sources, in order to provide incentives for new exploration and assure sufficient amounts for future utilization.

Mr. President, I must oppose S. 2310 as reported, and urge my colleagues to adopt a more reasonable approach. This emergency legislation attempts to meet the needs for natural gas this winter by establishing more controls without the necessary incentives for natural gas producers. The bill, rather than encouraging increased natural gas output, discourages further new exploration and development. Also, S. 2310, the Hollings-Glenn emergency bill, while dealing with the emergency situation, terminates in June of 1976. It is clear to see that the Senate may be falling back into a do-nothing strategy that has plagued us in dealing with the question of oil decontrol. Delaying action only prolongs the lack of direction in our Nation's energy policy. We now have the opportunity to deal with both the emergency natural gas crisis and permanent natural gas deregulation to assure adequate supplies in the future. It is important that we deal with the permanent natural gas question to display to the American public, Congress sincerity in establishing a sound national energy policy.

Mr. President, the winter is quickly approaching and the need for emergency legislation is essential to ease a possible cold winter in the Northeast. But beyond the immediate emergency situation, the long-range question of sufficient natural gas supplies lingers. Clearly, we are faced with an immediate crisis that can be dealt with temporarily, but what is to be done next winter and winters in the future?

Mr. President, as a substitute to S. 2310, Senators PEARSON, BENTSEN, and others have introduced amendment 919 which contains twofold legislation that deals with the emergency natural gas shortage, and the longer range goal of assuring sufficient amounts of natural gas in the future. It seems the more practical answer to the natural gas question, because it combines a strategy to ease the pending shortage this winter by allowing interstate natural gas pipelines to purchase natural gas from intrastate and other natural gas sources, and furthermore, it presents a plan of decontrol that will supply sufficient incentives to assure adequate quantities of natural gas in the future. Also, section 26 of amendment 919 recognizes the very critical need to provide adequately for essential agricultural purposes. For New Mexico, a rural State with more than 2½ million acres of cropland, the importance for establishing priorities for essential agricultural purposes is paramount. Historically, the agricultural sector has relied on natural gas for irrigation pump fueling, crop drying, and the development of fertilizers. These needs must remain a priority to benefit our Nation's farmers, who in turn supply the majority of food consumed by the American public.

I urge my colleagues to adopt the Pearson-Bentsen substitute to S. 2310 and would like to briefly remind them of the magnitude of the problem before us. In my own State of New Mexico, we produced 1,230,487,547 Mcf of natural gas last year, with 22 percent consumed and used in the State. The importance of this fuel to the farmers of New Mexico has not diminished since then. Nor will its importance to businesses and homeowners decrease as the winter months approach. Deregulation of natural gas, through such means called for in the Pearson-Bentsen substitute, is no longer a matter for debate.

It is a matter of necessity. Furthermore, it would significantly stimulate the production of this resource—aiding not only the industry itself, but those farmers, businessmen and homeowners who rely on natural gas as an important source of energy. Stimulation of natural gas is a must. For example: In New Mexico, as of December 31, 1972, production reached 12,335,647,000 Mcf. As of December 31, 1973, production was at 12,488,363,000 Mcf. While an increase of 0.14 percent in production was present, it fell short of the supply capabilities of this essential resource. In addition, sources have estimated that potential reserves of natural gas could reach 23 trillion cubic feet. This potential cannot be wasted. New Mexico cannot afford to lose this supply and neither can the rest of the Nation. Nationally, natural gas provides about one-third of America's overall energy requirements. It accounts for 41.1 percent of domestic energy production, compared to 30.6 percent for crude oil and 22.1 percent of coal. More than 50 percent of the energy consumed by U.S. industry is derived from natural gas and over 55 percent of our homes are heated by natural gas. Demand for this fuel has continued to increase as production has declined. The time is now to supply incentives for increased production and to ease the pending natural gas shortage of this winter. The Pearson-Bentsen substitute to S. 2310 accomplishes this step. Thank you, Mr. President.

PRIVILEGE OF THE FLOOR—H.R. 7706

Mr. LONG. Mr. President, I ask unanimous consent that Mr. Michael Stern and Mr. Joe Humphreys, of the Senate Finance Committee staff, be permitted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. LONG. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of H.R. 7706; and that when that bill is disposed of, the pending measure, S. 2310, continue to be the pending business before the Senate.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

DUTY SUSPENSION ON NATURAL GRAPHITE

Mr. LONG. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 7706.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 7706) to suspend the duty on natural graphite until the close of June 30, 1978.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LONG. Mr. President, I have discussed this matter with those who are on the Finance Committee on both sides of the aisle, and also with the leadership on both sides of the aisle. It is necessary that we act quickly as we can with regard to a problem involving child care.

We have on the calendar a bill, H.R. 7706, which was reported by the Finance Committee without objection. It has been on the calendar for some time now, and, so far as I can determine, there is no objection whatever to the bill itself.

This bill would suspend the duty on natural graphite until June 30, 1978, for imports from countries which are afforded nondiscriminatory tariff treatments. There is only one domestic source of graphite and this domestic producer is able to supply only a small part of the annual demand. In 1973 domestic production amounted to only 3 percent of national consumption of this material. In fact, the parent firm of the only domestic producer of graphite is seeking the duty suspensions. No unfavorable comments was received by the Finance Committee from the general public on this bill and there were no objections from any of the executive agencies.

Mr. President, the House of Representatives has sent us a bill that related to a problem involving child care. In order that this matter could be the subject of hearings, and the Senate could propose such amendments as it deemed appropriate after hearings had been held, we deemed it wise to keep the House bill in the committee. The committee amendments I will be offering to H.R. 7706 incorporate the House child care language as well as the Finance Committee's proposed child care amendment. In addition, we would suggest that a matter involving the alcohol and drug abuse programs be added as another amendment. I would like to ask the Senator from Maine (Mr. HATHAWAY) to explain that amendment briefly. I ask unanimous consent that I may yield to the Senator from Maine so that he might explain his amendment, which was unanimously agreed to in the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I thank the Senator from Louisiana for yielding.

The Finance Committee has agreed to offer as committee amendments three minor, noncontroversial amendments related to title XX funding for services to individuals who are alcoholic or drug dependent. Since these amendments were offered by me to the committee, I want to take this opportunity to thank the chairman and the members of the committee on both sides of the aisle for their cooperation and to explain the amendments briefly to my colleagues.

Each of these three minor changes, which I expect to be considered and accepted together as a single amendment, involve problems that have arisen in a number of States regarding the title XX regulations as they apply to alcoholism and drug abuse treatment programs. The problems have been called to my attention as chairman of the Subcommittee on Alcoholism and Narcotics of the Committee on Labor and Public Welfare. Each of them is grounded in the unique nature of alcoholism and drug abuse treatment among the title XX services designed to turn dependent persons into productive, self-sufficient citizens.

By way of brief description, the first change simply inserts in title XX a cross reference to provisions insuring the confidentiality of the records of persons served by federally funded treatment programs for alcoholics and drug abusers. The second and third changes refer to those parts of the law which require that medical and room and board costs be a "subordinate" part of the total cost of a service funded under this title. Specifically, the second change would insure that the entire rehabilitative process for alcoholics or drug addicts is considered when determining whether medical costs or room and board costs are "subordinate." The third change would exempt the initial detoxification process from those requirements, and from the prohibition against funding services in hospitals, intermediate care facilities and certain other facilities, for a period not to exceed 7 days if such detoxification is determined to be integral to the provision of further services under this title.

Title XX was enacted by Congress for the purpose of providing social services to reverse the growth of individual dependency in America, and to make as many people as possible self-supporting and self-sufficient once again.

Alcoholism and drug addiction are specifically recognized in title XX as two types of "dependency" the act is designed to affect. In fact, they are both classic examples of such dependency, since the successful treatment of alcoholism or drug addiction in an individual almost invariably renders that person a productive, taxpaying, family-supporting, nondependent member of society.

There has been considerable development in alcoholism and drug abuse treatment in the 5 years since major Federal efforts have been inaugurated in these fields. Treatment has been evolving away from medical and institutional models and toward a widespread community-based approach, and that is also a tendency title XX is designed to encourage.

However, in writing title XX regulations and seeking to apply them to alcoholism and drug abuse treatment programs, HEW seems to have overlooked certain unique aspects of such programs.

For if community-based treatment and an end to alcohol and drug dependency are to be the goals, the realities of such treatment must be taken into consideration in the pursuit of those goals.

One area that appears to have been given insufficient thought is the area of confidentiality of the record of persons in treatment.

In the last 2 years, Congress has passed landmark confidentiality legislation for the protection of individuals who are treated for alcoholism, alcohol abuse and drug dependency. The confidentiality provisions specifically provide that the identity, diagnosis, prognosis, and treatment of persons shall be kept confidential unless a person gives his written consent to the contrary. The only exceptions to this tightly drawn protection concern the release of information to medical personnel if required to meet an emergency, to other parties pursuant to a court order upon a showing of good cause, or to qualified personnel for the purpose of conducting research, evaluation or an audit for statistical purposes only, without revealing any individual's name. The prohibitions of this provision apply to all records, irrespective of whether a person is still in treatments. Penalties ranging from $500 to $5,000 may be assessed against persons violating the provisions.

The need for such a provision is obvious. Only in recent years have we begun to overcome the stigma that has traditionally attached to these dependencies and see them as illnesses which can be successfully treated.

However, much of that stigma remains, and many persons would refuse to seek treatment for alcoholism or drug addiction if they thought there would be any chance that their employer or others in their community would find out. Application of new title XX regulations insensitive to these needs would considerably set back the overall Federal gains in these areas.

The addition of a specific cross reference to the confidentiality law will insure that individuals will continue to be protected in such programs, even if their treatment is funded under title XX, from the moment they first seek services to help end their dependency.

I would underscore the specific need for this protection in the very earliest stages of contact with an alcoholic or drug dependent individual, even prior to determination of eligibility under title XX. Such eligibility must be determined within the confines of the confidentiality law for this service to be effective. If necessary, eligibility must be determined by acceptance of an individual's affidavit as to income and other eligibility requirements. Spot checking might be used to determine that no abuses are taking place, but only with absolute safeguards concerning the identification of the individual as a candidate for alcohol or drug abuse treatment. This is not to imply that a certain amount of record keeping cannot be done as between the service provider and the State title XX agency in control of the funding. For certain purposes, the two may need to be considered different "arms" of the same service.

But as between the two "arms" and any outside individual or institution, the confidentiality provisions must be strictly adhered to.

The second and third parts of this amendment concern other realities of alcohol and drug abuse treatment which need additional emphasis in the administration of title XX.

Rarely, for example, do you find that the several crucial stages of treatment for an individual can be coordinated nicely into a single service center or administered by a single entity in an area. Most often, an alcoholic individual, for example, must go—or be taken—first to a detoxification unit for a length of time—almost always totaling 7 days or less. From there, the individual would proceed to treatment, either in a short term—that is, averaging between 4 and 6 weeks—residential programs, or a halfway house, often based in the community, or some other type of program. After that, or immediately after detoxification, outpatient treatment and extensive counseling would follow, as the individual is brought to a state of self-support or self-sufficiency.

Treatment of drug-dependent individuals can follow similar patterns, although some may require longer-term residential treatment than alcoholics, which title XX is less easily geared to support.

Quite simply, it is a mistake to view any single component of alcoholism or drug addiction treatment as a separate entity for most individuals requiring treatment. The initial short detoxification, in which the medical component may be less subordinate than required under the HEW standards, should be for most individuals simply a preliminary stage of the treatment, even though it may be provided to the individual by a separate entity. Conversely, a person in a treatment program cannot get to the point where treatment will be useful, without first going through some form of detoxification. They are all part of the same "service", and this amendment would insure they are treated as such.

By regulation, HEW has determined that no more than 25 percent of the entire cost of a service funded under title XX may be allotted for medical expenses, and that no more than 40 percent of the cost may be allotted for room and board. This amendment in no way affects those requirements. However, much confusion has developed in the field in States with plans that specify alcoholism and drug abuse treatment facilities as eligible services under title XX.

The amendment clarifies this point by requiring that, for an individual requiring a complete rehabilitative process, that entire process, as outlined above, will be taken into consideration in determining whether the 25 percent medical and 40 percent room and board requirements should apply.

In addition, the amendment underscores the particular value to the entire process of initial detoxification. Generally, detoxification requires more intensive medical and room and board care than title XX would allow. Yet, in keeping with the letter and spirit of the title, it is an essential step for many persons in the process of ending dependency on alcohol or drugs. Few, if any, other services can be provided to a person in need of detoxification. By limiting the exemption of initial detoxification from the requirements to 7 days, it should be clearly understood that Congress does not intend to endorse the funding of long-term or unnecessary medical care of hospitalization under title XX, but rather to insure that initial detoxification can be provided if it is necessary before further services can be effective.

In conclusion, let me briefly explain what the amendments do. One makes sure that the confidentiality requirements of the authorizing legislation with respect to alcohol and drug abuse be observed with respect to any regulations that may be promulgated under title XX. The second seeks to make sure that the requirement by regulation that no moneys be expended under title XX for services in which more than 40 percent of the funds go for room and board, or more than 25 percent go for medical payments, be more realistic with respect to drug abuse and alcohol problems, by making sure that the entire alcohol rehabilitation program be considered as one unit, and the third exempts a detoxification period, up to 7 days, from these requirements.

If there are any questions any Senators may have on this matter, I would be happy to answer them.

Mr. LONG. Mr. President, the Senator from Nebraska (Mr. CURTIS) is on his way to the Chamber. I had hoped he could be here when we act on this measure. I suggest the absence of a quorum.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. LONG. I withdraw that, and yield to the Senator from Minnesota.

Mr. MONDALE. I commend the chairman of the Committee on Finance for his efforts to deal with this extremely complex and difficult problem of reconciling how children should be properly cared for in day care centers, when their parent or parents work, and trying to do so in a way which meets the objective of encouraging work rather than welfare, but not doing so at the expense of the children.

I think the proposal the Senator introduced earlier this week was the way to do it. I supported him, and was proud to do so. This will give us a month, now, to work out this dispute if we can, and I hope that we can.

I simply wanted to express my admiration for his leadership in this field.

Mr. LONG. As the Senator perhaps knows, hearings on child care staffing requirements have been scheduled for next Wednesday. I applaud the Senator from Minnesota for the very fine contribution he has made in this area. We have some problems, but I believe we will resolve them. I hope we can resolve them in a way that does the maximum good for those little children and for their parents.

I am very happy that I find myself in almost complete agreement with the Senator from Minnesota in this area, and believe that we should find a way to meet the problems in such a way that out of the funds available we do the maximum good that can be done for those who are affected by our action. I am very optimistic that we will be able to work out a program that will help these little children, that will reduce the dependency of these families, and that will improve the quality of day care. The Senator is very much interested in all those matters, and I am very proud to work with him in this area.

Mr. MONDALE. I thank the Senator very much.

Mr. HATHAWAY. Mr. President, will the Senator yield for a unanimous consent request?

Mr. LONG. I yield.

Mr. HATHAWAY. I ask unanimous consent that the chief counsel of the Alcohol and Drug Abuse Subcommittee of the Committee on Labor and Public Welfare, Larry Gage, be extended the privilege of the floor during the debate on this measure and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I am pleased to see that the Senator from Nebraska (Mr. CURTIS) has arrived in the Chamber. I now send to the desk an amendment involving child care, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. LONG. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG'S amendment is as follows:

At the end of the bill add the following new sections:

SEC. 3. Section 7(a) of Public Law 93–647 is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraph (1) of this subsection, payments under section 2002 (a)(1) of the Social Security Act with respect to expenditures in connection with the provision of child day care services in day care centers and group day care homes, in the case of children between the ages of six weeks and six years, may be made, for quarters during the period ending March 31, 1976, without regard to the requirements relating to staffing standards which are imposed by or under section 2002(a)(9)(A)(ii) of such Act, so long as the staffing standards actually being applied in the provision of the services involved (A) comply with applicable State law (as in effect at the time the services are provided), (B) are no lower than the corresponding staffing standards which were imposed or required by applicable State law on September 15, 1975, and (C) are no lower, in the case of any day care center or group day care home, than the corresponding standards actually being applied in such center or home on September 15, 1975.".

SEC. 4. (a) Section 7(a) of Public Law 93–647 is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraph (1) of this subsection or section 3(f), payments under title IV or section 2002(a)(1) of the Social Security Act with respect to expenditures made prior to November 1, 1975 in connection with the provision of child day care services in day care centers and group day care homes, in the case of children between the ages of six weeks and six years, may be made without regard to the requirements relating to staffing standards which are imposed by or under section 2002(a)(9)(A)(ii) of such Act, so long as the staffing standards actually being applied in the provision of the services involved (A) comply with applicable State law (as in effect at the time the services are provided), (B) are no lower than the corresponding staffing standards which were imposed or required by applicable State law on September 15, 1975, and (C) are no lower, in the case of any day care center or group day care home, than the corresponding standards actually being applied in such center or home on September 15, 1975.".

(b) Paragraph (3) of section 7(a) of Public Law 93–647, as added by section 3 of this Act, shall not be applicable to expenditures in connection with the provision of child day care services during the fiscal year ending June 30, 1976.

Mr. LONG. Mr. President, I ask unanimous consent that my colleague from Louisiana (Mr. JOHNSTON) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I am offering as an amendment to this bill a provision approved by the committee on October 1 which would delay the implementation of certain child care standards under the Social Security Act through the end of this month.

Under legislation enacted in December 1974, providers of child care funded under the Social Security Act must meet minimum staffing requirements which have not previously been enforced and which will require a substantial increase in the staff of many of these providers.

The issue of the proper staffing levels for child care is one which has been debated for a number of years and concerning which there are a variety of opinions. The 1974 legislation requires the Department of Health, Education, and Welfare to undertake an evaluation of the appropriateness of these staffing requirements and to report to the Congress between January and June, 1977. Pending the completion of this study, the staffing standards specified in the 1974 Social Services Amendments would have to be met in order for child care programs to qualify for Federal funding under the Social Security Act. These new statutory requirements went into effect on October 1, 1975.

On September 29, 1975, the House of Representatives passed a bill which provided for a 6-month delay in the enforcement of the child care staffing requirements of the Social Services Amendments of 1974 insofar as they apply to children between the ages of 6 weeks and 6 years. The report of the Committee on Ways and Means on this legislation indicates that the 6-month delay is being proposed by the House in recognition of the fact that many child care centers do not presently have the staff necessary to comply with the new standards and in the hope that this delay will make it possible to arrive at a more permanent answer.

The Finance Committee felt that the practical situation faced by the Congress is such as to warrant a delay. There are, on the basis of the evidence available, many child care providers who do not presently have the staff necessary to meet the standards. The committee was not convinced, however, that a delay of 6 months is warranted. The law already provides for a thorough study of the question of what staffing standards are proper, and there is no reason to think that this can be completed before 1977. It is unlikely that there will be substantially more information available in 6 months than there is at present.

Thus it appears that the tasks of the Congress is to find a way of dealing with the standards already in the law until more information is available. A 1-month delay should allow adequate time for this consideration. The committee intends to act promptly to deal with this issue within the time allowed by the amendment I am offering today. The committee has already scheduled hearings on this subject for next Wednesday, October 8, and I would hope that further action could be completed shortly thereafter.

The House may wish to go to conference on this bill. To afford an opportunity for the conferees to have before them the 6-month delay approved by the House, my amendment also includes the text of the House-passed provision. In another section of the amendment, this 6-month provision is superseded by the Finance Committee's 1-month postponement. Thus the Senate in approving my amendment will be approving a 1-month delay, but the House language will be in conference should there be a conference.

It will always be possible to agree to the House language rather than the Senate language, if that is what the conferees wish to do.

I urge that the Senate agree to the amendment.

Mr. CURTIS. Mr. President, our distinguished chairman has previously explained the provisions of H.R. 7706, as reported by the Committee on Finance, together with the proposed committee amendment on child day care centers. I wuold like, briefly, to supplement his comments.

In 1974, Congress added a new title XX through the Social Security Act relating to social services. A major social service to be funded through title XX is the providing of child day care services. Title XX itself contains certain requirements as to the staffing of these day care centers and, additionally, authorizes the Department of Health, Education, and Welfare to promulgate regulations imposing further staffing standards. These standards took effect October 1, 1975. States which are found not to be in compliance as of that date risk loss of Federal funding under title XX. Since a number of States are in fact faced with loss of Federal funds for failure to comply with these staffing requirements, some form of legislative action seems to be clearly necessary.

The House bill, which was not passed until September 29, 1975, responds to this problem by simply postponing the effective date of the staffing standards for 6 months to April 1, 1976.

Under the circumstances, it seemed to me that this was a reasonable approach. However, when the Committee on Finance met to consider the House bill, it was apparent that a number of Senators, including our distinguished chairman, had alternative approaches in mind and that, additionally, a simple 6-month postponement of the effective date posed some problems. Moreover, the Department of Health, Education, and Welfare had yet another alternative that it wished the committee to consider. Because of the time pressures imposed on the committee, which were beyond the committee's power to control, there was no sufficient time to adequately consider the various alternative courses of action available to us, and, if necessary, to hold hearings to receive the views of the administration and other interested parties.

The committee recognized the competing needs for prompt legislative action and for careful consideration of all alternative suggestions. Accordingly, the committee agreed to postpone the effective date of these staffing requirements for 1 month, to November 1, 1975. During this month, the committee will hopefully be able to develop a more satisfactory solution to the problem. Although I have some personal reservations about a simple 1-month extension such as has been recommended by the committee, I nevertheless have concluded that it is the best that can be done under the circumstances. For these reasons, Mr.

President, I support the committee amendment and urge its favorable consideration by the Senate.

The PRESIDING OFFICER (Mr. STONE). The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk a committee amendment to H.R. 7706 relating to alcoholism and drug abuse which is offered on behalf of the Senator from Maine.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) on behalf of the Senator from Maine (Mr. HATHAWAY) proposes an amendment to add a new section at the end of the bill.

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. 5. (a) Section 2003 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) The provisions of section 333 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 shall be applicable to services provided by any State pursuant to this title with respect to individuals suffering from drug addiction or alcoholism."

(b) (1) Section 2002(a) (7) of such Act is amended by adding at the end thereof the following new sentence: "With regard to ending the dependency of individuals who are alcoholics or drug addicts, the entire rehabilitative process for such individuals, including but not limited to initial detoxification, short term residential treatment, and subsequent outpatient counseling and rehabilitative services, whether or not such a process involves more than one provider of services, shall be the basis for determining whether standards imposed by or under subparagraph (A) or (E) of this paragraph have been met."

(2) Section 2002(a) (11) of such Act is amended by—

(A) striking out "and" at the end of clause (B) thereof,

(B) striking out the period at the end of clause (C) thereof and inserting in lieu of such period "; and ", and

(C) adding after clause (C) thereof the following new clause:

"(D) any expenditure for the initial detoxification of an alcoholic or drug dependent individual, for a period not to exceed 17 days, if such detoxification is integral to the further provision of services for which such individual would otherwise be eligible under this title.".

(3) Section 2002(a) (7) (A) of such Act is amended by inserting "(except as provided in paragraph (11) (D))" immediately after "other remedial care".

(4) Section 2002(a) (7) (E) of such Act is amended by inserting "and paragraph (11) (D)" immediately after "paragraph (11) (C)".

Mr. LONG. Mr. President, the Social Security Act's social services provisions are an important source of funding for the rehabilitation of drug addicts and alcoholics. Under the Social Services Amendments of 1974, the social services program has been restructured in a new title XX of the Social Security Act, and the regulations for this program have been rewritten to conform with the new legislation.

While the intent of the new law and regulations is completely consistent with continued use of the social services program to help with the rehabilitation of addicts and alcoholics, the language of the law is open to interpretations which might pose some difficulties for these programs. The amendment I am offering on behalf of the Committee on Finance would correct this situation.

The new law requires that individuals served by the program have incomes within specified limits related to State median income levels. Regulations of the Department of Health, Education, and Welfare require the States to verify an applicant's statement that his income is within the permitted limits, and verification may sometimes require an employer contact. This raises the possibility that an employer could be informed in this process that the individual is undergoing treatment for addiction or alcoholism which in turn could result in the loss of his job, defeating the purpose of the rehabilitation effort. To prevent such situations, a provision already enacted into law in the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act Amendments of 1974 requires a special degree of confidentiality in dealing with the treatment of such individuals. The amendment I am offering to this bill would not in any way prohibit the verification of an applicant's eligibility for social services, but it would require that in the case of drug addicts and alcoholics the special confidentiality requirements of the Comprehensive Alcohol Abuse Act be observed.

Another problem is related to the fact that under the new law social services funding generally is not applicable to medical or residential types of care, which is more appropriately funded under other programs. Funding is available only when the care involved is a subordinate and integral part of a social service program. In itself this provision creates no difficulty for drug addiction and alcoholism programs, provided that the whole rehabilitation process is considered. However, there is a possibility under the law and regulations that certain elements of the process could be looked at in isolation and found to be ineligible for funding. The amendment I am offering would correct this by making two additions to the law.

The amendment would make clear that in evaluating services of a medical nature provided to an addict or alcoholic, the rehabilitative process for an individual would be looked at in its entirety and not in segments. Thus initial detoxification, short-term residential treatment, usually about a month in duration, and subsequent counseling and other services would all be considered together.

The amendment also specifically authorizes social service funding for initial detoxification programs up to a duration of 7 days, without regard to the usual ban on funding of services to institutionalized individuals. The detoxification would have to be integral to the further provision of services for which the individual would be eligible.

The amendment I am offering was offered in committee by Senator HATHAWAY at the Finance Committee at its meeting of October 1, 1975 and was approved as a committee amendment.

Mr. HATHAWAY. Mr. President, if the Senator will yield, if there are any questions in regard to the amendment, I am happy to try to answer them.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment to the title of the bill.

The PRESIDING OFFICER. The amendment to the title will be stated after the bill is passed.

If there is no further amendment to be offered——

Mr. LONG. Mr. President, I was informed that the Senator from Colorado (Mr. HASKELL) is on his way to the Chamber, that he had some question with regard to this matter, and I wish to afford him that opportunity.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. HELMS. Mr. President, I wonder if the distinguished Senator from Illinois would permit me to have about 4 or 5 minutes under unanimous consent for an extraneous matter.

Mr. STEVENSON. Mr. President, without losing my right to the floor, I am glad to yield to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from Illinois does not have the floor. The Senator from North Carolina has the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield to me for 1 minute?

Mr. HELMS. I am delighted to yield to the distinguished majority leader.

U.S. GRAIN EXPORTS TO THE SOVIET UNION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily and the Senate proceed to the consideration of Calendar No. 393, Senate Resolution 269, by Senators TUNNEY and DOLE.

The PRESIDING OFFICER. The resolution will be stated by title.

The second assistant legislative clerk read as follows:

A resolution (S. Res. 269) relating to United States grain exports to the Soviet Union.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the resolution.

Mr. TUNNEY. Mr. President, I send a modification of the resolution to the desk and ask that it be stated.

The PRESIDING OFFICER. The modification will be stated.

The assistant legislative clerk read as follows:

On page 2 in line 4 after the words "Soviet Union" strike the "an" and add "a short term."

The PRESIDING OFFICER. The question is on agreeing to the modification by the Senator from California.

The modification was agreed to.

Mr. TUNNEY. Mr. President, this resolution is designed to promote the possibility of obtaining Soviet oil at lower than OPEC prices in return for American grain.

Senator Dole and I have been joined by 13 of our colleagues as cosponsors of this resolution.

To those who might question whether the Soviet Union is indeed interested in such an agreement, I would say that in the face of tremendous grain shortages and a 4 to 1 negative balance of trade with the Soviet Union, the Soviets may have no choice.

As for how much oil the Soviets would be able to export, the Federal Energy Administration reports that the U.S.S.R. currently produces 9.2 million barrels per day, has a daily surplus of 1.2 million barrels, and has an 83-million-barrel reserve.

But we do not need that much oil to find a lever we can use on OPEC prices. As their recent meetings showed, the OPEC motto is hardly "all for one and one for all."

Once they perceive their potential revenue loss, their cartel sessions may strike a different tone.

The U.S. negotiating team is now in Moscow, and an agreement is rumored to be near. Now is the time for the Senate to speak.

I urge each of you to support this resolution which, if it helps reduce the tremendous burden of the cost of petroleum, could prove to be a milestone in our effort toward this country's ultimate energy solution.

Mr. President, I add as cosponsors to the resolution the Senator from Arkansas (Mr. Bumpers), Senator Eagleton, Senator Hansen, Senator Gary Hart of Colorado, Senator Hartke, Senator Hathaway, Senator Morgan, Senator Moss, Senator Pell, Senator Stone, Senator Taft, Senator Thurmond, and Senator Mansfield.

I say that we are particularly appreciative that the Senator from Florida (Mr. Stone) has been such a vigorous supporter of this concept in the Committee on Agriculture and Forestry.

In the hearings before the Committee on Agriculture and Forestry on July 11, 1975, Senator Stone made a very strong statement in support of this basic proposition.

Mr. President, I ask unanimous consent that that statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Transcript of Proceedings: Committee on Agriculture and Forestry—Sales of Grain to the Soviet Union

The Chairman. Senator Stone.

Senator Stone. Thank you, Mr. Chairman. Mr. Secretary, when you appeared before this Committee on July 11, I asked if you had given any thought to the concept of trading or bartering of Soviets for oil and petroleum products, getting a little of theirs for a little of ours.

You stated the Soviets are regular customers for our feed and this is about the only place they can get the quantity they need. This was without directly responding to my suggestion that we seriously consider this, but affirming they need what we have.

Today in your opening remarks you stated that we are paying for the imported energy with agricultural exports, again reflecting the benefits of paying for the energy needs we have with our agricultural exports.

Finally, Mr. Secretary, the FEA figures show that the Soviets produce 9 million barrels of crude oil each day, more than any other country, and that in 1974 they had a 1.2 million barrel a day surplus and an 83 billion barrel reserve.

Have you given further thought, therefore, to the idea as we negotiate with them for such things as Chairman Burns was talking about, reserves, and as we interchange agricultural information of exploring this because if we did, not only would the production costs of chemical feed stocks be eased for our agricultural producers, not only would the energy crisis to some extent be moderated, but the public feeling against this deal, I think, which is high, would be lower.

Secretary Butz. Yes, sir.

As somebody in the State Department remarked ten days ago, this is being explored.

But, I think you have to examine it a bit more.

You said that the costs of energy would be lower here. This would be only if they made a price concession transfer to us in return for us making a price control transfer to them.

Senator Stone. It all depends on how much they need ours and how much we need theirs.

But, we would be negotiating on the basis of those needs.

Secretary Butz. That is correct.

Hearings Before the Committee on Agriculture and Forestry

Senator Stone. One last point, in the light of the fact that farmers and growers have been suffering from a cost increase in fertilizer, particularly nitrogen based fertilizer, and you have mentioned that in your opening statement again, and in the light of the fact that the Soviet Russians have oil and petroleum for export and have, in fact, been making quite a windfall on that during the last year and a half, has the USDA given any thought to the fact that you have some leverage to think of getting some of that good fertilizer feed stock that we are short of in connection with food that they are short of?

Secretary Butz. With the suggestion that I made 2 years ago during the OPEC oil embargo as to why do we not shut off food stuffs to them.

Senator Stone. Not shut off, just get a little of theirs for a little of ours.

Secretary Butz. The suggestion has been made and I have taken the position that the United States must be a dependable, constant exporter of the foodstuffs, or else our domestic food plant is in trouble. Now, we ought not to tie it directly with that kind of quid pro quo arrangement.

Senator Stone. I could not agree more in terms of our regular customers, but when you take the Soviets coming in outside of the normal situation, and that is why the Board of trade prices have been fluctuating, it is a windfall, it is extra.

Mr. TUNNEY. Mr. President, I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas is pleased that the Senate is taking up this resolution in such a timely manner. It is my feeling that this resolution, if acted upon in as timely a manner by the President, will be greatly beneficial to all Americans—including farmers and consumers.

For if the Russians will sell us oil, it will help diversify our energy sources and hopefully reduce our dependence upon the OPEC nations. It may even be possible that the Soviets will negotiate a price advantage for us on the oil, based on the importance of our grain resources worldwide as mentioned in section 2 of the resolution.

But the Senator from Kansas would emphasize that this resolution does not call for a barter arrangement, or for an agreement to peg the price of oil to the price of wheat. For the price of wheat may go up in future years and the price of oil may come down. If that happened, we could find ourselves at a disadvantage in a barter arrangement.

This Senator would also expect that the agreement should be short term. That way, we will have an opportunity to reassess the situation to insure that we are not increasing our oil vulnerability by buying from the Russians.

It is my understanding that our negotiators are already in Moscow. If the President acts promptly on this resolution—as he hopefully will—they will attempt to concurrently negotiate an annual grain sales agreement and an oil purchase agreement with the Russians.

For our grain sales are much more important—worth about $1.4 billion to our balance of payments from sales already made this year—than the oil we might buy from the Russians, which private sources estimate to be 200,000 to 300,000 barrels per day at best. So with concurrent negotiations, we would not risk losing the benefits of the grain sales just for the lesser benefits of the oil we might obtain.

Mr. President, I hope the Senate will adopt this resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as modified.

The resolution, as modified, was agreed to.

The preamble was agreed to.

The resolution, as modified, with its preamble, is as follows:

Whereas the United States is the largest grain-producing Nation in the world; and

Whereas it is in the national interest of the United States to assure that exports of surplus American grain are made in a manner that will protect the interests of both American farmers and consumers; and

Whereas the Soviet Union is potentially a regular, large quantity customer for American grain exports; and

Whereas the Soviet Union is now the largest oil-producing nation in the world; and

Whereas the Soviet Union is interested in purchasing American grain but faces a large balance-of-payments deficit in its trade with the United States; and

Whereas the Soviet Union could sell its oil resources to the United States in order to acquire the foreign exchange necessary to purchase American grain; and

Whereas the policy of détente would be advanced if the two countries engaged in the mutually advantageous trade of commodities vital to the interest of each country: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President, during the negotiations on a multiyear agreement with the Soviet Union on the purchase of American grain, should attempt to negotiate with the Soviet Union a short-term agreement whereby the Soviet Union would sell oil to the United States.

SEC. 2. It is further the sense of the Senate that the United States negotiators shall negotiate the purchase price for Soviet oil at a level which reflects the high value the United States attaches to its grain resources.

SEC. 3. The Secretary of the Senate is directed to furnish a copy of this resolution to the President of the United States.

SENATE RESOLUTION 233 PLACED UNDER "SUBJECTS ON THE TABLE"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Senate Resolution 233 be placed under the heading "Subjects on the Table."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL JUDGESHIPS FOR THE U.S. COURTS OF APPEALS

Mr. MANSFIELD. Mr. President, I have been informed that Calendar No. 396, S. 286 has been cleared on both sides. I ask unanimous consent to call that bill up at this time.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 286) to authorize additional judgeships for the United States courts of appeals.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments, as follows:

On page 1, line 5, strike "two additional circuit judgeships for the second circuit,";

On page 1, line 7, strike "two" and insert "one";

On page 2, line 1, strike:

SEC. 2. The two additional circuit judgeships authorized by section 1 for the second circuit shall be filled only upon certification of need by the Judicial Conference of the United States.

On page 2, line 5, strike "Sec. 3." and insert "Sec. 2.";

On page 2, under "Circuits" strike "Second";

On page 2, under "Number of Judges," strike "11";

On page 2, under "Circuits" strike "Fourth" and insert "Fourth";

On page 2, under "Number of Judges," strike "9" and insert "8";

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President shall appoint, by and with the advice and consent of the Senate, one additional circuit judgeship for the first circuit, one additional circuit judgeship for the third circuit, one additional circuit judgeship for the fourth circuit, one additional circuit judgeship for the sixth circuit, one additional circuit judgeship for the seventh circuit, one additional circuit judgeship for the eighth circuit, and one additional circuit judgeship for the tenth circuit.

SEC. 2. In order that the table contained in section 44(a) of title 28 of the United States Code will reflect the changes made by section 1 in the number of circuit judgeships for said circuits, such table is amended to read as follows with respect to said circuits:

"Circuits:	*Number of Judges*
First	4
Third	10
Fourth	8
Sixth	10
Seventh	9
Eighth	9
Tenth	8".

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. I thank the distinguished Senator from North Carolina for his unfailing courtesy and consideration.

Mr. HELMS. I thank the distinguished Senator.

The PRESIDING OFFICER. The Senator from North Carolina.

THE TRIP OF SENATOR WILLIAM L. SCOTT

Mr. HELMS. Mr. President, I thank the Chair.

The Senator from North Carolina has noted, as have other Senators, an article and an editorial published this week in the Washington Star about the distinguished Senator from Virginia (Mr. WILLIAM L. SCOTT) in connection with an overseas trip I believe in August.

Mr. President, the distinguished Senator from Virginia has told the Senate in this Chamber that the original article published on September 30 was "inaccurate from start to finish."

Having devoted almost all of my life to the news business prior to coming to the Senate, this episode troubles me because the Washington Star, it seems to the Senator from North Carolina, had an unusual opportunity to provide a sense of balance to newspaper coverage in this city in terms of objectivity and fairness.

As I review the circumstances as they appear at least superficially to me, I find myself wondering just how carefully the Washington Star checked the "facts" contained in the article.

This afternoon I called an editor of the Washington Star, who happens to be an able young man who came here from a fine North Carolina newspaper, to ascertain whether the Washington Star had sought to obtain, for example, the passenger manifest of the Government plane which received such attention in the original article about Senator WILLIAM L. SCOTT.

Contrary to implications of that article, a copy of the passenger manifest, which I have here, shows that numerous other Members of Congress and their wives were passengers on the same plane.

For example, the distinguished Senator from Arkansas, Mr. BUMPERS, and his wife, Betty, are listed. Others listed are the distinguished Representative from Missouri, Mr. RANDALL, and Mrs. Randall; the distinguished Representative from North Carolina, Mr. TAYLOR, and Mrs. Taylor; the distinguished Representative from Texas, Mr. ECKHARDT, and Mrs. Eckhardt; the distinguished Representative from Michigan, Mr. ESCH; the distinguished Representative from Pennsylvania, Mr. ESHLEMAN, and Mrs. Eshleman; Representative HAMMERSCHMIDT, of Arkansas; Representative and Mrs. REGULA, of Ohio; Representative and Mrs. GOODLING, of Pennsylvania; Representative WHITEHURST, of Virginia. There are many others whose names are not readily identifiable to me, but I assume that they are either Members of Congress or staff members or State Department representatives or Department of Defense representatives.

In any case, Mr. President, the original article, frankly, left me with the impression that only Senator and Mrs. SCOTT and a few of Senator WILLIAM L. SCOTT's aides were aboard that plane, when obviously this is not true; and I believe that it could have been obtained easily by any representative of the news media.

The editor of the Washington Star, when I called him this afternoon, candidly stated that he did not know whether his newspaper had sought to obtain a copy of the passenger manifest, and neither did he know whether his newspaper had sought to obtain comment from the Department of State concerning all the anonymous quotations attributed to an unidentified "spokesman" for the State Department who was exceedingly critical of the Senator from Virginia.

Of course, being unable to identify his critic, Senator WILLIAM L. SCOTT really has no reasonable opportunity to review the criticism so widely circulated as a result of the Washington Star article.

I do not know whether the facts are correct. Based on the totally inaccurate impression that Senator and Mrs. SCOTT were almost alone as occupants of the plane, I am inclined to believe that there is serious doubt about the whole news story.

On the other hand, I have to believe that the Washington Star wants to be fairer than is indicated in this episode. At a minimum, I would think that the newspaper would want to correct the obvious errors in its original story and perhaps as well make formal inquiry of the State Department as to those comments attributed to an unidentified "spokesman."

Mr. President, I speak as a Senator who has declined to participate in any overseas trip at Government expense—that is to say, at the taxpayer's expense. I do not criticize Senators who feel otherwise, and I assign no virtue to myself in my own position as to such trips. That is a judgment each of us has to make. There may be, at some time in the future, a trip which I will regard as necessary to my performance of responsibility as a Senator. I have not seen one yet, but that situation may change.

Mr. President, I have in my hand the text of an editorial broadcast on radio station WAVA in Arlington, Va., at 10:45 a.m. on Thursday, October 2, 1975. It is headed "Washington Star 'Exposes' Virginia's Junior Senator: The Anatomy of a Smear." This editorial apparently was written by Les Kinsolving, a gentleman whom I do not know. However, since it seems to be giving the other side, the alternative view of the comment about Senator William L. Scott, I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

WASHINGTON STAR "EXPOSES" VIRGINIA'S JUNIOR SENATOR: THE ANATOMY OF A SMEAR

"Senator William O. Scott on Tour" was the Washington Star's Banner above its page one story headlined: "It was a Diplomat's Nightmare," by Lisa Myers.

There is no William O. Scott in the U.S. Senate, and there is nobody by the name of Lisa Myers employed on the reportorial staff of the Star.

Miss Myers is a stringer, two years out of journalism school. She works for an organization called "Bureau of National Affairs" which she says used to be connected with U.S. News and World Report.

Miss Myers began her "exposé" by getting Senator Scott's name wrong (William *L.*—not William *O.*).

Investigative reporter Myers proceeded directly to eclipse this minor miscue by reporting that "On his 24 day junket through ten countries during the August recess the Virginia Senator took "a jetliner the size of a Boeing 707 . . ."

In point of fact, during most of his travel in the Middle East, Scott flew in an eight-seater with propellers, not jet. He flew—with a number of other Congressmen—on the jetliner to Rome and then changed planes.

Miss Myers admitted to WAVA News that she knew this, but "I didn't feel it merited the space".

The "Diplomat's Nightmare" headline was motivated by Miss Myers' quoting of "one State Department official who insisted on anonymity."

"It was a diplomat's nightmare," according to Miss Myers' hidden source, "Scott managed to insult almost every country."

In order to believe this alleged contention from an unidentified source, one must conclude that last August a United States Senator managed to insult such countries as Iran, Jordan, Egypt, Syria and Saudi Arabia—none of whom have said anything about any insults. These are nations whose temperaments have not been given to suffering insults patiently—or to being restrained when inclined to criticize the United States.

Miss Myers' anonymous source does not even specify the nature of the alleged insults. None of the wire services or numerous news bureaus in the Middle East have reported any such insults. Neither the Congressional Liaison Desk at the State Department or the Senate Armed Services Committee have received any such complaints. Only a stringer named Lisa Myers, and this one month after the fact.

How in the hell does a United States Senator defend himself from such phantom accusations? Such accusations that stink strongly of the tactics of the late Senator from Wisconsin?

Miss Myers also reported that Senator Scott:

"Thanked Egyptian President Anwar Sadat, while overlooking the Suez Canal: 'This is beautiful. I've always wanted to see the Persian Gulf'."

Sound ludicrous, doesn't it? In point of fact, however, when Scott visited the Suez Canal, Sadat was hundreds of miles away, on a Mediterranean villa near the Libyan border.

This has been verified by two men who accompanied the Senator, Charles Connelly and Gordon Thorpe. Connelly also denies that Scott ever made such absurd statements about Gaza and a mosque as reported by Miss Myers. But because one man works for the Senate Armed Services Committee and the other for the Department of Defense, Miss Myers can neatly smear their integrity by quoting her anonymous sources as saying "Scott has a reputation for rolling heads".

If Senator Scott had managed to insult ten countries, would such Senators as Jackson, Symington, Goldwater and Stennis permit him to cause the firing of anyone reporting such massive misconduct?

It was Senator Stennis who described Scott's tour as "complete dedication and perseverence" and "an asset to the Committee".

Senator Sparkman also commended the Virginia Senator for "a tremendous presentation", while Senator Percy told the Senate:

"Anyone who characterizes these trips as junkets has no concept of the responsibilities of a Senator. Many times legislation is decided by one vote. We vote on billions of dollars and the potential loss of tens of thousands of lives in this area. . . ." The Senator from Virginia will be far better equipped".

Senator Percy joined Senators Stennis, Sparkman and Thurmond in commending Scott—which commendations Miss Myers failed to report. The Washington Star's "world editor", Jack Cassidy, when asked about Miss Myers' desperately dirty smear, said the newspaper stands behind it.

He then added a dirty smear of his own. "Are you working for Scott's office?" He then said "Would you like to come down here and run this paper?"

"No thank you," I replied, "that's being done by a Texas banker".

Admittedly, I am unqualified for such a post at the Star—among other reasons because I don't know how to go about running a newspaper so that it loses one million dollars a month.

Les Kinsolving, special report on the 'Anatomy of a Smear."

DUTY SUSPENSION ON NATURAL GRAPHITE

The Senate continued with the consideration of the bill (H.R. 7706) to suspend the duty on natural graphite until the close of June 30, 1978.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 7706) was passed.

The PRESIDING OFFICER. The clerk will now state the amendment to the

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. Long) proposes an amendment to the title:

Amend the title of the bill so as to read: An Act to suspend the duty on natural graphite until the close of June 30, 1978, and for other purposes.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I move that the Senate insist on its amendments, request a conference with the House, and that the Chair be authorized to appoint the conferees on behalf of the Senate.

The motion was agreed to; and the Chair appointed Mr. Long, Mr. Nelson, Mr. Mondale, Mr. Hathaway, Mr. Curtis, Mr. Fannin, and Mr. Hansen conferees on the part of the Senate.

Mr. LONG. Mr. President, I ask unanimous consent that H.R. 7706 be printed with the amendments of the Senate numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The question is on the pending amendment, the Stevenson amendment.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 a.m. tomorrow.

After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. Long, Mr. Ribicoff, Mr. Fannin, Mr. Eagleton, and Mr. Mansfield.

There will then be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements limited therein to 5 minutes each, after which the Senate will resume consideration of S. 2310.

Rollcall votes could occur tomorrow.

RECESS UNTIL 9 A.M. TOMORROW

Mr. HOLLINGS. Mr. President, I move, in accordance with the previous order, that the Senate stand in recess until 9 a.m. tomorrow.

The motion was agreed to; and at 5:18

p.m. the Senate recessed until tomorrow, Friday, October 3, 1975, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate October 2, 1975:

Agenty for International Development

Stanley S. Scott, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development, vice Samuel C. Adams, Jr., resigned.

Securities and Exchange Commission

Roderick M. Hills, of California, to be a Member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1977, vice Ray Garrett, Jr., resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 2, 1975:

U.S. Advisory Commission on Information

The following-named persons to be members of the U.S. Advisory Commission on Information for the terms indicated:

For a term expiring January 27, 1977:

Arthur C. Nielsen, Jr., of Illinois.

For a term expiring January 27, 1978:

George H. Gallup, of New Jersey.

(The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Department of State

Foreign Service nominations beginning Virgil L. Moore, to be a Foreign Service officer of class 1, and ending Thomas A. Pettit, to be a consular officer of the United States of America, which nominations were received by the Senate and appeared in the Congressional Record on September 3, 1975.

HOUSE OF REPRESENTATIVES—*Thursday, October 2, 1975*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

The Lord God is a sun and shield; the Lord will give grace and glory; no good thing will He withhold from them that walk uprightly.—Psalms 85: 11.

Almighty God, we bow our heads before this altar of prayer set up by our fathers praying for the citizens of our beloved country and for the Members of this House of Representatives. Help us to realize as never before that "righteousness exalteth a nation and sin is a reproach to any people." To this end we come seeking ,wisdom for the decisions we must make, strength for our daily tasks, and good will to motivate us in all that we do.

Thus may the hours of this day be well spent in our service to Thee and to our Republic. Keep us ever loyal to the royal within ourselves and ever steadfast in our support of that which is for the highest good of our free land.

Like the Master, in whose spirit we pray, may we go about doing good. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 572]

Ambro
Andrews, N.C.
AuCoin
Baldus
Beard, R.I.
Bolling
Burke, Fla.
Byron
Casey
Clausen, Don H.
Conyers
Dellums
Diggs
Dingell
Dodd
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Fraser
Goldwater
Gude
Harsha
Hébert
Holt
Hughes
Johnson, Colo.
Kemp
Kindness
McClory
McCormack
McDonald
McKinney
Macdonald
Madigan
Maguire
Matsunaga
Moakley
O'Brien
O'Hara
Patman, Tex.
Pepper
Pike
Riegle
Rogers
Rose
Ruppe
Ryan
Santini
Scheuer
Sisk
Staggers
Steelman
Stuckey
Studds
Teague
Treen
Udall
Van Deerlin
Waxman
Wilson, Tex.
Young, Alaska

The SPEAKER. On this rollcall 370 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will not take unanimous-consent requests from Members at this time; we will take business requests first.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 8561, AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1976

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 8561) making appropriations for Agriculture and related agencies programs for the fiscal year ending June 30, 1976, and for the period ending September 30, 1976, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION FOR SELECT COMMITTEE ON INTELLIGENCE TO SIT TODAY DURING 5-MINUTE RULE

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that the Select Committee on Intelligence may be allowed to conduct its hearings today, notwithstanding consideration of the Department of Defense appropriation bill under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PERMISSION TO FILE FURTHER CONFERENCE REPORT ON H.R. 8121, DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1976

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a further conference report on the bill (H.R. 8121) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. SNYDER. Mr. Speaker, reserving the right to object, I shall not object, but I do want to ask the chairman of the committee this question: Have the conferees met on the legislation?

Mr. MAHON. Mr. Speaker, if the gentleman will yield, I will state to him that the conferees are meeting at 10 o'clock this morning on the State-Justice appropriations bill.

Mr. SNYDER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET TODAY DURING THE 5-MINUTE RULE

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be permitted to meet today for the purpose of conducting business during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON MILITARY COMPENSATION OF COMMITTEE ON ARMED SERVICES TO MEET TODAY DURING THE 5-MINUTE RULE

Mr. STRATTON. Mr. Speaker, I ask unanimous consent that the Subcommittee on Military Compensation of the Committee on Armed Services be permitted to meet today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET AT 2 P.M. TODAY NOTWITHSTANDING THE 5-MINUTE RULE

Mr. RONCALIO. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation be permitted to meet at 2 o'clock p.m. today, notwithstanding the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

ANNOUNCEMENT OF HEARINGS

(Ms. ABZUG asked and was given permission to address the House for 1 minute, to revise and extend her remarks and include extraneous matter.)

Ms. ABZUG. Mr. Speaker, on October 22, the Subcommittee on Government Information and Individual Rights, which I chair, will begin hearings on several aspects of the integrity of the Federal Bureau of Investigation's recordkeeping systems, both preceding and immediately following the tragic assassination of President Kennedy in Dallas. Specifically, the subcommittee will be investigating allegations that important documents may have been withheld from the Warren Commission—including a letter purportedly written by Lee Harvey Oswald 10 days prior to the assassination threatening an FBI official in Dallas, and an internal FBI memo allegedly sent prior to the Dallas trip warning of a plot against the President.

The hearings will also focus on the "Do Not File" system of FBI records, purportedly used to cover any record of FBI burglaries and other operations, and will inquire into allegedly missing or destroyed files maintained by the late J. Edgar Hoover.

Pursuant to the subcommittee's oversight over the National Archives and the Freedom of Information Act, we will also examine the current Archives policies which have withheld from public release some 150 FBI and Central Intelligence Agency documents submitted to the Warren Commission.

The hearings will commence at 9 a.m. on Wednesday, October 22, in a room to be announced.

WHITE HOUSE SEEMS MORE CONCERNED ABOUT TURKISH OPIUM THAN DOMESTIC TOBACCO GROWERS

(Mr. JOHN L. BURTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHN L. BURTON. Mr. Speaker, it appears inconsistent to me that our President seems more concerned about the opium growers in Turkey than he is about the small tobacco growers in the United States.

His veto of price supports which would have enabled small tobacco growers to keep up with increasing costs is being followed by a request that Conrgess in effect supply unlimited arms to the Turkish Government, which has just sanctioned a doubling of opium production in that country, much of which is exported and winds up in this country as heroin.

Mr. Speaker, the least we could expect is a requirement that any arms for Turkey, as well as the heroin, be labeled, "The Surgeon General has determined these proudcts are hazardous to your health."

PROPOSED CHANGES IN QUORUM CALL PROCEDURE

(Mr. TAYLOR of North Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAYLOR of North Carolina. Mr. Speaker, today I introduced a House resolution which, if approved by the House Rules Committee and the House, will save some legislative time for all Members and especially for the Speaker.

At present, when the House is in a Committee of the Whole, the Committee Chairman receives and announces the results of all votes including rollcall votes. The Committee Chairman determines when a sufficient number has responded to nonrecorded quorums.

But, at present when a recorded quorum is taken during the Committee of the Whole at the end of the quorum call the Chairman has to yield the Chair to the Speaker and make a report concerning the quorum call and the number responding and the Speaker directs that the names of those not responding be entered in the RECORD.

The resolution that I introduced would provide that at the end of a recorded quorum call if a quorum has been established that the Chairman presiding just announce the results as he announces the results of rollcall votes and have the names of those not responding recorded in the CONGRESIONAL RECORD without the necessity of the Speaker having to come in and preside for a minute or two.

Only when a quorum is not established would the Committee rise and report back to the House.

By this simple procedural change, we lose nothing and can speed up the legislative process.

THE PRESIDENT'S VETO OF TOBACCO SUPPORT LEGISLATION

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, a little over 2 weeks ago the House, with most of the Members having no knowledge of what was happening, acted in passing the tobacco support legislation that was going to cost the taxpayer millions of dollars.

The Senate, in even a more underhanded method, with four Members on the floor, during the Yom Kippur recess, acted and passed the tobacco-support legislation.

The President yesterday, as we now know, showed great courage on vetoing this bad legislation.

Mr. Speaker, I hope the Members of this House and the committee chairmen involved will never again try to take a piece of legislation of this nature and slip it through this Chamber.

The President was under political pressures, important political pressures to him, but he acted, I believe courageously on this and has given it back to the House.

Mr. Speaker, I hope that we respect that kind of judgment and that kind of man.

THE PRESIDENT'S VETO OF THE TOBACCO-SUPPORT LEGISLATION

(Mr. CARTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARTER. Mr. Speaker, it is true that the tobacco-support legislation passed the House and was vetoed by the President. I regret it very much.

Actually, this legislation would have cost the United States approximately $53 million. Tobacco is taxed to the extent of $6 billion by the Federal Government and by the States. This is a great source of revenue for Government and for the people in many of the Southern States.

I had no part in the passage of this legislation, but certainly I did support it. The action of the President in vetoing it has actually hurt thousands of small farmers in my State and in other States in the South.

Mr. Speaker, I deplore its veto, and I regret the bad advice that the Secretary of Agriculture gave.

Mr. JENRETTE. Mr. Speaker, the action of President Ford in vetoing the tobacco legislation clearly demonstrates his total disregard of the needs of small farmers. It amazes me that tobacco growers, each with a farm averaging only 2 acres, but in combination generating over $6 billion annually in State and Federal taxes, should incite such a demonstration of Presidential wrath. Let us examine the cause of the veto.

The first argument repeats the rather tiresome charge that the bill is "inflationary." This is simple, White House subterfuge. Anyone who cares to consult the Agriculture Department will find that the realized cost of the tobacco program this year was in the plus column—to the tune of $1.1 million. Any implication that the Government is giving handouts to tobacco farmers is absolutely not true.

The next possible reason was that the tobacco bill slipped through the Congress surreptitiously, implying that the bill passed illegally. Again, I can only point out the falsity of such a notion, and state that the legislation was sent to the White House with the blessings of both Houses of Congress.

No, it is obvious that the reasons for this veto involved neither finances nor parliamentary procedure. Instead, it was a simple case of callous disregard for a group of farmers who just happen to grow a crop that is unpopular in some circles. But even those so-called reformers on the Nader team could not deny the fact that production costs have increased 35 percent in a year of falling prices. Or that tobacco has been vital to our economy since the early days of this Nation's heritage.

I would not expect Mr. Nader to consider these facts, but I find it shameful that President Ford and Earl Butz prefer to stay in the dark and ignore their duty. On behalf of the thousands of small tobacco farmers, I deplore the action just taken by the President.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. JENRETTE. Yes, I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Speaker, I wish to commend the distinguished gentleman from South Carolina (Mr. JENRETTE) on the statement he has made.

The truth of the whole matter is that the figures as to the cost of the tobacco program that were relayed to the President by the Secretary of Agriculture, I think the gentleman will agree, were absolutely untrue, and false.

Mr. JENRETTE. I certainly agree wholeheartedly with the gentleman from Kentucky.

DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, 1976

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. MAHON).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committtee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 9861), with Mr. ROSTENKOWSKI in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the Committee rose on yesterday the Clerk had read through page 58, line 6 of the bill.

Are there further amendments at this point?

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words.

AMENDMENT OFFERED BY MR. GREEN

Mr. GREEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN: Section 755, page 58, on line 6: None of the funds appropriated in this act may be expended to close or in any way facilitate the closure of the transfer assured in Philadelphia or any of the following installations:

Alabama
Anniston Army Depot
Redstone Arsenal
Maxwell AFB
Fort McClellan
Arizona
Davis Monthan AFB, Tucson
Arkansas
Little Rock AFB
Pine Bluff Arsenal
California
Fort Mason, San Francisco
McClellan AFB, Sacramento
Sharpe Army Depot, Lathrop
Colorado
Pueblo Army Depot
Lowry AFB, Denver
Rocky Mountain Arsenal, Denver
Connecticut
Navy Sub Base, New London
Delaware
Dover AFB
Florida
MacDill, AFB, Tampa
Georgia
Fort Gordon
Fort Benning, Columbus
Idaho
Mountain Home AFB
Illinois
Savanna Army Depot, Savanna
Scott AFB, Beldville
Rock Island Arsenal
Indiana
Fort Benjamin Harrison, Indianapolis
Kansas
Forbes AFB, Topeka
Kansas Army Ammo Plt., Parson
Kentucky
Lexington-Blue Grass Army Depot, Lexington
Louisiana
Fort Polk, Leesville
Maine
Naval Air Station, Brunswick
Maryland
Edgewood Arsenal
Aberdeen Proving Grounds
Naval Air Station, Patuxent
Army Eng. Dist., Baltimore
Fort Meade
Massachusetts
Naval Air Station, Weymouth, Mass.
Michigan
Detroit Arsenal
Minnesota
Twin Cities Army Ammo Plt., New Brighton
Mississippi
Columbus AFB
Missouri
Army Ammo Plt., St. Louis
Montana
Malustrom AGB, Great Falls
Nebraska
Offutt AFB, Omaha
Nevada
Nellis AFB, Las Vegas
New Hampshire
Navy Shipyard, Portsmouth
New Jersey
Fort Monmouth
Fort Dix
New Mexico
Kirtland AFB
New York
Fort Drum, Watertown
Fort Hamilton, Brooklyn
Fort Wadsworth, Staten Island
Naval Air Station, Brooklyn
Watervliet Arsenal
North Carolina
Fort Bragg
North Dakota
Fort Minot AFB
Ohio
Def. Constr. Supply Center, Columbus
Oklahoma
Fort Sill, Lawton
Oregon
Umatilla Depot Activity, Hermiston
Pennsylvania
Frankford Arsenal
Rhode Island
Naval Complex, Newport and Quanset Pt.
South Carolina
Charleston Army Depot
Fort Jackson, Columbia
Naval Shipyard, Charleston
South Dakota
Ellsworth AFB, Rapid City
Tennessee
Det. Depot, Memphis
Texas
Kelly AFB
Carswell AFB
Fort Bliss
Fort Hood
Fort Sam Houston
Lackland AFB
Red River Army Depot
Utah
Desert Test Center, Salt Lake City
Virginia
Camp Pickett, Blackstone
Fort Lee, Petersburg
Langley AFB, Hampton
Marine Corps Base, Quantico
Norfolk Navy Shipyard
Washington
Fort Lawton, Seattle
Navy Shipyard, Puget Sound
Navy Supply Center, Puget Sound
Wisconsin
Camp McCoy
Wyoming
F. E. Warren AFB, Cheyenne

Mr. GREEN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk continued to read the amendment.

Mr. GREEN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GREEN. Mr. Chairman, last night we passed an amendment concerning the Oceanographic Center in Maryland and the House decided that none of the funds in this act could be used for the purpose of facilitating closure of that installation.

It was said at that time by those who argued against the amendment that such considerations are not our business in this body, that this is something the Army, Navy, and the Air Force have always done. They have had the right to move installations whenever they wanted, move installations whenever they wanted, that is how it has been done for hundreds of years, and that is how it operates.

So I decided to include an installation, and in some cases many installations, in every State in the Union in my amendment, concerning the Frankford Arsenal at Philadelphia. My concern is clearly the Frankford Arsenal but there is also another concern, and it is the concern I have about this body giving away too much authority to the executive department time after time. Have we not seen that in the last few years?

The fact of the matter is I do not have any more evidence that any one of these bases is going to close than I had the day before they closed the Frankford Arsenal. They will tell you if he will call them that now they have no plans to close these installations, but 1 week from now that the decision could be made to close any of these installations. I think it is our business to know what they do with the funds that are appropriated in the Department of Defense. The Defense budget has an enormous impact on the economy of this country.

An area like Philadelphia, with extremely high unemployment, is devastated by the closing of the Frankford Arsenal. I think it is about time that the Department of Defense explain and justify the decisions they make. Some of the justification for closing this facility was that other facilities had golf courses and that the Frankford Arsenal did not. These arbitrary decisions are made while we shut our eyes, it is wrong way for us to act in that fashion.

I have tied these other installations in purposefully. One may say that what I am trying to do is cute. It is, but what we are doing in this House by never examining what they do with the opening and closing of installations, without paying any attention to the rate of unemployment in the area involved is more wrong. I hope that as a method of protest to the way they have acted in the past we can pass this amendment and begin to make sense out of how the Department of Defense does spend our money in this country and how it does affect the economy of this country.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I thank the gentleman for yielding.

I rise in support of the amendment, and I want to associate myself with the gentleman's remarks. I think it is necessary that we adopt this amendment.

Mr. EILBERG. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Pennsylvania.

Mr. EILBERG. I thank the gentleman for yielding.

I wish to associate myself with the remarks of the gentleman in the well. I should like to point out that the Department of Defense has ordered the closing of the Frankford Arsenal at Philadelphia, and that closing has just begun. It will cost at least $200 million to close that arsenal, and there is no doubt that some of that money will come out of the bill that is presently on the floor. That money will be spent in various ways. It will be spent for the retirement of employees at the Frankford Arsenal; it will be spent for severance pay for some of those employees; it will be spent for the relocation of those persons who are reassigned to other sites, that personnel from the Frankford Arsenal will be sent to, in their various missions.

Mr. GREEN. What is my point? Are they going to close the Little Rock Air Force Base? We do not know. We just do not know. But one could not find out today, if they were going to close it next month, whether or not they have any plans to do so. I think every Member of this body ought to think long and hard before he votes against this amendment, because each Member is liable to be treated in his State the same way they treated us in our city.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

As a member of the California delegation, I personally prefer that California be removed from this amendment. There is absolutely no need for it insofar as we are concerned.

Mr. GREEN. That is exactly what they told us at the Frankford Arsenal. I do not yield further to the gentleman. The gentleman can get his own time.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

Mr. Chairman, I wish to compliment the distinguished gentleman from Pennsylvania for offering an amendment of this type. The Lexington Blue Grass Ordnance Depot at Lexington, Ky., according to all studies, was the most efficient operation in the United States, and before the election last year Senator Cook and others made public announcements that there would not be a closing of the Blue Grass Ordnance Depot. After the election we got a notice that they were going to close this most efficient facility.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. GREEN was allowed to proceed for 5 additional minutes.)

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Kentucky.

Mr. PERKINS. I certainly feel the gentleman from Pennsylvania is to be complimented. The Defense Department just arbitrarily and capriciously closes the doors of the installations that they want to close without regard to the efficiency of the operation and without regard to considerations of fundamental importance to the area of the country affected.

Mr. GREEN. I thank the gentleman from Kentucky very much for his contribution. He makes a central *point*. These studies are all made in-house and the decisions are made for many reasons, sometimes frivolous reasons, sometimes as frivolous as a golf course, and with a total disregard for the conditions existing economically in the particular area where they are going to close a facility. I know by including every State in this we put some Members of the House on the spot, but this House ought to be put on the spot with respect to overseeing how the moneys are spent that we appropriate for the Defense Department and what effect the decisions will have on the economy.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, I compliment the gentleman from Pennsylvania. I strongly support his amendment.

My colleague from Kentucky was exactly right when he stated the Blue Grass Ordnance Depot according to the records was the most efficient in the United States and yet it is being arbitrarily decimated by actions of the armed services.

Mr. GREEN. The last time they studied the Frankford Arsenal, my recollection is that of 60-some arsenals in the country, Frankford rated 8th.

I thank the gentleman from Kentucky for his contribution.

Mr. EILBERG. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Pennsylvania (Mr. EILBERG).

Mr. EILBERG. Mr. Chairman, there will be money spent out of that which is appropriated under this bill for the retirees and for severance pay and for housing and for relocation, and there will be money spent out of that appropriated in this bill for disposal of facilities at Frankford and including the excessing of equipment and the dispersal thereof. There is question money will be spent out of this bill for the disposal of the Frankford Arsenal.

Mr. GREEN. I thank the gentleman

from Pennsylvania (Mr. EILBERG) for his contribution.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, I join the gentleman in support of this amendment.

There is an installation in my district, Watervliet Arsenal, and I hope the amendment means any portion of it that will be closed or transferred elsewhere is also included within the meaning of the amendment offered by the gentleman. They tell me that no decision has been made but they are thinking of closing it down but until they make the decision we are living under the sword.

Mr. GREEN. I think we have the right to know what they are going to do and their reasons for it. At the present time we have no way of knowing until they come in and tell us and they have a study that is spurious and we have no time to examine the study and disagree.

I urge favorable consideration of the amendment.

Mr. NIX. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Pennsylvania (Mr. NIX).

Mr. NIX. Mr. Chairman, I associate myself with the amendment offered by the gentleman and congratulate him for offering it, I think it is absolutely essential and necessary that this type of legislation be enacted.

I thank the gentleman from Pennsylvania.

Mr. GREEN. I thank the gentleman from Pennsylvania (Mr. NIX) for his contribution.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I join the gentleman in the well on this amendment. I know for the last 20 years I have been in this hall I have watched larger and larger functions of certain installations being taken out of our area. In western Pennsylvania we feel the brunt of it because the State of Pennsylvania outside of the city of Philadelphia has no other installations really worth anything.

Mr. GREEN. I thank the gentleman from Pennsylvania (Mr. DENT).

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding. I also thank him for offering this amendment, but I do have some question about the procedure that will result. Is it my understanding if the amendment is adopted that henceforth the various military branches would have to come to the Congress and seek approval in advance?

Mr. GREEN. The amendment simply says no funds appropriated in this act will be used to close or in any way facilitate the closure of all the military installations I have included in my amendment.

The purpose is clear. It is really to get some justification from the Defense Department concerning the funds they may use and the impact that is going to have on our economies in our areas and how the areas will be affected. Its purpose is first to give us a foot in the door to save our arsenal and in a larger sense to make the Defense Department to act more responsibly. These decisions some say should not be political. I agree. The point is they are political today. Adopt this amendment and give the House some chips to place on the bargaining table when we approach the Defense Department. Let's make sense out of spending. Let's open not shut our eyes. You may close yours today and be sorry you did next month.

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, some people wonder why Congress is at times held up for ridicule. If this amendment should be adopted, the Members of this Congress would be panned from coast to coast as a Congress that was not so much interested in trying to strengthen its fighting forces and keep them lean and fit, but was primarily interested in keeping installations in operation in our districts.

I would assume that most Members will consider this as a frivolous amendment.

I do not blame my good friend, the gentleman from Pennsylvania, for offering his amendment. The Frankford Arsenal is in his district and it is understandable that his people are vitally concerned. He had every right to offer an amendment seeking to be helpful to his people.

There is a proposal by the Army to save $24 million a year. The GAO says about $20 million a year could be saved by the closing of this arsenal.

It was advertised for closure back on November 22, 1974. Here is a list of proposed realinements and closures. Everybody was notified of what was being proposed; so I think it would be most unfortunate—most unfortunate—to adopt this amendment. I do not know how much we would have to increase the spending in this bill if we would keep all these installations, about 80 of them, without any change. This is a very serious problem.

Mr. Chairman, we speak against waste in the military and fat in the budget and unnecessary spending by the Defense Department. We cannot then place ourselves in the position of trying to prevent some savings.

Back a few years ago the Brooklyn Navy Yard was closed, was it not, I will ask the gentleman from New York (Mr. ADDABBO)? It meant millions of dollars to Philadelphia, because certain functions were transferred to Philadelphia, if the gentleman remembers. There have been things of that kind that have developed before.

I just hope that we will have no difficulty with voting down this amendment. I think we can all explain to our constituents that we want to be reasonable and fair and considerate, but we do not want to make ourselves look ridiculous in our own eyes and the eyes of the country.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, in this bill, as a matter of fact, we cut $7.5 billion for fiscal year 1976. If this amendment should carry and these facilities could not be closed or any reductions in force made, the military would have to look elsewhere to close other facilities and lay off people at other installations in order to comply with the cuts made in this bill. Is that not a fact?

Mr. MAHON. Mr. Chairman, the gentleman is correct. We have had this information as to the proposed closings and realinements since November 1974.

Now I will be glad to yield to my friend, the gentleman from Philadelphia, Pa.

Mr. EILBERG. Mr. Chairman, I thank the distinguished gentleman from Texas, for whom I have the greatest respect, and I mean that sincerely.

The gentleman knows and everyone in the House knows that savings do not come in the first year when they close a facility. The savings come later; so I do not get the point.

The other point, Mr. Chairman, they do not provide for these things. I understand we cannot legislate in every instance, but I do not believe we have paid enough attention to exactly the rationale given to closing the different facilities all over the country at different times.

Mr. Chairman, I am against waste in the Defense Department, but I am also against the House arbitrarily giving away its prerogatives to examine whether or not the Defense Department is making right decisions in connection with waste.

This is a national emergency, Mr. Chairman. Everyone knows as well as I do there will be a conference committee and there will be all sorts of things done; but the House can, I think, go on record today saying they want the Defense Department to begin to be accountable to us and send a message to them today that we are not going to tolerate willy-nilly their unwise decisions.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent Mr. MAHON was allowed to proceed for 5 additional minutes.)

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, I thank the chairman for yielding to me. I was going to seek my own time.

Mr. Chairman, I can understand the problem of the gentleman from Philadelphia, and I have talked to many other gentleman who have problems of this kind. I, fortunately, do not have.

If the gentleman's amendment passes, I propose to offer an amendment stating that no funds under this bill or any other bill can be used to establish any military establishment in my district, including a recruiting station. I do not want anything to do with any of them, because they are all headaches.

Mr. MAHON. I thank the gentleman.

Mr. EILBERG. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Pennsylvania.

Mr. EILBERG. Mr. Chairman, the distinguished chairman of the committee referred to the fact that Congress was notified of the closing of Frankford Arsenal. I call to his attention that the law requires much more than a press release. It requires a full accounting from them.

There never has been a full report to the Congress. That is wrong. That is the law, a requirement of the law.

Furthermore, the gentleman stated that there will be a saving of $24 or $20 million, whatever the figure was that he refers to. We also have studied these figures at length, and the great expense, and I wish to say that it will cost money; it will cost much more money. In fact, nothing will be saved.

Mr. MAHON. I thank the gentleman. Back in about 1969, the Defense Department tried to save some money by closing down a large portion of the Frankford Arsenal. It was not possible to get it done at that time in view of the political opposition. I do not blame anyone for trying to protect his district, but we just cannot afford to legislate in this sort of way.

I would hope that we could soon come to a vote on this issue. I repeat that everyone has the right now to revise and extend his remarks at this point in the RECORD, and I would hope that we could move rapidly to a vote on this matter because we have two other important matters to consider in the House today.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I am curious as to why the gentleman from Pennsylvania exempted other types of installations. Do we not have the same argument applying to other military installations?

Mr. MAHON. Why not include all military installations which are in various parts of the country and defense industries?

Mr. GREEN. Mr. Chairman, I just want to say to the gentleman and make perfectly clear that what I did was pick out some installations in every State. I did it arbitrarily, purposefully, to draw the attention of the Members of this House, from all over the country, to the arbitrary way the Defense Department makes these decisions. It includes more kinds of installations not just arsenals.

Mr. ICHORD. Why did the gentleman limit it?

Mr. GREEN. There was no need to include every single facility in the country to get the House to focus on this matter. A few in every State I thought to be sufficient.

Mr. ICHORD. I have no further comment, but I do not believe that I received a sufficient explanation to validify this amendment.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I sympathize with any Member who is losing bases or whose base activities, are being reduced or moved away.

I have military installations in my district, and I have had it happen to me. I have had activities moved to other States. I was not happy about it but the reasons always were explained to me, as they will be explained to any Member who has a similar problem. There are always justifications which make sense.

The point is that we are asked to embark on a very dangerous precedent. The amendment was not read in detail, but there are about 80 bases listed in this amendment. That means those 80 bases are frozen, and the personnel is frozen, whether their activities are needed or not.

Mr. Chairman, one significant thing is that this bill is being cut $9 billion, $7.5 billion in fiscal 1976 and $1.5 billion in fiscal year 197T—the transition period, below the budget estimates. Somewhere in the defense structure there must be cuts. We have a smaller defense establishment. That is dictated by the amount of money available.

In addition, Mr. Chairman, because of personnel cuts in the authorization bill, we shall have to take reductions in personnel. If this amendment carries, the personnel will be frozen on these 80 bases. It will not matter whether the bases are important, or whether there is a need for them for the Nation's defense. The bases are important from an economic standpoint. But we cannot dictate to the Defense Department from the floor of the House of Representatives on base locations to satisfy economic considerations. These bases are for the defense of the Nation, and they have to be operated accordingly and located accordingly. Insofar as these 80 bases are concerned, under this amendment the military can make no plans except to maintain them as they are at present. When Congress starts to dictate base structure for the military installations, we are getting into deep water. We do not have the expertise to determine what is required for defense and where. If we approve this amendment, we will set the groundwork to take similar action every year, and if we start moving bases willy-nilly we will have constant confusion in Congress and in the Pentagon. This is a dangerous undertaking.

I hope the Members will bear in mind that additional funds will be required to continue the activities on these 80 bases if the amendment is approved.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding to me.

Is it not also true that if the military, in any of these instances, made a decision to move a base, this amendment would require that before a closure of one base and subsequent movement to another base, these specific provisions could obstruct such action? The funding would be affected, would it not? And I think the amendment, although well intentioned to protect the gentleman's own Frankford Arsenal, does not take into consideration the problems of the military moving bases in a normal manner.

Mr. MAHON. I believe that the gentleman is correct.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the gentleman from Pennsylvania has come up with an ingenious approach. But I must say his very ingenuity is the basis for voting this amendment down. He has laid out for the whole House to see the folly in trying to bring this type of decision before the House of Representatives or the Congress. If we ever get ourselves involved in this kind of business where we play politics with locations and bases and facilities, we are in trouble.

I spoke on this issue last night when the oceanographic center was debated. We are opening the door to a tremendous mistake if we start playing politics with the military.

Mr. Chairman, I do not think any of us want that. I do not think any of us can justify that, and I think most of us agree that if we should be so foolish as to adopt this amendment, it will be thrown out in the Senate or in conference, or somewhere. But it is ridiculous to take this approach and to try to get this body involved in military decisions. The military is trying to do the best they can under the restraints that this Congress and the Committee on Appropriations places on them. They must try to modernize and upgrade the military everywhere they can. They must try to consolidate. They must try to do the best they can with the dollars we give them.

I think if we open the door in this House with this sort of an amendment, be it 1 base or 50 bases in 50 States, wherever it is, we will live to regret the day.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Pennsylvania.

Mr. GREEN. Mr. Chairman, I respect the gentleman, and I know he is sincere. I can even understand he is making a point with some validity. But it breaks down. I do not agree with the gentleman. The chairman said they tried to close the Frankford Arsenal in 1967 but it could not be done for political reasons.

The gentleman is afraid we are going to play politics with this issue. What does the gentleman think has been done with this issue forever? Politics has been played with it.

I think that the Frankford Arsenal is an efficient facility; it is one that should not be closed. I think politics has been played with this issue, and I would repeat to the gentleman that I think that is wrong.

Mr. EDWARDS of Alabama. Mr. Chairman, I have no objection whatever to the gentleman from Pennsylvania (Mr. GREEN), who is, of course, from Philadelphia, trying to work in every way he can to convince the Army that this facility should not be closed down.

I will state that I have had several facilities closed during the 11 years I have been here, and when the decisions were made, I fought like the dickens to convince them otherwise.

But to bring this matter in here and get it involved as a contest of the gentleman's district versus mine or some other Member's district versus another Member's district is straining the system in a way that is not proper.

I think there is nothing at all wrong with the gentleman trying to save that facility, but the gentleman is asking the Members of this House in effect to mediate and in effect to decide as between bases and Members and in effect say to the military, "You have got to make nothing but political decisions when you try to reevaluate these facilities."

Mr. GREEN. Mr. Chairman, if the gentleman will yield further, I am sure the gentleman has seen a list of where these bases are located and how they relate to the districts of various chairmanships and various members of the committees.

Mr. EDWARDS of Alabama. Mr. Chairman, I will state to the gentleman that if there are such lists, I have never looked at them. In all the time this Member has served as the ranking member of the Subcommittee on Defense of the Committee on Appropriations he has received neither a military contractor nor a military base, and, like the gentleman from Ohio, is not looking for any.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was agreed to will be recognized for approximately 1 minute each.

(By unanimous consent, Mr. MAHON yielded his time to Mr. PERKINS.)

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, this is a shameful situation, and in my judgment the chairman of the committee shares my concern about this limitation of 1 minute on an important amendment.

As for the projects that Members do not want in this bill or in this amendment, amendments could be offered to strike them out, and the projects that should be added may be added.

The General Accounting Office certainly did not go along with the Department of Defense. The Defense Department is going to lose money in closing down the Blue Grass Ordnance Depot at Lexington, Ky., and I think it is time that we send the Defense Department a message.

The Members talk about politics. Politics were played in Kentucky in the Senate election of 1974, and the gentleman from Kentucky (Mr. CARTER) on the opposite side of the aisle will verify this.

Mr. Chairman, all of the Members from Kentucky, including the gentleman from Kentucky (Mr. BRECKINRIDGE), the gentleman from Kentucky (Mr. CARTER), and myself, contacted the Defense Department, and they said, "No, we have no intention of closing down this depot." Former Senator Cook made a public announcement that he had contacted the Secretary of the Army, and they said they had no intention of closing down.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, I thank the gentleman for yielding.

I want to state that what the gentleman has said is true, that the Secretary of the Army did tell me up until the first of this year that there was no chance whatever and no thought whatever of closing the Blue Grass Ordnance plant down. Then like a bolt out of the blue came the order to cut it back.

Mr. Chairman, he is exactly right, and I deplore this action.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. Yes, I yield to the gentleman from Texas, the chairman of the committee.

Mr. MAHON. The Defense Department has said that the Army will save some $30 million a year if it closes this ordnance plant.

Mr. PERKINS. Let me say to my distinguished colleague, the gentleman from Texas (Mr. MAHON), that the reason I said it would cost more than it would save is because it has continually been rated the most efficient for its type in the country.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Chairman, I support my colleague, the gentleman from Pennsylvania (Mr. GREEN), and my other Pennsylvania colleagues in our attempts to preserve the Frankford Arsenal. We have received, indeed, very shoddy treatment from the Department of Defense in this connection.

If my good friend, the gentleman from Pennsylvania (Mr. GREEN), had limited his amendment to preserving the Frankford Arsenal, I would have voted for it. In its present form, however, it includes many other installations, about 100 installations in almost all the 50 States. I have no knowledge of the viability of these installations. We would, by this amendment, require that all of them be continued at a time when we are trying to reduce military expenditures. I cannot support such a sweeping and irresponsible amendment.

(By unanimous consent, Messrs. MOAKLEY, DENT, and NIX yielded their time to Mr. GREEN.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, I just want to take this minute to point out exactly what the military, particularly the Army, has done to Philadelphia. In a period of less than 5 months, the military announced plans to move four installations out of the city, causing 8,600 persons to be put on the unemployment rolls.

They moved the Army Electronics Command out of Philadelphia to Fort Monmouth, N.J., after having spent approximately $8 million to modernize and adapt the building to the type which they needed. The move to Fort Monmouth will cost millions more for the necessary facilities there.

They took the Marine Corps Supply Center facility out of Philadelphia after spending several million dollars to modernize and automate the operation. The move to another State will require totally new facilities which, it is estimated, will cost over $20 million. This is in addition to the costs of moving people, equipment, and so forth.

They moved into the Navy Yard and took the Naval Engineering Center moving that into another State where there were no facilities, not even a building, and no houses for the employees.

(By unanimous consent, Mr. ZEFERETTI yielded his time to Mr. GREEN.)

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. EVANS).

Mr. EVANS of Colorado. Mr. Chairman, under the Defense Department's operation "Concise" the Pueblo Army Depot near my hometown is going to go from 2,800 employees down to about 800. Fifty percent of these people are from minorities, mostly Spanish-surnamed people.

The unemployment problem in my city resulting from this is going to be a drastic one.

Mr. Chairman, I do not think that the Army is making a wise decision, but I do not think that this is the place or the way in which I may find my remedy.

Perhaps the gentleman from Pennsylvania (Mr. GREEN) is doing a service to us here, at least on one point.

I strongly disagree with the comments made by the gentleman from Florida (Mr. SIKES) when he said this Congress does not have the capacity to pass on judgments of the Department of Defense when it comes to the question of where one does or does not locate a military facility. That damn well is the business of the Congress, but I think we will not be able to handle that as long as those people asked to pass on such questions have vested interests themselves.

Mr. Chairman, I think we ought to have a means by which we can review these decisions on a basis in which our parochial interests are not involved and the military judgments can be critically and objectively assessed.

Mr. Chairman, I am going to vote against the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. Mr. Chairman, I have been criticized by my opponents on several occasions because I do not speak often enough from the well of this House. I only respond once in a while to Members whose opinions I profoundly respect.

I respect the gentleman from Alabama (Mr. EDWARDS) very much. I have listened over the years to what he has had to say.

So today, when he said that politics should not enter into the location of bases, I can only respond that that is all that has ever affected the final decision on the location of bases.

I think it is time that the people have something to say about where these installations are to be located, not just the manufacturers and the suppliers of the country. And the basic—and often the only—means for public input on these matters rests with their elected Representatives.

All I say is to let the people have something to say as to where these massive prosperity producers are located. I agree. Let us be honest about the location of Defense Department bases, let us admit that politics has always in the final analysis, determined their location.

I will support the amendment.

The **CHAIRMAN**. The Chair recognizes the gentleman from Pennsylvania (Mr. GREEN).

Mr. **GREEN**. Mr. Chairman, I will do everything I can not to take the full 5 minutes so that we can vote on this matter.

I think what the gentleman from Wyoming (Mr. RONCALIO) has just said is on point. It is one thing for Members to sit around here and say that we should not be able to get up and defend our parochial interests—and in this case I have an absolute parochial interest because the Frankford Arsenal is in my district and is being closed. That may seem to be a problem for me. But even more importantly than that is a tragedy to the city of Philadelphia. There are people involved in this.

The Department of Defense spends enormous sums of money in the United States every year and the impact of that enormous amount of money on the economy of the country in areas of high unemployment is never considered. For a long time before this occurred in my district I have articulated my concern about the lack of considerations reflected in Defense Department decisions. I did so for a long time before they got to the point where they decided to close the Frankford Arsenal in Philadelphia.

My good friend, the gentleman from Pennsylvania (Mr. COUGHLIN) from just outside Philadelphia, says that if my amendment had just included the Frankford Arsenal he would vote for it. But because I have included so many of these other installations that perhaps this amendment is not the way to go. The fact of the matter is that the only way we can wake this horse up is to kick it. That is what I am trying to do.

The point is that we, as Members of the Congress, should be responsible for what happens here.

I agree that we could get too parochial and possibly engage in internal politics in the House as to whose district is going to get these or other bases because they have the most clout but the fact of the matter also is that politics has always played a part in the location of installations in various districts. The way we operate today is wrong but that is the system we follow. That is the way it has worked. Further the very ones who decry this most frequently are often the ones that benefit from it most frequently.

So, let us pass this amendment and let us focus on the issue of how we can find a better way to locate these defense facilities in this country so as to provide the kind of modern military machine we need with a minimum of adverse economic impact.

The **CHAIRMAN**. The Chair recognizes the gentleman from Virginia (Mr. ROBINSON).

Mr. **ROBINSON**. Mr. Chairman, I subscribe completely and fully with the remarks of our colleague, the gentleman from Alabama (Mr. EDWARDS) with regard to this situation, and that is the reason I feel exactly the way the gentleman from California does. I wish that Virginia was not included in this amendment.

I think it is wrong, I think it is unreasonable, that we should be included because we do not agree with the gentleman or the statement that he has made with regard to the biggest industry in this country today. The moving of defense and defense related agencies should not be subject to political whims.

How can we expect any efficiency to ever be realized so far as the Department of Defense is concerned unless it has some flexibility with regard to moving installations in this country that have to do with the Department of Defense. They, the DOD people, are the ones who should determine this. We must realize that defense installations and facilities wear out just as they do in other industries and that they have to be relocated in the interest of greater efficiency. That is why we will be hobbling them if we adopt this amendment.

I trust that the House will have the good sense to vote this amendment down.

The **CHAIRMAN**. The Chair recognizes the gentleman from Pennsylvania (Mr. EILBERG).

Mr. **EILBERG**. Mr. Chairman, from the time when I received the press release that the Frankford Arsenal would be closed, we went through a series of meetings with representatives of the Army. In each case the so-called expert would tell us that he did not have all the answers and that we would hear later.

Mr. Chairman, we frequently did hear later by way of correspondence, but very rarely did we get any information of any meaningful value.

It has been said that the Department of Defense says that there would be a savings of $20 million per year. We have intensive studies made by the city of Philadelphia and by organized labor, and they indicate that it will cost a great deal more money year by year after the Frankford Arsenal goes, if it goes. I might say also, Mr. Chairman, that the Army has always admitted in its so-called reported savings that it never considers the economic effect on the community involved. This is the most serious point of all. Why is not the economic effect on a community considered?

Mr. **GREEN**. I did not make this point when I was in the well. It is this simple. What was the joke around this House for years when Congressman Rivers was chairman? Everybody talked about the installations that were moved to South Carolina and Louisiana. That is how decisions are made.

The **CHAIRMAN**. The time of the gentleman has expired.

The Chair recognizes the gentleman from Alabama (Mr. EDWARDS).

Mr. **EDWARDS** of Alabama. Mr. Chairman, we have all had a chance now to sound off against the military and to be heard in behalf of our particular bases and installations. The committee also has been praised to some extent for cutting $7.5 billion out of this budget this year. I will guarantee the Members when they cut $7.5 billion, something has got to give, and that means we have got to do some relocating and changing around, adjusting and modifying, and that is what the military has to do when we trim the fat out of their programs.

I agree with the gentleman from Pennsylvania (Mr. GREEN). Maybe there is a better way, and I think we ought to look for a better way, but I disagree completely that here in this House, in this type of situation, is that better way. I am willing to look for a better way, but for goodness sake, let us not lose our perspective today and get carried away with this amendment.

Mr. **PATTISON** of New York. Mr. Chairman, I will vote in favor of this amendment. I will vote in favor because the Watervliet Arsenal, the oldest arsenal in the United States, is located just adjacent to my district. My vote causes me some discomfort, because it is obvious to any sensible person that this mechanism is not a rational one for deciding which arsenals should be continued and which should be closed. The problem is that the mechanism traditionally used for making those decisions is also an irrational one. My vote in favor is one way that I can send a strong message to the Military Establishment to the effect that some rational method for such decisionmaking must be designed and legislatively established to replace the old system of placing or removing military establishments based on the seniority, committee assignment, and influence of the local Congressperson.

In the case of the Watervliet Arsenal, the AMARC study recommended the moving of the Benét labs from the production facilities and its relocation to Aberdeen. A study prepared by the arsenal employees has completely discredited the conclusions of the AMARC study. No decision has yet been made by the Department of the Army. I trust the information provided by the very capable arsenal study will result in a change in the Army's conclusions and the Benét labs will remain where they are and where they must remain in order to effectively do the research jobs that is its mission. Removing the research arm to a distant place is about as sensible as putting the steering wheel of your car in your living room.

I would like to make one point in fairness to the way the Department of the Army has acted in the case of the Watervliet Arsenal. Unlike the past practice of making a decision in secret and announcing it as a fait accompli, for the first time, the Army study was made available well in advance of the decision to move the facility—which decision has not yet been made. This procedure gave those affected time to examine the study and to come up with an alternate plan. It is my understanding that this procedure was used for the first time in the case of Watervliet, and was instituted by the former Secretary of the Army, Mr. Howard "Bo" Callaway. In taking this step the Army has made a bold and giant step in responsibility and accountability. I know that Mr. Callaway was advised by his subordinates that such a procedure would never work and would only cause great grief to the Department. I applaud Mr. Callaway for his courage and encourage his successor to continue with this process. No doubt it will cause difficulty for the Department. No doubt it will allow local opposition to apprise and consolidate. But the procedure should be continued because it is right and just in a society such as ours. Efficient, it may not be. It would not be adopted in Russia. But since when have we in this great country measured our sometimes cumbersome procedures against that standard?

I am confident that if such procedures were established as a permanent policy, this amendment would not have been necessary, and if offered would gain no support.

My message, therefore, Mr. Chairman, is that I will support amendments such as this so long as I and the other Members of this body have no other alternative. When a rational alternative is part of the process, amendments such as this will not be necessary.

Mr. HYDE. Mr. Chairman, I quite agree with the distinguished chairman, Mr. Mahon, that this is the type of amendment that makes Congress look ridiculous. We ought to turn our lapel buttons in for four stars to wear on our shoulders since we now presume to operate the military establishment. There are 78 military establishments to be frozen in place if this amendment passes, and this would create chaos in our defense establishment.

If the executive were to tell Congress where to locate its hearing rooms the outraged cries could be heard as far as Baltimore.

This is an ill-conceived and even frivolous amendment that plays the rankest politics with the Nation's defense. I urge the resounding defeat of this type of legislation.

Mr. RAILSBACK. Mr. Chairman, I believe that it is especially proper that people who are represented in Congress by their Representatives make certain that no military installation is closed or reduced without good reason. We must be very certain that we have sufficient information about the cost-effectiveness of such actions, and that we are aware of the impact such actions would have on a community, its people, its job force—and most emphatically, our country.

In my own district, I have been concerned about the transfer of the Rodman Laboratory from the Rock Island Arsenal and the reduction of the Savanna Army Depot to a depot authority.

Transferring the Rodman Laboratory will affect the overall defense programs of the country's Army by the loss of engineers and experts in the design and development of weapons. These people do not desire to move from the Midwestern part of our country to the East. They are the men who have developed over many years of effort the weapons of this country, and they will be particularly hard to replace. The transfer will also more centralize our vital defense targets for easy destruction by foreign powers, and the movement will separate the research and development programs from the production engineering communities by nearly 1,000 miles and will certainly cut down on the communication of information between these two groups of people.

In the case of the Savanna Depot, the reduction means a complete loss of professional personnel, and may seriously jeopardize an important part of our defense system. The curtailment of the depot to a depot authority and the transfer of the special weapons system to New York and California will mean that the heartland of the Nation will have to rely on the abilities of the east and west coasts installations to supply these essential weapons during periods of full military alert.

I am therefore today supporting the amendment to prevent the use of funds to close or otherwise affect these and other military installations.

Mr. MEZVINSKY. Mr. Chairman, I support the amendment offered by the gentleman from Pennsylvania.

All of us who have had to deal with the Defense Department in regard to facilities in our districts know what a frustrating experience that can be. For instance, the Rock Island Arsenal, which is listed in this amendment, draws a great number of employees from the First District of Iowa. I have been involved with negotiations with the Army for 2 years to keep the research and development center in Rock Island.

While the Army is prepared with so much justification data that it would take forever to rebut, I have not been satisfied that they adequately considered the community repercussions of their decisions to the Quad City area. A decision to close down a substantial portion of a plant can have a devastating impact on any community. To have these decisions made in a vacuum—without understanding their immediate and long-term effects on the community and our economy—is the major shortcoming of Army reorganizations.

We cannot afford to be penny-wise and pound-foolish. We have to look at the big picture and not cause inestimable damage throughout the other segments of the economy.

It is with this in mind that I ask the Department of Defense to reassess its decisionmaking criteria, and I think this amendment makes that point.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Green).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GREEN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 130, noes 274, answered "present" 1, not voting 28, as follows:

[Roll No. 573]

AYES—130

Abdnor
Abzug
Anderson, Calif.
Badillo
Barrett
Bauman
Beard, R.I.
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Brademas
Burke, Calif.
Burke, Mass.
Burton, Phillip
Carter
Chisholm
Clay
Cohen
Corman
Cornell
Cotter
Daniels, N.J.
Dent
Diggs
Drinan
Early
Edgar
Eilberg
Emery
Evans, Ind.
Fenwick
Fish
Flood
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Gaydos
Gilman
Gonzalez
Green
Gude
Hanley
Harrington
Harris
Hawkins
Heckler, Mass.
Heinz
Helstoski
Holt
Holtzman
Horton
Howe
Hubbard
Hughes
Hungate
Jacobs
Jones, Tenn.
Kazen
Keys
Krebs
LaFalce
Leggett
McDade
McEwen
Madden
Maguire
Metcalfe
Meyner
Mezvinsky
Mikva
Mineta
Minish
Mink
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Murphy, N.Y.
Murtha
Natcher
Nichols
Nix
Nowak
Oberstar
O'Neill
Patterson, Calif.
Pattison, N.Y.
Perkins
Peyser
Pike
Railsback
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rosenthal
Roybal
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Spellman
Stokes
Stratton
Studds
Sullivan
Thompson
Traxler
Tsongas
Ullman
Vigorito
Walsh
White
Wolff
Yatron
Young, Ga.
Zablocki
Zeferetti

NOES—274

Adams
Addabbo
Alexander
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Baucus
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Boggs
Boland
Bonker
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Burton, John
Butler
Byron
Carney
Carr
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Derrick
Derwinski
Devine
Dickinson
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
English
Erlenborn
Eshleman
Evans, Colo.
Fascell
Findley
Fisher
Fithian
Flowers
Flynt
Foley
Fountain
Frenzel
Frey
Giaimo
Gibbons
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Hansen
Harkin
Harsha
Hastings
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Hefner
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Howard
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Kastenmeier
Kelly
Kemp
Ketchum
Kindness
Koch
Krueger
Lagomarsino
Landrum
Latta
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McFall
McHugh
McKay
McKinney
Madigan

Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Michel
Milford
Miller, Calif.
Miller, Ohio
Mills
Mitchell, Md.
Moffett
Montgomery
Moore
Moorhead, Calif.
Mosher
Mottl
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nolan
Obey
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Risenhoover
Roberts
Robinson
Rostenkowski
Roush
Rousselot
Runnels
Russo
Sarasin
Satterfield
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spence
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Vander Jagt
Vander Veen
Vanik
Waggonner
Wampler
Waxman
Weaver
Whalen
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wright
Wydler
Wylie
Yates
Young, Alaska
Young, Fla.
Young, Tex.

ANSWERED "PRESENT"—1

Breckinridge

NOT VOTING—28

AuCoin
Bolling
Casey
Conyers
Dellums
Dingell
Esch
Evins, Tenn.
Fary
Fraser
Fuqua
Hébert
McCormack
Macdonald
Matsunaga
O'Brien
O'Hara
Pepper
Riegle
Rogers
Rose
Ruppe
Sisk
Staggers
Teague
Udall
Van Deerlin
Wilson, Tex.

Messrs. GONZALEZ, ABDNOR, EVANS of Indiana, WHITE, JONES of Tennessee, COHEN, EMERY, and PEYSER changed their vote from "no" to "aye."

Messrs. FITHIAN, NOLAN, and EDWARDS of California changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. YATES. Mr. Chairman, I rise to strike out the last word.

Mr. Chairman, by previous vote in the House, the appropriation for the National Board for the Promotion of Rifle Practice, Army, which appears on lines 11 through 25, on page 16 of the bill, was stricken from the bill, leaving the funds for that agency only for the transition period.

Mr. Chairman, I spoke with the chairman of the committee, I spoke with the ranking member, and they agreed that this is just a tag end that should be stricken.

Mr. Chairman, I ask unanimous consent, therefore, that the language appearing on page 16, lines 23 through 25, be stricken from the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. MAHON. Mr. Chairman, I have no objection.

Mr. EDWARDS of Alabama. Mr. Chairman, if the gentleman will yield, I have no objection.

Mr. LATTA. Mr. Chairman, reserving the right to object, I do so for the purpose of asking the gentleman to explain his request in more detail.

Mr. YATES. If the gentleman will yield, the gentleman was present on the floor of the House when the original appropriation was stricken. The language I seek to strike at the present time relates only for the transition period for 3 months. The board would be out of existence for the rest of the year, and there will be no funds for its operation.

I have cleared this with the gentleman from Florida (Mr. Sikes), who agrees that this appropriation is only for the transitional period, as well.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. LATTA. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

(The Clerk concluded the reading of the bill.)

Mrs. SCHROEDER. Mr. Chairman, I would like to commend the Appropriations Committee for its willingness to review the Pentagon budget requests with a skeptical eye. Hopefully this practice will be continued and expanded by both the Armed Services Committee and the Appropriations Committee when future defense budgets are considered.

I would also like to point out to my colleagues that the overall level of spending reductions recommended by the Appropriations Committee are very close to the reductions recommended by the alternative defense posture issued this past May. At that time, this House was considering the defense budget authorization.

The alternative defense posture, I remind by colleagues, was an analysis of the defense budget issued by myself and five colleagues on the Armed Services Committee—Mr. Les Aspin, Mr. Jim Lloyd, Mr. Bob Carr, Mr. Ronald Dellums, and Mr. Thomas Downey. The major portion of our recommended reductions were for funding requests for research and development and procurement of weapons systems. The alternative defense posture recommended overall funding cuts of 14 percent in these areas. Unfortunately, the majority of the Armed Services Committee did not agree with what they considered to be substantial cuts.

Four months later, the Appropriations Committee has recommended that cuts of approximately 12 percent be made in these very same areas of the budget. As one of the sponsors of the alternative defense posture, I am very gratified to see that the House is now following the lead of the Appropriations Committee. Pentagon programs, like all government programs, must be forced to economize and be scrutinized well. I hope that the Armed Services Committee is beginning to recognize the desire of the House to question Pentagon funding requests more closely.

I would like, however, to underscore the fact that even the $8.7 billion shaved from this year's budget request of $120 billion does not begin to bring the budget to a bare bones level. Pentagon budgets have traditionally been rumored to include padding in anticipation of routine congressional cuts.

I am not suggesting that the $8.7 billion cut from this bill should be considered a token gesture. It is not. However, I do feel that we must recognize that Pentagon estimates are never bare bones. Furthermore, cost estimates and projections of need can become extremely flexible when the Pentagon decides that it wants to economize on a particular program.

Money can always somehow be cut from a defense program—whether that program is the B-1 bomber or the Trident submarine—if Pentagon planners decide that it is necessary. However, the Pentagon would surely attack identical budget measures as an outrageous threat to our national security if they were instituted at congressional direction.

To support these points, I would like to submit the following two items for the Record:

The first item is a report completed recently by Mr. Les Aspin entitled "The Feasibility of the 600-Ship Fleet." Completed for Members of Congress for Peace Through Law, the Aspin report concludes that the present goal of expanding the Navy from its present size of 498 ships to 600 ships by 1985 is practical impossibility. The MCPL report concludes that current shipyard capacity, rates at which current ships can be expected to retire over the next decade, and the expected rates of new ship completion all combine to make the goal impossible to attain.

The MCPL report does not address the question of whether a 600-ship fleet is desirable. Because of this, I would like to call readers' attention to an author's note which emphasizes that attempts to reach the 600-ship goal would probably be most unwise. To quote Mr. Aspin:

> Attempting to get a fleet of that size would entail enormous expenditures for what could be a marginal increase in security. It could encourage the naval arms race. It would most probably result in a surface fleet of vulnerable, high value targets.

I agree. The report follows:

The Feasibility of a 600-Ship Fleet

(Prepared by Representative Les Aspin for Members of Congress for Peace Through Law)

On March 13, 1975, Chief of Naval Operations Admiral James L. Holloway expressed the view of top U.S. naval officials when he testified that:

"... if the United States is to maintain the margin of maritime superiority that we enjoy today—although it is a slim one—over the Soviets, we must have a minimum of 600 active ships by the mid-1980's.

"I would like to add that 600 ships is not enough. We must have 600 capable ships. We must have them in the proper balance. By balance, I mean balance among the types, such as carriers, surface combatant ships, submarines, support ships, and amphibious ships. And a balance between expensive all purpose ships and smaller ships, designed for special tasks which can be built less expensively, and which will give us the large number for worldwide geographic coverage.

"... Congress must examine our needs with the view of building toward a 600-ship active force.[1]

Footnotes at end of article.

The Navy is clearly intent on attaining the force of 600 ships discussed by Admiral Holloway. William Middendorf, the Secretary of the Navy, favors a "force level objective" of 600 vessels by the mid-1980's and has submitted a shipbuilding program to the Secretary of Defense that attempts to implement it.[2] In Congress, the Seapower Subcommittee of the House Armed Services Committee has already endorsed the Navy's goal.[3]

Because of its prevalence and importance in naval planning, the 600-ship objective deserves careful consideration. At first glance, it is very ambitious. At the end of fiscal year 1975, there were 496 active ships in the fleet.[4] Between 1968 and 1975, navy shipbuilding averaged 12 news vessels per year. This rate of construction can not sustain a 500-ship navy, let alone permit augmentation of the fleet.[5] For the Navy to alter its prospects and to increase the force by a hundred ships would be no small achievement.

The Navy's 600-ship objective can be questioned on 2 grounds: its desirability and its feasibility. While there are serious questions that can be raised about the desirability of the 600-ship fleet,[6] they are not the focus of this report. The purpose of this paper is to examine the latter issue, whether the Navy's fleet size objective is realistic. Four different projections are made to assess whether a 600-ship force is attainable:

(1) a projection based on Navy planning assumptions;

(2) a projection that takes into account a variety of non-budgetary constraints;

(3) a projection that assumes realistic funding levels;

(4) a plausible, though pessimistic projection.

On the basis of these projections, 3 conclusions are reached:

(1) a fleet of 600 ships can not and will not be achieved by the mid-1980's;

(2) The Navy shipbuilding budget level is not the only and not even the most important factor constraining fleet size. Increased budgets will not lead to a 600-ship force by the mid-1980's;

(3) If the Navy is to attain expanded force levels, it may have to focus almost exclusively on smaller, conventionally-powered, less expensive vessels.

These conclusions must be tempered by the data on which they are based. The projections contained in this report are based solely on unclassified material and are unlikely to constitute fully accurate predictions of the specific number and kinds of ships in the fleet. Nevertheless, because of the long lead times involved in shipbuilding and the plethora of information in the public record, naval force levels can be reliably estimated.

A PROJECTION BASED ON NAVY PLANNING ASSUMPTIONS

The force level at some future point in time will equal the number of ships that are presently active plus the number of ships that are added to the fleet between now and that time minus the number of ships that are retired from the fleet during the same period. We can thus make an estimate of the size of the fleet in 1980 and in 1985 using five numbers: the size of the present fleet (496 ships at the end of FY 1975), the number of ships that will be added to the fleet in the next five years and in the next ten years, and the number of ships to be retired in the next five years and in the next ten years.

Considering first the additions to the fleet, approximately 65 ships authorized in FY74 and in previous years will be delivered to the fleet over the next four fiscal years.[7] If we assume for purposes of approximation that there is a five-year lag between the time ships are authorized and the time ships are delivered,[8] then the 22 ships authorized in FY75 should be delivered by the end of FY80. Therefore, about 87 ships will be added to the fleet by June 30, 1980. Using a five year rule-of-thumb and assuming that the Navy receives all of the ships it requests, an additional 157 ships will be delivered by June 30, 1985. This 157 figure consists of FY76 through FY80 authorizations of 23, 29, 35, 35, and 35 ships repectively.[9] These estimates are optimistic since they are based on what the Navy will seek and not necessarily on what it will obtain.

How many ships will be retired during the same period of time is a matter of judgment. Deputy Secretary of Defense William Clements has written that the Navy must plan to retire about 3.7 percent of its active fleet on an annual basis; [10] this would mean that 18 to 19 ships would be retired each year. On the other hand, Secretary of the Navy Middendorf has stated that between 25 and 30 ships will need to be retired each year.[11] On the basis of a ship-by-ship analysis of retirements (discussed later), the 18–19 figure seems to be more accurate and is used.

Using the above numbers, one can calculate the force level estimates displayed in Table 1.

TABLE 1.—*Aggregate Fleet Projection*

Category	Number of ships
Fleet size at end of fiscal year 1975	496
Ships added fiscal year 1976–80	87
Ships retired fiscal year 1976–80	93
Fleet size at end of fiscal year 1980	490
Ships added fiscal year 1978–85	157
Ships retired fiscal year 1981–85	92
Fleet size at end of fiscal year 1985	555

The estimate in Table 1 is based on aggregate figures. A different way to derive a similar projection is to look at a ship-by-ship breakdown of the fleet. The sources of such a projection are: a list of all ships presently in the fleet and the ages of those ships,[12] an estimate of the maximum useful service life of ships presently in the fleet (in order to estimate when current ships will be retired),[13] and a study of all ship programs that will result in new vessels over the next 10 years.[14]

Table 2 provides the results of such a projection. Appendix I provides a more detailed explanation of how the numbers in the table were derived. The figures are optimistic in that they assume full implementation of the Navy's authorization requests.

TABLE 2.—DISAGGREGATED FLEET PROJECTION

Type of ship	Fleet size, end of fiscal year— 1974	1980	1985
Strategic submarines (SSBN)	41	43	41
Attack submarines (SSN/SS)	74	83	90
Aircraft carriers	15	12	12
V/STOL carriers	0	0	7
Cruisers	7	2	7
Destroyer types (DLGN/DLG/DDG/DD)	90	92	93
Escort ships (DEG/DE/PF)	65	68	111
Amphibious warfare ships	65	58	52
Mine warfare ships	9	0	0
Patrol ships	14	37	44
Underway replenishment ships	49	39	50
Auxiliary ships	86	53	38
Total number of ships	515	487	545

Both the aggregate and disaggregate procedures forecast the size of the Navy fleet using the Navy's own planning assumptions. Both estimates point to similar outcomes: about 490 ships by 1980 and 550 ships by 1985. This is obviously well short of the Navy's goal.

PROJECTION ASSUMING UNLIMITED BUDGETS

Achieving the 600 ship goal would require changing some of the Navy's standard assumptions. For example, to attain 600 ships by 1985 would require a FY77–FY80 shipbuilding program of 45 ships per year.[15] Is this possible? Could the Navy attain a 600 ship fleet if there are no constraints on the Navy's shipbuilding budget?

Such a program in fact does not appear feasible. There are several factors that would obstruct the Navy's efforts to achieve its goal by the mid-1980's even if Congress were to appropriate massive naval procurement budgets. These factors are: shortages of skilled manpower, limited shipbuilding capacity, and delays in ship delivery.

The first of these constraints is the shortage of skilled manpower in the shipbuilding industry. Shipbuilding is a very labor-intensive enterprise. 40 to 50 percent of a shipyard's total cost is accounted for by labor and overhead; moreover, ". . . the amount of labor used cannot be substantially reduced by automation and other capital improvements. This is particularly true for warship construction where the installation of complex equipment involves a great amount of labor."

Studies by the Department of Labor and the Maritime Administration have concluded that there are "currently moderate to serious shortages of skilled labor in *all* major ship new construction areas." [17] The lack of skilled shipbuilding personnel such as pipefitters, shipfitters, high strength alloy welders, electricians, and machinists has been identified as the "greatest single immediate limitation on the private shipbuilding industry." [18] Even at the current levels of ship construction, these shortages of trained employees have already disrupted schedules of delivery for new ships, prompting the director of the Naval Sea Systems Command to state that "short-term capability levels have been approached or exceeded from the labor market point of view."[19]

Neither industry nor government programs to alleviate these shortages appear to offer much hope for relief in the near future. The annual output of training and apprentice programs in commercial shipyards has been termed "negligible" by the Maritime Administration survey of U.S. shipbuilding manpower, and there is little incentive for the industry to expand such efforts since the programs are funded by the shipyards and their costs are passed on to consumers in the form of higher ship building and repair costs.[20] As for federally funded training programs, the few graduates such programs produce tend to leave the shipbuilding industry; most shipyards report very low (20-30%) retention rates among graduates from government-supported programs. The major reasons for these low retention rates are the basic unattractiveness of shipbuilding work and the presence of better paying construction jobs where a shipyard-related skill is applicable.[21]

Given the current manpower shortages and their likely persistence in the near future, it will be most difficult to build more than the 22 ships we are currently producing in a year. The Navy's expanded shipbuilding program that averages about 35 new ships per year "assumes no shipyard capacity constraints." [22] This assumption is not realistic given the evidence of skilled labor shortages; even with increased budgets for shipbuilding, the Navy's planned program could not be implemented in the near future.

A second factor that would constrain shipbuilding output even with expanded budgets is shipyard capacity. Shipbuilding ways and basins (i.e., shipbuilding positions) provide a physical limitation on shipbuilding pro-

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Footnote at end of table.

grams. In particular, there is only one yard, Newport News, that can construct nuclear powered surface combatants. The ability of Newport News to build such vessels at the levels the Navy desires must be met with considerable skepticism in light of its past ship construction problems as well as its additional defense and commercial workload. In general, while it is unclear exactly how many ships could be constructed with unlimited funds, there will certainly not be enough capacity in the near future to support a 45 ships per year rate.

Delays in delivery of constructed vessels would also constrain the future growth of the fleet. Delays in ship delivery have been endemic to the shipbuilding industry. For example, of the five Tarawa class assault ships, delays in delivery under revised contracts range from 23½ to 32½ months. Delays in delivery of Los Angeles class submarines ranged from 5 to 15 months.[23] Because of such delays, a five year lag between authorization and delivery is more often than not too short. (Indeed a ten year lag may be more realistic).[24]

If all three of the above factors are taken into account, crude adjustments can be made in projecting aggregate force levels by assuming:

(a) that shipbuilding output will expand at an average rate of only four ships per year in the FY76–FY80 period (thus, ship authorizations for the FY76–FY80 period would be 23, 27, 31, 35, and 39 ships respectively);

(b) that there is a 6-year lag from the time ships are authorized to the time ships are delivered.

The aggregate projections of force levels shown in Table 1 can be adjusted by incorporating the above two assumptions. Retirement rates are the same as used in the first projection. The result is a 1985 fleet size of 514 ships as shown in Table 3.

TABLE 3.—*Adjusted aggregate fleet projections*

Category	*Number of ships*
Fleet Size at end of fiscal year 1975	496
Ships added fiscal years 1976–80	65
Ships retired fiscal years 1976–80	93
Fleet size at end of fiscal year 1980	468
Ships added fiscal years 1981–85	[1] 138
Ships retired fiscal years 1981–95	92
Fleet size at end of fiscal year 1985	514

[1] With 6-year lags between authorization and delivery, this is the sum of FY75–79 authorizations of 22, 23, 27, 31, and 35 ships respectively.

PROJECTIONS ASSURING CONSTRAINED BUDGETS

A more accurate estimate of future fleet size would take into account the multitude of pressures that hold the Navy's shipbuilding budget in check. These pressures come from the Office of the Secretary of Defense, from the Office of Management and Budget, and from the Congress. The Navy's 35-ships-per-year target for FY78 to FY80 could cost $8–9 billion per year in constant fiscal year 1976 dollars,[25] which would be about twice the size of the congressionally approved FY76 shipbuilding budget (about $4 billion). This $8–9 billion figure would also be well above navy shipbuilding budgets of the previous 5 years which have averaged about $4 billion (FY76 dollars). If experience is any guide, the Navy's budget requests will be substantially trimmed. A more likely occurrence is that shipbuilding authorizations will probably stabilize at about the present level of $4 billion (i.e., about 23 ships per year).

We can therefore incorporate a budget constraint into projected fleet levels by assuming FY76–FY79 authorizations of 23 ships per year. This results in a fleet size of 490 by 1985 as displayed in Table 4.

TABLE D.—*Aggregate fleet projection with constrained budgets*

Category	*Number of ships*
Fleet size at end of FY75	496
Ships added FY76–FY80	65
Ships retired FY76–FY80	93
Fleet size at end of FY80	468
Ships added FY81–FY85	[1] 114
Ships retired FY81–FY85	92
Fleet size at end of FY85	490

[1] With 6-year lags between authorization and delivery, this is the sum of FY75–FY79 authorizations of 22, 23, 23, 23, and 23 respectively.

PESSIMISTIC PROJECTION

However, even the above projections assume that ship retirements stay at the level of 18–19 ships per year. If we wanted to be pessimistic and use the retirement figures of between 25 and 30 ships per year suggested by Secretary Middendorf[26] then at least 250 ships would be retired over the next 10 years.

Incorporating both budgetary and nonbudgetary constraints with the higher retirement rate results in a 1985 fleet size of only 425 ships (see Table 5).

TABLE 5.—*Pessimistic aggregate fleet projection*

Category	*Number of ships*
Fleet size at end of FY75	496
Ships Added FY76–FY80	65
Ships Retired FY76–FY80	125
Fleet size at end of FY80	436
Ships added FY81–FY85	[1] 114
Ships retired FY-81–FY85	125
Fleet size at end of FY85	425

[1] With 6-year lags between authorization and delivery and budget constraints, this is the sum of FY75–FY79 authorizations of 22, 23, 23, 23, and 23 ships respectively.

CONCLUSIONS

Four different projections of fleet size have been made in this paper: a projection based on Navy planning assumptions, projection assuming unrestrained shipbuilding budgets, a projection assuming constrained budgets, and a pessimistic projection. These projections are summarized in Table 6.

TABLE 6.—*Summary of fleet size projections*

[Estimated fleet size]

End fiscal year 1985

Type of projection	*End fiscal year 1985*
Projection based on Navy planning assumptions	550
Projection assuming unlimited budgets	514
Projection assuming limited budgets	490
Pessimistic fleet projection	425

In each case, the size of the Navy's fleet in the middle of the 1980's is *substantially* below the fleet level objective of 600 ships. This conclusion applies regardless of the size of the Navy's shipbuilding budget over the next five years for money is not the only factor, not even the most important factor, affecting fleet size in the mid-1980's.

The projections made in this paper provide a realistic range of estimates given available information and reasonable assumptions. Even optimistic naval planners can only hope for 550 ships by 1985. With more realistic constraints but unlimited budgets assumed, a fleet of about 510–520 ships is predicted for the end of fiscal year 1975. If real budgetary constraints are taken into account, the fleet size will probably fall to 490 vessels. If all constraints are incorporated and if plausible though pessimistic retirement rates are assumed, a force of 425 ships is projected.

These estimates suggest that naval planning, which has been predicated on growth to 600 ships, deserves careful reexamination. For as long as the Navy continues to build the ships it is presently planning to build, its goal of 600 ships by the mid-1980's will not be feasible.

One alternative may be for the Navy to alter the type of ships it purchases and to focus on smaller, conventionally-powered, less expensive vessels. This might allow for some increase in force size even with limited budgets. However, with its aircraft carrier orientation and with legislated requirements to build nuclear-powered major surface combatants, the Navy seems unlikely to move in such a direction.

FOOTNOTES

[1] *Procurement of Naval Vessels—Title I,* Hearings before Subcommittee No. 2 of the House Armed Services Committee (HASC 94–8), 94 Cong. 1 Sess. (1975), pt. 3, pp. 3598–99.

[2] The Secretary's most recent endorsement of the 600-ship objective came in an address to the National Security Commission and Committee of the American Legion in Minneapolis, Minn. on August 15, 1975, p. 6. The shipbuilding program is mentioned in *Department of Defense Appropriations for 1976,* Hearings before a Subcommittee of the House Appropriations Committee, 94 Cong. 1 Sess. (1974), pt. 2, p. 584.

[3] *Current Status of Shipyards, 1974,* Report by the Seapower Subcommittee of the House Armed Services Committee, 93 Cong. 2 Sess. (1974), p. 3.

[4] Statement by Chairman of the Joint Chiefs of Staff General George S. Brown, *United States Military Posture for FY 1976,* p. 80.

[5] Statement of Vice Admiral Frank Price, Jr., Deputy Chief of Naval Operations for Surface Warfare, *Procurement of Naval Vessels—Title I,* p. 3049.

[6] E.g., attempting to get a fleet of that size would entail enormous expenditures for what could be a marginal increase in security. It could encourage the naval arms race. It would most probably result in a surface fleet of vulnerable, high value targets.

[7] The Shipbuilder's Council of America estimated that there were 84 "replacement futures" for the Navy as of July 1, 1974. 19 of these were added in FY75 (*Department of Defense Appropriations for 1975,* Hearings before a Subcommittee of the House Appropriations Committee, 93 Cong. 2 Sess. (1974), pt. 2, p. 8). The remaining 65 should be delivered to the Navy over the next four fiscal years.

[8] This five year estimate is consonant with one given by Secretary of the Navy Middendorf, *Department of Defense Appropriations for 1976,* p. 460. A four to six year estimate is given by Edwin M. Hood, President of the Shipbuilders' Council of America, *Current Status of Shipyards, 1974,* Hearings before the Seapower Subcommittee of the House Armed Services Committee (HASC 83–82), 93 Cong. 2 Sess. (1974), pt. 2, p. 628.

[9] 23 ships will probably be authorized by the Congress for FY76. The Navy is requesting authorization of 29 ships for FY77. The 35 ship figure is based on the average number of ships the Navy is seeking under its proposed shipbuilding program.

[10] Letter from Deputy Secretary of Defense William P. Clements to the Hon. Charles E. Bennett, November 22, 1974, contained in *Current Status of Shipyards, 1974,* Hearings, pt. 3, p. 1550.

[11] *Department of Defense Appropriations for 1976,* pt. 2, p. 475.

[12] John E. Moore (ed.), *Jane's Fighting Ships, 1974/5,* (Sampson-Low, 1974).

[13] The estimate was submitted by Admiral Elmo Zumwalt, then Chief of Naval Operations, in *Department of Defense Appropriations, FY 1975,* Hearings before the Senate Committee on Appropriations, 93 Cong. 2 Sess. (1974), pt. 2, p. 52.

[14] For the specific schedules and types of

ships examined, see the derivation provided in Appendix I. In general, see Secretary of Defense James R. Schlesinger, *Annual Defense Department Report, FY 1975*, March 4, 1974, pp. 117–141. For partial disaggregated projections to 1980, see Barry M. Blechman, *The Control of Naval Armaments* (Washington, D.C.: The Brookings Institution, 1975), Appendix A. An excellent though outdated work in this area is Arnold M. Kuzmack, *Naval Force Levels and Modernization* (Washington, D.C.: The Brookings Institution, 1971).

[15] 45 ships per year in the FY 77–FY 80 period and the 23 ships authorized in FY 76 would produce 203 ships in the FY 81–FY 85 period. This is 46 more than the 157 figure shown in Table 1. These 46 additional ships would produce a fleet of approximately 600 ships in 1985.

[16] Statement of Rear Adm. Robert C. Gooding, Commander, Naval Sea Systems Command, *Current Status of Shipyards, 1974*, Hearings, pt. 1, p. 5.

[17] Emphasis added. The MARAD study is discussed in a report on "U.S. Shipbuilding Industry Skill Requirements," attached by Chief of Naval Material Adm. I. C. Kidd in a letter to Hon. Charles E. Bennett dated April 2, 1974. The letter appears in the *Current Status of Shipyards, 1974*. Report and the quotation is on page 40. The Department of Labor Study, prepared by the Office of Assistant Secretary for Manpower, appears as "Meeting Shipyard Manpower Needs," December 13, 1974, in *ibid.*, p. 47.

[18] Letter from Rear Admiral Gooding to the Secretary of Defense, January 23, 1975, in *Current Status of Shipyards, 1974*. Hearings, pt. 1, p. 20.

[19] Statement of Rear Admiral Gooding in *ibid.*, pt. 1, p. 103.

[20] Statement of Adm. Holloway, Current Status of Shipyards, 1974, Hearings, pt. 3, p. 1494.

[21] See Current Status of Shipyards, 1974, Report, p. 18.

[22] The 35 ships per year program is presented in the letter by Deputy Secretary of Defense Clements to Rep. Bennett in Department of Defense Appropriations for 1976, pt. 2, p. 1549.

[23] See response by Vice Admiral Frank Price in Fiscal Year 1975 Authorization for Military Procurement, Hearings before the Senate Armed Services Committee, 93 Cong. 2 Sess. (1974), pt. 3, p. 130.

[24] Authorizing Appropriation, FY 1976 and FY 197T, for Military Procurement, Report of the House Armed Services Committee (No. 94–199), 94 Cong. 1 Sess. (1975), p. 31.

[25] Statement of Deputy Secretary of Defense Clements in Current Status of Shipyards, 1974, Report, p. 10.

APPENDIX I

Unless otherwise noted, these projections are extrapolations based on data provided in the sources cited in footnotes 11 and 12.

The schedule for strategic submarines is as follows (on the phase-out of Ethan Allen and George Washington subs, see the testimony of Adm. Elmo Zumwalt in *Procurement of Naval Vessels—Title I, H.R. 12564; Nuclear Navy—Title VIII, H.R. 12564*, Hearings before Subcommittee No. 3 (Seapower) of the House Armed Services Committee (HASC 93–43), 93 Cong. 2 Sess. (1974), pt. 2, p. 1046; on the Trident delivery schedule, see the testimony of Vice Adm. Price, *Procurement of Navel Vessels—Title I*, pt. 3, p. 3054):

Class of submarine

	1980	*1985*
Trident	2	10
Lafayette	31	31
Ethan Allen	5	0
George Washington	5	0
Total	43	41

A breakdown of the projections for attack submarines is as follows (the delivery schedule for Los Angeles-class submarine is in *Fiscal Year 1975 Authorization for Military Procurement*, pt. 3, pp. 1205, 1308):

Class of submarine

	1980	*1985*
Los Angeles	21	36
Sturgeon	37	37
Permit	13	13
Skipjacks	5	4
Skate	4	0
Other	3	0
Total	83	90

Projections of aircraft carriers are as follows (see testimony of Vice Adm. Price in *Procurement of Naval Vessels—Title I*, pt. 3, p. 3039:

Class of aircraft carrier

	1980	*1985*
Nimitz	2	3
Kitty Hawk	4	4
Enterprise	1	1
Forrestal	4	4
Midway	1	0
Total	12	12

As for V/STOL carriers, Secretary of Defense Schlesinger states in the *Annual Defense Department Report, FY 1975*, p. 122 that 8 such carriers are planned. Congress has already deleted one of these but it is assumed that the other seven will be delivered by 1985.

1 CGN cruiser will remain in 1980 and it is assumed that 1 CSGN (Strike cruiser) will be delivered by 1980 for a total of 2 cruisers. Thereafter, the delivery of 1 CSGN per year is assumed for a total of 6 CSGN and 1 CGN (7 cruisers) by 1985.

A breakdown of the projections for destroyer type ships follows (the numbers reflect the fact that one DLGN was deleted from the Administration's authorization bill; the Spruance numbers are based on the five-year shipbuilding program submitted by Adm. Holloway in *Current Status of Shipyards, 1974*, Hearings, pt. 3, p. 1508):

Class of destroyer-type ship

	1980	*1985*
DLGN:		
Virginia	3	4
Truxtun	1	1
Bainbridge	1	1
California	2	2
DLG:		
Belknap	9	9
Leahy	9	9
Coontz	10	10
DDG:		
Sherman	4	4
Adams	23	23
DD:		
Spruance	30	30
Total	92	93

The projections for escort ships are (numbers for the Patrol Frigate come from Vice Adm. Price's testimony in *Procurement of Naval Vessels—Title I*, pt. 3, p. 3040):

Class of escort ship

	1980	*1985*
DEG Brooke	6	6
DE Knox	46	46
PE Bronstein	2	2
PE Glover	1	1
PF Patrol Frigate	13	56
Total	68	111

Estimated levels for amphibious warfare ships are as follows:

Class of amphibious warfare ship

	1980	1985
LCC Blue Ridge	2	2
LHA Tarawa	5	5
LPH Iwo Jima	6	3
LKA Charleston	5	5
LPA Paul Revere	1	0
LSD Anchorage	5	5
LST Newport	20	20
LPD Austin	12	12
LPD Raleigh	2	0
Total	58	52

The reason for the disappearance of mine warfare ships is that the United States now uses helicopters for mine sweeping so that the ships that become obsolete will not be replaced (see *Annual Defense Department Report, FY 1975*, p. 140).

Projected force levels for patrol ships are (levels for the PHM are derived from Adm. Holloway's presentation of the five-year shipbuilding program in *Current Status of Shipyards, 1974*, Hearings, p. 1508):

Class of patrol ship

	1980	1985
PG	14	14
PHM	23	30
Total	37	44

The scheduled levels for underway replenishment ships are as follows (additions are based in part on Schlesinger's *Annual Defense Department Report, FY 1975*, p. 142):

Class of Underway Replenishment Ship

	1980	1985
AO	10	16
AOR	7	7
AE	13	15
AFS	7	10
AF	2	2
Total	39	50

Projected levels of auxiliary Ships are:

Class of auxiliary ship

	1980	1985
Tugs	18	10
ATS	3	3
AD	7	9
AS	10	10
ASR	8	2
AGHS	0	1
Other	7	3
Total	53	38

The above estimates were used in Table 2 on page 6 of this paper.

The second item I am placing in the RECORD at this time is a story filed by Scripps Howard staff writer Alan Horton August 13, 1975. The Horton story details a decision by Secretary Schlesinger to slow down production on the B–1 and Trident submarine programs in order to free up an additional $5 billion for conventional weaponry over the next five years. I assure my colleagues that any such directive issued by Congress would have been attacked by the Pentagon as a serious threat to our national security. The Horton story follows:

"PENTAGON SWITCHES $5 BILLION FROM NUCLEAR TO CONVENTIONAL WEAPONS"

(By Alan Horton)

WASHINGTON, August 13.—Defense Secretary James R. Schlesinger has ordered the military services to take $5 billion from their shopping list for nuclear weapons and buy conventional arms instead.

Schlesinger's theory: Awesome as the Soviet nuclear buildup is, the growth of the Russian army, naval and air forces is even more a threat to peace and the worldwide balance of power.

Part of the Schlesinger plan is to stretch out production of the Air Force's 244 B1 bombers and Navy's 10 Trident missile submarines. Defense sources said the last B1's and Tridents may not be produced under the new plan until 1988, three or four years later than previously planned. Other nuclear programs will be slowed also.

The stretch-out will increase the total cost of the strategic programs over the long haul, but it will free money for other purposes over the next few years. The B1 program already is projected at $20.6 billion and the Trident, $15.8 billion.

The money squeezed from the stretch-out—a total of $5 billion in the next five fiscal years—will go for jet fighters and other aircraft, tanks, additional ships for the Navy, troop ships to haul Marines and improved intelligence and communication.

Russia now is outproducing the United States in tanks, ships, airplanes and submarines and has twice as many men under arms.

The strategic slowdown will cut about $2.5 billion from the Air Force's five-year program and add that much to Army spending. The Army will use the money to equip two new divisions. The slowdown in the B1 program will chop about $500 million a year from the Air Force budget and slow B1 production from the planned four per month to two or three.

The Navy will spend about as much as had been planned but not on Trident submarines. Navy sources said Trident spending is to be cut by $150 million per year and the production rate will be slowed from three submarines every two years to one every year.

Schlesinger also has ordered the Navy not to build additional $1 billion to $2 billion nuclear-powered aircraft carriers. The Navy already has two large nuclear-powered carriers and two more under construction. It had hoped to build a fleet of 12 such carriers.

Schlesinger said the Navy should plan on building oil-driven carriers about half the size of nuclear-powered models.

Navy officials and certain powerful Congressmen already are lobbying to reverse Schlesinger's decision, which was relayed to the services in the annual Program Decision Memorandum. Either the President or Congress has the power to overturn Schlesinger's decision.

Over the next five years if the Schlesinger decision holds, all but about $40 billion of the $200 billion the services will spend for weapons and research and development will go for conventional arms.

The lesson offered by the MCPL report and the Horton story is simply this: The congressional prerogative to trim down Pentagon funds for programs is not as limited as we are scared into believing. Congress must learn that cutting the defense budget without affecting our national security is very possible. This was the objective of the alternative defense posture issued earlier this year. This is clearly the objective of the budget which we have been considering for 3 days. My colleagues and I will be continuing our efforts in this direction when the defense budget for next year's programs is sent over.

Mr. GOLDWATER. Mr. Chairman, it is my intention, barring some unforeseen amendment to this legislation, to support and vote for the Department of Defense appropriation for fiscal year 1976. I am, frankly, a little concerned about one aspect of the Appropriation Committee's decisionmaking rationale and about some of the cuts the committee made from the President's budget request. The committee states in its report:

> The Committee does not feel that the defense budget of the United States should be increased solely because of reported increases in the defense budget of the Soviet Union. . . . It is far more useful to compare actual military forces (page 10, committee report).

Those statements, whether taken in context or out, smack of a shortsightedness that is frighteningly reminiscent of of the congressional defense attitude that prevailed to our national sorrow in the 1920's and 1930's.

It is quite true that the Soviet economy does not get the same qualitative result for each dollar spent that the United States does. It is equally true that the inherent inefficiencies of the Soviet economy and defense production industry require a greater percentage of the GNP of the Soviet Union to achieve the same or comparable American result. It is also true that estimates of the size of the Soviet defense budget are not always reliable. It is not, however, a logical conclusion to contend that because of these differences, obscurities and inefficiencies the only reasonable point of analysis is "actual military forces." That is a little like judging your opponent just by the stick in his hand. You cannot be sure that "what you see is what you get." We have been burned before because we were content to rely on appearances. Remember 1957 and Sputnik? Remember the shooting down of Gary Powers? Remember the Cuban missile crisis? Remember the SAM–7 effectiveness and the Soviet resupply capability in the Mid-East?

I am afraid that it was this kind of thinking and analysis that led the committee to substantially reduce or eliminate funding for Trident, AWACS, independently maneuverable reentry vehicles, and the B–1 bomber programs. The evidence is clear and strong that the Soviets are active in programs of their own in these same areas. One would think that it is not necessary to remind Americans that our intelligence information of the Soviet defense budget and future plans and programs often errs on the side of having too little information and being a little too conservative in our "guestimates." There is a real need for higher funding in the program I mentioned earlier. I would urge the committee to rethink its methods of analysis, and I would hope they adopt a more balanced and whole analytical posture when they consider future appropriations for defense.

There are three specific aspects of this bill that I wish to comment on. One of them, the F–18 program, I will address during the consideration of that specific section of the bill. The proposal to expose the total budgetary figure of the CIA. There is no doubt in my mind that the CIA is currently under a philosophically partisan attack. This attack is damaging the mission capability of the CIA at a time when America and the free world need its efforts most. We are at least verbally committed to chasing the elusive vision of détente. We need to know everything we can about our potential and real enemies, and even about some of our reputed allies.

The current attacks on the CIA, and particularly the sensationalism of some of those inquiries, are destroying the morale, credibility, and viability of the agency far in excess of the alleged sins and illegalities committed by it. Revelation of the total budget figure of the agency may not further damage the mission capability of the CIA in and of itself. But, we all know that this is intended to be the first step in ripping open the agency and destroying it. Seeking 100 percent public accountability of the activities of the CIA is as dangerous and muddleheaded as having no oversight and accountability at all. If the realities and necessities of defending American freedom and offering some hope and strength to a beleaguered world is too much for some of my colleagues and a few of our citizens. I urge them to stop trying to destroy our liberty and think about another line of work or another place to live. These are tough times. They call for men and women of vitality, thoughtfulness, and courage. If more accountability and oversight is needed, and I believe it may be in certain specific areas, let us make the necessary, reasonable adjustment and reject simplistic, unrealistic, self-destructive approaches.

I am concerned about the committee's decision to cut by 30 percent the recruiting force level of the U.S. Army. After encountering some initial difficulties, the Army has delivered the goods in fulfilling its obligations in support of the All-Volunteer Army concept. Their program is now working well. It is a mistake to cut their activities at this time. The cuts will do unnecessary damage to the all-volunteer effort and could result in the resurrection of the draft. Furthermore, while I *fully* understand the cost-effectiveness concern of the committee, I believe it to be incorrectly applied in this case. It is false economy. Consequently, I will support a restoration of these funds.

On balance, Mr. Speaker, the committee bill is acceptable.

Ms. ABZUG. Mr. Chairman, I regret that we have again before us a defense appropriations bill which continues the policy of hiding from the American people the amount of their tax moneys which are to be spent by the Central Intelligence Agency. The gentleman from Connecticut and those who spoke on behalf of his amendment yesterday must be admired for their efforts to have a matter of urgent public concern made known to the American people. Yet, a majority of the Members of this House apparently continues to feel that the people of this country are not entitled to know what their Government is doing, or how it is spending their money.

During the debate on this issue, we again heard the rhetoric which justifies withholding information, that every American must and ought to know, on the grounds of national security. After all the documented evidence of abuses by our intelligence community, and the paucity of any evidence justifying such secrecy, this body still insists upon adhering to reasoning that has long been discredited.

I am not suggesting that we weaken the effectiveness of our intelligence community. Revealing the CIA budget will not have a negative impact on its effectiveness. As was pointed out yesterday by my colleague from New York (Mr. Addabbo), the FBI has a line item budget which is a matter of public record, and that has not caused any decline in its intelligence-gathering operations. What I am suggesting is that we in the Congress adhere to the political theory which requires that the Government be responsible to the governed.

Article I, section 9, clause 9 of the Constitution requires that "a regular statement and account of the receipts and expenditures of all public money shall be published from time to time." This constitutional mandate reflects the realization by the Framers that only a public accounting of all public moneys will guarantee the maintenance of a truly open government. The bill we voted on prevents the publication of any such statement of the hundreds of millions of dollars of public money to be spent by the CIA. Each time we pass a measure which prevents this publication, we are legislating directly against the intent of the Framers.

I would urge my colleagues to consider the implications of this practice and to end the policy of accepting such secrecy in Government.

Mr. O'BRIEN. Mr. Chairman, reference was made earlier by the distinguished chairman of the Committee on Appropriations to section 753 of the bill. He should be proud of it. It forbids the spending of any of the money in this bill "for the design, procurement of plant equipment, or construction of new ammunition plant facilities except in areas in which ammunition facilities are being closed, placed in layaway, or at which production has been curtailed."

I was somewhat dismayed, to put it mildly, to learn the Army had budgeted $45 million in ammunition procurement funds for a planned new ammunition plant in Bay St. Louis, Miss. This at a time when decisions have been made to "mothball" the Joliet Army Ammunition Plant in my congressional district and other similar Government-owned, contractor-operated plants throughout the country. The taxpayers have a tremendous investment in these plants. The Army estimates the replacement cost of the Joliet plant alone at more than a billion dollars. It has spent $106.5 million there since 1970 in modernizing the production lines and installing air and water pollution controls.

The proposed new plant at Bay St. Louis would be used for the production, load, assembly, and packing of the new M-483 155-millimeter improved conventional munition round. The Army told the committee that production lines at existing plants would require considerable modification to produce the new round. But the Army recommended deferring the conversion of existing facilities until construction of the Mississippi plant is well underway. The Committee on Appropriations, to its everlasting credit, did not buy this notion. Pointing out that the Army is planning to terminate production at 5 ammunition plants and reduce production at 11 other plants, the committee's report said:

> The Committee is not convinced that the foregoing action can be justified while at the same time initiating design of a new ammunition plant in Mississippi, which is estimated to cost approximately $228,500,000. The Committee recognizes the necessity for maintaining a production base for our current 155mm ammunition; however, the Army plans to drastically reduce or place in layaway certain plants that have the capability of producing munitions no longer in the Army inventory. The Committee has received no concrete justification from the Army as to why some of the ammunition plants falling in the latter category cannot be converted immediately to produce the new M483 155mm artillery projectile or parts thereof.

There should be no adverse effect on our defense posture as a result of this action by the committee and this House. The $45,200,000 budgeted for the new M-483 round remains in the bill. But the Army will not be able to use the money for construction of new plant facilities except in areas where existing plants are being closed, placed in layaway status, or at which production has been curtailed.

Mr. CONYERS. Mr. Chairman, I have voted against every military appropriation since coming to Congress for the simple reason that I was never persuaded that the Department of Defense needed or deserved the public funds it was given. I have watched military spending climb from the unreasonable to the unconscionable. Now, with neither a cold nor actual war in progress, there can be no justification for continued lavish military spending that surely goes beyond real national defense needs. I regret I was unable to be present this time to join my 61 colleagues in saying "no" to the Pentagon.

When will the people's representatives turn their attention to concrete, felt, long-deferred human needs at home if not now, when we are in the midst of the highest unemployment since the Great Depression, the worst inflation in recent times, the financial collapse of our great cities, and the short supply of investment capital that could reinvigorate our economy? It is an undisputed fact that for every $1 billion in military spending, 20,000 to 30,000 fewer jobs are generated than would have been created in civilian activity. This is merely one among many of the adverse fiscal repercussions that result from excessive military funding. I have really answered my own question. We continue to tolerate the drain of our resources through military waste, following the easy path of doing what so many other Congresses have done before us, unreflectively and uncritically.

The 94th Congress which raised hopes of finally turning the Government to consideration of long-neglected internal needs has, like its predecessors, been held up in broad daylight by the Military Establishment.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Rostenkowski, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9861) making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BREAUX. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

PARLIAMENTARY INQUIRY

Mr. EDWARDS of Alabama. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. EDWARDS of Alabama. Mr. Speaker, in the confusion I was not sure, and I want to be sure of this. Are we voting on the Spellman amendment?

The SPEAKER. The gentleman is correct. A "yea" vote is for the Spellman amendment; a "nay" vote is against the Spellman amendment.

The vote was taken by electronic device, and there were—yeas 190, nays 220, not voting 23, as follows:

[Roll No. 574]

YEAS—190

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Barrett
Baucus
Bauman
Beard, R.I.
Bedell
Bennett
Bergland
Bingham
Blanchard
Blouin
Boland
Bonker
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Byron
Carr
Chappell
Chisholm
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Corman
Cornell
D'Amours
Daniels, N.J.
Danielson
Delaney
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Esch
Fascell
Fenwick
Fish
Fisher
Fithian
Florio
Foley
Ford, Mich.
Forsythe
Giaimo
Gilman
Gonzalez
Goodling
Grassley
Green
Gude
Guyer
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hicks
Holt
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Karth
Kastenmeier
Ketchum
Keys
Koch
Krebs
LaFalce
Leggett
Litton
Long, Md.
McDade
McEwen
McHugh
McKinney
Madden
Maguire
Matsunaga
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Mosher
Moss
Murphy, N.Y.
Neal
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patterson, Calif.
Pattison, N.Y.
Pettis
Peyser
Pike
Pritchard

Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rosenthal
Rousselot
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Skubitz
Snyder
Solarz
Spellman
Stark
Stokes
Stratton
Studds
Sullivan
Thompson
Traxler
Tsongas
Ullman
Vander Veen
Vanik
Walsh
Waxman
Weaver
Wirth
Wolff
Yates
Yatron
Young, Alaska
Young, Ga.
Zeferetti

NAYS—220

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baldus
Beard, Tenn.
Bell
Bevill
Biaggi
Biester
Boggs
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Carney
Carter
Casey
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Conlan
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Dent
Derrick
Derwinski
Devine
Dickinson
Duncan, Tenn.
du Pont
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Flood
Flowers
Flynt
Ford, Tenn.
Fountain
Frenzel
Frey
Gaydos
Gibbons
Ginn
Goldwater
Gradison
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Harsha
Hastings
Hefner
Heinz
Helstoski
Henderson
Hightower
Hillis
Hinshaw
Holland
Horton
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McFall
McKay
Madigan
Mahon
Mann
Martin
Mathis
Mazzoli
Melcher
Michel
Miller, Ohio
Mills
Montgomery
Moore
Moorhead, Calif.
Morgan
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
O'Brien
Passman
Patman, Tex.
Patten, N.J.
Perkins
Pickle
Poage
Pressler
Preyer
Price
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rostenkowski
Roush
Runnels
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Simon
Slack
Smith, Iowa
Smith, Nebr.
Spence
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Vander Jagt
Vigorito
Waggonner
Wampler
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wright
Wydler
Wylie
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—23

AuCoin
Bolling
Conyers
Dellums
Dingell
Evins, Tenn.
Fary
Fraser
Fuqua
Hébert
McCormack
Macdonald
Milford
Pepper
Rogers
Rose
Ruppe
Sisk
Staggers
Teague
Udall
Van Deerlin
Wilson, Tex.

The Clerk announced the following pairs:

On this vote:

Mr. AuCoin for, with Mr. Hébert against.

Mr. Rogers for, with Mr. Teague against.

Mr. Dellums for, with Mr. Evins of Tennessee against.

Mr. Conyers for, with Mr. Charles Wilson of Texas against.

Mr. Fary for, with Mr. Sisk against.

Mr. Pepper for, with Mr. Rose against.

Until further notice:

Mr. Dingell with Mr. Van Deerlin.

Mr. Udall with Mr. Fuqua.

Mr. Fraser with Mr. McCormack.

Mr. Staggers with Mr. Macdonald of Massachusetts.

Messrs. ROBERTS and LLOYD of California, Mrs. LLOYD of Tennessee, and Mr. BELL changed their vote from "yea" to "nay."

Mr. SEIBERLING changed his vote from "nay" to "yea."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MAHON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken by electronic device, and there were—yeas 353, nays 61, not voting 19, as follows:

[Roll No. 575]

YEAS—353

Abdnor
Adams
Addabbo
Alexander
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Barrett
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Frenzel
Frey
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hastings
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Michel
Milford
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nix
Nowak
O'Brien
O'Hara
O'Neill
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Reuss
Rhodes
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rostenkowski
Roush
Rousselot
Runnels
Russo
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Waxman
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—61

Abzug
Anderson, Calif.
Badillo
Baldus
Bedell
Bingham
Blouin
Brodhead
Burke, Calif.
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Cornell
Drinan
Early
Edgar
Edwards, Calif.
Forsythe
Harkin
Harrington
Hawkins
Hechler, W. Va.
Helstoski
Holtzman
Kastenmeier
McHugh
Maguire
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mitchell, Md.
Moffett
Mosher
Nedzi
Nolan
Oberstar
Obey
Ottinger
Pattison, N.Y.
Rangel
Rees
Richmond
Rosenthal
Roybal
Ryan
Schroeder
Seiberling
Solarz
Stark
Stokes
Studds
Thompson
Tsongas
Vanik
Weaver
Young, Ga.

NOT VOTING—19

AuCoin
Bolling
Conyers
Dellums
Dingell
Evins, Tenn.
Fary
Fraser
Fuqua
McCormack
Macdonald
Pepper
Rose
Ruppe
Sisk
Staggers
Udall
Van Deerlin
Wilson, Tex.

The Clerk announced the following pairs:

On this vote:

Mr. Sisk for, with Mr. AuCoin against.

Mr. Staggers for, with Mr. Dellums against.

Mr. Rose for, Mr. Conyers against.

Until further notice:

Mr. Pepper with Mr. Charles Wilson of Texas.

Mr. Dingell with Mr. Van Deerlin.

Mr. Evins of Tennessee with Mr. Fraser.

Mr. Fuqua with Mr. Macdonald of Massachusetts.

Mr. Fary with Mr. Ruppe.

Mr. McCormack with Mr. Udall.

Mr. CLANCY changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN H.R. 9861, DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1976

Mr. MAHON. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill just passed, that the Clerk be authorized to make corrections in section numbers and punctuation to reflect the actions taken in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

BEEF RESEARCH AND INFORMATION ACT

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7656) to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products.

The SPEAKER. The question is on the motion offered by the gentleman from Washington.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7656, with Mr. Eckhardt in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Washington (Mr. Foley) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. Sebelius) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Washington (Mr. Foley).

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the Subcommittee on Livestock and Grains, the gentleman from Texas (Mr. Poage).

Mr. POAGE. Mr. Chairman, I hope I will not use all of the time that I might ordinarily consume. Of course, I know that the Members are anxious to move on either to other things or to an adjournment.

Mr. Chairman, I want to very briefly tell the Members what we have here. We have a bill which authorizes livestock producers to levy a fee upon themselves to carry out research, study, development, and advertising of their business.

This is not a compulsory checkoff. It does not require anybody to pay who does not want to. Of course, the money is collected at the final packinghouse, and it is collected on all animals because there is no other way of doing it. But any livestock owner who feels that this is not worth the cost has only to file a request and get all his money back. So there is no compulsion on anybody here to make a payment.

There is no money required to be put in by the Federal Government after the program is in operation. The costs of the program are carried on by the funds that are taken from the sale of animals. In other words, the livestock producers are the ones who pay the cost of the program. They are the ones who inaugurate the program, they pay for the program, they run the program, and I think that is as it should be.

The only connection that the Government will have with the program is the Government will conduct the original referendum in which two-thirds of the livestock producers must express their approval of the program or else it does not go into effect. There is no compulsion here. If more than one-third of the livsetock producers do not vote for this program, then there will not be any program.

Of course, the Government will have conducted the referendum, just as it conducts referendums for elections in labor disputes in industrial plants, and in those cases the Government pays all the expense. The only expense to the Government here will be for the printing of some literature and some ballots. The result of the operation will be conducted by the present employees of the Department of Agriculture, and there will be no additional expense except for a little bit of literature. But if the referendum carries, as we anticipate it will, then the livestock producers will out of this fund repay every bit of that cost to the Government. The only burden that there can be to the Government is the possibility of paying for a little literature and the ballots to send out to determine the referendum.

Mr. Chairman, once the referendum is had, this fund will be governed by a board of 68 members nominated by existing livestock organizations and finally selected by the Secretary of Agriculture.

We think that this is in keeping with the policy which has long been established for agricultural products and for other products. It gives the producers a chance to present their products to the consumers in the best light they can. It gives the producers an opportunity to study the markets and to determine just what the needs of their customers are. Of course, the whole purpose of the thing is then for the producers to put on the market the things that the public wants. To that extent it seems to me that this is one of those programs that helps both the producer and the consumer.

We think that this is one of the simplest approaches that can be adopted to try to bring a vital industry out of the doldrums. The livestock industry, the livestock segment of agriculture, is the largest segment of all agriculture, and agriculture is the largest industry in the United States.

We believe that by maintaining a sound and a solvent livestock industry we are rendering a service to every consumer in this country and to every person throughout the whole world who eats food.

Mr. Chairman, we believe that this is a good bill, that it is one that will help a great industry, that it is one that can hurt no one, and that it is one that will cost no one more than an infinitesimal amount on the sale of livestock. I hope the committee will approve the bill.

Mr. SEBELIUS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I appreciate this opportunity to rise in support of H.R. 7656, the Beef Research and Information Act.

This proposal is a far-reaching plan to strengthen the economy of the cattle industry and to assure consumers of a wholesome and reliable supply of beef at prices they can afford. All funds will be provided by cattlemen. The program will cost the Federal Government and the taxpayer nothing. It should actually result in savings to the consumer.

Under this program, the cattlemen will spend their own money on research projects relating to nutrition, human health, new beef products, marketing and distribution. We need increased research at a time when the Federal Government has cut back on agricultural research. Progress in any of these areas will help consumers, create expanded markets for beef and help make cattlemen more efficient producers of beef. Research into health and nutrition is another area of vital interest to consumers and cattlemen. As it is now, we know more about animal nutrition than human nutrition.

Under this program, the cattlemen will spend their own money on consumer information and education programs and youth education in our schools as well as adult education. They propose education programs on the economics of buying, how to get more for your food dollar, how to select and prepare the most economical cuts, and so forth. Likewise, they will attempt to neutralize false information being published about beef and human health and to publish the facts based on reliable research and to encourage truth in advertising.

Under this program, the cattlemen will spend their own money on market information programs aimed at leveling out the extreme fluctuations in supply. This will help producers regarding the prices they receive for cattle and consumers regarding the price they pay for beef. Improved methods of handling and preparation will also receive considerable attention. Distribution of beef is a major concern to cattlemen. Statistics show that 80 percent of the increase in food prices last year resulted from increased off-farm costs. Cattlemen say that unless beef distribution improves, farm-to-consumer margins will continue to mount. The cattlemen's share is squeezed along with the consumer's budget by these rising nonfarm costs.

Again, I emphasize that this program will not cost the Government anything. The act calls for cattlemen to reimburse the Government for the cost of conducting the referendum and for any administrative cost in auditing or other miscellaneous expense.

The cattlemen and the consumer have recently been victimized by misinformation. During the past 2 years, he has witnessed attacks on his product and has been the victim of discriminatory Government policy. I refer to the Government price controls in 1973 which under phase IV singled out beef and triggered unprecedented economic losses for cattle feeders and producers. I refer to expanding beef imports into the United States which have depressed prices and continue to threaten the markets for our domestic beef and future supplies of beef. I refer to the increasing number of regulations, by State and Federal regulatory agencies and to synthetics which could undermine and demoralize this largest sector of our agricultural economy. I refer to beef boycotts and "eat less meat" campaigns—by groups that admittedly used beef as a symbol of their protest against inflation, without realizing that beef cattle prices came down more than any other major consumer item. In fact, last year, consumers spent 2.5 percent of their income on beef, the same percentage as in 1950, but per capita consumption of beef increased from 56 pounds to 117 pounds. I think it is about time to give the producer a break and the freedom to chart his own destiny. The producer, the consumer, and our Nation's economy would all benefit.

Beef cattle is the largest segment of American agriculture and the leading industry in Kansas. Millions of people depend on this industry for jobs and their economic livelihood. It is most unfortunate that the industry has been singled out for this baised and discriminatory treatment. A good illustration of this bias is the claim that beef cattle production denies grain for people. The fact is that cattle can convert raw materials, which are not palatable to people into a palatable meat for human consumption. Without cattle and other ruminant animals, about 890 million acres of pasture, grass and grazing land—39 percent of the total land area of the United States—would not be utilized. This would be a terrible waste. But through cattle, each 10 to 20 pounds of inedible forage represents a potential pound of edible meat.

As I mentioned earlier, the cattleman and the beef cattle industry will finance this program. The "value-added" approach is an equitable and practicable collection system which will be largely self-policing. Since producers may obtain a refund from the Beef Board for any assessment that he has paid, the program is entirely voluntary.

The American consumer will ultimately determine the success or failure of this program. It would be unrealistic to suppose that the interest and satisfaction of the consumer will not be a primary concern in every undertaking of the Beef Board.

Mr. Chairman, self-help is best help and this is an opportunity to put this theory into practice. It appears to me that everyone—beef producers, consumers and the Government—would benefit from this program. This is one of the few proposals where consumers and the taxpayer do not end up footing the bill. This bill should receive prompt and favorable consideration.

Mr. POAGE. Mr. Chairman, I yield 10 minutes to the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Chairman, I rise in opposition to the bill. This is a terrible bill. The supporters of this bill assume advertising and promoting beef, our most expensive food, is in the public interest and should be encouraged. They claim consumers need to eat more beef, and they are prepared to convince us this is so. Yet, there is no consumer involvement in this entire program. Sixty million dollars will be collected to be spent on convincing Americans to eat more beef and not one consumer will have a say in setting research priorities or deciding promotion activities.

There is no provision in the bill for nutrition, education and there are real questions about the health value of grain-fattened beef. There is absolutely no assurance this money will be spent on what consumers need and want.

The cattlemen who support this bill claim they will pay the cost. This is not the case. The assessments required of producers will be passed along each step of the food chain, to the consumer. And, the price of the meat will rise. The consumer, with no voice in this program, will be forced to pay for the whole thing, and the price of meat is sky-high already.

The Beef Industry Council, a trade group for the cattle industry, already spends $5 million a year to promote beef. The Beef Industry Council has television advertisements 52 weeks a year in our largest cities, plus radio and magazine ads. They regularly issue press releases, brochures, recipes, factsheets, and other promotional materials. Why do they need to spend more money on advertising?

The supporters of this bill say they will spend part of the funds on beef cattle research. But, the Government is already spending $50 million a year on beef cattle research, through the USDA, land-grant colleges and experimental stations.

The supporters of this bill say there is no cost to the Government. Yet, under this bill, if the referendum fails, who foot's the bill? The Federal Government does.

According to the Internal Revenue Service, the assessment required of cattle producers under this bill is tax deductible as regular business expenses. Who pays? The American taxpayer.

This legislation requires every cattleman in the country to contribute to the program, once the referendum is passed. But the referendum could pass with as little as 37 percent of the cattlemen in the country voting for it. Only 50 percent of them have to vote, and only two-thirds of those have to vote favorably. Even Secretary Butz is in complete agreement that there is no need for a mandatory assessment on cattle producers.

The only reason for this legislation in the first place is to force cattlemen to contribute once the referendum is passed. There is no need for legislation when cattlemen want to voluntarily promote or do research on beef. But you do need the force of law to force people to contribute.

Supporters of the bill argue that the contributions are refundable. This is true, but experience shows only the large, agribusiness cattle barons will get the refunds. In Iowa, where they have a State egg checkoff program, 20 percent of all funds contributed on a mandatory basis have been reimbursed to egg producers. However, those producers requesting the refunds account for only 4 percent of total producers. The largest producers are the ones asking for refunds. Who pays? The small egg producer. The same is true under this bill—the small cattle producer, who can least afford to contribute to more advertising will be carrying the full weight of this expensive promotion gimmick.

The cattle producers who support this bill say only $30 million will be collected under this bill. At prevailing cattle prices, the amount is more likely to approach $40 to $50 million, and, in a couple of years, with inflation, that figure will reach $60 to $70 million, and the cattle industry already has $55 million worth of research and promotion going for it now.

This legislation is opposed by the National Farmers Organization, the National Farmers Union, the Consumer Federation of America, the AFL-CIO, the National Consumers Congress, National Association of American Meat Promoters, and by a number of cattlemen. The Secretary of Agriculture has grave reservations about this bill, and the Office of Management and Budget has this to say, and I quote:

> The Office of Management and Budget advises . . . enactment of H.R. [7656] would not be in the long-run interest of agriculture, the food industry, or consumers in general. The involvement of the Federal government in a promotion of a particular commodity at the expense of other commodities would compel other commodity groups to seek similar assistance in order to maintain their share of the food market. The net affect of such action would be to unnecessarily increase costs to both producers and consumers.

The Department of Justice Antitrust

Division also has serious reservations about this bill. Officials at the Antitrust Division have told me the Department of Justice opposed prior bills that were similar in nature because they believe if industry wants promotion campaigns, they can do so through their trade associations. Justice maintains there is no justification for Government involvement in this program, and says the Department of Agriculture should not be in the business of promoting beef. I agree.

Both the Department of Justice and the USDA General Counsel clearly indicated to me there is no need for legislation to authorize the kinds of activities that the beef board wants to engage in. You do not need Federal legislation to go into the advertising business. But you do need Federal legislation to require forced, mandatory participation in an advertising campaign.

The funds collected to promote and publicize beef will be used by public relations firms and advertising agencies on large advertising fees, and jet-setting and executive suites for the large cattle barons who run the program.

This tax on cattlemen is nothing more than a slush fund for the high living supporters of this bill, and for the public relations outfits who must get their fat contracts approved by the Secretary of Agriculture. If this bill passes, it will be taxing Americans, both producers and consumers, without insuring the funds will be used properly.

I will be offering an amendment to include 50 percent consumer representation on the Beef Board that administers the funds collected under this bill. Anything less than 50 percent will be an affront to consumers. Consumers need a voice equal to the voice of agribusiness.

However, should my amendment pass, I will continue to urge defeat of this ill-conceived and unnecessary bill. My amendment is an insurance policy. There are so many things wrong with this bill, it would be impossible to amend it to make it acceptable. Yet, we must show that the precedent of consumer representation will remain.

Therefore, I urge my colleagues to support my amendment to put 50 percent consumers on the Beef Board, and then to vote to defeat this terrible bill.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Georgia.

Mr. MATHIS. I thank the gentleman for yielding.

The gentleman says that none of the people who will be on this board are consumers. I would simply like to point out to the gentleman that the bill provides for a maximum of 68 members, all of whom are consumers.

Mr. RICHMOND. If the gentleman wants to call any American a consumer, certainly he can call a cattle baron a consumer because he, too, has a wife who goes to the supermarket. However, my amendment would allow for half of the board to be made up of people who represent active consumer organizations like the Consumer Federation of America and other types of consumer organizations.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

Is the gentleman aware of where and how cattle is sold?

Mr. RICHMOND. Absolutely.

Mr. SYMMS. In the sales ring?

Mr. RICHMOND. Surely.

Mr. SYMMS. And the cost of production has nothing to do with the price of grain? Is that correct?

Mr. RICHMOND. I do not believe that. I believe we, the American people, end up paying for everything.

Mr. SYMMS. This is a subject the gentleman has never had any experience or any dealing with. I have had the experience of having $400 a head expenditure in cattle and selling it for $300. This is a $100 a head loss. It did not seem to have anything to do with the cost of production. The cost of production has nothing to do with the sale of, or the price of cattle in the free market. This money is going to come out of the producers, because cattle are competing against hogs, fish, eggs, chicken, and all the other items that go on the consumer's table, and they are sold in the sales ring, too. They will bring what the market will bear, not what the cost of their production is.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Texas.

Mr. POAGE. I thank the gentleman for yielding.

I understood the gentleman to say that the Secretary of Agriculture opposed this bill.

Mr. RICHMOND. Absolutely.

Mr. POAGE. I hold in my hand a letter dated September 24, signed by Richard L. Feltner, the Assistant Secretary, saying, "Accordingly, we would not object to the enactment of H.R. 7656," the bill before us.

Mr. RICHMOND. My legislative aide for agriculture, Mr. Brad Michaelson, with whom I went to the Polish Embassy last Monday night is now in the gallery, and we discussed two items with Secretary Butz. As the gentleman will recall, there was a reception there for the Agricultural Minister for Poland. The Secretary of Agriculture, Mr. Butz, told me he was going to recommend that President Ford veto the tobacco bill. Mr. Butz also told us both that he saw no reason why the Government should get involved in the sales or operation of a beef promotion activity. He agreed with us that the industry itself was capable of financing and promoting a beef promotion project.

Mr. POAGE. If the gentleman will yield further, I think the gentleman's conversation came before the action of the committee which made certain changes in the bill, and the Department, after reading the bill after we reported it, now says, "We would not object to the enactment of H.R. 7656." I simply think the gentleman's information is old.

Mr. RICHMOND. It is not old, I will say to the chairman. We have not had a committee meeting since I saw Mr. Butz. Therefore I would say my meeting with Mr. Butz was after the committee completed proceedings.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Georgia.

Mr. MATHIS. I thank the gentleman for yielding.

If the gentleman has any doubt, I would like to have him go call the Secretary to see what his position is.

Mr. RICHMOND. I think Mr. Butz had his mind made up one way and now he seems to have changed it. The last time I talked to him, Mr. Butz said, quoting him:

> There is no need for the United States Government to get involved in a beef promotion operation.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding.

I believe on September 12 the gentleman sent out a "Dear Colleague" letter informing our colleagues that the beef industry spends something like $11 million a year on beef promotion. Today he says we are spending somewhere in the neighborhood of $5 million for the promotion of beef. I would just like to know where the gentleman is getting his figures.

Mr. RICHMOND. I got my figures from the Beef Industry Council. Seventy percent of its $4 million budget is for beef promotion. Their State affiliates spend about $2 million more. It turns out last year the beef industry spent $5 million on promotion.

Mr. ENGLISH. If the gentleman will yield further, I have here a copy of their budget which shows they spent $600,000 last year, not $5 million and not $11 million.

Mr. RICHMOND. I said 10 years ago we ate 50 pounds and last year we ate 120 pounds of beef. I feel that we are eating enough beef. If anyone wants us to eat more beef, they can pay for their own commercial advertising like everyone else in the United States in business does. I do not feel the U.S. Government should support a bill for beef promotion, to the detriment of the consumer.

Mr. Chairman, I yield my remaining time to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, I rise to assure my colleagues that I would not "steer" them wrong, but I must "raise a beef" about this bill.

This "choice" legislation is a "prime" example of what can make Congress "stew in its own juices."

It drips with excess "fat," while it "strips" the consumer.

This "beef-doggle" would raise retail meat prices by $60 million a year. No matter how you "slice" it, consumers are having their "flanks" attacked. They are being "slaughtered."

It was not my intent to "roast" the sponsors of this "bum steer." But I must remind them that consumers have a "stake" here too. But if this bill is "herded" through the House, many consumers will no longer have "steak."

You have all heard of Britain's "Rump Parliament" under Lord Cromwell, I fear that if this private interest bill for the beef industry passes, history will hereafter refer to us as the "Rump-roast Congress."

I ask my colleagues to take this "bull by the horns," kill this bill, cut the fat off the bone, and "render" it back to the committee. It "butchers" lean consumer pocketbooks, and makes "mincemeat" of fiscal responsibility.

While I do not want to "rib" my friends from the cattle-raising States, I think that someone is trying to "pull the cowhide over our eyes."

I urge my colleagues to reject this "hunk of fat." It bleeds the American consumer. And I do not know a "knock wurst" than that.

Mr. SEBELIUS. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from Virginia (Mr. Wampler), the ranking minority member of the Committee on Agriculture.

Mr. WAMPLER. Mr. Chairman, I rise in support of H.R. 7656, the Beef Research and Information Act.

Mr. Chairman, I was pleased to be a cosponsor of the original version of this legislation, H.R. 3718, and I can report to this body that the language in the final bill we now have before us represents a tremendous improvement over the earlier legislation introduced on this subject. I want to commend at this time Congressmen Bob Poage and Keith Sebelius, the chairman and ranking minority member, respectively, of the Livestock and Grains Subcommittee, for their excellent display of leadership in the development of this bill. It is largely due to their efforts that H.R. 7656 is, in my opinion, as fine a final product as it is.

In the early stages of subcommittee consideration, the farm groups interested in this legislation were divided on this bill. However, through the amending process, compromises have been reached that seem to have satisfied nearly all parties concerned, and the farm community is now in almost complete support of H.R. 7656.

Also, Mr. Chairman, it would be very negligent of me not to mention the cattle industry's role in the development of this legislation. By way of background, I should inform this body that the cattle business has seen what many feel has been the most difficult period of time, financially, that the industry has ever faced. During the course of the last 2 years many cattlemen have experienced unprecedented losses and a number have gone bankrupt. However, the cattle raisers of this Nation have not responded to the financial crisis in their industry by rushing into Washington seeking subsidy programs to bail them out. Instead, all segments of the cattle industry sat down together and formed the Beef Development Task Force.

This task force was the driving power behind the formulation of this legislation, and I know that the dedicated people who served on the task force worked very diligently on this project and came forth with a plan to allow the industry to help itself recover from its financial difficulties.,

I wish to stress the point that H.R. 7656 is a self-help measure. It is enabling legislation that will allow the cattle producers of this country in conjunction with the USDA to formulate and put to a vote a national plan through which individual producers might assess themselves a modest sum for the purpose of expanding the demand for beef products through market development programs. Funds raised would also be used for a coordinated program for research and for consumer and producer information programs, as well as to maintain and stengthen the beef industry's position in both domestic and foreign markets.

Furthermore, Mr. Chairman, I am delighted to report that not only is this bill a self-help fundraising program, it will likewise not require any Government funds to conduct the producer referendum or in conjunction with the administration of the act. This results from the fact that any costs incurred by the Government in conducting the referendum or in administering the order will be repaid by the funds raised pursuant to the act.

As those of us who served in the 93d Congress will remember, our former colleague, the Honorable George Goodling of Pennsylvania, established the precedent of requiring the egg research and promotion program Board to repay the Government for any costs the USDA may incur in the referendum process or in the administration of the order. His amendment was adopted during consideration of H.R. 12000, the Egg Research and Consumer Information Act, in the last Congress.

The committee has worked out a good bill and I hope that the House will accept it without any further substantive amendments. In its present form it is supported by the major farm organizations including the American Farm Bureau Federation, so I particularly urge that the amendment of the gentleman from Montana, Mr. Melcher, offered in and accepted by the committee, will be retained today without change.

In summary, Mr. Chairman, I would urge my colleagues to vote for H.R. 7656 and to reject any amendments offered thereto. It is not often that we in the Congress have the opportunity to be of assistance to a major industry in this country without saddling the taxpayer with an extra burden, but we do have such an opportunity before us today and I urge all of my colleagues to take advantage of the opportunity and support this legislation.

Mr. THONE. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the distinguished gentleman from Nebraska.

Mr. THONE. Mr. Chairman, I would like to associate myself with the remarks of the distinguished gentleman from the Commonwealth of Virginia. This is an excellent bill. We had thorough hearings. It is in the best interest of the industry and to the consumer.

Mr. Chairman, the legislation as set forth in H.R. 7656, the Beef Research and Information Act, is deserving of passage. I support this legislation here on the floor as I have in the House Agriculture Committee. It is a self-help program for the beef industry. I am also convinced that it will be good for the consumer through the education and research possibilities of the act in spite of comments I have heard to the contrary. This legislation does not involve Federal subsidies but merely enables cattlemen to use their own money to set up a beef market development plan. The concept of this legislation has enabled other product groups within agriculture to provide a uniform collection for research, consumer information, producer information, promotion and market development and should be extended to the beef industry. There is widespread support within the industry for this legislation and should keep the industry strong in the future, and I do not know of anyone who wants to see this vital industry face further problems, particularly when beef is so important to the housewife as she prepares nutritious meals for her family.

Mr. WAMPLER. Mr. Chairman, I thank the gentleman for his contribution. I think the record should note the gentleman performed a great part in the hearings in the subcommittee.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I wish to compliment the gentleman for his remarks. I intend to vote for the bill.

Mr. Chairman, cattle producers in this country should not be denied their chance for a "self-help" program that will aid their depressed industry. The Beef Research and Information Act allows cattlemen to conduct a referendum which, if successful, would establish such a program for the industry.

The cattle producers are not asking for a Government subsidy—a refreshing change from our usual legislative requests.

The fund that would be established by passage of the referendum would allow cattle producers to invest their money for programs of production research and market development. The livestock industry has had widespread losses for the last 3 years. Although the market has improved somewhat in the past few months, there are still problems. A recent USDA report indicated that the inventory values of all cattle during 1974 dropped from $40.9 to $20.9 billion. These losses coupled with beef boycotts and rising grain prices are only some of the problems facing this industry.

The proposed national program of research and development will have many positive results for the industry. It will help in increasing the general demand for beef by its consumer information program as well as do needed research.

The cattle producers themselves will nominate members of the beef board that will supervise, along with the Secretary of the Department of Agriculture, the program's operation. Producer representation will reflect the proportion of cattle in each geographic area of the country.

The safeguards in the bill are more than adequate—the program's budget must be submitted not only to the Secretary of the Department of Agriculture but to Congress as well. The checkoff system that will be used to pay for the program has provisions to prevent any misuse of funds.

The Secretary of the U.S. Department of Agriculture will issue the guidelines permitting plans and projects for promotion, producer, and consumer information, research and development, and the act's other programs. The bill expressively forbids any reference to private brand or trade names unless the Secretary determines that this use is not discriminatory. Companies will not be able to use this program to further their own advertising campaigns.

The question of consumers as voting members on the board seems to be a question of representation without taxation. It is ridiculous to ask the cattle producers to give seats on their board to people who have not contributed to financing of the program. If the consumer is willing to pay for the program's operation through a similar checkoff system—then allowing voting positions on the board should be considered. Cattlemen are putting up the money for the program—they should be the ones to control it.

The program will strengthen the cattle industry. This will benefit consumers by stabilizing the industry, leading to lower beef prices and better quality beef.

I commend the cattle producers for their efforts to help themselves. I wish more people who initiate Federal programs had this attitude.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, we have heard much about the consumer paying for this and the increased costs to the consumer as a result of this bill.

The gentleman mentioned research in beef production. The research of the past decades which has brought greater efficiency in feeding, efficiency in gain, as related to consumer costs, has really made a cheaper food product than we would have otherwise had without that research, would the gentleman agree?

Mr. WAMPLER. Mr. Chairman, I agree with the gentleman. I think when this bill is fully implemented it will benefit the consumer with a better quality product and at less cost.

Mr. GRASSLEY. So we are discussing a bill, the end result of which will be making food cheaper in this country.

Mr. WAMPLER. And bearing in mind, we will get a better quality product at the same time.

Mr. GRASSLEY. If the gentleman will yield further, I think this is a good time to make this point: I would like to ask the gentleman whether or not food in this country is cheaper and of better quality than anywhere in the world?

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. SEBELIUS. Mr. Chairman, I yield the gentleman from Virginia 1 additional minute.

Mr. WAMPLER. Mr. Chairman, I yield to the gentleman from Iowa.

Mr. GRASSLEY. I would ask the gentleman from Virginia (Mr. WAMPLER), is this a fact, that already in this country as relates to what the consumers in America pay for their food as a percent of the consumers' dollar after taxes, there is less spent of that income for food by the American consumer than any other consumer anywhere in the world?

Mr. WAMPLER. That is correct.

Mr. GRASSLEY. The American consumer pays somewhere between 13 and 18 percent of his income for food. In most other countries, it is way above that. Even in the Western European democracies, it is still higher than that; so that means that food in America is already cheap.

The American farmer produces for 55 other people. If the American farmer was as inefficient as farmers elsewhere in the world, as in Russia, where one person produces for eight other people, where 31 percent of the people are involved in agriculture compared to 4 percent in agriculture as in America, food costs would be higher, would they not?

Mr. WAMPLER. The gentleman is absolutely correct and makes a very valid observation.

Mr. SEBELIUS. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, I wish to associate myself with the remarks of the preceding speaker, and also with the remarks of the gentleman from Iowa, and to say that it is a myth if people think that cattlemen or beef producers are getting rich. It is just exactly the opposite. Many of them are leaving the farm because they cannot make a good living.

Their investments are high and their net returns are low. I submit that if we do not encourage and permit them to produce to get a fair return, eventually the prices of farm products, and particularly beef, are going to go higher and not lower.

Mr. Chairman, American farmers are very proud, self-reliant people. I think it is because of that very fact that they often do not speak with a collective voice. Unfortunately, this many times results in an inability of our farmers to receive a fair return on their very substantial investment and a fair price on their farm goods.

It is also true that we Americans have been blessed with being able to have the highest quality food produce at the least expensive price of any of the developed countries. The reason is, of course, that our farmers have accepted the challenge and produced to their fullest extent. Their determination has brought the one bright ray of hope in an otherwise dismal trade picture.

If American farmers are not permitted to receive a fair price for their produce, then we are going to see more and more of them leaving the farms for the cities where they will continue to swell the already swollen urban areas.

The farm industry, which was at one time the mainstay of rural economies, has already substantially dwindled. Production costs rising at a faster rate than farm prices have forced many small farmers to abandon their farms, their way of life, their heritage. In 1920, our farm population was nearly 32 million. It represented 30 percent of the total population. By 1970, less than 10 million people remained on farms; less than 5 percent of the total U.S. population.

And we are seeing the few numbers of people remaining on the farm still shrinking. In January 1973, there were 2,844,000 operators; in January 1974, there were 2,833,000 and by this past January, 1975, the number was only 2,819,000.

In addition, because young people have been reluctant to or financially unable to go into farming, the average age of the American farmer has risen. In the early 1950's, the average age for the American farmer was approximately 49 years. By late 1960's, that age had increased to approximately 51 years, and, unless we make it possible and desirable for young farmers to get started in farming, this trend will continue.

Cattle producers in particular have had serious problems. During the past year to year-and-a-half, they have suffered severe financial reverses as well as crises of confidence. Producers have faced soaring feed and production costs, plummeting market prices, consumer boycotts, truck strikes, and Government-imposed price freezes. In fact, a recent USDA report states that the value of all cattle dropped from $40.9 billion to $20.9 billion during 1974.

Particularly over the past 18 months, the cost-price squeeze has forced drastic cuts in feedlot operations. The U.S. Department of Agriculture reports that cattle and calve on feed August 1 for slaughter market in the seven leading States were down 15 percent from a year ago. July placements of cattle and calves in those same States were down 13 percent from a year ago, and fed cattle marketings during July 1975 were down 14 percent from a year earlier. This reduction in fed beef supplies has occasioned recent advances in beef prices, and helps explain the fluctuations in market prices. Unfortunately, when instability and market swings occur, no one—neither the producer nor the consumer—can come out ahead.

Many consumer-minded Congressmen and big city dwellers, however, do not understand that the end result of placing arbitrary ceilings or boycotts on agriculture produce will not drive the consumer price down. In fact, such actions discourage the farmer from producing and will result in our paying prices like they do in Japan—$20 for a steak.

In talking to representatives of the various feeders organizations, I learned they have no firm number as to how many producers have actually left the business or how many have had to cut back their operations, but it is clear the number is substantial. And, it is also clear that the mere fact that we do not have the ability to find out how the situation is running, points out the need for better information—one of the purposes of the legislation before us this afternoon.

Briefly stated, H.R. 7656, the Beef Research and Information Act, will provide an excellent tool for improving conditions in the livestock industry. It will set up a fund and the mechanism to underwrite research and consumer education, and, I might add, with the expectation of no expense to the Federal Government.

Research could well mean improved feeding methods, a reduction in grain costs, and freeing up some additional grain for export. Research could mean a more nutritious beef product, higher in protein, lower in animal fat.

Research could mean lower production costs resulting in a possible decline in consumer prices. And research could also mean greater efficiency in marketing and transportation of beef products that could point to a reduction in consumer prices.

In addition, consumer education could very well provide a better understanding and appreciation of beef production cycles, of costs, and of cattlemen's problems.

I believe the Beef Research and Information Act could mean a more viable, more efficient, and more productive industry—something to benefit everyone—and I urge its immediate passage.

Mr. Chairman, some false charges have been made in recent days that funds collected under the Beef Research and Information Act would not be used properly and that these costs would be passed on to consumers. I would like to respond to these briefly.

I submit four reasons why I think these funds will be used properly:

First. Most cattlemen are good businessmen; otherwise, they would not have survived the natural adversities and the economic storms of the past 2 years.

Second. Members of the Beef Board will be nominated by established organizations, representing cattle producers, whom I am confident will nominate only outstanding and trustworthy individuals to handle their hard-earned money.

Third. The books and records of the Beef Board will be audited annually by certified public accountants and by the U.S. Department of Agriculture.

Fourth. The act specifies that budgets for the Beef Board must be submitted to the Secretary of Agriculture and to the agriculture committees of the House and Senate for their review. This is to assure that the funds are used in accordance with the act.

These are four good reasons why I believe the funds will be used properly.

The second charge—that the cost of this program would be passed on to consumers—is economically impossible. The cattle producers of Illinois would like to know how to do this, as would all 1,830,000 farm families in the United States that are dependent upon cattle for their livelihood, because all of them have lost money during the past 2 years.

The fact is that beef is not a margin-added industry. In the free market in which cattlemen operate, they take their animals to market and sell them to the highest bidder—the bids being determined by demand and demand being determined by consumers. Thus, there is no way for producers to pass on costs.

In short, there are many advantages to this bill and very few disadvantages. I enthusiastically support it and encourage my colleagues to do the same.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, this is a day in the House which we have long sought. It is the day we finally secure action on H.R. 7656, the Beef Research and Information Act.

We have been working with farmers and ranchers over a period of many months in an effort to enact this legislation which authorizes the uniform collection of funds from beef producers for research, consumer information, and market development.

The program will be administered on a voluntary basis and will seek to better balance supply and demand for beef in an effort to prevent the recurrence of the unprecedented losses which cattlemen have sustained over the last 2 years.

The measure which we are considering today is not completely satisfactory, but it is the best that could be developed under the circumstances. I believe it is in the best interests of farmers, ranchers, and particularly the American consumer who will be able to avoid the large fluctuations in the price of beef which we have witnessed in recent years.

The real purpose of the legislation is to establish a mechanism whereby livestock producers can help themselves—help themselves by better research, better marketing, and better products that in the long run will best meet the needs of the American consumer.

I want to join with my colleagues in urging favorable action on this important measure which will mean so much to the American livestock producer and consumer.

Mr. SEBELIUS. Mr. Chairman, I yield such time as he may consume to the gentleman from South Dakota (Mr. ABDNOR).

Mr. ABDNOR. Mr. Chairman, I want to commend the members of the Agriculture Committee for bringing forth this very fine bill.

Mr. Chairman, I urge my colleagues to support the measure before us, H.R. 7656, the Beef Research and Information Act, for the sake of beef producers and consumers alike.

It has been argued that this bill should be defeated because producers, who will pay its full cost, will simply pass the cost on to the consumers. Nothing could be further from the truth.

High meat prices are not the fault of cattlemen. Meat prices have increased in spite of huge losses suffered by cattlemen.

If cattlemen could pass on their expenses, they certainly would not have taken the $20 billion loss the industry suffered during 1974. That's a fact. Producers were forced to absorb a drop in cattle inventory value from $40.9 billion to $20.9 billion in 1 year.

The industry had tooled up in response to exhortations that there was a shortage of meat. We were going to feed the world, and the demand was supposed to be unquenchable. Even as cattlemen began to turn out record production, the recession reduced demand from its potential levels, and in classic fashion prices fell out the bottom.

Many producers had made large investments to gear up and as a result have lost the major share of their equity under the depressed market conditions they have received in return for their productivity.

Cattlemen are a fiercely independent bunch. They represent the last vestige of the spirit of truly free and private enterprise which has made our Nation great and served our consuming public so well.

There is no price fixing among cattlemen. No tacit agreements to insure recovery of expenses, plus a fat or even a reasonable profit.

There have been haphazardly organized efforts to reduce production, but these have attracted only a few extremists. My colleagues will well recall the dairy calf shootings which occurred in Wisconsin and attracted nationwide news coverage.

These extreme actions are indicative of the severe financial straits gripping the industry, but even under dire conditions the basic competitive instincts of the majority prevail.

Competition will continue to prevail in the livestock industry so long as individual, family-farm producers are able to maintain their operations.

H.R. 7656 will give the cattleman a tool in his struggle to maintain his operation. To deny him this tool is to lessen his chances of economic survival and to deny the consumer the insurance that competition will be preserved in the industry.

Do not think the loss of competition is not a real threat. We have seen it in far too many instances in other sectors of the economy, and governmental regulation is a terrible substitute.

An article in the September 11 issue of the American Banker points out the probable loss of 9 percent of the cow-calf operators in the last half of 1975 alone. Further recounting the views of Dr. Hopkins, a farm credit expert, the article cites the potential loss of 18½ percent of cow-calf operators who will be forced out of business if prices stay low throughout 1976.

I want to strongly emphasize to my colleagues that, if the family farmer is eliminated from livestock production, those who will remain will be no different than the middlemen who currently stand between beef producers and consumers.

If that happens, increased operating costs really will be passed on to consumers. And, if you think meat prices are high now, I can only tell you, "You ain't seen nothin' yet."

A vote for H.R. 7656 is a vote for beef producers and consumers alike.

Mr. SEBELIUS. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. PEYSER), a member of the committee.

Mr. PEYSER. Mr. Chairman, at the outset I would like to say to the comparatively small number of Members who are here, most of whom are on the Agriculture Committee and most of whom have been through these arguments and struggles before, but at least for the record I would like to say that I am not in any way trying to strike at the cattle producers or to hold down profits.

I agree with my friend from Illinois (Mr. RAILSBACK) that steps have got to be taken to insure that the cattle producers can receive fair and adequate moneys and can have the sales that are necessary to make money. This particular bill I find to have very few rewarding features to it for anybody, including the cattle producer.

I think we have very plainly seen, in the last several years, a genuine resistance to buying beef because of the cost—nothing more or less than the price of beef. The American public is well indoctrinated in its desire and its overall wanting to consume beef. I do not think we have to promote beef in the sense of talking people, Americans, into using it. Most people that I know and most consumers that I relate to would like to buy beef and would like to buy more beef, and that is helpful to the cattle producer.

I would like to suggest some things that we could do that could be more helpful to the cattle producer than any bill of this nature would be—the regrading of beef. I have been calling for and trying to get legislation on this subject unsuccessfully, because regrading of beef would be a tremendous stimulus to the beef market, and be a great help to the beef producer, but up to now we have not been able to get that kind of legislation out.

This bill unconscienably—I do not think anybody really denies it—says that if it were to pass the referendum and if we go ahead with this legislation, that it would provide $40 to $50 million per year for cattle promotion. The $40 to $50 million per year that is provided here is obviously going to be passed through to the consumer.

I would not ask the cattle producer to assume this. I think that would be ridiculous. He is already getting such a low price that to ask him to pay the price without passing it through does not make sense. I would like to say to the Members that if they are truly interested in increasing the price of beef, increasing the price to the consumer is not the way to do it. I do not care how glamorous the ads or how slick the promotion may be; it is the dollars and cents in the marketplace that is going to have an impact on beef.

Mr. Chairman, I would like to make reference here to a comment of the Assistant Secretary of Agriculture, Mr. Feltner, where he says:

> We believe this whole program is administratively impossible to enforce. We would be bogged down in a complete morass of paperwork and confusion.

Mr. Chairman, that does not sound to me that it is something that is helpful to anybody. If we wanted to have a voluntary program, that would be one thing—and there is nothing to prevent a voluntary program—but this mandates and then after it mandates it says:

> If you do not want to do this after you have paid your money, then you can file a form and each month we will give you a refund.

Mr. SEBELIUS. Mr. Chairman, I yield 3 minutes to the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the adoption of the Beef Research and Information Act.

This bill sets in motion an excellent plan to benefit all segments of our society by implementing a research and information program concerning beef. The focus of this self-help plan is to lower beef production costs, improve beef products, bolster industry research, enhance merchandizing and market efficiency, and supply more consumer information and assistance.

A brief look at how this action will affect different segments of our population reveals remarkable benefits.

Consider this program first from the consumer's point of view: The research this bill may initiate would develop more efficient distribution systems, thus reducing the margin between production costs and meat counter prices. The USDA conducted a study on meat margins and concluded that 80 percent of the increase in food prices last year resulted from increases in costs and margins in the nonfarm sector. In this same report, USDA says improvements in processing and distribution of beef could narrow the price margin between producer and consumer by at least 5 cents per pound.

The consumer also could receive an even better product due to this research. Increasing the nutritional value of a basic and natural source of necessary human protein will benefit nearly all of America's 68 million households. Also, investigation into cattle diseases, feed rations, and genetics will make the meat we eat even more nutritional—a health benefit. It has been said that we probably know more about animal nutrition than we do about human nutrition.

This program will also identify clearly the consumer's needs and desires; so he will get exactly the type of meat product he wants as well as what will satisfy him most nutritionally.

Finally, research can lead to the discovery of new methods for canning, freezing, freeze-drying, or otherwise preparing or preserving fresh meat. So, from a consumer vantage point, he will be actually getting more of what he wants in a meat product.

A glance at this bill from the beef producer's angle shows only advantages. At present, there are about 1,830,000 farm families dependent upon beef production, but there are an estimated 5,490,000 more employees in the United States who depend upon beef for their livelihood in some way.

And yet, since 1973 the beef industry has been failing. Just in the last year and a half, cattle markets have declined an average of $75 per head with a decline of up to $200 per head in some areas. These unprecedented losses are threatening America's meat supply. But this program will inject new momentum into this slumping industry. It will increase profits for the producers while reducing the great markup between the cattle grower and the meat-eating family.

Perhaps most important, all of these benefits would be realized at no cost to the consumer or the Government. Instead, the funds are raised by voluntary contributions from within the cattle industry itself. The program is funded, implemented, and administered entirely by beef producers. This initiative should be welcomed by taxpayers, producers, and consumers alike.

My own State of Nebraska serves as a good example of the widespread aid this bill can supply. Beef production is the largest single source of farm income in Nebraska. Seventy-six percent of Nebraska income is generated by agriculture and 49 percent of that by the beef industry alone. Needless to say, the entire economy of Nebraska would gain by the adoption of this bill.

Mr. Chairman, let me emphasize that this is a self-help program designed to improve the quality of meat products, while decreasing unnecessary markups in consumer prices and instituting means for continuing research and promotion that will provide better nutrition at reasonable costs for every American family.

I respectfully urge the passage of this bill.

Mr. SEBELIUS. Mr. Chairman, I yield such time as he may consume to the gentleman from Arkansas (Mr. HAMMERSCHMIDT).

Mr. HAMMERSCHMIDT. Mr. Chairman, I rise in support of the Beef Research and Information Act (H.R. 7656) of which I am a sponsor. It is a practical and sound piece of self-help legislation of vital importance to the largest segment of American agriculture—the beef industry, which continues to experience severe economic difficulties.

The cattlemen and ranchers of the Third District of Arkansas could tell you all too well about these problems, as could any ranchers throughout the Nation. Unprecedented widespread losses have been sustained for the past 3 years and the inventory value of all cattle, according to an Agriculture Department report, dropped from $40.9 to $20.9 billion last year.

Of course, the reasons for these problems are varied and complex, but the resultant effect on the cattle industry is all too clear. What is needed is a workable research and development program to bolster the industry's position in both domestic and international markets.

H.R. 7656 is a self-help program designed to help stabilize beef supplies and beef prices, which will, in turn, redound to the benefit of producers and consumers alike.

In fact, a number of the research and information programs envisioned will be consumer-oriented. We could look forward to increased efficiencies in distribution and marketing, purchasing economics, nutrition, new products and health.

And, the legislation will not result in any cost to the Federal Government, because the Agriculture Department will be reimbursed by producers for all expenses involved, such as administrative, auditing, and others.

So, self-help is what H.R. 7656 is all about and I urge the full and active support of my colleagues for this responsible and innovative piece of legislation—without further amendments.

Mr. SEBELIUS. Mr. Chairman, I yield 4 minutes to the gentleman from Arizona (Mr. STEIGER).

Mr. STEIGER of Arizona. Mr. Chairman, I would like to congratulate the committee and the chairman of the subcommittee and the ranking member of the subcommittee and all of the other ritual people we are supposed to congratulate. I do so, not as a Member of this body, but as a cattle producer, one of the cattle barons that the gentleman—I use that in the editorial sense—from New York referred to in his discussion.

But I want to congratulate the gentleman for expressing his concern for an industry that we really ought to be concerned about. On the other hand, I want to advise this body that you folks have driven your ducks to the wrong market. I am absolutely convinced that this effort, as spelled out by the committee, will be counterproductive for the industry.

Let me explain why, Mr. Chairman, because I know of the Members' interest and their very genuine concern. We already have a Meat Promotion Board which has gone under voluntary contributions from some $40,000 a year to over $40.3 million a year. The reason this has been a successful program, in my view, is that since its performance is dependent upon voluntary contributions, it has to do a good job.

If we give any professional staff a guaranteed sinecure, in terms of the bureaucratic and economic climate we live with, we guarantee the mediocrity of their performance.

The statement that the bill defines this as a voluntary program is simply not so, and the reason I say that, Mr. Chairman, is that I am a cow man and I live with cow men and I know these guys. Even though they violently object to paying, they are not going to go through the paperwork necessary to get their money back. That is the nature of the beast, and maybe that is one of the things wrong with the industry.

The fact is, Mr. Chairman, that we have been sold a bill of goods, in my view, by the people who are going to make a living off this $50 million or $60 million a year. I know that the industry supports this, at least in a formalized fashion, but I would suggest that with mandatory payments in support of a program on which we do not have a single line written as to what we are going to do, we are buying a pig in a poke and we are buying it forever.

The referendum will probably pass, because the cow men are in terrible shape and they are going to be grasping at straws. They will vote for this because they have been told it is appropriate. So we are taking advantage of their hard times by offering this referendum at this time.

I will tell my friends—and I will tell them this very sincerely—that I do thank the members of the committee on behalf of the industry for their concern. But I will also tell them that in my view they are locking the cow man into an unnecessary cost from here on in, and they are guaranteeing that the real heart of the problem, which is the way our markets for cattle operate, will never be solved. They are making him believe his problems are going to be solved.

Mr. Chairman, I ask the Members of the House not to accept this for the spurious and false reason the gentleman from New York raised, because this is not an anticonsumer measure. I can guarantee my friends that.

I urge that this bill be defeated on its merits.

Mr. Chairman, by this bill we are forcing them to make mandatory contributions in the absence of specific knowledge of what they are getting. If the Members do not want their people to buy a pig in a poke, I hope they will reject this bill.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

I am somewhat surprised to be on the opposite side of the fence from the gentleman in the well.

Part of the moneys that will be raised through this program will be raised for research. If there were a very careful research project done on more efficient ways to package beef, does the gentleman suppose they might possibly come to the point soon where they could be boxing this beef in the slaughterhouse instead of shipping it by the half carcass?

Mr. STEIGER of Arizona. Mr. Chairman, I will tell my friend, the gentleman from Idaho, that boxed beef is here to stay, and it does not take any $60-million-a-year program to find that out.

Mr. SEBELIUS. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Chairman, I rise in support of this beef self-help legislation.

This bill which is strongly supported by livestock producers and farmers as well as by the Committee on Agriculture and the administration.

As everyone knows, beef is a basic and a natural source of protein. Here in America beef is enjoyed by nearly all of our 68 million households. Per capita consumption of beef has increased from some 56 pounds in 1957 to 117 pounds last year and this development has not only enriched the diets and standard of living for consumers, but has been the basis for a great portion of the farm economy.

This bill is not in any way calling for a subsidy from Uncle Sam.

I realize that some of the big labor unions and their satellite consumer groups oppose this bill, because of so-called "consumer ripoffs" and Government costs.

In fact it calls for the beef producers themselves to reimburse the Government for any costs incurred by the taxpayer in administering the program.

Thus, we have our choice between "doing nothing" or to help our livestock industry and consumers. I intend to cast my vote to do something and I hope the House will do likewise.

Mr. POAGE. Mr. Chairman, I yield 1 minute to the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Mr. Chairman, I rise in support of the proposed legislation.

Mr. Chairman, I would like to draw our discussion into perspective regarding the bill H.R. 7656. The cattle industry today certainly is important to the economic well-being of our country. Every dollar of cattle sales directly generates an additional $5 to $6 of business activity. Additionally, 1 out of every 5 jobs in private enterprise is in agriculture or agribusiness.

Most Nevada cattlemen remember the Great Depression of the early 1930's. They cringe when remembering the cattle market crash of the early 1950's. During those times, however, when cattle prices moved downward, their costs tended to move downward proportionately—or at least remained constant. The current downward cattle market has not followed that trend. When beef prices dropped, extreme inflationary factors accelerated the cattlemen's cost upward at an unprecedented rate.

Throughout its long history, the cattle industry has remained remarkably free of Government subsidies which use the taxpayer dollar. Prices received by cattlemen are strictly related to supply and demand. The cattle business is not a margin-added business where margins are added to the cost of materials like conventional manufacturing or merchandising businesses.

In keeping with their true free enterprise nature, cattlemen are asking only for enabling legislation to allow them to conduct a referendum to decide whether their industry wants a research and information program, financed solely by producer money.

Cattlemen propose to use their self-help money in several ways beneficial to the consumer; one of the most exciting proposals is to conduct new nutrition and health research.

Today's consumers are growing more aware of the importance of good nutrition. But, consumers are not necessarily better informed, since misinformation about nutrition is common. In fact, several experts have suggested that we now have more knowledge about animal nutrition than human nutrition. The beef industry is willing to make a serious and ongoing commitment to nutrition and health research.

These programs and several others proposed by cattlemen will give their industry many much-needed answers. But, equally important, the American public will gain information which simply does not exist today.

The benefits of such a program far outweigh any possible objectives. On behalf of the consuming public, as well as the beef production industry, I support the Beef Research and Information Act.

Mr. MATHIS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum

is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 576]

Andrews, N.C.
AuCoin
Bolling
Burke, Calif.
Burton, John
Cederberg
Chisholm
Conyers
Coughlin
D'Amours
Diggs
Dingell
Eilberg
Esch
Eshleman
Evins, Tenn.
Fary
Flynt
Fraser
Hammerschmidt
Harsha
Hayes, Ind.
Heckler, Mass.
Holland
Horton
Howard
Leggett
McCormack
Macdonald
Melcher
Michel
Moorhead, Pa.
Murphy, N.Y.
O'Hara
Patman, Tex.
Pepper
Rees
Rose
Ruppe
Sisk
Staggers
Stark
Teague
Udall
Van Deerlin
Wiggins
Wilson, C. H.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ECKHARDT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 7656, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 386 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. POAGE. Mr. Chairman, I yield 10 minutes to the distinguished Speaker of the House, the gentleman from Oklahoma (Mr. ALBERT).

Mr. ALBERT. Mr. Chairman, I hope that every Member will undertake to see the importance of this act.

The beef industry in this country is suffering from great losses. Did you know that cow-calf producers are losing almost $100 on every sale at this time? There has never been a period when there has been a wider spread between the farmer and the rancher, so far as beef is concerned, and the meat market.

Beef represents the most important, the largest, of all the agricultural industries of the United States. The producers of beef include a wide variety of people—from those who have high class, high-grade stock on large ranches to small farmers, who raise 10 or 12 head. It includes the entire dairy industry. All of the dairy cattle eventually land in the meat market, including 90 percent of the male population early in their lives.

When we give the beef industry an opportunity to help themselves, we are helping every segment of the cattle industry of the United States, both beef producers and dairy producers. There is no portion of the diet of the United States that is more important than that of meat. Beef is in greater demand than any other meat produced in the United States. Americans eat more beef and have done so for a long time—than almost any other people of the world.

Now, what have we got here? We have got an effort being made by beef producers themselves. The money involved in this is private money. It is money to be contributed by the producers of beef.

I know something about this industry, because I come from a beef producing area. I know these people and the nature of their existence. These are people who have been spearheading this program and have been trying to do something about it since cattle prices and meat prices at the counters started fluctuating so much a few years ago. By and large, these are men and women who make their sole livelihood out of the production of cattle. The leaders in this industry are not so-called cattle barons. They are beef producers on ranches and farms trying to make a good living for their families.

Unless we can begin to try to find out what is wrong in the process, it is estimated that at least 20 percent of the beef producers of this country will be out of business in a few years.

Now, listen to me, these people are raising their own money.

They are trying to find out just what occurs from the time they deliver that steer to the cattle ring until its products are delivered to the meat counter and the table. This is what this thing is all about. They are asking for the Government to have a referendum in order that all beef producers, and not just a handful, will get involved in the business of trying to find out how beef products can best be handled, how better meat can be put on the consumer's table at cheaper and more stabilized prices, and they are willing to pay for it. They have worked hard in their efforts to get the job done. I know beef producers in my congressional district, and my State. They are good citizens. They are hard workers, and they are good Americans.

The best friend that the beef producer of this Nation has is the consumer, the man who buys his beef. The best friend that the American consumer has in this world is the producer of food: meat, vegetables, corn, wheat, and those things which grow to give this country the greatest diet in the whole world.

Most Members know, and several of them have been with me, that I have flown over, and gone through, the communes of China, the collective farms of Russia and the great farms of Yugoslavia. They are amazing phenomena, but they are infinitesimal in comparison with what we see as we fly across the midcontinental States of Indiana, Illinois, Ohio, Iowa, Kansas, Texas, Oklahoma, up and down the great States of the Far West where the food basket of this world exists.

American agriculture can outproduce all the agriculture of the world. This, more than anything, guarantees that we will never be a completely bankrupt Nation. This, more than anything, strengthens our opportunity for a good balance of trade.

Those who feel that this will raise the price of food, I do not believe have studied the subject.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, it will not raise the price of food. What is going to raise the price of food is what is happening now. I would just like to tell the Members what happened to my partner and myself last week.

We sent 12 purebred heifers to market, to the beef market. Eight of them were 15 months old and four of them were 2 years old. That meant that we had fed their mothers for two winters and summers, not counting the grass, which we might consider as free. We fed eight of the calves for one winter and four of them for two winters. They topped the market, the best market in Central Ohio, and they brought 32 cents per pound.

Mr. ALBERT. And how much did it cost to put that weight on?

Mr. HAYS of Ohio. We figure that we lost about $80 per head on each one of the 12 head we fed. What are we going to do? We are going to sell them and close up.

Mr. ALBERT. Everyone who is able to sell out is going to sell out, and everyone who cannot is going to go to town and try to get a job.

Mr. RHODES. Mr. Chairman, will the distinguished Speaker yield?

Mr. ALBERT. I yield to the distinguished minority leader.

Mr. RHODES. Mr. Chairman, I want to congratulate the Speaker for the fine statement he is making and associate myself with his remarks, particularly those parts in which he pointed out the undoubted fact that the cattle growers of America are independent people. They are people who believe in helping themselves, and this bill only allows them to do a better job of helping themselves.

I join the Speaker in hoping that the bill will pass.

Mr. ALBERT. That is right. This is not a Government sponsored program.

Let me add this: Can anybody remember any time I voted against a bill, because it helped the consumers of this Nation? Can anybody remember a time when I voted against a bill, because it helped the cities of this Nation?

I am for all of America, for a very healthy working population, for a very healthy agricultural population.

For the benefit of those who do the work, bringing these things to our table, and for those of us who consume these products, I urge the passage of this bill.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ALBERT. I yield to the distinguished chairman of the committee, who is thoroughly knowledgable on this subject and whose record in the House of Representatives for helping all of the people of the Nation is well recognized.

Mr. FOLEY. Mr. Chairman, I want to congratulate the Speaker for his remarks, and I wish to commend the distinguished minority leader, the gentleman from Arizona (Mr. RHODES) for his remarks.

Mr. Chairman, I think the Members of the House realize—perhaps not everyone in the Chamber, but all of the Members realize—that it is not tradition for the Speaker of the House to take the floor with respect to legislation. It is a rare privilege that the House has to hear directly from the Speaker on a bill.

Mr. ALBERT. I thank the gentleman.

Mr. FOLEY. Mr. Chairman, the distinguished gentleman has taken the well on this occasion, because I know that throughout the progress of this legislation he has been the strongest of supporters for this opportunity for the producers of livestock to have an opportunity to do the research and information effort that they will undertake if this legislation is enacted, to do that at their own expense, and to do it for the purpose not only, perhaps, for increasing their own opportunity for a decent return, but to make possible, as the Speaker has said so well, a more efficient production of these products in this country and more reasonable and stable prices to the consumer.

Mr. Chairman, I hope the Members of the House will heed the eloquent statements made by the Speaker.

Mr. ALBERT. Mr. Chairman, I thank the gentleman from Washington (Mr. FOLEY) and I thank the distinguished minority leader, the gentleman from Arizona (Mr. RHODES).

Mr. FOLEY. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, I believe that in passing the Beef Research and Information Act, a proposal I have the privilege of cosponsoring with Chairman FOLEY, we in Congress will be zeroing in on a necessary futuristic policy. If we are to fully realize the economic stability essential to our prosperity, we must promote a planning capability applicable to our long-range needs. In the area of commodities, primary consideration must be afforded to the research of alternatives for both the producer and the consumer.

This bill calls for a referendum among cattle producers to develop a national plan in beef research and information. The program would be basically funded by producer assessments and is entirely voluntary. The $50 to $60 million raised will fund research projects designed to optimize the efficiency of beef production, marketing, and consumption—to produce beef more efficiently and economically, to improve beef products processing, transportation, storage, and handling, to facilitate beef marketing, to improve nutrition and health. Under this program, the consumer will get new information on how to get more for the food dollar, how to select and prepare the most economic beef cuts, and—in the end—how to attain a higher standard of economy in buying meats.

Allegations that this legislation would see the Agriculture Department as a promoter of the cattle industry are unfounded. Consumption of beef has doubled in the last 7 years without this program. Its role in the American diet needs no promotion. The efficient production and consumption of beef, however, is a mandatory economic consideration which should be encouraged and implemented with resolve and expediency.

Mr. JONES of Oklahoma. Mr. Chairman, during the last 2 years the cattle industry has gone through a deep depression. The cattlemen in my State have lost an average of one-third of their net worth during this period of time. There are people who have put everything they own into a business that they have run throughout their lives. Today we have a bill before us that will help to stabilize the cattle market, at least to the point that some people will be able to survive.

This bill promotes the consumption of beef, it will provide consumer information, and it will allow research that will help establish a more efficient industry. Two parties will win from this arrangement, the cattlemen and the consumer. There is no cost to the Government and this is no handout to the cattlemen. If there is anything that the recession has taught this country, it must be the fact that efficiency should be encouraged. But I feel safe in pointing out that the opponents of this bill are not concerned about that fact.

The opponents of this bill do not consider boxed beef to be in the consumer interest. The opponents of this bill would prefer to see stores forced to buy the entire carcass of beef when stores want to have a sale on ribs, or steaks. This action by the opponents forces small groceries out of competition because they cannot afford the overhead costs and storage space. This is but one example of efficiency that the opponents of this bill want to prevent.

This bill provides review by the Secretary of Agriculture and both House and Senate Agriculture Committees—section 8(f) and section 8(d). Such provisions are to insure that there are appropriate accounting and auditing of the proposed beef board.

The beef industry spends more money on nutrition research, education, information, food service and related services for the consumers than it spends on advertising and promotion. Advertising is a necessary implement of competition in today's economy. The cattlemen will survive only if the market can become stable. Beef is not a margin-added industry. Cattlemen operate in a free market, when they bring their cattle to market and sell them to the highest bidder. There are no pass, on costs, otherwise, cattlemen would not be losing money now.

This bill is of the utmost importance to a large number of citizens from my State and it is of importance to all consumers because it will bring some reasonableness to a market that presently is thwarting attempts to create a more efficient process.

Mr. JOHNSON of California. Mr. Chairman, I take this opportunity to express my support for H.R. 7656, the Beef Research and Information Act, and urge my colleagues to do likewise.

This legislation proposes to create a Federal Beef Board to carry out programs in the fields of beef research; information for beef producers and consumers; and improved markets for beef, cattle, and beef products. The Secretary of Agriculture is encouraged to establish such a Board, and his action would be subject to a national referendum of cattle and beef producers.

Beef is widely recognized as one of the major sources of protein and other food nutrients necessary to a balanced daily diet. Through consumer information programs, the American consumer would be encouraged to purchase American beef to improve his diet and help stabilize this important industry.

At the same time, the Beef Board would undertake an extensive program of research to determine new and better ways of preparing beef for market. Linked with this would be the development of new and better markets for beef produced in the United States.

As the representative of one of the cattle producing areas of the west coast, I know well the needs for increased discussion of the potential benefits of additional beef in our diets. I believe the approach presented in this bill will go a long way toward meeting these needs.

During this time of increasing criticism of Federal spending, one of the most attractive things about this bill is its price tag. Little or no Federal funding will be required to carry on this program. It will be financed through producer assessments voluntarily placed on each producer through a national referendum. Even the cost of the referendum will be reimbursed to the United States by the Federal Beef Board from the assessments once they start coming in.

I commend this legislation to the House of Representatives, Mr. Chairman, and hope that our cattle producers will have the opportunity to demonstrate their support for this concept by overwhelmingly approving the Secretary's referendum on the Beef Board's program.

Mr. BARRETT. Mr. Chairman, I rise in opposition to the bill H.R. 7656 which would provide for the establishment of a so-called beef board.

An accurate description of the primary purpose of this proposal, I believe, is to encourage the increased consumption of beef. While this may be a worthwhile undertaking in the minds of some, I question the need for specific legislation which would impose a value-added tax on each stage of the beef marketing process. This will result in increased cost to the consumer. For those who argue that there are many in this Nation who suffer from poor diets in that they lack a sufficient amount of red meat; namely, beef, I would strongly suggest that the reason is due to the high cost of beef.

This bill would only further serve to exacerbate the situation. It will not make more beef available at a lower price so that more people can afford to buy meat.

On the contrary, this bill if passed would amount to a rip-off of the American consumer.

Further, I seriously question that this bill would result in an increase in consumption and sale of beef; to the contrary, it would appear that the value-added tax would be counterproductive by raising the cost of beef.

I most strongly urge my colleagues to vote down the measure which, in my opinion, should never have come to the floor.

Mr. BAUCUS. Mr. Chairman, Montana's economic health depends to a great extent on the strength of its livestock industry and that industry has been badly hurt in recent years. Every aspect of cattle raising costs has risen, led by the astronomical increase in the cost of feed. At the same time, competition from imported beef and a decreasing share of their beef's sales price due to an increasing middlemen's share has cut ranchers' income drastically. What has been at best a boom-and-bust livestock economy has turned into a stagnant-and-bust one. Without a steady, moderate demand for beef, the outlook for independent ranchers is grim.

And Montana's ranchers are not usually a part of some national corporation. Their very independence, which makes them unwilling to accept either Government handouts or interference, makes them vulnerable to slackening of consumer demand for beef. Practically every other agricultural commodity group has asked for, and received from the Federal Government, a series of price supports, subsidies, and promotional work, all at Government expense. What these independent ranchers want is a chance nationally to coordinate their promotional work at no expense to the Government.

They are asking for nothing new. Many other commodity groups have similar arrangements. What is new is that any rancher who wants his money back can get it back, so small producers will not have to share in the promotional costs of the group.

This small step toward marketing coordination has been carefully considered by the Agriculture Committee for 2 years. It may well be that even its economic benefits and noncoercive nature will not be enough to persuade independent ranchers to accept it. But there is a referendum for that purpose. Congress should at least give the beef industry a chance to hold its own in a tight consumer market.

Mr. MATHIS. Mr. Chairman, I hope that colleagues will support H.R. 7656, the Beef Research and Information Act.

This bill enables livestock producers to approve by a national referendum a cooperative beef research and consumer information order. The order provides for the establishment of a producer-funded beef board with the primary purpose of promoting beef and beef products, through research, producer information, and consumer education. Livestock producers will contribute to the beef board by assessments collected by buyers with the final buyer remitting the assessments to the Beef Board. Any producer who does not want to contribute can receive a refund. Mr. Chairman, this legislation will go a long way in promoting a better understanding of the industry and I recommend strongly that my colleagues support its passage.

Mr. EDWARDS of California. Mr. Chairman, I am voting "present" on H.R. 7656, Beef Research and Information Act, because a corporation in which I own common stock has an interest in a small herd of cattle.

Mr. VANIK. Mr. Chairman, I oppose this legislation because in effect, it imposes a beef tax on the American consumption of beef.

This legislation goes a long way to legitimize an organization of beef producers ostensibly to finance a program of research, production, and promotion. The legislation also sets in motion a value-added tax at the point of slaughter and each point of processing.

Taxation is not and should not be the subject of legislation before the Agriculture Committee. The tax proposed under this bill—although refundable, is nevertheless a tax which must be reflected in the ultimate price to the consumer. This tax is suggested to promote the consumption of beef. Beef needs no special promotion. The American consumer will buy all that he can afford. The sale and consumption of beef could be considerably enhanced by a reduction in price or by the rejection of any tax which must find its way to the price paid by the consumer.

It is incredible for the beef industry to seek funds raised through this tax for research in the beef industry. The taxpayers of America spent $49.9 million in fiscal year 1974 for beef research in existing agriculture programs. It has never been suggested that these research appropriations are to be reduced if this new tax-funding system is developed.

There are other consequences of this legislation that must be considered. It permits beef producers to organize for ostensibly legitimate purposes. However, the organization could develop into an instrumentality of market control, limiting production to stabilize or increase consumer prices.

Today, the price of oil throughout the free world is determined by the OPEC cartel which is able to fix prices by limiting production and maintain price levels completely unrelated to the cost of production. This beef bill threatens to establish a cartel system which will eventually operate to control production, to maintain or escalate consumer prices in the same way. It should be rejected.

Mr. ALEXANDER. Mr. Chairman, I rise in support of H.R. 7656, the Beef Research and Information Act. This bill will aid in returning vitality to a declining industry.

This legislation will allow cattle producers, with the cooperation of the Department of Agriculture, to draft and put to a referendum a national plan through which individual cattle producers might uniformly assess themselves a modest amount for the purpose of beef market development.

It will also provide for a program of research, producer and consumer information and promotion to improve production, marketing, and utilization of cattle, beef and beef products to be carried out by a Beef Board with funds derived from producer assessments. The Beef Board itself will consist of members of eligible producer organizations.

Cattle ranchers in the First Congressional District have advised me that the 1972–73 season was the last in which they made a profit from raising their cattle. One reported that he lost $150 on 200 head in the 1973–74 season for a $30,000 loss. His losses were not as heavy last season, but he feared that feed and other production costs were going to make him a loser again this season if relief did not come when the time came for him to sell his livestock.

It is difficult for consumers to rationalize the inconsistencies that exist at the butcher shop. While consumers are paying more for beef than ever before, ranchers are receiving less for their livestock sales. One of the purposes of this bill is to attempt to prove who is gouging the American public. It is certainly not the cattle farmer.

Mr. SEBELIUS. Mr. Chairman, I have no further requests for time and I yield back the balance of my time.

Mr. FOLEY. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time having expired, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the "Beef Research and Information Act".

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Beef constitutes one of the basic, natural foods in the diet. It is produced by many individual cattle producers throughout the United States. Cattle, beef, and beef products move in interstate and foreign commerce and those which do not move in such channels of commerce directly burden or affect interstate commerce of cattle, beef, and beef products. The maintenance and expansion of existing markets and the development of new or improved markets and uses are vital to the welfare of cattle producers and those concerned with marketing, using, and processing beef as well as the general economy of the Nation. The production and marketing of cattle, beef, and beef products by numerous individual persons in the cattle and beef industry have prevented the development and carrying out of adequate and coordinated programs of research, information, and promotion necessary for the maintenance of markets and the development of new products of, and markets for cattle, beef, or beef products. Without an effective and coordinated method for assuring cooperative and collective action in providing for and financing such programs, individual cattle producers are unable to provide, obtain, or carry out the research, consumer and producer information, and promotion necessary to maintain and improve markets for cattle, beef, and beef products.

It has long been recognized that it is in the public interest to provide an adequate, steady supply of high quality beef and beef products readily available to the consumers of the Nation. Maintenance of markets and the development of new markets, both domestic and foreign, are essential to the cattle industry if the consumers of beef and beef products are to be assured of an adequate, steady supply of such products at reasonable prices.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential and in the public interest, through the exercise of the powers provided herein, to authorize and enable the establishment of an orderly procedure for the development and the financing through an adequate assessment of an effective and continuous coordinated program of research, consumer information, producer information, and promotion designed to strengthen the cattle and beef industry's position in the marketplace, and maintain and expand domestic and foreign markets and uses for United States beef. Nothing in this Act shall be construed to mean, or provide for, control of production or otherwise limit the right of individual cattle producers to produce cattle or beef.

DEFINITIONS

SEC. 3. As used in this Act—

(a) The term "Secretary" means the Secretary of Agriculture or any other officer or employee of the Department of Agriculture to whom there has heretofore been delegated, or to whom there may hereafter be delegated, the authority to act in his stead.

(b) The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity.

(c) The term "cattle" means live domesticated bovine quadrupeds.

(d) The term "beef" means the flesh of cattle.

(e) The term "beef products" means products produced in whole or in part from cattle, exclusive of milk and products made therefrom.

(f) The term "producer" means any person who owns or acquires ownership of cattle: *Provided*, That a person shall not be considered to be a producer if his only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee.

(g) The term "producer-buyer" means a producer who buys cattle.

(h) The term "producer-seller" means a producer who sells cattle.

(i) The term "United States" means the fifty States of the United States of America and the District of Columbia.

(j) The term "promotion" means any action to advance the image or desirability of beef and beef products.

(k) The term "research" means any type of research to advance the desirability, marketability, production, or quality of cattle, beef, and beef products.

(l) The term "consumer information" means facts, data, and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparation, and utilization of beef and beef products.

(m) The term "producer information" means facts, data, and other information that will assist producers in making decisions that lead to increased efficiency, lower cost of production, a stable supply of cattle, and the development of new markets.

(n) The term "marketing" means the sale or other disposition of cattle, beef, or beef products, in any channel of commerce.

(o) The term "commerce" means interstate, foreign, or intrastate commerce.

(p) The term "transaction" means the transfer of ownership of cattle or beef through a sale, trade, or other means of exchange.

(q) The term "slaughterer" means any person, specified in the order or the rules and regulations issued thereunder, who slaughters cattle, including cattle of his own production.

BEEF RESEARCH AND PROMOTION ORDER

SEC. 4. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend an order applicable to producers and slaughterers. Such an order shall be applicable to all areas in the United States.

NOTICE AND HEARING

SEC. 5. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for hearing upon a proposed order. Such hearing may be requested and proposal for an order submitted by an organization certified pursuant to section 15 of this Act, or by any interested person affected by the provision of this Act, including the Secretary.

FINDING AND ISSUANCE OF AN ORDER

SEC. 6. After notice and opportunity for hearing as provided in section 5, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDER

SEC. 7. Any order issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 8, no others:

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for advertising, promotion, producer information, and consumer information with respect to the use of cattle, beef, or beef products and for the disbursement of necessary funds for such purposes: *Provided, however*, That any such plan or project shall be directed toward increasing the general demand for cattle, beef, or beef products. No reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cattle, beef, or beef products of other persons.

(b) Providing for, establishing, and carrying on research, market development projects, and studies with respect to sale, distribution, marketing, utilization, or production of cattle, beef, or beef products, and the creation of new products thereof, to the end that the production, marketing, and utilization of cattle, beef, or beef products may be encouraged, expanded, improved, or made more acceptable, and the data collected by such activities may be disseminated, and providing for the disbursement of necessary funds for such purposes.

(c) Providing that slaughterers shall maintain and make available for the inspection such books and records as may be required by any order or regulations issued pursuant to this Act and for the filing of reports by such persons at the time, in the manner, and having content prescribed by the order or regulations to the end that information and data shall be made available to the Beef Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act, or of any order or regulation issued pursuant to this Act: *Provided however*, That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Beef Board, and by all officers and employees of contracting agencies having access to such information, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of the number of persons subject to an order or statistical data collected therefrom, which statements do not identify the information furnished by any person, (2) the publication of general statements relating to refunds made by the Beef Board during any specific period, which statements do not identify any person to whom refunds are made, or (3) the publication by direction of the Secretary of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provision of the subsection shall, upon conviction, be subjected to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and if an officer or employee of the Beef Board or the Department of Agriculture, he shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDER

SEC. 8. Any order issued pursuant to this Act shall contain the following terms and conditions;

(a) Providing for the establishment and appointment, by the Secretary, of a Beef Board which shall consist of not more than sixty-eight members, and alternates therefor, and defining its powers and duties which shall include only the powers (1) to administer such order in accordance with its terms and provisions, (2) to make rules and regulations to effectuate the terms and provisions of such order, (3) to receive, investigate, and report to the Secretary complaints of violations of such order, (4) to recommend to the Secretary amendments to such order. The term of an appointment to the Beef Board shall be for three years with no member serving more than six consecutive years, except that initial appointment shall be proportionately for one, two, and three years: *Provided*, That the Beef Board may appoint from its members an executive committee, consisting of not less than seven nor more than eleven members, with authority to employ a staff and conduct routine business within the policies determined by the Beef Board.

(b) Providing that the Beef Board, and alternates therefor, shall be composed of cattle producers appointed by the Secretary from nominations submitted by eligible producer organizations, associations, or cooperative, within the geographic area, and certified pursuant to section 15, or, if the Secretary determines that substantial number of producers are not members of or their interests are not represented by any such eligible organizations, associations, or cooperatives, from nominations made by such producers in the manner authorized by the Secretary so that the representation of producers on the Board shall reflect, to the extent practicable, the proportion of cattle produced in each geographic area of the United States as defined by the Secretary: *Provided*, That the Beef Board shall from time to time, with the approval of the Secretary, redesignate representation on the Beef Board so as to reflect the proportion of cattle in each geographic area: *Provided, however*, That each such designated geographic area shall be entitled to at least one representative on the Beef Board.

(c) Providing that the Beef Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising, sales promotion, consumer information, producer information, research, and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Beef Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising, promotion, producer information, consumer information, research, and development projects.

(e) Providing, that—

(1) In each transaction where a producer sells or otherwise transfers ownership of cattle to any other producer, each such producer-seller shall pay to the producer-buyer and each producer-buyer shall collect from the producer-seller an assessment based on the value of the cattle involved in the transaction. Each producer who sells to a slaughterer or otherwise arranges for the slaughter of his cattle shall pay to the slaughterer and the slaughterer shall collect from such producer an assessment based on the value of the cattle involved. The slaughterer shall remit assessment(s) collected to the Beef Board in the manner prescribed by the order or the regulations issued thereunder, in-

cluding any assessment(s) due at time of slaughter on cattle of his own production. In the event no sales transaction occurs at the point of slaughter, a fair value shall be attributed to the cattle at the time of slaughter for the purposes of determining the assessment: *Provided*, that the Beef Board may exempt from or vary the assessment on transactions of breeding animals or classes of breeding animals until time to slaughter: *Provided further*, That the Beef Board may collect directly from any producer any assessments that he collected under the provisions of this Act, which are not passed along in the usual manner due to the loss in value of the cattle.

(2) The rate of assessment shall be as prescribed by the order and shall provide for such expenses and expenditures, including provision for a reasonable reserve, and any referendum and administrative costs incurred by the Secretary under this Act, as the Secretary finds are reasonable and likely to be incurred by the Beef Board under the order during any period specified by him.

(3) To facilitate the collection of assessments, the Beef Board may specify different procedures for slaughterers, or classes of slaughterers, to recognize differences in marketing practices or procedures utilized in the industry.

(4) The Secretary may maintain a suit against any person subject to the order for the collection of such assessment and the several courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy.

(f) Providing that the Beef Board shall maintain such books and records and prepare and submit such reports from time to time the Secretary as he may prescribe, and for appropriate accounting by the Beef Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Beef Board, with the approval of the Secretary, may enter into contracts or agreements for development and carrying out the activities authorized under the order pursuant to section 7 (a) and (b) and for the payment of the cost thereof with funds collected pursuant to the order. Any such contract or agreement shall provide that such contractors shall develop and submit to the Beef Board a plan or project together with a budget or budgets which shall show estimated costs to be incurred for such plan or project, and that any such plan or project shall become effective upon the approval of the Secretary, and further, shall provide that the contracting parties shall keep accurate records of all of their activities and make periodic reports to the Beef Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Beef Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a)(4) of this section.

(i) Providing the Beef Board members, and alternates therefore, shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Beef Board.

REQUIREMENT OF REFERENDUM AND CATTLE PRODUCER APPROVAL

SEC. 9. The Secretary shall conduct a referendum as soon as practicable among producers who at any time, during a consecutive twelve-month representative period preceding the date of the referendum, as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the issuance of an order is approved or favored by such producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two thirds of the producers voting in such referendum, or by a majority of the producers voting in such referendum if such majority owned not less than two-thirds of the cattle owned by producers voting in the referendum. For purposes of determining the number of cattle owned by producers voting, each producer shall be credited with the largest number of cattle owned on any one day during the representative period. The Secretary shall be reimbursed from assessments collected by the Beef Board for any expenses incurred for the conduct of the referendum.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 10. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision (s) thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order of such provision(s) thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of producers voting in the referendum approving the order, to determine whether such producers favor the termination or suspension of the order, and he shall suspend or terminate such order six months after he determines that suspension or termination of the order is approved or favored by a majority of the producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cattle, and who produced more than 50 per centum of the volume of cattle produced by the producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 11. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUND

SEC. 12. Notwithstanding any other provisions of this Act, any producer against whose cattle any assessment is made and collected from him under authority of this Act and who is not in favor of supporting the programs as provided for herein shall have the right to demand and receive from the Beef Board a refund of such assessment: *Provided*, That such demand shall be made in accordance with regulations on a form and within a time period prescribed by the Board and approved by the Secretary but in no event more than sixty days after the end of the month in which the sale or slaughter of said cattle occurred and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand is received therefor: *Provided, however*, That no producer shall claim or receive a refund of any portion of an assessment which he collected from other producers.

PETITION AND REVIEW

SEC. 13. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(d) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with the law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 14(a) of this Act.

ENFORCEMENT

SEC. 14. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act. Any civil action authorized to be brought under this Act shall be referred to the Attorney General for appropriate action: *Provided*, That nothing in this Act shall be construed as requiring the Secretary to refer to the Attorney General minor violations of this Act whenever he believes that the administration and enforcement of the program would be adequately served by suitable written notice or warning to any person committing such violation.

(b) Any person who violates any provision of any order issued by the Secretary under this Act, or who fails or refuses to collect or remit any assessment duly required of him thereunder, shall be liable to a penalty of not less than $1,000 nor more than $10,000 for each such violation which shall accrue to the United States and may be recovered in a civil suit brought by the United States: *Provided*, That subsections (a) and (b) of this section shall be in addition to, and not exclusive of, the remedies provided now or hereafter existing at law or in equity.

CERTIFICATION OF ORGANIZATIONS

SEC. 15. The eligibility of any organization to represent producers of any designated geographic area of the United States to request the issuance of an order under section 5, and to participate in the making of nominations under section 8(b) shall be certified by the Secretary. Certification shall be based, in addition to other available information, upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including, but not limited to, the following:

(a) geographic territory covered by the organization's active membership,

(b) nature and size of the organization's active membership, proportion of total of such active membership accounted for by producers of cattle, and the volume of cattle produced by the organization's active membership in each such State.

(c) the extent to which the cattle producer membership of such organization is represented in setting the organization's policies,

(d) evidence of stability and permanency of the organization,

(e) sources from which the organization's operating funds are derived,

(f) functions of the organization, and

(g) the organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its producer membership consists of a substantial number of producers who produce a substantial volume of cattle subject to the provisions of this Act. The Secretary shall certify any organization which he finds to be eligible under this section and his determination as to eligibility shall be final. Where more than one organization is certified in any geographic area, such organizations may caucus to determine the area's nominations under section 8(b).

STATE BEEF BOARDS

SEC. 16. Nothing in this Act shall be construed to preempt or interfere with the workings of any beef board, beef council, or other beef promotion entity organized and operating within and by authority of any of the several States.

REGULATIONS

SEC. 17. The Secretary is authorized to issue regulations with the force and effect of law as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS

SEC. 18. The Secretary may make such investigation as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a producer or slaughterer of cattle or any other person has engaged or is about to engage in any acts or practice which constitute or will constitute a violation of any provisions of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena to, any person, including a producer, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigations. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

SEPARABILITY

SEC. 19. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 20. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for payment of the expenses or expenditures of the Beef Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 21. This Act shall take effect upon enactment.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 11, line 12, following the word "Secretary" delete the words "for his approval" and insert in lieu thereof "and to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry for their approval".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the last committee amendment.

The Clerk read as follows:

Committee amendment: Page 14, line 20, delete section 9 in its entirety and insert in lieu thereof a new section 9 as follows:

SEC. 9. The Secretary shall conduct a referendum as soon as practicable among producers who at any time, during a consecutive twelve-month representative period preceding the date of the referendum, as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the issuance of an order is approved or favored by such producers. The Secretary shall establish a procedure whereby all known cattle producers are notified of the referendum and the time and place of balloting and qualified producers may register with the Agriculture Stabilization and Conservation Service in person or by mail to vote in such a referendum during a period ending not less than ten days prior to the date of the referendum. No order issued pursuant to this Act shall be effective unless the Secretary determines (1) that votes were cast by at least 50 percent of the registered producers, and (2) that the issuance of such order is approved or favored by not less than two-thirds of the producers voting in such referendum. The Secretary shall be reimbursed from assessments collected by the Beef Board for any expenses incurred for the conduct of the referendum. Eligible voter lists and ballots cast in the referendum shall be retained by the Secretary for a period of not less than 12 months after they are cast for audit and recount in the event the results of the referendum are challenged and either the Secretary or the Courts determine a recount and retabulation of results is appropriate.

AMENDMENT OFFERED BY MR. KETCHUM TO THE COMMITTEE AMENDMENT

Mr. KETCHUM. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. KETCHUM to the committee amendment: Page 16, line 14, insert the following immediately after the period: "Prior to the holding of the referendum, sureties shall have posted a bond or security, acceptable to the Secretary, in an amount which the Secretary shall determine to be sufficient, to pay the costs such as printing ballots and preparation and mailing procedures of the referendum should the order fail to gain the approval of the producers."

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, we on this side as members of the committee have examined the amendment the gentleman from California (Mr. KETCHUM) has offered. We think the amendment has basic merit, and we are willing to accept it.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, while I have no authority to speak for the committee, it seems that this is a reasonable proposal, and as far as I am concerned, I will accept the amendment.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman.

Mr. Chairman, anyone at all familiar with the beef industry should want H.R. 7656, the Beef Research and Information Act, to pass. As a former farmer and as a Representative of a large beef-producing constituency, I have watched the recent decline in beef sales with dismay and alarm. The campaigns by health food advocates and beef boycotters have been all too successful. What is needed now is a responsible and accurate rebuttal by the beef industry—and that is what H.R. 7656 will provide. The research carried out by the proposed Beef Board will lead to improved beef products, better processing methods and the dissemination of valuable consumer information. The education programs will supply consumers with information on buying beef, on how to get the most for their supermarket dollar and on how to prepare economical cuts. If cattlemen know consumers will buy beef, production will increase—and everyone will benefit.

In my opinion, this bill is almost perfect. With one simple amendment, it will be a true legislative marvel for the 94th Congress: A bill requiring no Federal subsidy. I now offer that amendment. As H.R. 7656 now reads, the costs of a defeated referendum must be borne by the Federal Government. Instead, I propose the following language:

Prior to the holding of the referendum, sureties shall have posted a bond or security, acceptable to the Secretary, in an amount which the Secretary shall determine to be sufficient, to pay the costs of the referendum should the order fail to gain the approval of the producers.

These are not just words to please budget watchers. For example, this type of arrangement is currently successful in California, as provided by the enabling legislation of the California Table Grape Commission, which I authored. This commission, serving one of the major agriculture concerns in California, performs a twofold function similar to the one proposed for the Beef Board: The development of marketing techniques and consumer information services benefiting both the related industry and the consuming public. This amendment answers any objections which may be advanced by my colleagues who are concerned with running afoul of the President's moratorium on new Federal spending programs. Moreover, it responds to the conscience of any of us who balk at all legislation which leaves open even the slightest chance for increased tax burdens on our citizens.

It is likely that beef producers may not receive this amendment favorably. The table grape producers were equally reluctant to foot their own bill—but it has worked in California and it can work nationwide. If anything, this measure should prompt the producers to propose referendums with strong likelihood of passage. Who among us sympathizes with those who complain about paying their own bills? The overall intent of this bill is the benefit of both the producer and the consumer—helping the depressed livestock industry while assuring consumers the continued availability of affordable and wholesome beef products. We cannot allow this intent to be besmirched by stinginess.

I feel this amendment deserves strong support, so that it may be incorporated into H.R. 7656 and assure its passage. I join the American Farm Bureau, the California Beef Council, the Department of Agriculture, and my California beef producers in wholehearted endorsement of this fine piece of legislation.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from California (Mr. KETCHUM) to the committee amendment.

The amendment to the committee amendment was agreed to.

The **CHAIRMAN.** The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. PEYSER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I listened very carefully to the Speaker, and I, too, appreciated the opportunity of hearing his comments on the floor, as well as those made by the minority leader. With the "Big Guns" out like this, I suppose what I say may not have much impact, but I do think some points should be made that have not been pointed out as yet.

If we are truly interested in helping the cattle producer, the one thing that has to take place is the cattle producer must be able to sell more beef and the consuming public must be able to buy more beef.

I do not think that the American public needs a sales promotion to convince it that beef is a basic food item in our diet or that we would like it to be a basic food item. What we really need is beef at prices that: First, the producer can make a reasonable living and a reasonable profit, and second, the consumer can pay.

Now, if anyone thinks that the $40 million to $50 million that will be collected under this mandatory program is not going to be passed through to the consumer price, he is mistaken, because the cattle producer today cannot possibly assume any extra cost. So this is going to be a pass-through.

Mr. Chairman, it seems to me the real thing we ought to be talking about is the regrading of beef. We ought to be talking about how to make more beef available at better prices, both for the producer and the consumer, and do something that will really help the American people and help the cattle producer. This could be done if we would regrade beef, but the committee has not seen fit to do that at this time.

In his repartee I am afraid to hear what the gentleman might say in answer to this, but it is very seldom that the gentleman from Arizona, SAM "THE BEEF BARON" STEIGER, and I agree on an agricultural issue. But for those Members who were not on the floor before, I will tell them that if they had been here, they would have heard the gentleman from Arizona (Mr. STEIGER) say that he, as a beef producer, is opposed to this bill. I am not going to give his arguments in detail, but he offered very valid reasons as to why. I think that most beef producers are going to be opposed to this.

I understand there has to be a referendum, and, incidentally, if the referendum does not pass, it will cost the taxpayers three-quarters of a million dollars for that referendum.

Mr. SYMMS. Mr. Chairman, will the gentleman yield on that point?

Mr. PEYSER. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I am sure the gentleman would not want to leave the Members with the wrong impression. The amendment offered by the gentleman from California (Mr. KETCHUM) to the committee amendment which was just adopted takes care of that, so either way the cattle producer pays for the referendum.

Mr. PEYSER. Mr. Chairman, I would like to say to the gentleman that when he says "either way," that is going on the assumption that cattle producers are going to be willing to pay money over to have this.

I am convinced, from those from whom I have heard, like the National Association of American Meat Promoters, who are totally opposed to this legislation, that this is not going to be the case.

Also, I think it is important for the Members to know that Assistant Secretary Feltner has said very plainly in the report as follows:

> Further, we believe it would be administratively impossible to enforce the provision which requires that assessments be made and collected for each sale.

Mr. Chairman, I think there is no question about that. We are opening up a whole new program of what I believe to be Government interference with the cattle producer, which is one thing that the cattle producers have convinced me they do not want.

They want to have a marketplace where the cattle producer can make his money legitimately, and the consumer can buy.

If this were a new commodity that we were trying to introduce to the American public, then I would say that there is justification, but do any Members know of any of their constituents who do not know of and are familiar with and desire cattle products on their table? They want to have them and to have more of them. Therefore, why take an action that is going to increase the price and make it less likely that this will happen?

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. Yes, I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Chairman, I would like to point out some of the concerns that I have.

I am glad that the distinguished gentleman from New York has taken the leadership in opposing this bill. This is a very serious piece of legislation.

Another thing that it does is inject a new taxation system into America, a value-added tax on the beef every consumer in America has to buy.

Mr. Chairman, I think it is a very dangerous thing. It is something we have not done in any form in the Committee on Ways and Means. This is really tax legislation.

The **CHAIRMAN.** The time of the gentleman from New York (Mr. PEYSER) has expired.

(By unanimous consent, Mr. PEYSER was allowed to proceed for 3 additional minutes.)

Mr. VANIK. Mr. Chairman, will the gentleman yield further?

Mr. PEYSER. Yes, I yield to the gentleman from Ohio.

Mr. VANIK. With respect to the matter of raising money, it is really invading the tax jurisdiction for the benefit of a special industry.

Although, the Secretary of Agriculture, and this board, have some supervision over expenditures, but this bill develops a tax on the consumption of beef. I think we can sell more beef in America if we reduce the price rather than by going this route.

There is something else involved in this legislation. In a sense it establishes an OPEC in beef because it might result in a marketing system whereby the marketers can get together, control production, and fix the price.

The consumers of America as bound to lose.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. Yes, I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding.

I would like to correct one of the statements that the gentleman just made. He says that the cattle people are not going to pay for this election.

That is not true. We just passed an amendment which says, win or lose, they are going to pay. What that means is this: If the money is not up, there is not going to be a referendum. Therefore, we cannot have an election or a referendum without getting the money up, as required under my amendment, so please do not tell these people that the cattle producers are not going to pay for it.

Furthermore, calling it a tax program is the silliest thing I ever heard.

Mr. PEYSER. Mr. Chairman, I thank the gentleman for his comment.

However, I think a grave mistake is being made here if any Members are seriously thinking that this helps cattle producers. I think it is the intent to try to help them, but the cattle producers have a different view.

Last night, in fact, I had an opportunity offered to me by my friend, the gentleman from Kansas (Mr. SEBELIUS), to go down to the American Council on Agriculture or the Council of American Agriculture, and talking on the telephone, on a hotline, to farmers all over the country.

I only had three cattle producers to call. The three cattle producers called said to me, knowing that this legislation was coming up, "Let us alone. Get the grain prices down."

Incidentally, this was counter to what the grain people were telling me.

The cattle producers added: "We can sell our beef, but we have to have a market and the ability of the people to pay for it."

I agree with that. Therefore, we do not need beef promotion.

I ask the Members really to think on that issue. Do the Members really think we have to promote beef to the American consuming public? They want beef. Most of my constituents who are not vegetarians want it. We all want it. But let us not do something to move the price up and create a tax situation.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, the gentleman from New York has said that the consumers would pay the supposed increased cost. That is not so. Is it not the truth that cattle are sold in the sales ring at auction?

Mr. PEYSER. I am very familiar with that point. But what I am saying is that any time you add to the price it is added on afterwards.

Mr. SHUSTER. What the gentleman has said is not accurate.

Mr. PEYSER. Mr. Chairman, I am saying that any time we add to the price we just add it after the sale. That is added on after the sale.

Mr. SHUSTER. Is it not true that cattle are sold at auction?

Mr. PEYSER. Let me ask the gentleman from Pennsylvania this, we understand the cattle are sold, I am asking at what point is this added on to the price? At what point is the contribution made?

Mr. SHUSTER. That cattle are sold at auction.

Mr. PEYSER. That is right.

Mr. SHUSTER. Depending on supply and demand. They are sold at auction.

Mr. PEYSER. It is added to the price of the cattle.

Mr. SHUSTER. That is not so.

Mr. PEYSER. I will not yield further because what happens here is accurate, actually this is a cost that is added to the sale price of that product.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. HAYS of Ohio and by unanimous consent, Mr. PEYSER was allowed to proceed for 1 additional minute.)

Mr. HAYS of Ohio. Mr. Chairman, if the gentleman will yield, we have a similar thing on some of the products in Ohio and the price is not added on after the sale, it is deducted from the amount.

For instance, if I send 12 head of cattle to market and the check is for $2,500, whatever the percentage is that the sale barn charges, it deducts this percentage from the sale price. Then when the percent of this tax is deducted, nothing is passed on to the consumer because the fellow who bought the cattle paid $2,500 for them.

Mr. PEYSER. Is the gentleman from Ohio suggesting—and I do remember the gentleman speaking of the low prices he was getting for his cattle, and I think he is perfectly right in what he said, but the gentleman realizes this will give him a lower price for his cattle.

Mr. HAYS of Ohio. I understand that.

Mr. PEYSER. The gentleman will take a lower price.

Mr. HAYS of Ohio. I am willing to take that lower price in order to try and find out why I am getting 30 cents a pound while some guy is selling it at the supermarket for $1.89 a pound.

Mr. PEYSER. I think that is something the Committee on Agriculture and other committees ought to be investigating now, because I agree with the gentleman from Ohio. But I do not think we ought to be socking either the gentleman from Ohio or the American public, that is the consuming public, with an additional charge. I do not think we ought to be socking them because they are already.

The CHAIRMAN. The time of the gentleman has again expired.

AMENDMENTS OFFERED BY MR. RICHMOND

Mr. RICHMOND. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendment offered by Mr. RICHMOND: Page 5, after line 25, add the following new subsection (r):

"(r) The term "consumer" means any person not engaged in the commercial production of cattle or the sale promotion, or distribution of cattle, beef, or beef products, but excluding any activities which a person may be engaged in as a member of the beef board."

Page 10, strike line 10 and substitute in lieu thereof the following: "for, shall be composed as follows: (1) fifty percent shall be persons who are appointed by the Secretary from nominations submitted by the membership of bona fide consumer organizations, who shall be knowledgeable and experienced in issues relating to food and nutrition policy, who are specially qualified to represent the interests of consumers, and who shall have no interests directly or indirectly in any food industry corporation, association, partnership, or other organization, and (2) fifty percent shall be cattle producers appointed by the";

Line 12, after the word "associations," insert the words "general farm organizations,".

Line 23, after the word "redesignate" insert the word "producer".

The CHAIRMAN. The Chair will say to the gentleman from New York that the gentleman has had two amendments read. Does the gentleman ask unanimous consent that the amendments be considered en bloc?

Mr. RICHMOND. I do, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RICHMOND. Mr. Chairman, this amendment will add 50 percent consumers to the Board which spends the money collected by this checkoff bill.

I believe consumers are the one who ultimately will pay for this beef promotion bill because the producer assessments—the tax on cattlemen—will be passed on to consumers. Under this bill, because producers are required to contribute, they will be forced either to get a smaller return on their cattle, or raise their price. Cattlemen simply are not going to accept less for their beef, and the price of meat will rise.

Price rises will be passed along the food chain to the supermarkets, and the supermarkers will raise their prices to consumers so that the consumer, who has no voice at all in this entire program, will be forced to pay for the whole thing.

Consumers must have a voice in setting the policies that determine the design of this Consumer Promotion Act.

The Beef Board also needs the input of general farm organizations such as the Farmers Union, NFO, Grange, and Farm Bureau, who represent many cattle producers. These groups are now excluded from having representatives on the Beef Board that spends this money.

The Secretary of Agriculture is the one who chooses members of the Board—under my amendment he must choose legitimate representatives of recognized consumer groups, and responsible consumer advocates and spokespersons.

Under my amendment the consumers on the Board must be selected from nominations by the members of bona fide consumer organizations, such as the Consumer Federation of America, public interest research groups, or National Consumers Congress. They cannot be from industry-supported groups. Furthermore, these consumer representatives must have knowledge and experience in issues related to food and nutrition policy, and must have no ties either directly or indirectly to any food industry organization. This means no professional or financial relationships, and no family relationship where an interest could be shown.

Consumers must have a voice equal to agribusiness—anything less is an affront to real consumer representation. With 50 percent consumers, this Board will have to be responsive to consumer needs and preferences; 10 or 30 percent consumers, simply does not guarantee an equal voice.

Without equal consumer representation, there is no assurance this Beef Board will not misuse the money. There will be no one to tell them how to spend their $60 million—no one to tell them we need nutrition research, no one to tell them that we need research on the relationship between eating meat and heart disease, and no one to tell them we need research on meat pricing and monopoly practices.

Consumers will pay for this bill—they must have a say how this money is spent.

The price of meat is sky-high already. What we do not need is another increase. I urge you to vote to put 50 percent consumers in this bill, so that even if it does pass, we have some assurance that consumer interests are represented.

This amendment is an insurance policy. I will continue to urge defeat of this bill whether my amendment passes or not. There are a dozen things wrong with this bill. Let us at least try to get some insurance for consumers.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in subdued, hysterical opposition to the amendment offered by the gentleman.

Mr. Chairman, I hope some of the Members heard what the gentleman had to say and understand what his amendment is. I will try to speak a little slower so every Member will understand. What the Members have just had offered to them is probably the finest laboratory sample of what is wrong with this entire organization, this sort of Alice-in-Wonderland approach, that we are going to reach out in this vast population of 210 million people here and identify 34 legitimate professional consumers. I want to know what a legitimate professional consumer is. In fact, I would like to know what an illegitimate professional consumer is.

I think we have to realize there is simply no way that we are going to identify people who are qualified to speak for consumers en masse, No. 1. No. 2, I am, as the Members may be aware, opposed to this bill but not because it is an anticonsumer bill as that is a myth. It is a straw man, and it was not raised out of genuine concern; it was raised for a political horse to ride, and that is very unfortunate. Why in the world divide the consumer from his source of supply any more than he already is, or divide him arbitrarily? The truth of the matter is the reason I am opposed to this bill. I hope the Members will see through this amendment and will vote it down overwhelmingly. If they want to kill the bill, support the amendment. The amendment is meaningless, cosmetic, and impossible to implement. I am opposed to this bill because, No. 1, we are going to have a mandatory checkoff.

The staff people employed by this bill to produce a qualitative, imaginative program are going to have no incentive to produce. They are going to have a sinecure.

No. 2, once the cattlemen eat this referendum and eat this bill, they are going to be stuck with this bill from now on.

Mr. Chairman, do the Members know what an Arizona cattle baron is? That is a streaker leaving the State with everything he owns.

I want the Members to understand the cattle business is in trouble; make no mistake about it. I am afraid the cattlemen are going to accept this as a sinecure because they are in trouble, and they are going to be stuck with it from now on.

There is a Beef Promotion Board. It is based on voluntary contributions. Its budget has gone from some $40,000 just a few years ago to just over $4½ million now. They have an incentive to do a good job, because if they do not do a good job, they do not get contributions. That is the best kind of a program.

That is the best kind of program. I urge the Members to defeat this amendment because it is nonsense. I also urge the Members to defeat this bill because we are not going to be doing the cattlemen any favor if we force upon them a program that they will be stuck with from now on and can only provide employment for so many out-of-work cattlemen on this new Beef Board. There will not be enough jobs on this Board to go around. Beyond that nobody will benefit from it except the Beef Board and the advertising agencies who will be working on the promotion.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, would the gentleman agree that following the logic of the gentleman from New York 50 percent of every board of directors of every business should be made up of consumers and 50 percent of the directors of every labor union should be made up of consumers?

Mr. STEIGER of Arizona. The gentleman has just gone too far.

I like the point raised by my friend, but I still do not know how we can identify a legitimate professional consumer. He is the guy I want to meet.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from California.

Mr. HINSHAW. Mr. Chairman, one of the things that concerns me is the precedent we would set by passage of this bill. If we follow through on this, would we, in future years, likely have before us similar legislation for the fishermen, for the turkey farmers and for the various types of other food producing interests? I think a similar bill would be brought in on each of these other elements of our food industry. Would the gentleman have a comment on that possibility?

Mr. STEIGER of Arizona. Mr. Chairman, obviously if a few professional staffers who sold this one make it, maybe the others will be able to sell their bill of goods too.

Mr. Chairman, I urge the defeat of this amendment.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think we ought to bear in mind just what this bill does and where this money comes from. All this money will be coming from the cattlemen. The amendment would say that money is going to be spent in a way designated by somebody who will not contribute any of it at all. I do not know how we can maintain a free economy and I do not believe we can keep our system of private property running if we are going to let somebody else come in, who did not contribute a dime, and spend the money that somebody else has made and contributed.

These cattlemen have to pay these bills, all of them. We have just adopted an amendment that goes so far as to say that we require the cattlemen to pay for the referendum. There is not a labor union in the United States that I know of that pays for the referendum in an industrial plant. Yet the Government holds their elections and pays all the costs, whether they win or lose. But in this the cattlemen will pay all the costs whether they win or lose. The cattlemen are going to pay all the money that is required under this bill.

The gentleman from New York said that is going to be a right nice kitty and he wants to put his paws on it, so he says he wants half the people who sit on the board of directors to come from places where they would have paid none of this money.

That is just not our system of private property. It is not our system of doing business. There are nations in the world which use this system which has people who contribute nothing but who do the spending. I think it is a bad system. It is a wicked system. It is an inefficient system. It is one which will break our whole American system.

I hope the House will recognize this and recognize that this amendment is intended merely to destroy the bill which is a good bill. I hope we will vote this amendment down as it deserves to be voted down.

Mr. MOORE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would only point out I do not see a conflict and I never have between consumers and people who are involved in agriculture. I do not see it in this case. To me everybody on that Board, whether he is a producer of cattle or in some other form of the cattle industry is a consumer. All of us are consumers. We have already got consumers, 100 percent of them on the board, without the necessity for this amendment.

The amendment seems to bring into focus some sort of conflict between consumer and producer. The best thing for a producer is a healthy economy and a healthy consumer to buy his product. The best thing for a consumer is a healthy producer to produce a healthy quantity and good quality product at a cheap price. We are not going to have more beef or better quality beef at better prices if we do not have healthy producers.

This bill is trying to find a way to keep the producers in business and help them help themselves. That is in the best interests of consumers as well as producer; so I submit there is no conflict between consumers and producers so there is no necessity for the amendment.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I would like to associate myself with the gentleman's remarks.

Mrs. SULLIVAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment to require consumer representation—legitimate consumer representation—on the proposed Beef Board which, under this bill, would oversee the spending of millions of dollars a year, of consumers' money, to convince and persuade the American consumers to eat more beef.

We had the very same issue before the House 3 years ago this month—on September 6, 1972—when the House debated a bill, to set up a similar promotion program for wheat and wheat products. At that time, I offered a series of amendments, which were all agreed to, to provide that a bona fide consumer organization have the power to recommend to the Secretary of Agriculture, nominees for five consumer places on the proposed Wheat Industry Council, to have the same powers as the five members the Secretary would appoint from each of three different industry groups—producers of wheat, processers of wheat, and end-product manufacturers. We had a very extensive debate on the need for consumer representation on that Council in 1972, and the House agreed to the amendments without any serious objection.

So there is ample precedent for the amendment now by the gentleman from New York (Mr. RICHMOND), to provide amendment will carry overwhelmingly. this proposed Beef Board. I hope that the amendment will carry overwhelmingly. It is only fair and just.

As I told the House 3 years ago on the wheat promotion bill, the consumer ultimately pays for any such program, whether it be to promote wheat or beef or anything else, when it involves a check-off or, in effect, a special tax on producers to establish the fund to promote a particular agricultural product. If the beef industry wants to spend its own money for a promotion program, that is one thing—they can spend their profits as they see fit. But, to tack the cost of this program onto the wholesale price of beef at each stage of processing means the consumer would pay the full cost in the food store in the prices of meat products.

The so-called bread tax bill of 3 years ago was defeated in the House, and it is undoubtedly a good thing it was, because we were then heading into a grain shortage, the scope of which none of us then anticipated, and it would have been the height of folly to force the consumers to pay even more for bread and wheat products, in order to mount a publicity and advertising campaign to urge them to buy more wheat products. It should have been directed to the Russian housewife.

It would have been like adding an assessment on everyone in the oil industry in the United States right now, a special gasoline tax and heating oil tax, to be used to mount a big campaign to urge Americans to buy and use more petroleum products.

Many of the reports we have been receiving this year indicate that cattle prices are going to be going up even more because of supply and demand imbalance. If that occurs, it is going to take all of the magic and imagination of Madison Avenue, to convince the consumers that they should increase their purchases of beef.

The problem is not to convince consumers to eat more beef—they eat about as much now as they can afford, and perhaps more than they should. What they need to learn from the meat industry, or anyone else who can provide the information, is how the consumer can pay for additional purchases of beef.

At least, if we have adequate and effective consumer representation on this proposed Beef Board, the work of that Board can be kept in the realm of consumer honesty and economic reality. Otherwise, we would have a national dues check-off on beef production, mandated by the Federal Government, with the money to be used for anything the beef industry itself wants to use it for in the promotion field. I am sure that such a Board, if it did not have adequate consumer representation—legitimate consumer representation—would give little attention to the nutrition and health problems arising from unwise consumption of too much high-fat, high-cholesterol prime beef.

If the cattle raisers and meat packers want us to eat more beef, I think they should pay more attention to ways of bringing down the price by marketing leaner grades of beef. And then, help to teach consumers how to prepare this beef to make it tastier.

So if we are going to insist on forcing the public to pay a "beef tax" for advertising and promotion of beef in the media and in other ways, as H.R. 7656 proposes, then, as an absolute minimum we must require that the Beef Board, set up by the Government to run the beef advertising program, have full consumer participation by recognized consumer experts, who can speak for the consumer in all of the councils of the Beef Board.

I see no difference in that respect, between what the House insisted on in 1972 in the bill we debated on a wheat promotion program, and this bill dealing with the promotion of beef. We must insist that the Beef Board be a representative body which gives consumers an equal voice in all decisions.

Mrs. FENWICK. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, there are two points I would like to make. One is on the question of consumer representatives, and the other is on price.

As a consumer representative for only 1 year, it became entirely clear to me that there was no battle between the farmer and the consumer. Why is it true that a veal calf sells for 32 cents per pound at a loss, and we are paying $3.59 per pound in the market as consumers? It only took me 1 year as a consumer advocate to find out what some of the problems are.

Why did six trucks leave Iowa the other day with quartered beef instead of having it butchered in Iowa? Because it had to be butchered in Chicago. We could have had three or four trucks at most instead of six, saving a half or a third of the cost of transportation between Iowa and Chicago.

These are some of the things we all know about but will not mention on this floor. We know why there is such a great cost spread between the farmer and the consumer, and it is because everybody is taking a deeper and deeper cut all the way down the line and raising the cost, and the farmer gets no more.

As to the problem of consumer advocates, that is no mystery either. We have in almost every State of this Nation a State consumer director, people who have done this job, and they find out how the consumer is being taken. We know what is going on in this country. These are legitimate consumer representatives, and I can name a dozen right now. In the State of Wisconsin, for example, the Department of Agriculture has a splendid consumer advocate.

So, Mr. Chairman, I support this amendment, although I will not support the bill.

Mr. CONTE. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I want to commend the gentlewoman, and I too rise in support of this amendment offered by the gentleman from New York (Mr. RICHMOND).

I sent out a dear colleague letter along with the gentlewoman from Missouri (Mrs. SULLIVAN) and the gentleman from Connecticut (Mr. MOFFETT) in support of this amendment. However, I think that the entire bill "butchers" the "bleeding" consumers' pocketbooks and really makes "mincemeat" out of fiscal responsibility.

I do not want to "rib" my friends from the cattle-raising States, but I think someone is trying to pull the "cowhide" over their eyes. I urge my colleagues to support this amendment and reject the entire "hunk of fat." It bleeds the American consumer, and I do not know a "knock wurst" than that.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentlewoman for yielding. I would like to make these points:

First. I am a consumer. I am also a farmer. I have been working with agricultural people all of my adult life. Farmers and ranchers are smart people, well informed people. I do not agree that "the wool has been pulled over the cattlemen's eyes." A great deal of study has been given to this legislation, and agriculture wants it.

Second. If it is right that so-called legalized consumer organizations should have half of the representation, on the Board of Directors then I submit that those organizations should pay half the bill, and put up the $30 milion to give them the so-called "right" to equal representation of the Board.

Mr. HARKIN. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. I thank the gentlewoman for yielding. I did not catch the statement of the gentlewoman a little while ago, but as I understand the gentlewoman's remark, there were six truck loads of beef that left.

Mrs. FENWICK. Quartered beef.

Mr. HARKIN. Six truck loads of quartered beef left Iowa for Chicago, and the question was why did not they cut them up in Iowa and ship it out already cut up.

I would answer that the reason they do not do that is because of consumer preference.

The thing is, when you ship this thing out by quarter, when it gets to the cities the people can go into the store and say, "I want a little bit thinner cut." Or maybe they want a nice big charcoal steak for Saturday night, and they say, "I want a thicker cut."

If the gentlewoman wants all cuts of beef to be the same size, she is going to penalize the same consumers whom she is trying to protect.

Mrs. FENWICK. I am not saying that every single piece of steak should be cut up that small. I am saying we do not have to ship big quarters of beef, with feet on them, all the way into the cities. They can be cut so that all of the steaks are in one block, all of the rounds are in one block. Space is being wasted between the carcasses. There would be three or four trucks, no more, instead of six.

Mr. HARKIN. If the gentlewoman will yield further, I would respond to the gentlewoman that she should go to the market, the beef market, and ask the consumers who buy beef if they want the opportunity of picking and choosing the beef they want to buy at the market, or if they want it all prepackaged and presized. I think the gentlewoman will find what the consumers want.

Mrs. FENWICK. What the consumers want from the supermarkets of this Nation, where they are buying the beef, is beef at a price they can pay.

Mr. VIGORITO. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I am opposed to this amendment, and I am also opposed to the bill. I shall vote against the bill whether this amendment is carried or not, and I shall expand on why I am opposed to the bill at the proper time.

I am opposed to this amendment because if the bill succeeds in going through, it is a farmer bill, the farmers are going to put up the funds to promote beef, if it can be promoted, and I do not believe that they should pay for the bill and someone else should sit on the board. That is why I am against the position of the gentleman from New York, even though my voting for the consumer speaks for itself. I have had about a 100 percent record for the consumer. But, in equity, we cannot ask Mr. A to pay a bill and then have Mr. A and Mr. B sit down and make the decision.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. VIGORITO. I yield to the gentlewoman.

Ms. HOLTZMAN. Mr. Chairman, I would like to answer the gentleman as follows: I strongly support this amendment. I think there is no question that the consumers of this country have paid a very high price for beef, and they are going to be paying the price for this bill. Although the supporters of the bill say its cost will be met by "contributions" from the beef producers, in reality those "contributions" will come from consumers who have to pay the inflated beef prices that enrich the cattle raiser. The money will come out of the pockets of my constituents and the constituents of everybody else in this room. American consumers will be paying higher prices to advertise beef to themselves.

I want to commend my colleague, the gentleman from New York (Mr. RICHMOND), for his fine initiative in offering this amendment.

Mr. Chairman, I urge my colleagues to support this amendment.

Mrs. HECKLER of Massachusetts. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment by the gentleman from New York (Mr. RICHMOND), because it is an effort to improve what is otherwise a completely objectionable bill. Even if this amendment passes, the bill should, in my judgment, be defeated.

There is quite simply no need for Government approval, or Government enforcement, of a private industry advertising program. Beef producers are, of course, perfectly within their rights in promoting the consumption of beef with their own funds as a voluntary effort. However, there is no justification for the expenditure of public funds for this purpose.

Indeed, the creation of a Beef Board, as envisioned in this legislation, would only lead to more special interest programs for other commodities, to preserve their competitive position.

Supporters of this legislation contend that the Beef Board will disseminate information to the consumer, yet in drafting the bill, they have not provided for any consumer representation. This amendment seeks to rectify that particular deficiency in the bill.

Yet the entire bill is deficient. The authors of this bill cite the drop in beef prices and sales as need for promotion of beef consumption. I can tell you that if the cattle rancher is suffering from low prices, then the consumer is suffering also—from high prices. The ultimate cost of the beef promotion program will be borne by the consumer and the taxpayer, and I can assure my colleagues that higher beef prices will not put any more beef on the dinner tables of families which are straining to live within already tight budgets in these hard times.

The clear message to the Congress from the plight of the cattleman, the farmer, and the consumer is that the middleman must be investigated, to see where the real profit is being made. Until the Congress addresses that question, we have not come to grips with the real problem. While the cattleman goes bankrupt, the housewife looks for another source of protein. Americans love steak. It is a pity for all concerned that they cannot afford to eat it.

Mr. SEBELIUS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, H.R. 7656 enables cattle producers to conduct a coordinated beef research program for improving production methods as well as the nutritional quality and palatability of beef products offered to the consumer. This self-help effort by the beef industry would be financed solely by producers at no cost to the taxpayer. It is reasonable to assume that a beef research and market development program would maximize incentive and efficiency if directed by the producers.

The Richmond amendment provides for 50 percent of the Beef Board to be staffed by consumers. I view this as unnecessary and direct interference to the right of beef producers to finance the improvement and promotion of their industry.

Consumers will continue to retain the option of free choice when selecting meat products in the marketplace. Livestock producers are faced with a buyer's market; in fact, past meat boycotts have demonstrated the power of consumer influence in the market. This is proof that beef products must meet consumer approval in both quality and price. As it stands, H.R. 7656 will enable beef producers to strive for these objectives.

The funds for the beef research program are derived entirely from participating beef producers on a voluntary basis.

With this in mind, I am hopeful that my fellow Members of Congress will recognize and consider the merits and high desirability of this bill as it now stands and reject the amendment offered by the gentleman from New York.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New York (Mr. RICHMOND).

The amendments were rejected.

Mr. CONTE. Mr. Chairman, I move to stroke the last word.

Mr. Chairman, I would like to ask the gentleman from New York (Mr. RICHMOND) this question, if I may have his attention: What is the difference between this Beef Board and another well known boondoggle, Cotton, Inc.? Are they woven from the same thread? As far as I can see, they are.

The only difference I can see is that Cotton, Inc., is getting $3 million a Federal subsidy and the Beef Board does not as yet.

Is the consumer not subjected to the same type of abuses and wasted spending with this Beef Board as it is with Cotton, Inc.?

Mr. RICHMOND. Mr. Chairman, if the gentleman will yield, I agree with the gentleman from Massachusetts, and I would like to associate myself with his remarks.

Mr. CONTE. Mr. Chairman, does the gentleman feel that if this goes through, we will be back in here conducting debates such as we had last July on Cotton, Inc., when we were talking about a $121,000 salary for its President?

Mr. RICHMOND. Mr. Chairman, unfortunately, this is just another Madison Avenue boondoggle. It is not proper to spend $60 million of the people's money on an advertising program that we do not need. There will be absolutely no research done under this bill; the research is to be done by the Department of Agriculture, for which we are paying $50 million.

This is a straight promotional bill to promote a product which we are already overusing. I do not think this is a function of Government to support such a program. If this were a private program, neither the gentleman nor I would have any argument about it, but I do not see why we in this body should support such a public operation.

Mr. CONTE. Mr. Chairman, I might mention to my friends in the House here in regard to Cotton, Inc., that one of the big arguments they used against me when we tried to knock that thing out was that they had set a lid of $60,000 on the salary of the head of Cotton, Inc., and then when the bill went over to the Senate, they knocked that lid right out.

Therefore, I hope that this "beef-doggle," which is as bad as that cotton boondoggle, is defeated here today.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Yes, I am glad to yield to the gentleman from Virginia.

Mr. WAMPLER. Let me assure the distinguished gentleman from Massachusetts (Mr. Conte) that the gentleman from Virginia will never be on this floor supporting any legislation that will put taxpayers' money into this program.

This is a self-help program brought to us by the beef producers to help themselves. I think it will benefit the consumer and producer alike.

Mr. CONTE. I feel that it is going to raise the price of beef by $60 million in this country.

I think that if the Members are concerned for the people back home who are paying through the nose right now for beef, they will defeat the entire bill.

Mr. VIGORITO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and Members, as I stated a few minutes ago, I am against this bill.

First, I would like to give some background information about consumption of meat. In 1950 the per capita consumption of beef was about 70 pounds. It is currently about 150 pounds per person.

The big drawback here in per capita consumption is not the average per capita consumption, but the fact that the bottom 30 percent of the population has an average per capita consumption of beef of only about 40 percent of this 150 pounds. Therefore, if they had the funds to buy beef or other meat products, we would not need any beef-promotion legislation.

The question has arisen: Who pays for this? In any way one looks at it, it is the ultimate consumer who pays.

Surely, it will not be added to the price by the farmer or it will not be added to the price by the meat packer, the feed lot operators or the cow-calf man, but it will be deducted as an expense of operations. It will mean less taxes for the Federal Treasury, so, directly or indirectly, we all pay for the $60 million or $70 million that this program will cost. It has to come out of the economy somewhere. That cannot be disputed. It has to come out of the economy somewhere.

Mr. Chairman, I am sorry that the gentlewoman is not here. I have told her personally, and I will repeat it in the Chamber, about meeting margins. The farmer gets 32 cents a pound. When one goes to buy a steak, it is $2.29 a pound, depending upon what cut one wants.

In any event, I can provide any member in this committee with 2,000 pages of testimony from several Government agencies and from my subcommittee on why we have this spread from the time the meat leaves the farmer until it gets onto the consumer's table.

Does anyone realize what has happened in the last 40 years in distribution? I can remember as a boy of 10 years old that every Thursday morning a farmer used to come around and rap on the door. He had his little black wagon, and in that wagon he had meat which he butchered early that morning, probably at 3 or 4 o'clock in the morning. We used to buy right off of the back of that wagon for our weekend supply of meat.

Today it leaves the farm. It goes to the feed lot operator. It goes to the meat packer. It goes to distributors. It goes to the wholesalers and then to the retailers. All along the line we pay higher fuel costs, higher product costs, higher packaging costs, higher wages, higher profits, and so forth and so on.

Do not think for a minute that the farmer gets 32 cents and someone else is putting in his pocket the difference of $1.50. There are many factors that go into getting the meat from the farmer to the table, and we have not solved any problem there that can cut that in half.

I am against this bill as I was against the Cotton Promotion Act. That act did nothing for cotton and this act will not do nothing for increasing the consumption of beef for the ultimate citizen at his dinner table and for the beef producer.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the fundamental fact facing the cattle producers of this country is that we are at the end of a 10-year cattle cycle. We have almost 140 million head of cattle in this country. Ten years ago we had around 80 million head of cattle.

The cattlemen exist in a free market. They do not exist as do the manufacturers of automobiles in Detroit wherein if the demand for automobiles falls they can immediately issue an order from the board of directors cutting back production.

But on the free market it is an agonizing process to decrease their herds to fit demand. Many cattlemen will be bankrupt in the process.

If you couple the fact that we have far too many cattle in this Nation with the fact that we have had disruptions in our grain supplies because of weather and sharply increased demands by foreign buyers such as the Soviet Union thus increasing the cost of feed then we see the cattlemen facing lower prices and higher production costs.

Couple that with a deep recession in the United States of America where consumer demand has fallen sharply and you have the basic situation that the cattle raisers face today on the free market, overproduction, increased costs, and falling demand for beef.

We have as the Secretary of Agriculture a man who has presided over this debacle in the cattle industry, the Earl of Butz who is today out in friendly country championing his policies. His policy of selling our grain to the Soviet Union and selling our grain reserves, reserves that if we have a drought in 1976 will be badly needed in this Nation, this policy is designed to drive the price of grain up for the cattlemen. And I am not talking about grain prices today, they are not high, but they were high in the last couple of years after the great grain robbery when the cattle raiser was going broke because of the rising costs of grain and lost $100 to $200 a head each time he sold one of his animals.

I say it is time that we remove these grain policies and get in a new agricultural program in this country, beginning with a Government agency to handle our exports of grain so that we can bring order back into the economy to help the beef producers.

I say this bill we have before us is not the way to do this and I will oppose the bill, but I will go on to bring to the floor of this Congress legislation that will go to the fundamental problem of the cattle producer.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I asked for this time so that I could ask the gentleman from Texas (Mr. Poage) a couple of questions to clear up a problem that has occurred to me only since I have been listening to the debate today. That is my concern with the fact that as has already been pointed out from the viewpoint of at least some people in this Chamber, we are talking about a value added tax to be paid by the American consumer. If that be the case, then I am concerned about the use of my money for not just the support of a particular industry, to wit, the American cattle industry, but I am given to understand that there is a very substantial amount of beef imported into this country from foreign nations. I wonder if the gentleman from Texas (Mr. Poage) could tell me how much beef we imported last year into the United States.

Mr. POAGE. If the gentleman will yield, in the first place, if I understand the gentleman's question, there is no substantial amount of feed imported into the United States.

Mr. FORD of Michigan. No, not feed but beef. This bill is to promote the sale of beef. Presumably, that is to get people to eat beef wherever they can get it in the marketplace.

Mr. POAGE. That is correct.

Mr. FORD of Michigan. What percentage of beef sold in this country last year was imported?

Mr. POAGE. If the gentleman will yield, there was a substantial amount of beef imported into the United States. I think that the figure was about 10 percent. It is probable that the amount coming in in recent months has been somewhat less because of the low price of beef in the United States, which does not make it profitable to ship it in. When the price goes up in the United States, we will see increased importation.

Mr. FORD of Michigan. I have another question. Starting on page 11 of the bill it says:

> Each producer who sells to a slaughterer or otherwise arranges for the slaughter of his cattle shall pay to the slaughterer—

Which indicates to me that the point of collection for amassing this fund, which I have heard described as $50 to $60 million a year, is going to be at the slaughterhouse. From my limited knowledge of the kind of beef that comes in imported, it is that it does not come in to be slaughtered in the United States; it is slaughtered and processed before it comes here. Does that mean that the foreign producer of beef selling in the

United States gets a free ride out of this promotion campaign?

Mr. POAGE. If the gentleman will yield, I think that is exactly what it does mean, except that the promotion campaign will not be directed to assist that foreign promoter. On the contrary we hope it will be directed to show the great advantage of American beef over the kind of beef that does come in. We hope we will be able to distinguish and help the consumer distinguish between a good beefsteak from Kansas or Iowa and some thing that came in here from Melbourne.

Mr. FORD of Michigan. Do I understand the gentleman to be saying that he would contemplate that this promotion campaign would identify foreign beef and American beef, and encourage the purchase of American beef and not the foreign beef?

Mr. POAGE. I certainly would. I think that the people who pay the bill are the ones who should conduct the program, and the American producer is going to be paying the bill, and the American producer is the one who ought to be conducting the program. He ought to be in a position to show where his beef is better—and in my judgment it is. I think there is no question about it, except that we have not been able to show the public the advantage of American beef, and that is one of the very things we will be able to do.

Mr. FORD of Michigan. Let me give the gentleman an example and get his reaction to it. I have been told here on the floor by a member of the committee that the McDonald hamburger chain, as an example, uses almost exclusively imported beef. Would that mean that we would expect this promotion campaign to advertise throughout the country that when one buys a McDonald hamburger, one buys imported beef?

Mr. POAGE. I do not know where the beef in a McDonald hamburger is grown and I doubt very much that anybody else can tell the gentleman.

Mr. FORD of Michigan. I am not asserting that they do. But assume for the moment that they did import their beef, that that was the source of the beef that they used for their hamburger chain, would the gentleman contemplate that the money collected from the consumer in question would be used to warn that consumer that when he bought a McDonald's hamburger, he would be sending his money to a foreign producer, not to our hard-pressed friends in Kansas and Iowa?

Mr. POAGE. I would not expect to be a member of the Board that is proposed here, and they will be the ones who will make this determination. I cannot tell the gentleman what they will determine. But I would not expect them to get out and criticize a large consumer of beef, a possible large market. If I were on the Board, I would expect to try to show McDonald's that they could do a better job selling American beef than they could selling somebody else's beef. I would try real hard to get that market, because I think it is a very desirable market and one that we can fill. And if we can help McDonald's sell American beef, that is good. Since there is no contribution on the part of the foreign producers, they will have no voice on the Board. The Board will represent the interests of the American producers and not those of foreign producers. I think this is as it should be.

Mr. HARKIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first of all I would like to say I supported this bill both in the subcommittee and in the full committee. I have given the bill very long and very serious thought and consideration.

I have listened to the debate here today. It seems to me the debate is centered around the old battle of the consumer versus the farmer. I do not think that is where the debate ought to be centered on this bill. People who were talking on behalf of the consumer and talking about putting consumers on the Board were saying that eventually the consumer will pay and therefore he ought to be represented on the Board. But it can be said that eventually a consumer will pay for everything. If that is the basis for this amendment, that it is going to have some impact on what the consumers pay, perhaps we could turn it around and say: What is the impact on farmers, because it will have an impact on them, of higher wage demands made by organized labor in this country, when it is the farmers who will have to pay the higher cost for machinery? Perhaps we ought to have some farmers sitting on the board of directors of the AFL–CIO. Or what is the cost to the farmers of the dock workers not loading the grain to be shipped to the Soviet Union? Perhaps we should have farmers on the board of the dockworker's union.

So I do not think that is where the debate ought to be centered.

I do have some problems and some questions I would like to have cleared up for my own information and perhaps for the members. I would like to direct these questions to the chairman of the subcommittee, the distinguished vice chairman of our committee.

I have some questions about the referendum procedures and the voting. As I understand the bill, there is a 12-month period during which the producers can register, or may register. They do not have to register but they may register. Then after the registration period is finished, 50 percent of those registered must vote, and then two-thirds of this 50 percent who vote have to approve it. Is that correct?

Mr. POAGE. If the gentleman will yield, I understand, that is correct.

Mr. HARKIN. Then, for example, over the next year 10 percent of all the producers could register. Then the registration closes and then 5 percent could vote, and then two-thirds of that or 3.5 percent could then pass it and the thing would then be in operation. So we could wind up with only 3.5 percent of all producers approving this and putting it into operation. Is that correct?

Mr. POAGE. I am at a loss to understand what the gentleman is talking about in the next year. They make the determination in one election.

Mr. HARKIN. But understand this. They do not have to register.

Mr. POAGE. No. They do not have to register. If a producer has no interest in the matter he does not have to do anything, but if he objects to the plan he is free to register and to vote against it.

Mr. HARKIN. OK. Then let us say the producers register, the bill says that only 50 percent of those who register have to vote. Let us say only 10 percent of all the producers even bother to register. If only 10 percent bother to register, then it takes only 5 percent, half of those who register, to vote, and then it takes only two-thirds of those to even get the thing going, so we could theoretically wind up with 3½ percent of all cattle producers enacting this, getting it going.

Mr. POAGE. I do not follow the mathematics of the gentleman but nevertheless if we were going to assume that sort of thing we must assume then that the cattle people are well satisfied with the proposal because everybody who is opposed to it will be going to vote against. If I know cattlemen they will speak out if they do not like the plan. I would say that only 3½ percent constitute two-thirds of all the producers who have enough interest to vote, it would indicate that there was very little objection.

Mr. HARKIN. But let us suppose only 10 percent register. I am thinking of my own State of Iowa where we have the soybean checkoff which only about 5 percent of the soybean producers of the State of Iowa even bothered to go out and vote for.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

I see the gentleman's point, which I think is a legitimate point, but I think the gentleman must remember that is how most of us got to Congress. Last fall only 30 percent of the people eligible registered to vote and only about 6 percent of them voted for the gentleman or for me, so we got to come to Congress that way. So I would not let that bother me too much because that is how most of us got to be on the House floor.

Mr. HARKIN. The gentleman is correct; however, in this bill with 3.5 percent voting and enacting this, it is going to cost the rest of the producers money. However, in my case and in the gentleman's case, no matter how many people elected us, we are saving the people money, because we are both fiscal conservatives.

The second problem I have with this bill is the rebate provision which is on page 17 of the bill.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(By unanimous consent, Mr. HARKIN was allowed to proceed for an additional 3 minutes.)

Mr. HARKIN. Mr. Chairman, on the rebate provision, as I understand it, the producer anywhere along the way can file for a rebate, but there is also a 120-day waiting period to get it back. Sixty days from the end of the month plus another 60 days after the rebate demand is received, which is 120 days. Also, they must provide proof to the board they paid the assessment and they have to do it on forms provided by the board.

Now, God knows the one thing we do not want for small farmers is more forms to be filled out. Because of this, and the small amount to be rebated to the small producer, the small cattle producer will not fill out those forms, but the big boy, the big producer, it will be to his economic advantage to fill out the forms and get the money back. So what we wind up with is the small cattle producer footing the bill for the whole thing and the big boys getting their money back. That is what appears to me to happen under the rebate provision.

Mr. POAGE. Mr. Chairman, will the gentleman yield further?

Mr. HARKIN. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, the only answer we can give the gentleman is the experience we have had with other similar programs in this Congress. We have had similar programs for cotton and for a number of fruits in which there is the same opportunity to demand a refund. We found by experience that those demands normally do not exceed 3 percent. They generally run between 2 and 3 percent.

Mr. HARKIN. Mr. Chairman, these are rebate demands?

Mr. POAGE. I beg the gentleman's pardon?

Mr. HARKIN. These are rebate demands?

Mr. POAGE. Yes.

Mr. HARKIN. But under this system would not that 3 percent be the big boys, the big cattle producers, that get their money back?

Mr. POAGE. If 3 percent of the largest cattle producers do not want this program, they will wreck the program and it will not succeed.

Mr. HARKIN. But from periodic rebates they can whittle down how much they put into this whole program.

Mr. POAGE. I did not understand the gentleman.

Mr. HARKIN. I am just saying the great big producers, the big feeder, is the one that can get the money back and it would be to his advantage to fill out the forms and wait the 120 days to get the money back.

Mr. POAGE. The largest operator in the United States or the smallest operator in the United States could get his money back. Any of them can get their money back.

We have found by our experience with similar programs, and that is the only experience we have, our experience with other commodities, we have found most of the rebates go to the smaller operators and not to the larger operators. I do not know of a single one of the programs now in operation where there has been a substantial repayment to the larger operators. Of course, the program helps them, too.

Mr. HARKIN. I do not know how this fact was determined. I would be surprised if any records are kept to indicate the size of the producer and the amount of money that has been rebated under these other programs. Under this bill, there is nothing I can see that would require any kind of recordkeeping to determine if the big boys, the big producers, were pulling their fair share.

I have other problems with the bill. Sure, I can see that if a good job is done on promotion that this will eventually help the cattle producer. However, because of the large sums of money that we are talking about here, which has been estimated to be between $40 and $60 million a year that would come into this beef bill, then it seems that the large chainstores are reaping a tremendous benefit from this checkoff bill. However, there is nothing in the bill that would require the large chainstores to be assessed a certain amount of money for the beef that they sell. And we all know from experience that it is the middle man, including the large chainstores, that are making the huge increases in profits at the expense of the cattle producer and, I might add, at the expense of the consumer.

Also, if we are talking about $40 to $60 million a year for promotion, this means that some great big advertising agency with offices in New York City are going to also reap a big harvest from this bill. This New York ad agency will be taking out nice slick ads in some national magazine like Time magazine, showing a picture of a nice big juicy steak and telling everyone to buy beef. I really question whether this is going to get people to eat more beef. I rather doubt it. But, these big New York ad agencies will make a lot of money.

Also, as the gentleman from Michigan pointed out, we are now importing a lot of beef into this country. If my memory serves me right, I believe we are importing about 5 percent of our total beef consumption from foreign countries.

It only seems right to me that they, that is, the cattle producers in those foreign countries, ought to pay their fair share. Now if we are talking about a $50 million checkoff fund per year, and if we import 5 percent, then the foreign producers ought to pick up 5 percent of this bill, which would be 5 percent of $50 million, or $2.5 million. In other words, $2.5 million ought to be charged to the importers of this foreign beef. That only seems fair to me, and yet there is nothing in this bill that would do that. However, they too will benefit from this beef checkoff bill.

I am also concerned about who this Board is going to hire to run this operation and how high the salaries will be. Someone earlier mentioned Cotton, Inc., which is the board that takes care of the cotton checkoff fund. Again, if my memory serves me right, Cotton, Inc., pays their executive director a salary in the range of $100,000 per year. I also understand there are other officials paid equally as high or nearly so. Yet there is nothing in this bill to control the salaries, and what is sometimes more important, the expense accounts of the staff that will be running this operation. That could be just another ripoff of the cattle producer's hard earned dollars.

As I stated earlier, it is not the argument concerning the consumers that bothers me. After all, the consumers would benefit in their diets and eating habits if they would eat more beef. What concerns me is just who is going to pay for it and who is going to be ripping off this $50 million a year?

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HARKIN. Mr. Chairman, I ask unanimous consent that I may be allowed to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. SEBELIUS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. RONCALIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I recognize by all the shouting in the Chamber that this is a very popular time to speak.

This bill is not going to satisfy nor help solve the problems of cattlemen in America, thousands of whom are going bankrupt every month. Nor will it probably help reduce the price of beef for the millions of consumers of America who are also concerned. This Congress—and oh, how I wish it had the guts I thought it had when I came here 10 years ago—ought to have a joint investigating committee with the power of subpena and start an investigation today of beef prices, the like of which would uncover collusion, fraud and price-fixing along the entire line from the sale of the cow until the time it hits the housewife's table.

There, we would uncover the practices that counsel Joseph Alioto discovered in a treble damages antitrust lawsuit 3 years ago in San Francisco in which plaintiffs obtained judgments against Safeway and others who were found guilty of illegal practices in the livestock industry of America.

But, we must begin someplace, and so I remind Members that we do have precious few beef growers in the West today who can make a living unless he has oil and gas on his property, or unless he has got a vein of coal, or unless his ranch adjoins a town that is growing so that he can sell off a few acres every year for real estate appreciation to make ends meet. If he must amortize his debt for purchasing his land within the last 10 years, there is no way he can make a living in growing livestock any more. Something must be done for the livestock operator, and I believe this is a step—however inadequate—in the right direction.

I would encourage every Member who has doubts, such as my good friend from New York, to vote for it. Three months ago, I called for special orders and asked all of my fellow Members to meet with me and discuss livestock prices. Who showed up? The gentleman from Colorado (Mr. JOHNSON) was virtually the only Member from the Republican side here. He was the only Member, and there were not two Members from the great cities of America here on the Democratic side of the aisle.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO. I yield to the gentleman from New York.

Mr. RICHMOND. Could the gentleman please tell us how a $60 million advertising fund, paid for by the beef producers, is going to help the poor cattle farmer? I would like to hear him tell us.

Mr. RONCALIO. I would be happy to let the gentleman know. This may be the beginning, the fact that perhaps $10 million of it can be spent for investigation of price fixing crimes; it can be used for other purposes acceptable to the gentleman if we take an interest in it.

Mr. RICHMOND. It is not for investigation; it is not for research. It is for advertising. What is the gentleman advertising? The American people cannot afford beef prices as they are today. They are already eating 120 pounds of beef per year.

Mr. RONCALIO. I say to my good friend that perhaps we can afford the fact that consumer spokesmen in the beef industry can be heard. If it does that, it could resolve a worthy need of the American consumer. I urge a "yea" vote on the bill.

Mr. SYMMS. Mr. Chairman, I move to strike the last word, and I wish to state that I support this legislation. I will not take the 5 minutes, but I would like to emphasize that the intent of this bill is to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products.

Secretary Butz testified before the House Agriculture Committee a little over a week ago where he pointed out that 80 percent of the budget of the U.S. Department of Agriculture in the coming years is going to be used for international and national welfare programs. The funds will not be used for basic research such as the Department of Agriculture has done in the past. This money, much of it in this legislation, will be for beef research and animal health research, which is sorely needed to help stop the impending crisis that will hit the cattle men of this country.

Mr. Chairman, Richard Nichols, chairman, Oregon Beef Council, said:

> For most of the past year and a half, cattle feeders have sustained losses of $100 or more per head, while cow/calf and stocker operators who produce feeder cattle and non-fed beef are losing as much as $50 to $100 on every animal marketed.

Estimates by the Oregon Beef Council, and Oregon Cattlemen's Association show that during this past year alone the Nation's cattle industry has declined $20 billion, or 48 percent, in value. As of January 1, 1974, the cattle inventory—as reported by USDA—was valued at $41 billion. Yet as of January 1975, with even more cattle on hand, the value was only $21 billion.

Again quoting Nichols:

> With a $20 billion inventory loss, plus approximately $5 billion operating loss, America's beef cattle industry in a 12-month period has sustained a $25 billion setback.

Causes: While the cattle industry, as a result of expansion decisions by individual producers, has been moving in a cyclical oversupply situation, the problem has been accelerated by an unprecedented cost doubling of feed, fertilizer and other production inputs.

Current problems are also a direct result of government policies which interfered with normal operation of the system:

Government deficits, fiscal policies and price controls are responsible for input shortages and extreme inflation.

The beef price freeze of 1973 crippled the entire beef marketing system, causing abnormal supply and price problems for both cattlemen and the consuming public.

Legislative and administrative actions based on political rather than scientific considerations have restricted or removed safety-proven, cost-reducing technological tools and adversely affected production systems.

Government interference in labor and shipping has impaired the efficiency of beef transportation and distribution.

Subsidized, cheap grain encouraged livestock production expansion. Then, suddenly, changed world demand and short crops created a devastating increase in feed costs.

Effects. When 1.9 million full- and part-time cattle operators are hurt, the entire economy is affected. At least 2 million persons work in supplying livestock and crop producers. Farmers and ranchers buy 5 percent of the Nation's steel output. They purchase 25 percent of its trucks. Each $1 spent in cattle production directly generates an additional $5 to $8 in business activity in the supply and processing industries.

Still another major frustration of the cattle industry is the misinformation being disseminated by advocates of various causes. One of these is the grossly overstated amount and proportion of grain used in actually producing this country's beef.

Mr. Chairman, consider:

Approximately 70 percent of all U.S. cattle feed is forage. Cutting back on meat consumption would have no appreciable effect on food grain availability.

Foods of ruminant origin—including beef and milk—provide more than half of our total balanced protein, and that protein is of much greater value in human nutrition than plant protein.

Feed for beef cattle consists entirely of rough, fibrous materials, which man cannot eat; and of coarse feed grains which most people will not eat.

To produce 3,000 calories of edible material from cultivated crops, it takes nearly 10,000 calories of energy from fossil fuels, but grazing cattle harvest the energy and other nutrients from grass with virtually no use of fossil fuel.

The crisis in beef is another example of Government interference facing the American agriculturalist today, and affecting our commitment to the world of tomorrow.

Yet if that commitment is not met, what then?

I urge a "yes" vote—give the cowboys a chance to help themselves.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I would just like to respond to the gentleman from Oregon and say that I think history is going to prove that the only thing that brought us through the economic crisis we are just coming through since the oil embargo was the fact that farmers were willing to take the risk of overproduction, because the only item we had to recover the money that left this country that the world needed happened to be food.

The farmers took the risk, and it is history, of course, that will prove that it was the farmer who brought us through these economic trials after the oil embargo.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, I want to get twice as much from the Russians as Secretary Butz is willing to get.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. ECKHARDT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7656) to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products, pursuant to House Resolution 714, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. PEYSER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. PEYSER moves to recommit the bill H.R. 7656 to the Committee on Agriculture.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. PEYSER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 229, nays 189, answered "present" 1, not voting 14, as follows:

[Roll No. 577]

YEAS—229

Abdnor
Alexander
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
Baucus
Bauman
Beard, Tenn.
Bedell
Bell
Bergland
Bevill
Blouin
Boggs
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Cochran
Collins, Tex.
Conable
Conlan
Corman
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Dent
Derrick
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Edwards, Ala.
English
Esch
Evans, Colo.
Evans, Ind.
Fascell
Findley
Fisher
Fithian
Flood
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Frey
Fuqua
Gaydos
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hansen
Harsha
Hastings
Hays, Ohio
Hébert
Hefner
Henderson
Hightower
Hillis
Holland
Holt
Howe
Hubbard
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Ketchum
Keys
Krebs
Krueger
Lagomarsino
Landrum
Latta
Leggett
Litton
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCollister
McCormack
McFall
McKay
Madigan
Mahon
Mann
Mathis
Meeds
Melcher
Michel
Milford
Miller, Ohio
Mills
Mineta
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Murtha
Myers, Ind.
Natcher
Neal
Nichols
O'Brien
O'Neill
Passman
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rose
Rousselot
Runnels
Santini
Satterfield
Schneebeli
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Wis.
Stephens
Stratton
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Vander Jagt
Waggonner
Wampler
White
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wright
Wylie
Yatron
Young, Alaska
Young, Tex.

NAYS—189

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Ashley
Badillo
Bafalis
Baldus
Barrett
Beard, R.I.
Bennett
Biaggi
Biester
Bingham
Blanchard
Boland
Bonker
Brademas
Broomfield
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clancy
Clawson, Del
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Delaney
Dellums
Derwinski
Diggs
Dodd
Downey, N.Y.
Drinan
du Pont
Early
Eckhardt
Edgar
Eilberg
Emery
Erlenborn
Eshleman
Fenwick
Fish
Florio
Ford, Mich.
Frenzel
Giaimo
Gilman
Gradison
Green
Gude
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hicks
Hinshaw
Holtzman
Horton
Howard
Hughes
Hyde
Karth
Kemp
Kindness
Koch
LaFalce
Lehman
Lent
Levitas
Lloyd, Calif.
Long, Md.
McCloskey
McDade
McDonald
McEwen
McHugh
McKinney
Madden
Maguire
Martin
Mazzoli
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Minish
Mitchell, Md.
Moakley
Moffett
Moorhead, Calif.
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Myers, Pa.
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Peyser
Pike
Price
Pritchard
Rangel
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Seiberling
Simon
Smith, Iowa
Solarz
Spellman
Stark
Steiger, Ariz.
Stokes
Studds
Sullivan
Thompson
Tsongas
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
Whitehurst
Wiggins
Wilson, C. H.
Wirth
Wolff
Wydler
Yates
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

ANSWERED "PRESENT"—1

Edwards, Calif.

NOT VOTING—14

AuCoin
Bolling
Dingell
Evins, Tenn.
Fary
Fraser
Macdonald
Matsunaga
Patman, Tex.
Ruppe
Sisk
Staggers
Udall
Van Deerlin

The Clerk announced the following pairs:

Mr. Matsunaga with Mr. Macdonald of Massachusetts.

Mr. Patman with Mr. Udall.

Mr. Sisk with Mr. Van Deerlin.

Mr. Staggers with Mr. Dingell.

Mr. AuCoin with Mr. Evins of Tennessee.

Mr. Fraser with Mr. Fary.

Messrs. NIX, KARTH, DODD, MURPHY of New York, and LENT changed their vote from "yea" to "nay."

Messrs. ASPIN, JAMES V. STANTON, ICHORD, and GOLDWATER changed their vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT ON S. 824, TO PROMOTE SCHOLARLY, CULTURAL, AND ARTISTIC ACTIVITIES BETWEEN JAPAN AND THE UNITED STATES

Mr. **HAYS** of Ohio submitted the following conference report and statement on the Senate bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 94–526)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Japan-United States Friendship Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) the post-World War II evolution of the relationship between Japan and the United States to peacetime friendship and partnership is one of the most significant developments of the postwar period;

(2) the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo on June 17, 1971, is a major achievement and symbol of the new relationship between the United States and Japan; and

(3) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.

(b) It is therefore the purpose of this Act to provide for the use of an amount equal to a part of the totals by Japan to the United States in connection with the reversion of Okinawa to Japanese administration and the remaining funds of the amount set aside in 1962 for educational and cultural exchange with Japan (known as the G.A.R.I.O.A. Account) to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including—

(1) support for studies, including language studies, in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan;

(3) support for programs in the arts in association with appropriate institutions in Japan and the United States;

(4) support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professors and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States cultural and educational activities, consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 7.5 per centum of the total funds payable to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 17, 1971.

(e) (1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T. 1957; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection shall not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976 may be appropriated in any subsequent fiscal year.

THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereafter referred to as the "Commission"). The Commission shall be composed of—

(1) the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation;

(2) two Members of the House of Representatives, to be appointed at the beginning of each Congress or upon the occurrence of a vacancy during a Congress by the Speaker of the House of Representatives;

(3) two Members of the Senate, to be appointed at the beginning of each Congress or upon the occurrence of a vacancy during a Congress by the President pro tempore of the Senate;

(4) the Chairman of the National Endowment for the Arts; and

(5) the Chairman of the National Endowment for the Humanities.

(b) Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime, and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) The Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

FUNCTIONS OF THE COMMISSION

SEC. 5. (a) The Commission is authorized to—

(1) develop and carry out programs at public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3(b) of this Act; and

(2) make grants to carry out such programs.

(b) The Commission shall submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt from any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commission for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct the Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum annually of the principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e)(1) of this Act shall be expended in Japan;

(5) appoint an Executive Director without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, who shall be compensated at the rate provided for a GS–18 of the General Schedule of such title;

(6) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code;

(7) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(8) enter into contracts, grants, or other arrangements, or modifications thereof;

(9) make advances, progress, and other payments which the Commission deems necessary under this Act; and

(10) obtain from the Secretary of State, on a reimbursable basis, such administrative support services and personnel as the Commission deems necessary and appropriate to its needs.

MANAGEMENT OF THE FUND

SEC. 7. (a) The Fund shall consist of—

(1) amounts appropriated under sections 3(d) and (e)(1) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act; except that amounts in the Fund, other than amounts which have been appropriated and amounts received by the Commission pursuant to sections 6(2) and 6(3), shall be subject to the appropriation process.

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
CHARLES C. DIGGS, Jr.,
WM. BROOMFIELD,
JOHN BUCHANAN,
Managers on the Part of the House.
JOHN SPARKMAN,
MIKE MANSFIELD,
FRANK CHURCH,
CLIFFORD P. CASE,
JACOB K. JAVITS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the

Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SECTION 2—STATEMENT OF FINDINGS AND PURPOSE

The House amendment included references to the special fund for educational and cultural exchange (known as the G.A.R.I.O.A. Account). This special fund is evidence of the importance the United States places on strengthening inter-cultural communication between Japan and the United States.

The Senate bill did not contain comparable provisions.

The conference substitute contains a revised reference to the special fund.

SECTION 3—ESTABLISHMENT OF THE FUND; EXPENDITURES

Section 3(b)(2).

The Senate bill authorized support for major collections of Japanese books and libraries at United States colleges and universities located throughout the United States.

The House amendment provided support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan.

The conference substitute adopted the House language.

Section 3(b)(3).

The Senate bill authorized support for programs in the arts in association with institutions of higher education in Japan and the United States.

The House amendment authorized such support in association with appropriate institutions in both countries.

The conference substitute adopted the House language.

Section 3(b)(4).

The Senate bill authorized support for fellowships and scholarships at the undergraduate, graduate, and faculty levels in Japan and the United States.

The House amendment limited such fellowships and scholarships to the graduate and faculty level in Japan and the United States.

The conference substitute adopted the House language.

Section 3(b)(6).

The Senate bill authorized support for other Japan-United States exchanges consistent with the purposes of this act.

The House amendment authorized support for cultural and educational activities consistent with the purposes of this act.

The conference substitute adopted the House language.

Section 3(d).

The Senate bill authorized an appropriation to the fund of 10 percent of the funds paid to the United States pursuant to the agreement between Japan and the United States for the reversion of Okinawa to Japan.

The House amendment authorized an appropriation of 5 percent of such funds.

The conferees agreed to 7.5 percent of the total funds payable to the United States pursuant to the Okinawa reversion agreement.

SECTION 4—THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

The Senate bill established a Japan-United States Friendship Commission composed of the Secretary of State; the Secretary of Health, Education, and Welfare; 6 members appointed by the President who are (a) conversant with Japan-United States relations; (b) expert in the field of education, the arts, or the humanities; or (c) representative of the general public; and the Chairmen of the National Endowment for the Arts and for the Humanities.

The House amendment provided for a Commission consisting of the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation; members of Congress; and the Chairmen of the National Endowment for the Arts and for the humanities.

The conference substitute incorporated a modified version of the House amendment.

The Senate bill (section 4(b)) provided for a 3-year term for each of the commissioners appointed by the President.

The House amendment did not contain a comparable provision.

The conference substitute does not contain the Senate provision. It is the understanding of the conferees that the composition of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall continue to reflect the diverse composition of the present membership of the Panel as set forth in the November 8, 1968 exchange of notes between the United States and Japan.

The members of the United States Panel will continue to be appointed by the Secretary of State in accordance with the provisions for such appointments set forth in the exchange of notes referred to above.

Section 4(c).

The Senate bill provided that the President shall appoint the Chairman of the Commission.

The House amendment provided that the Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission.

The conference substitute adopted the House language.

SECTION 6—ADMINISTRATIVE PROVISIONS

Section 6(4).

The conferees agreed that the reference to 5 percent annually refers to the total capital authorized to be appropriated to the Fund by this act.

Section 6(5).

The Senate bill contained a provision for the appointment of an Executive Director and additional personnel to carry out the provisions of this act.

The House amendment authorized the Commission to obtain administrative support services and personnel from the Secretary of State on a reimbursable basis.

The conference substitute retains the position of Executive Director and authorizes the Commission to obtain from the Secretary of State on a reimbursable basis such services and personnel as the Commission deems necessary and appropriate to its needs. In the event that the Commission is unable to have its appropriate administrative needs met on a reimbursable basis from the Secretary of State, the Commission would then be in a position to seek alternative arrangements.

SECTION 7—MANAGEMENT OF THE FUND

Section 7(e).

The Senate bill authorized the Secretary of the Treasury to pay out of the Trust Fund established by this act such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this act.

The House amendment provided that amounts in the Fund that have not been appropriated shall be subject to the appropriation process.

The conference substitute incorporates the House language with a clarifying amendment.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
CHARLES C. DIGGS, Jr.,
WM. BROOMFIELD,
JOHN BUCHANAN,
Managers on the Part of the House.
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CLIFFORD P. CASE,
JACOB K. JAVITS,
Managers on the Part of the Senate.

PERSONAL EXPLANATION

Mr. PEPPER. Mr. Speaker, because I was detained on official business, I missed three votes this morning on the floor. I ask that the permanent RECORD reflect that on Rollcall No. 573, had I been present, I would have voted "no"; on Rollcall 574, had I been present, I would have voted "aye"; on rollcall 575, had I been present, I would have voted "aye."

AUTHORIZING APPROPRIATIONS FOR BOARD FOR INTERNATIONAL BROADCASTING FOR FISCAL YEAR 1976; AND TO PROMOTE IMPROVED RELATIONS BETWEEN THE UNITED STATES, GREECE, AND TURKEY, TO ASSIST IN SOLUTION OF REFUGEE PROBLEM ON CYPRUS, AND TO OTHERWISE STRENGTHEN THE NORTH ATLANTIC ALLIANCE

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 737 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 737

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2230) to authorize appropriations for the Board of International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations and Representative Dante Fascell and Representative Edward Derwinski, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 737

provides for an open rule with 3 hours of general debate on S. 2230, a bill to authorize appropriations for the Board of International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey; to assist in the solution of the refugee problem on Cyprus; and to otherwise strengthen the North Atlantic Treaty Alliance. S. 2230 authorizes the delivery of defense articles and services to Turkey under contracts of sale which were signed prior to February 5, 1975.

House Resolution 737 provides that the 3 hours of general debate on S. 2230 shall be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations and Representative DANTE FASCELL and Representative EDWARD DERWINSKI with each controlling 45 minutes of the debate time. The rule was fashioned in this manner to insure that the proponents and the opponents will have an equal amount of time. While this method of allocating time deviates from the usual procedure, there are ample precedents for it.

The contents of S. 2230 are well known to all the Members of the House. On July 24 of this year we considered and narrowly defeated S. 846, a bill which would have accomplished the same thing that the bill now seeks to do.

Ordinarily, I would be hesitant to seek a rule authorizing the consideration of a bill that was rejected so recently by the House. Ordinarily, the House Rules Committee would be reluctant to grant a rule on a bill that was so recently defeated. But the Rules Committee did grant the rule and I am before you urging that the rule be adopted. The reason is simply that this is not an ordinary situation. The issue, whether to continue or remove the current arms embargo to Turkey, is one of supreme importance.

Likewise, I am sure that you recall the attempts made to bring this very bill up for immediate consideration on the night of July 31, the eve of our adjournment before the August recess. The tenor of that debate and the resistance to adjourn prior to repeated efforts to resolve the issue are clear indications that the House is indeed ready to again consider and debate the merits and demerits of the present embargo.

During the Rules Committee hearing on this legislation, many opponents of the rule argued that the Rules Committee should not do anything prior to the Turkish elections on October 24. They argued that our actions would be construed as an attempt to interfere in those elections. To this argument I would say—the die has been cast—we can no more avoid having some influence on those elections by inaction than we can by action. Sometimes the failure to act has far more effect than any action ever could have. Perhaps even before this bill and its predecessors were first filed what we did or did not do had an effect on Turkey and Greece. We cannot ignore this matter. It will not go away.

We must address the issue and proceed with the legislative process. Now is the time to hear the pros and cons. Now is the time to vote the matter up or down.

Some would say that there have been no material changes in circumstances to justify a reconsideration. Others would say that the changes have been drastic.

Some would say that the embargo has not worked because of a failure on the part of our State Department to support it. Others would say that it has not worked because it can never have the intended effect.

Some would say that the issue is clear cut because a U.S. law was violated. Others would say that here violation is defined by degree of violation and that the law cannot and should not be enforced on a selective basis.

Some would say that our national security is endangered by a continuation of the embargo. Others would say a more lasting danger to democracy is a failure to obey the rule of law.

The very fact that there are so many opposing and adamantly held views is sufficent reason to debate and vote on this matter.

Mr. Speaker, I urge the adoption of House Resolution 737 in order that we may discuss and debate S. 2230.

Mr. ANDERSON of Illinios. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 737 is a 3-hour, open rule, making in order the consideration of S. 2230 which authorizes appropriations for the Board of International Broadcasting, promotes improved relations between the United States, Turkey, and Greece, assists in the solution of the refugee problem on Cyprus, and strengthens NATO. This rule is identical to a previous rule on the Turkey aid matter in that it divides the 3 hours of debate equally between the chairman and ranking minority Member of the International Relations Committee, and Congressmen FASCELL and DERWINSKI.

Mr. Speaker, I think by now most Members are familiar with the history of the Cyprus situation as well as our legislative attempts to deal with it. We have been over this ground a number of times before. In fact, the opponents of this legislation argue that it would be inappropriate to consider this matter again because we have already voted nine times on the issue in the last year, most recently on July 24 of this year. It seems to me this argument completely ignores the fact that our consistent position on this issue to date has been counterproductive to our intentions.

Since the reimposition of the arms embargo last February, negotiations have not moved 1 inch toward a settlement of the Cyprus problem. And, since our most recent vote in July, we have lost our vital military installations and the southern flank of NATO has been rapidly deteriorating. Consistency may be a virtue, but mud is a fairly consistent substance; and right now we seem to be stuck in our own mud. An upright posture may be an admirable trait; but the consistently upright person, who refuses ever to bend, runs a real risk of losing his head.

Yes, there are principles involved; yes, there are legal and moral issues involved; yes, there are vital interests involved. But I would submit that neither side involved in this controversy has a monopoly on any of these qualities. We are engaged in a political arena in which none of the actors has a corner on truth and virtue and all are expected to interact to effect a workable solution—a denouement. We learn from our trials and errors, and we try something else. We are the masters of compromise in the great gray areas in which most issues are thrashed out.

The bill which this rule would make in order is a genuine and honest compromise which recognizes that what has been tried has not worked, and indeed has worked against our interests, and the interests of a Cyprus solution as well. S. 2230 does not provide for a complete lifting of the arms embargo against Turkey, but rather for a very selective and limited lifting of that embargo. The bill would simply permit the shipment to Turkey of those arms contracted for prior to the imposition of the embargo, in the amount of $185 million. The bill does not authorize the delivery of the $86.9 million in grant military assistance for Turkey programed prior to the embargo. Nor does it authorize any future military assistance to Turkey. Future arms aid and sales to Turkey would be contingent on congressional enactment of the fiscal 1976 Foreign Military Sales Act. Such future aid would be authorized only to the extent necessary for Turkey to fulfill its NATO responsibilities, and would be conditioned on a continued cease fire and no increases in Turkish troops on Cyprus or transfer of U.S. arms to that island.

This bill reflects a very evenhanded approach to our troubled relationships in the eastern Mediterranean. Section 2 of the bill calls on the President to initiate discussions with Greece to determine its urgent economic and military needs and to submit a report to the Congress within 60 days of enactment on the progress of these discussions along with any recommendation for economic and military assistance to Greece in fiscal 1976. The bill also addresses itself to the tragic plight of the 180,000 refugees displaced by the Cyprus conflict by calling on the President to cooperate in the implementation of multilateral refugee relief and assistance programs.

Mr. Speaker, the argument will be made today by those who think we have voted enough times on this issue, that we should at least delay consideration until after the Turkish elections on October 12. It will be contended that a vote now would influence those elections and constitute an intervention in the internal political affairs of Turkey. Mr. Speaker, I would only ask, where were these poll watchers when we attempted to bring this matter to the floor last July 31? As I recall it, a majority of the Members of this body rejected attempts to adjourn and did want to consider this matter then. But unanimous consent requests to take up the bill were objected to, and the Rules Committee chairman refused to convene a meeting on the bill.

Even after the August recess, when we were promised it would have first priority, the matter was further delayed by minority insistence that the whole package be rerouted through committee—even though we had considered the identical matters previously. And so, the

Rules Committee did not get around to considering the bill until September 24, and the House today, October 2. One can only conclude that to those who think the bill is wrong, the timing will never be right.

What about the argument that our vote on this matter today will somehow influence the outcome of the Turkish Senate elections on October 12? I frankly do not see this bill having any significant impact one way or another on those elections, according to what I have read about the campaigns. But to the extent it does not have some influence, it seems to me a failure to act on the limited lifting of the embargo would be just as significant as the enactment of this bill. The major decisions on future arms aid to Turkey are actually postponed by this bill until well after the October 12 elections since those decisions are wrapped up in the foreign military assistance bill.

In a campaign speech made by a member of the Turkish Opposition Party leader Ecevit, the Republican People's Party in a place called Amasya Mr. Ecevit said the following:

> A new decision by the American Congress in regard to the Arms Embargo is expected momentarily. The fact that the timing of the debate on this subject in Congress coincides with the elections in Turkey bears no special importance from our point of view. No party in Turkey would make the timing of a decision connected with our country's security a subject of debate with domestic political concerns in mind.

I would therefore caution against ascribing to S. 2230 more significance than its limited provisions merit. This is not going to solve the Cyprus situation overnight; this is not going to instantly patch up our tattered relationship with Turkey; this is not going to miraculously restore U.S. intelligence gathering activities in Turkey; this is not going to have a major impact on Turkish elections one way or another; this is not going to cause other allies to use American arms for aggressive purposes. I think it is best we disabuse ourselves of some of those earth-shaking notions now and put this bill in proper perspective.

It is indeed a very limited bill and we should not expect more than limited results. There are no more guarantees that this will work than there were that the total embargo would work. But hopefully, this will signal a first step in a new direction—of turning away from stalemate and confrontation and toward more amicable relationship and progress towards a Cyprus settlement and a regirding of our weakened NATO flank. It seems to me we owe it to ourselves and our national security interests to chart this new course, to try this new tack and hope that it meets with the favorable winds of reciprocity. It gets us nowhere to think we were dead right so long as we were dead in the water. I urge adoption of this rule and passage of S. 2230 as reported from committee.

I would suggest, therefore, that we ought to promptly adopt House Resolution 737, move to the general debate and, hopefully, pass this legislation.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 2230) to authorize appropriations for the Board of International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Morgan).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill S. 2230, with Mr. Natcher in the Chair.

The Clerk read the title of the Senate bill.

By unanimous consent, the first reading of the Senate bill was dispensed with.

The CHAIRMAN. Under the rule, general debate will continue not to exceed 3 hours, 1½ hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations; 45 minutes to be controlled by the gentleman from Florida (Mr. Fascell); and 45 minutes to be controlled by the gentleman from Illinois (Mr. Derwinski).

Under the rule, the gentleman from Pennsylvania (Mr. Morgan) will be recognized for 45 minutes; the gentleman from Michigan (Mr. Broomfield) will be recognized for 45 minutes; the gentleman from Florida (Mr. Fascell) will be recognized for 45 minutes, and the gentleman from Illinois (Mr. Derwinski) will be recognized for 45 minutes.

The Chair now recognizes the gentleman from Pennsylvania (Mr. Morgan).

Mr. MORGAN. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, the bill before us today contains two parts:

The first part would authorize appropriations for the Board for International Broadcasting, Radio Free Europe, and Radio Liberty for fiscal year 1976.

A similar authorization, contained in H.R. 4699, was approved unanimously by the Committee on International Relations on June 17.

A rule on that bill had been granted on July 22. However, because of pressure of other legislative business, that bill had not been scheduled for floor action.

Both the House bill and S. 2230 would authorize the full executive request of $65,640,000.

Our committee held hearings on that request and found it justified.

In addition, however, our committee recommended that a special $5 million fund be provided for the two radios to offset foreign currency exchange losses. This had been recommended by the Comptroller General of the United States.

The Senate bill does not include this special authorization. It is, therefore, $5 million smaller than the House bill.

In spite of this, we urge the approval of the Senate proposal—with the hope that the currency exchange loss provision can be considered in connection with next year's authorization.

The second part of the Senate bill contains the same partial lifting of the arms embargo on Turkey which the House debated—and rejected by a vote of 206 to 233 on July 24 of this year.

Mr. Chairman, the House is given an opportunity to reconsider that vote today.

There are very serious reasons why we should do this.

In the 8 weeks that have passed since we last considered this matter, events have taken place which seriously affect our national security.

In response to the action of the House in refusing to lift even a small part of the embargo, Turkey has closed down very important U.S. intelligence operations on 27 bases in Turkey.

According to the Secretary of Defense, there is every possibility that we will lose those bases permanently.

What we have here—in his words—is the makings of an American tragedy.

In addition, Mr. Chairman, no progress has been made in the negotiations between the Greek and the Turkish factions on Cyprus.

Those negotiations were moving ahead in Vienna. Progress was being made. They resulted in agreement on moving several thousand Turks and Greeks on different parts of the island. But then, progress stopped. And the talks broke up 2 weeks ago in New York.

So, right now, everything is on dead center. Neither side is willing to move. There is a complete deadlock. And the Turks on Cyprus—the Turkish Cypriots—are now threatening independence.

Also, Mr. Chairman, the relations between Greece and Turkey have not improved. If anything, they have gotten worse.

And our relations with both of those countries are suffering.

And NATO is suffering.

The alliance which kept the free world safe for the past 30 years is beginning to crack.

The embargo which the Congress put on arms shipments to Turkey plays an important part in these developments.

That is the opinion of the President and the National Security Council.

That is also the opinion of the American Legion, the Veterans of Foreign Wars, and many newspapers throughout the country.

This is also the opinion of the Committee on International Relations which directed, by a 20-to-9 vote, that we bring this issue before the House once again.

Now, Mr. Chairman, I know that the developments of the past 2 months do not impress some Members of this body.

They argue—as they have argued before—that the House of Representatives must stick with the principle and uphold the law—no matter what happens.

I am strongly in favor of upholding the law. I voted for the embargo on Turkey several times. But when I saw what it was doing to our national security, I changed.

So did many other Members.

There is one more reason why I changed.

The reason is very simple—but the people who talk about principle and upholding the law keep on forgetting about it.

The reason is this.

The embargo which the Congress put on Turkey goes way beyond the requirements of our law as it existed prior to the placing of the ban on arms to Turkey.

The embargo not only upheld the existing law but went beyond it and put new and additional penalties on Turkey.

This is the crucial point.

Our law required that we stop grant military assistance and Government credit sales of military goods to countries which misuse the weapons which they bought or obtained from us.

Those provisions were not intended to apply to the pipeline—to goods which a country had already purchased from us or which we gave to it but which had not been delivered.

Neither was the law intended to apply to commercial sales—only to government-to-government sales.

So, the Congress, in putting a total embargo on Turkey, was not reaffirming the law as it existed in July 1974.

Instead, Turkey was singled out for additional sanctions.

Mr. Chairman, this bill is designed to eliminate those additional sanctions.

To do this, the bill would only partially lift the embargo by allowing the delivery to Turkey of about $185 million in defense articles which Turkey contracted to purchase prior to the start of the embargo on February 5, 1975. It would also permit the issuance of licenses in connection with commercial sales.

This bill does not authorize any grant military assistance.

Neither does it permit additional government-to-government sale under the foreign military sales program until the Congress acts on legislation authorizing such sales, credits, and guarantees later this year.

Mr. Chairman, those who oppose this legislation also argue that now is not the time for the House to consider the bill.

They argue that House action now—less than 2 weeks before the Senatorial elections in Turkey—will be interpreted as an effort to influence the outcome of those elections, and as interference in Turkey's internal affairs.

This argument has no merit. The embargo has been a political issue in Turkey since the Congress first acted on it last September. It is a significant political issue—but one which cuts across the whole political spectrum in Turkey. Both government and opposition parties condemn the embargo. Neither side is likely to gain any advantage from a change in U.S. policy.

On the other hand, it is certain that if the embargo is not lifted or at least modified, U.S. and NATO interests will continue to suffer. The solution of the Cyprus problem will become even more difficult. U.S. intelligence-gathering losses may become permanent. There is every reason. Therefore, for the House to act now, without further delay.

That is why, Mr. Chairman, I am here again in the well of the House, asking for the approval of this legislation.

I believe that it is important for everyone concerned—for Greece, and Turkey, and Cyprus, and NATO, and our own security—that the United States take this first step.

Mr. Chairman, let me add a word to those Members who voted against this legislation last July.

Some of you, I know, voted the way you did because you believed that the pressure applied by the embargo would help to move the negotiations ahead.

You knew that there were quiet negotiations going on between the two factions on Cyprus.

The Greek Cypriots—and the Turkish Cypriots—were trying to work out their problems.

Many interested governments—and the Secretary General of the United Nations—were lending their encouragement to those efforts.

And some people believed that if the Congress of the United States kept the pressure on—some progress would result.

The events of the past few weeks have crushed those hopes.

The negotiations between the two factions on Cyprus broke down 2 weeks ago—and there is no hope under present conditions to get them started again.

So here we are—faced with a different set of facts than those which existed 2 months ago.

There are no more negotiations.

And the deadlock between the Greeks and the Turks on the island of Cyprus is throwing all of our relations in the eastern Mediterranean into a cocked hat.

It has damaged our relations with Turkey and Greece.

It has hurt our national security interests.

And it has damaged NATO.

Now I believe that no matter how you voted 2 months ago, you should look at the situation as it stands today—and vote on the basis of today's facts.

Let me repeat: The issues today are different than they were 2 months ago.

They require all of us to reexamine our position so that we may vote in our national interest.

To my mind, the last reason for keeping the embargo went out the window 2 weeks ago when the negotiations broke down.

I hope, therefore, that this legislation will pass today so that we may begin writing a new page—and a more hopeful page—in our relations with all of the countries involved with the Cyprus problem.

Mr. Chairman, nobody in this country of ours has greater admiration for my Greek-American friends than do I.

As I said here in July, they include some of the most patriotic and dedicated Americans that I know of.

I met with some of them, and they were among them those who were hostile to me because I have taken this stand. But I took this stand because I believe it was right for my country. After I sat down in my local coffeehouse and talked to some of my friends and constituents of Greek ancestry, some of them agreed with me and said, "Mr. Congressman, do what you think is good for America."

Mr. Chairman, that is what I am doing here today. I am standing here and making this speech and making this plea to the Members of the House because I think that what I am doing is good for America.

Mr. BROOMFIELD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, 2 months ago, in its most significant foreign policy action of this session, the House of Representatives narrowly turned back a proposal to relax the embargo on arms to Turkey. Proponents of the embargo maintain that nothing has transpired in the interim to justify another House vote on this important issue. I maintain that a great deal has happened, and that continued congressional refusal to ease this embargo can only be interpreted as willful irresponsibility contrary to the best interests of the United States.

Mr. Chairman, the fact that the consequences of our July 24 vote were largely predictable does not detract from their seriousness. For some 8 weeks now important intelligence-gathering installations on Turkish territory have lain dormant; I have addressed, in a supplemental statement to the committee report, the extent of our losses and the potential impact on our national security. I have here on the table copies of a recent letter from Dr. Ikla, the Director of ACDA, in which he details the importance of our Turkish bases in regard to arms control agreements, present and future. I hope interested Members will take the opportunity to read Dr. Ikle's letter before casting their vote today.

But the bases in Turkey are not the only issue. The southern flank of NATO is in serious disarray and our allies, with the obvious exception of Greece, are unanimous in counseling that the embargo is detrimental to the alliance and ineffective as a prod to settling the Cyprus dispute. Scores of thousands of Cypriot refugees remain penned up in temporary shelters, frustrated in their desire to return home. The Cyprus communal talks held in New York have ended in failure. Relations betwen the United States and Turkey, a staunch friend and ally for almost three decades, have deteriorated dramatically. With the embargo in effect, relations between Greece and Turkey hold little promise for improvement.

On October 12, the people of Turkey will hold parliamentary elections. It does not constitute interference in the Turkish electoral process to state the obvious: that, in the absence of favorable House action on S. 2230, Turkish politicians running for office will be sorely tempted to call for additional pressure against our installations. There is an excellent chance that a defeat of the legislation before us today will constitute the death rattle of joint security bases in Turkey critical to our security. Approval of

S. 2230, on the other hand, should help to remove the bases as an election issue and insure that Turkish-American relations, already severely impaired, are not irrevocably damaged.

The deteriorating security situation in the eastern Mediterranean, the continued vitality of the NATO alliance, the status of our bases, and our bilateral relations with traditional allies are critical issues, but they are basically problems of our own making. They are, in a large measure, the result of an embargo originally intended to punish the Turks for abusing our military assistance relationship. We have it in our power today to take responsible action in the national interest, action that will dissipate the effects of the embargo and—hopefully—mark the beginning of a process leading to peace on Cyprus. Let us not lose sight of the fact, Mr. Chairman, that it is the tragedy of Cyprus and the plight of the refugees on that island that are central to our concerns.

The failure of the embargo as a spur to compromise and negotiation on Cyprus has been so apparent over the past 8 months that those who demand we continue to use pressure as an instrument of peace are reduced to two arguments. They maintain, in the first instance, that the embargo has not worked because the administration has not permitted it to work; that, by holding out the prospect of relieving the embargo in the absence of prior Turkish concessions, the administration has frustrated the will of Congress.

I take another view; I think the embargo has not worked because the Government of Turkey will not permit it to work. The Turks are a proud people who react to pressure—and some of them might even see it as blackmail—in much the same manner as we would. They get their backs up, they refuse to cave in to pressure from another nation, secure in the realization that they have important cards to play in this test of wills.

The Turks have repeatedly made it clear to us that there will be no concessions on Cyprus until the embargo is eased; I can see no reason to doubt their sincerity on this point, or to suppose that an indefinite continuation of the embargo will eventually bring them to their knees. In fact, there is strong evidence to suggest that the Government of Turkey, in light of the embargo experience, is beginning to look for alternative sources of support and military procurement such as Western Europe, Iran, the Arab world in general, and radical Arab States such as Libya and Iraq, in particular.

The other point made by those in favor of the embargo is that it should not, it cannot, be lifted until the Turks have made a prior concession on the Cyprus issue—private or public, minor or major. There is a certain internal logic in this argument; the embargo, after all, was intended to punish, to force a peace. To relax it in the absence of a prior concession is to admit the failure of our initiative. What we have here is a test of wills between two determined forces: the United States establishing preconditions for lifting the embargo, the Turks insisting that lifting the embargo is a precondition to movement on Cyprus. I have grave reservations about whether it is in the best interests of this country to insist on this point of honor indefinitely, particularly when it diminishes the chances of accomplishing our policy objectives.

We have enforced our legislation. We have punished the Turks with an arms embargo for 8 months, and we have failed to work our will. The United States, the most powerful and compassionate nation in the world, can now afford to make a symbolic concession to the Government of Turkey in the interest of peace on Cyprus. We can say to them, in effect, our embargo has not worked. We will relax it conditionally and see how you react. But be on notice that we shall be watching carefully, that we are determined to see real progress on the Cyprus issue. Your future access to major military supplies will be contingent on progress toward peace on Cyprus. Mr. Chairman, the United States of America can afford to make the first gesture and break this impasse. We can afford to take a chance for peace.

I wish I could stand up here today and say to you: "Ease the embargo and you will open the door to a settlement of the Cyprus issue." I cannot make that statement; but I can state categorically that a refusal to take favorable action on S. 2230 will not move the Cyrus tragedy 1 inch closer to resolution. It will not lead to the return of a single refugee to his home. It will not cause a single Turkish soldier to leave the island. Rather, it will lock the parties deeper in confrontation and set in motion a series of related issues jeopardizing our national security and the stability of the eastern Mediterranean area.

While I cannot guarantee a direct correlation between easing the embargo and progress toward peace, it is my strong personal belief, and one I believe is shared by those familiar with the situation on the island, that a relaxation of the embargo will serve as an inducement for the Government of Turkey to negotiate in good faith on Cyprus. If my prediction is wrong, if the Turks continue to be adamant on Cyprus after S. 2230 is passed, Congress retains—under provisions of the legislation—the opportunity to reexamine our relationship with Turkey when we consider our foreign assistance legislation later this year. Finally, I believe many Members will vote today to ease the embargo out of a desire to remove an obstacle to negotiation and would, in the absence of tangible progress toward peace, be prepared to consider reimposing the embargo. The point I am making is that there is nothing irrevocable about favorable consideration of the legislation before us. Continued intransigence on the embargo may, however, irrevocably damage our interests in the area and the prospects for peace on Cyprus.

I have not dwelt at length on the so-called moral issue inherent in the embargo: the Turks have violated our law and must be punished until they repent: relaxation of the embargo is an open invitation to others to violate our laws. We have debated extensively the question of when continued purnishment becomes counterproductive and whether it is in our interest to insist on a penalty that retards the prospect of peace on Cyprus and damages our national interests.

There is room for honest disagreement on this question, but I cannot escape the observation that the overriding moral imperative before us is the requirement for peace on Cyprus and a better life for the refugees. I honestly fail to see how prolonging the embargo can possibly serve this objective.

After our last vote on this issue, I suggested that Congress, destined to play an increasingly important role in the conduct of our diplomacy, has an awesome responsibility to do what is right and not what is politic. We have an opportunity this morning to exercise this responsibility, to take a fresh look at a complex problem, to determine how we shall best serve the national interests of the people we represent. This is an opportunity we can ill afford to neglect.

Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, we deal again this afternoon with an issue that has been repeatedly before this House over the past year. As my colleagues well know, on the last occasion it was before us, at the end of July, the House voted by a very narrow margin to maintain the ban on military assistance to Turkey and an embargo on all military sales for cash as well.

Unfortunately, there have been a number of developments in the wake of this vote which appear to have worsened the situation rather than improved it. We are now being told, and with some apparent logic, that if we again decide to maintain all of these restrictions against our Turkish ally that this will further exacerbate these disturbing developments.

Certainly in the period since last July we have seen no real progress toward a just solution of the Cyprus dispute. On the contrary, in the weeks that have intervened, we have seen a greater gulf developing between the Turks and the Greeks on that beleaguered and tragic island. With respect to our vitally important security arrangements in the eastern Mediterranean, here we have clearly seen a dangerous deterioration. Key U.S. defense activities have had to be suspended in Turkey, and all the Turkish political parties have made it clear that a prolongation of the current legislative situation—regarded by every Turk regardless of party as unjust and punitive—will inevitably result in the dismantling of the United States-Turkish relationship.

On the other hand, the Turkish Government has given our Government assurances that removing the embargo would enhance its negotiating flexibility on Cyprus. Similarly, it has said that while it cannot conceive of a worthwhile United States-Turkish relationship so long as the current embargo is in place, its lifting would create an atmosphere which could lead to the reestablishment of beneficial security ties. Under these circumstances, it seems to me that both our security relationships and the cause of a just settlement in Cyprus may possibly be helped by enactment of the legislation before us today.

The legislation does not, of course, remove the bulk of the restrictions that Congress has placed upon Turkish military assistance. In fact, it continues to prohibit any new military assistance as such, whether in the form of new grants or new credit sales, to flow again to Turkey. It does, however, lift the embargo against sales for hard cash, and in the effort to get a deteriorating situation off dead center, I am prepared to vote for this. I do so with the hope that it will lead to an improvement in this important and dangerous situation, but with the knowledge at the same time that if that should not be the case, I and all my colleagues in the House will, before many more weeks have passed, have another opportunity to vote on exactly the same issue that we are considering today. The absence of progress in the intervening period would undoubtedly have a major impact on my thinking, as I am sure it would on the thinking of many of my colleagues, when we face this issue again.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Chairman, I rise in strong opposition to the bill, S. 2230.

This bill contains the same provision for resumption of arms to the Government of Turkey which the House rejected over 2 months ago.

It was a bad bill then; it is still a bad bill, and, Mr. Chairman, it is bad for America.

And, Mr. Chairman, I want to explain why I think S. 2230 is unsound, unwise, and against the interests of the United States.

Mr. Chairman, I think it is time that we recall the fundamental reason that Congress cutoff arms to Turkey.

The reason is simple. Congress was insisting that the laws of our land be enforced.

I would remind Members of the House that provisions of two laws, the Foreign Assistance Act and the Foreign Military Sales Act, contain language specifically halting further U.S. arms to any country receiving arms from this country whether by grant or sale, if those arms are used for aggressive purposes.

When, on August 14, 1974, 40,000 Turkish troops, equipped with tanks and bombs, guns and planes, ships and bullets supplied by the people of the United States, invaded and occupied the small, friendly island republic of Cyprus, Turkey acted not only in violation of the specific condition of these laws but also in violation of bilateral agreements which Turkey had entered into with the United States.

Yet the executive branch of our Government steadfastly and willfully refused to enforce the law.

It was only last month, Mr. Chairman, that President Ford, addressing the California State Legislature, declared:

> The American Revolution was unique in its devotion to the rule of law. We overthrew our rulers but cherished their rules.

And as late as Tuesday of this week, in dedicating the new FBI headquarters here in Washington, the President called for "renewed commitment to the rule of law in America and to the legal system that perpetuates freedom and justice."

"Without law," the President said, "we have neither freedom nor justice."

Yet, Mr. Chairman, it was precisely this refusal to enforce the clear mandate of our laws that constrained Congress to take the action it has taken with respect to arms to Turkey.

The executive branch of the government continues to urge contempt for the law; Congress has been insisting that the law be respected.

The second reason S. 2230 is a bad bill in the it would discard a fundamental principle of U.S. foreign policy, one written into our laws, namely, that American arms are not to be used for aggressive purposes.

For the United States to resume arms to Turkey without any action by Turkey to redress the consequences of its action of August 14, 1974 on Cyprus would represent a fundamental, indeed, radical, change in American foreign policy.

We would be saying to the world that United States no longer insists that arms supplied to this country be used solely for defensive purposes.

This, Mr. Chairman, brings me to the next reason that S. 2230 is bad legislation.

For it sets a very bad precedent.

For if we resume arms to Turkey, without any action by Turkey on Cyprus to remedy its acts of August 1974, we will be giving the green light to the other countries in the world now buying an estimated $9 billion in arms from the United States annually to use those arms without restraint and without any regard for the restrictions that have been written into the laws of our own country and into our bilateral agreements with the countries buying arms from us.

This, clearly, would be a most dangerous step and all the more so at a time when we are being asked to channel billions more in arms into the tinderbox that is the Middle East.

Mr. Chairman, there is another reason that this is a bad bill, and it is that for us to resume arms to Turkey would under the present circumstances be simply to yield to Turkish blackmail.

It was Secretary Kissinger himself who said in June in Atlanta that the United States should not be yielding to the threat of retaliation by those countries where we have bases where we do not do what they want us to do.

Yet it is precisely such capitulation to blackmail that the executive branch is now pressing on Congress, again a most dangerous precedent.

For there are other U.S. bases throughout the world in countries that will watch what we do in Turkey and will take a lesson therefrom for their own future relationships with the United States.

Another reason, Mr. Chairman, that this is bad legislation is that it requires no action whatsoever on the part of the Government of Turkey in exchange for arms.

The bill has been called a compromise, but of course it is no compromise at all.

I say this because under the bill Turkey gets the arms that it has already contracted for before February 5, 1975, whether paid for or not; immediate unlimited commercial sales; and military sales, credits, and guarantees immediately on passage by Congress of the military assistance authorization bill.

The only category of arms which Turkey does not get under the bill is grant assistance, but such authorization is of course not necessary because under the existing waiver authority, the President can grant Turkey $50 million in arms, more than he granted last year.

So this bill, like the one we rejected in July, is a totally unilateral proposition.

There is no quid pro quo whatsoever.

Turkey gets arms but Turkey is required to do nothing at all about the tragic situation of nearly 200,000 refugees on Cyprus or about the continuing occupation of the richest part of the island by Turkish military forces.

Nor, to cite another reason to oppose this legislation, Mr. Chairman, has the administration indicated any sensitivity to the adverse effect a unilateral resumption of arms to Turkey would have on the new democracy in Greece.

In my judgment, it is important that we have both Greece and Turkey playing a vigorous role within NATO, but the policy of the administration has been to weaken the situation of both countries within the Western alliance while at the same time undermining the integrity of American law and a fundamental principle of our foreign policy.

It has been said, Mr. Chairman, that the embargo has been tried but has not worked.

But, of course, this allegation is simply not true.

For the fact of the matter is that the Department of State, both publicly and privately, has exercised every possible effort to undermine the effectiveness of the embargo.

Repeatedly, administration spokesmen have attacked Congress for insisting upon the enforcement of the laws of our own country instead of turning their energies to Turkey, which is violating the conditions of our laws.

It should be no surprise to anyone that Turkish officials have remained adamant in their refusal to negotiate on Cyprus because they have been encouraged by the administration to believe that the administration would reverse the action of Congress and thereby give Turkey arms while maintaining its position on Cyprus.

What has been the missing ingredient all along, Mr. Chairman, is any willingness on the part of the executive branch of the Government of the United States to join Congress in insisting that the laws of our land be enforced, and, therefore, to urge the Government of Turkey to take such steps on Cyprus as would justify an action by Congress to reverse the arms embargo.

And this brings me to my final point, Mr. Chairman, and it is this.

All along the supporters of the arms embargo have made very clear our willingness to resume arms to Turkey provided that the Government of Turkey take such steps on the island of Cyprus as would be necessary to redress the results of their violation of their bilateral agreements with us and of the conditions under which they received arms from the United States.

In particular, Mr. Chairman, we have continued to point to the humanitarian problem of the nearly 200,000 refugees who were driven from their homes by the actions of Turkish military forces equipped with American arms.

It is for these reasons then, Mr. Chairman, that I strongly oppose S. 2230 and that I will equally strongly support the amendment to be offered subsequently by the gentleman from Florida (Mr. FASCELL).

Approval of the amendment will represent a victory for the best interests of the United States.

Mr. RONCALIO. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I am glad to yield to the gentleman from Wyoming.

Mr. RONCALIO. Mr. Chairman, I have always agreed with, I now agree with, and I will continue to agree with the gentleman from Indiana in the well.

Mr. BRADEMAS. I thank my colleague, the gentleman from Wyoming.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to my colleague, the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding.

I would also like to commend him for his leadership on this side. His dedication is even more manifest when we realize that not too long ago, in just recent past days, he lost his beloved father.

But his concern for the morality of this cause was so impelling that he simply had to return to the House this week once again to participate in the leadership in this fight for justice.

Mr. Chairman, I too join with the gentleman from New York in opposition to this bill and I rise to give my views on S. 2230, legislation which seeks to lift the ban on military aid to Turkey, imposed by Congress this past February 5. As one of the earliest and most ardent supporters of the embargo, I remain firmly opposed to the resumption of aid as provided in S. 2230. I am firm in my views that this Nation must adhere to basic principles of integrity in our foreign policy. A lifting of the embargo as proposed in S. 2230, at a time when Turkey still has illegal control of 40 percent of Cyprus, would be an unforgivable betrayal of this position, as well as betraying the Greek American community.

There are others in this House who have fought the long battle against aid to Turkey. They too, have remained committed to the principles of the embargo. Yet we do realize that absolute intransigence in this issue will not and has not, aided the cause of peace in Cyprus. Collectively, we have taken the initiative of compromise with Turkey in the form of an amendment to this bill. Our amendment will allow only those military materials purchased prior to February 5 to be sent to Turkey, this to be done only after the President certifies to Congress that substantial progress is being made to relieve the plight of the refugees on Cyprus. The amendment itself is simple enough, but its passage will have a profound effect on terminating the stalemate on the question of Turkish aid and may ultimately provide the impetus for a lasting peace on Cyprus.

It is critically important that we finally make prominent the tragic situation facing the refugees on Cyprus. They are the real victims of the 14 months of war and occupation of the island. Their needs and security must be provided if we are to expect peace on Cyprus. Let us examine the current facts in the refugee situation. There are between 180,000 and 200,000 Greek Cypriot refugees. This comprises one-third of the island's total population. They include men, women, and children who have been displaced from their homes, businesses, and even from their own families. All face lives of poverty and suffering. An estimated 14,000 people still remain in squalid tent camps, a situation which the Washington Post described as "the most acute human and political problem on Cyprus."

These facts are not stated here merely for their statistical effect. These numbers represent real human tragedies in the day-to-day lives of the refugees in Cyprus under the control of their Turkish invaders.

Last year I authored an amendment to the Foreign Assistance Act which provided $25 million in emergency relief aid to Cyprus. These funds have been extremely beneficial in assisting the Cypriot government to meet the most urgent needs of the refugees, namely food, shelter, and medical care. These funds have also been used to help rebuild the economy of Cyprus which has been devastated over the past 14 months. These funds have been exhausted. I will seek additional funds for the next 2 years in later legislation. However, I see the passage of this amendment today as an important demonstration to the Cypriot people that we remain committed to aiding them in their hour of need.

This is the 10th time Congress has considered legislation dealing with arms aid to Turkey. Responding to Turkey's illegal use of American military aid, we effected a total cutoff of arms aid to Turkey on February 5. This amendment today can in no way be interpreted as an abandonment of our basic philosophy regarding aid to Turkey. We are not providing for any new shipments of aid to Turkey, only those which they had purchased prior to February. It is an effort toward compromise, a desire by the Congress to open any new door which may lead us down the path to peace for Cyprus.

Mr. Chairman, I, and others in support of this amendment, have stood at this podium on a number of occasions to criticize Turkey. Today we speak in a somewhat different vein. We are extending the opportunity for compromise with Turkey designed to achieve the greater good, peace, and security for the people of Cyprus. It is my fervent hope that passage of this amendment will provide the catalyst for the commencement of meaningful peace negotiations.

As in the past on this issue, the vote on this amendment is a vote of conscience. It is a vote which will affirm the fundamental commitment of Congress to assist the people of the world in times of dire need. Consider the plight of the Cypriot refugees. Consider the jarring effects which 14 months of war and occupation have had on their everyday lives. This Nation has both the means, and the moral obligation, to assist the refugees on Cyprus. Let us recognize this and let us implore the administration to take the lead in this issue. I urge support for this amendment today. Its passage may mean the difference between a future of peace or one of continued misery and suffering for the people of Cyprus. The choice should be obvious.

I wish to add that this amendment does enjoy the support of the Greek American community. They see the refugee problem as one which deserves the immediate assistance of this Nation. This morning I received a telegram in support of the amendment from the Hellenic Council of America.

But I would like, Mr. Chairman, in the event we fail to prevail today, to indicate for the record that the amendment to be offered by the gentleman from Florida is a conciliatory amendment. It removes us from the intractable position we find ourselves in and should put at rest all the arguments that have been offered by the administration with relation to the delicate situation that exists in Turkey, and will bring us past the election on the 12th of October and focus attention on the most sensitive area, those 200,000 refugees in Cyprus.

If they are in fact sincere and genuine in their commitment to restoring peace to Cyprus, the very least that can be done is to have the administration and the gentlemen on the other side support this amendment. The worst is they can remain at their present position. But I would like to congratulate the gentleman from Florida (Mr. FASCELL) for his expertise and his commitment and his intellect in devising this type of amendment.

I thank the gentleman for yielding.

Mr. BRADEMAS. I thank the gentleman from New York for his very gracious remarks and I commend him for his fine statement. The gentleman has been a vigorous champion of justice for the people of Cyprus.

Mr. WHALEN. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Ohio.

Mr. WHALEN. Mr. Chairman, I know all the Members of this body share the gentleman's concern that American arms be not used illegally. Indeed it was for this reason that I supported the gentleman's position on many occasions, at least until the last vote in July. At that time and since then I have become aware of other facts which were not known to me at the time of the earlier votes. I would like just to question the gentleman about two actions on the part of the Greek Government.

The first is with respect to the Suda base in Crete. I became aware of the fact when I was traveling in Europe this summer with my family that without the knowledge or consent of the American Government the Greek army withdrew arms. This became known only after an inventory. I wonder how the gentleman would view this.

Mr. BRADEMAS. I would view that

with the same concern as my friend, the gentleman from Ohio, but I would point out to him that of which he has not yet advised the committee, which is that the officials of the Government of Greece responsible for those actions have been indicted and sentenced to life imprisonment.

Mr. WHALEN. There are two points on that. The information I have had in following this up indicates that the successor government was also involved in this. This of course was still the Government of Greece, whatever the leadership was. I suppose the same argument could be made with respect to Turkey, that is that the Turkish invasion took place under a former government.

Mr. BRADEMAS. If the gentleman will allow me to say so, I am really astonished, really astonished that the gentleman from Ohio, who knows the great regard I have for him, should so facilely suggest an analog between the change from one Government in Turkey, not a change of regime, to the change in Greece, which was not simply a change of government but a change of regime, from a military dictatorship, which was strongly supported by the administration of Mr. Nixon, to a regime of constitutional democracy.

I think, as my friend, the gentleman from Ohio, would agree, because the gentleman sits on that committee, the gentleman knows that the gentleman in the well was strongly, vigorously, and openly opposed to the policy of the Nixon administration of shipping arms to the military dictatorship.

I should have thought that the gentleman from Ohio, who knows and shares this point of view, would have somewhat stronger arguments than the rather thin, frail reed of suggesting that there is no distinction between a constitutional democracy and a dictatorship.

I know the gentleman wants to use his own time and so I will not pursue the point further.

Mr. WHALEN. Mr. Chairman, if the gentleman will yield further, I may state that the gentleman did not answer my second point, that similar action was taken by the present Government.

Mr. BRADEMAS. I am aware that that allegation has been made. I find it passing strange that it has only been within recent days and weeks that we have begun to hear that argument and I have the most profound skepticism about the assertion. Indeed, administration officials have never offered any of the details of that assertion, and I cannot imagine they would not have done so had any such information of that kind been available to them.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, the truth is that there have been five Security Council mandates for the parties on Cyprus to observe the ceasefire line and only the last of them was observed by the Turkish Government, after they had violated four of those, whereas the Greeks complied. That was not the original action.

Mr. BRADEMAS. I am not aware that the Government of Greece, either the past military dictatorship or the present democracy in Greece, has sent to the island of Cyprus 40,000 troops armed and equipped with American bombs, American ships, American guns, American tanks. The distinction is quite clear.

The CHAIRMAN. The Chair now recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. WHALEN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes, of course, I will yield.

Mr. WHALEN. Mr. Chairman, I will take just 30 seconds to respond to the gentleman from Indiana. I would just like to point out to the gentleman and to the Members of this body that there were 700 Greek troops illegally stationed in Cyprus at the time hostilities broke out and these troops were equiped with American armament.

It seems to me there were two wars, the first war was started by the Greeks and the second war, which would have never occurred if the first had not broken out, was the Turkish invasion.

Mr. BRADEMAS. Mr. Chairman, I might say, my friend, the gentleman from Ohio, is a member of the International Relations Committee. Had the gentleman been so exercised about this alleged violation, I think the gentleman should have been in here offering some appropriate amendment.

Mr. WHALEN. Mr. Chairman, if the gentleman will yield, I would like to respond to that and then we will turn it over to the ambassador from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I am pleased to cooperate with all my colleagues and I yield to the gentleman.

Mr. WHALEN. Mr. Chairman, I think I covered that point earlier with the gentleman from Indiana. As I mentioned a few moments ago, I showed the gentleman's position all through 1974. It was after I became aware of certain fads after further study that I switched my position. Really, the issue before us is not who violated which provisions—violations have been made by both sides and indeed, there have been violators innumerable times by other nations.

The issue is, first of all, how long will we punish Turkey,

Second, will we have even-handed justice?

Mr. DERWINSKI. I thank the gentleman for his comments. I would point out that to get into this debate as to who really started what, when, how and why, we must recognize that this all becomes obscure, because there is reasonable justification for almost every act if you start with a certain premise, and this debate goes on without termination.

Mr. Chairman, later on there will be an amendment offered which will basically reach the heart of this issue and on which we will vote this afternoon. At that time I will be prepared, as I am sure many others will, to discuss the specific issue of refugees on the island and the question of whether or not there has or has not been progress on Cyprus.

However, I take a few minutes of my time to discuss a subject which has been emphasized in the press in great detail.

That is the issue of ethnic politics and ethnic pressure.

Specifically, there have been charges made that the Greek lobby has been improperly influencing judgment in the House, and earlier in the Senate, on this issue. By implication, the effectiveness of this so-called Greek lobby is challenged. I would like to point out something that I think all the Members recognize, that ethnic politics is as American as apple pie. It is a political fact of life. I do not think there is anything fundamentally wrong in the activities, the organized activities, and the spirit that Greek Americans have shown in approaching this subject.

As we all look back at either our own personal backgrounds or look back at the areas of the country, the neighborhoods from whence we came, we recognize that there is an ethnic consciousness that most Americans have toward the land of their forebears. This is good; this is normal. When it comes to an issue in this country involving Greece and Turkey in which we have over 500 years of complications between the two countries, it is only natural that the Greek Americans would rise to what they consider the necessary defense of Greek interests. Since the United States is intimately involved in the problems between the two NATO allies and the problems of Cyprus, it is only natural that the Greek lobby—to use that term—would try to influence the votes of Members.

My personal opinion is that the contributions of the Greek Americans to this debate over the last year have been positive, predictable and, in my judgment, they do not deserve criticism. One could criticize their logic, if one wishes; one could criticize their point of view, as do those who support this proposal, but those Members who understand politics—and I am sure that most Members of the House do—recognize the validity of ethnic feelings.

The Greek American community has acted with a proper motivation. They have been effective; they have been as predictable as anyone could expect them to be, understanding their emotional ties to the land of their forefathers. They have been subject to undeserved criticism.

The CHAIRMAN. The Chair now recognizes the gentleman from Pennsylvania (Mr. MORGAN).

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. DOWNING).

Mr. DOWNING of Virginia. Mr. Chairman, despite serious misgivings, I am going to change my position and vote for this legislation this afternoon.

Mr. Chairman, no one among us has deplored more than I the tragic situation in Cyprus in 1974–75. I do not condone the activities of either of the outside powers which in my mind have worked to destroy the independence of Cyprus and literally enslave thousands of its citizens.

I voted with the majority on February

5 to cut off military aid to Turkey even though I had grave reservations about the consequences of such a step to our national defense.

Since that time my concern has grown over the potential loss of 27 U.S. bases in Turkey. The ban has not worked. It has had a negative effect and has been counterproductive. It has not helped Cyprus, not helped Greek-Turkish relations. It is hurting American-Turkish relations and is threatening the loss of 27 military bases in Turkey which are considered essential to our security.

Furthermore, I am concerned about the forthcoming elections in Turkey on October 12. By continuing the ban we make it difficult for candidates friendly to the United States to be elected or reelected and this could result in the election of a government in Turkey hostile to the United States.

Consequently, I feel that I must do what I believe to be in the best interest of our country. I shall vote to allow the shipment of arms to Turkey which were purchased prior to the February 5 cutoff date.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. Solarz).

Mr. SOLARZ. Mr. Chairman, I rise for the purpose of establishing some legislative history with respect to both components of the bill which we have before us this afternoon.

The first has to do with the Board for International Broadcasting which, as the Members may know, authorizes appropriations for Radio Free Europe and for Radio Liberty.

The Communist regimes in Eastern Europe have no monopoly on repression. The sad fact is that the suppression of free speech and freedom of the press is not just a Communist phenomenon. It seems to me, therefore, that to the extent the justification for Radio Free Europe and Radio Liberty is that they make information available to the people of the Communist countries of Eastern Europe that they would not otherwise be able to obtain, it would make equal sense to beam similar kinds of broadcasts to other closed societies as well.

Mr. Chairman, I had originally intended to offer an amendment to the bill—which I am going to refrain from doing this afternoon—to authorize the Board for International Broadcasting to study this possibility.

The chairman of the Committee on International Relations, the gentleman from Pennsylvania (Mr. Morgan), has informed me—and I would appreciate it if he could confirm it—that our own committee will conduct such hearings in order to explore the need for, and the feasibility of, having the Board for International Broadcasting arrange for broadcasts similar to those provided by Radio Free Europe and Radio Liberty to other closed societies around the world.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, later this year, the committee will be studying this.

Mr. SOLARZ. I very much appreciate the gentleman's comment.

Mr. Chairman, the other point I want to make relates to that part of the bill dealing with Turkey. The Members may be aware of the fact that the Senate tacked on an amendment giving the Congress 20 calendar days in which to disapprove any foreign military sale to Turkey in excess of $25 million. The experience we have had indicates that with the sale of Hawk missiles to Jordan this is a very tight timetable under which to work.

I am, therefore, happy to insert in the Record at this point a letter I received the other day from Under Secretary of State Joseph J. Sisco, together with a background memorandum, in which he indicates that the administration will not proceed, assuming this legislation is passed, with any arms sale in excess of $25 million to Turkey, at the end of the 20-day period, if Congress is still considering the resolution of disapproval. In effect, this means that if at the end of 20 days Congress has not yet been able, because of procedural problems, to work its will, the administration will resubmit the letter of offer to give us more time to make a determination.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. I yield the gentleman fom New York, Mr. Solarz, 1 additional minute.

Mr. SOLARZ. Mr. Chairman, I think this was a conciliatory gesture on the part of the administration. I think it means the Congress now has an additional mechanism by which to keep a careful control over additional sales of weapons to Turkey, and I thought it appropriate to insert these materials in the Record at this point so it would be clear to one and all concerned.

The material referred to follows:

UNDER SECRETARY OF STATE,
FOR POLITICAL AFFAIRS,
Washington, October 1, 1975.

Hon. STEPHEN J. SOLARZ,
House of Representatives,
Washington, D.C.

DEAR MR. SOLARZ: In our recent discussion of S. 2230, which modifies the existing statutory ban on arms shipments to Turkey, you inquired as to the Administration's intended implementation of section 2(c)(4) of the bill. This section, like section 36(b) of the Foreign Military Sales Act, requires that any proposed letter of offer for a sale to Turkey of $25 million or more under the Foreign Military Sales Act be reported to the Congress, and prohibits the issuance of such a letter of offer if the Congress within twenty calendar days adopts a concurrent resolution objecting to the proposed sale.

I am pleased to assure you that the Administration will regard the twenty calendar day period set out in S. 2230 as no more than a period for Congress to indicate whether it may wish to object to any given proposed sale. We will not proceed with any sale to Turkey at the end of the twenty-day period if Congress is then considering a resolution of disapproval and will not submit reports of proposed sales at times when, because of scheduled recesses, Congress would not have adequate time to examine the proposed sale within twenty calendar days.

Because your question about the twenty calendar day period in S. 2230 is also relevant to section 36(b) of the Foreign Military Sales Act, I am enclosing a brief memorandum on the background and implementation of that provision of law.

I hope you will find this explanation of the Administration's position on section 2(c)(4) of S. 2230 responsive to your concern and that you will be able to support early favorable action by the House of Representatives on this important legislation.

Sincerely,

JOSEPH J. SISCO.

BACKGROUND AND IMPLEMENTATION OF SECTION 36(B) OF FOREIGN MILITARY SALES ACT

During last year's deliberations by Congress on the Foreign Assistance Act of 1974 (Public Law 93-559) several amendments were considered which provided for disapproval of Executive Branch actions by concurrent resolution. Among these were the House and Senate amendment which were finally adopted as section 36(b) of the Foreign Military Sales Act. At that time, the Executive Branch expressed its concern that a rigid statutory requirement for a review period of twenty legislative days might cause unnecessary and harmful delays in situations involving noncontroversial sales, particularly when substantial price increase would result if contracts were not placed by a certain date. Accordingly, we asked that any such review period be expressed in the law in terms of calendar days. We accompanied this request with an explicit assurance that the Executive Branch would cooperate in carrying out the intent that Congress be given a genuine opportunity to express its will. In particular, we undertook not to take unfair advantage of Congressional recesses in submitting our reports of proposed sales. In this light, the bill as finally adopted provided for a review period of twenty calendar days.

Since the enactment of section 36(b), we have been diligent in our efforts to carry out the spirit of the law. When the proposed sale of Hawk missiles to Jordan became the subject of a concurrent resolution of disapproval shortly before the August recess, we deferred action on the sale until conditions that were satisfactory to the Congress could be developed. In addition, we deferred submission of reports on nine other proposed sales until after the August recess so that they could be fully reviewed by Congress. On the other hand, after consultation with the staffs of the International Relations and Foreign Relations Committees in August, we proceeded during the recess with a report on a sale of radar equipment to the Federal Republic of Germany.

This sale was noncontroversial, was needed by Germany to fulfill its NATO responsibilities, and had to be concluded promptly.

Since the enactment of section 36(b), the Executive Branch has reported approximately fifty proposed sales to Congress under this law. We believe the experience gained has been mutually satisfactory and has demonstrated that workable procedures can be devised and implemented based upon mutual trust and cooperation between the two branches. We recognize the importance of maintaining that cooperative relationship and appreciate the potential sensitivity in Congress of major sales to Turkey. Therefore, we will ensure that our reports on proposed sales to Turkey under section 36(b) and under section 2(c)(4) of S. 2230 will be handled in a manner that will give Congress ample time to consider and, if it believes appropriate, act on them.

The foregoing should not be regarded as a general endorsement by the Administration of statutes providing for Congressional veto of Executive Branch proposals. In this case, we recognize the interest of Congress in maintaining oversight of major arms sales and are prepared to cooperate fully in implementing the procedures set out in section 36(b) of the Foreign Military Sales Act and section 2(c)(4) of S. 2230. However, we have serious doubts whether Congress can, by statute, cause a legislative procedure of less formality than that prescribed by Article I, section 7, clause 3, of the Constitution to acquire the force and effect of law. Accordingly, we may well object to other legislative proposals containing such features.

Mr. BUCHANAN. Mr. Chairman, we have no further requests for time.

Mr. FASCELL. Mr. Chairman, I yield 7 minutes to the gentleman from New York (Mr. ROSENTHAL).

Mr. ROSENTHAL. Mr. Chairman, I think it is fair to say that no one is happy with the dilemma we find ourselves in. We do want to maintain good relations with countries that want to maintain good relations with us.

I think every Member in this Chamber is aware of the value of support for the sake of constancy in being a member of NATO. But I do think that certain fundamental principles apply to the conduct that the Congress engaged in on the past nine votes, and those principles, I expect, will appropriately apply to the debate here today.

One of the intriguing things I found in talking about this matter with our colleagues in Europe, including members of the NATO Assembly, which I am sure the gentleman from Ohio (Mr. HAYS) will allude to later, and with members of the European Parliament associated with the European Community, is the fact that very few of them understand what the United States Congress has done in imposing the embargo on Turkey.

It is oddly intriguing, because what they suggest we should do is to take a pragmatic approach to the Turkish situation because the bases are important and Turkey is an important element in the NATO infrastructure; and yet on the other side, the Europeans want to apply principle to Spain when the United States urges that Spain be admitted to NATO. They fail to understand the inconsistencies of that position.

More importantly, only an American legislator can understand what happened in 1974. It was in 1974, at the 198th celebration of the founding of this Republic, that the Congress affirmed our adherence to the rule of law and our adherence to the fundamental principle of obedience to the rule of law. It was this desire for observance to the rule of law, whether we liked it or not, but believing in the appropriate execution of the laws, consistent with our constitutional oaths, that caused us to take the legislative action that we did.

I think that it is unnecessary to repeat the debate we have heard nine times, but it bears repeating, that when weapons are used for aggressive purpose, the law is quite clear that military shipments must be cut off. And the word in the law is "immediately." We had no choice. When the executive failed to uphold the law the Congress chose to uphold its responsibility because it had no other choice.

Mr. Chairman, I want to respond to a few comments that some of my colleagues have made here today. The gentleman from Massachusetts (Mr. CONTE), when he suggested he is going to change his vote, said "Let us give it another try, and if it does not work, we can come back in," and he said then he will be one of the first to impose the embargo all over again. The gentleman from Massachusetts (Mr. CONTE) does not realize that if that effort were to be made again, the President would have a veto opportunity, which he has assured Members of this House he may use, and then it would require a two-thirds vote of this body to overturn that veto rather than a majority vote, which is what we need here today.

Many of our colleagues have, I think sincerely and legitimately, suggested there has been no progress in this situation. We abide by adherence to the law, but we face the pragmatic situation as it exists. We all want to see some progress on Cyprus, and it has not happened. I respectfully suggest that the reason it has not happened is that the Government of Turkey has repeatedly anticipated our doing what they expect us to do today, and that is to remove the embargo. They have been encouraged by many people to believe this. And, of course, the embargo has not worked because they have anticipated that Congress would reverse its action.

The gentleman from Ohio (Mr. WHALEN) has in his remarks raised two questions: How long should Turkey be punished for their violation of the law that he voted for? And then should we not apply equally the stringent provisions of the law?

The law is clear that so long as the violation continues no one can restore embargoed military equipment. This embargo can be ended in 24 hours any time the Government of Turkey makes a concession toward the solution of the problems on Cyprus. It is not a punishment mechanism; it is a mechanism that suggests a violation of law can be cured by an affirmative action of the violator of the law. That has not happened.

The gentleman from Ohio (Mr. WHALEN) raised the question with the gentleman from Indiana (Mr. BRADEMAS): Should this not be applied to the Greek Government that was involved in the overthrow of Makarios and when they apparently abducted Americans?

Of course, it should. The Greek Government itself has brought to trial the very people who did that. They have been condemned to death by the present regime, and the present regime has taken absolute cognizance of that event.

The gentleman from Ohio (Mr. WHALEN), who opposed the junta for 7 years, as the gentleman from Indiana (Mr. BRADEMAS), the gentleman from Maryland (Mr. SARBANES), and this Member have, certainly ought to understand that. To say that the law has not been fairly applied is really misstating the case.

We are going to offer an amendment later on today that I think is a constructive initiative, an initiative to get us off center, an initiative which the Government of Turkey may be in a position to respond to, an initiative that will not foul up the elections in Turkey on October 12, as an up or down vote will on this bill.

Mr. Chairman, I would hope that a significant majority of this committee will find it appropriate to vote for that alternative.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. Yes; I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, I thank the distinguished gentleman in the well for yielding.

I would like to ask the gentleman this question: Were these men the gentleman referred to executed because of their invasion of Cyprus or, rather, was it because they had really committed other acts for which they were tried?

Mr. ROSENTHAL. The point I was trying to make is that there was a clear change in the government in Greece and that the perpetrators of the things the gentleman from Kentucky (Mr. CARTER) is talking about, which we all condemn, have been held accountable for all of their acts while in the surrogacy of their position in Greece.

There is an enormous distinction in the case, one that defies any kind of comparison or any kind of discussion, such as the gentleman from Ohio (Mr. WHALEN) engaged in.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Chairman, I rise to urge my colleagues to support the legislation currently before the House which would partially lift the arms embargo this Congress placed on Turkey last February.

Since this senseless embargo was imposed, the Turkish Government has responded by taking over 27 U.S. military bases in Turkey which are vital in our attempts to monitor military and space activities of the Soviet Union. The continuing involvement of the Soviet Union in the Mediterranean, the Middle East and the Indian Ocean area has only increased the importance of these bases as far as the security of the United States is concerned.

The fact that the major route from the Black Sea to the Mediterranean is under Turkish control should also be considered as we debate lifting this arms embargo. It is no secret the Russians have, for many years now, been trying to get a foothold in the Mediterranean.

While I am not suggesting that our refusal to sell arms to Turkey will result in immediate and long-lasting ties between the Turks and the Soviet Union, we must be aware of the possibilities of such action.

If the Government of Turkey is not allowed to purchase arms from the United States for defense purposes and for their various NATO responsibilities, it is foolish to believe they will not go elsewhere for such materials.

Where then, would the Turks turn for defense contracts?

The logical answer would seem to be the Soviet Union since the two countries lie so close to each other. This possibility seems even more likely considering the Russians' eagerness to obtain a foothold in the Mediterranean area.

Another possible outlet for arms for the Turks could be the Arab nations. The fact the Arab nations and Turkey have a common religion could have strong bearing on this possibility, too.

But one thing is certain. Turkey will purchase arms from somebody if the U.S. embargo is not lifted. And where the Turks decide to go for those arms could greatly damage the influence of the United States in that increasingly important area of the world.

It is my belief the domestic policies of Turkey are of such a nature that a move toward reconciliation on our part could substantially improve our position with the Turkish Government.

Our interests in this vital area of the world should be in preserving the Eastern Mediterranean flank of NATO.

Our position should be one of trying to help settle differences between Greece and Turkey rather than taking sides, which is, in effect, what we are doing by refusing to sell arms to Turkey while continuing to do military business with Greece.

I am of the strong opinion that a continued embargo of arms to Turkey could seriously weaken the effectiveness of the NATO pact.

Greece has already pulled out of NATO military operations and a continued embargo on the sale of U.S. arms to Turkey could lead to similar actions on the part of the Turks. Such a move could prove disastrous to the NATO accord.

If legislative action is not taken to lift the embargo, the government of Turkey may well deny the United States any access to the military bases in Turkey and request that all American military personnel leave the country.

If that should happen, the damage to U.S. security interests could become permanent.

With the best interests of America in mind, I urge you to lift the present arms embargo on Turkey which threatens our defense program in that part of the world.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, the difficulty that I have with this bill is that nothing has changed since the House voted not to pass a similar bill in July except that the Turks have made good on their threat to close our bases.

It seems to me that if we now pass a bill that is substantially the same as the one we turned down in July, without some change in the situation, either internally, between ourselves and the executive branch, or externally between the parties to the Cyprus dispute, then we will be creating a very dangerous precedent. Other countries will say, in effect: "We see how to get the Congress of the United States to go along with what we want. We will just close American bases in our country."

Mr. Chairman, I do not think that is a result which anybody intends, least of all the administration and the supporters of this bill.

Therefore, I have been seeking some way in which to get a concession that will give the Congress the ability to say that we have obtained some additional assurance, beyond what we were offered in July, that will give us a valid reason for changing our position individually and as a Congress. To that end, Mr. Chairman, I drafted an amendment to this resolution—and those who are interested will find it at page 31118 of the CONGRESSIONAL RECORD—which would, in effect, extend to private commercial transactions between American suppliers of military equipment and Turkey the same rule, the so-called Nelson-Bingham amendment, that already is in our law with respect to government-to-government sales of military equipment. That rule is that the Congress has 20 days, after any such transaction has been noticed, to veto that transaction.

Now the reason for my amendment, is that, as the committee report makes absolutely clear, and I am now reading from page 5 of the committee report, the bill "authorizes the President to issue licenses for the transportation to that country"—that is Turkey—"of commercially purchased arms, ammunition, and implements of war." Then, going over to page 6 it says:

> As indicated above, the bill would make it possible for Turkey to purchase arms in the United States through private commercial channels.

One of the features of this bill is that, while it would release weapons that had already been contracted for by Turkey as of February 5, it would provide for continued control by the Congress over any future sales by the U.S. Government to Turkey, because none could take effect until the passage of the foreign military sales program for fiscal year 1976.

After announcing my proposed amendment, I was visited by representatives of the State Department and the Department of Defense who expressed great concern that, among other things, if my amendment became law and if commercial sales of over $25 million of military equipment were made to Turkey, we would have resolutions of prohibition introduced and we would have the same sort of emotional arguments as have already taken place on this issue.

I said to them, "Are you telling me that there will be commercial sales if my amendment is not adopted?" And they said, "Well, Turkey may have to." I said I thought the resolution was supposed to encourage Turkey to move toward a settlement of the Cyprus matter. And, of course, they said they could not predict that that would actually happen.

So they confirmed my fears that the administration does have the intention of permitting private commercial military sales to Turkey if this bill passes in its present form.

They responded that they could understand my concern, but that they feared that people in Turkey might consider my amendment as aimed only at Turkey.

I assured the gentleman from the State Department and Defense Department that I was concerned about the whole question of military sales, that the Congress ought to have some greater measure of control over them, both Government and commercial sales. I pointed out, however, that, because of the rules of the House, I could not include in an amendment to this bill, a general restriction on commercial military sales to all countries.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. I yield 1 additional minute to the gentleman from Ohio.

Mr. Chairman, if the gentleman will yield, the gentleman so very kindly furnished me a copy of his amendment and a copy of the letter which he received from the Under Secretary of State for Security Assistance. I read them both very thoroughly and the last paragraph of the letter is particularly significant. I agree with the gentleman and I can assure the gentleman from Ohio that when we mark up the military sales bill we will of course consider what the gentleman is trying to do, as to all countries affected by commercial sales.

Mr. SEIBERLING. The letter the distinguished chairman of the committee is referring to was a result of my conversation with representatives of the administration. I received the letter today from Carlyle E. Maw, Under Secretary of State for Security Assistance. I intend to offer it for printing in the RECORD following these remarks.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. I yield 1 additional minute to the gentleman from Ohio.

Mr. SEIBERLING. The Under Secretary says this in the letter:

> Accordingly, I can assure you that we shall work with the Congress in examining U.S. arms transfer decision making, including commercial sales, with a view to developing appropriate procedures which will insure a meaningful opportunity for congressional oversight and review of major arms transfers.

I would like to ask the chairman whether the gentleman tends to support in his committee legislation which would give Congress a say in all transactions of any significance involving either commercial or government military sales?

Mr. MORGAN. I can assure the gentleman from Ohio that I will go a little bit further than the State Department suggests when we mark up the bill.

Mr. SEIBERLING. I thank the gentleman.

Mr. Chairman, I include the following letter for the information of the Members:

UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE,
Washington, October 2, 1975.

Hon. JOHN F. SEIBERLING,
House of Representatives,
Washington, D.C.

DEAR MR. SEIBERLING: I am writing to confirm our telephone conversation of this morning regarding your proposed amendment to S. 2230, the bill providing partial relief from the existing statutory arms embargo against Turkey.

We appreciate your deep concern that arms sales should not escape Congressional scrutiny because they are made through commercial rather than governmental channels. At the same time, we know that you recognize the difficulties inherent in Congressional approval or disapproval of individual export licenses in a manner that would place Congress in the position of being, in effect, the administrator of a regulatory system. We know you also recognize the serious problems we perceive in singling out Turkey in this bill for unique review procedures. For these reasons, we urge that you not offer your proposed amendment to S. 2230.

As I mentioned to you during our telephone conversation, the Administration has examined the relationship between governmental and commercial arms sales, not only with respect to this problem, but many other facets as well. We realize that procedures for governmental and commercial sales generally must be compatible, although not necessarily identical, in order to insure that all major transfers of U.S. arms serve our national interests.

We accept and share your views that U.S. arms transfer policies must be discussed with Congress, that Congress has an important role to play in their formulation, and that Congress should have a meaningful opportunity to review the implementation of those policies. Accordingly, I can assure you that we shall work with the Congress in examining U.S. arms transfer decision making, including commercial sales, with a view to developing appropriate procedures which will insure a meaningful opportunity for Congressional oversight and review of major arms transfers.

Sincerely yours,

CARLYLE E. MAW.

The **CHAIRMAN**. The Chair now recognizes the gentleman from Michigan (Mr. BROOMFIELD).

Mr. **BROOMFIELD**. Mr. Chairman, I reserve the balance of my time.

The **CHAIRMAN**. The Chair now recognizes the gentleman from Pennsylvania (Mr. MORGAN).

Mr. **MORGAN**. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. HAYS).

Mr. **HAYS** of Ohio. Mr. Chairman, I take this time—and I hope I will not use 5 minutes—to clarify a question that was asked by the gentleman from Kentucky (Mr. CARTER) because I do not think he ever really got an answer to it. The question was were the leaders of the junta in Greece condemned to death for what they did in Cyprus. The answer is clearly no. They were tried on grounds of treason, of overthrowing the legitimate Government of Greece, and that was the charge. The fact that they ordered the invasion of Cyprus which was at least theoretically, if not actually, supposedly an independent country as far as I am able to ascertain from the press reports, did not figure in their trial one way or the other.

Mr. **CARTER**. Mr. Chairman, will the gentleman yield?

Mr. **HAYS** of Ohio. I will be glad to yield to the gentleman from Kentucky.

Mr. **CARTER**. I thank the gentleman for yielding.

The invasion was made with American arms, I take it?

Mr. **HAYS** of Ohio. There is no question about it. They infiltrated, as near as we can find out now, about one division totally equipped with American arms.

Mr. **CARTER**. If the gentleman will yield further, what percentage of the population of Cyprus is Turkish?

Mr. **HAYS** of Ohio. I do not know. I cannot tell the gentleman exactly. The Greeks say 18 percent, and the Turks say 21 percent, so I will settle for somewhere in that range. I do not think 3 percent one way or another we are going to argue about.

Mr. **CARTER**. If the distinguished gentleman will yield further, then what was the purpose of the Turkish invasion? After the Greeks came in, why did the Turks come in?

Mr. **HAYS** of Ohio. There were three signatories guaranteeing the independence of Cyprus, and the Turks were one, the British were one, and the Greeks were one. The Greeks had invaded Cyprus and overthrown the government and put in a gangster of the stripe of Al Capone—and I am not exaggerating a bit, and I defy anybody to argue with me that that fellow Sampson whom they installed as a dictator of Cyprus was not as bad as Al Capone ever thought about being. They put him in, and he instituted a regime of terror.

The British should have intervened, but they did not have the power and they were not able to and they did not. The Turks did.

I want to be very fair about it. The Turks intervened in the first place to protect their nationals. I think they overreacted. I said so publicly at the NATO meeting in Copenhagen with the Turkish delegation sitting there, but I think they had a legitimate right to intervene in the first place. I am just sorry that they went as far as they did, because I think it makes it harder in the long run to iron it out.

But I will say to the gentleman that I intend to take some time under the 5-minute rule and explain the resolution which was passed almost unanimously in the North Atlantic Assembly, which is the NATO Parliament. The debate there was extremely restrained, and there was not as much heat generated by the Greek delegation there, who are elected to the Greek Parliament, as there has been generated here in any given hour of two or three debates. They understand the realities of the situation. One of them said—maybe his choice of language was not the best, but the Turks did not get aroused about it—"The Greeks and the Turks are condemned by geography to live together side-by-side, and we have got to find a way to get along. I think that is the kind of enlightened viewpoint to take."

Mr. **CARTER**. Mr. Chairman, if the distinguished gentleman will yield further, I want to thank him for giving the train of events and recounting them as they occurred, as I have seen it, and for the further information he has given. I must say that I am in complete agreement.

Again I thank the gentleman.

Mr. **HAYS** of Ohio. I thank the gentleman from Kentucky.

Mr. **YATES**. Mr. Chairman, will the gentleman yield for a question?

Mr. **HAYS** of Ohio. I will be glad to yield to the gentleman from Illinois.

Mr. **YATES**. I thank the gentleman for yielding.

I notice on page 3 of the bill there is the proviso:

> That such authorization shall be effective only while Turkey shall observe the cease-fire and shall neither increase its forces on Cyprus nor transfer to Cyprus any United States supplied implements of war. . . .

Would it not be better if we sought to move the Turks and the Greeks toward a settlement and said that the Turks ought to observe a cease-fire and move to decrease significantly its forces on Cyprus and U.S. supplies into Cyprus?

Mr. **HAYS** of Ohio. I would like to see the bill passed because I would like to see it signed, and I would like to see negotiations get under way.

Mr. **HAYS** of Ohio. I think we could quibble about the language but I do not believe the Turks are going to introduce any more forces. There was a stage when the Turks took out 5,000 troops. They were very bitterly disappointed. They did it to try to make the United States look good. They did it on the eve of Kissinger's visit and they were going to let him announce it, and then he was not able to go there.

Mr. **HAMILTON**. Mr. Chairman, will the gentleman yield?

Mr. **HAYS** of Ohio. I yield to the gentleman from Indiana (Mr. HAMILTON).

Mr. **HAMILTON**. Mr. Chairman, is it not true the Turks have already reduced their troops from a top of 40,000 down to substantially less now, less than 30,000?

Mr. **HAYS** of Ohio. I am told the figure is under 30,000. I do not know the exact figure.

Mr. **MORGAN**. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. TAYLOR).

Mr. **TAYLOR** of North Carolina. Mr. Chairman, last July I voted against removing the ban on the sale of military equipment to Turkey. I did so partly on a basis of principle because Turkey had violated an agreement not to use the American equipment aggressively against a nation friendly to the United States. Also I was hopeful that continuing the ban would prompt Turkey to soften its Cyprus position.

But the ban has not worked. It has had a negative effect and has been counterproductive. It has not helped Cyprus, not helped Greek-Turkish relations, is hurting American-Turkish relations, and is threatening the loss of 27 American military bases in Turkey which are considered essential to our security.

Also I am concerned about the Turkish elections on October 12. By continuing the ban, we make it difficult for candidates friendly to the United States to get elected or reelected and this could result in the election of a government in Turkey hostile to America and friendly to Russia. Only last week I read a headline in the Washington Star, "Turkey, Kremlin Friendlier Since U.S. Arms Embargo." It pointed out that there had been a noticeable softening of the Turkish attitude toward the Soviet Union since the congressional ban had been imposed.

The bill before us does not provide economic aid or military aid to Turkey. It applies only to items already contracted for and about one-half paid for and to future sales through commercial channels. It offers no Government-backed credits or grant aid. So this bill is a significant compromise from a complete lifting of the ban.

I know that we would all agree that it is our duty to study the facts, receive all possible information and then do what we think is best for our country. The passage of S. 2230, in my opinion, is in the best interest of America.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Chairman, again the House is faced with an important foreign policy vote on the future of United States-Turkish relations. The House last considered the partial lifting of the arms embargo against our ally, Turkey, in last July when S. 846 was narrowly defeated.

Today, we vote on S. 2230. This bill:

Lifts partially the arms embargo against Turkey;

Encourages the United States to develop economic and military assistance programs for Greece;

Urges humanitarian and economic assistance for the people of Cyprus.

I urge you to support this legislation. Time is running out for us in the Eastern Mediterranean. A lifting of the embargo is essential for several reasons:

To maintain the southeast flank of NATO,

To preserve a 30-year relationship with Turkey,

To help achieve an equitable Cyprus settlement,

To assure our access to the Middle East in any potential crisis.

Turkey has been punished for 8 months for its violation of a law prohibiting use of American supplied arms for aggressive purposes. The law has been upheld by imposing an unprecedented total arms embargo on a key ally.

The question today is not one of undermining the law, but of the duration and efficiency of the penalty.

It is now time for Congress to relax this penalty in an effort to try to stimulate Turkish flexibility in Cyprus negotiations. The Congress has proved its point that American law cannot be violated with impunity.

But we should not continue to apply that law when it is against American interests to do so. Besides, to those who remain skeptical of Turkish flexibility, Congress still retains the leverage of the fiscal year 1976 Foreign Military Sales Act in which it can reimpose the embargo if Turkey's response to this relaxation is unsatisfactory.

A review of what has happened in the last 2 months since Congress last voted on this foreign policy matter makes clear that this ban ought to be lifted partially.

First. United States-Turkish relations: Since July, our relations with Turkey have continued to deteriorate:

Where there was once warmth and frankness, there is now more of an air of formality and coolness.

Where we could once gain Turkey's cooperation and support on a number of regional issues, there is now an attitude among many Turks that they should keep their distance from us and strengthen ties with other neighbors, including some of the more radical Arab States.

Libya has supplied planes to Turkey, and it is not in our interest to see Turkey's ties to Libya strengthened in the days ahead.

Second. U.S. intelligence: Since July the four most important U.S. intelligence sites in Turkey have been closed and the impact on our intelligence on the Soviet Union has been direct, immediate, and far larger than we expected at the time of the July legislative defeat.

We have suffered a significant and unique loss of electronic intelligence on Soviet activities:

A net loss of 15 percent of the total information available to us on Soviet weapons.

More than 50 percent of our surveillance capability on Soviet military forces in the southwest U.S.S.R.

To replace these facilities elsewhere will take at least 2 years and cost nearly $100 million in addition to any rental fees or other payments for use of land elsewhere. It is unquestionably in our national interest to try to reopen these facilities as soon as possible.

Third. NATO: NATO preparedness and readiness on its southern flank has probably never been worse in the 27-year history of NATO.

Except for Greece, all NATO members unanimously agree that the best interests of the organization are served by the lifting of the embargo against Turkey. It is felt that Turkey's ability to fulfill its NATO force goals is weakening with each successive month of the embargo as Turkey has had to reduce operations due to lack of spare parts and access to new equipment.

If the deterioration continues, a permanent dismantling of one sector of NATO could result. The continued vitality of NATO's Mediterranean flank is a foreign policy objective of high priority to this country.

NATO's vitality is also crucial for friendly states in the Middle East, including Israel.

Fourth. United States-Greek relations.—For some time the Greek Government has wanted to resolve the festering Cyprus crisis so that it can turn to pressing domestic economic problems. The United States would like to help in the process, but the embargo against Turkey has blocked progress on Cyprus and thus forced the new democratic government in Greece to spend inordinate time and money on costly Cyprus ventures.

The vicious circle continued:

Greek-American relations will remain unimproved until the Cyprus stalemate is broken. The Cyprus stalemate will continue until Turkey becomes more flexible.

Turkey will not be flexible and negotiate until the embargo is lifted.

Fifth. Cyprus.—The embargo has blocked progress toward a Cyprus settlement.

On Cyprus, the situation has only worsened since July. The economy of the island remains in shambles and the refugee plight of nearly 200,000 Greek Cypriots persists as another summer passes and another winter approaches.

The intercommunal talks between Greek and Turkish Cypriot leaders have been postponed indefinitely. Progress toward peace hinges on Turkey's flexibility. The Government of Turkey has made it very clear that it will not move on Cyprus while the arms embargo remains in effect. The last several months show clearly that Turkey will not buckle to pressure and we have no leverage on Turkey until the embargo is lifted.

In short, as the parties move toward a bizonal arrangement on Cyprus, we see what is possible if only the parties are free to negotiate. With the arms embargo, successful negotiations simply do not appear possible.

Sixth. Turkish-Greek relations.—And behind the Cyprus impasse stand several bilateral issues of potential conflict between Greece and Turkey.

As the embargo has continued and the Turkish position on Cyprus has remained unchanged, a willingness of Greece and Turkey to solve other problems, especially problems involving the search for oil in the Aegean Sea, is dissipating. Positions on many issues will harden if the present stalemate continues. In the process Greece and Turkey lose, and so does the United States.

Seventh. Turkish poppy growing.—About the only positive development in recent weeks from the Eastern Mediterranean is that evidence is accumulating that Turkey's efforts to curb the illicit opium market in that country are succeeding.

It will take months to prove exactly how effective Turkey's law enforcement efforts are, but the leverage we have with Turkey on this important issue will be lost if the embargo remains. Turkey might lose interest in helping us on this opium issue if we refuse to help her on other issues, including her defense needs.

WHAT A "NO" VOTE MEANS

Mr. Chairman, if Congress does not partially lift the embargo against Turkey immediately, the consequences are predictable:

We will likely see a permanent closing of some U.S. facilities in Turkey prior to the Turkish senatorial elections on October 12.

United States-Turkish relations will suffer further deterioration. Moderates in Turkey—many politicians who are our friends—will have to take more extreme and more anti-American positions in the current campaigning.

In such a highly charged environment, we will once again be further away from a start of serious Cyprus negotiations. Starting meaningful negotiations will be more difficult as people get locked into rigid positions.

And, Greek-American relations and Turkish-Greek relations will continue to sour.

WHAT NO VOTE AT ALL MEANS

Some of our colleagues argue that we should not be voting now because we are interfering in the upcoming Turkish elections. Apart from the fact that no time would be appropriate for those colleagues who oppose this bill, we are already "interfering" in those elections with our arms embargo of Turkey and with the continuing Cyprus crisis, which are major political issues in Turkey. It is precisely because of these elections that we want to remove the U.S.-imposed embargo as an issue in the election. If the embargo continues until election day, our experts believe that the Turkish Government would have to take further action against us and adopt irrevocable positions against us.

WHAT A "YES" VOTE MEANS

If the embargo is partially lifted, we can expect certain events to occur:

Although the long embargo will leave a permanent scar on United States-Turkish relations, that relationship can be preserved. We can negotiate immediately with Turkey to reestablish some presence at U.S. facilities in Turkey.

A lifting of the embargo offers a good hope that, after the Turkish senatorial elections, Turkey will show some flexibility on Cyprus. President Ford has made it clear to Turkish leaders at Helsinki that Turkey has a moral obligation to show some flexibility on Cyprus.

Turkey has already shown a willingness to scale down its military presence on Cyprus by the withdrawal of over 10,000 troops from the more than 35,000 that were on the island in late 1974. After the embargo is lifted, Turkey can be expected to make further withdrawals to troops and substantial withdrawals from occupied territory, especially near Famagusta.

CONCLUSION

Mr. Chairman, we have a unique opportunity today.

We can prepare the way for an eventual accommodation on Cyprus.

We can restore our important security relationship with Turkey, and we can begin to reestablish important intelligence facilities in Turkey.

We can remove a major impediment to good Turkish-Greek relations, and begin to improve American-Greek relations.

Those who have counseled that pressure through an arms embargo will force Turkey to make concessions on Cyprus have been wrong. The embargo simply is not working in any way to promote American interests. I urge your support of S. 2230.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. When we last voted, I supported the move to cut off aid to Turkey. I did it after careful evaluation, but I cast the vote with great uncertainty as to which alternative presented the right course.

I am confronted with that same dilemma today.

The two basic arguments used in debate on this question are these:

Turkey is essential for the U.S. defense.

I have attended the briefing session with Secretary Schlesinger and have heard the discussion by others who are knowledgeable. My conclusion is that while there are defense pluses in a continuing close alliance with Turkey on the Soviet frontier, that should not be a dominant consideration.

We would be abandoning principle if we provided assistance or tolerated military sales.

There is some truth to this argument. At the very least—acknowledging guilt on both sides—it is nevertheless true that we are modifying our standards if we approve the sales. Whether this will convince others they can use our weapons for military aggression is one of the calculated risks we take if we accept the President's position.

If those two considerations were the only ones, my vote would be the same as it was a few weeks ago. There are other considerations, however, before Congress today:

First, we must somehow get the Cyprus issue off dead center, so that refugees can go home and so that peace can return to that troubled land. It now seems clear that a continuation of the present policy will not cause or permit movement by Turkey. By casting an affirmative vote, I am taking the risk that Turkey will understand this gesture of good faith and move toward a peaceful and humanitarian solution of that difficult situation. If my vote is followed by no movement on their part and a hardening of the existing lines, then my vote will have been a mistake. Turkey and Greece must follow the example of Israel and Egypt in reaching a workable accommodation.

A second consideration is that, since we last voted, a tenuous peace has been established in the Middle East between Egypt and Israel. It is the most hopeful sign for stability in that war-prone area that we have had in decades. If by rejecting assistance to Turkey we push that country into the arms of the forces of instability in the Middle East, we will have created trouble beyond the problems which exist between Greece and Turkey. The delicate balance of power in the Middle East should not shift, and Turkey has the capability of shifting it.

A third factor is the growing belief on my part that this is not an issue with which Congress can deal effectively. We must act on overall policy, but Congress does not have the flexibility to deal with rapidly changing events effectively. In part, my vote is a vote to place this matter in the executive branch with the belief that Congress can have appreciable influence on broad policy considerations. I do it with the plea that every effort be expended by the President and Secretary of State to bring justice and stability to Cyprus as rapidly as possible.

Whether my affirmative vote today is a proper one, history must judge. And the judgment of history rests to a great extent with the leaders of Turkey, who I hope will respond affirmatively to this gesture by the Congress of thhe United States.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I am happy to yield to the gentleman from North Carolina.

Mr. HENDERSON. Mr. Chairman, the gentleman in the well is a distinguished member of the committee that I have the honor to chair, the Post Office and Civil Service Committee. I am aware of the actions that the gentleman from Illinois and the gentleman from North Carolina (Mr. TAYLOR), who was the last speaker, have taken in regards to this resolution.

I want to join both gentlemen in their positions. Even though I voted for the Turkish position earlier, I think both gentlemen have demonstrated to me their conscientious effort in the decision they have arrived at.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland (Mr. SARBANES).

Mr. SARBANES. Mr. Chairman, I think it is very important at the outset to try and get some factual matters straight, because, whether through inadvertence or what, there have been some misconceptions concerning factual matters and exactly how this restriction on arms to Turkey arose.

Mr. Chairman, on the 15th of July, 1974, a Monday, there was a coup in Cyprus that overthrew the constitutional leader of that island, Archbishop Makarios. The coup was engineered by the junta in Athens in conjunction with certain elements on Cyprus. Those of us involved, the gentleman from Indiana (Mr. BRADEMAS), the gentleman from New York (Mr. ROSENTHAL), and myself, deplored that coup and went to the Secretary of State and asked him to condemn it. At that point in time the coup was attacked by Britain, the Soviet Union, and by Turkey itself. The only interested parties in this area that refused to condemn the coup which had taken place on Cyprus were the colonels' junta in Athens and the United States of America, as reflected by the action of our Secretary of State.

Now, as a consequence of that coup, Turkey intervened on Saturday, the 20th of July. Those of us in the Congress concerned about this matter made no effort to impose any restrictions with respect to arms to Turkey on the basis of that Turkish intervention. It was an intervention which responded to a provocation and it was a response which Turkey regarded as necessary under the circumstances.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SARBANES. I yield to the distinguished gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Chairman. I listened with interst to the gentleman in the well attack the President and the Secretary of State for what the gentleman described as a passive attitude following the coup.

Mr. Chairman, as I understand, we were not a signatory to the so-called Zurich agreement of 1959 which made four powers responsible as guarantors.

Mr. SARBANES. Mr. Chairman, three powers.

Mr. ANDERSON of Illinois. Or three powers responsible as guarantors for the independence of Cyprus. Does not the gentleman, therefore, distinguish between what Britain did or did not do and Turkey did do and the position of our own Government?

We did not have, it seems to me, the responsibility that the powers did who were signatories to that Zurich agreement.

Mr. SARBANES. Well, I want to be very careful and responsible in replying to the gentleman. As the gentleman knows, the select committee looking into intelligence matters is now proceeding with an investigation of U.S. policy in the Cyprus matter. I only say to the gentleman, given the longstanding position of the United States in the eastern Mediterranean with regard to both Greece and Turkey, given our prior involvement in the Cyprus matter, even though not a guarantor power, and given the fact that the Soviet Union took a position with respect to the coup that the wise and prudent thing at that time would have been for the U.S. Government to have taken a position with respect to the Sampson coup and to have denounced it and moved in conjunction with the other governments to restore legitimate rule to Cyprus, such action might well have corrected the situation and averted the Turkish intervention on July 20.

But, let me continue on this factual recitation, because I think it is very important.

With the Turkish intervention, the coup collapsed and in time the junta in Athens was replaced and constitutional government was restored to Greece. At that point in time, the following week, a cease-fire was negotiated on Cyprus, and the parties went to Geneva for peace talks.

Now, I want it clearly understood that those of us who have moved to place restrictions on arms shipments to Turkey had taken no such action at that point in time, recognizing a response to a provocation. It is important to understand that with the coup eliminated on Cyprus, Mr. Clerides was installed as the appropriate constitutional replacement to Archbishop Makarios who was out of the island. Constitutional government was restored to Greece. And the parties were at Geneva engaged in peace talks under the chairmanship of the British Foreign Minister James Callahan. On the 14th of August, Turkey broke off its peace talks and simultaneously launched a major military assault on the island of Cyprus without any reason or provocation for engaging in that military action.

It was only subsequent to that action, a military action in which Turkey occupied 40 percent of the island, a military action which resulted in thousands killed and wounded and which produced the almost 200,000 refugees on the island, that we moved to apply American law which precludes the use of our weapons for aggressive purposes.

It is important that this factual situation be clearly understood, because it was only in response to the clear act of aggression in mid-August that we sought to invoke American law in order to cut off American arms shipments to Turkey. I believe that the Turkish action in August required a response on the part of our Government. We went to the Secretary of State and called on him to make such a response. It was not forthcoming. In the end, it became necessary for the Congress to implement the law, which in my judgment should have been implemented by the Secretary of State and the President at the outset.

Now, important principles are at stake here with respect to the use of American weapons and what we will do if a nation uses them in a blatantly aggressive way. Not in a way about which there may be argument, a matter which we have conceded with respect to the intervention of July 20, and a point which I think can be made with respect to other examples elsewhere in the world which Members now try to cite. What Members must focus on is a situation in which a cease-fire existed, in which the parties were actually engaged in peace talks, in which Turkey held the dominant military position on the island, and in which Turkey without any further provocation moved with a major military offensive to take over 40 percent of the island and cause nearly 200,000 refugees.

That was a blatantly aggressive act.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. SARBANES. I yield to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. I thank the gentleman for yielding.

Was not that cease-fire also ordered by unanimous declaration by the United Nations Security Council?

Mr. SARBANES. The gentleman is absolutely correct.

The Turkish aggression raised fundamental questions about principle with reference to our foreign policy. I think the Congress asserted a principle of fundamental importance—that weapons are supplied to other countries—for defensive and not for aggressive purposes. This is a principle that has been in our law for many years. It was not put in the law after the fact. It was in the law before this situation occurred. To come to the Congress, as S. 2230 seeks to do, to reverse the prior decisions of this body made nine times over with respect to whether arms should be sent to Turkey and this without any action taking place on Cyprus to remedy the consequences of the aggressive actions of mid-August is, in my judgment, to abandon the principle that is contained in our law, a principle which I believe to be salutory and fundamental to our foreign policy.

Mr. SOLARZ. Mr. Chairman, will the gentleman yield?

Mr. SARBANES. I will yield to the gentleman from New York (Mr. SOLARZ).

Mr. SOLARZ. I thank the gentleman for yielding. The gentleman talks about the principles contained in American law which require, in his judgment, the termination of any additional shipments of American arms to Turkey as a consequence of the August movement.

But is it not true that the American laws involved require a termination when the restrictions on the use of American weapons which have been sold to other countries are violated only on additional foreign military sales, credits, guarantees and grants? The restrictions and the consequent termination does not apply, as I understand it, to weapons which have been contracted for prior to the time the violation took place and does not apply to purchase made in the private market.

Mr. SARBANES. I do not agree with the gentleman with respect to the first point. I think there is an argument with respect to the second.

Where are we if the Congress reverses itself and starts the arms without any basis on which to do it? In my view, that is to abandon a principle that I think is essential to our foreign policy. The Secretary of State asks the Congress to be the ultimate pragmatists to such an extent that the principled basis for support for our foreign policy will be undercut.

I intend to join later with other Members in proposing an amendment which we feel is a constructive initiative to move forward in this situation. It is an initiative which seeks to respond to the pressing humanitarian problem of the refugees on Cyprus, while at the same time adhering to the fundamental principle of American law.

We have consistently made clear our willingness to respond with respect to arms flow if Turkey proceeds to respond with respect to the question of remedying the consequences of its aggression, the most serious aspect of which, in humanitarian terms, is the plight of almost 200,000 refugees on the Island of Cyprus.

Therefore, an amendment will be offered by the gentleman from Florida (Mr. FASCELL), which I support, which would allow a limited amount of shipments of arms to Turkey, namely those contracted before February 5, provided the President can certify to Congress that significant progress has been made on the refugee problem on Cyprus. Such an amendment would both hold fast to the fundamental principles of our foreign policy and it would also seek to do something about the pressing humanitarian problem of the refugees.

It gives the President an opportunity to resume the arms shipments after something significant in terms of progress has been achieved with respect to the refugees. It is an approach which holds fast to the principle and the rule of law while at the same time providing an opportunity for positive movement on the Cyprus issue.

There have been a number of arguments advanced today and in response I only want to suggest to the Members one concluding point. I have always believed that a major objective of our foreign policy and indeed of our national security policy was to maintain a principled America. In other words, our foreign policy relates to the perception and vision we have for our country in terms of what kind of Nation we ought to be and what kind of principles we should be seeking to implement both at home and abroad.

Mr. Chairman, I ask the Members to think very carefully of an approach which is so pragmatic that in the end it drains America of any principle so that we end up being asked to take positions in defense of a nation whose moral and idealistic content has been drained from its very soul. I suggest to the Members that if that is the ultimate course down which we proceed, we will have given away the most important asset we have as a Nation.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. DAN DANIEL).

Mr. DAN DANIEL. Mr. Chairman, like the gentleman from North Carolina, I voted to impose the embargo. I thought it was the right vote at the time. Today I am going to vote with the committee, because I think the committee is right in this instance.

My purpose in rising, Mr. Chairman, is to read a letter which is contrary to one position expressed by a recently retired admiral, and this indicates that not all retired admirals take the same position.

The following statement expresses the views of the undersigned individuals on the matter of military assistance to Turkey:

Recent developments in the eastern Mediterranean are of serious concern.

As Americans whose experience has made us keenly aware of the vital U.S. security interests at stake in the area, we view with alarm any weakening in Turkey's ability to meet its NATO military commitments.

Turkey's role in protecting Western security in the region is an essential one. We are deeply concerned also about the situation on Cyprus and the plight of its refugees. However, we believe both a settlement of the Cyprus problem and the vital task of maintaining the military situation in NATO's southern flank can be most effectively accomplished by the speedy resumption of military aid to Turkey. The situation is an extremely urgent and dangerous one. We urge the Congress to act promptly on legislation restoring military assistance to Turkey.

We urge both Greece and Turkey, and the parties in Cyprus, to take full and prompt advantage of the present favorable opportunity for negotiating a new and just constitutional basis for Cyprus.

Hon. Theodore C. Achilles, Hon. W. Randolph Burgess, Gen. Andrew J. Goodpaster, Hon. Parker Hart, Gen. Lyman L. Lemnitzer, Adm. Thomas H. Moorer, Gen. Lauris Norstad, Adm. Horacio Rivero, and Hon. Eugene V. Rostow.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the bill S. 2230—in its entirety. As the distinguished chairman of the Committee on International Relations has noted, however, the bill we are considering today contains two separate and distinct sections. Both sections are in our country's national security interest.

As the chairman has pointed out, the original Board for International Broadcasting authorization bill, H.R. 4699, was reported favorably by our committee with amendment—which I will discuss in a few moments—by unanimous voice vote. To the best of my knowledge, no other major authorization bill before our committee in recent years has enjoyed such overwhelming bipartisan support.

Mr. Chairman, I believe that Radio Free Europe and Radio Liberty serve the foreign policy interests of the United States. I believe they make a positive rather than a negative contribution toward the lessening of East-West tension; and I think all of the evidence at our disposal, including several major studies of the Radios' operations and the testimony of a broad spectrum of expert witnesses who have appeared before our committee in recent years, clearly supports this conclusion.

Indeed, much can be said—and much has been said—about the positive value of RFE and RL during this critical stage of changing and evolving relationships between East and West. At this time, however, I should like to focus primary attention on two specific questions which have arisen with regard to this authorization request.

The first question has to do with devaluation of the dollar. Is this a problem, Members have asked, which is peculiar to the radios?

To a very considerable degree, the answer is yes. The radios are, in fact, especially vulnerable to the effects of devaluation because about 80 percent of their expenditures are made in foreign currencies, particularly the deutsche mark. The Comptroller General of the United States had this to say:

> We think this situation is rather unique in the case of the radios from the standpoint of the large percent of their funds being spent in foreign currencies. Offhand, I cannot think of a single U.S. Government Department or agency that spends near that percent of funds in foreign currencies . . .

The value of the U.S. dollar to the German mark has slipped from a rate of $1 equals 2.60 deutsche marks last September to a low of $1 equals 2.25 deutsche marks earlier this year. The rate has since leveled off at $1 equals 2.35 duetsche marks, and shows recent signs of further improvement, but the total loss from dollar devaluation since last September already amounts to $4.7 million.

Mr. Chairman, dollar devaluation is related to, but quite distinct from, "inflation." I believe it is important to keep this distinction in mind. Inflation is, of course, a serious problem, but at least some provision for inflation can be made in the budgeting-planning process. Dollar devaluations, on the other hand, can—and do—occur quite suddenly and unexpectedly in the middle of a fiscal year—producing crisis after crisis in maintaining essential operations.

During this year's hearings, the committee's attention was called to one possible long-term solution to this problem. It was suggested by the GAO in a letter from Comptroller General Staats to Hon. JOHN SLACK, chairman of the Appropriations Subcommittee on State, Justice, Commerce, and the Judiciary. Essentially, the GAO proposed the establishment of a $5 million contingency fund to be used only in the event of future devaluation losses.

Mr. Chairman, the amendment I offered in committee follows the general outlines of the GAO proposal. It was adopted unanimously by voice vote.

The main features of the committee amendment are as follows:

First, it authorizes an additional appropriation of $5 million to be available until expended. Let me emphasize, Mr. Chairman, that no funds are authorized under this bill outside of the regular authorization and appropriation process.

Second, this additional funding—or any part of it—would only be made available to the Radios to maintain the budgeted level of operation. The Director of the Office of Management and Budget would have to make the necessary determination and so certify to the Congress. Moreover, only future devaluation losses would be affected. This means that during fiscal year 1976 funds made available under this amendment could only be used to offset devaluation losses which exceed the $4.750 million already accounted for in the fiscal year 1976 budget.

Finally, our committee report specifies that in the event of an upward revision in the value of the dollar, the Board for International Broadcasting would be required to make its grants "in such a way that the amounts furnished to the Radios would not exceed those required by them to maintain their budgeted levels of operation." In other words, the Radios could not receive a "windfall" in excess funds if the dollar's value continues to improve.

Mr. Chairman, the above provisions were not adopted by the Senate and are, therefore, not included in the bill S. 2230, which we are considering today. It is my understanding that some Members of the other body were of the opinion that sufficient authority already existed to cover devaluation losses under a section of the bill relating to nondiscretionary costs.

While it is my feeling that the language of our committee amendment is preferable—inasmuch as it specifically earmarks and limits the use of the additional funding provided for very specific purposes—I have agreed, in the interest of expediting this legislation, not to reintroduce my amendment at this time. I hope, however, that it may serve as a model for possible future action by the Congress as circumstances may dictate.

Let me turn now, Mr. Chairman, to another question which arises from year to year; that is: "How do we know that anyone really listens to the broadcasts of Radio Free Europe and Radio Liberty"? Is there any real evidence, some Members have asked—as distinct from self-serving estimates—that the Radios are actually reaching a significant, representative listening audience?

The answer is that a considerable body of evidence exists on this subject—based on independent, modern audience research and public opinion sampling methods. RFE, for example, has been conducting research on East European listening habits for the past 15 years. In recent years, RFE's opinion-sampling methods have been independently examined and endorsed by:

First, the Oliver Quayle Co.—October 1970.

Second, the Congressional Research Service of the Library of Congress—March 1972.

Third, the Presidential Study Commission on International Radio Broadcasting—the so-called Eisenhower Commission.

During the period 1970–72, a major behavioral study was conducted on Soviet listening habits. The study was based on information collated by an independent—London-based—social research bureau. Researchers who worked on this project did not know for whom the material was being sought. Interviews were conducted with 1,680 Soviet citizens—primarily tourists—all of whom, and I want to emphasize this point, subsequently returned to the Soviet Union. None were defectors, emigres, or those classifiable as "dissidents." The results of this survey have subsequently been reinforced by data collected on the basis of interviews of more than 1,300 Soviet visitors to the West during the period between April 1, 1973, and March 31, 1974.

This research indicates that on an average day, Radio Liberty reaches about 5 million adult Soviet citizens—aged 16 years and over—and in the course of a month, reaches between 35 and 40 million different Soviet citizens.

Mr. Chairman, I believe it is particularly significant to note that the results of the European surveys I have referred to parallel, to a remarkable extent, the results of mass polling conducted inside the Soviet Union by the official Soviet broadcast organization itself. The most current and original research along this line has been conducted by Dr. Maury Lisann, a graduate of John Hopkins University and former consultant to the Board for International Broadcasting and the Voice of America. His book: "Broadcasting to the Soviet Union: Radio in International Politics," was published last month by Praeger & Co. Dr. Lisann has compared the listening interests of certain subgroups among the European interviews with the results of official Soviet polls and reports that:

> For listening to Western radio the Soviet and European polls gave almost identical results.

Apparently, Mr. Chairman, the Soviet authorities are convinced of the accuracy of these statistics, even if some Members of this body remain skeptical of them. Estimates provided to our committee in the past indicate that the Soviets spend between $200 and $300 million per year in attempts to "jam" Radio Liberty broadcasts. This is an exceedingly costly operation to undertake—three times as costly as transmitting the broadcasts—if "nobody listens to the Radios"—as is sometimes alleged.

Finally, Mr. Chairman, let me say that the questions I have discussed today are really tangential to the main issue. The real question we must ask ourselves is whether the annual operating cost of these broadcast operations—which is less than the cost of four F–14 or F–15 planes—is worthwhile. We must ask ourselves whether the continued functioning of Radio Free Europe and Radio Liberty which impart information, not propaganda, to peoples otherwise deprived of it is of value to the United States and furthers the national interest.

Likewise, Mr. Chairman, section 2 of S. 2230, which would lift the embargo from Turkey, is in our Nation's vital security interests.

The embargo proved counterproductive.

The plight of the refugees remains unchanged.

With the passage of time, the effects of the Turkish reaction to the embargo have developed as many of us predicted.

My view has been confirmed, again and again, Mr. Chairman.

Our Nation has more than 20 defense installations in Turkey. Their importance to U.S. interests is hard to overstate.

Of particular importance is the advance radar system at Diyarbakir. It functions as a vital, integral part of our strategic defense activities and early warning net.

Should a war come—in Europe or the Middle East—the geographical position of these defense facilities would have particular importance.

There is no alternative available to our Nation which could provide the same advantages for naval and air operations in the Eastern Mediterranean, should we decide to aid our NATO or Middle East allies.

Because of the ability of these facilities to check on the activities of a possible enemy, they also have an important arms control function.

Another common defense installation in which the United States has a key role is the air base at Incirlik, in southern Turkey. It is used by both Turkish and American Air Forces.

The U.S. air squadron stationed at Incirlik has an important NATO-assigned attack role in case of war with the Soviet Union.

Other installations in Turkey serve equally important functions: Among them are:

Valuable monitoring of Soviet military activities:

Support to NATO forces committed to the defense of the Black Sea area;

Data on the Soviet space and missile program, thereby making arms control more practical;

Early warning radar against Soviet missile attack.

Important data on how the Soviets are living up to the SALT I and other arms control agreements.

Useful information on Soviet and Chinese activities involving atomic energy.

In addition to these uses for our facilities in Turkey must be added the various small sites whose mission relate to communications, monitoring or the stockpiling of arms which might be used in case of a major conflict in Europe.

To those who see such a war as a far-fetched creation of far right spokesmen, I urge consideration of a recent report from Dr. Jeffey Record of the Brookings Institution—hardly a "far right" think tank. An article on his report was featured this week in the New York Times.

Dr. Record believes that the Soviet Army in Europe is being trained for a short, intense war of large-scale, high-speed operations designed to overwhelm NATO forces in a lightning strike. The word used is "blitzkrieg"—a word Hitler used in World War II and made good on because Western powers were unprepared.

In the face of this resurgence of Soviet power aimed at Western Europe, it would be the highest folly for our Nation to turn our backs on a staunch European ally and risk of the loss of important bases.

Unfortunately, we are in an era of "ethnic politics" in which—too often—the interests of our own Nation are put secondary to the interests of some other country.

We have had a similar situation in our history once before. That was in the mid- and late 1930's when anti-British and pro-German political pressures kept the United States neutral and unprepared while Hitler was embarking on world conquest.

We must not let ethnic politics render our Nation weak once again—at a time when many strains beset the Western Alliance and NATO.

This bill is neither pro-Cyprus nor anti-Cyprus.

This bill is neither pro-Greece nor anti-Greece.

This bill is neither pro-Turkey nor anti-Turkey.

Rather, it is pro-American. It is in our own Nation's interest that the Turkish bases be kept open. Our alliance with Turkey must be kept firm.

To accomplish that goal this bill would not give Turkey special favors. It would not give a cent of new military aid. It would not try to return relations to the way they were before the Cyprus invasion.

No. The sole aim of this legislation is to give the Turks the military equipment they already have bought and paid for.

It would permit the Turks to buy more arms from us, if they choose. That is all.

This is a small price to pay for an important segment of our national security.

Mr. Chairman, approval of S. 2230 would get the problem of Cyprus off dead center. I urge the passage of this bill as passed by the Senate and urge the rejection of all amendments.

Mr. COHEN. Mr. Chairman, I intend to vote to lift the present arms embargo on Turkey. I do so for two reasons.

First, I believe the preservation of NATO and the security of the United States and its citizens cannot be served by continuation of the present diplomatic stalemate in the eastern Mediterranean.

Second, I believe that there can be no progress toward a settlement of the Cyprus situation until Turkey can be brought to the bargaining table. I believe such a development is impossible unless there is a partial lifting of the arms embargo. If the House agrees to such action today, it may provide the necessary incentive for the negotiations without which there can be no peace in the eastern Mediterranean.

My vote today in no way minimizes my concern over the fact that U.S. arms—sold to Turkey for NATO defense purposes only—were used in the Turkish invasion of Cyprus. As my colleagues will recall, I was among those Members of Congress who responded to this action by supporting the successful October 1974, measure which banned further military assistance to Turkey until the President could certify that Turkey was in compliance with all U.S. foreign assistance statutes and that substantial progress had been made toward a Cyprus agreement.

Unfortunately, nearly 12 months have passed since the Congress approved that initial measure and little progress has been made. No positive response has been forthcoming from the government of Turkey, and the stalemate on Cyprus continues. At present, Turkey occupies over 40 percent of the island and more than 200,000 Cypriot refugees cry out for urgently needed food and medical attention.

New action is needed to break the deadlock. In my judgment, the temporary lifting of the prohibition on weapons sales for all contracts signed prior to the date the embargo was imposed will provide the administration with the diplomatic leverage necessary to accomplish this objective.

I believe that without action by the United States, Turkey will close down the various American installations on its soil—installations vitally important to the continued strength of NATO. Turkish actions subsequent to the July 24 House vote on this issue have demonstrated the House rejection of the measure has jeopardized U.S. defense bases and intelligence facilities in the region.

Furthermore, I believe that a failure to release American arms purchased legally under contract by Turkey prior to the embargo eventually will result in Turkey seeking substantial arms from other nations—most probably the Soviet Union or the Arab block In my judgment, such an action by Turkey would be likely to upset the delicate power balance which currently exists in the eastern Mediterranean and therefore would not be in the best interests of the various nations of the region or of the United States.

Let me stress, however, that I do not believe the United States should permit itself to become a hostage to Turkish pressures on its military bases. If lifting the embargo in this way does not result in a noticeable change in Turkey's willingness to negotiate a settlement to the Cyprus problem, then I feel the Congress would be justified, when the Foreign Assistance Act comes before it for consideration in December, to rethink the entire situation in light of that fact. If a partial lifting of the embargo fails to improve the situation, I will urge the House to reconsider its position once again and take whatever steps are necessary to insure the continued security of the United States and its allies—both Greek and Turkish—in the eastern Mediterranean.

Mr. **BIESTER**. Mr. Chairman, once again my colleagues in this House must reflect, and then decide upon an urgent question of American foreign policy. Our responsibilities require each of us to deliberate on both the short- and long-range interests of the entire American people which must direct this foreign policy. And while our varying interpretations of these interests may be defended with passion, they must be determined by probing, critical analysis.

We know that centuries of bloody conflict have preceded the current Cyprus tragedy. Relations between Greece and Turkey, which still labor under a heavy burden of traditional suspicion, cannot be improved if their common ally—the United States—seeks to impose unacceptable conditions upon either, or both of these justifiably proud peoples.

We know, as well, that the present embargo on arms shipments to Turkey has already cost us dearly. American military installations in Turkey—and particularly those with electronic intelligence-gathering functions—are of unquestioned importance to the common defense of NATO. Future agreements at SALT will depend upon the American capability to verify Soviet compliance; certain of the Turkish installations are necessary, at this time, for such verification. There is no question that Turkish-American relations have seriously deteriorated since the embargo was improved on February 5. And since the House voted, on July 24, to maintain the arms embargo, the operations of our military facilities in Turkey have been severely curtailed.

According to one report of the National Security Agency, the loss of American intelligence on Soviet military activities resulting from the Turkish restrictions has been greater than anticipated.

And what has the United States accomplished? The arms embargo has not encouraged movement toward a negotiated settlement of the Cyprus question. Resettlement of the 200,000 refugees on Cyprus hangs in abeyance. American relations with the Greek Government continue to suffer from the lack of movement on Cyprus negotiations. The military position of the Soviet Union, on the other hand, has been enhanced. NATO's posture in the vital Eastern Mediterranean is weakened.

We must therefore dispassionately reconsider a policy which has failed to accomplish its desired goals, and which holds no promise to realize them in the future. By permitting Turkey to receive the shipment of $185 million in military equipment ordered prior to February 5, the United States will not be approving Turkish intervention on Cyprus. We will not be significantly altering the military balance between Greece and Turkey. We will not be "capitulating" to Turkish demands since, as Secretary Kissinger has correctly pointed out, the proper functioning of the American installations are necessary for the "common defense." Nor will this legislation in any sense signify that the United States will turn its back on the suffering of the Cyprus refugees.

Ending the arms embargo as specified by S. 2230 will, however, remove a major impediment to movement on negotiations over Cyprus. For if the United States would never appear to bow to threats from a longtime ally, neither can the Government of Turkey be expected to do so.

If, as some Members fear, Turkey will not adopt a positive approach toward negotiations on Cyprus if this legislation is enacted, the Congress is not without a remedy. For though we would authorize the delivery of military supplies already in the pipeline, S. 2230 will not restore grant military assistance to Turkey nor permit any sales other than commercial ones until Congress acts on the 1976 authorization of the Foreign Military Sales Act. The United States must continue its efforts to seek a just and durable settlement of the tragic and complicated Cyprus tragedy. But we must not further complicate the problem by a policy which works against our national security interests.

For these reasons, Mr. Chairman, I urge support of this legislation.

Mr. **RONCALIO**. Mr. Chairman, one of the great academic questions in the study of international relations is the concept of national interest. Scholars have long argued whether a given nation acts in the international arena solely on the basis of its national self-interest, or whether other factors play a significant role as well: such concepts as ideology—principles—geography, the personality of foreign policymakers, and so forth.

One of the most difficult problems in this regard, however, is the lack of a definition of national interest. I have always found it difficult to divorce principles from national interest in this sense in that a country's self-interest in the world must also be founded in a large part upon certain principles of government which are the underlying foundation of its domestic political system. In the case of the United States this means to me, constitutionalism and the rule of law.

It is an indication in the first place of the lack of any application of principles or moral convictions by the United States in the making of foreign policy that this country has given arms to two countries that eventually use them against each other—with the hope by the United States that we can in some designed manner control both. We have seen this practice fail in the case of Greece and Turkey and with India and Pakistan. It is time that we recognize that we cannot continue to strong-arm our way through the world. We cannot do so with the Soviet Union, China, or other major powers, and we should not attempt to do so with the small nations either. In doing so we being by violating principles we have emphasized as our own.

Ultimately we find ourselves in the present position of attempting to uphold a certain principle—no arms shall be supplied to nations which use them for aggressive purposes—which is commendable, but that ironically is founded upon a self-interest type of foreign policy which is without any principles itself.

In light of congressional action with regard to the Panama Canal and Rhodesian questions I would not be surprised to see the House back down on the Turkey issue should it come up for another vote. However, should the Congress sustain on this principle it would go a long way in forcing a change in the manner in which U.S. foreign policy is made—a long-needed change. This is why I shall again vote to sustain the principle that one of our two NATO friends, Turkey, must adjust its position vis-a-vis Cyprus if we are to continue to be its arsenal.

Mr. Chairman, the following article by Tom Braden states the case for the Greek position today:

ARMS FOR TURKEY: PHILOSOPHICAL PROBLEM

(By Tom Braden)

The question of arms to Turkey, which Secretary of State Henry Kissinger will put once more before the House of Representatives this month, is a textbook case in the problem of principle vs. pragmatism in the making of foreign policy.

There is no dispute about fact. The Turkish army grabbed nearly half of Cyprus in violation of the cease-fire agreement and used arms supplied by the United States in order to do so.

Those being the facts, Congress applied the principle. No arms shall be supplied to nations which use them for aggressive purposes. That was the principle. Congress cut off arms to Turkey. Turkey protested. Kissinger protested. So far the principle holds.

Is the principle sound? Is it a valid exercise of congressional judgment? Should we rather say that the United States shall send arms to whatever nations the Secretary of State may designate? Or, in the making of foreign policy, shall we never state any principles at all? These are the questions congressmen are asking and they have to be balanced against the questions that the Secretary of State is asking.

Kissinger represents pragmatism. What, he asks, are the interests of the United States? Turkey is on the border of Russia. Turkey plays host to U.S. intelligence installations aimed at Russia. Turkey has 40 million people and Greece has only 8 million; Turkey has a string of NATO bases, and Greece? Well, we could get along without Greek bases. Now, which country matters more?

Impressed, congressmen have repaired to the Secretary's office and questioned him about principle. He is not only adamant; he is angry. To one recent visitor, he raised the problem of U.S. relations with China. The Chinese, he said, would lose confidence in the United States if they were to believe that we could act against our own interests by giving up a bastion on the Russian border.

To another, he explained Turkish "aggression." The Turks, he pointed out, were acting in their own interests after extreme provocation. (The attempt of the former Greek government to establish a union of Cyprus with Greece.) The Turks were closer to Cyprus, he explained, and had more power.

To still a third visitor, he asked, "Who's running foreign policy?" That question obviously matters to him. Some congressmen think it matters most of all.

So the issue has been drawn and maybe the only question that isn't being asked is whether it is sound pragmatism to surrender principle, or even the pretext of principle.

Congress could hold on to the pretext of principle if the Turks would make a mild concession or make public promises that they would make concessions later on.

But they haven't done so, and the Secretary of State defended them for not doing so. How can they make concessions, he asks, with a gun at their heads? And he adds that Congress withheld from Turkey even those arms Turkey had already paid for.

These are some of the questions congressmen are worrying about as another vote nears. Some of them think that Secretary Kissinger made a lot of mistakes on Cyprus, partly because he had more important problems on his mind, and partly because he thought this was a problem that could wait.

But the problem has waited now for a little more than a year and presents itself in philosophical guise: Granted the United States stands for its own self-interest. Does it stand for anything more?

Mr. McCOLLISTER. Mr. Chairman, I am hopeful that the House will today carefully reconsider its last vote on the embargo controversy and support this compromise proposal, S. 2230, to allow a partial lifting on U.S. military assistance to Turkey. None of us can deny the fact that since we last voted on this issue, activities on 27 American military bases have been suspended. This action is now seriously threatening the security of the Eastern Mediterranean and our own interests as well.

The impact on our intelligence-gathering operations alone will result in a net loss of 15 percent and over 50 percent in the amount of intelligence available on Soviet troop movements and tactical forces deployment in southwest Russia. Should we fail to approve this proposal, then we can expect further deterioration of relations with Turkey and, consequently, delay any positive steps in resolving the Cyprus issue.

I have received hundreds of letters from constituents, and various spokesmen from each side of the controversy have visited my office. I am sure most of you have too. I am grateful that these people have taken the time to express their concerns. What we should be concerned with now is getting both parties to the negotiating table to settle this dispute. The embargo has not, nor will it ever serve that purpose. Neither does it serve any purpose to continue punitive steps toward Turkey in light of Greece's own use of American weaponry on Cyprus. The status quo is totally unacceptable.

The Turkish Government has said it will be impossible for them to negotiate a settlement on Cyprus until the embargo is lifted. To reject S. 2230 is nothing more than shirking our responsibility in finding a way to solve this dispute and putting off what inevitably will be an enduring obstacle to peace on Cyprus.

Mr. FASCELL. Mr. Chairman, although I remain in opposition to section 2 of the billl, S. 2230, which provides for the partial suspension of the arms embargo against Turkey, I want the RECORD to show that I am strongly in favor of the authorization for the Board for International Broadcasting which is included in section 1 of the bill. Because the bill we are considering today contains these two separate and diverse elements, I believe it is important to keep this distinction in mind.

My reasons for opposing the Turkish aid provisions of this bill are well known and will be restated during the forthcoming debate. At this time, Mr. Chairman, I wish to limit my remarks to the proposed authorization of $65,640,000 for fiscal year 1976 to support the operations of Radio Free Europe, Radio Liberty, and the Board for International Broadcasting.

I believe that Radio Free Europe and Radio Liberty continue to serve the foreign policy interests of the United States. Article 19 of the Universal Declaration of Human Rights—to which both the United States and the Soviet Union are signatories—states that "everyone has the right of freedom of opinion and expression; this right includes freedom to hold opinions without interference, to seek, receive and impart information and ideas through media, regardless of frontiers."

The United States consistently supported that principle in the Conference on Security and Cooperation in Europe. The Helsinki agreement of last August, which followed over 2 years of painstaking negotiations, contained the following declaration of purpose with regard to international broadcasting:

> The participating States note the expansion in the dissemination of information broadcast by radio, and express the hope for the continuation of this process, so as to meet the interest of mutual understanding among peoples and the aims set forth by this Conference.

Although the language is notably vague—undoubtedly by design—the phrase "expansion in dissemination of information" implies a reduction in Soviet jamming activities.

Whether that implication turns out to be another false hope or a reality remains to be seen. In any case, I believe it is essential to maintain the U.S. commitment to a freer flow of ideas and information between East and West. A unilateral curtailment of RFE or RL broadcasts at this stage would serve only to undermine that commitment and the long-standing U.S. position on this vital issue.

I have never, in fact, subscribed to the notion that these broadcast operations are inconsistent with the official U.S. policy of seeking "détente" with the Soviet Union. On the contrary, I feel that in long-range terms, the Radios contribute toward, rather than inhibit, the realization of this ultimate goal.

But if détente is to become a reality instead of a slogan, free communication and exchange of ideas ought to be a two-way street. Unfortunately, it is not.

We all know what can happen if a closed, totalitarian society—especially one armed with nuclear weapons—keeps such information from reaching the people of that society. The events of the 1930's and 1940's—leading up to World War II—are examples of the possible results. That is why the Eisenhower Commission pointed out that "a people uninformed or misinformed is a danger to itself and a potential danger to its neighbors. . . ."

Mr. Chairman, there has always been some confusion within this body about the role of Radio Free Europe and Radio Liberty—as distinct from other broadcast operations maintained by our Government. Although world news is one feature of their normal operations, RFE and RL focus attention on developments taking place within the Soviet Union and Eastern Europe. They provide detailed coverage of events which is denied to the people of these target areas by their own strictly controlled media. And it is important to recognize that this type of information we are talking about is not provided by any other facility—not by the Voice of America, nor by the BBC, nor Deutsche Welle, nor any other radio. This is one of the reasons why the continuance of RFE and RL has received the overwhelming endorsement of our Committee on International Relations.

Mr. Chairman, although section 1 of this bill is concerned exclusively with the activities of these two distinctive radio stations, I would like to make a few comments about the broader implications of U.S. international broadcasting.

For many years now, I have been calling attention to the need for a comprehensive review of all U.S. overseas broadcasting facilities and operations—not only in terms of their respective missions, but also in relationship with one another.

To date, as our committee report points out, there has been a notable lack of cooperation and coordination among U.S. overseas broadcasters. In addition to RFE and RL, these include the Voice of America—VOA; the Armed Forces Network—AFN; and Radio in the American Sector of Berlin—RIAS. Following the conclusion of World War II, each of these various operations has developed independently of the others—leading to duplication of facilities and efforts and at times even to bureaucratic in-fighting. Each has operated on the general principle: Every agency for itself.

Apart from the urgent need to correct this situation for budgetary reasons alone, there are other considerations which make an across-the-board review of U.S. international broadcasting facilities a matter of high priority. Let me summarize a few of them:

First, there is the pending question of international frequency reallocations which is being taken up in Geneva this month at the second session of the regional administrative conference for low- and medium-frequency broadcasting. This conference, which is being sponsored by the International Telecommunication Union—ITU—has already reached general agreement on criteria for assigning radio frequencies to various government and commercial interests throughout Europe, Africa, and the Middle East.

The United States is not a participant in the ITU conference, and much will depend on the effectiveness of the West German—FRG—authorities in representing U.S. interests at the conference. In the meantime, pressures have been building up among European commercial broadcasters to have U.S. broadcasters—including the operations I have mentioned—move from LF/MF wave bands to shortwave.

In other words, it is too early to tell what frequencies will remain available to U.S. broadcasters as a consequence of the pending reallocation agreement—if such an agreement is concluded at all. What is clear, however, is that some important decisions may have to be made in the event that certain frequencies now assigned to the United States have to be relinquished. A set of priorities needs to be developed which will represent the overall interest of the United States as opposed to the parochial interests of the individual U.S. broadcasters. To date there has been an absence of policy direction in this regard.

Second, there are important unresolved organizational issues raised by the panel on international information, education, and cultural relations—known as the "Stanton Panel." As Members are aware, the report recently submitted by this panel recommends, in effect, the dismemberment of the U.S. Information Agency and the establishment of a separate Voice of America to be supervised by semi-independent board of overseers. Moreover, the general outlines of this proposal have subsequently been endorsed—with some minor modifications—by the so-called Murphy Commission on the organization of the government for the conduct of foreign policy.

In this connection, the Stanton Panel took note of the differing missions of VOA and RFE/RL and concluded that "successful programing of VOA requires total editorial separation from RFE/RL." For this reason, a decision was ultimately reached to recommend placing VOA under a separate board of overseers rather than under the presently existing Board for International Broadcasting. At the same time, it left open the possibility of an eventual merger of the two boards.

Admittedly, the Stanton Panel's recommendations remain highly controversial and to date the administration has given no indication that it is prepared to implement them.

They will, however, be subjected to an intensive review by the Congress in the months ahead. It is my hope, Mr. Chairman, that a major part of that review will focus upon the coordination and rationalization of all U.S. overseas broadcasting activities.

Finally, Mr. Chairman, there is the question which was raised by several members of our committee during this year's authorization hearings as to the possible expansion of U.S. broadcast operations to include other parts of the world—particularly in Asia. Under legislation currently in effect—the Board for International Broadcasting Act of 1973—the Board has no authority to move into this area. However, the Board's mandate could be extended by Congress to include such authority. In fact, suggestions were offered in committee that the BIB be authorized to conduct a technical feasibility study of possible U.S. broadcasting in Asia.

It was, however, the committee's consensus that such a move would be premature at this time. Instead, it was felt that certain basic policy decisions should be made to establish the terms of reference within which such a study might be carried out. I personally am very hopeful that our committee will take the lead in investigating this aspect of international broadcasting in which so much interest has already been generated.

Mr. Chairman, let me conclude these remarks by making some observations about the role and progress of the Board for International Broadcasting: The Board has only been in operation for about 1 year and spent a few months last year getting itself organized. There have been some important developments over the past year: The consolidation of the radios' headquarters in the United States and operating facilities in Munich is expected to be completed this fall; and there have been some significant staff reductions. As a result of this retrenchment program, certain long-range economies are anticipated.

On the other hand, it is apparent that the Board has a long way to go in fulfilling its oversight responsibilities. The committee's findings and recommendations in this regard are included in the committee's report, so I will not repeat them at this time. On balance, I feel the Board has made a good start and is on the right track. It merits our support, as well as our continuing attention and scrutiny.

Mr. Chairman, I have attempted to set forth the overall context in which I believe this legislation should be considered. Although this particular bill is limited in scope and jurisdiction—the implications are broad indeed. I think the time is at hand for a serious and comprehensive review of all U.S. broadcasting operations. It is a matter of the highest priority for our Government, our Nation, and our future influence in the international community.

Mr. GUDE. Mr. Chairman, once again I must oppose this bill, as I have done previously. In speaking against this proposal last July I stated that what was needed was an indication on the part of Turkey that it was willing to move on the Cyprus question. That indication did not exist then and it does not exist now, and in the continuing absence of it, I see no reasons to change my vote.

One reason there has been no movement on Turkey's part, I fear, has been the attitude of our own administration, which has continually been holding out straws for the Turks to grasp. Had the Secretary of State and the President last February—or even last November—told Turkey that Congress had made itself clear and that nothing further was to be done, I firmly believe we would have seen some flexibility on the part of the Turkish government. Instead the administration has taken the position of being the Turkish lobbyist on Capitol Hill, which has had the effect of regularly reassuring Turkey that the next vote will change the situation and if they will only hold out a little longer, they will win. Thus inspired, Turkey has held out, and the administration is blaming Congress for their intransigence. That the entire situation has been badly handled by the administration from the beginning is something that I doubt even proponents of this bill would deny. Unfortunately, this mishandling is going to leave a residue of bitterness in the Congress that may well spill over into other foreign policy issues.

Talk about who is at fault, however, does not help to solve the problem, as I pointed out in July. The important question to be answered is what action will lead to some movement on the Cyprus question. Parenthetically I would note that it is interesting that Cyprus has almost gotten lost in the debate over Turkey, our bases there and their significance, despite the fact that it is the central problem.

Despite anything the administration has said, there is not a shred of hard evidence to indicate lifting the embargo will produce any progress on Cyprus. Of course, one might argue logically that repeal of the embargo will produce a conciliatory act of reciprocation on the part of the Turks. One could also argue with equal logic, however, that a firm stand now might at least convince the Turkish Government of the depth of congressional commitment on this issue and persuade them to review their policy. In all honesty I have real doubts whether either action—or any action—will produce a short-term change in the situation at this point. The currently unpredictable state of Turkish politics itself militates against any major changes.

Rather than concern ourselves with this kind of negative assessment, however, we should instead be discussing what positive action can be taken to change the situation. Of particular interest in that regard is the amendment proposed by Mr. FASCELL, Mr. BRADEMAS, Mr. ROSENTHAL, Mr. SARBANES, and a number of other Members which would permit the shipment of the $185 million in arms contracted before February 5 if the President certified that significant ress has been made on the Cyprus gee problem.

This amendment helps to refocus our ntion on what should be our primary cern—the situation in Cyprus, the t notable aspect of which is the ht of the refugees.

In addition, the amendment represents ositive shift in the congressional posi- which can help to unfreeze the sittion. No longer will the embargo be d strictly to Cyprus negotiations and political situation; rather the emasis will be shifted to refugee relief d, therefore, strictly humanitarian nsiderations. This injects an element flexibility into our position which ould make it much easier for the urkish Government to reciprocate appropriately. I believe this position constitutes a sufficient degree of movement on our part and that it is appropriate once again to put the question to the Turkish Government as to whether it is really willing to enter into meaningful negotiations over Cyprus and the Cypriot refugees. I urge my colleagues to support this amendment.

Mr. WIRTH. Mr. Chairman, this issue has been the most difficult and complex issue for me since I have been in the Congress. I have talked to all parties to the issue, listened carefully to the debate, and tried to understand the merits of both sides. And clearly both sides do have merits.

Having gone through this, and wrestled with the issue for some time, and having spoken with many colleagues who have been through the same processes, I thought some of you might find my approach and analysis helpful. Thus my statement on the floor tonight.

When the issue of continuing the embargo on arms shipments to Turkey came before the Congress last July, I voted to maintain the embargo, but only after a long inner struggle in which I saw both sides of the argument with discomforting clarity. On the one hand, it seemed important to insist on the terms of the arms agreement, which specified that no American military aid may be used to invade an American ally. It also seemed important to put the administration on notice that Congress intended to stay in the business of setting foreign policy goals. And, while negotiations concerning the Cyprus situation were going on, it appeared that we might have leverage for pushing those to faster resolution.

But on the other hand, there were persuasive arguments brought forth concerning America's national security requirements. Turkey threatened to close down our intelligence-gathering outposts on her soil. Furthermore, it was argued that continuation of the embargo would embitter the Turks, strengthen the political hand of the radical left there, and perhaps weaken the NATO alliance.

In July, I determined that the Congress should make a point of insistence on both the treaty obligation and its own role in foreign policy. I believe that the points were made with sufficient force. Now we find ourselves in a slightly different situation. The Turks have made it clear that they will carry out their threat to close our installations, and indeed have already taken steps in that direction. Moreover, the Turkish elections are coming up soon and it seems desirable for us to foster a climate in which the forces of moderation can flourish.

Finally, negotiations concerning Cyprus broke down less than 1 month ago, suggesting that it is now necessary to separate the Cyprus situation completely from our strategic security interests in the eastern Mediterranean.

Therefore, on October 2, I cast my vote in favor of ending the embargo on arms shipments to Turkey.

Mrs. SCHROEDER. Mr. Chairman, the following column by Art Buchwald, titled "Roll, Jordan, Roll," discusses the absurd situation which now surrounds the Jordan Hawk missile sale. However, there are a number of comments included in this piece which are also very relevant to the question of whether arms sales should be resumed to Turkey at this time:

ROLL, JORDAN, ROLL

(By Art Buchwald)

WASHINGTON.—Washington went into a tailspin last week when King Hussein of Jordan refused to accept 532 Hawk surface-to-air missiles that the United States urged him to buy.

Hussein was angry because he said the United States had attached conditions to the sale. And Henry Kissinger was worried because Jordan could upset his Missiles for Peace game plan.

This is what was going on at the State Department during last week's crisis.

"Mr. Secretary, this cable just arrived from Jordan. Hussein is very upset because someone told him he could only use the Hawk missiles we're selling him for defensive purposes. He said he's never been so insulted in his life."

"Who told him he could only have them for defensive purposes?"

"I don't know, sir. Some damn fool who wasn't clued in on the big picture."

"Well, fire him. We can't have our State Department people telling foreign leaders when they can shoot our missiles in the air."

"Yes, sir."

"This is very serious. Do you realize if King Hussein refuses our missiles, then Israel could refuse them and then Egypt could become suspicious and would not buy any, followed by Saudi Arabia, Yemen and Abu Dhabi? My whole Middle East peace plan is based on everyone buying American missiles.

"Not to mention planes, tanks and spare parts. If we allow Hussein to get away without buying the Hawk missiles, it will upset the military balance in the area. How can we justify selling Israel so many missiles if Hussein doesn't take any?"

"You better get me King Hussein on the phone . . . Your Highness, Henry here . . . What do you mean he doesn't want to speak to me? . . . Tell him I'm sorry he feels insulted and that's what I'm calling about . . . Thank you . . . Ah, Your Highness, it's good to hear your voice . . . Now please, Your Highness, there's been a misunderstanding. . . . That's right, I told you you could have the Hawk missiles with no strings attached. . . . There aren't any strings attached . . . We have this stupid law passed by Congress that U.S. weapons can only be sold to countries who need them for defense . . . You know how they are. They don't want someone to start a war for no reason at all . . . Of course, I know you wouldn't start a war . . . Sure I trust you . . . We trust everyone in that area . . . Do you think we'd sell weapons to people we didn't trust? . . .

"Wait, wait . . . listen to me. All you have to do is promise us you won't use any of the Hawks offensively or transfer them to another country . . . it's just a formality. Do you think we're going to come into your country and say, 'Hussein, what did you do with the missiles?'

"Your Highness, have I ever lied to you? Once you buy them they're yours to do with as you like. You can shoot them all off on New Year's Eve for all we care . . . I know the Russians have offered to sell you SAM missiles, but they're no match to the Hawk. Our Hawks will give you twice the bang for the buck . . . It's in this month's Consumer Report . . .

"I'll tell you what. If you take the Hawks, we'll throw in $3 million worth of Red Eye shoulder-fired rockets and a brand-new $90 million Vulcan antiaircraft gun system . . . No, you don't have to accept any bribes from Lockheed or Northrop . . . We'll make this one a straight sale . . .

"I don't want to beg, Your Highness, but your acceptance of a multimillion-dollar arms deal from the United States means a lot to me . . . As a friend I'm asking you, please take them . . . You'll think it over? Thank you, thank you from the bottom of my heart . . . I don't know how I can ever repay you . . . Goodby."

The Secretary ends his conversation, and is asked by an aide: "Do you think he'll take them, sir?"

Secretary Kissinger answers, "He better—or we'll never have peace in our time."

Mr. Chairman, if Congress allows American weapons to be sold abroad and does not demand to know how they are used afterward—we will never have peace in our time. This Buchwald article may be a satire, but it is too close to reality to make me feel comfortable.

Mr. LAGOMARSINO. Mr. Chairman, we seem to have reached an impasse on this matter. The Turkish Government refuses to negotiate a settlement until we resume arms sale. We refuse to do so until there is progress in negotiations. In the meantime, as our colleagues have reminded us, many of the 200,000 refugees face another winter in tents.

What is the best way to resolve this dilemma? In the comfort of this Chamber, far from the arena on Cyprus, it is perhaps easy to say, "the law is the law, we won't budge." But there is more involved here than national pride or narrow legalities. We made the law, and we can change it. When Turkey broke our law, we invoked the appropriate sanction by stopping arms sales. Unfortunately, the ones who are bearing the punishment or the refugees.

Not our problem, you say? Perhaps not, if there is really nothing we can do about it. But as long as there is a chance to do something, even a slight chance, we should take the extra step, go the extra mile.

What do we risk by accepting this bill? Very little. If the Turks remain adamant, we can reimpose the embargo at any time, and in good conscience. But if this bill is the price of gaining the Turks' cooperation in saving 200,000 people, then we should pass it. It costs us nothing, but to the 200,000 refugees now huddled on Cyprus, it could be the key to freedom.

Mr. PRITCHARD. Mr. Chairman, the Turkish arms question has brought to the surface a variety of issues, dramatizing both the complexity of this specific problem as well as the pressures involved within the decisionmaking process of the Federal Government. On display have been the powerful leverage of ethnic politics in America; the internal struggle for congressional leadership; the vital question as to the proper role of Congress in foreign affairs; the relationship between Congress and the Executive; and the impact of the public in communicating with and influencing their elected officials.

As is frequently the case, the actual details of the Cyprus tragedy and the events surrounding the embargo decision have all but been obscured by political rhetoric and maneuvering on Capitol Hill, and the emotional excesses of involved interest groups.

In brief, all military aid to Turkey was suspended effective February 5, 1975, as a result of action taken by the Congress on December 18, 1974. It was the view of the Congress at that time that the Turkish occupation of Cyprus in July 1974, violated sections of the Foreign Assistance Act and Foreign Military Sales Act; namely, that Turkey had used U.S. supplied military aid for aggressive—rather than defensive—purposes.

Turkey justified its invasion on the basis that the Greek-inspired coup against the legitimate government of Cyprus on July 15, 1974, required Turkish intervention under article 3 of the 1959 Treaty of Guarantee, designed to uphold the independence of Cyprus.

The embargo decision by Congress aroused passionate responses from the administration, which opposed the action, and from the Greek-American community which not only supported the arms ban, but wanted to make certain that Congress did not reverse itself under pressure from the President. When it became known a few months ago that both the Senate and House would reconsider the embargo, thousands of letters, telegrams, and petitions poured into Capitol Hill, urging Congress to hold firm.

In May of this year, the Senate voted 41 to 40 to lift the embargo. On July 24, the House rejected the same measure 206 to 223.

Because of the high level of emotional intensity revolving around this issue, rational debate has been difficult. Proponents of lifting the arms ban have muddied the waters as effectively as their opponents, with both sides often using the same arguments to advance their positions.

I am voting to lift the embargo not as a vote of confidence in Secretary Kissinger or our previous policies and efforts in this area; not to rally behind the President on a controversial issue; not as a vote against Greece; nor because I have reversed my position on reasons for the original embargo resolution.

I am voting to lift the embargo, because the 8-month ban has clearly established to the world that the United States is willing and able to enforce its own laws—and nations are now put on notice. The time has come to move on. An end to the embargo would be a positive step toward encouraging Turkey to begin substantive negotiations on a Cyprus settlement; it would keep Turkey militarily prepared and thus shore up NATO's eastern flank; it would keep our bases in Turkey available in case of another Middle East conflict; and it would keep our intelligence facilities open and operating, facilities which are vital to our overall national security interests.

With the Communist election in Italy, political chaos in Portugal, unrest in Spain, and Greece and Turkey now at each other's throats, NATO's strength and influence in the Mediterranean has been severely limited.

Although an agreement between Egypt and Israel on the Sinai now looks promising, should another war break out, the United States, deprived of landing facilities through the Mediterranean, would be hard pressed to supply Israel.

On the brighter side, negotiations are underway to reach a settlement on Cyprus, though the issues are many and highly complex. Turkey has moved slowly in taking retaliatory action against the United States. The Turkish Government has suspended operations at four U.S. intelligence installations and at one navigational site, but U.S. military personnel remain in the country and relations are generally better than would be anticipated. There is, however, severe political pressure on the Turkish Government for the removal of all American bases and for prohibition of nuclear weapons and facilities.

It would serve us all well if this debate could be devoted to the real issues and to what is best for our national interests. Both Greece and Turkey are important allies, and we should be actively encouraging closer cooperation and mutual harmony—not seeking to add additional strain to an already potentially perilous situation.

Mr. BENNETT. Mr. Chairman, I opposed this bill last time it was here on the grounds that it approved the sale of U.S. arms to Turkey, even if they be used in wars of aggression. The State Department officials who have talked to me on this matter have tried to reassure me that the legislation would not allow U.S. arms to go in aggressive warfare uses. I am still not convinced that this measure would not allow such use of U.S. furnished arms, particularly those purchased through commercial channels. It is for this reason that I will vote against this bill again on final passage.

Mrs. HECKLER of Massachusetts. Mr. Chairman, I have voted in favor of maintaining the arms embargo on Turkey eight or nine times in this Congress. My great feeling of moral indignation that Turkey would use arms shipped from the United States to invade Cyprus and violate the Foreign Military Sales Act combined with my warm feeling of sympathy toward the Greek position on this issue prompted my earlier votes. I felt that it was our obligation as leader of the free world to bring all possible pressure to bear on Turkey to resolve the suffering of the Greek Cypriot refugees. I so voted despite the very serious implications for our intelligence capabilities—which affect not only our own security, but that of Greece and other NATO allies as well.

Since the Congress took that position, we have seen, sadly, that the arms embargo has had no effect on Turkey's treatment of the refugees. At the same time, the United States has been deprived of its best intelligence sources, because of the shortsighted, stubborn reaction of the Turkish Government.

So at this point, our policy on arms sales to Turkey has failed to help the refugees at all. I suspect that the Turks' ill-considered pride prevents them from being reasonable. Nevertheless, the embargo has not achieved its purpose.

The time has come then for us to change our strategy, but not our hearts. Much as it displeases me to permit the arms shipment to be made, I must also recognize that there is now no point in stopping them. We are hamstringing the security of the NATO alliance without any hope of changing the Turkish position.

Therefore, in a series of votes today on this important question, I am voting to try another approach—the path of Presidential persuasion. I am voting to give this strategy a full opportunity to be effective for a limited period of time and for a limited number of sales. Therefore, I will not support any weakening amendments; during this trial period, I will not vote to tie the President's hands but rather mandate that he should use his influence to win a settlement just as our Secretary of State has won a settlement of the dispute between Israel and Egypt. And just as we have friendly relations with Israel and Egypt, ultimately we can have friendship with Greece and Turkey. But this friendship cannot be built on the broken hearts and broken lives of Greek Cypriots. I am giving the Turkish Government the chance to change its dilatory and regressive policies and hope they will see the justice of settling the desperate human problems of the Cypriot refugees, thereby regaining the respect and friendship of the world community.

Mr. GOLDWATER. Mr. Chairman, I rise in support of the bill, S. 2230, authorizing appropriations for the Board for International Broadcasting which contains provisions enabling a partial lifting of the embargo on arms shipments to Turkey. The Turkey aid provisions will restore some balance and sense to our military aid policy toward Turkey without undermining our support for Greece or our efforts to obtain a peaceful and fair resolution of the situation on Cyprus.

In September of last year, I voted to stop all military aid to Turkey. I did so because of their military invasion of Cyprus. I felt that the assurances of the Committee on International Relations, to the effect that such an American move would result in serious negotiations and a speedy resolution of the problem, were accurate.

One year later, we know that the exact opposite result was achieved. The embargo was immediately followed by a termination of all negotiations. Yes, there have been discussions between the parties but there have been no substantive gains or results. Further, U.S. congressional action has seriously impaired the NATO alliance. Turkey has relaxed its surveillance of the Soviet naval passages through the Bohphorous Straits and the Sea of Marmara. They have allowed Soviet use of Turkish airspace, to the harm of our peace efforts in the Middle East. And, they have begun the termination of our military base agreements inside the country. NATO has been and should continue to be a major stabilizing influence in the area but it certainly will not be if the situation continues to deteriorate. And, it should not be forgotten that Greece is now surrounded by less than friendly neighbors. Simply put, America cannot help Greece much if our only friendly reception and influence is in Athens. Greece could become as isolated and beleaguered as free Berlin if the current situation is not corrected.

As has been pointed out, in a letter to all Members from Congressmen BROOMFIELD and MORGAN, there is no substance to the allegations that action by the Congress at this time will influence the upcoming Turkish senatorial elections and that this proposed lifting of the embargo violates a basic rule of law. Turkish sentiment over the American embargo is not a partisan issue in Turkey. All political sides agree in their condemnation of it. Further, the embargo affected all forms of military aid to Turkey. It applied to forms of aid not connected to the NATO support we provide and it affected direct cash military sales already completed but for which delivery had not yet been accomplished.

This bill lifts the embargo on those transactions already concluded but for which there has been no delivery. And, it would permit the resumption of direct commercial sales. Period. It does no more. The use of NATO equipment against a NATO ally cannot be tolerated. This bill does not affect the embargo on NATO aid.

In voicing my support for this bill, I think it should be clearly understood that my vote in no way represents a change in my continuing support for the nation of Greece or her citizens' rights on Cyprus. My concern for them is not in conflict with my impending vote. America must set an example of balance, responsibility and fairness. We must, if a positive resolution of the Cyprus question is to be achieved, have the courage to set that example. This bill is the opportunity. Let us get on with it and stop fooling ourselves and hurting our friends.

Mr. FASCELL. Mr. Chairman, we have no further requests for time.

Mr. MORGAN. Mr. Chairman, we have no further requests for time.

Mr. BROOMFIELD. Mr. Chairman, I have no further requests for time.

Mr. SHARP. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 578]

AuCoin
Badillo
Biaggi
Bolling
Brown, Ohio
Burke, Calif.
Clay
Cochran
Conyers
Diggs
Dingell
Drinan
Esch
Eshleman
Evins, Tenn.
Fary
Foley
Giaimo
Hébert
Jarman
McKinney
Macdonald
Mathis
Metcalfe
Mitchell, Md.
Murphy, N.Y.
O'Neill
Pike
Ruppe
St Germain
Sisk
Staggers
Teague
Udall
Van Deerlin
Wilson, C. H.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate bill S. 2230, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 397 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8(a) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877(a)) is amended—

(1) by striking out $49,990,000 for fiscal year 1975, of which not less than $75,000 shall be available solely to initiate broadcasts in the Estonian language and not less than $75,000 shall be available solely to initiate broadcasts in the Latvian language" in the first sentence and inserting in lieu thereof "$65,640,000 for fiscal year 1976"; and

(2) by striking out "fiscal year 1975" in the second sentence and inserting in lieu thereof "fiscal year 1976".

Mr. SIKES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this bill should be passed without amendment.

Today, one paramount fact stands out. The Turkish arms embargo has prevented any effective steps to provide a solution to the Cyprus problems. That problem is not going to be resolved in any way as long as the embargo is in effect. We are not going to engage in a war over Cyprus, and everyone knows it. The only solution is negotiation. By refusing to lift the embargo we have, in fact, hardened the Turkish attitude. All the sound and fury from Congress has not taken a single Turkish soldier out of Cyprus.

Greece is not going to recover a substantial presence in Cyprus by engaging in war. Cyprus is 40 miles from Turkey and 400 miles from Greece. The Turks outnumber the Greeks 3 to 1 in population. War does not offer a solution with hope for success for Greece. America has to regain a measure of confidence by the Turks, if we are to be in position to help resolve the Cyprus problem. Failure to pass this resolution can seal the doom of Greek hopes for Cyprus.

I do not know when, if ever, we can restore the warm and cordial relations that formerly existed between our countries. Our relations with Turkey have reached a very low level as a result of the embargo. They will not be improved until the embargo is lifted. The Turkish Government wants to work with our Government and a lifting of the embargo will open doors for discussions and negotiations which are not now possible.

Cyprus is important, but there is much more to be considered. The United States-Turkey strategic relationship is highly important. Turkish geopolitical consideration, the control of the straits, the fact that Turkey holds critical territory immediately on the Russian southern flank cannot be overlooked. The intelligence which we receive from U.S. bases in Turkey is the most valuable that is available to us. We no longer receive that intelligence. We have not been able to substitute any effective and reliable sources despite very diligent efforts.

Turkey has the second largest army in NATO with historic proven fighting capacity. Turkey offers direct access to the Arab world and to the Mediterranean. They can make a deal with Turkey tomorrow if they choose—and plenty of weapons assured. The United States-Turkish military partnership and Turkish commitment to NATO are essential to the southern flank of NATO. It helps to offset adverse developments in Portugal, Italy and Greece.

The attitude of Greece toward NATO and toward U.S. military installations has already damaged our position and NATO's position there, but we continue to send supplies to Greece.

Now, let me state again, that the interest of Greece will be disserved by the continuing deterioration of United States-Turkish relations. Greece and Turkey both are important friends to the United States. The interest of Greece and their position in Cyprus will be advanced if the United States-Turkish relationship remains intact.

There has been talk today about the "Terrible Turks." I recall that the Turks were among the few nations with an effective fighting force on our side in Korea. I recall, too, that American history is not without its examples of atrocity. Wounded Knee is only one story of wholesale massacre of helpless Indians by American forces. Let us not try to becloud the issue.

Following World War I, the Turks developed a new concept under the strong leadership of Ataturk—Mustafa Kemal—of national responsibility and progress. They have accepted an important and leading role on the part of the free world. This has been demonstrated more and more in recent years. Their national pride has been deeply offended by the attitude of the Congress. I recognize the warm and close friendship of the American people for the Greeks. Greek Americans have played a progressive and constructive part in many American communities. They are good citizens and their interests have been a particular concern to Congress. This has been the reason for the votes against Turkey. To me, it is obvious that aggravating our relations with Turkey, as this embargo does, simply makes it more difficult to help Greece, to help Cyprus, to help our friends at home.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, since the last vote on this issue, certain things have happened which the distinguished gentleman from Florida mentioned, and lo and behold, the world has not come to an end. I do not see this great, strong Nation of ours imperiled as a result of Congress adhering to the laws of this Nation.

We were told by the Undersecretary of State that there is a very important election coming up in Turkey, and if Congress does not act to ignore our own laws and lift the arms embargo, that this will become an issue in the Turkish election and that the incumbent government will take steps to guarantee that it remains in power. Just 2 weeks ago, they took steps that would guarantee that they would remain in power by authorizing the doubling of opium production in the opium-producing sections of that nation, where there is a large voting bloc, and the main issue is the production of opium.

I would say that they have taken what would seem to me to be one of the gravest political steps in order to substantiate domestic support for their incumbent regime.

What the gentleman from Florida neglected to talk about are people, we talk about Turkey, we talk about NATO, we talk about Russia and we talk about military power, but we have lost sight of what the issue is. The issue is the refugees, these homeless people on the Island of Cyprus. The initial arms embargo merely stated that if the President of these United States certified to the Congress that there were good faith efforts made to resolve the problems of these human beings, that the arms embargo would be lifted. That is what the issue still remains today, at least in the mind of this Member of Congress, the laws of this country and the plight of these human beings. To let these human beings suffer because of geopolitical or realpolitick type of a situation does not make any sense.

Again, the gentleman from Florida said that the Turks, if they wanted to, could get all the arms they wanted from the Soviet Union. If they are so inclined to start getting arms from the Soviet Union, why are we so concerned that they are going to be our last bastion of defense? I asked Secretary Schlesinger, "Is this Nation really so incapable of defending itself on the bottom line or the whole card or the five-card stud held by the Government of Turkey, that we are dependent upon their whim and caprice as to whether or not we will be able to maintain a sound defense?"

He could not answer that, so I do not think it is fair to say that the defense of this Nation lies in the hands of Turkey. It lies in the will and determination of the people of this country to have faith in our institutions, in the Congress of the United States as an institution. If we do not obey our own laws, how can the people have faith in us? That is the strength of this country.

So, I would submit that the amendment that will be offered, which is an initiative to help resolve this impasse, which will move us forward, takes into consideration the political considerations of Turkey.

It also keeps in focus the human considerations of thousands upon thousands of people who have been made homeless, and the whole thrust of this legislation is to try to resolve the problems of those refugees.

Mr. Chairman, I would urge very strongly, in the interest of moving forward, that we adopt the amendment that will provide for the release of the arms already contracted for by the Turkish Government merely upon the certification of our President that they have made substantial progress in solving the problems of the refugees.

Again, so far as the Turkish Government reaching out for issues to stay in office, they have already allowed the doubling of opium production that is going to find its way back into this country, that is going to find its way into our ports, into the States of our land, and I think they have made their appeal to their people to stay in office.

Mr. Chairman, I would definitely urge the adoption of the amendment that will be offered.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 2. (a) (1) The Congress reaffirms the policy of the United States to seek to improve and harmonize relations among the allies of the United States and between the United States and its allies, in the interest of mutual defense and national security. In particular, the Congress recognizes the special contribution to the North Atlantic Alliance of Greece and Turkey by virtue of their geographic position on the southeastern flank of Europe and is prepared to assist in the modernization and strengthening of their respective armed forces.

(2) The Congress further reaffirms the policy of the United States to alleviate the suffering of refugees and other victims of armed conflict and to foster and promote international efforts to ameliorate the conditions which prevent such persons from resuming normal and productive lives. The Congress, therefore, calls upon the President to encourage and to cooperate in the implementation of multilateral programs, under the auspices of the Secretary General of the United Nations, the United Nations High Commissioner for Refugees, or other appropriate international agencies, for the relief of and assistance to refugees and other persons disadvantaged by the hostilities on Cyprus pending a final settlement of the Cyprus refugee situation in the spirit of Security Council Resolution 361.

(b) (1) In order that the purposes of this Act may be carried out without awaiting the enactment of foreign assistance legislation for fiscal year 1976 programs—

(A) the President is authorized, notwithstanding section 620 of the Foreign Assistance Act of 1961, to furnish to the Government of Turkey those defense articles and defense services with respect to which contracts of sale were signed under section 21 or section 22 of the Foreign Military Sales Act on or before February 5, 1975, and to issue licenses for the transportation to the Government of Turkey of arms, ammunition, and implements of war (including technical data relating thereto): *Provided*, That such authorization shall be effective only while Turkey shall observe the cease-fire and shall neither increase its forces on Cyprus nor transfer to Cyprus any United States supplied implements of war: *Provided further*, That the authorities contained in this section shall not become effective unless and until the President determines and certifies to the Congress that the furnishing of defense articles and defense services, and the issuance of licenses for the transportation of implements of war, arms and ammunition under this section are important to the national security interests of the United States; and

(B) the President is requested to initiate discussions with the Government of Greece to determine the most urgent needs of Greece for economic and military assistance.

(2) The President is directed to submit to the Speaker of the House of Representatives and to the Foreign Relations and Appropriations Committees of the Senate within sixty days after the enactment of this Act a report on discussions conducted under subsection (b) (1) (B), together with his recommendations for economic and military assistance to Greece for the fiscal year 1976.

(c) (1) Section 620(x) of the Foreign Assistance Act of 1961 is amended by striking out all after the word "*Provided*," and inserting in lieu thereof the following: "That the President is authorized to suspend the provisions of this section and of section 3(c) of the Foreign Military Sales Act only with respect to sales, credits, and guaranties under the Foreign Military Sales Act, as amended, for the procurement of such defense articles and defense services as the President determines and certifies to the Congress are necessary in order to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization. Any such suspension shall be effective only while Turkey shall observe the cease-fire and shall neither increase its forces on Cyprus nor transfer to Cyprus any United States supplied arms, ammunition, and implements of war.".

(2) Section 620(x) of the Foreign Assistance Act of 1961 is further amended by designating the present subsection as paragraph (1) and by adding at the end thereof the following new paragraph:

"(2) The President shall submit to the Congress within sixty days after the enactment of this paragraph, and at the end of each succeeding sixty-day period, a report on progress made during such period toward the conclusion of a negotiated solution of the Cyprus conflict.".

(3) Nothing in this section shall be construed as authorizing (A) military assistance to Turkey under chapter 2 of part II of the Foreign Assistance Act of 1961, or (B) sales, credits, or guaranties to or on behalf of Turkey under the Foreign Military Sales Act for the procurement of defense articles or defense services not determined by the President to be needed for the fulfillment of Turkey's North Atlantic Treaty Organization responsibilities.

(4) Pursuant to the provisions of this section, in the case of any letter of offer to sell any defense article or defense service pursuant to the Foreign Military Sales Act for $25,000,000 or more, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a statement containing (A) a brief description of the defense article or defense service to be offered, (B) the dollar amount of the proposed sale, (C) the United States armed force which is making the sale, and (D) the date on which any letter of offer to sell is to be issued. The letter of offer shall not be issued if the Congress, within twenty calendar days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale.

(5) This subsection shall become effective only upon enactment of foreign assistance legislation authorizing sales, credits, and guaranties under the Foreign Military Sales Act for fiscal year 1976.

Mr. MORGAN (during the reading). Mr. Chairman, I ask unanimous consent that the Senate bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. FASCELL

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Fascell: Page 3, line 6, strike out "(1)"; in line 15, strike out "and to issue licenses" and all that follows thereafter through "thereto)" in line 18 and insert in lieu thereof "if the President determines and certifies to the Congress that significant progress has been made with respect to the refugee problem on Cyprus"; on page 4, line 1, strike out ", and the issuance of licenses" and all that follows thereafter through "ammunition" in line 2; and on page 4, strike out line 9 and all that follows thereafter through line 16 on page 6.

Mr. FASCELL. Mr. Chairman, I have introduced this amendment on behalf of the gentleman from New York (Mr. Rosenthal), the gentleman from Indiana (Mr. Brademas), the gentleman from Maryland (Mr. Sarbanes), myself, and several others.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Florida (Mr. Fascell), on behalf of himself, Mr. Rosenthal, Mr. Sarbanes, and me.

I believe the amendment represents a constructive initiative that has merit on several crucial counts:

First. By providing that no arms can go to Turkey until the President can certify to Congress that significant progress has been made on the refugee problem on Cyprus, the amendment adhere to a fundamental principle of our foreign policy, contained in two of our laws, that arms supplied by the United States must not be used for aggressive purposes.

Second. By making clear that no arms will in any event be provided unless there has been significant progress; that is to say, action, on the refugee problem on Cyprus, the amendment represents, unlike the bill, a genuine quid pro quo.

The bill, S. 2230, does not meet this test. It simply provides a resumption of arms to Turkey—the arms contracted for prior to February 5, 1975; commercial sales of arms; and government-to-government sales of arms without any action required of Turkey whatsoever to act on Cyprus to remedy the consequences of its actions of August 14, 1974, which caused the refugee problem.

Another reason that I think the amendment offered by Mr. Fascell, Mr. Rosenthal, Mr. Sarbanes, and me merits the support of this committee is that it focuses on the tragic humanitarian problem of the refugees.

And this, Mr. Chairman, is a problem to which those of us who have been deeply concerned with the problem of Cyprus have been calling attention for many months now.

I am confident that there should be no dispute that the Government of the United States should do everything possible to encourage relief for the nearly one-third of the population of Cyprus made homeless as a consequence of the wrongful use of American arms.

By requiring as a condition of a restoration of a limited amount of American aid to Turkey that the President determine and certify to Congress that significant progress has been made on the refugee problem on Cyprus, Congress would express what I am sure would be the will of the American people on this problem.

I would also point out that the amount of arms authorized to be provided under the amendment would be limited and, therefore, I would hope and expect that there would be substantial inducement on the part of the Government of Turkey to make the significant progress on refugees essential to the release of even these limited arms.

Finally, Mr. Chairman, I would note that the amendment proposed by Mr. Fascell and us maintains the fundamental principle of our foreign policy, a sound principle at a time when the United States is selling an estimated $9 billion annually in arms, that arms supplied by the United States must not be used for aggressive purposes.

Fidelity to the law, resumption of limited arms to Turkey, emphasis on the humanitarian problem of the refugees, a genuine quid pro quo, a hope for a beginning of the effort needed to resolve the impasse on Cyprus and in the Eastern Mediterranean—all these, Mr. Chairman, are the advantages of the amendment being offered by Mr. Fascell.

And I hope that members of the committee, on both sides of the aisle, will give it their overwhelming support.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, I would like to reiterate the view that I, of course, share with most of the Members, if not all the Members of this House, and that is our desire to see something done about the deplorable plight of the refugees on Cyprus. Clearly, of all the terrible things involved in this dispute, the plight of the refugees is the most terrible.

The question I want to ask the Members who offer the amendment is this: Is there any indication since our last vote that should we support this amendment there will be some movement with respect to the refugees?

The CHAIRMAN. The time of the gentleman from Florida (Mr. Fascell) has expired.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

(By unanimous consent, Mr. Hays of Ohio was allowed to proceed for 3 additional minutes.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. Hays) for 8 minutes.

Mr. HAYS of Ohio. Mr. Chairman, when you can defeat something you are against, you meet it head on; when you realize you cannot, then you try some other tactic.

In my judgment, this amendment is a "sleeper" which is intended to gut the bill without too much visible blood. Let me tell the Members what this amendment does.

I have heard a lot of speeches about turning our foreign policy over to this, that, and the other one. This amendment turns the whole question of whether there is progress on the problem of the refugees—and we all want to see that problem resolved—over to one man, Archbishop Makarios.

Now, if you have ever seen Archbishop Makarios—and I have—and if you have ever talked to him—and I have—you would not turn over 50 cents in your bank account to him, let alone the decision about whether or not we are going to have good relations with Turkey.

We had negotiations going with Mr. Clerides, who was Acting President of Cyprus, and Mr. Denktash was negotiating for Turkey. The minute the Archbishop was put on the island, the whole thing stopped dead-still, and that is where it has been ever since.

If we want to get things back on track and to get some negotiations started, then we should defeat this amendment, because if this amendment goes into the bill, we might as well not have any bill.

I just came back from Copenhagen where I had the honor to preside over the North Atlantic Assembly, which is a meeting of the NATO parliamentarians. There were members there from every NATO country, all 15 of them. There were Greeks, there were Turks, there were Dutch, there were Germans, everybody in NATO.

The following resolution was passed by that Assembly. It was presented by a Dutch socialist, a man on the left of the Socialist Party.

It reads as follows:

> Concerned at the present situation in the Eastern Mediterranean and the continuing friction between Greece and Turkey;
>
> Recognising that as both Greece and Turkey are closely involved with, and committed to, events in Cyprus any lasting reconciliation between the two countries must be preceded by a mutually acceptable solution on the island;
>
> Appreciating the genuine concern of many United States Congressional figures that United States arms should not be used in an offensive fashion by one NATO ally against another;
>
> Believing, nevertheless, that the United States embargo has introduced an external factor into Greek-Turkish relations that has served to distract and complicate existing differences, and represents a very real constraint on progress towards a settlement;
>
> Urges the United States Congress to immediately lift the present arms embargo on Turkey.

What happened when that resolution was presented? There were 176 Members there. There was a little bit of debate. There was no animosity. There were no fiery speeches.

If I remember correctly, one Greek mildly said that he would like to see it changed a little bit. Another one got up and said, "We are not going to vote for it because we cannot go home and explain to our constituents, as Greeks, why we advocate giving arms or selling arms to Turkey, but we are not going to fight it."

Mr. Chairman, the resolution passed, I think unanimously, aside from that. One or two members of our delegation were not present and they might have voted against it. I had nothing to do with their not being present. They were not kidnapped or anything, but this resolution is what everybody there thinks we ought to do.

Mr. Chairman, the Europeans are concerned. I want to tell the Members that there was every spectrum of the political horizon involved, from extreme left to extreme right. There were Socialists. There were people to the left of the Socialists. There were Center Party people there. There were Christian Democrats there. You name it; they were there. They just think that until we lift the embargo, no progress is going to be made.

What are the facts? I talked very plainly. I made one of the opening speeches of the Assembly, and I talked very plainly to the delegates. I pointed out that as president of the Assembly and as a Member of Congress, I was going to try to get the embargo lifted.

I also pointed out that the relations between Greece and the United States are not as good as I would like, but I said: "Let me counsel the Greek people to remember that in 1971 I sponsored a measure, which the Congress passed by a wide margin, to prohibit military sales to the junta in Greece, and it was against the will of the Congress that former President Nixon used the escape clause to continue military sales to that Greek Government."

Some of the Greeks said that there is anti-American sentiment in Greece because of U.S. support of the junta, but the Congress did not do that, and the Congress did not want it done. The repressive junta caused its own downfall by its very invasion of Cyprus with American arms.

I realize the Turks went too far, and I said so. I said further, in my speech, and I do not find it right here, but I will paraphrase it, I said if this embargo is lifted by the United States of America I expect and believe that the Turkish Government will enter into substantial negotiations toward settling the Cyprus problem.

That is putting it about as badly as you can. And I was not dealing with any ethnic groups, I was dealing with the real people from the real countries. And I might add that I was nominated for reelection as president of that body and I got every vote there, all the Greeks, all the Turks and all the rest.

So I do not think we are going to make anybody too upset in Europe if we do this. In fact I think this is what they want because they are realistic enough to know that the Turks, being a proud people, are not going to negotiate as long as they feel they have been humiliated.

Let me tell the Members a little bit about the political facts of Turkey. There is an election going on there. I do not understand how some of my friends can oppose this because what we are doing if we succeed in defeating this bill is helping the return to power of Mr. Ecevit. He is the one who caused the invasion in the first place and then caused it to go further. We will be playing right into his hands.

I have met him. I have talked to him. I do not dislike him but I will tell you one thing, if he goes back into power in Turkey then you can kiss it goodby, they will take 40 percent of the island of Cyprus and the ball game is going to be over. I do not know what Mr. Demirel will do. He has not made any commitment to me but I have found him to be a reasonable man and I know him to be pro-American. I know that if he had followed Turkish public opinion he would have thrown the American troops on those bases into the Black Sea and said you can swim home, because they were hurt by this action of ours, but he did not do so.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. Hays of Ohio was allowed to proceed for 2 additional minutes.)

Mr. HAYS of Ohio. He closed the bases there but our people are still there. One of my close friends has a son who is a major who is at one of those bases. I talked to him on the telephone. He said, "Well, things around here aren't quite as good for us as they were, but we are still here. We aren't being mistreated. Nobody has thrown any rocks at us." And he said, "I hope to God you and the Congress can get it settled because we need to get this base reactivated. We need to get the radar running again. We need to know what is going on at the Russian military sites."

Finally, what is the bottom line? This is really a temporary thing. If progress is not made then the Congress can be the judge. This may be some time in December when we bring out the military sales bill. If there has been no progress made I will be the first to say so.

I have already told the Turks that I expect progress from them. I told them so publicly and I told them so privately and I will, if necessary, go to Ankara and tell Mr. Demirel again. I do not want to make that trip because it is a long way to go. But I say to you unless we pass this legislation and unless we reject this amendment that the situation is not going to get better, it is going to get worse.

Mr. MADDEN. Mr. Chairman, I move to strike the requisite number of words.

(By unanimous consent, Mr. Madden was allowed to proceed for 3 additional minutes.)

The CHAIRMAN. The gentleman from Indiana is recognized for 8 minutes.)

Mr. MADDEN. Mr. Chairman, today is certainly an eventful day on the floor of the House of Representatives. The House is again pressured into debating a bill ostensibly reading from its title and I quote:

> An act to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance.

Also included in the bill described as a companion piece of legislation is a bill to authorize appropriations for the Board for International Broadcasting for fiscal year 1976.

The Turkey relief part of the bill is highly familiar to the Members because on July 24 of this year the House rejected a similar bill by a vote of 223 to 206. This rejected bill was sent over to the Senate where it remained dormant until the late afternoon of July 31 when word came to the House floor about 6 p.m. that the Senate had hurriedly passed by a vote of 47 to 46 the almost identical Turkey relief bill with an attached bill as an appendage or amendment to the above mentioned appropriation for the Board of International Broadcasting for the fiscal year 1975. The Turkish bill and the broadcasting bill are completely unrelated, unconnected, and totally nongermane to each other.

Evidently the only reason for the joining of these two pieces of legislation was the thought that the broadcasting bill would be enacted without serious opposition and it would carry along on its rear end the already House rejected bill for Turkish aid and relief on armaments and so forth.

Unfortunately, the House was in an adjournment turmoil when the bill arrived to the Speaker's desk and the Turkish legislative proponents immediately insisted on ignoring the Committee on International Affairs and demanded that the Rules Committee meet and grant a rule so that this legislation could be taken up immediately for debate and passed in the remaining hours of the session.

At that particular time approximately one-fourth of the Members of the House had already left the city for the month's recess. The unfortunate activity and arm twisting that took place by the proponents of the Turkish bill to rush this legislation through regardless of the recognized parliamentary procedure and rules was astounding. I, as chairman of the Rules Committee, refused to call the Rules Committees together at that late hour and participate in an unparliamentary slight of hand trick procedure. I did promise to call the Rules Committee together after we reconvened in early September when the International Affairs Committee could properly take testimony and report the bill out the proponents of the bill relented.

Today, we have on the floor of the House a repetition of what the Congress has gone through pertaining to the so-called Turkish armament contract agreement, the embargo legislation and other Turkish-United States relations including the unfortunate violation by Turkey of the opium poppy contract agreement. The pending bill with its dual request to consider legislation appropriating millions for International Broadcasting and lifting the Presidential embargo on Turkish military aid violates all the regular rules and policies of legislative procedure in the House of Representatives.

Eliminating all the other controversial aspects on the Turkish embargo legislation H.R. 2230 should be defeated on the floor of the House for the illicit and undercover efforts being made to pass the Turkish embargo legislation under the pretense and the desire of many Members to support appropriation for the Board for International Broadcasting for fiscal year 1976.

Late in the evening of July 31 several hours were taken up where Members were interested in other legislation on the agenda and I asked the House—but no answer was forthcoming—why the Senate delayed in sending the Turkish embargo bill back to the House after it remained dormant for approximately 1 week. Its passage by a 1-vote margin revealed that there must have been terrific arm twisting to get the bill back to the House before the people back home had an opportunity to give expression on our policy of aiding and extending relief to a nation which over the years has had an unbroken record of aggression, broken treaties, disregard of contracts and so forth.

As chairman of the Rules Committee I received much publicity by rejecting the unparliamentary trick of the leaders of the Turkish legislation and as a result have received an avalanche of mail from all sections of the Nation on this so-called Turkish embargo legislation. Easily, 80 percent of the mail which I received was highly critical and positively opposed to any further shipping of arms to Turkey or dealing with a country which possesses such a record of aggression and international unreliability, not only in recent years but over the centuries.

The Turkish nation has not been reciprocal or appreciative to the United States for the economic help it has been extending over the years. On July 3, 1974, a year and 3 months ago the following paragraph appeared in a Baltimore Sun news article dealing with the breaking of the opium agreement by Turkey plus the armament agreement not to use American armament for war aggression on neighboring nations. The article ended with this comment:

> The U.S. has given substantial amount of aid to Turkey under regular military and economic assistance programs, and some American congressmen have suggested this aid might be withdrawn should Ankara defy American feelings on the opium issue.
>
> The U.S. has given Turkey $3 billion in military aid and another $3 billion in economic aid since 1948. The administration has requested from Congress $23 million for economic assistance for fiscal 1975, $90 million in military grants and another $90 million in credits for military sales.

Regardless of the approximately $6 billion of the American taxpayers' money, we now find that Turkey has not forgotten its age old self-centered attitude even to friendly nations in being honest and loyal to its benefactors.

The Turkish leaders issued a blackmail threat to our Government that if we did not lift the so-called embargo they would close U.S. bases in Turkey which they said were essential to monitor violations of any accord, further limiting nuclear weapons.

In the Chicago Daily News of August 10, 1975, the headline: "Ex-Defense Chief Splits With Ford: Laird Chills 'Turks Bases' Value." I hereby quote verbatim from the Chicago Daily News article which reads:

> With table-pounding emphasis, Laird told newsmen here Tuesday that American national interests cannot be protected if this nation has to depend upon third countries in order to verify Soviet adherence to an arms agreement.
>
> "We have adequate national means" to determine violations, Laird said, adding that he had made that plain when he testified before congresisonal committees on the problems involved in arms negotiations with the Russians.

We have heard both President Ford and Secretary Kissinger in their speeches and statements deplore the action of Congress in not lifting this embargo on further military armament after the Turkish Government with brazen audacity used American armament in an aggressive manner on the small neighboring island of Cyprus.

Most Members of Congress have undoubtedly have had some sort of correspondence or discussions with people who have visited Cyprus and witnessed the barbarous attacks the Turkish soldiers made on innocent families and citizens during their takeover of almost 40 percent of the island. This malicious attack on a defenseless people resulted in the death of approximately 5,000 civilians, 15,000 casualties, and 200,000 families made homeless. Since this aggressive act by the Turkish nation, Greek families have been living in tents up in the mountains. They have already suffered through one winter and are about to endure the hardships of another winter under Turkish enslavement.

The astounding fact about the whole matter is that we at no time discovered any effort on the part of Secretary Kissinger at the time of this atrocity to use the power of the Federal Government to curb or terminate this international program which equals the horror of the Stalin-Hitler atrocities of 30 years ago on Poland, Slovacia, Hungary, Estonia, Latvia, and the other Baltic neighbors who are now under Communist rule.

When the Congress defeated this pending legislation on July 24 we heard statements coming from the President, Secretary Kissinger and others about Turkey being a peaceful freedom-loving ally of the United States. I do hope that our freshmen Members of Congress who have not experienced the trying days back in World War I and World War II are aware of the sacrificing our Nation has made with American lives, casualties and multibillion dollars worth of endeavoring to preserve liberty and freedom for other nations throughout the globe.

During these battles, the Turkish nation has never been at any time participating in wartime or financial sacrifice for its neighboring nations. The Turks have assumed an aggressive attitude on neighboring nations whenever the opportunity presented itself.

I am now quoting from an article which appeared in the New York Times of July 22, 1975, which reveals some astounding information for the newer Members of this legislative body. I am incorporating a few paragraphs from this article which should be of interest and also contradicts the past record of the nation to which Secretary Kissinger is so careful not to offend or in any way use the power of his office to curb their aggressive moves on Cyprus while using American armaments.

The following are paragraphs from July 22, 1975, news items in the New York Times:

> Turkish massacres and mistreatment of minorities did not end in 1915 with the extermination of 1,500,000 Armenians, on the 50th anniversary of which President Gerald R. Ford, then a Congressman, told the House on April 29, 1965:
>
> "Mr. Speaker, with mixed emotion we mark the 50th anniversary of the Turkish genocide of the Armenian people. In taking special notice of the shocking events in 1915, we observe this anniversary with sorrow in recalling the massacres of Armenians and with pride in saluting those brave patriots who survived the attacks to fight on the side of freedom during World War I. The stouthearted Armenian people who escaped the terror, murder, and carnage set an example for the free world by their devotion to the cause of freedom and by their tremendous personal sacrifices." (Congressional Record, vol. 111, p. 8890)
>
> After WW II, in 1955, government-incited Turkish mobs vandalized Greek homes, businesses, hospitals, burned churches, desecrated cemeteries and terrorized the Greek minority in Istanbul. And the "five or six million" Kurds in Turkey (see New York Times, Sept. 22, 1974) are denied basic minority rights and are not recognized as an ethnic group.
>
> And at the Teheran Conference, a few days earlier, Churchill said: ". . . I observed that when we asked the Turks to strain their neutrality by giving us their air bases, they replied, 'Oh, no, we cannot play a passive role,' but if we asked them to start war in earnest, they answered, 'Oh, no, we are not sufficiently armed, . . ." (Churchill, The Closing Ring, p. 392)
>
> On Feb. 6, 1943, Stalin cabled to Churchill: ". . . On the one hand Turkey has the treaty of neutrality and friendship with the U.S.S.R. and the treaty of mutual assistance against aggression with Great Britain; on the other hand she has the treaty of friendship with Germany, signed three days before the German attack against the U.S.S.R. . . ." (Churchill, The Hinge of Fate, p. 715, emphasis added)
>
> Does Turkey respect human and minority rights? Is Turkey a loyal ally? Does Turkey respect the international law regarding the supply of deadly heroin?
>
> Mr. President and Mr. Kissinger, today, one year after the invasion of Cyprus by Turkey, 200,000 Greek Cypriot refugees are still homeless, are not allowed to return to their homes and they are denied the most basic human rights by the Turkish occupation forces.

This legislation has received publicity all over the country and from the surveys being made regarding the public endorsements of the Turkish embargo my opinion is that the American public is by a tremendous majority in favor of curtailing the shipment of mammoth armament supplies to Turkey and particularly critical of the power that the industrial armament lobby has over the Pentagon and our military forces. This legislation will certainly be one of the issues which will be carried into the next campaign because our Nation is now of the great majority opinion that we should concentrate on our domestic difficulties, restore employment and utilize the legislation on the books in behalf of housing, education expansion, and many other programs which have been neglected during the past years.

We as a Congress must have our national economy from further inflation, high prices and free our Nation from 9 million unemployed and 3 or 4 million part-time workers.

A depression similar to the 1930 period is barking at our heels.

Mr. FRASER. Mr. Chairman, I rise in opposition to the amendment and I move to strike the requisite number of words.

Mr. Chairman, this amendment introduces a wholly new element into the law that had been passed earlier by the Congress. When we first conditioned the Turkish assistance on some progress in the Mediterranean we were very careful not to tie it to a political settlement or political progress between the Turkish and Greek Cypriots. We said that was not our responsibility, that our interest centered on the Turkish armed forces and their presence in Cyprus and the need for them to pull back or to withdraw.

This amendment however injects the final political settlement between Turkish and Greek Cypriots into the condition for aid and I think it represents a very serious mistake.

What it says is that the President would have to certify that there has been progress with respect to the refugee problem.

This could be viewed to mean that the refugees need new tents and running water and perhaps enough food to eat, but obviously that is not what is intended.

What is intended is that the refugees should have the opportunity to go back home, which they should have, and that there should be an opportunity for these communities to be restored to what they were before the aggression by the Turks took place, but accomplishing that result involves a political settlement. It involves the political settlement that I hope will come between the Turkish Cypriots and the Greek Cypriots. That is not our responsibility. This is something we cannot dictate. It is not a result the Turkish Government or the Greek Government should be dictating either.

Mr. SARBANES. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Maryland.

Mr. SARBANES. Mr. Chairman, does the gentleman recognize any aspect of the refugee problem that is a straightforward humanitarian one.

Mr. FRASER. The plight of the refugees is the problem of Cyprus. It is tragic.

Mr. SARBANES. This does not call for an ultimate political solution. It seeks to deal with that area in which it is possible to proceed on humanitarian grounds with respect to the refugees.

I simply am curious to know whether the gentleman considers the refugee problem solely a political one.

Mr. FRASER. No. The gentleman understands what I said. The plight of the refugees is the No. 1 problem on Cyprus; but the real problem is the political settlement. What is happening now is that the Turkish Government, the Turkish Cypriots are excluding the Greek Cypriots in the area now occupied by the Turkish army. Only when there is a political settlement can these questions be resolved.

I regret that fact, but it is the truth. What we are doing is tying the resumption of aid to the progress toward a political settlement which must come between the Greek and Turkish Cypriots.

Mr. SARBANES. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Maryland.

Mr. SARBANES. Mr. Chairman, it would be my contention that there is a significant area in which progress can be made with respect to the refugees which stays well short of what is involved in an ultimate political settlement. Those steps should be taken in response to what the gentleman will concede is a pressing humanitarian problem as a method of moving this matter forward.

The final solution is going to be a political settlement; but I hope the gentleman will not contend that no steps toward settlement can be taken to help the refugees, except as a part of a final political settlement.

Mr. FRASER. Mr. Chairman, I am trying to be realistic. I would like to see the refugees go back home. I would like to see them go back to the Turkish occupied area. I cannot believe that will happen until there is a political settlement in progress. This is very much a problem between the Turkish and Greek communities and between the Turkish and Greek Governments; so we are adding to the former condition which was tied to the armed forces of Turkey a whole new element, which is complicating.

I want to make one further point. The trouble with our posture on Turkey is that we have, in fact, put American intentions and the American will directly against the nationalistic feelings of the Turkish people, and it is a no-win game. If we pursue this course, not only will there not be progress on Cyprus, but we can figure we have practically destroyed any kind of working relationship with Turkey for the long term.

I would be prepared to sacrifice that relationship with Turkey if I thought it would bring progress on Cyprus, but it will not. If anything, it means there will be no progress.

Listen to what our European friends say. They were right about Vietnam. They were right about the Greek junta. They live with these people. They understand them. They tell us what we are doing now is wrong.

Mr. RHODES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think it is well for us to review the background as to why we are here.

There are two major aspects to the issue before us. The first is peace in Cyprus. We are doing our best as a Nation to bring peace to that troubled island. We want peace, and want to foster it.

The second aspect is, of course, the preservation of NATO. Corollary to that is the operation of the very important bases which the United States has within Turkey.

I pay tribute to my friends and colleagues, the gentleman from Indiana and the gentleman from Maryland, for sponsoring this amendment, because I know that they are coming farther than they have ever come in their many attempts. I have tried to help solve this very difficult problem and I know how difficult it is for them, as it is for me and the other Members. I wish I could be here to support the amendment, but, unfortunately, Mr. Chairman, I cannot. This amendment will not get the job done. It falls short of the proper posture which I think we must assume in order to accomplish the results which I have already delineated.

The Turks are a very proud people. The gentleman from Ohio, when he was in the well, pointed out the fact that there are some political situations in Turkey which are very important, and they are important to the future relations of the United States and NATO with that nation. I think it is important for us to understand the facts of life as far as Turkey is concerned.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, I would just like to point out, in view of what the gentleman from Indiana said about the Turks, that when General MacArthur sent his troops up to the Yalu River in Korea and 1 million Chinese came across the border and tore the 1st Marine Division to pieces, the only ally which had any significant number of troops in Korea were the Turks.

They had a brigade of 1,200 men which marched in to support those Marines, and 87 of them came back. The rest died, along with 20,000 Chinese. So, they have been good allies when the occasion arose.

Mr. RHODES. I thank the gentleman, and I had no idea that anyone doubted that the Turks had ever been good allies until I heard the gentleman from Indiana. They have certainly been good allies, and they will continue to be if we treat them as good allies.

But, it is understandable that they, with the record which they have had of achievement, standing shoulder to shoulder with us in many ways and in many places, that they would wonder why we would want to treat them as a second-class nation.

If we adopt this amendment, we will still be treating them as a second-class nation and accomplish nothing toward the achievement of our objectives: The peace on Cyprus and the retention of bases and the preservation of NATO.

This is a dangerous world in which we live. My colleagues, who do not believe it, should once again look at some of the testimony before the various committees concerning the level of preparations of some of the nations around the world who have been our traditional rivals, and even enemies. It is a dangerous world, and we have to keep our powder dry.

One of the best ways to keep our powder dry is to preserve NATO. We need both Greece and Turkey in order to preserve the southern flank of NATO, and until we get this bone out of our throat which we put in ourselves by first enacting this embargo, we are not in any position to do anything to help that NATO flank. It is absolutely imperative for the safety of the country, for the safety of the free world, that NATO continue to be the force that it now is for the stability of that part of the world.

So, Mr. Chairman, it would be my hope that the House would, at long last, undo what I think was a very ghastly mistake which we committed some time ago, and do away with this embargo. Then, if we do not have progress—and

I think we will have progress toward a just and lasting peace on the island of Cyprus—it will certainly then be possible for us at a later date to take another look at any foreign aid which we give any nation. We can do that every year and we should do it every year. But I plead with the members here, on both sides of the aisle, to do away with this embargo; to reject this amendment and then to pass the bill which does away with the arms embargo.

Mr. MORGAN. Mr. Chairman, I rise to ascertain how many more speakers we will have on this amendment. Perhaps we should arrive at a time to cease debate.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and any amendments thereto cease at 20 minutes to 7.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ROSENTHAL. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and any amendments thereto cease at 7 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was agreed to will be recognized for 1¼ minutes each.

Mr. GIAIMO. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Maryland (Mr. SARBANES).

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

Mr. TALCOTT. Mr. Chairman, reserving the right to object, is this the proper parliamentary procedure, when time has been limited like this, for Members to gang up and yield their time to one another?

The CHAIRMAN. The Chair will inform the gentleman from California (Mr. TALCOTT) that this is correct procedure, by unanimous consent.

Mr. TALCOTT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. TALCOTT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TALCOTT. Does the Chairman intend to alternate sides?

The CHAIRMAN. The Chair intends to be fair and will alternate from side to side.

The Chair now recognizes the gentleman from New York (Mr. ROSENTHAL).

Mr. ROSENTHAL. Mr. Chairman, I want to correct an impression some of the Members might have gained from the remarks of the gentleman from Minnesota (Mr. FRASER).

We appreciate his coming down from the United Nations in New York, and we appreciate the leadership the gentleman exhibited last week on the Rhodesian chrome issue, on which he suggested that some of us follow and adhere to the rule of law and adhere to the United Nations resolution.

He tried to suggest that the amendment is more stringent than existing law.

The opposite is true. When the President certifies that there has been some progress on refugees, he can immediately release $185 million worth of military equipment that was contracted for prior to February 5.

This is a creative initiative. It is an initiative that gives the Turkish Government an opportunity to come off a very hardnosed position. It gives the President great flexibility in making that determination. We in the Congress do not have to make it. If the President determines that the movement of 25,000 refugees is adequate progress, then he can make that determination, and we leave in the hands of the President the right to make that determination.

Mr. SCHEUER. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from New York (Mr. ROSENTHAL).

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. TALCOTT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, at the risk of diverting attention from the immediate amendment, may I point out to the Members that this bill also contains authorization for the Board for International Broadcasting for fiscal year 1976, and notwithstanding any votes I might cast on this measure which involves Cyprus, I want to go on record as supporting the Board for International Broadcasting.

Mr. Chairman, I think we should all recognize that with rare exception this has been a proper and an objective debate, and that there is an honest difference of opinion here. It boils down, as I see it, to just this.

The argument made by those of us who are proposing this amendment is that the only way to get progress on the refugee problem on Cyprus is to keep up this pressure. The opposing argument obviously is that for 1 year Congress has imposed this ban on military sales to Turkey and it has not produced anything, and, therefore, we need a new policy. I support the amendment since there has been no real progress as to refugees.

The CHAIRMAN. The Chair recognizes the gentleman from Rhode Island (Mr. BEARD).

Mr. BEARD of Rhode Island. Mr. Chairman, 2 months ago in this Chamber I spoke out on this issue contained in this bill because I though it was blackmail. Most of the Members felt the same way, because the measure calling for aid to Turkey was defeated.

I do not think anything has changed since then. As a matter of fact, nothing has changed on this legislation. When we look back and think about it for a minute, nothing has changed in the last 2 months. As a matter of fact, we are operating right now without the full assistance of those bases, and we are doing all right. Maybe that is one thing that has changed.

There have been no serious negotiations by the Turks. The situation is at a status quo, and I cannot see for the life of me how any Member in this Chamber can change his vote. If he voted yes the last time, he should vote yes again because nothing has changed; and if he voted no the last time, probably he should also go the same way this time.

We should not allow a second-rate power to mandate to us, and that is what this amounts to. It is intimidation, and it is blackmail.

Let us think about that for a moment. To me this bill is just dibbling and dabbling, and this is mental and moral prostitution; that is what it amounts to. I just do not go along with it; I am opposed to it. I stand on my own two feet. I do not yield to the pressure from politicians or from anyone else.

Mr. Chairman, I am telling the Members nothing has changed, and we should vote against the amendment and vote against the bill for the integrity of this country.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. HINSHAW).

Mr. HINSHAW. Mr. Chairman, I think most of the Members of this body know that I have been one of the supporters of the embargo. However, there have been quite a few things that have changed since we originally debated and voted on this issue.

Earlier today there was a suggestion that we should be concerned about the refugees on Cyprus, and certainly we should. There was a suggestion that we should make sure that there has been movement directly by President Ford to certify a movement. We have not required the President to certify on the refugee problem of Palestinians, and so I think in order to be consistent we should not adopt this particular amendment.

We have heard some talk about arms being used illegally by the Turkish Government. Maybe there have been. But there have been arms used illegally by most of the countries that we sell arms to. If I can believe the article that appeared in the New York Times on August 21, 1975, some of the military officers of the Greek Government stole some of the arms they were guarding which were earmarked for NATO. I do not condemn them for that. All I want to point out is that we have to be evenhanded in all these matters.

Mr. Chairman, there is no one more interested than I in a just and equitable solution to the Cyprus problem and an end to the human misery on that unhappy island. Until now, I have supported the arms embargo against Turkey in an effort to encourage that country to make concessions on the issue. However, now, 7 months after the embargo went into effect, it is apparent that it has produced the opposite effect of what Congress had intended. Instead of promoting a solution, it has actually hindered progress by humiliating the Turks and placing them in a position in which national pride and their own political pressures prevent them from acting under the duress of total embargo. The embargo has destroyed American diplomatic leverage in trying to help both sides reach a peaceful agreement and has aggravated the already existing instability between Greece and Turkey by creating new tensions between the two countries over the possibility of a preemptive military action by one or the other. Through maintenance of the embargo, we have severely damaged a warm and strong mutual security relationship based on 30 years of trust and respect, disrupted and weakened the eastern hinge of NATO defenses, and impaired U.S. national security.

The adverse impact on our national security is no longer potential. The heart of our vital military activities in Turkey has stopped pumping, their eyes have been blinded and ears have been clogged. Our strategic network of electronic, radar, and radio stations is shut down. It no longer monitors, sees, or hears Soviet planes, ships and military units in Soviet Armenia, the Black Sea, and the Eastern Mediterranean. It is blinded to Russian space shots and the testing of Soviet missiles. A loss of at least 25 percent of our ability to monitor Soviet missile launches has created a gap in our early warning against missile attack that is only partially filled by other sources. Other crucial functions which are now closed cannot be duplicated in whole from other locations.

Other bases in Turkey provide for the easternmost forward operating bases for combat aircraft; serve as major airlift, refueling supply, training and communications facilities in the Eastern Mediterranean; and are important for air and naval petroleum storage in the same area. Aside from their strategic importance, these bases represent a combined United States-NATO investment of over $700 million. It is not in our national interest or the interest of NATO, and, as a matter of fact, not in the interest of U.S. taxpayers who made a substantial contribution to this amount, to see this investment frittered away.

I am deeply concerned also with the adverse impact of the embargo on NATO, not just in the southern region but the whole alliance. Turkey has a 2,000-mile common border with the Soviet Union and controls the Bosporus and Dardanelles, the only water linking the Soviet Black Sea fleet to the Mediterranean.

In addition to being a bulwark against easy Soviet access to the Mediterranean and the Middle East, a strong inbeing Turkish armed force requires the Warsaw Pact to dedicate numerous army divisions and air units as a balancing force in the area. About 50 Warsaw Pact ground divisions, 500 combat aircraft, and 300 military air transports are based and earmarked for operations against Greece and Turkey. Obviously, without the presence of a viable Turkish force, a large part of these Warsaw Pact units could be made available for operations in the critical Central Region and severely complicate NATO's ability to defend that front without an increase in military resources. NATO has long recognized the importance of Turkey's role and dedicated participation in Western defense. Over the years, U.S. taxpayers have financed more than $3 billion worth of military assistance to Turkey to help it carry out its NATO responsibilities. As a result, Turkey's armed force is armed almost entirely with U.S.-made military equipment, and almost entirely dependent on United States for spare parts with which to maintain this equipment. Now an embargo by the same country that helped build that force is damaging it to a point at which Turkey will soon be unable to carry out its responsibilities in Western defense.

For this reason and particularly out of concern for the U.S. national interest, I believe that it is unreasonable to continue an embargo which has proved to be tragically counterproductive and damaging to Western defense and mutual security relationships with a staunch ally. Therefore, I have reconsidered my previous position and now intend to support a lifting of the embargo.

I encourage my colleagues to do likewise.

I would also stress the point that lifting the embargo does not prevent the Congress from reevaluating its position on future security assistance for Turkey. We will have this opportunity in the normal course of our review of the fiscal year 1976 military assistance program and foreign military sales schedule for Turkey when it is presented to Congress for consideration.

I urge defeat of this amendment and passage of the bill—recognizing that several months from now we have another chance to measure movement by Turkey when the foreign military assistance sales to Turkey, among others, comes before us for vote.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. RANGEL).

AMENDMENT OFFERED BY MR. RANGEL TO THE AMENDMENT OFFERED BY MR. FASCELL

Mr. RANGEL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. RANGEL to the amendment offered by Mr. FASCELL: On line 5 of the Fascell amendment after the word "Cyprus" insert the following: and if the President determines and certifies to the Congress that the Government of Turkey has taken adequate measures to control the diversion of opium poppy into illicit channels.

POINT OF ORDER

Mr. ZABLOCKI. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ZABLOCKI. Mr. Chairman, the amendment of the gentleman from New York (Mr. RANGEL) to the Fascell amendment contains language that is not germane, not only to the Fascell amendment, but certainly not to the bill before us.

Mr. Chairman, this amendment violates rule XVI, clause 7, of the Rules of the House of Representatives, which provides that no motion or proposition on a subject different from that under consideration shall be admitted under the guise of an amendment.

This rule is construed by the precedents of the House to require that the fundamental purpose of an amendment must be germane to the fundamental purpose of the bill. I cite Cannon's Precedents VIII, 2911. The relevant portion of this bill relates to the cessation of hostilities in Cyprus, not to the cultivation of poppies in Turkey. No matter how laudable the gentleman's amendment may be, or how much I may personally agree with the importance of elimination of poppy cultivation, this amendment is not germane to this bill, I submit, or to the amendment of the gentleman from Florida (Mr. FASCELL), and my point of order should be sustained.

The title of the bill and the report from the Committee on International Relations before us make it clear that the fundamental purpose of this bill is to hasten a peaceful solution of the Cyprus situation. The committee did not undertake a comprehensive inquiry into the question of poppy cultivation in its consideration of this bill, which addresses quite different issues. We have no way of knowing, on the basis of this report, what efforts the administration is making with the Government of Turkey to deal with this situation or what steps have been taken by the Government of Turkey.

Mr. Chairman, I hope that because of the question I have raised the point of order will be sustained.

The CHAIRMAN. Does the gentleman from New York (Mr. RANGEL) desire to be heard on the point of order?

Mr. RANGEL. I do, Mr. Chairman.

Mr. Chairman, I would suppose that any bill that deals with an election which is taking place in Turkey would be broad enough to show our interest and our own concern in this country.

The title of this bill is "To authorize appropriations for the Board for International Broadcasting."

I would like to believe, if we are talking about giving arms to Turkey after they have violated the laws of our Congress with an agreement, I would like to believe after they violated the laws of this country after we instituted an agreement which would ban opium, that the least we could find, if we are taking the initiative to protect the humanitarian purposes of this bill as well as to take care of the refugees, that this bill is broad enough to bring about a better relationship between the people in the United States and those of the existing Government of Turkey.

It has been known in the House that we have been vitally concerned, and the President has so stated, with what the Turkish Government does as it relates to their recent growth of opium.

It appears to me that if we are talking about an agreement between the Turkish people and the Greek people, and certainly one of which the U.S. Congress has an interest, that this bill is broad enough to have the amendment included as being germane to the bill.

The CHAIRMAN. Does the gentleman from Florida (Mr. FASCELL) desire to be heard on the point of order?

Mr. FASCELL. Mr. Chairman, I do, very briefly.

I agree with the distinguished gentleman from New York (Mr. RANGEL) with respect to the germaneness of this amendment.

The language in the bill in many places makes it very, very clear that what we are seeking to do here is to—and I quote from the bill—"* * * to improve and harmonize relations among the allies of the United States and between the United States and its allies * * *"

The amendment which is pending, the principal amendment, lays down a condition stating that it is essential to harmonize those relationships. The amendment offered by the gentleman from New York (Mr. RANGEL) seeks to impose another condition for that same purpose. I think it is clearly germane.

The CHAIRMAN. Does the gentleman from Indiana desire to be heard on the point of order?

Mr. BRADEMAS. I do Mr. Chairman.

I would like to rise in support of the position voiced by the gentleman from Florida (Mr. FASCELL) and to draw attention to the fact, Mr. Chairman, that even in the committee report there are separate views that touch upon the very subject which is the subject of the gentleman's amendment.

The CHAIRMAN (Mr. NATCHER). The Chair is ready to rule.

The test of germaneness is whether the amendment offered by the gentleman from New York (Mr. RANGEL) is germane to the amendment offered by the gentleman from Florida (Mr. FASCELL).

Under Cannon's Procedures of the House of Representatives on page 202, we find the following:

> One individual proposition may be not amended by another individual proposition even though the two may belong to the same class.

The amendment offered by the gentleman from Florida (Mr. FASCELL) applies to one matter. The amendment offered by the gentleman from New York (Mr. RANGEL) applies to a different and a separate matter.

Under the precedents supporting the principle set forth in Cannon's Procedures, the point of order must be sustained and the point of order is sustained.

The Chair recognizes the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Chairman, the emphasis on this debate once again seems to be primarily on this principle of how our military assistance should be used. But that really is no longer the major consideration. I am reminded of the saying of the philosopher, George Santayana that a fanatic is one who redoubles his efforts after he has forgotten his objective.

Our major objective is to try to restore peace in the Eastern Mediterranean and to relieve the desperate situation of the refugees on Cyprus.

In view of some of the developments that have happened, since our last vote on this issue I am surprised at some of the continuing criticism of a pragmatic approach to our foreign policy. I am reminded of that famous epitaph:

> Here lies the body of Jimmie Day,
> Who died maintaining the right of way.
> He was right all right as he sped along,
> But he's just as dead as though he were
> wrong.

We find our electronic eyes and ears taken away from us on the very edge of the Soviet Union today while our defensive strength goes down and the Soviet's goes up. Surely we cannot blithely allow that kind of situation to continue. We do not want America to end up dead like Jimmie Day—so let us vote for America and against the pending amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, I rise to urge the Committee to vote down this amendment and pass the legislation unamended, in order that we might protect our own national security interest, in order that we might achieve peace between Greece and Turkey and in order that we might achieve justice for the refugees in Cyprus.

Mr. Chairman, the amendment demands as a precondition for even partial release of the arms embargo what in fact can only be achieved after the arms embargo is lifted. The embargo is making progress on Cyprus impossible to achieve, and all signs are that it would not be possible for the President to certify what this amendment requires until a lifting of the embargo made progress possible. On August 21 the national convention of the American Legion passed a strong resolution calling on the Congress to lift this embargo. On the following day, the national convention of VFW did the same. Like our NATO allies, they understand the importance of lifting this embargo both to NATO and to our country's security interests. Turkey, like Greece, is a NATO ally. Just as our own bases in Turkey are important to us, even so Turkey's continued functioning as a NATO partner is important to the entire alliance.

I, therefore, agree with the Veterans of Foreign Wars and the American Legion, and urge the House to follow their wise counsel.

I think we must understand that what we here would propose to do is not for Turkey but is for the United States and to protect NATO and our own security interests. Our allies felt so strongly about it that they recently sent the Secretary General of NATO to the United States to express to our Government their concern over the American embargo. He reported that every NATO Ambassador urged him to come and expressed vocal concern, except the Greek Ambassador, who remained silent.

If Members would seek to protect our country's interests, if Members would seek to take a positive step toward peace, and if Members would seek to actually achieve justice for Cyprus refugees, let them vote down this amendment and vote for this resolution. To continue to pursue a policy which has proven counterproductive and militated against the very causes we seek to serve is folly. To change that policy has become mandatory. Mr. Chairman, I urge the defeat of the amendment and the passage of S. 2230.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. SCHEUER).

Mr. SCHEUER. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from Maryland (Mr. SARBANES).

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. TALCOTT. Mr. Chairman, I did not hear the unanimous-consent request.

The CHAIRMAN. The Chair will state that the gentleman from New York (Mr. SCHEUER) would like to yield his time, under unanimous-consent permission, to the gentleman from Maryland (Mr. SARBANES).

Is there objection to the request of the gentleman from New York?

Mr. TALCOTT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. SCHEUER. Mr. Chairman, I will yield back my time.

The CHAIRMAN. Does the gentleman from New York desire to use his time?

Mr. SCHEUER. No, Mr. Chairman, I yield back my time.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRASER).

Mr. FRASER. Mr. Chairman, at the risk of being repetitive, I want to underscore the point I made earlier, because I checked the statute to see what we did last fall. Last fall we said that aid to Turkey could be resumed if substantial progress were made toward agreement regarding the military forces on Cyprus. That was the condition, and that dealt with Turkish Forces on Cyprus. Now we are adding a new element. We are adding the problem of the refugees which involves not only the Turkish Government but the Turkish Cypriots and the Greek Cypriots.

I deeply regret the plight of the refugees. I think that is the most compelling aspect of the whole problem in the eastern Mediterranean. But I want to underscore that the circumstances are such that the refugees are not going to move back in any significant numbers until we are on some path toward a political settlement.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in strong support of the bill and in strong opposition to the amendment that has been proposed. I am sure that many of the opponents and many who have spoken for the amendment have done so out of a sincere desire to reach a compromise. Unfortunately, this is not the kind of an issue that is susceptible to a compromise. The only way we are going to help solve the Cyprus problem, especially the refugee problem, is to pass the bill exactly the way it is. That is the only way we are going to achieve progress.

The CHAIRMAN. The Chair recognizes the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I have been listening to the debate all afternoon. Frankly, I feel that the situation has not moved in any direction. The words spoken for the passage of the bill have really given me no basis upon which I would want to support the bill. The people are still going to be suffering in Cyprus. There is no evidence that because we give this aid, there will be a change of policy. That is the burden of proof that the supporters of the bill have. They have not met that burden of proof. The movers of the amendment meet them halfway when they say, "At least we are going to show you that we are prepared to act," in order to deal with the humanitarian problem.

I must say I feel very deeply about the humanitarian problem. I am not sure that this amendment is going to accomplish that movement toward helping the humanitarian problem, but for the sake of humanity, I feel forced to support it. I really do not want to give any military aid to Turkey, because I think they will do the same thing again and again. Indeed, I am concerned that this bill makes no conditions whatsoever to make certain that arms we sell will not again be used for aggressive purposes in violation of the rule of law, in violation of the rule of Congress.

I support the amendment reluctantly in the hope it will help the suffering. If if fails I shall vote against the bill.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Ryan).

Mr. RYAN. Mr. Chairman, there is not any more time than to point out to the Members what the gentleman from Ohio pointed out earlier. Were I on the side of those who propose this amendment, the gentleman from Maryland (Mr. Sarbanes), and his group, I would be very pleased, because I believe they have taken the only position they can take when they can see that there are enough Members in this Chamber who have changed their minds so that those who created this embargo can no longer sustain the position they held before. If they can no longer sustain the position they held before, what do they retreat to? I think it is a very shrewd move to retreat to the position of the President, and the position which the Congress has held before, and still require the Turks to take the first action, knowing that the Turks will not take the first action because they are too proud to do so.

There is an election coming up immediately and, as the gentleman from Ohio said, if the situation continues as it is with the American heel on the Turkish neck, they are not about to be the ones to say gratuitously to us "We are sorry; we should not have done all of that; and we now will retreat from where we were."

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. Solarz).

Mr. SOLARZ. Mr. Chairman, this amendment is really, I think, a formula for frustration. It sounds good but in reality it will accomplish little. The fact is that if the Turks were prepared to make concessions on the refugee problem they could have made those concessions a long while ago. They have not, and the reason why they have not, is largely because of the fact that the embargo was in existence.

If we really want the refugee problem resolved we should defeat the amendment, pass the bill, lift the embargo, and thereby give the Turks the opportunity to move forward on this question. There is, of course, no guarantee that by lifting the embargo we will get the Turks to make the necessary concessions. But surely the prospects for progress will be enhanced if we lift the embargo—keeping in mind that if the Turks do not, as a consequence, soften their position, we can always reimpose it.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. Edgar).

Mr. EDGAR. Mr. Chairman, I rise in strong support of the amendment and I also express strong opposition to this bill. We have gone through the process of addressing ourselves to the arms embargo a number of times. The arguments are familiar, almost to the point of being a litany. I respect my colleagues who have sincerely demonstrated that they care about the direction of our foreign policy, no matter which road they have selected. And I commend my colleagues for the level of debate which I have heard today.

In the past, I have had disagreements with the foreign policy of the United States. This policy has been more sensitive at times to governments and geographical boundaries, and less sensitive to the needs of people. We have supported tyrannies whose leaders have showed a minimal regard for basic human rights. And we have turned our heads when people have suffered because these people lived beneath a flag which we did not recognize as friendly.

America has built its empire in a way unique to the 20th century, perhaps. We have cemented this empire not by threat, but by persuasion. We have promised security to governments. But in this process, we have neglected to recognize that governments were organized to protect groups of people, not to shackle them. We have heard in this debate that there cannot be a settlement to solve the plight of the refugees unless there is a political settlement. While political settlements involve governments and flags, solving the refugee problem involves people. We have the power to help thousands of people with this amendment. The Turkish Government by yielding only an inch, the lack of which has caused the government the loss of sympathy throughout the world, the suffering of the refugees would be minimized.

Mr. Chairman, this amendment represents to me a critical compromise which should be accepted. The House refused to lift the embargo before the recess. The reasons for voting differently tonight are no different. The Turkish Government has made no offering other than closing American bases on Turkish soil. It is absurd for this House to believe that lifting the embargo would improve the lot of the refugees, encourage resumption of negotiations, and improve our standing with the world community.

Why do we as a Nation sell and give arms to other nations in the first place? Surely, there have been other instances where American planes have bombed American ships, and American tanks firing against American artillery positions. Arms supposed to protect and defend have been used illegally for political and economic advantage. Historically, American arms have been used by governments against people, and I believe that by lifting the embargo, we will condone such history.

Mr. Chairman, I feel it is time again to stand up for principle. There is still time for reassessment and reconciliation. The actions of the administration during the debates on this issue have only served to exacerbate the prospects of reason overcoming emotion.

In summary, Mr. Chairman, we should not neglect in analysing the effect of our vote on both this amendment and on the bill, on what will be the effect upon the welfare and security, and the well-being of people, not just governments. It would be tragic if by our votes tonight, we reinforced the suffering of the Cypriot people for the purpose of a political concession to a government which only has itself to blame for its present difficulties.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. Fithian).

Mr. FITHIAN. Mr. Chairman, I do not object of course to the ruling that the poppy culture in Turkey is perhaps not germane to this particular amendment but surely it is germane to the overall argument. Surely it is germane to the American people. And surely it is proper that we keep in mind as we go to the well to vote that this is the same government in Turkey which has adamantly refused to make any single conciliatory step either in the matter of the refugees or in the matter of the poppy culture.

If those who would propose to defeat the amendment and those who would propose that we would support the bill could give me one shred of evidence, one little indicator that this bill might solve the problem, that the Turks might come forward, then I would be constrained to reconsider my position, but I rise in support of this amendment, because I think it is the half step necessary, and in opposition to the bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. Rangel).

Mr. RANGEL. Mr. Chairman, I hope that the Brademas-Fascell amendment passes. Then I will bring this issue once again before this House. It seems to me the fact that there has been no movement does not mean this House has to be stagnant and not have any movement. It is clear that this is an initiative, an attempt to bring about that very same movement we are talking about, and I am hopeful if the Brademas amendment passes that we may be able to get a new section to ask for certification by the President of the United States that we have been successful in avoiding the illicit diversion of opium.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. Badillo).

Mr. BADILLO. Mr. Chairman, I rise in support of the amendment of the gentleman from Florida. Mr. Fraser stated a few moments ago that by introducing the refugee question the amendment was presenting a new factor. In fact, the amendment is essential to make the rest of the bill consistent, because the bill says, in section 2, that the Congress further reaffirms the policy of the United States to alleviate the suffering of refugees. The rest of the bill does not address itself to how the suffering is to be alleviated. The amendment of the gentleman from Florida (Mr. FASCELL) does.

I think we should remember that a few days ago this Congress voted by 238 to 164 in favor of the amendment of the gentleman from Iowa (Mr. HARKIN), in which we directed the President to prohibit aid to a country which does not recognize the human rights of its citizens. If we are willing to prohibit aid to a country which has a duly constituted government on the grounds of violations of human rights we certainly should be willing to prohibit aid to a country which has an illegal government, such as Turkey has in Cyprus right now on similar grounds.

Mr. Chairman, for that reason, I support the amendment.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I rise in opposition to the amendment. I think that the first responsibility of all of us in this Chamber is the defense and security of our country. I believe that the Mediterranean basin is essential to that defense and security. I think the nations in the Mediterranean themselves would be under the gun if we lost the bases in Turkey. I do not think there is one of them, not Italy, not Greece, not Israel, not Lebanon, not Egypt, not Tunis, none of them would be safe if it becomes a Russian lake and if no nation is able to send its ships there except under that surveillance. I think the bases are essential to all the nations that are important to us in the Mediterranean.

Mr. Chairman, I hope I have not left out any nation in my race to finish under the 1-minute rule.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, there is a serious loophole in the committee's bill, because it does not cover private commercial military sales to Turkey and, therefore, gives no veto to Congress over these sales. The amendment before us would completely prohibit such sales.

Mr. Chairman, I have an amendment which I may offer which would give Congress the right in the future to veto such sales. I am not anxious to single out Turkey, but I am concerned by the whole problem of skyrocketing sales of armaments to many countries. Accordingly, I would like to ask the distinguished Chairman what he plans with respect to supporting general legislation to give Congress control over private commercial military sales to any country.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, I can assure the gentleman that I will bring up the gentleman's proposal when the committee takes up military sales. I will see to it that the gentleman's proposal is thoroughly considered and I myself will support it.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Chairman, within the last few days I was fortunate enough to be invited by the gentleman from Illinois (Mr. ANDERSON) to a meeting in his office with Ambassador Bruce. I looked forward to that meeting to see what the Ambassador would have to say. Unfortunately, as with meetings with the Secretary, Mr. Kissinger, with Mr. Schlesinger, and with Mr. Sisco, there was nothing said by the proponents for lifting the embargo regarding the rule of law and the need to defend it.

The gentleman from Indiana (Mr. BRADEMAS) has made this point again and again. We see nothing but intransigence on the part of those who want to lift the embargo. These are many of the same people who have feared that we would look like a helpless pitiful giant in other parts of the world during the past several years. Now they do not seem to be worried about it.

Mr. Chairman, our side in this debate is the only side offering a very clear, reasonable compromise. I think we may have gone too far, but it is the only compromise around, as the gentlewoman from New York said, and I support it.

The CHAIRMAN. The Chair recognizes the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Chairman, I rise in strong support of the amendment. The House has made its will clear a number of times on the reduction of arms aid to Turkey. The bill before us today varies in virtually no way from bills voted down in the past. This amendment moves us off dead center. It is an act of good conscience calling for an act of good faith on the part of Turkey.

The amendment, Mr. Chairman, would make possible a favorable vote on this bill, a vote which many of us cannot, in good conscience, cast otherwise. Our great fear is that the resumption of aid could result in new casualties and more refugees through the use of new American arms. This amendment assures concern for the 200,000 refugees and at the same time creates the act of accommodation on the part of the Turkish Government which makes logical a reversal of the position of Congress.

We must act today as leaders of the free world to show that we maintain our purpose and that we are truly concerned about the fate of the refugees, but that we are not intransigent. With this compromise no one could accuse us of preventing accommodation. This amendment is constructive and in keeping with our finest moral traditions.

I urge its adoption.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Chairman, I would like to be able to see this House vote for a proposal tonight, and not against one. We can so move toward a solution in satisfaction of the needs of our Turkish allies and still preserve our adherence to the rule of law and humanitarian principles. With this compromise amendment, those of us who voted to keep the embargo in place last time can vote for this amendment and then vote for this bill so that movement will be shown and our principles will not be sacrificed.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise in strong support of the Fascell amendment, because it offers a way to break the impasse between Congress and the administration on the question of military aid to Turkey.

The Fascell amendment will allow the shipment of $185 million in arms to Turkey, arms which have already been contracted for, once the President certifies that significant progress has been made on the problem of refugees on Cyprus.

The plight of refugees on Cyprus has been of major concern to me as well as to the rest of Congress. The Fascell amendment will give the Turkish Government an opportunity to demonstrate its good faith in this matter, and its willingness to move toward the resolution of all issues concerning Cyprus.

I urge the support of my colleagues for the Fascell amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Chairman, I wanted to follow up on a statement made by the gentleman from New York (Mr. SOLARZ), and ask for a response by the gentleman from Indiana (Mr. BRADEMAS). The argument being made was that no progress can be made until the embargo is lifted, that the Turkish Government is essentially satisfied, and that the Turkish Government will not move until the embargo is lifted.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I would like to make two points. First of all, the highest officials in the Department of State have repeatedly made clear that there is no assurance whatsoever that if the embargo is lifted there will be any progress at all on the refugees or on any other aspect of the Cyprus situation. The second point is that by their constant attacks upon Congress for imposing the law, President Ford and officials of the Department of State have undermined the willingness of the government of Turkey to make such accommodations in Cyprus as would warrant Congress honorably reversing the arms embargo.

Mr. WIRTH. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Chairman, the problem with this amendment is that it just simply will not work. The amendment authorizes the President to ship the $185 million worth of military goods when he certifies that significant progress has been made with respect to the refugees.

It will not work because we are not going to make progress on Cyprus with regard to the refugees until Turkey makes a move. Turkey will not make a move so long as this embargo is in place. Every element of the political spectrum in Turkey is adamant on this point. They are not going to move until this embargo is lifted.

It is time for this Congress now to relax this embargo, in an effort to try to stimulate some kind of Turkish flexibility.

The CHAIRMAN. The Chair now recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, the question was raised whether there could be any assurance of progress if the embargo were lifted. True, there can be no assurances of progress. However, if the embargo continues, I can assure the gentleman from Colorado that there is no question that there will be any progress.

So, I submit that if we have sympathy for the refugees, those 180,000 unfortunate souls on Cyprus; if we have any compassion for them and concern for the wide range of our national security relations in the Mediterranean, then we must defeat the amendment and pass this legislation.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Chairman, the amendment before us today is not a retreat but an initiative. This amendment represents an opportunity to break the impasse. It is an opportunity to make it possible for us at once to keep faith with our own laws and our own principles while at the same time responding to a terrible humanitarian problem occasioned by the wrongful use of arms supplied by our own country and offering an opportunity to restore good relations with our NATO allies, Greece and Turkey.

Mr. Chairman, I hope this opportunity, this initiative, is not lost and that the amendment will be agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. FASCELL).

Mr. FASCELL. Mr. Chairman, I trust that the amendment will be supported. There is a curious argument on the other side by those who support the bill that they admit that probably no progress will be made—see page 9 of the committee report—by the bill and yet the proponents are willing to provide to Turkey all military assistance in the pipeline plus unlimited cash sales.

In other words—notwithstanding Turkey's invasion of Cyprus; notwithstanding that there is no progress on Cyprus or willingness by the Turkish Government to make any progress; notwithstanding pressure by the Turkish Government on the United States; notwithstanding violation of U.S. law by Turkey, the bill unilaterally restores and resumes military assistance to Turkey.

On the other hand the amendment changes the embargo in present law and honorably permits the resumption of military assistance.

The amendment eliminates political issues and places resumption of military assistance strictly on humane grounds. The Turkish Government could meet the criteria practically overnight if they really wanted to.

It is alleged that the Turks have domestic political problems and they are people with pride, therefore the United States should have no pride and cave in. That argument to me is illogical and should be rejected.

Mr. RUSSO. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Illinois (Mr. RUSSO).

Mr. RUSSO. Mr. Chairman, I rise in opposition to the pending legislation, S. 2230, which in its present form would totally suspend the arms embargo to Turkey.

By its insistence that Turkey be exempted from the sanctions of the Foreign Military Sales Act of 1961, the Ford administration is, in effect, advising countries around the world, that are recipients of American weapons, that they have a blank check with no restrictions whatsoever on the use of such arms. Supporters of S. 2230 can argue that U.S. weapons have been used for aggressive purposes in the past, most notably by India and Pakistan. I do not feel that such previous uses were legitimate, and I believe that the Congress has not only a right but a responsibility to the American people to make our laws mean what they say.

Since the invasion of Cyprus by the Turks in the summer of 1974, the Ford administration has done nothing of a positive nature to encourage a reasonable settlement of the difficult and complicated Cyprus issue. For the last year, the Congress of the United States has been clear in its purpose that Turkey exhibit a willingness to negotiate. Instead of moving in a conciliatory direction, the Turks have solidified their military position over almost 40 percent of the island of Cyprus containing 70 percent of the land's economic resources. From rigid statements emanating from Ankara, it seems apparent that Turkey is determined to establish a colony in Northern Cyprus. And what about the devastating effect this military occupation has had on the entire economy of Cyprus? What about the suffering and misery this has caused for almost 200,000 Cypriot refugees who were forced to give up their homes, and flee for their lives in the face of the Turkish attack?

While the situation in Cyprus has been getting worse over the last year, the administration has been wildly and blindly pointing an accusatory finger at the Congress, and has done nothing to move the Turks toward an accord, the administration has consistently followed a policy of assuring the Turks that the arms embargo would be lifted. With this kind of activity coming from the executive branch, the Turks had no incentive to negotiate in good faith the serious Cyprus issues. Instead of telling the Turks that guns would be forthcoming, the State Department and Department of Defense should have been at work advising Ankara of appropriate steps we would take to develop alternative intelligence capability to blunt the Turkish threat of closing our bases. Such action would have properly alerted the Turks to the seriousness of American intentions to encourage a Cyprus settlement.

We have heard many arguments about the importance of our Turkish and Greek NATO bases. General Van Fleet, Admiral Zumwalt, Dr. Scoville, and even former Department of Defense Secretary Laird have all expressed reservations about certain aspects of the importance of the Turkish bases. Admiral Zumwalt has categorically argued that the Suda Bay air and naval facilities on Crete is the single most important military installation in the Mediterranean area. Admiral Zumwalt further maintains that if it came to a choice our Greek bases are more important than the Turkish bases.

But the question of the bases has, unfortunately, obscured the important question of the administration's responsibility for putting its greatest effort into resolving the very real diplomatic and political problem on Cyprus. We read a lot in the newspapers about the bases, but has the administration forgotten about 200,000 refugees? What leadership has the administration exhibited? What concrete steps has the State Department taken to encourage a solution to the Cyprus problem? The only evidence I have seen is President Ford informing the Turkish President that more weapons will be coming.

Mr. Chairman, I rise in full support of the Fascell amendment to modify the current embargo, and tie the question of Turkish military aid to the real problems being experienced by Cypriot refugees. It is my feeling that this amendment will provide a meaningful vehicle for compromise. The present bill is objectionable because not only would it authorize the sale and shipment of $185 million in arms contracted for prior to February 5 but also it would authorize further commercial sales, military sales, and credits that would be forthcoming following passage of this year's military assistance legislation. As a supporter of the embargo, I have consistently maintained that military shipments to Turkey must be tied to some good faith efforts by the Turks to help relieve the suffering of the Cypriot refugees and that a political solution to the Cyprus question be negotiated. The Fascell amendment would allow the $185 million in arms contracted and paid for by the Turks before February 5, 1975, to be supplied only if the President can certify that significant progress has been made on the refugee problem on Cyprus.

It is tragic that all we have heard from the administration is the sensitivity of Turkey and the effect unilateral Turkish action on the bases would have on U.S. security interests. Why has the administration not addressed itself to the human suffering of the Cypriot refugees who have been homeless for over a year? Most of the Cypriot refugees are living in cramped quarters in government controlled areas—18,000 are still living in tent camps—8,000 of the refugees are living in small shacks. Another 4,000 can call local public buildings and schools "home."

Industrial production in Cyprus has been cut in half. Per capita income in Cyprus has dropped from $1,400 a year to $800 because of the economic devastation that has ravaged the country, as a direct result of the Turkish invasion. As long as the Turks remain in the north, and the refugee problem remains, the situation can do nothing but deteriorate. Why has the administration not assumed a responsibility for dealing with this serious humanitarian problem? Why has President Ford and Secretary Kissinger insisted upon rewarding Turkey's unwillingness to compromise with further arms shipments?

The amendment offered by the gentleman from Florida (Mr. FASCELL) will indicate to Turkey, and to the administration, that the Congress is willing to resume weapons shipments if some significant progress can be reached on the refugee problems. I am personally reluctant to send any arms to Turkey but I realize that this is a compromise designed to, at least, begin to resolve the difficult Cyprus problem.

Mr. Chairman, all interested parties in this dispute must come together in responsible negotiations. The Fascell amendment will still uphold the principle of the rule of law. The United States must take the lead in settling the humanitarian problems created by the Turkish invasion. If the President is sincere in his desire to settle the Cyprus question, he will accept this reasonable compromise. I remind the Members of the House to do less than this is to submit to international blackmail.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland (Mr. SARBANES).

Mr. SARBANES. Mr. Chairman and members of the committee, it ought to be very clear that what the Members are being asked to do if they support S. 2230 is to reverse the prior decisions of the Congress, with no basis on which to do it; to resume arms, without anything having happened to justify it.

I believe the previous cutoff was an appropriate decision. The initiative that has been offered in this amendment is an attempt to provide a way to move this matter forward and yet hold true to the principle that we are not going to allow our arms to be used for aggression.

Mr. Chairman, what the amendment says, very simply, is that the $185 million contracted for before February 5, can be sent to Turkey provided the President certifies that significant progress has been made on the refugee problem on Cyprus. It does not, as S. 2230 does, permit unlimited military sales and Government military sales and credits automatically upon passage of the military assistance bill later this year. The $185 million in arms could be sent only if the President could certify to the Congress that significant progress had been made with the refugees. That is a certification required of the President. It places him in a position to discuss and negotiate the matter with the Government of Turkey and, in addition, to give them assurance that if in fact they move on the refugees there will be a limited response from the United States without the necessity to return to the Congress to clear that response.

Mr. Chairman, it sets up a limited shipment of arms in response to movement on the refugees. In that sense, it maintains the integrity and the principle which this body has implemented consistently in every consideration of this measure. It also provides an opening to move ahead. It responds to a pressing humanitarian problem on that island where many thousands of refugees now are facing their second winter in tents.

Mr. Chairman, I urge the Members to support the amendment as a means of preserving the integrity of the congressional position and of rejecting the obstinate determination of the Secretary of State that we shall simply reverse ourselves and lose all principle.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Chairman, I rise in opposition to the amendment, and for the bill that we reported out of our committee.

I would hope that as we close this debate we would be looking at this issue as it affects the United States. I can assure the Members that if this limited arms embargo is not lifted, everyone is going to be a loser.

Certainly the conditions in Turkey will be even worse, so far as our bases are concerned. Nothing will be done to solve the refugee problem on Cyprus.

I urge the Members to vote against the Fascell amendment and for the Committee amendment as reported from our committee.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MORGAN) to close debate on the amendment.

Mr. MORGAN. Mr. Chairman, all I want to do is underline what several Members, including the gentleman from Minnesota (Mr. FRASER), the gentleman from Ohio (Mr. HAYS), and the gentleman from New York (Mr. SOLARZ) have said.

The coat which this amendment is wearing is humanitarian. It appeals to all of us.

But underneath is the reality of the crisis on Cyprus.

And this reality is that the solution of the refugee problem—or any progress in that direction—depends on the two factions on Cyprus and Archbishop Makarios.

This amendment, therefore, gives control over a very important part of the foreign policy of our country to the politicians on Cyprus.

It does not give it to the President of the United States—or the Congress of the United States. It gives it to Cyprus.

I do not believe that in good conscience we can do this. We should—we must—defeat this amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Florida (Mr. FASCELL).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FASCELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 229, not voting 17, as follows:

[Roll No. 579]

AYES—187

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashbrook
Aspin
Badillo
Barrett
Bauman
Bedell
Bennett
Bergland
Blanchard
Blouin
Boggs
Boland
Bonker
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Chisholm
Clawson, Del
Clay
Collins, Ill.
Conlan
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Derwinski
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Esch
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Ford, Mich.
Ford, Tenn.
Giaimo
Ginn
Gonzalez
Goodling
Green
Gude
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Heinz
Helstoski
Holtzman
Howard
Howe
Hughes
Jacobs
Johnson, Calif.
Jones, N.C.
Jordan
Kastenmeier
Keys
Koch
Krebs
LaFalce
Lehman
Levitas
Litton
Long, La.
Long, Md.
McHugh
McKinney
Madden
Maguire
Martin
Mathis
Meeds
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
O'Hara
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Railsback
Rangel
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Russo
Santini
Sarasin
Sarbanes
Schroeder
Sharp
Shipley
Spellman
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Thompson
Traxler
Tsongas
Vander Veen
Vanik
Waxman
Weaver
Whitehurst
Wolff
Yates
Yatron
Young, Ga.
Zeferetti

NOES—229

Abdnor
Alexander
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashley
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bell
Bevill
Biester
Bingham
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Daniel, Dan
Daniel, R. W.
de la Garza
Dent
Derrick
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
du Pont
Edwards, Ala.
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Fenwick
Findley
Fish
Flowers
Flynt
Foley
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Gibbons
Gilman
Goldwater
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Hastings
Hays, Ohio
Heckler, Mass.
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Okla.

Jones, Tenn.
Karth
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Leggett
Lent
Lloyd, Calif.
Lloyd, Tenn.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
Madigan
Mahon
Mann
Matsunaga
Mazzoli
Melcher
Meyner
Michel
Milford
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Morgan
Mosher
Murtha
Myers, Ind.
Myers, Pa.
Nichols
Obey
O'Brien
Passman
Patman, Tex.
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Randall
Rees
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rogers
Runnels
Ryan
St Germain
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Seiberling
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Stanton,
  J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Ullman
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—17

AuCoin
Biaggi
Bolling
Brown, Ohio
Dingell
Evins, Tenn.
Fary
Hébert
Macdonald
Metcalfe
Ruppe
Sisk
Spence
Staggers
Treen
Udall
Van Deerlin

The Clerk announced the following pairs:

On this vote:

Mr. AuCoin for, with Mr. Hébert against.

Mr. Biaggi for, with Mr. Treen against.

Mr. Macdonald of Massachusetts for, with Mr. Van Deerlin against.

Mr. Metcalfe for, with Mr. Sisk against.

Mr. Dingell for, with Mr. Staggers against.

Mr. Fary for, with Mr. Evins of Tennessee against.

Messrs. MAHON and HIGHTOWER changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Rangel: Page 4, line 9, strike out "(2)" and all that follows thereafter up to and including line 15 on page 4 and insert in lieu thereof the following,
>
> "(C) the President is requested to initiate discussions with the Government of Turkey concerning effective means of preventing the diversion of opium poppy into illicit channels.
>
> "(2) The President is directed to submit to the Speaker of the House of Representatives and to the Foreign Relations and Appropriations Committees of the Senate within sixty days after the enactment of this Act a report on discussions conducted under subsections (b)(1)(B) and (C), together with his recommendations for economic and military assistance to Greece for the fiscal year 1976."

POINT OF ORDER

Mr. ZABLOCKI. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. ZABLOCKI. Mr. Chairman, the gentleman from New York has presented an amendment similar to one that was defeated earlier today. His amendment, Mr. Chairman, reads:

> The President is requested to initiate discussions with the Government of Turkey concerning effective means of preventing the diversion of opium into illicit channels.

That is a goal we all support. I might say the gentleman from New York (Mr. Wolff) had extensive hearings on this very issue and just this week his subcommittee by unanimous vote has reported a measure which would effectively deal with illicit narcotics, but this amendment, Mr. Chairman, I submit is not in order because, as I said in the argument on the point of order raised earlier, it violates rule XVI, clause 7 of the Rules of the House of Representatives. In the precedents cited under rule XVI, clause 7, there is contained a perfect example to sustain this point of order. On December 11, 1973, the Chair ruled that an amendment to the bill authorizing military assistance to Israel and funds for the U.N. emergency force in the Middle East, which expressed the sense of Congress that the President conduct negotiations to obtain a peace treaty in the Middle East and the resumption of diplomatic and trade relations between the Arab nations and the United States, was out of order.

This amendment attempts to address issues which are equally dissimilar. The title of the bill clearly states that the endeavor is to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance.

Therefore I would hope the point of order would be sustained.

The CHAIRMAN. The Chair will hear the gentleman from New York.

Mr. RANGEL. Mr. Chairman, the previous point of order was ruled in favor of the gentleman but that related to an amendment to an amendment.

Here we have an amendment to the bill which clearly in section 2 indicates that this bill is to improve and harmonize the relations among the allies of the United States and between the United States and its allies in the interest of mutual defense and national security.

The President of the United States has indicated the importation of narcotic drugs, especially of opium, poses a threat to our national security.

In addition to this the previous section before this amendment indicates that the Congress is directing the President of the United States to initiate discussion with the Government of Greece for the purpose of determining their military and economic needs.

It appears to me that there is no more serious question that is affecting our urban communities than drugs. This amendment merely directs the President to initiate discussions with the Government of Turkey for the purpose of or concerning the effective means of preventing the diversion of opium poppies into this country.

It is the same language. We are asking the President of the United States to initiate discussions with the Government of Greece in order to determine their needs. So I believe this is germane to the bill. I have discussed it with other members of the committee and I believe they share with me in my understanding of the germane question.

The CHAIRMAN. The Chair is ready to rule. The question is whether or not the amendment offered by the gentleman fom New York (Mr. Rangel) is germane to the text of the bill.

The Chair observes on page 4 of the bill, subsection (2) the following language:

> (B) the President is requested to initiate discussions with the Government of Greece to determine the most urgent needs of Greece for economic and military assistance.
>
> (2) The President is directed to submit to the Speaker of the House of Representatives and to the Foreign Relations and Appropriations Committees of the Senate within sixty days after the enactment of this Act a report on discussions conducted under subsection (b)(1)(B), together with his recommendations for economics and military assistance to Greece for the fiscal year 1976.

The language of the gentleman's amendment is similar to paragraph (B).

Now, as to the germaneness of the amendment to the text of section 2 of the bill the principal purposes of that section are stated in paragraphs 1 through 6 on page 5 of the committee report, and they are fairly diverse in scope to the extent that they all have as their primary purpose continuation of our NATO relationship with Turkey and Greece. Viewed in that context, and in the context of section 2, the Chair feels that the amendment of the gentleman from New York adds a further requirement of negotiations to that already contained in section 2, which does not go beyond the purposes outlined in the bill.

Therefore, the Chair overrules the point of order and holds that the amendment is germane to section 2.

Mr RANGEL. Mr. Chairman, I suppose that all of us are very anxious to see that some movement be made in order to protect the refugees that find themselves in Cyprus without help. Obviously, by not doing anything, there has not been any movement.

I, for one, have felt that notwithstanding the fact that the Turkish Government had violated an executive agreement and did, in fact, violate the ban of growing opium, that I present these facts.

Mr. MORGAN. Mr. Chairman, will the gentleman yiled?

Mr. RANGEL. I yield to the chairman.

Mr. MORGAN. Mr. Chairman, for many years I have known the gentleman's great interest in the narcotics problem in the country. I have tried to have our committee work with the gentleman very closely.

I have been in contact with the President this very week. I have a letter from the President, which states:

> I have been informed that several members of the House have again raised their concern

> about the threat of Turkish opium to the United States and have suggested an amendment to S. 2230, which would require the President to report to the Congress every sixty days on the efforts being made by the Administration to ensure that Turkish opium does not find its way to our cities and communities.
>
> As you know, I too am deeply concerned about the opium problem, and I had a thorough conversation about the situation earlier this year with Turkish Prime Minister Demirel. He explained to me the strict measures—

The President explained to me the strict measures being taken to control illegal opium production and traffic. He said:

> . . . Turkey has taken under the United Nations-approved plan to control the production of opium poppies and he informed me that he intends to do whatever is necessary to assure that there is no diversion of Turkish opium gum into illicit channels.
>
> I would be pleased to report to the Congress by letter every sixty days on the efforts and effectiveness of this Administration in preventing diversion of illicitly produced opium poppies into the United States.
>
> You may be interested to know that, to date, we have no evidence of diversion of Turkish opium into illicit traffic. This is an extremely hopeful sign and we continue to enjoy the complete cooperation of the Turkish Government in this matter.
>
> I would appreciate having you communicate the substance of this letter to your colleagues.

So as far as I am concerned, I think the gentleman's amendment is constructive and I would be glad to take the gentleman's amendment to conference.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, we have had a chance to view the gentleman's amendment and we have no objection on this side also and we are willing to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. RANGEL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. LEVITAS

Mr. LEVITAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. LEVITAS: Page 4, immediately after line 15, insert the following new paragraph:
>
> "(3) The authority contained in subparagraph (A) of paragraph (1) of this subsection may be terminated, in whole or in part, by the Congress by the adoption, during the 60-day period (excluding days when both Houses of Congress are not in session) beginning on the date on which the first report required by the amendment made by subsection (c)(2) is submitted to Congress, of a concurrent resolution declaring that such authority or part thereof, as the case may be, is terminated. Such termination may include the suspension of any licenses issued under such subparagraph (A) prior to the adoption of such concurrent resolution."

Mr. RINALDO. Mr. Chairman, I move to strike the last word, and I rise in support of the bill.

Mr. Chairman, I rise reluctantly tonight in support of S. 2230, legislation which would partially restore arms shipments to Turkey. I take this position with caution, and with hope, and with appreciation for the gravity of the situation facing us in the Mediterranean.

Each time this question has come to the House floor, I have voted against arms shipments. I have condemned the Turkish invasion of Cyprus, and I condemn that action now. Turkey at this moment is in occupation of foreign territory, holding American weapons; she has closed American bases and pronounced to the world the unilateral nullification of a defense pact voluntarily adopted by both our countries. And despite world opinion, Turkey has done next to nothing to alleviate the plight of 180,000 refugees.

Mr. Chairman, from one of our enemies this action might be understandable. But from one of our allies it is disgraceful.

But we cannot repatriate the refugees overnight. We cannot send American troops to push the Turkish forces off Cyprus. Words and resolutions clearly will not move the Ankara government to seek a settlement on Cyprus.

And unfortunately, the arms embargo also has failed.

So we are faced with the problem of what to do. We hear from Turkey almost daily that if we restore arms shipments, we will see progress on Cyprus. If we restore arms shipments, the refugees will receive aid. If we restore arms shipments, our military and intelligence bases will be reopened.

And in fact, the record is bleak. There have been a number of developments since July which, in their totality, have undermined prospects for a Cyprus settlement, U.S. security arrangements in the eastern Mediterranean, and prospects for Turkish reconciliation with Greece. Having studied all these facts, I have reached the conclusion that a failure to ease the embargo could well further exacerbate these adverse developments.

On Cyprus, despite our best efforts and those of U.N. Secretary General Waldheim, the intercommunal talks have been suspended. Among Turkish Cypriots, pressures for a declaration of complete independence for the Turkish zone are increasing. Up to now the Government of Turkey has resisted this pressure for an independent Turkish Cypriot state. It has noted, however, that fruitful negotiations toward a Cyprus settlement will be impossible so long as the arms embargo is in place.

Moreover, all reports substantiate the allegation that U.S. security interests have been severely affected since the last House vote. The day following the vote the Turkish Government asked us to suspend operations at U.S. intelligence and navigation sites in Turkey. The intelligence loss to the United States and NATO on Soviet force deployment and weapons research has been substantial. The Turks have also begun to place customs and other restrictions on U.S. military personnel in Turkey.

In summary, a reasonable assessment of the embargo demonstrates that it simply is not working constructively on any front. The Turkish Government has said that removing the embargo would enhance its negotiating flexibility on Cyprus. Similarly, the Turks have said that while they cannot conceive of a worthwhile United States-Turkish security relationship so long as the ban is in place, its lifting would create an atmosphere conducive to reestablishing beneficial security ties. Under these circumstances, it is in the interests of those who want a Cyprus settlement, who wish to help the refugees, and who are concerned about U.S. security interests to test these propositions.

I remain hopeful and confident the Turkish Government will reciprocate this gesture of good will.

But if the government in Ankara fails us—and all Cypriots—I am prepared to return to this floor with my colleagues and reimpose the embargo when we consider the Foreign Assistance Act later this year.

Mr. Chairman, the House of Representatives tonight can bring us an important step closer to solving the Cyprus crisis. We should not let this opportunity pass.

Mr. LEVITAS. Mr. Chairman, I think this is an important amendment because it goes to the heart and soul of what this process is about. I would like to explain it very briefly.

Under the provisions of the bill as now written, the President of the United States is required to report to Congress within 60 days after enactment as to what progress has been made in the negotiations between the parties to reach a settlement on Cyprus. This amendment would simply say that after that report is received, the Congress will then have 60 days in which, by concurrent resolution, to terminate any authority given under this bill in the event that there has been no progress made or in the event that the arms have again been misused.

This is not a Greek issue and it is not a Turkish issue. This is an American issue and one that addresses itself to the Congress of the United States. There is a need to regard the principles of American law and to regard justice and friendship to our allies—Turkey and Greece alike. We also need flexibility through this bill to bring progress in Cyprus and bring a solution and to provide for the needs of American security and to rebuild our ties with Turkey. We have been told that this bill will do it all.

We are told that if we restore the shipment of arms to Turkey, all this will come about, but suppose it does not? I think that this amendment keeps everybody in the ball game honest, and it keeps it on the same type of numerical majority that exists at the present time, not as it would exist if veto politics get involved. It really tests the bona fides of the representations that have been made to us by the gentleman from Ohio based on his recent trip to the NATO conference, and by the administration and White House representatives as to what we can expect to occur.

It has been said that we will have an opportunity to vote on the foreign military aid sales bill, but this amendment will give us 60 days after the President reports to us to decide, in fact, what has really occurred. It keeps Congress and the American people involved.

History has shown that Congress cannot abandon its role in a foreign policy decision as crucial as this to the United States, and unless we adopt this amendment, we will be giving the policy ball game away.

I suggest that this amendment lets Congress and the American people see what has happened, and then act accordingly.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, I certainly cannot support the bill, but I think whether one supports the bill or is against the bill, every Member ought to support this amendment. I think it is absolutely vital under the conditions of the bill where, without restraint and restriction, the United States has unilaterally decided, if this bill is adopted, to grant Turkey whatever it wants. Certainly, this protects the oversight role of Congress.

Mr. LEVITAS. I thank the gentleman.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I want to commend the gentleman for the amendment he has proposed and echo the sentiments expressed by the gentleman from Florida (Mr. FASCELL).

Mr. LEVITAS. Mr. Chairman, I would like to say this: Regardless of how we feel about this bill or how we vote on final passage, it seems to me that it is absolutely essential that Congress maintain its responsibilities. If the administration has given us the representations they believe to be true, then they should have absolutely no objection to this amendment, which simply says that 60 days after we receive a report from the President, we can determine whether there has been the progress which we have been promised, and whether these arms have not been misused as they have been in the past.

Mr. Chairman, I urge adoption of this amendment.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the objective of this amendment appears fairly good. I just think the amendment is unnecessary on this bill.

Mr. Chairman, the House will have an opportunity to review this problem during consideration of the fiscal year 1976 international security assistance bill. The bill on which we are working now already requires the President to terminate deliveries to Turkey if there is any violation of the ceasefire. Also, there are provisions in the Foreign Assistance Act and the Foreign Military Sales Act which suspend all assistance in case of violation of sales and grant agreements, without the need for congressional action. This is section 505(d) of the Foreign Assistance Act and section 3(c) of the Military Assistance Act.

Mr. Chairman, the amendment, in my opinion, would single out one country, as it applies only to Turkey. For that reason, I do not think it is right.

I think the intent of the amendment is good and it should be considered in the framework of the security bill which we will bring out next month. It has some merit; but I just think it is unnecessary in this legislation.

Mr. BROOMFIELD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to join with the chairman of our committee in opposing this amendment. I believe our committee at a later time, when we have the security assistance bill, should take this matter up for consideration. I think this should be considered as one more obstacle.

Really, the whole purpose of the bill is to create the proper climate so that we could get some movement, so far as the settlement on Cyprus is concerned, and also, hopefully, to do something about our bases in Turkey. I think this would be very much of a detriment if this amendment was included in the bill, and I strongly urge the House to vote against the amendment and for the passage of the bill.

Ms. HOLTZMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. LEVITAS. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. I thank the gentlewoman for yielding.

Mr. Chairman, in response to the comments made by the gentleman from Michigan (Mr. BROOMFIELD), it seems to me that if what the gentleman from Michigan has represented is in fact the case, then he should have absolutely no objection to this amendment; because if the passage of this bill will lead to negotiations, will bring about a settlement, will do something about the refugees as they are now suffering on the island of Cyprus, then when the President reports to us 60 days after the passage of this bill, this Congress then can see whether what we were promised actually occurred.

There is no sword of Damocles hanging over the Turkish people as a result of this. There is no coercion built in here. It just gives the Congress the opportunity to assess, after the fact, after this bill is passed, whether there have been any efforts toward a settlement and whether the arms that have been shipped have been properly used.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to say I do not find any great fault with the general thrust of the amendment offered by the gentleman from Georgia (Mr. LEVITAS), except the way it is written now it is aimed at the Turks, and they have felt all along that they have been picked out for violating the arms agreement when many other countries have violated it and we have either closed our eyes or said nothing about it.

Mr. Chairman, what I would hope the gentleman would do would be to withdraw his amendment and rewrite it so that we can put it in the military sales bill, so that it just goes across the board to everybody, so that it is not aimed at one country, so that they, the Turkish people, do not feel further humiliated, but that it would just apply to any country that got American military arms, that within 60 days after the sales were cleared, the Congress could revoke it if it saw fit.

Mr. Chairman, as I said before—and I do not want to belabor it, I spent a lot of time, a lot of hours on this—the Turks feel that we think that they are untrustworthy, and so on.

Mr. Chairman, I pointed out earlier that the Greeks infiltrated a whole division armed with American arms on the island of Cyprus in violation of this and nobody did anything about that.

If the gentleman could find a way to do this, I would not only help him write his amendment but I would help him get it considered in the committee or on the floor, wherever he wanted to do it. But here in this bill, I think the amendment would be harmful.

Mr. LEVITAS. Mr. Chairman, I thank the gentleman for his comments.

I do intend at the appropriate time to offer that, because this is a matter of general principle with me concerning our relationship with other countries and the sale and furnishing of military arms throughout the world.

My concern in wanting to see it put in this bill at this time is not to aim it at the Turks, but I believe that if we do not put it in the bill at this time, then we will have locked the barn after the horse has gone with respect to at least the $185 million worth of armaments that are going to be shipped.

Mr. Chairman, it is for that reason, although I would like to take the advice of the gentleman, that I cannot in good conscience withdraw the amendment from consideration in the bill at this time.

Mr. HAYS of Ohio. Mr. Chairman, I am sorry the gentleman feels that way, because I think the amendment would be a harmful addition to the bill for the reasons that I have stated.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to remind the Members that we will very shortly be voting on another matter that is of great interest to us all, and that is the so-called Sinai agreement. I would suspect that if we put this kind of language in this bill, there will be those who will be insisting that we put the same kind of language into some of the provisions for arms transfer in that other bill.

I agree completely with the gentleman from Ohio (Mr. HAYS) that we ought to look at all countries equally and we ought to deal with them all evenhandedly, whether it be Turkey, Greece, Israel, the Arab countries, or anyone else.

Mr. Chairman, I urge defeat of this amendment because I think it is discriminatory.

Mr. FRASER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as one Member who believes this bill should be passed, I do not find any difficulty with this amendment, and when it is put to a vote, I plan to support it.

The **CHAIRMAN**. The question is on the amendment offered by the gentleman from Georgia (Mr. LEVITAS).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. **LEVITAS**. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 190, noes 223, not voting 20, as follows:

[Roll No. 580]

AYES—190

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Chisholm
Clancy
Clawson, Del
Clay
Collins, Ill.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Davis
Delaney
Dellums
Derwinski
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Edgar
Edwards, Calif.
Eilberg
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Giaimo
Ginn
Gonzalez
Green
Gude
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Helstoski
Hicks
Holland
Holtzman
Howard
Howe
Hughes
Jacobs
Jenrette
Johnson, Calif.
Jordan
Karth
Kazen
Keys
Koch
Krebs
LaFalce
Lehman
Lent
Levitas
Long, Md.
Lujan
McHugh
McKinney
Madden
Maguire
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Calif.
Moorhead, Pa.
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Neal
Nedzi
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Rangel
Reuss
Richmond
Riegle
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Sharp
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Stark
Stokes
Studds
Thompson
Traxler
Tsongas
Vander Veen
Vanik
Waxman
Weaver
White
Whitehurst
Wirth
Wolff
Yates
Yatron
Young, Ga.
Zeferetti

NOES—223

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Barrett
Bauman
Beard, Tenn.
Bell
Bevill
Biester
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Danielson
de la Garza
Dent
Derrick
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Fenwick
Findley
Fish
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Hastings
Hays, Ohio
Heckler, Mass.
Heinz
Henderson
Hightower
Hillis
Hinshaw
Holt
Horton
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Leggett
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
Madigan
Mahon
Martin
Michel
Milford
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Morgan
Mosher
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nichols
Nix
O'Brien
Passman
Pettis
Peyser
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rose
Ryan
Satterfield
Schneebeli
Schulze
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Nebr.
Snyder
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Ullman
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
Whalen
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—20

AuCoin
Biaggi
Bolling
Brown, Ohio
Dingell
Evins, Tenn.
Fary
Hébert
Kastenmeier
Macdonald
Metcalfe
Rousselot
Ruppe
Sisk
Spence
Staggers
Sullivan
Treen
Udall
Van Deerlin

The Clerk announced the following pairs:

On this vote——

Mr. Dingell for, with Mr. Hébert against.

Mr. Macdonald of Massachusetts for, with Mr. AuCoin against.

Mr. Biaggi for, with Mr. Treen against.

Mr. Metcalfe for, with Mr. Sisk against.

Mr. Fary for, with Mr. Staggers against.

Mrs. Sullivan for, with Mr. Van Deerlin against.

Mr. Kastenmeier for, with Mr. Evins of Tennessee against.

Mr. **MATSUNAGA** changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. **SEIBERLING**. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I had an amendment printed in the RECORD yesterday which I am not going to offer, but I want to explain why I am not going to offer it.

I think we can see by the closeness of the last vote that there are a great many people who are concerned about the lack of control by the Congress over foreign military sales, including commercial military sales. I voted against the last amendment, much as I would have liked to vote for it. The reason was because I do not want to single out Turkey on this question. I think it is important to give this proposed resolution, which we are going to vote on in a minute, a chance to work. I also think that the Congress should not be approaching this whole question of military sales in a piecemeal fashion.

In 1974 alone the United States sold or contracted to sell $10 billion of weapons to foreign countries, most of them in the Middle East. This is a serious threat to the peace of the world and to our own safety. It is like putting dynamite in the hands of children.

I think a great many of us want to see the Congress get some control over this. In the other body the junior Senator from Wisconsin (Mr. NELSON), and in the House some of our colleagues, have introduced various bills to give Congress an annual review over the whole question of foreign military sales, both commercial and Government sales, and to require the President to bring to us a program each year so we can decide as a matter of policy what we want to do.

I am delighted that the distinguished chairman of the Committee on International Relations is going to move ahead on that legislation.

The amendment I had and which I was going to offer would have put a veto right in the hands of Congress over commercial military sales to Turkey. The State Department, in a letter I am placing in the record of this debate, has assured me that they too support the principle that Congress has a right not only to participate in the formulation but also to review the implementation of U.S. arms transfer policies.

As a result of those assurances I am not going to offer my amendment, but I will be looking for the International Relations Committee to give the House an early opportunity to vote on a comprehensive policy on military sales to foreign countries.

I am sure all Members do want to get more control for Congress over this very serious and rapidly escalating worldwide arms race, to which military sales by the United States are a major contributing factor.

Our former colleague, the junior Senator from Iowa (Mr. CULVER), has recently written the Secretary of State urging him to call an international conference on arms sales. His letter is printed at page 29781 of the RECORD of September 23, 1975. I strongly support his proposal and hope other Members of the House will do likewise.

But if there is to be such a conference, and if it is to succeed, it is essential that the Congress create a legislative program for developing a comprehensive arms transfer policy for this country, a program which will enable Congress to exercise effective and continuing control over sales of U.S. armaments abroad.

Mr. **SARASIN**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, for almost 8 months we have followed a policy of pursuing peace in the eastern Mediterranean through a strict embargo on arms for the Turkish Government and I have supported this approach. In all this time, this approach has produced no discernible progress toward lasting peace in the region, and may even have contributed to the rigidity of attitudes among the contending interests.

For this reason, I am rising in support of the bill presently on the floor, S. 2230. As we all are aware, this bill would lift the arms embargo to Turkey imposed on February 5, and which was subsequently sustained by this body on July 24. I voted to sustain the embargo in the hopes that Turkey would be encouraged to make some substantive progress on a Cyprus settlement. However, subsequent events have belied this hope. Our actions only made Turkey more intransigent in her attitude, and provoked the closing of U.S. bases in retaliation.

I am quite dismayed that there has not been significant movement on the negotiations over Cyprus. Following the Cyprus conflict last summer, talks between leaders of the two Cypriot communities did not get underway until January of this year. They broke down following the Turkish-Cypriot proclamation of a Turkish Federated State of Cyprus. Then in April, the talks were revived and expanded under the auspices of U.N. Secretary-General Kurt Waldheim. But on September 10, the fourth round of these talks ended in complete deadlock. To date, there has been no further agreement on resumption of the talks. Glakos Clerides, the Greek Cypriot leader has stated there can be no progress unless the Turkish side comes up with territorial concessions. Rauf Denktash, the Turkish Cypriot leader, will not make such concessions and stated that the problem cannot be solved by outside pressures and embargoes.

There are even now indications from the Government of Greece that it does not view this modest lifting of the embargo as contrary to its own interests and that it recognizes the possibility of a beneficial effect.

The Athens newspaper, Kathimerini, on September 28, printed the following comment, believed to be the official government view:

> Political observers in Athens pointed out yesterday that Greece's opposition to the resumption of military aid to Turkey was limited only to that area where the military strengthening of Ankara impinges on the Greek-Turkish dispute. Viewed in that manner, whatever decisions the American Congress takes cannot be characterized as either a Greek victory or defeat since, (A,) the Americans weight their decision on the basis of special criteria upon which Greece cannot interfere, i.e., questions of security, bases and American-Turkish relations generally. (B,) as has been shown, friends and allies of Greece consider, rightly or wrongly, that the lifting of the embargo will facilitate the finding of a solution to the Cyprus problem, and, (C,) as for the military balance of power between Greece and Turkey, we may recall a recent statement of President Ford that with the lifting of the embargo, the U.S. would resume military aid to our country as well.

The Turks have indicated that the arms embargo has clearly been an impediment to progress in the negotiations. Moreover, with the upcoming elections in Turkey, it is unlikely that the Turkish Government will want to appear to be bowing to U.S. pressure on this issue. But with the political situation as delicate as it is, it would be quite unwise to wait until after the elections to lift the embargo.

It is quite evident that the arms embargo has not produced the progress in the Cyprus negotiations that we so desired. It is important, then, at this critical juncture to reconsider the wisdom of our present course of action. S. 2230 would permit the delivery of arms Turkey has already paid for, and also allow commercial cash sales. As an indicator of our good faith, lifting the embargo will give the Turks greater flexibility and freedom to conduct the negotiations.

In addition, some facts have come to light regarding the misappropriation of U.S. munitions in Greece at the height of the Cyprus hostilities which raise some new questions of equity in the situation.

My hope is that changing our present policy on the arms embargo will constructively affect the present stalemate on the negotiations. If not, and if other adverse reactions result, I would be the first one to call for reimposition of the embargo. We must be willing to act now, because the people who suffer most are the refugees on the island of Cyprus, who live with the constant anxiety and uncertainty of their political future as negotiations conducted on their behalf go nowhere.

By facilitating the negotiations, the removal of the embargo can also help Greece, with a lessening of the tensions in the area to the mutual advantage of both countries. It must be clear that we remain committed to our friendship with our ally Greece. S. 2230 also directs the President to discuss with Greece its needs for economic and military assistance and to make recommendations to Congress on meeting those needs. It is also the Greek Cypriot majority on Cyprus that stands to gain by a speedy resolution of the problems there.

Thus, for these reasons, and in the best interests of the people of Cyprus, I urge the removal of the arms embargo and passage of the measure before us, S. 2230.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the Senate bill (S. 2230) to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance, pursuant to House Resolution 737, he reported the Senate bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The Senate bill was ordered to be read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WHITEHURST

Mr. WHITEHURST. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WHITEHURST. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. WHITEHURST moves to recommit the Senate bill, S. 2230, to the Committee on International Relations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. FASCELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 237, nays 176, not voting 20, as follows:

[Roll No. 581]

YEAS—237

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashley
Aspin
Bafalis
Baldus
Baucus
Beard, Tenn.
Bell
Bergland
Bevill
Biester
Bingham
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Broyhill
Buchanan
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Carter
Casey
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
de la Garza
Dent
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Eckhardt
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Colo.
Fenwick
Findley
Fish
Flowers
Flynt
Foley
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hamilton
Hammerschmidt
Hansen
Hastings
Hays, Ohio
Heckler, Mass.
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Horton
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
Madigan
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Michel
Milford
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murtha
Myers, Ind.
Myers, Pa.
Nichols
Nowak
Obey
O'Brien
Ottinger
Passman
Patman, Tex.
Pattison, N.Y.
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rogers

Ryan
Sarasin
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Nebr.
Snyder
Solarz
Stanton, J. William
Steelman
Steiger, Wis.
Stephens
Stratton
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wylie
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NAYS—176

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashbrook
Badillo
Barrett
Bauman
Beard, R.I.
Bedell
Bennett
Blanchard
Blouin
Boggs
Boland
Bonker
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Clawson, Del
Clay
Collins, Ill.
Conlan
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Derrick
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Calif.
Eilberg
Emery
Esch
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Ford, Mich.
Ford, Tenn.
Gaydos
Giaimo
Ginn
Green
Gude
Haley
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Heinz
Helstoski
Holt
Holtzman
Howard
Howe
Hughes
Jacobs
Jenrette
Johnson, Calif.
Jones, N.C.
Kastenmeier
Koch
Krebs
Lehman
Lent
Levitas
Long, Md.
Lujan
McHugh
McKinney
Madden
Maguire
Martin
Mathis
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Natcher
Neal
Nedzi
Nix
Nolan
Oberstar
O'Hara
O'Neill
Patten, N.J.
Patterson, Calif.
Pepper
Perkins
Peyser
Pike
Reuss
Richmond
Riegle
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Russo
St Germain
Santini
Sarbanes
Schroeder
Sharp
Smith, Iowa
Spellman
Stanton, James V.
Stark
Steiger, Ariz.
Stokes
Studds
Thompson
Traxler
Tsongas
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whitehurst
Wolff
Wydler
Yates
Yatron
Young, Ga.
Zeferetti

NOT VOTING—20

AuCoin
Biaggi
Bolling
Brown, Ohio
Dingell
Evins, Tenn.
Fary
Hébert
Macdonald
Metcalfe
Rousselot
Ruppe
Sisk
Spence
Staggers
Steed
Sullivan
Treen
Udall
Van Deerlin

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. AuCoin against.

Mr. Treen for, with Mr. Biaggi against.

Mr. Sisk for, with Mr. Macdonald of Massachusetts against.

Mr. Steed for, with Mr. Metcalfe against.

Mr. Staggers for, with Mr. Fary against.

Mr. Evins of Tennessee for, with Mrs. Sullivan against.

Mr. Van Deerlin for, with Mr. Dingell against.

Until further notice:

Mr. Udall with Mr. Rousselot.

Mr. Brown of Ohio with Mr. Spence.

Mrs. SCHROEDER and Messrs. BENNETT and TRAXLER changed their vote from "yea" to "nay."

Messrs. TEAGUE and CHARLES WILSON of Texas changed their vote from "nay" to "yea."

So the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET ANY TIME NEXT WEEK DURING THE 5-MINUTE RULE

Mr. RONCALIO. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation be permitted to meet any time next week, while the House is in session, under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, perhaps the gentleman from Wyoming could confine his request to a request for tomorrow, and then he can make a new one on Monday.

Mr. RONCALIO. Mr. Speaker, if the gentleman will yield, I have made the request for next week since we have already canceled two meetings this week. We are not scheduled to meet tomorrow.

Mr. BAUMAN. Mr. Speaker, in the absence of my colleague, the gentleman from California, I would be constrained to object to granting permission for the entire week, and I do object.

The SPEAKER. Objection is heard

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET TOMORROW DURING THE 5-MINUTE RULE

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be permitted to meet tomorrow for the purpose of conducting business during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LEGISLATIVE PROGRAM FOR TOMORROW

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to ask the distinguished acting majority leader what the program is for tomorrow, if he has it available.

Mr. McFALL. Will the distinguished minority leader yield?

Mr. RHODES. I am happy to yield to the gentleman from California.

Mr. McFALL. The proposed program for tomorrow is, first, consideration of H.R. 8070, the HUD appropriations conference report.

Second on the calendar will be H.R. 8841, Federal Insecticide, Fungicide, and Rodenticide Act Amendments, commonly known as FIFRA.

No. 3 will be S. 584, retirement credit for National Guard technician service.

No. 4 will be H.R. 7222, Federal employees' group life insurance.

No. 5 will be H.R. 6227, right to representation during questioning.

No. 6 will be H.R. 5665, postal supervisor's arbitration.

I intend to ask unanimous consent to come in at 10 o'clock tomorrow, and we are aiming for adjournment at 4 o'clock in the afternoon. I am sure that unless we are very lucky we are not going to finish all of the legislation that I have listed, but that is the way it will be taken up.

Mr. RHODES. I will be happy to yield to the gentleman from California (Mr. McFALL) for his unanimous consent request, if he desires to make it.

Mr. McFALL. I thank the gentleman from Arizona.

HOUR OF MEETING TOMORROW

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 a.m. on tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I do so to ask the gentleman this question: Does the gentleman think that we will have nine rollcalls tomorrow or more than nine rollcalls?

Mr. McFALL. I suppose it depends upon the temper of the House.

Mr. RHODES. I suppose it also depends on who is here and who is not.

Mr. BAUMAN. Mr. Speaker, I hastily withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

"GOLDEN IS THE DAWN"—A LITERARY WORK ON CONGRESSMAN PEPPER'S HOMETOWN

(Mr. NICHOLS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. NICHOLS. Mr. Speaker, our distinguished colleague, the Honorable Claude Pepper of Florida, grew up in a small town located in my congressional district. The people of Camp Hill, Ala., are proud of their native son and on many occasions he has been honored by the people there.

Only recently, however, a new page has been discovered in the history of Camp Hill. Located in this small community is one of Alabama's finest military academies, the Lyman Ward Military Academy. This institution has helped mold many of the youth of the area and the State and make them more responsible citizens.

Recently, Col. Wesley Smith, current president of the academy and respected citizen of Camp Hill, found among the papers of Dr. Lyman Ward, founder of the school, an unknown and unpublished autobiography entitled "Golden Is the Dawn."

This is a most interesting document and gives an interesting perspective in the history, life, and times of Camp Hill, Ala.

Included in the book is a chapter on famous Americans who have befriended Dr. Ward. This distinguished list of outstanding Americans is most impressive and very prominent is the name of our friend, Congressman Claude Pepper.

For the perusal of the Members of this body I would like to submit for the Record an excerpt from the autobiography of Dr. Lyman Ward which describes the celebration some 40 years ago honoring their favorite son, Claude Pepper, who returned home soon after being elected to the U.S. Senate from Florida.

An Excerpt From An Autobiography by Dr. Lyman Ward

"Camp Hill was on parade October 22, 1936. United States Senator Claude Pepper had come home, his friends and neighbors desiring to honor him on account of his recent election to the United States Senate. Senator Pepper was born in adjoining Chambers County but had spent practically his entire youth in Camp Hill, Tallapoosa County. The day was surpassingly beautiful. The autumn tints were as varied as one could ask in his best dreams for color. The sky was fleecy with such rare tracery as one seldom sees. The streets and highways for miles around were filled with men and women and children coming to meet Mr. Pepper.

"Our day began in front of the public school building in town at ten o'clock. Mr. W. P. Smith was grand marshal. He and a group of horsemen led the parade. Several automobiles carrying Mr. Pepper and various distinguished guests were next in line. All were riding in open cars, including the Senator's father and mother and brother and sister. Also some ten or fifteen distinguished guests including the President of the Senate and the Speaker of the House of the Florida legislature. Several members of Congress from Florida were present including Hon. Millard Caldwell, who is now governor of Florida. The parade, with many floats, was more than a mile long. The school children of the entire town marched. After all of these were several ox teams and one quaint old Negro had his steer harnessed to a buggy. Camp Hill had never witnessed such a parade. This aggregation of marchers broke rank at Tallapoosa Hall. The band played "Auld Lang Syne" and the guests joined in singing those intriguing words. A program lasting an hour or more took place, schoolmates, teachers, and other friends speaking, Senator Pepper making the final response. I doubt if ever in my experience have I heard a response in better taste or in more simple phrase. The speaking over, a delicious barbeque dinner was served, followed by the entire afternoon of greetings and reminiscences. Camp Hill outdid itself to welcome this rising young statesman."

MUST WE SUCCUMB TO THE POLITICS OF THE PISTOL?

(Mr. GUDE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GUDE. Mr. Speaker, the events of the past 3 weeks have alerted us to the use of the handgun as a political weapon of the emotionally disturbed. I refer not only to the two recent attempts to assassinate the President, but also to the cold-blooded killing of Dr. Charles A. Glatt, father of seven children, who was gunned down two Fridays ago while writing a desegregation program for the schools of Dayton, Ohio.

Professor Glatt, a specialist in educational development, helped write such programs in Philadelphia, Buffalo, and San Francisco. He was a man committed to carrying out the principle that the Congress and the courts have long upheld. His murder was an overt attempt to subvert the political process to the will of a violent few. Political assassination does not stop with the President; it can be used just as effectively against a civil servant.

Dr. Glatt's suspected assailant, an ex-mental patient, has admitted to shooting at 25 to 30 black persons over a 4-year period, killing 2 of them, according to a police affidavit. The man had suffered from a major emotional disorder and had spent 3 months in a mental health center in 1968. He shot Professor Glatt with a .32-caliber revolver.

Mr. Speaker, when will the Congress act? When will we get the guns out of the hands of the emotionally disturbed? How many more politically motivated murders must take place before a strong, effective gun control law is passed? Must we succumb to the politics of the pistol?

RULES COMMITTEE SHOULD RECONSIDER AUDIT BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Patman) is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, the Rules Committee or the leadership or the full membership of the House of Representatives should find a means of bringing H.R. 7590 to a vote in the House of Representatives.

This bill—which provides for a full-scale audit of the Federal Reserve System by the General Accounting Office is currently bottled up in the Rules Committee—its fate controlled by eight or nine members of that committee. The other 426 Members of the House of Representatives might as well not exist if the current procedures are allowed to stand.

By a relatively close vote of 9 to 6—with one member later switching his vote to present—the Rules Committee voted to indefinitely postpone consideration of H.R. 7590. This action was particularly unfortunate since it came after an apparent misunderstanding about the position of some prestigious economists on the audit legislation.

In an emotional effort to sway votes, a letter was read by the Honorable Richard Bolling, of Missouri, from Arthur Okun and four other former Chairmen of the Council of Economic Advisors. Obviously the clear impression was left that Arthur Okun and the other economists were flatly opposed to H.R. 7590 and had written the letter in an effort to block a rule.

Mr. Speaker, I want to place in the Record a copy of the letter which was read or paraphrased in the Rules Committee:

September 22, 1975.

Hon. Carl Albert,
Speaker of the House of Representatives,
Washington, D.C.

Dear Mr. Speaker: Speaking for former Chairmen of the Council of Economic Advisers, including Drs. Ackley, Heller, McCracken and Stein, I am writing to let you know of our concern about H.R. 7590, a bill providing for GAO audits of the Federal Reserve System.

Our concern is with the nature of the proposed authority. We are agreed that the extension of this auditing authority to policy operations would be most unwise and thus should not be included in this bill. In our judgment, it would ill serve the interests of the Congress and good monetary policy to mix a review of policy with a conventional auditing of the books.

Sincerely yours,

Arthur M. Okun,
Senior Fellow, Brookings Institution.

Since that time, I have learned that there was a great deal of misunderstanding on the part of the economists involved and this misunderstanding continued on into the Rules Committee deliberation. It is apparent that this first letter—again, based on misunderstanding about the nature of the legislation—had a great impact on the Rules Committee and influenced its decision against the legislation.

Mr. Speaker, I have discussed this question with Dr. Okun and it is very clear that his original letter was misunderstood and was based at least partially on incomplete information about the nature of the pending legislation.

As a result, Dr. Okun has written a new letter to clear up these misunderstandings and to place the position of these economists on the record in a more accurate manner. A copy of this letter was forwarded September 26, 1975, to the Speaker of the House, the majority leader of the House and to Hon. Ray Madden, chairman of the House committee.

The important thing at this point is that Dr. Okun has not and does not oppose H.R. 7590 and he is emphatic in stating that his letter was not intended to be part of an effort to block a rule and House consideration of H.R. 7590. It is obvious that the Rules Committee did not understand this to be Dr. Okun's position.

So that this is very clear, I want to place in the Record a copy of the new letter from Dr. Okun:

WASHINGTON, D.C.,
September 26, 1975.

Hon. RAY J. MADDEN,
Chairman, Rules Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: To avoid any possible misunderstanding, I should like to clarify the precise intent of a letter concerning H.R. 7590 written to the Speaker by me on behalf of several former Chairmen of the Council of Economic Advisers.

It was our intent to express the principle that extension of auditing authority to policy operations "should not be included in this bill." It was not our intention either to oppose or to support H.R. 7590 nor to take a position on any particular amendments. In no way should my letter be read as supporting a negative verdict on H.R. 7590 by the Rules Committee.

I hope this note clarifies my earlier letter and avoids any misunderstanding or inaccurate inference of my position.

Sincerely,

ARTHUR M. OKUN.

In light of this misunderstanding, it would seem only fair that the Rules Committee reopen this matter. I have introduced a resolution—House Resolution 746—to provide for a rule and this has been referred to the Rules Committee. It could be taken up at any time by the Rules Committee and I hope that the members of that committee will consider this carefully.

Mr. Speaker, H.R. 7590 and similar bills have 120 cosponsors and it will be a blackmark on the record of this Congress if the work of a legislative committee and the sponsorship of these 120 Members is simply tossed aside.

Mr. Speaker, the lobbying against this legislation has been intense. It has been orchestrated by the Federal Reserve System and it has included the giants of the banking and business community. Federal Reserve employees have been pulled from their other duties to move this lobbying campaign forward and to generate mail to Members of Congress in an effort to kill the rule and block House consideration.

The House of Representatives has a distinct duty to require accountability by all Federal agencies whether big banks or big business combines desire it or not. The Congress has a responsibility to provide for the fullest oversight of the Federal bureaucracy and we have a reponsibility to check on the use of public moneys. The General Accounting Office is essential in carrying out these duties and its authority should be extended to the mammoth Federal Reserve System.

Many have raised false fears about the General Accounting Office. The GAO is an extremely careful agency and it has carried out its audit work without disrupting any Department or agency anywhere in the Federal Government. It has handled thousands of areas termed "sensitive" without creating any problems and it has never breached necessary confidentiality. It has audited regulatory agencies, the State Department, the Defense Department, and other areas far more sensitive than those of the Federal Reserve.

To allay fears that the GAO would be unnecessarily concerned with monetary policy, the Banking, Currency and Housing Committee has included in its bill a prohibition against recommendations by GAO on monetary policy. This is a clear prohibition and there is no reason for concern in the monetary policy area.

This question of monetary policy is the only concern that has been expressed by Arthur Okun and the other former Chairmen of the Council of Economic Advisers and H.R. 7590 as reported by the committee takes care of the problem. Yet, the Federal Reserve continues to distort the question and to mislead people about the true nature of the legislation. No scare tactic is too absurd for the Federal Reserve to employ in its desperate effort to undermine the bill and to prevent the House of Representatives from voting on this legislation.

Once again, Mr. Speaker, there is no reason why the Rules Committee should hold this legislation captive. There is no reason why the House of Representatives should be prevented from voting.

The 94th Congress was elected on a platform calling for open Government and an end to secrecy. We have promised full accountability by the Federal bureaucracy and we have pledged to update and upgrade our oversight activities.

H.R. 7590 will be a major test of our willingness to carry out that pledge.

Mr. Speaker, the need for a full audit of the Federal Reserve is and has been obvious. It is an agency which handles more than $30 trillion in transactions annually and it has access to more than $6 billion of tax funds each year. It does not come to Congress for appropriations and there is no effective check on its activities at any point in the legislative process.

The importance and the far-reaching nature of this agency cries out for full oversight activities with the GAO aduit a prime necessity.

This is an agency which has almost 20 percent of the Nation's debt in the portfolio of its Federal Open Market Committee in the New York Federal Reserve Bank. This portfolio currently ranges in the vicinity of $90 billion and it is composed of bonds which have been purchased with the credit of the United States. These bonds have been paid for once and they should be canceled and substracted from the national debt. Instead the Federal Reserve continues to draw interest on the bonds—to the tune of $6 billion annually—and the Congress has only the vaguest notion of how this money is handled and how the operations are carried out.

Mr. Speaker, I could fill pages with questions about various aspects of the Federal Reserve's operations. And, as the House knows, we have compiled a hearing record of 739 pages to support H.R. 7590.

Mr. Speaker, I want to place in the RECORD at this point a copy of the year-by-year totals of the portfolio of bonds held in the Open Market Committee:

Portfolio of bonds held in the Open Market Committee, 1914–1974—Year-end holdings—and current 1975 figure

[In millions]

Year:	Bonds held in Open Market Committee
1914–15	$16
1916	55
1917	122
1918	239
1919	300
1920	287
1921	234
1922	436
1923	134
1924	540
1925	375
1926	315
1927	617
1928	228
1929	511
1930	729
1931	817
1932	1, 855
1933	2, 437
1934	2, 430
1935	2, 431
1936	2, 430
1937	2, 564
1938	2, 564
1939	2, 484
1940	2, 184
1941	2, 254
1942	6, 189
1943	11, 543
1944	18, 846
1945	24, 262
1946	23, 350
1947	22, 559
1948	23, 333
1949	18, 855
1950	20, 778
1951	23, 801
1952	24, 697
1953	25, 916
1954	24, 932
1955	24, 785
1956	24, 915
1957	24, 238
1958	26, 347
1959	26, 648
1960	27, 384
1961	28, 881
1962	30, 820
1963	33, 593
1964	27, 044
1965	40, 768
1966	44, 282
1967	49, 112
1968	52, 937
1969	57, 154
1970	62, 142
1971	70, 000
1972	70, 600
1973	76, 000
1974	81, 059
1975 (September 3)	88, 224

SOURCE.—1974 annual report of the Board of Governors of the Federal Reserve System, table 17, page 312; and Federal Reserve Release H.4.1 for week ending September 3, 1975.

THE ALLIED SERVICES ACT OF 1975

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. QUIE) is recognized for 60 minutes.

Mr. QUIE. Mr. Speaker, today I am introducing with the cosponsorship of Congressman PERKINS, BRADEMAS, and BELL the Allied Services Act of 1975. This is the third Congress in which this legislation has been introduced by me for the administration.

The legislation is conceptually quite simple and very practical. It is designed to encourage and assist States and local

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Footnote at end of table.

governments to "develop, demonstrate, and evaluate means of improving the utilization and effectiveness of human services through integrated planning, management, and delivery of those services".

As my colleagues are aware, there has been a virtual explosion in the number and type of categorical and special programs to provide services to individuals who have varying needs for social services. The last few decades have seen the development of extensive and rather comprehensive Federal programs in education, manpower, vocational rehabilitation, health, and mental health. In addition, there are an enormous variety of related programs dealing with such specific problems as alcoholism and juvenile delinquency. The enormous expansion of those programs has created a situation in which local and State governments are faced with a bewildering, confusing, overlapping, and often counterproductive array of Federal programs.

The intellectual framework for the creation of allied services legislation rests with the concerns which Elliot Richardson had when he was HEW Secretary about this very problem. It was through his leadership that this legislation was drafted. When Elliot Richardson left HEW in January 1973, one of his closing acts was to issue a report on the HEW potential for the 1970's entitled "Responsibility and Responsiveness (II)." I should like to quote from some of former Secretary Richardson's final presentation:

> We have slipped into a confusion which has led many to believe that as an absolute rule in our system the level of government which provides the revenue must also provide a high degree of administrative guidance and oversight with regard to the uses of that revenue. Except that there is reason to believe that Federal interests are fundamentally at odds with State and local interests, there is no reason that this should be the case. And indeed, as we have seen, there are reasons that it should not be the case: Excessive Federal involvement has yielded a delivery system which is highly inflexible, confused, inefficient and ineffective. . . .
>
> Here, it is time we abandon ad hoc-ery. Insofar as there is to be a public role with regard to the provision of human services, it is time that we bet on a simple, clear, manageable and publicly accountable administrative structure for rationalization of the service network. I can think of none better to bet on—and to strengthen further—than the Federal-State-local general purpose government structure with which our Constitutional history has provided us. That structure cannot be strengthened adequately by continuing to view responsibility as properly concentrated exclusively at the Federal level, while the capacity to respond necessarily depends on States and localities.

I can find no words more telling than the former Secretary's description of the need and rationale for this legislation.

Since the bill was introduced in the 93d Congress, a number of significant modifications have been made in the legislation, largely because of the testimony received by the Education and Labor Committee in hearings held on May 29 and 30, and July 10 and 11, 1974. I believe these changes should make the legislation much more acceptable to the variety of interest groups who have been concerned that this leigslation, if enacted, might lessen their influence and ability to provide services to their members. Even with these changes, I am certain that the legislation can be further improved, and I am hopeful that the Education and Labor Committee will begin immediate hearings to address both the issue of the need for coordinated delivery of services and the possibility of amending this legislation, if required. I would hope that the 94th Congress could number among its achievements the enactment of the Allied Services Act.

In redrafting the legislation for the 94th Congress, four major modifications were made in the bill:

First. The authority to transfer up to 30 percent of the funds from one Department of Health, Education, and Welfare human services program to another would be modified to provide that 25 of the 30 percent so transferred could only be between programs serving substantially the same population or for use in providing common administrative support services, while the other 5 percent could be transferred without restriction between human services programs.

Second. The requirement for the Governor to divide the entire State into service areas would be eliminated. Rather, the Governor, in cooperation with affected units of local government, would designate those areas which are to participate in an allied services demonstration. The affected local units of government would then designate the lead agency to administer the plan. Such lead agency could be either a public agency or a private, nonprofit organization.

Third. Both State and local allied delivery of services plans would be required to be made available to the public for comment at least sixty days prior to their submission.

Fourth. Procedures would have to be developed by local agencies to prevent the unauthorized use of personal information obtained in carrying out a local allied delivery of services plan.

Finally, I would like to point out to those Members, and there are many of us, who are concerned about total Federal spending that this legislation is among the most reasonable proposals which we will probably see this year. The annual budget level is projected at $20 million. That investment should provide significant benefits in improving the provision of human services programs to those most in need.

I also wish to emphasize very strongly that the program proposed in this bill is a demonstration effort. Participation in it would be entirely voluntary. No action would be forced upon any governmental unit.

Last month the General Accounting Office released a new report entitled "Fundamental Changes Are Needed in Federal Assistance to State and Local Governments." This report is an excellent document which states in a variety of ways the strong need for the allied services legislation. I commend the report to the attention of Members, and I am including in my remarks extracts from the GAO report which support the need for this legislation.

CONTINUING FUNDAMENTAL PROBLEMS IN PROVIDING ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

> Despite the actions taken to improve the Federal delivery system, fundamental problems continue. Officials of State and local governments advised us of a number of problems they had encountered, some of which, although a source of concern, were not, in our opinion, subject to systemwide improvements. Therefore, we do not discuss them in this report. Such problems generally stemmed from unique requirements of similar programs, certain policies and practices of individual Federal agencies, and a general lack of rapport among officials of various levels of government.
>
> We concentrated on problems which related to the Federal assistance delivery system rather than to individual programs or agencies. In our opinion, the delivery system problems we identified are directly attributable to the proliferation of Federal assistance programs and the fragmentation of responsibility among different Federal departments and agencies.
>
> Although the large number and variety of programs tend to insure that a program is available to meet a defined need, substantial problems occur when State and local governments attempt to identify, obtain, and use Federal assistance to meet their needs. These problems, individually and collectively, impede the planning and implementation of State and local projects . . .

PROBLEMS IN MEETING NEEDS WITH A FRAGMENTED DELIVERY SYSTEM

> The multiplicity of narrowly defined programs for a function presents a grantee with a perplexing problem; a particular program may be too restrictive to meet a need completely. A grantee must then attempt to combine several assistance programs, each with its own set of requirements, to achieve its goal. Even when programs are combined, a grantee often has difficulty developing a project that is comprehensive and flexible enough to meet its overall needs. As a result, State and local officials have had difficulties achieving comprehensive and efficient systems for delivering services.
>
> The frequently proposed solution to the problems resulting from the multiplicity of functional Federal grant-in-aid programs is improved coordination of program planning and administration. However, the sheer number and variety of programs is a major barrier to achieving the degree of coordination necessary when programs with similar objectives have fragmented administration or are too restrictive to meet comprehensive needs. Coordination then may not always be practical or possible and may not be the best method for achieving program effectiveness . . .

MULTIPLE PROGRAMS FOR SIMILAR OBJECTIVES

> Our review efforts involving certain other Federal grant-in-aid programs also indicated that the multitude of Federal funding sources and various administering agencies have resulted in a fragmented approach to service delivery. For example, at least 14 separate HEW organizational units administer programs for assisting in the education of the handicapped.
>
> Because so many agencies provide funds and services, no individual or group comprehensively plans, monitors, or controls the system. Policymaking, funding, and operating decisions are often made for similar program purposes by different groups of people, based on a lack of data about program effectiveness. Few locations provide a full range of educational services comprehensive and flexible enough to meet the needs of all

handicapped children. Often, appropriate educational services are not provided because the delivery system for special education is fragmented and uncoordinated.

Multiple funding sources and various administering agencies also exist for programs providing funds for family planning services. Within HEW, these programs are fragmented among four separate organizational units. Each program (1) involves different Federal-State sharing arrangements, different eligibility requirements, and different degrees of Federal administration and (2) operates autonomously with little coordination between the organizational units. The lack of a centralized organizational structure causes increased administrative costs and duplicate or overlapping services. For example, under one program $490,000 was awarded to a hospital district to provide countrywide family planning services. Within the same county, about $550,000 under another program was awarded to two different organizations to provide similar family planning services to recipients of aid to families with dependent children. One of these two organizations also provided family planning services under a $242,000 grant from the same program funding the hospital district.

PROGRAMS TOO RESTRICTIVE TO MEET NEEDS

The proliferation of narrowly defined Federal assistance programs has also fostered the development of programs too restrictive to meet State and locally defined needs. The narrow targeting of programs hampers State and local governments' ability to undertake the full range of project activities they perceive as necessary or requires the combination of two or more Federal assistance porgrams to meet a single need.

One school district obtained funds from four Federal assistance programs to operate an early childhood education project. The project's overall objective was to narrow the educational gap between disadvantaged children and other students. Because the amount of funding available from each individual program was insufficient to provide the desired range of services, the school district had to obtain funding from several sources. This required the school district to meld one State, one local, and four Federal funding sources into a unified effort, despite differing guidelines, objectives, grant periods, and administratve procedures and controls. . . .

CONCLUSIONS

The present Federal assistance delivery system:

Lacks an adequate means for disseminating grant-in-aid information needed by State and local governments.

Creates a high degree of funding uncertainty due to late congressional authorizations and appropriations and executive impoundment of appropriated funds.

Fosters complex and varying application and administrative processes.

Is fragmented, with similar programs being administered by different Federal agencies or agency components and with programs too restrictive to meet State and local needs.

From hearings held last year, I know that there are a great number of State and local governments anxious to see the enactment of this legislation, for they are as convinced as I of the need to begin reforming the tangle of Federal programs which now exist:

Summary of the Proposed "Allied Services Act of 1975"

The proposed "Allied Services Act of 1975" is intended to develop, demonstrate, and evaluate various mechanisms by which States and localities could coordinate the provision of human services to individuals and families in ways that will assist them in attaining the greatest feasible degree of personal independence and economic self-sufficiency, or will prevent individuals and families from becoming increasingly dependent upon public and private programs for both financial support and personal care.

The Act would define various key terms. For instance, the term "human services" includes any services provided to achieve or maintain personal and economic independence. The "allied delivery of services" means the provision of human services needed by individuals and families, in such a coordinated way as to (1) facilitate access to and use of the services, (2) improve the effectiveness of the services, and (3) use service resources more efficiently and with minimal duplication. These definitions help to restate the goals of the Act in clear terms—to develop the means by which dependency may be lessened through more effective service delivery.

Title I of the bill provides authority for the Secretary to make grants which may be needed by States and localities to develop plans for the allied delivery of services. These grants may not be made to any grantee for more than two years and no initial grant may be made after three years following enactment.

This title also describes the State and local allied services programs contemplated under this Act. Section 102(a) describes the steps which must be taken by the Governor as conditions precedent to the submission of a State allied delivery of services plan. First, after taking into consideration factors such as the distribution throughout the State of service needs and service resources, and in cooperation with affected units of general purpose local government, he must designate areas within the State ("service areas") for the purpose of administering local allied delivery of services plans. In the process of delineating service areas, he must cooperate with units of general purpose local government. The Governor must also designate a State agency which is under his direction and which will have responsibility for developing a State allied delivery of services plan which incorporates local plans and for reviewing its administration.

Section 102(b) provides for the designation of a public or nonprofit private office or agency to be the lead agency in carrying out the local allied delivery of services plan. Such agency is to be designated by the chief elected official or officials of the unit or units of general local government in the service area. Such office or agency must provide an assurance, satisfactory to the Governor, that it has the necessary ability to develop and carry out the local plan.

The local allied delivery of services plan must be approved by the State agency and incorporated into the State plan before any of the forms of Federal assistance described below can accrue. The plan must be designed to serve as a demonstration or evaluation of means to substantially improve the allying and consolidation of human services planning and delivery.

Prior to submission of its local plan to the State agency, the local agency must afford a reasonable opportunity to interested agencies, organizations, or individuals to present their views and comments on the proposed plan. The local plan must specify the agencies and organizations which have agreed to participate in the coordination effort, describe the service needs and resources within the service area, enumerate the programs to be included under the plan, and provide reasonable assurance that progress will be made in allying the delivery of services. This assurance is to be provided by describing the specific functions and services to be allied, the benefits to individuals, and the administrative efficiencies to be achieved by the allied delivery of services.

The local plan must also specify procedures which assure that interested agencies, organizations, and individuals will have their views taken into consideration with respect to the carrying out of the plan. It is the intent of this bill to have the active and continuous involvement of voluntary organizations, client groups, service consumers, and local social service providers in the planning and administrative processes of the program. Also, the local plan must specify procedures which will ensure that there will be no unauthorized disclosure of personal information obtained in carrying out the plan.

Section 103(a) prescribes the requirements applicable to a State allied delivery of services plan. An approvable plan must:

(1) be designed to serve as a demonstration and evaluation of means to substantially improve the allying and consolidating of human services delivery,

(2) through a brief summary of the incorporated local plans, describe the current status of the allied delivery of services, and the steps which will be taken to achieve a greater degree of human services coordination,

(3) provide that under each local plan services under the assistance titles of the Social Security Act will be allied with services under at least three other human services programs (regardless of whether those programs are receiving Federal support),

(4) provide for the use of such methods of administration as are necessary for the proper and efficient administration of the plan,

(5) establish objectives, consistent with the purposes of the Act, toward which activities under the plan will be directed, identify obstacles to the attainment of those objectives, and indicate how it proposes to overcome those obstacles,

(6) provide that the State agency will conduct periodic evaluations of activities carried out under the State plan,

(7) specify the steps the State intends to take to better coordinate State and local human services programs,

(8) provide that the head of each State agency affected by the plan has an opportunity to comment thereon,

(9) be designed to achieve expansion of its coverage to other services and other service areas on a reasonable basis,

(10) provide that the State agency will provide any other relevant information which the Secretary may request, and

(11) have been made available to the public for comment in accordance with procedures discussed below.

Subsection (b) directs that an opportunity to review and comment upon a State plan submitted for approval be afforded to the head of any Federal department or agency which is extending assistance to a program included within that plan.

Subsection (c) permits the Secretary to approve a State plan only if he finds that (1) the Governor has complied with the preliminary organizational requirements prescribed in section 102, and (2) the plan meets all the specified requirements.

Subsection (d) provides certain penalties if the Secretary finds failure to comply substantially with the provisions of an approved State plan (or included local plan). He may in his discretion apply these penalties to the entire State plan or only those parts of the State or local plan or service areas affected by the noncompliance. In such instances, the subsection would provide: no Federal planning funds may be consolidated or intermingled with other such funds for human services planning, no Federal funds may be transferred among programs, no requirements may be waived, and no further payments or grants may be made (in the fiscal year for which the plan is approved) for so long as the failure to comply continues.

Section 104 of the bill would require both State and local allied delivery for services plans to be made available to the public at least 60 days before being submitted to the Secretary, in the case of a State plan, or to the State, in the case of a local plan. The responsible State and local agencies must, for a period of at least 30 days, accept comments on the plan; and the final plan must also be published at or prior to the time it is submitted to the State or to the Secretary, as the case may be.

Title II of the bill authorizes the Secretary to make grants to meet initial costs of allying or consolidating administrative support services and management functions necessary to facilitate the allied delivery of human services if those costs cannot be met from other available funds. The State must indicate how it plans to allocate the funds applied for among the various designated local agencies with approved plans. These grants are not to be used to meet the non-Federal share requirements of any Federally assisted program and may not be made to any grantee for more than three years. No initial grant may be made after three years following enactment.

Title III of the bill contains several special authorities to facilitate the allied delivery of services. First, authority would be given both the Secretary and State and local governments with approved allied service plans to consolidate planning funds extended by the Department of Health, Education, and Welfare. Thus, the Secretary may make a single, consolidated grant to States of HEW funds available for planning at the State level for or under any program included in the approved State plan or to local governments of HEW funds available to them for planning for or under any program included in the local allied services plan. As a corollary, a State or a unit of general purpose local government, with an approved allied services plan, may use planning funds provided by the Department of Health, Education, and Welfare and available for any program included in its plan, for planning in connection with the provision of human services under any other included program.

Second, a State or local agency with an approved plan would be able to transfer up to 25 percent of the Federal assistance available for use under an HEW-assisted program included in the plan to be expended in carrying out any other included programs, but only if such funds are designed to serve substantially the same population or if they are to be used for common administrative support services. An additional 5 percent could oe transferred among such programs without restriction. Any such proposed transfer would have to be specified in both the State and local plans, and the Secretary could not approve any plan involving a transfer unless he determines that overall program goals or priorities will not be undermined by any such transfer. Assistance transferred under this authority carries with it the matching rate established under the program for which it was originally appropriated, so that no incentive to transfer will be created merely by disparities in matching rates which exist among the included programs. Transfers of grants would not be permitted, however, in the case of cash assistance programs and Medicaid under the Social Security Act or in the case of title I of the Elementary and Secondary Education Act.

Third, the Secretary would be authorized to waive requirements of Statewide applicability, administration by a single or specified State or local agency, or technical or administrative requirements imposed in connection with any included program which, at the Federal level, is administered by the Secretary and which the State or local agency certifies impedes implementation of its allied services plan. Thus, it would not affect the basic protections provided by the Civil Rights Act of 1964 or any other generally applicable legislation; nor would it apply to programs administered by other Federal departments or agencies.

Title III also provides joint funding authority, which expands somewhat authority now provided under the Joint Funding Simplification Act of 1974. The joint funding provision in this proposal would, with the concurrence of affected Federal agencies, permit waiver of technical grant or contract requirements imposed by statute as well as by regulation.

Also, title III of the Act would authorize the Secretary to evaluate, directly or by grant or contract, the programs established under the Act and to provide technical assistance for planning or implementing a specific allied delivery of services program. In addition to any salary and expense money he may wish to devote to these activities, the Secretary may also use for this purpose amounts not in excess of 5% of the amounts appropriated to carry out the Act.

Finally, title III would require the Secretary to report to the Congress four years after passage of the Act on the activities carried out under the Act, his evaluation of those activities, and recommendations with respect to appropriate legislation in the area of allied service delivery.

The bill would authorize the appropriation of $20,000,000 for fiscal year 1976 and for each of the four succeeding fiscal years.

Mr. Speaker, I include a statement by my friend, the gentleman from California (Mr. Bell) in support of this legislation:

> I am pleased to join with my colleagues on the Education and Labor Committee in the introduction of this bill, "The Allied Services Act of 1975."
>
> The main purpose of this legislation is to provide assistance to States so that they will improve their coordination and delivery of human services.
>
> One of the major complaints that I hear from my constituents is that human services are becoming too expensive and that they would rather do without such services than be put through the bureaucratic maze of unending paperwork, and resulting personal degradation.
>
> I believe that it is time for the Federal Government to encourage States to evaluate the quantity and quality of their human service programs and the manner in which they spend both Federal and State dollars.
>
> Our economy is such that we can no longer afford to squander where we must save. We must begin to spend wisely.
>
> I am hopeful that, when enacted, this legislation will end the proliferation of human service programs, and begin the orderly consolidation of such services.

DEPENDABLE AMERICAN FARM MARKETS MUST BE PRESERVED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Findley) is recognized for 10 minutes.

Mr. FINDLEY. Mr. Speaker, I have asked Mr. Foley, chairman of the House Agriculture Committee to hold hearings on the recent "delay or suspension" of sales of American grain to Poland.

American agriculture has been deprived of important markets outside the congressionally mandated framework. It appears that State Department officials called in the Ambassador of Poland and advised him that Poland was not to purchase grains or soybeans from the United States until further notice. In other words, the moratorium on sales to the Soviet Union was in effect being extended to Poland. The American producer and consumer were not advised. There was no action from the Agriculture Department—as was the case with the Soviet trade—requesting exporters to hold up sales.

I think it is irresponsible and capricious for the Department of State to be bartering in commodities and markets. Certainly the recent interruption of trade with Poland is a violation of the spirit of the General Agreement on Tariffs and Trade, of which Poland is a member. It casts a stigma on our position in the multilateral trade negotiations in Geneva, in which Poland is a participant.

It is grossly unfair to the farmers of my State—and of every State in the Union—to deprive them arbitrarily of markets they have earned. Our image as a reliable supplier of farm commodities is damaged and tarnished. American farmers were asked by their Government to produce at an all-out pitch in 1975—in order to serve growing commercial needs and an enlarged food-aid program. Now—having expanded their production—having brought record crops to harvest—our farmers find that the Department of State has traded off a part of their market. Moreover, this action has cast into question our desire to serve markets everywhere. U.S. farmers must export—up to two-thirds of their wheat, a fourth of their feedgrains, and half of their soybeans. This year, with record and near record crops, they need export markets more than ever. And markets once postponed or denied may never be recovered.

The secrecy in which the action on Poland was handled by State Department officials is a gross violation of the American spirit and our governmental system. Having taken action to push Poland out of the market, they did not make their action public. This action has led to rumors of delayed or suspended sales to other countries. This is most unsettling to the American farmer. Even now, I believe the Department of State has not placed this deed on the public record, but has preferred to administer it by selective press interviews.

The State Department says it was an effort to assure plenty for domestic use and to hold down prices to the consumer. This shows lack of understanding and is in violation of the Export Administration Act. Eighty percent of food-price increases of the past several years have occurred after food left the farm. Just today, I read where the farm-retail price spread increased 0.4 percent from July to August.

Grain prices are actually lower than a year ago. Net farm income is down 10 percent from 1 year ago and 20 percent from 2 years ago. Even if we export to our physical capacity, we will have more carryover than last year. Anybody who has studied the data knows that carryover will go up sharply this year despite high exports. I question the Department of State's ability to determine these issues of farm policy.

I find it incongruous that the Department of State—with nothing in its charter to give it authority in agricultural affairs—should be originating and administering policy that has far-reaching effects on farmers' income. The Agriculture Committees and Appropriations Subcommittees in the Congress feel acutely their responsibility to farmers. We develop legislation, authorize programs, and pass appropriations bills. To find these efforts frustrated by unauthorized actions, by nonagricultural officials without authority in farm policy, is something I cannot understand and cannot accept.

Congress has terminated the authority for price controls. The administration, by extra legal means, is now attempting to hold down—that is, control—farm prices. Congress should not tolerate this market manipulation.

SURVIVOR BENEFIT PLAN AMENDMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Bob Wilson) is recognized for 5 minutes.

Mr. BOB WILSON. Mr. Speaker, I am today introducing two additional amendments to the survivor benefit plan for military personnel, which will benefit the widows of career military personnel.

Public Law 92-425 enacted on September 21, 1972, established a new survivor benefit plan for military families and was closely modeled on the survivor annuity program in effect for civilian employees of the Federal Government. The previous survivor program for military retirees, the retired serviceman's family protection plan, was high in cost and low in benefits in comparison to the civilian plan.

Because of the substantial reduction in retired pay required to pay for RSFPP, many retirees found it impossible financially and participation was less than 15 percent. As a result, many pre-SBP widows are destitute.

Public Law 92-425 established a minimum income widows' program. In order to qualify, the widow had to be eligible for a non-service-connected pension from the Veterans' Administration and have less than $1,400 per year income, excluding the VA pension. Since 1972 the earnings ceiling for VA non-service-connected pensions has increased by $400, but the law locks minimum-income widows into a maximum of $1,400. The first bill I am introducing today would increase this figure to $1,800, reflecting the raise in the VA pension earnings ceiling.

In addition, the bill provides for further increases by whatever amount the non-service-connected pension earnings ceiling for widows is increased in the future.

The second measure will provide cost-of-living increases for widows receiving payments from the retired serviceman's family protection plan. RSFPP has no cost-of-living factor and widows under this program have had no increases in benefits since their husbands' deaths, 5, 10, or even 20 or more years ago. My bill would authorize a raise equal to the percentage that the Consumer Price Index has increased since SBP went into effect in September 1972 and would tie RSFPP widows to all future CPI increases.

Over the past few months, I have been introducing a series of bills to make major improvements in the survivor benefit plan for current and future widows. I hope that we will be able to get early action on this package and urge my colleagues' favorable consideration.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Mikva) is recognized for 5 minutes.

Mr. MIKVA. Mr. Speaker, early yesterday afternoon I had to leave the Capitol for a doctor's appointment and did not return in time to be recorded on the amendment to the Defense appropriations bill offered by Mr. Giaimo. That amendment would have prohibited funds for the Central Intelligence Agency under the appropriations bill and was designed to force the CIA funds to be included as specific line items. Had I been present, I would have voted "aye" on the Giaimo amendment.

WAGE SUPPLEMENTS FOR HANDICAPPED IN SHELTERED WORKSHOPS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. Nolan) is recognized for 5 minutes.

Mr. NOLAN. Mr. Speaker, I am today introducing the Rehabilitation Act of 1975, a bill to provide wage supplements to handicapped individuals working in sheltered workshops or work activity centers. This measure will enhance the work incentive programs now provided by most sheltered workshops and enable handicapped workers to earn a living wage.

Sheltered workshops such as the Opportunity Training Center in St. Cloud, Minn., presently provide work programs through which handicapped individuals can receive job training and a measure of self-sufficiency. Through their work, these individuals contribute a number of valuable services to the St. Cloud community, yet few of them take home more than $35 a week for their efforts.

The legislation which I am introducing would provide for a series of pilot programs to demonstrate the feasibility of wage supplements for handicapped individuals who are employed on a long-term basis. Every handicapped worker in a sheltered workshop would be provided with a wage supplement of $1 per hour in addition to his wage, up to and including the point where his wage reached 50 percent of the minimum wage. For wages above that point, the wage supplement would be reduced 7 cents for each additional 10-cent increment in wages, with the entire wage supplement eliminated for any wage in excess of 100 percent of the minimum wage.

This legislation is designed to provide a handicapped worker with a degree of financial independence while retaining an incentive for productivity. We, in this country, have always been proud of a heritage which encourages each person to realize his full potential. I am hopeful that this measure will provide a vehicle for each handicapped worker to attain his full productive and creative capacity.

POLISH FALCONS HONOR MIECZYSLAW J. WASILEWSKI, EDITOR IN CHIEF OF THE POLISH-AMERICAN NEWSPAPER, SOKOL POLSKI

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Annunzio) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, Mieczyslaw J. Wasilewski, editor in chief of Pittsburgh's Polish-American newspaper, Sokol Polski, was honored at a testimonial banquet on September 27, sponsored by the Polish Falcons of America, a physical training organization for Polish-American youth.

Mr. Wasilewski, who is the curator of the Falcons' museum, has also been awarded a certificate of appreciation by the Illinois Bicentennial Commission in addition to the commission's Silver Medallion, in observance of the 200th anniversary of the American Revolution.

All Americans of Polish descent can be proud of Mr. Wasilewski's splendid record of achievement and his long and dedicated service to the Polish-American community. The testimonial banquet program follows as well as a biography of Mieczyslaw Wasilewski:

PROGRAM

Welcome: Bernard B. Rogalski, Secretary, Polish Falcons of America,

National anthems: The Star Spangled Banner, Jeszcze Polska Nie Zginela, Leona Kozlowski, accompanist,

Invocation: Rev. Francis Filip, Pastor of St. Adalbert's Parish.

Toast: A. R. Makowski, Esq., Vice-President, Polish Falcons of America.

DINNER

Toastmistress: Genevieve Hartman, Vice-President, Polish Falcons of America.

Address: Aloysius Mazewski, Esq., President Polish National Alliance and Polish American Congress.

Remarks: Helen Zielinski, President, Polish Women's Alliance.

Introduction of Guests: Bernard B. Rogalski.

Address: Walter J. Laska, Esq., President, Polish Falcons of America.

Guest of Honor: Mieczyslaw J. Wasilewski, Editor "Sokol Polski" and Curator Falcon Museum.

PRESENTATIONS

Benediction: Rev. Francis Filip.

Ospaly i Gnusny: Assembly.

Dancing: Bruno Mikos and the Harmony Stars Orchestra.

Dancing and Gymnastics during intermission under the direction of District IV Instructors, Ruth Pawlowski and Edward Brodala.

BIOGRAPHY OF MIECZYLAW WASILEWSKI

Mieczyslaw Wasilewski was born in Poland December 9, 1897 where he attended elementary school in Eastern Galicia which was under Ausrian occupation at the time. He finished schools in Drohobycz and Lwow. Further studies were interrupted by World War I. Upon returning from Russia after the war, he was able to continue studies at a University in Poznan where he finished a three year course in Military Physical Education and later more advanced studies in Physical Education at Poznan University under the direction of Professor E. Piasecki. He stayed on at the University as Assistant to Professor Piasecki until leaving for America in 1925.

At the age of 14 little Mietek, as we shall call him, became interested in scouting. He decided to join the Scout Troop in his home town Falcon Nest in Drohobycz—well known for its petroleum deposits. Here his first Scout Master was a Nest Instructor Prof. J. Wrobel. Fortunately, one year later his parents decided to change their domicile to Lwow, where young Mietek entered seventh grade gymnastic school and immediately became active in scouting, dealing directly with its Headquarters, the cradle of scouting in Lwow, Poland. This was his first love. He trained with Poland's best and greatest Scout Leaders, such as, Grodzinski, Lewakowski, Kozielewski, Ajdukiewicz, and others. Also, Lwow being the cradle of the Falcons, Mietek took advantage by regularly attending gym classes as a young boy, training avidly and participating in all their activities. In 1914 he even participated in a special course in Military First Aid, sponsored by the Falcons.

In August 1914 the First World War broke out. The Falcons are organizing the Second Brigade for the Legions. Many Falcons went South to attach themselves to the First Brigade of Gen. Pilsudski, but destiny directed Mieczyslaw eastward. Thousands of Poles flow into Kijow where they found refuge in the welcoming hands of the Falcons who joined forces with the Scouts and under the direction of Stemlar organized the despondent youth in shelters and homes. Therefore, in 1916, rose a great scouting program in Poland where Mieczyslaw became Instructor and Leader of a large detachment, often times including members even older than he.

In 1919, as a result of the Russian Bolshevic Revolution, Miecyslaw spent a year and a half in prison, in Kijow, Moscow, and in the thick White Forest of Northern Poland. Finally rescued by the Authorities of the Polish Government he returned to a newly risen Poland. With orders from the Polish Government Mieczyslaw was sent back to the eastern frontier of Poland for Military service. Here, as a knowledgeable scoutmaster, he acted on all National matters with regards to necessary help for the Polish soldier.

An official order from Gen. Haller called Mieczyslaw to Warsaw to help organize a Volunteer Scout Army. Almost immediately he organizes the transportation of the youngest boys to join the "Slask" Frontier Group already in progress at a Plebescite. He continued the undertaking of this military responsibility from August, 1920, all within the boundary of Czelodz—Sosnowiec.

After his demobilization from this service in 1921, Mieczyslaw goes to Poznan where he renews his studies in Physical Education at the University, continuing his activites as a Falcon and a Scout. While at the University he made the acquaintance of an Instructor, to whom he is very grateful, Druh Fazanowicz who was also at the time, a National Instructor of Falcons in Poland. Here he was given the opportunity to instruct courses in Scout Leadership, Physical Educaton, and gymnastics, not only for Polish students but foreigners as well as Americans of Polish decent. He also taught in the Paderewski Gymnastics in Poznan.

In 1926, after the war, the Polish Falcons of America, hoping to keep in contact with the Falcons of their Fatherland, and in order to carry on the ideals and precepts of the organization, by physical training, turned to the Falcons in Lwow, Poland to acquire an Instructor to direct a National Instructors Course here in America. Druh Fazanowicz, the Headquarter's choice, was not able to come since the invitation was requested for a term of one year. Fortunately, Count A. Zamoyski, President of the Falcons in Poland at the time, highly recommended Mieczyslaw Wasilewski for this position and with the permission of Poland's Ministry of Education, Druh Wasilewski landed in New York in February 1926, and a few days later in Pittsburgh.

Druh Mieczyslaw Wasilewski has been with us, not for just one year, but ever since. First as an Instructor of Physical Education, and Scouting, then as an Editor, called upon to this duty by the late Dr. T. A. Starzynski, when Druh Osada, the former Editor, died in 1935.

We, who know Druh Wasilewski realize how difficult it must have been to take on the responsibility of an Editor after preparing all his life as a Physical Educator and Scout Leader. What a tremendous effort it must have been for him. But like a good scout and great Falcon, he gave 40 years of the best he could as an Editor . . . and we are proud of him.

CONGRESSMAN FLOOD AND ALLEGHENY AIRLINES TO THE RESCUE

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Pennsylvania (Mr. ROONEY) is recognized for 5 minutes.

Mr. ROONEY. Mr. Speaker, on Monday afternoon, September 22, a 13-year-old boy lost his arm in a railroad accident in Wilkes-Barre, Pa.

The severed limb has been restored, and today Scott Cormier stands a chance of regaining the use of his right arm as a result of teamwork and quick thinking.

At the Mercy Hospital in Wilkes-Barre, attending surgeons Vincent Drepeweski and Paul Andrews saw that Scott's injury was clean enough to make him a candidate for a "replantation" if only he could be taken to the Massachusetts General Hospital in Boston where this operation had been pioneered.

My colleague, DANIEL J. FLOOD, responded with positive action when notified of the circumstances by alerting Allegheny Airlines for assistance in providing air transportation. The Allegheny Wilkes-Barre to Boston flight, the last departure to Boston of the day, was held until Scott was transported to the airport by State police helicopter. As fortune would have it, one of the passengers aboard the Allegheny flight was Dr. W. Hardy Hendren, chief of pediatric surgery at Massachusetts General, who later became part of the operating team.

Hopefully the timely and decisive action by all those persons involved will result in Scott Cormier regaining the full use of his arm.

INTRODUCTION OF A RESOLUTION CONCERNING AN INTERNATIONAL TREATY ON CHEMICAL WARFARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 10 minutes.

Mr. ZABLOCKI. Mr. Speaker, I am introducing today a concurrent resolution with respect to an international treaty banning lethal chemical weapons. Joining me in this legislation are 49 cosponsors whose names appear at the end of this statement. In addition, the resolution is being simultaneously introduced in the other body by the distinguished Senator from the State of New Hampshire, the Honorable THOMAS MCINTYRE.

As you know, the Subcommittee on International Security and Scientific Affairs, which it is my privilege to chair, has been working for a long time on problems associated with securing international control of both biological and chemical weapons. Under the stimulating and constructive leadership of President Gerald R. Ford, important progress in this area has been achieved. Under his initiative the Geneva Protocol on the use of chemical and biological weapons in war and the U.N. Convention on Biological Weapons have been ratified. Also, in keeping with the thrust of positive and enlightened action he has taken in this important area was the joint United States-Soviet communique of November 24, 1974, to consider a joint initiative at the Conference Committee on Disarmament in Geneva on the conclusion of an international convention "dealing with the most dangerous lethal means of chemical warfare." This affirmation of intent served to endorse a similar expression made in the joint United States-Soviet communique of July 3, 1974.

Both communiques reflect the promise of commitment by which the issue of chemical warfare can hopefully be resolved. The resolution I am introducing today is, in effect, an expression of support for the President's dedicated efforts. It is intended to unite the Congress in support of the administration's proposals for prompt bilateral discussions on a comprehensive chemical treaty.

In retrospect, the agreement on biological weapons was relatively easy to secure once a firm decision was made by the United States that biological weapons were not of sufficient military reliability to warrant retaining such weapons in our arsenal. The task of gaining more stringent control of chemical weapons will be much more difficult to achieve. Today, our former biological warfare agent production facility has been converted to a National Center for Toxicological Research under the Food and Drug Administration and the biological warfare research facility at Ft. Detrick, Md., has been converted to cancer research under the National Cancer Institute.

In a gesture of openness, we have received Soviet visitors at Fort Detrick. We would welcome, therefore, a similar gesture from the Soviet Union. These actions on the part of the United States were undoubtedly a significant factor in the rapid achievement of international agreement on a United Nations convention on biological weapons. It now appears however, that continuing leadership on the part of the major powers is going to be required if any progress is to be made on the control of production and storage of chemical weapons.

Hearings held by the Subcommittee on International Security and Scientific Affairs have shown that there is little if any agreement at the chemical warfare arms control and disarmament negotiations being held at Geneva. Breaking the longstanding stalement of those negotiations will require the United States to present a specific draft proposal, a move delayed by concern over the complex issue of verification.

Unlike biological warfare, some nations of the world have had some experience with chemical weapons. Consequently, they are reluctant to take the first step toward a disarmament treaty without some assurance of compliance by all nations, especially the superpowers. We are aware of similar problems associated with our slow progress toward the control of nuclear weapons. Unlike the history of the development of nuclear weapons, however, chemical weapons are more accessible to all nations. Indeed, the real danger exists that the smaller nations may be encouraged to continue to acquire chemical weapons. If a comprehensive chemical warfare treaty is not forthcoming soon, they may be reluctant to relinquish those chemical weapons.

Let me reiterate that the United States and the Soviet Union have stated in communiques following meetings by our leaders, that the issue of chemical warfare arms control and disarmament is of sufficient importance to warrant bilateral discussions. In my opinion, such discussions are almost essential if the impasse at Geneva is to be overcome. My resolution is being introduced in the constructive spirit of anticipating the hopeful fulfillment of the joint communique commitments to seek a meaningful treaty banning such chemical weapons. It represents a significant step toward effective control of "weapons of mass destruction." Today, there is a possibility to prohibit such use. We should make that possibility a reality.

The list of cosponsors and the text of the resolution follow:

LIST OF COSPONSORS

Mr. Zablocki (for himself, Mr. Addabbo, Mr. Aspin, Mr. Badillo, Mr. Baldus, Mr. Boland, Mr. Bonker, Mr. Cohen, Mr. Conte, Mr. Corman, Mr. Cornell, Mr. Dellums, Mr. Drinan, Mr. du Pont, Mr. Edgar, Mr. Eilberg, Mr. Esch, Mr. Fascell, Mr. Fraser, Mr. Gude, Mr. Harkin, Mr. Harrington, Mr. Helstoski, Mr. Hicks, Mr. Jeffords, Mr. Kastenmeier, Mr. Leggett, Mr. Long, Mr. McHugh, Mr. Mazzoli, Mrs. Meyner, Mr. Mikva, Mrs. Mink, Mr. Nedzi, Mr. Nix, Mr. Nowak, Mr. Oberstar, Mr. Obey, Mr. Ottinger, Mr. Pickle, Mr. Quie, Mr. Reuss, Mr. Riegle, Mr. Roe, Mr. Rooney, Mr. Roybal, Mr. Scheuer, Mr. Solarz, and Mr. Wirth).

H. CON. RES. 413

With respect to an international treaty banning lethal chemical weapons

Whereas it has been a long-standing policy of the United States not to make first use of lethal chemical weapons in war;

Whereas the United States Senate in 1974 unanimously gave consent to ratification of the Geneva Protocol prohibiting the use of both chemical and biological weapons in warfare;

Whereas the United States has declared its intent at Vladivostok and elsewhere to seek a treaty banning the manufacture and possession of lethal chemical weapons and is engaged in negotiations to this end at the Conference Committee on Disarmament in Geneva; and

Whereas the unilateral United States policy declaration to abandon manufacture and possession of biological warfare agents was a major stimulus to the International Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxic Weapons, and on Their Destruction, approved unanimously by the United States Senate in 1974: Now, therefore, be it

Resolved by the House of Representatives (the Senate Concurring)

That the Congress of the United States—

(1) would support the President in a declaration of policy against any further United States manufacture or possession of lethal chemical weapons (such as nerve, mustard and asphyxiating agents); and

(2) urges an international treaty cosponsored by the United States and the Union of Soviet Socialist Republics, banning the manufacture and possession of lethal chemical weapons by all nations.

EYE CARE FOR THE ELDERLY AND DISABLED

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, I am today introducing legislation to provide eye care for recipients of medicare. I would like to commend the original sponsor of this proposal, Mr. Corman, for his efforts to recognize the importance of eye care and incorporate it in the medicare program.

Eye care, particularly for the elderly, is far from a luxury or an inexpensive need. While our society has always been very conscious of the value of eyesight and the crucial role it plays in our livelihood and enjoyment, we have been lax in including it in our Federal health programs.

Properly maintained eyesight is a vital ingredient in the total health and well-being of an individual. It is particularly important that it become a part of our medicare program. Vision problems among the elderly are common. Those who have enjoyed excellent vision throughout their earlier lives, often experience failing eyesight in old age. Some form of lens prescription and optometric care is virtually a universal need among senior citizens. Yet this comes when many are retired and already struggling on limited pensions and retirement budgets.

When proper eye care is most urgently and commonly needed, many of our senior citizens are forced, for financial reasons, to neglect and postpone eye care.

I urge the House to make proper eye care an integral part of our medicare system. Eyesight is a vital part of our lives; this ought to be reflected in our health programs.

RESEARCH AND SUPPORT STRATEGIES FOR WOMEN'S HIGHER EDUCATION

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, because of my strong commitment to educational equity for women, I am submitting a statement, "Research and Support Strategies for Women's Higher Education," which identifies critical areas of research in women's education which should receive priority in consideration from funding agencies, research institutions, and researchers. This paper was prepared by the advisory committee, a nine-member group of college presidents, academic deans, and faculty members, to the project on the status and education of women of the Association of American Colleges. Because many Federal programs provide funds for research, I commend this statement to my colleagues and to the Federal agencies and hope that it will be of help in determining their funding priorities:

RESEARCH AND SUPPORT STRATEGIES FOR WOMEN'S HIGHER EDUCATION

We are members of a group concerned with the status and education of all women, white and minority, in higher education, whether they are students, faculty or administrators. It is our opinion that inadequate support is presently offered for the study of certain important questions which have serious implications for educational policies affecting women. It is especially significant to address these issues in 1975—International Women's Year.

The re-emergence of the women's movement in the mid-1960's has affected women's higher education in a number of ways. It has generated legislation and federal regulations regarding affirmative action and equal opportunity in order to increase women's opportunities as students and as employees in higher education. Very probably and perhaps paradoxically, it has been one factor leading to both the spread of co-education and the reaffirmation of support for single sex education for women. It doubtless helps to account for the recent rise in women's participation in higher education at both the undergraduate and graduate levels. The women's movement has drawn attention to inequities in the employment status of women in higher education and stimulated women's pursuit of appointments and promotions as faculty members and administrators. To some extent at least, it has changed the expectations and aspirations that both white and minority women associate with higher education. It has also unquestionably increased public consciousness of the educational needs and potential for achievement of women of all groups.

The women's movement in academe also has had a conspicuous impact upon program development and research. Some faculty and administrators have developed courses and programs in women's studies which have not only proliferated rapidly, but have also grown steadily in scope and sophistication. Others have engaged in efforts to improve the counseling available to women and to develop vehicles for the provision of greater faculty and peer support. Attention to programs of continuing education for adult women, which began prior to the re-emergence of the women's movement, has markedly increased in recent years. Feminist scholars in a variety of disciplines have reexamined and rejected a number of cherished theories which had long provided the bases for analysis and interpretation of female characteristics and behaviors. A wide range of questions concerning the nature and origins of sex differences has been raised and these issues are being explored in such disciplines as biology, psychology, sociology, anthropology and history. Pressure on data collecting agencies, particularly federal agencies, has led to the development of statistics concerning education and employment which reveal a number of new details of sex differences in participation.

Out of this surge of interest and activity there should emerge, in time, some answers to many questions that are troubling those of us who are concerned with the utility and effectiveness of women's higher education, as well as with its equitable availability. We believe, however, that highest priority should be given to the support of those areas of research and program development and evaluation that have the most critical implications for both the higher education of women and women's status in institutions of higher education. We regard those discussed below as most salient.

INSTITUTIONAL RESEARCH

Effects of certain structures and practices in higher education

The possibilities for evaluation and comparison of the effects on women of certain long-existing structures and practices in higher education are legion. In some there is a pressing need for study since decisions are currently being made on the basis of *ad hoc* assumptions or out-dated experience. These are:

Effects of coeducation and single sex educational experiences. The possible differing effects on women's educational experiences of the women's college (as compared to the coeducational institution) is one area that needs to be examined. Individual variables that need to be taken into account in such a study include the opportunities for leadership roles, choices of major fields, quality of academic achievement, level of career aspiration, interpersonal relationships (including heterosexual relationships and adjustments), and marital and family arrangements and satisfactions. Institutional variables that need to be taken into account include size, type, selectivity, and academic traditions. Ideally, such a study would attempt to cover a representative cross-section of institutions.

Analysis of data on the outcomes of affirmative action. These data need to be collected and disseminated in order to assess changes in the representation of women and minorities in the administration and on the faculties of all our institutions of higher education, by department and/or field, through systematic reporting by institutions. The possibility of outside support for collecting the necessary institutional data should be explored.

Analysis of career patterns of women. An examination is needed of differences in the extent to which different institutions produce women graduates who enter other than the traditional career fields. In addition, efforts need to be made to identify factors associated with these differences.

Effects of dormitory options and living arrangements. Further examination is needed of the relative desirability of providing or not providing options, for both male and female students, on coeducational campuses regarding dormitory and other living arrangements (i.e., single sex versus coeducational dormitories, and various living arrangements within coeducational dorms).

Development and evaluation of programs

As noted earlier, a number of *new programs* for women have been initiated in colleges and universities. However, in most instances these programs have not been systematically evaluated. For example, the effectiveness of the following needs to be evaluated:

Courses and programs in women's studies. The objectives of these activities vary considerably—from affecting behavioral and attitudinal changes in the women and men enrolled, to stimulating new theoretical conceptualizations and directions for research. In order to evaluate courses and programs in light of their objectives, it is necessary to undertake research both (1) to evaluate and measure behavioral and attitudinal changes and (2) to measure the quality and quantity of completed work by students and the impact of this work on related ongoing research

Women's centers. These centers generally are designed to provide peer support, aid in conflict resolution, furnish counseling for career and life planning, and provide related services. Evaluation is needed to measure the differential impact of centers on different groups of women (e.g., white and minority women, freshmen and upperclassmen, etc.), their effects on male behavior and attitudes, and the socio-psychological dynamics associated with the development and growth or disintegration of these centers.

Counseling services designed specifically for women. Evaluation would compare the effectiveness of, and differences in, the types and content of counseling available to women through these services and through established college counseling services.

Constellations of efforts (including activities, courses and services) to raise the awareness of men students regarding women's needs and concerns. Evaluation is needed to explore the effectiveness of these efforts and to identify behavioral and attitudinal differences between male students exposed to such efforts and those not so exposed.

Programs of continuing education for women. Evaluation would compare the effects on older women (i.e., outcomes of education) of participation in programs aimed at "traditional" younger students, to those designed particularly to serve mature women, including those with a specific focus (e.g., upgrading the occupational level of minority women, graduate professional programs designed for the part-time mature woman student, etc.). Evaluation might also examine any differences in characteristics of women enrolling in various types of programs.

Programs, courses, and related efforts to encourage women to enter other than traditional majors and/or career fields (e.g., management in business and industry, engineering, etc.). Evaluation would attempt to measure outcomes not merely by a follow-up of graduates, but also by comparing career choices of women graduates from various types of institutions.

There are also programs in early or planning stages that should be supported, with provision for evaluation included in the funding. These include:

Programs designed to offer women "coping training." For example, programs are needed to assist women to become more assertive in personal style and expectations. Evaluation should include comparison of the effects of different types of learning experiences (e.g., learning outside the classroom, use of laboratory techniques such as group process, exposure to role models, films, drama, etc.), as well as measurement of learning retention and differences in retention by type of learning experience.

Experiments with differing sex distributions and with sex segregation in the classroom and in experimental learning settings, including experiments that attempt to measure the influence of the sex of teacher or supervisor on women's attitudes and behavior. Evaluation would examine the extent to which changes in attitudes and behaviors identified in the course of such experiments persisted in the women participants in other settings and over time.

Efforts through programs, workshops, and other means to raise the level of women's quantitative skills and increase their confidence in their ability to use these skills in managerial roles. These efforts would be designed for women already employed in higher education for the purpose of facilitating their rise to higher administrative levels. Evaluation would attempt to measure the extent to which these efforts raised the participants' level of competency and interest in the exercise of quantitative skills and the extent to which such a rise facilitated career development.

Experiments to determine the effect of various classroom sex ratios in encouraging women to enter fields that have not traditionally attracted women (e.g., physics). Evaluation would attempt to measure the effect of classroom sex ratios on women's subsequent academic performance in the subject and on their choices of majors and careers.

Host proposals for experimental projects in educational contain pious commitments to Evaluation of Outcomes. As a rule, however, only the largest and most generously funded projects actually engage in sophisticated and extensive evaluation efforts. In part this is caused by funding that does not cover the costs of competent evaluation. In addition this is partly a function of the difficulties inherent in evaluating educational outcomes since any measure of the persistence of effect requires longitudinal study. Also, it is partly a result of the shortage of individuals trained in educational evaluation. This shortage is particularly unfortunate when attempts are made to evaluate experiments in women's higher education, because such ventures are typically underfunded (and very frequently have no outside funding) and understaffed. Furthermore, these experimental programs are often developed by women faculty and administrators from academic fields which do not generally require the use of the quantitative skills upon which evaluation techniques depend. These women often do not have access to whatever evaluative capabilities their institutions may possess because these experiments in women's education are typically regarded as peripheral to the central functions of the institutions and are thus not entitled to any significant contribution of institutional funds and expertise. We therefore urge the following:

Active efforts should be undertaken to recruit women to the field of educational evaluation, both through attempts to interest undergraduate and graduate women students in the field, and attempts to attract to evaluation women faculty from fields which require some competency in quantitative operations (e.g., psychology, sociology, economics, social psychology, mathematics, etc.).

Courses and programs designed to make statistics a more integral part of women's education should be a concomitant of efforts to recruit undergraduate and graduate women students into evaluation. Also, a much greater emphasis on methodologies of evaluation is needed in undergraduate and graduate programs in the field of education, since this is a field frequently chosen by women.

Efforts should be made to attract women faculty from appropriate academic fields to training in methodologies of evaluation by workshops of sufficient length and/or frequency to insure thorough coverage of all major evaluation methodologies. These workshops should be located at institutions with resources adequate for such training, conducted by recognized authorities in the various techniques of educational evaluation, and limited to participants with a demonstrated interest and intent to engage in educational evaluation. While men obviously could not be excluded from such training programs, there should be strong emphasis on the recruitment of women. We would hope that funding would provide faculty, staff and stipends for participants.

RESEARCH ON INDIVIDUAL DEVELOPMENT

To the extent that decisions regarding the qualifications of women are still being made on the basis of certain questionable assumptions about female psychological development and various differences and similarities between males and females (especially with regard to factors associated with family status and age), there is a pressing need for further research to include the following:

Research on patterns of intellective development during the middle years of adulthood (25 to 65) that will build on existing data for earlier years in order to identify relationships between various social variables and differing patterns of development. One aspect of such research should be the study of sex differences in chronological patterns of intellectual productivity (with thoughtful attention to the definition of "productivity"). Such studies may provide a clearer perception of whether, taking into account differences in chronological patterns among academic and other fields, women tend to reach a peak of productivity later in life than do men (as a few early studies have suggested). Such research has important implications for women's employment opportunities, especially in higher education, since many women enter, or attempt to enter, full-time employment in academe and elsewhere at a later age than do men.

Research on effects on women's psychological autonomy and independence of socialization experiences associated with traditional adult roles as wife, mother, housekeeper, suburban resident, and financial dependent, with controls for social class and race differences. Such research would be aimed toward obtaining a more precise measure of the relative strengths of the impact on autonomy and independence of an anhydrogynous education coupled with experience of academic achievement and the cultural demands of certain traditional feminine roles. One approach to research in this area could be a study of differences in levels of autonomy and independence in women living in nontraditional family arrangements or in dual career families and in those living in traditional family arrangements. Another interesting possibility for study in this area is a follow-up of the subjects of the Mellon Foundation research carried on at Vassar during the 1950's; in view of the large amounts of data collected on these subjects during their college years, such a study could be extremely productive.

Research related to social policies regarding families. Heated debates regarding child care policies, urban and suburban planning, welfare programs, educational programs and facilities and related issues indicate the urgency of the need. The necessary research encompasses many areas of interest and lies within many disciplines. This circumstance suggests that a center for such studies should be established with support from both public and private funding agencies and with a guarantee of support for at least a five year period.

STRATEGIES FOR THE ENCOURAGEMENT AND COORDINATION OF EXPERIMENTATION AND RESEARCH AND THE DISSEMINATION OF FINDINGS

The tendency of institutions and individuals to "go it alone" in developing and seeking support for proposals, while tending to insure the relatively steady input of original ideas for programs and research, costs funding agencies both time and money and can be detrimental to the quality, scope, and ultimate usefulness of projects and studies whose implications for practice are potentially far-reaching. We recommend the following measures as approaches to achieving economy, coordination, and utility without discouraging originality:

Conferences on program development and research pertinent to women's higher education (possibly regional, rather than national, to stimulate fuller participation), designed to encourage the sharing of ideas and planning for cooperation and coordination among those who develop experimental programs and those who are qualified to conduct relevant research.

More efficient means of information storage and retrieval for materials on program development and research pertinent to women's higher education. One alternative is the establishment of a facility exclusively for this purpose; another is an organized effort to increase the usefulness for this purpose of several existing systems by adding new categories for storage and retrieval and attracting new sources of input.

Encouragement of the exploration of new conceptual schemes and theoretical formulations capable of generating new hypotheses pertinent to women's education and development through funding a year devoted to such an undertaking at some existing center ("think tank"). Invited to participate would be scholars from various disciplines and practitioners from various fields who have demonstrated concern with these problems and some competence to work with them.

HAWAII'S WIC PROGRAM

(Mrs. MINK asked and was given permission to extend her remarks at this point in the Record and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, I would like to share with my colleagues Hawaii's report on the special supplemental food program for this past fiscal year.

The WIC program was authorized by Congress in 1972 to provide nutritious foods to women, infants, and children at nutritional risk from low-income families during pregnancy and early childhood. Though it is a relatively new program, the WIC program has already had a major impact among the participants in Hawaii. As stated in the report, there was a dramatic improvement in the height and weight of children and a distinct improvement in the diet of pregnant women. I am sure my colleagues will find the same positive benefits as a result of the operation of the WIC program in their respective States.

I am pleased to insert into the Record the report of Hawaii's supplemental food program:

Hawaii's Special Supplemental Food Program for Women, Infants and Children (WIC)

Foods that are vital to the physical and mental development of infants and children are frequently lacking in the diets of low-income women and their families during pregnancy and early childhood. The Special Supplemental Food Program for Women, Infants and Children (WIC) provides nutritious foods to 1180 women, infants and children on Oahu who are at nutritional risk.

PL 92–433, approved on September 26, 1972, added a new section 17 to the Child Nutrition Act which authorized the establishment of a Special Supplemental Food Program for Women, Infants and Children (WIC). This pilot program which started in Hawaii on February 1974 is under the United States Department of Agriculture and administered here by the Nutrition Branch, State Department of Health.

The objectives of WIC are:

To supply nutritious foods to those at nutritional risk.

To collect and evaluate data which will medically identify the benefits of this food intervention program.

To measure the administrative efficiencies of various methods of making food available to participants.

According to the WIC Program Regulations, pregnant or lactating women, infants and children under age 4 are eligible to participate if they live in an approved low-income area served by an approved health clinic, are eligible for reduced cost medical treatment from that clinic and are determined by professionals on the staff of the clinic to need supplemental foods.

THE PROBLEM

Hawaii has approximately 60,916 children under 4 years of age. The Department of Health gives preventive and health supervision to over 10,000 infants and preschool children annually through its child health conferences. These include medical well-baby clinics, nursing conferences, and pediatric clinics to supplement nursing conferences.

Among 5,204 infants and children tested for anemia in child health conferences in 1973, 1.1% of the infants and 1.6% of the preschool children were frankly anemic, with hemoglobins below 8.5 g. for the infants or below 9.0 g. for the children 2 to 5 years old. There were 18.5% of other infants who had hemoglobins below par, as did 18.7% of the other children 1 to 5 years old. Most of these deficits were established as being due to iron deficiency. In 1973 the Department of Health provided prenatal care to 598 women. There were 78 high-risk infants, including 16 premature infants.

THE PROGRAM

The State of Hawaii applied for and received $113,500 from February–June 1974 and $475,000 for FY 1974–75.

Under the plan, low-income pregnant women, infants and children under the age of four at nutritional risk are enrolled into the WIC Program from clinics operated by the Health Department and the Kaiser Foundation Health Plan, Inc. Nutritional risk as established by the Federal government is as follows: (1) for pregnant or lactating women with known inadequate nutritional patterns, high incidence of anemia, high rates of prematurity or miscarriage, or inadequate patterns of growth (underweight, obesity, or stunting); (2) for infants and children with deficient patterns of growth, high incidence of nutritional anemia, or known inadequate nutritional patterns.

There are a total of 1,180 enrolled, including 400 Department of Social Services and Housing participants under Kaiser Foundation Medical Health Plan and 780 in the Department of Health clinics. They receive coupon books each month which entitle them to specified amounts of milk, fruit juices, eggs and cereals, free of charge, from participating grocery stores. The prescribed foods, which are intended as supplements to their diets, are high in protein, calcium, iron, and vitamins A and C. These nutrients are often deficient in the diets of many low-income families.

THE BENEFITS

The major impact of the WIC Program in providing nutritious foods to women, infants and children at nutritional risk from low-income families has been the reduction of the number of underweight children whose heights and weights were below the 3rd percentile on the Stuart charts. See charts 1 and 2, pages 13 and 14, for detailed information. The dramatic improvement in heights could be a result of the WIC foods. There was an improvement in hemoglobin levels among most of the anemic WIC participants monitored. This could be the result of the iron fortified cereals and infant formulas along with the extra protein and vitamin C. However, since Hawaii was designated as a partial medical evaluation project, there were no dietary and biochemical evaluations of the participants.

The majority of the participants in the WIC Program felt the WIC foods helped them a lot. A questionnaire was filled out by the participants (see p. 10).

The dietitians and nutritionists at the Maternal and Infant Care Projects participating in the WIC Program noted a distinct improvement in the dietary patterns of the pregnant women on the WIC Program. The women improved their intake of milk, juices high in vitamin C and iron-enriched cereals. The high cost of milk was responsible for the inadequate consumption of milk by many of the mothers who were not on the WIC Program. The dietitians felt that the formula with iron and iron-enriched cereals helped high-risk infants reach normal hemoglobin levels by age one.

The dietitians indicated that the WIC Program seemed to encourage mothers to start attending clinics earlier in their pregnancies. They felt the WIC Program helped to improve their status in the eyes of the patients. The patients now had an added reason to see the dietitian.

The public health nurses also noted an improved attendance at clinics as a result of the WIC Program. Some families with severe problems who had resisted going to clinic started attending because of the free foods in the WIC Program.

The impact could have been greater with regard to lowering the incidence of low birth-weight babies and anemia. When we had reached our quota of 1180 participants, some pregnant women did not start receiving WIC foods until late in their pregnancies and did not get the full benefit of the WIC Program. Since Hawaii was a partial medical evaluation site, the Program had to rely on the clinics to check on their hemoglobin levels.

The impact would have been greater if there had been funds available for nutrition education. When some families were no longer eligible for WIC, they did not know how to stretch their food money to obtain a balanced diet. Many families needed help in learning how to use the WIC foods. The frequent changes in the WIC food package as well as the exclusion of certain foods hampered existing nutrition education efforts by the nutritionists and dietitians in Maternal & Infant Care and Children & Youth Projects. Some flexibility in the food package would be helpful in unifying nutrition education activities.

The WIC Program has been helpful in providing nutritious foods to women, infants and children at nutritional risk. The partial medical evaluation did not provide sufficient information to determine medical benefits. A comprehensive nutrition education effort was not undertaken due to program restrictions imposed by Federal regulations. Nutrition education should be incorporated into the WIC Program as an essential component in order to really improve the food habits and health of the women, infants and children who are at nutritional risk.

There have been 2000 women, infants and children enrolled in the WIC Program since February 1974. The maximum caseload each month allowed is 1180.

EVALUATION

Medical evaluation—pregnant and lactating women

Of the women enrolled in the WIC Program between March 1, 1974 and June 30, 1975, the following are the nutritional risk factors under which they were enrolled:

37.5% because of poor diet

37.3% had a high-risk pregnancy by Maternal & Infant Care criteria

8.3% had a history of anemia

8.1% had a previous pregnancy termination less than 18 months before this one is estimated to have begun

8.1% had suboptimal hemoglobin levels

26.7% had other nutritional risk factors

(Figures add to more than 100% because some women were enrolled under more than one risk factor.)

There were 254 livebirths at the Maternal & Infant Care Projects participating in the WIC Program from July 1, 1974 to June 30, 1975. Twenty-three (9.1%) of these infants were low birth-weight (less than 5.5 pounds). Twenty of the mothers of these low birth-weight infants enrolled in WIC. The average maternal weight gain during pregnancy of these WIC mothers with low birth-weight infants was 18.4 pounds.

5.5% of the 386 women attending Department of Health clinics were enrolled in the WIC Program because of anemia. Fourteen women had low hemoglobin prior to or at the time of enrollment in WIC. A subsequent hemoglobin check was taken by the Maternal & Infant Care clinic late in their pregnancy (7–9 months). Their average initial hemoglobin was 10.22 g./100 ml and the average hemoglobin at term was 11.59 g./100 ml. 92.9% had improved hemoglobin levels late in their pregnancies.

26.2% of the women in the WIC Program breastfed their infants longer than six weeks postpartum.

Infants

Of the infants (0–11.9 months) enrolled in the WIC Program between March 1, 1974 and June 30, 1975, the following are the nutritional risk factors under which they are enrolled:

34.9%—weight or height were below the 50th percentile on the Stuart charts

19.6%—suboptimal diet

14.2%—suboptimal hemoglobin (11 grams or less)

10.4%—inadequate diet

7.2%—food allergies or intolerances

5.4%—high risk by Materal & Infant Care criteria

14.9%—had other risk factors

(Figures add to more than 100% because some infants were enrolled under more than one risk factor.)

23.6% of the 330 infants attending Department of Health clinics were enrolled in the WIC Program because of anemia. Of 20 infants with low hemoglobin levels, their average initial hemoglobin was 10.71 g./100ml and after five months or more under the WIC Program, the average hemoglobin was 11.82 g./100ml. 85% had improved hemoglobin levels.

Children

Of the children (12.0–47.9 months) enrolled in the WIC Program between March 1, 1974 and June 30, 1975, the nutritional risk factors under which they were enrolled were:

41.9%—weight or height were below the 50th percentile on the Stuart charts

32.3%—suboptimal hemoglobin

24.6%—inadequate diet

2.6%—food allergies or intolerances which either increase food costs or eliminate milk from the diet

18.2%—had other nutritional risk factors

(Figures add to more than 100% because some of the children were enrolled under more than one risk factor.)

45.5% of the 490 children attending Department of Health clinics were enrolled in the WIC Program because of anemia. In 52 children with low hemoglobin levels, their average initial hemoglobin was 10.90 g./ml and after five months or more on the WIC foods, the average hemoglobin was 12.16 g./ml. 88.5% had improved hemoglobin levels.

Infants and children

Of 352 infants and children enrolled in the WIC Program in the Department of Health clinics for one year or more, heights and weights were measured at initial enrollment and after one year (see attached tables, A & B, p. 8–9). In one year there was a dramatic improvement in the heights and weights of the children who were under the 3rd percentile at enrollment.

At the initial enrollment, 17.0% were under the 3rd percentile for height which decreased to 6.5% after one year of receiving WIC foods (Chart 1, p. 13). This is medically significant because low height in children often reflects poor nutrition. It appears that the high protein foods in the WIC package helped these children.

8.5% were under the 3rd percentile for weight upon enrollment which decreased to 4.3% after one year (Chart 2, p. 14). Weight below the 3rd percentile can reflect inadequate nutrition. It appears that the WIC foods helped these children.

The heights and weights of the infants and children taken on initial examination and after one year are shown in Table A and Table B.

TABLE A.—PARTICIPANTS BELOW 3D, 10TH AND 50TH PERCENTILES FOR WEIGHT BY AGE GROUPS ON INITIAL EXAMINATION AT DEPARTMENT OF HEALTH CLINICS PARTICIPATING IN THE WIC PROGRAM, OAHU[1]

Age in months	Under 3d percentile	Under 10th percentile	Under 50th percentile
1974			
0 to 5.9 (n=58)	12.1	34.5	58.6
6.0 to 11.9 (n=60)	10.0	25.0	56.7
12.0 to 23.9 (n=138)	7.2	17.4	64.5
24.0 to 35.9 (n=96)	7.3	26.0	62.5
36.0 to 47.9			
All infants and children (n=352)	8.5	23.9	61.6
1975			
0 to 5.9			
6.0 to 11.9 (n=2)		[2] 50.0	
12.0 to 23.9 (n=115)	5.2	25.2	60.9
24.0 to 35.9 (n=136)	4.4	22.8	54.4
36.0 to 47.9 (n=99)	3.0	22.2	66.7
All infants and children (n=352)	4.3	23.6	59.9

[1] Stuart-Meredith growth standards.

[2] 2 children were enrolled at birth with their 1st anniversary examination late in their 11th month; 1 was under the 10th percentile, the 2d one over the 50th percentile.

TABLE B.—PARTICIPANTS BELOW 3D, 10TH AND 50TH PERCENTILE FOR HEIGHT BY AGE GROUPS ON INITIAL EXAMINATION AT DEPARTMENT OF HEALTH CLINICS PARTICIPATING IN THE WIC PROGRAM, OAHU[1]

Age in months	Under 3d percentile	Under 10th percentile	Under 50th percentile
1974			
0 to 5.9 (n=58)	17.2	32.7	58.6
6.0 to 11.9 (n=60)	16.7	33.3	56.7
12.0 to 23.9 (n=138)	14.5	31.9	72.5
24.0 to 35.9 (n=96)	20.8	42.7	68.7
36.0 to 47.9			
All infants and children (n=352)	17.0	35.2	66.5
1975			
0 to 5.9			
6.0 to 11.9 (n=2)			[2] 50
12.0 to 23.9 (n=115)	4.3	32.2	62.6
24.0 to 35.9 (n=136)	6.6	32.4	77.9
36.0 to 47.9 (n=99)	9.1	30.3	72.7
All infants and children (n=352)	6.5	31.5	71.3

[1] Stuart-Meredith growth standards.

[2] 2 children were enrolled at birth with their 1st anniversary examination late in their 11th month; 1 was under the 50th percentile, the 2d over the 50th percentile.

Participants' evaluation

171 participants completed the WIC Questionnaire for Participants. The questionnaire was distributed at Department of Health clinics by the paramedical assistants. The paramedical assistants helped the participants fill out the questionnaires when there was a language or literacy problem.

The results are as follows:

86% heard about the WIC Program through their clinics, 7% through friends and 7% other, mainly relatives and social workers.

98% felt the WIC foods "help me a lot"; 2% felt they "help me a little".

16% found the foods helpful in feeding their infants, 63% said they were helpful in feeding their "child 1–4 years old" and 21% of the pregnant or lactating mothers used the foods themselves.

Each month 97% used all the coupons, while 3% did not.

The participants were asked which of the foods were used. The results for women and children are as follows:

Used all.

Whole fluid milk: 85%.

Skim or Lowfat milk: 21%.

Evaporated milk: 36%.

Nonfat Dry milk: 12%.

Cheese: 66%.

Eggs: 91%.

Juices: 92%.

Cereals: 85%.

Of those replying to "Why weren't you able to use all of the foods?", 54% did not use the foods because of "dislike", 17% because of "allergy", 12% had enough food already and 17% other reasons. Most common comments were: they disliked the food or they could not get the food at the store.

94% did not have difficulty getting their foods at the store, 6% had difficulties.

94% felt they were "treated well" at the store, 6% were not.

98% separated their WIC foods from their other foods at the stores, 2% did not.

96% liked the way the coupon books were printed, 4% did not.

55% of the participants used Food Stamps, 45% did not.

81% received most of their nutrition education through clinics, 7% from school, 9% from radio or television, and 3% other.

61% were interested in learning more about Stretching Your Food Dollars, 50% in Feeding Family Foods for Good Health, 46% in Meal Planning and Cooking.

Administrative evaluation

FOOD VOUCHER SYSTEM

With the frequent changes in the allowed foods, it was necessary to print only a limited supply of booklets (three months at a time). This resulted in increased printing costs. The average price per booklet was $0.38.

FINANCIAL COSTS

	Food	Clinical	Administrative	Total
February to June 1974:				
Federal and State actual	$45, 371. 54	6, 786. 58	20, 739. 04	72, 897. 16
Federal funds allocated	86, 600. 00	17, 300. 00	9, 600. 00	113, 500. 00
July 1974 to June 1975:				
Actual	344, 914. 70	32, 490. 94	39, 355. 29	416, 760. 93
Federal funds allocated	392, 300. 00	39, 100. 00	43, 600. 00	475, 000. 00

The allowable administrative costs is calculated at 10% of foods redeemed which amounted to $38,323.85. The administrative costs have exceeded the allowable costs by $1,031.44 in FY 1974–75.

There were a total of 14,084 booklets sent to the participants.

The average cost per participant was $29.59/mo.

Vendors' Evaluation

In general, the vendors were satisfied with WIC. The problem areas were (1) length of time before receiving payment for WIC coupons redeemed. However, a number of the vendors did not send in redeemed coupons on a monthly basis and were two or three months behind in turning in redeemed coupons for payment; (2) the coupons take too long to fill out and they hold up the lines at the checkout counters; (3) new cashiers make mistakes in filling out the coupons; (4) changes in the coupon books and in regulations make it hard to know what foods are acceptable; (5) a few participants were improperly instructed about WIC or are trying to take advantage of the Program.

CHART NO. 1—PROPORTION OF ENROLLEES FALLING BELOW 3RD PERCENTILE[1] IN HEIGHT ON INITIAL EXAMINATION AND AFTER ONE YEAR ON THE WIC PROGRAM

INITIAL EXAMINATION

Percent Below 3rd Percentile:

Standard, 3%.

Hawaii height, 17%.

AFTER ONE YEAR ON THE WIC PROGRAM

Percent Below 3rd Percentile:

Standard, 3%.

Hawaii height, 6.5%.

CHART NO. 2—PROPORTION OF ENROLLEES FALLING BELOW 3RD PERCENTILE[1] IN WEIGHT ON INITIAL EXAMINATION AND AFTER ONE YEAR ON THE WIC PROGRAM

INITIAL EXAMINATION

Percent Below 3rd Percentile:

Standard, 3%.

Hawaii weight, 8.5%.

AFTER ONE YEAR ON THE WIC PROGRAM

Percentile Below 3rd Percentile:

Standard, 3%.

Hawaii weight, 4.3%.

INEQUITIES IN OUR CRIMINAL JUSTICE SYSTEM

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, what I am about to remark on is an example of inequities in our criminal justice system. When young black, white, and brown people seek to insure better educational opportunities for their less advantaged brethern we fear them, call them militants, and place them behind bars. But when high-ranking officials siphon off public funds for campaigns, hide executive improprieties and openly disregard the law they are sworn to enforce we are lenient and consider their removal from office to be "suffering enough." This is not justice.

For many months the attention of the country and the world has been on revelation after revelation of crimes and intended evils on the part of the Federal intelligence community—the FBI, CIA, et cetera. Similarly, attention recently has been focused on the repressive apparatus of the State of North Carolina because of the bizarre persecution of Joan Little; and on the longest death row in the Nation—containing some 84 persons including the only two women facing capital punishment in the United States.

What follows is a story that combines the worst horrors of both Federal and North Carolina State repression. This is the story of the Reverend Ben Chavis, now 28 years old, and his codefendants—eight black men in their teens and twenties, and a white VISTA volunteer and mother of two—the group known as the Wilmington, N.C., Ten. The 10 have been sentenced to a combined 282 years in prison for their part in the defense of a church in Wilmington's black community during a 4-day Ku Klux Klan siege in opposition to equal education in that city. The North Carolina court system has upheld this injustice. The lives of Reverend Chavis and his coworkers are at stake. A decision on their lives is awaited from the U.S. Supreme Court.

Not long after the Nixon-Agnew election in November 1968, Federal District Judge James MacMillian ruled that the Mecklenberg County school system must begin to desegregate, by busing if necessary. Mecklenberg is the North Carolina county which includes Charlotte, the State's biggest metropolitan area. The implications were clear for all of North Carolina schools. Fifteen years after the U.S. Supreme Court ruled that school segregation was illegal, North Carolina was being made the test case on busing. The Ku Klux Klan began to rise up. Other racist groups emerged such as the Rights of White People organization. White parents were being organized into terrorist organizations to defy the law and to create hysteria among whites and fear among blacks.

Another result of the court action was that a movement of black students and parents for equal education grew in city after city. This movement too needed organizers. The Reverend Ben Chavis and James Earl Grant, a VISTA volunteer and Ph. D. in chemistry, became known as the best and most talented of these. The two young men were called upon by a number of black communities in North Carolina to aid in their attempts to organize. At the same time and for the same reasons that the black community became mobilized, Ben Chavis and Jim Grant became targets for the repressive authorities of the State.

When Klansmen in Ben Chavis' hometown, Oxford, brutally murdered a young black Vietnam veteran, and then went free, hell broke loose in Oxford. A number of enterprises were set fire. The National Guard was called into Oxford; a curfew was set; and roads leading into the town were blocked off by highway patrolmen. It was in these circumstances that two men, with long records of narcotics dealing and assault, drove from Charlotte to Oxford with a car full of dynamite. They approached the highway patrol roadblock, were stopped and arrested. When their trial convened some time later, the two arrestees were in Canada—fugitives. Warrants were issued and they were returned to North Carolina. It appears that an arrangement was then made with the Federal Government that the fugitives would testify to the effect that the two black leaders had helped them leave the country; in return for this testimony they would be immune from prosecution.

In charge of the case against Chavis and Grant was Stanley Noel, an agent for the Treasury Department's Bureau of Alcohol, Firearms, and Tobacco, AFT. Noel had for years persecuted Ben Chavis; had even broken down his door during no-knock search when Ben was a student in Charlotte. Now he had a case in which Ben and Jim were on trial for conspiracy to aid fugitives. Ben Chavis was found not guilty; Jim Grant was convicted on the word of the two informants and was sentenced to 10 years in prison.

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[1] Stuart-Meredith growth standards.

The persecution in Charlotte continued. Again on the word of the informants Jim Grant, together with coworkers T. J. Reddy and Charles Parker, was convicted and sentenced to 25 years in prison. Reddy, Parker, and Grant became known as the Charlotte Three. Ben Chavis was arrested on numerous occasions by Federal, State, and local authorities, as part of a continuous campaign of harassment and intimidation. When the Wilmington church siege by the Klan was over, again the State of North Carolina called upon Federal agent Stanley Noel and the AFT to conduct the investigation and prepare the indictments against Ben Chavis and the Wilmington Ten. The prosecution successfully obtained the sentencing of Reverend Chavis and the Wilmington Ten to a total of 282 years in prison. Jim Grant was already incarcerated—sentenced to a total of 35 years. Ben Chavis is out on $50,000 bond but faces 34 years.

Stanley Noel continues to work in Charlotte. His former boss, John Connolly, has been acquitted on corruption charges. Richard Nixon has been pardoned of all his crimes. John Mitchell is free on bond, appealing a conviction and sentence of 3 to 8 years for his Watergate crimes; Robert Mardian faces 1 to 5 years in the same Watergate conspiracy. Jay Stroud, the prosecutor of the case, was named U.S. district attorney in eastern North Carolina, as one of Richard Nixon's final acts in office. Mr. Nixon's successor and those of Mitchell and Mardian continue to undermine and conspire against the constitutional rights of black people to equal education in North Carolina and throughout the United States.

Meanwhile, friends and associates of the Reverend Chavis fear for his life. If the U.S. Supreme Court turns down the appeal of the Wilmington Ten, the prison gates will close behind these young people—perhaps forever. The Reverend Chavis is a courageous man, as he has shown through scores of arrests and attempts on his life. His friends say that if he goes to prison, the authorities will try to break him and he will not break. The consequences of prison resistance are well known to anyone with eyes to read the daily newspapers.

I speak now to join with my colleague, the Honorable JOHN CONYERS, JR., who spoke to this same issue in these Chambers on June 20 of this year; and with the District of Columbia Council which proclaimed May 31, Wilmington Ten Day in our Nation's capital. I think it is important for Congress and for the people of our country to understand that, in these days of investigation of the misdeeds of the intelligence community, real lives are at stake. The provocations against and persecution of the Reverend Benjamin Chavis and the Wilmington Ten by Federal and local agencies were not "simulated" attacks; they were not assassination plots that went awry or were called off at the last minute. Rather, they were calculated attempts against the civil rights movement of North Carolina, with consequences for the whole United States. To our shame they were attempts that have so far succeeded. They can only be blunted by an alert bar of public opinion and a Supreme Court intent on upholding justice in our land.

CONFERENCE REPORT ON H.R. 8121

Mr. **SLACK** submitted the following conference report and statement on the bill (H.R. 8121) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94-527)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate numbered 8 to the bill (H.R. 8121) "making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes," having met, after further full and free conference, have been unable to agree.

JOHN M. SLACK,
NEAL SMITH,
YVONNE BRATHWAITE BURKE,
JOSEPH D. EARLY,
GEORGE MAHON,
ELFORD A. CEDERBERG,
MARK ANDREWS,
Managers on the Part of the House.

JOHN O. PASTORE,
JOHN L. MCCLELLAN,
MIKE MANSFIELD,
ERNEST F. HOLLINGS,
WARREN G. MAGNUSON,
THOMAS F. EAGLETON,
J. BENNETT JOHNSTON,
WALTER D. HUDDLESTON,
JOHN SPARKMAN,
ROMAN L. HRUSKA,
HIRAM L. FONG,
EDWARD W. BROOKE,
MARK O. HATFIELD,
TED STEVENS,
MILTON R. YOUNG,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the further conference on the disagreeing votes of the two Houses on the amendment of the Senate numbered 8 to the Bill (H.R. 8121) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF STATE

General provisions—Department of State

Amendment No. 8: Reported in technical disagreement. The managers on the part of the House will offer a motion as follows:

Restore the matter stricken by said amendment amended to read as follows:

"SEC. 104. It is the sense of the Congress that any new Panama Canal treaty or agreement must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

JOHN M. SLACK,
NEAL SMITH,
YVONNE BRATHWAITE BURKE,
JOSEPH D. EARLY,
GEORGE MAHON,
ELFORD A. CEDERBERG,
MARK ANDREWS,
Managers on the Part of the House.

JOHN O. PASTORE,
JOHN L. MCCLELLAN,
MIKE MANSFIELD,
ERNEST F. HOLLINGS,
WARREN G. MAGNUSON,
THOMAS F. EAGLETON,
J. BENNETT JOHNSTON,
WALTER D. HUDDLESTON,
JOHN SPARKMAN,
ROMAN L. HRUSKA,
HIRAM L. FONG,
EDWARD W. BROOKE,
MARK O. HATFIELD,
TED STEVENS,
MILTON R. YOUNG,
Managers on the Part of the Sente.

CONFERENCE REPORT ON H.R. 8561

Mr. WHITTEN submitted the following conference report and statement on the bill (H.R. 8561) making appropriations for Agriculture and related agencies programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94-528)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8561) "making appropriations for Agriculture and Related Agencies programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 17, 18, 19, 20, 21, 26, 28, 30, 32, 55, 56, 62, 68, 69, 70, 71, 72, 73, 74.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 27, 29, 31, 35, 38, 41, 42, 43, 46, 47, 49, 51, 52, 53, 54, 58, 61, 63, 65 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,747,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$686,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$255,675,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$62,006,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,500,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,850,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$361,075,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$99,390,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert $19,546,000; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$114,460,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,886,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$28,615,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$30,043,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,509,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$24,897,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$6,224,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$450,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$130,500,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$112,500,000"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,500,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,875,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$11,875,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,969,000"; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$20,650,000"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,600,000"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$37,071,000"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$9,283,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 33, 48, 50, 57, 64, 75.

Jamie L. Whitten,
George E. Shipley,
Frank E. Evans,
Bill D. Burlison,
Max Baucus,
Otto E. Passman,
William H. Natcher,
Bob Casey,
George Mahon,
Mark Andrews,
J. K. Robinson,
John T. Myers,
E. A. Cederberg,
Managers on the Part of the House.

Gale McGee,
John L. McClellan,
John C. Stennis,
William Proxmire,
Robert C. Byrd,
Herman E. Talmadge,
Hiram L. Fong,
Roman L. Hruska,
Milton R. Young,
Mark O. Hatfield,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8561) making appropriations for Agriculture and Related Agencies programs for the fiscal year ending June 30, 1976, and for the period ending September 30, 1976, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—AGRICULTURAL PROGRAMS

Department of Agriculture

Office of the Secretary

Amendment No. 1.—Appropriates $2,747,000 for the Office of the Secretary instead of $2,697,000 as proposed by the House and $2,797,000 as proposed by the Senate.

The conferees recognize that the trade and the Congress need to be kept up-to-date on world agricultural production and consumption trends, together with developments affecting the trade practices and policies of the various nations of the world. In conducting our international agricultural programs, the Secretary of Agriculture, his Sales Manager, and other Departmental officials must keep uppermost in mind at all times the need to protect the economic well-being of American agriculture which is traditionally dependent upon exports of about one-fourth of its production annually. It is essential, therefore, that information obtained through our Agricultural Attache System and other Departmental units be transmitted to the Sales Manager as a safeguard against pressures which may tend to favor our competitors in international markets.

To meet this need and others, the conferees are in full agreement on the need for a separate and adequately staffed Office of Sales Manager, which shall report directly to the Board of Directors of the Commodity Credit Corporation, including the Secretary of Agriculture and other Departmental officials, and which shall report quarterly to the appropriate Committees of Congress. To the extent that this may involve some degree of duplication with the Foreign Agricultural Service or other parts of the Department which must cooperate fully with the Sales Manager, the conferees feel that the benefit to American agriculture will greatly outweigh any additional cost—which should be minimal, if any at all. The development of a farm program which permits orderly marketing of all U.S. commodities (both commercial and those handled through CCC and P.L. 480) is an essential objective to which all segments of the Government and the trade should devote their efforts.

Amendment No. 2.—Appropriates $686,000 for the Office of the Secretary for the transition period instead of $674,000 as proposed by the House and $699,000 as proposed by the Senate.

Departmental Administration

Amendment No. 3.—Earmarks $4,367,000 for the Office of Communications as proposed by the Senate instead of $4,373,000 as proposed by the House.

Amendment No. 4.—Earmarks $1,091,000 for the Office of Communications for the transition period as proposed by the Senate instead of $1,093,000 as proposed by the House.

Agricultural Research Service

Amendment No. 5.—Appropriates $255,675,000 for the Agricultural Research Service instead of $237,960,000 as proposed by the House and $263,925,000 as proposed by the Senate. The conferees agreed to restore the House reduction of $3,170,000. In addition, the conferees have agreed to the following increases over the House amount for high priority research items.

As a necessary step toward boll weevil eradication, an increase of $1,500,000 is provided for the boll weevil laboratory, including provision for the full utilization of the insect rearing facility. Included are funds for research on the tobacco budworm, which is a species of the corn earworm. Recent developments have shown that sterile insects can be produced by crossing the insects with the cherryworm. These funds will help to exploit this and any other breakthroughs. Evidence before the conferees show that additional research is essential if we are to progress to a point where a trial eradication program would be justified.

The conference agreement provides for an increase of $250,000 for tobacco research to meet current problems and $5,000,000 for high priority research.

The sum of $7,570,000 is recommended for the construction of the Appalachian Fruit Research Laboratory. These funds shall be the total available for the development of the station, the land and other facilities necessary for its operation.

The sum of $225,000 is recommended for the planning of an addition to the Human Nutrition Laboratory at Grand Forks, North Dakota in line with justifications.

The conferees continue to support contract research to improve the utilization and development of cottonseed and sunflower protein.

The Conferees are in agreement with the concern expressed in the House report as to the effect of the new regionalized structure of the Agricultural Research Service on the clarity and adequacy of its budgetary presentations. If the present organizational arrangement is to be continued, the Conferees feel that budgetary support for future appropriation requests should be presented on a regional basis and working-level field staff should attend budgetary hearings in support of their programs.

Amendment No. 6.—Earmarks $10,395,000 for plans, construction and improvement of facilities as proposed by the Senate instead of $2,600,000 as proposed by the House.

Amendment No. 7.—Appropriates $62,006,000 for the Agricultural Research Service for the transition period instead of $59,526,000 as proposed by the House and $64,032,000 as proposed by the Senate.

Scientific Activities Overseas (Special Foreign Currency Program)

Amendment No. 8.—Appropriates $7,500,000 for Scientific Activities Overseas instead of $5,000,000 as proposed by the House and $10,000,000 as proposed by the Senate.

Amendment No. 9.—Appropriates $1,850,000 for Scientific Activities Overseas during the transition period instead of $1,250,000 as proposed by the House and $2,529,000 as proposed by the Senate.

Animal and plant health inspection service

Amendment No. 10.—Appropriates $361,075,000 for the Animal and Plant Health Inspection Service instead of $356,730,000 as proposed by the House and $364,575,000 as proposed by the Senate.

The conference agreement includes an increase of $4,345,000 above the amount recommended by the House for additional funds for meat and poultry inspection programs. These additional funds were requested in a budget amendment (Sen. Doc. 94-81) which was not considered by the House.

The conferees have agreed to defer the Senate increase of $3,500,000 for the boll weevil trial eradication program until there is a breakthrough on eradication research. The conferees fully recognize the importance of programs to control the boll weevil, however, until such time as various questions regarding the program, such as grower contributions and state enforcement of the program, are answered, the conferees have agreed to defer funding the program.

Amendment No. 11.—Appropriates $99,390,000 for the Animal and Plant Health Inspection Service for the transition period instead of $98,160,000 as proposed by the House and $100,265,000 as proposed by the Senate.

The $1,230,000 above the House amount is one-fourth of the amount requested for additional meat and poultry inspection funds during fiscal year 1976 and was requested in the budget amendment which was not considered by the House.

Cooperative State research service

Amendment No. 12.—Earmarks $19,546,000 for contracts and grants for scientific research for the Cooperative State Research Service instead of $18,546,000 as proposed by the House and $20,546,000 as proposed by the Senate.

The increase above the amount recommended by the House includes an increase of $500,000 for contracts and grants for scientific research and an increase of $500,000 for various high priority research contracts, such as TARO root production in Hawaii, soil erosion in the Pacific Northwest, North Central Regional research project, and the Lone Star Tick.

Amendment No. 13.—Appropriates a total of $114,460,000 for the Cooperative State Research Service instead of $113,460,000 as proposed by the House and $115,460,000 as proposed by the Senate.

Amendment No. 14.—Earmarks $4,886,000 for the transition period for contracts and grants for scientific research instead of $4,636,000 as proposed by the House and $5,136,000 as proposed by the Senate.

Amendment No. 15.—Appropriates a total of $28,615,000 for the Cooperative State Research Service for the transition period instead of $28,365,000 as proposed by the House and $28,865,000 as proposed by the Senate.

Extension Service

Amendment No. 16.—Deletes language and $5,000,000 added by the Senate to provide for payments for forestry extension work under section 3(d) of the Smith-Lever Act.

Amendment No. 17.—Technical change. Restores the word "and" deleted by the Senate.

Amendment No. 18.—Appropriates a total of $223,505,000 for the Extension Service as proposed by the House instead of $228,505,000 as proposed by the Senate.

Amendment No. 19.—Deletes funds for the transition period added by the Senate in the amount of $1,250,000 for forestry extension work under section 3(d) of the Smith-Lever Act.

The conferees take note that a number of our cities, such as New York, Chicago and Los Angeles, and other major metropolitan areas do not have a sufficient number of local representatives of the Extension Service to promote and assist the people of such cities and others in urban gardening. In such areas the Extension Service is directed to make use of the Nutrition Aides program, those engaged in 4-H related work, other USDA personnel, and volunteers and other local service organizations, to the extent available to promote home gardening in such areas and to provide such information as is needed for such ventures.

Both the House and Senate version of the bill stress the need to expand efforts in providing assistance to the small or part-time farmer, and the conferees wish to make it clear that this includes the urban gardner as well. The sum of $2,000,000 has been added to this bill to meet these and related needs.

In addition, the conferees will expect the Office of Communication to notify all Members of Congress as to what pamphlets or other information are available on gardening.

The conferees deleted $5,000,000 proposed by the Senate for a Forestry Extension Program in the Extension Service under section 3(d) of the Smith-Lever Act. Assistance to small woodland owners is available under the Forestry Incentives Program and through the Cooperative Forest Management Program of the Forest Service. The conferees recognize the value of a Forestry Extension Program to help small woodland owners and others to more efficiently and effectively utilize private, non-industrial forest lands, fiber and wildlife values. The conferees, therefore, direct the Extension Service to evaluate its ongoing activities in this regard and to make recommendations to the Appropriations Committees of the House and Senate.

Amendment No. 20.—Technical change. Restores the word "and" deleted by the Senate.

Amendment No. 21.—Appropriates a total of $56,095,000 for the transition period for the Extension Service as proposed by the House instead of $57,345,000 as proposed by the Senate.

Statistical Reporting Service

Amendment No. 22.—Appropriates $30,043,000 for the Statistical Reporting Service instead of $28,766,000 as proposed by the House and $31,369,000 as proposed by the Senate.

The conferees have agreed to increases over the House amount of $52,000 to maintain the Alaska office of the Statistical Reporting Service and $1,225,000 for list sampling frame development and maintenance. The conferees are also in agreement that the steer and heifer report should not be terminated and that sufficient funds are available within the total appropriation to continue to prepare and distribute this report.

Amendment No. 23.—Appropriates $7,509,000 for the transition period for the Statistical Reporting Service instead of $7,190,000 as proposed by the House and $7,840,000 as proposed by the Senate.

Economic Research Service

Amendment No. 24.—Appropriates $24,897,000 for the Economic Research Service instead of $24,567,000 as proposed by the House and $25,397,000 as proposed by the Senate.

The conference agreement includes an increase of $330,000 over the amount approved by the House for the annual economic survey of agriculture.

Amendment No. 25.—Appropriates $6,224,000 for the transition period for the Economic Research Service instead of $6,142,000 as proposed by the House and $6,349,000 as proposed by the Senate.

Agricultural Marketing Service

Marketing services

Amendment No. 26.—Restores language deleted by the Senate which provides for the administration and coordination of payments to states.

Amendment No. 27.—Appropriates $47,055,000 for Marketing Services as proposed by the Senate instead of $42,055,000 as proposed by the House.

The $5,000,000 increase above the House amount is for additional supervisory grain inspectors in order to improve and strengthen existing inspection procedures. Because of the many problems with grain inspection, the conferees will expect the Department to prepare a detailed report as to how these additional inspectors will be utilized to improve grain inspection procedures throughout the country and to submit such a report to the appropriate committees of the Congress.

The conferees agree that the Inspector

General of USDA should make a quarterly review of the performance of these additional supervisory inspectors. To accomplish this, not less than $100,000 of the increase shall be transferred, under the Department's transfer authority, to enable the Inspector General to assume this additional responsibility.

Amendment No. 28.—Restores language deleted by the Senate which provides for the administration and coordination of payments to states during the transition period.

Amendment No. 29.—Appropriates $12,892,000 for the transition period for Marketing Services as proposed by the Senate instead of $11,642,000 as proposed by the House.

Payments to States and possessions

Amendment No. 30.—Restores language deleted by the Senate which provides for Payments to States and Possessions under the Agricultural Marketing Act of 1946 in the amount of $1,600,000 for fiscal year 1976 and $400,000 for the transition period.

Dairy and Beekeeper Indemnity Programs

Amendment No. 31.—Appropriates $6,650,000 for the Dairy and Beekeeper Indemnity Programs as proposed by the Senate instead of $3,350,000 as proposed by the House.

The Senate increase of $3,300,000 is the full amount of the budget amendment (Sen. Doc. 94-81) which was not considered by the House.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE

Rural development and protection

Farmers Home Administration

Rural Housing Insurance Fund

Amendment No. 32.—Deletes language added by the Senate in connection with the rural rental assistance program which specified that not less than $6,000,000 would be available for the program since both the House and Senate bills provide that such amounts as may be necessary are available to carry out this program.

The conferees will expect this program to be carried out so that residents of towns or cities of under 20,000 in population will receive comparable treatment to those who reside in our major metropolitan areas.

Agricultural Credit Insurance Fund

Amendment No. 33.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The conference agreement provides $520,000,000 for real estate loans instead of $595,000,000 as proposed by the House and $550,000,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 34.—Earmarks $450,000,000 for farm ownership loans instead of $350,000,000 as proposed by the House and $480,000,000 as proposed by the Senate.

Amendment No. 35.—Earmarks $54,000,000 for loans for water development, use, and conservation as proposed by the Senate instead of $229,000,000 as proposed by the House.

The conferees have carefully reviewed the information available with respect to the requirements by farmers for loans to comply with various pollution abatement regulations. Where the requirements for pollution abatement are required in order merely to comply with state regulations, the Department should review the matter to see if this should be a joint responsibility of the State and the Federal Government.

Amendment No. 36.—Earmarks $130,500,000 for the transition period for real estate loans instead of $117,500,000 proposed by the House and $137,500,000 as proposed by the Senate.

Amendment No. 37.—Earmarks $112,500,000 for the transition period for farm ownership loans instead of $87,500,000 as proposed by the House and $120,000,000 as proposed by the Senate.

Amendment No. 38.—Earmarks $13,500,000 for the transition period for water development, use, and conservation loans as proposed by the Senate instead of $26,000,000 as proposed by the House.

Rural housing for domestic farm labor

Amendment No. 39.—Appropriates $7,500,000 for Rural Housing for Domestic Farm Labor instead of $6,000,000 as proposed by the House and $9,750,000 as proposed by the Senate.

Amendment No. 40.—Appropriates $1,875,000 for the transition period for Rural Housing for Domestic Farm Labor instead of $1,500,000 as proposed by the House and $2,500,000 as proposed by the Senate.

Rural development insurance fund

Amendment No. 41.—Provides $350,000,000 for industrial development loans as proposed by the Senate instead of $300,000,000 as proposed by the House.

The conferees have some reservations as to whether or not these loans are being used in strict accord with Congressional intent. These loans are for the purpose of improving, developing, or financing business, industry, and employment, or improving the economic and environmental climate in rural areas. In view of the stated purpose of these loans, the conferees will expect the administrator to advise in writing both the House and Senate Appropriations Committees of each loan made and the benefits to be derived from each such loan in excess of $200,000.

Amendment No. 42.—Provides $87,500,000 for industrial development loans for the transition period as proposed by the Senate instead of $75,000,000 as proposed by the House.

Salaries and expenses

Amendment No. 43.—Appropriates $155,102,000 for Salaries and Expenses for the Farmers Home Administration as proposed by the Senate instead of $150,102,000 as proposed by the House.

Rural development grants

Amendment No. 44.—Appropriates $11,875,000 for Rural Development Grants instead of $10,000,000 as proposed by the House and $13,750,000 as proposed by the Senate.

Amendment No. 45.—Appropriates $2,969,000 for Rural Development Grants for the transition period instead of $2,500,000 as proposed by the House and $3,437,500 as proposed by the Senate.

Rural Electrification Administration

The conferees agree that for the rural telephone program not less than $70,000,000 of the funds available shall be made available for 2 percent loans, the same level as maintained in fiscal year 1975.

Conservation

Soil Conservation Service

Conservation operations

Amendment No. 46.—Appropriates $206,057,000 for Conservation Operations as proposed by the Senate instead of $201,057,000 as proposed by the House.

The $5,000,000 increase above the House amount is to accelerate soil survey work primarily in the western areas of the United States and in the State of Alaska.

Amendment No. 47.—Appropriates $51,521,000 for Conservation Operations during the transition period as proposed by the Senate instead of $50,271,000 as proposed by the House.

Watershed and Flood Prevention Operations

Amendment No. 48.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment. The conference agreement provides $26,577,000 for emergency measures for runoff retardation and soil-erosion prevention instead of $31,677,000 as proposed by the Senate.

The conferees agree that not to exceed the following amounts shall be provided for each item:

Mississippi River and tributaries, spring 1975 flood	$12,077,000
Idaho storm of 1974	204,000
Oregon storm of January 1975	825,000
New Jersey storm of December 1974	340,000
North Dakota-Minnesota summer storm of 1975	6,500,000
Montana flood	6,631,000
	26,577,000

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Agricultural Stabilization and Conservation Service

Agricultural conservation program

Amendment No. 49.—Technical change. Corrects House language regarding contracts to be liquidated.

Amendment No. 50.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The Senate amendment is a technical change.

Amendments Nos. 51 and 52.—Technical changes. Correct House language regarding contracts to be liquidated.

Amendments Nos. 53 and 54.—Provide $175,000,000 for the Agricultural Conservation Program as proposed by the Senate instead of $190,000,000, of which $15,000,000 was for the Forestry Incentives Program as proposed by the House. The $15,000,000 for the Forestry Incentive Program is provided under Amendment No. 57.

Amendment No. 55.—Deletes language proposed by the Senate regarding the type of conservation practices to be carried out. However, this does not preclude local county committees from selecting additional practices.

Amendment No. 56.—Deletes language proposed by the Senate regarding the type of information that may be collected from program participants.

Amendment No. 57.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The conference agreement provides for the Forestry Incentives Program as a separate line item appropriation, as proposed by the Senate, instead of including it under the Agricultural Conservation Program as proposed by the House.

TITLE III—DOMESTIC FOOD PROGRAMS

Food and Nutrition Service

Child nutrition programs

Amendment No. 58.—Provides $1,337,391,000 for the Child Nutrition Programs as proposed by the Senate instead of $1,412,091,000 as proposed by the House.

Amendment No. 59.—Earmarks $20,650,000 for the non-food assistance program instead of $18,000,000 as proposed by the House and $23,300,000 as proposed by the Senate.

Amendment No. 60.—Earmarks $4,600,000 for state administrative expenses instead of $4,300,000 as proposed by the House and $4,900,000 as proposed by the Senate.

Special supplemental food program (WIC)

Amendment No. 61.—Deletes language proposed by the House which would have funded the Commodity Supplemental Food Program out of the WIC program.

Amendment No. 62.—Restores portion of U.S. Code citation as proposed by the House.

Amendment No. 63.—Appropriates $17,839,000 for the Food Donations Program as proposed by the Senate instead of $5,839,000 as proposed by the House.

Amendment No. 64.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The conference agreement provides $12,000,000 for the "Commodity Supplemental Food Program" under the "Food Donations Program," as proposed by the Senate, instead of $11,000,000 for that program under the "Special Supplemental Food Program," as proposed by the House.

Amendment No. 65.—Appropriates $4,460,000 for the Food Donations Program for the transition period as proposed by the Senate instead of $1,460,000 as proposed by the House.

Food stamp program

The conferees are extremely concerned about the increasing reports of widespread irregularities and abuses in the Food Stamp Program, resulting in greatly increased costs. Unless this situation is corrected it could jeopardize the program. This cannot be allowed to happen since food assistance to the truly needy is an accepted responsibility. Numerous suggestions have been made in years past in an effort to more properly supervise handling of the program.

Under current regulations of the Department of Agriculture, the recipient, upon receipt of the coupons, must sign his name on the inside cover of the coupon book. Such a procedure aids in the recovery of lost or stolen coupons, and the Department should do everything possible to see that this regulation is faithfully complied with at the local welfare or other issuing offices.

This regulation does not protect the program, however, from various abuses such as black marketing, theft, and other improper uses. The conferees are of the opinion that many of these problems could be solved by the adoption of a similar regulation requiring recipients to countersign each coupon at the time of surrender for goods purchased in the presence of a responsible employee, of the establishment where food is purchased with such coupons, and such employee should initial such stamps as being signed in his or her presence. This should be no more work for the local store than someone cashing a personal check, and there should be no additional administrative cost to the local or Federal governments. If properly enforced, such a requirement would help to prevent the black market and related abuses which appear to exist. It would make lost or stolen coupons more difficult to use and would aid in prosecution since forgery would be involved and appropriate penalties could be established for use or acceptance without following in full the regulations.

Therefore, the conferees strongly recommend that the Department adopt some such regulation to provide added protection for both the legitimate recipient and the Federal Government. The Department is also requested to consult with the appropriate Committees of the Congress on this proposal and other means of tightening-up the administration of the program so as to preserve it for those who have a real need for such assistance.

TITLE IV—INTERNATIONAL PROGRAMS

Foreign Agricultural Service

Amendment No. 66.—Appropriates $37,071,000 for the Foreign Agricultural Service instead of $35,821,000 as proposed by the House and $38,321,000 as proposed by the Senate.

The increases over the House amount include: $1,000,000 for cooperative foreign market development activities, and $250,000 for agricultural attachés for the People's Republic of China and for Egypt.

Amendment No. 67.—Appropriates $9,283,000 for the Foreign Agricultural Service for the transition period instead of $8,973,000 as proposed by the House and $9,598,000 as proposed by the Senate.

Public Law 480

Amendments Nos. 68 and 69.—Delete language proposed by the Senate relating to both fiscal year 1976 and the transition period which provides that not more than 20 percent of the Public Law 480 funds appropriated under Title I shall be made available to countries other than those which are most seriously affected by current food shortages, unless the President demonstrates to appropriate committees of the Congress that the use of such food assistance is solely for humanitarian purposes.

TITLE VI—GENERAL PROVISIONS

Amendment No. 70.—Deletes language proposed by the Senate relating to GSA space costs.

Amendment No. 71.—Restores House language relating to the amount of compensation that may be paid to officers and employees of Cotton, Inc or other such contractual agencies.

Amendment No. 72.—Restores limitation proposed by the House on the Working Capital Fund of the Department of Agriculture.

The Conferees recognize the need to protect the program funds provided by direct appropriation to the various agencies of the Department from undue assessment for certain centralized administrative and management functions funded by the Working Capital Fund. They concur in the principle of limiting the size of such fund, as is done for other items in this bill, either by the imposition of a specific limitation or the establishment of a separate paragraph subject to annual congressional review and approval.

The conferees are in agreement that the Department must not take any action with respect to computer procurements without first obtaining the approval of both the House and Senate Appropriations Committees.

Amendment No. 73.—Restores the section number proposed by the House.

Amendment No. 74.—Deletes language proposed by the Senate which would have made funds appropriated for the Dairy and Beekeeper Indemnity Programs and the Rural Development Grants available until expended.

Amendment No. 75.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment. The conference agreement changes the section number from 611 to 612 and provides that no part of any appropriation contained in the Act shall remain available for obligation beyond the current fiscal year unless expressly so provided therein, except as provided in section 204 of the Supplemental Appropriation Act, 1975 (Public Law 93–554).

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Conference Total—With Comparisons

The total new budget (obligational) authority for the fiscal year 1976 and the transition period recommended by the Committee of Conference with comparisons to the fiscal year 1975 amount, the 1976 and transition period budget estimates, and the House and Senate bills for 1976 and the transition period follows:

New budget (obligational) authority, fiscal year 1975	$13, 759, 777, 530
Budget estimates of new (obligational) authority, fiscal year 1976	[1] 11, 084, 514, 000
Transition period	[2] 2, 025, 519, 000
House bill, fiscal year 1976	11, 047, 263, 000
Transition period	2, 037, 545, 000
Senate bill, fiscal year 1976	11, 092, 283, 000
Transition period	2, 059, 479, 000
Conference agreement	11, 061, 282, 000
Transition period	2, 052, 922, 000
Conference agreement compared with—	
New budget (obligational) authority, fiscal year 1975	−2, 698, 495, 530
Budget estimates of new (obligational) authority, fiscal year 1976 [1]	−23, 232, 000
Transition period [2]	+27, 403, 000
House bill, fiscal year 1976	+14, 019, 000
Transition period	+15, 377, 000
Senate bill, fiscal year 1976	−31, 001, 000
Transition period	−6, 557, 500

[1] Includes $7,645,000 in budget amendments contained in Sen. Doc. 94–81 and not considered by the House.

[2] Includes $1,230,000 in budget amendments contained in Sen. Doc. 94–81 and not considered by the House.

Jamie L. Whitten,
George E. Shipley,
Frank E. Evans,
Bill D. Burlison,
Max Baucus,
Otto E. Passman,
William H. Natcher,
Bob Casey,
George Mahon,
Mark Andrews,
J. K. Robinson,
John T. Myers,
E. A. Cederberg.
Managers on the Part of the House.

Gale McGee,
John L. McClellan,
John C. Stennis,
William Proxmire,
Robert C. Byrd,
Herman E. Talmadge,
Hiram L. Fong,
Roman Hruska,
Milton R. Young,
Mark O. Hatfield.
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. AuCoin (at the request of Mr. O'Neill), from September 30 through today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Kasten) to revise and extend their remarks and include extraneous matter:)

Mr. Quie, for 60 minutes, today.
Mr. Findley, for 10 minutes, today.
Mr. Bob Wilson, for 5 minutes, today.

(The following Members (at the request of Mr. Sharp) and to revise and extend their remarks and include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.
Mr. Dodd, for 5 minutes, today.
Mr. Mikva, for 5 minutes, today.
Ms. Abzug, for 15 minutes, today.
Mr. Early, for 5 minutes, today.
Mr. Nolan, for 5 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Vanik, for 5 minutes, today.
Mr. Rooney, for 5 minutes, today.
Mr. Wirth, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. SEIBERLING, and to include extraneous material following the first part of his colloquy with the gentleman from Pennsylvania (Mr. MORGAN) on the bill just voted on, S. 2230.

(The following Members (at the request of Mr. KASTEN) and to include extraneous matter.)

Mr. CRANE in two instances.
Mr. COLLINS of Texas in four instances.
Mr. BROOMFIELD.
Mr. SHUSTER.
Mr. ARCHER.
Mr. SNYDER in two instances.
Mr. COHEN.
Mr. YOUNG of Florida.
Mr. HEINZ.
Mr. MCKINNEY in two instances.
Mr. COCHRAN in two instances.
Mr. ESCH.
Mr. CARTER.
Mr. FISH.
Mr. MADIGAN.
Mr. SYMMS in two instances.
Mr. RINALDO.
Mr. DERWINSKI in two instances.
Mr. O'BRIEN.
Mr. MCCLORY.
Mr. ANDERSON of Illinois.
Mrs. HECKLER of Massachusetts.
Mr. FRENZEL in two instances.
Mr. PRITCHARD.
Mr. KEMP in four instances.

(The following Members (at the request of Mr. SHARP), and to include extraneous matter):

Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Ms. ABZUG.
Mr. COTTER.
Mr. BYRON in 10 instances.
Mr. BOLAND.
Mr. STEPHENS.
Mr. EILBERG in 10 instances.
Mr. CHARLES H. WILSON of California.
Mrs. SCHROEDER in two instances.
Mr. BARRETT in two instances.
Mr. DRINAN.
Mr. FLORIO.
Mr. ROSENTHAL.
Mr. MATHIS.
Mr. MCDONALD of Georgia in three instances.
Mr. ROBERTS.
Mr. HOWE.
Mr. DIGGS in four instances.
Mr. DOMINICK V. DANIELS.
Mr. O'HARA.
Mr. VANIK in two instances.
Mr. MOAKLEY.
Mr. RICHMOND.
Mr. MEZVINSKY.
Mr. ALEXANDER.
Mr. CARNEY.
Mr. AMBRO.
Mr. WON PAT.
Mr. WAXMAN.
Mr. EARLY.

ADJOURNMENT

Mr. SHARP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 31 minutes p.m.) under its previous order, the House adjourned until tomorrow, Friday, October 3, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1820. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Walter L. Cutler and his family, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

1821. A letter from the Deputy Assistant Secretary of the Interior, transmitting the report of the Fish and Wildlife Service on the Department of the Interior's administration of its functions under the Marine Mammal Protection Act of 1972, covering the period June 22, 1974, through June 21, 1975, pursuant to section 103(f) of the act; to the Committee on Merchant Marine and Fisheries.

1822. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Intervention on the High Seas Act to implement the Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances Other Than Oil, 1973; to the Committee on Merchant Marine and Fisheries.

1823. A letter from the Administrator, Federal Energy Administration, transmitting a report on changes in market shares for petroleum products during the months of May and June 1975, pursuant to section 4 (c) (2) (A) of the Emergency Petroleum Allocation Act of 1973; to the Committee on Interstate and Foreign Commerce.

1824. A letter from the Acting Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend title XX of the Social Security Act to require that State social services plans comply with the Federal Interagency Day Care Requirements, subject to the existing penalties (termination of Federal payments or 3-percent reduction therein) in cases of noncompliance; to the Committee on Ways and Means.

1825. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to encourage and assist States and localities to develop, demonstrate, and evaluate means of improving the utilization and effectivness of human services through integrated planning, management, and delivery of these services in order to achieve the objectives of personal independence and individual and family economic self-sufficiency; jointly, to the Committees on Education and Labor, Interstate and Foreign Commerce, Ways and Means, and Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAYS of Ohio: Committee of conference. Conference report on S. 824 (Rept. No. 94–526). Ordered to be printed.

Mr. SLACK: Committee of conference. Conference report on H.R. 8121 (Rept. No. 94–527). Ordered to be printed.

Mr. WHITTEN: Committee of conference. Conference report on H.R. 8561 (Rept. No. 94–528). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO:

H.R. 9967. A bill to establish coinsurance for urban conventional home mortgages; to the Committee on Banking, Currency and Housing.

By Mr. ULLMAN:

H.R. 9968. A bill to amend section 103 of the Internal Revenue Code of 1954 with respect to certain obligations used to provide irrigation facilities; to the Committee on Ways and Means.

By Mr. BROWN of Ohio (for himself, Mr. BROYHILL, Mr. FREY, Mr. KINDNESS, Mr. MARTIN, and Mr. SARASIN):

H.R. 9969. A bill to provide temporary authority for the President, the Federal Power Commission, and the Federal Energy Administration to institute emergency measures to minimize the adverse effects of natural gas shortages, and to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CARTER:

H.R. 9970. A bill to amend chapter 97 of title 18, United States Code, to make it a criminal offense for any person to fire any firearm or throw any object at any railroad train operated in interstate commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. COUGHLIN (for himself and Mr. RAILSBACK):

H.R. 9971. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax to individuals for certain expenses incurred in higher education, to the Committee on Ways and Means.

By Mr. DEVINE:

H.R. 9972. A bill to provide temporary authority for the President, the Federal Power Commission, and the Federal Energy Administration to institute emergency measures to minimize the adverse effects of natural gas shortages, and to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ESCH.

H.R. 9973. A bill to amend the Regional Rail Reorganization Act of 1973 with regard to effective date of the final system plan; to the Committee on Interstate and Foreign Commerce.

By Mr. HEINZ:

H.R. 9974. A bill to amend the Regional Rail Reorganization Act of 1973 with respect to the local service lines which the United States Railways Association does not designate as part of the Conrail System in the final system plan, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KASTENMEIER (for himself and Mr. RAILSBACK):

H.R. 9975. A bill to amend the Consolidated Farm and Rural Development Act, to provide an alternate method of making loans for acquisition and improvements of the farm, needed by farm families, including young farmers, and to provide the borrower family with adequate standards of living and the consumer with reasonable prices for dairy and other agricultural products, as well as to maintain and improve national health, and for other purposes; to the Committee on Agriculture.

By Mr. LENT:

H.R. 9976. A bill to amend XVIII of the Social Security Act to provide for the coverage of certain psychologists' services under the supplementary medical insurance benefits program established by part B of such title; to the Committee on Ways and Means.

By Mr. REES:

H.R. 9977. A bill to amend the Emergency Loan Guarantee Act to permit the Emergency Loan Guaranee Board to guarantee the bonds of States and municipalities; to the Committee on Banking, Currency and Housing.

By Mr. MOLLOHAN (for himself and Mr. Lehman):

H.R. 9978. A bill to provide additional fiscal assistance to local governments and to extend revenue sharing for local governmental units for 6 additional years, and for other purposes; to the Committee on Government Operations.

By Mr. NOLAN:

H.R. 9979. A bill to amend the Rehabilitation Act of 1973 to provide for a program of wage supplements for handicapped individuals; to the Committee on Education and Labor.

By Mr. PICKLE:

H.R. 9980. A bill to remove Members of Congress from the purview of section 225 of the Federal Salary Act of 1967, relating to the Commission on Executive, Legislative, and Judicial Salaries, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. QUIE (for himself, Mr. Perkins, Mr. Brademas, and Mr. Bell):

H.R. 9981. A bill to encourage and assist States and localities to develop, demonstrate, and evaluate means of improving the utilization and effectiveness of human services through integrated planning, management, and delivery of those services in order to achieve the objectives of personal independence and individual and family economic self-sufficiency; to the Committee on Education and Labor.

By Mr. RHODES (for himself, Mr. Spence, Mr. Lujan, Mr. Collins of Texas, Mr. Whitehurst, Mr. McClory, Mr. Steiger of Wisconsin, Mr. Martin of North Carolina, Mr. Mitchell of New York, Mr. Sarasin, Mr. Cederberg, Mr. J. William Stanton, Mr. Derwinski, Mr. Erlenborn, Mr. Bob Wilson, Mr. Kasten, Mr. Edwards of Alabama, Mr. Cleveland, Mr. Moorhead of California, Mr. Brown of Michigan, Mr. Bell, and Mr. Robinson):

H.R. 9982. A bill to provide for the phased decontrol of crude oil prices, to provide for a gradual transition from mandatory price and allocation controls, to amend the Emergency Petroleum Allocation Act of 1973, as amended, to provide for a deregulation tax, and for other purposes; jointly to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. SARASIN:

H.R. 9983. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. YATRON:

H.R. 9984. A bill to provide for the reduction of the amounts of Federal aid highway funds to any State which has not made provision for free access to emergency vehicles on any toll road, tunnel, or the approaches thereto within the jurisdiction of such State; to the Committee on Public Works and Transportation.

By Mr. YOUNG of Florida:

H.R. 9985. A bill to amend part A of title XVIII of the Social Security Act to freeze the inpatient hospital deductible under the medicare program at its 1975 level; to the Committee on Ways and Means.

By Mr. DOWNING of Virginia:

H.R. 9986. A bill to amend the act approved January 23, 1930, establishing the George Washington Birthplace National Monument, Virginia, to authorize the addition of certain lands to such monument, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FRASER (for himself, Mr. Obey, and Mr. Oberstar):

H.R. 9987. A bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GAYDOS:

H.R. 9988. A bill to amend title II of the Social Security Act to reduce from 60 to 45 the age at which a woman otherwise qualified may become entitled to widow's insurance benefits; to the Committee on Ways and Means.

By Mr. ICHORD (for himself, Mr. McDonald of Georgia, Mr. Hansen, and Mr. Fithian):

H.R. 9989. A bill to repeal the Real Estate Settlement Procedures Act of 1974; to the Committee on Banking, Currency and Housing.

By Mr. McKINNEY (for himself and Mr. O'Brien):

H.R. 9990. A bill to amend section 402 of title 23, United States Code, relating to highway safety programs; to the Committee on Public Works and Transportation.

By Mrs. MINK:

H.R. 9991. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. MOTTL:

H.R. 9992. A bill to repeal the Military Selective Service Act; to the Committee on Armed Services.

By Mr. ST GERMAIN:

H.R. 9993. A bill to extend the authority for the flexible regulation of interest rates on deposits and share accounts in depository institutions, to impose a moratorium on the usage by financial institutions of electronic methods of funds transfers, and to improve public understanding of the role of depository institutions in home financing, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. WHITE (for himself, Mr. Henderson, Mr. Dominick V. Daniels, Mr. Harris, Mrs. Spellman, Mr. Mineta, Mr. Jenrette, Mr. Udall, Mr. Taylor of Missouri, and Mr. Fisher):

H.R. 9994. A bill to amend title 5, United States Code, to grant court leave to Federal employees when called as witnesses in certain judicial proceedings, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BOB WILSON:

H.R. 9995. A bill to amend title 37, United States Code, to provide that warrant officers of a uniformed service who accept appointments as commissioned officers shall not receive less than the pay and allowances to which they were previously entitled as warrant officers; to the Committee on Armed Services.

H.R. 9996. A bill to provide for the automatic adjustment of annuities payable to certain widows of deceased retired members of the uniformed services in order to reflect any increase made in the maximum annual income limitation which applies to widows' pension payable under section 541(b) of title 38, United States Code; to the Committee on Armed Services.

H.R. 9997. A bill to authorize adjustment in the annuities payable under subchapter I of chapter 73 of title 10, United States Code, whenever retired or retainer pay is increased under section 1401a of that title; to the Committee on Armed Services.

By Mr. BADILLO:

H.R. 9998. A bill to establish a procedure for adjustment of debts of public agencies and instrumentalities and political subdivisions; to the Committee on the Judiciary.

By Mr. BALDUS (for himself, Mr. Bergland, Mr. Bowen, Mr. Burlison of Missouri, Mr. Carr, Mr. Edgar, Mr. Flood, Mr. Hagedorn, Mr. Hanley, Mr. Jones of Tennessee, Ms. Keys, Mr. Lott, Mr. Mathis, Mr. Moore, Mr. Myers of Pennsylvania, Mr. Obey, Mr. Preyer, Mr. Quie, Mr. Rose, Mr. Thone, and Mr. Walsh):

H.J. Res. 682. Joint resolution to amend section 201 of the Agricultural Act of 1949, as amended, relating to the support price of milk; to the Committee on Agriculture.

By Mr. MORGAN (for himself and Mr. Broomfield):

H.J. Res. 683. Joint resolution to implement the U.S. proposal for the early-warning system in Sinai; to the Committee on International Relations.

By Mr. ZABLOCKI (for himself, Mr. Aspin, Mr. Baldus, Mr. Bonker, Mr. Conte, Mr. Cornell, Mr. Drinan, Mr. du Pont, Mr. Eilberg, Mr. Fascell, Mr. Gude, Mr. Harrington, Mr. Hicks, Mr. Kastenmeier, Mr. Long of Maryland, Mr. Mazzoli, Mr. Mikva, Mr. Nedzi, Mr. Nowak, Mr. Obey, Mr. Pickle, Mr. Reuss, Mr. Roe, Mr. Roybal, and Mr. Scheuer):

H. Con. Res. 413. Concurrent resolution with respect to an international treaty banning lethal chemical weapons; to the Committee on International Relations.

By Mr. ZABLOCKI (for himself, Mr. Addabbo, Mr. Badillo, Mr. Boland, Mr. Cohen, Mr. Corman, Mr. Dellums, Mr. Edgar, Mr. Esch, Mr. Fraser, Mr. Harkin, Mr. Helstoski, Mr. Jeffords, Mr. Leggett, Mr. McHugh, Mrs. Meyner, Mrs. Mink, Mr. Nix, Mr. Oberstar, Mr. Ottinger, Mr. Quie, Mr. Riegle, Mr. Rooney, Mr. Solarz, and Mr. Wirth):

H. Con. Res. 414. Concurrent resolution with respect to an international treaty banning lethal chemical weapons; to the Committee on International Relations.

By Mr. DENT (for himself, Mr. Gaydos, Mr. Carney, and Mr. Ashbrook):

H. Res. 761. Resolution to express concern over the attempted takeover of the Copperweld Corp., by a foreign corporation; to the Committee on Education and Labor.

By Mr. JONES of Tennessee (for himself, Mr. Bergland, Mr. Breckinridge, Mr. Carter, Mr. Howe, Mr. Jeffords, Mr. McHugh, Mr. McKay, and Mr. Young of Alaska):

H. Res. 762. Resolution to authorize the President to issue a proclamation, designating the week beginning April 4, 1976, as National Rural Health Week; to the Committee on Post Office and Civil Service.

By Mr. SYMMS (for himself, Mr. Hyde, Mr. Schulze, Mr. Ford of Tennessee, Mr. Ketchum, Mr. McDonald of Georgia; Mr. Treen, Mr. Kindness, and Mr. Mitchell of Maryland):

H. Res. 763. Resolution to review, evaluate, and further amend the Wagner-Peyser Act; to the Committee on Education and Labor.

By Mr. TAYLOR of North Carolina:

H. Res. 764. Resolution to amend rule XXIII of the Rules of the House of Representatives to expedite conduct of quorum calls in the Committee of the Whole; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BERGLAND:

H.R. 9999. A bill for the relief of Harvey

Wagner, Louise Wagner, Tracy Wagner, Gwendolyn Wagner, Leslie Wagner, and David Wagner; to the Committee on the Judiciary.

By Mr. D'AMOURS:

H.R. 10000. A bill for the relief of Albert J. Dunbrack; to the Committee on the Judiciary.

By Mr. DAN DANIEL:

H.R. 10001. A bill for the relief of John W. Wilson; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

243. By the SPEAKER: Petition of the board of county commissioners, Collier County, Fla., relative to the printing of ballots in foreign languages; to the Committee on House Administration.

244. Also, petition of the board of county commissioners, Collier County, Fla., relative to allowing residents to remain in the Big Cypress purchase area; to the Committee on Interior and Insular Affairs.

245. Also, petition of the board of county commissioners, Collier County, Fla., relative to foreign assistance; to the Committee on International Relations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8603

By Mr. COHEN:

Page 23, line 16, strike out the quotation mark and the period immediately after the quotation mark.

Page 23, immediately after line 16, insert the following:

"(e) In the administration of this section, any organization or association—

"(1) which is not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual; and

"(2) which is engaged in the harvesting of marine resources;

shall be considered an agricultural organization for purposes of former section 4358(j)(2) and former section 4554(b)(1)(B) of this title.".

EXTENSIONS OF REMARKS

AN ORDERLY PROCESS FOR RAIL REORGANIZATION

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. ESCH. Mr. Speaker, the Nation has embarked on the most massive industrial reorganization in history with the reorganization of the bankrupt railroads of the Northeast and Midwest. The reorganization will affect thousands of industries and shippers; it will have a significant impact on the growth patterns of communities and industries; it will determine whether thousands of individuals will have jobs; it will shape the transportation system of this area for the next decade and beyond.

In short, Mr. Speaker, the reorganization of the bankrupt railroads of the Northeast and Midwest is one of the major questions which will be decided by the Congress over the next few months. Yet the procedures under which we will consider this reorganization are established in such a way as to make rational consideration of the problem almost impossible.

When we approved the Regional Rail Reorganization Act of 1973—RRRA—Congress intended for the U.S. Railway Association to present to us a final plan on which we could then make a final determination as to whether it was appropriate. However, because of the ambiguous nature of the final system plan which the USRA sent to the Congress we will not, in fact, know what kind of a rail system we are going to get until after the FSP has been approved.

Under present law, the Congress must reject the final system plan by mid-November or it automatically goes into effect. The FSP, however, is not one plan—but two options which are radically different in concept. The preferred plan—ConRail/Chessie—is based on the acquisition of major portions of the bankrupt railroads by the Chessie System. The fall-back plan—Unified Conrail—is a massive noncompetitive, Government-financed railroad which would absorb all the bankrupts in the area being reorganized under the RRRA. One plan calls for a system of competition; the other is clearly a Government-subsidized monopoly. If we follow present procedures, Congress will have no idea which of these two greatly divergent plans will come into being, because the Chessie is not required to make its decision on whether to acquire the bankrupt lines which are vital to the plan until 30 days after the FSP is scheduled to go into effect.

Many of us are greatly concerned about the question of branch line abandonments. In Michigan, for example, the FSP calls for the State to lose more than 1,100 miles of railroad line. This is a serious matter for Michigan; other States are similarly concerned. There are at least a dozen different major proposals pending before the Commerce Committee on the branch line abandonment question. Further there are dozens of other sensitive, and explosive rail issues involved in the final system plan.

Even if the House were to stick to the optimistic schedule now outlined by the Commerce Committee which would bring legislation to the floor in early November, it is absolutely clear that the Senate will not meet the same accelerated schedule. The Senate Subcommittee on Transportation of the Senate Commerce Committee has scheduled hearings to begin October 21 on a yet unwritten omnibus rail proposal. It is literally impossible for the Senate subcommittee to finish its own markup, obtain full committee approval and floor consideration by mid-November. Then, remember, a House-Senate conference committee must meet and decide many extremely controversial issues and the President must sign the entire package into law.

While all of us believe that there will be some compromise on the question of abandonments which will allow for a system of Government subsidies, the facts are that we simply will not know the size, shape, and scope of the program—or whether, in fact, there will be a program—by the date the FSP is made effective. I am not willing to let hundreds of Michigan communities, and hundreds of Michigan shippers, and thousands of Michigan workers take a chance on the adoption of the FSP before I know what the implementing legislation is going to be in vital areas such as abandonment policy. I cannot believe that any Member of Congress from the Northeast and Midwest is willing to let this plan go into effect until there is some real predictability about what is going to happen to those rail lines which the USRA felt were nonessential. A good number of us believe that many of those lines are, in fact, essential and I, for one, am not willing to see the FSP go into effect while they are left hanging. The shippers and the communities have a right to some predictability as to their future transportation service.

Not only would automatic approval of the FSP leave unresolved the key questions of whether or not there will be a competitive rail system in the Northeast and how branch lines will be treated, but we are also totally in the dark as to the whole financial base of this incredibly complex reorganization. The USRA has made recommendations for additional funds; Chairman ROONEY and ranking minority member SKUBITZ have come forward with a somewhat different plan which may not be acceptable to the administration; on the Senate side they are working with several varying concepts; the financial community has cast serious doubts on the USRA figures; the railroad creditors claim the Government has vastly undervalued the property and will sue regardless of what Congress does; the Chessie and other acquiring railroads are demanding deficiency judgment protection written into law if they are to make the enormous investment in new lines called for in the FSP.

Billions of dollars are at stake.

As I indicated while discussing the branch line question—there simply is not one chance in a thousand that these extremely complex financial questions will be settled prior to mid-November. Mr. Speaker, if we are to be completely honest about this rail reorganization, we will have to admit that it is probable that the system which we create will be a constant drain on the Federal Treasury for the forseeable future. I, for one, want to know just what the financial structure is going to be—and what the future liability of the Government is likely to amount to—before I am willing to allow the plan to go into effect.

The problems and complications of the final system plan and the rail crisis which is facing the Congress must be addressed. The primary problem now is that the whole decision is scheduled to take place before we know what we are deciding on. This is absolutely absurd.

I am therefore introducing legislation today which would straighten out the procedure under which this rail reorganization will be approved by Congress. This bill is neutral as to whether the final system plan is ultimately accepted or rejected. It is designed to assure that the issue will be decided in an orderly process which will recognize that the final decision cannot be made until the key rail issues have been resolved.

My bill will amend the language of the Rail Reorganization Act of 1973 to provide that the decision of the Congress on the acceptance or rejection of the final system plan will take place 120 legislative days following its submission to us. This will add 2 months to the time we have to consider this extremely complex issue. During that time, if present schedules are adhered to—and there is every reason to believe that the Commerce Committee is intent on moving this legislation just as speedily as it can responsibly do so—implementing amendments to the RRRA will have been considered by both the House and the Senate and will have been signed into law. I am confident that, at the end of that period of time, we will know what decision has been made with regard to branchline abandonments—we will know what future financial commitments have been made—and we can make a rational decision on the future of transportation in the Northeast.

My bill will also amend the Regional Rail Reorganization Act of 1973 to require that profitable railroads certify their decision as to whether to purchase portions of the bankrupt lines 90 calendar days after the submission of the final system plan. This is, in fact, precisely the period of time during which they must make their decision under the present law. However, under my amendment, this date would fall prior to, rather than following, the final decision on acceptance or rejection of the entire final system plan. In light of the radical difference which these decisions will make on the future of rail transportation in the region, it seems essential that we know whether the profitable railroads are going to extend their operations into the region. The entire nature of competition in the region depends on the decision of the Chessie; the Southern Railroad has indicated serious reservations about the purchase of lines which will provide service in the entire Delmarva region; the Grand Trunk Western and the Detroit, Toledo & Ironton are considering acquisitions which will make a major difference to the future of rail service in Michigan.

I am aware that these railroads are greatly concerned about the question of deficiency judgments against them if the creditors of the previous bankrupt railroads do not feel that they have been adequately compensated. I believe that the Congress will have made a decision with regard to this question prior to the date when certification will be required. While one cannot bind the Congress to a schedule by legislation, it is clearly the intention of the Commerce Committee to take action on this question prior to the date of decision. If it has not completed action, I believe it would be perfectly proper for the profitable railroads to make their certification contingent upon the subsequent passage of deficiency judgment legislation.

Once the Chessie and other railroads have made their decision, the nature of competition in the Northeast will become clear. We will know, when we must make a decision on the final system plan 30 days later, whether there is to be a competitive, at least partially private system, or whether we are facing a massive, unified ConRail that is, for all intents and purposes, the beginning of a nationalized rail system.

Mr. Speaker, I feel very strongly that the Congress should not make this incredibly important decision until all the factors are fully understood. I believe my bill will provide an orderly procedure which will allow us to make the decision in the most rational manner.

I am aware, Mr. Speaker, that there are forces within the administration and the USRA which will strongly oppose this bill. They favor letting the final system plan slip silently into effect without an up-or-down vote by the Congress. They hope to let it slide into being before the Congress has had a chance to work its will. They hope to free themselves of congressional oversight of the plan and the future of America's railroads.

I strongly believe that the Congress must be an integral part of this extremely important decision and I believe the procedure which I have outlined will provide the means for us to exert our will in a logical and orderly way.

Mr. Speaker, I will soon be circulating this bill to other Members of Congress for their cosponsorship. Whatever your views on the final system plan itself, I invite you to join with me in working to see that the way it is adopted is a reasonable one.

FREEZING MEDICARE COSTS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. YOUNG of Florida. Mr. Speaker, older Americans covered by medicare have been buffeted with increasing frequency of late by inflationary increases in health care costs. As I noted in my remarks earlier this week, the so-called allowable charges paid by medicare are further and further from what these charges are in reality, and the difference comes out of the pockets of the elderly. Adding insult to injury, the Social Security Administration now plans to increase the out-of-pocket hospitalization costs for the elderly by 13 percent on January 1 next year.

Under the new Social Security Administration proposal, medicare clients will have to pay the first $104 of their hospital bill after January 1, up from the present $92. In addition, costs for extended hospital care will increase to $26 daily, from the present $23, and for extended nursing home care, the out-of-pocket cost will increase to $13 daily, from the present $11.50.

Mr. Speaker, I can no longer wait and hope for committee action to alleviate the heavy burden of medical costs on the elderly who are struggling to exist on low and fixed incomes. These latest increases, loaded on top of the already inadequate payments under part B of medicare, are just too much. I am therefore introducing today legislation to freeze all out-of-pocket costs for hospitalization and nursing home care covered by medicare at their present 1975 levels. My bill will buy time for the elderly, provide them with protection against further financial burdens, while the House Ways and Means Committee's Subcommittee on Health completes its hearings and makes legislative recommendations for the revision of medicare. I have already expressed to the subcommittee my strong concern over the gap between what the Congress intended medicare to do, and what it is actually doing. My bill will prevent any further widening of that gap, and I sincerely hope that the final result of the committee's deliberations will be restoration of medicare benefits to the level which the Congress intended.

Following is the text of my bill:

H.R. 9985

A bill to amend part A of title XVIII of the Social Security Act to freeze the inpatient hospital deductible under the medicare program at its 1975 level

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 1813(b) (2) of the Social Security Act is amended by inserting before the period at the end thereof the following: "; except that the inpatient hospital deductible which is applicable in the case of any spell of illness beginning in or after the calendar year 1976 (as promulgated under the preceding sentence) shall not exceed the inpatient hospital deductible (as so promulgated) which was applicable in the case of spells of illness beginning during the calendar year 1975".

SEC. 2. Notwithstanding any other provision of law, the determination and promulgation required to be made during the calendar year 1975 by the first sentence of section 1813(b) (2) of the Social Security Act shall be made (taking into account the amendment made by the first section of this Act) during the 30-day period immediately following the date of the enactment of this Act; and the determination and promulgation so made shall constitute the determination and promulgation required by such sentence.

INTRODUCTION OF THE LOCAL RAIL SERVICES AMENDMENTS OF 1975

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. HEINZ. Mr. Speaker, during public hearings on the proposed restructured rail system in the Northeast and Midwest, the issue that generated the most concern surrounded the methods used by the U.S. Railway Association for determining lines to be abandoned.

The final system plan developed by USRA recommends that we abandon 7,000 miles of track, including 1,200 miles in my State of Pennsylvania alone. Since this matter is extremely important to many communities and users of rail service, it is essential that a means be devised to reverse exclusion decisions which later are found to be incorrect. If the final system plan were to be implemented in its present form the scheduled abandonments could result in the closing of factories, the disruption of small communities across Pennsylvania and throughout the Northeast and Midwest, and the loss of many thousands of jobs.

That is why I am today introducing the Local Rail Service Amendments of 1975. I believe this legislation offers an attractive alternative to the imminent abandonment of lines designated as excess by USRA.

Local branch line service has a direct affect on individual rail users and often is the lifeline of a community or industry. However, these light density lines can also constitute a serious drain on the limited financial resources of a railroad.

Therefore, in considering the final system plan we must strike a very delicate balance on the question of light density lines. Overburdening ConRail with an abundance of unprofitable local service lines may lead to the collapse of ConRail and the rail network in the Northeast and Midwest. Yet, in all fairness, we must take into consideration each case where USRA methodology has been attacked as inadequate and where USRA's decision is being contested by an affected State. We must have the benefit of the best available data before we take the very serious step of abandoning lines, especially those borderline cases where a mistake in methodology could result in the permanent loss of a profitable line. For example, there is a 10-mile stretch of Reading line in Bucks and Montgomery County in Pennsylvania, which serves six major shippers and employs 2,000 people. If this line were abandoned as called for in the final system plan, two plants would close and four others would move, costing 1,764 employees their jobs. In another case the proposed abandonment of 16.5 miles of the Penn Central line between Reading and Hamburg, Pa., would cause the closing of four plants and the loss of 500 jobs.

These are just two examples of 29 lines in Pennsylvania which the Pennsylvania Department of Transportation has found to be viable under a more comprehensive analysis. While I am not in a position to pass judgment on which methods are the most reliable, I strongly believe that this reasonable doubt warrants further study of those lines being contested.

The legislation I introduce today will have the effect of placing a 2-year moratorium on the discontinuance of contested lines. Under my bill, local service lines, which the USRA has designated as excess in the final system plan, will be operated by ConRail or another carrier to be designated in the final system plan. Service will be provided for a 2-year interim period under a 90-percent Federal–10-percent State/user subsidy. During this 2-year period the Rail Service Planning Office would conduct a study of each such local service lines and would report its conclusions and recommendations to ConRail.

In addition, my legislation provides for the analysis and possible return to service of those lines out of service upon the effective date of the final system plan or which were out of service as a result of a natural disaster. One such example is a rail line running from York, Pa., to Cockeysville, Md., which was severely damaged by Hurricane Agnes and is currently out of service. Available data indicates that this line would be profitable if it were operated. However, USRA did not analyze the line.

Mr. Speaker, enactment of my bill would allow us the time we need to assemble the best available data on these lines and enhance the chances of creating a successful rail network in the Northeast and Midwest. At the end of the first 2 years of study, ConRail would submit to the Congress a local service plan designating which studied lines should be retained in its system and which should either be abandoned or made available for subsidy under a Federal-State 70/30 matching grant. This latter subsidy would be available for an additional 3 years, without any need to increase the present $180 million authorization subsidy money available under the Regional Rail Reorganization Act.

According to the Rail Service Planning Office, the total estimated subsidy payment required to operate all lines analyzed by USRA, but not recommended for inclusion in ConRail, has been computed at $35.4 million for 2 years, exclusive of rehabilitation costs.

I believe that this proposal is a fair and reasonable approach to the light density line question and I am hopeful that with the support of my colleagues this legislation will be given immediate consideration.

FORD ABOUT FACE ON PANAMA

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. SNYDER. Mr. Speaker, the State Department's avowed intention to give up the Panama Canal and the Canal Zone has sparked much public debate.

However, this is just the latest episode in the controversy.

Our President, who today seems to be backing the State Department, in 1967 was vociferously on the other side of the argument. When President Lyndon B. Johnson's administration proposed an earlier giveaway, and the Chicago Tribune published the text of the still secret treaty, Mr. Ford as minority leader, spoke out at once against it, warning against the threat of Communist subversion and the need for the United States to be able to make immediate response to any kind of threat to our canal.

A local commentator, Mr. Paul Chiera, recalls the 1967 controversy in a recent newspaper column in the Southwest Virginia Enterprise for September 25. Its text follows:

FORD DOES A COMPLETE ABOUT FACE—NOW WANTS TO GIVE AWAY PANAMA CANAL

President Ford, while House minority leader on July 7, 1967, after reading the text of the Johnson Administration's "new Panama canal defense treaty" (obtained by the Chicago Tribune in Panama, while it was still under secrecy wraps) declared its terms "shocking" and that they would "weaken U.S. control." Ford then stated that the American people would be shocked when they learned the terms of the proposed settlement and he also expressed concern about a communist threat to the canal under lessened American authority.

Minority Leader Ford continued his scathing denunciation of President Johnson's proposed treaties by saying, "With Cuba under control of the Soviet Union via Castro an increased communist subversion in Latin America, a communist threat to the canal is a real danger." He added: "Certainly Congress has the responsibility to get more information than has been made available so far before accepting the Johnson Administration-sponsored treaties."

Referring to a specific section of the defense treaty that provided for United States-Panama consultation before the United States could move into certain sections of the Canal Zone for defense puropses, Ford said:

"Any action on our part to meet a threat involving the national security of the United States should not be hamstrung by the need for time consuming consultation with a government that might be reluctant to cooperate in the defense, or possibly be in opposition to our best interests."

One week later on July 15, 1967, the Chicago Tribune published the complete text of three proposed treaties with Panama which involved serious undermining of the existing sovereign rights of the United States over the Canal Zone and canal itself, the publication of which caused such indignant furor throughout the United States that President Johnson never submitted the proposed treaties to the Senate for confirmation.

Only eight years have elapsed since Ford, a Republican, denounced treaties negotiated by Johnson, a Democrat. Now, as President, Ford is negotiating, through his Secretary of State with his announced approval, new treaties with Panama, containing surrender terms far more drastic and detrimental to the vital interests of the United States than those which were contained in the Johnson-negotiated treaties. This for the reason that communism is much more rampant in Panama today with serious infiltration into the revolutionary government of usurper-dictator Omar Torrijos, who never ceases to blackmail the United States and to issue threats of sabotage and violence against our United States-owned Canal Zone involving serious danger to our people residing there.

Upon the disclosure of the actually proposed provisions of the Ford-negotiated treaties with Panama, it should be obvious that the hue and cry of our people against them will be at least as vociferous as they were against the Johnson proposed treaties in 1967. But our people need not wait for that for they have enough information now to voice their opposition to the President and to their representatives in Congress.

SMITH ISLAND, MD.—PEACE AND "PEELERS"

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. BAUMAN. Mr. Speaker, the Wall Street Journal recently included an article on Smith Island, a unique community out in the Chesapeake Bay which I have the honor to represent in the Congress. The article tells about the isolation and independence, the austere, yet rewarding life, which has kept these 750 people and their ancestors on Smith Island for generations.

I believe that, for an outsider, Journal Staff Writer Thomas J. Bray has caught the flavor of the island fairly well. My colleagues will be interested in learning about this community, and can gain some insights into the independence which characterizes not only Smith Islanders but people throughout Maryland's First District. For those who enjoy unusual places, a visit to Smith Island is certainly worthwhile.

The article follows:

[From the Wall Street Journal, Oct. 1, 1975]

Peace and 'Peelers,' Plus Lots of Evanses, On Isle Called Smith

(By Thomas J. Bray)

Smith Island, Md.—Frank Dize deftly maneuvers his 50-foot fishing boat "Island Belle" alongside a rickety crab shanty on an inlet of this tiny Chesapeake Bay island.

A deckhand jumps off the boat, picks up a large insulated box packed with "peelers"—recently molted, or soft-shell crabs that are considered a delicacy hereabouts—and hoists it aboard. The crabs are destined for market on the mainland after similar pick-ups at the dozen or so other island shanties lining the inlet. For the crew, it's a familiar routine requiring few words. The early morning calm is broken only by the cry of gulls and a deckhouse radio playing religious folk music.

"I'd say the crab catch is only about half last year's," says Mr. Dize in a rare conversational burst. "Crabs come and go. Don't really know why." Is the shortage hurting Smith Island's fishing industry? "Yup, but we'll manage. We've always looked after each other out here."

Indeed they have. Smith Island, a four-square-mile speck in the Chesapeake located just north of the Virginia state line, has been going it alone for some time. Smith Island was named for its discoverer, Capt. John Smith, who charted the Chesapeake in 1608. It was settled in 1657, when a small band of families, chiefly by the name of Evans, Tyler and Bradshaw, moved there after a falling out with Leonard Calvert, son of Maryland's founder, Lord Baltimore. They fished for a living, were early converted from the Church of England to Methodism and became noted for their stubbornly independent existence.

NO MAYOR OR JAIL

That formula hasn't changed much over the years. Crabbing and oystering are still the main livelihood. The Methodist Church is still the only church. And most of the population of 750 is still named Evans, Tyler or Bradshaw—about 75% of them, in fact. (The Evanses are the most numerous: a World War II memorial plaque in the churchyard lists 38 names, 21 of them Evans.)

There isn't any mayor or jail. Groceries and mail comes once a day by boat from Crisfield, Md., on the eastern shore of the Chesapeake 12 miles away. And many of the islanders still talk with an elegant, gliding accent said by some experts to hark back to Elizabethan English: it is nearly unintelligible to the outsider.

The modern world hasn't entirely passed Smith Island by. In 1941 a radiotelephone system was installed to provide communications with the outside world. In 1947 the Rural Electrification Administration provided funds to build an electrical generator. And cars are barged in, though they are usually second-hand. There is only a mile or two of road on the island, so cars are prized mainly for their motors, which watermen (the local term for fishermen) use to power their boat winches.

Smith Islanders are offended by suggestions they are backward. "We've got TV and refrigerators just like anyone else," says Alice Middleton, a retired school teacher. "The dentist comes once a month from the mainland—I wish you could see the air-conditioned office we provide for him—and our volunteer fire department has several nice looking pieces of equipment. And we have a nurse who's as good as any doctor."

NEAT FRAME HOUSES

Still, Smith Island offers an interesting contrast to the normal hurly-burly of American life. As Mrs. Middleton puts it, "I came here 60 years ago and decided to stay, because I liked what I didn't see."

Smith Island actually is composed of three communities. Two, Ewell and Rhodes Point, are joined by a dirt road across a marsh. The third, Tylerton, can be reached only by water.

Neat white frame houses, many of them bordered by colorful flower gardens, line the village lanes. There are only a handful of commercial establishments, including two small general stores owned by two different branches of the Evans family. The only place to stay is in the home of Francis Kitching in Ewell, where $15 (cash only) fetches a back bedroom with a fan, a sumptuous dinner of crabcakes and a bedside copy of "Grit," a weekly newspaper published in Pennsylvania that tends to favor good news

Marriages between cousins have been so frequent over the centuries that questions about family trees draw shrugs. "We just try to keep track of first cousins," says one young bachelor. As a result of this close breeding, islanders have a tendency to diabetes and obesity.

"On the whole, they are a healthy, intelligent breed of people," says Linette Becker, an Australian nurse who moved here with her husband several years ago in response to a search by the islanders for medical help.

Children attend a one-room school in Tylerton or a two-room school in Ewell until they reach high-school age. Then they commute to school on the mainland aboard a sleek new cruise boat that can make the trip in 45 minutes. The 50-passenger vessel, which is chartered by Somerset County from Alan Tyler of Rhodes Point, makes it possible for the children to return to Smith Island each day; previously they were boarded in homes on the mainland for the school week returning only on Friday, because the old ferry couldn't negotiate the frequently rough waters of the Chesapeake.

Many young people eventually move away from the island (perhaps to escape the ferocious mosquitoes that breed in the island's marshes), but a surprising number remain and become watermen like their fathers. It's not a trade that's likely to make them rich. Even in a good year, watermen figure they're lucky to make $10,000 to $15,000 before taxes. And its grueling work. Most Smith Island men are up at 4 a.m. and out on the water before sunrise, returning in the later afternoon after a hard day of physical labor. In winter, the watermen go north in the Chesapeake for weeks at a time in search of oyster beds.

But there are compensations. "Here, I'll be working for myself and living with my own people, says one waterman. "I guess I just like the way of life too much to leave.

AUSTERE WAY OF LIFE

It's a quiet, austere way of life. Liquor isn't sold on the island, mainly for religious reasons, and the main event on the social calendar is the July "camp meeting, a week-long religious revival and family reunion for which even Smith Island expatriates return. Someone tried to start a makeshift movie theater in the mid-1960s, but it soon closed down. "Some people thought it created too much noise and confusion," says one matron approvingly.

The church is the focal point of most community activity (there is much social pressure to attend church, some islanders confide.) The church bulletin serves as a sort of island newspaper and street lighting is paid for out of church funds. Important community issues usually are thrashed out at church meetings. "Whenever I want something for the medical clinic, I just stand up in church and say what I think I need, says Mrs. Becker, the nurse. "Pretty soon, somebody will show up to do repairs or bring me the supplies I've asked for."

One issue being hotly debated is whether to encourage the tourist trade, as has Tangier Island, a similarly isolated spot on the south of Smith Island. (Tangier was bought by John Crockett and his four sons in 1666 from the Indians for two overcoats; now it has a population of about 850, half of them named Crockett.)

TOURISTS NOT WANTED

In favor are such entrepreneurs as Mr. Tyler, the school-boat owner, who would like to expand his ferrying business in the summer months. "How do you like the island? Do you think the tourist business could ever be big here?" he asks a visitor. But many islanders are opposed to tourists because they fear the changes that an influx of outsiders might bring. "It would ruin this place," says Mrs. Becker. Adds a store owner, "The tourists we get over here now don't spend any money, so what's the point?"

Smith Islanders uniformly resent outside interference in their affairs. A Washington decision in the 1950s to declare a large section of marshland on the north point of the island a wildlife preserve rankles many islanders who like to hunt. A more recent decision to install a sewer system to comply with strict water quality laws was also controversial.

When a state policeman showed up several years ago on the main street in Ewell to check auto registrations (few if any of the cars were properly tagged), the islanders simply stopped driving for a few days until he went away. Smith Island has a deputy sheriff, Otis Tyler, but he can't remember the last time there was so much as a fist fight on the island, and he isn't very big on acting like a cop anyway. "Most of these people are either relatives or neighbors," he notes as he watches an obviously under-age youth driving down the street.

JOHN T. FORREST, 13, RECEIVES AWARD

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. COTTER. Mr. Speaker, I am proud to recognize today a very admirable young constituent of mine, John T. Forrest, 13, of Hartford, Conn. John has just been awarded the Connecticut State Police Lambert Award, which is given annually to a young Connecticut resident who has exhibited courage, presence of mind, and swift action to save another person's life or render unusual service, without regard to his or her personal safety.

John, the son of a Hartford fireman, played a significant role in the capture of three men who robbed the Connecticut State Library of a rare coin collection valued near a half million dollars. The robbers had parked their cars near John's home on Hungerford Street and made their way through several backyards to the State library. John's mother was suspicious of the men's actions and asked him to follow them.

John saw the robbers leave the State library and he followed them to their cars. Some of John's friends copied the auto registration numbers and alerted the police. All three robbers were soon apprehended and are now serving prison sentences. The Michaelson collection of rare coins was recovered intact.

This response in a tense situation is a very commendable act. It shows that John Forrest, his family and his friends have a keen sense of responsibility to their community and have not given in to what some people would have us believe is a universal feeling of apathy. John was willing to get involved; and his actions show what can be accomplished when citizens and public servants work together as members of a community.

The State police also cited John's mother, Ruth Forrest, and his two sisters Paula and Susan; along with his friends, David Lock, Mary and Michael Wisneski, and Joseph Lawson, for their cooperation in apprehending the robbers. The actions of these people are very heartening. It shows that people are always ready to respond to a difficult situation with courage and selflessness.

There are many Americans across this country with the same willingness to get involved as responsible and caring citizens. They deserve a great deal of credit for it is this same kind of community feeling that we will be paying tribute to in the upcoming Bicentennial year.

I am happy to join with the State Police of Connecticut in honoring this year's Lambert Award winner, John T. Forrest.

IT IS A WORLD RECORD IN LAWNDALE AS YOUTHS PLAY 300 HOURS NONSTOP VOLLEYBALL FOR CHRIST

HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. CHARLES H. WILSON of California. Mr. Speaker, in the city of Lawndale, a community I am most proud to represent in Congress, a group of students are members of the Church of Christ which is located at 4234 West 147th Street.

In a feat of strength and endurance, 16 of these youths set a goal of beating the world record volleyball playing record which had been established at 240 continuous hours, or 10 days. Thirteen of the original group went on, not only to break the world record, but to establish a new record: 300 continuous hours of volleyball, or 12½ days.

Those completing this recordbreaking game included Dennis and Laurie South, Terri Fleming, Mary Gherna, and Leslie and Kim Marks of Lawndale; Anita Allison, Paul Naschinski, and Roberta Rangey from Hawthorne; Scott Kjos and Norman and Ken Pedersen from Gardena, and Billy Thompson from Redondo Beach.

The game started on September 1, and at exactly 12 noon on Thursday, September 11, the record of 240 continuous hours had been broken. Originally the plan was to play 288 hours, or 2 more days than the original 10-day record. But this valiant group surpassed even their own goals, playing until midnight Saturday, September 13, to complete 300 continuous hours of play.

The young people must have found an inner strength through the guidance and prayer of their minister, Herb Read, and the spirit of their leader, Dennis South. They certainly had the support of parents, friends, neighbors, and members of this community church congregation. The generosity of sponsors was shown in the donation of food, and many Lawndale residents provided beds and showers for the bone-tired and ball-weary players. During their breaks some of the players rested or slept in the church sanctuary in sleeping bags. Others had to rush to their schools to register for the approaching school year.

Why did they do it? Because a record was there. And in their hearts they knew that in doing it for Christ the record could be broken. They went on, exerting themselves beyond belief, to accomplish this goal.

It is with very great pride that I represent such a fine group of young people in the U.S. Congress. And I want to take this opportunity to congratulate them on this fine show of teammanship, will and power to achieve.

GENE SNYDER ASKS PRESIDENT TO LEAD ANTIBUSING FIGHT

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. SNYDER. Mr. Speaker, I recently wrote the President urging him to put his leadership and the full resources of his administration on the side of the 95 percent of the American people who oppose court-ordered busing as a desegregation tool.

Robert S. Allen, in his syndicated column of September 18, made some perceptive observations on this matter.

He makes the pointed statement that the President is finding no support among the many citizens he has met on his recent trips, either for busing, or for his own position on the controversy.

Mr. Allen's column follows:

GENE SNYDER ASKS PRESIDENT TO LEAD ANTIBUSING FIGHT

(By Robert S. Allen)

WASHINGTON, SEPTEMBER 18, 1975: President Ford is making two deeply striking discoveries in his wide-ranging tripping about the country:

(1) Universal and seething hostility toward court-ordered mass busing—in contrast to general acceptance of desegregation of schools. Nowhere has the President encountered active opposition to racial integration of schools; seemingly that concept now appears to be considered a fact of life.

But mass busing is a very different story. On that the President is finding raging fury—chiefly on the ground that court-mandated busing is plain counter-productive. Instead of furthering quality education and better racial relations, it is perpetrating exactly the opposite.

Millions are spent for busing instead of for better schools, more teachers and smaller classes; neighborhoods and communities are uprooted and destroyed by large-scale population "flights" and shifts; and racial relations and problems are harshly acerbated and intensified instead of ameliorated and resolved.

In other words, forced busing is proving an educational and racial perversion instead of a solution.

(2) The President's position on this supercharged issue is generally deemed meaninglessly "straddling"; that he is talking out of both sides of his mouth when he says, on one hand, he is against busing, and on the other, it is essential to "uphold the law of the land."

It has not escaped the President's attention that he never gets a hand in enunciating that position.

Clearly it's not viewed as the role of a forceful and effective leader.

TIMELY ADVICE

Significantly reinforcing this is pointed advice he is getting from Republicans in Congress.

They feel he should be doing something about busing besides talking innocuously about it.

In their opinion, there is ample opportunity for concrete action and he should make the most of it. And if he has any doubts as to just what should be done, it is politely but explicitly spelled out in a letter from Representative Gene Snyder, R-Ky.

The Kentuckian, who went to law school in Louisville, practiced there and whose district adjoins the city, served with the President as a fellow member of the House for years. In his personal letter, Snyder points out:

(1) Legislation aimed at curbing court-ordered busing has long been pending in the Democratic-controlled Judiciary Committee but gotten nowhere because of the Democrats' refusal to permit its consideration; (2) leading sociologists, educators and other authorities who once advocated forced busing "now readily admit their error and conclude that the practice is destructive of the educational process of all children."

It's time, Snyder firmly informs the President, "that you immediately take positive action as the Chief Executive" to get something done, and recommends the following:

"Instruct the Justice Department to intervene in the various pending appeals so that the people will know they are represented in attempting to right this wrong."

"Convene a meeting in Washington of mayors, county executives, governors, etc., who have court-ordered busing or are in litigation over it or expect it, and explain that the legal machinery has been started and that legislative vehicles are available."

"Get their support and commitment for active participation in the moving of the legislation forward, including the discharge petition route if the committees continue to refuse to report the legislation."

"Get their support and suggestions not only to reverse the trend to busing, but to refocus funds and efforts toward improving of education with funds that otherwise will be frittered away in simply moving pupils around."

Time is of the essence, Snyder stresses, because the country cannot be united either at home or abroad with the disruptive discord resulting from forced busing. It's urgent the President act, and without delay.

"This is a great opportunity for you to exercise the leadership that I know you are capable of," Snyder wrote his old House colleague. "It is a great opportunity to put your Administration on the side of over 95 percent of the people. Most of all, it is an opportunity to do good for our country, to reverse a policy that is destroying years of gains in race relations, a policy that is destructive of the family, and most of all destructive of the children on whom it is afflicted."

UNEXPECTED ALLY

Surprisingly, this forceful counsel was impressively echoed in an unexpected quarter.

William Raspberry, black liberal columnist of the liberal Washington Post, startled the capital and its predominantly black population by pronouncing forced busing an outmoded failure and accusing its chief advocate, the NAACP, of stubbornly fighting for a cause of highly dubious merit.

"A lot of us are worrying," wrote Raspberry somberly, "whether the busing game is worth the prize; some of us aren't even sure just what the prize is supposed to be."

The problem is no longer desegregation, asserts Raspberry; that is now widely accepted. What is really neded is better education for blacks and whites.

"The 1954 Supreme Court decision," declares Raspberry, "outlawing racial exclusivity was a vastly important victory which, in effect, opened neighborhood schools to all neighborhood residents. But it didn't automatically lead to racial integration, particularly in the north, where the schools remained white or black because the neighborhoods were.

"So the NAACP expanded the principle to include not just the dismantling of dual school systems but also the elimination of identifiably black schools within unitary systems. A number of courts went along with the expansion. But that is changing.

"The Supreme Court, in the Detroit case, held that it's perfectly all right if schools are predominantly black because the school district is predominantly black. This judicial trend is clear, but it may be too much to expect the NAACP to back down, however counterproductive its efforts in fact may be.

"For NAACP policy makers, the issue is not whether anybody wants busing; it is their view that constitutional considerations require it."

NEW INSIGHTS INTO MEDICAL LIABILITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. CRANE. Mr. Speaker, within the past few years, a good deal has been made of the misnamed "medical malpractice crisis." The crisis exists not with growing medical negligence or rampant malpractice, but with the shrinking availability of medical liability insurance resulting from more people filing more suits in pursuit of larger amounts of dollars, thereby destroying the actuarial predictability of medical risk-bearing.

Few, however, have attempted to explore the root causes of the problem beyond efforts at meeting the immediate crunch of maintaining an insurance market. It is highly probable that our society, becoming ever more litigation-minded and rights-conscious, is beginning to view the men and women of medicine not as practitioners of the art of healing, but as contractors who are expected to guarantee good health and produce happy results. Increasingly, our judicial system is expanding the scope of tort liability to include holding medical professionals guilty for failure to perform in that manner. No longer is medical liability insurance considered a protective device, but it is now seen by many consumers, lawyers, and judges as yet another source of instant income for plaintiffs or as a limitless trough for compensation, reparations, and wealth redistribution.

One distinguished man of medicine, Charles A. Hoffman, M.D., has examined the problem beyond its superficial immediacies. Dr. Hoffman, a past president of the American Medical Association, is currently chairman of the Medical Liability Commission, a Chicago-based national association of the American Medical, Dental, and Hospital Associations and 17 other medical specialty organizations. In his address to the zone II meeting of the National Association of Insurance Commissioners—NAIC—on August 12, Dr. Hoffman offered a unique approach toward satisfying both the "bonded mechanic" elements in our culture who demand a happy physical or financial result after each trip to the doctor's office and the vast majority of Americans who value the traditional, limited-liability patient-doctor relationship.

I commend Dr. Hoffman's remarks to my colleagues and to others seeking the benefits of new insights into this disturbing issue.

The article follows:

AN ALTERNATIVE

(By Charles A. Hoffman, M.D.)

The great majority of Americans (perhaps 90%) are still very hesitant about suing their doctor. Most still consider him as a friend-confessor or as a trusted ally and collaborator in helping to maintain good health and enjoy long life.

Relatively few Americans consider their doctor as a bonded workman guaranteeing perfect medical or surgical results. Most Americans still believe in the Judeo-Christian principles of Caveat Emptor ("let the buyer beware") and joint venture and are willing to fault themselves in part for failing to exercise full diligence in selecting their health-care provided. Most recognize their own personal bad habits as possible contributory negligence factors to any eventual unhappy medical results.

By and large, Americans esteem the professional status of their physicians or surgeon and would not think of "turning on him" as an adversary unless he or she were to behave in a blatantly criminal or grossly negligent way.

Patients usually expect encouragement and confidential advice from their doctor and would consider it absurd to regard the friendly exhortation and professional treatment as absolute contractual guarantee or warranty to be enforced in a court of law and financially fortified by an insurance bond. Indeed, most Americans recognize the spiritual, psychosomatic, and attitudinal factors necessarily involved in the process of getting well.

In this country patients request only that the doctor of their choice perform to the best of his professional ability and do not wish to purchase bonded performance or guaranteed happy results, considering the high price of such guarantee an unnecessary and costly accessory tacked on to the basic professional services they seek.

As we now know, professional liability insurance when used to compensate for unhappy results and for failure to deliver the undeliverable can become very expensive for both doctor and patient and sometimes even wholly unavailable at any price.

Today's problem is that 300 to 400 cases each year are successfully concluded against the provided, whereas a decade or so ago only 100 to 200 verdicts were rendered nationwide against medical defendants.

Insurance reserves for professional medical liability have always been exceedingly thin, and their fragility has been demonstrated in recent years by the relatively minor increase of one or two hundred additional adverse verdicts annually. These reserves were built primarily to be spent on legal defense costs and to cover court awards for gross or wanton negligence only. They were not accumulated or intended as a bonding mechanism for guaranteed performance nor as funding for a system of compensation for all unhappy medical results.

Why?

Because the cultural attitudes and temperament of most Americans precluded the need.

Today a shift of attitude among a relatively small 5–10 percent of our populace has shattered these insurance reserves and has precipitated a major crisis in medical care delivery.

Merely because the uninformed and a few ultra-liberal thinkers of our country might demand a bonded performance or guarantee from doctors is no reason to impose this incredible added cost to basic medical care.

Today two types of medical care delivery are demanded by our pluralistic society, and we have been offering only one. Apparently our system is currently too rigid to accommodate itself painlessly to the changing demand.

Are we so stodgy that we must blindly perpetuate the current uniform system, disavowing to the world America's well-known flexibility?

Can we not deliver medical care to satisfy both segments of our society?

If 90 percent of Americans prefer a less costly, semi-bonded performance affording insured protection only against their doctor's possible gross negligence, are they not entitled to receive it? Should they be forced to pay for frills demanded by the other 10 percent?

If, on the other hand, 10 percent of our people want bonded performance and are willing to pay the insurance premium for a contractually guaranteed physical or financial happy result, should it be denied them?

The obvious answer is legislation at the state level to provide a twofold system of medical care. Let some doctors be legally empowered to hold themselves out as fully bonded performers and to charge appropriate professional fees to insure and compensate for possible performance failure to serve the 10 percent minority of our society who have the desire and financial ability to buy the delivery of "guaranteed happy results" services. Let others be permitted by law to list themselves as traditional limited liability practitioners with proportionately reduced fees insuring only the normal medical care delivery expected by 90 percent of all Americans.

Such an arrangement would be inherently stable, yet flexible enough to adjust to shifting public demand in the years ahead.

COMMUNISTS BEGIN THAI OFFENSIVE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. McDONALD of Georgia. Mr. Speaker, it begins to look as though the Communists in North Vietnam were able to shift gears and focus their tender attentions on Thailand sooner than some of the experts had expected. The London Daily Telegraph of September 26, 1975, reports on the buildup for a monsoon offensive. Another falling domino, anyone? The article follows:

[From the Daily Telegraph, Sept. 26, 1975]

COMMUNISTS BEGIN THAI OFFENSIVE

(By John McBeth)

Defence officials in Thailand are becoming increasingly apprehensive over the significance of an unusual monsoon offensive by Communist insurgents—many of them women.

They fear it may signal the start of a dangerous new phase in the country's guerrilla war, which has spluttered along on a fuse of poverty and government heavy-handedness for the past 10 years.

There have been two major clashes in the past few days, and Col. Prakorb Prayoonpokorat, the deputy interior minister, was quoted yesterday as saying that armed incidents are being reported almost daily in the sensitive northern and north-eastern Provinces.

On present indications, the level of fighting could reach unprecedented proportions during the coming dry season, when terrorist activity traditionally intensifies.

Some officials have linked the upsurge to increased clandestine arms shipments from Laos, an indication, they say, that North Vietnam is releasing part of the huge stockpile of weapons left over from the Indochina War.

A large number of women were among the insurgents who overran a northern outpost on Monday, a wounded survivor said yesterday. The night attack, in Udon Province, 300 miles north of Bangkok, left seven troopers dead and six wounded.

Udon is next to the border Province of Loei, where villagers made the last reported sighting of Rassamee Jandawongse, the strikingly beautiful 28-year-old daughter of Socialist lawyer Krons Jandawongse, who was executed in 1960 for fomenting unrest in the northeastern Provinces and allegedly plotting the overthrow of the Government.

Rassamee, a third-year student at Bangkok's politically-conscious Thammasat University, vanished after her father's death and is reliably reported to have undergone guerrilla training in North Vietnam, China, and the Soviet Union.

Captured film has revealed the presence of a large number of women among Thailand's estimated 8,500 armed insurgents.

NEW HOME OF DETROIT LIONS

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. BROOMFIELD. Mr. Speaker, it is with great pleasure and pride that I call to the attention of my colleagues a development of national consequence in my district. It is the $55.7 million Pontiac Metropolitan Stadium, new home of the National Football League Detroit Lions. And I extend an invitation to each of you to personally view this unique stadium on Monday evening, October 6, when it will be the scene of a nationally televised game between the Lions and the Dallas Cowboys.

The particular significance of this new 80,400-seat stadium is that, in contrast to other stadiums and major construction projects across the United States, it was completed ahead of schedule and within the budget. Considering the history of stadium building and the pressures of inflation, many observers have termed the stadium a miracle, although it is really the product of hard work and cooperation from all parties involved.

Pontiac Metropolitan Stadium will also boast the largest air-supported roof in the world. The 10-acre, 200-ton dome made of Teflon-coated fiberglas was inflated yesterday and makes the stadium the world's largest covered football facility.

The story of Pontiac Metropolitan Stadium is a story of cooperation between management, labor, and municipal officials that is perhaps unparalleled in recent building history. Incredibly, the stadium was built without a single work stoppage, and with a minimum amount of overtime. Contractors and union and city officials deserve a great deal of credit for averting the many problems that seem to inevitably plague similar projects, causing delays and cost overruns.

Actually, credit for this remarkable achievement goes to too many people and organizations to begin to name each and every one. But certainly particular recognition is due the designers of the stadium, the architectural firm of O'Dell/Hewlett & Luckenbach, Inc., Birmingham, Mich., who gave the stadium its unique roof, and the contracting firm of Burton-Malow, Oak Park, Mich., who oversaw the entire project.

Planning and contract officials are quick to admit that the stadium could not have been brought in on time and within the budget without the hard work and cooperation of the AFL–CIO Greater Detroit Building Council and the more than 25 trade unions who worked on the project.

Finally, special praise and congratulations must go to the city of Pontiac, Hon. Wallace Holland, Mayor, and the Pontiac Stadium Building Authority, Harold A. Cousins, chairman, for tackling such an ambitious project and seeing it through to its remarkable conclusion.

Pontiac Metropolitan Stadium is a tangible symbol of the pride and faith the people of Pontiac have in their city. I share that pride with all who made it possible.

GENERALS MIX BUSINESS AND PLEASURE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mrs. SCHROEDER. Mr. Speaker, while we tussle with a $112 billion Department of Defense appropriations bill I thought it might be instructive to share with my colleagues several recent newspaper articles indicating the Air Force has a quite cavalier attitude toward the public's right to know how it spends our tax dollars.

The articles follow:

[From the Rocky Mountain News, Sept. 28, 1975]

GENERALS MIX BUSINESS AND PLEASURE

(By Alan Horton)

WASHINGTON.—Twice in two weeks, most of the Air Force's senior generals and civilian officials have gotten together at taxpayer expense for business meetings that coincided with a convention and a football game.

The first such gathering came a week ago when 31 generals, their staffs and a number of other military and civilian officials—the Air Force refuses to specify who or how many—came here from their posts around the country.

The Air Force Association's national convention was being held at the Sheraton-Park Hotel here for three days.

The Air Force explains, however, that "without exception every one of these officers had other appointments, meetings, conferences, etc., in Washington and were not in the city solely for the purpose of participating in the AFA functions."

Again this week, most of those 31 generals and a number of their fellow officers based here—over 50 in all—have flown to a commanders' conference at the Air Force Academy in Colorado Springs.

At least some of those officers and officials, including Air Force Secretary John L. McLucas, attended the Air Force-UCLA football game at the academy Saturday.

The Air Force has refused to tell Scripps-Howard:

How many planes were used to ferry the generals and their associates to Washington and to Colorado Springs.

How many officers and civilian officials were brought here for the convention.

How much was paid to Air Force personnel in "temporary duty costs" at the rate of $25 per day per person for their attendance at the convention and other meetings.

The Air Force admitted jitney buses were rented—$6,290 worth—to deliver the generals and others to the convention from the Pentagon, from their quarters at Bolling Air Force Base here and from other quarters.

Most of the 31 generals who came here flew on six-passenger T39 jets which cost $320 per hour to operate.

"Why the hell couldn't they hold their commanders' conference here since they were all here anyway?" one Air Force colonel asked.

The Air Force Association is a nonprofit organization with the primary objective "to assist in obtaining and maintaining adequate aerospace power for national security and world peace."

[From the Rocky Mountain News, Sept. 25, 1975]

Air Force To Fly 500 Cadets—At Taxpayers' Expense—to D.C. Game

Washington.—The Air Force plans to fly 500 Air Force Academy cadets in four C141 jet transports to the Oct. 4 Navy-Air Force game at Robert F. Kennedy Stadium in Washington at taxpayers' expense.

The cost: About $100,000 including 38,000 gallons of fuel, maintenance costs and expense money for air crews and faculty advisers.

Last month the Air Force refused to fly participants in the National Special Olympics for retarded children from Seattle to Mount Pleasant, Mich., on the grounds that such a mission was outside its responsibilities.

At least a small contingent of the Air Force Academy's cadets goes to most non-home football games. Each Academy squadron is sponsored by an active Air Force flying squadron "which frequently can find a plane to fly cadets to a nearby game," an Air Force official said. "Of course those are all training flights and the cadets fly on a space-available basis."

The Air Force team will fly to Washington on a chartered commercial plane, paid for from receipts from the game. Its equipment will be flown here on an Air Force C130 cargo plane at taxpayers' expense.

About 100 tickets to the game have been given to top defense officials and members of Congress. Most of the rest of the 54,000 seats will be sold for $8 each.

The cadets must buy their own tickets.

Army and Navy spokesmen said West Point cadets and Navy midshipmen pay their own way to the games they attend with the athletic associations sometimes covering the cost of transportation.

[From the Denver Post, Sept. 25, 1975]

Story of Plane Use to AF Game Unsettled

Washington.—The Air Force chief of staff, Gen. David C. Jones, "heard about and is very concerned about" a report that the Air Force Academy allegedly plans to fly 500 cadets to Washington, D.C., for the Air Force-Navy football game, Oct. 4, Rep. Pat Schroeder, D-Colo., said Thursday.

Mrs. Schroeder, who is a member of the Armed Forces Committee in the House of Representatives, said she tried to call the general after hearing rumors about the academy's plan that would apparently cost the taxpayers $100,000 and consume 38,000 gallons of jet fuel.

"I could only speak to one of his aides," she said. "The general apparently had a meeting at the White House to go to and was going out of town after that."

The aide indicated, however, that the general was very concerned about the situation, but didn't want to issue a statement until he had all the facts in hand.

"I asked if they were planning to use a C–141 transport plane, but the aide didn't know if one is in Colorado right now," she noted. "All he had to do was make one phone call to the central scheduling operation and get the answer."

"It's rather amazing that the Air Force can't cut one of those plans loose to distribute badly needed canning lids, but it can take a lot of cadets to a football game," she said.

Mrs. Schroeder said the Air Force officials have said they will get back to her "after a more thorough investigation has been made."

Dan Buck, Mrs. Schroeder's administrative assistant, also put in a call to the superintendent's office at the academy.

After some hesitation an official there admitted that the story was "in essence" true, Buck said.

"He said that the number of students and the amount of money reported wasn't accurate, but he did confirm the use of C–141s for the cadet 'airlift,' " he said.

FEDERAL FUNDS NOT A BLESSING

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. BAUMAN. Mr. Speaker, as more communities gain experience with the redtape and bureaucratic controls which follow the disbursement of money from the Federal Government, many are having second thoughts. Some assume that the best course for local governments is to line up at the Federal handout window for all the "free money" available.

Well, some local governments have decided that Federal money is not worth it. Recently the Council of Talbot County, Maryland, my home, decided not to seek $140,000 in Federal funds for the construction of the new county library. Citing probable construction delays and increased costs which accompany Federal funding, the county council decided to rely on local resources.

I include in the Record at this point an editorial from the Easton Star-Democrat which explains the good reasoning behind the Talbot County Council's decision:

[From the Star-Democrat, Sept. 25, 1975]

It Was a Rare Move

The Talbot County Council yesterday made an almost unheard of announcement. They have decided NOT to seek $140,000 in federal funds for construction of the new Talbot County library.

In explaining their unusual move, the councilmen said that seeking the federal aid could delay construction of the library by a year and the resulting delay would probably boost through inflation construction costs by $80,000 to $100,000. Current plans call for the library to be completed before the end of 1976, the Bicentennial year.

The councilmen were also worried that the federal requirement that union labor be used for the project would mean higher expenses for laborers' pay and might present the opportunity for strike-related delays in construction.

The library board, which has worked closely with the council on plans for the new library, added its support yesterday to the decision to forego federal funds for the project.

We would now like to add our support to that decision, too.

Local government officials are bombarded with opportunities to use federal aid, programs partially funded with federal money and all sorts of local groups pushing for use of federal cash for this or that reason.

Sometimes these federal funds can do an immense amount of good in our community, other times, the strings attached to the funds can cause so much disruption that we wonder why anyone ever thought them to be attractive. And many times, officials or citizens advocating a particular project use the strange logic that obtaining federal funds makes a project cost local taxpayers nothing. Somehow, they forget that federal funds come from local taxpayers' pockets just as much as the funds for hiring a town police officer.

What this all gets back to is the fact that the council has used foresight and discrimination in deciding how the new library is to be funded. It would be easy to line up at the federal window now, sign up for the $140,000 and not worry about what comes later. Fortunately, the Talbot County Council didn't do that.

ILLEGAL ALIEN BILL ENCOURAGES DISCRIMINATION AGAINST SPANISH SPEAKING PERSONS AND OTHER MINORITIES

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DRINAN. Mr. Speaker, on September 17, 1975, the National Congress of Hispanic American Citizens—El Congreso—an organization of 125 Spanish speaking groups, wrote to each Member of the House opposing the illegal alien bill, H.R. 8713, which is heading for floor action. In that letter, El Congreso stated "that passage of H.R. 8713 will have a detrimental and direct discriminatory effect on Spanish speaking persons, especially Mexican Americans seeking employment, whether they are citizens or aliens authorized to work in the United States."

The serious concerns expressed by El Congreso are shared by other groups seeking to protect the rights of minority citizens. On July 23, 1975, the Mexican American Legal Defense and Educational Fund—MALDEF—wrote to Congressman Don Edwards setting out its opposition to the illegal alien bill. MALDEF opposed the bill because it impermissibly shifts the burden of enforcing the immigration laws from Federal officials to private persons, thus giving employers " the power to determine citizenships."

According to MALDEF's analysis, which I share, the measure will produce discrimination against "Chicanos and other ethnic or racial groups that do not physically resemble the dominant racial group. Specifically, the illegal alien bill has provisions which when implemented will inevitably result in certain groups being treated differently solely on the basis that members of these groups look 'foreign'."

The predictions by El Congreso and MALDEF on the impact of the illegal alien bill should give each of us pause in supporting it. Since each Member has received a copy of the El Congreso letter, there is no need to reprint it here. The MALDEF letter, however, has had more limited circulation and its text is therefore set out below:

MEXICAN AMERICAN LEGAL DEFENSE AND
EDUCATIONAL FUND,
Washington, D.C., July 23, 1975.

Hon. DON EDWARDS,
c/o Committee on the Judiciary, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN EDWARDS: This is in response to your request concerning the position of the Mexican American Legal Defense and Educational Fund (MALDEF) concerning the provisions of the illegal alien bill (H.R. 982).

Let me first emphasize that MALDEF's position is based on legal premises and does not involve questions of policy; the reason for this is that MALDEF does not believe that sufficient information exists to arrive at valid conclusions concerning policy on immigration and on illegal aliens.

MALDEF's major concerns with H.R. 982 center on the constitutional problems that will be imposed on the Chicano community if the bill becomes law; however, at least one other type of problem will be noted first.

Under the provisions of the bill, an employer is required to make a bona fide effort to determine whether an employee or a potential employee is an illegal alien. In making this determination, the employer can (1) prove that the person is an illegal alien (2) prove that the person is a U.S. citizen, or (3) prove that the person is not a U.S. citizen but is also not an illegal alien. Number 1 above, however, is purely fictional since that determination can only be made by determining items 2 and three. That is, a person can affirmatively prove he is a citizen and he can affirmatively prove that he is a documented alien; however, proving that somebody is an illegal alien can only be done by showing that the person is not a citizen and is not a documented alien.

An employer who must comply with the provisions of the bill must necessarily involve himself in constitutional law (Article XIV, Section 1) and immigration law. More specifically, he will be required to determine a person's citizenship or documented status. This presents two major problems. First, it would require that the employer have sufficient expertise in constitutional and immigration law to be able to make a reasonable conclusion concerning a person's status; most employers do not have this type of expertise. Secondly, the bill shifts a federal government function (i.e., determining citizenship) from the government to a private party—the employer. This is particularly unusual in that not even the states are allowed this authority; as a matter of fact a state cannot even determine what persons will be its citizens. While it can be argued that the employer will not be determining citizenship in the absolute sense but will be determining citizenship only in a relative sense (i.e., relative to being hired or fired), the distinction is merely one of degree. That is, citizenship is not an abstraction; whether or not one is a citizen relates directly and tangibly to rights and benefits one can enjoy. Consequently, determining citizenship relative to employment relates directly and tangibly to rights and benefits one can enjoy from being employed. Thus, absolute citizenship is pure theory since once a determination of citizenship is made certain rights and benefits accrue that relate back to being a citizen. Employers should have no power to determine citizenship.

The legal problems with the bill center on the equal protection of the laws for Chicanos and other ethnic or racial groups that do not physically resemble the dominant racial group. Specifically, the illegal alien bill has provisions which when implemented will inevitably result in certain groups being treated differently solely on the basis that members of these groups look "foreign". This different treatment can occur at two levels. First, the typical employer will invariably be more suspicious of an employee or potential employee who looks "foreign" or who speaks a foreign language or speaks with an accent. Many Chicano employees would be perceived as being "foreign". Consequently, an employer wishing to not take chances will require Chicano employees to present evidence of citizenship with much more frequency than will be required of employees who do not look "foreign". The problem increases in intensity and scope when Chicanos realize that the way to avoid being suspected of illegal alien status is to carry some sort of identification proving citizenship. Thus, an entire class of people will practically be required to carry some sort of internal passport that will allow members of the class to move into a new job or allow them to keep a job. MALDEF feels that such an imposition and burden on Mexican Americans is totally unacceptable and cannot be tolerated by our community.[1]

In the same measure, MALDEF feels that the provisions of the bill provide a racist employer with the excuse to discriminate against Mexican Americans. In theory, it is quite possible for an employer to decide not to hire anybody that looks "foreign", justifying such a decision by saying that he is afraid of hiring illegal alients; the true reason would be that he doesn't want to hire Mexican Americans. While there are civil rights laws that could serve preventive and remedial functions, it is a well known fact that these laws are not implemented effectively, particularly with regard to national origin groups such as Mexican Americans.[2] Consequently, the bill would add to the backlog of complaints already in existence and the "preventive and remedial" functions mentioned above would be mere illusions.

It is important to know that at least 2 states have attempted to enact legislation similar to the illegal alien bill and both failed. In California the bill was struck down by a state court (Dolores Canning case) as being unconstitutional; although the court employed the preemption doctrine for its decision, it is interesting to note that plaintiffs also argued that the state law would violate the equal protection of the laws of certain ethnic groups. In New York, a similar law was passed by the state legislature but was vetoed by Governor Malcolm Wilson (veto message of June 17, 1974) for two reasons: one was that the illegal alien field was pre-empted by the federal government; secondly he stated that: . . . the bill could result in discrimination against natural born citizens of the United States who are members of minority groups, but who cannot provide documentary proof of their birth by reasons of local vital statistics problems.

It should also be noted that recently the U.S. Supreme Court struck down as violative of the 4th Amendment an INS practice allowing "roving patrols" to stop cars on the basis that the occupant looks "foreign". If the federal agency responsible for administering the immigration laws cannot use "foreign looks" as a basis for carrying out its laws and regulations a fortiori a private person should not be given the opportunity or sanction to do likewise with respect to carrying out the provisions of a particular law—H.R. 982.

In essence, the H.R. 982 poses major constitutional problems for Mexican Americans and other similarly situated groups. It is for these reasons that MALDEF feels the bill should not be supported as it is presently worded and should be defeated or redrafted to eliminate the constitutional problems mentioned above.

Sincerely,

AL I. PEREZ,
Associate Counsel.

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[1] It is interesting to note that when the Department of Justice proposed a national identification card, members of Congress reacted very negatively against this proposal, saying it was not consistent with American ideals.

[2] For example, the Equal Employment Opportunity Commission has only one national origin discrimination lawsuit in the entire Los Angeles area.

THE U.S. ECONOMY: MYTHS AND REALITIES

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. CRANE. Mr. Speaker, no problem which faces society can be solved, no negative condition corrected, unless we carefully examine the causes of the difficulty and attempt to deal with them.

Too often, the American political process works against a real consideration of cause and effect. We tend, instead, to deal with symptoms and to produce temporary, cosmetic programs which, in the long run, make things worse, and not better.

This negative, short-run approach to real problems is especially true with regard to the economy. Many in political life, responding to a public clamor against rising prices, think that they can simply pass a law forbidding any further increase. These same political figures respond to the demands of each group which requests a governmental subsidy—whether farmers, businessmen, labor leaders, or welfare recipients—by providing such assistance. The fact that deficit spending produces inflation which causes higher prices is lost in this very political process. The economy, as a result, continues its steady deterioration.

Unfortunately, most public figures who discuss our current twin economic problems of unemployment and inflation invoke as economic reality what are, in fact, economic myths.

There are some, for example, who tell us that our free enterprise system practices a policy of "planned obsolescence," and that this is particularly true of the automobile industry, Prof. Peter Drucker declares that the only thing "we have been obsoleting and rapidly is the first owner of a car." He writes that:

> The American automobile . . . has a longer working life, measured in miles driven—the only sensible yardstick—than any other automobile. Indeed, the American system, under which people trade in their new car after a year or two, represents, without being planned, the most effective form of "income distribution" we have in this country . . .

Another myth is that the corporation tax is a tax on the "rich" and that it should be increased to further assist our economic recovery. Mr. Drucker argues instead, that:

> . . . with pension funds owning 30 percent of American large business—and soon to own 50 percent—the corporation income tax, in effect, eases the load on those in top income brackets and penalizes the beneficiaries of pension funds. In many cases it means an

> effective tax of almost 50 percent on the retired worker, as compared with the 15 percent or less that he is supposed to pay. The corporation income tax has become the most regressive tax in our system, and a tax on the wage earner and on wages. Eliminating it would probably be the single largest step we could take toward greater equality of incomes. . . .

An additional myth confronted by Mr. Drucker is that the top 5 percent of income earners—those making more than $30,000 or $40,000 a year—own 40 percent of the personal wealth of America. He notes that:

> The joker . . . is the word "personal" . . . For the single greatest assets of the typical American middle and working class family, its future contingent claim on the pension fund of the employing company is not "personal wealth." . . . But it is surely an asset and increasingly worth more than the family home. . . .

Mr. Drucker declares that, in real terms, the top 5 percent income earners probably own not 40 percent of the Nation's wealth, but no more than 10 percent. He declares that:

> These myths . . . are not harmless. They lead to "soak the rich legislation" which, in effect, then "soaks the poor."

To solve our economic problems we need more free enterprise, not less, and we need less Government interference in the workings of the economy, not more.

I wish to share with my colleagues the important article, "Six Durable Economic Myths," by Peter Drucker, Clarke professor of social science at Claremont Graduate School, as it appeared in the Wall Street Journal of September 16, 1975, and insert it into the RECORD at this time:

SIX DURABLE ECONOMIC MYTHS

(By Peter F. Drucker)

There is a great deal of talk today about changes that are taking place in the structure of the American economy. But our political rhetoric and our economic policies are dominated by myths about this structure rather than by the structural realities themselves.

In particular there are six such myths, believed by almost everyone but completely at odds with the realities of the American economy.

The first of these is the belief, shared by practically all economists as far as I can see, that we face long years of high unemployment, even if economy returns to "normal."

This simply does not jibe with our population figures. Beginning no later than 1977, we face a very sharp drop in the number of young entrants into the labor force, the result of the "baby bust" that began in 1960 and that lowered the birth figures by 25% or more within a very short period. At the same time, for at least another 10 years, the number of people who reach retirement age will still go up.

Thus we face long years of a diminishing labor supply, except in the event of a worldwide depression, at least until the mid-90s, which is the earliest time at which a reversal in the birth rate could have an impact on the size of the labor force. President Ford in his Labor Day address quoted a figure of 95 million people who will have to have jobs in 1985. But if the President assumed a condition of official "full employment"—or 4% unemployed—in that future year, then 95 million people at work 10 years hence are hardly more than would be at work today if we had 4% instead of 9% unemployment. The figure which the President cited as an indication of the magnitude of labor force growth turns out to include no labor force growth whatsoever.

The resulting labor tightness will not be felt equally in all areas. Indeed, the area that displayed the greater manpower shortage in the '50s and '60s—teaching jobs will continue to be a "labor surplus" area, again because of the "baby bust" of the last decade. This may explain why the "experts," who are all, nor nearly all, university teachers foresee a continuing labor surplus instead of the reality of an almost certain labor shortage.

The second myth also is closely related to demographics. It is the myth that we can restore high economic activity by "reviving" consumer demand for the two truly depressed industries of today—auotmobiles and housing. In the very short run this pump-priming may work. For anything longer, say three years or so, demand in these two areas will be low and decline, no matter what economic policies we pursue. The demand will simply not be there.

THE AGE FACTOR

We have known for 50 years, ever since General Motors made its basic studies in the '20s, that the single most important factor in the demand for new automobiles in the United States is the number of people reaching the age at which they get their drivers' licenses. Of course, they do not, as a rule, buy new cars themselves. They buy the old cars and this enables the former owners of the old cars to buy new cars. And the number of these old car buyers, beginning in the next year or so, will go down by 25% or more and will remain low for the foreseeable future.

Similarly, we have known in respect to housing that it is not "family formation"—that is, the number of men and women who marry (or otherwise take up housekeeping)—but the number of second children born, which correlates most closely with demand for new residential housing. And that number, too, is down. All that can be done by pumping money into housing in these circumstances is to drive up the price, which, I suspect, has been the only effect of all the governmental housing policies all along.

We are not "underhoused" in this country. We probably have too large a stock of housing, though, of course, it is not all in the places where the people are or want to be. What is needed is a policy that enables people to maintain the value of existing houses; whereas most of our present policy, beginning with rent control and continuing on to the exceedingly high interest rates for housing renewal, has the opposite effect and is—consciously or not—meant to discourage people from maintaining their homes and to encourage them to acquire or build a new one. And that cannot work.

The third myth is that deeply ingrained belief that we, in this country particularly, practice "planned obsolescence" of products—and especially of automobiles. What we have been obsoleting and rapidly is the first owner of a car.

The American automobile, in fact, has a longer working life, measured in miles driven—the only sensible yardstick—than any other automobile. Indeed, the American system, under which people trade in their new car after a year of two, represents, without being planned, the most effective form of "income distribution" we have in this country—since the first owner pays about twice as much per mile as the third owner (if you include total expenses) so that the poorer people get cars in excellent working condition, good for another 50,000 miles, at a substantially lower price than the first owner paid for what is essentially vanity.

Assuming a new car price of $4,000, the first owner, driving an average of 10,000 miles a year, pays 28⅓ cents a mile, consisting of a loss in the car's value of $1,200 and a mileage cost of 13⅓ cents. The second owner, paying $2,500 (the dealer taking a slight loss normally) and keeping the car for three years, pays 20 cents a mile (a loss on the car of $2,000, $500 in repairs and 13⅓ cents a mile). The third and final owner, who pays perhaps $700 and drives 50,000 miles after which the car is worthless, pays 16 cents a mile.

A more equitable form of income distribution has never been designed. The car itself does not become "obsolete"; on the contrary, it keeps going on.

My fourth myth would be that basic belief, ingrained in practically all of our economists today, that there is in the American economy, or in any other developed one, a tendency towards "oversaving."

This is largely the result of the belief that buying a house, paying Social Security or contributing to an employe retirement fund is "saving." But these are, in effect, "transfer payments." The only viable definition of "savings" is "funds which are available to create jobs." Housing does this to a minimal extent and Social Security not at all. Other key private pension funds, unless raided by irresponsible and shiftless elements such as have shown themselves in some recent union situations, will still accumulate capital for a few more years before their pension payments equal the amounts paid in.

Thus the savings in this country are grossly "undersavings." And we need to think through how to stimulate genuine savings—that is how to form capital available for investment in productive assets (the residential home is not such an asset by the way; it is a "durable consumer good").

TAXES AND PENSIONS

Fifth, there is the general belief that the corporation income tax is a tax on the "rich" and on the "fat cats." But with pension funds owning 30% of American large business—and soon to own 50%—the corporation income tax, in effect, eases the load on those in top income brackets and penalizes the beneficiaries of pension funds. In many cases it means an effective tax of almost 50% on the retired worker, as compared with the 15% or less that he is supposed to pay. The corporation income tax has become the most regressive tax in our system, and a tax on the wage earner and on wages. Eliminating it would probably be the single largest step we could take toward greater equality of incomes in this country.

Finally, there is the nice phony figure, believed by everybody and quoted again and again that the top 5% of income earners (those making more than $30,000 or $40,000 a year) own 40% of the personal wealth of America. It is, of course, becoming particularly popular as the old figure of "distribution of income" no longer supports those who tell us how terribly unequal American society is.

The joker, of course, is the word "personal." For the single greatest asset of the typical American middle and working class family, its future contingent claim on the pension fund of the employing company, is not "personal wealth." Nor is it "property." But it surely is an asset and increasingly worth a great deal more than the family home or the family automobile. If it were included, and it is not difficult to do so on a proability and a statistical basis, the distribution of wealth in this country would show a remarkable and progressive equality in which age rather than income is the factor making for inequality.

The adjustment for contingency claims on pension funds would show that the top 5% income earners probably own, not 40% of the wealth of America but no more than

10%. Moreover, translating pension expectations into today's values, about 60% of the total amount of future pension claims is held by persons in the $9,000 to $20,000 wage bracket. This is by far their biggest asset. Yet, sadly, it is an asset being destroyed very rapidly by the impact of inflation.

These myths that I have enumerated are not harmless. They lead to "soak the rich" legislation which, in effect, then "soaks the poor," the former workers on pensions. They lead to policies enacted as "antirecessionary," which primarily fuel inflation without stimulating consumption or employment, And these myths inhibit right measures—measures to encourage capital formation. Indeed, unless we discard these myths and face up to economic reality, we cannot hope to have effective economic policies.

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-70'S—III

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. LEHMAN. Mr. Speaker, this is the third installment of the paper of Dr. Federico G. Gil, which was recommended to me and to my colleagues by my constituent, Dr. Ione S. Wright. This section of Dr. Gil's paper, "United States-Latin American Relations in the Changing Mid-70's" describes nations rising to new prominence in Latin America, and discusses impact of Cuba on Latin Americans' views of our hemisphere.

The article follows:

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-70'S—III

New actors have entered the Latin American international stage. The Peruvian military government headed by General Velasco Alvarado, after embarking on a series of significant social and economic reforms underlined by a strong nationalistic line has awakened much interest among Latin Americans. It has developed close ties with the Soviet Union through the purchase of military equipment, and its relations with Cuba are most amicable. The "Peruvian solution" or peruvianismo, as it is often called in Latin America, has captured the imagination of significant numbers of the non-Communist left.[6] It is not surprising then that Peru aspires to a leading role in inter-American affairs.

Another new and formidable contender for Latin America's leadership is Venezuela. The sudden quadrupling of oil prices has made that nation a power broker in hemispheric politics. It has already committed hundreds of millions of dollars to Latin American development and it has agreed to financially support Central America to maintain the prices of that region's agricultural exports. Venezuela knows, in the words of its leader President Carlos Andrés Pérez that this is her opportunity to create a new international order and it obviously does not intend to forego that chance. The country is expanding its state-owned industry in the Orinoco backlands, paying to educate thousands of future leaders at universities abroad, and, at the same time, it is forging ahead in the task of consolidating the fragile edifices of Latin American unity and solidarity. President Pérez's decision to support the Central American Market marked the beginning of Venezuela's diplomatic offensive. At the conference of Puerto Ordaz in Guayana, December 1974, Venezuela agreed to provide oil to the Central American republics at a discount price and to make the difference, to be deposited in the central banks of the area, available for bilateral projects. It also pledged 80 million dollars to finance a proposed coffee marketing organization to limit coffee exports and keep prices at a higher level. In return, Venezuela asked only for good will and a reasonable return (8 per cent) on loans. President Pérez once stated that Venezuela's oil is Latin America's oil. And he added "we have it to help in the welfare of our peoples and not for oppression or as an instrument to enforce political solidarity." [7] In spite of this disclaimer, no one will dispute that a fairly impressive degree of unity has developed behind the Venezuelan concept of what Latin America can hope to achieve. If efforts to stimulate Central American integration are successful, it is safe to predict that Venezuela's star will continue to rise not only in the Caribbean but in the rest of the continent as well.[8]

A third nation which has emerged as a first-class power in Latin American terms because of its symbolic significance, if only on the second or third class in terms of resources and military might, is Cuba. "The Cuban Revolution demonstrated that a small Latin American country, traditionally politically subordinated to and economically dependent on its northern neighbor, could successfully challenge the might of the preponderant power of the hemisphere." [9] The impact of Cuba's example has been incalculable. After sixteen years of trial and error, of some tragic economic mistakes, and costly improvisation in general, Cuba seems to be entering an era of consolidation and institutionalization under the most auspicious circumstances. Its gross national product grew at an annual rate of 13 per cent between 1970 and 1974, its gains in exports last year were 70 per cent up compared to 1973, and the construction industry is growing at a rapid pace. A five-year development plan will be submitted to the first Congress of the Communist party in November 1975.[10] Its extraordinary achievements in health and education are invariably the subject of admiration and praise by foreign visitors, particularly Latin Americans. Preoccupied with the task of institution-building and economic development, the Cuban regime, without repudiating its solemn commitment to continental social revolution, is no longer active in militarily exporting its own revolution. Fidel Castro has said that the Cuban Revolution showed Latin America that it was possible to "resist imperialism." He has also recognized, however that realistically there are no immediate prospects for a thorough revolution, adding that the objective conditions are present but the subjective ones are still lacking on the continent as a whole. But still he admits the existence of "positive, progressive changes," deserving of Cuban approval, in Mexico, Panama, Peru, Venezuela, and other countries.[11]

But, as impressive as are the accomplishments in health and education, what strikes the constant stream of Latin American visitors to the island more deeply is the strong feeling of solidarity and national identity which pervades all aspects of life in revolutionary Cuba. As Kalman H. Silvert put it after a recent visit, "Cuba is the first Latin American country to become a true nation-state, secular, partially egalitarian, aiming toward total participation, able to call on its people to show ultimate loyalty to fellow Cubans despite status-derived differences. With this accomplishment Cuba has joined the modern world, . . . It has built a social nation, the tool for the realization of more difficult dreams." [12] It is on this intangible but formidable achievement—the creation of a national community—that Cuba's influence and prestige among the Latin American nations rests today.

FOOTNOTES

[6] Federico G. Gil, "Foreword," in Arpad von Lazar, *Latin American Politics: A Primer*, (Boston: Allyn and Bacon, Inc., 1971), p. xi.

[7] *Times of the Americans*, January 17, 1975.

[8] *Latin America, vol.* VIII, No. 5, December 29, 1974, pp. 393–94.

[9] Gil, *Latin American-United States Relations*, p. 229.

[10] *Latin American Report*, Vol. III, No. 6, January, 1975, p. 3.

[11] *Excelsior*, January 10, 1975.

[12] Kalman H. Silvert and Frieda M. Silvery, "Fate, Change, and Faith," *American Universities Field Staff Reports*, (North America Series), Vol. II, No. 2, September, 1974.

LEGAL ISSUES INVOLVED IN COMMERCE DEPARTMENT'S REFUSAL TO DISCLOSE BOYCOTT-RELATED INFORMATION

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DRINAN. Mr. Speaker, in the face of a congressional subpena, requests made by a number of House committees, and a Federal lawsuit, Secretary of Commerce Rogers Morton continues to refuse to disclose the names of those companies which have been warned or charged for violating boycott reporting requirements. The Export Administration Act of 1969 requires American firms to report any boycott-related demands communicated to them in connection with their commercial transactions. Available evidence indicates that this requirement was largely ignored until 1975. The publicity generated by the Arab boycott earlier this year focused attention on the Commerce Department's failure to enforce the reporting requirement and its neglect of the Government's general policy to oppose restrictive or discriminatory trade boycotts. While the Department of Commerce still tacitly supports the boycott through policies described beginning on page 29884 of the September 23 RECORD, it has issued warning letters to 162 exporters thus far this year for failure to obey the boycott reporting requirements.

Secretary Morton has repeatedly refused to disclose the names of those companies on the grounds that such disclosure would be in violation of section 7(c) of the Export Administration Act. In asserting that claim, Secretary Morton obfuscates the crucial difference between information supplied by exporters under a promise of confidentiality and action taken by the Commerce Department against exporters who have failed to supply the requisite information. If I may draw an analogy, an individual's tax return is confidential, yet the bringing of tax evasion charges against an individual based upon his tax return would not in itself be kept secret.

This particular point was the focus of a recent exchange of letters between David A. Brody, Director of the Washington Office of the Anti-Defamation League of B'nai B'rith, and Commerce

Secretary Morton. Mr. Brody presents a cogent legal argument for disclosure of the warning letters issued to exporters, based in large part upon an examination of the legislative history of the Export Administration Act dating back to 1949. Mr. Brody correctly notes the irrationality and inconsistency of keeping charging and warning letters secret while disclosing final punitive action taken against boycott reporting violators.

Secretary Morton's reply largely ignores the case for disclosure made by Mr. Brody. The Secretary tries to draw a distinction between the disclosure of a criminal indictment and the disclosure of an administrative warning. In the former case, he argues, the public's presumption of ignorance is clear, while the latter instance carries a clearer inference of illegal conduct. This line of reasoning appears to be spurious. If a company has been warned for doing something illegal, why should not that fact be made public? Why should the company's image be protected against public knowledge of its activities? At the same time, many persons' images have been tainted by a criminal indictment, even if their innocence were eventually established. If public disclosure can occur in only one of these two instances, I would prefer that it focus on those issued warnings for violating administrative requirements. On the other hand, I see no reason why we must make such a choice, and would thus advocate the disclosure of criminal indictments and administrative warnings alike.

I hope that the Secretary of Commerce will reverse his position and agree to release this important information. Without the effects generated by public disclosure, administrative warnings in the boycott field have minimal impact. If Secretary Morton continues to resist disclosure, I assume that this issue will eventually be resolved by the Federal courts.

The text of the correspondence follows:

Freedom of Information Appeal

Anti-Defamation League of B'nai B'rith,
Washington, D.C. July 8, 1975.

The Secretary,
Department of Commerce,
Washington, D.C.

Dear Mr. Secretary: This is an appeal from the action of the Director, Office of Export Administration, (hereinafter called the "Director,") dated June 11, 1975 denying our request of May 27, 1975 for access to the charging and warning letters referred to in Department of Commerce news release G 75-76, dated May 21, 1975. Copies of our request and the Department's response are attached.

The Department's letters (a) charged five domestic exporters [1] with violating the mandatory reporting requirement of the Export Administration Act in failing to report the receipt of Arab requests to participate in the boycott against Israel, and (b) warned 44 others that they were violating the law in failing to report the receipt of similar requests. As grounds for this appeal, we assert:

1. That the Director erred in holding that these letters are exempt from disclosure under Sec. 7(c) of the Export Administration Act of 1969. 50 U.S.C. App. Sec. 2406(c). The language of Sec. 7(c), its legislative history and the judicial interpretation of the Freedom of Information Act make plain that Congress never intended Sec. 7(c) to provide a sanctuary for and shield exporters who violate the law by failing to report the receipt of boycott requests.

2. If the Director's ruling is nevertheless upheld, considerations of national policy require you to make a determination that the withholding of these letters is "contrary to the national interest."

Section 7(c) provides "No department, agency, or official exercising any functions under this Act shall publish or disclose information obtained hereunder which is deemed confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless the head of such department or agency determines that the withholding thereof is contrary to the national interest."

In denying our request, the Director asserts that information gathered in the course of the Department's investigation and the matters related thereto must be kept confidential under Sec. 7(c). We submit that the Director's reliance on Sec. 7(c) in the limited circumstances of this case is misplaced.

Section 7(c) was adopted in 1949 as Sec. 6(c) of the Export Control Act of 1949. In its report on the bill, the Senate Committee on Banking and Currency stated that the Section prohibited the "disclosure of confidential information furnished" (emphasis added). S. Rept. 81-31, 81st Cong. 1st Sess. 6 (1949). In enacting Sec. 7(c) Congress plainly intended to prohibit only the disclosure of information furnished by the exporter. It did not intend to protect exporters who violated the law by failing to report the receipt of boycott requests and thereby compel the Department to ferret out that information on its own initiative and through its own investigation. To invest with a cloak of confidentiality information so obtained is to distort the intent of Congress in enacting Sec. 7(c).[2]

Secondly, we submit that the charging and warning letters do not in any event constitute confidential "information."[3] Rather, they represent departmental actions. They constitute the results of the Department's investigative and enforcement activities, Cf. *Wellford* v. *Hardin,* 444 F. (2d) 21, 24, 25 (4th Cir. 1971) and as such do not fall within the protective cloak of Sec. 7(c).

In construing the "investigatory files" exemption of the Freedom of Information Act, 5 U.S.C. 552(b)(7), a provision analogous to the Sec. 7(c) confidentiality provision, the Court in *Wellford* held that warning letters do not fall within the ambit of that exemption. The Court drew this controlling distinction between warning letters which are "the written records of regulatory action already taken" and "the information gathering steps" which constitute the exempt investigatory files, Id., at 24.[4] It is clear from *Wellford* and from its plain language and legislative history that Sec. 7(c) cannot reasonably be interpreted to support the Director's view that the charging and warning letters constitute confidential information exempt from disclosure.

To say, as does the Director, that access to the letters must be denied because they contain information which is exempt from disclosure is to give Sec. 7(c) an excessively broad reach not warranted by either the plain language or intent of the section and would have the effect of insulating from public scrutiny the actions of the Department. If instead of proceeding administratively against the exporters, the Department had referred the cases to the Department of Justice for criminal prosecution under Sec. 6(a) of the Export Administration Act, 50 U.S.C. App. 2405(a), the information [5] filed by the United States Attorney would become public. Under the Director's reasoning, however, the information would have to be kept secret. Similarly, the orders issued against the four exporters who did not contest the charges and which have been made public would also have to be withheld because they contain the same information contained in the letters which the Director has held to be exempt from disclosure under Sec. 7(c).[6] Clearly there is nothing in Sec. 7(c) to warrant and support this difference in treatment between the initial charging and warning letters and the final orders.

II

As a separate ground for this appeal we submit that withholding these letters from public inspection is contrary to the national interest. Not only is it national policy to oppose the Arab boycott, Sec. (3) (5) of the Export Administration Act, 50 U.S.C. App. 2402(5), but it is also a violation of the Act punishable by fine or imprisonment for a U.S. exporter not to report the receipt of a request to participate in the Arab boycott, 50 U.S.C. App. 2403(c) and 2405(a). The action of the Director in refusing to disclose the warning and charging letters can therefore only frustrate and do violence to the will of the Congress, encourage non-compliance with the reporting requirement of the law and otherwise prejudice the public interest.[7] As such the Director's action is plainly contrary to the national interest and accordingly it is incumbent upon you to make a determination to that effect.

For the foregoing reasons we urge that the action of the Director in denying our request be reversed.

Since our appeal is based on two independent grounds, one of which would obviate the need for you to make the statutory determination that withholding access to the charging and warning letters is "contrary to the national interest" we are also sending a copy of this appeal to the Assistant Secretary for Domestic and International Business.

Sincerely,

David A. Brody,

FOOTNOTES

[1] Since the receipt of the Department's response, four of the five charged exporters have each agreed to the imposition of a $1,000 civil penalty.

[2] While the first part of Sec. 7(c) speaks of "information obtained hereunder" and the second part refers to the "person furnishing such information" it is plain that "information obtained hereunder" means information obtained from and disclosed by the exporter. See Cong. Rec., Feb. 17, 1949, p. 1396.

[3] The Freedom of Information Act exempts from disclosure information obtained from a person in confidence, 5 U.S.C. Sec. 552(b)(4) as well as information specifically exempted from disclosure by statute, 5 U.S.C., Sec. 552(b)(3). See *Administrator, Federal Aviation Agency* v. *Robertson.* — U.S. — Slip Opinion, June 24, 1975.

[4] It is worth noting that when Congress amended the Freedom of Information Act in 1975, Public Law 93-502, it amended Sec. 7(b) to overturn certain judicial interpretations of the exemption. S. Rept. 93-122, p. 12. The principle of *Wellford,* however, was left untouched.

[5] Since the punishment under Sec. 6(a) is a maximum of one year in prison, prosecution is by information and not by a grand jury indictment.

[6] It is no answer for the Department to say that it desires to protect the identity of the exporter from possible embarrassment because he may contest the charges and ultimately prevail in the administrative proceeding because under the regulations, 15 C.F.R. Sec. 388.18 it is our understanding that all orders including an order dismissing a charge are available for public inspection.

[7] In addition as we have indicated p. 3 *supra*, the Director's action would also produce an incongruous result. In a criminal prosecution the requested information would become available as soon as the exporter is charged. But, in the case of the administrative compliance proceeding, the charging and warning letters and their contents are kept from the public.

THE SECRETARY OF COMMERCE,
Washington, D.C. August 14, 1975.
Mr. DAVID A. BRODY,
Director, Anti-Defamation League of B'nai B'rith, Washington, D.C.

DEAR MR. BRODY: This is in reply to your letter of July 8, 1975, appealing the denial of your request for access to "the charging and warning letters referred to in Department of Commerce news release G75-76, dated May 21, 1975."

You have stated that you do not believe that the letters you request are exempt from disclosure under Section 7(c) of the Export Administration Act of 1969, as amended, 50 U.S.C. App. § 2406(c). However, as you were previously advised, Section 7(c) requires that information obtained under the Act which is deemed confidential be withheld unless I determine "that the withholding thereof is contrary to the national interest." In other words, it is not a question of not being required to disclose the information, but rather of being required not to disclose it, unless I expressly determine that it is contrary to the national interest to withhold it.

Section 7(a) of the Act, 50 U.S.C. App. § 2406(a), specifically authorizes investigations and the obtaining of information "to the extent necessary or appropriate to the enforcement of this Act." To comply with your request for access to the charging and warning letters would require disclosure of information obtained pursuant to the exercise of authority under Section 7(a) which is protected by Section 7(c) as "information obtained under the Act which is deemed confidential."

The argument you make through reference to the "investigatory files" exemption of the Freedom of Information Act, 5 U.S.C. § 552 (b)(7), and *Wellford* v. *Hardin*, 444 F.2d 21 (4th Cir. 1971), is not well founded. The (b) (7) exemption is in no way analogous to Section 7(c) of the Export Administration Act. Section 7(c) is a specific mandate by congress that information obtained through the export administration function which is deemed confidential must be withheld subject to a national interest determination. Such a confidentiality provision is not contained in the agricultural statutes before the court in *Wellford*. Accordingly, the decision in that case was premised on section 552(b) (7) of the Freedom of Information Act and does not, as the instant matter, depend on the application of section 552(b)(3).

The Supreme Court did have a confidentiality provision, section 1104 of the Federal Aviation Act of 1958, 49 U.S.C. § 1504, before it, however, in the recent case of *Administrator* v. *Robertson* (No. 74-450, decided June 24, 1975), which involved a denial under section 552(b)(3) of the Freedom of Information Act of a request for protected information. The Court observed that in enacting the Freedom of Information Act the Congress did not intend to modify the numerous statutes which restrict public access to Government records.

The argument you present concerning the legislative history of section 7(c) misconstrues the statutory scheme. You quote a portion of the Senate Report to the effect that there is a prohibition against "disclosure of confidential information furnished." This is true, and the sentence from which this quote is taken is a discussion of the safeguards in the Export Control Act of 1949, the precursor statute to the 1969 Act, against administrative misuse of the enforcement powers which are continued as section 7(a) and (b) of the present Act. The quotation merely describes one of the safeguards which are enumerated. See pp. 5-6, S. Rept. 81-31, 81st Cong., 1st Sess. (1949). It is incorrect, however, to construe that quote and the use of the phrase "person furnishing such information" in section 7(c) as evidence that "Congress plainly intended to prohibit only the disclosure of information furnished by the exporter." Section 7(c) relates to any information obtained under the Act "which is deemed confidential *or* with reference to which a request for confidential treatment is made by the person furnishing such information." Thus, information which is deemed confidential, is subject to the statutory privilege if obtained pursuant to the exercise of authorized functions under the Act.

The statutory privilege contained in Section 7(c) of the Export Administration Act of 1969 was enacted both for the benefit of government, and the persons supplying information to the government. Thus, the disclosure of material under the exceptional circumstances warranting a national interest determination is not one to be arrived at lightly whenever it appears expedient for government to do so. In considering the national interest in the context of the Export Administration Act, the threshold criterion is the extent to which the disclosure of information to which the Congress has accorded confidential status could impair the continued ability of this Department to obtain the timely, complete and accurate data that is essential to the effective discharge of its statutory duties and responsibilities.

The information on which the warning and charging letters were based, including the identity of the companies involved, was initially developed by this Department primarily on the basis of analysis of Shippers' Export Declarations which are required pursuant to the Act to be submitted to the Department by all exporters. You will note from the enclosed copy of the declaration form that exporters are expressly advised that the information they submit is confidential. The review of Export Declarations for exports to selected destinations, supplemented with inspection of individual company export control documents, other company records, field investigations and comparison against boycott reporting forms, all are conducted under the authority of Section 7(a) of the Act and information obtained thereunder by the Department is, therefore, deemed confidential under Section 7(c).

As you know, four of the five cases in which charging letters had been issued have now been settled through the imposition of civil penalties. The identities of those four firms and the circumstances are described in the enclosed news release which was issued on June 27, 1975. It is anticipated that charges against the fifth firm will be withdrawn and a warning letter issued instead. That firm failed to report a boycott request which it received in 1974, a year before our publicity campaign. A charging letter was issued on the erroneous belief that the same firm had failed to report the receipt of a boycott request in 1968 and had been warned at that time to comply with our boycott requirements. In fact, this firm had never been contacted and it should therefore be treated in the same manner as those firms which were found to have violated our reporting requirements through inadvertence or ignorance of our regulations.

Having in mind the prohibition against disclosure contained in Section 7(c), I must now consider whether there exists in this case any overriding national interest which would authorize me to accede to your request.

The charging and warning letters you request are deemed confidential by this Department for purposes of Section 7(c). The charging letters are an integral part of compliance proceedings which are declared confidential by 15 CFR § 388.14. The warning letters have been treated as confidential by administrative practice over the years.

Disclosure of the identity of the firms which were issued the letters could expose many of these to countermeasures and pressure by various individuals and groups, notwithstanding that, in the case of firms receiving warning letters, the violations of the Export Administration Regulations were considered to have been inadvertent. In arguing for disclosure you make an analogy to the information filed by a United States attorney which is publicly disclosed. However, in that context the public's understanding of the presumption of innocence is clear. An administrative warning of wrongdoing carries a clearer inference of illegal conduct in the public mind: there is the taint of the allegation (if it were to become public knowledge), but no opportunity for a public forum to air the issues and in the case of the warning letter, no later adjudication.

Thus, I do not think that disclosure of the identities of the firms receiving warning letters would serve a constructive purpose or be in the national interest, and in fact, I am convinced that such disclosure might very well have the opposite result. I feel that disclosure would be of great potential damage to the small exporting companies now developing their trade with Middle Eastern markets and gaining of the public interest, it should be far more important to publish information as to the aggregate number of warning and charging letters issued by this Department than to disclose the names of the individual firms, and expose them to economic reprisals.

From the standpoint of enforcement of our reporting requirements, all the firms which have been warned will be subject to periodic monitoring to assure that they are fully complying with our regulations. In the event that any of these firms are found to have failed to report a subsequent boycott request, they will be charged and their identity disclosed, following compliance proceedings, if the violation is found to have occurred. I believe that the enforcement actions taken by the Department to date, coupled with the publicity given thereto, and our extensive educational campaign on the reporting requirements, are proving to be a sufficient deterrent against future violations, and that no useful purpose would be served in disclosing the identity of firms which have been warned.

In light of the foregoing, and other considerations, I am unable to conclude that it would be contrary to the national interest to withhold the letters and/or identities which you request and, therefore, I must hereby deny your request, under section (b)(3) of the Freedom of Information Act.

This is the final decision for the Department. You have the right to obtain judicial review of this decision by an appropriate U.S. District Court as provided under section 552(a)(4)(B) of the Freedom of Information Act.

Sincerely,

ROGERS MORTON,
Secretary of Commerce.

EXCERPTS OF SPEECHES BY PRESIDENT TEDDY ROOSEVELT

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. CARTER. Mr. Speaker, recently I was reading some speeches by President Teddy Roosevelt. Some of his words particularly appealed to me, as I feel they will to Americans.

I include excerpts from those speeches for the Record:

I want to see you game boys, I want to see you brave and manly and also to see you gentle and tender. Be practical as well as generous to your ideals. Keep your eyes on the stars, but remember to keep your feet on the ground.

Courage, hard work, self mastery and intelligent effort are all essential to successful life alike for the nation and the individual. The one indispensable requisite is character.

A man's usefulness depends upon his living up to his ideals insofar as he can. It is hard to fail, but it is worse never to have tried to succeed. All daring and courage, all iron endurance of misfortune makes for a nobler type of manhood.

Order without liberty and liberty without order are equally destructive.

Ours is a government of liberty—by and through and under the law. A great democracy has got to be progressive or it will soon cease to be a great democracy.

In popular government results worth having can be achieved only by men who combine worthy ideals with practical good sense.

Only those are fit to live who do not fear to die. And none are fit to die who have shrunk from the joy of life and the duty of life.

TEMPLE UNIVERSITY CANCER RESEARCH

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. EILBERG. Mr. Speaker, outstanding progress in an area of cancer research is being made at Temple University School of Medicine in Philadelphia.

Temple has long had one of the Nation's leading centers for basic cancer research in the Fels Research Institute. Now, Dr. Wallace H. Clark has bred animal models with skin pigmentation similar to human skin, and has found that malignant melanoma progresses in these laboratory animals much as it does in man.

This work has attracted the attention and support of the National Cancer Institute.

At this time I enter into the Record a statement from the university describing this important research:

Temple Melanoma Study May Provide Clues to Nature of Cancer

Philadelphia.—Two light brown guinea pigs died in a laboratory at Temple University School of Medicine this summer.

Their deaths have provided scientists with what is termed an exciting new avenue toward a better understanding of the nature of cancer and better therapy for victims of malignant melanoma, a relatively uncommon but sometimes deadly form of skin cancer.

Because the guinea pigs died of malignant melanoma and because the animals are a strain with an unusually even distribution of skin pigmentation, much as man has, scientists think they provide a parallel approach to the study of melanomas in humans.

Dr. Wallace H. Clark, professor and chairman of pathology at Temple's School of Medicine, who headed the experiments on the Weiser-Maple strain of guinea pigs, now grown only at Temple, said:

"The guinea pigs will provide an animal system that can be manipulated so that over the next 20 years it will be possible to do things in experimental therapy for this disease that has never been done before. The more important aspect in the long run is that it provides an excellent approach to the study of primary cancer. Now we can see if we can alter the development of tumors to prevent the emergence of the kinds of cells capable of spreading.

"In general, we can explore this animal system and try to find clues to the nature of cancer, hopefully to provide a proper and accurate definition of cancer as a biological system."

Dr. Clark, who has developed the standard system for classification of various human malignant melanomas of the skin, began studying the disease 20 years ago. He bought the last few remaining Weiser-Maple guinea pigs from a company that was going out of business. The colony has grown to nearly 400.

Melanomas had been developed in two other guinea pig studies, one in 1949 and another in 1963, but it was difficult because of patchy pigmentation of the animals' skin. These prior studies had not been repeated.

The even coloring of the Weiser-Maple strain makes it much easier to carry out such tumor experiments.

In the Temple study, Dr. Clark said, the cancer eventually spread into the lungs, liver and gastro-intestinal tract of the animals just as it may in man, causing the death of two guinea pigs July 22.

Dr. Clark also noted that in other laboratory animals melanomas can be transplanted, but they grow at the site of the transplant. They do not appear to spread through the animal's systems the way the cancer did in the Weiser-Maple strain.

"Rather than approach the disease from its cause," he said, "we look at the evolutionary biology of the cancer and try to determine what factors in the primary tumor are related to metastasis (spreading). In these animals, the cancer apparently spreads the way it does in man. I think these animals will get wide use in exploring the nature and treatment of this cancer to help determine the best therapy and perhaps even wider use in exploring the biology of the abnormal life form that is cancer."

On the basis of Dr. Clark's classification system, therapy—either chemical, immunological or surgical—is keyed in man to the kind and extent of the primary melanoma in the skin. He has already studied the development of similar various forms of skin melanomas in more than 500 human patients.

There are three common types of this cancer and five levels of invasion, depending on how deep the tumor penetrated into the various underlying skin tissues. Level five is the deadliest.

The three common types are termed Superficial Spreading Malignant Melanoma, which is the most common type with the highest survival rate in early stages; Lentigo Maligna-Malignant Melanoma, related to chronic sunlight overexposure; and Nodular Malignant Melanoma, potentially the most fatal because of the likelihood of deep penetration from its beginning.

The Clark system has resulted in the formation of a rational basis for treatment of these melanomas and has shown that many patients will be cured of the disease with forms of treatment that are less drastic than used in previous years.

"Until this system," Dr. Clark said, "it was assumed that patients with melanomas would die. But many live, and we can now say who will not die and what his chances are. It changes a patient's outlook on life."

Dr. Clark also noted that the median age of patients with melanomas is dropping and is now in the 40-to-50 year range, with some patients in their twenties and thirties.

NEW AGENCY TO ENFORCE IMMIGRATION LAWS

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. ROSENTHAL. Mr. Speaker, the impact of the millions of aliens who reside in the United States illegally is felt primarily in selected cities and local communities. The Eighth Congressional District in Queens, N.Y., which I represent, has been particularly hard hit by the presence of thousands of illegal aliens. Community facilities, such as schools and homes, are being strained to the breaking point and deserving residents are being crowded out of jobs.

In response to this crisis situation, I established a task force on illegal aliens, composed of community leaders from neighborhoods especially affected, to report to me on particular aspects of this problem. A major finding of the task force indicates that Federal authorities are restricted in their efforts to cope with this problem by a severe lack of coordination between the two agencies charged with responsibility in the area: the Visa Office of the State Department and the Immigration and Naturalization Service of the Justice Department. The task force has concluded, based on what I consider persuasive evidence, that as long as the duty of issuing visas is separate from the duty of enforcing compliance with visa terms, no amount of additional funding or incentive—both also urgently needed—will allow this problem to be solved.

Under the present arrangements, the visa issuers—State Department consular officials—receive no information from the visa enforcers—INS—as to the number and nature of aliens overstaying their visas. This makes it impossible for the issuers, with the wide discretion they possess, to evaluate and adjust their procedures accordingly. There is not even a unified policy on the number of visas and the criteria to be used in issuance. None of these difficulties can begin to be corrected as long as officials of different departments, with different perspectives, priorities, and fiscal constraints, must consult on even the most basic principles and approaches.

To combat this fatal lack of cohesion, the task force has recommended, and I will shortly introduce, legislation creating a single regulatory agency having jurisdiction over all matters concerning foreign persons entering the United States, with the combined functions of the Visa Office and the INS. This agency would be independent of the Departments of State and Justice and not subject to the pressures of foreign governments of the one department or the priority problems of the other.

The problem of millions of illegal aliens enjoying all the benefits of citizenship in this country without any of the burdens is a matter of urgent national concern. In a time of recession, the United States can ill afford to support with jobs, housing, welfare, and community services millions of people who have entered this country through device and deceit. The massive indifference and confusion which has characterized Federal efforts in this area must stop.

Asking employers alone to bear the burden of past Federal neglect is futile and unfair. The buck will not stop passing until a single Federal agency, with a consistent policy and perspective, free from political pressures and subject to full public scrutiny, is established to bear complete responsibility for the problem.

HEARINGS ON H.R. 15

HON. ALLAN T. HOWE

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. HOWE. Mr. Speaker, I would like to call attention to hearings that began on September 11 in the Administrative Law and Governmental Relations Subcommittee of the House Judiciary Committee on H.R. 15, the Public Disclosure of Lobbying Act of 1975. I am a cosponsor on this bill which is long overdue and hopefully represents a first step toward more comprehensive legislation in this area.

Efforts directed at the regulation of lobbyists have been launched by Congress intermittently since 1913. At present, the only Federal statute relating to lobbying is the Federal Regulation of Lobbying Act, passed as part of the Legislative Reorganization Act in 1946. Upon close inspection, this act is sadly ineffective in its loose mandate requiring registration only by those whose principle occupation is lobbying, and those paid to lobby by someone else. A Supreme Court decision in 1954 further undermined its effectiveness by interpreting lobbying efforts covered by the act as only those involving direct contact with a Member of Congress, thus ignoring the whole spectrum of indirect lobbying. Frankly, I think the best incentive to pass another lobbyist registration act lies in the fact that almost 30 years has gone by since any kind of regulation went into effect. During this time the lobbying picture in Congress has changed dramatically with noticeable increases in number, strength, financial support, and influence. With this brief history in mind, I would hope the 94th Congress seriously directs itself to this important issue and follows through with comprehensive reforms for a situation it has too long neglected.

H.R. 15 precisely defines what a lobbyist is and what lobbying activities consist of. It requires a lobbyist to file a notice of representation no later than 15 days after becoming a lobbyist. Each lobbyist is required to keep and retain records for inspection concerning income received and from whom, expenditures made personally and those made to any Federal officer or employee. This legislation also requires a lobbyist to file a report quarterly including a list of contacts, for whom they were made, and topics lobbied on during the previous quarter. A unique aspect to its coverage is the inclusion of not only Congress but the executive branch as well—above level GS 15—to report meetings between certain Government officials. The authority for administration and enforcement is placed with the Federal Election Commission to which all the filings and reports are made and fines for violation such as forgery, and false or incomplete filing would not be more than $5,000 and/or imprisonment for 2 years.

There have been several recent issues which have revived the Federal effort at regulation of lobbyists, among them Watergate-related events and various antitrust matters. Whereas the Federal forum has been marked by inaction in this area, progressive legislation has been enacted by several States, notably California, to control lobbying activities at the regional level. Despite critics who consider the law unconstitutional, California is actively enforcing its law. The issue of lobby regulation and its constitutionality is also being tested in the courts. Groups such as Common Cause, who have long urged reform of the ancient 1946 statute, have filed suit against organizations such as the National Association of Manufacturers—NAM—claiming that they failed to file as lobbyists under the 1946 act guidelines. The Justice Department, in 1974, announced intentions to move against several groups for the same reason of failing to file as lobbyists. Among their targets are the National League of Cities, National Association of Counties and the U.S. Conference of Mayors. I think it is a well taken criticism of Congress, which is certainly the most overtly lobbied of groups, to have been so blatantly absent from the list of groups acting on this problem.

Instead of the critical tone I have maintained thus far, I would now like to direct my appeal to the long-range benefits enactment of this legislation would represent and the spirit in which such a measure should be considered. I would like to emphasize that this bill is not intended to curtail or restrict the very important function that lobbying serves. Certainly, we all recognize lobbying provides a vital connection between private and commercial sectors and all elected representatives, supplying valuable information and bringing varied points of view to our attention. This bill does not seek to eliminate or hamper this function but simply to define it and through this clarification to curb abuses. As important as it is to preserve the lobbyist as a source of input, it is equally essential for constituents and representatives to e aware of the strength, backing, and purpose of these sources. When a lobbying agency reacts to this fair and logical legislation as "muzzling restrictions" that inhibit its activity, I am inescapably led to the conclusion that they have something to hide. I reason that if their actions do not fit themselves into this fair framework of disclosure and withstand the scrutiny of public view, their activities should not be condoned

Lastly, I favor this bill with the same and are not legitimate practices. conscience that urges me to support fair election laws, campaign financing reforms, conflict of interest legislation, and other disclosure measures. This conscience is one that views the public's "right to know" as paramount and esteems open and candid communication as a supreme virtue in the ranking of our responsibilities in a truly democratic system. Support for H.R. 15 is an action which bespeaks a belief in the integrity of representatives and lobbyists alike and is in harmony with the whole idea and intent of congressional reform.

CIA APPROPRIATION

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. FLORIO. Mr. Speaker, on October 1, 1975, while considering H.R. 9861, the Defense Department appropriation bill, the House of Representatives had the opportunity to vote on Mr. GIAIMO's amendment which read: Under "Other Procurement, Air Force," on page 29, line 17 after "September 30, 1978," strike the period and insert in lieu thereof: ": *Provided*, That none of the funds in this appropriation shall be available for expenditure by the Central Intelligence Agency."

I voted in favor of this amendment and I believe that a brief explanation of this vote be offered lest it be misconstrued. My intention, and I'm confident the intention of many of my colleagues who voted similarly, was not to delete funding of the Central Intelligence Agency, but rather to have the appropriation listed as a line item in other appropriations.

The following article from the New York Times gives a very clear picture of the legislative intent and the scenario surrounding the consideration of the Giaimo amendment.

The article follows:

[From the New York Times, Oct. 2, 1975]

HOUSE REJECTS, 267-147, MOVE TO DISCLOSE C.I.A. BUDGET TO THE PUBLIC

(By David E. Rosenbaum)

WASHINGTON, Oct. 1.—The House of Representatives decided overwhelmingly today to continue to keep the budget of the Central Intelligence Agency secret from the public.

By a vote of 267 to 147, the House rejected an amendment to a $112-billion military appropriation bill that would have permitted the total expenditures of the intelligence agency to be published for the first time.

The House also defeated an attempt to delete from the bill money for the development of the controversial F-18 fighter aircraft.

Final passage of the over-all measure was put off until tomorrow.

The bill would reduce the Ford Administration's request for military programs in the fiscal year that began July 1 by $7.6-billion. However, more than $2-billion of that reduction involves requested money for the Indochina War and for shipbuilding contracts that have been deferred since the budget was sent to Congress.

The Senate Appropriations Committee is expected to restore some of the cuts made by the House.

Representative Robert N. Giaimo, Democrat of Connecticut, who led the effort to publish the C.I.A. budget, said the rejection of his amendment showed that the House was not ready "to assume the responsibility" for overseeing the activities of the intelligence community.

FIGURE CONCEALED

Since the creation of the C.I.A., Congress has kept the agency's budget secret by concealing the figure in the appropriation for other agencies. This year, according to Mr. Giaimo, the appropriation for the intelligence agency is part of a $2-billion line-item in the budget described as "other procurement, Air Force."

Publication of the intelligence agency's budget was one of the principal recommendations of the Presidential commission headed by Vice President Rockefeller that investigated the C.I.A. earlier this year.

Until this year, the budget request of the agency and the amount eventually appropriated was known only to a handful of Congressmen.

This year, however, under pressure from Mr. Giaimo and others, Representative George H. Mahon, chairman of the Appropriations Committee permitted all members of his defenses subcommittee to interrogate C.I.A. witnesses about the agency's budget.

Moreover, Mr. Mahon, a Texas Democrat, agreed last week to permit all House members to read the testimony from agency officials and to see the budget as long as they agreed not to take notes or divulge the material to outsiders.

Mr. Giaimo called these actions "significant steps" but said they were not enough. Addressing the House, he declared:

"There is a balance in all secrecy matters. There are goals, and there are losses in defending ourselves against possible aggression from the outside. However, we must be careful that the very instruments which we create to defend us do not cause us to lose our liberties."

Mr. Giaimo said that he only wanted to publish the total appropriation for the agency, not the individual allotments for various activities. The overall figure, he said, would in no way compromise the nation's security.

Reliable Congressional sources who have seen in the budget figures over the years have placed the appropriation at between $750-million and $1-billion. That information has been widely published in the press, but has never been confirmed officially.

Mr. Giaimo's contention that the budget information would not compromise security was challenged by representatives from both parties.

Mr. Mahon said that official publication of the budget was "not a favor which we should be doing to the U.S.S.R. and the Communist conspiracy."

Representative Robert L. F. Sikes, a Florida Democrat, said that publication of the overall budget figure would eventually lead to "full disclosure of anything and everything we've tried to keep secret from our enemies."

Representatives Thomas P. O'Neill, Jr. of Massachusetts, the majority leader, and Representative John J. McFall of California, the Democratic whip, were among those who voted to keep the budget secret.

VETERANS' ORGANIZATIONS URGE SUPPORT OF H.R. 9576 TO TERMINATE GI BILL

HON. RAY ROBERTS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. ROBERTS. Mr. Speaker, on Monday, October 6, the House is scheduled to consider H.R. 9576, a bill which will set a final termination date for the Vietnam GI education bill. This program is patterned after the GI bills for World War II and Korea and has as its purpose the restoration of lost educational opportunities because of involuntary service during a war emergency period. The Vietnam emergency has been officially terminated. All other wartime veterans' benefits for the Vietnam war emergency period have been terminated, and it is now time to terminate the education program since we are no longer at war and there is no longer a draft.

Three members of the committee are opposing termination of the GI bill and in doing so are contending that the program should be kept going because it is needed to recruit volunteer soldiers. Their effort is also being supported by certain college groups who apparently think that the GI bill was designed as a subsidy for colleges. Information released by this group infers that "the committee's action to terminate the GI bill was made without support of the veterans' organizations." This statement is completely erroneous. The American Legion, Veterans of Foreign Wars, Disabled American Veterans and AMVETS all favor termination of the Vietnam education program for the obvious reason that the Vietnam war period has ended. In order to clear up any confusion that may have resulted from this erroneous assertion, I am including in the RECORD letters from these four organizations which clearly state the position of these organizations and urge a favorable vote on H.R. 9576.

Those arguing in support of continuation of the GI bill are claiming it is needed for recruitment of peacetime servicemen. I would like to emphasize that this subject is not the proper concern or jurisdiction of the Veterans' Affairs Committee. We do not have jurisdiction over recruitment of defense personnel and we do not have jurisdiction over subsidy programs to educational institutions. Regardless of the merits of either of these activities, they are not the objectives of the war veterans' educational training program.

The letters follow:

THE AMERICAN LEGION,
Washington, D.C., October 1, 1975.

Hon. RAY ROBERTS,
Chairman, House Committee on Veterans Affairs, Washington, D.C.

DEAR CHAIRMAN ROBERTS: The American Legion supports H.R. 9576 to set a termination date for veterans' educational benefits and to extend maximum educational benefits to 45 months. This bill, if passed, would satisfy two resolutions of The American Legion that were unanimously adopted by our National Organization. The copies of these two Resolutions, No. 17 and No. 541, are attached.

The American Legion is the original sponsor of the G.I. Bill of Rights, the goal being to provide for the effective rehabilitation of those who fought the Nation's wars. This was a concept, clearly defined in its dimensions, and The American Legion has not deviated from it through the ensuing wars and national emergencies.

We champion the principle that benefits for wartime veterans be reserved for the veteran who served in a period of hostility, cold war or national emergencies. Any educational and vocational programs that may be devised for members of the peacetime military establishment should be clearly differentiated from wartime benefits.

Mr. Chairman, The American Legion will inform each Member of Congress that we support your stated opposition to the extension of the present educational benefits.

Sincerely,

HARRY G. WILES,
National Commander.

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
September 30, 1975.

From: Thomas C. (Pete) Walker, Commander-in-chief, Veterans of Foreign Wars of the United States.

To: All Members, House of Representatives of the United States.

Subject: Termination of Educational Benefits under the GI Bill.

I have been advised H.R. 9576 which would terminate eligibility for education benefits under Title 38 of the United States Code for those entering military service after the end of this calendar year—will be taken up by the full House under the suspension of rules on Monday, October 6, 1975.

It has also come to my attention three members of the House Veterans' Affairs Committee, the Honorable Robert J. Cornell, the Honorable Robert W. Edgar, and the Honorable Harold E. Ford, voted against reporting this legislation and have filed an official "Dissenting Views" supplement to the committee report. In addition, Messrs. Cornell, Edgar, and Ford intend to circulate a "Dear Colleague" letter, with view toward blocking passage of H.R. 9576.

Although the legislation in question does not fulfill the position of the Veterans of Foreign Wars of the United States, we believe it is the best bill obtainable at this time, and, therefore, urge passage thereof.

The position of the Veterans of Foreign Wars with respect to the GI Bill is that it be continued in its present form, administered by the Veterans Administration, and charged to the Department of Defense budget, our rationale being it has proved a valuable recruiting tool and so used by the Department of Defense to obtain higher caliber personnel needed by our present-day military establishment with its proliferation of very costly and highly sophisticated equipment.

Although peacetime veterans are not eligible for membership in the Veterans of Foreign Wars and, for the reasons outlined above, as Commander-in-Chief of the 1.8 million members of the Veterans of Foreign Wars of the United States, I solicit your favorable vote when H.R. 9576 is considered by the full House.

With best wishes and kindest personal regards, I am

Sincerely,

THOMAS C. (PETE) WALKER,
Commander-in-Chief.

DISABLED AMERICAN VETERANS,
Washington, D.C., September 30, 1975

Hon. OLIN E. TEAGUE,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: This is in reference to H.R. 9576, a veterans' bill favorably reported out of the House Committee on Veterans' Affairs which is scheduled to receive consideration by the membership of the entire House on October 6th.

The main provision of this measure proposes to set a termination date for veterans' educational benefits under Chapters 34 and 36 of Title 38, U.S. Code (current GI bill benefits).

The current program has faithfully and well served the purpose for which it was intended—restoration of lost or postponed educational advancement opportunities to those inductees and enlistees who served during the Cold War period, 1955–65, and during the Vietnam Era conflict.

However, the circumstances which necessitated the inception of the current GI bill by the Congress—the existence of the military draft, and United States involvement in a military conflict—no longer exist. Therefore. the present GI bill should be terminated, as were the educational programs which served veterans of World War II and the Korean Conflict. The substantial funds no longer necessary to administer these educational benefits can be well-used in other VA programs which serve America's wartime disabled veteran, his dependents and survivors.

The Disabled American Veterans' most recent National Convention unanimously adopted a resolution calling for the termination of the present GI bill program. We therefore urge you to vote in favor of H.R. 9576.

Sincerely,

CHARLES L. HUBER,
National Director of Legislation.

AMVETS,
Washington, D.C., September 26, 1975.

Hon. RAY ROBERTS,
Chairman, House Veterans Affairs Committee,
2455 Rayburn House Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is written to convey the position of AMVETS (American Veterans of World War II, Korea, and Vietnam) with regard to H.R. 9576. It is our understanding that this legislation will be considered within the next few days, and we appreciate the opportunity of letting you know the feeling of our membership on this legislation.

It is very important that H.R. 9576 be approved without any amendments. It is our feeling that if educational benefits are to be provided for those citizens entering the service after May 7, 1975, such benefits should be provided under the budget of the Department of Defense. It would be a disservice to those honorably discharged veterans of World War II, Korea and Vietnam who were enlisted or were drafted and fought during war-time, for those entering service now to be recognized with veterans of war-time service.

We are cognizant of the fact that the Department of Defense feels that the retention of educational benefits for those entering service now is necessary for recruiting purposes. It is believed that if educational benefits are provided for those entering service after May 7, 1975 that the cost of the program should be assessed against the Department of Defense budget.

If the cost of educational benefits were to remain in the Veterans Administration budget, it will mitigate in the future, we feel, against the approval of compensation, pension, and hospital benefits for war-time veterans and also against benefits provided for widows and children of war-time veterans.

The approval by your Committee of H.R. 9576 is, therefore, greatly urged by this organization.

Sincerely,

PAUL C. WELSH,
National Commander.

TRIBUTE TO EDWARD W. SHORE

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. BOLAND. Mr. Speaker, on October 10, in my hometown of Springfield, Mass., a great many citizens plan to join in tribute to Edward W. Shore, perhaps the preeminent figure in professional hockey over the past 30 years. Those who will gather to honor Eddie Shore will not all be hockey fans, however. Eddie Shore's contributions to the community were never solely limited to the realms of athletics or entertainment. He provided the guidance and the opportunities for so many young people to play the sport and to learn the values teamwork and competition can bring. Most importantly, he helped young men and women develop in many ways that better prepared them for citizenship and adulthood.

If all the admirers and well-wishers of Eddie Shore are not sports fans, it is nonetheless fitting that accolades for this great athlete be headed by those who grew to know him through sports. Sam Pompri, who was formerly cosports editor of the Springfield Daily News and who also wrote for the Springfield Sunday Republican, covered Eddie Shore through all his years as a hockey player, coach, and manager. His tribute, which I append below, appeared in the September 28 edition of the Springfield Sunday Republican and presents Eddie Shore with all the scope and affection this truly fine man deserves. I can only join Sam in thanking Eddie Shore for his generosity to our city.

The article follows:

TRIBUTE TO EDWARD W. SHORE

Edward William Shore. A legend in his own lifetime. Known internationally as "Mr. Hockey" and to millions of sports fans and friends as just plain Eddie, our honored guest achieved in fifty years what few people could ever hope to match—as an athlete, coach, manager, executive, builder, teacher and humanitarian.

The first man in history to win the Hart Trophy, as the National Hockey League's most valuable player, four times; a member of the all-star team seven times; scored the amazing total of 108 goals in fourteen seasons as a defenseman; turned the Boston Bruins from a cellar club into an eight-time regular league champion and to a two-time Stanley Cup winner; voted into hockey's Hall of Fame, thereby assuring immortality to the former farm boy from the little hamlet of St. Qu'Appelle, Saskatchewan, in Western Canada.

It was Eddie Shore, who undoubtedly kept the National Hockey League in business during the Depression of the thirties, when the sport needed a magnetic personality, just as baseball needed a Babe Ruth, boxing a Jack Dempsey, and tennis a Bill Tilden to attract the paying spectators. Millions came to cheer Eddie as their hero, others came to boo him, as all superstars must expect, but nevertheless they packed the house to see the old "Edmonton Express" perform. Because of his outstanding skills as a player, his electrifying solo rushes, and his all-round charisma he completely dominated almost every game he took part in.

Through his impact as a gate idol, he elevated the living and playing standards of every player in the National Hockey League—not only his own—and perhaps more than any other individual made the National Hockey League the major league that it is today.

Once Eddie's remarkable career as a player, inevitably, passed its peak, he sought new fields to conquer in the game he loved so deeply and helped elevate to such a high degree of popularity, hoping to buy and operate his own team. He decided to put every dime he earned in hockey right back in hockey. Fortunately, for Springfield, he chose the City of Homes for this new horizon.

He succeeded in purchasing the bankrupt Springfield Indians of the American Hockey League in 1939 and has owned the franchise ever since, operating first at the Eastern States Coliseum and then moving over to the new downtown Civic Center.

Although he still possessed enough ability to remain in the National Hockey League, he chose to spend his last three active playing seasons with his own club, giving Springfield area fans the thrills of watching his final years of his brilliant career. Then he turned his full efforts to managing, coaching and operating his own franchise with as much dedication as he showed as a player. He developed many National Hockey League players, coaches, managers and executives.

But even more importantly to the community, Eddie expanded the Greater Springfield Junior Amateur Hockey Leagues and made them into one of the finest sports programs in the United States or Canada through his personal leadership. All youngsters, regardless of their abilities, were invited to join him at the Coliseum—free of charge—for the approximately three decades he operated this magnificent activity at the Coliseum.

He also expanded the schoolboy and industrial league programs, and conducted a skating clinic—free of charge—weekly for both girls and boys. He kept thousands of youngsters on skates at the Coliseum, rather than have them roaming the streets with idle time on their hands.

In spite of the rigors and demands of operating a professional franchise, Eddie found time to don his skates for several years and personally assist in the coaching of an entire team or an individual whenever his assistance was sought, which was often.

He received many civic awards from a grateful community for his unselfish efforts. And perhaps, his humble acceptance speeches, reveal the character of the man more than anything else. He would generally say something like this: "If I've helped make one youngster happy, helped make even one boy a better citizen, then I feel that this program is worth it all."

On a number of occasions, Eddie has made the members of the program his guests at professional games.

When Eddie first came to Springfield, he promised that it would be his life's work. And he remained true to his word.

Last year, when the Los Angeles Rings, his affiliated National League partner, notified Eddie of their intentions to pull out of Springfield near mid-season, he took over the operation of the team, personally, and injected new life into a dull and aimless club. The fans responded in full force, and the team reciprocated by capturing the Calder Cup championship—Springfield's fifth since Eddie took over the franchise.

This year, Eddie is back operating the Springfield Indians as an independent, at the Civic Center. For this, the whole community is grateful to "Mr. Hockey" for renewing his faith in Springfield as a citadel of the sport.

THE AFRICAN WORKER IN SOUTH AFRICA

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DIGGS. Mr. Speaker, despite the Republic of South Africa's concerted "information" campaign in the United States aimed at presenting its oppressive apartheid system in a benign light, the harsh reality for the mass of black working people in that country continues to be one of unremitting deprivation in a racially based totalitarian society. The following is a factual survey and analysis of what apartheid and separate development mean to the African worker and the prospects of change. This survey was prepared by the Africa Fund affiliated with the American Committee on Africa:

PROSPECTS FOR CHANGE: APARTHEID AND THE AFRICAN WORKER

(By Susan G. Rogers, African Fund research associate)

As his metal armband indicates, the South African mineworker pictured here with all the trappings of his job is a "Boss Boy." Having risen to one of the highest positions available for a black mineworker, he is among the fortunate few. He has more responsibility and is much better paid than the black miners who work under him. Yet it is appropriate that this man should appear faceless, and in this sense, without personal identity and individuality; for in the context of the white South African economy in which he labors, he is essentially treated and viewed as a pair of working hands and arms.

In order to maintain a clear picture of the realities of apartheid through the smoke screen of "change-oriented" speeches that have recently come from the mouths of prominent South African officials, it is more necessary than ever to focus directly on the subject of what "change" can and cannot mean in the context of a society dedicated to the maintenance and reinforcement of white political and economic supremacy. In particular, we intend to ask what "change" has meant and can possibly mean for South Africa's black workers, and by extension, for the 82 per cent of the population their earnings must nurture. For while it is the apartheid structure that assures white supremacy in South Africa, it is the absolute and complete control and regulation of the labor of the black majority that provides the scaffolding on which the South African economy is erected; and it is that economy that allows white South Africans to remain powerful and to enjoy one of the highest standards of living in the world.

Like the vote, this standard of living is "for whites only," who number less than 4 million and supply only 20 per cent of South Africa's economically active population.[1] Seven out of 10 workers in South Africa are Africans. They constitute 90 per cent of the work force in agriculture, forestry, fishing and mining; 65 per cent in electricity, gas and water; 67 per cent in services, and 60 per cent in construction.[2]

While black Africans contribute over two-thirds of South Africa's labor force, white workers earn on the average eight times as much as their black fellow workers. Even if one views this as a skilled-unskilled wage gap, the acceptable differential in industrialized economies elsewhere in the world is 1.4:1.[3] In 1970, the ratio of African to European per capita income was 1:17; in 1971, the gap reached 1:20 and was reported to be growing still wider.[4] This is not an accident. It results from the elaboration and extension of a complex web of apartheid policies, regulations, laws and white "custom" over which African workers have no control and which they have been almost powerless to influence in any way.

Average annual per capita income

Whites	$2373.60
Africans	*117.60

* (*Markinor-Quadrant International Survey of four homelands.* Financial Mail, *Dec. 13, 1974.*)

The expansion, diversification and industrialization of the South African economy during the 20th century and particularly since World War II, far from bringing any improvement in the position of African workers, has seen the steady erosion of the few tenuous rights they once exercised and hence of their ability to affect change peacefully. Even a partial listing of legislation dealing directly and specifically with the African as a worker makes awesome reading. For example, there is legislation that: 1) imposes a contract labor system for African workers (Native Labour Regulation Act, 1911; Bantu Labour Act, 1964, amended, 1974), 2) denies Africans right of ownership in land (Native Land Act, 1913; Bantu Trust and Land Act, No. 18, 1936), 3) reserves skilled employment on mines for whites and prohibits the issuance of certificates of competency to Africans and Asians (Mines and Works Act, 1911; Mines and Works Act, No. 27, 1956), 4) closes training opportunities for Africans and other non-Europeans (Apprenticeship Act, No. 37, 1944), 5) sets up "influx control" machinery and an "endorsement out" systems for Africans (Bantu [Urban Areas] Consolidation Act of 1945) in conjunction with pass laws, i.e., reference books issued under the Bantu (Abolition of Passes and Co-ordination of Documents Act, No. 67, 1952), 6) prohibits registered (hence, officially recognized) trade unions for African workers and denies them the right to strike possessed by white workers (Native Labour [Settlement of Disputes] Act No. 48 of 1953), 7) prohibits "mixed" trade unions, permitting them only in special cases and where the elected officers are white (Industrial Conciliation Act, 1956), 8) virtually eliminates the possibility of permanent residence for Africans in areas outside the Bantustans (Bantu Laws Amendment Act, 1964), 9) allows the Minister of Bantu Administration and Development and the Minister of Labor to prohibit the employment of Blacks in any job in any area by any employer (Bantu Laws [Physical Planning] Amendment Act, 1970).

Such legislation, and a myraid of other laws and regulations, suggest the kind of "change" experienced by the African worker in the 20th century and effectively negates standard assumptions regarding the positive relationship between an expanding economy and an improved standard of living for the majority of people whose labor has produced economic growth. Apartheid economics requires an entirely different set of assumptions, and these have not changed. Among the most basic is that which holds that the African is not a person with human rights when he or she works within the white economy; rather, he or she is a "unit of labor." Like a piece of machinery, this "unit of labor" is used or used up; is given perfunctory care to keep it functioning; is placed where it is needed; and is discarded and moved out when it is no longer of use. A machine doesn't decide what work it would like to do or where it will work; it doesn't demand extra care or additional training; it has no right. A Report of the Local Government Commission (1921) stated: "The Native should only be allowed to enter the urban areas, which are essentially the white man's creation, when he is willing to enter to minister to the needs of the white man, and should depart therefrom when he ceases so to minister."[5] A half century of economic growth and industrialization later, the same assumption prevails, with further refinement: ". . . the Bantu [apartheid terminology for Black African] are present here for the sake of their labour. That labour is regulated by statute; they cannot simply work at random and at will . . . they are not here . . . to acquire what you and I [South African whites] can acquire in the sphere of labour and the other spheres."[6]

The entrenchment of an economic system designed to exploit African labor and simultaneously prevent Africans from enjoying the fruits of that system has required the complete perversion of what are generally regarded as basic (albeit hard-earned) worker rights in most industrialized societies. Such rights, in South Africa, apply only to the one fifth of the work force that is white. For example:

JOB MOBILITY

For African workers in apartheid society, the words can only suggest the cruelest of ironies. In the usual sense of horizontal and vertical mobility—the freedom of workers to seek employment where they choose and rise freely to higher level jobs as talent and initiative may dictate—they have no meaning. Pass laws and influx control regulations prohibit the free movement of African workers in order to monitor and restrict the percentage of Africans employed in any given urban industrialized area. A system of Tribal Labour Bureaux determines where an African can register as a "work seeker" and specifies where (what part of the country) he may in fact be employed. If there is no job available that calls for the particular skills, education or experience he or she has to offer, an African cannot decide to look elsewhere for an appropriate position. An African cannot quit a job to accept a better one. Work contracts are binding on the African worker for the period specified; deportation to a Bantustan faces an African who, for whatever reason, breaks a contract.

Similarly, vertical mobility is carefully restricted and controlled to protect white workers from competition and to insure that in every employment situation, Whites hold jobs that are ranked higher and paid better than those of the Africans.

The only sense in which job mobility applies to Africans in South Africa is a perverted one dictated by the apartheid system. Africans are indeed "mobile" in that they are forced to become migrant laborers in order to earn a living. First entrenched in the mining industry at the end of the 19th century, the migratory labor system is now deliberate public policy for African workers generally and reflects the need for cheap labor in the white-controlled economy and the parallel requirement that Africans be denied permanent residence in "white areas." The aim is that *all* Blacks in these areas will be migrants, i.e., living without their families and other dependents. By 1971, the proportion of economically active men living in single accommodation in the five main cities of South Africa was as follows: Cape Town, 85 per cent; Durban, 55 per cent; Johannesburg, 49 per cent; Petoria, 47 per cent; Port Elizabeth, 20 per cent.[7] As the Report of the Economic Commission (Spro-Cas), 1973, points out, "Migrant labour is perhaps the single most important distinguishing feature of the South African economy and is fundamentally evil in its operation." This system totally destroys African family life

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Footnotes at end of article.

by forcing men and women to leave their homes and submit to the degrading and stark conditions of over-crowded single-sex hostels. Low wages insure perpetual poverty. One year contracts insure that the employers have little interest in investing in the training of the workers. In 1972, it was estimated that the migratory labor system affected the lives of at least 6,000,000 African men, women and children.[8]

According to the Secretary of Bantu Administration and Development, the migratory labor system is a perfectly appropriate way of dealing with "units of labor." "As at present, they [Africans working outside the Bantustans] need not always be the same Bantu. They will constitute a *moving population* because they keep on returning to their respective Homelands, some more often than others."[9]

The essential institutions of South Africa's migratory labor system are the mining compound, the Bantustan or reserve, and the segregated urban location. As such, they are the essential institutions of southern African labor exploitation.[10]

JOB TRAINING

The availability of job training for Africans like every other aspect of their treatment in the labor force, has been, and is, determined solely by the requirements of the apartheid economy. These requirements are often in conflict. White employers in South Africa need more skilled and semi-skilled workers than the white population provides. But white workers want protection against competition from Africans and also want wages for work categorized as "white" to remain high. They have the power of the vote, and constitute a much greater proportion of the white electorate than the employers. The result is what has been described as a cautious "stop-go" approach on the part of both the South African government and industry.

Modification of the industrial color bar and moves toward training of Africans must be carefully worked out to the benefit of whites. For example in the motor trade, training schemes in semi-skilled jobs for Africans were announced in 1974 "to relieve the crippling shortage of skilled mechanics." African repair-shop assistants were slated for more responsible work and higher pay. In effect, they were to be trained to do the least skilled parts of jobs held by Journeymen (white) in order to "free journeymen to handle skilled tasks only. . . ." The pay of the African repair assistants was to be increased from $25.00 per week to about $29.00 per week; while that of the white mechanics would rise from $65.00 to $89.00 per week.[11] Such job fragmentation and attendant pay increases for Whites characterize the South African approach to training for Africans.

In any case, adequate training does not insure Blacks employment for which they are qualified. For example, Johannesburg's Phonefficiency African Business Training Centre graduates 30 to 40 African clerical workers each month who cannot find employment even though there are well over 6,000 clerical jobs available and no Whites to fill them. Phonefficiency's principal feels that the public doesn't know that trained Africans are in fact available. But this is hardly the sole, and probably not the major problem. Employers don't want to provide separate toilet facilities required for black employees, and fear opposition from white staff. Moreover, a 1964 amendment to the Bantu (Urban Areas) Consolidation Act of 1945 prohibits employment agencies from handling African applicants; only the Labour Department and recognized agencies can place Blacks in employment.

A "LIVING" WAGE

To be a white wage-earner in South Africa is to be assured a "civilized" living standard for oneself and one's family. For the African worker, however, an entirely different standard has been devised. This is the Poverty Datum Line (PDL), a "scientific measurement of the rock-bottom income an ordinary African family needs to keep body and soul together."[12] *Excluded* from the PDL figures are expenditures on items such as furniture, household goods, medical and educational expenses, reading matter, postage, stationary, entertainment, telephone, savings and insurance, and money sent to dependent relatives. A marginally decent standard of living which includes these items is termed the Minimum Effective Level (EML) and is calculated to be one and one-half times the PDL. Both these estimates must be constantly adjusted upward as the cost of living increases, and they differ in the various urban and rural areas of South Africa. The rising cost of food particularly affects Africans, as they must spend over 70 per cent of their incomes on this item alone.

A "Living" Wage?

'The average unskilled wage for an African man as of August, 1974, was $93.00 per month.' (Financial Mail, Aug. 9, 1974.)

For the vast majority of South Africa's white employers, the PDL, if it is acknowledged at all, is not treated as a guide for the *minimum* wage to be paid African laborers, even though the figure, as calculated, represents a bare minimum living standard. Rather, it is viewed as a potential *average* wage figure. Most Africans receive wages substantially *below* the PDL, and African women are consistently paid even less than African men. The average pay for an African unskilled worker remains about $93.00 per month.[13] despite some improvement in recent years stimulated by widespread strikes and labor unrest among African workers and to a lesser degree by foreign pressure such as that generated by Adam Raphael's devastating *Guardian* expose of the poverty wages paid by British companies in South Africa published in early 1973. Moreover, white wages have also risen, so that the white-black wage gap remains essentially the same, while in the case of white executives, a recently reported wage increase to keep pace with inflation amounts to more than three times the *total* average earnings of an unskilled African worker.[14]

COST OF LIVING

City	PDL, African family of 6 (per month)	Percent increase, October 1973 to October 1974
Bloemfontein	$147.00	23.6
Capetown	150.00	25.0
Durban	139.00	18.9
East London	142.00	25.3
Port Elizabeth	145.00	18.2
Windhoek (Namibia)	158.00	38.8

Note: Financial mail, Nov. 15, 1974.

White employers who wish to justify paying less than PDL wages commonly argue (1) that the families of Africans working in urban areas provide for themselves in the Bantustans—an assumption that conveniently ignores the reality of poverty, overpopulation, malnutrition and unemployment in the Bantustan areas; (2) that African families tend to have more than one wage earner—which, as a result of dire necessity, is indeed often the case; (3) that rural living costs are lower—which is often not true due to higher transport costs and higher food prices; (4) that the PDL figure is based on a family of 5 or 6, when it might be smaller—or, one might add, larger; (5) that Africans have lower "nutritional needs" than whites—an assumption with racist content that hardly needs comment; and finally, (6) that many African workers are "single"—a reflection of the white acceptance of the migrant labor system which treats Africans as "single" even when they have families, and ignores the fact that some workers might be single precisely because they can't afford to support a wife and family.[15] The all-white Wage Board which recommends minimum wages for Africans under orders from the Minister of Labor invariably echoes such assumptions to justify setting minimums below the PDL.[16]

"The average wage for an African man at Babalegi (a 'growth point' just *inside* the Bophutha Twana Bantustan) was $44.00 per month as of December, 1974." (Financial Mail, Dec. 13, 1974)

While Africans working in the major industrial centers typically earn less than the established PDL figures for the area, those who must work in the so-called "border industries" and in towns designated as "growth points" under the Government's decentralization program earn "wages far below the breadline. . . ."[17] Decentralization, apartheid's answer to the "problem" of large concentrations of African workers in the established urban industrial areas, requires that expansion and the building of new plants and factories take place elsewhere. For the white industrialist who participates, the major incentive is even cheaper black labor costs than he is accustomed to, and the availability of a black work force unlikely to complain of poverty wages, forced over-time, and lack of workers' rights for fear of dismissal.[18]

"We trade on a captive and partly silenced work force which is deliberately kept unsophisticated. Its members are usually paid less than they need to live on." (Rand Daily Mail, Nov. 11, 1972)

EQUAL PAY FOR EQUAL WORK

Since for the most part, a rigid job and wage structure keeps the vast majority of Africans at the bottom of all employment ladders in unskilled and semi-skilled positions, the issue of equal pay for equal work does not often arise. In instances where an African is in fact doing a job that requires more skill than a particular job in which a white is employed, the white job is simply evaluated as "higher" to account for the higher rate of pay earned. This leads to numerous job evaluation anomalies, such as in the brewing industry, where a white gate keeper earns about $32.00 per week while an African mechanical fork lift truck driver whose job clearly requires more skill earns $23.00 per week.[19]

In cases where whites and Africans are in fact occupying identical positions, there is simply no standard rate for the job, and blatant racism takes over. In clerical jobs, whites earn approximately twice as much as Africans. An African nurse's salary is 45% of a white nurse's. A white social worker earns 2½ times as much as a black social worker with equivalent qualifications. When the City Council of Johannesburg tried for a time to pay six African doctors in Soweto the same as white doctors, they were accused of disrupting the economy and doing an injustice to other "non-whites" in South Africa.[20] Job evaluations and percentages may change; the basic assumptions are part and parcel of the apartheid system and cannot change so long as African workers are deprived of any effective voice in the "white" economy they serve.

COLLECTIVE BARGAINING AND THE RIGHT TO STRIKE

". . . if Blacks had legal bargaining powers the PDL might be redundant. Their lack of it means that a vital component is missing from decisionmaking in South Africa." (Financial Mail, April 5, 1974)

Throughout the world, workers have learned that effective organization is the key to their bargaining position *vis a vis* employers. Not surprisingly, the South African Government is determined to prevent African workers from utilizing this key. African trade unions are not recognized and are deprived of the right to negotiate and bargain

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Footnotes at end of article.

on behalf of their members. Instead, African workers are permitted, through the Bantu Labor Relations Regulation Act, to participate in either Liaison Committees (with up to one half of the members, including the chairman, to be appointed by the employer) or Works Committees, which can be set up in any factory where a liaison committee does not exist, and where more than twenty black workers are employed. A Works Committee can only represent workers within a specific factory. Divide and rule is here, as in all other aspects of South African legislation concerning Blacks, the central purpose.

"Whites, whether employers or not, really have no idea what the Black man is thinking." (Financial Mail, Feb. 16, 1973)

To further emasculate African workers, the Government deprives them of the right to strike except under certain extremely limited conditions. But as has been demonstrated since early in 1973, prohibiting strikes has not prevented African workers from striking. In an 18 month period up to June, 1974, there were no less than 300 strikes, and in 281 cases, there was no works committee to act as a liaison between workers and employers.[21] Since that time, strikes by African workers in the factories and mines, in the latter case leading to scores of tragic deaths, have continued. Both the Government and major industrialists are now aware that the absence of "proper channels of communication" can be as debilitating for employers and for the economy as it is for the African workers themselves. The problem for white South Africa is to find the means to institutionalize confrontation by providing "channels of communication" acceptable to African workers while continuing to deny them any legal rights and power within the South African economic system.

Change within the limits suggested can be expected, and the position of African workers in South Africa may therefore improve somewhat in the context of the present economic and political structure; but change in the real sense—change that provides the African with meaningful control over his own labor—will require no less than the dismantling of the entire apartheid system.

". . . it is no use having a well-trained army on South Africa's borders if the Government allows the labour position to deteriorate." (Senator Eric Winchester, United Party, quoted in Johannesburg Star, Oct. 12, 1974).

FOOTNOTES

[1] J.A. Horner, "Black Pay and Productivity in South Africa," S.A. IRR, Sept., 1972, Table 2, p. 3.

[2] Report by Managing Director of Market Research Africa, Mr. W. Langschmidt, cited in Johannesburg *Star*, Aug. 3, 1974.

[3] Johannesburg *Star*, April 21, 1973.

[4] London *Times*, April 27, 1971.

[5] Report of the Local Government Commission, U.G. 62/1921.

[6] Minister of Eantu Administration and Development, Hansard No. 1, Col. 298, 3 Feb., 1972, cited in *Die Swart Serp*, Maart, 1972.

[7] *Migrant Labour in South Africa* Francis Wilson, S.A. Council of Churches, Spro-Cas, 1972.

[8] John Kane-Berman, "Migratory Labour," Spro-Cas Background Paper No. 3, 1972, cited in UN Notes and Documents, No. 25/74, Aug., 1974.

[9] Quoted in *Financial Mail*, Sept., 1972.

[10] South African Labour Bulletin, Vol. 1, No. 4, July, 1974.

[11] *South African Digest*, July 26, 1974.

[12] *Financial Mail*, April 5, 1974.

[13] *Financial Mail*, Oct. 11, 1974. In Durban, for example, this wage would be $46.00 less than the accepted PDL calculation of $139.00 per month.

[14] *Financial Mail*, Oct. 11, 1974.

[15] *Financial Mail*, April 5, 1974, raises these points for critical analysis.

[16] See, for example, the *Financial Mail*, May 18, 1973.

[17] Johannesburg *Star*, June 8, 1974.

[18] *Financial Mail*, Dec. 13, 1974. At Babalegi, a growth point just inside the Bophutha Tswana bantustan, the average wage was reported to be roughly $11.00 per week. Moreover, it was found that three-quarters of the workers surveyed directly were actually earning less than that "average."

[19] J. A. Horner, *Black Pay and Productivity in South Africa*, S.A. IRR, Sept. 1972, p. 5.

[20] *Financial Mail*, 19 April, 1974; Johannesburg *Star*, June 8, 1974; S.A. *Financial Gazette*, May 18, 1973.

[21] Johannesburg *Star*, Oct. 12, 1974.

FIRST DISTRICT OF IOWA QUESTIONNAIRE

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. MEZVINSKY. Mr. Speaker, recently, I mailed a questionnaire to the residents of the First Congressional District of Iowa asking my constituents to give me their views on 12 varied issues.

During the past weeks, we have been busy going over their responses. I am pleased to report that approximately 15,000 completed questionnaire forms were returned to my office.

In addition to the readily apparent value of this type of public input, this questionnaire provided a catalyst for hundreds of First District residents to go beyond the limits of the printed form. I was pleased by the substantial number of letters which were included—either expanding on specific questions or detailing the writers' thoughts on separate issues.

I deeply appreciate the interest shown in the questionnaire and was pleased to hear from so many First District residents. I would like to share with you the results:

FIRST DISTRICT QUESTIONNAIRE

1. Which of the following would you support in order to curtail the use of gasoline?

A. Gasoline rationing, 19 percent.

B. Excise tax on low mpg autos, 19 percent.

C. Sunday closings of gas stations, 14 percent.

D. Substantial increase in federal gasoline tax, 5 percent.

E. Mandatory cutback in oil imports, with reduced supplies distributed through allocation, 10 percent.

F. Allow price to rise so that drivers cannot afford to buy as much gasoline, 7 percent.

G. Increase government support for public transportation alternatives to private automobile travel, 28 percent.

2. Congress has the responsibility to set budget priorities, to decide how to spend federal tax dollars. Do you think spending in the following areas should be more, less or about the same?

[In percent]

	More	Less	Same
Education	40	17	43
Energy research	79	5	16
Rail transportation	63	17	20
Unemployment assistance	20	41	40
Jobs programs	44	23	32
Antitrust enforcement	43	20	37
Health care	50	17	33
Space	12	60	29
Housing	33	29	38
Aid to the elderly	60	9	31
Foreign economic aid	5	76	19
Foreign military aid	2	88	11
Highways	16	38	46
Public transportation	63	13	24
Environmental protection	48	20	33
Agricultural programs	27	27	46
Military and defense	19	43	38
Law enforcement	56	10	35

3. Several proposals concerning national health care are now before the Congress. Which of the following would you most prefer?

A. Comprehensive national health insurance for all Americans financed and administered in a manner similar to Social Security, 32 percent.

B. Comprehensive national health insurance financed through payroll deductions but administered through private carriers, 17 percent.

C. National health insurance limited to covering the cost of catastrophic illness, 27 percent.

D. No government health insurance program, 23 percent.

4. On the question of amnesty in regard to the Vietnam war, which of the following do you favor?

A. Universal and unconditional amnesty, 28 percent.

B. Conditional amnesty, with alternate service, 43 percent.

C. No form of amnesty, 27 percent.

D. Other, 2 percent.

5. Do you think Social Security benefits should be increased as the cost of living increases?

Yes, 83 percent.

No, 13 percent.

No opinion, 4 percent.

6. In light of recent disclosure of corruption in the inspection of grain exports, do you believe the system should be changed to require federal, rather than private or state, inspection of grain and ships?

Yes, 66 percent.

No, 23 percent.

No opinion, 11 percent.

7. Which energy sources do you believe should be most extensively explored?

Coal, 19 percent.

Solar, 42 percent.

Nuclear, 18 percent.

Petroleum, 8 percent.

Geothermal, 12 percent.

Wind, 1 percent.

8. Various proposals are before the Congress concerning the control of firearms. Which of the following do you favor?

A. Legislation requiring registration of all firearms, 38 percent.

B. Legislation outlawing the sale and possession of handguns, 27 percent.

C. No new legislation in this area, 31 percent.

D. Other, 5 percent.

9. Do you think the sale of American military equipment to foreign nations should be subject to the approval of Congress?

Yes, 82 percent.

No, 13 percent.

No opinion, 5 percent.

10. Have you ever contacted one of our three Congressional Outreach Offices?

Yes, 18 percent.

No, 82 percent.

11. When I am able to be in the First District, I try to take part in many kinds of activities. How do you rate the importance of the following?

	Very important	Important	Unimportant
A. Town meetings	43	43	14
B. Office hours	34	49	17
C. Meetings with civic groups and local officials to discuss local problems and issues before Congress	59	34	8

12. What do you consider the major problem facing the nation today?

This question generated the highest number of comments, both in the margins of the questionnaire and in separate letters.

Most of the people who responded cited inflation as the issue which concerns them the most. Crime was the second most frequently mentioned problem, while unemployment and big government were mentioned almost as often.

Three other issues, the absence of honesty in Government and private business, high Government spending, and pollution of the environment, very often tied for fifth place as the major issues.

A significant number of people also mentioned problems of the elderly, the lack of effective leadership, and high taxes as the problems which concern them the most.

Other issues causing great concern are the need for welfare reform, monopolies, excessive military spending, the congressional pay raise, racism, drugs, and inadequate health care.

Also mentioned were invasion of privacy, the need for long range planning, and President Ford.

MAINE'S POTATO CROP

HON. WILLIAM S. COHEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. COHEN. Mr. Speaker, last week Aroostook County, Maine, began its unique annual ritual—the harvest of Maine's potato crop.

Aroostook County is the largest and northernmost county in Maine. Its 6,821 square miles make it considerably larger than the entire combined area of the States of Connecticut and Rhode Island, and it is, in fact, the largest county in the United States east of the Mississippi River.

Aroostook County is the potato basket of the Northeast, producing approximately one-eighth of the total potato crop of the Nation. Virtually every one of the 95,000 people who live in the county depend on the potato for their livelihood in one way or another, and the harvest in Aroostook is an event in which everybody, from schoolchildren on up, have an active stake.

It is hard to describe the Maine potato harvest to someone who has never visited Aroostook County. Farmers plan for months to make sure they will be ready to harvest their highly perishable crop quickly and efficiently when the proper time comes. When harvest begins, the farmers are up hours before sunrise, preparing their diggers and harvesters. Most schools in the county close down to permit the children to assist in the hand harvesting operations that produce 70 percent of the State's total potato yield.

It is an event that involves the whole community from the day the first row is dug up to the day several weeks later when the last potato is out of the ground and shut safely away in the potato house.

To try to give my uninitiated colleagues a better notion of what the potato harvest means to the people of Aroostook County, I am inserting at this point in the Record two stories by Richard H. Stewart which appeared in Sunday's Boston Globe. Mr. Stewart, formerly the Globe's national editor, now serves as a New England correspondent, traveling through the six-State region searching out stories which capture the unique culture and heritage of New England.

His two stories point up the social and economic importance of the potato harvest to Aroostook County and to Maine, and I commend them to the attention of my colleagues:

Rain Turns Maine Harvest Into Pretty Cold Potatoes

(By Richard H. Stewart)

Presque Isle, Maine.—At 4 a.m. Wayne Knight slips on his earphones and switches on the microphone at radio station WEGP.

Although there are still a couple of hours to daylight, radios throughout Aroostook County are tuned to this and other stations.

It's potato harvest time in Maine's Aroostock County, the biggest county east of the Mississippi.

What cotton is to Memphis, what oil is to Houston, potatoes are to Aroostock County.

But this morning it is raining and calls overload the several phone extensions at the radio station where Knight is running his program. "Pickers' Special."

To the uninitiated, the broadcast has the flavor of something invented by Slim Pickins to entertain insomniacs. Its homely chatter and rural informality would shock the big city broadcast folks.

But it is one of the most important of public services for people hereabouts. It is their message center.

Rain has created a growing sense of uncertainty for both growers and their crews. Each day of delay in the harvest increases the risk that the first frost will come before the crop is in.

Wayne Knight is their link:

"Gilford Sperry says it's raining where he is and he'll hold up for a while . . .

"Danny Webb. Dan Webb, which way you goin? Your crew's callin'."

Knight, 40, spiels off the information as fast as it is funneled to him in the fashion of the play-by-play sports broadcaster he once was.

Oddly, like most people in Aroostook County, he doesn't have a Maine accent. But in front of the microphone his voice is almost a caricature of the accent.

When calls build up he answers them himself in the studio:

"Wayne speakin'. Hello, Rita. Okay, I'll tell 'em. That's Hubert Haley's wife, Rita. Rita says that Hubert Haley wants the harvester crew right on time and the hand crew at 7.".

Another grower climbs the stairs and walks directly into the broadcast studio. The door is never closed.

"Jack Cameron, Parkhurst Farms, says just as soon as it stops raining he'll let the crew know and he says it don't look like it'll be very long."

Most of the schools in the county above fifth grade are closed. Potatoes have to come out of the ground before the first freeze. Education can be made up, but potatoes can't wait.

Kids are the best pickers. By law, they can't work on the big mechanical harvester until they are sixteen. Too many limbs have been lost to those lumbering giants and flailing grates.

School starts here Aug. 22 and closes a month later. About 13,000 students are in the fields, being paid 40 cents a barrel. The best can make $20 a day. About 70 percent of the crop is harvested by hand.

Harvest conditions will determine when they go back to school and how long into the summer they will stay there.

There are about 1,000 potato farms in the county. Maine produces 12 percent of the nation's potatoes.

The crop is valued in the hundreds of millions. Traders bet fortunes on Maine Potato futures at the New York Mercantile Exchange.

The potato is more than a food *staple. It is* economic life or death to the people here.

Knight is unabashedly anti-rain at harvest time. I keep trying to talk it out of the county.

"I can't help but believe this little puckerin' up we got isn't goin' to last that long. You crews, you get up and get yourself some breakfast and get dressed. Because this rain isn't going to last that long. Oh, it may make it a little yukky . . ."

Many call wanting jobs on the harvesters, on trucks or in the potato houses. Few call to hand pick the potatoes. It's tough work.

"Funny," he tells his listeners, "I never get many pickers. Seems like everybody wants to go to heaven but nobody wants to die."

As the calls continue there appears to be greater uncertainty whether the rain will allow any harvesting.

The rain that Knight has tried to orally dispatch from the region shows no signs of letup.

Finally, reluctantly, Knight has to accept the facts as a revised forecast comes in calling for a 60 percent chance of rain.

Nature has bested Wayne Knight.

"The general consensus is that everybody is going to hold up to see if this rain is goin' to settle in."

In mock seriousness he says, "You know, you ought to have that. No home should be without one."

It's 6:30 now and Knight calls it quits. The disc jockey, who also has been making calls, moves behind the microphone and Knight leaves to go to his regular job at the Maine Farmers Exchange, buying and selling potatoes.

"We can dig between eight and 10 percent of the crop a day if everything is right," he says. "But this rain just makes it awful." There's no trace of an accent.

Knight isn't sure how long he will be going to bed at 7:45 every night to be on tap for his radio program. The program lasts during the harvest season.

During one season he had to do it for nine weeks. The shortest tour was four weeks.

Success or failure of the Maine potato is a matter of personal pride and the Maine Potato Commission doesn't let the farming public forget it.

It promotes the following broadcast commercial:

"We are the home of the Maine potato and we have to work hard to make our potato No. 1. A good harvest is the beginning. The reputation of the Maine potato is in your hands. Take care to make this the best harvest ever."

And there's another one sung by a chorus:

"Pick up a Maine potato and talk to it today."

Here's Spud in Your Eye: Planting Decrease May Push Potato Past '73 High

(By Richard H. Stewart)

Presque Isle, Maine.—Foliage has turned red in potato country and the farmer's eyes also are lighting up as he keeps one eye on his crop and the other on the New York Mercantile Exchange board.

New York's where they deal in Maine potato futures. It's the Las Vegas of the trading spots. A place for high-risk speculators, the high rollers of the trading set.

If the farmer hasn't already committed

his crop or some part of it to lower prices, the grower could be in for the best financial season since 1973, when potato futures for May delivery hit the all-time high of $19.15 per 100 pounds.

If the market holds true to the estimates, New England housewives can expect to be paying more for potatoes before the end of this year and even more in 1976.

The first tangible evidence of potential higher prices already is in—Department of Agriculture figures on the number of acres that have been planted in the so-called Fall States.

The Fall States are those in the northern tier of the United States, from Idaho to Maine. The report on the acreage came in Aug. 11. It showed they planted 96,000 acres less this year than 1974, the worst year for potato growers. Maine planted 18,000 less acres this year than last.

This year's national acreage is 20,000 acres under 1973, the best year for growers.

Since potatoes, like most commodities, find their price level on a supply and demand comparison, the reduction in the planting would suggest there will be fewer potatoes from the crop now being picked from the fields.

This means higher prices for consumers.

Will the price hit or pass the 1973 high mark?

That's what the traders on the commodity market are gambling on.

But it's still a guessing game. That's what makes it a high-risk investment.

The second guideline for farmers and speculators—they often are the same people—comes Oct. 10. In Aroostook County, the potato basket of the northeast, farmers wait for that announcement like kids anticipating Christmas.

That is the day the production report will come in from the Department of Agriculture. It will tell how much yield is coming from the reduced planting.

Larry Thibodeau is president of the Maine Farmers Exchange, Inc. His business is marketing potatoes. Potato futures is part of his business.

"Everybody uses the government figures to work on," he says. "I might think they're wrong, but I'll never buck 'em. That's for sure. They're impartial. They do a job. They've got 28 or 29 years backed up behind them, experience in doing this, and I'm going to believe 'em. That's good enough for me."

The potato futures market has been highly volatile since August. By law, the price cannot rise or fall more than 50 cents in a single trading day. It has risen in 50 cent increments on several successive days this year.

The farmer who really wants to gamble can contract to sell in May. That's the month he can get his best price. But he has to commit himself now to deliver in May. This means he has to store his crop in his own potato houses until then.

Can he hold the crop he is now picking in storage until then? Will the potatoes hold their quality? Will they develop rot? Will his potato house burn down?

Will there be an early frost that will destroy part of the current crop before it even gets to storage?

Says Thibodeau, "Potatoes are perishable. They're 78 percent water. They've got to be perishable."

When you deal in potato futures you're dealing in surplus from farmers who produce more potatoes than they can sell at harvest time.

That's why the Oct. 10 production figures are important. Less production means higher prices.

In the language of the race track, Thibodeau explains:

"You've got a horse that does a mile in two minutes. But you hear down in Boston they've got a new colt they think can go in 1:57. They don't know yet. He hasn't been tested.

"The reports aren't all out. All you've got is speculation. He races the first time Oct. 10. Everybody's going to be here. Understand. If he can beat two minutes everybody's going to be betting on that horse."

The housewife undoubtedly will be paying higher prices for potatoes over the next year. How much more?

Says Thibodeau, "You find me the man who can tell me and I'll make him a million dollars in 10 minutes."

TOASTS OF TWO PRESIDENTS

HON. ROBERT G. STEPHENS, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. STEPHENS. Mr. Speaker, when the President of our southern neighbor country, the Republic of Colombia, President Alphonso Lopez Michelson, visited the United States for an official visit, he and his wife and dignitaries of Colombia were entertained at a formal State dinner by President and Mrs. Gerald R. Ford at the White House on the evening of September 25.

Toasts were exchanged between the two chief executives and because of the significance of the ideas expressed, I asked Mr. William D. Rogers, our Assistant Secretary of State for Inter-American Affairs, to obtain the texts for me to share them in the Congressional Record with my colleagues.

The exchange of toasts follows:

Exchange of Toasts Between President Ford and Alfonso Lopez Michelson, President of the Republic of Colombia

The President. In proposing a toast to you, Mr. President, and to the great Republic of Colombia, I think it is fitting to note that your State Visit to the United States coincides with the 150th Anniversary year of the first treaty between our two countries.

Soon after Colombia won its independence in 1819, the great liberator, Simon Bolivar, sent one of his first diplomatic representatives to this country—Don Manuel Torres. As head of the Colombian mission, he became the first accredited envoy of Spanish-American power in the United States.

As early as 1820, Mr. President, Manuel Torres was instructed to negotiate a commerical treaty with the United States on the basis, and I quote, of "equality and reciprocity."

That treaty was proclaimed on May 31, 1825. Thus, Mr. President, the roots of our friendly relations are long and deep.

This relationship was furthered by an illustrious former President of Colombia, Alfonso Lopez Pumarejo, whose distinguished son honors us with his presence here tonight.

During his Inaugural Address in 1934, President Lopez Pumarejo said, and I quote, "Our foreign relations in the future must not be based on that formal reciprocity of soulless diplomatic notes that travel from chancery to chancery. We shall try to take advantage of every opportunity to invigorate the ties of cooperation and active friendship with all nations but, above all, with those of our hemisphere."

How well this distinguished leader—and permit me to add, Excellency, his distinguished son—have succeeded in that very high purpose. Our mutual relations today are born of a very precious common heritage forged out of the travail of wars of independence. Both of our nations paid with the blood of patriots to achieve the dream of freedom, both in your country as well as in ours.

That common experience, I think, gives us common aspirations. Both of our nations desire to see the rule of law apply to our relations and to those among all nations. Both seek equality and reciprocity among nations. Both share the common knowledge that, in the complex world of today, nations bound in historic friendship and traditions must depend very directly upon one another.

Your country is renowned for its moral and intellectual leadership, for its moderation, for its keen sense of justice and for its dedication to greater progress and social justice for your people and the peoples of our hemisphere.

We of the United States admire these goals you have set not only for yourselves, but we appreciate them as great objectives for all of your people.

Ladies and gentlemen, I ask that you join me in a toast to His Excellency, the President of Colmbia, to Mrs. Lopez and to the people of Colombia. May our two countries always walk together in a mutual confidence and respect, and may our historic friendship contribute to the achievement of these noble goals of mankind—justice, peace and freedom.

President Lopez. Mr. President, Mrs. Ford, Mr. Vice President, Mrs. Rockefeller, Mr. Secretary of State, distinguished members of the Senate and the House, ladies and gentlemen:

Six years ago, a few hours before man first set foot on the moon, another President of Colombia, Dr. Carlos Lleras Restrepo, then the guest of President Richard Nixon, had the honor of speaking in this very room. The dream cherished for centuries by poets and fiction writers was brought to reality by American science and technology. We had evidently reached a landmark in the history of mankind.

Today, when the United States is preparing the Bicentennial celebration of the Declaration of Independence, it seems fitting to ask which of the two events constitutes a greater contribution to western civilization. The Declaration of Independence has a decisive influence on the process that led to the French revolution. It carried the seeds of the Constitution of Philadelphia, which has been so often imitated over the last two centuries.

The space feat, repeated later by other nations, is a source of controversy surrounded by ever-diminishing admiration. Few would disagree, however, that the Constitution of Philadelphia has been one of the key elements in the spiritual and material progress of this great Nation.

In the view of the distinguished English historian, James Bryce, the two outstanding achievements of the human spirit in the field of political organization are the written Constitution of the United States and the unwritten set of rules known as the British Constitution. Both have withstood the test of time.

In an era when people's admiration tends to be easily captivated by material accomplishments and much emphasis given to the gap between the pace of technological progress and the slow pace of social and human science, it is worth noting the foresight of the Founding Fathers. With profound insight into the legal matters of their day, they created the framework for the development of a different world which could not have been foreseen.

Those of us who believe in freedom and equality will be with you in spirit during the commemoration of the Declaration of Independence. A rendezvous, to be present on that historical occasion, would be perhaps out of order. The opportunity given to us by the encounter should transcend the formalities of protocol.

We should reflect upon the achievements

of the past and meditate upon freedom in general and the state of freedom in our continent, in particular.

The future of humanity is intimately linked to the question of freedom. The history of civilization, as we have known it, is one of continuous ascent toward attainment of that freedom. Religious freedom, freedom of dissent, freedom to assemble, freedom to claim for better working conditions and, in recent years, freedom from fear, freedom from want, freedom from unemployment.

These values, which have become commonplace, have ceased to be commonplace at a time when liberty suffers an eclipse within our own continent. But just listing them, we can see how difficult it is to disentangle the knot of very often contradictory rights, for economic freedom is not always compatible with the freedom from poverty or from unemployment and an unlimited freedom to employ will tend to hinder labor's conquests.

Very often other economic systems led people, particularly the young, to believe that freedom, as a value, must give way to the demands of economic life. Without forgetting the obvious difficulties, we must double our efforts to see that the next generation will not have to barter freedom of spirit for shelter from economic hardship.

This is at least the case of my country. Although it is true that we don't cling to any specific form of social system and even less to any foreign model and that we are ready to seek a better redistribution of our income through the implementation of programs such as tax, agrarian and educational reforms, there is none-the-less something upon which we cannot compromise. That is the quality of our life and, therefore, the right to think our own thoughts and dream our own dreams.

I am confident, Mr. President, that this meeting will bring about a better understanding which I already anticipate between our two countries. Also, that we will find a sense of partnership within a legal system based on impersonal and abstract rules, within which there will always be the right to dissent.

I have spoken on other questions about our own joint duties and responsibilities in this hemisphere. Going further now, I bring to your attention something that has been outlined in the past but which has recently aquired growing importance. Namely, that the responsibility for maintaining a world of spiritual freedom is a task which demands economic sacrifices. The sacrifices concern everyone equally but mainly those who can make them.

Colombia has recognized this not only with words but with deeds. We have given, for example, preferential treatment to Bolivia and Ecuador, relatively less-developed countries within the Sub-regional Andean Pact. We have promptly approved the increase in our share of the capital subscriptions for the World Bank and the Interamerican Development Bank. We have also made a contribution to the Caribbean Development Bank in order to provide financial support for the former European possessions in the area.

In every international forum we have sought an understanding between producers and consumers, trading off sometimes, as in the case of coffee and sugar, windfall gains for permanent stability.

As of the next United States fiscal year, we will forego any further loans from the Agency for International Development. Considering the fact that our export earnings are sufficient for our balance of payment requirements, we feel that the resources released thereby can be more useful to needier countries.

This contribution, however modest, is in accordance with our means. It is, none-the-less, tangible evidence that Colombia is ready and willing to bear its share of its humanitarian obligations, following thus the example set by the United States in the post-war era when, for the first time in the history of mankind, massive resources from one nation were distined to benefit non-nationals.

The Marshall Plan turned the defeated into victors with the help of the country which, having suffered less material damages, was in a position, if so desired, to impose its will upon the rest of the world.

From a Latin American point of view, the new Trade Act of the United States is not without shortcomings, among other reasons, because of the discriminatory treatment given to Ecuador and Venezuela. Nevertheless, it contains positive provisions that favor a lowering of tariffs which should benefit the developing countries. Let's hope that it will be implemented in the spirit of liberalization of trade rather than that of narrow-minded protectionism.

Colombia has applied for membership to the General Agreement on Tariffs and Trade and hopes, also, that these negotiations will provide a new scope for our foreign trade. Not in vain did we treble our sales of goods and services to the world in the last five years through the diversification of our own exports and the widening of markets for Colombian products in Latin America, Europe and the United States.

Although I am not here as a spokesman for other Latin American nations, this is an appropriate occasion to underline some of the conclusions which we have reached at so-called summit meetings among neighboring countries and add a few of my own vintage.

In the past, the relationship between our two sub-continents has tended to reflect an American campaign slogan, or a unilateral definition of policy, suitable perhaps for domestic political purposes but totally unrelated to Latin American aspirations.

Neither "the big stick," nor "the good neighbor," nor "the low profile," nor "the benign neglect" satisfy us because of their one-sided connotation. What is required is a new relationship between the United States and Latin America jointly formulated by both parties according to their needs and aspirations.

For this we already have a forum at the Organization of American States and an organization to present coherently our common points of view through the recently established Latin American economic system, SELA.

We are convinced that a nation which, through the years, has been capable of organizing the American Union, starting with States so dissimilar in their origin as were the 13 colonies and latecomers such as Hawaii and Alaska, must have an equal capacity to conciliate with the interamerican system, a community of forces, without disregarding the particular features of each State and their freedom to select their own economic structure.

It would be a tragedy for our continent that while Europe is creating instruments of economic cooperation that don't imply political obligations, such as the LOME Convention, we should still stumble on the same difficulties, or perhaps more serious ones than those we encountered 40 or 60 years ago.

This is the reason why Colombia sponsored the lifting of the embargo against Cuba, regardless of our ideological differences. The record of failures of this type of measure is still fresh in our minds—Ethiopia, Spain, Rhodesia and others—while we cannot recall any example which has been successful.

In the case of Cuba, where the sanctions were not applied, neither by European nations nor by some countries of this hemisphere, we would have been fooling ourselves, if we pretend to continue believing in their effectiveness, when the United States itself was allowing its multinational corporations located in countries which were not pledged to sanctions to supply the Caribbean Island with the capital and the know-how for products which we ourselves were already producing.

It has been a realistic step on the part of President Ford's Administration to adopt its own line of conduct towards Cuba while abstaining from the attempt to influence the decision of others on this matter.

A treaty that binds Colombia and the United States guarantees free passage through the Panama Canal to the warships and supply vessels of our Navy. We don't overstep any boundaries when we raise the issue of the Isthmus here or elsewhere. Colombia has a vital interest in the area based on geographical as well as historical considerations which have been recognized both by the United States and by Panama.

Taking a long-time view, we consider the Canal question as something of continental and worldwide interest. The far-reaching policy of understanding at the hemispheric level cannot survive if permanently jeopardized by transit incidents, military maneuvers of one side or the other, student protests and symbolic gestures that could very well one day start a bonfire in the continent.

With due respect for the position of the United States, it is necessary to recognize realistically and impartially that the considerations that prevail at the beginning of this century are irrelevant in 1975.

The preservation of unjust situations can never be our ideal. We are conscious of the spirit which moves the American Government to remove causes of friction. In 1927 we reached an agreement concerning the Roncador and Quitasueno and Serrana outcroppings in the Caribbean, thus putting an end to the "modus vivendi" established between the United States and Colombia in 1928.

Recently Under-Secretary of State Rogers has insisted before the United States Senate on the ratification of this treaty. If the intention is to terminate this "modus vivendi", admitting that reason assisted Colombia, owners of Spanish titles, before the argument of a so-called exploitation of guano invoked during the American Civil War, we cannot see the reason for consulting the International Court of Justice to determine if third party rights exist.

A transitory "modus vivendi" is ended by defining the claims of subscribing parts, not by having one of these become a spokesman for the interests of third parties which, not having been part of the initial pact are not affected by the new one.

We have noted with satiscation that the need for a consensus in international relations is now being discussed. This is also our policy. This consensus may seek to maintain the status quo or to help to bring about a new order. We don't believe that under the present circumstances the first of these alternatives could be conceded. At present countries which only five, ten, or fifteen years ago were politically dependent now have their own seats at the bargaining table. They come either on their own behalf or on behalf of other countries afflicted by similar problems.

Is there anything improper in the emergence of this new bargaining power? Columbia does not have atomic weapons, exportable fuel supplies, or large stockpiles of grain to enter national negotiations. Yet we are not surprised when nations that dispose of such assets such as these use them to increase their bargaining position.

Certain historical similarities exist between the post-war era in which we live and the period of reconstruction of Europe after the Napoleonic wars. The French Emperor had been at war with a coalition of powers dissimilar in their ideologies, population, economics and military strength. Two European statesmen brought forward different view points in their attempt to build a lasting peace. Whereas Metternich endeavored to maintain the status quo through the Holy Alliance, Canning moved in the direction of change by recognizing the independence of the newly created Latin American Republic and their right to self-determination.

Am I wrong in assuming that the great turn we are seeing in American foreign policy leans towards Canning's philosophy? His experience of liberalization didn't turn out to be so unfortunate. Its aftermath coincided with the Victorian Era which marked the epitome of the influence of the British Empire.

On the other hand, the Austrian Empire, soon after Metternich was gone, became the sick man of Europe and his policy of the spheres of influence and balance of power began to crack down, giving way to the coming crisis.

Mr. President, the whole world, and America in particular, is eager to see whether the great powers are willing to undertake or accept new initiatives without freezing past injustices under the name of peace.

Colombia, with its modest resources, is ready to support the United States in sponsoring changes and in acknowledging new realities. Let's preserve what is worth being preserved and let's recognize that obsolescence of what has to be replaced. For these we claim our rights but, at the same time, we are ready to undertake our responsibilities and our commitments.

A toast for the prosperity of the United States, Mr. President and Mrs. Ford.

REAL ESTATE SETTLEMENT PROCEDURES ACT HEARINGS SCHEDULED

HON. WILLIAM A. BARRETT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. BARRETT. Mr. Speaker, the Subcommittee on Housing and Community Development of the House Committee on Banking, Currency and Housing will be holding hearings on the Real Estate Settlement Procedures Act of 1974, Public Law 93-533, on October 28, 29, and 30, beginning at 10 a.m., in room 2128 Rayburn House Office Building. Numerous problems have arisen in the implementation of this act since it went into effect on June 20 of this year. I have received an enormous amount of correspondence from Members of Congress, lending institutions, mortgage bankers, realtors, and the public at large complaining about a number of the provisions of this act, which are causing serious delays for prospective homebuyers in obtaining their mortgage loans and in closing on the property. These hearings are being called to explore the problems that have arisen and to hear from the administration, as well as various industry groups and the public about their problems with RESPA. While these hearings will be oversight hearings on the provisions of RESPA, the subcommittee expects to hear testimony on a number of bills which seek either to repeal the act or to make various changes in the provisions of the act.

Mr. Speaker, any persons interested in testifying should contact the Housing Subcommittee staff on 225-7054.

TAX BIAS AGAINST SAVINGS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. ARCHER. Mr. Speaker, I commend for all Members' attention the outstanding attached article on the need for capital savings from the September 21 issue of the Washington Star, written by our colleague, Jack Kemp, along with a letter from Prof. Richard Timberlake in response to the article:

[From the Washington Star, Sept. 21, 1975]

The Tax Bias Against Savings Shrinks Everone's Pie

(By Jack F. Kemp)

The central challenge we face is to insure that the rate of saving and investment will be adequate to meet the capital requirements of our economy.

All major issues confronting public policy are dependent on capital formation. Creating jobs, maintaining the real level of Social Security benefits and the solvency of pension funds, meeting energy, housing and mass transit needs and demands for rising real wages, protecting the environment, ability to withstand Soviet pressures—these and all other public and private goals are constrained by an inadequate rate of capital formation.

Many economists now believe that the rate of capital formation is not adequate to meet the goals of public policy and maintain growth in real wages and employment. But some are reluctant to admit that the capital shortage we face is a product of the economic and tax policies of the past. Instead, they cling to policies which produced the shortage.

Walter W. Heller, for example, recommends stimulating consumption by deficits and monetary expansion. He believes that deficits which stimulate consumption produce a "full employment federal budget surplus" which will provide public saving to close the gap between capital needs and inadequate private saving. He mislabels measures designed to increase private saving and investment as "tax breaks for business" and claims that deficits which result from these measures produce "annual tax loss."

I believe it is important not only to note that Dr. Heller's economics has a double standard for deficits, but to understand that consumption-stimulative economic policies and tax biases against saving and investment produce capital shortages.

The idea that government deficits ipso facto increase the economy's ability to produce is false. The problem with all deficits is that they must be financed. This is especially a problem with deficits designed to stimulate consumption.

When the government finances a deficit by borrowing from the Federal Reserve, it receives newly created money with which to bid resources away from the private sector in which capital formation predominantly takes place. The government's spending might stimulate investment indirectly, but that investment which does not take place due to the bidding away of resources is a once-and-for-all-time reduction in investment.

When the government finances a deficit by borrowing from the private sector of the economy, no new money is created. But in order to purchase the government's bonds the private sector must reduce alternative forms of investment. Since the government's expenditures consist mainly of payments which go for current consumption, the net effect is to crowd out private investment. The composition of total expenditures is altered toward more current consumption and less current investment than would otherwise be the case.

The result of transferring funds out of current investment and into current consumption is a future income level that is lower than it would otherwise have been: tomorrow's living *standards* are sacrificed for today's. Consumption-stimulative deficits, however they are financed, eat into capital formation and future incomes.

On the other hand, if a deficit is generated by reducing the existing tax bias against saving and investment, we have a deficit which directly stimulates production. The deficit's negative effects on saving are more than offset by the increase in private saving which results from reducing the disincentives to save. There is a larger pool of private saving to withstand the bidding away of resources from, and crowding out of, private investment, and, thus, a greater rate of capital formation. The higher real wages and new jobs which result will generate additional tax revenues that will wipe out the initial revenue loss from the deficit.

Tax incentives to encourage saving, hence investment, are opposed by some on the basis of arguments that do not relate to their economic effect, but which are grounded in what they allege to be violations of equity. But in fact, the existing tax biases against saving violate equity. An intrinsic feature of present income tax systems is that they disproportionately increase the cost of saving compared to consuming. A distortion results because no general tax deduction is allowed for the amount saved, and the flow of future income resulting from the saving is also taxed.

If a deduction is not allowed either for the initial saving or the return to the saving, the tax on the portion of income saved is at a higher effective rate than on the portion of income used for current consumption. The income tax bias against saving is illustrated in the following example.

In the absence of a tax, $1,000 of current income might be used to buy a given amount of consumer goods or a 5 per cent bond paying $50 a year. The cost of $1,000 of current consumption is the foregone alternative of $50 of additional income in each future year. In the same way, the cost of $50 of additional income in each future year may be expressed as $1,000 of foregone current consumption.

If an income tax is now imposed at, say, 50 per cent, and there is no deduction for the amount currently saved or the return earned by savings, the effect of the tax will be to double the cost of future income relative to the cost of current consumption.

Once the tax is imposed, it takes $2,000 of pre-tax income to be left with enough money to buy the $1,000 of consumer goods. The tax, then, doubled the cost of consumption in terms of the amount of current pre-tax income required for the given amount of consumer goods.

But once the tax is imposed, $50 per year of additional income from the bond purchase requires $100 of pre-tax interest. If the rate of interest hasn't changed, this requires savings of $2,000, but in order to save $2,000 there must be $4,000 of pre-tax income. Thus, the tax quadrupled the cost of saving in terms of the amount of current pre-tax income required to buy the same amount of future after-tax income.

Looked at from another point of view, if prior to the imposition of the tax the person was trying to decide between buying an additional $1,000 of consumption goods or a 5 per cent bond, to remain confronted with the same choice after the tax is imposed requires the interest rate to increase from 5 per cent to 10 per cent. Thus, the tax doubled the rate of interest which must be earned if the person is to continue to regard the investment choice as an alternative to the choice of more current consumption.

In the context of tax neutrality, a liberalization of existing capital recovery allowances, a tax deduction for households for savings from current income, a reduction of the income tax rate graduation, elimination of the double taxation of dividends, elimination of capital gains and losses from the tax base, and a reduction in the maximum estate and gift tax rates, would not create loopholes that distort the tax structure, but would be measures to remove existing distortions and achieve neutral tax treatment of private saving and investment.

Many of the existing tax biases against saving and investment developed 30 or 40 years ago under the influence of the long depression, which provided a rationale for taxation based on the mistaken Keynesian belief that there was a tendency in modern economies to have an excess of savings. Many features of current tax policy exist as relics of this fallacy. To save ourselves from a tax code that embodies this fallacy, the social importance of minimizing the tax discouragement to saving and investment must receive wide recognition.

Also required is responsible debate. Those who misrepresent the issue as the Fat Cat versus the Little Man employ an adversary rhetoric which indicates the weakness of their position.

Living standards have been raised by increased saving and investment, not by redistribution. The real cost of tax and other public policy measures which distort and depress private saving and investment, regardless of initial impact, always falls heavily on labor by reducing productivity and real earnings. People who out of ideology mislead labor by depreciating the benefits of capital formation are not friends of labor.

Some satirize tax changes which reduce the bias against saving as "trickle-down" policy. They oppose this with what they call "percolate-up" policy, which would increase the tax bias against saving. They attempt to buttress their case with an argument that inflation has hurt the consumer so badly, that he needs tax relief. But inflation has left the poor consumer an even poorer saver. If we give him tax relief as a saver, we will simultaneously give him relief as a consumer through the resulting increase in the output of goods.

Attempts to make some better off at the expenses of others by redistributing the pie have failed. We must turn now to a policy of a bigger pie so that our productive capacity can catch up with the demands that are placed on it. In place of a divisive program of envy, I recommend a more democratic program that focuses on making all of our citizens better off through a more rapidly growing economy that is more generous to all.

University of Georgia,
Athens, Ga., September 25, 1975.

Editor,
Washington Star Newspapers,
Washington, D.C.

Dear Sir: I had occasion to read an article written by Representative Jack Kemp that appeared in the Star last Sunday.

I want to comment on the validity and timeliness of this article. It points out one of the principal deterrents that the federal government imposes on saving and capital growth in the private economy.

The tax-bias against saving is not the only road-block that the federal government uses. Another of its weapons is the "progressive" income tax. This device not only discourages capital formation by taxing investment income without regard to the risk-costs of obtaining it, but in conjunction with government-created inflation it also taxes the same real income at higher and higher real rates.

A final non-financial deterrent to capital growth is the mass of red tape some companies must plow through before they are allowed to expand their capital and produce more goods and services. Electric utility companies, for example, must prepare a trailer truck-load of cost and revenue estimates, reasons why, et cetera, et cetera, to the FTC and to state utility commissions before they can begin to build new facilities. The lag-time on such projects is frequently increased by two to five years by the essentially pointless paper-work and administration required.

With all these governmental restrictions on capital formation and savings, it is a miracle that there are any private investors left at all. It will be even more of a miracle if a free society continues to exist.

Sincerely yours,
Richard H. Timberlake, Jr.,
Professor of Banking and Finance.

PROPOSED MADIGAN AMENDMENT TO H.R. 8672

HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. MADIGAN. Mr. Speaker, before Congress now is H.R. 8672, a bill to put unemployed railroad workers back to work on the urgent task of rehabilitating railroad right-of-way. That is a critically important objective because it is wornout track and roadbed which most impedes efficient operation of our railroad system.

Rehabilitation of defective roadbed can result in energy conservation and improved rail safety. The derailment record of the bankrupt carriers is a well-known fact. Less well known is the impact of defective roadbeds in Amtrak ridership.

A recent study conducted for Amtrak by Robinson Associates, Inc. focused on the Chicago-St. Louis Amtrak corridor. That study concluded that ride comfort and speed are the most important elements in determining whether auto and airplane passengers will switch to travel by rail.

The study concluded that 50 percent of air passengers would be attracted to Amtrak in this corridor by a ride with good comfort. Even more importantly, substantial numbers of auto travelers would switch to Amtrak between St. Louis and Chicago if the ride were characterized by good comfort and speed.

Realization of energy savings of that magnitude would be a definite contribution to our national objectives. Therefore, I would hope to see roadbed improvement in the Chicago to St. Louis corridor.

It should be noted that Amtrak operates the French turbo trains in the Chicago-St. Louis route. They are capable of 125 miles per hour service, but are limited to speeds of 60 miles per hour by the defective right-of-way. Given the marketing study noted earlier with its indications of energy conservation potential in this corridor and the present operation of the turbo trains, I think this route should be directly eligible for the funds in this act.

For that reason, I believe that H.R. 8672 should be amended to permit carriers, who contract with Amtrak, to qualify as eligible applicants for funds under this act.

The best data available from the Railroad Retirement Board indicates that Illinois has the highest level of rail unemployment in the United States.

Therefore, it seems reasonable to make the rail carriers in those States with high unemployment directly eligible for grants under this act.

THE SALE OF HAWKS TO JORDAN

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. FRENZEL. Mr. Speaker, I would like to commend the gentleman from New York (Mr. Bingham) for his diligent efforts to work out a compromise on the proposed sale of Hawk missile batteries to Jordan. While I am certain the agreement which was worked out is the best that could be achieved under the circumstances, I share his misgivings regarding the outcome. I share his unhappiness, too.

Nobody has been able to make a convincing case that Jordan requires all 14 batteries. The Pentagon, based on its analysis of Jordan's defensive requirements concluded that six batteries were all that was needed to do the job. Yet we were faced with the reality that Jordan was prepared to obtain all of the anti-aircraft missile it wanted from other sources if we turned them down. This was the Hobson's choice which had to be confronted at this stage of the negotiations.

Fortunately we were able to salvage a strong commitment from both Jordan and the administration that the missiles would be permanently installed around fixed sites. With adequate monitoring this should help to insure that they will be only used for defensive purposes as originally intended. Even this modest concession, however, may turn out to be a pyrrhic victory for this sale will almost inevitably lead to an acceleration of the arms race in the Middle East. Whether deployed for defensive purposes or not, these weapons will give Jordan the necessary cover to carry out aggressive actions knowing that Israel's capacity to retaliate effectively has been sharply curtailed. Israel will now be forced to take this new situation into account and adjust its military strategy accordingly.

Hopefully this unfortunate episode has taught all concerned some important lessons in how not to conduct foreign weapons sale negotiations. Certainly Congress more clearly understands the value and importance of carefully scrutinizing these kinds of agreements. The executive branch in turn should have learned that these arms deals cannot be concluded without taking into account the views of Congress. Finally, our potential arms customers must be made to understand that Congress will vigorously perform its newly won review function. We can ill-afford to repeat these costly mistakes in the future.

COMPENSATING FOR OVER-REGULATION

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. **SYMMS**. Mr. Speaker, in the September 1975, issue of The World of Agricultural Aviation, a guest editorial by our distinguished colleague from Illinois, Mr. Phil Crane, appears. Mr. Crane points out what the costs of litigation are for American citizens and companies when caught in legal disputes with their Government.

In this day and age, with the rising world population and its concomitant demand for foodstuffs, the business of agriculture is beset with the same problems that plague all other businesses. In the article entitled, "Compensating for Over-Regulation," our colleague Mr. Crane explains the rationale behind his legislation which would hold the Government responsible for the payment of attorney fees and court costs incurred when the Government brings suit against an American citizen or company, and loses.

I commend this article to the readership of the Members, and at the same time, encourage them to join in the sponsorship of this important and just piece of legislation as I have done.

COMPENSATING FOR OVER-REGULATION

(By Congressman Philip Crane)

When people think of the free enterprise system, they often think in terms of the big factory, the local shopping center, the blue or white collar worker, and the eight hour day. Often neglected is that group of Americans who work just as hard, if not harder, who take just as many if not more risks and who get no more, and often less, in return for their efforts. I am speaking, of course, of the American agriculturalist.

People often forget that, while comprising only 5 percent of the total population, farmers produce enough food for all Americans and a lot more people besides. In fact, agricultural exports accounted for the largest single item on the plus side of our 1975 balance-of-trade sheet; without the $12 billion surplus in agricultural trade we would have had a $10 billion deficit in our balance-of-trade figures.

Significantly, much of the increase in agricultural exports, and the corresponding increase in average farm income, can be attributed to a reduction in federal influence over the growing, buying, storing, and selling of agricultural products. But, while the advantages of increased reliance on the marketplace have become evident to both the Department of Agriculture and the American farmer, the lesson seems to be totally lost on the bureaucrats in the federal regulatory agencies. Instead of making it easier for agriculturalists to get the job done, the constant proliferation of regulations from agencies like the Environmental Protection Agency (EPA), the Federal Energy Administration (FEA), the Interstate Commerce Commission (ICC), and the Federal Aviation Administration (FAA) are making agricultural production more difficult and agricultural costs more expensive.

Of course, the mushrooming problem of federal over-regulation is not confined solely to the agricultural sector, but that should be small comfort to those engaged in agricultural activity. Regardless of how confusing, unreasonable or even contradictory the wording might be, the cost of complying with the myriad of federal regulations on the books is often cheaper than contesting those regulations in court, even if one is firmly convinced he is in the right.

The result, of course, is frequent instances of compliance by coercion rather than compliance based on the merits of the case. And, in some cases, neither complying with, nor the contesting of, regulations is realistic and the agricultural operator simply goes out of business with a resultant loss of jobs and agricultural productivity.

What has happened is that, instead of letting consumer democracy automatically regulate the quality of goods and services available in the marketplace, the pendulum has shifted too far in the direction of artificial regulation which substitutes compulsion for incentive and effectively limits the right of appeal. No matter what a defendant in a regulatory agency case does, he is sure to come out the loser. Even if he wins the case in court, the cost of defending himself is often higher than the cost of compliance and then there is always the risk of continuing harassment by a regulatory agency or inspector seeking vindication.

To address this situation and to swing the pendulum back to a more balanced position, I have introduced a bill which would compensate successful defendants in civil suits brought by the U.S. government. If passed, this bill would permit a businessman, who won a case brought by a regulatory agency, to get back from the government reasonable attorney's fees and other litigation costs. Such legislation would not only be fairer to aggrieved parties, but would give the American people, by virtue of the fact that compensation costs would become public knowledge, a way to judge the performance of the regulatory agencies.

In addition, enactment of such a bill would remove the penalty that now exists for people who choose to exercise their right to defend themselves against charges they believe to be unjustified. Moreover, it would encourage businessmen to fight unjustified suits while discouraging over-zealous regulatory agency bureaucrats from initiating suits lacking in merit or from continuing litigation for purposes of harassment.

As a consequence, and by way of example, it would be possible for an agricultural pilot, who has a complaint lodged against him by the FAA, to contest that complaint on the basis that another FAA regulation supersedes the one he is alleged to have violated or on the grounds that the alleged violation did not, in fact, take place. If he was then able, in the subsequent court case, to prove that one part of the regulations did indeed exempt him from another part or that his actions did not violate the specific regulation in question, then he would be compensated for reasonable attorney's fees and litigation costs incurred while fighting the case. Similarly, if he was accused by EPA, or some other federal agency, of using a fertilizer or pesticide that was allegedly doing damage to health or the environment and was able to prove that the product involved was not responsible for the damage alleged, then he would be able to recover legal fees and other court costs.

The examples go on and on. Employers believing themselves in compliance with the Civil Rights Act but still being dragged into court by the Equal Employment Opportunity Commission (EEOC) would be able to contest the application of EEOC's "affirmative action" guidelines rather than having to resort to reverse discrimination in order to avoid the expense of a no-win (financially speaking) legal fight. Likewise, those either baffled by, or unable to comply with, the voluminous regulation issued by the Occupational Safety and Health Administration (OSHA) could contest their case, and, if proven innocent, be compensated for their legal expenses. It doesn't seem fair to me that the very people whose tax dollars are used to initiate the federal regulatory agency suits should also have to pay for the cost of defense when they are proven innocent. As it stands now, it is little wonder that many businessmen feel like they are digging their own graves.

As for the cost of compensation, I think two points need to be made. First of all, the reduction in the number of suits brought by the government coupled with the increased likelihood that the suits which are brought will have more merit (and will stand up in court) should more than offset the cost of compensation. And second, is not the question of fairness an overriding consideration in this instance? I would certainly hope that the fear of compensation costs would not blind Americans to the obvious justice of the concept.

A good example of the injustice I am talking about took place back in 1961 when three major rock salt companies were accused of pricefixing. After two and one half years of litigation and $775,000 in legal expenses they were cleared of the charges against them. However, had they chosen to plead "no-contest" in the first place, the fine would have been no more than $150,000. Therefore, these companies were at least $625,000 worse off for having proved their innocence, which explains why so many companies, particularly small concerns, would rather submit to regulatory dictates than contest them. With examples like this, it is no wonder the regulatory agencies keep expanding their influence; as it stands now there is little to keep them in check.

In fact, when you get right down to it, the only body that can keep the federal regulatory agencies in check is the same body that created them—the United States Congress. While I am encouraged by the fact that more and more Congressmen are becoming concerned about various aspects of federal over-regulation, many remain to be convinced that we need to compensate for it, either financially as I have recommended, or by reform of the regulatory agencies themselves as others, including the President, have suggested. What many Congressmen need is more encouragement from the people they listen to the most—their constituents.

Certainly, from the standpoint of the free enterprise system, the need to "compensate for over-regulation" is there; whether that need is acted upon is, in large measure, up to the American people.

NUCLEAR ENERGY STUDY ACT OF 1975

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. **MOAKLEY**. Mr. Speaker, I would like to express my support for H.R. 7553, the Nuclear Energy Study Act of 1975. We are rapidly approaching the time when Congress must make crucial decisions on the future of nuclear power in this country. I, as a Member of Congress, do not want to make any decision on the basis of scanty and unreliable data. Yet, at this time, this is all we have on which to pass judgment.

It is tiresomely repetitious to cite our growing need for alternative energy sources. However this need must not override our concern for public safety.

The Union of Concerned Scientists joined with the Sierra Club in producing a 170-page report issued in December 1974 which estimates that in the event of a major accident at one nuclear power producing facility could result in the death of between 23,000 and 36,000 people. Financial loss could total $230 billion.

To avoid running the risk of a major explosion involving nuclear power, steps must be taken immediately to establish a clearinghouse for nuclear energy information. The Nuclear Energy Study Act contains provisions to evaluate, first, the safety and environmental hazards associated with existing nuclear fission powerplants; second, the effects of route emissions; third, the environmental and safety aspects of perpetual storage of high level radioactive wastes; fourth, the feasibility of detonating these wastes; fifth, the transportation of nuclear and radioactive materials; sixth, the risks associated with theft of nuclear materials and sabotage of nuclear power producing facilities; seventh, the economic effect of decisions to proceed with nuclear power or to terminate the use of nuclear power.

Mr. Speaker, I urge the rapid adoption of this measure.

HARRY ROSENBAUM DAY IN STAMFORD

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. McKINNEY. Mr. Speaker, I have found that one of the more rewarding aspects of public service is that it allows one the opportunity to encounter a wide array of diverse, talented, interested and all around extraordinary people. Some of these people are specialists in a given field while others have multifaceted interests, especially as they relate to the betterment of the community in which they live. On Sunday, October 5, the city of Stamford, Conn.—which I represent here in the House—will honor a gentleman who I would easily classify in the later group, a man of many interests and one with an abiding concern for his city. Mr. Speaker, October 5 in Stamford is "Harry Rosenbaum Day" but as anyone who has ever been in need would know, every day in Stamford is Harry Rosenbaum day.

In the last few weeks, I have asked a number of people, with whom Harry and I share friendships and associations, to cite one of his achievements which stands out from all others. No one could do it. Some could name three, some five, others, more. Mr. Speaker, Harry has just done too many good things for people although in those terms, as he knows, there is no such thing as "too many."

He is a transplanted New Yorker who came to Stamford some 40 years ago and his birth certificate lists his age at 75. That is just a number though because Harry looks 20, thinks 40, goes like 60, is looking forward to being 80 and in everybody's book, scores 100. I should add, Mr. Speaker, that as you may well assume, awards are not new to Harry for other organizations have shown their appreciation to him in the past. However, there is only one he has ever sought and that is constant for its the personal satisfaction he can enjoy in knowing he has beeen able to help someone along the way.

It is easy to understand then why Sunday will be a special day of celebration in Stamford as they honor a man "for his lifetime of involvement in the growth and betterment of the entire community." I know that every Member of the House would want to join me in extending congratulations and our best regards for a continuing and productive future.

INFORMATION ON A–10 FATIGUE FAILURE

HON. JEROME A. AMBRO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. AMBRO. Mr. Speaker, recent official and press reports have described results on Fairchild's A–10 test plane, the so-called fatigue model. To understand those reports, it is important to know that a fatigue test program is designed to prove the aircraft's basic structure through a lifetime of simulated grueling combat and training missions. The purpose of such testing is to isolate early in the program any structural areas that need strengthening, thus avoiding the necessity for a costly retrofit program after the aircraft have entered the active inventory. The tests are designed to produce the same kind of structural stress that the aircraft would encounter in actual mission flight. On September 23, the fatigue plane in question experienced a failure, but the subsequent Air Force report indicates that the problem is not a major problem, and that neither production nor jobs will be affected, and Fairchild assures me that corrective action is underway. The report is as follows:

INFORMATION ON A–10 FATIGUE FAILURE

On September 23, 1975 the A–10 fatigue test article experienced a failure of a fuselage frame. Based upon our initial analyses of the damage experienced by the test article, and stress survey testing, we have high confidence that both the retrofit and in-line production redesigns can be accommodated within the current forging design and overall aircraft dimensions. The redesigns will be local around the failed part. Our assessment is that the fatigue article can be repaired and tested to one lifetime (with the exception of the local failure area) before DSARC IIIB, scheduled for November 1975. An increase in weight of not more than 20 pounds will have a negligible performance impact. In anticipation of some redesign requirements from the structural test program, we budgeted for adequate funds within the Full Scale Development Program for such failures. We likewise have adequate engineering change order funding identified in the Production Program to cover the fix from this failure. The structural hot spot failure in the A–10 Program was discovered early, consequently, a small number (6 R&D and 18 out of a programmed production of 733) of aircraft need be retrofitted. The production rate of aircraft is low, building from one per month to two per month over the period that retrofit will take place.

GROUNDBREAKING CEREMONIES FOR THE ADMINISTRATION AND RESEARCH BUILDING OF THE CARY ARBORETUM

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. FISH. Mr. Speaker, I am inserting in the CONGRESSIONAL RECORD exerpts from the text of proceedings of the groundbreaking ceremonies for the administration and research building of the Cary Arboretum of the New York Botanical Garden at Millbrook, N.Y., on April 26, 1975. There is no need for me to paraphrase the remarks of those who participated. The innovativeness of the New York Botanical Garden today and its mission tomorrow is a story I recommend to my colleagues.

SPEECH BY MR. FRANCIS H. CABOT, CHAIRMAN OF BOARD OF MANAGERS, NEW YORK BOTANICAL GARDEN

Ladies and gentlemen, distinguished guests, friends of the Cary Arboretum, one and all. Welcome to these groundbreaking ceremonies for the major building that will be placed on the Cary land alongside the east branch of Wappingers Creek at the foot of the Cannoo Hills.

With me on the dais are The Honorable Ogden Reid, the Commissioner for Environmental Conservation for the State of New York, The Honorable Hamilton Fish, Jr., Representative in Congress from these parts, Dr. Howard S. Irwin, President of the New York Botanical Garden and also the head of the Cary Arboretum, Mr. Malcolm Wells, Architect for the new building, Mr. Selwyn Bloome, of Dubin, Mindell & Bloome, Engineers and last but not least, three old friends of Mary Flagler Cary—Mrs. L. Lee Stanton, Mr. Herbert Jacobi and Mr. Frank Stubbs. In the audience we have the Honorable Robert Low, who is the Administrator of Environmental Protection for the City of New York. Will you stand up Mr. Low. We're always glad to see our city cousins. We also have many other elected representatives and other officials of the County, Town, and Village governments of this area. We are particularly pleased to see Miss Louise Tompkins, who is the Town historian, who has come to this session today.

Helen Stanton with Messrs. Jacobi and Stubbs, and the late Edward S. Bentley as Trustees of the Mary Flagler Cary Charitable Trust, are responsible for the creation of the Cary Arboretum and also for permitting the New York Botanical Garden to act as mid-wife, nurse, and now young parent of this fledgling institution.

It is generally believed that an Arboretum should have four main thrusts:

1. It should be concerned with the role of trees and shrubs in the landscape from a scientific, horticultural, and aesthetic point of view,

2. It should have an active concern with the enhancement of the civilized landscape,

3. It should serve the public, help others make use of what it knows, and

4. It should be a permanent field station

using its living collections and its natural areas for monitoring long term changes, of an ecological nature, especially as urbanization of the region increases.

The Cary Arboretum's living collections, educational programs, and research work will not only reflect these four goals but will also do much more as you will learn this afternoon. When all is said and done, there should be no other arboretum like it in the United States, or for that matter, the world.

The New York Botanical Garden is thrilled to be associated with the Cary Arboretum and its development and is immensely grateful to Mary Flagler Cary and her Trustees. It is grateful, in general, for this chance of a lifetime to do its particular thing, and grateful in particular for the pioneering spirit that led them to support this pilot venture that is about to begin.

Howard Irwin, would you please tell us something of what is to come.

Speech by Howard S. Irwin, President, New York Botanical Garden, and Director, Cary Arboretum

Just as the Cary Arboretum represents a marked departure from institutions of its kind, we here celebrate a marked departure from convention in architecture and in building engineering. For we are responding directly and squarely to the energy crises.

We are bringing the sun down to earth, so to speak. We realize that solar energy is the richest resource on the earth and that it is time for us to get acquainted with it directly. Figured at current prices, the sun's energy reaching the earth's surface each day has been said to be worth more than $500 billion dollars. Yet we are actually using only a few hundredths of one percent of the sun's energy that reaches the earth, and most of that for the production of food and fiber.

Why do we need to learn more about using the sun? Because the continued availability of energy is rapidly becoming the world's most pervasive, difficult, and dangerous issue. And what are the options open to us? Today 97% of the energy used to run this nation's industry, its agriculture, its transportation, to modify and illuminate human environments in homes and at work, to cook, to clean, to communicate, all of this is obtained by burning oil, gas, and coal. These are fossil fuels, the long dead remains of plants, and once used up they will be gone forever. We are told oil and gas will be gone in perhaps 30 years; that coal may last several hundred more, but at the cost of digging up 10,000 square miles of the United States and with the addition of lung-damaging sulfur dioxide to the air we breathe.

Conventional wisdom from Washington tells us that as in war so in peace, nuclear energy will save us. Yet the present types of nuclear reactors require fuel that will run out in 25 to 30 years and leave masses of long-lived radioactive wastes for our descendants to cope with. The breeder reactor, if it works, would obviate that problem, but trials thus far in this country and in the Soviet Union, with false starts and explosions have dimmed our hopes and still confront us with the absolutely essential requirement of isolating people from plutonium, the most potent radioactive material known.

This then, realistically, is what we see in the energy crisis. By the end of this century we may be tearing up vast areas to reach our coal or we may be building hundreds of breeder reactors, the cooling requirements of which will exacerbate yet another environmental problem lurking in the wings for us to cope with—the limited and fixed amount of fresh water in this world.

One of the most promising energy options that presently seems realistic in continuous and adequate availability and in minimal deleterious environmental impact, is the capture of solar radiation. As Farrington Daniels, who will come to be known as the father of solar energy application in this country wrote a decade ago: "There is no gamble in solar energy use; it is sure to work. It has been demonstrated that solar energy will heat, cool, generate power, and even convert salt water to fresh. The only problem before us is to do these things cheaply enough to compete with present methods."

That was 10 years ago. In the 10 years since those words were written, no one has challenged them and meanwhile, the economic barrier has vanished before our eyes—with soaring fuel prices, improved solar capture technology, and the intensified awareness of the environmental cost of fossil fuel extraction and combustion and of the hazards of nuclear power generation.

As environmental responsibility is the central theme in the research, the education, and the applied programs of the Cary Arboretum, it is fitting that this building, one of the principal nerve centers of creative work and coordination at the entire Arboretum, the seat of its research laboratories, its library, its plant specimen collection, its horticultural planning and records, and its business and administration, should stand a paradigm to that principle. I have dwelled on energy, but I could as well have pointed out the many design innovations incorporated to conserve energy, as well as to enhance the human environments within the building, to assure the efficient use of space, and to present an architectural statement befitting this institution and the community of which it is a part.

We are living in a time of crisis agendas and need now to cross over to the concept of long-range planning, the dividends from which we may never enjoy but which will assure an enjoyable world for the generations which follow. This change to long-range planning will require major changes in public attitudes. The needed technological capability is ours. We have the requisite scientific, humanitarian, and futuristic viewpoints in our society. What we need now is a sense of trust, a sense of understanding, a sense of cooperation—a deep concern and interest in what is going to happen to all of us rather than just what's going to happen to me or to you. That spirit pervades the Cary Arboretum of the New York Botanical Garden, and I am sure you will see that it is reflected in the plans and the reality of this exciting building.

Speech by Mrs. L. Lee Stanton, Trustee

I have been thinking of what was the initial impulse that has resulted in this happy occasion today. What was the first moving force that has brought all of us here now. It was Mary Cary's love for this land and for everything that grew on it.

After Mary's sudden death, we Trustees were responsible for carrying out her wishes for property: that it be always preserved in its entirety as a natural resource. There were various ways this might have been done, many suggestions were made to us and a number from distinguished organizations with worthy schemes. But we felt that the New York Botanical Garden project for a research arboretum, combined the most wise preservation of the land, with the real possibility of making a permanent, lasting benefit to the environment for people far beyond these boundaries.

Speech by Congressman Hamilton Fish, Jr.

It's a pleasure to be with you today to participate in the groundbreaking ceremony for this important new project. As a resident of Millbrook, the occasion is a particular pleasure to me. I have had the honor of participating in such ceremonies in other areas of this district I represent, but this is the first time for me in my own home town. And my thanks, Mr. Cabot, to the New York Botanical Garden for their commitment to our community.

A $2 million project at any time would be important for our township as well as for our county. At this time of high unemployment, projects such as this are needed to strengthen and stimulate our economy and it is doubly so. But in a broader sense, in this age of dwindling energy resources, in marking the start of construction of this 28,000 square foot building, we are doing more than simply *breaking* ground for one more building. We are in a very real sense, participating in the dawn of what could well be the energy wave of the future. Although some individual homes have solar heating equipment, I believe that this is the very first building of its size in our part of the country designed to utilize solar heat and heat pumps for its total heating requirement.

Let me speak for a moment about solar energy, and this is touched on briefly in terms of the waste in terms of money, of the sun's energy. Each year the sun pours 3,600 quintillion BTU's of energy upon the earth, and that is about 18,000 times the amount needed to meet the world's demand for mechanical energy and heating. At many points it can be tapped to fuel electric power, to warm *our homes* and to drive our industry. This ladies and gentlemen is the opportunity and the promise before us.

The energy shortage was dramatized by the impact of the Arab oil embargo in 1973 and early 1974. The facts were, however, that our ability to develop sufficient, clean, pollution-free energy to meet our demands already was declining. Whether the Arabs cut off oil, or at some future date we simply used up the resource, the hard fact was, we were spending our natural energy resources like a profligate running through an inheritance.

Faced with the realization that something had to be done, and done before the oil barrel finally dried up, Congress this past year passed four public laws affecting the solar energy program. The first, the Solar Heating and Cooling Demonstration Act; the second, the Energy Reorganization Act of 1974, also the Solar Research Development Act; and finally the Federal Non-Nuclear Energy Research and Development Act. These four laws, which pertain to solar energy, contain broad authority for the Energy Research and Development Administration to conduct a wide range of programmatic activities related to the goal of ensuring that economically competitive and environmentally acceptable solar energy technologies are available to our nation at the very earliest time for utilization on a commercial scale.

Perhaps expressed another way, will afford a better idea of just how revolutionary this building is—just how much in the forefront it is of technological thinking and design. ERDA, Energy, Research and Development Administration, estimates that power systems based upon solar energy conversion through solar thermal and ocean thermal technology are not expected to be commercially implementable until the mid–1980's. And yet, here we are in a project such as this and the vision and daring of the backers of projects such as this, which will make solar energy available before then. It is for these reasons that I am particularly pleased and honored to be with you. For together here today, we are all participating in the future. Together we are taking a small first step along what will prove, I believe, a long road towards a day of environmentally safe, clean and inexhaustible energy.

Those few who gathered years ago around Thomas Edison and witnessed the first dim glow of the incandescent light bulb, could not possibly envision what the globe would lead to. Neither can we fully foresee what a full use of solar heating and solar thermal conversion will mean. But we can predict, I believe, it will mean a better and brighter world.

Again thank you for inviting me to be a participant at the start of that bright tomorrow.

Speech by Commissioner Ogden Reid, New York State Department of Environmental Conservation

I would like to first pay particular tribute to the Cary Trust. This magnificent effort here at Cannoo Hills of Mary Flagler Cary, I think is going to go down through the generations and I'm sure if she could be here, she would be very happy.

We are all, I think, familiar with some of the research of the Arboretum. But let me just mention the work with Con Ed in trying to do something new and creative about transmission lines. Quite frankly, Dr. Irwin, I would like to see transmission lines underground, but until such time as that becomes a reality, I think what you've done to try and protect the flora and the fauna and take a very hard look at herbicides had made a beginning of much sounder approaches. If you drove in to some of the beautiful valleys here this morning and looked around, you might have seen one of the power lines going right over a ridge line. Well we are just starting to learn, and the Cary Arboretum has helped us to learn that you don't want to run a powerline along a ridge line. That has some problems both to sediment and to the trees and the whole question of erosion.

I think what is happening here at this Arboretum, in terms of forest pathology and the whole concept of urban environment and how we are learning to manage some of the bad habits of man in an urban environment, and how we can come to the rescue of urban trees and how to develop trees that can survive, I think, is very significant and exciting work. And I look forward, as do all those in the Department of Environmental Conservation to working with the Arboretum and the New York Botanical Garden to do some exciting things. I might say, that in a recent chat with Dr. Irwin, he pointed out to me that the Botanical Garden has a plant library that is the largest in the world. But the problem is that many of the plants are not able any more, on this planet of ours, to keep up with environmental change. That should say something it seems to me to all of us, and I might say also that we've got a problem in this state called acid rain. It has something to do with sulfate emissions and Bob Low, who is here as Administrator, EPA, New York City, and is really cleaning up your air in New York City and doing a great job at that, and I both know that we've got to worry about what we're putting upstairs in terms of a variety of emissions. But the interesting thing about all this is that the early warning signals in the environment are our plants and our flora and our fauna. And when fish can no longer stay in Colden Lake in the Adirondacks because the pH content has gone too acid, it starts to mean that our flora and fauna and wildlife are the early warning indicators for all of us. And accordingly, I think, that the work that is going on here is going to be very significant in the days ahead and if plants can't survive, chances are we're not going to do such a good job of survival either.

Let me say that the Department of Environmental Conservation is also trying to do a few things to protect plants. As you know, a law was passed by the state legislature last year that sets up a protected plants category. We've listed 34 thus far that are vulnerable, like trillium and like the mountain laurel, and we're today considering a number of others through a panel of some 28 botanists and to those of you in the audience today, you might let me know, if you are inclined, whether any of the following ought to be included in the endangered plant species: Rosewood, White Adder's Tongue, Cuban Switch Grass, Slender Sea Oat, Northern Wild Rice, Smooth Bell Wart, Coastal Sweet Fern, Southern Wild Ginger, Perennial Glass Wart, Monk's Hood, Sweet Bay, or Wild Hydrangea. They are all applicants for being considered as endangered plants.

Finally, let me say just a word today about energy, because it seems to me we're particularly concerned about that. It seems to me that we are starting slowly but starting nonetheless to understand that there are finite limits to our planet, to our environment, and to our energy sources. The thought is occurring, I think, also, that it is possible to have irreversible environmental damage. In just this past week I've been concerned with saying a word or two about the SSI. That particular aircraft not only burns three or four times more jet fuel than existing planes, but it holds the possibility along with some other things we're doing, of creating irreversible damage to the stratosphere. And accordingly, I think, we've got to learn as we progress, not only should we avoid environmental damage on the one hand, but hopefully to develop cleaner sources of energy as well. Solar energy is certainly one. Tidal power may be another. Wind power is one that we could do much more with. I'm hopeful that in the State of New York we can develop a pilot plant on coal liquefaction and coal gasification. And I think that there are possibilities also of developing some of our natural resources in this State, hopefully, without any environmental damage. We have, for example, some 500 billion cubic feet of natural gas in Lake Erie. The Canadians have sunk over 700 wells and so far as I know, with no serious environmental damage. But, be that as it may, the kind of work that will go forward here I think is exciting. Let me mention one or two figures that you may not have noticed. Once this facility is moving forward, it will use 75% less commercial energy and will use 35% less total energy. It will be particularly scrupulous in the summer time in being planned in such a way that the sun's rays will not overheat and it is also being very thoughtful about what it does in the winter time because there it's going to maximize the heating potential from the sun.

So I think it's precisely this kind of endeavor that is hopeful for this State and indeed for our nation. But above all, I think the Cary Arboretum and the Botanical Garden and the generous efforts of Mrs. Cary in the past, being carried on by the Trustees today, represent a certain harmony because we have a facility that has been designed to minimize in any way, damage to the environment. There are going to be exciting things for the flora and the fauna and with it all you're going to be pointing the way for new leadership, for energy that is clean and hopeful and efficient. And I think that this is an exciting kind of endeavor.

THE ECONOMIC PLIGHT OF AGING WOMEN

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Ms. ABZUG. Mr. Speaker, while over 40 percent of the work force is female and 25 percent of the heads of households are women, the social security system fails to recognize this fact, treating married women as dependents, even when they have paid equal contributions into the system.

Nearly half of the women over 65 live either below or near the poverty line, due to gaps in social security coverage.

But social security is only part of the economic discrimination against women. Not only are women's earnings notoriously lower than those of their male counterparts, but women are also penalized for their childbearing years, in terms of pensions, lack of day care centers and flexible work schedules.

Representative Patricia Schroeder of Colorado brought these facts to the attention of the House Select Committee on Aging during its recent hearings in Denver. I compliment my colleague for her very fine statement, which is consistent with her tireless efforts in behalf of the concerns of women. I submit to the Record the following testimony by Congresswoman Schroeder, which points to past failures and the present needs for serious legislative action to bring greater equity and security to women:

The Economic Plight of Aging Women

I want to thank the Chairman of this Select Committee and its members for coming to Denver today to listen to what we in Colorado believe are the problems facing our aged. It is, of course, important to know what the problems are before proposing or taking remedial action.

But I wonder if there has been entirely too much talk and too little action.

In the year before the last presidential election, the White House Conference on Aging was convened, and solid recommendations to deal with the problems of the aged resulted. These recommendations were duly received with the appropriate rhetorical flourishes standard for political campaigns, and then they were locked away in that White House vault which I imagine is reserved for the reports of similar groups, and particularly, Presidential Commissions.

Politicians in Washington used to be charged with "throwing money at problems." That proved disastrous, so now reports of Presidential Commissions are thrown at the problems. I guess it is less costly, but the problems remain.

With the exception of pension reform, whose major benefits will not be felt for some years, and which does nothing for present retirees, the recommendations of the Conference on Aging have been typically consigned to oblivion. Indeed, groups of elderly Americans are currently being forced to fight to maintain the status quo for special housing programs.

But, while the problems of the elderly may be well known, there is one major aspect that is not normally identified: the particular problems of aging women.

For example, the Pension Reform Act of 1974 failed to include the one provision that women need the most—portability. The White House Conference on Aging broke down the problem of the aging into 19 categories, but not one addressed the specific problems of women. And, meanwhile, the Social Security System continues to function under the outdated assumption of segregated roles of men as "breadwinners" and women as "homemakers."

When over 40% of the work force is female, 25% of the heads of households are women, and divorce rates almost doubled in the past decade, it is time to throw out the 1935 assumption that women are only homemakers, whose earnings are of secondary importance to family income. Especially archaic and dangerous is the notion that all this doesn't matter because women will retain their "dependent" status into old age, and someone will "take care of them."

Until we recognize and deal with changing reality, women over 65 will continue to constitute the poorest major segment of our society, with nearly half living below or near the poverty line. Because women constitute 59% of our nation's population over 65, and 75% of the population over 75, it is clear that a failure to provide for the needs of aged women quite simply means that the retirement system is a failure—period.

The most recent statistics are appalling. As of March, 1975, there were 12.4 million women 65 and over with a median annual income of $2,375. But stereotypes die hard, and the standard response to the figures is that they are deceptive because surely the vast majority of these women are living with their husbands or other relatives, and therefore are not forced to live solely on their own pitifully inadequate income.

That common assumption is wrong. The Bureau of the Census broke down their March, 1975, figures for me, and they indicate that there are over 5 million American women over the age of 65 today who are living alone with no means of financial support other than their own income. The median income for these women is $2,700 annually—and let me remind you that the official poverty level for an individual is currently pegged at over $2,400.

So, the situation is that over five million women in the country are old and alone, and about half that number are also living their last years in poverty—and very few have enough for more than the necessities of life.

Most of these women have not always lived alone, and most have not always been poor, but their circumstances have rapidly deteriorated with advancing age. What has happened to them is not inevitable, but rather, it is the result of discrimination throughout their lives which strikes its cruelest blows at the end. Given the circumstances surrounding elderly women, perhaps our longevity should be seen in a different light. It may well be no great advantage.

What can be done to help?

Elderly women are poor because of decreasing ability to work, and because of the inadequacy of private and public pension benefits which are the major sources of income in old age. Of course, these same problems affect men, but they apply to women to a much greater degree. Let me point out a few of the problems that apply specifically to women:

The major problem, of course, is that sex discrimination in employment turns into sex discrimination in retirement. Exclusion from "man-paying" jobs follows women into old age. Median earnings for women are less than half of a man's, and whether it is a private pension plan, or social security, it is on earnings that a benefit formula is based. Since women typically earn lower wages, they also earn lower pensions. Essentially, then, until we deal with sex discrimination in employment, there will always be a severe problem.

But there are other major factors involved. In the private sector, employers are still not required to have pension plans. It is for those low-paying jobs to which women have been traditionally consigned, that employers generally do not provide pension benefits. For those women who do work for employers with pension plans there is a vesting problem. Even under the Pension Reform Act, it usually takes 15 years for a pension to vest fully. Although more and more women are in the labor force, the responsibilities of family life often interrupt employment. Our society has traditionally encouraged such interruptions through emphasis on the role of women as homemakers, and the lack of institutional alternatives such as day care centers or flexible work weeks.

What this means is that women are much less likely than men to work for the same employer long enough to have a pension vest. Add to this the still traditional situation wherein the male is transferred by his employer to a different location. His wife accompanies him. The man continues to work for the same company but the woman most probably has to change employers and loses years towards a vested pension. The conclusion is that while portability of pension rights is important for everyone, it is essential for women. And we don't have it.

Now, let's take a look at Social Security. It is well known that women's social security taxes do not buy as much protection as a man's. But these discriminatory provisions, based on the archaic assumptions I mentioned previously, are in the process of being struck down by the courts. But there are many other problems.

For example, women are punished for motherhood by the public as well as the private retirement system. The periods that women are out of the job market for child rearing show up later in reduced benefits. The benefit formula averages out earnings, so that every year out for child raising is not disregarded, but rather counts for zero. If women had the same "work" lives as men (that is no time taken out for motherhood) it is estimated that only 11% as opposed to 24% would receive minimum benefits; and twice as many would receive the highest. As long as women have more years of zero earnings than men, even the full elimination of wage and job discrimination will leave benefits lower for women.

In this context, it is incredible that there are no credit provisions for time spent for labor in the home. But the Social Security Administration would probably reply that the "mother" is covered by the system—that's why "dependency" benefits were added in 1939. Let's look at that assertion.

First of all, there is a matter of principle. The government is fond of saying that the underpinning of the social security system is that it is an *earned* retirement benefit. That is why the people support it; and it is important to the wage earner that he (or she) contributed to the system. Well, the concept of having earned the benefits should equally apply to the homemaker—the issue of independence is involved.

But, there are real economic pitfalls to the "homemaker as dependent" provisions of the law. There is no coverage for homemaker disability. What happens if she has an accident? If someone has to be hired to replace her services, the impact is the same as a wage earner losing a salary.

If the benefits follow the "breadwinner" what happens with a divorce? A homemaker's rights to social security don't "vest" until 20 years of marriage. What happens to a woman who becomes divorced in her forties or fifties after nineteen years of marriage?

What about the widow whose benefits cease when the youngest child reaches 18, until she reaches 60? The homemaker at 50 faces very difficult handicaps in finding a job because of her age, sex, and lack of "recent job experience." In fact, not only is it difficult for women to find a job in their fifties, it is also difficult for women to keep their jobs after fifty. Studies show us that women are much more often forced into early retirement than are men.

In my view then, our public retirement system—Social Security—helps to reinforce the economic impact of sex discrimination, and punishes women for their traditional roles in society. And in her old age, a woman gets the big pay-off—abject poverty.

There is legislation before the Congress now to deal with the problems regarding social security—but none have been seriously considered by the Ways and Means Committee. Portability provisions for private pension plans passed the Senate, but failed in the House during the last Congress.

Mr. Chairman, I have clearly not addressed myself to all the problems of the aged; nor even to all the problems of aged women. But I think I have identified some problems which we know how to solve, if we have but the will.

LET'S GET THE RAILROADS MOVING AGAIN

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. PICKLE. Mr. Speaker, the most energy efficient mode of transportation available remains in many, many instances, the train. Yet United States use and development of trains, particularly for passenger purposes lags not only behind other industrial countries but also behind many developing countries as well.

Mr. Orren Beaty, president of the National Association of Railroad Passengers recently wrote an article in the Friends of the Earth newsletter explaining many of the problems and potentials of railway use in this country.

Although the issues involved are extremely complex, especially when we get into the issues of finding funds for and assessing responsibility for maintaining good tracks, the article gives a good introduction to the issue, and I insert a reprint in the RECORD at this time:

LET'S GET THE RAILROADS MOVING AGAIN

(By Orren Beaty)

Freight hauling is vital in a major industrial and heavy agricultural nation like ours. Railroads can do the job better, more reliably, with less air pollution, and with better fuel-use efficiency than any other mode of transport. With Amtrak's new, more reliable and comfortable passenger equipment now being built, trains can obtain the higher load factors that will make railroads the most energy-efficient transporter of people as well as freight. Both accomplishments are possible using existing facilities. Little, if any, additional land would have to be ripped from fields and forests or cities and towns to build new freeways or truckways or whatever.

Preserving railroads generally, and passenger trains in particular, however, is not an easy job, partly because government policy for the past 50 years or so has favored every other mode of transportation. While the railroads have built and maintained their own tracks and roadbeds and paid state taxes on them, the government (federal, state, and local) has built highways for the trucks and buses—as well as for millions of passenger cars—and has built canals and dredged rivers for barges that haul increasing amounts of freight while paying nothing in user charges. Federal and local governments have also spent billions of tax dollars building and maintaining airports, operating traffic control ssytems, and providing special weather services for commercial airlines and private pilots.

Since 1920, the United States Railway Association has determined, governments in this country at all levels have spent about $400 billion on transportation. Railroads have received less than one percent of that money. The federal government provides as much as a billion dollars a year in support of air travel and much more for building and maintaining highways. Gasoline, excise, and other use taxes pay only part of the costs. The railroads maintain their own tracks and roadbeds (inadequately), and often pay discriminatory taxes while tortoise-like regulatory agencies deny them some efficiencies.

THE ROCKY ROAD

Railroads have had their ups and downs since their heyday before World War I. One decline was slowed by World War II, but when peacetime reduced the heavy military traffic, both passengers and freight, the decline resumed. Then the first heavy impact of an unbalanced national transportation policy hit passenger trains and, incidentally, prompted the formation of the National Association of Railroad Passengers to combat train discontinuances. The impact was greatest in the northeast, where financial collapse of the giant Penn Central in June, 1970, touched off a wave of railroad bankruptcies.

One emergency action followed another to prevent the collapse of the northeastern rail carriers from derailing the entire national economy. Now, in the fall of 1975, Congress and the Administration are in the final phases of a planned restructuring of both the ownership and the physical plant of railroads stretching from St. Louis and Chicago on the west to Boston and the Chesapeake Bay area on the east. Billions of dollars will be involved, but even this heavy expenditure will not do the job unless additional steps are taken to guarantee that dilapidated tracks and roadbeds are brought up to high standards and kept there.

Without better and safer tracks, the fine, fast new equipment Amtrak is putting into service will have to continue running at restricted speeds, unable to provide the expanded, reliable service that will lure Americans from their private cars.

The situation is different in many of the world's other important industrial nations, and even in some of the developing countries.

It may be no surprise to learn that passenger trains in France and Japan daily attain speeds of 125 and 130 miles per hour respectively. One can ride the 320 miles between Tokyo and Osaka at an *average* speed of 101 mph including stops, and the 360 miles between Paris and Bordeaux at an average speed of 90 mph. The surprise may come with knowledge that developing countries are catching up with European standards, while Europeans themselves are preparing for a further increase in train speeds by constructing new rights-of-way for the exclusive use of passenger trains.

France is planning a new line between Paris and Lyon to be built to 185-mph standards, although it will be operated initially at 155 mph. The trains that use it will be compatible with the existing rail network, over which they will run to reach the stations of Paris, Lyon, and more distant points. The Ministry of Transport has calculated that the line will save at least 100,000 tons of oil annually because the traffic diverted from air and automobiles will more than offset the increased energy consumption of the faster trains.

Perhaps because of similar calculations, construction of Italy's new 155-mph Rome-Florence line continued on schedule through last year's economic crisis. New lines are also planned in Germany and elsewhere in Europe.

Japan now has a total of 663 miles of high-speed line in service, the most recent segment having opened last March; 534 additional miles are under construction, and the country is aiming for a network totaling 4,300 miles. The "Shinkansen," as it is called, made a profit of approximately half a billion dollars in the 12 months that ended on March 31, 1974, even after allowing for depreciation and interest payments.

THE UNITED STATES LAGS BEHIND

Iran has purchased some French Turbotrains of the same design that Amtrak now operates on the Chicago-St. Louis and Chicago-Detroit runs. Reportedly sold out two to three days in advance, these Iranian trains average 74 mph on one 308-mile segment of their 574-mile Teheran-Mashhad route. And Argentina expects to operate 100-mph trains by 1977.

Unfortunately, with all the environmental advantages good rail passenger service brings, service in the United States today is generally much slower than in the foreign examples. The average scheduled speeds of all American trains, according to the timetables, is less than 50 mph.

Primarily because of its love affair with the superhighway and private car, the nation that normally prides itself on its industrial accomplishments must import French Turbotrains and Swedish electric locomotives, and is unable to run even those at speeds of which they're capable because of deplorable track conditions.

The New York-Washington Metroliners provide the one US service that international speed surveys acknowledge. Its fastest schedule calls for an average of 75 mph over the 224-mile route, including four intermediate stops. But Metroliners are limited to a top speed of 105 mph, schedules are not reliably maintained, and the ride is frequently rough. The Federal Railroad Administration has just announced a two-year program to restore the tracks to their 1969 condition and a 120-mph speed limit.

Congress, in writing the Regional Rail Reorganization (RRR) Act to salvage the bankrupt northeast railroads, mandated the establishment of genuine high-speed service over the entire Boston-Washington corridor. It called for upgrading the track to standards that would permit non-stop New York-Washington running times of two hours instead of the present three, and Boston-New York non-stop trips of 2.75 hours instead of four.

The Administration has taken its time implementing this mandate. An interim program to restore previously existing speeds is also in progress on the Boston-New York run, where the fastest trip is now at an average of 58 mph, but the Administration has yet to express a commitment to attaining the goals of the law.

On the bright side, there is substantial evidence that Americans, like their European and Japanese counterparts, will patronize good service when it is provided. Surprising ridership increases are being realized on clean, reliable trains operated at relatively slow speeds. The French Turbotrains operating between Chicago and Detroit, which achieve an overall average of only 50 mph and do not exceed 70 mph, drew 90 percent more passengers in June of 1975 than in the same month of 1974. In contrast, the systemwide trend in 1975 is toward reduced riding as a result of the recession, compared to last year's greater use during the energy crisis.

NO NEED TO WAIT

It seems there is no need to wait either for 100-mph tracks or for the futuristic types of vehicles our government has been playing with for the past decade while other countries were improving service. Citizens can reasonably demand the immediate restoration of service wherever adequate tracks exist and reasonable ridership levels are foreseen. Tracks can then be improved as needed.

Amtrak's network has grown steadily, in fact, since the quasi-public corporation began operating a skeleton system on May 1, 1971. Routes have been added either as a result of the direction of Congress or where states have taken advantage of Section 403 (b) of the Amtrak law, which enables states to get new service by agreeing to pay two-thirds of the cost. The Administration advocates changing this arrangement to a 50-50 basis to reduce the state share; then states would be forced to pick up half the losses or to lose the service. Successful 403(b) programs involving more than one route are sponsored by Illinois, Michigan, and New York; Minnesota participates to a lesser degree.

Under Section 403(a), Amtrak is empowered to initiate new routes on its own, and 403(c) requires the corporation's board to initiate at least one experimental route per year. Amtrak recently made its first use of 403(a) by adding a Dallas section to its Chicago-Houston "Lone Star."

THE BIG PROBLEM: LACK OF TRACK

One problem delaying restoration of passenger service is the absence of adequate track in many of the most promising corridors; such as across heavily populated Ohio and Indiana. Even though Indianapolis was served by two north-south routes in Amtrak's basic system (Chicago-Cincinnati-Washington and Chicago-Louisville-Florida), no such service is provided now because deteriorating tracks have forced the rerouting of these trains to other railroads which bypass Indiana's largest city. Beginning October 1, Cleveland will once again have intercity service—one daily Boston-New York-Chicago round-trip—but service will be about five hours slower than it was ten years ago, and Cleveland still awaits logical links to Pittsburgh and the Columbus-Dayton-Cincinnati corridor.

The RRR Act provides for upgrading most of the mainlines needed for Midwest services, and there is hope that passenger trains will be able to attain 80 mph on many of these routes within five years—about the time when foreign services will be approaching 155 mph!

Aggressive efforts by a growing number of states that want good rail passenger service are being aided by private organizations of railroad enthusiasts. The efforts of Illinois, Michigan, New York, and Minnesota have obtained new routes. Massachusetts had one 403(b) service for awhile and wants to restore it. Pennsylvania, Ohio, Wisconsin, Florida, and California are looking for new services. State and regional groups, such as the Northeast Transportation Coalition, the Northeast Corridor Rail Action, and associations of railroad passengers in a number of states—Ohio, Michigan, Florida, Georgia, and Texas—have been in the forefront of such projects: There are about 20 active state or regional groups, along with NARP, doing the necessary groundwork that could lead to expanded and improved service.

In addition, a number of local associations of commuter riders are working on making better use of existing railroad facilities. The states of Maryland, Pennsylvania, New Jersey, New York, Massachusetts, and Illinois have been progressively involved. In many cases, the quickest method to bring fast rail transit service to the suburbs is to make the greatest possible use of existing railroad facilities and to operate what is traditionally known as "commuter rail" service. This method is cheaper and involves less community disruption than the construction of separate exclusive-use tracks for a rapid transit system. Since the tracks are already in place, trains can run farther from the central city, minimizing the number of automobiles converging on individual stations.

COMMUTING IN TORONTO

Toronto, Ontario, provides the most dramatic example of a commuter rail system built from scratch. Service in two directions from downtown Toronto was inaugurated on Canadian National Railways tracks only two years after the decision to institute it was made. Fifteen thousand trips per day were being handled three months after the line opened, and that in a low ridership month for commuter operations.

Such opportunities in the United States have been neglected because of the combined pressure of private railroads not anxious to have to "bother" with more passenger trains and of the special interests that stand to benefit from construction of massive suburban rapid transit systems. (This is not to say that no more subways should be built, but that railroad facilities should be more closely examined for the provision of service to the suburbs.)

Not only is the Toronto example unlikely to be repeated in this country, but several existing commuter rail services may be lost within the next year as a result of the RRR Act. These services are not presently subsidized by state or local governments, generally because they extend beyond the boundaries of transit districts for the metropolitan areas they serve. Since the RRR Act envisions somewhat hopefully that ConRail (Consolidated Rail Corporation), the new operating entity that will succeed Penn Central and the smaller northeast bankrupts, will be profitable, ConRail will not maintain commuter services at its own expense. It can be expected to discontinue them if subsidy arrangements cannot be made, probably by February 1976, when ConRail is scheduled to begin operations.

SUBSIDIZE COMMUTERS

We agree that ultimately these services will have to be supported by transit authority subsidies from the states or localities involved. However, our experience indicates that in an area where rail services have not previously been subsidized, it takes time to develop the political climate and the legal and funding capabilities. Since most of the attention of planners and the public in the northeast has been focused on freight, many of the people who would be working to save these trains are unaware that the services are in jeopardy.

Therefore, we urge Congress to amend the RRR Act to provide a 100 percent federal subsidy for the ConRail commuter lines for a year or two to give interested local groups and governments time to preserve badly needed services.

We also support massive federal efforts to upgrade mainline inter-city trackage. The railroads can't or won't do it, and without improved tracks, Amtrak can't provide the fast, reliable service the nation needs. We prefer public ownership of the tracks, with the private-enterprise railroads and Amtrak paying user fees to cover the costs after the initial rehabilitation. This procedure would protect the taxpayers' investment.

If Congress or the Administration can come up with a better method for better tracks for an intercity rail passenger network, we will support it. We demand action on some reasonable plan, however, before we have no trains left. The next few months are a time for important decisions in the transportation field.

NATIONAL SAFETY COUNCIL SAYS AMERICA NEEDS THE HIGHWAY TRUST FUND

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. SHUSTER. Mr. Speaker, the prestigious National Safety Council, a nongovernmental, nonprofit, public service organization chartered by the Congress to work in all aspects of accident prevention and safety, has urged Congress to preserve the highway trust fund. Following is a portion of their testimony given before the Surface Transportation Subcommittee on September 23:

NEED FOR HIGHWAY TRUST FUND

Customarily the National Safety Council refrains from discussing Congressional financing devices for safety programs, because the Council does not purport to any expertise in Federal fiscal and budget policy. However, our concern with the Highway Trust Fund is quite a different matter, because its operation inheres in the very effectiveness of the two highway safety programs we have discussed—the driver-oriented State and community highway safety program under Section 402 and the road-oriented Federal-aid highway construction program. I must frankly say to this Committee that, without the Highway Trust Fund, I fear for the continued viability of both of these necessary highway safety programs.

1. For Driver-Oriented Safety Programs. The 91st Congress was the first to make provision for Trust Fund financing of Section 402 programs, P.L. 91–605. Since then, increased Trust Fund support was absolutely essential to the achievement of even the modicum of action programs now financed with Federal, State and local funds. The pre-Trust Fund experience is a clear and unhappy demonstration that, without Trust Fund financing, Section 402 would be starved to the point of virtual standstill. Therefore, the National Safety Council strongly urges that the Highway Trust Fund be continued in its present form in order to provide this absolutely essential financing for Section 402 programs.

2. For Road-Oriented Safety Programs. The same situation prevails in the road-oriented safety programs which are of such vital importance to highway and traffic safety. The Highway Trust Fund has shown itself to be an effective and publicly acceptable mechanism for constructing and upgrading the roads which are so essential to the American life style and to increasing safety and vehicular mobility. Highways deteriorate with usage and age, and once-safe roads can become hazardous with time and changed circumstances. The road program requires the continued Federal leadership and financing assured by the Highway Trust Fund. Therefore, in the interest of highway safety and saving lives, the National Safety Council strongly urges extension of the Highway Trust Fund beyond the October 1977 expiration and that the Federal-aid highway program be continued in its current form and at no less than its current level of financing, in order to achieve a more acceptable degree of traffic safety on the roads and highways of the nation.

WHY CONSERVATIVE LAWYERS ARE HARD TO FIND

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. McDONALD of Georgia. Mr. Speaker, we have all seen how assiduously leftist activists within the legal profession work tirelessly to force their views into law. Many have wondered why there are so few lawyers of different outlook. A possible explanation has come to hand, in the form of a lawsuit by the administration of the Delaware Law School against an official of the American Bar Association. The trials and tribulations of a "conservative" law school, in seeking accreditation, are detailed in the complaint; if true, these allegations indicate a distinct hostility toward "freedom of speech" when it is not "liberal." In this century, Americans have witnessed a transition away from a constitutional republic toward a runaway mobocracy. Key to this transition has been the defeat of the principles of constitutional law at the hands of those who espouse social law. Unless there is a rebirth of the concepts of constitutional law, our system will not survive. This rebirth will require the teaching of the principles of constitutional law in America. In our schools of law, to date, unfortunately, this dangerous trend has not been reversed.

[In the U.S. District Court for the District of Delaware, Civil Action No. 75–]

COMPLAINT

(John H. Tovey, plaintiff, *v.* Arthur A. Weeks, defendant)

(A jury trial is demanded)

FOR A FIRST CLAIM

4. At all times relevant hereto, over three-quarters of the states in the United States have provided, either by court rule or otherwise, that no graduate of a law school could take the bar examination and become a lawyer in that state unless the school from which he had graduated was, at the time of graduation or before, placed on the approved list ("accredited") by the House of Delegates of the American Bar Association, whereby the American Bar Association has exercised delegated governmental power.

5. At all times relevant hereto, almost all students attending the Delaware Law School came from and intended to practice law in states requiring graduation from an A.B.A.-approved law school to become lawyers, thereby rendering a degree from a non-approved law school worthless for the practice of their profession.

6. On information and belief, at all times relevant hereto, the House of Delegates of the American Bar Association has only approved law schools upon a favorable recommendation of the Council of the Section of Legal Education and Admissions to the Bar (hereinafter called the "Council"), finding that the law school applying for approval substantially complies with the "Standards for Approval of Law Schools".

7. On information and belief, at all times relevant hereto, the Council has generally, although not always, required a favorable finding by its Accreditation Committee, in order to make a recommendation for approval to the House of Delegates.

8. On information and belief, at all times relevant hereto, the Accreditation Committee has generally, although not always, required a favorable finding by an inspection team in order to make a favorable recommendation to the Council that the law school was meeting the Standards for Approval.

9. At all times relevant hereto, when a law school applied for approval, it became the function of the Consultant on Legal Education to the American Bar Association, a paid employee of the Council who, prior to December 31, 1973 was Millard H. Ruud, and subsequent thereto was James P. White, to select a team to inspect the law school and write a report of inspection to the Accreditation Committee and Council, stating the condition of the school, and whether it substantially complied with the Standards for Approval, which report is given great weight in determining whether the school will be recommended for approval by the Council.

10. On information and belief, during the fall 1973, Rudd, White, and a majority of the Council and its Accreditation Committee were politically "liberal", and knew that the founder and then Dean of the Delaware Law School, Dr. Alfred Avins, as well

as a majority of its Board of Trustees and many faculty including the plaintiff, were politically "conservative."

11. On information and belief, during the fall 1973 and continuing to date, Ruud, White, E. Clinton Bamberger, now the Chairman of the Council, Harold G. Reuschlein, now the Chairman of the Accreditation Committee, and sundry other members of the Council and Accreditation Committee not now known to the plaintiff, entered into a wrongful plan or understanding to fraudulently manipulate the inspection process and accreditation process in order to delay A.B.A. approval of the Delaware Law School beyond the period of time when it had in fact substantially met accreditation standards used to approve other small law schools, in order to place pressure on the law school, its trustees, and the law students and their parents, to eliminate then Dean Avins, "conservative" faculty, including the plaintiff, and "conservative" trustes, especially if deemed to be in agreement with Dean Avins, from positions of influence in the school, because of political hostility to the aforesaid "conservatives."

12. On information and belief, in pursuance of said wrongful plan or understanding, sundry overt acts were carried out, a schedule of which is annexed to this complaint, and made part of this complaint.

13. On information and belief, the aforesaid Council and Accreditation Committee members, and Ruud and White, well knowing that the first class of the Delaware Law School was scheduled to graduate in June 1975, and that it was absolutely indispensable for the school to be recommended for accreditation by the July 1975 meeting of the Council if the students were to be allowed to take the July 1975 bar examinations in their respective states, further entered into a wrongful plan or understanding in Fall 1974, to discriminatorily and falsely find that the school was not meeting the Standards for Approval in February 1975, in order to compel the Board of Trustees of the Delaware Law School to affiliate or merge with a college or university, particularly Widener College, to gain approval by July 1975, in order by said affiliation or merger to eliminate the existing Board of Trustees or at least diminish its influence by swamping them with new trustees.

14. Pursuant to the aforesaid wrongful plan or understanding, and as a result of the fraudulent manipulation of the inspection and accreditation process, and in order to obtain accreditation by July 1975 and avoid grave injury both to the law school, as by withdrawal of students upon failure of accreditation, and to the students themselves, the Board of Trustees of the Delaware Law School was compelled to vote to affiliate or merge with Widener College, and to turn the said law school, previously an independent and a non-stock corporation, into a stock corporation with one share of stock of a par value of one dollar, and to issue said share of stock, representing the whole property in the law school of a value of over one million dollars, to Widener College for one dollar.

15. On information and belief, during the academic year 1974–75, officials and trustees of Widener College, Pennsylvania, desired a law school and studied starting one, but concluded that it could not afford one financially, unless it was able to "capture" free of charge, the Delaware Law School, and utilize the work done by Dr. Avins, the founder, which in turn could only be accomplished by delaying the accreditation of Delaware Law School so that the American Bar Association officials could put pressure on the graduating students, to in turn press the trustees of Delaware Law School, to affiliate with Widener in return for accreditation, in violation of printed Standards for Approval of Law School.

16. On information and belief, defendant Weeks, in the Fall 1974 and thereafter, entered into a wrongful secret understanding with the President and sundry officials and trustees of Widener College and White sundry accrediting officials of the American Association, which understanding or agreement provided that the Board of Trustees of the independent Delaware Law School would be forced to affiliate or merge, and thus swamped with new trustees or eliminated entirely, by Widener, and Dr. Avins would be divested of his influence over the school which he had founded, and conservative faculty identified with Dr. Avins including plaintiff would not have their contracts renewed, all as desired by liberals in the A.B.A. accreditation process, that Widener in return would receive a going law school of a value of over one million dollars for one dollar, and defendant Weeks would either receive a new contract as law school dean from Widener College at a salary over one and one half times his salary at Cumberland Law School, his previous place of employ, or if he went to Jackson Law School in Mississippi, he would be guaranteed the accreditation of that law school by the American Bar Association.

17. On information and belief, officials of Widener College well knew of the fraudulent manipulation of the accreditation process by American Bar Association officials, and the reasons therefor, as aforesaid, when contracting to affiliate or merge with the Delaware Law School, and when receiving the said share of stock, and acted in concert with and as agents of the aforesaid A.B.A. officials in carrying out their purposes.

18. On information and belief, the aforesaid manipulative and fraudulent practices of A.B.A. accreditation officials resulting in the issuance of stock to Widener College in interstate commerce constituted the promotion by these officials of securities fraud in violation of Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. sec 78(j) (b), and 17 C.F.R. sec. 240.10b-5, of which defendant had knowledge and intended to promote, in order as previously stated to insure the termination of obstacles to defendant's elimination of plaintiff from his position at Delaware Law School.

19. The founding Dean of the Delaware Law School, Dr. Alfred Avins, first employed the plaintiff, and had he remained Dean, or had the Delaware Law School trustees not been compelled to affiliate or merge with Widener College, the plaintiff would have been continued in his employment for the Summer Session 1975 at the law school, and would have had his contract renewed for academic year 1975–76, and have received a permanent, tenured contract for that year or thereafter, but instead defendant Weeks, pursuant to the aforesaid plan, did not renew plaintiff's contract for summer session 1975 and academic year 1975-76 or provide a tenured contract for plaintiff, as he had a reasonable expectation of receiving, pursuant to Dr. Avins' recommendation, whereby defendant unlawfully defeated plaintiff's reasonable expectation of a new or renewed contract.

JOHN H. TOVEY, Esq.,
Plaintiff pro se.
FRANKLIN LAKES, N.J., *August 15, 1975.*

WAYNE COUNTY COMMISSIONER SPEAKS ON ECONOMIC DEVELOPMENT LEGISLATION

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DIGGS. Mr. Speaker, on September 23, 1975, the Honorable Roscoe Bobo, chairman of the Board of Commissioners for Wayne County, Mich., testified before the House Public Works Subcommittee on Economic Development concerning economic development legislation. I believe his testimony, submitted on behalf of the National Association of Counties, is an important statement on an issue of importance to all Members, and I would commend it to the attention of my colleagues:

STATEMENT OF ROSCOE L. BOBO

Mr. Chairman and members of the Subcommittee:

My name is Roscoe L. Bobo, Chairman, Board of Commissioners, Wayne County, Michigan. I appreciate the opportunity to testify today before this distinguished Subcommittee on behalf of the National Association of Counties. We in county government have a high regard for the work of this Subcommittee and for your continuing attention to the economic development needs of the nation.

My testimony will deal principally with three matters:

1. An extension of the Public Works and Economic Development Act of 1965 when it expires next year.
2. The need for a prompt House-Senate conference on HR 5247 Emergency Public Works legislation . . . and
3. Problems encountered by counties in the implementation of the new title X Job Opportunities Program.

Let me take a moment to familiarize the Subcommittee with the current economic situation in Wayne County. Located in Southeastern Michigan, Wayne County contains 2.6 (two-point six) million people residing in forty-three communities. The largest of these communities is the City of Detroit with 1.4 (one-point four) million people.

Chief among our problems is unemployment brought about by the current recession.

Countywide, our unemployment level is slightly over sixteen percent.

Even in the best of recent times, unemployment in our county has persisted at eight to ten percent. Within the City of Detroit, and within the core of Detroit, these percentages have been twice and three times the countywide figure.

I stress these grim facts, Mr. Chairman, to point out the tremendous need of Wayne County and its citizens . . . for Federal assistance.

As for the matters pending before this Subcommittee, I now address the issue of Extension of the Public Works and Economic Development Act of 1965.

The National Association of Counties supports the proposed three-year extension of this Act. The grant and loan program for local economic development provides a proven and successful approach to the problem of persistent and substantial unemployment. It ought to continue without change.

Wayne County has participated in the Economic Development Act program for some time. Our county formulated a county-wide overall economic development plan. This plan has served as the basis for application for Economic Development Act funds by Detroit and smaller communities. Through County planning, we have been able to approach economic development on a comprehensive, regional basis.

Regarding Emergency Public Works Legislation, we wish to strongly urge prompt consideration by a House-Senate Conference Committee of HR5247. The House version of this legislation authorizes a 5 billion dollar program of grants to state and local governments to combat unemployment through the construction of needed public facilities.

The Senate amended HR5247 to provide $3.85 (three-point-eight-five) billion in anti-recession assistance. This would include $2.125 (two-point-one-two-five) billion for public works activities and $1.7 (one-point-seven) billion in anti-recession grants to state and local governments with unemployment rates in excess of six percent.

County governments believe it is essential that the Congress promptly approve a package of public works and anti-recession assistance to help them to cope with the current emergency.

A public works program would greatly assist in creating jobs.

The anti-recession—or counter-cyclical—assistance program would save jobs in the public sector and minimize local tax increases or service cuts.

In Wayne County, we need public works funds to assist us in the construction of a county jail program that will cost about 30 million dollars. We are required to build this jail by court order. Construction of this jail could begin within 90 days. Unless federal assistance is forthcoming, the only way we can comply with the court order is to reduce other services such as support for our County General Hospital.

Wayne County is projecting a deficit for this fiscal year of approximately 10 to 12 million dollars. We have already transferred nearly four million dollars from our Capital Fund to offset this deficit.

We desperately need the 8 million dollars to which the County would be entitled under the anti-recession proposal. We therefore urge that any final public works bill include a provision for an anti-recession—or countercyclical—grant program.

Finally, regarding Implementation of Title X Job Opportunities Program, counties are concerned over the manner in which this is being implemented. The purpose of this program—as the Subcommittee knows—is to combat unemployment with labor-intensive activities. Under the program, the Department of Commerce is authorized to fund projects submitted by other federal agencies.

The latest round of funding for the program included the release of $375 million in August. The Economic Development Administration administers the program. Economic Development Adm. set up an extremely tight time frame. Together with the lack of written instructions and procedures, this time frame made it nearly impossible for counties to apply for these funds.

On August 19, Economic Development Administration notified other federal agencies that funding under Title X was available and that applications must be received by EDA by September 15. The agencies in turn were to notify their clients—counties, cities and states—that funding was available.

You can imagine the time needed to transfer this information to state and local governments as well as the internal agency deadlines needed for the federal agencies to comply with EDA's September 15 deadline. What resulted was that counties had only a few days with which to prepare and submit applications, if they could do so at all. All of this leads us to question whether the Administration is serious in spending these funds to fight the recession.

Let me say in closing, Mr. Chairman, that the recession as it affects counties is not over. We desperately need federal assistance.

We need emergency assistance such as that contained in a combined public works—countercyclical program to help us deal with the current situation of excessive unemployment.

We also need federal assistance embodied in the basic Economic Development program to help stem persistent structural unemployment.

We urge your prompt action on these matters.

"RAILWAY AGE" COVER STORY FEATURES BUD SHUGTER'S VIEWS ON RAILROAD TRUST FUND

HON. THAD COCHRAN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. COCHRAN. Mr. Speaker, the September 29 issue of Railway Age features an indepth interview with Congressman Bud Shuster of Pennsylvania, ranking minority member of the Public Works Surface Transportation Subcommittee.

I commend this thoughtful article to my colleagues' attention:

RAILROAD TRUST FUND: TWO VIEWS

(By Luther Miller, editor of Railway Age)

Examine the bios of Asaph H. Hall and Bud Shuster and you find some striking similarities. They are young (early 40's). They are brainy (Hall is a Phi Beta Kappa out of Dartmouth, where he earned B.A. and M.S. degrees; Shuster earned his Phi Beta key at the University of Pittsburgh, and went on to pick up an M.B.A. at Duquesne and a Ph.D at American University). And they are key figures in the shaping of Ford-Administration transportation policy (Hall heads the Federal Railroad Administration; Shuster is the ranking Republican member of the Transportation Subcommittee of the House Public Works Committee—which now has jurisdiction over mass transit as well as highways, and hopes soon to bring railroads under its wing).

But on one key transportation issue, Hall and Shuster are split. Hall, speaking for the Ford Administration, is anti-trust fund. He approves the concept of user charges "where appropriate"—but he would have the monies accruing therefrom go into the general fund, with transportation needs being met from that source.

Shuster not only wants to keep the Highway Trust Fund, which President Ford plans to phase out. He also wants trust funds for railroads and mass transit, and perhaps for barges.

Railway Age recently talked with both of these men about how they feel railroad and other needs should be financed—and about the problems which have led even the most conservative Republicans (and Democrats) to come around to the thinking that some kind of Federal aid must be provided—and fast. Excerpts from the interview with Administrator Hall start on p. 18; the exchange with Congressman Shuster starts on p. 26.

RAILROAD TRUST FUND

Back home, in the Ninth District of Pennsylvania, U.S. Rep. Bud Shuster is known as a good friend of railroads—so much so that railroad workers at Altoona recently took a full page ad in a local paper to thank him for his help. In Congress, Shuster is known as a good friend of highways: he has sharply attacked the Administration's plan for busting the Highway Trust Fund. Railway Age recently discussed this seeming anomaly with Shuster, the ranking Republican on the Transportation Subcommittee of the House Public Works Committee.

RA. Rep. Shuster, why do you oppose the Ford Administration's plan for restructuring—"busting," if you will—the Highway Trust Fund? As I understand it, part of the rationale is that this would free for other transportation purposes monies now dedicated to the building of highways and more highways. . .

SHUSTER. No. That is a widespread assumption. However, there is absolutely not one sentence, not one word, in the Administration's proposal which would redirect Trust Fund money to other modes of transportation. Rather, the Administration's proposal is that three of the four cents of the Federal gasoline tax be diverted from the Highway Trust Fund and put into the general revenues. Not one penny is allocated to any other form of transportation. Now if one wants to conjecture, I suppose that the money could go into other forms of transportation, or it could go into foreign aid, or defense or whatever one would like to fight for. There is absolutely nothing in the Administration's proposal which indicates that part of those funds will go to other forms of transportation.

RA. Yet, the impression was left that this diverted money would be earmarked for other modes. . .

SHUSTER. That is not the case. The Administration's proposal is that the three cents would go out of the Highway Trust Fund and into the general treasury. It would not be earmarked in any fashion. To simplify it, I say three cents. Actually, that third cent would go into the Federal general treasury unless the states enacted a one-cent gasoline tax which could go into the state general treasury. But still there's nothing at all which says that one cent would have to go for transportation purposes. What it *boils* down to is three cents in general treasuries.

RA. Then you want to keep the Highway Trust Fund as it is?

SHUSTER. Not as it is. In fact, I agree with the principle put forward by the Administration that there are too many categories in the Highway Trust Fund. There's something like 34 pockets into which Trust Fund money goes—so much for bridges, so much for high-hazard areas, so much for urban and rural areas. That could be reduced down to maybe six or 10 categories.

Furthermore, I am quite prepared and anxious to expand our horizon in the Congress, to look not simply at highways or mass transit or barges or railroads or airplanes, but to look at a more integrated transportation system. My objection is that we should not destroy the one single most successful transportation funding mechanism we have in America—the Highway Trust Fund—and the fairest, too, I might add, embracing the principle that he who uses pays for it. Instead of destroying that one successful mechanism, and pouring the money down the bottomless rathole of government spending, we should keep the Trust Fund and we should expand it to include either other trust funds or one trust fund with categories within the trust fund. What we need is the trust fund concept applied to mass transit and to railroads and to waterways.

RA. Would you personally prefer a single trust fund?

SHUSTER. It's semantic. It doesn't make any difference so long as you carefully define and allocate the portions—it doesn't matter if you have four different pies structured at certain sizes to go to four different transportation modes, or whether you have one pie and certain slices structured to go to the various modes.

I think it is quite important that there be definition as to where the money comes from and where the money goes, rather than one big pot that the Congress gives to the Secretary of Transportation and hopes that he somehow allocates it in accordance with the national priorities.

RA. The Highway Trust Fund monies come, of course, from the highway users. That would not always be possible in the case of other modes, would it?

SHUSTER. The mass transit part of it would be quite difficult, I will quickly say. But I am unwilling—and maybe this is just because the equity philosophy dies hard with me—I am unwilling to say it is totally impossible over the long run.

As to the railroad trust fund, Governor Shapp for example has proposed a 5% surtax on freight. Now that is a very onerous burden to lay on the railroads. I think it would just never work. It would not work because what they're saying is we're going to increase the cost of one mode of transportation by 5%, and this simply would tend to make the railroads less competitive than they are today. So I think that idea as proposed is a very bad one.

However, back off and look at this question in terms of what I like to call parity. The key, the trick, is to achieve parity among the various modes. And you do not hurt the railroads, if you put a 5%, or whatever the percentage might be, surcharge on all freight hauled by the railroads if you put the same surcharge on trucks and barges at the same time. To me, that's one of the keys to raising the necessary funds to revitalize America's railroads as well as to provide the increased funding that's necessary for other modes of transportation. I argue that contrary to the proposal to destroy the Highway Trust Fund, the cold hard evidence indicates that we need increased funding for America's highways, for America's mass transit and certainly for America's railroads.

RA. But as you said, this mechanism obviously wouldn't work for mass transit. . .

Shuster. In the short run, the money couldn't come from mass transit. If one puts a tax on mass transit there's the great argument that you drive the riders away. That's very true. But again if you look at parity, and if you put a parking tax in metropolitan areas to keep parity there between automobiles and mass transit, then you do not drive people away from mass transit. Selling this idea I think would be enormously difficult, and yet as I say I die hard at eliminating the concept of the user paying. It's the fairest form of tax there is. . . .

Now if there is a surtax on trucks, I could see a portion of that—and I know the truckers would scream like pigs—but I could see a portion of that going to highways and a portion of that going to mass transit.

RA. Some Highway Trust Fund money is, of course, already available for mass transit use. . . .

Shuster. Yes. The Highway Trust Fund is really a misnomer today. It's the Surface Transportation Trust Fund. All of the money in the urban system part of the Highway Trust Fund, which is about $900 million a year, now under the law can be spent in urban areas on either highways or mass transit. So under the Trust Fund there is a substantial amount, hundreds of millions of dollars, made available for that.

RA. One proposal in Congress would impose a tax on all freight users of diesel fuel, including of course the trucks, to create a railroad trust fund. Do you see any logic in that?

Shuster. It's really similar to what I have just mentioned I think. I think it would be more palatable to the truckers to let the railroad tax go to the railroads and let some of the truck tax go to mass transit.

RA. Your constituency is in a great railroad area of Pennsylvania, around Altoona. In fact, the railroad workers out there recently took a full page newspaper ad to commend you publicly for what you had done for them and for the Penn Central. You are therefore familiar with our railroad problems. . .

Shuster. Very familiar. In fact, it's sort of interesting that while I serve on the Public Works Surface Transportation Subcommittee which has responsibility for all forms of surface transportation except railroads, my first love is clearly the railroads. The fact is that the Congressional Reorganization Act of last year, which created the new Surface Transportation Committee which I am on and which now has everything except railroads, originally went to Congress with the recommendation that the new committee also include railroads. It was only, I understand, in order to get enough votes to pass the whole Congressional Reorganization Act, which included 20 different committees, that an agreement was struck with Harley Staggers of Interstate and Foreign Commerce to let him keep railroads. I think almost nobody around here believes that railroads will stay there forever. So I look forward to the day when my first love will join my other loves.

RA. Talk about a railroad trust fund has been revised due mainly to railroad troubles in the Northeast and Midwest. As the representative of an area very importantly involved, what do you think of the Final System Plan for restructuring the Penn Central and the other bankrupts, and for funding the new railroad, ConRail?

Shuster. I think that the USRA approach is a lousy approach. It's like Abraham Lincoln speaking of democracy: It's the worst form of government ever devised by man, but man has never devised a better one. So, while my view of the USRA approach is that it is lousy, it happens to be the only game in town. It is the least bad approach that I have seen yet. I therefore vigorously support it.

It's very instructive to me to watch my own educational process over the months and then watch the educational processes of others who just by the nature of things didn't become familiar with the situation as early as some of us did. When I first saw the USRA plan my reaction was, it's a lousy plan and there's got to be a better alternative—controlled liquidation, for example. After poring through the Preliminary System Plan, and trying to find alternatives, I really couldn't have come up with anything better. So I became a kicking, reluctant advocate.

RA. Do you think this plan will get through Congress?

Shuster. Yes. I think Congress will go through the same evolution as I have and others closer to it have. A typical member, who has not been on a committee or had a particular interest in railroads, will begin to look at the committee report when it comes out finally and say, this is a terrible plan; he will beat his breast and figure out how he's going to oppose it. And then as he studies it and studies it and looks at it, and looks at the alternatives, and the lack of real alternatives, and looks at the time factor—which is so vital—I think he will come around.

RA. Aren't Congressmen from the West, for example, apt to say, "The Northeast isn't our problem, why should we pay to bail them out?"

Shuster. The answer to that is that our railroad system is a national railroad system. If people in the West, the Midwest, the South look where their freight flows to and from, they will see that we are not a nation made up of regions that are self-contained, but rather a nation whose commerce flows nation-wide.

RA. Do you think the time will arrive when we are going to have either totally nationalized railways or permanently-subsidized railways?

Shuster. It's possible. I certainly hope that time doesn't come. I see the USRA/ConRail approach as the last hope against that eventuality. If ConRail does not succeed, we're going to have nationalization.

RA. The Administration says it will go along with the Final System Plan and the additional funding required only if it gets at the same time some rather fundamental and wideranging deregulation reforms. Is this a reasonable approach in your view?

Shuster. I suppose it's blackmail of a sort. I'd like to see some fundamental changes as far as regulation is concerned. But I think the two should stand on their own merits; I don't particularly like seeing the two tied together.

THE UNITED STATES IS BEHIND OTHER NATIONS IN ENERGY CONSERVATION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. BROWN of California. Mr. Speaker, I was somewhat surprised to discover in a news article from the October 1 edition of the Washington Star that the United States, which has been preaching energy independence, is ranked near the bottom of the Western nations in its efforts to conserve energy. I know that we have not been doing as much as we should or could in the area of energy conservation, but I did not think we were so backward that we are ranked 14th out of 18 nations in the International Energy Agency.

Mr. Speaker, this is inexcusable, and while I have leveled many criticisms at the administration for its failure to adopt effective energy conservation policies, I must, in all honesty, charge the Congress with some responsibility for its failure to adopt any mandatory energy conservation measures, even while it criticizes the administration's short-sighted energy policies, making it a legitimate target of criticism.

I do not want to belabor the areas in which we can save energy. This was done in detail on July 14 during a Special Order on Energy Conservation that I organized. If anyone is interested in specific energy conservation strategies, I would call their attention to pages 22635 to 22653 in the Congressional Record.

At this time I insert in the Congressional Record the article from the Washington Star:

U.S. Ranks Near Bottom In Energy-Saving Efforts

(By Roberta Hornig)

The United States ranks near the bottom of a list of oil-consuming nations' energy conservation efforts since the 1973 Arab oil embargo, the 18-nation International Energy Agency says.

Ironically, the agency is the brainchild of Secretary of State Henry A. Kissinger, who conceived it as a consumer solidarity "energy action group" to counter economic pressure from the oil-producing nations' cartel.

Further, Kissinger's philosophy, stated several times, is that the agency's success depends upon the United States leading the way in reducing worldwide demand for oil.

The United States' poor report card is contained in the first review of conservation programs by member nations between the time of the oil embargo, imposed in the wake of the 1973 Arab-Israeli war, and last June 30.

This review, some of it marked "secret" and other parts "confidential," is circulating among several government agencies, including the State and Treasury Departments. It also is being reviewed at the IEA's headquarters in Paris for a presentation at a meeting scheduled later this month.

Summing up its opinion of U.S. conservation efforts to date, the IEA says: "The American program must overcome an extremely high per capita historical energy consumption pattern and as such must be comprehensive and strong to be effective. At the present time, it is neither."

Current U.S. efforts, the agency review group complains, "depend almost entirely on voluntary programs, research and development and public education."

The final, public version of the report is expected to avoid an explicit ranking of the IEA member nations' conservation performance. But the draft review in circulation lists countries in the order that the agency believes their conservation programs have been successful.

The United States ranks fourth from last, just above Belgium, Norway and Austria. At the top of the list for best performance are the United Kingdom and Sweden.

Specifically, here is what the report has to say about the programs initiated by the IEA members:

United Kingdom—"Clearly . . . has one of the most comprehensive conservation programs . . . at the present time." The British have reversed their price control policy, have introduced a 25 percent gasoline tax and have revised electricity prices to bear more heavily on larger consumers.

In its analysis of U.S. performance so far, the IEA says the best program is President Ford's $2-per-barrel tariff on imported oil "which has the effect of raising all petroleum prices by 20 percent."

The IEA analysis says that the executive branch "has proposed a fairly comprehensive conservation program" but that it has not yet been passed by Congress.

It goes on to list major deficiencies in the "current U.S. situation" which, the analysis says, include almost no taxes on gasoline or other energy products to curb use, no incentives or standards to reduce auto miles traveled and electricity rates that are lower for consumers which use more power, such as industries.

In general the analysis favors the White House program and blames Congress for inaction.

The review committee, made up of members from each of the IEA countries, apparently follows the Kissinger—and the White House—theme that higher prices are the best way to go to curb consumption.

While staying away from specific recommendations for conservation, it recommends for "serious consideration" several measures for strengthening national conservation programs.

The most dramatic of its proposals is to increase taxes "significantly" on "certain fuels" to encourage conservation. But it recommended measures such as gasoline taxes, which Ford explicitly has ruled out.

Other measures recommended range from pricing energy at "competitive market levels" to enforcing speed limits to changing the rate structure of electricity so that higher costs are borne by business and industrial users.

Sweden—". . . a very comprehensive and potentially effective program" has been adopted. The new program includes a goal of reducing energy growth from its historic 4 to 5 percent a year level to 2 percent until 1985 and to zero growth from 1980 onward. Sweden also has imposed new taxes on electricity and gasoline, raising prices by 10 and 5 percent.

Denmark—A new program is being developed which will give the country "an even stronger program than now exists." The review particularly lauds a provision involving conservation in heating buildings, where 50 percent of the country's energy is used. Already in effect are a heating consultative service for homeowners, funds for insulating homes, doubled electricity rates for most consumers and the banning of autos in some city centers.

Italy—Its conservation program is not finished, but measures already implemented "make it a very noteworthy program." The report cites a 50 percent increase in gasoline taxes, and changes in the electricity rate structure.

Ireland—". . . fairly strong . . . although . . . not as comprehensive as that of several countries discussed above." The report cities gasoline tax increase resulting in a price rise of 30 percent and new building codes to require better insulation of buildings.

Turkey—". . . almost impossible to evaluate or compare with other countries because of the low energy intensity of its economy." The IEA report says that as Turkey's economy grows energy consumption will have to grow as well. But it praises the country for a program that includes major energy taxes, reduced street lighting, rearrangement of working hours to avoid peak times and make maximum use of daylight, higher auto sales taxes, programs to substitute coal for oil, and mandatory reduced heating levels for all residential and public buildings.

Germany—The German program "could be substantially strengthened" but that its oil consumption declined by 10 percent in 1974 over the previous year, more than any country of similar size and industrial intensity, the draft report says. It says Germany's program includes a significant conservation budget, a fuel oil tax and an auto excise tax geared to engine sizes.

Spain—The report mentions "impressive goals" of reducing dependency on foreign oil from 79 percent to 44 percent by 1985. The most dramatic provision of its program is rationing of home fuel oil to 80 percent of 1973 levels.

Japan—". . . extremely difficult to evaluate." In some areas, the review says, Japan is heavily dependent on voluntary appeals. But its program does include energy efficiency goals to be set by industry, development loan for energy conservation improvements and a change in the electricity rate structure to charge less to smaller users.

Canada—". . . faced with the challenge of reversing the adverse trend of a very high and increasing level of consumption . . ." The Canadian program so far, the review panel says, will do little to reverse this trend. The program, however, includes mandatory appliance labeling, high insulation standards for residential construction and expanded public education.

New Zealand—The country has "introduced several excellent conservation initiatives, but improvements . . . are possible." The program includes a gasoline tax increasing prices by 25 percent, and taxes aimed at energy-using recreation, such as non-commercial flying and private boating.

Switzerland—"No comprehensive energy conservation program as yet . . ." The IEA draft says Switzerland's most effective measure so far is increased prices, particularly by raising gasoline and diesel fuel prices by roughly 10 percent, and new speed limits.

Netherlands—In the process of passing a program through Parliament. The draft report says "it does not appear that it will be one of the IEA's most comprehensive programs." It says the program does include major government subsidies for encouraging insulation in existing buildings and a public campaign to conserve in all other areas.

For Belgium, Norway and Austria, the three nations ranked below the United States, the review committee says, in effect, that conservation could be improved considerably. Luxembourg, the 18th IEA member, was not included in the list.

MULTIPLE SCLEROSIS CANNOT DIM HIS SPIRIT

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. VANIK. Mr. Speaker, a rather extraordinary man by the name of Ralph Keating, a constituent of the 22d Congressional District of Ohio, which I am pleased to represent, has been the subject of a recent very well-deserved article in the Catholic Universe Bulletin of Cleveland.

I have known Mr. Keating for many, many years. He is a person of extraordinary strength, character, and talent. Having suffered for many years as a result of multiple sclerosis, he has nevertheless been active in a vibrant part of our community.

For 38 years Ralph Keating worked for the Western Union Telegraph Co. and was a member of the NBC orchestra for a long period of time.

We are all so fortunate to have Ralph Keating among us, so active and such a fine example for everyone in and out of public service.

Our whole community wishes Ralph Keating a long and continued active and productive life.

An article from the Catholic Universe Bulletin of September 19, 1975, about Mr. Keating is as follows:

[From the Catholic Bulletin, Sept. 19, 1975]

MULTIPLE SCLEROSIS CAN'T DIM HIS SPIRIT

(By Diane Steele)

Multiple sclerosis has kept the body of Ralph Keating confined pretty tightly to a wheelchair these past 19 years. But his spirit—now that's a different matter.

Daily, on the telephone or through the power of a postage stamp, he moves out to acquaintances and many strangers in need.

Where there is loneliness, he puts friendship.

Where there is sorrow, he puts love.

Where there is a financial need, he sends assistance.

Where there is frustration, he sends confidence.

Where there is no hope, he supplies it.

Where there is hunger, he finds food.

Keating lives at 13654 Fairhill Rd., Shaker Hts., with his wife, Emma, and full-time male nurse, Jimmy.

From his wheelchair, Keating makes it his job to write cards daily to 16 to 20 people whose physical condition is worse than his. He also uses the telephone quite frequently to call others and cheer them up.

He is active in Catholic organizations and functions. He was a St. Patrick Hibernian member 25 years and the first wheelchair Holy Name Society president at Our Lady of Peace Parish in 1960.

Keating is an "Eating Out" enthusiast. He follows the U-B listing of parishes sponsoring dinners weekly. Most every week, he's out attending one or another. His favorites are spaghetti dinners at Our Lady of Lourdes Shrine and chicken dinners at St. Helen, Newbury, Notre Dame Educational Center, and St. Edward, Parkman.

More people should support their parish by attending these functions, he said.

Keating regularly sends limited financial aid to priests and nuns, shrines, Catholic Charities, and Parmadale Children's Home.

Is he a money tree? No, said Keating, "I just have a big heart and an overload of money from my VA claim (his MS stems from a World War II related injury). I can't take it with me, so I try to help out those who need it most."

Whom does he help? Friends of friends, someone he reads about in the newspaper, a referral from a parish priest.

One family he helped with food and money. The father of 10 children was locked out of his job because of a strike. The family had just bought a new home. Keating told them how to get food stamps and unemployment benefits. They were unaware they were entitled to either.

One day Keating called up a local grocery store and had the clerk pack $25 worth of groceries for a proud family who desperately needed nourishment.

Events like this happen every day. Someone needs help. Someone mysteriously or anonymously gets it.

Keating gets many of his contacts from his 38-year career with Western Union Telegraph Co., from the friends of the N.B.C. Orchestra he started in the 1920's, from his political ties as Democratic precinct committeeman in Shaker Heights, and from his strong ties with the Church.

How does a man persevere in a wheelchair? Keating is not filled with a "Pollyanna" attitude, but he does "thank God everyday for being alive" and feels himself fortunate enough to have the energy to help others live happy lives, too.

His theory is to let other incapacitated people know that being confined to a wheelchair is not the end of life—"it is the start of a fuller life."

For his public service achievements, County Commissioners Hugh Corrigan, Seth Taft, and Frank Pokorny presented Keating with a plaque in mid-August.

And Don Campbell, past president of Blood Brothers and Sisters of America, Inc., an organization Keating started to aid hemophiliacs, calls him a "man of indomitable spirit."

It's no wonder.

THE LOWLY POTATO

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. SYMMS. Mr. Speaker, as the House moves closer to considering consumer protection legislation which will impose further Government regulations upon business, I am mindful of a letter from my constituent, C. L. "Butch" Otter. The letter tells the tale of the lowly Idaho potato and all the burdensome controls and taxes it must bear before leaving the State to appear on our dinner plates. For the benefit of my colleagues, the letter is printed below:

J. R. SIMPLOT COMPANY,
Caldwell, Idaho, September 15, 1975.

Representative STEVE SYMMS,
Room 1410
Longworth Building,
Washington, D.C.

DEAR STEVE: Once again the Federal Government in its obsession with economic regulations is seeking to inundate what few virtues there are left in the practice of free enterprise agriculture. I am speaking, of course, of the misguided legislative purpose of S200 and HR7575.

Any experienced participant in the agricultural community knows that if he over fertilizes the ground from which he hopes to harvest a crop, there most likely will be a resulting sterilization of the ground and subsequently no crop. Government would do well to learn from this example—if it over regulates, the results are more than an even chance the motivation to produce will also be sterilized. Opinion: Government should place into permanent storage (preferably scrap) its regulation (fertilizer) spreaders.

The agricultural community today must produce at full capacity, in order to afford those escalating costs on the items it produces. Bigger and more expensive government, resulting in higher costing equipment, land, fertilizers, chemicals, water and labor, has made survival in the agricultural pursuit an extremely remote possibility.

As a potato farmer, I have noted with interest the amount of costly controls, taxes and regulations that even the lowly potato must try to endure: Land—taxed by federal, local and state units of government and the use of land controlled by all three. Water—taxed and controlled by all three units of government. Equipment—manufacturers of farming equipment controlled by all three units of government including the agencies of OSHA, OEO, etc. Taxed by the federal and state governments. Labor—taxed by all units of government. Controlled by state and federal governments. Seed (potato)—regulated by USDA, FDA, EPA, taxed by federal and state governments. Fertilizers—taxed by all units of government and controlled by the federal agencies of USDA, EPA, OSHA, FDA and others. Controlled also by the State Departments of Agriculture, State Health and Welfare Department, State Environmental Agency. Chemicals—taxed by all units of government. Controlled by the federal agencies of USDA, EPA, OSHA, FDA and others. State control under the Department of Agriculture, State Health and Welfare Department and State Environmental Control Department. Transportation—(to market)—taxed by state, local and federal units of government. Controlled under the federal government by fuel allocations, EPA, OSHA and others. State controlled by Highway Department, EPA and others. Marketing—(fresh market)—taxed by all three units of government. Controlled by the federal agencies of USDA, OSHA, FDA, FTC and others. On the state level controlled by the Department of Agriculture, Health and Welfare Department, Potato Commission and others.

Processing—taxed by all three units of government. Local including taxing authorities of school, fire, police protection, cemetery, city government, recreation, and Potato Commission. Controlled under the federal agencies of OSHA, EPA, USDA, FDA, OEO, Department of Labor, Price Control Board, Immigration Service and many others. State control under the agencies of EPA, Department of Health, Department of Agriculture, Department of Labor, Department of Public Utilities, Department of Special Services, State Insurance of Law Enforcement, State Department of Education, State Department of Employment, Industrial Commission, State Tax Commission and State Potato Commission.

It is frustrating to note that before the potato leaves the state for final consumption, some 48 taxes and 72 controls have already stamped their brand or taken their share of the potato.

The point I hope is made: The agricultural community is already 48 times over-taxed and 72 times over-regulated just on the potato. These are definite symptoms of advancing sterilization. The economic law of diminishing returns is already hopelessly strained and only relaxation of regulations and taxes will promote recovery and thus a lower cost to the consumer whether we are to consider the world market or simply the domestic market.

Another layer of controls and regulations via S200/HR7575 will only stop what little motion is left.

I appreciate your help.

Regards,

C. L. "BUTCH" OTTER,
Vice President.

ASSISTANT TREASURY SECRETARY SIDNEY L. JONES WARNS AGAINST UNSOUND ECONOMIC POLICIES

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. KEMP. Mr. Speaker, the Assistant Secretary of the Treasury for Economic Policy, Dr. Sidney L. Jones, has made two very important addresses in recent weeks on the dangers of our repeating those unsound economic policies which brought about the inflation and subsequent recession as we continue our present economic recovery.

As Secretary Jones points out, the principal danger now is to so overly concentrate on existing problems and uncertainties that we adopt short-range economic policies which will actually make matters worse months down the road. We must, in fostering a recovery, make sure that we do not sow the seeds of an even worse inflation and recession. As a specialist in economic policy planning, his remarks should be given great weight by the Congress, especially as to tax and expenditure policies.

His remarks before the Luncheon Club in Buffalo and before the annual meeting of the American Accounting Association are as follows:

ECONOMIC POLICY AT THE TURNING POINT

(Statement of Sidney L. Jones, Assistant Secretary of the Treasury for Economic Policy before the annual meeting of the American Accounting Association, Tucson, Ariz., Aug. 19, 1975)

The famous author George Santayana once wrote: "Those who cannot remember the past are condemned to repeat it." Analysis indicates that each repetition requires a higher price to be paid. While public attention is focused on current developments, as the economy moves from severe recession into moderate recovery, the major challenge is to plan beyond existing problems and uncertainties. Economic policies at this turning point must concentrate on the persistent problems of inflation, excessive unemployment, low productivity, capital formation, energy resource development and conservation and international economic instability.

Thirty years ago the Employment Act of 1946 declared the objective of national economic policy to be: "To promote maximum employment, production, and purchasing power" through actions consistent with "other essential considerations of national policy" in ways "calculated to foster and promote free competitive enterprise and the general welfare . . ." Within this general framework specific fiscal and monetary policies have achieved mixed economic and social results with occasional recessions to remind us that economic growth is not guaranteed.

The United States has generally experienced rising output, expanding personal consumption, relatively low levels of inflation and growing employment opportunities. At the same time, the dominant influence of rising expectations has created a confrontation between two basic economic truths: (1) the list of claims against the national output of goods and services is literally endless; and (2) human, material and capital resources are limited even in the advanced U.S. economy. This obvious contradiction requires a more careful ranking of claim priorities and effective management of economic policies. In particular, we need more stable fiscal and monetary programs which do not overreact to fluctuating economic developments. Over the past decade recession and expansion trends have too often been exaggerated by frequent fine-tuning policy adjustments. It is not so much a problem of deciding what to do as it is one of sustaining basic policies long enough to encourage stable growth and longer-term planning.

I. CURRENT ECONOMIC OUTLOOK

Current policy decisions must begin with an understanding of the background and current status of the economy. During the mid-1960's the simultaneous escalation of public spending for the Vietnam War and various social programs combined with a capital investment boom in the private sector to overheat the economy and create accelerating inflation pressures. That rapid expansion was followed by a relatively mild recession and gradual improvement in reducing inflation. Then a sharp economic recovery from 1971 through 1973 resulted in an annual rate of increase in the "real" GNP of 5.5 percent which was well above the long-term capacity of the U.S. economy to expand real output approximately 4 percent each year. During that same three-year period the average annual increase in the GNP price deflator was 4.7 percent and unemployment declined from 6 percent to 4.6 percent by October 1973 as 7.2 million additional people were employed. The trade deficits of 1971 and 1972 were reversed and a small surplus was reported in 1973. In general, the performance of the U.S. economy was impressive throughout that period but the pace of expansion could not be sustained. The housing and automobile industries began to falter as inflation surged upward early in 1973. Raw material and productive capacity shortages also restricted growth. Finally, the oil embargo declared against the United States in October 1973 disrupted economic activity and created great uncertainties.

In the first quarter of 1974 real output declined sharply at a 7.0 percent seasonally adjusted annual rate. The economy then stabilized temporarily in mid-year before rapidly deteriorating into a severe recession in the fall as residential construction, automobile sales, business investment, and consumer spending all declined. During the last three months of 1974 real output fell at a 9.0 percent seasonally adjusted annual rate and it became clear that economic policies had to focus on reversing the sharp deterioration in output and final sales without abandoning the necessary effort to control the double-digit inflation which had been largely responsible for the serious erosion of home building, consumer spending and business investment.

By yearend 1974 some analysts believed that the sharp deterioration in economic activity would continue leading to a worldwide depression comparable to the traumatic experiences of the 1930's. Others argued that economic recovery would begin long before such catastrophic developments occurred. The Administration based its policy recommendations on analysis that a turning point would occur about mid-year if three fundamental adjustments could be accomplished: (1) the unwanted accumulation of inventories could be cleared out and new orders increased; (2) "real incomes" of consumers could be restored by significantly reducing the level of inflation and initiating tax reductions and rebates; and (3) the "lay-off rate"—the number of workers losing their jobs—could be reduced so that unemployment would stop rising so rapidly and consumer confidence could be strengthened.

During the first quarter of 1975 real output of goods and services continued to decline at a seasonally adjusted annual rate of 11.4 percent but economic conditions were already beginning to shift. During those first three months of 1975 personal consumption, net exports of goods and services and government spending at all levels reported strong gains. Most of the economic weakness was concentrated in the private investment sector where residential construction and business spending declined and a massive turnaround in inventories occurred. During the last three months of 1974 unwanted inventories were accumulated at a seasonally adjusted annual rate of $18 billion. In the first quarter of 1975 the situation was reversed as inventories were liquidated at an adjusted annual rate of $19 billion. Since final sales were basically flat, the severe drop in total output reported during the first three months of this year was a direct result of the large swing in inventories which was a necessary prerequisite for future recovery.

As the spring progressed other signals that an economic adjustment was occurring became evident. The current rate of consumer price increases dropped from the double-digit level of 1974 to a 6 to 7 percent zone and the Tax Reduction Act of 1975 was finally passed in March. As a result, real disposable personal income (stated in constant dollars) increased at a seasonally adjusted annual rate of 21.5 percent during the second quarter of 1975 following five consecutive quarterly declines. This improvement was reflected in strong retail sales. The "lay-off" rate declined steadily throughout the first half of 1975, employment began rising again in April and the average number of hours worked and the amount of overtime increased. As the inventory liquidation cleaned out unwanted stocks new orders turned up in April and industrial production bottomed out early in the summer. Exports continued at a strong pace throughout this period and rising government spending provided anticipated stimulus. The downward slide in new home and automobile sales finally stabilized and modest gains occurred in both sectors by late spring.

Publication of preliminary GNP figures for the second quarter indicates that the sharp decline in real output has ended and that the U.S. economy has entered into the expected recovery period. The level of real economic activity (adjusted to remove the effects of price changes) was basically stable—down only 0.3 percent at a seasonally adjusted annual rate—according to the preliminary estimates which will be revised Thursday. This turnaround represents a major improvement following five consecutive quarterly declines in the real GNP.

While it is gratifying that the turning point was reached sooner than expected and the pace of recovery is somewhat stronger than anticipated, this shift in direction does not mean that everything is now fine. To the contrary, a turning point at the bottom of a cycle represents the worst combination of economic conditions experienced during a recession. It is likely that there will be many more economic disappointments during the coming months as the moderate recovery accelerates. But it is certainly encouraging to note the upward tilt of most economic statistics, particularly: (1) the improvement in employment and the related drop in the seasonally adjusted unemployment rate from 9.2 percent in May to 8.4 percent in July; (2) the increase in retail and wholesale inventories in June in response to several months of strong sales; (3) the second consecutive monthly gain in industrial production reported for July; and (4) the strong upward trend, beginning in March, of the new composite index of twelve leading statistical indicators. These developments provide a necessary foundation for a sustained recovery into 1976 based on rising personal spending which will eventually stimulate a resumption of business investment to meet the demand for goods and services. Although the shape and speed of this recovery is still uncertain, because of the dominant role of inventory adjustments and the continuing problems in the housing and automobile sectors, moderate expansion of economic activity is now clearly underway.

II. ECONOMIC POLICIES

While there is widespread agreement that a moderate-to-strong economic recovery has begun, there is justified concern about its sustainability. The severe recession just experienced clearly demonstrated that the U.S. economy can be constrained by shortages of oil and other industrial raw materials. Consumer sentiment is still fragile and directly dependent upon future employment developments. Business capital investment must be increased if the near-term expansion is to continue and needed productive capacity and future jobs are to be created. Because the immediate pattern of business investment will be largely determined by the strength of personal consumption, it is crucial at this stage of the recovery that a surge of new inflation pressures be avoided. Prices are still increasing at an unsatisfactory seasonally adjusted annual rate of 6 to 7 percent. An escalation of current prices—or of inflationary expectations—during the next few months would quickly disrupt both personal and business spending plans which would, in turn, curtail both the strength and sustainability of the recovery. Therefore, current policies must guard against fiscal and monetary excesses which would disrupt the current expansion and complicate the problems of creating a more stable economy.

The fiscal dilemma of rapidly increasing government expenditures and lagging revenues continues to distort economic planning. During the past decade fiscal policies have had to adapt to the surge of spending for the Vietnam War and various social spending programs, the major impact of inflation and the sharp erosion of revenues and increased transfer payments caused by two recessions. From Fiscal Year 1966 through Fiscal Year 1975, Federal budget outlays increased from $134.6 billion to $325.1 billion (Table 1). During that decade the cumulative budget deficit totaled $148.7 billion and the "net increase" in borrowing for various "off-budget" programs excluded from the Federal budget totaled an additional $149.7 billion.

In attempting to respond to the severe recession, the President originally submitted a proposed Federal budget for Fiscal Year 1976 which called for outlays of $349.4 billion and a deficit of $51.9 billion. The mid-session review published May 30 subsequently increased the expected outlays to $358.9 billion and the deficit to $59.9 billion. In a separate action by Congress, their first concurrent Resolution on the budget published May 9 recommended outlays of $367.0 billion and a deficit of $68.8 billion. Whatever the final figures turn out to be it is obvious that another large increase in spending and a record-level budget deficit will occur.

The President also asked for a temporary cut in taxes to help stimulate the economic recovery expected by mid-year. In March the Tax Reduction Act of 1975 was finally passed which provided approximately $20 billion of net tax relief. About $17 billion of the total was allocated to individuals in the form of a rebate on 1974 taxes and temporary reductions for 1975 were provided by increasing the standard deductions, an additional $10 exemption credit, a 5 percent housing credit and an earned income credit for eligible low-income families. Business tax relief was provided by increasing the investment tax credit to 10 percent and by raising the surtax exemption for small firms. At the same time, the depletion allowance for oil and natural gas was phased out and limitations added in the use of foreign tax credits associated with foreign oil and gas operations. During the next few months important decisions about possible extension of parts of the 1975 tax cuts must be made as the pattern of economic recovery becomes clearer.

The rapid growth of Federal spending during the past decade has increasingly eroded our fiscal flexibility. Many government programs involve an "entitlement authority" which makes the actual outlays open-ended depending upon the eligibility rules and benefit levels established. There has been a tendency to liberalize both guidelines and benefits for Federal retirement, social security and other income maintenance programs are now indexed so that they rise automatically as inflation occurs. Other outlays are required by specific legislation and contractual agreements. As a result, the Federal budget is increasingly committed to the priorities of the past which makes it difficult to respond to current problems and future claims. Approximately three-fourths of the Federal budget is now considered to be "uncontrollable" because of existing entitlements and contractual obligations. In theory, there is no such thing as an "uncontrollable" budget commitment since Congress controls the annual appropriations process. In reality, existing programs are rarely eliminated or reduced and new claims are typicaly "added on" to current outlays. The near-term prospects are for continued increases in outlays and more Federal budget deficits. This trend can either be modified by Congressional action or resources can be transferred from the private sector which would mean a further increase in the role of government in the economy.

A second important problem concerns the proper role of the Federal budget. In preparing the budget plan government officials are actually allocating the human and material resources available and determining the division of responsibilities between the public and private sectors. This is clearly a proper function. However, since the 1930's the Federal budget has been used more and more as a tool for economic stabilization. Increased outlays and resultant deficits are defended by claiming that Federal spending is required to replace private demand during periods of slack.

The size of the Federal budget is then manipulated to meet current economic stabilization goals in this system of economic management. Unfortunately the balance turns out to be asymmetrical, because deficits usually occur during periods of both strong and weak economic activity. Federal budget deficits have been recorded in fourteen out of the last fifteen fiscal years—or forty of the last forty-eight years—and more are expected according to our current five-year projections.

The overall results of using the budget for stabilization purposes are not clear because of the complexity of the total economy and the lagged impact of such policies. But one specific result does seem obvious: The creation of new spending programs during periods of economic slack typically creates a permanent sequence of outlays that continues far beyond the immediate need for stabilization.

Hopefully, increased realism in determining future fiscal policies will result from the recent creation of a Congressional Budget Office which is required to provide overall Federal budget targets for receipts and outlays for the guidance of the new Congressional budget committees. In the past, appropriations have been approved by individual committees so that it was impossible to develop a comprehensive overview of the total impact of the specific legislative actions. Under the new procedures, the two Congressional budget committees will prepare a concurrent Resolution establishing the basic budget goals and identifying their impact on the entire economy. The actions of each appropriation committee will then be combined and compared with the budget committee recommendations before preparing a second concurrent Resolution for Congress to approve. A trial run using these procedures over the past few months for coordinating spending decisions has been encouraging and a new sense of priorities and discipline may well result from this new approach.

The combination of increased government spending and tax reductions has provided extensive stimulus for the economy in moving back to a recovery pattern. Given the severity of the recession, particularly the large increase in unemployment, a sizable budget deficit during the past year was a suitable response. But such fiscal actions must be carefully controlled, even during difficult periods, to avoid more permanent erosion of our future flexibility. Fiscal responsibility is particularly important in providing a necessary balance with monetary policies. The Federal Reserve System is too often required to bear a disproportionate burden in restraining inflation pressures whenever government spending and tax policies create excessive stimulus.

Extensive criticism was directed at monetary authorities during the last few months of 1974 and early 1975 because of the very low rate of growth of the money supply at an annual rate of only 1 percent during the six months period ending January 15, 1975. Since late January the money stock has increased at a seasonally adjusted annual rate of 9.4 percent. Combining these two periods indicates that the money supply has increased about 5 percent over the past year with almost all of the growth occurring during the last few months. Given the volatile nature of short-term monetary developments, a longer-term perspective of monetary policy indicates that officials are moving toward the policy commitment of keeping the money supply growth in the 5 to 7½ percent zone while also giving careful attention to interest rates and other monetary measures. This policy goal appears to be a reasonable target when combined with the existing stimulus being provided by fiscal actions.

III. SUMMARY

Although the recovery is apparently well underway, the next few months are likely to be a turbulent period as fiscal and monetary policies will probably be under intense pressure to respond to specific inflation and unemployment developments. In such a volatile environment, those who advocate more stable economic policies will be considered naive at best and insensitive at worst. Nevertheless, there must be a longer-term perspective in determining policies if we are to ever avoid the "stop-go" results of the past. Recent events clearly demonstrate that the U.S. economy will not function properly with high single or double-digit inflation just as it cannot survive for very long with such excessive levels of unemployment. The constant shifting of policies and resulting uncertainties about the lagged impact of such actions has too often frustrated the basic goal of promoting "maximum employment, production, and purchasing power."

The beginning point in adopting more stable fiscal and monetary policies is a restoration of public confidence in the government's ability and willingness to establish longer-term economic goals. As members of the American Accounting Association you have an important education role in describing how the American economy works and in preserving the integrity of the comprehensive system of financial accounts which provides most of the information required for public and private sector economic decisions. As you fulfill this important assignment, I hope that you will also communicate to your students, business associates and the general public a greater awareness of the productivity and creativity of the U.S. economy when it is allowed to function properly.

TABLE 1.—FEDERAL BUDGETS, CHANGES IN THE UNIFIED BUDGET OUTLAYS, BY FISCAL YEAR, 1961–76

[Dollar amounts in billions]

Fiscal year over preceding year	Federal outlays	Dollar increase	Percentage increase	Surplus or deficit
1961	$97.8	$5.6	6.1	−3.4
1962	106.8	9.0	9.2	−7.1
1963	111.3	4.5	4.2	−4.8
1964	118.6	7.3	6.1	−5.9
1965	118.4	−0.2		−1.6
1966	134.7	16.3	13.8	−3.8
1967	158.3	23.6	17.5	−8.7
1968	178.8	20.5	13.0	−25.2
1969	184.5	5.7	3.2	+3.2
1970	196.6	12.1	6.6	−2.8
1971	211.4	14.8	7.5	−23.0
1972	231.9	20.5	9.7	−23.2
1973	246.5	14.6	6.3	−14.3
1974	268.4	21.9	8.8	−3.5
1975	325.1	56.7	21.1	−44.2

Source: Economic Report of the President, February 1975, table C-64, p. 324, for years 1961 through 1974; 1975 figure published in joint statement of Secretary William E. Simon and Director James T. Lynn concerning "Budget Results for Fiscal Year 1975," July 28, 1975.

Mr. Speaker, the credibility of the Secretary's assertions is greatly reinforced by an awareness of his experiences. A Ph. D. in economics from Stanford University—with doctoral subjects in such diverse fields as finance and banking, industrial management, statistics, marketing, research and development administration, public finance, economic history, economic development, history, and political geography—he has served as a counselor to the Secretary of the Treasury, as deputy assistant to and deputy counselor to the President for economic policy, Assistant Secretary of Commerce for Economic Affairs, and senior economist to the Council of Economic Advisers. He has also taught at the University of Michigan and Northwestern and has co-authored three important textbooks.

SENIOR CITIZENS

HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DOMINICK V. DANIELS. Mr. Speaker, because it appears that Congress has been getting more than its share of criticism from professional critics, it is encouraging to receive praise from time to time.

I would like to share with my colleagues a letter I received from my constituent, Mrs. Lillian Allan, expressing gratitude to Congress for its efforts on behalf of all senior citizens.

Mrs. Allan, the president of the Hudson County, N.J. Senior Citizens Council, has over the years become a spokeswoman for the senior citizens of the county and of the Nation as well. Mrs. Allan, whom I deeply admire for her tireless efforts for the Nation's elderly, is proud to be an older American, to live a productive life, and to be a senior citizen, a title which she assumes with dignity. Older Americans are valuable and must be recognized for their contributions, past and continuing, to society. Mrs. Allan has been instrumental in this awareness.

Mrs. Allan's interest in so many worthwhile causes typifies the deep personal concern she feels for senior citizens. Her interest is not confined to the older persons of Hudson County as many of my colleagues are aware through correspondence with her. For my colleagues who do not know Mrs. Allan, I share with them her letter and her appreciation:

> I'm tired of hearing the title of "Senior Citizen" put down. This title carries a story of our Bicentennial heritage. The American immigrants are proud to bear the title of "Senior Citizen." It means that they are citizens of the United States of America, and have earned their right to vote. Senior Citizens have the best voting record on Election Day. They have raised and educated their children. They are the senior members of the family which demands respect and dignity. They are also the backbone of the American family as to religion, education and respect for law and order, as parents, and grandparents.
>
> The names "Senior Citizen" is respected all over the world, as well as the highest officials of city, county, state and federal government of America. The elderly of this generation are organized and ready for action! They read the newspapers, watch current events and government on TV. They now have the *time* to *learn* about their *rights* as citizens, residents and patients in a hospital.
>
> We are grateful to Congress for its efforts in behalf of the Senior Citizens.
>
> Sincerely,
>
> Lillian Allan,
> *President.*

ON THE DEDICATION OF MARIO BIAGGI LODGE NO. 2339 IN QUEENS, N.Y.

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. KOCH. Mr. Speaker, the New York delegation in the House of Representatives has 39 Members. We are comprised of Democrats and Republicans, liberals and conservatives. In the course of our work together on behalf of the city and State of New York we try to put aside our philosophical differences and points of view believing that cooperation is in the best interest of our city and State. Mario Biaggi and I differ on a whole host of issues because of our philosophical positions, yet on many occasions we vote together in support of issues that transcend liberal and conservative doctrine. And it is my privilege to announce to my colleagues that on Sunday, October 5, Mario Biaggi will be honored by the Sons of Italy with the formal dedication of the Mario Biaggi Lodge No. 2339 in Queens, N.Y. This is a fitting tribute to one of our colleagues who is a leader of the Italian-American congressional delegation. According to Philip Avelli, venerable of the lodge:

> The decision to name Lodge No. 2339 the Mario Biaggi Lodge, was based upon the outstanding achievements of his illustrious career and his deep involvement on behalf of Italo-Americans. He has restored to Italo-Americans the pride and prestige that is rightfully theirs.

Congressman Biaggi was elected to the House in 1968, following an illustrious 23-year career in the New York City Police Department. During his career, Biaggi was the recipient of a number of key awards, including the prestigious New York Medal of Honor. He was elected to the National Police Hall of Fame, and has been lauded as one of New York City's most decorated policemen. Following his police career, Biaggi became a member of the New York State Bar after graduating from New York Law School in 1963.

Biaggi's election in 1968 made him the first Democrat to be elected from that area of the Bronx in 16 years. He has been returned to Congress on three additional occasions by impressive margins. Because of his police background, he has been dubbed the "Cop in Congress," and has sponsored the law enforcement officers Bill of Rights and the national law enforcement memorial.

But Biaggi's interests are not limited to law enforcement. As a member of the House Education and Labor Committee, he has become an advocate for a number of worthwhile causes including improving the quality of life for our mentally ill. One of his legislative accomplishments came in 1973 with the passage of the Child Abuse Prevention and Treatment Act, a bill which he worked for since his early days in Congress. He is currently investigating the child care industry in this Nation, and I understand he plans to introduce legislation designed to correct some of the inherent abuses in the present system.

As a member of the newly established Select Committee on Aging Mario Biaggi has continued his commitment to improving the quality of life for our older Americans. He has introduced numerous bills which are intended to restore a life of dignity and economic freedom to our elderly. Another significant achievement for Mario Biaggi came in 1971 when an amendment he offered to the Mass Transit Act, mandating equal mass transit facilities for the elderly and handicapped became law.

Mario Biaggi is recognized among his colleagues as one of the best service-oriented Congressmen. He spends a great deal of his time meeting with and assisting his constituents. His staffs, in New York and Washington, work hard to meet the varied demands of the people of the 10th Congressional District in New York.

And, of course, Mario Biaggi is a true son of the Italo-American community and has actively worked on their behalf in Congress. He has waged a number of key battles on the House floor to rid this Nation of the scourge of discrimination, wherever it exists. He has worked to provide the millions of Italo-Americans in this Nation with a voice in the Congress.

It is my privilege to commend Mario Biaggi. He is surely worthy of this outstanding honor from the Sons of Italy and on behalf of many of my colleagues here in the House, I extend to him warmest congratulations.

SINAI PEACE AGREEMENT

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DERWINSKI. Mr. Speaker, sometime next week before the Columbus Day recess, the House may vote on the resolution to approve the Sinai Peace Agreement.

Unfortunately, many Members will consider this a matter of short-term political expediency. However, in my judgment, we must look at the long range picture of the tragic complications that are inherent in another major Middle East war.

David Hall, former Middle East correspondent and now editorial writer for the Chicago Daily News, discusses in his column of Saturday, September 13, the value of the U.S. role in the Middle East. I found this article to be a very logical and objective study of the situation:

> WHY U.S. BELONGS IN MIDDLE EAST
>
> (By David Hall)
>
> Henry M. Jackson, presidential aspirant and U.S. senator, gave a speech before a largely Jewish audience the other night. He lambasted the interim settlement the United States arranged between Israel and Egypt, especially the plan to station U.S. technicians at Sinai Desert warning posts.
>
> Then Jackson uttered the clincher:
>
> "When the issue comes before the Congress I hope to vote to approve the substance of the agreement as it has been presented to the American people."
>
> How's that?
>
> Jackson is trying to play it both ways: To reflect the fears of Americans about a new and deep foreign involvement while supporting the cause of Israel and pleasing the politically powerful Jewish voting bloc.
>
> In his train are politicians left and right, Democratic and Republican. The issue is made for fencestraddling, which politicians find so comfortable. They can bellow about being trapped by the wily Kissinger in a fait accompli. A senator or representative can say the deal is necessary for Israel's continued survival, although he would have preferred something more "long-lasting" and more "durable" than the three-year separation of armies.
>
> Congress will hold hearings. Some tough-sounding questions will pepper Kissinger. He will answer in monotone, citing the smallness of the American personnel commitment and the hope for "a just and lasting peace."
>
> Congress will vote, and as surely as the autumn leaves fall it will vote for the massive aid commitments (perhaps $9 billion over the next three years) and for the technicians.
>
> In back-door fashion, Congress is going to do the right thing at the right time about the Middle East. Reluctantly, it is going to inject the United States in a greater way into an area where U.S. interests are so vital as to bear on national survival itself.
>
> At a time when Soviet influence is waning among Arabs, the United States is establishing itself as the power through which to deal. It's a position that not only Israel, but several Arab states, prefer more than public pronouncements often indicate.
>
> Because congressmen are afraid to face the issue, and because the Ford administration is content to leave well enough alone, the public is not being leveled with as the U.S. role grows. It is not being told that if further

steps away from war are made, and if the United States is to protect the Mediterranean sea-lanes along NATO's southern flank and access to Mideast oil, then American commitments will almost certainly expand.

Little effort is being made to show that the United States, in protecting its interests, can play the morally preferable role of peacemaker. It can protect the existence of Israel, a nation it helped form. It can press Israel, where no other nation can, to consider and respond to the legitimate interests of Syria, Jordan and Egypt in regaining occupied territory, and the unshakable Palestinian case for a national identity in the area.

There is a scenario for Mideast peace that is more ideal. It has the disputing parties, riven by decades of mistrust punctuated by war, coming together under international auspices for a final settlement.

Kissinger's tactic is based on a more realistic understanding of the deep divisions—religious, territorial, historical—that divide Arabs and Jews in Biblical Palestine.

The hostility, the suspicion, the hate will take decades to still. Along the way additional guarantees to both sides, in the form of a big-power commitment, may well have to be interposed. It is not possible to guarantee "peace," in the ethical sense, but it is possible to guarantee against aggression and war, as 30 years of commitment to western Europe and Japan. Unfortunately, those success stories are tarnished by Vietnam. That comparison continues to crop up in the developing Mideast debate, and it is not applicable at all. The correct lesson is: Don't squander U.S. power and prestige where there are no interests at stake and no ties with the overseas people involved.

Sen. Jackson and many of his colleagues pretend they must go along with Kissinger's deal because they have no choice. Perhaps not, but poorer choices could have come their way. It would be better for the American people if policymakers in the administration and in Congress would acknowledge that the Mideast role is growing, but defend more openly the need for that role in serving the national interest.

GINGER ROGERS' BICENTENNIAL GIFT PROGRAM

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. McCLORY. Mr. Speaker, the celebrated actress of stage, screen, and TV, the beloved Ginger Rogers, is in Washington today where she will be one of the honored guests at the White House banquet being tendered by the President and Mrs. Ford to Emperor Hirohito and his Empress of Japan.

During her brief visit in Washington, Ginger found time to visit with many long-time friends on Capitol Hill, and to renew acquaintances with you, Mr. Speaker, as well as such others of our colleagues as Barber Conable, of New York; Floyd Spence, of South Carolina; John Rousselot, Bob Wilson, and Don Clausen of California; Tim Hall, Phil Crane, George O'Brien, Ed Derwinski, John Erlenborn, and Frank Annunzio, of Illinois; John Jarman, of Oklahoma, Sam Devine, of Ohio, and others.

Mr. Speaker, Ginger Rogers is forever reflecting love and concern for her fellow countrymen. In addition to providing enjoyment and entertainment for the tens of millions who have witnessed her performances as an actress, she has blessed many other millions with her personal expressions of love, generosity, and solicitude.

Mr. Speaker, Miss Rogers has proposed a laudable program for our Nation's Bicentennial consisting of a plan of voluntary gifts which may be contributed by our citizens to the Nation in appreciation for the blessings of freedom and opportunity which we enjoy as Americans.

Mr. Speaker, Ginger Rogers' proposal is worthy of appropriate action by the Congress of the United States. It is explained succinctly and beautifully in her own words which follow:

Remarks by Ginger Rogers

There is an idea regarding our Bicentennial celebration which will bless our entire Nation: There is a way in which the enormous national debt burden our Uncle Sam is bearing can be met quickly and our country freed from threat of bankruptcy which is attempting to put fear into the hearts of many of our citizens: Establish a fund which will allow every man, woman, and child of this great Nation to express love and appreciation for the blessings and unlimited opportunities its freedoms afford by sending a monetary gift to Uncle Sam for his 200th birthday.

Everyone regardless of party affiliation participating in sending "Love Currency to Uncle Sam"—this would be evidence to the rest of the world that we are truly one nation indivisible under God having assets to meet all obligations. There is an abundance of wealth in our country.

When our churches get into financial arrears we are reminded of our blessings and gladly make the necessary contributions to balance the church budget. We support willingly that which we love. It is our country which makes our freedom of worship possible and it is now urgent that we devote our best consecrated effort to balance our country's budget.

We don't want to be captured by our own greed as monkeys are sometimes captured. When rice is put through a small opening in a coconut shell and chained to a tree, a monkey will fill his paw so full of rice he cannot withdraw it, and the greedy unwise monkey loses his freedom.

Let us be wiser than the monkeys and let go of some "rice" by placing it in a very right place at the right time instead of hoarding it and allowing Uncle Sam to be harassed and burdened by such an unnecessary heavy debt and threat.

We have a choice. Uncle Sam doesn't have a choice. It is up to us.

Mr. Speaker, I am hopeful that Ginger Rogers' visit to Washington will prove both a source of enjoyment for those of us who had an opportunity to be in her company and also a means of receiving from her and implementing a most worthy program of appreciation for our Nation's Bicentennial.

THE WASHINGTON 500

HON. JAMES G. O'HARA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. O'HARA. Mr. Speaker, last spring when the Committee on the Budget reported House Concurrent Resolution 218 to the floor of the House, I appended some individual views to that report, indicating my concern that the functional codes which the committee and its able staff were using might become overrigid in their application to actual decisions by the Congress.

It seemed to me then that in our efforts to free ourselves from an unwarranted acceptance of OMB's terminology and initiatives, we should not easily and uncritically accept the terminology and inherent viewpoint of some other arbitrary system.

Since that resolution was agreed to by the House, we have had more than one occasion on which a system of functional analysis which should have been only that has tended to become mistaken for a universally accepted set of legally binding conclusions, with all the policy and fiscal implications that flow from that.

Recently Mr. Roy Millenson, for many years a highly respected minority staff member of the Senate Labor and Public Welfare Committee, wrote a short article for the committee on full funding entitled "The Washington 500." Mr. Millenson says what I was trying to say last April. I include Mr. Millenson's article in the Record:

The Washington 500

(By Roy H. Millenson)

The Indianapolis 500 is a competitive event in May in which a group of numbered contestants go rapidly about in a circle until one is declared the winner. The Washington 500 is a competitive event, involving not autos but education funding, also kicked off in May, wherein a group of numbered participants also go about rapidly in a circle. But unlike Indianapolis, you can never quite determine who is ahead.

What happened in Washington this May? This May, Congress adopted H. Con. Res. 218, the first concurrent resolution on the budget as prescribed by PL 93–344*, the budget reform legislation enacted just last year. The report on that resolution established within the prescribed overall Federal budget levels dollar limits for 16 functional categories, bearing functional category numbers identical to those appearing in the President's budget submitted last February.** Education comes under the "500" classification, a designation which it shares as a partner with manpower and social services. So much for the status of the Washington 500.

Items in the 500 series are spread across five different appropriations measures. First, at least in our eyes, is the Education Appropriations bill (H.R. 5901) which includes such items as Elementary and Secondary Education (501), Higher Education (502) and Library Resources (503). In Interior Appropriations (H.R. 8773) we find, for instance, the Corporation for Public Broadcasting (503) and Arts and Humanities (503). The Labor-HEW Appropriations bill (H.R. 8069) is host to Comprehensive Manpower Assistance (504) and the National Commission on Libraries and Information Services (503), to cite two. Treasury-Post Office Appropriations (H.R. 8597) contains, among others, the Committee for Purchase from the Blind and Other Severely Handicapped (505). A search in the HUD Appropriations bill (H.R. 8070) turns up the Smithsonian (503) and HEW's Office of Consumer Affairs (506).

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* PL 93–344 bears the formal title of the "Congressional Budget and Impoundment Control Act of 1974". Titles I through IX, the portion with which we are concerned here, has its own title, the "Congressional Budget Act of 1974".

** While neither H. Con. Res. 218, the House and Senate Reports on it or the debates stipulate the period covered, the general understanding is that it is for the 12-month period, July 1, 1975 to June 30, 1976. Although the transition quarter, July 1, 1976 to September 30, 1976 is part of FY 1976, it is not covered by the budget resolution nor is there an indication that it will be covered by any future resolution. The Congressional budget watchdogs have yet to choose to establish controls over the billions to be expended during that 3-month period.

While education is not quite as fragmented as its parent 500 series, education items are found in four appropriation bills. Some example: In addition to the many items in the Education Appropriations bill, we find Indian Education in Interior Appropriations; the Harry S Truman Scholarship Fund and Eisenhower College Grants in Treasury-Post Office; and Office of Education: Special Statistical Compilations and Surveys in Labor-HEW.

Confused? You don't see how clear decisions under the new budget reform law can be made Bewildered by the "Washington 500"? You are not alone.

On June 30, the Comptroller General submitted to Congress a fascinating report with the ho-hum title of "Standard Terminology, Definitions, Classifications, and Codes. Interim Report". It was printed as House Document 94–211. In this report, the Comptroller General concluded that the present functional category system "makes it difficult to perform effective evaluation and analysis using this data" and that comparison of functions is difficult because they are not grouped on a consistent basis.

That there should be a change from the present budget classification structure as utilized in Congressional budget controls is not disputed. How the change should be made is, however, under question. But the House and Senate appropriations and budget committees, the Congressional Budget Office, OMB and the Treasury, the report indicates, do agree on one thing—that change should come slowly and some time after the FY 1977 budget. The term "with all deliberate speed" is not used.

Thus, we are faced with at least one additional year (FY 1977) of Congressional budget controls under the new budget reform law utilizing a classification system which is generally acknowledged as ineffective and with little meaning.

An example of how this can be confusing occurred just this year in the debates over HR 5901, the education appropriations measure, which was variously described as in the area of $700 million, $400 million and $200 million under the budget levels indicated by the Congress. Estimates for the Congressional budget limits on education are based on extrapolations and committee understandings—but not on any figure specifically adopted by the Congress or stated or implied in the conference report. While the report on H Con Res 218, the concurrent resolution on the budget, established limits for the 16 functional categories, it did not break down the figures into the 66 subfunctional categories or the 1,300 appropriation and fund accounts found in the Federal budget.

Congressional budget publications are no help. Take, for example, the "Senate Budget Scorekeeping Report", a weekly publication prepared by the Congressional Budget Office in cooperation with the Senate Budget Committee, which, in its own words, "is designed to provide the Senate with budgetary information relevant to consideration of upcoming legislative action." This report does not even mention the Education Appropriations bill (HR 5901) nor can one discern from the report whether HR 5901 is over or above the Congressional or Presidential budget levels. So much for keeping the Senate abreast of "budgetary information relevant to consideration of upcoming legislative actions."

The only firm conclusion which one can draw is that the Congressional budget procedure under the new reform law, as now practiced, is at best imprecise. And while the sun struggles to push over the horizon, the Washington 500 goes on—with the hope that the changes being readied by Congressional budget staffs will bear fruit.

MAYOR DOROTHY MELOY OF HAMBURG, N.Y.

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. KEMP. Mr. Speaker, the town of Hamburg, N.Y., has the privilege and honor of being served by the first woman mayor elected in Erie County.

On Sunday, the Buffalo Courier-Express did an article about Mayor Dorothy Meloy describing her outstanding accomplishments precisely as I have come to know them in the years I have worked with her.

I take a great deal of pride in the style and capability with which Dorothy has handled her difficult job—and I know many, many persons in Hamburg join me in wanting to bring to the attention of legislators here the fine example of Mayor Meloy of Hamburg.

At this point, Mr. Speaker, I submit the article from the Buffalo Courier-Express:

Hamburg's Woman Mayor Just 'Dorothy' to Villagers

(By H. Katherine Smith)

Dorothy (Mrs. Charles L.) Meloy, mayor of Hamburg, is interested in knowing other women holders of public office. Last spring she met in Hamburg and was photographed with mayor Donna Rodden of Albion. Mayor Meloy is the first woman mayor elected in Erie County.

Asked whether she prefers to be addressed as "Your Honor," "Mayor" or "Mayoress," she replied: "I prefer to be called Dorothy. Most residents of Hamburg know me well enough for that."

The Meloys moved to Hamburg 12 years ago, when Mr. Meloy, an engineer of Bethlehem Steel Corp., was transferred from the Bethlehem Pa. plant to the Lackawanna plant. Before her election to the mayoralty, Mrs. Dorothy Meloy served on the Village Planning Committee Trustees of Hamburg.

She completed her six-year term as trustee last April, just as the previous mayor's term of office expired. Elections to office in Hamburg are nonpartisan. Dorothy Meloy was, therefore, able to enlist support of both registered Republicans and registered Democrats.

She has increased the village police force from 20 to 22 officers and appointed Hamburg's first woman police clerk. Recently, Hamburg voters and their mayor approved a $2 million sewer bond which will cost $60 for every house in the village. The $2 million covers the village's share of the cost of the County South Towns Sewage Treatment Plant.

Mayor Meloy is proud of the village's water treatment plant and of the fact that no water bans have restricted Hamburg residents during the last six years. Throughout the village water is metered. She also takes pride in the new, centrally located senior citizens' housing project.

Dorothy Meloy is legislative chairman of the Erie County Village Officials' Assn. With intense interest, she observes the interaction of her village's government with the state and federal governments. She keeps in close touch with Rep. Jack Kemp.

Every August, Dorothy Meloy attends the Erie County Fair several times. She deems it educational and commends its recognition of a wide range of local talents through its awards.

In her opinion, the Buffalo Raceway gives Hamburg national publicity.

In Augusta, Me.; Bethlehem, Pa. and other cities where she and her husband have lived, Dorothy Meloy was active in the work of the United Presbyterian Church. In Bethlehem, she was secretary of her church's Board of Deacons. In Hamburg, she continues membership in the United Presbyterian Church and its women's association.

The Meloys have a son, Charles L. Jr., a chemist of North Carolina, and a daughter, Ada, a lawyer practicing in New York City. Ada cast her first vote for her mother's election to the Hamburg Board of Trustees.

From her home, a short distance from the Village Hall, Dorothy Meloy walks to work daily. This provides an opportunity to greet and chat with many village residents. Occasionally, she and her husband play golf at the Bethlehem Steel Managers' Club.

Before she was elected to public office, Hamburg's mayor made most of the clothes she wore, including tailored cloth suits and coats. She has traveled throughout this country and in Europe. Since her election as mayor, she is in demand as a public speaker before women's clubs and organizations.

Dorothy Meloy was not impelled by the profit motive to seek public office. Her salary as Hamburg's mayor is $3,600 a year. Interested in good government at all levels, she is glad to have a part in it.

Her affiliations include the Hamburg chapters of the Quota Club and the Business and Professional Women's Club.

DO THE RICH GET FOOD STAMPS?

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. RICHMOND. Mr. Speaker, yesterday I submitted the first of three articles about the food stamp program. The articles attempt to correct a good deal of misinformation which has been circulating about the program. Attacks on the program, based on misleading advertisements in the media and inaccurate news stories, have been made by many Members of Congress as well as high-ranking officials in the Ford administration. While it is hard to correct the damage done by a full-page advertisement or an eight-column banner headline, I hope these articles will be read by my colleagues so that any debate on the food stamp program proceeds with the facts and with reason.

These food stamp articles have been prepared by staff of the Food Research and Action Center—FRAC:

Are High-Income Households Participating in the Food Stamp Program?

In light of the Parade Magazine advertisement and the subsequent repetition of its message by numerous public officials, many legislators and their constituents are expressing the concern that the Food Stamp Program (hereinafter FSP) is missing its target. Are the middle class participating in the FSP to any significant degree? Are FSP participants, in fact, in need of such assistance?

Despite statements to the contrary by Cabinet members, media ads, and Senator Buckley, FSP participants are, in large part, the "poorest of the poor" and not middle class. This is shown in the USDA study prepared pursuant to Senate Resolution 58 and released this summer.

The USDA report shows that 92 percent of all participants are in households with after-tax incomes (but before FSP deductions) of under $7,000 a year; 95 percent in households with incomes under $8,000 a year; 97 percent are in households with incomes under $9,000 a year; and, for statistical purposes, 100 percent are in households with incomes under $10,000 a year. In addition, 45 percent—or nearly half—live in households with incomes under $3,000 a year.

What makes these figures especially striking is the fact, as documented by USDA's participant profiles, that 49 percent of all food stamp participants live in households of five or more persons. Thus, even though large households make up half the food stamp caseload, there still are very few food stamp households with incomes over $6,000 a year, and virtually none with incomes over $10,000 a year.

Indeed, the USDA report—based on its national survey of FSP participants—shows that 97 percent of the households of 7 in the program have incomes under $8,400 a year, and 91 percent of the households of 10 have incomes under $9,600 a year.

Another way to look at this is to see what percentage of families in each income bracket do actually participate in the FSP. Here again, the USDA report demonstrates that food stamps are overwhelmingly used by low-income families. The report shows that 72 percent of those households with incomes below $2,000 a year receive food stamps, and 51 percent of those with incomes under $4,000 a year get stamps. However, only 7 percent of the households in the $5,000 to $10,000 range get food stamps. The percentage of families above $10,000 who get food stamps is, for statistical purposes, zero.

One further set of statistics is especially useful. These figures deal with the incomes of those four-person households which do use food stamps. The USDA report shows that 93.5 percent of all four-person FSP households have incomes under $6,000 a year. 97 percent have incomes under $7,200 a year. The income of the average four-person family on food stamps is $3,456 a year.

In addition, when we look at four-person families which use food stamps—in relation to all four-person families in the U.S.—we find that only the very poor participate in the FSP in any significant numbers. 58 percent of all four-person households with incomes under $3,000 a year participate in the FSP. But in the $6,000 to $10,000 a year range, only 1.6 percent of all four-person households participate in the program. The following chart shows the percentage of four-person families, by $1,000 brackets, in this income range who do receive food stamps:

Income range and percentage of a four-person families in this income range getting food stamps

$6,000 to $7,000	2.7
$7,000 to $8,000	1.3
$8,000 to $9,000	.9
$9,000 to $10,000	.2
$10,000 and up	0

(NOTE.—Much of this material is from the Senate Nutrition Committee's "Who Gets Food Stamps" and testimony before that Committee by Robert Greenstein of the Community Nutrition Institute.)

These statistics show why the USDA report concluded that: "Participants tend to be the poorest of the poor" and that "highest rates of participation are shown by the extremely needy."

One reason for the above statistics and conclusions is based on the construction of the food stamp benefit structure. The higher a household's net income, the more the household has to pay for its stamps and, thus, the smaller the benefit it receives. Households of four that just manage to qualify for food stamps have to pay out $138 in cash each month to get back $162 in stamps. As the USDA report notes: "At the top of eligibility, the program is designed to be only marginally attractive. For this reason, participation is relatively high at the lowest income levels and low at the highest levels."

Therefore, while not all the households using food stamps are below the poverty level ($5,010 for a family of four), virtually all of them are in need of such nutrition assistance. The strength of the program is that it is not limited only to the poorest of the poor (even though they are the ones who most participate), and that it is more than solely a supplement to welfare grants. The program augments participating families' food purchasing power. It measures disposable income for food and, as such, does not penalize the low income working family who might well have the same income available for food as the family forced to live on a welfare grant.

Thus, the program works because it includes in its sphere of food assistance those households needing the help. It does not help all those eligible, but it has become an effective way of getting more food into the hands of those most in need.

GREEK AMERICANS' RIGHTS DEFENDED

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. WAXMAN. Mr. Speaker, when the issue of lifting the U.S. embargo on arms to Turkey came before the House, Americans of Greek background were deeply involved. Greek-American Congressmen and citizens worked to maintain the embargo. Unfortunately, numerous prominent people in both Government and the mass media raised ugly charges of "dual loyalties." In the course of public discussion, the patriotism of Greek-Americans was impugned and their rights to full participation in discussions of foreign policy in the eastern Mediterranean were called into play.

On August 10, 1975, I addressed a gathering at St. Sophia Greek Orthodox Church in Los Angeles. My remarks focused on the "dual loyalty" issue. I should like to share with my colleagues the ideas I presented on that occasion:

SPEECH AT GREEK ORTHODOX CHURCH

I want to thank you for inviting me to join you at this important gathering. Of course, this is a solemn occasion. You have come together not to celebrate, but rather to mark, with much sorrow, the first anniversary of the major Turkish military activity on Cyprus. I hope it will not be too long before we are together again at a happier event.

Recently, Congress was presented with a Ford Administration proposal to end the arms embargo on Turkey. As you know, last year, in response to Turkish aggression in Cyprus, the United States imposed the embargo on arms shipment. The vote in the House of Representatives on this controversial matter was extremely close. I voted against renewed arms shipment to Turkey.

Although I am a new member of Congress, I have served in the State Legislature and have seen lobbying efforts before. But I must inform you that they were nothing compared to the pressure exerted to get Congress to lift the arms embargo on Turkey. There were invitations to meet with the President at the White House as well as special briefings by Secretary of State Kissinger. I had the extraordinary experience of having the Turkish Ambassador to the U.S. meet with me personally to plead for the lifting of the embargo—an unheard of lobbying by a representative of another government.

TURKEY VIOLATED U.S. LAW

My primary reason for my vote was my strong feeling that the Turkish government must face the full consequences of having violated U.S. law. The Turks used American supplied equipment in their invasion of Cyprus. They knew full well that the equipment was supplied to them for defensive purposes only. American arms to Turkey has never been intended for use on Cyprus on in any other aggressive context. Our military alliance with Turkey has been based solely on the common concern of the NATO partners with the threat of the Soviet Union.

Rather than discuss the details of the events in Cyprus or the history which led up to those events, I decided to focus our attention on the role of Americans with strong ethnic roots in the conduct of our foreign policy.

Many of the proponents of renewed arms sales to Turkey referred repeatedly to a "Greek lobby" which they accused of illegitimately "manipulating" American foreign policy.

SHOCKING SLURS AGAINST GREEK-AMERICANS

Most shocking of all were the comments made by no less a figure than Senator Majority Leader Mike Mansfield. In his recent appearance on "Meet the Press", Mansfield implied that Greek-Americans were guilty of "dual loyalties". When asked if he was concerned about the ethnic factor in the attitudes of such groups as Greek-Americans and Jewish Americans, Mansfield replied, "Yes, because I can only give my loyalty to one country and that happens to be the United States of America. My father and mother were immigrants from Ireland, but my loyalty is not to Ireland—it is to this country—unquestioned."

The charge of "dual loyalties" has not been leveled against Greek-Americans very frequently. I am sure many Greek-Americans were hurt and angered by the aspersions cast on their loyalty to the United States.

ONLY "OLD AMERICANS" FIT TO LEAD?

As a Jew, the so-called dual loyalties problem is most familiar to me. As far back as elemetnary school, I can recall being asked which side I'd fight on if Israel went to war against the United States. Behind this childish jibe lies the same logic on which Senator Mansfield's charges are built. The assumption is that people with sentiments, feelings, knowledge and interest in other parts of the world are second-class Americans whose patriotism and loyalty must be questioned. It is also assumed that the "best Americans"—the people who ought to be allowed to run our public affairs—are those Americans whose ancestors came here so long ago that nobody is quite sure when or from where.

I am in total disagreement with this point of view. Jewish concern about Israel or Greek concern about events in Cyprus are every bit as legitimate as the concerns of union members about labor laws, the concerns of blacks about civil rights, or even oceanfront businessmen's anxieties about the shark problem.

ETHNIC PERSPECTIVE VALUABLE

It is the most fundamental principal of democracy that people with the most knowledge and strongest feelings become involved in any given issue. Who can speak more legitimately about problems in the eastern Mediterranean than Greek Americans with cultural and ancestral roots in that part of the world? Am I to ignore the remarks of my colleagues, Congressmen John Brademas and Paul Sarbanes, just because they are Greek-Americans whose interest in the problems of Cyprus far predates last year's event?

GREEK-AMERICAN FRIENDSHIP AFFIRMED

The Greek community of Cyprus and Greece herself, are not at war with the United States. The very opposite is true. They enjoy and value the friendship and support of the American people and the American government. The same can be said for Israel. When I got old enough to figure some of these things out, I started to tell the playground bullies who asked which side I would take in the war between Israel and the United States that if they weren't so dumb, they'd realize that Israel and the United States were fighting on the same side.

Paul Sarbanes, John Brademas, and the other Greek-Americans who have been involved in "lobbying" against arms to Turkey are as patriotic, loyal, and dedicated to America's best interest as Senator Mansfield or any other American. Nor do I feel that I or any Jews in Congress, because of our concern for Israel, are second rate Americans.

VOTE ON ARMS EMBARGO WON ON THE MERITS

I think it is the duty of every ethnic American to bring to our national undertakings the sensitivities and concerns which only they have. After all, nobody is suggesting a Committee of Greek Congressmen make U.S. foreign policy. If the so-called Greek lobby were wrong in terms of American interests, they would not have gotten 223 votes in the House of Representatives for their position. No matter how cynical or paranoid a man is, he must admit that the Greek minority is too small and too inconsequential politically, to be able to win a major foreign policy battle unless their arguments were valid and solid, strictly from a U.S. standpoint.

I am proud of how hard American Jews have worked in building sympathy for Israel both in Congress and among the general public. I was proud to have been an ally of Greek Americans in the battle over arms to Turkey. When an ethnic minority is wrong on the issues, we can be certain we will be rebuffed by a suspicious and hostile majority. When we succeed—far more often than not—it will be due not merely to political pressure, but also to our having convinced many, many non-ethnics and people with ethnicity different from our own, of the justice of our cause.

I want leaders of the Greek community as well as Greek-American constituents to know how anxious I am to both represent and serve you. I want you to know that in me you have a congressman who deeply admires and respects Americans who maintain ties with the culture and land of their forebears.

UNITED STATES-AFRICA POLICY AND RHODESIAN SANCTIONS

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. DIGGS. Mr. Speaker, the last full week in September saw two contradictory developments with respect to our country's relations with Africa. In a speech before the Organization of African Unity, OAU, Foreign Ministers on September 23, Secretary of State Kissinger spelled out current U.S. policy toward Africa. He made the following statement on Rhodesian sanctions:

> The United States intends to adhere scrupulously to the UN's economic sanctions against Rhodesia. President Ford and his entire Administration continue to urge repeal of the Byrd Amendment and expects this will be accomplished during the current session of Congress.

However, once again, the House of Representatives failed to repeal the Byrd amendment on Rhodesian chrome. Obviously, the administration, despite its conciliatory gesture at the U.N. special session, had done little to overcome the anti-U.N. and anti-Third World sentiments which it had helped nurture with the assistance of the mass communications media—and which contributed to the House's continuing defiance of the U.N. on the issue of Rhodesian sanctions.

For the benefit of greater understanding of overall United States-Africa policy and of the impact of the September 25 vote against repealing the Byrd amendment, I would like to submit for the RECORD the full text of Secretary of State Kissinger's speech before the OAU Foreign Ministers, followed by a commentary on the chrome vote by columnist Anthony Lewis which appeared in the September 29 issue of the New York Times:

ORGANIZATION OF AFRICAN UNITY

(By Secretary of State Kissinger)

Some fifteen years ago Prime Minister Harold Macmillan added a new and durable phrase to the English language when, in speaking of Africa, he said, "The wind of change is blowing through the continent." When the twentieth century opened, western colonialism stood at its zenith. Today, only the barest vestiges of western colonialism remain in Africa. Never before in history has so revolutionary a reversal occurred with such rapidity. Morally and politically, the spread of national independence has already transformed world institutions and the nature of international affairs. Today we feel the winds of change blowing from Africa—and they will affect the course we set for generations to come.

The first official function at which I presided as Secretary of State two years ago was a luncheon here for the representatives of the Organization of African Unity. Since then the world has undergone continuing change—as much in Africa as anywhere else. In Africa, the Portuguese African colonial empire has come to an end. The effects of that on southern Africa are being felt in Rhodesia, Namibia and South Africa, and their full course has yet to be run. Also of great importance, major changes have taken place in the international economy, as reflected in the recent Special Session. The developing nations of Africa, Asia and Latin America are claiming more control over their economic destiny and a greater share in global prosperity.

Africa continues to face enormous problems. The trials of economic development, exacerbated by the problems of the world economy and the exorbitant rises in the price of oil, continue to pose challenges for African nations, despite the progress they have made. The arbitrary boundaries established by the colonial powers left many African countries vulnerable to ethnic strife. Social change and development—as it succeeds—challenges national unity and cultural identity far more profoundly than other nations have experienced. The job of nation-building in Africa is formidable indeed.

The people of this country wish you well, and offer you our help.

There is growing interest in America in African issues and African problems. Traditionally America has been dedicated to independence and self-determination and to the rights of man. We were strong advocates of decolonization since the beginning of the postwar period. The special identification of black Americans with their African heritage intensifies our belief, and our will to demonstrate, that men of all races can live and prosper together.

Because of these ties, and with the economic interdependence of Africa and America becoming increasingly obvious, Americans owe it to ourselves and to Africa to define clearly and to state candidly our policy toward the continent of Africa.

Therefore, today I would like to go beyond the usual toast for occasions such as this and talk with you informally about some of the important issues in relations between the United States and Africa.

America has three major concerns:

That Africa attain prosperity for its people and become a strong participant in the economic order—an economic partner with a growing stake in the international system;

That self-determination, racial justice and human rights spread to all of Africa;

And that the continent be free of great power rivalry or conflict.

The United States seeks neither military allies nor ideological confrontation in Africa. As Adlai Stevenson once said here at the United Nations, "Africa for Africans means Africa for Africans, and not Africa as a hunting ground for alien ambitions."

ECONOMIC DEVELOPMENT

The people of Africa entered the era of independence with high aspirations. Economic development has become both their highest national goal and a symbol of their drive for a more significant role in world affairs.

Much progress has been made. National incomes in Africa have risen rapidly in the last two decades. Africa's overall trade has increased about fourfold in the last 15 years.

But development hopes in Africa have too often been crushed by the cycles of natural disasters and the shocks of worldwide economic instability. No continent suffers so cruelly when crops fail for lack of rain. No continent endures a heavier burden when prices of primary commodities fluctuate violently in response to shifts in the world economy.

The United States has set as one of the fundamental goals of its foreign policy to help lay the foundations for a new era of international cooperation embracing developed and developing countries in an open and durable international system. Africa has an important role in this international system. Our mutual success will determine the nature of political and economic relations in the world over the remainder of this century.

The United States offered a comprehensive practical approach to economic development at the Seventh Special Session. My Government was pleased that our suggestions formed the basis for a highly significant consensus among the developed and developing countries, which we hope will mark the end of a period of fruitless confrontation and misunderstanding.

Our major aims are:

To make developing countries more secure against drastic economic difficulties arising from cyclical declines in export earnings and in food production;

To accelerate economic growth by improving their access to capital, technology, and management skills;

To provide special treatment to improve their opportunities in trading relations;

To make commodity markets function more smoothly and beneficially for both producers and consumers; and

To devote special attention to the urgent needs of the poorest countries.

Our proposals apply to all developing countries. But many of them are particularly appropriate to Africa:

Sixteen of the world's twenty-five least developed countries are in Africa. Our bilateral assistance program is increasingly concentrated on the least developed. Above and beyond our emergency assistance to the

Sahelian drought area, our regular aid appropriation for Africa this fiscal year reflects an increase of about 60 percent over last year.

We expect African countries to benefit particularly from the Development Security Facility which we propose to create in the International Monetary Fund to counter drastic shortfalls in export earnings for economies which are particularly dependent on a few, highly volatile primary commodities.

But stabilizing earnings is not enough. The United States supports measures to improve markets for individual commodities—including coffee, cocoa, and copper—which are so important to Africa.

We also propose to double our bilateral assistance to expand agricultural production.

We will raise our proposed contribution to the African Development Fund to $25 million.

In addition to the proposals we made to the United Nations, the United States has attempted to mobilize international support for a coordinated, long-term development program to provide basic economic security for the Sahelian countries. We have supported this effort already with massive assistance of more than $100 million.

TRADE AND INVESTMENT

The key to sustaining development over the long run is expanded trade and investment. Growing exports of manufactured as well as primary products generate the foreign exchange needed to buy the imports to fuel further development. The United States provides a large and growing market for the products of African countries. Our trade with Africa had grown to about $8 billion in 1974, almost eight times its volume in 1960. The rapid implementation of the United States generalized system of preferences should spell even greater expansion in the years to come.

American private investment has been a valuable source of the capital, management, and technology that are essential to African development. Direct United States investment in Africa has increased more than four times since 1960.

We are encouraged by these striking increases in the magnitude and relative importance of trade and investment relationships between the United States and independent black Africa. We expect this trend to continue, and we will do what we can to assure that it does so.

SOUTHERN AFRICA

Economic progress is of utmost importance to Africa, but at the same time, the political challenges of the continent, particularly the issue of Southern Africa, summon the urgent attention of the world community.

We believe that these problems can and must be solved. They should be solved peacefully. We are mindful of the Lusaka Manifesto, which combines a commitment to human dignity and equality with a clear understanding of what is a realistic and hopeful approach to this profound challenge.

No problem is more complex than the racial issues in South Africa itself. My country's convictions on apartheid are well known. It is contrary to all we believe in and stand for. The United States position has been long-standing, and consistent. We note that the wind of change continues to blow, inexorably. The signs of change that are visible in South Africa must be encouraged and accelerated. We are pleased to see the constructive measures taken by African governments to promote better relations and peaceful change. We believe change is inevitable, and efforts to promote a progressive and peaceful evolution will have our support.

The United States also continues to support the International Court of Justice's advisory opinion of 1971 affirming the General Assembly's 1966 decision which terminated the South African mandate over Namibia. The United States will take no steps that would legitimize South Africa's administration of the territory. We repeatedly have protested violations of the rights of black Namibians by the authorities there.

As I indicated in my address yesterday, we believe that all Namibians should be given the opportunity to express their views freely, and under UN supervision, on the political and constitutional structure of their country. We have expressed this view consistently to South Africa. We will continue to do so. We welcome public statements of South African leaders that they accept the principle of independence and self-determination for Namibia.

For the past decade, Rhodesia has been a major international issue. The maintenance by force of an illegal regime based on white supremacy is of deep concern to African governments and to my Government. Over the past year, the United States has watched with sympathy the attempt to negotiate a peaceful solution in Rhodesia. We have noted, in particular, the statesmanlike efforts of the leaders of African countries—especially President Kaunda, Prime Minister Vorster, President Khama, President Nyerere and President Machel—to avert violence and bloodshed. We would encourage them to continue in their difficult task of bringing the parties together.

The United States intends to adhere scrupulously to the UN's economic sanctions against Rhodesia. President Ford and his entire Administration continue to urge repeal of the Byrd Amendment and expects this will be accomplished during the current session of the Congress.

UNIVERSALITY

The United Nations has tried in various ways to exert a positive influence on change in Southern Africa. I should add, however, that we have opposed, and will continue to oppose, actions that are incompatible with the UN Charter. In particular, we will not retreat from our opposition to the expulsion of any member of the United Nations. We believe this would be contrary to the best interests and effectiveness of this Organization. Universality is a fundamental principle that we stand for in this body. The Charter's provisions for members' full exercise of their prerogatives are another. We do not believe that these principles can be ignored in one case and applied in another. This is why, despite our disapproval of South Africa's policies, we do not believe this Organization can afford to start down the path of excluding members because of criticism of their domestic policies.

FORMER PORTUGUESE TERRITORIES

Since we last sat down together, three more African nations—Mozambique, Sao Tome and Principe, and Cape Verde—have become independent. We welcome them to the United Nations family and we look forward to establishing regular relations with them. We stand ready to assist in their economic development.

But I want to say a cautionary word about Angola. Events in Angola have taken a distressing turn, with widespread violence. We are most alarmed at the interference of ertra-continental powers who do not wish Africa well, and whose involvement is inconsistent with the promise of true independence. We believe a fair and peaceful solution must be negotiated, giving all groups representing the Angolan people a fair role in its future.

THE SPIRIT OF COOPERATION

Ladies and Gentlemen, Colleagues:

Twenty years ago there were only three independent African States. Today you comprise more than one-third of the membership of the United Nations. Africa's numbers and resources and the energies of its peoples have given Africa a strong and important role in world affairs.

We do not expect you to be in concert with us on all international issues. We ask only that as we respect your interests, are mindful of your rights and sympathize with your concerns, you give us the same consideration. Let us base our relations on mutual respect. Let us address our differences openly and as friends, in the recognition that only by cooperation can we achieve the aspirations of our peoples.

Let us be guided by the flexibility and the spirit of conciliation which were so evident during the Special Session. Let us replace the sterility of confrontation with the promise inherent in our collaboration. Let us search diligently for areas of agreements, and strive to overcome any misunderstandings.

Strengthening the relationship between the United States and Africa is a major objective of American policy. We support your self-determination, sovereignty and territorial integrity. We want to help you in your efforts to develop your economies and improve the well being of your people. Like yours, our belief in racial justice is unalterable.

The nations of Africa will have a major part in determining whether this will come to pass. America has many ties to Africa and a deep commitment to its future.

It is my profound hope that this session of the General Assembly will be remembered as a time when we began to come together as truly united nations, a time when we earnestly searched for reasons to agree, a time when the interdependence of mankind began to be fully understood.

Ladies and gentlemen, please raise your glasses with me in a toast to the future of Africa, the Organization of African Unity, and the United Nations in a world of peace.

[From the New York Times, Sept. 29, 1975]

For Which We Stand

(By Anthony Lewis)

Boston, September 28.—The House of Representatives has been reformed: So we read earlier this year. New members have driven the dinosaurs from power and brought a spirit of reason into that once cynical place. The House can at last play its rightful part in making national policy.

Anyone who believes that should look at the Congressional Record for last Thursday, Sept. 25. The House that day debated a bill to repeal an existing law, the so-called Byrd Amendment that requires the United States to buy Rhodesian chrome in violation of United Nations sanctions. The repeal bill lost, 209 to 187.

It was a debate out of what we might have thought was some primitive past. Xenophobia and racism were the inarticulate premises, distortion and bluster the method. The subject was not one to make headlines, but the level of the argument—the contemptible level—told much about the state of the House.

Rhodesia is not a very complicated place to understand. It has a population of 270,000 whites and 5,700,000 black Africans. The tiny white minority has total power. The blacks are barred by law from most of the country's fertile land; few can vote; black workers earn many times less than white. Ian Smith, the Prime Minister who declared Rhodesia independent of Britain 10 years ago, has repeatedly said that the majority will not be allowed to rule "in my lifetime."

A principal opponent of the House bill was Rep. John H. Dent, Democrat of Pennsylvania. He had made a trip to Rhodesia, and he offered his colleagues these profundities:

"His (Ian Smith's) avowed purpose, and we can read this in their constitution if we want to read it, is to educate the blacks in Rhodesia to take over Rhodesia as a government. . . . Is there any person in this room that believes we can have one-man, one-vote, with equality of any kind, when they practice polygamy? . . . It is the only African country before the revolution in that country that as a part of its economy every black gets paid the same wage as a white."

Rhodesian lobbyists were matched in skill by those for American companies eager to use cheap Rhodesian chrome. The United States has a large chrome stockpile; the Ford Administration had endorsed the bill as consistent with the national security. But the debate was larded with the lobbyists' argument that we would be imperiled if we relied on the main alternative source of chrome, the Soviet Union. Rep. Steven D. Symms, Republican of Idaho, added that the bill would cost American workers "between 2,027,000 to 16,700,000 man-hours as thousands of employes are laid off in the steel industry."

Such arguments would be funny if they had not been made on the winning side of the debate—and if the effects were not likely to be so serious.

It is fair enough to denounce the follies of the United Nations. But we are committed by treaty to observe Security Council resolutions, which after all we have a chance to veto. It will be a little more awkward, from here on, for Pat Moynihan to lecture other U.N. members about their contempt for law and international comity. It is true that awful things have happened in Burundi and Uganda and elsewhere without U.N. sanctions, and true also that sanctions rarely work. But it does not follow that we should stand apart when, for once, the world can agree to do something about a discrete evil. And sanctions are gradually beginning to exert effective pressure for peaceful change in Rhodesia.

The irony is that helping Ian Smith to hold out a little longer will only increase the likelihood of violent change—and damage to Western interests in Rhodesia, in chrome ore and everything else. The South African Government sees that and is desperately trying to arrange a transition to majority rule in Rhodesia. It is more enlightened, more sensible, than the U.S. House of Representatives.

It was especially painful to see some of the names voting Nay on that bill. There were some of the Southerners who were so effective in the Judiciary Committee's impeachment inquiry last year—James Mann, Walter Flowers, Ray Thornton, Caldwell Butler—and two of the Northern Republicans, Hamilton Fish, Jr. and Robert McClory. And two senior New York Democrats, Samuel S. Stratton and James J. Delaney. And a Democrat particularly respected as a lawyer, Richardson Preyer of North Carolina, who in his speech against the bill sounded embarrassed.

Of course the House is not to be judged alone for such a performance. It speaks for the country. Did it reflect us fairly? Is that what we have become after six years of foreign-policy leadership obsessed by power, indifferent to humanity, without scruple of bombs or lives? Or what pressures lead a good man like Richardson Preyer to vote that way?

We should not meddle in another country's affairs, said one Congressman, sounding like Henry Kissinger. But we do meddle, by force and conspiracy. The question is when and how we should express the old American ideals, which still matter to many people in the world.

IMPROVING CONGRESSIONAL OVERSIGHT OF THE CIA

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. EARLY. Mr. Speaker, today I voted for the amendment offered by Mr. GIAIMO of Connecticut. This amendment would provide that none of the funds in the Department of Defense appropriations bill be available for the Central Intelligence Agency. This amendment was offered for the purpose of determining sentiment within the House as to whether the CIA ought to be subject to improved congressional oversight. This passage of this amendment would enable Mr. GIAIMO to introduce a second amendment which would reintroduce the budget for the CIA by saying that the CIA budget equaled x number of dollars.

I voted for this amendment in order that we might accept the fiscal responsibility that the Constitution confers upon us. I cite article I, section 9 of the Constitution which states:

> No money shall be drawn from the Treasury but in consequence of appropriation made by law.

Second, the Constitution requires that—

> A regular statement and account of receipts and expenditures of all public monies shall be published from time to time.

The CIA seems to be above the law in this respect; presently it is not required to comply with this constitutional mandate.

Let me address the major objection to improved congressional oversight of the CIA. Critics claim that public disclosure of the CIA budget would be useful to enemy intelligence organizations. I submit, that such disclosure would come as no surprise to any enemies of the United States. The fact of the matter is that the governments of the Peoples Republic of China and the Soviet Union know more about the amount of money spent on the CIA than do the American taxpayers. It has even been indicated by people in the CIA that this is not the primary reason for their objections. The real reason being, they would like to continue as an autonomous agency of the executive branch of Government free from congressional scrutiny. I should also like to point out to those fearful of weakening national security that the Atomic Energy Commission has had its lump sum appropriation printed as a matter of public record for some time. This has not led to the disclosure of national secrets, nor has it endangered the security of this country.

As we all know, there has been quite a bit of controversy in recent months regarding the activities of the CIA. In particular, there has been concern with its domestic activities, which have ranged from keeping files on U.S. citizens to the opening of mail of U.S. Presidents. Much of our knowledge of these activities is derived from the investigations of Watergate. I think we all should have learned from Watergate that nothing is more threatening or dangerous to a democracy than unbridled, unchecked, arrogant power. The publication of the budget does not jeopardize national security, but rather it strengthens it by insuring that Congress, through its oversight functions, can eliminate some of the abuses of power which the agency has been guilty of in the past. These abuses, in my judgment, are far more threatening to our system of government than any line item figure.

Other critics of this amendment have pointed out that countries such as the Soviet Union and Red China do not release the amount that they spend on intelligence activities. This is so obvious I fail to understand why they bring it up. These countries do a number of things differently from us. I, for one, would not encourage other members to look to their example for methods of running a government. Ours is an open society, and we should continue to operate under this system to the maximum, consistent with our true security requirements.

In light of these considerations, I think it's time that the total autonomy of the CIA be brought to an end. There must be accountability for all agencies of the U.S. Government. This amendment is a step toward bringing this agency under effective control both executive and legislative. I support this amendment in order that we might exercise greater congressional scrutiny and oversight of intelligence activities. Thereby, keeping in check abuses of CIA powers, in order that we might better protect the rights of U.S. citizens. If this is, in fact, to be a government of laws, we must put an end to the uncontrolled action of the CIA. The Congress must accept its constitutional responsibility by providing for meaningful oversight of our intelligence agency and by making it accountable to the American taxpayer.

HOW A TOUGH JUDGE HANDLES GUN CRIME

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1975

Mr. KEMP. Mr. Speaker, the two recent attempts on President Ford's life have occasioned some very deep and searching questions about the quality of our crime control systems across the United States, and about the nature of the crimes themselves.

In the past two decades crime has increased in direct proportion to the growing permissiveness on the part of the courts and the lawmakers, who care more about the welfare of the hardened criminal than the safety of his defenseless victim. Only a fraction of the lawbreakers brought to court today are ever convicted, and thousands more escape trial through legal "loopholes" or technical violations in the original arrest.

Mr. Speaker, it is time we began holding criminals accountable for their actions, as the actions of rational human beings who wilfully violate the rights of decent citizens to live free of fear anywhere in America.

I believe that the best way to stop the rampage of violent crime is to impose a severe deterrent upon the criminal to discourage him from committing the crime in the first place. Presently persons convicted of armed robbery are very often put on probation for a first offense—in effect not punished at all. I believe that we must have mandatory sentences for any crime committed with a firearm, so that potential criminals will think twice before attempting to accost innocent citizens at the point of a gun.

That is why I have cosponsored H.R. 8697, a bill to require that any criminal convicted of using a firearm during the course of a felony be sentenced to a minimum of 2 years in prison for a first offense in addition to whatever penalty the judge shall confer, with the penalties increasing proportionately for every subsequent armed criminal offense and without the chance of a suspended sentence.

Mr. Speaker, last Sunday's Buffalo Courier Express included an article on one man who is already carrying out the intent of this bill with considerable success by imposing obligatory stiff sentences on all crimes committed with the use of a firearm, Judge Oliver Green, Jr., of Bartow, Fla. I would like to enter this article into the Record for the benefit of all who believe that mandatory sentences for armed felony, rather than arbitrary gun control, is the most effective deterrent to violent crime:

JUDGE TOUGH ON GUNMEN

(By Pat Leisner)

Bartow, Fla.—Oliver Green Jr. is a judge with a fancy for guns and an intolerance for misuse of them.

An active member of rifle and pistol clubs, he is known for his collection of 40 to 50 firearms and his stiff sentences for armed wrongdoers.

"I am a gun enthusiast. I consider it my prime hobby," Green said.

"I am disappointed with what people do with guns and I crack down on it. How to deal with the element of people who misuse it is my problem and I deal with it sternly."

Green, 42, frequently sends armed robbers to jail for life when they appear before him in Polk County Circuit Court. It doesn't matter if the weapon used was only a water pistol.

"That's immaterial," said Green. "If a person has a gun and commits a felony, that's fine with me. He's treated as such—even if it's plastic."

Under Florida law, a person can be charged with armed robbery if the victim fears for his life, the judge explained. If the victim believes the weapon is real, the armed robbery charge may apply.

First offenders are shown no mercy and a sentence of probation for a gun-toting stickup man is out of the question. A 10-year minimum is more like it when Green is on the bench.

"I would like to preserve for law-abiding people the right to bear arms in their defense and defense of their home," said the crew-cut father of three daughters. "And I would like to preserve the right of sportsmen. To do this, I feel severe penalties should be dealt to those who misuse firearms."

One man convicted of three armed robberies pulled two life sentences and 50 years. The reason he only got half a century on the third charge was because a visiting judge handled it.

Green worries about the growing use of guns in crime.

"The place is going hog-wild. Look at what happened to President Ford," he said.

If the two accused assassins of Ford were convicted and brought to him for sentencing, Green said, they would be put away for life in a maximum security prison with no hope of ever being free again.

HOUSE OF REPRESENTATIVES—*Friday, October 3, 1975*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

He looked for a city which hath foundations, whose builder and maker is God.—Hebrews 11:10.

Almighty Father, we who come from different backgrounds and are members of different groups, lift our hearts unto Thee in this, our morning prayer. Thou art our Father and we are Thy children. Help us to find our oneness in Thee. Forgive the misunderstandings, the suspicions, and the ill will which separate us from one another. Purify our hearts and help us to walk together in the ways of Thy word and in the spirit of true fellowship. In this higher realm of the spirit may we transcend our differences, be ready to share our best thought, and work together for the sake of our country to build on Earth the city of God; in Thy holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 9600. An act to rescind certain budget authority recommended in the message of the President of July 26, 1975 (H. Doc. 94-225), transmitted pursuant to the Impoundment Control Act of 1974.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2375. An act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 3 months.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7706. An act to suspend the duty on natural graphite until the close of June 30, 1978.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7706) entitled "An act to suspend the duty on natural graphite until the close of June 30, 1978," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Nelson, Mr. Mondale, Mr. Hathaway, Mr. Curtis, Mr. Fannin, and Mr. Hansen to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 49) entitled "An act to authorize the Secretary of the Interior to establish on certain public lands of the United States national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Cannon, Mr. Stennis, Mr. Symington, Mr. Nunn, Mr. Gary W. Hart, Mr. Jackson, Mr. Metcalf, Mr. Haskell, Mr. Thurmond, Mr. William L. Scott, Mr. Taft, Mr. Hansen, and Mr. Bartlett to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 3979) entitled "An act to authorize appropriations for the Indian Claims Commission for fiscal year 1976," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Jackson, Mr. Metcalf, Mr. Abourezk, Mr. McClure, and Mr. Bartlett to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 286. An act to authorize additional judgeships for the U.S. courts of appeals.

PERSONAL EXPLANATION

(Mr. FUQUA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FUQUA. Mr. Speaker, on Thursday, October 2, 1975, because of a longstanding dental appointment, I missed three rollcall votes. I would like the permanent Record to show that on rollcall No. 573 I would have voted "no"; on rollcall No. 574 I would have voted "yes"; and on rollcall No. 575 I would have voted "yes."

CONFERENCE REPORT ON H.R. 8070, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION ACT, 1976

Mr. BOLAND. Mr. Speaker, I call up the conference report on the bill (H.R. 8070) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of September 23, 1975.)

Mr. **BOLAND** (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The **SPEAKER**. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The **SPEAKER**. The gentleman from Massachusetts (Mr. BOLAND) is recognized.

CALL OF THE HOUSE

Mr. **BAUMAN**. Mr. Speaker, I make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

Mr. **McFALL**. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 582]

Adams
Ambro
Andrews, N.C.
Archer
Ashley
AuCoin
Badillo
Baldus
Barrett
Bell
Biaggi
Boggs
Bolling
Bowen
Brown, Ohio
Burton, John
Butler
Chappell
Chisholm
Clausen, Don H.
Conyers
Dellums
Diggs
Dingell
Early
Edwards, Calif.
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Flowers
Ford, Mich.
Ford, Tenn.
Fraser
Gibbons
Gude
Hagedorn
Hansen
Harrington
Harris
Hébert
Heckler, Mass.
Hinshaw
Holt
Horton
Hungate
Ichord
Jarman
Jeffords
Johnson, Pa.
Jones, Tenn.
Kemp
Krueger
Litton
McKay
McKinney
Macdonald
Matsunaga
Metcalfe
Mitchell, Md.
Morgan
Mottl
Neal
O'Hara
O'Neill
Perkins
Quillen
Railsback
Rees
Richmond
Riegle
Risenhoover
Ruppe
Scheuer
Sisk
Spellman
Staggers
Stanton, James V.
Steed
Steelman
Teague
Thompson
Treen
Udall
Van Deerlin
Wampler
Wilson, Tex.
Wright
Young, Alaska
Zeferetti

The **SPEAKER**. On this rollcall 342 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON S. 1542, AUTHORIZING APPROPRIATIONS FOR CERTAIN MARITIME PROGRAMS OF DEPARTMENT OF COMMERCE, 1976

Mrs. **SULLIVAN** submitted the following conference report and statement on the bill (S. 1542) to authorize appropriations for the fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94-529)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1542), to authorize appropriations for the fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Maritime Appropriation Authorization Act of 1975".

SEC. 2. Funds are authorized to be appropriated without fiscal year limitation as the Appropriation Act may provide for the use of the Department of Commerce, for the fiscal year 1976, as follows:

(1) For acquisition, construction, or reconstruction of vessels and for construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, not to exceed $195,000,000.

(2) For payment of obligations incurred for operating-differential subsidy, not to exceed $315,936,000.

(3) For expenses necessary for research and development activities, not to exceed $12,232,000.

(4) For reserve fleet expenses, not to exceed $4,242,000.

(5) For maritime training at the Merchant Marine Academy at Kings Point, New York, not to exceed $11,500,000.

(6) For financial assistance to State marine schools, not to exceed $4,708,000.

SEC. 3. There are authorized to be appropriated for the fiscal year 1976, in addition to the amounts authorized by section 2 of this Act, such additional supplemental amounts, for the activities for which appropriations are authorized under section 2 of this Act, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, and for increased costs for public utilities, food service, and other expenses of the Merchant Marine Academy at Kings Point, New York.

SEC. 4. Section 809(a) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1213(a)) is amended by inserting immediately after the first sentence thereof the following: "In order to assure equitable treatment for each range of ports referred to in the preceding sentence, not less than 10 percent of the funds appropriated for construction differential subsidy and operating differential subsidy pursuant to this Act or any law authorizing funds for the purposes of this Act shall be allocated to each such port range: *Provided, however,* That such allocation shall apply to the extent that subsidy contracts are approved by the Secretary of Commerce. Not later than March 1, 1976, and annually thereafter, the Secretary shall submit to Congress a detailed report (1) describing the actions that have been taken pursuant to this Act to assure insofar as possible that direct and adequate service is provided by United States-flag commercial vessels to each range of ports referred to in this section; and (2) including any recommendations for additional legislation that may be necessary to achieve the purpose of this section."

SEC. 5. Section 1103(f) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1273(f)) is amended by striking "$5,000,000,000", and inserting in lieu thereof "$7,000,000,000".

And the Senate agree to the same.

LEONOR K. SULLIVAN,
THOMAS L. ASHLEY,
THOMAS N. DOWNING,
JOHN D. DINGELL,
PAUL G. ROGERS,
PHILIP E. RUPPE,
PAUL N. MCCLOSKEY, Jr.,
Managers on the Part of the House.

WARREN G. MAGNUSON,
RUSSELL B. LONG,
ERNEST F. HOLLINGS,
J. GLENN BEALL, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1542), to authorize appropriations for the fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE OF THE ACT

Section 1 of the Senate bill provides "That this Act may be cited as the 'Maritime Appropriation Authorization Act of 1975'." The House amendment does not contain a comparable provision. The conferees agreed to the title in the Senate bill, and accompanying technical changes in the numbering of the sections.

CONSTRUCTION-DIFFERENTIAL SUBSIDY

Section 2(1) of the Senate bill authorizes $195 million for construction-differential subsidy, whereas section 1(a) of the House amendment authorizes $240 million for this activity. The conferees agreed to $195 million because the Maritime Administration reduced its fiscal year 1976 appropriations request to that amount due to the concellation of several ship construction orders.

STATE MARINE SCHOOLS

Section 2(6) of the Senate bill authorizes $4,708,000 for financial assistance to the State marine schools, whereas section 1(f) of the House amendment authorizes $5,808,000 for this activity. The increase of $1.1 million in the House amendment would authorize funding of section 4 of the House amendment which was not adopted by the conferees. The managers on the part of the House receded on the issue, therefore, the conferees agreed to the lesser amount of $4,708,000.

Section 4 of the House amendment amends section 6(a) of the Maritime Academy Act of 1958, as amended (46 U.S.C. 1385(a)), to increase the ceiling on the Federal subsistence payments which the Secretary of Commerce may pay to students at the State marine schools from $600 to $1200 per academic year. The Senate bill does not contain a comparable provision. This provision of the House amendment was not agreed to in conference.

The conferees did not feel that an adequate background had been developed to justify the increase. Hearings on the issue have not been held in either the House or Senate. Furthermore, the House Merchant Marine and Fisheries Committee has not considered the report of its Ad Hoc Committee on Maritime Education and Training, which made a detailed 18-month survey of the State and Federal maritime academies and issued a report. The report was unanimously approved by the House Merchant Marine Subcommittee.

Legislation similar to section 4 of the House amendment is pending before the House Committee on Merchant Marine and Fisheries and the conferees concluded that consideration of that bill would be the most appropriate means for resolving this matter. The House Committee expects to act on the bill expeditiously.

CAPITAL CONSTRUCTION FUND

Section 4 of the Senate bill amends section 607(g) of the Merchant Marine Act, 1936, as amended, (46 U.S.C. 1177(g)) to clarify the intent of the Congress with respect to the relationship between the Capital Construction Fund provided by section 607, and the Investment Tax Credit provided by section 38 of the Internal Revenue Code of

1954 (26 U.S.C. 38). The House amendment does not contain a comparable provision. The managers on the part of the House agree with the merits of section 4 of the Senate bill and with the language of Senate Report 94-96 concerning that provision. However, both the Merchant Marine and Fisheries Committee and the Ways and Means Committee of the House of Representatives have an interest in the issue. In the interest of avoiding further delay in the enactment of S. 1542, the conferees determined to delete the provision.

When section 607 of the Merchant Marine Act, 1936, was substantially revised in the Merchant Marine Act, 1970 (P.L. 91-469), the Ways and Means Committee and the Merchant Marine and Fisheries Committee agreed that the latter committee should take jurisdiction of the matter. The Chairman of the Merchant Marine and Fisheries Committee sought the same arrangement with the Ways and Means Committee with respect to Section 4 of the present Senate bill. After several months delay, the Ways and Means Committee determined that it should review the subject matter of section 4 of the Senate bill. The Ways and Means Committee also stated that it would take up the matter expeditiously and the managers on the part of the House intend to keep in close touch with the Ways and Means Committee with respect to this matter.

In the view of the conferees, the amendment to section 607 contained in Section 4 of the Senate bill was solely a clarifying amendment, intended to bring administrative practice into conformity with Congressional intent. Although properly understood by the Department of Commerce, section 607 has heretofore been erroneously interpreted by the Treasury Department. In the view of the conferees, section 4 of the Senate bill accurately represents the state of existing law and appropriate Federal maritime policy. It is hoped that the manifest Congressional purpose of stimulating the growth of the U.S.-flag merchant marine will now be recognized by the Treasury Department and that no further legislation will be required. However, in the event that further legislation is needed to correct administrative practice, the conferees look to the commitment of the Ways and Means Committee to take up the matter expeditiously. For the present, however, the conferees have determined that the amendment to section 607 should be deleted in order to prevent further delay in the enactment of the maritime authorization bill.

SUBSIDY ALLOCATION

Section 5 of the Senate bill amends section 809(a) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1213(a)), to require that not less than 10 percent of the Maritime Administration program funds be allocated to serve the foreign trade requirements of the ports of each of the four seacoasts of the United States. The amendment limits the 10 percent requirement by providing that this allocation applies only "to the extent that subsidy contracts have been approved by the Secretary of Commerce." The House bill does not contain a comparable provision.

The amendment recognizes the unique problems confronting the Great Lakes-St. Lawrence Seaway. It is intended to respond to the special needs and problems confronting this range of ports which was designated in the Merchant Marine Act, 1970, as the "fourth seacoast" of the United States.

The conferees agreed to this section of the Senate bill after amending it to apply solely to construction and operating-differential subsidy funds and concluded that the provision shall apply to all operating-differential subsidy contracts and not be limited to just new and renewed contracts.

TITLE XI GUARANTEES

Section 6 of the Senate bill increases the statutory limitation on obligations guaranteed by the Title XI Federal ship mortgage guarantee program from $5 billion to $8 billion, whereas section 3 of the House amendment raises the ceiling on guaranteed obligations from $5 billion to $7 billion. The conferees agreed to the lesser amount of $7 billion because the amount should be sufficient to cover revised anticipated obligations during fiscal year 1976.

Leonor K. Sullivan,
Thomas L. Ashley,
Thomas N. Downing,
John D. Dingell,
Paul G. Rogers,
Philip E. Ruppe,
Paul N. McCloskey, Jr.,
Managers on the Part of the House.
Warren G. Magnuson,
Russell B. Long,
Ernest F. Hollings,
J. Glenn Beall, Jr.,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 8070, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION ACT, 1976

Mr. BOLAND. Mr. Speaker, we bring back to the House today a conference report on the HUD-independent agencies appropriation bill for 1976 and the transition period. The conferees on this bill were faced with a number of tough issues, but we resolved them all, and we did it without sacrificing some very important principles that the House is very interested in.

I do not believe that it is an exaggeration to say that the entire new budget process was at stake in this bill. The issue was how annual contract authority for assisted housing and certain other programs were ultimately to be scorekept as new obligational authority. This is a complicated item, but it is one that goes to the very heart of establishing budget priorities. I believe that the agreement reached by the conferees is both reasonable and workable, and it preserves the essential budget principles of the Budget Reform Act.

The total amount for 1976 in this conference report is $49,344,914,000. The conferees also approved $5,648,675,000 for the transition period.

The House passed this bill on June 24, of this year, with a comparable total of $42,366,024,000. Shortly after the House approved the bill, the President requested an additional $5 billion for the GNMA emergency mortgage purchase assistance program and $1,400,000,000 for veterans compensation and pensions and readjustment benefits.

The Senate passed the bill on July 26, and with the additional requests considered, approved a total of $50,275,314,000.

The conferees have brought back a report that on the basis of budget authority is $$565,344,000 above the budget request. However, in terms of outlays, the bill is about even with the proposed budget.

Let me say that the large increase in budget authority is directly attributable to the new method of scorekeeping annual contract authority. A total of $15 million was added to implement the State housing finance and development agencies provision of the 1974 Housing Act, section 802.

But this program guarantees State housing agency bonds, not for 1 year but for 40 years. Therefore, the $15 million is an obligation at 40 times that amount or $600 million, and that $600 million amount is the reason this conference report exceeds the budget.

I opened these remarks by explaining how important the scorekeeping issue was. I want to take a little additional time to discuss what this problem is all about.

The 1976 budget requested $662,300,000 in annual contract authority for assisted housing programs. In keeping with the spirit of the new budget act, OMB translated the $662,300,000 into maximum budget authority of $26 billion. This amount was included in the first budget resolution and in the table accompanying the bill that passed the House.

The Senate, on the other hand, concluded that only $662,300,000 should be counted in connection with the annual contract authority released. Clearly, this does not accurately reflect the full contractual obligation of the Government. While the $26 billion figure may be unrealistically high, there is no doubt that the ultimate cost will be substantially more than $662,300,000.

To help cut through this disagreement, the GAO was asked for their assistance and recommendations. In a special paper prepared on the issue, they pointed out that the $26 billion included in the President's budget and in the first concurrent resolution represented the maximum runout cost if all contracts entered into by HUD had a 40-year duration. In fact, HUD's program plan is for a mix of 15-, 20-, and 40-year contracts. Therefore, the $26 billion figure could be both unrealistic and misleading.

On the other hand, the GAO strongly agreed that what was required was a method of scorekeeping that disclosed the true cost of the annual contract authority released. Based on HUD's program plan and available cost date, GAO estimated that releasing $662,300,000 of annual contract authority would realistically cost between $16.3 and $17.4 billion. They also recommended that the full amount be included in the bill to insure that Congress has a basis for monitoring HUD's program implementation.

Armed with the GAO's support, the House conferees went to bat for this approach in the conference—and I am pleased to report it is precisely the concept that was adopted. So, in the simplest terms, the principle of continuing the full contractual obligation of the Government was retained. That means that the $662,300,000 of annual contract authority for assisted housing represents $17 billion in new budget authority; the $20 million added for the rent supplement program represents $800 million in new budget authority; and the $15 million added to guarantee State housing bonds is counted as $600 million in new budget authority. This approach is precisely what the conference committee agreed to do. The estimate was set at $17 billion as a limitation in the bill. This amount is a reasonable estimate of the total obligation of the Government, and it is certainly a good deal more honest than showing only $662,300,000.

Before leaving this subject, I want to emphasize that the $17 billion does not represent a cut of $9 billion below the $26 billion contained in the first budget resolution. We have changed the budget estimate column from $26 to $17 billion. We have changed the House bill column from $26 to $17 billion, and I believe that the House Budget Committee will adjust the totals when the second concurrent resolution is considered. In short, the $17 billion does not represent a saving of $9 billion. It is simply a more realistic estimate of the true cost of releasing $662,300,000 of annual contract authority.

Turning to other specifics under HUD, the conference agreement includes $35,000,000 as standby authority for the new emergency homeowner's relief fund; it earmarks $50,000,000 for a low-income public housing program; and it requires that at least 50 percent of funds made available for the section 8 program be used for newly constructed housing.

Mr. Speaker, another important issue involved the housing for the elderly program. The House had approved $300 million for this activity. The Senate approved $500 million, with $400 million of that amount reserved for permanent financing.

The question of permanent financing versus 2-yea. construction financing was a very knotty problem. Let me say to the Members of the House that as between permanent financing and construction financing, all of the people who are interested in the program for housing for the elderly, including all the church groups and all the senior citizens' councils, were more interested in permanent financing. We opted for that particular approach.

To be perfectly candid, good arguments can be made for both concepts. But after taking a long look at the trade-offs, the conferees opted for a program of permanent financing at a level of $375,000,000. We felt that approach would establish a unified and comprehensive financing program that will meet the needs of the elderly or handicapped person. And also—and this is important—the conferees agreed to add a temporary cash equity provision that will provide an incentive encouraging effective management of elderly projects—and prevent the misuse of the program by unscrupulous speculators or unqualified sponsors. It is not intended that this cash equity requirement impose a financial hardship on nonprofit sponsors. With that in mind, the conferees agreed to limit the requirement to a maximum of $10,000.

Finally, in the other HUD areas, the conference committee provided $50 million for the very popular rehabilitation loan program, $535 million for operating subsidies for low-income housing projects, and $75 million for the section 701 comprehensive planning grant program.

The bill also includes a total of $3,535,022,000 for the National Aeronautics and Space Administration; $714,000,000 for the National Science Foundation; $771,520,000 for the Environmental Protection Agency—and that is an increase of $28,720,000 above the budget; $37,500,000 for the Selective Service System; and finally, $17,829,454,000 for all activities of the Veterans' Administration. While that number may sound astronomical, I should quickly point out that an additional $1 billion in supplemental appropriations will be required to meet entitlement program demands in 1976.

I will include in my remarks a table showing the action taken on each item, the comparison with 1975, and the actions of the House and Senate.

Mr. Speaker, I urge the adoption of the conference report.

The table referred to follows:

COMPARATIVE STATEMENT OF THE NEW BUDGET (OBLIGATIONAL) AUTHORITY, HUD—INDEPENDENT AGENCIES APPROPRIATION BILL, 1976 AND THE TRANSITION PERIOD (H.R. 8070)

[Note—All amounts are in the form of appropriations unless otherwise indicated]

						Conference action compared with—			
Agency and item (1)	New budget (obligational) authority, fiscal year 1975* (2)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period** (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference action (6)	New budget (obligational) authority, fiscal year 1975 (7)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period (8)	House bill (9)	Senate bill (10)
TITLE I									
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Housing Programs									
Emergency homeowners' relief fund				$75,000,000	$35,000,000	+$35,000,000	+$35,000,000	+$35,000,000	−$40,000,000
State housing finance and development agencies (contract authority)				[1] 1,400,000,000	[1] 600,000,000	+600,000,000	+600,000,000	+600,000,000	−800,000,000
Limitation for annual contract authority				(35,000,000)	(15,000,000)	(+15,000,000)	(+15,000,000)	(+15,000,000)	(−20,000,000)
Appropriation to liquidate contract authority				(35,000,000)	(15,000,000)	(+15,000,000)	(+15,000,000)	(+15,000,000)	(−20,000,000)
Annual contributions for assisted housing (contract authority)		[2] $17,000,000,000	[2] $17,000,000,000	[2] 17,000,000,000	[2] 17,000,000,000	+17,000,000,000			
Increased limitation for annual contract authority		(662,300,000)	(662,300,000)	(662,300,000)	(662,300,000)	(+662,300,000)			
Rent supplement program (contract authority)			[3] 800,000,000	[3] 800,000,000	[3] 800,000,000	+800,000,000	+800,000,000		
Increased limitation for annual contract authority			(20,000,000)	(20,000,000)	(20,000,000)	(+20,000,000)	(+20,000,000)		
Housing for the elderly or handicapped (limitation on loans)	[4] ($215,000,000)	(215,000,000)	(300,000,000)	(500,000,000)	(375,000,000)	(+160,000,000)	(+160,000,000)	(+75,000,000)	(−125,000,000)
Housing payments	2,300,000,000					−2,300,000,000			
Appropriation to liquidate contract authority		(2,245,000,000)	(2,245,000,000)	(2,245,000,000)	(2,245,000,000)	(+2,245,000,000)			
Transition period		(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)				
Payments for operation of low-income housing projects (contract authority)		525,000,000	525,000,000	550,000,000	535,000,000	+535,000,000	+10,000,000	+10,000,000	−15,000,000
Transition period		80,000,000	80,000,000	80,000,000	80,000,000				
Appropriation to liquidate contract authority		(525,000,000)	(525,000,000)	(550,000,000)	(535,000,000)	(+535,000,000)	(+10,000,000)	(+10,000,000)	(−15,000,000)
Transition period		(80,000,000)	(80,000,000)	(80,000,000)	(80,000,000)				

Agency and item (1)	New budget (obligational) authority, fiscal year 1975* (2)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period** (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference action (6)	Conference action compared with— New budget (obligational) authority, fiscal year 1975 (7)	Conference action compared with— Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period (8)	Conference action compared with— House bill (9)	Conference action compared with— Senate bill (10)
Salaries and expenses, Housing programs			$195,116,000	$40,966,000	$40,350,000	+$40,350,000	+$40,350,000	−$154,766,000	−$616,000
By transfer				[5] 158,650,000	[5] 158,650,000	+158,650,000	+158,650,000	+158,650,000	
Transition period			49,800,000	9,950,000	9,950,000		+9,950,000	−39,850,000	
By transfer				[5] 39,850,000	[5] 39,850,000		+39,850,000	+39,850,000	
Housing production and mortgage credit programs	$13,673,000	$14,100,000				−13,673,000	−14,100,000		
Transition period		4,265,000					−4,265,000		
Salaries and expenses, Housing management programs	24,097,000	28,400,000				−24,097,000	−28,400,000		
Transition period		7,225,000					−7,225,000		
Government National Mortgage Association									
Emergency mortgage purchase assistance (borrowing authority)		[6] 5,000,000,000		5,000,000,000	5,000,000,000	+5,000,000,000		+5,000,000,000	
Payment of participation sales insufficiencies	22,883,000	20,935,000	$20,935,000	20,935,000	20,935,000	−1,948,000			
Transition period		5,291,000	5,291,000	5,291,000	5,291,000				
Total, Housing Programs	2,360,653,000	22,588,435,000	18,541,051,000	24,886,901,000	24,031,285,000	+21,670,632,000	+1,442,850,000	+5,490,234,000	−855,616,000
Transition period		96,781,000	135,091,000	95,241,000	95,241,000		−1,540,000	−39,850,000	
Community Planning and Development									
Rabilitation loan fund				50,000,000	50,000,000	+50,000,000	+50,000,000	+50,000,000	
Community development grants	50,000,000	50,000,000	90,000,000	150,000,000	102,000,000	+52,000,000	+52,000,000	+12,000,000	−48,000,000
Contract authority	2,179,625,000	[7] 2,700,000,000	1,736,000,000	1,700,000,000	1,736,000,000	−443,625,000	−964,000,000		+36,000,000
Transfer of unexpended balance from the College housing loan fund (borrowing authority)			(964,000,000)	(964,000,000)	(964,000,000)	(+964,000,000)	(+964,000,000)		
Appropriation to liquidate contract authority	(2,179,625,000)	(2,700,000,000)	(2,700,000,000)	(2,664,000,000)	(2,700,000,000)	(+520,375,000)			(+36,000,000)
Comprehensive planning grants	100,000,000	[8] 50,000,000	50,000,000	125,000,000	75,000,000	−25,000,000	+25,000,000	+25,000,000	−50,000,000
Urban renewal programs (contract authority)	197,000,000					−197,000,000			
Appropriation to liquidate contract authority	(197,000,000)					(−197,000,000)			
Model cities programs	123,375,000					−123,375,000			
Salaries and expenses, Community planning and development programs	40,219,000	42,640,000	41,740,000	41,740,000	41,740,000	+1,521,000	−900,000		
Transition period		10,500,000	10,500,000	10,500,000	10,500,000				
Total, Community Planning and Development	2,690,219,000	2,842,640,000	1,917,740,000	2,066,740,000	2,004,740,000	−685,479,000	−837,900,000	+87,000,000	−62,000,000
Transition period		10,500,000	10,500,000	10,500,000	10,500,000				
Federal Insurance Administration									
Flood insurance	50,000,000	75,000,000	75,000,000	75,000,000	75,000,000	+25,000,000			
Transition period		18,750,000	18,750,000	18,750,000	18,750,000				
Office of Interstate Land Sales Registration									
Interstate land sales		2,726,000	2,726,000	2,726,000	2,726,000	+2,726,000			
Transition period		645,000	645,000	645,000	645,000				
Policy Development and Research									
Research and technology	[8] 65,000,000	57,000,000	53,000,000	53,200,000	53,000,000	−12,000,000	−4,000,000		−200,000
Transition period		16,250,000	15,500,000	15,500,000	15,500,000		−750,000		
Salaries and expenses, Policy development and research	6,320,000	7,210,000	6,765,000	6,765,000	6,765,000	+445,000	−445,000		
Transition period		1,845,000	1,700,000	1,700,000	1,700,000		−145,000		
Total, Policy Development and Research	71,320,000	64,210,000	59,765,000	59,965,000	59,765,000	−11,555,000	−4,445,000		−200,000
Transition period		18,095,000	17,200,000	17,200,000	17,200,000		−895,000		
Fair Housing and Equal Opportunity									
Fair housing and equal opportunity	11,887,000	12,735,000	12,735,000	12,735,000	12,735,000	+848,000			
Transition period		3,265,000	3,265,000	3,265,000	3,265,000				

See footnotes at end of table.

COMPARATIVE STATEMENT OF THE NEW BUDGET (OBLIGATIONAL) AUTHORITY, HUD—INDEPENDENT AGENCIES APPROPRIATION BILL, 1976 AND THE TRANSITION PERIOD (H.R. 8070)—Continued

[Note—All amounts are in the form of appropriations unless otherwise indicated]

						Conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1975*	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period**	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference action	New budget (obligational) authority, fiscal year 1975	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE I—Con.									
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Con.									
Departmental Management									
General departmental management	$5,547,000	$5,905,000	$5,905,000	$5,905,000	$5,905,000	+$358,000			
Transition period		1,510,000	1,510,000	1,510,000	1,510,000				
Salaries and expenses, Office of general counsel	3,548,000	3,765,000	4,964,000	3,464,000	3,339,000	−209,000	−$426,000	−$1,625,000	−$125,000
By transfer				[8] 1,750,000	[8] 1,750,000	+1,750,000	+1,750,000	+1,750,000	
Transition period		965,000	1,287,000	885,000	854,000		−111,000	−433,000	−31,000
By transfer				[8] 465,000	[8] 465,000		+465,000	+465,000	
Salaries and expenses, Office of inspector general	6,822,000	7,245,000	10,280,000	7,245,000	7,245,000	+423,000		−3,035,000	
By transfer				[8] 3,035,000	[8] 3,035,000	+3,035,000	+3,035,000	+3,035,000	
Transition period		1,805,000	2,615,000	1,805,000	1,805,000			−810,000	
By transfer				[8] 810,000	[8] 810,000		+810,000	+810,000	
Administration and staff services	19,255,000	22,745,000	53,125,000	22,033,000	22,033,000	+2,778,000	−712,000	−31,902,000	
By transfer				[8] 31,092,000	[8] 31,092,000	+31,092,000	+31,092,000	+31,092,000	
Transition period		5,785,000	12,803,000	5,608,000	5,608,000		−177,000	−7,195,000	
By transfer				[8] 7,195,000	[8] 7,195,000		+7,195,000	+7,195,000	
Regional management and services	29,234,000	28,795,000	36,032,000	25,444,000	24,920,000	−4,314,000	−3,875,000	−11,112,000	−524,000
By transfer				[8] 15,580,000	[8] 15,580,000	+15,580,000	+15,580,000	+15,580,000	
Transition period		7,270,000	9,077,000	6,429,000	6,095,000		−1,175,000	−2,982,000	−334,000
By transfer				[8] 3,905,000	[8] 3,905,000		+3,905,000	+3,905,000	
Total, Departmental Management	64,406,000	68,455,000	110,306,000	64,091,000	63,442,000	−964,000	−5,013,000	−46,864,000	−649,000
Transition period		17,335,000	27,292,000	16,237,000	15,872,000		−1,463,000	−11,420,000	−365,000
Total, Department of Housing and Urban Development	5,248,485,000	25,654,201,000	20,719,323,000	27,168,158,000	26,249,693,000	+21,001,208,000	+595,492,000	+5,530,370,000	−918,465,000
Transition period		165,371,000	212,743,000	161,838,000	161,473,000		−3,898,000	−51,270,000	−365,000
Funds Appropriated to the President									
Federal Disaster Assistance Administration									
Disaster relief	200,000,000	150,000,000	150,000,000	150,000,000	150,000,000	−50,000,000			
Transition period		37,500,000	37,500,000	37,500,000	37,500,000				
Total, title I:									
New budget (obligational) authority	5,448,485,000	25,804,201,000	20,869,323,000	27,318,158,000	26,399,693,000	+20,951,208,000	+595,492,000	+5,530,370,000	−918,465,000
Transition period		202,871,000	250,243,000	199,338,000	198,973,000		−3,898,000	−51,270,000	−365,000
Appropriations	(3,071,860,000)	(579,201,000)	(808,323,000)	(868,158,000)	(728,693,000)	(−2,343,167,000)	(+149,492,000)	(−79,630,000)	(−139,465,000)
Transition period		(122,871,000)	(170,243,000)	(119,338,000)	(118,973,000)		(−3,898,000)	(51,270,000)	(−365,000)
Contract authority	(2,376,625,000)	(20,225,000,000)	(20,061,000,000)	(21,450,000,000)	(20,671,000,000)	(+18,294,375,000	(+446,000,000)	(+610,000,000)	(−779,000,000)
Transition period		(80,000,000)	(80,000,000)	(80,000,000)	(80,000,000)				
Borrowing authority		(5,000,000,000)		(5,000,000,000)	(5,000,000,000)	(+5,000,000,000)		(+5,000,000,000)	
Appropriations to liquidate contract authority	(2,376,625,000)	(5,470,000,000)	(5,470,000,000)	(5,494,000,000)	(5,495,000,000)	(+3,118,375,000)	(+25,000,000)	(+25,000,000)	(+1,000,000)
Transition period		(680,000,000)	(680,000,000)	(680,000,000)	(680,000,000)				
Increased limitation for annual contract authority		(662,300,000)	(682,300,000)	(717,300,000)	(697,300,000)	(+697,300,000)	(+35,000,000)	(+15,000,000)	(−20,000,000)
Transfer of FHA fund limitation				210,107,000	210,107,000	+210,107,000	+210,107,000	+210,107,000	
Transfer period				52,225,000	52 225,000		+52,225,000	+52,225,000	
TITLE II									
INDEPENDENT AGENCIES									
American Battle Monuments Commission									
Salaries and expenses	4,779,000	5,012,000	5,012,000	5,012,000	5,012,000	+233,000			
Transition period		1,450,000	1,450,000	1,450,000	1,450,000				
Consumer Product Safety Commission									
Salaries and expenses	[10] 36,954,000	36,595,000	42,790,000	40,849,000	41,820,000	+4,866,000	+5,225,000	−970,000	+971,000
Transition period		9,148,000	10,697,000	10,213,000	10,355,000		+1,207,000	−342,000	+142,000
Department of Defense—Civil									
Cemeterial Expenses, Army									
Salaries and expenses	258,000	5,617,000	5,615,000	5,615,000	5,615,000	+5,357,000	−2,000		
Transition period		966,000	966,000	966,000	966,000				

						Conference action compared with—			
Agency and item (1)	New budget (obligational) authority, fiscal year 1975* (2)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period** (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference action (6)	New budget (obligational) authority, fiscal year 1975 (7)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period (8)	House bill (9)	Senate bill (10)
Environmental Protection Agency									
Agency and regional management	$57,216,000	$65,700,000	$65,374,000	$65,374,000	$65,374,000	+$8,158,000	−$326,000		
Transition period		17,000,000	16,923,000	16,923,000	16,923,000		−77,000		
Energy research and development	134,000,000	112,000,000	100,000,000	100,000,000	100,000,000	−34,000,000	−12,000,000		
Transition period		21,000,000	21,000,000	21,000,000	21,000,000				
Research and development	[11] 170,638,000	163,400,000	170,674,000	170,674,000	170,674,000	+36,000	+7,274,000		
Transition period		43,000,000	42,923,000	42,923,000	42,923,000		−77,000		
Abatement and control	[12] 283,401,000	339,700,000	370,766,000	380,766,000	375,766,000	+92,365,000	+36,066,000	+$5,000,000	−$5,000,000
Transition period		77,500,000	92,639,000	92,639,000	92,639,000		+15,139,000		
Appropriation to liquidate contract authority	(26,000,000)	(65,000,000)	(65,000,000)	(65,000,000)	(65,000,000)	(+39,000,000)			
Transition period		(19,000,000)	(19,000,000)	(19,000,000)	(19,000,000)				
Enforcement	53,340,000	53,900,000	53,606,000	53,606,000	53,606,000	+266,000	−294,000		
Transition period		14,000,000	13,931,000	13,931,000	13,931,000		−69,000		
Buildings and facilities	1,400,000	2,100,000	2,100,000	2,100,000	2,100,000	+700,000			
Transition period		500,000	500,000	500,000	500,000				
Construction grants (appropriation to liquidate contract authority)	(1,400,000,000)	(500,000,000)	(500,000,000)	(500,000,000)	(500,000,000)	(−900,000,000)			
Transition period		(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)				
Scientific activities overseas (Special foreign currency program)		6,000,000	6,000,000	4,000,000	4,000,000	+4,000,000	−2,000,000	−2,000,000	
Transition period		1,000,000	1,000,000	670,000	670,000		−330,000	−330,000	
Total, Environmental Protection Agency	699,995,000	742,800,000	768,520,000	776,520,000	771,520,000	+71,525,000	+28,720,000	+3,000,000	−5,000,000
Transition period		174,000,000	188,916,000	188,586,000	188,586,000		+14,586,000	−330,000	
Executive Office of the President									
Council on Environmental Quality and Office of Environmental Quality	2,500,000	2,750,000	2,736,000	2,736,000	2,736,000	+236,000	−14,000		
Transition period		700,000	697,000	697,000	697,000		−3,000		
General Services Administration									
Consumer Information Center	996,000	1,056,000	1,054,000	1,054,000	1,054,000	+58,000	−2,000		
Transition period		264,000	264,000	264,000	264,000				
Department of Health, Education, and Welfare									
Office of Consumer Affairs	1,465,000	1,488,000	1,488,000	1,488,000	1,488,000	+23,000			
Transition period		385,000	372,000	372,000	372,000		−13,000		
National Aeronautics and Space Administration									
Research and development	[13] 2,331,015,000	2,678,380,000	2,628,980,000	2,685,380,000	2,677,380,000	+346,365,000	−1,000,000	+48,400,000	−8,000,000
Transition period		730,600,000	700,600,000	700,600,000	700,600,000		−30,000,000		
Construction of facilities	140,155,000	84,620,000	82,130,000	82,130,000	82,130,000	−58,025,000	−2,490,000		
Transition period		14,500,000	10,750,000	10,750,000	10,750,000		−3,750,000		
Research and program management	759,975,000	776,000,000	775,512,000	775,512,000	775,512,000	+15,537,000	−488,000		
Transition period		213,800,000	213,678,000	213,678,000	213,678,000		−122,000		
Total, National Aeronautics and Space Administration	3,231,145,000	3,539,000,000	3,486,622,000	3,543,022,000	3,535,022,000	+303,877,000	−3,978,000	+48,400,000	−8,000,000
Transition period		958,900,000	925,028,000	925,028,000	925,028,000		−33,872,000		
National Commission on Water Quality									
Salaries and expenses	6,800,000					−6,800,000			
National Science Foundation									
Salaries and expenses	[14][15] 711,570,000	751,400,000	707,100,000	713,100,000	710,000,000	−1,570,000	−41,400,000	+2,900,000	−3,100,000
Transition period		167,200,000	167,134,000	167,134,000	167,134,000		−66,000		
Scientific activities (special foreign currency program)	4,850,000	4,000,000	4,000,000	4,000,000	4,000,000	−850,000			
Transition period		500,000	500,000	500,000	500,000				
Total, National Science Foundation	716,420,000	755,400,000	711,100,000	717,100,000	714,000,000	−2,420,000	−41,400,000	+2,900,000	−3,100,000
Transition period		167,700,000	167,634,000	167,634,000	167,634,000		−66,000		

See footnotes at end of table.

COMPARATIVE STATEMENT OF THE NEW BUDGET (OBLIGATIONAL) AUTHORITY, HUD—INDEPENDENT AGENCIES APPROPRIATION BILL, 1976 AND THE TRANSITION PERIOD (H.R. 8070)—Continued

[Note—All amounts are in the form of appropriations unless otherwise indicated]

						Conference action compared with—			
Agency and item (1)	New budget (obligational) authority, fiscal year 1975* (2)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period** (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference action (6)	New budget (obligational) authority, fiscal year 1975 (7)	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period (8)	House bill (9)	Senate bill (10)
TITLE II—Con.									
INDEPENDENT AGENCIES—Con.									
Selective Service System									
Salaries and expenses	$45,000,000	$47,887,000	$40,000,000	$33,000,000	$37,500,000	−$7,500,000	−$10,387,000	−$2,500,000	+$4,500,000
Transition period		9,300,000	8,300,000	6,850,000	8,300,000		−1,000,000		+1,450,000
Veterans Administration									
Compensation and pensions	7,539,400,000	[16] 7,699,700,000	7,499,700,000	7,699,700,000	7,699,700,000	+160,300,000		+200,000,000	
Transition period		[17] 1,966,400,000	1,885,400,000	1,966,400,000	1,966,400,000			+81,000,000	
Readjustment benefits	4,550,738,000	[18] 5,414,475,000	4,214,475,000	5,414,475,000	5,414,475,000	+863,737,000		+1,200,000,000	
Transition period		[19] 1,039,472,000	854,472,000	1,039,472,000	1,039,472,000			+185,000,000	
Veterans insurance and indemnities	8,750,000	6,600,000	6,600,000	6,600,000	6,600,000	−2,150,000			
Transition period		2,450,000	2,450,000	2,450,000	2,450,000				
Medical care	3,317,520,000	3,667,866,000	3,666,711,000	3,666,711,000	3,666,711,000	+349,191,000	−1,155,000		
Transition period		949,702,000	949,413,000	949,413,000	949,413,000		−289,000		
Medical and prosthetic research	91,377,000	95,000,000	95,000,000	95,000,000	95,000,000	+3,623,000			
Transition period		24,714,000	24,714,000	24,714,000	24,714,000				
Assistance for health manpower training institutions	10,000,000	30,000,000	30,000,000	30,000,000	30,000,000	+20,000,000			
Transition period		8,332,000	8,332,000	8,332,000	8,332,000				
Medical administration and miscellaneous operating expenses	37,508,000	38,528,000	38,528,000	38,528,000	38,528,000	+1,020,000			
Transition period		10,230,000	10,230,000	10,230,000	10,230,000				
General operating expenses	432,028,000	[20] 466,457,000	462,300,000	463,756,000	462,450,000	+30,422,000	−4,007,000	+150,000	−1,306,000
Transition period		112,844,000	112,164,000	112,164,000	112,164,000		−680,000		
Construction, major projects	251,127,000	297,464,000	299,924,000	297,464,000	297,464,000	+46,337,000		−2,460,000	
Transition period		15,860,000	15,860,000	15,860,000	15,860,000				
Construction, minor projects	51,894,000	106,426,000	106,426,000	106,426,000	106,426,000	+54,532,000			
Transition period		16,490,000	16,490,000	16,490,000	16,490,000				
Grants for construction of State extended care facilities	9,700,000	10,000,000	10,000,000	10,000,000	10,000,000	+300,000			
Grants to the Republic of the Philippines	2,050,000	2,100,000	2,100,000	2,100,000	2,100,000	+50,000			
Transition period		525,000	525,000	525,000	525,000				
Payment of participation sales insufficiencies	1,828,000	3,148,000				−1,828,000	−3,148,000		
Loan guaranty revolving fund (limitation on obligations)	(500,000,000)	(550,000,000)	(550,000,000)	(550,000,000)	(550,000,000)	(+50,000,000)			
Transition period		(150,000,000)	(150,000,000)	(150,000,000)	(150,000,000)				
Vocational rehabilitation revolving fund	97,000					−97,000			
Total, Veterans Administration	16,304,017,000	17,837,764,000	16,431,764,000	17,830,760,000	17,829,454,000	+1,525,437,000	−8,310,000	+1,397,690,000	−1,306,000
Transition period		4,147,019,000	3,880,050,000	4,146,050,000	4,146,050,000		−969,000	+266,000,000	
Total, title II:									
New budget (obligational) authority	21,050,329,000	22,975,369,000	21,496,701,000	22,957,156,000	22,945,221,000	+1,894,892,000	−30,148,000	+1,448,520,000	−11,935,000
Transition period		5,469,832,000	5,184,374,000	5,448,110,000	5,449,702,000		−20,130,000	+265,328,000	+1,592,000
Appropriations to liquidate contract authority	(1,426,000,000)	(565,000,000)	(565,000,000)	(565,000,000)	(565,000,000)	(−861,000,000)			
Transition period		(619,000,000)	(619,000,000)	(619,000,000)	(619,000,000)				
TITLE III									
CORPORATIONS									
Department of Housing and Urban Development									
Government National Mortgage Association:									
Administrative expenses	(8,113,000)	(1,240,000)	(1,240,000)	(1,240,000)	(1,240,000)	(−6,873,000)			
Transition period		(350,000)	(350,000)	(350,000)	(350,000)				
Federal Housing Administration									
Administrative expenses	(14,230,000)	(16,145,000)				(−14,230,000)	(−16,145,000)		
Transition period		(3,945,000)					(−3,945,000)		
Nonadministrative expenses	(190,500,000)	(193,962,000)				(−190,500,000)	(−193,962,000)		
Transition period		(48,280,000)					(−48,280,000)		

See footnotes at end of table.

						Conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1975*	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period**	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference action	New budget (obligational) authority, fiscal year 1975	Budget estimates of new budget (obligational) authority, fiscal year 1976 and transition period	House bill	Senate b
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Federal Home Loan Bank Board									
Administrative expenses	($10,677,000)	($14,765,000)	($14,665,000)	($14,665,000)	($14,665,000)	(+$3,988,000)	(−$100,000)		
Transition period		(3,680,000)	(3,650,000)	(3,650,000)	(3,650,000)		(−30,000)		
Nonadministrative expenses	(20,936,000)	(19,643,000)	(19,585,000)	(19,585,000)	(19,585,000)	(−1,351,000)	(−58,000)		
Transition period		(4,906,000)	(4,900,000)	(4,900,000)	(4,900,000)		(−6,000)		
Federal Savings and Loan Insurance Corporation: Administrative expenses	(772,000)	(830,000)	(820,000)	(820,000)	(820,000)	(+48,000)	(−10,000)		
Transition period		(206,000)	(203,000)	(203,000)	(203,000)		(−3,000)		
Total, title III: Corporations (administrative and nonadministrative expenses)	(245,228,000)	(246,585,000)	(36,310,000)	(36,310,000)	(36,310,000)	(−208,918,000)	(−210,275,000)		
Transition period		(61,367,000)	(9,103,000)	(9,103,000)	(9,103,000)		(−52,264,000)		
RECAPITULATION									
Grand total, titles I, II, and III:									
New budget (obligational) authority	26,498,814,000	†48,779,570,000	†42,366,024,000	†50,275,314,000	†49,344,914,000	+22,846,100,000	+565,344,000	+$6,978,890,000	−$930,400,000
Transition period		5,672,703,000	5,434,617,000	5,647,448,000	5,648,675,000		−24,028,000	+214,058,000	+1,227,000
Appropriations	(24,122,189,000)	(23,554,570,000)	(22,305,024,000)	(23,825,314,000)	(23,673,914,000)	(−448,275,000)	(+119,344,000)	(+1,368,890,000)	(−151,400,000)
Transition period		(5,592,703,000)	(5,354,617,000)	(5,567,448,000)	(5,568,675,000)		(−24,028,000)	(+214,058,000)	(+1,227,000)
Contract authority	(2,376,625,000)	†(20,225,000,000)	†(20,061,000,000)	†(21,450,000,000)	†(20,671,000,000)	(+18,294,375,000)	(+446,000,000)	(+610,000,000)	(−779,000,000)
Transition period		(80,000,000)	(80,000,000)	(80,000,000)	(80,000,000)				
Borrowing authority		(5,000,000,000)		(5,000,000,000)	(5,000,000,000)	(+5,000,000,000)		(+5,000,000,000)	
Appropriations to liquidate contract authority	(3,802,625,000)	(6,035,000,000)	(6,035,000,000)	(6,059,000,000)	(6,060,000,000)	(+2,257,375,000)	(+25,000,000)	(+25,000,000)	(+1,000,000)
Transition period		(1,299,000,000)	(1,299,000,000)	(1,299,000,000)	(1,299,000,000)				
Increased limitation for annual contract authority		(662,300,000)	(682,300,000)	(717,300 000)	(697,300,000)	(+697,300,000)	(+35,000,000)	(+15,000,000)	(−20,000,000)
Transfer of FHA fund limitation				210,107,000	210,107,000	+210,107,000	+210,107,000	+210,107,000	
Transition period				52,225,000	52,225,000		+52,225,000	+52,225,000	
Limitation on corporate funds to be expended	(245,228,000)	(246,585,000)	(36,310,000)	(36,310,000)	(36,310,000)	(−208,918,000)	(−210,275,000)		
Transition period		(61,367,000)	(9,103,000)	(9,103,000)	(9,103,000)		(−52,264,000)		

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* Includes all supplementals.

** Public Law 93–344 changes the fiscal year to October 1 to September 30 beginning in fiscal year 1977 and establishes the transition period as July 1, 1976 to September 30, 1976.

[1] Represents the runout costs of the $35,000,000 annual contract authority in the Senate bill and $15,000,000 annual contract authority in the conference agreement.

[2] Total new budget (obligational) authority included in the bill relating to the $662,300,000 annual contract authority, instead of $26,063,000,000 as in the fiscal year 1976 budget request and House report, and $662,300,000 in the Senate report. The budget estimates, House bill, and Senate bill columns have been adjusted to conform with the conference agreement of $17,000,000,000.

[3] Represents the runout cost of the $20,000,000 annual contract authority.

[4] Public Law 93–554 set the limitation on loans as the unobligated balance in the Housing for the elderly or handicapped fund at the end of December 1974, plus $100,000,000. The unobligated balance was approximately $115,000,000.

[5] These funds to be derived from available receipts of the Federal Housing Administration.

[6] The $5,000,000,000 was requested in S. Doc. 94–85. It represents mortgage purchase authority.

[7] Includes $200,000,000 requested in H. Doc. 94–98.

[8] The $50,000,000 was requested in H. Doc. 94–183.

[9] Includes $8,000,000 in deferred funds to be available in fiscal 1976.

[10] Reflects rescission of $500,000 included in Public Law 94–15.

[11] Does not include $5,030,000 transferred to the Energy Research and Development Administration.

[12] Includes $9,375,000 in deferred funds to be available in fiscal 1976.

[13] Includes $72,000,000 in deferred funds to be available in fiscal 1976.

[14] Includes $20,000,000 in deferred funds to be available in fiscal 1976.

[15] Does not include $51,730,000 transferred to the Energy Research and Development Administration.

[16] Includes $200,000,000 requested in S. Doc. 94–83.

[17] Includes $81,000,000 requested in S. Doc. 94–83.

[18] Includes $1,200,000,000 requested in S. Doc. 94–83.

[19] Includes $185,000,000 requested in S. Doc. 94–83.

[20] Includes $13,500,000 requested in S. Doc. 94–83.

† Includes $18,400,000,000 in new obligational authority relating to $697,300,000 in annual contract authority for certain housing programs. This reflects a new method of accounting pursuant to the Congressional Budget and Impoundment Control Act of 1974. See footnotes 1, 2, and 3.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I just want to ask the gentleman from Massachusetts a few questions. I am somewhat puzzled by the manner in which the conference report is written.

I assume when we get to amendment No. 3, the gentleman will elaborate on the meaning of the runout provisions for HUD, and I believe that is section 8.

The gentleman said that this bill amounts to a total of $50 billion, a half billion dollars above the budget request. Is that the President's budget request?

Mr. BOLAND. To be specific, it is $565 million above the President's budget request for new budget authority. As I have pointed out, this is due to including realistic cost totals for certain annual contract authorizations.

Mr. BAUMAN. Mr. Speaker, how much is the bill above the congressional budgetary level as contained in the congressional spending resolution adopted earlier this year?

Mr. BOLAND. Mr. Speaker, with regard to the budget resolution, in terms of outlays, it runs about $900 million above the budget resolution.

Mr. BAUMAN. Mr. Speaker, if the gentleman from Massachusetts will recall a few months ago in the other body that the Senator from Maine raised serious objections to the military construction appropriation conference report on the ground that it exceeded the congressional budgetary levels, and in fact the conference was recommitted on those grounds.

I am just wondering whether the gentleman anticipates any difficulty in the other body with this.

The second question is this: Has the gentleman had any discussions with the gentleman from Washington (Mr. ADAMS), who is chairman of the Committee on the Budget, as to whether this particular conference report, since the conference report exceeds both the President's request and the congressional level set for both Houses? Does he anticipate this conference report is going to run into difficulty for these reasons?

Mr. BOLAND. Mr. Speaker, with respect to the inquiry as to what will happen on the other side and what the position of the Senator from Maine might be, I must say that I do not know.

The primary reason why this is above the resolution is because of the $1.4 billion in new budget authority for veterans compensation and pensions, and readjustment benefits. That $1.4 billion was included in a budget amendment not considered in the House. The Senate added the $1.4 billion, and I want to make clear that these additional funds are required because the President's original budget submission did not anticipate the large increase in veterans receiving educational benefits. This increase is primarily attributable to the economic recession. In fact, the budget resolution did anticipate about a $500 million increase in the veterans' benefits for fiscal year 1976 above the budget request. It did not anticipate that the President was going to send a budget amendment down with $1.4 billion in it. Therefore, with respect to veterans' benefits, we are $900 million above the budget resolution, because the budget resolution only included $500 million for increased veterans' benefits.

As I indicated in my remarks, the other item that increases this amount is $15 million of annual contract authority to finance State housing agency bonds. That was authorized in section 802 of the Housing and Community Development Act of 1974. The Senate added $35 million for the program and incidentally, it is a brand-new program.

The conferees agreed on $15 million but, as I explained, the runout cost of this new budget authority is $600 million, because the annual payments are in support of 40-year bonds. Multiplying that $15 million by 40 gives us a total budget runout cost of $600 million.

Mr. BAUMAN. Therefore, it is safe to say that if we pass this conference report in its present form, Congress automatically obligates itself, or at least there is some obligation, to raise the congressional spending limitation when next we vote on the budget resolution in October?

Mr. BOLAND. Yes; I would agree with the gentleman. That is so.

However, I do not anticipate that the President will veto this particular bill because the major part of these substantial increases come as a result of recommendations which the administration has made to the Congress.

Mr. BAUMAN. I thank the gentleman.

Mr. TALCOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in further response to the gentleman from Maryland (Mr. Bauman), I think it should be said that the reason we are exceeding the congressional budgetary proposal on veterans' benefits is that the House of Representatives and the Senate have provided the veterans with entitlements which we were obligated to provide after the time the House considered the budget.

At the time the Committee on the Budget considered the budget, there was a recommendation or an estimate from the Veterans' Administration for about $500 million in additional veterans' benefits.

It turned out that this was actually $1.4 billion. These are entitlements which we absolutely must provide to the veterans.

There are several reasons for the estimates being wrong. One was that the veterans took greater advantage of their educational benefits, partly because of the economic turndown, but there is no way in which we can avoid providing this extra money. There is no way in which the Committee on the Budget can avoid providing for this money.

I can assure the gentleman from Maryland that there are some members of this subcommittee and some members of the full committee who are just as anxious to stay under the budget as the gentleman from Maryland is, but I can tell the gentleman that I do not see how we could have avoided this additional increase over the congressional proposal.

Mr. Speaker, I would like to add very little to what the gentleman from Massachusetts (Mr. Boland) has said because he has explained the conference report very comprehensively and accurately.

I would like to make only three short points.

First of all, we bargained well with the Senate against some very adamant positions by the Senate, and I think that the conferees for the House came off as well as we could possibly expect under the circumstances. However, we have also taken one of the most significant steps achievable, one of the most significant developments, and perhaps have made one of the most important achievements in budgetary work, at least since I have been on the committee.

That is to present in the budget the runout costs for some of the programs that we adopt.

We can all remember one of our former colleagues, the gentleman from North Carolina, Mr. Jonas, who used to continuously remind the House during the debate and deliberations about the runout costs of some of these programs.

A good example of this of course is the $662 million for assistance housing, but the total obligation to the Government and the taxpayers of America and to the future generation, the young people who will have to pay it off, will be $17 billion.

Our former colleague Mr. Jonas used to remind us on the floor of this. Later on our committee was able to get some of this information in the report. This helped some. But this time we have made the most significant achievement I think in budgetary history of getting these runout costs actually in the budget. This has contributed to the increase in the budget. But it represents truth in legislating which I think is necessary in these times.

It is certainly going to be meaningful to the taxpayers and it is certainly going to be meaningful to the taxpayers of the next generation who will have to pay some of these bills.

At the present time we have $80 to $90 billions of obligations which we owe for housing and these probably will be razed before it is paid for. I think the future generations ought to know that. So we are making some steps toward getting this accomplished in this budget. This is the key part to the whole proposal.

The compromise is higher than in the budget because of several items, as the gentleman from Massachusetts (Mr. Boland) suggests. Many of these were added by the authorizing committees after we had opportunity to consider them.

I believe that this is a good conference report. I am strongly recommending that we approve it. We have made some compromises which exceeded my personal expectations but we have made some very good compromises and I recommend the conference report.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague's yielding.

Can the gentleman explain again briefly, even though the gentleman has already touched on it, why this whole issue of long range contractual authority has become important to identify at early stages rather than just wait as they appear each year in the appropriation bill? Could the gentleman repeat for us again what long-range commitments that the committee, the bill, and the House are now forced to maintain accountability?

Mr. TALCOTT. In a short time I am not certain I can explain all of the long-range commitments we have in the housing programs but, of course, every housing program that we have requires future payments. In section 8 of the housing program, we are providing for new obligational authority for this year $662,300,000. This is all part of assisted housing, including section 8. This means that over the long haul some of the loans we are going to be assisting with will be 15-year loans, 20-year loans and 40-year loans. Some may be paid off earlier than that, some will not. There are all sorts of complications, but we are exposing ourselves, the taxpayers, to payments for these programs for that period of time and we have computed it will be $17 billion as a whole.

Mr. ROUSSELOT. Seventeen billion dollars for the section 8, or for all subsidized housing programs?

Mr. TALCOTT. All of the assisted housing for this year, the $662 million extended for the periods that it will be contracted for, is $17 billion.

I would suggest that the gentleman look at our conference report. We have a very good report this year. There are a lot of things that I cannot now take the time to explain, but the report provides the summaries for these conclusions.

Mr. ROUSSELOT. I appreciate the effort of the gentleman from California and the effort of the gentleman from Massachusetts and the other members of the subcommittee for making sure that this House and the Congress as a whole understands what the long-range contractual commitments are. But is it not true that by voting for this particular conference report we could in fact be committing the kind of mistakes that New York City made in long-range commitments? Is that right?

Again, I am not being critical of the effort of this subcommittee to try in conference to make sure that we have better accountability on a long-range basis, because I know the Senate always likes to avoid accountability. But is not a vote for this bill in fact a vote for very expensive long-range commitments?

Mr. TALCOTT. Yes. This is a vote for a long-range commitment. We have been doing exactly the same thing for a long time without telling anyone.

Mr. ROUSSELOT. Without telling anyone?

Mr. TALCOTT. I can assure the gentleman the very fact that we are putting it in the budget, not in the CONGRESSIONAL RECORD, not in the report but in the budget itself, means that it is going to have a chilling effect on people who just want to develop new programs without any concern for costs.

Mr. ROUSSELOT. Does the gentleman really think it will have a chilling effect on the people here in this House who like to make these long-range commitments without knowing what the total impact will be ultimately on the taxpayer, and the long-range commitment of our Government?

Mr. TALCOTT. I am confident we have a number of other such programs in our budget. For instance, we have $15 million for assistance to the State housing, finance, and development agencies. Some of these programs are new. We had nothing in our House bill. The Senate had $35 million. We agreed on $15 million which is not a bad compromise. We probably would have had to give more because it is a good program, and it is a needed program. When we figure the runout cost, it is $600 million, which is in the budget for only $15 million of new obligation authority this year. I think it had the effect that we are able to hold it to $15 million rather than $25 million. So I am confident that this is going to be very important in explaining to the taxpayers what our obligations are, but also for keeping these programs within an amount that we can handle.

Mr. ROUSSELOT. If the gentleman will yield further, assuming anybody is paying any attention—and we can see what great interest there is on the part of the press in this subject—my concern is that a vote for this bill is in fact a vote for the same kind of long-range commitment and mistakes that the city of New York has made. There is really never any real accountability or immediate concern for these kind of long-range commitments.

Again, I am not being critical of my colleagues who have had to withstand the onslaught of the other body in their attempt not to have accountability, and I compliment our colleagues in making sure that it is more accountable. But I cannot believe that we are really properly representing those people, the working people of this country, who pay for all of these with their taxes when we impose these types of long-range commitments.

I thank my colleague for yielding.

Mr. TALCOTT. I would just like to say to the gentleman that this is an important bill. This may be one of the most important bills we are considering. This is the housing bill; this is the community development bill; this is the veterans' bill. Housing is in the doldrums. The building trades are suffering about the highest rate of unemployment. We are trying to get a housing program to meet the needs of the people today, and one that can be paid for by the people in the future. We are trying to make that kind of compromise.

The House has already decided how much money it is going to pay to the veterans, and we are trying to provide the money to meet the obligation that the House imposed upon the taxpayers of this country.

Mr. ROUSSELOT. Will the gentleman yield further?

Mr. TALCOTT. I yield to the gentleman.

Mr. ROUSSELOT. The gentleman knows as well as I do that one of the reasons the housing market is in such difficulty is because this Congress, by voting for the kind of deficits that we irresponsibly impose on the Treasury which then has to borrow so heavily in the private marketplace. This heavy borrowing by the Treasury not only drains the market but drives the cost of money for housing through the roof.

Mr. TALCOTT. I sympathize with the gentleman's arguments. Our bill is 1.15 percent above the budget. That is not bad, considering the pressures on the subcommittee to provide billions more for the programs that this bill contains.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, the two gentlemen from California, both very distinguished Members, have just given us some insight into the combined fiscal impact of this bill. But I see on page 8 of the report there is discussion of the conference committee limitation of $17 billion on what is called the runout obligation resulting over a 40-year duration of just one of the housing programs. But more importantly, the conference reports to this body that the full use of the combined annual contracting authority of $1.5 billion contained in the bill for the total mix of housing planned will result in an eventual obligation of $39 billion over the next 40 years. That is in addition to the $54 billion in this bill for just the coming fiscal year.

I assume that once this appropriation is passed the Federal Government and the taxpayers will have an obligation for that 40-year duration. Each year the Congress will be told we must appropriate more money up to $39 billion. I assume with inflation and other increases there will be a much higher amount well above $39 billion if the country is still here 40 years from now, in order to carry out these obligations we today may authorize. We are really saying in this conference report that we are not appropriating just the amount of $54 billion cited by the gentleman from Massachusetts but we are also making a downpayment on almost $40 billion over that amount. Is that correct?

Mr. TALCOTT. That is correct. That is what we have been doing from the beginning of the Congress. We have been doing it from the beginning of this country, for almost 200 years, but for the first time we are telling the taxpayers what we are doing so they will know what is happening.

Mr. BAUMAN. I compliment the subcommittee for that. It is time we did tell them the full truth.

Mr. TALCOTT. I hope it happens in all the other Appropriations Committee reports. I hope it can be done in every other program we have.

Mr. BAUMAN. The only other comment I have regards the statement in the conference report about the aggregate amount of the budget authority in the bill at this time. The report implies that the Budget Control Act requires that some aggregate limit be set. Is there some reason why this is not being done at this time and does this perhaps violate the restrictions of the Budget Control Act?

Mr. TALCOTT. I do not think we are violating any restrictions of that act. We are taking the first step. That is the only answer I can give to the gentleman's inquiry.

Mr. BAUMAN. I thank the gentleman.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding.

I do not intend to direct my remarks at this time to a matter that will come up later but I intend to oppose the motion that will be made with respect to the technical disagreement on amendment No. 3. I will not belabor the House at this time with my reasons for opposing that motion but I would like to say at this time I commend the gentleman from Massachusetts (Mr. BOLAND) and the gentleman from California (Mr. TALCOTT) for their efforts in the conference. I think they did a good job. I think they attempted to sustain the position of the House even with respect to the disagreement on amendment No. 3.

However, I think that the compromise so-called that was reached is so violative of the substantive legislation, the authorizing legislation to which this appropriation bill relates that it must be opposed and I trust I will have the support of my colleagues or most of my colleagues in my effort to oppose that motion.

Mr. TALCOTT. I sympathize with the position of the gentleman from Michigan and he is upholding the position of the House. We tried very strongly to uphold the position of the House. But we must remember that in conference we are dealing with the Senate and they have a number of positions to uphold also and we have reached some compromises and there have been some compromises on other issues that were brought up, and I would like to recommend adoption of the conference report.

Mr. BOLAND. Mr. Speaker, the conference report before the House today represents the culmination of months of work on the part of members of our committee. In February we began hearings on the budget requests submitted to the Congress which would continue until we finally marked up our bill in June. Those hearings would eventually fill six volumes, and would create one of the most detailed records of committee deliberations which I have seen in almost 14 years in this Congress.

Following House action on this bill over 3 months ago it went over to the other body for their deliberations. This bill, as passed by the House was $47,000 under the budget. As passed by the other body the bill included a number of items which had not been considered by the House because the authorizing legislation had not yet been enacted. Programs such as the emergency homeowners relief fund, which has received $35,000,000 which was unbudgeted, and the 40 year contract authority for State housing finance and development agencies which at $15,000,000 a year will have a "runout cost" of $600,000,000, and the cost of the rent supplement program which is $20,000,000 in annual contract authority for 40 years at a runout cost of $800,000,000, all have been added to the original budget requests. The Senate also considered a budget request of $5,000,000,000 in borrowing authority for the so-called Ginney Mae tandem plan which was authorized by the Emergency Housing Act of 1975 which was not passed by the House before our consideration of this bill.

All told, this conference report is $565 million over the budget on new obligational authority as compared to the budget request of $48,779,570,000. Therefore, we are 1.15 percent over the budget request in this area, but as I said earlier, the contract authority for the rent supplement program and the funds for the State housing finance and development agencies are $1.4 billion over the budget alone. Without these two items we would be nearly $1 billion under the budget.

It is never easy to come to the floor and defend spending tens of billions of dollars of the taxpayer's money. I served my apprenticeship for this position under one of the most distinguished Members this House has ever seen. Charley Jonas, from North Carolina, use to come to this floor and attempt to let people know just what these housing programs were really going to cost in the long run. In floor debate he would attempt to point out what the costs of each year's program would be, but many Members were not present to listen to his arguments, or they would not remember what the numbers would be, and so the impact was lost and his words went unheeded. Now we must operate under the Budget Reform Act which we passed last year, and the result is a new "truth in packaging" for keeping score of these long-ranging programs. Let me point out that on page 15 of the conference report there is a table to compare the conference agreement with the House bill, the Senate bill and, finally, the budget estimates.

Members should note that the Congress agreed that the runout cost in new obligational authority for $662,300,000 in annual contributions for assisted housing will be $17,000,000,000. There is the impact of this requirement of full disclosure in the new budget act. If your constituents ever suggest that we are not doing enough in housing for the poor and disadvantaged, you might want to point out that those who complain that Congress provided "only" $662,300,000, ignore that the cost for this year's program alone will be $17 billion over the next 40 years.

Those who participated in this conference came away with the feeling that we worked out a good compromise with the other body. On most of the major issues in conference we either were able to uphold the House position, or to win fair concessions. The conference report represents a supportable level of programs for all of these agencies and departments, and I urge my colleagues to vote favorably on it.

Specifically, I would like to take a moment to comment on the various amendments.

1. Emergency Homeowner's Relief Fund, was not considered by the House, and the Senate added $75,000,000 over the budget. The conferees agreed to make $35,000,000 available through the transition period in the conference report.

2. State housing finance and development grants authorized by section 802 of the Housing and Community Development Act of 1974. While there was no budget request on this program, there is a real need for the funds. The problems of New York City have adversely impacted upon the municipal bond market to a point where many States and communities are finding it impossible to float new issues. The Senate provided $35,000,000 for this program, which was trimmed by the conferees to $15,000,000. This is 40 year money with a runout cost of $600,000,000.

3. Annual contributions for assisted housing. While there was no disagreement between the two houses on giving HUD the full budget request of $662,300,000, there were substantial differences on how the funds should be used, and how to keep score of them.

The first question went to the issue of congressional control over the new section 8 assisted housing program. The House included language limiting increases in fair market rents to 10 percent of those published in the Federal Register as of last April. The Senate felt that there were a number of inequities in the fair market rents, and that greater flexibility was required for the Secretary to operate this new program, and so they did not include the limitation. The conferees decided that retention of a measure of congressional control was desirable, and set limits on increases of fair market rents at 10 percent in the aggregate, and 20 percent in individual market areas based on those rents published in the Federal Register through September 8, 1975. We believe that this will give the Secretary necessary flexibility to run the program, while retaining sufficient congressional control so that rents do not go into orbit.

The next question is one with serious long-term ramifications. The Housing and Urban Development Act of 1974 established the section 8 Assisted Housing Program as a flexible tool to meet the varied housing needs of all of America. The flexibility is the hallmark of the program. Each community will establish its own housing assistance plan—HAP—which will take into consideration the needs of the community, available housing stock, and available property for rehabilitation and renovation. This flexibility allows the local community to determine what mix will work the best for them. Thus, in a community such as mine, where vacancy rates are below 1 percent, local leaders know that they will have to develop new construction to implement their plans. However, in another community with higher vacancy rates they will be able to depend mostly on existing stock to fulfill their plan.

One of the most wasteful processes of our society is to abandon old, but still usable buildings and facilities. The cost of development must include all of the public facilities such as utilities, roads, sidewalks and a dozen other things. However, we always seem to be willing to condemn older buildings and tear them down with little or no regard for the investment that they, and the surrounding public facilities represent in money, time, and precious resources.

The Senate, in hopes of theoretically generating additional jobs in the construction industry, has added a provision which would force HUD to compel 75 percent new construction in the section 8 program. While the intention of this amendment was laudable, the result of such an amendment would be deplorable. The first and most obvious objection is that it would doom the section 8 program. The costs of new construction are at least twice as high as those of converting existing units into section 8 units. Thus, the program level would be cut dramatically. The number of housing units would be reduced. The second major failure of this amendment is that it reduces the flexibility of the local leaders in establishing their housing assistance plans, and it will markedly reduce the flexibility of the Secretary to administer the program.

Unfortunately, the Senate conferees were quite adamant about this provision, and we were unable to convince them to withdraw the amendment. Therefore, we are left with a 50-perecnt limitation in the conference report. This level may not kill the program because there is a large carryover from last year, and the provision only applies to the funds appropriated in this bill. Because of the carryover, HUD will only be forced to go to about 30-percent new construction on the units that are planned for the current year. However, the amendment does destroy the flexibility written into the law, and is contrary to the will and intent of the House.

Finally, in this amendment there is included $50,000,000 for funding conventional public housing which was neither in the budget, nor in the House bill. The other body placed $75,000,000 in their bill for this purpose, and were not willing to withdraw. This is one of the old programs which had been discontinued, and I fear that the costs of running parallel housing programs will be excessive and destructive, and that HUD will be forced to divert needed staff resources to administer this revised program, and will also have to undergo an expensive training program to gear up to handle the revived program.

4. Housing for the elderly or handicapped. This amendment establishes a limitation on the aggregate loans made for housing for the elderly or handicapped at $375,000,000; $75,000,000 above

the House and $125,000,000 below the other body.

5. The amendment will allow the Department to enter into 100-percent permanent financing on section 202, housing for elderly, units, and will also provide for the return of cash equity or other financial commitments to the sponsor if sustaining occupancy is achieved for a reasonable period of time. The cash equity, or so-called front-end cash, that can be required is limited to $10,000.

11. This is the $5 billion in emergency mortgage purchase assistance which the House had no authority to include because the authorizing legislation was not passed until after the House had acted on the appropriations bill.

12. This is $50 million for the rehabilitation loan fund which did not have a budget estimate, and was not included in the House. The rehabilitation program is capable, with good management, of dramatic accomplishments in restoring existing housing stock.

14. Appropriates $52,000,000 directly to the SMSA balance communities for community development block grants, instead of the $40,000,000 included in the House bill. These funds are needed by these smaller communities that make up the balance of standard metropolitan statistical areas, and which cannot compete against the bigger central core cities. Since they come last in the pecking order for CD block grant funding, they will be left out in the cold and rain unless we specifically target the money for them.

15. Appropriates $75 million for comprehensive planning grants instead of the $50 million proposed by the House and $125 million proposed by the Senate. This is a reduction of $25 million from the current year's effort, but that $25 million should be more than offset by the ability of community development block grant recipients to divert a small fraction of their CD money to planning purposes as directed by the committee of conference.

36. Appropriates $2,677,380,000 for research and development for NASA instead of the $2,628,980,000 proposed by the House, or the $2,685,380,000 proposed by the Senate. Within this amount NASA will be able to proceed with Pioneer-Venus, and may reprogram $1 mililon for the planning effort on the large space telescope in fiscal year 1976. NASA may further reprogram $7 million from the total R. & D. budget for upper atmosphere research—ozone damage—technology and monitoring.

44. Selective Service System will receive $37,500,000 instead of $40,000,000 proposed by the House and $33,000,000 proposed by the Senate. This is a reduction of $7,500,000 from the current year, and a cut of $10,387,000 from the budget estimate. The conferees recommend that the proper legislative committees of both Houses make a full review of the Selective Service System, including future plans, as a basis for funding beyond fiscal year 1976.

56. Section 407 of the bill contained the so-called Casey amendment which was struck by the Senate. The conferees have restored language which will prohibit use of any funds in this act by the Environmental Protection Agency to promulgate any program to tax, limit or otherwise regulate parking that is not specifically required pursuant to subsequent legislation.

57. The amendment was added at the request of the gentleman from California (Mr. Sisk), who has a particular problem in his district. The conferees decided to restore the language with the provision that it apply only to Merced County, Calif.

This conference report represents the best compromise that could be achieved with the other body. There are a few issues I would have preferred to see resolved more closely to the House position, not only because it was our position, but also because I believe that we were right. However, we do have a bill that we can all live with. I have received no indication whatsoever that there is any intention to veto this bill. But, if we are even a bit higher, I think we might invite trouble with a veto. I urge my colleagues to support your conferees and vote to adopt the conference report and our proposed amendments.

Mr. BAUCUS. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I yield to the distinguished gentleman from Montana (Mr. Baucus), a very valued member of the subcommittee and of the conference committee on this bill.

Mr. BAUCUS. Mr. Speaker, as a member of the HUD Appropriations Subcommittee, and as one of the conferees, I would like to say that I am pleased with the compromises we reached with our colleagues in the Senate and pleased with the substance of the conference committee report we are considering today. There is one matter, however, which I think needs clarification.

I refer to the language on page 14 of the Senate report which sets aside $15 million for new commitments to Indian housing. There was no language on this subject in the original House report and, of course, nothing in the bill, H.R. 8070, itself. Because the House approved the total $662 million of contract authority, which included the $15 million for Indian housing, the subject of a set-aside for Indian housing was not discussed in the conference and does not appear in the conference report. It is my understanding that, in this case, the Senate report language provides a clear indication of legislative intent that $15 million is indeed earmarked for Indian housing.

The Senate recognized that HUD has misinterpreted the Indian set-aside provision in the Housing and Community Development Act of 1974 by using the set-aside to meet old commitments, dating back to 1969. The need for new commitments for Indian housing is undeniable since over 70 percent of the housing on Indian reservations is substandard. This is why the Senate specified that $15 million be used specifically for that purpose. It is also why both the Senate and the House overwhelmingly approved an Indian amendment to the Emergency Housing Act of 1975 (H.R. 4485, subsequently vetoed by Mr. Ford), which mandated that HUD see the set-aside for new commitments only.

Mr. Speaker, I would like a confirmation of my understanding from the chairman of our HUD Appropriations Subcommittee (Mr. Boland).

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. BAUCUS. Yes, I do.

Mr. BOLAND. Mr. Speaker, that basically is my understanding and I am sure it is the understanding of the gentleman from California, the ranking Member of this committee. Since HUD's budget request included $15 million for Indian housing, our committee assumed that this would be for that purpose. I agree with the substance of the Senate provision and feel that the understanding of the gentleman of the legislative and administrative history of this provision is accurate. There is a need for this Indian housing.

Mr. McDADE. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. McDade), a member of the subcommittee and a valuable conferee.

Mr. McDADE. Mr. Speaker, I want to take just a few seconds to commend the chairman and the ranking minority member, the gentleman from California (Mr. Talcott) for the yeoman work done in this conference.

I have been to many conferences with the Senate. I have never seen a more difficult one. I think that their decision to stand fast, the decision of the gentleman from Massachusetts (Mr. Boland) and the gentleman from California (Mr. Talcott) to require that bills or reports with respect to public housing carry the run-out cost is really a landmark decision in this Congress for fiscal truth. It is a decision from our point of view that will inform all Members as to what the costs of these programs are and what we mean when we say we are going to appropriate contract authority.

I think we had an excellent dialog this morning, as we move toward what I hope will be passage of this conference report, about what the cost of the housing program is.

I saw some of the pressure exerted on the committee and the ranking member (Mr. Talcott) to yield to the Senate position and the gentleman's adamant stand to refuse to do so.

Anyone who is interested can now look at what the cost of this contract authority is to its run-out. Its inclusion in this legislation is a mark of their great courage and their real dedication toward fiscal responsibility, toward truth in budgeting, toward their effort to show what this will cost future generations. I commend them for it.

Mr. BOLAND. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. Young), a valuable member of the subcommittee.

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman for yielding the time. As my other colleagues, I want to compliment the gentleman from Massachusetts (Mr. Boland) and also the gentleman from California (Mr. Talcott) for doing what I consider to be an outstanding job in trying to put together a program that at best is extremely complicated.

This is not to say I agree with everything the House did in this bill or our subcommittee did or the conferees did. As a matter of fact, as a conferee, I did not sign the conference report, although I attended every minute of the conference meetings.

Our side stood rather firm when meeting in conference. If I had an opportunity to vote separately on some parts of this bill, I would vote against them. Despite the fact I did not sign the conference report, upon reflection one reason for being so far over the estimated budget is because that for the first time we are taking a rather truthful approach to this and letting the Members of this House and letting the people of America know exactly what we think the cost is going to be over a 40-year period. That is something unusual for the U.S. Congress to do.

So I intend to support this bill today. I again want to compliment the members of the subcommittee on both sides, and especially our distinguished chairman and the ranking minority member of the subcommittee.

Mr. FRENZEL. Mr. Speaker, here in this conference report on H.R. 8070, the HUD appropriation bill, we have a serious breach of the authorizing legislation. Amendment number 3 overturns the intent of the Housing Act of 1974, by mandating that new housing will use 50 percent of the new spending authority of $662,000,000.

The Banking and Currency Committee provided, and this House ratified, that HUD and the communities using section 8 would have flexibility to determine whether new or existing housing would be used. The conference report overturns that decision. I have no idea whether the 50 percent quota will bite, but I do know that if we approve this amendment, we are legislating on our appropriation bill. The bill itself is too expensive, but it is close enough to budget; so that it should be passed.

Mr. BOLAND. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 334, nays 41, not voting 58, as follows:

[Roll No. 583]

YEAS—334

Abdnor
Abzug
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Aspin
Badillo
Bafalis
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Casey
Cederberg
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fisher
Fithian
Flood
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harris
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hungate
Hyde
Jacobs
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Ketchum
Keys
Koch
Krebs
LaFalce
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
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The Clerk announced the following pairs:

Mr. Hébert with Mr. Baldus.
Mr. Zeferetti with Mr. Bowen.
Mr. Barrett with Mr. Early.
Mr. Matsunaga with Mr. Diggs.
Mr. Biaggi with Mr. Fary.
Mr. Mitchell of Maryland with Mr. Richmond.
Mr. Dingell with Mr. Fraser.
Mr. Morgan with Mr. Harrington.
Mr. Mottl with Mr. Eshleman.
Mr. O'Neill with Mr. Ichord.
Mr. Pepper with Mr. McKay.
Mr. Riegle with Mr. Fish.
Mr. James V. Stanton with Mr. Bell.
Mr. Evins of Tennessee with Mr. Hinshaw.
Mr. Flowers with Mr. Hagedorn.
Mr. Ford of Michigan with Mr. Jeffords.
Mr. Metcalfe with Mr. Krueger.
Mr. Thompson with Mr. Brown of Ohio.
Mr. Staggers with Mr. Kemp.
Mr. Sisk with Mr. Esch.
Mr. Van Deerlin with Mr. Johnson of Pennsylvania.
Mr. O'Hara with Mrs. Holt.
Mr. AuCoin with Mr. Quillen.
Mr. Adams with Mr. Railsback.
Mr. Ashley with Mr. Ruppe.
Mr. Jones of Tennessee with Mr. Steelman.
Mr. Udall with Mr. Treen.
Mr. Young of Georgia with Mr. Wright.

Mrs. **FENWICK** changed her vote from "nay" to "yea."

Messrs. **DICKINSON, CHAPPELL, ARCHER, DERWINSKI,** and **TAYLOR** of Missouri changed their votes from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. PEPPER. Mr. Speaker, I missed a vote on the conference report of the passage of H.R. 8070 this morning due to the fact that I was at a meeting with Major General Graves of the Corps of Engineers, with the city manager of Miami Beach and Steve Muss of Miami, in an effort to obtain for public use the 14 acres of land owned by the U.S. Corps of Engineers on Government Cut on South Beach and to try to get work started on the beach erosion and hurricane prevention project extending from Government Cut to Baker's Haulover except for about a mile in Bal Harbour, now under construction. Both of these are important projects to my district. If I had been present I would have voted "aye" on the conference report on H.R. 8070.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 2, line 15, insert:

"STATE HOUSING FINANCE AND DEVELOPMENT AGENCIES

"For interest grant payments pursuant to section 802(c)(2) of the Housing and Community Development Act of 1974 (88 Stat. 722), $35,000,000, to remain available until expended: Provided, That the total of contracts for annual payments entered into under such section shall not exceed $35,000,000."

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"STATE HOUSING FINANCE AND DEVELOPMENT AGENCIES

"For interest grant payments pursuant to section 802(c)(2) of the Housing and Community Development Act of 1974 (88 Stat. 722), $15,000,000, to remain available until September 30, 1976: *Provided*, That the total of contracts for annual payments entered into under such section shall not exceed $15,000,000: *Provided further*, That the total new budget authority obligated under such contracts entered into after June 30, 1975, shall not exceed $600,000,000."

Mr. BOLAND. Mr. Speaker, the amendment speaks for itself.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. GOLDWATER).

(By unanimous consent, Mr. GOLDWATER was allowed to speak out of order.)

PROBLEMS IN IMPLEMENTING PRIVACY ACT OF 1974

Mr. GOLDWATER. Mr. Speaker, I made this request to speak out of order because I wanted to address myself to the subject of the implementation of the Privacy Act of 1974 as it relates to congressional casework.

We have all had some anxiety over the implementation of this act. I wanted to discuss it for just a minute.

The Privacy Act went into effect last Saturday, September 27, 1975. Since then, a mountain of confusion has arisen over agency understanding of the intent of Congress as expressed in this act with regard to casework.

Some agencies, to my surprise and amazement, have told congressional offices that they will under no circumstances handle casework requests made at the request of a constituent until the agency has express written authority from the constituent in its hand.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. GOLDWATER. Yes, I yield to the gentleman from Texas.

Mr. BROOKS. Mr. Speaker, my distinguished friend, the gentleman from California (Mr. GOLDWATER), is exactly right with respect to what the agencies have done.

The Privacy Act, which came out of the Government Operations Committee last year, had a provision that extends to committees the right to get information about service personnel, and so forth.

The agencies have taken that and interpreted it to mean that Congressmen cannot ask for and receive that information. The subcommittee which has responsibility for that act is headed by the gentlewoman from New York, Ms. ABZUG. I talked with Ms. ABZUG and I suggested that she talk to Jim Lynn of the OMB. He had established a guideline which made an effort to soften the impact but which is not adequate. We anticipate, without any difficulty that the new guidelines that the OMB will endorse, and which they will bring to the attention of the relevant departments of this Government, will allow Congressmen to get all of the information they need to take care of emergency constituent problems.

I further want to say that those guidelines were to have been out yesterday. I anticipate they will be out today, certainly by Monday, so that this difficulty will be taken care of.

If those guidelines do not for some reason do the job, the Committee on Government Operations will pass an amendment and this Congress will certainly, I believe, approve of one, that will give Congressmen the right to get information for some veteran sick in the hospital, or in trouble, over the phone, without having to get 14 documented copies mailed by pony express that with this postal service could take weeks.

Mr. GOLDWATER. I thank the gentleman, the chairman of the Committee on Government Operations. I realize that a part of this problem is an educational one for many of our offices did not fully understand the act as it would apply to the daily operations of an office. Many agencies have in good faith applied the act overzealously. OMB, the agency charged with implementing the act has been and is working hard and effectively to try to correct this problem that we have all been encountering.

OMB, as the gentleman from Texas (Mr. BROOKS) has already mentioned, met with the gentlewoman from New York (Ms. ABZUG) and the gentleman from Pennsylvania (Mr. MOORHEAD) earlier this week. The Members will be getting an explanatory letter from them either today or the first of next week. I am confident, Mr. Speaker, that the Members will see that this confused situation will be resolved so that the legitimate needs of Congress will have indeed been preserved.

I think what is important here is that we join with the Committee on Government Operations and those who are working on this problem to allow the dust to settle and this problem to be corrected.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I thank the gentleman from California for yielding to me. I want to associate myself with the remarks of the gentleman from California (Mr. GOLDWATER) and the gentleman from Texas (Mr. BROOKS), the chairman of the Committee on Government Operations.

I have met with officials of the OMB. I think they are really sincerely trying to work this out. This was never intended in the act. This should be treated as a routine transfer under the act which is what the Congress intended.

Again I thank the gentleman for yielding.

Mr. TALCOTT. Mr. Speaker, will the gentleman yield?

Mr. GOLDWATER. I yield to my colleague, the gentleman from California (Mr. TALCOTT).

Mr. TALCOTT. Mr. Speaker, as I understand it, the Privacy Act said that third parties do not have access to Government files and that Members of the Congress are considered as third parties. And that applies to all agencies of the Government, not just to the Veterans' Administration, but also to the Social Security Agency. We have had some very sad problems in the Social Security Department as far as people who are bedridden and need help who are forced to get and give authority to some of their relatives or someone else in order to assist someone who is hurt and who cannot get to the hospital. All I can say is that some agencies are carrying out what they consider to be the letter of the law and that means that third parties cannot have access to other people's files, and that they consider Members of Congress as third parties.

Mr. GOLDWATER. The gentleman from California is correct. Obviously there has been an overzealous interpretation of the act.

The gentleman from Pennsylvania (Mr. MOORHEAD), the chairman of the subcommittee that reported the Privacy Act out is absolutely correct. There was never any intention by this legislation to exclude the proper functioning of the Congress and congressional people to enter into the solutions of problems between their constituents and agencies of the Government.

Mr. Speaker, I yield back the balance of my time.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 3, line 5, strike "That in fiscal year 1976 and the period ending September 30, 1976, no contract for annual contributions utilizing the foregoing funds made available by this Act may be used pursuant to section 8 of the above Act for any contract approved on the basis of fair market rents which exceed by more than 10 per centum those published in the Federal Register through April 7, 1975" and insert: "That at least $75,000,000 of such contract authority shall be available only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: *Provided further*, That not less than 75 per centum of the funds made available by this Act which are used pursuant to section 8 of the above Act shall be allocated to controls to make assistance payments with respect to newly constructed or substantially rehabilitated housing."

MOTION OFFERED BY MR. BOLAND

Mr. **BOLAND**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

> Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: in lieu of the matter proposed by said amendment insert: "That the total new budget authority obligated under such contracts entered into after June 30, 1975, shall not exceed $17,000,000,000, which amount shall not include budget authority obligated under balances of authorization heretofore made available: *Provided further*, That at least $50,000,000 of the new contract authority herein made available shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: *Provided further*, That not less than 50 percentum of the funds made available by this Act which are used pursuant to section 8 of the above Act shall be allocated to contracts to make assistance payments with respect to newly constructed or substantially rehabilitated housing: *And provided further*, That in fiscal year 1976 and the period ending September 30, 1976, the fair market rent basis of contracts approved pursuant to section 8 of the above Act shall not exceed by more than 10 per centum in the aggregate, or 20 per centum in individual market areas, those published in the Federal Register through September 8, 1975".

The **SPEAKER**. The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

Mr. **BOLAND**. Mr. Speaker, I know that the gentleman from Michigan is distressed with two parts of this particular amendment. Actually the amendment is in four parts. This was the most difficult item, I think, in the whole conference. As a matter of fact, when we first met in conference with the Senate, the conference broke up as a result of the failure on the part of the conferees of the House and the Senate to come together on this particular amendment.

Subsequently we met again and we did come to an agreement on this amendment.

I know that the gentleman from Michigan applauds the action of the conference committee with respect to most of the agreements reached in this bill. What the gentleman from Michigan disagrees with, I believe, is the $50 million annual contract authority which is earmarked for conventional public housing outside of the section 8 program. In effect, the $50 million would put local housing authorities back into the old conventional public housing program. He objects to that. The Department objects to it. It was not carried in the House bill when it left this floor and went to the other body.

The other language that the gentleman from Michigan objects to—and he will state his own case—is that 50 percent of the $662 million annual contract authority that we carry in this bill for the section 8 program must be used for new construction or substantial rehabilitation.

The Department objects to the particular item. We did not carry that language in the House bill. When it went to the Senate it was earmarked at 75 percent and the conference agreement reduced it to 50 percent. Incidentally, we also reduced the amount earmarked in the bill for public housing. The amount in the Senate bill was $75 million. The conferees agreed on $50 million.

So, Mr. Speaker, we arrive at the point of deciding whether or not the conferees are going to be upheld on this issue by the House. Just let me say this. There is no way in which we are going to get agreement with the Senate if we strike these two particular items. We are quite aware of the position of the Senate as expressed by the distinguished Senator from Wisconsin regarding the 50-percent earmarking of Section 8 contract authority for new construction. There is no way in which he is going to change his mind on that, particularly with the $900 million of annual contract authority carried over from last year that is not made subject to this requirement, and there is no way in which the Senate will change its mind. We are totally familiar with the attitude of the Senate. Some Members of the Senate who are conferees with reference to the $50 million carried in this bill for public housing have said there is no way in which the Senate is going to back up on this item. So, if we sent this bill back to the Senate, the Senate will insist on its disagreement, and then we will go back to conference, and then the Senate will send back exactly the same language, and I do not believe there will be any way we can resolve it.

I can agree with the gentleman from Michigan on some areas. I am familiar with the section 8 housing program. It is the only subsidized housing program in existence. It is the only game in town. I agree that it was supposed to replace the old conventional public housing program, but I think the Senate has been reinforced by the action of the gentleman's Committee on Banking and Currency when the Housing and Community Development Act of 1974 was passed. It contains a provision in that bill earmarking $150 million for local housing authorities, of which at least one-half must be made available for conventional public housing. All we provide here is $50 million for such purposes. So this House has already spoken on this matter in the legislative bill.

I point to the remarks made by the chairman, the gentleman from Pennsylvania (Mr. BARRETT) of the Subcommittee on Housing of the full Committee on Banking and Currency. In talking about the $150 million, the gentleman from Pennsylvania said:

> HUD will be able to finance conventional public housing construction in those areas where the new program may not work immediately.

I think this makes it clear that the $150 million was intended as new authority—not authority against which bona fide commitments could be counted.

The section 8 program, as the gentleman from Michigan knows, is just getting off the ground. It took a long time to get it started but it is a new program and does have some problems. I can see the difficulty the Department has with two programs running in parallel but the fact is that until the section 8 housing program gets into full bloom or moves more rapidly than it is moving now at least, it is my judgment and I think the judgment of some of the conferees that this does not damage the section 8 program.

I am delighted now to yield to the gentleman from Michigan (Mr. BROWN) for purposes of debate only.

Mr. **BROWN** of Michigan. Mr. Chairman, I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to the motion to recede and concur with amendment No. 3.

In taking this action, I want to commend my colleagues on the conference committee for their successes in maintaining the House position and for their forthright stand in reporting amendment No. 3 as a matter in technical disagreement.

In this amendment, the insistence of the Senate conferees is a study in contradiction.

The underlying realities of the issues give every indication of an effort in an appropriation bill, to redirect and obstruct the section 8 housing assistance program as enacted in the HUD Act of 1974.

You will recall that the 1974 act and its section 8 housing assistance program in particular, represent a new Federal approach to providing assistance to cities and housing assistance for families of low income.

And, it puts decisionmaking where it belongs, at the local level, in that it requires each community to assess its housing needs and resources and provide a housing assistance plan which will show how many existing units are available, how many units can be rehabilitated, and how many units must be provided by new construction.

The Secretary of HUD is obligated by the act to provide only that housing assistance which is consistent with the approved local plan.

Under that act, the Secretary may not require a city to accept new construction if it is inconsistent with the local plan, and must allocate assistance among cities in equity with identified relative need.

Those of us who labored with drafting that act insisted upon local determination and a new emphasis on and preservation of existing housing stock.

Equity is the watchword of the act.

This very basic concept for providing assistance according to an established need was not an overly ingenious concoction but it took 6 weeks in conference to gain its acceptance by the Senate.

In point of fact, there are some Members of the other body, notably those who now serve on both the HUD Appropriations and the House Subcommittee, who still seek to perpetuate the old programs, the same mistakes of the past and to emphasize housing production rather than equity or economy.

By insisting upon the amendments now before us, these people are saying; "never mind what the local housing plans call for, 50 percent of all section 8 units authorized by this act must be 'new construction.' Your planning will be secondary to this imperative.

"Never mind the fact that there may be existing units available which could be provided at an annual average cost of $2,520 per unit: You must use at least 50 percent of the funds for 'new construction; units at an average annual cost of $3,900 per unit'."

Increase the cost per unit by $1,400 per year and multiply that for the full term of the average lease.

The difference between using all authority for existing versus 50 percent for new would be up to $5.6 billion on a 40-year basis.

The amendment distorts the local housing assistance plans and abandons the costly efforts of good, long-term planning.

It requires that the Secretary of HUD disregard existing statute, if necessary, in order to utilize 50-percent new construction.

It shifts the emphasis from satisfying family needs to the old concept of subsidizing projects.

This action completely ignores the fact that the Congress has taken other measures to spur a recovery in construction and homebuilding.

On this point, you should take note that amendment No. 11 to this conference bill proposes to authorize an additional $5 billion in GNMA-tandem assistance funds which can be used for multi-family, condominiums, co-ops, and single-family mortgages for all types.

There is still another $5 billion available in the Emergency Housing Act of 1975.

This is needed and I support it—but must we also prejudice the new section 8 housing assistance program?

We have just under $1 billion already committed to section 8 for fiscal 1975—shall we push it aside—shift priorities after the first program year?

I say no and I trust you will share my concern.

The second item in contradiction is the provision that $50 million of these funds may not be used for section 8, but must be used for construction or acquisition of projects to be owned by local housing authorities pursuant to other programs.

Why does the Senate insist on diluting the section 8 effort?

Why does it want this money to be used for traditional public housing projects?

There is no authorization for this in any statute.

Yes, the 1974 act did authorize $75 million for this purpose during fiscal 1975 and that contract authority is being committed now.

We authorized that housing for that year only, and we did it for two reasons.

First, to clean up a pipeline of long-standing efforts and second to assure ourselves that the startup of section 8 would not create a void in other forms of assistance.

Well, section 8 has started.

Applications received as of September 19, 1975, totaled 164,031 units. 98,593 of those have been approved.

I submit to you that completion of new construction units under section 8 will proceed at a faster rate than those being constructed as traditional public housing.

I can say that because of the different processing requirements. I can also tell you that conventional public housing will cost more than section 8.

Why must we continue to build public housing projects when we took special care to discontinue that practice with the 1974 act?

Finally, perhaps the supreme contradiction occurs in the first provision of this motion.

It provides that the total obligation for housing assistance to be entered into with the $662 million appropriations for fiscal 1976 "shall not exceed $17 billion."

I recognize that we are bound to draw some budget control limit and I do not take exception to that.

I must, however, take exception to the constraining impact of this figure.

The House agreed upon a limit of $26 billion.

The Senate authorized $16 billion and the conference bill authorizes $17 billion.

Now that is a real compromise.

The important loss imposed by this $17 billion figure is the fact that the Secretary of HUD must now proceed supercautiously in entering into section 8 contracts so as to insure that the total obligation will not exceed $17 billion.

To do this, the mix of 40-year, 20-year, 5-year, 3-year, and 2-year leases, and so forth, must be held in balance.

The 40-year lease is obviously the most costly.

Who uses 40-year leases?

State and local housing authorities?

What do they use it for? New construction?

Do we want to limit new construction?

This proviso will surely do that.

But the requirement to spend at least 50 percent of the section 8 funds on new construction seems to force the issue in the other direction.

With the House acceptance of this motion, the administration of the section 8 program will become a nightmare.

When the smoke clears, we will have no means of measuring the good or bad of section 8.

We will only measure the administrative capacity of the Secretary in juggling a myriad of contradictory mandates and placating the frustrations of developers and cities trying to use the program.

When the smoke clears, local units of government will have full and good reason to forget about housing assistance plans.

Why go through a planning process when HUD has no flexibility with which to honor the plan?

The amendments now before us offer a precedent we may long regret.

How much new construction will be mandated in future years?

How long before section 8 will be completely replaced by traditional public housing?

What new constraints will be imposed?

If we accept this motion, the sky will be the limit.

Mr. Chairman, we cannot yield to the whim of a few in the Senate who either do not appreciate the facts or do not want to give this program a chance to work.

I most urgently call upon my colleagues to join me and defeat this motion.

Our House conferees were strong in support of our House bill and they were absolutely correct to return the amendment in technical disagreement.

We simply must provide a stand in the vote against this motion which will permit them to defend their action and guard against further inroads into substantive legislative enactments.

Mr. Speaker, I could discuss other elements of this proposed compromise, but I think the gentleman from Massachusetts has discussed them and has very well stated my objections to them. So let me just say that the most important thing that the Members of the House should consider in acting upon this motion—and I trust that my colleagues will oppose it because, as I have said before, I think my colleague from Massachusetts, the chairman of the subcommittee, and my colleague from California, the ranking minority member, philosophically agree with the position I am advocating. They know that the House was right in the first instance, and I think in spirit they are with us, even though as conferees they must take the position they have taken.

Of prime importance, let me repeat, the requirement incorporated in the compromise that 50 percent of the funds to be used for new construction would appear to be, at most, only unnecessary and harmless. However, in its effect it does great violence and harm to the Housing and Community Development Act of 1974.

This provision takes the decisionmaking away from communities and says that such communities shall use 50 percent of allocated funds for new construction even though that community may have ample existing housing units to use in the section 8 program, and in doing so it requires the Federal taxpayer to pick up the additional $1,400 per unit per year. That additional cost of new construction is over the cost of existing housing.

When this bill was before the House, there was much criticism about the cost of the section 8 program. By adoption of the motion offered by the gentleman from Massachusetts and this compromise language, the Members are imposing, they are clearly and patently imposing an additional $1,400 cost per unit of section 8 housing per year for 50 percent of all units. Again, when a city does not have need for that much new construction, I see no reason that we, in an appropriation bill, should legislate that the communities nationwide must use 50 percent of taxpayers' money to subsidize units of new construction even though there may be ample existing housing available.

I think many of us have heard it said in the well of this House before that there are many areas in which they are overbuilt, that there is housing that can be converted to section 8 program at a lesser cost than new construction. I think there is no justification whatsoever for this particular provision which the Senate has imposed upon us that 50 percent of the allocated funds be used for new construction.

Once again, I wish to thank the gentleman for his efforts, and for yielding this time to me.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Heiting, one of his secretaries, who also informed the House that on October 1, 1975, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 672. Joint resolution to extend by 2 months the expiration date of the Defense Production Act of 1950 and to extend the funding of the National Commission on Productivity and Work Quality for 2 months.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2230. An act to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance.

CONFERENCE REPORT ON H.R. 8070, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION ACT, 1976

Mr. BOLAND. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Georgia (Mr. STEPHENS), a member of the Committee on Banking, Currency and Housing, who will speak on the Housing and Community Development Act of 1974 in which he played a very significant part, as did the gentleman from Michigan.

Mr. STEPHENS. Mr. Speaker, let me point out to the Members of the House, that the 1974 Housing Act was a landmark—a landmark piece of legislation, because for the first time we recognized a very important fact which we had not done anything about before. That is, that the local people decide what shall be done with housing funds based upon their judgment and based upon their needs.

That was the most important feature of the 1974 act in the part dealing with community development. It is what the mayors of all the cities asked for. We provided them in many instances with an entitlement fund. We did not provide entitlements in section 8, but when we say that 50 percent of it must be allocated for new construction, we are again dictating to local people. We are taking retrograde action because we are not letting the local communities decide what shall be done with the funds based upon their recommendations and their needs.

Mr. Speaker, that is why I think that we ought to insist that this language not be in the bill.

Mr. BOLAND. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from New Jersey (Mr. MINISH), another member of the Committee on Banking, Currency and Housing.

Mr. MINISH. I thank the distinguished chairman of the subcommittee for yielding.

Mr. Speaker, what this amendment has the effect of doing is that it is going to cut down the pot for the cities.

The subcommittee chairman said that the Senator from Wisconsin is immovable on this subject, and I can understand that because Wisconsin is a great State and has plenty of room for new construction. But a State like New Jersey—or any other with many industrial cities—does not have that room. And by setting 50 percent aside for new construction, we are cutting down on the overall pot, and the large cities will be hurt.

In addition, it was the intent of the Housing and Community Development Act of 1974 to provide that local communities should decide the type of housing they wanted. If they wanted all new or all existing—it was up to them. We should not permit this imposition of Federal rule over what is a local determination.

Mr. Speaker, I hope the motion is defeated.

Mr. BOLAND. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. I thank the gentleman from Massachusetts for yielding.

Mr. Speaker, I have a question that I would like to ask the gentleman concerning the impact of this vote, because I want to have a clear picture of that.

If this motion is rejected, then is the bill that we just voted on, the HUD appropriation bill, in its entirety sent back to the conference and no action or none of the programs we have voted on at this point would then be in effect until such time as the conference then came back?

Mr. BOLAND. In response to the gentleman from New York (Mr. PEYSER), the answer is yes. If this motion is defeated, the entire HUD bill is delayed until we resolve this problem with the Senate. Of course, if the amendment is defeated, that would be the only matter that would be considered in a further conference.

Mr. PEYSER. If the gentleman will yield further, in other words, does this have any relationship, the vote we just had on the HUD appropriation prior to this? The conference report is adopted. Does this have any bearing then on that conference report we have just adopted?

Mr. BOLAND. As the gentleman knows, the Senate would have to adopt the conference report, too, and that is where the problem lies, of course. It is not here. And, as I indicated, if my motion to recede and concur with the amendment is defeated, I would offer a motion to insist on the disagreement. It would then go to the Senate, where they could accept it or reject it. But, speaking frankly, they will reject the amendment and ask for a further conference.

Mr. Speaker, let me just pursue for a moment what we are trying to do here.

I can understand the position of the members of the Committee on Banking, Currency, and Housing. After all, that was the committee that considered this very difficult legislation last year and came out with the Housing and Community Development Act of 1974. There is no direction in that legislation earmarking any part of the section 8 program for new construction. But, really, the architect of the Housing Act of 1974 was the Secretary of the Department of Housing and Urban Development, Mr. Lynn. It was through his salesmanship, his effort, and his persuasiveness, aided and abetted, of course, by the distinguished members of the House Committee on Banking, Currency, and Housing, that we finally got a housing bill passed. Yet when the budget request of the Department came to this committee this year—and that was Mr. Lynn's budget—the request carried $662 million of new annual contract authority for the program. It also provided for about a $900 million carryover, for a total amount of $1.5 billion of available annual contract authority for the section 8 program in fiscal year 1976.

That authority would provide for an estimated 400,000 units. When we had hearings on the Department's estimate of the 400,000 units, interestingly enough the Department indicated that 300,000, or 75 percent, of the 400,000 units would be committed for new construction. These are the figures that are in the budget estimates.

Let me also clarify another point. I can understand the concern of Members here with reference to the earmarking or the targeting of section 8 funds for new construction. But we are not earmarking the $1.5 billion total. All we are earmarking is the $662 million that is carried in this bill.

So in a sense what we are doing is providing a floor on new construction that is really only 25 percent or less of the total amount available for assisted housing in 1976.

What was the argument of the Senator from Wisconsin and other Senators on this? I do not think anybody can totally disagree with their position. We must recognize the fact that the housing industry is on its knees. The housing industry is in a depressed state. The projection is that new starts may reach only 1,300,000 units this year. That is a very low rate.

I think all of us agree that new construction is essential to the housing industry. It generates great economic spinoffs. It requires more lumber, more equipment, more skilled labor and everything else that new construction requires.

I think this is really a sense-of-Congress proposition. We need some new housing construction. It is essential to get the housing industry moving. Because the section 8 program is not moving as rapidly as we would like it to move, I really see no objection at this time to earmarking 50 percent of the $662 million that is carried in this bill.

This does not establish a precedent. I want to assure my colleagues that we will thoroughly examine the effect of this action in considering next year's budget request.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, this conference report shows the impact of today's economic conditions and the administration's failure to promote economic recovery.

The veterans' benefits in this conference report exceed the first budget resolution by $900 million for fiscal 1976. The reason is that hundreds of thousands of veterans cannot find jobs in today's depressed jobs market. So veterans are going to school, instead, and qualify for financial assistance under the education benefits of the GI bill.

Instead of having jobs and paying tax dollars into the Treasury, unusually large numbers of veterans are being forced to draw veterans' benefits.

This is a direct consequence of the misguided policies of the Ford administration. The administration policies mean a prolongation of high unemployment and recession conditions.

I am informed that later today another member of the Budget Committee will insert remarks with further detail on the amounts in this conference report.

The SPEAKER. The Chair recognizes the gentleman from California (Mr. TALCOTT).

Mr. TALCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. REES).

Mr. REES. I appreciate the gentleman yielding to me.

Mr. Speaker, I am a member of the Subcommittee on Housing and Community Development of the Committee on Banking, Currency and Housing, and I would urge the House to vote down the agreement between the House and the Senate.

In my city of Los Angeles I suspect that 75 percent of the section 8 money could be spent for new housing because it is that type of city. In the city of Washington, though, I doubt if they could spend 50 percent of the money for new housing because basically the problem with the city of Washington is that they need to rehabilitate existing housing. There just is not the space for new housing. When we dealt with this section 8 provision in the Committee on Banking, Currency and Housing, this is the problem we dealt with—different problems facing each city.

I realize there is a recession in the area of home building, but if a city does not have space to build new houses, then the city cannot spend its money under this conference report. So I would urge that this 50-percent restriction be knocked out.

Our whole thrust in dealing with section 8 housing was this: Let us allow the local housing agencies to decide where they want to put their money, because each specific community has its own specific problems. By putting in a 50-percent restriction, we would not affect my city, but we might affect a city that is 20 or 30 miles away because of the makeup of its housing base.

Therefore, I would urge that we support the position of the members of the Committee on Banking, Currency and Housing, who spent weeks and weeks on this provision, and that we send this congressional report back so that the Senate and the House can further negotiate the issue.

The House has taken a policy position in treating the section 8 program; and frankly, I am sick and tired, as a Member, of having the Senate legislate on appropriation bills. I think it is about time that we tell the Senate that we do not appreciate their legislating on appropriation bills and that policy legislation is supposed to be up to the Policy Committee and not the Committee on Appropriations.

Mr. TALCOTT. Mr. Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I thank the gentleman for yielding.

I would like to associate myself with the remarks of my colleague, the gentleman from New Jersey (Mr. MINISH), whose district runs along with mine, and with my colleague, the gentleman from California (Mr. REES).

In one section of my district alone we have 4,500 buildings, some brand new, never occupied, and some old. Unless these can be moved, we will never be able to sell any new housing that is constructed. This is in one section of my district alone. I speak for a more crowded area perhaps than many others in the Nation, but these are the needs of my district.

Mr. Speaker, I oppose this amendment.

Mr. TALCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. HICKS).

Mr. HICKS. Mr. Speaker, I thank the gentleman for yielding.

I want to associate myself with the remarks of the members of the Committee on Banking, Currency and Housing.

I have been serving as chairman of the Subcommittee on Manpower and Housing of the Committee on Government Operations, and we have been holding a number of hearings around the country.

HUD holds about 60,000 units right now of property that is in default and has been foreclosed. It is being vandalized and becoming useless.

This section 8 money that the gentleman is talking about, which he wants to earmark solely for new construction, is going to be low-income housing, the kind that HUD already has a large inventory of.

The area managers and regional managers of the Housing and Urban Development Agency do not want to spend money for new housing until they can get rid of some of this glut of housing that they have had to take back.

The Atlanta region, for example, and the Dallas region are not interested in new housing at this time. If we are going to tie their hands by requiring that they spend 50 percent of this money for new housing, it is just going to compound the problem that they already have.

Mr. Speaker, I think we should follow the wishes of the Committee on Banking, Currency and Housing and let this money be used with discretion and not mandated in any direction.

Mr. McDADE. Mr. Speaker, will the gentleman yield?

Mr. HICKS. Yes, I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Speaker, I appreciate the gentleman's yielding.

I know he is doing a magnificent job in the Subcommittee on Government Operations examining the activities of HUD.

The gentleman and I had a colloquy the other day about one of the items in this amendment. We have to understand that there are four items involved here.

One of them, the point on which we had the most crucial discussion, was an effort to try to show what the costs of the housing programs were. We discussed that just briefly the other day.

We won that with the Senate. We had to walk out of conferences to win that point.

The point of my colleague, the gentleman from Washington (Mr. HICKS), is of course, a legitimate one. However, it is one part of this total amendment. Of the four issues in it, that was the key thing we fought with the Senate about.

I feel that if we are forced to go back and renegotiate with the Senate, we may very well lose what we in the House want most of all, which is that these housing programs begin to report their runout costs that our Committee on the Budget wants.

The Members of the Senate did not want it. The Senate was adamantly against it. It was only after the most difficult conference I have been associated with that we were able to win that point in conference.

If we send this back to the Senate, we open that entire provision again, and we can lose it. We can stop the housing bill from ever becoming law.

I say to my friend, the gentleman from Washington, that in looking at the problems that HUD has, and I think there are many problems, before he decides to buy the 50-percent issue, think about the four other issues involved.

The SPEAKER. The time of the gentleman has expired.

Mr. TALCOTT. I yield the gentleman 1 additional minute.

Mr. McDADE. If the gentleman will yield further, I just want to say to my colleagues if we want to preserve, and I know that we want to, I think every Member of the House wants us to preserve that fiscal truth, then we have got to realize that is one of the integral parts of the four items involved and if we are forced to go back to conference I will say to the Members that we could very well lose that entire point, we could lose this entire bill because we had to leave the entire conference at one point in order to get them to agree.

Mr. TALCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Speaker, first of all let me set the procedural situation correctly. By rejecting this motion and insisting on the House position we do not necessarily endanger the whole conference report. I am sure the gentleman from Pennsylvania (Mr. McDADE) did not intend to say that. Because if we insist on the position of the

House the only thing that has to be discussed between the Senate and the House is this amendment. Of course, this could cause the Senate not to accept the conference report but if they did not accept the conference report they would be throwing everything out by their action purely because there was disagreement on this issue.

So let us get down to how really valid is the position of the Senate. The gentleman from Massachusetts has correctly pointed out that HUD has estimated it will be using 60 percent of the money for new construction and this amendment would only require 50 percent.

One might say, then, why does the Senate take this position? I think it is pretty obvious why the Senate takes this position and that is because they are still harboring the thought of rewriting the authorizing legislation. They still feel that they want to do this. In the other body the gentleman from Wisconsin is also chairman of their Committee on Banking and Currency and he has been very active on the Housing Subcommittee on that side, and he and others are looking back and are trying to rewrite the authorizing legislation.

The other argument that is being made is that this 50 percent would be some kind of help to the housing industry.

Do the Members know that if this 50 percent had any impact at all and a city was required to use its allocated funds—and this is a Federal taxpayer, really—for a new unit, newly constructed unit for section 8 housing rather than a unit in existing houses, the cost of that unit of new construction vis-a-vis existing construction is about $1,400, the new construction is $1,400 more per unit per year. That is what we would be subsidizing the construction industry for that year. But we could be entering into a 40-year contract and I suggest that a contract life cost of as much as $56,000 for a unit of section 8 housing is very costly subsidizing for the housing industry.

Mr. TALCOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, it seems quite obvious in this item in disagreement that our conference managers have allowed the flexibility to go out of one of the most important HUD programs.

There are some communities that need all new housing and there are some communities that are impacted already and need all existing housing. They need flexibility in their housing programs. Therefore, what the creators of the housing bill, which this House passed by a strong vote last year, tried to do, was to preserve the maximum flexibility both for the department and the communities that had to work with this bill. But, here in one stroke the conference committee is taking away that flexibility.

I presume the 50 percent extends nationwide, nevertheless I also presume that some areas are going to demand more of one kind of housing and some will demand more of another. By the time the initial quotas are worked out very far there will be communities who need existing and all new housing who may not be able to qualify under these quotas. If this quota bites, it is going to mean that we are going to have less units. I do not know if it is going to bite or not.

Mr. Speaker, I know the difficulties the conference managers have had with the intransigence of the other body. I appreciate that they have done good work in bringing back this bill. Nevertheless, what they have given us in this section is federalism in reverse, a denial of the communities and the Department to exercise the flexibility the authorizing committee wanted to give them. I urge that this provision be turned down by the House.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries.

CONFERENCE REPORT ON H.R. 8070, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION ACT, 1976

Mr. TALCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. MCDADE).

Mr. McDADE. Mr. Speaker, I want to say to my able colleague who just spoke on this issue that if what he said was crystal clear and absolutely correct, I would perhaps tend to favor his argument, in spite of the fact that, as I mentioned to the House, there were four issues in this amendment—not one, but four. However, I must say to my colleague that the issue is not crystal clear as he indicates. There is about $600 million carried in this bill for the construction of housing units. That is what the 50-percent limitation that we had to agree to with the Senate applies to—50 percent of $600 million.

But may I say to my colleagues—and I must emphasize this to the Members—that is not what the whole ballgame is about, because I say to the Members candidly that we think we got the Senate to yield totally to our position, which is that there virtually ought not to be any limitation on what HUD wants to do. How did it happen? There is $600 million in the bill. That is what the 50 percent applies to, but there is carryover authority, Mr. Speaker, untouched—untouched—by the limitation, amounting to $1 billion, roughly. So what we have got available for housing programs in the United States is roughly $1.6 billion.

The limitation of 50 percent applies only to the $600 million, and 50 percent of $600 million when I went to school was $300 million. So out of $1.6 billion, the only amount encumbered in this bill that we had to agree to with the Senate is $300 million. That is about 25 percent of the total program. The Department came up and estimated in front of this committee that appropriates these dollars that 75 percent of the $600 million would go to new construction—75 percent of the $600 million.

As of today, if any one went in and called the Department and said, "How much of section 8 is new construction?" they would tell him about 30 percent. I think I have just demonstrated to the Member that the 50-percent limitation applies only to 25 percent of the money available, and HUD has already indicated that they are going to build as of today—not an estimate but a hard figure—30 percent new construction. So the 25-percent figure does not even apply.

I say to my colleagues, if they will permit me to repeat it, there are four items in this bill, and the one that we had to struggle longest and hardest about, the one that my chairman, the one that the gentleman from California was subjected to most pressure about, was the so-called fiscal reality of what housing costs. If we send this back to the Senate, that whole issue is going to revive itself, and the Senate may very well refuse to yield. We had to walk out of a conference to keep that issue before the Congress.

So I say to my colleagues, please realize there are four issues in this amendment. The first is: What is the real cost of housing? The second is the 50-percent limitation on funds in this bill, $300 million of about $1.6 billion, in other words, about 25 percent of the total amount of housing that we are talking about.

Recognize, too, that we have here a limitation on fair market rentals that can be a part of the cost of housing. It was another item over which there was a great struggle and over which there was a great controversy. So there are four items, all controversial, all of which were fragilely put together. We believe we won a victory for the House. The House wanted to have total flexibility. We believe we have achieved that.

Mr. ROUSH. Mr. Speaker, will the gentleman yield?

Mr. McDADE. I yield to the gentleman from Indiana.

Mr. ROUSH. Mr. Speaker, it seems to me the conferees won a victory over the Senate on the amount of the percentage to be devoted to new housing of the $662 million. Does the gentleman recall what the Senate was insisting on in conference? Am I not correct that it was insisting on 75 percent and not 50 percent, and that through the diligence of the conferees and particularly the gentleman from Massachusetts (Mr. BOLAND) and the gentleman from California (Mr. TALCOTT) the conferees were able to get that percentage reduced to 50 percent—which has the net effect of only a 25-percent earmarking.

Mr. McDADE. The gentleman from Indiana raises a very important point. We started out with the requirement that 75 percent go to new housing. We are all interested in new housing. When we ended up, the bottom line indicated an effective 25-percent limitation, that we do not even think applies because HUD estimates are that 35 percent of housing is going to new housing.

Mr. TALCOTT. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. REES).

Mr. REES. Mr. Speaker, I would like to ask the gentleman from Pennsylvania: If they shove 50 percent down our throat this year, will they not do the same thing next year and the year after? I think we have to make a stand now.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Speaker, I think after this debate the other body will realize they cannot shove anything down our throats. Nor do I think this has been our experience in this conference. We have worked out what we feel are fair agreements on all of the items.

If the gentleman will yield further, I wonder if we cannot move on. I do not want to move the previous question on this particular amendment because it is one of the most important issues before us. However, I would hope that the gentleman from Michigan and others on the Banking and Currency Committee will recognize we could have a very difficult problem.

The item of 50 percent for new construction is not the only matter contained in this amendment. This amendment contains four very difficult matters. If we send it back to the other body, then we are going to have a problem. There is no doubt about it. I urge the Members to support my motion to recede and concur with an amendment and we can proceed with the other amendments to be considered.

I might make just one additional point concerning this issue. There has been some discussion here today about how this 50-percent limitation would impact individual towns and cities. The fact is that this earmarking does not impede or restrict local discretion in connection with the section 8 program. If a local community currently has a surplus of new housing available, they may use their entire section 8 allotment for existing housing. The point is that the earmarking for new construction goes only to the entire program—and not to individual communities—and not to the large carryover from last year.

Mr. TALCOTT. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Mr. Speaker, I thank the gentleman for yielding.

Although we have objections to other portions of this amendment, I am not raising any questions about them now and I am foregoing them so that if this motion to recede and concur is defeated, then in discussing it with the Senate our conferees can agree to all of the other parts of the amendment so long as they knock out the 50 percent provision.

I would just say the gentleman from Pennsylvania has made as good an argument as anybody can to knock out the 50 percent. It is not needed. If it is not needed—but if it were needed it would have an adverse impact—confirms the fact that there is no justification for its being in this bill.

Mr. TALCOTT. Mr. Speaker, I think those of us who were conferees can agree with the gentleman from Michigan and the gentleman from California on the points they are making. They are supporting the House position. This committee does not like authorizations in an appropriation bill even though we are the Appropriations Committee. We have resisted that. We tried to resist it in this instance, and we were successful in other instances where the Senate was trying to add authorizing language to the appropriation bill. We are sensitive about this.

I commend those who serve on the Banking and Currency Committee. I served with them. I appreciate their views and their vigilance. I think the Senate has the message and we have the message, but it is very important that we get on with passage of this bill. If we are hung up on this amendment we have the whole bill hung up. It is a very important bill, and if this part of the bill is hung up, then the other important elements of this bill will be hung up also.

We have been postponing this far too long. They have made their point. I think we understand, but I think it is very important that we move ahead.

Mr. Speaker, I urge adoption of the conference report and the approval of this amendment.

Mr. BOLAND. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Massachusetts (Mr. Boland).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BROWN of Michigan. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 202, nays 174, not voting 57, as follows:

[Roll No. 584]

YEAS—202

Abdnor
Abzug
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Armstrong
Ashbrook
Aspin
Badillo
Baucus
Bedell
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Brooks
Broomfield
Brown, Calif.
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Carney
Carr
Carter
Casey
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clay
Cohen
Conte
Corman
Cornell
Coughlin
Danielson
de la Garza
Delaney
Dent
Devine
Dodd
Drinan
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Fascell
Findley
Fisher
Flood
Foley
Gilman
Goldwater
Gonzalez
Gude
Guyer
Hall
Hamilton
Hannaford
Harkin
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heinz
Hicks
Hightower
Hillis
Horton
Howard
Hungate
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Latta
Lehman
Long, Md.
Lujan
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
Madden
Madigan
Mahon
Matsunaga
Meeds
Mezvinsky
Mikva
Mills
Mineta
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Mosher
Murphy, N.Y.
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
Ottinger
Passman
Patman, Tex.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Pressler
Pritchard
Rangel
Regula
Reuss
Rhodes
Rodino
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Schneebeli
Sebelius
Sharp
Shipley
Shriver
Shuster
Skubitz
Slack
Smith, Iowa
Solarz
Stark
Steed
Stokes
Stratton
Studds
Talcott
Thompson
Traxler
Ullman
Vander Veen
Vanik
Walsh
Weaver
Whalen
White
Whitten
Wiggins
Wilson, C. H.
Winn
Wirth
Wolff
Wright
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—174

Alexander
Ambro
Andrews, N.C.
Annunzio
Archer
Ashley
Bafalis
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Brinkley
Brodhead
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burleson, Tex.
Burton, John
Butler
Byron
Clawson, Del
Cleveland
Cochran
Collins, Ill.
Collins, Tex.
Conable
Conlan
Cotter
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Dellums
Derrick
Derwinski
Dickinson
Downey, N.Y.
Downing, Va.
Duncan, Tenn.
du Pont
Erlenborn
Evans, Ind.
Fenwick
Fithian
Florio
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Goodling
Gradison
Grassley
Haley
Hanley
Hansen
Harris
Hastings
Hays, Ohio
Heckler, Mass.
Hefner
Helstoski
Henderson
Holland
Holt
Howe
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Jones, Ala.
Jones, Okla.
Kasten
Kelly
Lagomarsino
Landrum
Leggett
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Lott
McClory
McCollister
McDonald
McKinney
Maguire
Mann
Martin
Mathis
Mazzoli
Melcher
Meyner
Michel
Milford
Miller, Calif.
Miller, Ohio
Minish
Montgomery
Moore
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
Patten, N.J.
Poage
Preyer
Price
Quie
Randall
Rees
Rinaldo
Risenhoover
Roberts
Robinson
Roe
Rostenkowski
Runnels
Russo
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Seiberling
Simon
Smith, Nebr.
Snyder
Spellman
Spence
Stanton, J. William
Steelman
Steiger, Wis.
Stephens
Stuckey
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Tsongas
Vander Jagt
Vigorito
Waggonner
Wampler
Waxman
Whitehurst
Wilson, Bob
Wydler
Wylie
Young, Alaska

NOT VOTING—57

Adams
AuCoin
Baldus
Barrett
Bell
Biaggi
Bowen
Breaux
Burton, Phillip
Clancy
Conyers
Diggs
Dingell
Early
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Flowers
O'Neill
Fraser
Green
Hagedorn
Hammerschmidt
Harrington
Hébert
Hinshaw
Holtzman
Jacobs
Jeffords
Johnson, Pa.
Jones, Tenn.
Long, La.
McKay
Macdonald
Metcalfe
Morgan

Mottl
O'Hara
Quillen
Railsback
Richmond
Riegle
Ruppe
Santini
Sikes
Sisk
Staggers
Stanton, James V.
Steiger, Ariz.
Teague
Treen
Udall
Van Deerlin
Wilson, Tex.
Zeferetti

The Clerk announced the following pairs:

On this vote:

Mr. Biaggi for, with Mr. Fary against.

Mr. Zeferetti for, with Mr. Hébert against.

Mr. Diggs for, with Mr. Breaux against.

Mr. Conyers for, with Mr. Phillip Burton against.

Mr. Sisk for, with Mr. Teague against.

Mr. Staggers for, with Mr. Metcalfe against.

Mr. Mottl for, with Mr. Jones of Tennessee against.

Ms. Holtzman for, with Mr. Sikes against.

Until further notice:

Mr. AuCoin with Mr. Baldus.

Mr. O'Neill with Mr. Van Deerlin.

Mr. Barrett with Mr. Udall.

Mr. Green with Mr. Clancy.

Mr. Early with Mr. Hagedorn.

Mr. Dingell with Mr. Jacobs.

Mr. Santini with Mr. Bell.

Mr. Richmond with Mr. Johnson of Pennsylvania.

Mr. O'Hara with Mr. Charles Wilson of Texas.

Mr. Fraser with Mr. Hammerschmidt.

Mr. Flowers with Mr. McKay.

Mr. Adams with Mr. Esch.

Mr. Bowen with Mr. Long of Louisiana.

Mr. Macdonald of Massachusetts with Mr. Quillen.

Mr. Morgan with Mr. Eshleman.

Mr. Harrington with Mr. Hinshaw.

Mr. Riegle with Mr. Jeffords.

Mr. James V. Stanton with Mr. Railsback.

Mr. Ruppe with Mr. Treen.

Messrs. **PATTEN, ROSTENKOWSKI, ROBINSON, HOWE, PRICE,** and **AMBRO** changed their vote from "yea" to "nay."

Messrs. **BINGHAM** and **OTTINGER** changed their vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The **SPEAKER.** The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 4, line 11, insert: ", of which not less than $400,000,000 shall be available only to nonprofit sponsors for the purpose of providing 100 per centum loans for the development of housing for the elderly and handicapped with no cash equity or other financial requirements imposed as a condition of loan approval. The full amount of such fund shall be available during such period for permanent financing (including construction financing) for housing projects for the elderly and handicapped, and not more than $100,000,000 may be made available for construction loans only."

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: ", which funds shall be available only to qualified nonprofit sponsors for the purpose of providing 100 per centum loans for the development of housing for the elderly or handicapped, with any cash equity or other financial commitments imposed as a condition of loan approval to be returned to the sponsor if sustaining occupancy is achieved in a reasonable period of time: *Provided,* That the full amount shall be available for permanent financing (including construction financing) for housing projects for the elderly or handicapped".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 11: Page 6, line 17, insert:

"EMERGENCY MORTGAGE PURCHASE ASSISTANCE

"The total amount of purchases and commitments authorized to be made pursuant to section 313 of the National Housing Act, as amended (12 U.S.C. 1723e; 88 Stat. 1364; Public Law 94–50), shall not exceed $5,000,000,000 outstanding at any one time, which amount shall be in addition to balances of authorization heretofore made available for purchases and commitments pursuant to said section and which shall continue available after October 18, 1975: *Provided,* That the Association may borrow from the Secretary of the Treasury in accordance with said section, in such amounts as are necessary to carry out the purposes and requirements of said section as authorized herein."

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 11 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 42: Page 28, line 23, insert: "for the activity for which the limitation applies,".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 42 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 43: Page 28, line 25, insert: for the activity for which the limitation applies:"

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 43 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 55: Page 45, line 22, insert: "; or to travel performed by employees of the Federal Housing Administration for the purpose of performing inspections and appraisals."

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 55 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "; *Provided further,* That the limitation may be increased by the Secretary when necessary to allow for travel performed by employees of the Department of Housing and Urban Development as a result of increased Federal Housing Administration inspection and appraisal workload".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 56: Page 47, line 15, strike out: "SEC. 407. No part of the funds appropriated under this Act may be used to administer any program to tax, limit or otherwise regulate parking or the review of indirect sources."

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND Mr. Speaker, I offer a motion.

The Clerk read as follows.

Mr. BOLAND moves that the House recede from its disagreement of the Senate numbered 56 and concur therein with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 407. No part of the funds appropriated under this Act may be used by the Environmental Protection Agency to administer or promulgate, directly or indirectly, any program to tax, limit or otherwise regulate parking that is not specifically required pursuant to subsequent legislation."

Ms. ABZUG. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I yield to the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Speaker, will the gentleman from Massachusetts please explain this motion that he is now presenting to the House?

Mr. BOLAND. Mr. Speaker, I will be glad to do so.

Mr. Speaker, section 407 of the general provisions as it passed the House, prohibits the use of funds in this act in connection with administering any program to tax, limit, or otherwise regulate parking or the review—and this is important—or the review of indirect sources. Similar limitations have been in effect for the past 2 years. The initial expression of the intent of Congress in this matter was on a rollcall vote of 282 to 70.

The Senate dropped this provision with the understanding that the Environmental Protection Agency did not intend to implement the parking proposal without further approval and clarification from the legislative committees, who are presently considering amendments to the Clean Air Act. But, to be perfectly candid, the intent of the EPA is not very clear. Because of this uncertainty, the conferees restored the House language and amended it to prohibit the use of funds in this act by the Environmental Protection Agency to administer or promulgate any program to tax, limit or otherwise regulate parking that is not specifically required pursuant to subsequent legislation.

The Committee on Interstate and Foreign Commerce and its Subcommittee on Health and the Environment, chaired by the gentleman from Florida (Mr. ROGERS), is currently marking up a clean air bill. The Senate Committee on Public

Works is also drafting new clean air legislation. I do not know when these bills will be brought up or how they will address this issue. I do believe that the legislative committees in the Congress must clarify this issue and not the Environmental Protection Agency.

We maintain that some further clarifying action is required. This is exactly what my motion does. It prohibits the Environmental Protection Agency from taking action in this area until Congress, in subsequent legislation, clarifies its intent and advises the EPA of what the law requires.

And, finally, I want to reply to some of the Members, including the distinguished gentleman from Florida (Mr. ROGERS), who have asked me a number of specific questions concerning this amendment. For example, I have been asked if the use of the word "require" in this amendment means that no EPA funds could be used to assist in carrying out a program for regulation of parking if such program is voluntarily adopted by a State or local government and approved by EPA as part of the applicable implementation plan?

The answer to this question is "No." This is certainly not the intent of the amendment. If a State or local government voluntarily adopts or maintains such a program, there would be no restriction on the use of the funds to carry out that program. This position simply means that EPA may not force a State or local government to carry out such a program or promulgate such a program unless expressly required by subsequent legislation.

I have also been asked if the use of the word "indirectly" means that programs such as those to create traffic-free zones could not be carried out as part of EPA's strategy to reduce air pollution in the Nation's major metropolitan areas. That is also not the intent or purpose of this amendment. There is no intention to restrict the creation of traffic-free zones to help meet clean air standards. I believe that, based on discussions I have had with the gentleman from Florida and other Members, that this is consistent with their views.

Ms. ABZUG. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I will be glad to yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Speaker, I would like to say that I appreciate and thank the gentleman from Massachusetts (Mr. BOLAND) for his explanation. I disagree with the motion. I disagree with it because we have witnessed with alarm the effort on the part of the Congress to whittle away the effectiveness and meaningfulness of the EPA in implementing existing legislation.

This motion in effect says that the EPA cannot implement its legislation which we authorized that is presently on the books.

I find this very difficult to accept particularly at this moment of national crisis in our energy resources and at a time when there should be a national objective to conserve our limited fuel supplies and our limited energy resources and efforts to implement the Clean Air Act, including authority with respect to parking, are being seriously hampered by this motion.

I appreciate the fact that subsequent legislation seeks in many ways again to weaken the authority of the EPA. There are many—and I make no specific charges, but it is correct, that there are many who seem to wish to narrow the rate of progress concerning environmental issues for the benefit of all of the people in this country, but it is not only a matter of environmental health, it is also a serious matter of conserving our energy resources.

I suggest that support of this motion which limits the enforcement capability of the EPA under existing law thwarts the will of the Congress, is not in the national interest, and I shall ask for a record vote on this motion. I hope that the other Members of the Congress will join me in voting against the motion.

Mr. BOLAND. Mr. Speaker, I do appreciate and appreciate very much the persuasive argument of the gentlewoman from New York. All I am doing is carrying out the will of the Congress itself which in previous votes on this particular proviso carried, as I recall it, by about a 3 to 1 vote.

This has been carried in the bill for the last couple of years. It would seem to me that the place to redress whatever wrong the gentlewoman from New York considers this proviso to be ought to be the legislative committee. I am sure the gentlewoman will agree with that, too.

Ms. ABZUG. We will take it wherever we can get it.

Mr. BOLAND. Mr. Speaker, I yield to the gentleman from Texas (Mr. CASEY).

Mr. CASEY. I thank the chairman for yielding.

I want to compliment the chairman and the House conferees for the position they have taken in this regard, because EPA's authority needs to be clarified. The legislative committee is working on indirect sources, as the chairman stated. But contrary to what has been stated here earlier, the existing legislation does not give specific authority for the EPA to promulgate the regulations. This is land use, and we do not want any land use in the broad sense. I think this amendment that the conferees have agreed upon is just; it is fair; and it does, as the chairman states, carry out the wishes and desires of the Congress because, if the Members will recall, this restriction was originally placed in the bill as an amendment which I offered to the House, and the House did adopt it, as the chairman stated, by about 3 to 1. So I think the chairman and the subcommittee and the House conferees have been responsive to the House, and I want to compliment them for it.

I am particularly pleased with the language the conferees adopted in section 407 of the bill. The conferees have reinstated a provision included in the House version and deleted by the Senate which limits the authority of the Environmental Protection Agency to regulate parking. For some time, it has been my contention that the Agency has gone far beyond congressional intent in attempting to regulate not only parking lots, but developments built in conjunction with parking lots. This is clearly a land use control adopted by bureaucratic regulation at the Federal level without the consent of Congress.

We have learned from experience that land use decisions are difficult to draw due to the many factors which they involve. It is a mistake for any Federal agency to draft such a regulation with an eye to only one problem, such as air pollution in this case. I have always contended that as far as land use restrictions are concerned, they must be done with the support of the local citizens and should be drafted and enforced by local governments.

I have been pleased to note that on several occasions in the past the House has agreed with this opinion and has supported this stand on several recent votes by wide margins. I think it is important, again, today to support this policy and to limit the authority of the Environmental Protection Agency with respect to parking.

The language contained in section 407 does restrict the Agency from enforcing a parking program and forbids regulation of parking directly and indirectly by the EPA. I think the language is quite clear that no attempted evasions of this restriction could be tolerated since parking regulation is limited both directly and indirectly.

At the same time, the language does not restrict the power of the authorizing committees in the Congress to require such regulation and in the event it is required such a program may be funded by the EPA.

I want to note also that the EPA may assist States with voluntary parking programs so long as they are truly established by the States without any coercion by the EPA. I think the gentleman from Massachusetts would agree that there is nothing in this language which restricts EPA aid from programs the locality or State wishes to implement on its own initiative, but I emphasize that these programs must be voluntary.

Again, I wish to commend the members of the conference for an excellent job on this bill, particularly with reference to a continuation of a wise restriction on bureaucratic power which the Congress has adopted several times in the past.

Mr. BOLAND. I thank the gentleman.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding.

I just want to congratulate the gentlewoman from New York for being alert, as usual, and raising this issue before the House.

Either we are serious about saving energy or we are not; either we are serious about protecting the health of the people in this country from the ravages of pollution, or we are not—if we are, we will permit EPA to continue to regulate indirect sources of pollution and defeat this amendment.

It is just as sound, it seems to me, to leave the situation in status quo and let the EPA act until such time as Congress might move to restrict it, as it is to restrict it in this appropriations bill, which seems to me not to be the appropriate place to do it. I think defeating this amendment is by far the soundest course of action.

Mr. BOLAND. The gentleman recognizes, of course, that the conferees were carrying out the will of the House itself, and that is our obligation in the conference, as the gentleman well knows.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague's yielding.

Regarding the comment about the capability of EPA to protect the health of the people of this country, the EPA has wandered far afield from "protecting health." In the State of California, the EPA has already "mandated" the number of parking lots we can have at a hospital or at a school in the name of controlling indirect sources. I just think that is plain dumb. This amendment restricts that kind of stupid activity on the part of the EPA.

Mr. BOLAND. Mr. Speaker, I move the previous question on the motion.

The SPEAKER. The question is on the motion offered by the gentleman from Massachusetts (Mr. Boland).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Ms. ABZUG. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 302, nays 77, not voting 54, as follows:

[Roll No. 585]

YEAS—302

Abdnor
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Corman
Cornell
Cotter
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Findley
Fithian
Flood
Flynt
Foley
Ford, Mich.
Fountain
Frey
Fuqua
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Haley
Hall
Hamilton
Hanley
Hannaford
Hansen
Harkin
Harsha
Hastings
Hawkins
Hays, Ohio
Hefner
Helstoski
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKinney
Macdonald
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Melcher
Michel
Milford
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
O'Brien
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price
Pritchard
Quie
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rostenkowski
Roush
Rousselot
Runnels
Russo
Ryan
St Germain
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Waxman
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NAYS—77

Abzug
Addabbo
Ambro
Aspin
Badillo
Biester
Bingham
Brodhead
Brown, Calif.
Burton, John
Carr
Chisholm
Clay
Conte
Coughlin
Dellums
Dodd
Drinan
du Pont
Eckhardt
Edgar
Edwards, Calif.
Fascell
Fenwick
Fisher
Florio
Ford, Tenn.
Forsythe
Frenzel
Gaydos
Gibbons
Green
Gude
Harris
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Kastenmeier
Koch
Lehman
McCloskey
Maguire
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mitchell, Md.
Moffett
Moorhead, Pa.
Nolan
Obey
Ottinger
Pattison, N.Y.
Pepper
Pressler
Rangel
Rees
Reuss
Rinaldo
Rogers
Rosenthal
Roybal
Sarbanes
Scheuer
Seiberling
Simon
Solarz
Stokes
Tsongas
Vanik
Weaver
Whalen
Wolff
Yates
Young, Ga.

NOT VOTING—54

Adams
AuCoin
Baldus
Barrett
Bell
Biaggi
Bowen
Burton, Phillip
Clancy
Conyers
Diggs
Dingell
Early
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Flowers
Fraser
Hagedorn
Hammerschmidt
Harrington
Hébert
Hinshaw
Holtzman
Jacobs
Jeffords
Johnson, Pa.
Jones, Tenn.
McKay
Madden
Metcalfe
Morgan
Mottl
O'Hara
O'Neill
Quillen
Railsback
Richmond
Riegle
Ruppe
Schroeder
Sikes
Sisk
Staggers
Stanton, James V.
Stark
Treen
Udall
Van Deerlin
Wilson, C. H.
Wilson, Tex.
Zeferetti

The Clerk announced the following pairs:

Mr. Hébert with Mr. Bell.
Mr. Zeferetti with Mr. Esch.
Mr. Barrett with Mr. Fish.
Mr. O'Neill with Mr. Evins of Tennessee.
Mr. Phillip Burton with Mr. Jones of Tennessee.
Mr. Sikes with Mr. Clancy.
Mr. Biaggi with Mr. Hinshaw.
Mr. Riegle with Mr. Eshleman.
Mr. James V. Stanton with Mr. McKay.
Mr. Staggers with Mr. Morgan.
Mr. Stark with Mr. Metcalfe.
Mr. Sisk with Mr. Johnson of Pennsylvania.
Mr. Flowers with Mr. O'Hara.
Mr. Bowen with Mr. Jacobs.
Mr. AuCoin with Mr. Quillen.
Mr. Baldus with Mr. Charles H. Wilson of California.
Mr. Diggs with Mr. Jeffords.
Mr. Fray with Mr. Ruppe.
Mr. Adams with Mr. Mottl.
Mr. Fraser with Mr. Richmond.
Mr. Early with Mr. Treen.
Mr. Conyers with Mr. Van Deerlin.
Ms. Holtzman with Mr. Railsback.
Mr. Madden with Mr. Udall.
Mrs. Schroeder with Mr. Charles Wilson of Texas.
Mr. Hagedorn with Mr. Hammerschmidt.
Mr. Dingell with Mr. Harrington.

Mr. WAXMAN changed his vote from "nay" to "yea."

Messrs. JOHN L. BURTON, EDWARDS of California, **McCLOSFEY, FORSYTHE, RINALDO,** and **HEINZ** changed their votes from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 57: Page 47, line 19, strike out:

"Sec. 408. No part of the funds appropriated under this Act may be used for noise control research and development, noise abatement or control, or enforcement with respect to noise abatement or control until the Environmental Protection Agency issues national regulatory standards for noise control under the requirements of the Noise Control Act of 1972 (42 U.S.C. 4901 et seq.)."

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Boland moves that the House recede from its disagreement to the amendment of the Senate numbered 57 and concur therein with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "Sec. 408. None of the funds provided by this Act shall be used to deny or fail to act upon, on the basis of noise contours set forth in an Air Installation Compatible Use Zone Map, an otherwise acceptable application for Federal Housing Administration mortgage insurance in connection with construction in an area zoned for residential use in Merced County, California."

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 59: Page 48, line 10, insert: "SEC. 408. No funds appropriated by this Act may be expended—

"(1) pursuant to a certification of an officer or employee of the United States unless—

"(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made, or

"(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

"(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such an audit."

MOTION OFFERED BY MR. BOLAND

Mr. **BOLAND**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 59 and concur therein with an amendment, as follows: Change section number in said amendment from "408" to "409".

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. **BOLAND**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include tables, charts, and other extraneous material on the conference report just agreed to.

The **SPEAKER**. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON BILL MAKING APPROPRIATONS FOR MILITARY CONSTRUCTION, FISCAL YEAR 1976

Mr. **MAHON**. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on the bill making appropriations for military construction for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

Mr. **McEWEN** reserved all points of order on the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Texas?

There was no objection.

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT AMENDMENTS OF 1975—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-273)

The **SPEAKER** laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning without my signature H.R. 4222, the National School Lunch and Child Nutrition Act Amendments of 1975.

If this bill provided food for children truly in need, as I proposed in March, I would give it my wholehearted support and approve it immediately. Children of families living in poverty who need help in raising their level of nutrition should receive that help.

It was with this in mind that I recommended early this year a reform of the Federal Government's existing child feeding programs. My proposal would have provided assistance by the Federal Government for all infants and children from families below the poverty level. It would have halted the steady expansion of Federal child nutrition subsidies to increasing numbers of non-needy children. By so doing, it would have concentrated more funds on feeding needy children, yet saved the taxpayers of this Nation almost $4 billion over the next five years.

I recommended one block grant be made to States to provide them with greater flexibility to tailor food and nutrition programs to their own conditions and preferences. At the same time, States would have been relieved of much administrative and costly redtape. Such an approach would eliminate the wastefulness of present overlapping programs which often subsidize the same meal.

I recognize that H.R. 4222 would enlarge our present efforts to feed the needy children I am concerned about. But it would go far beyond that and greatly expand Federal subsidies to children from families which do not need Federal subsidies.

By extending aid to families not in need, this bill would add $1.2 billion to my budget proposals for the current fiscal year. I cannot accept such fiscal irresponsibility when we face the real danger that the budget deficit could reach $70 billion instead of the already high limit of $60 billion I set earlier this year. As Congress keeps adding to the deficit, Congress adds to inflationary pressures which could push us back into recession.

We should not expand subsidies to families with incomes above the poverty level. I believe the way to help most American families is to take actions to hold down inflation and reduce their tax burdens.

The consolidated food and nutrition program I proposed in March for needy children would have greatly improved our existing programs. The program sent to me by the Congress with disproportionate subsidies for the non-needy is worse than the programs we now have.

I propose to the Congress two choices: (1) Extend our present programs at this time, or (2) reconsider and act favorably on my proposal for needy children.

Either course would be in the best interests of needy children, the Nation's economic health and the taxpaying public.

GERALD R. FORD.

THE WHITE HOUSE, *October 3, 1975.*

The **SPEAKER**. The objections of the President will be spread at large upon the Journal and the message and bill will be printed as a House document.

MOTION OFFERED BY MR. PERKINS

Mr. **PERKINS**. Mr. Speaker, I move that further consideration of the veto message and bill be postponed until Tuesday next, October 7, 1975.

The motion was agreed to.

SUPPLEMENTARY REPORTS EXTENDING PREVIOUSLY REPORTED DEFERRALS OF FUNDS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 94-272)

The **SPEAKER** laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed.

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith transmit ten supplementary reports which extend previously reported deferrals of funds provided by the continuing resolution for fiscal year 1976. Eight of the deferrals are for programs of the Department of Agriculture and two deferrals are for programs in the Department of Health, Education, and Welfare. The supplementary reports reflect an addition of $76.4 million in budget authority deferred when compared with their original reports.

Generally, the Congress considers the funds appropriate to each program only in the regular appropriations bill. The continuing resolution establishes certain categories and sets standard temporary appropriation levels that apply uniformly to the many programs within each of these categories. I am proposing—for the programs included in this message—levels that differ from the general levels allowed in the continuing resolution. The Congress is now in the process of considering, through the regular 1976 appropriations bills, my specific proposals for each of these programs. The deferrals I am reporting preserve the possibility of conducting these programs in 1976 at the levels I have recommended.

The details of each deferral are contained in the attached reports.

GERALD R. FORD.

THE WHITE HOUSE, *October 3, 1975.*

PERSONAL EXPLANATION

Mr. **MIKVA**. Mr. Speaker, I was absent for medical reasons on Wednesday, October 1, 1975, and missed the final vote on the Giaimo amendment on the defense appropriations bill. Had I been present, I would have voted "aye."

EXTENSION AND AMENDMENT OF THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT, AS AMENDED

Mr. **FOLEY**. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8841) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year.

The SPEAKER. The question is on the motion offered by the gentleman from Washington.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8841, with Mr. HUNGATE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday, September 26, 1975, the gentleman from Washington (Mr. FOLEY) had 50 minutes remaining, and the gentleman from Virginia (Mr. WAMPLER) had 60 minutes remaining.

The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on last Friday, when this legislation reached the committee, I made a statement concerning its general purposes and the amendments that were included in the consideration of the bill by the committee, which are now being considered as original amendments.

I placed a statement, an opening statement, with regard to this bill in the CONGRESSIONAL RECORD of last Friday as the concluding business.

Mr. WAMPLER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 8841, the committee bill to extend and amend the law known as FIFRA.

This bill was reported by the Committee on Agriculture by a 37 to 3 vote and it reflects a strong consensus. Thus I hope it will be defended by committee members and that it will remain as intact as possible during the debate to follow.

I personally am disappointed in some provisions of H.R. 8841. I felt for example that the original Poage-Wampler amendment which the gentleman from Texas (Mr. POAGE) and I sponsored in the committee was the strongest and most effective way to bring some badly needed discipline to EPA's relentless effort to shackle our farmers, ranchers, and foresters with unreasonable burdens. Our original amendment which lost in committee by a 23 to 18 vote required the U.S. Department of Agriculture to conur in new regulations issued and in cancellation proceedings executed under FIFRA. The committee changed that key word "concur" to the word "consult." The committee amendment provides for a rather extensive and formalized exchange of views between USDA and EPA, but leaves the final decision with EPA.

Now, while I am disappointed with that result I am not discouraged. The committee's effort to bring some public accountability to EPA's agricultural decisionmaking process will hopefully be helpful. In addition, the amendment of the gentleman from North Carolina (Mr. JONES) to permit farmers to be eligible for an "expedited certification" process is most beneficial. Other amendments by the gentleman from Louisiana (Mr. MOORE) will also help make this bill both workable and sensible.

The amendment of the gentleman from Montana (Mr. MELCHER) rings a bell with farmers and ranchers who cannot use pesticides that foreign producers are permitted to use. I have a great deal of sympathy for this amendment and I supported it in committee, but I think in fairness it should be pointed out that it is strongly opposed by the State Department.

In terms of administration positioning on this bill, the House should know that the EPA opposes the committee bill and is actively lobbying for its defeat.

The Department of Agriculture, on the other hand, generally supports the committee bill, but sides with the State Department in opposing the amendment proposed by the gentleman from Montana (Mr. MELCHER).

To make this clear to all concerned let me read the letter the committee received from the Department of Agriculture, which is printed at page 40 of the committee report:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., September 18, 1975.

Hon. THOMAS S. FOLEY,
Chairman, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for comments relating to a committee amendment in the nature of a substitute to H.R. 8841.

The Department recommends enactment of this substitute to H.R. 8841.

Section 6(b), as amended by committee action, will allow some consideration of the effects on agricultural production of the continuing and expanding constraints on pesticide use. The expertise of this Department will also be utilized in the drafting of proposed regulations. The fact that the Department of Agriculture will comment on the impact of proposed actions and regulations on agricultural production and prices, and hence the problems created for consumers in this country and other nations of the world, will provide an additional needed viewpoint for more effective decisions.

It is the Department's feeling that the committee amendment in the form of this substitute is generally workable except for Section 7, which calls for the inspection of any lot of agricultural commodity or products produced in a country or area which permits the use on such commodity or product of pesticides which the Administrator has refused to register or the registration of which has been suspended or cancelled because of possible health hazards. This will have serious adverse impact on our international trade in agricultural commodities.

Sincerely,

ROBERT W. LONG,
Assistant Secretary.

Mr. Chairman, the committee has worked long and hard on this bill. The gentleman from Washington, our distinguished chairman, has been most patient and most effective in his leadership in putting together a bill that had only three dissenting votes when it left committee. Thus, I repeat, I hope the House will, to the maximum extent possible, stick with the committee bill, and not accept any crippling amendments.

Mr. FOLEY. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I want to say that, as chairman of the committee, I deeply appreciate the cooperation and the diligent work of the gentleman from Virginia (Mr. WAMPLER) who has been most effective in his continued attention to this complex and difficult problem.

However, I would also like to say a word about the original version of the Poage-Wampler amendment on which my distinguished friend, the ranking minority member, spoke.

Clearly there was very strong support in the Committee on Agriculture for the original version of the Poage-Wampler amendment. Two distinguished members of the committee, including the present vice chairman and the ranking minority member, had offered an amendment which would have required the concurrence of the Secretary of Agriculture in any action by the EPA with respect to pesticides or pesticide regulations. On somewhat further reflection, however, it appeared to a majority of committee members that giving one agency or department an absolute veto power over the actions of another might lead to the situation in which either could veto but neither could decide. Rather than report legislation that might lead to a situation where an issue requiring resolution could not be decided, as would have been the case with the original version of the Poage-Wampler amendment, and rather than face a probable and perhaps very clear rejection by the House, it was decided by a majority of the committee to accept an amendment by the gentleman from Pennsylvania (Mr. VIGORITO) requiring, as the gentleman from Virginia has said, that no regulation or action to begin cancellation or change registration with respect to pesticides could be taken by EPA without first notifying, both the Secretary of Agriculture and an independent panel of scientific personnel 60 days in advance. This would afford them the opportunity to comment on these proposed actions, should they so desire. All comments received by the administrator of the EPA would then be published in the Federal Register along with the notice of EPA actions.

I think it would be neither unrealistic nor improper to view this as equivalent to requiring an agricultural and scientific impact statement on the proposed actions of EPA. EPA retains the authority to make decisions and to publish regulations, but it cannot do so without first offering the opportunity to the Secretary of Agriculture and an independent panel of scientists, 7 of which are chosen by the Administrator from 12 names, 6 of which are nominated by the National Science Foundation, and 6 by the National Institutes of Health.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FOLEY. Mr. Chairman, I yield myself 2 additional minutes.

The committee's final judgment was that this was a provision which, in our judgment, a strong majority of this House could accept, could become part of the law, and could go a long way to assure the American people that any actions or regulations proposed by the EPA were given careful consideration by both the Department of Agriculture and an independent scientific panel, and, further, that any decision made against their advice would be clearly delineated and brought before the Congress and the American people.

Mr. Chairman, I want to say that the gentleman from Texas (Mr. Poage) favored, and still favors, the original version of his amendment. His reluctant support for the Vigorito amendment was based on his judgment of what was possible to write into this bill to provide an effective limitation to EPA action without simply leading to a rejection of the entire legislation, which, as a consequence, would accomplish nothing. Legislation must lead to some consensus.

I might also note that the Secretary of Agriculture himself, appearing 3 weeks ago before the Committee on Agriculture, was asked what he thought of one agency's having a veto power over the actions of another, specifically in terms of the original version of the Poage-Wampler amendment. He indicated that, as a principle of sound administration, he could approve of a situation in which one agency held veto power over the actions or decisions of another.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York (Mr. Peyser).

Mr. PEYSER. Mr. Chairman, once again I want to compliment the chairman of the committee and the minority leader of the committee for their fairness in listening to and in dealing with the many problems that have been presented on this particular piece of legislation. I am taking just 5 minutes because I think that in the interest of moving this bill along, and in getting into the amendment stage of this bill which is where the major battles will be fought, we can make some progress and hopefully get a bill that will be reported out and moved on sometime, if not today, early next week, because there certainly is the opportunity of talking for hours on this legislation.

The one thought I would like the membership to think on now is that this is not a battle with the EPA, and do not view this in the sense that some of us have some real firm arguments against the EPA. I am very unhappy with EPA's handling of environmental impact statements and the effect it has on construction and on many other projects. I think these programs have got to be improved and much has to be done in making the EPA responsive in these areas.

But we are dealing with the question here really of public health and the ability of an agency that the Congress created to effectively move and act in a way that will protect the public, and that is one of the prime purposes of the agency. This bill that we now have before us, while I obviously feel it is better than the bill that would have been presented with the so-called Poage-Wampler amendment—which I thought would have been in effect the death of the whole EPA organization—still very much weakens the very basic concepts of the EPA in this area.

I will just tick off a few of these items. On the question of self-certification to administer these pesticides, I think we might comparably say let us start having self-certification for automobile driving licenses. All one would do is fill in the application and sign it and then drive one's car. I think the accident rate in this country would be pretty terrible. It is bad enough with the examinations and tests we have.

Then we have the Fithian amendment which is no more than a roadblock because, when we look at the people used by the EPA to study each one of these decisions, we find they are leading scientists and medical people from all over the country who are involved in this process the EPA goes through before they reach a determination affecting one of these pesticides. But now it is suggested we have another board of scientists to review the scientists that have presumably reviewed what this is all about. This is just another way of knocking down the ability of the EPA to act.

On the question of the consultation with the Agriculture Committees of the Congress, of course I think we ought to continually know what is happening and be well aware of it, but not to the degree where it is going to stop the actions of the agency that is legitimately acting within the scope Congress gave it.

So it does not make sense to me to throw in a whole series of roadblocks in the endeavor to stop something from happening. I think there are 1,200, which is the figure I have, active ingredients now registered with EPA, and of these there have been actions taken against only 8 of them, and of the 8 only 3 have been banned, and they are DDT, aldrin, and dieldrin. So it is not as if EPA is running wild and taking actions and stopping uses of pesticides all over the country. They have been extremely careful.

At the proper time my friend, the gentleman from California (Mr. Brown), and I will offer a substitute for this bill which will basically be an extension and also will represent a reduction in the amount of money that will be needed. It is my hope we will give good consideration to that amendment at that time.

Mr. FOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Brown).

Mr. BROWN of California. Mr. Chairman, I want to express my appreciation to the chairman of the full committee for yielding me this time in order to help present the picture which exists with respect to this legislation.

I want first of all to concur in many of the remarks made previously by the distinguished chairman of the committee and the ranking minority member of the committee and the preceding speaker in the well. The Committee on Agriculture has undertaken the difficult problem of revising this FIFRA Act in such a way as to enable the agency to continue with the necessary and constructive program which it has been following since it was created in 1970 by Executive order of President Nixon.

There are obviously within the committee some sharp differences of opinion. The committee basically tends to have an orientation which is sympathetic to agriculture, which I think is understandable and desirable. It reflects in many of its considerations the views of the various interested groups within the agricultural community, many of which have not been highly favorable to the EPA's administration of this act.

It was my hope when we began committee discussion on this legislation that I would be able to participate in drafting a constructive compromise which I could support. I think the Agriculture Committee moved a long way toward the drafting of such a constructive compromise. I think the distinguished vice chairman, the former chairman of the committee, the gentleman from Texas (Mr. Poage), compromised his own principles to a considerable extent in an effort to achieve this kind of compromise.

However, I think the basic attitude of many members of the committee is represented by the statement which was made by the gentleman from Virginia (Mr. Wampler) who used the language that "EPA has engaged in a relentless effort to shackle American agriculture."

Now, I do not happen to feel that EPA has been quite that relentless, and that it has been motivated by the obvious desire, concurred in by the present administration, and by the Congress, not to shackle American agriculture, but to protect the health of the American people.

I do not feel that the final product of this committee yet reflects that attitude; that we have a piece of legislation here which is important, because it protects the health of the American people. We have, instead, still a tendency to look upon this legislation as, at best, a necessary evil which puts unnecessary shackles on American agriculture.

I commend the compromise which was presented and adopted in the committee as a substitute to the original Poage-Wampler amendment. It did remove some of the less desirable aspects of that amendment; but what has actually happened is that recognition was given to the fact that probably that amendment would not pass the House and, instead, a more sophisticated, a more refined effort was made which, in effect, is aimed not at shackling American agriculture, but at shackling the EPA. This, in my opinion, is an undesirable situation for us to have.

Now, the EPA, as I am sure everyone on this floor would admit, is far from perfect; but the EPA is not the ogre that has been presented by some. EPA has proven itself to be, in my opinion, extremely flexible.

I am reminded of the quotation frequently attributed to a distinguished former colleague in the Senate who used to say, "I am a man of great principle; my first principle is flexibility."

I think the EPA's first principle is flexibility. We have only to take a look at some of the things they have done as a result of the hearings on this bill to see how flexible they are.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. FOLEY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. BROWN of California. Mr. Chairman, the Agricultural Committee hearings have been constructive. They have been an excellent example of the oversight function of the committee. We have had the EPA and the agriculture people up here. Every member of the committee has had an opportunity to complain about what they thought was wrong about what was going on.

I would like at the proper time to put in the record a letter from Russell Train of the EPA, indicating the success of this oversight activity. He lists, in about two pages, major changes that the EPA has made in reaction to these hearings on this bill, including several things which were brought to his attention rather forcefully, I might say, by the distinguished vice chairman of the committee, the gentleman from Texas, having to do with the fight about using cyanide for predator control. They have made some moves with regard to the use of Mirex in the fire ant eradication program. They have taken a number of other steps which will be reflected in the letter I will put in the Record indicating their desire to be flexible in cooperation with the committee.

So what have we done? We have brought out a bill here, as I said, that makes an effort to shackle the work of the EPA.

Despite the protestations of every Member of this House that we want a simple, economical administration, we have put into this bill the most complicated system of mandatory consultation at every step of the regulatory process that can be imagined, which will add immeasurably to both the time and the cost of the EPA's regulatory activities.

That, of course, was the purpose of putting it in the bill. I do not think that is a desirable way to legislate, particularly by Members of this body who claim to be interested in economy and efficiency in government. At the same time, they are going to defend another part of the bill, providing for self-certification of pesticide applicators, on the grounds that it is economic and efficient.

It is economic if the applicant can just come in and say, "Yes, I can apply this poison without endangering anybody," without requiring any training or test of his statement. That is efficient and economic, but it may endanger the health of the American people, and it is the purpose of this legislation to prevent that.

So, it is my feeling that we have gone too far in this bill. I am going to offer, as the distinguished gentleman from New York (Mr. Peyser) indicated, on his behalf and mine, a simple one-year extension, which is what the administration requested when they sent this legislation up. I do not like to be considered as a spokesman of the administration, but in this case I think they are probably on the right track. I hope very much that the Members of this body will support this extension when I offer it as a substitute.

The letter by Russell Train follows:

U.S. Environmental
Protection Agency,
Washington, D.C., September 10, 1975.

Hon. Thomas S. Foley,
House of Representatives,
Washington, D.C.

Dear Mr. Foley: In recent weeks I have listened to many of those affected by the implementation of FIFRA. Your Committee hearings have provided a helpful forum in which many concerns have been expressed both from those who use pesticides and from those who feel threatened by their use. While it is not possible to accommodate all suggestions, I have taken a series of actions to provide greater access to and participation in Agency decision making by all interested people, particularly the agricultural community, and I believe we have made progress in resolving many of the complex issues which have been raised.

1. I have established a Pesticide Policy Advisory Committee to provide a structured means for the consideration of views from the general public, farm organizations, the pesticide industry environmental groups, health officials and the States. I would greatly appreciate any recommendations for membership on the Committee which you might care to make.

2. I have formed an EPA Task Force to evaluate EPA's pesticide decision making processes and make recommendations to me.

3. I have directed the Deputy Assistant Administrator of Pesticides Programs, Ed Johnson, to report directly to me for a temporary period to ensure that pesticide issues receive my direct attention.

4. I have met with representatives of the National Association of State Departments of Agriculture and the American Association of Pesticide Control Officials and discussed their concerns for the implementation of the Act. Additional meetings with these and other interested groups are scheduled in the near future.

5. I have instructed EPA's Regional Administrators to seek closer cooperation with State agricultural officials. Most farmer certification issues, including those involving Georgia and Minnesota, have been resolved.

6. I have initiated EPA action to reconsider the registration of sodium cyanide for predator control.

7. I have directed the Pesticide Program to assess alternatives for control of the imported fire ant. An experimental contract has been signed by EPA and Mississippi and is now awaiting signature by USDA.

8. I have formulated EPA policy to permit issuance of experimental use permits to gather new data on canceled registrations under appropriate circumstances.

9. I have directed action to clarify certain practical problems associated with "use inconsistent with the label."

10. As a result of a recent meeting, a Committee of State officials to work with us in implementing FIFRA is fully operational.

While I recognize that these actions do not solve all of the concerns which have been raised, they should provide for significant improvement in EPA's communications with interested groups. I am confident that a fair reading of these actions will demonstrate that EPA is firmly committed to conducting this program in an even-handed manner. Provisions already in the law encourage full cooperation between the U.S. Department of Agriculture and EPA. For my part, I will renew EPA efforts to further improve this cooperative relationship.

Having followed closely the actions of the Committee in recent weeks, I am concerned that continued opportunity for balanced pesticide regulation may be jeopardized by a profusion of diverse legislative changes. FIFRA is a good statute which provides a reasonable framework for pesticide regulation. Consultation with interested groups through the mechanisms I have established and continued Congressional oversight provide the greatest opportunity for sound administration. Accordingly, I support extension of FIFRA authorizations without further amendment; I continue to oppose limiting the effectiveness of applicator certification.

I firmly believe that environmental quality and agricultural production are compatible goals for our society. These goals are foremost in my mind as the Agency proceeds with FIFRA implementation.

Sincerely yours,

Russell E. Train.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Florida (Mr. Kelly).

Mr. KELLY. Mr. Chairman, my colleagues, I think we have a golden opportunity to pass up a chance to do so many good things for the American people. One of the good things that we have done for them in the recent past is to double their utility bills. We have given them the catalytic converter, the interlocking ignition system and a few of these other good things, and I think they are crying out now for Congress to quit doing them so many favors.

Really, when we get right down to it, that is what this is about. In dealing with a horse, first one has to determine what kind of a horse this is. EPA is the kind of a horse that is geared to gallop in one direction, and it is going to take us too far in the wrong direction. What this discussion and debate is about today is whether or not we are going to moderate the distance we gallop and to try not to do what is reasonably intelligent for the American public in the real world.

In the real world—I do not know how it is with other Members, but down in the district I represent people breathe and they eat. If they do not have this dual problem in any Member's district, then he would not be attuned to these remarks, but the people down there are paying horrendous utility bills because they cannot use a substitute for imported oil because of EPA considerations.

We are getting ready to turn over the production of food to people who are not geared for the production of food. They are geared to gallop in one direction, and that is to give America clean air whether we starve to death or not.

I would like to take this opportunity to disagree with the revered chairman of the Committee on Agriculture. His suggestion was that the committee changed its consensus with regard to the Poage-Wampler amendment because they were concerned about the administrative excellence of having a dual control. The way I read that committee, it was simply that they did not think, as a practical political consideration, that they could get the job done in this Congress, because this Congress is geared to do more favors for the American public and to take this galloping horse too far in the wrong direction, and there would be nothing they could do about it except perhaps stand on the sidelines and say "Whoa."

So, what they are trying to do with this system is to try to give the Department of Agriculture the statutory authority to say "Whoa."

What is really needed is to have a balance between the considerations of producing food and protecting the environment. I think in each one of these instances we should consider that we are going to be killing a lot of small farmers if we start to interfere with their ability to produce, because the small farmer is a marginal operator, and they are the ones who can go broke in droves. All we have to do is upset the financial environment and he will die. So this has to be a consideration.

I hear so much in these Chambers

about the little guy and about how we have to protect the small businessman. This is an opportunity to do that, because most of the farmers in this country are small farmers, and these are the people who should be considered at this time.

Mr. FOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Vigorito).

Mr. VIGORITO. Mr. Chairman, H.R. 8841, as reported by committee, is a measure that was worked out through lengthy and often difficult consideration by the Committee on Agriculture.

It is of course not a perfect bill, but I am convinced that this bill is workable, and that it achieves a reasonable consensus on the various concerns that had to be balanced to produce any bill at all.

During consideration of the bill in committee, the primary controversy revolved around the proper input of the Secretary of Agriculture in Environmental Protection Agency decisions on rulemaking under FIFRA and on the cancellation and classification of pesticides for agricultural uses.

The committee considered, at great length, a proposed amendment which would have required the concurrence of the Secretary of Agriculture for each major decision made by the Administrator of the Environmental Protection Agency involving new regulations or the reclassification or cancellation of a pesticide.

The committee rejected that proposal, which would have given the Secretary of Agriculture in effect a veto power, and instead adopted an alternate provision to assure that the recommendations of the Secretary of Agriculture are given careful consideration by the Environmental Protection Agency in making major decisions.

It is crucial, in my estimation, that under the committee bill the Administrator of the Environmental Protection Agency retains the final decisionmaking authority. The bill, in my view, strikes the proper balance, because it assures that attention will be given to legitimate concerns about food production but at the same time does not hamstring the Environmental Protection Agency's final authority by fragmenting authority to make decisions between the Environmental Protection Agency Administrator and the Secretary of Agriculture.

It is true that the Secretary of Agriculture currently gets an opportunity to comment, in many cases, on impending decisions by the Environmental Protection Agency that importantly affect agricultural production. Under guidelines promulgated by the Office of Management and Budget, the agencies and departments that are affected by Environmental Protection Agency decisions are supposed to be given an opportunity to comment prior to finalization of such decisions.

However, there is no assurance that this informal OMB process will not be short-circuited in some cases, and in particular that the Secretary of Agriculture will have ample time to prepare a thorough comment. By incorporating this informal procedure into statutory law, H.R. 8841 will guard against such eventualities. This should not cause additional delay, to the extent that the process already works on an informal basis.

Furthermore, the language of H.R. 8841 makes sure that any input by the Secretary of Agriculture under the prior-notification procedure will take place through an open process. The fact that the Agriculture Secretary's comments, and the Environmental Protection Agency's response, will both be published in the Federal Register means that they are spelled out for public scrutiny.

Mr. Chairman, I urge my colleagues to support H.R. 8841, without any amendments that would undo the basic consensus that, I think, is made possible by the legislative package that has been put together by the Committee on Agriculture.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Idaho (Mr. Symms).

Mr. SYMMS. Mr. Chairman, when we go back into the full House today I will ask permission at that time to include some extraneous material immediately following my remarks.

Mr. Chairman, I was one of those in the Committee on Agriculture who was in strong support of the Poage-Wampler amendment, and I think the Poage-Wampler amendment is still what is needed for this legislaiton to really do any good. This is a watered-down piece of legislation that only gives the Department of Agriculture the ability to consult on decisions that are made by the Environmental Protection Agency, and not consent. The USDA will have no authority, no power, will do anything to change some of the lunacy that we have seen coming out of the Environmental Protection Agency for the past two years.

Mr. Chairman, we have had a lot of things happen. I say that good environment is fine, but good environment starts with bread and butter on the table and a warm place to eat and to sleep.

The Environmental Protection Agency has come to the point where I say they are no longer conservationists, they are no longer environmentalists, but they are obstructionists.

We have people dying of encephalitis, we have malaria outbreaks, we have the tussock moths eating up the forests. We have the tussock moths in eastern Oregon and western Idaho, thanks to the EPA. And they talk about one can get clearance to spray for health and safety.

If we go and ask the people who have had relatives die from encephalitis, they will say, "Where were these people spraying with the DDT?"

Today I am going to offer the so-called Poage-Wampler amendment, with the cosponsorship of the gentleman from Florida (Mr. Kelly), and I hope the members of the committee will consider it.

Mr. Chairman, the EPA has made many, many charges in this past year, and I would just say that, for anybody who has not seen a fire ant sting, we have fire ants now growing rapidly across the United States; and for any of the Members who are interested, I will keep this picture at the table back here, and the Members can see what happens when one is stung by a fire ant.

The EPA has the products that are needed to control fire ants, and they are spreading throughout the Southern part of this country.

This does not mean to say that everyone in EPA needs to have their wrists slapped, but I think certainly the administrator at EPA has proceeded on the wrong basis and their decisions have been based purely on politics and emotion and not on scientific fact and input as to what is going on. This can be backed up by scientific knowledge, and for the record, I want to present just a few examples.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. Symms) has expired.

Mr. WAMPLER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Idaho (Mr. Symms).

Mr. SYMMS. Mr. Chairman, I will include at this point the release of the Environmental News dated July 30, 1975, as follows:

[From the Environmental News, July 30, 1975]

Train Stops Manufacture of Heptachlor/Chlordane, Cites Imminent Cancer Risk

Citing an imminent human cancer hazard, Environmental Protection Agency Administrator Russell E. Train today ordered an end to the manufacture of the pesticides heptachlor and chlordane for most household and agricultural uses.

Heptachlor and chlordane are now in widespread use for home, lawn and garden pest control. Their major agricultural use is on corn crops. Today's decision would allow continued production for termite control by ground insertion and the dipping of roots and tops of non-food plants.

Train said that since his cancellation notice on November 18, 1974, which questioned the safety of heptachlor and chlordane and set in motion extensive public hearings on the issue, new evidence has been received "which confirms and heightens the human cancer hazard posed by these pesticides."

"I have found that these compounds cause cancer in laboratory animals and that laboratory tests are reliable indications of the human cancer hazard," Train said. "In addition, although any single component of human exposure—such as intake through poultry—may not appear to be significant, it alone poses a cancer hazard to certain of the more susceptible individuals and together with the several other components of human exposure presents a serious human cancer threat. This threat is made even more alarming by evidence that human exposure begins in the mother's womb and continues without interruption throughout life. In addition, because these chemicals are ubiquitous, the major sources of human exposure are largely unavoidable by individual action."

Train cited new cancer evidence including:

New human tissue studies have been concluded which found heptachlor epoxide in 97.71 percent and oxychlordane in 98.35 percent of the people sampled.

New evidence from 1973 test animal feeding studies and pathological analysis recently received showing that the chemicals caused significant numbers of cancers in test animals.

Additional expert pathological reviews of 1959 and 1965 test animal feedings studies which strengthen previous findings of carcinogenicity.

More than 38 million pounds of heptachlor and chlordane are likely to be released into the environment during the estimated 18 months it may take to complete the cancellation hearings now underway.

Train's "notice of intent to suspend" issued today will stop the manufacture and sale of these chemicals almost immediately, unless an expedited hearing is requested by manufacturers or formulaters of the product. Velsicol Chemical Corp. is the sole U.S. manufacturer of the active ingredients. There are several hundred "formulaters" who formulate, package and sell these chemicals for various purposes under various brand names.

The suspension hearings, if requested within 5 days from the date affected registrants receive the suspension notice, is limited by regulation to 40 hearings days in duration. The Administrator may grant an extra 10 days if necessary. The hearing examiner's recommendations are due within the 10 days following completion of the hearings, and the Administrator's final decision is required to follow within 7 days. This means the entire suspension process could be completed by the end of this year.

Train pointed out that a number of other pesticides registered with EPA can be substituted for the same general uses as heptachlor and chlordane. (Complete list available)

Train listed eight findings which led to his decision to suspend:

Virtually every person in the United States has residues of heptachlor epoxide and oxychlordane—the principal metabolites of heptachlor and chlordane—in his body tissues.

Data from human stillborn monitoring studies show that heptachlor epoxide crosses the placental barrier and enters the human fetus.

Human mothers' milk sampled during 1975 contains quantifiable residues of heptachlor epoxide and oxychlordane.

The Food and Drug Administration's market basket survey, for the most recent reporting period of FY 1974, reports measurable amounts of heptachlor, heptachlor epoxide or chlordane found in composite samples of 73 percent of all dairy products and 77 percent of all meat, fish, and poultry samples.

More than 7,500,000 pounds of the active ingredient chlordane were used for home, lawn and garden purposes in 1974. Many of these applications are carried out by individual homeowners who may expose themselves, their family members and their neighbors by direct contact with the skin, by inhalation, by contamination of clothing and by ingestion.

Heptachlor and chlordane have been shown to be carcinogenic in mouse and rat experiments.

More than 38 million pounds of heptachlor and chlordane would be released into the environment during the next 18 months required for the ongoing cancellation proceedings.

Over 70 percent of the agricultural use of these chemicals is on corn crops. According to the USDA, the maximum estimated loss to corn production from cancellation of heptachlor/chlordane and aldrin/dieldrin, taking into account numerous registered alternative pesticides, would be only 0.4 percent of the nation's 1973 total corn production. The USDA forecast of a bumper corn crop for 1975 demonstrates that even for the current crop year total losses would not exceed approximately 0.4 percent. In addition, Train said, "Although we are also sensitive to the needs of homeowners who use chlordane, there is a wide selection of registered alternative pesticides to replace the numerous uses in and around the home."

Train said continued use of stocks of EPA registered pesticides containing heptachlor or chlordane, formulated prior to today's decision, will be permitted. He said existing stocks should be relatively small and could not be realistically retrieved.

Mr. Chairman, following is the fact sheet and information concerning the EPA news release, which I include at this point:

FACT SHEET

Concerning EPA News Release on its action to suspend heptachlor and chlordane.

Introduction: The First Amendment to the Constitution of the United States guarantees freedom of the press and the people's right to know. Our nation recently has witnessed how these rights can be subverted by some government officials and manipulated to serve their own interests.

Your attention is called to certain statements and half-truths in the EPA Environmental News Release which are cross-referenced by number to the actual facts.

EPA release statement No. 1: Release time and date: *For release after 11:00 A.M., Wednesday, July 30, 1975*

Fact: The EPA deliberately broke its own release date and leaked the story of its intended action on Tuesday, July 29, to other government agencies and an environmentalist group seeking the ban of heptachlor and chlordane. The Environmental Defense Fund, Inc. then leaked the story to United Press International. At 3 p.m. (CDT) Tuesday, July 29, Velsicol Chemical Corporation, manufacturer of the two pesticides, received a telephone call from a Wall Street Journal reporter who revealed that the EPA action against the company was to be announced at a press conference on the following day. The company had not been notified about the action by the EPA either personally, by telephone or letter prior to the 11:00 a.m. release date.

The Midwest Edition of the Wall Street Journal, which has an 8 p.m. news deadline, carried the EPA story in its July 30 issue, available on newsstands at 6 a.m. In other words, the Wall Street Journal had the story 19 hours before the release date.

The story also broke on several Chicago radio and television stations at 6 p.m. (CDT) Tuesday, July 29.

EPA release statement No. 2: Headline: "Train Stops Manufacture of Heptachlor/Chlordane, Cites Imminent Cancer Risk."

Fact: The EPA Administrator did not stop the manufacture of heptachlor or chlordane, as the headline states, nor did he "order an end to the manufacture" as is stated in the lead paragraph. He announced a notice of intent to suspend. However, the specific action is not stated in the headline or the lead paragraph, but is buried in the middle of page 2, in the news release. As the administrator explains on page 2, paragraph 5, he is not empowered to stop the manufacture and sale of these pesticides under the "notice of intent to suspend," unless the manufacturer chooses not to file a request for a suspension hearing. This type of news presentation by the EPA can only be construed as a deliberate propaganda technique designed to mislead and to manipulate both the news media and public opinion. As a federal regulatory agency, the EPA's obligation to the public and the news media is to present facts.

EPA release statement 3: Headline: "Cites Imminent Cancer Risk."

Fact: Not only is the agency using scare tactics in the headline to incite the public, but it implies that there is a direct correlation between heptachlor/chlordane and cancer in humans. The release does not, however, attempt to substantiate this allegation until the middle of page 3. Why? Is the cancer risk less clearcut than the headline implies?

Actually, this allegation is based on the agency's own interpretation of the results of laboratory tests on mice. Other scientific authorities do not consider mouse tests as conclusive evidence of cancer. Velsicol had requested the agency to submit the laboratory tests to the National Academy of Science, Scientific Advisory Committee—as the law allows—but these requests were denied. In filing its "notice of intent to suspend," the EPA has blocked this legal option. In claiming that the two pesticides present an "imminent cancer risk," and in its manner of presentation of the information relating to its "notice of intent to suspend," the EPA has again resorted to propaganda technique to serve its own interests and not the public welfare.

EPA release statement No. 4: Page 1, Paragraph 3: "new evidence has been received 'which confirms and heightens the human cancer hazard posed by these pesticides'."

Fact: While the EPA Administrator refers to "new evidence" he does not explain this new evidence in the paragraph which follows. Instead, the entire paragraph is devoted to his prejudgment of laboratory findings. The "new evidence" does not appear until near the top of Page 2. Since the new evidence is the basis for his action against the manufacturer of the two pesticides, why is the fact that there is new evidence buried in paragraph 3 of page 1 and the new evidence itself buried on page 2? This can only be construed as an attempt to obscure this information and to mislead the media and the public.

EPA release statement No. 5: Page 2, first citation of evidence in paragraph 1: "New human tissue studies have been concluded which found heptachlor epoxide in 97.1 percent and oxychlordane in 98.35 percent of the people sampled."

Fact: If new human tissue studies have been concluded, Velsicol Chemical Corporation has not been apprised of these results. The percentages shown in this paragraph are the same as those which the EPA found in its 1973 human adipose tissue determinations which, the Administrator states in his full "notice of intent" that accompanied the news release, confirmed the residues discovered in prior years samplings. Why, then does he infer that these are "new" studies rather than his own reevaluation of old studies?

EPA release statement No. 6: Page 2, second citation of evidence in paragraph 1: "New evidence from 1973 test animal feedings studies and pathological analysis recently received showing that the chemicals caused significant numbers of cancers in test animals."

Fact: This point is a reference to test animal feeding studies conducted by pathologists consulted by Velsicol who then submitted the tests and results to the EPA. In the full text of the Administrator's notice of intent to suspend, he reports, "The heptachlor study reported a statistically significant increase of hyperplastic nodules in exposed animals with relatively few carcinomas." Then he continues, "This result is itself indicative of carcinogenic action." He does not, however, explain that hyperblastosis is an overgrowth of some specific tissue, which some scientists believe reverses itself naturally in the human body. Nor does he explain what "statistically significant" means in relation to these test results. Here, again, propaganda techniques have been used to reveal only that part of the information which serves the agency's own purposes, rather than to inform the public on the full facts.

EPA release statement No. 7: Page 2, third citation of new evidence in paragraph 1: "Additional expert pathological reviews of 1959 and 1965 test animal feeding studies which strengthen previous findings of carcinogenicity."

Fact: There was no previous finding of carcinogenicity in the 1959 and 1965 studies. The additional expert pathological reviews referred to here were performed by consultants retained by the EPA and represent their new interpretation of these old tests. Since the EPA has ignored Velsicol's requests for an unbiased scientific review and has blocked the manufacturer's legal option to such a review by filing a notice of intent to suspend, the presentation of this information again can be construed to be a propaganda technique to serve the administrator's own ends and to mislead the media and the public.

EPA release statement No. 8: Page 2, fourth citation of new evidence in paragraph 1: "More than 38 million pounds of heptachlor and chlordane are likely to be released into the environment during the estimated 18 months it may take to complete the cancellation hearings now UNDERWAY."

Fact: Heptachlor and chlordane are not *released* into the environment. They are, with few exceptions, applied to soil where they remain immobile. In addition to citing this information as new evidence, another reference to 38 million pounds of the two pesticides being released into the environment is made on page 3, midway down the page, as the seventh of the administrator's eight findings which led to his decision. Again, the words "released into the environment" are used. This repetition implies that these pesticides are widely dispersed in the air.

EPA release statement No. 9: Bottom of page 2—"Train listed eight findings which led to his decision to suspend:" and top of page 3, "—Virtually every person in the United States has residues of heptachlor epoxide and oxychlordane—the principal metabolites of heptachlor and chlordane—in his body tissues."

Fact: The only publication of this kind of data by the EPA to the scientific community is the publication of 27 samples. No other investigations of human tissue finding oxychlordane, for example, have been reported by the agency. This hardly substantiates the EPA's statement that virtually every person in the United States has residues of heptachlor epoxide and oxychlordane in his body tissues.

The concentrations of heptachlor epoxide found in the people sampled were in trace amounts. However, the EPA refuses to recognize a no-effect level for carcinogens, although no-effect levels are used as the basis of determining the toxicologies of all drugs and chemicals by the EPA and other federal regulatory agencies for registration.

EPA release statement No. 10: Page 3, second finding: "Data from human stillborn monitoring studies show that heptachlor epoxide crosses the placental barrier and enters the human fetus."

Fact: This statement is taken out of context and used to imply some dire effect. However, on page 13 of the EPA's "notice to suspend," the EPA data shows that residue was found in 90% of the 30 babies sampled in amounts ranging from 0.0002 to .00043 ppm. These are the tiniest traces and there is no evidence that these have any physiological effect.

EPA release statement No. 11: Page 3, third finding: "Human mothers" milk sampled during 1975 contains quantifiable residues of heptachlor epoxide and oxychlordane."

Fact: Again, the EPA uses propaganda techniques to arouse public emotion. On page 13 of the EPA notice, the agency shows only the percentages of residue found in sampled mothers. However, no data is presented on the number of mothers sampled or what constitutes quantifiable residues to provide the media and public a factual basis for evaluation.

EPA release statement No. 12: Page 3, fourth finding: "The Food and Drug Administration's market basket survey, for the most recent reporting period of FY 1974, reports measurable amounts of heptachlor epoxide or chlordane found in composite samples of 73 percent of all dairy products and 77 percent of all meat, fish and poultry samples."

Fact: Neither the news release nor the notice defines what a composite sample is, what the measurable amounts are, or what specific food products were sampled. Measurable could mean a no-effect level. Again, only half of the information needed on which to understand or interpret this finding is presented to the media and the public.

EPA release statement No. 13: Page 3, fifth finding, "More than 7,500,000 pounds of the active ingredient chlordane were used for home, lawn and garden purposes in 1974. Many of these applications are carried out by individual homeowners who may expose themselves, their family members and their neighbors by direct contact with the skin, by inhalation, by contamination of clothing, and by ingestion."

Fact: In citing the quantity of usage of these pesticides by homeowners, the EPA does not also explain that these pesticides are applied to the ground and are not sprayed into the atmosphere, nor that in accordance with EPA regulations, the product labels clearly state the method of application. The omission of this information can be construed as a scare tactic.

EPA release statement No. 14: Page 3, sixth finding: "Heptachlor and chlordane have been shown to be carcinogenic in mouse and rat experiments."

Fact: All that these experiments show is that mice and rats have been exposed, without interruption, to very high levels of these pesticides over their lifetimes—which would never occur in humans. There is still considerable scientific controversy over whether those experiments prove carcinogenicity, especially at levels that humans are not likely to be exposed. Even a poll of the EPA scientists who conducted the tests would reveal disagreement on the interpretations.

However, if this information was as clear-cut and the cancer risk as imminent as the headline and the lead paragraph imply, why is this information on page 3?

EPA release statement No. 15: Page 3, eighth finding: "Over 70 percent of the agricultural use of these chemicals is on corn crops. According to the USDA, the maximum estimated loss to corn production from cancellation of heptachlor/chlordane and aldrin/dieldrin, taking into account numerous registered alternative pesticides, would be only 0.4 percent of the nation's 1973 total corn production. The USDA forecast of the bumper crop for 1975 demonstrates that even for the current crop year, total losses would not exceed approximately 0.4 percent".

Fact: The EPA minimizes the estimated loss to corn production as merely 0.4 percent of the nation's 1973 total corn production. This 0.4 percent represents a loss of 1.2 billion pounds of corn that would have been available for feeding domestic livestock in 1974, and takes into account the estimated 1.5 million acres of corn that were devastated because pesticides were not available to control cutworm and wireworm infestation.

Mr. Chairman, we have had a food stamp program on the hoof out West for coyotes in west Texas, in the district of the former chairman of the Committee on Agriculture, in my district and in other districts. In effect, we have provided out there, food stamps on the hoof for the coyotes. The Environmental Protection Agency has banned the use of 10-80 and all the cyanide guns. The EPA has started to give a little bit on that one point, and I commend them for that.

I believe the basic problem with the Environmental Protection Agency is that they do not see emergencies in advance. By the time an emergency gets here, it is too late. Any of us who have worked in the field of agriculture know this is true. It is necessary that we spray before the coddling moth stings the apple, not afterward.

Mr. Chairman, 25 years ago, when any of us would go to the store and buy a peach and eat the peach, we would always look for the worm in that peach. That is just the way life was. That is not the case today. We now have good insecticides and we can provide good, clean food. As a result, we have the best standard of living and the best food of any place in the world, but the Environmental Protection Agency is now becoming an obstructionist roadblock to us in continuing this effort.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Georgia.

Mr. MATHIS. Mr. Chairman, I thank the gentleman for yielding.

I find myself agreeing with much of what the gentleman has said.

I would simply like to state that perhaps the gentleman is correct when he was talking about worms in apples, but then he spoke about worms in peaches. I wish the gentleman would refrain from that and just leave peaches out of this discussion.

Mr. SYMMS. Mr. Chairman, it is the same situation with respect to apples. I am sure the gentleman from Georgia would agree it is the same situation with all fruit. We do need agricultural advice as to these matters.

The bill as it is presently written does nothing to allow the agricultural experts to have anything to say about this. They can consult, but they do not have the veto power that is necessary to knock some sense into this agency downtown.

Believe me, we have not by accident had the best place in the world to live. It has not just been an accident that we have had the best and the cleanest food for our own people and enough to produce to export to foreign countries. Without modern technological advances and without insecticides and commercial fertilizers one-third of the people in this country would be hungry, as well as many of the rest of the people in the world.

Mr. POAGE. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. McHugh).

Mr. McHUGH. Mr. Chairman, as has been pointed out before, we spent an extensive amount of time on this bill in hearings before the Agriculture Committee.

During the hearings very strong feelings were expressed on the part of many Members about this particular law and especially about the administration of the law by EPA.

I am one of those who believe that reasonable compromises, by and large, were worked out. In this connection, I also want to commend the distinguished chairman of the committee, the ranking minority member, and also our vice chairman, the gentleman from Texas (Mr. Poage), who contributed greatly to working out some of these very difficult questions.

In my view, however, there is one section of this bill which remains unacceptable, and that is section 5, which deals with what we call "self-certification." Section 5 would enable any individual to determine himself, competent to use a hazardous pesticide by simply signing a form stating that he is competent.

I think that this section underlines what was the basic intent of Congress in 1972. In that year Congress passed a number of amendments which, among other things, directed EPA to classify pesticides into restricted-use pesticides and general-use pesticides. Those for restricted use are those deemed by EPA to be potentially dangerous to the environment or to human beings.

The purpose of the law in 1972 was to certify individuals as competent to use these dangerous pesticides. The purpose of the law was to educate individuals with respect to these dangerous substances and to determine whether they are competent to use them.

As I have said, section 5 completely undermines that particular purpose because it permits an individual, simply on the basis of his signature alone, to certify that he is competent to use the dangerous pesticide.

The argument for self-certification, as I understand it, is that farmers have been using pesticides for years, many of them without incident. I am sure, Mr. Chairman, that many farmers are indeed responsible and knowledgeable with regard to pesticides, but surely we cannot expect that every farmer or every individual is thoroughly knowledgeable.

Therefore, Mr. Chairman, I will be introducing at the appropriate time an amendment to strike section 5, to leave the law as it is now, a law which is designed to effect education and to determine by some objective means whether individuals are competent to use what have been found to be dangerous pesticides.

I think that to leave section 5 in the bill would be to permit individuals to bootstrap themselves into a standing of competence without any objective criteria whatsoever.

In addition, Mr. Chairman, I think it might be worth pointing out that since 1972 many plans have been developed by the States based upon the amendments passed by Congress in that year, and those plans are designed to educate and designed to determine competence objectively.

Many hundreds and thousands of dollars have been spent by the States in reliance upon what we did in 1972, and leaving section 5 in the bill would not only be a risk to health and the environment, but a disservice to those States that have proceeded diligently.

Mr. WAMPLER. Mr. Chairman, I have no further requests for time.

Mr. POAGE. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, last week I signed a "Dear Colleague" letter with nine of our colleagues explaining that I would strongly support the Dingell and McHugh amendments to H.R. 8841. Since then, however, the gentleman from Michigan (Mr. DINGELL) has informed me that he would be unable to be present to offer his amendment, since our votes on the amendments to the bill were postponed until this week.

Accordingly, I agreed to offer the amendment in his place, and I would like to explain it briefly at this time.

One of H.R. 8841's most objectionable features is its requirement that EPA give the Agriculture Department 60-days' notice before taking pesticide-control action.

My amendment to section 1 of the bill would exclude from this 60-day review regular and emergency suspension orders when EPA determines it is necessary to take immediate action when a dangerous pesticide poses an "imminent hazard" to human health.

While I share the view of many of my colleagues that a 60-day USDA review is an unnecessary obstruction to the Federal pesticide effort and should not apply to any EPA actions, my amendment is to insure that at the very least it will not hamstring EPA from taking immediate action to protect human health and safety in imminent hazard situations.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I would ask the gentleman from Ohio what kind of emergency can the gentleman from Ohio visualize arising where the EPA will so quickly and suddenly arrive at a conclusion with respect to the danger of a drug and which perhaps has been on the general market for some time?

Mr. SEIBERLING. I would reply to the gentleman from Colorado that in one actual case the EPA found that certain aerosol pesticides and insecticides contained vinylchloride monomer, which is a known carcinogen and which causes a very serious form of cancer. Obviously one would not want very much time to elapse once that kind of danger is found to exist.

I can give the gentleman other examples.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, I would like to engage in a little colloquy with the gentleman from Ohio (Mr. SEIBERLING).

It was pointed out to us throughout the hearings, it seemed to me, and that is the reason that those of us on the committee felt the way we did, was because the EPA was acting without scientific justification.

This has not been something that we just dreamed up. We went through the hearing process and the EPA would come through with rulings that they did not have scientific justification for.

The example the gentleman from Ohio has just given is one which may or may not be worthwhile or valid, but why would something be originally authorized and then all of a sudden we find out that it is dangerous?

Mr. SEIBERLING. Mr. Chairman, in reply to the gentleman from Colorado, let me say that I happen to represent a district which is the headquarters of the rubber industry and also a headquarters of the polyvinylchloride industry. For many, many years workers in the vinyl chloride and polyvinylchloride plants were exposed to this carcinogen when no one realized there was any danger to health from it. That was only discovered a couple of years ago. But, once discovered, it became apparent upon investigation based on the records of many people who died of one particular form of cancer, that it was caused by vinylchloride.

So OSHA has put out very rigid rules insofar as vinylchloride is concerned, which ruling temporarily caused some factories to close down. And EPA at the same time required these vinylchloride aerosol bombs to come off the market. As a matter of fact, when some of the manufacturers found out about it, some of them voluntarily withdrew immediately, but some did not and there had to be an order.

Mr. JOHNSON of Colorado. Mr. Chairman, here is my question: How long does it take to reach such a conclusion? In other words, in this case the gentleman refers to was this conclusion reached over a period of years or just all of a sudden?

Mr. SEIBERLING. I presume that it took a certain amount of time to verify the facts.

Mr. JOHNSON of Colorado. Obviously then it did take time.

Mr. SEIBERLING. Once the facts became known, then should there be any delay? Why should more people be exposed to such a danger?

Another example was the EPA order which covered a rodenticide which turned out to be a fire hazard. It caught fire spontaneously in shopping bags and on the shelves of the stores. Obviously that sort of hazardous article should be taken off the market immediately.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I will be glad to yield to the gentleman from Washington.

Mr. FOLEY. As the gentleman stated, it was the view of the committee that there should be an apportunity for comments by the Secretary of Agriculture as well as by an independent scientific panel before the EPA could begin to take any action to cancel pesticides or publish regulations which might affect their use.

The 60-day requirement could be shortened to 30 days if the EPA administrator responded quickly or chose not to respond.

I cannot speak for the committee, but I do want to say that I think the amendment to be offered by the gentleman from Ohio (Mr. SEIBERLING) is narrowly defined in that it deals only with imminent hazards to human health.

His objections, as he states, go farther than that. Under the circumstances, however, and with the understanding that the administrator would not use this as a method of circumventing the general requirements of consultation, I would be personally inclined to accept the gentleman's amendment.

I am certain that there would be strong concern on the part of the House Members if they felt that there was no possibility to respond to an imminent hazard to human health. This is the narrow definition of the gentleman's amendment, and I know that it is his intention that this be the case only in those extreme situations where there is a finding of imminent danger to human health, and not as a method of circumventing other provisions in the bill. I agree with the gentleman from Colorado that there should be an opportunity for full review of these far-reaching decisions, but I view Mr. SIEBERLING's amendment as narrow in scope and not contradictory to the committee's intent.

Mr. JOHNSON of Colorado. Mr. Chairman, let me raise an example that I think might work the opposite of what the gentleman's worthwhile amendment might. Obviously, it is a worthwhile intention, but let me give an example of how it could work to the detriment of what we are talking about.

If the EPA decided that the use of cyanide had an emergency detrimental harmful effect on human health, they could outlaw the use of the M-44 once again as quickly as they did in the past, without scientific evidence. And then they reversed themselves without any new evidence.

They could do the same thing with respect to Mirex. We know Mirex is not good for us but it kills fireants. They could make the same determination with every pesticide and insecticide which can do some kind of damage.

Mr. FOLEY. Let me say to the gentleman that what we are talking about is a 30-day period. Even under the committee bill, the 60-day prior notice represents 30 days for the Secretary of Agriculture and a scientific panel to comment and 30 days for the administrator to reply and publish comments in the Federal Register.

If the administrator wanted to move quickly, he could simply publish after the first 30 days expired: Nothing in the bill prevents him, if he makes a determination of imminent hazard, from taking that action. In other words, when there is a finding of imminent hazard to health, he can accelerate the suspension by 30 days. Frankly, I think this is hardly earth-shaking in terms of the purposes of the committee amendment and the committee bill, in that it is narrowly defined in terms of human health conditions. I would hope that we could in all cases have such consultation with the Secretary of Agriculture and the scientific panel, but if there is an absolute determination of imminent hazard to human health by the Administrator and he wants to move 30 days in advance of that, I personally think we should not attempt to restrain him by resisting this amendment. I am speaking for myself only on this, not for the committee. We will have a full opportunity to debate this when we proceed under the 5-minute rule.

Mr. JOHNSON of Colorado. I wanted to establish this point in the RECORD for the legislative history on this amendment, which may pass, that it will be interpreted in a very restricted fashion under perhaps newly discovered evidence, and we are not talking about something that is being done over a long period of time. We are not giving the EPA administrator arbitrary authority which has been abused in the past and which our present committee bill is trying to curtail.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

We are not talking about a permanent suspension. We are talking about a 60-day period within which the procedure that the gentleman from Washington just described can take place. What we are talking about is the notice of a hearing, and the hearing would be to decide whether it should be permanently suspended or not, or canceled. At that point there would be a full hearing with everybody having the right to bring in all the facts. Only such a hearing could result in a permanent suspension or cancellation, and that would not be affected by my amendment. My amendment involves only the 60-day period prior to publication of notice of such a hearing.

If there is a serious risk that a particular product is a hazard to human health, I think everyone would agree that we should not have any delay, and that is what is intended by this amendment. If the intent were circumvented and EPA tried to use it as a means of sidestepping ordinary notice procedures, then I would oppose it just as much as anybody. But that is not the purpose and I do not believe it will be the effect of this amendment.

Mr. JOHNSON of Colorado. I thank the gentleman.

Mr. FOLEY. Mr. Chairman, I yield 6 minutes to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, a number of questions have been raised as to the intentions of the House Agriculture Committee with regard to retroactive payments by small pesticide formulators to large pesticide firms for test data submitted prior to October 21, 1972.

The impression conveyed by language appearing in the committee report on HR 8841 is that the committee may favor such retroactive payments. This is not a true impression.

There are approximately 4,000 pesticide formulators in this country. While 50 of these systematically develop their own test data, at least part of the time, for all but a handful of the 4,000, the effects of this report language could be disastrous.

This is an issue that deserves far more serious attention and discussion than it has received thus far, as to the impact of such an action on small formulators, and the resulting consequences for farmers and consumers.

If clarification of the 1972 law is needed, it should be accomplished through amendment of that legislation and not through the legislative history.

Mr. Chairman, as I indicated earlier in this debate, I have had questions raised with me by small formulators who produce pesticides of the meaning of the comments in the committee report on section 3(c)(1)(D) of FIFRA. That section deals with compensation to be paid by persons who seek to register a pesticide with EPA and support their application with data submitted by prior registrants. They have asked to what extent is compensation required under FIFRA if the data was provided EPA prior to enactment of the 1972 amendments, what is the measure of reasonable compensation and a number of other troublesome questions. I wonder if the Chairman would comment on this matter.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the chairman of the committee, the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, your question brings up some basic issues relating to section 3(c)(1)(D) of FIFRA. That section provides that data submitted in support of an application for registration shall not, without permission of the applicant, be considered by the administrator in support of any other application for registration unless such other applicant shall have first offered to pay reasonable compensation for producing the test data to be relied on and the data is not protected from disclosure by section 10(b).

In the committee report it was stated that it is the committee intent that section 3(c)(1)(D) be applied to all test data in the possession of EPA, regardless of whether it was submitted after October 21, 1972—the date of the 1972 amendment which added this provision to FIFRA—or prior to such date.

I would like to amplify on this statement. In the case of new registrations, it certainly would be the case that the reasonable compensation provision applies regardless of when the data relied on was originally received by EPA. In the case of reregistrations the issue is more complicated. If reregistration is made of a pesticide which was registered originally prior to October 21, 1972, and data to support the reregistration was in the files of EPA prior to such date, no compensation would be required at the time of reregistration. If, however, data needed to support the reregistration was submitted for the first time to EPA after October 21, 1972, it is expected that the compensation provision would be applicable. Similarly, in the case of a pesticide which a person registered for the first time after October 21, 1972, and which is reregistered by that person at any time thereafter, additional compensation would not be required by him for data that had been compensated for or used with the owner's permission at the time of the original registration.

The issue of data compensation is a very complex issue and has given rise to a number of questions which have been brought to the committee's attention for the first time after the committee had largely completed its consideration of H.R. 8841, as amended. I am writing a letter to Mr. Train, Administrator of EPA, asking him to make a detailed study regarding administration of this section and submit to the committee as expeditiously as possible recommendations of any changes in legislation that he may deem desirable. Some of the questions at issue related to rights of appeal, reported delays of registration for a year and a half because of disputes on compensation claims, and what constitutes reasonable compensation. These will be given serious consideration by the committee certainly in connection with renewal of the funding authorization of FIFRA next year if not at an earlier date. The extension of the funding authorization in H.R. 8841, as amended, is only for a 1-year period. I think it would be a mistake, however, at this time without the benefit of this kind of study to make any basic changes in section 3(c) (1) (D).

I understand that the small formulators are concerned that the basic manufacturers might engage in unfair trade practices. As was stated in the committee report, the Administrator has it within his power to prevent monopilization of the pesticide market by basic manufacturers as some formulators have feared might occur if the basic manufacturer were to set an unreasonably high price for use of his data. Under section 3(c) (1) (D), the Administrator has authority to step in, and after opportunity for a hearing, determine the amount and terms of reasonable compensation that is fair to both parties. Further, the Administrator should be alert to any cases that are in restraint of trade or otherwise in violation of the antitrust laws. If the Administrator should find evidence of any such action such as a manufacturer withholding shipment to a previously established customer to force compliance with compensation demands, he should bring the matter to the attention of the Department of Justice, the FTC or other appropriate Government authorities.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. FOLEY. Mr. Chairman, I yield 1 additional minute to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, I thank the gentleman for clarifying a very complex issue. The gentleman's remarks have done much to clarify this issue.

I would like to repeat my view that an in-depth review by the full committee of the implications for all parties involved is vital in order to provide adequate guidance to those who must carry out the will of the Congress.

Mr. LITTON. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Missouri.

Mr. LITTON. Mr. Chairman, I associate myself with the remarks made by the gentleman from Iowa and I express my concern about this aspect of the bill The chairman has clearly recognized that the issue of "data compensation" is, indeed, a very complex issue. He has also recognized the fact that a number of questions have been recently brought to the committee's attention after the committee had, for all practical purposes, completed its consideration of H.R. 8841, as amended. I commend the chairman for submitting most of these issues for more careful consideration by the EPA Administrator, the Committee on Agriculture, and surely the Congress. It disturbs me that the committee is not submitting the question of "retroactive compensation" for further study and review.

Section 3(c) (1) (D) was included in the 1972 amendments to FIFRA. The committee report would now state, 3 years later, that it was the committee's intention to apply this section retroactively; that is, to require compensation for data submitted prior to October 21, 1972. This, in many cases, will require compensation for 20 to 30 years' accumulation of data. The chairman's "amplification" of the intent during this debate, in which he distinguishes between reregistrations and new registrations, will cause many problems with interpretations and will only lead to greater confusion. I believe this interpretation of retroactive compensation is not valid for the following reasons:

First. It has never been the stated or implied intent of the committee to require compensation retroactively under any circumstances.

Second. It is not fair to require compensation retroactively. For decades, reliance has been placed upon the practice of the EPA—and the USDA, previously—to grant registrations based upon previously established use patterns and generally not requiring duplication of safety and efficacy data.

Third. The matter of retroactive compensation was given inadequate consideration by the committee. The committee report language was thrown in at the last minute with no consideration of its impact upon independent pesticide formulators, small manufacturers, and farmer cooperatives, and farmers.

Fourth. The chairman's distinction between the terms "new registrations" and "reregistrations" may have been prepared without a full and complete understanding of their significance as viewed by current EPA registration practices. This would lead to many interpretation problems that would further complicate administration of section 3(c) (1) (D). In addition, the chairman's distinction between these two terms had never been suggested nor considered by the committee and has no support in the legislative history of the amended FIFRA.

The seriousness of the issue of retroactive compensation deserves more consideration than to be brought up late in the evening on the final day of committee action, with no consideration or discussion of the impact of the report's language to be visited upon the small pesticide formulators and ultimately upon our farmers and consumers. It was this late-hour action on including the committee report language on retroactive compensation that has now brought to the committee's attention, albeit during the past 2 weeks, all of the many issues and sought-after interpretations associated with "data compensation." I think it is a mistake not to submit the matter of retroactive compensation to further review.

I am also disturbed, that smaller manufacturers and formulators are being denied their labels by the EPA because of claims for compensation. As you have mentioned, Mr. Chairman, delays of registrations are reported for a year and a half because of disputes on compensation claims. This could effectively permit larger companies to prohibit other companies from expanding their markets simply by the filing of claims. Since the requested EPA study and the committee consideration of any corrective amendments to section 3(c) (1) (D) would not be completed for at least another year, I am concerned that smaller companies will miss another growing season if their labels are not approved pending settlement of these claims. I believe the intent was previously expressed in the legislative history of the 1972 amendments that EPA was not to delay review and subsequent approval or denial of an application pending attempts by the parties, the EPA or the courts to determine "reasonable compensation." I believe it to be the policy of the EPA in their "interim policy" dated November 19, 1973, that applications would not be delayed. Although the legality of the November 19, 1973, "interim policy" is being challenged, and should be reviewed by the committee, I believe that it is the intent of the committee, in fairness to all parties, to state that EPA is not to delay or suspend review, approval or denial of registrations during further study of section 3(c) (1) (D). This policy should remain in effect until such time as clearer direction is given by the committee to the EPA on implementation of section 3(c) (1) (D).

I would hope that the chairman would agree that the matter of retroactive compensation be given further review by the EPA and the committee; and would further agree that EPA is not to suspend or delay approval—or denial—of an application due to the filing of a claim for compensation with respect to the application. Additionally, the "effective date" of section 3(c) (1) (D) is being questioned, and this issue should be explored by the EPA and the committee. I would also inquire of the chairman whether it would be in the best interests of all parties if issuance of any regulations designed to implement section 3(c) (1) (D) be deferred by the EPA pending completion of the study. I strongly urge the EPA and the committee to give the entire matter of "data compensation" their immediate and considered attention.

Mr. FOLEY. Mr. Chairman, I have no further requests for time.

Mr. WAMPLER. Mr. Chairman, I have no further requests or time.

Mr. FOLEY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the amendment in the nature of a substitute printed in the bill as an original bill for the purpose of amendment.

Mr. BROWN of California. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chairman announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 586]

Abdnor
Adams
Andrews, N.C.
Annunzio
AuCoin
Badillo
Baldus
Barrett
Bell
Biaggi
Boggs
Bowen
Brademas
Broomfield
Burke, Calif.
Burton, Phillip
Cederberg
Clancy
Clay
Conyers
Daniels, N.J.
Dent
Diggs
Dingell
Drinan
Early
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Flowers
Forsythe
Fraser
Giaimo
Green
Hagedorn
Hammerschmidt
Harrington
Hébert
Heckler, Mass.
Helstoski
Hinshaw
Holtzman
Horton
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Pa.
Jones, Tenn.
Karth
Kastenmeier
Keys
Landrum
Long, Md.
McCollister
McKay
Macdonald
Madden
Metcalfe
Mikva
Mottl
Morgan
Murphy, N.Y.
O'Hara
O'Neill
Quillen
Railsback
Richmond
Riegle
Rosenthal
Runnels
Ruppe
Scheuer
Sikes
Sisk
Staggers
Stanton, James V.
Stark
Steed
Steelman
Stephens
Teague
Thompson
Treen
Udall
Ullman
Van Deerlin
Wilson, C. H.
Wilson, Tex.
Wright
Zeferetti

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HUNGATE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 8841, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 338 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6(b) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended—

(1) by inserting the following new sentences immediately after the second sentence thereof: "In determining whether to issue any such notice, the Administrator shall include among those factors to be taken into account the impact of the action proposed in such notice on production and prices of agricultural commodities, retail food prices, and otherwise on the agricultural economy. At least 60 days prior to sending such notice to the registrant or making public such notice, whichever occurs first, the Administrator shall provide the Secretary of Agriculture with a copy of such notice and an analysis of such impact on the agricultural economy. If the Secretary comments in writing to the Administrator regarding the notice and analysis within 30 days after receiving them, the Administrator shall publish in the Federal Register (with the notice) the comments of the Secretary and the response of the Administrator with regard to the Secretary's comments. If the Secretary does not comment in writing to the Administrator regarding the notice and analysis within 30 days after receving them, the Administrator may notify the registrant and make public the notice at any time after such 30-day period notwithstanding the foregoing 60-day time requirement. The time requirements imposed by the preceding 3 sentences may be waived or modified to the extent agreed upon by the Administrator and the Secretary."; and

(2) by adding the following new sentence at the end of such section 6(b): "In taking any final action under this subsection, the Administrator shall include among those factors to be taken into account the impact of such final action on production and prices of agricultural commodities, retail food prices, and otherwise on the agricultural economy, and he shall publish in the Federal Register an analysis of such impact.".

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1 of the committee amendment be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BROWN OF CALIFORNIA

Mr. BROWN of California. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. BROWN of California: On page 2 strike line 1 and all that follows through line 21 page 10 and insert in lieu thereof the following:

That section 27 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. 136(y)), is amended by adding at the end of such section the following: "There is hereby authorized to be appropriated to carry out the provisions of this Act for the period beginning October 1, 1975, and ending September 30, 1976, the sum of $33,821,000.".

Mr. BROWN of California. Mr. Chairman, together with the gentleman from New York (Mr. PEYSER) I am offering a very simple amendment which does just one thing. It provides for an extension of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year, in accordance with the original request of the administration.

I am offering this after having sat through most of the hearings on this bill for a period of several months, hoping that there would emerge from the committee a constructive bill which would permit a continuation of the FIFRA program.

What has emerged from the committee instead is a bill which is very controversial, to say the least. It has many portions which do not serve the public interest of this Nation, to say nothing of serving the interest of agriculture of this Nation.

The distinguished chairman of the committee in describing the bill in his opening remarks said that the committee had steered a middle course. I think that there is merit in that contention if we recognize that it is a middle course within the Committee on Agriculture. I do not think it represents a middle course as far as the Members of the House of Representatives are concerned.

The bill has attempted to redress what some members of the committee thought was an effort on the part of the EPA to strangle agriculture by turning out a bill which is directed at strangling the environmental program of this country.

I think that the only reasonable thing to do at this point, therefore, is to go back to the original request of the administration, which was for a simple 1-year extension of this act, and to use the period over the next several months to continue our efforts to make some improvements in this program.

The fact of the matter is that during the very comprehensive hearings on this bill there have been improvements made administratively in the EPA program. As I pointed out in my own remarks during general debate, this has been an excellent illustration of the importance of continued oversight on the part of the Congress over the agencies of the executive branch.

The EPA has been to these hearings. It has testified. The Department of Agriculture has testified. There has been a general recognition within the executive branch that there were some things that they were doing that were unsatisfactory to the Congress. There have been efforts to remedy that kind of action on the part of the executive agencies. Examples of this have already been mentioned.

I am sure many of us are familiar with the controversies over the use of Mirex for the eradication of the fire ant. The Agency has relented its original position on that.

The problem of the control of the coyote is of great interest to many Members from our Great Plains and agricultural States. The Agency has relented on that. They have shown every possible inclination to be reasonable.

Now, after having demonstrated their ability to be sensitive to the wishes of the Members of Congress, they are faced with a piece of legislation which is aimed, in effect, at crippling the program of the Agency.

I am not going to go into detail as to the defects of this bill. I am sure that other Members can contribute to this; but I would like to make it clear that the bill as it is before us on the floor has the objections of the EPA. It has the objections of the State Department. It has the objections of the Department of Agriculture itself to some portions of it. In fact, it is a highly unsatisfactory bill.

Now, I do not like to overly extend the argument on an important piece of legislation this late on a Friday.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. BROWN of California was allowed to proceed for an additional 4 minutes.)

Mr. BROWN of California. Mr. Chairman, I recognize that we are late into a Friday afternoon and we want to curtail this.

I might point out that by the adoption of this substitute, embodying the administration position, we can terminate the debate and we can go home. I hate to make that argument, but I will make the point and those of us who might be influenced can judge accordingly.

Mr. Chairman, the bill before us does not reflect the majority views of Congress or the administration. My amendment would allow for a continuation of the program, continued oversight by the committee, any modifications during the next year that are necessary and it would be in the best interests of the people of the United States.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I am happy to yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I would like to congratulate the gentleman on his amendment. I point out that, as the gentleman says, EPA has caused some problems for farmers that were brought out in the hearings. The EPA has now set up procedures to overcome almost every one of the objections that were raised. It has appointed a scientific panel to review all the recommendations it makes with respect to pesticides, herbicides and insecticides. It has worked out procedures permitting the Department of Agriculture to have its input.

I think it would be very wise for us to allow the Congress time to observe these procedures and see how these new understandings will work out, rather than adopt the committee's amendment which, in many cases, contains restrictions that go too far and damage the environment.

Therefore, I strongly hope that in the interests of good environmental protection and in the interest of seeing to it that this kind of oversight be effectuated and to dispose of all the controversy that might be involved in debating the amendments to this bill the gentleman from California's amendment should be adopted.

Mr. BROWN of California. I concur in the points made by the gentleman from New York. I thank him for his contribution.

Mr. FOLEY. Mr. Chairman, I must rise at this point to oppose strongly the substitute amendment which has been offered by the gentleman from California. It is true that I originally introduced, along with the gentleman from Virginia, a smaller proposal to extend for 1 year the Federal Insecticide, Fungicide, and Rodenticide Act. That was done simply to put before the Agriculture Committee that agency's own proposal.

It became clear during the consideration of the bill that many, many problems had arisen with respect to the administration of this act within the 3 years since the EPA was originally given such jurisdiction. Certainly, the committee has not been entirely critical of the Environmental Protection Agency and does recognize that they have been given many difficult, complicated, and significant responsibilities by the Congress in the area of environmental concerns.

In 1972, the House Committee on Agriculture requested that Congress give the EPA jurisdiction over a new regulatory system for the control of agricultural and other pesticides and insecticides. We have had an opportunity now for several months to review the administration of the act, and it was the feeling of a strong majority of the committee that there was a need for some balance in consideration of the work of the EPA with regard to FIFRA, a need for some expression of scientific opinion with respect to their proposed acts and regulations, a need for some statutory way in which the Department of Agriculture might interact with the EPA on matters of very important mutual concern.

This is just one aspect of the bill that has been reported by the Committee on Agriculture. I hope that the work of literally many weeks and months by the committee will not at this time be frustrated by the acceptance of an amendment wiping out all the considered judgment of the committee by substituting a flat 1-year authorization.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I want to commend the chairman for his statement and for his report on the progress that has been made. I would like to ask if he does not feel that as a result of the hearings, the oversight effort during those hearings, there has not been some considerable movement on the part of the EPA toward recognizing the concerns of the members of the committee.

Mr. FOLEY. I agree with the gentleman that very obvious concern has been expressed by the committee resulting in very obvious cooperative reaction by the EPA in trying to meet these concerns.

The majority of the committee, as the gentleman knows, still, however, feels there is a need to write into the language some basic requirements. The gentleman is entirely correct in that. The Administrator, Deputy Administrator and others in the EPA have given much time and effort in attempting to resolve some of these problems.

Mr. BROWN of California. I appreciate the gentleman's response.

AMENDMENT OFFERED BY MR. SYMMS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BROWN OF CALIFORNIA

Mr. SYMMS. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. SYMMS to the amendment in the nature of a substitute offered by Mr. BROWN of California: Page 1, at the end thereof insert the following:

"SEC. 2. (a) Section 6(b) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended (i) by inserting after the words 'the environment; the Administrator' the words 'with the concurrence of the Secretary of Agriculture' and (ii) by inserting after the words 'or classification issued' in subparagraph (2) the words 'by the Administrator with the concurrence of the Secretary of Agriculture' ".

(b) Section 25(a) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting after the words "the Administrator" the words "with the concurrence of the Secretary of Agriculture".

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from California (Mr. BROWN).

Mr. BROWN of California. Mr. Chairman, I thank the gentleman for yielding. I have not had the chance to see the gentleman's amendment, but it sounds very much like the thrust of the original Poage-Wampler amendment.

Mr. SYMMS. That is correct.

Mr. BROWN of California. This is the Poage-Wampler amendment that was rejected by the committee?

Mr. SYMMS. That is correct.

Mr. Chairman, I thank the gentleman for bringing that out, because I know that the members of the committee, particularly those members who come from rural States, know that the Poage-Wampler amendment has been given a great deal of billing around the country.

This amendment is still the Poage-Wampler amendment, although it is offered by myself and the gentleman from Florida (Mr. KELLY). The Committee on Agriculture was very divided on this. It was rejected by the committee, that is true; but is was rejected by a vote of 18 ayes and 23 nays. So it was a very close vote in the Committee on Agriculture. It was the concurrence of the members of the Committee on Agriculture that they actually favored this amendment; however, they felt it might be difficult to pass the amendment on the floor of the House. Even though it was right in principle and right in reason, they voted against the amendment, a few of them did. I think that is why this amendment should come back here for the full House to decide upon it, because it was so close in the Committee on Agriculture. I think if we can vote for the Poage-Wampler amendment, which is now before us, to amend the Brown amendment, then we can go ahead and vote for the Brown amendment and be through here today.

I think the Brown amendment itself is not so obnoxious, except it knocks out some of the language that gives the Department of Agriculture a consultation with EPA.

If the Members want advice and consent in Government, vote for the Symms-Kelly amendment, or otherwise known as the Poage-Wampler amendment.

We have gone through a lot of this. I hold up the picture for those Members who were not here earlier. This is a picture of the arm of a young child who has been bitten by fire ants. We have had tussock moth infestation in the Northwest, we have coyotes in the Southwest and Far West, we have had malaria outbreaks, and much of this is due to the fact that the Environmental Protection Agency, insofar as human health is concerned, has outlawed Aldrin, dieldrin, and DDT, which have done more to protect human health than any other pesticides. We think people should have the priority over mosquitoes and sheep should have a priority over coyotes. Some of these very basic things that put bread and butter on the table really do provide for good environment.

The parliamentary situation is if the Members want to cast a vote for the Poage-Wampler amendment, which got so much billing in all of the agricultural magazines in the country and got a lot of criticism by the Washington Post, that is the amendment the Members want to vote for, which is the one that is on the floor today. If the Members want to vote for mosquitoes and a continuing lack of responsibility and sensitivity to the American people, then they should vote against this amendment. But I do think that this amendment can be defended. It is not going to turn loose all kinds of insecticides on any kind of unsafe situation. It is only going to say that the Secretary of Agriculture has consent power over the EPA and any decisions they make that affect the Federal Insecticide, Fungicide, and Rodenticide Act.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Kansas (Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, I appreciate this opportunity to discuss H.R. 8841, legislation to extend the Federal Insecticide, Fungicide, and Rodenticide Act.

I feel we have made some progress in this bill in establishing a more rational approach to controlling and regulating agricultural chemicals. This bill requires the Environmental Protection Agency to obtain and publish the views of the Secretary of Agriculture regarding actions affecting the registration and use of farm chemicals. In addition the respective House and Senate Agricultural Committees are to be better informed. We are increasing the effectiveness of congressional oversight regarding EPA actions and policy.

I wish to point out that farmers have been victimized by a number of EPA administrative acts which have been based on inclusive scientific evidence at best. It appears that many of these decisions were made without regard to the impact of these decisions on agriculture and our Nation's food supply. In short, very little consideration has been given to balancing the benefits and costs of EPA actions. I think the input from the agricultural sector, which is provided by this bill, will achieve that balance, a balance which is in the interests of both producers and consumers.

Another important provision permits farmers to self-certify their qualifications to apply restricted-use pesticides. These farm applicators have a proven track record of expertise in this area. They recognize the hazards of misapplication. Self-certification will protect the applicator and will also provide the necessary environmental safeguards and prevent abuse and misuse of agricultural chemicals.

My principle objection to the bill involves the report language dealing with section 3(c)(1)(D) of FIFRA. In this regard, I would like to call attention to the supplemental views which I offered in conjunction with my distinguished colleagues, Representative CHARLES THONE and Representative JERRY LITTON. I feel that EPA officials should use the following criteria in administering this section and in defining "reasonable compensation."

First. Reasonable compensation should be an equitable sharing of the direct costs of producing governmentally required test data. It should not be based upon a "value" basis. No excess profit should accrue to the original applicant and the original applicant should not selectively treat subsequent applicants differently.

Second. The method of payment could either be a lump sum payment or royalty payment.

Third. Both parties should be able to appeal the decision of the Administrator as to what constitutes "reasonable compensation;" not just the owner of the data as is currently provided by section (c)(1)(D). Also, the court should be able to fix a lesser amount for compensation if appropriate. Present law does not permit this.

Fourth. The law should clearly state that registration or reregistration should not be delayed pending negotiations for compensation or the determination of reasonable compensation by the Administrator of the courts.

Fifth. Formulators who develop a use for a special local need should not be required to pay compensation for all data submitted in conjunction with the many uses for which that product is registered.

Sixth. Less value should be attributed to "old" data since companies have benefited from various writeoffs for tax purposes or for other reasons.

Seventh. Date compensated should not apply to data submitted prior to October 21, 1972, in the case of new registrations.

This would assure necessary competition in the sales and distribution of farm chemicals and would still provide the necessary incentives for research and development. It would protect the farmer's interest and would keep the small formulator from being squeezed out of business. I feel that our action today should clearly send that mandate to the Environmental Protection Agency.

Your support in this effort will be appreciated.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment to the amendment in the nature of a substitute.

Mr. Chairman, I advise the Committee that the parliamentary situation is that an amendment has been offered by the gentleman from Idaho (Mr. SYMMS) to the amendment in the nature of a substitute, and that this amendment provides an absolute veto by the Department of Agriculture of any action of the Environmental Protection Agency. That may be popular in some quarters, as it was with some members of the committee, but I do not believe it has any chance of becoming law.

It would, in effect, in my judgment, wipe out some of the really important restraints and protections that have been written in the revised Poage-Wampler amendment or the Vigorito amendment.

What we have here is an amendment in the nature of a substitute proposing a flat, 1-year extension with a reduced authorization and an amendment to that amendment which provides that the Secretary of Agriculture must concur in any decision by the Administrator of EPA, thus presenting the possibility of a situation when no decision could be reached. The Secretary of Agriculture himself 3 weeks ago told the Committee on Agriculture that he could not support that as good administration.

So, Mr. Chairman, I hope the judgment of the Committee will be to support the work of the Committee on Agriculture as reflected in the bill as reported and vote against the amendment to the amendment in the nature of a substitute and vote against the amendment in the nature of a substitute.

Mr. KELLY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Symms amendment.

Mr. Chairman, the purpose of the Symms amendment is to try to bring some balance, for the benefit of the American public, between the production of food and the protection of the environment. I think that an analogous situation would be that which exists between the Environment Protection Agency and the Federal Energy Administration at the present time.

All across this country the public is suffering from utility bills that are as much as 100 percent, and in some cases more than that, larger than they need to be, simply because the Environmental Protection Agency is able to control entirely the situation and prevent the economies that could be brought about by using fuels that are produced domestically and that would be more economical. This cannot be done because the area is dominated by the EPA.

The same situation is going to arise with regard to food. The use of pesticides and insecticides is absolutely essential to the production of all farm products. The farmers who are going to be hurt the most while EPA experiments with what the Department of Agriculture already knows are going to be the small farmers. Sixty-two percent of the farmers in this Nation are small farmers, and if we are interested in the small people in this country, those who are ridden over by bureaucratic agencies, big government, and big business, then we should vote for the Symms amendment. We should vote for a balance between food that the American public can afford and clean air on the other hand. Both of these are essential, but there should be a balance between the two, and the purpose of the Symms amendment is to accomplish just exactly this balance.

If we favor a balance that does not permit an effort that goes too far in one direction in order to try to clean up the air while penalizing the small farmer and the consumer on the other hand, then we should support the Symms amendment.

Mr. HANSEN. Mr. Chairman, will the gentleman yield?

Mr. KELLY. I yield to the gentleman from Idaho.

Mr. HANSEN. Mr. Chairman, I would like to commend the gentleman for his statement in behalf of the small farmer.

I think it is evident that much attention has been addressed in this Congress time after time to helping people who have been in hardship conditions and in poverty, whether they are in urban or rural circumstances. However, it seems that these issues are taken much more seriously when they relate to urban circumstances than when they relate to rural circumstances.

This is a case where we do not have to be voting for a massive welfare effort or something of that kind in order to help these people help themselves. I would certainly say that the gentleman is in keeping with the spirit of this country which is to help the average person do for himself.

Mr. Chairman, I certainly support the gentleman from Florida (Mr. KELLY) and the gentleman from Idaho in this effort.

Mr. KELLY. Mr. Chairman, I would just like to point out that General Motors may be able to withstand the strain of their fooling around with the catalytic converter.

However, a small farmer who is young and poor is not going to be able to withstand fooling around by EPA in the same vein.

These people have to use pesticides in order to survive. The Department of Agriculture has the expertise to deal with them in the production of food and to balance this with protection of the environment.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. KELLY. Yes; I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I congratulate the gentleman from Florida (Mr. KELLY) for his statement.

Mr. Chairman, agriculture plays an important role in the life of the 17th District of Ohio. It is the primary source of livelihood for numerous farm families.

Many of these farmers have expressed their dismay at the actions of the Environmental Protection Agency. They contend that the EPA has engaged in overzealous and unwarranted regulation of pesticides. Such wrong-headed regulation, they charge, seriously jeopardizes the production of agricultural commodities.

I share the views and concerns of the farmers. The EPA seems bound and determined to ban every insecticide that can possibly kill or injure a bug.

The EPA has already banned DDT, dieldrin, and aldrin, three important insecticides used to protect man, animals, and food. Now that Agency is in the midst of the suspension process of heptachlor and chlordane. These two chemicals are valuable aids to the farmer in his battle against insects.

Where will this end? Are we going to retreat from our great advances in agriculture science? Are we going to slide back into the days of primitive agriculture, when farmers were at the mercy of insect and pest infestations?

This insane policy must be rejected. I believe that in order to check the irresponsible actions of the EPA the House should adopt what has become known as the Poage-Wampler amendment. This amendment would require the Secretary of Agriculture's concurrence before the EPA Administrator could prescribe regulations or take action leading to the cancellation of a pesticide.

Passage of this amendment would restore some balance between our environmental and agricultural needs. Such a balance is essential. If the EPA is not checked in its assault on pesticide after pesticide, there will be a severe impact on food prices and food production. Countless acres of crops will be lost to infestation. This cannot be justified.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this amendment to the substitute that we are now considering is nothing more than an immediate death of the EPA.

There are some here who desire that. Those who desire that obviously will vote in support of the Symms amendment. However, for most of us—and this will be the overwhelming majority of the Members of the Congress—it is not our intention to abolish the EPA.

And that is what the Symms amendment is going to accomplish. What we are talking about here is the ending of an agency that this very body created to protect the American public. The American public does need this form of protection.

As to the substitute that is being offered, when we get to that, we can handle it separately. It is for the continuation of the existing program at a saving of nearly $12 million a year that is being taken out of the EPA budget.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. Yes, I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

I would just like to say this to the gentleman from New York (Mr. PEYSER), that the EPA has veto power over the Corps of Engineers, the Department of the Interior, the Department of Agriculture, HEW, and many others right now, and I have not seen it closing down those agencies.

Mr. PEYSER. I appreciate the gentleman's comment.

However, what we are doing here is saying something that is very interesting to me. It was said on many occasions on this floor and just as recently as this week by the very people who are now proposing that the Secretary of Agriculture have absolute veto power over the EPA. Those very people have been condemning the Secretary of Agriculture as someone they would not trust around the corner. Yet, now we are being offered an amendment saying that the Secretary of Agriculture will make these decisions as to what is good or not good for this country as far as pesticides are concerned.

Incidentally, the Secretary of Agriculture and the Agriculture Department for many years had control over the pesticides.

I have a folder here from the Library of Congress containing a record which they compiled on how the Agriculture Department dealt with pesticides. They did nothing year after year after year. Even when problems were being created, the Agriculture Department never made a move.

Mr. Chairman, it seems to me that we owe something to the American public.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. Yes, I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I certainly agree with the gentleman from New York (Mr. PEYSER).

I would like to point out that the EPA has developed a great deal of expertise through scientific research on these various pesticides.

If the Department of Agriculture ever had that expertise, it no longer has it today. Therefore, to allow the Agriculture Department to veto what the EPA does on these matters really does not make good sense.

Mr. PEYSER. Mr. Chairman, I thank the gentleman.

One of my former colleagues, "Vinegar Bend" Mizell, made a comment that this is sort of putting a fox in the chicken house to take care of the chickens. That is what we are talking about in this instance.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. Yes, I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I think the gentleman from New York (Mr. PEYSER) in his statement said that this would ruin the EPA. In saying that, he goes much too far. It does not affect the EPA's regulatory power. It does not affect the EPA's power with respect to impact statements. It does not affect their power with respect to clean water or clear air or with respect to any of their regulations or the enforcement of those regulations.

Mr. PEYSER. Every action the EPA would take concerning agriculture and concerning the use of pesticides is for the good of the American people.

I think today this is one of the most critical areas. Food is a basic of our country or any country and here we are turning it over in a very critical area to the people who are promoting food.

I think the EPA is working for the national good. I think this amendment should be defeated.

I recognize that the gentleman from Texas (Mr. POAGE) who originally offered the amendment very wisely said let us not bring it to the floor of the House because the floor of the House will never pass it. And the gentleman is correct. We never will pass it. I hope the amendment goes down to resounding defeat.

Mr. McDONALD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Georgia.

Mr. McDONALD of Georgia. Mr. Chairman, does the gentleman from New York know if the EPA have any statistics available as far as the growth of the problem of encephalitis on the health of the general public is concerned?

Mr. PEYSER. Mr. Chairman, I am not sure I understood the gentleman from the EPA have an effect on encephalitis?

Mr. McDONALD of Georgia. I asked the gentleman whether the EPA has any statistics available as far as the growth Georgia. Did the gentleman ask, Does of the problem of encephalitis on the general public is concerned.

The gentleman also is faulting the Department of Agriculture. The difficulty of no statistic is that the EPA has control of the insecticides and I am asking about the possible failure of these controls.

Mr. PEYSER. The gentleman from Georgia is discussing a subject that I know nothing on and which the gentleman has no figures on and neither do I. Encephalitis goes many times in waves, and I have no information on that.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to point out one thing that I believe most of the Members here from agricultural areas understand and that is that probably the most unresponsive department to the needs of those citizens of this country that it has jurisdiction over is the Department of Agriculture.

Congress is not a department, as the gentleman should know, or if the gentleman does not know, the gentleman should not be in the Congress. But I would say there are many programs authorized by the Congress for the Department of Agriculture to help the farmers with problems of meeting quality and other standards where the farmers cannot get help. And it really kind of boggles my mind that someone from a farm area would have much faith in the Department of Agriculture.

Just try to get a loan for your people for improvements, for rural development, for water pollution controls, for anything else and they cannot get it out of that department.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I will be glad to yield to the beautiful countenance of the gentleman from Idaho.

Mr. SYMMS. I appreciate the fact that my friend from California would yield and I thank my friend for yielding.

Mr. JOHN L. BURTON. And I thank the gentleman for thanking me for yielding.

Mr. SYMMS. Mr. Chairman, I would just like to point out that up until 1972 the Department of Agriculture had no regulatory authority whatsoever to ban any product on the market except only for labeling and registration. So the fact that the gentleman from California is condemning them for not taking insecticides off the market is not a fair thing to do.

Mr. JOHN L. BURTON. I am saying that they sit around and there are many things that they could do such as helping in rural development, helping the small farmers and they do not do it. Every member of the Committee on Agriculture and the Committee on Appropriations know that they are the most unresponsive department when it comes to implementing Federal laws.

Mr. SYMMS. Would the gentleman yield for one more point?

Mr. JOHN L. BURTON. Yes, certainly.

Mr. SYMMS. One of the problems is that 67 percent of the USDA budget goes for food stamps.

Mr. JOHN L. BURTON. And may I say this, as long as we are on the issue of food stamps that actually food stamps are used for people to buy the food production of the producing farmers in this Nation. Just as the gentleman knows the milk program for the kids was not passed so as to feed the kids, it was passed to help the dairy industry. And that is the same thing with food stamps. If we did away with the amount of purchasing power from the food stamps just think how much money would be spent by poor people today who cannot pay for the produce of our producing farmers. So it is not out of line at all because that helps purchase the produce of the farmers and gives them some return on their money. So let us not try to use that excuse. We know why those programs were passed. It helps poor people buy the food and fiber that is produced by farmers that they otherwise could not buy.

Mr. KREBS. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from California.

Mr. KREBS. I thank the gentleman for yielding.

I think his remarks are extremely well taken. I have a large number of dairymen in my district, and if I went back to my district and told my dairymen that I gave Earl Butz any more authority than he already has at the present time, they would send me to a mental institution, and, I think, for good reason.

Mr. JOHN L. BURTON. Those who represent the great States of Kentucky, the Carolinas, Georgia, and Virginia know how much confidence their constituents have in Earl Butz. He proved that by the wisdom in his advice to the President just earlier this week.

Mr. RISENHOOVER. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Oklahoma.

Mr. RISENHOOVER. I thank the gentleman for yielding.

The gentleman's observations of our opinion of the Secretary of Agriculture and the Department of Agriculture are further testimony of our opinion of the EPA and its administrator.

Mr. JOHN L. BURTON. If there is any person who is held in lower esteem in this country than Earl Butz, I want to know who he is. I would just really say this: If the Members want to give Earl Butz more power, let us buy a jet airplane and send him off to Russia so he can supervise another wheat giveaway.

I yield back the balance of my time and I thank the gentleman from Idaho for thanking me for yielding to him on my time.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words.

I hesitate, Mr. Chairman, to bring the Committee's attention back to the subject of the Symms amendment, but I think that is really what is pending.

Much as I like the Symms amendment, which I am afraid everybody here is giving that amendment a lot more credit than it deserves. One would think it gave the power of life and death to the Secretary of Agriculture over EPA decisions, in regard to pesticides. It is not true at all. Interferes in no way with the right of the EPA to suspend any pesticide. Under the amendment EPA may see fit to suspend, and the suspension can be for an indefinite period of time.

So my only complaint with the Symms amendment is that it does not go far enough. It deals only with the decision that may be made by the Administrator of EPA to prohibit and to outlaw a particular pesticide. In that case, and only in that case, does it give the Secretary of Agriculture the right of veto. But, of course, his word would not be final. If there is a standoff between the EPA and the USDA, the ultimate decision would go to the White House. So my only complaint is the Symms amendment does not go far enough, but I think, nevertheless, even though it is a small step in the right direction, it would provide a measure of reassurance and comfort to the farmers who have in prospect the enforcement of this regulatory law in the very near future.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding.

I want to thank the gentleman for injecting this note of realism into this debate, because this is exactly the situation that would prevail if the Symms amendment were adopted. The Symms amendment does not do away with the EPA. Anybody who tells the Members that is simply not dealing accurately with them, because it does not relate to suspensions in the future. It does not relate back to 1080, for example. The USDA could not reinstate the use of 1080 or the use of DDT under the Symms amendment. That simply is not true. It is not retroactive; it is prospective. What the gentleman from Illinois has said is true, and we beg the Members to listen and realize the problem that we are having with the EPA.

The USDA is not a monster in this situation, and the EPA is not the great savior in this country.

Mr. FINDLEY. I thank the gentleman for bringing this point out.

Mr. Chairman, I yield back the remainder of my time.

Mr. McHUGH. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the chairman of the committee.

Mr. FOLEY. Mr. Chairman, I wonder if we can determine what requests there will be to speak on the amendment offered by the gentleman from California and amendments thereto. I ask unanimous consent that all debate on the Brown amendment and all amendments thereto end in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. KETCHUM. Mr. Chairman, reserving the right to object, and I shall not object, I will say to the chairman of the Committee on Agriculture I have been seeking recognition on this amendment for about half an hour. I wonder if the gentleman would amend that request to make sure I can get the time that I require to speak.

Mr. FOLEY. Mr. Chairman, I withdraw my request and now I ask unanimous consent that all debate on the Brown amendment and all amendments thereto end in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. PEYSER. Mr. Chairman, reserving the right to object, I would like to ask the chairman of the committee, if this is going to be ending in 20 minutes and we have a vote on the Symms amendment, as I understand it, does that time for the vote go into the 20 minutes?

Mr. FOLEY. No. Mr. Chairman, if the gentleman will yield. I asked unanimous consent that all debate on the Brown amendment and all amendments thereto end in 20 minutes.

It is the desire of the leadership to rise at 4. The debate should be followed by a vote, I think, on these important amendments, and it is my desire to conclude the debate by 4 o'clock or close thereto.

Mr. PEYSER. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington that all debate will end on the Brown amendment in the nature of a substitute and the Symms amendment and all amendments thereto in 20 minutes?

There was no objection.

Mr. JOHN L. BURTON. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from California (Mr. KETCHUM).

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. TALCOTT. Mr. Speaker, I object.

The CHAIRMAN. Objection is heard.

The Chair recognizes the gentleman from New York (Mr. MCHUGH) who has 2 minutes of his time remaining.

Mr. McHUGH. Mr. Chairman, I will be very brief. It is not my custom to quote the Secretary of Agriculture but I think that what he had to say on this particular question is very instructive. He appeared before the Committee on Agriculture about 2 weeks ago and at that time the gentleman from Idaho (Mr. SYMMS) very strongly and, I am sure sincerely, expressed the same sentiments he expressed here today about the Poage-Wampler amendment. When I had an opportunity to question the Secretary I asked him about what the gentleman from Idaho (Mr. SYMMS) had said, and the Secretary indicated at that time the following:

> Mr. MCHUGH. Would you say that generally that is a good policy, that is, to give one head of a department the veto power over another agency?
>
> Mr. BUTZ. No, I do not think it is good organizational policy where you have got two agencies, where one has veto power over the other. I do not think it is good government. I think the veto power should be exercised at some level above those agencies.

I respectfully urge my colleagues not to give the Secretary the veto power which he does not want and which is indeed bad policy.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. KETCHUM).

Mr. THONE. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from California (Mr. KETCHUM).

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

Mr. TALCOTT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman.

I would say to my friend, the gentleman from California, we had an old saying in the legislature: "Don't get mad; get even."

Mr. McDONALD of Georgia. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from California (Mr. KETCHUM).

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. TALCOTT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. KETCHUM. Mr. Chairman, I rise in support of the amendment to H.R. 8841 offered by my colleagues, Mr. SYMMS and Mr. KELLY. I have followed the debate conducted by the House Agriculture Committee with keen interest and have solicited the views of my large agricultural constituency on this subject. The replies have been unanimous: Get the EPA off our backs. Quit letting them wreak havoc on our farms and crops with its pesticide bans. It is my sincere belief that the Secretary of Agriculture should be given—immediately—veto power over any new regulations proposed by the EPA. This appears to be the only method by which to make the EPA more responsive to State and agricultural needs. Ample demonstrations have been documented of the EPA's flagrant disregard of the impact of its pesticide regulations on production and prices of agricultural commodities, retail food prices and the agricultural economy in general.

For example, the proposed ban of heptachlor—which use is of special importance to corn growers—is estimated by the USDA Economic Research Service to result in a $2 million loss in corn production. Can the EPA truly be acting in good faith when it issues its pronouncements? Since the adoption of the 1972 law, EPA has canceled the uses of DDT, aldrin, and dieldrin. Cancellation proceedings are underway against Mirex and suspension proceedings were launched recently against chlordane and heptachlor.

This is just the beginning: by 1977, under the current act, EPA is required to complete the classification of some 50,000 compounds covered under FIFRA. While I recognize that FIFRA was enacted with the explicit intention of environmental protection, I do not read into that the imposition of economic hardship throughout our agricultural and consumer communities.

Nor can I support the Vigorito amendment, currently being promoted by the committee as a solution to the Agriculture-EPA controversy. The vague language to "tighten the degree of cooperation between the agencies" is just weak jargon that amounts to nothing. What we will have are additional layers of bureaucratic redtape and time-consuming paper work. Who reads the Federal Register anyway? And who pays for this additional research and printing? I cannot believe that the mere solicitation of the Department of Agriculture's comments will seriously affect any decisions by the EPA, who consider themselves to be the sole saviours of our environment.

If we had the time, I would relate to you the details of my most recent confrontation with the EPA on behalf of a constituent. His pomegranate crop was in imminent danger of being demolished by a predator beetle; his previous year's emergency permit to use a special pesticide had expired. Since the gentleman's crop was considered a "minor" one by official estimates—although it was this man's livelihood—no residue research had been compiled to back his emergency permit application. Only after personal telephone communication from the almighty EPA was this special permit granted—and the pomegranate crop saved.

When you consider that approximately 1 billion pounds of active pesticide ingredients are applied each year in the United States and one-third of this volume is for agricultural use, repetition of this scenario must be commonplace indeed. This EPA right of emminent domain must not be allowed to continue. FIFRA expired September 30—and is now operating under a 90-day extension. We cannot fuss and fume here in Congress while our agricultural community suffers the consequences. What we can do is pass H.R. 8841 as amended by Mr. SYMMS and Mr. KELLY—and that is what I vigorously recommend to my colleagues that we do.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland (Mr. BAUMAN).

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. Mr. Chairman, I yield to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Chairman, I thank the gentleman.

I would only say that the decision on the part of EPA exhibits the kind of interest that really showed the American farmer—trying to make a pitch for productivity on the part of the American farmer in this body is about tantamount to trying to find some way to encourage the domestic production of petroleum and perhaps just as popular.

I would say to my colleagues if they are trying to encourage the production of agricultural products, give the Secretary of Agriculture this authority, and in this case whether he wants it or not. I do not believe Secretary Butz is terribly popular with some of the Members. Give him this authority so he can use it prudently to make sure American agriculture may continue to produce as it has in the past.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. McDONALD).

Mr. McDONALD of Georgia. Mr. Chairman, I yield the balance of my time to the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. Mr. Chairman, I would just like to say that the problem is that we are hearing arguments presented here that are saying we are going to have a double check on administrative agencies and so forth. I can relate to Members personally that I was involved in the great tussock moth versus DDT controversy that we had in western Idaho and eastern part of Oregon. We have had a 1-million-acre tussock moth preserve. The Forest Rangers, the U.S. Forest Service chief, the lumber company foresters, and the health and conservation people wanted to use DDT to kill the tussock moth, but the head then of the agency, Mr. Ruckelshaus, refused to do so.

The local folks renamed the Umatilla National Forest to the Ruckelshaus National Forest.

I urge support of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, I would emphasize once again that the view that the EPA is a scientific organization backed by all of the scientific knowledge in the country is a myth. The EPA is a political organization and it responds to political pressure. Their determinations and their cancellations and their regulations are made more in terms of political pressure than they are in terms of scientific evidence.

I think anybody that would be willing to look into this, and I know this will not change the minds of very many people here, but if they will go examine the record at our hearings, they will agree they have chosen moths over trees; they have chosen fire ants over people; they have chosen coyotes over sheep and all this done as the result of political pressure. Do not buy this notion that it is a scientific organization. That is a myth.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, the EPA has been assigned the task of trying to protect the health of the people of this country. I think it has been pursuing that conscientiously. It has made mistakes. It has made quite clear to the Committee on Agriculture that it is prepared to act to try to rectify some of these problems. It should be allowed time to have these measures to go into effect.

The health of the American people has to come first. Allowing the Agriculture Department, with its constituency of very specialized nature, to be able to overrule the decisions of the EPA, is just plain wrong. It is like putting the fox in charge of the chickens. Therefore, I strongly urge that the Symms amendment be rejected and the Brown of California amendment be accepted.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho (Mr. SYMMS).

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to my friend, the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I would like to ask the gentleman from New York if the "health of the people" which he states EPA is assigned to protect includes all the encephalitis victims, all the way from Mississippi to Chicago, who have died this year or who have been permanently paralyzed because EPA has put restrictions on the use of DDT to kill mosquitoes.

Mr. OTTINGER. That is patently untrue and unfair. There are insecticides certified by EPA that don't cause environmental damage that are being used against mosquitoes—and DDT can be used to counteract public health hazards under the EPA regulations.

Mr. SYMMS. Mr. Chairman, I refuse to yield further.

The one that EPA recommends is Malathion, which I agree does kill the adult but will not kill the eggs or the larva.

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Florida.

Mr. KELLY. Mr. Chairman, I think everyone in this Chamber should remember that since an amendment was proposed by the gentleman from Texas (Mr. POAGE) and the gentleman from Virginia (Mr. WAMPLER), that if the Members of this Chamber cannot trust these gentlemen in matters of agriculture, then we are in serious trouble.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Chairman, I reserve my time in order to speak on the Brown of California amendment after the vote on the Symms amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. BERGLAND).

Mr. BERGLAND. Mr. Chairman, I think it has been amply demonstrated that the results of the Symms amendment would become an administrative nightmare. I would like to speak to the substitute offered by the gentleman from California (Mr. BROWN).

The committee carefully considered the authority conveyed in section 5 which would give to the Administrator of EPA the power to authorize a program in the certification of farmer applicators, that has operated in Minnesota very successfully for 7 years. The committee considered that plan as one of the good ways of running the program.

If the Brown of California substitute is adopted, the committee will not have an opportunity to work its will on this section. When the matter comes up, I intend to offer an amendment clearly conveying to the Administrator the necessary authority.

Therefore, Mr. Chairman, I urge that both the amendment and the substitute be defeated.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BERGLAND. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I do have a motion to recommit which will protect us on the Brown of California amendment, and we will still have a chance to vote for it, plus the Symms and Poage-Wampler amendments.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I reserve my time until after the vote on the Symms amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, I rise in support of the Symms amendment. I feel that the Brown substitute would be disastrous for agriculture, and for people who want cheap food in America. It would be like giving a vote of confidence to the EPA, a vote of confidence that I feel the agency does not deserve.

I noticed that every Member speaking today, some of the very same Members who are against the Symms amendments, were Members who spoke and voted yesterday for what they thought was the consumers' interest, and for keeping food prices low. Today, they want to be a party to taking away the tools of the farmer, the tools by which he produces cheap food. In my estimation, this is a double standard.

The result will be more expensive food because of future inefficiency in agriculture. The Members who oppose the Symms amendment are working against their own best interest, espoused yesterday in relation to beef research and in relation to the farm bill last spring, in cheap food. Because, it is a very real fact, that the farmer cannot produce cheap food without the use of chemicals.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, I do rise in support of the Symms amendment. I do not think any eloquence on my part will change any minds, so I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho (Mr. SYMMS) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. BROWN).

The question was taken; and on a division (demanded by Mr. FOLEY), there were—ayes 48, noes 39.

RECORDED VOTE

Mr. FOLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 167, noes 175, not voting 91, as follows:

[Roll No. 587]

AYES—167

Abdnor
Alexander
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Bevill
Boggs
Breaux
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conlan

Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derrick
Derwinski
Dickinson
Edwards, Ala.
English
Evans, Ind.
Findley
Fithian
Flynt
Fountain
Frey
Fuqua
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Guyer
Haley
Hansen
Hastings
Henderson
Hillis
Holland
Holt
Horton
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Leggett
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCollister
McCormack
McDonald
McEwen
Madigan
Mahon
Mann
Martin
Mathis
Michel
Milford
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Natcher
Neal
Nichols
O'Brien
Passman
Pettis
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rose
Rousselot
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Stratton
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Ullman
Waggonner
Wampler
White
Whitehurst
Whitten
Winn
Wright
Young, Alaska
Young, Tex.

NOES—175

Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
Badillo
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Biester
Bingham
Blanchard
Blouin
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Carr
Chisholm
Clay
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Danielson
Delaney
Dellums
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Erlenborn
Evans, Colo.
Fascell
Fenwick
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Frenzel
Giaimo
Gibbons
Gilman
Gradison
Green
Gude
Hall
Hamilton
Hannaford
Harkin
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hightower
Howard
Howe
Hughes
Hungate
Johnson, Calif.
Jordan
Kasten
Kastenmeier
Krebs
LaFalce
Lehman
Lent
Levitas
Lloyd, Calif.
Long, Md.
McCloskey
McFall
McHugh
McKinney
Maguire
Matsunaga
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Mineta
Minish
Mink
Mitchell, Md.
Moffett
Moorhead, Pa.
Mosher
Moss
Murphy, Ill.
Myers, Pa.
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Price
Rangel
Rees
Reuss
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Smith, Iowa
Solarz
Spellman
Steelman
Stokes
Studds
Sullivan
Thompson
Tsongas
Vander Jagt
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
Wiggins
Wilson, Bob
Wirth
Wolff
Yatron
Zablocki

NOT VOTING—91

Abzug
Adams
AuCoin
Baldus
Barrett
Beard, Tenn.
Bell
Biaggi
Boland
Bowen
Broomfield
Burton, Phillip
Carney
Clancy
Conable
Conyers
Daniels, N.J.
Dent
Devine
Dingell
Downing, Va.
Duncan, Tenn.
Early
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Flowers
Fraser
Gaydos
Hagedorn
Hammerschmidt
Hanley
Harrington
Harsha
Hays, Ohio
Hébert
Helstoski
Hefner
Hinshaw
Holtzman
Jacobs
Jeffords
Johnson, Pa.
Jones, Tenn.
Karth
Keys
Koch
Litton
McDade
McKay
Macdonald
Madden
Mazzoli
Metcalfe
Miller, Calif.
Moakley
Morgan
Mottl
Murphy, N.Y.
Murtha
O'Hara
O'Neill
Quillen
Railsback
Richmond
Riegle
Runnels
Ruppe
Ryan
St Germain
Sikes
Sisk
Staggers
Stanton, James V.
Stark
Stephens
Teague
Treen
Udall
Van Deerlin
Walsh
Wilson, C. H.
Wilson, Tex.
Wydler
Wylie
Yates
Young, Fla.
Young, Ga.
Zeferetti

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Zeferetti against.
Mr. Bowen for, with Mr. O'Neill against.
Mr. Teague for, with Mr. Koch against.
Mr. Sikes for, with Mr. Boland against.
Mr. Jones of Tennessee for, with Ms. Abzug against.
Mr. Evins of Tennessee for, with Mr. Mottl against.

Mr. PATMAN and Mr. NIX changed their vote from "aye" to "no."

Mr. HANSEN changed his vote from "no" to "aye."

So the amendment to the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. PEYSER).

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FOLEY. Is it correct that approximately 2½ minutes remain of debate under the limitation previously adopted, and that following that a vote will occur on the Brown amendment in the nature of a substitute?

The CHAIRMAN (Mr. HUNGATE). The gentleman states the question correctly. The gentleman from New York (Mr. PEYSER) has 1¼ minutes, and the gentleman from Washington (Mr. MCCORMACK) has 1¼ minutes. Then a vote will occur on the Brown amendment.

The Chair recognizes the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, for the benefit of my colleagues who were not here, who missed the major part of this debate, I would simply like to say we are now voting on the Brown amendment. The Brown amendment is a simple extension of the EPA as is, but it reduces the EPA budget by $12 million. This amendment is supported. The administration has been opposed to other changes that were indicated at other times. It is a simple extension. We are not doing anything world-shaking. The EPA has agreed to make many changes that all the Members have requested. They have appeared before the Committee on Agriculture. They have agreed to make the changes. Let us go with the extension. We save $12 million on the budget, and we can get out of here this afternoon.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. MCCORMACK).

Mr. MCCORMACK. Mr. Chairman, we have just now rejected one extreme amendment to this bill. Now we should reject the opposite extreme amendment to this bill and support the committee work. The committee has done its job. It has come forth with a workmanlike bill to provide appropriate restraints upon EPA in its operations, controlling pesticides and insecticides in our agricultural community. It is up to us now, having rejected one extreme amendment, to reject the other extreme amendment and to support the committee and support the farmers of this country.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. BROWN).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROWN of California. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 66, noes 272, not voting 95, as follows:

[Roll No. 588]

AYES—66

Addabbo
Ambro
Anderson, Calif.
Badillo
Bingham
Blanchard
Brademas
Brodhead
Brown, Calif.
Burton, John
Chisholm
Conte
Corman
Cotter
Coughlin
D'Amours
Delaney
Dellums
Downey, N.Y.
Drinan
Eckhardt
Edwards, Calif.
Fenwick
Ford, Tenn.
Green
Gude
Harris
Hayes, Ind.
Lehman
Levitas
Maguire
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moffett
Moorhead, Pa.
Mosher
Moss
Myers, Pa.
Ottinger
Patterson, Calif.
Peyser
Pike
Rangel
Reuss
Rooney
Rosenthal
Roybal
Russo
Sarbanes
Scheuer
Schroeder
Seiberling
Simon
Solarz
Spence
Stark
Steelman
Studds
Thompson
Tsongas
Vanik
Waxman
Whalen
Wolff

NOES—272

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baucus
Bauman
Beard, R.I.
Bedell
Bennett
Bergland
Bevill
Biester
Blouin
Bolling
Bonker
Breaux
Breckinridge
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carr
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conlan
Cornell
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Derrick
Derwinski
Dickinson
Diggs
Duncan, Oreg.
du Pont
Edgar
Edwards, Ala.
Emery
English

Erlenborn
Evans, Colo.
Evans, Ind.
Fascell
Findley
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Haley
Hall
Hannaford
Hansen
Harkin
Hastings
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lent
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McFall
McHugh
McKinney
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Meeds
Melcher
Meyner
Mezvinsky
Michel
Milford
Miller, Ohio
Mills
Minish
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Murphy, Ill.
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
Passman
Patman, Tex.
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Randall
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rose
Rostenkowski
Roush
Rousselot
Santini
Sarasin
Satterfield
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
Wampler
Weaver
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wright
Yatron
Young, Alaska
Young, Tex.
Zablocki

NOT VOTING—95

Abzug
Adams
AuCoin
Baldus
Barrett
Beard, Tenn.
Bell
Biaggi
Boggs
Boland
Bowen
Broomfield
Burton, Phillip
Carney
Clancy
Conable
Conyers
Daniels, N.J.
Dent
Devine
Dingell
Dodd
Downing, Va.
Duncan, Tenn.
Early
Eilberg
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Flowers
Fraser
Gaydos
Hagedorn
Hamilton
Hammerschmidt
Hanley
Harrington
Harsha
Hays, Ohio
Hébert
Hefner
Helstoski
Hinshaw
Holt
Holtzman
Jacobs
Jeffords
Johnson, Pa.
Jones, Tenn.
Karth
Keys
Koch
Litton
McDade
McKay
Macdonald
Madden
Mazzoli
Metcalfe
Moakley
Morgan
Mottl
Murphy, N.Y.
Murtha
O'Hara
O'Neill
Quillen
Railsback
Richmond
Riegle
Runnels
Ruppe
Ryan
St Germain
Schneebeli
Sikes
Sisk
Staggers
Stanton, James V.
Stephens
Teague
Treen
Udall
Van Deerlin
Walsh
Wilson, C. H.
Wilson, Tex.
Wydler
Wylie
Yates
Young, Fla.
Young, Ga.
Zeferetti

The Clerk announced the following pairs:

On this vote:

Mr. Mottl for, with Mr. Hébert against.

Mr. Zeferetti for, with Mr. Sikes against.

Mr. Koch for, with Mr. Bowen against.

Ms. Holtzman for, with Mr. Boland against.

Ms. Abzug for, with Mr. Jones of Tennessee against.

Mr. Murphy of New York for, with Mr. Teague against.

Mr. Phillip Burton for, with Mrs. Keys against.

Mr. Biaggi for, with Mr. Sisk against.

Mr. Richmond for, with Mr. Dominick V. Daniels against.

Mrs. COLLINS of Illinois changed her vote from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The results of the vote was announced as above recorded.

Mr. BADILLO. Mr. Chairman, the proposed revisions and amendments incorporated in H.R. 8841 seriously undermine the Federal pesticide programs, and weaken the total effect of the Federal Insecticide, Fungicide, and Rodenticide Act and the Environmental Protection Agency's efforts to control and safeguard against the misuse of restricted pesticides. To destroy the standards and weaken the controls set forth in the act for the use of highly toxic pesticides, by adopting the self-certification provision, and implementing the 60 day review period mandated by the Department of Agriculture, would aggravate the already serious problems of pesticide misuse and would continue to jeopardize the health of our people and the welfare of our environment.

We cannot afford to allow a free-for-all system for individuals to qualify themselves to use restricted pesticides. It is not an unreasonable requirement that applicators pass a test assuring that they are qualified to use pesticides properly and safely. An educational process providing certification reduces the possibility of injuries both to individuals and the environment commonly incurred by misuse and overuse.

Nor can we sit back and approve a 60-day review period with the EPA and the USDA for the cancellation and suspension of highly dangerous pesticides; damage incurred by this bureaucratic delay could have disastrous and irreversible repercussions. As EPA Administrator Russell Train explained, in his letter to Chairman Foley, the present law itself requires the EPA to fully consider the agricultural impact of their decisions. They employ a complex system of balancing the risks and benefits in determining the classification of a pesticide, ensuring adequate consideration of agricultural, as well as economic, social, and environmental interests.

It should also be pointed out that less than half of all pesticides registered with the EPA are for agricultural purposes, making this provision even more questionable.

I hope, therefore, that with the support of my colleagues, we can substitute instead a simple extension of the act. By removing those safeguards and restrictions which enable the proper regulation of the use of pesticides, we are completely destroying the primary purpose of the present law.

Mr. FOLEY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Hungate, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 8841) to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year, had come to no conclusion thereon.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time in order to inquire of the distinguished acting majority leader as to the program for the balance of this week and next week.

Mr. McFALL. If the gentleman will yield for that purpose, I will be glad to announce the schedule.

There is no further legislative business for today, and upon announcement of the program for next week I will ask unanimous consent to go over until Monday.

The program for the House next week is as follows:

On Monday, we will call the Consent Calendar. Under suspension of the rules, there are 14 bills, and votes on suspensions will be postponed until the end of all suspensions. The suspensions are as follows:

H.R. 7642, special pay provisions for armed services veterinarians and optometrists.

H.R. 9576, veterans' readjustment assistance amendments.

H.J. Res. 540, Bicentennial commemoration.

H.R. 5708, Bicentennial medals for Army, Navy, and Marine Corps.

H.R. 5778, Indian lands.

H.R. 6669, water resource developments.

H.R. 5952, membership of the Water Resources Council.

H.R. 6874, small reclamation projects.

H.R. 9460, Virgin Islands constitution.

H.R. 9491, Guam constitution.

H.R. 5360, War Claims Act amendments.

H.R. 9056, amendments to Small Business Act.

S. 1549, Federal rules of evidence amendment; and

H.R. 9968, tax treatment of irrigation facilities obligations.

On Tuesday we will call the Private Calendar.

Under suspension of the rules, there are no bills scheduled.

On H.R. 4222, School Lunch and Child Nutrition Act amendments, a vote on the veto override is expected.

Then we will consider:

H.R. 9500, Construction Industry Stabilization Act, open rule, 1 hour of debate; and

H.R. 200, Marine Fisheries Conservation Act, open rule, 2 hours of debate.

For Wednesday and Thursday we will consider:

Military construction appropriations, fiscal year 1976.

American technicians in the Sinai, subject to a rule being granted.

H.R. 8841, Federal, Insecticide, Fungicide, and Rodenticide Act amendments, conclude consideration.

H.R. 7988, heart, lung, and blood research, research training, and genetic diseases amendments, open rule, 1 hour of debate.

S. 584, retirement credit for National Guard technician service, votes on amendments and bill.

H.R. 8672, emergency rail transportation improvement and employment, open rule, 1 hour of debate.

Conference reports may be brought up at any time. Any further program will be announced later.

Mr. RHODES. Mr. Speaker, I will ask the distinguished acting majority leader if there will be any early sessions next week, or has that yet been determined?

Mr. McFALL. If the gentleman will yield further, it is the present plan, I would advise the gentleman, that the House will start at noon on Monday, Tuesday, and Wednesday. It is possible, of course, that we will get into some kind of a bind and we may have to change that. But the present plan, as I understand, after discussing this matter with the Speaker, is that on Monday, Tuesday, and Wednesday we will meet at noon, so that the committees can meet, and we will have the regular order of business.

On Thursday, it is presently planned that we would try to start at 10 o'clock and finish at a reasonable hour on Thursday.

Mr. RHODES. Mr. Speaker, let me ask the gentleman this:

Will there be a resolution offered providing for a recess which would occur from October 9 to October 20, 1975, or will this be handled by a series of pro forma sessions during that time?

Mr. McFALL. Mr. Speaker, if the gentleman will yield further, the Speaker advises us that there will be a resolution offered.

Mr. RHODES. Mr. Speaker, I thank the gentleman.

ADJOURNMENT TO MONDAY, OCTOBER 6, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The **SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The **SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE REPORT ON H.R. 9968, AMENDING INTERNAL REVENUE CODE OF 1954 WITH RESPECT TO CERTAIN OBLIGATIONS USED TO PROVIDE IRRIGATION FACILITIES

Mr. McFALL. Mr. Speaker, on behalf of the gentleman from Oregon (Mr. ULLMAN), chairman of the Committee on Ways and Means, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on H.R. 9968, to amend section 103 of the Internal Revenue Code of 1954 with respect to certain obligations used to provide irrigation facilities.

The **SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

THE PRIVACY ACT AND CONSTITUENT CASEWORK

(Ms. **ABZUG** asked and was given permission to address the House for 1 minute and to revise and extend her remarks and to include extraneous matter.)

Ms. ABZUG. Mr. Speaker, the following is a letter I received today from James T. Lynn, Director of the Office of Management and Budget, on the subject of the Privacy Act of 1974 and congressional inquiries made at the request of constituents. Also a copy of a revised supplemental memorandum to heads of executive departments and agencies from Director Lynn on this subject. This will make it possible for Members of Congress to handle these inquiries substantially as they have in the past. I will be communicating with Members giving further details by letter.

The material follows:

WASHINGTON, D.C.,
October 3, 1975.

Hon. BELLA S. ABZUG,
Chairman, Subcommittee on Government Information and Individual Rights, Committee on Government Operations, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: The enclosed memorandum to Heads of Executive Departments and Agencies was developed as a result of discussion among you, Congressman Moorhead, various congressional staff and my staff to address an immediate concern that the Privacy Act could be implemented in such a way as to deny individuals the benefit of the assistance of Members of Congress.

We understand that the Department of Defense and the Veterans Administration intend to proceed in accordance with the recommendations contained in the memorandum and we hope that the Department of Health, Education, and Welfare will make a similar decision shortly.

We have also asked these three Departments and agencies immediately to set forth in writing for their personnel and congressional offices, their procedures for handling congressional inquiries and some typical cases as they relate to the Privacy Act. I believe that this will go far toward establishing a common level of understanding and an acceptable method of processing constituent inquiries. We shall also provide any assistance which you consider appropriate in informing individuals in congressional offices of the impact of the Privacy Act.

As the procedures set forth in the memorandum are implemented and the 30-day advance notice and public comment period is met, I suggest that we continue our discussions of whether the routine use is the most effective long term method of resolving the concerns related to constituent inquiries.

We appreciate your concerns and efforts in this regard and hope that the implementation and educational process that must occur can occur with a minimum of disruption. We continue to remain available to work with you to assure the effective and equitable operation of the Privacy Act.

Sincerely yours,

JAMES T. LYNN,
Director.

WASHINGTON, D.C.,
October 3, 1975.

To the Heads of Executive Departments and Establishments.

Subject: Congressional inquiries which entail access to personal information subject to the Privacy Act.

This memorandum provides additional guidance to Executive Departments and Agencies on responding to congressional inquiries which involve access to personal information subject to the Privacy Act of 1974 (5 U.S.C. 552a). This guidance has been coordinated with the congressional committees with legislative jurisdiction and the principal agencies affected. It is intended to assure that implementation of the Act does not have the unintended effect of denying individuals the benefit of congressional assistance which they request.

It is recommended that each agency establish the following as a routine use for all of its systems, consistent with subsections (a) (7) and (e) (11) of the Act:

"Disclosure may be made to a congressional office from the record of an individual in response to an inquiry from the congressional office made at the request of that individual."

The operation of this routine use will obviate the need for the written consent of the constituent in every case where the constituent requests assistance of the Member which would entail a disclosure of information pertaining to the constituent.

In those cases where the congressional inquiry indicates that the request is being made on behalf of a person other than the individual whose record is to be disclosed, the agency should advise the congressional office that the written consent of the subject of the record is required. The agency should not contact the subject unless the congressional office requests it to do so.

In addition to the routine use, agencies can, of course, respond to many congressional requests for assistance on behalf of individuals without disclosing personal information which would fall within the Privacy Act, e.g., a congressional inquiry concerning a missing Social Security check can be answered by the agency by stating the reason for the delay.

Personal information can be disclosed in response to a congressional inquiry without written consent or operation of a routine use—

If the information would be required to be disclosed under the Freedom of Information Act (Subsection (b) (2));

If the Member requests that the response go directly to the individual to whom the record pertains;

In "compelling circumstances affecting the health or safety of an individual . . ." (Subsection (b) (8)); or

To either House of Congress, or to the

extent of matter within its jurisdiction, any committee or subcommittee thereof . . ." (Subsection (b)(9)).

The routine use recommended above and disclosures thereunder are, of course, subject to the 30 day prior notice requirement of the Act (Subsection (e)(11)). In the interim, however, it should be possible to respond to most inquiries by using the provisions cited in the previous paragraph. Furthermore, when the congressional inquiry indicates that the request is being made on the basis of a written request from the individual to whom the record pertains, consent can be inferred even if the constituent letter is not provided to the agency.

It is urged that all agency personnel who are involved in responding to congressional inquiries (including all field offices) be advised of this policy by the most expeditious means available (e.g., telephone or cable).

JAMES T. LYNN,
Director.

IF CONGRESS WANTS ACCURATE BUDGETS; IT SHOULD DEAL WITH THE FEDERAL RESERVE'S BLOATED PORTFOLIO

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, the 94th Congress has made major changes and reforms in the handling of our Federal budget. We now have formal Budget Committees and this has been an advance which will greatly improve both the public's and the Congress' understanding of Federal expenditures and debt management. Despite this, a huge chunk of the national debt and budget remain in a "fictional" State and I am hopeful that the Budget Committee chaired by the very able Representative from the State of Washington, BROCK ADAMS, will take a hard look at this entire situation.

Mr. Speaker, I am referring to the approximately $90 billion which is in the portfolio of the Federal Open Market Committee held in the New York Federal Reserve Bank. This is a portfolio of Government securities which have been paid for once with the credit of the United States. Despite the fact that these bonds have been paid for once, they have not been canceled and today the Federal Reserve draws more than $6 billion annually in interest on these paid-up bonds. This $6 billion is paid by the Treasury to the Federal Reserve and this $6 billion is included in the budget of the U.S. Government and part of the overall ceilings which have been established by the Congress. In reality, this $93 billion and the resulting $6 billion in interest paid from the Treasury to the Federal Reserve should not be counted either against the debt or the budget.

Mr. Speaker, when you pay for a debt, it is canceled. We have paid for these bonds in the portfolio and they should be canceled the same as any other debt when it is paid. When the obligee and the obligor are the same—as in this situation—then the debt is canceled. This is just plain old commonsense and I know of no business or economic expert anywhere in the world who would state otherwise.

The $6 billion which the Federal Reserve draws from the Treasury is tax money. Out of this huge slush fund the Federal Reserve pays its expenses and carries on its farflung operations from coast to coast and from border to border.

These funds are unaudited. These funds are unappropriated. These funds are not even subject to the most informal budget review. In fact, Mr. Speaker, the budget of the Federal Reserve System is unknown—it is not seen by anyone on the Hill or elsewhere in the executive branch. We only learn of the expenditures after the fact and then we have to depend on the word of the faceless bureaucrats—28,000—who are employed in the Federal Reserve. Mr. Speaker, surely this kind of situation cries out for an audit—a full-scale audit by the General Accounting Office of every aspect of the Federal Reserve System.

This is an agency which handles more than $30 trillion annually in transactions. It is an agency with more than $90 billion of Government securities which have been paid for once. It is an agency which has control of more than $6 billion of tax funds which are unbudgeted and unappropriated.

Mr. Speaker, I want to place in the RECORD a table showing the portfolio of bonds in the Federal Open Market Committee. This table shows the bonds from the beginning of the Federal Reserve System up to 1974. Beginning on January 2, 1974, the table shows weekly totals of this portfolio and, as you will note, these holdings have ranged up to almost $93 billion earlier this year:

Portfolio of bonds held in the Open Market Committee, 1914–73 (year-end holdings); and 1974–75 (weekly changes)

[In millions]

1914–15	$16
1916	55
1917	122
1918	239
1919	300
1920	287
1921	234
1922	436
1923	134
1924	540
1925	375
1926	315
1927	617
1928	228
1929	511
1930	729
1931	817
1932	1,855
1933	2,437
1934	2,430
1935	2,431
1936	2,430
1937	2,564
1938	2,564
1939	2,484
1940	2,184
1941	2,254
1942	6,189
1943	11,543
1944	18,846
1945	24,262
1946	23,350
1947	22,559
1948	23,333
1949	18,855
1950	20,778
1951	23,801
1952	24,697
1953	25,916
1954	24,932
1955	24,785
1956	24,915
1957	$24,238
1958	26,347
1959	26,648
1960	27,384
1961	28,881
1962	30,820
1963	33,593
1964	27,044
1965	40,768
1966	44,282
1967	49,112
1968	52,937
1969	57,154
1970	62,142
1971	70,000
1972	70,600
1973	76,000

Portfolio of bonds held in the Open Market Committee, week-by-week changes—1974

[In millions]

Week ending:	
1974:	
January 2	$80,851
January 9	80,880
January 16	80,762
January 23	80,309
January 30	81,088
February 6	80,407
February 13	80,678
February 20	81,535
February 27	80,577
March 6	80,203
March 13	80,167
March 20	80,813
March 27	80,920
April 3	81,330
April 10	80,675
April 17	81,606
April 24	81,689
May 1	82,731
May 8	83,190
May 15	83,626
May 22	83,679
May 29	83,162
June 5	83,075
June 12	81,267
June 19	83,017
June 26	83,815
July 3	83,933
July 10	83,990
July 17	84,718
July 24	84,429
July 31	84,112
August 7	83,648
August 14	83,486
August 21	85,394
August 28	85,176
September 4	85,304
September 11	83,126
September 18	83,791
September 25	84,982
October 2	85,380
October 9	84,041
October 16	83,367
October 23	83,472
October 30	85,581
November 6	85,662
November 13	82,421
November 20	83,959
November 27	85,212
December 4	85,559
December 11	85,445
December 18	85,842
December 25	88,242

Portfolio of bonds held in the Open Market Committee, week-by-week changes, 1975

[In millions]

1975:	
Week ending:	
January 1	$87,903
January 8	86,317
January 15	85,520
January 22	86,105
January 29	86,341
February 5	85,613
February 12	83,801
February 19	84,255
February 26	85,376
March 5	85,505

March 12	$82, 658
March 19	83, 345
March 26	86, 867
April 2	86, 518
April 9	84, 508
April 16	85, 109
April 23	87, 465
April 30	91, 411
May 7	92, 125
May 14	91, 358
May 21	92, 529
May 28	92, 156
June 4	90, 748
June 11	85, 650
June 18	87, 281
June 25	89, 859
July 2	91, 559
July 9	88, 982
July 16	87, 497
July 23	87, 997
July 30	87, 868
August 6	86, 647
August 13	85, 075
August 20	87, 075
August 27	87, 572
September 3	88, 224
September 10	86, 653
September 17	81, 071
September 24	82, 978
October 1	83, 804

COMPENSATION FOR THE IRS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. **CRANE**. Mr. Speaker, last March, I introduced a bill, which has been referred to the House Judiciary Committee, that would compensate successful defendants in civil actions filed by the U.S. Government for reasonable attorneys' fees and other litigation costs. In the months that have followed, the response has been tremendous indicating the growing concern many Americans share about the adverse effects of governmental over-regulation. While most of the comments have been directed at regulatory agencies such as the EEOC, the EPA, the FDA, the ICC, the CAB, the FTC, and the SEC, this measure is also intended to act as a restraining influence on the agency that affects the life of every American—the Internal Revenue Service—IRS.

Under existing law, if an individual is audited by IRS and IRS claims additional taxes are owed, that individual can either appeal the case within the framework of the IRS's inhouse appellate procedure or take the case to one of three courts. However, if he chooses to do the latter, he must either pay the tax and file for a refund, which makes him eligible to go to the Court of Claims or the Federal District Court, or he can hold off paying the tax, thereby running the risk of paying additional interest penalties, and take the case to the U.S. Tax Court. But, if he elects to go to either the Court of Claims or the Federal District Court, he becomes the plaintiff in a case against the IRS by virtue of having filed for a refund, and if he goes to Tax Court he becomes the petitioner on the grounds that he is challenging the IRS's findings as set forth in its 90-day notice of discrepancy—which is sent out before one can petition to go to Tax Court. Thus, the burden of proof has shifted. Although the taxpayer is, in essence, the defendant by virtue of the fact he is contesting an IRS finding, in reality he must prove that the Government has made a mistake rather than the Government having to prove that he has made a mistake. In short, the common law tradition that the taxing authority is presumptively correct takes precedence over the more familiar concept of "innocent until proven guilty."

As it stands now, the only civil cases in which the IRS is the plaintiff are those in which the ability to pay, rather than the liability itself, is in question. Included in this category are cases such as summons enforcement, suits to collect taxes and erroneous refund suits. However, in view of the fact that those who go to Tax Court, the Court of Claims, or a Federal district court are just as much on the defensive as those contesting their ability to pay it seems only fair, logical and consistent to me that they also be compensated for their legal fees and litigation costs when they win the case. Accordingly, I plan to introduce, at the appropriate time, perfecting language to my bill making it clear that it applies to victorious taxpayers in IRS cases as well as to successful defendants in other types of civil action filed by the Federal Government or any of its departments, agencies, or commissions.

In response to the obvious question, that being how does one define "victorious" in an IRS case, it is my feeling that, in cases where the court rules that the IRS is entitled to only a small part of what it has claimed, then the taxpayer should be compensated in direct proportion to the extent of his victory. Thus, if a taxpayer was able to prove 95 percent of the IRS's claims were unjustified, he would get back 95 percent of whatever the court determined was a reasonable amount for attorney's fees and other litigation expenses. Of course, there is always the question of how far this proportional compensation should be carried, and I think this should be explored further in subsequent hearings and discussion, but I feel the basic concept is sound, particularly since the IRS not only has all the resources of the Federal Government behind it but is also entitled, by law, to a presumption of correctness at the outset.

While on the subject of difficulties facing taxpayers who wish to contest claims being filed by the IRS, it should also be noted that, if a person takes an eligible case—one involving less than $1,500—to the small tax case division of the Tax Court, he will save money in terms of attorney's fees and other costs but, by doing so, he gives up his right of appeal. Given the fact that roughly 25 percent of all decisions appealed by contesting taxpayers are eventually decided in their favor, it is important that the taxpayer, no matter how small his case, know that he can take his case to another court and, without sacrificing his right to appeal if he loses, be reimbursed for his legal expenses if he wins.

Of course, the argument will be raised that such compensation will open the floodgates to litigation with the resultant swamping of our court system. However, I would like to again point out that, by sending the 90-day notice of discrepancy, which gives the taxpayer the option of either paying up or going to court, the IRS is actually determining who can go to court. Moreover, such compensation would make the IRS prepare their cases better, to say nothing of encouraging them to drop those where internal or perhaps political pressures are the primary motivating factor. Finally, those taxpayers who do not have a good case, or who are not sure of their case, will still have reason to doubt the wisdom of taking matters to court; if they lose it will cost them more than if they settled their accounts.

However, as things stand now, the circumstances are such that most taxpayers doubt the wisdom of contesting matters no matter how strong they feel their position is. Therefore, it is not at all surprising to discover that, of the audited cases where underpayments have been alleged, 97 percent are settled without recourse to the courts, a percentage which has remained constant over the past 10 years. Likewise, it is little wonder that, of the cases that are petitioned to the Tax Court, 85 percent are settled before going to trial. Not only do most people want to avoid the trouble and expense of haggling with the Internal Revenue Service, but many are positively afraid of the IRS and its practically unlimited resources. In particular, people hesitate to "fight city hall" so to speak because they believe that, regardless of how accurate their returns are, making waves will irritate the IRS into using its power to audit their returns year after year, causing them further worry and expense. Thus, the IRS often gets its way by subtle coercion rather than on the merits of its claims—as the comments of many an aggrieved taxpayer attest.

The consequences of this subtle coercion can be seen better by looking at some more figures. In fiscal 1974, the IRS claimed that over 1.3 million out of nearly 2.2 million audits showed tax underpayments totaling $5.9 billion while, during the same year, the IRS reported it settled cases, without involvement by the courts, for roughly $3.1 billion in additional taxes and penalties. While only a rough approximation—since some audit cases are not resolved in the year they are raised—these figures suggest that challenged taxpayers agreed to pay 53 cents on every dollar the IRS claimed rather than go to court. By contrast, in the same 12-month period, the IRS got just under 40 cents of every dollar it sought when the case was decided by the Tax Court and, if you count in cases that were settled after being petitioned to Tax Court but before actually coming to trial, the IRS success rate dropped to just over 28 cents on the dollar.

Taking a look at the other two courts, the picture is not all that much different. In the Court of Claims, where the taxpayer pays the disputed tax and petitions for a refund, court decisions resulted in IRS refunding almost 65 percent of the money in dispute in fiscal 1974. In the district courts, the IRS had to give a whole lot less money back but, on the other side of the coin, a greater percentage of taxpayers won outright victories there than in either of the other two courts.

Speaking of who won and with what frequency, taxpayers won complete victories in 10.9 percent of the 1974 Tax Court decisions and partial victories in another 36.4 percent of the cases. In the Court of Claims, in the same year, taxpayers won 10.6 percent of the cases outright and were partially successful in another 8.5 percent of the cases—despite an even higher standard of proof. And, in the district courts, as indicated, the taxpayer had his best chance for success, winning total victories in 27.1 percent of the cases and partial triumphs another 12.8 percent of the time.

Given all these figures, and the obvious indications that it pays to fight if you think you are in the right, one would expect far more than 3 percent of all challenged taxpayers to take their case to court—all other things being equal. However, what these figures really suggest is that things are far from equal when it comes to the taxpayer dealing with the IRS and that, as a result, he is often paying tax that he should not have to pay on a lesser-of-two-evils basis. Such a hypothesis not only coincides with the 1974 testimony of U.S. Tax Court Commissioner Joseph N. Ignolia, who told a Senate Appropriations Subcommittee that while taxpayers can save money by going to Tax Court many do not go for fear of the cost, but it also dovetails with the statements of the chief judge of the U.S. Tax Court before the same subcommittee the year before. In answer to a question concerning the propriety of allowing the taxpayer to recover reasonable costs incurred in challenging the IRS, Judge W. M. Drennen not only acknowledged the problem but endorsed a solution by saying that such compensation would be more equitable. The judge added that even if it cost more, which he thought it would—

> . . . it still seems to me to be a fair thing to do.

Judging from the case histories that are available, I think most Americans will agree that such a system would not only be fairer to the taxpayer but would cut down on abuses by the IRS. Take, for instance, the case of the couple that was accused of owing almost $55,000 in back taxes over a 3-year period. At their own expense, of course, they took the case to Tax Court and, when the decision was entered, it turned out their liability amounted to only $169.88. Sure, they saved the $55,000 the IRS wanted but still they were out attorney's fees and other costs with no hope of ever seeing that money again. Likewise, when the IRS made an effort to collect an excise tax from both the manufacturer and the retailer of a given product, the manufacturing firm decided to take the case to the Court of Claims and was vindicated when the decision was handed down (*Sarkes Tarzian* v. *U.S.*, 412 F. 2d, 1203). However, the legal fees involved in fighting the case came to over $25,000 and, as in the first example, that money was gone for good.

Compensating both the couple and the manufacturing firm for legal expenses incurred in fighting an action not of their own choosing, as Judge Drennen has suggested and as my proposal will do, would not only make good the mistakes of one agency of Government but would encourage that agency to make fewer mistakes. By virtue of the fact that such compensation would become a matter of public record, thus providing a quantitative measure of IRS error, IRS personnel would have a positive incentive to avoid some of the temptations that are leading to so much trouble today.

Getting down to specifics, there are a number of pressures that, if not checked, could cause the IRS, or any Federal regulatory agency for that matter, to take legal action against an individual or business. For one thing, internal pressures, such as job performance ratings and promotion considerations, encourage IRS personnel to press forward with claims whenever possible. After all, the IRS and the other regulatory agencies are in business to punish abuses and, regardless of their public statements to the contrary, there is a natural tendency for them to want to be as aggressive as possible in carrying out their assigned function. But, while such aggressiveness might look good within the IRS, all too many Americans are aware that it is capable of making a mockery of the system of justice their organization is supposed to enhance.

A second consideration is that once a taxpayer wins a case there is a natural tendency for the IRS personnel involved to seek vindication through further auditing of the taxpayer's return. And, even if this does not happen very often, there is a fear in the minds of most Americans that it could happen to them if they challenge an IRS finding. Enactment of this legal compensation proposal should make people rest easier however; if vindictiveness rather than fact is shown to be the basis for the case, the taxpayer will be reimbursed for the costs of defending himself.

Finally, there is the matter of political pressure. While it was the intention of Congress in establishing the independent regulatory agencies and in giving the IRS the power it has, to keep politics out of their proceedings, there is reason to suspect that, instead of achieving insulation, the political pressure points have simply been changed. Rather than being at the whim of Congress, the IRS and the regulatory agencies are now most likely to be influenced by the White House or by the political predilections of their own personnel people who, for the most part, are protected by Civil Service.

Unfortunately, some of the most recent examples of this have involved the IRS and the Special Services staff it operated from 1969 to 1973. While evidence accumulated by the Joint Committee on Internal Revenue Taxation suggests that the practice of focusing special IRS attention on political groups began during the Kennedy administration, the practice continued during the Johnson administration, and reached a peak during the Nixon administration when IRS investigations were allegedly suggested, not only of political organizations, but of political figures associated with the Democratic Party and some of its candidates. According to evidence released by the House Judiciary Committee, allegations have been made to the effect that in 1972 the White House attempted to have the IRS investigate former Democratic Party Chairman Lawrence O'Brien, staff members of Senator GEORGE McGOVERN and contributors to Senator McGOVERN's campaign. In addition, there are allegations that the White House also tried to turn off IRS investigations of certain friends of the administration.

While these charges have never been brought, much less proven, in a court of law, the very fact that IRS was allegedly contemplated as a political tool is a matter of most serious concern. One cannot ignore the fact that some 8,000 individuals and 3,000 organizations were on what has been popularly referred to as an IRS "enemies list" and the suspicion lingers that, not only has IRS been used to bringing political pressure on people in the past but, unless corrective measures are taken, it could be used for such a purpose in the future.

One corrective step that should be taken is to tighten the procedures regarding the inspection and confidentiality of IRS records, and I have previously cosponsored a bill that would do just that. Another remedy, and one which I have also cosponsored, would require the IRS to notify the taxpayer before an audit of his return begins, giving him the reason for the audit and advising him of his rights during the audit procedure. But, for these steps to be fully effective, and for the IRS to be discouraged from engaging in political or other types of harassment tactics, both the American public and the IRS personnel need to know that IRS will have to pay for the errors of its ways.

Regardless of political affiliation, I think we can all agree that politics should play no part in actions initiated by the IRS or any other Federal regulatory agency. Unfortunately, there is no reason to expect that the IRS is the only agency that has been subjected to political pressure, making it imperative for us to enact legislation that puts the responsibility for appropriate conduct where it belongs—on the bureaucrats themselves.

While the best long-term solution for political pressure on regulatory agencies may well be a reduction in their size and number, under present law we will continue to need an effective Internal Revenue Service. However, for it to be truly effective, the IRS must be an organization that people respect both for its fairness and for its ability to bring tax evaders to justice. Unquestionably, reimbursing a victorious taxpayer for legal expenses incurred in a dispute with IRS will contribute towards the first objective and, contrary to what some might think, it should not interfere with the second. Tax evaders will not be encouraged to flaunt the law because, if they get caught, they will have to pay for their own defense as well as whatever tax they owe. Nor will they be encouraged prematurely to take their case to court, hoping to stall, clog the court dockets and eventually get off the hook, because they cannot get into court without having been sent the 90-day notice of discrepancy and because it will cost them more money if they try it and lose. What compensation will do, however, is assure every American that if the IRS, for whatever reason, wrongly seeks more taxes from him, he can come out on the long end in court without coming out on the short end at his bank.

In conclusion, Mr. Speaker, I would like to point out that this idea is not without precedent. In April 1973, Senator BELLMON, joined by 11 of his colleagues, reintroduced a bill calling for the reimbursement of attorney's fees, accountant's fees, and court costs to victorious taxpayers in cases involving the IRS. Subsequently, the National Federation of Independent Business did a poll on the bill and 86 percent of those who responded indicated they were in favor. And still later, the same suggestion was made in the 1974 Senate hearings on taxpayer assistance and compliance programs on several occasions.

When you get right down to the heart of the matter, the basic issue at stake here is justice. To make appeals from IRS or regulatory agency findings contingent on one's ability to pay or on one's willingness to take a loss is hardly fair. Nor is the cause of justice served by having people comply with agency verdicts, even though they believe those verdicts wrong, simply because it is the lesser of several evils. If a proper balance is to be maintained between the citizen and his Government, the tremendous resources of the Government agencies must be offset by a commitment to reimburse people when the agencies force people into court and then cannot prove their case. This commitment is the essence of my proposal and I hope that my colleagues will not only study it carefully but give it their wholehearted support.

A SUCCESSFUL 17TH OBSERVANCE OF CAPTIVE NATIONS WEEK

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, on the basis of diverse evidence I am happy to report that the 17th observance of Captive Nations Week this past July was a most successful one. The meaning of Public Law 86–90, the Captive Nations Week resolution, continues to be deeply valued by broad sections of our citizenry as well as by friends abroad.

Its long-run meaning was also emphasized during the week by the timed Apollo-Soyuz orbit and the announcement of the European Security Conference, not to mention Solzhenitsyn and the détente defensive. Furthermore, with Laos now definitely under Communist domination, the long list of captive nations should have greater meaning.

In this additional report on the week, I include: First, a statement by Fred Schlafly, president of the American Council for World Freedom; second, a statement by Dr. Lev E. Dobriansky of Georgetown University with an amended list of captive nations; third, a letter in the July 16 West Roxbury Mass., Transcript; and fourth, an editorial in the July 21 edition of the Rising Tide, of Washington, D.C.:

STATEMENT BY FRED SCHLAFLY, PRESIDENT, AMERICAN COUNCIL FOR WORLD FREEDOM

We deeply regret the White House's refusal to meet with or welcome the distinguished victims of Soviet slave labor prisons. Alexander Solzhenitsyn, Alexander Dolgun and Simas Kudirka. Shortly before they came to Washington as the guests of honor of the AFL–CIO, President Ford issued a statement in accordance with our Captive Nations Law calling on all Americans to hold appropriate ceremonies for victims of oppression.

However, the White House did not comply with either the letter or the spirit of the Captive Nations Law when it declined to participate in the ceremonies for these three victims and even on July 3 questioned the "mental stability" of Nobel Prize winner Solzhenitsyn.

The White House has also attacked a solemn warning made by former Secretary of Defense Melvin Laird in the July Reader's Digest that the Russians were cheating on the SALT agreements.

History has cast the White House in the role of free world leader. The White House must heed the advice of freedom-loving Russians like Solzhenitsyn and American victims of Soviet injustice like Dolgun and Kudirka.

We must not repeat the mistakes made in 1945–46 when the White House forced 2 million anti-communist non-Russians and Russians to return to the Soviet Union. The list of Captive Nations has grown by sixteen since then and will eventually include most of the free world if we do not cooperate with the Soviet people by encouraging anti-communist leaders like Solzhenitsyn.

CAPTIVE NATIONS

(By Lev E. Dobriansky)

On the occasion of the 17th observance of Captive Nations Week—July 13–19—it is with sadness and a deep sense of tragedy that we view South Vietnam and Cambodia as the most recent additions to the already long list of captive nations.

There are now 29 such nations with a total population of approximately 1.5 billion.

Who will be next? Laos? Thailand? the Republic of China? South Korea? the Philippines? Portugal?

What is beginning to show clearly is that the patchwork diplomacy of detente, as currently pursued, is nothing but a facade for Cold War operations, with us paying a far higher price than Moscow.

In the Far East, Russian-backed North Korea has stepped up its military and subversive pressures on the Republic of Korea.

Japan, still smarting from our diplomatic insults in 1971, faces internal communist pressure with undoubted backstage assists from Moscow.

Our loyal ally, the Republic of China, fears a sellout by us to Peking, whose cool psychological stance aims at the so-called solution of the "Taiwan problem."

The spectre of Red China's reconciliation with Moscow hovers over the area and beyond.

A European Security Conference, long advanced by Moscow, is about to consecrate Russian domination over the postwar East European bloc, in short, Moscow's outer empire.

This grim picture of instability, uncertainty, stress on the defensive, and doubt about American leadership in the Free World extends to the Mideast, Western Europe and Latin America.

Moscow's hand in the 1973 Yom Kippur War, its support of the Palestinian Liberation Organization, its long-known strategy on oil, its arms flow to Syria, Egypt and others, and its skillful play on friction in the turbulent Mideast area are traditional expansionist moves of Moscow.

They bear the earmarks of the Cold War and have the objective of excluding American influence in the area and reducing its power image in the world at large.

Moving toward Western Europe, it is patently evident that NATO has been seriously weakened by the mismanaged Cyprus affair, the Greek upheaval, the financial and economic crisis in Italy, the turn of events in Portugal, and the surge of large communist parties in France, Italy and Portugal to enter coalition governments.

Led by Politburo members Suslov and others, Moscow is cultivating the opportunities for a Finlandization of Western Europe. The security problems for NATO loom greater than ever before.

In Cuba, Peru and Latin America generally, Moscow's presence and influence grow substantially.

What should be our response? Should we simply follow the present detente process and let "evolution" bring about the dubious objectives of our foreign policy?

Or should we exact increasingly higher prices for the economic aid the Soviet Union urgently needs?

The emigration of Jews has a meaningful initial price. However, we should press for more concessions. They should include such objectives as:

(a) The reunion of families and the elimination of excessively high Soviet duty taxes on relief packages; (b) The resurrection of the major Ukrainian Orthodox and Catholic Churches, which were genocided by Stalin; (c) Consideration for the beginning of direct diplomatic relations with national republics like Byelorussia and Ukraine, and (d) The stopping of psychiatric and labor camp sentences for dissidents.

In the wake of the Indo-China tragedy the time is now for a Select Committee on Captive Nations in Congress, with concentration on those in the USSR. Congress can and should take the lead in the massive education of our people about all the captive nations.

The greatest weakness and vulnerability of Moscow lie in the existence of these captive non-Russian nations within the USSR itself. Moscow knows this, but our leaders scarcely appreciate it.

A growing and determined interest in these Captive Nations, would signal to the Kremlin that we mean business in developing a genuine detente. If Moscow fails to respond, we, too, can engage in Russian-style "peaceful coexistence," without fear of a nuclear war and in the knowledge that the captive nations are our firmest allies, even in the USSR itself.

A genuine detente is one that permits ideas and values to compete with those of our adversary—on both sides of the Iron Curtain. To aid him by trade and deals in the vain hope of "solving" Free World problems prevents this competition and a policy for the captive nations, particularly those in the USSR.

Let us not forget that our past errors (1) saved Lenin's tyrannical regime and contributed to the demise of the independent non-Russian republics in the 20's, (2) provided for the industrial foundations of the USSR in the 30's, (3) rescued this empire-state from destruction and enabled it to extend its empire in Central Europe, Asia, and Cuba in the 40's and 50's, and (4) under cover of detente tolerated its support of Hanoi's aggression in the 60's and 70's.

The perpetuation and repetition of such errors could lead to our own destruction. We, too, could become a captive nation.

THE CAPTIVE NATIONS—WHO'S NEXT?

*Country, people, **and** year of Communist domination*

Armenia	1920
Azerbaijan	1920
Byelorussia	1920
Cossackia	1920
Georgia	1920
Idel-Ural	1920
North Caucasia	1920
Ukraine	1920
Far Eastern Republic	1922
Turkistan	1922
Mongolia	1924
Estonia	1940
Latvia	1940
Lithuania	1940
Albania	1946
Bulgaria	1946
Yugoslavia (Serbs, Croats, Slovenians, etc.)	1946
Poland	1947
Romania	1947
Czecho-Slovakia	1948
North Korea	1948
Hungary	1949
East Germany	1949
Mainland China	1949
Tibet	1951
North Vietnam	1954
Cuba	1960
Cambodia	1975
South Vietnam	1975
Laos	1975

Who is next? Thailand? Republic of China? South Korea? Philippines? Portugal?

[From the West Roxbury Transcript, July 16, 1975]

CITES CAPTIVE NATIONS WEEK PROCLAMATION

EDITOR TRANSCRIPT: In terms of special proclamations by President Gerald R. Ford and Governor Michael S. Dukakis, the week of July 13–19 is observed as "Captive Nations Week."

Its purpose is to manifest our support for the aspirations of capitive nations under Communist domination, Russian and Chinese, to become free and independent states. The first Captive Nations Week Resolution was adopted by Congress in 1959 and it listed following captive nations: Ukraine, Armenia, Beylorussia, Latvia, Lithuania, Estonia, Georgia, Turkestan, Cossackia, North Korea, North Vietnam and others. It also listed countries whose liberties have been taken away by Communist rule: Hungary, Poland, Czecho-Slovakia, Romania, Bulgaria. Since 1959 were added: Cuba, Cambodia, South Vietnam. Portugal is on the verge of becoming another Communist state.

Continuous flow of writings from the Soviet Union and other sources of information attest to the fact that captive nations continue to be the thorn in the Russian Communist empire. Hundreds of Ukrainian, Lithuanian, Latvian, Estonian, Armenian, Jewish and other dissidents have been jailed by the Soviet government for demanding free expression, free speech, free movement of people and other liberties.

In his 1975 "Captive Nations Week Proclamation," President Ford stated: "I call upon the people of the United States to observe this week with appropriate ceremonies and activities, and I urge rededication to the aspirations of all peoples for self-determination and liberty."

OREST SZCZUDLUK,

West Roxbury, Vice President of the Boston Chapter, Ukrainian Congress Committee of America, Inc.

[From the Rising Tide, July 21, 1975]

CAPTIVE NATIONS' WEEK

July 13–10 marked the 17th observance of Captive Nations Week. Once a commemoration of wide public note, this week now gets practically no official attention. This year particularly, with the Soviets' long-cherished mutual security summit about to take place in Europe, the U.S. has relegated Captive Nations Week to what Senator William J. Fulbright used to call the "dust heap" of the history of the Cold War.

That the U.S. will soon commit itself to a policy of defacto recognition of illegal Soviet acquisitions after World War II is not so much the issue here. What is tragic is the fact that the U.S. not only recognizes the acquisitions, but also refuses to criticize the method by which they were acquired.

The American public needs to be reminded of the issues involved in the ideological struggle which accompanies detente. Otherwise, the free world will remain in a defensive position, and Communism will continue its offensive until it has achieved total victory.

Captive Nations Week deserves more public attention than it has received this year.

ACCELERATED REVENUE-SHARING PAYMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 5 minutes.

Ms. ABZUG. Mr. Speaker, today I am introducing a bill to amend the State and Local Fiscal Assistance Act of 1972, which established the revenue-sharing program, to require that the Federal Government transmit revenue-sharing funds to States and localities at the beginning of each quarter, rather than after the quarter ended.

Currently, revenue sharing funds are forwarded to States and localities after the costs they are to cover have been paid. This practice of the Federal Governmentis inconsistent with the theory of revenue sharing, which is to furnish recipients with the funds which are needed to meet operating expenses for each quarter. As a result of this delayed payment, States and localities must increase their borrowing to meet pressing cash needs until the actual revenue sharing funds are transmitted by the Federal Government.

It is an unfortunate irony that during the current period of extremely high interest rates, still additional borrowing costs are added to the financial burdens which States and localities must face, because their revenue sharing funds are not available to meet the very expenses for which they are designated.

These borrowing costs are hardly insignificant. In New York City, which is facing an emergency financial situation, the costs of borrowing to pay for the very expenses for which revenue sharing funds are designated was more than $5 million during the last fiscal year. These costs would have been completely eliminated if the checks had simply come within 5 days of the beginning of each quarter, as my bill would require, rather than after the quarter was over.

These interest costs represent millions of dollars in unnecessary expenses for all States and localities which do any borrowing, since the necessity of the borrowing would be reduced by an appropriate cash flow from the Federal Government. The measure I am introducing mandates that this cash flow be established.

The bill follows:

H.R. —

A bill to amend the State and Local Fiscal Assistance Act of 1972 to provide for the making of payments at or near the beginning of each quarter.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102 of the State and Local Fiscal Assistance Act of 1972 is amended—

(1) by striking out "and, in the case of quarters" and inserting in lieu thereof "in the case of quarters"; and

(2) by inserting immediately after "the close of each quarter" the following: ", and, in the case of quarters beginning after December 31, 1975, shall be paid not later than 5 days after the beginning of each quarter".

COMMEMORATING CONTRIBUTIONS OF MINORITY GROUP MEMBERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, I am today introducing a House concurrent resolution which would: First, establish an advisory committee to recommend to Congress individuals who are members of minority groups and who have made valuable contributions to the history of the United States; and second, would direct the Joint Committee on the Library to obtain for placement in the Capitol a likeness of any individual recommended by the advisory committee and approved by Congress.

Our distinguished colleague in the other body, Senator HUMPHREY of Minnesota, introduced this resolution in the Senate earlier this year.

Mr. Speaker, I share with the Senator from Minnesota the belief that having recently put to rest many of the legal, socioeconomic, and cultural barriers that so long prevented minority group members from participating fully in American life, there is no better time than during our Bicentennial year to honor such citizens who, struggling against tremendous odds, have made vital contributions to our Nation.

And, Mr. Speaker, there is no better way for Congress to honor these outstanding citizens than by obtaining their likenesses—whether in the form of statues, busts, or portraits—for placement in the Capitol.

Mr. Speaker, I include the text of the concurrent resolution, along with Senator HUMPHREY's remarks when he introduced the measure in the Senate, at this point in the RECORD:

H. CON. RES. 416

Concurrent resolution to provide for the selection of members of minority groups who have made significant contributions to the United States, and to obtain their likenesses for placement in the Capitol

Whereas the United States of America will celebrate its two hundredth anniversay in 1976;

Whereas it is appropriate that the richness and variety in our national history be commemorated in conjunction with bicentennial events and celebrations;

Whereas it is fitting and appropriate that the important role of members of minority races, cultures, and nationalities in the development of the Nation and the enhancement of human life in America be acknowledged and commemorated; and

Whereas minorities are not adequately represented among the statues, busts, portraits, and other works of art displayed in the United States Capitol: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on the Library is authorized to obtain, in accordance with this concurrent resolution, likenesses of members of minority groups to be placed in the United States Capitol.

SEC. 2. (a) The President pro tempore of the Senate, the majority and minority leaders of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the House of Representatives shall jointly appoint—

(1) an advisory committee to be composed of nine distinguished citizens from the public and private sectors, for the purpose of selecting members of minority groups it deems appropriate who have made significant contributions to the United States; and

(2) one member of the advisory committee as chairman of the advisory committee.

Each member of the advisory committee who is not otherwise employed as an officer or employee of the United States Government shall receive compensation, for each day (including traveltime) that he performs duties as a member of the advisory committee, at an annual rate of pay which is in effect with respect to pay disbursed by the Secretary of the Senate and which will provide a daily rate which is nearest to, but not less then, $75 for each such day. Each member of the advisory committee shall be paid for expenses incurred, including travel expenses, with respect to his duties as a member.

(b) The advisory committee is authorized to seek advice and recommendations from such historians and other sources, including the general public, as it deems advisable.

(c) The advisory committee shall report any of its selections to the Senate and House of Representatives not later than one year from the date this concurrent resolution is agreed to.

(d) The Joint Committee on the Library, the Architect of the Capitol, and the Commission on Art and Antiquities of the United States Senate shall provide to the advisory committee, to the maximum extent practicable, employees, facilities, supplies, and equipment that the advisory committee deems appropriate in carrying out its duties under this concurrent resolution.

SEC. 3. Upon approval by the Senate and House of Representatives by concurrent resolution of any selection made by the advisory committee, the Joint Committee on the Library shall obtain by donation, loan, purchase, or commission appropriate likenesses of any individual so approved.

SEC. 4. Expenses of this concurrent resolution shall be paid out of the contingent fund of the Senate upon vouchers approved by the chairman of the Joint Committee on the Library.

To Honor Vital Contributions of Minority Groups in American History

Mr. President, I am today submitting a Senate concurrent resolution which would direct the Joint Committee on the Library to obtain likenesses, for placement in the Capitol, of individuals from minority groups who have contributed significantly to our Nation and our history.

My resolution also would establish a procedure for the selection of those who should be represented.

APPOINTMENT OF ADVISORY COMMITTEE

It would provide that the leadership of both the Senate and the House of Representatives act together to appoint an advisory committee of nine persons distinguished in public or private life to nominate individuals whose likenesses would be obtained for permanent exhibit in the Capitol. It would be my hope that this advisory committee could include historians, political scientists, representatives of the arts and sciences, the professions, Government officials past or present, or others with a high degree of expertise in relevant fields.

The advisory committee would be authorized to seek the advice and recommendations of a broad range of experts, as well as the general public, similar to the procedures utilized by the Special Committee on the Senate Reception Room which was authorized by Senate Resolution 145, of the 84th Congress to select five outstanding persons who served in the Senate whose portraits would be placed in the Senate reception room.

The number of persons to be selected for representation has been left unspecified, so as to allow the advisory committee the greatest possible freedom in its determinations. Space limitations in the Capitol will necessarily impose certain restrictions on the number, but I believe that this question should be left to the advisory committee and the House and the Senate, acting as authorized in the resolution to approve the recommendations of the advisory committee.

APPROVAL OF SELECTIONS

The advisory committee would be directed to complete its selection process within 1 year from the date this resolution is agreed to, after which time both Houses would be called on to approve the selections by concurrent resolution.

Upon final approval of the selections, the Joint Committee on the Library, which has jurisdiction over works of art in the Capitol, would be directed to obtain likenesses of these individuals by any of several procedures currently available. The manner in which each individual is to be represented—whether by statute, bust, or portrait—is left unspecified, to allow the joint committee flexibility in placing the works of art in light of the current shortage of available space.

Mr. President, it would be impossible to overstate the role that has been played in our national history by members of minority groups. Great achievements in law, medicine, science, philosophy, religion, sports, the arts—indeed, in every phase of American life—have been accomplished through the determined and often unrecognized efforts of minority citizens who struggled against great odds to bring honor to themselves and their country.

OUR BICENTENNIAL YEAR

Nearing our 200th year as a nation, we have finally put to rest many of the legal, socioeconomic, and cultural barriers which often prevented these outstanding citizens from being brought into the mainstream of American life. We are better able at this juncture to assess the vital contributions which have been made in the building of our Nation.

It is fitting that we determine at this hour in our national life to honor these citizens suitably and to bring their achievements to the attention of the American people by commemoration in the U.S. Capitol.

Thousands of citizens pass through these halls each year. Many are schoolchildren who are seeing American history firsthand. It is neither accurate nor just to have them believe that American history is only a history of white, Anglo-Saxon Protestants. Rather, they should be allowed to see that American history is a tapestry—composed of many diverse peoples.

As our national goal for 1976, I would like for us to be able to show the world that we were able to create out of this diversity of people a sense of common purpose while retaining respect for individuality and cultural heritage.

We have to be willing once again to find the ideals that move people and nations. So let us begin our third century as an America aware of the richness in our heritage and diversity; a nation that realizes the importance of every people; a society in which the contributions and achievements of each ethnic and racial group are respected and valued.

Let us proudly announce to the world the true freedom—the freedom of all people to be themselves—to be as diverse as history and culture have made them, and to make their fullest contribution to a greater America. I believe that we *can enhance* the chances for realization of this goal by beginning now to redraw the lines that have impeded the recognition of the accomplishments and contributions of minority citizens. I can think of no more appropriate way to look toward America's future than to acknowledge and cherish her true history.

NEW YORK CITY'S FISCAL CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, events of the past few days have made it more urgent than ever for the Federal Government to assume a responsible role in New York City's fiscal crisis.

Tuesday's headlines raised the ominous specter of the possible unraveling of the State's temporary bailout plan. The decision that the New York State Legislature cannot compel Controller Levitt to invest pension funds may or may not be reversed by Governor Carey's persuasive arts. In any event, the court of appeals decision unmistakably indicates that the State of New York has extended itself as far as it can—and perhaps, as the decision would imply, further than it should—in the necessary effort to save the Nation's first city from default.

If Tuesday's news were insufficient to convince anyone that New York State has gone as far as it could, Wednesday's headlines should have been enough to persuade the remaining doubters. "Banks Resisting New State Issue of Notes for City," reads today's major headline; the story continues by noting the precarious state of another $500 million of MAC's September assistance plan. Said MAC's Chairman, Felix Rohatyn:

> The marketability of that state paper is problematic at this point.

Beside that gloomy news, another black headline: "A State Financing Agency Finds Loan Market Is Shut." The agency involved is the New York State Housing Finance Agency, the most stable and conservative of the State agencies. That it is unable to market its notes is hard evidence of the fact that New York's genuine problems have been intensified by the fearful imaginations of investors. Controller Levitt quite accurately characterized this aspect of the problem as the "inevitable emotional" reaction of investors against any offering involving the feared words: "New York."

Mr. Speaker, barring an extraordinary investment in MAC bonds by New York City's pension funds, the failure of the

Federal Government to act swiftly will make default by New York City inevitable. In view of this week's events, it seems clear that the State can do no more than it is currently trying to do, and that investors will not for some unknown reason suddenly start buying city notes in mid-December.

What, then, is to be done?

Basically, what is required is a system of Federal guarantees for all securities issued on behalf of the city by the State. Such a step will not only make cash available for the city's immediate needs; it will also give the city time to ride out the current panic, time to straighten out and strengthen its financial picture to a degree that will enable it to borrow money on its own again.

There is plenty of sound, conservative precedent for such a system of Federal guarantees. The first, one that leaps to mind, is, of course, the guarantee of the 1971 $250 million loan to Lockheed. Let me quote to you now the Nixon administration position—as delivered by then Treasury Secretary John Connally—on that loan. Listen in the statement for how similar it sounds to statements in our current debate about New York:

> The opposite of confidence is fear. Restoration of confidence means, in effect, the elimination of fear. At this time, with the economy moving ahead and unemployment topping out, the failure of the nation's largest defense contractor—with 72,000 employees earning $830 million a year, 35 thousand suppliers, and $2½ billion in annual sales—would, beyond any shadow of doubt, generate *deep-seated fears* (emphasis in the original). . . . Thus, a new wave of anxieties would be created.

Is there any comparison between the importance of Lockheed and the importance of New York City? Between a private company with 72,000 employees and a city of over 7 million? Between $2½ billion in annual sales and a $12 billion budget? Between Lockheed's suppliers standing to lose some business, and the human suffering that will be caused by bouncing welfare checks and massive layoffs of police and firemen?

The list of these rhetorical questions could go on and on. Responsible observers have all given the plain answers to these questions. What is the administration line on the matter?

The administration says: Yes, guarantees for Lockheed; yes, for Penn Central, though the Congress said no; yes, for coal liquefaction, oil shale, and other fledgling technologies; but no for the citizens of New York City.

The moral bankruptcy of the Nixon/Ford administration is plainly revealed by the contrast between its attitude toward Lockheed, and its brushoff of New York. Bravo for the dinosaur defense corporation; to hell with the welfare of New York. But the moral bankruptcy of the administration has been apparent for years; all that the current crisis adds to our knowledge on the subject is clarification of the fact that recent elimination of the reek of felony from the top of this administration has changed its sense of values not at all.

Those values are now, and always have been: Thrift for the workingman and subsidies for the rich; "incentives" for the oil companies, and lectures for New York.

What is surprising, however, about the current administration position on New York is how thoroughly it ignores the best interests of absolutely everyone in the Nation: the rich as well as the poor and the working class, New Orleans and Atlanta along with Manhattan and the Bronx. The Conference of Mayors, Democrats and Republicans both, agree that New York City default will affect all the Nation's cities. David Rockefeller and Walter Wriston—ordinarily representatives of Mr. Ford's favorite interests—believe that New York's default may trigger a catastrophe in the national economy. But Ford-Simon-Burns—and Nelson Rockefeller—blithely say no; it may not happen anyway, they say, and if it does, well, so what.

In 1971 the Nixon-Agnew administration was deeply worried about the "new wave of anxieties" that Lockheed's default would create. Today, the Nixon-Ford administration has lapsed into an almost inexplicable "what me worry" attitude about a problem that has the entire financial world in a panic. The only thing that President Ford has to offer us is his suggestion that New York City add another 2 cents per dollar to its sales tax—and the sales tax, remember, is the most notorious soak-the-poor tax that we know of.

While Mr. Ford dreams of new sales taxes for the people and lower income taxes for corporations, responsible Members of Congress, from both parties, having been formulating legislative proposals that take New York's problems, and their national ramifications, seriously. The approach we have arrived at utilizes the machinery created by the Lockheed bill to assist New York or any city that finds itself in New York's current position. It provides for the Federal Government to guarantee up to $5 billion of taxable bonds issued by any State—or a State agency, such as MAC—on behalf of a city which finds loan markets closed to it. In exchange for this guarantee, stringent requirements will be placed on the affected city: within 2 years of the issuance of the guaranteed bonds, the city's budget will have to be balanced—this is already a requirement for New York City under present MAC legislation. The budget, by Federal law, would then have to remain balanced for the duration of the guarantee.

I hope that the approach I have outlined here will find broad support in the Congress. I am certain that more and more non-New York Members will come around to supporting it, as solid evidence continues to pile up about the national implications about a New York default. For now, certain signs are, in fact, hopeful: In the House, a bill embodying this approach has been introduced by a non-New Yorker, Representative Tom Rees of California—I have today reintroduced the same bill under my own name—and we are hopeful that hearings will be scheduled on that bill within 2 weeks.

By urging the Congress to pass such a bill, we Congressmen from New York are not asking for a handout. Not a single Federal dollar ever need be spent to back up the guarantees we are seeking—the Lockheed loan has not yet cost the Government a penny either. In point of fact, the Treasury has turned a $6 million profit on it. All we are asking is that the Government use its credit to temporarily combat those "deep-seated fears" about which the Nixon administration was so eloquent—when Lockheed was concerned. Make it possible for us to borrow money, and we will pay it back.

The loan is a short-term solution. Equally important, however, are long-term legislative measures—laws which, if passed years ago, when the issues first arose, would have averted the entire crisis.

The two most vital of these legislative issues are, I believe: First, federalization of welfare; and second, the passage of national health insurance.

On the health insurance issue, a solution has been before us for years. The Kennedy-Corman bill, which so many of us have cosponsored so often, is a viable bill. As soon as it is passed, it will cut New York City's health costs enormously. Our string of municipal hospitals, so costly as well as so necessary, will have a new financial angel; and the city's current expenditures on these hospitals, should anyone have forgotten, are over a billion dollars.

Federalization of welfare is also a topic we have debated for years. I have before me right now a bill, introduced on February 1, 1971, by then Representative Carey and 15 other New York Congressmen, including myself, which called for a 100 percent Federal takeover of welfare costs. The bill, if passed, would have saved New York State and New York City about a billion dollars each annually—$1 billion per year since 1971 equals the entire accumulated New York City deficit.

For years, everyone has known that our present welfare system stinks. It robs the workingman of his hard-earned money, through the regressive local taxes that must finance it (that is, sales and real estate taxes). It demeans and humiliates welfare recipients. This we have known. Now we also know this: the current welfare system is bankrupting New York City, with other cities soon to come.

The solutions to our famous "welfare mess" are not so difficult to grasp. The cost of whatever welfare system we have must be federalized. Welfare must be paid for by the broadest, fairest source of revenue that there is—the Federal income tax, corporate as well as personal. Companies fleeing cities to set up shop in nonunion, low-tax areas must pay for the havoc they wreak when they leave; their income taxes must help pay the cities' welfare bills. States cannot ship off their poor to New York, Chicago, and Los Angeles, and expect our workers to foot the welfare bill; these States must contribute to welfare costs.

True reform of welfare will require an utterly different approach than that utilized by our current system. A negative income tax—often discussed in Congress, but not yet law—is clearly preferable to what exists today. But this issue can wait; federalization of welfare costs, whatever the welfare distribution system, is necessary today.

If legislation federalizing welfare were passed today—legislation which humanely took account of regional differences in living costs—and if the legislation were made applicable to the current fiscal year, the New York City crisis would virtually disappear: the budget would be in balance, perhaps even showing a slight surplus, and investors would quickly begin to line up again to bid for these tax-free bonds.

It is true that, in the most immediate sense, New York City's budget difficulties may be traced to past sleight of hand in the controller's office. But ultimate responsibility for New York's troubles—and those of Philadelphia, Boston, Chicago, Memphis, New Orleans, Los Angeles, San Francisco, et cetera—must be placed where it belongs: with the Federal Government, with the fact that the U.S. Government is evading such basic social responsibilities as welfare and health care, leaving the cities to pick up the tab. As New York now asks not for a handout, but for breathing space, it is important to emphasize exactly why we need to ask for that breathing space: it is not because of New York's irresponsibility, but because of gross social irresponsibility right here in Washington.

Mr. Speaker, I fear that unless this point is sufficiently understood, the game of placing the blame will distract us from the crucial decisions that we will soon be called upon to make.

Even today, it is impossible to read a newspaper without realizing how far the game of looking for irrelevant scapegoats has proceeded. Two targets stand out.

No. 1: Compassion. The city of New York stands accused of a surplus of social compassion. President Ford reads about our finances, ignores our people, and reads the Nation its lesson for today: Liberal and compassionate cities—like New York—he says, go bankrupt.

The idiotic accusation is its own refutation. The Federal Government shirked—and continues to shirk—its responsibilities; the city, in response, decided to pick up some of that responsibility. No one need apologize for the fact that the city chose to stretch its finances to the limit in order to maintain and expand vital social services; we can only regret that the estimate of its limits—due in large part to the current depression, and in part to accounting tricks—proved incorrect.

Scapegoat No. 2: The municipal unions of New York.

Antilabor politicians all over the country, both the overt cases and the closet boys, have begun to beat the drums for a drive against municipal unions. So-called liberals have consigned the drive against poverty and racism to the past; their new targets are workingmen who believe that their wages ought not to be eroded—too much—by inflation.

Those who attack the decent wage standards that have been obtained by New York's civil servants are often deluded into believing their own propaganda. New York's wages, they say, are out of line with national standards; and they are out of line because New York's municipal unions wield some kind of peculiar, overwhelming power over the city. So lower the wages, they say. And bust the unions. I have news for these people: as of this moment, the wages paid by the cities of Los Angeles, Detroit, and San Francisco are higher than those paid by New York, while New York's cost of living—particularly the cost of food—is higher than anywhere else in the country. New York's civil servants are not living high off the hog, and they will continue to need the vigorous advocacy that their unions provide them.

I believe that our sudden prophets of the layoff and the wage freeze had better think twice about the identity of the "enemy." Layoffs may, for the moment be unavoidable, and a temporary wage freeze may be unnecessary. But before leveling charges against unions—whose business it is, after all, to protect the jobs and wages of workers—we had better look first in the direction of that cynical trinity of indifference, Burns, Simon, and Ford.

The threatened default is currently scheduled for mid-December. Between now and then, it will be the business of every congressional representative from the city and State of New York to lobby our colleagues as hard as we can on behalf of New York. We must even continue to lobby the President. Yesterday's statement by Arthur Burns about the potentially disastrous effects of New York's default, indicates that the worried voices of the Nation's banking community may finally have some decisive influence with the administration.

Even if we fail in these efforts, our duties will only have begun: remedial Federal legislation—bankruptcy amendments, emergency aid, long-term social reform—will have to be item No. 1 on our agenda.

Most of all, we must fix in our minds, and in the minds of the public, the fact that the current fiscal crunch is only part of the problem that we must deal with. Take the welfare burden off the city's back, catch the United States up with the rest of the Western World on health insurance, provide jobs for the unemployed, and our city will not only survive, but will prosper—even if the dread default does interrupt our recovery.

OPPOSITION TO EMBARGO ON GRAIN SALES TO SOVIET UNION

The SPEAKER pro tempore. Under a pervious order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

Mr. BEDELL. Mr. Speaker, on September 19, I wrote to President Ford to express my opposition to the U.S. embargo on further grain sales to the Soviet Union and to urge immediate suspension of that embargo. Today, 2 weeks later to the day, the embargo remains in effect. And, in the interim, our grain sales to Poland have also been interrupted.

This cavalier tampering with our export trade must stop. It is unfair to the farmers of America. And, beyond that, it has serious implications for our domestic economy and our balance of trade.

Allow me to amplify.

Earlier this week, it was announced that the Soviet Union recently purchased 27.5 million bushels of wheat and 9.9 million bushels of corn from Argentina and 1 million tons of soybeans from Brazil. This represents an estimated loss of $342 million in export sales for American agriculture.

The immediate balance-of-payments impact is obvious. The $342 million worth of agricultural commodities that American farmers will not be selling to the Soviet Union constitute a potential $342 million loss for our balance of payments.

But even more significant is what these developments may augur for the future. The implications of the Soviets buying elsewhere should not be minimized. We are losing opportunities that cannot be recouped. And, in addition, it is relevant to wonder how these arbitrary export controls, imposed by the administration, will affect farmers' production plans next spring. Can the American farmer be expected to have confidence in the word and wisdom of this administration when our customers begin to look elsewhere for their commodity imports?

Remember, less than 5 short months ago, on May 10, to be exact, President Ford vetoed the emergency farm bill. At that time, he said, and I quote,

> Our farm products must have unfettered access to world markets. This administration is determined to act in support of the American farmer and his best interests. It will not act to distort his market.

What is the American farmer to think now?

The farmers of America are disturbed and frustrated by recent administration intervention in their export market. They feel betrayed, and I understand that.

It is reasonable to ask what is really happening here. There is a worrisome picture emerging which has the men and women who produce this Nation's food cast as pawns in a Machiavellian drama. The principal players seem to be a Secretary of State determined to use our grain exports as a tool of foreign policy and a powerful union, and the International Longshoremen's Association, desireous of increasing the benefits of its members. The objectives of their maneuverings have little to do with the welfare of the American farmer. He has been left vulnerable in the complex and fiercely competitive world market.

Mr. Speaker, we all know that the American farmer is forced to accept considerable risk due to the nature of his trade. I believe that the promise made by the President last May should be kept and that our farm products should have free access to world markets. Why should the Government deliberately compound the producer's risk by pursuing unjustifiable short-term export policies?

On September 22, I urged my colleagues in the House to contact the President and to urge him to lift the embargo on further grain sales to the Soviet Union. Today I repeat that request—in the name of equity and the economic self-interest of our country.

TRIBUTE TO LESTER JAYSON

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. NEDZI), is recognized for 5 minutes.

Mr. NEDZI. Mr. Speaker, it is a pleasure to pay tribute to the outstanding public service and distinguished leadership of Mr. Lester Jayson, Director of the Congressional Research Service, on the occasion of his retirement. Mr. Jayson's departure from CRS is a great loss to the Congress and the public, but his contributions toward building a modern, effective research facility for the Congress will endure for many, many years.

Members of Congress know the role CRS plays in helping us to fulfill our legislative responsibilities. At a time when mankind's fund of accumulated knowledge is doubling every 10 years, it is absolutely essential that the Nation's legislative branch have the best information and research facilities available.

During the past decade or so, under the leadership of Lester Jayson, the Congressional Research Service has developed into one of Congress most important and valuable sources of such information and research.

Mr. Jayson came to CRS from a distinguished career in the law. He is a nationally recognized authority on tort law and the author of the leading work on Federal tort litigation, "Handling Tort Claims: Administrative and Judicial Remedies," as well as numerous articles published in legal journals. Eighteen of his thirty-three years of public service were spent with the Justice Department: as Special Assistant to the Attorney General in the New York field office, as trial attorney in the Supreme Court Section of the Civil Division, and as assistant chief and then chief of the Torts Section of the Civil Division. In addition, Mr. Jayson served as vice chairman of the Interdepartmental Federal Tort Claims Committee and represented the Justice Department on the Legal Division of the Air Coordinating Committee of the International Civil Aviation Organization. He often spoke for the Department on these subjects at bar association conventions and other legal meetings.

Mr. Jayson has, for many years, been an active member of the American Bar Association, the Federal Bar Association and the American Trial Lawyers Association, and has frequently served as chairman or vice chairman of committees on tort law for these organizations. Currently, he is also a member of the Technology Assessment Advisory Council of the Office of Technology Assessment, and of the Cosmos Club and the Harvard Club of Washington, D.C. He is an honorary member of Pi Sigma Alpha and a Wilton Park fellow of the British Foreign Office.

Such an outstanding legal background has been a tremendous asset to Mr. Jayson's leadership of the Congressional Research Service of the Library of Congress. He came to CRS in 1960 as chief of the American Law Division and senior specialist in American public law. Appointed Deputy Director of CRS in 1962 and Director in 1966, he has focused his administrative talents on improving CRS' utilization of modern information technology and organizing CRS to carry out its vastly expanded responsibilities under the Legislative Reorganization Act of 1970. Under Mr. Jayson's guidance and direction, CRS has greatly increased its ability to assist Members and committee staffs in their legislative work. Its more than 700 analysts, researchers, and support staff today respond to more than 200,000 congressional requests a year, ranging from the relatively simple information questions to sophisticated original research projects up to several hundred pages in length.

Much of the credit for the impressive growth of CRS in both size and quality of work is owed to Mr. Jayson's outstanding contributions as Director during the last decade. His talents as administrator, legal scholar, and effective spokesman for a modern research facility to aid the Congress in performing its legislative responsibilities will be sorely missed.

I would like to express my personal appreciation for Mr. Jayson's achievements as the Director of the Congressional Research Service, and also wish him the best of luck in the years of challenge yet to come.

GOOD FAIRYS FALL FLAT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON), is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, I include the following:

SAN GABRIEL, CALIF.,
September 29, 1975.

Re New York City.
GERALD FORD,
President, United States of America, White House, Washington, D.C.

DEAR MR. PRESIDENT: As a legislator on a grass roots local level for 12 years as Councilwoman, Mayor Pro Tem and Mayor, I feel I must write and go on record.

I would strongly like to encourage you to hold your stand on not bailing New York City out of their financial woes, that they got themselves into. They as New Yorkers must (for the sake of all cities in America) aid themselves and work out their community problems as a unit.

If the Federal Government were to aid them all cities would get lax and just let the reins go on budgets, give away programs, wages, etc. knowing they would be rescued by Washington.

Each city must solve its own problems and operate it as their own private business and not just be thinking they are the "Good Fairys." It would weaken our entire system.

Congress must and should uphold your stand.

Most sincerely,
HELEN KENNEDY, *Councilwoman.*

PROSPECTS OF NUCLEAR VIOLENCE: THE DRIFT BECOMES A RUSH

(**Mr. OTTINGER** asked and was given permission to exterd his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the September issue of the Bulletin of the Atomic Scientists contains an excellent editorial by the magazine's editor, Samuel H. Day, Jr. Mr. Day has detailed in frightening and bold terms how the "nuclear club" is growing. Export of nuclear technology by existing nuclear powers for supposedly peaceful purposes are placing many nonnuclear nations in the position of being able—as India so vividly proved—to make weapons. The large nuclear powers, especially the United States and the Soviet Union, continue to make weapons, and to locate them all around the globe, and the temptation to use those weapons is an omnipresent risk. And, as Mr. Day points out, the Test Ban Treaty, the Nonproliferation Treaty and the SALT talks have failed to provide any adequate protection. The editorial is a call for renewed concern, for an end to apathy. It is one of the most concise and thoughtful articles I have read, and I would like to share it with my colleagues.

THE DRIFT BECOMES A RUSH

(By Samuel H. Day, Jr.)

The government of West Germany is preparing to implement a contract to supply a complete nuclear power cycle, including a fuel reprocessing and uranium-235 enrichment plant, to Brazil. Neighboring Argentina is negotiating with France, as are Pakistan and South Korea, for fuel reprocessing facilities which could be used to recover plutonium for nuclear weapons. The United States and France are competing for a multi-billion-dollar contract which could put Iran in the nuclear weapons production business. And the Soviet Union has become a nuclear reactor supplier for Libya, which has spoken openly of acquiring atomic weapons.

Spurred by the energy crisis and by commercial and military rivalries, the international trade in nuclear technology is rapidly becoming big business. If the present trend continues, many more nations—large and small—will in a short time have achieved full independence in nuclear technology. In the absence of legal and technological restraints, this will also give them the capability of waging nuclear war.

The disarray of the Non-Proliferation Treaty Review Conference last spring put an end to whatever slim hopes there might have been that governments would soon find a means of stopping the spread of nuclear weaponry.

Rapid progress in the laboratories and on the engineering front makes it futile to hope that whatever barriers remain between commercial capability and military capability can long withstand erosion. There are two continuing reminders of this. One is the recent breakthrough, in the United States and the Soviet Union, in laser beam separation of isotopes, which promises to simplify what has been the most difficult and cosly part of the process of producing weapons grade fuel. The other is the steady movement toward a new generation of nuclear power plants (the breeder reactor), which would vastly increase the worldwide inventory of weapons grade plutonium.

The world thus stands literally at the brink of an irreversible proliferation of nuclear warmaking potential. The fate of millions will then rest with the calculations and miscalculations, the whims and passions of growing numbers of people having the capacity to inflict immediate and almost unimaginable destruction.

This is one element of the problem which makes the atomic threat so much more dangerous today than it was 30 years ago, when the explosion of the first atomic bombs quite rightly provoked a worldwide concern for the future of mankind.

Another element is the continuing unconcern of the older and most formidable nuclear powers with the implications of their nuclear weapons policies. Despite lip service to the concept of strategic arms limitations, it is clear that neither the United States nor the Soviet Union intends to abandon its reliance on ever more sophisticated nuclear weaponry. The Strategic Arms Limitation Talks (SALT) to date have done little more than legitimize and refine the nuclear arms race, rather than halt it. And in the meantime the two governments have moved mountains in their efforts to make nuclear warfare a practical reality. The United States alone has more than 30,000 nuclear warheads stockpiled around the world, perched on delivery systems which are steadily becoming more refined.

In addition to the threat presented by the sheer numbers of such armaments, there is the growing danger of the likelihood of their use. This is implicit in the tendency toward the design and development of tactical nuclear weapons and their deployment (in West Europe and South Korea, for example) in situations where their use might become virtually unavoidable under certain conditions. Step by step the ultimate weapon (in mininuke form, but an atomic bomb nonetheless) becomes incorporated into conventional weaponry. Defense Secretary James R. Schlesinger, backed up by President Ford, has made it clear that the United States does not rule out the first use of such weapons in an emergency.

Given such an example by the world's most developed nuclear power, it is little wonder that other nations are following suit. The Soviet Union attempts to keep pace as best it can with U.S. initiatives in the weapons field. Other governments are now taking steps to redress the nuclear balance and to capitalize on the military and political advantages which come from membership in the nuclear weapons club. The refusal of the two nuclear superpowers to be deflected from their own arms race helped undermine the barrier against the spread of these weapons.

Thus, there is no longer any serious impediment, in law or in technology, to the worldwide scattering of nuclear tinderboxes. The commercial and military momentum is unrelenting. The present national and international safeguards against military adaptation from commercial processes are purely cosmetic. To this must be added the very real and growing danger of diversion not just by governments but by groups capable of fashioning crude nuclear weapons for political or criminal purposes. The long, slow drift toward nuclear catastrophe has now assumed the proportions of a headlong rush.

The third element of the problem is the obliviousness of most people to the seriousness and immediacy of the danger. This is not for lack of repeated warnings. It has become commonplace for heads of state (including those of the United States and the USSR) and other authorities to point out that the problems of nuclear violence remain unresolved. Close observers of the situation (the Stockholm International Peace Research Institute being a notable example) have catalogued the danger in direst detail. And yet the public has remained essentially uncomprehending. Perhaps it is because the Partial Nuclear Test Ban Treaty, which a decade ago transferred most atomic explosions from the atmosphere to underground, removed the most visible signs of the danger. Perhaps it is because of the illusory assurance and comfort provided by SALT and similar ritualistic exercises in the arms control field. Or perhaps it is because, to borrow the apt phrase of Fred Iklé, director of the U.S. Arms Control and Disarmament Agency, the mind simply cannot comprehend, in human and emotive terms, the enormity of the potential toll.

If that is the case, then it is becoming painfully clear that, sooner or later, a fearful price may be paid for this apathy. Hopefully it will not be paid in the same measure by all of us, although that is by no means beyond the realm of possibility. Surely, though, it would be paid by a very large number, and in a manner entailing the gravest consequences for all mankind. Should this happen, let us hope that the preventive mechanisms sure to follow will also address themselves to other inherently self-destructive qualities in the present international order of sovereign states. And let us hope that the sacrifice will serve not only as a spur to action but also as an undying rebuke to those who failed to act.

REPORT ON INSPECTION TRIP TO AUSTRALIA AND NEW ZEALAND

(Mr. CARNEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CARNEY. Mr. Speaker, as part of my work on the House Interstate and Foreign Commerce Committee, I made an inspection trip to Australia and New Zealand during the August recess. A report on my inspection trip has been filed with the Commerce Committee. I am inserting this report in the RECORD for the information and consideration of my colleagues in the U.S. Congress and officials in the executive branch of the Government.

HOUSE OF REPRESENTATIVES,
Washington, D.C., September 29, 1975.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: Enclosed herewith is the report on my inspection trip to New Zealand and Australia from August 16, 1975, through August 30, 1975. Also enclosed are exhibits pertaining to the report.

If you so desire, I will be available to discuss this report with you at your convenience. Thank you for giving me the opportunity to serve the House Interstate and Foreign Commerce Committee.

With best regards, I am
Sincerely yours,
CHARLES J. CARNEY,
Congressman.

REPORT ON INSPECTION TRIP TO NEW ZEALAND AND AUSTRALIA

(By Congressman CHARLES J. CARNEY)

The following is a report on my inspection trip to New Zealand and Australia from August 16, 1975, through August 30, 1975. During this period, I investigated aspects of the auto manufacturing, power generating, and steel making industries in these two countries pursuant to the work of the Committee on Interstate and Foreign Commerce.

By way of introduction, I believe that my inspection trip had two lasting benefits. The first has to do with the opportunity to meet with many of the industry leaders of New Zealand and Australia. Because of the growing economic interdependence of the nations of the world, my contacts with foreign business leaders help to create a better climate for U.S. trade. Similarly, the meetings I had with Australian and New Zealand officials will help to ensure that investment commitments, once made, are not unilaterally altered. I am happy to report that last year, the United States had a trade surplus of $1.1 billion with Australia, and a trade surplus of $100 million with New Zealand.

Of equal importance was the opportunity to meet with top government officials of New Zealand and Australia. Through these face-to-face meetings, we gained a much better understanding of our common problems and the ways in which these countries attempt to deal with them.

It is generally recognized that politics no longer stops at the water's edge. Many of the decisions Congress makes in foreign affairs have a direct effect on the American people. The first-hand knowledge I gained from this inspection trip will help me to make a more informed judgment when important legislation pertaining to United States foreign policy comes before the House of Representatives.

Accompanying me on this inspection trip was Mr. Phillip H. Smith, Chairman and President of Copperweld Corporation. Born in Australia, Mr. Smith became a naturalized U.S. citizen in 1961. He received a Fulbright Fellowship to study at the Massachusetts Institute of Technology, where he majored in industrial management, mining, chemical engineering, and metallurgy. Mr. Smith is an acknowledged expert in the fields of power generation and steel production. The executive offices of Copperweld Corporation are located in Pittsburgh, Pennsylvania. A subsidiary of the company, located in Warren, Ohio, employs more than 3,000 workers in the manufacture of specialty steel products.

On Saturday, August 16, Mr. Smith and I departed from Pittsburgh, Pennsylvania. Brief fueling stopovers were made in Chicago, Los Angeles, and Honolulu. Because of the great distance to be traveled and the fact that we crossed the international date line, our plane did not arrive in Auckland, New Zealand, until Monday, August 18. (See Exhibit 1–A).

Arriving in Auckland, New Zealand at 7:55 a.m. on August 20, Mr. Smith and I were met at the airport by U.S. Consul General J. E. Williams, who served as our Control Officer while in Auckland. (See Exhibit 1–B).

New Zealand is located in the southwest Pacific about 1,200 miles southeast of Australia. It has a total area of 103,736 square miles—about the size of Colorado. The country consists of two main islands—North Island and South Island—which are separated by a narrow body of water called the Cook Strait.

The estimated population of New Zealand is 3 million, with about 70 percent of the people residing on North Island. The city of Auckland is located on North Island, and with 750,000 inhabitants is the largest city in the country. While the climate of New Zealand is temperate, it is warmest in the sub-tropical "winterless north" of the Auckland peninsula.

In addition to being the largest city in New Zealand, Auckland remains a major center of industrial activity. While in that city, I was impressed by the strict land development and zoning laws in effect. Open air woods and parks dotted the area in and around Auckland, and gave relief from the hustle and bustle of city life.

More important is the fact that stringent pollution controls have been enacted which have resulted in surprisingly clean air for an industrialized city. These pollution controls seem to be enforced without the adverse economic effects which we are experiencing in the United States. One of the major problems facing the U.S. today is how best to clean up our environment without causing business shutdowns and loss of jobs. The Subcommittee on Health and the Environment, of which I am a member, currently is studying legislation to amend the Clean Air Act. In view of the success that New Zealand has had in overcoming the economic problems associated with controlling pollution, the Subcommittee may want to give New Zealand's air pollution control program further study.

At 11:35 a.m., Mr. Smith and I boarded a one-hour flight for Wellington, the Capital of New Zealand. (See Exhibit 2–A). The city has a population of 350,000, and is situated at the extreme lower end of North Island. We were met at the airport by U.S. Ambassador Armistead I. Selden, Jr., and Mr. Tobias Hartwick, who is the Economic/Commercial Counselor at the American Embassy. Mr. Hartwick explained the general economic conditions of the country and its trade relations with the United States.

The New Zealand economy supports a high standard of living, with a 1974 per capita gross national product of $2,601. The economy is based primarily on agriculture. However, industry has developed quite rapidly, and now claims more workers than farming.

Meat is the largest single export, accounting for 35 percent of the country's 1974 export income. Wool and hides accounted for another 22 percent, and dairy products 17 percent. Imports from the United States are mainly manufactured products, machinery and transportation equipment, and chemicals.

On Tuesday, August 19, Mr. Smith and I had a meeting with Ambassador Selden. Ambassador Selden is a former Congressman from Alabama, who served with Chairman Morgan and Representatives Zablocki and Hays on the House International Relations Committee.

Ambassador Selden explained that only about one-third of New Zealand is suitable for pastures and crops. Another third is marginal land and used for livestock grazing or commercial lumber production. The remaining land is in unproductive mountain areas, some of which rise to 12,000 feet above sea level. Nearly all of the fertile plains, most of the population, and all of the major cities are on the east coasts of the two main islands. (See map in Exhibit no. 1–A).

The Ambassador also explained that New Zealand has a parliamentary system of government closely patterned on that of the United Kingdom, and is a fully independent member of the British Commonwealth of Nations.

There are two major political parties in New Zealand—the National Party (conservative) and the Labour Party. The leader of the political party or coalition of parties that wins the majority of seats in parliamentary elections is named Prime Minister (Head of Government). Executive authority is vested in the 16-member Cabinet, led by the Prime Minister. All Cabinet Ministers must be members of Parliament and are collectively responsible to it.

New Zealand's Parliament is a unicameral body consisting of 87 members, and is called the House of Representatives. These Representatives are elected by universal adult suffrage to a term of 3 years.

Following our meeting with Ambassador Selden, we paid a call on the Minister for Overseas Trade, the Honorable J. A. Walding, for a general discussion of United States-New Zealand trade relations.

Mr. Walding explained that the New Zealand Government and the business community have recognized that foreign investment is needed to supplement domestic capital in the continuing economic development of the country. The Government considers the key to prosperous development to be the expansion and diversification of its agricultural production, coupled with a few well-chosen industrial projects to tap its abundant hydroelectric potential.

A number of important U.S. companies have subsidiary branches in New Zealand. Although Americans serve in executive or supervisory capacities, the great bulk of employees are New Zealanders. The principal American companies operating in New Zealand are General Motors, Mobil Oil, International Harvester, Colgate-Palmolive, Firestone, Goodyear, Goodrich, Abbot Laboratories, and Dow Chemical. In 1974, the total value of U.S. investment in New Zealand was $375 million.

Mr. Walding expressed dissatisfaction with present U.S. import restrictions and limitations on New Zealand meat and dairy products, since meat and dairy exports are a major source of international trade earnings. I, in turn, expressed a strong desire on the part of the U.S. for greater access to the New Zealand domestic market for U.S. goods and services. I also pointed out that U.S. technology would be especially helpful in developing New Zealand's hydro-electric potential and exploiting the country's natural resources of forests, fisheries, oil and natural gas, and mineral sands.

At 11:00 a.m., Mr. Smith and I met with General Manager Philip W. Blakely of the New Zealand Department of Electricity. (See Exhibit 3–A). Mr. Blakely has a long and distinguished career in the electricity field, having started out as an apprentice in the early 1930's. Prior to becoming the General Manager of the New Zealand Electricity Department, he was the Chief Engineer of the Electricity Department. Mr. Blakely has had many opportunities to visit foreign countries and to participate in energy conferences. I was certainly impressed with his concise, and yet comprehensive, description of how New Zealand has harnessed its hydro-electric resources. During our two-hour meeting, Mr. Blakely explained that New Zealand has one of the highest consumption rates of electricity per household in the world (7,280 Kilowatt hours per year), and increasing industrialization indicates that this figure will continue to rise. The country's two large land masses, North and South Islands, possess contrasting physical and demographic features. A coordinated interplay of these contrasts is therefore important to attain the maximum nationwide production of hydro-electric energy. Rainfall is plentiful on both Islands, but the seasonal pattern of this rainfall on each Island varies. Further, one-tenth of the North Island's terrain is mountainous or hilly, while more than one-half of South Island is characterized by this type of terrain. Consequently, the South possesses greater hydro-electric resources. Despite this fact, however, 72 percent of all New Zealanders live and work on North Island.

The New Zealand Electricity Department (NZED), an organized department of the government under the Ministry of Electricity, is the sole national producer and wholesaler of electrical energy. The Department operates 29 power stations on the two Islands, and distributing authorities possess 135 substations with which to supply customers. NZED produces electricity for almost all populated areas of the country, and has undertaken an ingenious approach to assure an increased supply of hydro-electric energy to New Zealand. (See Exhibit 3–B).

Although North Island has the greater power requirements, the South Island has greater hydro-electric resources. It was evident in 1950 that the growing disparity between the distribution of population on the two Islands and their potential power resources would call for an imaginative solution to the problem. Consequently, engineers proposed an interconnection of the North and South Islands hydro-electric systems. Investigations began in 1950, and culminated in a decision to proceed with the interconnection in 1961. Commercial operation of the inter-Island electrical transmission system began in 1965. This transmission system, connected by 354 miles of overhead line and 25 miles of submarine cable, supplies a more economic source of power to North Island than could be achieved by other means. (See Exhibit 3–C).

The inter-Island transmission system provides for the one-way transmission of electricity from South Island to North Island. The New Zealand Electricity Department plans to provide for two-way operation of the system before 1982. Energy will then be transferred from North Island to South Island in the winter, and from South Island to North Island in the summer. This interconnected system is an extremely important development in electrical power transmission because it provides a wider dispersal of power from one large source, and permits coordination of the different seasonal characteristics of the two Islands. In addition, it allows for greater storage capacity, and more variation of power in peak load periods. (See Exhibit 3–C).

At present, hydro-electric stations generate 78.1 percent of New Zealand's electrical power. According to projected electrical power need estimates for 1988–89, significant shifts to the use of geothermal power must be made as the use of the hydro-electrical station potential falls and demand for energy increases. Geothermal power facilities make use of steam, derived from the contact of water with beds of high-temperature rock under the earth's surface, to activate turbines in the production of electricity. Geothermal power stations currently generate 6.4 percent of the nation's electrical power. Investigations into geothermal power as a potential source of energy proceed, and it is generally regarded as a clean form of energy. The use of natural gas for electricity generation remains under study, although natural gas only contributes to the production of 1.5 percent of New Zealand's energy needs. (See Exhibit 3–E.)

The consumption of electricity in New Zealand increases at the rate of 7 percent per year (6 percent in the United States). Households consume 49.2 percent of all the production, and the most important industrial consumers include food manufacturers, primary product processing industries, automobiles, pulp, and metal industries. Electrical power provides 22.4 percent of all energy needs in New Zealand. Coal provides 16.5 percent and oil 58.9 percent of national energy needs. (See Exhibit 3–F.)

Both producers and suppliers estimate future electrical energy requirements, and therefore utilize an extensive planning system. These five-year estimates are based on weather conditions, growth potential in key industrial sectors, growing electrical needs in households, etc. The Committee to Review Power Requirements, which is composed of experts from the Departments of the Treasury, Energy Resources, Statistics, and NZED, studies these estimates and determines the annual increase in energy requirements. The Power Planning Committee reviews generation requirements based on these estimates once a year before the Parliament. It is important to note that the program is submitted as a recommendation to the Government, and the Government must approve it. In general, the plan helps to determine the longer-range financial needs of NZED, and informs potential suppliers of the necessary additional equipment needed to insure future efficiency. (See Exhibit 3–G.)

In spite of comprehensive planning of power requirements, New Zealand does face several problems in meeting its electrical requirements. An electrical supply system must produce the requirements of its consumers on their demand, since electricity can only be stored in small quantities. New Zealand has experienced extreme drought during the past two years, and hydro inflows are only 76 percent of their average. The oil crisis also forced New Zealand to use her existing hydro-electric storage to help alleviate that crisis. Consequently, the New Zealand Electricity Department is pursuing a vigorous program of new plant installation to insure that a shortage does not occur in the future.

Electricity is relatively inexpensive to New Zealand consumers. A temperate climate prevails throughout New Zealand all year round, and winters are colder in the Youngstown area. Nevertheless, the total cost of electricity for a family of four in New Zealand averages $9 per month, far less expensive than in the United States.

At 1:00 p.m., Mr. Smith and I were the luncheon guests of Mr. Ralph Fawcett, Managing Director of the Ford Motor Company of New Zealand. (See Exhibit 2–B).

Up until 1926, most vehicles were imported, the majority of which came from the United States. A few of the largest dealers imported some vehicles partially assembled, and completed the construction in New Zealand. The first cars to be entirely constructed in New Zealand came from the Petone plant of General Motors in 1926. This was, in fact, General Motors' first assembly plant outside of the United States or Canada.

In 1936, the Ford Motor Company opened an assembly plant at Lower Hutt, New Zealand. Currently, the company employs about 1,850 personnel in plants at Lower Hutt and Wiri (near Auckland). During my tour of the Lower Hutt Ford plant, I had the opportunity of observing the assembly of British-source Cortina cars and wagons, Transit vans, Escort vans, D Series trucks, R Series buses, and both agricultural and commercial tractors. All of the vehicles produced in New Zealand by the Ford Motor Company are for domestic consumption or for export to Britain and Australia.

Our visit to the Ford Motor plant was then followed by a tour of the General Motors vehicle assembly plant in nearby Trentham. Accompanying us on our tour was Mr. Robert Corby, the managing director of this General Motors plant.

The GM Trentham plant assembles the passenger cars Torana and Holden, and the Bedford truck, from parts made in Australia. The plant is also involved in the production of parts for Frigidaire products. It currently employs about 2,000 workers, and produces from 19,000 to 20,000 vehicles each year. All of its vehicles are sold within the New Zealand market.

A ready-made market for the automobiles manufactured by the Ford and GM plants is assured by the presence of a severe import tax on foreign automobiles. This fact, combined with a steady improvement in the standard of living, has allowed the domestic market to grow to almost 100,000 passenger cars per year. With one vehicle for every 2.5 of the population, New Zealand's car ownership is second only to that of the United States, where the ratio is one car for every 1.9 persons.

I was especially impressed by the fact that there is no unemployment in New Zealand. Anybody who wants to work can find a job. However, a major problem experienced by all of the automobile manufacturers in New Zealand is the high turnover rate among assembly line workers. While most of the management positions are held by New Zealanders of British stock, most of the assembly line work is done by immigrants or the native Maori people. Recent studies indicate an annual turnover rate of 125% among assembly line workers. This illustrates the fact that assembly line work is both extremely monotonous and demeaning, and therefore the least desirable work in New Zealand or any other industralized country.

That night Mr. Smith and I attended a buffet dinner at the residence of Ambassador and Mrs. Selden. Also attending were many top officials of the New Zealand Government, representatives of American companies located in New Zealand, and members of the American Embassy. (See guest list in Exhibit 2–C.)

After dinner, Ambassador Selden and I discussed the current international relations of the United States and New Zealand.

Without question, New Zealand and the United States are close allies. The cornerstone of New Zealand's relationship with the U.S. is its membership in ANZUS, the tripartite security treaty among Australia, New Zealand, and the United States. The ANZUS Treaty involves the mutual defense in case of an attack on any of the three parties, and provides for meetings of a council composed of the respective Foreign Ministers or their deputies. These meetings have generally been held annually, rotating among Washington, D.C., Canberra, and Wellington.

In regard to foreign aid, New Zealand is one of the few countries in the world that has never been a recipient of grant aid from the United States. Some Export-Import Bank loans have been extended, most of which have been used to finance the purchase of aircraft from the United States.

Finally, as a part of our participation in the International Geophysical Year, the U.S. established seven scientific bases in Antarctica in a project known as Operation Deep Freeze. The New Zealand Government has been extremely cooperative in this joint operation. For example, New Zealand is allowing the use of its ports and air force base at Christchurch on the South Island as staging areas for Operation Deep Freeze.

On Wednesday morning, August 20, Mr. Smith and I were met at our hotel by Mr. T. J. Wajda, U.S. Labor Attache at the America Embassy. Born in Johnston, Ohio, Mr. Wajda received his B.A. degree from Youngstown State University, and his official residence is in my congressional district. Since entering the State Department in 1963, he has served in Iran, Afghanistan, Vietnam and Senegal. In 1973, Mr. Wajda was assigned to the American Embassy in Wellington as the Labor Attache.

At 10:00 a.m., Mr. Wajda, Mr. Smith, and I met with Mr. Brian Landers, Secretary of the Wellington Engineers Union. In addition to his present position, Mr. Landers has been a member of the Labour Party Executive Council since the 1960's. A political moderate, he continues to occupy a strategic position that links the Labour Party with its trade union wing. Our hour-long meeting with Secretary Landers at the Federation of Labour Headquarters was both interesting and informative. During the meeting, we discussed at length the nature of labor-management problems in New Zealand industries.

At 11:00 o'clock, Mr. Smith, Mr. Wajda, and I met with Mr. Rex Roe, Deputy Secretary of Labour. Mr. Roe was appointed Deputy Secretary of Labour at the beginning of August. Prior to his present position, he was Assistant Secretary for Industrial Affairs, a job involving a broad range of labor-management relations, including occupational health and safety problems.

The chief topic of discussion was the problem of labor instability in New Zealand. More specifically, the country has a history of interrupted business activity because of the large number of strikes that occur each year. These strikes are due in large part to the fact that workers are organized according to crafts instead of on an industry-wide basis. For this reason, when one small craft goes on strike, the entire plant often is forced to shut down. This problem is further compounded by the proliferation of craft unions that has occurred in recent years. As a result, there are now 343 different unions for 400,000 union workers. I pointed out that the United States has avoided this situation because of the fact that American workers are organized into industrial unions as opposed to New Zealand's pattern of craft unions.

At 12:00 noon, Mr. Wajda hosted a luncheon at the White Heron Lodge in Wellington for Ambassador Selden, Mr. Smith, Mr. Skinner, President of the Federation of Labour (FOL), Mr. Knox, Secretary of the FOL, and myself. (See Exhibit 2–D).

Elected FOL President in 1962, Mr. Skinner is the "George Meany of New Zealand," and as such is one of the most influential men in New Zealand today. Like George Meany, Mr. Skinner got his start in the Plumbers' Union and has been a dedicated trade unionist all his life.

Mr. Knox was elected FOL Secretary in 1969. He has visited the United States and is acquainted with senior American labor leaders.

At 2:30, Mr. Smith and I boarded a flight from Wellington to Melbourne, Australia. (See Exhibit 4). At night, we had dinner at the home of Consul-General Robert Bran with the management personnel of the Australian divisions of General Motors, Ford Motor Company, and the Chrysler Corporation. We also had the opportunity of meeting with the leaders of the Vehicle Builders Union, and with the executive personnel of the Australian State Electricity Commission.

As the U.S. Congressman from a district with a large motor vehicle assembly plant, employing thousands of local workers at the GM Vega Plant in Lordstown, Ohio, I am very interested in the efficiency, productivity, safety, and working conditions of automobile industries elsewhere in the world. Because of this concern, I visited a General Motors Corporation plant in Australia to see first-hand how foreign auto makers and foreign workers perform in comparison with their American counterparts.

General Motors-Holden Proprietary Limited was founded in 1931, in the merger of the Holden Motor Body Builders with General Motors (Australia). GMH was the first company to undertake the complete manufacture of cars in Australia. Automobile production by GMH has grown and diversified from 300 per year in 1948, to about 5,000 per year today. GMH has become a massive employer of Australian labor, with plants at Elizabeth, South Australia, at Dandenong in Victoria, and Acacia Ridge in Queensland. Holdens are exported to 73 separate territories around the world, with the company's main interest in the growing areas of Southeast Asia and the Pacific. Along with its competitors, Chrsyler and Ford, General Motors-Holden has been instrumental in the building of a frontier nation. (See Exhibit 5–A).

Australia's auto workers comprise one of the most important unions in the country's labor movement. Total membership in Australian organized labor presently stands at two million.

Like their working fellows in the United States, the Australian unions have found it necessary to form central organizations, such as the Council of Trade Unions in order to maximize labor influence. Elections are held to make up federal and state labor parliaments to assure input by local workers in policy decisions. As in New Zealand, the majority of assembly line workers in Australian automobile operations are immigrants rather than native citizens, with a high turnover rate among workers also characterizing the industry.

Australia has initiated a unique and controversial system of compulsory arbitration, in which only registered unions (of which there are over 400 today) can participate with management in the settlement of disputes. As a result of this inducement to unify the voice of labor interests, approximately 54% of all Australian workers belong to the union movement—more than any other country in the western world. Despite all attempts at centralization, the multiplicity of small unions in Australia has made it difficult for stable relations to exist between labor and management. (See Exhibit 5–B).

As in the United States, Australia's continued economic growth is significantly affected by the status of its automobile industry. With an operating budget of $331,147,000 and an employment capacity of close to 26,000 workers, GMH is of major importance in this regard. General Motors-Holden is not immune to the problems besetting American auto makers, and GMH currently is striving to build vehicles that meet Australia's stringent emission control and safety standards. Worker demands, the changing buying habits of the public, and the world-wide inflationary/recessionary economic spiral all have affected the automobile production outlook.

At 9:00 a.m. on Thursday, August 21st, I inspected the General Motors-Holden facility at Dandenong, a suburb of Melbourne, which employs approximately 11,000 workers. The plant specializes in the production of six and eight cylinder engines, front and rear axle assemblies, manual transmission, and truck parts. (See Exhibit 5–C).

Covering 347 acres, the plant was first commissioned in 1956, and later expanded to its present status in 1963. Also part of the overall operation is the Lang Lang Proving Ground, a road network that simulates all Australian road surfaces for the testing of tires, auto emissions and crash barrier strength. I found the Dandenong GMH plant to be comparable to several automobile plants I have visited in the United States. However, the vehicles manufactured in Australia are equipped with far fewer options and luxuries than most standard American vehicles. (See Exhibit 5–D).

It is interesting to note that the GMH automobile plant at Dandenong offers its workers several diversions for their leisure hours, including a sports oval for soccer and rugby, a bowling green and children's playhouse, and a club house which also serves as a meeting hall. I learned that corporate concern for workers is in keeping with the Australian tradition for an "amenable" working environment, and is a direct cause of increased employee loyalty and productivity. American companies would do well to consider this concept in employee relations.

At 11:30 a.m., Mr. Smith and I visited an electric power generating plant at Traralgon. After lunch, we visited the world's largest brown coal strip mine at nearby Yallourn. (See Exhibit 6–A). The abundance of this brown coal in Victoria, Australia, guarantees low cost electricity for southeastern Australia. Located in Victoria's Latrobe Valley, the lignite, or brown coal, fields will be able to supply energy for the next three centuries. Latrobe Valley currently provides 85 percent of Victoria's electrical power. It is one of the world's largest deposits of brown coal, and has provided extensive fuel deposits since its development fifty years ago. Brown coal has a high moisture content, so it is uneconomic to transport from the valley for utilization elsewhere. Large dredger machines remove the coal from its quarries to the nearby power stations at a cost of about $2.00 per ton. The largest dredgers remove 1,750 tons of brown coal per hour—42,000 tons per day. The coal seam is from 200 to 800 feet thick, with only 80 to 125 feet of overburden.

The State Electric Commission (SEC) supplies electricity to consumers in Victoria. (See Exhibit 6–B). It is one of Australia's most important public corporations, and has doubled its production in the past ten years to meet increased demand. SEC coordinates the state electricity system with area substations, and investigates potential sites for new power stations.

In addition to its principal task of overseeing Victoria's electrical energy needs, SEC commercially produces briquettes from brown coal. These briquettes provide industrial and private consumers with a high quality solid fuel. For example, the dairy, textile, automobile, and paper industries make extensive use of these briquettes. Private homes utilize briquettes for hot water heating installations and cooking.

On Thursday evening, August 21st, we went to Wilson's Promontory National Park for overnight accommodations. The next morning, we took a tour of the nature preserve. At 12:20 p.m. on Friday, August 22, we boarded a plane for an hour flight to Canberra, the Capital of Australia.

Mr. Smith and I were met at the Canberra Air Terminal at 1:15 p.m. by Mr. Jack Carle, the Economic/Commercial Officer at the American Embassy in Australia. After checking into our accommodations at the Lakeside International Hotel, we called on Mr. LeRoy F. Percival, Jr., the Charge d'Affaires at the American Embassy. Mr. Percival was kind enough to arrange for an in-depth briefing by the Embassy staff on the geographical, political, cultural and economic aspects of Australia. (See Exhibit 7).

Australia has the unique distinction of being both the smallest continent and also one of the largest nations in the world. With 3,000,000 square miles, its land mass is about the same size as that of the continental United States. However, nearly 60% of the country is desert. Consequently, the availability of water has been a dominant factor in the settlement of Australia.

Since Australia lies south of the Equator, the seasons are opposite of those of the Northern Hemisphere. The nation has historically suffered from both disastrous droughts and floods.

The population of Australia, estimated at 13.5 million in 1974, is predominantly of Anglo-Saxon origin, but is changing slowly with the continued immigration from continental Europe. The current customs and culture are similar to those of the United States.

The Aborigine population is estimated at about 1 percent of the total Australian population. Early Aboriginal tribes lived as seminomadic hunters and foodgatherers, and did not cultivate crops or domesticate animals. Today, tribal Aboriginals lead a settled but traditional life in remote areas of northern and central Australia.

The Australian Government's ambitious immigration program has proved a key factor in the country's economic development. Since 1945, more than 2.3 million immigrants have been admitted for permanent residence, mostly from the United Kingdom, Germany, Greece, and Italy. At least 1.6 million immigrants, including 200,000 refugees, have received financial assistance for passage and temporary housing after their arrival under various Assisted Passage programs. However, increasing unemployment in recent years has prompted the Australian Government to limit future immigration to sponsored relatives and selected workers needed to meet community needs.

Essentially, Australia has a 3-party system, consisting of the Australian Labor Party, the Liberal Party, and the Country Party. In general terms, the three draw their strength from the trade unions and labor movement, business interests, and agriculture interests, respectively. The Liberal and Country Parties traditionally form a coalition.

The voting strength of the Australian Communist Party is negligible—it has never won a seat in the Parliament. The Communists have managed, however, to gain considerable influence in several important Australian trade unions.

Australia is divided into six federated States, each with its own elected legislature. Together they form the Commonwealth of Australia, whose constitution is patterned in part on the U.S. Constitution. The Federal Government is bicameral, consisting of a Senate and a House of Representatives. The 60 Senators, 10 from each State, are elected for 6-year terms, with half elected every three years. The House consists of 125 members elected every 3 years. The leader of the political party or coalition of parties that wins a majority of the seats in the House of Representatives is named Prime Minister. He and his Cabinet wield the actual power and are responsible to the House of Representatives, of which they themselves must be elected members.

U.S. relations with Australia have been exceptionally close and friendly because of the World War II experiences as well as similarities in culture and historical background.

Indicative of the friendship Australians feel for Americans is the warm welcome they extended to U.S. servicemen on rest and recuperation leave from South Vietnam. According to statistics, more than 7,000 U.S. servicemen visited Australia each month on such leave during the Vietnam War.

From the inception of the United Nations, Australia has been a firm supporter of that organization and, whether Labor or Liberal Governments, has sided with the United States on most major controversies in the United Nations. Both the government and the opposition also realize that Australia's ultimate security depends on firm ties with the United States. The ANZUS Treaty provides for the mutual defense of New Zealand, Australia, and the United States should any party to this treaty come under attack. There are also three important joint U.S.-Australian defense-related installations in Australia: the Harold E. Holt Naval Communication Station at North West Cape in Western Australia, a space research facility at Pine Gap near Alice Springs in the Northern Territory, and a space communications station near Woomera in South Australia.

Economically, Australia is a land rich in basic natural resources and capable, through modern technology and large amounts of capital, of supporting a population many times its present 13 million.

Although mineral exports are increasing rapidly, agriculture continues to be the principal source of Australia's essential overseas income. Both Australia and the United States export grain, dairy products, fruit, and certain livestock products, so marketing of these commodities has remained a matter of common concern. Despite this fact, American food companies have been of great assistance in the processing and packaging of Australian food products.

The Australian Government has traditionally followed a policy of welcoming foreign private investment. They have recognized that an inflow of capital is necessary if Australia is to develop. Of the $13.3 billion invested in Australia from abroad as of 1973, about $5 billion came from the United States and about $5 billion from the United Kingdom.

Currently, there are over 600 U.S. firms with subsidiaries or joint ventures in Australia. Another 1,200 companies have licensing arrangements or other agreements with Australian companies. U.S. investment has been prominent in engineering, chemicals, food processing, and petroleum. Among the firms active in Australia are General Motors, International Harvester, Mobil Oil, Goodyear, Monsanto, Armco, IBM, Ford and Chrysler.

In the past few years, however, Australia's desire for incoming capital has been tempered by the recognition that some limits must be drawn to prevent a foreign domination of its economy. Foreign investment is now given closer scrutiny so as to insure that Australia gets maximum benefit from the investment. The government has shown particular sensitivity to foreign investment in the mineral and energy fields. Since World War II, Australia has refused to allow establishment of foreign banks and has insisted on domestic ownership of the media, airlines, and utilities. In spite of these restrictions, Australia is still regarded as a favorable area for U.S. investors because of its stable political climate and favorable growth prospects. Foreign investment is, however, subject to governmental control. No foreign corporation can own more than 15% of an Australian corporation without the approval of the Reserve Bank and the Foreign Takeover Commission.

On the evening of August 22nd, Mr. Smith and I attended a dinner at the U.S. Embassy hosted by Charge d'Affaires Percival. Other guests included: Mr. Douglas H. McKay, O.B.E., Secretary, Department of Overseas Trade; Mr. William A. McKinnon, General Manager, Australian Development Corporation; Mr. J. L. Fenaughty, O.B.E., Minister

(Commercial), New Zealand High Commission; Mr. Simpson; and Mr. Carle.

At 9:25 a.m., August 23rd, Mr. Simpson and Mr. Carle accompanied Mr. Smith and me to the Regatta Point Planning Display, an imaginative exhibition covering the city's early history, current planning and proposed future development. (See Exhibit 8). The multi-media event dealt in great detail with Australia's best hopes for urban planning in the future, a topic important to many in the United States who seek the necessary balance between economic growth and prosperity on the one hand, and environmental quality on the other. I was very impressed by the energy and commitment shown by the Australian national government in the area of urban planning. Rather than wait for urban problems to overwhelm them later, industry, government and academia are working together now to assure that Canberra is well prepared for its future. Mr. Ron Streeton, NCDC Public Relations Officer, briefed us on this important aspect of our itinerary.

The balance of our stay in Canberra was taken up with a tour of the beautiful city, its wide boulevards, the Australian War Memorial commemorating both native and American sacrifices in the Allied effort in World War II, and the fascinating "New Towns" Residential Program outlined in the Regatta Point Planning Display. (See Exhibit 9–A).

Based on an American prototype, the "New Towns" residential concept amounts to a series of satellite cities completely landscaped, self-sufficient, and accessible to a metropolitan working environment. Six such cities, designed to accommodate a population of 20 to 60 thousand people, have been planned for the Canberra area, with the site at Wooden already completed and Belconnen well on the way.

"New Towns" represents a timely and compelling answer to the ongoing problem of developing an urban area to its maximum potential. With rapid transit, industrial areas, schools and community centers all mapped out for easy access, the cities avoid the traditional difficulties of congestion, zoning disputes, and other exasperating aspects of big-city living. Neighborhoods are again allowed to grow in importance in the urban framework; families can again feel a part of a real community and government jurisdictional disputes are practically eliminated. Future growth is also taken into account; city sites are in open, picturesque settings which allow for outward expansion. The United States, it should be noted, is partly responsible for Australian success in this regard. "New Towns" programs are already functioning in South Carolina, in New York, and in nearby Reston, Virginia. While urban planners are divided as to the ability of these experimental cities to provide the major answer to existing urban problems, most agree that for newer cities with growth possibilities, "New Towns" amounts to an exciting concept with the possibility for many rich rewards.

Canberra is a good example of the "New Towns" residential concept. In 1913, Australian officials sponsored an international competition to select a design for the new capital city. Mr. Walter Burley Griffin, an American landscape architect from Chicago, Illinois, submitted the winning plan. The growth of Canberra has been sustained, with a population increase from 39,061 in 1958, to an estimated 178,500 in 1974. Population is expected to double by the turn of the century, and residents of Canberra confidently await the day when the capital city joins Melbourne and Syndey as Australian international landmarks. Like its South American counterpart, Brazilia, Canberra was primarily designed to serve as the center of the national government. However, important centers of learning and research, such as the Australian National University, the Academy of Science, and the National Library are also located in Canberra. (See Exhibit 9–B).

One of the highlights of our tour was a visit to Parliament House, the seat of Australian democracy, where we met with the Honorable Kenneth L. Fry, Member of Parliament from the Canberra district. Escorted by Parliamentary Officer John Dyer, we toured the relatively modest building for nearly two hours. The Australian Government intends to build a new Parliament to replace the existing structure, but final plans still are being debated. Canberra is similar to Washington, D.C. in the proliferation of government offices and cultural sites, the beauty of which was most impressive. (See Exhibit 9–C).

Canberra quite deservedly calls itself the "garden city" with over six million trees and extensive gardens throughout the city. By the time of our embarkation at 2:20 p.m. that afternoon, my predominant impression was of a vibrant, exciting young city with a tremendous future, which also matched my impression of the Australian people themselves.

On Saturday afternoon, August 23rd, we left Canberra and arrived in Sydney, the Capital of New South Wales, at 2:55 p.m. Upon our arrival, we were met and briefed by Mr. James Marshall, Economic/Commercial Officer with the U.S. Embassy in Sydney. Mr. Marshall is the former Administrative Assistant to U.S. Congressman Alphonzo Bell of California. (See Exhibit 10–A).

Sydney is the largest and, perhaps, the most beautiful city in Australia. A population of 2,898,330 and a large concentration of industry and commerce combine to make Sydney the economic, cultural and educational center of the country. Paradoxically, it is both the oldest and the most modern city in Australia. Although the city still has several old sections, I did not see a single slum in Sydney. (See Exhibit 10–B).

On Sunday, August 24th, I went to church at beautiful St. Mary's Cathedral in downtown Sydney. After Mass, I toured the National Gallery of Art and the famous Opera House, a $150 million architectural masterpiece which was opened in 1973. The remainder of the day was spent touring points of interest in and around Sydney. (See Exhibit 10–C). That evening, we went to the official U.S. Residence, "Craigend," as the guests of Consul General and Mrs. Norman Hannah.

Early on the morning of Monday, August 25th, Mr. Smith and I made a 300-mile plane trip to Cooma. Following our arrival in Cooma, we flew another 150 miles in a private plane to inspect the Snowy Mountains Hydro-electric Project. (See Exhibit 11–A). The project was commissioned by the Australian Government in 1949. This vast complex of 50 miles of aqueducts, over 90 miles of tunnels, 16 large dams, a pumping station, and 7 power stations, has been constructed in an area of over 2,000 square miles of mountainous country. The Snowy Mountains Hydro-electric Project, the largest engineering project ever completed in Australia, is a unique engineering feat. (See Exhibit 11–B). The dams are built primarily of native lava rock. The remote, mountainous area required the construction of camps so that the employees could live close to the work sites for many long months. Specialized work teams attracted world-wide interest from engineering organizations, and numerous techniques introduced on this project have become accepted practices in general engineering.

Three rivers in the Snowy Mountains provide the capacity to generate 3,740,000 kilowatts of peak load power to New South Wales. In addition, river waters from the Project are helping to irrigate the dry inland areas. The waters of the Snowy River normally flow east to the Tasman Sea, but engineers have diverted these waters westward to the inland plains. The Murray and Murrumbidgee Rivers have only a limited capacity to irrigate this fertile inland area. Thus, by diverting water to the western plains through tunnels in the Snowy Mountains, this project produces large quantities of electricity to meet industrial demand, and irrigates dry land for food production. The additional water for irrigation in the Murrumbidgee and Murray areas has resulted in an increase in primary crop production of over $60 million per year. The State of Victoria depends on the Snowy Mountains Project to supply 1100 megawatts of hydro-electric power per year. This project, therefore, benefits a large area of Australia's southeastern corner, and is one of the country's greatest national assets. (See Exhibit 11–C).

On Tuesday, August 26, we traveled approximately 80 miles by car over a modern, American-style superhighway to inspect the Munmorah Power Station at the Tuggerah Lakes in New South Wales. (See Exhibit 12–A). Completed in 1970, Munmorah Power Station is the largest of the New South Wales Electricity Commission's power stations in service, and was completed at a cost of $140 million. Four 350,000 kilowatt turbo-generators make up its generating capacity. With all units in service, this station utilizes a maximum 3½ million tons of coal per year to convert water into steam for the boilers. To insure low-cost electricity, the power station is located at its source of fuel, the northern coalfields. Two new mines have been established with the sole purpose of providing the coal necessary to maintain a steady power load, and both mines are less than one mile from the station. This results in a very low cost of coal to the power station—$6 per ton of coal delivered to the station. Further, Munmorah Power Station is located between the major centers of electrical power load, Sydney and Newcastle. This station thus provides a cheap power supply to the southeastern coast of New South Wales. Completion of the station is a further step in the State Electricity Commission's policy of generating power on the coalfields and transmitting it to nearby areas in the most economical and efficient manner possible. (See Exhibit 12–B).

On Wednesday, August 27th, I visited the U.S. Trade Center, which was opened in 1970 to provide support for increased sales of American products in Australia on a long-term basis. (See Exhibit 13–A). The Center features 4,000 square feet of exhibition facilities and an audio/visual equipped seminar hall. It sponsors eight major product exhibitions per year, and helps individual American companies arrange special small exhibitions and seminars for Australian and New Zealand businessmen. More than 250 of these small exhibitions have already been held. I was particularly impressed by the variety of exhibitions, ranging from automated business equipment to pollution control instrumentation. More than 80,000 people have attended the various Trade Center functions since its inception five years ago. In addition, five major exhibitions have been held outside Sydney to attract the maximum number of interested businessmen. It is evident that the U.S. Trade Center in Sydney provides a valuable service to American businessmen who are considering ties with the constantly expanding Australian market. (See Exhibit 13–B).

Following our visit to the U.S. Trade Center, we toured Sydney harbor. This beautiful harbor opens into Port Jackson, a deep-water port noted for its unspoiled shoreline and the scores of yachts which sail along the shores of the harborside suburbs. We ate lunch on the yacht of Mr. Lex Anderson, Managing Director of the Austin Anderson Company, a construction firm which has offices in Cleveland, Ohio. Other American guests included: Mr. Caryl Watkins, a retired Texan living in Australia; Mr. Frank Marriott of the Westinghouse Corporation, who studies alternative energy systems; Mr. James Marshall, Chief of the Economic/Commerical Section of the American Consulate; Mr. Michael Michalak, Commercial Officer at the American Consulate; and Mr. David Craig, an Australian Senior Foreign Service Officer in the Commercial Section. This was one of the few recreational parts of the trip. (See guest list in Exhibit 10–D).

On Thursday, August 28th, we inspected the Australian Iron and Steel Proprietary Ltd.'s Hoskins Kembla Works, which is the largest integrated iron and steel plant in Australia. It is the principal and wholly owned subsidiary of Broken Hill Proprietary Company Ltd. (BHP). (See Exhibit 14–A).

The Port Kembla Steelworks is located in a beautiful setting on the east coast of Australia about 50 miles south of Sydney. The plant sits on an excellent artificial harbor constructed by the State Government of New South Wales. The port is open year-round and handles all inbound iron ore and limestone as well as all outbound export shipments. (See Exhibit 14–B).

In addition, the Port Kembla plant has a unique availability of raw materials. It has extremely rich iron ore resources, high purity limestone, and very low-cost coal because its coal mines are only about 5 miles from the plant.

Approximately 20,200 steelworkers and 2,700 coal miners are employed at the Port Kembla Steelworks, including more than 10,000 post-World War II immigrants from 50 different countries.

Mr. Phillip H. Smith, who is an expert on steel manufacturing, was particularly impressed with the young, mid-level management personnel at the plant.

Australian steel manufacturers have taken the best from the German, Japanese, American and Scandinavian steel-producing techniques. One of Port Kembla's three blast furnaces was built under a Japanese design from Nippon Steel, the world's largest steel producer. The Port Kembla plant produces 15,000 to 16,000 tons of steel per day. With an annual capacity of 5.5 million tons of steel and 4.3 million tons of iron, it ranks 19th among the world's top 30 steelmakers.

The Port Kembla steel plant also possesses an old but excellent open hearth shop, an extremely modern 250-ton BOF shop, and an electric furnace plant for making stainless and specialty steels. The ingot production is converted on a blooming mill and a universal cladding mill. Foundations are now under way for a slab caster, which should be completed in the next several years. The products from the Port Kembla Steelworks are both flat roll and shaped products. This plant is also the largest producer in Australia of hot roll sheets, tin plate and galvanized steel. (See Exhibit 14–C).

To meet the increasing demand for more sophisticated types of steel, Port Kembla's Technical Services Department has developed its metallurgical and chemical laboratories to the point where they are recognized as being among the finest in the world.

During the past 15 years, the Port Kembla plant has spent over $30 million on pollution control programs, such as: collecting, cleaning and using its own generated gases; controlling dust emissions; cleaning and recirculating both fresh water and salt water, and recycling steel scrap. Fresh water is piped in, cleaned and recycled completely. The water used for cooling is seawater; it is piped in from the bay, used, and then taken out with the tide.

In addition, the Port Kembla plant utilizes the latest and most proven air pollution control equipment, including electrostatic precipitators, wet scrubbers, and bag filters. Since 1962, fume emission from the plant has decreased by more than 30%, while steel production has more than doubled. Overall, the air pollution control facilities at the Port Kembla Steelworks are better than anything currently being used in the Youngstown steel district. However, water pollution control appears to be operating at slightly less stringent levels than are required in the United States. (See Exhibit 14–D).

On Friday morning, August 29th, U.S. Consul-General Hannah and I attended a conference with fifteen members of the Labour Council of New South Wales, including Mr. John P. Ducker, President of the Council and a Member of the New South Wales Legislative Council; Mr. Ralph B. Marsh, Secretary of the Council, and Mr. H. B. French, Secretary-Treasurer of the Federated Rubber and Allied Workers Union of Australia. All three of these men are experts on international labor relations and have been to the United States. In addition, both Mr. Ducker and Mr. Marsh have visited Youngstown, Ohio, and are good friends of Mr. James P. Griffin, former Director of District 26, United Steelworkers of America, and my boss when I worked for the Steelworkers Union. Mr. French is a good friend of Mr. Peter Bommarito, President of the United Rubber Workers of America.

The conference participants acknowledged that the existence of over 450 separate labor unions in Australia, all of which negotiate separately, makes it very difficult to coordinate plant activities or to achieve stability. Therefore, these Australian labor leaders expressed a desire to consolidate their unions on an industry-wide basis, as is done in the United States.

These labor leaders also told me that, while the Communists are very active in the Australian labor movement, they have not been very successful. The members of the Labor Council of New South Wales hold a very high opinion of the American labor movement and hope to make the Australian labor movement more like its American counterpart.

On Friday afternoon, August 29th, Mr. Smith and I met with several members of the American Chamber of Commerce in Australia. (See Exhibit 15–A). Mr. Kevin Bannon, Executive Director of this organization, led a provocative discussion of America's trade with Australia. Participating in this discussion were: Mr. Larry Hartwig, Vice President of the Bank of America; Mr. Frank Marriott, Vice President and Area Director of the Westinghouse Corporation, S. A.; Mr. Peter Holmes a' Court, Director of External Affairs at IBM-Australia; Mr. Norman Hannah, Consul-General at the American Consulate in Sydney; Mr. Jon Kirkwood, partner of the law firm of Whinney, Murray, Ernst and Ernst, and other officials of the American Chamber of Commerce in Sydney. Participants expressed concern that U.S. exports to Australia are decreasing in 1975. This decline is the result of the current recession in Australia, devaluation of the Australian dollar, and a recent Australian decision to restrict foreign imports.

Other members of the Chamber of Commerce briefed us on the special difficulties of establishing a business in Australia, foreign exchange problems, and national economic policies pursued by the Australian Government. For example, overseas capital inflow for the establishment of a new business, or a joint venture with an existing Australian company, are now subject to authorization by the Reserve Bank. The Australian Government has also imposed a temporary limitation on new foreign investment in Australian real estate. Consequently, there is a tendency for the current Australian Labour Government to reexamine foreign investment in Australia. Most participants in the subsequent discussion did agree, however, that Australia is a relatively free and expanding market for American businessmen, and enjoys a level of affluence commensurate with the American trade objective of exporting capital-intensive goods. (See Exhibit 15–A).

I found these discussions with members of the American Chamber of Commerce to be very interesting and informative, as well as a useful exercise in evaluating the impact of public policy on foreign commerce.

I shall conclude this report with some of my general impressions and observations about Australia and New Zealand. I found the people of New Zealand to be the most appreciative people in the world of the United States' role in World War II. New Zealanders, in general, are more pro-American than the people of any *other* country I have ever visited. For example, the anniversary date of the Coral Sea battle is still celebrated in New Zealand.

Both Australia and New Zealand are modern, industrial, progressive and well-governed countries. I was particularly impressed by the fact that these are no slums in any of the large cities in Australia and New Zealand. Both of these countries have dealt effectively with urban decay and urban sprawl through sophisticated land-use planning and zoning techniques.

Both Australia and New Zealand do an excellent job of controlling pollution. Not only Australia and New Zealand, but also West Germany and Czechoslovakia, do a better job of controlling air and water pollution than we do. I realize that there are differences in population and geographical area, and that our pollution problems have built up over many years. Nevertheless, it is obvious to me that the United States could do a better job of controlling pollution than we have so far. The planning, zoning and pollution control techniques used in Australia and New Zealand ought to be given careful examination here in the United States.

In general, the standard of living in Australia and New Zealand is comparable to that of the United States. Although the cost-of-living in those countries is about the same as in this country, food, transportation and electricity are less expensive than in the United States. Nevertheless, the rate of inflation is 3 to 5 times higher in Australia and New Zealand than in the United States.

Australia and New Zealand have harnessed their hydro-electric power very effectively and very efficiently. In my opinion, if we used our hydro-electric power resources half as efficiently as Australia and New Zealand, we would have an abundance of electric power in the United States.

Automobile assembly line work is demeaning, monotonous, grueling and unsatisfying. Nevertheless, in my congressional district (Youngstown, Ohio), assembly line workers average 24 years of age; almost all are high school graduates, and 10 percent to 15 percent are college students or college graduates. In New Zealand and Australia, however, automobile assembly line workers are the least educated and the lowest paid workers.

I would recommend that American businessmen visit Australia and New Zealand, or any other foreign country for that matter, to see first-hand the labor instability that exists in other countries. American businessmen would return to the United States and count the many blessings derived from American labor. The American worker is still the most productive worker in the world, and labor relations in the United States are still the most stable of any country in the world. We should all be proud of what we have accomplished in the United States of America.

I DIDN'T KNOW SARGE CARED

(Mr. DERWINSKI asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. DERWINSKI. Mr. Speaker, I just received a personal letter from R. Sargent Shriver announcing his candidacy for President and asking me to give financial, political, and moral support.

Mr. Speaker, as one who never had easy access to the wondrous world of Camelot, you can imagine my surprise at receiving an invitation to become a full-fledged, dues-paying participant. Only a man as thoughtful and as highly organized as Sargent Shriver would take the time and make the effort to solicit my moral and financial support for his Presidential candidacy.

I must confess Sarge's letter was not without informational value. It let me in on a secret which Sarge shared with me in the following opening paragraph:

> You are one of the first people I am writing to tell of my decision to seek the Democratic nomination for President of the United States.

I had heard rumors that Sarge's family greets him with their own rendition of "Hail to the Chief," but I was ready to dismiss those reports as some kind of a family joke, until I received my call to arms. It has become next to impossible to keep track of the ever-burgeoning list of Presidential pretenders, so you can see I might have missed Sarge's announcement were it not for his letter.

Sarge's candidacy poses a personal dilemma for me. What can I tell my friend, colleague, and collaborator on the Post Office and Civil Service Committee, the gentleman from Arizona, Mr. Morris Udall, about Sarge's blatant invitation to help him restore and rebuild Camelot? If I respond to Sarge's clarion call, and he fails, and if the gentleman from Arizona moves into the White House, I might find myself in an untenable position as a lowly Member of Congress.

I mention this because I am trying to be realistic. Despite Sarge's widespread national support, as demonstrated in the 1972 Presidential election, anything can happen in politics. Should there be some slight erosion of Sarge's 1972 power base, he could be in big trouble. He should guard against any additional political slippage by rechecking his computerized mailing list. I presume his targets at this time will be purely Democratic voters—not officials elected under the Republican ticket.

NOBELAUREATE GEORGE WALD DISCUSSES THE HEALTH OF SOCIETY

(Mr. BROWN of California asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BROWN of California. Mr. Speaker, I recently reviewed a copy of the remarks that Dr. George Wald, who received the Nobel Prize in 1967 for his work in physiology, made at an international conference on the "Limits to Medicine" held in Davos, Switzerland, a few months ago. In this discussion Dr. Wald ranges far beyond the area of his scientific research, and in the process he demonstrates that our modern society does have world thinkers, who are our global equivalent of the village wise man. I am certain that Dr. Wald's remarks will offend many of those who will read them, but I would hope that such a possibility will not deter any of my colleagues from considering different, even radically different, views about mankind and society.

Simply put, Dr. Wald is skeptical about the future of human life under the existing power relationships in the world. He doubts that our existing institutions can evolve fast enough to meet the demands of the future. And he may be right.

I, for one, would not reject such a proposition without at least considering the evidence that has led such a distinguished scholar to his current assessment. For this reason, I ask unanimous consent that Dr. Wald's remarks at the Davos conference be inserted into the Record at this time. The remarks follow:

THE LIMITS OF MEDICINE IN A LETHAL SOCIETY

(Remarks of George Wald, Harvard University, Cambridge, Mass.)

When I came here yesterday, I thought I knew what I was going to talk about. I was going to say something about Chinese medicine, new and old, about the ritualization of certain medical procedures and the medicalization of certain rituals, such as circumcision. But listening yesterday, I ended by tearing up that talk; and if my talking to you today is a little ragged, it is because I will have to do the best I can to say to you the things that now I really want to.

You know, there is something called the XYY syndrome. An occasional male child is born with an extra Y chromosome; and a little while back it began to be said that this tends to be correlated with violence. So a project recently was set up at Harvard Medical School to type the chromosomes of a great number of male children born in the Boston Lying-In Hospital and find some with the extra Y chromosome, and tell the parents, and they and the physicians watch these children over a long period of time to see how and whether the violence develops.

Another group of physicians at Harvard Medical School objected strongly to this investigation, saying that this would prejudice the lives of those children and their relations with their parents. So a controversy developed and some of it spilled over onto the correspondence columns of Science Magazine. Then a man named Michael Mage from the National Career Institute wrote to Science to say that all that concern with the XYY syndrome is a fine indication of the way research workers in medicine pick strangely specialized, esoteric, peripheral topics to study. Our real concern should be with the XY syndrome, which afflicts half of humanity, including the writer of the letter, and displays a strong correlation with war and other forms of criminal violence.

I've had the strange feeling in this meeting, listening to the papers on the limits of medicine, that they seem to disregard what I think is our major trouble. That is that we are talking about the limits of medicine in a highly lethal society, and indeed one that is threatening to die, perhaps soon. And that makes a special set of problems.

Why do I say a highly lethal society? Well, because no society in human history has cultivated the technology of killing and destruction as has Western society under Christianity. It's a little commentary on this that our Western world has been so shocked that India produced an atom bomb, a very small one by present standards. The shock was not in the atom bomb (we have lots of those, and big ones). The shock consisted in an atom bomb being produced in the wrong place, by the wrong kind of nation. A Third World country has no business producing an atom bomb.

I've heard the silly question asked, "Why is our world four and a half billion years old?—and the silly answer, "Because it took that long to find that out." Well, exactly the science that has taught us that has placed in our hands the seeds of our self-destruction.

You all know the story. I'll just touch upon a few phases of it that perhaps all of you are not altogether familiar with.

We now have it in our hands to wipe out all humanity and much of the rest of life on Earth. The stockpiles of nuclear weapons in the United States and the Soviet Union several years ago reached the explosive equivalent of ten to fifteen tons of TNT for every man, woman and child on the Earth. You might think that enough; but we are now—both superpowers—in the middle of a huge escalation, replacing all the single warheads by multiple warheads, and devising new and more accurate guidance systems. My own nation, the United States, is now making three hydrogen war-heads per day. The Soviet Union keeps pace with us. You must think of the limits of medicine, and how to humanize medicine, against the background of the production in my country of three hydrogen war-heads per day.

It is not only atomic bombs we need to fear. Nuclear power; that enticing thing, in all its present forms threatens our future as a civilization and as people, in three different ways. Perhaps the least important threat ultimately is the possibility that many of us worry about the possibility of major accidents in nuclear power installations. Depending upon location, one such accident could kill hundreds of thousands of persons, and devastate and contaminate a huge area—my state of Massachusetts, for example, or your country Switzerland. Fortunately that scale of accident hasn't happened anywhere yet; but the safety record of present installations is far from reassuring.

The second threat comes from the fact that every nuclear reactor of any type now at work, produces as a by-product plutonium 239, probably the most toxic substance known. One milligram inhaled is enough to kill a person by massive fibrosis of the lungs within hours. One microgram is likely eventually to cause lung or bone cancer. Also, this is the most convenient material out of which to make fission bombs. The "trigger quantity", the quantity of plutonium 239 with which one can make an atom bomb, is two kilograms. You could carry that amount perfectly safely in a brown paper grocery bag. A plutonium 239 bomb of the explosive force of the bomb that leveled Hiroshima and killed one hundred thousand persons—would take six to seven kilograms. You'd have to put that into a shopping bag. The standard reactors now in use, produce enough plutonium as a by-product every year to make dozens of fission bombs. And anyone who knows this business knows that the accounts kept of the production of plutonium 239 allow a scale of leakage that makes the production of atom-bombs perfectly feasible.

The third danger in nuclear power is that no one, but no one, at present knows how to store the waste products. Those waste products will remain dangerous for half a million years. The whole of human organization is perhaps 10,000 years old, and we're putting out material that will represent a lethal liability for man and for life on Earth for hundreds of thousands of years to come.

At present this stuff is being stockpiled in the U.S. just about where it's produced, while one tries to figure out what to do with it. If you can imagine any place on the surface of the Earth or under the seas to put that kind of thing with some assurance that it will stay where you put it for 20,000 years, 50,000 years, 100,000 years, you begin to see the problem.

It is an especially frightening part of the wider problem of industrial pollution. Let me cite another example. The only thing that keeps oxygen in our atmosphere is photosynthesis performed by plants. It may surprise some of you to know that from eighty to ninety per cent of that photosynthesis occurs not on the surface of the land, but in the uppermost layers of the oceans. About three years ago experts at the Woods Hole Oceanographic Institution on Cape Cod, where I do my summer research, estimated that by then the oil residues floating in the upper layers of the ocean exceeded in bulk all the photosynthetic organisms. No one knows what the ultimate effects of that situation will be.

I have not yet heard spoken of in this meeting a terrible problem. It is the danger of the work places, the problem for workers to stay alive while making a living. I have heard several times here the auto referred to as a big killer of healthy persons. In the United States, the work places are at least as big a killer. We register about 22,000 deaths by industrial accident every year and 2.2 million disabling accidents; but those statistics don't touch the slow killing: the black lung of the coal mines, the brown lung which is produced by exposure to the dust of cotton and hemp and flax in the textile mills, the silicosis, asbestosis, and uranium poisoning; and the large number and variety of cancers associated with these conditions. None of these chronic conditions are in the statistics. And indeed this kind of statistics is hard to come by, because the industry fights tooth and nail to keep them concealed. The reason is obvious. Every attempt to make the workplaces safer increases the cost of production; every alleged work injury represents an insurance or compensation cost. So it is in the interest of industry to conceal these disabilities. In the U.S. the only physicians who concern themselves with them or who are available at the workplace are almost without exception employed by the industry, and make their reports to the industry, not to the workers.[1]

My country suffers—and I don't think it's an accident, I think it's a strategy—from a condition that I think of as saturation politics. Up to a few years ago, if something was done by the government that upset a lot of people, we would organize a protest. Within a month or so we could bring 100,000 to 500,000 persons to Washington to protest. Well, suddenly such problems and political crises began to hit us about once a week. As we began to get ready to organize a protest, the next crisis hit us, and then the next, and then the next. After several years of that, we ended with a numbed, dazed, punch-drunk public, incapable of further response.

That condition is beginning to involve the human race, the whole of humanity now suffers from a series of exceedingly threatening new developments, all coming to a head at about the same time, close to the year 2000. I am one of those scientists—and believe me it is no pleasure—who, trying as we will, hoping as we do, that something in our view of things is wrong, still find it very difficult to see how the human race is to get itself much past the year 2000. So there isn't much time.

Another such worldwide threat has just hit us. I don't know whether all of you realize that the only thing that makes life possible on the surface of the earth is the fact that after photosynthesis had put oxygen gas into our atmosphere, high up in the atmosphere a very thin layer of ozone formed. You might be surprised to know how thin that layer is. If all the ozone in our upper atmosphere were brought to what we call standard conditions, that is, 0° C. and atmospheric pressure, it would form a layer only three millimeters thick. That exceedingly delicate layer of ozone filters out of the sunlight reaching the Earth the short-wave killing radiation, that would otherwise kill all forms of life exposed to it. Before that ozone layer formed, life on Earth had to stay under water.

Now we are told that those aerosol spray-cans that are so convenient—I used one to put shaving soap on my face this morning, we use them now for everything that can be sprayed—that the propellant in those spray-cans is attacking the ozone layer. Those propellant gasses, mixtures of chlorofluoromethanes, often with the cancerogenic vinyl chloride added, are now entering our atmosphere in ever-increasing quantities. As they rise gradually into the high atmosphere, short-wave radiation from the sun liberates their chlorine, that then initiates a catalytic chain reaction that destroys ozone. It is estimated that if we were to stop all use of spray-cans now, we already will lose about ten per cent of the ozone layer. But if we go on much longer, we could lose it all.

That's an interesting possibility; for those spray-cans now represent a three billion dollar a year industry in the United States. You pit the future of life on the surface of the Earth against a three billion dollar a year industry, and where do you place your bets? Which is going to win out? I leave you to imagine. In any case, we are being told now not to act, that more research is needed. I'll come back to that dilemma shortly.

I don't know whether all of you realize quite the magnitude of the problem that the population explosion raises. If population control in the entire developed world reached the level of simple replacement by the year 2,000—that is, that a couple just produced two children that themselves grew to the age of reproduction—if the developed nations could achieve that by the year 2,000, and if the so-called underdeveloped world reached that point by 2,050, then seventy years later, so by the year 2,120, the world population would have risen to about 13 billions. It's now 3.7 billions, and a lot of us are beginning to feel crowded. If this utterly unlikely degree of population control were achieved in the times I say, then we would be rewarded with a population of about 13 billions.

I want to say a word about hunger. Every few years one is told that Malthus was wrong: that he was "naive"—to use a word that you've heard often today—in thinking that we might eventually overpopulate the globe relative to our food resources. The last event said to demonstrate that Malthus was wrong was the Green Revolution.

But in fact the Green Revolution has a terrible contradiction at its core. The biggest single event in the history of life on this planet was the development of photosynthesis. That made us independent of the accumulation of organic molecules upon which life depended from its origin until, through photosynthesis, life could make its own organic molecules, using the energy of sunlight. Well, the Green Revolution has reversed this development by making us dependent again upon fossil organic molecules. It makes a poor bargain. The total energy consumed by U.S. agriculture per year is equivalent to more than 30 billion gallons of gasoline. This represents more than five times the energy content of the food produced ("The Sciences", N.Y. Acad. Sci., 13, Oct. 1973, p. 9). What the Green Revolution means is that we use fossil fuels produced by earlier ages of photosynthesis to promote present-day photosynthesis.

The Green Revolution rests upon huge amounts of synthetic fertilizers and synthetic pesticides and herbicides, all produced with fossil fuels, with coal and oil. That worked as long as coal and oil were cheap. But they are no longer cheap; and with that much of the Green Revolution, particularly for the Third World, has gone bankrupt.

We are often told that the famine already in progress in increasing parts of the Third World, and hunger among the poor in some developed countries, is somehow the fault of the hungry. This is the familiar tactic of blaming the victim. One thing frequently said is that the poor shouldn't have so many children, that they are poor because they have too many children. All of us should realize by now that it's the other way around. It's not that people are poor because they have too many children; they have too many children because they are poor. Having a lot of children is a strategy for survival among the very poor. They need to have many children so that one or two may survive to feed them in their old age and bury them when they die. The only way that one can really get the very poor to have fewer children is to give them some assurance that the children they have will survive. Once that is achieved, they'll be glad to have smaller families.

Until recently the intensifying food shortages in the world could be ascribed mainly to increase in population. To this a new element has been added mainly within the last decade. That is a sudden large increase in the demand for meat, for beef and pork, in the developed nations. I was in Japan twice, six years apart, and was amazed by the change in the Japanese dietary during that short interval, in the direction of eating more meat. This places an enormous burden upon the poorer and hungrier parts of the world, because making that meat strikes a very bad nutritional bargain. It takes about eight pounds of grain to make one pound of meat. The grain that might otherwise go to feeding a starving peasantry is instead fed to hogs and cattle to supply this enormously increased demand for meat in the affluent world. George Borgstrom at Michigan State University has calculated that U.S. livestock consume enough food materials to feed 1.3 billion persons, and world livestock consume enough to feed 15 billion persons (*The Sciences*, Oct. 1973, p. 11).

Another development greatly exaggerates these troubles. Most of human work used to be done with human muscles; but now increasingly it is done by machines, even in agriculture. Agriculture is rapidly going over from farming to agri-business. In my own country at present fifty-one per cent of the vegetables, eighty-five per cent of the citrus fruits, ninety-seven per cent of the chickens and one hundred per cent of the sugar cane are being produced by the same companies that make our aircraft, control our oil and coal, and run our transportation. That kind of thing is happening all over the world. It is another aspect of the Green Revolution; and everywhere it is throwing people out of work. Unemployment is rising all over the world; and something much worse. It is not just that many persons are unemployed, which one thinks of as a temporary condition, but that there is no further use for them in the free-market economy. They are wanted neither as workers nor as markets. They are not wanted at all. Their existence is looked on as an embarassment, even as a potential threat, for they continue to demand food, clothing, shelter, even education. Robert MacNamara, ex-Ford Company executive and our ex-Secretary of Defense until President Johnson promoted him to the Presidency of the World Bank, in his report to the World Bank of September 21, 1970, referred to such superfluous persons as "marginal men". He estimated that there were then (1970) 500 million of them, twice the population of the United States; that by 1980 there would be one billion, and by 1990, two billion. That would be close to half the world population.

It would be altogether possible to feed the present world population. In fact, some of those demographers who tell us not to worry too much about the population explosion estimate that with careful manage-

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ment we could feed as many as forty billion people on the Earth. We now have only 3.7 billion to feed; but rather than feed them, we are being offered a rhetoric to go with letting them starve. Those of you who are physicians can be proud that one phrase in that rhetoric is the medical term "triage," in common use for sorting patients. We are told to meet the famine problem by practicing "triage." It's used in a national sense: We'll help those nations that we have decided can be saved, and let the nations that we decide are too far gone die.

The biologist, Garrett Hardin, has contributed to this rhetoric another striking metaphor. He asks us to imagine that we are all in a life boat, rowing through a sea filled with struggling persons about to drown. If we haul them aboard, the life-boat will sink and all will be lost. So let them drown.

Ladies and gentlemen, I've enjoyed my stay in Davos very much, we've been well cared for. I've had no feeling that in Switzerland I'm in a life-boat. Nor do I feel that way in the United States. It's a lot more like being on a luxury liner to the Bahamas.

These rhetorical flourishes are to get us ready to do nothing for the hungry, to go on living our well-to-do, overfed, middle class lives while the poor in our own countries go hungry, and the Third World starves. It is a rhetoric of irresponsibility: Cain's "Am I my brother's keeper?"

What are we to do? That is the golden question. It s easy to say what is wrong: but how make it right?

Well, our kind of person has one answer all prepared. Do research. If people are hungry, set up a well-funded project on hunger. If our world is coming to an end, set up a well-funded Project Apocalypse. It's a way of life. One can live very well on other people's troubles. As Albert Szent-Györgyi said some years ago, "There are now more people living on cancer than dying from cancer."

As a research person, I should like to say something about that. Research is a fine thing. We never know enough about anything. But research must not be allowed to become a trap, a means of endlessly putting off action. And that's the way it frequently is now being exploited. That's the way it is with the big industrial diseases, with pollution, with tobacco smoking and cancer, and most recently with the aerosol spray-cans and the ozone layer. We are told that "all the facts are not yet in". How inane! All the facts are never in. Each of these situations changes as one studies it. So let's by all means have more research; but let us also act, let us do what is needed.

I want to say the next thing. We already know enough to *begin* to cope with all the major problems that are now threatening human life and much of the rest of the life on the Earth. Our crisis is not a crisis of information, but a crisis of decision, of policy. We live with the myth that if only our governments had the proper information, it would be used, it would be acted upon. Not in our present world. You have only to think a moment to realize that. That is not the world we are living in.

And now I should like to say the next thing: Though we already know enough to begin to cope with all the major problems now threatening human and much other life on the Earth, I don't know one of those major problems that we could begin to cope with *while maximizing profits*. And I think that a society such as our own that puts the maximization of profits above all other considerations, is thereby heading for destruction, and is doomed.

I still have young children at home; and I teach about two hundred magnificent young people at Harvard. Though I desperately want to, I cannot find any assurance that they have a future—any assurance that they will be in physical existence 10, 20, 25 years from now.

One doesn't live with that kind of thought day in and day out. One puts it away; one shuts it off, and tries to go ahead and live some kind of normal life. But it's always in the background. We live with a constant sense of the insecurity of life on the Earth today.

That won't be repaired if one works only on health care. What we need is a reorganization of our society, a fundamental change in its direction, so as better to meet human needs, to fulfill human values, to humanize what is now increasingly alienating, to serve life rather than death. For to fulfill short-term goals for an increasingly narrow power structure, we are devastating the Earth; and the business of killing—armaments—is now by far the world's biggest business.

How are we to get that change in direction? I hoped until recently that a democracy such as we are told we have in the United States could *vote* itself a social revolution. But with all the means of mass communication and all the machinery of social control in the hands of the power elite, it is not at all clear that that is even possible. Our recent political experiences are not encouraging.

As I try to think in terms of a reorganization of society, it seems to me increasingly clear that the really significant journey to make is not to the moon, but to China. One sees things going on in China that are altogether surprising to middle class persons who have grown up in our society. We were told here by a professor yesterday that the trouble with our nations is that they have become *too big*. China is a nation of *800 million people;* and on a modest but adequate standard, they are all getting along. With famine in much of the Third World, no Chinese is expected to starve this year. You don't have to take that from the Chinese or from me. Twenty American agricultural experts went over as a delegation of couple of months ago, and they came out saying that China seems well supplied with food; that the hunger which is prevalent in other parts of the Third World is not afflicting the Chinese. Then they said something more that has a wonderfully ironic twist for our kind of person: that the Chinese are not producing agricultural experts, and that unless they begin quickly to produce agricultural experts, they'll soon be in trouble![2]

As for the Chinese medical system, they have an enormous shortage of Western-style doctors, but there is always someone available for medical care. The lowest level of care is that of the barefoot doctors, who have by now a medical manual about two inches thick to work with, are regularly retrained, and are very proud of their function. There is always some care available, if only a barefoot doctor. And whomever a patient turns to in China, immediately passes him up the line, until he reaches the proper level to treat what is wrong. The reason they do that so promptly and so cheerfully is that medicine in China is practiced entirely without fee.

I think that the only solutions for the problems that Ivan Illich raises, whether in education, in mechanization of life, or in medicine; as well as the only solutions for the problems I have spoken of, are political. They must come out in the form of political power: exercised by an aroused people that insist on taking their lives back into their own hands.

What we fondly call the free world, is composed almost entirely in its Third World components of military dictatorships. That phrase, the "free world," used to trouble me until I finally realized what it meant. The free world consists of those nations that get their armaments free from the United States.

In our free world—perhaps you feel differently in Switzerland—the governments are not the masters, but the servants. Certainly I believe that to be true in the United States. In our free world, I think that the governments are only the agents of government. Then who are the masters? I think that our so-called free world is now wholly controlled by such multi-national super-enterprises as General Motors, Exxon, the Chase Manhattan Bank, ITT, Dutch Shell and British Petrolem.

A young woman after Ivan Illich's talk challenged him to say what to do. And he said, "That's your problem." I esteem him very highly, and I hope that he meant to say "That's our problem."

Every chance I get, I talk this way to the young people, in whom lies our whole hope of the future. In the last few years those young people have become very quiet. For a while they were moving everywhere, were insisting upon changing the world. Now—I hope only for a while—they seem to be running for cover. In the U.S. about three years ago a fantastic number of students decided to go into medicine. It's a strange phenomenon. About 40% of the last three entering classes at Harvard consider themselves to be pre-medical students. When I said that at Yale University they told me that there it's 55%. Those who don't head for medicine head for law school. When asked, for the most part they don't express an interest in medicine or law, but in economic security. As an ingenuous Radcliffe student told me as her reason for going to medical school, "You see, we want to do something for people—that's lucrative!"

Those young people are trying desperately to manage some security, even to be socially useful, while they can, while life is permitted them. But for how many? and for how long?

When I talk to them in this way, always they ask me, What can I do? And I can't answer, for I don't know myself where to turn politically. We don't have a politics in the United States at present that promises to go in the direction I think society needs to go. That's no accident. We now sell and buy political candidates in exactly the same way we sell and buy toothpaste and soap. The same advertising methods are used and the same people are paying for it.

It may amuse you to know that the biggest single contributor to U.S. Congressional campaigns in 1972 was the American Medical Association. And that the American Medical Association in that same year voted $750,000, not to change anything that it was doing, but to "improve its image."

It's no accident that we don't have a politics that might change our society. Our politics is being controlled like every other business in America, and by the same people. Senator William Proxmire, Chairman of the Joint Economics Committee of Congress, about a year and a half ago brought out the fact that we were spending 6.8 billion dollars a year for government surveillance. I want to tell you that if one were to try to start an opposition politics in the U.S. now, it would be infiltrated from the beginning with government agents. The techniques of infiltration are by now widespread and familiar. Every progressive political movement, labor union, student organization knows about them. Every student knows that if at a political meeting someone at the back of the room says, "Let's break some windows!", he's working for the FBI.

I have already spoken too long, and should like now to end. Our present society seems to me to have the following structure: In control is a very small power elite, in which is concentrated more power and wealth than ever before in human history, and which is by now essentially cooperative in its world-wide operations. At the other end of the social scale is a great, faceless mass of workers,

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increasingly urban, and hence increasingly dependent on their employment. In between is the middle class to which we ourselves belong. It includes all government officials, high and low; all military and police officials; professors, journalists and clergymen; physicians and lawyers. The role laid out for it is to mediate between the power elite and the working masses: to keep the system running, if possible smoothly, but to keep it running at all costs: to rationalize its contradictions; to foster its acceptance through education, indoctrination and religious exhortation; to fragment and dilute any opposition, and in the event of serious challenge to control or crush it.

Conceivably such a system could work to social advantage; at times and places in the past it may have done so. But in recent history it has turned destructive. It is leading our society rapidly toward disaster. In an obsessive pursuit of short-term profit and power, it threatens to bring an end to the human enterprise. And our role as the middle class, the role for which we are designed, trained, employed and paid, is to help that to happen to do what we can to smooth the way to that disaster.

But we do not have to accept that role. We have a choice. We can opt for life rather than death. Rather than serve the power elite in its present plunge toward destruction, we can turn the other way; and that is to *serve the people.*

FOOTNOTES

[1] A recent study by the U.S. National Institute of Occupational Safety and Health, carried out on small industries employing from 8 to 150 persons in the states of Washington and Oregon, found that 25 per cent of the workers suffered from occupation-caused diseases. The principal ailments included chronic respiratory diseases due to asbestos and other fibrous dusts, loss of hearing due to noise, cataracts from heat radiation (infrared), and lead poisoning. The study was conducted in 1972–74; 89 per cent of these disabilities were not reported as required by law. (New York Times, April 28, 1975).

[2] It should be understood that in 1974 China imported 7.2 million tons of grain. The crop conditions look so good for 1975 that it is hoped that China will need to import much less this year, and may soon become wholly self-sufficient in grain. (New York Times, April 28, 1975).

INTERIM MIDEAST AGREEMENT

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I wish to call to the attention of our colleagues and all who read this Record the excellent statement of the Zionist Organization of America on the interim agreement negotiation between Israel and Egypt.

I believe this statement reflects the reservations of many of us who nevertheless support the agreement and who hope that it will lead to direct negotiations between Israel and her neighbors on an agreement that will finally establish peace in the Middle East:

THE INTERIM AGREEMENT MUST LEAD TO PERMANENT PEACE

(A statement of position by the Zionist Organization of America)

With great concern and a deep sense of responsibility, the Zionist Organization of America has carefully reviewed the announcement of an interim agreement between Israel and Egypt. As Americans, we are vitally concerned with the best interests of our beloved country. And as Zionists who are proud that we were among the first to seek and work for the establishment of a Jewish state, we are profoundly involved with Israel's survival and viability. These two concerns are not contradictory, for in fact, they are complimentary, because the best interests of the United States in the Middle East are best served by a strong and positive friend, which Israel has proven to be since its birth.

The interim agreement between Israel and Egypt, brought about by efforts of the United States, is now being considered by Congress with the expectation that this constitutes a step forward for the peaceful solution of the Middle East conflict. The public announcement of this agreement indicates that Israel has agreed to far-reaching concessions to Egypt. These include the giving up of important oil supplies, as well as vital military and strategic areas. Israel's concessions, which may seriously affect its economy and security as a nation, have in no way been met by comparable concessions on the part of Egypt, and those which Egypt has made are of no great signficance, for they do not involve either her economy or her security. On balance, it is Egypt which has substantially gained from these negotiations and the American involvement in these negotiations, and it is Israel which has made substantial sacrifice in the quest for peace.

Egypt and other Arab nations have never renounced their ultimate aim to eliminate Israel, nor have they even at this moment evinced peaceful intentions by extending the hand of permanent friendship to her. Yet, the State of Israel is prepared to exercise considerable faith in the good judgment of the United States by its acceptance of these agreements which they otherwise may have been reluctant to feel were in their best interests.

It should be recalled (for history must be remembered) that in August, 1970, the United States initiated a cease-fire between Egypt and Israel on the Suez front. The United States guaranteed that they would carefully observe the cease-fire agreement to avoid violations. Within twenty-four hours following the signing of this agreement, it was violated when Egypt, in collaboration with the Soviet Union, another guarantor of the agreement, placed SAM missiles on the Suez front. For an entire week, in spite of Israel's protestations, the U.S. State Department refused to recognize and to acknowledge these violations, seriously jeopardizing Israel's position.

We have warned—and it continues to be apparent—that the next pressure point will very likely be the Golan Heights. This follows the position we have maintained that concessions without equal signs of peaceful intentions by Egypt will only increase the appetite of the Arabs, make Israel even more dependent on the United States, and more vulnerable to additional pressures.

We are disquieted at the uneven pressures inflicted by the United States on Israel and we caution that a departure from the stated policies of President Johnson, later reconfirmed by the administrations of Presidents Nixon and Ford, that Israel will not be subjected to imposed solutions, may result in a weakening of a good friend. Certainly, indications that new pressures may face Israel regarding demands made by Syria and Jordan, must be viewed with great caution, for it is not in America's global interest to ask a committed ally like Israel to forfeit its viability and be placed in a position of weakness that will earn her no respect from those who threaten her very existence.

Considering that the situation is fraught with danger to Israel, as well as a challenge to the future of American-Israel relations, we urge the following.

(1) Israel should be assured that any emergency assistance she requires if a violation occurs that jeopardizes her security would be forthcoming without delay.

(2) Every aspect of the agreement must be fully understood to make certain that there are no private or secret arrangements that may in any way be harmful to Israel's future and jeopardize an American ally who is important to our own national interests.

(3) Israel's requirement for immediate economic and military assistance, which has been pending and which is not past due, must no longer be delayed. Notwithstanding the interim agreements, this support by the United States should be acted upon immediately. A strong and secure Israel is the best deterrent against any overt action by any nation in the Middle East which may be tempted to threaten our democratic ally.

(4) It must be understood that the interim agreement is a commitment which is not made between individuals, but is an obligation between nations.

If this agreement is to Israel's best interests and that of the United States, it must be perfectly clear that regardless who holds office in Egypt or in the United States, there will be no deviation from the clear intent to safeguard Israel's welfare.

The Zionist Organization of America urges that while American policy seeks the friendship of the Arab states, it should not exert undue pressures on the State of Israel. Interim agreements leading to more pressures on Israel must be replaced by final negotiations leading to peace.

Israel, by her acceptance of America's role and influence in these important negotiations, must be assured that her confidence does not make her vulnerable, and that she will receive the protection and support which is clearly implied by her acceptance of the interim agreement.

We all join in the fervent hope and prayer that these agreements will truly lead to a permanent peace in the Middle East as a blessing to all mankind.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows to:

Mr. Yates (at his own request), for October 3—possibly October 6, et seq., on account of illness in family.

Mr. AuCoin (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Jeffords (at the request of Mr. Rhodes), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Patman, and to revise and extend his remarks and include extraneous matter, for 60 minutes on Monday, October 6, 1975.

(The following Members (at the request of Mr. Kasten), to revise and extend their remarks, and to include extraneous matter:)

Mr. Crane, for 5 minutes, on October 3.

(The following Members (at the request of Mr. Patterson of California), to revise and extend their remarks, and to include extraneous matter:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. ADAMS, for 15 minutes, today.

Mr. FORD of Michigan, for 10 minutes, today.

Mr. FLOOD, for 5 minutes, today.

Mr. DODD, for 5 minutes, today.

Ms. ABZUG, for 5 minutes, today.

Mr. BRADEMAS, for 5 minutes, today.

Mr. PEPPER, for 5 minutes, today.

Mr. BINGHAM, for 10 minutes, today.

Mr. BEDELL, for 5 minutes, today.

Mr. NEDZI, for 5 minutes, today.

Mr. DANIELSON, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. CARNEY, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,573.

Mr. BROWN of California, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $858.

Mr. PEPPER, immediately following the vote on the conference report on H.R. 8070.

Mr. BROWN of California, and to include extraneous matter, on H.R. 8841 in the Committee of the Whole today.

Mr. SYMMS, and to include extraneous matter, in the Committee of the Whole on H.R. 8841 today.

(The following Members (at the request of Mr. KASTEN) and to include extraneous material:)

Mr. STEIGER of Arizona.

Mr. LATTA in two instances.

Mr. SHUSTER.

Mr. CRANE.

Mr. SARASIN.

Mr. DERWINSKI in three instances.

Mr. GOODLING.

Mr. BROYHILL.

Mr. MCCLORY.

Mr. ARMSTRONG.

Mr. WAMPLER.

(The following Members (at the request of Mr. PATTERSON of California) and to include extraneous matter:)

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. RICHMOND.

Mr. HICKS.

Mr. DOWNEY of New York.

Mr. LEGGETT.

Mr. MURTHA.

Mr. JAMES V. STANTON.

Mrs. BURKE of California.

Mr. ASPIN in 10 instances.

Mr. LAFALCE in 10 instances.

Mr. MCDONALD of Georgia in two instances.

Mr. KASTENMEIER.

Mr. OBEY in 12 instances.

Mr. WOLFF in three instances.

Mr. SEIBERLING in 10 instances.

Mr. HAWKINS in three instances.

Mr. MAZZOLI.

Mr. AMBRO.

Mr. NOWAK.

Mr. HAYES of Indiana.

Mr. DRINAN.

Mr. OTTINGER.

Mr. GIBBONS.

Mr. RYAN.

Mr. RANGEL in two instances.

Mr. DE LUGO.

Mr. CARR in two instances.

Mr. KOCH in four instances.

Ms. SCHROEDER.

Mr. BONKER.

Mr. PATTERSON of California in 10 instances.

Mr. BRADEMAS in five instances.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 286. An act to authorize additional judgeships for the U.S. courts of appeals; to the Committee on the Judiciary.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 9600. An act to rescind certain budget authority recommended in the message of the President of July 26, 1975 (H. Doc. 94-225), transmitted pursuant to the Impoundment Control Act of 1974.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles.

S. 2230. An act to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance, and

S. 2375. An act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 45 days.

BILL PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval a bill of the House of the following title:

H.R. 9600. An act to rescind certain budget authority recommended in the message of the President of July 26, 1975 (H. Doc. 94-225), transmitted pursuant to the Impoundment Control Act of 1974.

ADJOURNMENT

Mr. PATTERSON of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 29 minutes p.m.), under its previous order, the House adjourned until Monday, October 6, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1826. A letter from the Acting Assistant Secretary of Defense (Manpower and Reserve Affairs), transmitting a report for fiscal year 1975 of the administration of the Aviation Career Incentive Act of 1974, pursuant to 37 U.S.C. 301a(e); to the Committee on Armed Services.

1827. A letter from the Secretaries of the Treasury and Housing and Urban Development, transmitting a report on the financing of programs authorized under section 236 of the National Housing *Act and* section 802 of the Housing and Community Development Act of 1974, pursuant to section 822 of Public Law 93-383; to the Committee on Banking, Currency and Housing.

1828. A letter from the Acting Secretary of Interior, transmitting a report covering fiscal year 1975 on donations received and allocations made from the fund "14X8563 Funds Contributed for Advancement of Indian Race, Bureau of Indian Affairs," pursuant to Public Law 90-333 [25 U.S.C. 451]; to the Committee on Interior and Insular Affairs.

1829. A letter from the Deputy Assistant Secretary of the Interior, transmitting an application by Gila River Farms of Sacaton, Pinal County, Ariz., for a loan under the Small Reclamation Projects Act, pursuant to section 4(c) of the act; to the Committee on Interior and Insular Affairs.

1830. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Regional Rail Reorganization Act of 1973 to facilitate implementation of the final system plan by broadening the purposes for which assistance is available under title IV, and for other purposes; to the Committee on *Interstate* and Foreign Commerce.

1831. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204 (d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

1832. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation under the authority of section 244(a)(1) of the Immigration and Nationality Act, as amended, together with a list of the persons involved, pursuant to section 244(c) of the Act [8 U.S.C. 1254(c)]; to the Committee on the Judiciary.

RECEIVED FROM THE COMPTROLLER GENERAL

1833. A letter from the Comptroller General of the United States, transmitting a report on further actions needed to centralize procurement of automatic data processing equipment to comply with the objectives of Public Law 89-306; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. SULLIVAN: Committee of conference. Conference report on S. 1542 (Rept. No. 94-529). Ordered to be printed.

Mr. SIKES: Committee on Appropriations. H.R. 10029. A bill making appropriations for military construction for the Department of

Defense for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes (Rept. No. 94-530). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 9968. A bill to amend section 103 of the Internal Revenue Code of 1954 with respect to certain obligations used to provide irrigation facilities (Rept. No. 94-531). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California (for himself, Mr. Moorhead of California, Mr. Oberstar, Mr. Hyde, Mr. Sebelius, Mr. Solarz, Mr. Bevill, Mr. Thone, Mr. Mazzoli, Mr. Ketchum, Mr. Walsh, Mr. Young of Florida, Mr. Ottinger, Mr. Pepper, Mr. Rodino, Mr. Johnson of California, Mr. Wright, Mr. Henderson, Mr. Heinz, Mr. de Lugo, Mr. Hubbard, and Mr. Moore):

H.R. 10002. A bill to amend section 552a of title 5, United States Code, to permit Members of Congress to receive information from Federal agencies regarding individuals; to the Committee on Government Operations.

Mr. ASHBROOK:

H.R. 10003. A bill to prohibit the person holding the position of Secretary of State from holding simultaneously the position of Assistant to the President for National Security Affairs; to the Committee on Armed Services.

By Mr. ASPIN (for himself, Ms. Abzug, Mr. Andrews of North Dakota, Mr. Badillo, Mr. Baucus, Mr. D'Amours, Mr. Derrick, Mr. Esch, Mr. Evins of Tennessee, Mr. Harrington, Mr. Hastings, Mr. Howard, Mr. Hubbard, Mr. Jenrette, Ms. Keys, Mr. McCollister, Ms. Meyner, Mrs. Mink, Mr. Mitchell of Maryland, Mr. Ottinger, Mr. Patman, Mrs. Pettis, Mr. Solarz, Mr. Studds, and Mr. Yatron):

H.R. 10004. A bill to require the U.S. Postal Service to provide postal lock boxes for certain persons who reside in rural areas; to the Committee on Post Office and Civil Service.

By Mr. ASPIN (for himself, Ms. Abzug, Mr. AuCoin, Mr. Baucus, Mr. Cornell, Mr. Edwards of California, Mr. Eilberg, Mr. Hannaford, Mr. Krebs, Mr. Moakley, Mr. Murphy of Illinois, Mr. Patten, Mr. Pattison of New York, Mr. Rees, Mrs. Spellman, Mr. Stark, Mr. Studds, Mr. Thompson, and Mr. Van Deerlin):

H.R. 10005. A bill to assure that the discharge of chlorinated fluorcarbon compounds into the atmosphere will not impair the stratospheric zone layer increasing the risk of disease (including skin cancer) and for other purposes; jointly to the Committees on Interstate and Foreign Commerce, and Science and Technology.

By Mr. BINGHAM:

H.R. 10006. A bill to amend the Emergency Loan Guarantee Act to permit the Emergency Loan Guarantee Board to guarantee the bonds of States and municipalities; to the Committee on Banking, Currency and Housing.

By Mr. DANIELSON (for himself and Mr. Stark):

H.R. 10007. A bill to amend section 204 of the Federal Water Pollution Control Act to authorize the use of ad valorem taxes to satisfy the user charge system requirement; to the Committee on Public Works and Transportation.

By Mr. EVANS of Colorado (for himself, Mr. Rodino, Mr. McCormack, Mr. Charles Wilson of Texas, Mr. Perkins, Mr. Miller of California, Mr. Abdnor, Mr. Oberstar, Mr. Fuqua, and Mr. Cleveland):

H.R. 10008. A bill to provide for certain payments to be made to State or local governments by the Secretary of the Interior based upon the amount of certain public lands within the boundaries of such State or locality; to the Committee on Interior and Insular Affairs.

By Mr. FISHER:

H.R. 10009. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. FUQUA:

H.R. 10010. A bill to amend the Food Stamp Act of 1964 by revising the eligibility requirements for participation in the program and increasing the overall efficiency of the program administration through the imposition of a national income formula, and for other purposes; to the Committee on Agriculture.

H.R. 10011. A bill to authorize an appropriation to the Secretary of the Interior for the repair and restoration of a certain road in Saint Marks National Wildlife Refuge; to the Committee on Merchant Marine and Fisheries.

By Mr. HARRIS (for himself and Mr. Eckhardt):

H.R. 10012. A bill to amend the act of April 17, 1954, which preserved within Manassas National Battlefield Park, Va., important historic properties relating to the battles of Manassas and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HAYES of Indiana (for himself, Mr. Winn, and Mr. Brown of California):

H.R. 10013. A bill to authorize and direct the establishment of a coordinated national program relating to climate, to require an annual report of the program to Congress, and for other purposes; to the Committee on Science and Technology.

By Mr. HICKS:

H.R. 10014. A bill to amend the Internal Revenue Code of 1954 to exempt the use of certain punchboards, pulltabs, and similar devices from the taxes on wagering; to the Committee on Ways and Means.

By Mr. KEMP (for himself, Mr. Railsback, Mr. Don H. Clausen, Mr. Cleveland, Mr. Talcott, Mr. Rousselot, Mr. Collins of Texas, Mr. Miller of Ohio, and Mr. Lagomarsino):

H.R. 10015. A bill to accelerate the formation of investment capital required to expand both job opportunities and productivity in the private sector of the economy; to the Committee on Ways and Means.

By Mr. McDADE:

H.R. 10016. A bill to increase from 10 to 15 years the period during which veterans and certain wives and widows of veterans are eligible for educational assistance; to the Committee on Veterans' Affairs.

By Mr. MATHIS:

H.R. 10017. A bill to amend title 18 to provide a mandatory penalty of life imprisonment for any person attempting to assassinate certain Federal officials and other individuals, and for other purposes; to the Committee on the Judiciary.

By Mr. MICHEL:

H.R. 10018. A bill to eliminate certain abuses in Federal student aid programs, to prescribe criminal penalties for misconduct by persons connected with such programs, and for other purposes; to the Committee on Education and Labor.

By Mr. MITCHELL of New York:

H.R. 10019. A bill to award one preference point to National Guard and Armed Forces Reserve veterans applying for employment in the competitive service; to the Committee on Post Office and Civil Service.

By Mr. MILLER of Ohio (for himself, Mr. Lagomarsino, Mr. Mottl, Mr. Bevill, Mr. Treen, Mr. Whitehurst, Mr. Young of Florida, Mr. Derwinski, Mr. Lujan, Mr. Satterfield, Mr. Symms, Mr. McDonald of Georgia, and Mr. Archer):

H.R. 10020. A bill to amend title 18 of the United States Code to increase the penalties for certain criminal acts against the person of the President; to the Committee on the Judiciary.

By Mr. PATTISON of New York (for himself and Mr. Mineta):

H.R. 10021. A bill to regulate lobbying and related activities; to the Committee on Standards of Official Conduct.

By Mr. ROBERTS:

H.R. 10022. A bill to provide for the use of presently authorized double-sideband radio equipment until January 1, 1982; to the Committee on Interstate and Foreign Commerce.

By Mr. ROUSH (for himself, Mr. Broyhill, Mr. Dan Daniel, Mr. Eshleman, Mr. Fish, Mr. Ginn, Mr. Goodling, Mr. Byron, Mr. Johnson of California, Mr. Hechler of West Virginia, Mr. Lehman, Mr. Pepper, Mr. Pike, Mr. Quie, Mr. Scheuer, Mr. Sharp, Mr. Wampler, Mr Whitehurst, Mr. Conte, and Mr. Simon):

H.R. 10023. A bill to amend the Privacy Act of 1974 to allow Members of Congress to receive information from Federal agencies regarding individuals; to the Committee on Government Operations.

Mr. ST GERMAIN:

H.R. 10024. A bill to extend the authority for the flexible regulation of interest rates on deposits and share accounts in depository institutions, to extend the National Commission on Electronic Fund Transfers, and to provide for home mortgage disclosure; to the Committee on Banking, Currency and Housing.

By Mr. SLACK:

H.R. 10025. A bill to amend title XII of the Public Health Service Act to revise and extend the program of assistance for emergency medical services systems; to the Committee on Interstate and Foreign Commerce.

By Mr. THONE:

H.R. 10026. A bill to require the Bureau of Labor Statistics to publish a monthly cost of Government index; to the Committee on Education and Labor.

By Mr. ULLMAN:

H.R. 10027. A bill to authorize the Secretary of Agriculture to enter into cooperative agreements which benefit certain Forest Service programs and to advance or reimburse funds to cooperators for work performed and for other purposes; to the Committee on Agriculture.

By Mr. WAGGONNER:

H.R. 10028. A bill to amend the Social Security Act by adding thereto a new title XXI which will provide insurance against the costs of catastrophic illness, by replacing the medicaid program with a Federal medical assistance plan for low-income people, and by adding a new title XV thereto which will encourage and facilitate the availability, through private insurance carriers, of basic health insurance at reasonable premium charges, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. SIKES:

H.R. 10029. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

By Mr. ABDNOR (for himself, Mr. FISHER, Mr. MOSHER, Mr. SIMON, and Mr. WIRTH):

H. Con. Res. 415. Concurrent resolution to promote and encourage the removal of architectural barriers to the access of handicapped persons to public facilities and buildings; to the Committee on Public Works and Transportation.

By Mr. BRADEMAS:

H. Con. Res. 416. Concurrent resolution to provide for the selection of members of minority groups who have made significant contributions to the United States, and to obtain their likenesses for placement in the Capitol; to the Committee on House Administration.

By Mr. KETCHUM:

H. Con. Res. 417. Concurrent resolution expressing the sense of Congress with respect to the Baltic States; to the Committee on International Relations.

By Mr. MURPHY of New York:

H. Con. Res. 418. Concurrent resolution expressing the sense of the Congress that the FCC should take such action as is necessary to protect American children from certain violence to be broadcast over the public airwaves; to the Committee on Interstate and Foreign Commerce.

By Mr. MYERS of Pennsylvania:

H. Res. 765. Resolution amending the Rules of the House of Representatives to remove the present limitation (of 25) on the number of Members who may jointly introduce a bill or resolution; to the Committee on Rules.

By Mr. PRESSLER (for himself, Mr. PERKINS, Mr. QUIE, Mr. ANDREWS of North Carolina, Mr. BADILLO, Mr. BEARD of Rhode Island, Mr. BLOUIN, Mr. BROWN of Ohio, Mr. CARR, Mr. CLEVELAND, Mr. CORNELL, Mr. DRINAN, Mr. EILBERG, Mr. FRASER, Mr. GRADISON, Mr. GUDE, Mr. HALL, Mr. HARKIN, Mr. HARRINGTON, Mr. HECHLER of West Virginia, Mr. HOWE, Mr. KASTEN, Mr. KINDNESS, Mr. LEHMAN, and Mr. MIKVA):

H. Res. 766. Resolution to provide that individuals attending or teaching at vocational schools shall be eligible to serve as congressional interns in the House of Representatives; to the Committee on House Administration.

By Mr. PRESSLER (for himself, Mr. PEYSER, Mr. ROE, Mr. SARASIN, Mr. SARBANES, Mr. STEELMAN, Mr. STEIGER of Wisconsin, Mr. WINN, Mr. WOLFF, and Mr. HEFNER):

H. Res. 767. Resolution to provide that individuals attending or teaching at vocational schools shall be eligible to serve as congressional interns in the House of Representatives; to the Committee on House Administration.

By Mr. THONE:

H. Res. 768. Resolution to insure that the quality and quantity of free broadcasting service not be impaired; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 4 of rule XXII,

269. The SPEAKER presented a memorial of the Legislature of the State of California, relative to Mexican-American veterans; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

246. The SPEAKER presented a petition of Southern Governors' Conference, Richmond, Va., relative to U.S. economic policies, which was referred to the Committee on Banking, Currency and Housing.

SENATE—*Friday, October 3, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father whose mercies are new every morning, forgive us for any moment when we forget Thee, for any moment when the voice of conscience spoke to us, and we heard it, but obeyed it not, for any word or action which mars our character, for any neglect of duty, wavering of faith or failure in love.

O Thou Restorer of men's souls, make us new this day. Arm us with the strength of Thy spirit that we may follow truth and justice and righteousness. At night grant us the mind at rest in the peace that passeth understanding, and the heart content in the shelter of Thy love.

We pray in His name who walked before us as the servant of all. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 3, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. PROXMIRE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Thursday, October 2, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar beginning with U.S. Army.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

U.S. ARMY

The second assistant legislative clerk read the nomination of Maj. Gen. George Sammet, Jr., to be Lieutenant General.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk proceeded to read sundry nominations in the Navy and the Marine Corps placed on the Secretary's desk.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

(All nominations confirmed today are printed at the end of the Senate proceedings.)

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. I move that the Senate resume the consideration of legislative business.

The motion was agreed to and the Senate resumed the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Does the acting minority leader seek recognition?

Mr. HELMS. I thank the Chair.

THE TRIP OF SENATOR WILLIAM L. SCOTT TO THE MIDDLE EAST

Mr. HELMS. Mr. President, just before the Senate recessed last evening, I offered a few extemporaneous observations about an attack this week on the junior Senator from Virginia (Mr. William L. Scott) by the Washington Star. This Chamber was virtually empty, as it generally is so late in the afternoon—and, for that matter, at an early-morning hour, such as this.

While there were few Senators remaining on the floor of the Senate, if my recollection serves me well, there was only one occupant of the press gallery immediately above the Presiding Officer. He, Mr. President, was suddenly plagued with a severe case of hangnail requiring rapt attention to his fingers while I attempted to suggest, perhaps in a rambling sort of way, that the Washington Star ought to consider whether it had been fair to Senator Scott, regardless of that newspaper's obvious disdain for Senator Scott and his philosophy.

The Washington Star has a new publisher. I do not know the gentleman, but this episode, involving the junior Senator from Virginia, may prove instructive as to how sincerely the new publisher wishes to supply a fair, objective voice in this city where awesomely important decisions are made daily.

I do not pretend to know the facts concerning the recent trip taken by Senator Scott. I hope I made clear that point yesterday. As I mentioned yesterday, I have never taken an overseas trip at Government expense. On rare occasion, I have traveled on Air Force One, at the invitation of the President, but I have sent my personal check to the White House in an amount equal to the first-class fare for the trip. In the context of these comments, therefore, I am neither defending nor condemning travel by Members of Congress at the taxpayers' expense.

I do not, as I say, Mr. President, know the facts about overseas trips taken by any Member of Congress. That is not the issue at the moment. The issue is whether the major news media of this country—and, at this moment, specifically the Washington Star—have a desire to be fair and objective.

The Washington Star's attack on Senator Scott left the impression that the Senator and his wife were almost alone on an enormous Government jet plane. The cost of operating this plane was carefully specified by the newspaper in terms of what Senator Scott's trip purportedly cost the Government. Yet, Mr. President, I was supplied a passenger list of others aboard that plane, including, as I recall, a dozen or more other Members of Congress and their wives.

The Washington Star story contained a series of hostile, barbed comments by an unidentified spokesman at the State Department. As I inquired yesterday, how can anyone defend himself against anonymous comment? Where does one go? What can one say?

I hope this episode should be instructive to the new publisher of the Washington Star, because it affords all of us an opportunity to see what kind of character he wishes his newly acquired newspaper to have. I understand that the author of the original article concerning Senator Scott is a young lady, about 2 years out of journalism school. She is not even a member of the staff of the Washington Star. As I understand it, she is a freelance writer. The curious thing is that apparently nobody at the newspaper felt any obligation whatsoever to question the allegations contained in her article. Nobody felt a duty to inquire as to whether there were other passengers on the plane or whether the total cost of the flight should be attributed to one Senator. Nobody felt any responsibility to ask the State Department if the sarcastic, sweeping, and bitter condemnation of Senator Scott, voiced by an anonymous spokesman of that Department, who may or may not exist, was in fact, true.

The problem about this article is that it was circulated nationwide, and probably worldwide, by press associations—which, like the Washington Star, apparently did not check the "facts" contained in an article written by a young woman, 2 years out of journalism school, who is not a member of the staff of the Washington Star.

I have spent most of my career, Mr. President, in the news business, and I have made my share of errors. They were errors of the head rather than of the heart. I hopefully assume this to be the case in the instance of the Washington Star. But I feel very strongly that responsible journalism, if it is to survive at all in America, has a duty in this critical period to obtain the true facts, whatever they may be, and whomever they may concern, regardless of the political or philosophical orientation of the editor or the reporter.

As I inquired yesterday, I wonder how anyone expects Senator Scott to defend himself against an anonymous spokesman at the State Department.

Mr. LONG. Will the Senator yield at that point?

Mr. HELMS. I certainly will.

Mr. LONG. I was very dismayed to see the Washington Star, clearly having available to it what Mr. Scott and others had said on the previous day, proceed to run an editorial to follow up an article that had, obviously, a number of misstatements in it, which repeated the same falsehoods over a second time.

I should think that a newspaper that is having some other difficulties anyway, with all sorts of headaches in connection with their activities, would not want to be overdoing it and just repeating falsehoods over and over again when the accusation, at least so far as the Congressional Record reveals, has been proved false and the newspaper left in a bad light.

I had hoped that since one who came from my part of the country became involved in the financial affairs of that newspaper, he would try to see to it that it was run in line with the kind of ethics, honor, truth and conscience that some of us from the South like to think is a tradition in our part of the Nation.

I would be curious to know if those people are ever going to read the Congressional Record which, obviously, does not have the circulation of their great newspaper but, at least, it is not in the same danger of going out of business as their newspaper, and see what they said had been answered.

If what they are saying is not completely false, they should defend themselves against their own misstatements because, a grave injustice has been done to a Senator, and the newspaper's credibility will be lost, if the record is to be left as it now stands.

Mr. HELMS. I thank the able Senator for his comments. He is precisely correct. I will show the Senator a copy of the passenger manifest of the trip. I read a part of it into the Record yesterday.

Did the distinguished Senator from Louisiana have the impression, when he read the original story, that Senator Scott and his wife were the sole occupants of an enormous jet plane the equivalent of a Boeing 707?

Mr. LONG. The first time I read anything about it was there was some mammoth plane sent overseas with just the Senator and his wife aboard the airplane.

Mr. HELMS. That was certainly the impression I had, as I mentioned yesterday. It is in the Record. Hardly anyone was on the floor, and only one gentleman was in the press gallery—and, as I said a while ago, he suddenly had a bad case of hangnail. He was noticeably attentive to his fingers.

As I mentioned yesterday, not only were Senator and Mrs. Scott on the plane; Senator and Mrs. Bumpers also were on the plane; Congressman Randall of Missouri and Mrs. Randall were on the plane; Congressman Taylor and Mrs. Taylor, from my State, were on the plane: Here is the list. I now share it with the able Senator from Louisiana.

Here is the point. Yesterday afternoon, I telephoned one of the editors of the Washington Star. It so happens that he came here not so long ago from the Greensboro Daily News in North Carolina. This man is a decent individual, a good newspaperman, an excellent writer. He does not agree with me on many matters, but I regard him as a man who wants to be fair. I asked him a few questions about the "facts" in the story in his newspaper concerning Senator Scott.

He said, "I don't know whether we checked on it or not."

I said, "I have a copy of the manifest if you would be interested, and if one of your reporters wants to check with me I will certainly give him a copy."

I have not had anyone contact me yet.

I asked several other questions. But the point is this: Here is a young woman, 2 years out of journalism school, obviously inexperienced, a freelance writer, not even on the staff of the Washington Star. Yet on the front page her very damaging article of questionable accuracy is printed about a Senator of the United States.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. HELMS. I will be delighted to yield.

Mr. LONG. That article, if I recall correctly, made the statement that the Senator from Virginia (Mr. William L. Scott) had met with Mr. Sadat at the Suez Canal and that he had made the statement he was pleased to see the, I believe Persian Gulf.

Mr. HELMS. Yes. It seemed to me that this could well have been contrived to place Senator SCOTT in an unfavorable light. He has denied that reference absolutely. Yet the reference, attributed to an unidentified source, stands nonetheless. How can Senator SCOTT be expected to fight that sort of thing?

Mr. LONG. Now, that was a statement calculated to try to make it appear that Mr. SCOTT was a fellow who did not know much about geography nor where he was.

Now, Senator SCOTT said here on the floor that the meeting did not occur at Suez. He met Mr. Sadat near the Libyan border.

Mr. HELMS. Right. That was Senator SCOTT's statement, and I believe the record of his trip supports him clearly.

Mr. LONG. Where no one could possibly be in doubt that what they were looking at was the Mediterranean, and that they met at that place and they discussed the matters of the day on which he reported.

Has the Senator seen any apology or any effort of that writer or the Washington Star to either defend themselves against the truth or to prove that it was not the truth when Senator SCOTT said that meeting did not occur at Suez at all, that it occurred somewhere to the western side of Egypt, somewhere near the Libyan border, and that nothing of that sort was said; that there was no occasion to discuss anything about seeing the Suez Canal because he was not looking at the Suez Canal or the Gulf of Arabia either?

Would it not seem encumbent on those people to correct that misstatement unless they could support it?

Mr. HELMS. Well, the Senator knows I come from the news business. It would be the policy of my television station's news department not only to correct an error or an omission, but to apologize. I feel that, aside from the honorable aspects, credibility is strengthened. The Lord knows all of us make errors. I have made far more than my share in my life, and the easiest words in my vocabulary are, "I am sorry." I think this is what is at stake here, Senator.

I am not attacking the Washington Star, I am attacking the media. I am just questioning what has the appearance of an abuse of its responsibility and its freedom.

If the newspaper can prove all these things, fine. Senator SCOTT, having entered the kitchen, ought to bear the heat. But if it is not true, Senator SCOTT, Senator LONG or Senator MANSFIELD, JESSE HELMS, or anybody else is entitled to the truth. It is as simple as that.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. HELMS. Yes.

Mr. LONG. My father used to make the statement that it is your enemies who make you and your friends who break you.

What he meant by that was that people who are against you, by doing things that are unfair, vicious, improper, tend to make the public turn to you, and oftentimes it is your own friends who, by doing something that is not proper themselves, tend to destroy you.

It was his experience, and it has been mine, that when newspapers are extremely unfair to a man they tend to turn the public to him. They stir in the public such outrage when newspapers are not telling the truth that they put themselves in a position where the public will not believe anything they say, and it turns the public to the man, and from then on they are powerless to hurt him, and the man is beyond their reach.

Mr. HELMS. I think the Senator is correct. If the public can ascertain what is going on in episodes of this type.

Mr. LONG. There are some of us on the Democratic side, I know, who feel impelled to side with the Senator in condemning that kind of injustice. My guess is that people will react against that type of outrage, as they usually do. If that man has done anything wrong he deserves to be held up to opprobrium and scorn right here, but the newspaper has yet to prove any of their charges.

Mr. HELMS. I thank the Senator for his comments. He is an able Senator. He is a fair man. I hope that the Washington Star would look into this matter. I am not going to prejudice it, but I do hope the newspaper will go back and examine the story written by this young woman and see how accurate she was. That is all I ask, and if Senator SCOTT is guilty as charged, then the newspaper has a duty to let him have it. But only on the basis of accuracy and fairness—not because the newspaper or the reporter, or both, happen to disagree with the Senator's philosophy.

Mr. President, one further point: I have noted in some of the news reports that the State Department "refused to comment" on the Washington Star story. That is simply not accurate. To the contrary, a State Department official, Robert Funseth, made this comment in a press briefing this week:

> There was one other question that some of you had asked about and that was the story (in The Washington Star) quoting a State Department official as describing a recent trip to the Middle East made by Senator Scott. I have checked that story and I want to say that no authorized State Department official made such remarks. We regret that a State Department official was cited in such a manner. I just wish to repeat, no authorized official of the Department of State made such remarks.

Mr. President, has anyone seen a report of that comment in the news media? I have not. I know of no one else who has seen such a report. Is it not fair to wonder why not?

The point is, Mr. President, and I will conclude shortly, I feel that responsible journalism, if it is to survive in America, has a duty to obtain the true facts, whatever they are. I feel that if the Washington Star is guilty of a default of responsibility in this matter, it should be acknowledged by the newspaper and all others who have participated in this affair.

On the other hand, if Senator SCOTT is guilty, as I say, of any alleged misjudgments that have been attributed to him, then he must speak for himself. I do not prejudge it.

We hear a great deal, Mr. President, in this country these days about freedom of the press. The country would be well served if we could somehow hear more about the responsibility of the press. Freedom and responsibility, after all, must travel together. Neither can survive without the other.

I thank the Chair.

Mr. President, I yield back the remainder of my time.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Louisiana (Mr. LONG) is recognized for not to exceed 15 minutes.

S. 2470—CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM ACT OF 1975

Mr. LONG. Mr. President, on behalf of myself, Senator RIBICOFF, and Senator TALMADGE, as well as Senators MANSFIELD, HUGH SCOTT, CANNON, HOLLINGS, INOUYE, MONTOYA, HANSEN, YOUNG, PERCY, WEICKER, and WILLIAM L. SCOTT, I am proud to introduce today proposed legislation which we believe represents a major step forward toward the provision of adequate protection against the high costs of health care. This bill represents a middle-of-the-road bipartisan approach toward meeting the health care financing needs of the American people.

The Catastrophic Health Insurance and Medical Assistance Reform Act of 1975 is designed to accomplish three objectives. First, to develop a means of assuring all Americans that they will not be bankrupted by the devastating effects of serious illness; second, to eliminate the widespread inequities of the medicaid program by replacing it with a program providing equal benefits to all Americans at the lower end of the income scale; and third, the provisions of the bill would assure the actual availability of adequate basic private health insurance to those many millions of hard-working, middle-income Americans as a floor of protection above which they would be covered by catastrophic health insurance.

The thrust of the bill is to assign a large area of responsibility to the private health insurance industry of this country, establishing benchmarks against which the success of their efforts will be measured. Obviously, to the extent private health insurance effectively meets the basic needs of a large segment of our population, further expansion of governmental programs would not be necessary.

The present bill, while essentially similar to S. 2513, which we introduced in the last Congress, does have some significant changes which we believe make a good bill even better. Perhaps the most important change is to include a role for the private health insurance sector in the provision of catastrophic health insurance—where they can provide those benefits on a basis identical with those of the Government catastrophic health insurance plan.

To those of us who have worked with medicare, medicaid, and the other Federal health care financing programs, it has become quite clear that there are limits to the Government's administrative capacity. It seemed to us rather foolhardy to pile upon that limited capacity further responsibility which could not be met effectively. Therefore, we have consciously chosen an approach which, in the areas of catastrophic health insurance and basic private health insurance, builds upon the strengths of the private sector while correcting weaknesses.

The Long-Ribicoff health insurance proposal has three essential parts. The proposal is incremental—that is, each part is phased in over a period of time in the interest of administrative efficiency and manageable new costs.

The first part consists of catastrophic insurance coverage for all Americans. Each year hundreds of thousands of Americans are stricken by catastrophic illnesses or accidents. In addition to suffering the terrible physical consequences of these events, these individuals and their families also suffer the often devastating financial effects of these illnesses.

The bill would establish a catastrophic health insurance program which would cover all American citizens after they had incurred medical expenses of $2,000 or been hospitalized for 60 days. The benefits covered under the program would be the same as those covered under the medicare program without any upper limits on hospital days. It is this catastrophic portion of the bill that has been modified in a most significant fash- called for a totally Federal public catastrophic health insurance program. This year's bill provides an option. An employer can either choose to cover his employees for catastrophic costs through private health insurance, or, alternatively, he can choose to obtain such coverage through the Federal program. Our expectation is that the vast majority of employers would choose to obtain such coverage through private health insurers. The Federal program would serve primarily to insure those who are not in a permanent employment situation. Under the bill, the private catastrophic program would have to be fully as comprehensive as the public plan.

The public catastrophic program would be administered by the Social Security Administration using carriers and intermediaries as in the present medicare program. Private catastrophic programs would, of course, be administered by the private insurance companies.

The catastrophic program would be financed through a 1-percent payroll tax on employers. There would be no tax on employees. Employers who chose the private insurance option would subtract from their 1-percent payroll tax liability approved premiums paid for private catastrophic insurance policies. In addition, all employers would receive a 50-percent tax credit—or rebate—against their overall 1-percent payroll tax liability. This would be in lieu of a deduction for catastrophic health insurance premiums and would tend to equalize treatment between small employers and large employers.

The total cost of the catastrophic illness plan including both Federal costs and the costs of private catastrophic insurance purchased by employers, is estimated at $3.6 billion in the first full year of operation. The catastrophic provision would take effect January 1, 1977, so that the legislation would have no budgetary impact at all until the last half of fiscal 1977, thus, in fiscal year 1977 the total costs of the program would be about $1 billion.

Aside from the addition of the private insurance option, there are two other changes in the catastrophic program which I should mention briefly. First, under this year's proposal, all citizens would be covered, rather than just those covered under social security, as in last year's bill. Second, under the new bill, patients would not be liable for any coinsurance payments after meeting the deductible amounts, in contrast to the 20-percent coinsurance liability in last year's bill.

The second part of the bill consists of an entirely new basic health benefits program for low-income individuals and families. While most middle-income families can afford and can obtain reasonably adequate private health insurance coverage toward the costs of their first 60 days of hospitalization and first $2,000 of medical expenses, many millons of low-income individuals and families cannot afford or do not have such basic private health insurance protection available to them.

The present Federal-State program providing health benefits to the poor—medicaid—does not generally cover low-income workers who are not on welfare. It is basically provided only to welfare families and, even then, benefit and eligibility levels vary substantially and significantly from State to State. In most States medicaid is limited to poor aged, blind, and disabled persons or fatherless families.

Because of economic difficulties, several States have, and others are considering, cutbacks in already inadequate medicaid programs.

Today, for example, in one State a disabled person with $1,800 annual income might not be eligible for medicaid whereas, in another State, he would be. Further, that same disabled person might be covered for only 15 days of hospitalization under medicaid in one State while, in another, he would be eligible for unlimited hospitalization. Now, that just does not make sense, does it?

Aside from those obvious inequities in treatment of the poor, there is another inequity developing with implementation of the supplemental security income plan for aged, blind, and disabled persons, where thousands of people in a State would be eligible for medicaid and other thousands in the same State, and with the same income, would not. And in no State is medicaid coverage available to a hard-working couple or small intact family with low income.

The new program which we propose would provide, effective July 1, 1977, basic health benefits coverage with uniform national eligibility standards for all low-income individuals and families, whether they are on welfare or working. It would thereby eliminate the major inequities in the current medicaid program. It would be administered by the Social Security Administration.

Coverage under the new program would be available to all individuals and families with annual incomes at or below the following levels: First, an individual with income at or under $2,400; second, a two-person family with income at or under $3,600; and third, a family of four with an income at or under $4,800. For each family member above the first four, the eligibility limit is increased by $400. In addition, families with incomes slightly above the eligibility levels would be eligible for benefits if their medical expenses reduced their income to these levels. For example, a family of four with an income of $5,200 would become eligible after they had expended $400 for medical expenses, including any health insurance premiums. Of course, no person presently eligible for medicaid would lose entitlement to benefits because of the new program.

The basic benefits provided under the low-income plan are designed to mesh with the deductibles under the catastrophic program.

The benefits covered by the plan would include 60 days of hospital care and all medically necessary physicians' services, laboratory and X-ray services, home health services and care in skilled nursing homes and intermediate care facilities. A copayment of $3 would be required on patient-initiated services, such as visits to a doctor's office, but copayments could not exceed $30 per individual or family during a year. These copayments would not apply to well-baby care or with respect to family planning services.

The plan would also afford catastrophic insurance coverage to those low-income families who are not covered under the catastrophic plan.

States would be free to provide additional benefits—such as drugs and dental services—with the Federal Government assuming one-half of the cost.

For millions of older Americans with low incomes, the Long-Ribicoff bill would pick up their part B medicare premiums—presently $6.70 per month—as well as paying their medicare deductibles and coinsurance amounts. In addition, it would provide them with all medically necessary hospital, skilled nursing facility, and intermediate care facility services. Home health care would also be available without limitation.

Mr. President, the low-income plan would not only help the poor, it would aid hospitals, physicians, and State governments. With respect to hospitals, the program would virtually eliminate their problems with bad debts. With respect to physicians, the program would call for reimbursement at medicare levels—rather than at the often substandard medicaid rates. With respect to State governments, the plan would afford very substantial fiscal relief. States would make a fixed contribution toward the cost of the low-income plan based upon each State's level of spending for medicaid and general assistance health care in the year prior to the effective date of the plan, July 1, 1977. For example, if a State spent $100 million of its own funds under medicaid for the types of care covered under the new low-income plan, it would contribute that

$100 million to the low-income fund during the first and in each succeeding year. Additionally, the State would contribute 50 percent of the estimated amount of State and local expenditures in the year before the low-income plan effective date for health care services to people ineligibile for medicaid, but who would be eligible for those types of services under the new low-income plan.

The estimated annual cost of the low-income plan is $5.3 billion in general revenues above present Federal-State expenditures for medicaid.

Mr. President, the third part of our bill consists of a new and voluntary certification program for private basic health insurance policies. With this new program, private insurers could, of their own volition, submit any or all of their basic health insurance policies to the Secretary for certification. This certification would be based upon certain minimum criteria specified in the bill relating to adequacy of coverage, ratio of benefits paid to premium income, and conditions of eligibility.

Insurers could advertise the certification in promoting their policies. Three years after enactment of this bill, carriers and intermediaries under the medicare program would be expected to offer one or more certified policies to the general public in areas where they sold policies.

In addition, the bill contains provisions designed to facilitate arrangements whereby basic health insurance policies meeting minimum standards could be offered through private insurance "pools" established by groups of private insurers.

The bill also directs the Secretary of Health, Education, and Welfare to report to Congress after 3 years as to the extent to which private health insurance meeting the criteria is actually and generally available in each State.

In any area of the country where certified basic health insurance was not generally and actually available to the entire population, the Secretary is also authorized to make such coverage available at cost through social security.

Mr. President, this bill does not constitute a "be all—end all" approach, but it does provide an opportunity to provide significant assistance to many millions by closing major gaps in the financing of necessary health care. We believe that careful building and improving upon the present system through this major initiative is the only feasible alternative to the potentially disruptive and bankrupting effects involved in proposals which would radically alter and almost scrap existing structures and mechanisms. The variables are too uncontrollable and the chances of error too great for us to risk the magnitude of any mistakes in the total takeover approach. What Senator RIBICOFF and I propose to do is what we know needs to be done and can be done.

We firmly believe that the thrust of the catastrophic health insurance and the Medical Assistance Reform Act is the direction in which we should proceed. Both Senator RIBICOFF and I expect that our proposal will certainly benefit from additional constructive efforts during the course of legislative consideration.

Mr. President, I believe that those who have joined in cosponsoring this measure with us have made a significant and impressive contribution. These are Senators who, through the years, have made their suggestions and sponsored their own bills, indicating ways that they believed we could solve the problem of providing better health care for America. Having worked in this area, we were proud that some of them saw fit to join our efforts and coalesce on a bill which we believe the Senate could pass.

We are extremely proud to have them in this effort. We believe that by moving in this fashion, trying to take the suggestions of each Senator on the Finance Committee as well as each Senator who has worked in this area through the years up to this point, we can contribute to shaping a bill in the best national interests and a bill that can be passed and one which we believe will serve the Nation.

Mr. President, I now send the Catastrophic Health Insurance and Medical Assistance Reform Act to the desk.

I ask unanimous consent that a fact sheet on the bill, along with a summary of the bill prepared by the Congressional Research Service, appear in the RECORD following these remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM ACT

(Prepared by Congressional Research Service)

DESCRIPTION

A. *General approach*—The bill would provide catastrophic health insurance protection for all legal U.S. residents through one of the following plans: (1) a Federally-administered public plan for the unemployed, welfare recipients, the aged, and persons who do not opt for private insurance coverage, and (2) a private catastrophic insurance plan allowed as an option for employers and the self-employed, who would be required under the terms of the bill to provide and pay the full cost of such catastrophic protection for their employees. Benefits would be similar to those currently covered under Medicare, but would be subject to payment by the beneficiary of the first 60 days of hospital care and the first $2,000 in medical expenses. The program would be financed through a one percent tax on the payroll of employers, with 50 percent of the amount paid as payroll tax allowed as a tax credit. Employers opting for a private plan would have the amount of their premiums deducted from their one percent payroll tax liability. They would also be eligible for a 50 percent tax credit on both the total amount of premiums paid for catastrophic coverage and any remaining Federal payroll tax liability after the premiums have been deducted.

In addition, the bill would replace Medicaid with a uniform, national program of medical benefits for low-income persons, administered by the Department of HEW. The bill further provides for a voluntary Federal certification program for basic private health insurance to encourage private insurers to make such basic coverage (supplemental to the catastrophic program) available in all areas of the country. If private insurers failed to make certified basic private health insurance available in any State, the Secretary of HEW would be empowered, three years after the enactment of the program, to offer a standard health insurance policy to individuals and families living in that State.

B. *People covered*—Under the *Catastrophic Health Insurance Plan,* every individual who is a resident citizen or a lawfully admitted resident alien would be entitled to catastrophic health insurance benefits under either the public plan or the private plan for employers and the self-employed. All employers, including Federal, State, and local governments, would be required to provide for all their full-time employees (who work more than 25 hours per week) and their employees' spouses and dependent family members the health insurance protection as specified in the bill. At their option, employers could also include part-time and temporary employees. An employer would be obligated to continue coverage for 90 days after an employee left his employment unless the employee obtained coverage under another employer plan. Federal, State, and local governments would be considered employers for purposes of the catastrophic program.

The unemployed, welfare recipients, the aged, and all others not covered under an employer or self-employed private catastrophic plan would be covered under the public plan.

The *Medical Assistance Plan* for low-income persons would be available to all persons eligible for Medicaid benefits during the period from January to July 1977 and all individuals and families having an annual income at or below the following levels:

$2,400 for an individual;
$3,600 for a two-person family;
$4,200 for a three-person family;
$4,800 for a four-person family; and
$400 additional for each additional family member.

Families with incomes above these levels would become eligible if they spent enough on medical care to reduce their income to the eligibility levels. Thus, a family of four with an income of $5,000 would become eligible if it spent $200 for medical care.

C. *Scope of benefits*—The *Catastrophic Plan* would cover the same kinds of services as currently provided under Parts A and B of Medicare, except that there would be no upper limitation on hospital days or home health visits. Present Medicare coverage under Part A includes 90 days of hospital care, plus an additional lifetime reserve of 60 hospital days; 100 days of post-hospital extended care; and 100 home health visits during the year following discharge from a hospital or extended care facility. Part B coverage includes physicians' services, 100 home health visits annually, laboratory and x-ray services, outpatient physical therapy services, and other medical and health services such as medical supplies, appliances and equipment, and ambulance services.

Benefits excluded from Medicare would also be excluded under this program. Medicare's limitation on skilled nursing care would also be retained. The Catastrophic Plan would apply different limits on inpatient and outpatient mental health services than those currently applicable under Medicare (i.e., 190-day lifetime maximum in phychiatric hospitals, $250 maximum payable for outpatient mental health care); the catastrophic plan would cover (1) unlimited inpatient services, consisting of a course of active care and treatment provided in an accredited medical institution, (2) unlimited mental health care services provided on a partial hospitalization basis by an accredited medical institution or qualified community mental health center, (3) unlimited outpatient services provided by a qualified community mental health center, and (4) 5 visits to a privately practicing psychiatrist during any 12-month period, unless additional visits have been approved in advance by an appropriate professional review mechanism on the grounds that the patient would require institutional care in the absence of such additional outpatient visits.

Unlike Medicare which provides *basic* insurance coverage, the catastrophic health insurance program would provide institutional benefits only after an individual had first been hospitalized for a total of 60 days in one year (this feature of the program is called the "hospital deductible"), and medical benefits only after an individual or a family had incurred medical expenses of $2,000 for physicians' services, home health visits, physical therapy services, laboratory and x-ray, and other covered medical and health services (this "medical deductible" would be dynamic in character, adjusted annually to reflect changes in the Consumer Price Index and other economic factors). The plan would have a deductible carryover feature under which days spent in a hospital in the last 3 months of one calendar year could be counted toward satisfaction of the hospital deductible in the following calendar year; similarly, covered medical expenses incurred in the last 3 months of one calendar year could be counted toward meeting the $2,000 medical deductible for the next year. Once the hospital and medical deductibles had been met, the individual would not be charged for services covered under the program. However, following the first period of any 90 consecutive days during which the individual incurred *less* than $500 in medical expenses, catastrophic benefits would temporarily terminate until such time as the individual once again satisfied the medical deductible by incurring $2,000 in additional medical expenses. Similarly, following the first consecutive 90-day period during which an individual was neither an inpatient in a hospital nor an inpatient in a skilled nursing facility, the individual would once again be liable for the 60-day hospital deductible applicable to catastrophic benefits.

The *Medical Assistance Plan* for the low-income would cover the following benefits, generally without any limit on the amount of services or any cost-sharing required, except as indicated:

Inpatient hospital services—60 days in benefit period.

All medically-necessary skilled nursing facility care, intermediate facility care, and home health services.

Physicians' services—$3 copayment for each of first 10 outpatient visits per family, except no charge for visits for well-baby care, family planning, and periodic exams for children under age 18.

Laboratory and x-ray services.

Prenatal and well-baby care.

Family planning, counseling, and supplies.

Periodic screening, diagnosis, and treatment for children under age 18.

Outpatient physical therapy.

Immunizations and pap smears.

Medical supplies and appliances.

Ambulance services.

Mental health care services as follows: (1) on an inpatient basis—if provided in an accredited institution, services are included in the hospital inpatient benefit if the service constitutes active care and treatment; (2) on a partial hospitalization basis—if provided by an accredited institution or qualified community mental health center; (3) on an outpatient basis—without limit if provided by community mental health center, limited to 5 visits if provided otherwise (e.g., by a psychiatrist) with additional visits subject to approval by a professional review organization. Benefit includes approved drugs when necessary to avoid hospitalization.

The Medical Assistance Plan would also pay the Medicare Part B premium for eligible individuals and would reimburse an individual for one-half of the amount of the actuarial value of catastrophic health insurance coverage paid by such individual under a self-employed plan or deducted as taxes from his self-employment income.

A special copayment requirement would apply to individuals who are not a member of a family after the 60th continuous day spent in a long-term facility. The amount of this copayment would be equal to the amount of the patient's monthly income, less $50. (A similar requirement would apply in a situation where all members of a family have a stay exceeding 60 days.)

D. *Administration*—The public *Catastrophic Insurance Plan* would be administered by the Social Security Administration in a manner parallel to the administration of Medicare. The private catastrophic plan would be administered by a qualified private insurance carrier of the employer's choice. The Secretary of HEW would be responsible for approving the employer plans and the self-employed plans administered through private carriers. To be approved as a carrier for private catastrophic insurance, an insurance carrier would have to comply with various Federal requirements, including a requirement that the carrier establish claims determination procedures which comply with sec. 503 of the Employee Retirement Income Security Act of 1974 and are consistent with those procedures employed by the carrier in its noncatastrophic health insurance business; to assist carriers in meeting this requirement, the Secretary would allow carriers reasonable access to claims data developed under Medicare's hospital insurance program. Carriers would also be exempted from certain antitrust laws as they might otherwise pertain to a group of carriers entering into a pool, reinsurance, or other residual market arrangement.

The *Medical Assistance Plan* for the low-income would be administered by the Secretary of HEW. Individuals eligible for benefits under the program would be issued a health benefits card indicating that their application for benefits had been filed and approved for a given benefit period. The Secretary would utilize private carriers as fiscal intermediaries responsible for administration of claims and payments to providers of services. The bill also provides that the Secretary could require the consolidation of the activities of these carriers in areas with small populations if necessary to improve quality and efficiency. Three years after the enactment of the program, no private carrier or other organization could be utilized under the Medical Assistance Plan or Medicare unless it was approved and certified under the Voluntary Certification Program established under the bill.

E. *Financing*—The *Catastrophic Insurance Plan* would be financed through a 1 percent tax on the payroll of employers and the income of the self-employed now subject to the social security tax. No employee contribution would be allowed. Amounts collected as taxes would be deposited in a Federal Catastrophic Health Insurance Trust Fund. An employer or self-employed individual who opted for a private, rather than public, catastrophic health insurance plan would have the amount of the premium for private coverage deducted from his one percent payroll tax liability; he would, however, remain liable for payment to the Federal government of any difference between the amount paid as premiums for a private plan and the one percent Federal tax liability. Publicly-insured employers and self-employed individuals would be eligible for a catastrophic health insurance tax credit equal to 50 percent of the amount paid as payroll tax liability. Similarly, privately-insured employers and self-employed persons would also be eligible for a 50 percent tax credit on the amount paid for private catastrophic insurance premiums, as well as a 50 percent tax credit on any additional amount paid to meet the one percent Federal payroll tax liability.

Employers and self-employed persons opting for private coverage would pay premiums directly to the carriers. The bill requires that the employer plans administered through private carriers must make available to the employer certain arrangements for the pooling of risks among various employee groups of different employers, so that premiums can be determined on a class, rather than an individual, basis.

Each year, a 5-member Federal Actuarial Committee would prepare a Table of Values of Catastrophic Health Insurance Coverage for the following year, indicating the actuarial value of one year's catastrophic health insurance coverage for one individual. This Table could be used by the employer as a guideline by which to evaluate the actuarial value of catastrophic health insurance coverage (and the premium charged therefor) offered through private carriers. The Committee would also review the marketing and rating practices of private carriers providing employer and self-employed plans for catastrophic insurance.

The Medical Assistance Plan would be financed from general revenues, just as the Federal share of the current Medicaid program is now financed, and also with State funds. A Medical Assistance Trust Fund would be established to make payments for benefits under the program. States would contribute a fixed amount which would be equivalent to their total expenditures from State funds under Medicaid for the types of benefits covered under this plan during the year prior to the effective date of this program. Additionally, a State would also pay 50% of the estimated amount that the State and local governments had expended in the same base year for provision of these types of services to people not covered under Medicaid who would, however, be covered under the new Medical Assistance Plan. State contributions in future years would be limited to the initial contribution amount.

To encourage States to offer optional services not covered under the Medical Assistance Plan, the State contribution would be reduced by an amount equal to one-half the amount expended by the State from non-Federal funds in providing types of services not covered under this program, but which would have been matched under the Medicaid program (such as drugs, dental services, etc.), provided, however, that the State had actually included such types of services under its Medicaid plan prior to the effective date of the new program.

F. *Payments to/standards for providers of services*—Providers of services under the Catastrophic Insurance Plan and the Medical Assistance Plan would be reimbursed on the same basis as under Medicare. Reimbursement controls would include the payment of audited "reasonable costs" to participating institutions and agencies, and "reasonable charges" to practitioners and other suppliers. Payments to skilled nursing facilities and intermediate care facilities would be reimbursed on a "cost-related" basis.

Payments made under the Medical Assistance Plan, along with any required copayment from the patient, would have to be accepted by providers and practitioners as payment in full for the services rendered, and no persons accepting such payment could charge additional amounts for these services.

Both programs would apply the same standards for providers of services as under Medicare. Both plans would also incorporate the quality, health and safety standards, and utilization controls which exist in the Medicare program, including review of services by institutional utilization review committees and Professional Standards Review Organizations (PSROs).

G. *Effect on other government programs*—The Catastrophic Insurance Plan would supplement benefits provided under Medicare for persons covered by that program. The Medical Assistance Plan would replace the existing Medicaid program. The Catastrophic Insurance Plan would always be the primary payor in cases where an individual was also entitled to have payment made under either Medicare or the Medical Assistance Plan. Nor could payments under the Catastrophic Plan be denied or reduced because benefits for services covered under that plan were also payable, or had been paid, under any other public or private insuranceor health benefits plan.

H. *Other major provisions—*

(1) *Voluntary Certification Program for Private Basic Health Insurance*—the bill establishes a program whereby private health insurers could, at their option, submit one or more basic health insurance policies to HEW for certification. Certification would be based upon certain minimum criteria with respect to adequacy of coverage, conditions of eligibility, actual availability of the policy, and reasonableness of premiums to expenses. Certified policies could then be used in each State which has in effect a basic health insurance facilitation program approved by the Secretary of HEW. State agencies could also be used for certification of basic health insurance policies in States having an approved basic health insurance facilitation program. In addition to offering certified basic policies, a private carrier, in order to be "approved," would have to employ effective procedures designed to assure appropriate utilization and cost controls with regard to health services insured under its policies.

Three years after the start of the program, no insurer could serve as a carrier or intermediary for either Medicare or the new Medical Assistance Plan unless it offered one or more certified policies to the general public in each geographic area or service area in which it did business. The bill would facilitate establishment of insurance pool arrangements in order to make such certified policies available to the general public with a proportionate sharing of risks and rewards among participating insurers.

(2) *Government-sponsored standard health insurance policies on a cost basis*—Three years after the start of the program, the Secretary of HEW would be required to offer a standard health insurance policy providing basic health benefits to individuals and families living in any State which had neither a basic health insurance facilitation program nor approved basic health insurance policies actually available through private carriers. Premiums charged for such policies would be designed to cover costs, including administrative costs and reserves.

(3) *Amendments to Medicare*—makes several amendments to existing Medicare program, designed to (a) allow coverage of immunizations on a scheduled allowance basis, (b) increase the dollar amount payable for mental health services under Part B, (c) adjust the amount of premiums for hospital insurance coverage payable for uninsured individuals not otherwise eligible for Medicare, (d) clarify provisions relating to payment for extended care services on a cost-related basis, and (e) extend coverage under the renal disease program to all individuals with kidney disease, regardless of insured status for purposes of social security benefits.

(4) *Philanthropic support for health care*—includes provisions designed to encourage philanthropic support for health care, especially in support of experimental and innovative efforts to improve the delivery system.

FACT SHEET—LONG-RIBICOFF CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM ACT OF 1975

TITLE I—CATASTROPHIC HEALTH INSURANCE

Part A—Public plan

Eligibility

All legal residents in the United States not covered by the private plan described in Part B below. Therefore, the public plan would pick up those who do not choose private insurance coverage, the unemployed, welfare recipients and the aged.

Benefits

Social Security administered trust fund pays for medical bills after a family has incurred $2,000 of medical bills in a year. Hospital costs would be paid for after a person has incurred 60 days of hospital costs. The $2,000 deductible and the 60-day deductible are entirely separate. If a person were to meet the hospital deductible alone he would be eligible only for the hospital benefits. Similarly, if a family were to meet only the $2,000 deductible, it would be eligible only for medical benefits.

Administration

Program would be administered by the Social Security Administration parallel to the administration of Medicare.

Financing

Employers would be liable for a tax of one percent on payroll. However, a tax credit equal to 50 percent of this amount paid would be allowed.

Part B—Private insurance option

Eligibility

An employer could elect to have all of his employees and their dependents covered under a qualified private catastrophic insurance plan as an alternative to coverage under the public plan.

Benefits

Private catastrophic plan would have benefits identical with those in the public plan. Benefits beyond those required could be sold by private insurers.

Administration

Private catastrophic plan would be administered by a qualified private insurance company of the employer's choice.

Financing

Employer's premium for private catastrophic would be deducted from his one percent payroll tax liability. In addition, the employer would be eligible for the tax credit of 50 percent of his one percent payroll tax liability.

Effective date

January 1, 1977.

TITLE II—MEDICAL ASSISTANCE PLAN

Replaces Medicaid with a uniform national program of medical benefits for low-income persons administered by Social Security Administration.

Eligibility—34 million people

All persons now receiving Medicaid benefits.

All individuals and families having an annual income at or below the following levels:

$2,400 for an individual;
$3,600 for a two-person family;
$4,200 for a three-person family;
$4,800 for a four-person family;
And $400 additional for each additional family member.

Families with incomes above these levels would become eligible if they spend enough on medical care to reduce their income to the eligibility levels. Thus, a family of four with $5,000 would become eligible if it spent $200 for medical care.

Benefits

Provides hospital care for up to 60 days and all skilled nursing facility care, intermediate facility care and home health services.

Also covers physicians services, X-ray, laboratory, prenatal and well-baby care, family planning counseling services and supplies, periodic screening, diagnosis and treatment for children under 18, inpatient mental health care that consists of active care and treatment in a medically accredited institution and outpatient care in a qualified community health center. Outpatient psychiatric services would be limited to 5 visits related to "crisis" intervention and additional visits could be authorized upon finding that in their absence the patient would require institutionalization or be severely dysfunctional.

The plan would also pay the $6.30 monthly Part B Medicare premium for persons eligible for this Title.

Copayments and deductibles

Only copayment is $3 for each of first 10 visits to doctor per family (but no copayments for visits for well-baby care and family planning services).

Payments to health care providers and administration

Same as Medicare (reasonable costs for institutions, reasonable charges for physicians).

Payments made under the program would have to be accepted as payment in full and there could be no additional charges to patient.

Benefits reduced to patients by $250 if they have failed to enroll in an employer-employee plan in which employer pays 75% or more of the premium cost.

Financing

$5.3 billion in Federal general revenues. States would have to pay no more than they did for Medicaid in the year prior to this Title's effective date plus one-half of what they paid for medical services for those not covered by Medicaid. Thus States would be held harmless against additional costs or caseloads.

Effective date

July 1, 1977.

TITLE III

Establishes a voluntary certification program for private basic health insurance to encourage the availability of adequate private health insurance.

Insurer could submit policy to HEW Secretary for certification. Certification is based on adequacy of coverage, conditions of eligibility, actual availability. Certified policies would be advertised as such.

Criteria for certification of policies

Must provide 60 days of hospital care and coverage of medical bills up to $2,000. (This meshes with catastrophic plan.)

Limits on deductibles and copayments.

Ban on exclusions, waivers of liability and waiting periods in group policies, and with respect to individual policies, a limit on medical exclusion to pre-existing pregnancy and waiting periods for other pre-existing conditions to not more than 90 days.

At least one annual open enrollment period.

Reasonable ratios of benefit payments to premiums defined in terms of average ratios for group policies generally written by insurers.

Incentives To Provide Certified Policies

For three years from effective date of act, Secretary of HEW studies progress of insurers in making certified policies actually and generally available to the population.

After that time no insurer could serve as a Medicare carrier or intermediary unless it offered one or more certified policies to the general public in each geographic or service area in which it did business.

Additionally, at that time, Secretary of HEW would be authorized to make basic coverage available at cost through Social Security in any area of the country where certified basic health insurance was not available.

Insurance pooling

Contains an anti-trust exemption under which insurers could enter into contracts or arrangements for the sole purpose of establishing insurance "pool" arrangements in order to offer to the general public certified health insurance policies. Such pools allow proportionate sharing of risks and rewards.

Mr. RIBICOFF. Mr. President, today I join with the distinguished chairman of the Senate Finance Committee (Mr. LONG) in introducing the Catastrophic Health Insurance and Medical Assistance Reform Act of 1975.

It was almost 2 years ago to the day that we first presented our health care concept to the Senate. We felt at that time, and still feel, that our proposal is realistic, workable and meets the most important health care needs in America at a cost which the American people can afford.

In the last few years the economic climate of America has changed and the attitude of most Americans toward government has undergone an evolution. We are in the midst of a recession which has severely curtailed the ability of our Government to implement new and expensive programs, however meritorious.

Moreover, Congress and the American people are beginning to doubt the ability of Government to provide the services which have been promised under law. And with good reason. It takes no expert to see that the medicare system—which covers little over 20 million people—is awash with problems ranging from reimbursement to cost and quality controls, to a host of other issues. Other programs such as SSI, medicaid, welfare, and food stamps are also beset with bureaucratic problems.

All of this experience dictates one thing—caution. We must not move ahead faster than we are able to. Let us meet the most pressing health needs first, building upon the experience we have had in medicare and medicaid. Building on our successes. Learning from our failures. Expanding the program only as fast as we are actually able to implement it.

Although we do not have the capacity to administer a full cradle-to-grave national health insurance proposal at this time, there are still a number of problems which must be met now.

For more and more Americans health care is a problem. We do not have to be poor to be staggered by health costs. Almost anyone can find his life savings depleted, his house sold out from under him, educational opportunities for his children lost—all because of major illness or injury.

Low-income individuals are hurt most of all, but middle-class Americans can be financially destroyed almost as easily.

It is easy to describe the problems facing us in health care but it is much more difficult to propose an adequate and workable solution.

In developing our proposal we have consulted with every sector of the health care field—consumers, physicians, insurers, hospitals, administrators, labor leaders, and others. All of them have contributed and all of them have had constructive suggestions. The interest on health care is evidenced by the many health insurance proposals now pending before Congress.

We believe our bill best meets the needs of the American people and provides a workable and financially realistic mechanism. It is not perfect. No proposal is. In the weeks and months ahead we look forward to receiving constructive ideas to improve our proposal.

The Long-Ribicoff bill represents an approach which has attracted broad bipartisan support. The three parts of the proposal—catastrophic, low income, and private health insurance standards—are all designed to bring about availability, equity and adequacy of insurance coverage through building upon the existing system.

The proposal is incremental—that is, each part is phased in over a period of time in the interest of administrative efficiency and manageable new costs rather than trying to do everything at once and thereby overwhelming the administrative system.

The bill also recognizes the reality of our present economic situation. The legislation would have no budgetary impact until the last half of fiscal 1977 when the catastrophic portion of the bill takes effect. When fully effective the Long-Ribicoff bill will cost approximately $9 billion above existing law.

The bulk of these funds—more than $5 billion—goes toward relieving States of ever-increasing medicaid expenditures. At a time when States are facing severe fiscal burdens, the provisions of this bill will hold States harmless against increasing medicaid costs—and help reduce their fiscal burdens.

The bill is divided into three basic sections.

Title I protects all Americans against the large or catastrophic costs associated with prolonged illness, disease or injury. In effect, it places a ceiling on almost every American family's medical costs. We have an obligation to assure that no one goes into bankruptcy because of prolonged illness or injury. Under this title a family's medical costs would be assumed by the social security fund once it had incurred 60 days of hospital costs and/or $2,000 of medical bills. An employer would have the option to buy a catastrophic plan in the private sector.

Title II establishes a medical assistance plan with a uniform national program of medical benefits for low-income persons. It replaces the costly, inefficient, and inadequate Federal-State medicaid programs and provides health protection for 34 million Americans, including 12 million working poor persons who were ineligible for medicaid. The coverage of this plan would provide basic benefits to mesh with the catastrophic program. That is, this program would pay for the first $2,000 and 60 days of hospital and the catastrophic plan would assume costs above those limits. By requiring the States to pay only what they paid for medicaid in the year prior to enactment, States will save millions of dollars. Without this bill their costs would have continued to climb.

Title III of this bill makes it possible for any other American not eligible for the low-income plan to purchase at a reasonable price a private insurance policy. It sets standards for these policies to assure that they mesh with the catastrophic program. Insurers who elect to participate in this program and whose policies meet the basic standards set in this bill would be eligible to have their policies certified as meeting the proper standards. The Secretary of Health, Education, and Welfare would study the operation of this title for 3 years to see if this insurance was being made available. Any insurer not meeting the standards after 3 years would be ineligible to serve as a medicare carrier or intermediary. In addition, if a private policy meeting these standards is not available after 3 years, a similar policy would be made available at cost from the Social Security Administration.

TITLE I—CATASTROPHIC HEALTH INSURANCE PROGRAM

The catastrophic health insurance proposal provides health insurance once a family has incurred $2,000 of medical costs or 60 days of hospital coverage.

It is intended to supplement private health insurance which many Americans have today in one form or another. For those who do not have such basic coverage, a second title provides coverage for the poor and a third title in the bill would make available to everyone a private health insurance policy at reasonable cost.

The catastrophic insurance title is modeled on the medicare experience.

Basically, the bill would provide protection to all those who are currently and fully insured under social security, their spouses and dependents, and to all social security beneficiaries. This year we have expanded coverage so that those not now covered under social security would also be protected.

Federal employees remain eligible for major medical catastrophic protection under the Federal Employees Health Benefit Act, and State and local employees could buy into the catastrophic program established under this bill.

It contains deductibles of $2,000 per family for physicians' benefits and 60 days hospitalization deductible per individual for hospitalization benefits. In other words, benefits would be payable for a family's medical bills beyond $2,000 and hospitalization would be covered from the 61st day of an individual's hospitalization.

The types of services covered under the catastrophic plan would be similar to those currently covered under parts A and B of medicare except that there would be no limitation on hospital days or home health visits.

Present medicare part A coverage includes 90 days of hospital care, 100 days of posthospital extended care, and 100 home health visits. Present part B coverage include physician's services, laboratory and X-ray services, physical therapy services, and other medical and health items and services. Unlike medicare which provides basic insurance coverage, people would be responsible for payment for the first 60 days of hospital care and the first $2,000 in medical expenses in a year.

Families could insure themselves through the use of present private health insurance arrangements against their basic health care costs, including the first 60 days of hospitalization and the first $2,000 of medical bills. For those families without the resources to obtain this basic private health insurance coverage, I believe the Federal Government should play a role in assuring availability of such basic coverage, as we already do for many of the poor through medicaid. Title II of the bill assures this basic coverage for the poor and title III provides it for the nonpoor.

The catastrophic program would be administered along with medicare by the Social Security Administration, and it would incorporate all of medicare's quality, cost, and utilization controls.

Under a new provision of our bill, we have provided an option with respect to catastrophic health insurance which allows employers to opt for insurance by a qualified health insurance plan, if he chooses not to take the social security administered plan. In order to qualify, the private plan must offer benefits which are at a minimum identical with those available under the public plan.

Under the private option, the catastrophic plan would be administered by the private insurance company of the employer's choice.

The employer's premium for private catastrophic would be deducted from his 1-percent payroll tax liability. In addition, the employer would be eligible for the tax credit of 50 percent of his 1-percent payroll tax liability.

The private option for catastrophic insurance was developed to recognize two significant factors. First, private catastrophic health insurance coverage is growing rapidly and need not be displaced where it is adequate. Second, at a time of $70 billion deficits it is the more prudent course to develop a health insurance plan with as small an impact on the Federal budget as possible.

TITLE II—MEDICAL ASSISTANCE PLAN

While title I protects virtually all Americans against medical costs above $2,000 in medical bills and/or 60 days of hospital care, most Americans cannot even afford to spend those amounts. Titles II and III address themselves to this problem.

For low-income Americans the problem of paying for medical care is especially acute. While approximately three-quarters of the American people are covered by some form of health insurance, the poor and the minority groups are less likely to have health insurance. Slightly less than half of those white Americans with incomes under $5,000 and slightly more than one-third of the minority race population under $5,000 have insurance. But 90 percent of the white population and 86.9 percent of the minority population over $10,000 in income have insurance. The following table, based on a survey by the National Center for Health Statistics, illustrates the point.

I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

HEALTH INSURANCE: WHO HAS COVERAGE

[Percent of persons under 65 years of age with hospital insurance coverage, by color, income, and age: 1970]

Age	White			Black and others		
	Under $5,000	$5,000 to $9,999	$10,000 and over	Under $5,000	$5,000 to $9,999	$10,000 or more
All ages under 65 years	49.9	81.9	90.3	38.3	70.7	86.9
Under 17 years	37.1	79.6	89.7	31.1	66.0	86.7
17 to 24 years	59.9	77.1	83.5	49.7	67.2	78.4
25 to 44 years	47.5	83.5	91.9	42.8	74.6	88.9
45 to 64 years	57.3	87.3	92.6	43.6	81.0	92.4

Mr. RIBICOFF. Mr. President, even these figures tend to exaggerate insurance protection. They are limited to hospital protection. Even fewer people have insurance to protect against the costs of physician services, X-ray, laboratory, and other services. And they do not take into account the fact that most insurance coverage is subject to deductibles and copayments. As a result, health insurance met only 42 percent of all health care costs in 1971.

Title II of the bill would establish a medical assistance plan, effective July 1, 1977, for low-income individuals and families. The plan would provide federally administered basic health benefits coverage with uniform national eligibility standards.

The basic benefits provided under the plan are designed to mesh with those under the catastrophic health insurance plan. It is aimed in large part at providing coverage to low-income working individuals and families, in addition to replacing the current medicaid program. This means that some 34 million Americans, including 12 million working poor not now covered by medicaid, would have health insurance protection. It would eliminate the present inequities in medicaid whereby people with the same income and needs are eligible for medicaid in one State but ineligible in another, as well as the extensive variations in benefits between States. The administration would be more efficient and more adequate both from the provider's side and the patient's side. The plan would also result in substantial fiscal relief to State and local governments whose expenditures would be fixed at no higher than what they spent under medicaid during the year prior to the effective date of this program.

ELIGIBILITY

Coverage would be available to all individuals and families having an income at or below the following levels: $2,400 for an individual; $3,600 for a two-person family; $4,200 for a three-person family; $4,800 for a four-person family; and $400 additional for each additional family member.

To be eligible for benefits, persons would have to be resident citizens of the United States or aliens lawfully admitted for permanent residence, or otherwise legally residing in the United States.

Eligible individuals would file an application—or have an application filed in their behalf. Upon approval of an application, each individual would be issued a health benefits eligibility card.

To enhance administrative simplicity, eligibility would be certified on an annual basis with a coverage year generally beginning on April 1, and with the income determinations generally being upon the previous year's income. Provisions are included to allow entrance into the program, where appropriate, at any point during the year. In such cases, eligibility would be redetermined on the following April 1. In addition, the plan provides for prospective earnings estimates, where appropriate, in determination of eligibility.

Individuals' or families' eligibility would generally continue throughout the coverage year unless their income increased to more than 20 percent above the eligibility level. In determining eligibility, a family is defined as two or more individuals related by blood, marriage or adoption, and residing in a place maintained by one or more of them as their home. Also, in determining eligibility, income would include both earned and unearned income, including welfare payments, pensions, or social security payments, support and alimony payments, gifts, rents, dividends, and interest. The plan includes lesser income limits for Puerto Rico, the Virgin Islands, and Guam. Additionally, there would be special rules established by the Secretary to deal with cases where the gross income of an individual or family from a trade or business—including farming—would be considered sufficiently large to cause the family not to be regarded as "low income."

The plan contains a "grandfather" provision to guarantee that no current medicaid recipient would be disadvantaged by this program.

BENEFITS

The plan would cover medically necessary inpatient hospital services for up to 60 days during a benefit period, as well as all medically necessary skilled nursing facility care, intermediate facility care, and home health services. Additionally, the plan would cover all medically necessary medical and other health services—including physicians' services and laboratory and X-ray services—as well as prenatal and well-baby care, family planning counseling services and supplies and, for children under 18, periodic screening, diagnosis, and treatment. Additionally, the plan would make payments for part B medicare premiums for eligible individuals.

Mental health care would be covered on an inpatient basis to the extent that it consisted of active care and treatment provided in an accredited medical institution, and outpatient mental health services would be covered without limitation if provided in a qualified community mental health center. Additionally, the plan would cover up to five visits to a psychiatrist. Additional visits would be authorized upon a finding that the patient would require institutionalization in the absence of such care.

For individuals who are also entitled to benefits under the catastrophic health insurance plan, the medical assistance plan would pay any coinsurance required under the catastrophic plan. For persons not eligible for benefits under the catastrophic plan, the medical assistance plan would make payments for benefits covered under the catastrophic plan. The plan would also cover routine immunizations.

DEDUCTIBLES AND COINSURANCE

In view of the fact that the medical assistance plan is aimed at providing benefits to individuals and families without adequate resources to purchase medical care, there would generally be no deductible or coinsurance payments required.

However, to assist in controlling patient-initiated utilization, there would be a $3 per visit copayment for each of the first 10 outpatient physicians' visits per family, but no copayment would be applicable for visits for well-baby care and family planning services.

There would be one other circumstance in which a copayment would be required. This would be applicable in those situations where a person, without dependents, is in a long-term care facility for more than 60 days' In such cases, the individual—usually an elderly person in a nursing home—would retain $50 of his monthly income and any income in excess of $50 would be required as a copayment.

PAYMENTS AND ADMINISTRATION

Payments made to providers and practitioners under this program would be subject to the same reimbursement, quality, health and safety standards, and utilization controls as are applicable under the medicare program. Reimbursement controls would limit payments to not more than audited "reasonable costs" to participating institutions and agencies, and "reasonable charges" to practitioners and other suppliers.

Payments made under this program, along with any required copayment, would have to be accepted by providers and practitioners as payment in full for the services rendered, and no person accepting such payment could charge amounts in excess of the payment for the individual receiving the service.

Benefits under the program would be residual and amounts payable under this program would be reduced by amounts payable under any other public or private insurance plan under which the individual was covered with the exception of a State program designed to supplement this program.

In addition, amounts otherwise payable under this program would be reduced by not more than $250 in a benefit period if an eligible employed individual failed to enroll in an employer-sponsored health insurance plan for which the employer paid 75 percent or more of the premium cost. No employer could exclude an otherwise eligible employee from participation in a health insurance plan solely on account of the employee's eligibility for benefits under the medical assistance plan.

The utilization and quality of services would be reviewed by utilization review committees established in hospitals and skilled nursing facilities, and by the Professional Standards Review Organizations established under Public Law 92–603.

The program utilizes the same administrative mechanisms used for the administration of medicare, including where appropriate, medicare's carriers, intermediaries and public health agencies. The program also would encompass use of medicare's statutory quality standards, in that the same conditions of participation which apply to institutions participating in medicare would apply to those institutions participating in this program.

Primary policy, operating and general administrative responsibility for the program is specifically assigned to the Social Security Administration, basically involving personnel and facilities employed in the Bureau of Health Insurance.

FINANCING

The low-income plan would be financed from general revenues, just as the Federal share of the current medicaid program is now financed, and also with State funds. A medical assistance trust fund would be established to make payments for benefits under the program. The fund would receive appropriations from general revenues and State contributions.

States would contribute a fixed amount which would be equivalent to their total expenditures from State funds under medicaid for the types of benefits covered under this plan during the year prior to the effective date of this program. Additionally, a State would also pay 50 percent of the estimated amount that the State and local governments had expended in that same base year for provision of these types of services to people not covered under medicaid who would, however, be covered under the new plan. State contributions in future years would be limited to the initial contribution amount.

The State contribution would be reduced by an amount equal to one-half the amount expended by the State from non-Federal funds in providing types of services not covered under this program, but which could have been matched under the medicaid program. This provision would encourage States to offer or to continue providing optional services, such as drugs, dental services, and eyeglasses.

The additional first full-year Federal cost above present medicaid expenditures, is estimated at $5.3 billion.

CONCLUSION

An estimated 34 million people throughout the United States would be eligible for benefits under this program in any given year though, of course, not all of these people will receive services in a given year. The current medicaid program covers some 22 million people. The additional people covered under this new program represent primarily the working poor who, until this time, have been ineligible for federally supported medical assistance.

TITLE III

While title I protects all Americans against extraordinarily high health bills and title II provides basic health care for low-income families, title III assures the availability of private health insurance coverage to the rest of the population. While the private health insurance industry has made strides in recent years in making better insurance protection more widely available to more Americans, more needs to be done to encourage this expansion.

Finally one-quarter of the American population still has no hospital insurance protection. Even fewer people have nonhospital protection as the following chart indicates:

Percent of civilian population covered

Hospital care	76.9
Physicians' services:	
Surgical services	74.2
In-house visits	72.3
X-rays and lab	70.7
Office and home visits	46.6
Dental care	7.5
Out-of-hospital prescribed drugs	52.1
Private-duty nursing	51.0
Visiting nurse service	53.6
Nursing home care	18.8

For those people not eligible for the low-income plan we propose to assure that a private health insurance policy is available at a reasonable rate to anyone who wishes to purchase it.

Title III, therefore, describes a model basic private health insurance policy which meshes with the catastrophic program and establishes a mechanism whereby companies can voluntarily have their policies certified by the Secretary of HEW as meeting at least the minimum definition of adequate basic health insurance.

The standards for such a package would include coverage for 60 days of hospital care, $2,000 of medical expenses. Other criteria ban exclusions, waivers of liability and waiting periods in group policies and, with respect to individual policies, limit medical exclusion to preexisting pregnancy and waiting periods for other preexisting conditions to not more than 90 days. Additional requirements deal with opportunities for enrollment including at least an annual open enrollment period.

The Government-certified policies would have to be sold at reasonable rates. In determining reasonableness the primary factor would be the ratio of benefits paid out to premiums collected. Reasonable ratios of benefit payments to premiums or defined in terms of average ratios for group policies generally underwritten by insurers.

While these standards provide needed flexibility in rate determination by insurers they would put an end to the health policies which pay out only 30 or 40 cents for each dollar of premium collected.

No one could be denied the opportunity to buy a policy because of preexisting conditions or because he or she is a bad risk. In order to facilitate the offering of such policies the insurers would be authorized to offer such policies on a "pooled" basis with a proportionate sharing of risks and rewards.

During the first 3 years of the operation of title III the Secretary of HEW would study the extent to which private health insurance meeting the definition of adequacy is actually and generally available. He would report his findings to Congress.

After that date no company or organization could serve as a medicare carrier or intermediary unless it offered a policy certified by the Secretary as meeting the model definition.

This title, then, would encourage private health insurers to upgrade their pay-out ratio, thus making available better private health insurance to the average person.

And it would provide the Congress in 3 years with an accurate picture of the extent to which private health insurance is providing adequate coverage to the general population.

The private health insurance industry will have a real incentive and real standards toward which they can work in meeting the needs of the majority of the population who are presently covered for better or worse under private health insurance.

Title III is a means of saying to the broad population that it is our expectation and hope that private health insurance will provide the opportunity to secure insurance coverage for the first 60 days of hospitalization and the first $2,000 of medical expenses, after which the Government catastrophic health insurance program would take over.

I believe that this legislation is a major step in protecting all Americans against rising health costs. It puts a ceiling on every American's medical bills, assures health protection to those who can't afford it and encourages the private health insurance industry to make available the best possible policies at reasonable rates. At the same time it allows employees the flexibility necessary to bargain with their employers for broad health care protection.

We can wait no longer to reform our health care system. We have the opportunity today to make health care a right for all Americans—not just a privilege for the few.

I join my distinguished colleague, the chairman of the Senate Finance Committee in urging the Members of this body to help us make health care reform a reality.

I ask unanimous consent that a factsheet describing the Long-Ribicoff bill as well as the testimony I presented before the Ways and Means Committee last year be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Congressional Record, Apr. 25, 1974]

Testimony of Senator Abe Ribicoff Before the House Ways and Means Committee Thursday, April 25, 1974

The Chairman and members of the Ways and Means Committee, I am pleased to have this opportunity to discuss with you the need for national health insurance.

As you know, health care costs have been rising rapidly in America. The average personal health bill per person in 1973 amounted to $441. In 1950, it was only $78. The growth in this period for health costs was 2½ times greater than increase in wages. And as these costs rise, more Americans are hard pressed to pay for health care. Last year approximately one million families were saddled with health bills of a catastrophic nature. Often these bills wiped out savings, prevented children from going to college or forced people to sell their homes.

What all this means is that for more and more people health care is becoming a privilege which can be afforded only by the few. It should be a right enjoyed by all.

We probably all agree on this goal. The question becomes, then, how do we achieve this goal? How do we make health care a right? Many of the solutions of course are not part of national health insurance. We need more doctors providing basic general medical care all over the country. We need a coordinated program of hospital and health facility construction, modernization and use. We need proper health planning. No health system can function properly without these elements.

But all the planning, modernization and improved medical technology is worthless unless people can afford it. That is what we are discussing today.

In structuring an adequate mechanism to pay for health care we must be careful not to adopt simplistic or unworkable solutions. The American medical system is a complex and unique system. It is the third largest industry in the Nation, employing 4.4 million people.

Health spending in fiscal 1973 amounted to $94.1 billion and the system involves over 7,000 hospitals, 320,000 doctors, 748,000 nurses and countless suppliers of medical equipment and drugs.

Over 1,000 insurance companies provide policies covering 134 million persons.

What works in Canada, Sweden or England will not necessarily work here. We must tailor our system to our needs and our capabilities.

In the past few years many health insurance proposals have been introduced. Every element of the health sector has its own view of what is right for our health care system. All of the proposals have some good points. It is now time to put an end to the polarization of attitudes and move toward the shaping of a health bill which provides adequate health protection for all and is workable in our Nation.

One of the things that strikes me in looking at the more recent health proposals is that a consensus is beginning to build. There is a widening recognition of the need to provide protection against the catastrophic costs associated with prolonged illness or disease. There is a strong need to assure that the poor have access to adequate health care. In these aspects, I am pleased to note the similarity of approach to the problems by the Long-Ribicoff bill and the proposal recently introduced by the distinguished Chairman of this Committee (Mr. Mills) and Senator Kennedy who has played a leading and constructive role in health care matters in the Senate.

The major area of difference between the major health proposals is the question of how to assure adequate basic health protection for the vast majority of Americans.

Should the Federal Government take over the task? Should private health insurance be mandated? Or is there some middle ground?

In developing a solution I believe we should look at two important points: First, the scope of the problem and secondly, our capability to implement a solution.

THE SCOPE OF THE PROBLEM

The first major problem is that, while most Americans have health insurance of one form or another, it is inadequate to cover the catastrophic costs which can bankrupt almost any family within weeks. Over half the policies sold in America have limits not exceeding $10,000. Too often insurance coverage stops just when people need it the most.

We must assure that everyone in America has protection against these financial disasters.

Title I of the Long-Ribicoff bill provides this protection through a Social Security administered and financed program. Both the Administration bill and the Kennedy-Mills bill recognize the need for catastrophic protection and I am sure that between the three bills we can reach agreement on where the catastrophic ceiling should be set.

The second part of the problem is that the poorer a person is, the less likely he or she is to have health insurance. While 90% of those with incomes over $10,000 have hospital insurance, only 39% of those with income under $3,000 have such coverage. Even more shocking some 20% of the under age 65 population (38 million people) have no private health insurance at all.

Congress attempted to meet the needs of the poor through the federal-state Medicaid programs enacted in 1965. It is clear today—almost ten years after enactment of Medicaid—that major reforms are needed in the program. Benefits and eligibility vary widely from state to state. State regulations compete and conflict with federal ones, resulting in waste and inefficiency. State budgets are increasingly unable to cope with rising Medicaid costs. State Medicaid costs have risen to $4.5 billion—a 583% increase in 10 years. In Connecticut alone Medicaid costs will rise from $60 million in 1973 to $70 million in 1975.

Title II of the Long-Ribicoff bill attempts to meet the needs of the poor through a federalized version of the Medicaid program which will provide uniform benefits and eligibility on a national basis. The focus of responsibility for the program will be centered at the federal level rather than split between state and federal agencies. And states will have some of the burden of Medicaid costs removed from their already strained budgets. The cost of such a program is within reasonable bounds—$5.6 billion. I am pleased that the Kennedy-Mills bill adopts our low-income plan.

Finally, while our priorities must include protection against catastrophic illness for all Americans and health care for the poor, the majority of Americans—the middle class and the working men and women should be assured of health protection. They can't afford to pay large out-of-pocket expenses below the catastrophic ceiling.

What can be done for them? Today, most of them have private health insurance of one form or another. Three quarters of those with incomes between five and seven thousand dollars have health insurance. Eighty-four percent of those with incomes between $7,000 and $9,000 have insurance. And ninety percent of those with incomes over $10,000 have insurance.

In total 134 million persons are covered by some form of commercial health insurance. Blue Cross and Blue Shield cover 79 million people and 500 independent plans cover 11 million people.

Today private health insurance covers more people than ever before and it pays for more of a person's health bill. In 1950 private health insurance covered 9% of personal health costs. By 1972 it covered 26%.

Thousands of Americans work in the private insurance field and there is a reservoir of expertise and administrative capability in the private market.

There is no need to eliminate this capability by federalizing the system if the private market can provide adequate basic coverage. But just as there is no need to federalize the health system, we should not be placed in a position of mandating private health insurance.

Our problem is to make sure that the private health insurance that is sold is adequate. Unfortunately, in too many cases it is not. Fine print loopholes, waivers, exclusions, internal policy limits too often take away what the bold print of the policy promises to give.

This is an intolerable situation. All Americans should be able to buy an adequate basic health policy at a reasonable rate without all the loopholes. Can the insurance companies meet this challenge? Title III of the Long-Ribicoff bill gives them the opportunity to try. It would give the insurance industry three years in which to make model basic policies available to all who want to buy them at a rate that is reasonable.

If the insurance companies can do the job of providing basic coverage they should be allowed to do so. If they cannot, an alternative will surely be devised. I believe our approach provides a solid middle ground between federalizing the system or simply mandating private coverage.

FEDERAL CAPABILITY TO SOLVE THE PROBLEM

Having identified the scope of the problem what can government do? As Senator Long mentioned earlier, one of the major reasons we favor the Long-Ribicoff approach is that we are concerned about the Federal Government's ability to effectively implement large social programs. The implementation of the Medicare program was a monument to what dedicated civil servants can do.

However, implementation of that program stretched our administrative capacity close to the limit, creating, as you know, a host of difficulties, some of which have still not been resolved successfully. I am sure that the casework in each of your offices reflects the limits of Medicare's administrative capacity. A fully-federalized health insurance program would, of course, pose enormous administrative burdens well beyond the Medicare program.

Imposing a giant new federal health program would only disillusion many by promising more than it can deliver. We simply do not have the administrative capacity to administer and pay claims for over 200 million Americans, deal with 7000 hospitals, over 320,000 doctors and countless other segments of the health industry. Nor does our health care system have the capacity to deliver all the increased demand for services which fully federalized national health insurance would induce.

In the health care area, I think members of this Committee should give special attention to the experience with the implementation of the health provisions of H.R. 1. By February 1974, 16 months after passage of H.R. 1, final regulations had been issued on less than one-third of the health-related provisions in the Act. Specifically, there were 87 health provisions which needed regulations and regulations had been issued on only 28 of these.

The problems encountered in implementing the new Supplemental Security Income (SSI) program which involves only a few million beneficiaries, reemphasizes that our capacity to administer is not limitless.

Clearly, our realistic administrative capabilities must be kept in mind in developing national health insurance. It is far more desirable to set our sights at this time on a proposal which can be implemented properly than to attempt a giant step which is doomed to failure. Once we have mastered the problems of implementing a realistic health insurance plan, we can expand it in the future as necessary to meet the changing health needs of the American people.

One final point. In shaping a program we must keep in mind the costs. What are American taxpayers willing to spend for health care? The Social Security tax has just about reached its limit. Today, most people pay more in Social Security taxes than they do in income taxes.

The combined Social Security-Medicare levy is now 5.85%.

I don't think we can afford to increase that tax by 3 or 4 percentage points as has been suggested. I believe we can assure proper health care protection for all Americans at a price they can afford. The general approach of Long-Ribicoff provides that assurance.

I look forward to working with all of you as we shape a program to assure adequate health care for all Americans.

3D PARTY PAYERS

[Government pays 40 cents of every dollar for national health expenditures (26 cents Federal and 14 cents State and local). Average personal health care bill in fiscal 1973 was $375 (this figure includes only personal health costs)]

Payment source of personal health care	1950 (percent)	1960 (percent)	1973 Percent	1973 Dollars
Direct patient payment	68	55	35	(132)
Federal/State, local	20	27	38	(142)
Private health insurance	9	21	26	(96)
Philanthropy	3	2	1	(5)

Private health insurance plays a larger role for those under 65.

75 Blue Cross plans cover 76 million persons; 71 Blue Shield plans cover 68 million; together they cover 79 million different people.

APPENDIX: HEALTH INDUSTRY FACTS

1. Health is third largest industry in United States, employing 4.4 million people—an increase of 2 million (80%) over 1960.

2. Health spending in Fiscal 1973 was $94.1 billion (7.7% of GNP):

3½ times the amount in 1960 (5.2%).

8 times the amount in 1950 (4.6%).

3. Average health bill per person $441 in 1973 (personal health costs plus research, etc.):

$142 in 1960.

$78 in 1950.

The growth from 1950 to 1973 is 2½ times as great as wage increases.

4. 1965–72 health care rose by $45.8 billion for the following reasons:

52% ($23.1 billion) due to price increases.

10% ($4.4 billion) from population growth.

38% ($17 billion) from increased use of services and new medical techniques.

5. Hospital care is largest item ($36.2 billion) in health care bill of the nation.

Physicians services $18 billion.

Dentists $5.4 billion.

1,000 commercial companies write policies covering 134 million persons for hospital care.

500 independent plans cover 11 million persons.

End of 1972 about 4/5 of population under age 65 had hospital or surgical insurance:

80% had hospital.

77% had surgical.

76% in-hospital physician.

76% non-hospital X-ray and lab.

51% for office and home visits.

58% for out-of-hospital prescription drugs.

21.5% for nursing home care.

9.5% had dental care.

20% of under age 65 (38 million people) have no health insurance at all. Disproportionate numbers of them were children and poor.

Medicaid applied to 17.4 million people and 2.1 million were blind and disabled.

The poorer a person's family income, the less likely he is to have health insurance.

The proportion of persons under age 65 with hospital protection was 2¼ times more for those with above $10,000 in income than for those with under $3,000.

PERCENTAGE OF UNDER AGE 65 WITH INSURANCE COVERAGE

	Hospital	Surgical	Children under 17
Income under $3,000	39.3	36.7	23.3
$3,000 to $4,999	53.1	50.2	49.1
$5,000 to $6,999	74.5	71.8	74.6
$7,000 to $9,999	84.3	81.9	88.4
$10,000 or more	90.1	88.3	91.8

OVERVIEW

In 1972 the private health insurance industry (including Blue Cross and Blue Shield) collected $22.3 billion in premium income. A little more than 87% ($19.5 billion) was returned in claims and benefits. Overall operating expenses were $3.1 billion (14% of premium income). The net underwriting loss was 1%. That was made up for in income from investment of reserves.

While the commercials received about $11 billion in premium income (76% from group and 24% from individuals) and the Blues $10 billion, the operating expenses of insurance companies was more than three times that of the Blues ($2.3 billion or 21.4%) of premium income for commercials compared with $700 million or 6.9% of premium income for the Blues.

Following is a breakdown of the above overall statistics into four categories: 1) commercial individual; 2) commercial group; 3) Blue Cross; 4) Blue Shield.

1) Commercial individual plans received $2.6 billion in income and paid out $1.4 billion (52.6%) in benefits. Operating expenses amounted to 47% of premium income. Net underwriting gain of $10 million.

2) Commercial group plans received $8.3 billion in income and paid out $7.8 billion (93.3%) in benefits. Operating expenses amounted to 13.4% of premium income. Net underwriting loss of $600 million.

3) Blue Cross plans received $7.1 billion in income and paid out $6.5 billion (92.0%) in benefits. Operating expenses amounted to 5.2% of premium income. Net underwriting gain of $200 million.

4) Blue Shield plans received $2.9 billion in premium income and paid out $2.5 billion (87.2% in benefits. Operating expenses amounted to 11.3% of premium income. Net underwriting gain of $40 million.

NOTE.—The poorer performance of commercials vis a vis Blues is mitigated by the following:

1. Commercials pay federal and state taxes which Blues don't have to pay:

2. Commercials sell more individual policies which have high selling costs;

3. Commercials write more major medical and surgical-medical which have a higher operating expense than straight hospital coverage because of lower premium, large number of claims per enrollee, smaller amount per claim and greater complexity in administering.

PRIVATE HEALTH INSURANCE PERFORMANCE COMPARISON 1971–1972

Premium income for private insurance industry (including Blues) rose 14% in 1972. Claims rose only 10% and operating expenses were stable.

Thus, the industry reduced its net underwriting loss from $792 million in 1971 to $300 million in 1972.

Appendix:

Here is how it breaks down:

1. Blues had 13% increase in premium income in 1972. Claims rose only 10% and operating expenses were stable. Net underwriting gain jumped from less than $3 million in 1971 to $243 million in 1972.

2. Commercials had 14% increase in premium income in 1972. Claims rose only 9% and operating expenses rose only nominally. Net underwriting loss of $775 million in 1971 was reduced to $548 million in 1972.

Commercial individual had a 10% rise in premium income and 7% rise in claims. Operating expenses remained the same. Thus the $20 million net underwriting loss in 1971 was turned into a net underwriting gain of $10 million.

HEALTH MANPOWER 1972

320,000 active physicians in United States or 156 per 100,000 population.

One out of 5 is a graduate of a foreign medical school.

While numbers per 100,000 are up, the proportion of physicians in office-based practices providing patient care is down from 109 per 100,000 in 1950 to 95 per 100,000 in 1972.

HEALTH CARE INSTITUTIONS—7,000 HOSPITALS IN AMERICA

In 1972, there were 33.3 million admissions, 219 million outpatient visits at a total cost of $32 billion.

38% of hospitals (with 54% of bed capacity) are nonprofit.

Hospital expense per day varies from $64 in West Virginia to $130 in Alaska. In Connecticut it is around $100.

Average length of stay varies from 5.2 days in Alaska to 9.6 days in New York.

Financial position of hospitals is improving. Net income in 1971 was $547 million.

Mr. RIBICOFF. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield to the distinguished Senator.

Mr. RIBICOFF. Before asking a few questions, I do want to take this opportunity to commend most highly our distinguished chairman for the imaginative and hard work that has made this bill possible.

The Senator from Louisiana (Mr. LONG), the chairman of the Committee on Finance, has had a continuous and deepening concern for the problems of catastrophic illness and this bill has not been pulled out of the hat. It is a bill that has taken much of his time and mine and also the cooperation of an outstanding staff to do much of this work.

Is it not true that with this present state of the Federal budget and our economy that it would be impossible to put through to the Congress or have the people of this country accept a cradle-to-the-grave approach that would cost some $80 to $90 billion?

Mr. LONG. The Senator is exactly right.

Mr. RIBICOFF. Is it not also true that in devising this bill, we sought to assure that it would be fiscally responsible and that the total cost is some $9 billion?

Mr. LONG. Yes.

Mr. RIBICOFF. But even going further, in the recognition of the present state of our budget, the bill devised by the distinguished chairman takes effect on the catastrophic part as of January 1977?

Mr. LONG. The Senator is correct.

With respect to the Senator's statement of $9 billion, in view of the fact that this bill provides a tax credit for those who are already providing health insurance of a similar nature for their employees with the private insurance industry, the cost of the bill is reduced from a previous cost of $9 billion down to $7 billion.

It is true that much money will be spent, but the Federal part of it would be more nearly $7 billion than $9 billion.

Mr. RIBICOFF. That point is well taken.

Also, what we have tried to do is to build this plan on an incremental basis, recognizing that we cannot solve all the problems of health care at one time.

Mr. LONG. The Senator is correct.

Mr. RIBICOFF. And is it not true, we have also been concerned to build on the strengths of medicare and medicaid, recognizing also the weaknesses of those respective programs?

Mr. LONG. Yes, it is.

Mr. RIBICOFF. Is it not true that in our work in the Committee on Finance, we have watched with deep concern many of the weaknesses of present social programs; take the supplemental security income for the aged, blind and disabled, it is only 2 years old, it is now an administrative nightmare. Is that not correct?

Mr. LONG. That is right.

Mr. RIBICOFF. And it covers less than 10 percent of the population, yet we are discovering on a daily basis the bureaucratic problems of medicare and medicaid.

Mr. LONG. All this drives home the point that the Senator from Connecticut has made many times, that on these vast imaginative programs, which may well be the wave of the future, we ought to go more slowly. We ought to feel our way before we leap into an area that could involve enormous cost and in some cases enormous waste.

Mr. RIBICOFF. But in addition to the question of cost, from our experience, personal experience, the hearings before the Committee on Finance and the recession, is it not possible that if we suddenly tried to impose an overall health system for 210 million Americans from the date of birth to the date of death, if the hundreds of thousands of health professionals, doctors, nurses, dentists, paramedicals, administrators, that we could bog down our whole health system instead of getting better health care for the American people, we could end up with worse health care?

Mr. LONG. We could waste a vast amount of money and create a complete monstrosity by trying to do something far beyond our present capabilities.

Mr. RIBICOFF. There is one final point I would like to make.

At a time when all of our States are in the midst of a fiscal crisis in our municipalities, what we are doing, too, is placing a lid on the State medicaid cost with the Federal system assuming all above the present cost of medicaid. So the States from now on, once we would pass this bill, would be assured that their costs would not be open ended in the future.

Mr. LONG. That is correct.

Mr. RIBICOFF. So in this program not only are we helping the individuals to get good quality health care, but we are also making a substantial saving for the respective 50 States.

Mr. LONG. That is exactly right.

Mr. RIBICOFF. Again I want to commend the chairman for his leadership in this most important field.

Mr. LONG. Mr. President, permit me to thank my very able and talented friend from Connecticut for his contribution. He has been a leader in this area for many years. I am very proud to serve with him on the Committee on Finance because the experience that he had in helping to initiate the medicare and medicaid programs, serving as the Secretary of Health, Education, and Welfare, as well as the leadership he has provided in the Finance Committee on health matters and social security and other socially oriented issues, has been of tremendous importance and benefit to the entire Nation.

I like to think that on the Finance Committee, where we hear one another's arguments day in and day out, men of reason tend to move toward one another and coalesce on something that we can all support. Many times that is the case because of the eloquence and persuasiveness of the distinguished Senator from Connecticut. Many times, because he is so articulate and able to get his thinking through to others, we tend to move toward his view. Likewise, he is most kind and considerate in weighing the other person's point of view and trying to accept the best of what others have to offer, while urging that they consider his.

He played a major part in working out this measure. I hope very much that, working together as a team, we can persuade the rest of our committee to support this measure, and, in due course, that we can persuade the Senate to vote for it.

I know we will have some other suggestions offered, but it is my hope that when we reach the point of reporting this measure, we may be near unanimous in the Finance Committee.

Mr. RIBICOFF. Just to add a point to what the chairman has just said, there are sincere, dedicated men in this body who are dedicated to another approach, to try to do the entire job. But I am sure if they stop to think and think carefully of the overall problem, they will recognize the impossibility with the present financial circumstances of our respective budgets and the individual tax bite, and also the ability of the health system to absorb such a plan. They will realize the impossibility for many, many years to pass and put into effect an overall approach. The failure of all of us to get together on a middle-of-the-road plan, which this is because it appeals to our original group of cosponsors, liberals, conservatives, middle of the roaders, men from all sections of the country, it becomes very, very important that because we cannot get everything in health we should not deprive a substantial segment of our people from financial catastrophe, the loss of their home, financial bankruptcy, the inability to educate their children.

There is not one of us in this body who is not aware of great personal tragedies that have been visited upon millions of families throughout our land who are burdened with catastrophic illness and have no place to turn to pay for the cost of these catastrophes.

Mr. LONG. Mr. President, the Senator well knows that a long while back we put something into effect along this line to take care of people with kidney failures. He knows that many people died simply because they could not afford kidney transplants and kidney dialysis. The cost of that program has substantially exceeded the estimate. One reason it did was that there were a lot of good Americans who were simply quietly dying rather than seeking treatment that they could not afford. Therefore, we had no real knowledge of the fact that the suffering was more extensive than any estimate could show. Social Security reports that three times as many people have been identified as suffering kidney failure than were originally estimated. Doctors could report when someone actually came to them who was unable to pay for kidney dialysis or transplant; the doctor simply had to say there was nothing more he could do about the matter. But we were unaware of the vast number of people who did not go to the doctor in the first instance because they knew that it was hopeless in view of the fact that they could not pay for the health care they needed.

The PRESIDING OFFICER (Mr. Durkin). The time of the Senator from Louisiana has expired. Under the previous order, the Senator from Connecticut (Mr. Ribicoff) is to be recognized for not to exceed 15 minutes.

Mr. RIBICOFF. I yield on my time to the distinguished Senator from Louisiana.

Mr. LONG. If the Senator will yield a few moments of his time, that will be adequate to this Senator.

I just want to complete my statement by saying there are a great number of Americans to whom we owe a lot, who have made their fair contribution to this Nation, both as a peacetime contribution and a patriotic war-time contribution. Those citizens deserve something better from us than to simply die or suffer because the Nation has failed to meet this challenge of providing adequate protection, insurance or otherwise, to its citizens.

This bill will take care of the cases of striking and pitiful disaster. There will be more left to be done, but this will help us to know for the future what direction our future decisions should be. We give private enterprise a chance to show what it can do in the private insurance area and give it a tremendous incentive to do that job. Where private industry will not be doing the job, the Government will do that for us. We can measure one by the other to see how well they perform. It is my hope that private enterprise will perform so well in its segment that we would look to it in the future to provide a major place in any future expansion of health and medical activities for the private sector. But we will have a better chance to judge with this bill in effect.

I thank the Senator for all he has done to help in this area and I look forward to working with him.

I send the bill to the desk for appropriate reference, and I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2470

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Catastrophic Health Insurance and Medical Assistance Reform Act".

TITLE I—CATASTROPHIC ILLNESS INSURANCE

AMENDMENTS TO SOCIAL SECURITY ACT

Sec. 101. (a) The Social Security Act is amended by adding after title XX the following new title:

"TITLE XXI—CATASTROPHIC HEALTH INSURANCE PROGRAM

"PURPOSE OF TITLE

"Sec. 2101. The insurance program established by this title is designed to provide protection to all individuals who are citizens or permanent residents of the United States against the costs of high-cost catastrophic illness. Each such individual will be provided such protection either under the Federal plan established by part A of this title, or under an employer plan or a self-employed plan approved under part B of this title.

"Part A—Federal Plan

"ELIGIBLE INDIVIDUALS

Sec. 2102. (a) Every individual who—

"(1) is a resident of the United States, and

"(2) is a citizen of, or an alien lawfully admitted for permanent residence in, the United States, or an alien otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act),

shall (subject to section 2107) be entitled to catastrophic health insurance benefits provided by this part for any period which commences on or after January 1, 1977, and with respect to which he is not covered by an employer plan approved under part B.

"(b) For purposes of subsection (a), entitlement of an individual to catastrophic health insurance benefits under this part shall consist of entitlement to have payment made, under and subject to the limitations in this title, to him or on his behalf for the services described in section 2103(a) which are furnished to him in the United States (or outside the United States in the case of services specified in section 1814 (f)).

"SCOPE OF BENEFITS

"Sec. 2103. (a) The benefits provided to an individual by the insurance program established by this part shall consist of entitlement to have payment made (subject to the provisions of this part) on his behalf or to him for—

"(1) hospital and related services (as defined in subsection (c)(1)) which are furnished to such individual during a period with respect to which he has met the deductible imposed by section 2104(b), and

"(2) medical and other health services (as defined in subsection (c)(2)) which are furnished to such individual during a period with respect to which he has met the deductible imposed by section 2104(c).

"(b) Payment authorized under this part for any service covered hereunder shall be made to the person to whom payment for such service would be made under title XVIII, if such service were furnished to an individual who was covered therefor under title XVIII.

"(c)(1) The term 'hospital and related services' means—

"(A) inpatient hospital services (as defined in section 1861(b)),

"(B) post-hospital extended care services (as defined in section 1861(i)), and

"(C) home health services (as defined in section 1861(m)).

"(2) The term 'medical and other health services' means—

"(A) medical and other health services (as defined in section 1861(s)),

"(B) home health services (as defined in section 1861(m)), and

"(C) outpatient physical therapy services (as defined in section 1861(p)).

"(d) Notwithstanding the preceding provisions of this section, no payment may be made with respect to—

"(1) expenses incurred for items or services, if pursuant to section 1862 (a), (b), or (d) payment may not be made with respect to such items or services under title XVIII, or

"(2) expenses incurred for post-hospital extended care services furnished to an individual on any day during any calendar year, if, prior to such day, there have been furnished to such individual for 100 days during such year such services with respect to which benefits under this part are payable.

"PAYMENT AND DEDUCTIBLE

"Sec. 2104. (a)(1) Payment of benefits under this part with respect to expenses incurred by an insured individual shall be made from the Federal Catastrophic Health Insurance Trust Fund.

"(2) For purposes of payment of benefits under this part with respect to expenses incurred for health services furnished to any insured individual, there shall be taken into account—

"(A) in case of expenses incurred for hospital and related services (as defined in section 2103(c)(1)), only so much of such expenses as are incurred for such services furnished during a period with respect to which the deductible imposed by subsection (b) is met, and

"(B) in case of expenses incurred for medical and other health services (as defined in section 2103(c)(2)), only so much of such expenses as are incurred for such services furnished during a period with respect to which the deductible imposed by subsection (c) is met;

and, with respect to the services to which the expenses so taken into account are attributable, there shall be paid (except where inconsistent with the provisions or purposes of this part) an amount which shall be equal to (and determined in the same manner as) the amount which would have been payable for such service under title XVIII in the case of an individual entitled to have payment made with respect thereto under such title (as determined without regard to any provision of such title relating to deductibles or copayments).

"(b) The deductible imposed by this subsection with respect to expenses incurred for hospital and related services (as defined in section 2103(c)(1)) shall be met by an insured individual—

"(1) for the period, in the calendar year, which commences on the day following the 60th day, during the calendar year and the last 3 months of the preceding calendar year, in which such individual received inpatient hospital services; and

"(2) for the period, in the calendar year, which is prior to the first consecutive 90-day period therein in which such individual is neither an inpatient in a hospital nor an inpatient in a skilled nursing facility, but only if the first day for which such services in the calendar year occurs not later than 90 days after the last day with respect to which benefits were payable under this part on account of inpatient hospital services furnished to him in the preceding calendar year.

"(c)(1) The deductible imposed by this subsection with respect to expenses incurred for medical and other health services (as defined in section 2103(c)(2)) shall be met by an insured individual—

"(A) for the period, in the calendar year, which occurs after such individual has incurred, during such year and the last 3 months of the preceding calendar year, expenses (including expenses deemed under paragraph (2) to be incurred by him, but excluding amounts required to be excluded under paragraph (3)) for such services of $2,000 (or, if higher, the amount determined under paragraph (4)); and

"(B) for the period, in the calendar year, which occurs prior to the first 90-day period therein during which such individual incurs for such services expenses (including expenses deemed under paragraph (2) to be incurred by him) the aggregate of which is less than $500 (or, if greater, the amount determined under paragraph (5)), but only if (i) during the last 3 months of the preceding calendar year, such individual incurred for such services expenses (including expenses deemed under paragraph (2) to be incurred by the individual) of at least $500 (or, if greater, the amount determined under paragraph (5)), and (ii) such individual had met (by reason of the application of clause (A)) for a period in the preceding calendar year the deductible imposed by this paragraph.

"(2)(A) In determining, for purposes of clauses (A) and (B) of paragraph (1), the amount of expenses incurred by an individual for medical and other health services furnished during any period, there shall be deemed to have been incurred by such individual any expenses incurred for such services furnished during such period to each other member of such individual's family, but only if such other member is (i) the spouse of the individual, (ii) a dependent of such individual, (iii) the person (or the spouse of the person) of whom such individual is a dependent, or (iv) a person who is a dependent of the same person of whom such individual is a dependent.

"(B) For purposes of subparagraph (A)—

"(i) the term 'dependent' shall have the meaning assigned to it by regulations of the Secretary;

"(ii) the term 'family' means two or more individuals who are (I) related by blood, marriage or adoption, and (II) living in a place of residence maintained by one or more of them as his or their own home (and for purposes of this clause, a child under age 22 who is absent from home for the purpose of attending an educational institution as a full-time student shall be deemed while so absent to be living in such place of residence); and

"(iii) the term 'member', when used in reference to a family means an individual described in clause (ii).

"(3) In determining, for purposes of paragraph (1)(A), the amount of expenses incurred (or deemed to be incurred) by an individual for medical and other health services in any calendar year, there shall be disregarded all amounts in excess of $500 incurred in connection with the treatment of mental, psychoneurotic, or personality disorders of such individual.

"(4) The Secretary shall, between July 1 and October 1 of 1977 and of each year thereafter, determine and promulgate the deductible which shall be applicable for purposes of paragraph (1)(A) in the succeeding calendar year. Such deductible shall be equal to whichever of the following is the higher:

"(A) $2,000, or

"(B) $2,000 multiplied by the ratio of the component of the Consumer Price Index, prepared by the Department of Labor for June of the year in which such determination is made and promulgated, which represents fees for physician services to such component of such Consumer Price Index for the month of June 1976, with such product, if not a multiple of $100, being rounded to the nearest multiple of $100.

"(5) The Secretary shall between July 1 and October of 1977 and of each year thereafter, determine and promulgate the amount which shall be applicable for purposes of paragraph (1)(B) in the succeeding calendar year. Such amount shall be equal to whichever of the following is the higher:

"(A) $500, or

"(B) $500 multiplied by the ratio of the component of the Consumer Price Index, prepared by the Department of Labor for June of the year in which such determination is made and promulgated, which represents fees for physician services to such component of such Consumer Price Index for the month of June 1976, with such product, if not a multiple of $50, being rounded to the nearest multiple of $50.

"(e)(1) Payment for services under this title shall also be subject to the limitations described in section 1812(e) and section 1833(e).

"(2) Payment under this part with respect to expenses incurred in connection with the treatment of mental, psychoneurotic, and personality disorders shall not be made unless such treatment consists of 'mental health care services' (as defined in paragraph (3)).

"(3) As used in paragraph (1) the term 'mental health care services' includes only care and services for mental conditions—

"(A) which, if provided on an inpatient basis, consist of a course of active care and treatment provided in and by an accredited medical institution (as determined by the Secretary),

"(B) which, if provided on a partial hospitalization basis, are provided (i) in and by an accredited medical institution (as determined by the Secretary), or (ii) in and by a qualified community mental health center (as determined in accordance with regulations of the Secretary),

"(C) which, if provided on an outpatient basis, are—

"(i) provided by a qualified community mental health center (as determined in accordance with regulations of the Secretary), or

"(ii) provided by a psychiatrist;

except that such term does not include any outpatient services provided by a psychiatrist, during a 12-month period, for purposes of diagnosis or treatment of acute psychosis in excess of (I) five visits, plus (II) such additional visits as shall have been approved in advance by an appropriate professional review mechanism upon a finding that, in the absence of such additional visits, the patient will require institutional care.

"(f)(1) Payment under this part with respect to expenses incurred for blood, blood products, and procedures and courses of treatment which are either experimental or unusually extensive or complex shall be subject to standards and criteria imposed by the Secretary pursuant to paragraph (2).

"(2) The Secretary shall by regulations prescribe standards and criteria designed to assure that services consisting of the furnishing of blood or blood products or the application of procedures or courses of treatment, referred to in paragraph (1), for which payment may be made under this part will be provided only when, and to the extent that, such services are appropriate to the health care needs of the patient.

"(g) Payment under this part may not be made for extended care services furnished to an individual during any period for which such individual is entitled to hospital insurance benefits under part A of title XVIII.

"CONDITIONS OF AND LIMITATIONS ON PAYMENT FOR SERVICES

"SEC. 2105. (a) To the extent that payment may be made for services described in section 2103(a)(1), the provisions of sections 1814, 1815, 1816, 1833(f), and 1835 shall apply.

"(b) To the extent that payment may be made for services described in section 2103(a)(2), the provisions of section 1842 shall apply.

"APPLICABILITY OF CERTAIN PROVISIONS OF, OR RELATING TO, TITLE XVIII

"SEC. 2106. (a) The provisions of section 1861 (except subsections (a) and (y)), 1866, 1867, 1869, 1870, 1871, 1872, 1873, 1874, and 1875 shall apply with respect to this part to the same extent as they are applicable with respect to title XVIII.

(b) The provisions of section 402(a) of the Social Security Amendments of 1967 and the provisions of section 222(a) of the Social Security Amendments of 1972 shall be applicable to this part to the same extent as they are applicable to title XVIII.

"TREATMENT OF BENEFITS UNDER OTHER PROGRAMS

"SEC. 2107. Any amount otherwise payable under this part with respect to any item or service furnished to an individual shall not be denied or reduced because a benefit with respect to such item or service has been paid or is payable under any other public or private insurance or health benefits plan. Notwithstanding any other provision of law, payment shall not be made with respect to any item or service furnished to any individual under the Medical Assistance Plan for Low-Income People established by title XIX or the insurance program established by part A or B of title XVIII, if such individual is (or, upon filing a proper claim, would be) entitled to have payment made under this part with respect to such item or service.

"CONTRIBUTIONS WITH RESPECT TO STATE AND LOCAL EMPLOYEES; APPROVED STATE LAWS

"SEC. 2108. (a) Contributions for the financial support of the catastrophic health insurance program established by this part shall be made by employers which are States (or political subdivisions thereof) in the manner prescribed under a State law approved by the Secretary of the Treasury under section (b).

"(b)(1) The Secretary of the Treasury shall approve a State law for purposes of this section only if such law—

"(A) provides that the State will pay into the Treasury, with respect to wages paid to employees of the State and employees of all political subdivisions of the State, amounts equal to the amounts which such State would be liable to pay with respect to the wages of such employees under the catastrophic health insurance protection tax imposed by section 3111(c) of the Internal Revenue Code of 1954 if such State were a private employer and all such employees were employed by it.

"(B) provides that any amounts so payable shall be paid at the same time and subject to the same conditions as taxes imposed by such section 3111(c) in the case of a private employer.

"(C) is in such form and contains such other provisions as the Secretary of the Treasury shall by regulations provide, and

"(D) becomes effective on January 1, 1977.

"(2) At the earliest practicable date after the State law of any State has been approved by the Secretary of the Treasury, he shall certify to the Secretary of Health, Education, and Welfare that such State law has been approved.

"(3) If the Secretary of the Treasury finds, after reasonable notice and opportunity for hearing to a State, that—

"(A) the State law of such State, theretofore approved by him, has been repealed, or amended so that it no longer meets the requirements imposed by paragraph (1), or

"(B) the State has not substantially complied with its obligations to make contributions into the Treasury in accordance with the requirements imposed under paragraph (1),

he shall withdraw the certification of such State law theretofore approved by him and shall so notify the Secretary of Health, Education, and Welfare.

"FEDERAL CATASTROPHIC HEALTH INSURANCE TRUST FUND

"SEC. 2109. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Federal Catastrophic Health Insurance Trust Fund (hereinafter in this section referred to as the 'trust fund'). The trust fund shall consist of such amounts as may be deposited in, or appropriated to, such fund as provided in this part. There are hereby appropriated to the trust fund for the fiscal year ending September 30, 1977, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"(1) the taxes imposed by section 3111(c) of the Internal Revenue Code of 1954 with respect to wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code after December 31, 1976, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such sections to such wages, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of records of wages established and maintained by the Secretary of Health, Education, and Welfare in accordance with such reports;

"(2) the taxes imposed by section 1401(c) of the Internal Revenue Code of 1954 with respect to self-employment income reported to the Secretary of the Treasury or his delegates on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such section to such self-employment income, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of records of self-employment established and maintained by the Secretary of Health, Education, and Welfare in accordance with such return; and

"(3) the contributions made by States pursuant to State laws approved under section 2108.

The amount appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the trust fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than taxes specified in such sentence.

"(b) With respect to the trust fund, there is hereby created a body to be known as the 'board of trustees of the trust fund' (hereinafter in this section referred to as the 'board of trustees'), composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the board of trustees (hereinafter in this section referred to as the 'Managing Trustee'). The Commissioner of Social Security shall serve as the secretary of the board of trustees. The board of trustees shall meet not less frequently than once each calendar year. It shall be the duty of the board of trustees to—

"(1) hold the trust fund;

"(2) report to the Congress not later than the first day of April of each year on the operation and status of the trust fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next 2 fiscal years;

"(3) report immediately to the Congress whenever the board is of the opinion that the amount of the trust fund is unduly small; and

"(4) review the general policies followed in managing the trust fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the trust fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the trust fund during the preceding fiscal year, an estimate of the expected income to, and disbursements to be made from, the trust fund during the current fiscal year and each of the next 2 fiscal years, and a statement of the actuarial status of the trust fund. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(c) It shall be the duty of the Managing Trustee to invest such portion of the trust fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purpose for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the trust fund. Such obligations issued for purchase by the trust fund shall have maturities fixed with due regard for the needs of the trust fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest on such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield. The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, only where he determines that the purchase of such other obligations is in the public interest.

"(d) Any obligations acquired by the trust fund (except public debt obligations issued exclusively to the trust fund) may be sold by the Managing Trustee at the market price, and such public debt obligations may be redeemed at par plus accrued interest.

"(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the trust fund shall be credited to and form a part of the trust fund.

"(f) There are authorized to be appropriated to the trust fund from time to time such sums as the Secretary of Health, Education, and Welfare deems necessary for any fiscal year, on account of—

"(1) payment made or to be made during such fiscal year from the trust fund with respect to individuals who are entitled to benefits under part A of title XVIII or are eligible for health benefits provided under title XIX,

"(2) the administrative expenses attributable to providing benefits under this part to individuals referred to in paragraph (1), and

"(3) any loss in interest to the trust fund resulting from the payment of such amounts,

in order to place the trust fund in the same position at the end of such fiscal year in which it would have been if the individuals referred to in paragraph (1) were not entitled to the benefits provided under this part.

"(g) There shall be transferred periodically (but not less often than once each fiscal year) to the trust fund from the Federal Old-Age and Survivors Insurance Trust Fund and from the Federal Disability Insurance Trust Fund amounts equivalent to the amounts not previously so transferred which the Secretary of Health, Education, and Welfare shall have certified as overpayments pursuant to section 1870(b) of this Act as made applicable to this title by section 2106.

"(h) The Managing Trustee shall also pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to make the payments provided for by this part, and the payments with respect to administrative expenses in accordance with section 201(g)(1).

"MEANING OF 'STATE', 'UNITED STATES'

"Sec. 2110. As used in this part—

"(a) the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa, and

"(b) the term 'United States', when used in a geographical sense, means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"PART B—EMPLOYER PLANS, AND SELF-EMPLOYED PLANS

"EFFECT OF COVERAGE

"Sec. 2120. Any individual who would otherwise be eligible for benefits under part A of this title shall not be eligible for such benefits during any period for which he is covered under an employer plan or a self-employed plan approved by the Secretary under this part, but shall instead be entitled to the benefits provided under such approved plan.

"DEFINITIONS

"Sec. 2121. For purposes of this part—

"(a) The term 'employer plan' means—

"(1) an insurance policy, contract, or other arrangement entered into between an employer and a carrier under which the carrier, in consideration of premiums or other periodic payments, undertakes to provide, pay for, or reimburse the costs of, health services received by those of the employer's employees (and those of the family members of such employees) who are covered by the plan, or

"(2) a plan under which the employer, as a self-insured employer (as defined in subsection (d)), undertakes to provide, pay for, or reimburse the costs of, health care services received by those of the employer's employees (and those of the family members of such employees) who are covered by the plan.

"(b) The term 'self-employed plan' means an insurance policy, contract, or other arrangement entered into between a self-employed individual and a carrier under which such carrier in consideration of premiums or other periodic payments, undertakes to provide, pay for, or reimburse the costs of, health services received by such individual (and those of the family members of such individual who are covered by the plan).

"(c) The term 'carrier' means a voluntary association, corporation, partnership, or other nongovernmental organization which is engaged in providing, paying for, or reimbursing the costs of, health services under insurance policies or contracts, medical or hospital agreements, membership or subscription contracts, or similar arrangements, in consideration of premiums or other periodic charges payable to the carrier.

"(d) The term 'self-insured employer' means an employer who (either through outside administrators, including carriers, or otherwise) engages, without insurance arrangements with a carrier, to provide, pay for, or reimburse the cost of, health services for some or all of his employees.

"(e) The term 'employer' includes a State (or political subdivision thereof) and the Federal Government.

"APPROVAL OF PLANS

"SEC. 2122. (a) (1) In order for an employer plan or a self-employed plan to be approved by the Secretary under this part—

"(A) such plan, in the case of any plan other than an employer plan of a self-insured employer, must be a plan offered by a carrier which is approved by the Secretary pursuant to subsection (c);

"(B) the coverage provided under such plan must include, but shall not be limited to, a package of benefits, which (in terms of scope of benefits and the conditions of payments thereof) is the same as that provided by the Federal catastrophic health insurance benefits plan established by part A; except that the requirement imposed by this clause shall not be construed to (i) make applicable to the plan (or its administration) the provisions of sections 1862 (b) or (d), 1815, 1816, 1842, 1866, 1869, 1870, 1972, or 2104(a) (1), and the carrier offering such plan may utilize in the administration of the plan, payment and provider arrangements of the kind which are employed by it in connection with the administration of health insurance policies or plans which are not approved under this part, (ii) require that such plan provide coverage for any occupational injury or disease or for any item or service for which any benefit is payable unde a workmen's compensation law of the United States or a State, and (iii) preclude the plan from making the benefits offered thereunder subject to provision for coordination of benefits provided under other plans (including the Federal plan established under part A), if such provision for coordination of benefits is approved by the Secretary as being consistent with prevailing practice within the health insurance industry for the coordination of benefits;

"(C) such plan (in the case of an employer plan) (i) must cover all of the employees of such employer (other than employees who perform service for less than 25 hours per week, temporary employees, or employees who are entitled, under section 226, to hospital insurance benefits under part A of title XVIII), and (ii) may, at the option of the employer, cover all of the employees of the employer;

"(D) such plan must cover the spouse and dependent family members of any employee (in the case of an employer plan) or self-employed individual (in the case of a self-employed plan) covered by the plan;

"(E) such plan (in the case of an employer plan) must not require or permit any financial participation in the cost of the plan by any individual covered thereunder;

"(F) such plan (in the case of an employer plan) must provide that coverage (in the case of a new employee, his spouse, and dependent family members) will begin not later than the first day of the first calendar month which commences more than 30 days after the date the employee's employment commences, and that coverage of an employee (and of members of his family who are covered by the plan) will not be terminated by reason of the separation of the employee from his employment by such employer prior to 90 days after the date of such separation, or (if earlier) the first day after the date on which such employee first obtains coverage under another employer plan approved under this part;

"(G) such plan, in the case of any employer plan (other than an employer plan of a self-insured employer) must be a plan under which there are available to the employer arrangements for the pooling of risks under the plan by which his employees are covered and under the plans by which employees of other employers are covered so that the premium or other periodic charge payable therefor to the carrier are determined on a class basis either (i) without regard to the payments or reimbursements for health services received by the employer's employees (and family members of such employees) covered by the plan, or (ii) without regard to the payments or reimbursements for health services received by the employer's employees (and family members of such employees) in excess of a specified amount agreed to between the employer and the carrier of payments or reimbursements as to any one individual or family and under which the premium or other periodic charge made under such arrangement is specifically identified to the purchaser;

"(H) the premium or other periodic charge imposed for the pooling arrangements described in clause (G) shall (in case of any plan other than an employer plan of a self-insured employer) be stated, to the employer or self-employed individual subscribing to the plan, in annual (or more frequent) billings or renewal notices which shall be expressed in such a manner as to facilitate a comparison of such premium or charge with the amount allowable on account of such plan as a tax credit under section 1403 or section 3114, as the case may be, of the Internal Revenue Code of 1954.

"(2) In any case where, pursuant to one or more collective bargaining agreements, health insurance responsibilities for one or more groups (but not all) of the employees of an employer have been placed with a labor organization, the Secretary may waive the requirement imposed by paragraph (1) (C) (i) with respect to such group or groups of the employer's employees for such period as may be necessary to enable the employer and the labor organizations with which he has collective bargaining agreements a reasonable opportunity so to arrange health insurance coverage of the employees of the employer as to meet the requirement imposed by paragraph (1) (C) (i). The Secretary shall provide technical assistance to, and recommend procedures to be employed by, such employer and such organizations in meeting such requirement.

"(3) Approval of the Secretary of any plan (other than an employer plan of a self-insured employer) shall not be denied because such plan is provided under arrangements with carriers involving the plans of two or more employers in the same industry or under a trust or trade association arrangement.

"(b) (1) No employer plan or self-employed plan shall be approved by the Secretary except on the basis of an application for approval submitted by the employer or self-employed individual (or by a carrier on such person's behalf) to the Secretary, which application shall be in such form and contain such information and assurances as the Secretary shall by regulations require.

"(2) Applications for approval may contain provision for recommendations of approval, by the insurance department or similar agency of the State involved; and the Secretary may employ any such recommendations as a basis for expediting approval of the application with respect to which such recommendations are made.

"(3) (A) The Secretary shall not approve any application of an employer plan by a self-insured employer unless such application contains or is supported by proof and assurances satisfactory to the Secretary that the employer has the financial ability to discharge his obligations under the plan and has the administrative ability effectively to discharge such obligations.

"(B) The Secretary may, as a condition of approval of an employer plan by a self-insured employer, require the employer to deposit in a depository designated by the Secretary either an indemnity bond or securities (at the option of the employer) of a kind and in an amount determined by the Secretary, and subject to such conditions as the Secretary may prescribe (which shall include authorization to the Secretary in case of default of the employer's obligations to provide benefits under the plan to sell any of such securities sufficient to discharge such obligations or to bring suit upon such bonds to procure the prompt discharge of such obligations).

"(c) (1) As used in this section—

"(A) the term 'catastrophic health insurance' means a health insurance policy or plan which provides the coverage which is required pursuant to subsection (a) (1) (B); and

"(B) the term 'carrier' includes any nonprofit hospital or medical service corporation.

"(2) (A) In order for a carrier to be approved by the Secretary under this subsection, the carrier must—

"(i) offer, in each State in which such carrier does health insurance business, catastrophic health insurance to all individuals and groups on an annual or shorter contract basis, with the option of the policyholder to renew at the expiration of the term of the policy, and with provision that the coverage so offered will not be discontinued or denied in the case of any individual or group except for failure to make timely payment of premium therefor;

"(ii) provide claims determination procedures with respect to catastrophic health insurance benefits which (I) comply with the requirements imposed by section 503 of the Employee Retirement Income Security Act of 1974 and the regulations issued thereunder by the Secretary of Labor and (II) are consistent with those employed by the carrier in its noncatastrophic health insurance business and which in general are at least as favorable to claimants as those employed under the Federal plan established by part A, and

"(iii) operate in accordance with procedures satisfactory to the Secretary for meeting its obligations with respect to policies of catastrophic health insurance and for disposition of unearned premiums on such policies in the event of the discontinuance of such policies or the withdrawal of its status as an approved carrier by the Secretary.

"(B) In order to better enable carriers to meet the requirements imposed by subparagraph (A) (ii), the Secretary shall provide to carriers, offering approved plans under this part, reasonable access to claim data developed under the Federal plan established by part A.

"(d) Approval of a plan by the Secretary under this section shall not have the effect of causing such plan to be a 'governmental plan', as that term is employed in and for purposes of title I of the Employee Retirement Income Security Act of 1974, if such plan would, in the absence of such approval, not be a 'governmental plan', as that term is so employed.

"(e) (1) It shall not be unlawful, under any antitrust law, for any carrier or group of carriers to enter into or participate in any pool, reinsurance, or other residual market arrangement, or for any carrier to carry on any activity which is necessary or appropriate to discharge its functions under any such arrangement, if and to the extent that, such arrangement and the activities taken pursuant thereto are confined to the offering and administration of plans approved by the Secretary under this section.

"(2) As used in paragraph (1), the term 'antitrust law' means the Federal Trade Commission Act, each statute referred to in section 4 of that Act (15 U.S.C. 44) as an Antitrust Act, any other statute of the United States in pari materia, and any law of any State or political subdivision thereof which prohibits or restrains contracts, combinations, or other arrangements in restraint of trade.

"CERTIFICATIONS TO THE SECRETARY OF THE TREASURY

"SEC. 2123. (a) Whenever the Secretary approves, or withdraws approval of, any employer plan or self-employed plan under this part, he shall submit a certification of his action to the Secretary of the Treasury.

"(b) (1) The Secretary shall, prior to January 1, of each calendar year, certify to the Secretary of the Treasury the Table of Values of Catastrophic Health Insurance Coverage which shall be in effect for such calendar year, together with such additional data as may be needed by the Secretary of the Treasury in connection with the administration of sections 42, 1403, and 3114 of the Internal Revenue Code of 1954.

"(2) The table of values referred to in paragraph (1) shall be developed, for each calendar year, by the Secretary and shall, except for such adjustments as the Secretary shall deem to be necessary, be the same as the Table of Values of Catastrophic Health Insurance Coverage which is prepared and recommended to the Secretary for such year by the Actuarial Committee established pursuant to section 2124.

"(3) Such table of values developed by the Secretary shall be made to all carriers who offer catastrophic health insurance plans approved under section 2122 and to all other interested persons.

"ACTUARIAL COMMITTEE

"SEC. 2124. (a) (1) There is hereby established an Actuarial Committee which shall consist of five individuals, who are not otherwise in the employ of the United States, appointed by the Secretary.

"(2) (A) Members of the Committee shall be persons who are qualified to perform the functions and duties of the Committee. No individual shall be a member of the Committee unless he (i) is enrolled, or meets the conditions for enrollment (other than those relating to pension experience), as an actuary in the Joint Board for the Enrollment of Actuaries established by section 3041 of the Employee Retirement Income Security Act of 1974, and (ii) has significant actuarial experience in the field of health insurance.

"(B) At no time shall more than two members of the Committee be in the employ of a carrier (as defined in section 2122(c) (1) (B)) which does health insurance business.

"(3) Members of the Committee shall serve for terms of 4 years, except that of those first appointed, one shall be appointed for a term of 1 year, one shall be appointed for a term of 2 years, one shall be appointed for a term of 3 years, and two shall be appointed for terms of 4 years. A member may be reappointed, but no member may serve for more than 2 successive terms. A member appointed to fill a vacancy shall be appointed only for the unexpired term of his predecessor. A majority of the members of the Committee shall constitute a quorum thereof and action taken by the Committee shall be by majority vote of those present and voting. The Secretary shall, from time to time, designate a member of the Committee to serve as Chairman thereof.

"(4) The Secretary shall furnish to the Committee an executive secretary and such secretarial, clerical, and other services as may be required to enable the Committee to carry out its duties and functions.

"(b) (1) Members of the Committee shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Committee.

"(2) While away from their homes or regular places of business in the performance of services for the Committee, members of the Committee shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government are allowed expenses under section 5703(b) of title 5 of the United States Code.

"(c) Section 14(a) of the Federal Advisory Committee Act shall not apply to the Actuarial Committee established pursuant to this section.

"(d) (1) It shall be the duty and function of the Committee to prepare and recommend to the Secretary, not later than October 1 of each year, a Table of Values of Catastrophic Health Insurance Coverage which shall be in effect for the calendar year commencing on the following January 1.

"(2) Such table of values shall establish, for each State, the actuarial value of one year's catastrophic health insurance coverage for one individual, as estimated for the calendar year for which such table of values is to be in effect, and shall be designed (with the use of a table of adjustment factors) to enable employers, carriers, and others involved with plans approved under section 2122 to determine the actuarial value of the catastrophic health insurance coverage provided under any such plan.

"(3) The value of catastrophic health insurance coverage shall be established by the Committee according to the best data and information available to it on the basis of the expected costs or charges for health care services, the expected utilization of health care services by all persons having such coverage, the expected administration and claim payment expenses (including an allowance for risk) applicable to plans providing such coverage, and such other information as the Committee determines to be relevant. In establishing such value of coverage in any State, the Committee shall employ appropriate adjustment factors, which shall be applied uniformly within the State, to reflect significant cost differences related to geographic variations and the age and dependency characteristics of individuals covered under plans providing such coverage.

"(4) The term 'catastropic health insurance', as used in this section, means health insurance provided under plans approved under section 2122 which provides that minimum coverage necessary to meet the requirement imposed in section 2122(a) (1) (B).

"(e) (1) The Committee shall have the further duty (A) of reviewing (by random claim or data sample or otherwise) the marketing and rating practices of plans approved under section 2122 with a view of determining whether such practices unduly or inappropriately restrict, for particular groups, the availability of coverage under plans approved under such section, and (B) upon request of the Secretary of the Treasury, to assist him in establishing procedures designed to assure the proper administration of sections 42, 1403, and 3114 of the Internal Revenue Code of 1954.

"(2) The Committee shall report to the Secretary its findings resulting from its review functions, together with such recommendations as it may have based on such findings.

(b) Section 201(g) of the Social Security Act is amended by—

(1) inserting after "title XVIII" the first time it appears the following: "and the Federal Catastrophic Health Insurance Trust Fund established by title XXI"; and

(2) inserting after "title XVIII" each time it appears therein after the first time the following: "and title XXI".

AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

SEC. 102. (a) (1) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of social security tax on self-employment income) is amended by adding at the end thereof the following new subsection:

"(c) CATASTROPHIC HEALTH INSURANCE.—In addition to the taxes imposed by the preceding subsections, there shall be imposed for each taxable year which begins after December 31, 1976, on the self-employment income of every individual a tax which is equal to 1 percent of the amount of the self-employment income of such individual for such taxable year."

(2) Such Code is further amended by (A) redesignating section 1403 thereof (relating to miscellaneous provisions) as section 1404, and (B) by adding after section 1402 thereof the following new section:

"SEC. 1403. CREDIT AGAINST CATASTROPHIC HEALTH INSURANCE TAX.

"(a) ACTUARIAL VALUE OF CATASTROPHIC HEALTH INSURANCE COVERAGE UNDER APPROVED PLANS FOR THE SELF-EMPLOYED.—If, during any part of the taxable year the taxpayer has secured for himself (or for himself and members of his family) catastrophic health insurance coverage under a plan which is approved by the Secretary of Health, Education, and Welfare under section 2122 of the Social Security Act, the taxpayer may, to the extent provided in this subsection and subsection (b), credit against the tax imposed by section 1401(c) for such taxable year an amount equal to the actuarial value of such coverage, as determined under the appropriate Table of Values of Catastrophic Health Insurance Coverage certified by such Secretary pursuant to section 2123(b) of such Act.

"(b) LIMIT ON CREDITS.—The total credits allowed a taxpayer under this section shall not exceed 100 percent of the tax against which such credits are allowable.".

(3) The table of sections for chapter 2 of subtitle A of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 1403. Credit against catastrophic health insurance tax.
"Sec. 1404. Miscellaneous provisions.".

(b) (1) Section 3111 of such Code (relating to rate of social security tax on employers) is amended by adding at the end thereof the following new subsection:

"(c) CATASTROPHIC HEALTH INSURANCE.—

"(1) In addition to the taxes imposed by the preceding subsections, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 1 percent of the wages (as defined in section 3121(a)) paid after December 31, 1976, by him with respect to employment (as defined in paragraph (2)).

"(2) The term 'employment', as used in paragraph (1), shall have the same meaning as when that term is used for purposes of subsections (a) and (b), except that the provisions of section 3121(b) shall be applied without regard to the exclusions specified in pararaphs (5), (6), (8), and (9) thereof.".

(2) Such Code is further amended by adding after section 3113 thereof the following new section:

"SEC. 3114. CREDIT AGAINST CATASTROPHIC HEALTH INSURANCE TAX.

"(a) ACTUARIAL VALUE OF CATASTROPHIC HEALTH INSURANCE COVERAGE FOR EMPLOYERS UNDER APPROVED EMPLOYER PLANS.—If, during any period the taxpayer has secured for any or all of his employees (or for any or all of his employees and family members of such employees) catastrophic health insurance coverage under an employer plan approved by the Secretary of Health, Education, and Welfare under section 2122 of the Social Security Act, the taxpayer may, to the extent provided in this subsection and subsection (b), credit against the tax imposed by section 3111(c) for such period an amount equal to the actuarial value of such coverage, as determined under the appropriate Table of Values of Catastrophic Health Insurance Coverage certified by such Secretary pursuant to section 2123(b) of such Act.

"(b) LIMIT ON CREDITS.—The total credits allowed to a taxpayer under this section shall not exceed 100 percent of the tax against which such credits are allowable.

"(c) PAYMENTS BY STATES.—For purposes of this section, any State which has a State law approved by the Secretary of the Treasury under section 2108 of the Social Security Act shall be deemed to be a taxpayer to which the tax imposed by section 3111(c) applies, and any payments which such State is obligated to make to the Treasury pursuant to such State law shall be deemed to be an obligation to pay such tax.".

(3) The table of sections for subchapter B of chapter 21 of subtitle C of such Code is amended by adding immediately after the last item the following:

"Sec. 3114. Credit against catastrophic health insurance tax.".

(c)(1)(A) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowed) is amended by renumbering section 42 as 43, and by inserting after section 41 the following new section:

"SEC. 42. CATASTROPHIC HEALTH INSURANCE TAX

"There shall be allowed to the taxpayer, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 50 percent of the aggregate of the amounts of the tax, imposed by sections 1401 (c) and 3111(c), paid by the taxpayer during the taxable year. For purposes of this section, any credit allowed the taxpayer for for the taxable year under section 1403 shall be regarded as an amount of the tax, imposed by section 1401(c), paid by the taxpayer for the taxable year; and any credit allowed the taxpayer for the taxable year under section 3114 shall be regarded as an amount of the tax, imposed by section 3111(c), paid by the taxpayer for the taxable year. Any amounts allowed as a credit under this section shall not be allowed as a deduction under section 164. A State which, for the taxable year, has made contributions pursuant to a State law approved under section 2108 of the Social Security Act shall be regarded as a taxpayer for the purposes of this section.".

(B) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Catastrophic health insurance tax.
"Sec. 43. Overpayment of tax.".

(2) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "or 42" after "section 39" in the caption of such sections; and

(B) striking out "oil," and inserting in lieu thereof "oil) or section 42 (relating to catastrophic health insurance tax),".

(3) Section 6401(b) of such Code (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following: ", and 42 (relating to catastrophic health insurance tax),"; and

(B) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 42".

TITLE II—MEDICAL ASSISTANCE PLAN FOR LOW-INCOME PEOPLE

SEC. 201. (a) Effective July 1, 1977, title XIX of the Social Security Act is amended to read as follows:

"TITLE XIX—MEDICAL ASSISTANCE PLAN FOR LOW-INCOME PEOPLE

"PART A—GENERAL PROVISIONS

"PURPOSE

"SEC. 1901. It is the purpose of this title to provide, for low-income individuals and members of low-income families, assistance toward the costs of necessary hospital, skilled nursing facility, medical, and other health care services.

"FREE CHOICE BY PATIENT GUARANTEED

"SEC. 1902. Any individual entitled to benefits under this title may obtain health services provided hereunder from any institution, agency, or person qualified to participate under this title in accordance with reimbursement and service requirements if such institution, agency, or person undertakes to provide him such services. The provisions of the preceding sentence shall not be applicable in the jurisdiction of Puerto Rico, the Virgin Islands, or Guam for any period with respect to which there is in effect an election (submitted to the Secretary in such form and manner as he shall by regulations prescribe) by the Governor of such jurisdiction that such provisions not be applicable to such jurisdiction.

"OPTION OF INDIVIDUALS TO OBTAIN OTHER HEALTH INSURANCE PROTECTION

"SEC. 1903. Nothing contained in this title shall be construed to preclude any State from providing, or any individual from purchasing or securing (through collective bargaining or otherwise), protection against the cost of any health services.

"PART B—DESCRIPTION OF MEDICAL ASSISTANCE PLAN

"ELIGIBLE INDIVIDUALS

"SEC. 1910. (a) Every 'medicaid eligible' (as defined in section 1916(a)) shall be eligible for the health benefits provided under this title in the manner prescribed by section 1916. Every individual who—

"(1) is (A) a low-income individual, or (B) a member of a low-income family,

"(2) is a resident of the United States, and is either (A) a citizen or (B) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act), and

"(3) has filed (in the case of a low-income individual), or has had filed in his behalf by an appropriate person an application under this title (filed in such form and manner and containing such information as the Secretary shall by regulations prescribe),

shall be eligible for the health benefits provided under this title for the benefit period (as determined under subsection (d)(2)) to which such application is applicable; except that no such individual shall be entitled to such benefits on account of services received by him during any period with respect to which he does not meet the condition imposed by paragraph (2) of this subsection.

"(b) Whenever the Secretary approves any application (referred to in subsection (a)(3)), he shall issue a health benefits card to each individual who, by reason of such application, is eligible for a benefit period to the health benefits provided by this title. Such health benefits card which shall be used to assist in identifying an eligible individual, shall identify the individual or family member to whom it is issued (by name, sex, age, and social security account number and such other criteria as the Secretary shall by regulations prescribe) as being eligible for such benefits for such period.

"(c) An application (referred to in subsection (a)(3)) on behalf of the members of a low-income family shall be filed by the head of such family or by such other appropriate criteria as the Secretary shall by regulations specify.

"(d)(1)(A) Any application (referred to in subsection (a)(3)) shall be filed with respect to—

(i) the coverage year in which the application is filed, or

"(ii) the coverage year immediately following the coverage year in which the application is filed and which begins not later than 60 days after the date on which such application is filed.

"(B) As used in this subsection and section 1911, the term 'coverage year' means the 12-month period beginning April 1 of any year.

"(2) The benefit period of any individual resulting from the filing of an application (referred to in subsection (a)(3)), shall commence—

"(A) on the first day of the first month in which the application is filed, or

"(B) if earlier, the first day of the third month prior to the month in which the application is filed and in which such individual or the family of which he is a member first met the conditions imposed by section 1910 (a)(1) and (2),

and shall end on whichever of the following is earlier—

"(C) the close of the coverage year with respect to which such application is filed, or

"(D) such date as may be specified in regulations of the Secretary (promulgated in accordance with the provisions of section 1911 (d)), if such individual, prior to the date referred to in clause (C), ceases to meet the applicable condition imposed by subsection (a)(1), or fails to submit reports which the Secretary deems to be necessary or useful to enable him to determine whether such individual continues to meet the conditions imposed by subsection (a)(1) and (2);

except that, if, on the date that any individual's benefit period would (as determined under the preceding provisions of this paragraph) end, such individual is an inpatient in a health care institution (which is a hospital, skilled nursing facility, or intermediate care facility) participating under title XVIII or this title, such individual's benefit period shall not end until the day following the first day, after such date, that such individual either is no longer an inpatient in or no longer requires care in such an institution.

"DETERMINATIONS OF ELIGIBILITY

"SEC. 1911. (a) Whenever an application (referred to in section 1910(a)(3)) has been filed by or on behalf of an individual or on behalf of the members of a family, the determination of whether such individual or such family meets the applicable condition imposed by section 1910(a)(1) (A) or (B) shall be based on the actual income of the individual or family for the 2-month period immediately preceding the date of filing of the application and the prospective income of the individual or family for the 2-month period immediately following such date.

"(b) An individual shall be deemed, for purposes of subsection (a), to have no income for the 2-month period immediately preceding the date of the filing of an application (referred to in section 1910(a)(3)) if—

"(1) at the time such application is filed by such individual, he is not a member of a family, and

"(2) during all of such 2-month period (A) such individual was a member of a family, (B) was not regularly employed, and (C) was not the head of such family.

"(c) The Secretary, in determining (for purposes of subsection (a)) the prospective income of any individual or family, may take into account current income (if any) and other relevant factors (including, in appropriate cases, actual income for preceding periods).

"(d) An individual (referred to in section 1910(d)(2)(D)) shall be deemed not to have ceased to meet the applicable condition imposed by section 1910(a)(1) in a current coverage year because the income of such individual or of the family of which he is a member, as the case may be, has increased, if such income, as so increased, does not exceed 120 per centum of the maximum amount of income which such individual (or such family) can receive while still being a 'low-income' individual or family (as the case may be). The preceding sentence shall apply also to decreases in family income maximums brought about by a diminution in the number of members thereof, except that a diminution in the number of members of a family of not more than one such member during a benefit period shall not affect the eligibility of the remaining members of such family during the remainder of such benefit period.

"SCOPE OF BENEFITS

"SEC. 1912. The benefits provided to an individual eligible in any benefit period under this title shall consist of eligibility to have payment made (subject to the provisions of this title) on his behalf for—

"(a) necessary inpatient hospital services for not more than 60 days during a benefit period;

"(b) medical and other health services;

"(c) skilled nursing facility services;

"(d) home health services;

"(e) intermediate care services;

"(f) mental health care services;

"(g) pre-natal and well-baby care;

"(h) family planning counseling, services, and supplies;

"(i) in the case of eligible children under age 18, early and periodic screening, diagnosis, and treatment; and

"(j) payment of any premium imposed under part B of title XVIII for coverage under the insurance program established by such part;

and to have reimbursement made to him in an amount equal to one-half of the amount (i) of the actuarial value, as determined under the appropriate Table of Values of Catastrophic Health Insurance Coverage certified by the Secretary pursuant to section 2123(b), of catastrophic health insurance coverage for any period for such individual (or such individual and family members) under a self-employed plan approved by the Secretary under section 2122, and (ii) paid by such individual (and by family members) as taxes imposed on his or their self-employment income by section 1401(c) of the Internal Revenue Code of 1954.

"COPAYMENT REQUIREMENTS

"SEC. 1913. (a)(1) Any individual or family who, for any coverage year, is eligible for the health benefits provided by this title shall be responsible for the first $3 of the cost incurred for a visit for physicians' services (other than as an inpatient) if such visit is not for the purpose of securing appropriate well-baby care, family planning services, or services described in section 1912(i). Such $3 copayment shall be applicable only to each of the first ten visits of any individual or family for physicians' services. In the case of an individual covered under title XVIII, the copayment or deductible requirements of this section shall apply to the extent they are less than the copayment required under title XVIII.

"(2) In the case of any individual who—

"(A) is, for any benefit period, entitled to the health benefits provided under this title,

"(B) is not a member of a family or is a member of a family all of whose members meet the requirements of subparagraph (C),

"(C) for a continuous period in excess of 60 days (whether or not in the same benefit period), is an inpatient in an institution which is a hospital, skilled nursing facility, or intermediate care facility,

there shall be imposed in each month (which begins after such period) in which he is an inpatient in such an institution a special copayment, with respect to health care services in such institution to which he is entitled under this title during each month, equal to the amount by which his cash income for such month exceeds $50.

"(b) The amount payable under this title with respect to physicians' services where a copayment is required by subsection (a)(1) or (a)(2) shall be reduced by an amount (if any) equal to the copayment imposed.

"RESIDUAL NATURE OF BENEFITS

"SEC. 1914. Amounts otherwise payable under this title with respect to any item or service specified in clauses (a) through (i) of section 1912 provided to an individual during any benefit period shall be reduced by the amount which is paid (or upon claim by the individual, or a person claiming on his behalf, would be payable) under any other public or private insurance or health care benefits plan by which such individual is covered (including the insurance program established by title XVIII, the program established by part A of title XXI, and any workmen's compensation law), except that payments under this title shall be primary in the case of a State program designed to supplement (through higher income tests) the eligibility of this program.

"SPECIAL PROVISIONS RELATING TO MEDICAID ELIGIBLES

"SEC. 1915. (a) For purposes of this section and the first sentence of section 1910(a), the term 'medicaid eligible' means an individual (whether as a member of a family or otherwise) who, for any month after December 1976 and prior to July 1977, was determined to be eligible for assistance under a State plan approved under title XIX (as in effect prior to July 1, 1977).

"(b) Notwithstanding any other provision of this title, any individual who is a medicaid eligible shall (subject to subsection (c)) be eligible for the health insurance provided by this title for any period after June 1977 if, for such period, such individual—

"(1) meets the requirements imposed (or deemed by Federal law to be imposed) as a condition of eligibility for assistance under the State plan under which his status as a medicaid eligible is established, as such plan was in effect for June 1977,

"(2) does not meet such requirements but would meet such requirements except for the amount of his income (or the income of the family of which he is a member), if his income (or the income of the family of which he is a member) does not exceed 105 per centum of the maximum applicable income standard imposed as a condition of eligibility under such requirements as in effect for June 1976, or (if greater) for June 1977, except that no individual shall, by reason of the provisions of this subsection, be deemed to be eligible for health benefits under this title unless such individual meets the requirements of section 1910(a)(2) and there has been filed (in the manner provided by section 1910(a)(3)) by or on behalf of such individual an application for benefits under this title with respect to such period.

"PART C—CONDITIONS AND LIMITATIONS ON PAYMENT, AND ADMINISTRATION

"BASIS FOR PAYMENT FOR HEALTH SERVICES

"SEC. 1920. (a) Except as is otherwise provided in subsection (d), covered health care services provided to individuals insured under this title shall, in the case such services are provided by a provider of service (as defined in section 1861(u)) or an intermediate care facility, be paid for on the basis of the reasonable cost subject to the limitations otherwise provided under title XVIII for such services and, in the case such services are provided by a person (other than a provider of service or an intermediate care facility), be paid on the basis of the reasonable charge (subject to the limitations with respect thereto imposed under title XVIII).

"(b) In the event that such amounts are not payable due to the failure of the individual or family to enroll in a health insurance plan for which he or such family was otherwise eligible, and to the extent such coverage would have been in effect during the benefits period, and in which his or such family's premium or rate liability was 25 per centum or less (or failure to enroll in part B of title XVIII) amounts otherwise payable under this title shall be reduced by not more than $250 in a benefit period.

"(c) As used in subsection (a), the term 'reasonable cost' shall have the same meaning as when such term is employed in title XVIII.

"(d)(1) To the extent that the regulations of the Secretary promulgated pursuant to paragraph (2) are applicable to a skilled nursing facility or an intermediate care facility, covered services furnished by such facility shall be paid on the cost-related basis established under such regulations rather than on the basis of reasonable cost.

"(2) In the interest of the efficient and economical administration of this title, the Secretary shall promulgate regulations under which covered services furnished by all or one or more types or classes of skilled nursing facilities or intermediate care facilities in any area (consisting of one or more States) will be paid for on a reasonable cost-related basis, as determined in accordance with methods and standards, prescribed in such regulations.

"CONDITIONS OF AND LIMITATION ON PAYMENT FOR SERVICES

"SEC. 1921. (a) Services and the payment therefor under this title are subject to the same conditions and limitations as those imposed by sections 1814, 1834, and 1835 with respect to services, and the payment therefor, provided under title XVIII.

"(b) No payment shall be made under this title to any person on account of any health care service furnished by such person to an individual who is covered under this title for such service unless such person accepts the amount of such payment, together with any co-payment required under section 1913 with respect to such service, as payment in full for such service. Whenever payment under this title is made in supplementation of a payment made under any insurance program (whether public or private) for a service, the amount of the payment under this title shall not be in excess of the amount which would be paid had such service been provided under this title, and no person accepting such payment as payment for such service shall charge any amount in excess of the amount so paid to the individual receiving such service.

"(c) If any eligible individual (as determined under section 1910) who is a low-income individual or a member of a low-income family (as determined without regard to section 1932) is enrolled in—

"(1) a health maintenance organization which meets the applicable requirements of section 1876, or

"(2) an organization which (A) provides medical and other health services (or arranges for their availability) on a prepayment basis, and (B) receives and prior to September 1, 1973, received payments under part B of title XVIII under the authority contained in section 1833(a)(1)(A),

the Secretary may, in lieu of making payments for health benefits on behalf of such individual as provided in other provisions of this title, make payment therefor in the manner authorized by section 1876 for any period, during which he is so enrolled, and for which he is such an eligible individual.

"(c) Payments under this title may not be made for services provided by any group practice unit unless such unit meets the applicable requirements of section 1876.

"ADMINISTRATION AND QUALITY CONTROL

"SEC. 1922. (a) The provisions of this title shall (subject to the provisions of section 702(b)) be administered by the Secretary.

"(b) The provisions of title XVIII (and other provisions of law applicable to the health insurance programs established by such title, including part B of title XI) relating to utilization and professional review and conditions of participation required with respect to persons or providers of health services under title XVIII, shall be applicable to all health services provided under this title.

"(c) To the maximum extent practicable, the Secretary, in the administration of this title, shall utilize and otherwise coordinate with the procedures employed in the administration of the health insurance programs established by title XVIII (including the procedures for certification of providers of service), and shall have the same authority (except as otherwise specifically provided) as that conferred upon him with respect to the administration of the insurance programs established by title XVIII.

"REQUIREMENTS FOR CARRIERS AND INTERMEDIARIES

"SEC. 1923. (a) The Secretary, in the administration of this title, shall, whenever he determines that the interests of quality of service to eligible individuals or program economy, or efficiency of administration would be furthered, require consolidation of activities on the part of carriers (utilized pursuant to authority contained in section 1842) and agencies or organizations (utilized pursuant to authority contained in section 1816) in geographic regions with minimum size populations of individuals covered under this title and under the insurance programs established by title XVIII.

"(b) No private carrier or other organization shall after the 3-year period which commences on the date of enactment of this section, be utilized in the administration of this title or title XVIII unless such carrier or other organization is an 'approved carrier' under section 1505.

"MEDICAL COVERAGE TRUST FUND

"SEC. 1924. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Medical Coverage Trust Fund (hereinafter in this section referred to as the 'Trust Fund'). The Trust Fund shall consist of such gifts and bequests as may be made as provided in section 201(i)(1), and such amounts as may be deposited in, or appropriated to, such fund as provided in sections 1925 and 1926.

"(b) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section referred to as the 'Board of Trustees') composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this section referred to as the 'Managing Trustee'). The Commissioner of Social Security shall serve as the Secretary of the Board of Trustees. The Board of Trustees shall meet not less frequently than once each calendar year. It shall be the duty of the Trustees to—

"(1) hold the Trust Fund;

"(2) report to the Congress not later than the first day of July of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next 2 fiscal years;

"(3) report immediately to the Congress whenever the Board is of the opinion that the amount of the Trust Fund is unduly small; and

"(4) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of disbursements to be made from the Trust Fund during the current coverage year and each of the next 2 fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(c) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to make the payments of benefits provided for in this title, and the payments with respect to administrative expenses in accordance with section 201(g)(1).

"STATE CONTRIBUTIONS TO MEDICAL COVERAGE TRUST FUND, AND TO CATASTROPHIC HEALTH INSURANCE TRUST FUND

"SEC. 1925. (a) In order for individuals residing in any State to receive for any period benefits under the insurance program established by part A of title XI or the benefits provided by this title, there must be in effect for such period a State law approved by the Secretary under section 2108 and an agreement between such State and the Secretary entered into under this section.

"(b) Any agreement between the Secretary and a State under this section shall provide that the State will (subject to subsection (c)) pay, with respect to each fiscal year for which such agreement is in effect, to the Secretary of the Treasury at such time or times as may be specified in the agreement, an amount equal to—

"(1) in case such State is a State which (for the fiscal year ending June 30, 1976, or June 30, 1977, had in effect a State plan approved under title XIX, as in effect prior to the effective date of the program established by this title) the sum of the following:

"(A) an amount equal to (i) the total amount expended from non-Federal funds for the purpose of providing (under such State plan to persons eligible under such plan) services of the types for which coverage is provided by this title, for the four-quarter period ending June 30, 1976, or (ii) if greater, the total amount expended from non-Federal funds for such purpose for the four-quarter period ending June 30, 1977, plus

"(B) an amount equal to one-half of (i) the total amount expended (as determined by the Secretary) from non-Federal public funds for the purpose of providing, for individuals not covered under such plan but who are eligible under this title, services of the types for which coverage is provided by this title, for the four-quarter period ending June 30, 1975, or (ii) if greater, the total amount expended (as determined by the Secretary) from non-Federal funds for such purpose for the four-quarter period ending June 30, 1977; and

"(2) in case such State did not, for the fiscal year ending June 30, 1976, or June 30, 1977, have in effect a State plan referred to in paragraph (1), (A) the total amount expended (as determined by the Secretary) from non-Federal funds for the purpose of providing services of the types for which coverage is provided by this title for persons eligible under this title, for the four-quarter period ending June 30, 1976, or (B) if greater, the total amount expended (as determined by the Secretary) from non-Federal funds for such purpose for the four-quarter period ending June 30, 1977.

"(c) The amount payable by any State under subsection (b) with respect to a coverage year shall be reduced by an amount equal to one-half of the amount expended by such State during such coverage year from non-Federal funds in providing to individuals in such State services of a type—

"(1) which is not covered under this title, but

"(2) with respect to the cost of which there could have been Federal financial participation under title XIX (as in effect prior to the effective date of the program established by this title) if such type of service had been included in a State's plan approved under such title XIX.

"(d) Amounts paid to the Secretary of the Treasury under this section shall be deposited by him in the Medical Coverage Trust Fund.

"APPROPRIATIONS TO MEDICAL COVERAGE TRUST FUND

"SEC. 1926. There are authorized to be appropriated for each fiscal year to the Medical Coverage Trust Fund such sums as may be necessary to carry out the program established by this title.

"MINIMUM PAYMENTS

"SEC. 1927. If the amount payable to an insured individual at any particular time as benefits under this title is less than $5, no payment shall be made to him until such time as the payment to which he is entitled as such benefits is $5 or more.

"OPTOMETRISTS' SERVICES PROVIDED IN CERTAIN STATES

"SEC. 1928. In the case of any State which—

"(1) does not provide for the payment of optometrists services furnished to individuals who are eligible for benefits under the medical assistance plan for low-income people established by this title,

"(2) during all or some part of the 2-year period ending on the *effective* date of such medical assistance plan, did provide, under its State plan approved under title XIX (as in effect prior to such effective date), payment of optometrists' services,

the term 'physicians' services', as employed in such medical assistance plan established by this title, shall, with respect to individuals residing in such State, be deemed to include any service which is furnished by an optometrist, if—

"(3) such service is one which an optometrist is legally authorized to perform,

"(4) such service would constitute "physicians' services', as that term is employed in such medical assistance plan established by this title, if it had been performed by a physician.

"PART D—DEFINITIONS AND MISCELLANEOUS PROVISIONS

"MEANING OF 'LOW-INCOME INDIVIDUAL' AND 'MEMBER OF A LOW-INCOME FAMILY'

"SEC. 1930. (a) For purposes of section 1910(a)(1)(A), the term 'low-income individual' means an individual—

"(1) who is not a member of a family (as determined under subsection (b)(1)), and

"(2) whose income is at a rate of not more than $2,400 for the calendar year 1976 or any calendar year thereafter.

"(b) For purposes of section 1910(a)(1)(B)—

"(1) the term 'family' means two or more individuals who are—

"(A) related by blood, marriage, or adoption, and

"(B) living in a place of residence maintained by one or more of them as his or their own home;

"(2) the term 'member', when used in reference to a family, means an individual described in paragraph (1), and

"(3) the term 'low-income', when used in reference to a family, means a family, the aggregate income of all the members of which is at a rate of not more than—

"(A) in case there are only two members of such family, $3,600, or

"(B) in case there are only three members of such family, $4,200, or

"(C) in case there are only four members of such family, $4,800, or

"(D) in case there are more than four members of such family, an amount equal to $4,800 plus $400 for each member of such family in excess of four.

"(c) The Secretary may prescribe the circumstances under which, consistent with the purposes of this title and in the same manner as authorized in section 1611(d), the gross income of an individual or family from a trade or business (including farming) will be considered sufficiently large to cause such individual or family not to be regarded as a 'low-income individual', or a 'low-income family', even though such individual's or family's income does not exceed the applicable dollar amount prescribed in subsection (a)(2) or (b)(3).

"(d) In the case of jurisdictions of the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, the amounts set forth in subsection (b)(3) (A), (B), (C), and (D) shall each be deemed to be reduced to such amount as the Secretary determines to be appropriate to assure that the ratio of individuals and families in any such jurisdiction who meet the criteria for low income (for purposes of this title) to the total population of such jurisdiction is not greater than the ratio of individuals in that State of the United States which has the highest such ratio of individuals who meet such criteria to the total population of such State.

"MEANING OF 'INCOME'

"SEC. 1931. (a) For purposes of this title, 'income' means (subject to subsection (b)) both earned income and unearned income; and—

"(1) 'earned income' means only—

"(A) wages as determined under section 203(f)(5)(C); and

"(B) 'net earnings from self-employment', as defined in section 211 (without application of the second and third sentences following subsection (a)(10), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) 'unearned income' means all other income, including—

"(A) support and maintenance furnished in cash,

"(B) any payments received as an annuity, pension, retirement, or disability benefit; including veterans' compensation and pensions; workmen's compensation payments; old-age, survivors, and disability insurance benefits; railroad retirement annuities and pensions; and unemployment insurance benefits,

"(C) cash gifts, support and alimony payments, and inheritances, and

"(D) rents, dividends, interest, and royalties.

"(b)(1) In determining, for purposes of this section, the income of any individual or family, for any period of time, there shall be excluded—

"(A) the aggregate value of any cash gifts which do not exceed $240, if such period of time is equal to 12 months, or, if such period of time is less than 12 months, then an amount which bears the same ratio to $240 as such period bears to 12 months, and

"(B) any scholarship, grant, fellowship, or loan received for use in paying for tuition, books, and related fees at any educational (including technical or vocational education) institution.

"(2) For purposes of paragraph (1) and subsection (a)—

"(A) a loan of $240 or more (or aggregate thereof) shall be regarded as a gift if such loan—

"(i) is unsecured (or is without adequate security), or

"(ii) has no maturity date; and

"(B) in the case of a loan which—

"(i) bears no interest, or

"(ii) bears interest at a rate which is not more than one-half of the prevailing rate of interest imposed with respect to similar loans,

the recipient of such loan shall be regarded as having received, as a gift, an amount, with respect to any period of time, equal to the excess of—

"(iii) the amount of interest which would have been payable by him, with respect to such period, on such loan if such loan bore a rate of interest equal to the prevailing rate of interest imposed (as of the time such loan was made) with respect to similar loans, over

"(iv) the amount of interest (if any) payable by him, with respect to such period, on such loan.

"SPEND-DOWN REQUIREMENT

"SEC. 1932. (a) For purposes of determining eligibility, the amount of the income of any individual or family (as determined under section 1931) shall be reduced by an amount equal to such individual's or family's incurred health care expenses to the extent such expenses constitute a legal obligation and are not payable by any other third party payor (whether public or private) (as determined under subsection (b)) for the benefit period with respect to which such individual's or family's income is determined.

"(b)(1) The term 'health care expenses', when applied to any individual or family, means (subject to paragraphs (2) and (3)) reasonable expenditures by or on behalf of such individual or the members of such family (as the case may be) for any of the following:

"(A) inpatient hospital services (including services in an institution for tuberculosis or mental diseases),

"(B) outpatient hospital services,

"(C) other laboratory and X-ray services,

"(D) skilled nursing facility services,

"(E) physicians' services furnished by a physician (as defined in section 1861(r)(1)), whether furnished in the office, the patient's home, a hospital, or a skilled nursing facility, or elsewhere,

"(F) optometrists' and podiatrists' services,

"(G) home health services,

"(H) private duty nursing services,

"(I) clinic services,

"(J) dental services,

"(K) physical therapy, speech, pathology, and audiology services,

"(L) prescribed drugs, dentures, durable medical equipment and related supplies, and prosthetic devices, and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist,

"(M) other rehabilitation services,

"(N) intermediate care facility services,

"(O) inpatient psychiatric hospital services,

"(P) health insurance premiums, or

"(Q) ambulance service.

"(2) For purposes of paragraph (1), the expenditure for any item or service specified therein means—

"(A) in case payment for such item or service has been made prior to the time the determination of health care expenses (which includes such item or service) is made, the amount actually paid for such item or service.

"(B) in case payment for such item or service has not been made at such time and such item or service is of a type which is covered under the health coverage plan established by this title, whichever of the following is the lesser:

"(i) the actual charge for such item or service, or

"(ii) the reasonable charge or reasonable cost (as the case may be) for such item or service as determined under this title when such item or service is provided as an item or service covered under such health plan.

"(3) The term 'health care expenses' also includes an amount equal to one-half of the amount (A) of insurance premiums paid by or on behalf of an individual for catastrophic health insurance coverage for such individual (or for such individual and family members) under a self-employed plan approved by the Secretary under section 2122, and (B) paid by an individual as taxes imposed on his self-employment income by section 1401(c) of the Internal Revenue Code of 1954.

"(c) The health care expenses (as determined under the preceding provisions of this section) may, in the case of any individual, be determined on a prospective basis for any future period for which such individual's income (or the income of the family of which an individual is a member) is determined, but only if such individual is determined (in accordance with regulations of the Secretary) to be an individual who, on the basis of his recent past medical history, can be expected, for such future period to require inpatient institutional care for all or a substantial part of such future period.

"INPATIENT HOSPITAL SERVICES

"SEC. 1933. For purposes of this title, the term 'inpatient hospital services' shall have the meaning assigned to such term by section 1861(b).

"HOSPITAL

"SEC. 1934. For the purposes of this title, the term 'hospital' means an institution which meets the requirements set forth in clauses (1) through (9) of section 1861(c).

"MEDICAL AND OTHER HEALTH SERVICES

"SEC. 1935. For purposes of this title, the term 'medical and other health services' shall have the meaning assigned to such term in so much of section 1861(s) as precedes the last sentence thereof; except that such term shall include (1) such physician's and other services, diagnostic X-ray tests, diagnostic laboratory tests, and other diagnostic tests as are involved in providing appropriate well-baby care (as determined in accordance with regulations of the Secretary) and (2) outpatient rehabilitation services.

"SKILLED NURSING FACILITY SERVICES

"SEC. 1936. For purposes of this title, the term 'skilled nursing facility services' means the items and services which (1) are described in clauses (1) through (7) of section 1861(h), and (2) are furnished by a skilled nursing facility; excluding, however, any item of service if it would not be included under section 1861(b), if furnished to an inpatient of a hospital.

"SKILLED NURSING FACILITY

"SEC. 1937. For purposes of this title, the term 'skilled nursing facility' means an institution (or a distince part of an institution) which meets the criteria set forth in section 1861(j).

"HOME HEALTH SERVICES

"SEC. 1938. For purposes of this title, the term 'home health services' shall have the meaning assigned to such term in section 1861(m); except that the term 'skilled nursing facility', as used in clause (7) of such section, shall be deemed to include a skilled nursing facility (as defined in section 1937); except that such term shall not include any term or service if it would not be included under section 1932 if furnished to an inpatient of a hospital.

"HOME HEALTH AGENCY

"SEC. 1939. For purposes of this title, the term 'home health agency' shall have the meaning assigned to such term in section 1861(o).

"PHYSICIANS' SERVICES

"SEC. 1940. For purposes of this title, the term 'physicians' services' means profesional services performed by physicians, including surgery, consultation, and home, office, and institutional calls (but not including services which are included within the definition of inpatient hospital services).

"PHYSICIAN

"SEC. 1941. For purposes of this title, the term 'physician' shall have the meaning assigned to such term in section 1861(r)(1).

"MEANING OF CERTAIN OTHER ITEMS

"SEC. 1942. For purposes of this title, any term which—

"(1) is defined in section 1861;

"(2) is employed in provisions which, by reference, are used in defining any of the terms defined in sections 1932 through 1940; and

"(3) is not otherwise defined in this section; shall, insofar as such term is applicable to the provisions of this title and except as the Secretary (in order to carry out the purposes of this title) shall otherwise by regulations provide, have the meaning assigned to it in section 1861.

"INTERMEDIATE CARE FACILITY

"SEC. 1943. (a) For purposes of this title, the term 'intermediate care facility' means an institution which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) meets such standards of safety and sanitation as are established under regulations of the Secretary in addition to those applicable to nursing facilities under State law.

"(b) The term 'intermediate care facility' also includes—

"(1) any skilled nursing facility or hospital which meets the requirements of subsection (a);

"(2) a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the Secretary;

"(3) any institution which is located on an Indian reservation, if such institution is certified by the Secretary as meeting the requirements of clauses (2) and (3) of subsection (a) and providing the care and services required under clause (1) of such subsection; and

"(4) with respect to intermediate care services described in section 1944(b), the public institution (or distinct part thereof) providing such services.

"INTERMEDIATE CARE SERVICES

"SEC. 1944. (a) For purposes of this title, the term 'intermediate care services' means services provided by an intermediate care facility to an inpatient thereof, but only if (1) such individual meets the conditions referred to in section 1943(a), and (2) such services are required to meet the needs of such individual because of such condition.

"(b) The term 'intermediate care services' also includes services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions, but only if—

"(1) the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary; and

"(2) the mentally retarded individual with respect to whom a request for payment under this title is made is receiving active treatment under a program of active treatment designed to meet the needs of such individual.

"MENTAL HEALTH CARE SERVICES

"SEC. 1945. (a) The term 'mental health care services' includes only care and services for mental conditions—

"(1) which, if provided on an inpatient basis, consist of a course of active care and treatment provided in and by an accredited medical institution (as determined by the Secretary),

"(2) which, if provided on a partial hospitalization basis, are provided (A) in and by an accredited medical institution (as determined by the Secretary), or (B) in and by a qualified community mental health center (as determined in accordance with regulations of the Secretary), or

"(3) which, if provided on an outpatient basis, are—

"(A) provided by a qualified community mental health center (as determined in accordance with regulations of the Secretary), or

"(B) provided by a psychiatrist;

except that such term shall not include any outpatient services provided by a psychiatrist, during any 12-month period, for purposes of diagnosis or treatment of acute psychosis in excess of (i) five visits, plus (ii) such additional visits as shall have been approved in advance by an appropriate professional review mechanism upon a finding that, in the absence of such additional visits, the patient will require institutional care.

"(b) (1) The term 'mental health services', in the case of services provided on an outpatient basis by a qualified mental health center (as determined in accordance with regulations of the Secretary) or by a psychiatrist, includes any drug which is prescribed for a patient by the physician under whose direction such patient is receiving such services, but only if—

"(A) such drug is included on the list (referred to in paragraph (2)) and is prescribed in accordance with the criteria indicated in such list, and

"(B) such physician determines that unless such patient receives such drug, such patient can reasonably be expected to require institutional care.

"(2) The Secretary is authorized (after consultation with appropriate professional individuals and organizations) to compile and publish (and from time to time revise) a list of drugs which he has determined to be effective in the treatment of various mental conditions. Such list shall indicate, with respect to each drug included therein, the particular mental conditions with respect to which such drug is effective, and the appropriate dosage (in terms of quantity and intervals at which such drug shall be administered) of such drug.

"OUTPATIENT REHABILITATION SERVICES

"SEC. 1946. (a) For purposes of this title, the term 'outpatient rehabilitation services' means physicial therapy, speech pathology, occupational therapy, and medical-social services furnished by a provider of services, a clinic, rehabilitation agency (including a single service rehabilitation agency), or a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency, to an individual as an outpatient—

"(1) who is under the care of a physician, and

"(2) with respect to whom a plan prescribing the type, amount, and duration of such services that are to be furnished to such individual has been established, and is periodically reviewed by a physician;

excluding, however—

"(3) any item of service if it would not be included under 'inpatient hospital services' if furnished to an inpatient in a hospital; and

"(4) any such service—

"(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or hehabilitation agency—

"(i) provides an adequate program of such services for outpatients and has the facilities and personnel required for such program or required for the supervision of such a program, in accordance with such requirements as the Secretary may specify.

"(ii) has policies, established by a group of professional personnel, including one or more physicians (associated with the clinic or rehabilitation agency) and one or more qualified physicial therapists or speech pathologists (as may be appropriate) to govern the services (referred to in clause (i) it provides,

"(iii) maintains clinical records on all patients,

"(iv) if such clinic or agency is situated in a State in which State or applicable local law provides for the licensing of institutions of this nature, (I) is licensed pursuant to such law, or (II) is approved by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing; and

"(v) meets such other conditions relating to the health and safety of individuals who are furnished services by such clinic or agency on an outpatient basis, as the Secretary may find necessary, or

"(B) if furnished by a public health agency, unless such agency meets such other conditions relating to health and safety of individuals who are furnished services by such agency on an outpatient basis, as the Secretary may find necessary. The term 'outpatient rehabilitative services' also includes rehabilitation services furnished an individual by a physical therapist or speech pathologist (in his office or in such individual's home) who meets licensing and other standards prescribed by the Secretary in regulations, otherwise than under an arrangement with and under the supervision of a provider of services, clinic, rehabilitation agency, or public health agency, if the furnishing of such services meets such conditions relating to health and safety as the Secretary may find necessary.

"PROHIBITION AGAINST EXCLUSION BY EMPLOYERS OF CERTAIN EMPLOYEES FROM COVERAGE UNDER GROUP HEALTH INSURANCE PLANS

"SEC. 1947. (a) If any employer provided for some or all of his employees coverage under a group health insurance plan, it shall be unlawful for such employer to exclude from coverage under such plan any employee of such employer if—

"(1) such employee belongs to a category of employees who would ordinarily be eligible for coverage under such plan, and

"(2) such employ is excluded from coverage under such plan because of the coverage provided under this title.

"(b) Any person violating the provisions of subsection (a) shall be fined not more than $10,000 and imprisoned for not more than one year.".

(b) (1) Section 201(i) (1) of the Social Security Act is amended by striking out "and the Federal Supplementary Medical Insurance Trust Fund" and inserting in lieu thereof "the Federal Supplementary Medical Insurance Trust Fund, and the Medical Coverage Trust Fund".

(2) Section 201(g) (1) (A) of such Act is amended—

(A) by inserting "the Medical Coverage Trust Fund, and" immediatey after "shall include also", and

(B) by inserting "title XIX," immediately after "title XVI," wherever it appears therein.

TITLE III—PRIVATE BASIC HEALTH INSURANCE CERTIFICATION PROGRAM

SEC. 301. The Social Security Act is amended by adding after title XIV thereof the following new title:

"TITLE XV—PRIVATE BASIC HEALTH INSURANCE CERTIFICATION

"PURPOSE

"SEC. 1501. It is the purpose of this title to encourage and facilitate the availability to the public of private basic health insurance coverage at a reasonable premium charge by—

"(a) establishing a procedure whereby health insurance policies offered by private insurers may be certified by the Secretary as meeting minimum standards with respect to adequacy of coverage, conditions of payment, opportunity for enrollment, and reasonableness of premium charges,

"(b) facilitating arrangements whereby basic health insurance policies meeting such standards can be offered through pools of private insurers, and

"(c) encouraging States, through their laws and regulations pertaining to the health insurance industry, to facilitate the offering, within the State, of such basic health insurance coverage by carriers doing health insurance business within the State.

"CERTIFICATION OF BASIC PRIVATE HEALTH INSURANCE POLICIES

"SEC. 1502. (a) Any insurer which desires to have a health insurance policy certified for use in one or more States specified by the insurer may (in accordance with regulations of the Secretary) provide to the Secretary, for his examination and certification, any health insurance policy.

"(b)(1) If the Secretary, after examining any such policy and evaluating any data submitted in connection with such policy, determines that such policy meets the standards prescribed in section 1504, he shall certify such policy for use in each State which has in effect a basic health insurance facilitation program (as defined in section 1510).

"(2)(A) The certification by the Secretary of any such policy shall be conditioned upon such policy's continuing to meet the standards prescribed in section 1504; and no policy shall be deemed to have been certified by the Secretary under this title for any period for which it fails to meet such standards.

"(B) The Secretary shall establish procedures whereby any insurer having secured the Secretary's certification of any policy offered by such insurer shall from time to time provide to the Secretary (i) relevant data with respect to such policy in order for the Secretary to determine whether such policy continues to meet the standards prescribed in section 1504, and (ii) such data and information as the Secretary may require in order to assure proper coordination of the administration of titles XIX and XXI.

"(c) Notwithstanding the preceding provisions of this section, the Secretary shall not certify any health insurance policy of any insurer for use in any State unless such insurer furnishes assurances satisfactory to the Secretary that such insurer (whether as a member of a health reinsurance or other residual market arrangement or otherwise) will make generally available, in each geographic area of the State in which the insurer does health insurance business, to all individuals and family members the following two health insurance policies: (i) a policy which meets the standards of section 1504, and (ii) a policy which, if it were issued in combination with a plan meeting the minimum coverage necessary to meet the requirement imposed by section 2122(a)(1)(B), would, in the aggregate, meet the standards of section 1504.

"UTILIZATION OF STATE AGENCIES FOR CERTIFICATION OF POLICIES

"SEC. 1503. If any State has in effect a basic health insurance facilitation program (as defined in section 1510), the Secretary shall, if such State is willing to do so, enter into an agreement with such State whereby the agency responsible for the regulation of the health insurance industry within such State will, on behalf of the Secretary, make such determinations regarding whether basic health insurance policies meet the requirements for certification under this title, as may be specified by the Secretary. Such agreement shall provide that the agency will be reimbursed for its reasonable expenses incurred in carrying out activities specified in the agreement.

"STANDARDS WITH RESPECT TO BASIC HEALTH INSURANCE POLICIES

"SEC. 1504. (a) The Secretary shall not certify under this title any insurance policy offered (or to be offered) by an insurer unless he finds that—

"(1) such policy provides—

"(A) inpatient hospital coverage (without any deductible in excess of $100 or copayment by the insured person) for at least 60 days during any policy year.

"(B) medical coverage which shall include home, office, hospital, and other institutional care provided by physicians,

"(C) with respect to medical coverage, that—

"(i) subject to clauses (ii) and (iii), payment in full shall be made with respect to not less than the first $2,000 of reasonable expenses incurred by any insured person for any policy year for services with respect to which coverage applies,

"(ii) the copayment required of any insured person with respect to such reasonable expenses shall not exceed 20 per centum thereof, and

"(iii) in the case of any deductible applicable to the payment of such reasonable expenses for any benefit year or benefit period of not less than 12-months duration, such deductible shall not exceed $50 for any insured person, and that, for purposes of computing such deductible for any calendar, policy, or other fixed benefit year or period, the insured person shall be given credit for any deductible applied toward such expenses for the last 3 months of the preceding policy year,

"(D) in case such policy is a group policy, there will be no exclusion from coverage or limitation on payment on account of any medical condition (including any preexisting condition) or any waiting period prior to the beginning of coverage with respect to any such condition,

"(E) in case such policy is an individual policy (including a policy for an individual and members of his family), there will be no exclusion from coverage on account of any medical condition (including any preexisting condition) other than pregnancy, and there will be no waiting period prior to the beginning of coverage with respect to any preexisting condition which is greater than 90 days after the date the policy is issued,

"(F) in case such policy covers an individual and members of his family, coverage will be provided for all dependent unmarried children in the family under age 22, and coverage will be automatically extended, at birth to any newborn and upon adoption to any newly adopted, child of such individual or his spouse,

"(G) in case such policy is a group policy which covers all or a certain category of employees of any employer, that—

"(i) coverage will not be terminated with respect to any employee (and members of such employee's family, if such policy covers such members) because of the termination of such employee's employment prior to the expiration of 31 days after the date of such termination,

"(ii) the insurer offering such policy will afford to any employee covered by such policy whose employment has been terminated a reasonable opportunity to secure, from such insurer a basic private health insurance policy which has been approved under this title,

"(iii) there will be a periodic open enrollment period of at least 31 days (which shall occur not less often than once during each policy year) in which all eligible employees, who are not covered by such policy because of failure to elect coverage at the time of initial employment or during previous open enrollment periods, can secure coverage thereunder,

"(2) the premium charge of such policy is such that there is not an unreasonable ratio of expenses to premiums (as determined under subsection (d)); and

"(3) there is established an appropriate (but different) premium rate for such policy when it is offered to cover (A) a single individual, (B) a married couple, or (C) a family.

"(b) The Secretary, in determining whether any comprehensive prepaid group practice plan is eligible for certification under this section, shall, in lieu of the standards imposed by subsection (a), develop and apply criteria which assure that such plan meets requirements which are, on an actuarial and benefit basis, at least equivalent to such standards.

"(c) Notwithstanding the provisions of subsections (a) and (b), the Secretary shall not withhold approval under this title of any health insurance policy solely because such policy excludes—

"(1) charges for services or supplies in connection with an occupational disease or injury.

"(2) items or services for which the insured individual furnished such items or services has no legal obligation to pay, and which no other person (by reason of such individual's membership in a prepayment plan or otherwise) has a legal obligation to provide or pay for,

"(3) any item or service to the extent that payment has been made, or can reasonably be expected to be made (as determined in accordance with regulations), with respect to such item or service, under a workmen's compensation law or plan of the United States or a State,

"(4) charges for services or supplies with respect to which benefits are provided under title XVIII or title XXI,

"(5) items or services which are not reasonable and necessary for the diagnosis or treatment of illness or injury, pregnancy, or to improve the functioning of a malformed body member,

"(6) charges for care, treatment, services, or supplies, provided to any individual, to the extent that the payment of benefits with respect thereto is prohibited by any applicable law of the jurisdiction in which such individual is residing at the time he receives such care, treatment, services, or supplies,

"(7) charges for care, treatment, or supplies provided to any individual, to the extent that they are not reasonably priced (except that, for purposes of this paragraph, the charge for any item or service shall be deemed to be reasonable, if such charge is not in excess of the allowable charge therefor under title XVIII or XXI),

"(8) charges in connection with routine physical checkups,

"(9) expenses incurred for items or services, where such expenses are for cosmetic surgery or are incurred in connection therewith, except as required for the prompt repair of accidental injury or for improvement of the functioning of a malformed body member,

"(10) charge made by a hospital for the professional services of any resident physician or intern to the extent that such charges are in excess of the actual cost incurred by the hospital in providing such services,

"(11) charges for the professional services of a psychiatrist to the extent that such charges exceed $400 in a policy year, or

"(12) amounts which represent deductible and coinsurance provisions and which generally result in aggregate benefit coverage which is at least equal to the actuarial equivalent of the benefit coverage resulting from the application of the deductible and coinsurance provisions in section 1504(a)(1).

"(d)(1) With respect to policies submitted to the Secretary for his certification under this title, the Secretary shall establish (after considering the size of the groups to be covered by any such policy and the nature of the insurer) appropriate reasonable ratios of expenses to premiums imposed for coverage thereunder. In the case of individual policies such ratios shall be the same as those established by the Secretary for group policies covering the smallest groups. After making an initial determination with respect to any such policy, the Secretary shall periodically thereafter review and make a redetermination of such ratios based on actual expenses thereunder and the actual premium charges made for the period with respect to which the review is made, in order to determine whether such policy continues to meet the requirements for certification.

"(2) In determining the appropriate reasonable ratio of expenses to premiums imposed with respect to any particular health insurance policy offered by an insurer, the Secretary shall, in his determinations of such ratio, give consideration to the average ratio, with respect to group policies generally underwritten by insurers (classified on the basis of nonprofit or profitmaking) with respect to policies excluding those which are not certified under this title.

"APPROVED CARRIER

"SEC. 1505. For purposes of sections 1923 (b), 1816, and 1842, an 'approved carrier' is an insurer which the Secretary has found (1) to offer one or more health insurance policies approved under section 1502 to the general public in each geographic or normal service area in which such insurer offers health insurance policies (including any which are not approved under this title) and (2) to employ effective procedures and practices designed to assure, through means consistent with efficient practices within the insurance industry, appropriate controls of utilization of health care services and the costs and charges imposed therefor with respect to which it will financially participate.

"ANTITRUST EXEMPTION

"SEC. 1506. (a) It shall not be unlawful under any antitrust law for any insurer to enter into any contract, combination, or other arrangement with any other insurer or group of insurers for the sole purpose of establishing or participating in an insurance pool, reinsurance, or other residual market, arrangement whereby there will be offered to the public health insurance policies approved under section 1502, if such contract, combination, or other arrangement is approved by the Secretary, as being consistent with the purposes of this title, before any party to the contract, combination, or other arrangement has carried out any activity, or refrained from carrying out any activity, under its terms (other than such activity as may be necessary to negotiate the contract, combination, or other arrangement and to apply for approval of the same under this section). The Secretary shall not approve any contract, combination, or other arrangement under which the parties thereto agree to act in a manner which constitutes a violation of any such law for which no exemption is provided under the preceding sentence or for purposes other than the purposes for which the exemption contained in the preceding sentence is established. Nothing contained in this subsection shall exempt from any antitrust law any predatory pricing or practice, or any other conduct in the otherwise exempt activities of two or more such insurers under a contract, combination, or other arrangement approved under this section which would be unlawful under any such law if engaged in by only one such insurer.

"(b) For purposes of this section, the term 'antitrust law' means the Federal Trade Commission Act, each statute referred to in section 4 of that Act (15 U.S.C. 44) as an Antitrust Act, any other statute of the United States in pari materia, and any law of any State or political subdivision thereof which prohibits or restrains contracts, combinations, or other arrangements in restraint of trade.

"ESTABLISHMENT OF EMBLEM TO INDICATE CERTIFICATION

"SEC. 1507. (a) The Secretary shall cause to be designed an appropriate emblem which may be used as an indication that certification of an insurance policy under this title has been made by the Secretary; and any insurer which has secured certification of an insurance policy by the Secretary under this title may have printed thereon such emblem, and may, in advertising such policy to potential subscribers, state that such policy has received such a certification.

"REPORT TO CONGRESS

"SEC. 1508. The Secretary shall, at the earliest practicable date (but not later than 60 days) after the expiration of the three-year period which commences on the date of enactment of this section, submit to the Congress a report indicating (1) the extent to which basic private health insurance policies certified by the Secretary under this title are actually and generally available to the residents of each State, and (2) the extent to which residents in each State are covered by such policies.

"DUTY OF SECRETARY TO MAKE AVAILABLE INDIVIDUAL AND FAMILY HEALTH INSURANCE POLICIES ON A COST BASIS

"SEC. 1509. (a) The Secretary shall offer a standard health insurance policy, which meets the applicable criteria prescribed under this title with respect to approved basic health insurance policies, to individuals, married couples, and families living in any State (1) which does not have in effect a basic health insurance facilitation program (as found by the Secretary under section 1510, and (2) in which there is not actually and generally available one or more approved basic health insurance policies approved under this title.

"(b) The premiums imposed under any such policy shall be in an amount designed to cover the costs (inclusive of administrative costs and appropriate reserves which will be incurred in furnishing the benefits provided in the policy.

"(c) No such policy shall be offered in any area prior to the expiration of the 3-year period which commences on the date of enactment of this title.

"(d) Premiums collected by the Secretary for insurance policies offered by him under this section shall be deposited in an Insurance Revolving Fund, and moneys in such fund shall be available, without fiscal year limitation, for the payment of claims under such policies.

"(e) For the purpose of providing a contingency reserve for the insurance program established by this section, there is authorized to be appropriated such sums as may be necessary; and any sums appropriate for such purpose shall remain available for the purpose of making repayable advances (without interest) to the Insurance Revolving Fund authorized to be established under subsection (d).

"(f) The Secretary, in making payment for services covered under any insurance policy pursuant to this section, shall utilize the payments methodology and administrative mechanism employed by him for making payment for services covered under the insurance programs established by title XVIII.

"BASIC HEALTH INSURANCE FACILITATION PROGRAM

"SEC. 1510. (a) For purposes of this title, a State shall be regarded as having in effect a basic health insurance facilitation program only if the Secretary, after examining the pertinent laws and regulations of such State governing the doing of health insurance business within the State by carriers, determines that such laws and regulations—

"(1) require the establishment of one or more health reinsurance or other residual market arrangement to be utilized by such carriers in connection with the offering within the State of basic health insurance policies which meet the standards for certification by the Secretary established by this title,

"(2) require all such carriers to be members of a health reinsurance or other residual market arrangement and provide that losses, under any such arrangement, will be shared by all members thereof on a pro rata basis in proportion to their respective shares of the total health insurance premium earned in the State during the calendar year,

"(3) provide that premiums charged for policies issued to individuals or family members under any such health reinsurance or other residual market arrangement shall not be less than 125 per centum nor more than 150 per centum of the average group rate for the same coverage under a group policy covering ten lives, and

"(4) otherwise encourage and facilitate the offering of such policies within the State by all carriers doing health insurance business therein on a basis which is fair and equitable to each such carrier.

"(b) The Secretary is authorized, upon the request of any State, to provide appropriate technical assistance to aid the State in developing a program which meets the conditions prescribed in subsection (a).".

TITLE IV—AMENDMENTS TO THE MEDICARE PROGRAM IMMUNIZATIONS

SEC. 401. (a) Section 1861(s) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (8),

(2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and",

(3) by inserting immediately after paragraph (9) the following new paragraph:

"(10) such immunizations as the Secretary determines are appropriate, but only if provided on a scheduled allowance basis (as determined under regulations of the Secretary).", and

(4) by redesignating paragraphs (10) through (13) as paragraphs (11) through (14), respectively.

(b) Section 1864(a) of such Act is amended by striking out "paragraphs (10) and (11)" and inserting in lieu thereof "paragraphs (12) and (13)".

(c) Section 1862(a)(7) of such Act is amended by inserting immediately after "(7)" the following: "except as provided in section 1861(s)(10),".

(d) The amendments made by this section shall apply only with respect to services furnished on or after the first day of the month following the month in which this section is enacted.

MENTAL HEALTH SERVICES

SEC. 402. (a) Section 1833(c) of the Social Security Act is amended—

(1) by striking out "$312.50" and inserting in lieu thereof "$500", and

(2) by striking out "62½ per centum" and inserting in lieu thereof "80 per centum".

(b) Section 1812 of such Act is amended—

(1) by striking out subsection (c) thereof,

(2) in subsection (b) thereof, by striking out "(subject to subsection (c))", and

(3) in subsection (e) thereof, by striking out "subsections (b), (c), and (d)" and inserting in lieu thereof "subsections (b) and (d)".

(c) The amendments made by subsection (a) shall be effective only with respect to services furnished after December 31, 1975. The amendments made by subsection (b) shall be effective only with respect to services furnished after December 31, 1976.

AMOUNT OF PREMIUMS FOR HOSPITAL INSURANCE COVERAGE

SEC. 403. (a)(1) The second sentence of section 1818(d)(2) of the Social Security Act is amended by striking out "Such amount shall be equal to $33, multiplied by" and inserting in lieu thereof "Such amount shall be equal to 50 per centum of the product of $33 multiplied by".

(2) The amendment made by paragraph (1) shall be applicable in the case of premiums imposed on and after July 1, 1975.

(b) In addition to other moneys appropriated to the Federal Hospital Insurance Trust Fund, there shall be appropriated from time to time, with respect to periods commencing after June 30, 1975, amounts equal to 100 per centum of the amounts deposited in such Fund pursuant to section 1818(f) of the Social Security Act from premiums payable for such period.

PAYMENT FOR EXTENDED CARE SERVICE

Sec. 404. Section 1861(v)(E) of the Social Security Act is amended to read as follows:

"(E)(1) In the case of services furnished by a skilled nursing facility with respect to which payment for services furnished under title XIX is made on a cost-related basis pursuant to the provisions of section 1920(d)(2), such regulations may provide for the use of rates which are the same as the rates obtaining for such services under title XIX (except that such rates may be increased by the Secretary on a class or size of institution, or on a geographical basis by a percentage factor not in excess of 10 per centum to take into account determinable items or services or other requirements under this title not otherwise included in the computation of such rates under title XIX): *Provided*, That no such regulations shall become effective prior to the 60th day following the date on which the Secretary submits to the Congress a copy thereof together with a full and complete description of the methodology which would be employed in the determination of rates pursuant thereto, and an evaluation by the Secretary and by the Comptroller General of such methodology in terms of the extent to which the employment thereof will promote the efficient and economical administration of this title and equitable treatment to and between skilled nursing facilities furnishing services for which payment may be made hereunder.".

EXTENSION OF COVERAGE UNDER RENAL DISEASE PROGRAM

Sec. 405. Section 226(e) of the Social Security Act is amended by adding at the end thereof the following: "For purposes of the preceding sentence, any individual, who on or after the date of enactment of this sentence fails to meet the condition imposed by clause (2) of such sentence, shall be deemed to meet such condition. There are authorized to be appropriated, from time to time, to the Federal Hospital Insurance Trust Fund and to the Federal Supplementary Medical Insurance Trust Fund such sums as may be necessary (as based on estimates of the Secretary) to place each such Fund in the same financial condition that it would have occupied had the preceding sentence not been enacted.".

TITLE V—GENERAL PROVISIONS RELATING TO HEALTH INSURANCE UNDER SOCIAL SECURITY ACT

ASSISTANT SECRETARY FOR HEALTH INSURANCE ADMINISTRATION

Sec. 501. (a) Section 702 of the Social Security Act is amended—

(1) by inserting "(a)" immediately after "Sec. 702", and

(2) by adding at the end thereof the following new subsection:

"(b) The Secretary shall establish, within the Department of Health, Education, and Welfare, a separate organization unit (which shall include the functions and personnel of administrative entities known, as of the date of enactment of this subsection, as the 'Bureau of Health Insurance', the 'Medical Services Administration', the 'Bureau of Quality Insurance', and the 'Office of Nursing Home Affairs') under the direction of the Assistant Secretary for Health Insurance Administration, who shall report directly to the Secretary and who shall have policy and administrative responsibility for the programs established by titles XV, XVIII, XIX, and XXI, by part B of title XI, and for the renal disease program established by section 226. The Secretary shall not assign to such Assistant Secretary any duty or function which will prevent such Assistant Secretary from carrying out the duties imposed by the preceding sentence on a full-time (or substantially full-time) basis.".

(b)(1) There shall be in the Department of Health, Education, and Welfare an Assistant Secretary for Health Insurance Administration, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Section 5315 of title 5, United States Code, is amended in paragraph (17) by striking out "(5)" and inserting in lieu thereof "(6)".

ENCOURAGEMENT OF PHILANTHROPIC SUPPORT FOR HEALTH CARE

Sec. 502. Part A of title XI of the Social Security Act is amended by adding after section 1131 the following new section:

"ENCOURAGEMENT OF PHILANTHROPIC SUPPORT FOR HEALTH CARE

"Sec. 1132. (a) It is the policy of the Congress that philanthropic support for health care be encouraged and expanded, especially in support of experimental and innovative efforts to improve the health care delivery system and access to health care services.

"(b) For purposes of determining, under title XVIII, XIX, or XXI, the reasonable costs of any service furnished by a provider of health services—

"(1) unrestricted grants, gifts, and income from endowments shall not be deducted from the operating costs of such provider,

"(2) grants, gifts, and endowment income designated by a donor for paying specific operating costs of such provider shall be deducted from the particular operating costs or group of costs involved, and

"(3) investment income of such provider which is from gifts or grants shall not be used to reduce the interest expense of such provider unless such income is from an unrestricted gift or grant and is commingled with other funds, and, in no event shall any such interest expense be reduced below zero by any such investment income.".

Mr. WEICKER. Mr. President, I am pleased to join with my distinguished colleagues, Mr. Ribicoff and Mr. Long, in introducing the Catastrophic Health Insurance and Medical Assistance Reform Act of 1975.

I believe it is incumbent upon the 94th Congress to enact legislation that would protect Americans from skyrocketing medical costs. Every American has the right to quality medical care at affordable prices. Sudden illness is often as crippling economically as it is physically. Staggering medical bills swiftly dissolve the financial reserves of American families. Their future is maimed.

The bill introduced today by Senators Ribicoff and Long offers a proper and measured response to this health care crisis. It builds upon the existing system and allows for participation by the private insurance companies. It directs the Federal assistance to the people who need it most, the poor, the aged, those on fixed income. Most importantly, it is a plan which the budget can afford, the Congress can pass and the people deserve.

The Ribicoff-Long plan will have no budgetary impact until 1977. When fully operational, the costs of the entire program will be $9 billion. This is the least costly of all the national health insurance proposals before the Congress.

The bill would properly limit the amount Americans would have to pay on account of catastrophic illness. Any medical expenses over $2,000 and hospital costs incurred after 60 days would be covered under this proposal.

The private insurance companies would be able to provide insurance policies to cover the first $2,000 and 60 days of cost.

For the poor and the elderly, this legislation would replace medicaid with a uniform program of medical benefits. This program will insure adequate coverage for those who need our special care and will insulate States from burgeoning medical costs. At a time when States are facing fiscal crisis, this increased Federal role will help States to hold the line on expenditures.

Mr. President, I have reviewed all the major national health insurance programs. The Ribicoff-Long approach makes sense. I am pleased to lend my support to this legislation and will push actively for its adoption during this Congress.

ORDER OF BUSINESS

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Under the previous order, the Senator from Arizona (Mr. Fannin) is recognized for not to exceed 15 minutes.

Mr. HELMS. Mr. President, on behalf of the Senator from Arizona, I yield back his time.

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri (Mr. Eagleton) is recognized for not to exceed 15 minutes.

SARA JANE MOORE AND THE SECRET SERVICE

Mr. EAGLETON. Mr. President, for 2 days the Treasury, Post Office, and General Government Subcommittee of the Senate Appropriations Committee heard testimony in connection with the assassination attempt by Sara Jane Moore against President Ford in San Francisco, Calif., on September 22, 1975.

Our principal purpose was to ascertain how and if Secret Service protection of the President could be improved. A collateral, but unavoidable, secondary question was: Did the Secret Service agents discharge their duties responsibly in connection with the Moore matter?

Sara Jane Moore first came to the attention of two Secret Service agents in San Francisco on Saturday, September 20, less than 48 hours prior to the assassination attempt in front of the St. Francis Hotel on Union Square.

Although her name was on no suspect or threat list as routinely maintained by the Secret Service, her unusual behavior and her proclivity toward handguns as known by Inspector John T. O'Shea of the San Francisco Police Department became of concern to Secret Service agents Gary Yauger and Martin Haskell.

Sara Jane Moore had served as an informant for the FBI and the San Francisco Police Department. At the time of

President Ford's visit to San Francisco, she was working with the Alcohol, Tobacco, and Firearms Bureau of the Treasury Department in an attempt to "set up" an alleged illegal gun dealer in San Francisco.

Mrs. Moore had possession of a .44-caliber revolver, and had told Inspector O'Shea that she intended to go to Stanford University at the time of President Ford's visit at Stanford.

Inspector O'Shea imparted his concern about Mrs. Moore and her intentions to Secret Service Agent Haskell at 10 p.m. Saturday night, September 20.

From that time forward there was a flurry of activity by the San Francisco Police Department, the Alcohol, Tobacco, and Firearms Bureau, and the Secret Service in connection with Sara Jane Moore.

This activity included numerous phone calls, meetings and briefings among these agencies.

Since the Secret Service has the primary responsibility to protect the life of the President, and since it is the performance of this Agency which has come into question, I shall focus on the concerns and activities of this Agency.

From 10 p.m. Saturday night when Agent Haskell first learned of Sara Jane Moore until close to midnight Sunday night, the Secret Service agents evidenced a deep concern about Sara Moore.

The agents wanted to be kept closely informed of her activities and whereabouts in connection with a proposed visit to the gun dealer on Sunday morning, September 21. On Sunday morning Inspector O'Shea went with Mrs. Moore and an undercover agent of the Alcohol, Tobacco, and Firearms Bureau to the gun dealer to examine guns. After the examination, Inspector O'Shea then allowed Mrs. Moore to leave, in her own car, alone.

Agents Yauger and Haskell made repeated calls to the San Francisco Police Department that day to find out what was going on with respect to Mrs. Moore. They were hopeful that Inspector O'Shea would keep Mrs. Moore under surveillance.

Early that afternoon, when they called O'Shea and found out that she was not under surveillance, they requested the Palo Alto Police—Stanford is located in Palo Alto—to put out an "all points bulletin" to try to locate Mrs. Moore. They encouraged Inspector O'Shea to arrest Mrs. Moore for questioning. They posted lookouts at Stanford University to try to spot Mrs. Moore should she show up at the President's speech that afternoon.

Mrs. Moore was taken into custody in front of her house by the San Francisco police about 2:30 p.m. and was taken to the Mission Street police station, where she was booked for carrying an unregistered weapon and the .44-caliber gun was taken from her.

Then, unknown to the Secret Service, she was released. At 10 p.m. Sunday night, after a busy day, agents Yauger and Haskell stopped by the San Francisco jail to interview Mrs. Moore. On learning that she had been released, they went out to her house to talk to her.

At her request they then took her to the Secret Service office and at 10:30 p.m. began an hour-long interview of her as to her activities and future intentions.

I mention all of this to show the considerable concern that agents Yauger and Haskell had in Mrs. Moore as a potential threat to President Ford.

Inspector O'Shea testified that on Saturday night he had told agent Haskell, "We could have another Squeaky Fromme here," although Haskell recalls O'Shea's statement as being, "I am telling you all of this because of the events 2 weeks ago at Sacramento."

It is to be expected that two very busy law enforcement officers would not remember the exact words which were exchanged. The statements of O'Shea and Haskell are not inconsistent. Just as "Oswald" and "Dallas" became interchangeable code words in connection with President Kennedy's assassination, "Squeaky Fromme" and "Sacramento" may have been interchangeable in the minds of O'Shea and Haskell. Both could convey a warning of possible harm to the President.

A rather more significant disparity in testimony also exists between Inspector O'Shea and agent Yauger.

On Sunday night, at the Secret Service office when the agents were about to interview Mrs. Moore, Yauger called Inspector O'Shea.

Yauger stated that he asked this question: "Do we have a problem with her?" and that O'Shea answered, "No."

O'Shea says Yauger's question was: "Do you have any more?" and that he—O'Shea—answered, "No."

There is a substantial difference between the two questions. Yauger's version could be construed as implying, "Do we, the Secret Service charged with protecting the life of the President, have a problem with Mrs. Moore?" O'Shea, the law enforcement officer who best knows Mrs. Moore, answered no. Yauger and Haskell would be entitled to give great weight to such an answer.

O'Shea's version of the question is much, much different.

This brings me to the crux of the matter—the 1-hour interview of Mrs. Moore by agents Yauger and Haskell. At the conclusion of the interview their concerns had been laid to rest and they determined that Mrs. Moore was not a threat to the President.

On Monday morning, she returned to the gun dealer and purchased a .38-caliber revolver with which she took a shot at President Ford.

Thus, the heavy reliance these men placed on the in-person interview of Mrs. Moore becomes the central issue in determining whether or not they responsibly performed their duties.

Should a personal interview outweigh other revelant data previously assembled?

A personal interview is an accepted technique in evaluating an individual. Businessmen, educators, doctors all daily use it as a key determining factor in their routine of evaluating an individual.

Likewise, it is a key factor in law enforcement. Thinking back to my own experience as circuit attorney—the equivalent of district attorney—of St. Louis, I know I relied heavily on personal interrogation of a key witness in a criminal case. Although I might have extensive background material on the witness, I still placed the greatest emphasis on my personal interrogation of the witness. In such an interrogation, I could evaluate the witness's demeanor, degree of self-confidence, coherence, rationality, awareness, alertness, grasp of the facts and plausibility.

Admittedly, when one human seeks to evaluate another human we are in the realm of a most subjective, most inexact science. Nevertheless, law enforcement officers are called upon every day to engage in such a personal, subjective undertaking. For all of its imperfections, it is a necessary tool of law enforcement. It is the essential tool of the Secret Service.

Agents Yauger and Haskell had special training in interrogation techniques and had used this technique time and time again. It was part of their trade. At 11:30 p.m. Sunday, on completion of their extensive interview with Mrs. Moore, they concluded that what they gleaned in that interview laid to rest their earlier concerns.

I will not fault that conclusion, based on their testimony. I was not there. Had I been there—once again recollecting my own extensive use of personal interviews—I might well have reached the same conclusion.

The question, it seems to me, is not, based on the certitude of hindsight, what should have been done by agents Yauger and Haskell. Rather, the question is whether they exercised proper foresight. Based on the imponderables in the prediction of deviant human behavior, I cannot, from the vantage point of Washington, D.C., a week later, fault the decision that Yauger and Haskell made in San Francisco under real circumstances.

Secret Service men, like U.S. Senators, are not clairvoyant. For anyone, regardless of training, to precisely predict deviant behavior is beyond the power of any human. To find, pinpoint, and restrain that person who, on a given day in a certain city, will attempt to assassinate the President is an impossibility.

The Secret Service maintains an active file of nearly 39,000 persons who are potentially dangerous to the safety of the President, with some 300 on a top priority list. Yet Oswald, Ray, Sirhan, Bremer, Fromme, and Moore were not on it. And there is no way to get every single potential assassin added to such a list, for there is no way to identify every single one. We cannot expect even the Secret Service to have godlike qualities of prediction.

The glare of public attention tends to be focused on a governmental agency when the agency is alleged to have blundered. One must bear in mind that there is no way to quantify the attempts on a President's life that have been aborted because of the presence and methods of operation of the Secret Service, but it is safe to assume that it is a sizable number.

It is not humanly possible to provide absolute protection to any individual. All that we can expect from the Secret Service is that they do the best possible job with the available tools. It is my conclusion, based upon the hearings and upon an examination of material supplied by the Secret Service, that they are attempting to use the latest and most scientific methods to perform their job. It is my hope that as a result of recent events persons who are provided with Secret Service protection will take the Service's recommendations seriously and will refrain from activities which might unnecessarily endanger their security.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Under the previous order the Senator from Montana (Mr. MANSFIELD) is recognized for not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BOARD FOR INTERNATIONAL BROADCASTING AUTHORIZATIONS, 1976

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2230.

The PRESIDING OFFICER (Mr. DURKIN) laid before the Senate the amendment of the House of Representatives to the bill (S. 2230) to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance, as follows:

Page 4, strike out lines 9 through 15 inclusive, and insert:

(C) the President is requested to initiate discussions with the Government of Turkey concerning effective means of preventing the diversion of opium poppy into illicit channels.

(2) The President is directed to submit to the Speaker of the House of Representatives and to the Foreign Relations and Appropriations Committees of the Senate within sixty days after the enactment of this Act a report on discussions conducted under subsections (b)(1) (B) and (C), together with his recommendations for economic and military assistance to Greece for the fiscal year 1976.

Mr. MANSFIELD. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISAPPROVAL OF DEFERRAL OF CERTAIN BUDGET AUTHORITY RELATING TO EMERGENCY ENERGY CONSERVATION SERVICES

Mr. MANSFIELD. I submit a resolution, Calendar No. 394, Senate Resolution 267, and ask for its immediate consideration. This resolution has been cleared all around.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 267) disapproving the deferral of certain budget authority relating to emergency energy conservation services.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MAGNUSON. Mr. President, the Senate Appropriations Committee has recommended disapproval of the proposed deferral of $16,500,000 appropriated for the emergency energy conservation services program. Since the House has not taken any official action on this proposal and simply reported a rescission bill, we have recommended this separate resolution denying this deferral.

Unlike a rescission bill, which must be acted on by both the House and Senate and signed by the President, a deferral can be denied by a Senate resolution and need not be considered or acted on by the House or signed by the President to force the release of the impounded funds.

The committee received letters from 12 Senators urging rejection of this deferral, which threatens to prevent more than 80,000 homes of low-income people from being insulated and repaired prior to the onset of winter.

I hope the Senate will act promptly and favorably to disapprove this deferral.

Mr. BROOKE. Mr. President, the Senate Appropriations Committee does not at this time disapprove deferral of more than $18.5 million in budget authority; our recommendations do not include a number of proposed education deferrals made moot by Congress enactment of the fiscal year 1976 education appropriations bill. We recommend, however, disapproval of one request in the amount of $16.5 million for emergency energy conservation services. This deferral was requested pending enactment of new legislation which would transfer the current winterization program from the Community Services Administration to the Federal Energy Administration. While the House has acted on this measure, the Senate has not even held hearings. It is obvious, therefore, that even if we were to accept the administration's proposal to effect the transfer to the Federal Energy Administration, it could not be implemented in time to meet this winter's needs.

According to figures available to our committee, it is estimated that over one-third of the existing 47 million homes in this country are inadequately insulated. Almost one-half of these are occupied by families below the poverty line. The figures also indicate that if we continue this winterization program for 3 years we will save the equivalent of 35,000 barrels of petroleum per day and low-income households will save a total of $200 million each year in reduced fuel bills.

In addition to providing winterization materials to more adequately insulate homes of low-income families, the Community Services Administration will also use some of the money on a short-term emergency basis to prevent utility shutoffs for low-income persons who fall behind in paying their utility bills.

The emergency energy conservation program will show a concrete payback by reducing our consumption of home heating products. There is absolutely no reason to impede its implementation. I urge my colleagues to support the resolution before us disapproving the requested deferral of $16.5 million.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 267) was agreed to, as follows:

Resolved, That the Senate disapproves the proposed deferral of budget authority for emergency conservation services, which deferral (D76-49) was set forth in the special message transmitted by the President to the Congress on July 26, 1975, under section 1013 of the Impoundment Control Act of 1974.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMIC SUMMIT CONFERENCE

Mr. ROBERT C. BYRD. Mr. President, the time has long since passed when any nation could live in "splendid isolation," immune to the problems which affected its neighbors. Fortunately, we learned in time that mutual defense is a wise policy. In the last generation, we were able to stem the aggressive ambitions of tyrants in Europe and Asia. Since World War II, the concept of mutual vigilance has thwarted the designs of totalitarianism more than once. Mutuality is now a canon of American defense policy.

Unfortunately, however, we have been slower in the West to learn that nations are mutually vulnerable to economic viruses. Though we have been willing to enter into trade and tariff agreements, we have been reluctant to join our closest economic and industrial allies in efforts to bring under control our common problems with inflation and recession.

The nations of West Germany, Japan, France, and Britain, as well as the lesser economic powers of Europe, are suffering with the United States from the same economic maladies. The estimated inflation rate of the United States for the year ending in June 1975, was at least 9.3 percent; for the same period, that of West Germany was 6.4 percent; Japan: 13.7 percent; France: 11.6 percent; and Britain: a whopping 26.2 percent.

Figures on the rates of unemployment, though less accurate or readily available, demonstrate a rising spiral. In the United States, the unemployment figures were between 8–9 percent for the past year; recently, a news report claimed that at least 1 million Americans had stopped even trying to find new jobs and were not being included in the unemployment statistics. In West Germany, where well over a million are presently out of work, economists are predicting that another 500,000 will lose their jobs by the end of the year; only a few months ago, West Germany was recruiting labor in Yugoslavia, Spain, and Turkey to meet its needs. The rates of unemployment are rising in the other industrial nations as well. We are not alone in the problems that beset us in the United States.

Paradoxically, we have not been able to recognize our economic interdependence. West Germany, Japan, France, and Britain are major purchasers of our goods and we of theirs. Last year, we exported $23 billion in goods to those nations, and we imported $25 billion from them. If our economies are not healthy, we have the potential for a worldwide depression reminiscent of the Great Depression of the 1930's.

Political experts are already warning that the condition of the economy will be the most important issue in the election of 1976.

Economic restlessness threatens political repercussions in the other industrial states as well. I recall that the economic situation into which Germany plunged after World War I provided a fertile ground for Fascist ideology. On the other hand, communism probably never was stronger in the United States than during the chaos of the depression in the thirties.

The time is right for coordination of efforts by the industrial nations to put their economic houses in order. The efforts of any one nation to act without a concert of the others will not be sufficient to solve the complicated problems being faced by all together.

The United States is the greatest economic power in the world. No other nation possesses our capacity for production and consumption. If any nation has the authority and responsibility to take the initiative in ending the present economic disarray, it is the United States.

Therefore, I urge that President Ford call a genuine "economic summit conference" to consider the best course of action to bring an end to the present economic confusion. Such a conference ought to include West Germany, Japan, France, and Britain—the other leading industrialized nations of the free world—in addition to the United States.

Furthermore, I suggest that this conference not be limited to diplomats and government economists. Rather, it should include businessmen, bankers, industrialists, and labor leaders from each nation. The crisis which is facing the industrial world is not one which lends itself to solutions by governmental actions alone. What is required is a mutual understanding, decision, and response by government, management, and labor to the problems that plague us.

The unity that might result from such a conference has a potential to transcend the problems of inflation and recession. The Western nations and Japan have wilted again and again in the face of questionable solidarity of the OPEC nations. However, an economic concord by the industrial powers might lead to a stabilization of the price of international oil. Further, the economic sanity exhibited by such a conference could go far to persuade the oil-exporting nations that their own interests lie in rational trading policies. Other incipient cartels in the Third World would take note of the cooperation of the industrial powers to their future edification as well, I am sure.

Recent conversations between Chancellor Schmidt of West Germany and President Giscard d'Estaing of France have revealed that these two leaders are open to an imperative dialog on the economic problems facing the industrial world. The time is ripe for the President of the United States to invoke the prestige of his office to gather our economic partners at the conference table while our problems are still manageable. I urge Mr. Ford to do so promptly.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore (Mr. PROXMIRE) laid before the Senate a message from the President of the United States submitting the nomination of Morton Corn, of Pennsylvania, to be an Assistant Secretary of Labor, which was referred to the Committee on Labor and Public Welfare.

REPORTS EXTENDING PREVIOUSLY REPORTED DEFERRALS OF FUNDS FOR PROGRAMS IN THE DEPARTMENT OF AGRICULTURE AND THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 94–107)

The ACTING PRESIDENT pro tempore (Mr. PROXMIRE) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Appropriations, the Committee on the Budget, the Committee on Agriculture and Forestry, and the Committee on Labor and Public Welfare, jointly, pursuant to the order of January 30, 1975:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith transmit ten supplementary reports which extend previously reported deferrals of funds provided by the continuing resolution for fiscal year 1976. Eight of the deferrals are for programs of the Department of Agriculture and two deferrals are for programs in the Department of Health, Education, and Welfare. The supplementary reports reflect an addition of $76.4 million in budget authority deferred when compared with their original reports.

Generally, the Congress considers the funds appropriate to each program only in the regular appropriations bill. The continuing resolution establishes certain categories and sets standard temporary appropriation levels that apply uniformly to the many programs within each of these categories. I am proposing—for the programs included in this message—levels that differ from the general levels allowed in the continuing resolution. The Congress is now in the process of considering, through the regular 1976 appropriation bills, my specific proposals for each of these programs. The deferrals I am reporting preserve the possibility of conducting these programs in 1976 at the levels I have recommended.

The details of each deferral are contained in the attached reports.

GERALD R. FORD.

THE WHITE HOUSE, *October 3, 1975.*

MESSAGES FROM THE HOUSE

At 9:46 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 2230) to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance, with an amendment in which it requests the concurrence of the Senate.

ENROLLED BILLS SIGNED

At 10:55 a.m., a message from the House of Representatives, by Mr. Berry, announced that the Speaker has signed the enrolled bill (H.R. 9600) to rescind certain budget authority recommended in the message of the President of July

26, 1975 (H. Doc. 94–225), transmitted pursuant to the Impoundment Control Act of 1974.

At 12:33 p.m., a message from the House of Representatives, by Mr. Berry, announced that the Speaker has signed the following bills:

S. 2230. An act to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance; and

S. 2375. An act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 45 days.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. Proxmire).

At 1:33 p.m., a message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8070) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending June 30, 1976, and for the period ending September 30, 1976, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 11, 42, and 43 to the aforesaid bill, and concurs therein; that the House recedes from its disagreement to the amendments of the Senate numbered 2, 3, 5, 55, 56, 57, and 59, and concurs therein, each with an amendment, in which it requests the concurrence of the Senate.

At 3:09 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 7656. An act to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; and

H.R. 9861. An act making appropriations for the Deparmtent of Defense for the fiscal year ending June 30, 1976, and the period begining July 1, 1976, and ending September 30, 1976, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Res. 274. An original resolution to pay a gratuity to Deborah J. King.

HOUSE BILLS REFERRED

The following bills were read twice by their titles and referred as indicated:

H.R. 7656. An act to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; to the Committee on Agriculture and Forestry.

H.R. 9861. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period beginning July 1, 1976, and ending September 30, 1976, and for other purposes; to the Committee on Appropriations.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that today, October 3, 1975, he presented to the President of the United States the following enrolled bills:

S. 2230. An act to authorize appropriations for the Board for International Broadcasting for fiscal year 1976; and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance.

S. 2375. An act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for forty-five days.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUDDLESTON (for himself, Mr. Allen, Mr. Bellmon, Mr. Clark, Mr. Curtis, Mr. Dole, Mr. Eastland, Mr. Humphrey, Mr. Leahy, Mr. McGovern, and Mr. Talmadge):

S. 2467. A bill to authorize funds for title V of the Rural Development Act of 1972 through September 30, 1970. Referred to the Committee on Agriculture and Forestry.

By Mr. FANNIN (for himself and Mr. Hansen):

S. 2468. A bill to amend the Tariff Schedules of the United States to provide for a higher rate of duty on certain automobiles, motorcycles, and parts therefor. Referred to the Committee on Finance.

By Mr. DOMENICI:

S. 2469. A bill for the relief of Manuel Medina Martin. Referred to the Committee on the Judiciary.

By Mr. LONG (for himself, Mr. Ribicoff, Mr. Talmadge, Mr. Mansfield, Mr. Hugh Scott, Mr. Cannon, Mr. Hollings, Mr. Inouye, Mr. Montoya, Mr. Hansen, Mr. Young, Mr. Percy, Mr. Weicker, and Mr. William L. Scott):

S. 2470. A bill to amend the Social Security Act by adding thereto a new title XXI which will provide insurance against the costs of catastrophic illness, by replacing the medicaid program with a Federal medical assistance plan for low-income people, and by adding a new title XV thereto which will encourage and facilitate the availability, through private insurance carriers, of basic health insurance at reasonable premium charges, and for other purposes. Referred to the Committee on Finance.

By Mr. ABOUREZK:

S. 2471. A bill to provide for certain payments to be made to State or local governments by the Secretary of the Interior based upon the amount of certain public lands within the boundaries of such State or locality. Referred to the Committee on Interior and Insular Affairs.

By Mr. TUNNEY (for himself and Mr. Cranston):

S. 2472. A bill to designate certain lands in the Point Reyes National Seashore, California as wilderness; to designate Point Reyes National Seashore, as a natural area of the National Park System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUDDLESTON (for himself, Mr. Allen, Mr. Bellmon, Mr. Clark, Mr. Curtis, Mr. Dole, Mr. Eastland, Mr. Humphrey, Mr. Leahy, Mr. McGovern, and Mr. Talmadge):

S. 2467. A bill to authorize funds for title V of the Rural Development Act of 1972 through September 30, 1979. Referred to the Committee on Agriculture and Forestry.

Mr. HUDDLESTON. Mr. President, I rise today to introduce legislation to extend for another 3 years the authority for rural development research and extension under title V of the Rural Development Act of 1972.

This authority expires on June 30 of 1976. The bill that I am introducing today, S. 2467, would simply extend the existing authority and continue to limit expenditures to $20 million per year.

My desire to extend this portion of the act stems more from the potential of title V, rather than from the performance of the program to date.

Frankly, the money appropriated under this program has not always been spent in accordance with the wishes of Congress.

First of all, the administration has never requested funds to implement half of the authority of this title, namely, that section which provides for small farm extension, research, and development.

It was the intent of Congress that these programs consist of extension and research with respect to new approaches for the management, agricultural production techniques, farm machinery technology, new products, cooperative agricultural marketing, and distribution suitable to the economic development of family-sized farm operations.

In this regard, Congress recognized that many of those small farms to which this section of the act is addressed are too small to be economically viable in and of themselves. It was recognized that many of these farmers or their wives might have to seek supplemental nonfarm income. But the point was that many of these people, even with two incomes, are living at or near the poverty level. They are underemployed. If research and extension can be used to maximize their farm incomes we will be able to accomplish much in regard to improving their standard of living, putting more dollars into local rural economies, and thereby accomplishing a great deal of rural development.

Nearly two-thirds of our farm families come under the category of small farmer. Unless some action is taken to provide these people with equity within the farm sector, we will speed up the process in which the super farm is beginning to control American agriculture.

The number of farms with sales of $100,000 or over per year increased from 23,000 in 1960 to 115,000 in 1974. In 1960 these farms accounted for less than 1 percent of the total number of farms but for over 17 percent of the farm products sold. By 1974 farms of this size represented about 4 percent of all farms but produced 47 percent of the farm products sold.

And while I have no desire to return American agriculture to a hand plow and mule operation, we have no right to neglect the small or marginal producer.

The General Accounting Office recognized this recently when it issued a report on some problems impeding economic improvement of small farm operations, and what USDA could do to alleviate these problems.

In it's response to this report, USDA said that it should not take actions to intensify its efforts to train and provide technical assistance to small farmers.

This is despite the mandate in the Rural Development Act and a similar mandate issued by Congress in 1957.

It seems to me that this kind of response appears to give some credence to allegations that USDA is only responsive to corporate agribusiness, and that its policies are driving small farmers off the land.

I want to serve notice here and now that, while this legislation which I am introducing today deals only with an extension of title V, it is my intention to introduce subsequent legislation to reinforce the determination of Congress that the small farmer is not to be callously neglected.

Insofar as the nonfarm rural development programs provided for under title V, some States have performed admirably. They have supplemented the rather limited funds available under title V and they have come up with truly innovative programs. They have properly interpreted the spirit of title V which implies that the total resources of the land grant universities should be made available for rural community development.

In some other States, the program has not been carried out so well. I am hopeful, therefore, that this bill to extend title V will be used as a vehicle to examine the implementation of this authority in a manner consistent with the desires of Congress.

In many respects, because of the small amounts of money appropriated thus far under title V, this money has been something of an administrative problem to those who have had to manage these funds. As a result, some State extension directors have indicated that they would like to see these rural development funds detached as a budgetary line item and folded into Smith-Lever and Hatch authorities for the purposes of ease of administration.

This year, in the report submitted to the Budget Committee by the Committee on Agriculture and Forestry, it was recommended that if title V funds are for any reason not identified in the budget no appropriation should be made at all.

The committee's reasoning was that if the funds were folded in, there would be no way in which the Congress could determine that the money was being used for rural development purposes.

In the committee's opinion, those States which had already been doing a good job in rural development with their Smith-Lever and Hatch funds would continue to do so. Some others, where research and extension work had been directed solely toward commercial agriculture, would continue to ignore the wishes of Congress.

The land-grant universities must understand that they have an obligation to small farmers and to nonfarm rural development. They must fulfill that obligation.

They must also understand that the land-grant schools of 1890, the small community colleges and the State vocational schools must be a part of the title V process.

Mr. President, it seems to me that this is not a minor issue. If the Department of Agriculture is to be responsive only to the needs of the biggest, wealthiest farmers it will have forsaken Abraham Lincoln's dictum that it be the "people's department."

Personally, I do not see a whit of difference between the smallest Kentucky tobacco farm and the largest corporate farm in California insofar as the equality of service that they should be able to expect from the Department of Agriculture.

If there is a difference in the minds of the leadership of USDA, then I see no need to continue a separate Department of Agriculture. Let us just put it in the Department of Commerce and forget it.

The fact is that there is a desperate need for a full-service Department of Agriculture to provide services to small farmers and commercial agriculture. There is a need for an agency that can provide services to protect our land and water resources; to protect the quality of our food supply; to provide necessary services to rural residents and communities; to provide for humanitarian commitments overseas; and, to see to the nutritional needs of our own people.

Congress has made these commitments clear on many occasions, through many legislative authorities.

I trust that this measure which I introduce today will be used as a vehicle to insure that these commitments are kept in a responsive and responsible manner.

Mr. President, I ask unanimous consent that S. 2467 be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2467

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 503(a) of the Rural Development Act of 1972 is amended to read as follows:

"(a) There is authorized to be appropriated to carry out the purpose of this title not to exceed $20,000,000 for the fiscal year ending June 30, 1976; not to exceed $5,000,000 for the period beginning July 1, 1976, and ending September 3, 1976; not to exceed $20,000,000 for the fiscal year ending September 30, 1977; not to exceed $20,000,000 for the fiscal year ending September 30, 1977; not to exceed $20,000,000 for the period ending September 30, 1978; and not to exceed $20,000,000 for the fiscal year ending September 3, 1979."

By Mr. FANNIN (for himself and Mr. Hansen):

S. 2468. A bill to amend the tariff schedules of the United States to provide for a higher rate of duty on certain automobiles, motorcycles, and parts therefor. Referred to the Committee on Finance.

(The remarks of Mr. Fannin when he introduced the above bill appear later in the Record.)

By Mr. LONG (for himself, Mr. Ribicoff, Mr. Talmadge, Mr. Mansfield, Mr. Hugh Scott, Mr. Cannon, Mr. Hollings, Mr. Inouye, Mr. Montoya, Mr. Hansen, Mr. Young, Mr. Percy, Mr. Weicker, and Mr. William L. Scott):

S. 2470. A bill to amend the Social Security Act by adding thereto a new title XXI which will provide insurance against the costs of catastrophic illness, by replacing the medicaid program with a Federal medical assistance plan for low-income people, and by adding a new title XV thereto which will encourage and facilitate the availability, through private insurance carriers, of basic health insurance at reasonable premium charges, and for other purposes. Referred to the Commitee on Finance.

(The remarks of Mr. Long when he introduced the above bill appear earlier in the Record.)

By Mr. ABOUREZK:

S. 2471. A bill to provide for certain payments to be made to State or local governments by the Secretary of the Interior based upon the amount of certain public lands within the boundaries of such State or locality. Referred to the Committee on Interior and Insular Affairs.

Mr. ABOUREZK. Mr. President, I am introducing legislation today to provide a floor of 75 cents per acre for Federal payments in lieu of taxes to counties where there is extensive public land, such as national forest and Department of Interior land.

This bill is identical to H.R. 9719, introduced by Representative Frank Evans of Colorado and several other Members of the House. The issue of payments to counties for nontaxable Federal land is one that has been with us for a long time. I believe that the approach to the problem taken by this bill is equitable and fiscally sound. It will not overturn the present formula where it is working satisfactorily, but will aid those areas most severely disadvantaged by the formula.

The current system of payments has been basically unchanged since 1911. Counties receive 25 percent of generated revenue from the land, minus the cost of certain improvements made by the Federal Government.

In some areas the formula is of benefit to federally-impacted counties, and the sum is as high as $5.61 per acre in some counties in the State of Washington. Not all counties, however, are so fortunate. Many counties, in all sections of the Nation, receive only a few pennies per acre, much less than would be generated if the land were in private hands.

The bill I am introducing today gives local units of government a choice. Those who are happy with the present system can keep it. Where the current payment is insufficient, the local government can choose a flat 75 cents per acre payment.

I am hopeful that this legislation will be able to deal with a problem which has had much attention in the past, but little action. As a cosponsor also of S. 1285, which entirely replaces the old formula, I know that there are numerous constructive suggestions to meet the financial crisis facing many federally-impacted counties. I hope that hearings can draw attention to these problems and develop a responsible initiative to meet this great need.

I ask unanimous consent that the payments from the Forest Service to counties for fiscal year 1973 be printed in the RECORD. These are the latest figures supplied to me, and I believe there has been little change in the past 2 years. Of coures, there are several agencies in addition to the Foreign Service to which the new formula would apply.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PAYMENTS PER ACRE TO COUNTIES—25% OF NATIONAL FOREST RECEIPTS FISCAL YEAR 1973

[*County and pay per acre*]

ALABAMA

Frankin	$0.51
Lawrence	0.51
Winston	0.51
Covington	0.98
Escambia	0.98
Bibb	0.32
Calhoun	0.32
Chilton	0.32
Clay	0.32
Cleburne	0.32
Dallas	0.32
Hale	0.32
Perry	0.32
Talladega	0.32
Tuscaloosa	0.32
Macon	0.36

ALASKA

All	0.05

ARIZONA

Apache	0.30
Greenlee	0.27
Coconino	0.28
Gila	0.04
Yavapai	0.09
Cochise	0.05
Graham	0.05
Pima	0.05
Pinal	0.04
Santa Cruz	0.05
Mohave	0.22
Navajo	0.52
Maricopa	0.04

ARKANSAS

Garland	0.58
Hot Spring	0.58
Howard	0.58
Logan	0.54
Montgomery	0.58
Perry	0.58
Pike	0.58
Polk	0.58
Saline	0.58
Scott	0.58
Sebastian	0.58
Yell	0.54
Baxter	0.16
Benton	$0.16
Conway	0.16
Crawford	0.16
Franklin	0.16
Johnson	0.16
Madison	0.16
Marion	0.16
Newton	0.16
Pope	0.16
Searcy	0.16
Stone	0.16
Van Buren	0.16
Washington	0.16
Lee	0.54
Phillips	0.54

CALIFORNIA

Los Angeles	0.15
San Bernardino	0.29
Ventura	0.02
Orange	0.10
Riverside	0.24
San Diego	0.10
Alpine	0.82
Amador	2.54
El Dorado	2.54
Placer	2.01
Fresno	0.98
Inyo	0.12
Madera	0.87
Mono	0.09
Tulare	0.80
Del Norte	2.51
Humboldt	2.49
Siskiyou	1.77
Trinity	2.91
Butte	3.38
Lassen	0.80
Plumas	3.03
Shasta	2.45
Tehama	2.91
Kern	0.80
Monterey	0.02
San Luis Obispo	0.02
Santa Barbara	0.02
Colusa	1.21
Glenn	1.21
Lake	1.21
Mendocino	1.21
Modoc	0.81
Sierra	1.71
Yuba	2.39
Mariposa	1.26
Calaveras	1.55
Tuolumne	1.55
Nevada	1.69
Placer	3.03

COLORADO

Clear Creek	0.10
Gilpin	0.05
Grand	0.11
Jackson	0.05
Jefferson	0.02
Park	0.01
Routt	0.05
Summit	0.11
Delta	0.06
Garfield	0.06
Mesa	0.05
Gunnison	0.04
Hinsdale	0.07
Montrose	0.02
Saguache	0.04
Douglas	0.01
El Paso	0.01
Teller	0.01
Alamosa	0.04
Conejos	0.04
Mineral	0.07
Rio Grande	0.04
San Juan	0.14
Boulder	0.01
Larimer	0.01
Archuleta	0.15
Moffat	0.05
Rio Blanco	0.05
Chaffee	0.01
Custer	0.01
Fremont	0.01
Huerfano	0.01
Lake	0.01
Las Animas	0.01
Pueblo	$0.01
Dolores	0.15
La Plata	0.15
San Juan	0.14
San Miguel	0.03
Pitkin	0.06
Ouray	0.02
Eagle	0.06

FLORIDA

Franklin	0.57
Leon	0.57
Liberty	0.57
Wakulla	0.57
Lake	0.38
Marion	0.38
Putman	0.38
Baker	1.65
Columbia	1.65

GEORGIA

Banks	0.27
Catoosa	0.27
Chatooga	0.27
Dawson	0.27
Fannin	0.27
Floyd	0.27
Gilmer	0.27
Gordon	0.27
Habersham	0.27
Lumpkin	0.27
Murray	0.27
Rabun	0.27
Stephens	0.27
Towns	0.27
Union	0.27
Walker	0.27
White	0.27
Whitfield	0.27
Greene	1.42
Jasper	1.42
Jones	1.42
Morgan	1.42
Oconee	1.42
Oglethorpe	1.42
Putnam	1.42

IDAHO

Ada	0.33
Boise	0.33
Elmore	0.27
Gem	0.33
Valley	0.29
Bannock	0.04
Bear Lake	0.04
Bonneville	0.06
Caribou	0.04
Franklin	0.04
Oneida	0.04
Power	0.03
Blaine	0.03
Butte	0.03
Clark	0.10
Custer	0.01
Lemhi	0.03
Clearwater	0.55
Idaho	0.34
Shoshone	1.13
Bonner	0.74
Kootenai	1.47
Boundary	0.06
Adams	0.26
Washington	0.26
Benewah	0.92
Latah	0.92
Camas	0.03
Cassia	0.03
Twin Falls	0.03
Fremont	0.10
Jefferson	0.10
Madison	0.10
Teton	0.10

ILLINOIS

Alexander	0.17
Gallatin	0.17
Hardin	0.17
Jackson	0.17
Johnson	0.17
Massac	0.17
Pope	0.17
Saline	0.17
Union	0.17
Williamson	0.17

INDIANA	
Brown	$0.11
Crawford	0.11
Dubois	0.11
Jackson	0.11
Lawrence	0.11
Martin	0.11
Monroe	0.11
Orange	0.11
Perry	0.11
KENTUCKY	
Bath	0.19
Bell	0.19
Clay	0.19
Estill	0.19
Harlan	0.19
Jackson	0.19
Knox	0.19
Laurel	0.19
Lee	0.19
Leslie	0.19
McCreary	0.19
Menifee	0.19
Morgan	0.19
Owsley	0.19
Perry	0.19
Powell	0.19
Pulaski	0.19
Rockcastle	0.19
Rowan	0.19
Wayne	0.19
Whitley	0.19
Wolfe	0.19
Letcher	0.06
Pike	0.06
LOUISIANA	
Claiborne	2.41
Grant	2.41
Natchitoches	2.41
Rapides	2.41
Vernon	2.41
Webster	2.41
Winn	2.41
MAINE	
York	.0
Alfred	.0
Dayton	.0
Hollis	.0
Lyman	.0
Oxford	0.19
Albany	0.19
Butchelders Gt	0.19
Gilead	0.19
Lovell	0.19
Mason	0.19
Stoneham	0.19
Stow	0.19
Bethel	0.19
MICHIGAN	
Alger	0.10
Cheboygan	0.10
Chippewa	0.10
Delta	0.10
Mackinac	0.10
Marquette	0.11
Schoolcraft	0.10
Alcona	0.10
Crawford	0.09
Iosco	0.10
Ogeman	0.09
Oscoda	0.10
Roscommon	0.07
Barry	0.13
Charlevoix	0.13
Genesee	0.13
Gd Traverse	0.13
Lake	0.13
Manistee	0.13
Mason	0.13
Mecosta	0.13
Montcalm	0.13
Muskegon	0.13
Newaygo	0.13
Oceana	0.13
Otsego	0.13
Wexford	0.13
Baraga	0.13
Gogebic	0.13
Houghton	0.13
Iron	0.13
Ontonagon	$0.12
Antrim	0
Kalkaska	0
MINNESOTA	
Beltrami	0.13
Cass	0.13
Itasco	0.13
Cook	0.06
Koochiching	0.06
Lake	0.06
St. Louis	0.06
MISSISSIPPI	
Jasper	0.58
Newton	0.58
Scott	0.58
Smith	0.58
Forrest	1.60
George	1.60
Greene	1.60
Harrison	1.60
Jackson	1.60
Jones	1.60
Pearl River	1.60
Perry	1.60
Stone	1.60
Wayne	1.60
Benton	0.60
Lafayette	0.60
Marshall	0.60
Tippah	0.60
Union	0.60
Yalobusha	0.60
Adams	2.99
Amite	2.99
Copiah	2.99
Franklin	2.99
Sharkey	0.53
Jefferson	2.99
Lincoln	2.99
Wilkinson	2.99
Chickasaw	1.01
Choctaw	1.01
Oktibbeha	1.01
Pontotoc	1.01
Winston	1.01
MISSOURI	
Bollinger	0.86
Butler	0.86
Carter	0.86
Crawford	0.86
Dent	0.86
Iron	0.86
Laclede	0.86
Madison	0.86
Phelps	0.86
Pulaski	0.86
Reynolds	0.86
St. Francois	0.86
Ste Genevieve	0.86
Shannon	0.86
Texas	0.86
Washington	0.86
Wayne	0.86
Wright	0.86
Barry	0.02
Christian	0.02
Douglas	0.02
Howell	0.02
Oregon	0.02
Ozark	0.02
Ripley	0.02
Stone	0.02
Taney	0.02
MONTANA	
Lincoln	0.94
Sanders	0.61
Beaverhead	0.01
Deer Lodge	0.02
Gallatin	0.02
Madison	0.02
Silver Bow	0.03
Missoula	0.49
Ravalli	0.19
Carbon	0.03
Carter	0.04
Park	0.02
Powder River	0.04
Rosebud	0.04
Stillwater	$0.04
Sweet Grass	0.02
Granite	0.20
Jefferson	0.04
Powell	0.30
Flathead	0.42
Lake	0.40
Lewis & Clark	0.09
Meagher	0.02
Broadwater	0.06
Cascade	0.01
Chouteau	0.01
Fergus	0.01
Glacier	0.01
Golden Valley	0.01
Judith Basin	0.01
Pondera	0.01
Teton	0.01
Wheatland	0.01
Mineral	0.53
NEBRASKA	
Blaine	0.11
Dawes	0.11
Sioux	0.11
Thomas	0.11
Cherry	0.09
NEVADA	
Douglas	0.03
Esmeralda	0.12
Mineral	0.03
Clark	0.02
Eureka	0.02
Lander	0.02
Lyon	0.02
Nye	0.02
Washoe	0.02
Carson City	0.02
Elko	0.02
Humboldt	0.02
Lincoln	0.02
White Pine	0.02
NEW HAMPSHIRE	
Carroll	0.20
Coos	0.20
Grafton	0.20
NEW MEXICO	
Catron	0.10
Hidalgo	0.05
Colfax	0.22
Mora	0.14
Rio Arriba	0.18
Taos	0.22
Bernalillo	0.06
Sante Fe	0.12
Lincoln	0.06
McKinley	0.06
Sandoval	0.12
Sierra	0.03
Socorro	0.06
Torrance	0.06
Valencia	0.06
Grant	0.03
Chaves	0.05
Eddy	0.05
Otero	0.05
Los Alamos	0.12
San Miguel	0.12
NORTH CAROLINA	
Cherokee	0.25
Clay	0.25
Graham	0.25
Jackson	0.25
Macon	0.25
Swain	0.25
Transylvania	0.22
Avery	0.21
Buncombe	0.21
Burke	0.21
Caldwell	0.21
Haywood	0.21
Henderson	0.21
McDowell	0.21
Madison	0.21
Mitchell	0.21
Watauga	0.21
Yancey	0.21
Carteret	0.16
Craven	0.16
Jones	0.16

PAYMENTS PER ACRE TO COUNTIES—25% OF NATIONAL FOREST RECEIPTS FISCAL YEAR 1973—Continued

[*County and pay per acre*]

NORTH CAROLINA—Continued	
Davidson	$0.27
Montgomery	0.28
Randolph	0.27
Ashe	0.13
NORTH DAKOTA	
McHenry	0
OHIO	
Athens	0.12
Gallia	0.12
Hocking	0.12
Jackson	0.12
Lawrence	0.12
Monroe	0.12
Morgan	0.12
Perry	0.12
Scioto	0.12
Vinton	0.12
Washington	0.12
OKLAHOMA	
Le Flore	0.59
McCurtain	0.59
OREGON	
Benton	9.69
Baker	0.67
Clackamas	4.64
Coos	3.04
Crook	1.74
Curry	3.25
Deschutes	1.04
Douglas	5.56
Harney	1.40
Hood River	5.02
Jackson	3.50
Jefferson	1.18
Josephine	2.40
Klamath	1.52
Lake	1.24
Lane	6.89
Linn	6.96
Lincoln	9.69
Morrow	0.82
Malheur	0.72
Marion	6.31
Multnomah	5.02
Polk	9.69
Tillamook	9.69
Umatilla	2.38
Union	0.66
Wallowa	5.02
Wasco	5.02
Wheeler	1.53
Yamhill	9.69
Grant	1.08
PENNSYLVANIA	
Elk	0.45
Forest	0.45
McKean	0.45
Warren	0.45
SOUTH CAROLINA	
Berkeley	1.68
Charleston	1.68
Abbeville	1.07
Chester	1.07
Edgefield	1.07
Fairfield	1.07
Greenwood	1.07
Lauren	1.07
McCormick	1.07
Newberrk	1.07
Oconee	1.07
Saluda	1.07
Union	1.07
SOUTH DAKOTA	
Harding	0.04
Custer	0.08
Fall River	0.08
Lawrence	0.08
Meade	0.08
Pennington	0.08
TENNESSEE	
Carter	0.13
Cocke	0.13
Greene	$0.13
Johnson	0.13
McMinn	0.13
Monroe	0.13
Polk	0.13
Sullivan	0.13
Unicoi	0.13
Washington	0.13
TEXAS	
Angelina	0.92
Jasper	0.92
Nacogdoches	0.92
San Augustine	0.94
Houston	1.32
Trinity	1.32
Newton	1.14
Sabine	1.14
Shelby	1.14
Montgomery	0.84
San Jacinto	0.84
Walker	0.84
UTAH	
Box Elder	0.04
Cache	0.04
Daggett	0.03
Duchesne	0.04
Summit	0.04
Uintah	0.03
Utah	0.04
Wasatch	0.04
Morgan	0.04
Rich	0.04
Weber	0.04
Garfield	0.04
Iron	0.04
Kane	0.02
Piute	0.04
Washington	0.02
Wayne	0.04
Beaver	0.04
Juab	0.04
Millard	0.04
Sanpete	0.04
Sevier	0.04
Carbon	0.03
Emery	0.03
Grand	0.03
San Juan	0.03
Davis	0.07
Salt Lake	0.07
Tooele	0.07
VERMONT	
Addison	0.60
Bennington	0.60
Rutland	0.60
Washington	0.60
Windham	0.60
Windsor	0.60
VIRGINIA	
Alleghany	0.06
Amherst	0.06
Augusta	0.06
Bath	0.06
Botetourt	0.06
Frederick	0.06
Highland	0.06
Nelson	0.06
Page	0.06
Rockbridge	0.07
Rockingham	0.06
Shenandoah	0.06
Warren	0.06
Bedford	0.06
Bland	0.06
Carroll	0.06
Craig	0.06
Dickenson	0.06
Giles	0.06
Grayson	0.06
Lee	0.06
Montgomery	0.06
Pulaski	0.06
Roanoke	0.06
Scott	0.06
Smyth	0.06
Tazewell	0.06
Washington	0.06
Wise	0.06
Wythe	0.06
WASHINGTON	
Pend Oreille	$0.62
Stevens	0.54
Asotin	0.82
Columbia	0.82
Garfield	0.82
Walla Walla	0.82
Okanogan	0.59
Clark	5.61
Cowlitz	5.61
Klickitat	5.61
Lewis	5.07
Skamania	5.61
Yakima	2.53
Ferry	0.52
Skagit	1.01
Snohomish	1.35
Whatcom	1.01
Clallam	1.80
Grays Harbor	1.80
Jefferson	1.80
Mason	1.80
Thurston	2.27
King	2.28
Kittitas	0.87
Pierce	2.28
Chelan	0.64
Douglas	0.64
WEST VIRGINIA	
Hampshire	0.06
Hardy	0.06
Monroe	0.06
Pendleton	0.13
Grant	0.17
Greenbrier	0.17
Nicholas	0.17
Pocahontas	0.17
Preston	0.17
Randolph	0.17
Tucker	0.17
Webster	0.17
WISCONSIN	
Ashland	0.08
Bayfield	0.08
Price	0.08
Sawyer	0.08
Taylor	0.08
Vilas	0.08
Florence	0.12
Langlade	0.12
Oconto	0.12
Oneida	0.12
WYOMING	
Lincoln	0.11
Teton	0.08
Crook	0.08
Weston	0.08
Sweetwater	0.03
Uinta	0.08
Big Horn	0.05
Johnson	0.05
Sheridan	0.05
Washakie	0.05
Albany	0.09
Carbon	0.09
Converse	0.09
Natrona	0.09
Platte	0.09
Fremont	0.03
Hot Springs	0.03
Park	0.03
Sublette	0.11

By Mr. TUNNEY (for himself and Mr. CRANSTON):

S. 2472. A bill to designate certain lands in the Point Reyes National Seashore, Calif., as wilderness; to designate Point Reyes National Seashore, as a natural area of the national park system, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

PROPOSED WILDERNESS DESIGNATION FOR PORTIONS OF THE POINT REYES NATIONAL SEASHORE

Mr. TUNNEY. Mr. President, for more than a thousand miles of our Pacific coast—from northern Oregon to Mexico—there are only two sizable areas where the natural grandeur of the ocean shore is not scarred by main paved highway.

One, the rugged coastal King Range far north in California's Humboldt County, hundreds of miles from the nearest metropolitan area, is just about where you would expect to find a wild shore.

But the second major undeveloped coastal area, the Point Reyes Peninsula, is only 35 miles north of San Francisco—one of our larger metropolitan regions with 5 million residents and millions of visitors each year from other States and nations.

In 1962, the Congress authorized a superlative unit of the national park system here—the Point Reyes National Seashore.

By 1975, after an extended and difficult period of land acquisition, sufficient funds have been appropriated so that the National Park Service has acquired almost all of the land now authorized for public use within the west coast's only national seashore.

Because the major land-acquisition phase at Point Reyes is completed, we now should complete this great work of land conservation begun more than a decade ago. Now that public ownership of this magnificent peninsula is secure, the time has come to make certain that its highest values for public use, education, and enjoyment are not lost or degraded by management policies designed for other, less natural, areas of our National Park System.

Therefore, I am today introducing with my colleague, Senator CRANSTON, a bill to designate 38,700 acres in the Point Reyes National Seashore as wilderness and to designate Point Reyes National Seashore as a natural area of the National Park System.

My bill would declare, as a matter of law, that the National Seashore at Point Reyes, as a whole, shall be managed as a natural area of the National Park System, and that three portions of the seashore shall, in addition, be protected under terms of the Wilderness Act.

This legislation would ensure protection of nearly 60 percent of the 64,995-acre Point Reyes National Seashore as open and natural lands and waters—open to a broad and diverse range of public recreational and educational pursuits for many millions of visitors a year, but not open to invasion by motor vehicles or highways.

It will ensure that the memorable "Point Reyes experience" is readily and conveniently available to the old, the very young, and the handicapped as well as to those who are more physically active.

Existing paved roads and developed campgrounds will continue to exist. Additional public transportation, such as is provided by the already-popular Point Reyes shuttle buses, will be encouraged. Established private rights of landowners and leaseholders will continue to be respected and protected. The existing agricultural and aquacultural uses can continue. A balanced diversity of uses will be preserved.

WILDERNESS PROTECTION

The National Park Service and the Interior Department have recommended a single wilderness unit of 10,600 acres in the southern part of the seashore.

This is fine wilderness land, with rugged ridges, dense and shadowed stands of Bishop pine and Douglas fir, and brilliant lakes, as well as 7 miles of ocean shoreline. But the current Park Service proposal, which covers less than one-fifth of the seashore, is unfortunately far too small. Further, it is almost disjointed by nonwilderness corridors which penetrate it.

This Park Service proposal, which was approved by the agency in December 1971, is out of date. It does not fully take into account three events since 1971: First, the acquisition by the Park Service of additional Point Reyes lands—notably Tomales Point—which had been ineligible for wilderness designation so long as they were in private ownership; second, the issuance by Assistant Secretary of the Interior Nathaniel Reed of Interior Department policy guidelines for wilderness proposals that are more consistent with congression policy, and third, the establishment of the Golden Gate National Recreation Area, which offers a variety of outdoor-recreation opportunities between Point Reyes and the nearby metropolitan population centers and transportation terminals. Each of these three events has significantly strengthened the case for additional wilderness protection at Point Reyes.

A broadly representative coalition of citizen groups, together with representatives of local, State and regional governments, have proposed more wilderness protection at Point Reyes than the Park Service has proposed. In addition, the 66 NRA Citizens Advisory Commission, on September 22, endorsed this legislation.

For example, the position of the State of California, through the Resources Agency of California, is that at least half of the total acreage of the seashore should be designated wilderness; this would be 32,497 acres. The State emphasizes that important reaches of ocean shore, with as much beach as possible, should be included, "for perhaps the greatest value of the seashore lies in the quality and extent of its wild beaches." The State has recommended to the Park Service that at least portions of both esteros be given wilderness protection; most, if not all, of Point Reyes Beach and Abbotts Lagoon, a substantial reach of shoreline on Tomales Bay, and the southern lakes area and southern shoreline.

The California Resources Agency's position is that—

> The "wilderness" decisions at Point Reyes are crucial in relation to the future role of the Seashore in American life . . . to establish too little now will be to freeze patterns of use and development which would adversely change and then to destroy the values which the Seashore was established to preserve.

In response to their concerns, my bill proposes protection by Congress under the Wilderness Act of 1964, of approximately 38,700 acres, in three coordinated, rational units. The bill covers some 35 miles of ocean and bay coastline and includes superb examples of the major types of diverse landscapes and ecosystems at Point Reyes.

Each of the three areas is a manageable unit which fully meets the basic tests of the Wilderness Act: Federal land without permanent improvements or human habitation which: First, generally appears to have been affected primarily by the forces of nature; second, has outstanding opportunities for solitude or a primitive and unconfined type of recreation, and third, has at least 5,000 acres or is of sufficient size to make practicable its preservation and use in an unimpaired condition.

Until Congress makes final decisions regarding the extent of Wilderness protection at Point Reyes, I expect the Director of the National Park Service to undertake no new developments in the proposed wilderness area encompassed in this legislation and expect that the lands and waters proposed as wilderness in this bill will be managed as if already so designated. I also expect that this wilderness-like protective management will be applied to grazing lands and other lands adjacent to areas proposed for wilderness status so that the lands, waters and life forms within these proposed units will not be adversely affected while the matter is pending before Congress.

DESCRIPTIONS OF THE THREE UNITS

The areas which my bill would protect are described in summary below:

First. The Miwok wilderness:

This northernmost wilderness unit, named after the Miwok Indians who used to inhabit Point Reyes and who treated it as a sacred place, would protect approximately 9,200 acres on the northern and northwestern coast of the Seashore. It extends from the steep bluffs of Tomales Point south along the 12-mile reach of Point Reyes Beach and on to the famous White Cliffs at the westernmost headland of Point Reyes proper.

The strip along Point Reyes Beach will be only 200 yards wide on land, along with a quarter-mile strip of offshore submerged land. Wilderness protection of this strip of beach will not keep anyone from enjoying it; rather it will assure by law that this long shining strip of sand and dune is not cluttered with concessions or scarred with dune-buggy tracks.

This unit will not include the historic buildings of the Upper Pierce Ranch—the southernmost of two ranch-house complexes on Tomales Point—which may be used for historic interpretation of early-California coast ranch life, or for other appropriate purposes. Nor will Wilderness designation interfere with the location of a fence to protect and contain a herd of native tule elk which the Park Service and the California Department of Fish and Game plan to reintroduce to Tomales Point. This fence, expected to cross a narrow strip of land in this unit south of McClure's Beach, can be consistent with the Wilderness Act which—section 4(a)(3)—permits wildlife-protection measures.

Second. The Esteros wilderness:

The second proposed wilderness unit,

about 11,300 acres in the central portion of the national seashore, would protect Limantour Estero, most of Drake's Estero, and much of the watersheds which drain into them from the slopes of Inverness Ridge.

Few places in the United States are so rich in fascinating wildlife as these jewel-like estuaries, perhaps the least polluted, least altered estuaries on onur Pacific coast. They shelter herons, cormorants, the spectacular black brant, the endangered brown pelican. They are major breeding grounds for harbor seals and many other beautiful and fascinating animals. This treasury of wildlife should continue to be accessible and visible to visitors, and should therefore be given the strong protection of statutory wilderness. Some of the invertebrates and other life forms in the estuary bottoms are rare and scientifically important.

This wilderness unit would be separated from the unit to the south by a nonwilderness corridor down Limantour Road.

The Park Service has plans to build a paved road across the esteros watersheds near the shoreline of these fragile estuaries and within the proposed wilderness boundaries. A number of citizen conservation groups have opposed this routing. Though there are arguments on both sides, it appears that the environmental damage the road would cause is not justified by the administrative convenience it would bring.

The esteros wilderness would not include the Mount Vision Road to the Federal Aviation Administration's navigation installation on neighboring Point Reyes Hill, nor the FAA facility itself. Mount Vision and Point Reyes Hill would remain public viewpoints to which visitors may drive to enjoy views of the panorama of the Point Reyes Peninsula below. The esteros wilderness unit will, of course, protect this magnificent vista for visitors who reach these viewpoints by motor vehicle as well as those who walk or ride the hiking, horse, and bike trails.

Neither this wilderness unit, nor any other I propose, would interfere with dairying or other grazing activity now permitted on portions of the peninsula. The picturesque oyster farm on Drake's estero would remain in full operation as a "prior-existing, nonconforming use," as is permitted under the Wilderness Act.

Third. The Clem Miller wilderness:

This unit would include the administration's 10,600 acre proposal and to that add additional lands so as to protect a total of about 18,200 acres in the southern part of the seashore. It would not, however, include the Vedanta Society inholding, the Morgan Horse Farm, the Point Reyes Bird Observatory, or the first 3 miles of the Bear Valley trail, beginning at the seashore headquarters. It would add to the Nation's estate of wilderness-protected treasures some spectacular ocean views, deep ferny canyons, and a redwood grove.

North of the Clem Miller wilderness, a large area along the Limantour Road would be excluded from the wilderness area and serve as a travel corridor for public transportation. The youth hostel on the Laguna Ranch is in this nonwilderness corridor.

Wilderness Act protection at Point Reyes will not, of course, interfere with recreational use of designated trails by walkers, bicyclists, or horseback riders. On the contrary, wilderness protection will help assure a quiet and tranquil setting for these uses of the Point Reyes trail system by protecting both trails and visitors from the intrusion of motorcycles, automobiles, motorized trail bikes, off-road motor vehicles, jeeps, and dune-buggies.

Motor vehicles would, however, continue to be used to take visitors to such popular Point Reyes destinations as McClures Beach, the existing parking areas along Point Reyes Beach, the Point Reyes headland including the parking area near the historic Point Reyes lighthouse, the Drakes Beach swimming area and bathhouse, and Limantour National Area, in addition to Mount Vision on Inverness Ridge. Nor would Wilderness Act protection interfere with such visitor services as provision of rental horses for riding on seashore trails.

Fishing, either along the seashore's coastline or freshwater lakes, would not be prohibited by wilderness designation.

Nor, of course, will wilderness designation interfere with essential management requirements such as measures necessary to protect the health and safety of visitors, to protect seashore lands or neighboring lands against fire, or to protect the shoreline and esteros against the effects of an oil spill in nearby ocean waters. For such health and safety measures, use of motor vehicles or other forms of motorized equipment, including landing of aircraft, within the area designated as wilderness would be permitted, under careful supervision of the National Park Service. The Park Service's General Superintendent for GGNRA and Point Reyes has said that he believes adequate fire roads in Point Reyes wilderness units can be maintained in full compliance with the Wilderness Act. He also has said that such access, plus the ready availability of firefighting aircraft, will provide adequate protection. If, however, after the congressional hearings, concern on this score still remains, the issue can be resolved in the congressional committee reports. The Senate recently has done this for the proposed Agua Tibia Wilderness, near San Diego, Calif. The Senate Interior Committee report on the Agua Tibia legislation—H.R. 12884, passed by the Senate August 1, 1974—provides that as necessary to avoid any "undue risk to human safety," mechanical equipment may be used to maintain a fire-control road. Such a "nonconforming use" is permitted under the Wilderness Act, section 4(d)(1) of which provides that "within wilderness areas—such measures may be taken as may be necessary in the control of fire, insects, and diseases."

The value of the remarkable circumstances that this reserve of essentially natural lands and waters exists so close to a metropolitan population of 5 million people, is illustrated by a recent newsstory in the Pacific Sun, a newspaper published at Mill Valley, in Marin County, Calif. The article by Steve McNamara, editor of the Sun, is headed: "Wilderness on 65 Cents a Day."

Mr. McNamara reports how a group of high school students and their teachers from Daly City, a community south of San Francisco, took a recreational and educational walking tour of Point Reyes National Seashore, Golden Gate National Recreation Area, and a nearby State park. They got to the parklands by public transportation—in the form of BART—bay area rapid transit district—trains—and their 2-week tour cost an average of 65 cents per person a day. Some excerpts from the article:

> The Wilderness School, a special class at Jefferson High in Daly City, spent two weeks back-packing in the wilds. They got there on the subway.
>
> Thirty-three students and leaders hiked from school to the BART station, took the subway to the Saulsalito ferry, then packed up the Golden Gate National Recreation Area to Wildcat Beach at Point Reyes National Seashore, and back down to Samuel P. Taylor State Park.
>
> The leaders said it was as . . . beautiful a trip as they could have found in the Sierra or Rockies. They did it from the subway and the total cost, for 33 people for 13 days, was $680.

Mr. President, enactment of this legislation will give this magnificent "island in time," unique in our great national park system, the protective management it should have the durable protection it can be assured in no other way—for the long-term benefit of our generation and of our successors.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2472

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in furtherance of the purposes of the Point Reyes National Seashore Act (16 U.S.C. 459c), and of the Wilderness Act (16 U.S.C. 1131–36), and in accordance with section 3(c) of the Wilderness Act (16 U.S.C. 1132(c)), those lands within the Point Reyes National Seashore which comprise approximately thirty-eight thousand seven hundred acres, and which are depicted on the map entitled "Point Reyes Wilderness" numbered 612–90000 and dated February 1975, which is on file and available for public inspection in the offices of the National Park Service, Department of the Interior, are hereby designated as wilderness.

Sec. 2. As soon as practicable after this Act takes effect, the Secretary of the Interior shall file a map of the wilderness area and a description of its boundaries with the Interior and Insular Affairs committees of the United States Senate and House of Representatives, and such map and descriptions shall have the same force and effect as if included in this Act: *Provided however,* That correction of clerical and typographical errors in such map and description may be made.

Sec. 3. The wilderness area designated by this Act shall be comprised of three units which shall be known as the "Point Reyes Miwok Wilderness", the "Point Reyes Esteros Wilderness", and the "Point Reyes Clem Miller Wilderness" and shall be administered by the Secretary of the Interior in accordance with provisions of the Wilderness Act governing areas designated by that Act as wilderness areas, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act, and any reference to the Secretary of Agriculture shall be deemed to be a reference to the Secretary of the Interior.

Sec. 4. Section 6(a) of the Point Reyes National Seashore Act (16 U.S.C. 459c–6a), as amended, is further amended by inserting immediately after the words "shall be administered by the Secretary" the words "as a natural area of the National Park System, without impairment of its natural values, in a manner which provides for such recreational, educational, historic preservation, interpretation, and scientific research opportunities as are consistent with, based upon, and supportive of the maximum protection, restoration and preservation of the natural environment within the area".

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 1745

At the request of Mr. McGovern, the Senator from California (Mr. Cranston) was added as a cosponsor of S. 1745, a bill to facilitate the economic adjustment of communities, industries, and workers who may be substantially and serious affected by reductions in Defense contracts, and for other purposes.

S. 1941

At his own request, the Senator from Michigan (Mr. Griffin) was added as a cosponsor of the bill (S. 1941) providing for the protection of animals in transit.

S. 2321

At the request of Mr. Bellmon, the Senator from Wyoming (Mr. Hansen) was added as a cosponsor of S. 2321, a bill to modify the Voting Rights Act of 1964.

S. 2350

At the request of Mr. Symington, the Senator from Oklahoma (Mr. Bellmon) and the Senator from Utah (Mr. Moss) were added as cosponsors of S. 2350, a bill to amend the National Security Act of 1947, as amended, to make the Secretary of the Treasury a statutory member of the National Security Council.

SENATE RESOLUTION 274—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. CANNON, from the Committee on Rules and Administration, reported the following original resolution (S. Res. 274), which was placed on the calendar:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Deborah J. King, widow of Ervin King, Jr., an employee of the Architect of the Capital assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

AMENDMENTS SUBMITTED FOR PRINTING

NATIONAL ENERGY CONSERVATION AND CONVERSION ACT—H.R. 6860

AMENDMENT NO. 958

(Ordered to be printed and referred to the Committee on Finance.)

Mr. CANNON submitted an amendment intended to be proposed by him to the bill (H.R. 6860) to provide a comprehensive national energy conservation and conversion program.

INTERNATIONAL DEVELOPMENT AND FOOD ASSISTANCE ACT OF 1975—H.R. 9005

AMENDMENT NO. 959

(Ordered to be printed and referred to the Committee on Agriculture and Forestry.)

Mr. McGOVERN submitted an amendment intended to be proposed by him to the bill (H.R. 9005) to authorize assistance for disaster relief and rehabilitation, to provide for overseas distribution and production of agricultural commodities, to amend the Foreign Assistance Act of 1961, and for other purposes.

AMENDMENT NO. 960

(Ordered to be printed and to lie on the table.)

HUMAN RIGHTS

Mr. ABOUREZK. Mr. President, I am submitting today an amendment to H.R. 9005, the International Development and Food Assistance Act of 1975, that would reemphasize United States recognition of basic human rights, and provide for a cutoff of funds for those countries that fail to abide by those rights.

Last month, as you know, I introduced an amendment—No. 876—which was identical to the language passed by the House in its bill and subsequently amended by the Senate Foreign Relations Committee.

Unfortunately, I am not satisfied with the approach the Senate committee takes on human rights. I agree completely with Senator McGovern's supplemental views on H.R. 9005 when he states that:

> (T)he House amendment focused directly on the human rights issue, and attempted to set standards by which AID programs could be judged. The committee's language is much broader . . . so broad as to raise serious problems of definition, and dilute the emphasis on human rights which was the primary purpose of the House amendment.

The amendment recommended by Senator McGovern reasserts that emphasis. It will provide a workable mechanism for denying any assistance to countries that are engaged in gross violations of human rights. It will place the responsibility for these decisions where it belongs, on the Foreign Relations Committees and the Administrator of AID. It is an approach that can work.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 960

On page 26, line 25, strike all through page 27, line 15, and insert in lieu thereof the following:

"Sec. 116. Human Rights. (a) No assistance may be provided under this part to the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges, or other flagrant denial of the right to life, liberty, and the security of person, unless such assistance will directly benefit the needy people in such country.

"(b) In determining whether this standard is being met with regard to funds allocated under this Part, the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House may require the Administrator primarily responsible for administering Part 1 of this Act to submit in writing information demonstrating either,

(1) that the Government of such country is not engaging in a consistent pattern of gross violations of internationally recognized human rights, or,

(2) that existing or proposed programs will directly benefit the needy people in such country.

If either Committee disagrees with the Administrator's justification it may initiate action to terminate such assistance under section 617 of this Act.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 954

At the request of Mr. Abourezk, the Senator from Minnesota (Mr. Humphrey) was added as a cosponsor of amendment No. 954, intended to be proposed to amendment No. 919 to the bill (S. 2310), to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

NOTICE OF HEARINGS ON BALANCING THE BUDGET

Mr. MANSFIELD. Mr. President, on behalf of the Senator from Indiana (Mr. Bayh), I wish to announce that the Subcommittee on Constitutional Amendments is scheduling hearings on Senate Joint Resolution 55, proposing a constitutional amendment on balancing the budget, and Senate Joint Resolution 93, proposing a constitutional amendment on balancing the budget, for Tuesday, October 7, 1975.

These hearings will be held in room 2221 Dirksen, the Finance Committee hearing room, beginning at 10 a.m.

Any persons wishing to submit written statements for the hearing record should send them to the Subcommittee on Constitutional Amendments, room 108, Russell Senate Office Building, Washington, D.C. 20510.

ADDITIONAL STATEMENTS

SALUTE TO THE WASHINGTON POST

Mr. PERCY. Mr. President, I believe it is worth noting with a sense of respect and admiration that most of us this morning were able to begin our day by reading the Washington Post.

The internal sabotage that destroyed the Post's presses 2 days ago was a senseless act that should outrage us all. James Reston, writing today in the New York Times, described it well:

> This was no complicated collective bargaining power-play, but a simple, vicious and planned act of sabotage, Mr. Reston wrote. Even in the revolutionary turmoil of Portugal . . . nobody put the torch to the presses or pulled the guts out of the transmitter. They occupied the joint, but they didn't try to destroy it.

The saboteurs in this case did more than ruin machines. Newspapermen and women often share a special emotion about the publication they work for. Members of the Post's staff whom I have talked with since Wednesday have reacted out of personal feelings of gloom and anger, as though they personally had been attacked.

In a less emotional sense, many of the Post's readers have reacted in the same way. Whatever our feelings, pro or con, about the editorial content of the Post, this illegal onslaught was an attack on us all.

That we have an edition in our hands today, albeit a slender one, is a salute to the determination of the Post's employees and management, who simply decided that they would not be shut down, and to the cooperation of others in publishing who pitched in at some risk to make the return of the Post possible.

Mr. President, the column by Mr. Reston describes the implications of the sabotage at the Post better than I can, and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 3, 1975]

Burn, Baby, Burn

(By James Reston)

Washington, October 2.—The pressmen of The Washington Post have finally succeeded in doing to their own newspaper what former President Nixon and his Attorney General John Mitchell tried and failed to do during the Watergate conflict: They have stopped the presses at The Post.

Not by legal action. Not by a legitimate strike, but by fire, smash and run. This was no complicated collective bargaining power-play, but a simple, vicious and planned act of sabotage. Even in the revolutionary turmoil of Portugal, where the Communists and the Socialists have been fighting over control of the last independent newspaper, Republica, and over the operation of the Roman Catholic Church's radio station, nobody put the torch to the presses, or pulled the electrical guts out of the transmitter. They occupied the joint, but they didn't try to destroy it.

The pressmen at The Washington Post, which has been more liberal politically, and more generous economically with its employes than almost any other newspaper in the country, showed no such restraint. Knowing the fantastic cost and fragility of modern presses, they set at least one of them on fire, cut the webs and ripped the wires out of others, and sawed off the adjusting press screws down to their stubs, before they went out back and picketed for public support.

This is not a local or a trade union but a national issue, and maybe it is just as well that it was raised in the Federal capital. For if sabotage can be used as an instrument of collective bargaining in Washington, then the concept of collective bargaining and even the First Amendment principal of a free press are in serious trouble.

In short, this is a very special issue, and the question now is what the reaction will be to it. The newspapers of America are fiercely competitive, but when one of them is in trouble, they are a mutual aid society. Accordingly, many newspapers have been calling Kay Graham of The Post and offering spare parts to get her wounded presses going again, and some have even offered to risk union violence to print The Post while she is trying to repair the damage.

But the main burden has fallen on Joe Albritton, the new owner of The Washington Star, who is now losing a million dollars a month. He has a problem. Should he come out against the sabotage by The Post's pressmen, and offer to print The Post, making a common front against this anarchy, or concentrate on his own immediate interests?

It is a hard call. If The Star tried to print The Post, the same pressmen's union that struck and sabotaged The Post would probably strike The Star, and both would then be down. Albritton says that if he went down for even a few days, in his present financial extremity, he might never come up again. He has obligations to his staff and to the people who hold the mortgage on his paper, so he feels he must keep on printing.

It is easy to understand his dilemma, for he came to Washington under great difficulties, not to shut down The Star but to keep it going. Also, The Post is sure to ride out this crisis, while The Star is on the edge of bankruptcy, and in the short run will undoubtedly benefit from The Post's labor crisis.

The Post has met, despite the temporary destruction of its presses, the two main obligations of any newspaper: to stay alive financially, and to print the news. It has found other papers, outside Washington, to print limited editions of its papers, and will probably lose a lot of money in the process, but it has kept the loyalty of most of its unions and is trying to serve its readers.

The tragedy of this unfortunate incident is that The Post and The Star were not able to make common cause against the obvious criminal sabotage of The Post's pressroom. Washington needs two newspapers, and probably cannot have them unless they work together, while competing against one another, with a common printing company.

This compromise of common printing with competitive papers, which has worked successfully in Miami, Fla., and other cities, was at least vaguely possible here before this crisis, but after the struggle of the last few days, it is now more remote than ever. The Star needed The Post, and The Post felt that The Star played the role of the fearful bystander in the crisis, and that the unions and the politicians also stood aside while the pressmen tried to burn The Post down.

Fortunately, there are some consolations in this unfortunate event. The Newspaper Guild defied the pressmen at The Post and refused to support the sabotage. And other papers came to the aid of The Post with spare parts and offers to print.

Also, The Post is determined to take this issue of sabotage by individual pressmen and their union to the courts and demand damages to the full. The issue is beginning to be seen here not merely as a trade union conflict, or a Post-Star conflict, but as a fight against violence and for the right to print. The tragedy is that The Post and The Star could not get together, even if they had to go down together, on this issue.

THE WASHINGTON POST

Mr. MOSS. Mr. President, I am dismayed, angry and heartsick at the mindless destruction committed by the pressmen of the Washington Post. This wanton and savage destruction has set back the cause of unionism more than a thousand speeches could ever have done. If we have come to the point where collective bargaining descends into destruction and sabotage, then indeed we have lost our way in our labor relations. A self-respecting and democratic nation cannot survive if violence and wanton destruction is the way to settle controversy.

STATEMENT IN SUPPORT OF S. 2320, A BILL TO ALLOW AN ADDITIONAL PERSONAL EXEMPTION FOR CERTAIN SENIOR CITIZENS

Mr. DOMENICI. Mr. President, on September 10, I cosponsored a bill S. 2320, that is designed to provide help to our senior citizens. The latest census data show that total population in the United States includes nearly 22 million individuals who are at least 65 years of age. This represents over 10 percent of our total population.

In spite of this large number of senior citizens in our society, far too little recognition has been given them. Perhaps they have lagged in benefits because they do not have the strong lobbyists to represent them in the Congress. Perhaps it has been because of the past attitudes against older persons speaking out about their common needs.

In my opinion, the older citizens have suffered more than other groups from the ravages of inflation. Most senior citizens have already made their valuable contribution to society and to the labor market, and are now attempting to enjoy what most of them had hoped would be their golden years. Instead many of them are finding that higher costs and more frequent trips to the doctors office have left them with little more income than is needed for the bare necessities of life. Particularly this is true for the significant segment of our older population that is living on incomes that do not increase commensurate with their higher costs. As a result, these individuals on fixed incomes are indeed in a very precarious financial condition and must often be supported by others.

The bill I cointroduced, S. 2320, is designed to help taxpayers who take the senior citizens into their homes and care for them. It is a simple bill. It provides that, for Federal income tax purposes, an additional personal exemption of $1,000 will be allowed for each senior citizen where the principal abode is in the principal residence of the taxpayer. The $1,000 exemption is in addition to the personal exemptions already allowed under current law. It would apply to individuals who are more than 64 years of age.

Present law allows a taxpayer who is supporting an elderly person in his home to claim a dependency exemption of $750 for that person. However, the additional exemption of $750 that is available to a taxpayer and a spouse who is at least 65 years of age is not available in the case of the dependent who is 65 or older. My bill will provide an additional exemption of $1,000 for such a dependent if the dependent is housed in the taxpayer's principal home.

There are many instances where younger persons are unable or sometimes unwilling to take on the additional burden of caring for and supporting an older person such as a mother or father in his or her own home. The taxpayer who accepts the responsibility of supporting the elderly person would qualify for the tax benefits offered by this legislation. Thus, the bill may make the difference in whether the taxpayer supports the parent in his home, or places the parent in an institution. We all have either seen pictures or have had firsthand experience in seeing the sad empty look of elderly citizens in homes for the aged. If this legislation can get some of these elderly persons back with their loved ones, it will have accomplished a very important objective.

I urge the Congress to act promptly on S. 2320. This bill will provide at least some contribution toward aiding the elderly to maintain a decent standard of living. Moreover, it will extend assistance to the younger taxpayers who are financially burdened with supporting an elderly parent or another senior loved one in their homes. These senior persons will receive more devoted care and attention than if they were placed in an institution for the aged, where care is, unfortunately, often impersonal.

THE POSES PLAN

Mr. RIBICOFF. Mr. President, while some economists claim that the economic recession is coming to an end, this provides little comfort to the millions of workers in America who are unemployed.

They must continue to get by, if possible, on unemployment insurance or welfare. It is clear that new solutions must be developed to cope with the problem of long-term unemployment.

One such solution, which deserves serious study, was developed by Lillian L. Poses, former regional counsel of the War Manpower Commission.

The Poses plan would allow employers faced with the need for cutting their labor force to adopt a 4-day week. The workers would make up most of their lost earnings of the fifth day through unemployment insurance. One possible modification could be made to trigger such a program into effect when unemployment hits a certain level.

When Congress explores reforms in unemployment insurance it should explore plans such as the Poses proposal. I ask unanimous consent that a recent New York Times editorial discussing this issue be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEW YORK'S JOBLESS

The unemployment rate in this city continues to hover close to 12 per cent, half again as high as the national rate. The inability of one worker out of eight to find a New York job gives particular urgency to official efforts to avert new layoffs as well as to attract new industries.

A report just published by Eleanor Holmes Norton, City Human Rights Commissioner, suggests modification of the state unemployment insurance laws as the single most effective instrument for encouraging work-sharing as an alternative to outright layoffs in businesses hurt by the recession.

The report coincides with a proposal for just such a change in the law submitted to Governor Carey by his task force on unemployment. The plan would enable employers faced with the need for cutting their labor costs to spread the work through a four-day week. The workers would make up a large part of their lost earnings for the fifth day through unemployment insurance.

The plan's author, Lillian L. Poses, former regional counsel of the War Manpower Commission, notes that the drain on the insurance fund would be no greater than would be involved if 20 per cent of the company's work force were totally separated from their jobs. The personal hardships for the workers would be greatly lessened, especially when account is taken of tax factors and reduced work-related expenses.

The plan would apply equally to Civil Service employes affected by future curtailment of municipal or state agencies since changes in the Federal-state insurance system make public employes eligible for benefits along with those in the private sector. Not least among the benefits of the work-sharing arrangement is that it would diminish the polarization which now accompanies many economy layoffs—their disproportionate impact because of seniority rules on younger workers and minorities.

Governor Carey would make a useful contribution to job stability by recommending a work-sharing amendment to unemployment insurance as part of his program for the 1976 Legislature.

THE SORRY STATE OF U.S. ACCOUNTING PROCEDURES

Mr. PERCY. Mr. President, the able accounting firm of Arthur Andersen & Co. recently embarked on a search to find a comprehensive financial statement of the U.S. Government. Much to its dismay, the firm was unable to locate such a statement. This finding, or rather the absence of any finding, raises an important question for Congress and the Executive. When it comes to accounting for the billions of dollars collected and spent by the U.S. Government, we must ask ourselves, "Who's keeping score?"

Harvey Kapnick, chairman of Arthur Andersen & Co., summarized the dilemma in a series of pointed questions when he discovered that no financial statement of U.S. assets and liabilities exists.

He asked:

> How could the biggest economic entity in the world not have a balance sheet, a consolidated financial statement? Without any central accounting unit how do you control it? Who's going to demand that the public sector be accountable to the public?

Mr. Kapnick sent his accountants searching for a financial statement amidst the Washington bureaucracy, and most Government officials told them it would be nearly impossible to compile such a statement because the Government is too big and too complex. All the more reason to do it, Kapnick reasoned, and his firm put together a consolidated balance sheet for 1973 and 1974.

The results, reports Kapnick, are stunning. His conclusion shows U.S. assets on June 30, 1974 at $329.3 billion. Liabilities totaled almost $1.141 trillion as of June 30, 1974. The accumulated deficit of $811.7 billion balances assets and liabilities.

Mr. Kapnick concludes that present U.S. accounting procedures do not give an accurate picture of total assets and liabilities. He recommends adoption of accrual accounting rather than cost accounting so we know the cost of services when they are rendered and not when money is collected and paid out. And he challenges the Government to address the question of future financing of the social security system and the growing impact of the Federal debt on the economy.

In sum, Harvey Kapnick says that we do not have all the financial facts on the table regarding the Government's assets and liabilities. What we need, he says, is more facts and less rhetoric.

We should all ponder Kapnick's project and conclusions. There is a message here for everyone in government. I ask unanimous consent that an account of the Arthur Andersen & Co. project—which includes the consolidated balance sheet for Government assets and liabilities for 1973 and 1974—written by Dennis Waite in the September 22, 1975, edition of the Chicago Sun-Times, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Chicago Sun-Times,
Sept. 22, 1975]

WHAT IS BEHIND CPA OVERVIEW OF UNITED STATES

(By Dennis Waite)

It all started months ago, as Harvey Kapnick tells it.

"I asked somebody to get me a financial statement of the United States government. Well, they couldn't because there isn't any—not any which is meaningful."

Kapnick did not feel very comfortable with that fact. "How could the biggest economic entity in the world," he asked, "not have a balance sheet, a consolidated financial statement?"

The chairman of Arthur Andersen & Co. moved in his chair, leaning forward. "Without any central accounting unit how do you control it? Who's going to demand that the public sector (government) be accountable to the public?"

So, Kapnick continues, "our boys went to various government agencies in Washington to see if they could put together some kind of picture. Many officials in middle and top bureaucratic posts were enthusiastic about what we were trying to do. But most didn't think it could be done. The federal government is just too big, too complex. I guess that's the way they figured. And, of course, that's all the more reason for centralized and sensible accounting procedures and controls."

U.S. Controller General Elmer B. Staats told The Sun-Times that Andersen's report was a worthwhile effort. "It certainly deserves further consideration by federal agencies," he said. But Staats wonders whether business accounting principles can totally apply to government entities. "It's difficult to see," he explained, "how you can treat land the same way for government as for business where its use is production." The general accounting practice of listing cost values of assets rather than current market values is already a problem for corporate reporting. It may prove to be more of a problem for government accounting, Staats said.

The giant acounting firm is not unfamiliar with politics or politicians. Andersen audits the books of the Grand Old Party as well as the national Democratic Party and President Ford's own campaign, among others.

What Andersen found "absolutely stunned me," Kapnick told The Sun-Times. A reading of its illustrative balance sheets and consolidated financial statements for fiscal 1973 and 1974 explains why:

While emphasizing it did not in any way audit present government numbers, the firm concludes Uncle Sam's budget for fiscal 1974 was $95.1 billion in the red. The government calculated its deficit that year at $3.5 billion.

The year before, Andersen totes up an $86.6-billion deficit. Washington said it was in the hole to the tune of $14.3 billion.

U.S. assets for the year ended June 30, 1974—less accumulated depreciation of $129 billion—add up to $329.3 billion. This includes cash and cash equivalents of $18.1 billion, gold (at the official price) of $11.6 billion, accounts receivable (plus delinquent taxes and loans) of $86.3 billion.

Land (forest and wildlife, grazing, parks, historic sites, oil and gas reserves, military sites, airfields, etc.) at 761.1 million acres totals one-third the total acreage of the United States for $6.7 billion (historical cost). "The outer continental shelf and other offshore land are not included," Andersen notes in one of many intriguing footnotes.

(A House committee in 1972 estimated the current value of the 704-million acres of public domain land at $29.9 billion, the company notes.)

On the other side of the balance sheet are the liabilities. For fiscal 1974, Andersen calculates them at (are you really ready for this?) $1,140,990,000,000. That's almost $1.141 trillion.

An accumulated deficit of $811.7 billion makes the assets and liabilities balance. The liabilities include $486.2 billion in government IOUs: treasury bills, notes, bonds, savings bonds, government agency securities and the like.

There is also Social Security. "The estimated amount by which the present values of future benefits exceed future receipts, determined on an annual basis for the past five years . . . are: 1970—$415 billion; 1971—$435 billion: 1972—$1.865 trillion; 1973—$2.118 trillion; 1974—$2.460 trillion. . . ."

The government, Kapnick says tersely, "doesn't have the guts to tell the people what Social Security will cost them and increase taxes. And the only people who will pay for the federal government is the people themselves through taxes. Either an income tax or an inflation tax."

Other economic questions raised by Arthur Andersen:

Will the federal debt approach a level where it will be difficult to obtain new funds from the public? Is the gross amount approaching a level where the carrying cost will be unduly burdening?

The amount of federal debt held by government trust funds increased from $38 billion in 1949 to $97 billion in 1970 and $140 billion in 1974. Is it proper for trust funds to be invested in federal securities? If so, when such funds are needed, does this create a double requirement for our capital markets? Could the government invest large sums of trust fund money in the private capital markets without disturbing these markets?

Should the government adopt a policy that all assets not required for public purposes be sold under a controlled program with such funds designated to pay for present liabilities?

Arthur Andersen believes the government must do away with cash accounting and adopt accrual accounting—reporting revenues when services are rendered and expenses incurred and not when actual money is received or paid out.

It recommends a strong, well-staffed central accounting department in the executive branch and an accounting system with internal checks and balances to "assure reliability of the data produced." Annual audits should also be conducted, it adds.

"I've sat in on a lot of mergers in my day," Kapnick explained. "And it seems that until all the financial facts get on top of the table everything is divisive. That's the way it is with government, too. We need a lot less rhetoric and a lot more facts."

U.S. GOVERNMENT, ILLUSTRATIVE CONSOLIDATED BALANCE SHEET (JUNE 30, 1974 AND 1973)

	Millions	
	1974	1973
ASSETS		
Cash and cash equivalents	$18,127	$22,797
Gold, at official rate	11,567	10,410
RECEIVABLES (net of allowances):		
Accounts	5,490	4,859
Taxes	14,960	12,844
Loans	65,836	62,985
Total	86,286	80,688
Inventories, at cost:		
Military and strategic system supplies	28,019	25,173
Stockpiled materials and commodities	11,526	12,693
Other materials and supplies	11,026	12,012
Total	50,571	49,878
Property and equipment, at cost:		
Land	6,686	6,415
Buildings, structures, and facilities	88,649	86,129
Strategic and tactical military assets	119,913	117,670
Nonmilitary equipment	39,708	37,377
Construction in progress	19,400	17,169
Other	2,118	1,848
Total	276,474	266,608
Less—Accumulated depreciation	129,000	122,000
Total	147,474	144,608
Deferred charges and other assets	15,297	15,369
Total	329,322	323,750
LIABILITIES AND DEFICIT		
Federal debt:		
Gross debt outstanding	486,247	468,426
Less—Intragovernmental holdings:		
Trust funds	(129,745)	(114,852)
Federal Reserve	(80,649)	(75,182)
Other	(10,449)	(10,529)
Debt outstanding with the public	265,404	267,863
Less—Unamortized discount	2,506	2,243
Total	262,898	265,620
Federal reserve liabilities:		
Federal Reserve notes outstanding	64,263	58,754
Deposits of member banks	26,760	25,506
Other	2,286	1,725
Total	93,309	85,985
Accounts payable and accrued liabilities:		
Accounts payable	32,491	30,757
Accrued interest, annual leave and other	11,187	11,819
Deferred revenue	6,734	6,565
Total	50,412	49,141
Other liabilities	18,991	19,836
Retirement and disability benefits:		
Civil Service	108,000	97,000
Military	80,380	70,950
Veterans	110,980	110,850
Total	299,360	278,800
Accrued social security	416,020	340,930
Contingencies:		
Total liabilities	1,140,990	1,040,312
Less—Accumulated deficit	811,668	716,526
Total	329,322	323,750

TOBACCO AND SUBSIDIES

Mr. MOSS. Mr. President, every little while some new humorous thing arises concerning tobacco and cigarettes. Inevitably, it is sent to me because of my known interest in the subject. I recently received a copy of some doggerel delivered by Charles Osgood on Newsbreak of the CBS Radio Network on Saturday, August 16, 1975. Since I was amused in reading it, I hope my colleagues will also find some amusement as well as reinforcement on a point of view regarding subsidies and dangerous materials. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOVERNMENT SUBSIDIES—ARE THEY GOOD FOR YOU?

(By Charles Osgood)

If you smoke cigarettes, you ought to stop.
But tobacco is still a subsidized crop.
The Government frowns on the cigarette;
Warns of its deadly dangers. Yet,
It pays (so the farmers won't go broke)
To grow the tobacco you shouldn't smoke.
A contradiction seems inherent,
A rather dubious deterrent
To pay the fellow who grows the weed
The doctors say we do not need.
And yet the Tobacco Institute,
In a train of thinking most astute,
Expressed this week the point of view
That what the Government ought to do,
If it wants to make folks quit, you see,
Is to hand out still more dough-re-me.
They say that there is logic in it,
Which we'll explore in just a minute.
Statistics and numbers are a bore,
So just a couple and then no more.
60-million of the taxpayers' dough
Goes to farmers that they might grow tobacco,
And keep the price up high.
Yet 74,000 people die
Of lung cancer each fiscal year.
And many others perish here
From heart disease and other ills.
When doctors say tobacco kills,
They mean that there is evidence
To state without much hesitance
That doing what they would for you
Cigarettes are not good for you.
And Uncle spends 900 G's,
Almost a million, if you please,
To educate and thus dissuade

From smoking what the farmers made
The citizens of this fair land,
Who possibly don't understand
Why one hand warns and so derides
What the other hand provides.
Now, half the money is used to grow
Tobacco that somewhere else will go,
Exported elsewhere as food for peace.
Some critics think that ought to cease.
They say it's not nice to ship overseas
Our emphysema and heart disease.
Yet now, be that as it may,
Tobacco business, people say,
If we were smart we would perceive
The logic in what they believe.
To begin with, they, of course, deny
There's any proof that you might die
From smoking cigarettes at all.
It really drives them up a wall.
And against the wall they have their back,
With the warning printed on every pack.
But at the Tobacco Institute
Their spokesman expressed a notion cute,
Which may not have occurred to you,
But which I'll try to justice to.
If what you want, in effect, he said,
Is to end up with fewer people dead
And you really think that such end you'll get
By discouraging the cigarette,
Then subsidize the tobacco price.
And that will have the effect quite nice
Of keeping the cost of a cigarette pack
Up where some people will doubtless lack
The money to pay. They won't have the jack.
The habit? They'll have to overboard it
For the simple reason they can't afford it.
The higher the price, the theory goes,
The fewer the folks you might suppose
Able to pay the increased freight.
And wouldn't that be something great!
So that only the rich could be afforders
Of circulation and lung disorders.
Now the Institute's serious about smoking,
So one imagines they are not joking.
What they suggest may well be true.
Consider what that thought would do.
We've subsidized our country's shipping.
No wonder that our shipping's dipping!
We've subsidized our trains and rails,
And every day a new one fails.
We've paid our oil men for depletion,
Till now depletion's near completion.
Perhaps the way to pull the rugs
From under those narcotic drugs—
Enforcing laws is much too sloppy.
Why not subsidize the poppy?
Make it worth the farmers' trouble!
Buy the stuff and pay him double!
That which you would like to kill,
Buy it and just pay the bill!
That which Government despises,
Notice how it subsidizes.

MINERALS SUPPLY

Mr. DOMENICI. Mr. President, Dr. Jack W. Carlson, Assistant Secretary of the Interior, Energy and Minerals, recently addressed the members of the American Mining Congress at their Mining Convention in California. Dr. Carlson's remarks are of such an important nature that I would like to share them with the Senate, and I ask unanimous consent that the text of his speech be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. The entire U.S. economy is based on minerals as well as energy, and the Nation does not have an adequate known domestic supply of all the minerals needed to maintain our society for the foreseeable future. This country is becoming increasingly dependent on foreign sources to supply essential mineral raw materials, and in 1974, the Nation was more than 90-percent dependent on imports of primary materials for seven commodities.

Mr. President, we must begin now to inform the public about the real nature of our minerals problem, and to stimulate the research that will make our mineral resources available. The Congress should begin to develop and implement a program for encouraging the development of our domestic mineral resources before the minerals crisis becomes as severe as the energy crisis has become.

I would urge the Senate Interior Committee to begin consideration of two measures which are pending before that committee. One bill is S. 552, a bill to amend the Mining and Minerals Policy Act. I feel that if this bill is enacted, it will assist in the orderly development of economically sound and stable mining, minerals, metal and mineral reclamation industries. The need for the other bill, S. 1388, is clearly indicated in Dr. Carlson's speech when he speaks of the public lands which have been excluded from mineral exploration and development.

Mr. Carlson points out that the Congress and Federal agencies totally withdrew or significantly restricted vast acreages of land. Some 500 million acres, the size of every State east of the Mississippi except Maine—67 percent of all Federal lands—are off limits to miners. He said there has been no let up. More withdrawals were identified last year than the previous year; and that if the rate established in 1974 continues, we could close all public lands in the United States by 1980. S. 1388 is a bill to direct certain Federal departments to undertake an immediate review of public lands withdrawn by executive action from exploration, development, and production of energy and other mineral resources with a view to determining and recommending the extent to which, if any, such lands should be made available for exploration, development, and production of energy and other mineral resources.

Mr. President, I am alarmed by the Congress minerals complacency. I would hope that the Senate Interior Committee would begin now to come to terms with the fact that we must begin to develop a method for implementing the Mining and Minerals Policy Act of 1970.

EXHIBIT 1

REMARKS BY DR. JACK W. CARLSON, ASSISTANT SECRETARY—ENERGY AND MINERALS, U.S. DEPARTMENT OF THE INTERIOR

RELIABLE MINERAL SUPPLY FOR THE FUTURE?

When I took the oath of office August 14, 1974, as the First Presidential Appointee under President Ford, I swore to defend the Constitution and uphold the laws of the country. One of those laws for which I have primary responsibility is the Mining and Minerals Policy Act of 1970. That law very clearly states:

"The Congress declares that it is the continuing policy of the Federal Government in the national interest to foster and encourage private enterprise in (1) the development of economically sound and stable domestic mining, minerals, metal and mineral reclamation industries, (2) the orderly and economic development of domestic mineral resources, reserves, and reclamation of metals and minerals to help assure satisfaction of industrial, security and environmental needs, (3) mining, mineral, and metallurgical research, including the use and recycling of scrap to promote the wise and efficient use of our natural and reclaimable mineral resources, and (4) the study and development of methods for the disposal, control, and reclamation of mineral waste products, and the reclamation of mined land, so as to lessen any adverse impact of mineral extraction and processing upon the physical environment that may result from mining or mineral activities."

In particular, my oath of office requires me ". . . to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources to help assure satisfaction of industrial, security and environmental needs. . . ." When you consider how totally dependent we are upon an ample and uninterrupted supply of minerals and metals, it is easy to understand why Congress was concerned about "industrial, security and environmental needs."

Let's look at some of the figures. American citizens today consume four billion tons of minerals a year. In 1950, it was two billion tons, but by the year 2000, mineral consumption may well reach ten billion tons.

Let's try to bring that down to more comprehensible terms, since many of us have trouble really grasping the enormity of the figure one billion. When you say that today, every man, woman and child in the country consumes 40,000 pounds of new minerals each year, it begins to mean something. In case you were wondering, that 40,000 pounds breaks down to 8,000 pounds of petroleum, 5,150 pounds of coal, 4,700 pounds of natural gas, a mere 1/10 pound of uranium, 1,300 pounds of iron and steel, 65 pounds of aluminum, 25 pounds of copper, 15 pounds of zinc, 15 pounds of lead, and 35 pounds of other metals, and 20,750 pounds of stone, sand, gravel, cement, clay and salt and other non-metals and non-energy minerals. By the turn of the century, that 40,000 pounds will have grown to 100,000 pounds. Think of having to find the minerals to satisfy that standard of living.

In 1974, the value of mineral raw materials ultimately consumed by Americans was $79 billion, or 6% of the value of all goods and services consumed during the year. Mineral processing increased the value to $232 billion or 17% of the 1974 GNP. Most of the extraction and processing of these minerals—73% of the value of extraction, or $58 billion and 90% of the value of the processing, or $209 billion—occurred within the United States. Thus, we have relied on our own sources primarily to satisfy our industrial and security needs. In the past, this has been a source of great strength and of self-reliance.

But, in recent years, the winds of change have been blowing across our landscape. There has been a noticeable increase in trade in raw and processed minerals, so that our dependence on raw materials from foreign sources has grown from 16% in 1950 to 27% today. Now, as a general policy, the U.S. government welcomes trade. Benefits to consumers in both trading countries can be gratifying with a resultant higher standard of living than would be possible if trade did not take place.

But there are limitations to trade particularly when it makes us vulnerable. I am thinking of cases where there are few suppliers who could interrupt our economy and escalate prices simply by withholding supplies. This was dramatized in the case of oil. Our reliance on foreign sources of oil rose from 13% in 1948 to 36% in 1973, and it is even higher today. As we all know, many of the suppliers joined together and arbitrarily cut off two million barrels of oil shipment per day to the U.S. This amounted to 15% of our oil consumption, 7% of our energy consumption and 3% of our mineral consumption. And then, when the suppliers resumed shipping, they arbitrarily increased the price more than 5 times, from $1.88 to $10.46 a barrel. This action was a contributing cause of the 1974–75 recession and inflation, the worst in 30 years. Our gross national product declined 8% between the fourth quarter of 1973 and the first quarter of 1975. Unemployment almost doubled from 4.8% in the fourth quarter of 1973 to 8.9% by the second quarter of 1975. Inflation increased from 8% to over 12% when it should have been declining.

The message was clear. We must not rely on foreign supplies of minerals when it might threaten consumers, business and national security, and this was one of the things that the Mining and Minerals Policy Act of 1970 was meant to guard against.

What happened with oil could happen with other minerals, although the consequences might not be as catastrophic. Early in 1974, I was asked to chair a task force to review our dependence on foreign supplies for other minerals. This review revealed that at least three other minerals were vulnerable, 10 vital minerals were potentially susceptible to oil-like restrictions, and several others would become vulnerable in the future if past trends continued.

In a message to the American Mining Congress last year, I recommended several policies to reduce vulnerability and to achieve mineral independence to match energy independence.

(1) Greatly improve data on minerals:

Expand mineral attaches—doubled since last year

Model important minerals for policy and forecasting purposes such as copper, aluminum and iron and steel

Conduct special studies of mineral development such as one for China to be released in November

Audit raw mineral data for accuracy—such as oil and gas reserve estimates

Improve public access to mineral information, such as a new monthly publication, Mineral Survey and hot line 202–634–1004.

(2) Encourage additional inventories of vulnerable minerals—combining defense, defense-related, and civilian-oriented industries needs.

(3) Encourage additional private R&D—catalyzed by our research contracts and cooperative work with industry and educational institutions, our alumina and coal work being major examples.

(4) Expand public R&D on a selective basis, such as has occurred with health and safety and reclamation.

(5) Assure that the legitimate interests of our mineral industries are fully considered at the highest levels of Government when it comes to such matters as considerations of commodity agreements, trade, tax, and regulation policies, such as the review of air quality legislative amendments and regulations of smelters and electric power generation plants.

(6) Encourage and provide the proper legal and risk environment for exploring, developing and producing minerals from the deep sea, such as our effort this last year to complete the Law of the Sea negotiations and the creation of the Ocean Mining Administration.

(7) Continue incentives for exploration, development and production, such as our efforts to retain free prospecting on public lands and initiation of orderly coal leasing.

In the area of major legislation, the President's energy proposals have yet to be acted upon by the Congress:

Develop and produce the naval petroleum reserves

Establish strategic reserves (civilian)

Deregulate natural gas

Encourage conversion of electric power plants from oil and natural gas to coal

Amend the Clean Air Act to permit more coal to be used in electric power plants

Provide assistance for electric power utility financing

Provide an orderly and timely process for siting energy facilities

Encourage development of additional energy resources

Encourage construction conservation standards for building

Provide assistance for winterizing homes

Require appliance and motor vehicle labeling of energy consumption

Provide standby energy authority

In addition, the President is proposing financial assistance for key energy investment, including accelerating and development of new oil shale and coal gasification industries. He is proposing $100 billion during the next 10 years, or about one-sixth of new plant and equipment needed for energy expansion.

Both energy independence and the broader mineral independence was based upon ultimately finding the additional raw materials from U.S. lands—where we have always obtained them before in time of need.

One year ago, I asked for a review of the situation affecting our minerals supply on lands of the United States. To my surprise, no one, at least since 1968, was keeping track of the overall change in the status of Federal lands, let alone other public and private lands. But recently, two career professionals in the Interior Department have spearheaded a good first effort to aggregate the Federal lands that have been effectively withdrawn. The two professionals are mineral economists: Gary Bennethum and Dr. L. Courtland Lee. You can read their report in the September issue of the Mining Congress Journal.

In addition to their efforts, Dr. Rolland Reid, Deputy Assistant Secretary for Minerals has reviewed some policies affecting all lands—public and private. Also I benefited from some initial analysis by Dr. Ernest Ohle concerning withdrawal in a key public land State in the West. The comments that follow are based on their initial efforts.

After studying these analyses, I have some idea of how Alice felt when she went through the Looking Glass. In the face of our sharply growing need for new sources of minerals, and in spite of the lessons we learned about undue dependence upon foreign sources of vital raw materials, it seems as though this Nation has been working overtime to make it harder than ever to obtain raw and converted minerals from domestic sources. We don't need a foreign cartel to tell us that we can't have certain minerals. Americans in Government have been telling Americans in mining that they cannot explore for minerals or develop mines on vast acreages of Federal lands. We have been putting a lock on some of the greatest treasures that have been put in the ground for our use and have been saying, "Get these minerals from abroad and hang the price."

When I started this effort to find out about the withdrawn lands, I would not have believed the results that we now have. But there it is—we are meeting the enemy and it is us.

In all of our history up until 1968, the Federal Government had effectively withdrawn from mining and exploration about 17% of all Federal lands. This comparatively small amount was something we could all live with.

But suddenly, in 1968, it seemed as though the dam had burst as withdrawal after withdrawal piled up. Without coordination, without knowledge of what was being done elsewhere in the Government, and certainly with no desire to cripple domestic mineral capability, the Congress and Federal agencies totally withdrew or significantly restricted vast acreages of land. Today, some 500 million acres, the size of every State east of the Mississippi except Maine—67 percent of all Federal lands—are off limits to miners.

And, there has been no let up. More withdrawals were identified last year than the previous year. The momentum is growing and we can expect the percentage of withdrawals to increase. If the rate established in 1974 were to continue, we could close all public lands, one-third of the land area in the U.S. and some of our best mineralized areas—by 1980. This cannot happen. Not only must we stop withdrawal from mineral access, we must reverse the process and restore some of the land to multiple use.

Multiple use. Here we have another point that zealots tend to overlook. The whole intent of the Congress was to encourage multiple use of public lands—not single purpose or even limited purpose—but multiple use. And mining is certainly a vital use that must be given the highest priority, particularly in view of the great progress that has been made in reclamation techniques, and recognizing that mining production uses only about 0.2% of the land at any point in time.

This view has been lost sight of in the present climate, where decision makers adopt an all-or-nothing, black-or-white approach to a land problem. What we have to do is develop aggregate accountability for public lands, to see what the sum total of each bureau's or agency's action means for other uses. This overview is needed within the executive branch as well as in the Congress.

We have fallen far from the ideals expressed in the Mining and Minerals Policy Act of 1970. In fact, it is ironic that even as Congress was debating and voting on the Act, other branches of the Government may have been acting in contravention of its spirit for at least two years.

How could this have happened? A review of the mechanism operating within the executive and legislative branches and in some cases the judicial branch, shows that withdrawal occurred on a piecemeal basis, with no one looking at the aggregate effect. It was like the fabled death of a thousand cuts. Each cut in itself was uncomfortable but not dangerous, but taken together they killed the victim.

We have been inflicting the death of a thousand cuts on our mineral capability because each proposal for new withdrawal has been treated by itself, apart from all other considerations, and by itself appeared desirable. This included withdrawals for Alaska natives, military reservations, wilderness areas, scenic rivers, forests, Atomic Energy Commission facilities, transportation rights-of-way, wildlife refuge, oil shale, primitive areas, national parks and others. But what was thought to be individually desirable withdrawals adds up to a bad situation for the Nation.

In an apparent sop to the mining industry, some of the withdrawals have been conditioned upon the completion of a mineral survey. This is useful to identify a small proportion of the minerals likely to be withdrawn but it is largely ineffectual. The discovery two weeks ago during a survey in Alaska of lead, zinc, and silver in likely withdrawn lands (d-2) of the Western Brooks Range is an example. In the first place, funds have not been available and will not likely be available even for the surface survey that is expected before the deadline expires. Secondly, even when the surveys are accomplished, they won't reveal what is below the surface. Extensive drilling would be impractical and too expensive. Nor would the surface surveys anticipate new technology that can discover and process mineral structures not now available, such as occurred with the so-called invisible gold in Carlin, Nevada.

Surface mineral surveys are of limited value and therefore are unsatisfactory solutions.

The only viable solution is a return to multiple uses of public lands, now and in the future. Many of the lands that have been adadministratively and legislatively withdrawn need to be reconsidered, and access provided.

And we have to look ahead to what will happen with the land after the mining phase is completed. Where the use creates a scar, or pollution, we would require reclamation and pollution abatement. Because, once the reserve is extracted, we have the means to convert the land to other long-term uses.

The alternative to a reversal of the withdrawal policy is staggering. Now I am far from a prophet of doom. But, unless we change our attitude and our ways, we will wind up exporting mining jobs to foreign countries. Those countries could be expected to supply an increasing proportion of minerals to us and to use their increasing market power, as occurred with oil and bauxite within the last two years. Price increases of 50% or more may be too modest when transportation costs are added to market power. Then cost-plus inflation could be several percentage points for American consumers during the next decade from this source alone.

In addition, withdrawal policies condemn several communities to perpetual depression. For example, within the State of Utah, two-thirds of the land area is Federal lands and two-thirds of these Federal lands may be already withdrawn, with prospects for the proportions to increase. As withdrawals increase, the job opportunities decrease and change from generally better paying and steady mineral industry jobs to seasonal recreational jobs. Per capita income will fall even farther behind the national average. Parents will observe the departure of children to other areas in order to make a living. The same could occur in other public land States and elsewhere across the country. It is patently unfair to allow this to happen.

If growth in mineral extraction is required to occur outside the United States, the U.S. will slowly change its industrial base toward light manufacturing and services and become increasingly vulnerable to supply interruptions of life-sustaining minerals from abroad. An independent foreign policy becomes less likely. We have all seen in the past two years the many ways in which the oil interruption and OPEC price actions have decimated our foreign policy. In contravention of the Mining and Minerals Policy Act of 1970, our security needs will not be satisfied. The Mining and Minerals Policy Act also requires the Federal Government to "foster and encourage private enterprise." We must review tax, expenditure and regulation policies to see if they support private enterprise. The President has emphasized this by calling attention to the growth of Government and the web of excessive regulations. Beginning last year we have attempted to review these policies. In cooperation with other agencies, we are reviewing the air quality amendments, proposed regulations for copper, lead and zinc smelters, MESA regulations, GS regulations, and others.

This modest effort clearly indicates the need for review and the need to work for less regulations in all areas. Otherwise private enterprise will be strangled and Government will take over exploration, development and production of mineral resources. This will reduce not only producer's freedom but consumer and political freedoms. We must guard against that now and for our children.

Lest the American people think that we are advocating reversal of the withdrawal policy at the expense of the environment, let me assure you that the Mining and Minerals Policy Act mandates me to be concerned about environmental needs. Clearly, through this Act, other Acts, opinion polls and elections, Americans have indicated that they want environmental quality. From 1966 to 1968, when I was responsible for coordinating executive branch consideration of environmental quality, there were many differences of opinion on how to achieve it and at what cost. One step is diligent reclamation of mined lands, such as was proposed in our draft strip mining regulation on Federal lands. It requires meeting generally acceptable environmental quality standards. We support the National primary and secondary air-quality standards, too.

But the search for environmental quality was never intended by most adversaries to be a means of locking out our mineral resources. We have to consider the total effect of new legislation or administrative orders on all of America, and not just a particular area that may be under consideration.

Mining requires only a small amount of land—much less than the interstate highway system. Unlike highways, which are permanent, mined land can be converted to parks, farms, game preserves and other long-term uses, after the reserves have been extracted. But in the interim, it will have contributed precious ores into the mainstream of American life and made our economy and many jobs more secure. Let us all work together to make this cycle more acceptable to all Americans—and not try to prohibit it from working at all.

EXAMINING THE FOOD PRICE SPREAD

Mr. HUMPHREY. Mr. President, I wish to bring to the attention of this body an informative statement of Robert G. Lewis of the Farmers Union in testimony before the Senate Select Committee on Nutrition and Human Needs.

In his testimony, Mr. Lewis points out his belief that farmers today are getting too little in the way of income. While prices for some products are higher than in the past, the level of parity, or the standard of comparison against the purchasing power of urban America, indicates a steady decline in the income position of our farm families.

Today's level of parity is averaging around 74 percent, while in 1974, this figure was around 83.

In addition to making the point that farm incomes have not kept up with their urban counterparts, Mr. Lewis also points out the need to look at several aspects of the consumer food costs, which are often overlooked.

He particularly suggests that our research needs to examine product design and merchandising practices. He pointed out that corn—which sells for $2.95 a bushel at the farm—costs the consumer as much as $75.04 per bushel at the supermarket as a breakfast product. His point is that whether the company is making a profit or not, this cost figure represents a serious kind of social inefficiency.

Mr. Lewis also suggests that we need to pay more attention to the kind of nutrition information which is provided to our customers. Often, it would appear that we could do far better in terms of providing information rather than creating a felt need for a particular product.

The testimony also suggests that in certain areas, such as New York, crime or corruption costs result in a significant markup of the consumer food costs. This is an item which is often not noted, but it too should be vigorously examined along with other elements in the food cost chain.

Mr. President, this statement has much to recommend it, and I ask unanimous consent that it be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

FOOD PRICES: THE FARM-TO-RETAIL SPREAD

(Statement of Robert G. Lewis, National Secretary of the Farmers Union)

Everyone talks about the "price spread" between what the farmer gets for his products and what consumers have to pay for their food. But no one seems to do much about it.

The weather suffers a similar fate in public discourse. But the weather is made by natural forces beyond the control of man. We have a good excuse for not doing anything about the weather—except to take it as it comes.

Food prices and price spreads are different. They are made by economic forces created and directed by human beings. We can do more about them than we do, although there are limits upon how much and what we can do.

It will not surprise anyone for me, as a representative of farmers, to state my opinion that the prices received by farmers are too low. Prices received by farmers averaged only 74 percent of parity last month. The purchasing power that the farmer receives for his products has been below parity since 1952. It has declined steadily for a quarter-century. Farm prices today remain close to the lowest point in purchasing power of that entire period, which came in the early 1970's.

FARM PRICES "TOO LOW"

The Farmers Union contends that farm prices are too low to be fair to farmers. We welcome, and we encourage the public, and the Congress on behalf of the public, to make a searching and conscientious examination of that contention. We know that a fair evaluation of the returns that farmers receive for their labor, investment, risk, and management will bear out our contention that farmers deserve more adequate and more stable prices than farmers are now getting.

But we believe farm prices are too low by another measure also—by the measure of the consumers' own interest in adequate supplies of food at reasonable cost, and the nation's interest in foreign exchange earnings from agricultural exports. Last week the Farmers Union warned that we face a serious milk shortage in this country unless the price support for milk is increased promptly, so as to halt the departure of dairy farmers from their farms for jobs in town, and of milk cows from their barns for the butcher shop. I have a copy of this statement, by Tony Dechant, our National President, which was presented to the Department of Agriculture in response to its request for recommendations on the milk situation. I request that it be inserted in the Record as an illustration of this point.

FOOD PRICES SEEM "TOO HIGH"

Most consumers contend that retail food prices are too high to be fair to them. Both farmers and consumers receive a lot of sympathy for their respective views. Indeed, we have found consumers to be predominantly sympathetic to family farmers, and we know that our members, and I think most other family farmers, are generally sympathetic to consumers.

It is what goes on between the farm gate and the consumer's kitchen that is usually perceived as the problem.

The first thought that pops into most people's minds is that someone between the farmers and consumers must be making too much profit. That may be true. We ought to do what we can to insure competition, and by other means try to prevent excessive profiteering by "the middlemen" at the expense of farmers or consumers or both.

"PROFITS" NOT REAL SOLUTION

But in my opinion, we will have to look deeper into what is going on between the farm and the consumer's kitchen than middlemen's profits before we can find a meaningful solution. I have observed over the past two or three decades that profits in the food processing and marketing industries have been only about "normal"—and if anything, have tended to average lower than other profitmaking enterprises in our economy.

According to data submitted by the U.S. Department of Agriculture to the House of Representatives Committee on Agriculture last June, all "corporate profits" in the entire marketing bill for foods originating on American farms in 1974, accounted for only six cents of the consumer's food dollar. Even if that were to be reduced by one-third or half, or eliminated completely, it would not suffice to solve either the farmers' or the consumers' problems.

So I think, in our search for a solution, we ought to quit confining our attention to the profits of the middlemen. We ought to begin taking a good, hard look also at what the middlemen call their costs. We ought to quit assuming that the way the food business is being run is basically right—except for a possibility that the people running it may be making too much profit. The public needs to take a hard, searching, critical look at the social efficiency of the ways the middlemen are running their business. In short, what do the middlemen get for us for the money they spend—and then collect back from us in the prices they charge for food? It's really our money, as consumers. Do they get our money's worth for us?

Publicly-supported research on food marketing should be shifted to critical analysis of the social efficiency of what food firms are doing for us—or to us, as is sometimes the case. At present, most publicly-supported research and development merely makes it easier for the managers of food firms to do the things they want to do the way they want to do them. We should instead question whether the present operational decisions of the food firms truly serve the public efficiently and well.

I have three specific recommendations of things that ought to be studied in thoroughgoing and rigorous research to examine how well the middlemen are performing their responsibilities.

1. Product design and merchandising practices.

For example, consider the breakfast food industry. I went shopping at the Giant Supermarket on the weekend. There I found General Mills asking $75.04 per bushel for corn! (Cocoa Puffs—cornmeal, sugar, corn syrup, cocoa, salt, etc.). Farmers averaged $2.95 a bushel for corn last month. The farm price had been multiplied by more than 25 times by the time the corn was offered to the consumer.

I don't care whether General Mills makes 90% profit, or 50%, or 1% or goes broke on its Cocoa Puffs. I think that charging consumers $75.04 a bushel for corn represents a monumentally inefficient performance for consumers, whether the middlemen make money on it or not. I think that if General Mills can not figure out how to deliver human nutrition from the farm gate to the supermarket shelf much more economically than that, they ought to be ashamed of themselves. Moreover, we—the public—ought to do something to bring them down to reality, and put their noses to whatever grindstone we can devise to make them try to do a better job.

General Mills isn't the only nutritional and economic incompetent in the breakfast food business. Quaker Oats was charging $69.44 for corn (Cap'n Crunch—corn, sugar, oat flour, etc.) and a whopping $110.40 per bushel for wheat—plain puffed wheat! Nabisco, Kelloggs, Posts, were all in the same league. I have a list here of some of their offerings, for which I have calculated the price per bushel they charge consumers. I request that this be placed in the Record. The performance of the breakfast food industry only illustrates the kind of social inefficiency that characterizes much of our present-day food product design and merchandising practices.

2. Providing information to consumers about nutrition.

If there is any social justification for advertising and sales promotion, it would have to be on grounds that it provides useful information to consumers. But the advertising of the breakfast food industry to little pre-school children characterizes the lack of social responsibility in most advertising of food and patent medicines and health-care items. My own mother, and my wife in her turn, sternly ruled out too many sweets from the diets of their small children. But mothers are being more and more effectively subverted these days, by clever and lavishly-expensive TV advertising programs that are aimed over their heads right into the center of their nurseries, that push such junk foods onto the moppets as "Cocoa Puffs" and "Cap'n Crunch". Whether aimed at tots or adults, most food and medicine advertising seeks artfully to achieve the infantilization of consumption behavior—you gotta have a sweet or pop a pill, right away, for every little appetite or ache or pain—and it gotta be the fastest pill at that!

The Congress has authorized huge "tax expenditures" to subsidize this kind of "nutritional information" by allowing the costs to be deducted from the manufacturers' taxable incomes. Consumers themselves pay the rest of it. It's the public that pays for every bit of it.

Our Land Grant Universities, and the U.S. Department of Agriculture, ought to be directed to put their researchers to work determining whether this is the best nutritional information that the public could get for the public's money. They ought to consider specifically whether the public could get better nutritional information for its money if tax deductions for such advertising were stopped, and if part of the tax expenditures saved thereby were used instead to finance public nutritional information and education.

3. Crime, corruption, and other non-economic burdens.

From time to time, reports have been published about gross inefficiencies in distribution methods and practices which add large amounts to consumers' food costs. One such report, which I request be inserted in the Record at this point, reveals that prices of specified cuts of meat in retail stores in the New York area were up to 61 cents per pound higher than the same cuts at the same time in Chicago. The freight cost from Chicago to New York, which is a fair measure of the highest mark-up that can be justified in New York over Chicago prices, was only 2 to 3 cents per pound

The explanation alleged in this report was that certain elements in the New York area had gained control over the distribution of meats in that market, and were simply demanding unreasonable pay-offs from the retail stores as a condition for letting them get any meat at all.

Such extortionate charges, of course, would be shown as "costs" in the usual accounts of "marketing margins" that are published for the public. This illustrates the unreliability of any analysis of "marketing margins" that simply takes the word of the firms concerned about what their "costs" are. We need a more aggressive and critical research approach that will determine objectively what a fair and reasonable charge for specific functions and services ought to be. We need some hardboiled cost accountants in our economic research teams, to add some backbone and down-to-earth realism. When the "costs" that are reported by the industry seem to be out of line, the research investigators ought to get to the bottom of the matter and determine what's wrong, and what needs to be done to correct it.

These are only a few of the problems relating to the operations of the food and nutrition companies that need to be examined far more rigorously and more fundamentally that we have done in the past.

I have sought to raise some questions. Much more needs to be known about the facts, and then much thought and discussion may be needed before the answers will be determined. I do think that these are questions of the kind and scope that must be asked, and the answers sought, if we mean to do something about the "price spread" and not merely go on talking about it.

A JOINT ECONOMIC COMMITTEE STAFF STUDY

Mr. FANNIN. Mr. President, I wish to comment on an act underaken late last week by the joint economic committee, on which I serve. My esteemed and able colleague in the House of Representatives, Mr. Clarence J. Brown, called to my attention the fact that a press release was issued describing a JEC staff study. That study had never even been shown to minority members of the committee.

Mr. Brown, in a letter to Senator Humphrey, who chairs the Joint Economic Committee, stated that,

> The minority clearly had no opportunity to express its views on the conclusions contained in the report (which he had not seen) or to address the statements in the press release made in the committee's name.

I fully support the efforts of my colleague, Mr. Brown, to call to the chairman's attention and the public's attenton the procedures involved in releasing the report. In the interest of informing my colleagues in the Senate of the details of this incident, I ask unanimous consent that Mr. Brown's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Congress of the United States,
House of Representatives,
Washington, D.C., September 25, 1975.

Hon. Hubert Humphrey,
Joint Economic Committee,
Washington, D.C.

Dear Mr. Chairman: Wednesday afternoon, I was given a copy of a press statement that, I was advised, was to be issued by the Joint Economic Committee citing a JEC staff study on "Oil Profits, Prices, and Capital Requirements." When I called the Subcommittee Chairman, Senator Kennedy, he advised me that the release had already been mailed. The Minority clearly had no opportunity to express its views on the conclusions contained in the report (which I have not seen) or to address the statements in the press release made in the Committee's name.

Since this study was paid for with taxpayers' money and, by implication, represented conclusions of the members of the Joint Economic Committee, I vigorously protest the manner in which this release and other staff studies have been handled.

As you know, many of the Minority Members, including myself, have expressed similar objections in the past to this inappropriate procedure for issuing press releases and reports in the name of the Joint Economic Committee as if they were objective nonpartisan or even bipartisan studies. They are clearly not. They are studies authorized, made, approved and "bally-hooed" only by the Majority. I particularly object to this "staff" study because two of your colleagues on the JEC, Senator Fannin and myself, serve as Ranking Minority Members on substantive legislative committees dealing with energy issues. In my opinion, the conclusions of this "study"—now sanctified with the bipartisan reputation of the JEC—are ridiculous on their face and, in all likelihood, are based on a fatuous study of little scholarship (but then, I have not had the courtesy of seeing the full report.)

Because the question of how to deal with energy problems has been reduced to a partisan tug of war with the Administration, I can only assume that this study was devised and released by the Majority without the comment or knowledge of the Minority for what must amount to partisan purposes.

I would, again, suggest that the members of the Committee meet to determine the proper procedures to which we can all agree for the inclusion of Minority views in public statements made in the name of the Committee. Perhaps then such unfortunate circumstances can be avoided and what is left of the reputation of the JEC for nonpartisan scholarship can be salvaged.

You will recall I made such a suggestion for bi-partisan review of all such publicly financed studies and conclusions made in the name of the committee in a letter I wrote you on June 26 when I was asked to approve a number of contracts for committee studies before the end of the fiscal year. I enclose that letter.

So that the Minority will have an opportunity to respond effectively to this release, I believe that fairness dictates that this letter and a follow-up release containing the Minority views on this study be sent to all those receiving the initial release on this so-called "staff study."

Sincerely,

Clarence J. Brown,
Member of Congress.

Mr. FANNIN. It is particularly disappointing to have to call this matter to my colleagues' attention here in the Senate because last week, after months of wrangling, we were able to reach an agreement on extending the Emergency Petroleum Allocation Act. When that bill was being considered on the floor late last week, I heard pledges from the distinguished majority leader, the chairman of the Senate Interior Committee, and others that they were personally dedicated to reaching compromise with the administration on a petroleum pricing policy and that in essence the days of politically partisan manipulations had come to an end. I expect this is still their goal.

Mr. President, I have not yet carefully examined the report, but if the press release accurately reflects the conclusions reached in the staff report, then the press release is endorsing a report not only devoid of intellectual substance but also completely lacking in commonsense.

The press release perpetrates the fantasy about energy policy that the Congress is going to give the American public something for nothing. The myth is that we can roll back energy prices and that is going to increase energy supplies. Today we will be discussing this same myth which has been perpetrated by the Federal Power Commission for well over 20 years. The Federal Power Commission has rolled back natural gas prices and the result has been that the supply has decreased while demand has increased, with the result being a devastating nationwide shortage staring us in the face this winter.

The press release suggests that the best way to escape from the grips of OPEC is to roll back energy prices. It is totally illogical to argue that we can free ourselves from OPEC prices by regulating the price of our domestic fuels. By so doing we would further discourage domestic production while concomitantly forcing greater dependence upon OPEC oil at prices we cannot control, but also causing domestic prices ultimately to decline due to supply again exceeding demand. In short, there is no way to regulate domestic energy prices and free ourselves from increased dependency upon imported petroleum at the same time.

Perhaps the best description of what is happening in regard to energy came from the pen of a freshman Democrat, Congressman Bob Krueger, commenting on the subject in his additional views in the report on H.R. 7014. Mr. President, I ask unanimous consent that the views of Mr. Krueger be printed in the Record at this point.

There being no objection, the views were ordered to be printed in the Record, as follows:

The adoption of a reasonable Congressional oil policy is quickly becoming less a matter of choice than of necessity. The oil pricing provisions of H.R. 7014, however, are more an abdication than an alternative. We need not debate whether the Committee's language on oil pricing is "tough" enough in curbing imports; the oil price rollback simply ignores the important question altogether.

As noted by the Democratic Task Force mobilized in both Houses at the beginning of this year, declining production in old oil fields (regulated at prices half of OPEC's) argues for increased stimulus of enhanced recovery of oil. Increased new oil production costs and decreased new oil finds support the need for market pricing of new oil combined with stiff new reinvestment requirements. Economic efficiency of allocation dictates an elimination of the multi-tiered pricing system coordinated with an adequate compensation mechanism for low income consumers. To neglect these salient imperatives of our oil markets is to defy reality.

As imports continue to climb, eroding our international alliances and ecoonmic health while raising the price of other imports, the notion of a price roll-back on new domestic oil is eminent bad sense. Disregrading the product of five months of labor by the Subcommittee on Energy and Power, the full Commerce Committee rejected the rational for the expedient. And that expedient of price control extension was more reflective of the political mood years ago than of the current public frustration with Congressional evasiveness and pervasive economic controls.

Section 301 of H.R. 7014 is, in the words of the *Washington Post*, a "disastrously bad idea." The price roll-back on new domestic oil serves to inhibit severely the margins of production and the funds available for new oil development. On the other hand, producer revenues from old oil (in the current bill) are greater than the revenues they would realize from old oil production in the Subcommittee's plan. This paradox of penalizing new production dominated by smaller firms in which fixed investment is ongoing, while offering large bonuses for old oil production dominated by multinational firms in which fixed investment has already occurred, makes no economic sense.

The present two-tier pricing system repudiates end-use efficiency by charging two prices for the same commodity. Not content with this absurd situation, the Committee's oil pricing provision creates a four-tier pricing system.

Under the current system, disparate regional oil costs are equalized by a program called the "entitlements" system requiring refiners who process domestic crude to make huge cash payments to refiners of foreign crude. This system subsidizes the demand for foreign oil and creates OPEC wind falls. A continuation of the multi-tier system results in the inevitable cost-equalization dilemma: either a cost-equalization program is continued, resulting in yet more OPEC subsidies, or the cost equalization system is discontinued (the FEA can do it at any time) and the East Coast must pay much higher oil prices than the rest of the country, destroying the competitive viability of the region.

Under the roll-back scheme, the dangers of embargo and international blackmail multiply as our thirst for foreign oil increases. Taxpayers will be victimized: on one hand they will inevitably be asked to subsidize such promising new technologies as solar and geothermal power due to the diminution of market incentives for these substitutes, while on the other hand, the value of and revenues from our new offshore oil resources will diminish.

While the United States' per capita energy consumption is twice that of Japan and West Germany, countries that are pursuing aggressive demand restraint measures, the United States must act responsibly in rejecting government controls that inflate the demand for energy. The least we must expect as a nation is that the user of a barrel of oil must pay for its replacement costs. In the short run, this replacement cost is the price of OPEC oil. If we are willing to pay OPEC $12 to $13 for a barrel of oil, we should be willing to spend as much bringing into production high-cost domestic resources while insuring the re-investment of excess revenues.

If we fail to use economic rationality as a guide in determining fair oil prices, let us not ignore the intuitive appeal of some simple facts: the price of oil in current dollars has only recently returned to 1950 levels, and we pay more per gallon for distilled water and soft drinks than for gasoline and fuel oil.

Mr. FANNIN. Mr. President, let us pursue some other allegations made by the press release to which we have been making reference. In the opening paragraph it is asserted that oil price increases in 1973 and 1974 "have resulted only in a very high-cost energy industry instead of increased oil production in the United States." This is the same old argument that we have been hearing from other Senators who have long resisted learning enough about how petroleum is produced to know that substantial leadtimes are needed between acquisition of an oil and gas lease and actual production of oil or gas from that lease. The release failed to mention that higher oil prices have resulted in record investment. They have brought about a reversal in the long-term decline in drilling, and have brought exploration activity to a new peak. Absent this expanded effort, the rate of decline in domestically produced oil would be far greater than it is today.

In the third paragraph the press release asserts that "the costs of producing, refining, and delivering oil have pursued oil prices upward largely because higher revenues were used by the oil companies to outbid each other for limited supplies, labor, and equipment." This ignores the fact that in the initial stages of accelerated oil exploration, severe bottlenecks were encountered in acquiring materials and equipment. It is generally conceded that these bottlenecks were the result of constraints on capacity increases caused by the general price control program implemented in 1971. At present, substantial capacity exists in the supplier industries.

In the next paragraph of the press release the allegation is made that oil decontrol, import tariff removal, and an increase of $1.50 in OPEC prices would require large and probably unattainable tax cuts to sustain economic recovery and avoid the recessionary shock of energy price increases. This is contrary to the voluminous material submitted to the Congress by the administration analyzing the inconsequential impact of oil price decontrol. The press release further reflects an apparent unawareness that the removal of the oil import fee would more than offset any increase in OPEC prices, which all goes to show that incorrect assumptions produce incorrect conclusions.

The press release suggests that, if energy prices go up, the energy industry would turn away from energy investments to invest in other sectors of the economy. There is no basis for the allegation that increased revenues would not be invested in energy development. The charge runs counter to commonsense. As returns to oil enterprise increase, this will attract investment to petroleum development—not the reverse. It has been the depressed rates of return in the oil industry, prior to 1973, that lead investors to seek opportunities for more favorable returns in other industries. It should also be noted that even under temporary conditions of rising returns, investment will be deterred by the risks, uncertainties and other costs and burdens of continued regulation.

Still further, the press release suggests that with economic recovery the energy industry will be able to raise sufficient capital without any price increases because oil profits should increase to the range of 14 to 16 percent on equity. These estimates of return on equity are difficult to square with existing rates—only 11.9 percent in the first half of 1975. Analysis of the projected increase in rates of return to 16 percent with economic recovery and continued controls must await receipt of the underlying study. These projected rates of return even if fulfilled, are at the lower margin of required rates of return, as estimated by the Chase Manhattan Bank. The Chase Bank's analyses indicate that assurance of reasonable energy self-sufficiency for the United States would require rates on equity between 15 and 20 percent.

Additionally, the press release alleges that projections of real capital needs for the petroleum industry can be met by an annual growth rate in real investment of 7 to 8.5 percent. The release says this is well within the capacity of the oil industry to finance without oil price decontrol or tax favors. Whether the "most ambitious projections of oil industry capital needs for the petroleum industry can be met" with continued controls is problematic, as indicated by a review of relevant facts. To assure reasonable domestic self-sufficiency in oil, the petroleum industry will have to invest an average of $40 billion per year in current dollars between now and 1985. This compares with 1974 worldwide capital expenditures of $22 billion and 1974 worldwide profits of $13 billion. On the evidence so far this year, profits in 1975 will fall below the 1974 level. While capital expenditures by the petroleum industry this year are still above those of 1974, the rate of increase has slowed measurably and it is not clear that even present levels of capital spending can be sustained.

Mr. President, I could go on and on, issue for issue, but I think I have made my point. Those of us who believe in the economic strength and vitality of America are willing to put all the facts before the people, to debate the issues, and try to reach some consensus. The Joint Economic Committee was established to help in this process, or so I thought. It is unfortunate that the committee has been used in this instance to short circuit the process. The facts have been misinterpreted, and I am very disappointed in the way this matter was handled.

THE MAGNUSON FISHERIES MANAGEMENT AND CONSERVATION ACT

Mr. JACKSON. Mr. President, I wish to take this opportunity to commend my colleague from the State of Washington (Mr. MAGNUSON) for the excellent job he has done on the issue of the 200-mile fishing limit. That bill, known as the "Magnuson Fisheries Management and Conservation Act," was ordered favorably reported by the Senate Commerce Committee, of which Mr. MAGNUSON is the chairman, just last week.

I am sure that members of the fishing industry and other concerned citizens on both the east and west coasts are watching the progress of this legislation with great interest to see if Congress will act favorably and decisively by passing this bill into law.

In support of Mr. MAGNUSON's efforts, I ask the unanimous consent of my colleagues to enter into the RECORD and editorial from the Seattle Post-Intelligencer of September 25, 1975, discussing the bill, as well as Mr. MAGNUSON's efforts in support of it.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

200-MILE LIMIT NEEDED TO PROTECT FISHERIES

A bill to extend U.S. off-shore fisheries management to 200 nautical miles is expected to win approval from the Senate Commerce Committee this week.

Sponsored by Sen. Warren G. Magnuson, committee chairman, the bill is designed to protect 25 different stocks of fish—including the Northwest salmon—now threatened with serious depletion. The committee's bill is identical to one which passed the Senate last year by a vote of 68 to 27.

The State Department has made no bones over its view that this unilateral action by the U.S. is, in the words of Sec. Henry Kissinger, "extremely dangerous . . . except as a last resort."

But so far, the administration has not announced whether the President will veto a 200-mile limit if it should win approval in both houses of Congress.

At the White House Conference held here Sept. 4, the President said:

"I believe in the 200-mile concept. The Law of the Sea Conference has been working on an international treaty agreement . . . .and I hope in light of that . . . Congress will wait and see if we can't get an international agreement."

Meanwhile, Sen. Magnuson, supported by most fishermen on both the East and West Coasts, has said that there is world consensus for a 200-mile limit. More importantly, approval by Congress may be the only way to break the deadlock which has been holding back the Law of the Sea Conference from making any real progress.

The U.S. will be in a stronger bargaining position when dealing with other fishing nations—particularly the Russians—in coming to some kind of agreement on future fish treaties. Approval of the 200-mile limit need not wait for the conference to resolve clashes over control of minerals and new source of energy from the sea.

Should the Congress approve the 200-mile limit, the law would automatically terminate if an acceptable international agreement is reached. But for now, delay only helps the foreign fleets fishing close to the U.S. coastline.

"While the diplomats are talking and worrying about manganese nodules and the archipelago theory, our fishing resources continue to be over fished" Senator Magnuson said just before the Commerce Committee was to meet. "The only thing the Law of the Sea Conference was able to agree on when it met in Geneva was to adjourn and meet in New York in March."

For those who believe in the 200-mile concept, approval by the Commerce Committee is proof that the nation is willing to do something about the economic hardship suffered by American fishermen.

Even though off-shore control will not solve all of the problems facing fishermen indeed it is not a panacea—it is a first step in protecting remarkable, but finite, resource.

SECRETARY KISSINGER'S REMARKS TO THE ARAB REPRESENTATIVES TO THE UNITED NATIONS

Mr. PERCY. Mr. President, in his remarks at the recent dinner for the Arab representatives at the United Nations, Secretary Kissinger went beyond the normal ceremonial confines of dinner toasts to evaluate the evolution of United States-Arab relations over the last 2 years and to suggest a hopeful course for peace and cooperation in the years ahead. The theme of the Secretary's remarks was the "irrevocable commitment and active involvement" of the United States in "furthering peace and progress in the Middle East."

Looking beyond the pending interim agreement between Israel and Egypt, Mr. Kissinger noted that "no interim agreement has been or can be an end in itself," that "the only durable solution is a just and comprehensive peace," and that "we have always intended that the step-by-step approach would merge at some point with discussion of an over-all settlement."

Seeking to allay fears that the current agreement might purport to stabilize an inherently unstable status quo, the Secretary stressed that "it is in the nature of a lasting peace that partial solutions will not endure." In this context Mr. Kissinger also stated that in the immediate future the United States will be consulting with those concerned on how to advance negotiations between Israel and Syria, and would also be considering the means "to refine our thinking on how the legitimate interests of the Palestinian people can be met in an overall peace."

Secretary Kissinger also noted—and this seems to me one of the most significant observations in his statement—that the United States and its friends in the Middle East "have other common concerns beyond the Arab-Israeli conflict." Stating frankly that the benefits gained by the oil-producing countries from sharp price increases have been at "heavy cost to all other countries," the Secretary emphasized nonetheless that in economic terms the United States and the Arab countries "are natural partners, not adversaries."

Mr. President, I ask unanimous consent that the text of Secretary Kissinger's remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks by the Honorable Henry A. Kissinger

Excellencies, Members of Congress, Ladies and Gentlemen: It is a pleasure to welcome you. Seeing so many relaxed and happy faces, I know that you must be delighted to be here, among friends, in quiet, peaceful New York—far from the tensions and conflict and bitterness of Vienna.

I am especially pleased by this opportunity to reciprocate at least in part the warm hospitality offered to me so often by several of the Arab countries represented here. My wife, Nancy, feels neglected when several months go by without my offering her an opportunity to visit the Middle East. So, for personal as well as high policy reasons, I am obliged to remain actively engaged in helping negotiate a settlement.

It was almost two years ago today that I first met as Secretary of State with the representatives of the Arab League here at the United Nations.

I remember saying then that I recognized that the situation in the Middle East was intolerable for the Arab nations; I pledged that the United States would involve itself actively in the search for a just and lasting peace.

And in the days that followed, in private meetings with some of you and with some of your predecessors—we remember with affection Omar Saqqaf whose passing grieved us all—I gave my personal promise to make a special effort to begin concrete steps toward peace.

While those talks were still going on, war broke out. The costs—political, economic, human—were tragically high.

Tonight I would like to reflect with you briefly on the distance that we—the United States and the people of the Middle East—have traveled together in these two years.

THE MIDDLE EAST AT A NEW CROSSROADS

For centuries, men have seen the Middle East as the crossroads of three continents. Long ago, when armies and caravans moved on foot, and when trade first began to move through the Suez Canal, that statement had strategic meaning.

Today the Middle East stands at a new crossroads—not only of geography, but of issues and concerns that affect the lives of hundreds of millions of people in all corners of the world.

The Middle East today is an area where mankind's effort to build a peaceful, equitable, and prosperous world will be tested.

Little did we know two years ago what our active involvement in the search for peace would mean in effort and anguish, nor to the relationship between the United States and the peoples and leaders of the Middle East.

I have made eleven trips to the Middle East—amounting in time to almost one week out of six over this two-year period. And two Presidents of the United States have met with many of the area's chiefs of state, heads of government, and foreign ministers.

More important than these statistics has been the dramatic evidence of new policies, attitudes and our ability to work together. Our political and economic ties have been restored; we have organized new efforts of collaboration for economic development; we have worked closely together in the diplomacy of Middle East peace.

There is no longer any doubt today of the United States' irrevocable commitment and active involvement in furthering peace and progress in the Middle East. The American people are conscious of this new approach, and support it. Important changes have taken place in the American people's attitudes. This is irreversible—and of tremendous importance for the future.

The United States, when it approached this problem in 1973, did so with the philosophy of realism and even-handedness. Both sides in the area would be called upon to contribute reciprocally to the process of settlement. We launched, as you know, the step-by-step approach, as the most promising avenue to implementation of Security Resolutions 242 and 338.

Therefore, first of all, it should be obvious that no interim agreement has been or can be an end in itself. The only durable solution is a just and comprehensive peace. The United States remains committed to that objective. Each step taken or to be taken by any country is intended to make that goal more achievable and is therefore a step for all. We have always intended that the step-by-step approach would merge at some point with discussion of an over-all settlement.

Second, we recognize that peace in the Middle East is not divisible. Each nation and people which is party to the Arab-Israeli problem must find some fair satisfaction of its legitimate interests. It is in the nature of compromise that extreme solutions cannot be realized. It is in the nature of a lasting peace that partial soltuions will not endure. The United States has no interest or purpose in dividing the Arab world. On the contrary, only a united Arab world can make a final peace. The United States is prepared to make the same effort for any Arab state that it has already made on behalf of some.

Third, it is in the nature of gradual movement toward peace that it must address all the key problems in a balanced way at each step. The questions of territory, borders, and military deployments cannot be dealt with unless at the same time the issues of political and economic settlement are given equal attention. If we are to move forward we must move even-handedly on both sides of the equation.

Fourth, any step taken must be judged in the light of the alternatives that were faced. Each party has the right to judge the gains and compromises that are possible for it at any given stage as it accepts or rejects partial steps toward peace. I believe that the agreements reached have achieved Arab objectives as well as mutual objectives, and have created conditions for further movement more effectively than any available alternative. They have been steps forward. No other methods have worked. War would have been a futile step backward. At the end of such a conflict, we would all have found exactly the same problems which confront us today—and perhaps more under infinitely more complicated conditions.

Last March, after the suspension of our negotiations, it was the governments in the area, on both sides, that pressed upon us that another, early, step toward peace must be the first priority. That is why we made a renewed effort to *help* Egypt and Israel achieve the interim agreement signed in Geneva September 4.

That agreement was not a peace agreement. It was taken to give further momentum toward peace. It was taken to accelerate the process of movement. It was taken in full understanding on all sides that steady progress toward peace must continue. The challenge now is to build on the progress that has been made.

President Ford has asked me to say to you here on his behalf that the United States remains just as energetically committed to progress now as it has been for the past two years. We will not rest until we have achieved the goal of a just and lasting peace—unless the parties themselves decide to abandon their effort.

What the next step will be, of course, will depend on the judgment of the parties to the negotiations. We have suggested several atlernative procedures, and we are open-minded. The object of our consultations in the days immediately ahead will be to determine how to proceed between Israel and Syria, if the parties desire; to begin considering how the negotiations for an overall settlement can be organized; and to refine our thinking on how the legitimate interests of the Palestinian people can be met in an overall peace.

To this effort we pledge our continued energies, and in this effort we count on continuing to work closely together with the leaders of the Arab nations.

THE MIDDLE EAST AND THE WORLD ECONOMY

We and our friends in the Middle East, of course, have other common concerns beyond the Arab-Israeli conflict.

In the Middle East, as elsewhere in the world, the United States seeks to help build a durable framework of peace that will free the energies of peoples to pursue the great social, economic and human objectives of mankind.

Central to this is the global dialogue on the interdependence of the world economy, in which we and the Middle East countries are important participants. This dialogue is well begun.

The Middle East has a unique position and a unique responsibility. At a time when many countries, particularly developing countries, face problems of inflation and stagnation, slackening production and growing unemployment, balance of payments deficits and great uncertainty about prospects for foreign borrowing and investment, the oil producing countries of the Middle East have reaped great benefits from sharp increases in oil prices. But they have done so by means of a heavy cost to all other countries.

I want to express the appreciation of the American people to those Arab countries which at the recent OPEC meeting tried to assert a sense of global responsibility.

Cooperation is a two-way street. The United States is willing to assist you in the achievement of your development goals but we hope that you will in turn show understanding of the needs of the rest of the world. Inflation hurts us all. In your region it is exacerbated by manpower shortages, transportation bottlenecks and other factors which impede the rapid achievement of impressive industrial and agricultural goals. We and other industrialized countries have cooperated and will continue to cooperate in meeting these extraordinary needs. We have made practical proposals before the Seventh Special Session. We look forward to the forthcoming Producer-Consumer Conference to work out these issues in a cooperative spirit.

We are natural partners, not adversaries. Consumers must have reliable access to oil supplies at reasonable prices. To invest their new oil wealth, the producers must become major participants in the global financial and economic system. And to convert their new wealth into goods, they must become major importers of our products. We are ready to cooperate with the countries of the Middle East in linking our economies on equitable terms.

Our interdependence is a fact, and the Middle East has a great responsibility in the global economy. Unilateral actions to advance national interests will serve no nation's interest if the results are to weaken the world economy. All of us must conduct our policies with the objective of fostering global growth and stability. The United States has attempted to wield its power in this spirit.

THE UNITED STATES AND THE MIDDLE EAST

The important changes in our relations in recent years, which have brought our peoples and our governments closer together, are irreversible.

As old patterns of thought change and dramatic new events take place, it is not surprising that searching questions are asked and conflicting voices are heard. This is true today in the Arab world, and it is true in this country, for changes of perception never come easily or proceed smoothly. The present debate in the Middle East over the latest step towards peace has its counterpart today in my country. The American people are now increasingly conscious of both the complexities and importance of our interests and involvement in the Middle East.

The statesmanship and demonstrated commitment to peace of leaders in the Middle East have played an important, indeed a decisive role in this process. The progress that has been achieved and the progress that will be made is due to their realization that Arab goals can best be achieved in the framework of United States-Arab cooperation and not by confrontation. The United States will not shrink from its responsibilities—unless our efforts are rejected by the countries in the area.

I believe also that the discussion now going on in our Congress and in our country as a whole attests to the seriousness with which we approach our responsibilities. When the vote is taken in the Congress, it will be clear that we will not abandon our effort, nor will we abandon those in the Middle East who have long sought our support. But neither will we interrupt our quest for peace or cease our efforts to improve relations with the Arab world.

The end result, I am convinced, will be the forging of an even sounder foundation, based on national consensus, for U.S. relations with all of the countries in the Middle East. And I hope that the time will come soon when we who are assembled here will look back at this time as the period when we took the turn towards a final peace.

Therefore, let us raise our glasses to cooperation between the United States and its Arab friends, and to the fulfillment of the aspirations of the Arab nations, and of all nations, for peace, justice, and well-being.

HOUSE VOTES TO REAFFIRM BYRD AMENDMENT

Mr. HARRY F. BYRD, JR. Mr. President, I was most pleased when the House of Representatives recently voted to reaffirm the Byrd amendment, by defeating H.R. 1287, a bill designed to halt the importation of Rhodesian chrome into the United States.

The Byrd amendment prevents the U.S. embargo of strategic materials from a free world country if such strategic materials are being imported from a Communist-dominated country. Its principal effect is to permit the importation of chrome from Rhodesia.

The House of Representatives voted to defeat H.R. 1287, by a vote of 187 to 209, thus upholding the Byrd amendment.

One hundred and eight Republicans and 101 Democrats representing 40 of our 50 States voted in support of the Byrd amendment.

With the exception of Massachusetts and Oregon, the only States not having Representatives in support of the Byrd amendment were single or two member States.

The vote in the House of Representatives was convincing and reassuring, and the many Members who argued in favor of the Byrd amendment presented their arguments eloquently, cutting through the hypocrisy and misunderstanding surrounding this issue.

At this point, Mr. President, I would like to excerpt some of the major points made by those Members of Congress who spoke in favor of the Byrd amendment, and I recommend the entire debate, which can be found on pages 30183–30236 of the September 25, 1975, Congressional Record, to my colleagues. I ask unanimous consent that they be printed in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

Excerpts

Mr. Dickinson of Alabama—Evidence in favor of continuing to trade with Rhodesia is overwhelming. The United States must pursue policies which are in the best interest of our Nation—not the U.N. Continued trade with Rhodesia, one of the few friends we have left in Africa, is certainly in the best interests of the United States. To reimpose an embargo on this African nation would be insane and asinine.

Mr. Bennett of Florida—This bill in my opinion would bring us to an immoral decision, since it is not morally right in my opinion for the United States to meddle in the internal affairs of another country. It is also not morally right for the United States, through its agent in the United Nations or otherwise, to impose upon the citizens of the United States a position which they have not granted.

This bill endangers the national defense of our country. Chrome is a metal of great importance. It is essential to the national defense of our country, and there is no substitute for this vital defense material.

Second, with regard to the defense aspect, there is no domestic supply of chrome in the United States. Rhodesia holds 67 percent of the world's known reserves of metallurgical grade chrome.

If we pass this bill, we increase our dependence on the Soviet Union as a source of supply. Increased dependence on the Soviet Union is not wise, it is not prudent and it is foolhardy. It is against the national defense of our country.

We have no excess of chrome in our national stockpile. In fact, we may have a shortage. Based upon current consumption, we have perhaps a 3-year supply, but this assumes a free flow of Rhodesian chrome to the United States. A few years back we had a 5-year supply.

We need to look down the road and worry about the defense requirements of our country. Studies are now under way to see whether or not the stockpile should be brought down or increased. These studies may reflect that actually we need to increase the amount in our stockpile.

The United Nations Charter did not give the United Nations the power to embroil the United States and its citizens in international domestic matters of other countries. I think the sanctions against Rhodesia were void ab initio. I think it is a good time to stand up for democracy and freedom in our country and say that we are not going to have our rights dissipated in this fashion by unauthorized sanctions.

Mr. Rousselot of California—A point which bears repeating is that to enact this legislation would be placing us in the position of having to again depend on the U.S.S.R. for our principal supply of metallurgical grade chrome. Certainly no one in this body can argue that Russia believes in the principles of democracy and self-determination.

Mr. Latta of Ohio—Is it not a fact that when President Ford was a Member of Congress, his position was just the opposite?

Mr. Anderson of Illinois. That is quite true when this matter was before us. At that time, as Representative of the Sixth District of Michigan, he took a different position. But I think he recognizes that as the leader of this country and as the leader of the free world, far more important than any position he took in the past is the necessity of affirming now before the world that we do take seriously our obligations under international law.

Mr. Latta. Mr. Speaker, I think what the gentleman is saying is a condemnation of the President of the United States because he was a Representative of the United States when he was in this House, the same as he is the President of the United States. He was not representing just the Sixth District of Michigan.

Mr. Dent of Pennsylvania—If we again impose the embargo it will benefit one nation and one nation only, Russia.

Can Russia complain about the 5 percent whites controlling the Government in Rhodesia where the Senate has 50 percent black members and there are 36 percent blacks in the House of Representatives?

How many non-Communists are in the Politburo in Russia? None—they are mostly in slave camps.

We make this choice between Russia and Rhodesia and blaspheme our morals by hiding behind the false cloak of humanitarianism.

No my friends, we cannot be proud of our record if we fail to support our country.

Most of the votes against us today are not votes on the merits.

They are voting from plain, naked fear of the pressures from labor in some instances, the ADA, and the fear of loss of their elections.

Only shame can attach itself to this action, and only shame will reward the Nation if one life is taken, because of the agitators and their supporters in Congress.

This Congress may well become the one Congress that overshadows the post Civil War Congress for the worst in history.

With our world collapsing around us, we fight a paper tiger.

I am ashamed of some of the Members who have said to me that this is only a symbolic measure, go along with this. We will not ask your companies to live up to the embargo.

But, Mr. Chairman, rather I would die than live a lie.

Mr. Crane of Illinois—Mr. Speaker, I was intrigued, catching the most recent portion of this debate, about some of the rationale behind a reimposition of the ban on Rhodesian chrome.

I can certainly understand the sense of outrage that some Members feel in this body over the fact that 95 percent, as we were told, of the Rhodesian people are disenfranchised. Presumably, this also implies a further criticism of this nation, on the grounds that it does not recognize some of the exalted ideals embodied in the Declaration of Human Rights of the United Nations—principles such as human dignity, rights to freedom of speech, freedom of association, and what have you.

Mr. Speaker, I am somewhat perplexed, after hearing this kind of critique, to understand how we could contemplate putting ourselves at the mercy of virtually 100-percent dependence on importation of chrome—a strategic mineral—from a country that also disenfranchises 95 percent of its population and which has a long and consistently tragic, bloody, and brutal history of repudiation of any commitment to the very rights under discussion today. It is even more puzzling, in light of the fact that Rhodesia is a small nation which has been friendly to the United States and certainly has not proclaimed any commitment to destruction of the United States, whereas, "détente" notwithstanding, the Soviet Union has made repeated commitments to bury us.

So I think there is inconsistency at the very least, and hypocrisy at worse, in this debate.

Mr. Derwinski of Illinois—The passage of this bill to repeal the Byrd amendment would place the United States at the tender mercies of the Soviet Union for chrome ore. At a time when we are supposedly driving a hard bargain with the Soviet Union because they need U.S. grain, it seems to me the height of folly to give them a counter weapon to use. Members know very well they will use it because the record shows that when we abided by the U.N. embargo of Rhodesian chrome the Soviet Union not only controlled the price but also the quality of chrome ore that reached the United States. They doubled the price and they put many of our users in serious jeopardy as to their supplies.

I would also like to point out that in my opinion this is not a black versus white issue. To me it is a matter of practical economics for the United States.

These U.N. sanctions are a mockery. Today we can find the products of every Western European country and some of the East European countries and Japan in Rhodesia. The United States has a far better record of compliance with the sanctions than many other countries. One exception we make is under the Byrd amendment. It is a valid exception, one that is in the economic self-interest of the United States, and it would be economic stupidity of the highest order for us at this time to repeal the Byrd amendment.

Mr. Spence of South Carolina—As we all know, when supply decreases, prices generally go up. If we cut off any major source of our chrome supply, it seems elementary that it will cost us more to obtain this critical resource in the future. I say critical, because chrome is an essential ingredient in missiles, submarines, airplanes, and tanks; and when the price of chrome rises, the cost of those weapons is obliged to rise accordingly.

This is not a theoretical exercise. In 1948, when the United States was cut off from Rhodesian chrome, the Soviet price for metallurgical-grade chromite ore was $39.87 per ton. After the embargo, the Russian price promptly soared to $68.45 per ton. Thus, during the period when we were cut off from Rhodesian chrome, Russia jacked up the price by nearly 75 percent.

Mr. Ichord of Missouri—Mr. Chairman, H.R. 1287 has been floating around the Congress in one form or another from the very day that we adopted the Byrd amendment in 1971. My close attention was first attracted to this measure because of the hypocrisy surrounding the issues, I would state to the gentleman from Texas, that we are debating today. This was brought about when I received a letter from the Zambian Ambassador to the United States urging me, as the duly elected Member from my congressional district, to vote in favor of a repeal of the Byrd amendment.

The hypocrisy of Zambia, Mr. Chairman, I later learned, was just the beginning. During the Easter recess I traveled to Rhodesia with the distinguished gentleman from Pennsylvania (Mr. DENT), whose district probably stands to be injured more than that of any other Member of this House, and the distinguished gentleman from New Mexico (Mr. RUNNELS).

I looked for myself as to what was going on in Rhodesia. I stood on the bridge, on the railroad bridge at Victoria Falls going into Zambia, and witnessed a whole trainload of foodstuffs and supplies going into the nation of Zambia. I was advised that four trains a day travel into Zambia. I have pictures of the train if the Members of the House care to examine the fact.

Then, in the beautiful city of Salisbury, I found out more about the hypocrisy that is going on throughout the world. Apparently, every nation in the world, practically every nation in the world, is trading with Rhodesia, except the United States, as we are only trading with Rhodesia in chrome.

Mr. Ketchum of California—I think it is very hypocritical that we can deal with the Soviet Union, we can trade with Red China, but when we discuss the internal affairs of South Africa or Rhodesia, as we are in this bill and we realize that of the 43 countries of south Africa, 17 are dictatorships, 17 are one-party governments, and all of them control the media, it is laughable.

Passage of this bill is utterly hypocritical to our foreign trade policies, since it permits and encourages the United States to import chrome from other oppressive regimes—the Soviet Union. The United States is wholly dependent upon foreign sources. Barring Rhodesian chrome imports would drastically increase our dependency upon the Soviet Union, which historically has been a major source of supply. Past dealings with the Russians for chromium has resulted in the shipping of inferior ore at exorbitant prices, at the expense of our American consumer. We cannot even be guaranteed of their reliability as a supplier.

Chrome is an ever-increasing essential substance to our defense and industrial production. It has been a source of defense construction in the current production of weapons such as planes, submarines, and ships, and weapon-supporting systems. Can we afford to permit our supply of chrome, a national security requirement, to fall directly in the hands of the Soviet Union? Moreover, the utilization of chrome has been an absolute necessity to our steel industry. A report from the National Materials Advisory Board—May 1970—states:

Chrome is the sine qua non of specialty steel.

The only certain impact this legislation would have would be to deprive the American industry of low-cost, high-quality ore and an adequate and cheap supply of ferrochrome, while assuring windfall profits to Soviet chromium dealers.

Mr. Symms of Idaho—Mr. Chairman, the reinstitution of a ban against the importation of Rhodesian chromium will have the effect of American workers losing between 2,027,000 to 16,700,000 man-hours as thousands of employees are laid off in the steel industry, when chromium ore becomes unavailable to specialty steel factories.

A second negative effect will be that steel products requiring chromium for stainless steel, as auto and factory pollution abatement equipment, nuclear power plant reactors and boilers, jet engines, aircraft, railroad cars, pumps, tools, tableware, home appliance trim, and so forth, will cost consumers at least $300,000,000 per year for non-Rhodesian chromium.

Mr. Daniel (Robert) of Virginia—Mr. Chairman, I rise in opposition to H.R. 1287. We had before us in the Committee on Armed Services witnesses to testify on behalf of this legislation. Their testimony indicated that the effect of the repeal of the Byrd Amendment, from the point of view of defense, would be uniformly adverse. In fact, as I said at the time, I had never heard a group of witnesses appear as proponents of a piece of legislation who presented such persuasive arguments against it.

The State Department is urging us to reimpose the embargo on Rhodesia chromium. They tell us our relationships with Black African countries are being compromised by continued trade with Rhodesia. Further, they contend our principles of "self-determination, democracy, and majority rule" compel us to slap down the "illegal minority regime" in Salisbury.

Let us consider just who are these freedom-loving countries we are trying to please by handing them Rhodesia's scalp. What liberties do their citizens enjoy? Well, by far the most vehement body of critics of Rhodesia is the Organization of African Unity. Charter members of this club include Burundi—where over a quarter million innocent civilians have been slaughtered over the past 3 years, and Chad, where the local dictator has Christians buried alive in ant hills for his personal amusement, and the Central African Republic where "President" Bokassa has tortured hundreds of minority tribesmen to death according to the signs of the Zodiac.

It comes as no surprise, then, that it is "Big Daddy" Amin, Rhodesia's most implacable enemy who is the heir apparent to the chairmanship of the OAU. He has already—

Expelled over 60,000 Ugandans of Asian ancestry;

Executed over 75,000 of his political opponents;

Thrown four cabinet members and the Chief Justice of the Supreme Court to the crocodiles; and

Criticized Adolf Hitler for not killing more Jews.

If a country is known by such enemies as these, Rhodesia would indeed stand high.

Mr. Runnels of New Mexico—Mr. Chairman, the Members know that I very rarely take the well of this Chamber, and as many others who have spoken here today, I do not have a lot of education. I do not have a lot of smart know-how, but I am mystified a[illegible] what I have heard today on this bill.

How can we trade with our friendly Communist Russia? How can we in all honesty trade with our Communist friends and say to the little nation of Rhodesia, "We do not want to trade with you?"

Mr. MURTHA of Pennsylvania—Mr. Chairman, I rise not to talk about figures but to talk about my district. I have a substantial number of people, working in specialty steel, who would be affected directly by this embargo.

Mr. Chairman, I took a poll not too long ago. I sent out 165,000 questionnaires. People in my district said that inflation was the No. 1 problem, that unemployment was the No. 2 problem. Do the Members want to know something else? Ninety-three percent of the people in my district were against foreign aid of any kind.

What have we here in this proposition? We have, No. 1, an inflation bill; we have, No. 2, a bill that will cause unemployment in my district; and No. 3, we have foreign aid to Russia, because it is going to increase the prices of chrome, and the chrome will come through Russia and, consequently, we will be helping out a country which is not particularly friendly to the United States.

I feel very strongly that it is nice to have these other countries like us. It is like one of my colleagues just said, it is nice to have Africa on our side and to have the people like us over here, and it is nice to have Great Britain on our side.

These Third World countries vote consistently against us in the U.N.

I want to tell the Members something else. We cannot buy their friendship. We cannot impress them by trying to interfere with the affairs of other countries, by telling them what to do.

Mr. LAGOMARSINO of California—Mr. Chairman, I submit this bill is hypocritical. Hypocritical in that it singles out a single nation for ostracism while forcing us to deal with other nations that can be called equally immoral. I urge a vote.

Mr. COLLINS of Texas—Chrome is essential to the United States. Chrome is the material that makes stainless steel stainless. So many of our vital strategic materials that are essential in our national defense are made of stainless steel. This vote is a vote for the national security of the United States.

Mr. McDonald of Georgia—Mr. Chairman, there are many reasons to rise in opposition to this bill. In the short available time, I would like to describe some of the best reasons for this opposition.

The initial sanctions were imposed in the United Nations either by simple error or by fraud.

If we want to consider Rhodesia as a colony of Great Britain, then this sanction interferes with the internal affairs of a given member; that is illegal.

If we want to consider Rhodesia as an independent state, clearly it never was a threat to world peace and, therefore, sanctions cannot legally be applied through the Security Council.

Mr. Shuster of Pennsylvania—There is a fundamental issue in this debate on Rhodesian chrome sanctions which I have not heard articulated, and I would like to call attention to it. It is this: Is the case for imposing sanctions on Rhodesia so clear, so compelling, that we are willing to deny a fundamental freedom to our own American citizens?

Consider what this bill does to American citizens. It tells Americans that they cannot as free people spend their own money to purchase the material that they believe is badly needed; they cannot engage in commerce.

Mr. Martin of No. Carolina—I oppose H.R. 1287 which, under the lofty banner of participation in United Nations sanctions, rather porous at best, against the racial policies of Rhodesia, has the singular effect of prohibiting importation of chrome from Rhodesia. In theory this may have some appeal especially if the same standards were to be applied to other nations where the majority are governed without their consent, but in practice it will be damaging to the national interest of the United States.

It is one of the cardinal rules of business management, of course, to secure alternate sources of supply. What this bill will do is it will outlaw the principal source and principal deposits of chrome in the world and leave us dependent upon a grand total of two other nations, Russia and South Africa.

Mr. Hagedorn of Minnesota—I oppose H.R. 1287, the bill to halt the importation of Rhodesian chrome. It is an example of our continuing obsession with interfering in the internal affairs of other nations. Apparently, there are those who learn nothing from the past; when we attempted to tell the Soviet Union how to handle their emigration policies, we succeeded only in undermining very important trade negotiations.

We in the Congress are on the verge of prohibiting imports of Rhodesian chrome because there are those who are still intent on imposing our morality on other nations. What is most perplexing is that these advocates of interference intend to demonstrate their moral indignation with minority rule in Rhodesia despite the clear evidence that this action is not in our best interest.

Mr. Biaggi of New York—I rise in opposition to H.R. 1287 legislation to amend the United Nations Participation Act to ban imports of chrome and ferrochrome from Rhodesia. Our vote today is one of priorities and as I see them our foremost concern must be the maintenance of a strong national defense which stands to be jeopardized if this legislation is passed.

Mr. Sikes of Florida—This should be called the "buy Russia" bill. The House will remember when we stressed "buy America." That is now old fashioned. This is a new age when we are told to be kind to our enemies. Help them to be modern. Help them to be strong. The more we give them, the more they can spend for their own development for defense. Maybe the taxpayers will understand.

The "buy Russia" bill will create unemployment in America, increase inflation and cause American industry to be dependent in large extent on chrome from Russia. Russia is principal beneficiary of the bill, the United States is the loser. Jobs for American employes and price restraints on steel products depend upon defeat of this "buy Russia" bill.

Mr. McDonald of Georgia—Mr. Chairman, there are many reasons to rise in opposition to this bill. It is my intention to describe the best of these reasons and at the same time to point out the illogic of those who favor this legislation. This bill is bad for the United States economically. It is a bad bill from the viewpoint of international relations, in that it is a case of selective morality that will only benefit the Soviet Union in particular and the world Communist movement in general.

Mr. Preyer of North Carolina—I will vote against H.R. 1287 because I believe the facts require such a position.

We are not determining whether or not the majority population in Rhodesia will assume their proper role in the life of their nation. There have been positive developments in negotiations between the Smith government and the leaders of African independence movements. There is reason to hope that the people of Rhodesia will find a sane and peaceful solution to their internal struggle.

The main issue is one of economics. We need to provide sufficient supplies for vital industry in this country. We know that we are beginning to experience the first stages of a serious minerals deficiency. We must not be dependent upon Soviet sources only. The alternative sources of chromium—South Africa and Turkey—both represent real difficulties for us at this time. The influence of the embargo, its lifting and the threat of reimposition, on the import price of Soviet Union chromium has been well documented in this body.

Mr. Ashbrook of Ohio—If our foreign competitors have access to low cost, high quality chrome, while Americans are forced to pay premium prices for Soviet supplies, the U.S. steel industry simply will not be able to compete against imported stainless steel. Our domestic specialty steel industry would be seriously injured and thousands of jobs for American workers would be lost.

It would be ridiculous for Congress to adopt sanctions against Rhodesia when it would mean the loss of thousands of American steelworkers' jobs. We are sanctioning ourselves, not the Rhodesians. For the sake of American jobs, I urge the defeat of H.R. 1287.

Mr. Stratton of New York—I recognize, as has already been said, that in some ways this is being interpreted as a black issue.

I think that my record in this Congress over the years on civil rights issues is a strong one, however, and needs no special defense here.

Recently I returned from a trip to Somalia and I recommended, in spite of the fact that I did not receive universal support in the Committee on Armed Services, that we supply humanitarian aid to Somalia, in spite of the Soviet missile base that we found located in the city of Berbera. But I believe that the question that is before us today in this legislation is another one, and deserves to be clearly understood.

If we are going to cut off Rhodesia with this bill we are not going to lose just 38,000 tons; we are going to lose 148,968 tons. That is the real problem we are confronted with on this bill, and I think we would be extremely foolish at the present time to interfere not only with our national defense but to create the possibility of increased unemployment by cutting off a vital mineral that is absolutely essential to continued production of high-grade steel by American industrial workers.

COMMON SITUS LEGISLATION: A POWER GRAB

Mr. FANNIN. Mr. President, it is my opinion that passage of legislation permitting common situs picketing would not be in the public interest. Enactment of S. 1479 or its House companion measure, H.R. 5900, would pose a serious threat to the American economy, particularly to the ailing construction industry. There are no compelling reasons to overturn the legally established, well recognized ban on secondary boycott picketing.

Judging by the tremendous amount of mail I have received on the subject and the public opinion surveys I have seen, I must conclude that the American people overwhelmingly oppose congressional approval of legislation which could lead to more crippling strikes. Responsible members of organized labor and other workers do not want to be put out of jobs any more than they want to see construction projects come to a screeching halt.

Mr. President, if American workers are not demanding a change in our labor laws, if the public and industry do not want it, and the economy certainly cannot stand it, what is this sudden compelling interest in situs picketing legislation? The answer seems to be simply that big labor wants it. The pressure for enactment of S. 1479 and H.R. 5900 is coming almost exclusively from the special interests of big unions who sense that this is the time to strike, if you will, to move for passage by this 94th Congress which organized labor helped to elect.

Mr. President, the editors of the Arizona Republic have called these bills "an unconscionable power grab by the building trades unions." I ask unanimous consent that the complete text of the Republic editorial of July 28, "Power Grab," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

POWER GRAB

Powerful as they already are, the building trades unions are now pushing two bills through Congress that would make them more powerful still.

High as wages in the building trades already are—an average of $10 an hour, including fringe benefits—the bills would enable the unions to drive them astronomically higher.

This may cripple the construction industry permanently, but union leaders never worry about things like that. All they care about is the fast buck.

The bills HR 5900 and S 1479, would exempt building trades unions, and them alone, from the laws banning secondary boycotts.

On any building project, the general contractor may have as many as two dozen subcontractors. At present, if the plasterers' union, say, calls a strike against the plastering subcontractor, it can picket only him.

HR 5900 and S 1479 would make it legal for the union to picket the entire project. Since union members will not violate each other's picket lines, this means the plasterers could shut the entire project down.

A prolonged strike, therefore, would ruin not only the plastering subcontractor but all the other subcontractors, and the general contractor, as well.

As a result, the other subcontractors and the general contractor would really lean on the plastering subcontractor to settle on the union's terms. If worse came to worst, the general contractor might even fire the plastering subcontractor and find a competitor willing to give the union what it was asking for.

Butter wouldn't melt in his mouth when Rep. Frank Thompson Jr., D-N.J., author of HR 5900, describes his bill. Its purpose, he says, is "to protect . . . labor . . . by providing equal treatment of crafts industrial workers."

The same is true of Sen. Harrison Williams, D-N.J., author of S 1479. Under present laws, he says, "the right of a construction union to engage in peaceful legitimate picketing has been severely restricted . . .

Both argue that, in manufacturing, if one union strikes against a company, it can set up a picket line around the entire plant and shut the factory down. Why, they ask, shouldn't one union have the same power to shut down an entire construction project?

The analogy is phony, and, what's more, in years past, union leaders have admitted as much.

In manufacturing, the union strikes against a single employer.

In the case of the construction industry, if HR 5900 and S 1479 are passed, the union will be able to cause untold injury to a dozen or two employers, who have no connection with it and no quarrel with it, who simply are innocent bystanders.

That is the purpose of the bills—to force the innocent bystanders to become allies of the union.

The bills are an unconscionable power grab by the building trades unions. Unless Congress has become a hostage of the unions, it will kill them.

A DOCTOR DIRECTORY FOR HENNEPIN COUNTY

Mr. HUMPHREY. Mr. President, the State of Minnesota has often been a vanguard in social service developments. I noted with pride a recent editorial from Tribune that a directory of primary care physicians is now available for Hennepin County.

The directory does not attempt to evaluate doctors' capabilities—rather, it is an effort to provide basic information to help those seeking a doctor to approach that decision in a rational, informed manner.

In our transient society, finding a doctor to meet your health needs is often a tedious, difficult task, especially if you are a newcomer and have special personal needs such as interpreters or accessibility to public transportation.

I think a directory of this sort is a big step in eliminating some of the attendant frustration in seeking a doctor. It is enhanced by the active participation of the medical community, and I hope that others will soon follow suit.

Mr. President, I ask unanimous consent that the September 22 editorial from the Minneapolis Tribune, entitled "A Doctor Directory for Hennepin County," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A DOCTOR DIRECTORY FOR HENNEPIN COUNTY

Consumers' directories of physicians—listing their type of practice, office hours, range of fees, whether they make house calls, the hospitals they are associated with—have been resisted by doctors in many parts of the United States (including some in Minnesota) on the grounds that they are a form of advertising, in violation of medical ethics. But other doctors believe that the profession has an obligation to provide basic information to enable individuals to approach the choice of a doctor in a informed manner.

This point of view has prevailed in Hennepin County, and last week, a Directory of Primary Care Physicians in Hennepin County—prepared by the Hennepin County Health Coalition, the Community Health and Welfare Council's Community Information Service and the Hennepin County Medical Society—was made available to the public. It is believed to be the first instance in the county in which a medical society has cooperated in such an undertaking.

The directory provides, in addition to the above-mentioned points, such details as the doctor's specialty, the services provided at the office, how long a patient has to wait for a routine visit, accessibility of the office (whether it's near a bus stop, whether there are stairs to climb), availability of special services like babysitters or interpreters, billing procedures, acceptance of Medicare-Medicaid patients and much other information.

The directory does not attempt to evaluate doctors' capabilities (although there are categories under "professional" information with the accompanying comment that "what a doctor has done since graduation is an important clue to competence and to continuing interest in medical progress"). This is a judgment, in any event, that patients ultimately make for themselves on the basis of experience. But until they have this experience, people such as newcomers to the community have little to go by except the telephone directory or word of mouth from friends or neighbors. The Hennepin County directory, with answers to many of the questions asked by people seeking a doctor, provides a valuable service.

CAPITAL INVESTMENT DECREASES

Mr. FANNIN. Mr. President, the Commerce Department recently released a report which indicates that businessmen have continued to pare down their 1975 plant and equipment spending plans. It now appears that the physical volume of business purchases may be about 11.5 percent less than in 1974.

The Commerce study, conducted during late July and August, reveals that total capital expenditures will be $113.51 billion this year. This represents a cut of $730 million from the total projected in the previous survey made in April and May of this year. The outlays now planned represent a dollar increase of about 1 percent from 1974. However, inflation in the capital goods area was at about 14 percent in fiscal year 1975.

The study cited reductions in planned spending by railroad, electric utility, and commercial group companies as the three major sources of the revision in outlays in the nonmanufacturing area. Investment in the manufacturing area should remain at the level expected earlier this year.

Mr. President, there are two reasons for this decline in investment. Certainly the recession has damaged capital expenditure plans which, by necessity, have been under development for months or years.

The recession is a problem of tremendous magnitude. The second reason, that of Federal tax policy and national attitudes, is much more onerous. It is clear that our present tax laws, as well as the attitudes of many Members of Congress favor consumption and disfavor investment. This contention is illustrated by the fact that the United States ranks last among the market, industrialized nations in investment expressed as a percentage of real national output. For example, between 1960 and 1973, Japan placed 35 percent of its real national output in fixed investments compared to 17.5 percent for the United States. The following chart, which I ask unanimous consent to have printed in the RECORD, enumerates these figures for several of the industrialized nations.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

*Investment as percent of real national output 1960–73**

	*Total fixed***	*Nonresidential fixed*
Japan	35.0	29.0
West Germany	25.8	20.0
France	24.5	18.2
Canada	21.8	17.4
Italy	20.5	14.4
United Kingdom	18.5	15.2
United States	17.5	13.6
11 OECD countries	24.7	19.4

*OECD concepts of investment and national product. The OECD concept includes nondefense government outlays for machinery and equipment in the private investment total which required special adjustment in the U.S. national accounts for comparability. National output is defined in this study as "gross domestic product," rather than the more familiar measure of gross national product, to conform with OECD definitions.

**Including residential.

Source: U.S. Department of the Treasury.

Mr. President, our economy cannot sustain itself much less expand to provide jobs for our unemployed unless our capital investment increases. Dramatic consumption must be more favorably balanced with sound investment in the future. To do otherwise will result in our industries becoming less competitive on the world's markets. The present situation is serious but the future could be tragic unless both Federal policies and national attitudes change.

It is unfortunate that many of my colleagues assume that increased capital investment means the rich get richer and the poor get poorer and that the way to resolve economic inequities is to take more from those who have and give in the way of transfer payments to the havenots. This is fallacious. Increased capital investment can occur on a broad basis of ownership. Careful attention by the Congress to programs such as employee stock ownership plans will assure a broader base of ownership of capital assets.

Mr. President, the Congress has before it an opportunity to modify the tax policies of this Nation. Now is the time: First, to encourage increased savings in savings institutions so our housing market has the funds it needs for new construction; second, to eliminate the double taxation of corporate profits; third, to encourage investment in capital-intensive industries which face series problems in attracting new capital; and fourth, to make permanent the investment tax credit at a reasonable level so business planners can rely on it. This list is not intended to be exhaustive. Other proposals could accomplish the same objective of encouraging capital investment to meet the Nation's future needs.

Again, the time is ripe for change. We cannot continue to fool ourselves or be fooled by certain "leaders" into believing the anticapital formation rhetoric which is so prevalent today. To do so would result in negative investment in the near future. Without a change in policy and attitude, it is likely that, in the near future, the volume of our transfer payments and other Federal expenditures will be so extensive that our present 17.5 percent investment of real national output will be only a fond memory of the past.

LAW OF THE SEA NEGOTIATIONS AND PROPOSED EMERGENCY MARINE FISHERIES PROTECTION ACT

Mr. GRAVEL. Mr. President, I ask unanimous consent to have printed in the RECORD a number of articles and letters concerned with the Law of the Sea negotiations and the proposed Emergency Marine Fisheries Protection Act.

I also ask unanimous consent to have printed in the RECORD a copy of my remarks before the House International Affairs Committee on Wednesday, September 24, 1975 on this matter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[R. R. Baxter is President of the American Society of International Law, professor of law at Harvard University; editor-in-chief of the American Journal of International Law, counselor and consultant to the Department of State and the Department of Defense and a member of the permanent court of arbitration.]

HARVARD LAW SCHOOL,
Cambridge, Mass., September 30, 1975.

Hon. MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRAVEL: I write to express my opposition to H.R. 200, 94th Congress, 1st Session, "To extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes."

Since 1968, the United States has been participating in the great international enterprise of developing a new pattern of order for the oceans, first through the United Nations Sea-Bed Committee and more recently through participation in the Third United Nations Conference on the Law of the Sea.

This activity represents a conscious choice between two strategies by the United States. One possible approach would have been to allow the development of international law for the oceans, including the law relating to navigation, resource development, fisheries, protection of the marine environment, and scientific research, to proceed through the practice of states, growing into international customary law. The law of the sea has been in a period of dramatic change under the pressure of technology, politics, and economics. Unilateral claims to sovereignty and jurisdiction over the ocean and its resources have been characteristic of this period. A new pattern of order might have emerged late in this century or early in the next through the establishment of an equilibrium between these demands and the resistance of the international community or individual states. But the period of readjustment would have been one characterized by chaos and conflict as states asserted their interests and resisted the claims of others. Open violence could have been expected on numerous occasions, any one of which might turn out to be the spark igniting a global conflict.

The other possible strategy—the course adopted by the United States—was to seek the timely establishment of a pattern of order, fairness, and stability in the oceans in the form of a widely accepted treaty arrangement governing the major users of the oceans. The election of that course reflected a conviction that the United States had in the long run more to gain through the creation of stability and order than through a process of confrontation with other states which might ultimately lead to a hard-fought compromise decades hence. Order was seen to have a value in itself.

The Geneva Session of the Law of the Sea Conference has done much to vindicate the wisdom of the multilateral approach to the law of the sea, after the somewhat discouraging start at the first and second sessions in New York and Caracas. The work product of the Second Committee, which is dealing with fisheries among other things, has been described as being 90% what the final treaty will look like. The same can be said of the work of the Third Committee, which concerns itself with the protection of the marine environment and scientific research. The régime for the deep sea-bed is still very much in dispute, but substantial progress has been made on dispute-settlement. We thus know that the provisions on fisheries in the Informal Single Negotiating Text produced at the Geneva Session look very much like the ultimate treaty, and we can look forward with a good deal of confidence to the striking of an overall bargain on the law of the sea, especially if the problem of the deep seabeds drops away. There is every reason to be optimistic about the outcome of the New York Session in 1976. Provisional implementation of a number of provisions, including those on fisheries, before the overall treaty comes into effect will permit the prompt effectuation of the régime agreed upon by the participants in the Third Law of the Sea Conference.

What H.R. 200 would have us do unilaterally through the establishment of a 200-mile fisheries zone thus will, in all likelihood, come promptly through stable multilateral arrangements. The time when we are so close to agreement is the worst possible time to rock the boat.

If the United States were to move unilaterally on a 200-mile fisheries zone while negotiating multilaterally, many other countries would feel free—or indeed obligated—to carve out their own maritime claims so that they would not be left behind. The flood gates would be open to every sort of unilateral claim that the United States has been resisting over the last decade—to 200-mile territorial seas, to control and restriction of traffic through straits, to deep-ocean resources, to uneconomic and politically motivated controls over shipping. The United States has been one of the leaders in the battle against unilateralism; its negotiating position has been formulated with a view to providing a treaty régime which will make unilateral claims impossible in future. But if there is a rush to stake out claims, the adjustment that has been laboriously worked out will be destroyed, and with it hopes of achieving a treaty.

Moreover, unilateral action by the United States will be taken as a signal that the United States is not really interested in a general multilateral agreement, because the very idea of that sort of agreement is inconsistent with the assertion of unilateral claims by coastal nations. Other nations will rightly conclude that we say one thing and do another. Our actions will speak louder than our words. The frustration and anger of our friends and the joy of those who have been making extravagant unilateral claims all along will be enhanced by the thought that the United States, which has been preaching multilateralism under a treaty for the past decade, has gone unilateral.

H.R. 200 is thus not simply a case of doing now what will ultimately be done anyway under the terms of the treaty. In the words of the popular song of years ago "It's not what you do but the way that you do it." There is a world of difference between a generally agreed 200-mile economic zone, with jurisdiction over the coastal species, under the terms of a general international agreement, and a unilateral grab of a 200-mile fisheries zone, which would be the signal for other states to lay even more sweeping claims over the 200-mile zone, up to and including a 200-mile territorial sea claim. An impatient claim to 200 miles by the United States would thus, under the most optimistic prediction, gain us protection of certain fisheries one year or so earlier than might otherwise be the case. At the worst, it could be the downfall of the Law of the Sea Conference and the destruction of any immediate prospect of a treaty. The price would be the exclusion of our merchant vessels and Navy from large areas of the ocean and the end of certain of our distant-water fisheries—all for having one or two years earlier what we are going to get anyway. That, in my submission, would be the height of folly. H.R. 200 is fundamentally incompatible with the realization a sound, workable, and lasting legal régime for the oceans.

Yours sincerely,

R. R. BAXTER,
Professor of Law.

[Louis Henkin: Hamilton Fish Professor of International Law at Columbia University; Clerk to Justices Learned Hand and Felix Frankfurter; legal adviser to the

United Nations 1947–48; adviser, U.S. delegation UN Economic and Social Council, 1950, UN General Assembly, 1950–53; U.S. member to the Permanent Court of Arbitration, 1963–69; Lecturer at the Hague Academy of International Law; decorated with Silver Star, WW II; author of numerous books on arms control and inspection, International politics and Law of the Sea. Editor of numerous law journals and books on international law]

COLUMBIA UNIVERSITY IN THE
CITY OF NEW YORK,
New York, N.Y., September 30, 1975.

Hon. MIKE GRAVEL,
Washington, D.C.

DEAR SENATOR GRAVEL: You asked my opinion as to whether legislation that would assert for the United States a 200 miles fishing zone would be consistent with our obligations under international law.

I addressed myself to that and related questions last March in a letter to Representative Leggett, Chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment. A copy of that letter is enclosed.

I should add that in my view a unilateral extension by the United States of the kind proposed would seriously disturb the final stages of the Law of the Seas Conference, and jeopardize our interests there. It would also seriously disturb the mood of accommodation which Secretary Kissinger succeeded in establishing at the recent Special Session of UN General Assembly on new economic relations around the world.

Sincerely yours,

LOUIS HENKIN.

MARCH 5, 1975.

Hon. ROBERT L. LEGGETT,
Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Merchant Marine and Fisheries Committee, Washington, D.C.

DEAR MR. LEGGETT: I understand that your committee would welcome expressions of opinion as to whether proposed bills to regulate fishing beyond our existing Fisheries Zone would, if enacted, be consistent with our obligations under international law.

The principal bills in question are H.R. 200, which would extend the exclusive jurisdiction of the United States over fishing to 200 miles, on an interim basis; and H.R. 1070, which would provide for the conservation and management of fisheries by regulation applicable to all fishing, including our own.

In my view, H.R. 200, if enacted, would not be consistent with the obligations of the United States under existing international law. It is established, and the International Court of Justice has recently reiterated (in the *Icelandic Fisheries Case*) that a coastal state cannot extend its exclusive fishing jurisdiction into the high seas at will, against all. (In the *Icelandic* case the Court held that Iceland could not unilaterally assert even a 50 mile exclusive zone against the United Kingdom.) The Court said:

". . . Two concepts have crystallized as customary law in recent years arising out of the general consensus revealed at the Conference. The first is the concept of the fishery zone, the area in which a State may claim exclusive fishery jurisdiction independently of its territorial sea; the extension of that fishery zone up to a 12-mile limit from the baselines appears now to be generally accepted. The second is the concept of preferential rights of fishing in adjacent waters in favour of the coastal State in a situation of special dependence on its coastal fisheries, this preference operating in regard to other States concerned in the exploitation of the same fisheries. . . ."

Later in the opinion the Court added:

"The concept of preferential rights is not compatible with the exclusion of all fishing activities of other States. A coastal State entitled to preferential rights is not free, unilaterally and according to its own uncontrolled discretion, to determine the extent of those rights. The characterization of the coastal State's rights as preferential implies a certain priority, but cannot imply the extinction of the concurrent rights of other States, and particularly of a State which . . . has for many years been engaged in fishing in the waters in question, such fishing activity being important to the economy of the country concerned. The coastal State has to take into account and pay regard to the position of such other States, particularly when they have established an economic dependence on the same fishing grounds."

In the absence of a new, universal agreement modifying existing law, I conclude, the 200-mile zone proposed in H.R. 200 would be clearly illegal, surely against any state with established fishing rights in the area.

H.R. 1070 is a wholly different matter. It is, or can readily be made to be, consistent with Article 7 of the 1958 Convention on Fishing and Conservation of the Living Resources of the High Seas. That Convention has been adhered to by 34 states and is of course binding on them. A strong argument can be made, however, that in its essential respects the 1958 Convention, including Article 7, merely declared customary law; or that, in any event, the Convention together with developments before and since have established its essential principles as customary law. (Compare the opinion of the International Court of Justice in the North Sea Continental Shelf Cases, paragraphs 61 et seq., 71 et seq.) That many other states have not ratified the Convention does not imply that they reject it: many states are not coastal states, or have no fishing fleets, and have no interest in the Convention; many that are coastal and fishing states doubtless see themselves able to enjoy the benefits of the Convention without formally adhering to it. As with regard to the doctrine of the Continental Shelf, the principles of the Conservation Convention were generally acquiesced in when the treaty was made, and have not been seriously challenged since.

Any unilateral action beyond the territorial sea is prima facie suspect. In my view, however, an impartial tribunal might well hold that, unlike assertions of exclusive fishing rights, bona-fide conservation measures applied to all (including fishing by the coastal state) is now within the authority of the coastal state under customary law. A conservation regulation applicable to all fishing (including our own), moreover, accords with the policies pursued by the United States since the Truman Proclamation of 1945; a large, exclusive fishing zone, on the other hand, would be wholly contrary to the policies, and the view of international law, which the United States has consistently and repeatedly asserted. (The United States, you will recall, has repeatedly and vehemently protested assertions of 200 mile fishing zones by other states.)

In reality, of course, the question concerns particularly the United States and the very few states which would be affected by any proposed legislation. So far as I am aware, none of them objected to the conservation principles asserted by President Truman in his 1945 Proclamation. None of them rejected the conservation provisions of the 1958 Convention during the extended process of its promulgation, or since. (The USSR it appears objected only to the provision for compulsory settlement of disputes.) It seems unlikely that they will challenge them now. Surely these states are far-less-likely to object to a bona-fide conservation measure applicable to all, than to a large exclusive claim. In any event, in my view, a challenge to a 200-mile exclusive zone would be sustained under international law; a challenge to a bona-fide conservation measure applicable to all would probably not be sustained.

Sincerely yours,

LOUIS HENKIN,
Hamilton Fish Professor of International Law and Diplomacy.

[Louis Alexander: Director of the Marine Affairs Program at the University of Rhode Island; Consultant to the State Department, 1963–; Executive Director of the Law of the Sea Institute, 1965–; Deputy Director of the President's Commission on Marine Science, Engineering and Resources, 1967–8; and consultant to the National Council for Marine Resources and Engineering Development]

UNIVERSITY OF RHODE ISLAND,
Kingston, R.I., September 27, 1975.

Hon. MIKE GRAVEL,
Washington, D.C.

DEAR SENATOR GRAVEL: I am writing you to express my opposition to H.R. 200. I think that for the United States at this time to adopt a 200-mile economic zone would serve to weaken seriously chances as now exist for the Third Law of the Sea Conference to reach a successful conclusion. For years now we have protested the unilateral claims of other countries to extensions of their jurisdictions on the high seas. Why now should we, in our impatience with the rate of progress of the Law of the Sea negotiations, take such drastic steps on our own with respect to the high seas as are envisioned in H.R. 200?

There is much more at stake in the law of the sea issues than protection of coastal fisheries against foreigners. Unimpeded transit through straits used for international navigation, freedom of scientific research beyond territorial limits, reliance on international standards for control of vessel source pollution—these and other questions are bound up in the negotiations. Many of the goals we seek in the new law of the sea are already spelled out in the Informal Single Negotiating Text which emerged from last spring's Geneva session of the Conference. We should push for the improvement of certain articles of the Text, and then, on the basis of a revised and strengthened draft, move for a successful conclusion of the conference.

It is not the concept of the economic zone which is in question, but rather the timing of its adoption by the United States. If the Law of the Sea Conference is successful in concluding a new ocean treaty the economic zone principle will receive international recognition. If the Conference ends in failure most coastal countries will then probably proceed to adopt 200-mile economic zones of their own. At this time the United States could then move to establish its own economic zone in concert with other States of the international community. But until the final outcome of the Conference is clear we should continue to rely on international treaties and agreements to protect our coastal stocks.

We should also continue to rely on such procedures with respect to our anadromous fisheries on the high seas. Again, a successful Conference will in all probability provide international recognition of the principle of abstention by foreign vessels from pelagic fishing of host States' anadromous species on the high seas. And in the absence of a new ocean treaty at the conclusion of the Conference, the customary methods of international agreement can continue to be relied on. But unilateral declarations of U.S. prerogatives on the high seas are a dangerous precedent for international law of the sea matters.

At the close of the Geneva session of the Law of the Sea Conference last spring, Ambassador Amerasinghe, President of the Conference, made a strong plea that participating States refrain from taking unilateral action in the wake of the Geneva meeting. It would be ironical if the United States, which for so long has supported the principles of international cooperation, should be among the first countries to respond to the Conference President's plea by adopting a contrary course of action.

Sincerely,

LEWIS M. ALEXANDER,
University of Rhode Island.

[William Bishop: Professor of International Law at the University of Michigan; assistant legal adviser to the Department of State (1939–47); legal adviser to the U.S. delegation of the Council of Foreign Ministers and the Paris Peace Conference in 1946; editor of international legal journals and author of numerous books and articles concerning international law]

THE UNIVERSITY OF MICHIGAN
LAW SCHOOL,
Ann Arbor, Mich., September 26, 1975.
Hon. MIKE GRAVEL,
Senator from Alaska,
Washington, D.C.

MY DEAR SENATOR GRAVEL: This confirms what I said in our telephone conversation of this afternoon with respect to H.R. 200, the proposed Fisheries Conservation Act of 1975, under which (if adopted) the United States would unilaterally assert exclusive control and authority over all fishing within 200 miles of our coast.

As I said on the telephone, I believe that enactment of such legislation at the present time would seriously jeopardize the chances of our coming out of the current Third United Nations Law of the Sea Conference with the type of treaty which we want and need. Having in mind the difficulties of reaching world-wide consensus on the many important law-of-the-sea issues involved in the current efforts to reach international agreement and frame a "constitution" for the oceans, I believe that the proposed unilateral action by the United States would make it very much more difficult, if not impossible, for the Conference to produce such a treaty which meets our needs. On the other hand, if we refrain from such unilateral assertion of control, I believe that there is a very good chance that within the next year or so agreement can be reached on the essentials of the proposed law-of-the-sea treaty.

In this connection, I may say that I have had occasion to follow rather closely the negotiations at Caracas and at Geneva, and am fully in accord with the views expressed before the Senate Committee on Foreign Relations on September 5, 1974 by Under Secretary of State Carlyle Maw, and by John Norton Moore, Deputy Special Representative of the President. May I join those who urge that this Bill should not be adopted until after we have had the opportunity to see if agreement on a comprehensive law-of-the-sea treaty can be reached at the 1976 spring session of the Conference. Under proposals for a 200-mile economic zone the coastal country, like the United States, would have very much the same controls over fishing within the 200 miles zone as would be brought about by the Bill, but this would be achieved by international agreements in which the United States would get many other arrangements of importance to our civilian and defense interests.

On your other question, whether unilateral adoption of a 200-mile exclusive-fisheries zone by the United States would violate present-day international law, it is my belief that the answer must be given, "Yes, there would be such violation". I recognize that the "three-mile limit" as a maximum claim to control over territorial waters is no longer accepted international law. But unilateral claims to more than twelve nautical miles of exclusive fisheries do not yet appear to be widely enough accepted to be regarded as "general practice accepted as law" (to use the language of Article 38(1)(b) of the Statute of the International Court of Justice). Although many nations like our own, have indicated that they would like to see a 200-mile economic zone become accepted by treaty as the international law of the future, this does not mean that they have accepted it as existing international law without any treaty. I believe that a considerable majority of the Foreign Offices of the world, and of international law scholars and commentators, would agree that unilateral assertion of a 200-mile fisheries zone would violate international law today. And in the event that the question should come before the International Court of Justice, I think the Court would be likely to rule that the proposed unilateral fisheries zone violates the international law of 1975.

I have been watching these questions of the international law of the sea since the abortive Hague Codification Conference of 1930, and strongly urge that the Congress delay any adoption of such legislation until there has been further opportunity for the current Law of the Sea Conference to bring about the desired controls over fisheries by the method of agreement and treaty.

Sincerely yours,

WILLIAM W. BISHOP, Jr.,
Professor of International Law.

[Louis Sohn: professor of Law at Harvard University, consultant to the U.S. Arms Control and Disarmament Agency (1960–70); office of International Security Affairs of the Department of Defense (1963–70); Assistant to the delegate to the Permanent Court of International Justice; legal officer, U.N. Secretariat (1948, 50–1, 69); legal adviser to the World Parliament Association; Vice-President of the American Branch of the International Law Association. Author of numerous books and articles on human rights and United Nations Law and International law]

HARVARD LAW SCHOOL,
Cambridge, Mass., September 25, 1975.
Senator MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRAVEL: I understand that some questions have been raised about the validity under international law of H.R. 200 which would extend United States fishing jurisdiction 200 miles into the sea.

There is no question in my mind that such an extension would be invalid under international law and would violate the rights of other states. It would be in particular inconsistent with our various agreements on fisheries, especially the Northwest Atlantic Fisheries Convention. Such countries as the Soviet Union in the Atlantic and Japan in the Pacific could validly argue that their rights have been grossly violated by such action of the United States. Such legislation would also constitute a violation of the United States obligations under the Convention on Fishing and Conservation of the Living Resources of the High Seas, concluded in Geneva in 1958. This treaty provides various methods for safeguarding of a coastal nation's interests. The proposed legislation does not follow the detailed provisions of the Convention for dealing with the problem.

In addition, the proposed legislation disregards the basic rule of international law, embodied in Article 2 of the Convention on the High Seas of 1958, which provides that in exercising its rights on the high seas each state must pay reasonable regard to the interests of other states in their exercise of the freedoms of the high seas, which include the freedom of fishing. This was clearly stated by the International Court of Justice in the Fisheries Jurisdiction Case between the United Kingdom and Iceland. As the Court noted, any legislation on the subject must be reasonable and equitable and should take into account the traditional fishing rights of other states. The proposed legislation does not fulfill these conditions.

Sincerely yours,

LOUIS B. SOHN,
Bemis Professor of International Law.

[William T. Burke: Professor of Law at Washington University in Seattle; author of numerous books on the Law of the Sea and international law. He is on the Executive Committee of the Law of the Sea Institute at the University of Rhode Island and author of "The Public Order of the Oceans". He also serves on the Ocean Policy Committee of the National Academy of Sciences.]

UNIVERSITY OF WASHINGTON,
Seattle, Wash., September 29, 1975.
Senator MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRAVEL: I am writing to express opposition to the passage of the bill establishing a 200-mile exclusive fishing zone prior to continued negotiations in the next session of the LOS Conference.

A major reason for opposing this legislation is that such unilateral action by the U.S. may have a harmful effect on the present LOS negotiations. One such effect is the encouragement that would be offered to other nations to take unilateral actions to protect interests they regard as important. It is not at all inconceivable, in fact it seems to me likely, that the reciprocal unilateral actions will imperil other important interests of the United States, including distant water fishing interests of parts of the U.S. fishing industry, the conduct of marine scientific research around the globe, and perhaps the transit of commercial and military navigation. It will be difficult indeed for the United States to make plausible objection to foreign unilateral actions seriously inimical to these or other U.S. interests when our own Congress has itself taken unilateral actions.

If other nations soon act unilaterally to protect perceived interests of their own, the aggregate effect may be to threaten continued negotiations in the LOS conference. While it is very difficult to predict how these negotiations will go in New York next spring, I do not believe anyone would seriously suggest that unilateral action by a significant number of influential nations will help establish an atmosphere favorable to agreement. To the contrary, it is much more likely that the willingness of these nations to seek their own interests through unilateral action will discourage and dampen the positive attitudes that are part of a favorable negotiating climate. More concretely, these actions may harden previously flexible positions and cast doubt upon the inclination, and even the capacity, of some states to reach necessary compromises. At the very least a plethora of unilateral acts might sufficiently confuse matters that, along with the other considerations mentioned above, the negotiations will have to be delayed further.

Another reason for opposing the 200 mile fishery bill is that it probably will not provide protection for the U.S. fishing industry even as it imposes burdens and potential losses on LOS negotiations. The two major foreign fishing nations off the United States are Japan and the U.S.S.R. and if these two nations do not acquiesce in this unilateral assertion of jurisdiction it does not seem to me to be in the interest of the United States, as distinct from some elements of the U.S. fishing industry, to attempt to impose our authority over them in areas they regard as part of the high seas. For many years the United States opposed just such action by other nations in Latin America and it is difficult to understand how we can at this state justify an attempt to impose our views by force on such nations as Japan and the Soviet Union. It would seem to me to be the height of folly to pursue such a course. And unless we do enforce the new fishing jurisdiction, there would be no prospect for assisting U.S. industry.

It seems to me particularly ironic that U.S. salmon fishermen would support unilateral enactment of the 200-mile zone since there is little prospect that the zone alone will be helpful to their interest in protecting salmon. It is a fact that presently there is very little foreign fishing for salmon either within or beyond 200 miles. A bill which attempts to extend U.S. control throughout the migratory range of the salmon is unnecessary for this reason. The legislation might even lead to more pressure on the salmon if in response Japan withdraws from the North Pacific Fisheries Convention, chooses to remain outside 200 miles, yet begins to fish for salmon just beyond this limit. Studies by the United States government indicate that this approach would greatly increase the amount of salmon taken by the Japanese in the Pacific Ocean.

When all conditions are taken into account, it appears to me that there is no substitute for continued, and perhaps continuous, negotiations to resolve U.S. fishing problems. This proposed attempt to wave a magic unilateral wand is not likely to produce what its promoters promise and it threatens the very negotiations that are required to make progress in protecting U.S. fishermen.

Sincerely,

WILLIAM T. BURKE,
Professor of Law.

[Philip Jessup was a judge on the International Court of Justice, 1961–70; the United States representative to the United Nations General Assembly, 1948–52 and U.S. Ambassador-at-large, 1948–53; author of numerous books on international law and politics, recipient of many national and international awards and scholarly degrees]

NORFOLK, CONN., *September 30, 1975.*

Senator MIKE GRAVEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRAVEL: Current attempts to pass a law which would give the United States exclusive fisheries jurisdiction over a belt of sea 200 miles wide, would, if successful, severely damage the United States.

I do not know of any responsible and qualified person who maintains that such a claim would be in accordance with international law. Nor can the advocates of the proposed law take the position that the United States should abandon its historic position as a defender and upholder of international law, sinking to the level of those other countries which we denounce as lawbreakers. It is of course true that at the United Nations Law of the Sea Conferences, there has been much support for agreement on a 200 mile economic zone, but it is generally recognized that this is a proposal for new law which can be valid only on the basis of general agreement through treaty. This zone, however, does not contemplate exclusive fisheries control.

The United States is engaged in negotiations of one of the most difficult international problems confronting the world today—the agreement on a new law of the seas. We have contested the right of other states unilaterally to claim 200-mile zones for whatever purpose. If we take such unilateral action, we will be discredited and our word will be questioned on other matters as well. Anyone who objects to unilateral price controls of oil by OPEC should object to unilateral control of fisheries on the high seas which for centuries have been considered the common property of all nations. Unilateral action by the United States of this kind would stimulate and justify like action by other states to the injury, not only of the international processes, but also to our own economic interests which insist on freedom of the seas. It must be borne in mind that the numerous problems involved in the law of the sea are interrelated and negotiations involve balancing one interest against another. The United States interest in free passage through international straits would be crippled by a unilateral attempt to claim for ourselves a 200-mile exclusive fisheries zone. Different types of fisheries involve different interests; so do oil and deep-sea mining interests.

There are lawless elements in the world and they would be encouraged if the United States joins their ranks by flouting international law applicable to the seas.

Sincerely yours,

PHILIP C. JESSUP,
Former Judge, International Court of Justice; United States Ambassador-at-Large 1949–53.

STATEMENT OF GEN. GEORGE S. BROWN, U.S. AIR FORCE, CHAIRMAN, JOINT CHIEFS OF STAFF, ACCOMPANIED BY REAR ADM. MAX K. MORRIS, U.S. NAVY, JOINT CHIEFS REPRESENTATIVE TO THE LAW OF THE SEA CONFERENCE

General BROWN. Mr. Chairman and Senator Thurmond, I appreciate the opportunity to appear before this committee to present our assessment of the impact that passage of the Emergency Marine Fisheries Protection Act of 1974 would have on the security of the United States.

First, I assure the committee that the Department of Defense is well aware of the difficulties being experienced by our coastal fishermen. A solution to these problems must be found. Any such solution, however, must be compatible with our national security interests. I am convinced that passage of this legislation at this time would be counter to the security interests of the United States.

The major U.S. military interests in the seas is maximum mobility for our operations free of interference by others. The United States—like virtually all of the major powers that have preceded it in history—has fundamental high seas interests integrally related to its major power responsibilities and its security.

The mobility of our strategic and general purpose forces becomes a more important factor in our security as the presence of our forces—both strategic and general purpose—on foreign territory is reduced. Worldwide commitments and long lines of communications place additional emphasis on mobility requirements. Furthermore, the ability of our deterrent forces to carry out their mission cannot be dependent on the sufferance of other nations who may perceive their interests as different from ours.

In regard to our strategic forces, they must be numerous enough, efficient enough, and deployed in such a way that a potential aggressor will always know that the sure result of any type of nuclear attack against the United States is unacceptable damage from our retaliation. Furthermore, these forces are essential to the maintenance of a stable political environment within which the threat of aggression or coercion against the United States or its allies is minimized.

Thus, the survivability of our strategic forces is essential to the protection of our vital interests. As an indispensable element of our strategic forces, the United States seaborne nuclear deterrent is dependent not only upon freedom of mobility in the oceans and through certain international straits but upon secrecy. In the territorial sea, submarines are required to navigate on the surface. In the absence of free passage through straits, an extension of the territorial sea from 3 to 12 miles would force us, as to many straits used for international navigation, including Gibraltar, to attempt to strike the best possible bilateral bargain for consent to transit submerged. The cost of this consent may be expected to increase with the magnitude of the known U.S. interest involved.

Our general purpose forces now play a larger role in deterring attacks than at any time since the nuclear era began. Like our strategic seaborne forces, our general purpose naval and air forces depend upon the maximum mobility for their operations, free of interference by others. This mobility will be particularly important to our ability to deter or respond to localized aggression during a period of decreasing overseas presence. Our mobility currently depends upon freedom to navigate on and under the high seas and through certain international straits and freedom to fly over the high seas and certain international straits. Authority for coastal States to regulate these activities degrades our mobility and threatens the peace.

Our antisubmarine warfare operations involve surface and air units that cannot conduct such operations in foreign territorial seas without consent. As such operations can be easily observed, our ability to track Soviet submarines that entered foreign territorial seas submerged—legally or illegally—would be diminished as the territorial sea is extended farther seaward.

With this background, it is now appropriate to assess the impact of the pending legislation on these interests.

The Convention on the High Seas of 1958 specifically lists four high seas freedoms which are recognized by the general principles of international law. They are: (1) freedom of navigation, (2) freedom of fishing, (3) freedom to lay submarine cables and pipelines, and (4) freedom to fly over the high seas. The United States and 52 other nations are parties to this Convention.

The proposed legislation would unilaterally abrogate freedom of fishing, one of the constituent elements of the overall freedom of the high seas. The response of other nations to this legislation is not likely to be limited to comparable restrictions on fishing. If the United States, by unilateral act, abrogate one identified freedom, we face the unhappy prospect that other nations may claim the right unilaterally to abrogate other identified freedoms, including the essential freedoms of navigation and overflight.

In response, many nations will surely claim 200-mile exclusive fishing zones. Some will claim 200-mile pollution control zones. Some will claim the right throughout such areas to promulgate and endorse restrictive regulations of various sorts against vessels bearing vital energy supplies to our shores.

Some will attempt to prohibit nuclear-powered vessels, or vessels and aircraft carrying strategic weapons from venturing within 200 miles of their coast. Some will even claim a 200-mile zone of sovereignty, thereby completely barring our aircraft and submerged submarines from their claimed zone. This is the history of the growth of such claims. Prior to our claim of a 12-nautical mile fishing limit, there were only 25 claims to a territorial sea of 12 nautical miles or more. There are now over 80 such claims.

The effect of a 200-mile territorial sea extending off the coasts of many nations in the world would be devastating to military mobility. It would result in the prohibition of overflight by aircraft and submerged operation of submarines except at the sufferance of a coastal state in almost 40 percent of what is now internationally recognized as high seas. The entire Mediterranean would be territorial seas of the littoral states and could be closed completely to the United States. Virtually the entire operating area of both the 7th and 6th Fleets would become territorial sea. An unconstrained extension to even 12 miles would close the Straits of Bab El Mandeb, Dover, Gibraltar, Hormuz, and Lombok. Virtually every passage now narrow enough to be called a strait would be closed by 200 miles.

How will we respond to such claims, Mr. Chairman? We have consistently maintained that no nation may unilaterally abrogate high seas freedoms—that only through multilateral negotiation can the necessary adjustments in coastal state jurisdiction be properly accommodated with the common interest of mankind as a whole. What will be our response after we, too, have succumbed to the temptation of the quick unilateral solution presented in this bill?

Our experience with overflight clearances in Europe during the most recent Mideast conflict leads to us conclude that bilateral negotiations cannot be depended upon to insure that military mobility necessary to achieve U.S. foreign policy objectives. What this bill invites, then, is a situation wherein the United States must either acquiesce in serious erosion of its rights to use the world's oceans, or must be prepared to forcefully assert or purchase those rights.

Let me turn now to the events to be anticipated off our own coasts. It is highly unlikely that the major maritime powers who fish off our coast, especially Japan and the Soviet Union, would acknowledge the validity of a sweeping claim. To do so would totally undercut their own position both on fisheries in general and in the law of the sea negotiations in particular. We must, therefore, assume that such vessels would not seek our permission to fish within 200 miles of our coasts and that they would continue to do so. Enforcement of the act would involve boarding, inspection, arrest, and seizure. I cannot predict with certainty how they would react to such enforcement measures by the United States.

I can, however, clearly point to the history of the last year in which the United Kingdom responded to a claim of a 50-mile fishery zone on the part of Iceland by providing warship escort for the British fishing vessels.

Our claim would be even more contentious than that which Iceland has made for two reasons. First, our claim would be more expansive—200 miles rather than 50 miles—and, secondly, since that time the International Court of Justice has found Iceland's actions in making such a claim to be in contravention of the rights of others. Should other nations choose to follow the pattern set by the United Kingdom of providing warship escort for fishing vessels, we would be faced with a direct military confrontation which could easily spread. I am, of course, not suggesting that we would not be able to meet and defeat such a threat. I do suggest that the risk of confrontation is unwarranted.

I would now like to turn to the effects which enactment of this bill would be likely to have on our ability to achieve a law of the sea treaty. From the very beginning of the law of the sea negotiations, the United States has been the strongest advocate of the principle that international conflicts concerning uses of the ocean can only be effectively resolved through international agreement. We have invariably protested, unilateral claims by other states, whether to extended territorial seas or extended jurisdiction of one type or another, such as fishing jurisdiction. Our protest notes normally stress our view that unilateral claims to extended jurisdiction during the course of negotiations can only inhibit the negotiations and decrease the likelihood of reaching agreement.

A dramatic reversal of the position from which we have been negotiating, practically on the eve of what is apparently the most crucial negotiating session, would seem to be capable of no other effect than utterly destroying our credibility, along with rendering slim or even nonexistent our ability to obtain an overall package settlement of the existing disputes concerning ocean uses.

Mr. Chairman, I believe that the best way of preserving our essential mobility is through a comprehensive law of the sea treaty which will, in settling existing and potential conflicts, reaffirm by treaty our vital rights of navigation, overflight, and unimpeded passage of international straits. The alternative would be their preservation through their continued exercise despite the denial by others of our right to do so, and the use of force, in defense of such rights, when confronted by the force of others.

In summary, Mr. Chairman, it is my earnest assessment that the interests of the United States in establishing an equitable and stable regime for the oceans which will protect all of our interests—resources as well as national security—are best served by not precipitating unilateral acts such as those which would result upon the passage of S. 1988, but rather by seeking and achieving international agreement in the law of the sea treaty.

In my judgment, enactment of the proposed legislation would seriously erode the prospect for a broadly based multilateral treaty putting to rest the wide range of increasingly contentious ocean issues. Enactment of the proposed legislation would be a dramatic and highly visible reversal of past U.S. policy. For the United States to adopt unilateralism as a viable approach to oceans policy problems at this juncture would seriously undercut the credibility of U.S. negotiators not only on the fisheries issue, but also on our basic commitment to international agreement. This unilateral action could result in an erosion of the world's perception of our other essential objectives such as unimpeded transit through and over straits which we have identified as both cornerstones of our policy and essential elements of an acceptable solution.

If the United States now abandons its opposition to unilateral claims in the ocean, we will inevitably be faced with an increasing number of competing, retaliatory, or unrelated claims impacting adversely on national security interests.

If, as we expect, enactment of this legislation were to result in extended delay in the law of the sea negotiations, we will have reverted to the uncertain and dangerous procedure of shaping a new legal order for the world's oceans by the process of claim and counterclaim, action and reaction, which eventually would coalesce into customary international law. This is a dangerous way to regulate any relations among states. But when the claims begin to affect the mobility of our strategic and general-purpose forces, the risk involved in the process of challenge is much higher. To set the nation on this path toward resolution of oceans policy issues is, in my view, both dangerous and unwise.

Thank you, Mr. Chairman.

The CHAIRMAN. We have with us also Mr. John Norton Moore, Chairman of the National Security Council Interagency Task Force on the Law of the Sea, Department of State.

[From the Wall Street Journal, Aug. 15, 1975]

LOBSTERMEN IN UNITED STATES ARE REALLY BOILING ABOUT THE BAHAMAS

(By Jim Montgomery)

NASSAU, the Bahamas.—Tourism promoters call this sticky-hot season "Goombay Summer," Goombay being the untranslatable, happy-sounding name given to the lively, rhythmic beat of goatskin drums, maracas and saws scraped with nails.

But for hundreds of Florida fishermen who have a vital stake in the islands, it has become a gummed-up summer. They are angry, and things may get a lot stickier and hotter.

The government of the Bahamas, a nation that gained its independence only two years ago after three centuries as a British crown colony, has asserted its sovereignty by banning lobster fishing throughout the international shallows known as the Bahama Banks, which extend up to 150 miles east and south of the islands.

The unstated but clear reason: The islands are in deep financial trouble and if any more fishing is to be done, they want to share substantially in the income from it, partly to finance a start on a domestic fishing industry.

LET'S TALK IT OVER

It is Americans, specifically Cuban-Americans based in the Miami area, who do most of the fishing for the Bahamian spiny lobster. (A spiny lobster doesn't have those big pincers that some other lobsters have. It has, rather, distinctly subordinate claws.) As soon as the ban was announced last month—it took effect Aug. 1—the U.S. said, Let's talk about it. Negotiations began Wednesday, a sign that the ban could achieve its objective.

However, there are also signs that if speedy agreement isn't reached, the ban could backfire on the Bahamas. Miami Local 1964 of the International Longshoremen's Association, which represents some of the fishermen, recently threatened to boycott Bahamas-bound passenger and cargo ships if the Bahamas didn't grant a moratorium on the ban. Now that the talks have started, the threat has been shelved but not, union members warn, forgotten. If a boycott is imposed, it could disrupt the Bahamas' main industry, tourism.

Obviously there is more at stake here than just a dent in the supply of lobster tails in U.S. supermarkets. The main stake, say the 750 to 1,000 fishermen, is their livelihood and the livelihood of some 4,000 other Floridians whose income depends on the prosperity of the fishermen's fleet.

ARMING OF BOATS THREATENED

If all else fails, some of the fishermen vow, they will arm their boats and violate the ban. What could happen then is anybody's guess, but a good guess is that it would be something bad. The U.S. Coast Guard has already told the fishermen they can expect no help from the Coast Guard, and the Bahamian Police Marine Patrol has told them that lawbreakers will have to face the music. Violators of the ban are subject to arrest, confiscation of their boats, and heavy fines.

Since imposition of the ban, the Bahamian patrol boats have located and destroyed between 1,200 and 2,000 lobsters traps that were legal when set out earlier but became illegal on Aug. 1. Locating the traps is no great trick; they are marked by buoys. The traps themselves are baited cages made from wood slats, the bait generally being a strip of cattle hide or some fish heads.

For years now, Cuban-Americans have been laying these traps with impunity, harvesting up to two million pounds of lobster tail a year, roughly one-third of all the lobster sold in Florida. Lobster tail now sells for about $3.75 a pound on Florida docks. (The Bahamian ban so far hasn't affected the price, which has been stable for about a year.) At the moment, however, most of the boats lie idle along the Miami River as their owners, captains and crews seethe with frustration and rage.

"WE CANNOT SIT IDLE"

"We want to abide by the law," says one of their leaders, Jose Hilario Pujol, and so far "we have restrained ourselves from returning to our traditional fishing ground" so that the diplomatic bargaining could begin without added rancor. But there will be a limit to waiting, Mr. Pujol warns:

"We cannot wait more than two weeks. We are already in the hunger state. How much restraint can you ask from hungry people? They are screaming for help because they must continue to feed their children and to pay the mortgages on their homes and boats. We don't want a handout; Cubans are too proud for that. But we cannot sit idle. We are self-employed and must fish to survive."

As executive director of the Cuban-American chapter of Organized Fishermen of Florida, Mr. Pujol is attending the Nassau negotiations as a U.S. adviser. He is one of about 80 chapter members who have also joined the much stronger ILA, whose Miami local made that boycott threat.

Mr. Pujol says that if the Bahamians "are playing a delaying game," it may take a boycott of their shipping lifelines to speed negotiations along. "I am a man of action, not a diplomat," he says. Mr. Pujol, 45, was a harbor pilot and port supervisor in pre-Castro Cuba. He says he has "led and completed 50 intelligence missions into Cuba for the CIA."

Last week, a few days after withdrawing its boycott threat, Local 1964 wrote an open letter to Prime Minister Linden O. Pindling and the Bahamian people. It was published in the Nassau Guardian. The union offered, in exchange for an immediate working agreement, to hire and train "over 150" Bahamians in lobster fishing aboard the Cuban-American boats and to pay the Bahamas an unspecified sum for "each pound of fish we catch in your waters." The government rejected any direct dealings with the union. It advised the local that its proposals would be considered only if presented by the U.S. government.

But some commercial fishermen in Florida don't think Washington much cares what happens to them. In North Lauderdale, Capt. Jack Zatz complains that U.S. officials knew the Bahamas' intentions for two years but did nothing to avert the crisis.

"All the U.S. government wants is detente," he grumbles. "I believe our State Department is going to give the Bahamian government all kinds of deals. Our government won't help us finance our boats or develop our own fishing industry. But it will probably loan Bahamians millions of dollars to develop theirs. It's blackmail by the Pindling government. Are we going to pay blackmail?"

U.S. Ambassador Seymour Weiss, bridling at suggestions that he has ignored the issue, says he has spent "more time on this problem than on any other, probably more than on all others combined," since he took over his post nearly a year ago. But he says that only generalities could be discussed until the Bahamians announced the ban, even though the ban is based on legislation enacted last March. (The legislation, Americans note with chagrin, is an almost verbatim copy of the two-year-old U.S. law designed to protect the Maine lobster from foreign fishing encroachment.)

Diplomatic sources say it may take some time to reach an agreement. For one thing, the Bahamians haven't clearly indicated what they want. For another, some members of the Pindling cabinet oppose any foreign lobstering whatsoever.

Ironically, the Florida lobstermen fighting for their livelihood say lobstering is a lousy way to make a living. Mr. Pujol says he and most of the other fishermen make six or seven trips a year into Bahamian waters, each lasting 30 to 40 days and each hauling in some 2,000 pounds of lobster. After taking out about $3,000 for expenses, the boat owner nets about $1,125 per trip, the captain about $1,350, and the three crewmen between $700 and $800 each. The captain also has about $10 tied up in each of the 300 to 500 lobster traps carried aboard a boat.

If the negotiations produce some sort of levy on the fishermen, the price of lobster will have to rise, the fishermen say.

Since the ban was invoked, some of the fishermen have turned their boats toward the Florida Keys to seek lobster there, but they haven't been warmly received by their competitors. Hundreds of their traps, they say, have been incinerated by established lobstermen before they could be moved offshore.

Sgt. H. G. Carlow of the Florida Marine Patrol says that "many threats" have been made against the Cuban-Americans. "Just last week," he says, "a Cuban-American fisherman I know was hauling traps from Miami to the Keys on his truck when a Cadillac pulled alongside and a man called out, 'Turn back or you'll lose your traps.' "

What with the Bahamians on one side of them and the Florida competitors on the other, the Cuban-American lobstermen can be described as caught, temporarily at least, in a pincers movement.

Association of Pacific Fisheries,
Seattle, Wash., September 26, 1975.

Hon. Mike Gravel,
Washington, D.C.

Dear Mike: I have just had the pleasant opportunity to read your speech "The Sleeper of the Century."

In my view, this is one of the most realistic and balanced statements on the Law of the Sea and the effect of U.S. unilateral extension of jurisdiction that I have seen. I share your concerns that unilateral action for a 200-mile economic zone would be unrealistically costly to enforce, could result in trade barriers for U.S. goods, would not adequately protect salmon, would complicate LOS negotiations for the U.S., and would make it extremely difficult for this country to protect its total interest in the LOS exercise.

I certainly hope that your point of view on this matter is increasingly adopted by all members of Congress in their deliberations on unilateral extended economic jurisdiction.

With best personal regards.

Sincerely,

W. V. Yonker,
Executive Vice President.

Council on Foreign Relations, Inc.,
New York, N.Y., September 26, 1975.

Hon. Mike Gravel,
U.S. Senator,
Washington, D.C.

Dear Senator Gravel: I am honored to respond to your request for a copy of the letter that I wrote to the New York Times on August 20, (published in the Times on August 27) opposing passage of 200 mile fishing legislation pending in the House. As requested, I am also sending a copy of the longer letter submitted to the Times on August 7, from which the shorter letter that finally did appear in the Times was abstracted. Since the Council does not take any position on questions of foreign policy and, in addition, is subject to the usual restrictions against lobbying for the passage of any legislation, I know that you will understand if I ask you to take care to be sure that the views set forth in the letters are attributed to me personally and not to the Council.

With warm good wishes,

Sincerely,

John Temple Swing.

LETTER TO THE EDITOR, NEW YORK TIMES

I was surprised by your June 30th editorial, Fishing Jurisdiction for the first time editorially advocating passage of a bill now pending in the House of Representatives which would attempt to assert a national fishing jurisdiction 200 miles from our coastline deep into areas which the United States has heretofore steadfastly maintained are international waters. Not only does the piece appear to represent a shift in Times' editorial policy (which heretofore has cautioned against such legislation) but, more important, in several respects it simply misses the point. The test of such legislation is not so much to be found in a debate over its terms: whether the bill is "offered wholly as a conservation measure" as claimed by the editorial, or is a bill designed to give protective or preferential rights to American coastal fisherman, thus attempting to restore by legislation the position that they have lost over the past 20 or more years to more economic foreign fishing fleets. Conservation is one thing, protective legislation and the resultant increased costs to the American housewife, another.

The real danger of the bill lies elsewhere, both in the effect it is likely to have on the international law of the sea negotiations themselves, and on the actions of other nations that the bill is likely to provoke even while those negotiations are still in progress. Over the past quarter century, a number of nations, led by Chile, Ecuador and Peru, have attempted to assert national fishing jurisdictions 200 miles into areas that had previously been universally accepted as international waters, open to the fishing fleets of all nations. Readers of the Times will be familiar with Iceland's so-called "cod-war" with England resulting from Iceland's attempt to bar English fishing vessels from traditional international cod fishing grounds within 50 miles of Iceland's coast, and the repeated seizure of U.S. distant-water tuna fishers off the Pacific coast of South America, most particularly Ecuador. The trend toward unilateral extensions has recently increased in intensity and although the editorial does not make it clear, the likelihood is that the Third United Nations Conference on Law of the Sea will ultimately approve some sort of 200 mile "exclusive economic zone" that will include fisheries.

The real question at issue is what the jurisdictional content of that "zone" will be. In other words, what rights will other members of the international community have within 200 miles off the coast of other countries? By and large the United States has taken the lead in arguing for the preservation of international rights within a 200 mile zone that include freedom of scientific research and the assured full utilization of fish stocks, while many countries of the developing world tend toward assertion of very nearly total national sovereignty within a 200 mile limit even to the extent of leaving a nation free to prohibit international fishing for any stocks within 200 miles of its coast even though that national has no capacity to utilize the stocks in question itself.

Passage of unilateral legislation by the United States such as that now contemplated by the House would completely undercut the American position which has for years steadfastly been that, until changed by international agreement, the high seas beyond 12 miles can be the special preserve of no single nation.

What is involved here is not merely an esoteric point of interest to international lawyers or food and population experts who point to the need for an internationally assured principle of full utilization of all fish stocks for the protein they would provide for the world's hungry. The question is also a matter of survival for major U.S. fishing interests particularly our distant-water tuna and shrimp fishers, the former whose survival depends on access to wide-ranging tuna schools which, for reasons best known to oceanographers and icthyologists, are frequently found within 200 miles of the shores of other countries particularly Latin America.

The other dangerous effect of unilateral fishing legislation by the United States at this point is that it is likely to provoke a raft of nationalistic moves by other countries even while the international treaty process is still pending. Whether the average American knows it or not, the United States is still viewed as very much a power in the world to be feared or emulated as the case may be. Mexican diplomats for example have let it be known that if the United States Congress enacts unilateral fishing legislation (whether or not it is signed by the President) Mexico too would declare a unilateral 200 mile fishing zone which, coincidentally, would have an immediate detrimental effect on that portion of the U.S. distant-water shrimp fleet that currently fishes within 200 miles of Mexico's shore. Here, again, the problem is that while the actual language of the U.S. bill may in fact be moderate, there is no assurance that moderation will be found in the unilateral extensions by other nations that will undoubtedly follow.

Two final questions about the legislation remain to be asked, that are in a sense related: Will it do any good? And, even if so, aren't there less objectionable and more workable ways of achieving the same result? As to the first, no one doubts that there has been serious depletion of certain coastal species (haddock and yellow-tail flounder off the East Coast and pollock off the West Coast are but three examples.)

The problem is that much of the damage has already been done and clearly there is no point in debating the best means of shutting the barn door after the horse had departed. What is important is preventing damage to remaining stocks, many of which are already the subject of international agreement. While the work is painstaking and slow, these agreements can and have consistently been improved in recent years. Recent negotiations with both the Soviet Union and Japan have brought about agreement for significant reductions in the Soviet's take of Western species such as pollock, hake and rockfish, and the Japanese take of pollock, tanner and king crabs. Conservation, after all, is ultimately just as much in the interest of foreign nationals as it is in the interest of the United States itself. It might be noted in passing that, barring agreement or acquiescence by the affected parties, the problems of enforcement of unilateral legislation for the U.S. coastguard would be formidable indeed.

Even assuming that multinational and binational agreements with foreign countries who fish off our coasts are deemed insufficient, there still remains the 1958 convention to which the United States is a party and which did provide for the establishment of fishing conservation zones (but not preferential zones) that could extend to the 200 mile limit claimed by the pending legislation. Even though the Soviet Union and Japan were not signatories to that convention, in the opinion of many outstanding lawyers, the United States' position would be much stronger under international law in acting under the convention than in attempting to pass unilateral legislation of its own. Who knows, but what the Japanese and Soviets might even be convinced to abide by such regulations voluntarily, particularly since they would be equally binding on American fisheries as well? The executive branch lost a chance to support compromise legislation giving effect to the '58 convention while it was still pending in the House Merchant Marine and Fisheries Committee and now has on its hands a much more objectionable bill—a bill, by the way, which is a far more drastic contravention of the traditional principals of international law than Canada's closing of its Atlantic ports to Soviet fishers.

John Temple Swing.

Note.—The writer of the above letter is Vice President and Secretary of the Council on Foreign Relations and follows law of the sea issues for that organization.

THE UNITED STATES AND THE LAW OF THE SEA: HOW TO OPEN A PANDORA'S BOX

To the Editor: Your July 30 editorial supporting the 200-mile fisheries legislation which has since been favorably reported by the House Merchant Marine and Fisheries Committee is a regrettable reversal of your previous opposition to unilateral attempts at solving the complex ocean issues on the agenda of the Law of the Sea Conference.

Certainly the United States cannot continue to permit decimation of coastal fish stocks by foreign overfishing, but this piecemeal remedy is likely to create more problems than it solves.

The *raison d'être* of the effort to devise a treaty at the Law of the Sea Conference is not only the patent inadequacy of old rules of the sea to govern new techniques of utilizing ocean resources including fish but the obvious corollary that unless such rules are mutually agreed an epidemic of unilateral solutions will lead to conflict. Claims to 200-mile zones with no internationally agreed limit on their content could subject more than one third of the oceans to the jurisdiction of some ninety coastal states.

There is wide support in the Law of the Sea Conference for a 200-mile "economic zone," including coastal fisheries that would also protect international interests like freedom of navigation. The problem with the bill before the House, and the bill in the Senate last year (which The Times opposed), is not so much what these bills attempt to do for fisheries but what our unilateral example might cause others to do—the virtual certainty that we will open a Pandora's box of more extensive unilateral claims. The result will be that which the Law of the Sea Conference is intended to avoid: a race to grab control of the world's oceans.

Apart from the effects of the bill as a precedent setter, nations, such as Japan and the U.S.S.R., that fish off our coasts may well consider it necessary as a matter of principle, in the absence of international agreement, to dispute any such assertion of control. We would be confronted with serious enforcement problems involving all other aspects of our relations with those states. Is the world prepared to go to the brink for the yellow tail flounder?

Margaret L. Gerstle,
Washington, Aug. 18, 1975.

The writer is a member of the U.S. delegation to the Law of the Sea Conference.

To the Editor: Regrettably, your editorial supporting the 200-mile fishing bill pending in Congress fails to make clear what really is at stake. The problem with the bill lies not so much in its terms but in the dangerous effect the passage of any unilateral legislation is likely to have elsewhere in the world. It now appears likely that the United Nations Law of the Sea Conference will soon approve a 200-mile "exclusive economic zone" that will include fisheries. What is still undecided is what rights should be guaranteed members of the international community within the 200-mile zones of other countries. The United States has taken the lead in arguing for the preservation of international rights within the new zone, with particular stress on freedom of scientific research and assured full utilization of fish stocks. Many developing countries argue for very nearly total sovereignty and would permit a coastal nation in effect to prohibit international fishing within its 200-mile zone, whether or not it has the capacity fully to utilize stocks in question. Passage now of any U.S. 200-mile bill would completely undercut the American position.

The point is not esoteric: it is a matter of survival for major U.S. fishing interests, our distant-water tuna fishers, for one, who depend on access to wide-ranging tuna schools frequently found within 200 miles of the shores of other countries.

The second dangerous effect is the reaction the bill is likely to provoke on the part of other countries, even while the international treaty process is still under way. Mexico, for example, has let it be known that if Congress passes a 200-mile fishing bill it will immediately follow suit, with unhappy consequences for that portion of the U.S. distant-water shrimp fishing fleet that currently fishes within 200 miles of Mexico's shores.

Finally, the bill is not "offered wholly as a conservation measure" as claimed by the editorial. Equally important are its provisions designed to give preferential rights to American coastal fishermen, thus attempting to restore by legislation the position they have lost over the years to more efficient foreign fishing fleets. The protective aspects of the legislation and the increased costs to the American consumer that are likely to result should not be overlooked.

John Temple Swing,
New York, Aug. 20, 1975.

The writer is vice president and secretary of the Council on Foreign Relations.

THE SLEEPER OF THE CENTURY

(By Mike Gravel)

A great but quiet revolution is underway among the governments of the world. For the first time in history, nations are planning to cede real authority to an international institution. I am speaking of the Law of the Sea negotiations, which may extend international sovereignty to two-third's of the earth's surface. This may very well be a milestone in world history as important as the advent of feudalism and nationalism.

Throughout the history of mankind, social and cultural change has followed on the heels of technological advancement. The advent of man's ability to use atomic and hydrogen bombs brought the people of this world face to face with the possibility that all human life could be destroyed. The awesomeness of this technological power has bred a fear that our social and political institutions may not be able to adapt rapidly enough to protect us from our scientific advancements. We have thus grown up in the "Atomic Age", living under the constant threat of "doomsday". We have grown up for the first time fully realizing the possibility that man may not survive on this planet.

How ironic it is, then, that in the midst of one of the most remarkable revolutions of all time—the coming of meaningful international cooperation—little real interest has been generated in this or any other nation. In fact, our media have all but ignored this remarkable event.

The Law of the Sea Conference, organized under the auspices of the United Nations, is preciously close to completing a final charter for the oceans. The great promise that international law—rather than military or economic might—will finally govern the code of conduct on the oceans is being fulfilled. Tribunals and courts of arbitration—rather than gunboats and bombers—will settle disputes between all parties, private or public, weak or powerful. The very promising prospect of success in 1976 of the Law of the Sea Conference should warrant making it the top priority on the agenda of each and every nation on this planet.

The success of this Conference can be the harbinger of a new world order that would include disarmament, economic justice, and the hope that some degree of international sovereignty will extend over the last ⅓ of the earth's surface.

There comes a time in the course of all serious deliberations when timing is critical. That point has now been reached with respect to the Law of the Sea Conference. Unfortunately, forces that could frustrate the Conference are becoming stronger. Therefore, those who support international cooperation must strongly press for successful completion of the Law of the Sea agreement now, or see this tremendous prospect wither and hold only the interest of academics and political dilettantes.

The Law of the Sea Conference is particularly vulnerable to the often capricious whims of the big world powers. Any one of the major powers could disrupt the very complex and sophisticated negotiations now underway. Any major power that chose to act unilaterally—on fishing, on deep-sea mining or any other important area—would trigger similar actions by other nations. The oceans would continue to be the victim in a contest between national interests.

At the moment, I must say with no great pride that one of the major threats to the promise of international sovereignty over the oceans comes from the United States. Some U.S. mining and fishery interests in our country have no faith in the success of the Law of the Sea Conference. They feel that the assertion of national power is the only way to protect their economic interests. Though this feeling is by no means universal—many in the mining and fishery communities are strong advocates of international action—it is strong enough to threaten the success of the Law of the Sea Conference.

Some U.S. mining interests are frustrated and impatient over the tediousness of negotiations. They have the technology to exploit the vast mineral resources of the deep seas and bring them to worldwide markets. They also have a strong belief in an economic system that permits them to do just that, whenever and wherever they please. They also suspect the motives of those nations involved in the Law of the Sea negotiations which might suffer economic dislocations from competition in the copper, manganese and other mineral markets as a result of widespread deep-sea mining. Consequently, these mining interests regard with deep suspicion proposals for international, rather than private, development of ocean mineral resources. They also do not understand why the underdeveloped world distrusts both the "free enterprise system" and its chief actor, the multinational corporation.

These domestic economic interests must realize that as a Nation, we are no longer prepared to use our military might to protect the extension of their economic influence. They must realize that international rather than national sovereignty over the "common heritage of mankind", and internationally sanctioned access to ocean minerals, is the only order that is capable of providing a stable investment environment.

In our efforts to secure mining rights to the ocean sea-bed, we should demonstrate to the underdeveloped world—from whom we must secure agreement on this point—that the multinational corporation is one of the most efficient economic units yet created. As such, it is capable of bringing together the capital, technology and management needed to bridge the growing gap between the rich nations and the poor. We can demonstrate, if we have the patience, that the riches of the oceans will not simply be carved up by the rich nations, for the rich nations, but will be used primarily to the benefit of those most in need.

The fisheries aspects of the Law of the Sea debate are considerably more difficult because we have suffered from decades of global mismanagement. The economic imperative of grabbing the most fish, the quickest, has been the unwritten law of the sea. Those nations who saw the danger of eliminating a renewable resource made sincere efforts at conservation. However, these efforts were often futile, frustrated by the international anarchy that characterized fishing conduct on the oceans. Bilateral and regional negotiations have, at best, simply slowed the rapid depletion of world fish resources.

As a result of this global mismanagement, many nations sought a solution in the concept of a 200 mile zone, which was first proposed by the underdeveloped world. Their proposal for a 200 mile economic zone was at first strongly resisted by most of the industrialized nations. However, at the conference in Caracas during the summer of 1974, the United States and other industrialized nations were persuaded to accept this idea.

To "lock-in" the United State government to this concept, the Senate passed a bill asserting a 200 mile economic zone in the fall of 1974. The wisdom of such a strategy was vindicated in the spring of 1975 at the meeting of the Law of the Sea Conference in Geneva. The concept of a 200 mile zone became the assumed point of departure in our fisheries negotiations.

The great success of the Geneva Conference was that it produced a single negotiating text for the Law of the Sea, which includes an article giving the host country complete control over their anadromous fish stocks. This document represents an 80% consensus on the issues—a consensus which has brought us preciously close to a final international agreement.

However, there still remains among the proponents great confusion as to the proper vehicle—national or international sovereignty—with which to implement the 200 mile concept and protect the ocean fish resources. A lack of faith in the deliberations and a lack of appreciation of the success already realized by the conference fuels this confusion. In fisheries, no less than in mining, a real solution can only be found through international action.

Unfortunately, this confusion has caused the Congress to focus on national action rather than on the remaining issues to be resolved at the Law of the Sea Conference, most notably deep-sea mining. In going on record for the 200 mile concept, the House of Representatives will further pressure international negotiators to get sound oceans' treaty. However, if the Senate acts again, transforming the House bill into law, we will have charted our course toward unilateralism, undermining the Conference, undermining a real solution to our fisheries problem, and undermining any real hope of world sovereignty.

There are many liabilities associated with unilateral action. It most certainly will result in many disputes between the United States and nations fishing off our coasts who would challenge our action as contrary to international law. It will create new international disputes as other nations react and take similar unilateral steps, threatening a wide range of U.S. interests.

In Alaska's fisheries, foreign vessels would probably increase their catch of salmon as other species within the 200 mile limit are denied them. In fact a unilateral 200 mile limit would not protect more than 50% of our economic fishery. We would have control of Pollock, flounder and other species primarily fished by other nations. This would force us to set in motion a whole new wave of bilateral negotiations deflecting our negotiators, and scientists attention from the law of the sea to this new difficulty. We would now have to focus our attention on swapping the fish we control for the fish that is beyond our control or we would have to change the economic nature of our fishery in Alaska. Up to 80% of our salmon are beyond 200 miles at any one time, and as such are hostage to any unilateral action we might take.

Enforcement costs will skyrocket as foreign interests intensify their efforts to get as much fish as possible before being driven from the 200 mile zone. Commercial warfare will result as trade and import barriers are created by many countries in the hope of enhancing the economic benefits of their fisheries. All of this will delay, frustrate and probably doom any chance of completing a sound and workable international agreement.

It is a certainty that the underdeveloped nations will follow our lead and declare a 200 mile zone. We should remember that they originated the concept as a means of protecting themselves from industrialized nations. Unilateral action would remove any incentive they have to negotiate a final treaty since they would have secured their long-sought goal of the 200 mile zone.

Canadian Prime Minister Trudeau noted recently that "Canadians at large should realize that we have very large stakes indeed in the Law of the Sea agreement and we would be fools to give up those stakes by action that would be purely a temporary, paper success."

Congressional action is a tactic to pressure other nations to act on a solution. It is not the solution. We should clearly make distinction. I deeply believe that a Law of the Sea Treaty is more advantageous to all our interests.

In fisheries, the gains made in negotiations are already immense. The fisheries text not only declares a 200 mile economic zone, but also secures host country control over anadromous species of fish, based on the rule of maximum sustainable yield. This conservation and full utilization principle is in line with our nation's interests and poses no problem in its interpretation or practice.

The text also gives host countries the power to license foreign fishing vessels within the 200 mile zone if they choose not to harvest the fish themselves. But if host nations want to expand their fleets and harvest fish they customarily have not, they can take all the fish up to the maximum sustainable yield. In addition, we would control our salmon stocks and other anadromous fish species wherever they are in the oceans, with the right to expand our catch up to the maximum sustainable yield.

Another key benefit to an international Law of the Sea agreement, not realizable through unilateral action, is the rehabilitation of our fish stocks. An international agreement will permit serious efforts at rebuilding our depleted and regionally extinct fisheries. It makes little sense to make the needed capital investments for stocking our streams with salmon when foreign fishing activity will not permit them to return for harvest or propagation. An international agreement would assure us the benefits of such investment. In fact, extinct salmon runs on the east coast could be reestablished.

Probably the most important benefit from an international agreement is the legal framework that will be set up to handle all maritime disputes, including fisheries questions. All differences would be mandatorily settled before an oceans court. We would do well to remember Thomas Jefferson's observation that, while the majority protects itself by its numbers, the minority can only protect itself by law.

This same Jeffersonian wisdom applies equally well to the underdeveloped world. The militarily weak and the economically poor can only be protected by law. In a world where the oceans are ruled by no law, they will be governed by the powerful. In a world without an oceans' charter, they will be governed by the world's wealthy.

I well understand the suspicions of the poor nations. History has not been kind to them. Similarly I understand the frustration of my own constituency, for decades of bilateral efforts have brought only the continued rape of our fish resources. Yet it would be the greatest irony for us to vent our frustration and suspicions by impeding, if not blocking, international efforts to conclude a law of the seas. Only such an agreement will secure economic and political justice for all.

It is important to keep in mind that the Law of the Sea Conference is the largest convocation in the history of humankind and that the problems at issue are the most complex ever to be dealt with. In comparison to many actions by national parliaments, the conference is proceeding at a rapid pace. It can be concluded successfully next year if sufficient pressure and efforts are put forward by all parties. I hope my country will not only continue its fine efforts, but that the President of the United States and his Secretary of State will make it their highest priority. Hopefully, other nations, recognizing the great benefits of international sovereignty over our oceans, will join in making the completion of the negotiations their first priority and making 1976 the year of the seas.

ADDRESS TO SOCIETY OF AMERICAN FORESTERS

Mr. HUMPHREY. Mr. President, on October 1, I had the opportunity of addressing the national convention of the Society of American Foresters. This was a delightful opportunity, and I was happy to be with the society president, John A. Beale, and other organization leaders such as H. R. Glassock, Philip Thornton, Henry De Bruin, and Len Carey.

I was sorry that former Forest Service Chief, Richard McArdle, was not present because of health problems, but former chief, Ed Cliff, and today's chief, John McGuire were in attendance.

On Tuesday, the society dedicated the 35-acre Grosvenor property as the Center for Renewable Resources. This center will serve as the headquarters for 11 conservation organizations and is dedicated to the memory of Clifford Pinchot. This effort will bring together a variety of groups working on the principle of the interrelatedness of our renewable resources.

In my remarks to the society, I attempted to outline a reasonable approach whereby we attempt to meet the needs of our people for timber, recreational, and other needs.

I dealt with the recent Monongahela case which has affected clear cutting and basic forestry management. My suggestion was that clear cutting can be a useful management approach, but we need to follow certain principles which would serve as a guide in using this practice.

I concluded that we have the opportunity to serve man and nature in a complete and balanced manner.

Mr. President, I ask unanimous consent that my remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HUBERT H. HUMPHREY AT THE NATIONAL CONVENTION OF THE SOCIETY OF AMERICAN FORESTERS

The Society of American Foresters represents 20,700 professional foresters in the United States, and from the look of things all of you showed up for this 75th annual meeting but Smokey. I hope you left him behind to keep watch in the fire tower.

Your convention theme—"America's Renewable Resource Potential—1975: The Turning Point—" is certainly most appropriate.

You may ask what business a politician has in giving advice to professional resource managers.

But if you think about me as a professional public policy manager—along with my other Congressional colleagues—we can begin to think together here today as professionals.

You formulate policies and operate programs to assure that renewable resources are sensibly cared for.

Those of us who are the elected public policy makers have a different task, dealing with many complex inter-relationships between governments and people.

The nice thing about your job is that if you make a few mistakes, the penalties are not quite so severe as they are for us public policy makers. The voters see to that.

The very long-term nature of growing trees has permitted you to look over the horizon of each day's looming crisis to do some planning for many tomorrows.

I cannot claim this virtue for the Federal Government, where we often seem to operate on a purely ad hoc, day to day basis.

Sometimes I think the Federal establishment ought to give itself one of its own planning grants.

However, history shows us that we can change directions if need be, and I believe we are at that turning point right now.

Unfortunately we don't always have the information we need, and that's why we must be prepared to change course when we see we are headed for the shoals.

Even our Founding Fathers of 200 years ago reached a number of their conclusions by muddling through, waffling and deferring decisions. But as a result of their wisdom and foresight, we are the beneficiaries of a flexible system for achieving change.

I mention this as a prelude to my comments about resource policy.

John Heron once said:

"Nature has been at work for a great many millions of years to get things as they are. Cause and effect are tied together like stones in a well-built wall. Without careful investigation you can never tell which is the keystone—the removal of which will bring down a large section of the structure in ruin."

That quote brings me to my first point. If you as resource managers try to look at the future through a knothole, forest policy will be badly splintered.

Forestry is not just making boards!

As Heron says, "The forested lands of our nation are not just agglomerations of trees. They are ecological units made up of discrete and interrelated parts."

Therefore, the art of devising systems of land management must be guided by certain biological facts.

There are limits to the extent you can fool Mother Nature, and you all know how she reacts when we try.

Strip the forest improperly, and she will wash away soil.

Disrupt the food chain by destroying a species of animal labeled as a predator, and she will produce a new menace lower down in the chain because the control is gone.

Our understanding of ecological relationships is greater than it has ever been. Therefore, if we fail, it will be difficult for us to blame it on ignorance.

You have demonstrated in the past 75 years a refreshing willingness to examine fundamental propositions and refit policies to facts.

A prime example is the evolution of the concepts of multiple use and sustained yield.

It was my good fortune to serve on the Agriculture and Forestry Committee when the Multiple Use-Sustained Yield bill was enacted in 1960. And that was a classic example of professional resource managers' efforts to enunciate policy.

That Act—which was the forerunner of the environmental movement—sought to establish the ways and means to relate ecological requirements to social and economic interests.

The 1960 Multiple Use Act and the 1964 Wilderness Act were principal building blocks used by professional resource managers, the public, and policy makers to fashion the structure that would improve the relation between man and his environment.

My 1974 Forest and Rangeland Renewable Resources Planning Act seeks to close the gap left in the process of reaching decisions.

You will recall that in 1959 the Department of Agriculture proposed a "Program for the National Forests." In 1961 President Kennedy expanded that to a Forest Service Program covering research and aids to state and private owners.

By 1972, with the pressure of other priorities, the objectives were almost forgotten.

The problems, however, were magnifying and multiplying. The lack of policy implementation and budget development machinery seemed to many in Congress to be a major gap. Efforts—known as "Timber Supply" Bills—had been made to launch attacks on the situation.

In early 1973 a number of people contacted me to discuss the situation and the needs. I had several analyses made to identify the underlying problems.

My conclusion was that we needed to treat the cause of the situation and not the symptoms.

Next we asked the American Forestry Association's "Area of Agreement Committee" and others to see what ought to be done. An important consideration was the work of the Congress to reform the budget process itself.

Reviewing the various options, we concluded that we needed to create a vehicle for assembling resource data, and a vehicle for designing a program.

It seemed equally important that the procedure be flexible and that it incorporate a budgetary follow-through. Equally important was to assure public involvement in the entire process.

Developing and enacting the Resources Planning Act took barely a year. And it found wide support within the entire spectrum of the resource community.

It equips the public and the Congress to take a more active role in developing goals and directions. And the Act also tries a new approach to the annual budget process.

Recognizing that the Executive must weigh his course of action on many scales, the President is required to tell how the budget for each year relates to the Renewable Resource Program and Policy Statement.

The law contains evaluation machinery so that we will have an early warning of failure as well as success.

The dialogue over priorities equips you, as professional resource managers, with better ways to explain where we are and where we are heading with our resources.

The Act also is designed to have a catalytic and instructive effect on the states and on private owners. The Assessment and the Program along with the Statement of Policy will, hopefully, cause others to take complementary steps, thus enhancing the National effort.

The Act also encourages public debate and discussion so that more rational and less emotional decision making can be achieved.

And, as you know all too well, there is probably no present forestry topic that excites more anger in the public breast than that of clear cutting.

As proof of this, I need only cite the closest example at hand. The Forest Service permitted a clear cut adjacent to a golf course in the Monongahela National Forest. This made a prominent golfing member of the West Virginia Izaak Walton League angry, and the suit was filed that has you all concerned today.

I am convinced that many people in the conservation movement believe that the Monongahela case was only to restrict clear cutting.

But as you know, it caused much more mischief than that, potentially eliminating some sound conservation practices.

Now as I see it, the loss of this suit by the government says nothing bad about the Forest Service, clear cutting, or the Izaak Walton League.

It is a reflection on the Organic Act for the Forest Service.

The law prescribes some pretty questionable forest practices. They are inflexible, and obviously resource managers need flexibility to do those things which are economically and ecologically sound at a given time and place.

But as you know, the very term "Clear Cutting" has a negative sound and connotation.

I'll never forget a letter I once received from an 87 year old woman in Boston. It went something like this:

"Dear Senator Humphrey, I hope you will vote to preserve 800,000 acres in Alaska for Wilderness. I have never been to Alaska, but when I go I want to know those trees are still standing."

Obviously this fine lady doesn't care if you fellows never cut another tree—even for the best of reasons.

Yet, as we all know, there are some species of trees that thrive in shade, and others that thrive in sunlit clearings. Clear cutting, managed properly, is a sound management practice—not only for the trees, but in Eastern forests for the preservation of many wildlife species.

But I have some strong convictions or principles about clear cutting.

If the soil, slope or other watershed conditions are fragile—don't do it.

If there is no reasonable assurance that clear cut areas cannot be restocked, or will fail to regenerate within a few years of cutting—don't do it.

If aesthetic values outweigh economic values—don't do it.

If it is done merely because it will give the greatest dollar return or the greatest unit output—don't do it.

However, if clear cutting is determined to be essential to accomplish relevant forest management objectives—do it.

If the size of clear cuts are kept at the minimum necessary to accomplish multiple-use forest management objectives—do it.

If a multi-disciplinary review has been made of the potential environmental, biological, aesthetic, engineering and economic impacts on each sale area, and the decision is to go—then do it.

If clear cut areas are shaped and blended with the natural terrain—then do it.

If these guidelines sound familiar they are right out of the book—the recommendations made in March of 1972 by the Senate Subcommittee on Public Lands.

But notice, my friends, that no one on the Subcommittee asked that these recommendations be spelled out in law. And I don't either. That would put the public policy managers into prescribing to the professional resource managers.

And, I have had enough experience at Humphrey's Pharmacy to know that the pharmacist doesn't tell the doctor how to practice medicine.

Reviewing the issues brought forth by the Monongahela case, I would suggest that we must decide whether to practice forestry in the courts or in the woods.

Laws are subject to change, but they should not be changed for transient reasons. The recent Court of Appeals Decision noted that the 1897 guides to the sale of timber ". . . will have serious and far-reaching consequences . . ." The court went on to observe ". . . it may well be that this legislation enacted over seventy-five years ago is an anachronism which no longer serves the public interest."

The Court also said that the place to "resolve this complex and controversial issue is not the courts but the Congress."

When we began to work on the Resources Planning Act, I proposed a new organic authority for the sale of timber that would have avoided the current mess we find ourselves in. Unfortunately, that provision was later removed.

But you can count on me to give careful consideration to remedial legislation that will give technical flexibility to Federal forest managers.

As you know, there are those who think of human beings as alien to the ecosystem, as if we all had been dumped here by a space ship.

Rene Dubos suggested in 1972, "It is true that many ancient civilizations have ruined their environment, and that a similar process is going on now in highly industrialized areas, but this is not inevitable."

"Intensive agriculture has been practiced for a thousand years in certain lands without decreasing their fertility or ruining their scenery. Man can create artificial environments from the wilderness and manage them in a manner that they remain ecologically stable, economically profitable, aesthetically rewarding, and suited to his physical and mental health."

We know more about how to live in harmony with nature than ever before.

We know how to grow all the trees we need and still have plenty of land left over for wilderness and other uses.

Hopefully, we now have developed the mechanism through which we can make our natural resources investments when they are needed to take care of backlogs and gaps in the system.

In other words we have the opportunity to serve man and nature in a complete and balanced manner.

And, my friends, we need your support and help in making this system work. I pledge by best effort in this endeavor.

SEPTEMBER UNEMPLOYMENT CONFIRMS THE ECONOMIC DOLDRUM

Mr. WILLIAMS. Mr. President, the official unemployment figures released today can be taken as a serious disappointment. There was no good news in them.

Unemployment and total employment in September were fundamentally unchanged from the previous month. The unemployment rate of 8.3 percent is only a tick below the 8.4 percent rate in August; the number of unemployed held steady at 7.8 million persons, not counting over a million discouraged workers who have stopped looking for work or over 3 million whose workday is reduced for economic reasons.

It seems clear that the economy has settled into a doldrum and that the stimulus of the great April tax cut, which halted the economic decline and instigated a mild recovery, has run its course. We have lost the momentum of the climb and are in danger now of sliding back toward the recessionary pit.

The imperative for the Congress in these circumstances was aptly stated 2 days ago by the Joint Economic Committee in its 1975 mid-year review of the economy:

> The Congress is confronted with the choice of accepting a sluggish recovery, with lower income, production, and employment, or acting decisively to produce a healthy, sustainable, recovery which increases production, creates new jobs, in creases income, and produces higher tax receipts.

The admonition implied by this statement is all the more pungent in light of today's report of unemployment statistics.

The statistics provide ample grounds for renewed concern about the plight of jobless workers and their families.

Unemployment increased sharply among adult men, most of whom are married and heads of households.

Layoffs increased in September by 300,000 over August.

Minority group unemployment increased again, this time by three-tenths of 1 percent to 14.3 percent.

The average duration of unemployment rose to 16.2 weeks, the highest since 1961.

The hardcore unemployed, jobless for more than 26 weeks, rose to the highest level since World War II.

Nearly 20 percent of the construction work force is out of work.

Mr. President, I am proud of the Senate and the Congress for what we have accomplished in confronting unemployment. The tax rebates and tax cuts we enacted have brought more than a million workers back to their jobs. We have appropriated $2.5 billion for emergency public service jobs and $500 million for new job opportunities in public works. A major new public works program on the scale of $5 billion is awaiting conference action after passage by both the House and the Senate. The Senate has adopted a $2.6 billion emergency program of countercyclical assistance to State and local government.

I earnestly hope that President Ford will embrace those initiatives still to be enacted so that the new stimulus, so direly needed at this moment to revive the economic recovery, can be injected into the bloodstream of the Nation's work force.

I also hope that he will heed the advice of the Congressional Budget Office, of many leading economists, and even of Arthur Burns, Chairman of the Board of Governors of the Federal Reserve. That advice is to expand the emergency public service jobs program to employ the victims of economic misfortune in constructive and beneficial work in their communities.

Mr. President, I ask unanimous consent that the news release of today from the Bureau of Labor Statistics, detailing the employment and unemployment situation in September, be printed in the RECORD.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

[From the Bureau of Labor Statistics, Oct. 3, 1975]

THE EMPLOYMENT SITUATION: SEPTEMBER 1975

Unemployment and total employment were little changed in September while nonagricultural payroll employment continued to rise, it was reported today by the Bureau of Labor Statistics of the U.S. Department of Labor. The unemployment rate was 8.3 percent, little different from July and August when it was 8.4 percent but substantially below the recession peak of 8.9 percent reached in the second quarter of the year.

Total employment—as measured by the monthly survey of households—was about unchanged from August to September after posting a gain of one and a half million in the previous 5-month span. Employment had declined by 2.6 million over the September-March period.

Total nonagricultural payroll employment—as measured by the monthly survey of establishments—increased by about 180,000 in September, nearly all of it in the bellweather manufacturing industries. Since the June low, payroll employment has risen by 870,000, which has resulted in a considerable narrowing of the recent trend differences in the household and establishment series. (Establishment data have been revised based on new benchmark levels and seasonal adjustment factors, as in past years.)

UNEMPLOYMENT

The number of persons unemployed totaled 7.8 million in September, seasonally adjusted, essentially unchanged from the levels prevailing since July. The rate of unemployment has also shown little movement over the past 3 months but, at 8.3 percent, was six-tenths of a percentage point below the recession peak registered in the second quarter. A year ago, when the sharp increases in joblessness first began, the rate was 5.8 percent.

As was the case in August, the stability in overall joblessness masked divergent movements among the major labor force groups. After declining to 6.6 percent in August, the jobless rate for adult men returned to the June-July level of 7.0 percent. This change also was reflected in increased joblessness among household heads and married men. The rate for teenagers, on the other hand, which had increased sharply in August, declined to 19.3 percent in September, approximating the levels prevailing in June and July. The jobless rate for adult women continued its downward draft that has totaled a full percentage point from the second quarter high of 8.5 percent. Unemployment rates for most of the other labor force categories, including the major industry and occupational groups, showed little or no change over the month.

TABLE A.—HIGHLIGHTS OF THE EMPLOYMENT SITUATION (SEASONALLY ADJUSTED DATA)

Selected categories	Quarterly averages 1974 III	1974 IV	1975 I	1975 II	1975 III	Monthly data July 1975	August 1975	September 1975
Civilian labor force (millions of persons)	91.4	91.8	91.8	92.5	93.1	92.9	93.1	93.2
Total employment	86.4	85.7	84.1	84.3	85.3	85.1	85.4	85.4
Adult men	48.5	48.3	47.3	47.2	47.6	47.5	47.7	47.6
Adult women	30.5	30 1	29.8	30.1	30.6	30.6	30.7	30.6
Teenagers	7.4	7.4	7.0	7.0	7.1	7.0	7.0	7.2
Unemployment	5.0	6.1	7.0	8.2	7.8	7.8	7.8	7.8
Unemployment rates (percent of labor force):								
All workers	5.5	6.6	8.3	8.9	8.4	8.4	8.4	8.3
Adult men	3.7	4.8	6.3	7.1	6.9	7.0	6.6	7.0
Adult women	5.4	6.5	8.2	8.5	7.7	7.9	7.7	7.5
Teenagers	16.1	17.5	20.5	20.5	19.8	19.1	21.1	19.3
White	5.0	5.9	7.6	8.2	7.7	7.9	7.6	7.6
Negro and other races	9.6	11.7	13.7	14.3	13.8	13.0	14.0	14.3
Household heads	3.2	4.1	5.5	6.1	5.7	6.0	5.5	5.7
Married men	2.7	3.3	4.8	5.7	5.2	5.4	5.0	5.3
Full-time workers	5.0	6.2	7.9	8.5	8.2	8.1	8.2	8.2
State insured	3.4	4.3	6.0	6.9	5.9	6.2	[1]5.8	5.8

Selected catagories	Quarterly averages 1974 III	1974 IV	1975 I	1975 II	1975 III	Monthly data July 1975	August 1975	September 1975
Average duration of unemployment (weeks)	9.9	9.9	11.3	13.9	15.8	15.4	15.7	16.2
Nonfarm payroll employment (millions of persons)	78.7	78.3	76.9	76.4	[2]77.0	76.7	[2]77.0	[2]77.2
Goods-producing industries	24.8	24.1	22.8	22.3	[2]22.4	[2]22.2	[2]22.4	[2]22.6
Service-producing industries	54.0	54.2	54.1	54.1	[2]54.6	54.5	[2]54.6	[2]54.6
Average weekly hours (hours of work):								
Total private nonfarm	36.6	36.3	36.1	35.9	[2]36.1	36.0	[2]36.2	[2]38.0
Manufacturing	40.1	39.6	39.0	39.1	[2]39.6	39.4	[2]39.6	[2]39.7
Manufacturing overtime	3.3	2.9	2.4	2.4	[2]2.7	2.6	[2]2.7	[2]2.7
Hourly earnings index, private nonfarm (1967–100):								
In current dollars	160.6	164.3	167.7	170.7	[2]174.1	173.1	[2]174.2	[2]174.9
In constant dollars	107.2	106.7	106.7	107.1	([3])	106.6	[2]107.1	([3])

[1] Revised.
[2] Preliminary.
[3] Not available.

Although the unemployment rate for workers covered by regular State unemployment insurance programs was unchanged at 5.8 percent in September, it has dropped sharply from the peak of 7.0 percent attained in May. There were 3.9 million persons (seasonally adjusted) claiming regular State U.I. benefits, but the total number of unemployed insurance claimants is much larger when the 2.5 million persons (not seasonally adjusted) claiming benefits under various special programs, including the Federal extended benefits programs, are taken into account.

The number of persons unemployed 15 weeks or more was essentially unchanged at 2.9 million in September, after posting the first real decline in August since late 1973. However, there was a continued increase in the number of persons unemployed 27 weeks and over, sometimes referred to as the hard-core unemployed; at 1.6 million, this was the highest level in the post-World War II period and constituted one-fifth of the jobless total. Offsetting this increase was a second straight monthly decline in the number of persons jobless 15–26 weeks. On an overall basis, the average period of joblessness continued to rise, and, at 16.2 weeks, mean duration was at its highest level since late 1961.

The number of unemployed who had lost their last job increased by 300,000 in September to 4.6 million, a return to the July level. Unemployment stemming from job loss had dropped by nearly 600,000 over the May–August period.

TOTAL EMPLOYMENT AND CIVILIAN LABOR FORCE

Total employment was about unchanged in September at 85.4 million, seasonally adjusted, after registering gains totaling about 1.5 million from the March low point to August. Employment remained about a million below its year-earlier peak level.

Similarly, the civilian labor force, at 93.2 million, was essentially the same as in August, following gains totaling 800,000 in the 2 previous months. Over the past year, the labor force has expanded by less than 1.4 million, with all of the increase limited to the last 7 months. In the 3 previous years, the labor force rose at a considerably faster pace, a million or more workers per year in excess of the current year's gain.

INDUSTRY PAYROLL EMPLOYMENT

Total nonagricultural payroll employment increased for the third consecutive month, rising by 180,000 to 77.2 million (seasonally adjusted) in September. This growth was concentrated primarily in the manufacturing industries, which also posted a gain of 180,000. For the second consecutive month, more than 70 percent of the 172 industries in the BLS diffusion index registered employment increases.

Within manufacturing, large gains took place in both the durable and nondurable goods industries (up 100,000 and 80,000, respectively). Within durable goods, the largest increases took place in the electrical equipment, primary metals, machinery, and furniture industries. In nondurable goods, substantial gains were posted in food processing, apparel, and textile mill products.

Other than manufacturing, the only industry to show a sizeable over-the-month increase in September was services. Most of the remaining industries were about unchanged, with just one—State and local government—posting a large decline, much of which resulted from a teachers' strike.

While growth has been resumed in manufacturing, the other highly cyclical industry, contract construction, has held at a low plateau in the past few months that was 700,000 jobs below the pre-recession peak reached in early 1974.

Hours

The average workweek for all production or nonsupervisory workers on nonfarm payrolls dropped two-tenths of an hour to 36.0 hours in September (seasonally adjusted), a return to the June and July levels. Over the year, average weekly hours have fallen by 0.5 hour.

There were widespread declines in average weekly hours within the service-producing sector, which counteracted small pickups in both mining and manufacturing. Factory overtime remained at 2.7 hours in September, substantially above the 2.3-hour low posted in March and April.

With employment gains somewhat greater than the decline in the workweek, the index of aggregate hours of private nonfram production or nonsupervisory employees rose 0.3 percent over the month to 107.7 (1967=100). The index of aggregate factory hours moved up markedly—by 1.7 percent—to 90.2, continuing the uptrend from the March low of 86.4. However, the September factory index was 14 percent below its alltime high reached in December 1973.

HOURLY AND WEEKLY EARNINGS

Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose 0.4 percent in September and were up 6.3 percent over the year (seasonally adjusted). Average weekly earnings fell 0.1 percent in September but have advanced 4.8 percent from a year earlier.

Before adjustment for seasonality, average hourly earnings rose 7 cents in September to $4.62. Since last September, average hourly earnings have risen 27 cents. Average weekly earnings in September were $167.24, an increase of 71 cents over the month and $7.59 from last September.

THE HOURLY EARNINGS INDEX

The Hourly Earnings Index—earnings adjusted for overtime in manufacturing, seasonality, and the effects of changes in the proportion of workers in high-wage and low-wage industries—was 174.9 (1967=100) in September, 0.4 percent higher than in August. The index was 7.9 percent above September a year ago. During the 12-month period ended in August, the Hourly Earnings Index in dollars of constant purchasing power declined 0.1 percent.

BENCHMARK AND SEASONAL ADJUSTMENT REVISIONS

Establishment-based data (tables B-1 through B-6) have been revised to reflect new employment benchmark levels (counts of payroll employment in all establishments) for March 1974. This revision was primarily one of level and had little effect on current trends. Data as early as April 1973 are subject to revision. (Average hours and earnings data may also be slightly affected because of changes in the employment weights used in deriving the averages.) Total nonagricultural payroll employment for March 1974 was revised upward by 80,000 (0.1 percent).

As in past years, the factors used to seasonally adjust establishment series also have been revised to reflect the most current seasonal experience, and thus the seasonally adjusted data as early as January 1970 are also subject to change. A detailed discussion of these changes and the revised data will be published in the October 1975 issue of the BLS periodical, Employment and Earnings.

ALABAMA'S MEDAL OF HONOR GROVE AT VALLEY FORGE

Mr. ALLEN. Mr. President, in recognition of the gallantry and heroism of members of America's Armed Forces who have been awarded the Congressional Medal of Honor, our Nation's most distinguished military service award, a special memorial shrine is being constructed at Valley Forge, Pa.

This memorial, known as the Medal of Honor Grove, will comprise approximately 52 acres of land roughly divided among the 50 States, Puerto Rico, and the District of Columbia and it is to be dedicated by the President of the United States on July 4, 1976, in celebration of our Nation's 200th birthday.

The State of Alabama has 25 Medal of Honor recipients and is proud of their valor and gallantry and sacrifices in our Nation's never-ending struggle for peace and freedom.

The Birmingham Women's Chapter of Freedoms Foundation at Valley Forge has adopted Alabama's site in the Honor Grove as its Bicentennial commemoration. This fine patriotic organization has done extensive planning to insure success of its efforts to preserve the memory of Alabama's 25 brave Medal of Honor winners.

On September 5, 1975, Gov. George Wallace of Alabama issued a proclamation in support of a public fund-raising campaign to acquire the $10,000 necessary for completion of Alabama's Medal of Honor Grove, and he has declared November 3 through November 14, 1975, as "Patriot Days" in Alabama. During this time the Birmingham Women's Chapter of Freedoms Foundation' at Valley Forge will encourage statewide support for the Alabama Medal of Honor Grove.

Mr. President, the Medal of Honor Grove at Valley Forge will be a tribute to all Americans who, as members of the Armed Forces, performed services above and beyond the call of duty, and I am pleased to join the Birmingham Women's Chapter of Freedom Foundation at Valley Forge in efforts to complete the Alabama Grove of Honor. I ask unanimous consent that portions of a brochure describing this project and the proclamation by Governor Wallace be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

MEDAL OF HONOR GROVE

The Medal of Honor is the highest distinction which can be awarded to a member of the Armed Services of the United States. It is presented by the President, in the name of Congress, to an individual while serving in the Armed Forces "distinguished himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty."

A beautiful wooded Medal of Honor Grove at Valley Forge, Pa., West of Philadelphia has been established as a memorial shrine to perpetually honor those in our Armed Forces who have been awarded the Medal of Honor. The Medal of Honor Grove comprises approximately 52 acres of land roughly equally divided among the fifty states, Puerto Rico and the District of Columbia.

The states provided for development of their respective area in a uniform pattern, which includes an obelisk-shaped miniature of the Washington Monument positioned in a center of a small colonial brick plaza, with benches at the sides, and a flagpole flying the State Flag. The State Seal is mounted upon the front of the obelisk, with plaques upon the sides bearing the names of the State's Medal of Honor Recipients. A paved walk leads into the state area where each Medal of Honor recipient is identified by an individual stainless steel marker. Each marker is etched with the name, organization, date and location of the act of valor and mounted by a living tree—25 living memorials for the state of Alabama.

There will be a special dedication ceremony of the Medal of Honor Grove on July 4, 1976 to celebrate our 200th birthday. The President of the United States will take part in this dedication. The Alabama State Area has not been completed—in fact, only $225 has been collected as of this date.

The Birmingham Women's Chapter of Freedoms Foundation at Valley Forge has adopted the completion of Alabama's site in the Honor Grove as its bicentennial commemoration. The Chapter plans to make this a project for the entire state, to give all Alabamians an opportunity to participate in creating this living memorial. A sum of at least $10,000 must be raised within the next few months. We earnestly ask your support and assitance to make our bicentennial commemoration a reality.

Special "Patriots Days" will be observed November 3-November 14, 1975, and will be the highlight of the fund raising activities for completing this living memorial. Preceding these Patriots Days a special dinner will be held October 26th, 6:30 at the Airport Holiday Inn, with some of the Medal of Honor recipients present. Featured speaker for this function will be Dr. Max Rafferty of Troy State University.

STATE OF ALABAMA PROCLAMATION

(By Gov. George C. Wallace)

Whereas, the Medal of Honor is the highest distinction which can be awarded to a member of the Armed Forces of the United States and is presented to an individual who, while serving in the Armed Forces, distinguished himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty; and

Whereas, Alabama has 25 Medal of Honor Recipients, and approximately one acre has been set aside at Valley Forge for honoring these recipients, but no work has been done on this site and each state is responsible for its respective area; and

Whereas, since Freedoms Foundation receives no government grants and enjoys no major endowments, a fund-raising campaign is in progress to have the Alabama Medal of Honor Grove ready for the "Grand Dedication" by the President on July 4, 1976:

Now, therefore, I, George C. Wallace, Governor of the State of Alabama, do hereby proclaim November 3 through November 14, 1975, as "Patriots Days," in recognition of this fund-raising campaign and ask for the cooperation of the loyal citizens of Alabama.

CHILD NUTRITION VETO A COSTLY BLUNDER

Mr. McGOVERN. Mr. President, today's veto of the child nutrition and school lunch bill will be overridden in less than a week. The veto is less important for what it does—which is to make Congress vote overwhelmingly one more time in favor of child nutrition—than for what it says—about the administration's attitude toward Congress and toward our national problems.

First, the veto reveals the hypocrisy of the President's repeated pleas for legislative-executive cooperation. This is a bipartisan bill. It was subjected to stringent budgetary tests. Only seven Members of either the House or the Senate voted against it. If the President cannot cooperate and join with a united Congress on an issue as clear as child nutrition, then I wonder how Congress can cooperate with him on other, more difficult issues.

What the President seems to want is not cooperation with the Congress, but surrender by the Congress. He will not have it on this bill or any other. His veto will be overridden.

Second, that veto reveals once again the misplaced priorities of the Ford administration. This program does more for the health and well-being of American children than any other piece of legislation on the books. The White House wants to raise the military budget by billions to provide more guns for dictators, but refuses an increase in child nutrition which does not even equal current food price inflation. Very few of the Members of Congress, whether they are Democrats or Republicans, liberal or conservative, could agree with priorities this distorted.

Mr. President, as you know, we went to conference twice on this bill in order to resolve budgetary objections. Senator MUSKIE, Senator TALMADGE, Senator DOLE, and Senator BELLMON all spoke for the passage of this bill, on both substantive and budgetary grounds.

This is the best child nutrition bill at the least cost in history. It will streamline and improve the program to provide the maximum return for each dollar. The Child Nutrition and School Lunch Amendments of 1975 will become law, but it will take a few days longer, because of the mindless exercise of a Presidential veto.

Those days will pass quickly in the official forums of Washington. But across the Nation, millions of children will watch helplessly as each day passes slowly and programs which feed them are kicked around, obstructed, and delayed by a President who thinks the oil companies should have more and the hungry should have less. This Congress is the hope of those helpless children. They have no voice, so we must speak for them. We must say to the President: How dare you veto child nutrition? We must enact this bill over the blind, insensitive opposition of the White House.

NEW DOUBTS IN THE MIDEAST PACT

Mr. ABOUREZK. Mr. President, today's Wall Street Journal had a very interesting, and thoughtful commentary on the Mideast pact by Robert Keatley. Mr. Keatley raises some interesting theories about the likelihood of the United States providing Pershing missiles to Israel. And, as he so aptly states, "Getting past Pershing won't solve Mr. Kissinger's problems. Another debated issue is the huge Mideast aid package."

Furthermore, Mr. Keatley makes a case for complete public disclosure of all the documents relating to Sinai. He said:

> (I)n this age of distrust, these (secret) agreements will cause trouble for any administration.

Mr. President, I ask unanimous consent that the text of the Wall Street Journal article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW DOUBTS ABOUT THE MIDEAST PACT

(By Robert Keatley)

WASHINGTON.—Perhaps it's true the gods never sleep. But mere mortals, even Henry Kissinger, must nod occasionally.

It may have been at such a moment that the Secretary of State let Israel believe it might some day obtain Pershing missiles, able to carry nuclear warheads nearly 500 miles.

"The United States government agrees to an early meeting to undertake a joint study of high technology and sophisticated (military) items, including the Pershing ground-to-ground missiles with conventional warheads, with the view of giving a positive response," states an official document approved by Mr. Kissinger during his most recent bout of shuttle diplomacy.

It's a pledge which seems wholly indefensible, however qualified it appears. No conventional (non-nuclear) warheads exist for Pershings, and none are planned. This relatively inaccurate missile is deployed only for delivering atomic explosives. Though the U.S. wouldn't export such warheads, Israel can make its own—experts believe it long ago developed the lethal bomb.

Even half-promising such weapons to any Mideast nation raises fear that another war there could turn nuclear. If the rockets were actually committed, that might destabilize a region where only a shaky truce keeps things quiet. Sending them to Israel would convince many Arabs (who often seem eager to be persuaded anyway) that neither the U.S. nor Israel seeks a peace which involves more territorial withdrawals.

"It certainly increases the level of danger for war in the area," says Prince Saud Faisal, Saudi Arabian foreign minister and son of the late King Faisal.

But the missile merely hints at the problems ahead for Mr. Kissinger's second Sinai troop withdrawal agreement. That pact, so laboriously negotiated, trades Israeli army pullbacks for Egyptian promises to settle remaining differences peacefully. At minimum, it buys time, and it may even prove to be a "major step forward" to peace, as Mr. Kissinger claims.

Either way, it's more than his critics have accomplished, including those, like George Ball and Eugene Rostow, who once held high office.

SUSPICION AND DISTRUST

Yet this is an era of public distrust of government and of deep worry about the U.S. economy. The Executive Branch is disbelieved in general, while foreign activities which cost money are distrusted in particular. Because the Sinai package includes several secret American commitments, some ambiguous promises plus direct U.S. involvement (both money and manpower), Congress views the whole thing with much suspicion. Whether Capitol Hill will vote the aid and send the men needed to implement it remains unclear.

It's almost certain, though, that Washington won't supply Pershing missiles. Instead, the administration will probably study the Pershing pledge to death, while sending Israel other modern but less provocative weapons. For one thing, the Pentagon opposes sending any Pershings now in its inventory and is cool about supplying new versions slated for production in 1980. So are State Department officials, now that they've learned more about what their boss was up to. Even Mr. Kissinger seems to be reconsidering, while Congress has growing doubts.

"Pershings in Israel could open the doors to the Soviets who are dying to get back in the Middle East and take an important role," says skeptical Sen. Charles Percy (R., Ill.) Like many others, he believes Pershing exports would prompt Arabs to demand similar rockets from Moscow—for which there would be a political price.

Thus the Pershing half-promise can be dismissed as an unwise one made by a tired, harassed negotiator who didn't grasp the implications of what he was doing. Now he does, and—as one loyal aide remarks—"There's no chance we'll supply those missiles. It was a terrible mistake."

Getting past Pershing, though, won't solve Mr. Kissinger's problems. Another debated issue is the huge Mideast aid package.

For Israel, the aid request for fiscal 1976 is expected to be about $2.2 billion, including $1.5 billion worth of arms. There will be another $600 million or so for Egypt, plus lesser amounts for Jordan and Syria. These proposals come when a recession-minded Congress wants to cut spending without risking votes in 1976.

Thus the assistance requests "will be scaled down," says Senate Democratic Whip Robert Byrd of West Virginia, who cites economic reasons. It's a common theme in Congress. "This is a classic example of dollar diplomacy," complains Sen. William Proxmire (D., Wis.). "Once again we try to solve a complex problem by throwing money at it."

For all that, administration officials say they'll get approval of most requested funds. They consider it essential. Mr. Kissinger got Israeli withdrawal partly by promising enough arms and money to assure Jerusalem that its security wouldn't be endangered by territorial withdrawals. If Congress doesn't provide the aid, however, Israel might conclude the U.S. is unreliable and might refuse to consider any future concessions. Such an attitude would eventually bring war, according to State Department analysts.

Yet there is a sophisticated counter-argument. It contends massive aid will make Israel too secure, guaranteeing it will never offer the Arabs new compromises. Such an attempt to stand pat, the argument continues, would guarantee new hostilities.

"I do believe we would be doing Israel and the cause of peace a long-term favor by reducing substantially the amount of aid being requested for Israel by the administration, limiting it to the amount necessary to keep Israel's economy viable and to maintain its existing military capability," argues Rep. David Obey (D., Wis.). He says this would discourage "the continuing belief within Israel that it has more time than in fact is available to achieve resolution of basic questions" between it and the Arabs.

It's a sophisticated argument for cutting the fund request, something many want to do for narrower reasons. If enough Congressmen agree, Mr. Kissinger will have unexpected difficulty financing his diplomacy.

If a small Sinai disengagement will cost the U.S. $3 billion, ask some congressional doubters, what will be the price tag for an overall peace settlement involving larger areas and millions of people?

But he also has other problems. Many derive from Mr. Kissinger's secretive negotiating ways, for few outside his airplane ever know what's really happening as the Mideast shuttles proceed. He claims secrecy is needed to guarantee success, but he also prefers to work that way for personal reasons.

THE SENATE'S REFUSAL

Because Vietnam and Watergate have created an atmosphere of distrust, the Senate so far refuses to authorize sending 200 U.S. technicians to help monitor the Sinai cease-fire. Relatively few oppose doing so but most demand to know what else is in the package—both the "secret" commitments and what one calls "the secret secret" commitments. Says the moderate Sen Clifford Case (R., N.J.) in blunt terms: "We cannot approve a part of the package without seeing the contents of the entire package."

For example, the Senators want to know what Mr. Kissinger promised (if anything) about the next round of talks, presumably between Israel and Syria. They also want to know what he told Egypt's President Anwar Sadat about possible U.S. military aid. (Yesterday Mr. Kissinger said that Senators will be informed of all secret aid promises to both Egypt and Israel.) And they want to be sure sending technicians to Sinai won't be step one toward miring the U.S. in future Mideast fighting.

The technicians issue may be resolved this weekend, provided Mr. Kissinger sends Congress information he has so far withheld. But even that won't guarantee the aid package will slide through smoothly, without major cuts, at some later date. And failure to get such approval could undermine efforts to get new talks going next year.

Some lessons are obvious. Mr. Kissinger believes secret convenants secretly arrived at remain a diplomatic must. But in this age of distrust, these agreements will cause trouble for any administration. Add to that a widespread congressional notion that Secretary Kissinger is a slippery character, and trouble is compounded.

And when a tired Secretary, hoarding information and responsibility in his unique way, makes bad decisions—such as that about Pershing—his broader diplomatic strategy can be damaged. There's no point in reassuring the Israelis if it unduly rouses the Arabs, plus Congress.

Mr. Kissinger's laborious shuttles through the Mideast have brought it the only serious moves toward peace to date. He has accomplished more than his many predecessors, and no critics offer realistic alternatives to his step-by-step method. Yet his current problems with Congress prove the best road isn't necessarily an easy road, and that no man—and no method—is perfect.

ICNAF ACHIEVES BREAKTHROUGH ON FISHERIES CONSERVATION

Mr. GRAVEL. Mr. President, the International Commission on the Northwest Atlantic Fisheries achieved a major breakthrough at its September meeting in Montreal. The chairman of the U.S. delegation, David Wallace, characterized the agreement to reduce foreign fishing in the ICNAF area by 27 percent as the most successful in its 25-year history.

This major reduction in foreign fishing for 1976 achieved at the close of the ICNAF meeting on September 28, 1975, is indicative of the growing international political maturity and wisdom necessary for global protection and management of our fisheries as envisioned by the Law of the Sea Conference supporters.

I have long felt that international negotiations and world cooperative efforts are necessary to bring about the proper protection and management of world fish resources. This success of multilateral negotiations should make us more supportive of similar future efforts and wary of pursuing unilateral national actions to solve these problems. For many years, we have been told that negotiations simply do not work, that foreign fishing nations do not care about our fish resources. For many years, that was true. But as I have consistently argued, pressure by the U.S. Congress on the international community in the form of consideration of establishing a 200-mile fishing zone can be constructively used.

The wisdom of such strategy was illustrated at the Geneva Conference of the Law of the Sea when the concept of a 200-mile economic zone became the point of departure for our fisheries negotiations. We now have strong evidence that negotiations can produce results which are extremely beneficial to U.S. fishing interests.

Coupled with the December 1974 agreement with the Japanese reducing their Pacific fish catch by almost 30 percent for 1975, and similar agreements achieved in ICNAF during June of 1975, the September 28, 1975 ICNAF agreement could be a harbinger of future success at the Law of the Sea Conference in 1976.

The agreement contains the following provisions:

Reductions in foreign fish catches in the ICNAF region of 27 percent involving the total fish population;

The closure of the Georges' Bank area to vessels capable of catching valuable and depleted fish species such as yellowtail flounder and haddock;

A national system of vessel registration;

More restrictive and more easily enforceable exemption provisions for trawl net fishing of United States and Canadian coasts;

A 7-year timetable for the complete restoration of the ICNAF region fish stocks; and

A quota ceiling on individual species catch.

This agreement may very well be the forerunner of what could become an historical achievement at the Law of the Sea Conference next year. This agreement heralds the time when a truly universal oceans charter can be completed which protects our fish stocks and benefits not only our fishing communities but all of humankind. Our faith in international negotiations and the ability of humankind to cooperatively work together on the most vital of interests should be restored.

WORLD DAY FOR ANIMALS

Mr. WILLIAMS. Mr. President, World Day for Animals has been celebrated for over 15 years on or about October 4. This year, the theme selected by the World Federation for the Protection of Animals is: "Furs are out, animals are in."

I believe this theme is most appropriate at a time of diminishing wildlife populations and increasing awareness of the cruelty involved in killing animals for their skins. Because of my own deep interest in this matter, I have introduced a bill which would end the use of the inhumane leg hold trap. Several countries have already banned the use of these devices, and continued efforts are needed to ban them worldwide.

I commend the World Federation for its work in coordinating these efforts and educating the people of all nations in the need for more humane laws and practices. Mr. President, I ask unanimous consent that the federation's statement on the occasion of World Day for Animals be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

World Day for Animals 1975—World Federation for Protection of Animals Proclaims Policy on Natural Furs and Skins

From the days of its foundation in 1950, the World Federation for the Protection of Animals (WFPA) has been actively concerned to end the cruel killing of wild animals for skins or, indeed, for any other purpose. Today, the Federation's policy has broadened to the extent of discouraging the killing of any animal where the chief objective is to procure its skin.

In 1957 an international survey estimated that more than 53 million wild animals were being killed each year for the fur trade. An updated interim report for the 1968/9 season found that the total could not reliably be placed much above 25 million per year.

The deficit in wild animal skins, which reflects the pressure of habitat destruction as well as significant over-killing on the population of fauna, has been more than offset by increases in other sources of animal skins during the same period; for instance, mink production from very intensive "farms", comparable with the factory farms for veal calves and poultry, has increased from 6.5 million to over 23.5 million; Persian lamb or Karakul from 7 million to 31 million and domestic rabbits in Europe alone now total 321 million skins.

During the last few years the advance of synthetic fibres technology has resulted in a broad range of synthetic furs and skins which fall into two categories, i.e. those resembling authentic animal skins and others which do not. The utilisation of these fabrics has allowed the production of "furry" garments and trimmings for mass markets at prices which are mostly much lower than actual animal skins and yet with most of the advantages and none of the disadvantages of the real article. The ease of cutting and sewing of the fabrics has permitted them to be far more amenable to full fashion treatment, unlike authentic skins and furs.

During the remainder of the Seventies WFPA will be intensifying its anti-fur campaign which centres on the objective of making it socially unacceptable to wear animal skins and fur in public. In this regard the members of WFPA expect growing support from young people who often show a greater sensitivity and distaste for wearing the artifacts of brutal trapping and miserable imprisonment. When distaste turns to more open revulsion, as it already shows signs of doing, this major long-term struggle to alter society's values will be nearly won. A recent American study revealed that few young people have been entering the highly skilled trades utilised by the fashion fur industry and the present rapidly aging workforce is expected eventually to make way for the machine and the more easily worked synthetic fur fabrics.

Furs have proved in the past to be a hazardous form of investment. Continuing rapid inflation and restricted consumer spending are expected to be important factors working in harmony with the will of the several millions of associated members of the World Federation for the Protection of Animals.

THE UTTER CRUELTY OF A TRAP—TOO HIGH A PRICE FOR A FUR COAT

With leghold traps, gin traps, instant killer traps, pole traps, cage and basket traps, snares, pitfalls and other diabolical devices the most hideous cruelties are being committed toward wild animals in a barbaric sacrifice to Goddess Fashion.

"Imagine having your fingers crushed in a car door . . ." Most animals are caught by the leghold trap in which once caught, the best the animal can hope for is to chew off his leg so he can get away. "If he cannot do this, and, indeed, when he makes any movement," writes the American author Cleveland Amory who is also President of the Fund for Animals in New York City, in his ironically entitled book "Man Kind?": "the result is an immediate cutting, tearing and soring of flesh and even bone—the animal remains in the trap for days on end, enduring every possible variety of fear, pain and suffering . . .". Some animals freeze to death, others die from starvation, many are ripped apart by predators. The death blow from the club of the trapper could be considered nearly an act of mercy after such agonies. And how about the so-called "trash" animals in the eyes of the trappers, surpassing three times and more the number of trapped fur bearers, the owls, porcupines, woodpeckers, ducks, rabbits, dogs and cats, and many more, which are trapped accidentally because of the indiscriminate and unscrupulous use of the leghold trap? What the trappers are after, at least in North America, are beaver, ermine or weasel, fisher, fox, lynx, marmot, mink, musquash or muskrat, nutria, opossum, otter, rabbit, raccoon, squirrel and skunk. The Fund for Animals of New York estimates that 25 million animals are killed in leghold traps each year in the United States and Canada. "Trapping for a living is not common in Central Europe", as Mr. H. J. Weichert, Vice-President of the World Federation for the Protection of Animals stated: "There are individual muskrat hunters who do it on the side. The trapping is done as part of the pest control and is under governmental supervision."

The leghold trap is described as a device designed to capture an animal and hold it until the trapper can arrive to kill it. The basic trap consists of vice-like, spring-loaded clamps which snap shut, often with bone-crushing force, on the leg or paw of the animal. There are laws prescribing that trap lines shall be inspected every 24 to 48 hours to shorten the misery of the caught animal. However, these laws are hardly enforceable, and even if they could be enforced, 24 to 48 hours is a long, agonizing time for the trapped animal. As Cleveland Amory compares so well: "Imagine having your fingers crushed in a car door for 24 to 48 hours".

But why are leghold traps, also referred to as steel jaw traps, so widely used although instant-kill traps are available? The trappers maintain that animals not wanted by them can be released from the leghold traps and not from the others.

Some furriers will try to make you believe that 80 percent of the fur-bearing animals are not trapped but ranched. While it is true that of the mink used by the fur industry of the United States 9 million were ranched, 7 million muskrats, 1.2 million nutria and 1.5 million raccoons were for instance trapped in 1972/3 in the USA alone, according to data presented by the Swiss Fur Association (Schweizer Pelz-Fachverband).

Ratio of unwanted trapped animals to trapped furbearers: 3 to 1.—It was the Canadian Association for Humane Trapping which after sample surveys of traplines established the fact that the ratio of unwanted animals to desired furbearing animals found in traps is 3 to 1 which gives some indication of the useless pain. Further, the litter of a trapped animal will often die of starvation, thus multiplying the effect. And because there are no seasonal limits in trapping, pregnant animals are often killed, resulting in the useless destruction of many unborn animals. Based on another survey conducted by the New Jersey Branch of the Humane Society of the United States it was established that four times as many cats are caught in leghold traps than dogs. One reason for this may be the fact that the cat, as a hunting animal, rarely travels on man-made routes, preferring the same cross country trails as the wildlife prey of the trapper.

The gin trap is a leghold trap with teeth in it. When an animal is caught in a pole trap, both trap and animal are hoisted from the ground by the pliable pole to which the device is attached. Suspended in the air, the creature may hang for days by its gripped limb until death intervenes. But in whatever manner death eventually comes, the animal's body being whole is a commercial proposition. There are further traps designed to kill the victim immediately, either by choking or by breaking the neck or back. Such devices, however, are disliked by many trappers because they are less simple to manipulate than the leghold types. They are also more expensive. Types of snares can be used for capturing wolves, foxes, squirrels and rabbits. These bring about slow strangulation. Drowning sets of the weighted leghold types are used to kill such water animals as otters and beavers. Sometimes ermine are enticed by the greased bait that has been smeared on to iron bars to attract them. When they lick the bait, their tongues are frozen to the bars. Thus, these little creatures may become part of an elaborate garment, or even the trimming of a coronation robe. It is thanks to the British charitable trust "Beauty without Cruelty" (International) that these details on the diabolical devices called traps are being brought to the attention of a wide public.

The Canadian Association for Humane Trapping has only one aim: to abolish inhumane methods of obtaining furs in Canada which owes its early wealth to the export of furs. In 1974 Canadian furriers exported $35 million worth of finished goods on top of exports of raw pelts worth $38 million and produced an additional $110 million worth for domestic consumption. In this context it is very saddening to note that the fastest growing market is furs for men. These account for 15 percent of the sales. How can this trend be reversed?

Are there "humane" traps? The Canadian Association for Humane Trapping, a volunteer organization, feels that the appalling suffering inflicted upon wildlife every year by the leghold and other traps must be stopped and that traps which cannot be classified as "humane" must be banned by law. Laws in more than a dozen countries forbid the leghold trap as for instance in Britain, the Scandinavian countries, the Federal Republic of Germany, Hungary, Greece, Kenya and Chile.

There are "humane" traps on the market that kill almost instantly. On the basis of research both in the laboratory and on the trap line, the Canadian Association for Humane Trapping endorses the double-spring Conibear trap as the best existing humane trap, especially for muskrat and beaver. To hasten adoption of this trap, the Association initiated an introductory trap exchange programme wherein a trapper who does not own a Conibear trap can turn in a leghold trap and receive a free Conibear trap in exchange. So far thousands of Conibear traps have been issued to trappers across Canada.

The Conibear trap is named after its inventor, a retired trapper Frank Conibear. It is a vertical break-back trap which is triggered off when an animal touches two wire whiskers. It has been described as working like an "egg beater". F. Jean Vinter in a booklet "Facts About Furs", published in 1973 by the American Welfare Institute of Washington, D.C., explains the operation of the Conibear trap as follows: "Because of the shape of the trap, it can have one, two, or, occasionally, three striking surfaces, depending on the position of the trapped animal. This trap is dangerous to children and domestic animals when set on land and for this reason its use is prohibited in some heavily populated parts of the USA. Its use is not restricted in Canada".

Other "humane" traps have been invented, but all had been ineffective, or too difficult to operate. The Humane Society of the United States and with it hundreds of other animal welfare societies believe there is no justification for the taking of any wild animal when the motive is merely fashion or decoration. The synthetic fur industry has developed fabrics that look so much like the real thing that only the experienced eye can tell the difference. Mink ranchers have yet to demonstrate that they can raise and kill animals in captivity without causing suffering or fear.

What you can do—The Humane Society of the United States gives the following advice to all those who wish to help in the fight against the cruelty of trapping:

(1) Urge your friends, neighbors, and fellow club members not to have anything made from the skins of wild animals.

(2) Whenever you see natural fur products advertised, write to the publication carrying the ad to object. If the ad is sponsored by a store that does not deal exclusively with furs, write to the president of the store to object.

(3) Write the editors of your local papers urging them to do an editorial or a column on the cruelty of trapping. (Enclose a copy of this article.) If you don't get a positive response, write a letter to the "letters to the editor" column explaining the cruelty.

CHALLENGE FACING FARMERS IN NEAR FUTURE

Mr. McGOVERN. Mr. President, the Watertown Public Opinion recently published an editorial that points out the tremendous challenge facing our Nation's farmers in the near future.

The ability to produce increased quantities of food has been heavily dependent on the availability of reasonably priced fuel and fertilizer. It is unrealistic to expect continued growth in farm production if we do not provide meaningful legislation to meet the farmers' needs. Increased fuel and fertilizer prices can only have detrimental effects on our Nation's economy and fuel the vicious fires of inflation.

I commend this editorial to my colleagues for their consideration and hope that they will join me in assuring high priority for agricultural uses of our Nation's energy supplies. I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FARMER JOB IN FUTURE—TO FEED 7 BILLION PEOPLE?

The job ahead for American agriculture as it is increasingly called upon to feed the world?

A truly prodigious one, if population growth figures and projects are considered. Such statistics were offered recently by Secretary of Agriculture Earl L. Butz in an address to the Allied Chemical National Liquid Fertilizer Division who noted that the turn of the century there were 30 million Americans on farms, each farmer produced enough food for himself and six other people and about 40 per cent of the population "had to be tied to the land to feed themselves and the remaining 60 per cent and then not very well."

Today five per cent of the population feeds everyone else—the farmer taking care of his own food needs and those of 55 others. And at this point, Butz asks a question which has become one of real concern throughout the world:

"Can mankind increase world food production rapidly enough to match the escalating needs of the decades ahead?" This must be answered in light of additional statistics:

Anthropologists reckon that before the beginnings of agriculture about 8000 years ago the world probably supported no more than 5 to 10 million people. By AD. 1, the number may have been up to 200 to 400 million people.

In 1750, the human population hit somewhere around 800 million.

Then the accelerating numbers started to build. By the end of the next hundred years, in 1850, human numbers reached 1.3 billion. By 1950, 2.5 billion people lived on earth. Now, just a short 25 years later, there are about 3.9 billion people on the planet. By the year 2000, if we continue to multiply at present rates, there will be between 6.5 to 7.0 billion people living on earth.

"That means," said Butz, "that in the next two-and-a-half decades we must learn how to feed as many more people as we have learned to feed since the dawn of history. Even now, we aren't feeding the 3.9 billion nearly as well as we should."

The assignment thus, is a tremendous one. It is the American farmer, like it or not, who holds the anchor position in carrying it out. At some point well out in the future, when the path of his food production efforts crosses with that of effective world population control, the job will be done.

MEETING RAIL NEEDS OF THE FUTURE

Mr. ABOUREZK. Mr. President, the technology for establishing an excellent railroad system in this country is readily available. Implementing even a small number of these technologies would seem to me to help reestablish the U.S. rail system as a viable, acceptable, and enjoyable mode of transportation.

The question remains, however, as to when, where, and at what costs these technologies will be implemented. There are numerous possibilities available to us in this country. We can also learn from the mistakes and successes of other nations which have model railroad transportation systems. We can improve, refine, or reform other nation's technologies to match our needs at a price we can afford. Similarly, we have our own research and development programs on the problem of improving the comfort, speed, and safety of our own rail system.

Nevertheless, a question remains as to whether we are groping in the dark and grasping at whatever seems the best technology at the present moment—or whether we are in fact, selecting the responsible options to meet our future rail transportation needs. Moreover, do we really know what our future rail needs are?

A recent article published in the October issue of Popular Mechanics, by Tom Kizzia, illustrates some possible technologies available and the choices which Amtrak has chosen to meet our rail needs of the future.

Mr. President, I ask unanimous consent that the article by Tom Kizzia be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

New Trains Are Reviving America's Romance With the Rails

(By Tom Kizzia)

They're hearing some discouraging words out where the deer and antelope play, at the fedral railroad test center on the high plains of Pueblo, Colo.

There was a time, not long ago, when U.S. Department of Transportation (DOT) officials didn't think they could get funding for their $80-million facility unless they called it the "High Speed Ground Transportation Center." Congressmen were excited at the time by researchers' predictions of 300-mph vehicles racing between cities, relieving clogged highways and back-up airports of impatient travelers. The vehicles, levitated above a fixed guideway by magnetism or air cushions, would be able to "fly" under the power of electromagnetic induction motors.

But there was uneasiness beneath all the enthusiasm. People in the railroad business and the Federal Railroad Administration learned to refer politely to the high-speed systems as "advanced technologies" in public, but privately many people never got over calling them "Buck Rogers stuff." Nobody thought the research could pay off until the 1990s at the earliest.

In the past year, Congress too has grown impatient. Shying away from expensive test programs, it directed DOT to devote the taxpayers' dollars to more practical short-term improvement of the existing rail system. The rail traveler was to be gotten the 227 miles from New York to Washington in two hours, and not 40 minutes. DOT, ever sensitive to the winds of change, last December renamed its Pueblo test site the "Transportation Test Center."

Nowadays, when people talk about the passenger railroad of the future, they don't talk about the half-finished high-speed vehicles in Pueblo; they talk about technology that already exists. Train travel could become the preferred option for short and medium distances here, as it has in other countries, using the same technology those other countries have used.

Europe is working on a 2000-mile system of high-speed lines to increase the railroads' hold on passenger travel there, and it is upgrading another 8700 miles. Already, West Germany alone has four times as many rail passengers as the United States, with less than a third of the population. The USSR's new "Russian Troika" makes the 400-mile run between Moscow and Leningrad in four hours. In Japan, the New Tokaido Line "Bullet" trains run every 15 minutes in each direction, averaging 102 mph over their 320-mile distance.

By contrast, America's showcase train, the New York-Washington Metroliner, sneaks up to 105 mph over one short section of track, and slow orders elsewhere cut its average to 75 mph. To travel 400 miles in the northeast corridor would take you over six hours.

Amtrak, the quasi-public corporation created four years ago by Congress to take over the nation's dilapidated passenger trains, is busy these days trying to claw its way into the present.

Heir to an historically under-nourished business, Amtrak has gone on a new equipment buying spree this year with Congressional help. At the top of its shopping list is the 120-mph turbine-powered train.

During October, 1973, Amtrak shipped from France two RTG turbotrains and put them into service between Chicago and St. Louis. The high-speed turbos ran up a 2-percent reliability record. Amtrak was impressed enough to order four more from France and an additional seven, to be built in California, from Rohr Corp., the U.S. licensee.

Each five-car turbotrain set includes a power car at each end, so it's never necessary to turn the train around. There are two turbines in each power car: an 1140-hp two-shaft turbine that provides traction for the train through a massive, 7500-pound hydraulic transmission (see diagram), and an auxiliary 430-hp single-shaft turbine for the train's internal electrical requirements, such as airconditioning in the cars. The big turbines at each end are used to accelerate the train, but one of them can be idled when the train reaches cruising speed. Only one of the auxiliary turbines is needed at a time, thus guaranteeing backup power to the train.

The advantage of a turbine-powered train is that it has the highest power-to-weight ratio available, making acceleration and braking easier. A complete five-car RTG train set weighs about 250 tons; a diesel-engine train, with four coaches to carry the same 300 passengers, weighs around 470 tons—almost twice as much. One disadvantage is the turbine's higher fuel consumption—but its lighter weight helps make up for that.

The seven Rohr-built turbos, first of which is due in April of next year, will be Americanized. For one thing, they will be seven inches higher and five inches wider. There will be more room for passengers, with capacity cut to 276 per train. Third-rail capability will be added, so that the train can switch over to electrical power when it enters New York—a sign that Amtrak is serious about its plan to use turbotrains between there and Boston.

Another change is being made partly at the request of the operators: a longer nose will be put on each end. The reasons aren't all aerodynamic. "Not only are there more grade crossings in America than in Europe," explains Fred Houser, railroad specialist for the Transportation Research Board in Washington, "but American drivers seem to have considerably more confidence crossing them. The operators didn't like being right up front under those circumstances; this should keep the autos out of their laps."

Turbotrains may make a dent in a couple of heavily traveled corridors, but they are no panacea for the nation's rail ills. The RTG has been clocked in France at speeds as high as those achieved on the New Tokaido Line, over 130 mph—but in the Midwest it is held to 80-mph top speed by track conditions. The problem in the United States has been maintaining high speeds, not achieving them.

When Japan built the New Tokaido Line, it built a whole new railroad. Today in America a generation of locomotives is being introduced that takes into account less-than-perfect track structure. Originally designed for 150-mph runs, the famous Metroliner has been retooled to 130 mph maximum speed. Amtrak is now testing a 10,000-hp GE electric locomotive, capable of 120 mph for short acceleration. The GE locomotive would be used on electrified track in the northeast. Garrett and GE have built prototypes of a combination gasturbine/electric locomotive.

In general, not much more than 120 mph is the speed railroad people mention when asked about the Train of the Future. The locomotives, whether turbine or electric, are available. There are even high-speed diesel trains being developed—in Britain, the HST (High Speed Train), in Canada, the LRC (Light, Rapid, Comfortable). An HST prototype—which holds the diesel train speed record of 143 mph—is actually in service now between London and Bristol, and 27 more are expected to go into operation beginning next fall.

British Rail's Advanced Passenger Train (APT), now being tested, is probably just that—the most advanced train in the world. The idea is to build a train, with either gas turbine or electric motive power, that can reach high speeds on existing track. The secret is a new suspension system and a special car-tilting mechanism. Together they will permit the APT to speed around curves 50 percent faster than conventional trains.

Passenger trains would often be capable of going faster around curves if it weren't for passenger discomfort—there would be no danger of derailing, but passengers pitching into the aisles might justifiably jump to such a conclusion. As long as passenger trains share the track with slowermoving freight trains, some compromise must be reached in the banking of the curves. Several years ago an Erie freight was forced to stop in the twisty Delaware Water Gap, and several cars on a sharply banked curve slid off. A derailment, standing still.

One way to keep passengers off the edge of their seats—and thereby speed up the train—is being experimented with in the APT and the Canadian LRC: a hydraulic banking mechanism which would automatically tilt the car more than the curve tilts the train, up to 9° extra in the case of the APT.

New cars are also being developed that will make riding America's rough railbed easier.

The first of 492 Metroliner-type coaches will be appearing late this summer in the United States—at long last, the first standard Amtrak coach. Until now Amtrak has had to make do with whatever cars it could find, and it scouted every railroad yard in the continent to scrape together its fleet of 2000.

The new "Amcoach" will resemble the rounded Metorliner car, except that it will not carry its own electric motive power. Instead, it will be hauled by locomotive, thus allowing it to range outside the Northeast on other short-distance routes. Floor tracks in the new coaches will permit variable seat spacing.

Most of Amtrak's attention is going these days to the short-haul routes in corridors with high population density—routes where an improved system could give the airlines a run for their money—but it is not letting the long-haul passenger train go the way of the stagecoach, as some jet-setters have predicted. Amtrak has ordered 235 bilevel cars from Pullman-Standard, for delivery beginning in 1977. The cars will provide coach seats, sleeping compartments, and dining facilities; diners upstairs should get the benefit of a much smoother ride. Seats will be spaced as far apart as first-class airline seats, with folding tray tables mounted behind each seat.

One reason why passenger service is more advanced in other industrialized nations where the railroads have been nationalized—the United States is virtually alone in preserving the private carrier—is its high public visibility. Passenger trains are good politics. America has, however, remained the leader in the profitable side of railroading, that of the freight business.

New cars, like a monstrous boxcar able to carry 30 new compact autos strung up like sides of beef, have kept the freight business competitive with trucking.

There is even an idea for a futuristic freight train able to run on existing track. Looking something like a multilegged caterpillar with the bill of a platypus, the Coaxial Train would have no cars: Instead, the long train would snake around curves as a single flexible unit, with a wheel every four feet on each side. Each wheel would have its own small motor, powered by electricity from onboard diesel generators—sort of the four-wheel-drive principle, multiplied hundreds of times. The Santa Fe Railroad, which developed the concept several years ago, claimed it would make possible higher speeds, longer trains and heavier loads. But the idea has been sitting in the file cabinet of somebody at DOT the last few years, and there are no plans to pursue development right now.

Some private American railroads are working to upgrade track. Main lines are slowly being relaid with continuous welded rail. Normal rails are 39 feet long, and are held together by joint bars that must be tightened constantly. Wheels wear out, track bends at the joints, ballast is pounded down. Welded rail, on the older hand, has no joints: It is laid in 1440-foot lengths, and these are welded together in the field. Where welded rail appears, the only loss will be felt by romantic passengers who miss the clackety-clack of jointed track.

With diesel fuel costs up nearly 200 percent in two years, railroads have been looking at the possibility of large-scale electrification. At present only 1100 route-miles out of 200,000 in America are electrified, practically all of that between Washington and New Haven, Conn. One study showed that using electric locomotives could reduce energy costs by 34 percent; Another study found that 22,000 miles of track had sufficent traffic to warrant electrification. GM is interested in the possibilities for extensive electrification: It recently rolled out a prototype, 6000-hp all-electric locomotive for freight, and is at work on a 10,000-hp locomotive. So why don't you read about electrification projects? Because the cost of electrifying can run anywhere from $55,000 to $100,000 a mile. It seems unlikely any large-scale electrification will take place without massive government support.

Right now the object of the game being played in Washington is to find a way to improve track so that 120-mph trains can go 120 mph, without upsetting competitive railroads, trucking firms, banks with claims against bankrupted roads, or the taxpayers, whose money must eventually be spent in huge amounts.

One proposal in Washington is to put a WPA-like labor force to work improving roadbed with federal money, thus providing needed employment in a sensible place. An old proposal that is getting a fresh look is to have the federal government take over all track in the country and maintain it like the highway system, with private carriers paying rent and no longer worrying about upkeep.

To get speed up to 120 mph, some places would require, in addition to track work, expensive tunneling and straightening of curves, which just may not be possible. "Obviously you can't tear down all the houses along the way to avoid a curve," Houser observes, adding, "Only highways can do that." At any rate, the price tag for necessary right-of-way improvements could run over a billion dollars for the Northeast alone.

"If we're going to build a whole new rail line, then I'd like to talk the government into getting more for its money than the Japanese did," says Bob Parsons, the FRA's Research and Development man. He points out that, despite nightly track work, the Japanese have found that the welded rail they laid in 1964 for the New Tokaido Line has worn faster than expected, and they may have to close the line temporarily to rebuild it. "If we're going to build a whole new right-of-way, then it's time to go for the quantum leap."

When America gets ready to make that quantum leap—and it's a matter of when, not if—it seems likely that, as with the turbine train, the technology will come from overseas. While DOT has pretty much suspended its research in the "Buck Rogers stuff," other countries, notably West Germany, are pressing on—though they, too, have grown more cautious as money grows tight.

In West Germany, two consortiums are developing, with government financing, two separate magnetic levitation vehicles, one operating under the attraction principle and one by repulsion (see diagram). By "floating" vehicles above the guideway, the Germans hope to overcome the speed limitations of friction, and thereby fill the transportation niche existing between conventional rail and air travel. There is a long-range plan to bisect the country with such a superspeed system, and feed it from the sides with high-speed conventional rail. Presently, there are plans to come up with a 300-passenger prototype train set by 1979, capable of running at 250 mph.

Meanwhile, out at Pueblo, it appears the prairie dogs who share the semidesert with DOT may be getting a reprieve. DOT got a Tracked Air Cushion Vehicle up to 100 mph, and is adding another 2.7 miles to its 3-mile concrete U-shaped guideway in order to reach 150 mph. But the project will be dropped at that point, unless some state or local transportation authority can be persuaded to pick it up. A second ACV, with a larger induction motor, is never going to get more than 1500 feet of track to run on; its 300-mph motor will be tested at 30 mph.

DOT had some success at Pueblo with its Linear Induction Motor Research Vehicle (LIMRV), which operates with wheels on standard rail. Its purpose was to test the motor used in levitated vehicles. It is, however, outfitted with a jet engine. Once the car has been accelerated, the induction motor takes over. On Aug. 14, 1974, LIMRV established a world's speed record for steel-wheel-on-steel-rail vehicles: 255.4 mph. That's pretty fast to be going on a six-mile track, and five braking systems are used to stop it.

Don't wait for the LIMRV to come to your neighborhood. A special 22-inch-high-fin called the Reaction Rail runs down the center of its track, and presents all sorts of problems for practical use. How, for example, do you switch tracks if you must constantly straddle a Reaction Rail? Some researchers think they may find the solution in a "single-sided" LIM, which would not need a vertical rail.

But they won't find the solution at Pueblo, where researchers are turning their attention to problems of wheel wear and train/automobile collision impact studies. For now, improved rail transportation in the U.S. will depend not on a great technological leap, but on a series of small steps. And it may still take a small political miracle—finding a way to improve track—before even the small technological miracles get a chance to show their stuff.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, once again I ask my colleagues to reflect on the effective U.S. leadership at the 1945 San Francisco convention, which led directly to a strong endorsement of the international promotion of human rights in the U.N. Charter.

Because the Charter recognized that unchecked domestic oppression often leads to foreign aggression, as demonstrated by the Axis powers, the U.S. delegation strongly supported the human rights section.

Thirty years ago it was the United States that led the worldwide struggle for human rights. Obviously, we can be proud of our leadership role at the San Francisco convention. However, for these past three decades we have been resting upon our laurels, eroding our initial position. I believe that the American people support international standards of human dignity. We wish for all peoples the human rights which we cherish.

Unfortunately, perennial criticisms concerning the Genocide Convention are heard. These critics ask: what good will come about from ratification of the accords when our own laws already protect us from the threat of genocide?

Mr. President, my answer to these critics is this: The United States has as its stated foreign policy objective the promotion of peace and freedom. Human rights, including the right to live in peace, are historically interdependent. When the human rights of any people are threatened, peace itself is in jeopardy.

Hence, I call upon this Senate to assume a position of leadership by ratifying the accords forthwith.

NUCLEAR WEAPONS USE

Mr. CLARK. Mr. President, last week my distinguished friend and colleague, Representative Pat Schroeder, of Colorado, took part in the National Town Meeting here in Washington, appearing with Admiral Elmo Zumwalt, former Chief of Naval Operations, and Moderator Helen Thomas.

In her prepared remarks Representative Schroeder took note of a disturbing trend in the Ford administration. She said:

> We are watching an Administration preoccupied with making the use of nuclear weapons more agreeable, not less agreeable.

She went on to take issue with the administration's switch to counterforce theory, which she described as a "curse in disguise," leading the public to imagine that it does not involve massive civilian deaths and injuries.

I ask unanimous consent that Representative Schroeder's statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

When Should the United States Use Nuclear Weapons?

(Opening statement of Pat Schroeder)

The United States should be pursuing a military policy that will minimize the importance of nuclear weapons in our arsenal. The nuclear weapon should be considered a weapon of last resort. The opposite philosophy apparently runs rampant through the present Administration.

We are watching an Administration preoccupied with making the use of nuclear weapons more agreeable, not less agreeable.

The United States should concentrate on fighting conventional wars and stop looking at our troops overseas as little more than a nuclear tripwire. Our conventional fighting capability should keep us out of nuclear wars, not let us into them.

The counterforce theory, put forth by Secretary of Defense Schlesinger, is another leading culprit in the drive to make the use of nuclear weapons appear less dangerous. Counterforce is a curse in disguise.

Counterforce strategy directs Soviet and American missiles to be aimed at the military targets of the opposing country. This targetting supplements the traditional practice of targetting missiles against your adversary's population centers (countervalue).

One argument supporting reliance on counterforce is that it is more humane to attack your opponent's missile silos rather than his people. Unfortunately, this theory overlooks the fact that attacks on military targets will still result in massive civilian deaths and injuries.

Only last week, figures released by the Senate Foreign Relations Committee indicated that Pentagon casualty estimates for such an attack against the United States are far too low. Secretary Schlesinger had assured the committee that such an attack against our country would be "limited" in its effects. Only 800,000 deaths were expected to result!

We are now told that a "limited" counterforce attack against the United States would be likely to result in from three to 22 million American deaths. We should never begin to believe that there is a "safe" way to fight a nuclear war.

We listen to enthusiastic discussions of the benefits of tactical nuclear weapons—small weapons with shorter ranges than the missiles and bombers which can cross from continent to continent. The Administration is apparently convinced that the odds are against a reckless escalation to total war once the initial introduction of nuclear weapons has been made during a conflict.

Do we really want to play the odds when the stakes are so high?

The decision whether or not to escalate, moving to ever-more destructive weapons, is not only ours to make. Both countries involved in a military conflict must make that decision. We have no way of controlling the judgment of our adversary. We must remember that the comforting estimates of decisions our opponents are likely to make in the chess game of nuclear strategy have never been tested in a world where both combatants have large and varied arsenals of nuclear weapons.

Even the Japanese response to the American nuclear attacks at Hiroshima and Nagasaki offer no lesson for us here. A country has never struck a nuclear blow against another country capable of responding in kind.

Emotions run high during the devastation of war. Chains of command break down regardless of how tightly organized they may be. In the nuclear ball game your first mistake is your last.

We have two courses of action to follow if we wish to minimize the chance of nuclear conflict. First, we must consider our conventional capabilities with renewed seriousness. Second, we must put an end to the current counterforce strategy espoused by the Secretary of Defense.

Increasing our conventional capabilities will offer helpful protection from being backed into a corner whose only escape route is nuclear. Terminating the counterforce strategy—and the high accuracy missiles and cruise missiles being developed to implement it—is essential. Ending counterforce will let both the United States and the Soviet Union be a little less nervous around the nuclear trigger in the years to come.

Before pursuing the problems of counterforce, I would like to underscore the importance of conventional capability. Maintaining a firm capability to fight a conventional war in Europe, would decrease the chance of nuclear weapons being brought into use there.

The nuclear threshold—that fine line crossed while moving from conventional weapons to nuclear weapons—should be kept as far away as possible. However, we must also realize that committing ourselves to a strong conventional defense overseas requires the support of our allies. We should push them in this direction.

The dangers posed to United States security by counterforce strategy cannot be overestimated. There is only one situation which we can predict will force us to resort to nuclear weapons. Only an attack upon the United States would—without doubt—elicit a nuclear response on our part.

The Number One military priority of the United States should, therefore, be to deter a nuclear attack upon our homeland. Traditionally our deterrence strategy has considered it essential to avoid provoking such an attack. Counterforce targeting—aiming high accuracy missiles against the missiles of the Soviet Union—changes all this.

A new generation of technology is being developed to carry out attacks on Soviet missiles with the highest probability of success possible. The precision MaRV—the maneuverable re-entry vehicle—is much more accurate than current missiles. Once the intercontinental trip of the MaRV missile has been completed, the missile would then be able to make certain that it is still on target.

A high precision MaRV launched from a submarine would have a 99% probability of destroying its hardened military target. In contrast, today's submarine launched ballistic missile (SLBM) of the same megaton size would have only a seven percent probability of destroying its hardened military target. From these figures, the danger of precision MaRV begins to become self-evident.

The knowledge that your opponent has a precision MaRV aimed against your silos make a country very nervous. Very nervous indeed. That targeted country might even be nervous enough to attack its opponent first—in this case attack us—before we could even have a chance to attack them.

Countries will be getting very itchy trigger fingers if MaRV moves off the drawing boards and into the arsenals. And MaRV, I would like to emphasize, is offered up by the Administration as its answer to the never-ending uncertainties of the arms race. Perhaps it is the answer. The Administration's answer apparently is to get the whole thing over with sooner rather than later.

With the development of MaRV, size or throwweight of missiles becomes secondary. The question to worry about is how accurate is the missile aimed against you? A country doesn't have to send over very many or very much if it can be certain that what it does send will effectively destroy its target. Not many things in life come with guarantees of more than a 99 percent effectiveness.

The Administration's enthusiastic endorsement of the cruise missile must also make one wonder where the Administration's planners are moving in their continuing quest for military supremacy. We are never content with sufficiency any more. We always have to have more than enough.

The cruise missile is a relatively inexpensive missile that follows its own course, with assured accuracy, and is nearly impossible to detect by radar. It is small enough, slow enough and able to fly low enough that a radar screen has difficulty telling the difference between a cruise missile and a goose.

Being mistaken for a goose is great for the cruise missile on its way to its target. But it will be a sorry day for us all when a goose on the wing is mistaken for a cruise missile heading for a Soviet target.

When should the United State use nuclear weapons? Only when the use of those weapons is absolutely essential to the preservation of the United States.

Counterforce strategies threaten to launch us into an era fraught with the dangers of nuclear strikes launched in error by leaders who have been made far too nervous by the other side's threats.

Consider the recent refusal of Secretary Schlesinger to rule out a possible first strike attack by the United States upon the Soviet Union: In a July 1 press conference, the Secretary of Defense stated with all the vagueness that he could muster, "First use could conceivably, let me underscore conceivably, involve what we define as strategic forces and possibly, underscore possibly, involve a selective strike at the Soviet Union."

Mr. Schlesinger's response makes me nervous even if the Soviets aren't worried. I hope the Soviets don't feel the same way about us. Perhaps they do.

I suggest that we back away from this nuclear brinksmanship philosophy and try to edge back into the shadow of conventional wars whenever possible. Wars that can result in twenty-two million deaths on one side during a strike considered "limited" are a bit too dangerous for my tastes.

THE RAILROADS

Mr. ABOUREZK. Mr. President, with the decline of our rail system we have seen the passage of the Regional Rail Reorganization Act, the establishment of USRA, Amtrak, and the possibility of Conrail. Yet throughout all these efforts the question remains, as Mr. Hall points out in his article:

> Whether or not the railroads can, under the plan devised by the USRA, meet these needs and become financially self-sufficient, while at the same time taking into account environmental and energy conservation considerations.

Mr. Hall is a special assistant to the general counsel of the U.S. Environmental Protection Agency. In his article, which appeared in the September issue of Environment, he points out a number of shortcomings in the USRA reorganizational plan. Among those are the environmental impacts; the effect of reorganization on energy conservation; the need for further analysis of electrification of rail lines, and costs.

The article suggests we are far from a reasonable rail reorganization program. This is a reasonable statement.

Mr. President, I ask unanimous consent that the article by Mr. Hall, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Environment, Sept. 1975]

Straightening Out the Rails

(By Ridgway M. Hall, Jr.)

One evening, not long ago, the Penn Central Railroad's 5:08 commuter train from New York to Stamford, Connecticut, and points east was reported "lost." Anxious housewives were told, "Nobody knows where it is." The passengers eventually got home over five hours late, victims of an electrical equipment failure—an all-too-frequent occurrence these days on the Penn Central's rundown commuter lines. The commuters themselves, most of whom are normally unflappable business executives, have become so exasperated that they have formed a Commuters' Action Committee—a move not lightly undertaken by a group for whom Ralph Nader is hardly a folk hero.

Freight shipping by rail in the Northeast is faring no better. Not only have revenue passenger-miles declined 80 percent from 1947 to 1973, but the share of the nation's intercity freight carried by rail has dropped from about 67 percent to 39 percent over the same period. With the drop in volume of service has come a drop in quality and efficiency as well.

The decline of rail service, both passenger and freight, poses problems that extend far beyond the field of transportation. Environmental protection, land-use planning, and energy policy are all directly affected. The search for a solution, moreover, raises fundamental questions concerning the respective roles of government and private enterprise in financing any such solution. It is thus particularly appropriate for those concerned with the environment to take a close look at the solutions being advanced to current railroad problems since the policies and approaches taken in the railroad industry will have both immediate and long-term impact on the environment. While most of the plans now being considered have a regional focus, they could become the basis for a national transportation policy.

One indication of the direction that such a policy could take is to be found in the implementation of legislation passed by Congress in late 1973. At that time, with eight of the major Northeast railroads in bankruptcy, and the trustees of the huge Penn Central threatening to liquidate its entire operation at the behest of its creditors, Congress passed the Regional Rail Reorganization Act.[1] Under the act, which was signed into law on January 2, 1974, Congress established the U.S. Railway Association (USRA), a nonprofit government corporation. The USRA was assigned the task of restructuring the Northeast and Midwest rail lines to create a "financially self-sustaining rail service system . . . adequate to meet the needs and service requirements of the region"[2] and of the national rail transportation system. Whether or not the railroads can, under the plan devised by the USRA, meet these needs and become financially self-sufficient, while at the same time taking into account environmental and energy conservation considerations, has now become the subject of widespread debate.

REORGANIZING THE RAILROADS

Under conditions set forth in the act, those lines which are, or can be made, profitable are to become part of the newly created Consolidated Rail Corporation (ConRail) in exchange for securities in the corporation. Unprofitable lines can be retained only in exceptional circumstances, but otherwise they may be offered for sale to another railroad, conveyed to state departments of transportation, or abandoned. If a state wishes to continue service on such lines, most of which are light-density feeder routes, the act provides federal subsidies for 70 percent of the operating costs for two years, with the state picking up the remaining 30 percent. In addition, certain passenger lines or services can be transferred to Amtrak, the National Railroad Passenger Corporation. Pending implementation of a final system plan scheduled for next year, the USRA is authorized to provide emergency financial assistance to any railroad undergoing reorganization.

The magnitude of the problems facing the USRA is formidable. The eight bankrupt railroads (the Penn Central, Ann Arbor, Erie Lackawanna, Boston and Maine, Central of New Jersey, Lehigh Valley, Reading, and Lehigh and Hudson River) together employ nearly 120,000 people and move over 42,000 freight cars daily. They serve seventeen states with 40 percent of the country's population. In 1972, the eight railroads accounted for over 13 percent of the total freight carried in the nation. Giant among them is the Penn Central. Operating over some 20,000 miles of rail, the Penn Central serves 55 percent of the nation's manufacturing plants with 60 percent of its manufacturing employees. It is the nation's leading carrier of autos, chemicals, coal, metals, and manufactured consumer products. Yet between June 1970 and December 1973, the Penn Central lost $851 million, with no sign of a turnaround in its financial status.

Under the Rail Reorganization Act, the USRA was, at this writing, to submit a final system plan to Congress by July 26, 1975, which the Congress was then to review within 60 days. (The preliminary plan, discussed in detail below, was issued in February.) Although the primary concern has been with freight movement, the USRA must also consider improving high-speed rail passenger service between Washington, D.C., and Boston, as well as short-run commuter service. The final plan is required to satisfy all pertinent environmental standards, including the national ambient air quality standards established under the Clean Air Act. The USRA is further directed to foster "utilization of those modes of transportation in the region which require the smallest amount of scarce energy resources." This will mean retention of at least some unprofitable lines in situations in which abandonment would result in extensive energy-wasting trucking.

In addition to the practical obstacles posed by the size of the task, the USRA is placed in a further dilemma in attempting to reconcile the often inconsistent statutory goals of the act. For example, the requirement that service levels be adequate to meet the needs of the region appears to be irreconcilable with the mandate that the system be "financially self-sustaining," at least for the present, and probably for the next decade. Then too, maintaining environmental standards, and specifically clean air standards, as well as retaining access lines to areas where fossil fuel resources are located, will require retention of some unprofitable lines, thus again conflicting with the objective of financial self-sufficiency. Similarly at odds with this objective is the statutory goal of "retention and promotion of competition," which is often financially ruinous without serving "consumer needs" and other efficiency considerations mentioned in the act.[3] Although each of the various goals may be desirable in itself, as a practical matter there will have to be some compromises.

PRELIMINARY PLAN

Last February 26, the USRA unveiled its 820-page Preliminary System Plan,[4] the "dry run" required by the act. This gave the public its first look at the USRA's game plan. The bankrupt railroads directly involved are the Penn Central, Reading, Erie Lackawanna, Lehigh and Hudson River, Lehigh Valley, Ann Arbor, and Central of New Jersey. The USRA has proposed placing 15,000 route-miles, consisting mainly of moderate- to heavy-density shipping routes and 3,400 miles of light-density feeder routes, into Con-Rail. These routes carry more than 95.5 percent of the traffic currently generated by the bankrupt lines. The remaining 6,200 miles of light-density, unprofitable lines are eligible for operation by state or local governments or private organizations. Congress has appropriated $180 million for the subsidy program to continue operation of these excluded lines for two years. After that, the excluded lines would be continued on some other financial basis not spelled out in either the act or the system plan, or abandoned.

After considering several alternative regional strategies for reorganization, the USRA adopted a "three-carrier" approach involving ConRail, which consists primarily of the Penn Central and parts of other bankrupt lines, and two financially viable systems, the Chessie (officially the Chesapeake and Ohio) and the Norfolk and Western. The Chessie and the Norfolk and Western would pick up some of the lines currently operated by one or more of the seven bankrupt railroads named above. On May 29, the USRA Board of Directors voted to carry this approach forward into its final plan. The territorial coverage of these systems is such that it will provide major freight-shipping routes throughout the Northeast. Some degree of competition and coordination of services to other areas will be provided without wasteful duplication of route lines. Indeed, the Norfolk and Western, the Delaware and Hudson, and the Boston and Maine could operate as an integrated system, should they wish to do so.

Although the Norfolk and Western has been somewhat cool to the idea of assuming responsibility for operating lines for which profitability is questionable, the Chessie has evidenced a willingness to take on substantial portions of the Reading and Erie Lackawanna lines, as well as the Penn Central's lines in the Charleston, West Virginia, area south of the Ohio River. Details as to cost of acquisition of the lines are still to be worked out and are awaiting eventual court approval, but it appears as of this writing that the three-carrier concept will go forward basically as planned.

Passenger service, according to the USRA, must offer the public "speed, comfort, and reliability." To accomplish this, the preliminary plan calls for rerouting most of the rail freight shipping off the main Washington, D.C.-to-Boston corridor to clear the tracks for high-speed passenger service to be operated by Amtrak. It is anticipated that, by 1990, these passenger trains will leave at fifteen-minute intervals and travel at 150 miles per hour. Sixteen other smaller corridors for passenger service in the region would also be developed.

The preliminary plan emphasizes that adequate and effective passenger and freight rail service is an essential part of our national energy conservation and environmental protection policies. Citing "the railroads' potential as a fuel-efficient, land-conserving, and low-pollution alternative for future traffic-growth," the USRA documents the fact that electrically run trains consume less energy and are far cleaner than alternative modes of transportation. The report also points out that, with four carloads of goods, diesel locomotives surpass diesel-powered trucks when travel distance exceeds ten miles. Moreover, as the distance traveled and the size of the load increase, the savings in energy consumption by rail versus truck transport increase dramatically.

ABANDONMENTS CRITICIZED

On April 28, two months after release of the USRA's *Preliminary System Plan*, the Interstate Commerce Commission's Rail Service Planning Office (RSPO) released its written evaluation of the plan.[5] This evaluation was based on public hearings conducted by the RSPO in 27 cities throughout the region during the month of March, with over 1,900 witnesses testifying in the course of 87 hearing days. At those hearings, clearly the most controversial and widely criticized aspect of the USRA plan was the projected abandonment of light-density lines.

Most of the witnesses testifying at the RSPO hearings were shippers and manufac-

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Footnotes at end of article.

turers who felt that their businesses would be threatened by the abandonments recommended in the plan. This group not only vigorously criticized the proposed abandonment of lines affecting their businesses, but went on to attack the entire concept of abandonment as a means of providing adequate rail service throughout the region.

In addition, in numerous instances shippers and other witnesses produced data on the usage or profitability of particular lines that varied considerably from USRA data. The RSPO evaluation compares the USRA analysis and recommendations with the public response and the RSPO comments. According to the RSPO, discrepancies between the USRA's figure and public testimony were frequent enough to raise serious questions as to the reliability and accuracy of much of the USRA data.

For example, the USRA reported that in 1973 only 84-carloads of freight were hauled on line 444a from Vassar to Denmark Junction, Michigan, and recommended abandonment. Public testimony presented by the Bay City (Michigan) Planning Commission, and corroborated by the shipper-users, indicated shipment of 1,295 carloads during that period, most of the freight apparently having been incorrectly attributed by the USRA to another line. Abandonment of line 444a, as the USRA suggests, would force the closing of several companies that depend on this line for their shipping needs. One affected company, Wickes Agriculture, which shipped 695 carloads over the line in 1973, plans an 80 percent increase in volume if rail service on the line continues.

The USRA also recommended exclusion of a 3.4-mile section of the Bay Ridge-to-Parkville, New York, line, based on insufficient volume—76 carloads in 1973. The G and R Packing Company, however, testified that it generates 187 carloads annually over the line, which is a direct link with the Port of New York as part of the New York Dock Railway. The following companies testified that service by this railway is essential to their operation: Prudential Lines, Supreme Equipment and System Corporation, Guide Systems Supply, Hellenic Lines, Moore-McCormack, American Export Lines Universal Maritime Services, and Warshaw Manufacturing Company. Exclusion of the 22-mile line between Arcanum and Troy, Ohio, was suggested by the USRA even though the line generated a $62,793 profit in 1973. This line serves two industrial parks, the growth of which, it is claimed, would be stifled by abandonment of the line. Huntsman Container Corporation, located in one of the parks, is holding in abeyance a 50 percent expansion program pending settlement of the rail-service issue. Huntsman representatives stated that transportation costs would increase 200 percent if the company had to switch to trucking; the Troy (Ohio) Chamber of Commerce pointed out that 12,000 people depend on Huntsvile for jobs.

The USRA recommended exclusion of the 6.9-mile line from Mount Dallas to Creek, Pennsylvania, based on an alleged 1973 carload figure of 327 and a loss of $37,506. The Pennsylvania Department of Transportation testified at the RSPO hearings that the line had, in fact, generated 482 carloads of freight that year, for a profit of $58,992. The USRA found that Everett Railroad, a switching company for Penn Central that interchanges freight at Mount Dallas, served only three shippers, while Everett reported serving twelve. In addition, three coal producers are located on the line.

According to the USRA, the Parkesburg-to-Lancaster, Pennsylvania, line, operated by the Penn Central betwen Philadelphia and Pittsburgh, lost $85,339 in 1973. Analysis by a group of seventeen rail users, however, showed a profit on that line of $36,200. In other testimony, witnesses proposed expanded use of the line, expressed concern over the high cost of converting to trucks, and noted the substantial loss of jobs likely to result from abandonment.

Numerous other examples of wide discrepancies between the USRA figures and the public testimony concerning use and profitability of the light-density lines could be given. The USRA has conceded some errors in its figures. In response to data developed at the RSPO hearings, it has now included several dozen lines previously scheduled for exclusion, and is reevaluating others. In addition, it is not entirely clear what consideration was given by the USRA to the profitability, the impact on job markets and local economies, and the costs (both monetary and environmental) of conversion to trucking should the lines be abandoned.

At the heart of the light-density line controversy—even beyond discrepancies in figures—are the assumptions by supporters of those lines that exclusion means abandonment, and that the only way to avoid such a fate is to include them in ConRail. Most shippers seem to have assumed, with some justification, that the continuation subsidies will be short-lived, and that neither the states nor other solvent carriers will move in and continue these lines, with the result that they will be left without service. One alternative to placing the unprofitable lines into ConRail (which would substantially worsen ConRail's own chances for eventual financial self-sufficiency as mandated by the Rail Reorganization Act) would be to appropriate additional federal funds to maintain the lines. Both Congress and the Ford administration have responded to this need. President Ford has proposed new legislation to extend the subsidy period beyond two years. Both the Senate Commerce Committee and the Subcommittee on Transportation and Commerce of the House Interstate and Foreign Commerce Committee have held hearings on the USRA plan, as well as a variety of proposed railroad legislation, much of which is intended to increase both the percentage and the duration of federal subsidies for the light-density lines.

ENVIRONMENTAL CONSIDERATIONS

Another shortcoming of the USRA's preliminary system plan is that in recommending exclusion of lines from ConRail the authors of the plan apparently took little account of the transportation control plans developed by the Environmental Protection Agency (EPA) under the Clean Air Act. For example, a number of lines in Ohio, Pennsylvania, and Connecticut were excluded although the EPA has identified them as important parts of those states' transportation control plans. In Massachusetts, several lines were excluded despite testimony from EPA spokesmen, and business groups, that exclusion would encourage further road construction and use, which in turn would have a serious adverse effect on air quality.

The USRA expressly recognized the importance of conserving energy and minimizing adverse effects on air quality. Nevertheless, the recommendations of their system plan appear to fall short of these objectives. Insufficient attention was given to the impact on air quality, for example, both in route selection and in decisions to encourage use of trucking on short hauls. Thus, while short-haul trucking in some instances consumes less energy than shipping by rail, if the particular location already has a serious air pollution problem the USRA should opt for electrified railroads and not trucks.

The USRA system plan also contains no in-depth analysis of the effect of reorganization on energy conservation. It recognizes the potential energy savings from electrification of lines, while also recognizing the substantial initial capital outlay necessary for extensive electrification. However, in writing the plan, no significant application of these facts was made to particular ConRail or non-ConRail lines. Further analysis is required if meaningful decisions are to be made on electrification, whether for particular lines or for specific regions.

In keeping with its legislative mandate, the USRA has recommended that branch lines serving coal-mining areas be retained, even if the lines are unprofitable, unless they are in need of major repairs. For those mines not presently active, but which could be reactivated should there be a national need for coal, the USRA proposes that the rail lines serving them be retained in a "rail bank." Finally, if major repairs are needed on such inactive lines, the USRA has proposed that these lines be placed in a "right-of-way bank" from which track could be salvaged and replaced as necessary.

COSTS OF REORGANIZATION

Admittedly, the cost of all these upgraded services and rehabilitated facilities will be substantial. Shippers and passengers will have to bear a larger share of the operating costs if the system is to be financially viable. The USRA's financial projections for ConRail show that it will have a net deficit of $91 million in 1976, break even in 1978, and achieve a net income of $382 million in 1985. However, the capital expenditures for rehabilitating properties and equipment will cause an actual negative cash flow for the first twelve to fourteen years of its existence, resulting in a shortfall of approximately $3 billion, of which only $1 billion is covered by federal guarantees provided under the existing legislation. It is expected that the federal government will have to pick up the difference. Moreover, severe inflation could considerably worsen the picture.

Ironically, the current financial problems of the lines were underscored only three days after release of the USRA's preliminary plan when President Ford signed bills providing $347 million to allow the bankrupt railroads to continue operations through the end of this year, plus $125 million for emergency assistance to railroads which are now reorganizing but are not limited to the ConRail region. It seems reasonably certain that the taxpayer will end up bearing an even greater burden in rehabilitating the railroads than existing legislation contemplates.

Furthermore, pending legislation may add to the bill.[6] In addition to proposals to substantially increase subsidies to light-density lines, there is some talk in Congress of extending the ConRail concept nationwide. A modification of this approach involves a USRA backup recommendation to create Confac (Consolidated Facilities Corporation). Confac would own and maintain railroad beds, track, and equipment, leasing them to railroad operators. Although the USRA discussed Confac in the context of ConRail, some congressmen feel the idea has merit nationwide. Here too, the financing would be federally furnished or guaranteed.

NATIONAL TRANSPORTATION POLICY

Some people have lamented this intrusion of government into the railroad business. Others feel the railroads will receive undue benefits. Joseph Albright, Washington, D.C., correspondent for the *San Francisco Chronicle*, writing in the *New York Times Magazine*,[7] termed such government intrusion "special interest socialism." He noted that the Rail Reorganization Act was drafted not by a congressional committee but by the general counsel of the Union Pacific Railroad, and that advice on financing was provided not by disinterested experts or government officials, but by the First National City Bank which stands to receive $300 million in Penn Central prebankruptcy loans repaid under the act.

Footnotes at end of article.

Regardless of who wrote the bill or why, the need for adequate and effective rail service cannot be seriously questioned. Nor, unfortunately, can the inability of private enterprise to meet that need in the Northeast and Midwest under present economic conditions. So far, Congress has rejected outright nationalization, and has chosen, through the USRA, to put the system back on its feet primarily through ConRail and Amtrak with the hope that by 1990 the entire operation will be financially self-sustaining.

The system plan adopted by the USRA still has some distance to travel before adoption. It must undergo further congressional scrutiny. Governor Hugh Carey of New York has announced it is unacceptable, and Governor Milton Schapp of Pennsylvania has his own idea for a railway trust fund, patterned after the federal Highway Trust Fund, to help avoid abandonment of any lines. New Englanders are disturbed by the plan's failure to provide freight shipping through New York along the eastern corridor, and many feel rail traffic in general should be increased, not decreased, as appears likely under the USRA plan.

Whatever the outcome, the debate surrounding the Regional Rail Reorganization Act will very likely help to shape the direction of a national transportation policy. Increasingly, considerations of energy conservation, air pollution, and land-use planning are leading to a widespread realization that our transportation and shipping needs cannot be met by the interstate highway system alone, and that a more balanced approach must be developed. This necessarily must include increased use of the rails.

FOOTNOTES

[1] P.L. 93–236, 45 U.S.C., Sect. 701 et seq. (1974).

[2] P.L. 93–236, Sect. 206 (a), 45 U.S.C., Sect. 716 (a) (1974).

[3] These efficiency considerations include, for example, efficient movement of passengers through commuter and intercity routes, coordination of freight service with Amtrak passenger service to make the best possible use of existing lines, a coordinated response to marketing needs, economies in operating costs, and rehabilitation and modernization of track, equipment, and facilities. See generally the "goals" set forth in P.L. 93–236, Sect. 206(a), 45 U.S.C., Sect. 716(a), and the "factors" to be considered under P.L. 93–236, Sect. 206(b), (45 U.S.C., Sect. 716(b).

[4] United States Railway Association, Preliminary System Plan, Washington, D.C., Feb. 26, 1975.

[5] Interstate Commerce Commission, Evaluation of the U.S. Railway Association's Preliminary System Plan: A Report of the Rail Services Planning Office to the U.S.R.A., Washington, D.C., Apr. 28, 1975.

[6] See, for example, H.R. 7681 and H.R. 6351, each of which would inject additional federal financing into the railroads.

[7] Albright, Joseph, "The Penn Central: A Hell of a Way to Run a Government," N.Y. Times Magazine, Nov. 3, 1974, p. 16.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business?

If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the pending business, S. 2310, which the clerk will state by title.

The second assistant legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Durkin). Without objection, it is so ordered.

Mr. STEVENSON. Mr. President, I ask unanimous consent that Mr. Rip Forbes and Mr. Les Goldman of my staff be permitted the privileges of the floor during the consideration of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the Senator from New York (Mr. Javits) be added as a cosponsor to this amendment No. 948.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENSON. Yesterday the Senate, or the day before, rejected the so-called Fannin amendment which would have deregulated both onshore and offshore natural gas production. In so doing, the Senate—and emphatically by a vote of 57 to 31—recognized that uncontrolled natural gas wellhead prices would rise to levels established by the governments of the foreign oil-producing countries or to even higher levels.

By rejecting the Fannin decontrol amendment, the Senate emphatically rejected OPEC controls of domestic wellhead natural gas prices.

The amendment offered by the distinguished Senator from Kansas (Mr. Pearson) and the Senator from Texas (Mr. Bentsen) is, with only one exception, identical to the Fannin amendment. It perpetuates or would establish OPEC control of natural gas production onshore. The exception is for offshore production where it perpetuates FPC control of wellhead prices.

The standards for FPC control are changed, but FPC ratemaking continues as a procedure for establishing wellhead prices in the offshore domain.

So, Mr. President, the result, the purport of this amendment is to do the two things that nobody wants to do: in one case, to perpetuate OPEC control of natural gas prices and, in the other case, to perpetuate the discredited regulation of wellhead prices by the Federal Power Commission. That is the genius of this amendment. It combines the worst of all worlds, OPEC control onshore, FPC control offshore.

In the case of the offshore production, the result of such an amendment would be continued natural gas shortages. The new ratemaking procedures and standards would lead to extended litigation in which the courts would attempt to give meaning to the standards which otherwise are undefined. It would continue what virtually all the authorities agree should be discontinued, the price uncertainty which encourages many producers of natural gas to curtail the development of leases and production from those leases. They curtail production in anticipation of higher prices. Uncertainty and curtailment in the offshore domain would continue as a result of this proposal for continued FPC ratemaking in the offshore domain.

That is one result, continued natural gas shortages. The other result is greater inflation in the United States because of the decontrolled or OPEC-controlled onshore production of natural gas.

No one can say with precision or with confidence to what level the uncontrolled wellhead prices for natural gas would rise. But uncontrolled now in intrastate commerce, those prices have hit, on a spot basis, $2, $2.20. It does not take a genius to realize that when the demand of some 45 or 46 consuming States is added to the demand in the 4 or 5 producing States that the price, already as high on a spot basis as $2, will rise much higher.

The average price for intrastate natural gas has been recently about $1.30. The highest certificated natural gas price in interstate commerce is about 52 cents. Add on the demand of all of those consuming States and the price will skyrocket.

Asked what would happen, the Chairman of the Federal Power Commission said, with some reluctance, but he finally conceded in the latest of a long series of hearings on this subject, that the price would, on a spot basis, immediately reach $3.

Mr. Zarb, of the Federal Energy Administration, acknowledged as much also.

Those are conservative and reluctant estimates. The price is likely to go higher immediately, and, over time, it would certainly go higher. It would go higher than the OPEC equivalent for oil because of the extreme shortages of natural gas, as opposed to oil, in the United States.

Priced on an equivalent Btu basis, natural gas would be valued at about $2—it is already hitting that price—decontrolled, the demand in all of the 45 States added on, it would go up to $3, $4, to levels clearly in excess of OPEC levels established for oil. Unlike oil, this premium fuel is in critically short supply. Oil, for the short term, at least, is in ample supply.

The effect of such price increases for natural gas, which supplies about one-third of the Nation's energy requirements, is inflation. By 1977, the Task Force on Energy of the Senate Budget Committee estimates, the overall price levels in the United States would be increased as a result of the Pearson-Bentsen amendment by 2.2 percent.

It also estimates that unemployment would be increased in the same time by this amendment by 650,000 people. Six hundred and fifty thousand more people added to the ranks of the unemployed as a result of this one amendment. The result would be inflation, rising unemployment, and continued stagnation in the economy.

The result would not, Mr. President, be an increased supply of natural gas. Beyond a certain point, an increased price simply does not produce gas. It cannot produce gas which does not exist and to the extent production is marginally increased, the marginal increases in gas production are extremely expensive, so expensive that alternative sources become more sensible.

As a matter of fact, Mr. President, the administration's own Project Independence concluded that beyond the price of 85 cents we did not achieve significantly increased natural gas supplies.

As indicated, we are threatened with the possibility of $3 natural gas, for which the economy suffers inflation, recession, rising unemployment, and receives no significantly increased additional supplies of natural gas.

Other studies have concluded that the present average price for unregulated natural gas of about $1.30—higher than the Project Independence figure of 85 cents—would provide the industry with all of the necessary resources and incentives with which to produce natural gas and that natural gas supplies would substantially increase. They have concluded that beyond a price of $1.30, natural gas production does not increase.

What happens is that the inflation inflicted on the economy by such high energy prices inflates, in addition to everything else, all of the costs of the energy industry itself. So the high prices end up producing higher revenues and more windfall profits for an industry. The oil companies within that industry then compete strenuously among themselves for limited supplies of equipment, leaseholds and skilled management with the result that prices within the industry increase at rates in excess of those generally in the economy. We end up not with increased energy supplies, but with a very high priced energy industry.

In fact, that is what has happened. Energy production goes down, not up, as a result of the very high prices beyond a certain point.

Mr. President, it is curious, to say the least, that the President, Mr. Ford, among others, can recognize the inflationary and the recessionary consequences of high OPEC oil prices, as he has on many occasions. It was about a year ago in Detroit that he came close to threatening war against the foreign oil producers because of their high prices. Since then, those prices have risen. They were increased by about 10 percent within just a few days, and, once again, the administration blasphemed the foreign oil producers and wrung its hands.

The Administrator of the Federal Energy Administration called the price increase outrageous. Then, with a logic that is characteristic of this administration's approach to energy policy, the President turned around and criticized the Congress for not establishing the same prices here in the United States for oil and natural gas.

He criticized Congress for failing to act on his program, which consisted of nothing except a series of proposals to let the domestic wellhead prices for oil and gas rise to those established by the foreign oil producers.

To do so, of course, is not only inflationary and recessionary, but it also convinces the foreign oil producers that their prices must be too low, so they increase them, and the vicious circle takes another turn, and that has been what has happened.

This proposal, Mr. President, which I have offered as a substitute for the Pearson-Bentsen amendment, would protect the United States from the arbitrary extortionate energy pricing of foreign oil producers.

It would provide the industry with all the necessary resources and incentives with which to expand production of oil and gas supplies, at the same time that it also protects the economy from inflation, recession, unemployment, and more economic injustice.

It would create over time an easily administered, single tier price ceiling for both natural gas and oil, and at a level which would provide the industry with roughly a 14-percent return on equity, a handsome return, as well as the resources with which to expand domestic production.

Mr. President, it is a sad commentary on the quality of the Nation's leadership, and in industry as well as Government, that we, as a nation, have failed to come to grips with the cost of energy. We have failed to adopt a coherent national energy policy.

One of the reasons for that failure has been the inability of some to recognize that OPEC was here to stay, to stay at least for the foreseeable future. It was assumed by two Presidents and a succession of energy czars, members of their cabinets, their economic advisors, all of them practicing a doctrinaire economics, that a high price for oil would produce a surplus of energy, which, in time, would bring down the oil price.

It was assumed, after OPEC began and for more than a year, that the price would come down to a level of about $7. And those of us who argued that OPEC had it within its power and certainly within its intentions to bring down the production of oil before the price, were scoffed at. We have now been proved right. The oil price has risen once again, and with economic consequences which are unfortunate in the extreme, in the United States less so than in other major oil consuming countries. It is disastrous in the poorer countries.

Many of those who expected the oil price to come down have testified time and again that the United States should deregulate the price of natural gas as a means of providing the industry with additional incentives with which to produce natural gas, a commodity underpriced, a commodity in extremely short supply.

But now many of these figures, including many economists, who have come before the Commerce Committee in the last 2 years of hearings on this subject, have changed their views. In some cases the views were never understood. Individuals, including the Chairman of the Federal Power Commission, Mr. Nassikas, were quoted time and again in the press as favoring decontrol when they never supported decontrol. He from the beginning and others since the beginning have all indicated that there had to be some protection, some ceiling, to protect the economy against an extortionate cartel-determined price of energy in the United States.

Outside of the oil industry, it is very difficult nowadays to find anybody who would support OPEC regulation of domestic energy prices. In fact, the Senate rejected that proposition just 2 days ago when it rejected the Fannin amendment which would have permitted all domestic natural gas supplies to rise to an OPEC level or higher.

On several occasions Congress has enacted legislation to control the price of oil, recognizing, as virtually everyone does, that uncontrolled, the price of oil rises to an international level.

Mr. President, even this administration has, in the case of oil, finally, belatedly, accepted that fact of life that OPEC is here to say. It has accepted, to a degree, its own rhetoric that the high OPEC price is a cause of inflation and recession, and in the case of oil accepted in principle a ceiling in order to protect the economy for energy-induced inflation and recession.

In the case of oil it has accepted a ceiling of $11.25, but it has still not done so for natural gas. What is good in one case is just as good in the other. Perhaps even more so in the case of natural gas because of the critical shortages which could force the prices to even higher levels than the OPEC level for oil.

This amendment refuses to accept OPEC pricing of domestic energy supplies. It establishes reasonable ceiling prices for both oil and natural gas. For the first time it recognizes that the price of one cannot be sensibly controlled without reference to the price of the other. Natural gas is in critically short supply now, in part because it has been priced at an artificially low level. Consequently, an incentive has existed to burn, to consume, this relatively inexpensive premium fuel, natural gas. On the other hand, the incentive has existed to produce the relatively high-priced fuel, oil, which, in the short term, is in relatively ample supply.

As long as such a disparity exists in the pricing of oil and gas, shortages of natural gas will continue. Consumers will burn gas and producers will produce oil.

The Pearson-Bentsen amendment, like the rejected Fannin amendment, would eliminate that disparity by simply letting everything go up to the OPEC level or higher.

This amendment which I have offered rejects OPEC pricing. It places the United States, not the King of Saudi Arabia or the Shah of Iran, in charge of domestic wellhead prices for both oil and natural gas.

Instead of letting the prices go up to the OPEC level, it brings the natural gas price up, but it brings the oil price down, and establishes a new equilibrium, a related price for both.

Mr. President, this amendment establishes a $9 per barrel ceiling price for new domestic oil, and that price would remain constant in real dollars over a period of

5 years. Quarterly increases are limited to the GNP deflater, but not to exceed 5 cents per barrel per month.

The amendment also phases out price controls on old domestic oil over a 5-year period, up to the ceiling price established for new oil. It also gives FEA authority, subject to congressional approval, to exempt from price controls certain high-cost production categories, such as tertiary recovery, heavy oils, and synthetic oils.

H.R. 7014, the bill passed by the other body, establishes a series of price levels for oil, and therefore necessitates a complex allocation system. This amendment simply permits an exemption from the price controls for all of these very high recovery cost oils.

While my amendment establishes a new ceiling price of $9 for new oil, and the House-passed bill establishes a ceiling of $7.50 for new oil, the average price established in this amendment is lower, because of the exceptions for high-cost recovery in the different price levels established in the House-passed bill for high-cost oil.

The amendment gives the Federal Power Commission similar authority to exempt from controls high-cost natural gas. It establishes a single ceiling price for all new natural gas, based on the average new natural gas price in the intrastate market from August to November of 1975, but not to exceed $1.30 per Mcf, with quarterly increases based on the GNP deflater, but in no case to exceed 1 cent per Mcf per month.

Finally, Mr. President, it establishes authority in the President to establish or modify the pricing formula, subject to disapproval by either House of Congress. This amendment would therefore eliminate the pricing disparity which now exists between oil and gas, not by letting natural gas rise to the OPEC level or higher, but by holding down the price of oil and putting up the price of natural gas.

The initial average price for oil under this formula would be about $6.75, which is roughly equivalent, on a Btu basis, to the $1.30 price for natural gas. In that way, a reasonable price relationship would be established, and then, as a result of the price increases permitted in order to reflect inflation, the price relationship would be maintained in the future.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOSS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I wish to make a few remarks concerning the amendment that is now before the Senate because of the great importance of this amendment.

The future of the United States depends in large part on the policies which Congress will adopt concerning the economy and energy. Energy policy must attempt to restore a measure of control over prices and the supply of energy by reducing our vulnerability to the OPEC nations. There is a need for prompt and decisive action. We cannot afford any more false starts.

Energy is the lifeblood of the U.S. economy. In turn, economic progress will depend on the price and availability of energy. No issue has greater budgetary importance this year and in the years ahead than energy. The impact of energy policy on revenues, taxes, and on the general macroeconomic goals of fiscal policy is of great importance.

There is no sign that the OPEC cartel will dissolve or that oil prices will decrease in the foreseeable future.

As a matter of fact, we have been all but promised by OPEC that there will be another increase coming next year. One of the reasons, seemingly, that finally they came to agreement on simply a 10 percent increase now is that within another 6 months, the OPEC nations expect to come together and talk about a further increase in the price of petroleum.

The United States can minimize its needs for imported oil only by adopting policies to increase domestic production and to increase conservation efforts. Whatever policies we pursue in the short run appear to offer little prospect for altering our dependence on OPEC oil until the 1980's. However, if energy dependence is to be reduced in the next decade, the United States must begin now.

In formulating our long range plan to obtain independence, however, we cannot overlook the critical transition period. Actions best suited for independence are not necessarily the optimum for the period immediately ahead when the economy is weak. We must insure that the cure is not worse than the ailment.

This is directed to the argument that we can have immediate decontrol of gas prices and, by some, immediate decontrol of oil prices. There seems to be a rather consensus now that the domestic oil prices should not be decontrolled immediately, that there should be some period of transition with that. But despite having come to that recognition so far as petroleum is concerned, there seems to be rejection of the idea so far as natural gas is concerned.

Natural gas and petroleum are the two fuels that, side by side, furnish the major part of our energy supply in this country. One of the problems that came upon us was the lack of balance between pricing of oil and gas. Gas was held too strictly in control, perhaps, while oil made its way upward. Now, to rectify that, we are talking about turning natural gas entirely free, and that would be catastrophic.

It must be recognized that instant decontrol will not, as if by magic, turn the tap and provide an immediate flow of energy from a hidden reservoir. There will be costs involved, and it will take time to reach our goals, under any strategy. Our ultimate goal, of course, should be to restore free markets in energy. However, I think it is clear that we do not have a free market in oil in the United States today. The price of oil left unregulated by the Federal Government is pegged to the monopoly price set by OPEC. If natural gas is turned free it will impact on the market by going up to astronomic heights.

Among the primary policy questions now facing the Congress are:

What policies will bring about more efficient use of the domestic sources of energy—oil, natural gas, coal, and the others—without adverse economic impact?

What kind of policy should Congress adopt concerning consumer prices for energy?

Is the price of energy already at the limit of Americans to pay?

If energy prices continue to rise, what will be the effect on consumption?

Surely there is a point of diminishing return in using price increases to reduce energy consumption. At some point, all of the waste will be squeezed out of the system. Further price increases will begin to show up in a slow down in the economy, in higher inflation, reduced purchasing power, and higher unemployment.

It would not be a wise policy to allow the price of our natural gas and oil to match the OPEC price for oil or the Btu equivalent for natural gas. And, of course, if we let oil and gas go through the ceiling, coal will follow the upward price rise as well.

In hearings before the Senate Budget Committee Task Force on Energy, Charlie Shultze told us that there were no perfect solutions to the problem. Compromises have to be made.

There is no way to get back to 35 cents a gallon gasoline. Over the long run Americans will have to pay more than today's 60 cents a gallon. If energy prices are set too low, U.S. energy production will fall, demand will rise, and the country will depend even more heavily on high priced imported oil and natural gas.

On the other hand, we cannot remove Government regulation from energy, letting prices go wherever the OPEC cartel sets them. The damage to the economy and the hardship on individuals would be too great. According to our task force studies, immediate decontrol of oil and natural gas would add about 3 points to the rate of inflation and leave almost 1 million more Americans unemployed by the end of 1976.

Policy must seek a compromise that slowly diminishes our dependence on high priced imports without increasing the price of domestic oil and natural gas too rapidly. There are four important terms to this compromise:

First. The price of "new" oil from oilfields yet to be developed.

Second. The price of "new" natural gas.

Third. The price of "old" oil from oilfields already producing.

Fourth. The price of "old" natural gas.

New oil and natural gas prices should be simultaneously considered because our natural gas is found with oil. The combined price should be set high enough to provide adequate incentives for finding and developing oil and natural gas but not 1 cent higher.

Analyses indicate that oil at $9 a barrel and gas at $1.30 per Mcf provides an average after-tax return of about 14 percent on invested capital—if the prices rise slowly to compensate for general inflation. That return is good enough, but not too generous, at ths time when long-term, tax-exempt, risk-free Government bonds return almost 9 percent interest. A price of $11.50 a barrel for oil and $1.75 per Mcf for natural gas would be too high because that provides an exorbitant after-tax return of nearly 25 percent. On the other hand, prices of $7.50 for oil and $1 for natural gas are too low, because the yield is less than the return on Government bonds.

Generally speaking, the price of old oil and natural gas need not increase from present levels. In the case of natural gas fields already dedicated to interstate use, the gas produced should continue to be controlled at current levels. In the intrastate market, existing long-term contracts provide some protection that prices for new gas will not spread to old gas immediately.

No long-term contracts protect the price of old oil. We could control the price of oil from working properties at $5.25 per barrel forever or until those properties finally get depleted. But, unlike natural gas, only 30 percent or so of oil in a reservoir is recovered under normal techniques. More expensive secondary recovery produces what is really new oil. This additional oil should be priced at $9, not $5.25. So we need decontrol rates for old oil that separates what would have been produced at the old price from what is really "new" oil from old wells. Because it is administratively impossible to make separate regulations for each oil field, we need to apply some average natural decline rate to phase out old oil. The average decline rate is somewhere between 12 and 20 percent a year. Five years corresponds to 20 percent natural decline, the high end of the range. Decontrolling over 39 months, or any less than 60 months, would only provide unnecessary windfalls to producers. Even if these windfalls were taxed away faster, decontrol would produce unnecessary inflation and put unnecessary burdens on consumers.

In summary then, a balanced program is:

First. A $9 per barrel price for new oil combined with $1.30 per Mcf for new natural gas, both prices to adjust for inflation.

Second. No decontrol of old natural gas in interstate markets.

Third. Phasing out old oil over 60 months.

This is the program embodied in our amendment. It harmonizes our energy and economic needs. It is a workable compromise which will keep our economic recovery intact and set us on the path to domestic energy sufficiency.

Mr. President, I cannot emphasize too strongly the need, first of all, to find that point of compromise so that we have certainty and no longer will be subject to the confrontation that we have had for the past several months in this area, but we must get to the compromise because of the economic conditions we have in this country. We have an economy that has been depressed now and in recession and with high unemployment for several months, that now seems about to turn around. Some of the economists say the turnaround has already started and that we are beginning to recover from the depths of the depression. We have not seen very much happen yet so far as the pickup of employment is concerned and the announced wholesale price index of yesterday indicates that inflation has not deserted us. We are still being subjected to a very sharp amount of inflation. But, nevertheless, the economists say that we have reached the bottom and started to turn up. If, now, we give that economy a shock by a sudden acceleration in energy prices—and energy and food prices were the two triggers that set off the inflationary spurt before—if we get a shock of increase in energy prices going up very sharply, we will turn the economy downward again. We may expect, then, more extended and severe inflation and an increase in unemployment.

That, I think, should be avoided at all costs, and all of us ought to seek to do that.

On the other hand, we have to find an answer to this energy problem, energy supply, and energy costs and, particularly, importation of energy, because the OPEC cartel, which seems to be solid and is not weakening at all, will meet and regularly increase the price by whatever they care to do and whatever they think the traffic will bear.

As far as I can learn from their discussions, they have no concern or consideration of supply and demand, the cost of production, cost of exploration or transportation. The sole thing they are looking at, those exporting nations, is how much. "How much can we lay on in order to get our petroleum sold to other countries?" and, perhaps, "How long can the other countries bear it?"

We will be subject to that so long as we are dependent on imports for a large part of our production of petroleum and natural gas in this country.

We now import about 40 percent, and the amount is likely to increase rather than decrease until we can get back into full-scale exploration and production from the Outer Continental Shelf, get the Alaskan pipeline in place, and the North Slope oil coming down and also North Slope natural gas, and until we can begin to get into these other alternate kinds of energy such as coal gasification, coal liquefaction—we have vast amounts of coal——

Mr. LONG. Mr. President, will the Senator yield?

Mr. MOSS. I shall yield in just a minute. But we must open up those coal mines and produce that coal, and we need it not only as a fuel to burn but to convert it to other kinds of fuel that can be more readily transported, such as gas from coal and oil from coal which can be done. The Luftwaffe, in World War II, flew on oil made out of coal, so it can be done.

We just have to get on to doing that conversion, and that will take time. It is a matter of years and not just a matter of months.

I am glad to yield to the Senator from Louisiana.

Mr. LONG. I hope the Senator is aware of the fact there were those who contended that we ought to use this foreign oil because it could be had more cheaply, and they pursued that program to the extent where these imports were permitted to displace the domestic production in this country and, in effect, by bringing in the cheaper foreign oil they reduced the capacity of the domestic industry during the last 15 years. Fifty percent of all the domestic producers have had to go out of business because they could not meet that foreign competition.

Now, some of us have supported legislation to try to maintain the domestic industry, and we were not able to obtain a policy that would guarantee this would be an industry adequate to provide our needs.

The Senator well knows that the foreign costs, particularly in the Middle East, are far below ours. But the only nation that can break that OPEC cartel is the United States. We are the only ones that have the capability to do it in the free world, and we can do it, but we can only do it with coal.

Has it ever occurred to the Senator that when those people set that price they had in mind this was the only free nation that could break this cartel and if we were going to do it, we would have to do it, in large measure, by coal? We cannot produce energy any cheaper than they are selling it to us now.

Mr. MOSS. I do not know the calculations, but I remember very well the history the Senator recites. It is true we were importing petroleum at very low cost from foreign sources, the Middle East and elsewhere, for a long period of time, trying to give some degree of protection to our domestic industry.

But once those foreign producers nationalized their oil supply enough that they were in control of it—some of them wholly nationalized it all—then they came together and threw those other considerations out the window and said, "We now can charge you so much for oil," $11.50 or whatever it was set at, and announced another increase, going up from there.

Mr. LONG. So my question to the Senator, going on from there is, Can the Senator demonstrate to me that we in this country on the current state of the art can achieve energy independence for less than the world market price? In other words, can the Senator demonstate to me that we can achieve energy independence for less than $11 a barrel? I doubt that we can do it for oil. Can we do it for coal?

Mr. MOSS. Ultimately coal will come into it, and I do not know where that price will level out on coal, and we had better get on to find out where it levels out.

But in the study that was conducted by our Energy Task Force, and taking the experience of oil wells which we have experienced over the last 5 or 10 years—I do not know which it is—of the number of holes that have to be drilled and the number of dry ones and the production, and so on, based on that experience, if we can continue that, and if oil then is priced at $9 a barrel, there will be a return on the capital invested after taxes of 14 percent.

That is the reason I think the $9 a barrel is where we ought to be now on domestic oil because a 14 percent return on money is higher than they can get on Government bonds or other sure areas of return, and yet it is not exorbitant in amount.

It is somewhat comparable to the investment features that can be obtained by people generally in the United States, and yet it gives us in our oil costs and consumption to the consumers something akin to what we have now by mixing the old oil and the imported oil price, and so we do not get this big shock of inflation.

Mr. LONG. We had a study made by the Committee on Finance looking at the 10 major companies or the 10 largest, and in our studies they tell us that industry today, in producing oil and gas, is making about a 10 percent return on equity after taxes, less than it was making before their depletion allowance was repealed, of course; and the testimony of Mr. Robert Nathan, who is a very able economist, and who certainly understands the labor point of view, was that to attract the kind of capital that is needed in that type of risky investment, you ought to be seeking about a 15 percent return for that industry in order to attract capital away from other endeavors.

You can build a manufacturing plant, and you can know what it is going to produce in the way of the product it is supposed to produce. But when you drill, at least, an oil well or a gas well, if it is a wildcat well, the odds are about 8 to 1 that it is going to be a failure, and if that is the case, you are entitled to make more than just a 10-percent return on equity; you ought to be able to expect a much better return than that. Actually, instead of just expecting you to get your money back and make 15 percent, if you are taking an 8-to-1 risk, you ought to make at least an 800 percent profit to justify taking the risk.

Mr. MOSS. If the Senator will allow me to interject at that point, that is the reason I was explaining the basis on this that we did figure in the regular experience we have had of the number of dry holes to the number of the producers. If you could confine it just to the producers alone, and you could get $9 a barrel, you would make an immense amount of money. But even if you figure the dry ones, the ones that are not good, the percentage of those that come in and are producers, if you figure on that basis, you can still, on $9 a barrel, count on an average of a 14-percent return on the money. That is very close to the Senator's 15.

Mr. LONG. But the Senator, coming from the State that he does, rather shocks me to even talk about regulating that industry on the basis that its return should be considered on the basis of the successful wells without any consideration at all being given to all the dry holes. I mean it shocks me to think that the Senator would even think in those terms for a moment.

Mr. MOSS. No, I do not think it. I say that the reason I wanted to make it clear that this 14 percent was not just one based on successful wells, it was based on all of the wells, the common experience.

Mr. LONG. It is safe to say, then, that there have been 40,000 people who put their money into trying to find oil, who went broke, and who do not want to even talk about it. The Senator would be surprised at how many who serve in this body, or have served here, who put some money into some dry hole and do not want anybody reminding them of it.

Mr. MOSS. I am one of them. I have had some dry holes.

Mr. LONG. I have had it both ways, but I persuaded my family years ago to quit drilling for oil and forget about it. In fact, sometimes I feel that if people from my part of the country stayed in that business for the past 20 years, they were compulsive gamblers, just trying to find oil so long that they could not change their way of doing business, did not know how to do anything else. They took that path year after year after year to find dry holes.

If they find a little production here or there, by the time the cost accounting is in over 3 or 4 years, they find they have lost money.

So that is what was happening to the industry before the Arabs put the boycott on. This oil and gas industry in the United States was more or less producing out of inventory. They were just in the process of gradually going out of business.

When the Arabs raised that price, they held a meeting over in Vienna and they met with these other countries behind closed doors and discussed all these various considerations. I have no doubt that one of the prime considerations they had in mind was if they put that price much higher than they are putting it that the United States would take the view that at that price we can break their cartel, we can produce enough energy, not only to provide our own needs, but to export energy.

The unfortunate part about all this is that some, having sold us into energy dependence on those countries, will not let our own producers make enough money to achieve independence for us.

I think it was a mistake to sell this Nation's energy independence for 3 cents a gallon, but it would be an even worse mistake, when the folly of that has been exposed for all to see, to simply continue to deny our producers enough incentive to make it possible for them to achieve independence for us.

In other areas, we have not seen all this concern that something was found to be in short supply, and it brought on vast additional production because the price went up. Take sugar. Just last year there were some of us who thought perhaps price controls should be clamped on sugar because it was in short supply and the price went up very high.

What happened? Producers in the Senator's part of the country increased their acreage about 20 percent. It takes more time to encourage production in the cane area, but they were rapidly increasing it.

So people used less, they produced more, and now the price is back down where it started from. So much so, we may have to pass legislation one of these days to try to keep the people in business.

But I do not know why, for the life of me, we cannot persuade those who sold our energy independence, one might say, for 3 cents a gallon, to go along and provide enough incentive to this industry to regain our independence.

How can we do it other than nationalize the industry? I hope the Senator does not advocate that.

Mr. MOSS. No, I do not advocate that, I do not think it is necessary.

What I am talking about is moving toward independence, all right, and in order to move there we are going to have to not only increase our production of petroleum and gas, but we are going to have to massively increase it in coal, shale, solar and other ways of getting energy.

But we cannot do that all in one big shot by pulling off the lid on the price of energy now, and what I am talking about is a phasing, and to provide adequate return for the industry.

Drilling an oil well is something of a gamble and if one is the guy that drills one and it is a dry hole, of course, he has been wiped out, as the Senator said, but if one takes the experience across so that if we take what the average is, then we come out on $9 oil with a 14-percent income, and it still remains something of a gamble unless one is a company drilling a whole series of wells, and then it will probably average out with that.

Mr. LONG. What is the Senator's best guess as to the average price of oil last year?

Mr. MOSS. The average price, of course, old oil was pegged at $5.25 during last year.

Mr. LONG. The average.

Mr. MOSS. The average would be about $8.50 to $9, close in there.

Mr. LONG. Is that what he would estimate it to be for this year?

Mr. MOSS. This year, probably it might have gone up a little bit this year.

Mr. LONG. The point I am making is that we had that study done for the Finance Committee and it came in with about a 10-percent return on equity.

I mailed a copy of that to the Senator's office. Is he familiar with that?

Mr. MOSS. Yes, we have looked at that in our task force study.

We looked at what the Senator was quoting Bob Nathan about. I think Nathan estimated the average cost was—what? $6.75, I think, something like that, average cost.

Mr. LONG. We sent to every Senator's office prior to this debate a copy of a pamphlet prepared by the Finance Committee staff that showed what the companies are making within the United States, as well as foreign. What that study showed was that the latest figures indicate they are making about a 10-percent return on equity after taxes.

Incidentally, that is not domestic. They did not do, really, better than that in the previous year, at least they would not have done any better had they been denied the depletion allowance which, of course, the Senator knows they are denied this year, all the large ones, all except the smaller independents.

Mr. MOSS. Yes.

Mr. LONG. This showing was that they were making about a 10-percent return, and that is all they would have made last year if they had been denied their depletion allowance.

Mr. MOSS. Of course, one thing we must remember, that all of the oil companies now since 1973 have for new oil been getting—what? $11, $11.50 a barrel. They have been getting up to whatever the import price was. So the new oil, or wells they are drilling, certainly if there is any incentive needed, it is there; it has been coming in, and I have been talking about having a little less than that and still having an adequate incentive.

Mr. LONG. The point I have in mind here is that there is still a lot more profit to be made in drilling outside the United States than there is inside the United States.

The figures to which the Senator refers are not those that their tax returns are showing. It cannot be those they post at the Securities Exchange Commission, because those are the ones our Finance Committee staff looked at when they came up with the fact that they are making about a 10-percent return. That is only one point above manufacturing, even in this distressed area, and this is a much more speculative and risky business than the average manufacturing enterprise.

It seems to me that if we have a shortage, one would want them to make about a 15-percent return. I believe the Senator is in error if he thinks they are making 14 percent.

It is not on their domestic operation. They may be making it in the foreign operation. But that foreign oil does not do us any good at all. The Senator knows that. The Norwegians are going to take their oil for Norway first; the British will take theirs for Britain first. Everybody takes whatever production he has to his own country first.

Mr. MOSS. That is correct.

Mr. LONG. Unfortunately, the oil exporting countries are all in OPEC so they all stand together to cut back on production, if need be, in order to maintain their price.

Mr. MOSS. They have actually cut back on production in order to maintain the price. They seem to be perfectly willing to do it. Of course, Saudi Arabia is the biggest producer in OPEC and has the greatest reserves. But they have so few people that it does not bother them, apparently, to cut back 10 or 20 percent in production. If we ever do break the cartel in OPEC, it is going to be when somebody, having been asked to cut back, needs to get a little more money. Then he will cut the price a little bit in order to sell more of his production. That has not happened yet and I do not think we can sit here and predict that it will happen. We certainly cannot make our plans based on it happening. But the time will ultimately come in OPEC when the cartel will begin to break up and they will compete with one another.

Mr. LONG. If one holds down the price of domestic oil and holds down the price of domestic gas on the basis that they will be held down to the OPEC prices, when their cost of production is less than one-fourth of our price, it is being fixed so that those people can keep us at their mercy for all eternity and make a great deal of money doing it.

Mr. MOSS. I agree that we will have to stimulate production, stimulate it in oil and gas and stimulate it in other kinds of energy, such as I was speaking about, coal and other things such as oil shale. We have oil shale in my State, Colorado and Wyoming with more oil imbedded in that shale than all the liquid oil the Arabs have. All we have to do is get it out.

Mr. LONG. But the Senator will come a lot nearer producing that shale if it is competing with $1.50 gas than with 21-cent gas. The Senator will come a lot closer to producing the shale if it is competing with $11 oil rather than $5 oil. The Senator will come a lot closer to producing the shale.

Mr. MOSS. I agree, there must be an incentive to develop and produce the alternate kinds of energy. I have even proposed that we have a Federal program of pay and take. Let us set a fixed price, saying the Federal Government will buy all the oil that they can get out of shale for whatever the amount is that will attract the capital, and do that for the period of 3 or 5 years, whatever it is, that will make it attractive, and in that way find a breakthrough, the way that we can actually produce it. Then after that let shale oil come into the mix and compete for its place after we have made the breakthrough and found out how to do it at a cheaper rate.

In all of this we are talking about production and how we get production. That is certainly the important facet.

The other side is we just cannot strangle our economy and send it back down to the bottom again if we allow that price to go up too high. That is what I am concerned about. That is the reason I say I am trying to find the middle compromise area where we can get enough to stimulate production and enable invested capital to get an adequate return, but, at the same time, hold it in moderation for the consumer so that he does not get this other big shock; he does not get 5 more cents at the gasoline pump, and his home heating gas goes up, and all the rest of these things. If natural gas, for instance, would jump 20 or 30 percent in price there would be a lot of people who really would be on the line. That is what they have in their houses for heating their houses, but they just cannot pay that margin of difference. There will be hardship if we let a great, huge jump come in.

Mr. LONG. What we ought to be doing—and what we will do, if I have my way about it—is to bring on more production of all sources of energy and also be making better use of the energy we have. What should we do in both of those things? We should be moving to do them both simultaneously, or as soon one after another as we can contrive it.

It is rather inconsistent for the United Mine Workers to take their people out to strike and let it be known that they are going to stay out as long as necessary to achieve what they think is in the best interest of their workers—I completely respect their right to do that—knowing that that has a major impact on the cost of coal and on the cost of generating electricity from coal, and then for those people to take the view that there is something criminal about someone in the gas business selling his gas on a basis that competes with the price they demand for their coal.

Is the Senator aware of any situation where gas is being sold far above the price of acquiring coal in the same area? I know it is much cheaper in the Senator's part of the country than it is in the East. But is there really any situation where the coal producers are suffering because gas is being sold above the price of coal in the area?

Mr. MOSS. No, I do not think there is now. I think the demand for coal has risen so much that it can be sold as fast as they can get it out of the ground. Our problem is opening up new mines and getting the machinery and transportation in place, because the demand for coal has risen. The price of gas on a comparative basis is somewhat competitive but probably has an advantage. Gas is easier to handle and does not have the air problems that occur from utilizing coal. So gas is a desirable fuel and would command a premium price over coal on a straight out, head-to-head match.

The other thing that I want to point out, and the one reason we have to have a gradual change, is that factories, powerplants, and other things are built in order to use a certain kind of fuel. If they have to modify their plants considerably, they cannot shift back and forth every 6 months depending on whether the price goes up a little bit here or there. It is even harder for the domestic user, the person who has his house furnace for one kind of fuel or the other. He cannot afford to change back and forth. He has to have the kind of fuel that matches the equipment that he has in his home.

That is the reason we have to keep this thing on a gradual basis. Obviously, the price is going to have to go up. Ultimately it will finally come into the free market area. But we cannot afford to jump immediately into the free market area all at once. That is what it boils down to.

Mr. LONG. The Senator is supporting an amendment which is a substitute for the Pearson amendment, and the Pearson amendment is a substitute for the Hollings amendment. I think I am familiar with the parliamentary situation. But the basic amendment to which the other amendments are being offered is one which, as I understand it, would say that if one finds gas today he must make it available for the price at which someone else sold gas in the area, even though that person might have had very few large buyers available to him at all, or he would be forever precluded from selling that gas at a higher price. Is the Senator aware of that fact, that that is the basic amendment pending, the so-called Hollings-Glenn proposal?

Mr. MOSS. The proposal is to take the average price of intrastate gas.

Mr. LONG. In that area.

Mr. MOSS. In that area, and a top figure of $1.30 per Mcf.

Mr. LONG. That is not the way I understand it. The way I understand the proposal—I mean the Hollings proposal, not the Senator's—it is that that would be limited to whatever the price is in the particular area. It might be 50 cents in that area. The price in the particular area, not on a statewide basis, but an area basis, for fuels in that particular area, would be controlling with regard to the price at which the producer could sell his gas.

The way I understand it, if he goes out and finds any gas in the area, although the price may be far less than that for which it is selling in other area, the new would require that he either make it available to the interstate market at that price, or he would be forever precluded from selling it above that price, for all time to come. Is the Senator familiar with that?

Mr. MOSS. Well, I am familiar with finding the average competitive price in order to begin. But in all of these proposals, there is an escape, as it were, for peculiar circumstances of high cost of production and things of that sort.

What we are trying to do by using the prevailing price is stop the thing from just shooting away out of bounds and disrupting the consumer market so severely that we get into inflation and unemployment again.

Mr. LONG. I do not want that to happen, but I do not think the Senator has to worry about that. Last winter emergency consent was given by the Federal Power Commission to sell, and the kind of thing the Senator fears did not happen.

It would seem to me that we should realize that when we tell a producer that if he drills down here and finds natural gas, he must sell his gas at a price that he deems totally unsatisfactory, under a Federal price control law, or else he is forever condemned, that he can never sell his gas for a price higher than that, all we are doing is telling that man not to drill, because his lawyer will tell him, "Look, if you drill down here and find a lot of gas, that gas might be worth $10 million, but under this act Congress has passed, they have fixed it up so you cannot get more than half a million for it, or $2 or $3 million, when it is worth $10 million. That being the case, my advice to you is, just do not drill. Do not find anything now."

I think there is a legitimate case to present to the courts, and that the courts would rule the law is unconstitutional and cannot stand; but one cannot be sure what a court is going to rule about something like that, and therefore the solution is just not to drill for it. The Senator does not want to bring that about, does he?

Mr. MOSS. No. But I do not think there are many people who will sit around, with capital available, and not drill, where they could make a profit.

Mr. LONG. The situation now is that if they drill for it, they are not going to get what they think is fair and what they think it is worth. If they can get what they think is a fair price for oil, they are going to drill for oil and not gas; and geophysics is good enough these days so that they can pretty well predict whether it will be oil or gas. Did the Senator know that?

Mr. MOSS. Well, I understand we have good geologic predictions now, and can tell; after the first hole they can tell, anyway.

Mr. LONG. For example, in my part of the country, in Louisiana, people tell me that when you drill these deep wells if you go down below 16,000 feet, if you find anything it will be gas; it will not be oil, it will be gas. There are other areas where they have every reason to think, if they drill there and find something, it will be oil.

If they think they are going to be permitted to sell their oil for what will be a good price, and if they do not think they can sell their gas for what will be a good price, which does the Senator think they are going to drill for?

Mr. MOSS. Obviously they will drill for what they think they can make the greatest return on.

It may be that one thing that is absent from our consideration here is recognition that this amendment is talking about, not the emergency situation we were talking about on the Glenn bill, but a long-range program where there will be increments permitted in the price as it goes along.

Mr. LONG. Is the Senator telling me he is talking about price controls forever?

Mr. MOSS. We are talking about a 5-year phased change of price, at which point the President can recommend further controls if he wants to, but presumably at that 5-year point we will have come into a free market situation. Hopefully we will have done it by then. That is what we are trying to do, is move it in gradually.

Mr. LONG. I hope that at some point those who are concerned about this matter will decide that they will permit us to produce energy in the oil and gas producing States and make it available to the market at a price adequate to bring on additional production.

Mr. MOSS. And a price that the consumers can pay. The two things have to go together.

Mr. HOLLINGS. Mr. President, will the distinguished Senator yield?

Mr. LONG. Well, it is a cinch that no one down in our part of the country is hoping to sell his gas for a price that exceeds the cost of coal on a Btu basis. It is a cleaner fuel, at a better price. It is a superior fuel, and has less environmental problems attached to it. Any place we sell it, it is going to be a better deal than what they are getting from the coal miners, or even the oil producers.

So I would hope the Senate would permit us to produce what we can produce to help meet the energy crisis, because we will assure you we will do as well as you can to produce what you have in your States to meet the energy crisis.

Mr. MOSS. I thank the Senator. I yield to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, let me try to allay some of the concerns and fears of our distinguished colleague from Louisiana.

The very point he raises, Mr. President, has been considered. In fact, in the Stevenson-Hollings-Moss amendment on page 28—and this is a matter we discussed the other day for possible consideration in the energy measure—the Senator will find, on page 28, line 10:

> SPECIAL NEW NATURAL GAS PRICE.—(1) The Commission may, by rule or order promulgate price ceilings in excess of the national price ceiling together with adjustments, if any, if it finds that—
>
> "(A) new natural gas production at such price is in the public interest; and
>
> (B)—

This goes directly to the Senator from Louisiana's complaint, or the thought or thrust of what he has been saying:

> Such price does not exceed the current and prospective cost of exploration, development, and production of such new natural gas plus a rate of return on investment which is reasonable and conducive to attracting the capital necessary for such exploration, development, and production.

The amendment indicates that such higher prices may apply to synthetic natural gas, drilling in excess of 20,000 feet in depth, new natural gas produced from wells located in water in depths in excess of 600 feet, and so on. When we put in the ceiling price, we made sure that it would not interfere with the production of all the gas that should be produced. There is flexibility in the price where costs are unusually high.

The distinguished Senator from Louisiana, as familiar as he is with the subject, is talking about circumstances where prices were frozen and investment deterred.

That is not done by this amendment. With the long-range provisions we are discussing here, these relief provisions are present. This price safety valve was not in the emergency bill, because we were told that emergency gas had to be contracted in the next 60 days and that there would be no new supplies if prices were higher. The Federal Power Commission and the Federal Energy Administration has been representing that no additional supplies could be elicited by price this winter. The emergency bill is a self-destruct bill of 180 days and special pricing provisions are not necessary. We were not trying to get into those things that were superfluous and not required, because it could cause confusion, and eloquent debate from our colleague from Louisiana.

But I would be willing to reconsider and discuss special high-cost pricing provisions in the emergency bill. But I just wanted to bring this provision in the long-range bill to the Senator's attention here.

The distinguished Senator from Utah, the distinguished Senator from Illinois, and myself, have considered this, and that is why we included this language to assure exactly what the Senator is talking about; attracting the capital necessary for exploration, development, and production.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. MOSS. I yield to the Senator from Louisiana.

Mr. LONG. That is permissive language the Senator is talking about.

I regret to say that those lawyers and those people, who have gone before the Commission seeking something of that sort, have reported in that, if they come from these producing States and have to go before that commission, they lose, and that the experience has been almost uniformly that, if they feel that the Commission did not do justice to them and they have to go to court, they lose there, also.

For example, a lawyer reported to me yesterday that he called someone on the Commission and spoke to him and said that he wanted to ask some gas being produced at Cameron, La., be made available to go through a pipeline to go to Lake Charles, La., only about 30 miles away, and he said the man laughed. He said: "You shouldn't laugh at me about that. That is what the law says."

The man said: "Yes, I know what the law says, that the law says that, but you and I know that if we have interstate pipelines passing in that area that gas from our point of view ought to be put in the interstate pipelines and moved on outside of Louisiana to the Eastern market."

So, it was clear on the face of it, even though by right he had a right to ask that this gas should be used within this State, where it was needed for a situation that involved perhaps industrial development, that that was a joke from the point of view of those on the Commission who had the authority to do it, but they were not going to do it, where the political power is oriented elsewhere. So from one seeking to use it in Louisiana he just found that it was a joke to even talk about it.

Producers generally feel that is about the type of experience that they could expect before the Commission.

So when the Senator says, "Oh yes, the Commission could do that, it could do this, and it could do the other," the attitude is, "Oh, yes, I know. I also know what else it can do."

If it is all the same, just forget about it. Do not do us any favors. Thank the gentleman. Just leave—leave us alone.

If they will leave us alone, eventually we can consume this gas in our own State. If they want to buy it, we will make it available to them at the same price we charge our own people or perhaps at a price slightly above that. But please do not come down here doing us any favor. We have had about all of the favors we can stand the way it is now.

So, I would hope that in due course we would find some way that we could do business where those who can produce gas or oil would be permitted to sell it in line with what they are paying over there.

My understanding is what is being purchased from these foreign countries is being purchased on a Btu basis for about 10 times the average price being paid for gas, and the Btu's of the gas being put in interstate commerce exceeds that which is being produced and turned into oil by about 3 to 1, notwithstanding which they are not only getting about one-half the price that is being paid for that imported oil.

That is what the situation is that has existed in the past. No one is seeking any help from that.

But I hope the Senator understands that they are inclined to feel that based on the experience they had with the Federal Power Commission and court decisions up to now that "if you fool me once, shame on you; but when you fool me twice, that is time you should point the finger of scorn at me."

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. LONG. If I fell in this trap one time, I hope I will not fall in it again.

Mr. HOLLINGS. My idea is not to entrap the Senator or the client he was describing. The Natural Gas Act now requires prices to be "just and reasonable." We wished to elaborate that language in our amendment. This is new language, to spell it out.

We spelled it out to assure that special ceilings are at a level needed for attracting the capital necessary for exploration and development, so there will be no doubt about the intent.

To make it even more categorical the amendment permits any aggrieved person to go into the district court and the court shall have the power to grant such equitable relief as necessary, to grant restraining orders to remedy the violation to be sure the statute is, in fact, carried out.

I have stated in the Chamber the Natural Gas Act of 1938 has never been significantly amended. The Constitution has been amended more. We are trying to update this act to cut through the legal snarls and improve the act to deal with today's situation. Then the only thing left to do is appoint good commissioners. But we spell it out in the language amendment and give people access to the courts themselves to assure that the amendment is carried out.

We do not mind trying to further clarify the language, if there is some suggestion for improvement, but there is no difference on this point about what the intent is.

Mr. LONG. These people have had the experience, first, of finding as to contacts which would indicate that they are going to be permitted to sell their gas for a price that is competitive, at least, with new gas that is bought in the future, where they were not permitted to do that. In fact, they were not even permitted to get the price the contract called for to begin with. They had all that happen to them. Then they had done business in such a situation that they tried to put some gas through a pipeline purely within the State and, because so much as a single cubic foot of their gas got into interstate pipelines, they have been told their gas had been intermingled with interstate gas and, therefore, they are limited to perhaps 25 cents for gas that was supposed to selling for $1 and that that price goes back and attaches itself to the reserves from which it came and that the whole field has been "contaminated" to the extent that, although it was supposed to be selling for a dollar, it must all be sold for 25 cents. That is what they had happen to them.

Mr. MOSS. That is all that matters.

Mr. LONG. They had those kind of things happen to them. The Senator can understand why those people are not going to get involved with this interstate commerce stream, unless they have something where the most conservative lawyers they have advised them that they will stake their reputation that these things, that have happened to them in the past, are not going to happen this time.

All I say to the Senator is, when they are shown something that puts them under the Federal Power Commission and permits the Federal Power Commission to do justice for them and permits the courts to give them justice, forget about it.

We better come to terms with them on something that they themselves would draft and say: "Now, here is what we would be willing to go along with. This we would feel safe in advising our client. He could comply with it and put his gas in interstate commerce. Otherwise, is there any doubt about it, I say to the Senator from Utah? I believe he is a lawyer himself by profession.

Mr. MOSS. Yes, I am.

Mr. LONG. He knows what it means to advise his clients on something and then see them lose money. Well, I hope he did not, but if he had that experience, I say to the Senator, he would try to avoid doing that again, and that is why some people think of lawyers as being conservative, but he would know that if his client has a decision to make where it might cost him millions of dollars unless he is very careful, he could err on the side of being too careful, not on the side of taking a chance and finding out that he lost half of what he had. The Senator would not want to do that.

Mr. MOSS. Of course. I do not defend any of the past history of regulation, because I know there are many places that can be pointed to where it has been inequitable.

What we have tried to do is to mandate in this proposal how the decision must be made, in the event that the price is to rise about the average price with the ceiling price.

Mr. President, I yield the floor.

Mr. STEVENSON. Mr. President, the Senator from Louisiana has just made a good case for the Stevenson-Moss-Hollings amendment. It is the Pearson-Bentson amendment that continues the price regulation onshore and continues price uncertainty. It gives OPEC the FPC in the offshore domain. We are getting rid of the FPC ratemaking procedures and establishing, for the first time, some price certainty.

In determining those prices we have relied not only on studies of the Joint Economic Committee, the Budget Committee, the new Congressional Budget Committee study, and the Senate Budget Committee study, but also, we have relied on statements of the industry. Perhaps that was a mistake. We believed them.

The Independent Petroleum Association of America, in 1973, said that in terms of constant 1973 dollars, an average price of about $6.65 per barrel for crude oil would be required over the long run to achieve 85 percent self-sufficiency in oil and gas by 1980. That $6.65 figure is below the average that we are suggesting, and it is below the $9 price for new oil that this amendment would establish.

At the end of 1973, the National Petroleum Council said that for maximum attainable self-sufficiency by 1980, average revenue required for a barrel of crude is shown "on the following table" for different rates of return. That table shows, among other things, that to get not just a 14-percent return but a 20-percent return in 1976, all the industry would need would be a $4.47 price for oil. We are providing a $9 price for new oil. The same table indicated that by 1983, to get a 20-percent return, the industry needed only a $6.93 price—still less than what this amendment offers the industry.

The Petroleum Independent, in November 1973, said that—

> There is no doubt that prospects are for increased drilling. Everybody I know is planning on it. With a new oil price of $5.30 to $6 a barrel, there is an incentive now to go looking for oil.

Representatives of the administration were saying the same thing. The Federal Energy Office, in January of 1974, said that the long-term supply price of bringing in the alternate sources of energy in this country, as well as from the Outer Continental Shelf and the North Slope, is $7.

The Department of the Treasury, in December of 1973, said:

> No one can know exactly what the long-term supply price is, as no one can predict the future that clearly. Our best estimate is that it would be in the neighborhood of $7 per barrel within the next few years.

Mr. President, those are all well below the figures we are suggesting in this amendment, even after allowances for inflation. One can add 40 percent for inflation to those figures, and we are still being generous; we are still giving the industry what it has been saying it needed, until it joined OPEC.

It has discovered that by going along and playing the OPEC international prices for oil, it gets an equivalent in the United States if the price is uncontrolled and can produce not revenues with which to expand production but windfall profits. Those windfall profits now are causing these companies to compete among themselves, driving up their leasehold costs, their equipment costs, their labor costs, and giving us not more oil but a very high cost energy industry.

Even so, the rate of return for this industry has been high. According to the Joint Economic Committee, the average after tax return on equity for the 10 largest major oil companies, on their domestic operations, rose from 11.3 percent in 1973 to 14.2 percent in 1974, despite the embargo, price controls, and a business recession.

The Joint Economic Committee, in this report just released on September 26, also says that in 1976, with decontrol of oil prices and an OPEC price increase of $1.50, which is just a few cents higher than we actually experienced, the 1976 revenue windfall for domestic oil would be 85 percent greater than in 1974; and windfalls of all three primary fuels would be some 70 percent greater than in that year. About five-sixths of this windfall would be traceable to the lapse of domestic price controls.

Mr. President, these returns on equity for this industry are usually, characteristically, understated, because they do not take into account the special accounting procedures in this industry. The write-offs of intangible drilling costs, for example, artificially depress earnings. Even so, in 1974, this industry enjoyed a 14.2-percent return, notwithstanding price controls and the recession. That is not bad.

This study concludes that with decontrol, the revenues on domestic oil operations for these companies would be 85-percent greater in 1976. No one can suggest, on the basis of such studies, that the rate of return in this industry is not more than adequate to produce the incentives and the resources that are needed for expanded oil and gas production.

In fact, what you end up with is not only energy inflation, a high-cost industry, and diminishing production when you do decontrol, but also, you end up with the major oil companies, the largest oil companies, expanding their market power. They already control most of the domestic oil and gas production, pipelines, refining, and, increasingly, the marketing and distribution of oil products. In addition, to enlarging their market power in the oil and gas industry, they take over alternative sources of energy. They now own more than half of the known coal reserves in the United States and about 80 percent of the uranium reserves.

Then they move beyond the energy industry, into utterly unrelated industries. One of the largest, Mobil Oil, was in my State not very long ago, exploring for oil, and it drilled in Chicago and hit Montgomery Ward, for a reported $800 million. That is what is happening. The result is a concentration of economic power, not only within but outside of this industry, which has not been experienced, is unique, in world history.

The Senator from Louisiana also suggested that we have to pay this price for energy independence. Studies of the energy task force of the Senate Committee on the Budget indicate that the price formula for oil in this amendment would leave the United States dependent on foreign sources of oil for 7.9 million barrels a day, and the 39-month decontrol proposal, with an $11.50 ceiling for new oil and $1.80 per Mcf[3] assumed for natural gas—basically the administration proposal—would leave the United States dependent, by the end of 1984 on foreign sources for 7.7 million barrels of oil a day; in other words, a difference of only 200,000 barrels a day. But the higher priced formula, while it produces very little additional energy independence, also produces a great deal more inflation, recession, and unemployment. In fact, Mr. President, for the foreseeable future, the only conceivable way of creating energy independence in the United States is by creating depression and bringing down the consumption of energy to a point where we simply do not need foreign sources. That would be the consequence of total decontrol. It might mean energy independence sooner, but it would also mean a depression in the United States.

This amendment seeks to strike a reasonable balance between the extortionate OPEC pricing that could be anticipated if all controls are taken off of natural gas and oil, by establishing a price for both natural gas and oil which is based on the best studies there are, including suggestions of the energy industry made a little more than a year ago. It would give the industry all the necessary incentives and resources but also protect the economy from energy-produced inflation and recession. For the first time, it would recognize that we cannot price oil or gas, either of them, without reference to the other.

On this point, the Senator from Louisiana is correct. If the disparity in pricing continues between natural gas and oil and the incentive is to burn the premium, relatively inexpensive natural gas and produce the higher-priced oil, the shortages of natural gas will continue; in fact, they will grow worse. The answer is not to let both go up to an OPEC level or even higher. The answer, Mr. President, is to establish, as we propose, an administerable, easily administered single tier price ceiling for both oil and natural gas, bringing gas up and bringing the oil price down. Hopefully, this ceiling, indexed to the GNP deflater to permit periodic price increases, would gradually bring up the price to a point at which it would meet a market level price and we could get rid of all controls. But to do so precipitously now would invite depression or, certainly, a resumption of the recession. It would invite double-digit inflation and a large increase in unemployment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A SIMPLIFIED APPROACH TO LONG-TERM NATURAL GAS PRICING

Mr. HOLLINGS. Mr. President, I am supporting amendment No. 948 in the nature of a substitute to the Pearson-Bentsen amendment No. 919 which is designed to simplify and maintain my basic commitment to continuing price controls on natural gas at a level sufficient to bring in needed new supplies without providing unjust enrichment for the producers of this valuable energy resource. While I am satisfied with the substance of the present pricing provisions in S. 692, the bill we are in effect now debating I have found that they are unnecessarily confusing.

By simplifying the pricing provisions, I hope to make clear the choices before the Senate. Simply stated, we can either retain some reasonable price ceiling on natural gas without continued Federal Power Commission involvement in price setting or vote for the immediate and precipitous decontrol of natural gas onshore with continued FPC administered decontrol offshore for the next 5 years and sudden decontrol thereafter, as contained in the Pearson-Bentsen substitute.

The simplified pricing provision that we are offering requires the Federal Power Commission to establish an initial price for all natural gas whether it is in interstate commerce or intrastate commerce, whether it is produced onshore or offshore. That price is to approximate as closely as possible the intrastate price of natural gas between August 1 and November 1, 1975, but in no event is such price to exceed $1.30 per Mcf.

The $1.30 limitation represents the best estimate I can obtain of the average price necessary to generously cover the cost plus reasonable rate of return for gas that is now coming into production. It is also between 4 cents and 20 cents above the present interstate uncontrolled market price level for natural gas. Finally, the Senate Commerce Committee pricing provisions that would be displaced by my amendment established an approximate average price of $1.30 per Mcf—even though these provisions allowed certain producers to sell their gas at a deregulated price and others to sell at a 75 cent per Mcf ceiling.

Once the price for new natural gas has been established at somewhere around the $1.30 level, the only change in the base price of natural gas is an adjustment upwards or downwards on the basis of the upward or downward movement of the GNP deflator. In order to provide certainty and administrative workability, this price adjustment cannot exceed 1 cent per month.

At the end of 5 years, the President is authorized to make recommendations for changing the pricing policy for new natural gas and oil. That recommendation could include the decontrol of natural gas or oil prices. Any pricing recommendations of the President would become effective 60 days following their submission to Congress unless either House by resolution disapproves the recommendation.

Putting aside the philosophical debate between deregulation and cost-based price regulation, I believe that these proposed pricing provisions offer a far better natural gas and oil reform package than the proposed Pearson-Bentsen substitute to S. 2310. In the first place, a price in the range of $1.30 per Mcf—escalated by as much as 1 cent per month—will provide all the necessary stimulation to exploration and development of new natural gas supplies. In fact, all evidence suggests that the $1.30 range, if anything, is amply generous to maximize production of new natural gas supplies.

In contrast, the Pearson-Bentsen substitute would provide for immediate decontrol of onshore natural gas. Testimony on the emergency natural gas legislation before the Senate Committee on Commerce last week indicated that the spot price of natural gas in a decontrolled environment could reach as high as $3 per M ft^3 this winter. The $3 price level was indicated by Federal Power Commission Chairman John N. Nassikas. This spot price assumed that only those pipelines in distress would be bidding for the available onshore gas supplies. But under the Pearson-Bentsen proposal, all inter- and intrastate pipelines and distributors are eligible to chase the short supply of natural gas with more and more of their consumer's precious dollars. And no matter how much they bid, not even the most optimistic advocates of decontrol concede that the short supply will be cured, at least for the next two winters under the Pearson proposal, but a price of $4 or $5 per M ft^3 is a real possibility.

It must be remembered that these high spot prices for natural gas cannot, in the short term, add one cubic foot of natural gas. Federal Energy Administrator Frank Zarb testified at Commerce Committee hearings on September 15 that the decontrol of natural gas prices would not add to the gas supply this winter. And there is no provision in the Pearson-Bentsen substitute to S. 692 that assures that the fantastic profits generated by uncontrolled high prices will be used to search for new supplies of natural gas.

The Pearson-Bentsen amendment would build enormous additional inflation into the American economy for years to come. The difference in the price of natural gas between Pearson-Bentsen and my streamlined version of the S. 692 pricing provisions are truly staggering. By 1980 decontrol, Pearson-Bentsen style, will cost consumers $15 billion more each year. And by 1985 the additional inflation would be $24 billion a year. And these figures are in constant 1974 dollars. And all this extra money will not buy any more natural gas.

While the Pearson-Bentsen substitute provides for immediate and costly decontrol of onshore natural gas, it calls for delayed decontrol of natural gas produced offshore, 5 years later. The irony is that the Pearson-Bentsen proposal, during the phaseout period, requires the Federal Power Commission to establish all offshore prices under a wholly new set of vague guidelines. Rather than take the FPC out of the pricing game as my amendment would do in most situations, the Pearson-Bentsen proposal requires their continuing presence in all offshore natural gas pricing during the next 5 years.

As the administration and Congress wrestle with regulatory reform, it seems absurd to continue to burden the Commission with continuing day-to-day price regulation—regulation that Senator **Pearson** and others condemn as the cause of the present natural gas shortage. And worse, the Pearson-Bentsen proposal changes the standards for regulation, insuring that added confusion and additional administrative bungling. My proposal, on the other hand, simply requires the Commission to establish a price once and for all in the range of $1.30. Thereafter, price changes are determined by changes in the GNP deflator and are virtually automatic because of the 1 cent per month limitation on the escalator.

Under the Pearson-Bentsen substitute, at the end of the 5-year period of FPC price controls for offshore natural gas, the FPC ceases to regulate natural gas and prices for offshore gas immediately escalate to the OPEC cartel oil equivalent level and higher. There is no opportunity to review the gas supply situation or assess the impact of such price increases on the economy. Under my proposal, on the other hand, sledge hammer decontrol is abandoned in favor of a more judicious approach whereby the President can report to Congress on changes in natural gas and oil pricing that are in order—for example, decontrol or an increase in the monthly inflation adjuster, and those recommendations take effect unless Congress overrides them.

This approach enables the administration and Congress to review the natural gas and oil supply situation and the state of the economy in 5 years and make an informed decision at that time on the appropriate future courses for such pricing. If the generous pricing provisions in my proposal have brought forth new supplies and a market mechanism could operate free of the OPEC cartel, then deregulation at that time might very well be in order. The point is that the decision on future policy would be made in light of the progress of the next 5 years in developing natural gas and oil supplies, and with the knowledge of where the economy is at the time changes in pricing policy are recommended.

There is a final reason why I think the automatic decontrol provisions in the Pearson-Bentsen bill are unwise. Suppose you owned gas wells offshore. During the next 5 years you would be subject to FPC price regulation. You know the complexion of the Commission can change from year to year.

During the next 5 years, the price might be right, but then again it might not. If you keep your gas in the ground, the present gas shortage will be aggravated. When you are ready to sell at the deregulated price you can command even a higher price than if you produced some of the gas during the next 5 years. If you are a smart gas producer, under Pearson-Bentsen you do not produce. Instead, you play the OPEC game of producing less and making more.

But under my proposal you cannot play the withholding game with any assurance of winning. Unlike the Pearson-Bentsen proposal, you know what the price is for the next 5 years. There are production requirements in my bill. Furthermore, there would be no incentive to withhold. A producer cannot be sure that there is a pot of gold at the end of those 5 years if you withhold. In fact, a change in pricing policy may be less favorable. Your incentive is to take the 250-percent increase in natural gas prices provided for in my proposal and produce now, thereby helping to cure the present and future shortage of natural gas.

I urge my colleagues to consider carefully the streamlined approach for oil and gas pricing represented in this substitute amendment. I think it represents the most sensible long-term solution to the present natural gas and oil dilemma.

The basic question is, how do we get the most natural gas or oil produced without paying a price for it that, in the long-run, we cannot afford. The answer to that question is to vote for amendment No. 948 with the streamlined pricing provisions I am proposing here today with my other colleagues on the Senate Committee on Commerce.

SENATE RESOLUTION 273—RESOLUTION TO AUTHORIZE FORMER SENATE EMPLOYEE TO APPEAR AS A WITNESS BEFORE THE GRAND JURY, DISTRICT COURT FOR THE DISTRICT OF NASHVILLE, TENN.

Mr. MANSFIELD. Mr. President, I submit a privileged resolution, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. STONE). The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 273) to authorize Robert Hamm, former Senate employee, to appear as a witness before the grand jury, U.S. District Court for the District of Nashville, Tenn.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

The resolution was considered and agreed to.

The preamble was agreed to.

The resolution (S. Res. 273), with its preamble, is as follows:

S. RES. 273

Whereas, in the Grand Jury proceeding in the United States District Court for the District of Nashville, Tennessee, in connection with the 1972 campaign for the United States Senate, a subpena has been issued by such court and addressed to Robert Hamm, Federal Elections Commission, directing him to appear as a witness, to give testimony, and to bring with him certain Senate records for the year 1972, such records being in the possession and under the control of the Senate of the United States, and

Whereas, such documents sought, and testimony in connection therewith, arose by virtue of said Robert Hamm's assignment by the General Accounting Office to the service of the United States Senate, in the employ and under the direction of Francis R. Valeo, Secretary of the Senate, as a campaign auditor for the Senate elections of 1972 in accordance with the provisions of the Federal Election Campaign Act of 1971: Now, therefore, be it

Resolved, That by the privileges of the Senate of the United States no evidence under the control and in the possession of the Senate of the United States can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by permission of the Senate.

SEC. 2. By the privileges of the Senate and by rule XXX of the Standing Rules of the Senate, no officer, employee, or former employee of the Senate is authorized to produce documents, papers, or records of the Senate but by order of the Senate and information secured by officers, employees, and former employees of the Senate pursuant to their official duties may not be revealed without the consent of the Senate.

SEC. 3. When it appears that testimony of an officer, employee, or former employee of the Senate is needful for use in any court for the promotion of justice and, further, that such testimony may involve documents, papers, or records under the control of or in the possession of the Senate and communications, conversations, and matters related thereto, the Senate will take such order thereon as will promote the ends of justice consistently with the privileges and rights of the Senate.

SEC. 4. Robert Hamm is authorized, in response to a subpena ad testificandum and duces tecum issued by the United States District Court for the Nashville District of Tennessee in connection with its Grand Jury proceeding, (1) to appear as a witness, (2) to take with him authenticated copies of all Senate records commanded by such subpena and which may be in his possession or under his control in his capacity as a former Senate employee (but he shall not take with him any original Senate record on file in the Senate or in his possession, or under his control by virtue of his former capacity as Senate campaign auditor), and (3) to produce and present such authenticated copies to the court and to testify with respect thereto.

SEC. 5. Robert Hamm is further authorized, in response to a subpena ad testificandum and duces tecum issued by the United States District Court for the Nashville District of Tennessee in the matter of a Grand Jury proceeding, to appear as a witness and to testify about interviews conducted by him with: Gale Dean Johnson, Gene Blanton, Leonard Raymond Blanton, and T. Edward Sisk in connection with the 1972 campaign for the United States Senate.

SEC. 6. The Secretary of the Senate shall transmit a copy of this resolution to the United States District Court for the Nashville District of Tennessee.

RECESS UNTIL 1:15 P.M.

Mr. STEVENSON. Mr. President, I move that the Senate stand in recess until the hour of 1:15 p.m

The motion was agreed to; and at 12:44 p.m. the Senate recessed until 1:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. MORGAN).

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the distinguished Senator from Florida (Mr. STONE) be added as a cosponsor to my amendment No. 957 which is a proposed amendment to amendment No. 919.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 12 NOON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on Monday next, after the leaders have been recognized and any special orders completed, there be a period of not to exceed 15 minutes for the conduct of morning business, with a time limitation of 3 minutes on statements therein.

The PRESIDING OFFICER. Without objection it is so ordered.

ORDER FOR RECOGNITION OF SENATOR STEVENSON OR SENATOR HOLLINGS ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of routine morning business on Monday next, either the distinguished Senator from Illinois (Mr. STEVENSON) or the distinguished Senator from South Carolina (Mr. HOLLINGS), whoever happens to be in the Chamber, be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 2468—RATES OF DUTY ON CERTAIN AUTOMOBILES, MOTORCYCLES, AND PARTS THEREFOR

Mr. FANNIN. Mr. President, today I have introduced a bill for myself and Senator HANSEN, to raise the tariff on all imported cars to 10 percent. The present rates vary from free entrance for Canadian made vehicles to 8.5 percent ad valorem for certain special vehicles. The majority of European and Japanese imports are charged a rate of 3 percent ad valorem by the United States.

I have introduced this bill as a means by which to rectify the severe injustices which have been inflicted on our domestic automobile industry over the last several years. At present, the unemployment rate in this vital segment of our economy is too high for Congress to stand idly by when inequities could be dealt with through legislation.

I am aware that the crisis in the auto industry has been caused by more than this one factor of imports. However, it is my judgment and I believe that—after adequate hearings have been held—it will be my colleagues' judgment that the current tariff schedules have inflicted serious injury in the form of unacceptably high unemployment in this domestic industry. The present unemployment affects not only the auto manufacturers but also the dealers and those closely related industries such as parts, steel, and glass.

Mr. President, motor vehicle and allied industries account for almost one-sixth of our gross national product—or about $209 billion in 1972. This represents approximately 13 million jobs in more than 800,000 businesses. In other words, one job in every six depends upon the manufacture, distribution, service, and commercial use of motor vehicles.

In February of this year, employment

in the auto industry was off 30.1 percent from February 1973. In June 1975 employment was down 26.9 percent from June 1973. I ask unanimous consent that a table prepared by the United Auto Workers entitled "Total Monthly Employment in the Motor Vehicle Assembly and Motor Vehicle Parts and Accessories Industries, January 1973–June 1975" be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TOTAL MONTHLY EMPLOYMENT IN THE MOTOR VEHICLE ASSEMBLY AND MOTOR VEHICLE PARTS AND ACCESSORIES INDUSTRIES, JANUARY 1973-JUNE 1975

[Data in thousands (Index: January 1973=100)]

	SIC 3711—Motor vehicle assembly industry		SIC 3714—Motor vehicle parts and accessories industry	
	Workers	Index	Workers	Index
1973:				
January	417.8	100.0	394.9	100.0
February	419.5	100.4	394.6	99.9
March	421.1	100.8	397.2	100.6
April	424.8	101.7	398.5	100.9
May	428.3	102.5	401.4	101.7
June	429.6	102.8	404.5	102.4
July	404.4	96.8	397.2	100.6
August	398.5	95.4	377.3	95.5
September	437.9	104.8	409.0	103.6
October	420.1	100.6	409.4	103.7
November	413.8	99.0	427.6	108.3
December	420.2	100.6	401.5	101.7
1974:				
January	372.2	89.2	393.5	99.7
February	348.0	83.3	370.4	96.1
March	331.1	79.3	376.2	95.3
April	385.4	92.3	374.7	94.8
May	379.8	90.9	381.3	96.6
June	376.5	90.1	382.8	96.9
July	360.1	86.2	365.9	92.7
August	353.8	84.7	364.2	92.2
September	387.9	92.8	399.0	101.0
October	387.0	92.6	396.9	100.5
November	373.6	89.4	391.3	99.1
December	362.0	86.6	384.3	97.3
1975:				
January	309.1	74.0	341.9	86.6
February	293.6	70.3	304.0	77.0
March	304.3	72.8	317.5	80.4
April	310.8	74.4	327.3	82.9
May	315.0	75.4	329.5	83.4
June[1]	317.1	75.9	338.3	85.7

[1] Preliminary.

Source: U.S. Department of Labor, BLS, employment and earnings.

Mr. FANNIN. Mr. President, the motor vehicle parts and accessories industry is experiencing similar unemployment rates as illustrated by the fact that in February of this year, employment was off 22.9 percent from the same month in 1973 and in June of this year, unemployment was 16.7 percent below the June 1973 level. It has been estimated that 570,000 workers were unemployed in the first quarter of this year as a result of the decline in new car sales.

On August 1 of this year, the Department of Labor awarded trade adjustment assistance to 18,000 Chrysler employees. This Federal assistance authorized by the 1974 Trade Act will provide increased unemployment compensation, relocation assistance and retraining funds to auto workers whose jobs were lost due to imports. The cost to the Federal Government of providing these benefits will be approximately $45 million. This decision, in my opinion, is adequate proof that the present level of imports has had a negative impact on the domestic industry's work force. All other domestic auto manufacturers, as well as allied industries, were similarly affected. The United Auto Workers is appealing this decision in an attempt to include 21,000 other laid-off workers in the trade assistance program.

Mr. President, I am gratified that the Congress included sound trade adjustment assistance provisions in the 1974 Trade Act. It is reassuring that the intent of those provisions has been forthrightly implemented by the Department of Labor.

My concern is that unless some action is taken to rectify the injustices which have been done to this vital domestic industry, the auto industry may remain depressed for years in the future. This year imported cars have increased both by volume sold in the U.S. market and by the share of the market they hold.

Foreign car sales are up almost 17 percent from the same period last year. Imported cars presently hold 20 percent of the market, up from 16 percent only last year.

It is true that many Americans were demanding a product which the domestic industry was not supplying. However, there is strong evidence that several foreign manufacturers have attempted to meet that demand by dumping their cars on our markets. Eight alleged dumping cases are before the Treasury Department for investigation after a preliminary determination by the International Trade Commission that insufficient evidence presently existed to determine whether or not dumping had occurred. I commend this expeditious action by the ITC and encourage the Treasury Department to conduct its investigation as quickly as possible without sacrificing accuracy.

I have seen reports that the Japanese will demand, at Geneva, that the United States immediately end its investigations into alleged dumping by the Japanese. I have read similar reports that European Community spokesmen have demanded an end to the investigations into alleged dumping by European manufacturers. The U.S. Government should not heed these veiled threats. The employment of thousands of American workers is at stake and nothing should deter our pursuit of this issue.

Mr. President, this proposed tariff increase cannot logically be viewed as a discriminatory or protective measure. A quick examination of the tariffs imposed by our major trading partners on foreign manufactured automobiles will illustrate this contention. The European Community maintains an 11-percent ad valorem tariff. Japan has a 6.4-percent ad valorem tariff plus burdensome nontariff barriers. These rates compare unfavorably with the 3-percent ad valorem tariff imposed by the United States for several years.

Foreign tariffs have been a principal reason for the United States having never developed an extensive export market. While these tariffs have been reduced in some instances in recent years, nontariff trade barriers have compounded the problems of exporting American-made automobiles to foreign markets. These barriers which are in forms such as horsepower restrictions, wheel base maximums and so forth, add tremendous amounts to the cost of American made cars on those markets. Automobile export has accounted for less than 4 percent of U.S. production over the past 14 years. Yet our 3-percent tariff has encouraged foreign automakers to enter our domestic market while their markets have been closed to American manufacturers.

As the United States remains the world's principal automobile market, other nations have developed extensive export markets. For example, in 1974 Canada exported 67.8 percent of its auto production, France exported 55.9 percent and Japan exported 39.9 percent. I ask unanimous consent that a table compiled by the United Auto Workers depicting the motor vehicle sales, production, exports, and other relevant statistics be inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

MOTOR VEHICLE SALES, PRODUCTION, IMPORTS, EXPORTS, CONSUMPTION, IMPORT AND EXPORT PENETRATION RATIOS, AND NET BALANCES OF MOTOR VEHICLE TRADE OF THE 8 LEADING AUTOMOBILE PRODUCING COUNTRIES

[In thousands of units]

	Sales	Percent change	Production	Percent change	Imports	Percent change	Exports	Percent change	Net balance	Percent change	Apparent consumption	Percent change	Imports as a percent of production	Imports as a percent of consumption	Exports as a percent of production
Canada:															
1970			1,160		471		929		+458		702		40.6	67.1	80.1
1971			1,347	+16.1	665	+41.2	1,020	+9.8	+355	−22.5	992	+41.3	49.4	67.0	75.7
1972	1,066		1,471	+9.2	753	+13.2	1,103	+8.1	+350	−1.4	1,121	+13.0	51.2	67.2	75.0
1973	1,171	+9.9	1,582	+7.6	774	+2.8	1,122	+1.7	+348	−.6	1,234	+10.1	48.9	62.7	70.9
1974	1,135	−3.1	1,564	−1.1	868	+12.1	1,061	−5.4	+193	−44.5	1,374	+11.4	55.5	63.3	67.8
France:															
1970			2,750		327		1,525		+1,198		1,552		11.9	21.1	55.5
1971			3,010	+9.5	396	+21.1	1,632	+7.3	+1,236	+3.2	1,774	+14.3	13.2	22.3	54.2
1972	1,887		3,328	+10.6	460	+16.2	1,769	+8.3	+1,309	+5.9	2,019	+13.8	13.8	22.8	53.2
1973	2,016	+7.4	3,596	+8.1	510	+10.9	1,931	+9.2	+1,421	+8.6	2,175	+7.7	14.2	23.4	53.7
1974	1,790	−11.2	3,459	−3.8	[1] 450	−11.8	[1] 1,935	+.3	+1,485	+4.5	1,974	−9.2	13.0	22.8	55.9

Footnotes at end of table.

MOTOR VEHICLE SALES, PRODUCTION, IMPORTS, EXPORTS, CONSUMPTION, IMPORT AND EXPORT PENETRATION RATIOS, AND NET BALANCES OF MOTOR VEHICLE TRADE OF THE 8 LEADING AUTOMOBILE PRODUCING COUNTRIES—Continued

[In thousands of units]

	Sales	Percent change	Production	Percent change	Imports	Percent change	Exports	Percent change	Net balance	Percent change	Apparent consumption	Percent change	Imports as a percent of production	Imports as a percent of consumption	Exports as a percent of production
West Germany:															
1970			3,842		683		2,104		+1,421		2,421		17.8	28.2	54.8
1971			3,983	+3.7	795	+16.4	2,293	+9.0	+1,498	+5.4	2,485	+2.6	20.0	32.0	57.6
1972	2,373		3,816	−4.2	779	−2.0	2,188	−4.0	+1,409	−5.9	2,407	−3.1	20.4	32.4	57.3
1973	2,260	−4.8	3,949	+3.5	795	+2.1	2,348	+7.3	+1,553	+10.2	2,396	−29.7	20.1	33.2	59.5
1974	1,888	−16.5	3,100	−21.5	[1] 593	−25.4	1,880	−19.9	+1,287	−17.1	1,813	−24.3	19.1	32.7	60.7
Italy:															
1970			1,854		473		671		+198		1,656		25.5	28.6	36.2
1971			1,817	−2.0	411	−13.1	681	+1.5	+270	+36.4	1,547	−6.6	22.6	26.6	37.5
1972	1,552		1,840	+1.3	444	+8.0	700	+2.8	+256	−5.2	1,584	+2.4	24.1	28.0	38.0
1973	1,533	−1.2	1,958	+6.4	444		705	+.7	+261	+2.0	1,697	+7.1	22.7	26.2	36.0
1974	1,374	−10.4	1,772	−9.5	[1] 360	−18.9	734	+4.1	+374	+43.3	1,398	−17.6	20.3	25.8	41.4
Japan:															
1970			5,289		20		1,087		+1,067		4,222		.4	.5	20.6
1971			5,811	+9.9	19	−5.0	1,779	+63.7	+1,760	+65.0	4,051	−4.1	.3	.5	30.6
1972	4,367		6,294	+8.4	25	+31.6	1,965	+10.5	+1,940	+10.2	4,354	+7.5	.4	.6	31.2
1973	4,915	+12.6	7,083	+12.5	38	+52.0	2,067	+5.2	+2,029	+4.6	5,054	+16.1	.5	.8	29.2
1974	3,849	−21.7	6,560	−7.4	44	+15.8	2,618	+26.7	+2,574	+26.9	3,986	−21.1	.7	1.1	39.9
Sweden:															
1970			311		131		210		+79		232		42.1	56.5	67.5
1971			317	+1.9	127	−3.1	237	+12.9	+110	+39.2	207	−10.8	40.1	61.4	74.8
1972	251		351	+10.7	158	+24.4	220	−7.2	+62	−43.6	289	+39.6	45.0	54.7	62.7
1973	253	+.8	378	+7.7	158		209	−5.0	+51	−17.7	327	+13.2	41.8	48.3	55.3
1974	282	+11.5	368	−2.7	191	+20.9	194	−7.2	+3	−94.1	365	+11.6	51.9	52.3	52.7
United Kingdom:															
1970			2,098		168		953		+785		1,313		8.0	12.8	45.4
1971			2,198	+4.8	300	+78.6	863	−9.4	+563	−28.3	1,635	+24.5	13.7	18.3	25.6
1972	1,956		2,329	+6.0	485	+61.7	773	−10.4	+288	−48.9	2,041	+24.8	20.8	23.8	12.4
1973	1,994	+1.9	2,164	−7.1	546	+12.6	762	−1.3	+216	−25.0	1,948	−4.6	25.2	28.9	10.0
1974	1,520	−23.8	1,937	−10.5	419	−23.3	735	−3.5	+316	+46.3	1,621	−16.8	21.6	25.8	11.2
United States:															
1970			11,311		2,167		379		−1,788		13,099		19.2	16.5	3.4
1971			10,672	−5.7	2,826	+30.4	487	+28.5	−2,339	−30.8	13,011	−.7	26.5	21.7	4.6
1972	13,002		11,298	+5.9	2,915	+3.2	531	+9.0	−2,384	−1.9	13,682	+5.2	25.8	21.3	4.7
1973	14,380	+10.6	12,668	+12.1	2,937	+.8	661	+24.5	−1,736	+27.2	14,944	+9.2	23.2	19.7	5.2
1974	11,358	−21.0	9,984	−21.2	3,233	+10.1	815	+23.3	−2,418	−39.3	12,402	−17.0	32.4	26.1	8.2

[1] Estimate.

Source: U.S. Department of Labor, recommendation on worker petition for certification of eligibility to apply for adjustment assistance, Chrysler Corp., Highland Park, Mich., table 29.

Mr. FANNIN. Mr. President, pursuant to the United States-Canadian Auto Agreement, a North American free trade area in motor vehicles was created. Its effect was to alter radically the pattern of trade in motor vehicles and parts between the United States and Canada. In 1965, U.S. passenger car exports to Canada were 48,000 units. By 1974 that export figure had risen to 517,000 units. Imports from Canada increased from 33,000 units in 1965 to 818,000 units in 1973. Recent reports indicate that the United States-Canada auto goods trade deficit continues to increase. I doubt that this inequitable result was intended by the authors of the United States-Canadian Auto Agreement. Regardless, I believe this is an unjust situation which would be corrected by this bill.

Mr. President, I request that hearings be held before the Finance Committee on this bill at the earliest possible date in order to bring to light the harmful effects easily-imported automobiles have had on this vital U.S. industry and related industries.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill—S. 2310—to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. HOLLINGS. Mr. President, pending the arrival of the managers of the HUD conference report coming to the floor, I shall sum up now as to where we think we are on the natural gas emergency bill. We are never sure.

We realize that the Phillips 66 team, those for the major oil companies and OPEC, threw the WIN team, those for the consumer and for maintaining reasonable energy prices, for a good 20-yard loss yesterday. That was after unprecedented lobbying by the oil and gas industry and the skull session held early yesterday morning at 8 o'clock at the White House by the former captain of the WIN team. The President changed his signals for an emergency solution to an emergency problem. The President decided he wants long-term decontrol tacked onto the natural gas emergency bill.

Mr. President, many of us wanted to get to the floor a consideration of a comprehensive solution to our energy problem. For example, in the case of natural gas many of us wanted to consider it early this year. The Commerce Committee reported a long-range bill in May and stated we were ready, willing, and able to debate that bill back in June. But various delays and controversies postponed the debate on S. 692.

Having worked into this particular situation, the Administration, the House leaders, and the leaders on the Senate side, all agreed that a trimmed-down emergency gas bill for this winter should be considered and passed as quickly as possible to prevent massive unemployment this winter due to gas shortages. We then went to those who had other energy measures, and urged them to not attach these important measures to the emergency gas bill. We were committed and the leadership was committed to oppose all amendments that did not directly relate to this winter's natural gas emergency. Of those interested in divestiture, we asked that they withhold and not put it on the emergency bill. We asked those who were trying to get better recordkeeping and improved reserve reporting to keep it off the emergency bill. Many of us want to control domestic oil prices at a level different from that set by the OPEC cartel. We wanted a national long-term solution to natural gas pricing that maximized production without monopoly pricing. We wanted to keep these matters off the emergency bill.

It was our intent to promptly dispose of the emergency legislation to assure that thousands of jobs are not jeopardized while the Congress takes the time necessary to resolve long-term natural gas policy issues. Of course, the leadership was fully committed to taking up S. 692, the long-term natural gas bill and all its amendments immediately after S. 2310, the emergency legislation, was passed.

We had hoped, the Senator from Ohio and the Senator from Georgia and myself, that we could have done that.

But now we have been sidetracked and, literally, the Pandora's box has been opened.

We worked all last night and today to try to close that box to some extent, but, already amendments to S. 2310 are proliferating. Yesterday, we adopted a reserve auditing amendment—a needed reform. We failed to table the long-range Bentsen decontrol amendment. Now pending is the long-range solution to both oil and gas pricing. On Monday we will discuss divestiture amendments because, of course, our divestiture friends now want to be heard, because they have been waiting all year long. There will be others as there is much unfinished energy business. Here it is October. We are moving down to the end of the wire here, in an attempt to work in these conservation measures that are also needed.

Hopefully, then, on Monday, we shall be able to bring up the divestiture part of the energy problem. I think we can debate that and, hopefully, vote on that on Tuesday along with some perfecting amendments with respect to the Pearson-Bentsen amendment.

Many perfecting amendments need to be considered. It is almost amazing to hear Senators, after they voted, on what they thought occurred. Those interested in holding the line on inflation had no idea that, over the next 5 years, an average of $10 billion in added costs in inflation may be permitted by the vote taken yesterday.

They were not hearing. They heard all the nuances and ramifications about natural gas, but they never began to think in terms of that local power company and that local power company using this natural gas; how, in turn, rather than receiving some gas at around 16 cents, but mostly around 26 to 30 cents, all of a sudden, they are going to be paying $2 and $3; and the beginning of increased electric bills at home actually started yesterday afternoon on the floor of the U.S. Senate.

There are those who realize that the propane section, with the new establishment of an appeals court, where we are going to have so many gas judges appointed to take special appeals on propane, is far more complex than needed and what the Senate actually passed last week in the continuation of the Emergency Petroleum Allocation Act.

Of course, Mr. President, it was almost like the debate at one time on oil depletion. The key word that entire week of debate was "independence." If we could say this was for "independence," we could get a majority vote, and if we could not say that, we could not. Somehow, we have worked our way into a situation where if we use the word "gradual" we can get an affirmative vote on anything, as long as it is "gradual." They thought with the words, "gradual decontrol," that is exactly what it was. They are now coming to realize that onshore—that onshore is immediately decontrolled, causing that inflation, and that offshore gradual decontrolling has, in essence, no applicability in that, during the next 5 years, according to the schedules of the Department of the Interior for leasing in the Mid-Atlantic, Alaska, and frontier areas of the Continental Shelf of the United States, little of the new gas would be brought on board to be subjected to the gradual decontrol schedule that becomes total decontrol in prior to 1981. At that time, the 5-year program of gradual decontrol expires and we get one sock of inflation all at one time.

The difference in onshore and offshore pricing combined with decontrol for gas from new wells, even if drilled in old fields, means wasteful drilling onshore and little activity offshore. The worst combination of high prices and shortages.

So, here we are. We were trying our best to hold off these amendments and have the emergency bill promptly enacted. But now we have comprehensive amendments pending and now we are going to have to debate and get into the long-term issues raised in S. 692, a cap of natural gas prices at $1.30, the prevailing price in the intrastate market being $1.26. That is the average rate of the free market price. We have that capped even above the present inflated, OPEC-controlled, free market price at $1.30, and we shall see if that will satisfy them, because that would constitute, literally, a 250-percent increase, Mr. President, over what they are now receiving at the national rate established by the FPC last December at 50 cents.

We hope that we can pare this thing down to something that can be enacted into law. We cannot debate everything while plants close down due to a lack of natural gas.

We will be debating this on Monday, and some of these amendments during the week. But, suffice to say, this diversion is the making of the President of the United States. We worked in every way we possibly could. We worked with the pipelines. We worked with the energy administrator. Mr. Zarb said that we were fairly close together. We even had a quote from the distinguished Chairman of the Federal Power Commission, who said he could work under our bill. We had everything drawn tightly and narrowly to deal with the emergency. But they got greedy, and then they opened up the Pandora's box.

For those who are managing this particular bill, there is now an effort to debate and dispose all amendments as soon as possible. There are many amendments and we are trying to organize the Senators to bring them up at the appropriate time, try to get time agreements so that we can vote.

The distinguished leader has an even more important subject for the present moment in the Sinai agreement that should be and must be acted upon this following week.

In that context, we are working to expedite and accelerate and bring to the Senate the long-term gas bill itself. But it is quite obvious, with the varied views on both sides of this particular question, it is not easily handled.

We have asked, the distinguished Senator from Kansas and myself, for example, for an outline summary of the Pearson-Bentsen amendment, and now the Stevenson-Hollings-Moss amendment, and how they compare and where they are different.

The staffs said it would be Monday afternoon, working all over the weekend, just to get those comparisons.

I remind you those are the experts and the staff members who have been working on this legislation for the past several years. If it takes them that amount of time to break it down into an understandable form for the Members themselves, you can imagine the time, like it or not, that will be required to discuss it here on the floor of the Senate.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUGH SCOTT. Mr. President, I ask unanimous censent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. HUGH SCOTT. I seek recognition.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. HUGH SCOTT. Mr. President, I rise to ask the distinguished majority leader if he can tell me about the order of business for next week.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, we hope to dispose of the conference report on HUD this afternoon and, when we do, that will conclude the business of the day unless somebody wants to make a speech or something of that sort.

We hope next week it will be possible, although I cannot guarantee it by any means, to finish the pending business and the Sinai agreement.

The Sinai agreement, as the Republican leader knows, has a time factor to contend with, and I think it might be well to serve notice at this time about the possibility of a meeting on a week from tomorrow. That would be October 11. I make this statement reluctantly, but I raise the possibility because we are caught in a time bind, and I do not think the Senate should go out until they have disposed of the Sinai agreement one way or the other.

I am not in favor of the 200 technicians, but that is of little account. I do think the President's wishes ought to be given every consideration, and I raise this warning advice at this time only to put the Senate on notice so far as the legislation next week is concerned.

One more thing.

Mr. HUGH SCOTT. Yes.

Mr. MANSFIELD. It is my understanding that the House will take up the question of the President's veto of the school lunch program on Tuesday next. I would like to consult with the distinguished chairman of the Committee on Agriculture, Mr. TALMADGE, to see if it would be all right with him if the House overrides the school lunch program veto for the Senate to take it up on that same day.

Mr. HUGH SCOTT. I thank the distinguished majority leader.

I would like to add that the President has made the point and, I believe, he and I are well agreed, that the Sinai agreement should be disposed of by the Senate. The House has already, I understand, acted in committee and reported out a resolution. Our committee will hold a hearing on Monday next, that is, the Committee on Foreign Relations, and it expects to hold a hearing to hear the Secretary one more time on Tuesday morning.

The chairman of the committee indicated today he hoped we could have a meeting of the committee in executive session thereafter to act on voting out of the proposal.

As the distinguished majority leader knows, we agreed this morning to release all documentation as to which the United States has a commitment or undertaking which could be construed as a commitment, and this is in justice to the right of the American people to know.

Having done that, I see no reason for any delays beyond the normal procedure, and I would favor our remaining in session as long in the evening as we have to remain, and meeting on a week from tomorrow, if necessary, and I am glad the distinguished majority leader feels we should give this matter the highest priority.

I personally believe that the dangers and the risks in the Middle East are so great that if the action of the Senate in any way were to contribute to an unraveling of this agreement we would, in all likelihood, increase the risk of war, and I do not think the Senators want that on their consciences and, therefore, it is the right of every Senator obviously to vote as he sees fit, but I think it terribly important that we respond. After all, this agreement was entered into on September 1, and it is high time we took some action.

We have seen the right of Congress to participate in foreign policy eroded by our own delays, as in the case of the evacuation argument.

If we want to play a part under the advise and consent clause of the Constitution, we must play that part not only responsibly but in a timely fashion before foreign policy becomes effective or ineffective, as the result may eventuate.

I hope next week we can act on the nomination for U.S. Attorney in the District of Columbia, which has been reported by the Committee on the Judiciary. It has been delayed for one reason or another for the better part of 2 years now and I would hope, at least, we could get a vote, there were only two dissenting votes in the committee.

I do not believe it ought to be delayed unduly. I know some Senators want to be heard, but can the distinguished majority leader give me any advice to which I might consent with regard to this nomination?

Mr. MANSFIELD. May I say that I will attempt to get it up this coming week, but I cannot promise. I will talk to the interested Senators to see if something could be worked out, and if they intend to debate it at length, that some reasonable agreement can be worked out, but I would not take that up in lieu of the present legislation or the Sinai agreement.

I want to assure the distinguished Republican leader that we have discussed this ourselves, that we jointly will make every effort to call up the Sinai agreement as soon as it is reported out of the Foreign Relations Committee.

Mr. HUGH SCOTT. I thank the distinguished majority leader.

I would rather see the Sinai agreement continue to have that priority.

I thank the distinguished majority leader.

ORDER FOR RECESS TO MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that instead of adjourning tonight, the Senate stand in recess until the hour of 12 noon Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS ROBERT C. BYRD, GRIFFIN, AND MANSFIELD ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on Monday there be a 15-minute time allocation to the distinguished assistant majority leader, the Senator from West Virginia (Mr. ROBERT C. BYRD), and the distinguished assistant Republican leader, the Senator from Michigan (Mr. GRIFFIN), and that 15 minutes also be allocated to the Senator from Montana now speaking.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL ELECTION COMMISSION

Mr. HUGH SCOTT. Mr. President, there is another matter which I would like to call to the attention of the distinguished majority leader.

The Committee on Rules and Administration this morning reported two resolutions of disapproval of action to the Federal Election Commission. They did, however, move to strengthen, to broaden, and to equalize the impact of the campaign elections law.

In other words, the action of the Rules Committee is intended to apply equally to both bodies, to fix a time limit reasonable in their judgment at which time the political limitations contemplated by the act will become effective, to broaden it to apply to the candidates for President and Vice President, and to equalize it to apply to challengers as well as to incumbents.

In order, as Kipling says, that the straw may be counted fairly and the tally of bricks be set—by which he meant, let us get the facts out and let us deal justly with the facts, I want the public to know that what we have done is just that and by unanimous resolution we used those very words, to strengthen, to broaden, and to equalize.

So we believe we have given the Federal Election Commission more powers than they have asked for. We have given them more authority than they have asked for, but we have supplemented it within the parameters of the law rather than in that misty area of opinion.

I believe, therefore, that these resolutions are meant not to weaken the act but to strengthen it.

Mr. MANSFIELD. Mr. President, we will do our very best to try to get them up this coming week, if at all possible, and I understand there are some time factors involved.

May I put the Senate on notice that beginning on Tuesday, we are going to come in early and stay as late as need be to accomplish the work which is before us in the coming week.

Mr. HUGH SCOTT. I hope all the Senators will take due notice.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1976—CONFERENCE REPORT

Mr. PROXMIRE. Mr. President, I submit a report of the committee of conference on H.R. 8070, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. MORGAN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8070) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of September 23, 1975, at p. 29892.)

Mr. PROXMIRE. Mr. President, the pending conference report recommends that the Congress provide $49,344,914,000 in new budget obligational authority in fiscal year 1976 for the Department of Housing and Urban Development and various independent agencies. This figure is $22,846,100,000 more than the Congress provided last year. This rather astonishing difference is due primarily to a change in budgeting procedures arising from the implementation of the Budget Control Act of 1974. The amount contained in the conference report is $564,344,000, a little over 1 percent, above the budget estimate which is about the President's budget. It is also $6,978,890,000 above the House-passed figure and $930,400,000 below the amount approved by the Senate.

For the transition period the $5,648,675,000 provided by the conference is $24,028,000 less than the administration's estimates, $214,058,000 above the House and $1,227,000 above the Senate.

Let me take a few moments to explain why the dollars contained in this report have ballooned so between last year and this year. There are two principal reasons:

First, authority that would have been shown on a 1-year basis last year is being shown over the life of the contracts that can be entered into on the basis of that authority. As a consequence, a housing payment figure that would have been tabulated as $2,265,000,000 under principles applied last year—shows up in the bill this year as $17.8 billion—not $2 billion—in new budget authority. This represents an increase of approximately $15.5 billion.

Interest subsidy payments on State housing finance and development agency bonds that in all likelihood would have been tabulated at the $15 million level last year are shown this year, over the 40-year life of the obligation, as $600 million, or 40 times as much.

Second, $5 billion in Treasury borrowing authority that would have been provided through authorization legislation last year is included in this year's bill.

If we add these figures together we can see that this year's bill is $21.1 billion higher than last year's measure simply because of changed accounting procedures.

The change also accounts for what appears, at first blush, to be a very substantial budget overrun although, as I indicated earlier, the overrun is only a little more than 1 percent of the total contained in the bill. By approving $15 million in authority to make yearly interest grant payments on State housing bonds, funds not requested in the budget, the conferees have added $600 million to the budget which more than accounts for the $565,344,000 increase above the budget request. In other words, $15 million over the budget estimate has given us the entire difference, which unfortunately has to be translated into $600 million because of the 40-year runout. This $600 million cannot possibly generate more than $15 million in outlays over the next year. Yet under the new budgeting procedures we are showing this very high $600 million as new budget authority because payments of as much as $15 million could be made each year over a period of 40 years.

Of course, the most significant question we can ask in judging the impact this bill will have on the Federal deficit is "what impact will the bill have on actual outlays, the dollar amount of checks the Federal Government writes?" The total outlays in fiscal year 1976 resulting from the $49 billion approved in conference will be less than $20 billion. It will be $19,969,193,000, to be exact. The figure is almost precisely the same as the President's budget request. It is $2.5 million above the budget, about one-tenth of 1 percent.

But what have the conferees done with regard to the many items—over 50—that were at issue between the two Houses? Here is a rundown.

The committee of conference provided $35,000,000 for the emergency homeowners' relief fund. These dollars will be used to provide financial relief to homeowners threatened with the loss of their mortgages. Although the Senate provided $75,000,000 for this newly authorized program it is not at all clear how much will be needed in fiscal year 1976. If additional support is necessary we can provide it in supplemental legislation. The administration thus far has requested no funding for the program.

Without doubt the most complex amendment considered by the conference was language applying to the new section 8 assisted housing program. Language approved by the committee of conference would require that half of the funds provided for section 8 be used for new construction; would prohibit the Department from increasing fair-market rents by more than 20 percent in individual cities and 10 percent in the aggregate above the rates prevailing on September 8; would provide that at least $50,000,000 of the total $662,300,000 in annual payments authorized by the HUD-independent agencies bill be spent on new conventional public housing commitments; and would place a ceiling of $17 billion on the total amount of new budget authority that can be obligated under assisted housing contracts authorized by the bill.

This last compromise deserves the Senate's particular attention. For the first time ever we are showing the costs of assisted housing contracts over the life of the contracts, which can run for as long as 40 years. In the past we showed the 1-year cost. By placing a ceiling in the bill we have in effect stopped the Department from running up long-term obligations that could be as high as $26 billion, or even higher if HUD re-used the authority we are providing today. In a sense we are slicing approximately $9 billion from the administration's estimates by placing this $17 billion ceiling in the bill. But we are not showing this as a budget savings because the realistic estimate of how the annual authority would be used as provided by the General Accounting Office is about $17 billion.

However, even this figure is way too high. It has very little relationship to what actually will be paid out under the assisted housing program. This is because the Government has to assume maximum liability when it enters into assisted housing contracts. But the Government will not have to make a maximum, 100 percent, payment on these contracts as a rule. As a matter of practical fact the tenants, who must pay a percentage of their income before the Government starts to subsidize their rents, will pay a very substantial portion of the total for which the Government is theoretically liable. Because nobody can come up with reliable figures for the tenants' share of the costs the Senate argued long and hard in conference that we should just show the first year costs of the program. However, we did not prevail. The best we were able to do was to put a lid of $17 billion on program costs.

Not only does the $17 billion overstate costs, but it places the assisted housing program at a distinct disadvantage. There are many other programs that are long term in nature, yet do not show long-term runout costs. Examples are veterans benefits, social security payments and ship operating subsidies. Not all of these programs represent contract commitments, but we are not about to eliminate veterans pensions or cut social security benefits. These programs continue to be shown on a year-by-year basis while housing costs will be shown in each budget as from 20 to 40 times as high as they are on a yearly basis. Obviously, this makes it possible to show a whopping savings in housing by cutting the 1-year costs of the program and then multiplying that cut times 40. As a consequence, assisted housing will be subject to great budget cut pressures in the future.

Housing for the elderly was also at issue in conference. We settled on a $375,000,000 program with all of the funds being available for permanent financing and with a limit on the cash equity requirement to be imposed on nonprofit sponsors of $10,000, which is to be repaid when the project achieves sustaining occupancy. Although the conference figure is $160,000,000 above the budget estimate it does not show up as an increase in new budget authority because it is a loan limitation.

Mr. President, the committee of conference dealt quite generously with the various HUD staffing cuts that were made by the House. Only $616,000 was cut from the Senate add-on for staffing housing programs, $125,000 was cut from the Senate increase for general counsel's office, and $524,000 was deleted from the Senate add-on for regional management and services.

The conferees provided a significant portion of the Senate increase for low-income housing operating subsidies. The $535,000,000 approved by the conferees is $10,000,000 above the House figure and $15,000,000 below the Senate. The increase above the budget is to be used for inflationary cost rises.

The conferees approved the full $5,000,000,000 requested by the administration in a budget amendment for the mortgage purchase assistance program. This request was received after the House had passed H.R. 8070. The actual outlays to be incurred through the use of this new budget authority are minimal. The Government refinances the purchased mortgages through the private market and thus recoups the initial outlay.

Mr. President, the committee on conference provided the full $50,000,000 added by the Senate for the rehabilitation loan fund. Language extending the program was a part of the emergency housing legislation signed by the President in July. This money should help to revitalize run-down portions of our major cities by rehabilitating decaying housing. It should also put a little badly needed steam into the housing sector of the economy.

The conferees' resolution of the so-called SMSA balance problem was a trifle complicated. Whereas the Senate earmarked $100,000,000 for metropolitan area cities of under 50,000 population and took $36,000,000 of that amount from the $2,700,000,000 the House provided for distribution under the community development grant formula, the conferees restored the money to the formula and reduced the earmark by a like amount. That takes us down to $64,000,000. The conferees then agreed to split the further $24,000,000 the Senate added to the $40,000,000 earmarked by the House for SMSA balance communities. By cutting this in half we arrived at a total add-on to the House figure of $12,000,000 for a total earmark of $52,000,000.

The committee of conference allowed $75,000,000 for the comprehensive planning program, an increase of $25,000,000 above the budget as well as the House-approved amount, and a decrease of $50,000,000 below the Senate figure. In order to cushion the blow, however, the committee of conference included language in its report indicating that community development grant funds were to be used for essential comprehensive planning in large cities.

Mr. President, the conferees deleted $200,000 added by the Senate for the work of the Housing Assistance Council, leaving $400,000 in the bill for the work of the Council. The bill, as reported from conference, retained the Senate earmark of $1,000,000 for mobile home construction and safety standard activities.

Turning now to the independent agencies portion of the bill, the conferees provided approximately half of the difference between House and Senate figures for the Consumer Product Safety Commission. Thus the Commission will receive $41,820,000 in fiscal year 1976 and $10,355,000 in the transition period. This represents a significant increase above the figure approved by the Senate which was in itself a 10 percent increase over last year's Commission budget.

The conference report provides $5,000,000 of the $10,000,000 added by the Senate for the Environmental Protection Agency's clean lakes program. This means the clean lakes effort will receive a total of $15,000,000 this year. The House concurred in Senate cuts made in the EPA's special foreign currency program—cuts of $2,000,000 in fiscal 1976 and $330,000 in the transition period.

The National Aeronautics and Space Administration fared exceptionally well in conference. The $48,400,000 deleted by the House from the Pioneer Venus program was restored, making a total of $57,600,000 available for this program. Language was included in the conference report, however, that would allow $1,000,000 of this amount to be reprogramed into large space telescope planning activities. Thus, the total for NASA's research and development program was $2,677,380,000, as compared to $2,685,380,000 in the Senate version of H.R. 8070 and $2,628,980,000 in the House version of the bill. Although $7,000,000 added by the Senate for upper atmosphere research was not approved in conference, language was added to the conference report allowing the agency to reprogram funds into this activity.

The conferees settled on a total of $710,000,000 for the National Science Foundation. This was just about a split of the $713,100,000 contained in the Senate bill and the $707,100,000 provided by the House. We did substantially reorder priorities within the agency, however. The committee of conference allowed $60,000,000 for research applied to national needs, $50,000,000 for the Foundation's education programs, $2,500,000 for intergovernmental science, $11,500,000 for the ocean sediment coring program, and approximately $356,400,000 for basic research. I know many Senators have received mail on the instructional implementation program. This was not at issue in conference, both Houses having declined funds for the continuation of this activity.

The committee of conference allowed $37,500,000 for the Selective Service System in fiscal year 1976, a cut of $2,500,000 in the House figure. The transition appropriation remained at the House level of $8,300,000. The conference report calls for a review of the entire program, which many of us feel should be completely phased out at this point with the volunteer draft working so well.

The House conferees agreed to the great bulk of a series of amendments to the Veterans' Administration budget submitted by the administration subsequent to initial House action on H.R. 8070. Of a total budget amendment increase of $1,413,500,000 the committee of conference approved $1,412,194,000. The only cut made by the conferees in this amended request was $1,306,000 for 100 additional vet-rep positions which were felt to be unnecessary.

Although the conferees endorsed the Senate's decision to earmark $6,700,000 for construction of a VA research and education facility in Jackson, Miss., the conference also supported the concept that funds for projects earmarked in the bill would have to be found within the list of projects originally chosen by the administration. Thus, the conferees placed a ceiling on spending for major construction projects of $297,464,000, the amount requested by the administration.

There were a number of general provision issues that had to be ironed out. The conferees agreed that the Federal Housing Administration should be able to get out from under the travel restrictions placed in the bill if there were changes in their appraisal and inspection workload caused by housing market fluctuations.

EPA APPROPRIATIONS

Mr. MUSKIE. Mr. President, I want to discuss a legislative rider which has been attached to this bill. My purpose is to clarify what is obviously the intent of the conferees as regards amendment No. 56, which is in technical disagreement between the House and Senate. Under that amendment, the Environmental Protection Agency would be forbidden from using its funds to regulate parking as a means of achieving health related air quality through transportation control plans. There are few if any instances in which EPA funds are actually used for the direct regulation of parking. However, the purpose of the authors as I understand it is to bar, until the Congress has had a time to review this question, the use of EPA funds to require parking regulations as a part of transportation control plans.

Mr. President, the Senate has spent 33 days this year considering the Clean Air Act Amendments. Nineteen of those days have been devoted to the markup of comprehensive legislation amending that act. The Subcommittee on Environmental Pollution which I chair intends to complete action on that legislation next week.

This provision is very temporary in nature; it only lasts until the legislation on which we are working is completed and therefore, I do not intend to move to strike the amendment, nor to reject the conference report. Funds available in this appropriation are too important to delay their enactment.

The record should indicate that it would be my preference to eliminate this amendment altogether. It is not appropriate to legislate on an appropriations bill. But in order to avoid dragging this issue out, I will reluctantly agree to this amendment subject to the understandings established in this discussion today.

The thrust of this rider provides an excellent case as to why legislation should not be attached to appropriations bills. The effect of this language is directly contrary to the obvious intent and desire of Members in this body regarding the way future clean air requirements should be developed in communities that suffer from substantial pollution as a result of motor vehicles. The inclinations of the Members, which the Subcommittee on Environmental Pollution is following, is to allow greater flexibility for local communities to make these decisions.

Mr. PROXMIRE. Mr. President, the committee of conference resolved the ticklish issue of the Environmental Protection Agency's parking regulations by striking language approved by the House to prohibit the use of funds to regulate the review of indirect sources while retaining House parking regulation prohibition language. This language is subject to the enactment of subsequent legislation.

Mr. President, some concern has been expressed over the language which makes the parking ban prohibition subject to the enactment of future legislation. The words in question are those that apply the ban only to a program to regulate "parking that is not specifically required pursuant to subsequent legislation." It has been argued that the word "required" is too strong and should be replaced by the word "authorized." I would like to take a few moments to explain how I understand the language. This may help to allay any fears or doubts that exist over the word "required".

It is important to note that the parking regulations we are talking about would be required "pursuant to subsequent legislation" rather than specifically required by the legislation itself. In other words the Congress in its wisdom might enact legislation specifically providing a number of tools that the Environmental Protection Agency as well as States and localities could use to meet ambient air quality standards. One of those tools, and this would have to be specified in the legislation, would be parking regulations. Now this tool might not be required in all instances. But if in the judgment of the parties involved in a specific situation parking regulations were needed to meet ambient air quality standards in a given locality and that tool was made available by the authorizing legislation, the tool could be used.

Mr. President, I would prefer to avoid attaching such language to an appropriations bill. By the time the next appropriations bill providing EPA funds is considered, the Congress will have acted on amendments to the Clean Air Act. That is where this issue should be settled, and I will strongly oppose any future attempts to resolve this matter in appropriations bills.

Mr. MUSKIE. I would like to address several questions regarding the intent of this amendment to Senator PROXMIRE, the distinguished floor manager of this bill. First, I would like to ask the Senator whether this language is meant to only prohibit the EPA from using its own funds to administer or promulgate parking programs, and that it does not, and is not intended to prevent States from adopting and implementing their own parking program as a part of State implementation plan?

Mr. PROXMIRE. That is correct; this language does not in any way limit a State's ability to adopt and administer their own parking programs.

Mr. MUSKIE. Would States be free then to use EPA grant money to promulgate or administer their own parking program?

Mr. PROXMIRE. Yes; States would be eligible to use EPA grant money to promulgate and administer their own parking programs. This situation would not be considered a direct or indirect EPA administration or promulgation since the States would be implementing their own chosen and desired parking programs. While EPA may provide grant money to States for purposes related to parking, the Agency cannot require a State to implement parking controls in order to be eligible for such money. It should be noted that locally adopted parking programs are already an eligible item for section 9 grant money under the National Mass Transportation Assistance Act of 1974 to develop the transportation system management element of a transportation improvement program.

Mr. MUSKIE. May the Agency continue to provide technical assistance, guidance, and so forth, to areas interested in establishing their own parking control programs?

Mr. PROXMIRE. Yes, such assistance and guidance is not directly or indirectly, administering or promulgating any parking programs. The EPA is a source of information and knowledge on parking programs and the language is not to be interpreted so as to prevent the Agency from sharing its expertise with others.

OTHER GENERAL PROVISIONS

The conferees recognized the hardships that were being placed on the community of Merced, Calif., through HUD's failure to properly apply new noise standards by approving language giving the community a year's grace period in the application of those standards to FHA insurance operations. The conferees made the language quite specific, however, so that it would not affect noise control programs in other parts of the country.

I am sorry to report to my colleagues that once again we failed to retain language prohibiting the use of chauffered limousines to drive agency heads between home and work. However, we made some progress in the form of conference report language expressing deep concern over this continued improper use of Government cars.

Finally, the conferees approved Senator SCHWEIKER's amendment requiring that all funds provided in the bill should be subject to audit and voucher by the General Accounting Office. This is simply an endorsement of sound budgetary procedures.

Mr. President, I fully believe that the bill as reported by the committee of conference is responsive to both the need for fiscal restraint and the views voiced by the Senate when this bill was taken up in committee and on the floor. There is no reason it should be vetoed. The steps we have taken to add new budget authority to the administration's requests are quite modest and are in reaction to the severe depression in housing. The miniscule increase in outlays above the President's budget and the less than 2-percent increase in new budget obligational authority can in no way justify a veto and I am very hopeful that the bill will be signed into law in the very near future.

Now, Mr. President, because this conference report was recently adopted by the House of Representatives, in fact, just a few hours ago, and because the chairman of the House conferees included in the RECORD a tabulation which sets out completely the action of the conference, I ask unanimous consent that the complete tabulation of the House of Representatives be incorporated in the RECORD by reference.

The PRESIDING OFFICER. Without objection, it is so ordered.

[The tabulation referred to can be found on pages 31566–31571 of today's RECORD.]

Mr. CURTIS. Will the distinguished Senator yield for a question?

Mr. PROXMIRE. I am happy to yield.

Mr. CURTIS. May I ask about this $49 billion? Is the Senator speaking of funds to be appropriated or does this involve lending authority and insured loan programs?

Mr. PROXMIRE. This involves borrowing authority and contract authority as well as traditional appropriations authority. It involves new conduct concepts—things we have never done in the past. It involves running out the potential contract authority on the assumption that the Federal Government has to make the maximum payment possible every year over the next 20 to 40 years.

Mr. CURTIS. But does it deal with funds to be appropriated, or are we talking about insured or guaranteed programs where the risk to the Federal Government——

Mr. PROXMIRE. These are not guarantees. This is contract authority and borrowing authority that we are making available to the Federal Government for obligation.

Mr. CURTIS. But it will be supported year after year by appropriations?

Mr. PROXMIRE. We have run out the 40-year cost in the bill this year so it would not require subsequent appropriations except for liquidating cash. The reason we did this is because the administration asked us to do it. They felt that it was the most responsible way to act. I frankly did not like the idea because I think it enormously overstates any possible obligation the Federal Government will have, and it makes housing quite vulnerable in the future. All that has to be done to make a very big cut in the budget is to cut housing by a small amount and multiply it by 40. If you cut housing by $1 million, you take $40 million out of the budget. I lost in the conference committee and I am willing to accept the defeat. The administration is taking a conservative fiscal position by running out this entire cost.

Mr. CURTIS. In other words, the Senator means to say that over the next 40 years we will appropriate $49 billion to pay for this appropriation.

Mr. PROXMIRE. We are making the commitment in the legislation this year.

Mr. CURTIS. Are we appropriating that much this year?

Mr. PROXMIRE. We are providing that much HEW budget authority, but the amount that will be expended this year is $20 billion.

Mr. CURTIS. This is not the appropriation bill.

Mr. PROXMIRE. Yes, this is the appropriation bill for housing, urban development, space, veterans, and a whole series of independent agencies.

Mr. CURTIS. I am still not sure that we are making the record correct, at least not intelligible to those of us who are not on the Appropriations Committee.

Mr. PROXMIRE. It is very confusing. May I put it this way: We are giving the administration—the Department of Housing and Urban Development, primarily, because that is where the big difference is—the authority to enter into long-term contracts that could conceivably commit the Government over the next 40 years to expend $18.4 billion, and we are making the appropriations, not the authorization, so they have that obligation now. It will not require further appropriation action in order for them to expend that over the next 40 years other than liquidating cash.

Mr. CURTIS. Does the Senator mean we are depriving the next Congress and the next Congress of authority to pass on the amount that is appropriated?

Mr. PROXMIRE. No. What we are doing is we are saying that what this administration can do is to obligate, for example, $600 million a year for 40 years in order to enter into housing contracts that will make housing available for that length of time. The reason why it is so expensive is because when the Senator or I buy a house we may spend in any year $2,000 or $3,000, but that would add up over the life of the mortgage to a very great deal more than that. This is really what we are doing in this case.

Mr. CURTIS. Let me ask this question: Suppose this becomes law. How much money will flow out of the Treasury under this bill in the next fiscal year?

Mr. PROXMIRE. In the next fiscal year the outlays in total will be under $20 billion. About $19.9 billion.

Mr. CURTIS. Will it be the same amount for the next 40 years?

Mr. PROXMIRE. Under the long-term

contract program, it would be substantially less than that in each of the next 40 years because only part of this bill involves the runout.

Mr. CURTIS. Is this the only program we have in this field that will extend for the next 40 years or a substantial part thereof?

Mr. PROXMIRE. I am glad the Senator brings this up. That is one of the reasons I resisted this and fought it so hard. This is the only program for which the administration has agreed—and the House has agreed with them and my colleagues have, too—budget authority should be provided over the entire life of the expenditures. We do not do this, as the Senator knows better than I do, with respect to social security, though that is an obligation that goes way into the future; with respect to interest on the national debt; with respect to many other obligations that the Federal Government makes. But the Federal Government felt this was a long-term contract. They felt we should make this commitment very clear. They felt the whole obligation should be spelled out and the Congress required to act on this kind of an enormous appropriation which covers a period of many years, in just a single year.

Mr. CURTIS. The Senator said about $20 billion would flow out of the Treasury to support this program in the next fiscal year.

Mr. PROXMIRE. That is correct. I am talking about the entire appropriation. It affects housing, it affects veterans, it affects space, it affects many other agencies.

Mr. CURTIS. In this whole appropriation bill?

Mr. PROXMIRE. That is right. Only one part of this is extended out. It is the HUD part.

Mr. CURTIS. That is what I am directing my attention to. Is that $20 billion?

Mr. PROXMIRE. No; that part of it is about $651 million for this year.

Mr. CURTIS. Then it is not true that under the HUD program the amount of money that will flow out of the Treasury in the next fiscal year is $20 billion?

Mr. PROXMIRE. Not under the HUD program. Under this appropriation bill it will be about $20 billion, but the HUD housing program costs authorized in the bill will be about $600 million in the next year.

Mr. CURTIS. That is not the total housing program the Government is carrying on, is it?

Mr. PROXMIRE. It is a very large part of it. It is the principal program by far. We are providing $600 million in new budget authority for the program this year, and there are other elements involved in it.

Mr. CURTIS. Will that $600 million be used to make loans, is it Government-owned housing, or is it rent subsidies? What is it?

Mr. PROXMIRE. Under the housing legislation that the Congress passed in August of 1974, the principal housing program would require the Federal Government to make contracts with people who would build housing and then make it available to tenants whose incomes are low, that is, whose incomes are less than 80 percent of the median income. That covers millions of people in the country. But this year we are authorizing the Federal Government to make contracts for annual payments that could conceivably, all together, aggregate as much as $600 million a year. We estimate here it will be about $17 billion over the full time period.

Mr. CURTIS. Then do I understand it is in the nature of rent subsidies? These people they contract with to build the houses will put up the money for the capital outlay, will they not?

Mr. PROXMIRE. One of the reasons I struggled so hard to hold the figure down and think it is unrealistic and an overstatement is we made the assumption that the Federal Government would have to pay the entire amount of the housing cost. But the authorizing legislation does not provide that. It provides that the tenant, the person who occupies the house, will pay 25 percent of his income.

But in order to make a firm contractual commitment, the Federal Government, theoretically, is obligated to pay the whole amount. We make the assumption that the tenant will not have any income at all. It is an unrealistic and impossible assumption, but it was the one they thought was the most conservative one, and I was forced to accept it. The Government theoretically is obligated to pay billions of dollars over the next several years—$600 million this year, and comparable amounts hereafter.

Mr. CURTIS. But $600 million is the total amount the Government will have to pay for all housing programs next year; is that right?

Mr. PROXMIRE. Well, there are past programs that we have committed ourselves to handle, and altogether I am told that it is over $2 billion. But that was all obligated in the past; we cannot do anything about that. The commitment was made and at that time Congress did not make the appropriations to cover the obigations all the way into the future. Now we are going to. Future Congresses will not have to worry about the contracts that are made in the coming years, because they will all be funded; all that money will be provided for contracts made in coming years.

Mr. CURTIS. I beg the Senator's pardon for asking so many questions, but this is rather difficult to understand.

Mr. PROXMIRE. No, no, I think it is helpful. It is complicated, and it should be explained.

Mr. CURTIS. What is the total amount of money out of the Treasury to be expended for housing in the next fiscal year, exclusive of military?

Mr. PROXMIRE. It is over $2 billion. We will get the exact amount in a minute or two. I am having staff look it up.

Mr. CURTIS. But the Appropriations Committee has control of only $600 million of that, is that correct?

Mr. PROXMIRE. Well, for this year. The remaining $1.4 billion was committed in past years, and we have to provide funds for it.

Mr. CURTIS. It was what would be termed a continuing appropriation?

Mr. PROXMIRE. It was a continuing appropriation in the past, but for next year we fund the entire amount. Congress will not have to worry about that hereafter.

Mr. CURTIS. The distinguished Senator also is on the oversight subcommittee; is that right?

Mr. PROXMIRE. That is right; I am chairman of it.

Mr. CURTIS. Has the committee made any study of the 235 housing program?

Mr. PROXMIRE. We have made considerable staff studies. We have had some hearings, in which the Secretary of Housing and Urban Development has testified on the program.

The program has not been active; there have been no new starts or commitments since January 15, 1973. We are simply fulfilling obligations made in the past under section 235.

Mr. CURTIS. It has been abandoned so far as new starts are concerned?

Mr. PROXMIRE. That is correct. There is still some money appropriated in the past that may be used, but very little compared to what we have had in the past.

Mr. CURTIS. Has the committee made any study of how the so-called Brooke amendment is operating in these housing projects for the elderly? I refer to the Brooke amendment that puts a ceiling on the amount of rent that could be charged at 25 percent of a person's income.

Mr. PROXMIRE. Of course, the effect of that amendment has been to substantially increase the cost to the Federal Government, because the difference between that 25 percent and the total cost has to be made up by the Federal Government. That amount has increased greatly because of inflation, and because of increased housing costs. It has been a substantial burden, but it has been supported by Congress and by the Senate in the past because of the great need for equity and justice in this area.

Mr. CURTIS. Has there been any study or investigation of it, as to how it is working out in rural communities?

Mr. PROXMIRE. No. There is a continuing investigation——

Mr. CURTIS. I would like to invite the Senator's attention to that.

Mr. PROXMIRE. I think that is a good suggestion.

Mr. CURTIS. I think the Senator will find it is a very wrong practice. It is not desired, it is creating chaos in all rural areas.

Let me give an illustration. I live in a small town of 2,600 people. The only public housing we have any need for is housing for the elderly.

We have a housing authority that maintains 30 units. Prior to this amendment, they had housing that they charged from $30 to $50 a month for. They had a minimum of $30. Everyone was happy with that arrangement.

Mr. PROXMIRE. May I just interrupt

the Senator to say that the staff has called my attention to the fact that we did have oversight hearings last November in the committee on rural housing problems.

The Senator had earlier asked what the overall costs of all the housing programs are that are involved in this budget, including the new programs and old programs. The total cost is $2.245 billion.

Mr. CURTIS. All right. But coming back to the point I was making——

Mr. PROXMIRE. I beg the Senator's pardon. If we include operating subsidies, it would be almost $2.8 billion.

Mr. CURTIS. But coming back to housing for the elderly in the rural areas, and the application of the Brooke amendment, it puts a maximum that can be charged for rent at 25 percent of a tenant's income. I call attention again to this housing project that had a minimum rental of $30.

Everyone was happy with that. There were individuals there for whom the $30 exceeded 25 percent of their income, but because it was such a bargain, they were happy about it. Oftentimes a son or a daughter, or an in-law or someone else, would be happy to subsidize that rent, because they were so delighted that this older person could get housing accommodations for $30 a month. Their maximum then was $50.

Along comes the Brooke amendment, that forces on it a limit of 25 percent of their income. So all of a sudden, someone is given housing for $8 or $9 or $10 or $12 a month, and here is the havoc that it creates: In the first place, the people were unhappy that they were not asked about it. They had to disclose their income, whether they wanted to or not. They could not voluntarily pay the $30. All of their neighbors had to disclose their income, and that was most unsatisfactory.

Then the housing authority has financial difficulties, because they had projected their project on the basis that they would have at least $30 coming from each unit, and all of a sudden it dropped for a great many of them.

Then the Federal Government comes in and says, "Well, we will pay you a subsidy for the difference." Like a great many Government promises, it was not kept. Here is how they hedged on it: They said, "We will make you raise your maximum."

So, instead of letting our older people have a one-room accommodation for $50, they have raised that up to $75 now.

So the Government here in Washington is forcing the other tenants in this low-cost housing project to subsidize those that are below $30. But that is not the end of the difficulty. Now they get an application to take someone in, and instead of giving it to the poorest person and the most deserving, in order to make their financial program possible, they have to say no to someone who could pay $40 or $50, and take in someone who can pay $75.

It is changing the complexion and the operation of the housing program from one for the people of very low income to a program where the housing is for those with a higher income and absolutely makes it impossible for the people of the lowest income to get in there.

Also, when that rule came into effect, it put the Government in the position of looking over everyone's shoulder, because the Government is a party to the fixing of rent. Theoretically, they are paying a subsidy, and so they enter into all sorts of management decisions.

In this housing project they have a reception room that they use as a little party room. When one of these fine old people have a birthday, and their friends and relatives and neighbors come in, they use this little reception room and serve some coffee and refreshment. The project is 13 years old and the coffee pot wore out. I have examined the record. The local housing authority bought a new electric coffee pot for $40. They were reprimanded by the Department of HUD for buying a coffee pot because it was not in their budget. They are wasting more money checking on coffee pots that with that money they could supply new coffee pots for very resident of all the public housing.

Also, we live in an area where they cannot have a lawn unless they water it. This is in a nice part of town. In the surrounding area the people have beautiful lawns and grass.

The Department of the U.S. Government writes them a letter and reprimands them for watering the lawn.

I was never so humiliated in my life as when I was called to spend an evening with the housing authority. The maintenance man is on social security, so he works for a small amount. He does a lot of repairing. They have an arrangement with a local paint store where they can get a gallon or two of paint at a time with a 15-percent discount, and he does the painting.

The Government of the United States sent a letter and said: "You should buy paint enough for the whole project and you should advertise for bids."

On that board they have 6 men, who serve without pay, who have a total of 100 years business experience. They are some of the finest citizens in this city.

We have whippersnappers writing letters telling them when they can buy a coffee pot, and not to water the lawn, and how to buy paint. They pretend to be assisting the poor, but they work against the best interests of the poor. They have forced the minimum rents down so the only way they can stay in operation is to say no to poor applicants and to take someone that has a little more money.

I am not chastising the distinguished chairman of the committee for the evils of the program. There are things that go on in the bureaucracy of which I never dreamed, but it made me ashamed of my Government.

Mr. PROXMIRE. If the Senator will yield, I think the Senator has made some very constructive criticisms. I might tell him there is a new HUD formula for distributing subsidies to local housing agencies that is expected to be helpful. We are told by local housing authorities that they think it is an improvement. It certainly does not solve their problems.

We had 1 full day of hearings devoted to the Brooke amendment. The impression that was left, on the basis of those hearings, was that this is a serious problem. The Senator undoubtedly put his finger on it. The Brooke amendment has raised some problems, but it is not the only problem by any means. The enormously increased cost of energy and inflation have aggravated the problem.

In many areas maintenance costs go up very sharply. To cope with this kind of situation under many circumstances is exceedingly difficult.

At any rate, let me tell the Senator from Nebraska that we expect to hold further hearings within the next few months and will be very happy to have the Senator from Nebraska testify, file a statement with the committee, or give us any advice he can because we are anxious to secure his help.

Mr. CURTIS. I think the record will show that I have been before the Senator's committee.

Mr. PROXMIRE. That is correct, the Senator certainly has been.

Mr. CURTIS. I think the record also shows I offered an amendment out here to grant some relief from the Brooke amendment for rural areas, and I got nowhere. Many times there is a complicated problem that has a simple answer. The simple answer is to fire 90 percent of the bureaucracy, and let the local housing authorities run the project and fix the rents. The local Housing will act in the best interest of the elderly with low incomes.

Mr. PROXMIRE. The Senator could not be more right. As a matter of fact, I tried hard in the subcommittee, the committee, and on the floor, to cut this enormously overgrown bureaucracy. They have 15,000 people in that agency and they are producing very little. There is no question that we could cut staff, cut it sharply, and should. But I was outvoted on that.

Mr. CURTIS. When they changed the method of repayment, no longer does a housing authority know what their fixed payments are to the Government, because it is a fuzzy thing. The rents are indefinite and the repayment sums are indefinite.

So far as we know, the Minden, Nebr., Housing Authority is up to date on all payments to the Federal Government because they have $13,000 in the bank. Incidentally, the local housing authority asked leave to put in a sprinkler system to water the lawn, because it was cheaper than hiring somebody to do it, and pay for it out of their own money. HUD told them, no. Then 2 years later HUD writes and tells them: "Quit watering the lawn. It costs too much to pay the man to do it. You should have a sprinkler system."

I have a further suggestion for the Senator to consider. HUD is all tied up in housing problems in the large cities. There are huge housing projects where the buildings are being torn down where one does not dare walk down the corridor for fear he will be murdered or maimed. Let HUD work with those projects.

I wish they would turn this housing for the elderly in the rural areas over to the Farm and Home Administration. The

Farm and Home Administration is not involved in trying to run housing projects in great cities where they have law enforcement, and related problems. HUD does not know how to operate in the rural areas.

For some time the Farm and Home Administration has handled the lending to individuals who wanted to build a home in the small communities. The Senator is aware of that I am sure. I believe that we would relieve HUD from the responsibilities in all these rural communities and give it to an agency that is not involved with all of these problems of the huge housing projects in the cities. It would do a lot to iron it out.

Naturally, the way it is running, the whole operation is a blunder and disgrace. It is not good for the Treasury of the United States. It is not good for the elderly of low income, because it is discriminating against them; and it certainly is not fair to the local people who give their time.

I will tell the Senator something else the total annual payroll expense for maintenance, caretaking, a part-time manager, and someone who cleans the office twice a week, is $5,400. Yet, there is a steady flow of letters from HUD giving them directions how to do it.

There was one report on lead poisoning to be filled out and returned. Keep in mind that there are 30 units. They sent out a questionnaire for each tenant to answer, and they sent out 500, by actual count.

I wish that the great Committee on Banking, Housing and Urban Development would find out what is going on in these HUD offices. I believe that the Federal Government would recover more money from the Treasury just to rely upon the honor and honesty of these local housing authorities to pay their bills.

I earnestly urge the Senator to consider legislation that would take the housing for the elderly in the rural areas away from HUD and put it in the Farm and Home Administration, same agency that handles the lending for building houses in rural areas and an agency that I think is in a better position to understand the needs.

I thank the distinguished Senator for yielding on his time. We have heard a lot of tales about Government and its abuses and its deterioration. Worst of all is the operation of HUD, and it is unfair to our people.

Mr. PROXMIRE. I thank the Senator from Nebraska. I think the suggestion he advances with respect to rural housing is excellent.

I think the suggestion that the Farmers Home Administration take over rural housing is excellent. This is an agency that has had fine experience and has done an excellent job and understands small towns much better. That is something we should stress.

I thank the Senator very much for his useful remarks.

Mr. CURTIS. I thank the Senator.

Mr. MUSKIE. Mr. President, H.R. 8070 as agreed to in conference appropriates $49.3 billion for the Department of Housing and Urban Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, and eight other smaller agencies.

This bill covers programs that are found in 11 of the 17 functional categories of the budget. The bulk of the money is found in 6 of these 11 functions: General science, space, and technology; natural resources, environment, and energy; commerce and transportation; community and regional development; income security; and veterans' benefits and services.

An issue exists over the proper treatment of budget authority for subsidized housing programs which are contained in this bill. The President's budget showed the full 40-year life of the fiscal year 1976 contract commitments as the new budget authority, and the first budget resolution figures were based on that approach. However, the House and Senate disagreed on this concept. The conference result was that the 40-year figure was used in all but one case, that of the new section 8 housing assistance program. For that program, the conference report adjusted the 40-year figure of $26.1 billion downward to $17 billion, reflecting a more realistic appraisal of what the long-run commitments really will be. In our next weekly Senate budget scorekeeping report, we will include a comparability adjustment to put the first budget resolution targets on the same basis as this bill.

Mr. President, when the budget authority totals are put on a comparable basis, the conference result is some $900 million less than the Senate-passed level for this bill. While we will have to look carefully at the budget situation during the up-coming deliberations on the second budget resolution—including the impact of several increases in mandatory programs over which we have no control—I believe the conferees on this bill have done admirably in helping to make that task easier. I intend to vote in favor of this conference report.

Mr. TAFT. Mr. President, I am pleased to see that the HUD appropriations conference report contains an appropriation of $50 million for the section 312 housing Rehabilitation loan program.

The community development programs formulated earlier this year in cities across the Nation indicated clearly that citizens of the local level realize the importance of efforts to preserve our existing housing stock. These citizens realize that while building more homes is essential and certainly will have an impact over time, to a large extent our cities' housing conditions will continue to depend upon the condition of the housing we already have. Perhaps this appropriation is an indication that those at the Federal level are becoming more willing to share this concern and help do something about it.

This is the first time that new money has been appropriated for the use of section 312 in conjunction with the community development program. Thus, HUD will have the added task of doing what it can administratively to assure that the program results in the expansion of local housing rehabilitation efforts, rather than the replacement of present efforts by the program.

Congress will be watching the operation of this program in its new setting very closely. Of course, we should continually strive for any changes which would make our overall housing policy a better bargain for taxpayers' money, with these decisions made without any personal bias—pro or con—about particular programs.

Mr. HUDDLESTON. Mr. President, I was a conferee on H.R. 8070, the HUD-Independent Agencies appropriations bill. I signed the conference report and I will vote to adopt it. The bill contains funding for many important programs; it involved a number of differences between the House and Senate. In general, I believe the conference report represents adequate compromises between the House and Senate versions of the bill. I do, however, feel that I must express my disappointment on two of the conference committee's actions. I feel quite strongly that those actions were unwise and that ultimately they will result in bad policy.

The first area of concern is the 701 comprehensive planning money. The House provided $50 million, the Senate $125 million and the conference $75 million. That is, I believe, insufficient. I realize that there are many types of planning money available—perhaps indeed, there are, as critics have said, too many planning programs focusing on narrow and selected interests. But the 701 program is another vintage. It is, as its name suggests, comprehensive planning money. It is the one program which allows the various parts to be brought together. It permits our States, our cities, our areawide planning agencies to take a broad look—to bring housing, health, transportation and other planning together in a whole. This, it seems to me, is particularly important when our local political jurisdictions are faced with growing demands and reduced revenues, when at last there seems to be a true, and needed, interest in guaranteeing that not only Federal dollars but all tax dollars are used in the best way possible. And, planning is where that all starts. Consequently, I believe the $75 million figure for comprehensive planning it too low.

Second, I would have preferred the Senate funding for the so-called SMSA balance communities under the community development program. Over 1,513 preapplications were filed with HUD in the current year, indicating a widespread interest in the program. Final applications were due September 30 and it is anticipated that applications will exceed the $54.2 million available.

In this bill, we have provided $88 million—$36 million through the formula and $52 million above. This may be insufficient. Many of the participants in this program are smaller communities which do not have the resources to submit applications year after year only to have the rules of the game changed, as they have been in the past several periods, or to find year after year that there are no funds for their projects, that their efforts have been for naught.

I certainly recognize the need for restraint in Federal spending but I seriously doubt that we have selected the proper place to exercise it with these two programs.

As I noted previously, there are a number of good points in the conference version, with the section 312 rehabilitation loan program and the section 202 housing for the elderly being two. I do not wish to detract from these. But, I do believe the funding for the 701 and SMSA balance items should have been more in line with the figures agreed to by this body when it passed its version of the HUD-Independent Agencies appropriations bill.

Mr. WILLIAMS. Mr. President, I would like to speak out in favor of the conference report on H.R. 8070, the HUD-Independent Agencies Appropriations Act for fiscal year 1976. In particular, I am delighted in the position taken by the conferees with respect to the popular and highly successful section 202 housing program for the elderly and handicapped.

Three significant issues were resolved on a very positive note:

First. An approved borrowing authority for section 202 of $375 million was approved representing a $160-million increase over the amount approved for fiscal year 1975—which was never spent.

Second. The conference language clearly requires that the loans be made available for permanent financing instead of just short-term construction financing. Final regulations for section 202 issued by HUD had severely restricted the program to construction loans in the face of unanimous opposition on the part of advocates for the elderly. They indicated that permanent financing was impossible to obtain on the part of nonprofits in the private market.

Third. The conference resolved satisfactorily the issue of cash equity—for financial commitment—requirements on the part of the nonprofit sponsor. In an attempt to weed out unqualified and undesirable sponsors, HUD would like to require a substantial cash contribution on the part of the nonprofit as a condition of loan approval. Unfortunately, since most reputable nonprofits could not meet this requirement, the completely opposite result would occur. Namely, opportunistic builders and developers would put up the money, take over the project, and simply use the nonprofit sponsor's name as a front. The end result would find the builder or developer making all the important decisions in the development of the project with little responsibility left to the nonprofit. Thankfully, the cash equity or financial commitment requirements have been restricted to no more than $10,000, and this commitment can be returned to the sponsor "if sustaining occupancy is achieved in a reasonable period of time."

On behalf of my Subcommittee on Housing for the Elderly, I would like especially to express my thanks and deep appreciation to my colleagues, Senator Proxmire and Senator Mathias, who were instrumental in seeing these issues resolved in so welcome a way. I know they have the gratitude of organizations on aging throughout the country.

I would also point out that the success of our efforts on this appropriations bill is only one in a long series of battles we have entered into with HUD to get section 202 housing back in business. Again and again, despite overwhelming support in Congress, the Nixon and Ford administrations have opposed this program.

The most notable resistance to our efforts came as part of the regulations issued this year. After revising the section 202 program in the Housing and Community Development Act of 1974, HUD chose to implement it in a manner never intended. In short, they limited the loans provided under the act to short-term financing, requiring the nonprofit sponsor to obtain the permanent loan on his own. The most qualified and largest national organizations for the elderly have testified before my subcommittee that without permanent financing, they simply cannot participate. In effect, we would have no program at all.

When HUD Secretary Carla A. Hills appeared before my subcommittee in June, we asked her how nonprofits could be expected to obtain permanent financing. She replied that it should not be a problem because 40 percent of all the applications coming into HUD for the new section 8 housing assistance payments program are for elderly housing. When I asked her how many of these applications were from nonprofit sponsors, she did not know. Then, I sent a letter to Mrs. Hills asking for a list of any nonprofit sponsors who have indicated an ability to obtain their own permanent financing. To date, I have received no response.

Convinced by overwhelming opposition to HUD's restrictive approach to implementing section 202, I urged the Appropriations Committees specifically to direct that funding approved be used for permanent financing. I am delighted that the conferees have agreed with my request, and I sincerely hope that, finally, we have seen the end of numerous delays at HUD.

As a member of the Senate Banking, Housing and Urban Affairs Committee which drafted the bill authorizing the revised section 202 program, I can assure you that the recent action taken by the conferees fully conforms with the expressed intent of Congress in passing the 1974 act.

If we can now receive cooperative and speedy implementation of section 202 housing, the funds available should be able to produce in the next year approximately 18,000 units. While this effort will not come close to meeting the need, it will be a long overdue and welcome step in the right direction.

Lest there still be any doubt in anyone's mind about how urgently needed housing for the elderly is, let me share with my colleagues a letter from Philadelphia where Federation Housing, Inc., alone reports a waiting list of over 6,000 older persons. I ask unanimous consent to have this letter printed at the close of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Federation Housing, Inc.,
Philadelphia, Pa., September 5, 1975.
Senator Harrison A. Williams, Jr.,
Chairman of Subcommittee on Housing for the Elderly, U.S. Senate, Washington, D.C.

Dear Senator Williams: Thank you very much for your letter of August 19, 1975 and the copy of the Congressional Record of July 23, 1975 in which you outlined the need for housing for the elderly and the reinstatement of the Section 202 Program.

I am aware that the Joint Senate-House Conference Committee is meeting this month to iron out the differences between the Senate and House Bills on this issue. I find the House version a weak and ineffective attempt to resolve the housing needs of our older citizens and do urge that every effort be made to strengthen the Section 202 Program with more adequate appropriations than the House had advocated.

As a non-profit agency whose sole concern is the welfare of the senior citizen, we have been inundated with requests for assistance from this age group for decent housing in safe neighborhoods, at rentals they can afford. The rising cost of living exceeds the ability of those with limited fixed incomes to find such housing in the marketplace. These people are trapped in the ghettos of our cities, easy prey to vicious criminal acts which rob them of their belongings, their security and peace of mind, their dignity, and moreover which places their lives in jeopardy each and every day as they struggle to find ways and means of shopping and visiting friends without being mugged and harassed by hoodlums. The multi-facet problems of economics, increased crime, inadequate and inappropriate housing for our older citizens should pierce the emotional shield of complacency exhibited by some of our national leaders over the plight of America's senior adults.

If I may add a statistic to your most recent survey of the housing needs of the elderly, you will be interested in knowing that I have over 6,000 applications on the waiting list; many of whose circumstances are so desperate that I find it appalling and frustrating that we cannot be of help. To cite just one example, a 78 year old, American born, intellectually alert widow whose husband had lost his business and left her indigent, conscious of existing on social security benefits of $180.90 per month. She was mugged by several hoodlums a year ago in front of her house and was hospitalized with a fractured foot. This past June, she was again accosted and sustained a fracture of the scapula. Two weeks ago, she was again attacked and sustained a herniated disc of the lower spine and a fractured hip. Her hospital physician and psychiatrist advised that under no circumstances should she return to her present environment for fear of her physical and mental health. Her case while dramatic, is by no means unique.

Our agency and other non-profit groups attempting to fill this gap are stymied by the lack of financing to make such housing units available at the modest rents these people can afford. It is indeed a national disgrace if the United States cannot look after its older adults by providing the means by which they can live out their lives securely and in dignity. We strongly support and continue to encourage your efforts on their behalf and I do hope that a useful bill will emerge from the Senate-House Committee that will enable us to help some of the older adults in the Philadelphia area.

Sincerely yours,
Ephraim F. Goldstein,
Executive Vice President.

Mr. MATHIAS. Mr. President, I support the conference report on H.R. 8070 and will make just short comments on a few items in the report.

I was disappointed that the Senate figure of $500 million for the section 202, Housing for the Elderly or Handicapped, did not prevail and that the compromise reached was only $75 million over the House figure of $300 million. I do feel, however, that this result shows strong congressional support for the quickest possible implementation of this very necessary program and I know the members of our subcommittee and the House conferees on this report join me in urging the Department of Housing and Urban Development to move dynamically and dramatically forward in providing specialized housing to fill the very pressing need of this Nation's elderly and handicapped people. In establishing the new section 202 program in the Housing and Community Development Act of 1974, Congress manifested its desire to meet the housing needs of the Nation's elderly or handicapped through the development of specialized housing by nonprofit sponsors, and further, that the program be the primary tool for providing such housing.

Congress intended to establish a unified and comprehensive construction-permanent financing-rental assistance program geared to the capabilities of the nonprofit sponsor; one that would utilize the capabilities of the nonprofit sponsor to its greatest advantage in the cause of constructing and operating specialized housing for the elderly or handicapped.

Utilizing the direct loan provisions of the 202 program for the purpose of providing construction financing to the nonprofit sponsor, in combination with a guarantee of section 8 assistance funds and the providing of permanent financing upon the attainment of project success, is a reasonable method of supplying the necessary housing under this program. The action of the committee of conference is intended to accomplish this result.

I am also pleased to see two very important programs receive continued funding. These are the section 312 Rehabilitation loan program and the 701 Comprehensive Planning Grants program.

The conference report reflects a $50 million appropriation for 312 rehabilitation loans at 3 percent interest rates. These funds are key ingredients for local neighborhood preservation programs in towns and cities with aging housing stocks. It is also important to note that these funds revolve and return to the Treasury through loan repayments, thereby recirculating money for rehab activities.

The 701 Comprehensive Planning program is appropriating $75 million for fiscal 1976. This money, I believe, is necessary to support long-range planning activities of localities and regions, and to improve the management capabilities of local chief executives to plan, program, and budget scarce local resources.

I would also like to call your attention to the common agreement reached between the House and Senate in the conference report concerning two areas of research and technology. Those are the need to develop standards for mobile home construction and safety and the need to design and test solar heating and cooling systems. Both of these areas, in my opinion, hold promise of ways to reduce costs of housing production and maintenance.

I would like to make a simple clarification of the conference action on the Pioneer Venus NASA program. The budget estimate submitted to the Congress for fiscal year 1976 was $57.6 million and the final conference agreement was to provide this funding for the program; the Senate having restored the $48.4 million cut by the House for this program and the conferees having agreed with this restoration.

Finally, the Senate Report, accompanying the Senate bill, notes the pressing need for upgrading the Environmental Protection Agency's research projects in the Chesapeake Bay. The Senate did not add additional funding for these studies but the report earmarked the need both in dollar amounts and personnel and directed that the EPA undertake these studies. While the conference report does not approve reprograming to provide the personnel and funding for these studies, it directs that the Office of Management and Budget authorize the new positions needed and this language is in consonance with the plans of the EPA to request the necessary new positions which they had communicated to me prior to the conference. It is expected therefore, that the EPA will move ahead forthwith with these most necessary studies.

I want to again commend our chairman, Senator PROXMIRE, for the very excellent and hard work he has put in on this bill.

Mr. TUNNEY. Mr. President, I am delighted that the conferees on this measure have reached what I consider to be ample compromise language on what has become known as the "Sisk amendment" to the HUD appropriation bill.

This amendment, as formulated now, will prohibit HUD from expending funds to deny otherwise acceptable areas in Merced-Atwater, Calif., access to FHA loans on the basis of Air Force developed, computer generated noise map contours. In other words, HUD cannot deny FHA loans in this particular area based on computer based noise data alone.

HUD itself has already recognized the difficulty their decision has created in Merced-Atwater, and has changed its internal policy to insure that future decisions of such major repercussion are not made at the local level, but rather in Washington. In the specific case at hand, however, the problem still remains. This amendment would ameliorate the situation. This action has the widespread support of municipal and local community leaders in the area.

The impact of this amendment will not interfere with the mandate of the Noise Control Act of 1972 in any way, nor will it preclude HUD from involving itself in noise abatement procedures it has developed and used for the past few years. It will, however, ameliorate a specific problem which developed from local decisionmaking on an issue of major concern to a particular community. I hope my colleagues will see fit to concur in this amendment today.

Mr. MONTOYA. Mr. President, I would like to commend the members of the Senate Appropriations Committee and particularly the members of the HUD Appropriations Subcommittee and their distinguished chairman, Senator PROXMIRE, for their fine work in producing H.R. 8070, despite the difficult task it presented.

Mr. President, I would like to discuss for my clarification an item in H.R. 8070 about which I am deeply concerned. My concern is how HUD has administered and interpreted the intent of the Indian Housing Amendment in the Housing and Community Development Act of 1974, Public Law 93-383. The amendment provides a set-aside of traditional public housing contract authority of $15 million of each of fiscal years 1975 and 1976 specifically for Indian use. The set-aside was proposed out of concern that HUD's plan to rely on a leased housing program to replace traditional Indian public housing programs would eliminate for Indians the only program that has worked. While HUD agrees that a leased housing program would have difficulty working on Indian reservations, it did not request any funds for traditional public housing for Indians in its fiscal year 1975 budget request. This meant two things to me: that HUD had no intention of continuing the Indian housing program and that HUD would not complete the production commitment it had made to Indians in 1969 for 6,000 units annually through 1974.

The commitment totaled 30,000 units, yet less than 20,000 of these units had been allocated to the HUD field offices and were in some stage of production when I proposed the set-aside in March 1974, only 3 months before the commitment was to expire. I was concerned then, as I am now, that that commitment would be disregarded by HUD. In November 1974, at HUD's national Indian housing meeting in Scottsdale, Ariz., James T. Lynn, then HUD Secretary, announced that 6,000 units would be allocated immediately to the field offices for Indian housing production. Indian housing authorities welcomed the news, since they had been prohibited from submitting applications to HUD during the housing moratorium. Despite Secretary Lynn's announcement that the allocation would fulfill HUD's obligation under the Indian housing set-aside provisions of the Housing Act of 1974, documentation presented at the conference by HUD showed that the agency intended only to allocate the units in fiscal year 1975 and not fund them until fiscal year 1976 contract authority became available. The documentation also showed that the $15 million in fiscal year 1975 contract authority would be used to fund 6,558 units allocated to the field in several previous fiscal years, but for which money was never spent. Simply put, HUD planned to use most of the new contract authority, totaling $30 million for fiscal years 1975 and 1976, to fulfill its previous 30,000 unit commitment. As a result only between 1,000 and 2,000 new units would be provided by the congressional 2-year authorization, not the 15,000 or so new units that my amendment was intended to produce.

In a letter to Secretary Lynn, dated December 13, 1974, Senators Lee Metcalf, Floyd K. Haskell, James Abourezk, Frank E. Moss, Mike Mansfield, Henry M. Jackson, Ted Stevens, William D. Hathaway, Pete V. Domenici, and I explained the intent of the Indian housing provision this way:

> When this provision was introduced, it was expected that it would contribute to the construction of 7,500 units annually for fiscal years 1975 and 1976. That is, in addition to the 30,000 unit commitment made in 1969, the provision was expected to build some 15,000 additional low-income units that are so desperately needed by Indian people. We, the undersigned, are now concerned that the intent of this provision will not be carried out. We have attempted to analyze recent Indian housing production figures of your HPMC staff, and your recent statements to Indian housing personnel in Scottsdale, and have concluded that only 1,100 units will be produced in fiscal year 1975 and 1976 instead of the 15,000 units that were intended by the legislation.

The Secretary's reply confirmed his intention to use new contract money to fund the old commitment.

The December 13, 1974, letter to Secretary Lynn, pointed out that Congress had given HUD the funds it needed to fulfill its fiscal year 1974 commitments. The Appropriation Act of October 1973, Public Law 93–117, provided $140 million for public housing, and the Housing and Community Development Act, title II, section 5(c), increased the fiscal year 1974 contract authority by $260 million for bona fide commitments that HUD claimed existed. Secretary Lynn responded that:

> The F.Y. 74 contract authority was carried forward for commitments in F.Y. 75 and thereafter, and that these monies are completely fungible and there is no way to identify which monies are from previous years.

This statement means to me that there was fiscal year 1974 contract authority still available, and it could be applied to fulfilling HUD's 5-year commitment to Indian housing. HUD's arguments for not using these funds simply do not make sense, and I am surprised that they were even offered.

To make the intent of the Indian housing provision perfectly clear, I introduced an amendment to Public Law 93–383 contained in H.R. 4485 which established that the intent of Congress in passing the provision was to provide new commitments and that the authority legislated as part of Public Law 93–383 was not to be used for old commitments. The President vetoed H.R. 4485, but that does not alter the fact that both Houses passed it overwhelmingly, and with it the amendment clarifying their intent that the Indian housing provision was for new units.

Mr. President, I have recently learned that HUD has allocated the $30 million authorized for fiscal year 1975 and 1976 in Public Law 93–383 to mainly fulfill the old 30,000 unit commitment of the 1969 agreement, plus a yet undetermined number of additional units.

Apparently, however, HUD has realized that the prior commitment of 30,000 units made in 1969 is not nearly enough to meet the need. HUD in its budget request for fiscal year 1976 has requested additional contract authority of $662.3 million of which $15 million is earmarked for Indian housing.

Although the Senate report approved the $15 million for Indian housing and urged HUD to use it for new construction, this issue was not addressed in the conference report.

It is my understanding that the item was not acted on because it was not one of the issues that was to be compromised. Both Houses agreed with the earmarking and there was, therefore, no need to discuss it.

Mr. President, I would like a confirmation of my understanding from the Chairman of the HUD Appropriations Subcommittee, Senator Proxmire. Not only is confirmation of the set-aside needed, but also a reconfirmation of the congressional intent that these earmarked funds are to be used only for new commitments. I hope I am correct in my understanding of the whole matter. I think we have debated with HUD the housing needs of Indians long enough. Now that we agree on the additional contract authority of $15 million for Indian housing, let us get to the business of providing Indians with the housing they need so desperately.

Mr. PROXMIRE. My distinguished colleague from New Mexico puts it very well. The Congress most certainly intended to see that the $15 million in question be used for new Indian housing commitments as was spelled out in the Senate committee report. I thank the Senator from New Mexico for his contribution to the debate on this issue.

Mr. President, I move the adoption of the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The amendments in disagreement will be stated.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by the said amendment, insert: STATE HOUSING FINANCE AND DEVELOPMENT AGENCIES

For interest grant payments pursuant to section 802(c)(2) of the Housing and Community Development Act of 1974 (83 Stat. 722), $15,000,000, to remain available until September 30, 1976: *Provided*, That the total of contracts for annual payments entered into under such section shall not exceed $15,000,000; *Provided further*, That the total new budget authority obligated under such contracts entered into after June 30, 1975, shall not exceed $600,000,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by the said amendment, insert:

That the total new budget authority obligated under such contracts entered into after June 30, 1976, shall not exceed $17,000,000,000, which amount shall not include budget authority obligated under balances of authorization heretofore made available: *Provided further*, That at least $50,000,000 of the new contract authority herein made available shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: *Provided further*, That not less than 50 per centum of the funds made available by this Act which are used pursuant to section 8 of the above Act shall be allocated to contracts to make assistance payments with respect to newly constructed or substantially rehabilitated housing: *And provided further*, That in fiscal year 1976 and the period ending September 30, 1976, the fair market rent basis of contracts approved pursuant to section 8 of the above Act shall not exceed by more than 10 per centum in the aggregate, or 20 per centum in individual market areas, those published in the Federal Register through September 8, 1975.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 5 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by the said amendment, insert:

, which funds shall be available only to qualified nonprofit agencies for the purpose of providing one hundred per centum loans for the development of housing for the elderly or handicapped, with any cash equity or other financial commitments imposed as a condition of loan approval to be returned to the sponsor if sustaining occupancy is achieved in a reasonable period of time: *Provided*, That the full amount shall be available for permanent financing (including construction financing) for housing projects for the elderly or handicapped.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 55 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by the said amendment, insert:

: *Provided further*, That the limitation may be increased by the Secretary when necessary to allow for travel performed by employees of the Department of Housing and Urban Development as a result of increased Federal Housing Administration inspection and appraisal workload.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 56 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by the said amendment, amended to read as follows:

Sec. 407. No part of the funds appropriated under this Act may be used by the Environmental Protection Agency to administer or promulgate, directly or indirectly, any program to tax, limit or otherwise regulate parking that is not specifically required pursuant to subsequent legislation.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 57 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by the said amendment, amended to read as follows:

Sec. 408. None of the funds provided by this Act shall be used to deny or fail to act upon, on the basis of noise contours set forth in an Air Installation Compatible Use Zone Map, an otherwise acceptable application for Federal Housing Administration mortgage insurance in connection with construction in an area zoned for residential use in Merced County, California.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 59 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in the said amendment, insert: 409

Mr. JAVITS. Mr. President, I have some questions on amendments No. 2 and No. 3, and I would like the Senator to do whatever he wishes in explaining those. When he is through, I would like him to yield.

Mr. PROXMIRE. Mr. President, the committee of conference has provided $600 million for another new program—one which would provide for interest reduction payments on housing bonds issued by State housing finance or development agencies. Because these funds were not included in the budget and because this represents such a significant increase over the budget I feel this item deserves more than the usual explanation.

First, the $600 million provided for this program far overstates 1-year costs. In fact, this new budget authority will enable HUD to enter into contracts to pay $15 million a year in interest subsidies over a total of 40 years, as I indicated earlier.

Second, the program in all likelihood will cost the Federal Government nothing. It is likely that it will save the Government money. This is because the subsidy can only be paid on taxable bonds. Studies have shown that the taxes paid on the income accruing from the bonds will more than offset the Federal interest subsidy, which is pegged at one-third of total interest payments.

Finally, in today's bond market, shaken by the New York City experience, it is unlikely that most States would be able to float bonds in the absence of a Federal subsidy, or at least a Federal guarantee, which is provided for by the very same legislation which authorizes the interest subsidy program—section 802 of the Housing and Community Development Act of 1974.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. JAVITS. Mr. President, the Senator has just outlined for us a very grievous and dangerous situation. The housing finance agencies in a number of States, including my State, which, unhappily for us, has a very grave financial problem, are having their difficulties in refinancing.

Just like the problems of the city of New York and the State of New York, there is no doubt that a municipality or a State will pay its debts. The question is, when? The rollover problem and the scheduling problem are the critical ones; also, the added dimension which is given by a U.S. Government guarantee in the present market, even though it will cost the Government nothing. As a matter of fact, bankers in New York have figured out—and they will present their case to the Federal Government—that about $1.5 billion in premiums can be earned by the United States on these guarantees; because this has turned out to be a very profitable proposition for our country.

However, the addition in Federal credit makes the bonds viable which are otherwise not viable, even though there never would be collection, and we could pay them in periods of time to assure that.

The point I wish to emphasize is that the taxability of these State obligations and local obligations then is acquired by the Federal Government, and that is something which a great many people have been trying to break through with for a very long time.

What I would like to put to the manager of the conference report is this: As to the guarantee under section 802, HUD is supposed to make rules and regulations, and so forth. So far as I know, they have not actually moved along that line at all. Those bonds, if turned into taxable bonds, can be eligible for a guarantee.

So, first, I urge the Senator, as chairman of the Committee on Banking, Housing and Urban Affairs—and as a member of the Appropriations Committee for this subcommittee—to use the legislative oversight authorities which are available in both committees for the purpose of seeing that HUD does what it needs to do to make section 802 operative while it is needed. This is when it is needed. This is when the guarantee is useful. This is when we have a very serious countrywide situation.

The other point is that the Senate saw fit to provide $35 million for interest-reduction payments—and I refer in that respect to pages 12 and 13 of the original committee report on this bill, which is marked calendar No. 319.

I ask unanimous consent that the excerpt on this particular subject be made a part of my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee has recommended an appropriation of $35 million for interest reduction payments. These funds were not requested in the budget or included in the House-passed bill. Section 802 of the Housing and Community Development Act of 1974 authorizes the Secretary of Housing and Urban Development to guarantee obligations of a State housing finance or State development agency issued to finance development acitivities in furtherance of revitalization of slum and blighted areas, or in furtherance of the provision of housing for persons of low and moderate income undertaken in connection with such revitalization. The Secretary is also authorized to make grants to cover 33⅓ percent of the interest on obligations (whether or not guaranteed by HUD) issued by such agencies to finance development activities in furtherance of the purposes of this section. This subsection also provides that no obligation could be guaranteed or assisted unless the income from it is subject to Federal taxation and that assistance under this section not be a condition to nor preclude other Federal assistance.

The 1974 Act authorized appropriations for payment of interest by the Secretary of HUD amounting to $50 million prior to July 1, 1975, and going up to a limit of $110 million a year on and after that date. The law limits the maximum obligation for the Federal guarantee of State tax-exempt bonds to $500 million. However, no appropriation action is required by law to implement the guarantee authority.

In appropriating these funds the Committee intends that the HUD Secretary will prepare the regulations and implement the program as soon as possible, both with respect to the provisions for interest reductions as well as for the Federal guarantee of bonds to be issued by the States for the revitalization of slum areas and to assist in the financing of housing for low and moderate income families in connection with such revitalization.

One of the important considerations with respect to this program is that it will encourage the issuance by State Finance Agencies of taxable bonds rather than tax-exempt bonds which are now being issued by State Agencies. By substituting taxable bonds for tax-exempt bonds, a substantial savings will result to the Federal Government. This is consistent with the policy of the Treasury to reduce the volume of tax-exempt securities because the resulting increases in income tax from taxable bonds will be greater than outlays to be made by the one-third interest reduction payments.

Mr. JAVITS. The $15 million in the conference report obviously is a very small installment on what the Committee on Banking thought was necessary. It is true that we have had no experience and, instead of seeking to amend or opposing, or anything like that, because I have too much regard for Senator PROXMIRE, I am simply going to ask whether or not we could take it that, one, the committee will use its authority—as far as the Senator can manage it, of course—to get after HUD to see that it moves promptly to promulgate regulations on the guarantee, so that those who need it in a serious situation can at least test out the use of the law; and second, that the committee would monitor the $15 million provision in order to see whether the exigencies simply require more and if they do, it would give us a way to deal with that question in a supplemental.

Mr. PROXMIRE. To take the last part of the question first, the Senate did provide $35 million. That was reduced in conference. The House insisted that we reduce it to $15 million, partly because of this runout cost argument. Even $15 million is $600 million in new budget authority for this year. $35 million would have been about a billion and a half dollars in new budget authority.

Also the program, as approved by the conferees, would provide between 15,000 and 25,000 units. So it is a significant beginning.

With regard to the guarantee issue raised by the first part of the Senator's question, that is a matter on which we will prod HUD. It is within their jurisdiction, of course. We are unable to take any further action now on that issue. I think the Senator does make a proper point. As I tried to argue in my statement, this is a program that will not cost the Federal Government money. In fact, they will make money on it.

Mr. JAVITS. And it is designed to assist those in the very lowest economic level as far as housing is concerned.

Mr. PROXMIRE. The Senator is correct.

Mr. JAVITS. The other matter I wished to bring up—though the Senator has not gotten to it, we may as well settle it now—is amendment No. 3. That amendment deals with section 8 of the Housing Act and is a very material question involving, again, low- and moderate-income housing. Some things have been done there which I think really require some explanation.

First, and very important, at page 8 of the joint explanatory statement of the committee on conference, we find the following sentence:

> The amendment also includes language limiting the fair market rent basis for housing assistance under the section 8 program to an aggregate escalation of 10 per centum, and 20 per centum in individual market areas, based on rates published in the Federal Register through September 8, 1975, instead of the language proposed by the House.

That is critically important, because fuel costs will go into that aggregate escalation of 10 percent and that is very pertinent, because we have had this rise in prices by OPEC. We all know that one of the things that has bedeviled the housing market, in terms of renovation and rehabilitation and new construction, has been a lack of interest in it on the part of those who own properties and manage properties. This has been very, very serious.

The thing that I think needs explanation is the aggregate escalation of 10 percent. What does that mean? Is it national, is it by type of property? It is 10 percent of what? The agency is going to have to know that almost from the word "go," in order to administer what the committee has prescribed for it.

Mr. **PROXMIRE**. This is a ceiling on the overall nationwide increase.

Mr. **JAVITS**. If they do that, do they not have to wait until they give all increases before deciding whether they have invaded the ceiling so none can become operative?

I can understand perfectly the 20 percent in individual market areas, but the 10 percent aggregate across the country, unless they get some guidance from the legislative history——

Mr. **PROXMIRE**. They have to be very careful as they proceed. They have to be sure, as they proceed, that they stay within a reasonable margin of that 10 percent. In other words, they must put increases into the mix with very careful consciousness. I do not think they have to wait for any indefinite period of time. I should think they could move rather promptly, but be very careful as they move.

Mr. **JAVITS**. That is critically important, Mr. President, because a thing like this does not help anybody unless it can be operated. The standard written in a law may look all right, but when it is translated into action, it can delay everything and frustrate the spirit of a law for all that time.

I ask the Senator this: I agree, I think it is important legislative history that the committee would not expect them to wait for the overall, but will understand, if they act in individual cases, watching what their aggregates are growing to.

Mr. **PROXMIRE**. The Senator is correct. I am glad the Senator brings this up, because it is necessary to act promptly. We would expect HUD to set incremental targets and to move along without trying to compute this entire thing in a way that might paralyze the program for months at a time. They should be able to move promptly. We are well into the fiscal year now, as the Senator knows.

Mr. **JAVITS**. Of course. Will the committee be prepared to consult with HUD so as to give HUD some feeling of assurance that they will not be taken out behind the woodshed if they do proceed in this way, rather than wait until the end of the year and play it as all Government agencies like to do: absolutely, absolutely safe?

Mr. **PROXMIRE**. We are making a public record on it now and I think this should be of some assurance to the Secretary.

Also, putting on my other hat, we are having the Secretary before the Committee on Banking, Housing and Urban Affairs before us within the next 3 weeks. This is a point that we can emphasize when she comes before the Banking Committee.

Mr. **JAVITS**. Will the Senator invite, here and now, the Secretary, when she comes before him, to bring with her an explanation of how they intend to administer this, so that the committee can look it over and see if that is feasible and practical?

Mr. **PROXMIRE**. Yes, indeed, we certainly will. That will be an appropriate time to do it.

Mr. **JAVITS**. I thank the Senator very much.

Another point I wish to make is with respect to another item in this measure, which relates to reducing a figure which had to be reduced. The question is, is it reduced enough? That is the mandated percentage for new construction, in section 8. The new construction figure is reduced from 75 percent, as proposed by the Senate, to 50 percent as proposed by the House.

In a period of very high costs for construction and, at the same time, a period of great unemployment for construction in the construction industry, where the unemployment is about 20 percent—an absolutely staggering figure——

Mr. **PROXMIRE**. May I interrupt to say, and I think this will clarify it, as I understand, there is a $900 million carryover, in addition to the $600 million in the bill.

The 50 percent applies only to the $600 million. It does not apply to the $900 million. So it is only a limitation of 25 percent overall.

Mr. **JAVITS**. In addition, I understand that the applications would indicate that there is more than 50 percent applied for for new construction. We have checked those figures out.

What I wish again to suggest to the Senator is that a sharp eye be kept on this so that no rehabilitation is frustrated because it gets out of balance as between renovation and rehabilitation and new construction. If the committee perceives that there is going to be an inadequate amount applied for in new construction, or in needed rehabilitation rather than let that lie fallow and not be acted on, I suggest that an effort be made to correct the situation to meet the need, because of this tremendous contribution which housing and the employment of those in the building trades can make to our recovery from this recession.

Mr. **PROXMIRE**. The Senator speaks my mind. I could not agree more. I think the economic aspects of this have been overlooked. It is of the greatest importance to provide jobs.

As the Senator knows, unemployment in the construction trades is about 20 percent. There is no area where we could stimulate the economy without any inflationary effect better than in homebuilding.

Mr. **JAVITS**. I am very, very reassured that my colleague has that as much in his mind as I do.

Mr. **CURTIS**. Mr. President, I shall be very brief, but I wish to add a few more items to my bill of complaint against HUD.

Under the new order of things, these public-spirited individuals who have given their time absolutely free to serve on this Housing Authority Board have nothing to do with running it.

For instance, they needed a tractor and lawnmower. They were advised by the home area HUD office that they had to meet certain specifications. It turned out the only machine they could buy was a Sears.

There is not a Sears agency within 20 miles of the town. Every time they would need a part for a little repair they would have to drive 42 miles round trip to get it. Sears would not give any trade-in on the old lawnmower—it is a tractor and a mower. They also use the tractor for moving snow.

There were two business establishments in the town that would take in the old machine, and the net price was less than what they were ordered to buy a Sears machine.

Well, it was just so cumbersome and so blundering they did not buy one. They spent some money to try to fix up the old lawn tractor and its equipment.

I might cite another management decision that the great Government of the United States makes for people. There is the volunteer housing authority board of distinguished businessmen with years of experience, and yet the great Government of the United States looks over their shoulders and tells them how to buy a can of paint or where to get a good price on a lawn tractor and mower. It is just so ridiculous.

The sidewalk, it happens sometimes in the cold weather, would buckle. It needed to be repaired or improved. They applied to the Omaha office which said, "We will send a man out to look at it."

It is 200 miles from Omaha to Minden. Two years have gone by and he has not reached Minden yet. [Laughter.]

Now, what do they do when it gets icy and that sidewalk buckles? They put up some little flags to alert those old people so they do not stumble and fall.

Then, naturally my town would like more than 30 units—in times past they have asked for an addition to the 30 units. What does the Government tell them? "You cannot have any unless you apply for something you do not want and cannot use in your community."

You cannot have any housing for the elderly unless you apply for subsidized housing for family units. It is a rural area. We have no need for public housing. Our only need is with the elderly.

Mr. President, is it any wonder that people everywhere are critical of Government, losing faith in it; and, hence, by their words destroying the faith of others in Government.

I say to you Congress ought to find out what is going on in HUD, and there ought to be a renovation from basement to attic, and they ought to quit trying to run people's lives and making decisions that can better be made at the local level.

Mr. President, I feel very deeply about this. I do hope the committee will seriously consider taking the housing for the elderly in the rural areas away from HUD and putting it in the same agency that provides direct loans and insured loans for the building of homes—the Farm and Home Administration.

Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, I thank the Senator from Nebraska for his very useful remarks.

Mr. President, I move that the Senate concur in the amendments of the House of Representatives to the amendments of the Senate numbered 2, 3, 5, 55, 56, 57, and 59.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin.

The motion was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. What is the will of the Senate?

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. S. 2310 is the pending business before the Senate.

Mr. ROBERT C. BYRD. I thank the Chair.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 12 o'clock noon on Monday, October 6, and consideration will be resumed of the pending gas deregulation legislation, S. 2310.

After the two leaders or their designees have been recognized under the standing order on Monday, the following Senators will be recognized, each for not to exceed 15 minutes and in the order stated: Mr. ROBERT C. BYRD, Mr. GRIFFIN, Mr. MANSFIELD.

There will then be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 3 minutes each.

At the conclusion of the period for the transaction of routine morning business the Senate will resume consideration of S. 2310. Rollcall votes may occur on Monday.

Beginning with Tuesday, and continuing daily throughout the week, the sessions will likely be long, with early convenings and late adjournments. I think I should emphasize and reiterate the prospect that was voiced by Mr. MANSFIELD earlier today of a possible Saturday session next week so that Senators will arrange their schedules accordingly.

The necessity for both long daily sessions and a possible Saturday session lies in the fact it is urgent that the Senate act finally, if possible, on legislation dealing with the natural gas emergency, and also on the Sinai technicians proposal before the Senate goes home for a week.

If the House overrides the President's veto of the school lunch bill which, I understand, is scheduled for Tuesday in the other body, the Senate will immediately vote on the override on receipt of the House message in the Senate.

Conference reports and other measures may also come up next week. But the two main pieces of business will be the gas bill and the Sinai technicians proposal.

I urge that all Senators keep in mind the long daily sessions Tuesday and thereafter, with a Saturday session likely if the business cannot be cleaned up beforehand.

RECESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12 noon on Monday.

The motion was agreed to; and at 3:10 p.m., the Senate recessed until Monday, October 6, 1975, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate October 3, 1975:

DEPARTMENT OF LABOR

Morton Corn, of Pennsylvania, to be an Assistant Secretary of Labor, vice John H. Stender, resigning.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 3, 1975:

IN THE ARMY

The following-named officer under the provision of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. George Sammet, Jr., xxx-xx-xxxx, U.S. Army.

IN THE NAVY AND MARINE CORPS

Navy nominations beginning Bernard J. Bortz, to be commander, and ending Lt. Oscar N. McNeil, to be permanent lieutenant (j.g.) and temporary lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on September 3, 1975.

Navy nominations beginning Richard E. Strutner, to be ensign, and ending Jose O. Morales, to be commander, which nominations were received by the Senate and appeared in the Congressional Record on September 3, 1975.

Navy nominations beginning Richard Lewis Aarnes, to be lieutenant, and ending Linda Marie Tornes, to be lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on September 16, 1975.

Marine Corps nominations beginning Joseph S. Agee, to be colonel, and ending Andrew D. Zinn, to be first lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on September 3, 1975.

EXTENSIONS OF REMARKS

PUBLIC POLICY AND THE FUTURE OF AGING

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. DOWNEY of New York. Mr. Speaker, there are 21 million Americans over the age of 65. They share the problems of all of us, but their difficulties are compounded by "ageism"—the pervasive attitude of our youth-oriented society that distorts or ignores the reality of growing old in America.

This week, the National Council on the Aging is holding its 25th annual conference in this city. Our colleague from Arizona, Representative MORRIS K. UDALL, was a featured speaker at that conference, delivering an address on "Public Policy and the Future of Aging."

In his speech, Representative UDALL analyzes the plight of our elderly—poverty, failing health, decaying housing, and particular vulnerability to crime. Surveying Government's response to the problems, he concluded:

> We have no national policy for enriching the lives of our parents. Worse, the patchwork of well-intentioned programs which, in piecemeal fashion, address the problems of the aging have been poorly planned, underfunded, understaffed, and undercut by those charged with carrying them out.
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> The outlook for older Americans today is bleak. It is getting bleaker. And it cannot get better until all of us—professionals in the field, policy-makers in government, the young, and the elderly themselves—look behind what it means to be old in America.

Representative UDALL proceeds to set forth a number of specific proposals to help relieve the misery suffered by too many of our elders. His suggestions deserve the active consideration of all of us in Congress, for our actions will profoundly influence the shape of life, not merely for the aged today; old age is the destiny of every human being, and our actions do much to determine whether or not it will be an empty legacy.

The text of Representative UDALL's speech follows:

PUBLIC POLICY AND THE FUTURE OF AGING

I would like to think that this Bicentennial Year, marked by celebration and reflection on our heritage, will also be the time that America finally becomes aware of and makes a commitment to end the last and most pervasive segregation in our country. I do not need to tell this audience what that is.

In a country that seems to be obsessed with youth and with staying young, the problems of the elderly have been given short shrift. The programs we developed in the last decade are a good beginning, but they have often fallen far short of expectations, reflecting our half-hearted commitment to real help for these 21 million Americans.

The problems of the elderly have not yet become a popular cause like the Civil Rights movement of the 60's, or the Women's Movement and the environmental cause of the 70's. Their problems are still only dimly understood. They are just beginning to attract attention among the bulk of citizens and policy makers.

The way we treat our older citizens in this country is like certain ancient tribal societies, where a person who became too old for hunting and warfare was placed ceremonially on a raft and allowed to float down a river.

In modern society we repeat in many symbolic ways that ceremony. We who participate in it doubt its validity, fear its implications for ourselves, yet yield to what appears to be its necessity in the pursuit of our immediate preoccupations.

There must always be a justifying mythology when a dominant group systematically disadvantages a less powerful minority. In this case, we have developed two stereotypes of the aged to justify our neglect—serenity and senility.

On the one hand our images of old age are idealized images of the beloved and tranquil grandparents, the wise elders, the serene and gracious white-haired matriarch dispensing wisdom from the kitchen or the patriarch from the front porch rocker. On the other hand, the opposite image disparages the aged. Old age is viewed as irreversible decay, decrepitude and loss of mental powers.

The Louis Harris poll commissioned by this organization found that younger people regarded the aged as an "inept, ineffectual, physically depleted group waiting for death." We see them as rigid, querulous and resistant to change; narrow and superficial in intellectual activity; and almost universally senile.

Most tragically of all, these stereotypes are self-perpetuating. Cut off from the society they built, their self-esteem undermined by prejudice and discrimination, too many of our elderly lapse into patterns of despair and decay simply because they are afforded no opportunity to remain active.

Yet we need not look far to find abundant evidence that old age need not mean physical and mental disability. Hoyt Catlin, honored here yesterday, began at 65 to build a multimillion dollar enterprise with the help of his contemporaries. The artistry of a Picasso, a Casals, a Rubenstein is not cut off at 65. The heroic leadership of Winston Churchill, the humanitarianism of Albert Schweitzer, the moral and legal brilliance of Holmes and Black and Hand—all reached their greatest heroics years and decades beyond the age of 60.

If, as I am convinced, the age of cheap and abundant natural resources is irrevocably over, there can be no higher national priority than the full and creative cultivation of our human resources—resources that flourish with age and experience. We must heed the words of the philosopher Paul Weiss—himself a victim of age discrimination while at the height of his intellectual powers—who said, "America will never be of age until it knows how to make full use of its people, no matter what their color, sex or years."

Yet the men and women who brought this country out of a shattering depression and a cataclysmic world war today are discarded by society. The actions of their President tell them, in effect, "We have no further use for you; we cannot afford to make use of your talents and your desire to continue working; we cannot afford to help you keep and improve your homes; we cannot afford to preserve your health; we cannot afford to keep you out of a bleak and fear-ridden poverty."

We have no national policy for enriching the lives of our parents. Worse, the patchwork of well-intentioned programs which, in piecemeal fashion, address the problems of the aging have been poorly planned, underfunded, understaffed, and undercut by those charged with carrying them out.

The outlook for older Americans today is bleak. It is getting bleaker. And it cannot get better until all of us—professionals in the field, policy-makers in government, the young, and the elderly themselves—look behind the stereotypes and idealizations and understand what it means to be old in America.

It means economic hardship. One in four Americans over the age of 65 lives below the official poverty line. Another quarter cannot afford the official "modest but adequate" standard of living. Only one in six is employed at even a part-time paying job. Sixty percent receive no pension benefits.

In this poverty, older Americans must devote 80 percent of their income to food, shelter, health care and transportation—areas where prices have frequently risen faster than the national inflation rate while Social Security "catch-up" increases lag a year or more behind.

Being old in America means taking the leftovers from a health care system that caters to the young. The 10 percent of our people over 65 account for 28 percent of the nation's total medical bill. Yet Medicare—for all the good it has done—pays less than 40% of the medical bills of its recipients, and the proportion has been declining. The strength of the medical lobby has prevented needed changes in the health care delivery system, perpetuating needless inefficiencies that drive the costs of Medicare skyward. The first, halting steps toward such a change—the national Professional Services Review Council set up to determine whether services paid for by Medicare and Medicaid are medically necessary—has not one member with a background in or special knowledge of geriatrics.

We have lengthened the lifespan of our people by eliminating many of the diseases of youth, but we mask our failure to address the health needs of the elderly by ascribing their illnesses to "old age", and by putting the elderly out of sight in nursing homes that, as periodic investigations reveal so shockingly, are often little more than waiting rooms for death.

Being old in America also means living in fear. Urban renewal programs too often have destroyed vital neighborhoods, and those most likely to suffer are the black, the brown—and the gray. With limited income and uncertain life expectancy, they are shut off from mortgage money and are forced into other, more crowded substandard housing further from their families and from essential commercial and governmental services. Impoundments and red-lining assure that there are no funds to maintain or improve these neighborhoods.

And the aged are the easiest targets for the crime inevitably bred by such overcrowding and squalor. In 1970, more than one third of the crime victims in the District of Columbia were over 50. A study made last year involving elderly residents from 54 different low-rent housing environments showed a pervasive fear of crime: two-thirds restricted their daytime activities in some way, and 60 percent never left home at night.

These are some of the problems. There are many others—a transportation system that all but excludes those who do not drive; environmental pollution that breeds heart and respiratory disease; nutritional deficiencies; I'm sure anyone here could name a dozen more.

Faced with prejudice, with poverty, with disease, with fear, aging Americans have sought help from the government. They have received endless reassurance, countless pious expressions of concern. But the seven-year record of the current Administration demonstrates no more sensitivity to the needs of the aging than it has shown to the needs of other disadvantaged.

The Administration has opposed full cost-of-living increases for Social Security recipients;

The Administration has attempted to increase the share of Medicare borne by the elderly;

The Administration opposes National Health Insurance in any form;

The Administration has vetoed attempts to extend and expand the Older Americans Act;

The Administration has frozen subsidized housing programs and, for a time, entirely eliminated the most successful of these efforts, Sec. 202 housing for the elderly;

The Administration attempted to increase the price of food stamps from 23 to 30 percent of the recipient's net income;

The Administration has failed for a year to name a director for the National Institute on Aging;

The Administration has attempted to erect demeaning, intrusive barriers of red-tape at the door of Senior Citizen Centers;

The Administration has channelled only 4 percent of emergency employment funds to the 35 percent of our work force over the age of 45;

At a time when economic distress deals most cruelly with the aged, the Administration has attempted to reduce the budget for services to the elderly by $2 billion;

The Administration has mishandled the SSI program from the outset, with inadequate staffing, insufficient planning, and incompetent leadership—and I doubt that there is anyone in this room who doesn't expect to see these self-inflicted shortcomings used as an excuse to reduce assistance to the destitute and the disabled.

In many ways, the problems of the aging reflect wider social failures, and can only be cured by fundamental reforms in our social and economic institutions. But we should insist that these changes be undertaken with a special sensitivity to the needs of old people.

We must shatter the myth that a person's social productivity ends at the age of 65. A few moments ago I mentioned a few famous individuals who disprove any such contention; to that list we can add more than three million elderly still in the labor-force, and millions more who make non-economic contributions through volunteer work or family participation. There is simply no justification for the assumption that the ability to do a job is necessarily a function of age.

I believe that we have an obligation to give every member of our society the chance to perform useful work through the Hawkins-Humphrey Equal Opportunity and Full Employment Act. This basic right of social participation must not be cut off by the turning of a calendar; neither private nor public employers should be allowed unilaterally to impose mandatory retirement upon workers still capable of performing their jobs.

To the great majority who will at some time choose retirement we have another obligation—the duty to help them obtain economic security in their last years. It's very important to reassure Americans that in spite of all these right wing scare stories we hear, the Social Security Trust Fund is *not* bankrupt, and it is not about to go bankrupt. But it is also important that we understand the implications of declining birth rates for Social Security, and that we plan now to reallocate our social resources to follow shifts in age patterns expected for the future.

To begin with, we must reduce unemployment to get more people contributing to the trust fund. In addition, we should gradually increase the contribution base to restore the degree of participation intended by the designers of the system and reduce the regressiveness of the payroll tax. In times of rapid inflation, automatic benefit adjustments should be made every six months rather than annually, in recognition of the inadequacy of individual resources to cushion the blow of enormous price increases. Partial financing from general revenues, as contemplated when Social Security was created, should also be phased in to reflect the shared interest of employer, employee and the public at large in providing for the elderly. In conjunction with private pensions, full employment, and a national income maintenance program, these steps can help achieve the vital goal of adequate retirement income. Social Security is the finest example I know of FDR's creative leadership in the 30's. It has helped millions of Americans since it was established in 1935—and it can continue to be one of the finest examples of a government program that does work.

Six million older Americans need better housing and they need it now. We are in desperate need of a total revamping of the hodgepodge of federal housing programs. I am encouraged that the House Subcommittee on Housing is about to undertake a thorough review of all our efforts to assure decent shelter of our people. The special needs of the elderly must be recognized in our public housing system through improved design standards for both general and Section 202 projects, elimination of the deliberate bureaucratic confusion that has all but stopped public housing, a commitment of resources to rehabilitate existing homes, and secure, long-term financing to enable nonprofit groups again to take part in providing new housing for the aged. These reforms will not only benefit older Americans—they will help reinvigorate our construction industry and will benefit all of us by helping to make our cities more livable.

Our efforts to reduce crime must focus on protecting the most vulnerable victims. Community support systems have proven effective in reducing crime rates in some areas; they should be expanded. Planning for community development must assure easier access to stores and mass transit for the elderly to reduce their exposure to potential assailants. New housing designs must pay greater attention to security for public areas and the prevention of burglary.

We are going to have National Health Insurance—if not in this Administration, then in the next. But in the interim, there are some improvements we can make to alleviate the heavy medical bill burden now borne by the elderly.

For example, one of the most basic of health costs to the elderly is for prescription drugs—which are only covered by Medicare when the individual is institutionalized. Many, therefore, must pay $20–$30 a month in drug bills—and this cost should be covered.

We can also make some changes in the Medicare program so that patients won't have to pay more than 20% coinsurance which so often happens now. This can be done by going to a system of participating physicians who would abide by the "reasonable charge" determination.

But even the best of the proposed National Health Insurance proposals persist in ignoring the distinct needs of the aging. The health care needs of the elderly are less intensive but more chronic and continuous than those of the general population. At the same time, their social needs are more intensive and more acute. Since these emotional and social problems often bear upon the aged person's eating and physical habits, they may seriously affect his health and in turn his need for professional medical attention. Our priorities in establishing national health care, and in making the National Institute on Aging operative, should concentrate on preventive and curative services so that fewer will face the prospect of hospital or nursing home confinement. Older Americans fear, above all, institutionalization—and we should do everything possible to alleviate this fear.

A related question requires our attention: whether it is appropriate for government to finance placement in proprietary nursing homes. The answer, as I have said before, is no. The nursing home operator seeking profit has a constant incentive to reduce patient services. It is intolerable for the government to continue to subsidize—to the tune of as much as $1.5 billion a year—that kind of trade in the economics of misery. The sickening disclosures in New York and elsewhere, tracing the corrupting web of money flowing into the political process to keep the operators of proprietary homes plugged into the treasury, leave room for no half-way solutions. By beginning now to re-design delivery systems and improve treatment methods, we can phase out our subsidies to such establishments while assuring time to develop a system of nonprofit facilities geared to extending the independence of the aged through medical and social support.

The policy changes I have outlined are needed. They are sound, reasonable, achievable steps toward dignified, humane treatment of our elders. But even if they were all enacted into law today, they could not achieve much. The essential element of improvement is commitment—commitment to carrying out these policies, commitment to making America work for all our people—and this kind of commitment simply has not been demonstrated by those charged with serving this nation's aged.

The voice of older Americans must be heeded in government. The National Council on the Aging, and the dozens of co-sponsors of this silver anniversary conference, do a superb job with tightly limited resources; the Federal Council on Aging, established by the 93rd Congress, provides a formal means for articulating the needs of the elderly. But neither the private groups nor the Federal Council are involved in the continuing process of policy making and implementation. Lacking adequate authority, their voices are easily ignored—as we have seen this year.

To assure continued attention to these issues, and to give the President independent counsel, there should be a White House advocate for aging Americans.

To promote attention to the special needs of the elderly in policy formulation and implementation, there should be Assistant Secretaries for the Aging in Departments of Health, Education and Welfare, Labor, and Housing and Urban Development, with the authority and accountability necessary for transforming noble sentiment into concrete accomplishment.

And to assure that all the elderly have the opportunity to participate in the political system that affects them so directly, we should enact post card voter registration this year. Though older people who register are among the groups most likely to cast their ballots, restrictive, overly technical regristration laws have operated with particular severity against people with limited income and limited mobility—a double burden on the aged poor.

Old age is the last and most devastating segregation in our country. But, just as the other cruel and demeaning forms of segregation are slowly and painfully being erased, older Americans are rightfully demanding their just share in the rewards of our society. They are raising their voices and are beginning to be heard. It is noteworthy—both in symbol and in substance—that one of the most dedicated and vocal Congressional advocates for the aging is our youngest member, Tom Downey of New York. And, I am impressed and heartened by the vigorous growth of organizations committed to working for change, committed to achieving a better life for this neglected class of our people. Older people are increasing their activism, and this should be encouraged.

The French philosopher Montaigne once said, "I speak truth, not so much as I would, but as much as I dare; and I dare more as I grow older." I believe we will elevate the problems of the aging to their rightful level in the order of domestic priorities. We will, because it is right, and because 21 million older citizens of this nation are finally demanding it. They have begun to dare more.

HATCH ACT REFORM

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. CLAY. Mr. Speaker, within the next few weeks, the House will be considering H.R. 8617, the Federal Employees' Political Activities Act of 1975. This legislation would modernize the Hatch Act in terms of present day conditions, by permitting Federal civilian and postal employees to participate in voluntary political activities which do not interfere with the administration of good government. It is important that this legislation be considered within a historical and legislative context.

From 1791 until the enactment of the Hatch Act in 1939, the Congress rejected efforts to regulate the voluntary political activity of Federal employees on the grounds that to do so would violate their right to free speech. Further, there was no evidence that such restraints were necessary to protect the public interest.

In 1939, however, the rapid growth of federally assisted relief programs, in a period when only 32 percent of Federal employees were classified under the competitive merit system, led to the political exploitation of many employees and beneficiaries of these programs. Despite findings of a distinguished Senatorial Committee to the contrary, Congress enacted the Hatch Act, which radically limited the extent to which Federal employees could become politically active off the job, voluntarily, and out of uniform.

The Hatch Act is a well-intentioned attempt to correct these proven abuses. It was enacted in the heat of passion, however, without the consideration which an issue of this magnitude deserves. In the Senate, public hearings were never conducted and the bill was passed under the unanimous consent calendar. In the House, too, no public hearings were conducted although there was some floor discussion on the bill.

Since its enactment, there have been relatively minor amendments to the bill. Opponents of the Hatch Act were often discouraged from advocating change lest they be unfairly accused of tampering with the merit system.

In the past 36 years, however, conditions which led to the enactment of the Hatch Act have changed, and I believe that the Congress now has a responsibility to update this legislation. First, the need for skilled personnel has increased to the extent that the patronage system no longer flourishes as it did in the 1930's. Second. Whereas in 1939 only 32 percent of the 950,000 Federal employees were under the merit system, today we find that almost 70 percent of the 2.8 million employees are under the merit system. Third. The growing strength and influence of the Civil Service Commission has led to the institutionalization of the merit system. Finally, I find it difficult to believe that the authors of the Hatch Act ever envisioned that 2.8 million American citizens would be politically disenfranchised from full participation in the political process.

The House Subcommittee on Employee Political Rights and Intergovernmental Programs considered the originally introduced bill, H.R. 3000, in a calm dispassionate manner in 11 days of public hearings. Testimony was received from 107 witnesses. From these hearings evolved a more comprehensive, clean bill—one which differentiates between voluntary and involuntary political activities.

H.R. 8617 adds to and strengthens those meritorious features of the Hatch Act by providing employees and the public with greater protection against any recurrence of the spoils system. Further, it updates those parts of the Hatch Act which are no longer applicable by permitting those off duty political activities which do not conclusively interfere with the impartial administration of effective public services.

Mr. Speaker, H.R. 8617, the Federal Employees' Political Activities Act of 1975, merits your support. I urge my colleagues to join me in actively working for its passage.

QUESTIONNAIRE RESULTS

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. MURTHA. Mr. Speaker, uncertainty about the energy crisis, disapproval of the CIA investigations, and concern about continuing inflation were among the key results obtained in a district wide poll that I recently conducted. While the results only reflect the feelings of the 12th Congressional District of Pennsylvania, I feel they represent a cross-section of the American community as the district is both industrial and agricultural. Therefore, I believe this summary should be of interest to my colleagues.

Surveying households throughout the six county district, the poll also showed that my constituents believe the top priorities before Congress, beyond energy and the economy, should be tax reform, crime, and health care.

Among the more than 10,000 questionnaires returned, there was only a 47 to 42 percent conclusion that we are currently experiencing an energy crisis. However, over two-thirds of the replies indicate a belief that the United States will face an energy crisis over the next 10 years. Reading the comments accompanying the results, I must interpret this as a general distrust of the oil companies and the Arab nations.

The poll results also show that the citizens recognize we will have to make changes to stop depending on foreign produced oil and control our own energy sources, but they want to be certain they are not simply being overcharged for someone else's profit. By a 63-percent majority the citizens of my district believe that a relaxation of environmental standards is in order to permit more coal burning. This and other alternate energy sources are subjects that Congress needs to address more strongly.

My constituents were also asked whether the CIA investigations by Congress and the executive branch were helpful or harmful. Only 30 percent thought they have been beneficial while 56 percent feel they have been detrimental to world security and America's posture in the world. While I recognize that the CIA is essential to U.S. security, I think Congress needs to oversee CIA activities more closely. I believe the investigations should be wrapped up as quickly as possible in order to begin working to constructively strengthen our international intelligence system.

Inflation and unemployment continue to be twin economic evils but more people from the 12th Congressional District of Pennsylvania are concerned about inflation. Almost half of the response showed equal concern for our two major economic problems. Despite the optimism of the economists, the individuals are seeing no improvement in their purchasing power. Control of high prices and high unemployment must remain our top priority. When asked what issues Congress should spend more time on, three-quarters mentioned tax reform and two-thirds cited crime, both issues which seriously affect the American public. The third and fourth choices were health care and defense, which were both mentioned by a little over one-third of the respondents. Housing, drug abuse, environmental protection, and foreign relations followed in order among the preferences.

The poll also showed that citizens favored a balanced policy toward the Middle East. Over three-quarters supported this balanced policy rather than favoring any of the countries involved.

On a question involving new revenue for the Social Security System, 47 percent favored taking money from the general tax income, 25 percent thought the amount of earnings taxed should be increased, and 8 percent thought the payroll tax should be hiked.

The article follows:

QUESTIONNAIRE RESULTS

1. Do you believe America is currently experiencing an energy crisis? Yes, 47 percent. No, 42 percent. Undecided, 11 percent.

2. Do you believe America will experience an energy crisis over the next two years? Yes, 66 percent. No, 23 percent. Undecided, 11 percent.

3. Should environmental restrictions already legislated but not yet in effect on autos and coal burning facilities be postponed because of the energy and economic situation? Yes, 63 percent. No, 28 percent. Undecided, 9 percent.

4. What do you view as the more serious economic problem facing our country? Inflation, 47 percent. Unemployment, 10 percent. Both equal, 43 percent.

5. Congress and the Executive Branch have conducted investigations into the CIA. In terms of world security and America's posture in the world, do you believe these hearings have been helpful or harmful? Helpful, 30 percent. Harmful, 56 percent. Undecided, 14 percent.

6. A continuing area of foreign policy concern is the Middle East. Which of the following choices do you believe should be the key to United States policy toward that area?

Support Israel's position, 17 percent.

Support the Arab position, 1 percent.

Support a balanced policy favoring no single country, 77 percent, undecided, 5 percent.

7. Although no one's social security benefits are presently in danger, new revenue to pay benefits will have to be found over the next few years. Please check the method you believe is best for raising the needed funds.

Increase the payroll tax on workers, 8 percent.

Use tax revenue from the general fund, 47 percent.

Increase the amount of earnings taxed, 25 percent.

Undecided, 20 percent.

8. So far this year Congress has focused on energy and the economy. Please check the three (3) items listed below you believe Congress should concentrate on for the remainder of 1975.

Crime, 66 percent.
Defense, 34 percent.
Foreign relations, 11 percent.
Health care, 38 percent.
Drug abuse, 21 percent.
Environment, 20 percent.
Housing, 21 percent.
Tax reform, 75 percent.

TEACHERS LOSING THEIR IMAGE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. DERWINSKI. Mr. Speaker, with few rare exceptions, the fall controversies involving negotiations between school boards and teacher organizations have ended for the year.

As a result of the unprofessional militancy of teacher unions, the public has taken a dim view of educational and economic complications caused by teacher walkouts.

The highly respected columnist for Life Newspapers, Berwyn, Ill., Paul Sisco discusses in his column of September 21, the subject of the adverse image of teachers which has been created by their abnormal behavior.

I insert the article into the RECORD at this time:

TEACHERS LOSING THEIR IMAGE

(By Paul Sisco)

WASHINGTON.—The cry in the Fall seems no longer to be "When does school start" but rather when does the teachers' strike begin. Or perhaps when do the demonstrations against busing get under way.

An estimated two million youngsters have been affected by teachers' strikes in the early days of September. The school desegregation stories in Boston and Louisville have been given wide notice in the press.

The big factor this September has been the walkouts of teachers in dozens of communities around the nation. Not only were giant cities such as New York and Chicago affected but smaller communities such as New Bedford, Mass.; Englewood, N.Y.; Elgin, Ill., and the like.

In Pennsylvania alone, 150 school districts had not reached agreement wtih their teachers by the school opening date.

What's happening?

It is clear that teachers are trading their professional standing in the community for fatter pay checks. They may talk about reducing class size, better facilities and the like, all notable aims, but the bottom line is economic—a bigger pay check.

This, of course, is their right. In these days of galloping inflation teachers are as hard hit, perhaps harder than most public employees, particularly blue collar public workers with strong unions.

But in moving to the picket line, teachers must know they are sacrificing their standing in the community. The old image of the wise, revered teacher, in many cases ranking even above parents in the minds of the children they teach—is fast disappearing.

Is there a solution to what has become constant turmoil in the public education field?

For one thing, why not longer contracts? There is nothing sacrosanct about the one-year pact. Longer contracts are the norm in such big industries as steel and auto production and at least give some measure of stability to the field.

Continued agitation in collective bargaining may cost teachers more than their standing in the community, however. Pressure is mounting for stronger and more enforceable laws prohibiting all public employees, not only teachers, from striking. The courts have wavered but in some cases such anti-strike prohibitions against public employes have been found constitutional.

In any case, the old image of the wise, kindly teacher of my school days we fear is disappearing. And we regret it.

LET US GIVE TURKEY THE CARROT INSTEAD OF THE STICK

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. LEGGETT. Mr. Speaker, I have decided to support S. 2230 which would, among other things, partially suspend the embargo on arms transfers to Turkey. I was a strong supporter of the arms embargo when the Congress was deadlocked with the President on the subject last winter. And in no way do I now condone or approve Turkey's violation of its agreement with us on the purpose for which U.S.-supplied arms could properly be used. Furthermore, my decision has not been influenced by ultimatums of the sort issued by the Turks last summer, which have certainly not swayed Members in the direction of support for this bill.

I have come to believe, however, that the embargo has not served the purpose it was intended to fulfill. The arms cutoff was supposed to force the Turks to negotiate on Cyprus, but it obviously has not advanced the cause of a peaceful resolution of that tragic situation. The Turks have both taken a very hard line with us over our installations and continued to be intransigent on Cyprus. Furthermore, the Turkish Cypriot leader, Mr. Denktash, has recently threatened to declare the Turkish part of the island independent. Apparently, the Turks are as unresponsive to threats or ultimatums as we are.

Coercion, in short, has caused them to dig in their heels and resist the concessions which probably are needed if any sort of compromise is to be reached. That approach has been a failure. At this point, my view is that if the stick has failed, why not try a limited application of the carrot? That is what this bill would do.

S. 2230 would authorize delivery of military sales contracted for prior to imposition of the embargo. It would also permit private commercial sales of military equipment. The bill would not, however, authorize either delivery of the military grants previously programed for Turkey or funding of any future grant aid. No grant assistance or government-to-government sales would be available to Turkey prior to passage of the fiscal year 1976 authorization bills.

If we enact this essentially one-time suspension of the embargo, we will be sending a message to the Turks. It is that we in the Congress want to maintain the relationship between our two countries, and we want to see the Cyprus conflict settled in a manner that is as fair as possible to both sides. We are willing to back off and extend the olive branch, as it were, but we expect the Turks to respond in kind.

The ball would then revert to their court. It would be up to them to indicate whether they too are interested in rebuilding Turkish-American relations—and prepared to negotiate a compromise on Cyprus that is acceptable to both sides. We will obviously have to assess the degree of progress made in these areas when the fiscal 1976 military assistance and foreign military sales authorization bills come before the House. I must say also that our attitude will certainly be affected by the actual distribution and effect of Turkey's current opium crop, for we obviously cannot be insensitive to the prospect of a renewal of the heroin epidemic in American cities.

We need to get out of the existing impasse with Turkey to deal with any of these problems. I urge my colleagues to support the bill before us as an attempt to move things off dead center. Then it will be up to the Turks to do likewise.

OHIO NEWSPAPER URGES WELFARE REFORM

HON. DELBERT L. LATTA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. LATTA. Mr. Speaker, in an ediorial published September 23 in the Van Wert, Ohio, Times-Bulletin in my congressional district, the newspaper called for "a wide-ranging overhaul of the welfare system," maintaining that "patching things up here and there has not done the job." Thousands of opinion leaders in the Nation have urged similar action, which I hasten to point out is the responsibility of this Democrat-controlled Congress.

In the interests of encouraging the House leadership to move on this matter as quickly as possible, I am pleased to insert this editorial in the CONGRESSIONAL RECORD:

OVERHAUL OF WELFARE SYSTEM IS NEEDED

The nation's welfare system on all levels of government was an estimated $45 billion last year.

It delivered benefits to 25 million people, and required 250,000 individuals to administer it.

Right here in Ohio and in Van Wert County the amount of welfare continues to grow.

The magnitude of these figures heightens concern about the welfare system's present problems.

The fiscal mess in New York City highlights one of the problem areas: the inequities that exist from state to state and community to community. New Yorkers, for example, pay a much greater amount per capita than Chicagoans.

Indeed, because the state of Illinois carries much of Chicago's welfare charges, the average New Yorker pays roughly 13 times as much for welfare as the average resident of Chicago.

Some efforts to equalize inequities have added to the problems. The federal government's attempt to take over some of the payments by the states have resulted, according to those states involved, in an overpayment of about $400 million.

Inequities are not all that plague the system. Though the extent of welfare chiseling is hard to pin down, there is plenty of it to be a cause for concern. In a recent television program Mike Wallace interviewed individuals who were holding down legitimate jobs and picking up welfare checks at the same time.

Many see attacks on the welfare program as attacks on unfortunates who deserve some form of assistance. "What about the millionaire tax dodgers," they will ask. "Why doesn't the government go after them?"

That is a hard question to answer, yet the presence of tax cheats does not legitimize welfare checks.

The time seems to have come for a wide-ranging overhaul of the welfare system. Patching things up here and there has not done the job.

HOME HEALTH CARE, PART XXVI

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. KOCH. Mr. Speaker, together with 114 House cosponsors, I have introduced H.R. 4772 and 4774, the National Home Health Care Act of 1975, reintroduced on September 24 with amendments as H.R. 9829. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators Frank Moss and Frank Church, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, Hugh Scott, Senate minority leader, and Senators Williams, Domenici, and Tunney.

To discuss the need for home health services and the public support this proposal is receiving, it is my intention to place statements in the Record several times a week by experts and lay persons commenting on this subject.

As the 26th part in the series, I am submitting a WPIX-TV editorial of September 15:

Home Health Care Act

Two nearly identical bills are working their way through the Congress which could materially change the way in which the nation cares for its elderly.

Both bills are titled "The National Home Health Care Act of 1975" and both were written by Representative Edward Koch of New York. Together, the bills have a total of 114 co-sponsors, and their provisions will be discussed at hearings later this month by the House Ways and Means Committee, which is looking at changes in Home Health Care benefits.

Mr. Koch's legislation will allow countless thousands of elderly people to get medical treatment in their own homes if they so desire, rather than being forced into nursing homes. It will provide for unlimited home health care visits, and expand home health care to include a range of correlative services.

The reasoning behind the legislation is that it is substantially less expensive to care for patients in their own homes than in nursing homes. Estimates are that the per patient saving for identical health care would run as high as fifty per cent, and while no actual dollar saving is expected from the legislation, it would greatly expand the number of people who would be served.

The difference in the legislation is that one version contains a section requiring adult children of a recipient of medicaid nursing home or home health care to pay up to five per cent of their taxable income for the period in which the parent receives aid. It is estimated that this provision would cost the average family whose parent was receiving aid about $200 a year, which would develop about $100 million a year in revenue to offset the cost of the program.

After considering the matter, the Management of WPIX urges the House Ways and Means Committee to adopt Mr. Koch's legislation, and to insist that section 7, the contributory section, be included. We believe that people should make a direct contribution to their elderly parents' welfare, if their income permits. We think Mr. Koch's bill is a model of enlightened legislation because it increases the productivity of the health care dollar. We hope it becomes law.

What's your opinion? We'd like to know.

TURKISH AID

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. DODD. Mr. Speaker, yesterday, the House was once again confronted with the question of resumption of military assistance to Turkey. It was the decision of the majority of the Members to vote to permit the shipment to Turkey of those arms contracted for prior to the imposition of the embargo.

I opposed this action which will release $185 million of military arms to Turkey without any commitment from Greece or Turkey to work toward a peace settlement on Cyprus.

Since the passage of the Foreign Assistance Act on December 30, 1974, Turkey has had the opportunity to make advancements toward a settlement on Cyprus. She has not made this effort.

There is still an urgent need for a negotiated settlement of the Cyprus situation, and yet Turkey persists in its reluctance to approach an agreement. The United States should not resume military assistance in light of this unwillingness to help relieve the human suffering the Turks have inflicted and their neglect to repair the damage they have caused.

I do not feel that the action taken in this House yesterday will help to break our present impasse on this matter. I was very disappointed that the House failed to adopt an amendment offered by several of my colleagues which would have helped break the present impasse. I supported the Fascell amendment which would have allowed the President to restore a limited amount of military aid to Turkey when he can certify to the Congress that Turkey has made significant steps to improve the relations between Cyprus and Turkey.

I was hopeful that this action would give Turkey an incentive to respond to the humanitarian problems of the refugees on Cyprus.

I was very hopeful that this action would also help to open the door for improved relations between the United States and Turkey.

The partial resumption of military assistance to Turkey cannot insure that our relations with that country will improve. Nor will it guarantee that the unfortunate conditions on Cyprus will be ameliorated.

On the contrary, passage of this legislation to resupply Turkey with arms and ammunition without a peace agreement between all parties involved will have a disastrous effect on American foreign policy, and on our position of strength in the world.

SOLID WASTE DISPOSAL AND OUR NATION'S ENERGY NEEDS

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. HARRIS. Mr. Speaker, every day our cities and counties are throwing away tons of garbage and other waste products which hold the potential to provide for the energy needs of the Nation and supplement our use of dwindling fossil fuel reserves.

A friend and constituent of mine, Mr. Paul E. Whittington, of Mount Vernon, Va., writes to me often and shares his thoughts on energy based on both his insight and professional background as a mechanical engineer. His recent column "Energy Sidelights," which appears in the Sterling, Va., Tribune, addressed the possibility of manufacturing combustible fuel from local solid waste material.

I commend Mr. Whittington's words to the attention of my colleagues:

Energy Sidelights

(By Paul E. Whittington, M.E.)

Without exception, figuratively speaking, our cities are being buried with mountains of trash and garbage. Land fills are eating up acres of good land for solid waste disposal. There are nasty effects associated with land fill trash and garbage burial—there are foul odors, rats, flies, maggots, and all flock to these areas. Putrified wastes drain into the underground water.

There is an exciting new solid waste system under development which will solve the solid waste problem and equally important provide a new source of energy. Yes, solid waste is a fuel. Development will be completed by December 1975 and final testing completed by the end of April 1976—and none too soon either!

The key to this new pyrolysis system is the use of pure oxygen to burn and change solid waste into combustible gas and glass-like granules. This new and revolutionary "trash-to-gas" system generates temperatures of 3300°F.. 500°F. higher than the melting point of steel and glass. Union Carbide is the developer.

The City of Seattle is reported to be an early customer. Instead of burning the gas, Seattle plans to use it to produce methyl alcohol for operation of municipal automobiles.

The "trash-to-gas" system has goodies for everyone including the taxpayer. It is economically attractive, environmentally sound, has realistic resource recovery, and is suitable for longtime operation. Trash and garbage go in and everything that comes out is usable and salable—everything but carbon dioxide and water vapor.

In many areas there will be shortages of natural gas in the winter months. Here is a reliable new source of gas for light industry. Is anybody interested?

For a moment let us focus on our own local solid waste problems. Fairfax County produces an average of 750 tons of solid waste each day. Add in the waste of Alexandria, Arlington, and D.C. and there are 3200 tons of waste a day—that is a grade A mess of trash.

Fairfax County has a land burial site of about 100 acres on I-66 and shares a site (300 acres) with Alexandria, Arlington, and D.C. on I-95 at Lorton. The I-66 site will be filled in about twelve months. The I-95 site will last a little longer.

Just supposing Fairfax, Alexandria, Arlington and D.C. had a "trash-to-gas" plant in operation and used the gas to produce electricity—how much surplus electricity do you think would be produced a month? The answer is 57,600,000KWH. There is energy gold in those mountains of trash.

Would Prince Georges County like to join in?

GENERAL VON STEUBEN

HON. JEROME A. AMBRO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. AMBRO. Mr. Speaker, since the U.S. Senate passed a joint resolution in 1961 authorizing the President to proclaim September 17 of each year as General von Steuben Memorial Day, this brave and brilliant German American soldier has been formally recognized for his contributions in our war for independence. However recognition and appreciation for General von Steuben date far back in our history as a country.

Gen. Friedrich Wilhelm von Steuben, the son of a lieutenant of engineers in the army of King Frederick William I of Prussia, was raised in the life of the military. After entering the officer corps of the Prussian army at 17, von Steuben became an expert at military training, organization, and administration, while rising to general staff duty at the Royal Headquarters, a high honor for a young soldier.

Sympathetic with the aims of the American Revolutionary War, von Steuben arrived here in 1777 to offer his services as a volunteer. He brought with him a technical training unknown in even the British army at the time. Providing a service which none of his contemporaries were prepared to perform, von Steuben transformed the untrained American volunteers into an army equal in discipline and skill to their British opponents. Many historians claim von Steuben to have been indispensable to the success of the war.

After the war von Steuben was voted citizenship and continued to make contributions to the American society as a resident of New York. Besides being a prominent founder of the Society of Cincinnati and a regent of the State University of New York, he was president of the German Society.

As we approach our bicentennial, it is important to keep in mind many things aside from the events of 1776; the spirit which followed and insured our growth has been equally important. The part which von Steuben played in gaining the Nation's independence, underscores the contributions of the German American population in the United States throughout its history. As we honor General von Steuben, we honor also those German Americans with whom his traits of spirit and determination are a common value.

MASTERPIECE THEATER'S "SHOULDER TO SHOULDER"

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mrs. BURKE of California. Mr. Speaker, I would like to bring to the attention of my colleagues a special Masterpiece Theater series dramatizing the bitter turn-of-the-century struggle for British women's suffrage. Entitled "Shoulder to Shoulder," it will be broadcast in six parts, beginning this Sunday, October 5 at 9 p.m. on Washington's Channel 26, WETA-TV. The remaining segments will appear on October 12, October 19, October 26, November 2, and November 9.

This excellent series focuses on the remarkable Pankhurst family—four women who mobilized a women's army to force political recognition of women. The series was created and produced by three Englishwomen—Verity Lambert, Midge Mackenzie, and Tony awardwinner Georgia Brown, who also stars as suffragette leader Annie Kenney in the PBS series.

Midge Mackenzie, who first developed the series from evidence buried in museums, archives, and private collections in Britain, Europe, and the United States, also used this written and visual material for her documentary book, "Shoulder to Shoulder." The book follows, almost day by day and in their own words, the suffragettes' personal account of their fight for the vote. "Shoulder to Shoulder" will be published in hardcover and paperback sumultaneously with the Masterpiece Theater broadcasts.

Tracing the real-life story of the women's war to gain enfranchisement, "Shoulder to Shoulder" begins with "The Pankhursts" on October 5 and the founding of the Women's Social and Political Union in Manchester, England, with the motto "Deeds, Not Words." The spread of the suffragette movement to London is depicted in episode two, "Annie Kenney"—October 12—which centers on the mill girl who brought workingclass women into what had been a primarily upper-class struggle.

How a member of that upper class is tortured and forcibly fed in prison as the women encounter violent resistance from a male-dominated government is shown in the third segment, "Lady Constance Lytton," to be shown October 19. In the fourth episode on October 26, Christabel Pankhurst, a militant feminist, declares war on the government and women fight men with fists and stones in the streets of London. "Outrage," to be shown November 2, recalls the tragic sacrifice of Emily Wilding Davison, who threw herself under the hoofs of the King's horse at the Derby and became the women's movement's first martyr.

The series concludes on November 9 with "Sylvia Pankhurst" and victory. Women finally win the vote as a direct result of suffragette support of World War I and Sylvia splits with the movement because of her pacifist views and her involvement with the desperately poor in London's East End. Mr. Speaker, this admirable series is excellent entertainment, as well as being a learning experience. I recommend it to my colleagues.

IMPORTANT SEGMENTS OF I-75

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. GIBBONS. Mr. Speaker, one of the most important segments of I-75 is the busy and vital Tampa bypass, but Federal participation in constructing it is greatly restricted because of a provision in the law. I have introduced legislation in an attempt to expedite construction and remove those restrictions.

The 44.9 miles of the bypass were added in 1969 to the interstate system under the Howard-Cramer Act which was enacted in 1968. This act permitted the Secretary of Transportation to withdraw mileage authorized under the interstate system from a State and add to the mileage of another State, but it restricted the cost to the United States of the portion transferred. Thus, while construction costs have risen dramatically, the cost to complete the Tampa bypass is limited to the cost estimate at the time of the transfer of the mileage from California—or to $50 million—whereas, the true cost to construct the bypass is closer to $200 million. The State of Florida's eligibility for 90/10 interstate highway funds is based upon the $50 million estimate, arrived at in 1969, rather than the true cost of construction at today's prices.

My legislation would provide that cost estimates could be increased based on construction cost increases up to the date of enactment of Highway Act of 1975, thus Florida would be able to obtain Federal funds for the Tampa bypass based on realistic, present-day costs of construction. Other States, affected by the Howard-Cramer provision in the law, could also revise their cost estimates.

I have introduced two similar bills, H.R. 9944 suggested by the Florida Department of Transportation, and H.R. 9945 prepared by the staff of the Public Works and Transportation Committee. I have urged the chairman of the Subcommittee on Surface Transportation, Congressman HOWARD, to include language to amend the Howard-Cramer Act in the highway legislation now under consideration by the committee. At the present, it is my understanding that the committee expects to complete its consideration of the highway bill by Thanksgiving.

THE WASHINGTON POST ENDORSES REDUCING TRUCK WEIGHTS

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. KOCH. Mr. Speaker, the House Public Works Subcommittee on Surface Transportation has concluded hearings on this year's Federal Aid Highway Act. I am hopeful that the new bill will include provisions reducing truck weights on our Nation's highways to safer, more reasonable levels which would also result in less cost to taxpayers for highway maintenance.

For the information of my colleagues, I am submitting for the RECORD a copy of today's Washington Post editorial, which endorses my legislation to reduce truck weights:

TRUCK-WEIGHT WATCHING

Motorists using the nation's interstate highways may or may not have noticed the heavier trucks now thumping along. But thanks to some adroit maneuvering by congressional allies of the trucking and shipping industries, the heavier trucks are definitely rolling. The exact number of the new leviathians may not be known but whatever the figure—among a total of 417,000 trucks in the heaviest class—the two industries worked hard to persuade Congress and government officials to increase the weight allowances. During the Nixon administration, Transportation Secretary John Volpe resisted the petitions, on the ground of safety. As late as August 1974, Congress voted by 252 to 159 against a bill allowing a weight increase (from 73,280 pounds to 80,000 pounds). But a few months later, this roadblock was neatly skirted when the weight provisions were passed under another bill, one that did not allow amendments because the conference report was voted on without an opportunity for amendments.

Because the original House vote was so decisive and because persuasive evidence still exists that, when it comes to trucks, heavier is far from better, Rep. Edward I. Koch (D-N.Y.) has proposed legislation that would repeal the heavier weights. It is noteworthy that although the Department of Transportation now supports the increases, its own National Safety Advisory Committee takes another view: "We strongly favor congressional repeal of the heavier truck legislation and respectfully urge DOT to reconsider its position in light of both the increasingly available evidence on truck safety matters and the still incomplete truck safety studies." Such a view reflects the fact that a motorist has 10 times the chance of being killed in a collision with a large truck than in a collision with another car. As if this is not sufficiently dangerous, the move to bigger trucks comes at a moment when the public is turning to smaller and lighter cars.

The support for repeal already has 55 House cosponsors. The proposal was offered as part of this year's Federal Highway Act amendments. Support elsewhere is broad, including engineering groups, the AFL-CIO and the American Automobile Association. In addition to the safety hazards, many groups oppose the larger trucks because of the damage they inflict to the roadway. The new weights could mean as much as an annual $100 million in highway maintenance. As for bridges, one engineering association reports that some 24,000 of them on the federal highway system are in critical condition. More weight is what these bridges don't need.

The arguments for reduced truck weights are compelling. The American Trucking Association, representing the industry, wants heavier trucks because they mean greater productivity out of both labor and equipment. It isn't at all clear, however, that this trade-off is sound when measured against the hazards to motorists and the damage to the roadways. On the contrary, the evidence at the moment argues strongly in favor of a strict weight-watching program for the nation's trucks.

THREE OUTSTANDING VIRGIN ISLANDERS

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. DE LUGO. Mr. Speaker, it is my distinct pleasure to have the opportunity to recognize three outstanding Virgin Islanders who have dedicated their working lives to the services of the Government and people of the Virgin Islands.

I would like to extend my sincerest commendation to Mrs. Etherlin Maria Thomas Emanuel, who is retiring after 38 years of devoted service as a registered nurse in various hospitals in the Virgin Islands; Mrs. Ann Marie Stewart Jackson who is also retiring after more than 34 years of professional nursing services in the Islands; and Mrs. Gwendolyn A. Neptune, who is retiring after more than 33 years as an outstanding cook for the dietary division of the Department of Health.

With your permission, I would like to submit these three resolutions as passed by the 11th Legislature of the Virgin Islands, which honor these dedicated civil servants.

Three resolutions to follow:

[Bill No. 6824, 11th Legislature of the Virgin Islands of the United States, regular session, 1975]

RESOLUTION No. 758

Resolution to Honor Mrs. Ann Marie Stewart Jackson on the Occasion of Her Retirement From the Field of Professional Nursing

Whereas Mrs. Ann Marie Stewart Jackson was born on April 14, 1914 on the Island of St. Croix and attended St. Patrick's School in Frederiksted; and

Whereas Mrs. Jackson entered the Nursing Service in Frederiksted Hospital on May 12, 1937, and graduated from the Nursing School conducted therein as a Registered Nurse in 1941; and

Whereas Mrs. Jackson worked as a Public Health Nurse under the Work Projects Administration (W.P.A.) from 1942 to 1946; and

Whereas Mrs. Jackson commenced work at the Christiansted Municipal Hospital in 1948, substituting as a nurse at King's Hill Home for the Aged and the Leper Asylum; and

Whereas Mrs. Jackson attended a premature infants institute held in June of 1955 and was granted a license as a Registered Professional Nurse to practice Nurse Midwifery in December of 1956; and

Whereas Mrs. Jackson successfully completed a course on maternity and newborn care in April of 1964 as well as two-week course on care of the newborn conducted at Metropolitan Hospital in New York City in June of 1965; and

Whereas Mrs. Jackson has executed her duties at the Charles Harwood Memorial Hospital as a Specialist in Maternity and Newborn Child Care up to the date of her retirement on June 30, 1975; and

Whereas it is the will of this Legislature that the dedication and good works of Mrs. Jackson be memoralized through the medium of this Resolution; Now, Therefore,

Be it resolved by the Legislature of the Virgin Islands:

SECTION 1. That Mrs. Ann Marie Stewart Jackson, Registered Nurse is hereby cited, honored and congratulated on the occasion of her retirement from professional nursing for her more than thirty-four (34) years of devoted and dedicated service to the Government and the People of the Virgin Islands in her chosen profession on the Island of St. Croix, for which the Legislature, on its own behalf and on behalf of the People of the Virgin Islands, commended her for a job well done.

SEC. 2. That a perma plaque copy of this Resolution be prepared and presented to Mrs. Ann Marie Stewart Jackson by the President of the Legislature or his designee at an appropriate ceremony held for that purpose.

Thus passed by the Legislature of the Virgin Islands on August 29, 1975.

RESOLUTION No. 759

[Bill No. 6825, Eleventh Legislature of the Virgin Islands of the United States, regular Session, 1975]

Resolution to honor Mrs. Etherlin Maria Thomas Emanuel on the Occasion of Her Retirement From the Profession of Registered Nurse at the Charles Harwood Memorial Hospital

Whereas Mrs. Etherlin Maria Thomas Emanuel was born on January 30, 1920, in Hartford, Connecticut, to Leonard Abramson Thomas and Joseph Emanuel Thomas, both Virgin Islanders; and

Whereas Mrs. Emanuel came to the Island of St. Croix with her parents in 1927 and graduated from the St. Mary's Parochial School in Christiansted in 1937; and

Whereas Mrs. Emanuel's ambition to become a nurse was in evidence as a very small child and continued throughout her school years, culminating in her enrollment in the Nurses Training School at the Christiansted Municipal Hospital on August 9, 1937; and

Whereas Mrs. Emanuel worked and trained as a nurse at said Municipal Hospital for 2 years and subsequently transferred to the King's Hill Home for the Aged in 1940 as Special Nurse, a position she held for 7 years; and

Whereas Mrs. Emanuel was able to return to the Christiansted Municipal Hospital, at half pay, in order to complete her training as a Registered Nurse, a goal she achieved on September 30, 1948 when she graduated from the Christiansted Municipal Hospital School of Nursing; and

Whereas Mrs. Emanuel has worked for the past 18 years in the Newborn and Premature Nursery at the Charles Harwood Memorial Hospital; and

Whereas Mrs. Emanuel announced her retirement from government service effective April 11, 1975; and

Whereas it is the will of the Legislature that Mrs. Emanuel's dedicated nursing career should be memorialized through the medium of this Resolution; Now, Therefore,

Be it resolved by the Legislature of the Virgin Islands:

SECTION 1. That Mrs. Etherlin Maria Thomas Emanuel, Registered Nurse, is hereby commended, honored and congratulated on the occasion of her retirement from the nursing profession, for her nearly 38 years of devoted and dedicated service to the Government and People of the Virgin Islands in the field of Professional Nursing on the Island of St. Croix.

Sec. 2. That a perma plaque copy of this Resolution be prepared and presented to Mrs. Etherlin Maria Thomas Emanuel by the President of the Legislature or his designee at an appropriate ceremony held for that purpose.

Resolution No. 760

[Bill No. 6826, 11th Legislature of the Virgin Islands of the United States, regular session 1975]

Resolution to Honor Mrs. Gwendolyn A. Neptune For Her More Than 33 Years of Outstanding Performance As a Cook in the Dietary Division of the Department of Health

Whereas Mrs. Gwendolyn A. Neptune was born on the Island of St. Croix on April 27, 1917; and

Whereas Mrs. Neptune commenced work as a cook in the Dietary Division of the Virgin Islands Department of Health on December 1, 1941; and

Whereas on December 17, 1941, Mrs. Neptune was assigned to the position of Assistant Cook at the Leper Asylum in Christiansted, St. Croix, a position she held for two years; and

Whereas Mrs. Neptune continued in her selfless service to the needy in her work at the Christiansted Municipal Hospital of serving food to needy families; and

Whereas Mrs. Neptune devoted the remainder of her years of service to the Department of Health as a cook at the Charles Harwood Memorial Hospital, from which position she retired on June 7, 1975; and

Whereas it is the will of the Legislature that the devoted service of Mrs. Gwendolyn A. Neptune be memorialized through the medium of this Resolution; Now, Therefore,

Be it resolved by the Legislature of the Virgin Islands:

Section 1. That Mrs. Gwendolyn A. Neptune is hereby commended, honored and congratulated on the occasion of her retirement from the Dietary Division of the Virgin Islands Department of Health for her more than 33 years of dedicated and devoted service to that Division and to the people of the Virgin Islands.

Sec. 2. That a perma plaque copy of this Resolution be prepared and presented to Mrs. Gwendolyn A. Neptune by the President of the Legislature or his designee at an appropriate ceremony held for that purpose.

MEMORIAL ADDRESS

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. GOODLING. Mr. Speaker, when Mr. Walter Stauffer of Pennsylvania recently died, the Nation lost a great and distinguished public servant who was a strong champion of freedom of peoples everywhere.

Such a great and honorable man as Mr. Stauffer is so rare to encounter in this world that we can only be thrilled by him and forever impressed by his great worth.

So many Pennsylvanians have been touched by his death, that we can only be greatly moved on the event of his passing. But he does not leave us with only floating memories of his presence among us; he leaves us as better persons because we have felt the effects of his great accomplishments.

Mr. Stauffer served the 19th Congressional District in the 83d and 85th Congresses. I know that his family is entitled to great pride in the public service that he was able to give this country and from their association with one of the outstanding personalities of our time.

And so, although we all will feel the loss of this great constituent, we will more-so feel the joy for many decades to come, of having had him serve as a Member of our Congress.

THE INSTITUTIONALIZATION OF UNEMPLOYMENT

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. HAWKINS. Mr. Speaker, I am becoming increasingly concerned about the tendency in this current recession to institutionalize unemployment. We seem prepared to do everything but give people jobs, even though the costs of keeping people out of work are staggering. By the end of this year, we will have spent $20 billion for the payment of unemployment insurance benefits allotments to unemployed workers. In addition, an estimated $14 billion will have been lost to the U.S. Treasury in uncollected taxes from the unemployed. Fortunately, the prudence of policy which emphasizes mere subsidies for the unemployed, as opposed to a more positive plan which includes the provision of productive jobs, is coming under increasing attack in both the academic and political communities.

A splendid article on the subject of institutionalization of unemployment in this country appeared recently in the New York Times. Written by Alan Gartner and Marjorie Gellerman, the article astutely traces the maladies attached to policy which merely subsidizes the unemployed. For the information of my colleagues, I wish to include in the Record a complete copy of the text of this article:

Giving Them Anything, It Seems, but a Job

(By Alan Gartner and Marjorie Gellerman)

The United States is on the brink of becoming a permanently divided society—a society deeply split between the ever fewer who are employed and the ever more who, while willing and able to work, cannot find employment on a sustained basis.

In the last two years, unemployment has risen from 4.9 per cent to 8.4 per cent of the work force—or, in human terms, at last count, 9.4 million people could not find work, 8.2 million were "officially" unemployed, and 1.2 million more were too discouraged to seek work.

While the increase in unemployment had been accompanied by downturns in the major indicators of economic activity, recently the two trends have begun to diverge. Despite the improvement in industrial-production levels and other leading economic indicators, most economists, including those in the Administration, predict high levels of unemployment for the next several years.

Meanwhile, national policy initiatives focus on ways not to end unemployment but to soften its effects. Unemployment compensation up to 65 weeks for some jobless workers has been authorized. President Ford proposes to extend these payments still further, expand the coverage, and raise the benefit level. Indeed, in the fiscal year 1976 domestic budget the largest single increase is for unemployment compensation.

A wide variety of other income surrogates or supplements have been put forth. The Department of Transportation funds "transportation stamps," while the Federal Energy Administration proposes "energy stamps" to help the poor pay their rising utility bills. Others propose "clothing stamps" as well as further expansion of the food-stamp program.

Democrats favor the payment of health-insurance premiums for the formerly employed, as well as Government loans to defer mortgage payments. Even the limited opportunities afforded by public-service employment are shunned. Everything is proposed, it seems, except income earned through a job.

The basic wealth of the country may be great enough to allow the trend toward subsidizing unemployment to continue and even to grow. But we need to give careful attention to the consequences of a policy that departs so radically from basic American values.

Through work, people have not only earned their living but, also derived much of their identity and feeling of self-confidence and self-worth.

That the very foundations of their personal lives are shaken is suggested by the evidence indicating that when the unemployment rate goes up so does the suicide rate, the rate of new admissions to mental hospitals, the rate of new prison incarcerations, the rate of family breakups, and the rate of infant mortality.

And what of the effect on the larger society? There are the costs to the employed, whose hold on their own jobs is made uncertain, whose real income is held down, and whose collective-bargaining rights are threatened; to the consumers, whose needs are unmet because of the diminishing stock of goods and services produced; to the general public, which suffers doubly from the loss of tax revenues that could be generated were the unemployed at work, and from the use of public funds to maintain its jobless members. Finally, there is the cost to Americans generally as their confidence in the ability of their society to provide for the well-being of its people is increasingly eroded.

Yet the policies now being approved and carried out may well have the effect of institutionalizing unemployment. Substitutes for income earned through gainful employment do enable the recipient to survive but they can only reinforce the feelings of dependency, impotence and despair that accompany unemployment.

It is possible to guarantee to every person willing and able to work a job at decent wages. While over the long run this can best be achieved by comprehensive economic-planning measures, in the short run public-service employment programs could drive the unemployment rate down to 3 per cent in 18 months at a net cost of only $10.7 billion annually—in other words, at a cost of less than half of the tax rebate that President Ford now talks about for next year.

And it is also possible to achieve the goal of full employment without intensifying our inflation problem—indeed, full employment, with increased production of goods and services, would be anti-inflationary. The endemic national problem of inflation, however, can probably only be resolved if the guarantee of a job is linked with additional measures such as price and profit controls and credit and wage guidelines.

What seems strange, indeed, is that our leaders prefer a set of policies that deeply and dangerously divide our society between those who may work and those who may not.

THE SOCIAL SECURITY APPEALS PROCESS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. OTTINGER. Mr. Speaker, today I am submitting testimony in conjunction with hearings being held by the House Ways and Means Committee's Subcommittee on Social Security. The purpose of these hearings is to gather information to assist in drafting legislation aimed at eliminating the tremendous backlog of social security disability appeals cases and provide for an improved system of appeals that avoids long waiting periods.

Since I consider the need to correct the flaws in our present appeals process an item of major importance, I would like to take this opportunity to insert my remarks into the RECORD. It appears that there is already substantial momentum in the House for making needed reforms in this area, and it is my hope that all Members will join in the effort to remove the obstacles to quick processing of these cases and thus eliminate the undue hardships placed on so many thousands of Americans each year. The testimony follows:

THE SOCIAL SECURITY APPEALS PROCESS

(Testimony of Hon. RICHARD L. OTTINGER, Subcommittee on Social Security, Oct. 3, 1975)

Mr. Chairman, I appreciate the opportunity to submit these remarks in conjunction with the hearings you are holding to try and arrive at some way of alleviating the terrible hardships brought about by delays and backlog in the Social Security appeals process.

Testimony presented and materials gathered in preparation for these hearings reveal that there are presently well over 100,000 cases pending before the Social Security Administration's Bureau of Hearings and Appeals. In July of this year the median time period for the processing of a disability appeal was 7 months. This means, of course, that half of these cases take more than 7 months to complete, and many of them take up to a year and a half. That is a long time to wait for benefits for someone who is entitled to them and is so severely disabled as to be unemployable.

We know that the overwhelming majority of appeals cases are for disability benefits, and this is understandable in view of the fact that true disability because of either physical or mental incapacitation is often difficult to establish with great accuracy. Nevertheless, it is absolutely essential that we devise some plan for insuring the prompt processing of disability claims in order to protect the rights of the growing number of individuals who become eligible for disability benefits each year. In 1974 more than 1,112,000 workers and their dependents became eligible for Social Security disability.

Numerous proposals for steps to resolve the present crisis have been put forth in recent weeks. I would like to take this opportunity to repeat some of the suggestions that I personally find most practical and to add one of two points of my own that I believe merit some consideration.

In the first place, I fully support the proposals for reducing the amount of time allowed for filing an appeal. The present six-month option periods are excessive. There are strong indications that a substantial number of cases are appealed only toward the very end of the six-month period, and in many of these cases a reversal of the prior decision takes place because the claimant's condition has deteriorated substantially during that time period. By reducing the time in which a claimant may file an appeal, we will eliminate many of these situations in which a disabling condition deteriorates, and in those cases where there is a worsening of the disability, the claimant can file a new application and avoid the costly and time-consuming appellate stage.

Another aspect of the present backlog and delay in processing of these cases that concerns me greatly is the rate of reversal at the appeals level. Nearly 50 percent of all unfavorable disability decisions are reversed on appeal—truly an alarming figure. During the first half of 1974 approximately 42.5% of all reconsideration cases in New York State were reversed. While it is doubtless true that this problem is partially attributable to the ability of many claimants to prove disability on the basis of a condition that has worsened during the interval between the initial decision and the appeal, I think a 50% reversal rate indicates that there are additional problems that must be recognized.

In the years that my staff and I have assisted constituents in their appeals, it has become increasingly apparent to me that most claimants for disability are totally unaware of what is required under the law to establish unemployability for purposes of Social Security. I would suggest, then, that certain administrative steps be taken to provide the public with greater information as to the type of documentation that is needed to prove disability. Much time is lost when Administrative Law Judges have to tell claimants to seek better documentation and return at a future date to complete an appeal. If a claimant knew in advance exactly what medical and other evidence is required, he could come to the hearing stage properly equipped to present his case.

In this regard I believe we should definitely consider making provisions for SSA to hire more support personnel to screen evidence and insure that all documents are in order before the Administrative Law Judge begins his task. Certainly we should try to relieve the judges from as many non-judicial functions as possible and leave them free to use their time to perform the most essential part of their job—hearing the case and acting on it.

Mr. Chairman, as you know, I am a cosponsor of Congressman Sisk's bill, H.R. 8848, which provides the following measures as a means of alleviating long waiting periods and present backlogs:

1. a thirty-day period in which a claimant who has been denied benefits may request reconsideration, including an informal conference and a statement of the case, prior to hearing;
2. the imposition of reasonable time limits for determinations on such claims;
3. the establishment of Administrative Law Judge positions at grades not lower than GS-16.

It is absolutely imperative that this Congress take prompt action to eliminate the Social Security appeals backlog and reduce the waiting period before benefits can begin to be paid. I hope that with the conclusion of these hearings the subcommittee can move swiftly to analyze its data and report out measures to help resolve these problems. For my part, I can assure you that I will support any reasonable proposals that grow out of the hearings. I am happy to have had the opportunity to share my views with you, and I look forward to working with you in the weeks ahead toward getting some effective measures through Congress.

"NATIONAL SUICIDE"

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. McDONALD of Georgia. Mr. Speaker, I wonder how many of our colleagues are aware of the extent to which we have aided the Soviet Union? Three weeks ago I offered an amendment to H.R. 9005, the International Development and Food Assistance Act of 1975, to prevent public assistance to Communist countries. I was told that such a prohibition was already part of the Foreign Assistance Act and thus my amendment would only remove the President's waiver authority, which was needed to give the President "flexibility" in conducting foreign policy. Besides, no President had ever "abused" his authority in this regard.

Yet, according to the report of the Committee on Appropriations—House Report 94-53, to accompany H.R. 4592, March 10, 1975—the United States has provided $1,033,400,000 in foreign aid and assistance to the Soviet Union from 1946 through 1974. Presumably this was done under authority other than the Foreign Assistance Act, which prohibits such aid.

When you also consider the so-called lendlease program—so-called because as things turned out it was neither lend nor lease but outright charity to the tune of $11 to $12 billion—and the passing over our post-World War II occupational currency production capability, the true figure of aid to the heartland of totalitarian communism would be somewhere between $30 to $40 billion. Most Americans are staggered upon learning that U.S.S.R. has been the No. 1 beneficiary of U.S. aid in this century.

As immoral as it is for our Government to force U.S. taxpayers to subsidize our enemies, this aid is still almost insignificant in comparison to the extent of our military aid to the Soviet Union, mostly by means of "peaceful" trade. The nature and extent of such aid is spelled out in great detail by Antony Sutton in his book, "National Suicide: Military Aid to the Soviet Union."

An excellent review of this book is provided by Warren Ross in the September 24 issue of ERGO, published weekly by college students in Boston. As Mr. Ross points out, "National Suicide" explodes the myth that there can be a distinction between "peaceful" trade with the Soviets and direct military assistance. Our "peaceful" trade has enabled the Soviets to supply weapons used to kill nearly 100,000 American citizens in Korea and Vietnam.

Antony Sutton leaves no doubt that we are indeed pursuing a suicidal policy by supplying our enemies with strategic military goods. We should begin immediately to reverse this policy while there is still time.

All of this certainly destroys the accepted view that the United States has an anti-Communist foreign policy.

The review follows:

NATIONAL SUICIDE

(Reviewed by Warren Ross)

Today there are almost no debates about whether trade with the Soviet Union is harmful to US interests. The questions of providing goods to the Soviets only arise as an issue of "how much", or "which companies will do the providing," or (rarely), "can we influence some small part of Soviet policy, *eg*, immigration, by trade policies?" Few oppose Soviet trade *as such*.

Yet most people would balk at the idea of providing *military* aid to the Soviet Union. Somehow, they "feel" that this is going "too far", that there is some "danger" in selling (or giving) weapons to the Soviets, that a Soviet military buildup is *not* in the interests of the United States.

In his latest book, *National Suicide: Military Aid to the Soviet Union*, Antony Sutton explodes the myth responsible for this dichotomy in public opinion: the myth that there is some distinction between "peaceful trade" with the Soviets and direct military aid. With a barrage of facts that justifies calling the book encyclopedic, coupled with a lucid and easily readable writing style, Sutton examines in detail the extent to which "nonmilitary" goods are used for military purposes by the Soviets. In addition, Sutton presents an extensive historical account of so-called "peaceful trade" with the Soviets. (The major focus of *National Suicide*, however, is military aid. Other types of technical assistance are dealt with in other works of Sutton.) He demonstrates that it was primarily US technology that kept the Bolsheviks on their feet after their 1917 *coup d'etat*, that maintained them through the Depression, and that has kept them alive to this date. (Those interested in "influencing" Soviet oppression against its own citizens, take note.)

National Suicide is organized around a number of different sections, each dealing with a particular aspect of US aid to the Soviets. The major areas of technical assistance to the Soviet Union, which have been directly or indirectly used in military applications are: 1) weapons, including explosives, ammunition and guns; 2) tanks, trucks and armored cars; 3) ships; 4) airplanes; 5) space technology; 6) missiles; and 7) computers.

WEAPONS

In the area of weapons, aid was forthcoming from the United States even before the Bolsheviks had consolidated their hold on Russia after the coup. In 1918, the American Red Cross was shipping munitions to the Bolsheviks, and giving them credit. In the thirties, the Soviets were allowed to purchase unassembled U.S. battleships. Carbon copies of American battleships were assembled in the Soviet Union, according to plans drawn up by American naval architects.

Extensive aid to the Soviets came under the 1941 Lend Lease Agreement. Under this agreement the Soviets were given armored personnel carriers, U.S. Navy radar, specialized machine tools for military production, more than a quarter of a million tons of explosives, railroad equipment, tanks, aircraft and aircraft equipment, as well as over 4 million tons of foodstuffs.

Sutton demonstrates clearly that no matter what the aid to the Soviets, no matter how "non-military" it may seem, the Soviets have generally used it for military purposes. For example, in the 1920's, United States industry developed a low cost method of producing ammonia. One of the by-products in this process was nitric acid, which is an essential ingredient in explosives. By the mid 1930's, companies such as Nitrogen Engineering and Du Pont were heavily involved in exporting this technology to Stalin, while the State Department was characterizing this as "peaceful trade."

In the mid 1960's, the Soviets built up their potassium fertilizer industry by purchasing technology and equipment from the United States. But fertilizer plants are easily converted to explosives plants, since ammonium nitrate is an ingredient in both. Soviet weapons which were used against Americans in Vietnam are propelled by these same types of explosives.

BITING THE HAND

The two most important areas in which American aid to the Soviets has ended up in military operations against us are military vehicles and ships. For example, Sutton identifies ninety-six Soviet ships which were used to supply the North Vietnamese with weapons and strategic goods during the Vietnam War. All of these ships were built in the West or have Western designs. At least thirty-seven of them were given to the Soviets with explicit U.S. State Department approval.

As for military vehicles, Sutton estimates that 95% of Soviet military vehicles are produced in automotive plants built by American companies. The automotive plant at Gorki, which produces 140,000 vehicles per year, was built by Ford Motor Company. (All military Soviet carriers with the GAZ prefix were built at Gorki.) The Soviet ZIL plant was designed and built by AJ Brandt Company of Detroit, and expanded by other US firms. The ZIL–131 was the main Soviet military truck used against the United States in Vietnam.

There is a great deal more detail in this book than can be included here. For example, Sutton explains the causal links between American aid to the Soviets and US casualties in Vietnam. He describes how the Soviets have benefited militarily from the American space program. He discusses the role of American scientists, such as MIT Professor Victor Weisskopf, in urging expanded US-Soviet trade. Sutton also describes the Soviet computer industry, the extent to which it has relied on American companies such as IBM, and the extent to which the Soviets are using computers for military purposes.

Sutton has spent over a decade in the study of the Soviet Union. As a research fellow of the Hoover Institution on War, Revolution and Peace, at Stanford University, he has collected an enormous amount of facts about US-Soviet trade. Prior to *National Suicide*, Sutton published a three volume work, titled *Western Technology and Soviet Economic Development*, which includes not just military, but all phases of American assistance to the Soviets.

National Suicide was not an easy book to write. The obstacle for Sutton was the United States Government; which refused to provide him with any of the documents he requested. The Department of Defense denied his application for declassification of certain files after Sutton published a letter from the Commerce Department about the new Soviet Kama truck plant. The letter admitted that the Kama plant would have military capability. The Kama plant is being built by American firms, and the US Government refuses to divulge the names of the companies involved.

In today's atmosphere of ever increasing technical aid to the Soviet Union, *National Suicide* is a timely and explosive book. It contains an irrefutable mountain of evidence which dispels the naive claim that aid to the Soviets can do us no harm. Sutton demonstrates that the notion of "détente" is not a new one, that it has been around in various guises (such as "bridgebuilding") for as long as the Soviet Union has. He also explains how "peaceful" trade can be a danger to the West, even if this trade is not used directly for military purposes: First, it frees that much more labor and capital to be used in military applications; and second, it helps the Soviets survive economically (so that they can continue to engage in military operations against us).

Sutton pulls no punches in this book. He names names, and fearlessly exposes many facts which neither the US Government nor the companies involved want to see exposed. It should be stressed that the businessmen involved in trade with the Soviets are acting just as immorally (if not worse) as the US Government. They are primarily responsible for the extensive pressure on the Government to allow US-Soviet trade.

Many of these businessmen have argued that it is a violation of "free enterprise" to stop them from trading with the Soviets. They ignore the consequences of this so-called "free enterprise". They ignore the fact that millions of people around the globe are being brutalized by the Soviets because of their actions. And they ignore the fact that close to 100,000 American citizens have died in the Korean and Vietnamese Wars because US aid allowed the Soviets to supply our opponents. These businessmen are morally responsible, as accessories before the fact, for all the atrocities of the Soviet regime. Their actions are equivalent to knowingly providing guns to a gangland hit-man. Certainly, no one would argue that this is legitimate "free trade".

Those who already oppose aid to the Soviet dictatorship on moral grounds will gain a valuable arsenal of information from Sutton's book. And those who don't oppose US-Soviet trade, but are still open to facts, will certainly have their eyes opened by it. This book could go a long way toward slowing down or reversing the suicidal policy of supplying our enemies with strategic military goods.

HORACE R. GIOIA—MAN OF THE YEAR

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. LAFALCE. Mr. Speaker, today I would like to pay tribute to truly one of the most energetic civic leaders in the western New York area. Mr. Horace A. Gioia has been cited as "Man of the Year" by the Federation of Italian-American Societies, and I cannot think of anyone who is more deserving of this distinct honor.

The federation has selected Mr. Gioia as man of the year for his efforts on behalf of all ethnic groups in the Buffalo area. His substantial contributions of his own time and resources have earned him the respect and admiration of numerous individuals and diverse groups in his community. His personal warmth, deep convictions, and charitable motivations make him the perfect candidate for the man of the year award he will receive on October 11. Indeed his charitable contributions over the years qualify Horace Gioia to be the man of many years.

Mr. Gioia serves as the permanent chairman of the Western New York Committee for Boys' Towns of Italy. His efforts over many years to assist homeless and helpless boys in starting a new and positive life in boys' towns in Rome have earned him the Knighthood Order of Merit from the Republic of Italy. It is one of the highest honors given by the Italian Government to foreign citizens. Because of his demonstrated concern for the betterment of his fellow man and his countless endeavors to pursue that goal, I am pleased to render this humble tribute to an outstanding gentleman and deserving man of the year.

IS THE FOOD STAMP PROGRAM "OUT OF CONTROL"?

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. RICHMOND. Mr. Speaker, I have been inserting remarks into the RECORD over the last 2 days which seek to correct some of the misleading information being used to discredit the food stamp program. Today I would like to submit a third article which has been prepared by the Food Research and Action Center—FRAC—a nonprofit organization which works to help make the Federal food programs operate as effectively as possible for their needy participants.

The article follows:

IS THE FOOD STAMP PROGRAM "OUT OF CONTROL"?

In a major August speech, Treasury Secretary William Simon charged that the Food Stamp Program has gone out of control, citing the fact that it has grown 47,000 per cent since 1962.

Vice President Rockefeller attacked the Food Stamp Program in a speech before southern Republican leaders last month by asserting that the Program "adds one million persons a month."

Senator Buckley and Representative Michel distributed a summary of their recently-introduced legislation in which they profess to be startled by the "incredible increase as 4,227% in the number of Program participants since 1965."

U.S. News & World Report, on its September 1, 1975 cover, advertised a story in that issue entitled "Food Stamps—Out of Control?"

(The above data was compiled by CNI Weekly Report, September 1, 1975.)

These charges grossly distort the truth and create a false public impression of the Food Stamp Program. Edward J. Hekman, the Administrator of USDA's Food and Nutrition Service (which runs the Food Stamp Program), responded to such charges of uncontrolled growth on August 13, 1975:

"The Family Food Assistance Programs are not 'out of control.' They are not and have not been. The Food Distribution Program is a direct food delivery program to families, and it has been largely replaced since the Food Stamp Program became nationwide in June 1974. . . .

With the Food Stamp Program becoming nationwide and with its expansion into Puerto Rico—an expansion which alone added almost a million and a half people—the numbers of people on the program have increased. But overall, the total number on family feeding programs have remained quite level. We did have a substantial increase recently with the recession and rising unemployment, but again this is starting to plateau. In fact, participating has been going down, the last couple of months."[1]

When Secretary Simon charged that there has been a 47,000% increase in participation since 1962, he either was highly misinformed or he deliberately distorted the facts to "document" his charges of a Program out of control. Here are the facts compiled by CNI Weekly Report, September 11, 1975.

By the end of 1962, the Food Stamp Program operated in only eight counties on a pilot basis, without specific Congressional authorizing legislation. An additional 1,741 counties participated in USDA's other family food assistance program, the Commodity Distribution Program. About 1,300 counties had no food relief program at all.

By 1965, only 110 counties were in the Food Stamp Program; 1,864 counties had the Commodity Distribution Program; and an additional 1,100 counties still had no program.

By 1971, nearly all the 1,100 counties without a food program started one. In December 1971, there were 14.9 million people in one of the two food programs. Over 1,000 counties still had commodities rather than food stamps.

In August 1974, 14.9 million people received Federal food assistance through one of the two programs—the same number as in December 1971.

Thus, the major growth in the Food Stamp Program has taken place in the last year. The increase in participation peaked in April 1975 at 19.5 million participants. Therefore, the increase in growth, both generally since 1962 and specifically since 1974, can be traced to three somewhat obvious factors:

1. Unemployment increased from 5.4% in August 1974 to 9.2% this past spring. As unemployment increased by 70%, the Food Stamp Program grew by 30%.

2. Since 1962, 2,000 counties have switched from the Commodity Distribution Program to the Food Stamp Program. Most of the "new" food stamp recipients had been participating in the Commodities Program. The reasons for the switch-over vary, but much of it is due to the fact that Congress mandated a Food Stamp Program in every county in the country, Puerto Rico, Guam, and the Virgin Islands by July 1, 1974. (This added 1.4 million participants in Puerto Rico and the territories alone.)

3. Since 1971, many counties came into the food programs for the first time.

The growth in the Food Stamp Program since 1962, therefore, should not surprise Secretary Simon, nor should it appear "incredible" to Senator Buckley and Representative Michel. On the contrary, the addition of new counties, the switchover from the Commodity Program, and the impact of a recession make the expansion quite understandable.

Moreover, Vice President Rockefeller is simply wrong when he sees the Program "adding one million persons a month"; in fact, participation has declined since last April, and the participation increased in only one month by one million people—December 1974 (the month the Food Stamp Program was fully implemented in Puerto Rico and in the height of the current recession).

Finally, USDA's suppressed report to Congress last June observes that under the "most likely" economic conditions, the number of persons eligible for food stamps in fiscal year 1980 will be 20% *lower* than the numbers eligible today because of expected improvements in the economy. The USDA report also projects that the Food Stamp Program will cost less in fiscal 1980 than the $5.8 billion it is expected to cost in fiscal 1976.

Most assuredly, the Food Stamp Program has grown, but it is not "out of control."

A PROUD 30TH REUNION

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. SARASIN. Mr. Speaker, the 273d Ordnance Company of the U.S. Army is holding its 30th annual reunion on October 11 in Wallingford, Conn. It is certainly fitting that the unit receive recognition on this special occasion.

The members of the 273d have gathered each year since the first reunion on October 5, 1946, to renew personal friendships and recount mutual experiences. The proud memories which each veteran shares is a tribute to the valiant service of the 273d Ordnance Company throughout World War II.

The 273d was called for active duty on October 5, 1942, and after extensive technical training the 60 original recruits and 150 new men were transported to England. The company went on to participate in the Normandy Invasion which was followed by continuous combat service until the surrender of Germany.

Each member of the 273d Ordnance Company should be proud of his unit's military accomplishments and the personal sacrifice which he and his comrades have made in service to America.

THE APPROPRIATIONS COMMITTEE AND THE CHEMICAL WARFARE PROGRAM

HON. FLOYD V. HICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. HICKS. Mr. Speaker, the members of the Defense Appropriations Subcommittee are to be commended for the time and effort they have expended in consideration of the fiscal year 1976 and transition budgets for the Department of Defense. The Appropriations Committee has released a comprehensive 356-page report on this legislation based on nine volumes of hearings. The amount of work involved here is truly staggering.

I do not agree with some of the provisions of this bill, but I do agree completely with the committee's recommendations concerning binary chemical munitions.

After extensive hearings and debate, the committee has decided to pass by for this fiscal year the Department of the Army's request for a manufacturing facility and production line for the 155-mm binary projectile. The committee has, in my opinion, very wisely directed that the $8.8 million which was to be used for an offensive chemical warfare program be utilized for defensive chemical warfare programs. Specifically, the committee has directed that the Army procure 100,000 chemical protective suits, 50,000 chemical protective clothing outfits, and 100,000 chemical protective glove and sock sets with the $8.8 million. The committee report states:

> These expendable items will enable the United States Army, Europe, to conduct realistic training and improve chemical warfare readiness after this equipment is delivered over the next two years. The Department of Defense is requested to encourage and increase meaningful and productive training in chemical warfare defensive tactics.

It is my hope that the Department of Defense will follow through completely and quickly on the committee's recommendations. Those who have been interested in this matter have been told repeatedly of the urgent need to move ahead on our chemical warfare capabilities. But when the bottom line is reached—procurement—that urgency seems to be expressed in terms of offensive rather than defensive systems.

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[1] *Reaching People*, published by the Food and Nutrition Service of USDA; August 1975; p. 5.

If the Defense Department is seriously concerned about the chemical warfare threat, then future Defense Department budgets should reflect this concern. In my opinion, it should not take 10 years for a new protective mask to move through research and development to procurement; our new tracked combat vehicles should be equipped with filtration systems; and efforts should be increased in the development of new protective clothing. However, equipment alone is not sufficient. Our troops must train with it to be fully capable.

It is my belief that this kind of defensive preparedness is at this time the best insurance against chemical warfare. As the Director of the Arms Control and Disarmament Agency has stated, this posture is also most conducive to the progress of negotiations now underway to prohibit the stockpiling and production of lethal chemical weapons. The Appropriations Committee report takes note of this effort:

> In the meantime, it is sincerely hoped that genuine progress can be made during the forthcoming year at the U.N. Conference of the Committee on Disarmament in Geneva on a realistic and workable treaty to ban all means of chemical warfare. If no progress is made in these negotiations at the time we are to consider the Fiscal Year 1977 Defense budget, the Committee may have to reappraise its position on this overall matter.

Thus, the next 15 months will be crucial for the United States in the field of chemical warfare.

MILO WILTBANK, COWBOY POET LAUREATE OF ARIZONA

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. STEIGER of Arizona. Mr. Speaker, I am saddened to learn of the passing of Mr. Milo Wiltbank, the cowboy poet laureate of Arizona, who died on September 21.

In Arizona, where good men are commonplace, Mr. Wiltbank stood out among his peers as being one of the finest. He was a member of a pioneer American family, growing up on a ranch in eastern Arizona when times were tough, and self-reliance and hard work were the only formulas for success.

A lifelong member of the Church of Jesus Christ of the Latter-Day Saints, he had served in the bishopric, high council, and was State Sunday school superintendent.

Mr. Wiltbank was also widely known as the cowboy poet, with three volumes of his verse, "Whiff of the West," "Wind Through Barren Branches," and "Gramma Grass Wisdom," having been published. His works were highly acclaimed, and like most great poets, his verse came from a deep and profound feeling and a personal knowledge of his subjects.

There was no mistaking the meaning of the simple truths about which he wrote. His poetry was enjoyed and appreciated by scholars and schoolchildren, by cowboys and merchants, by all who recognized and appreciated truth and beauty.

WOMAN OF THE DECADE

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. BONKER. Mr. Speaker, I am sure that all of the Members who were colleagues of Julia Butler Hansen will be pleased to learn that she has been recently honored in the State of Washington by being named "Woman of the Decade."

I know that she is missed by the House. She truly loved it here and once stated that:

> The rough and tumble of activity that takes place on the Floor of this legislative body is the greatest experience that anyone can have.

Her accomplishments are legend and very few women, or men for that matter, can match her legislative skill and effectiveness as a committee chairman to grill agency administrators and make them accountable for their actions or lack of action.

For the information of my colleagues, I ask unanimous consent to insert in the RECORD the two articles from the Longview Daily News of September 26, 1975, honoring our former Member and beloved friend and colleague.

[From the Longview (Wash.) Daily News, Sept. 26, 1975]

JULIA B. HANSEN: SHE'S AT HOME AFTER 7 TERMS IN CONGRESS

(By Fran Kaiser)

Southwest Washington has a trailblazer among women in government in one of its best known public officials, former Congresswoman Julia Butler Hansen.

Mrs. Hansen retired this year after 14 years in Congress, where she was the first woman to chair an appropriations subcommittee.

She was also the first woman to serve as speaker pro tem of the Washington State House of Representatives.

One of the most powerful women in the nation during her tenure on the House Appropriations Committee, Mrs. Hansen said, "It's very difficult" for a woman to enter politics, when asked why more women are not in government.

Women have to break down prejudices, such as the idea that a woman can't do the job or doesn't want a career, she said. "Women have to work twice as hard as a man, regardless of how incompetent he is," she said.

Mrs. Hansen has no doubt about the ability of a woman to serve in government, but said it often takes some "arranging" for a woman with a home and family to run for office. Women are reluctant to do anything that might make their children a target and many women dislike raising campaign funds, she pointed out.

Reflecting on the lack of women in government, she said, "Men don't encourage women to get into politics. They just talk about it." She sees no "Charge of the Light Brigade by the press to elect women," either.

Mrs. Hansen, however, doesn't feel that voters were ever prejudiced against her because she was a woman. She was on the Cathlamet City Council for some years before she ran for the legislature. She also knew the problems of the logging area she would represent and "most men felt I would defend their rights as ably as a man."

Mrs. Hansen, in fact, became well known for looking out for the interests of Southwest Washington, both in the legislature and Congress.

She served in the legislature from 1939 to 1960 and headed the House Roads and Bridges Committee for several years. She was responsible for legislation creating the state highways commission, taking highway construction out of politics, and sponsored major legislation on education.

After retiring from Congress, she accepted Gov. Dan Evans' appointment as a member of the highways commission she helped establish.

As chairman of the U.S. House of Representatives appropriations subcommittee on the Interior Department and related agencies, she wielded skillful power over matters of vital interest to her district, such as timberlands, rivers and harbors.

Called "the ablest legislator I have ever known" by a U.S. senator, she was known for detailed knowledge of the multibillion-dollar Interior budget she oversaw. She handled funding for such varied areas as programs to benefit Indians, the arts, U.S. Trust Territories, and national parks.

As chairman of the Democratic Caucus Committee, she was responsible for introducing reforms of the House seniority system and House operations.

Always a strong votegetter, she went to Congress in 1960, succeeding the late Russell V. Mack, who died in office. She was elected to seven successive terms.

In the 1961–63 term, especially, she remembers, there were many women in Congress. From the Northwest were Sen. Maurine Neuberger of Oregon, Rep. Edith Green of Oregon and Reps. Catherine May and Hansen of Washington. All have since left Congress and there currently are no congresswomen from the Northwest. There are some women representatives, however, from other western states.

Besides being the last woman to serve in Congress from the state, Rep. Hansen was also the last woman in Olympia representing the 18th Legislative District. "I had hoped there would be young women running for the legislature from this district," she said. Mrs. Hansen pointed out that Mrs. Marie Keen served in the legislature from this district before she did. Mrs. Keen, she continued, was defeated for reelection, but for reasons of political philosophy rather than prejudice against women in the district.

Reminded that several years have gone by since Longview or Kelso had a councilwoman, Mrs. Hansen named several who served in the past. Was there a reason that fewer women seem to be in key positions now than a few years ago?

"Our generation," she said thoughtfully, "was close enough to the coming of suffrage to remember winning the right to vote. Each, consequently, felt she should make a contribution and each did, in her own way."

Women voted in Washington for the first time in 1916, she said. "My grandmother, just before her death, voted for my mother for county superintendent."

Oddly, the law allowed women to hold school office before they could vote, so her mother was first elected Wahkiakum County school superintendent before women obtained suffrage. "It used to make my grandmother and mother furious to see these men trotting by to vote," she said, recalling the frustration women faced before they could vote.

Today, she wonders if some women take their rights for granted. "You have a new group of young women who don't realize the sacrifices that were made to give them an opportunity to vote, to be elected and to have an opportunity in the business world."

As a member of a Northwest pioneer family that came to Washington Territory in 1877, Mrs. Hansen was taught early in life that both men and women have an obligation to their country. Her father was a Spanish-American War veteran.

Her family includes a son, David, whom she raised while serving in government and her husband, Henry, a retired logger and blacksmith.

Perhaps because of her pioneer background, Mrs. Hansen is an avid historian and reports that only three Washington women have held statewide office. They were Mrs. Josephine Preston, elected state school superintendent in about 1917; former State School Supt. Pearl Wanamaker and Belle Reeves, who was secretary of state.

The only woman ever elected governor of a state without succeeding her husband, Ella Grasso of Connecticut, happens to be a former congressional colleague of Rep. Hansen. Mrs. Hansen describes the governor as "very bright" and points out that she had long experience in Connecticut government, including the office of secretary of state, before becoming chief executive.

Mrs. Hansen believes women can be "extremely capable executives" and, in fact must be, to manage family budgets. They are also hardworking and skilled in dealing with people, she said.

When asked if there will ever be a woman president, Mrs. Hansen observed that none seems to be in the offing.

In another branch of government, she said, former Congresswoman Martha Griffiths of Michigan would have been an "excellent" choice for the U.S. Supreme Court. "They don't appoint women," she lamented, saying there always are a "million excuses." Mrs. Griffiths, she noted, is now serving on boards of several corporations.

In one way, she believes, getting into politics has become more difficult for women because of financial disclosure laws that could cause problems for a husband's business.

But, in general, she said opportunity for women "all depends on the person. You can make an opportunity or you can fail to make it."

[From the Longview (Wash.) Daily News, Sept. 27, 1975]

HANSEN "WOMAN OF DECADE"—OUTSTANDING AREA WOMEN HONORED

(By Fran Kaiser)

Outstanding area women were saluted and cheered by 300 persons attending the Women of Achievement luncheon sponsored by The Daily News at the Holiday Inn Friday.

Former Congresswoman Julia Butler Hansen was honored as "Woman of the Decade" for her contributions to state and national government. A former state legislator, Mrs. Hansen served 14 years in Congress and is currently a state highways commissioner.

Women of Achievement, selected by an independent panel, were:

Dr. Phyllis Cavens, who is a Longview pediatrician and member of the Community Social Services Board. She is a consultant to Progress Center, Washington State School for the Blind and Clinic for Child Study. She is also studying the effect air pollution has on the health of school children.

Ruth Clark, who is a Kelso school director and past president of the Longview-Kelso Altrusa Club. Active in youth, education and community betterment, she serves on the Washington State School Directors legislative committee.

Kay Green, who is The Daily News industrial reporter and a state parks commissioner. Her numerous activities include working with the local Bicentennial celebration planning committee and the Red Cross blood program, being past president of Junior Service League and a Republican party official and helping with Cub Scout. Boy Scout and Little League programs.

Maxine Neiman of Kalama has chosen a career as homemaker and mother. In addition to working with her family, she assists the 4-H program, is a member of the Kalama schools' Vocational Studies Advisory Board, Kalama Parent-Teacher Organization, Kalama Music Parents and has taught CCD at St. Joseph's Catholic Church.

Lou Ann Pedersen, who is Cowlitz County Department of Emergency Services director. She has given service to the Cowlitz County Search and Rescue Council, Social Services Board, Lower Columbia Mental Health Association board and is chairman of the ad hoc committee for Uniform Alcohol law, as well as other activities.

The Women of Achievement, selected from more than 70 nominees, were introduced by Daily News Editor Ted Natt, who presented each with a silver tray.

Daily News Publisher John McClelland Jr. presented Mrs. Hansen with a silver bowl after outlining her achievements in local, state and national government.

Mrs. Hansen, who had rearranged a busy schedule to return from Bellingham to attend the luncheon, thanked her family for their patience during her career and thanked J. M. McClelland Sr. and his family for encouraging her to file for office and their willingness to discuss problems.

No woman should be afraid to offer service, Mrs. Hansen said, and stated that the reward for public service is the knowledge that others have been helped.

Mrs. Hansen's son, David, who is curator at the Fort Vancouver Historical Site, was introduced.

The Daily News publisher emeritus, J. M. McClellan Sr., received the only standing ovation when introduced to the audience by Agnes Staggs, women's news editor and toastmistress.

Mrs. Staggs and reporter Nancy Hyslop, who spearheaded Friday's World of Women newspaper section, presented red carnations to several women in recognition of service to the community.

They are:

Grace Johnson, Camp Fire Girls director for 25 years and Sunday School teacher at Trinity Lutheran Church for 30 years.

Gertrude Rivers, serving her eighth term as Cowlitz County treasurer.

Charlene Warren, just elected national vice president of Extension Homemakers Clubs.

Pauline Murphy, state president of the Washington State School Directors Association with 18 years of service on the Kelso School Board.

Nancy Borchgrevink, assistant dean of instruction at Lower Columbia College and top local education administrator.

Harriet Hansen, Daily News city editor and the only woman city editor in the state.

Mallyn Duvall, assistant manager for Seattle-First National Bank in Longview.

Bertieann Peters, Cowlitz County extension agent.

Hilda Leak, former Kelso city councilwoman who retired after 17 years of service, and Kelso Mother of the Year in 1953.

Mrs. Victoria Freeman, prime mover behind the development of Clearview Park.

Grace Reynolds, whose YMCA swimming program for the handicapped is nationally recognized and who has written a handbook on techniques of teaching the handicapped.

The invocation was offered by Capt. Mrs. J. C. Bowen of The Salvation Army. A solo, "I Am Woman," was sung by Kathy Jones.

Persons at the head table, introduced by Mrs. Staggs, included Sue Natt, Burdette McClelland, Diane Natt, and Daily News staff members who contribute to the This Day section: Ms. Hyslop, Jean Gress and Mrs. Hansen.

Special recognition was extended to three women who received Women of Achievement Awards presented by The Daily News 10 years ago. They are Gay Quoidbach Barrett, Ruth Ford and Lois Blackstone.

NO EQUAL TIME MEANS NO EQUAL TREATMENT

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. OTTINGER. Mr. Speaker, the Federal Communications recently rendered a decision relating to "equal time" provisions in such a way as to totally undermine the fairness of the way in which candidates for political office have access to the airwaves.

Under the new ruling, President Ford will be able to have complete access to television and radio coverage of any and all his press conferences, while his opponents will have no opportunity for equal time. If a candidate were fortunate enough to convince the media to cover his or her press conferences "live and in their entirety," according to the FCC decision, then there might be some access to the public. The decision is contrary to the whole concept of fairness in the use of the airwaves and must be corrected, either in the courts or by the Congress.

Sander Vanocur analyzed the decision ably in an article which appeared in the Washington Post on Tuesday, September 30, 1975. It is an excellent piece, and I commend it to the attention of my colleagues:

[From the Washington Post, Sept. 30, 1975]

WRAPPING IT UP FOR THE "IN" PRESIDENTIAL CANDIDATE

(By Sander Vanocur)

Last Thursday was not President Ford's birthday, but Federal Communications Commission Chairman Richard E. Wiley decided it would be nice to give him a present.

The present: virtually unlimited access to the airwaves from now until Election Day. It came wrapped in a 5-2 decision by the FCC that exempts presidential news conferences on television and radio from the equal time requirements of Section 315 of the Communications Act.

Stripped of its legalese, the decision means that candidate Ford can now hold news conferences and if they are covered by network television and radio, as they most certainly will be, his opponents will not be entitled to equal time. That applies to his Republican opponents right up until the GOP convention, and to the Democratic nominee who is selected by that party's convention.

Overruling a 1964 decision, the FCC said that "press conferences of the President and all other candidates for any political office broadcast live and in their entirety, qualify for exemption under Section 315(a)(4) of the Act."

That is quite a sweeping exemption, one that no one had asked for, CBS had petitioned the FCC on July 16, 1975, for a declaratory ruling reversing the 1964 decision. It said that if the decision were allowed to stand, it would be impractical for any of the networks to broadcast live coverage of any presidential press conference through this year and next.

The scope of the exemption, its gratuitous extension to all political candidates for any office at any level, suggests that Wiley and the commissioners who voted in the majority may have included it for no other reason than to ward off charges that they were giving Mr. Ford an enormous present of free, unanswerable air time.

Commissioner James H. Quello, who voted with the majority, said in a separate statement, "I do not view this issue as a partisan political one in which one party or one candidate stands to gain or lose by our decision." Swell, Commissioner. Go to the head of the class. Tell us about the Easter Bunny.

Not a political decision? In 1964, when the commission was dominated by Democrats, it ruled by a 4–3 vote to, in effect, bar candidate Lyndon B. Johnson from holding press conferences during the election campaign.

Last Thursday, a commission whose members were either appointed or reappointed by Richard M. Nixon decided to do just the opposite to a Republican President. Only two of its members, Robert E. Lee and Benjamin L. Hooks, dissented.

Scholars and journalists have been spending a good deal of time since Watergate thinking and writing about our "imperial presidency." They would now do well to examine the role of Richard E. Wiley as imperial proconsul.

Gerald Ford has been flying around the country of late, being interviewed by local stations which give him just about any amount of air time he wants. He is no different in this respect from other Presidents who get from local stations and networks just about anything they want when they want it.

But Wiley and four of his fellow commissioners have now given him even more. And he will use it. He would be foolish not to. Only the courts and the Congress can change this enormous grant of political power. But that will take time. And while the issue is being debated in the Congress and litigated in the courts, Mr. Ford will be right up there on our sets whenever he thinks it will suit his purposes, as President or as candidate, as if there is a difference between the two.

With characteristic enthusiasm CBS President Arthur R. Taylor, who combined with Wiley to give us the Family Hour, welcomed the decision. Said Taylor: "We at CBS are pleased; the public should be equally pleased by the FCC's action."

As difficult as it may be for Taylor to understand that what is good for CBS may not be good for the country, the public should not be "equally pleased." The public should understand that the growth of the imperial presidency can be directly related to the power that incumbents have by their virtually unlimited access to the broadcasting facilities of this nation. On what meat have our Caesars fed? On no meat at all. Just air, free, unlimited and unchecked.

PARING AID TO ISRAEL

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. KASTENMEIER. Mr. Speaker, the new Middle East interim agreement must be carefully viewed in the context of its contribution to a permanent peace in the Middle East. While many hail this accord as a major step forward, voices of moderation have justly cautioned against allowing this agreement to, in effect, only delay the progress toward peace.

My colleague from Wisconsin (DAVE OBEY), who recently led a three-man delegation from the House Appropriations Committee's Foreign Operations Subcommittee on a 10-day tour of the Middle East, issues just such a caution in an article appearing in today's New York Times. He has provided a perceptive analysis of the possible implications of the tremendous amount of aid reportedly called for in that agreement for the State of Israel. He calls upon the Congress not to lose sight of the primary and ultimate goal of all parties—permanent peace in the Middle East—and issues a warning that should be heeded by those of us who must pass on this accord.

The article follows:

PARING AID TO ISRAEL

(By David R. Obey)

WASHINGTON.—The case usually made for the Sinai agreement is that it is one step in a step-by-step process that will lead to peace. As a result of conversations in August with President Anwar el-Sadat, King Hussein, Premier Yitzhak Rabin and other Arab and Israeli leaders, I fear that Congressional approval of the Sinai package in its present form could push the prospect for peace further than ever from our grasp.

Recent public debate over United States involvement in the settlement has centered on the question of stationing American technicians in the Sinai.

While that action may not be objectionable in itself, if the United States is for the first time to become directly involved on the ground in the Middle East, it has an obligation to itself to insist that the concerned parties avoid future outbreaks of hostility and actively seek a permanent peace settlement.

It is most doubtful that the United States will be in a position to do so unless Congress insists on a more disciplined use of American aid than is contained in the package being requested by the Administration.

The Administration reportedly intends to seek about $2.3 billion in military and economic aid for Israel in the fiscal 1976 budget. Aid in that magnitude—especially when it is viewed as the down payment in a three-year or more package—is more likely than not to encourage the continuing belief among the Israelis that they have more time than is in fact available to achieve resolution of basic questions in the Golan Heights and on the West Bank.

Congress would, therefore, be serving both Israel's long-term interests and the interests of peace by reducing substantially the amount of aid being requested, limiting it to an amount necessary to keep Israel's economy viable and to maintain her existing military capability.

The Arab and Israeli leaders with whom I spoke seemed equally committed to peace. But the Israelis do not share the Arabs' belief that without post-Sinai-pact movements on other fronts time is basically working against the prospects for peace. The Israeli strategy seems to be to deal with Egypt through the Sinai agreement and separate Egypt as much as possible from the rest of the Arab world.

This would put Israel in a secure military position because without Egypt the rest of the Arab world presents no serious military threat.

This would in turn give Israel time, with the assistance of American aid, to consolidate her position in the West Bank and the Golan Heights and to further strengthen her military posture. Altogether, the Israelis seem to believe that these "new realities" would gradually bring about greater Arab willingness to negotiate the Golan and Palestinian questions on terms that are more to Israel's liking.

But recent public statements by Palestine Liberation Organization leaders at the "moderate" and "extreme" ends of the spectrum illustrate how militants in the Arab world would seek to undermine any settlement that does not, in their view, address Palestinian goals.

The longer it takes to conclude follow-through agreements, the greater the appeal that the more extreme of these positions will have for a growing majority of Palestinian people. And under these circumstances, the rhetoric and actions of Palestinian leaders such as Yasir Arafat in 1975 could look like a model of moderation in comparison with the rhetoric and actions of Palestinian leaders in 1977 or 1978.

Neither Israel nor the United States can reasonably expect that today's unique constellation of moderate Arab leaders—King Hussein, Mr. Sadat, and even President Hafez al-Assad, in the context of Syrian history—will remain in ascendancy for very long unless the path of moderation can show substantial progress in recovering territory and fulfilling, in some meaningful way, Palestinian aspirations for a homeland.

And Israel's policy is not likely to reflect sufficient recognition of the urgency of that progress if the Israelis are given the impression that Congress is willing to vote military and economic aid in the magnitude being requested by the Administration, not just this year, but every year for the next three or more years.

The United States has a moral commitment to Israel. Out of that commitment comes an obligation to provide enough assistance to assure her survival. We do not, however, have a commitment to underwrite and encourage an Israeli foreign policy—born, though it is, of understandable frustration, pressure and fear—that is essentially immoderate and unrealistic, that is not responsive to new conditions in the Arab world, and that in the long run can only play into the hands of Israel's worst enemies with disastrous consequences for all concerned.

Unless the momentum for peace is sustained—and accelerated—at this critical juncture, moderate forces in the Arab world may well be cast aside, confronting Israel with a far stronger and more hostile enemy in the years to come. If that happened, this new agreement would go down in history as just one more lost opportunity, one more interval between wars.

AUTOMATIC PAY INCREASES

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. ARMSTRONG. Mr. Speaker, this week Federal employees received a 5 percent pay raise. Such cost-of-living increases have been common in recent years, reflecting the inflationary price increases which have plagued the Nation. What is noteworthy about the latest raise is that it is the first which includes Members of Congress, certain high-level executive branch employees and Federal judges in the automatic escalator plan.

Until recently, the only way Members of Congress could get a pay raise was by standing up and publicly voting on the issue, an action often resented by voters at home. This was a good system, far better than the cop out of an automatic cost-of-living escalator system which permits Members of Congress to avoid taking a hard stand on this sensitive issue.

The skittishness of Congress was illustrated again this week when the House considered the latest pay raise resolution. The procedure became so convoluted that it is no wonder our constituents think Congress is deliberately trying to obscure the basic issue. To recap what happened:

Congress passed the law providing for automatic cost-of-living increases for Federal employees. Later Congress amended the law to include the Members themselves in this automatic pay raise scheme. Under the act, the increases go into effect automatically unless the President modifies recommendations submitted to him. President Ford did modify the latest recommendation. He reduced it from 8.6 percent to 5 percent. Some Members of Congress sought to override the President's action by adopting a resolution in opposition to 5 percent and, thereby, restoring 8.6 percent.

So the vote earlier this week was literally a choice between a 5 percent increase—an aye vote—or an 8.6 percent—a no vote. There was no opportunity to vote on the larger question of whether the increase should be denied altogether.

My opposition of pay increases to Members of Congress has nothing to do with the individual worth or merit of the Members as human beings or as legislators. It is not based on my estimate of the value of their service. Some members make a contribution which would easily justify a higher salary than they are now paid; by the same token, many other Members are overpaid at the old salary of $42,500. But that is not, I repeat, the main issue. My opposition to the pay increase is based on three considerations:

First, I object to the idea of automatically increasing a Members' pay without a vote. Now that Congress has tied its salary to—what is misleadingly termed—a cost-of-living basis, Members will never again be required to vote on the issue. We can undoubtedly expect therefore that the salaries of Members will rise every year, year after year, forever and forever.

Second, I am concerned about the example which we have set for the Nation. This country's economic system has been seriously, perhaps permanently, damaged by the excesses of Federal spending. We are not yet recovered from a recession and the accompanying high unemployment caused by excessive Federal spending and already we are seeing grim signs that continued deficit financing threatens to touch off a new round of double digit inflation. Under such circumstances, this is a time for restraint, perhaps for sacrifice. But instead of giving people of this country a demonstration of prudence, we have given them an example of self-indulgence.

Finally, I believe that if and when salary increases are justified, such increases should be deferred until after the ensuing election. In Colorado, and many other States, constitutional prohibitions limit the right of elected officials to raise their own salaries during the term of office for which they have been elected. Under the Colorado system, officials have to face the voters before getting a pay raise. This is a seemly and proper approach, in my opinion.

Feeling as I do, it seems appropriate for me to forego the raise which has gone into effect over my objection. I intend to do so for the balance of my term. I planned to simply advise the Sergeant at Arms that I wish to waive the salary increase for the balance of my present term. However, I am advised that there is no legal basis for the Sergeant at Arms to reduce the amount of a Member's salary check, even if authorized or directed to do so by the Member. It was suggested that I return the funds to the Government as a gift. After reflecting, however, upon the waste and extravagance of the Federal Government, this was not a particularly attractive alternative. Instead I am making an additional contribution, in an amount equivalent to the salary increase for the remaining 14 months of my term, to private charitable causes which seem particularly worthwhile and deserving.

In conclusion, Mr. Speaker, I want to again express my dismay at the amount, timing and manner of this salary increase. Members of Congress are already so pampered and coddled and so isolated from the day-to-day concerns of our people at home that it is becoming increasingly difficult for us to represent them. Now that we have inflation-proofed ourselves and our counterparts in the executive and judicial branches, it seems to me that we have become a little less representative than before. Our constituents are suffering the ravages of inflation. Many of them are not fortunate enough to get automatic cost-of-living increases. I think we ought to suffer along with them as a reminder that the Nation's economic troubles have been caused by Congress and will not be cured until Congress has the wisdom and courage to do so.

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-1970'S—IV

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. LEHMAN. Mr. Speaker, this fourth installment from the paper by Dr. Federico G. Gil, "United States-Latin American Relations in the Changing Mid-1970's," brought to my attention and thus to my colleagues' by my constituent, Dr. Ione S. Wright, describes the new institutional framework growing in Latin America to promote collective arrangements which exclude the United States, and reactions to various U.S. policies and legislative actions.

The article follows:

UNITED STATES-LATIN AMERICAN RELATIONS IN THE CHANGING MID-1970'S—IV

The first step in the present Latin American drive toward a radical change in its relationships with the United States was taken in 1969 when the Special Latin American Coordinating Committee (commonly known as CECIA, from its Spanish initials) composed of all OAS members (except the United States) produced the Consensus of Viña del Mar, the first comprehensive summation of Latin America's position on the demands of development. On June 11, this document, listing criticisms of U.S. trade and aid policies, and setting forth "new bases" for hemispheric cooperation, was delivered to President Nixon by Chilean Foreign Minister Gabriel Valdés.[13] Essentially, the Consensus of Viña del Mar was a strong indictment of U.S. trade policies which blocked Latin American exports from United States markets, and the use of American aid less for "development" than for the benefit of U.S. producers. The Consensus was followed by the creation, first of a Special Committee of the InterAmerican Economic and Social Council to undertake negotiations on economic affairs between the United States and Latin America, and later the establishment of a permanent Special Committee for Consultation and Negotiation, charged with seeking mutual agreement solutions to development problems. Creation of this Committee at Caracas in 1970, showed that a bloc of twenty-three Latin American countries which emerged at Viña del Mar was hardening.

Though these early efforts did not prove too successful, the Latin America desire to establish a more effective mechanism for international bargaining than the OAS grew steadily stronger. The feeling that the OAS was not appropriate as a vehicle for expressing Latin America's interests led to consideration of periodic meetings of Latin American foreign ministers in the hope that these meetings would eventually lead to the formation of a strictly Latin American organization in addition to the OAS. Venezuela's president Pérez and Mexican President Echeverría are the principal proponents of what has been called the "Sistema Económico Latinoamericano" (SELA) for the defense of Latin America's basis products. First mentioned by President Echeverría in Lima, during his 1974 tour of Latin America, the idea of setting up Latin American multinational companies entrusted with marketing the continent's raw materials implied, in political terms, an OAS without the United States. The strong support of President Pérez and Venezuela's oil wealth gave more impetus to this search for a new institutional framework. At the end of President Pérez' visit to Mexico in March 1975, a joint declaration was signed by him and Echeverría formally launching SELA and inviting other Latin American heads of state to a meeting at which the organization would be formally launched. The time was propitious since Mexico's Echeverría, after the failure of his ambitious Charter of Economic Rights and Duties at the United Nations, was eager for new diplomatic ventures, and Cuba, having turned a new leaf, was interested in finding ways to renew its ties with the rest of Latin America without dealing through the OAS.[14] President Pérez' notion was that of a new organization which would function alongside the OAS and would allow Latin America "to identify our aims and objectives for a dialogue with the United States within the OAS." Peru also supported the idea. If this support seemed only lukewarm it was probably because Peru feared such an organization would duplicate the efforts of the Special Latin American Coordinating Commit-

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Footnotes at end of article.

tee (CECLA). Also Peru may have resented to some degree Venezuela's stewardship and at the same time had serious doubts about the reliability of Mexican foreign policy. Peru's strongest interest lies in the rejuvenation of the OAS at its General Assembly to be held in Washington in May 1975. Its interest derives from the fact that as head of a special commission it was chiefly responsible for a package of reforms which would introduce "ideological pluralism," would end any form of commitment to representative democracy on the part of the regional organization, and would prevent the United States from using the OAS as a "tactical piece in implementing its global strategy." [15] At the same time it would have been inconceivable for the nationalist Peruvian regime not to voice its support publicly. President Velasco Alvarado said on one occasion: "From now on the New Dialogue should be among Latin American countries only without the United States." In his view "The United States should be excluded from all high-level policy conferences until it adopts a new attitude, a more honest and just behavior toward smaller countries." [16] A few days later he elaborated further. "We believe," he said, "that the Latin American countries, which have a common cause in defense of our interests, should meet alone, carry out discussions in Spanish, reach agreements among ourselves." [17]

The "New Dialogue" mentioned by President Velasco was, of course, Dr. Kissinger's laborious if unenthusiastic effort initiated at Tlatelolco, Mexico, to establish a "new spirit" and "approach" in inter-American relations. The weakness of the "new spirit" was demonstrated at the foreign ministers' conference in Quito, November 1974, at which a strong majority of OAS members called for the lifting of the economic boycott against Cuba. The United States exercised a "negative neutrality" and abstained from voting while Dr. Kissinger's absence rankled the Latin Americans as a sign of disinterest. Three nations opposed the lifting of the embargo while six others abstained, preventing the required two-thirds majority to push it through.[18] The Quito setback reinforced the Latin American extended belief that the "New Dialogue" was a mere substitute of style for substance—one more magic trick in the inexhaustible bag of the peripatetic U.S. Secretary of State. The next fiasco took place at the Ayacucho meeting convoked by Peru, December 1974. Chile, Bolivia, Argentina, Ecuador, Venezuela, Colombia, and Panama were supposed to attend the summit meeting of chiefs of state but several failed to appear.

Ecuador declined because of its dispute with Peru over territorial claims. Chile's Pinochet refused because Cuba had been invited. Argentina and Colombia cited pressing domestic problems. The conference ended with an innocuous commitment to limit the arms race.

However, what brought the "New Dialogue" to a screeching halt was the enactment by the U.S. Congress of a new foreign trade bill, January 1975, which contains discriminatory provisions against Latin America. The bill excludes OPEC member states from tariff preferences (barring Venezuela and Ecuador from preferential tariff as members of OPEC) and all those which set up international associations to raise or control export prices of their products. It also excludes all countries which expropriate property belonging to U.S. firms or citizens and do not pay what the United States considers fair compensation. Countries which do not open their markets to U.S. products or do not provide access to their sources of raw materials are also precluded from receiving trade benefits. The foreign trade bill also imposes high tariffs for a series of items such as leather, shoes, textiles, and processed iron. To most Latin Americans this legislation was a clear example of economic aggression against their economic independence and a frontal attack on Latin American economic integration.

Venezuela responded by requesting a special meeting of the OAS Council to discuss the new United States trade act. His request found widespread support throughout Latin America where the act was viewed as a violation of commitments assumed by the U.S. when it signed the OAS Charter. It was, therefore, only proper that the dispute should be settled within the OAS. Once again with the United States as a target, Latin America rallied forces. Criticism extended from strong denunciation of countries directly affected like Venezuela and Ecuador, through the sympathetic support of Peru, Panama and Colombia, and cautiously critical remarks of Brazil.[19] As for Mexico, the U.S. foreign trade act caused the fall of its nationalist oil minister Flores de la Peña, when responding to United States pressure the Mexican government decided against joining the OPEC. After some delay President Echeverría sent a message to Caracas pledging Mexico's full support.

The United States' reply to criticisms of the new law was vague and incredibly abstract. President Ford, Secretary Kissinger, and several members of the Senate claimed that they were unhappy with the discriminatory provision. U.S. government spokesmen reiterated that they were still unaware of the real scope of the law, an assertion that is hard to accept considering the measure had been under study for two years. Secretary Kissinger was supposed to explain and defend the trade bill before all the Latin envoys at a session in the State Department but he failed to appear for the scheduled meeting.

When the Permanent Council of the OAS convened, a resolution approved by twenty votes—two nations being absent (Bolivia and Haiti) while the United States abstained—expressed the "unanimous and profound concern" of Latin America for the "deterioration of inter-American solidarity" caused by the U.S. foreign trade bill and condemned its provisions as discriminatory and coercive as well as contradictory to the fundamental principles of the Charter of the OAS and the United Nations Charter. At the meeting, the U.S. representative John Ford offered a disturbing picture of American officialdom when he stated: "We are currently reviewing the legislation and have not yet arrived at a definitive interpretation of its provisions." [20] At the same time it was decided to place discussion of the act on the agenda of the next meeting of the OAS General Assembly scheduled to be held in Washington, May 1975.[21]

A much more significant diplomatic defeat for the United States than the OAS decision took place when Argentina's Foreign Minister, taking note of the OAS action, called off the Buenos Aires meeting of foreign ministers, due in March, to continue the "New Dialogue" with the United States which had started at Tlatelolco. The decision was made with some relief by the Argentine government and received with approval in the rest of Latin America. But, Secretary Kissinger regarded the cancellation of the meeting as an intentional slight and postponed a tour of South America, planned for February, until late April.[22]

FOOTNOTES

[13] For the complete text, see Boletin de la Integracion, Ano 4, No. 43, June 1969, pp. 292–301.

[14] *Latin America*, Vol. IX, No. 8, February 21, 1975, pp. 60–61.

[15] *Latin America*, Vol. IX, No. 11, Marcy 14, 1975, pp. 85–86.

[16] *The New York Times*, January 31, 1975.

[17] *The New York Times*, February 2, 1975.

[18] Jonathan Kandel, "New Tensions Break Dialogue between the United States and Latin Nations", *The New York Times*, February 2, 1975.

[19] *Latin America*, Vol. IX, No. 3, January 17, 1975, p. 18.

[20] Winthrop P. Carty, "Sterile Routine Leads to Strained Latin Relations", *Times of the Americas*, February 5, 1975.

[21] *OAS Chronicle*, Vol. 10, No. 2, February 1975.

[22] Dieter Kroner, "Setback for the Inter-American Dialogue", *Swiss Review of World Affairs*, Vol. XXIC, No. 12, March 1975, p. 25.

NEW YORK CITY'S FISCAL PLIGHT

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. NOWAK. Mr. Speaker, the growing national concern over New York City's fiscal plight indicates this is not just the city's concern or New York State's concern but a national problem that requires a Federal solution.

I have strongly endorsed the concept of creating a Federal mechanism to help avert both a New York City default and a chain reaction of crises in upstate New York cities and other urban areas with cash flow and bond marketing problems. Among the suggestions offered have been an emergency Federal loan/loan guarantee program and Federal guarantees for special emergency municipal bond issues.

At this point, with congressional hearings expected on this issue later this month, I am not committed to any specific approach. However, I am convinced that this problem is too mammoth for New York State and its citizens to handle alone and that the Congress and the administration must come to a realization that this is a critical national problem.

The $2 billion plan the State legislature approved to help New York City through November is only a stop-gap measure. However, between December 1 and next June, New York City will have approximately $7 billion more in obligations due. New York State and its upstate citizens simply cannot afford to shoulder any more of this burden alone. New York City's total budget exceeds the State's. Therefore, it is unrealistic to expect the State to help further, without endangering its own credit rating and fiscal integrity.

Whatever Federal backing is forthcoming, it must be tightly controlled to insure it does not encourage other cities to seek it casually instead of weighing other alternatives, yet be available to other cities if they genuinely need it in the future. An important factor, in convincing the administration of its necessity, must be greater fiscal responsibility in New York City. The current plan calls for the city to achieve a balanced budget by 1977. By accelerating that process, the city also would help rekindle investor confidence by displaying a genuine commitment to regaining sound financial footing.

At the same time, the Congress must

make a serious effort to enact welfare reform, which could provide meaningful relief to New York and other cities. New York City's skyrocketing welfare costs are a magnified version of a problem common to many urban areas—an influx of poor, an exodus of the middle class, an eroded tax base, compounded by the recession and unemployment. New York City accounts for less than 4 percent of the national population but has 8 percent of the national total of recipients of aid to families with dependent children.

AFDC aid currently is allocated to States on a sliding formula ranging from 50 to 78 percent in the Federal share. New York State gets a 50-percent Federal contribution. It would be much more equitable—putting the funds where the need exists—if there were a straight 75-percent Federal share for these benefits, for example.

I believe the Congress should have a full review of the dimensions of the New York fiscal crisis and a complete examination of the possible action needed to avoid the chaos of default.

FRANK MAURANA HONORED GUEST OF COLUMBUS DAY CELEBRATION

HON. LEO J. RYAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. RYAN. Mr. Speaker, on October 12, 1975, the Italian-American Federation of San Mateo County, Calif. will be celebrating the 483d anniversary of the discovery of America by Columbus. At their annual Columbus Day dinner, Frank Maurana will be their honored guest. I would like to congratulate Frank on receiving this special recognition.

Frank has personally contributed extensively to the Italian-American Federation of San Mateo County for over 6 years, 3 years of which he served as president. Frank also served as secretary of the Peninsula Social Club for 8 years. He and his wife, Helen, reside in San Mateo, Calif., with their two daughters, Marlene and Michele.

A native Pennsylvanian, Frank served with the U.S. Army in the South Pacific and later became an instructor at West Point Military Academy. While he was with General Electric Co. he was transferred to California in 1953. In 1962 Frank went into real estate and later became a broker and part owner of Harlan Realty in San Mateo.

The Federation is instrumental each year in raising thousands of dollars for the Friends of Muscular Distrophy and Mentally Retarded Association. Both the Italian-American Federation and the community is extremely proud of Frank's unselfish services and dedication. He has given untold hours of his time toward these efforts.

I am privileged to acknowledge both efforts of Frank and the Italian-American Federation in benefiting all the residents of San Mateo County.

OPINION POLLS AND ANTIGUN LAWS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. ASHBROOK. Mr. Speaker, judging by the response I have received with the hundreds of petitions received opposing registration and confiscation of firearms, the polls must be loaded or wrong. Of course they are loaded. We all know that. They never ask accurate questions. For example, I would like to see the result of the following question on a Gallup or Harris poll: "Would you favor registration of handguns if that registration resulted in confiscation?" or a question which gives multiple choices, rather than one narrow take it or leave it query which is weighted toward "doing something even if it is wrong" as the old saying goes. Given a multiple choice of registration or mandatory sentences for misuse of a firearm or strict enforcement of laws on the books now, to name just a few options, we all know where the American people would stand.

I receive many letters from constituents who are not fooled by these polls. Here is a good example:

GALION, OHIO,
September 24, 1975.

DEAR MR. ASHBROOK: I never have believed the newspapers when they say that 70 to 80% of the people want gun controls, according to nation-wide polls. As far as I'm concerned, if they didn't ask me, then it wasn't a nationwide poll. Darned if I can ever find anyone in favor of gun controls of any kind. Those polls they're talking about must be very controlled. They would have to be very careful of who and how many people they ask to come up with that 70–80% in favor of gun control.

I am sending you the results from the Mansfield News Journal's "Hot Line" in which everyone could participate. You can see that only 7% are in favor of gun controls, and a whooping 93% are against. And notice some of the comments.

I hope you may be able to use this in your battle.

Wish you the best,

MR. MARION E. WRIGHTSMAN.

The poll to which he refers was the popular "Hot Line" of the Mansfield, Ohio, News-Journal which puts a pertinent question on the front page from time to time and feels that pulse of the people. Here is the question and the results—note that the question was not even one of registration or some unreasonable restriction on handgun ownership:

[From the Mansfield (Ohio) News Journal, September 21, 1975]

HOW YOU VOTED LAST WEEK'S QUESTION

Do you favor the gun-control bill before city council which outlaws the possession of a deadly weapon in a public place?

FOR—7 PERCENT

"I am in favor of the bill before council. Laws do no good, however, unless they are enforced."

"I see no objection to controlling guns in public places as long as I can keep arms in my home without registration."

"I am in favor of getting dangerous weapons out of the hands of crazy people. We need the cooperation of concerned citizens, policemen, attorneys and judges in order to accomplish what the law has not been able to do."

"The American public seems hell-bent on taking the law out of the hands of the police and into their own."

"Let's bring some sanity to our country as a birthday present to ourselves this year."

"Afraid of criminals? What about your pistol-packing next door neighbor?"

AGAINST—93 PERCENT

"Take away the right to bear arms and then the people are controlled by the government."

"If the police want my guns they are going to have to get them the hard way."

"We have plenty of laws to deal with crime and the use of firearms. We simply do not enforce them."

"How about more stringent laws against those criminals caught with a gun while committing a crime?"

"Similar gun-control bills have not worked in other areas. Look at the homicide rate in Cleveland."

"The trouble is with the judges."

"If Mr. Hill feels he must do something, why not fight for mandatory jail sentences for crimes committed with a gun in possession?"

"If criminals would obey laws, they wouldn't be criminals. Let's make our courts enforce our laws."

"Let's control the criminals instead of the firearms of law-abiding citizens."

"We should start worrying about why so many people are carrying weapons."

"This would prohibit transporting weapons to gun shows or even a gunsmith for repairs. This is fascism and an invasion of privacy."

"They should keep the crooks in jail and bring back the death penalty for every crime other than a traffic ticket. That ought to clean up the atmosphere in a hurry!"

"Any person with a foul deed in mind would certainly not hesitate to carry a weapon in public. What would he use, a rolled-up newspaper?"

"The hanging tree solved many a problem years back. The Constitution says the law should not deny a person the right to bear arms."

McNEIL: ON CHARLES H. HOUSTON, ESQ.

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. RANGEL. Mr. Speaker, I place in the RECORD at this point for the information of my colleagues, an address delivered by Dr. Genna Rae McNeil, professor of history at the University of North Carolina, entitled "Dr. Charles Hamilton Houston and the Struggle for Civil Rights," at a plenary session of the National Bar Association's annual—golden anniversary—convention in August 1975.

The subject of this address which I wish to present is Charles Hamilton Houston, a pioneer, 20th-century Afro-American civil rights lawyer, whose eminence as a constitutional authority and champion of equal justice under law was recognized in 1950 by President Harry Truman, Senator HUBERT HUMPHREY, who had placed in the appendix of the

RECORD of the 81st Congress a tribute to Charles Hamilton Houston after his death in April 1950 (96 CONGRESSIONAL RECORD A 3291; pt. 15, April 21–June 7, 1950), present Justices Thurgood Marshall, and William Douglas.

Charles Houston, lawyer, educator, and author is responsible for so many positive changes in American history as they affect black and white people that this true contribution to this Nation may not be known before the year 2000. It will be known, however, so long as scholars such as Dr. Gena Rae McNeil stay on the case.

As this Nation enters into the celebration of its Bicentennial, it is fitting and proper that its people reflect upon an aspect of its history which challenges all the people of the United States to strive toward the ideals of liberty and justice for all.

DR. CHARLES HAMILTON HOUSTON AND THE STRUGGLE FOR CIVIL RIGHTS[1]

(By Dr. Genna Rae McNeil[2])

Ladies and gentlemen, as a non-lawyer, I am honored to be your guest and to speak before the distinguished National Bar Association at its fiftieth annual convention. As an historian I commend the Association for its emphasis upon "The Black Lawyer—His Past, And His Future" for indeed it is as appropriate to remark now, as Charles Hamilton Houston did in 1940, that "Today the entire forces of the modern world are being realigned. And in chaos and destruction we must keep both our ideals and our memories clear." One of your own scholar-lawyers from the District of Columbia, J. Clay Smith, Jr. has spoken to you at a previous meeting on the subject of Black lawyers in the nineteenth century. See also, Smith, Black Lawyers In The United States: 1840–1900, Vol. 121, No. 84 Cong. Rec. p. 16550 (June 2, 1975). I would like to focus my brief remarks on a pioneer lawyer of the twentieth century, Charles Hamilton Houston, and a question he posed in 1949: "How far will the existing system . . . permit the exercise of freedom before it clamps down?"

On May 17, 1954, the United States Supreme Court rejected the established doctrine of "separate but equal" in its historic holdings, *Brown* v. *Board of Education* and *Bolling* v. *Sharpe*. *Brown* and *Bolling* became for the states and the District of Columbia, respectively, key precedents for a legal assault upon enforced racial segregation as it affected virtually all aspects of American life. These decisions were the culmination of a deliberately planned and prosecuted legal campaign against racially segregated public education. Thurgood Marshall, then Special Counsel for the NAACP, with other *Brown* and *Bolling* attorneys recalled in an interview several days later, "It was Charlie who taught us the law . . ." The reference was to Charles Hamilton Houston, Marshall's mentor, colleague and friend. As early as June, 1950, it was noted in the official citation for the Spingarn medal (which Houston was selected to receive before his death in April, 1950, but was awarded posthumously) that "it is doubtful that there has been a single important case involving civil rights during the past fifteen years 1935–1950 in which Charles Houston has not either participated directly or by consultation and advice . . ." Now, over twenty years after the Court's epochal '54 ruling, there is a growing consensus that Houston was the chief strategist and the catalyst of the legal battle for the civil rights of Afro-Americans.

Charles Houston, the descendant of a line of free Blacks and slaves, was born on September 3, 1895 in Washington, D.C. where, in the main, he lived and worked until his death at the age of fifty-four. He attended M Street High School, a college preparatory school for Blacks, Amherst College and, after a tour of duty with the American Expeditionary Forces, Harvard University Law School. He distinguished himself at Harvard by being the first Black to serve on the *Harvard Law Review*. By 1923, under the tutelage of such men as Roscoe Pound and Felix Frankfurter he had earned the Doctorate in Juridical Science.

It was racism and injustice which had prompted Houston to seek law as a vocation. Thus, in addition to joining his father, William, (a Howard Law School graduate) in private practice, Charles Houston began teaching at Howard Law School and pondering philosophical issues relative to the American legal process and pervasive racism in the United States. His concern about the plight of his people actually involved him in the pursuit of two full-time careers, the lawyer-crusader and the educator-philosopher.

With regard to the latter, Charles Houston, as Vice-dean of Howard's Law School from 1929–1935 worked relentlessly for the transformation of the School into an accredited institution which would produce "capable and socially alert Black lawyers to meet the group needs. "There was no doubt in Houston's mind that if Black lawyers were not trained to fight for Black people, resort to the courts would prove to be, more often than not, futile. Therefore, he insisted that over and above competence—skillful advocacy and negotiation—in serving individual clients in tradition civil matters and criminal cases, Black lawyers ought to undertake law as "social engineering." He, in fact, charged his students and young colleagues to view the primary "social justification for the Black lawyer . . . in the United States . . . as the service he can render the race as an interpreter and proponent of its rights and aspirations." The law offered "an impelling challenge to leadership and service . . . the privilege of piloting the race."

As a lawyer-crusader Houston served as the first Special Counsel of the NAACP. From the New York headquarters he devised the strategy of carefully constructing cases to create favorable precedents for equality and non-discrimination, developed positionary tactics, worked with, directed and advised young Black lawyers across the nation and began concurrently the vital work of educating the masses with regard to the struggle for their rights. With regard to education, it is important to understand "the real aim . . . was to abolish all segregated schools" and that this aim was pursued through a line of cases carefully considered and deliberately prosecuted to establish specific legal/constitutional principles (from *Murray, Gaines, Sipuel, Sweatt, McLaurin* to *Brown*). But the aim was not pursued for the sake of racial mixing alone, for, as Houston saw in the 1930s, mixed schools were not without racial discrimination. The "ultimate goal" in Houston's words, was "complete elimination of segregation" because of power relationships in the United States. In the United States it could never be enough to fight for only "equality of education."

In Charles Houston's words again, "There can be no true equality under a segregated system. No segregation operates fairly on a minority group unless it is a dominant minority. . . . The American Negro is not a dominant minority in this land . . . In the United States the Negro is economically exploited, politically ignored and socially ostracized. His education reflects his condition; the discriminations practiced . . . are no accident." This was the political-economic reality, the condition, when Houston began his 1935 legal program for the NAACP to move Blacks to equal protection, equal access and equal opportunity in this society. (And parenthetically I must add that as he was obliged to assess the political-economic realities, the power relationships, in his era, we are under a similar obligation. As the late Amilcar Cabral, a brother and revolutionary of Guinea-Bissau, said so well, "You have to establish the political aims and, based on your own condition, the ideological content of the fight. . . . *To have ideology is to know what you want in your own condition.*") (Emphasis added)

Because Houston was convinced that the use of the law as an instrument for social change was *necessary* when a minority was so oppressed that it was "unable to adopt direct action to achieve its place in the community and nation" or demand a public forum where white Americans would be compelled to listen, he served his people, within the limitations of the American legal system, in multiple over-lapping roles. He functioned as an attorney for Black railroad workers, for Blacks who were accused of crimes and who were seeking the inclusion of Blacks on their juries, for victims of racially restrictive covenants, for the District of Columbia's Consolidated Parent Group and for the F.E.P.C. He was, for a time, an F.E.P.C. appointee, officer of the American Council on Race Relations, regularly active member of the NBA, Washington Bar Association and the National Lawyers Guild. He wrote on racial and international issues for the *Afro-American* and *Crisis*. He appeared frequently before Congressional Committees investigating matters relative to minority rights, constitutionally guaranteed liberties and governmental violations of the same.

Yet his development of and total involvement in civil rights led him to significant conclusions. First, Black people must wage an unceasing fight for physical security, equal, desegregated education, full protection of the right to work, a Black controlled and effective system of communication and "some semblance of order and justice in the processes of the administration or justice" or perish. Second, Black people "cannot depend upon the law alone to solve our problems." He admonished that "We must never forget that the public officers, elective or appointive, are servants of the class which places them there. . . . We have got to do our own fighting, and more of it by extra-legal means . . . i.e., strikes, boycotts, demonstrations, protests, etc." (For this reason, in particular, as a member of the NBA resolutions committees he consistently called for firm, forthright positions against disfranchisement and on cases involving discrimination, oppression and racism.)

Moreover, although throughout his life he wrestled with conflicting ideological positions and principles, by December, 1949, he, thirdly, acknowledged that the existing system's restriction of the exercise of freedom, the lack of tradition for equality in the United States, the inability of the system to permit equality and the American legal process' prime function to preserve the existing system and not dictate rapid/sweeping changes in national conduct, demanded more of Blackamericans than a constant cry for civil rights. He challenged Blacks who, to his mind, had the least to lose in the existing system, to "make sure that the system which shall survive in the United States of America . . . shall be a system which guarantees justice and freedom for everyone." Mere victories within the same system he deemed empty. As he put it, ". . . 'sure, we're being invited now to take a front seat, but there's no particular honor in being invited to take a front seat at one's own funeral. . . .' We are fighting a system."

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[1] Remarks prepared for the Golden Anniversary Convention of the National Bar Association, Washington, D.C., August 20, 1975 Theme: "The Black Lawyer—His Past, and His Future."

[2] Ms. McNeil is an Assistant Professor of History at the University of North Carolina, Chapel Hill. The topic of her dissertation was: "Charles Hamilton Houston (1895–1950) and the Struggle for Civil Rights" (University of Chicago, June, 1975). See also McNeil, "Charles Hamilton Houston," 3 *Black Law Journal* 123 (1974).

The essence of Houstonian jurisprudence (Smith, In Memoriam—Professor Frank D. *Reeves*—Towards a Houstonian School of Jurisprudence and The Study of Pure Legal Existence, 18 Howard Law Journal 1 (1973)) or Houston's philosophy of law for oppressed Afro-Americans has to do with at least three matters:

1. A clear conception of the realities of racist oppression in the United States;
2. An emphasis upon learning, critically understanding and knowing the rights, the ideals and aspirations of the race;
3. A recognition of the limitations of legalism, especially in the strict sense of the practice of law.

But the full view of Charles Hamilton Houston speaks to more than this; it speaks to options for oppressed Afro-Americans. Houston was criticized, although at times he worked with, socialists and communists, because his choice was not that of total effort toward destruction of the existing system and revolution. Yet his work of social engineering and his philosophy were not simply ways of opting for working within the system for mere reform. What he attempted and called on Black lawyers to do (who by their choice of profession became part of the system, in one sense) was to work within towards transformation of the system itself by legal and extra-legal means.

Houston, Waddy, Robinson, Hastie, Nabrit, Hayes, Hill, Motley, Marshall, Ransom and countless other Black lawyers knew unequivocally that the protection of Black people, the promotion and defense of our rights to life, liberty and fair treatment are essential to any struggle. There can hardly be a struggle towards transformation of the society and liberation of a people if there is no climate for or possibility of the development of informed masses and a committed, ideologically sound and forthright vanguard. Houston perceived himself as a "technician probing . . . how far the existing system will permit the exercise of freedom before it clamps down." Yet even as a "technician probing . . . the existing system" Houston was able to protect and expand Black rights, improve the conditions of life for some Afro-Americans, train and advise cadres of Black lawyers fighting for civil rights and inspire others to continue the Struggle against oppression.

With regard to the Struggle itself, Charles Houston had, as William Hastie so well noted, "a soldier's faith that winning the fight is all that matters . . ." Finally Houston left all this to be seen in the light of his final clarification of the primary task for those who would be in the vanguard of the fight, particularly Black lawyers. That task he concluded was "to probe, to struggle and . . . teach the masses to think for themselves, . . . know their place, recognize their power and apply it intelligently."

"Today the entire forces of the modern world are being realigned. In chaos and destruction we must keep both our ideals and our memories clear."

GRAIN SALES

HON. DELBERT L. LATTA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. LATTA. Mr. Speaker, writing in the Napoleon, Ohio, Northwest-Signal on September 25, editorial commentator Nat J. Belknap did an excellent job of emphasizing the frustration of U.S. farmers over efforts to block grain sales to overseas buyers.

I share Mr. Belknap's concern over their plight, and wish to bring his article to the attention of my colleagues:

DOWN TOWN

(By Nat J. Belknap)

I find myself a bit chilly toward George Meaney and his Union companions in their pose as agricultural experts—their advice to the grain manipulators, refusal to work on cargo ships and the such. There's a lot of truth in this reaction of farmers to Unions:

Agriculture is frustrated. For the first time in years, American agriculture has found a real export market for our huge supplies of grains. We have realized these export markets are a necessity for farmers to be able to receive a reasonable return for their grain. We have the supply. We have the grain on the coasts. We have the buyers. Now to add to the confusion, the nation's most recent addition to the list of self-appointed economic experts, the Longshoremen, refuse to load the grain onto foreign ships for export, "in fear of higher prices."

Over the past ten years, did the American farmer quit buying farm machinery for "fear of higher prices" when labor unions struck the steel industry? When labor received a wage increase, did agriculture refuse to buy American-made products? How many Japanese tractors did you see on U.S. farms today?

When labor bargained for less hours and lower output, did the American farmer also reduce his productivity? Do American consumers think that lowered labor output and higher labor wages are not eventually passed on to the consumer in the form of higher retail prices?

It almost appears that the consuming public and some segments of our government are nearly obsessed with the mania of blaming inflation on agriculture. The American farmer, frustrated as he is, may have the feeling that he stands helpless with no one to listen to his plea. What's more, he may think that nobody really cares!

America—wake up!

REVENUE SHARING: BOTH FLEXIBILITY AND NEED ARE PARAMOUNT

HON. JAMES V. STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. JAMES V. STANTON. Mr. Speaker, as a member of the full Committee on Government Operations, I recently had the opportunity to appear before its Subcommittee on Intergovernmental Relations and Human Resources to testify on proposals to renew the general revenue-sharing program. I wish to share with the Members of the House my thoughts on this matter. I intend to introduce legislation in the near future which will incorporate the idea I will present today.

Despite some problems, Mr. Speaker, I believe the program of general revenue sharing has served us well. As Senator EDMUND MUSKIE, himself a former State Governor, recently observed, revenue sharing has been an important shot in the arm of our federal system. It has provided a sorely needed new source of revenue for our hard-pressed State and local governments in their attempts to meet the ever-increasing needs within their jurisdictions.

I wish to make it clear at the outset of my remarks, Mr. Speaker, that I support renewal of this program. I do, however, have certain suggestions for modifications in the present law which I believe will streamline revenue sharing while at the same time directing funds to those units of government most urgently in need of additional revenue sources. Specifically, the changes I propose are intended to provide greater flexibility in the use of revenue-sharing dollars by State and local governments, while directing these funds to those areas most in need of assistance by including as a factor in the allocation formula unemployment statistics.

My proposals, Mr. Speaker, are based on what I perceive to be the primary purposes of general revenue sharing. The first is the need to decentralize decision-making authority by shifting some of this authority from Washington to the State and local governments. Having served as president of the Cleveland City Council prior to my election to Congress, I have had the opportunity to view the operation of Federal assistance programs from distinctly different perspectives. In my view, many of the Federal-aid programs have become too bureaucratized, too complicated, and too wasteful.

In many cases, State and local governmental officials are better acquainted with the multiplicity of their areas' particular problems than some bureaucrat sitting here in Washington. General revenue sharing serves as a framework within which State and local officials can confront their communities' needs and establish priorities for resolving them, while minimizing Federal bureaucracy and redtape. The modifications I will propose will buttress this trend toward decentralization and minimization of Federal redtape.

The second purpose of general revenue sharing, while primarily fiscal in nature, is closely related to this shift in decision-making authority. Succinctly, this purpose is to assist in the alleviation of the growing disparity between resources and needs within State and local governments. It is common knowledge that the demands for services upon State and local governments are confronted with the dilemma of regressive and depleted revenue sources. Revenue sharing is intended to share with State and local governments within the framework of our Federal system the revenue generating power of the more progressive Federal income tax base.

I believe, Mr. Speaker, that we must acknowledge that we in Washintgon, after all, do not have, let alone know, all the answers to the variety of social and economic problems plaguing our State and local governments. This does not mean that there ought to be no Federal role in seeking to solve these problems; rather it means that we must rethink what the proper role of the Federal Government should be. As Alice Rivlin, formerly with the Brookings Institution and presently Director of the Congressional Budget Office, has astutely observed:

> The two activities that the federal bureaucracy carries out with great efficiency are collecting taxes and writing checks. . . . Since the federal government is good at collecting and handing out money, but inept at administering service programs, then it might make sense to restrict its role in social action mainly to tax collection and check writing and leave the detailed administration of social action programs to smaller units.

My proposals, Mr. Speaker, are intended to further both of these objectives.

Specifically, I propose to add greater flexibility to the present revenue sharing program by loosening both the purse-strings and the paperwork requirements of the present law. I recommend that the requirement for planned and actual use reports be eliminated. I also propose the elimination of the present priority use categories restricting the expenditure of revenue sharing by local governments. Third, I propose the repeal of the present prohibition against the use of revenue sharing dollars for matching purposes by State and local governments.

These recommendations, Mr. Speaker, constitute merely a recognition of what is already a reality; namely the interchangeability, the fungibility, of revenue-sharing funds with other revenues available to State and local governments. In a recent study addressed to the issue of planned and actual-use reports, the General Accounting Office found that because revenue sharing has become a part of the budgetary decision process of States and local governments, it is very difficult, if not impossible, to isolate the actual fiscal impact of revenue-sharing funds. In short, these planned and actual use report designations are generally meaningless, if not outright misleading.

Besides increasing paperwork for State and local governments, these reporting requirements only force State and local authorities to engage in a shell game. The shell game consists of transferring funds from one spending category to another and then using the revenue-sharing funds in the original category. The end result is that the city or State gets the money, of course, but has wasted a great deal of time and money in the process.

Conceptually, one could attempt to remedy this flaw by either devising a new reporting system and/or imposing, as some have suggested, a strict maintenance-of-effort standard. Both of these approaches I find unacceptable and unworkable. On the one hand, as GAO has concluded, it is highly questionable whether any reporting system can be devised which would assure an accurate and meaningful reporting system regarding the uses of revenue-sharing funds. I suspect that any such attempt will prove both wasteful and futile. What we do not need to do, Mr. Speaker, is create a new army of bookkeepers on the State and local levels.

On the other hand, Mr. Speaker, a strict maintenance-of-effort standard, especially when coupled with the priority use categories, has all the earmarks of a categorical or block grant assistance program, not a revenue sharing concept. It would transfer from the State and local governments to the Federal Government the basic decisionmaking authority as to where revenue sharing funds would have the greatest impact in meeting the needs of State and local governments. In a sense, it is fiscal blackmail. By this I mean that State and local governments must choose between losing their revenue sharing funds or perpetuating at present levels expenditures and programs which may in no way reflect the changing needs of a community. Moreover, under either of these two approaches, the degree of bureaucratic red-tape and administrative regulation would clash with the very spirit and intent of a general revenue sharing concept aimed at decentralization of decisionmaking authority.

This inability to trace the actual use and impact of revenue sharing funds. Mr. Speaker, renders meaningless as well the priority use expenditure categories for local governments and the prohibition against the use of revenue sharing funds for matching purposes. Rather than continue this sham, rather than perpetuate this "shell game", I propose the elimination of these reporting and use requirements.

Accountability for the expenditure of these funds should be to the citizens of the affected jurisdictions. For the purposes of accountability, I would endorse the recommendations contained in the recent GAO study on revenue sharing. As virtually all of them already do, the State and local governments should make available to their citizens, through publication or some other suitable procedure, a statement summarizing all anticipated revenues and expenditures for a fiscal year.

To make this information meaningful, this single report should include actual revenues and expenditures for the preceding fiscal year as well. This statement, put on public notice, should provide the basis for public discussion and participation that the law now requires. This would be accomplished without a new army of bookkeepers since this budgetary practice is already carried out in most units of government.

My second proposal, Mr. Speaker, is directed toward the present formula which takes into account a variety of factors, including population, unemployment, and relative tax effort. I believe that revenue sharing funds should be directed as much as possible to those areas where the need for such assistance is greatest. One of the surest indicators of such need is unemployment. Consequently, I would recommend that the Congress seriously consider the inclusion of unemployment rates as an additional factor in determining the allocation of revenue sharing funds.

In our country today we are seeing an alarming drop in the ability of communities to raise revenues when hit with unemployment. As unemployment increases, the tax base from which a State or local government can draw its revenue is further decreased. Simultaneously, the demands upon the available revenues of these governments increase as these governments seek to assist those on the unemployment rolls. Without the addition of the unemployment figure, local taxes will continue to rise for those still working. But such increases will rarely result in an improvement of community services.

Rather, they will be used by these governments to keep step with inflation and the loss of revenue due to unemployment. I urge my fellow Members of Congress to give serious consideration to the possibility of including unemployment statistics in the allocation formula which we formulate.

Finally, Mr. Speaker, one of the most criticized aspects of the present revenue sharing program has been the inability of the Office of Revenue Sharing to effectively enforce its antidiscrimination clause. While part of this problem may be due to lack of manpower, I believe a great deal of it is attributable to the difficulties inherent in tracing actual revenue sharing expenditures under the present law. As I have already noted, present reporting requirements are largely meaningless and ineffective for the purpose of tracing the use and impact of general revenue sharing dollars.

As a solution to the problem of enforcement of the antidiscrimination provision of the present law, and as a precondition to the receipt of general revenue sharing funds, I propose that each recipient government be asked to certify, or to make a "good faith" declaration, that it would not use these funds in any manner that would be violative of the Federal civil rights statutes. If it should appear that later that a State or local government has gone back on its word, then one remedy could be a court order to stop the discrimination or risk the loss of revenue sharing funds. But how would we know that it was revenue sharing funds that were used to finance the discriminatory practice? The answer is that we should not make it necessary that this fact be established. For the purpose of enforcement of this pledge, any proven act of discrimination, pursuant to any program or expenditure, would be itself prima facie evidence that revenue sharing funds had been used in furtherance of the illegal practice.

This is a logical position to adopt since such funds, having been received from the Federal Government with virtually no strings attached, would not have to be kept intact by the recipient and therefore could be thrown into the pot, as it were, with other tax receipts and income, finally to be dispersed, untraceably, on the expenditure side of the budget. To adopt this standard for civil rights enforcement would be in keeping with the public policy of the United States, as reflected in existing civil rights statutes, and would be consistent with the spirit and letter of these laws. It would be less hypocritical than the present system, under which we say, in effect, that it is permissable to violate those laws with State, local, and even Federal funds, so long as they are not revenue sharing funds.

I also suggest, Mr. Speaker, that enforcement of the antidiscrimination requirements of this program be transferred from the Office of General Revenue Sharing, which has no expertise in this area and which, further, has an inadequate civil rights staff which is not likely to grow, to the executive departments and agencies already responsible for civil rights enforcement, such as HEW, HUD, the Labor Department and the Equal Employment Opportunities Commission. These agencies in their court actions with respect to civil rights, could seek relief that might include a request that revenue sharing funds be withheld from an offender. In such cases, the courts could make a determination on a case-by-case basis as to whether such an order ought to be issued.

On the same rationale, I would recommend that a similar pledge be required for purposes of the Davis-Bacon Act wage requirements.

In summary, Mr. Speaker, I believe my proposals will result in streamlining the present revenue sharing program, in increasing the ability and flexibility of recipient governments to meet the peculiar needs of their regions and communities, and in directing more effectively revenue sharing funds to those areas most in need of Federal fiscal assistance. I believe these suggestions are both practicable and workable. Moreover, they advance what I perceive to be the primary purposes of a general revenue sharing program: decentralization of decision-making authority and the strengthening of the fiscal condition of State and local units of government.

HOW PUBLIC EMPLOYEE UNIONS BLACKMAIL NEW YORK CITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. CRANE. Mr. Speaker, New York City, it seems, is no longer being run by the elected representatives of the people but, instead, by nonelected union bosses.

In an editorial in its issue of July 8, 1975, the New York Times, long a friend of organized labor, declared that—

> One thing is clear: New York is working for its unionized civil service workers, not vice versa. The real power in the city is held by the municipal unions.

One result of the extraordinary power held by public employee unions is the current bankruptcy of the city of New York. Instead of standing firmly against the illegal tactics of these union officials, New York's elected leaders are asking the Congress to come to their assistance. To reward the illegal blackmail being practiced by labor unions in New York would be to encourage such tactics throughout the country. Congress should make it clear that it does not intend to pursue this mistaken course.

The most recent example of irresponsible union power came with the strike of New York City's teachers. Discussing this strike, columnist Patrick Buchanan notes that—

> It was in the spirit of Mussolini . . . that Albert Shanker and the United Federation of Teachers struck crippled New York City. His town on the edge of bankruptcy, his mayor begging for sacrifice, Shanker and his teachers decided the timing was perfect for a walkout.

New York's public school teachers are, on the average, better paid than their counterparts in other large cities. They rank at or near the top in major fringe benefits such as pensions, insurance, and contributions to the union welfare. They have the shortest working day and a median income of $17,350.

Mr. Buchanan notes that, "Perhaps it is time to review what these educators have been providing that the city cannot do without." He points out that with the extraordinary amount of money being poured into New York's educational system, "For the 12th consecutive year now, scores on verbal and math tests taken by high school seniors have dropped. This year's plunge was the steepest ever. This is not a record to justify caving in to Al Shanker's latest extortion demands on New York City."

I wish to share with my colleagues the thoughtful analysis of New York's current dilemma, "Extortion Dilemma in New York City," by Patrick Buchanan, as it appeared in the Chicago Tribune of September 14, 1975, and insert it into the RECORD at this time:

EXTORTION LESSON IN NEW YORK CITY

(By Patrick Buchanan)

WASHINGTON.—In the spring of 1940, when the Third Republic was reeling before Adolf Hitler's legions, Benito Mussolini was beside himself in Rome.

France was dying, and fascist Italy would not be getting a hunk of the carcass. "I can't just sit back and watch the fight," the Duce exploded to Marshal Badoglio, "When the war is over and victory comes, I shall be left empty-handed."

So on June 10, the day the French government fled Paris, Mussolini declared war. "The hand that held the dagger," said Franklin Roosevelt, "has stuck it in the back of his neighbor."

It was in the spirit of Mussolini last week that Albert Shanker and the United Federation of Teachers struck crippled New York City. His town on the edge of bankruptcy, his mayor begging for sacrifice, Shanker and his teachers decided the timing was perfect for a walkout.

What persecution could have persuaded New York's teachers to hold hostage the education of one million school children? Are their pay and benefits unlivable? Hardly. A New York Times survey, the result of which was published last week, concluded:

"New York public school teachers are, on the average, better paid than their counterparts in other large cities, and they rank at or near the top in major fringe benefits such as pensions, insurance, and contributions to the union welfare fund. They also have the shortest working day."

Median income for a New York City teacher is $17,350 a year, between $1,000 and $6,000 higher than teachers in nine other cities surveyed.

What Shanker and his friends find intolerable is that the modest austerity budget imposed upon the city, to escape financial ruin, has meant a cutback in customary school services. Least tolerable of all: The contractual maximum of 32 children per class in elementary schools, and 34 in high schools, will, in some instances, be exceeded.

"That's just impossible," one mother screamed on learning that her tot would have 34 classmates in kindergarten. "It's a fire hazard." Forty kids to a class then is too great a sacrifice to ask of the teachers of New York, to help save their dying city. And it is this spirit—the "I'm-all-right, Jack" spirit of Al Shanker—not the hostility of the sticks that is killing the Big Apple.

Perhaps it is time to review what these educators have been providing that the city cannot do without. In his new impressive study, "The Growth of American Government, a Morphology of the Welfare State," Dr. Roger Freeman of the Hoover Institution at Stanford University, provides us with an answer.

"New York City schools now have about the same enrolment as they had 25 years ago. The number of teachers has doubled. Expenditures have multiplied eight times and now average on a per pupil basis, twice those of other large cities. But students in New York City schools lag substantially behind national norms and slip farther behind in reading scores year after year.

"Pupils in New York schools with the highest expenditures and lowest class sizes lag the most and pupils in schools with the lowest expenditures and largest classes are ahead in achievement."

Dr. Freeman adds: "Hundreds of class-size studies show that students do not learn more in smaller classes."

It is not then the learning levels of children, but the comfortable working conditions of his colleagues that is on Shanker's mind as he makes his demands upon his bankrupt home town.

To the millions of Americans who never attended a grammar school with fewer than 45 or 50 to a class, the hardships protested by the UFT may not solicit great sympathy.

Indeed, considering the billions upon billions poured into education and teachers' pockets this past quarter century, it is time that taxpayers, who cannot go on strike, ceased listening to teachers' gripes and started demanding teachers' answers to just what we are getting for having made them the highest paid educators in history.

Between 1952 and 1972 taxpayer contributions to public schools and colleges rose from $300 to almost $1,300 per student. While the number of students was doubling, the number of employes was tripling and the total expenditures rose more than 700 per cent.

Yet, for the 12th consecutive year now, scores on verbal and math tests taken by the nation's high school seniors have dropped. This year's plunge was the steepest ever. It left verbal test scores of 434 and math test averages at 472—lowest recorded since the national boards began computing them in the midfifties.

This is not a record to justify caving in to Al Shanker's latest extortion demands upon New York City.

YESTERDAY'S DEBATE ON S. 2230

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. DERWINSKI. Mr. Speaker, it is obvious from a review of the RECORD that during the debate yesterday on S. 2230 there was expected emphasis on the Cyprus problem and the arms embargo to Turkey. Quite predictably, the fact that the bill also provided for Radio Free Europe and Radio Liberty broadcasting was overlooked by many Members.

As a strong proponent of Radio Free Europe and Radio Liberty, and especially mindful of their commitment to expanding radio broadcasting to the Baltic States—Estonia, Latvia and Lithuania—I voted for final pasage of S. 2230 after first voting for the Fascell and Levitas amendments.

It is my hope that the Secretary of State will demonstrate more interest in working on the continuing Cyprus problem than he has to date. The plight of the refugees on the island must not be permitted to develop into the permanent type of status. If there is not steady movement to resolve the differences between the Greek and Turkish communities on the island, we will face growing problems.

U.S. AFRICAN POLICY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. RANGEL. Mr. Speaker, recent discussions concerning this country's policy with respect to Africa should not go without scrutiny by this body. The issues that are now being raised deal with the inequities in the way that our foreign policy is being administered on that continent and range from agricultural and energy concerns to the criterion we use for selecting our officials to represent us there. The Congressional Black Caucus, as you know, has included the examination of our African policy high on our legislative agenda. In this regard, our efforts to influence a change in our current policy toward Africa has been both criticized and defended. I bring to the attention of my colleagues an article entitled "The Future of U.S. Foreign Policy" by Michael Codel which appeared recently in the Washington Post and a letter in response to that article written by Dr. Elliott P. Skinner, former U.S. Ambassador to Upper Volta and currently chairman of the Board of Directors for the African-American Scholars Council, Inc. Both the article and the letter follow:

THE FUTURE OF U.S. AFRICAN POLICY

(By Michael R. Codel)

The United States continues down a risky path by permitting President Mobutu Sese Seko of Zaire to dictate our African foreign policy.

The latest act of acquiescence to Mobutu's whims is the impending resignation of Nathaniel Davis after only five months as Assistant Secretary of State for African Affairs. Among the reasons that have been given is Mobutu's refusal to allow Davis into Zaire in July.

This comes quickly after our Ambassador to Tanzania, W. Beverly Carter, was belatedly transformed from hero to goat over his handling of the Zaire-based kidnaping of four American and Dutch students earlier this summer. Carter apparently facilitated payment of a ransom to a group of long-forgotten Zaire rebels and assured the students' release; for this, he received a State Department commendation. Only after Mobutu let it be known that he was piqued over the revelation that those anti-Mobutu rebels still existed, did State do a complete flip-flop, all but destroying Carter's career.

And earlier this year came the expulsion of Deane Hinton, U.S. ambassador to Zaire, because Mobutu decided the latest coup effort against him must have come from the United States. How coincidental that this action came during preparations for the Organization of African Unity summit in Kampala, where Idi Amin was due to hold forth as host. Mobutu does not willingly share center stage with anybody, even fools, and after only the most polite groveling on our part, Mobutu was allowed to make his points with other African leaders at our expense. Now, according to the informed sources cited in The Post, the United States is trying to renew the great man's goodwill with a $60 million aid package: the official and diplomatic version of the corporate bribery needed to conduct business in countries like Zaire.

Who is this man so esteemed by our foreign policy-makers that our African relations must be all but cleared with him in advance and, if he thinks we are wrong, must be rectified to his satisfaction afterward? Lest we forget, Zaire used to be known as The Congo, a synonym for chaos, and Mobutu was the man who:

Was brought to power and was sustained there through the substantial military and financial backing of the United States;

Consoliadted his grip on the country by the public hanging in 1966 of four former cabinet ministers, including ex-Premier Evariste Kimba, following a joke military "trial" on trumped-up conspiracy charges;

Maintains a policy of keeping resident foreigners, both black and white, as virtual hostages through xenophobic propaganda and anti-foreign campaigns every time a coup starts brewing.

Has maintained himself in power by buying off or jailing potential opponents. This, at least, satisfies our policy-makers' desire for "stability." Pity that it's little different from Duvalier-style stability.

Who bears the responsibility for permitting this kind of man to have such an influence on our foreign policy decisions? To my mind, the State Department and Congress share equal blame.

At State, it's the increasingly familiar problem of Secretary Kissinger being so personally involved in pursuing our interests in some regions that he has no time to look after them in others. If we have an African policy, it must exist in a void, without knowledgeable leadership from either President or Secretary. Regional or desk officers can't be expected to assume such leadership, and I wouldn't fault their hesitancy after the Carter affair.

In Congress, we see the disproportionate influence of the Black Congressional Caucus which seems to wield considerable strength in a policy vacuum. The caucus is to be commended for keeping Africa at least somewhat in the public eye and for its support of Ambassador Carter (although I wonder to what extent this support would have been rendered if Mr. Carter were not black). Unfortunately, however, the Caucus has too often supported the demagoguery of numerous dictators who suppress their own people. This is no service to Africa nor those descended from Africans.

On the Senate side, there seems to be little more than an overwhelming lack of interest in African affairs. The Foreign Relations subcommittee on Africa should be something more than a stepping stone to the next, more prestigious subcommittee. How can Congress assert its role in foreign policy when such a vital area is treated so cavalierly?

Let there be no doubt of Africa's importance to America. Not only are there cultural ties between Africa and one out of nine Americans, but there will be stronger economic ties as the industrialized world becomes more dependent on African commodities and as Africa expands, quite understandably, its influence in the exploitation and marketing of its raw materials.

The only climate in which our African relations can be carried out successfully is one of mutual respect. If there's no justification for demanding that Africa knuckle under to our demands, then there's none for us to knuckle under to Africa's. It's about time that we stood up to the whims of the Mobutus and the other tenth of 1 per cent of the African population that has the money, the education and the power, and instead, started thinking about the other 99.9 per cent who are effectively blocked from sharing the fruits of political and economic independence.

As long as our African foreign policy continues to be conducted in a leadership vacuum, the decisions will continue to come out of Kinshasa and Kampala, and not out of Washington.

STANFORD, CALIF.,
September 12, 1975.

To the EDITOR,
The Washington Post,
Washington, D.C.

SIR: It has been publicly admitted by Secretary of State Kissinger that the U.S. does not have a coherent African policy. But it is rank hyperbole to conclude, as did Mr. Codel in his article in the *Washington Post* on September 9, 1975, that as long as the State Department remains preoccupied with Middle Eastern Affairs, decisions on our African policy "will continue to come out of Kinshasa and Kampala, and not out of Washington."

Mr. Codel obviously holds no brief for the policies of Presidents Mobutu of Zaire and Idi Amin of Uganda, but there is no evidence that these two men have been able to influence our non-policies in Africa. For many months now there there has been no U.S. Ambassador in Kampala. One may object to President Amin's actions and pronouncements, but the question is whether the withdrawal of U.S. representation from Kampala is the wise way to deal with him. Has the State Department not yet learned that its most successful ambassadors in Africa have been men who knew how to combine the role of ambassador with that of instructor in international affairs? For many an African chief of state, the activities in Washington are viewed as bizarre as is African behavior to many Americans. The skillful U.S. ambassador in Africa must function as interpreter to both his countrymen and to the people to whom he is accredited. Failure to do so spells disaster.

Many U.S. diplomats now admit that the Davis appointment as Assistant Secretary of State for African Affairs was a mistake. Although allegedly a good diplomat, lack of African experience is a serious handicap for anyone responsible for our African policy. Any Foreign Service officer who goes to Africa quickly realizes that the whole history Western activities in Africa influences his/her work in not so subtle ways. Had the Secretary himself been more sensitive to African opinions and attitudes, he would have recognized the liabilities facing anyone even remotely associated with our Chilean policy. Multiply by twenty our current concern over the power of the CIA and one will understand the fear aroused by this agency in the Third World.

Your guest columnist laments what he considers to be "the disproportionate influence of the Black Congressional Caucus" given "our policy vacuum." It is, however, a fact that this group, which is potentially a useful instrument for helping America develop a coherent African policy, is only now being recognized by the Administration. Dr. Kissinger must certainly be given a "C" for effort in being the first Secretary of State to give an audience to this body. Had the Black Caucus been as influential as other non-elected interest groups monitoring U.S. foreign policy, they, and not the African leaders, would have automatically challenged the Davis appointment as detrimental to our relations with Africa. However, once the Africans had challenged Davis' nomination, the Secretary had to support him. No strong state can tolerate other states publicly criticizing whom it selects to conduct its policies.

It is unfortunate that Davis is now a victim of America's hesitation to develop a viable policy towards Africa. It is also unfortunate that Ambassador Hinton did not have the experience to surmount the difficulties that he faced in Zaire. But is it true that Ambassador W. Beverly Carter was a victim of Mobutu's pique at the publicity given the Popular Revolutionary Party? Or did he, as a skillful diplomat who successfully facilitated the release of the young primatologists, run afoul of Kissinger's rigid policy toward hostages? The Secretary will eventually learn that the time is not yet ripe when the U.S. can elaborate a common policy towards all mankind. Ambassador Carter should therefore not be pilloried for meshing a worldwide policy against the reality of Africa. The mark of a brilliant diplomat is to protect the lives of his fellow citizens. It is a mark of failure if he sacrifices them to policies, which, in the nature of things, are fated to change.

Those of us who have watched the evolution of Dr. Kissinger's attitude towards Africa since the beginning of the Nixon Administration have been appalled by its arrogance and naiveté masquerading as "toughness" and "realism." Nixon's Nigerian Civil War policy was a disaster, our Portuguese policy unrealistic, our Sahelian drought policy miserly, and our South African policy shortsighted. Equally lamentable has been the callous attitudes of the State Department and the White House towards Black Foreign Service officers. These all too few persons have been so unnecessarily humiliated that one wonders whether there is a calculated attempt to challenge both their devotion to their careers and their country. Coming as a sequel to Ambasador Carter's mistreatment is the news that another brilliant officer, Dr. Samuel Adams, Director of U.S. A.I.D.'s African Bureau, is being relieved of his position just when his approach is beginning to bear fruit. One hopes that President Ford will soon ask his Secretary of State to develop a sensitive and worthwhile African policy.

Sincerely,

ELLIOTT P. SKINNER,
Franz Boas Professor of Anthropology, Columbia University; Chairman of the Board of the African American Scholars Council; Fellow at the Center for Advanced Study in the Behavioral Sciences, 1975–76; and Former U.S. Ambassador to Upper Volta.

TURKISH AID VOTE

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. FORD of Tennessee. Mr. Speaker, I wish to clarify my vote against S. 2230, which sought to renew arms shipments to Turkey. The primary reason I failed to support this legislation was my deep concern for the continued cultivation of Turkish poppy which has been a major contributing factor in the rise of U.S. heroin addiction. We have seen the destructive effect of heroin addiction on our cities. All of us who represent urban districts are familiar with the increase in robberies, mugging, and property damage which result from those desperate to meet the costs of their heroin habit.

There is no question in my mind of a direct relationship between Turkish poppy production and American heroin addiction. During the past 3 years when the Turkish government had banned opium production in its country, the estimated number of heroin addicts in the United States dropped by 60 percent. Since the recent Turkish replacement of the ban with the current complex system of controls and inspection U.S. heroin addiction is again on the rise. If I had voted to resume arms shipments to Turkey, I would have, in effect, stated that narcotics control was a secondary priority. Because I felt, however, that the level of heroin addiction in our communities is a matter of great national concern, I saw no reason to reward resumed poppy cultivation in Turkey with renewed military aid.

DR. BURNS AND JOBS FOR ALL

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. HAWKINS. Mr. Speaker, as you no doubt already know, Congressman HENRY S. REUSS and I are principal sponsors, along with 109 of our colleagues in the House, of H.R. 50, the Equal Opportunity and Full Employment Act. Senator HUBERT H. HUMPHREY and six other Senators have introduced it as S. 50 in the Senate. If enacted, this legislation would establish the rights of all adult Americans able and willing to work to equal opportunities for useful paid employment at fair rates of compensation. It would provide for emergency action to help combat the devastating effects of the present recession through vigorous programs to attain full employment without inflation. It requires among other things, that the President submit a national purpose and full employment budget within 60 days to combat the recession. It establishes machinery that would make the Federal Government the employer of last resort, were an able person seeking a job unable to secure one through private industry or otherwise. It mandates a program that would reduce the level of unemployment to 3 percent within 20 months.

Indeed, Mr. Speaker, the concept of full employment, which in my view means no acceptable rate of unemployment, is a viable one in the interest of all Americans. This legislation, if enacted, would put this country back to work and introduce full production, sanity, and order into our senseless, stagnant, and mismanaged economy.

I would like to submit three news articles which appeared recently, reporting on a speech made by Federal Reserve Chairman Arthur Burns at the University of Georgia in Athens on Friday, September 19, 1975. In that speech, Dr. Burns spoke on a number of issues relating to the current dismal state of our economy and endorsed the concept of having the Federal Government act as an employer of last resort, which is embodied in H.R. 50 and S. 50. The text of the articles follows:

[From the Wall Street Journal, Sept. 22, 1975]

BURNS PROPOSES AN ECONOMIC BLUEPRINT THAT BLENDS RADICAL, REACTIONARY IDEAS

WASHINGTON.—Blending a batch of radical and reactionary ideas, Arthur Burns put forth a far-reaching economic program about new ways to cope with inflation and unemployment.

The Federal Reserve Board chairman, declaring that conventional economic thinking is "inadequate and out of date," said the nation must "reopen our economic minds" to find new tools to deal with today's problems. The standard economic tools of fiscal and monetary policy can't restore full employment without risking ruinous inflation, Mr. Burns believes.

The Burns blueprint for economic-policy overhaul, outlined Friday night in a speech at the University of Georgia, sketches out sweeping "structural reforms" that range from the far left to far right. While suggesting that the federal government guarantee to employ anyone who can't find a private-sector job, the Fed chief also urges a sharp cutback in unemployment benefits and other government welfare programs.

Although Mr. Burns has publicly discussed some of these ideas before, associates say his Friday speech was an effort to kick off a major national debate. One Fed insider, who called the speech one of the most important of Mr. Burn's career, said: "He feels very strongly something has to be done to save the economy." A Ford administration official said Mr. Burns has informally discussed his ideas with presidential economic aides and has "decided to unload them" publicly.

EXPRESSES ALARM

The Reserve Board chairman expressed alarm that "inflation once again appears to be accelerating" even though the economy has barely begun to recover from the worst recession since the 1930s. Revival of consumer confidence, essential to recovery, "is being hampered by widespread concern that a fresh outburst of double-digit inflation may before long bring on another recession," he said.

While the blame for inflation often is pinned on such events as a crop shortage or an oil-price increase, Mr. Burns said, inflation actually "has its roots in the structure of our governmental institutions and in the financial policies of our government." His specific ideas focus on ways to reverse this "inflationary bias" built into the economy.

Perhaps the most radical idea from this conservative economist is that of government-guaranteed jobs. "There may be no way to reach the goal of full employment short of making the government an employer of last resort," Mr. Burns said. He added: "This could be done by offering public employment—for example in hospitals, schools, public parks and the like—to anyone who is willing to work." But the pay should be, in Mr. Burns' view, "somewhat below the federal minimum wage," currently $2.10 an hour for most workers.

Workers in the last-resort, low-pay jobs would be encouraged to find better-paying jobs elsewhere. The budget cost of the program "needn't be burdensome" because of a companion plan Mr. Burns links with the guaranteed-jobs idea: a "sharp reduction in the scope of unemployment insurance and other governmental programs to alleviate income loss."

LIMITED UNEMPLOYMENT BENEFITS

Unemployment benefits should be limited to a short period, perhaps 13 weeks or so, compared with as many as 65 weeks under current law, Mr. Burns said. Jobless benefits are so "generous" currently that "they may be blunting incentives to work," he asserted.

As he has often done before, Mr. Burns urged that the government rethink the role of an "incomes policy," which is a term Mr.

Burns uses to describe nonmandatory wage-and-price restraints. Wage-price controls don't promise any "lasting benefits," declared Mr. Burns, suggesting that it "might actually be helpful if the Congress renounced any intention to return to mandatory controls." The Fed chief added, however, that "a modest form" of wage-price restraints, perhaps mixing quiet government intervention in some cases with public confrontations in others, is worth considering.

Other ideas on the Burns list of policy changes include:

Steps to spur plant-and-equipment expansion and modernization, including unspecified tax-law changes to encourage investment.

A "stretching out of the timetables" for achieving environmental and job-safety goals to reduce the upward pressure on business costs that trigger price increases.

A "vigorous search" for ways to enhance price competition in industry, including a "reassessment" of antitrust laws and improvement of their enforcement.

Mr. Burns conceded it would be difficult to enact his ideas, many of which surely would stir strong opposition from organized labor and business interests. Noting their controversial nature, one Ford administration official stressed the White House isn't seriously considering the Burns ideas. "Only a 71-year-old man with a 14-year appointment could make such a speech," he remarked.

[From the Washington Star, Sept. 20, 1975]

Burns: Government Should Become "Employer of Last Resort"

(By Lee M. Cohn)

The government should hire anyone who wants a job and cut back sharply on aid to anyone who refuses to work, Federal Reserve Chairman Arthur F. Burns proposed yesterday.

That would be one way to fight unemployment without aggravating inflation through easy credit and big budget deficits, Burns said.

He also proposed more direct government pressure on labor and business—short of mandatory controls—to curb inflationary wage and price increases.

Warning that inflation threatens the nation's political and social stability, he said fundamental reforms are needed in the structure of the economy and in government policies. Traditional fiscal and monetary policy tools no longer can bear the whole burden of keeping the economy on a sound track, he said.

Burns' program, laid out in a speech at the University of Georgia in Athens last night, amounted to a call for a shift away from what he called "the welfare state" toward individual initiative and self-reliance.

The speech was intended to challenge currently conventional economic thought. It recalled a 1970 speech by Burns that contributed to drastic changes in the Nixon administration's policies, including adoption of wage and price controls.

"Inflation has weakened our economy (and) it is also endangering our economic and social system based on freedom," he said last night. "America has become enmeshed in an inflationary web, and we need to gather our moral strength and intellectual courage to extricate ourselves from it."

Conventionally, governments fight unemployment by trying to stimulate the economy through deficit spending and rapid expansion of money and credit, but these methods can be dangerous in this inflationary era, he said.

"Some ominous signs have emerged," he said. "Despite an occasional pause, inflation once again may be accelerating." In these circumstances, he said, "I totally reject the argument of those who keep urging faster creation of money and still larger governmental deficits."

Since bigger budget deficits and easier money are too risky, he said, "we must now seek (other) ways of bringing unemployment down without becoming engulfed by a new wave of inflation."

One way may be to make the government "an employer of last resort," he said. "This could be done by offering public employment—for example, in hospitals, schools, public parks or the like—to anyone who is willing to work at a rate of pay somewhat below the federal minimum wage.

"To be sure, such a program would not reach those who are voluntarily unemployed, but there is also no compelling reason why it should do so."

Burns clearly was proposing a much bigger program that the present limited program of public service jobs, but he said the cost of eliminating all involuntary unemployment "need not be burdensome."

Many now counted as unemployed would refuse the low-paying jobs, he said, and "the availability of public jobs would permit sharp reduction in the scope of unemployment insurance and other governmental programs to alleviate income loss."

Unemployment compensation benefits "may be blunting incentives to work," he said, proposing reduction of maximum eligibility for payments from 65 to about 13 weeks.

[From the New York Times, Sept. 20, 1975]

Burns Proposes Public Job Plan

(By Edwin L. Dale Jr.)

Washington, September 19.—Arthur F. Burns, chairman of the Federal Reserve Board, suggested today that it would be better to tackle unemployment by providing low-wage government jobs for anyone willing to take them than by further pumping up the economy through budget deficits and a rapid rise in money and credit.

Dr. Burns proposed this and other ideas for reducing the "inflationary bias" of the economy in a speech at the University of Georgia in Athens. The text was made available here. He said an amendment to the Constitution might be required to make sure that pay for "these special public jobs" was not allowed to rise and thus reduce incentives to seek private employment.

Calling the program one of making government "an employer of last resort" as a means of eliminating "all involuntary unemployment," Dr. Burns proposed that the jobs be offered "to anyone who was willing to work at a rate of pay somewhat below the Federal minimum wage" of $2.10 an hour.

LITTLE COST SEEN

He said the plan would not impose a burdensome budgetary cost because the number taking these jobs would be much smaller than the number now counted as unemployed and because there would be a sharp reduction in unemployment compensation payments and "other governmental programs to alleviate income loss."

Dr. Burns again called for some kind of "incomes policy" to influence private wage and price behavior, but he specifically opposed a return to mandatory controls. He said:

"It might be helpful if the Congress renounced any intention to return to mandatory controls, so that businesses and trade unions could look forward with confidence to the continuance of free markets."

The wide-ranging speech touched on almost everything except the province of the Federal Reserve: monetary policy.

While Dr. Burns's views on all these other aspects of economic policy are listened to respectfully within the Administration and in Congress, he has not been notably successful in having most of his ideas adopted.

In today's speech, perhaps more than ever before, Dr. Burns stressed the "changing character of our economic institutions" as a cause of the nation's persistent inflation problem—and not merely faulty "financial policies of our Government," though he gave them some of the blame as well.

He strongly implied that the nation would have some inflation even if fiscal and monetary policy were conducted in a much more anti-inflationary manner than before.

And, he said, use of fiscal and monetary policy to pump up the economy will fail to solve the unemployment problem "once inflationary expectations have become widespread."

Thus, he said, structural reforms of the economy "deserve more attention this critical year from members of the Congress and from academic students of public policy than they have been receiving." He also said, "Conventional thinking about stabilization policies is inadequate and out of date."

Apart from the sweeping new program of low-wage public employment and an incomes policy, Dr. Burns made these other suggestions:

Encouragement of more investment in plant and equipment to improve productivity, mainly by "overhauling the structure of Federal taxation so as to increase incentives for business capital spending and for equity investments in American enterprise."

"Stretching out the timetable for achieving our environmental and safety goals."

Improved enforcement of antitrust laws and a reassessment of such things as the postal service monopoly and transportation regulations.

A review of laws affecting labor markets, including the minimum wage law, the Davis-Bacon Act (which requires contractors for Federal construction projects to pay prevailing wages in the area) and the level of benefits in the unemployment compensation system, which he said "may be blunting incentives to work."

Nothing that neither wages nor most prices ever come down any more, even at a time of recession, Dr. Burns said, "Whatever may have been true in the past, there is no longer a meaningful tradeoff between unemployment and inflation."

U.S. SUPPORT FOR ISRAEL

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. WOLFF. Mr. Speaker, this summer, our esteemed colleague from Illinois (Mrs. Collins) visited Israel and upon her return, she recorded her impressions on American-Israeli relations for Encore American and Worldwide News.

I found her article a cogent interpretation of the needs of the Middle East by the search for peace. I thought it would be of particular interest to the House on the eve of its considering the Sinai accord negotiated by Secretary Kissinger.

For the Record, Mr. Speaker, I include the full text of Mrs. Collins' article, "U.S. Support for Israel":

U.S. Support for Israel

(By Cardiss Collins)

(Note.—One of four Black women members of the House of Representatives, Congresswoman Collins (D-Ill.) is a member of the Committee on International Relations.)

In June I visited Israel and would like to share with you some of my perceptions, feelings, and impressions on the American-Israeli relationship.

That topic is especially important today in light of the breakdown in Secretary Kissinger's shuttle diplomacy between Israel and Egypt, President Ford's call for reassessment of American policy in the Middle East, and the talk of a more "evenhanded" policy toward Israel.

Doubts have risen about continuing U.S. support of Israel. When we add to that question the economic and political muscle the Arab states have learned to flex, it becomes evident that the American commitment to Israel needs to be reemphasized. To quote Abba Eban, "the American-Israeli friendship needs intense and careful cultivation at this hour."

Why after 25 years of unwavering American support for Israel is there a need for reassessment?

No change has occurred in the interests shared by the United States and Israel; in the harmony in democratic values and ideals; in the strategic location of Israel; in the awareness that no American life has been lost in the defense of Israel. Yet reevaluation is occurring. Is it because of the collapse of Israeli-Egyptian negotiations and the so-called failure of American efforts to achieve peace? While the administration says no point exists in blaming either of the parties, the reassessment itself implies a finding of fault with Israel and many of my colleagues believe that somewhere along the line Israel changed its position and policy without making Kissinger aware of its new stance.

Unfortunately, many myths have surfaced. I am concerned about those relating to American failure in the Middle East and Israeli intransigence.

All of us who are concerned with the viability of Israel and peace in the Middle East were disappointed with the collapse of efforts to arrange a further agreement on an Israel withdrawal from occupied territory.

Nevertheless, our policy under Kissinger's leadership has been successful since the Yom Kippur War in arranging a ceasefire and maintaining the balance of power that is a prerequisite for discouraging further hostilities. We arranged a disengagement agreement with Egypt and Syria and created a situation in which even the collapse of negotiations does not lead inevitably to war. America's status and image in the Arab world have improved tremendously since the 1973 war, even though during that same period there has been a massive U.S. reenforcement of Israel. I do believe that the American attempt at mediation should be labeled a failure because both sides still trust the United States and are willing to use it as a mediator.

Some of the people most dismayed over the collapse of negotiations have blamed Israeli intransigence. It would be a grave mistake to allow this myth to become a popular notion in this country, because Israel has given up territory west of the Suez Canal, has pulled back from territory west of the Suez Canal, has pulled back from territory in the Sinai that Egypt never occupied during the 1973 war, has retreated from the approaches to Damascus, and has given up Kuneitra and surrounding land that Syria was unable to take militarily. These concessions have been made in the absence of the one Arab act that would be meaningful: a permanent, negotiated peace settlement.

During this latest round of negotiations (supposedly scuttled by Israeli intransigence) what did Israel offer?

Israel offered to pull back from the strategic Gidi and Mitla passes that command the approaches to the southern Suez Canal, that guard the large Israeli base at Refidim, and that control the road south to Abu Rodeis. These passes serve as a defense line for Sinai and for all Israel. Because of natural barriers in the Sinai, Israel's defense line is only about 95 miles long if it retains the passes, but about 220 miles long if that territory is ceded. Once beyond the passes, no natural strong points serve as barriers between the Egyptian Army and the populated areas of Israel.

While in Israel I visited the Golan Heights. Looking down into the valley, it became clear why it would be suicidal for Israel to give up those heights and take the risk of having Syria swoop down on the people in the kibbutzim.

There has been a great deal of talk lately about the oil fields at Abu Rodeis, which Israel has agreed to surrender even though they supply 100,000 barrels of oil a day—60 percent of domestic need.

I commend Israel for the willingness to give up so much of the territory occupied in the 1967 war for the sake of permanent peace while Egypt was unwilling to make even a public pledge of nonbelligerency in return for these concessions.

In fact, the Arab states don't appear ready to make any compromise. I see no change in their rhetoric, the terrorist attacks have continued, and they waged another successful propaganda war. Thus it is easy to see that the impasse was not caused totally by Israeli unwillingness to compromise or by U.S. policy failure.

Inasmuch as the American commitment to the sovereignty of Israel remains a cornerstone of American policy in the eastern Mediterranean, the task before us is this: We must make it evident once again in Cairo, in Damascus, in Baghdad, as well as in Moscow, that we stand behind the legitimacy of the Jewish nation. Any uncertainty about the American attitude toward Israel may cause Arab governments to imagine a weakening of American support and thus make it unlikely that the Arabs will offer genuine steps of conciliation. I fully believe there will be no settlement until there is compromise on both sides.

In closing, let me add that the recent fall of Cambodia and Vietnam to the Communists should not be allowed to cloud prospects for continued American support of Israel. Withdrawal of support for corrupt dictatorships in Southeast Asia does not mean an end to our commitment to a vital democracy in the Middle East. Our foreign policy has never been monolithic, and I feel certain that we will continue to evaluate our commitments in various parts of the world on an individual basis.

ILLEGAL ALIEN BILL PERPETUATES INJUSTICES AGAINST CITIZENS OF HISPANIC ORIGIN

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. DRINAN. Mr. Speaker, a constant complaint of citizens of Hispanic origin is that enforcement officers harass them, because they may be illegal aliens. The harassment takes many forms. One of its crudest and most blatant forms is the so-called area sweep, conducted by the Immigration and Naturalization Service of the Department of Justice.

"Area sweeps" are en masse raids by INS officials into Latin American neighborhoods in search of illegal aliens. The nature and scope of the program, recently discontinued by the INS under pressure from the courts and community groups, are detailed in a recent article which appeared in the Los Angeles Times. Its contents are set out here.

The Federal courts have been critical of law enforcement officers who, in their zeal to uncover illegal aliens, have invaded the constitutional rights of American citizens. For example, in June 1975, the Supreme Court invalidated the stopping and questioning of persons in a private automobile by Federal officials solely because the occupants looked Mexican. *United States* v. *Brignoni-Ponce,* 95 S.Ct. 2574 (1975).

If Federal law enforcement officers have exercised their broad discretion in a discriminatory, unlawful, and unconstitutional manner, as the Brignoni-Ponce case demonstrates, is there any reason to believe that private employers, who are not under any constitutional proscriptions, will act any differently? The total and uncontrolled discretion which the illegal alien bill, H.R. 8713, gives to private persons to inquire into the citizenship of applicants and employees should give each of us pause in supporting this measure.

It is hoped that when the illegal alien bill comes to the floor of this House, each Member will recall the facts reported in the article below and understand how this bill will perpetuate the shoddy and illegal conduct described in it:

Immigration Service Halts Barrio Sweeps—Mass Raids in Neighborhoods Strongly Criticized by Nation's Chicano Activists

(By Frank Del Olmo)

The U.S. Immigration and Naturalization Service has discontinued the use of mass raids in residential areas as a means of locating illegal immigrants, INS officials announced Tuesday.

The policy change was made public by INS Commissioner Leonard F. Chapman in a meeting in Washington, D.C., with representatives of several Mexican-American and Puerto Rican organizations. The change is in part aimed at decreasing friction between INS officers and citizens of Latin-American extraction.

At the Monday meeting, according to INS spokesmen, several persons expressed concern that enforcement of the nation's immigration laws appears to be directed more at persons of Latin-American nationalities than at other ethnic groups.

Chapman reportedly replied that this is because most of the persons apprehended as illegal immigrants each year by INS officers are Mexican nationals, and most of these arrests are made at or near the U.S.-Mexico border.

INS spokesmen said Chapman told the meeting he has directed immigration investigators operating in cities away from the border to discontinue "area sweeps" as a means of finding illegal aliens.

"Area sweeps" are INS operations in which large numbers of immigration investigators and U.S. Border Patrol agents are detailed to move en masse through neighborhoods looking for suspected illegal immigrants.

Chicano activists have long complained that such sweeps are regularly held in Mexican-American barios, disrupting community life and resulting in undue harassment of Mexican-American citizens.

Chapman told the meeting that under recent court decisions and INS directives, all INS officers must now be able to articulate reasons other than skin color to justify stopping persons and questioning them about their nationality.

The last large-scale sweeps in the Los Angeles area were conducted in June, 1973. During a four-week period more than 11,500 illegal immigrants were apprehended by a special force of 60 INS officers operating in Los Angeles and Orange counties.

While INS officials said the raids were effective, the sweeps also created tension between Chicanos and INS officers in Los Angeles. Several persons who witnessed sweeps or were caught up in them accused INS officers of physically abusing some suspects and denying others access to counsel.

Similar mass raids conducted last year in New York City and Chicago also generated controversy. In response to a lawsuit filed as a result of the Chicago raids, an Illinois judge handed down a restraining order that prevented INS from conducting any more such raids, according to INS sources.

In place of area surveys, INS spokesmen said, immigration investigators henceforth will concentrate their search for illegal immigrants at places of employment where large numbers of illegal aliens are thought to be working.

Reacting to Chapman's announcement, INS officials in Los Angeles said that since the 1973 raids only a few small-scale area surveys have been conducted locally.

Joseph Sureck, INS district director in Los Angeles, said recent surveys have been limited to specific communities like Redondo Beach or San Fernando and were conducted only at the request of local law enforcement agencies "when concentrations of illegal aliens have begun to represent problems."

Local INS sources also said that immigration officers in Los Angeles have for some time now been "staying away from the barrios" to avoid confrontations with Mexican-Americans.

These sources said local INS officials believe investigators do a more effective job of looking for illegal immigrants in factories and other places of employment.

Noel Doran of the National Council of INS Locals, the labor union for immigration officers, said the new policy apparently was an effort to use "very limited manpower to the best of our ability."

On the average, INS officers locate 200 illegal immigrants each working day in the Los Angeles area, according to Sureck.

CONGRESS MUST ASSUME PARTIAL BLAME FOR INTELLIGENCE AGENCIES

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. McCLORY. Mr. Speaker, in connection with the sensitive work of the House Select Committee on Intelligence upon which I serve as the ranking minority member, I have expressed both to my colleagues on the committee and in public forums my concern about actions which might reveal the identities of secret agents or other persons operating under cover—upon which much of our intelligence depends.

Mr. Speaker, it is highly important that we secure facts and figures regarding the intelligence agencies which our Nation has established together with information regarding the defects which may exist in the organization and operation of our intelligence gathering and evaluation systems. These subjects require the kind of congressional scrutiny which our House Select Committee has been authorized to undertake.

In connection with this task, it is appropriate to recognize that the Congress itself has failed to provide adequate oversight of our intelligence community during the period since the creation of the Central Intelligence Agency in 1947. Accordingly, responsibility for at least some of the intelligence failures and deficiencies must be assumed by this body and the other body. This is not to suggest that the executive branch should be excused from a single bit of criticism resulting from its failure to adequately supervise and control illegal and improper actions committed in the name of intelligence.

Mr. Speaker, the distinguished Chicago Tribune columnist, Bob Wiedrich, has composed a most illuminating article in which he discusses this general subject. Bob Wiedrich's article expresses this thesis far more eloquently than can I. The article from the October 3 issue of the Chicago Tribune is attached to these remarks for the benefit of my colleagues and for the edification of all who have occasion to glean these pages.

CIA's ENTITLED TO KINDER SUICIDE

(By Bob Wiedrich)

Cyanide can require up to 15 minutes to kill. It causes an agonizingly painful death by asphyxiation. Spies on both sides in World War II used it on themselves as a last resort.

"Agents didn't want to face that kind of fate," Director William Colby of the Central Intelligence Agency said when a Senate committee asked him why the search for a substitute for the cyanide L-pill was started in 1952.

Bluntly, American intelligence operatives wanted to die as quickly and painlessly as possible if it became necessary in the battle they wage in the back alleys of the world. They did not wish to lie suffering and gasping for breath in a cruel paroxysm of death.

Implicit in the words Colby spoke so calmly last month was the harsh reality of the kind of decision that sometimes faces frontline CIA agents and the people they hire in foreign lands.

Nobody claims their work is clean or honorable in execution. Colby and others admit that though it is vital to the security of the nation, it is often dirty.

And if one examines what Colby said, it becomes clear that it does not matter whether one prefers suicide over torture and eventual death by other means.

What does count is that in this world of diminished values there remains a small band of human beings so dedicated to a duty or an ideal that they will accept death at their own hands rather than divulge information damaging to their nation, that to such people death over dishonor retains a special meaning.

And what matters further is that there really does exist in the backwaters of the globe a clandestine warfare in which men and women of many nations are pitted against one another with death as the ultimate mechanism of escape from the consequences of being captured by an enemy bent on extracting information.

In short, there exist people with a special kind of guts that few of us will ever have to call on, much less comprehend. And the CIA feels that such operatives should have a more comfortable option in taking their own lives.

That's pretty harsh. But so is the business of intelligence gathering in the far corners of a divided world.

Not long ago we heard of a CIA agent in his late 30s, with a family back home and a devout love of country, who spent months hiding in a jungle cave overlooking the Ho Chi Minh Trail as he reported on North Vietnamese military traffic through Laos. Capture as a civilian would have meant certain torture and death for him.

We know of others who endured similar ordeals in the mountains of northern Thailland, monitoring Communist rebel movement in the days when Southeast Asia intelligence was an American priority.

And there is yet another we know of who is buried behind the facade of a successful exporter in a major Far Eastern city that serves as a crossroads of diplomatic, economic, and military information.

Each has faced his own private hell. Each should at least be afforded a painless method of dying if that ever becomes necessary in an assignment.

Colby's attempt at justifying the hush-hush CIA toxic research program of 1952 came under Senate questioning about small quantities of shellfish toxin and cobra venom kept in a CIA storehouse in defiance of a presidential order to destroy the stuff. Neither he nor former CIA chief Richard Helms sought to excuse the fact that the poisons were saved.

Nor is this column intended as a justification of the excesses, bad judgments, and domestic violations of law committed by the agency.

But like so many other things, the CIA grew like Topsy after its 1947 birth. With little congressional supervision and a succession of Presidents who looked the other way, the CIA conducted its operations through Cold War and actual war, spy scandals, atomic secret thefts, and an epidemic of assassinations by foreign operatives that persists around the world to this day.

If anyone was remiss, it was Congress itself. It gave the CIA virtually unlimited funds. It kissed off its constitutional duty of oversight. It, like the men in the White House, took a duck rather than know the grisly details of what was going on in the unending battle for intelligence information.

Now the CIA is getting raked over the coals for getting out of hand. We believe most of those charged with the duty of supervision on Capitol Hill will seek to refashion the agency in conformity with democratic ideals rather than destroy it.

But we hope they will keep in mind the cruel reality of some of the tasks accepted by the CIA's personnel—and also recognize that some of those tasks are necessary to our national survival.

WEATHER UNDERGROUND SUPPORTERS TARGET THE BICENTENNIAL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. McDONALD of Georgia. Mr. Speaker, an organization of more than

1,000 alienated, dangerous Americans operating in support of the Marxist terrorist group, the Weather Underground Organization—WUO—has emerged during the past 12 months.

Known as the Prairie Fire Organizing Committee—PFOC—this nationally active band has stated that our Bicentennial year presents them with a "clear challenge." They say:

> Clearly, the bicentennial is the ruling class's celebration of imperialism, racism and sexism. It is a glorification of a sick and dying system, an all encompassing garbage heap of contradictions. The rulers have set the time for the party. Let us bring the fireworks!

In light of the Weather Underground's public claims of responsibility for more than two dozen bombings, this statement circulated by its overt or "aboveground" support apparatus must cause us genuine concern—concern focused on Philadelphia on July 4, 1976. At that time, this terrorist support group and another violence-prone revolutionary group plan to hold a national mobilization, "a massive, militant people's celebration which will place demands on the pigs' doorstep."

In view of this threat, let us consider the background, structure, and activities of this group in its principal organizing centers—New York, Chicago, Boston, San Francisco, Philadelphia, and Vermont.

On July 26, 1974, the anniversary of Fidel Castro's assault on the Moncada, Prairie Fire, a publication produced clandestinely by the terrorist gang now known as the Weather Underground Organization—WUO—was distributed at a New York City press conference by WUO supporters.

The Weather Underground Organization was able to achieve an extensive nationwide distribution of this 152-page revolutionary diatribe which was signed by WUO leaders Bernardine Dohrn, William Ayers, Jeffrey Jones, and Celia Sojourn. This was achieved despite the fact that the WUO is a criminal group which has publicly taken responsibility for bombing attacks on law enforcement and corporate offices and whose leadership and many known members are presently fugitives from justice.

The circulation of an additional several thousand copies of Prairie Fire was undertaken by several hastily set up Prairie Fire Distribution Committees and associated alienated extremists who support the WUO's aim of sparking a revolutionary seizure of power in America by "militant action * * * including armed struggle to defeat the oppressive forces of the state."

Widely distributed among the collectives and communes of the revolutionary left, local prairie fire organizing committees, which now have a national structure, were formed to implement the Weather Underground's new political line—that of developing Leninist cadres "to give concrete organizational form to the politics of revolutionary anti-imperialism."

In a "draft statement of purpose" recently distributed by the PFOC, the Weather Underground support apparatus and propaganda arm clearly proclaims it is a Marxist-Leninist, that is, Communist, organization dedicated to promoting "socialist revolution in the United States."

The document opens with a credo:

> We believe that anti-imperialism is the strategy for socialist revolution in the United States; * * * We support the struggles of all people fighting to defeat U.S. imperialism. It will take a revolution led by the working class to overthrow the present monopoly capitalist/imperialist order and bring forth a new society where the working class will control the productive forces * * *.

Under the subheading, "Who We Are," the statement concluded:

> We are an organizing committee dedicated to building a strong organized movement among the people of the U.S. particularly in the working class. Through principled struggle in theory and practice we are building the unity of anti-imperialist forces. We are developing ourselves as cadre, proletarianizing ourselves and are building communist organization to participate in leading the mass struggle necessary to defeat U.S. imperialism. Towards these goals we study Marxism-Leninism and apply it to the concrete conditions of the U.S. We involve ourselves in mass work and mass struggle to become rooted in the working class and learn from the people. We use the tool of criticism/self-criticism. We work toward greater accountability and responsibility to each other and a higher level of discipline to the needs of the whole organization and the broader struggle. We work to build those qualities of leadership present in all of us. We are developing a full program in our theory and practice.

Within a year, the Prairie Fire Organizing Committee was sufficiently organized on a national basis to gather some 500 delegates for a national conference held July 11–12, 1975, at the Church of the Holy Covenant, Newbury and Berkeley Streets, in Boston, Mass., and on July 13, 1975, at the Young Women's Christian Association—YWCA—in Cambridge, Mass.

This PFOC conference has provided an important insight into the workings of this terrorist support group. Several chapters provided self-evaluations of their activities.

The Philadelphia PFOC reported its "coalition work includes relationships with the following groups:" The Philadelphia Network; the Women's Union; the East Coast Panthers; the Puerto Rican Socialist Party—PSP—a violence-prone Marxist-Leninist organization closely supported by the Cuban regime; the National Interim Committee for a Mass Party of the People—NIC—a nationwide revolutionary organization founded by Arthur Kinoy which supports armed struggle; the Puerto Rican Solidarity Committee—PRSC—a united front operated jointly by the PSP and the NIC; the People's 76 group; and the Susan Saxe Defense Committee, a support group for the confessed revolutionary bank robber.

The Philadelphia PFOC report reads in part:

> Our work with the PSP has always been an extremely principled relationship. We accomplish good work together, struggle over problems, but define our priorities as unity. We have grown together, and plan to do work in the future. The PSP has pushed us forward more than any other group we have worked with. * * *

They continue:

> Many of our people being new don't feel strong enough to represent us in coalitions. This problem we are dealing with by initiating constant study for our members, with the realization that political development is a process. This we see happening by theory and practice, and the constant criticism-self criticism of the collective.
>
> * * * We are in the process of picking leadership, and people to be on the National Committee. For the past year this was an unstructured role, which we are defining as we develop better understandings of Marxist-Leninist theory and practice.
>
> * * * * *
>
> We have taken good leadership roles in a number of coalitions in Phila. The Phila. network, formerly mentioned, we helped start and continue to work, * * *. We have started to work in the women's union, and the group called People's 76. Phila. PFOC has given aid and support to the Susan Saxe defense committee. We hope to join a coalition to support the Pine Ridge Resistance.

The Boston Prairie Fire Organizing Committee reported:

> We began to build the PFOC in Boston we faced these conditions: a poorly-developed anti-imperialist movement in which many internationally focused projects suffered from lack of mass work and many deeply-based organizing projects lacked anti-imperialist perspective and links; fragmentation and sectarianism * * *.
>
> In less than a year we have brought together a group of activists around the politics of *Prairie Fire*, many of whom had not previously worked in a left organization; the committee has undertaken ongoing mass programs against racism and on the food crisis; and worked, often in coalition, around Indochina and Puerto Rico, women and prisons, etc. * * *
>
> At a retreat in December we agreed to begin ongoing work on the food crisis and against the racist movement in the city. This began, in practice, the transition from a distributing committee to an organizing committee—though it was several months before we changed our name. The work of the national travelling group—through the presence of one of its members in the leadership of the Boston committee—pushed us toward this change. * * *

The Boston PFOC felt its principal error was its lack of sufficiently strong central committee leadership and its rather haphazard steering committee direction. The Boston PFOC has been active in:

> Work on the Montreal Indochinese Women's Conference, production of an Indochina-related poster for Int'l. Women's Day [March 8th], participation in the PRSC [Puerto Rican Solidarity Committee], coalition around the NY May Day march, the local Days of Solidarity with Indochina, and participation in other demos.
>
> After a retreat this spring when we presented Howie's [Howie Emmer] paper, "PFOC National Strategy and Work" and the idea for the national conference" the Boston PFOC reorganized, tightening its structure to recognize and build on the fact that as cadre

> we are already situated in many valuable organizing situations.

The New York City Prairie Fire Organizing Committee was much less reticent about its range of revolutionary organizing activities:

> We have distributed 6,000 copies of Prairie Fire
>
> We have initiated 5 study groups for new people; we taught a course on imperialism at the New York Women's School
>
> We held a forum on the economic crisis that 500 people attended
>
> We spoke in two classes at Richmond College on Staten Island
>
> We spoke on a panel at the Regional URPE [Union for Radical Political Economics] Conference
>
> We took part in a benefit for Judge Wright in New York
>
> We participated in a radio show on WBAI [FM-Pacifica Network on grand juries]
>
> We had a cable TV show on the Politics of Revolutionary Anti-Imperialism
>
> We participated in the December 14 Anti-Racism demonstration in Boston
>
> We participated in the January 23 conference to implement the Peace Accords in Washington.
>
> We participated in Puerto Rican Solidarity Day
>
> We sent 2 representatives to Cuba with the Venceremos Brigade
>
> We sent a representative to the Viet Nam/U.S. Women's Conference in Montreal
>
> We participated and played a role in International Women's Day, Mayday, a Cambodian demonstration around the Mayaguez incident, joined other women in a take-over of Senator Javits office. * * *
>
> We produced 1 issue of Groundswell in coordination with Prairie Fire in other cities and have distributed 3,000 copies
>
> We have distributed 2,000 copies of Osawatomie [a quarterly journal produced clandestinely by the Weather Underground Organization]
>
> We have presented forums in the following areas: Situation in the Middle East, on Indochina prior to the victory [of the Communists], presentation by Sokum Hing (a member of the Kamir [Khmer] Residents of the U.S.) on the situation in Cambodia before the victory, on the politics of women's liberation, on the Montreal Women's Conference, on the situation in Puerto Rico, and a presentation on organizing in the south by Walter Collins, former Executive Director of SCEF [Southern Conference Educational Fund]."

Considerable effort was expended at the national meeting in discussions on an organizational format with the Bay Area—California—PFOC chapter's proposal, "Begin Building Communist Cadre Organization," having had particular importance. This tedious 4-page document which shows a strong "Mao-Thought" influence states in part:

> We need to strategically root ourselves in our class, learn from the people and organize them to defeat imperialism and build socialism. In order to do this in the best way we need communist cadre organization, * * * Cadre organization with anti-imperialist politics can consolidate and gather in organizers. * * * It will create a clear voice in the country for our full politics: anti-imperialism, anti-racism, anti-sexism, armed struggle, revolution and socialism. * * * A revolutionary communist party is necessary to lead the class to victory.

In its attempt to become the new driving force of the Marxist-Leninist left in the United States, the Prairie Fire Organizing Committee has established a number of organizing priorities including:

> Nov. 1, 1975 [anniversary of the 1950 abortive rebellion in Puerto Rico led by Pedro Albizu Campos' Nationalist Party] Free the 6 Puerto Rican political prisoners. This campaign is being organized by the committee to Liberate the Six Puerto Rican Nationalist Political Prisoners. It is supported by the PRSC and many other organizations. It will include demonstrations in major cities on Nov. 1, 1975. The principles of unity are the liberation of Puerto Rico, the freedom for the six and solidarity with the struggles of all political prisoners and oppressed nations. Work on this campaign will allow us to build unity in practice with many other groups, particularly Puerto Rican organizations. * * *
>
> Thanksgiving or Christmas, 1975—National Hard Times Unity Conference:
>
> We need to build a united social movement encompassing all people hurt by the economic and political breakdown of the system. * * * The conference would have three main goals: 1) Build relations with Third World people; 2) Build national ties among organizers; 3) Inspire mass practice and mass struggle. * * *
>
> It would be for organizers and the people we are organizing with, seeking to broaden participation. * * * All sorts of groups should come: tenant groups, community groups, rank-and-file caucuses, unionists, food coops, international solidarity committees, students and campus organizers, women's groups, groups of older people, organizations of the unemployed, etc.
>
> International Women's Day—March 8. * * * We can affirm in practice our conviction that the liberation of women is a fundamental part of the anti-imperialist struggle and the Socialist Revolution. * * * It is a place to join in the struggle against the oppression of gay people by exposing sexism as a pilar of bourgeois ideology and imperialist rule.
>
> May Day—International Workers Day. May Day coalitions afford the opportunity to unify broad sectors of the movement. They are a way to work with Third World Leadership in a context where we can begin to take on greater responsibilities. They are a forum to place responsibility for the current crisis squarely at the imperialists door step. * * *
>
> July 4, 1976—The Puerto Rican Socialist Party has called for a massive National demonstration in Philadelphia.
>
> The focus will be two fold. It will be an offensive against the ruling classes use of the bi-centennial as a way to develop national chauvinism loyalty to the state and capitalist system as the ideological basis for further attacks on the working class, racism and imperialist wars. And it will focus on the liberation of Puerto Rico through a general attack on U.S. colonialism.
>
> Gerald Ford is supposed to be in Philadelphia on that day in a demonstration of 200 years of class rule continuity. The 4th will be the culmination of the rulers use of the bi-centennial campaign to reestablish boiurgeois hegemony on the ideological plane. * * *
>
> As with the other activities, the work for July 4th * * * should be integrated into our day to day organizing work as we * * * fight * * * the 200 anniversary of the emergence of our national bourgeois as a ruling class.

The Prairie Fire Organizing Committee's "Bicentennial Proposal," drawn up by the Philadelphia PFOC chapter, is a classic expression of the unreasoning fanatical hatred of all things American felt by the New Left revolutionists. In part the proposal reads:

> * * * In the wake of the glorious peoples victory in Vietnam, our foreign policy and presence has lost all its credibility. The blind respect and trust that many Americans felt towards our crisis, CIA abuses, and by our first clear and overwhelming military defeat. A feeling of mistrust and disillusionment is growing, penetrating to the very roots of our society.
>
> The ruling class has been quick to recognize all this. * * * Every capitalist bureaucrat in the country will be running amuck, flapping their mouths about unemployment and inflation while simultaneously trying to pacify the people with a gross birthday party, making full use of the media * * *.
>
> * * * We see the politics of *Pairie Fire* as being diametrically opposed to a happy birthday party, sponsored by Ford, Rocky, Kissinger and their flunkies. We cannot allow their arrogance to go unanswered. The opportunities for agitating, educating and organizing people in 1976 will historically be critical * * *.
>
> The racism of celebrating what white people have gained in 200 years thru repression and exploitation of Blacks, Native Americans, Chicanos, Pureto Ricians and Chinese people here is something we as an anti-imperialist revolutionary organization must clearly and openly oppose. * * * We can point to the myth of liberty and justice for all. * * * We can expose the oppression of women as an integral part of the destructive machine called America.

The Prairie Fire diatribe continues:

> Clearly the bicentennial is the ruling class's celebration of imperialism, racism and sexism. It is a glorification of a sick and dying system, an all encompassing garbage heap of contradictions. The rules have set the time for the party. Let us bring the fireworks!

And PFOC also notes that "Ford, the Pope and the Queen of England will all be in Philadelphia the summer of *1976*." In light of the recent attempts on the life of the President by associates and members of extremist violence-prone groups, the above statements by the Weather Underground's support group take on added significance.

The national leadership of the Prairie Fire Organizing Committee elected at the July national conference in Boston includes Jennifer Dohrn, sister of WUO fugitive Bernardine Dohrn, national interim secretary; Alan Berkman, and Laura Whitehorn, a North Vietnam visitor, organizational secretaries; and

Elected as permanent delegates were Sylvia Baraldini, national treasurer. Miles Pustin, Vermont; Lance Pustin, Philadelphia; Sylvia Baraldini and Shelly Miller, New York City; and Jonathan Lerner and Susan Waysdorf, Boston. The Chicago and San Francisco PFOC groups had not selected permanent delegates.

PFOC supporters are drawn from and hold membership in a wide variety of other Marxist-Leninist organizations. These organizations include former members of the Venceremos Brigade who traveled to Cuba; and current activists with the National Lawyers Guild—NLG; the North American Congress on Latin America—NACLA—a research group which operates on behalf of the Cubans;

Vietnam Veterans Against the War/Winter Soldier Organization—VVAW/WSO; the New York Women's Union; the terrorist Black Liberation Army—BLA; the Youth International Party—YIP; and the Union for Radical Political Economics.

The Prairie Fire Organizing Committee takes its name from a 1930 quotation of Mao Tse Tung, "A single spark can start a prairie fire."

It is apparent that there are individuals in our country endeavoring to strike the sparks of violent revolution: It is our responsibility to douse the sparks before we become engulfed in their conflagration.

PERSONAL EXPLANATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mrs. **SCHROEDER**. Mr. Speaker, I was unable to be present for rollcall vote No. 585 on October 3, 1975. Had I been present I would have voted "no" on rollcall No. 585.

FORD ADMINISTRATION OPPOSES FULL EMPLOYMENT BILL

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. **HAWKINS**. Mr. Speaker, in response to letters from the Treasury Department and the Department of Labor opposing the enactment of H.R. 50, the equal opportunity and full employment bill, Congressman HENRY S. REUSS and I, as the principal sponsors of that legislation called a press conference to answer the administration's strong opposition. The joint statement of Congressman REUSS and myself and the two letters follow:

JOINT STATEMENT BY CONGRESSMEN AUGUSTUS F. HAWKINS AND HENRY S. REUSS, COSPONSORS OF THE EQUAL OPPORTUNITY AND FULL EMPLOYMENT ACT

In separate letters to Chairman Carl Perkins of the House Committee on Education and Labor, the Treasury and Labor Departments have declared themselves opposed to H.R. 50, the Equal Opportunity and Full Employment Act, of which we are the principal co-sponsors.[1] The Act would guarantee a job to every American able and willing to work, and would commit the Administration to meet other pressing economic and social needs within the context of full employment.

I. THE TREASURY POSITION

The Treasury's reasons will surprise those Americans who have believed the Ford Administration to be working, however ineptly, toward high employment with minimal inflation. In its letter to Chairman Perkins, the Treasury has all but renounced that objective.

The Treasury charges that the Hawkins-Reuss program "ignores entirely the problem of inflation." This is mistaken, as will be pointed out below. But more revealing is the reasoning with which the Treasury attempts to buttress its claim. Their attitude reminds us of Samuel Insull, the utility monopolist, who is remembered, among other things, for claiming that "the greatest aid in the efficiency of labor is a long line of men waiting at the gate."

The following two arguments are made:

(1) ". . . the legislative guarantee of continuous full employment would require in economic terms that total demand would never fall short of the full employment productive capacity of the economy. The absence over time of any such 'gap' would clearly be inflationary."

(2) "The legislative prohibition against the appearance of any excess supply in labor markets would lead, in practice, to an endless acceleration of wage settlements . . ."

We offer the following response:

(a) It is clearly not the "legislative guarantee" of full capacity demand or the "legislative prohibition" against excess labor supply which in the Treasury view would produce unacceptable inflation; rather, it is the existence of persistent full employment and of full employment levels of demand themselves that the Treasury thinks would have this effect.

(b) The Treasury has therefore expressed its opposition, and that of the Administration, not merely to the Hawkins-Reuss proposal per se, but to any policy or any proposal which would bring the nation to full employment and to full employment levels of demand.

(c) It is thus the policy of the Administration, as expressed in this letter, to tolerate any level of unemployment, however high and for however long, that may be required to bring inflation within "acceptable" bounds. When such policies fail and inflation again rises, as it inevitably will, it is the policy of the Administration to foster whatever further increase in unemployment may be "necessary" to offset that trend. No other, more rational approach to the inflation problem, such as envisaged in the Hawkins-Reuss program, is contemplated as an alternative to new heights of unemployment. In other words, further disaster is prescribed as cure for the existing one.

(d) This policy directly contravenes the law of the land, as expressed in the Employment Act of 1946, which requires that all efforts be directed to attaining "maximum employment, production and purchasing power." The Treasury position ignores "maximum employment," ignores "production" and ignores the fact that "purchasing power" consists not only of stable prices, but also of high real wages in the context of high employment. The Treasury policy is a hoax upon all Americans, who are being required to bear the burden of unemployment, recession and declining living standards in return for an ineffectual pursuit of price stability doomed to failure by its erroneous assumptions.

The Treasury has also charged that the Hawkins-Reuss proposal would diminish productivity by causing workers to shift from private to low-productivity Government jobs, and thereby "inhibit the growth of long-run economic potential." This is absurd. The Hawkins-Reuss bill would take workers off of unemployment and welfare rolls—and not out of private employment—and provide them with opportunities for work. Most of this work would be in the private sector; the Federal Government would serve only as employer of last resort. But productivity is higher in any form of employment, whether public or private, than it is on welfare.

We have had enough of the kind of logic which Treasury economics has produced. When Richard Nixon assumed office in 1969, unemployment stood at 3.4 percent and inflation, on the consumers' index, at 4.2 percent. When Gerald Ford took over, unemployment had risen to 5.3 percent and inflation to 9.3 percent. After thirteen months of the Ford remedies for the Nixon plague, unemployment, at 8.4 percent, is in its postwar peak period, and inflation is galloping onward at about 14 percent. There is no defending such a record. The Ford-Nixon policy simply does not work.

The Ford-Nixon policy does not work because it is based on a misunderstanding of inflation. The Administration appears to believe that inflation stems from only two sources: excess demand for goods and labor, or excess supply of money. In fact, the current inflation stems from neither.

There is no excess demand for anything significant in our economy today. With unemployment at 8.4 percent, operating rates at 66 percent, and even the famous "bottleneck industries" operating at a mere 70 percent of potential, how could there be? Yet the Administration appears to believe that even further depression of demand is required to bring inflation under control. This belief is apparently based upon a simplistic interpretation of the so-called Phillips Curve, which suggests a general relationship between high unemployment and low inflation, and vice versa. The Phillips Curve is clearly inapplicable to our current condition.

Similarly, there is no excess supply of money these days either. The rate of money growth over the past year has been under six percent, or hardly enough to produce the double digit inflation we have had. Interest rates, which reflect the tightness of money, are high and rising. As a result, much needed investment is choked off for lack of credit, the homebuilding industry is on its knees, our great cities and states must pay usurious rates on their debt, and are increasingly facing the stark prospect of bankruptcy. Our inflation is obviously not a monetary one.

The current inflation springs from other sources, and therefore requires other cures. These cures, the Administration will be surprised to learn, are compatible with an expansion of our economy toward full employment. Indeed, they require such an expansion.

First, the current inflation is in part a product of declining demand itself. When demand falls off, firms cut production; they then may find that, in order to meet fixed costs such as debt service and payroll from a smaller volume of sales, they have to raise prices. By restoring the level of demand, this type of inflationary pressure would be eliminated.

Second, the current inflation stems in part from the wage-price spiral. Increased prices bring out demands for higher wages; higher wage costs bring out higher prices, and so on. This problem can be dealt with best by a social contract between government, business and labor. Such a contract will have its only chance of success if employment, output and living standards are rising.

Third, the current inflation stems in part from forces outside our immediate control: worldwide food price rises and big oil rip-offs, among other things. We can influence these events, however, by sensible investment in environmentally-sound energy sources, by full-production agricultural programs, and the like, as called for in section 3c of H.R. 50. Our nation's economy can best sustain the cost of such programs if it is expanding and healthy.

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[1] H.R. 50 has been introduced as S. 50 in the Senate by Senator Hubert H. Humphrey and six other Senators.

II. THE LABOR DEPARTMENT POSITION

We will only briefly address the letter of the Secretary of Labor Mr. John T. Dunlop, opposing H.R. 50, since most of it consists of technical objections to administrative structures and procedures.

Like the Treasury letter, the Labor Department communication is directed to the original version of H.R. 50 and not to the updated and revised subcommittee print of March 20, 1975, that is in wide use at present and upon which extensive public hearings have already been held.

The key objection to the legislation on economic grounds seems to be that it ". . . involve(s) uncertain and excessive costs which are unwise." A recent Library of Congress study (May 29, 1975) of H.R. 50 concluded that, even assuming total federal payment of all wages required to reduce unemployment to less than 3 percent in 20 months, the net cost would be approximately $11 billion over the period, taking into account such off-setting savings as unemployment compensation costs and increased taxes generated from the increased employment. Compared to this Administration's current annual budget deficit of nearly $60 billion, this is not an excessive cost to return the nation to full employment and production.

A subsidiary objection of the structural variety is that "H.R. 50 would place the (planning) council in a superior policy-setting role over the chief elected official who is responsible to the Secretary of Labor for the conduct of CETA efforts." But the CETA legislation specifically provides in section 104 that "The prime sponsor (the chief elected official) shall appoint the members of the (planning) council, designate the chairman and provide the professional, technical and clerical staff to serve the council." So such for the charge that H.R. 50 usurps control from the established local government as provided for by the CETA Act.

Another subsidiary objection of the Department of Labor is that ". . . the appproach set forth in section 6 involving a Standby Job Corps would cause severe dislocations in our economy by creating an employment atmosphere in which a large number of workers would tend to gravitate to Government jobs that they might never wish to leave." But the legislation clearly requires in the same section 6 that the Standby Jobs Corps compensation be "such that will effectively encourage them to advance from the Corps to other employment." Moreover, anyone even remotely familiar with the hearings on the legislation would be aware that the entire concept of the Standby Jobs Corps is of a strictly temporary entity to provide jobs of no greater than 2 or 3 months duration.

Other similar subsidiary objections of the Labor Department to the proposed legislation are generally addressed to parts of the original bill which have been improved in the present subcommittee version.

THE HAWKINS-REUSS PROGRAM

The Hawkins-Reuss proposal does not ignore the problem of inflation. It merely suggests that our priorities should be placed in perspective, so that as we move to full employment, we take whatever steps are necessary to curtail any remaining inflation. The proposal thus consists of five parts, three of which comprise the full employment program of H.R. 50.

(1) A "Full Employment and National Purposes Budget," which would specify the great national priorities and the resources available for them in each successive year. The Budget would provide guidance on meeting our great national economic and social needs, including those for housing, transportation, health and education.

(2) The creation of a Job Guarantee Office, a Standby Job Corps, and local reservoirs of public and private employment projects, in which the Federal Government would become the employer of last resort. The full employment program thus provides for regulating the overall level of demand for labor, and for targetting that demand where it is most needed.

(3) It is envisaged that the Job Guarantee Office would strike productivity and anti-inflation bargains with private employers, providing them with temporary wage subsidies for new workers against an undertaking not to raise prices. This would have the further effects of encouraging the full utilization of labor and even the substitution of labor for capital, which in our capital—short economy is just what we need.

(4) The social contract for wages. We recognize that in a fully employed labor market, in spite of the labor-demand management proposed above, some inflationary pressures might appear. We would deal with these through a social contract, in which labor, government and business would sit down together and agree at the beginning of each year on an appropriate rate of wage increases for that year. Such wage increases would in general be in line with productivity gains, taking into account the need for capital investment. The Government's role in this contract is outlined in section 3(e) of H.R. 50.

(5) The management of prices. We also recognize that at full-employment levels of demand, no matter how well wage-rates were regulated by the social contract, some inflationary pressures in the goods markets might appear. These could appear either in industries affected by "bottlenecks," or in consumer goods industries affected by shifting consumer preferences as between some goods and others. The Job Guarantee Office, through its system of wage subsidies and price bargains, could alleviate this inflationary pressure. In extreme cases, the solution is the application of specific price controls, coupled with direct investment grants to widen the bottleneck or increase the supply of the consumer good which is in excess demand. Such a policy, imaginatively and selectively applied, could eliminate price inflation and make full employment compatible with stable prices.

This is our program. We believe that it makes far more sense, in human and in economic terms, than a continuation of the present madness. We call on President Ford to repudiate the position of his Treasury Department on H.R. 50, the Equal Opportunity and Full Employment Act, and to reassert his commitment, dictated by the Employment Act of 1946, to attaining high levels of employment with low rates of inflation. In his own words, "I know of no acceptable rate of unemployment, as long as there is any American who wants a job and cannot find one." If the President declines to act on this conviction, he may well be unemployed himself fifteen months from now.

THE GENERAL COUNSEL
OF THE TREASURY,
Washington, D.C., August 28, 1975.

Hon. CARL D. PERKINS,
Committee on Education and Labor,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: The Department would like to express its views on H.R. 50, 'To establish a national policy and nationwide machinery for guaranteeing to all adult Americans able and willing to work the availability of equal opportunities for useful and rewarding employment."

The bill would declare that all adult Americans able and willing to work have the right to equal opportunities for useful paid employment at fair rates of compensation, and would establish the Federal Government as employer of last resort through creation of Federal Job Guarantee Offices and a Standby Job Corps.

This legislation ignores entirely the problem of inflation which has dominated much of U.S. economic experience over the past decade. Failure to bring inflation under control led directly to the current recession and high levels of unemployment. Section 2(f) of the legislation states explicitly that the pursuit of other economic goals—such as price stability—shall not be allowed to limit or quality the right and guarantee of full employment. If such a policy were to be implemented, extremely high rates of inflation would inevitably develop. This, in turn, would lead directly to serious economic consequences.

Inflationary effects would be felt through two main channels. First, from the side of demand, the legislative guarantee of continuous full employment would require in economic terms that total demand never fall short of the full employment productive capacity of the economy. The absence over time of any such "gap" would clearly be inflationary. Second, there would also be a strong inflationary impact from the cost side. The legislative prohibition against the appearance of any excess supply in labor markets would lead, in practice, to an endless acceleration of wage settlements and a corresponding acceleration of labor costs per unit of output.

In addition to a serious destablizing inflationary impact on the economy, there would be a strong tendency toward employment of an ever-increasing percentage of the labor force within Government. This would transfer labor to low-productivity uses and inhibit the growth of long-run economic potential.

In view of the foregoing, the Department is strongly opposed to the bill.

The Department has been advised by the Office of Management and Budget that there is no objection to the submission of this report to your Committee and that enactment of H.R. 50 would not be in accord with the program of the President.

Sincerely yours,
RICHARD R. ALBRECHT,
General Counsel.

U.S. DEPARTMENT OF LABOR,
Washington, D.C., September 8, 1975.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on H.R. 50 cited as the "Equal Opportunity and Full Employment Act."

H.R. 50 would provide a broad range of mechanisms and services directed to the achievement and maintenance of full employment.

The bill declares that all adult Americans able and willing to work have the right to equal opportunities for useful paid employment at fair rates of compensation.

We agree with the goal of providing adequate work opportunities for all who are willing and able to work. The bill would, however, establish massive new programs and new mechanisms for Federal control which we believe involve uncertain and excessive costs which are unwise. We oppose H.R. 50.

The bill would substantially modify some of the provisions and the basic philosophy of the Comprehensive Employment and Training Act (CETA).

Section 4 of the bill would increase the functions and responsibility of the local manpower planning councils under CETA, authorizing them to "—identify local needs for additional employment opportunities and under guidelines established by the Secretary of Labor—select and plan projects."

CETA provides that the local council is advisory in nature. Any final decisions with respect to the recommendations of the council are made by the prime sponsor, that is, the chief elected official of the area.

H.R. 50 would place the council in a superior policy setting role over the chief elected official who is responsible to the Secretary of Labor for the conduct of CETA efforts. This would fragmentize authority and responsibilities under CETA and would run counter to the sound concept underlying CETA that basic responsibility for manpower programs should be placed in the hands of local governments who are directly responsible to the people.

Section 5 of the bill would establish in each local employment office a "Job Guarantee Office." Its purpose would be to provide Americans willing and able to work but not yet working, with an oportunity to be employed at a suitable and comparable job. The role of the new "Job Guarantee Office" as contrasted with that of the present Employment Services is unclear. Moreover, the relationship between the office, the expanded planning councils, and the Governor of the State is ambiguous and is likely to present serious difficulties.

Perhaps the most significant aspect of the bill is that it would make the Government the "employer of last resort." Under section 6, there would be established a Standby Job Corps to be composed of applicants without regard to age who cannot be placed in a job immediately. The Corps would be available for public service work upon projects and activities approved as part of community public service work reservoirs established by community boards under the authority of planning councils.

Although we strongly support continuing to pursue economic policies that restore the basic health of the economy and thereby create unemployment, we disagree with this proposal.

The cost implications of this proposal are massive. Moreover, we feel that the approach set forth in section 6 involving a Standby Job Corps would cause severe dislocations in our economy by creating an employment atmosphere in which a large number of workers would tend to gravitate to Government jobs that they might never wish to leave.

To illustrate the point, although it is the stated goal to encourage workers in the Standby Job Corps to "advance from the Corps to other employment," the provisions of section 6 would be a counterincentive to return to private employment. That section would require that Standby Job Corps members receive compensation that bears a positive relationship to their qualifications and training, based upon employment at a suitable and comparable job, which would not adversely affect the prevailing wage. The thrust of these various provisions is, at the very least, inconsistent, and implementation of this program could have a major disruptive effect on the operations of our free labor market economy.

Section 9 of the bill would establish a National Institute for Full Employment within the Department of Labor which would have the responsibility to provide for research in the area of manpower policy. We agree that research is necessary to assist long range planning in this area. However, under existing authority, which includes the National Commission for Manpower Policy established under Title V of CETA, this Department is placing great emphasis on research in this area. Accordingly, we believe that this proposed authority would unnecessarily duplicate already existing authority.

Finally, the bill includes a variety of technical difficulties, including a lack of clarity with respect to minimum wage and workers' compensation protections afforded.

In conclusion, for the foregoing reasons, we oppose enactment of H.R. 50.

The Office of Management and Budget advises that there is no objection to the presentation of this report and that enactment of H.R. 50 would not be in accord with the program of the President.

Sincerely,

JOHN T. DUNLOP,
Secretary of Labor.

FUTURE TRANSPORTATION NEEDS IN AMERICA

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. SHUSTER. Mr. Speaker, Ben Wattenberg in his book, "The Real American," has focused on America's future transportation needs in a most analytical and careful way. He dispells several myths which stem from the wishful thinking of a few and faces the reality of people's preferences in a free society.

I commend the following excerpt to my colleagues:

FOCUS ON THE FUTURE OF MOTOR VEHICLE USE IN AMERICAN LIFE

(By Ben J. Wattenberg)

Like washers, dryers, freezers and air conditioning the presence of automobiles in America has accelerated in the last decade. Unlike these other items, and somewhat like television, automotive data suggest that car ownership is in the process of lapping itself, to keep the image automobilish.

There seems to be a good chance that by the time the 1980 or 1990 Census is taken, more than half of the car-owning households will own two cars, not one. This is so despite the energy crisis.

Here are the data, guaranteed to generate noise pollution from ecologists: By 1960, cars were obviously already a substantial majority way of life in America: 79 percent of the households in America owned at least one. By 1970, the percentage of owners had climbed modestly, to 83 percent. Indeed, there doesn't seem to be much more room for an increase in that rate; some people (say, a retired elderly woman living in a Miami Beach apartment, or a young secretary living in a downtown high rise in New York City) have no need or desire for a car, regardless of cost. But while the rate of households with at least one car remained roughly the same, the rate of households with two or more cars soared—from 22 percent to 35 percent of all households.

Projecting that rate not too far in the future yields the estimate that half of the car-owning families in America will be two-car-owning families. Depending on how you might want to project the numbers, it is, in fact plausible to assume that soon more than half of all households will have two cars, and considering that the number of one-person households is soaring these days, that's quite a trick indeed. Only the specter of a deep and continuing petroleum shortage stands in the way of that latter projection, but the guess here is that that problem will be solved not by fewer cars but, more intelligently, by smaller more economical cars.

In all, there were 61 million cars in use in America in 1960. By 1970, the total had climbed to 96 million. Today it is over 100 million. Moreover, as we face now a great boom in new family formations—as the Baby Boom babies reach age 16, age 18, age 21, get married, get a house etc.—there will be a continuing boom in car sales in the years to come, despite the energy crisis.

The anti-car position has been well-publicized in recent years. Pollution, highways tearing up city neighborhoods, mothers who are really chauffeurs and accident rates have been cited to demonstrate the inherent social malevolence of the automobile. Yet, obviously, people continue to buy them, spending massive billions of dollars, and we can assume that the purchasers feel they get something for their money. It is appropriate then—along the lines of our analysis by function—to ask: what? What does the automobile do for Americans? And does what it does outweigh the problems that cars produce? Are a lot of cars better than a few cars? Are the 1972 data better than what they replace, the 1960 data or the 1950 data?

Because the greatest part of the increase in cars occurred due to persons buying second cars, if we are to assess whether the increased number of cars is beneficial, we are really asking if the advent of the second car is salutary.

Our judgment—perhaps not unsurprisingly—is yes, energy crisis notwithstanding. For the second car makes suburbia work.

First some facts: Most American men drive to work. In 1960, the percentage of those using a private car to get to work was 64 percent. By 1970, the percentage had climbed to 78 percent. At the same time, the numbers of Americans living in suburbia had climbed from 60 million to 76 million. And the percentage of two-car families in suburbia went from 28 percent to 45 percent. As of 1970, of all the two-car families 46 percent are owned by suburban families.

What, then, does the second car do for suburbia?

At least three things. It is one of several developments that make it more feasible for a woman to take a job. If the husband drives off to the office or plant in the morning and the suburban wife wants to work, she often will need a car to get to her job. Public transportation within suburban areas is usually just plain bad. This is in part because America is generally a primitive country in terms of such transportation, caused in part by the superabundance of cars but more decisively because of the geography of suburbia. So much of the suburban lure is due to low density living; private homes each on a quarter acre lot lead to relatively few people living per square mile, at least by city standards. This leads to major difficulties in establishing bus lines that can be profitable. Distances are great, potential numbers of passengers are small, scheduling must be thin, which reduces the utility of bus service and further shrinks the number of passengers. In short, in many instances, if a wife in suburbia wants to work, particularly if her schedule calls for part-time work requiring non-rush-hour travel when schedules are even thinner and buses may run only every hour or so, she needs wheels, and they usually will be the second set in the household.

Much the same sort of problems holds true for a nonworking woman who wants to make the suburban scene a more fulfilling one. Without wheels, she is often pinned down to the house, either all alone during school hours or with wailing babies and toddlers.

Shopping becomes a major production, a luncheon meeting of a civic organization can become a logistical nightmare, participation in a midmorning bowling league may prove to be an impossibility. Second cars, then, provide added options.

Finally, in this examination of what a second set of wheels does for suburban life, we must consider the well-publicized plight of "the chauffeur syndrome." Suburban wives—wives with access to automobiles—complain bitterly about how they are reduced to nonliveried drivers, tooling about not in a Cadillac but in a station wagon, devoting an incredible number of hours taking Ruth to the dentist, Danny to his drum lesson, Sarah to gymnastics, Ann to a dance that night, Ruth to sleep over at a friend's house, Dan to a birthday party, Sarah's friend back to her parents' house, Ann back from the dance—ugh!

No question about it, the chauffeur-mother has a major and legitimate gripe. It's a maddening and tiring procedure. And, as the second-car phenomenon increases, we can assume that the number of chauffeur-mothers will be increasing proportionately. But, once again, we must ask the question: What does it replace?

It replaces, oftentimes, Danny not being able to go to drum lessons, Ruth not able to sleep over at a friend's house, Sarah not able to go to gymnastics classes, Ann stuck at home not able to go to the dance. A second car, then—for all its problems—provides a fuller, richer life for suburban kids, albeit a busier and probably more harrassed life for their mothers. On balance—for those who opt for suburban life—a better suburban life.

There are, of course, some ways around the lack of a second car in suburbia. The husband can, and often does, go to work via public transportation when it is available or by carpool when it is not. But the public transportation route may convert a drive to work of twenty minutes to an hour's worth of travel—or a two-hour commute round trip. Carpooling can be tyrannical: George has to leave at 5 p.m., but Howard has a last-minute rush job on his desk and would like to work til 5:15, Sam really would have liked to cut out at 4, take a nap, and do some work at home in the evening. Impossible with a carpool.

In short, an obvious statement: Two cars are more convenient than one.

And what of the chauffeur-mothers who complain about their role? They are complaining from a position of affluence and strength. It is a price paid for what suburbia offers: that nice old feeling of a man's-home-is-his-castle, complete with a moat (or a hedge) and a forest preserve (or a backyard). That feeling is difficult—not impossible, but more difficult—to develop in an apartment. Such an option—an apartment in a city where public transportation is easily available, where shops and schools are often within walking distance—exists in many cities in America. There are problems with that alternative in many neighborhoods of many cities. In the meanwhile, the two-car family makes suburbia more livable than it was. It is a better, more convenient place than it was.

Without attempting to pursue it terribly far, there is another point to be made about multicar families. There has been a rise in three-car families—from 650,000 in 1960 to 3 million in 1971. The three-car family may sound to some like either unmitigated affluence or ecological obscenity. In many cases from home. To save money, he lives at home, it is neither. Take, for example, the suburban family with the "normal" need for two cars, as previously outlined, but with one difference. They have a 19-year-old son who is attending junior college seven miles away not in a dormitory on campus. He has a part-time job four miles in the other direction. To do this he needs a car. He gets one, and the statistics dealing with three-car families grow by one.

So much for a family-oriented view of cars—they are becoming as common as children in the American household—almost two of each per family.

But before leaving the automotive world generally we must consider, if briefly, some of the more general criticisms directed at our automotive age.

Four sorts of criticisms come to mind: the pollution case, the concrete America case, the automobile safety case, the energy-crisis case.

The pollution argument can probably be discussed most quickly: Federal laws enacted in the last half decade can reduce automobile pollution to acceptable levels within a matter of a very few years. Some argue, in fact, that there has been overlegislation and that the emission standards called for in the new laws are so severe—and with so little benefit at the upper ranges—that the cost of cars will rise to a point where some low-income Americans who can now afford cars will not be able to in the future.[1]

The ribbon-of-concrete argument is not quite as simple. New highways do cut through cities and sometimes destroy decent neighborhoods. Bulldozers do rip through virgin countryside in the course of building new interstate highways. Masses of billboards and rows of gas stations apparently without end cause what purists like to call "visual pollution."

But a central point is often forgotten in the argument. At root, cars and highways are not the cause of crowded cities, torn-up countryside and the visual hurly-burly of the roadside. They are, rather, one of the remedies. A city family without an automobile is pretty well condemned to have its vistas limited by the cityscape. It's true that 40 years ago—before massive suburbanization—"the country" was geographically closer to the central city resident than it is today, but even if closer, it was harder to reach unless that family owned an automobile, and most didn't. Today, when almost all American families own cars, access to "the country" is far easier. The trip to the beach, to a favorite picnic resort, to a summer cabin,[2] to a forest to hunt deer, to a national park or to a trout stream may be just an hour or two away for a family with a car.

Moreover, the statement that cars and their highways are eating up the scenic and rural America flies in the face of fact: There is more "forest land not grazed today—more by far—than there were 20 years ago. In 1940, just 11 percent of American land feel into that category most indicative of scenic beauty. By 1969, that percentage had risen to 21 percent a total of 476 million acres compared to 203 million acres three decades ago. Highways do eat up virgin land, but increasing federal dominion over open spaces and the abandonment of many small and unprofitable farms have more than made up the difference.

We will repeat the obvious one more time: People are not damn fools. They wouldn't spend money—lots of money—on cars if they did not receive value in return. At least as much as the clothes dryer, at least as much as the dishwasher or the washing machine, the automobile in America is primarily an agent of personal liberation, not of national pollution and visual destruction. This is well understood in other nations not wealthy enough to feel incessantly guilty. There is not a democratic government in the world that could stand for a week with a conscious and public policy to make it more difficult for its citizens to obtain automobiles. Instead, all over the world, including the far side of the Iron Curtain, the symbol of success and of personal liberation is car ownership.

The real question, then, is this: Does this machine of private liberation destroy the public surroundings to a point that it outweighs the private gain? Our answer is no. The public costs can be legislatively controlled (air pollution) or are in fact a long way from fatal and usually reversible (visual pollution, destruction of open land). The private gains, with one jarring exception, are immense.

The exception, of course, is the astonishing and inexcusable number of people killed in automobile accidents. During the five years from 1967 to 1971, about 55,000 Americans were killed *each year*—a total of 277,000 people! Accidents are the third most common cause of death in the United States (after cardiovascular diseases and malignancies), and about half the fatal accidents are auto accidents. More Americans were killed in one year of car crashes than were killed in combat in all the years of the Vietnam war, almost as many were killed in the last five years as were killed in combat in the five years of World War II!

In addition, it is estimated that for every death by vehicle there are four permanently crippling injuries.

In large part, this incredible vehicular carnage is due to proportionately more cars being driven more miles than ever before. While traffic death rates per 100,000 persons in the population are at or near all-time highs, the rates per number of active vehicles and per number of miles driven are down somewhat in the last decade and particularly in the last two or three years.

But that the movement toward automobile and highway safety should have remained on a political back burner for so long is at least scandalous, if not murderous. While the auto industry said for years that "safety doesn't sell" (tut, tut) and "people won't buy tanks," while civil libertarians wondered whether enforced usage of seat belts was constitutional, while the federal government passed strict laws about air pollution coming from cars (which has not demonstrably killed anyone) and did next to nothing about stopping the killing on the highways (a crime of the streets that destroys life every hour), 55,000 Americans were dying each year, and death by car accident was the number-one killer of young people in America!

The fact is that both government and industry were derelict for an unconscionable number of years in allowing the carnage to continue. Both government and industry have offered excuses. But apologies are more in order. People died who needn't have.

Finally, consider the case of the car versus the energy crisis. We are very rapidly leaving the Age of Cheap Fuel. Accordingly, the nation is turning its thoughts, appropriately, toward mass transit sytems. But mass transit is not by any means a whole substitute for the automobile. Europeans have fine mass transit systems, they live in cities not suburbs, and they have been buying cars to beat the band. And so too will it be in America. We'll build mass transit. We'll use it when convenient. And we'll buy cars too, tens and hundreds of millions of safe, ecological and economical vehicles, just like European-style cars. Given a choice between the status and comfort conferred by a Detroit behemoth, and the function bestowed by a small car in an energy-short era, Americans will choose little vehicles and drive to work, and to the supermarket, and to clarinet lessons, and to the dance and to Sarah's friend's house. Suburbia will live!

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[1] On the other hand, ecologists and environmentalists will continue to be able to afford cars. The author is against that system of ecologically regressive taxation. If some of the emission control machinery is prohibitively expensive and if some group is to be priced out of the automobile market because of expensive and unneeded pollution devices, the recommendation here would be to begin with the membership list of the Sierra Club.

[2] Second homes are becoming ever more common. In 1967, there were 1.6 million such second dwellings. By 1970, there were 2.9 million, an astonishing jump in only three years.

MEDICAL PREPAREDNESS—A MUST

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. WOLFF. Mr. Speaker, the painkilling properties of the derivatives of the opium poppy are well known to all of the Members of this body. In one form, heroin, the drug can be addicting and wreak havoc with an individual's ability to perform any constructive pursuit. However, as codeine and other medicinal products, opium is unmatched in its ability to provide relief from sickness and pain. I have entered many statements into the record concerning the need to control the international traffic in narcotics.

However, today I feel compelled to discuss the other side of the issue. The United States some people say is threatened by the possibility that we will have a medicinal shortage of opiates for licit purposes. Representatives of one of the three pharmaceutical companies which are licensed to import opium into the United States have informed me that they will only be able to meet 80 percent of this year's demand for opium products with imports and thus we will have to once again draw down on our stocks in the strategic opium stockpile which are already at a dangerously low level.

Rather than belabor the point, I would like to enter into the RECORD at this point an article by Dr. Greentree which appeared in the Journal of the American Medical Association which discusses the current status of our opium situation. Dr. Greentree asserts that if we are "lucky" we will be able to get by this year, however, if there is a medical epidemic or some sort of military event which calls for the use of opiates for the treatment of wounded and sick, the United States will not have the stockpile to respond to the call.

I urge all of my colleagues to read the attached article and join with me in taking steps to combat the possibility that we will have a licit shortage of opium-based drugs:

MEDICAL PREPAREDNESS—A MUST

(By Leonard B. Greentree, M.D.)

Once again, rumors of impending nuclear war are being circulated in the capitals of the world. For this reason, it is important to review medical preparedness in the United States for its civilian population. Simply stated, medical preparedness for the US civilian population is presently in a precarious position. In fact, any further reduction of our emergency medical stockpile would make "preparedness" an empty word.[1] In reality," says a research report published by our Defense Department, "it appears that today's civil defense could only meet the full test of adequacy under one contingency, the contingency that nuclear war does not occur."[2] For unclear reasons, the American public has been spared knowledge of the present plight of medical preparedness for its civilian population. It may well be that most people, and this includes those in the government, instinctively refuse to think of war. Some even believe that considering the protection of the civilians in the event of hostilities amounts to an acceptance of the idea of war. Both are wrong. The danger of war exists, unfortunately, and we do not cause this danger to disappear simply by refusing to contemplate it.

SHORTAGE OF PAIN-KILLERS

The bare fact is that in the event of a grave national emergency, there is no real stockpile of potent pain-killing drugs in the United States to care for the expected millions of civilian casualties. It follows that most of the fatally injured will never receive even simple administration of pain-relieving drugs before dying. At present, with the establishment of distant avenues of supply, despite many years of planning and the spending of hundreds of millions of dollars, the pharmacies and the wholesale drugstores have only enough drugs to meet the normal medical demands of a peacetime population. In the event of a nuclear explosion or an attack by chemical or biological weapons, whatever medicines left must, of necessity, be reserved for those who have a reasonable chance for survival—there will be no medicines for the millions of seriously injured who may linger on for weeks before dying. The majority of these injuries are likely to be mechanical wounds, such as broken bones occasioned by collapsing buildings and flying debris, and burns, caused by the heat and light liberated at the time of detonation. Radiation sickness, with its nausea, vomiting, and intractable diarrhea, can be lethal within one to two weeks, other hemorrhages and infections being later complications.

It is important to point out that there is no medicine that combines the pain-relieving and tranquilizing effect of the medicinal drugs extracted from the pod of the opium poppy flower. Industry and acedemic sources are not optimistic about their ability to replace these important medicinal opiate drugs within the foreseeable future. Meperidine (Demerol) hydrochloride, for example, which is possibly the most widely used synthetic drug in the United States for the relief of severe pain, falls short in that it does not relieve the anxieties present with pain.[3]

It is true that our government has a strategic emergency stockpile of potent pain-killing opiate drugs for use by the general public in the event of a major national emergency. Unfortunately, the present inventory of these essential drugs is calculated to be only about 34 metric tons (76,000 lb). This barely meets the normal yearly medical demands of our civilian population in a peacetime, nonepidemic environment. A horrendous 43 metric tons (95,000 lb) is the estimated civilian need for the year 1974. Any grave national emergency, such as a nuclear war, could easily exhaust the entire inventory within a period of a few hours.[4] As for the wholesale American drug companies who process crude opium for medicinal use, their representatives say that they will be able to meet only about 80% of the country's 1975 demand for these drugs. They further say that rationing of medicinal opiate drugs is inevitable for the year 1975 (*American Medical News*, Dec. 23, 1974, p. 1).

As the matter stands today, the specter of no opium for pain in the United States is well founded. In the event of a grave national emergency, this critical shortage of pain-killing opiate drugs could easily cause a medical catastrophe. Under these circumstances, doctors and nurses in hospitals are about as useful as a fleet of new ambulances with little or no gasoline in their tanks.

PREVENTIVE MEASURES AND PREPAREDNESS

The words of the late Albert Einstein are both prophetic and frightening. This world-renowned scientist, who had been described as being the father of the nulcear age, predicted shortly after the nuclear explosion over Hiroshima, "As long as there are sovereign nations possessing great power, war is inevitable that fact was true before the atomic bomb was made. What has changed has been the destructiveness. . . . Perhaps two thirds of the people of the earth might be killed, but enough men of thinking, and enough books would be left to start again, and civilization could be restored" (*Atlantic Monthly*, November 1945, p. 43).

It must be emphasized that no defense against weapons is perfect, and civil defense—protection of civilians against the dangers of war and particularly against the effects of nuclear weapons—is no exception to the rule. On the other hand, the harm that any sophisticated weapon can cause, whether nuclear, chemical, or biological, can be diminished by suitable preventive measures.

Politically, the failure of medical preparedness in the United States for its civilian population increases the potential for "atomic blackmail." We know that the Soviet Union is far ahead in civil defense. We know that the Red Chinese leadership has made cruel statements about the millions of Chinese civilians it is prepared to lose in war. Neither, thus, seem to be susceptible to the threat of nuclear explosion as are we who have no effective medical preparedness program for our civilian population and no callous disregard for our lives. Such openness to "atomic blackmail" can make a mockery of our military's multibillion-dollar antimissile defense program.

A most significant fact cannot be ignored. All medicinal opiate drugs are addictive, some less so than heroin, but but still addictive. It is a sad reality that stockpiles of the magnitude envisioned to be necessary for national health security would become immediate targets for misappropriation by the drug pusher on the one hand, and by those who are exploited on the other. A little-known Defense Department laboratory report may well prove to have the answer to this complex problem. The report is a memorandum dated Jan. 8, 1972, from the Office of the Surgeon General to the Director of Civil Defense. It shows that morphine, the most important of the opiate drugs used to relieve severe pain, does not deteriorate or lose potency over a period of 30 years when formulated and concentrated into tiny hypodermic tablets and kept in sealed bottles. Hence, in this form, huge quantities of these drugs could be stored for many years without loss of potency and easily safeguarded in the theftproof vaults such as those in Fort Knox. Only a direct order from the Pres-

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Footnotes at end of article.

ident, given standby authority from Congress, could authorize the opening of these vaults in the event of a major national emergency.

Keeping in mind, too, the government problem of cost priorities, with many needs demanding a share of the national income, the cost of stockpiling sufficient pain-killer opiate drugs for use in a major national emergency would be, amazingly enough, less than that of a single bomber that recently flew in Vietnam. According to the Dec. 18, 1973, *Congressional Record* (H11607), the government has now been offered the opportunity both to blunt the heroin epidemic and to replenish the medicinal opiate needs of the United States. Representative Lester L. Wolff, Chairman of the House Special Subcommittee on International Narcotics Control, reports that the rebels in the Shan states of Burma have offered to sell the United States 364 metric tons (400 tons) of crude opium for only $12 million.

Approximately 45 metric tons (100,000 lb) of potent pain-killing morphine can be extracted from such a quantity of crude opium, an amount greater than that presently in our national emergency stockpile. It is equally important to note that the highly addictive drug heroin is also derived from the opium poppy, the flower that produces the crude opium. The Shan rebels in Burma are important traffickers in illicit heroin. They will sell to the highest bidder—that is their business. Whatever the price, the price is right.

Since modern methods of warfare could injure or kill more civilian and military personnel in less than one week thna in all wars throughout history, a realistic program of medical preparedness that includes adequate supplies of potent pain-killer opiate drugs is obviously a must. No one can deny that such a program can comfort and relieve the suffering, and save lives. It may even increase the chance for national survival. For these reasons, our federal government must overcome its cumbersome natural tendency to debate and delay. It must act promptly—the national emergency may be now!

Concern over medical preparedness may be too late when a world crisis threatens to boil over.

Nuclear war must not be allowed to happen. May there never be a "medical Pearl Harbor."

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THE NATIONAL CLIMATE PROGRAM ACT OF 1975

HON. PHILIP H. HAYES

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 3, 1975

Mr. HAYES of Indiana. Mr. Speaker, today I am pleased to introduce, along with Hon. GEORGE E. BROWN, JR. and Hon. LARRY WINN, JR., the National Climate Program Act of 1975.

In recent years our awareness of climate fluctuations around the globe has intensified. The fluctuations, whether long term or short term, affect the production and distribution of food, the consumption of energy and the availability of water.

Today's technological advances, particularly in satellite monitoring and computer sciences, coupled with a significant knowledge of atmospheric behavior and the availability of scientific talent, offer hope for dramatic gains in understanding climate, predicting its behavior and its impact on man. With increased effort this base of knowledge and these tools of science can be addressed to achieving these gains as quickly as possible.

During the past year and a half a number of reports and studies have been issued on this matter, including: The National Academy of Sciences' "Understanding Climate Change—A Program for Action;" the National Academy of Sciences' Ocean Science Committee report, "The Role of the Oceans in Predicting Climate," and the Joint Organizing Committee, World Meteorological Organization/International Council on Scientific Unions report, "The Physical Basis of Climate and Climate Modeling." Benefiting from these and numerous other studies, reports, and documents, the Subcommittee on Climate Change of the Environmental Resources Committee of the Domestic Council complete a report, "A United States Climate Program," December 1974, making specific recommendations to develop a long-term climate program on a global scale. These recommendations were never acted upon by the administration.

The goal of the climate program, as defined in the report is—

> To help the nation respond more effectively to climate-induced problems by enabling its government to be aware of or anticipate climate fluctuations and their domestic and international impacts. (Page 6 of *A United States Climate Program*)

This goal can be met now with the National Climate Program Act of 1975.

This bill has four main objectives:

First, To establish a climatic impact warning system. The present National Oceanic and Atmospheric Administration operation does not acquire, process, interpret or deliver timely climatic impact warnings to decisionmakers. The know-how is present for early warning; the tools are not present. In order to adequately process the available data and assess and analyze new data on a national and international scale this bill proposes additional funding.

Second. To improve existing climate prediction. Valid forecasts of precipitation and temperature fluctuations for more than a season ahead have not yet been demonstrated. But some improvements are possible in this area if proper analysis of climate factors and application of statistical methods of prediction are carried out. This would be particularly helpful in understanding climate's impact on food production, availability of water resources and energy consumption.

Third. To develop computer simulation and prediction of climate. The simulation and forecasting of climatic variations by computer solution of the governing laws of physics offer the only approach that lends itself to answering the full range of climate related questions to which the government must ultimately respond. A long term commitment is necessary to:

Apply existing mathematical models of experimental monthly forecasts;

Develop a combination of oceanic/atmospheric models;

Determine the limits of climatic prediction, and

Simulate man's effect on climate and determine the possible consequences.

Fourth. To develop a global monitoring system for climate. NOAA, working with NASA and other Federal agencies, has developed an extensive worldwide monitoring system for many environmental conditions. However, this system will require substantial bolstering to monitor the global climate. The present system provides a sound base—supported by the Federal Government by about $10.6 million in fiscal year 1975—on which to build U.S. participation in the international climate monitoring efforts from which the United States and many other nations will benefit. Specifically this will include:

International ocean monitoring;

An Earth-orbiting satellite program for climate—beyond the work of NASA;

A global pollutant monitoring program for climate—for example, the effects of CO_2, particulate matter, florocarbons and oxides of nitrogen on climate; and

Accelerated development of the climate-related environmental monitoring systems of the United Nations agencies.

This bill authorizes $10 million for the transition period, $42 million for fiscal year 1977 and $56 million for fiscal year 1978.

The bill designates NOAA as the coordinating agency of the program with other governmental agencies participating.

When we consider the fact that the food and energy crises are sharply intensified throughout the world because of climate fluctuations and the fact that these same fluctuations seriously disrupt land, water, and energy use patterns, it seems reasonable to establish a coordinated program of climate monitoring and analysis which offers hope of anticipating the effects of climate fluctuations. We have the knowledge to understand climate better. This bill gives the right people the right tools to use their knowledge. Millions of people will be assisted by this program by helping them plan their lives better. Perhaps future droughts, like the one in the African Sahil, will be anticipated in order to prepare populations affected. Crops in this country can be planted with a better knowledge of climate variations in the growing seasons. Energy can be more adequately allocated based on knowledge of anticipated temperature variations in different parts of the country.

Mr. Chairman, I consider this an important bill which will contribute greatly to our understanding of climate. I encourage my colleagues to support the National Climate Program Act of 1975.